

KPMG in Canada Helps Private Equity Client in Major, Multi-Company Acquisition



KPMG in Canada has assisted a UK-based Private Equity house which is a recognized specialist in acquiring corporate and private equity portfolios. Their strategy for success is to acquire three or more companies in a “package deal,” improve the value of the companies, and then sell the companies individually for a total sum greater than the price paid for the initial package.

This organization recently decided to acquire several companies in Canada, including:

- One of Canada’s leading steel services groups.
- A manufacturer of heat exchangers primarily for the oil and gas industries.
- The East and West Canada divisions of a leading manufacturer of form hardware and distributor of concrete accessories.
- A distributor of specialty chemicals.

Headquartered in the UK, this Private Equity house had never handled a transaction in Canada, and they needed local experts for help in the Canadian financial and tax due diligence process. The KPMG Advisory team in Canada was selected after a careful review, based on its local experience and background in handling complex, multi-company transactions.

The project presented a number of key challenges. The companies to be acquired were significantly affected by price volatility for steel, oil, USD/CAD foreign exchange rates, as well as by a downturn in the Canadian construction industry and uncertainty in the market for generic drugs, both in Canada and the US. These factors affected the companies’ performance and the structure of the acquisition deal.

Working across time zones was another challenge. Due diligence had to be performed onsite at four locations across three time zones, and the Canadian team also had to stay in constant contact with the Private Equity house’s headquarters in the UK.

Finally, three of the five businesses were performing very well. This put added pressure on the buyer to raise their bid price, and the firm wanted to complete the transaction as quickly as possible.



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The KPMG team was able to successfully conduct financial and tax due diligence for the multi-company acquisition. This included the ability to position field teams across time zones and locations for the onsite work, all while maintaining contact with the firm's headquarters in the UK.

KPMG professionals also developed a strategy for information sharing

to support the unique needs of the project. The companies being acquired were all part of a single legal entity, so it was important to have a central due diligence team managing the information distributed to and received from the field teams. Accordingly, the KPMG project leaders in Toronto relieved the field teams of initial data separation and analysis by performing

a central finding function. This strategy incurred more work up front, but it proved to be invaluable toward the end of the project when deadlines became increasingly tighter.

In short, the KPMG team effectively supported our client's acquisition strategy during an especially complex transaction and helped our client to gain a new presence in Canadian markets.

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