

Spirits Group

Case Study

Mergers & Acquisitions and Market Intelligence

CONSUMER PRODUCTS & RETAIL

Market Assessment: Strategic Bolt-on Acquisitions – Spirits Sector

Background

With a vision to be the leading spirits manufacturer and distributor across Central and Eastern European markets, an important PMSI client is following a strategy to acquire leading and number 2 operators/brands to create a solid platform for growth. The focus is on opportunities that will support brand enhancement, portfolio development, production and/or logistics efficiencies.

Challenges

Target acquisitions were easy to identify within these emerging markets, however a number of data challenges presented themselves including:

- The ability to carefully undertake a robust assessment of the commercial issues the target had faced and modelling potential risks for the future
- An in-depth understanding of the under-lying performance issues for each target, with the ability to strip-out related impacts and results
- And creating optimal offers, with a competitive advantage over other bids.

PMSI approach

PMSI set about undertaking extensive Commercial Due Diligence (CDD), with a focus on the complex data sets available, as well as soft data and market dynamics uncovered through additional discovery.

The client priority was sustainability of this work. PMSI set about delivering a programme that:

- Created a robust database of brand performance data – monthly market, channel, region, product category, price tier, and all key points identified within the value chain
- Developed a comprehensive analysis framework for all brands in the market
- Linked external market data to the transactional sales and cost data
- Built models to allow robust testing of business plan assumptions, tied to financing models
- And provided the client with a view on specific issues that were expected to change the market demand patterns and the economics of leadership in different parts of the market.

Outcome

As a result of this work, the client now enjoys multiple leading positions in a number of categories and country markets across the region. PMSI continue to support their long-term horizon through:

- Support for well-grounded business plans with clarity on potential growth and margin evolution
- Early identification of the performance improvement opportunities
- And optimal investment advice to avoid over-valuing of additional bolt-on acquisitions.