



November 2010

Tylee+Co have had a busy past few months, delivering a number of successful outcomes for our clients. In this edition of the Tylee + Co newsletter we'd like to outline some of the recent corporate finance assignments we've completed. We also outline a couple of opportunities you might be interested in, and provide an overview of one particular assignment we recently completed - a strategic options review for The Environmental Challenge.

Recent Assignments

Corporate Finance Transactions



Federated Farmers

Tylee+Co assisted Federated Farmers review an **investment** opportunity.

Strategic & Financial Advisory Services



The Environmental Challenge

Tylee+Co undertook a **strategic options review** for The Environmental Challenge.



Right House (a subsidiary of Meridian Energy)

Tylee+Co assisted Right House with **strategic and business planning**.

Tylee+Co have also:

- Assisted the shareholders of a food manufacturing company **restructure** its funding arrangements;
- Provided **valuation** advice to an infrastructure services company;
- Provided **financial modelling** assistance to a food ingredients company; and
- Facilitated a **strategic planning** workshop for an oil, gas and energy consulting firm.

Investment Opportunity

An opportunity exists to invest in an established private company based in the lower North Island. The company designs, manufactures, distributes and licenses, specialised products used in the construction and infrastructure sectors. Sales are made domestically and internationally with key markets offshore including Australia, North America, UK, Europe, and Russia. The company has developed patented technology, and is well positioned to benefit from positive trends in global infrastructure spending and worker safety. The company has secured some major strategic partner relationships, including a long term contract with a large and global multi-national.

Strong governance is in place and the company has a very positive outlook for 2011, including forward orders and several exciting prospects that should translate into significant revenue growth in the future. The company is seeking NZ\$3.5m, and has already raised NZ\$1.7m out of a target NZ\$5m. The company will accept lesser subscription amounts, however this opportunity is only available to 'eligible persons' (as defined in the New Zealand Securities Act 1978). Please contact me if you have interest in learning more about this opportunity and/or to request further information.

Telecommunications Technology and Service Provider Business For Sale

This business has been established for over 10 years with Head Office based in Auckland and offices in 3 other main centres throughout New Zealand. Customers are a good mix of Blue Chip corporate, Government SOE's and medium to large private companies.

The company has a mix of revenue streams by offering product/service solution sales, managed service solutions via the Cloud and maintenance and support programs. The company has a dominant position in its market, and has built high margin solutions to enhance the supplier's product set. The company has grown throughout the recession because their product and service offering has encouraged businesses to invest in this technology to enable them to be able to significantly reduce costs in other areas.

Actual and budgeted EBITDA for the 2009 and 2010 calendar years are \$1.7m and \$1.95m respectively, and net tangible assets are around \$1.6m. The asking price is \$6.0m. This opportunity is only available to 'eligible persons' (as defined in the New Zealand Securities Act 1978). Please contact me if you have interest in learning more about this opportunity and/or to request further information.

Case Study – The Environmental Challenge

The Environmental Challenge (TEC) is a property, planning and project management consultancy firm, established in 2001. They provide nationwide specialist advice and services on the environment, land and resources.

TEC operate in the energy, rail, roading, telco and other infrastructure sectors, with their main area of expertise in the electricity sector.

TEC is wholly owned by Laurence Sherriff, and has offices in Petone and Auckland.

The Brief

TEC approached Tylee+Co to assist with a strategic options review.

They wanted to review their strategic options to ensure a longer-term strategic direction could be set. TEC wanted to continue their growth path and implement a strategy that considered a range of business, shareholder and succession planning objectives.

The Approach

Tylee+Co used a pragmatic, results focused process to assist TEC determine their strategic direction. The process is outlined below:



Tylee+Co Approach:	Tylee+Co Considerations:
Gain a comprehensive understanding of TEC's industry and market	Industry trends and outlook, market size and growth, competitors and their attributes and financial performance.
Gain a detailed understanding of TEC, the company	Service offering, business model, organisational structure, governance, management, core skills and capabilities, financials, competitive advantage, critical success factors, opportunities and risks.
Determine the strategic options available to TEC	What each option entailed, including benefits, risks and practical application. The options considered were a combination of organic growth, strategic alliances, mergers and acquisitions, franchising, downsizing and divestment.

Tylee+Co Approach:	Tylee+Co Considerations:
Develop high level financial and valuation scenarios for each option	The high level assumptions for each option such as revenue growth, profitability margins, valuation multiples and ownership structure.
Develop key objectives, and rank the options against the set objectives	Business and shareholder objectives in relation to revenue growth, geographic expansion, human resources and roles, shareholder wealth, exit strategy, succession planning, governance and risks.
Draw conclusions and determine a preferred strategic option	Competitive environment, industry growth and trends, business stage, core skills and capabilities, management and governance, financial, valuation and ownership impacts, ease of implementation, risks and objectives.
Peer review with other consulting firms to test conclusions	Growth experiences of other firms and their feedback on what worked, and what didn't work, for them.

Client Feedback

"Tylee+Co did some excellent work for us. Dougal clarified the strategic direction we should take the business. The approach he took was logical, and together we reached some sensible conclusions that were based on a mixture of sound research and analysis and practical experience.

Tylee+Co are now involved in our business planning process, this has involved staff workshops and developing a simple action based business plan with KPIs.

A key benefit of having Tylee+Co involved is that they can also assist us with implementation of our strategic and business plan, including forming alliances and investigating suitable merger and acquisition opportunities. In particular, I enjoy working with Dougal and have found him very results driven."

**Laurence Sherriff, Founding Shareholder and Director
The Environmental Challenge**

Best Wishes

On behalf of Tylee+Co, I wish you all the best for the remainder of 2010. To those of you taking a holiday over the summer period - rest, relax, recharge and above all, keep safe.

We look forward to hearing from you with your corporate finance queries, and with assisting your business achieve the outcomes you require.

Dougal Tylee
Director

Tylee+Co provide investment banking and corporate advisory services

Corporate Finance Transactions	<ul style="list-style-type: none"> • Business sales • Mergers & acquisitions • Management buy outs • Equity capital raising
Strategic & Financial Advisory Services	<ul style="list-style-type: none"> • Business & share valuations • Strategic reviews & business plans • Financial modelling & analysis • Litigation support including expert witness services

For a confidential discussion, please contact Dougal Tylee:
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