



Carve-outs: KPMG support and advisory

? Challenge

How to smoothly and effectively carry out the business carve-out process to maximize its benefits for a given company relative to its business scope, organizational structure and financial and economic situation?

! Solution


KPMG offers comprehensive support in carrying out the carve-out in the form of legal, tax and business advice that will facilitate maximizing the benefits associated with this operation while minimizing the level of potential risks.


Carve-out: goals and benefits

The growth of an enterprise often requires the decision to separate a business unit (branch, business department or another part of it) within it and carve it out to another entity.

In the current times, full of challenges and uncertainty, but also opportunities and new possibilities, one can observe increased activity of Polish companies in this area, especially those belonging to international capital groups.

The desire to carve-out the business may be due to the following reasons:

 the growth of the business leads to the decrease of importance of some business units, which begin to play only an ancillary role to the company's core business,


 the pursuit of the purchaser's benefits related to the transfer of know-how and the expansion of its business into new areas,

 a reaction to the ongoing process of deglobalization, such as the desire to acquire local companies to diversify supply within closer local markets,

 the division of the company allows more efficient management of the various business divisions,

 isolating less profitable sectors of a given company's business in order to look for ways to improve them, and consolidating a given type of business into a separate entity for later sale or listing,

 dynamically changing legal and tax environment requiring modification of the existing operation of the capital group,

 organizational and structural changes resulting from restructuring processes (e.g., acquisition of a company or group by another entity).

Methods of carve-out

Depending on the specific circumstances of the company's condition, the goals of the group or the preferences of investors, the carve-out of a business can, from a legal point of view, be carried out in at least several ways.

The most popular options available are:

- demerger by spin-off,
- in-kind contribution of business or an organised part thereof (OPB),
- simple sale of a business or an OPB,
- leasing of a business or an OPB,
- in-kind contribution or sale of particular assets.

Each of the abovementioned methods may entail different legal, tax, accounting or administrative consequences. The choice of relevant form of structuring a transaction should therefore be preceded by a thorough functional, tax, legal and accounting analysis.

KPMG support

KPMG's dedicated team offers comprehensive support in conducting a business carve-out transaction at all stages. The comprehensive experience of our experts in legal, tax and business analysis will facilitate maximizing the benefits associated with this operation while minimizing the level of potential risks. The client's time and commitment are a priority in our projects, so proper planning and management of the entire process is crucial to us.

Scope of our services includes:

- ▶ advice on strategic transaction planning and structuring,
- ▶ legal, tax, and financial due diligence,
- ▶ support with respect to the valuation of the enterprise or individual assets thereof, e.g. trademarks,
- ▶ comprehensive legal, tax and accounting support at each stage of the process, including the preparation of relevant documentation and transactional support,
- ▶ securing the tax position of the process participants by obtaining the relevant tax certificates and rulings,
- ▶ assistance in carrying out a smooth group reorganisation and post-transaction support services,
- ▶ representing parties before tax and administrative authorities as well as courts.

Contact

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