

# ACE PRESENTATION

## Growth Strategy Options

### 18 November 2015

Presented by  
Dr Nelson Ogunshakin OBE



**Dr Nelson Ogunshakin OBE**  
**President/CEO, Association for Consultancy and Engineering (ACE)**

Nelson Ogunshakin is the President & Chief Executive of the Association for Consultancy and Engineering (ACE) and has been responsible for the repositioning and strategic turnaround of ACE. Before joining ACE, Nelson was managing director of consultancy AEO Group and remains the Chairman. He has previously worked in a number of executive director level positions with multidisciplinary consultancies including WSP Group and High Point Rendel Group.

Nelson has been responsible for various M&A transactions including the planning and execution of EIC's acquisition in 2013 as well as the 2014 launch of Victoria Street Capital Ltd, the commercial arm of ACE. He was the co-chair of the UK National Infrastructure Plan Strategic Engagement Forum alongside Danny Alexander between 2012 - 2015 and is the Past Chairman of Thomas Telford Ltd.

Nelson is Civil Engineering graduate and holds MSC in Construction Management, MBA in strategic planning and corporate finances with over 30 years corporate & project experience in planning, engineering, capital project procurement and delivery in Europe, Africa, Middle East, Asia and Americas.

Nelson was awarded an OBE in 2010 for services to the UK and international construction and engineering industry. He was also voted one of the top 100 Influential Black People in the United Kingdom. In 2011 Nelson was awarded an honorary doctorate by his alma mater, Aston University, and won the Trade Association Forum (TAF) 2013 Leadership Award.

# Agenda

1. Welcome and Introduction
2. Background
3. Programme
  - 3.1 Growth strategy & Buying - 18 November 2015
  - 3.2 Selling the business – 9 December 2015
  - 3.3 Post Merger Integration (PMI) – 27 January 2016
4. Benefits
  - Strategic
  - Financial
  - Legal

# Growth Strategy & Buying

Presented by

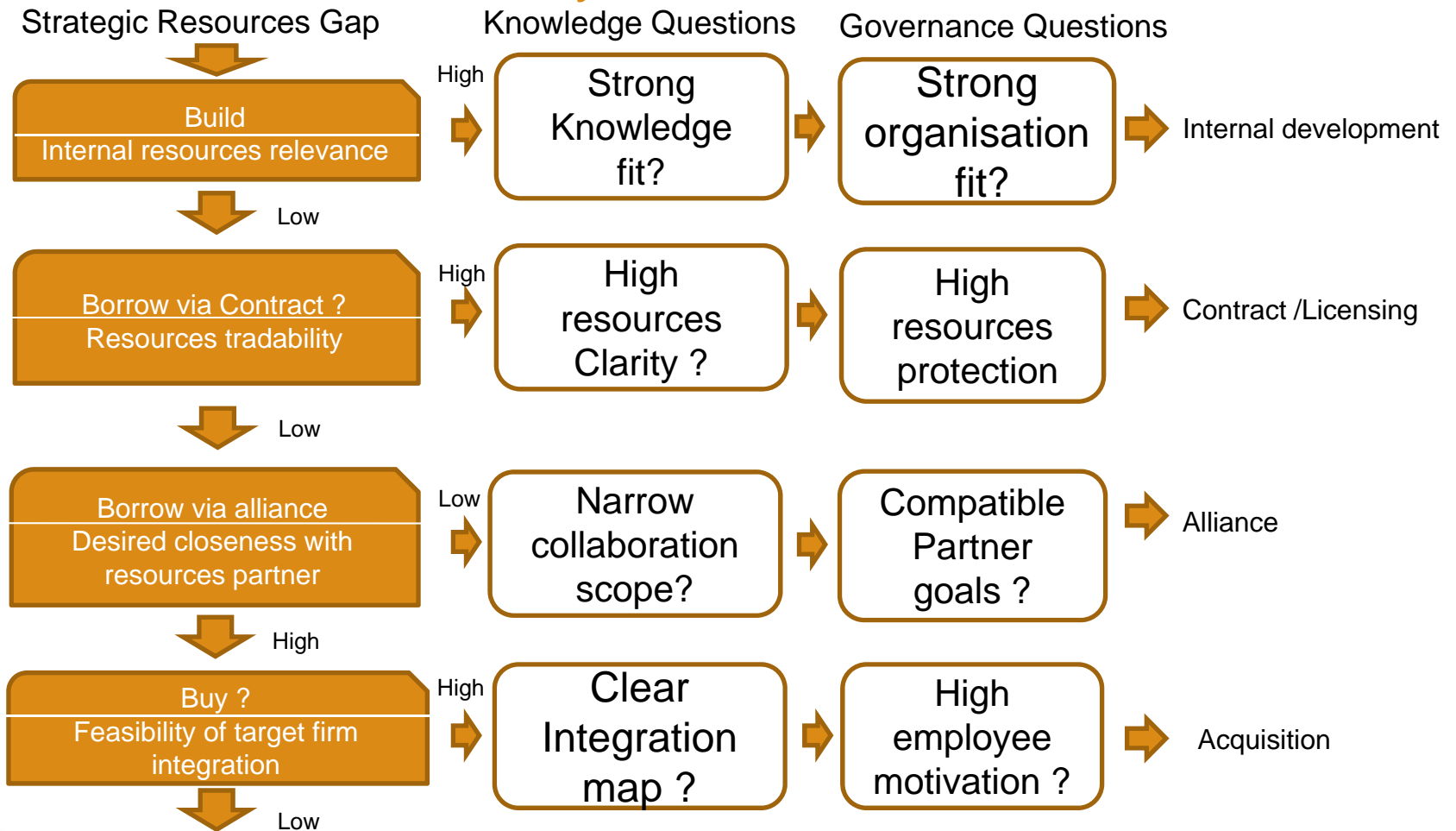
- Dr Nelson Ogunshakin OBE, Chief Executive, ACE
- Dan Nixon, Partner, Head of Transaction Support, WK Corporate Finance
- James Hutchinson, Partner, Beale & Company Solicitors
- Dwight Patten, Group Legal & Compliance Director, ACE

# Corporate Responding to Market Drivers – Strategic Growth Options

- **Three Core Corporate Options :**
  - ❖ Build – Internal Organic growth
  - ❖ Borrow – Alliance / Collaborations
    - Regional / Country or
    - Sector or
    - Projects
  - ❖ Merger & Acquisition – Strategic fits

# Corporate Responding to Market Drivers – Growth Options

## The Resource Pathways Framework: Full Model



Revisit build - borrow - buy options, or redefine strategy

By: Professor Laurence Capron – Build, Borrow and Build – solving the growth dilemma : INSEAD

# Corporate Responding to Market Drivers - Strategic Growth Options - Why M&A



- “Bigger begets Bigger”;  
“Consolidation begets Consolidation” (bigger projects / customer decision-making / employee opportunities)
- Proliferation of public capital markets (and growth of private equity markets)
- Valuation Arbitrage – Conservative valuations of employee-owned firms makes them attractive “targets”
- Globalization encourages consolidation
- Cash surplus and low interest rates (ROI of acq. vs. cash or debt)
- Diversification encourages consolidation
- Pursuit of changing “hot areas”
- Experience with M&A has been good
- International platforms seekers
- Mergers of Equals



# Finding and Valuing a Target

Presented by Dan Nixon

**WK** CORPORATE  
FINANCE •

CORPORATE FINANCE ADVISERS



---

# Introduction to WK Corporate Finance

About us

Lead  
Advisory

Transaction  
Support

Locations

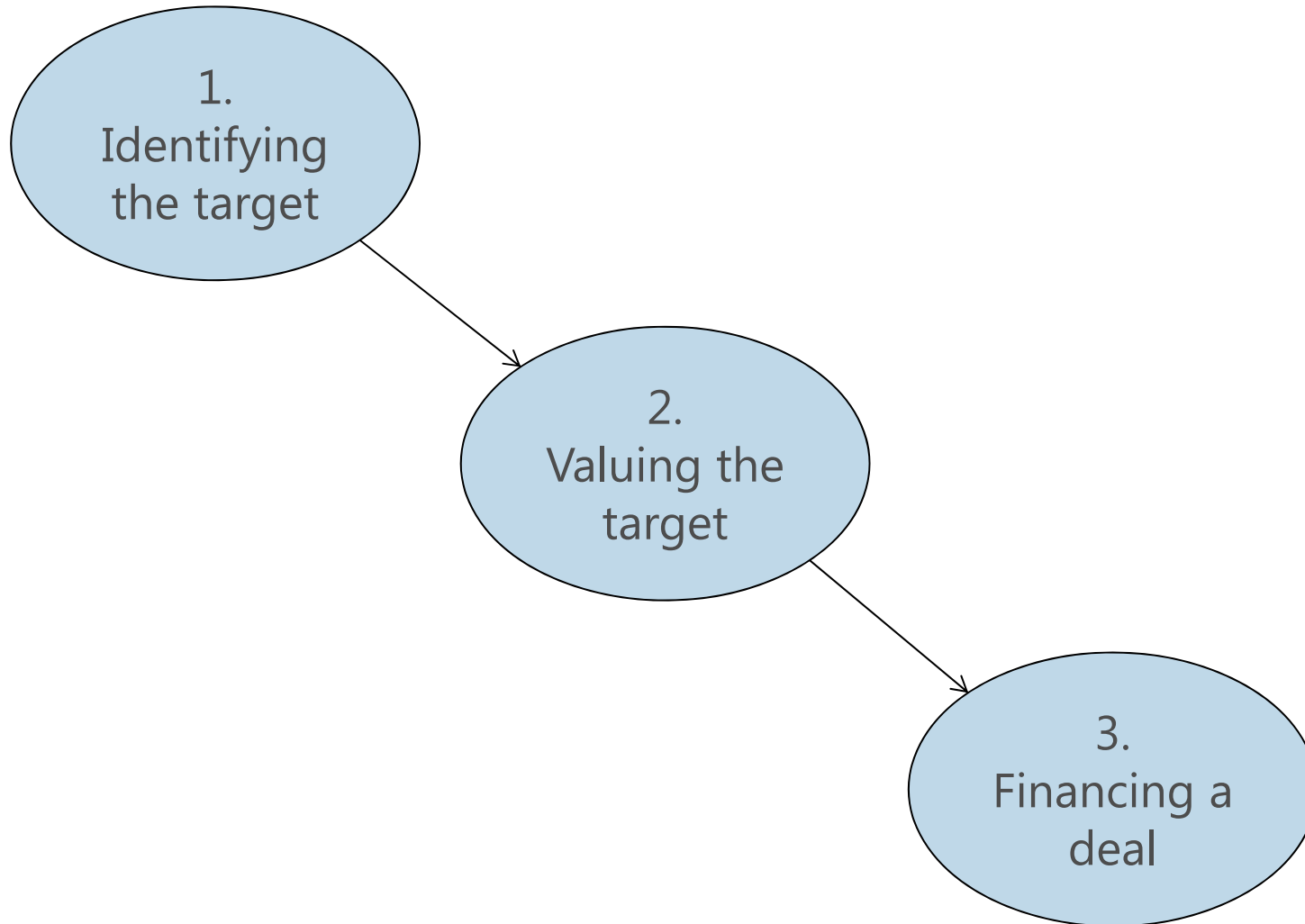


# A strong track record of working with funders



---

## Finding and valuing the target



---

# 1. How to identify the target

- i. Identify the current opportunities for growth
  
- ii. What do you want to gain from the acquisition?
  
- iii. Set parameters – location, size, price
  
- iv. Target search

---

## 2. How to value the target

- i. Consider which valuation method to adopt:
  - a. Net assets
  - b. Dividend yield
  - c. Discounted Cash Flows
  - d. Capitalised earnings
- ii. Choose which method of valuation best reflects the value of the target from your perspective
- iii. Valuations typically based on reported performance/ latest financial information i.e. capitalised earnings basis
- iv. Determine an appropriate valuation range

---

### 3. Potential sources of finance

#### Cash in bank



#### Debt funding



**Other sources:**

**1.Mezzanine funding**

**2.Equity funding**

---

## Contact details

**Dan Nixon**

Head of Transaction Support

**E. [dan.nixon@wkcf.co.uk](mailto:dan.nixon@wkcf.co.uk)**

**T. 0207 403 1877**

**W. [www.wkcorporatefinance.com](http://www.wkcorporatefinance.com)**



# Beale & Company

London | Bristol | Dublin | Dubai

## Growth Strategy

James Hutchinson, Partner

18 November 2015





## Introduction

- + Legal structure of an M&A deal
- + Due diligence process
- + Key legal documentation
- + Protecting the buyer's position



## Legal structure of an M&A deal

- + Share purchase or asset purchase
  - Share purchase – buyer acquires the shares of the company owning the target business
  - Asset purchase – buyer acquires each of the individual assets of the target business
  
- + Key factors influencing structure
  - Liabilities
  - Tax
  - Partial sale
  - Consents



## Due diligence

- + Purpose
- + Extent of due diligence
- + Financial and legal due diligence
- + Results of due diligence



## Key transaction documents

- + Heads of Agreement
- + Share Purchase Agreement
- + Disclosure Letter
- + Other documents



## Protecting the buyer's position

- + Structure of consideration
- + Due diligence
- + Warranties
- + Indemnities



## Contact details

James Hutchinson

Partner

E: [j.hutchinson@beale-law.com](mailto:j.hutchinson@beale-law.com)

T: 020 7469 0408



## Corporate Responding to Market Drivers - Strategic Growth Options - M&A Execution Process

- ✓ Internal capability analysis – gap analysis is critical
- ✓ Strategic objectives – clear focus on needs / wants
- ✓ Identification of targets – Region, country, sector or clients
- ✓ Due Diligence process – critical to establish strategic fits
- ✓ Valuation of Enterprise – market value plus synergy
- ✓ Deal negotiation – avoid auction bidding if possible
- ✓ Transaction Management – very expensive but critical
- ✓ Stakeholders engagement – staff and clients expectations
- ✓ Post Merger Integration (PMI)\* - convert synergy / savings

# Next Webinar – Selling the Business – 9<sup>th</sup> December 2015