

Case Study



Construction Materials – Sale of Business

CHALLENGE	QUICK FACTS																		
<p>Company is a well established \$100 million Construction Materials Manufacturer, owned by a 75 year old entrepreneur and run day-to-day by his two sons.</p> <p>The family wanted to sell the company and one son wanted to stay involved in the business. The company had excess land not required in operations, which had a challenging shape and access.</p> <p>Accounting was done by hand and controlled closely by the long serving soon to retire Controller. The owner retained an investment banker to divest of the majority of the company.</p> <p>No one outside Family and Controller were to know of the transaction taking place until it was completed.</p>	<table><tr><td>Deal Type:</td><td>Sale of Business</td></tr><tr><td>Deal Size:</td><td>\$50,000,000</td></tr><tr><td>Industry:</td><td>Construction Materials</td></tr><tr><td>Ownership Structure:</td><td>Family Owned</td></tr></table> <table><thead><tr><th colspan="2">FINANCING</th></tr></thead><tbody><tr><td>•</td><td>Majority sold to two Private Equity groups at over 6 times EBITDA Multiple</td></tr><tr><td>•</td><td>Real Estate sold to Separate Investor</td></tr><tr><td>•</td><td>New CEO hired</td></tr><tr><td>•</td><td>Automated Accounting System implemented</td></tr></tbody></table>	Deal Type:	Sale of Business	Deal Size:	\$50,000,000	Industry:	Construction Materials	Ownership Structure:	Family Owned	FINANCING		•	Majority sold to two Private Equity groups at over 6 times EBITDA Multiple	•	Real Estate sold to Separate Investor	•	New CEO hired	•	Automated Accounting System implemented
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SOLUTION
<p>Step 1) Advise owner, and sons, that a new CEO would have to be brought into company in order to make it appealing to outside parties.</p> <p>Step 2) Advised owner they would need to begin investment in management and accounting systems.</p> <p>Step 3) Found two Private Equity firms who both wanted to invest. Help create an agreement both were comfortable with to move forward on purchase within 6 months.</p> <p>Step 4) Negotiated purchase price on behalf of owner</p> <p>Step 5) Helped Private Equity firms find CEO</p> <p>Step 6) Managed due diligence process to ensure confidentiality of transaction as requested by owner.</p> <p>Step 7) Approached appropriate Real Estate operators and investors and found a group of investors interested in property. Closed real estate transaction 5 months after sale of Company</p>

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CONCLUSION

The end result was that the owner was able to retire with a considerable amount of cash from a 6 times EBITDA purchase price. The son was offered a contractual position in the company going forward. No one outside the Family, controller, and suppliers knew of the transaction until it was closed.

The real estate was dealt with separately so as not to effect the negotiations around the business.

A portion of the proceeds was directed into an Automated Systems.

