Transaction Services

Our approach to deals

Transaction Services helps companies make acquisitions, divestitures and strategic alliances, and to access the global capital markets. In each case we have the same overriding objective: to help clients maximise the return on their deal.

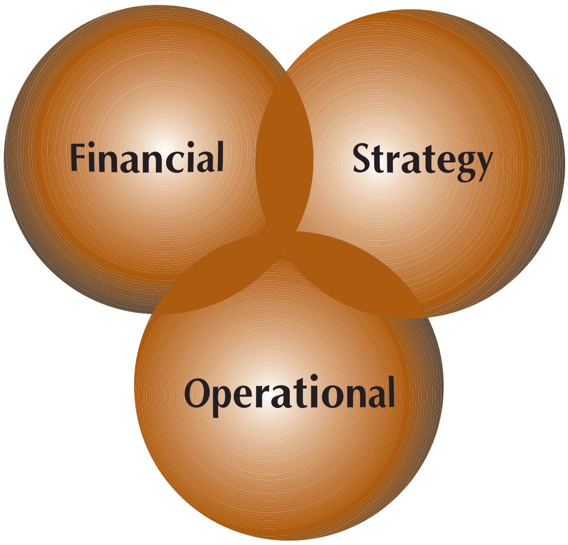
Amongst deal advisers we are uniquely positioned to focus on the longer-term return from each deal because our services span the entire deal spectrum from acquisition strategy evaluation to post-acquisition integration.

With more than 6,000 dedicated specialists in our global Transaction Services and related deals businesses, our clients include the world's leading companies and private equity houses.

We act as deal managers helping clients get deals done faster, with less disruption and at a more attractive price. Using cross-functional teams, we bring together all the relevant expertise from across the firm, including tapping into the firm's vast industry sector knowledge.

Our group is organised on a global basis to provide our clients with complete international coverage.

"We were highly impressed by their expert knowledge and total commitment shown throughout the transaction."
Joseph Rice, Clayton, Dubilier & Rice



"PricewaterhouseCoopers Transaction Services has become a seamless part of the team".
Paul Sterne, IBM Corporation

"We introduced Travelex to a team from PricewaterhouseCoopers to help them to plan and execute a merger. One year and £440 million later the businesses are now fully integrated with merger savings ahead of plan and making annual profits of £30 million.
Tom Sweet Escott, 3i plc

Financial

Financial Due Diligence
Financial Due Diligence analyses and validates the financial, commercial, operational and strategic assumptions underpinning a deal.

It looks at past trading experience using this to form a view of the future and confirms that there are no 'black holes'.

The components of the service are revenue and market due diligence, synergy validation, maintainable earnings, future cash flows and all operational issues, as well as deal structuring.

We deliver this service to both Corporate and Financial Buyers.

Bid Support
Our Bid Support services help companies making and defending hostile public bids.

The service encompasses the following:

For Attackers: We prepare hostile reviews on the bidders own business and analysis on the vulnerabilities of the target.

For Defenders: We work with war room teams from the moment a hostile bid is announced to help clients defend or achieve the best price for their company. Because of our experience in defence situations we can also help management acquit themselves well in the eyes of the markets during the bid.

Dummy Defence assignments: We also do "Dummy" defence assignments for clients who feel exposed, but before a bid is announced. Many companies commission defence reviews as a routine board activity to help maintain an objective external view of their company.

Clients benefit from our early involvement, our familiarity with the process and priorities, and our understanding of how to work with the wider defence/attack team.

Divestment Services - Vendor Due Diligence
Vendor Due Diligence is commissioned by the vendor at the beginning of the sale process, with the Vendor Due Diligence report made available to bidders and relied upon by the eventual acquiror. Our experts provide vendors with an independent view of the business, encompassing its performance and prospects.

Vendor Due Diligence aims to address the concerns and issues that may be relevant to the most demanding purchaser, thereby providing comfort to both acquirors and vendors. Overall, Vendor Due Diligence provides vendors with greater control over the sale process and the timing of sale which can, in turn, help secure a higher price for the business.

Divestment Services – Vendor Assistance
For vendors undertaking a disposal, Vendor Assistance provides bespoke solutions to assist vendors in successfully completing divestments. Vendor Assistance specialists work alongside management and their lead advisers throughout the process ensuring that opportunities and upsides are identified and amplified and that issues are understood and packaged. The on-going support provided by Vendor Assistance specialists ensures that the vendor retains pace and initiative throughout the sale process.

Structuring Services
Our structuring experts balance the transaction objectives with accounting, tax, regulatory and commercial considerations to design the optimal deal structure. They are able to access the full range of the firm's specialist expertise in connection with all aspects of the transaction.

The Structuring Services group has a breadth of experience in advising on complex transactions, for corporates and financial institutions, including private equity houses and investment banks. Our dedicated structuring team can provide structuring solutions for mergers and acquisitions, divestments, group reorganisations, strategic alliances and financial instruments.

Operational

Operational Due Diligence

Our team of experienced business operations specialists enables us to provide potential acquirors with a coherent overview of the target's operations. We cover the full scope of business operations from supply chain and logistics through manufacturing and commercial activities. We review management structures and controls and provide an assessment of operational effectiveness. Working with management we also identify and quantify opportunities for operational improvement, and develop action plans to deliver against these opportunities.

Synergy Review

Given the importance of synergies in supporting the valuation of a business, we conduct a detailed review of the synergy proposals underpinning the deal. The focus is on achievability, cost to implement and timing of delivery. Our team assesses all aspects of synergy delivery including key risks, interdependencies and the probability of their successful achievement. Working with management we will scope out an implementation plan, which will include a forecast of the actions, costs and profit impact in the months post completion. The detail and accuracy of the synergy forecast increases towards completion as more data is received. On completion it provides the backbone of the integration plan.

Taking Control

Our team of operational and financial specialists work to assess the key concerns that a new owner may have on acquiring a business. Will management deliver? Will management accounts be accurate and timely? Are adequate controls in place? Are working capital and cash managed effectively? Is there a plan for the transfer of control through transition service agreements?

In time for Day 1 and immediately after deal completion, we would work to bolt down the business to protect its value and ensure early risk identification. We would review the existing controls, procedures and supporting systems in the areas of finance and operations, and work with management to prevent operational disruptions and distractions whilst changes are being implemented.

The Accelerated Transition®

In our experience there is too little focus on post deal planning before completion and businesses are too slow in implementing deals. As a result, deals often fail to deliver the value which drove the deal. The key to delivering value is speed and focus.

Our team of operational and financial specialists work with businesses pre and post completion to develop and implement action plans for delivering value:

- Assisting management to confirm and develop detailed action plans for implementing performance improvement.
- Providing programme management tools and experienced resources to assist in establishing or undertaking ongoing monitoring and control of implementation.
- Providing additional specialist resource to assist in implementing business improvement in specific areas such as cost reduction, factory rationalisation or supply chain improvements.

Post Deal Review

Our analysis of deals highlights that the most common factor in unsuccessful deals is a delay in commencing the integration. The longer a company is left, the greater the risk of potential failure.

We conduct post deal reviews approximately 6 to 12 months after completion to establish whether the initial objectives of the deal have been met and, if necessary, to identify how to get back on track.

The methodology enables a review of all aspects of post deal performance, including sales growth, facilities consolidation, working capital management or management reorganisation.

Typically, we bring together a team of financial, strategic and operational experts with relevant industry experience to undertake a rapid exercise in order to minimise disruption to management. This process acts as an effective early warning system, which enables corrective action to be taken before problems multiply and can identify additional growth opportunities.

Strategic

Strategy Development
The TS Strategy Group is an M&A focused strategy consulting practice. Our experts work with management teams and financial investors on both business improvement/expansion and corporate-turnaround programmes. More specifically, the Strategy Group assists management teams to:

- Identify key sector dynamics (e.g. changing customer needs and/or competitor positioning).
- Evaluate emerging product-market opportunities (understanding and entering new markets or geographies).
- Formulate and implement corporate/divisional/business-unit strategies.
- Identify and evaluate appropriate M&A/alliance opportunities and targets.
- Turn-around failing companies or divisions.
- Reposition the company after a period of change.

Commercial Due Diligence
Commercial due diligence involves a comprehensive review of a target company's Business Plan in the context of a rigorous analysis of anticipated market conditions and industry/competitor dynamics. This typically involves a combination of desk research and personal/ telephone interviews with the target's management team, key trading partners (customers, suppliers etc) and relevant industry experts. Key outputs of a commercial due diligence assignment include commentary on:

- Key assumptions under-pinning business plan projections.
- Target company's positioning and competitiveness relative to (1) the needs of key customers and (2) the performance of key competitors.
- Achievability of business plan projections.
- Target specific market/industry-related investment risks.
- Strategic value-creating opportunities.
- Exit risks and opportunities.

Who to contact

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