

Creating Value in a Downturn: Oliver Wyman's Services for Portfolio Companies

The investment environment has become much more challenging in 2008, as economic growth has slowed, credit has tightened, and competition for good deals has increased. Investors and debt providers are working harder than ever to find new deals and recoup value from their current portfolios.

In this environment, Oliver Wyman's Corporate Finance Practice works with investors and debt providers to focus on three levers to drive higher returns:

- **Acquire portfolio companies when others don't.** Acquisition during economic downturns usually offers the benefit of reduced multiples on targets with good value. Oliver Wyman often is in a position to identify motivated spin-off sellers refocusing on their core businesses, can raise the odds of investment success through deep industry-focused due diligence, and can provide accelerated M&A strategies to help investors benefit when the market rises.
- **Address portfolio company underperformance.** Missed EBITDA targets—because of stalled revenue growth and escalating costs—may be correctable even during a downturn. Oliver Wyman's diagnostic techniques and implementation support can help drive opportunities for reinvigorating bottom-line growth through portfolio company cost-reduction strategies, organizational transformation or restructuring, and distressed company turnarounds.
- **Improve portfolio company exit options.** A slow IPO market and a lack of liquidity means reaching farther for attractive sales options. Oliver Wyman frequently can identify high-potential buyers or explore novel break-up options, and can identify new, compelling sources of growth for enhancing existing investments.

Experience

Investors and debt providers with whom we have worked in pursuing these strategies have seen increased value throughout the life cycle of the assets they hold. For example:

- For a leading private equity firm seeking growth in the automotive sector, Oliver Wyman identified potential targets, conducted in-depth due diligence, and assisted in the acquisition of two companies and their post-merger integration. The investor saw a doubling of growth from this business in less than two years, with substantial cost savings through achieved synergies.
- For a major airline in financial distress, Oliver Wyman assisted in the turnaround and provided interim management support. The airline successfully reorganized; operational restructuring and supply chain improvements generated millions of dollars in annual savings.
- For a major combination utility, Oliver Wyman reviewed the portfolio of unregulated businesses to determine their targeted future role and contribution. This led to the utility exiting the infrastructure services business and the successful sale of a \$750 million subsidiary.

Oliver Wyman is a leading management consulting firm with more than 2,900 professionals in more than 40 offices in the Americas, Europe, Asia, and the Middle East. Our Corporate Finance Practice offers in-depth market and industry expertise across a wide range of industries, with more than 300 projects conducted for investors in 2007. We would be pleased to discuss ways in which we may collaborate together to create value in the current, challenging market environment.