

**Geography:**

Indonesia / Singapore

Our Value Add:

Financial Strategy, Performance Improvement & M&A Advisory

Client's Situation

- Our client is an Indonesian distributor of fast-moving consumer goods. It represents a wide portfolio of brands of alcoholic and non-alcoholic beverages, food and pharmaceutical products by leading international manufacturers
- The Company's business was also highly geared due to the nature of its business – distribution and trading. Its finance cost was also relatively high because banking facilities were mainly structured as general lines
- We were initially approached by the Company to find an investor who can inject new equity into the company to fund its expansion to build new distribution points and expand its portfolio of products

Our Approach

- We first discussed the Company to clearly understand the expected use of new funds that it wanted to raise. Facing rising interest expense and limited ability to borrow more from banks, management had proposed to use new funds to repay bank debt
- We conducted an extensive review of the Company's financial position to understand the nature of its expenses and banking facilities
- We advised the Company was that it would be "expensive" and overly dilutive to raise new equity on the back of low earnings. Also, investors would not be attracted to the proposition that funds they invest will go towards repaying bank debt
- To improve this position, we worked towards reducing its debt levels and improving its net earnings. We worked with the finance team to review payment and collection cycles. We also met with the Company's lending banks to discuss the financing options
- Concurrently, we also had confidential discussions with potential investors on their interest in the Company

Our Value Add

- We developed financial models on the Company's projected cash requirements on a monthly basis. We identified the key drivers of cash sources and requirements, and using these models, we examined how an improvement in these drivers could improve the Company's cash position and reduce its financing needs
- With this data, the Company was able to negotiate improved terms with its customers and suppliers, reducing its cash conversion cycle
- The Company also involved us in discussions with its banks on restructuring its current facilities and negotiating new facilities to better suit its requirements
- We also identified a strategic investor in Singapore and initiated discussions between the Company and the investor. We facilitated these discussions and parties were able to identify the synergies of working together
- We were instrumental in helping our client close an investment from this investor