

Corporate finance newsletter

Spring 2022

Now, for tomorrow





Welcome to our spring 2022 corporate finance newsletter.

Welcome to our spring 2022 corporate finance newsletter. In this edition we share details of some of our recent deal completions, we outline the key steps to making a successful acquisition and we comment on key factors to consider when looking to raise debt finance.

Experts in:

Strategic M&A

Business valuations

Raising equity & debt finance

Management buyouts

Employee ownership trusts

Business acquisitions

Financial due diligence

Capital markets advisory

Preparing for exit

Business sales



How can we help

If you would like to know more about how we can assist you, your clients or your contacts on corporate finance, M&A or strategic planning matters, then contact one of the senior members of our team, whose details are on page 11

or visit us at:

macintyreHUDSON.co.uk/services/corporate-finance

We have continued to advise our clients on a number of high-profile M&A transactions in recent months, maintaining our reputation as one of the UK's leading SME corporate finance advisory teams.

In this edition we focus on four recent deals:

1

Sale of Salisbury Group
to Atlas FM

2

Admission of SuperSeed Capital
to the AQSE Growth Market

3

Management buyout of
FuseMetrix Group

4

Sale of Working Time Solutions
to Totalmobile

Sale of Salisbury to Atlas to form a national total FM player



To find out more about Salisbury Group and Atlas FM go to www.salisburygroup.com and <https://atlasfm.com>

We are pleased to announce our role as lead adviser to the shareholders of Salisbury Group on its sale to Atlas FM, forming a £160m revenue national total facilities management player.

Salisbury was founded in 2013 as the dedicated facilities services arm of a commercial property company and has since grown into an award-winning national operator with a diverse customer base, historical revenues exceeding £50m, and excellent prospects following two record years in which it secured over £30m of new contracts. Our team was engaged by the shareholders to advise its board on the development and delivery of a strategy for Salisbury's disposal.

Established 35 years ago, Atlas has evolved from a local cleaning specialist to become one of the fastest-growing nationwide facilities and support services operators in the UK. Atlas remains privately owned and its management team prides itself on a strong vision and values, characterised by a family feel and highly motivated personnel.

With the addition of Salisbury, Atlas will be a £160m revenue company that employs 8,500 people at over 6,000 sites around the country, bringing together Atlas's renowned cleaning and security services with Salisbury's facilities management and hard services expertise to create an enhanced end-to-end 'total FM' offering. A strong cultural alignment and a shared customer-focused ethos exists between the companies, and this was a major driver for the successful acquisition.

The Salisbury brand and management team will remain in place following the transaction. The combined Atlas and Salisbury team expects to benefit from augmented capabilities on a national scale, which will ultimately enhance the offering for their customers' benefit.



Chris Wisely,
Group MD of Atlas,
commented:

We are delighted to have acquired Salisbury Group. This deal is a sign of our ambitious growth plans for the future, and we are pleased that the Salisbury management team and staff will become part of the Atlas family. By bringing in Salisbury's excellent facilities services and engineering maintenance capabilities, Atlas now offers the full suite of FM services to our clients."



On behalf of the Salisbury board and shareholders, Simon Jones commented:

We are immensely proud of Salisbury and the team who have helped to build the business and establish its leading reputation in the FM market. We have found in Atlas what we believe to be an ideal partner, and we look forward to seeing Salisbury continue to flourish under their ownership. We are very grateful to the MHA team for their hard work and dedication to delivering a successful outcome, and the wider stakeholder group involved. This has been a complex transaction and the advice and support received have been invaluable in bringing it to a successful conclusion.”

James Lawson, who led the transaction on behalf of our team, remarked: “We have very much enjoyed advising the shareholders and Salisbury team on this transaction. The degree of cultural fit between Salisbury and Atlas and a like-minded philosophy on customer engagement have been obvious since early discussions; this facilitated a pragmatic and co-operative approach to negotiations and a shared focus on the future opportunity. It’s gratifying to have played our part in guiding both businesses to the point where they can now start to deliver as a combined group.”



Admission of SuperSeed Capital Limited to the AQSE Growth Market

We are pleased to announce our role as specialist reporting accountants services on the admission of SuperSeed Capital Limited to the Access segment of the AQSE Growth Market.

SuperSeed was incorporated in Guernsey in 2021 as non-cellular company and is a registered closed-ended collective investment scheme.

The company has raised £2,000,000 through the issue of new ordinary shares and will invest as a fund-of-funds in technology-led innovation, primarily through unquoted funds managed by SuperSeed Ventures, the Investment Manager.

The key objective is to maximise investors' long term total returns, principally through capital appreciation.

Mads Jensen, Superseed non-executive director, commented: "We are delighted to have achieved admission to the Access segment of the AQSE Growth Market and to have had the opportunity to work closely with the very experienced, supportive and practical MHA reporting accountants team."

Our advisory team was led by head of capital markets, Robin Stevens, and transaction services leader, Rob Dando, supported by a multidisciplinary team from across MHA and Baker Tilly.



Robin Stevens commented:

It was a real pleasure to work with the SuperSeed board and their experienced adviser team during this extremely interesting and innovate transaction for not just the company, but also AQSE and Guernsey. We wish the SuperSeed team every success in the future."



Rob Dando added:

We were pleased to be able to assist and advise the SuperSeed board, utilising our integrated teams in the UK and in the Channel Islands and working closely with the wider adviser team."



To find out more about SuperSeed go to <https://www.superseed.com>

Management buyout of FuseMetrix Group

We are delighted to announce our role as lead adviser to the shareholders and management team of FuseMetrix Group on its successfully completed management buyout. Founded in 2002, Fusemetrix works directly with clients or alongside consulting firms to help with:

1

Reviewing current systems & infrastructure

2

Understanding existing & future business system needs

3

Defining, planning, managing & delivering projects

4

Designing & developing complex applications

The deal was led by Matthew Ballinger, CEO and majority shareholder. The exiting shareholder, Richard Irwin, will continue to work in the business.

Matthew commented: "The team at MHA listened to what I wanted to achieve and then helped me understand the various options open to me. The team members were always professional and made sure I understood each step along the journey. I would have no hesitation in recommending them to anyone looking at a similar transaction."

Our team advised on the valuation, deal structure, heads of terms, funding and deal documentation elements of the transaction. This advice was led by Laurence Whitehead, closely supported by senior colleagues Craig Chamberlain and Gareth Peters.

Laurence remarked: "It's been a real pleasure to advise the company, its shareholders and management team on this transaction. Matthew's focus on driving the business forward into the future means that the ongoing ownership of the group remains in strong hands and we are confident that his vision will ensure that the business continues to prosper. We wish him, Richard and everyone at FuseMetrix continued success."



To find out more about FuseMetrix Group go to www.fusemetrix.com

Sale of Working Time Solutions to Totalmobile



A Manchester business whose software helps some of the UK's biggest companies plan their employees' shift patterns has been acquired by a fast-growing Belfast-based business.

Working Time Solutions, whose shareholders were advised on the deal by our award winning team, provides rostering and workforce management services. The company has been acquired by Totalmobile, which offers a comprehensive range of field service management software.

WTS's solution enables organisations to ensure the right resources are available at the right time to increase capacity and productivity while supporting employees' wellbeing and compliance. The deal will see 60 organisations and 30,000 users of WTS's technologies, including National Highways, Northern Gas Networks and Birmingham Airport, join Totalmobile's growing customer base of over 1,000 organisations. WTS adds to Totalmobile's suite of field management software, which includes mobile working, dynamic scheduling, job management, lone working and data analytics.

Jim Darragh, chief executive of Totalmobile, said: "Managing operational resources efficiently is more important than ever to our customers as they battle staff shortages, sickness and absence. By bolstering Totalmobile's rostering software and shift pattern capabilities, we can help organisations keep their services running smoothly, efficiently and with minimum disruption to the customer experience. In addition, the acquisition of WTS also strengthens our footprint in the North of England and provides additional opportunity to increase our profile across the entirety of the UK and Ireland as we look to continue our growth journey."



To find out more about both companies visit their websites: workingtime-solutions.com and www.totalmobile.co.uk



Rob Crossman,
commercial director at
WTS, added:

We are delighted to be joining Totalmobile. The strong cultural, technical and market fit between the two businesses will deliver huge benefits for customers and employees. We're looking forward to working with Jim Darragh and the team to bring a combined offering of Totalmobile and WTS to market and to contribute to Totalmobile's impressive ongoing growth."

Our deal team was led by Andrew Feeke, supported by Ian Waddingham. Andrew comments: "This is a great strategic addition to Totalmobile's stable of SaaS solutions that help businesses operate more efficiently and effectively and look after their people. We're delighted to have facilitated and supported this deal, helping the founding shareholders of Working Time Solutions to secure a bright future for the company and its staff as part of the Totalmobile family." WTS has around 30 staff in Manchester and has been established for more than 25 years. Totalmobile has more than 1,000 customers and 300,000 mobile-workforce users across the public services, property, facilities management, transport and infrastructure sectors.



The key steps to a successful acquisition

With successful businesses with strong balance sheets continuing to look towards further growth, we outline below the key steps to a successful business acquisition and explain how MHA's corporate finance experts can add real value to the process.

2 Valuing a prospective target

We will look not only at the asset base of the target business but also its potential to generate cash. Valuing a business based purely on its net asset value does not necessarily produce a 'fair market value' if the business is profitable. So an equity valuation based on a multiple of sustainable profit, alongside net cash/debt and normalised working capital adjustments, is normally more appropriate. Deciding the level of sustainable profit, an appropriate profit multiple, net cash/debt and what constitutes normalised working capital all require M&A judgement and expertise.

4 Heads of terms

Agreeing a detailed outline of the deal with the vendors can be time consuming and costly, even when it is dealt with in a focused manner from the outset. There are conflicting aims at this stage of the process, so trying to muddle through by 'parking' potential deal breaker issues till later is not advised. We will work closely with you to ensure that all key issues are considered, addressed and clarified so that the agreed heads of terms are genuinely deliverable.

1 Identifying and approaching target businesses


If you initially choose the wrong targets or approach the right ones in an 'inappropriate' manner, your whole strategy can hit the rocks very early in the process. Engaging experienced corporate finance advisers from the outset to help identify the right targets and to make the first approach. Prospective vendors want comfort that your initial approach is serious and involving us from the outset adds genuine credibility to your strategy.

3 Financing

Finding the right targets and valuing them correctly gets you so far. How do you ensure there is a funder out there prepared to back you financially? What do funders want to see in order to make a positive investment decision? We are well positioned to advise you in this area too. There are a number of ways to finance acquisitions: conventional high street bank debt, private equity, venture capital, business angels, mezzanine funding, asset-backed lending and structured finance, to name but a few. We will assist you to prepare a 3-5 year funding model which outlines the key parameters of the acquisition for funders and we will then introduce you to a wide range of financiers, not just the high street ones, working closely with you to get the right deal and funding structure in place and at a competitive rate.

5 Due diligence and beyond

Once the heads of terms have been signed, it is then time to get a corporate lawyer on board to work alongside us on the due diligence and detailed transaction documents. We are well placed to introduced legal advisers who are well versed in transactions of this nature and will happily assist in choosing which law firm is the right one for you. But that's a topic for another time.....



Our guide to successfully raising debt

It is widely thought that the most successful businesses of the next decade will be those that have the financial capability and know how to achieve their ambitions for growth. In the current climate, the ability of a business to leverage appropriate levels of funding to support growth plans has never been greater. With high street, alternative and niche lenders all looking for opportunities to fund strong, growing businesses, the market for debt funding is somewhat healthier than many would believe.

The key to obtaining such funds is the presentation of a clearly articulated business plan and the preparation of robust financial forecasts. Our team members work closely with businesses looking to raise funding and appreciate that the onus is on business owners to present themselves and their business as a credible prospect. Given that many funding proposals are refused because they are not presented to a standard required by funders, our message is clear: take early professional advice from those whose business it is to understand both the funders' wish list and the business's funding requirements.

Although traditional lending in the UK market is still perceived to be difficult to source, funders are committed to lending to healthy companies with strong management teams who can demonstrate that their business plan is a viable and robust one. So the message is clear: debt is available but your proposal needs to stand out from the crowd.

The first step is to obtain professional advice early in the process from an experienced corporate finance team who can logic check your business plan and financial forecasts and introduce a wide range of appropriate funders to you. Below are some of the other top tips to help achieve success:

- 1 Ensure that your management and financial information systems are in good shape.
- 2 Make sure presentations are accurate, positive and clear.
- 3 State the level of funding required and for what purposes.
- 4 Ensure you know exactly how and where the business is making, and will make, its profit.
- 5 Demonstrate clearly how the business can grow with the appropriate funding in place.
- 6 Show that you have all of your costs and overheads under close control.
- 7 Demonstrate how your business is unique and important to its customers.
- 8 Do not ignore potential pitfalls - be honest about the areas to improve in your business.

How can we help

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