

CORPORATE FINANCE

SELLING YOUR BUSINESS

Why now is a good time to sell

COMPANY PRICES: FAIR VALUATIONS ACHIEVABLE AGAIN



► FOCUS ON COMPANY VALUATIONS

FAIR AND SUSTAINABLE PRICING

- Trade and private equity investors demand for acquisitions outstripping supply
- Pricing at long term valuation trend levels achievable
- Effective sales process essential to unlock full value.

PRICING WILL NOT GET BETTER

- Robust earnings multiples achievable but return to boom years valuation remote for 10 years +
- Future prices may be held in check by raising cost of debt
- Optimal sales timing depends on company financial performance.

CAPITAL MARKETS RECOVERY

- Definite return of appetite for equity risk on the capital markets
- Rising buyer p/e multiples permits higher values to be repaid.

DEBT MARKETS OPEN

- Single banking debt lend of £30m freely available
- Banking clubs can be formed to lend more
- Ability to finance deals means valuations have increased.



▶ THE M&A ENVIRONMENT: WHY SELL NOW?

TRADE BUYERS RETURNING

- Larger trade buyers looking outward and seeking growth
- Capital markets expect strategic growth stories
- Far East, India and Middle East companies keen to buy

• Effective international auctions key to maximising trade sale valuations.

PRIVATE EQUITY ANXIOUS TO INVEST

- Private equity 'buys to sell' and must do deals
- Mid market private equity ramping up deal origination activity
- Debt is cheap by historical standards

• Business planning, grooming and positioning with the right PE institution essential to maximise value and opportunity.

COMPANY PRICES UP

- Demand for deals outstripping supply
- Price/earnings multiples returned to sustainable levels
- Boom year valuations may take 10 + years

• Good prices are achievable now.

THREAT OF TAX INCREASES AFTER APRIL 2010

- CGT (18%) and income tax (50%) differential at historic high
- Effective tax rate on dividends to increase by 44 per cent
- Certain tax planning techniques may be withdrawn after April 2010

• Higher risk of paying more tax if sale deferred. A partial sale may be an option if full sale not desired.

ABOUT BDO CORPORATE FINANCE

BDO CORPORATE FINANCE M&A TEAMS ARE UK MARKET LEADERS IN ADVISING OWNERS ON COMPANY SALES AND RAISING FINANCE. OUR NATIONAL TEAM REGULARLY TOPS THE LEAGUE TABLES FOR MID MARKET DEALS AND OUR INTERNATIONAL NETWORK OF 600 OFFICES IN 100 COUNTRIES PROVIDES UNRIVALLED COVERAGE OF GLOBAL TRADE BUYERS.

SEMINAR

We are hosting a series of seminars on selling businesses across the UK which will focus on:

- Current pricing and the outlook for valuations
- How to appeal to trade and financial buyers
- Maximising value from a sale process
- Taxation and minimising tax.

DATES

London	10 Dec 8.30am for 9.00am
Birmingham	14 Dec 8.00am for 8.30am
Southampton	19 Jan 4.30pm for 5.00pm
Manchester	21 Jan 9.30am for 10.00am
Gatwick	28 Jan 8.30am for 9.00am

If you would like to attend any of our national seminars please get in contact by emailing events@bdo.co.uk or alternatively call Katie Holmes on 020 7893 2391. Please stipulate which venue you will be attending.

CONTACT US

If you would like further information about this publication or our wide range of services please contact your local BDO office:

BIRMINGHAM

roger.buckley@bdo.co.uk
0121 352 6213

BRISTOL

gayle.bowen@bdo.co.uk
0117 930 1578

CAMBRIDGE/CHELMSFORD/HATFIELD

john.barker@bdo.co.uk
01707 255 940

EPSOM

paul.smith@bdo.co.uk
01372 734 343

GATWICK

jamie.austin@bdo.co.uk
01293 591 193

GLASGOW

neil.craig@bdo.co.uk
0141 249 5234

LEEDS

tim.clarke@bdo.co.uk
0113 204 1211

LONDON

alex.white@bdo.co.uk
020 7893 3002

MANCHESTER

gordon.lane@bdo.co.uk
0161 817 7504

NORTHERN IRELAND

johnny.webb@bdo.co.uk
028 90 439 009

READING

john.parkinson@bdo.co.uk
0118 925 4433

SOUTHAMPTON

paul.russell@bdo.co.uk
023 8088 1796

www.bdo.co.uk



'Audit Team of the Year' 2008
'Tax Team of the Year' 2008
'Corporate Finance Deal of the Year' 2008

BDO LLP operates across the UK with some 3,000 partners and staff. BDO LLP is a UK limited liability partnership and a UK Member Firm of BDO International. BDO Northern Ireland is a separate partnership operating under a licence agreement. BDO International is a world-wide network of public accounting firms, called BDO Member Firms. Each BDO Member Firm is an independent legal entity world-wide and no BDO Member Firm is responsible for the acts and omissions of another member. The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands with its statutory seat in Eindhoven (trade register registration number 33205251) and with an office at Boulevard de la Woluwe 60, 1200 Brussels, Belgium, where the International Executive Office is located.

BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Shamrock Marketing Ltd). To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Beverley Keery on 020 7893 2164 or email beverley.keery@bdo.co.uk

Whilst every care and attention has been taken to ensure the accuracy of this information, it is intended for general guidance only. Please call us if you would like specific advice on any matter.

Copyright © November 2009. BDO. All rights reserved.



This document is printed on 9lives 80, a paper containing 80 per cent recycled fibre and 20 per cent virgin Totally Chlorine Free (TCF) fibre sourced from sustainable forests. 9lives 80 is produced by an ISO 14001 accredited supplier.