

Case study

Valuation modelling and assistance work

Company type

Large multi-national, highly diversified agricultural operations company

Industry

Farming and agriculture



Situation

The client ran numerous agricultural operations throughout South-East Asia, managing various farms, forests, plantations, wineries and equipment/land leasing successfully for many years.

Complication

A revision in the focus of business operations combined with unrelated changes in management and branding resulted in the business being unable to raise the required additional capital and encountered legal issues germane to the necessary restructuring.

The company decided to enter voluntary administration. It was decided various aspects of the business required independent valuation and SumProduct was asked to become part of the management team called in to assess the business's performance, assets, liabilities and future potential.

Resolution

Work was undertaken collaboratively over several years developing various financial models at the request of the valuations and insolvency experts, liaising with the staff of the company to make best-guess estimates of key assumptions required. This led to part of the company being salvaged, purchased and rebranded in due course.

Program outcomes

- Worked with valuations experts to develop an agreed forecast model evaluating alternative strategies for the business (e.g. liquidation, trading out of administration, fire sale, M&A assessments)
- Built an options pricing model to assess employee remuneration, pension and other related liabilities
- Built a detailed financial model to assess alternative valuation strategies, including liquidation/break-up, sum of parts, going concern and management buy-out scenarios
- Part of the business was successfully bought out of administration and redeveloped whilst the remaining divisions were liquidated.