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Corporate Financier

GAME ON

The strategies and tactics of independent corporate finance advisers

September 2018 Issue 205

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COVER: PETER CROWTHER

China crisis?

Next month the UK government's consultation on National Infrastructure & Investment closes. Ministers want greater powers to scrutinise acquisitions of British companies involved in what may be regarded as militarily or strategically sensitive high-tech or defence industries.

Even relatively small deals might be reviewed. The white paper says deals would be referred to regulators on grounds of "national security" – which is not the same as "public interest", apparently. Clear?

The UK is not acting alone. In the US, the Foreign Investment Risk Review Modernization Act has given more powers to the defence department and intelligence agencies to review investments by Chinese-owned companies and investment funds.

And Germany is going beyond national security. In July, its ministers were given powers to block deals if the target company was engaged in "critical infrastructure". Previously it could only stop them when foreign ownership "endangered public order or national security". Germany fears that China is targeting its most advanced tech. Last year, Chinese appliance maker Midea acquired Germany's industrial robotics global market leader, Kuka, for €4.5bn.

One inescapable fact is that China's share of global GDP is back at about 30% – pre-Opium War levels. Whatever new legislation the UK introduces needs to be carefully crafted to address the security issues identified.

Some may think Hinkley Point nuclear power station being part-financed by Chinese company CGN should come under scrutiny. By sharp contrast, a few black-cab drivers might think that the new zero-emission Hackney Carriages being made at a £250m car plant in Coventry by China's Geely Group are something ministers should pore over. As David Petrie, ICAEW's head of corporate finance, has pointed out (see page 5), we need to be very clear about where the limits of the government's powers of review lie.

HIGH-SPEED HELP

For a small, relatively densely populated island, Britain's rail network is – or rather could be deemed to be – "critical infrastructure". China is keen to be involved in HS2. In August, Ma Hui, a Chinese government minister , told *Rail* magazine: "China has the largest amount of high-speed rail networks and the UK is building several lines, so Chinese companies are very much interested in playing a part in it."

In June it was reported that Chinese state rail company Guangshen Railway and MTR, which runs the rail network in Hong Kong, was favourite to win the lucrative HS2 contract (the latter already owns a stake in England's South Western Railway). UK competition from Virgin Trains and First Group may not be the strongest.

Meanwhile, many unhappy Southern Rail commuters to the Square Mile might even welcome investment from the one-party Communist state...

Marc Mullen
Editor

icaew.com/cff

ICAEW

Corporate Finance Faculty

Mo Merali
Chairman

David Petrie
Head of Corporate Finance

Katerina Joannou
Manager, capital markets policy

Shaun Beaney
Manager, Corporate Finance Faculty

Grace Gayle
Service and operations executive
+44 (0) 20 7920 8656

firstname.surname@icaew.com

Marc Mullen
Editor
marc.c.mullen@gmail.com

David Coffman, Rebecca Guerin, Selina Sagayam, Victoria Scott
Editorial panel

For details about corporate and individual membership, please visit icaew.com/cff or contact the faculty on: +44 (0) 20 7920 8689

To comment on your magazine, please email: publishing@icaew.com

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NEWS & EVENTS

GETTY

DEBT FOR DEALS GUIDELINE

The Corporate Finance Faculty is publishing a new best practice guideline, *Debt for Deals*, on 6 November, covering structured, acquisition and growth finance, plus techniques in cover pricing, covenants, leverage ratios and refinancing. A team from Clydesdale Bank (CB) – a faculty member firm – will write the guideline. Katerina Joannou (pictured above), ICAEW's lead in capital markets policy, is technical editor.

The faculty is also co-hosting a breakfast forum at the London Stock Exchange with CB on the launch date. An expert panel will include: Tara Moore, Guggenheim Partners; Chris Low, EY; Graeme Sands, Clydesdale and Yorkshire Banks; and Steve Tudge, ECI Partners. Please email tracy.gray@icaew.com to attend.

UK CONSULTS ON NATIONAL SECURITY, M&A AND FDI

The UK government has launched its *National Security and Investment* white paper, which looks to review the powers it has to scrutinise investments on national security grounds. The consultation on the proposals, which was published in July, closes on 16 October.

This review is not in isolation – the US, Australian, German, French and Japanese governments are similarly looking to change their powers of review in respect of national security.

In the foreword of the UK's white paper, business secretary Greg Clark (pictured, above top) pointed out that as of 2017, the UK had the third-highest inward foreign direct investment in the world. He said it was important "the UK remains attractive to inward investment" and that any changes focus on the "minority of cases which raise national security concerns".

The proposals relate purely to national security, not public or national interest: "The success of the new regime will require its tight focus on national security and not on wider public interest issues."

ICAEW's head of corporate finance, David Petrie (also pictured), said clarity will be crucial for companies and their advisers: "Whether this legislation addresses the issues the government has identified as potential national security issues will very much depend on them getting the supporting policy statement right. This will be all about the proportionality and scope of the legislation. What is and isn't a national security issue needs to be clearly defined so that companies, investors and advisers know what is likely to be referred."

The government's initial assessment is that there will be about 200 notifications per annum. About half will go to a full national security review, and another half will be subject to 'remedies', which may amount to blocking of the deal.

Earlier this year, the government amended the Enterprise Act 2002 to give itself powers to intervene in mergers involving 'dual use and military use, quantum and computing hardware technologies' – the UK turnover review threshold was reduced from £70m-plus to £1m-plus.

"Clearly there is nervousness around certain overseas governments gaining access to technology through acquisition," added Petrie. "But what exactly are the concerns? It would be very useful to see actual examples. What technologies? And what jurisdictions? What will stop the technologies being hacked into then replicated, bypassing any M&A process? Clearer explanation of the problems that have to be solved would give us a better understanding of the policies needed."

Petrie added that the 'up-to-45-day' time limit for review needs careful consideration. A facility allowing businesses to 'pre-consult' (similar to the Takeover Code) would be useful to companies, he argued.

"High level principles can become very complicated once implemented. There is the potential for snarling up a lot of deals. If venture capital or private equity investors see exits via a trade sale to an overseas acquirer potentially being blocked, they are unlikely to invest in the business in the first place. That could jeopardise investment in new technology in the UK. We simply don't want the wrong deals stopped."

Katerina Joannou will co-ordinate the ICAEW and faculty response to the government consultation. Members wishing to contribute to ICAEW's response are invited to email katerina.joannou@icaew.com

CONNECTION CAPITAL LINKS WITH THE FACULTY

Connection Capital (Connection) is the latest investment firm to become a member of the Corporate Finance Faculty. It is a broad alternative investment platform for high-net-worth-investors, single-family offices and small institutional investors.

There are four strands to its investments: private equity; commercial property; alternative asset funds; and structured debt.

In terms of private equity, the firm invests in deals requiring between £3m and £10m of equity, and has flexibility to invest in minority or majority stakes. Connection is a generalist investor, supporting management buy-outs (MBOs), growth capital investments and equity restructurings for UK businesses, generating profits of at least £1m per annum. The firm makes about three or four private equity investments each year, and has 17 companies in its portfolio.

In August 2017, Connection backed the MBO of risk management firm (and faculty member) JCRA. It has also backed the MBO of Virgin Wines, and made growth capital investments in The Light Cinemas and HEL.

The funding model Connection uses is relatively unusual in the UK, in that investors choose which specific investments to participate in. "It is very much what private capital wants in the sub-£10m enterprise value arena," said co-founder and managing partner Claire Madden (1). "Non-institutional capital doesn't tend to like a typical 10-year blind pool fund. Although passive, investors want to pick and choose where they invest. The model does not delay the deal – in fact decisions are made very quickly on the basis of an investment committee style paper."

Bernard Dale (2), who was previously at 3i and LDC, is managing partner of private equity. Pascal Wittet (3) and Miles Otway (4) are also private equity partners.

Commercial property investments are also done on a deal-by-deal basis. The alternative funds team invests private capital in other funds, thereby acting like a limited partner.

The structured debt team offers £3m-£5m of funding. The firm has a close relationship with fellow faculty member Beechbrook Capital, which offers debt of £5m-plus and often refers deals that are too small for its funds to the Connection team. Stephen Catling (5) leads the structured debt team. He joined Connection in September 2015, having previously worked at Chamonix Private Equity, Energis and ABN AMRO.

"Being part of a corporate finance network is very important to us," says Madden. "Our business lives, breathes and dies on connections in the corporate finance, investor and portfolio company communities. Anything we can do to strengthen that is for the better, especially in raising the profile of alternative funding models. In private debt, we are almost creating a market, so letting businesses know there is a solution out there is key."

KHAWAJA TO DUBAI

Salmaan Khawaja, a longstanding member of the Corporate Finance Faculty's working group on takeovers, is moving to Dubai with Grant Thornton. He joined the firm 15 years ago, working for them in both London and Hong Kong, and also had a two-year secondment as assistant secretary at the Takeover Panel. In his new role he will grow the firm's corporate finance offering across the UAE and broader Middle East region. Prior to Grant Thornton, he worked at EY.

INNOVATION LOANS

The Corporate Finance Faculty's Shaun Beaney took part in a panel discussion on investment trends for early-stage, high-tech ventures in London in July, organised by Innovate UK, part of the new UK Research & Innovation government agency. The forum was organised by Nigel Walker of Innovate UK, who is leading the on-going rollout of innovation loans for research and development-based start-ups and scale-up companies.

Beaney spoke alongside Nik Thompson, an innovation strategy adviser at Newable; Ian Tracey, head of access to funding and finance at the Knowledge Transfer Network; and Diana Yin, an adviser at UCL Innovation & Enterprise.

The forum followed the ICAEW's successful innovation investment conference Boosting Finance for the UK's Industrial Strategy, organised by the faculty (see pages 9-13).

JON MOULTON

ALTERED IMAGES

Mounting pressure on big firms to separate audit from the other services they offer means the profession must change or face being changed

Many previously unimaginable things seem to be happening this year. The accountancy profession is not being left out. The strongly established order is coming under serious fire following a long trail of very visible downfalls. The Big Four are attracting severe criticism for all too apparent audit failings. The big regulatory fines involved are not even making it to the front pages of the newspapers now because of lack of novelty.

But the profession is now openly discussing the issues, which in my view is a very welcome development.

IN THE BEGINNING

When I started in the trade, there were the 'Big Eight' firms. Economies of scale and the need for multinational networks has consolidated that into a Big Four.

Competition has naturally been very much reduced. In part that is down to the ever-growing complexities of accounting rules and tax, which meant that competition for talent continually increased – and so did the financial rewards for successful practitioners. The large firms might not be household names, but they are certainly brands of note. These broad businesses cover all traditional practice areas, as well as many activities beyond accountancy. These large firms have generated ever more profits for their partners.

The accountancy profession simply concentrated on tracking the continual increase in the complexity of doing business for the clients they served. That generated a need for a wide set of skills. But adequately competent and knowledgeable people are scarce, so the industry consolidated and grew ever more lucrative. That has simply been a market at work. The most obvious problem we now face is that audits fail all too often and all too visibly. Oddly, audit is the most competitive area the Big Four operate in – price pressure is real. Audit is definitely not viewed within the firms as a sexy area any more.

NATIONALISED AUDITS?

Despite protestations to the contrary, you do not have to be a genius to see that low price and high quality rarely fit together. Only fierce enforcement by professional bodies and the Financial Reporting Council (whose own effectiveness is currently under examination) can make this system work. Companies should not be pricing their own audits – that is clear.

There is the very obvious opportunity to extract a good return from a client by selling them tax or other non-audit services to compensate for the relatively low-margin audit fee. This is not a new problem – I remember from my own auditing days (back in 1979) a section about selling non-audit work in the audit completion checklist.

Thoroughly saintly personalities will never be the only entrants to the profession. But there is a general perception that the potential to provide other, more lucrative services could cause some auditors to hesitate before expressing an adverse opinion – lest the firm risks losing other audit or non-audit work.

Solutions are not easy. Creating a public body to undertake audits would have immense potential for mediocrity, delay and cost. This 'public-sector' auditor's relationship with the UK government – especially HMRC – could be very problematic.

One door seems very ready to be pushed open. Simply insist on audit being put into creating audit-only firms. Many partners in the Big Four firms would support it, as would much of the political spectrum. This, combined with a more effective monitoring of audit standards, would probably stand the best chance of getting an efficient and fairly effective audit function thriving.

In my view, audit quality would certainly improve a lot if the complexity was cut back. We have ludicrously long reports, ever greater scope of coverage of those reports, more and more governance and super-complex accounting standards. 'True and fair' plus a good look at going concern cover most of what the users of audits need.

If the profession does not lead change, change will be forced on it. That change could be effectively the nationalisation of audit. The profession needs to take control and not just be blown in the wind. ●


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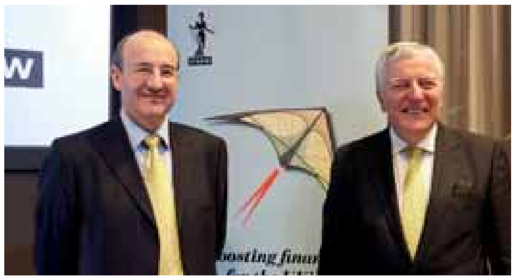


Top: Michael Izza and Lord Clement-Jones CBE
Middle: Dr Anne Dobrée

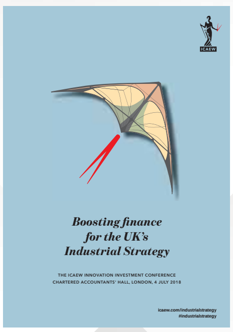
ICAEW's recent conference, Boosting Finance for the UK's Industrial Strategy, saw guest speakers and panelists discuss artificial intelligence, innovation and R&D

In July, Chartered Accountants' Hall in London hosted ICAEW's innovation investment conference, Boosting Finance for the UK's Industrial Strategy. The event saw businesses, technologists, investors, policymakers and government agencies come together to discuss ways of collaborating more effectively to step up investment, backing the UK government's Industrial Strategy and its £2.5bn Patient Capital Programme.

It was the first such conference since the government published its industrial strategy white paper, *Building a Britain Fit for the Future,* in November 2017. The conference was organised by the Corporate Finance Faculty to encourage commercial investment in conjunction with the government's £1.7bn Industrial Strategy Challenge Fund programme, overseen by UK Research & Innovation (UKRI) and Innovate UK.

ICAEW chief executive Michael Izza gave the opening address to a packed venue. He also announced a new project to look at the use of artificial intelligence (AI) and big data in corporate finance and transaction services.

The initiative will involve collaboration with governments, professional services firms, regulators, financial institutions and other public interest stakeholders to ensure companies, advisers and investment professionals can make the most of the opportunities presented by new technologies, as well as tackle risks inherent in them.



As part of the conference, ICAEW published a detailed update, which is available at: icaew.com/industrialstrategy

"It's clearly vital that the government and other business organisations do more to attract venture capital to the UK," said Izza. "The government has provided an additional £2.5bn of British patient capital to support UK investment. This has the potential for the scale-up of new ventures and projects that emerge from the Industrial Strategy Challenge Fund. But we want Britain to be best in class when it comes to financing cutting edge technology, where we lead the world. This is why we are keen to work closely with government, UKRI and other stakeholders to increase awareness among businesses and technologists of the new opportunities presented by the industrial strategy."

ICAEW head of corporate finance, David Petrie, welcomed the AI initiative, which he will lead alongside Shaun Beaney and Katerina Joannou of the Corporate Finance Faculty.

Guest speakers at the conference included Lord Clement-Jones CBE, chair of the House of Lords select committee on AI, who said: "While not the silver bullet, we support the government's belief that AI offers an opportunity to improve productivity. However, to meet this potential for the UK as a whole, the AI Council must take a role in enabling AI to benefit all companies.

"We hear too many examples of companies simply not understanding what the new technologies offer. So it will be of crucial importance that the AI Council identifies accelerators and obstacles to the use of AI to improve productivity, and advises the government

PHOTOGRAPHY: MATTHEW ANDREWS

on the appropriate course of action to take."

Other speakers included: Dr Anne Dobrée, head of seed funds, University of Cambridge Enterprise; Calum Paterson, managing partner of Scottish Equity Partners and chairman of the BVCA; professor Birgitte Andersen, chief executive, Big Innovation Centre; and Alice Hu-Wagner, managing director of strategy - economics and business development, British Business Bank.

Two expert panels discussed innovation and research and development commercialisation challenges for Britain in the context of the Fourth Industrial Revolution, Brexit and increasing international competition.

Dr Dobrée spoke about the university's extensive and sophisticated programmes to support start-ups, spin-outs and scale-up ventures as part of its broader technology transfer and commercialisation initiatives.

Shaun Beaney presented research commissioned by ICAEW from Beauhurst, which found more than £7bn of commercial venture capital has been invested in the UK since 2011 that would have supported the 14 streams of Industrial Strategy Challenge Fund investment.

As part of the conference, ICAEW has published *Boosting Finance for the UK's Industrial Strategy*, a short publication summarising the ICAEW/Beauhurst findings, as well as the four grand challenges and 14 investment streams of the Industrial Strategy Challenge Fund, and seven sector deals.

More information can be found at ICAEW's new industrial strategy hub: icaew.com/industrialstrategy

Lord Clement-Jones CBE

chair of the House of Lords select committee on artificial intelligence; consultant to DLA Piper; and member of the board of the ICAEW Corporate Finance Faculty

"We recommended that a proportion of the £2.5bn investment fund at the British Business Bank announced in the Autumn Budget 2017 should be reserved as an artificial intelligence growth fund for SMEs with a substantive AI component, and be specifically targeted at enabling such companies to scale up"

Lord Clement-Jones CBE

INDUSTRIAL STRATEGY – THE FOUR GRAND CHALLENGES

	AI AND DATA ECONOMY	CLEAN GROWTH
Industrial Strategy Challenge Fund Commitments	**£20m** Next generation services	**£102.5m** Prospering from the energy revolution
	£20m Quantum technology	**£90m** Transforming food production
	£33m Audience of the future	**£170m** Transforming construction
	SECTOR DEALS • Artificial intelligence • Creative industries	**SECTOR DEALS** • Construction • Nuclear industry
Commercial growth finance Investment within each sector (estimated by ICAEW and Beauhurst)	**£3bn** Total equity investment in growth capital deals 2011–2017	**£2.0bn** total equity investment in growth capital deals 2011–2017
	£333.1m Total equity investment in university spin-out deals 2011–2017	**£332.7m** total equity investment in university spin-out deals 2011–2017

"Having heard a great deal of evidence, particularly from members of tech UK about later stage finance, we on the select committee took the view that the real challenge for start-ups in the UK is the lack of investment available for scaling up businesses, which can lead to premature sale"

"This BBB fund is now taking shape as the British Patient Capital Programme, as a result of the Patient Capital Review to which the ICAEW Corporate Finance Faculty contributed so effectively. Much of this, however, will only compensate for the loss of the funding from EU investment. We need to be much more ambitious, so that we do not find ourselves in a net negative situation"

FUTURE OF MOBILITY

£246m
Faraday battery challenge

£99m
National satellite test facility

£38m
Driverless cars

£93m
Robotics and AI in extreme environments

£26m
Manufacturing and future materials (including for automotive and aerospace)

SECTOR DEALS
- Automotive
- Industrial digitalisation/'Made Smarter'

£0.7bn
Total equity investment in growth capital deals 2011–2017

£57m
Total equity investment in university spin-out deals 2011–2017

AGEING SOCIETY

£210m
From data to early diagnostics and precision medicine

£181m
Leading-edge healthcare

£98m
Healthy ageing

SECTOR DEALS
- Life sciences

£1.4bn
Total equity investment in growth capital deals 2011–2017

£578m
Total equity investment in university spin-out deals 2011–2017

SOURCE: ICAEW BOOSTING FINANCE FOR THE UK'S INDUSTRIAL STRATEGY


Left to right: Joseph Clease, Nigel Walker, Rosa Wilkinson, Dr Andrew Elder, Dr Govind Pindoria and David Petrie

BACKING THE UK INDUSTRIAL STRATEGY

The first panel discussion of the morning was on public and private investment for the UK's Industrial Strategy. Panelists were:

- Dr Andrew Elder, partner at Albion Capital, which is the fund manager for the UCL Technology Fund;
- Joseph Clease, head of enterprise analysis at the Department for Business, Energy & Industrial Strategy;
- Dr Govind Pindoria, director in the venture support unit at Imperial Innovations;
- Nigel Walker, head of innovation lending at Innovate UK; and
- Rosa Wilkinson, director of communications at the High Value Manufacturing Catapult.

Walker outlined how Innovate UK not only provides investment, but also business support, networking, expertise and collaboration, via its Knowledge Transfer Network, the Catapult programme and the Industrial Strategy Challenge Fund.

According to Elder, many other countries were envious of UK government-supported programmes in life sciences that provide business support and national supranational investment. Sources of investment include European Investment Fund; charities such as the Wellcome Trust (which provides very early-stage patient capital); the Catapult programme; sector-specific loan funds; co-investment, such as Scottish Enterprise; and the London co-investment fund, as well as major universities investing in their own intellectual property.

"UK Plc should start by patting itself on the back. I hear anecdotally from a lot of investors around the world and in Europe that they are quite envious of a few of our programmes," said Elder, who also highlighted the fact that at least eight different funding streams have assisted Albion portfolio companies. "The Enterprise Investment Scheme has been absolutely critical." He also praised sector-specific loan funds as "good long-term pools of capital".

Elder also argued that machine learning and AI could be used to help companies access funding more rapidly. He believed that the UK needed a permanent capital pool; an aggregated investment vehicle that would provide open-ended, rolling funds that companies can draw on as and when needed.

"Where we are seeing a real benefit is with some of the smaller companies that simply do not have the knowledge, expertise or equipment to translate some of the fabulous ideas that are being generated from our research base into a commercial product or process," said Wilkinson.

There was a consensus that even better awareness among companies about equity investment and loans available would help, even though this is something that has improved markedly in the past few years following the publication of the *Business Finance Guide* by ICAEW and the British Business Bank.

Calum Paterson

managing partner, Scottish Equity Partners; and chairman, BVCA

"The truth is that innovative, high-growth, ambitious companies have options. It is intriguing to think about those businesses that exited; what if these companies had not been sold at the stage that they were? There are some very ambitious founders who take a longer term view and use alternative funding strategies to finance an exit in the short term"

Calum Paterson

“In the context of what fast-growing businesses need, we find that founders are reluctant to sell a majority stake, but are interested in removing some of the risk and so want a strategic long-term investor to back their growth plans, help them optimise operations for scale and help them plan for eventual exit further down the line. That would extend their network and reach for attracting new talent, accessing geographies and developing new strategic partnerships and actively engage private equity or venture capital investors who understand the challenges“

Left to right: Michael Wignall, Adrian Watson, Olawaseyi Sosanya, Qun Yang, Richard Grethe, Tom Carter and David Petrie

THE FINANCING CHALLENGE

The second panel discussion of the morning was on what high-growth companies need from investors and business advisers, and looked at the challenges in raising finance. Panelists were:

- Tom Carter, founder and chief technology officer at Ultrahaptics;
- Richard Grethe, corporate strategy director at Random42 Scientific Communications;
- Oluwaseyi Sosanya, co-founder of Gravity Sketch;
- Adrian Watson, chief financial officer at Geospatial Insight;
- Michael Wignall, national technology officer, Microsoft; and
- Qun Yang, chief operating officer, Biorby.

Wignall outlined the multinational’s support and investment programmes for its 25,000 partners in the UK. He said the company assesses investment opportunities according to both type of tech and business stage. It wants to engage with agile, innovative ventures that are developing new technologies.

Sosanya said they were lucky at first because they had revenue, which they were able to use to fund the business, until four years ago when they received venture capital money. “It seems to be a lot easier to raise money when you don’t need it,” he said.

Alice Hu-Wagner

PRACTICE MAKES PERFECT

For a while, Gateley was the only UK law practice to go public since legislation paved the way in 2012 – then four firms listed in little under a year. Grant Murgatroyd looks at the corporate strategies and stock market performances that have recently made IPOs by legal services firms suddenly so appealing

For some of the world's most ambitious companies, an initial public offering (IPO) is a milestone on the path to greatness. A public listing gives access to a deep, and hopefully liquid, pool of investors for growth capital. Furthermore, it raises a company's profile, and helps attract and incentivise talent. Crucially, it can allow founders and early investors to bank the fruits of their labours. But, as the respective stories of UK accountancy groups Tenon, Numerica and Vantis in the past two decades showed, the listed company path is not necessarily an easy one.

In 2012, the UK legal sector changed forever when the provisions of the Legal Services Act 2007 came into effect, allowing companies with alternative business structures to provide legal services for the first time in the UK. "Our UK legal services are unrivalled around the world, and these changes will allow them to reach new heights, as solicitors' firms develop new markets, seek external investment and join up with other businesses to offer different products to consumers and provide opportunities for growth," said then justice minister Jonathan Djanogly.

Co-operative Legal Services, Lawbridge Solicitors and John Welch & Stammers were the first partnerships to incorporate using the so-called Tesco Law. By 2015, 500 of the UK's 10,500 law firms had an alternative business structure, licensed by the Solicitors Regulation Authority, the Council for Licensed Conveyancers or by ICAEW.

INCREASED INTEREST

Bankers and advisers readied themselves for a wave of legal services IPOs. But they had to wait for quite a while. At the start of 2018, the UK had only three publicly traded law firms: Birmingham-based Gateley (which listed on AIM in 2015); and Gordon Dadds (which raised £20m) and Keystone Law (which raised £15m), listed over the past year.

The shares of all three have performed well. At the end of June 2018, Gateley's share price was 171p, up from 95p on admission. Gordon Dadds stood at 172p, up from 145p on admission, while Keystone Law rose from 190p to 336p.

At the beginning of May 2018, city law firm Rosenblatt joined AIM. It raised £43m before expenses at a market capitalisation of £76m. Rosenblatt said the IPO was "significantly oversubscribed". Then at the end of June, Knights Group became the largest UK legal services firm IPO, raising gross proceeds of £50m and securing a market capitalisation of £103.5m.

IF THE SUIT FITS

The experience of the world's first listed law firm Slater and Gordon (see 'Legal disservice', right)

"IPO investors look for differentiators from the traditional model of law firms"

Diane Craig,
head of capital markets, RSM

"There's the opportunity for employees who are outside of the partnership to become owners of the business"

Peter Dawson,
partner, Grant Thornton

"Although investor attitudes to professional firms may have been lukewarm in the past, from the recent spate of law firm IPOs it's clear that investors now have appetite"

NEW MODEL ARMIES

With a handful of UK listed legal services firms, investors now have a choice – albeit a limited one – to gain exposure to the UK's £29bn legal services market

FIRM	DATE LISTED ON AIM	MARKET CAP	
Gateley	June 2015	£193m	Regional law firm with compound annual growth of 14.3% over 10 years through organic growth and acquisitions
Gordon Dadds	August 2017	£57m	Revenue compound annual growth of 70.3% since incorporation in 2013, driven by 10 acquisitions and an innovative technology platform
Keystone Law	January 2018	£105m	Disruptive law firm exploiting remote working technologies to deliver services
Rosenblatt	May 2018	£76m	City law firm with plans to grow through acquisition and increase international and cross-border work
Knights	June 2018	£103m	Regional law firm raised capital to act as consolidator in the mid-market with separate management structure

SOURCE: COMPANY INVESTOR RELATIONS (2 JULY 2018)

LEGAL DISSERVICE

The first law firm to float was Slater and Gordon on the Australian Securities Exchange in 2007. The shares, priced at AUS$1, rose to AUS$1.32 on opening. As was the plan, Slater and Gordon grew by acquiring smaller rivals, helping it to expand across the world, and particularly the UK. In 2012 it acquired Russell Jones & Walker. By 2015 its UK business accounted for half of the firm's revenues. Researchers at Morningstar forecast revenues of AUS$502m in 2015 and AUS$604m in 2016. Its share price had risen more than 800% to more than AUS$8.

Then came the transformative AUS$1.3bn acquisition of the legal services arm of Quindell. The deal went ahead despite PwC flagging what it described as 'aggressive' and 'unacceptable' accounting practices. Two months after completion, the Financial Conduct Authority was investigating.

Within 18 months the value of the Quindell investment was written off. Slater and Gordon's shares sat at AUS$2 at the end of July 2018. The head of a London-listed law firm says it was not the ownership structure that damaged Slater and Gordon: "There is nothing fundamentally wrong with the business – it did one bad deal. Nobody should have allowed it to raise money and debt to pay cash for Quindell's legal services business."

"The constituent parts of the business were well established. There was little from a technical point of view that needed changing"

Adrian Biles, CEO, Gordon Dadds, on the £18.8m AIM listing and reverse takeover by Work Group

AUS$1.3bn

Cost of Slater and Gordon's aquisition of Quindell, since written off

might have made investors sceptical about the sector.

"Although investor attitude to professional firms may have been lukewarm in the past, from the recent spate of law firm IPOs and the interest from other law firms in this route, it's clear that investors have appetite," says Diane Craig, head of capital markets at RSM. "Investors are likely to still be cautious of law firms that are run under a traditional partnership-type model due to the dependence on individuals to drive revenue and growth. Investors will look for law firms that can demonstrate past and future growth that isn't focused on a particular geography or practice area and where there are differentiating factors from the traditional law firm model, such as the platform model of Keystone, or the separation of management and partners by Knights."

On the other side of the table, many law firm partners were sceptical about the corporate model. "There are positives and negatives about being a self-employed person as part of a partnership as opposed to being an employee of a listed vehicle," says Peter Dawson, partner at Grant Thornton in London, who has advised on law firm IPOs. "A listing can crystallise equity value for partners and allow them to take some value off the table.

"You can also create an opportunity for people who are currently outside of the partnership structure to become owners of the business. Ironically, you can create more stickiness from a listed structure than you might have in a partnership structure. Most partnership structures are 'naked in, naked out', which means you

> **"Most partnership structures are 'naked in, naked out', which means you borrow to put money in and get it back when you leave. It's not as sticky as it might appear to be"**

borrow to put money in and get it back when you leave. It's not as sticky as it might appear to be."

WALK BEFORE YOU RUN

A public listing is not suitable for all ambitious law firms. Knights Group 'corporatised' in 2012. It became the first UK legal services firm to attract private equity investment when *Dragons' Den* star James Caan's Hamilton Bradshaw took a stake.

"I would recommend considering private equity to transition from equity partnership before an IPO, and then come to the public markets when the corporate entity has evolved," says David Beech, CEO of Knights. "We corporatised Knights six years ago and have been through that transition. Any law firm looking to IPO and corporatise at the same time will find it a more difficult process."

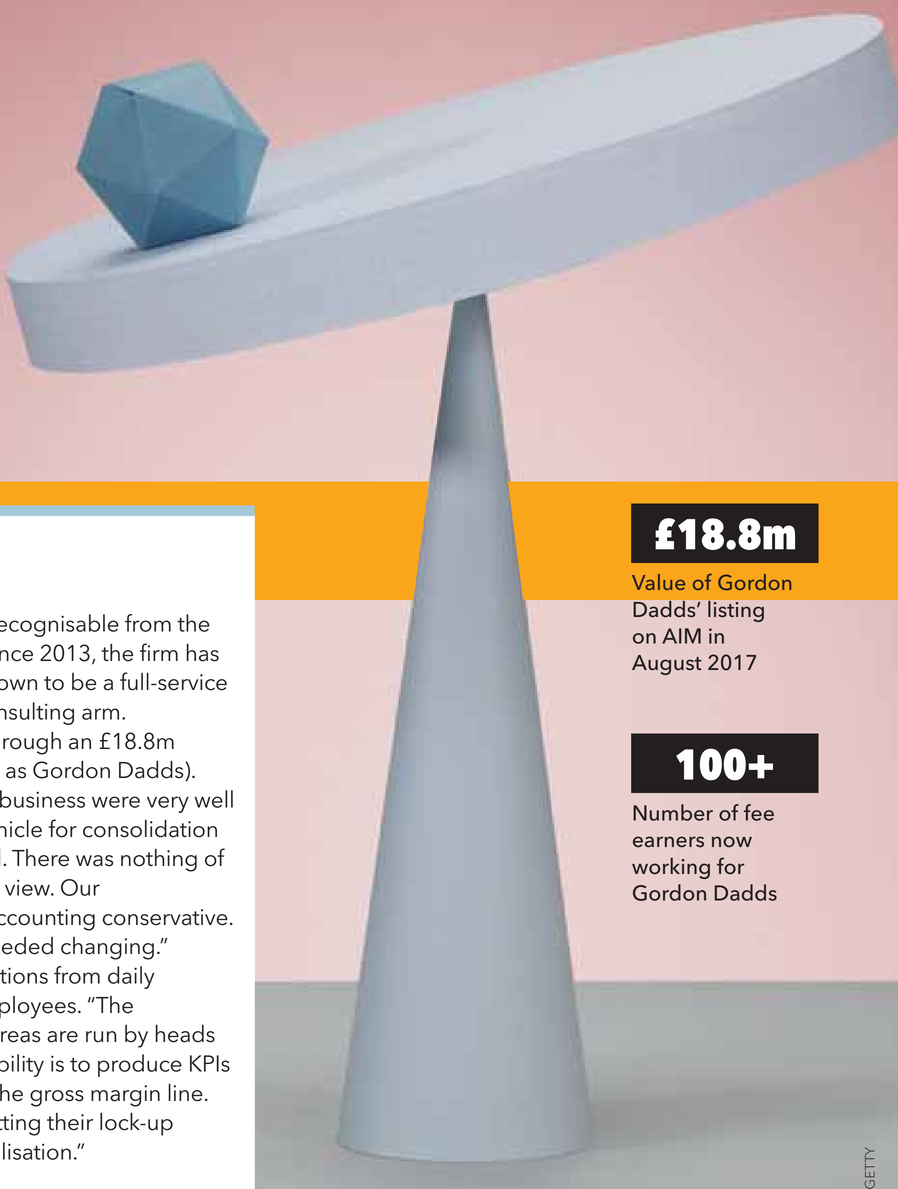
Introducing professional management has helped some partnerships make the transition. Nicola Foulston, former CEO of Brands Hatch Leisure, joined Rosenblatt in September 2016 to steer the firm through its IPO.

At Knights, Beech trained as a lawyer in the early 1990s, but focused on law firm management and then private equity before setting up the firm, giving him a clear understanding of investor needs. "There haven't been any real concerns from investors, who focused on our strategy and growth plans," he says. "We were two times oversubscribed, which supports the strong belief investors have had in our group."

"I would recommend private equity to transition from equity partnership before an IPO"

David Beech, chief executive officer, Knights

And there may be more to come. In June, *The Lawyer* reported first that DWF was gauging investor interest in a listing. It then reported that Fieldfisher was looking at the possibility of a flotation, which would value the firm at between £600m and £800m. A spokesperson confirmed the firm was considering a "potential listing, to help realise our strategic objectives and stay ahead of the competition". Fieldfisher has itself been adviser on the Gateley, Keystone and Rosenblatt IPOs. Watch this space. ●



GETTY

DADDS THE WORD

Founded in 1920, the Gordon Dadds of today is unrecognisable from the modestly-sized practice that existed 10 years ago. Since 2013, the firm has invested heavily in IT, reverse listed onto AIM and grown to be a full-service law firm with over 100 fee earners and a growing consulting arm.

In August last year Gordon Dadds listed on AIM through an £18.8m reverse takeover by Work Group (it resumed trading as Gordon Dadds). CEO Adrian Biles says: "The constituent parts of the business were very well established, but we acquired Gordon Dadds as a vehicle for consolidation and, ultimately, the introduction of third-party capital. There was nothing of great significance required from a reporting point of view. Our management information was very robust and our accounting conservative. There was little from a technical point of view that needed changing."

Biles believes the separation of management functions from daily practice is a strong proposition for investors and employees. "The management are here to manage and the practice areas are run by heads of department, who are practitioners. Their responsibility is to produce KPIs that don't have anything to do with anything below the gross margin line. All they're tasked with is hitting their income plan, hitting their lock-up targets and running a business with high capacity utilisation."

£18.8m

Value of Gordon Dadds' listing on AIM in August 2017

100+

Number of fee earners now working for Gordon Dadds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BEEN A RICH SOURCE OF M&A. V
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CHIPS ARE DOWN
GLOBAL TECH M&A IS TAKING A HIT FROM US PROTECTIONISM
EAK PERFORMANCE
ARN TO MAXIMISE
UR CORPORATE
ESTMENT VALUE
DE-RISKING DEALS
NEW SERIES BEGINS WITH HOW TO UTILISE W&I INSURANCE

INDEPENDENT SPIRIT

CORPORATE FINANCE ADVISORY IS HIGHLY DYNAMIC IN THE UK. IN THE MID-MARKET, NIMBLE PLAYERS HAVE CARVED OUT THEIR OWN NICHES. VICKY MEEK SPEAKS TO SIX INDEPENDENT FIRMS ABOUT THE DISTINCT APPROACHES THAT SET THEM APART

The total value of M&A involving UK companies hit $375bn last year, according to *Reuters*. But the healthy flow of deals in recent times has been just one type of corporate finance work – with initial public offerings (IPOs), growth-capital deals, debt advisory and transaction services all bringing in the fees.

"The UK has the most developed M&A environment in the world," says Jim Keeling, chief executive and chairman of Corbett Keeling. "Even more so than the US – where the size of the market means there is a lower concentration of advisers in each hub – and much more so than in continental Europe – where the pace of activity is not as fast."

The dense population of corporate finance advisers in the UK – ranging from investment banks and the large professional services firms to mid-sized and small independent boutiques – means that the landscape is very competitive indeed.

"It has always been so," says Alan Bristow, chief executive and founder of ICON Corporate Finance. "But it's dynamic, with players changing as new entrants emerge, larger firms shift their focus and some boutiques sell up or merge."

IN THE GAPS

Larger firms have always tended to move up the spectrum of deal sizes, creating spaces that independents can fill. "A decade ago, the Big Four had a strong share of the £30m-£150m, lower mid-market deal size range," recalls Andy Currie, managing partner of Alantra's UK M&A advisory business (formerly Catalyst Corporate Finance). "They used to be our main competitors, together with one or two of the boutiques. Today, if you're looking at a £100m deal, it very much depends on which sector the business is in as to who we come up against." Meanwhile, the annual volume of UK corporate finance deals involving the next tier of accountancy and business advisory firms is several hundred.

Differentiation and USP have arguably become vital for independent boutiques to win mandates. This can mean having single or multi-sector expertise, being a specialist in a specific type of deal or having a regional focus. The global nature of the economy means that even the smaller independents need international reach. The Big Four and investment banks may have global offices, but for independents the solution is often through affiliations with international M&A networks.

Many independents claim to offer a more personal, bespoke service, and say they are more flexible about fee structures than larger firms. Commercial acumen, the ability to understand client needs and get on well with family business owners, entrepreneurs and investors requires a personal touch. Boutiques continue to recruit from accountancy firms – as do mid-market private equity firms. But independents can also "grow their own", argues Gary Partridge, managing director of Lexington Corporate Finance. As our interviewees detail in the following pages, this is partly due to fewer available professionals, but also wanting to develop staff with the skills they need.

ILLUSTRATION: PETER CROWTHER

THE SPECIALIST

As a technology specialist, ICON has seen significant changes in its target market over the past few years.

"It used to be that technology was considered a niche market," says CEO Alan Bristow, who co-founded the firm with Nicky Cotter in 1999. "That's no longer the case. Tech sits at the heart of the innovative and digital transformation that affects all industries. The markets are truly global and connected, changing the way businesses compete and deliver services and products. Start-ups can become global almost overnight with very little capital, and people are creating innovative, disruptive businesses across all industries."

The latest $1bn-plus valuation unicorns might grab the headlines, but much of ICON's work is advising high-calibre, innovative businesses that employ up to 100 people, which Bristow describes as "agile businesses with big ambitions – attractive to investors and global acquirers". Digital disruption reaches everywhere, so finding the right clients to work with can be challenging. Bristow says ICON's experience means the team has a clear understanding of which companies will gain traction with investors or buyers.

"We look for validation points beyond the technology and IP," he says. "We look at the people and we sit down with management to understand what it is about the business that will make it attractive."

And of course, global connections are vital. "We've sold to buyers in Australia, Singapore, Japan and the US recently," says Bristow. "We operate out of London, but now have a first-hand network of international relationships. That network's not something that's come overnight and has taken years to build."

Recent deals include a strategic investment by JP Morgan into fintech business Mosaic Smart Data and the sale of medtech company Optimum Contact to US-based IQVIA.

"We've sold to buyers in Australia, Singapore, Japan and the US... That's not something that's come overnight and has taken years to build"

Alan Bristow,
chief executive,
ICON Corporate Finance

INTERNATIONAL NETWORKER

The news that Catalyst Corporate Finance had struck a deal to merge with international advisory group Alantra (reportedly worth £30m) raised a few eyebrows when it broke last year. After all, Catalyst had developed a reputation for independence in the UK market over its 20 years in existence.

It was a move that had been under consideration for some time, says Alantra managing partner and former co-founder of Catalyst, Andy Currie. "We knew that we didn't want to sell or partner with people who would tell us what to do," Currie explains. "Yet we wanted to carry on and grow our UK business, particularly on an international level."

Catalyst wanted to link up with a firm that had sector knowledge and global reach, but that would also allow it to retain autonomy. It needed to be a firm that did not have extensive operations in the UK. "Alantra ticked all the boxes for us," explains Currie. "It has a strong balance sheet that will allow us to grow and it gives us strong global coverage across Europe, North America and Asia as well as access to capital markets through finance broker N+1 Singer."

The senior Catalyst team has signed up to stay on board for at least six years, with equity holders taking the majority of the transaction proceeds in Alantra shares. Alantra is a partnership quoted on the Madrid and Barcelona stock exchanges. "These arrangements were key to ensuring we were completely committed to making the combination work," says Currie.

As part of Alantra, the newly acquired UK business has access to 22 countries and 16 niche teams. Currie expects the UK business to at least double in headcount over the next year. Alantra has a global training programme and capital to help it realise its growth plans.

"It's satisfying being able to build and shape an advisory business, creating the values you want, and offering the advice you think is right for clients"

Gary Partridge,
managing director, Lexington Corporate Finance

In July, Alantra acquired KPMG UK's global loan portfolio advisory business.

One of the arrangement's other benefits, says Currie, is that the firm can target sectors that might not be attractive from a UK-only perspective. "Mining is one example," he says. "In the UK, it's not an exciting space to be, yet further afield it's a very dynamic area. The advantage of being part of a global platform is that we can get involved in these kinds of deals and help our UK clients on an international basis."

While the deal was struck last year, Catalyst has only just rebranded under the Alantra name. "Most of our work – up to 80% – comes from prior contact and our networks, so the new name shouldn't be an issue," says Currie. "In any case, Catalyst was already competing against better-known names. We were already considered as a challenger brand, so our re-brand doesn't change much from that perspective."

"The advantage of being part of a global platform is that we can help our UK clients on a global basis"

Andy Currie,
managing partner, Alantra

REGIONAL NEWCOMER

In early 2016, Gary Partridge set up Lexington Corporate Finance to plug a gap in the market: "I had spent my career in the Big Four in South Wales and South West England, but found they were increasingly focusing on larger transactions, often leveraging their international networks to service multinational clients." He saw an opportunity to focus on sub-£30m deals.

There was an opportunity to offer high-quality corporate finance advice to local smaller companies, family-owned businesses and entrepreneurs. An initial personal challenge was "the big mental leap of moving from a multinational firm with support functions behind you", as well as going to market without an established name.

"But, I'd never go back," says Partridge. "It's incredibly liberating and satisfying being able to build and shape a business, creating the values you want your firm to espouse, and being able to offer the advice you think is right for your client."

He says the majority of Lexington's mandates work comes from referrals – from former or existing clients and from other intermediaries. "We're efficient in generating new work – we don't have to cast the net too widely, and can sift through the opportunities that aren't right for us."

One recent referral was advising US medical devices business Clinical Innovations on two acquisitions in continental Europe, and one in Australia. "The company hadn't completed many acquisitions previously, so we were able to add value through the entire process," says Partridge.

Another, in April, was Mobeus Equity's multi-million-pound growth capital investment in Cardiff-based classic car refurbishment business Hemmels. "It's fast-growth and entrepreneurial – very typical of the type of company we aspire to work with."

THE ESTABLISHMENT

In June, Lancaster House was the very grand venue for Cavendish Corporate Finance's 30th birthday party. Some 500 politicians, including prime minister Theresa May, half her cabinet and many business grandees, heard speeches from the chancellor, Phillip Hammond, and Cavendish founder and senior partner Lord Leigh of Hurley.

Lord Leigh, who was chairman of the Corporate Finance Faculty in the early 2000s, said the sell-side M&A adviser brought in more revenue in the first month of this financial year than it did in the first two years of its life. The senior Conservative Party treasurer said UK entrepreneurs are keen to sell up.

Lord Leigh told *Corporate Financier*: "I've seen a lot of independent advisory firms come and go. Some have failed through not keeping up with the times, a lack of differentiation or internal conflict, while others have grown in stature through organic growth or mergers."

Cavendish has worked on about 600 sell-side mandates since its inception. "We're known for getting the best value for our clients. All our systems are focused on exit, and we are known for working with high-quality businesses. We do not act for failing companies or insolvencies. That reputation attracts the right kind of work for us."

"We are known for working with high-quality businesses. That reputation attracts the right kind of work for us"

Lord Leigh of Hurley,
founder, Cavendish Corporate Finance

Lord Leigh says the firm's approach has been refreshed to remain relevant to market shifts. The company has developed sector expertise, which he says is "very important for many clients".

Earlier this year, Duncan Chandler joined as head of financial services. But many partners also come through the firm's ranks. Leigh is a firm believer in offering "good career progression". Cavendish continues to hire from other firms, but has also set up an ACA training programme, to widen the talent pool the firm draws from.

The firm is also investing in technology to automate deal management, and keep an eye on artificial intelligence (AI) developments. "AI is particularly pertinent in due diligence," explains Lord Leigh. "It has the capacity to spot issues or irregularities quickly and at a very early stage, making it much easier to address them."

With many buyers being international, Lord Leigh says that Cavendish's membership of Oaklins' 40-country M&A network is vital. "Oaklins is involved in almost every transaction we work on. It helps us find buyers in places that others can't."

Aberdeen-based smoked salmon producer John Ross Jr was acquired last year by Estonian food business PR Foods, after several years working with the family owners. Other recent international deals include interior design business OKA, which was sold to Italian private equity firm Investindustrial, and Office Concierge, a reception management business, acquired by Sofinord-owned Armonia in France.

"We look to do deals across a wide range of sectors and deal sizes. Our personal relationships with regional companies give us an edge"

Simon Davies,
joint managing director, Spectrum Corporate Finance

THE REINVENTORS

Established by joint managing directors Simon Davies, Clive Hatchard and Ian Milne in 2010, Reading-based Spectrum Corporate Finance is something of a reinvention for its founders. Davies and Hatchard set up regional boutique advisory firm Dhand Hatchard Davies in 1997, which they sold to Tenon in 2001. Both went on to work elsewhere – Davies at Grant Thornton, where he ran six offices; and Hatchard at Land of Leather, which he turned around and then floated, and then at turnaround specialist Hilco Capital. Milne joined from RBS, which had backed the earlier firm.

"We had experience of establishing a firm, exiting it and then honing our expertise across other areas," explains Davies. "For me, the decision to set up a new firm was borne out of frustration with large-firm bureaucracy, and a desire to spend more time doing deals at the coal face." A combination of solid corporate finance advisory, as well as turnaround expertise and debt advisory, is well received in the firm's local market, says Davies.

Spectrum now has offices in London and Southampton, and clients along the south coast and the Thames Valley, as well as London. "It's important to be of the local area, where we have built strong networks among local businesses and intermediaries," explains Davies. "We look to do deals across a wide range of sectors and deal sizes, while also competing with larger London-based boutiques, where our personal relationships with regional companies give us an edge."

The firm has advised Sovereign Capital on several bolt-on acquisitions and platform deals. Six of the sale mandates Spectrum advised on last year went to overseas acquirers in North America, Australia, China and France. ICS Cool Energy, a temperature control business based in Southampton, was sold to US-based Ingersoll Rand. The firm is a member of the Alliance of International Corporate Finance Advisors, a 40-firm strong network, which was a factor in getting those international deals across the line.

Davies says that while the first few years were "challenging", in a "difficult post-financial crisis market", Spectrum is now well established. It has 18 staff, including seven directors. In June, Ed Wirgman, former UK head of TMT at KPMG, joined as head of TMT which, together with healthcare and debt advisory, are areas the firm is looking to grow.

CITY SLICKERS

Chairman and chief executive Jim Keeling founded Corbett Keeling Corporate Finance 25 years ago. He says: "The City and the financial establishment has taken a huge knock in the 30 years since Big Bang. With bank mergers, conflicts of interest started to arise and once you accept these as normal, clients no longer come first. Our raison d'être has been to take a lead in re-establishing corporate finance in the City with integrity."

It's a bold claim, but something Keeling – who is a former chairman of the Corporate Finance Faculty – feels strongly about. He says good corporate finance advisers with technical skills, integrity, strong interpersonal qualities and the ability to deal with the ups and downs of deals are "very rare". The firm was an early adopter of the sector-focused model. It now has 30 sector specialists in the team; something Keeling says was unusual 20 years ago: "But it is essential if we are to understand the businesses we're working with and identify the best buyers."

Corbett Keeling is part of Globalscope, the international M&A advisory network of 55 firms, of which Keeling was recently made president. He adds: "We can offer local M&A expertise with a global reach."

The firm focuses on £10m-£150m enterprise value businesses facing unique challenges and opportunities. Keeling says: "They don't have the resources and processes that larger businesses have, such as HR or large finance departments, which means we can plug the gaps. Many haven't done deals. We know how to guide companies to the best outcome."

On a recent deal, the firm received 17 offers – nine from trade, eight from private equity. "The seller was set on selling to trade, but we couldn't find a buyer with the right chemistry," says Keeling. So it was sold to private equity. "They could see there was certainty of completion and no issues with cultural fit."

"Our raison d'être has been to take a lead in re-establishing corporate finance in the City with integrity"

Jim Keeling,
chairman and CEO,
Corbett Keeling Corporate Finance

MORE THAN MONEY

In two recent high-profile takeovers, bidders gave binding commitments as to the conduct of the target business post-completion. **Richard Spedding** and **Amy Ruprai** of Travers Smith explain the regulatory framework and outline what bidders must offer shareholders and other stakeholders

Until this year, only SoftBank, in connection with its $31bn acquisition of ARM Holdings in 2016, had given binding post-offer undertakings (POUs) in accordance with the new regime introduced to the UK's Takeover Code in 2015. This might have been dismissed as a one-off, but two recent bids suggest external pressures for the protection of stakeholders will continue to feature in high-profile bids.

First, prior to its recent bid for GKN succeeding, and in response to a letter from the Department for Business, Energy & Industrial Strategy, Melrose gave a suite of commitments and undertakings in respect of the combined business's presence in the UK, employees, research and development (R&D) and pensions.

Second, in Comcast's announcement of a firm intent to make a bid for Sky in April, the American telecommunications giant stated it "voluntarily intends" to put in place a series of commitments that would guarantee the long-term future of Sky News, and its ongoing editorial independence, as well as support the growth of Sky in the UK.

Although both Melrose and Comcast might have had confidence in their offer price being compelling, agreeing a price isn't a guarantee of success.

The Enterprise Act 2002 gives the Secretary of State the power to refer to the Competition and Markets Authority (CMA) any takeover bid that gives rise to concerns about media plurality, national security or financial stability. In addition, the Secretary of State has indicated a wider concern that, where businesses the government considers important are involved, takeovers should not act against the interests of the UK economy, employees or the broader set of stakeholders in the business.

This is reflected in the recent consultations that set out the government's proposals to reform and strengthen the powers for scrutinising the national security implications of particular types of investment. In March, the government confirmed it would be lowering the thresholds for changes in control over enterprises in certain sectors relevant to national security. Longer term reforms are still being considered.

So, even though there is not strictly a public-interest test in the UK, the government is able and indeed willing to intervene in certain takeovers. Several media outlets have also taken a no holds barred approach to their commentary on bids, particularly those by overseas bidders.

OFFERING MORE

Under the Takeover Code, a bidder is required to state its intentions for the target business for the 12 months following completion, including the impact of its offer on employees, pension schemes and places of business. Following the recent changes to the Code, such intentions must be disclosed at an early stage, specifically by the time of the firm offer announcement, to give stakeholders (and the government) the opportunity to comment on them.

Such statements of intention are not binding, but must be an accurate statement of bidder intentions at the time and made on reasonable grounds. The recent changes to the Code show an increased focus by the Takeover Panel on specificity in these statements, with further information required on a bidder's plans for R&D, or changes to the balance and skills of the target's workforce.

Where a bidder has quantified the synergies expected from the transaction, the Panel is likely to expect that any employee headcount reductions also to be quantified. This is on the basis that the bidder will know the information, because at least some of the synergies will be derived from these reductions.

If, following its offer, the bidder does not take any of the actions it stated it intended to take, or takes a different course of action, it is required to make an announcement of this fact promptly. In addition, at the end of the 12-month period following its offer, the bidder will be required to make an announcement of its compliance with its intention statements.

Like SoftBank before them, Melrose and Comcast offered more than statements of intention to protect stakeholder interests. Perhaps unsurprisingly, in putting together its suite of protections Comcast clearly had regard to the remedies offered by 21st Century Fox to the CMA. This was in response to its provisional finding that Fox's takeover of Sky was not in the public interest due to media plurality concerns. In July, Comcast's $26bn offer, complete with undertakings, was recommended.

POST-OFFER UNDERTAKINGS

Under the Code and subject to consultation with the Panel, a bidder may choose to make a POU. There is a set of detailed rules, which set out the content and other requirements for a POU, including that:

- a time period for any POU is specified (normally up to five years);
- the POU is specific and precise;
- the POU is readily understandable and capable of objective assessment (and does not require the bidders' directors' subjective judgement); and
- any conditions or qualifications to the POU are prominently stated.

$31bn

Amount SoftBank paid to acquire ARM Holdings

£26bn

Comcast's offer for the takeover of Sky

Following an offer, the Panel will police the POUs. It can (and typically will) require a bidder to appoint a supervisor to oversee the bidder's compliance with its POUs. Progress reports must be published every 12 months. If a bidder does not comply with its POUs, the Panel has the power to require enforcement, including through the courts if necessary. This being the case, POUs require extensive discussion with the Panel before the Panel feel comfortable assuming this role.

SoftBank, Melrose and Comcast all made POUs to maintain the target's headquarters in the UK, and to spend a certain amount on R&D in the first two cases and news services in the latter. SoftBank also made POUs to increase ARM's total number of employees.

There are certain commitments which are not readily capable of meeting the requirements of the Code. In these circumstances, bidders can make (non-binding) statements of intention, and/or, with the consent of the Panel, offer commitments to other parties. For example, Comcast has proposed to give certain commitments to the independent directors of Sky News for a longer period than permitted for a POU under the Code. Melrose offered the government direct commitments as to R&D spend, and not disposing of certain parts of GKN's business, in addition to its POUs.

PLAN EARLY

There will not be pressure on every transaction for a bidder to give POUs or other contractual commitments in relation to its conduct in respect of the target business. However, every bid will likely be affected by increased focus from the Panel, the media and any other interested parties, where a bidder has made meaningful and detailed statements of its intentions following the offer.

This pressure will be compounded by the announcements a bidder is now required to make if those intentions are not carried out following an offer. All bidders should therefore start considering what commitments they are prepared to make to stakeholders at an early stage when they are considering a potential bid. ●

Travers Smith is advising Robey Warshaw as cash confirmation counsel on the Comcast offer for Sky

Richard Spedding, corporate finance partner, Travers Smith, specialises in equity capital markets and M&A. He regularly provides Takeover Code advice to quoted companies, hedge funds and private equity houses

Amy Ruprai (née Grammer), director, Travers Smith, recently returned from a two-year secondment as a case officer at the Takeover Panel

THE PATIENT INVESTOR

Buying out and building businesses to take advantage of new market directions requires real entrepreneurial spirit. August Equity's managing partner **Philip Rattle** speaks to Marc Mullen about the importance of patience and resilience when shaping strategy

"Our approach is about building scale with service-driven businesses in secular markets, positioning the business for a trade exit," says August Equity managing partner Philip Rattle. "We invest in companies and take them from £2m to £15m EBITDA. But we are always thinking: 'What is the point? Who is going to buy it?' We are always thinking about what the industry is doing and what trade buyers will be interested in by building something for a trade buyer that can of course precipitate private equity interest."

Rattle makes it sound so simple, but the August approach has been years in the making. Founded as Kleinwort Capital in 2001, the firm, which is a member of the Corporate Finance Faculty, became August Equity in 2006. It has raised four funds. The first £130m fund in 2003 has been fully realised, delivering 2.4x cost and a 49% IRR. The second closed in 2008 at £155m and is expected to return 2.4x cost once fully realised later this year. AEP III closed at 203m in 2013, and was the first fund that Rattle led the fundraising on. With just one fully realised investment at 2.5x cost (and 197% IRR), and one refinancing, AEP III already has a DPI above 1.0.

AMERICAN PERSPECTIVES

Rattle joined August Equity in 2004 from JP Morgan (JPM) Partners, and became managing partner in 2011. His career started in 1989 on 3i's graduate training programme (see *The CV*, opposite). His eventual exposure to US private equity shaped a lot of his thinking.

"The difference I saw was ambition," he reflects. "The ambition of the capital raising and in terms of trying to build scale. With bigger teams a huge responsibility rested on you. You had to plug into JPM for other skills and support."

As well as scale, he saw developments in deal structuring. During his 3i days, deals predominantly used early stage senior debt. At JPM he saw the rise of high-yield mezzanine finance. Rattle also completed some non-healthcare deals - taking the conglomerate Hillsdown Holdings private and breaking it up. He was also responsible for putting together two tech-driven gambling companies Flutter and Betfair - starting the creation of what is now the £6.9bn market cap Paddy Power Betfair.

However, his primary focus was on the healthcare sector, and he saw trends in the US that could be brought back to opportunities in Europe. "A lot of what they were working on in healthcare in the US was about 10 years ahead of where we were in Europe, let alone the UK," he explains. Domiciliary care, where patient care is driven into the home rather than the institutional environment, was one such trend.

On the healthcare side, he saw the importance of clinical excellence and governance: "That drives everything in a successful healthcare business. I saw that the US approach of having a chief medical officer, clinical adviser or scientific adviser who worked closely with the CEO and operations director was absolutely critical. The drivers for US healthcare businesses are similar to the UK - it's just that the scale is much bigger."

THEMATIC APPROACH

When he joined in 2004, August Equity was developing with a sector-focused approach. Between 2010 and 2013, the firm's third fund was raised with a clear business plan taking a more thematic approach. Rattle explains the thinking: "We wanted to grow based on investment in small, high-growth, service-based businesses in secular markets, where we could build scale. We have to see the growth drivers." The businesses

THE CV

Philip Rattle graduated from the University of Oxford in 1989 with a degree in English. "An unusual degree for someone going into private equity," he admits. Rattle joined 3i's graduate training programme, "surrounded by ACAs and MBAs". Based in the private equity firm's Watford office, as the UK hit the recession of the early 1990s, he worked on MBOs, corporate rescues and restructurings, and portfolio company turnarounds. The work covered a wide patch from north London to Northampton, and from Oxford to Cambridge.

After moving to 3i's London office, he began to specialise in healthcare sector investments. For him the key investment during this period was the 3i-backed buy-out of Alliance Medical, a novel MRI scanning business in 1996. "The business was subsequently sold in a secondary buy-out backed by Bridgepoint, reportedly valued at £80m-£85m, after Rattle had moved on.

In 1997, he moved to JP Morgan (JPM) Partners. "I felt it would be fascinating to get a view of private equity from a US perspective," he said. While based in London building JPM's European healthcare practice, he also spent a lot of time with his US counterparts in San Francisco and New York. He also worked on the European components of US healthcare buy-outs.

Having been made partner at JPM, he joined Kleinwort Capital (as August Equity was then known) in 2004 as part of its investment team with a focus on the healthcare sector: "The firm had a great presence in the UK. It was developing a sector-focused strategy, and I could see there were more opportunities for a UK private equity firm investing in healthcare in the mid-market."

The firm changed its name to August Equity in 2006, then became a partnership. In 2011, Rattle became managing partner. The first fundraise he led closed in December 2013 at £203m.

THE AUGUST PARTNERS

- David Lonsdale joined in 2008 from BSkyB, where he worked in the M&A team. He became partner in 2013.
- Katie Beck joined from Darwin Private Equity in 2015. She previously worked for Doughty Hanson and Lazard Freres. She is chair of the board of trustees of the Switchback Initiative.
- Garret Turley joined as partner in 2018 from Bridges Ventures to lead new investments primarily in health and social care and education. A qualified veterinary surgeon, he co-founded, built and sold one of the UK's first vet consolidators – Pet Doctors.
- Mike Biddulph joined as partner in 2017. He leads new investments primarily in the technology and services sectors. His private equity career started in 1998 with Kleinwort Capital.
- Mehul Patel joined from PwC in 2009, where he worked for eight years and qualified as an ACA, before becoming an assistant director in corporate finance.
- Christian Dubé joined in 2014 from Terra Firma. His focus has been on the education and healthcare sectors.

would typically have less than £2m EBITDA – businesses that are "below the radar".

"We look at markets, where we see shifts, developments and changes and take those opportunities in those markets by going to companies with plans for what we'd like to do." Many of the ideas still come from the US healthcare or technology sectors. Software-as-a-service has proved successful for August.

The team looks at areas "next door to the markets their portfolio companies operate in" – service or industry adjacencies, or where there are similarities in market dynamics. Human health, animal health and technology and business services (accreditation and compliance areas) have been the main focus.

To date there have been four investments from Fund IV. Dental Partners, which is on track to become the third largest group of clinical dental practices across the UK over the next year, received £30m of backing. Fosters, a funeral service provider in Scotland that is disrupting the traditional market on service and cost, had £13m committed to it. Zenergi, an energy provider, which helps schools, colleges and universities reduce energy costs, received £16.5m of backing. And the British Assessment Bureau, which completed in January this year, offers SMEs accreditation and ISO certification services, as well as GDPR and cyber security. The fifth investment is a clinical dermatology business which will seek to provide market leading care to the UK market.

Over the past 12 months, £226m has been returned to August's 20 LPs and, although predominantly European and UK-based, includes some from the US. The main reason for this was the Fund III investment, Vet Partners, growing ahead of expectation – its EBITDA had grown from £2m to over £40m in two-and-a-half years. They refinanced, bringing in Ares as a minority investor. Returns to date have not been disclosed but the investment has already returned August's largest ever gross return from a single portfolio company.

"We are a very active investor and have a relatively small portfolio compared to our peers"

ACTIVE NOT PASSIVE

While they can take advantage of sector tail winds, management teams are essential to driving organic growth. Rattle says their reputation means management teams will sometimes make the first move, although it is commonplace that they will augment any management team.

"Typically we will have two on the board of our portfolio companies, and sometimes chair them," says Rattle. "We are a very active investor and have a relatively small portfolio compared to our peers. We get very involved in the positioning of the business ahead of exit, often having discussed our plans with potential purchasers before we have made the initial investment. We get involved in driving organic growth, building teams and in acquisitions."

A number of trusted FDs help with portfolio companies, and a network of contacts can be used to introduce CEOs, CFOs or COOs. Corporate finance advisers and accountancy firms provide due diligence and advise on specific aspects of a business.

August Equity has seven partners in total (see *The August Partners*, above), each with different responsibilities. Senior-led teams execute investments. Rattle says the firm plans to recruit two people per annum at associate level, possibly qualified ACAs, but also with some corporate finance background.

"We would develop them through to partnership," says Rattle, who adds that the firm's way of working is different and requires patience and resilience. "To develop those plans you need to be commercial and entrepreneurial, and have real conviction to see it through. Our investors describe us as creative and forward-looking, putting together businesses that weren't there before – looking around corners." ●

PHOTOGRAPHY: BILL MORTON

PLOTTING A COURSE

Blood, sweat and tears go into creating and growing a business, so stepping down and selling can prove fraught for owner-managers. **Richard Morley** of Brewin Dolphin explains why planning post-exit investment income can remove completion risk from the sale process

For an owner-manager, building a business will have probably taken the majority of their working life. More likely than not, their company will be their single most valuable asset. When the time comes to sell, maximising the value of the owner's shareholding is key. But, perhaps more important, is giving them a view of what life will be after the sale. Ensuring the capital raised can be reinvested to meet the founder's lifestyle aspirations post-exit could prove crucial. In this respect, a financial exit planner can add value to the sale process by making that a reality.

EARLY INVOLVEMENT

When it comes to personal financial planning for business owners, the basic rule is to think about it as early in the sale process as possible. The owner might already be working with an accountant or corporate finance firm to prepare the company for sale. A financial planner can be very useful during this process in helping inform and reassure the owner that the sale proceeds expected would be sufficient to deliver the future returns they require.

Knowing their 'magic number' and providing a clear visual plan early on will lead to a seller being more comfortable during price negotiations.

WHAT ARE THE OPTIONS?

The first thing to do is understand what the owner wants to do after the sale of the business. What are their lifestyle aspirations? What are their priorities? Once these are established, planning for an investment strategy post-sale can begin in earnest.

In many such transactions, the owner will be planning to retire and, ultimately, it will be about generating an income to replicate the one they have been enjoying through their working lives. Therefore, the strategy is about pulling together income from various sources and understanding the tax efficiency of each option to suit that individual.

People are often surprised at the returns that can be achieved and just how far an invested lump sum can stretch.

TEAM WORK

Getting the right advisory team around the business owner is a must. Involving a wealth manager in this process to provide personal and unbiased advice completes this team and ensures both the business itself and the owner(s) get all the help they need while increasing the chances of the deal going through. With some adviser fees contingent on the transaction taking place, we are often brought into the team to complete the picture for a private vendor.

THE TAX QUESTION

Tax planning is, of course, a big part of the ultimate strategy post sale. Generally, the tax position of the individuals selling the business will change significantly once they leave, and if they have a lump sum from the proceeds it will need to be invested smartly to make use of tax allowances they may not have received before.

They may also want to take the opportunity to make the maximum possible pension contributions while still earning to get the benefit of generous tax relief while they still can.

We also find that business vendors who have already paid tax on their proceeds will want to avoid paying a great deal more. If you make the investment as tax efficient as possible, the pot lasts a lot longer, particularly if you are regularly drawing down from the capital.

At some stage they may also wish to consider the inheritance tax situation, maximising what is passed to their loved ones. There is a broad range of tax efficient structures available, so getting advice tailored to the individual is important. No one size fits all here.

NOT THE ONLY FRUIT

Understanding what other assets are already owned by an individual is very important. They will likely have accumulated wealth through the business, and perhaps took advice in the past. They may have also contributed to pensions in several places since starting their employment journey, which need to be looked at and valued to make sure they are on track to achieve their desired aims.

Tidying this up pre-sale will help the owner understand their current position. In doing so, this helps remove some of the completion risk for the corporate finance adviser by giving much-needed clarity to the vendor.

EXIT IS NOT THE END

We find that many vendors want to reinvest the capital raised from the sale of the business in other ventures, often making private investments in sectors they have been closely involved in throughout their career. Where the owner takes our advice, we might suggest not putting all their

The strategy is about pulling together income from various sources and understanding the tax efficiency of each option to suit that individual

eggs in one basket. They should separate out what is in their retirement fund, and what is in their business angel fund.

However, we have to recognise that they may know their own market far better than us. In those instances, we need to look at the best structure for those investments, whether that be a combination of SEIS, EIS or VCTs. Or they may want to choose their own single company high-risk investments, investing as a business angel.

AIMING FOR CLARITY

In most cases, we find business owners to be highly driven and used to being in control. These personality traits mean it is vitally important that the individual or set of individuals know, and are comfortable with, what life might look like after the transaction takes place. This clarity puts them at ease through the entire process, and for the corporate finance adviser it removes another potential barrier to completion of the sale.

Getting hold of their situation before, during and after the sale then putting a sensible, effective strategy in place thereafter gives them a far greater chance of achieving everything they are looking forward to, after parting with their 'baby'. ●

Richard Morley,
divisional director, Brewin Dolphin, Manchester. The firm provides financial planning and investment advice to owners exiting their business

APPOINTMENTS

Alex Hyde has been promoted to partner in **Grant Thornton** at its Birmingham office. He moved from London in 2010 to head up the firm's transaction advisory services team in the Midlands. It now has 15 full-time financial due diligence specialists, with additional support from due diligence specialists based in the East Midlands.

In South Africa, Grant Thornton will merge with **BDO** to create a firm of 1,500 partners and staff across seven offices.

Gurpal Ahluwalia has joined BDO as an M&A partner in London after four years at KPMG. He will head up BDO's healthcare and life sciences strategy consulting and commercial due diligence offering in the UK. Prior to KPMG, he worked for the Boston Consulting Group, having qualified as a doctor in 2002, specialising in cardiothoracic surgery before his career change.

Former UK head of technology, media and telecoms (TMT) M&A at KPMG, Ed Wirgman, has joined **Spectrum Corporate Finance** as head of TMT. Based in London, he will work alongside Iain McKenzie. Wirgman has more than 14 years' experience in the sector, having advised small owner-managed businesses to large multinationals, cross-border deals, as well as private equity and growth capital transactions.

Mark Benka (1) has joined **Smith & Williamson** as partner in its transaction services team in London. He spent 21 years with PwC, training as an ACA, and working predominantly in insurance and investment management audit, before moving into transaction services. In Bristol, Tom Clamp (2) has joined the firm's corporate finance team as partner from HSBC. Prior to spending seven years at HSBC, he was in Deloitte's corporate finance advisory team.

David Murphy (3) has joined the firm as director in its forensic services team in London from BDO, where he led its forensics team in Dubai for the past four years. He has experience in oil and gas, banking, construction and media.

Gareth Davies has joined independent investment banking boutique **Zeus Capital** from Greenhill & Co, where he was head of financing and restructuring advisory for EMEA. He will lead Zeus's corporate finance business in London. He was previously managing director at Close Brothers Corporate Finance focusing on UK mid-market M&A.

Dane Houlahan has joined as managing director from KPMG, where he was senior partner. An Australian-trained corporate lawyer, he ran KPMG's London M&A business, and spent four years based in Aberdeen running the firm's energy practice.

PE SHORTS

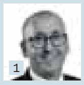
3i has recruited Rupert Howard (1) as director, and made six senior promotions across its private equity business. Howard, who will focus on the consumer sector,

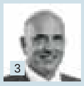
was previously a director in the consumer, retail and leisure sector team at Rothschild.

In London, Jonathan Crane (2) has been promoted to partner and George Archer (3) to senior director. While David Stephens (4), London, Andreas Gold (5) and Michael Specht (6), Frankfurt, and Rahul Lulla (7), New York, have all been promoted to director.

LDC has promoted Dan Smith to investment director for Yorkshire and the North East. He joined LDC in August 2015 and has been involved in the firm's £31.8m investment in NBS, the commercial arm of the Royal Institute of British Architects, as well as the MBOs of Sigmat and Pelsis. He was also involved in LDC's reinvestment in ZyroFisher, and the £217m IPO of Team17.

Since LDC launched in Yorkshire and the North East almost 30 years ago, the firm has backed more than 60 management teams with more than £500m of equity in the region.





Maven Capital Partners has recruited senior investment specialists Chris Rogers (1), Richard Altoft (2) and Graham Hall (3), to its Midlands team following the firm's appointment to manage £90m Midlands Engine Investment Fund (MEIF) debt funds. It will provide debt funding to high-potential growth businesses.

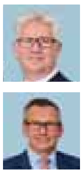
Birmingham-based Rogers has joined the firm after a 22-year career in commercial banking at RBS. Altoft, who was corporate manager at Handelsbanken, is based in Lincolnshire. Hall will focus on the south-east Midlands. He was previously senior business manager at Lloyds TSB.

In the North East, Jamie Fraser has joined as investment manager to help manage the £27m North East Development Capital Fund. He was relationship director at Lloyds Bank and worked for Bank of Scotland.

global oil and gas sector M&A business.

Jonathan Broome has joined to lead the firm's debt advisory team from Lincoln International, where he headed up its UK debt advisory team. He previously worked at Close Brothers Corporate Finance.

Adnan Sajid has joined **UHY Hacker Young** as corporate finance partner in Manchester from Menzies, where he was corporate finance director. Prior to that he was corporate finance director at SPW, having worked for Aden Private Equity, Origen Private Equity, SAS Advisory and Deloitte.



Dow Schofield Watts, the independent advisory firm based in the north of England, has opened a London office in Covent Garden, offering due diligence services. Richard Hooper, who has joined from Deloitte, and James Killing, from RSM, will lead the office.

Eddie Bines is the new director in **Duff & Phelps**' London restructuring advisory practice. He joins from KPMG.

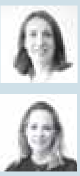
BIG FOUR PROMOTES

EY has made nine partner promotions in transaction advisory services: Sunny Aurora (1) in the London energy sector transaction services team; Rob Simpson (2), who focuses on private equity transactions; Simon Edel (3), Andrew Dolliver (4) and Dan Hurd (5) in restructuring; Tony Drabble (6) in EY-Parthenon, who also leads the health and life sciences team; Gavin Edwards (7) and Paul Reading (8) in operational transaction services; and Mike Evans (9), in the valuation and business modelling team. Praveen Shankar (10) has also been promoted to head of the firm's UK TMT practice.

Deloitte has made six corporate finance and transaction services partner promotions across the UK: Andrew Gould (1), Dan Renton (2) David Harrison (3), Shaun Reynolds (4), Thomas Frankum (5) and Tom Partridge (6).

Gould joined the firm 12 years ago, is based in London and specialises in advising financial institutions on M&A advisory. Renton is based in Leeds and joined from PwC 12 years ago. Harrison is a London-based transaction services partner. Reynolds is in corporate finance in Aberdeen. Frankum, who specialises in M&A lead advisory in the industrials and manufacturing sector, previously worked for Barclays Capital and EY. Partridge specialises in pensions restructuring advice in M&A situations.

Deloitte is merging its operations in Australia, China, Japan, New Zealand, and South-East Asia to create Deloitte Asia Pacific. Cindy Hook, currently CEO of Deloitte Australia, will step into the role of CEO of Deloitte Asia Pacific.



Elena González and Marta Utrera have been appointed co-chief operating officers at Spanish asset manager **Altamar Capital Partners**. González previously worked as a family office investment manager and before that at EY. Utrera joined 11 years ago from PwC.

Annabelle Judd has been promoted to principal in **Campbell Lutyens'** London office secondary advisory team. She joined in 2017 from Rothschild.

Laura Wathen has joined the investment team at **Livingbridge** from Pentland Group, where she was investment manager.

Compagnie Financière Richelieu has appointed Philippe de Fontaine Vive Curtaz as CEO. Christophe Boulanger has been appointed CEO of Richelieu Gestion, the firm's asset management subsidiary.

LEGAL BRIEFS

The **Financial Reporting Council** has appointed Elizabeth Barrett as executive counsel and director of enforcement. She has had a 30-year career at Slaughter and May, including 27 years as partner.

Dentons has recruited Tamer Amara to its capital markets team in Moscow from Clifford Chance, where he most recently headed the debt capital markets and derivatives practice. Filipp Petyukov has also joined the team as senior associate after eight years at Clifford Chance. In Barcelona, Nieves Briz has joined as office managing partner, and as new partner in the corporate and M&A department.

Fieldfisher has recruited Richard Ledain Santiago in its new Luxembourg office from Allen & Overy in Luxembourg, where he advised on M&A.

Linklaters has recruited Shilpa Bhandarkar as head of innovation. Based at the firm's Innovation Lab in London, she will drive innovation across the firm. She started her career as a lawyer with Linklaters, before leaving to build and sell a mobile app company, then work in the law tech space with Lexoo.

THE CV

Nicola Sartori is a corporate finance managing director at BDO in London. She has led the retail and consumer M&A team there since 2014, having joined the firm in 2005. She was seconded for a year in 2012 to Aurora Fashions. She has an economics degree from Southampton University and is a fellow of ICAEW.

Recent deals

- Brand Architekts' £11m sale to Swallowfield in June 2016
- Sale of Hi-Spirits to Sazerac in March 2016
- Sale of Woodcote Green Nurseries to Wyevale Garden Centres in January 2016

CORE VALUES

Earning the trust of the founding family was a crucial part of advising a 300-year-old company in Suffolk, recounts BDO's **Nicola Sartori**

WHAT WAS THE DEAL?
It was the sale of Aspall Cyder to Molson Coors Brewing Company. It completed in January 2018 [the deal value was not disclosed]. Based in Suffolk, the business was set up nearly 300 years ago by the Chevallier family (now Chevallier Guild), which still owned and ran it.

WHAT WERE THE TIMESCALES?
Aspall was a long-standing audit and tax client of BDO in Ipswich, but it hadn't done any M&A itself before. At the start of 2017, I'd just returned from maternity leave when the Chevallier Guild family decided they wanted to sell the business. There was interest internationally from both trade and private equity. It took almost a year to complete the deal.

HOW DID YOU PREPARE THE FAMILY?
As a well-known high-end brand it is fair to say they'd been approached. We worked on strategy with them until they were happy to go to market. It was very important we were introduced early so that we had time with them to help us understand what they wanted and gain their trust. Because we were with them for a long time, they understood the advice we were giving them was in their best interest.

HOW HAD THE BUSINESS DEVELOPED RECENTLY?
Aspall had grown steadily, and over the past decade it had invested heavily in the site in Suffolk. In 2017 its turnover was £34.5m and it had just over 120 employees. In this day and age, everyone talks about brands – they can be built very quickly, but it is rare a brand with such longevity as Aspall becomes available. The family owned 94% of the shares and the managing director Des Smith owned the remaining 6%. Molson Coors bought 100%. The shares were split between various family members, but the key people were Barry and Henry Chevallier Guild. They had executive roles, but as well as understanding the business, they both had a very good relationship with the other family members.

WHO WERE THE ADVISERS?
We were the M&A advisers to the family shareholders. Howes Percival was their legal adviser. Molson Coors used PwC for financial due diligence and Squire Patton Boggs for legal advice.

WHAT WERE THE CHALLENGES?
The Chevallier family had owned Aspall for eight generations. The decision to sell was difficult, and one the family wanted to get right. We started by helping the family weigh up all options and presented offers from a spectrum of would-be buyers. The family was understandably careful about ensuring they chose the right buyer. They wanted one who would respect and value the Aspall brand, and invest in the company, and its employees for the long term. Molson Coors showed themselves to be the best fit in all those respects.

WHAT LESSONS WERE LEARNED?
You should never underestimate the passion or emotion involved in selling a 300-year-old family business. We built a huge amount of trust with them, so that they valued and took on board our advice, which ultimately meant they secured the best acquirer for the business. ●

PHOTOGRAPHY: JON SNEDDEN