

INTERNATIONAL CERTIFIED VALUATION SPECIALISTS

MEMBERSHIPS AND INTERNATIONAL CERTIFICATIONS



AWARDS & RECOGNITIONS



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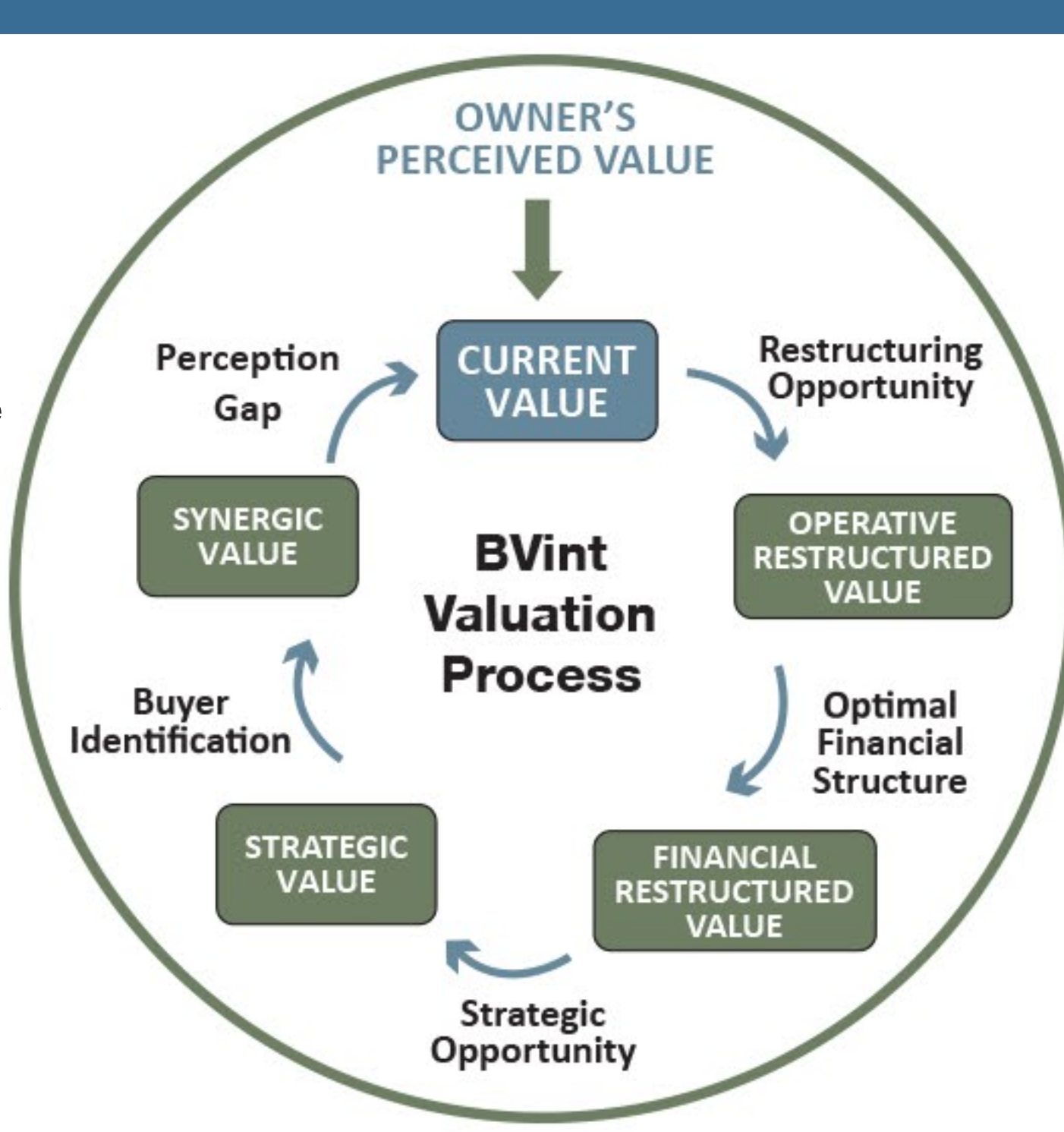


1. WHEN AND HOW TO PREPARE YOUR COMPANY FOR SALE

In our experience, owners who plan the sale of their company at least 3 - 4 years in advance receive a much higher valuation in terms of the multiple relative to their earnings. In the planning process, they increase both revenues and earnings. In order to achieve higher valuations, a firm needs to have a long term view with a value perspective. The process starts with the following steps:

1.1 VALUING YOUR BUSINESS

It is crucial to obtain a professional valuation for your business from an industry or sector specialist, someone who is not only skilled in advanced valuation practices but who is also a specialist in business strategy and is able to plan a value creation plan and strategy to maximise value before selling. This is the reason why (see graph on the right and below) we at BVint work on the valuation of five dimensions which form the so-called restructuring pentagon (Copeland et Al., 1994):



- Are you planning to retire within the next 5 years?
- You don't have a successor to continue to run the business?
- Are you thinking of selling your company in the medium term and want to get the best possible price for it?

THEN START NOW TO PREPARE YOUR COMPANY FOR SALE!!

- **Current Value** - Current market value of the firm as is without improvements.
- **Operative Restructured Value** - We identify internal operative drivers and explore their value-added potential before selling.
- **Financial Restructured Value** - We analyse the financial structure and explore how to optimise it to add further value.
- **Strategic Value** - We analyse the market and its key drivers to find opportunities to add value before selling.
- **Synergic Value** - We analyse synergies with potential acquirers to maximise value. This helps us define who the ideal buyer would be, and take steps to make the firm as attractive as possible.

1.2 PREPARE A VALUE CREATION PLAN

Based on the identification of the value drivers during the valuation process, we prepare a strategic plan aimed at maximising the value of the company before selling.

1.3 PUT YOUR ACCOUNTS IN ORDER

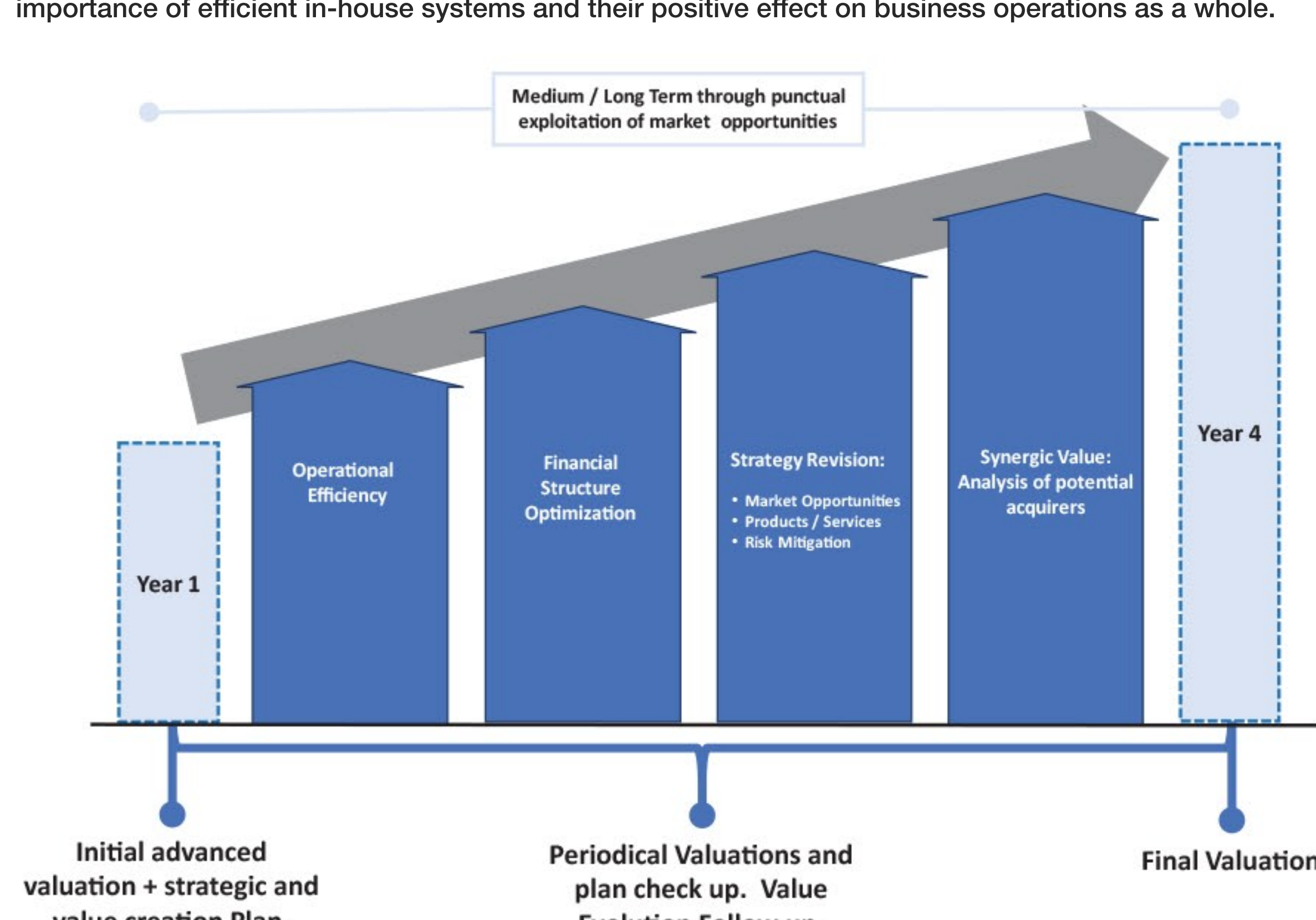
Valuing your business will help you to improve the company's reporting and put order to the accounts.

1.4 QUALITY OF THE MANAGEMENT TEAM

Make sure that the company management does not depend on the know-how of the current owners.

1.5 REVIEW SYSTEMS AND PROCESSES

Using effective, streamlined and modern systems and procedures shows that you understand the importance of efficient in-house systems and their positive effect on business operations as a whole.



2. THE IMPACT OF CORONAVIRUS ON M&A ACTIVITY

Global dealmaking got off to a sluggish start in 2020. January was the quietest month globally for M&A activity in almost 7 years (Financial Times, 14 Feb 2020). This seems to have been driven by recent fears of a global health crisis, which have shaken the confidence of board members and executives. The total activity is estimated to be down more than 30% from 2019 levels (data showed by Refinitiv).

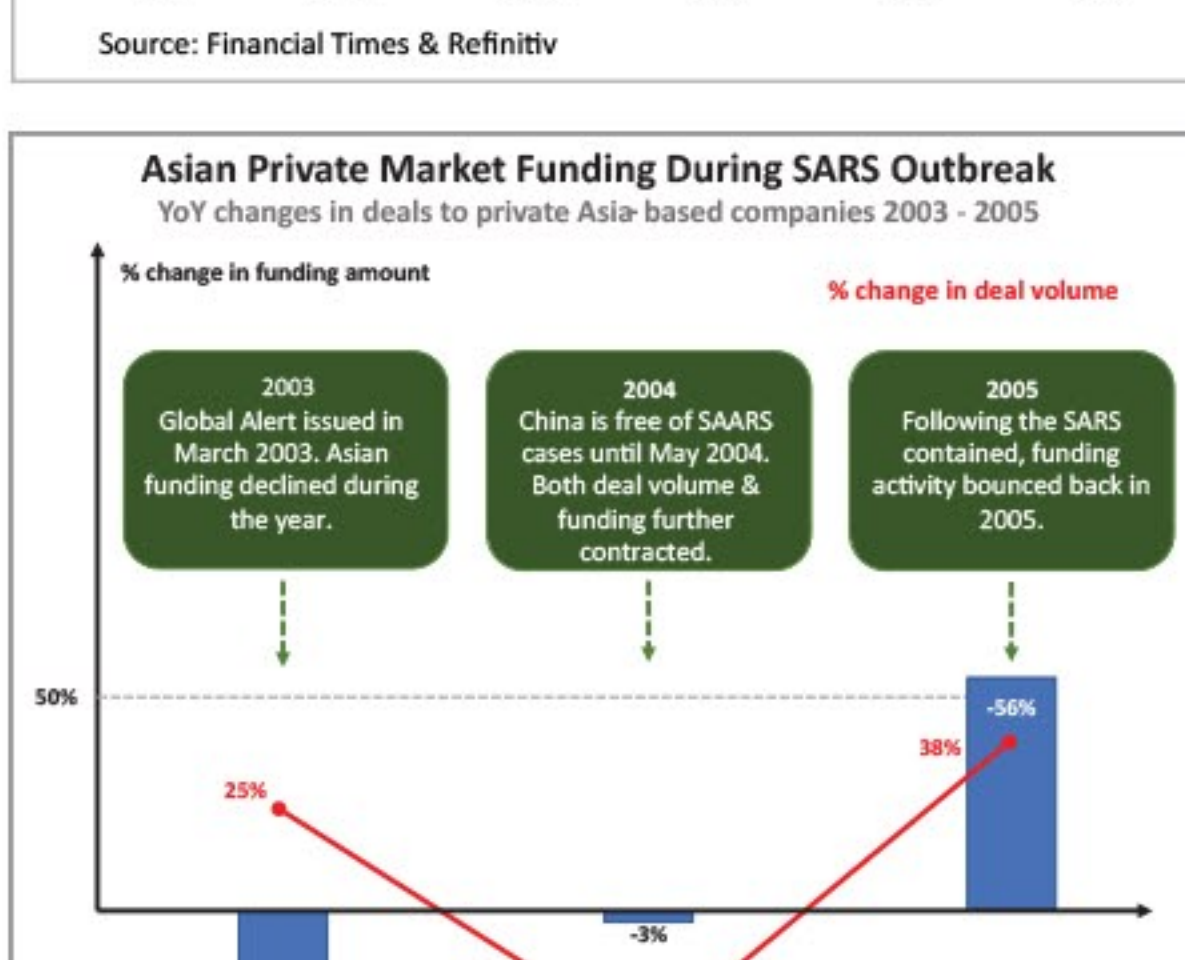
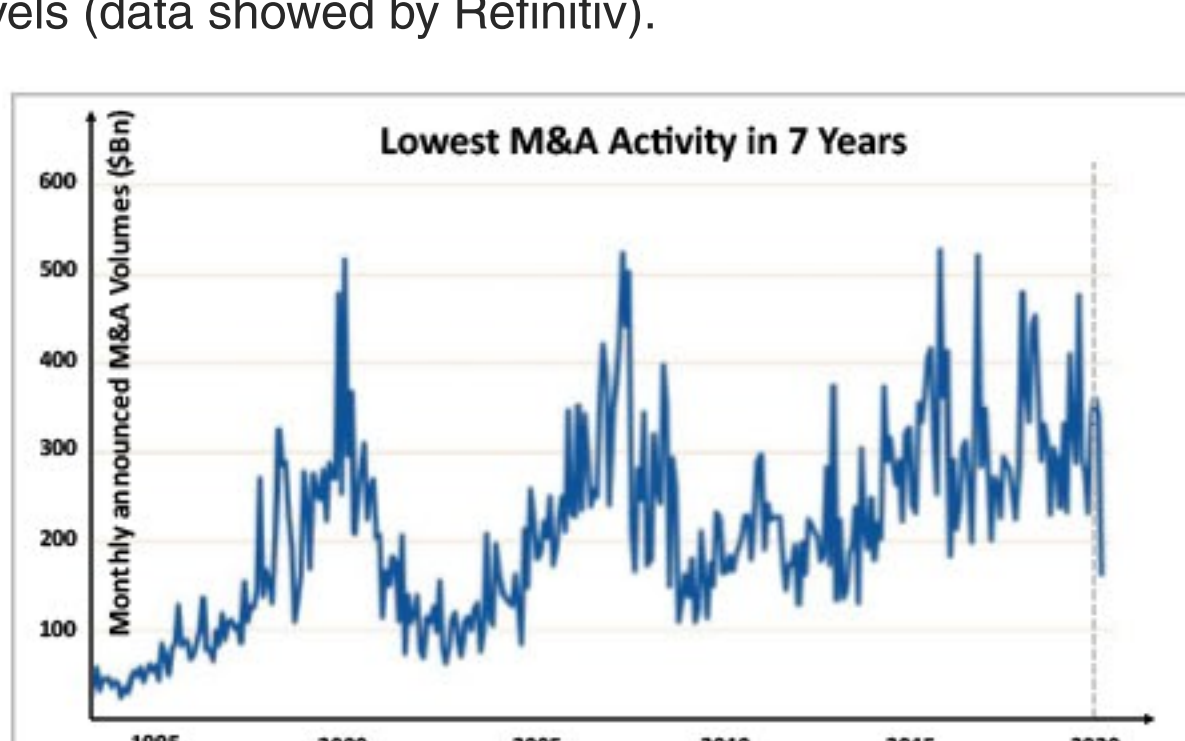
In recent years, Asia and particularly China, have been popular private market financing destinations. Asia is the second most active VC market globally with 5,295 deals and \$63B in 2019 (CB Insights). Could Coronavirus affect this private market boom in Asia and globally? Let's examine what happened during the SARS outbreak.

The SARS outbreak started in November 2002 in China's Guangdong province but it only became widely publicised three months later when an American businessman died from the disease. It wasn't until May 2004 that the WHO announced China free of new SARS cases.

SARS's impact on the Asian private funding markets was swift.

Total funding in 2003 and 2004 were 27% and 29% below 2002 levels, respectively.

Deal volume and funding both started to recover in Q3'04 and matched pre-outbreak levels one quarter later. Notably, Asian private market funding hit a new funding high and witnessed a now-fabled deal: Yahoo's \$1B investment in Alibaba in 2005.



If past performance is any indicator of the future, Asian private market financing could experience a slowdown in 2020. The slowdown could be even higher than that experienced in 2004 given the more severe impact of Coronavirus outbreak⁽¹⁾. **However, all previous private market downturns that accompanied a major viral outbreak were followed by an eventual bounce back.** At the end of the current Coronavirus outbreak, we could see landmark deals or new funding.

(1) A coronavirus outbreak that originated in Wuhan, China, has killed at least 1,100 people and infected more than 44,500 since December. SARS was also a coronavirus, and that outbreak started in a wet market, too. It killed 774 people and infected 8,098 between November 2002 and July 2003. The new coronavirus, officially known as COVID-19, has killed more people in six weeks than SARS did in eight months.

Source: Business Insider, February 12, 2020.

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