

Background and Problem

The company carries out refurbishments, alterations and planned maintenance for both public and private companies, split evenly between the two. Over the previous 15 years, a highly profitable business had been developed based on providing a high quality of service. This had resulted in excellent repeat business. Turnover now stood at around £5m and EBITDA of £0.5m. However the owners had little time to enjoy their wealth and had decided to sell the business.

Actions Taken

Hill Scanlon carefully reviewed the business, identifying the key points that would be of interest to a new owner – particularly helping them to recognise that they would need to be prepared to accept an earn-out, given their pivotal role in the business.

Various sources of funds were identified for the potential new owners to help fund the purchase.

Desktop research and industry sources identified around a hundred prospects. Following an initial approach, 16 confidentiality agreements were signed, generating 10 meetings and 5 bids.

The Result

Despite selecting a preferred bidder, it proved more difficult than expected to agree heads of terms. However, time spent up-front sorting out the details of the deal enabled the deal to progress more rapidly in the final stages.

The business was sold based on a multiple of four times earnings with two thirds paid up-front and the balance over a two year period.

The deal was presented as a management buy out to customers. This enabled the company to retain the enviable client list it had developed.

**If you want to find out more about any of the areas covered in this case study
and how we can support your business – contact us today.**