

Beating the Crisis: M&A and Financing in the Current Environment

The financial crisis has had a severe impact on companies across Russia and the CIS from almost every industry. Demand for many products has fallen dramatically; financing is difficult to obtain; the M&A market has slowed down significantly and valuation levels have declined. In this environment, sound advice is more important than ever. Our Corporate Finance Team can help you to weather this storm and to capitalize on new opportunities with services specifically tailored to the current market conditions.

Our Key Services

2008	No. of deals globally	
1.	KPMG Corporate Finance	390
2.	JP Morgan	357
3.	Goldman Sachs & Co	316
4.	Credit Suisse	315
5.	Citi	314
6.	Merrill Lynch	307
7.	UBS	306
8.	Morgan Stanley	298
9.	PricewaterhouseCoopers	284
10.	Rothschild	269

2007	No. of deals globally	
1.	KPMG Corporate Finance	497
2.	Citi	489
3.	JP Morgan	465
4.=	Morgan Stanley	446
4.=	Goldman Sachs & Co	446
6.	UBS	431
7.	PricewaterhouseCoopers	373
8.	Credit Suisse	360
9.	Rothschild	347
10.	Merrill Lynch	302

Consolidators / Cash-Rich Businesses	Stressed and Distressed Businesses
<ul style="list-style-type: none"> • Analysis of strategic alternatives • Buy-side advisory • Sell-side advisory / accelerated divestiture • Merger and joint venture advisory • Market entry advice and target search • Business plan preparation • Pricing analysis for transaction Purposes • Valuation 	<p>In addition to the services mentioned on the left, we also provide the following:</p> <ul style="list-style-type: none"> • Capital raising (debt, equity, hybrid capital) • Analysis and divestment of non-core assets • Debtor-led restructuring
Private Equity Funds	Lenders
<ul style="list-style-type: none"> • Buy-side advisory • Sell-side advisory / accelerated divestitures • Merger and joint venture advisory • Analysis of portfolio companies • Target search 	<ul style="list-style-type: none"> • Creditor-led restructuring • Sell-side advisory / accelerated divestitures of repossessed assets

Our Approach

KPMG's role can best be summarized as that of deal manager and advisor in all stages of the transaction process. Tightly controlled process management is crucial to: remain in control of the process, optimize terms and conditions, prevent the process from dragging along for a long period, minimize disruption of the ordinary course of business and limit the risk of rumours.

We can assist our clients in the total deal management and the structuring of the transaction. We will co-ordinate the requested input of all parties involved and we will act as the initiator and principal point of contact regarding the procurement of information within the company. Our mutual efforts will facilitate an efficient transaction process for you.

Services	Rationale	Description
Analysis of strategic alternatives	In the uncertain times ahead having a clear strategy for your business is of utmost importance.	We will analyse key domestic and global trends in your industry, evaluate your competitive position, assess your investment attractiveness, and analyse strategic options for maximizing shareholder value, including potential mergers & acquisitions, joint ventures, divestitures and financing changes.
Buy-side advisory	Given the large number of targets available at reasonable valuations, growth through acquisitions represents an attractive option in the current market.	We will act as a deal manager and advisor at all stages of the process. We will assist you in managing and structuring the transaction and in achieving optimal terms and conditions. To facilitate an efficient process, we will also coordinate the work of all other advisors involved.
Sell-side advisory / accelerated divestiture	In the current market environment, divestitures are more difficult to accomplish and need to be executed more quickly than before.	Our accelerated divestiture process will allow you to divest your business at reasonable selling price and contract terms as quickly as possible.
Merger and joint venture advisory	Reaping synergies via business combinations is even more important in the current environment of strained profitability. Given present funding difficulties, this frequently requires complex non-cash merger and joint venture structures.	We will act as a deal manager and advisor at all stages of the process. We will help you to structure the transaction from a governance, tax and legal perspective, conduct pricing analysis, and advise you on how to obtain optimal terms and conditions in a merger or joint venture. To facilitate an efficient process, we will also coordinate the work of all other advisors involved.
Capital raising (debt, equity, hybrid capital)	The limited availability of traditional bank financing necessitates accessing a broader range of capital sources.	We will advise you on how to obtain an optimal capital structure based on the current state of your business and available capital sources and market terms. We will help you to obtain capital from banks, specialised debt funds, strategic investors, and private equity funds. We will assist you in the presentation of your business and advise on a negotiation strategy to obtain the best possible terms and conditions.
Market entry advice and target search	The opportunity to enter the Russian market has become more attractive than ever due to the significantly reduced valuations of Russian companies. Choosing an optimal entry strategy is crucial to success.	We will advise you on the existing market, regulatory and competitive environment, specific market entry barriers and key value drivers. We will develop an optimal market entry strategy (greenfield / brownfield / joint venture) for you and will help you to identify the best local partners. Where appropriate, we will also identify the best potential acquisition targets for market entry and future growth.
Business plan preparation	In the current environment of limited financing availability it is crucial to have a well-prepared business plan when applying for bank financing and other types of funding.	We will develop an optimally structured business plan, including a detailed financial model and key sensitivity analyses. Given our vast transaction experience, we have a detailed understanding of what banks and other capital providers are looking for and how to present your business in the best possible light. A business plan prepared by a leading global financial advisory firm significantly enhances the credibility of your financing application.
Analysis and divestment of non-core assets	According to a recent study, over 40% of businesses consider selling non-core assets as an anti-crisis measure.	We will help you to identify non-core assets, advise on their divestibility, develop an optimal disposal strategy, help you in their carve out and subsequently execute their divestment.
Pricing analysis for transaction purposes	To make correct decisions, management and shareholders must understand the value of a business.	Based on our in-depth market and transaction knowledge, we will develop long-term financial forecasts for your business and/or an acquisition target you are considering and calculate a pricing range.

Services	Rationale	Description
Analysis of portfolio companies	For private equity firms to make optimal decisions, an independent portfolio analysis conducted by a leading financial advisory firm can be very helpful.	We will carry out a detailed evaluation of your portfolio companies, assess their strengths and weaknesses and provide recommendations on how to enhance their value, including add-on acquisitions, disposals and capital structure changes. We will also subsequently execute any corporate finance transactions required.
Debtor-led restructuring	The timely introduction of a debt restructuring process maximizes the chance of a positive resolution of liquidity problems and minimizes disruptions to your business.	We will analyse your current borrowings and prepare a detailed cash flow model of your business to evaluate different debt restructuring scenarios. We will develop an optimal restructuring plan and advise you on negotiations with banks. Our involvement will significantly enhance your credibility.
Creditor-led restructuring	The timely introduction of a debt restructuring process maximizes recovery from underperforming assets.	We will analyse the financial position of your debtor and prepare a detailed cash flow model of its business to evaluate alternative debt restructuring scenarios. We develop an optimal restructuring plan for you and advise on negotiations with your creditor.
Target search for private equity funds	During a crisis, private equity funds often focus on portfolio management and have limited resources for investigating new opportunities.	We will analyse your portfolio, develop acquisition criteria, identify new opportunities and add-on acquisitions, and subsequently execute any corporate finance transactions required.



Selected Recent Transactions




Expobank
KPMG Corporate Finance
advised the shareholders of Expobank on the 100% sale of the bank to Barclays

USD 745 million
2008


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GVSU
KPMG Corporate Finance
advised the shareholders of GVSU on the sale of shares to Coalco

Value not disclosed
2008



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Eldorado
KPMG Corporate Finance
advised the shareholders of Max Media Holding (Eldorado) on the formation of a joint venture in retail banking business

Value not disclosed
2008



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Expert-Retail
KPMG Corporate Finance
prepared a business plan for the raising of debt financing

Value not disclosed
2007


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CityMortgage Bank
KPMG Corporate Finance
advised the shareholders of CityMortgage Bank on the 100% sale of the bank to Morgan Stanley

Value not disclosed
2006



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Interrepublican Winery Trading House
KPMG Corporate Finance
conducted a pricing analysis of Milstream – Chernomorskie Vina for acquisition purposes

Value not disclosed
2006


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KUDA.RU
KPMG Corporate Finance
assisted in capital raising for their investment program

Value not disclosed
2006

AUDIT • TAX • ADVISORY




Société Générale
KPMG Corporate Finance
advised Société Générale on the acquisition of Bank Republic in Georgia

Value not disclosed
2006

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Contacts



John Kallaway

Partner,
Head of Corporate Finance
Tel: +7 495 937 2525
Fax: +7 495 937 4499
E-mail:
JKallaway@kpmg.ru



Robert Vartevanian

Partner,
Head of Mergers &
Acquisitions and
Financing Group
Tel: +7 495 937 4477
Fax: +7 495 937 4499
E-mail:
RobertVartevanian@kpmg.ru



Thomas Beck

Director,
Mergers & Acquisitions
and Financing Group
Head of M&A Industrial
Markets and Energy
and Natural Resources
Tel: +7 495 937 4477
Fax: +7 495 937 4499
E-mail:
ThomasBeck@kpmg.ru



Vladimir Lizunov

Director,
Mergers & Acquisitions
and Financing Group
Head of M&A
Consumer Markets
Tel: +7 495 937 4477
Fax: +7 495 937 4499
E-mail:
VladimirLizunov@kpmg.ru

Our Team

KPMG's Corporate Finance practice is one of the leading financial advisors in Russia and the CIS with offices in Moscow, Almaty and Kiev. We have a team of nearly 100 professionals across the Russian-speaking region. We also have dedicated Transaction Services, Forensic, M&A Tax and M&A Legal teams that provide the necessary support for corporate finance transactions.

KPMG's Corporate Finance practice in Russia and the CIS is accredited by KPMG's international Corporate Finance Practice. Accreditation ensures that our professionals have the necessary transaction experience and training, and that our global standards and quality control procedures, the baseline for the quality and consistency of our work, are applied.

KPMG Corporate Finance is a global leader in advising on middle market merger and acquisition transactions. Our global network comprises more than 2,200 professionals working from more than 150 offices in 62 countries.

Key Offices in Russia and the CIS

Head Office, Russia and the CIS

Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow 123317, Russia
Telephone: +7 495 937 4477
Fax: +7 495 937 4499
E-mail: moscow@kpmg.ru

Kiev Office

11 Ul. Mykhaylivska
Kiev 01001, Ukraine
Telephone: +380 44 490 5507
Fax: +380 44 490 5508
E-mail: info@kpmg.kiev.ua

Almaty Office

"Koktem" Business Center
180 Prospect Dostyk
Almaty 050051, Kazakhstan
Telephone: +7 727 298 08 98
Fax: +7 727 298 07 08
E-mail: company@kpmg.kz