

Clarity is seeing
the path to your

Potential

AN INTRODUCTION.

Experience the Vision of Collins Barrow.

09/2012.

Highlights

- **Eighth Largest Public Accountancy Group in Canada**
- The mid-market alternative for audit, tax & advisory solutions
- Clients from a wide range of industry & business sectors
- Serving more than 200 public companies
- Global reach extends into 110 countries through **Baker Tilly International**, the 8th largest accountancy and business advisory network in the world

Why Collins Barrow?

800
Professionals

170
Partners

200
Public Entities

36
Offices Nationwide

21
Member Firms

8th
Largest in Canada

With 36 offices from coast to coast, our audit, tax and transaction professionals make your business our focus.

- Partner Attention
- A Highly Collaborate Culture including the assignment of Colleague Assurance Partners to mandates
- Accountability – for the client, the engagement and our people
- Experience & Industry-specific expertise

Fast Facts

Collins Barrow Nova Scotia Inc.

- Second largest mid market, independent public accounting firm in Halifax.
- 8 partners and more than 20 professional staff
- PABNS Registered
- Located in Burnside (City of Lakes) Industrial Park
- Mix of for-profit and not-for-profit clients
- Corporate and personal tax
- Valuation and litigation support

Collins Barrow – National Office

- Accountancy traces roots back to the 1920s and the firm Collins & Collins
- Modern firm of Collins, Love, Eddis, Valiquette and Barrow – later becoming Collins Barrow – founded in 1967
- Combined revenues of more than \$140,000,000
- Collins Barrow is the 8th largest accountancy in Canada
- More than 170 Partners
- More than 800 Professionals
- Consist of 21 independent member firms
- Operating out of over 36 offices across Canada from Vancouver to Halifax
- Serve more than 200 public entities as a collective



Global reach through membership to Baker Tilly International, 145 member firms operating in 110 countries worldwide. Baker Tilly is the 8th largest global accountancy network with revenues of USD \$2.95B

Presenters

Aaron Wright, CA-CBV, Partner, 422-1232 awright@collinsbarrow.com

Biography

Aaron graduated from St. Mary's University in 1998 and qualified as a Chartered Accountant (CA) in 2001 while working with a national firm located in Halifax, Nova Scotia. He received his Chartered Business Valuator (CBV) designation in 2009. He became a partner in 2006 with one of the two firms that merged in the fall of 2010 to form Collins Barrow Nova Scotia Inc. Aaron has extensive audit and accounting experience with clients ranging from small owner-managed businesses to large global corporations and since 2003, he has gained significant experience in business valuation litigation support.

Areas of Experience

Audit & assurance, Taxation, Business valuation & litigation support, Business advisory services, Analysis of complex accounting issues, corporate amalgamations & consolidations, Review of financial projections, Review & evaluation of internal controls and management information systems

Industry Experience

Government, Paper manufacturing & publishing, Commercial & residential real estate development and rental operations, Pension plans, Financial services, Movie & entertainment, Professional practices, Engineering firms, Not-for-profit, Retail, Digital media, Fuel distribution, Tour operations, Automotive, Food service, Long-term care, Insurance brokerage, Waste management .

Clarity Defined.TM

Uncertain Value / The Price Of Change

“ The whole thing used to be loosey goosey. They'd just make up their values using high multipliers; now they're being sued. We will have huge turnover in our b2b customer base. Succession creates risk – but it also creates opportunity. We'll build a line of business for that. Family businesses?

Looking back is less relevant.
Looking forward is tougher.

UNCERTAIN VALUE / THE PRICE OF CHANGE

—
CHARTERED
BUSINESS
VALUATORS™
—

They thought the cash cow would go forever. This is a different world. Suddenly it's a drag and it's hard. It will be a roller-coaster for a while. Older entrepreneurs may want off the ride. We are constantly being wooed by three major firms because of our size and because we are privately owned. “ They see us as their sweet spot.

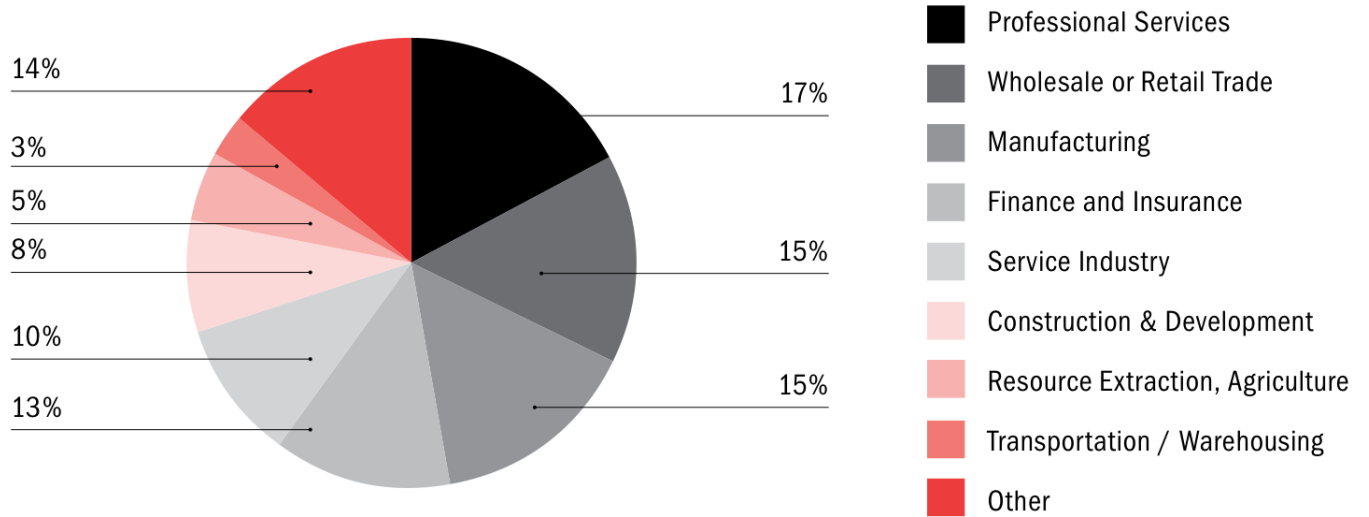
—
CHARTERED
BUSINESS
VALUATORS
—

"What people don't recognize is that our major, game changing issues are not going to happen every six years. They're going to happen **every six months.**"

We listened, we learned and now we're sharing:

- 156 Executives online
- 40 CEOs & Owners on the phone
- Every business sector, every province

WHAT THEY DO



We talked to a full range of business leaders; from \$3 Billion multinationals to \$30 Million green tech companies and professional services partnerships. These aren't the leaders typically interviewed by mass media – they are representative of business leaders who actually build and run mainstream organizations.

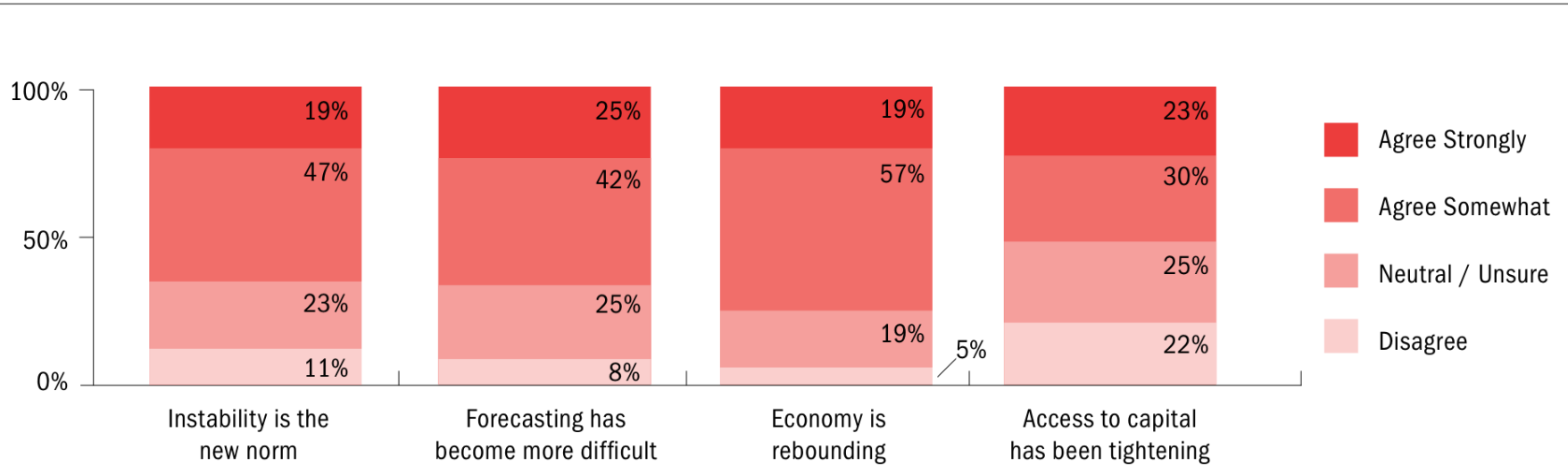
We discovered:

- An erosion of trust
- How CEOs are dealing with volatility
- The impact of succession
- The impact of these changes on valuation

Business and market volatility continues to be the dominant factor that most leaders will wrestle with for the next several years.

- Slow, uneven recovery
- Europe
- Emerging markets
- Debt (Government & Personal)

How's It Looking Now?



While over 66 percent of respondents agreed that instability is the new norm and money is tight, the majority also believe a return to prosperity is just ahead.

Recession & Recovery:

"Owners thought the cash cow would go forever – suddenly (the work) is a drag and it's hard. Older entrepreneurs may want off the ride."

Recession & Recovery:

"We used this opportunity to make our operation much more efficient - we went to war on waste. So even though sales growth was flat, we had strong bottom line results."

Recession & Recovery:

"Customers that used to move like speed boats now move like supertankers."



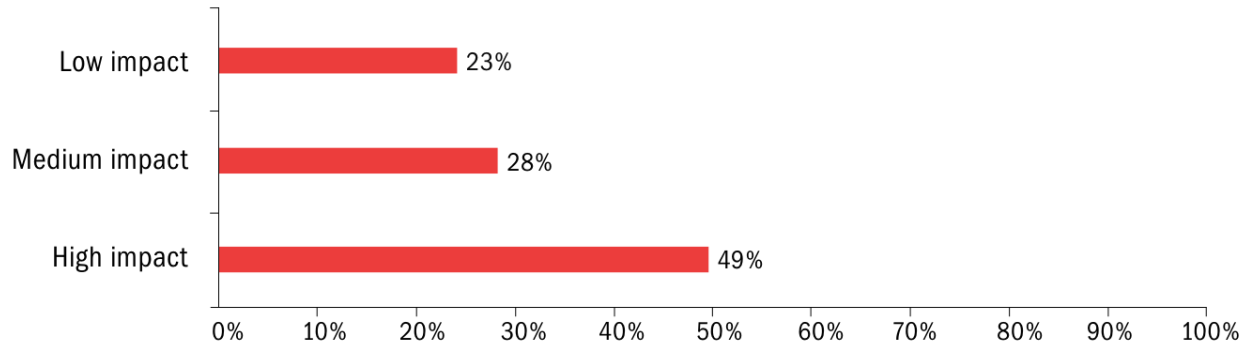
Dramatic events
are a great excuse to stop and think.

Succession:

"I thought I had a plan – but the current industry and economic conditions suggest my plan may be difficult to sustain."

THE TRANSFER OF ENTREPRENEURIAL WEALTH, OWNERSHIP AND BUSINESS LEADERSHIP

EXPECTED IMPACT OF LEADERSHIP, OWNERSHIP AND WEALTH TRANSFER



It's not simply the high scores that matter – it's that over 70 percent of the people we talked to have the issue on their radar. That makes it almost top of the list in business today.

Replacements:

- For ownership
- For leadership
- For customer relationships
- For legacy experience

"The knowledge you gain from working for 30 years – you can't get that from a 30-year-old. They bring other good stuff, but we're going to need creativity to keep experienced people around longer."

Because leadership and relationship succession impacts valuation, you need:

- Better methodologies
- Analysis based on experience
- Standards and interpretation

Succession is about more than passing the torch. Now it's about planning on a regular basis and due diligence.

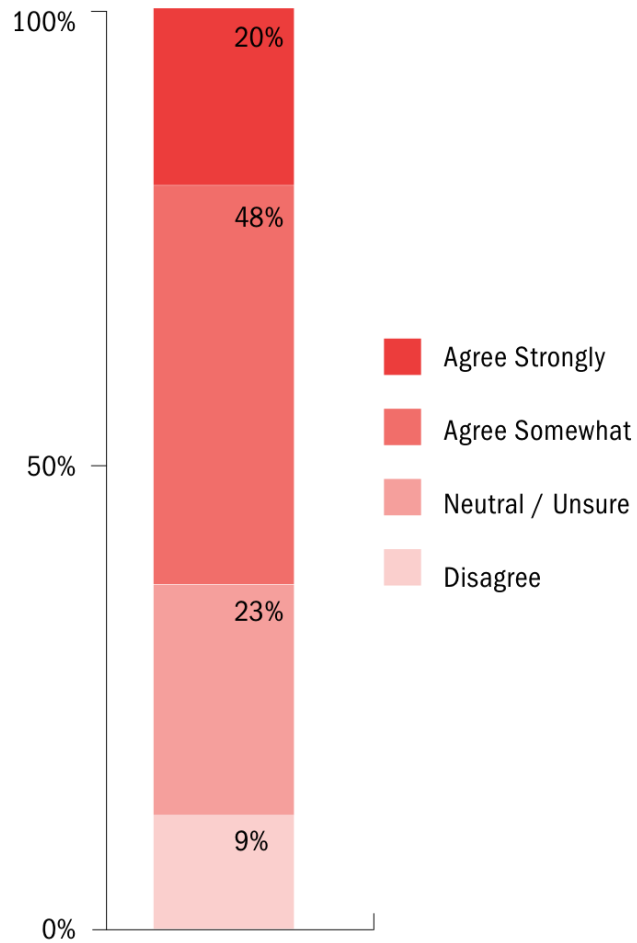
Valuing in Chaos:

"The valuation focus on history is history."

Valuing in Chaos:

The less faith you have in the future, the more you need to turn to systems and methodologies that can provide certainty.

"Back when we sold (2005), it was more of a cowboy approach to acquisitions. If a senior executive had an eye on a company, then they'd buy it at almost any price. Today, it would be much more rigorous."



Finding objective, more trustworthy expertise is more important than ever according to the business leaders we interviewed.

Owners and leaders are looking for more objective advice as they rebuild, revalue, reload or retire.

Few people have the thousands of hours of training and experience to objectively assess the worth of a company.

- Knowing the fair price is an advantage
- Comfort in the process is an advantage
- Being able to time decisions is an advantage

Summary:

- Post recession pessimism turned into recovery determination
- Executives preach continued caution, more due diligence and more flexibility as volatility will continue
- Succession is more than ownership change; plan it more actively
- The valuation cowboy days are over; the new 'normal' fair price is based on more objectivity

Summary:

"That was more than a recession – it was the economy reconfiguring itself. Markets and processes have shifted. Leadership demands have changed. Our workforce and talent pool has changed. Where we look for advice has changed."

"Eventually the capital markets will heat up again and people will be more willing to pay for growth stories and more willing to throw money into concept stories. And that's when you'll have to be careful."

Flexible / Cautious / Well-planned / Well-valued

—
CHARTERED
BUSINESS
VALUATORS
—

Be Certain.™

What is The Canadian Institute of Chartered Business Valuators (CICBV)?

- Canada's largest professional business valuation organization, with over 1,400 Members and 1,000 registered students
- Established in 1971
- CBV Education Program

What is The Canadian Institute of Chartered Business Valuators (CICBV)?

The CICBV Administers:

- The Program of Professional Studies
- Mandatory Continuing Education
- National conferences, workshops, seminars, publications
- Valuation Research Institute

And is involved in:

- Governance
- Professional Standards Setting
- International Business Valuation matters

What is Business Valuation?

- More of an art than a science
- Value of:
 - a business
 - business ownership interest
 - security
 - Intangible asset
- Quantification of worth, business damages and advice related to corporate finance

How Business Valuation Works

- Assets and liabilities of a business that contribute to value are examined including tangible assets such as property and intangible assets such as goodwill and brands.
- One of the growing areas of business valuation is the quantification of intangible assets.

What CBVs Do

- Determine value of tangible and intangible assets.
- Fair market value, fair value, market value, value to owner etc.
- CBVs look at the “whole picture” including business operations, intellectual property, enterprise value, and non-financial issues.

The Role of a CBV

- Independent valuation expert
- Independent litigation expert
- Advocate for buyer or seller

CBV as an Advocate for a Buyer or a Seller

- Strategic analysis and corporate finance activities
- Readyng a business for sale
- Advising on price
- Acting as an advisor on purchase or sale
- Providing operational and financial due diligence
- Succession Planning
- Advising on financing/re-structuring