

Deals Review

2023

An analysis of transactions in the UK and in our region covering the last 12 months, current trends affecting dealmaking and the outlook for 2024



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Introduction & overview

2023 - What an incredible year!

Welcome to our 2023 Deals Review that looks at the trends in transactions across the UK and in the Southern region that we operate from. Despite all the turmoil and challenges in the market, I am proud to announce that we:

- Continued to invest and grow our transactions advisory team to 24 Partners and Directors
- Increased the number of deals that we have advised on by 5% nationally and 50% within our region
- Combined with our PKF UK & Ireland colleagues, we completed more deals than each of the 'Big Four'
- Whilst there were fewer £100m+ deals in the market, we extended the number of M&A transactions in the £10m - £50m range that we advised on

Getting deals done

By having a fully integrated transactions team and increased preparation for transactions (through the use of more feasibility assessments at the outset and vendor assist or vendor due diligence), we maintained a very high completion ratio of the potential transactions that we worked on. This continued right through the year with our last completion being on New Year's Eve!

We also pride ourselves on deal creation, rather than simply executing transactions. Our high deal completion success rate reflects the time and effort we put into identifying the right deals and finding creative solutions when issues arise. We were pleased to help so many clients, acquirers and funders complete transactions rather than be disappointed by their potential deals aborting or having the terms adversely changed late in the process.

In addition to growth in activity, we are increasingly using far more data analysis and automation – be this via PowerBI, data analytics or AI, for both M&A advisory assignments and due diligence. I see this trend increasing considerably during 2024 and by the end of the year I expect the first draft of all our major due diligence reports to be heavily automated, thereby reducing the time taken to prepare them.

Looking forward to 2024

While the press will continue their preference to talk of doom and gloom, in the region of the UK where we operate from I see that despite certain challenges (in the traditional funding market in particular) an entrepreneurial approach combined with alternative funders and even more extensive PE activity will continue to support the market in 2024.

Whilst I fully recognise that there will be continued divergence for many perspectives and sectors, (see page 18 for views on top performing sectors of 2024) an attitude of 'what can be done' rather than just identifying issues, will help everybody to keep the overall market moving positively. Our approach and reputation for 'getting deals done' will hopefully continue to support this.

Please get in touch if you would like to discuss your personal aspirations and the options available to you for attaining value from your business.

Wishing you all the best for 2024.

Andrew Killick
Partner and Head of Corporate Finance

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Our transactions team

Our multi-award winning team has consistently been ranked as one of the UK's most active deal makers.

Our fully integrated transactions team prides itself on its high completion success rate and getting deals done.

Our approach is to take the time to listen to our clients to understand their objectives, identifying potential problems early and finding creative solutions to overcome any challenges a transaction may expose. This approach protects value for our clients and maximises the chances of a successful deal completion.

71

Deals completed in 2023

7.5%

Overall increase in deals over the last 12 months when market volumes fell circa 15%



Listening to our clients

To understand their aspirations so we can maximise the chances of a successful transaction



Finding creative solutions

By identifying issues early and using our experience to overcome them



Senior leadership team

That are hands-on in the transaction from start to finish



Industry knowledge

Working for both buyers and sellers – we understand how the other side is likely to operate



Transactional tax advisors

An integrated team of tax experts with specialist transaction experience



Extensive funding knowledge

Dedicated debt advisory practice with >150 debt funder contacts

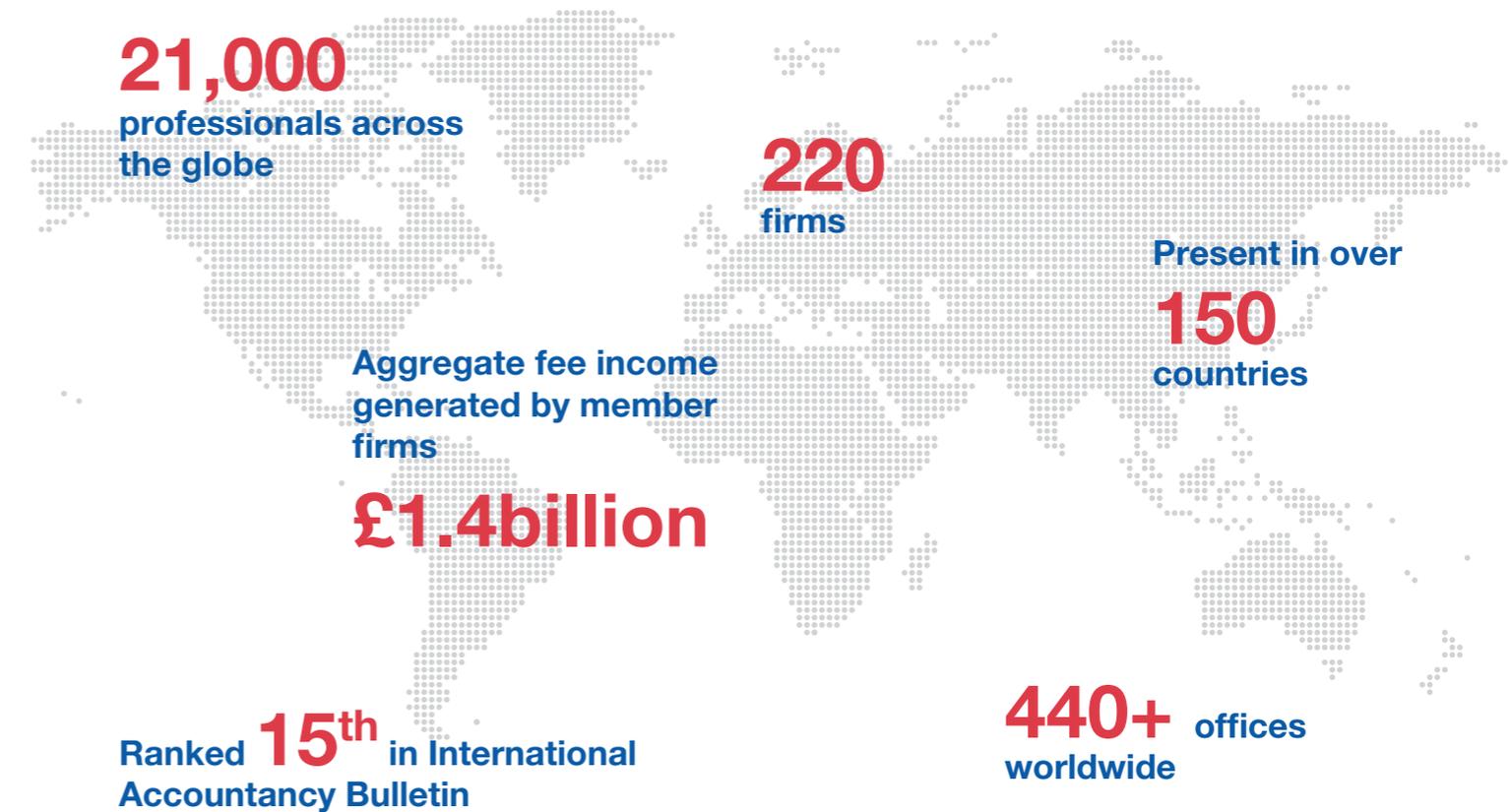
We get deals done.

PKF Global: expertise

PKF Francis Clark is a member of PKF Global, an international family of legally independent, like-minded firms bound together by a shared commitment to quality, integrity, client focus and the creation of clarity in a complex regulatory environment.

The in-depth PKF Global knowledge and expertise is available to those businesses who are either looking to invest or acquire businesses in the UK or sell to an overseas buyer.

Making things happen	Deals by volume (UK & Ireland '23)
PKF	117
PwC	91
KPMG	82
EY	47
Deloitte	39



Source: Experian as on 10 January 2024

Services we offer



Option reviews



Company disposals



Feasibility assessments



MBOs/MBIs



Business planning



Employee ownership trusts



Financial modelling



Mergers & acquisitions



Business valuations



Tax planning & restructuring



Fund raising:
debt, equity & grants



Transaction support
& due diligence



PKF Francis Clark were instrumental in making this transformational deal happen. The team took the time to get to know us and really understand the business and our ambitions, so we had confidence they were acting in our best interests at every stage. We enjoyed working collaboratively with them from the initial exploration of our options through to completion and their proactive support throughout the whole process was invaluable.

Harry Hodgkin
CEO & Co-founder, The Barrister Group

Advised The Barrister Group on their investment from LDC

Analysis of UK and regional transactions

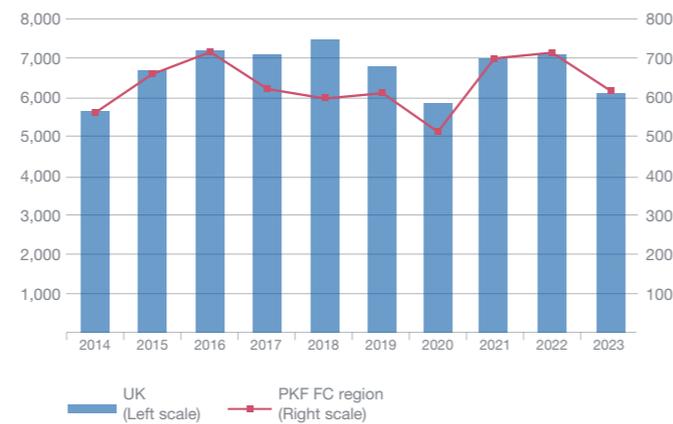
Deal volumes: companies

After an exceptionally busy 2021 and 2022, the increased economic and political uncertainty alongside the rising cost of capital contributed to a fall in deal volumes in both the UK and in our region.

Our region's decrease in deal volumes in 2023 of 15% (from 720 in 2022 to only 611) closely mirrors the UK movement that saw a fall of 14%, from 7,114 deals in 2022 to 6,105 in 2023. However, whilst the regional and UK fall in deals from the previous year are similar, 2023 is very close to the average of the last 10 years in our region but the UK numbers are 10% down on the 10-year average. This may explain the different perceptions of deal activity emanating from London compared to more locally.

In a similar way, the varying perception of activity levels between lawyers and financial advisors in our region may well reflect their different experiences – the combination of the top ten of financial advisors saw only a 6% decline in activity, whereas the total deals advised on by the most active lawyers in the region saw a more significant 25% fall. This suggests that more transactions were based upon legal advice from outside the region.

Deal volumes UK v PKF FC region



The deal volumes in the UK were every month lower than the previous year, indicating a general trend over the year rather than being one-off or event driven. The monthly position compared with last year has been less consistent in our region where, for example, during May to July monthly volumes were around the same level as in 2022.

Deal volumes in our region during April and November this year were substantially lower than in 2022, maybe due to less concern of significant changes in tax legislation, placing less reliance on completing deals before the Budget and Autumn Statement in 2023.

UK deal volumes by month



PKF FC region deal volumes by month



Sources of data for our review

This review encompasses all deals processed by Experian MarketIQ as at 10 January 2024. It is typical that this figure will increase by up to 5% as late deals are submitted and while this will narrow the reported fall in deal volumes, it is still expected that 2023 will be lower than 2022.

The PKF Francis Clark region (or 'our region') for the purposes of the review is the area covered by PKF Francis Clark office locations in the South of the UK.

A deal is a transaction that included either the buyer or seller as having their principal or registered office in the UK or the area in which we operate in the South.

The review also ignores deals undertaken by Independent Vetcare as their deal volumes fell from 136 in 2022 to three in 2023 and to include these would distort the comparison of deals over recent years.

Analysis of transactions

Deal values

Only around 25% of deals disclose their deal value to Experian MarketIQ. However, in our region this still represents over 100 deals, so while the data is less reliable it is still possible to analyse and deduce general trends.

The average deal size disclosed in our region was £33m, aligned with last year but lower than the peak of over £100m in 2020 and 2021. Average deal size is impacted by the ‘mega deals’ and there were no deals over £1bn in our region in 2023.

The value of 78% of the deals in our region remains confidential. Of the 134 deals where the value was disclosed, 88 were less than £10m, 35 between £10m and £100m and 11 over £100m, the latter representing significantly lower numbers than in 2022.

The average UK deal size from just over 2,000 deals recorded in Experian MarketIQ, where a deal consideration is disclosed, was £92m, similar to 2022, lower than the peak deal value of £130m in 2020 but near the long-term average of £95m.

Deal type analysis

Overall, deal volumes continue to be dominated by acquisitions and disposals, which represent more than two thirds of recorded transactions in our region. It is interesting to note that in both geographical areas acquisitions have fallen slightly faster than the overall deal environment.

The volumes of buy-out/in deals fell marginally and less than the overall trend, indicating a reliance on management buy-outs (MBOs) and employee ownership trusts (EOTs) to facilitate an exit when trade buyers are more nervous around committing capital in uncertain times. It is interesting to note that even with all the media comment around EOTs, they only accounted for eight of the transactions, with investor buy-outs accounting for 20 and MBOs the remaining 26.

Development capital fell in line with acquisitions and ahead of the general picture, indicating a tougher environment for companies seeking to raise equity finance, with greater uncertainty around corporate results in the near term. Rights issues by PLCs in our region saw a recovery to relatively normal levels, though the picture in the wider UK was still relatively low volumes of rights issues compared to a ten-year average of nearly 700 a year.

Deal volumes by type - PKF FC region & UK

	Region	2019	2020	2021	2022	2023	Change 22 v 23
Acquisitions & disposals	PKF FC region	467	344	521	538	441	-18%
	UK	3,669	3,218	4,183	4,338	3,631	-16%
Buy-out/in	PKF FC region	41	48	47	59	54	-8%
	UK	576	544	722	621	592	-5%
Development capital	PKF FC region	74	85	92	106	88	-17%
	UK	1,367	1,502	1,462	1,697	1,450	-15%
Rights issues/other issues	PKF FC region	22	15	12	7	13	86%
	UK	929	471	299	251	275	10%
Other	PKF FC region	15	14	23	10	15	50%
	UK	224	190	313	207	157	-24%
Totals	PKF FC region	619	506	695	720	611	-15%
	UK	6,765	5,925	6,979	7,114	6,105	-14%

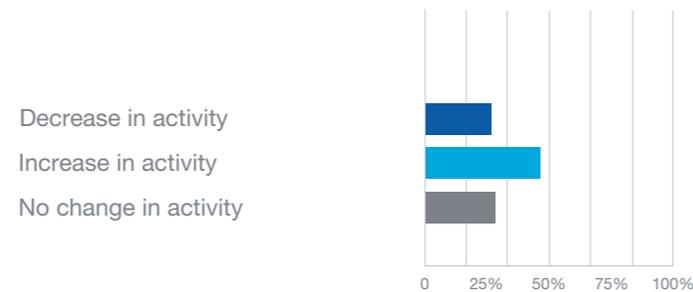
Professional advisors & funders survey

We asked the advisors and funders community for their thoughts on what the transaction market will look like in 2024.

It is great to see respondents being positive about the level of transactional activity in 2024, with more respondents expecting an increase rather than a change or a decrease. This reverses last year's survey, where the most popular response was a forecast decrease in activity during 2023 – which was the case, with actual deal volumes in the PKF Francis Clark region falling by 15%.

We await to see whether the positivity from the respondents to this year's survey is reflected in 2024!

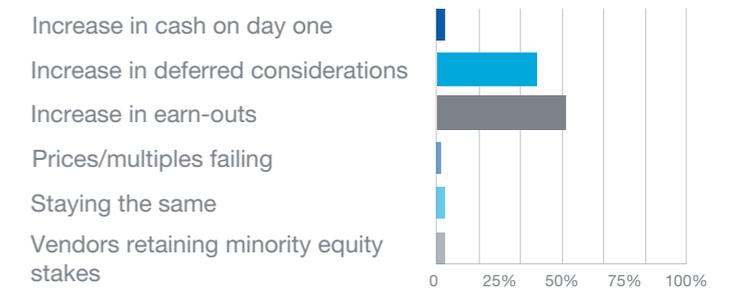
Compared with 2023, what level of transactional activity do you expect to take place in 2024?



The majority of respondents are forecasting earn-outs becoming an increasingly important element of deal structuring. We are seeing a similar change in the market as earn-outs can help bridge the gap between any concerns buyers may have over future financial performance and sellers price expectations.

We are aware that some business owners have somewhat negative views on earn-outs. Certainly from our experience when earn-outs are structured appropriately and supported by robust legal drafting they can provide substantial value to sellers.

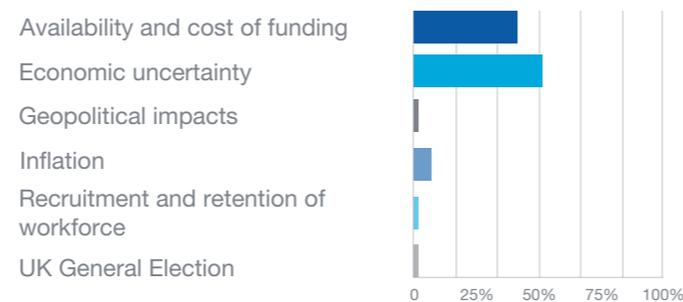
Which one element of deal structuring do you see changing the most in 2024?



Not surprisingly, economic uncertainty remains the biggest challenge affecting future dealmaking activity – however, the impact of the availability and cost of funding on dealmaking has increased substantially. This is not surprising given the upward movement in interest rates since December 2021, with the current base rate at a level last seen in February 2008.

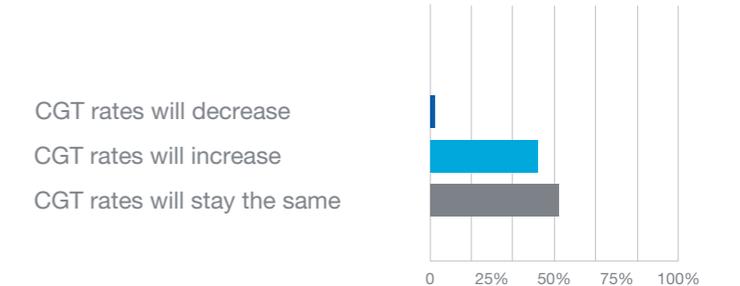
Given the increasing proximity of the next General Election, it is surprising that this was not flagged as a more important factor – maybe it is because the dealmaking community sees very little difference between the two main parties in terms of their impact on dealmaking?

What is the biggest factor currently affecting dealmaking activity?



The majority of respondents are not anticipating a change in CGT rates, although there is little difference between this and the number of respondents forecasting an increase in rates.

What do you think will happen to Capital Gains Tax (CGT) following the election?



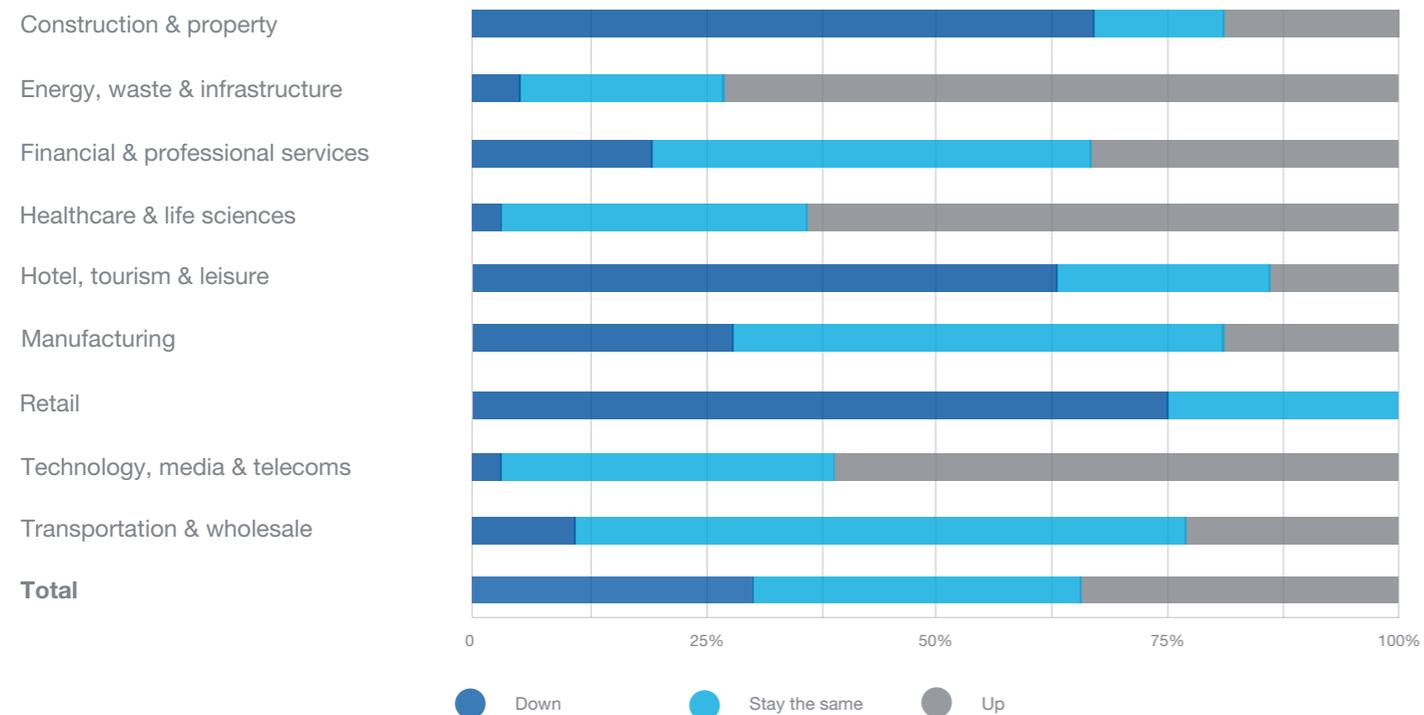
Professional advisors & funders survey

Looking at sectors in total there is an almost equal split between whether the level of dealmaking activity will increase, decrease or remain the same in 2024.

However, as in 2023, the top three most active sectors are predicted to be 'energy, waste & infrastructure', 'healthcare & life sciences' and 'technology, media & telecoms'.

We expect there to be further emergence of specialist areas and the development of sectors such as 'climate tech' during 2024.

What do you think will happen to transactional activities in the following sectors in 2024?



A selection of thoughts and comments from survey respondents on how more deals can be completed in 2024

“All parties being more aligned on valuations/structure”

“Sensible and fair earn-outs (for both sides) being agreed”

“The upcoming election happening sooner rather than later”

“More economic stability and less political uncertainty”

“Working from home needs to be materially reversed especially in the legal profession”

“All parties involved having the confidence that the economy and trading conditions will improve from 2024 onwards to a sustainable position to make the deals work in the medium term”

“A competent UK Government”

“An early reduction in interest rates”

“Favourable tax incentives or decentives - either could trigger more activity”

“Parties being better prepared for their transaction”

Getting deals done in a turbulent market

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Looking back on 2023

With the combination of global deal volumes declining (total UK deals falling by 14%), declining credit appetite from the main banks, the increase in the costs of borrowing and several world events creating some economic turbulence, it would be easy to categorise 2023 as a difficult year.

Whilst some of these trends did impact the mid-market, for the most part deal values and volumes remained resilient. This resilience was due to the large amount of dry powder sitting on corporate balance sheets buoyed by mid-market private equity activity and, like 2022, the funding gap being plugged by non-high street lenders.

Over-achieving market valuations for our clients

We continued to be at the forefront of some of the region's most high-profile transactions, including LDC's investment into The Barrister Group, the sale of ERS Medical to E-zec (backed by Cairngorm Capital) and the equity fund raise for eXMoore Pharma.

Beyond these high-profile deals, what really stood out in the year was the quality of the outcomes delivered for our clients, specifically in terms of overachieving market valuations. I believe this has a lot to do with our approach to preparing a business for a sale (including the use of data analytics) and our ability to reach buyer pools where we are able to drive significant strategic premiums for our clients, even those operating in lower profile sectors of the economy.

It also helps that our M&A team has strength in depth when negotiating challenges thrown up by diligence, in particular maintaining value from offer to completion, an area where considerable value can be lost.

There has been a noticeable shift from buyers to structure deals with an element of risk mitigation, normally through earn-outs. While accepting a deal with a contingent element needs careful thought, if they are well structured and have appropriate over-achievement clauses, it does give the vendors opportunities to create significantly more consideration.

The rise of AI

Increasingly I expect to see more detailed diligence on acquisitions, with the rise of AI to support advisors to shine a light on the performance of a business beyond the financial accounting system, for example their CRMs and greater granularity on more modest sized operations.

On the flip side, these same tools can be used by vendors and their management teams to genuinely increase the valuation of the business ahead of an exit or investment rather than just preparing for sale (e.g. by addressing hygiene factors and future diligence information flow). The costs of implementing are modest and our clients who have adopted them have gained considerable insight and a competitive advantage that will lead to a higher valuation in time.

What will 2024 bring?

Looking forward into 2024, an election looms with the implicit uncertainty over future Capital Gains Tax rates. This has already driven some deal activity and I expect that will continue. As for the US election, it is extremely difficult to predict who will be running let alone which way it will fall. Thankfully it is unlikely to have a material impact on mid-market deal flow in the UK.

A number of private equity funds have been raising finance in 2023. Combined with likely easing of interest rates and therefore more leverage available to acquirers, it is likely that there will be plenty of consolidation in markets being driven by well-funded corporates and investors - good reasons to be optimistic for 2024.

Sector expertise



Energy & infrastructure



Professional services



Facilities management



Property & construction



Financial services



Retail



Healthcare & life sciences



Technology, media & telecoms



Hospitality, tourism & leisure



Transport & distribution



Manufacturing



Wholesale

Selection of our experience

On the following pages we have included a selection of transactions that PKF Francis Clark undertook during 2023.

We have acted for clients in a wide range of sectors which allows us to develop an understanding of key issues that can affect transactions, while at the same time understanding particular sector characteristics, themes and funding requirements in these areas.

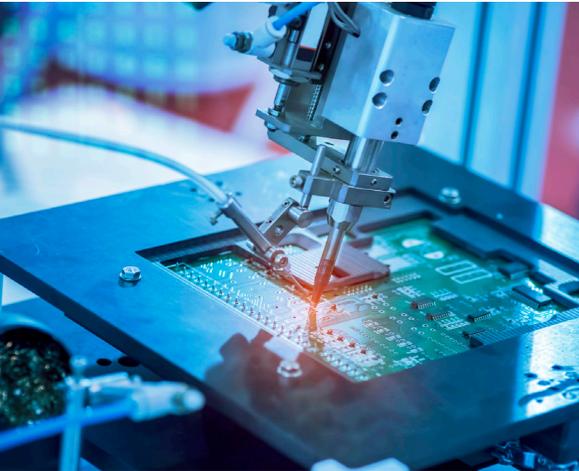
We have grouped the transactions by principal type:

- Company disposals
- Management buy-outs
- Fundraising
- Transactional support & due diligence



Selection of our experience:

Company disposals



Microwave Amps

Advised on the sale of Microwave Amps to Scandinova Systems

“Sincere thanks to you for the hard work you’ve put in. Moreover, for your patience in professionally and personally dealing with us and getting the job done. We are all very glad that we appointed PKF Francis Clark to take us through this process and consider ourselves fortunate to have had you on our side.”

Neil Richardson, Managing Director



ERS Medical

Advised on the sale of ERS Medical to E-zec (backed by Cairngorm Capital Partners LLP)

“From support on the original acquisition several years ago to completing this transaction, the support from PKF Francis Clark has been invaluable. With such a complex deal, the specialist advice the team were able to provide was pivotal in reaching a successful outcome. I can highly recommend their services.”

Andrew Pooley, Chief Executive

Stratton Craig Ltd

Advised on sale of Stratton Craig Ltd to Positive Change Group Ltd

“Choosing the right corporate finance team to support the journey is essential. I count myself very lucky to have worked with PKF Francis Clark. They have been absolutely incredible, their professionalism, knowledge and approach has been faultless.”

Darren Clare, CEO



Nylaplas

Advised on the sale of Nylaplas to Vink UK

“I want to thank all the staff for their dedication and commitment and our advisors, PKF Francis Clark for their help in delivering a successful transaction for all.”

Chris Eastman, Managing Director



Selection of our experience:

Company disposals



DP Seals Limited

Advised on the sale to Lagercrantz

“PKF Francis Clark understood our concerns and priorities. At the outset, they steered us on reasonable valuation expectations in the current market and gave us financial planning advice to determine if such a valuation would meet our personal needs in retirement. What really shone through was their ability to help us take the emotion out of an emotive subject, providing a voice of reason to help us understand issues from all points of view and ultimately reach positions that were acceptable to both sides.”

Andrew Piper, Managing Director

Clear-flow Limited

Advised on the sale of Clear-flow Limited (subsidiary of Goonvean Holdings Ltd) to Lanes Group PLC

“We received interest from a potential buyer and decided to use PKF Francis Clark to run a full sales process where they introduced other potential names. During the process, the team were able to enhance the offers received and helped to negotiate a successful transaction, including negating an attempted reduction in the bridge between enterprise value and the equity value.”

Matthew Gazzard, Managing Director



Our interests were completely looked after by the PKF Francis Clark team, whose sound advice and hard work got the deal over the line. This has given Sharon and I the chance to pursue other interests and would not have been possible without the amazing work of the team at PKF Francis Clark.

Gary Hopkinson
MD, Valves Online Limited

Advised on the sale to R&G Fluid Power Group Limited

Preparing for an exit

Nick Tippett
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It is important that you carefully plan and prepare your business to achieve a successful exit particularly in the current market where transactions are taking longer, due diligence is more thorough and economic uncertainty is creating caution with buyers.

When a sale is reactionary, the results can be suboptimal and developing a clear exit strategy provides the ability to avoid events dictating when or how you sell.

Some of the key factors that you need to consider for a successful exit:

- 1. Identifying your key personal and business objectives** is the cornerstone of a successful business exit. You need to align your financial goals, such as maximising sale proceeds, with your non-financial priorities, such as preserving the company's legacy or ensuring continuity for your employees.
- 2. Due Diligence** is having high quality financial and operational data ahead of a sale will provide you with the best opportunity for an efficient and pain-free exit process. It will not only speed up the process but also build confidence among your potential buyers.
- 3. Tax implications.** Exploring transaction structures and tax planning strategies can help minimise your tax liabilities, ensuring that you optimise post tax sale proceeds.
- 4. Recognising the types of buyers in the market.** These can be strategic/industry buyers, financial buyers, or family offices. Understanding these buyers and how they assess value will allow you to position your business attractively.
- 5. Understanding the range of options available** which meet your financial and non-financial objectives is critical. Each option comes with its own set of implications, and understanding the range of choices is crucial for making an informed decision.
- 6. Timing.** Alongside considering the above factors, it is also important to taken in to account external factors, such as political, economic, or legislative matters. The 'right' time for you, may not necessarily be the 'right' time for the market.



Options for exiting your business

We have an in-depth understanding of the merits of transaction options, a proven track record of identifying strategic buyers and exceeding vendor value expectations (as well as securing and maximising earnouts) and are well-connected with a range of funders. This makes the team exceptionally well-placed to support you in preparing for and executing a successful transaction.

Trade sale

- Has the potential to achieve the highest price on a business sale, as the 'right' buyer will be able to gain strategic or synergistic benefits from the acquisition and as a result be able to justify paying a market premium.
- Typically results in a higher proportion of the sale price being paid at the time of the sale, therefore a lower proportion being paid on a deferred or contingent basis, though significant additional value can also be achieved through these structures.
- The process tends to take the longest of the options to complete as a buyer needs to be identified and, once a deal is agreed, the due diligence process is typically more extensive than other options.
- Can offer a quicker exit with a shorter transition, but this will depend on the role of the owner and buyer's intentions for the business.

MBOs

- These offer great flexibility such as the ability to separate financial exit and exit from involvement, as well as the ability to retain shares for future upside, which is often limited or higher risk in a trade sale.
- Overcoming misconceptions, such as the belief that employees need cash equivalent to the business value for participation in an MBO, is essential.
- Rewarding loyal and skilled staff can be a key driver for this type of exit but a quality management team is essential.

EOTs

- Are gaining popularity and are particularly attractive with a current headline Capital Gains Tax rate of 0% on sale.
- However, their success requires careful planning such as the timing of consideration received, appropriate governance and ongoing operational dynamics.
- A transition to an EOT is more than simply an exit route for owners; the staff and culture needs to fit the change in emphasis with the business being run for the benefit of all employees.

Options Reviews

For those at an early stage in assessing what avenues are open to them, we undertake options reviews. These cover a range of transaction options (such as those mentioned above) and outline how the transaction might look, with the relative pros and cons. It helps set the direction of travel, and usually results in a particular type of transaction that is best suited to meeting both personal and business objectives.

If you would like more information, please do get in touch.

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Selection of our experience: Management buy-outs

TVG Media Ltd/The Pixel Ltd

Advised on the MBO

“The MBO was a new and daunting journey for us as founders and for the management team but the PKF Francis Clark team have been incredibly supportive throughout the deal process in showing us the art of the possible. Taking a team of 10 people who have never owned a business before on this collective journey to a life-changing moment felt like a big responsibility since we went to the team with this opportunity, so it’s been reassuring to have the PKF Francis Clark team in it with us.”

Steve Leyton, Co-Founder and Managing Director

Broadley Speaking

Advised on the MBO

“Clearly, it’s a daunting step to make the purchase and build on a huge 27-year legacy but the PKF Francis Clark team spent a great deal of time explaining the structures and processes so that we were all extremely comfortable with the way ahead. They dealt with questions patiently – it was new territory for all of us, so we had plenty!”

Brooke Pinkney, Managing Director



Navigating the current debt funding landscape

The economic conditions in 2023, dominated by high input costs and interest rates, meant a lot of our work comprised refinance requests arising from debt servicing issues and covenant breaches.

Debt funding market muscles were required to be flexed to source alternative options for businesses without having to flog assets. The alternative funding market stepped into the fore.

Whilst at a high level their lending is more expensive than a high street lender typically, it is the structures and sector appetite that produced viable refinancing options, as many businesses continue to navigate the economic challenges.

Solutions offering headroom and breathing space for businesses still feeling the after effects of the pandemic included:

- Higher loan-to-value appetite for asset-backed positions
- Longer interest-only periods
- Interest roll up
- Bullet repayment structures

Continued rise of asset based lending (ABL)

Of note is the continued rise of ABL providers in both refinance and new debt raise requests. Notably their specialist expertise in the construction and retail sectors delivered solutions to businesses where high street lenders were exercising, and continue to, extreme caution.

The high street was very much open for conservatively leveraged, well managed, well capitalised businesses and in many such cases we obtained a number of funding offers, bringing competitive tension to the process.

But the ABL providers brought something different to the table. Experts in balance sheet collateral, be that stock, plant and machinery as well as the more traditional debtors, revolving facilities structured against suitable balance sheet collateral provided higher quantum of debt and the revolving limit structure eased the debt servicing burden.

We expect ABL to increase its role for all lending purposes in 2024 and beyond.

Environmental, social and governance (ESG)

We also expect ESG to feature more in lending dialogues as the major banks drive their ESG goals and deploy intelligent tools to equip frontline staff and customers in these areas. Borrowers, especially on larger debt transactions, will be expected to articulate and demonstrate their own ESG strategy and major banks are supporting this with discounted borrowing rates for delivering improvements and/or specific ESG purpose lending products.

Outlook for 2024

Decision making is taking longer. Understandably, everyone is more cautious and thus more questions, diligence and testing is being undertaken. The higher interest rates have put off some businesses from even considering additional lending. But the longer term interest rate outlook is favourable and the funding market has much capital to deploy. The AltFin marketplace continues to bring options for businesses they might not have thought possible.

So, whilst economic conditions remain challenging, funding solutions have and continue to develop. We are here to proactively review and help businesses understand the funding options available to them in this evolving funding marketplace.

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Jeremy Richards
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Selection of our experience:

Raising finance | debt

We spend time understanding a client's situation and their objectives and use our extensive knowledge of the lending markets to match the funding requirement to the most appropriate funders in the market, giving clients the ability to make an informed choice for both now and the future.

This approach ensures that the financing process is more focused and efficient for both the borrower and the lenders, backed up by a senior team with over 40 years of experience in the commercial, corporate and alternative debt funding markets. The team are hands-on from day one all the way through to the drawdown of funding.

A selection of our recent experience includes:

- £16m high street bank credit backed terms to support the refinance of a waterside commercial real estate investor
- £5m acquisition revolving facility with private debt fund to support buy and build strategy in children's daycare sector
- £multi-million point of sale funding solution to enhance cash conversion for B2C business
- £8m refinance with high street bank in agri-sector
- £multi-million debt finance to support the MBO of TVG Media Limited
- £7m holiday park refinance

Selection of our experience:

Raising finance | equity

Clade Engineering Systems

Advised on the fundraising from Groupe Atlantic

"We chose PKF Francis Clark to be our corporate finance advisor because of their experience in the renewable energy sector, in particular heat pumps. The PKF Francis Clark team's support and guidance of the management and shareholders of Clade has been excellent throughout the investment process, vindicating that original decision."

Michael Hodgson, Finance Director



eXmoor Pharma

Advised eXmoor Pharma on their \$35m Series A investment from Kineticos and existing investor MVM Partners

"PKF Francis Clark are a good team to work with, knowledgeable, experienced, professional and responsive."

John Vincent, ICT and Quality



“

If one could ever say that due diligence is a ‘pleasure’ then it has been with you guys!

Jamie Powell-Tuck
Chief Commercial Officer, ZigZag Global

This was a project on a relatively short timeline with a high level of detailed analysis and support required. From the very start of this project, the whole PKF team could not have been more accommodating or engaging. The key to their great service was regular communications and ongoing quality checking throughout.

James Gilding
CEO of Vergo Pest Management



Transaction support & due diligence

Going beyond the traditional approach to due diligence and the virtues of vendor assist (VA) & vendor due diligence (VDD).

In an environment of squeezed valuations and increased scrutiny through due diligence, being prepared for a sale is more important than ever. This has reinforced the benefits of considering VA and VDD as part of any sale or fundraising process.

Having high quality financial and operational data ahead of an external due diligence process puts sellers and fundraisers in the driving seat going into diligence and provides the best opportunity for an efficient and pain-free process.

Vendor assist

Alongside our core buy-side financial due diligence offering, our transaction services team has been involved in supporting a number of businesses, both in their pre-sale preparations and through the due diligence process, enhancing the completion ratio of our transactions.

Our wealth of experience in buy-side diligence enables us to pre-empt and then provide the information requirements of an external diligence provider promptly. Carrying out VA also helps to highlight, prepare for and head off any diligence-related pitfalls that may have otherwise arisen, giving sellers the best opportunity to stay on the front foot.

Data analytics

Through data analytics and visualisation tools such as Microsoft PowerBI we can extract, analyse and present financial and operational data that management may not have been aware was even possible. This enhanced analysis can be invaluable in providing potential buyers or investors with the level of insight they need to get more comfortable with the target business.

Vendor due diligence

Our transaction services team also takes this process one step further, offering full VDD. This gives the opportunity for a seller to present prospective buyers and/or investors with a business that has already been subject to due diligence, resulting in offers that reflect the due diligence, thereby reducing exposure to subsequent price-cuts. More and more clients (along with most private equity sales) are using VDD to maximise the opportunity for a successful sale.

While valuations are tighter and more scrutiny is being applied through the due diligence process, potentially resulting in a longer process and reduced day one payouts, sellers give themselves the best chance of protecting value by having high quality financial information prepared prior to due diligence, or by undertaking VDD.

PKF Francis Clark's approach to due diligence includes:

Connection

We build a connection with our clients to become an extension of their team.

Experience

We have a senior-led team undertaking the detailed work, meaning we ask the key open questions from the start of our work to provide the appropriate commercial insight for and connection with our clients.

Opinions

We provide an opinion so our clients know where they stand and can act upon the issues identified.

Approach

A well-planned process that results in clear deliverables that focus on the key investment considerations.

Analytics

Utilising data analytics to drive efficiency and provide better data and insights on a more granular level.

Cost effective

We focus our work on the most relevant matters for our clients and in several recent assignments we have contained costs and invoiced less than our original fee estimate.

Matt Pearce

Transaction Support and Due Diligence Manager

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Tom Slade

Transaction Support and Due Diligence Manager

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Selection of our experience:

Transaction support & due diligence



Foresight Group LLP

Advised on their £3.5m investment into Looper Insights

“I have now done several financial due diligence engagements with PKF Francis Clark and the service has got better each time. They managed the engagement with the target and understood the complexities of the business model quickly. Ultimately, they delivered a report that was thorough, value-additive and reader-friendly.”

Nick Mettyear, Senior Investment Manager

Rockpool Investments LLP

Advised on Mecsia Group’s acquisition of Artic Building Services

“It was a pleasure to work with the highly professional team at PKF Francis Clark on another due diligence engagement. We valued PKF Francis Clark’s commercial input and clear recommendations in what was a thorough and efficient diligence exercise.”

Tom Coey, Investment Director



Inuvi Health Ltd

Advised on the acquisition of Express Diagnostics

“The PKF Francis Clark team invested time in understanding our requirements and it was a pleasure to work with them throughout the due diligence process. We agreed the scope of their work up front but as our focus on aspects of the business evolved, the team were flexible and able to adapt their approach accordingly. The quality, timeliness and relevance of their reporting was excellent and good communications were maintained throughout.”

Dawn Oatley, Group CFO

YFM Equity Partners

Advised on their investment in AI firm Xapien

“It was a pleasure to work with the team at PKF Francis Clark on our investment into Xapien. They did a great job in identifying the key issues and focussing on these, working alongside the deal team in a really collaborative manner. As usual, the PKF Francis Clark team maintained a dedicated approach throughout and provided insightful advice in a timely manner. We look forward to working with them again on future transactions.”

David Wrench, Partner



Interactive workshops

Each year we hold a series of interactive workshops designed to help business owners understand the various funding and exit options available to them.

Using case studies and with plenty of opportunity to ask questions of our expert advisors, the workshops provide clarity and structure to help business owners and management teams achieve their aims.

Our workshops cover a range of topics, including:

- Valuing your business and understanding the factors that affect it
- Options in realising the value of your business – trade sale, management buy-out or employee ownership trust
- Raising finance involving private equity and/or structured debt
- Succession planning



Feedback from previous workshops

“A catalyst for owners in considering their options”

“Going through a live transaction was extremely useful - it has given me a lot to think about”

“I found the course very well prepared, valuable and thought provoking”

“Fantastic workshop, very informative”

“Really easy and straightforward to understand”

“Good mix of experience enabled good discussions”

“Fantastic overview of how the valuation is often determined, even in such a complex matter as selling a business”

If you are interested in attending one of our workshops or you would like us to tailor one to your own circumstances, please email Gemma Lloyd-Jones using the QR code or on:

gemma.lloyd-jones@pkf-francisclark.co.uk





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