



TRAVEL TRADE ONLY LTD

INVESTMENT BANKING ADVISORS

Vendor Advisory Service

Before accepting an engagement to sell a business for an owner or management team, TTO determines the value-added role it can bring to the transaction. A successful result must begin with a complete understanding of the client's expectations and a comprehensive assessment of the marketability of the business to be sold.

If selling the business is premature in the market, or unlikely to meet the owner's objectives, TTO may recommend a delay of the sale and examination of other options. If a sale appears to be the best option, we will advise on the best sale strategy, deal structure and approach to the market.

The services provided for the Seller of a business typically include:

- Business valuation of the entity being sold
- Developing a market strategy to maximize the Seller's objectives
- Preparing a confidential Seller's information memorandum on the entity
- Identifying and screening the most likely buyers
- Assisting in managing Buyer-Seller interface and information exchange
- Optimizing the deal structure
- Closing the transaction in a timely manner

Why hire an investment banker?

"I can sell the company myself. I've successfully run the business and I can sell it with the help of my legal and accounting team. Why hire an investment banker?" This is a question that many successful companies face at some point. Employing an experienced investment banker will increase the likelihood that you will arrive at a financially favourable transaction, while you attend to business.

The assistance of an experienced investment banker can:

- create a competitive bidding environment amongst multiple potential buyers
- maximize the overall sales price
- appreciably increase your chances of selling the business in a timely manner
- reduce the time it takes to sell the business on your own
- allow management to focus on the continued operation of the business
- create a transaction structure that best meets the needs of the company's owners

On the other hand, choosing the wrong investment banker, or going it alone can cost the company time and money while negatively impacting the transaction process. If you were to ask an executive who has worked with an investment banker before why they utilized their services, you would be likely hear some of the following benefits.

Specialized Knowledge, Defining and Setting Objectives, Current Understanding of the Capital Markets, Establishing and Maintaining Contact with Potential Buyers, Objective Valuations, Attracting Multiple Offers, Preparation for Due Diligence and Negotiations, Optimizing Transaction Structure, A Proven Track Record of Negotiating Successfully.

Specialized Knowledge

Most successful businesses have a lawyer and an accountant that they trust implicitly. Frequently, these advisors do not possess a strong knowledge of the process of successfully portioning a company for sale, negotiating with seasoned acquirers and closing in a timely manner.

Investment bankers earn compensation by effectively and competently advising shareholders on the details of the transaction process. During the sale process, the investment banker serves as the project manager, tapping into the skills of the lawyer and accountant where appropriate and, in the process, forming a cohesive advisory team. If you are thinking of working exclusively with your internal/external lawyer or accountant during the sale process, be sure to ask yourself the following questions.

Do your advisors:

- have an up-to-date understanding of capital markets and the current financial structures used by those acquiring companies in your industry?
- have adequate market knowledge and experience in negotiating sales & divestitures?
- have the experience to objectively examine and confirm the market value of your company based on a current understanding of capital markets and similar transactions?
- know which strategic buyers would likely be interested in acquiring your company?
- have prior experience negotiating sales transactions within your industry?
- have the ability and experience to bring multiple purchase offers to you?
- have the proven ability to effectively manage and lead you through the sale process in light of the substantial time commitment required?

If the answer isn't an emphatic "yes" to all these questions, then you should consider hiring an investment banker.

Time Management

An "average" sale or divestiture project takes greater than (>) 400 hours, considerably more for an international transaction, of the investment banker's time. Senior executives are frequently consumed with the day-to-day requirements of running the business, leaving little time to explore and aggressively pursue all alternatives. For those executives who try to manage the sale process while running a business, one or both efforts are likely to suffer or fail altogether.

Defining and Setting Objectives

Management regularly spends a considerable amount of valuable time/effort creating and refining their marketing plans. Planning for the sale of a company rarely receives the same level of concentrated effort. Defining and planning for the requirements of the sale process is a time consuming and continuously evolving process. An experienced investment banker understands what questions to ask to help you establish your transaction objectives as efficiently as possible. Accurately defining and setting your transaction objectives is the starting point of planning for a successful sale.

Current Understanding of the Capital Markets

A skilled investment banker invests a substantial amount of time and energy to maintain knowledge of the capital markets. Effectively marketing your company to potential buyers requires a strong understanding of current industry trends and market requirements. At the end of the day, your investment banker will be able to determine precisely which buyer(s) will likely offer you the most for your company, based on current market conditions.

Establishing and Maintaining Contact with Potential Buyers

In today's market, senior management is frequently bombarded with acquisition opportunities. In order to get the attention of a potential buyer, you are often required to have a relationship with, or introduction to, the buyer. Using a well-respected investment banker to assist in the sale process saves you time and increases your chances of receiving the most qualified purchase offers. An experienced investment banking firm has a deep network of relationships that they put to work for you.

Objective Valuations

One of the key factors influencing every acquisition decision is valuation. If the valuation isn't reasonable compared to other opportunities under review, the potential buyer will quickly decline. An investment banker will leverage their experience and up-to-date knowledge of capital markets to help you establish realistic valuation expectations.

Attracting Multiple Offers

Every business owner knows that in order to get the best deal, there must be competition. Whether you're selling something to the highest bidder, or working with multiple suppliers to secure the lowest bid, competition results in the best deal for you and your company. Selling a business is no different. The more competing offers you have, the greater your leverage during negotiations. One of the most important things that investment bankers do is to attract multiple offers for your business.

Preparation for Due Diligence and Negotiations

Meetings with potential buyers are your opportunity to sell the potential of your company. Being well prepared for these meetings requires an understanding of buyer expectations and an experienced investment banker will coach you in appropriate methods so you're well prepared to represent your company in a manner that meets and exceeds buyer expectations.

Optimizing Transaction Structure

Just as every company is unique, every transaction is unique; each deal must be structured to meet the specific objectives set by executives and shareholders. Transaction structures change due to the many factors impacting a deal including: deal pricing, terms and conditions, valuation, earn-outs, fluctuations in market conditions, liability concerns and employment contracts to name a few. Reaching agreement on the originally proposed transaction structure in an initial term sheet rarely happens. An experienced investment banker will help establish parameters designed to optimize the transaction structure from your perspective.

A Proven Track Record of Negotiating Successfully

One of the most important skills an investment banker brings to the table is the ability to successfully negotiate transactions. For company owners, the experience in negotiating term sheets and transaction structures may be an infrequent event. Investment bankers are skilled negotiators with the proven ability to balance your interests against those of the buyer. By employing an experienced investment banker you level the playing field, resulting in a better deal for the company and shareholders.

In summary, the qualified investment banker reduces stress, risk and the time it takes to successfully close financing. Employing an experienced investment banker will increase the likelihood that you will arrive at a financially favourable transaction.

Harmonising Interests

The Bank's remuneration, in common with investment banking practice, is highly achievement orientated, ensuring both the vendor's and the bank's interests are aligned. The principal payment comes when the clients receive theirs; its amount, an agreed percentage of the final price achieved. Prior to that, there is only a modest retainer.

The investment banker is your ally during the considerable strain of the sale process and acts as a buffer between the vendors and the market place. Shareholders are emotionally attached to the business meaning important decisions can be difficult to make from the right perspective. For those shareholders who try to manage the sale process, the emotional roller-coaster is not to be underestimated and the transaction is likely to suffer or fail altogether under the emotional duress. In situations where the buyers are familiar we will keep the process strictly professional, protecting your interests and distancing you from the emotional strain, upping the ante.

Specifically we serve to accomplish the following:

- Conduct preliminary valuation research
- Create documentation to market the investment or acquisition opportunity
- Identify potential investors, acquirers
- Speed, ease the process for management
- Serve as negotiator with potential acquirers
- Shelter principals from emotional ups and downs by determining deal-killers and ensuring negotiations occur only with qualified buyers
- Play role of guide, mentor and offer frames of reference
- Intimidate the opposition
- Realize substantially greater values

For most business owners, selling your company is a once in a lifetime event and it is therefore critical to select a professional advisor who demonstrates as much care, dedication and determination to the challenging sale process as you spent creating your business.

To find out more about selling your business, or managing a friendly take-over, Management Buy In/Out or asset sale please register your interest by contacting Henry Hallward or Harry Cobb on 020 7870 8142. All discussions will be treated as highly confidential.