Crowe Horwath | Corporate Finance

FTA FREIGHT & TRADE ALLIANCE

M&A Sell Side Considerations

"Selling your business is not hard, if you set the parameters right and be well prepared"

Sydney, 7 March 2017

Agenda

1	Introduction to Crowe Horwath	1 min
2	Rationale for selling	2 min
3	Time it right	2 min
4	Set your objectives and expectations	8 min
5	Limit the information asymmetry between the vendor and the buyer	8 min
6	Create a strong execution team	2 min
7	Run a structured process	2 min

25 min

1 min

Snapshot of Crowe Horwath Corporate Finance

4 SERVICES

Lead Advisory (M&A)

Transaction Services

Valuation

Post-deal Integration

30 CORPORATE FINANCE EMPLOYEES

7 PARTNERS AND ASSOCIATE PARTNERS

110 

OFFICES IN AUSTRALIA / NZ

Audit/Tax/Advisory/Financial Advice
2,500 staff
All Capital Cities
Largest Regional Footprint
5th Largest in Australia and 2nd in NZ

LEADING GLOBAL NETWORK

CROWE HORWATH INTERNATIONAL NETWORK WAS NAMED

ADVISORY FIRM OF THE YEAR 2015

INTERNATIONAL ACCOUNTING BULLETIN (IAB)

125 

COUNTRIES

>726 offices
>25,000 staff
Advisory Firm of the Year 2015

10 sec

Crowe Horwath Corporate Finance completes between 5-10 transactions per year, primarily on the sell side

SULO	Beef Eater	CCH	HILLS	LegalStream
One of the largest plastic injection moulding plants in Australasia	Global supplier of barbecues & largest independent barbecue manufacturer in Australia	Leading publisher and international services company	Diversified Investment company	Specialist in providing streamlined, efficient and cost effective legal outsourcing services
Sale to Pact Group (ASX:PGH)	**Sale to Electrolux AB**	**Sale of Academic Titles to a UK publisher**	**Purchase of Audio Products Group for $15m**	**Sale to private investor**
Full service offering in M&A, tax and general financial advice	Financial advisor to vendor	Financial advisor to vendor	Buy side advisory	Financial advisor to vendor
Crowe Horwath	Crowe Horwath	Crowe Horwath	Crowe Horwath	Crowe Horwath

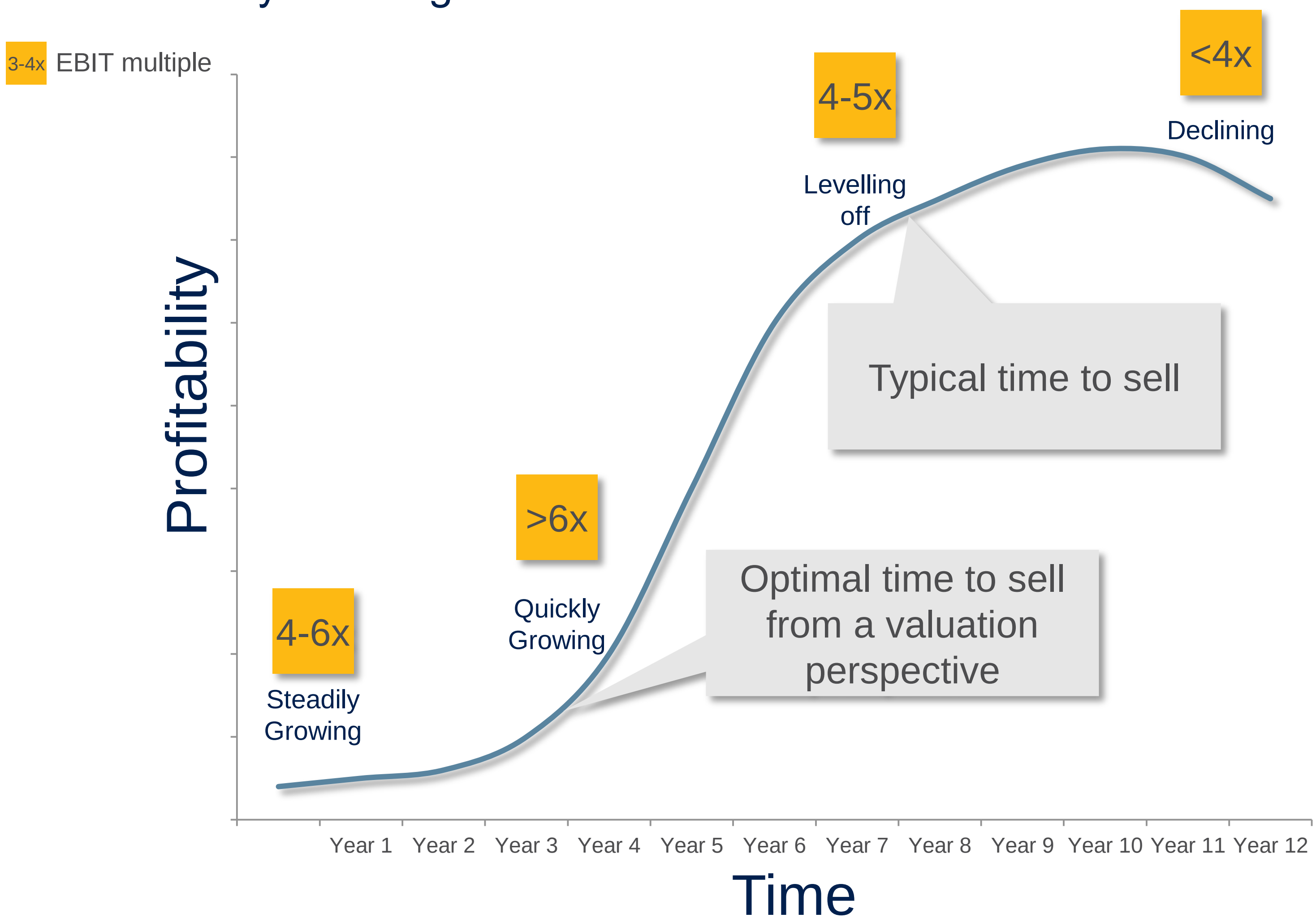
FENTAK	Australian Target Systems	market equity	ADS	veda
Specialist chemical manufacturer with Australian, Asian, UK & US operations	Leading provider of live-fire target systems for military & commercial purposes	Leading Australian market research group	Manufacturer of specialised steel wheels & components	Data analytics company & leading provider of credit information & analytics in Australia & NZ
Sale to Borden Chemicals Inc	**Sale by way of MBI of Australian Target Systems Pty Limited**	**Sale to Synovate (UK)**	**Sale to Titan Europe**	**Corporate Scorecard sale**
Financial advisor to vendor	Financial advisor to vendor	Financial advisor to vendor	Financial advisor to vendor	Financial advisor to Vendor
Crowe Horwath	Crowe Horwath	Crowe Horwath	Crowe Horwath	Crowe Horwath

The decision to sell your business can be driven by a wide range of drivers (in no particular order)

	Background
Retirement	▪ Due to significant investments made by owners, running a business has become one of life's routines and habits that can be very hard to break ▪ Owners tend to be passionate, driven individuals who typically love what they do ▪ When an owner has a sincere love for their business and 'job', they will stick with it until they can no longer physically keep up ▪ As a result, many owners keep a business until it has finally come time for them to retire
Opportunity to capitalise	▪ Owners seek the highest possible price and act if/when a competitor or buyer knocks on the door with an attractive proposal ▪ Selling de-risks and diversifies the owner's exposure
Change in lifestyle	▪ The ongoing responsibility versus all stakeholders can be tiresome ▪ Beyond the stress, many owners sell because they are no longer challenged or interested in the operations
Opportunity costs	▪ Some owners are active in different businesses at different points in the business' lifecycle ▪ Selling part of the business might free up time and/or devotion for that part of the business with the highest level of satisfaction or brightest prospects
Difficult market position	▪ Some business face fierce competition and/or market stagnation ▪ Selling to larger acquisitive players with cost saving and synergy potential might be good alternative
Business growth beyond ambitions of owner	▪ Typically business owners have a narrow span of control ▪ In order to achieve the next step in the company's lifecycle, external management and/or funds can be a necessity

2 min

Vendors typically consider selling at a moment in the lifecycle of the business that doesn't yield the greatest returns



Source: Crowe Horwath Corporate Finance

Strong objectives and realistic expectations are paramount for a successful transaction

	Background	Primary responsibility
Set your objectives	▪ Are you preparing for a short or long term exit? ▪ Would you like to stop working or do you prefer to stay involved in the day-to-day operations? ▪ Are you primarily interested in financially de-risking?	▪ Vendor
Have a realistic view on value…	▪ What is the value of the business to a potential buyer? ▪ Be aware of your: – Current financial situation (P&L, cash flow and balance sheet) – Financial forecasts – Strategic market position (competitors, developments) – Key attractiveness to potential strategic and/or financial buyers – Key perceived risks and mitigants – Other relevant transactions in your industry	▪ Vendor ▪ Financial advisor
…and other deal terms	▪ What is the most likely form of consideration (cash, scrip) ▪ When will proceeds be paid (at completion, or is there a large deferred consideration in the form of a vendor loan or earn out) ▪ What are risks from a warranty and indemnity perspective (refer to Lynne Grant at Hunt & Hunt)	▪ Vendor ▪ Financial advisor
Know your after tax proceeds	▪ Price is important, but eventually what lands in your bank account is what counts ▪ Tax is the key driver for the structure of almost all M&A transactions, and is an important aspect in transaction negotiations (there might be a conflict in interest between a vendor and a buyer) ▪ Any tax assets/liabilities (such as R&D) to you as a vendor are better dealt with prior to executing a transaction	▪ Vendor ▪ Tax advisor (incl. R&D)

Investing time and money in this stage will be a high yielding investment

Source: Crowe Horwath Corporate Finance

2 min

Valuation mechanisms

DCF	Trading multiples	Transaction multiples	LBO analysis
Fundamental analysis of future profit and free cash flows, risks and growth profile	Analysis based on valuation of listed peers	Analysis based on valuation of comparable transactions (including control premium)	Analysis of the maximum price a financial sponsor would be willing to pay, taking into account the required rate of return
▪ Long term analysis of cash flows based on managment projections ▪ Discounted on the basis of WACC ▪ Three different scenarios – Bear, Base and Bull	▪ Multiples of peers applied to forecast of the business ▪ Market disclosed EBITDA multiples	▪ Multiples paid for comparable businesses applied to the forecast of the business ▪ Historical multiples ▪ Generally reflects a control premium	▪ Maximum price depending on required rate of return (IRR)
Most accepted and most relevant method, based on stand-alone basis	Valuation is relative / with limited use on stand-alone basis, output needs to be verified by DCF	Valuation is relative / with limited use on stand-alone basis, output needs to be verified by DCF	On the basis of the same operational assumption as the DCF analysis

Crowe Horwath uses information provided by the Vendor, which will need to get verified in the remainder of the process

Source: Crowe Horwath Corporate Finance

Recent larger transactions* in the logistics market imply a multiple of 5-7x EBIT, however recent research indicates smaller transactions fetch 2-4x EBIT

Date	Acquirer	Target	Target Description	Transaction size ($m)	EBIT Multiple
Jan-17	Direct Couriers	EB Transport	Freight logistics company	5-10	n/a
Jul-16	Consortium	Asciano Limited	Freight logistics company	2,608	17.7 x
Jun-15	CTI Logistics	G.M Kane & Sons Pty Ltd	Logistics, warehousing and transportation services	27	8.1 x
May-15	Japan Post Bank Co., Ltd.	Toll Holdings Limited	Integrated logistics services	8,891	19.4 x
Mar-14	K&S Freighters Pty Ltd	Scott Corporation Ltd.	Transport of hazardous materials and bulk solids by road, rail, and sea in Australia	88	10.9 x
Sep-13	Private company	Refrigeration specialist	Specialist refrigerated products / food logistics group	13	5.1 x
31-Oct-12	K & S Corporation Limited (ASX:KSC)	Collare Transport Pty Ltd.	Transportation services for the timber industry	8	n/a
Sep-12	CHAMP Ventures	Sea Swift Pty Ltd	Northern marine transport company with exposure to the resources sector	108	6.0 x
Sep-12	Private company	Flooring specialist	Private business specialising in Eastern Seaboard flooring logistics	12	5.0 x
22-Aug-12	Qube Holdings Limited (ASX:QUB)	Macarthur Intermodal Shipping Terminal Pty Ltd.	Shipping terminal	95	n/a
31-Jul-12	Prixcar Services Pty, Ltd.	Toll Global Logistics, Finished Vehicle Distribution Service	Finished Vehicle Distribution Service comprises logistics services	88	n/a
05-Apr-12	McAleese Group Pty Ltd	International Energy Services Pty Limited	Transport logistics services to the petroleum, LPG, aviation, chemicals, and resources sectors	309	n/a
23-Apr-12	Viterra, Inc.	IPS Logistics Group Pty. Ltd.	Integrated logistics services	29	n/a
21-Mar-12	Qube Logistics Holdings Limited	Giacci Holdings Pty Ltd	National bulk logistics haulage and handling company	146	13.6 x

- According to BizExchange September 2016 quarter research, privately–owned medium businesses (turnover $1 million to $5 million) transacted at EBIT multiples of:
  - Transport, Portal and Warehousing industry: **1.6x-4.1x EBIT, with a midpoint of 2.5x EBIT**
  - Other services industry: 1.3x-3.2x EBIT, with a midpoint of 2.5x EBIT

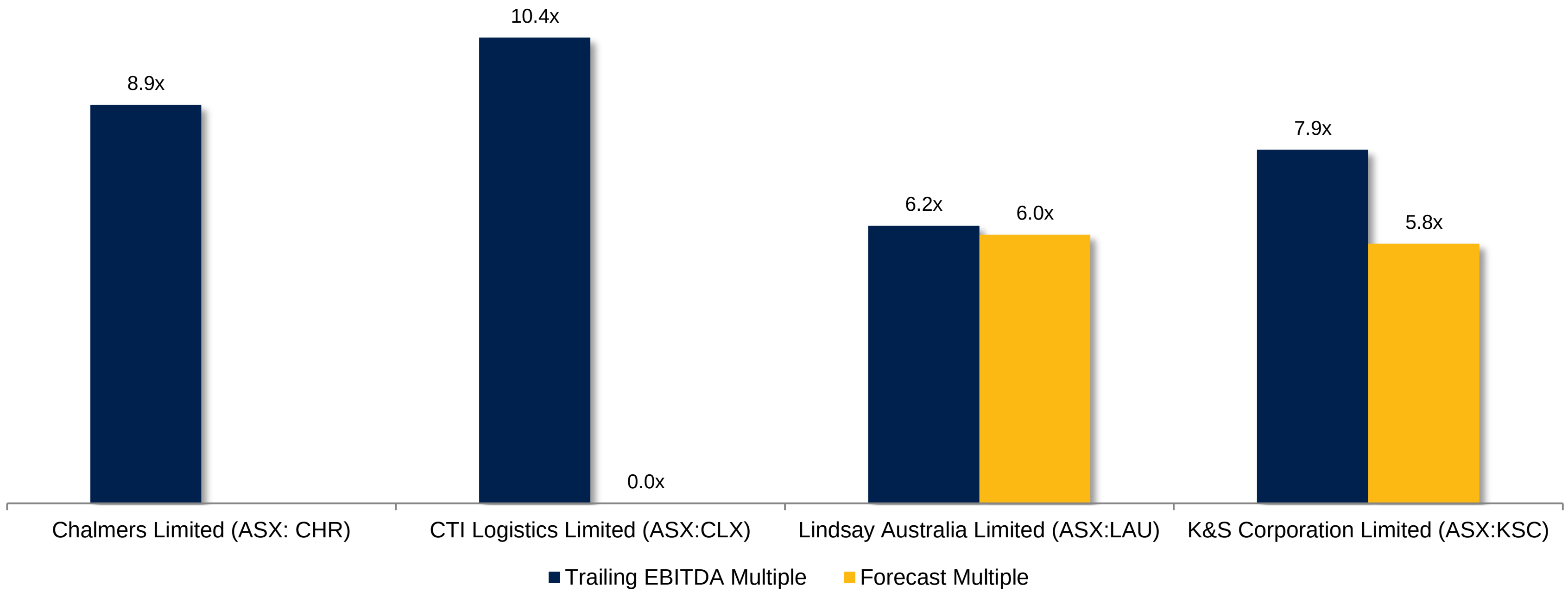
A highly strategic acquirer with synergies and cost savings opportunities should be able to pay more than average

* Excluding Asciano and Toll

Source: Mergermarket, Capital IQ, Crowe Horwath Corporate Finance

2 min

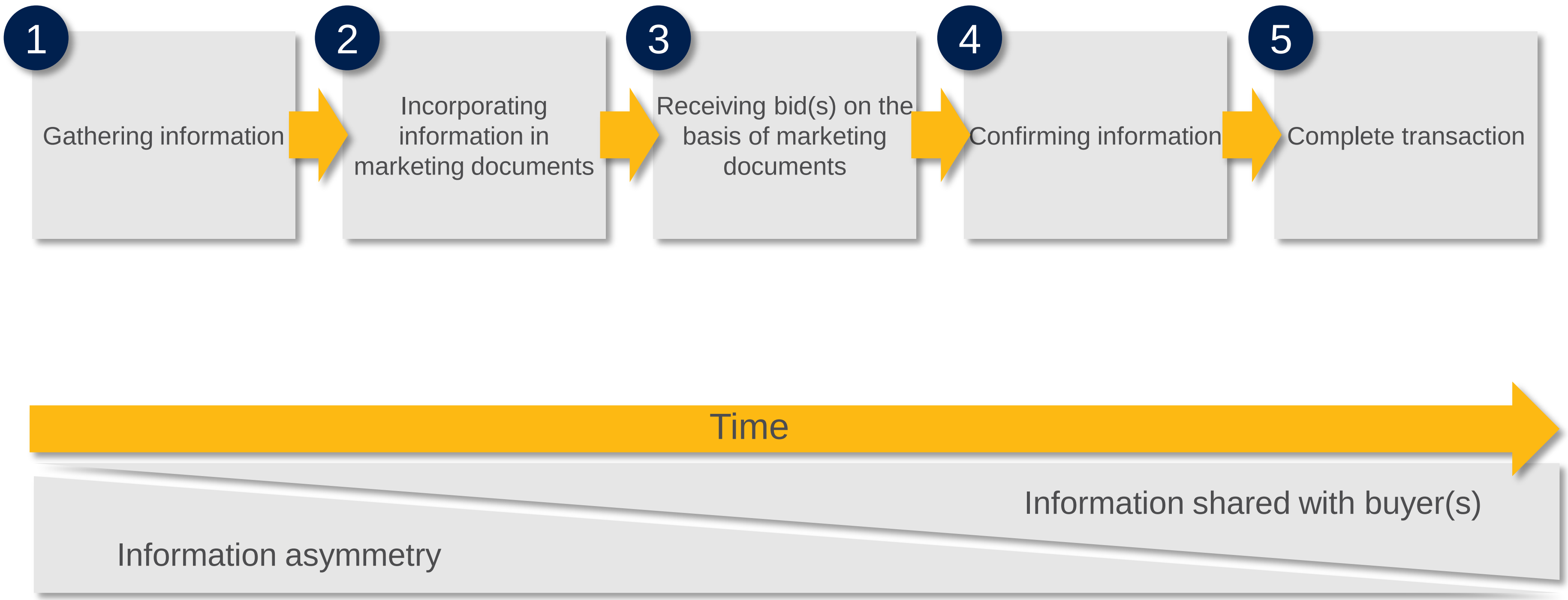
Comparable Australian logistics companies are trading around 6.0x forward EBITDA



Source: Mergermarket, Capital IQ, Crowe Horwath Corporate Finance

3 min

Without a doubt, the most common driver for unsuccessful transactions is information asymmetry between the vendor and the buyer



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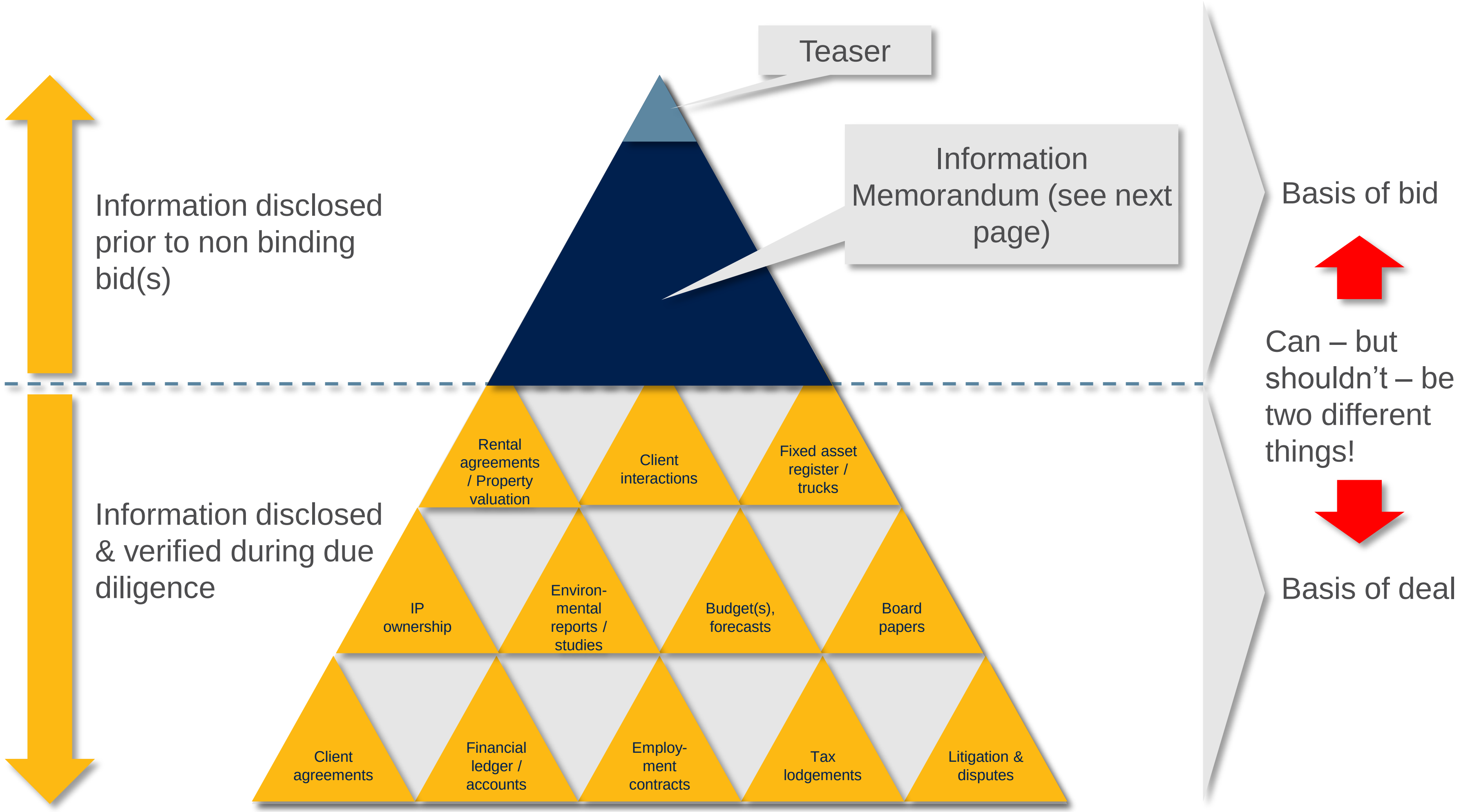
Without a doubt, the most common driver for unsuccessful transactions is information asymmetry between the vendor and the buyer



Source: Crowe Horwath Corporate Finance

1 min

Limit the information asymmetry between the vendor and the buyer

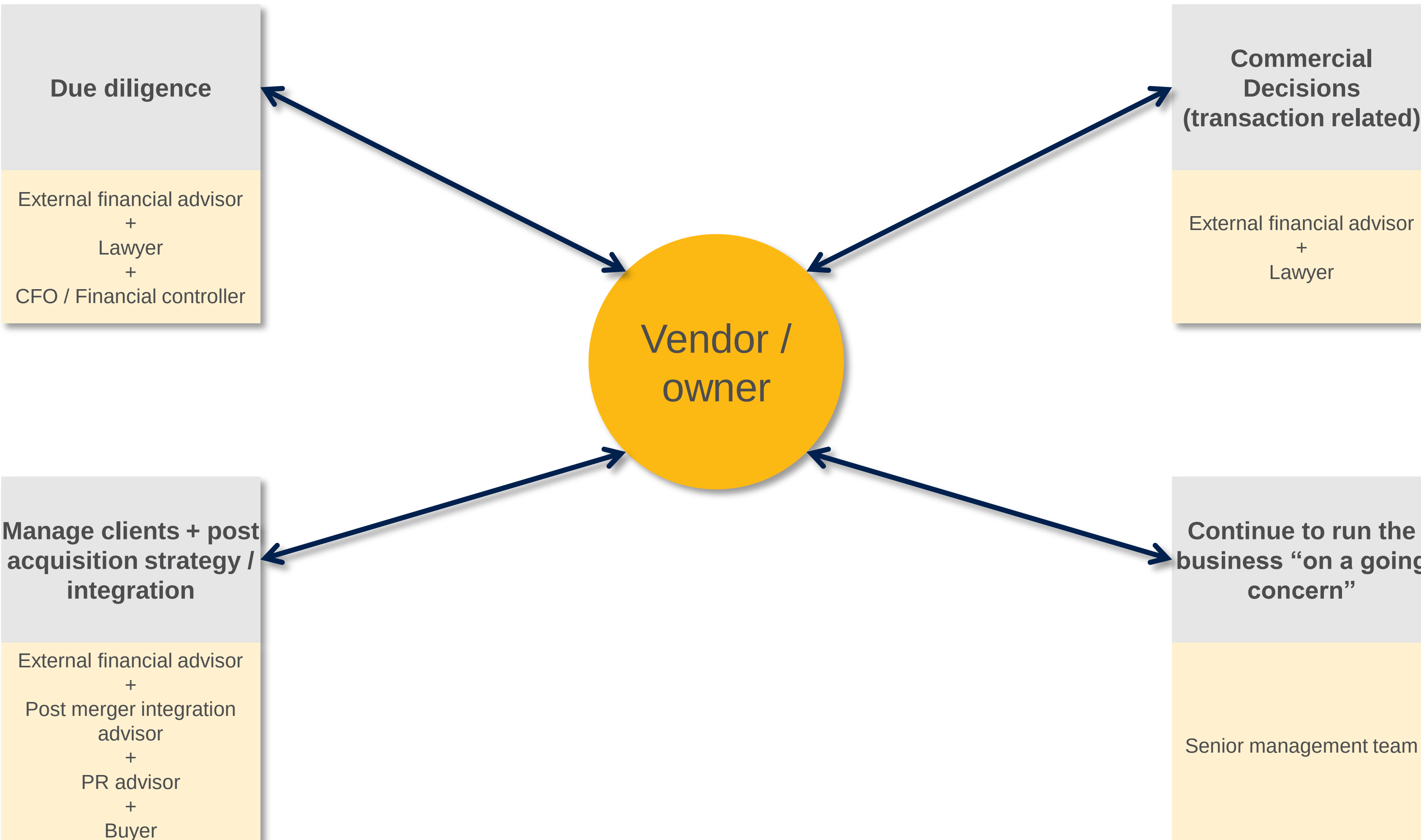
A well drafted Information Package is a prerequisite for a successful sale of the business

	Background	# pages
Executive summary	▪ Introduction and executive summary of each chapter ▪ Use of proceeds	2-5
Investment highlights	▪ List of four to six compelling reasons why investors should be interested in the business ▪ Each investment highlights should be backed by at least one page for further background	5-7
Market overview	▪ Description of the market, including market segmentation ▪ Competitive landscape: how does the business distinguishes itself form the competition (if any)? ▪ Key drivers of the market	3-5
Business	▪ Full description of the business, including but not limited to history, service offering, geographic presence, clients, suppliers, corporate and legal structure, management, key personnel, IT systems, intellectual property	7-10
Strategy	▪ Background to management team and key staff ▪ Growth strategy ▪ SWOT analysis in which also focus areas are included	2-3
Financials	▪ Investments to date ▪ Use of proceeds ▪ Breakeven analysis	3-5

Source: Crowe Horwath Corporate Finance

2 min

M&A transactions put the vendor under stress, external and internal assistance is a prerequisite for a successful transaction



Source: Crowe Horwath Corporate Finance

2 min

An M&A process conducted by way of a “controlled auction” typically can be completed within four to six months

1-2 months | *3-4 months*

	Preparation	Information package & indicative offers	Due diligence & binding offer(s)	Final negotiations	Signing & closing
Activities	▪ Determine shareholder objectives, sale criteria and transaction structure ▪ Construct high level financial model ▪ Perform indicative valuation analysis ▪ Prepare virtual dataroom (“VDR”)* ▪ Draft teaser and information memorandum (“IM”) ▪ Assist in appointing other advisors (legal, tax) ▪ Draft buyer list and assess interest of selected potential buyers ▪ Draft process letter + NDA ▪ Optional: conduct vendor due diligence (“VDD”)	▪ Invite selected bidder(s) to the investment process (teaser + NDA) ▪ Release information memorandum and process letter ▪ Provide additional information ▪ Draft ‘generic’ management presentation ▪ Engage in indicative discussions with potential buyers ▪ Prepare due diligence and management meetings ▪ Select bidders for following phase based on indicative non-binding offers	▪ Set up interviews with management ▪ Open data room and Q&A tool ▪ Discuss outcomes of due diligence ▪ Prepare transaction documentation ▪ Select bidders for following phase based on binding offers (mark up of Share Purchase Agreement (“SPA”))	▪ Conduct final negotiations with selected bidder(s) ▪ Provide final essential information ▪ Achieve agreement on deal with one selected buyer	▪ Sign share purchase agreement and other transaction documentation ▪ Satisfy CPs to closing ▪ Closing
Milestones	1 Financial model 2 Indicative valuation 3 Dataroom 4 IM 5 Teaser/flyer 6 List of potential buyers 7 Process letter	▪ Management presentation(s) ▪ Indicative non-binding offers ▪ Selection of potential buyers for due diligence process	▪ Transaction documentation ▪ Binding offers ▪ Selection of potential buyers for final negotiations	▪ Completed transaction documentation	▪ Signed SPA and final documentation ▪ Satisfy CPs to closing ▪ Closing

Source: Crowe Horwath Corporate Finance

Crowe Horwath Corporate Finance is always keen to have a further confidential discussion

Bart Serto

Principal M&A Lead Advisory (Sydney)

- 9 years of corporate finance experience
- Previously Associate Corporate Finance at Amsterdam based investment bank Kempen & Co

- Tel: 04 05 688 438
- Fixed: 02 9619 1766
- Mail: bart.serto@crowehorwath.com.au

David Ward

Lead Partner M&A Lead Advisory (Brisbane)

- Over 25 years of corporate finance and transaction services experience (M&A and TS)
- Previously head of M&A QLD at EY

- Tel: 04 13 758 197
- Fixed: 07 3233 3454
- Mail: david.ward@crowehorwath.com.au

M&A project management

Assist in strategic positioning

Buyer and target search and selection

Financial modelling and deal valuation

Draft marketing materials

Optimise cash proceeds

Structure deal

Assist in negotiations

Mitigate M&A execution risks

KPMG Hands-on Systems

Case study: Crowe Horwath advises Hands-on on its sale to KPMG

Hands-on Systems

- Founded in 1985 by Gene Clewett
- Based in North Sydney, NSW with offices in Brisbane, Melbourne and the Philippines
- Gold rated Microsoft Partner and a complete Microsoft Dynamics AX, NAV, and CRM solutions provider (Microsoft preferred service provider to businesses operating in the retail and heavy machinery sectors)

2014 Microsoft Dynamics Reseller of the Year Asia Pacific | 2014 INNERCIRCLE for Microsoft Dynamics | 2014 PRESIDENT'S CLUB for Microsoft Dynamics | MAPA 2014 FINALIST Enterprise Resource Planning (ERP) Partner of the Year

Competitive process leading to transaction with KPMG

- Hands-on received five offers, after taking into account learnings from the prior sale process
- Crowe Horwath advised Hands-on in relation to the terms of the offers, from a commercial, financial and tax perspective
- With a data room already in existence from the previous sale process, Hands-on was well prepared for an intensive due diligence process
- Crowe Horwath provided commercial and tax input into the SPA and advised Hands-on in relation to the working capital completion mechanism to avoid any surprises with respect to completion adjustments
- Best terms were able to be extracted from KPMG – Crowe Horwath negotiated higher upfront consideration (highlighting the implications of tax for shareholders on their upfront proceeds) and the roles of Hands-on executives within KPMG going forward

Upfront consideration
Cash payment

+

Deferred (Three years)
Based on employee retention rates

+

Earn-out (Three years)
Based on financial performance

Crowe Horwath's role: Prior to KPMG sale process

- Crowe Horwath was engaged by Hands-on as lead advisor in October 2014, by which point Hands-on had already approached a number of potential trade
- Crowe Howath's role was to:
  - Co-ordinate the deal through liaising with the buyer's legal and financial advisors and management of the deal data room
  - Prepare normalised earnings, net tangible asset and working capital analysis as required by the buyer to diligence sustainability of earnings and the required level of net tangible assets (a common deal completion mechanism)
- Crowe Horwath identified a number of items in the accounts of Hands-on, which were not consistent with accounting standards (capitalising of intangible assets, long service and annual leave entitlements, etc.)
- After commercial due diligence was undertaken, Hands-on's lumpy revenue stream led to the buyer walking away from the deal

Key learnings for Hands-on: first attempt lacked …

Marketing materials (Flyer and Information Memorandum)
Buyer did not have a sound understanding of the business - normally articulated in marketing materials

Preparedness
Normalised financials and a three way financial model were not prepared limiting the number of constructive discussions with potential buyers

Potential buyer search and selection – Competitive tension
The full spectrum of buyers were not approached by Hands-on in the first instance. Exclusivity provided to one party too early on

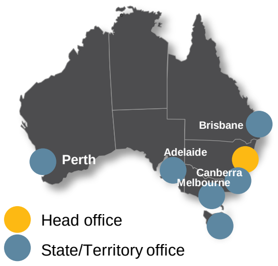
Source: Company websites

KinCare

Crowe Horwath advises KinCare on its growth by acquisition strategy

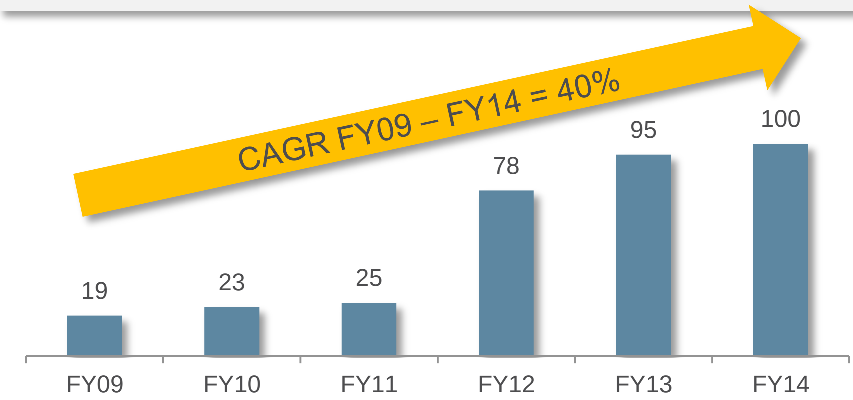
Description KinCare

- Established in 1992, KinCare has become the largest privately owned in-home care and support service provider in Australia. It is one of only three large specialist home care providers nationally.
- KinCare delivers a range of aged care, health and disability services in all states of Australian and the ACT.
- In FY2014 KinCare managed approximately $100 million of services per year, delivering 946,000 hours of service to 12,035 clients.



Growth Profile

Revenue in $ million



Key Acquisitions

- In FY09 KinCare extended its Home and Community Care Respite services, introduced new nursing services and expanded personal care services. During the year KinCare also acquired Wesley Noakes in Sydney and Careforce in Melbourne.
- In July 2011, KinCare acquired Stanhope Nursing Service and Private Care from Health Care Australia to form the largest privately owned in-home care and nursing service in Australia.
- Operations expanded from four to seven states and territories, increasing the range, depth and coverage of our services.
- Divested DVA business to RDNS.
- 2014/2015, potential acquisition of the Home Care Service of NSW

Role Crowe Horwath

- Role:
  - Assisted in formulation of growth & acquisition strategy.
  - Target identification, transaction strategy and rationale.
  - Overall process management including management of data room (on divestments) and management of other advisors e.g. lawyers, government relations, PR & IR, HR, etc.
  - Conducting modelling and financial analysis.
  - Assisting with commercial negotiations and acquisition funding.
- Crowe Horwath added value by:
  - Advising on all needs: Acquisition and post acquisition divestment of non-core assets
  - Providing integrated full service offering: M&A, due-diligence, tax and general financial advice

Source: Company websites

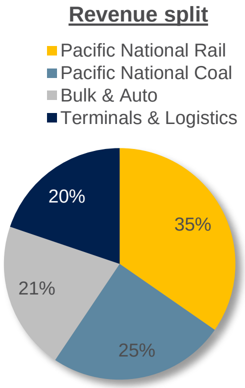
Crowe Horwath | Corporate Finance

Credentials

Crowe Horwath assisted Patrick Autocare, a division of Asciano, in the search for acquisitions and joint venture partners

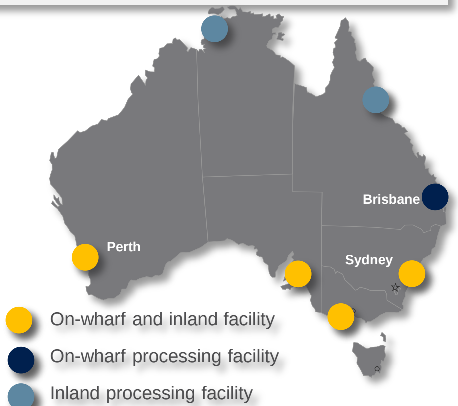
About Asciano

- Key Australian infrastructure company
- Primary focus on transport infrastructure, including ports and rail and related operations and services
- Portfolio of four leading container terminals, bulk exporting facilities and stevedoring operations
- **Total sales FY14**: AUD 4 billion
- **EBITDA FY14**: AUD 1.1 billion
- **CEO**: John Mullen
- **Strategy**: per division: expand strategic footprint, cost efficiencies



About Patrick Autocare

- **Description**: processing, storage and distribution of motor vehicles
- **Revenues:** > AUD 250 million
- **Goal**: To provide seamless and integrated vehicle distribution, build and storage services for the automotive market.
- **FTE**: ~700 (+ ~200 subcontractors)
- **Annual Capacity**:
  - 500,000 vehicles processed
  - 80,000 vehicles storage capacity
  - 1 million + transport movements

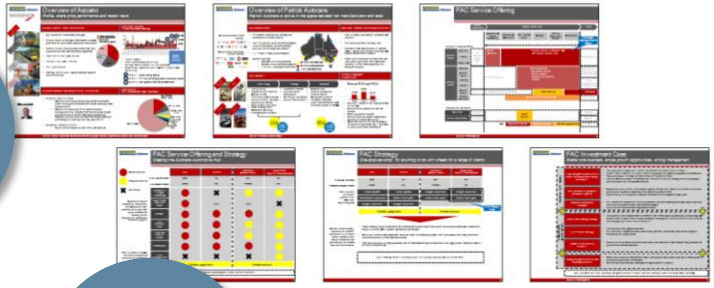


Our Role

- Role:
  - Assisted in formulation of growth & acquisition strategy
  - Target identification, transaction strategy and rationale
  - Drafting of internal board papers
  - Conducting modelling and financial analysis
  - Assisting with commercial negotiations and acquisition funding.
- Crowe Horwath added value by:
  - Advising on all needs: Acquisition and post acquisition divestment of non-core assets
  - Providing integrated full service offering: M&A, due-diligence, tax and general financial advice

Selection of Output

Five board presentations



3-way merger models

Meetings

Source: Company websites

recall™

Crowe Horwath assisted Recall in the search for global acquisitions

About Recall

- Established by Brambles in 1999
- Global provider of information management services
- Supports approximately 80,000 customer accounts in 24 countries
- Over 300 dedicated operations centers globally

- Headquartered in Atlanta, Georgia with corporate offices in São Paulo, Brazil; London, England; Kuala Lumpur, Malaysia; and Sydney, Australia
- Apply solutions for small businesses to large multinational corporations

Our Role

- Sourcing new opportunities and putting Recall on the radar
- To help Recall achieve its priority in growing its core, records management business
- Recall's geographic expansion beyond current borders is a lower priority and typically does not entail sufficient synergies for Recall to be aggressive on bidding
- Recall remains active in M&A activities, having recently closed its 11th acquisition since the demerger (in Brazil)
- Crowe Horwath's role is to assist Recall to continue target opportunities in the geographies within its 23 country footprint (see next page)

Solutions

Solutions by Industry

- Academic, banking, business services, consumer/packaged goods, entertainment, financial, government, healthcare, insurance, legal, manufacturing and public sector

Solutions by Function

- Record Management
- Legal Counsel
- IT
- Human Resources
- Finance

Selection of buy side criteria

- Good fit with the current operations;
- Located in or around capital cities in each country;
- Long contract length (up to five years);
- Profitable performance record; and
- Strong competitive position.
- within its 23 country footprint (see next page)

Crowe Horwath's ranked the 61 companies initially screened, resulting in:
a shortlist of 29 potential Targets, of which five companies were met, of which two were considered as appropriate targets

Source: Company websites

Case study: Crowe Horwath advises CCH / Wolters Kluwer in the sale of its Australian academic book titles to Oxford University Press

Description CCH / Wolters Kluwer

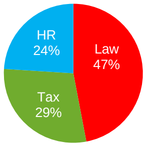
Wolters Kluwer CCH

- Subsidiary of Wolters Kluwer (Amsterdam Listed, market cap $10 billion)
- Head office in Sydney
- Established 1968
- Head office for Wolters Kluwer in the Asia Pacific region
- Customers include large international professional firms and a wide range of smaller firms and businesses

Academic Book Titles business

- Areas of study: Law, Tax and HR (see selection below)
- Decision makers: professors and course coordinators of major Australian Universities and TAFEs (colleges or institutes) ("Academics") , Professional practitioners ("Professionals")
- Primary sales channels: Book stores and online book retailers
- Formats: Hard copy and digital XML format
- Supply chain: outsourced production work, printing, warehousing, distributing

Titles by Categories



Process

- In August 2014 Crowe Horwath prepared the business for a sale (vendor readiness) and drafted the internal Wolters Kluwer board paper (>50 pages), which included valuation, process structure and consequences for the Wolters Kluwer business
- After obtaining internal approvals Crowe Horwath approached 15 leading international publishers and was able to run a competitive process
- After careful buyer selection due diligence was successfully entered with competitor Oxford University Press ('OUP'). OUP is also active in the Australian publishing market and deemed the CCH titles as a valuable add on to the existing business
- After completion of due diligence both parties entered into a sale in January 2015

Added value Crowe Horwath

- Normalising financials for one offs, analysing and quantifying cost savings
- Drafting internal board paper and successfully obtaining approvals from the Wolters Kluwer global board
- Optimising investment case, drafting 56 page Information Memorandum
- Running a competitive process, informing internal dedicated M&A teams located in Hong Kong and New York
- Building a strong relationship with the eventual buyer, Oxford University Press
- Efficiently process managing the transaction, providing legal counsels HSF and KWM (Oxford University Press) with input and successfully completing the transaction
- Strong price on good terms in a quick timeframe (effectively 4 months)

Case study: Crowe Horwath advises Beefeater BBQs in the sale of the business to Electrolux AB of Sweden

Description Beefeater BBQs

- Established in 1984
- Headquartered in Sydney
- Well established BBQ brand known for quality and innovative design, with products ranging across all price segments
- Strong market shares in the Australian market in the mid and premium segments
- Largest Australian barbecue company involved globally, with global brand awareness continuing to grow

Products

- Product range: portable/mobile gas BBQs, electric, charcoal, built-in, outdoor kitchens and accessories
- All products certified to American, Australian & CE (European) standards
- Products sold in Australia, NZ, US, Europe, Middle East and Asia
- Prices range from $300 to in excess of $2,500 with a median selling price of $1,000
- Broad product offering with main focus on high-end position in each of the BBQ market segments
- Three main series: Signature (premium), Discovery (mid to high-end), and BUGG® (higher end of mobile BBQ market)

Process

- In late 2013 Crowe Horwath approached a handful of potential interested strategic investors and private equity parties
- After careful buyer selection due diligence was successfully entered with competitor Electrolux from Sweden, which is also active in the Australian BBQ market and deemed Beefeater as a valuable add on to the existing business
- After completion of due diligence both parties entered into a sale in August 2014

Added value Crowe Horwath

- Providing integrated full service offering: M&A, tax and general financial advise
- Normalising financials for one offs, analysing and quantifying synergies and cost savings
- Conducting financial modelling and financial analysis
- Optimising investment case, drafting 50 page Information Memorandum
- Assessing synergies for Electrolux, enhancing value to Beefeater
- Deal structuring

Source: Company websites

Case study: Crowe Horwath advises Sulo on a market changing acquisition then the sale of the business to Pact

Description Sulo MGB

- Sulo is the leading Australian bin manufacturer
  - Turnover of $48 million in FY14
  - Producing >2 million bins annually
  - 90 employees
- Sulo operates in Australia and New Zealand
- Primary markets: new municipal contracts and bin replacements

Description Pact (ASX:PGH)

- ASX listed (market cap $1.09 billion) manufacturer of packaging and other products with operations throughout Australia, New Zealand and Asia
- Pact converts primarily plastic resin and steel into packaging and related products that service customers in many sectors including: food and beverage, personal care, household consumer, industrial & chemical and materials handling & infrastructure
- Key facts:
  - #1 in Rigid Plastics Packaging in Australia and New Zealand
  - 62 Manufacturing Sites, operating in six countries
  - 35 acquisitions since 2002
  - Over 20 brands
  - Over 3000 employees

Process

- In 013/2014 Crowe Horwath helped Sulo acquire Nylex facilities in Victoria at a good price
- The acquisition rationalised the market
- In early 2014 Pact approached Sulo with an expression of interest
- After a brief process in which Crowe Horwath advised Sulo and its debt provider Sankaty Capital, Pact announced at 1 August 2014 that it acquired Sulo for a total consideration of more than $35 million, funded through its existing debt facilities
- Deutsche Bank: "*PGH acquired Sulo Group for $35m. Deutsche Bank view the acquisition of to be a positive for the company… The acquisition multiple is (8.5x EBITDA), it is a good fit for the company's materials handling business, and there are opportunities to enhance the performance of the business…*"

Role Crowe Horwath

- Role:
  - Overall process management
  - Assessing synergies for Pact, enhancing value to Sulo
  - Conducting modelling and financial analysis
  - Drafting communication plans
  - Assisting with negotiations
- Crowe Horwath added value by:
  - Advising on all needs: Re-financing; Acquisition; Sale
  - Providing integrated full service offering: M&A, tax and general financial advise
  - Optimising purchase price and deal structure to Sulo
  - Driving efficient process at speed

Source: press release Pact Group, company websites

Crowe Horwath assists Cleanaway on several transactions

About Cleanaway

- ASX 100 company
- Market capitalisation of over $1.5B
- Cleanaway is a market leader in Total Waste Management, Industrial and Environmental Services
- FY16 Revenue of $1,455.1 million
- FY16 EBITDA of $281 million

Crowe Horwath Added Value

- Worked with targets to determine underlying maintainable EBITDA
- Acted as the conduit between acquirer and vendor
- Providing nationwide and regional presence
- Performed revenue and contract verification testing
- Provided benchmarking and multiple analysis
- Financial due diligence
- Valuation advice on Purchase Price Allocation (PPA)

Engagements/Targets

- Acquisition of Warren Blackwood in Western Australia. Operations based at several branches providing services to the Federal, State and Local Government Authorities; retail, service sector, mining; and processing sectors throughout the South West and Great Southern Regions
- Undisclosed acquisition of a second business in WA focusing on skip bin hire, wast management and recycling services in Perth
- Undisclosed aborted acquisition of target in Victoria. Family owned business providing industrial and domestic waste services and providing skip waste disposal services

Deal Outcomes

- Warren Blackwood was acquired in September 2016
- Assisted Cleanaway understanding key aspects of the businesses and ability to use findings for negotiation leverage
- Assisted Cleanaway in deciding to abort a transaction after understanding the true maintainable earnings of a business

Source: Company websites

suez

Crowe Horwath aids Suez through large transaction

About Suez Environment

- Suez Environment achieved sales of €15.135 billion in 2015
- Suez Environment provide 52 million people with waste collection services and recover more than 14 million tonnes of waste across 5 continents.
- Suez Australia (formally SITA Australia) is the Australian arm who employ 2600 people across 100 operations nation wide.
- Suez Australia provide collection, recycling and resource recovery services to more than 56,000 customers and more than 3.7 million residents every week.

Crowe Horwath Added Value

- Utilised multiple areas of Crowe Horwath expertise to assist in the deal process:
    - Financial due diligence
    - Tax due diligence
    - Valuation advice on Purchase Price Allocation (PPA)
- Deal structure advice relating to the inclusion of the key property assets in the purchase price.
- Assisted in agreeing the Working Capital mechanism included in the Sale and Purchase Agreement
- Assisted in further SPA drafting and negotiation

PerthWaste

- PerthWaste is the market leader in Western Australia expecting to achieve FY16 revenue in excess of $50 million.
- PerthWaste has secured multiple key municipal contracts across the wider Perth area as well as ongoing commercial contracts.
- Holds significant landfill and composting sites as well as recyclable sorting facilities.

PERTHWASTE
GREEN RECYCLING

Deal Outcomes

- Deal was signed early April 2016 for $87.2 million.
- Key property assets were included in the final purchase price despite initial reluctance from PerthWaste.

Source: Company websites

Disclaimer

Crowe Horwath in Australia

Crowe Horwath works with companies and individuals to maximise their growth potential and achieve financial goals. The firm's team of more than 800 principals and professionals delivers a full range of accounting including, audit and taxation, business advisory, corporate finance and wealth management services nationally from offices in Brisbane, Melbourne, Perth and Sydney. Crowe Horwath is an integral part of the ASX-listed Crowe Horwath (Australasia) Limited – Australia's fifth largest accounting services group – and a member of the global Crowe Horwath International network. Crowe Horwath International is ranked among the world's top-ten accounting networks and comprises more than 140 independent accounting and advisory services firms in more than 100 countries. See www.crowehorwath.com.au