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CORPORATE
FINANCE
FACULTY

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THE DATA EXPLORERS

INNOVATIVE ANALYTICS AND
THE FUTURE OF M&A

\$142.6BN AND RISING: THE BUMPER CROP OF GLOBAL AGRICULTURE DEALS
MEDIA FRIENDLY: CAVENDISH CORPORATE FINANCE'S LINDA SULLIVAN

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What happens next?



**CORPORATE
FINANCE
FACULTY**

On 23 June the people of the UK spoke. By the next day the nation was divided – an unholy alliance of London, Manchester, Liverpool, Scotland, Northern Ireland and Gibraltar versus the rest; old versus young.



In the long term, time will help heal divisions. In the shorter term, time will hopefully tell the country what they actually did say, and whether the 52% get what they think it was they asked for.

As far as business, investment and M&A is concerned, it is difficult to see anything happening in the short term, other than some deals being put on ice. Acquirers will want to see how Brexit is going to pan out. Uncertainty is the enemy of investors. That is, unless they have an insight others do not, and think they can buck the market. It is difficult to see too many opportunities for that at the moment.

When the dust settles – and it will – UK businesses will doubtless carry out strategic reviews, particularly where they have significant EU operations, or they do a substantial amount of business with the EU (be it buying or selling). It may also be EU businesses with significant UK operations that review their strategies. There will likely be consequences for them. And even more for footloose multinationals.

Obviously, the key to everything going forward is the divorce settlement between the UK and the EU. The Corporate Finance Faculty will be keeping an eye on the potential impact of legislative changes on M&A, private equity, capital markets, infra funding and access to finance. A key objective for the faculty in the medium term will be to ensure members' views are fed into new policies as they emerge. In this issue Jackie Bowie gives her insight as to the longer term impact on currency and the effect on investment.

The ideal scenario is that any new legislation is more than just fit-for-purpose. However, it will be far easier said than done to gain any trading advantage.

Rather than merely chilled, some deals might be cryogenically frozen. Hopefully when investors return from their summer holidays there will be more clarity – and political stability. With batteries recharged, we'll see a return of business confidence.

Marc Mullen
Editor

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Faculty news

A MILLION BUSINESSES AND ADVISERS TO BENEFIT FROM NEW BUSINESS FINANCE GUIDE

PHOTOGRAPHY: MATTHEW ANDREWS



Guests of ICAEW's Corporate Finance Faculty and the British Business Bank met over breakfast at Chartered Accountants' Hall for the launch of the new *Business Finance Guide*

The Corporate Finance Faculty and the British Business Bank have launched an updated version of their *Business Finance Guide* (a copy of which is enclosed with this issue of *Corporate Financier*).

The *Business Finance Guide - a journey from start-up to growth* builds on the success of the 2014 edition that reached more than 750,000 companies, entrepreneurs, investors and advisers. Along with the new edition, the faculty and the British Business Bank have created a new interactive website to guide businesses through the different finance options available.

The guide is collaboration between the faculty, the British Business Bank, and 21 professional and membership organisations, which collectively represent more than five million businesses:

- Asset Based Finance Association
- British Banker's Association
- British Business Bank
- British Chambers of Commerce
- BVCA
- CBI
- Chartered Institute of Credit Management
- EEF The Manufacturer's Organisation
- Enterprise Nation
- Federation of Small Businesses
- Finance & Leasing Association
- Forum of Private Business
- ICAEW
- Innovate UK

- Institute of Directors
- London Stock Exchange
- National Enterprise Network
- Peer2Peer Finance Association
- Quoted Companies Alliance
- Responsible Finance
- UK Business Angels Association
- UK Crowdfunding
- UK Export Finance

The guide was launched at a Chartered Accountants' Hall breakfast meeting on 16 June. David Petrie, the ICAEW's head of corporate finance (who co-authored the guide with Katerina Joannou and Marc Mullen), said: "Growing enthusiasm in Britain for entrepreneurship over the past few years - and for online funding platforms - has increased hunger for even better information and advice. This has become even more important given the degree of uncertainty for business and investment following the UK's EU referendum result. The new guide is a unique source of investment and professional insight."

The digital guide sets out the main considerations and sources of finance for businesses - ranging from start-ups to SMEs and growing mid-sized companies. Interactive tools will assist businesses in considering their options, make decisions and plan how to finance expansion. The online guide also features videos

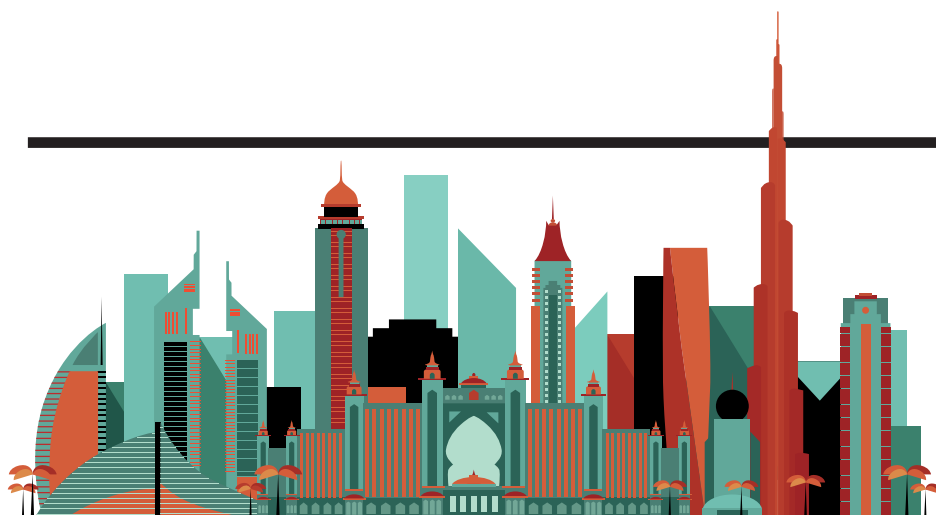
explaining the financing options that may be available, with the caveat that companies should always seek professional advice appropriate for their size, type, structure and requirements.

"Businesses need certainty, particularly when it comes to raising finance. We want businesses to come out of the dark, and in order to do this they need access to information and advice, especially as the landscape and sources of finance have changed so significantly," said ICAEW chief executive Michael Izza.

At the launch, the British Bankers' Association announced that the mandatory letter of referral banks send to businesses which have had a credit application turned down will now contain a link to the *Business Finance Guide* website.

Jenny Tooth, co-founder and director of Angel Capital Group, said the new guide was an essential resource: "Over the past few years, we have seen a phenomenal rise in entrepreneurship in the UK as well as a huge increase in the range of finance options available for small businesses. Yet making the right decisions on which is the right finance to address your needs and stage of development is a key challenge today."

For copies of the new publication contact Veronica Zabrin on +44 20 7920 8440, email veronica.zabrin@icaew.com; or visit thebusinessfinanceguide.co.uk



BOOSTING INVESTMENT IN THE MIDDLE EAST

The Corporate Finance Faculty's Middle East Network held a lively forum in Dubai in May, posing important questions about the future of the region - will private sector investment pools bridge the gap in the GCC's capital funding needs?

Sanjay Vig, managing director at Alpen Capital, welcomed advisers and investors from across the region to the Marriott Hotel in Dubai. The forum was moderated by Chris Hawley, managing director and head of Middle East at Rothschild. The expert panel comprised Martin Jacobs, UK partner and head of corporate finance privatisation at PwC (also a member of the Corporate Finance Faculty's board); Dr Nasser Saidi, president and founder of Nasser Saidi & Associates, and former chief economist at DIFC; Richard Dallas, senior managing director at Gulf Capital; and Philip McCrum, economic advisory director at EY.

The panel considered whether the UAE and Saudi Arabia are seeing growth in

private capital inflows, where future investment will come from, and what will drive any future investment in the region.

One big consideration for the region is the extent to which privatisation will be a driver of capital inflows, and just how attractive likely privatisation candidates will be to international investors. The impact of longer-term low oil prices also came under the spotlight.

Michael Armstrong, ICAEW regional director for the Middle East, Africa and South Asia, thanked the panel for their insights: "GCC countries have started making fiscal reforms, such as introducing taxes and reducing subsidies. However, in order to get greater buy-in from the private sector and attract foreign investors, there must be more structural reforms which include things like 100% foreign ownership, long-term residency, investment frameworks, PPP frameworks, and improved transparency and corporate governance."

ICAEW CREATIVE WALES NETWORKING EVENT



ICAEW members in South Wales have invited senior representatives of arts, culture and media organisations to take part in a networking evening about financing the creative industries. The event will include a panel discussion and the opportunity to network after a Q&A session.

The forum is being held at the BBC studios in Cardiff Bay at 5pm on Thursday 8 September. Participants can join a tour of the studios where TV programmes *Doctor Who*, *Casualty* and *Pobol Y Cwm* are produced.



The expert panel will include Gareth Powell, chief operating officer at BBC Cymru Wales; Bethan Cousins, deputy portfolio manager, Finance Wales (pictured top); Craig Williams, partner at Ton Cyf Chartered Accountants (pictured left); Tom Bywater, founder of Amplify Music; and Shaun Beane, the Corporate Finance Faculty's specialist in creative industries.

For more information contact Emma Friedl, ICAEW regional executive for Wales, by email emma.friedl@icaew.com or call +44 (0)29 2002 1482.



PHOTOGRAPHY: ARADHNA TAYAL

TANGO AND CASH

Corporate Finance Faculty manager Shaun Beane chaired a seminar about finance and funding at the [FRAME] London Dance Film Festival on 10 June. He was invited to take part having devised, researched and written *Creative Industries - Routes to Finance*. The festival was presented by BalletBoyz, dancescreen and BBC Arts, and hosted by the Rose Theatre, Kingston Upon Thames.

ANNUAL RECEPTION

The Corporate Finance Faculty will shortly be sending invitations to its annual reception, which this year takes place on the evening of Thursday 10 November in the magnificent setting of the Guildhall Art Gallery and Old Library. The gallery exhibits superb works from the City of London's collection including 17th-century portraits, pre-Raphaelite masterpieces and a range of paintings documenting London's dramatic history. There will also be the opportunity to see the ruins of London's Roman amphitheatre.

For more information, please contact Veronica Zabrin at the Corporate Finance Faculty by email veronica.zabrin@icaew.com or on +44(0)20 7920 8440.

In numbers

Cleantech venture capital/private equity investment rises, while almost half of annual reports fail to look beyond short-term initiatives

M&A INCOMING

UK INBOUND M&A IS DOWN, BUT EU IS UP

\$30BN

INBOUND UK M&A
INVESTMENT
IN Q1 2016

DOWN
42%
FROM
\$51.4BN IN
Q1 2015

\$73.5BN

INBOUND EUROPEAN
M&A INVESTMENT
IN Q1 2016

UP
107%
FROM \$35.6BN
IN Q1 2015

SOURCE: DELOITTE

\$118m

AMOUNT OF CLEANTECH VC/PE INVESTMENT
IN UK IN Q1 2016 (4.4% UP ON Q1 2015)

SOURCE: CLEAN ENERGY PIPELINE

\$10.8bn

CAPITAL RAISED BY 22
TECH IPOs IN LONDON
BETWEEN 2011 AND 2015

SOURCE: PWC

\$81.7bn

VALUE OF CHINESE
OUTBOUND M&A TO
EUROPE IN Q1 2016

SOURCE: MERGERMARKET

SURVEY OF 270 LARGE PUBLIC COMPANIES IN 16 COUNTRIES

14%

of annual reports
globally address
business and
strategy

15%

of each report
covered future
performance and
prospects

44%

of annual reports
do not look beyond
short-term
initiatives

**204
PAGES**

AVERAGE LENGTH
OF ANNUAL
REPORTS

SOURCE: KPMG



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Beyond our borders

Volatility was the word on everyone's lips in the immediate aftermath of the Brexit vote. **Jackie Bowie** looks at the longer-term prognosis for the UK and the world economy



The British vote to leave the EU led to volatility on the foreign exchange markets the likes of which had not been seen since the financial crisis. Sterling was marked down sharply. The pound hit a 31-year low against the dollar. Against the euro it fell to 2014 levels.

However, with no other inflationary pressures in the UK and Europe still flirting with deflation, the slight inflationary impact of a weaker pound could prove more blessing than curse. Of course, that is provided the weakness does not become excessive.

The advantage of a flexible exchange rate has already been demonstrated by the fact that the FTSE 100 managed to fall only 3% on the day the result was announced. Around two thirds of the index's earnings are denominated in foreign currency, and sterling's 8% and 6% falls against the dollar and euro respectively on 24 June increased the sterling equivalent value of these revenues.

A weaker pound should also eventually help the UK's appalling balance of trade deficit. However, in the short term, as consumers continue to buy more expensive imports, before exporters have been able to gear up, the deficit will probably get worse.

With all the 'excitement' about Brexit, it has been easy of late to focus on the UK at the expense of the wider global economy. The referendum was blamed for virtually stopping UK growth and investment decisions in their tracks. However, while the state of the UK economy clearly has an

influence on our biggest trading partners, there were plenty of problems out there, even before 20 February when David Cameron announced the referendum date.

DEBT LIMITS

Official interest rates are already negative in the eurozone, Japan, Denmark, Sweden and Switzerland. However, 10-year Japanese government bond yields fell below zero in early February, and these were followed by 10-year German Bund yields in mid-June.

Aside from the fact that there is nothing healthy in governments being paid by investors to borrow money, there is a more practical problem to ongoing quantitative easing (QE). In the case of Germany, the ECB is simply running out of government paper to purchase. It is prohibited from owning more than a third of the outstanding debt of any EU member state. This limit is likely to be reached by mid-2017, unless the German government embarks on a highly unlikely programme of fiscal lassitude.

For reasons of politics, QE continues to be directed at Germany, which needs it less than most, if at all

There are other members of the euro whose debt pile would keep the ECB going for longer – ie, Italy, with the world's third biggest debt market. However, the political ramifications of the ECB continuing to buy Italian debt, while eschewing German, would be interesting. For reasons of politics, QE continues to be directed at Germany, which needs it less than most, if at all.

ACROSS THE POND

Meanwhile in the USA, the Fed has become less enthusiastic about raising interest rates. Just before the result, it cited volatility over the threat of Brexit as one of the contributory factors in its decision to leave rates on hold.

The US election then looms on the horizon. A rate rise in the run-up to the vote would be an anathema. The world therefore faces the very real prospect of the next increase in US rates not taking place before December, which would mean that the US rate normalisation process was proceeding at the ear-popping pace of 25 basis points per annum.

Since the US dollar has been bought, and continues to be held, on the grounds that it will benefit from an on-going interest rate advantage over the euro and sterling, the next few months may see some unwinding of dollar strength. ■

Jackie Bowie, chief executive of JC Rathbone Associates, and Corporate Finance Faculty board member
jbowie@jcra.co.uk

SEEDS OF CHANGE

Global demand for food is rising fast and the agrifood industry is struggling to keep pace. Grant Murgatroyd learns how M&A and innovation are driving change in perhaps the oldest industry

The seeds have been sown, but the crop has yet to be harvested. Earlier this year, rumours surfaced of a \$62bn takeover of US agrichemicals giant Monsanto - best known for its genetically modified (GM) crop technology - by Bayer. The German drugs and chemicals group's \$122-a-share bid was rebuffed, though the two companies are a geographical and technological fit and are likely to continue their courtship.

Even if the parties consent, a deal is not certain. In 2007, US anti-trust officials blocked a \$1.5bn takeover of cottonseed producer Delta & Pine Land Company by Monsanto, until that company sold off the Stoneville Pedigree Seeds Company (coincidentally to Bayer). The Department of Justice had ruled that the merger posed a "serious threat to competition".

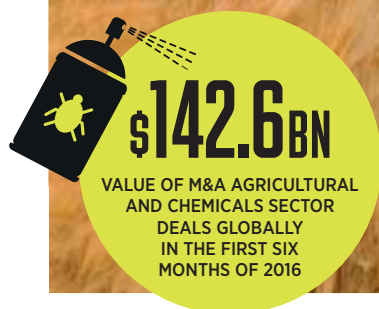
Bayer-Monsanto is the biggest of a bumper crop of deals. The value of M&A worldwide in the agricultural and chemicals sector has trebled from \$48.7bn in 2009 to \$147bn in 2015, according to data from Thomson Reuters (see graph below). The first six months of 2016 saw \$142.6bn of deals announced already. At the same time, the number of deals has remained steady, with 1,200 recorded in 2009 and 1,489 in 2015. Big deals are driving activity.

In February, China National Chemical Corp offered more than \$43bn in cash for Swiss pesticides maker Syngenta, trumping a rival offer from Monsanto. The companies are confident of completing the deal by the end of the year, though CLSA analyst Mark Connelly says it has only a 35% chance of success - with concerns about food security a possible spanner in the works.



"Agriculture needs a certain type of capital - it needs to be very patient"

Ben Waters,
FTI Consulting



"Food security is not currently as big an issue as it is made out to be," argues Ben Waters, senior managing director in the food and agribusiness team in corporate finance at FTI Consulting, based in Sydney. "It's a convenient way to house the investment, but with the amount of food that doesn't go through a supermarket because it has a blemish or is not quite the right size, there is a huge amount of food wasted. The issue for China is how can it feed a middle class who have aspirations for a more western diet?"



"People are now asking if we're right to be frightened of GM food"

Philip Moody,
Smith & Williamson

ENHANCED EFFICIENCY

Much of the focus in agriculture is on squeezing more output from a fixed unit. There has been a huge increase in milk production, yield has more than doubled over 40 years, and many cows now produce 20,000kg of milk per lactation. Crop yields too have increased dramatically. In the first 10 years of the new millennium there was a shift in the long-term trends of grain prices for the first time since the green revolution of the mid-1960s. Patricio Grassini, Kent Eskridge and Kenneth Cassman wrote in *Nature Communications*: "Food security and land required for food production largely depend on the rate of yield gain of major cereal crops. Previous projections of food security are often more optimistic than what historical yield trends would support. Many econometric projections of future food production assume compound rates of yield gain, which are not consistent

with historical yield trends".

There needs to be another agricultural revolution. "There is no shortage of food production in the western world," says Philip Moody, partner at Smith & Williamson corporate finance, who has advised many food and agricultural businesses. "But there are parts of the world where people are starving because there isn't the food production to meet their needs. It has always been thus, but it's now increasing. People are now asking if we are right to be frightened of genetically modified food. GM does increase production so, if it's safe, it starts to address that imbalance. As far as I am aware there are no medically proven barriers to GM, it's an emotional battle. In the US and other parts of the world there is less resistance."

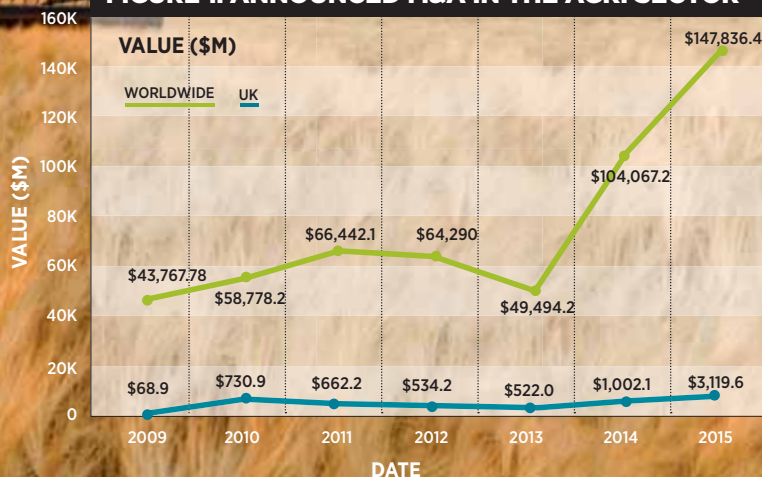
GM is just one technology that is attracting investment. "We are seeing investment in the monitoring and

DIVERSIFY TO PROSPER

Agriculture accounts for 69% of land use in the UK, but it contributes just 0.62% of gross value added. Despite receiving £3.9bn of EU subsidy in 2010, the UK exported £14bn of food, feed and drink and imported £32.5bn. Just 59% of the UK's food needs are met domestically, and yet increasing production is not top of the sector agenda. "We now have more competition for land for alternative uses," says Andrew Killick at PKF Francis Clark. "If you drive through the South West you will pass lots of energy generation facilities in what could have been deemed agricultural land. It has revitalised various areas by giving farmers more economic stability so that they can continue to farm the rest of the land, while helping the South West become more self-sufficient in energy generation."

Economic pressures drive consolidation and a decrease in production. "The forces that are affecting the whole industry drive behaviours within businesses in the chain, which can either force or promote consolidation," says Philip Moody at Smith & Williamson. "Take cereal production in the UK: prices at the moment are low and there is no real prospect of them moving significantly through this year. The UK harvest in 2016 is probably going to be 8-10% lower than it was last year, simply due to the decreased volume of plantings."

FIGURE 1: ANNOUNCED M&A IN THE AGRI SECTOR



2015
UK
34

DEALS IN M&A
IN THE AGRI
SECTOR

2015
WORLDWIDE
1,489

DEALS IN M&A IN
THE AGRI SECTOR





“Large agrifoods businesses are more and more interested in data and tech”

Andrew Killick,
PKF Francis Clark

performance efficiency side of agriculture,” says Andrew Killick, corporate finance partner at PKF Francis Clark. “Large agrifood businesses are more and more interested in data and technologies that drive efficiency and enable farmers to get more out of the land.”

Devon-based eCow (Electronic Cow Management) is a great example of innovation. It started in 2007 with £290,000 of grants from SMART and the Technology Strategy Board (now Innovate UK), to develop farmBolus, an electronic device that monitors pH and temperature levels in a cow’s rumen. The technology sends data to farmers, nutritionists, vets and farm advisers for analysis. It is now seeking expansion capital, which is likely to come from a tax-advantaged vehicle such as an EIS fund or venture capital trust (VCT).

PLEASE SIR, SOME MORE?

Rising incomes and changing appetites are the biggest long-term driver of change in the global agriculture sector. In 2009, 1.8 billion of the world’s 6.8 billion people were classified by the OECD as “middle class”. Europe is home to 664 million of them, Asia 525 million and North America 338 million. It is forecast that the size of the “global middle class” will increase to 3.2 billion by 2020, and 4.9 billion by 2030 by which time Asia will account for 66% of the global middle-class population and 59% of middle-class consumption – a stark contrast to Asia’s figures from 2009 of 28% and 23% respectively.

It is change on an unprecedented scale and agriculture is trying to keep pace. The opportunity is attracting new capital to the sector, with private equity funds raising a record \$3.9bn for agriculture in 2015, according to Preqin. “One challenge for private equity is that the returns they are seeking are not typically generated from an agricultural primary production system,” says Waters. “Agriculture requires a certain type of capital: it needs to be very patient. People have not done well investing in agriculture when they have either a very short space of time to invest or they have a very strict end date and have to exit at a time when it is sub optimal. You need patient capital seeking appropriate returns.”

BlackRock, the world’s largest fund

manager with \$4.6trn under management, runs several agriculture funds. Its BlackRock World Agriculture Fund A2, which is 70% weighted to equity holdings in agricultural companies, has generated a total return of 15.10% since inception in 2010. “If you look at primary production, for example, the better investors are investing for a longer period,” says Waters, “They are able to ride out a number of different cycles. You certainly do need some flexibility around when you can exit your investment.”

Pension funds, insurance companies and sovereign wealth funds have a long-term investment horizon and an appetite for reliable returns that seems well matched to agriculture. In a 2012 report, pension fund TIAA-CREF estimated that institutional investors hold less than 1% of global farmland, because of “historically high barriers to entry, such as relatively low liquidity, limited reporting and research, and a large number of off-market transactions”.

“One of the challenges in agriculture is that it has a very narrow capital structure,” says Waters. “You either own farmland or you lease it. If you think of property in any major city there are 10 or 20 different ways to participate from an ownership point of view. Opening up that capital structure is one of the key barriers to attracting more investment in agriculture.” ■



59%

PROJECTED GLOBAL
CONSUMPTION BY ASIAN
MIDDLE CLASS IN 2030
(23% CONSUMPTION
IN 2009)



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**CORPORATE
FINANCE
FACULTY**

What exactly do fund managers look for when investing in quoted companies? The recent RSM and Quoted Companies Alliance survey of small and mid-cap investors offers some insight

IT'S GOOD TO TALK



There is increased interest in the quality of communication and reporting by small and mid-cap quoted companies – particularly companies that need to increase liquidity in their shares. That was a key finding from an RSM and Quoted Companies Alliance (QCA) survey of key investors (*Small and Mid-Cap Investors Survey 2016*).

RSM and the QCA commissioned YouGov to conduct in-depth interviews with 16 small and mid-cap fund managers. The survey was conducted before the EU referendum last month. Diane Gwilliam, RSM's head of capital markets, says: "Post-Brexit may bring new aspects of performance into sharper focus. Investors will be more interested in non-UK/non-sterling revenues and their vulnerability going forward."

While the survey revealed that the quality of reporting by companies had improved, that was weighted towards the larger companies in the survey, and the quality of reporting tailed off in smaller quoted businesses.

"In a world where investment research is



"Growth does not have to be fast, [but it] needs to be steady and accurately predicted"

Tim Ward, chief executive, QCA

becoming less and less available (and will most likely get worse as a result of the forthcoming MiFID II European regulation), company websites are becoming increasingly important," says Gwilliam. "Websites are often the first port of call for investors as they start to gauge a company's performance and access their annual report."

For the survey, small to mid-cap ranges from £20m to £1.5bn in enterprise value. So what are the main points to consider?

1 As a general rule, a website needs to be clear and transparent. Crucial to this is the ease with which people are able to find the "investor page". Disappointingly, the survey revealed that many companies hide this away – most likely as a result of inadequate website navigation, rather than deliberately. But it does beg the question whether poor access to the investor page reduces the chances of adding liquidity to a company's share trading?

A website will complement the meetings institutional investors have with companies. But one investor told the survey that nothing can replace face-to-face meetings. There are only a finite number of such meetings that can be held, and for some that may well not be the preferred way of garnering information about a company.

2 Increasingly companies' interactions with private shareholders are becoming more critical, especially when private investors drive liquidity. There are private investor shows where many companies exhibit, providing important opportunities for companies to develop retail interest and to get a sense

of where retail investors' interests lie.

Private investors obviously do not get the same type of regular face-to-face access to management. They rely heavily on websites and on annual reports to get an unexpurgated company viewpoint. Investor shows complement, but do not replace, a corporate website. The question is: how many face-to-face meetings with fund managers (and visits to private investor shows) do not take place because a potential investor has lost interest after a visit to the company website has not allowed them to even get to the time-demanding annual report?

3 One fund manager told the survey that websites can act as a bellwether to how seriously companies take corporate governance. Stewardship of the company by management on behalf of the owners needs to be demonstrated very clearly to engender and maintain trust between the two.

Investors, while generally happy with the annual report and interim results, feel that other reporting and regulatory news announcements, particularly RNS Reach, are in danger of being seen as "a load of puffed-up nonsense". There is also a view that it is difficult to work out what is a price sensitive announcement. Relevant pages on

newsfeeds don't tend to distinguish between regulatory RNS announcements, and commercial RNS Reach announcements. Investors see hundreds of announcements every day, and so want a less cluttered and more targeted approach by companies.

Websites should have information about a business's momentum, such as contract wins that haven't (quite rightly) been announced via RNS because they are not deemed to be price sensitive. This can help to build a clearer picture for those interested, effectively signposting the company's direction of travel.

4 Fund managers interviewed complained about boilerplate statements in the annual report, particularly about corporate governance. Naturally it would be a beneficial move if companies were more explicit in their corporate governance descriptions, rather than just saying that "insofar as it's relevant and appropriate we follow the QCA Code", when there is no explanation of what is relevant and appropriate. The investors surveyed advised that companies should avoid boilerplate, and instead take time to describe remuneration policies, improve corporate governance reports and explain how, when their auditor

THE ROLE MODELS

As part of the QCA survey, investors put forward a list of 20 companies they believe are good role models and display the characteristics that those fund managers most admire. These companies demonstrate consistent growth and are described as resilient. Included on the list and mentioned as a success story by several investors was fashion brand Ted Baker. Now a constituent of the FTSE 250, the business has grown steadily since its beginnings in the late 1980s and then its IPO in 1997. Fund managers mentioned Ted Baker as a positive example because of its steady and "sensible" growth, fuelled by a clear strategy and its ability to be profitable.

The consistency and slower approach was summarised by one investor who remarked: "What's a sensible growth rate? 10% to 15%? Let's do that. If some years it's better than that, then that's great, but let's not bank on it. If it's not quite that good in some years, let's not worry about it."

provides non-audit services, they safeguard independence and integrity.

5 Another potential area of concern is the reporting of earnings and adjusted earnings. As one fund manager put it: "Everyone's idea of an adjustment is different." Investors said the most important element of the annual report and accounts is being able to reconcile profit with cash flow. Fund managers then focus on notes to the balance sheet, as well as checking through controversial points such as remuneration and share options. Remuneration and performance-related pay is also an area of focus in the survey, as is audit tendering.

"Overall, the fund managers tell us that the key attributes they are looking for when investing are where a company's track record is delivered with integrity, so that there is trust between the investor and the company," said Tim Ward, chief executive of the QCA. "Growth does not necessarily have to be fast. Moreover it needs to be steady and accurately predicted. The business needs to demonstrate this through effective communication in annual reports, in carefully targeted announcements, on websites and at private investor events." ■

"Company websites are increasingly important [and] are often the first port of call for investors"

Diane Gwilliam,
RSM head of capital markets



(SOUTH) WESTWARD HO!

The South West has a strong corporate finance community that has seen an uptick in deal volumes post-recession. And it has exceeded the rest of the UK, says Christian Annesley



£36M

AVERAGE ESTIMATED
DEAL VALUE FOR THE
SOUTH WEST REGION
IN 2015

The South West - encompassing a five million-strong population from Gloucestershire to Cornwall and the Isles of Scilly - has always had strong associations with business, entrepreneurship and industry. In the first half of the 19th century Isambard Kingdom Brunel brought the industrial revolution to the region, and his civil engineering feats expanded the trade routes to the US. Another Bristol-based industrial pioneer, James Dyson, may have come a century later, but is still a commanding figure in his own right. Then there is Bristol's four-time Oscar-winning Aardman Animations - the studio behind *Wallace and Gromit*.

How does this square with the realities on the ground for the corporate finance community, working on transactions and M&A? The number of deals getting done is a good place to start, and the recent picture is positive.

BIGGER BOUNCE

Since 2011, when deal volumes started to pick up again in the UK, after the transactions slump precipitated by the 2008/09 financial and economic crisis, the South West deals recovery has been strong.



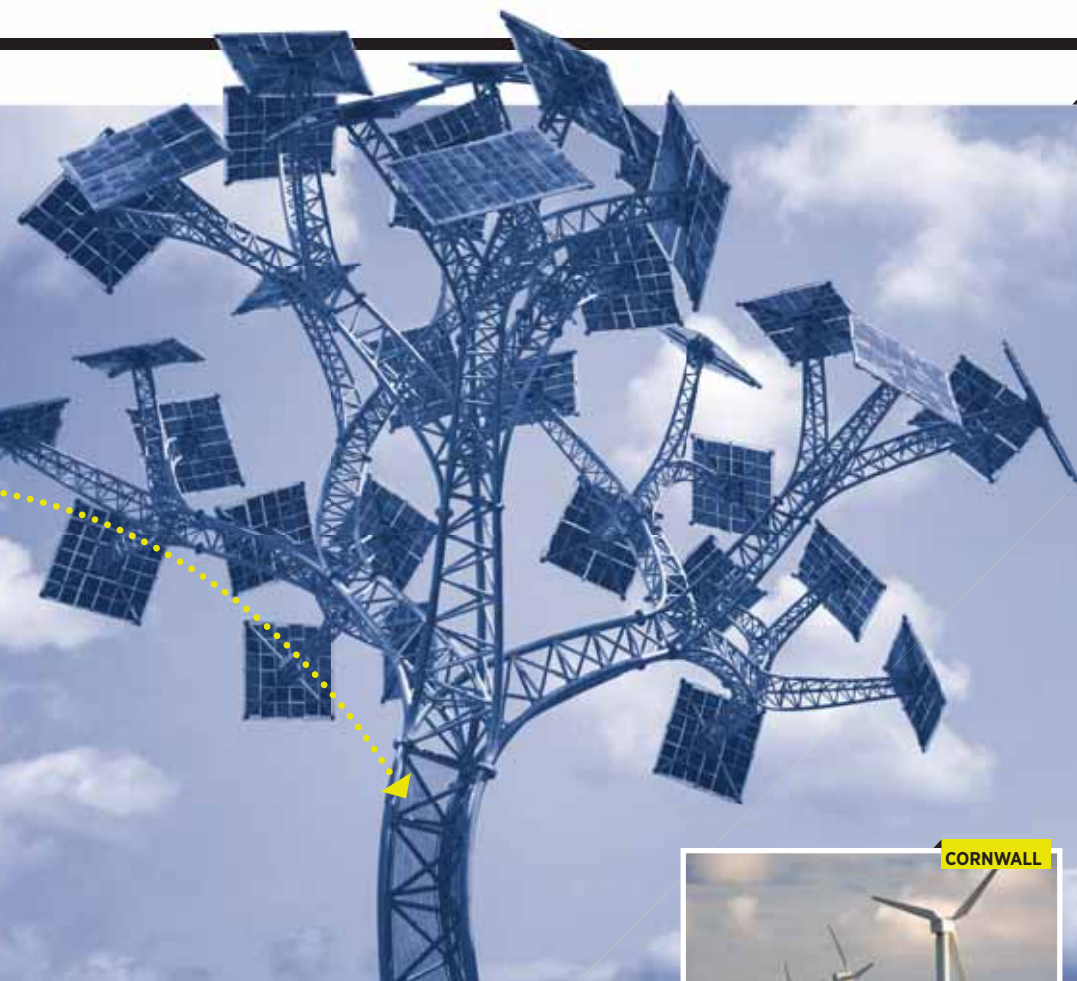
"[The region] is a marketplace with deep sector expertise and international knowhow"

Andrew Hodgson,
corporate finance partner,
KPMG Bristol office

UK-wide deal volumes have been up every year by between 8% and 12% since 2011, but the South West has outperformed that: volumes have registered growth of between 10% and 15% per annum. This growth level means that in 2015 deal volumes for the region exceeded the previous record (530 in 2015 to 480 in 2008, according to Experian Corpfm). By comparison, deal volumes for the UK as a whole remain below the country's previous deals peak, which was in 2007.

Of course, those headline figures are only one measure. What tells us a different story about the region, an area dominated by privately owned SMEs, is the relatively small size of the deals done. The megadeals to be seen in other parts of the UK are not to be seen in the region.

In addition, while a great many deal valuations have always gone unreported nationally, the tendency is perhaps even greater in the South West. In the UK, only half of private company deals have a value disclosed, and the figure falls to a third for companies in the South West. So, the calculating average deal values can be difficult. With all of those caveats, Experian estimates the average deal value for the region in 2015 was



£36m. That is a long way short of the average UK deal value for the same period - £138m.

SMALL IS BEAUTIFUL

The South West is a region with many stable, strong smaller private businesses. These businesses and indeed all the companies in the region are served by what Andrew Hodgson, corporate finance partner in KPMG's Bristol office, says is a "discrete regional corporate finance market".

"All the Big Four accounting firms are represented in the region, as well as the middle tier accounting firms and a number of boutiques," says Hodgson. "It's a marketplace with deep sector expertise and international knowhow, and very strong legal representation too. In fact, everything is in place to get nearly any kind of deal done in the marketplace. The individuals that make up this corporate finance community network well among one another, but also compete strongly."

The other point Hodgson emphasises is that this is largely a private-company market, with relatively few listed public businesses. That doesn't change too much, in terms of dynamics and deal potential, but it is certainly a notable difference between the region and elsewhere in the UK.

BROAD CHURCH

According to David Roper, assurance and business services partner for Smith & Williamson in Bristol, the South West's broad-based economy



SECRET OF SUCCESS(ION)

Succession Group, headquartered in Plymouth, may be a success story unknown by many outside the South West. From its Devon base, chief executive Simon Chamberlain has been a serial consolidator of financial advisory firms.

Since PE firm Inflexion took a 50.1% stake in the business in January 2014, Succession has made 22 acquisitions in just 24 months. Chamberlain (pictured below left) has a decent track record of creating value in advisory firms, as a founding partner of St James Place Capital and the founder of the Thinc Destini (now Bluefin). In 2009, he founded Succession. Today it operates from more than 80 locations, employs 350 financial planners, and controls more than £10.5bn of assets. "The deal-structuring process is usually similar in my experience," says Chamberlain. "For any would-be deal to progress, the owners on both sides have to walk the walk and talk the talk about their own marketplace and about their business and its plans. If there is a fit then it's a question of getting down into the detail effectively."

His plan is to keep up acquisition-based growth until the end of 2017 when he and Inflexion will look at exit options. He says that whether a deal will fly or fail is down to two factors: "One is the money: the equity participation has to be right. And the second is for everyone to understand what happens to the key players afterwards. Post-deal is crucial for a smooth integration."

Chamberlain stays close to entrepreneurship locally as adviser to Plymouth University Business School and says the area is awash with small businesses in creative industries and ecommerce. "If you walk the boards and meet those in your sector, and if your ambitions and timeframes are similar, you have a chance of a deal."

50.1%

STAKE PRIVATE EQUITY FIRM INFLEXION TOOK IN SUCCESSION IN JANUARY 2014

SEARCHING FOR PRIVATE EQUITY

One gap in recent years in the region's corporate finance landscape is the relative lack of PE houses with a South West base. David Roper says: "There are clearly not as many private equity houses in Bristol, for example, as in key commercial centres in other parts of the country. LDC and the Business Growth Fund (BGF) are represented, but beyond those there are only niche operators."

PE-backed deal flow has also been slow in recent years. "For whatever reason, the South West has been quiet in terms of PE investment, but I do think that's just an anomaly," says Andrew Hodgson. "The money is available and looking for targets, and the likes of LDC and BGF are fully engaged. In the past 12 months there have been several PE investments and disposals in the region, and I expect a further pick-up in the year ahead."

GLoucestershire



BRISTOL



SWINDON



DARTMOUTH



The South West is home to a breadth of businesses such as (clockwise from top left) food production, silicon wafer production, engineering at Honda and aeronautical engineering at Airbus.

is another part of its story. "There are strong sectors of course, but nothing dominates," he says. "Financial services and professional services is one area of activity, with regional businesses such as St James's Place and Succession Group making frequent acquisitions. Renewable energy and low carbon is generally also a growth area, alongside some more established strengths in advanced engineering and defence - and even food and drink."

Roper notes that the region's closely connected creative and technology sectors are also gaining ground, reflecting in part the expansion of the region's science parks offering follow-on space for scaling operations at Plymouth, Exeter, Bristol, Bath and elsewhere.

SECTOR KNOWLEDGE

So, how do the region's deals tend to come together? John Wood, corporate finance partner with fast-growing law firm TLT, says there is lots of sector strength among advisers in the South West, and many business owners will demand that sector knowhow when it comes to transactions.

"Our renewables team has been busy in recent years, for example," says Wood. "There is a renewables hub in the region, with big players in solar and wind and other renewables too."

Something Wood believes has played well for the region is the growing sophistication of corporates buying professional services: "In the past, listed



"Renewable energy and low carbon is generally a growth area, alongside established strengths in engineering, defence and even food and drink"

David Roper,
assurance and business
services partner,
Smith & Williamson

businesses would have automatically reached out for certain firms to get transactions done - 'magic circle' law firms for the legals on a deal, for example. But today there's a better understanding that you can find world-class quality in the regions as well as in London. Where there is expertise, corporates now come looking for it."

One thing that cannot be ignored as having an impact is the relative inaccessibility of parts of the region. Andrew Killick, corporate finance partner at PKF Francis Clark, says that it may be a challenge, but it is a satisfying challenge to overcome. "In the South West there are many businesses that have strong commercial fundamentals and owners that would like to sell, but they struggle to find a buyer because of being geographically remote," he says.

"One of the skills for advisers supporting businesses in the region is to be a true dealmaker by creating deals and commercial value where nothing was initially forthcoming," says Killick. "It's part of the work that goes on in the South West - a hugely satisfying and creative part. That engagement with businesses by advisers is also reflected in the widespread support you see for start-ups, and the growth and development that flows from that." ■

10-15%

REGISTERED GROWTH OF
DEAL VOLUMES SINCE 2011,
HIGHER THAN THE
NATIONAL AVERAGE
OF 8-12%

Creative industries – routes to finance

A guide to sources of funding and investment for arts, cultural and creative organisations


‘Creative industries – routes to finance will do much to support the ongoing success of the UK’s creative industries.’



A unique overview devised by the Corporate Finance Faculty with the Creative Industries Federation. Featuring 100 UK sources of public, private and philanthropic investment, information and advice. Co-authored by Shaun Beaney and John Kampfner. Get creative.

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FACULTY

BIG DATA BIG BANG

Technology is having a huge impact on the world of corporate finance. Data analytics tools are not only driving efficiency into the process, they are also providing advisers with greater insights. Marc Mullen finds out about the technology upskilling going on in deal teams

66%

OF US CORPORATES USE
DATA ANALYTICS FOR
STRATEGY DEVELOPMENT

40%

OF AMERICAN CORPORATES
USE DATA ANALYTICS AS
A CORE COMPONENT OF
M&A ANALYSIS

Data analytics have the potential to be a game-changer in the world of transactions,” says Steve Ivermee, who took over as UK managing partner of transaction advisory at EY in the UK in April. “Corporate finance professionals should not underestimate the value of data analytics and their potential future impact on the profession.”

The past decade has been one of boom, global financial crisis, uncertainty in the US economy followed by recovery, astronomical Chinese growth followed by a stutter, and low then high then low oil prices. But the one element that has prevailed through all of this has been the march of technology. The seemingly all-pervasive nature of devices and data in everyday life means it was only ever going to be a matter of time before tech proper became incorporated into the way corporate financiers approach M&A.

Unsurprisingly given this seismic change, data value is also driving the Big Four into new areas of competition with other types of consultant.

The information produced by companies is greater than ever, and increasing. “Many estimate that the volume of data has doubled in the past two years, and it is forecast to double again in the next two,” says Iain Macmillan, global head of M&A services at Deloitte.

Ivermee continues: “Combining the next generation of analytical tools and the ability to access non-traditional data sources, such as unstructured data in the public domain or social media, has the power to add real insight and ultimately change the way M&A is done.”

Online payments have produced a plethora of data, coupled with the effect of online storage. There is more publicly available market information, and of course social media. But it is all absolutely meaningless without

proper analysis that enables greater understanding for clients. “A few years back our diligence reporting would often be relatively standard in scope, culminating with a big presentation. Our interface with the client might not be that regular,” recalls Macmillan. “But now technology is changing that. Transactions work is more of an interactive and immersive experience in which we liaise more closely with clients throughout the transaction, collaborating on the most important issues.”

In the “brave new world” of big data, how can technological advances be deployed in M&A? How can acquirers use it to focus on risks and opportunities? How can analysis of past performance, as well as future performance, and the sensitivities around that, better inform investment decisions? And how can a better-informed investor use innovative techniques to price a deal?

28%

OF US CORPORATES USE
DATA ANALYTICS IN SELECT
AREAS OF M&A ANALYSIS



**"PROFESSIONAL SERVICES
HAVE NEVER HAD TO DEAL
WITH A TECH REVOLUTION"**

Euan Cameron,
PwC strategy practice



**"DATA ANALYTICS HAVE THE
POTENTIAL TO BE A GAME-
CHANGER IN TRANSACTIONS"**

Steve Ivermee,
managing partner, EY

"Professional services in general have never had to deal with a major technology revolution before, and certainly never on this scale," says Euan Cameron, partner and leader of the business services team in PwC's strategy practice. "We have never had to learn how to cope with serious disruption by technology. Corporate finance is coming a bit late to that party, but it is coming now - and fast.

How advisers respond to this in the market will be a very big determinant as to where they will be in the market in the next five or so years."

A Deloitte survey in the US of more than 500 \$10m plus (£6.8m plus) revenue corporates revealed that two-thirds were using data analytics either as a core component of M&A or in selected areas of analysis. Interestingly, in the US the most common use (in 64% of cases) was in strategy development, while 42% were using the techniques in due diligence.

TWEAKING TEAMS

Corporate finance teams are changing. "We are embedding data science capabilities into our deal teams, so we can analyse client data alongside third-party external data and improve the insight we provide to clients on the deals they do," says Rob Moody, data & analytics partner at EY, who is leading the UK's drive to introduce technological innovation to corporate

finance processes. It is part of a global EY initiative. Moody says EY has been recruiting staff with maths, statistics or econometrics backgrounds, as well as coders, data scientists and technologists. The blend of skills among the 1,200 transaction advisory services employees at EY is likely to change, he adds.

Similarly, Cameron says experts in the extraction and management of massive amounts of data (data engineering and mining) are being added to PwC's core teams. "You cannot respray traditional client-facing staff for that," he points out.

In tandem with these new skills, existing team members will have to increase their knowledge of the latest innovations. "They need to be familiar with the art of the possible," says Cameron. "They must have a conceptual understanding of the tools and techniques available to analyse data. They will not need to know the details of how the engine works, but that turning the steering wheel right turns the vehicle right."

CONCENTRATING ON RELATIONSHIPS

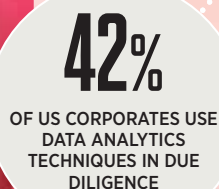
There is then the question of how the higher-level analysts, who can provide the deep insight behind the figures, are brought through the firm and given the experience they need. "Of course, what we need to work out is how those higher skills are developed," says Moody.

It must be remembered that firms are not talking about replacing staff with AI. "Ultimately the deal comes down to individuals and relationships," says Macmillan. "The bit that won't go away is the need for a trusted adviser. Technology is really being used to drive a unique and differentiated relationship with our client, but there will always be the relationship."

While implementing such a change of approach throughout a workforce is a huge task, corporate financiers are extremely experienced in change processes. "You have to win the hearts and minds of people across the business," says Moody. "We are saying to people in a highly skilful, and possibly the most profitable, bit of our business that the skills they have used for the past however many years are not going to be sufficient to enable us to continue to challenge in this market for the next five or more years. You need really strong leadership and buy-in from key early-adopters to make it happen."

Matt Henderson, Deloitte transaction services partner, says that the advances in data analytics will

"The bit that won't go away is the need for a trusted adviser. There will always be a client relationship"





"WE ARE EMBEDDING DATA SCIENCE CAPABILITIES INTO OUR DEAL TEAMS"

Rob Moody,
global & analytics partner, EY

require a full review of traditional approaches to due diligence: "Historically, we have looked at the past three years of a target's performance, and forecast for the next three years. Why? Because the past three are a good indicator of the next three? No. Because of the constraints of time, money and information. [But] we can now start to look at the target business across the cycle if required.

"We can look at much more data going backwards, which is something that our clients are more interested in doing, particularly for cyclical or regulated businesses. We can also look forward. We can benchmark against some of its peers. Why are its margins better or worse? Can that be sustained or improved? We can perform some simulation analysis and scenario modelling. This brings more confidence to deals getting done."

A TECH TOOLBOX

The Big Four are using coders to create bespoke software, as well as deploying some off-the-shelf packages - Tableau, Microsoft Power BI and AsterixDB - for data extraction and mining. Henderson says there will not be a new norm to diligence approach, but rather a toolbox, which advisers can access to provide the detailed insight clients will require.

Some businesses, sectors and markets will lend themselves more to the use of the new techniques. Multi-location or multi-product consumer businesses for instance,

REMOVE THE DEVIL FROM THE DETAIL

Transactional level data has always made up the financial DNA of a business. But sorting, analysing and - crucially - making meaningful interpretations of such a volume of data was previously uneconomic and time-consuming. Analysis of detailed financial information could improve acquirers' understanding of targets' performance, and better inform investment decisions.

KPMG associate director Nicholas Metzgen says: "Understanding the underlying profitability of a business, and the impact strategic decisions made might have, can be better understood through analysis of transactional level data - how product and pricing architecture, customer and channel mix, foreign currency and commodity volatility affect margins."

With that aim in mind, KPMG has created a strategic profitability insights (SPI) team, comprising deal professionals trained to use proprietary technology (developed by their US firm), to extract transactional level data from business's financial systems, in a matter of days - a task which in the past would have taken about a month to extract and analyse.

Unstructured, messy or mismatched data can all be analysed.



"THE STRATEGIC PROFITABILITY INSIGHTS TEAM HAS ADVISED ON OVER 600 TRANSACTIONS"

Dan Rodbourn,
Associate director, KPMG

And crucially the "dead time" spent processing information is reduced, so that, in theory, more time can be spent interpreting information and providing insight to clients.

"In the US and UK the SPI team has advised on over 600 transactions, across most industry sectors," says Dan Rodbourn, associate director in the SPI Team. "We continue to develop more use cases to support investors and management teams in both pre-deal due diligence and post-deal decision-making."

Examples of assignments the team has worked on are:

1 Sale of a complex portfolio of loans by a large bank. Source data from six different systems was combined to create one database, with flexible parameters. This enabled rapid interrogation of what was actually being sold, and "what if?" scenario testing. The sale process was speeded up.

2 Acquisition of family-owned online retail business by a UK PE fund. Analysis of five million rows of sales, gross margin, volumes and average selling prices data provided acquirer with greater insight than was captured in the target's management accounts.

3 Proposed acquisition of a multinational forex broker by a PE fund. Analysis based on every transaction over a five-year period (55 million data points) supported the testing of the client's investment hypotheses.

4 Acquisition of a group of largely autonomous recruitment businesses by a mid-market UK buy-out fund. SPI used to analyse the different divisions being bought. Customer overlap between divisions was greater than management had realised, highlighting an upside opportunity for the client through unified pricing rates.

55M

TRANSACTIONS
ANALYSED
TO SUPPORT CLIENT
HYPOTHESES

BIG DATA AND THE LAW

Lawyers, like corporate finance advisers and due diligence providers, have been developing the use of big data techniques. There certainly has been an "explosion in the use of these analytical tools and specialist providers" says Selina Sagayam (below), head of UK transactional practice development at Gibson Dunn.

"Some firms are moving forward from relatively crude gathering of data (with research assistants reviewing deals identified in an ad hoc fashion) to gathering information on a more sophisticated (technologically aided) basis. They apply consistent and more comprehensive analysis on drafting of key clauses and commercial deals," she adds. "It applies to a whole bunch of things – from commercial points to substantive legal points. We are seeing it across all types of practice area."

In capital markets, trends in practices and pricing are particularly important. It gives you a big advantage understanding exactly what is going on in that market. Whether or not you choose to follow or deviate from market practice, you do so on an informed basis.

As well as a plethora of public deal information, law firms are investing in databases with their own proprietary or non-public information. That is providing insight as to the legal terms that particular clients would be expected to accept, (or demand), in a deal. "I think the big accountancy firms are ahead of law firms in this area, but it is inevitable that other professional service providers, such as law firms, will follow," predicts Sagayam.



STAGES OF THE M&A LIFECYCLE WHERE USING DATA ANALYTICS IS MOST VALUABLE

SOURCE: DELOITTE



or financial services, as well as regulated businesses and utilities or TMT businesses are the most obvious. The relative take-up between private equity and trade is less relevant than the sectors they are in.

"Many clients are used to using tech and expect us to be able to do similar things, and provide information," says Mark Steele, head of tech M&A at Deloitte. "We are on a constant learning curve, both in analytics and in how we communicate these answers to more complicated questions to clients."

IMPLICATIONS FOR FEES

Question marks hang over how any new approaches described will be priced and the impact such changes will have on fees. Will it be viewed by the market as value-add, or simply more efficient delivery (with the cost-down implications often attached to that notion)?

"As a firm we continue to invest in new ways to enhance the value we bring to our clients and allow us to move towards value-based commercial arrangements," says Mark Allcroft, KPMG deal advisory partner. "In a high pressure environment like M&A where time periods are short but the stakes are high, the more time spent undertaking focused, rigorous and thoughtful due diligence, rather than many hours crunching data, the better for all parties."

Macmillan says there is likely to be some rethinking about fees: "It is evolving. If you look across the M&A



"MANY CLIENTS ARE USED TO USING TECH AND EXPECT US TO BE ABLE TO DO SIMILAR THINGS"

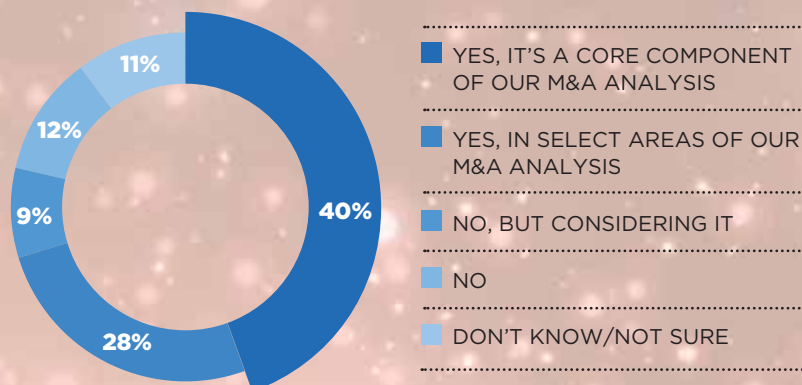
Mark Steele,
head of tech M&A, Deloitte

services spectrum, elements of what we do have always been less about hours and more about value, and facets of that have become increasingly so over the years. Due diligence and transaction services are often based on hours. Technology will drive efficiency in terms of hours, but to get to that, you must invest and develop a tech platform. It would be folly to think it will not have an impact."

THE REALITY OF CHANGE

Will firms ultimately deliver better service for less money, or be able to fully charge for that service in the market? "That's not something any one firm can answer – it all depends on future market dynamics," says Moody. "What it certainly means is that if you are not engaging with this stuff, there is a real and significant risk that your business will become

ARE YOU USING DATA ANALYTICS IN M&A?



INFORMATION TAKEN FROM A DELOITTE SURVEY OF 500 CORPORATE LEADERS (DIRECTOR-LEVEL OR ABOVE) AT US COMPANIES WITH OVER \$10M IN ANNUAL REVENUE



"THE MORE TIME SPENT ON THOUGHTFUL DUE DILIGENCE, RATHER THAN CRUNCHING DATA, THE BETTER"

Mark Allcroft,
deal advisory partner, KPMG

irrelevant. You will find you cannot provide the service clients want at the price the market expects, or that the level of insight is woefully inadequate, compared to what others are offering. There is a defensive play here, as well as offensive."

The push into big data and data analytics is taking Big Four firms into the space of indirect competitors. The big technology companies are potential entrants. There is a positive move into commercial, environmental and regulatory due diligence for instance, pitching them against bespoke providers of those services. There is also competition from more pure data-focused businesses, rather than advisers providing understanding and interpretation of the data.

"That is where we currently hold the trump card, but we have got to maintain that position and cannot rest

on our laurels," says Steele. "With big data it makes even more sense for clients to use one organisation, and not drop the ball between financial and commercial, or financial and operational diligence. Big data is not the only driver, but causes the client to challenge whether it makes more sense to use one provider across these range of issues, rather than control different advisers looking at different (or even the same) datasets in different ways."

THE HUMAN TOUCH

It is natural to assume that technology will continue to advance at pace. The analysis and interpretation of big data will be increasingly important in M&A - be it at the deal strategy and formulation phase, the due diligence or execution phase, or post-deal integration. The days of spreadsheets with missing or incomplete data may be long gone in the next few years, but the key to it all will be good advisers to use the tools available to deliver the insight clients need.

It is a sentiment echoed by Giles Derry, a partner at private equity firm Dunedin: "You will always need the dealmakers. Clearly, there is so much you can do with statistics and data now, but you need the personal relationship to win the deal in the first place - the human touch to position yourself with the buyer and understand the key messages to get across to the client.

"It is certainly not just numbers." ■

OUTLIERS AND OPPORTUNITIES

Deloitte has been deploying data analytics techniques in due diligence engagements for the past couple of years. One example was the recent acquisition of a portfolio of about 170 retail outlets. The acquiring client wanted detailed insight into the relative financial and operational performance of the outlets across the portfolio, the key performance drivers, and a comparison between target and client performance. They also needed "geospatial" analysis to identify sites at risk of the UK's Competition & Markets Authority investigation post-completion.

Three years of weekly sales data (over 25,000 lines) were overlaid with site data and site locations with open socio-economic, non-financial data, such as local population size and other applicable open data. These created a comprehensive picture for each client and target location. Within days, this data had been developed into a set of interactive dashboards, in Tableau [software] that included:

- financial snapshots of outlets with dynamic scatter plot, and data tables with key metrics;
- interactive dashboards by outlet, with details of P&L, weekly sales peaks and troughs and financial metrics as a percentage of revenue;
- target versus client financials, with a scatter plot; and
- analysis of outlets that may have been at risk of competition investigation, compared with client and other third party competitor data.

"The use of analytics in this assignment has undoubtedly allowed the diligence team to provide more insights to help the client's decision making process and is part of our desire to change the client experience," said Iain Macmillan (right).



DIGITAL DEALS



M&A is lively in the media sector and it's providing a rich seam of deals for Cavendish Corporate Finance. Jason Sinclair speaks to **Linda Sullivan**, head of media and digital at the advisory firm

inda Sullivan is a busy woman. As head of media and digital at Cavendish Corporate Finance you would expect her to be. “Generally speaking, on a macro level, the media M&A market is very buoyant at the moment,” says Sullivan. “Some sectors have shown a drop, but in digital, data, tech, media and marketing communications we’re seeing large companies hoovering up deals. On a personal level, we’ve been extraordinarily busy. We’ve closed four transactions in the past six months, just in my media area, which is unprecedented for us.”

Cavendish looks for businesses that have already achieved some sort of traction, usually with an EBITDA well in excess of £1m, although in the digital sector the businesses could be early stage and high growth, sometimes looking exit-ready in two to three years. She notes that there are opportunities for PE to look at roll-ups in the digitech and marketing communications sector because many management teams don’t want to sell to the biggest agencies “but would be attracted by a PE-backed roll-up vehicle”. Sullivan adds: “My question to shareholders at the beginning of a sales process is “what is nirvana for you?” I often have several different answers. The skill of a corporate financier is to achieve the objectives of the shareholders and the management team, which may be quite different.” One of Cavendish’s four recent deals - selling risk managed sales promotion company Opia to quoted Australian company Village Roadshow - saw the founder’s “nirvana” being a deal for all cash, which Cavendish achieved while structuring a partial share sale and earnout for management shareholders.

DRIVEN BY DATA

The other challenge in many deals is talent retention. “Losing key people during or shortly after a transaction can be a big problem,” says Sullivan. “It is part of the role of the corporate financier to identify key management and incentivise them to stay. We sometimes work with a talent management group to ensure the smooth transition of staff before, during and after a transaction.”

Cavendish’s other three recent deals

were the sale of Dare Digital, Twogether Creative, and PCI Group. Of the deal with PCI Group, a data business in the chemicals sector, Sullivan says: “We did a carefully considered but limited marketing exercise. It was clear who the interested parties would be and we deliberately kept a tight schedule for offers and quickly established a preferred buyer. The ultimate buyer, Verisk Analytics, had previously bought Wood McKenzie and PCI was a good acquisition. It was a competitive process and we achieved a good result for our clients, all of whom are staying on in the group.”

PCI attracted interest from the UK, Europe and North America, and Sullivan says it was typical of the story with specialist data businesses. “They are highly prized. Recurring subscription revenue is attractive, and large companies know that good quality specialist data and analytics are very valuable.”

Sullivan foresees that the value trend for commercial intelligence will continue and, with the amount of data being created in and around social media, there are interesting data businesses being created in the marketing communications sector where data profiling is becoming more important for advertisers to ensure that their communications are relevant. “The US is leading the field in digital and data analytics, and valuations are higher there. But there are some very good businesses in the UK, and North American companies are keen to acquire due to lower prices here.” Nevertheless high multiples are being paid by international companies to integrate good quality media assets into existing portfolios. A case in point is B2B creative marketing

“My question to shareholders at the beginning of a sales process is always ‘What is nirvana for you?’”

DEALS IN A NUTSHELL

DARE

Date: October 2015

Vendor: Dare Digital

Activity: Cross-sector digital design, branded content and campaign agency

Acquired by: Oliver Group Limited

Consideration: not disclosed



Date: November 2015

Vendor: PCI Group

Activity: Data, analytics and market research in chemicals, fibres, films, and plastics sectors in the oil and gas industry

Acquired by: Verisk Analytics Inc

Consideration: not disclosed



Date: December 2015

Client: Opia Ltd

Activity: Sales promotion consultancy focusing on creating end user and reseller risk managed promotional campaigns

Acquired by: Village Roadshow Limited

Consideration: £24m (80%)



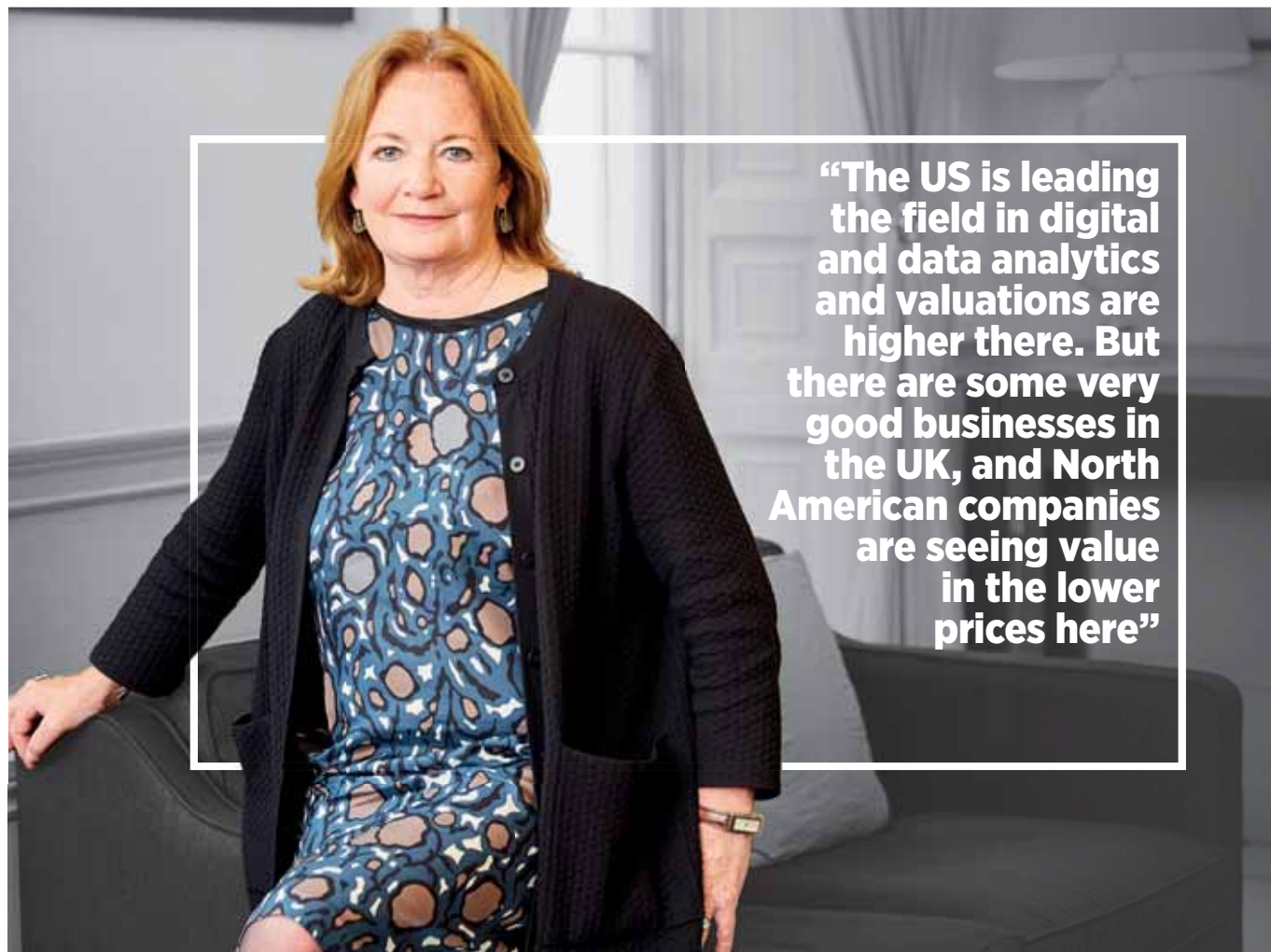
Date: April 2016

Client: Twogether Creative Ltd

Activity: B2B creative and digital marketing agency with a focus on technology clients

Acquired by: Next 15 Plc

Consideration: £6.6m



“The US is leading the field in digital and data analytics and valuations are higher there. But there are some very good businesses in the UK, and North American companies are seeing value in the lower prices here”

agency Twogether, sold for £6.6m in cash and shares to AIM-listed digital communications group Next 15, plus an earnout for management. As part of the deal RCapital, previous investors in Twogether, exited the company.

“Although small,” says Sullivan, “Twogether was growing fast by providing what multinational technology clients want. It was too small a deal for PE, but we had very strong interest from trade. As well as an expanding business in the US, Twogether had a proprietary software as a service (SaaS) offering so had recurring licensing revenue. Companies that can offer both creative services and specialist SaaS are very attractive.

The challenge and opportunity was to balance the needs of the shareholders in the sale. RCapital’s desire was, obviously,

for a cash exit. The management team was interested in taking out some capital, but also retaining a stake in the company.

“But most of the large marketing and communications agency acquirers’ preferred deal structure is not best equipped for taking shareholders out for cash. It is usually earnout-based. Here, we managed to structure the deal for Next 15 to take out RCapital’s 75% stake for cash and shares in Next 15, and some cash and an earnout for the key management.”

On the synergy of the sale, Sullivan says that Next 15 (despite the name, now a 17-strong group of digital communications companies with a tech specialism) can accelerate Twogether’s North American growth with access to offices, facilities and connections. Next 15’s CEO Tim Dyson pointed to a “cultural fit” where

the “group can get full value out of these investments and get businesses to collaborate organically without the artificial means seen in larger groups”.

The fourth recent Cavendish deal, although for an undisclosed sum and to trade, was Dare Digital, one of the first digital agencies set up in the UK. It was sold on behalf of US PE owners Mill Road Capital to Oliver Group after keen trade interest. “The management team knew that Dare could continue to be a stand-alone brand within Oliver,” adds Sullivan.

Whatever the general uncertainties around the market, the Atlantic-facing world of digital communications seems set to keep Sullivan, and other media and digital corporate financiers, busy for some time to come. ■

inda Sullivan is a busy woman. As head of media and digital at Cavendish Corporate Finance you would expect her to be. “Generally speaking, on a macro level, the media M&A market is very buoyant at the moment,” says Sullivan. “Some sectors have shown a drop, but in digital, data, tech, media and marketing communications we’re seeing large companies hoovering up deals. On a personal level, we’ve been extraordinarily busy. We’ve closed four transactions in the past six months, just in my media area, which is unprecedented for us.”

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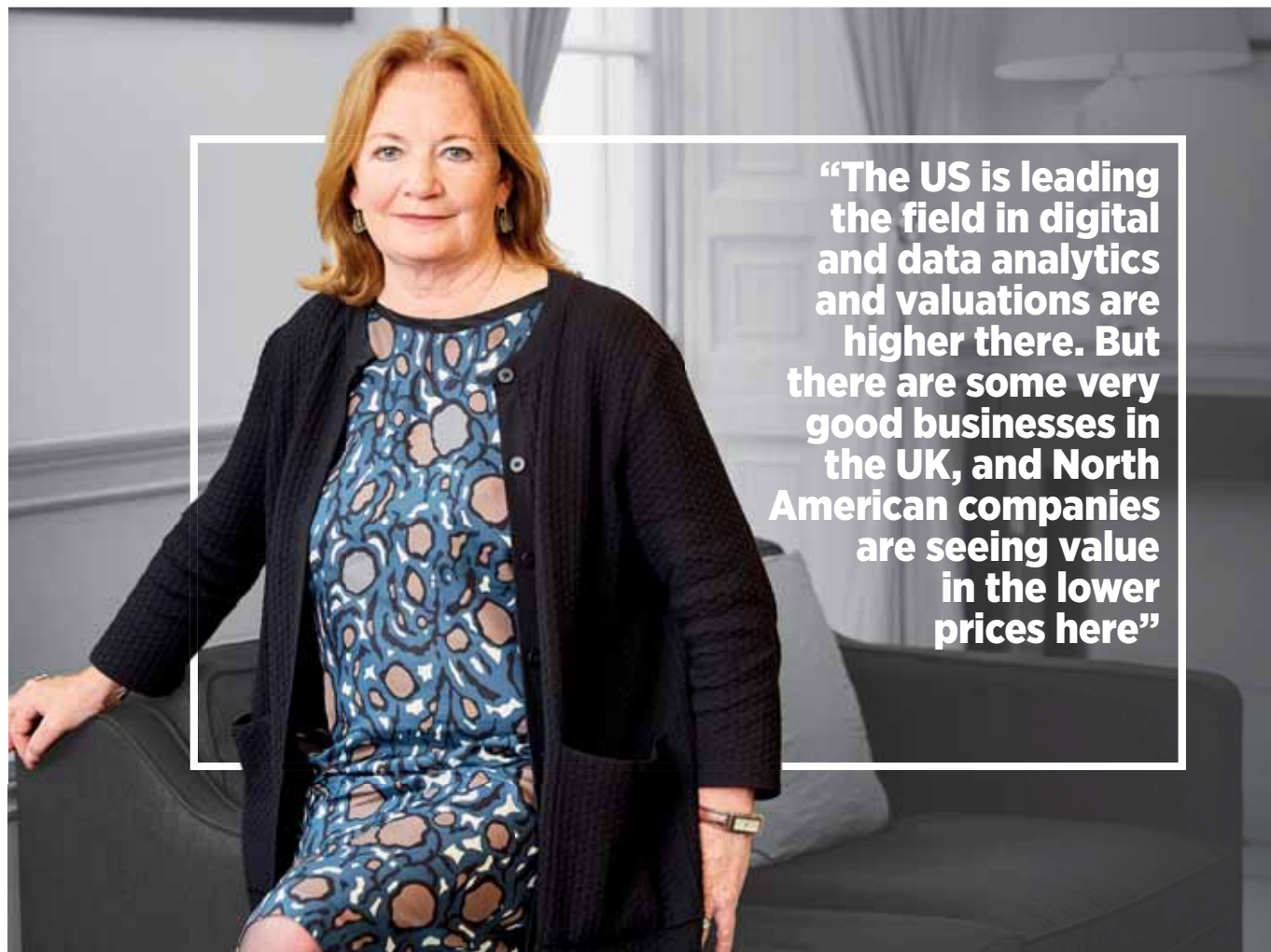
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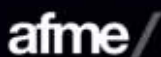
Cyber security in corporate finance

Cyber security is vital for the UK's reputation as a global hub for corporate finance and to ensure confidence in corporate transactions – for companies, their advisers, investors and stakeholders.

Visit icaew.com/cfcyber to download the Cyber-Security in Corporate Finance guide, developed in partnership with 12 leading UK organisations and supported by the Cabinet Office and Department for Business, Innovation & Skills.

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SEARCHING FOR GLOBAL GROWTH

Ahead of the UK's Brexit vote the World Bank downgraded its 2016 global growth forecast. Vicky Meek looks at what this means for deals

With economic growth slowing in many markets but technological development continuing apace, corporates are seeking out ways of driving inorganic growth, according to a new survey of business confidence. As China's economy slows, the US enters a lower-growth period and Europe continues on its uneven path, digital continues to disrupt all sectors. So corporates are looking to bolster their top line through M&A, increasingly through strategic alliances, as EY's

latest *Global Capital Confidence Barometer* (CCB) shows.

While in October 2015 83% of executives responding to the EY CCB felt the global economy was improving (including 36% who felt it was improving strongly) just 37% said the same in April this year, with 48% suggesting the economy is stable and 14% saying it was in modest decline. These surveys were carried out well before the UK voted to leave the EU, which has also had marked impact on economic and business confidence.

EQUITY VALUATIONS TO FALL?

Recent volatility in oil prices, other commodities and public equity markets are clearly playing on some executives' minds. The survey reflects this, with 26% of respondents saying increased volatility in commodities and currencies was the biggest economic risk to their business.

While the majority still view equity valuations as stable or improving, there has been a minor increase in the proportion of executives who believe that they are declining (13% in April 2016, 12% in October 2015) and that credit availability will fall (11% compared with 5%).

"This may suggest we'll see a further decline in confidence in these areas in our next CCB," says Michel Driessen, UK and Ireland transaction advisory services markets leader at EY (pictured right). "Yet I think what we're seeing is a shift from record levels of confidence that are difficult to sustain or beat. There is more uncertainty creeping in, but there is little reason to be pessimistic, as there is still a strong appetite for dealmaking."

83%

OF EXECUTIVES FELT THE GLOBAL ECONOMY WAS IMPROVING IN OCTOBER 2015

37%

OF EXECUTIVES FELT THE ECONOMY WAS IMPROVING IN APRIL 2016



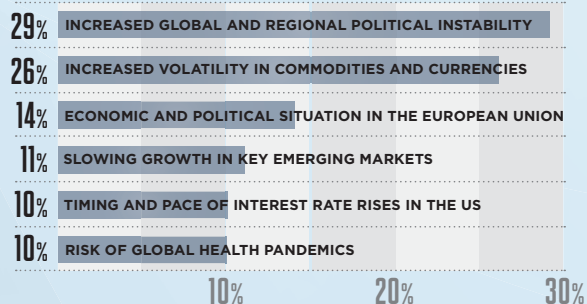
BIG DEALS TO CONTINUE?

Interestingly, the survey suggests that corporates appear to be targeting ambitious deals, following on from the theme apparent in last year's M&A market, which saw Dell acquire EMC for \$67bn and AB InBev acquire SAB Miller for \$71bn among other mega-deals. In fact, this year's survey points to an even stronger appetite for large deals. In October 2015, 29% said their largest planned deal size was over \$250m, with 3% saying it would be over \$1bn. In April 2016, 51% said their largest planned deal would be over \$250m, with 12% suggesting it would be over \$1bn.

"There is a feeling in some industries that smaller deals just won't shift the needle," explains Driessen. "The AB InBev-SAB deal was about getting geographic coverage in a growth market – that will hold true in a number of other sectors. We're already seeing that in pharma and telecoms. The point is that M&A takes time and is a management distraction, whether it involves a big or small deal, so there is an argument to say that it makes more sense to opt for larger deals."

Perceptions of a narrowing gap in price expectations between buyers and sellers will help move some deals forward: 52% believe the gap is small or non-existent, compared with 36% six months ago. There has also been an increase in the number of those that believe asset prices will fall: 28% compared to only 5% in October 2015.

WHAT DO YOU BELIEVE TO BE THE GREATEST ECONOMIC RISK TO YOUR BUSINESS OVER THE NEXT 6-12 MONTHS?



SOURCE: EY



DISTRESSED ASSETS COME TO MARKET

Low growth, tough market conditions and volatile commodity prices may well lead to more distressed sales. Over a third of respondents to EY's latest survey said there would be an increase in distressed asset sales. And there are certainly reasons to believe distress is on the rise: by the end of May there had been 77 distressed sales globally so far in 2016, the highest tally since 2009, according to S&P figures. A number of sectors are under pressure.

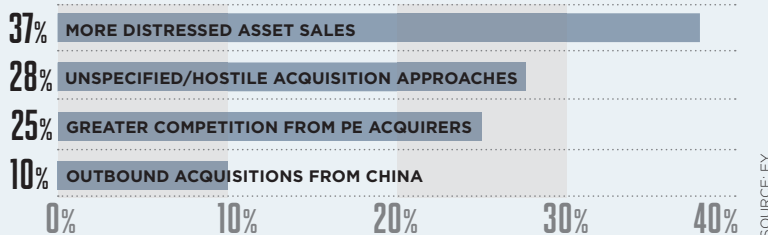
"There will be distressed asset sales from oil & gas," says Driessen.

"However, other areas are heading towards or are already in distress, such

as some parts of retail and shipping, and we will see activity there, too. Yet it's also true that all kinds of companies are clearing out their portfolios following strategic reviews, so we will see underperforming assets come to the market."

This is where private equity will come into play, he adds. "In the last quarter of the year, there is likely to be a pick-up in corporate carve-out activity among private equity firms. Once the summer is over, private equity firms will be looking to pick up unloved assets as they seek to deploy the capital they have raised over the past 18-24 months."

WHICH OF THE FOLLOWING DO YOU EXPECT TO BECOME MORE PROMINENT IN DEALMAKING IN THE NEXT 12 MONTHS?



M&A HIGH ON THE AGENDA

Half of executives said they expected their company to actively pursue acquisitions over the next 12 months, down from the 59% recorded in October 2015. This remains above the 41% average across all seven years of CCB surveys.

Among respondents, 85% have at least two deals planned, with 34% saying they are looking at four or more deals. Just 11% suggest there will be a decrease in the pipeline.

"Many companies are asking if they have the right portfolio of assets for the current lower-growth environment and identifying acquisition and divestment targets," says Driessen. "The other key area for executives is how to stay ahead of, and harness, disruptive technologies – for that they need to build a pipeline of deals. These deals may not always be M&A, however many are now seeking alliances."

59%

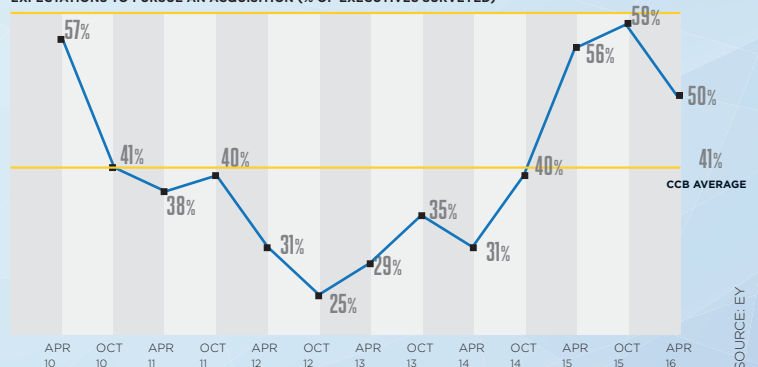
EXPECTED THEIR COMPANY TO PURSUE ACQUISITIONS IN OCTOBER 2015

50%

EXPECT THEIR COMPANY TO ACTIVELY PURSUE ACQUISITIONS IN APRIL 2016

DO YOU EXPECT YOUR COMPANY TO ACTIVELY PURSUE ACQUISITIONS IN THE NEXT 12 MONTHS?

EXPECTATIONS TO PURSUE AN ACQUISITION (% OF EXECUTIVES SURVEYED)



Appointments

PROMOTIONS AND RECRUITMENT AT 3i



Tom Salmon has been promoted to partner in 3i's private equity business. Salmon joined the team in 2004, and is based in London, also having worked in the Madrid office. Prior to joining 3i, he qualified as an ACA with PwC. In New York, the firm has recruited Nikhil Patel as associate director, from Chicago Pacific Founders; in Frankfurt Michael Specht joins as associate director, from Warburg Pincus; in Paris Rafik Alili joins as associate, from Lazard Frères.

There were promotions in London, Benelux and Frankfurt. James Cox and Mark Bakker have been promoted to director, and Sophia Walwyn-James to

associate director. Bastiaan Peer, Nicolas Urban, Sachin Jivanji and Severin Matten are now senior associates in the private equity team.

Alan Giddins, managing partner and co-head of private equity, said the firm was continuing "to see a number of attractive mid-market investment opportunities across the core markets of northern Europe and North America."

In 3i's infrastructure division, John Cavill has been promoted to partner in London and Antoine Matton to director in Paris. In May, 3i announced results for the year to 31 March 2016. Its private equity business delivered a gross investment return of just over £1bn, underpinning strong results.

NEW BLOOD AT EQUISTONE



Richard Briault-Hutter (left, top) and Roman E Hegglin (left, bottom) have joined the investment team of Equistone Partners Europe. Briault-Hutter has joined as investment manager in London, from corporate advisory firm Duff & Phelps, where he was director.



Before this, he was associate director at DC Advisory, (Close Brothers Corporate Finance at that time), and focused on consumer and travel sectors M&A.

Hegglin has joined Equistone's Zurich office as an associate, from Credit Suisse, where he spent four years in its investment banking division, working in M&A and capital markets. Prior to this, he worked at UBS Investment Bank and Helbling Corporate Finance in Zurich.

Christiaan Marriott, investor relations partner at Equistone, said: "We continue to see interesting deal opportunities across Europe and this further strengthening of our investment team positions the firm well to capitalise on this momentum."

HINDOCHA JOINS MOBEUS



Amit Hindocha has joined Mobeus Equity Partners as investment manager in its growth capital team (that invests up to £5m in UK SMEs). He was previously responsible for originating and leading a number of investment in UK SMEs at the Business Growth Fund.

Trevor Hope, partner and head of the growth capital investment team, said: "Amit is an accomplished investor in SMEs, with an impressive network of contacts across the entrepreneurial and advisory community. He will undoubtedly add to our ability to deliver strongly performing VCT investments."

NEWS IN BRIEF



LDC has recruited Chris Coulton as portfolio director, from Deloitte,

where he spent 15 years advising mid-market private equity-backed businesses.



Nicole de Silva and Prasan Desai have joined **Investec Specialist Bank's**



London-based growth and acquisition finance team, from RBS and European Capital Financial Services respectively.



Sarah Wadham has stepped down as the **EIS** Association's director-general, after almost three years in the role. She will remain involved with the EU State Aid Committee.



BDO has promoted Ross McDonald to partner in its debt advisory business. He joined from Deloitte in 2012.

Duff & Phelps has acquired Corporate Finance Ireland, an M&A and property asset management specialist.



Stephen Lowery has been appointed as a managing director in **Silicon Valley Bank's** UK branch. The former Frog Capital partner will focus on corporate and independent venture capital relationships.



Retired former head of UK M&A at PwC, Sean Williams, has joined **Tenzing Private Equity** as non-executive director. Milan Kellner has joined as investment manager, from EY.

High hopes



THE CV

Sandra Hope is a senior director in Clydesdale Bank's specialist growth finance team. Before joining Clydesdale, she worked at Noble, having been a founding director of Noble Venture Finance (NVF), a £100m venture debt fund established in December 2003 to lend to privately held VC-backed growth companies across Europe. Prior to NVF, she spent 20 years with Kleinwort Benson/Dresdner Bank in asset finance, infrastructure and project finance as lending principal and adviser. She has a BSc in Economics from the London School of Economics.

Recent deals

- £2m growth finance for real-time audience insight technology business Lumi Technologies in February 2016
- £2.5m growth finance for SaaS business Relayware in October 2015
- £5m growth finance for nanotechnology firm P2i in June 2014

It is important to have a growth-finance provider who understands that the journey to profit is rarely a smooth one, says **Sandra Hope**

WHAT WAS THE DEAL?

The provision of a £7.5m funding package to Displaydata, a Berkshire-based provider of electronic shelf labels to the retail industry, in March 2016. There was a \$5m (£3.4m) invoice finance line, and a £3.5m amortising term-loan facility. The venture-backed company's technology is already deployed in leading retail outlets across EMEA and the US, and it will use the additional funds to target further growth.

WHAT WAS THE FUNDING CRITERIA?

We have three core criteria and Displaydata met them well. It has strong intellectual property and proprietary technology, which gives the business a clear USP. We are agnostic as to whether companies are

profitable, but look for growing revenues. In Displaydata's case these were significant [more than \$20m], which provided us with evidence that its customers value the technology. Finally, we look for companies that have a track record of having received significant equity funding from strong VC or PE houses. Displaydata has a strong investor base, which includes Draper Esprit, which originally introduced us to the business.

HOW IMPORTANT IS THE RELATIONSHIP WITH MANAGEMENT?

You need management to be on side, and they were. They definitely liked the fact that our funding solution was non-dilutive. For both management and their backers, it is key that a funding partner understands the issues and challenges that a

fast-growing, young company faces. As important for management was the fact that the VC backers were comfortable with debt being introduced, and that they trusted the debt partner.

HOW IMPORTANT WAS YOUR MARKET REPUTATION?

We now have a very good reputation within the VC community for supporting fast-growing, IP-rich companies. We understand that while revenues may be growing, the journey through to cash generation and profit is not necessarily a completely smooth and linear one. To date, as a team, we have provided north of £90m of growth funding to 26 companies.

WHAT DUE DILIGENCE IS CARRIED OUT?

We carry out the diligence ourselves, getting to know the company and management, and perhaps we dig a little deeper than the bank would if providing the facility to a more

established profitable business. We will also work with specialist firms, that carry out an IP review. We knew this business for five years before we provided the facility. It took about three months to complete once the decision to introduce debt was made, which is the typical timescale.

WHAT IS THE KEY TAKEAWAY?

Quite often it will take longer than originally forecast for a company to become profitable. We understand that and will continue to support the business and its equity backers in that process. ■

CATALYST'S M&A HIRE FOR TMT



Hamish Shah has joined Catalyst Corporate Finance as partner from, Capstan Capital Partners where he was head of M&A advisory. He has 20 years' M&A experience, having previously worked at Cable & Wireless and Merrill Lynch. At Merrill Lynch he was head of European mid-cap TMT investment banking. At Capstan he also focused on mid-market transactions within the UK and European TMT sector.

"I see great opportunities in combining my sector knowledge and contacts with Catalyst's national and international platform to generate significant deal flow in the media, telecoms and broader technology services sector," said Shah.

LEWIS JOINS RSM



James Lewis (left, top) has joined RSM from Deloitte, where he jointly led the firm's Plc M&A advisory team. Prior to that, he worked at Deutsche Bank and Credit Suisse.

Lewis will lead the expansion of RSM's advisory proposition with a specific focus on M&A advisory services to mid-market Plcs. He will also assist the team on M&A transactions involving private

companies and private equity firms. Lewis has been a member of the Corporate Finance Faculty's technical committee.

Rob Donaldson (left, bottom) RSM head of corporate finance, said: "We plan to expand our services to Plcs, and James's experience will be invaluable in helping us achieve our objective. He has an extensive network across the mid-market including corporates, lawyers, brokers and other market participants and is well respected among the board level decision-makers he advises."



Craig Hughes has been promoted to global real estate leader at **PwC**,

succeeding Kees Hage. Hughes previously led PwC's UK real estate and global sovereign wealth fund real estate practice.



ECI Partners has promoted Chris Watt to its investment

committee. John Hayhurst, who joined the private equity firm in 2003, has been appointed head of the firm's northern office in Manchester.



Shripal Shah is joining risk management consultancy

JC Rathbone Associates in August as director of real estate debt advisory. He will move from from HSBC where he spent 12 years and was head of real estate finance for the UK and the Middle East.



David McCulloch has moved to **RSM's** London capital markets

team, from the firm's south east corporate finance team.

BRITISH BUSINESS BANK INVESTMENTS' NEW CEO

Catherine Lewis La Torre takes over as CEO of British Business Bank Investments from September. She will join the commercial arm of the British Business Bank from Cardano, where she is head of private equity, managing a portfolio with more than £1bn of client commitments. She will succeed Peter Wilson.

La Torre has had a 30-year career in private equity, focused on the European mid-market. Prior to Cardano, she was co-founder of Proventure Private Equity, a Nordic fund management company. She later established her own private capital consulting business, GEM Consulting, and has also worked for Fondinvest Capital.

La Torre said: "Small and medium-sized businesses form the backbone of the UK economy, although many companies continue to experience challenges in identifying the right financing options as well as in accessing capital. British Business Bank Investments' role as a facilitator of funding for smaller businesses can make a real difference for thousands of British businesses."

Two new non-executive directors, Sara Halbard and Francis Small, have also joined. Halbard is former head of credit fund management at Intermediate Capital Group, while Small is a former senior partner at EY.

LEGAL BRIEFS



Laetitia Costa has joined **PwC Legal** as head of its banking and finance team, from Milbank, where she was partner.



Cooley has recruited Stephen Rosen as partner in its London private equity team from Olswang, where he was partner. Before that he spent seven years at Berwin Leighton Paisner.



Travers Smith has promoted Dan McNamee to partner. He is a US federal securities law practitioner, focusing on cross-border equity and debt capital markets transactions. He joined the firm's US securities law group in 2011, from Freshfields.

Berwin Leighton Paisner has recruited five Hong Kong-based specialists in aviation industry finance. William Ho and Jackson Chow have joined as partner; Karen He, Clara Lam and Calvin Leung as associate.

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The provision of a £7.5m funding package to Displaydata, a Berkshire-based provider of electronic shelf labels to the retail industry, in March 2016. There was a \$5m (£3.4m) invoice finance line, and a £3.5m amortising term-loan facility. The venture-backed company's technology is already deployed in leading retail outlets across EMEA and the US, and it will use the additional funds to target further growth.

WHAT WAS THE FUNDING CRITERIA?

We have three core criteria and Displaydata met them well. It has strong intellectual property and proprietary technology, which gives the business a clear USP. We are agnostic as to whether companies are

profitable, but look for growing revenues. In Displaydata's case these were significant [more than \$20bn], which provided us with evidence that its customers value the technology. Finally, we look for companies that have a track record of having received significant equity funding from strong VC or PE houses. Displaydata has a strong investor base, which includes Draper Esprit, which originally introduced us to the business.

HOW IMPORTANT IS THE RELATIONSHIP WITH MANAGEMENT?

You need management to be on side, and they were. They definitely liked the fact that our funding solution was non-dilutive. For both management and their backers, it is key that a funding partner understands the issues and challenges that a

fast-growing, young company faces. As important for management was the fact that the VC backers were comfortable with debt being introduced, and that they trusted the debt partner.

HOW IMPORTANT WAS YOUR MARKET REPUTATION?

We now have a very good reputation within the VC community for supporting fast-growing, IP-rich companies. We understand that while revenues may be growing, the journey through to cash generation and profit is not necessarily a completely smooth and linear one. To date, as a team, we have provided north of £90m of growth funding to 26 companies.

WHAT DUE DILIGENCE IS CARRIED OUT?

We carry out the diligence ourselves, getting to know the company and management, and perhaps we dig a little deeper than the bank would if providing the facility to a more

established profitable business. We will also work with specialist firms, that carry out an IP review. We knew this business for five years before we provided the facility. It took about three months to complete once the decision to introduce debt was made, which is the typical timescale.

WHAT IS THE KEY TAKEAWAY?

Quite often it will take longer than originally forecast for a company to become profitable. We understand that and will continue to support the business and its equity backers in that process. ■



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"This is the first transaction we have conducted with Shawbrook and the experience has been very positive. The team worked hard to get the deal over the line, getting to grips with the key issues at stake, gaining a real understanding of the business, and responding to an accelerated timeframe."

Will Stamp, Principal, Aurelius Investments Limited



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WORKING CAPITAL SOLUTION

FUNDING GROWTH

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"We had a clear objective, to obtain a greater quantum of funding than our two previous facilities combined and Shawbrook's asset-based lending facility enabled us to achieve that by leveraging the value in both debtors and property. Time was of the essence and Shawbrook acted quickly in terms of decision-making and deal execution."

John Copping, advisor to Benchmark Fabrications

Shawbrook has the ability to provide funding across all asset classes and leverage further with a cash flow term loan for those businesses with stronger EBITDA generation. We enjoy substantial backing as a strong platform to meet the growth ambitions of UK businesses. Recently, our individual facility limit for clients has been increased to £25 million.

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