Transaction Advisory Services

Managing capital and transactions for your private business
Staying ahead in an ever-changing world

Amid ever-changing variables, private companies are faced with challenging capital and transactional decisions that can represent transformative opportunity — or untenable risk.

Today’s fast-evolving environment requires private businesses to be relentlessly focused on where they are going and how they are going to get there. Key transactions – from raising capital to structuring real estate portfolios to pursuing acquisitions or divestitures and more – are increasingly complex, with more at stake than ever. Savvy leaders are seeking the professional insight that will help them to reveal and unlock the full value of the opportunities the “new normal” presents.

As you’ll see in this guide to our Transaction Advisory Services, our private company focused team possess a deep knowledge of local market conditions and the regulatory nuances that can shape all kinds of transactions. Our signature approach to integration helps you and your teams benefit from valuable cross-functional perspective from Assurance, Advisory and Tax, helping you create growth and opportunity for your private business.

We can assist you with:

- Finding the right deal, negotiating the right price and closing at the right time
- Identifying optimal capital structures and financing strategies
- Strategic assessment and planning for real estate assets and portfolios
- Securing financing for public sector infrastructure projects
- Valuation and business modelling
- Divestitures and carve-outs
- Successful business integration
How private organizations manage their capital today will define their competitive position tomorrow.

How does your private organization balance the needs of the business today with investing for the future? As part of a larger multidisciplinary team including Assurance, Advisory and Tax, our Transaction Advisory Services practice is able to provide you with integrated and holistic approaches tailored to the needs of your private business.
We recognize that the intricacies of a deal are unique for each sector. For example, markets and regulatory concerns add another level of complexity to transactions. Whether a deal is within your own industry or you’re looking to diversify or divest into a different sector, it is essential to have an inherent understanding of all nuances that the industries involved can present during a transaction.

At EY, our people bring extensive experience across a wide range of industries to guide you through the opportunities and challenges specifically related to your private business.

This combination of skills and deep industry knowledge provides a unique perspective into your private business and your competitive landscape, to help you anticipate problems, move your deal along as smoothly as possible and give you an edge in your industry.
Aligning your private organization’s growth and/or transaction plans to its business strategy is an essential but often complex operation, requiring experienced professional guidance to reveal the potential benefits, hidden risks, and the full costs.

Whether you’re considering a merger, acquisition, divestiture, management buyout, or entry to new markets, the right deal can offer a wealth of opportunity. But the wrong deal can expose the business to significant risk.

EY has the knowledge and experience to help you identify transformative opportunities and craft the best strategy to achieve their full potential.

Our team provides integrated services carefully tailored to your private business.

Ernst & Young Orenda Corporate Finance Inc.’s (EYO) Mergers & Acquisitions advisory practice offers independent, objective multidisciplinary capabilities with a wealth of deal experience from around the world to help you in these areas:

- Acquisition services
- New market entry
- Management buyout support
- Corporate finance services
- Divestiture services
- Alternatives for increasing shareholder value
- Analyzing business combinations

“I want to grow my private business, but don’t know if I should buy or sell. What’s the best strategy for my circumstances?”
Amidst promising signs in capital markets—including increasing liquidity, low interest rates and vibrant competition among banks—you may be considering accessing capital to finance your private company’s current and future needs.

But when private companies turn to lenders and investors to negotiate financing, they enter a world of complex alternatives in relation to structure, pricing and covenants that can be tricky to navigate. Multiple factors—both internal and external to the business—must be considered to develop a balanced approach that reduces risk and increases shareholder return.

EY provides independent and objective advice to mitigate the risks involved and optimize your capital structure. From the initial strategic analysis to arranging financing with our transparent and structured placement approach, we leverage our experience and vast network of lender and investor relationships to guide and assist you in securing the optimal approach for your private business.

Understanding every step of a deal can help you drive value from your M&A transaction or financing. They are complex and difficult processes, but the right approach can open up a world of opportunities for your private business.
“What strategies and tools are available to boost the value of our real estate portfolio in support of our private business objectives?”

Our **Transaction Real Estate** practice comprises professionals who include licensed brokers and appraisers with broad real estate experience and a thorough knowledge of transactions. Our dynamic, collaborative team provides you with integrated, objective advice that helps you extract value from your real estate portfolio:

- Strategic assessment and planning for estate assets and portfolios
- Sourcing and structuring financing
- Sourcing, structuring and executing acquisitions and divestitures
- Valuing assets and leasehold interests
- Acquisition due diligence
- Dispute resolution and distressed real estate advisory services

Leveraging your real estate assets effectively requires a careful understanding of their attributes and how they are aligned with your private business’s overall goals and strategy. What’s more, the best real estate strategies are continually monitored and often adjusted to reflect the fast-evolving world in which they operate.

Our Transaction Real Estate team brings a collaborative approach to understanding your real estate assets and identifying potential opportunities and challenges. By considering current and potential future values, financing or other capital allocated to real estate and other related information, we can develop an action plan to optimize your real estate objectives.

From market conditions and trends to stakeholder expectations, from operational flexibility to availability of capital, we bring a holistic analysis of the factors that shape real estate strategy, to help define the approach that supports your private company’s growth goals.

It’s critical that a private company understands the attributes of its real estate assets and the lending strategies to manage them. Our extensive experience benefits our clients as we can readily identify the right approach depending on the circumstances.
“How do I win the bid, yet close an accretive acquisition?”

Our Transaction Support professionals' signature integrated approach is designed to help you navigate the many considerations that drive and shape transactions:

**Buy-side drivers:**
- Financial risks
- Synergies
- Operations
- Commercial and strategic rationale

**Sell-side drivers:**
- Divestiture risks and rewards
- Asset mix: what belongs and what doesn’t
- Business optimization
- Graceful exit while maintaining control of the process

Traditional methods of due diligence often focus too narrowly on analyzing historical results. Ultimately, these results may not support a private organization’s value creation plans or help management realize its investment goals. Whether your private organization is the buyer or the seller, you need to be confident in understanding where the value lies and what the potential risks are.

Our buy-side diligence approach focuses on value drivers that affect a buyer’s purchase price and expected return. We also analyze the principal barriers that can delay or derail a successful deal.

We’re proud to provide financial, IT, operational, HR and commercial due diligence to many private organizations. Working with our industry colleagues, we tailor our integrated approach to fit the unique needs and ecosystem of your private organization to drive transaction success.

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The growth agenda for many private organizations includes acquisitions. In today’s complex environment, having the right team of advisors is critical to achieving positive outcomes.
“My private business has some assets that don't fit our portfolio any longer. What can we do with them?”

Private companies are streamlining operations in order to focus on their core competencies and increase operational efficiencies. Strategic choices require thorough understanding and realistic analysis to avoid the common pitfalls of divestiture activities.

From strategy to execution, EY can help you achieve value when selling off all or part of a private business and its assets, and enable a smooth transition for your privately owned company.

From increasing selling price and after-tax proceeds to enhancing management’s credibility and preparedness to increasing operational efficiencies, we help private businesses retain control of the process and accelerate transaction closing, while allowing management to focus on running day-to-day operations.
“My private business is facing financial and strategic challenges. What can we do to ease the strain?”

Our global network of **Restructuring** professionals can help you develop financial and operational strategies to help improve liquidity and credit availability through the following services:

- Legal entity rationalization
- Working capital services
- Short-term cash flow advisory
- Distressed supplier advisory
- Creditor advisory
- Corporate debt advisory
- Business closure or downsizing
- Business or strategic reviews
- Accelerated disposals and acquisitions
- Formal insolvency

Financial and commercial market pressures, cash and/or capital constraints are just a few of the threats that can place immense pressure on your private business.

In the face of financial stress, early actions can help stem business losses and may even accelerate the return to financial viability. Perhaps your private business has had profit warnings or breached debt covenants. Business performance may be deteriorating or you may be concerned about your exposure to a particular corporate or group.

We also work with solvent businesses that may be affected by distressed suppliers, or that may simply be seeking to improve cash flow and capital efficiencies to increase financial flexibility.

However, there are times when private businesses are left with few options but to seek the protection of the courts in order to continue operating.

As the leading restructuring firm in Canada, EY can help you evaluate options, create an effective restructuring plan and achieve your strategic goals. We deploy our trademark collaborative, responsive approach to develop a plan that is tailored to your short- and long-term objectives.
Sometimes, private organizations find themselves under financial stress but don't address their issues until it's too late to avoid insolvency. Acting early provides greater flexibility and more options to return your business to profitability.
Our dedicated Working Capital professionals can help you identify, evaluate and prioritize improvements to liberate cash through sustainable changes to policy, process and metrics by:

- Accelerating debt reduction and providing flexibility to meet financial covenants
- Liberating cash for new projects
- Making internal initiatives self-funding
- Increasing cash flow visibility
- Increasing value and impact of cost reduction initiatives
- Improving service quality, forecast accuracy and customer service levels
- Accelerating cash from customers while reducing potential for disputes
- Developing leading practice procurement and payment processes and policies

Working capital is a critical indicator of the health of your private business and one that can affect the options you have available to sustain and promote growth.

In the current uncertain economic environment, many private businesses are choosing to deploy cash improvement levers, such as stretching payments to suppliers and pushing harder on collections from customers.

Leading performers have gone even further to make substantial and sustainable improvements to working capital management, addressing the underlying core processes, streamlining supply chains, and collaborating more closely with enterprise partners to reinvigorate their cash situation.

EY brings leading capabilities to identify, evaluate and prioritize the practical improvements that can liberate cash from working capital. With our holistic approach to understanding your private organization’s needs, we develop sustainable changes to policy, process, and metrics that focus on strategic growth while mitigating associated risks.

Our experience suggests that private companies can release significant cash, as much as 10-20% of their working capital, by adopting a rigorous program of process improvement, including both tactical and structural strategies.
“What are the tax implications of my private organization’s transaction?”

Our **Transaction Tax** professionals are part of a global network that can help you steer through the complexities and tax implications of your private business transactions with respect to:

**Buy-side**
- Tax-efficient acquisition structures
- Financing alternatives
- Understand implications to vendor
- Due diligence
- Post-closing reorganizations and integration
- Transaction costs analysis

**Sell-side**
- Minimization of tax on sale
- Data room and diligence preparation
- Spin-off and carve-out strategies
- Transaction costs analysis

**Tax planning strategies**
- Legal entity rationalization
- Domestic and cross-border joint ventures
- Tax deferral and minimization strategies
- Implementation of complex internal reorganizations

**Turbulent times**
- Debt restructuring
- Loss utilization or loss refreshing
- Tax attribute monetization

Every transaction has tax implications, whether it’s an acquisition or disposal; refinancing or restructuring. Understanding and planning for these implications is essential for mitigating transaction risks and costs, protecting corporate reputation, enhancing opportunity within the deal and uncovering crucial negotiation insights.

Our Transaction Tax services team comprises a worldwide network of professional advisors with the capabilities to develop targeted strategies to reduce your overall tax burden and avoid compliance issues and controversies down the road.

By combining diverse cross-border transaction experience with local tax knowledge across a broad range of industry sectors, we help you make informed decisions and navigate the implications of your transaction.

EY will provide you with a coordinated understanding of relevant jurisdictional and multi-disciplinary tax issues.

Our integrated approach means you gain access to high-quality, globally coordinated tax advice, wherever your transaction occurs.

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**Tax is a key component of every kind of transaction and tax planning is an important step in identifying efficiencies to help reduce the costs of a deal, improve returns and manage risks.**
“How can my private business improve cash flow?”

Our Valuation professionals apply a powerful combination of experience and technical skills to complex valuation situations, including:

- Formal valuation opinions for compliance, regulatory and other purposes
- Financial reporting valuations, including purchase price allocation, valuation impairment studies and venture investment valuation
- Fairness opinions to assist boards of directors in meeting their fiduciary duties to shareholders and other stakeholders
- Valuation analyses and estimates for strategic planning, corporate tax and transaction advice
- Capital equipment valuation for financial reporting, transaction, taxation and insurance
- Capital allocation and risk analyses, including developing dynamic discounted cash flow/real options models for investment decisions, risk analyses and project financing
- Intangible valuations for financial reporting, corporate tax planning and strategic purposes
- Litigation support services, including expert advice on valuation and damages, and providing expert reports to assist in resolving financial disputes

Transparent and robust valuations are required to support today’s corporate transactions and meet important regulatory and accounting requirements. The process of assessing assets and liabilities is increasingly complex. Leading private companies know that the knowledge of a designated Chartered Business Valuator can yield important benefits in their valuation reports.

Private businesses, lenders and institutional investors often need to obtain valuations or fairness opinions to support major corporate transitions and decision-making. Acquisitions, divestitures, restructuring and supporting financial statement assertions are just some of the areas where valuations are an essential business requirement.

EY provides insightful, timely and objective opinions that adhere to Canadian Institute of Chartered Business Valuators standards. We understand the value drivers of your industry through a combination of our industry focus, hands-on experience and research capabilities. EY brings capabilities that are rooted in a deep knowledge of the local and sector-specific business, financial and tax environments in which your private business operates.
Increasingly complex financial models underpin large and meaningful business decisions, but in many cases, these models simply fail to meet today’s business standards for rigour and accuracy.

EY has the experience to help mitigate the risks inherent in the use of financial models, the skills to augment your strategic planning and decision-making, and the independence to provide the objectivity crucial to successful business modelling.

Having developed our own proprietary model development methodology, backed by a proven track record in model reviews, we customize our approach to your needs. What’s more, we support your teams with the training, guidance and assistance they need to properly leverage financial models.

Our highly skilled **Business Modelling** team has the knowledge and experience to support your strategic decisions, operational performance and M&A / private equity transactions. Our services include:

- Model development: applying our unique methodology to develop comprehensive models that exemplify transparency, flexibility and robustness of design
- Model review: assessing the integrity and robustness of your financial models to provide independent assurance that they are free of material errors
- Simulation and decision models: employing simulation and decision models to understand opportunities and risks that are not readily apparent in more traditional analyses

Financial reporting valuations, including purchase price allocations, valuation impairment studies and venture investment valuations.
EY has a proud tradition of high performance and a relentless focus on exceptional client service. Our private company clients tell us time and again that they value us more for our ability to bring teams together that are insightful, connected and responsive to their needs. Learn more about the advantages of working with our Transaction Advisory Services team today.

Please learn more by visiting ey.com/ca/pmm
Connect with us at privatecompanyinfo@ca.ey.com
Managing capital and transactions in a changing world. We can help.
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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