

DATE

December 16, 2020

SECTORS

Technology & Software
Education

DEAL LOCATIONS



DEAL TEAM



Yousif Hanna
Vice President

UN SDG ACTIVITY



DC Advisory advised LDC on the sale of Texthelp to Five Arrows



Background

- Texthelp is the leading global provider of literacy and numeracy assistive technologies to the education and corporate sectors and is headquartered in Belfast (UK), with offices in Boston (US) and Brisbane (Aus)
- The company's portfolio of SaaS solutions is designed to support students and employees with reading, writing and numeracy as well as productivity challenges, including those with dyslexia or working in a second language
- Lloyds Development Capital (LDC) backed Texthelp in May 2019 to accelerate its organic growth plans in the UK, US and internationally, and to further develop its software proposition
- During the 18-month partnership, revenues at the business increased 40%, with a strengthening pipeline of prospective new customers
- Texthelp enhanced its market leading position by expanding its footprint across North America, developing its digital route to market and pricing strategies, and significantly investing in new technology and product development

Process

- DC Advisory (DC), led by Sebastian Daumueller, was engaged by LDC in October 2020 to provide M&A advice in relation to a potential sale of Texthelp
- DC ran a highly competitive, focused and fast process involving private equity and

strategic bidders from both the US and Europe

- Leveraging the company's best-in-class internal data cube, we were able to provide bidders with detailed real-time analysis throughout the process around every relevant KPI
- Key drivers for the premium outcome were a combination of Texthelp's market leading products, strong financial performance and DC's understanding of key value drivers and the ability to craft a data-backed narrative around key SaaS KPIs
- The process design and quality of information shared meant that all bidders were imminently deliverable; the ultimate purchaser was in a position to sign unconditionally within 24 hours of submitting their final offer

Outcome

- Texthelp announced its sale to Five Arrows, the private equity arm of Rothschild & Co, on 16 December 2020
- The transaction achieves a highly successful outcome for the company, shareholders and management
- Five Arrows is well placed to actively support Texthelp's expansion internationally and into adjacent markets, with a dedicated team operating on both sides of the Atlantic
- The management team, led by founder and CEO Martin McKay, will continue to lead the business under Five Arrows' ownership

“It was a genuine pleasure to work with the Texthelp team and LDC to deliver an outstanding outcome for shareholders and management alike. Martin and his team have built a market-leading, international SaaS business with best-in-class real-time data analytics capabilities. We are confident that with Five Arrows as new partners, Texthelp will continue to go from strength to strength. For DC, this successful transaction further enhances our strong global Software advisory franchise.”

Sebastian Daumueller, Managing Director at DC Advisory

“The DC Advisory team led by Sebastian were excellent. They were thoroughly principled, professional, hard working, and focused on getting a great result for everyone. They really took the time to understand the business before considering appropriate investment

partners. We are delighted with the result, and our new partnership with Five Arrows.”

Martin McKay, CEO of Texthelp