



Case study:

Larking Gowen supported the shareholders with the implementation of a management buy-out (“MBO”) in order to assist with a long-term phased succession of the business.



Comments

The shareholders said:

“Appointing our long-standing accountants to handle the sale was absolutely the right decision for us. James and Jordan quickly understood both our business and our objectives and were able to keep even the more complex issues clear and straightforward. The process was constructive and well managed throughout, including when we declined offers and ultimately chose to proceed with an MBO. Deadlines were met and we completed the transaction on schedule. We received the very best tax advice from them and their recommendation for the legal aspects of the transaction was sound. An excellent team who very much worked with us all the way through the process.”

James Lay, Corporate Transactions Partner, said:

“It was an absolute pleasure for Jordan and I to work with the shareholders. We guided them through both the external sale process and the eventual MBO that followed. Despite much external interest in the business, the MBO proved to be the right path for all parties, and I have no doubt the business will continue to thrive under its new ownership structure. We wish all parties every success in their next chapter.”

The deal

We initially took the business to market and generated several offers from third party acquirers at the price levels predicted at the outset of the assignment. However, after considerable thought, the vendors opted against selling to an outside party and felt the best long-term fit was an MBO solution.

Our role

- Advice on the value of the business
- Taking the business to market and generating competitive bids
- Helping the shareholders assess their options and decide the way forward
- Reverting to a MBO advisory service
- Financial modelling to support affordability and deferred consideration structuring
- Providing tax advice and structuring this into the deal
- Introducing and liaising with a legal team and advising on the legal documentation
- Proactive management of the deal from start to completion

Client:

Project Vitality (identity of business undisclosed for confidentiality purposes)

Industry sector:

Printing and distribution

Transaction:

Management buy-out

Key highlight:

Although the business attracted significant interest from the wider market, and having initially ruled out an MBO, the shareholders ultimately preferred the continuity and cultural alignment of an internal sale. We recognise the importance to keep an open mind with such important decisions, and testing the market before making a final decision meant the shareholders had complete clarity on the available options. We guided the shareholders through the most efficient way to structure the MBO from a tax perspective whilst supporting them with detailed financial modelling to make sure the company remained well-positioned for future success.