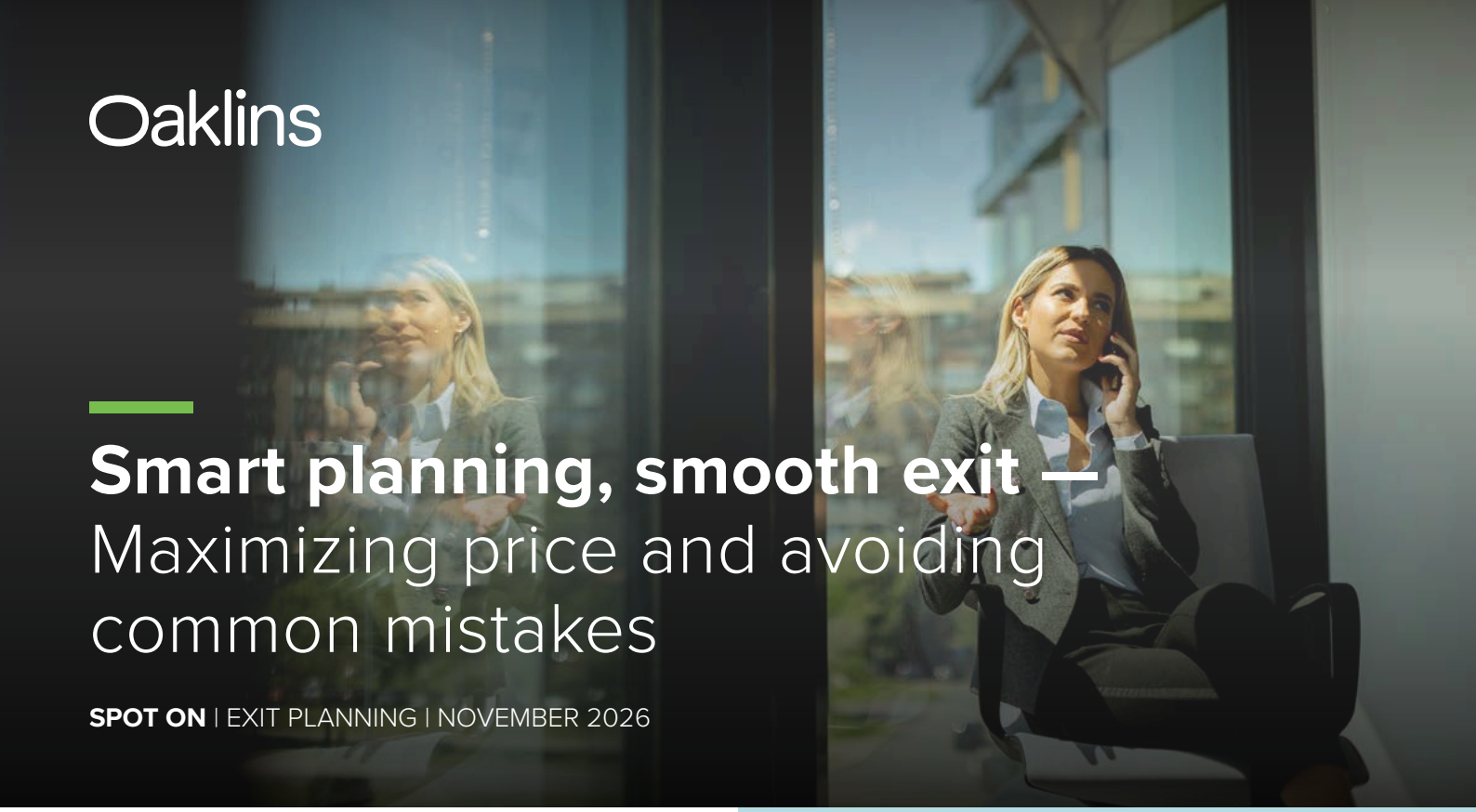


Oaklins

Smart planning, smooth exit — Maximizing price and avoiding common mistakes

SPOT ON | EXIT PLANNING | NOVEMBER 2026

WHAT CAN BUSINESS OWNERS DO TO MAXIMIZE THE VALUE OF THEIR COMPANY BEFORE A SALE PROCESS?

Once an owner makes the decision to sell their business, they embark on a journey to position it in a way that not only protects their interests, both personal and professional, but also considers the future of the company, its employees and customers.

In part two of this webinar series on exit planning, Oaklins hosted an expert panel to discuss the steps leading up to a sale process, the importance of timely preparations and pitfalls to avoid, all essential when it comes to maximizing value.

Hosted by Peter Gray of Oaklins Cavendish in the UK, the session featured Oaklins specialists from around Latin America as well as Fabio Pires, a managing director and LatAm practice leader for Alvarez & Marsal in Brazil.

This newsletter includes selected highlights from the webinar — to watch the full recording, click here, and to catch up on part one, click here.

"Being a good business is not necessarily the same as being a differentiated business."

– Mauricio Concha Zegarra

PANEL INSIGHTS

Views from the specialists

Our experts talk about identifying value drivers, developing credible forecasts and the role of sell-side due diligence, among other key topics.

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CASE STUDY

The benefits of expertise and global perspectives

When it comes to getting the most out of a sale process, it can pay to go back to the beginning and explore additional avenues.

04

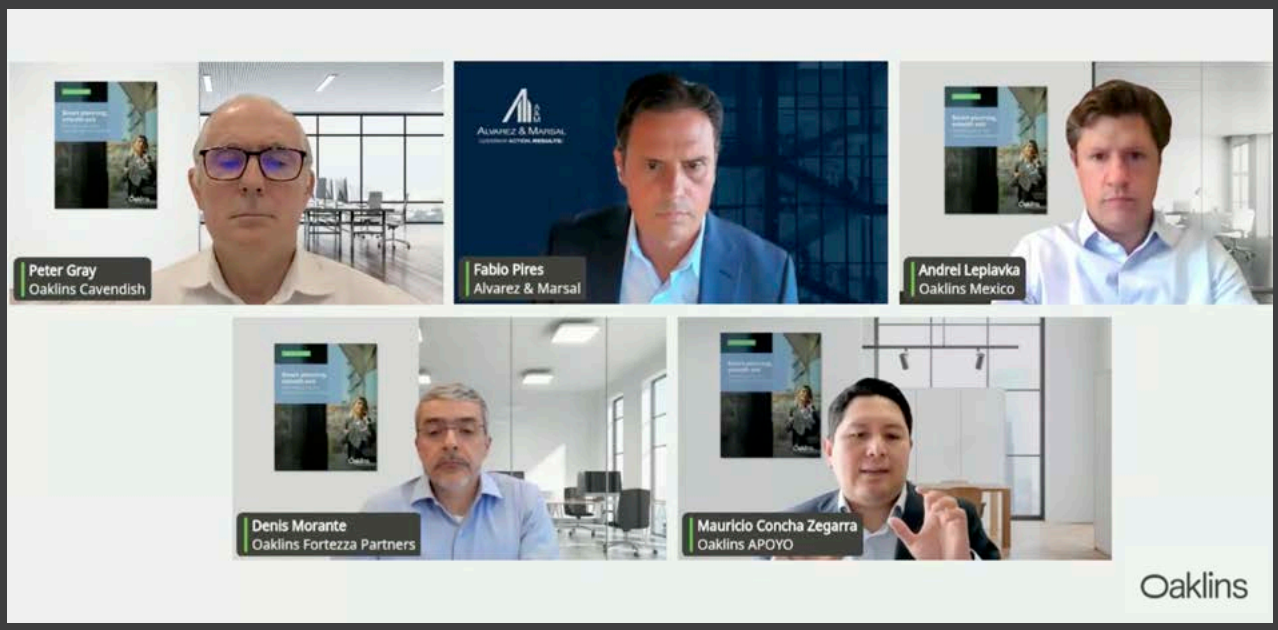
AUDIENCE Q&A

Getting into specifics

The panelists answer questions from the floor, including why business improvements can be worth the effort, and the significance of warranty and indemnity insurance.

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Our Exit planning webinar panel



Clockwise from top left: **Peter Gray** (Partner, Oaklins Cavendish), **Fabio Pires** (United States Managing Director & LatAm Practice Leader, Alvarez & Marsal), **Andrei Lepiavka** (Managing Partner, Oaklins Mexico), **Mauricio Concha Zegarra** (Partner, Oaklins APOYO) and **Denis Salvador Morante** (Managing Partner, Oaklins Fortezza Partners).

PANEL INSIGHTS

The valuation that a company achieves is determined partly by where it ranks against a set of key value drivers for its sector. How do you identify the drivers that buyers in your industry care about most, and how do you prioritize the business improvements that are going to have the greatest impact on value before going to market?

Mauricio Concha Zegarra: This is one of the most common questions we get asked and I would like to approach it in three steps.

First is understanding what potential buyers are actually looking for. Not all buyers will value the same thing. A financial buyer will typically focus on sustainable earnings, cash generation or the ability to scale, while strategic buyers may also be willing to pay for synergies, access to a new market or a strong brand and distribution capabilities.

This is why understanding the industry and the universe of potential buyers is so important, and you need to identify what makes your business attractive to the specific set of buyers who are most likely to acquire it.

Secondly, we need to translate those expectations into measurable value drivers. Here there are two dimensions that I want to point to: the EBITDA and the multiple that will apply to it.

On the EBITDA side, we need to look at the profitability of the business, the pricing, all the efficiencies that the company is making and the opportunities to generate additional revenue. With regards to the multiple, which is equally important, buyers will generally pay more for businesses that have a sustainable competitive advantage. This means recurring revenues, a diversified customer base, strong management teams and a credible growth strategy.

The third step is to prioritize those improvements that will make the greatest impact before going to market. This is key, because not every improvement will directly translate into a higher valuation. The way we typically approach this is to start with an evaluation to identify the gaps between the current business and what is most relevant for potential buyers. Then we prioritize the initiatives based on the potential they have on earnings.

> "Preparation is the cheapest source of value in an exit, but not a lot of people take advantage of it."
>
> **– Fabio Pires, Alvarez & Marsal**

How can a business differentiate itself from competitors and convince potential buyers that the differentiation justifies a premium valuation relative to what competitors are worth?

1. **Identify what makes the business genuinely different:** Have you built capabilities that your customers recognize, that your competitor finds difficult to replicate and that can sustain superior performance over time? For instance, through a trusted brand, proprietary technology, a unique distribution network, a loyal customer base or the ability to anticipate changes in consumer preferences

2. **Turn those advantages into evidence:** Demonstrate this differentiation through measurable results. If you claim that you have a loyal customer base, show it through customer retention or repeated purchases. If you claim to have a strong brand, demonstrate it via pricing power, market position or how it's maintained despite competitive pressure

3. **Understand who are the most relevant buyers for this business, and why they want to acquire it:** It's important to communicate the opportunity in a way that resonates with potential buyers

Buyers are naturally skeptical about forecasts. What evidence does a business owner need to produce so that the current forecasts are credible?

Denis Morante: Every time we start talking to a company owner, and I believe this happens in all countries, the seller is optimistic. They look at the future, and it's going to be bright. But we have to create a story of very credible projection for buyers.

We have to show a good track record, for example. As part of exit planning, the selling company can do this for some years — making their own forecasts and then comparing them to what actually happens each year. If they can show that their forecasts are very close to their actuals, that helps us build a story.

In terms of visibility, we need to show the buyer that the company is performing as forecasted at the beginning of the year, with year-to-date actuals, monthly trading showing the company is signing the contracts it planned to and stable recurring revenues.

Buyers will ask every month about sales, profitability and how the company is doing in general. They are always very concerned that the day they come in, the company's going to go down. We have to make them feel comfortable and safe.

> "When we interact with a potential buyer, it doesn't take days or weeks, it takes months. So we have to make sure that when we prepare forecasts for a sale process, they are achievable."
>
> **– Denis Morante**

What's involved in sell-side due diligence? When should a seller start it? How does it increase or protect value? How do you convince a family owner it's worth the investment?

Fabio Pires: A simple way of looking at sell-side diligence is that it's an independent buyer-style review of your own business before you go to market.

You look at quality of earnings — what's your adjusted EBITDA? What is your normalized level of working capital? What's your debt structure like? Are there any significant debt or cash-like items? Most importantly, what is your tax and labor compliance status at the moment? What exposures might you have?

In LATAM, depending on the country you're in, it's often the case that we don't see sell-side due diligence. It's unfortunate, but the minority of deals will have a sell-side diligence process going on. However, in the USA, it's really rare not to see a sell-side diligence product embedded in the M&A process, and in the UK, it's pretty much part of every single transaction.

So what is the value of this? To my mind, it's that you control the numbers and control the narrative around them. When you do sell-side due diligence, you typically find issues early and you either fix them or price them in the valuation on your own terms. You have a defensible EBITDA and a working capital level so you can deliver a closing that is in your favor or at least neutral for you.

Bankers and advisors also like this, because you drive a faster process. You have less re-trading, fewer valuation negotiations, you have comparable bids and, you drive tension to the M&A process.

What's the timing? Start at least 12 months ahead, to have enough time to look at the business, see how it progresses, find the issues and fix any that are critical.

> "Late surprises in a sale process will definitely cause purchase price adjustments, generate bigger escrows and holdbacks, cause special indemnifications and, in the worst-case scenario, a dead deal."
>
> **– Fabio Pires**

CASE STUDY: MEXICO — ANDREI LEPIAVKA

Here in Mexico, about half of the transactions we close are with international clients from the US, Europe and Latin America — that's something we're seeing more of in the Mexican economy. Two years ago we worked on a sale with a family-owned SaaS company that offered leasing and origination software for the auto financing sector.

It had been in the market for over 25 years. The father incorporated the company and his wife also worked there while two sons joined later, and one of them was the CEO. So it was a complex, family-owned company in the growing Mexican tech space.

They came to us and started the way we usually tell our clients not to start, by saying, "We've already signed a non-binding offer with a publicly traded company, and we want you guys to help us out in negotiating the SBA and the follow-up documents we need."

We reviewed the offer and thought we could get a higher one based on the numbers they shared. So we put that initial process on hold. We did our evaluation and said, "We want to do an international process with you," even though we knew that they had a serious buyer. We opened it up and brought different strategic companies from Canada, the US, Mexico and Europe to the table. We also brought private equity and other funds from Latin America.

> "Over 50% of the deals we do involve an overseas acquiror, and they often pay more. Typically we see 10 or 20%, but I've seen a 50% and even a 100% difference between the top UK bidder and the top US bidder."
>
> **– Peter Gray**

An example of where Oaklins brings significant value is that through these processes we discovered that our colleagues in Madrid, Spain, had a company in a very similar space to what our client was doing.

We ended up having a great relationship with them. We increased the initial enterprise value of the company, from 2x sales to 3x sales — a huge increase. We were also able to secure a structure for the CEO: an earnout that was built for the next three years that depended more on sales growth and the EBITDA margins that they could obtain here in Mexico.

We ended up maximizing the value of a company that had a lot of synergies with the process of sharing SaaS software with financial institutions. It increased sales three-fold in the following three years just because of the cross-selling — making it a clear example of how we generate value worldwide and maximize the terms we can achieve from potential interested players.



AUDIENCE Q&A

As a business owner, why should I invest time and money in improving my business before a sale, when there's no guarantee that a buyer's going to recognize those improvements?

Mauricio Concha Zegarra: You should not invest in every improvement, but you should invest in the right ones. For us, the key is to focus on improvements that strengthen the business fundamentally, rather than simply make it look better for a transaction.

For example, improving the margins, reducing your customer concentration, strengthening your management team or developing more recurring revenues through contracts can make a business more valuable for the buyer. But they can also make it more profitable, resilient and easier to manage while you still own it.

There are two perspectives. First, consider the direct economic return. If you can improve profitability and cash generation, you are already creating value, regardless of whether or not you sell the business. If the improvement also reduces the perceived risk of the business, it may help support a higher valuation multiple.

The second perspective is to consider the cost of not doing anything. If your company depends entirely on you, has weak financial reporting or relies on a few customers, all these things will limit the universe of potential buyers and will weaken your negotiation position.

Of course, timing matters, and you should prioritize initiatives based on the expected impact, cost and time required to deliver the results. But the objective should be to build a stronger business that generates value today, and is better positioned for a future transaction.

Can you tell us about the availability of warranty and indemnity insurance in LatAm and its current usage there, its benefits and limitations?

Fabio Pires: The good news is that I think this is on the rise — we're seeing it more and more often, particularly in cross-border transactions. As you know, it's very common in the UK and the US, and there's competition in the market for that product so the cost is typically acceptable and a minimum in carveouts.

The challenge we have seen over the years was that the level of carveouts in our market was so massive that we really couldn't make it work. You're basically not insuring anything, because everything was falling off the policy.

But I think the market has matured and evolved. I've seen it in Brazil and Mexico a few times. I'm sure that it's going to be deployed going forward. I think there's going to be some heavy lifting from the lawyers, insurance providers and brokers in bringing it to market and explaining that the cost is actually doable.

I'm a business owner and I want to sell in between 12 and 24 months. What should my top priorities be, and what does "sale ready" actually look like?

- consistent accounting records in line with IFRS or US GAAP
- get an audit done; at least two years will be very helpful
- ensure you have a good financial statement close process, to deliver monthly financials within a week of the following month
- put in place KPIs and good quality financial metrics
- have a clear revenue recognition policy
- family-owned businesses should remove personal expenses from the business and document related party transactions
- if family members work in the business, formalize their roles
- bring in tax, labor and legal specialists
- build a horizontal management team you can rely on
- develop reliable ERP systems that reconcile accounting data monthly
- run your business as though a skeptical stranger is going to audit it in 12 months' time

If you have any questions around exit planning and maximizing the value of your business, don't hesitate to contact one of our specialists — see page 6 for details.

Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Exit planning is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors regarding exit planning, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for companies planning an exit.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



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