

Case Study

SUCCESSFUL INVESTMENT IN AUSTRALIAN OWNED FAMILY BUSINESS – MACSIM FASTENINGS SYSTEMS



SETTING THE SCENE

Founded in 1954 by Malcolm Mackay-Sim, the father of the current Chairman, Fraser Mackay-Sim, and the grandfather of CEO Mark Mackay-Sim, Macsim Fastening Systems is a major supplier of fixing systems. They offer a range of more than 7,500 products, including screws, packers, plastic fixings, anchoring, silicone and adhesives, bolts and nuts, drilling systems, and more.

In 2022, the directors decided that the timing was right for a strategic partner to buy into the company to enable further expansion both domestically and internationally – it was then that they decided to canvass the market for a suitable strategic equity partner. The ideal equity partner would not only allow them to reap the rewards of building a successful business but assist them in taking the business through the next growth phase. After being introduced to the Moore Australia Corporate Finance team March 2023 and gaining an understanding of the value we add to a transaction like this, the transaction process began.

THE MOORE DIFFERENTIATION – LEAD ADVISORY

Moore Australia provides a unique service tailored to the M&A mid-market. Our uniqueness comes from the fact that we specialise in both Transaction Support and Lead Advisory engagements. The Transaction Support engagements give us constant exposure to the latest trends in sale readiness, modelling, and due diligence – all key attributes of M&A that if done well, increase value realised by shareholders. From this experience, we're able to prepare our clients with sale materials, information and network that will lead to a successful outcome.

PROCESS

MARCH 2023

- 1 To begin, we conducted a thorough analysis of the Macsim Fastenings business, with a more concentrated look on the financials including the Profit & Loss, Balance sheet and Cash Flow, which enabled us to gain a detailed understanding of businesses operations, financial performance, and key shareholder objectives.

- 2 We then prepared a Pricing Paper – this gave management a clear estimate of value. It also sets expectations from the beginning to avoid any miscommunication at later stages.
- 3 We were then introduced to a consortium of Maccsim Fastenings suppliers to organise introductory meetings discussing the strategic opportunity and their interest in formalising an investment into Maccsim Fastenings.
- 4 Following our introductory meetings, several suppliers indicated an interest in making an investment into Maccsim Fastenings leading to the suggestion of a consortium investment.

APRIL 2023

- 5 An internal corporate restructure was required to enable Maccsim Fastenings to accept any investment from the strategic consortium, including the registering of related party financings within the group. Advice was provided to formalise the related party funding and the most suitable corporate group structure for an equity investment.
- 6 Once the structure was agreed, legal advisers were engaged to draft formal agreements to ensure Maccsim Fastenings was “investor ready”.
- 7 The Moore Australia Corporate Affairs Team proceeded to lodge the required paperwork with ASIC, actioning the restructure to enable the transaction to progress and further Maccsim Fastenings investor readiness.
- 8 Additional legal advisers were engaged by both sides to draft the Share Subscription Agreements with advice provided on the various provisions to ensure Maccsim Fastenings shareholders retained control of the business.
- 9 Substantial negotiation was required to finalise the structure of the investment and format of the Share Subscription Agreement involving all advisers, leading to a structure and agreement that was acceptable to all parties.

MAY 2023

- 10 Following the execution of the Share Subscription Agreements, the consortium remitted their funds into the lawyers trust account to complete their investment.
- 11 The Corporate Affairs Team organized the relevant ASIC forms ensuring the new equity was issued to the strategic consortium.

RESULT

Completion occurred after a very intense 8 week period of countless meetings and tense negotiations. Our client has solidified the partnership between Maccsim Fastening Systems and the unnamed consortium of suppliers to ensure the continued success of Maccsim in Australia and New Zealand.

The capital injected will enable Macsim to fund corporate activity as well as build out its current team to service the Australian marketplace. Future plans also include additional M&A activity to consolidate the industry, which could include Macsim acquiring other players or merging with synergistic businesses.

This is another deal in the anchoring space for Moore Australia, which advised privately held Australian construction anchoring and fixings supplier AnchorMark on its sale to high-net-worth individuals in May 2022.

If you would like to take your business on a journey like this, please contact your local Moore Australia contact. www.moore-australia.com.au/corporate-finance

MOORE AUSTRALIA

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Moore Australia has extensive experience in state and local government, biotechnology, energy mining and renewables, health and aged care, education, manufacturing, not for profit, property and construction, retail and tourism and hospitality and has a strong presence in the following service lines: Asia Desk, Audit & Assurance, Business Advisory, Taxation, Corporate Finance, Governance and Risk Advisory.

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