

## Unclear Stand-Alone Profitability | Tight Integration in the Group

Carve-Out Target ( <i>Target Company</i> ):	Sales < €10m
Group Total ( <i>Client</i> ):	Sales €100-500m
Sector:	Engineering

### Challenge

- No credible information on the stand-alone profitability of the carve-out target
- Strongly dependent on central staff functions / heavily burdened by share of group costs
- Limited M&A expertise among management of carve-out target

### Problem & Solution

The **unclear stand-alone profitability of the carve-out** was due in part to the use of different accounting codes, multilayered transfer prices among sales organizations and the nontransparent allocation of group costs. There was also no integrated business plan for the carve-out target.

By **creating a financial book** (vendor due diligence), Consus Partner established a credible set of data for the seller, which significantly shortened the financial due diligence process.

The target's **tight integration within the group** was accompanied by considerable dependence on central personnel and systems (e.g. staff functions and ERP systems).

Consus Partner developed an **operating carve-out concept** and acted as central process and project lead vis-à-vis the owners, consultants and potential buyers. In addition, Consus Partner coached the target's management team.

### Results

- Maximum purchase price because the bidders enjoyed fully transparent financial data
- Rapid project conclusion thanks to the coherent transition and integration concept
- Minimum “noise interference” for the owners and the target because of proactive, regulated communication

## “Difficult” Target | Complex Transaction Structure

Carve-Out Target ( <i>Target Company</i> ):	Sales €10-50m
Group Total ( <i>Client</i> ):	Sales > €500m
Sector:	Industrial Services

### Challenge

- Each potential buyer only wanted a part of the carved-out business area
- Complex transaction structure, as two separate sub-businesses were sold
- Reps & warranties needed in the SPA to isolate loss-making customer contracts from the past

The business area being carved out was not, as a whole, attractive to potential buyers. However, bidders were interested in parts of it.

Consus Partner created a **stand-alone business plan** for each of the two **sub-businesses** and marketed them in two independent sales processes that ran in parallel.

### Problem & Solution

Dividing the target into two sub-areas increased the **complexity of the transaction structure**, as the target already relied on numerous group functions and the business areas would have to perform services for each other after the transaction.

Consus Partner developed **detailed transition service agreements** between the two sub-areas themselves and the group (including identifying and allocating customers, suppliers, IT systems, software licenses and more).

### Results

- Successful disposal of business that was very difficult to sell beforehand
- Price maximization by dividing the target
- Coordinated yet separate carve-out of two tightly interwoven sub-businesses

## Target with No History | Limited Personnel Resources

Carve-Out Target ( <i>Target Company</i> ):	Sales €10-50m
Group Total ( <i>Client</i> ):	Sales €100-500m
Sector:	Industrial Services

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### Challenge

- Offering a business unit with no empirical figures for its past
  - Fast transaction process (< 6 months) although the client had limited personnel resources
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The business area being carved out was only created three months before the process began when three businesses were merged, meaning there were no empirical data (e.g. annual financial reports) for the past.

Consus Partner took on the task of **preparing and verifying the pro-forma figures** (P&L, balance sheet, cash flow) with a high degree of transparency.

### Problem & Solution

The **client had little capacity to follow the transaction process**, in part because it was pressed to handle the doubling of its total national sales. The disposal process was nevertheless expected to be completed in 6 months.

**Consus Partner expanded the project team** to prepare the sales documentation as quickly as possible **and took over certain tasks from the client**, including regularly updating the shareholders concerning the project's status.

### Results

- **Rapid disposal process and strong competition among bidders**
  - **The high degree of transparency made it possible for potential buyers to save time checking data plausibility**
  - **We unburdened the client's organization by taking over internal and external stakeholder management**
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## Target with No History | Global Business Operations

Carve-Out Target ( <i>Target Company</i> ):	Sales €10-50m
Group Total ( <i>Client</i> ):	Sales €1bn
Sector:	Consumer Goods

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### Challenge

- Offering a pro-forma stand-alone business unit with no empirical figures for its past
  - Target with complex structure, interwoven with more than 15 national subsidiaries and a complex supply chain
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The carve-out business included parts of a foreign company and the assets of diverse national subsidiaries belonging to the group. The supply chain contained **organically grown transfer pricing rules**, which made it even more difficult to view the target on a stand-alone basis. The target was also generating minor losses.

Consus Partner took over the task of **preparing and verifying the pro-forma figures** (P&L, balance sheet, cash flow) and analyzing the global inventories, which were not documented in the system in a manner that made this easy to do.

### Problem & Solution

Due to other internal projects, the group could provide **few resources** and, in addition, the target and the foreign companies used **different IT systems**. The **potential buyer was likely going to be abroad**, so the focus was on a global search for bidders.

**Consus Partner guided communication** between the subsidiaries involved and **addressed potential buyers in that sector from around the globe**. The final transaction took place with an Asian buyer and its European subsidiary.

### Results

- **Rapid disposal process with international competition**
  - **The trust of the client and the potential buyers was established through the great transparency of the data (incl. an inventory analysis)**
  - **Support of the post-merger integration to facilitate handover of the global business**
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