ANA AVIATION HAD £100M TURNOVER AND £3M PROFIT AT TIME OF MBO



ON MY CV

# FLY THE NEST

Tough conversations are needed up front for a deal to get off the ground, explains **Harry Knight** of Corbett Keeling

PHOTOGRAPHY: BILL MORTON

**WHAT WAS THE DEAL?**
The management buy-out of ANA Aviation – a cargo, logistics and freight management company, which has since changed its name to Network Aviation Group. The founders, Andy Leslie and Andy King, had grown it into a £100m-turnover, £3m-profit business with offices across Europe and the US over 30 years. As a result of the buy-out, they took cash off the table, but kept a minority stake to participate in its future growth. The five-strong second-tier management team had been with the business for about 10 years. Each took around a 15% stake in the bought-out business. The deal value was not disclosed.

**WHAT WAS YOUR INTRODUCTION?**
The founders received an unsolicited approach from an overseas trade competitor. We helped ANA respond and negotiate with the prospective buyer, but the buyer drifted away when we pressed for certainty of funding for the transaction. This left the owners wondering what next. With that strong tier of management in place, we explored the option of a debt-funded sale to management.

**WHAT WERE THE TIMESCALES?**
It was a two-stage process – first to deal with the offer from the trade buyer and second getting the debt provider in place, which was Lloyds Bank. However, a significant benefit of this type of transaction is that you're in control of the pace of the deal. Because ANA had operations in many countries, it was relatively complex. It took a few months to get the funding, tax, and commercial points in place to execute the sale.

**WHAT WAS YOUR ROLE?**
We managed the two stages of the deal process, and raised funds on the best terms for the business. A significant part was to advise the company on the best deal for all involved. There are many crucial questions in this type of transaction. What's the valuation? What are the terms of any deferred consideration? Selling shareholders and buying management team are potentially set against each other on many aspects. Having experience of these transactions is vital to getting the right deal structure.

**WHAT WAS THE STRATEGY?**
Between them, the management team had a majority stake. The clear incentive was to grow the business and pay off the debt and deferred consideration to vendors quickly. This enabled shareholders to explore secondary sale options, and the business was sold to an employee ownership trust in May 2019.

**WHO WERE THE ADVISERS?**
We were lead adviser. Rawlinson Butler, now DMH Stallard, led by Danos Athanasi, provided legal advice. Lloyds Bank provided the funding.

**WHAT WERE THE CHALLENGES?**
The initial challenge with the unsolicited trade approach was to determine the sincerity of the buyer. With the shareholders having committed time and emotional energy to this buyer, it was a big step to decide to walk away and pursue a different transaction.

**ANY LESSONS LEARNT?**
Having difficult conversations early in the process ensures all parties are aiming for the same end. After the trade buyer, we had to be sure what management wanted. It's in everyone's interests to quickly establish if ultimately there isn't a deal to be done. ●

**THE CV**

Harry Knight, a director at Corbett Keeling Corporate Finance, started his career at EY, working on transactions in London and New York, before joining Corbett Keeling. He has an international economics degree from the University of Nottingham.

**Recent deals**

- £7.5m sale of Arbuckles restaurants to an employee ownership trust, December 2018
- Sale of Soneas to Vivimed, May 2018
- Sale of CustomPack by Selecta to PortionPack, September 2018

**ICAEW**
DIPLOMA IN
CORPORATE FINANCE

CISI
CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

ICAEW

# Build your career

**WITH THE DIPLOMA IN CORPORATE FINANCE**

**The Diploma in Corporate Finance will equip you with advanced corporate finance knowledge, skills and expertise. It has been developed by highly experienced corporate financiers and offers a practically grounded, transaction-orientated programme.**

The ICAEW/CISI Diploma in Corporate Finance is officially recognised by the the UK's Financial Conduct Authority as meeting the full qualification requirement for advising on investments in the course of corporate finance business.

To apply or for more information, contact:
**+44 (0)1908 248 250** or **cfqualification@icaew.com**

**icaew.com/cfq**