



Private Investment Banking Group

ADVISING ON AND FACILITATING:

- Mergers and Acquisitions
- Tender Offers
- Financial Restructurings
- Asset Sales
- Divestitures
- Corporate Reorganizations
- Business Combination Transactions

**... WITH A FOCUS ON
PRIVATELY-HELD COMPANIES.**

Objective Advice & Uncompromising Professionalism



Private Investment Banking

The term Private Investment Banking is often misunderstood. It most properly refers to firms that focus on the capital needs (*debt and equity*) of companies, creating long-term value for all of the parties to a transaction – sellers, buyers, investors, and lenders. Private Investment Bankers are engaged to affect mergers, acquisitions, divestitures, the raising of growth capital and other types of financial transactions; as well as facilitating recapitalizations, management buyouts, and the outright sale of companies. However, they *do not* involve themselves with development-stage or pre-revenue companies.

The RWI¹ Advantage

In acquisition and assimilation, buyouts, recapitalizations, and for divestiture, we are available to counsel clients regarding:

- Focusing strategic imperatives
- Assessing the advisability and timing of various strategies and options
- Development of deal structure
- Assessment of potential tax effects
- Evaluation of proposed synergies
- Establishing purchase price criteria and ranges
- Arranging debt and equity financing
- Negotiating transactions
- Coordinating legal, tax, accounting, closing activities, and other transactional related issues

¹ Reliance Worldwide Investments, LLC (“RWI”) is a Registered Broker-Dealer with the SEC, and a member of FINRA, SIPC, and the MSRB.

**When traditional solutions fall short
of achieving a client’s objectives**

Experience and Confidentiality

RWI provides a broad range of private investment banking services. Our practice group includes professionals with the backgrounds and expertise to complete any undertaking successfully – whether it be a once-in-a-lifetime sale of a family business or recurring transactional work. Our goal is to assist clients in defining and successfully executing corporate strategies in a manner which best reflects and achieves the objectives of the business and its shareholders.

RWI distinguishes itself from other firms in that the relationship it develops with a client is one of absolute partnership, shepherding a transaction to successful completion.

We employ a solutions-oriented, team-based approach, thereby compelling quality and integrity in the development and execution of our client's transactions.



It is widely accepted that engaging the expertise of a private investment banking professional typically brings a value-added benefit to the traditional deal pricing and structure process.

Client
relationships
do not
end at
the closing
table

Mergers, Acquisitions and Divestitures

Mergers and acquisitions provide opportunities to create liquidity, enhance shareholder value, capture new (or dominate existing) markets, etc.

In today's challenging business environment few business owners and corporate officers are prepared to navigate the complexities of objectively assessing their companies and identifying, evaluating and negotiating with potential acquisition targets.

RWI and its transaction group professionals have years of experience assisting clients in formulating and implementing achievable growth strategies. Due to the comprehensive nature of services available through RWI's group, our clients feel comfortable relying on our expertise to guide them through this complex process and sea of strategic alternatives.

Balance of Interests

The implications of divesting a portion of business operations, or even the entire company, are significant and far reaching. This is especially true in the case of closely-held companies where the interests of both the company and its individual owners must be balanced (and considered in light of investor/buyer and lender requirements), when charting a course best suited to achieve the ultimate goals of all.

Innovative Structuring . . . a Complete Solution

By definition, each transaction is unique, thereby presenting ownership, management, and the other transactional parties with a universe of alternatives. RWI believes the conventional thinking that *"only transactions of a certain size or complexity justify creative and innovative structuring alternatives"* is flawed.

This conventional thinking is rooted in, and influenced by, the costs associated with assembling a team of advisors who consider the structuring alternatives in light of the multitude of disciplines involved (e.g., taxes, asset protection, retirement planning, estate planning, succession planning, employee retention and benefits, financing, business structure, financial modeling, to name a few).

These disciplines (and more) are managed and guided in a seamless process by selected members of the firm's transaction group. Throughout this process, our clients are assisted in selecting options suited to their individual goals and objectives.

RWI and its transaction group professionals pride themselves on representing business entities and owners throughout their entire life cycles.

Financing

Capital should facilitate, not drive, business decisions

A capital structure should typically be designed so that every “next raise” of capital is debt, not equity. Yet it is surprisingly common to find dysfunctional capital structures that have been piecemealed together over time.

To facilitate proper capital structuring, RWI combines the agility of private investment banking services with the resources and acumen of a broad spectrum of debt and equity lenders. Proprietary methods are utilized in analyzing and evaluating the possibilities of introducing a blend of various forms of capital.

Our team’s tenacity, experience and skill are employed to identify, structure and close financial transactions that provide lifeblood to our clients’ businesses. We rely on numerous dynamic relationships with private equity and debt lenders to enhance the value of companies by putting in place an appropriate capital structure.

Our firm’s intermediary financing services are available in the following arenas:

- Private Equity Capital
- Mezzanine Financing
- Subordinated Debt
- Senior Secured Debt
- Term Loans
- Asset-Based Loans
- Revolving Credit Facilities
- Lines of Credit



“In many acquisitions, the thrill of the chase blinds the pursuers to the consequences of the catch.”

(Warren Buffet, 1982)

Acquisition Services

Mergers & Acquisitions can stimulate an enterprise's growth and profitability by fueling competitive advantage through expansion of market share, reducing costs through supply chain assimilation, and supporting other value added strategies.

Our buy-side professionals assist in the formulation of criteria for buyers seeking to acquire private companies in virtually any geographic market. The options available to our buyers in attaining their strategic corporate goals are considerably expanded by employing diverse and innovative tax-advantaged transactional structures and terms.

At RWI we first seek to understand a buyer's short-term and long-term strategic business objectives, and the critical path time line for achieving those objectives. From this information we derive the acquisition profile, key “deal-breakers,” and risk tolerance in order to prevent frustration and unnecessary costs, both in terms of lost opportunities and financial cost.

Then we assess the **hurdle rate**² in evaluating each acquisition candidate, on either a stand-alone or synergistic basis (whichever is applicable). Our professionals are particularly adept at translating a buyer's estimate of combined future revenue streams, and cost-reduction implications, into a forecast of the value creation potential of a contemplated transaction.

²The minimum acceptable return on investment reflecting the risk involved (typically measured by cash flow volatility,) and the financing mix.

A buy-side engagement follows a logical path. . . .

- Clearly define client's strategic acquisition objectives
- Determine critical path time line for achieving objectives
- Determine client's financial qualifications, available sources and resources
- Identify gaps in personnel skill sets and expertise
- Derive the acquisition profile, deal breakers and risk tolerance
- Develop a ranking process to evaluate acquisition candidates (*including hard and soft considerations*)
- Identify potential acquisition candidates (*including those not currently 'on the market'*)
- Certified 3rd party valuations to establish transactional value range (*or premium*)
 - Preferred candidate's intrinsic acquisition value
 - Buyer's intrinsic value
 - Synergistic combination intrinsic value
- Initiate acquisition discussions
- Negotiate transaction – structure, price, terms and conditions
- Develop Letter of Intent
- Analyze the due diligence findings
- Structure financing consistent with hurdle rate
- Facilitate transaction closing
- Address post-closing integration issues

Divestiture Services

Most Successful sales are planned from a buyer's perspective

Although the motivation to sell may vary, once the decision is made, the universal desire is a liquidity event that rewards ownership for the time, energy and effort invested in building and growing the business. And, particularly in privately-held companies, they believe that reward should be substantial.

Prospective buyers typically limit their field of serious consideration to two to four companies. All other factors being equal, the seller demonstrating the highest future value will not only be acquired but will also receive the greater reward.

Selling is a process . . . not an event

The key to unlocking the "treasure chest" of value begins with presenting the business and its *future potential* in a clear and convincing fashion to prospective buyers. Buyers will only pay a premium when the future potential of the company justifies the additional cost. And, buyers *expect* senior management to convincingly articulate the potential in terms of an expected return on investment ("ROI") in light of the risk involved.

RWI takes an integrated approach, works with a diverse array of contingencies presented by each engagement, and vigilantly maintains confidentiality. The process begins with an initial assessment of the business identifying strengths, weaknesses, and future potential (*from the perspective of a potential buyer*), followed by a third-party, independent certified business valuation. Then, the first of several strategy sessions takes place where the business owner will make key decisions effecting the direction and timing of the engagement. Subsequently, documentation is prepared, potential buyers are identified, and a dynamic, interactive marketing of the business begins. In the case of 100% acquisition of the assets or stock of a company by a single buyer, the process continues with a buyer submitted letter of intent, due diligence, negotiations regarding price, terms, and tax structuring, drafting of applicable documentation (including a definitive purchase agreement), and the closing.

Selling a business enterprise, in whole or in part is a complex process. To maximize the reward to the seller requires professional advice, planning and execution. Without these things, it is not possible to capture the wealth created through years of hard work and assumption of risk. It is crucial that senior management continues to focus on producing results in the business rather than shifting their focus to the transaction. The only rational option is to engage a full-service, knowledgeable and passionate advocate of ownership's interests and the company's value to assist in this process – RWI.



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