

Initial situation

An energy supplier planned to complement its renewable energy value chain through the acquisition of individual assets and specific contracts from a project developer. In addition, employees were also envisaged to be taken over through a transfer of operations.

Challenges

It was part of the analysis to identify the specific assets and contracts which were of strategic importance to our client. Separate financial accounts for the individual target activities were not available.

The analysis was complicated due to a rather complex legal group structure. The target operations were carried out by fully consolidated group companies as well as non-consolidated affiliates. Shares in group companies were also held by minority shareholders which had to be taken into account regarding the valuation of the business and structuring of the transaction.

The large number of contractual relationships between group companies had to be identified and analysed in terms of contribution to earnings.

Approach

From the outset, the financial due diligence was kept flexible as the complexity of the transaction structure was obvious, but the exact issues to be resolved and the corresponding detailed work to be performed were yet unknown. For that reason the initial and only preliminary scope of work for the financial due diligence was constantly challenged and adjusted in agreement with our client. The adjustments were made to respond to new findings identified in the course of our work. Additionally, I-ADVISE provided support regarding specific tax related issues throughout the entire process.

Findings identified and information obtained during the process with valuation relevance were continuously discussed between the client and I-ADVISE and - in close cooperation with us - considered in the valuation model.

We provided assistance for the drafting of the purchase agreement to the extent covered by our work. Such assistance related in particular to the definition of the transaction perimeter and the purchase price mechanism.

Post transaction, we supported our client with respect to the purchase price allocation. Insights obtained during the financial due diligence allowed for a targeted approach in this context.

Outcome

Due to the close cooperation between I-ADVISE and the client, an ongoing exchange of crucial information between the individual teams was guaranteed which increased the efficiency of the process. Furthermore, we could ensure that the client's decision-makers were informed on a timely basis about those issues relevant for concluding the transaction. This impacted in particular the drafting and negotiating of the complex purchase agreement and the determination of purchase prices for specific assets and contracts.

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