

# CASE STUDY

## Leading Distributor of control & instrumentation equipment sold to Indutrade AB



Fluid Controls Limited is a Distributor of control & instrumentation equipment representing world leading suppliers in the Analytical & Pollution Monitoring, Oil & Gas, Process, Pharmaceuticals, Food & Beverage and Semiconductor industries.

From its inception in 1988, as a single product distributor handling Tescom Pressure Regulators, the Company evolved to preferred distributor status representing 15 major manufacturers, supplying their products to national markets and to a number of international customers spread across Europe, Asia and the Middle East.

The 2 main shareholders were introduced to Evolution CBS by one of our strategic partners who, knowing that the shareholders wanted to sell the business, encouraged them to go along to an Evolution Masterclass where they would get some practical advice from Evolution and its legal and financial partners.

### Deal Summary

- 156 companies profiled and contacted
- 8 potential acquirer meetings
- 2 offers received
- Deal completed in 11 months

## The transaction

Having previously attempted to sell the business through another advisory firm, the Shareholders were naturally reluctant.

Following the Masterclass they met the Evolution Directors to discuss the sale of the business, after which Evolution CBS was appointed to handle the sale.

The company was well prepared for a sale, having an established,

experienced management team, well ordered commercial information and a pragmatic approach to the ups and downs of the selling process.

Evolution CBS's approach to selling a business is firstly to understand the company, not purely from a financial perspective, but its business structure and strategies.

As well as consistently high revenues and a strong balance

sheet, Fluid Controls had a number of valuable intangible assets, including a team with highly specialized technical knowledge, a large contracted client base and a robust marketing plan that delivered high volumes of new leads.

The Directors were close to their market and had a realistic growth plan that would deliver transferable value to new owners.



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"We were pleasantly surprised that it all went so smoothly. As you put it, a new chapter has started."

Vijay Shah, CEO of Fluid Controls

## The Directors were close to their market and had a realistic growth plan that would deliver transferable value to new owners.

They also had a clear exit plan, based around the main shareholder's desire to retire so the operational management of the business had largely transferred to the Managing Director, the second shareholder, who was happy to remain in the business longer term.

Within two months, Evolution had completed a detailed profiling of potential acquirers and when the company went to market, in August, our Business Development Team began contacting the 158 companies on the agreed target list.

There was considerable interest in this Company, with just over a third of the 146 companies contacted receiving the Information Memorandum. Eight companies proceeded to initial meetings, with 2 formal offers being received.

The successful bidder was Indutrade AB – a large international industrial group comprising 200 companies with a strategy to grow both organically and by acquisition.

There was considerable synergy between Indutrade and our Client. Indutrade was looking for a company that was profitable and operated in the manufacturing or distribution sectors and with a strong management team willing to stay on in the business. Importantly, the companies shared a strong ethos of quality and customer service; particularly relevant for the team staying on in the business post acquisition.

In fact our clients were so impressed by Indutrade's acquisition methodology and by the number of successful post-acquisition

integrations that they both decided to stay on for 3 years to help deliver future growth with the new owners.

Following detailed negotiations, led by Evolution CBS, terms were agreed between the parties and formal Heads of Terms were signed.

The transaction concluded in April, 11 months after Evolution CBS were formally engaged.

We were all keenly aware of the pressure negotiations were having on our Client, given their previous experience, and were delighted to receive the commendation above.



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