



**Food, Beverage & Agribusiness M&A**

# **Benefits of Commercial & Technical Due Diligence**

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# 1: Due Diligence Objectives

# Due Diligence Objectives

There is an increasing focus now to look beyond the standard legal & financial due diligence



## Primary Objectives:

- » Identify key internal & external risks
- » Validate & support valuation process
- » Identify integration issues & requirements



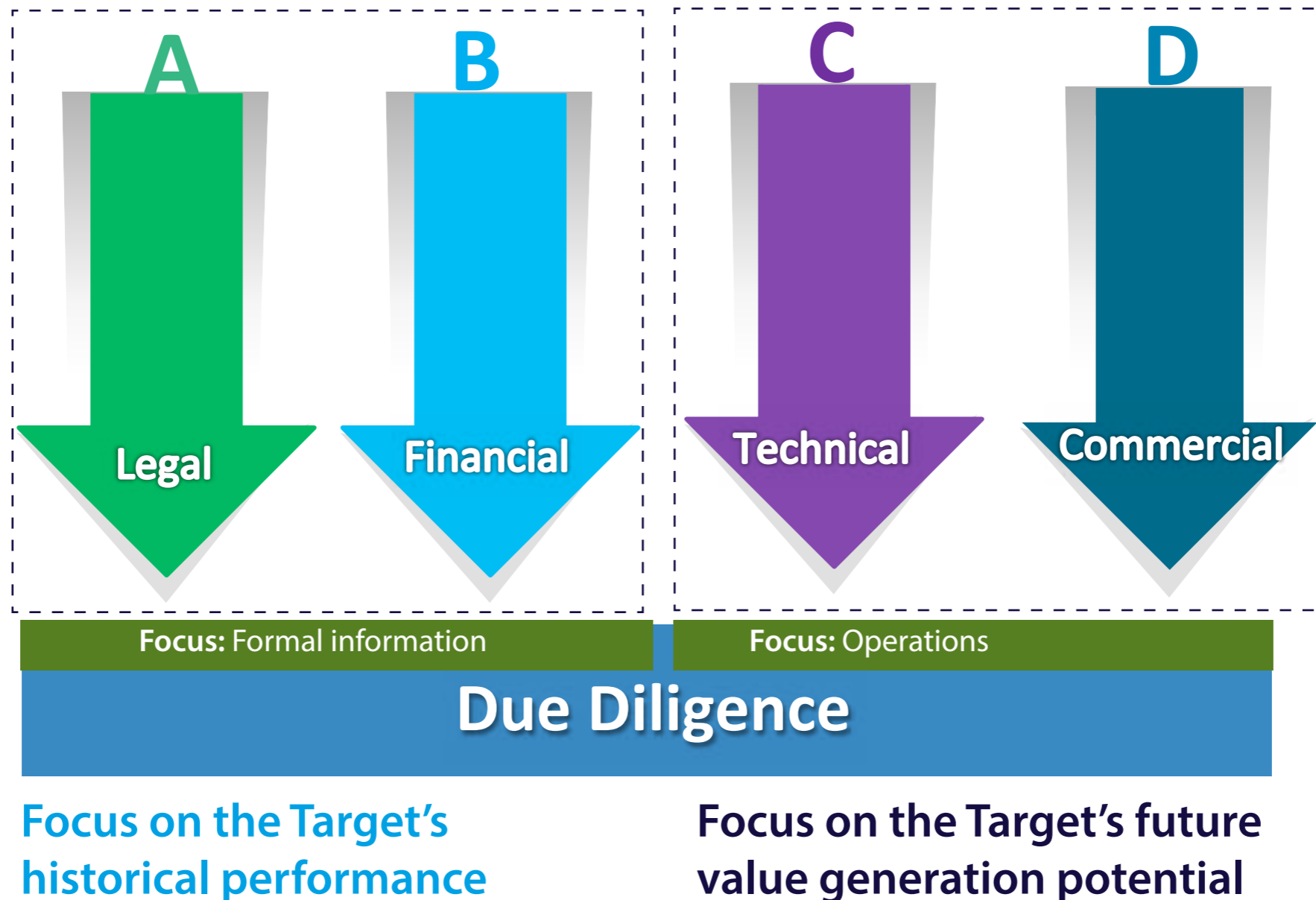


## 2: Why Commercial & Technical Due Diligence?

# Why Commercial & Technical Due Diligence?



Focus is more on operational capacities and potential future value generation



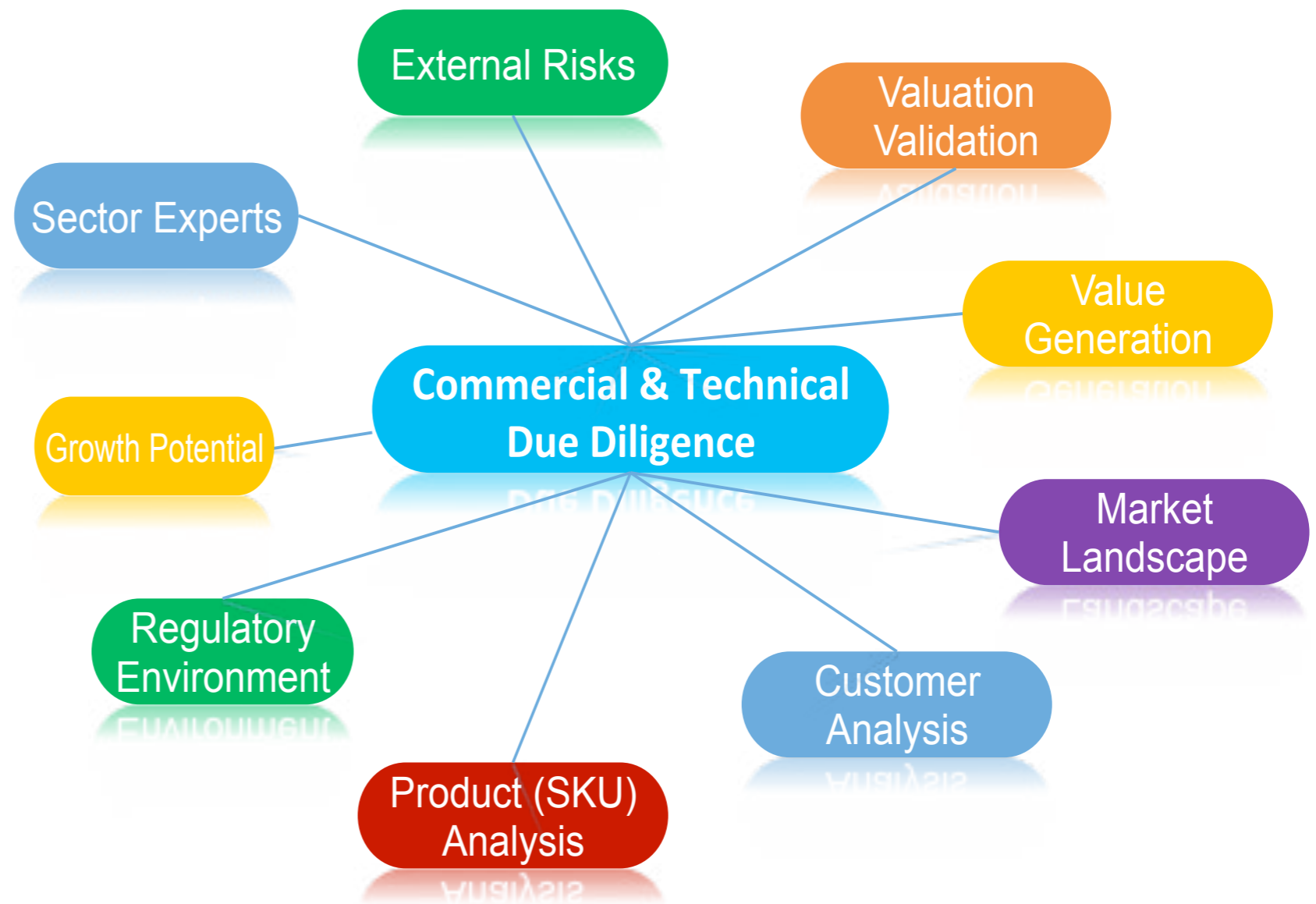
# Why Commercial & Technical Due Diligence?

A more informed and confident transaction is assured



Knowing the numbers behind a transaction is not enough.

A full exploration of the Target's internal and external environment is required to identify the risks, opportunities and future value creation potential.



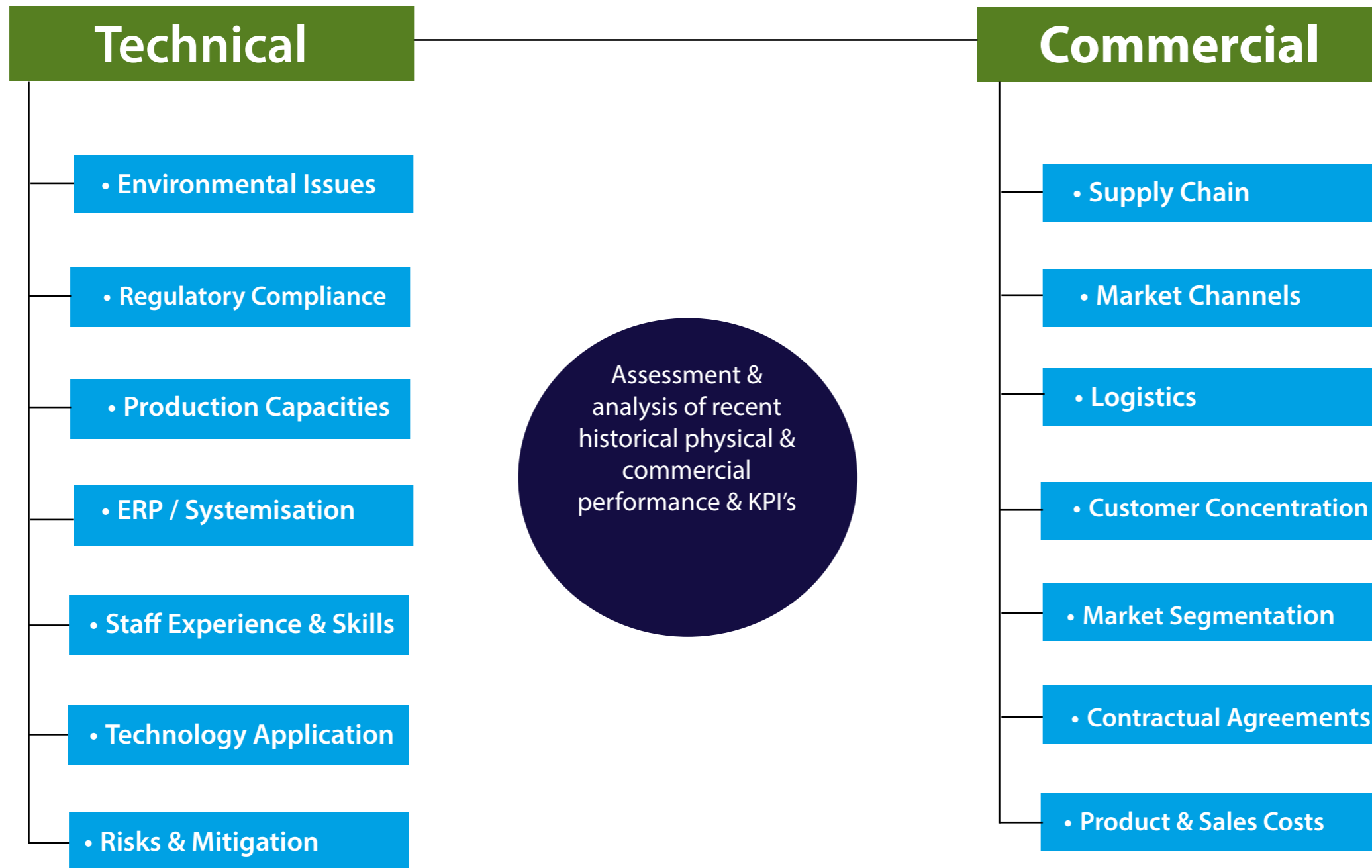


### 3: Our Approach



# Our Approach

We use a proven approach on all our due diligence assignments



# Our Approach

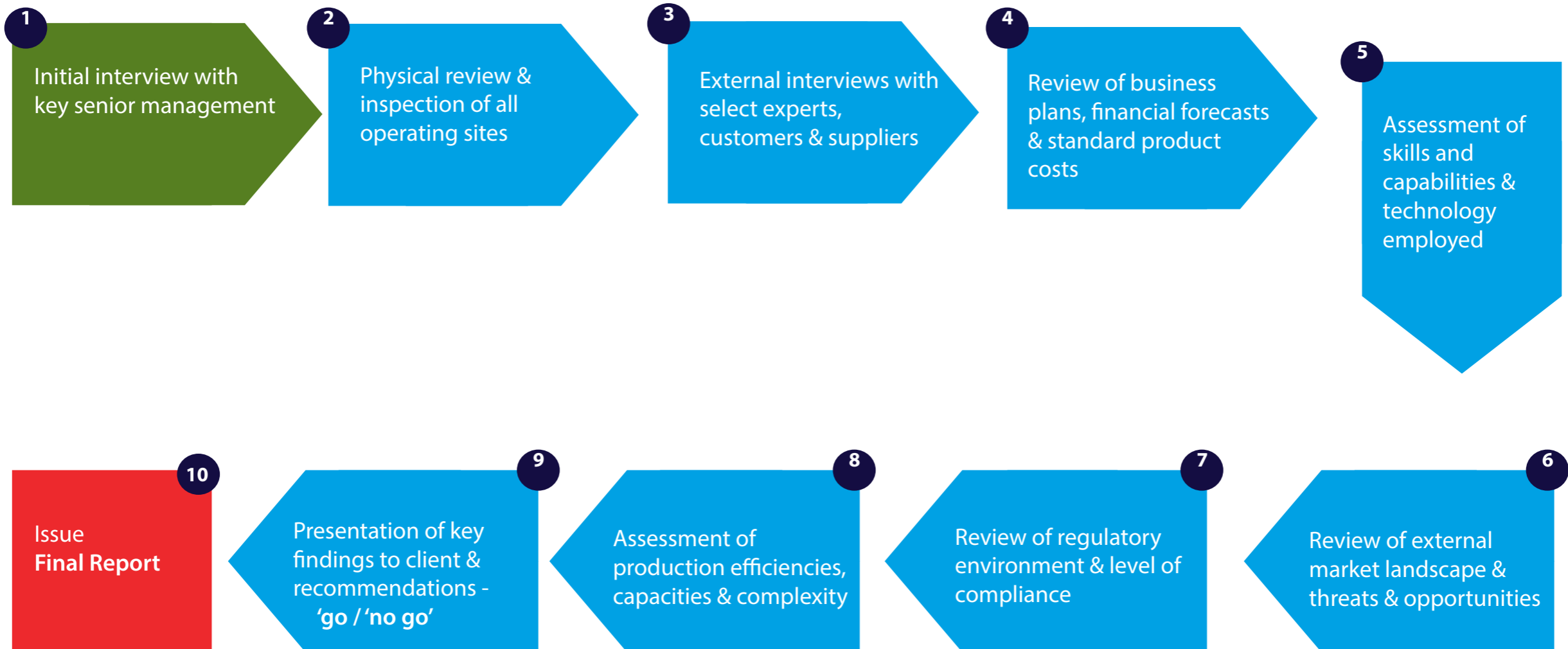


We ask and seek answers to the following key operational questions

- » What bottlenecks exist in the business - production & sales?
- » Why do these bottlenecks exist and how can they be address?
- » What level of technology is deployed in the business?
- » What is the structure of the Target's value chain?
- » How efficient are current production methods?
- » How efficient is sales operations?
- » What is the total number of SKU's per key product categories/groups?
- » Are all regulatory permits and licenses in place & for how long?
- » What external forces - market, regulatory or political - can impact on the Target over the next 3 to 5 years?

# Our Approach

Our approach follows a number systematic steps, where our experienced team gathers and analyses key technical, operational and commercial information on the Target



**Note:** We always customise and tailor our approach to each individual assignment, based on the client's specific requirements and the sector we are working in.

# What We Deliver



We deliver a robust and detailed red flag report to our clients containing the following

## 1) Detailed findings on the Target

- Technical deficiencies & gaps
- Operational wastage & inefficiencies
- Sales performance gaps
- Product range, life cycle & complexity (SKU's)
- Market landscape analysis
- Skills / management deficits
- Production and sales costs analysis
- External environment - challenges, risks & opportunities

## 2) Benchmark all important physical and financial KPI's

## 3) Recommend where 'quick-wins' can be achieved

## 4) Recommend a 'go' or 'no go' on the acquisition of the Target

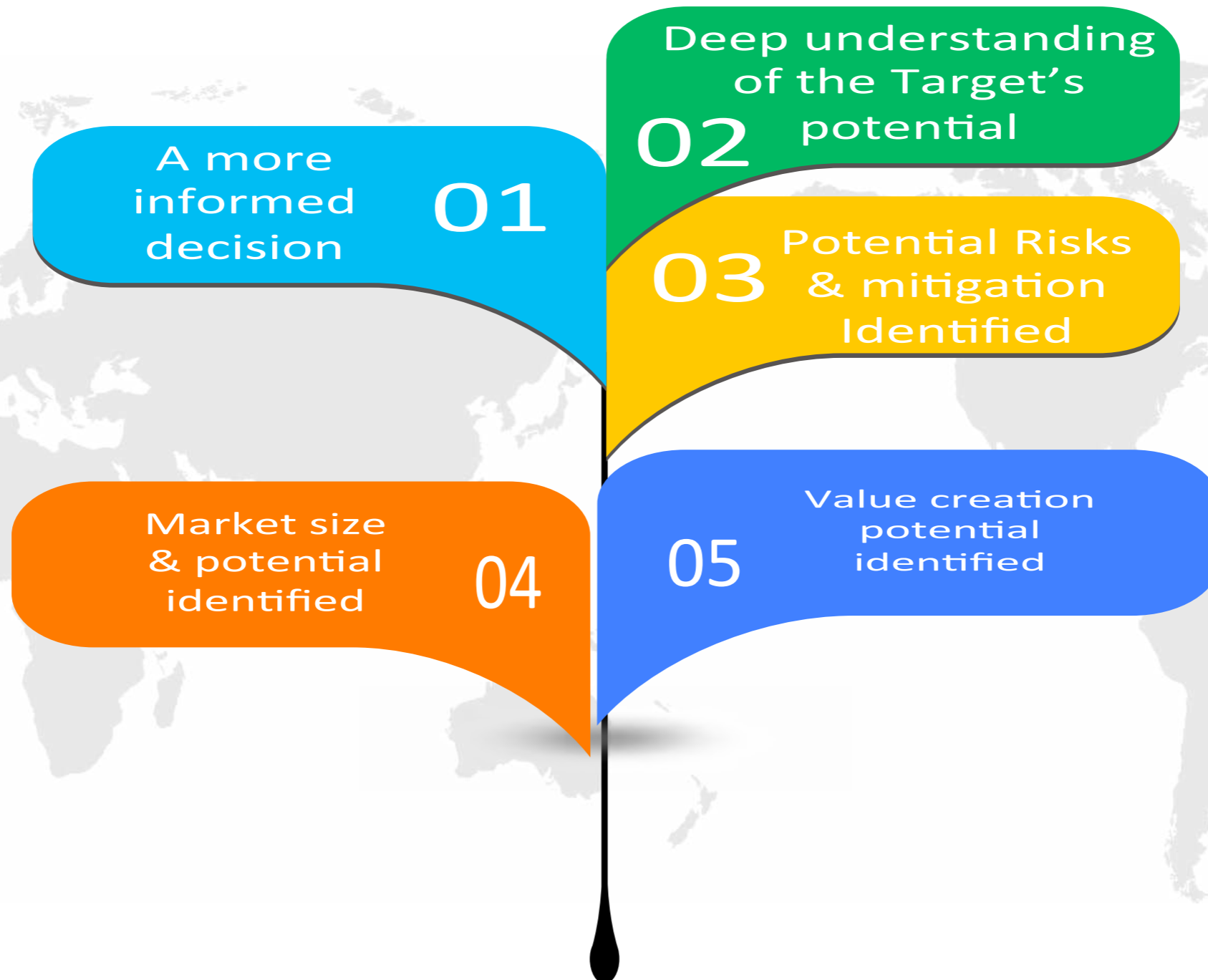




# 4: The Benefits

# The Benefits

There are numerous benefits of completing technical & commercial due, all of which lead to a more informed and confident transaction



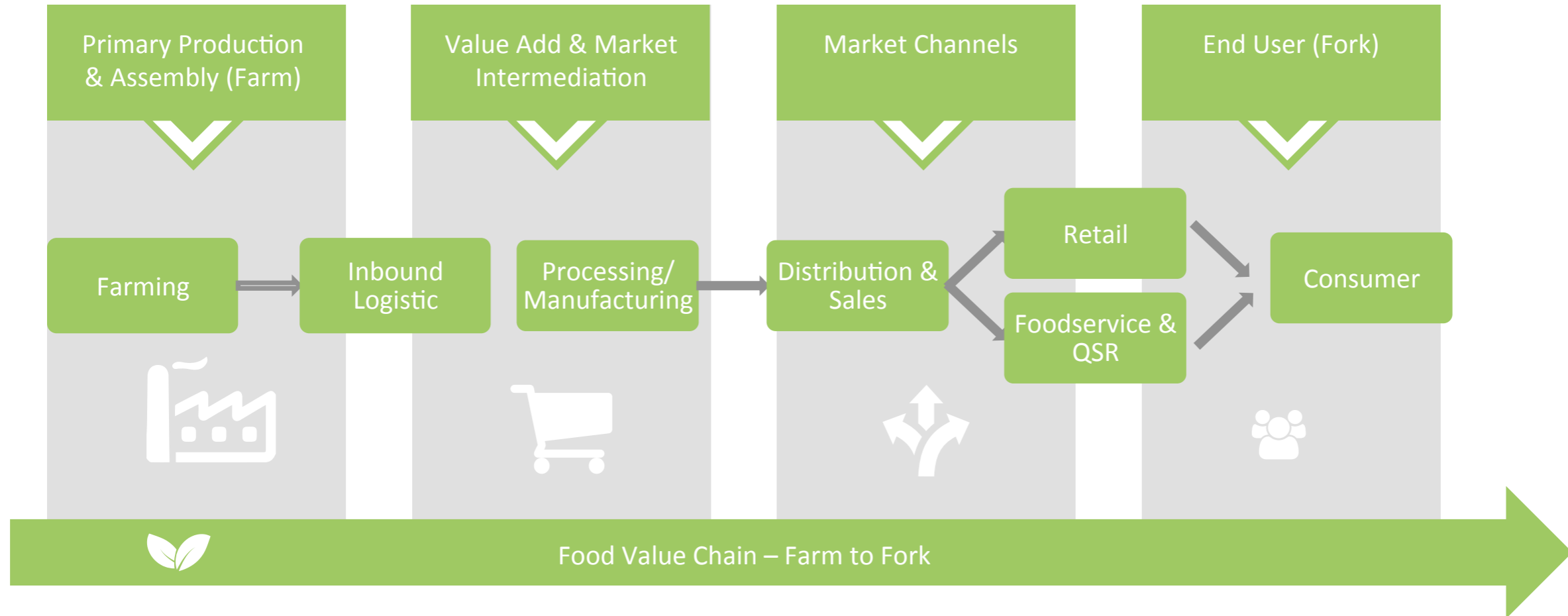


# 5: Our Experience

# Where We Work



We have a unique insight, knowledge and experience of each link in the food value chain





# Our Experience



We have completed due diligence and value creation assignments across all the main food, beverage and agribusiness sectors

## FOOD



Food Processing



Bakery



Poultry & Meat Processing



Retail & Food Service

## BEVERAGE



Water Bottling



Carbonated Soft Drinks



Fresh & Concentrated Juices



Energy Drinks

## AGRIBUSINESS



Farm Land Investment



Poultry Production



Dairy & Livestock



Feed Milling & Agri-Trading



# About Us

**As the leading specialist in international food, beverage and agribusiness, we help our clients to grow, increase profits and efficiencies.**

Working with a team of over 200 global specialist, we bring a unique combination of financial, technical, operational and strategic expertise across food and agribusiness.

## Our Services

### M&A

- » Buy & Sell mandates
- » Commercial and technical due diligence
- » IPO preparation / vendor support
- » Business valuations & appraisals
- » Value creation and implementation

### Advisory

- » Operational consulting
- » Commercial consulting
- » Financial & strategic consulting
- » HR & re-organisational consulting
- » Project funding & management

# FARRELLY & MITCHELL

Food & Agri-Business Specialists



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