



WINNER:

PHILIP ELLIS

Director,
Optima Corporate Finance



Chosen for his involvement in the following transaction:

Japanese-listed Trust Tech Inc. acquires UK-based MTrec Ltd.

Firm Profile

Optima is a London-based corporate finance boutique specialising exclusively in advising recruitment clients on matters including:

- Mergers & Acquisitions
- Business Disposals & MBOs
- Business Valuations
- Fundraising

Optima bring a combination of recruitment industry expertise and corporate finance skills to each transaction on which they advise. Clients range from owner managers who may sell a business once in their life to public companies who may be serial acquirers. Cross-border transactions are an increasing feature in Optima's deals.

About Philip Ellis

Philip Ellis, who heads Optima, advised on his first recruitment deal 20 years ago, since when he has completed numerous transactions across a wide variety of recruitment sectors. Clients have ranged from privately owned businesses to large public companies and global groups.

Philip founded and floated Staffing Ventures plc in 2001 and helped to grow it to a market capitalisation of £56m by 2006, when he stood down from the Board. He often speaks at seminars and features on panels advising on the buying and selling of recruitment businesses.

Contact Details

Philip Ellis - Director
Optima Corporate Finance

107-111 Fleet Street, London, EC4A 2AB

Tel: +44 (0)20 7164 6664
Email: Philip@optimacf.com
Web: www.optimacf.com

Transaction Report

Q Trust Tech Inc acquired MTrec Ltd - can you give us a brief overview of this deal?

We acted for Trust Tech – a listed Japanese company which made its first acquisition in the UK. Trust Tech were looking to expand their international footprint and identified the UK as a market of interest to them. The MTrec business which they acquired offered a good strategic fit for them and complemented their existing business.

Q What do Trust Tech Inc. and MTrec Ltd do?

It is a pure recruitment deal – both Trust Tech and MTrec are recruitment businesses and they both operate in the industrial and manufacturing markets. I think the particular feature of the MTrec business which made it attractive to Trust Tech is their strong presence in the automotive sector. They're located in the North East of England and they collaborate closely with automotive suppliers, whose ultimate clients are often Japanese.

Q What was the strategic rationale behind this acquisition?

Given that the Japanese economy has been shrinking, Trust Tech, as with many Japanese recruitment businesses, are looking to expand their international presence. The UK is a well-established, leading market in the recruitment space, making it a natural choice for international expansion.

Since Trust Tech doesn't have local management here in the UK, the quality of the MTrec management team and their continued involvement in the business was a crucial aspect of the transaction.

Q Did Brexit play a role during negotiations?

The referendum happened during the process of negotiations and the unexpected result caused Trust Tech some concern. They had to reassess the risks associated with the transaction and how Brexit might potentially impact the business. They decided nevertheless to proceed with the deal and SoftBank's announcement of their £24bn acquisition of ARM at around this time was helpful.

We found it encouraging that even post-Brexit, a listed Japanese company was looking to continue its investment into the UK market, which is also a good indicator for other UK businesses.

Q Can you give us a flavour of how this deal was structured?

The deal consisted of a mixture of components – there was of course some initial consideration and, as is typically the case with recruitment deals, there will potentially be additional earnout consideration based on the future performance of MTrec as part of the Trust Tech Group. The management decided to retain 15% of the equity so they still have an interest in the ownership of the business.

Q Is M&A within the recruitment market at least as active as it was before Brexit?

We've found little impact on transactions as a result of Brexit. I think that there is an acknowledgement that there will be some changes in different markets but nobody quite knows when or what exactly will happen. In the meantime, business owners are continuing with their business lives pretty much as normal and that also extends to the ongoing M&A activity. We haven't seen any changes in deal levels or valuations in the past 6 months following the referendum result.