

Bic

When Bic, a leading manufacturer of stationery products, lighters and shavers, was presented with the opportunity to acquire a significant competitor in the stationery industry, it turned to Lochridge to determine the target's value.

SITUATION

As the dominant leader in the European and emerging markets, Bic was eager to find an opportunity for mid-term growth. The United States, Japan and Korea were the only markets large enough to generate meaningful growth, but to do so would mean acquiring an established player. Bic's CEO was feeling significant pressure from key executives and from the investment community to "make a bold move," but was uncomfortable with the purchase price and synergy estimates provided by the investment bankers. In addition, Bic did not want to acquire one of the stand-alone pieces of the target's brand/product portfolio but the seller's terms prevented it from bidding for just the pieces it wanted. Despite having performed its own due diligence, the company asked Lochridge to work with its key resources to determine the target's value to Bic, as well as to key competing bidders.

UNLOCKING THE VALUE

Lochridge quickly assembled three teams comprised of Bic employees. Over a three-week period, current and post-acquisition cost structure models were developed for Bic, its primary competitor, as well as for financial investors. Next, system-related integration issues were identified and scored to determine impact on profitability. Finally, market and manufacturing models were developed to identify synergies between Bic and the proposed acquisition.

In parallel, Lochridge brought in a world-class private equity firm interested in those parts of the business Bic did not want, and could move quickly.

RESULTS

Following its own analysis, Lochridge advised Bic that the target's overall value was significantly below its investment bankers' estimate. With the new information Bic stepped out of the bidding process and the target was subsequently acquired by a competitor for a price within 5% of Lochridge's estimate. Subsequently, the competitor struggled for a significant time to properly complete its own integration.



LOCHRIDGE & COMPANY

396 Washington Street
Suite 394
Wellesley, MA 02481
+1.617.267.5959
www.lochridge.com