

Case Study

SUCCESSFUL SALE OF UTE ACCESSORIES BUSINESS – T.C BOXES



SETTING THE SCENE

Established in 2017, Ute accessories business T.C Boxes is one of Australia’s most popular B2C utility accessories businesses. From trays to canopies to trailers – they have it all. Growing a business of this quality takes skill, hard work and the courage to take a risk on what was once a vision.

In 2021, the founders had so far displayed these three qualities to build a successful business generating handsome cash flows – it was then that they decided to canvass the market for a 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 in Dec 2021 and gaining an understanding of the value we add to a transaction like this, the sale process began.

THE MOORE DIFFERENTIATION – LEAD ADVISORY

Moore Australia provides a unique service tailored to the M&A mid-market. Our uniqueness comes from fact that we specialize 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

DEC 2021

- 1 To begin, we conducted a thorough analysis of the automobile accessories market, with a more concentrated look on utility accessories. We also gained 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.

JAN 2022

- 3 With the hindsight of half year financials, we prepare crucial sale materials: Financial Model and Information Memorandum. These paint a picture for potential investors – the growth story, company culture, industry and expansion plans were key aspects in this transaction.

FEB 2022

- 4 In this transaction, Moore Australia utilised an extensive network of trade and financial buyers that we've built up over time. This proprietary information meant we were able to present to management a targeted list of parties that are most likely to show interest in their business.
- 5 After refining this list with management, we introduced T.C Boxes to the market. Initially this was done on a no-names basis to maintain confidentiality. Any parties who expressed interest to know more were asked to sign an NDA.

MARCH 2022

- 6 We then got to a stage we were comfortable a wide enough net had been cast. That is, we had introduced the opportunity to a diverse enough range of parties to give shareholders the greatest opportunity to extract maximum value.
- 7 At this stage we requested NBIO's. Non Binding Indicative Offers allow management to review headline offer terms and decide which party they take into exclusivity.
- 8 For T.C Boxes, this was Gresham Capital Partners.

APRIL – JUNE 2022

- 9 Due Diligence commenced. Gresham utilised the services of EY. DD involved a thorough analysis of all things financial and operational. It was an opportunity for Gresham, who had exclusivity, to discuss concerns, synergies and ultimately decide if they wish to enter a formal binding agreement.
- 10 Enter the Lawyers. At the back end of DD, lawyers began drafting key legal documents. These consisted of new company constitutions, shareholders agreements, employment agreements and share sale agreements. Gresham engaged the services of Clifford Chance while T.C Boxes engaged Becketts Lawyers.

AUGUST 2022

- 11 Completion occurred in August 2022. This involved the signing of all agreements and of course, the funds flow to shareholders.

RESULT

Completion was the culmination 8 months' work. Our client walked away with not only a strategic partner to help grow the business, but a reward for building a business loved by trades and adventurers Australia wide.

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

Moore Australia is part of a global network of firms, providing auditing and financial reporting services, advising local, national and international clients in the public and private sectors. Moore Australia generates annual revenues in excess of \$80m.

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.

This case study was produced with express permission from our client.



www.moore-australia.com.au

An independent member of Moore Global Network Limited – members in principal cities all throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.