

Case Study: Muscle Worx

Tackling Succession and Adding Value Through M&A

muscleworxTM
www.muscleworx.com.au

vitaminKing
.com.au

The Situation

SUCCESSION ISSUE : Vitamin King is a highly regarded and long-established specialist vitamin and sports supplement retailer in NSW. The founder (now 70+) struggled to pass the reigns on to his family and outside management. With the Founder out of the day to day, the business was treading water. Having built the business from scratch and with over 30 years of history in Sydney, the founder was keen to ensure the goodwill built up over time was not eroded.

STRATEGIC ACQUIRER : MWX is a specialist vitamin and sports supplement retailer with over 40 retail outlets across WA, SA & now NSW and a strong online presence.

Banksia Capital and Clayton Hollingworth invested into MWX in 2016 alongside its founders Chris and Adam Williams and fellow Director Ben Crilly. Banksia had identified MWX as being suitable for creating value through strategic, targeted acquisitions.

Banksia and the company's screening of MWX's marketplace saw Vitamin King as a highly value-creating acquisition allowing the company to expand on its strong WA position and secure a solid foothold in the growing Sydney marketplace.

THE SOLUTION

- Banksia project managed the transaction allowing MWX management to spend time on integration and planning
- Banksia's funds were used to acquire Vitamin King

PROGRESS SO FAR

- The transaction completed in August and has been smooth post completion
- The founder and several family members have moved out of the business (per their request)
- Vitamin King has kept key staff, the branding and maintained business as usual at the shops, all of which were important to the vendor
- MWX currently has multiple new sites under review for further expansion

REFLECTIONS

- Value-creating M&A is hard to pull off. The Vitamin King bolt on has taken a lot of work and up-front planning for integration to run smoothly
- The goals of the VK Vendors to crystalize value for their business, while preserving the brand and cultural legacy they had built up over 30 years has been achieved
- Forward planning and management of the integration has allowed for:
 - Day 1 financial, systems and staff integration to be completed
 - Systems and purchasing synergies to be actioned day 1
 - Limited management distraction post completion
- Key customer and supplier engagement and messaging was planned early and executed well
- Industry players are now aware that MWX has the financial and operational capacity to bolt-on businesses and MWX has since been approached to look at other bolt-on opportunities in the sector



Executive Summary

CUSTOMER NAME

MWX and Vitamin King

INDUSTRY

Specialist retail

CHALLENGES

- Succession
- M&A project management
- M&A financing
- M&A integration

SOLUTION

- Strategic acquisition by MWX
- Banksia funds and project management to aid completion
- Focus, applying lessons learned by Banksia team over 100+ years and 50+ transactions

VALUE OUTCOME

- Industry recognition of MWX's continued growth as a national player and consolidator of the industry
- Smooth succession solution
- Smooth integration
- MWX scaled and synergies realised

"Expanding our business to the East Coast was always a key goal of mine and Adam's. The Vitamin King acquisition is the first step in achieving that. The opportunity was initiated, developed and managed well by Banksia. Banksia focussed all parties on the key issues, sourced the funding and managed the bank and overall transaction so that through the process I could focus on getting the key integration items right, while continuing to run MWX."

Chris Williams,
MWX Founder and CEO