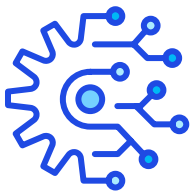




# Risk mitigation, Value maximization in M&A

KPMG Manufacturing services



**KPMG supports life sciences organizations through every step of the M&A transaction.**

**Manufacturing is the backbone of the life sciences industry, producing finished goods that fulfill market demands and drive economic growth.**

Across the stages of M&A, we advise our clients to emphasize the manufacturing function because of its strong interrelationship with commercial and financial operations while underscoring the importance of early identification of risks and opportunities for thorough integration or divestiture planning.



## Target examination

Discover acquisition targets based on strategic criteria.



## Day 1 integration

Plan, execute, and manage business functions and processes on the day the deal closes.



## Target information review

Evaluate details of the target company to determine whether to pursue acquisition.



## Postmerger integration

Align the acquiring company's operations, systems, and processes with the target.



## Due diligence

Appraise the potential strengths and weaknesses of the object of the transaction.

**We advise our clients to emphasize the manufacturing function because of its strong interrelationship with commercial and financial operations**

### Potential benefits of manufacturing due diligence

- Early identification of target company's manufacturing processes, supply chain, performance, technology, infrastructure, and talent
- Insights into manufacturing capacity and capabilities, operational efficiencies, operational risks, procurement practices, assets (equipment, and building conditions and useful life) and inventory management practices
- Insights into direct and indirect supplier contract gaps and risks
- Insights into operation's organizational structure, workforce turnover, and workforce skill set

### Risks of not conducting manufacturing due diligence

- Neglecting or downplaying the assessment of operations can directly influence a company's revenue-generating activities, specifically centered around developing and selling high-quality products
- Failure to uncover past and existing manufacturing deficiencies can have a systemic impact to the acquiring company's reputation and standings
- Avoiding early evaluation can be detrimental to achieving deal value over the integration continuum as supply continuity can be disrupted



### Potential benefits of manufacturing integration and divestiture strategy

- Thorough process integration, enhancing operational efficiencies
- Elevated production capacities and capabilities to support business strategies
- Leveraging synergies to boost productivity, enhancing deal value
- Minimal Transition Service Agreement (TSA) risk during supply term

### Risks of neglecting manufacturing in integration/divestitures

- Disrupted network supply chains and production attainment
- Increased costs due to inefficiencies and operational disruptions
- Loss of customer trust and market reputation
- Inability to meet market demand fluctuations
- Increased stranded costs due to underutilized or redundant manufacturing assets

**Insights into direct and indirect supplier contract gaps and risks are potential manufacturing due diligence benefits**

# How we have helped our clients

**We helped a global biotechnology company conduct functional diligence on a manufacturing site and supply chain network to evaluate the potential acquisition of a company:**

- Provided a comprehensive understanding of the operational and organizational structure of the target company.
- Identified potential risks or opportunities associated with the acquisition.
- Provided key findings that will help the company focus on critical technical, operations, and compliance areas to remediate and strengthen after deal close.

**We helped a global medical device manufacturer on Manufacturing and Supply Chain activities in developing integration strategies, objectives, and plans for an Asia-based acquisition:**

- Provided subject matter expertise on manufacturing and supply chain integration activities and implemented and maintained Program Management Office (PMO) facilitation support.
- Enabled client to better understand the integration process and helped in creating cross-functional structure to track the project's progression against the objectives of the integration.
- Effectively integrated the manufacturing and supply chain functions of the acquired company, ensuring a nondisruptive operation that continued to supply products to the customer base.

## Why KPMG?

We have a dedicated Manufacturing M&A team with due diligence, integration, and divestiture experience.

Our multidisciplinary team spans among various operational disciplines.

We apply rapid mobilization of governance models for a successful transactional execution.

We implement leading practice methodologies for consistent and efficient problem-solving.

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