



Scancorp Business Exit
Service Offering Overview

2013

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Scan Capital Pty Ltd ACN 148 967 855

Australian Financial Services Licence ("AFSL") Number 400964

About Scancorp

Scancorp comprises Scan Capital (Australian Financial Services License 400964) and Scan Business Brokers. We have a 26-year history specialising in:

- Company sales (including complete acquisitions, partial divestment, asset sales & management buy-outs)
- Corporate acquisitions
- Preparation for business exit
- Advisory and Consulting (specialising in business improvement), and
- Funding (debt, equity and mezzanine).

Scancorp specialises in servicing exceptional Australian companies and seeks to provide a tier 1 level professional service with a personalised client focus.

We have always specialised in servicing the mid-market, which we define to be businesses with enterprise value typically within the \$3M to \$50M range.

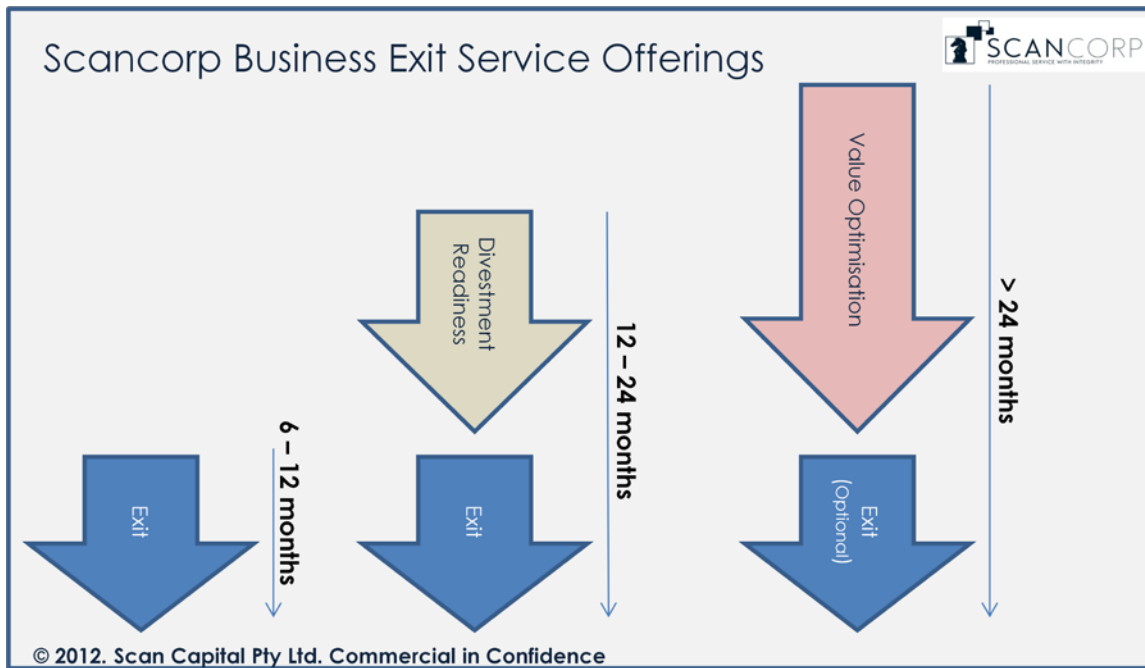
We believe that we are uniquely positioned to service this sector:

Our Experience and Success	Scancorp Approach
<ul style="list-style-type: none"> ✓ 26 year history ✓ We estimate our sale conversion rate as circa 75% ✓ We are equipped to structure <ul style="list-style-type: none"> • trade sales • sales to private equity • leveraged buy-outs • investment syndicates and • management buy-outs ✓ Mergers, acquisitions & consulting is led by Marcus Salouk with over 20 years experience in management consulting, engineering & technology ✓ Business & commercial sales is led by Ross Tiller with 40 years experience in business & commercial sales 	<ul style="list-style-type: none"> ✓ Discrete approach to mergers and acquisitions ✓ Targeting strategic corporate buyers and sellers (we invest in acquiring leading industry research) ✓ Extensive database of investors, buyers and sellers across a variety of industries ✓ Our Business Exit program is tailored to maximise the value and sellability of a business at time of sale ✓ Represented nationally in Australia and Singapore ✓ Network of lawyers, accountants and corporate advisers
Quality of Deliverables	Our Credentials
<ul style="list-style-type: none"> ✓ We develop detailed financial assessments and Information Memoranda tailored to meet the requirements of buyers/investors, their advisors and lenders ✓ Our analysis benefits from: <ul style="list-style-type: none"> • decades of collective M&A, business sales and commercial experience • detailed understanding of the requirements of lenders and accountants • investment in leading industry research • market intelligence 	<ul style="list-style-type: none"> ✓ Nationally licensed ✓ Australian Financial services License ✓ Various professional memberships such as: <ul style="list-style-type: none"> • Australian Institute of Company Directors • FINSIA • Engineering Australia ✓ Sales, Accounting, Finance and Engineering qualifications ✓ Extensive experience in managing small, medium and large businesses

Business Exit Service Offerings

Scancorp offers 3 levels of Business Exit Service to suit Client's objectives:

1. **Exit:** for Clients seeking to divest in the shortest practical timeframe
2. **Divestment Readiness** (followed by Exit): for Clients wishing to prepare their business for sale prior to exit
3. **Value Optimisation** (with optional Exit): for Clients seeking to significantly enhance the value of their business

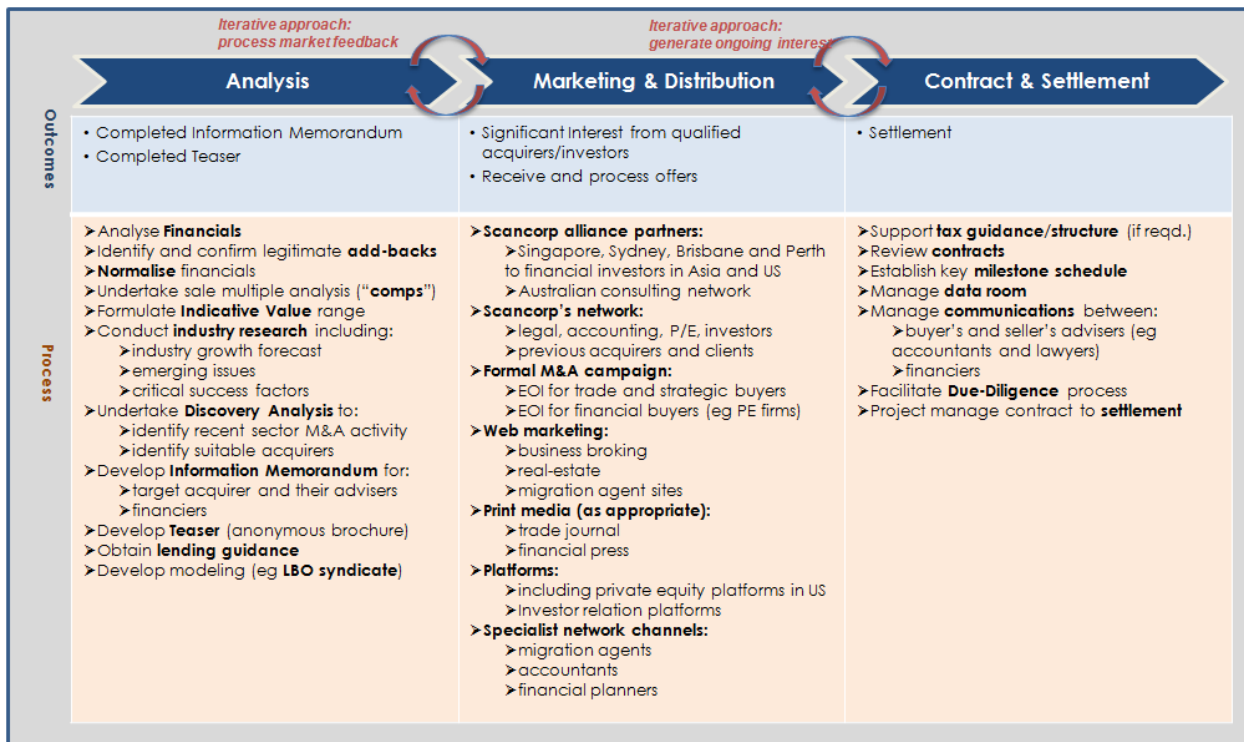


Service Offering: Exit

Example Client

- **Client Objective:** Seeking to exit within 6-12 month
- **Industry:** Manufacturer of niche products for construction sector
- **Revenue:** \$40M p.a
- **Normalised EBIT:** \$6.0M (eg 3 year average inclusive of GM salary)
- **Sale price:** \$24M (inclusive of stock)

Scancorp Methodology Overview



Fee Structure

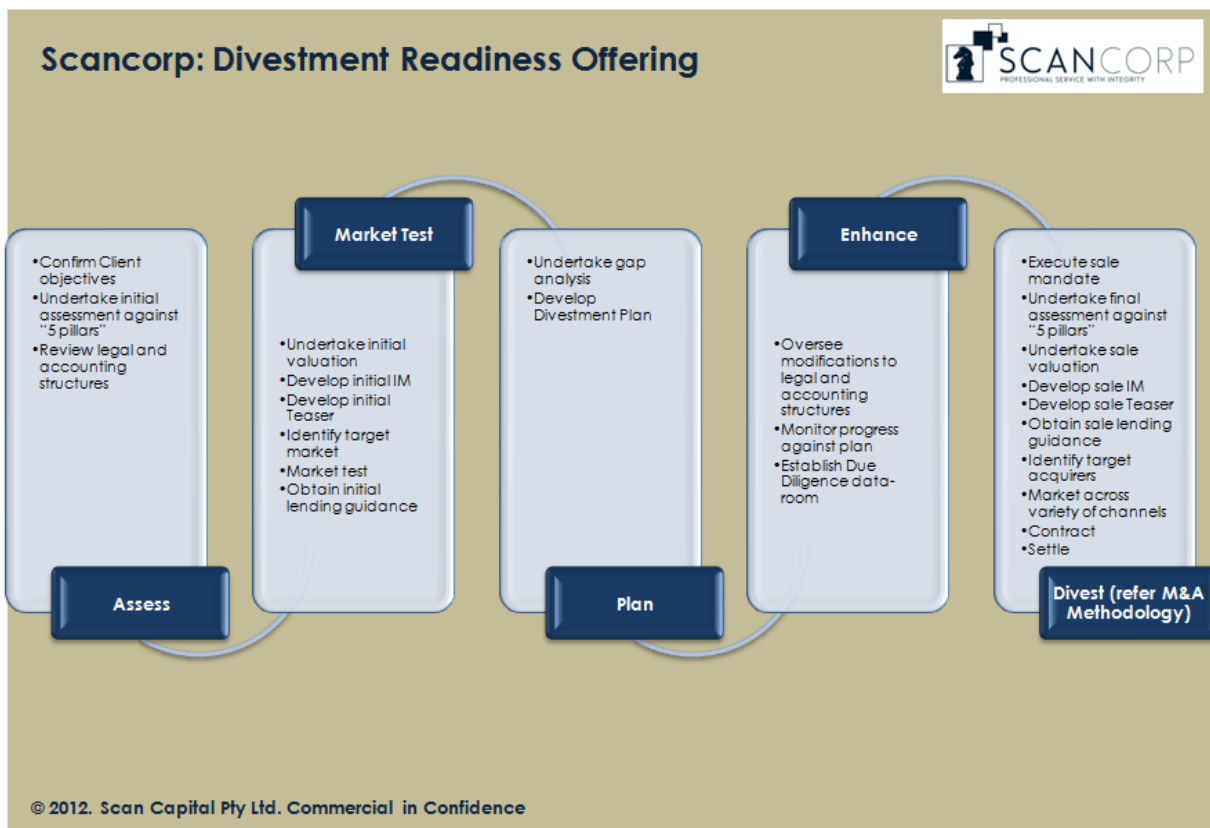
Phase	Structure	Due
Analysis	Fixed-fee	Execution of mandate
Marketing	At cost	Execution of mandate
Sale	Success fee based on contract value	At settlement

Service Offering: Divestment Readiness

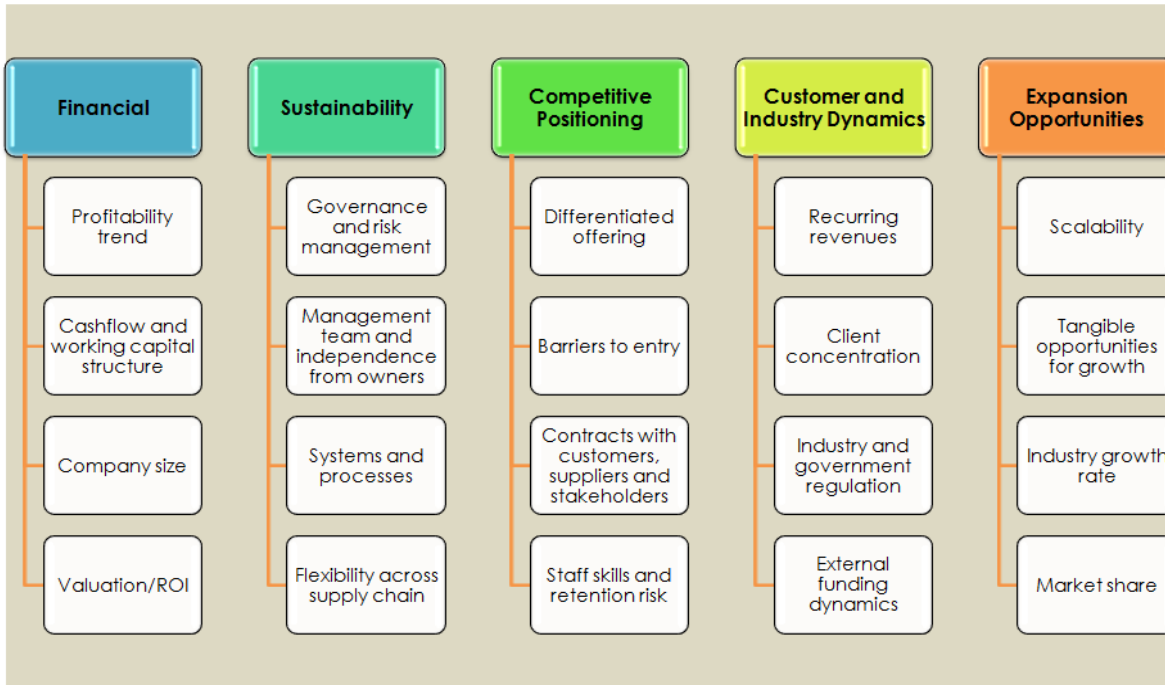
Example Client

- **Client Objective:** Seeking to exit in 18-24 months
- **Current Issues:**
 - Business overly dependent on the owner
 - Processes are not adequately documented nor systemised, thereby relying on corporate memory held within a few key staff
 - High dependence on a specific supplier
 - Poorly described corporate strategy and business plan (no formal strategies to combat competition, no clear opportunities for growth etc)

Scancorp Methodology Overview



The following summarise the “5 pillars” that buyers and investors consider when assessing an acquisition. Divestment Readiness seeks to optimise these prior to exit.



Fee Structure

Phase	Structure	Due
Divestment Readiness	Fixed-fee	Monthly
Marketing	At cost	Execution of sales mandate
Sale	Success fee based on contract value	At settlement

NB: Clients who progress from Divestment Readiness to a Sales Mandate with Scancorp are not required to pay for the Analysis fee associated with Exit.

Service Offering: Value Optimisation

Example Client

- **Client Objective:** Seeking to expand EBIT from \$3M to \$10M within 3-5 years
- **Current Issues:**
 - Lack of coherent KPIs linked to strategy
 - No formal strategy to respond to current M&A activity occurring within the industry
 - Inability to optimise product and client mix due to lack of profitability reporting
 - No board or advisory board in place
 - Imbalance in terms of trade
 - Suboptimal business processes
 - Personal guarantees provided by Directors

Scancorp Methodology Overview

The Value Optimisation approach will be tailored to the Client's specific requirements. Examples of scope could include:

Scope	Example Considerations
Strategy	<ul style="list-style-type: none"> ➤ Target Customers and Markets ➤ Products, Services, Pricing ➤ Sourcing Strategy
Structure and Governance	<ul style="list-style-type: none"> ➤ Optimal organisation structure ➤ Business Unit P&L reporting ➤ Board of Directors or Advisory Board
Processes and Systems	<ul style="list-style-type: none"> ➤ Process optimisation ➤ Process compliance ➤ Systemisation
Human Capital	<ul style="list-style-type: none"> ➤ Competencies of workforce ➤ In-source/out-source/co-source ➤ Recruiting and remuneration
Infrastructure	<ul style="list-style-type: none"> ➤ Plant and equipment ➤ Facilities and layout ➤ IP management
Funding	<ul style="list-style-type: none"> ➤ Capital structure ➤ Terms of debt and alignment of terms with loan requirements ➤ Equity
Financial Performance	<ul style="list-style-type: none"> ➤ Profit optimisation ➤ Cashflow management ➤ Tax optimisation
Legal and Insurance	<ul style="list-style-type: none"> ➤ Legal Structure ➤ Compliance and regulation ➤ Insurance

Fee Structure

As the Value Optimisation project is tailored to meet individual client requirements, the fee share arrangement is customised based on scope and work effort.



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