



One Buyer is NO Buyer

Using a Competitive Process

to maximize your goals and objectives when selling your business!

Episode 4: Monetizing Your Business Podcast

July 2021

Why Buyer's Buy

Reasons for Buying	Transaction Value Ranges in Millions \$		
	1-2	2-5	5-50 +
Horizontal add-on	25.6%	32.8%	42.6%
Vertical add-on	14.5%	14.0%	22.1%
Better ROI	19.9%	19.9%	13.6%
Buying a job	28.2%	22.5%	5.3%
Other	11.8%	10.8%	16.4%
<i># Transactions</i>	963	673	510

In the \$5 - \$50MM+ Transaction Size, 78% of the Buyers are Buying for Growth or Better ROI.

Why Seller's Sell – Q1 2021

Transaction Value	Retirement	Burnout	Unsolicited Offer	Recapitalization	Other*
\$5MM-\$50MM	53%	27%	7%	13%	-
\$2MM-\$5MM	72%	4%	-	-	24%
\$1MM-\$2MM	54%	15%	6%	2%	22%



* Other = health, family, relocation, etc.

Total Value at Close is KEY!

Competitive Process Example 1*

Buyer Rank	1	2	3	4
EBITDA Multiple	6.3	5.8	5.6	5.4
EBITDA Assumption*	\$2,000	\$2,000	\$2,000	\$2,000
Total Consideration*	\$12,600	\$11,687	\$11,252	\$10,761
Cash At Close*	\$9,450	\$9,934	\$7,651	\$6,991
% Cash at Close	75.0%	85.0%	68.0%	65.0%
Note**	3 years**	N/A	N/A	4 years
Earnout	N/A	4 yrs. No Cap	3 yrs. Capped	N/A

** all \$ in 000's, ** Guaranteed*

Background: Manufacturing Company with year over year annual revenue growth of 30%+ for the past 3 years with consistently strong margins and earnings.

Key Take Away's:

- Offers show wide range of Buyer's perception of value
- Cash at Close varies by 20% across various offers
- Note & earnout terms are extremely important to ensure payout

If you have 1 Buyer, which one is it?

*Disclaimer: The example shown above is for illustrative and discussion purposes only and is not a guarantee of any future results or expectations.

Competitive Process Example 2*

Buyer Rank by Total Consideration	1	2	3	4	5	6
EBITDA Multiple	8.6	9.0	7.7	8.0	7.2	8.5
EBITDA Period	Proforma Current Yr.	Most Recent Yr. End	Trailing 12 Mos.	Most Recent Yr. End	Most Recent Yr. End	Prior Yr. End
Cash at Close	100%	100%	70%	100%	100%	100%
Escrow Holdback	6%	10%				
Note/Earnout	N/A	N/A	30%	N/A	N/A	N/A
Interests Purchased	100%	100%	100%	100%	100%	85%
Structure	Stock	Stock	Stock	Stock	Asset	Stock
Key Management	Must Stay	Stay or Leave	Must Stay	Must Stay	Must Stay	Must Stay

Background: Healthcare sector, low capital expenditures, barrier to entry, growth in excess of industry norms, consistently strong margins and earnings. Seller objectives: "Sell & Go"

Key Take Away's:

- Highest Multiple does not always equal the highest price.
- Multiple of what level of earnings.
- Deal Structure can be key for taxes and other issues.
- Key Management staying was a critical point for most buyers.

If you have 1 Buyer, which one is it?

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The Upton Financial Group Value Proposition:

- If we package your business to showcase its strengths in the most favorable light...
- And present this package to a targeted pool of highly qualified, financially capable buyers, who can buy the way you want to sell...
- The offers you receive will reflect a range of **Total Value** the market will pay for your business!

Ask yourself, “Who else could pay more?”

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Improving Your Success

Have a Plan Before You Start

Get Your Team of Advisors to Help You: CPA, Wealth Advisor, M&A Intermediary, Deal Attorney

Ask Yourself: "Will the Sale of my Business Fund the Next Chapter in my Life?"

Know what you NEED from a sale and WHY you want to Sell

Employ a Competitive Process to Generate Multiple Buyers

Multiple Buyers provide you with Options....

Options provide you with Choices and Leverage

Choices and Leverage maximize TOTAL Value to you!

We hope you enjoyed this presentation and learned some valuable information

- If you have questions or would like to set up a complementary confidential call to discuss your opportunity, or
- If you have comments or suggestions on how we can improve these type presentations, or
- Have topics that would be of interest to you. (Note: we will only pontificate if we have the experience and knowledge to do so. If we do not, we will interview folks who we know are a strong and trusted resource on the topic.)

Please email Renae at: renae@uptonco.com

Thank you