



Investment and/or Project Feasibility Analysis

Commercial and Technical Support in an Acquisition

The Issue

A private equity firm was acquiring a specialty chemicals and polymers division of a diversified company, whose financial performance had weakened. The divesting parent firm wished to concentrate on its non-chemical operations, which offered good returns and internal investment opportunities. Concerns existed concerning the strength of the division's product lines versus those of competitors, the quality of its operating results (as estimated by proforma historical estimates), the reliability of its technologies and customer perceptions.

The Service

Nexant was engaged as an independent expert market consultant and advisor. We met with the division management; reviewed their operations, product lines and market positions; critiqued their plans for future operations; and provided a report to the tentative investors and then to prospective lenders to the transaction.

The Outcome

Our analysis and report/presentations supported the analysis of the investors and lenders. This helped our client make the go-ahead decisions. The division was bought and launched as a new privately owned company. A few years later the investors sold the firm to a strategic buyer, an operating company wanting to broaden its product offerings and to achieve greater industry presence in some of its existing segments.

Report Overview

Key Issues addressed in the Study:

■ Project Type

Business segment review

■ Client

Private equity investors

■ Duration

Three months

■ Scope

Operations and strategic assessment

Review of planned new product development

Review of anticipated capital expenditures

Industry segment commercial forecast and dynamics

Industry segment profitability trend

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