

Distressed Acquisition Support for APAC-based Investment Bank

Provided complex transaction modelling and structuring support

Provided real-time support for the deal

Ensured fast turnaround for a time-sensitive transaction

Output used by the client for all deal participants

CLIENT CHALLENGES

- The client - an APAC-based [investment bank](#) working on an acquisition mandate for a [coal-powered power plant](#) in Indonesia
- The whole sale process was disorganised, as a major sponsor had dropped out owing to political issues, and the project construction was on hold due to the lack of funding
- The end-client saw an opportunity to work with local partners and acquire the asset at a significant discount, but the delay in closing the deal was leading to cost escalation
- The base project model was prepared at the time of project initiation, which underwent multiple iterations by different stakeholders, leading to multiple schedules, broken links and hard-coded values. Besides, the framework did not capture the complexity of the changed situation
- Key requirements were the following:
 - Transforming the model to enable easy understanding and facilitate wide-ranging analyses by stakeholders
 - Reworking the capital structure to include new capital and investors with different funding options for additional capex
 - Providing flexibility in the payment structure with an option for up-front payment and structuring purchase via milestone payments
 - Overall, ensuring a structure that provides equitable returns to all stakeholders - new investors and existing local partners that invested directly in the business as well as through the group-level entity

OUR APPROACH

- [Acuity Knowledge Partners](#) assigned a pair of expert [financial modellers](#) to the project, who worked under the guidance of a subject matter expert with extensive experience in complex deal structures
- The materials shared - the project model and existing discussion materials to understand project economics, key drivers, existing situation and the proposed deal structure, among others - were reviewed
- The model was audited thoroughly to identify and iron out existing gaps and variations
- A new flexible capital structure was incorporated, along with variable funding and exit options, to facilitate multiple scenarios for all stakeholders to analyse exclusively

IMPACT DELIVERED

- As the client was engaged in multiple transactions, it benefited from Acuity Knowledge Partners' expertise in this complex deal modelling and structuring
- The team identified and fixed the previously unknown gaps in the existing model, as well as simplified the existing complexity for quick analysis
- The flexible project model helped the client and other participants run multiple scenarios to arrive at an agreeable structure and price range
- [Market insights](#) were provided to the client to build a case on the final proposed transaction structure
- Acuity team provided real-time support on the transaction, enabling the client to execute the transaction and resuscitate the project in a timely manner

About Acuity Knowledge Partners

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 350+ financial institutions and consulting companies through a team of over 3,000+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.