

A torn piece of paper with the word "BUSINESS" written on it in a serif font. A key is resting on the paper, with its head pointing towards the bottom left. The background is a warm, golden-yellow color with a large, curved yellow shape on the right side.

BUSINESS

Brexit and Business Valuations in Ireland:

**Some preliminary
thoughts**

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Introduction

- Harrington International Corporate Finance established in 2005
- Over 30 years in CF / M&A with large UK network
- Sale of business, acquisitions, raising debt and equity
- Director of Global M&A Partners
- Access to 50 countries & 200 M&A advisors
- 1500 transactions worth €42bn in 5 years

Background:

- Brexit Complex – yes! - Crisis or Opportunity?
- Immediate impact on Irish exporters AND economy
- Impact on profit / business valuation
- Understanding what drives Business Valuation
- Vital to understand the EU-UK trading landscape
- Feedback from purchasers

Business Valuation

- Earnings
- Assets
- Cashflow / DCF
- Primary driver of business valuation:
- Capital value of Future Earnings = EBITDA X Multiple
- Change in profit will change valuation

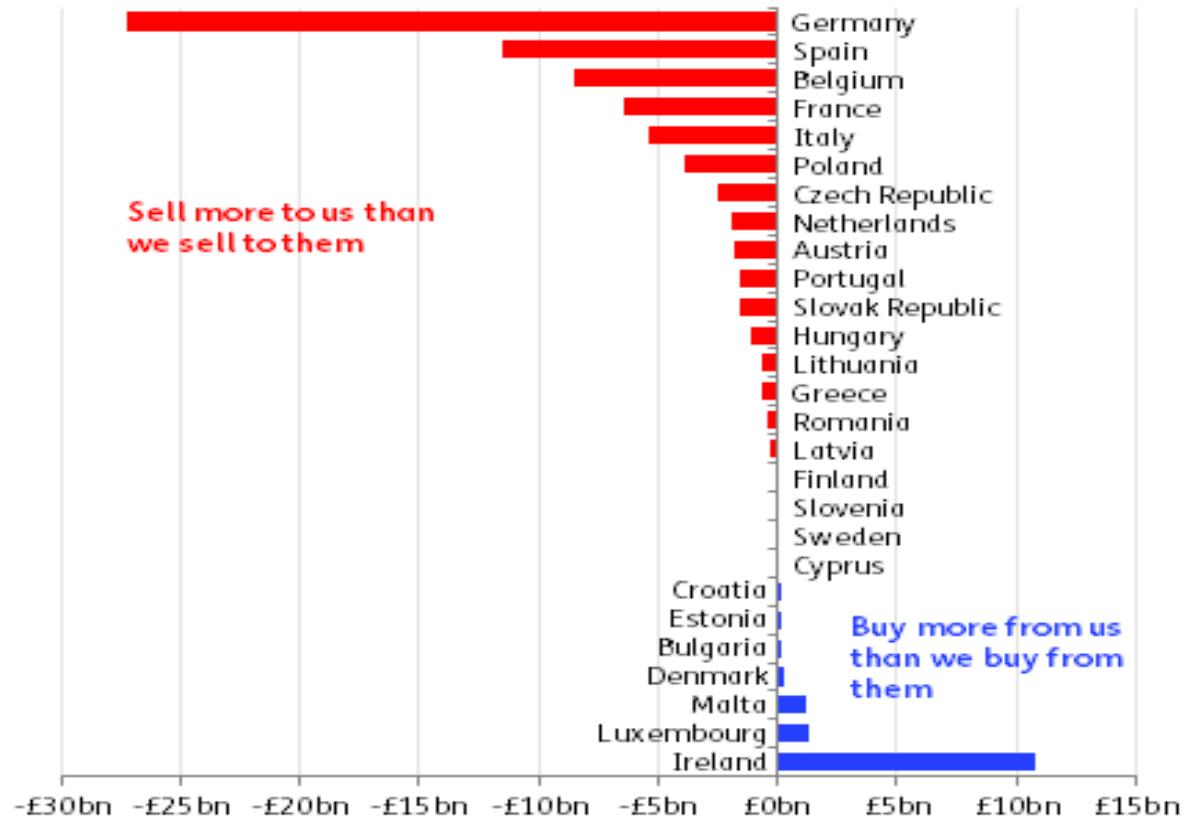
EU/ UK Trade

- Overview of UK/ EU / Global Trade
- Global view of trade, not just Irl / UK
- “They need us more than we need them!” Really? Lets explore....
- Challenges and opportunities

UK perspective on EU trade

Trade with other EU countries

Balance of trade in goods and services with other EU countries, 2014



Source: Office for National Statistics, The Pink Book 2015, Table 9.3



Some headlines:

- UK exports to EU: c£220bn in 2015 (about 44%)
- EU exports to UK: £290bn (8% of EU total)
- Net deficit £70bn
- Value of UK service exports to EU: £89bn!
- Hard Brexit = Tariffs V Soft Brexit = EEA
- Do they “need us more than we need them”?

Recent developments

- Very high levels of UK-Irish activity
- UK firms looking to acquire or set up in Ireland
- Irish firms looking acquire in UK
- Tenfold increase in number of lawyers from England & Wales admitted to Irish register – licence to EU
- Recent survey: 80% of economists believe Brexit will cause recession in UK and EU



Preliminary feedback

- UK – US Private equity firm:
- “not at all concerned...see value acquisition opportunities”
- German M&A advisor:
- “Brexit could be good for UK in long run, clients attitude to investing there unchanged”
- Banks: generally cautious
- Irish – Uncertainty, concerns for NI and weak Sterling etc



Opportunities

- UK receives one third of all EU FDI
- Will this continue?
- Can Ireland attract some of this?
- Services
- Healthcare



Conclusion

- Do not wait and watch!
- Be proactive and pursue opportunities
- Assess challenges
- Take advice
- Review business valuation now

Thank you

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