Transaction Advisory Services in Canada
Managing capital and transactions in a changing world
Staying ahead in an ever-changing world

Amid ever-changing variables, business leaders are faced with challenging capital and transactional decisions that can represent transformative opportunity — or untenable risk. More than ever, professional guidance is the critical difference in harnessing the full potential of complex transactions.

Today’s fast-evolving environment requires 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.

Here at EY, the 300+ Canadian professionals who comprise our renowned Transaction Advisory Services team bring a powerful combination of skills, insights and experience to help you navigate every stage of your tough transaction decisions.

As you’ll see in this guide to our Transaction Advisory Services, our multidisciplinary team draws innovative thinking from EY’s global network across multiple sectors. That global-yet-local perspective is complemented by 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 organization and its stakeholders.

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

... and still take an innovative approach to our services, such as transaction tax, financial due diligence and restructuring for companies struggling with financial challenges.
How organizations manage their capital today will define their competitive position tomorrow.

- Stress and distress - e.g., liquidity issues and turnaround plans
- Customer and supplier analysis
- Preserving tax assets and minimizing costs
- Refinancing or restructuring debt, equity and other obligations
- Dealing with stakeholder relationships and pressure
- Dispute resolution

- Optimizing asset portfolio
- Delivery of synergies and effective integration
- Improving working capital and releasing cash
- Optimizing capital structure
- Optimizing tax and corporate structure

- Acquisitions and alliances
- Planning and structuring transactions to optimize stakeholder return
- Focused due diligence to mitigate risk and drive value
- Asset valuations
- Cost- and tax-efficient structures

- Fundraising (equity and debt): IPO readiness, rights issues, PE, private placement and capital markets
- Optimizing funding structures
- Asset divestment
- Infrastructure projects
- Cost- and tax-efficient structures

“How does your 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 business.”

Murray McDonald
Canadian Leader
Transaction Advisory Services
Our industry sector approach

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 business. We’ve also invested in dedicated Global Industry Centres around the world – central hubs for sharing industry-focused knowledge and experience – so we can bring our global knowledge to your transaction, wherever it may be.

This combination of skills and deep industry knowledge provides a unique perspective into your 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.
“I want to grow my business, but don’t know if I should buy or sell. What’s the best strategy for my circumstances?”

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

Aligning your 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 or 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.

Our merger and acquisition advisory practice, part of Ernst & Young Orenda Corporate Finance Inc. (EYO), has the knowledge and experience to help you identify transformative opportunities and craft the best strategy to achieve their full potential. Similar to an investment bank, EYO focuses on mid-market transactions, drawing on a proud tradition of working with businesses that range from private entrepreneurial clients to large public companies, both globally and domestically.

Our team provides integrated services carefully tailored to your organization and its stakeholders. We also act as independent financial advisors, helping you analyze business combinations and explore alternatives for increasing shareholder value.
“I think I need to make some changes to my business that require capital. How do I figure out how much I need and where to find it?”

EY Capital Advisors, also a part of EYO, has a dedicated team of professionals who leverages our relationships with institutional and other sophisticated lenders to develop a tailored approach for your business situation:

- Financing strategy
- Debt placements
- Debt advisory
- Credit rating simulation

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 company’s current and future needs.

But when 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 Capital Advisors 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 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 organization.”

Tony Ianni
President
Ernst & Young Orenda Corporate Finance Inc.
“What strategies and tools are available to boost the value of our real estate portfolio in support of our business objectives?”

Leveraging your real estate assets effectively requires a careful understanding of their attributes and how they are aligned with your 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 align real estate with business 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 company’s growth goals.

“...It’s critical that a company understand the attributes of its real estate assets and the leading strategies to manage them. Our extensive experience benefits our clients as we can readily identify the right approach in the circumstances.”

Ray Drost  
Senior Vice President, Transaction Real Estate
“How can public sector organizations secure financing for projects and harness private sector involvement?”

Lingering economic uncertainty has affected the public sector’s ability to finance infrastructure projects for both new assets and those ready to be redeveloped. Across all sectors, limited or delayed government grants and restricted ancillary revenue sources have caused many projects to be scaled back or indefinitely postponed.

Meanwhile, alternatives to traditional public sector funding and procurement continue to emerge. Federal and provincial governments, Crown corporations and municipalities are adapting to a growing need to access debt capital markets. Some have elected to meet their capital needs by pursuing innovative partnerships with the private sector, including public-private partnerships (P3s), alternative financing and procurement and private developer transactions. But successful project-finance and P3 projects require strong financial, transactional and process capabilities to develop workable and economical approaches that satisfy all stakeholders’ needs.

EY is recognized as a leading business and financial advisor on infrastructure transactions. We have a proven track record in successfully navigating the unique challenges and needs of infrastructure projects in new asset classes and new jurisdictions.

Our integrated, multidisciplinary transaction team of project finance, financial modelling and tax/accounting professionals works closely with all levels of government, Crown corporations and agencies. We provide targeted assistance on one specific element of a project, or broader guidance throughout a project’s full lifecycle – evolving to meet the needs of our clients from idea inception and feasibility assessment to successful procurement and project operations.

EY also works with private sector bidding consortia and financiers to help develop, finance and deliver enduring and sustainable transactions for infrastructure assets and associated services. We bring you our experience working with both the public and private sectors and an in-depth understanding of transactions to provide strategic advice that offers value for money.

“Together with strong interest from the global private sector in the Canadian market, strong capital markets and confidence in the Canadian PPP Model, governments have unprecedented opportunities to enhance the infrastructure base for the community and increase economic activity.”

Tim Philpotts
Senior Vice President, Infrastructure Advisory Services
“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 an organization’s value creation plans or help management realize its investment goals. Whether your organization is the buyer or the seller, you and your stakeholders 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 of the largest organizations, fastest-growing companies and private equity firms in the market. Working with our industry colleagues, we tailor our integrated approach to fit the unique needs and ecosystem of your organization to drive transaction success.

“The growth agenda for many organizations includes acquisitions. In today’s complex environment having the right team of advisors is critical to achieving positive outcomes.”

Joe Telebar
Canadian Leader, Transaction Support Services
“My business has some assets that don’t fit our portfolio any longer. What can we do with them?”

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

From strategy to execution, our experienced Divestiture Advisory Services team can help you achieve value when selling off all or part of a business and its assets, and enable a smooth transition, whether your business is a public, family-owned, middle-market company or private equity investee.

From increasing selling price and after-tax proceeds to enhancing management’s credibility and preparedness to increasing operational efficiencies, we help organizations retain control of the process and accelerate transaction closing, while allowing management to focus on running day-to-day operations.

“Being prepared can help you drive value in uncertain times.”

Doug Jenkinson
Canadian Leader, Divestiture Advisory Services
“Do I really need an advisor to help integrate my business’s new acquisition?”

The professionals of our Operational Transaction Services practice help corporations and private equity firms investing in Canada and around the world develop well-defined transaction strategies:

- Integration planning and execution support
- Carve-out or divestiture planning and execution support
- Synergy identification, validation and assessment support
- M&A and integration playbook development
- Transaction value assessment (TVA)

Crafting the right integration, divestiture or carve-out plan – and then implementing it smoothly – is essential to achieving synergies, building value and yielding superior transaction returns.

Successful transaction integration goes beyond the nuts and bolts of the “post-deal integration” that must blend businesses, functions, technology and cultures following a merger or acquisition.

The success or failure of an integration depends largely on the level of preparation. Early focus on value drivers, combined with a disciplined, agile and repeatable approach to execution, can lead to greater success and fewer integration issues. These efforts work in tandem with a system to review and challenge progress as the transaction moves forward.

Managing all these moving parts requires an operating model that’s ready to start as soon as the deal has closed.

Our Operational Transaction Services professionals bring a sophisticated, experienced approach to integration, designed to guide you and your company toward a smooth and profitable acquisition.

“The best advice I can give on integrating acquisitions is to start early! There is a narrow window of opportunity for acquirers to push their change agenda through the companies they buy, and they need to be well prepared to act on it as soon as the deal closes.”

Graeme Deans
Leader, Operational Transaction Services
“My 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, credit availability and return to your shareholders 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, stakeholder expectations and cash and/or capital constraints are just a few of the threats that can place immense pressure on your 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 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 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, 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.”

Murray McDonald
Canadian Leader, Restructuring Services
Working capital is a critical indicator of the health of your business and one that can affect the options you have available to sustain and promote growth.

In the current uncertain economic environment, many 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’s global network of working capital professionals 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 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 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.”

Alex Morrison
Leader, Working Capital Services
“What are the tax implications of my 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 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; or even an initial public offering. 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.

Our local teams employ a consistent approach globally to provide you with a coordinated understanding of the relevant jurisdictional and multi-disciplinary tax issues. And we can suggest structuring alternatives to achieve your commercial objectives, promote exit readiness and help improve prospective earnings or cash flows – raising opportunities for improved returns on your investment.

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

"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."

Alycia Calvert
Leader, Transaction Tax
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 companies know that the knowledge of a designated Chartered Business Valuator can yield important benefits in their valuation reports.

Businesses both private and public, 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.

The opinion of an independent third party can also help you decide which route to take when dealing with relationships and transactions with minority shareholders, employee ownership and stock option arrangements, and litigation and shareholder disputes.

Our team of Canadian valuation professionals 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. And as part of EY’s global network of valuation professionals, we bring global capabilities that are rooted in a deep knowledge of the local and sector-specific business, financial and tax environments in which your business operates. Our integrated approach means we bring the full range of experience of EY’s broader Transaction Advisory Services group so you benefit from holistic, in-depth thinking.

“How can I tell if this valuation is fair?”

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
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.

Our Business Modelling team 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 and unparalleled access to EY’s global network of related model services, 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.

“Valuations, fairness opinions and forecast models provide critical support of key decisions – and are often needed quickly. Our team is experienced and practical, resulting in high-quality services.”

Colin O’Leary
Leader, Valuation & Business Modelling
EY has a proud tradition of global high performance and a relentless focus on exceptional client service. Our 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 teams today.
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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