"A Christchurch Premium?"

In Tabak's last newsletter we alluded to the valuation dilemma arising from a business earning "super-profits" as a result of the Christchurch rebuild. Some professionals have even talked to us about a "Christchurch Premium" for business values, when entities directly supply the infrastructure & construction sectors. Is this reality and are higher multiples being achieved?

- Slight increase in multiples
- Reflects lower perceived market risk around FME
- Vendor expectations high; often unrealistic
- Purchasers prepared to buy, but not at silly multiples
- Paradox of high EBIT's & increasing FME risk over time requires realistic valuations

"Tired Owners"

The EQ's started nearly three years ago, and since then many business owners have been increasingly busy – some trying to save their businesses, but many trying to cope with the increased demand for their products/services. Tabak's experience is:

- Owners of larger businesses now considering sale
- Driven by constant pressure of juggling market demand & staff
- Confident buyers will find good opportunities
- Tired owners remaining in their business will erode value

Trade Opportunities

Electrical Contractor

- Project-based
- Residential/Commercial (mid-range projects)
- $1.5-$2m sales
- Stable Staff
- Established & profitable

EBIT $265k **Price $695k**

Reason For Sale: owner moving offshore after an appropriate transfer period

Fabrication & Installation

- Commercial/Residential
- Construction sector (mid-range projects)
- Established & Profitable
- Good WIP
- Excellent premises

EBPITD $139k **Price $330k**

Reason For Sale: owner semi-retiring; acknowledges he is the bottleneck to growth.

- More information available on request
- What other succession & sale issues do your clients have?
- Reply to email with "unsubscribe" if you do not wish to receive these updates

Thanks & Regards – The Tabak Christchurch Team

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TABAK BUSINESS SALES