

TWO'S COMPANY

AN SME'S GUIDE TO MERGERS AND ACQUISITIONS

The newspapers and airwaves are always buzzing with deal news. Whether it's The Lonsdale Consortium's AUD9.7 billion acquisition of the Port of Melbourne in late 2016, or the recent politically controversial sale of a controlling stake in state-owned electricity distributor Ausgrid to AustraliaSuper and IFM Investors, big-ticket mergers and acquisitions (M&A) dominate headlines and the popular imagination.

But what does M&A mean for an SME? Many SMEs make the mistake of thinking that M&A is the exclusive purview of global conglomerates, venture capital firms and private equity or superannuation funds backed by billions of dollars in capital. In fact, a strategic deal may be just what you need to propel your business through a period of stagnant or even negative growth, expand beyond a saturated market or capitalise on your fast-fading first-mover's advantage.

With Altus' M&A opportunity reporting, strategic M&A analysis and comprehensive follow-through planning and implementation services taking you from due diligence to post-merger integration, the murky, intimidating world of M&A is swiftly transformed into a marketplace buzzing with opportunity.

WANT MORE GROWTH? GROW!

Your team has invested a lot of man-hours and effort into helping the company expand, and you've seen your market share, revenue and profits increase. But an ambitious SME is always hungry for more growth, and if you're stumped, M&A might just be the answer. Here are just a few ways M&A can contribute to strategic growth.

Credit flows more freely: Has your company ever been denied a loan facility because of its size? Mergers and acquisitions provide your company's asset pool with an instant boost, making your balance sheet more attractive for financiers – and, if you're looking to equity financing, investors.

Diversification: On paper, diversification always looks good. Lower risk exposure and access to new customer segments? Sign us up! However, in practice, diversification is easier said than done. Imagine you manufactured DVD drives back when Netflix's and Amazon Video's streaming services started taking off.



Smart diversification entails that you branch into streaming, to reduce your exposure to any consequent fall in the demand for DVD drives. But if your entire business operations are geared towards the manufacturing of DVD drives, how long will it take and how much would it cost to develop the software, obtain the intellectual property licenses and set up your distribution framework for a streaming service, from scratch?

The short answer? Far too long, and far too much. The long answer, isn't much longer. In that scenario, doing a deal with a medium-sized player in the streaming industry would be a quicker, simpler and more viable option.

Cost savings: If your costs increases are catching up on your revenue growth, economies of scale through M&A may help your revenue figures win that race. That's even before you factor in the potential for improved tax efficiency and increased pricing power vis-à-vis your suppliers as your demand shoots up.

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ALTUS AND YOUR M&A STRATEGY

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Big-picture strategy. With Altus, every successful deal begins with a clear game plan drilling down to core deal objectives. These objectives form the bedrock of due diligence, negotiations and your implementation roadmap. They tell you when things are going right, when you're getting good value– and, perhaps most importantly, when to walk away from a deal, by flagging opportunities that are incompatible with your strategic aims.

Data-driven dealmaking. Altus believes information is the most prized asset, bar none, at the negotiating table. Our due diligence support ensures that you don't miss a thing when it comes to figuring out exactly what you're getting for your hard-earned money. At the same time, our inward-looking data gathering and analysis gives you a more detailed understanding of your own business, giving you clear guidance into the kind of business you should be targeting, and any implementation or integration challenges that you may face. With this information in hand, the opportunity surveying and reporting is no longer a search for a needle in a haystack – instead, it's more like a heat-seeking missile, conducted with maximum precision and efficiency.

Post-merger integration. Completion is only half the battle won. The other half is the intimidating task of making two companies one in both substance and form.

That means building a cohesive mission, vision and culture that combines the best of both businesses while sacrificing none of the nuances that made each successful. Altus leaves nothing to chance when it comes to harvesting the fruits of a hard-fought deal.

Our Post-Merger Integration services take clients through a comprehensive integration roadmap all the way through to implementation planning and execution. We understand that successful dealmaking about getting the signature on the dotted line – it's about everything that happens after.

In short, M&A isn't just for the big players – it's also for the soon-to-be and wannabe big players. It's for the little businesses that could, the ambitious upstarts, the disruptors – for any company that wants to make it to the big leagues.

To sit at and survive the high-roller table, you need to think and play like a seasoned high-roller. That means calculated risks, data-driven decisions and above all, a clear game plan. So sit down with one of Altus' deal experts today, and find out what M&A opportunities await your SME!

HEAR WHAT OUR CLIENTS SAY

INTERNATIONAL ENGINEERING COMPANY PROJECT MANAGEMENT

"David has successfully overcome a diverse suite of challenges in closing out this project, which have encompassed solving complex technical issues associated with the operation of the water conveyancing asset, undertaking sensitive negotiations with the clients contracts team, managing underperforming sub-contractors, and maintaining the project budget in an extremely dynamic environment. Through these experiences, David has continually demonstrated outstanding leadership qualities, an unwavering integrity in executing all aspects of the project the right way, and has bought an energy to his work that has given all key stakeholders confidence that the job will get done."