

INSIDE:

- MEET THE TEAM
- ARE YOU USING TECHNOLOGY TO GROW?
- EMC SUCCESS STORIES
- THE SEVEN CHALLENGES TO ACHIEVING SUCCESSFUL MANUFACTURING GROWTH IN 2021

2021 SET TO BE THE YEAR OF CONSOLIDATION AND CHALLENGE

By Nik Askaroff

What a very strange year. Covid and lockdown have hardly dented rampant markets that have continued to flourish. The doom mongers of last March who predicted the FTSE at 4500 must be licking their wounds as it storms above 6500.

Today nearly every business has put real change into practice. Indeed Covid forced many to take action that they should have done earlier and to review and challenge their own assumptions more stringently and diligently than for many a year. We are hoping that this will lead to a fitter leaner economy in the UK which will be better placed not only to face the challenges ahead whether they be Brexit or Covid driven but also to address some of the social and wellbeing issues that need attention.



“ We expect 2021 to be a year of plenty for those that prepare and are robust in their plans.

M&A data shows that 2021 has been as busy and will probably surpass 2020. Transactions halved in spring 2020 but we are now firmly back on track. Here at EMC we topped the regional tables with 23 transactions in the first 9 months and entered the UK top 20 for the first time. But what about valuations. Yes they softened but again have jumped back and the latest experience is that there is hot competition for any sensible proposal whether that's sale or investment.

So what next in 2021. Many funds have failed to complete a transaction in the last 6 months and there is a wall of money sitting waiting to invest. Estimates are between £500bn - £1T sitting in corporate banks and funds. The latter have no choice but to invest or they will need to return the money to investors and admit defeat. Those who's five or seven year funds are coming to an end will be under real pressure to invest and this will increase competition and value. Please don't misunderstand me. PE/VC will still not invest in any unrealistic plan and more importantly will not touch those that have not considered the future and growth opportunities. Your plan must be granular and robust which in itself is a major project for most. What is clear however is that 2021 will see plenty of appetite but you will need to be well prepared and willing to kiss a number of 'Frogs' before you find the ideal partner. Process will be critical and running a fully managed project will only add value and choice.

Valuations have always been as much about art as science and your job is to reflect both in any information you send out. Yes over the years we have moved from PE ratios to EBIT multiples to EBITDA. Now welcome EBITDAC- earnings before interest, tax, depreciation, amortisation and Covid. Proving sustainable earnings will be challenging, getting paid for it more so but it will be all about the preparation.

So in summary we expect 2021 to be a year of plenty for those that prepare and are robust in their plans. Acquisition appetite will be strong and valuations for those that prepare will be full. Running a process will payback on that investment and will increase value as well as ensuring success as multiple players bid for good proposals. Organic growth will be challenging as we exit Covid and so Trade and PE will turn to M&A for opportunities and acquisitions. Those wanting to de-risk or exit may never find a better time. The 'family investment company' and its operational and taxation benefits will come to the fore as CGT rates are increased.



Nik Askaroff with client Mike Punter, CEO of the Parafix Group at their new plant in Hungary

Its going to be a challenging and yet very busy year full of opportunity. Plan early, run the numbers and get expert advisors on your team- you know where we are!

MEET THE EMC TEAM



Nik Askaroff



Tony Barsham



John Blackburn



Ross Christie



Andrew Crumpton



Carl Fillery



Julie Foster



Michael Gibbs



Jon Green



Desmond High



Natasha Jones



Laura McKenzie



Stephen Milton



Rod Muir



Michael Pay



Terry Rainback



Ryan Smith



Luke Soper



John Stevenson



Kevin Wheelhouse

EMC TOP RECORD YEAR WITH 6 SHORTLISTED FOR DEALMAKERS AWARDS

After a record year for transactions and having already been recognised as the top dealmaker in the region on the Experian league tables EMC have now received further accolades. The team have been shortlisted for a number of awards by Insider who run the prestigious South East Dealmaker Awards including:

- Corporate finance advisory firm of the year
- Emerging dealmaker of the year – Ryan Smith (Currently held by EMC's Michael Gibbs)
- Deal of the year over £10m – Posturite sale to Fellowes Inc
- Deal of the year under £10m – RT Williams sale to Green Insurance Brokers
- Private equity deal of the year – Ashtons sale to LDC
- Private equity deal of the year – Lightning Fibre sale to Foresight

These are the only objective independent awards run throughout the region and recognised in the sector as the Oscars of the trade.

Nik Askaroff EMC's founder and CEO said *"this is fabulous recognition of our activity and success this year. We are at the top of our game and happily the results evidence this. The team have been flat out all year overcoming the challenges of covid and going the extra mile for our clients in order to get their transactions across the line. We do preach that its about quality, activity and communication and with over 30 transactions completed in 2020 we are happy that this has once again proven that formula."*

The awards will only be finalised at the ceremony in September this year which due to covid has been pushed from its usual February spot.

EMC TIGHTENS GRIP AT THE TOP OF THE TABLE

EMC Corporate Finance, the South East's leading business advisory and corporate finance team, has entered the top twenty advisory firms in UK and Republic of Ireland. In the latest edition of Experian Business Research's United Kingdom and Republic of Ireland M&A Review EMC entered the top-tier for the first time, advising on 25 transactions. In the South East, EMC tied first place when measured on the number of transactions. Experian's review commented *"It was very close at the top of the financial adviser rankings by deal volume with RSM and EMC Corporate Finance both advising on 20 deals each"*.

Michael Pay, co-founder of EMC Corporate Finance said

"Despite the difficulties that we have all had to endure since March, it is a great accolade that so many clients trust us to lead them through their transactions. Deals are still being undertaken and contrary to what business owners may think, values remain robust with both trade buyers and Private Equity firms needing to grow market share and deploy capital".

Nik Askaroff, co-founder of EMC and CEO continued:



"When we started EMC's corporate finance team we never imagined climbing to the top of the table in the region, let alone the UK. To do so as a pure Lead Advisory independent firm is a fantastic result. We would like to thank all our clients and other professionals who we work with and especially to the Team who work so hard to continually deliver for our clients".

RISHI LEAVES CAPITAL GAINS TAX ALONE FOR NOW!

A sigh of relief was heard throughout the owner managed business community as the budget on the 3rd March failed to mention CGT. Rishi and the Government have signalled that CGT will be reviewed at some time and eventually aligned with income tax rates but happily now was not that time.

So what does that mean. For the moment business asset disposal relief will remain at 10%, for those that qualify, up to £1m and at 20% above that. Essentially this is still the best deal in town. Any owner or shareholder who is thinking about a sale or disposal in the next 5 years needs to carefully run the numbers on a net of tax basis. Should you sell now at these low tax rates or can you grow the value enough to not only compensate for the potential doubling and quadrupling of the tax rate but also give you a return for your time and effort? There is no doubt that the tax increases are on the agenda and as the Chancellor made very clear Covid has to be paid for at some time. Happily not now.

Our advice is always to have a clear plan. Whether that's driven by family, value or staff you should be constantly reviewing where the business is and what its value is so that you are ready to take action when needed. A sale process can take up to 12 months and a proper sale preparation plan may take 2-3 years so it's never too early to start thinking about it.



Julius Baer Golf day finalists at Swinley Forest Golf Club. Ryan Smith (EMC), Daniel Coene (Julius Baer), Ian Fletcher-Price (Posturite), Nik Askaroff (EMC)

WHAT IS THE VALUE OF YOUR BUSINESS POST COVID?

EMC Director Michael Pay takes a moment to step back from the fray and consider what is happening with company valuations; whether or not past principals still apply and what you can expect if you decide to take your business to market.

Just over Rishi Sunak abolished Entrepreneur Relief, in his first budget, and replaced it with a £1m lifetime allowance on gains to be taxed at 10% - above that it would be 20%. On the same day, the WHO announced that Covid-19 was a global pandemic and a few weeks later the UK entered the first of three lockdowns.

Corporate transactions, along with the rest of the economy, didn't just stop...they screeched to a halt - slamming into a brick wall without a seat belt! The economy split into three - those that proved to be Covid resilient; the hospitality and leisure sectors; and everyone else.

Despite the fastest contraction in economic activity since records began, businesses pulled themselves up and started to get on with it. According to Experian's Market IQ, during 2020 M&A activity across the South East "picked up to near normal levels in the second half of the year, after experiencing a sharp dip at the start of the pandemic". More surprisingly was that despite the impact of Covid, valuations held up. Indeed during the first quarter of this year, in the lower/mid-market, we have never seen them being so high. Multiples have ticked up at least one times since last year, so that a business that was valued at, say 6x's EBITDA is now at 7 - and with competition often much more. Again, Experian mirrors this "Valuations in all deal segments were up year on year".

Some structures changed to reflect the impact of Covid with more deals using forward looking valuations. This has meant that the

use of earn-outs and deferred consideration has increased, but sellers are more comfortable with these having confidence in their businesses. In many instances Covid is essentially being ignored. Buyers are showing they have confidence that the economy will bounce back quickly, unlike in 2008/2009's Financial Crisis.

If Covid was the perfect storm for businesses, the current climate appears to be the perfect calm for deals - management fatigue and older owners not wanting to re-build, the existential threat that capital gains taxes will increase all drive owners to consider crystallising their values. At the same time the low cost of money, the vast amounts of capital in private equity fighting for good assets and the belief that the economy will bounce back quickly gives confidence to buyers.

Unfortunately, this will not last forever. There will be a fall out at the end of 2021 when over geared companies collapse under the weight of debt that they took on to survive, almost certainly the Chancellor will increase CGT rates and the threat of inflation may lead to increased costs of debt.

The increase in corporation tax is starting to impact valuations as future cash flows that will be 7.5% lower as a result.

But for now it has never been so good to sell: trade buyers need to increase their market share, private equity must invest their cash and, for now at least, capital gains tax rates are acceptably low.

So, whatever your plans are, now is as good a time as any to consider the future succession of your business, after all it may never be so good!

NEW EMC PODCAST SERIES 'THE MOBILE BOARDROOM'

We are excited to announce the new EMC podcast series, 'The Mobile Boardroom' providing top tips for businesses from our Business Growth team.

Covid has changed the nature of our daily interactions with business owners, so we have decided to create this series as a new way of sharing our advice and experience. Each monthly episode will be delivered by one of our team dealing with their area of expertise shaped by the current business environment.

"We have always tried to provide our clients the best current information and guidance so they can get ahead of trends and tackle business challenges. This new podcast series will continue that commitment by delivering advice in a convenient, easy to use format that can be accessed on-demand."
Nik Askaroff, CEO

To download and listen please visit our website to register for the series. The first episode available now is from John Stevenson, our Head of Manufacturing, who is discussing how to improve profitability through operational excellence.



SEVENTY PER CENT OF BUSINESSES FAIL BECAUSE OF TAKING TOO LITTLE ACTION TOO LATE!

Here are some Soundbites that will help with recovery plans.

Planning

Companies who are agile in their planning and flexible in their business adaptation will emerge stronger in an economy where many competitors will struggle. Therefore, ensure you have a good strategic review process with the right skills and resources that can react and deliver quickly.

Marketing

An important behaviour change exhibited through the Covid crisis is the current level of product and brand switching. Research has found 30% to 40% of consumers have been trying new brands and products. Understanding the channels, customers and geographies that are experiencing higher demand will provide new opportunities either with existing or new customers. This will require data and creative thinking to identify demand, trends and targets.

Skills & Resources

It is a good time to rethink your operating model, the skills and resources you have. The first priority should be to understand and allocate these to the areas that will make a real difference. Focusing investment and your employees on activities where they can make an impact. The trend of having a mix of flexible skills such as consultants, contracted services and employees versus full-time employees is growing. It is essential to be clear on the skills required to deliver performance and your key business drivers. Having flexible and scalable expertise is a great way to ensure you are always adapting to change, tackle the strategic issues and deliver growth!

SILK WEAVING STILL THRIVING IN SUFFOLK



John Stevenson (right) with Mark Nevill, CEO of the Edward Alexander Group which owns Gainsborough

The Gainsborough, Suffolk based silk mill that has been producing fabrics for the top designers and palaces around the world since 1903 continues to utilise the support of EMC.

EMC's John Stevenson worked with the management team to continue the use of the century old Hattersley looms whilst embracing new digital weaving technology. This optimisation of their production capacity helped improve profitability, lead times and customer service.

A new mill manager and engineer were recruited bringing more modern operational and maintenance processes to Gainsborough. John said:

"The recruitment of a progressive manufacturing team has allowed many improvements to be made to the weaving and dyeing process with more focus on efficiency and equipment uptime enhancing the mills profitability"

Mark Nevill CEO of the EA Group said:

"John brings a clear level of objectivity and accountability to a business. He guides teams to perform in a more effective manner and plays a strong mentoring role in developing the management team."

EMC STRIKES IN FUNDRAISING

EMC Corporate Finance acted as sole Lead Adviser to the Shareholders and Directors of Sussex based hyperfast Full Fibre network installer Lightning Fibre.

Foresight Group LLP ("Foresight"), a leading infrastructure and private equity investment manager has completed a long-term financing agreement with Lightning Fibre, a Sussex based, community minded Full Fibre network provider. The investment will accelerate the development of Lightning Fibre's Fibre-to-the-Premises ("FTTP") network in East Sussex, starting with the coastal towns of Eastbourne and Hastings and aiming to deliver hyperfast broadband of up to 1Gbps to over 100,000 homes and businesses.

The EMC team was led by Ross Christie and Ryan Smith, acting on behalf of Ben Ferriman, Managing Director of Lightning Fibre, the Directors and Shareholders. Helen Downie, Senior Investment Manager, led the Foresight Team.

Ben Ferriman, Chief Executive Officer of Lightning Fibre said:

"We first engaged with EMC in 2018. They led a full process, supporting us with the presentation of our vision to accelerate our Fibre-to-the-Premises network in East Sussex. Throughout the process they demonstrated their knowledge and skill in articulating, negotiating and explaining complex matters. EMC has a background of being business people who are dealmakers and this showed throughout."

Ryan Smith, Director of EMC continued *"Working with Ben and the wider team to put in place the funding for the business is a great success to all involved. The complexities of Private Equity transactions should never be underestimated having to negotiate on multiple fronts. This agreement will create local jobs and enhance essential local infrastructure as well as accelerating the development of a Full Fibre network to support the UK's digital ambitions."*

Nik Askaroff, CEO of EMC finished *"Our involvement as Lead Advisers once again demonstrates that businesses and owners can get top level advice from local experts. We wish Ben, the Team and Foresight all the best and look forward to working with them again in the future."*



Lightning Fibre was advised by EMC Corporate Finance (Lead Advisers), DMH Stallard (legal) Foresight was advised by Acuity Advisors, CMS and Analysys Mason.

ARE YOU USING TECHNOLOGY TO GROW?

By Tony Barsham

As businesses come out of the pandemic, what are the three technology topics that should be on business leaders' agenda as they drive for recovery and growth?

Business Models Have Changed

The demise of some major names on the high street is both sad and inevitable. Businesses that did not keep pace with the 'B2C agenda' were losing ground beforehand, and the pandemic has only accelerated that demise. Recognise that business models have changed and embrace those quickly and efficiently.

Working Patterns Have Changed

Many employees will be desperate to return to the workplace

and get back some 'semblance of normality' to their lives. However the working at home culture is at least partially here to stay, and the flexibility it gives to people will not be taken back so easily. Embrace this – both in terms of the technology that they use to support employees as well as the working practices that must be put in place. Responsibility for home working will be as strong if not stronger than office working so plan and be prepared.

Use Data to See Light Through Darkness

Many top lines have struggled over the last few months, and businesses will think they know where the challenges are. Use data to really understand the situation – internally generated transaction data (which describes an inside out view), coupled with external facing data (which could be syndicated marketing data, social media 'listening' data, or data created by interaction with customers). This provides a 360 view of business and how the market is moving. In any A&M process data is seen as a key asset do you know what yours really is and what it's worth?

NEXT STEPS FOR EASTBOURNE FOUNDRY

Collier Webb, an Eastbourne based foundry that makes beautiful hand-crafted lighting, furniture, and hardware, has once again worked with EMC to help it grow. In 2020 EMC's consultant John Stevenson helped with the operational side of the business whilst 2021 sees a move to the customer facing side of the business.

A sales strategy review resulted in some changes in focus as John worked with Danielle Collier, head of sales. A suite of KPI's were put in place and a review tracker implemented

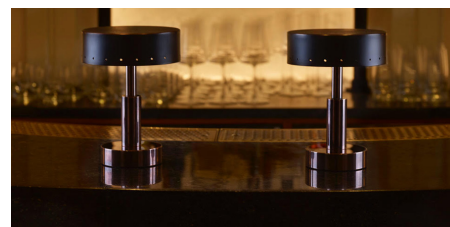
which measured the compliance to the revised strategic objectives. Danielle said *"John really helped us improve our working methods and we learnt a lot from the sales strategy process"*

The Collier Webb design team who works with some of the world's top interior designers involved John in a review of their structure and processes. The New Product Development process was part of this work and helped in the ongoing development of the beautiful, unique designs the foundry is known for.

John said *"Collier Webb employ some of the most creative and talented designers in the*

industry. It was a pleasure to help them with their structure and processes and play a part in their continued growth."

Collier Webb's 2021 NPD programme saw the launch of these stunning cordless lamps.



30 YEARS AT THE TOP OF THEIR GAME – EMC'S MOBILE BOARDROOM FOCUSES ON BUSINESS GROWTH

Formed in 1989, EMC pioneered the concept of the 'mobile boardroom' – a multi-disciplined task force capable of providing top-level support and advice to businesses on a short or long-term basis.



Laura, as a business owner, why should I hire a chief financial officer?
(Laura Mackenzie is a senior interim FD and specialises in financial management and support)

"Many business owners employ bookkeepers or accountants who record historic transactions, and then act as cfo's themselves in addition to their CEO roles. Even if you are proficient with accounting and finance, time is a scarce and valuable resource. "Is this the best use of it?"

There are three key great reasons to hire a CFO:

Trusted reporting

"When you need one source of data to be accurate, to enhance knowledge and judgement for day to day business decisions. So that financial reports, often leveraging technology, can be analysed and interpreted allowing meaningful KPI dashboards to be created. This requires understanding of what factors drive the business, and what signals they send off. I.e. The hidden costs of maintaining a demanding client or customer acquisition costs vs lifetime value."

Financial planning

"Every business should have rolling 12 month projections. Accurate financial forecasts allow meaningful cash management, tax planning, variance analysis and monitoring of performance targets."

"The faster the business is changing/growing, the more complex the operations, the greater the risk associated with not planning regularly. I.e. Understand your cash runway so you maintain an appropriate buffer or raise funds in time. They may take a bit of time to set up but once in place they become an essential and valuable management tool."

Strategic planning

"Every owner benefits from objective advice. Once a CFO, (whether full time or part time) is embedded in the business and becomes an integral part of strategic planning they will be able to assist with all business decisions whether investment or cut back, pricing, inventory management, evaluate and cost growth plans and product launches, acquisition and exit decisions for owners. If you are spending more than 20% of your working time on finances, it's time to hire a CFO. Often a part time solution is the first step hire top quality for short periods rather than have a full time less than effective solution."



Carl – How do you recognise and challenge a good leader?

(Carl Fillery Heads the Strategy and Business Planning Team at EMC)

"I probably visit 25-50 businesses a year so I see all sorts of leaders and in fairness they all have their strengths, or they wouldn't be there."

The best are the ones always looking to grow, learn and challenge their teams and who bring in help, where necessary, to do this. You have to invest to grow whether in mentoring for your key people, reviewing and crystallising strategy, business planning or just having an objective independent view as and when you need it. That's exactly what the EMC offers - expert advice at an agreed price for as little or as long as you need."

Most companies are fearful of consultants and costs what would you say to that?

"I would agree. I ran a business with over 350 people for 5 years and I was very cautious as to who I listened to and more so took care as to whom I actually paid for advice. But I can assure you that when you get the right support it can push your business forward and give huge returns."

"The reason EMC have been around for more than 30 years and completed more than 800 projects is that we are trusted, known locally and give great value for money"

What more can I say? Give it a go!



Tony, as a Business Owner, what should my key focus areas for technology be as we come out of the pandemic?
(Tony Barsham is head of the technology team at EMC)

There are 3 areas what will be very important as you recover and seek to grow:

B2C and B2B over the internet

"Web / App based ordering is now a given, and again many organisations have embraced this. The internet offers much more opportunity than basic transactions, however, and organisations should consider how they can interact and engage

with customers more effectively – and then use that data to drive decisions within their business. The transformation of the airline industry is a great example of this. The toolkits (e.g. Azure or AWS) are available and not difficult or expensive to use – so highly functional websites are no longer the domain only of large organisations."

Using AI to grow the business

"The know how within an organisation is very often the most competitive advantage that is possesses. If that know how is 'wrapped up' in people it also becomes a constraint to growth. Organisations must consider how they can 'automate' at least part of that know how – using AI technologies – which then allows their customers to access that know how with less need for human intervention. AI technologies are also become more accessible (again Azure and AWS have very rich portfolios) and less costly to develop."

'Always Connected' Devices and Internet of Things (IoT)

"Cars and most consumer appliances today are always connected to the internet using IOT technology. Smart meters to control electricity in homes are now government policy. Any organisations that manufacturer products – that ultimately will sit in a consumer or business environment must understand how they can use IOT to deliver a better services to their customers. That could be proactive or predictive monitoring (to foresee problems before they happen) or alerting if and when faults to occur. Business owners must embrace these opportunities and pull together a technology strategy to support their business growth. This can be done at speed and with accuracy if the right expertise is used. EMC is ideally positioned to support this."

John Emerging from the pandemic - how can we ensure that we recapture lost business and grow the sales line?

(John Stevenson - Head of operational excellence)

Sales & Business development

"Most businesses have experienced some sales disruption in 2020 however there will be significant opportunities as we emerge to a strengthening economy. Ensure your company has a growth plan in place and is ready to be more commercially agile, this is an area where external help can arrive more quickly at a plan that is realistic, innovative, and deliverable. Developing these plans and embedding tracking visibility is something we implement successfully with all our growing clients - and you should be doing the same."



And what can we do on the operational front?

Operational Excellence

"This is a significant opportunity to ensure that your company emerges with a leaner, more efficient operational base. Challenge your operations team to add % points to your margin."

"There is always profit in the buying. You should have a toolkit which your team use to ensure you are working to a more efficient plan with a measurable dashboard to improved profitability. Supply chain management will be key going forward."

And don't forget reviewing outsourcing not only your logistics and 3pl. As organisations grow, they have a tendency to try to manage all operational areas that they had to run as a smaller co. When companies mature efficiency, quality, customer service and cost are often best served by with an outsourced solution. Make sure that you review your processes and recommend cost effective areas to outsource. This should be supported by a costed payback model and action plan."



Conclusion:

EMC's business growth team work alongside their award winning corporate finance division that tops the South East league table for transactions completed. Nik Askaroff CEO said

"When I originally founded the business it was with the idea of helping companies by providing expert advice in small affordable chunks or on a part time basis. 32 years on we are still doing that and I am very proud that we continue to be unique in the region in the combination of expert business advice and top quality corporate finance support. Whether you are growing, buying or looking to sell we can help you on that journey"

THE SEVEN CHALLENGES TO ACHIEVING SUCCESSFUL MANUFACTURING GROWTH IN 2021

EMC's John Stevenson suggests the seven main areas where manufacturers should focus.

Ensure your supply chains are robust, maintain supply and tie in suppliers to hold safety stock for you. Many companies have suffered this year and should now spread this risk with a dual and local supplier.

Agility - Wherever possible allow for late-stage customisation to meet customer changing demand patterns. Consumer surveys indicate the pandemic has increased brand switching and trialling of new products. This will require manufacturers to quickly change to meet these demands.

Customer Centricity - ensure you understand what value means for your customers. Online shopping will have changed habits of consumers and B2B buyers, they can be led by features and benefits guidance from a good AI selection tool.

Holistic Efficiency - Do not simply measure if you could do it cheaper, take a broader view. Could investment allow manufacture in a fundamentally cheaper manner. Challenge your ROI criteria, consider outsourcing or discontinuing loss making products.

Train and develop your good people. Human capital is the most valuable asset in business but is rarely nurtured, ensure there is training, constant review, feedback, and mentoring.

Embrace the 4th industrial revolution. Industry 4.0 is utilising all equipment data available to provide advanced analytics. Adopting these transformative technologies will produce real improvement to the bottom line.

Sustainability. The need to operate in a sustainable manner is now a universal requirement, comply or face disinvestment by shareholders.

IS YOUR FOOD BUSINESS READY FOR A POST PANDEMIC WORLD?

By Andrew Crumpton, Food industry specialist EMC

The last 12 months has presented many challenges to everyone. Notwithstanding I doubt whether many industries have been quite so divided in terms of fortunes as the Food Industry. The industry can quite simply be divided into winners and losers.



Throughout the pandemic businesses serving retailers have done well with retail sales volumes up 9.2%, but where there has been huge growth in online up by 79%. But it isn't just the online retailers doing well as we have seen consumers looking to support local artisan & authentic suppliers. In that view farm shops and Delis are booming, with people using their additional free time and often disposable income to shop in local specialist stores.

Unfortunately, out of home consumption has been hit more dramatically that we have seen in a generation as restaurants, bars and hotels continue to be unavailable. Travel retail & "On the Go snacking" are also suffering as we are travel & commute less our opportunity and need for food on the go is significantly reduced.

So are these just one off changes and what trends are likely to stay with us post Lockdown? New demographics, of previously resistant shoppers, have discovered, trust and enjoy the online shopping experience. Whilst we may see some return to previous shopping habits the move to online is here to stay.

Consumers have enjoyed falling in love with home cooking and baking again. Although consumers will no doubt be hungry to sample the restaurant experience once more, the new supply chains and routes to market that have been developed are likely to be sustained in the medium term. Another trend that continues to gather pace is the adoption of Vegan Free-From and Plant Based foods, with Record sales of Plant based foods in Supermarkets in Jan 2021 of £41.7M.

Actions and Opportunities

Every owner needs to develop a plan and strategy for growth for when lockdown is finally relaxed, but do not expect the landscape to return to how things were. Consumers are enjoying connected with their local communities and environment, so businesses should look to maximise their local credentials and where possible rely on locally sourced and produced products.

Examine your online presence and ensure your supply chain and operating practices reflect the environmental and social values of your consumers. Evaluate the effectiveness of pack sizes and formats as well as your export strategy. Have you properly analysed and dealt with Brexit changes and where is the opportunity beyond Europe? A proper plan will help you navigate these changing times and if you need help pulling it together we have the team to support you.

STOP PRESS

EMC ADVISE ON STRATEGIC SALE AS PART OF A GLOBAL EXPANSION PLAN

Enviroclear Site Services Limited (“Enviroclear”) a waste management company approached EMC to provide corporate finance advice. Conversations concluded that valuation expectations would not be met, and Growth Team were engaged in transforming the Company into a valuable and desirable asset.

The Business Review:

The Company's five divisions had differing profitability with lesser performing areas absorbing valuable management time and much needed capital.

- largest division operated in a highly competitive sector with low margins
- two divisions had not reached critical mass
- two divisions were attractive growing markets

EMC worked with the management to develop a detailed growth plan to increase sales and EBITDA with a goal of £10m and an EBITDA of 15%.

By redirecting focus and financial support into higher growth markets and accelerating the growth in nascent ones the business became more profitable and more valuable. EMC supported the management team to enact the plan.



The result:

Turnover grew by 20% in the first year, which continued into the second year. Sales are now £13m with EBITDA at 15%.

Creating an articulated strategy, setting business goals to measure performance will ensure that your business not only survives but thrives, this has never been more important than in the current economic climate.

Enviroclear is one of many company's helped by EMC over the years - could you be next?

If you believe that your business would benefit from and experienced external review then please contact us for a confidential, non-obligatory discussion to find out how we can help you.

EMC PRESCRIBES A GREAT DEAL FOR ASHTONS PHARMACY

Ashtons Hospital Pharmacy Services (Ashtons) has secured a significant investment from mid-market private equity investor LDC with the help of EMC Corporate Finance. The deal will help the existing management team to drive organic growth, further develop its software services, and expand its pharmaceutical warehousing and distribution infrastructure.

Headquartered in Brighton, Ashtons provides medicine management solutions to the UK independent healthcare sector and its services include clinical pharmacy support and the supply of medication.

Through its nationwide network of specialist clinical pharmacists and bespoke software technology, Ashtons' services help clients to comply with healthcare regulations, professional and best practice requirements regarding medicine management.

In the last three years, Ashtons' revenues have increased by 70 per cent to reach £18.7million in 2019, and the company currently employs 90 staff. LDC's investment will support the business's organic growth strategy, as it continues to develop its infrastructure and distribution network and enhance its technology platform.

LDC is backing the business's experienced management team of



CEO Yachna Tak, Chief Pharmacist Martin England, and Financial Director Keith Hersee. The deal also marks an exit for the Founder, Laurence Sprey. The investment was led by LDC Director Christian Bruning and Investment Director Joe Tager, who will both join the board.

Banking facilities were provided by Silicon Valley Bank. Ashtons was advised by EMC Corporate Finance (Lead Advisory), DMH Stallard (Legals) and PwC (Tax). Management were advised by EMC Corporate Finance (Advisory) and Osborne Clarke (Legals) and PwC (Tax). LDC was advised by Clearwater, BDO (financial and tax), DLA (legal), Candesic (commercial due diligence) Intechnica (IT) and Matrix (Insurance).

EMC DELIVER SALE OF WORKRITE



WorkRite, the UK's leading health and safety and DSE training and e-learning brand, has been sold in a deal advised on by EMC Corporate Finance.

The Berwick, East Sussex-based business, a subsidiary of long term EMC client Posturite, has been acquired by fast-growing global software firm Ideagen PLC, headquartered in Nottingham.

EMC CEO Nik Askaroff, said: *"We are very excited and pleased to have helped this long standing client to sell WorkRite. It has tremendous potential for future growth which I'm sure will now be realised as part of Ideagen's portfolio of federated GRC software applications."*

Ideagen CEO Ben Dorks said: *"WorkRite offers a suite of e-learning solutions to ensure companies can keep up to date with current regulations relating to health and safety at work. The team has a depth of knowledge in HSE that is unrivalled by other software providers and that is why we are keen to bring them into the Ideagen family."*

Ian Fletcher-Price, CEO of Posturite, said: *"The global reach, extensive client base and expert marketing capabilities of Ideagen, will ensure WorkRite's fantastic suite of software products will get the attention and recognition they deserve."*

EMC's Nik Askaroff and Ross Christie acted as lead advisers with support from Abigail Owen of DMH Stallard (legal) and Plummer Parson (tax and accounting). Peregrine Law acted for Ideagen.

MADE IN SOUTH EAST 2020

EMC's growing support for manufacturing in the South East included another year of sponsoring the Made in South East Awards organised by Insider Media.

The winners of the 2020 awards were announced in March 2021 with Custom Interconnect and Amazon Filters winning Manufacturer of the Year in the under £25m and over £25m categories respectively.

There was a highly interactive winners roundtable attended by EMC's John Stevenson who said:

"These meetings allow the top manufacturing managers in the region to share experiences, best practice and provide a good production networking environment."

Companies from various sectors were represented including Contract Candles from Chichester, Finecast Foundry and SI Protech from Littlehampton, Focus SB from St Leonards on Sea and Hepworths Brewery, Pulborough"

Whilst face to face roundtables and awards were not possible after March the EMC South East manufacturing survey did take place with many respondents providing an insight into the pandemic impact and future thinking of leading manufacturers, highlights included:

- The majority of those in the survey had seen their sales decrease versus the previous year whilst 66% of respondents felt their business was in a good place to recover post Covid-19
- Over two thirds of companies had adopted new flexible working methods with 40% of respondents having re-deployed their sales and marketing teams
- 60% had new business plans in place post Covid
- 40% planned to invest in IT & digital systems

EMC supported many manufacturing businesses during the year and continued to publish regular blogs on Insider Media website. 2021 will see the continuation of EMC supported blogs, roundtables and award dinners delayed from 2020.

SI PROTECH PREPARE FOR POST BREXIT TRADING

With a history of developing, high-spec injection mouldings, SI Protech is a leader in the manufacturing industry. Innovation is key to the company's existence and the introduction of the first self-chilling can (Chill-Can®) has been one of the company's successes.



With a significant % of sales going to Europe, EMC's John Stevenson gave advice on how to prepare for post Brexit trading. He said *"SI Protech are innovative, and it was essential they were prepared for the logistics challenges that will arrive when Britain leaves the EU"* SI MD Alan Edmonds said *"John helped us review our readiness to trade to ensure we had a smooth route to trade in 2021 and beyond."*



John Stevenson with SI Protech MD Allan Edmonds

EMC SECURES ACQUISITION FOR UTL

United Technologies (UK) Limited (“UTL Group”) has acquired Digitec Security Limited with the assistance of EMC Corporate Finance, acting as Lead Adviser.

UTL Group is a Unified Communications and B2B Technology group founded in 1999 by brothers Tim and Steve Arnold. This latest acquisition expands UTL's product and service portfolio to include Digitec's security offering and at the same time opens up UTL's existing products and service offerings to Digitec's customers'.

The combined business will have a turnover in excess of £5m and create a number of additional positions within the company. The acquisition comes after the successful integration of Signus Communications in September 2019 and continues UTL's buy-and-build growth strategy. Michael Pay and Ryan Smith of EMC Corporate Finance advised UTL.

PLANNING AND COMMITMENT GETS CROSS BORDER DEAL COMPLETED DESPITE COVID

In August 2020 EMC was delighted to have helped its client Alpin to arrange the sale of the business to the Setec Group, one of France's largest private engineering companies. The transaction was the culmination of a wider plan which saw Alpin utilise EMC's tailor-made advice and services to achieve its goals.

The story began in 2018. Alpin CEO Jourdan Younis explains:

“I recognised that the continued and enhanced growth of our business would benefit from working with a bigger, international group. Finding the right partner for my company would involve a global search to find the best match and I needed to engage a professional team to help me which is where EMC came in. I originally began working with Terry Rainback at EMC in 2018 to help me and the senior management team get the business prepared. The work we did back then proved invaluable for what was to follow.”

Terry Rainback initially undertook a management advisory role with Alpin to help and guide Jourdan and the senior management team. Terry says:

“Working with Jourdan and his team, getting to know the business and culture all helped steer the company towards the next stage – this initial period is what many people often call ‘grooming the business.’”



Terry, who led the EMC CF team added:

“After undertaking a global search for potential partners and an extensive programme of discussions with a range of parties, we were delighted that the strategic fit of the Setec Group and Alpin was able to be found. Little did we know about what lay ahead with the frustrations and complexities caused by the COVID 19 global disruption, but we got there and with commitment and resolve on all sides the deal was finally exchanged and completed across end of July / early August.”

Michael Gibbs commented:

“The intricacies of dealing with multiple international parties, along with different International Accounting Standards and legal principles during the process demonstrated the need to have a strong control of and input into the process – something that EMC continually excels at.”







































Jourdan, who remains with the business, concluded:

“I am delighted with the outcome. EMC has supported me on our journey from the very beginning. Even when completion of the deal became protracted due to the impact of COVID, I knew that EMC had my back and were always there for me. Terry was able to be relied upon as a trusted advisor throughout the process – the leadership team and myself really relied on his and Mike's support all the way through.”



As the grooming period progressed, plans were able to be made for the next stage, which is where EMC's wider resources were warmed up. Terry was joined by Mike Gibbs and Luke Soper to prep and then launch the next stage.

2020 DEAL TOMBSTONES

ALPIN  Sale of Alpin Limited to Setec Group Construction Consultancy EMC provided corporate finance services 	ART REPUBLIC  Sale of business to TagSmart Art EMC provided corporate finance services 	ASHTONS HOSPITAL PHARMACY SERVICES  Management Advisory Medicines Management EMC provided corporate finance services 	ASHTONS HOSPITAL PHARMACY SERVICES  Management Buy-Out Backed by LDC Medicines Management EMC provided corporate finance services 
BRITISH INTERNATIONAL IND  Management Buy-Out Aircraft Parts EMC provided corporate finance services 	EDGARS FRUIT  Joint Venture Office fruit distribution EMC provided corporate finance services 	THE EDWARD ALEXANDER GROUP  Sale of minority stake Home Design EMC provided corporate finance services 	HAS-VENT  Management Buy-Out Ventilation Ducting EMC provided corporate finance services 
IEP FINANCIAL  Sale of minority stake to Blacksmith and Brigrantine Financial Advisory EMC provided corporate finance services 	IEP FINANCIAL  Management Buy-Out Financial Advisory EMC provided corporate finance services 	LIGHTNING FIBRE  Development Capital from Foresight Group Fibre Broadband Provider EMC provided corporate finance services 	MCINTYRE ELECTRICAL  Management Buy-In Electrical Installation EMC provided corporate finance services 
NIB INSURANCE  Sale of business to Green Insurance Group Insurance EMC provided corporate finance services 	PLANT MOVEMENTS  Sale of a majority shareholding to Lizbeck Ltd Plant Handling EMC provided corporate finance services 	POSTURITE  Sale of remaining shareholding to Follows Office Furniture EMC provided corporate finance services 	R.T. WILLIAMS IFA  Sale of assets and business to IEP Financial Financial Advisory EMC provided corporate finance services 
R.T. WILLIAMS  Sale of business to Green Insurance Group Insurance EMC provided corporate finance services 	UTL GROUP  Acquisition of Digitec Security Ltd Security Systems EMC provided corporate finance services 	WORKRITE  £6.8m sale of software division of Posturite to Ideagen E-Learning Software EMC provided corporate finance services 	To read about all our deals visit the Our Work section of the EMC website emcltd.co.uk/projects/completed-deals

EMC

BUSINESS MANAGEMENT
CORPORATE FINANCE

EMC is the South East's leading independent provider of business management, corporate finance and operational support to SMEs across all business sectors.

Offices in:

- Brighton
- Tunbridge Wells
- Maidstone
- Epsom
- Eastbourne
- London

CAPTION COMPETITION



Win a bottle of Black Dog, England's finest sparkling wine

All you have to do is email a caption to accompany this photo to gearoid.ocallaghan@emcltd.co.uk

Head Office:

Rochester House
48 Rochester Gardens
Hove
BN3 3AW

Tel: 01273 945984

Email: michael.gibbs@emcltd.co.uk

www.emcltd.co.uk

Published by EMC Management Consultants Ltd