Polestar

Business Services

2023/2024 Sector Review/Outlook

2023/2024 UK Macro Outlook

The UK economy outperformed expectations in 2023. That bellwether of how middle England feels, house prices were forecast to drop by 8%; in reality, they dropped by 1.8%. Whilst GDP was forecast to drop 1%, it looks like it may have grown by a mighty 0.5%. If we delve a little deeper, that growth came in the first half of the year; Q3 showed a 0.1% fall, Q4 numbers are yet to be released, but GDP is expected to + or - 0.1%.

The fall in energy prices, coupled with the dramatic rise in the cost of borrowing, pulled down headline inflation to 4.0% in December 2023 from its 11.1% peak in October 2022. This is still the highest of the G7, which many economists attribute to frictions in the movement of people and trade and replicates the situation that prevailed before the advent of the European single market, which the older amongst us will recall as a period when we had higher inflation and interest rates than Germany and pressure on the pound.

With the sharpest rate tightening cycle since the 1980s concluded, the question has now moved to: "when will the rates start to drop?" Whilst many commentators are pressing that to be sooner rather than later, central banks around the world having been caught out by inflation's surge, are signalling a more cautious approach. UK core inflation was still 5.1% at the end of 2023, due to the effects of the tight labour market, strong services price inflation and the need for firms to pass higher costs onto consumers. Although, the genie of inflation appears to be finally contained, many are concerned it could jump straight back out the bottle – the US grew by a staggering 3.3% in Q4 23.

Whilst UK performance has hardly been stellar, 2023 thankfully has left us all in about the same place as when we started the year which, when you consider the strong headwinds, is cause for a minor celebration. However, the UK's outlook remains weak and vulnerable to shocks: headwinds remain; the >30% corporation tax increase which will strip c.£20 billion p.a. of cash from companies and their shareholders; the cost of borrowing remains high; and we still do not have enough workers to meet the needs of the economy.

The effects of these factors continue to stall economic recovery as consumers and businesses have limited confidence or spending power and are faced with more volatile markets and hostile borrowing conditions, some of which are still to flow though. Around 1.5 million fixed-rate mortgages are set to expire in 2024 which will result in higher mortgage payments for these UK households, further depressing real household incomes with a consequent effect on economic growth. Little wonder the OECD is forecasting a low, 0.7% growth for 2024.

Source: https://commonslibrary.parliament.uk/research-briefings/sn02802/#:~:text=The%20MPC's%20cycle%20of%20rate,reaching%20 2.8%25%20in%20Q1%202025.,

It is not surprising that many commentators are suggesting inflation could undershoot the target of 2% and are pressing for monetary and fiscal easing; the long-term doves at Capital Economics forecast base rates of 3% by the end of 2025. The Bank of England now expects inflation to fall to its 2.0% target briefly in Q2 2024 before rising again and reaching 2.8% by Q1 2025; it has warned that a reduction in rate is not an automatic consequence of hitting the 2% target and the MPC now predicts it is unlikely to trigger any significant cuts before 2025, when GDP growth is expected to rise to 1.8%.

So, what does 2024 look like? Pretty much the same as 2023 – an uncertain world grappling with increased nationalism, unpleasant headlines and the push-me-pull-you of inflation caused by scarce resources versus interest rates.

BoE Forecast Summary Table

Shown in (%)	2024 Q1	2025 Q1	2026 Q1	2027 Q1
GDP	0.0 (0.2)	0.5 (0.0)	0.8 (0.6)	1.5
Modal CPI inflation	3.6 (4.4)	2.8 (2.5)	2.3 (1.9)	1.9
Mean CPI inflation	3.7 (4.4)	3.0 (2.8)	2.3 (2.2)	1.9
Unemployment rate	4.4 (4.4)	4.7 (4.8)	4.9 (5.0)	4.9
**Excess supply/Excess demand	-0.25 (-0.25)	-0.5 (-1)	-1 (-1.5)	-0.75
Bank Rate	5.1 (5.3)	3.9 (5.0)	3.3 (4.4)	3.2

**Figures in parentheses show the corresponding projections in the November 2023 Monetary Policy Report*
*** Per cent of potential GDP. A negative figure implies output is below potential and a positive that it is above.*

Global 2024 Trends

One of the key issues facing developed economies is a shortage of workers and, for many, AI appears to be the solution; as was the case with industrialisation in the 18th and 19th centuries in the UK, when the country was forced to innovate to offset its comparatively small and expensive workforce. The answer then was using the cheap energy that came from its abundant supplies of coal, exploited by new industrial machines to increase efficiencies exponentially. With the cost of technology now being so cheap and cost of labour so high, little wonder there is so much excitement.

AI - A Minefield?

AI was the buzzword throughout 2023 with the launch of Open AI's ChatGPT in November 2022, attracting huge attention. AI development is accelerating exponentially and will doubtlessly increase its influence on business operations during 2024. However, it is also a widely adopted acronym, not always merited – Not everything badged GTI was great to drive!

Generative AI ("GenAI"), a little-known term before Chat GPT's stratospheric launch, is distinct from what we traditionally thought of as "AI". "Traditional" AI analyses large datasets and tells you what it sees whilst GenAI carries out the same process and then goes on to create entirely new data, often in response to a simple question. GenAI certainly appears to be the "real McCoy" however it is raising a number of serious issues ranging from the fear it will ultimately bring an end to civilisation to who owns its output. Some regulations concerning its development, how it can be trained, and how it can be acquired are already in place but are not yet tried and tested, many leading lights are calling for a moratorium on its development to enable regulation to catch up. Lawsuits have content owners such as the New York Times suing OpenAI and Microsoft over the use of its content to train generative artificial intelligence and large-language model systems, a move that could see the company receive billions of dollars in damages. Until this issue is resolved the questions of copyright infringement and who owns what IP remain largely unanswered. This does not put investors at ease and undoubtedly complicates how businesses incorporating GenAI can be valued.

Whilst it is clear that huge strides will be taken in relatively short time frames, those concerns over IP ownership and worries that new models or applications will surpass existing models makes the assessment and timing of adoption of GenAI solutions highly risky, especially for those in the lower mid-market. Why invest in your own solutions when ultimately there is risk of being leap-frogged by a far cheaper solution?

Consequently, we expect to see a developing picture of mixed adoption, as those with sufficient resources to invest, and/or those which have access to suitable data, aim to get first mover advantage whilst others wait and see. Those that press on will typically be larger businesses, cash rich or backed by large PE firms, who can leverage across an extended portfolio or specialist, younger, firms operating in niches which can rapidly own a market. The opportunities for those younger, agile businesses to take risk and steal a march by early adoption will be too enticing for owners and investors. As ever there will be winners and losers, but doubtlessly new megaliths will appear. That said, here in the UK there is far more caution around venture funding for early stage/start-ups seeking to beat the incumbent leaders.

Doing nothing can be as risky - businesses stuck in the middle could be rapidly surpassed by substitute solutions or suffer a slow decline. Judging when and how much to invest will need skill and some luck. Some early adopters will surely steal a march, even if they subsequently get consolidated or switch technology; others will face considerable uncertainty and failure.

Internet of Things

The 'internet of things' ("IoT") , whilst separate from AI, will enable AI solutions to develop. Put simply, IoT is a collective network of connected devices and the technology that facilitates communication between them and the cloud. This helps automate systems as well as gather large quantities of data from all areas of the network. This data can then be used by GenAI to deliver quality data, solutions and services to businesses and consumers for little cost – this may prove to be one of its primary sources of value as the technology develops. Currently, the data used to train GenAI models may be a better commodity to invest in than the AI itself. This will become even more valuable as AI-generated content continues to proliferate online; GenAI models trained on online content will eventually start using AI-generated content as its training data, leading to what Cornell University researchers have called 'model collapse' where GenAI models enter a kind of echo chamber, only able to parrot the same data as each other.

For SMEs facing relatively restricted resources from which to allocate, laying the groundwork in the business for later adoption can include addressing weaknesses and thinking through automation across infrastructure, IT service management, and cybersecurity, amongst others. Preparing for the leap that will arrive is likely a more certain investment in the short term.

Global 2024 Trends

Systemic & Geo-economic Risks Coupled with Restrictive Interest Rates

2024 will see the biggest year for elections in history, with four billion people due to vote in national elections. With this comes the potential for huge geo-economic risks due to potential re-alignments of foreign and economic policy if countries vote for the wave of nationalistic leaders gaining prominence around the world.

The Financial Stability Board (FSB), a Swiss international body set up by the G20, is concerned that almost half of global assets ($239.3trillion) are now located within the shadow banking system, up from $60 trillion since 2010; one of the drivers of the growth has been the desire to escape banking regulation and capital requirements. Through the use of structured finance vehicles and financial holding companies, firms can increase their leverage, which increases not only their expected returns but also their exposure to aggregate risks; the 2008 financial crisis was triggered by panic in the shadow banking system which flooded over into the regulated sector. The subsequent increased regulation of the banks has, on the face of it, protected government and consumer's, but the increased costs of doing business as a bank has driven many of those with capital to seek greater returns, hence the shadow banking system's four-fold increase.

Shadow banking does, however, remain closely interconnected with the banks so, if we see another failure, then the 2008 crash could be repeated. Of particular concern is that much of the long-term lending is supported by short-term funding, so panic could spread rapidly if there is capital flight (as indeed Silicon Valley Bank experienced in microcosm in March 2023) which could pull the world into recession. One current example of this is the level of debt secured against property in China, where 40% of the country's loans are tied up in shadow banking activities; the country's largest property developer, Evergrande, was recently ordered to liquidate with more than $300bn in liabilities.

2023 saw the developed world facing low consumer confidence and an unpredictable investment environment due to inflation and interest rates. With the anticipated reduction in global interest rates, confidence is expected to improve throughout 2024, with consumer spending projected to rise world wide. Business leaders are expected to continue to take a cautious view, with many firms holding back financing and capital investment until there is more clarity on the availability of labour, and cost of capital and a reduction in the risk of geo-political shocks.

2024 is expected to see a dynamic shift in tax policies to transform governments grappling with fiscal challenges. Governments will need to strike a delicate balance between securing tax revenues and fostering a competitive business landscape in which firms and individuals feel motivated to increase their efforts and productivity.

Sustainability and Transparency

Despite pressure from the right in the US, Sustainability and Carbon reduction are expected to remain at the forefront of decision-making globally, with increasing pressure on boards from shareholders and regulators to turn pledges into measurable action. Firms increasingly need to integrate sustainability considerations into their core strategies, not only to comply with regulations, but to meet the rising expectations of an increasingly environmentally conscious public.

Investment in carbon reduction is accelerating; 2023 saw investment into renewable energy ($1.1 trillion) exceeding the amount spent on carbon-based energy for the first time. Investments supporting zero-carbon progress are expected to accelerate in 2024 as countries, firms and consumers must make changes to keep the promises made by central governments; key to this is measuring the true carbon usage.

A systemic shift towards transparency is underway, with businesses of every size bracing over greater scrutiny of sustainability practices. The EU's Corporate Sustainability Reporting Directive (CSRD) comes into effect in 2024 for all large or listed businesses with operations in Europe, thereby picking up many US, Chinese and UK firms.

Key Themes for 2024

Digital Transformation

- Digital transformation is affecting all business services firms, and the rate of change is accelerating. An excellent example of this is in Marketing and Communications. Marketing and communications firms will need to become integrated marketing solution providers as clients demand capabilities beyond those traditionally provided. Firms will need to invest in new technologies to deliver digital transformation to stay in the game. New capabilities, such as social media advisory or YouTube channel management will be needed to generate sales that are less connected to consumer spending. This will allow advertising and marketing firms to survive, flourish and sustain their growth.

Human Capital Shortage

- Firms which rely on people to deliver their service such as professional services, call routing, waste management, soft and hard FM, or similar services need to strike a balance, keeping staff utilisation at the same time as increasing efficiencies, through the use of technology, to reduce low-value administrative tasks and focus on high-value, efficient delivery. This will reduce operating costs at the same time as offering more rewarding work to staff and, at a time when high-quality workers are in short supply, improve staff retention.
- The debate on the success or otherwise of remote working continues. The bottom line is that working from home on any one day is 5x more common than it was in 2019. Consequently, firms offering services to support hybrid working and their workers will remain a staple in the sector moving into 2024. The technology required to enable remote work continues to proliferate, allowing flexible working, whilst maintaining collaboration to continue to grow and develop throughout the sector.
- A vital part of most businesses is its culture. It is very hard to build culture remotely and, with staff recruitment and retention a major focus for many firms, we expect to see office attendance maintain a key role for a good time yet, as a prerequisite of culture and to support the development of less experienced staff. For most buyers, a target firm's culture can be make or break on if they wish to proceed. Tools that help foster and maintain that culture for remote workers will pay for themselves many times over.

HR & Integrated Artificial Intelligence

- Automation and AI has the potential to be transformative for the sector, optimising tasks like payroll and data management and scaling operations without the need for additional resources, saving both time and money. This has supercharged the reliability and efficiency that goes into these processes, whilst providing customised reports with data visualisations to help with strategic decision making.
- Concerns surrounding data usage with regards to ethics and compliance have been brought to light recently. The concerns stem from sluggish legislation, thanks to fast-evolving AI and machine learning technologies. Whilst legislation is tackled by governments, HR leaders will need to think about pre-empting changes to their operations.
- Leaders must begin to educate themselves on the risks and benefits of AI to ensure they are making informed decisions on usage. This can then be effectively communicated to employees.

Integrated FinTech and Accounting

- A study by the World Economic Forum found that around 85% of financial service organisations are using AI in some form, whilst 77% believe AI will become essential to their business in the next two years. Automation will streamline accounting processes like data entry and reconciliation, whilst integrated FinTech solutions can deliver real-time data synchronisation, providing accurate financial information for accounting purposes.

Sustainable Businesses and Real Estate

- The utilisation of renewable energy, with an emphasis on eco-friendly spaces and retro-fitting existing buildings with energy-efficiency goals in mind, is pertinent to many businesses operating within the Business Services sector. Waste reduction, water conservation and green building certifications are other popular incentives.
- With real estate accounting for 40% of global emissions and energy prices having been subject to significant inflation over the period, the potential for significant cost savings, combined with environmental drivers, will accelerate the adoption of carbon-reduction initiatives. Within the real estate sector, this is evident as landlords move to future proof their investments for future rentability and value.

Sector Multiples

The Business Services sector remains a beacon of valuation stability with consistent revenue multiples across the board and, other than Facilities Management, a similar picture for EBITDA.

Consulting and professional services remains firmly at the higher end of both Revenue and EBITDA multiples, sustaining a small amount of growth throughout 2023. The consulting sector, whilst broad, should continue to deliver higher multiples across 2024 (and beyond) as companies seek sustainability, tech and other professional advice to promote ongoing growth, while navigating increasingly complex reporting and technical environments.

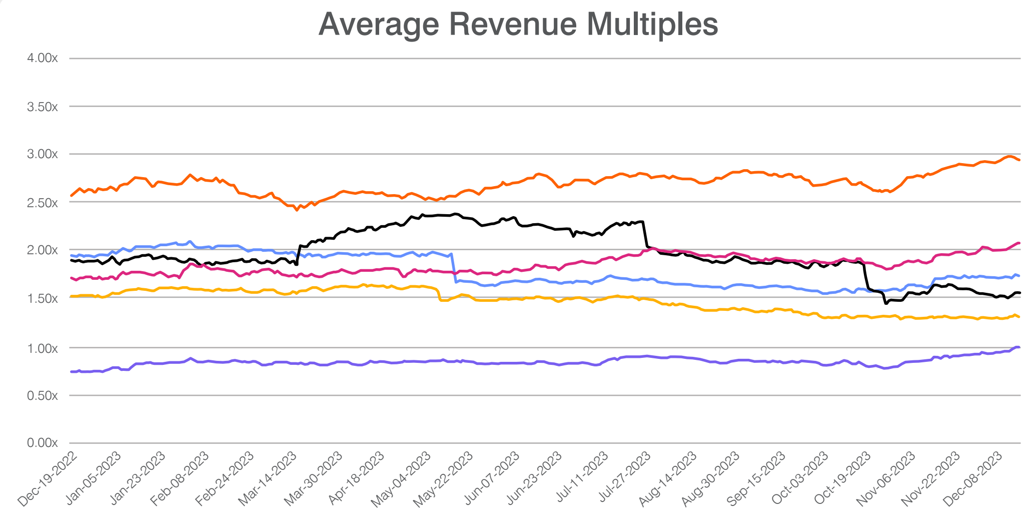
The food services sector has taken a small hit to multiples, likely due to the ongoing cost-of-living crisis reducing spending on luxury to midrange goods. Not only that, produce prices have continued to increase, consequently there will be smaller margins as well as a reduced uptick in purchasing power. The sector is projected to grow in 2024 as it begins to harness software advancements and robotics to transform the operational systems across the sector.

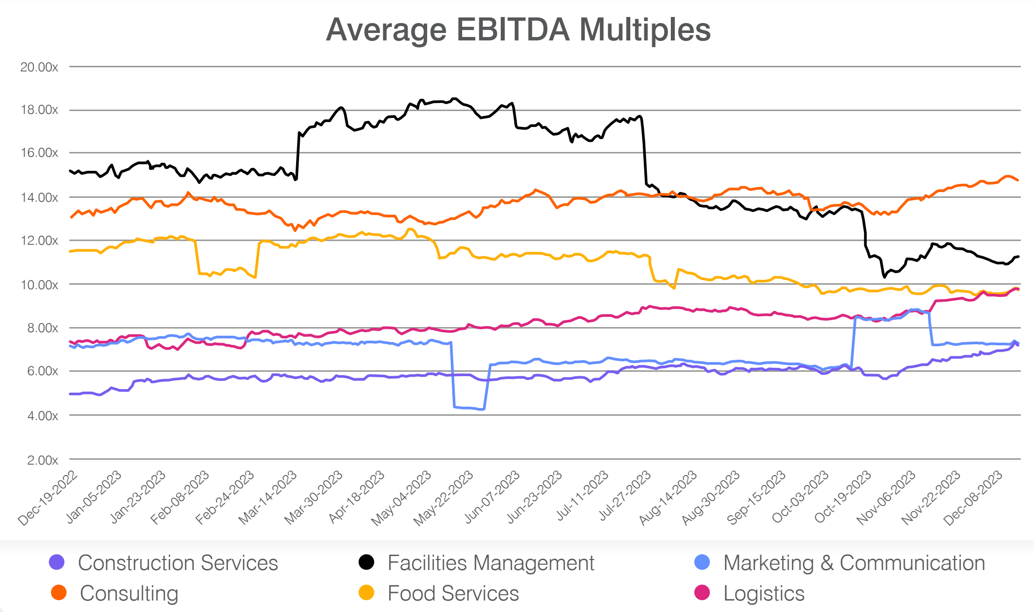
In the latter part of 2023, the facilities management sector experienced a significant contraction, with a decrease of one-third. This downturn could be partially attributed to legislative changes in green building practices, which have altered both consumer and investor perspectives. As companies continue to enhance their green offerings and future-proof their assets, investment stability and multiples are anticipated to remain delicate throughout 2024. The green transition period is expected to instigate a shift in industry leadership, determined by the strategic choices made during this critical phase. This shift is likely to cause fluctuations in sector multiples for the foreseeable future, indicating a dynamic and evolving industry landscape.

Marketing and communications follows yearly trends of peaks and troughs with more consumer confidence towards the end of the year during the lead up to the marketing-heavy Christmas period. The sub-sector, considered as an optional business function by some firms, dips at times of economic pressure. Nonetheless, the sector sustained steady multiples throughout 2023, thanks to companies continuing to advance their advertising practices, with spend in new areas such as social media. As we look to 2024, we expect companies to retain similar multiples whilst digital transformation is further adopted across the sector.

The logistics, supply chain and distribution sector also retained stable multiples throughout 2023. Emerging companies are looking to harness new tech, particularly in AI and resource planning, driving higher expectations of the sector. From this, we expect to see a positive shift in multiples throughout 2024 as higher profitability potential is proven.

The construction sector remains steady, despite its labour-led model, one-off project sales and slow speed of tech development keeping its multiples firmly at the lower end of the spectrum of the wider Business Services sector. Whilst labour, particularly within the UK, remains a challenge for many businesses, there is a steady demand for construction services, ensuring a continued appeal to investors.





Source: CapIQ

UK M&A

This year saw a decline in M&A activity throughout the Business Services sector, a trend seen throughout all sectors and a direct result of the challenging economic climate faced throughout 2023.

Ignoring mega deals over £1bn, the total value of deals has reduced by 15% with the number of deals declining by 21%. But this does not tell the whole story.

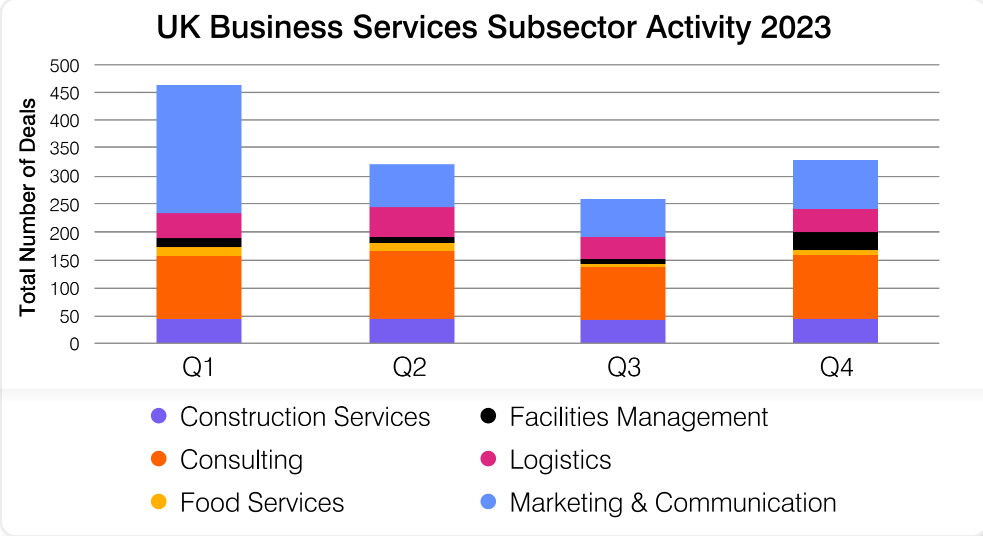
- M&A activity was down 10% and VC investment was down by 32% in deal volume; both were down 23% in value.
- Private Equity invested in 8% fewer deals but the reported total invested was up by 12%.
- As ever there is a health warning on reported deal values - the majority of PE deals do not release the deal value.

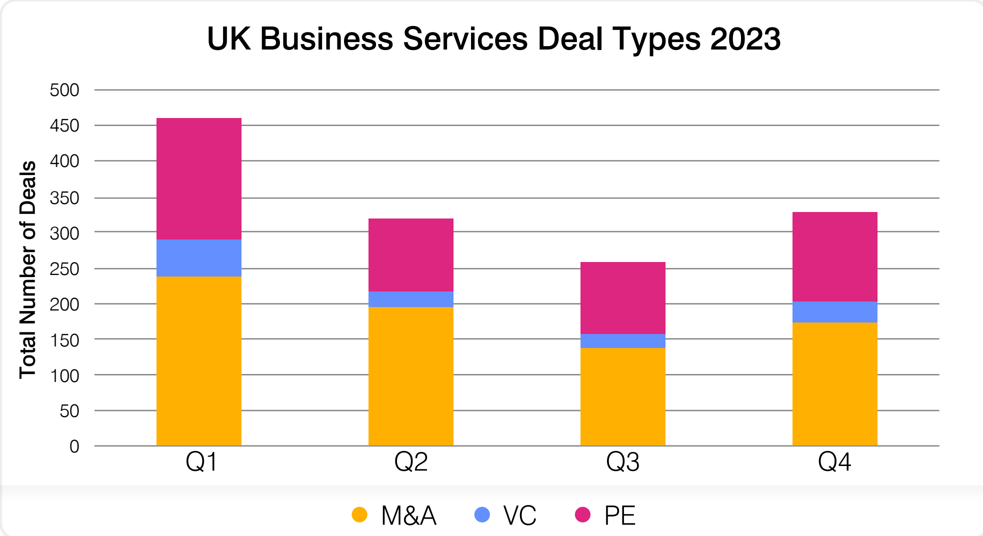
That being said, the marketing and communications sector delivered 10 reported deals in Q1, Q2, and Q4, and 12 in Q3. 60% of these were VC based, displaying a good level of appetite for development of new technologies to build sustainable operations within the sector. Investor opportunities are expected to rise as some proportion of these new technologies become commercialised and seek to exit or attract further funding for growth.

The consulting sector remained a hotspot for M&A activity boasting 124 deals in 2023. The sub-sector shows an interesting split between VC and PE investments, as VCs recognise new development opportunities within the sector and PE is attracted to the growth potential of more stable, later-stage companies, most often as a platform for “buy and build” expansion. New sustainability requirements provide opportunity, often necessitating the use of consultants to help firms navigate the developing regulatory environment. Trade deals in the sector are proportionally lower due to companies allocating resources internally owing to economic turbulence and increasing uncertainty around the cost of debt throughout 2023.

Despite ongoing staff retention issues within the sector and a low volume of deals across 2023, 50% of the construction services deals were PE based, demonstrating the continued appetite for investment into high-quality assets. Similarly, in the facilities management space, eight deals were PE based, making up 60% of the transactions in the sub-sector. We expect to see growth in both verticals once sustainability and ESG enhancements are demanded across public infrastructure projects to meet emissions and other targets. This will interact with expected improvements in efficiency through tech developments, and staff retention is improved as firms adopt new strategies and expand training offered.

Looking to the UK, the split of Business Services deal types remained fairly consistent across 2023. Although overall deals were down in Q4, trade activity accelerated; this pick up in trade buyers demonstrates the continued awareness of high-quality business types, whilst trade investors continue to add to their repertoire.





Source: Pitchbook

Example Active Investors and Buyers

Example PE/ VC Investors 2023	Subindustry	Number of Investments
Coulton Creek Capital	Construction Services	2
Generation Growth Capital	Food Services	3
Innovate UK	Logistics	2
Mobeus Equity Partners	Consulting	2
Pictet	Facilities Management	2
Plug and Play Tech	Marketing and Communication	2

Source: Pitchbook

Coulton Creep Capital provides capital of $1-25m. Last year, it invested in companies that deliver sustainable construction practices through design and materials, shifting away from investment in the labour-based market.

Generation Growth Capital invests in established service and distribution businesses. In 2023 the company moved into the food service sector though its investment into Rockford Specialities, a supplier of laser-cut components that serve both the food service and medical sectors.

UK government-backed Innovate UK supports speciality technologies throughout all sectors, with the goal of developing agile, inclusive, and easy-to-navigate systems. The company showed interest in the logistics sector, investing in Robok, an AI-powered system that delivers insights for safer and high-performing industrial workplaces. Robok's technology utilises CCTV to automate manual monitoring, track progress and implement continuous improvement. This investment utilises new technologies, keeping the company at the forefront of investment within the logistics sector.

Mobeus invests between £5m and £20m in scalable business services firms. It is ordinarily the first institutional investor and works with the management teams to deliver both organic and inorganic growth at the same time as developing the organisational structure and improve financial governance and ESG frameworks. In 2023 they invested in £19.6m in Intralink, a consulting firm that enables western companies to expand in Asia.

Pictet offers late-stage VC and leveraged buy-outs of infrastructure and management services. Its investments into the space have provided resources to enhance the development of management systems, including tracking and monitoring services.

Plug and Play Tech is an accelerator and VC firm that has invested in the marketing and communication subsector, attracted by the advances technology has brought to it. With new AI, data systems and novel communicative virtual experiences, the marketing and communications sector is set to have a transformative few years ahead. Backers such as Plug and Play Tech ensure startups can propel the sector.

Example Trade Buyers 2023	Subindustry	Number of Investments
Surveying and Mapping	Construction Services	1
ABP Food Group	Food Services	1
Uber	Logistics	1
Aprio	Consulting	7
TraqIQ	Facilities Management	1
Jacobs Media Group	Marketing and Communication	1

Source: Pitchbook

Surveying and Mapping, a RICS regulated firm that offers geospatial surveying services to the architecture, the engineering and construction industry is pursuing M&A opportunities to help develop its technical capabilities and client solutions, alongside augmenting geographic expansion. This presents opportunities for others in the sector.

ABP Food Group acquired Scotbeef and its two meat packing plants to advance the group's operational offering and Polestar's sale of Italian Real Foods to, US-based Certified Origins, typify this approach.

Aprio has been on an acquisition spree to advance its sector offerings. Aprio's broad portfolio is expected to support continued growth throughout 2024.

TraqIQ made an investment into waste and recycling company, Titan Trucking, to secure its re-occurring revenue model as a catalyst for future growth. As a FinTech and AI solutions specialist, TraqIQ's move into the facilities management field is illustrative of future potential M&A activity within the sector.

Selected Transactions - Private Equity

Food Services
October 2023

Investor	Target
Agronomics, Mobius.Life, NEOM Investment Fund	BlueNalu

BlueNalu marks the transformation in food services globally, producing seafood products through cell-cultures. Investment into sustainable alternatives will encourage further development of cell-culture foods changing the landscape of the food service industry. The environmentally conscious company has set out to reduce fishing and regenerate the habitats and cultures in the oceans.

Deal Size: £27m | Revenue Multiple: N/K | EBITDA Multiple: N/K

Marketing & Communications
June 2023

Investor	Target
CreativeCo	Foresight

Designed as a B2B communication tool, Foresight raised $1.5m of Seed-1 funding from CreativeCo Capital and other undisclosed investors, putting the company's pre-money valuation at $7.5m. The system identifies key buyer pain points to educate stakeholders and offer a framework across functional areas within the organisation.

Deal Size: N/K | Revenue Multiple: N/K | EBITDA Multiple: N/K

Logistics
August 2023

Investor	Target
ENDLESS	ASCO

Endless prides itself on investing in challenging businesses. Its LBO of ASCO marks Endless' strategic step into the sustainable logistics and material management sector.

Deal Size: N/K | Revenue Multiple: N/K | EBITDA Multiple: N/K

Construction
March 2023

Investor	Target
ukse.	LS CONTRACTS

The UKSE sets out on funding projects throughout the UK that deliver growth and stability in deprived areas across the country. Its investment into LS Contracts have ensured sustainable buildings and infrastructure projects can be carried out throughout Scotland. By delivering sustainable infrastructure facilities to Scotland, LS Contracts will support companies in their shift to sustainable practices.

Deal Size: N/K | Revenue Multiple: N/K | EBITDA Multiple: N/K

Facilities Management
June 2023

Investor	Target
Foresight	msl®

MSL provides property maintenance services through its IT-based platform. The company's backing from Foresight Group will ensure future growth and development in the space and an acceleration of technical capabilties within its systems.

Deal Size: £6.5m | Revenue Multiple: 0.23x | EBITDA Multiple: 2.8x

Consulting
February 2023

Investor	Target
VERITAS CAPITAL	Wood Mackenzie

Wood Mackenzie and Veritas Capital delivered a highly valued LBO in February of 2023, Wood Mackenzie's sustainable and net-zero facing business plan has propelled the company to prominence over the past few years. The consultancy focuses on global data, insight and consulting for renewables, energy and natural resources.

Deal Size: £2.5bn | Revenue Multiple: 9.7x | EBITDA Multiple: 23x

Source: Pitchbook

Selected Transactions - Corporate

Marketing & Communications – November 2023

Investor	Target
Jacobs Media Group	ott

Jacobs Media Group's recent activity demonstrates the synergies between training and marketing. The acquisition will enable Jacobs to provide market-leading training and educational services.

Deal Size: N/K	Revenue Multiple: N/K	EBITDA Multiple: N/K

Construction – March 2023

Investor	Target
Bowmer + Kirkland	innovare simplifying offsite

Bowmer + Kirkland is one of the largest privately owned construction development groups in the UK. The company acquired Innovare Systems, an operator of offsite construction intended to reduce carbon emissions, and works alongside developers and contractors serving the education, residential and healthcare sectors. Bowmer's net zero strategies are set to transform the company's offerings in the coming years delivering a new net zero transition into its strategy.

Deal Size: N/K	Revenue Multiple: N/K	EBITDA Multiple: N/K

Consulting – July 2023

Investor	Target
Thermo Fisher Scientific	CorEvitas Excellence in Evidence

Thermo Fisher's acquisition of CorEvitas for £711m highlights the significance of biotech in 2023, expected to continue moving into 2024. Consultancy services within the biotech space are expected to continue to receive high multiples as they assist in propelling the sector's growth over the next few years. The synergies between the companies reside in cross selling opportunities throughout the biotech sector.

Deal Size: £711m	Revenue Multiple: 8.04x	EBITDA Multiple: N/K

Logistics – March 2023

Investor	Target
Nvidia, Uber, Mark Tompkins, Republic, Wavemaker Partners	serve

Serve Robotics has developed a fast-food delivery robot, the first of its kind to commercially launch a level-4 self-driving robot. This means the robots are the first generation to be able to operate routinely without human intervention. This is the result of almost five years' development work and gained investment from the likes of Uber eats and Nvidia. The company's aim is to make delivery more accessible and sustainable and marks a huge milestone in the Autonomous Vehicle ("AV") industry.

Deal Size: £26.5m	Revenue Multiple: N/K	EBITDA Multiple: N/K

Food Services – April 2023

Investor	Target
Lobe Sciences	Altemia™

Altemia produces oral emulsion foods for patients with sickle cell disease, its work helping deliver the dietary and nutritional needs of a patient, determined by medical evaluation. Cutting-edge food types like this promise to reshape the food service and health sector, aligning the two more closely than ever, whilst increasing the delivery of patient-specific specialised care.

Deal Size: £1.9m	Revenue Multiple: N/K	EBITDA Multiple: N/K

Source: Pitchbook

Polestar: Uncompromised Advice

Mission: to guide shareholders to achieve their business goals and give our people rewarding and purposeful work.

Polestar is a mid-market corporate finance boutique providing advisory services to businesses across our five key sectors: Business Services; Software, Media & Technology; Manufacturing & Distribution; Health & Education; and Sustainability.

Our team comprises six M&A and corporate finance professionals with many decades of experience in lead advisory services including debt and equity raising, corporate restructuring, buyside advisory and management buyouts.

Since inception, we have completed over £6bn worth of transactions including >£100m in the past 12 months which has resulted in us winning the Insider Media South East Dealmakers Awards for Corporate Finance Advisory Team of the year 2023. We understand the importance of people, being a people business ourselves. We pride ourselves on building an inclusive and exciting environment for all our staff, the heart of which is in our Guildford office. The culture we have developed focuses on personal development offering the opportunity to both learn and grow. In our work we follow three key principles - collaboration, innovation and creativity.

These principles underpin the work we undertake as every deal has its unique challenges and nuances that must be navigated and overcome. Like the Polestar, otherwise known as the North Star, used by maritime navigators as a constant for plotting their route, we will pilot you safely to your destination.

Selected Polestar Business Services Transactions

Strategic Advisory	ESG Consultancy & Software Provider	Risk Consultancy	Telecommunications
Exit	Exit	Exit	Debt Advisory
aml Africa Matters Limited.	EVORA	GPW	messagedirect the business answer