

# Transaction Advisory Services

## Helping to shape the Swiss corporate landscape

**Transaction Advisory Services grew by over a quarter in the course of the reporting year. Increased demand for integration services and advice on due diligence and company valuations enabled Ernst & Young to expand its share of the transactions advisory market.**

Corporate transactions express like nothing else the dynamism of the Swiss economy, as parts of businesses are merged, sold and bought, with the landscape constantly changing as a result. At the same time, international links grow stronger, as many Swiss companies become committed abroad and, vice versa, foreign business groups invest in Switzerland.

Ernst & Young makes a crucial contribution to this dynamism: In the 2007/2008 financial year, turnover in Transaction Advisory Services increased by over 25%. Not only did we profit from the generally robust conditions, particularly in the private equity sector, but we did actually succeed in gaining a larger share of the market. This solid performance is an achievement for the over 100 specialists from every discipline whom we employ to advise on transactions and provide companies with rapid and targeted support in these strategic processes.

### **Focus on integration**

There has been a marked increase in demand for transaction integration services. In the past, many mergers were not as successful as had been hoped because firms either did not establish a new unity or failed to do so quickly enough. In response to this, there is now a growing need for targeted support of the kind that Ernst & Young can offer. As a rule, it is the first 90 days that determine the success or failure of a transaction; in that time, all the steps involved in integration need to be systematically planned and comprehensively monitored. It is in this same period of time that the first decisions need to be taken and consistently implemented, and, as the officers of the companies involved often lack the resources needed to do so, external support becomes indispensable.

In the reporting year, Ernst & Young has also been able to build up its position in due diligence and company valuations. Acting on behalf of vendors, we have carried out seller due diligence engagements on numerous occasions and helped to bring transactions to a successful conclusion. In this context, we take "success" to mean two things: In-depth preparation and skillful negotiation help the vendor sell for a better price while keeping the purchase agreement simple. At the same time, a solution is found with good strategic prospects for the unit that is sold. The advisor's role in this process is to correctly assess the opportunities and risks for the business unit concerned.

There has been comparable growth in purchase price allocation services; starting in 2004, IFRS 3 has laid down more stringent rules for the identification and valuation of all the assets, including intangibles, to be taken over. We have the know-how required for this, and have gained in-depth experience from our many engagements in this field.

### **Quality and speed**

Two crucial factors in Transactions Advisory are quality and flexibility. Where firms are to be sold or taken over, this transaction has to be handled quickly and in a manner appropriate to the firms' circumstances. This is the only way to remove uncertainties and make the best use of new opportunities. The quality of service is no less important, and it is in both these respects that we can play to our strengths: Our specialists are concentrated in Zurich and Bern, which guarantees that decisions are taken close to the action, and they work very closely with one another in highly focused teams.

Given the frequent cross-border nature of the transactions we support, Ernst & Young's global network is a big advantage. It enables us to identify the best experts quickly, draws them into effective teams and also generates transaction-related ideas that our clients can use. The combination, as of mid-2008, of the local companies from Europe, the Middle East, India and Africa to form the new EMEIA region is adding further momentum to this approach.

### **A growing need for restructuring**

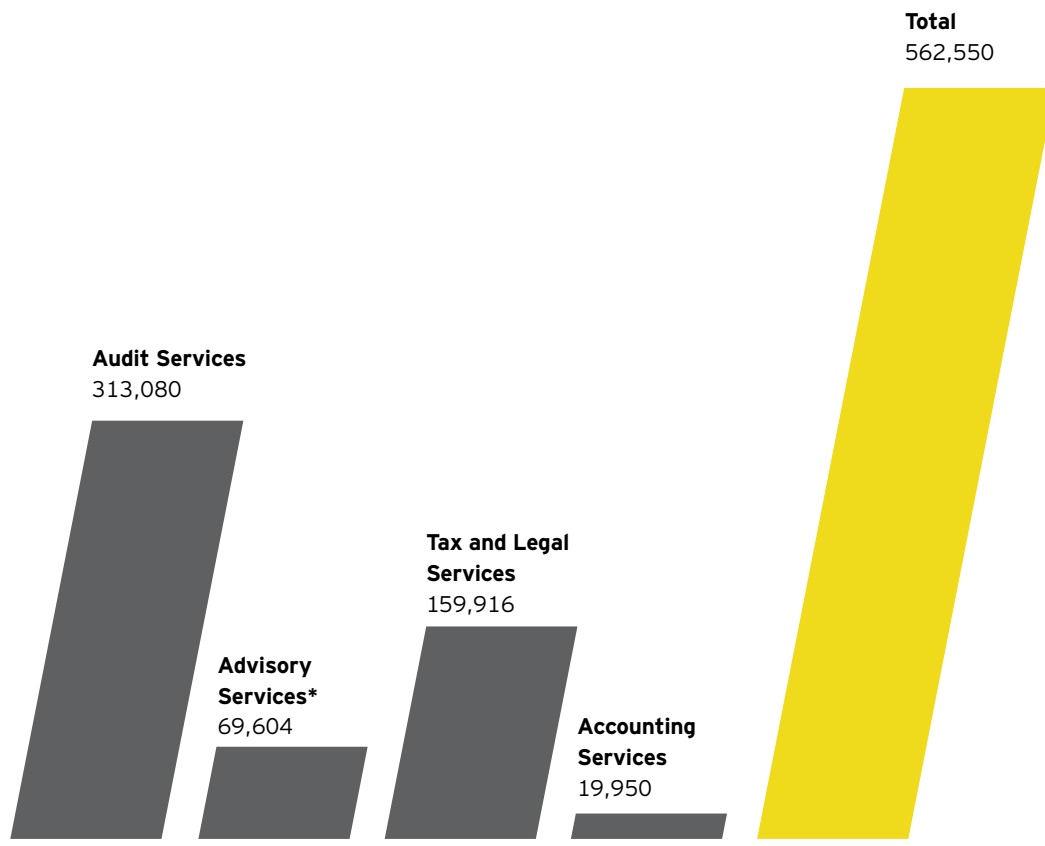
The position we are in encourages us to take a confident view of the future. Admittedly, the upheavals on the capital market have impacted on general economic development, and the caution exercised by banks will result in a becalmed private equity sector. We do, however, expect more restructuring contracts, and to be able to give decisive support by means of our expertise.

Transaction Advisory Services have been run as an independent Service Line since July 1, 2008.

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## REVENUE FROM SERVICES BY SERVICE LINE

in CHF 1,000, 2007/2008



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\* including Transaction Advisory Services, which has been an independent Service Line since July 1, 2008  
Most of the revenue from services is generated in Switzerland.

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