



Business Services

Market Due Diligence

Information Brochure

In this Brochure, we describe our approach to a typical Due Diligence before an investment decision. This kind of project usually serves as an independent expert analyses for the assessment of an investment project.

1. Project background and objectives

The specific task and the scope of the project is defined by the terms of references (TOR) issued by investment bank or other investor. Based on this we describe the following:

- Project background
- Market environment
- Project scope
- Project objectives.

Project background contain the Company’s history and the current situation as present.

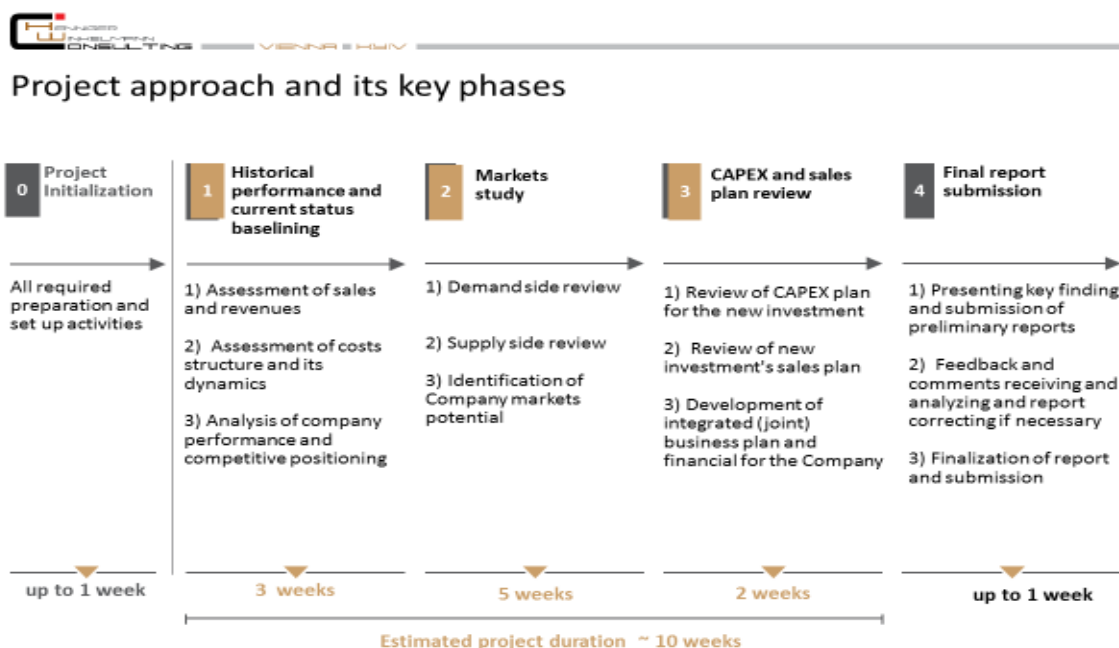
Market environment outlines the situation on the markets (domestic and international) where company operates.

Project scope describe the investment project in details.

Project objective is to analyze the Project’s feasibility and viability, as well assess eventual risks for the investor in case of participation in it by providing financing (loans).

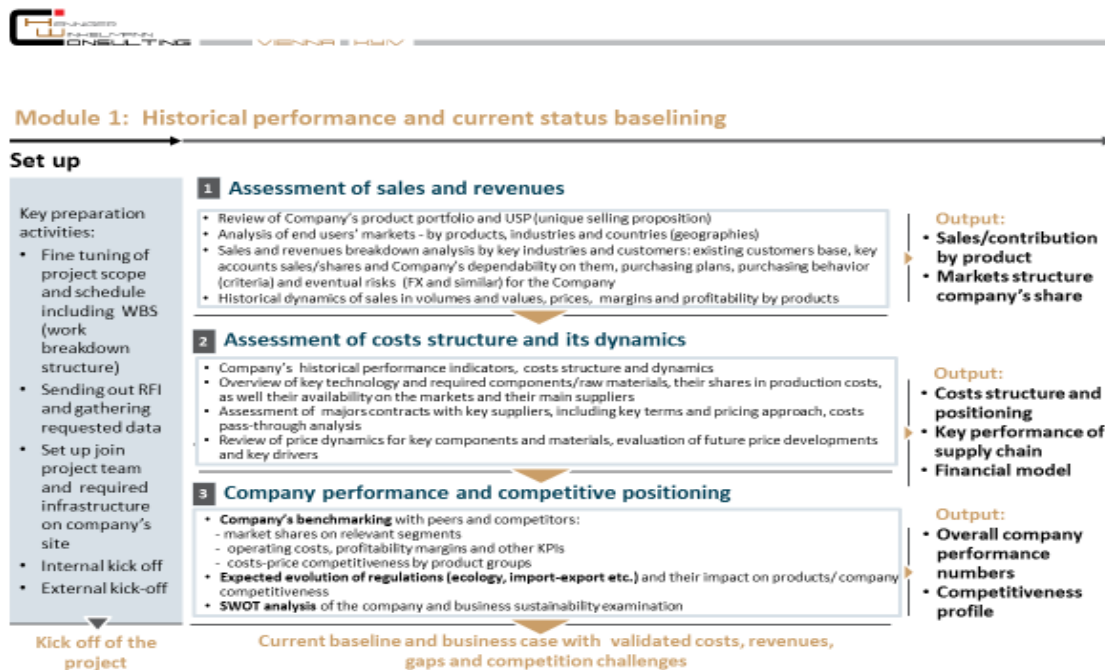
2. Project approach

According to the objectives of the project and based on experience with similar assignments, we suggest to structure the project in 3 key modules and organize the work as follows:



Graph 1. Project execution approach: key modules

Module 1 will include analysis and assessment of Company’s resources, competences and capabilities, as well historical performance and competitive positioning and competitiveness.

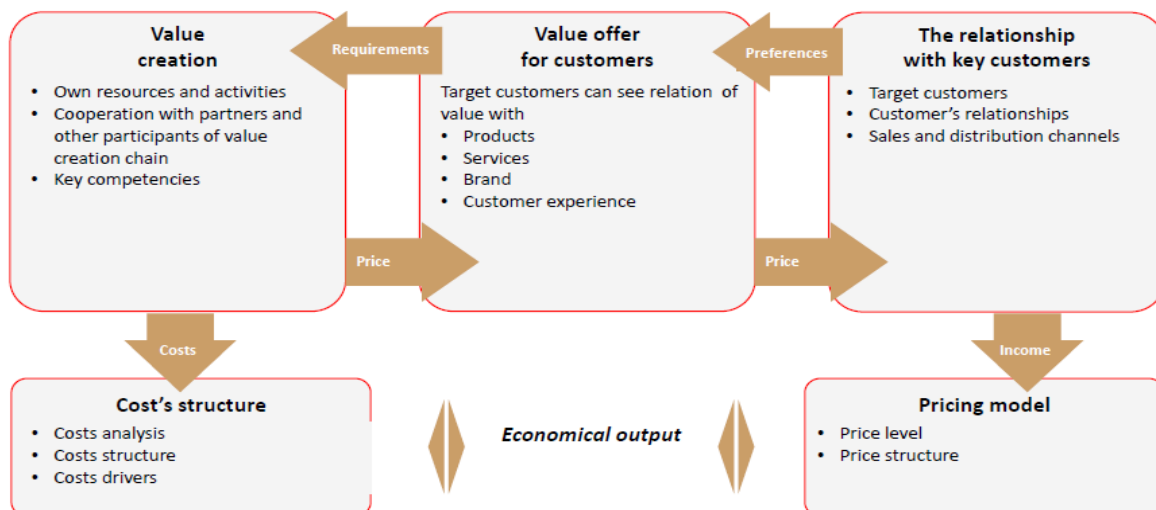


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Graph 2. Company performance

For Company’s suppliers, the following information will be collected and analyzed:

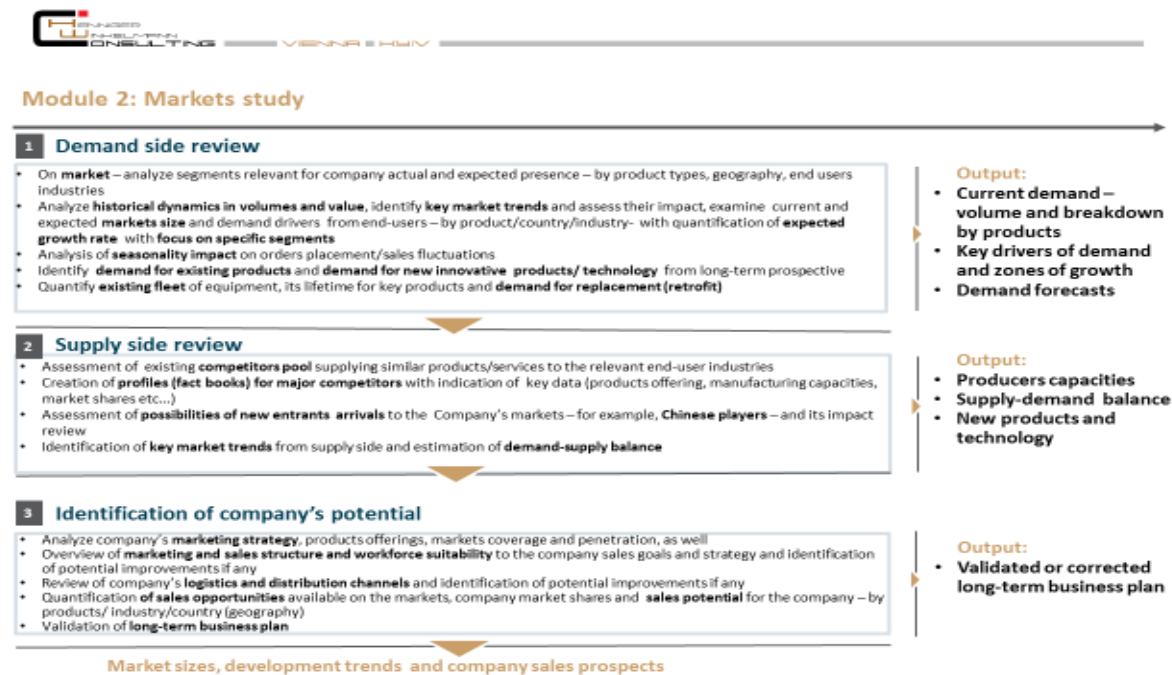
- List of critical raw materials/components and capabilities to sustain their purchases in the context of business cycles and challenging economic environment
- Procurement policy, approaches and key criteria of contracts giving
- Current contractual arrangements.



Graph 3. Framework for the analysis of Company's USP (Unique Selling Proposition) and performance

All TOR's tasks related to the Company's performance evaluation we will address by looking at its business model configuration and key elements. Then we will compare obtained results for benchmarking with industry peers and competitors.

In **Module 2** our consultants will perform detailed analysis of current and future market situation of the market relevant to the Company, its drivers, dynamics, trends and further development with quantifying demand-supply balance and Company’s sales potential on respective markets.



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Graph 4. Markets study: tasks and deliverables

Demand side. The analysis will be focused on the following key points:

- Assessment of current volumes and values in relevant products segments/ industries/ markets (geographies)
- Development trends and growth prospective, including plans to build new facilities
- Existing key clients – consumers
- Import, Export flows directions and statistics
- The main requirements to product.

Supply side. Having completed markets research, consultants will describe and present the current competitive situation with profiling of main players in the considered markets. In addition, our attention will be given to low cost producers from China, possibly, from Turkey and other neighbor countries that may represent a competitive threat to the Company in the future.

Accessibility of relevant markets will be evaluated in terms of:

- Logistic costs and distribution channels
- Legislation and required standards including ecology norms
- Existing enter barriers and perspectives of their abolition and eventual business impact (for example, economic Association of Ukraine with EU and other free trade agreements if any).

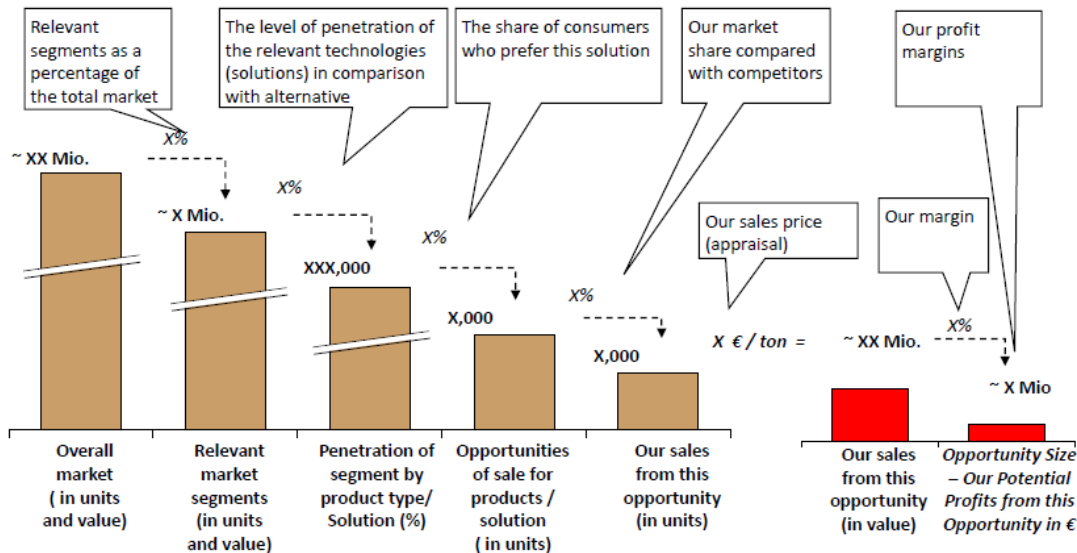
Based on customer requirements to product, quality of products, manufacturing and other capabilities of the Company competitive advantages and disadvantages will be evaluated as well as possibility of management to execute sales in target markets. Therefore, SWOT analysis will be performed and key success factors (KSF) to be identified and described.

Methodology:

During the analysis, the following information and its sources will be used: macroeconomics statistics, market reports, trade balances, companies marketing and financial reports and data, interviews with

major consumers and leading suppliers of the considered products, interviews with market and production experts, investment plans of major consuming industries for these companies, and on the relative competitive position of major producers. To successfully complete the markets sizing tasks and get more accurate figures, we are planning to apply both **bottom-up** and **top-down methods**.

Having defined the total market size and its sales opportunities, we will move to the assessment of Company’s sales potential, which is simply the number of prospective buyers, quantity sold of products (units), and price.



Graph 5. Methodology of Company potential assessment

Module 3 will be focused on the review of investments program (major CAPEX) developed by the Company, its sales potential and assessment of overall business plan, with further summarization and integration of all findings in financial model, and preparation on the due diligence report.

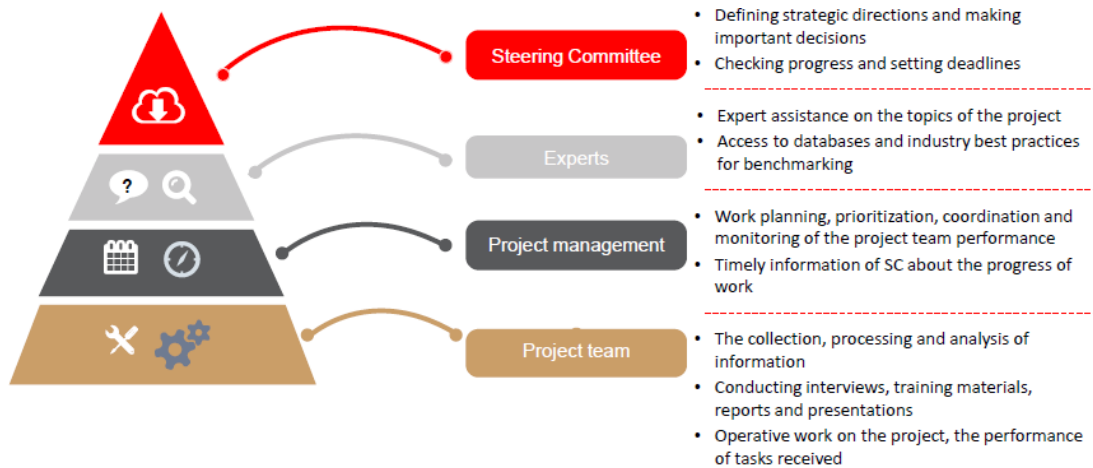


Graph 6. Capex and sales plan evaluation

Having completed all tasks from this module, we will provide our independent opinion of business and sales plan developed by the Company. Afterwards we will be able to integrate the revised figures in the Company’s overall business plan and develop financial model.

3. Project organization and coordination

For successful completion of the proposed project and efficient work organization, we suggest to organize a strict hierarchy in a joint project team (Consultants + Company’s specialist and managers) with clear definition of members’ roles and responsibilities. All activities and work progress will be coordinated and supervised by Steering Committee.



Graph 7. Project organization and coordination approach

Who we are?



Dipl.-Kfm. Sven Henniger
Partner

German

- 9 years experience as CEO in Ukraine and CIS
- Board member of the German Business Club in Ukraine (DWK)
- Head of working group “Tax and Accounting” at the German Business Delegation (AHK) in Ukraine (future AHK, 2012-2015), since 2016 Deputy Head
- German/ English/ Russian
- Hobbies: Sailing, Travelling



Dr. Thomas Winkelmann
Partner

German

- 20 years experience in leading position for different Global Companies in the Ukraine
- Last 15 years in leadership position in the Ukrainian subsidiary of leading global consulting company
- Board member of the German Business Club in Ukraine (DWK)
- German/ Russian/ English
- Hobbies: Diving, Travelling



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- Outstaffing
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- Feasibility Studies
- Strategy Consulting
- Due Diligence & Transaction Services
- Restructuring





Making your business work – is what we do!

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