

ACCOUNTING DIVISION

Functions

- Providing advice about and resolving accounting and tax issues that directly impact corporate value
- Providing support for the establishment of systems for both management accounting and financial accounting for the acquired company

Role in the project

Accounting and taxation, preparation of consolidated financial statements

Working toward the Issuance of the Merger Audit Report

To sell PrimeSource and Itochu Building Products as a set, it was necessary to prepare aggregated consolidated financial statements and annotations. This required a considerable amount of time and effort, and together with the auditors, we worked day and night right up to the deadline. I will never forget how, after these extensive procedures, we received an e-mail from the controller of PrimeSource notifying us that the merger audit report had been issued.



Shosei Odayama, Erika Noda, Takekuni Takamura
ITOCHU International Inc.

BUSINESS DIVISION

Functions

- Specialized knowledge in each industry and the establishment and development of new businesses using that knowledge
- Take the initiative and lead the project toward completion
- Central role in external negotiations
- Integration with internal organizational resources

Role in the project

Lead role in the sale, discussions and negotiations with financial advisors and buyers

Key Point: Ideal Teamwork with Administrative Divisions

ITOCHU realized the sale of PrimeSource at a fair value. This was supported not only by the strong leadership of the Division Company president but also by ideal teamwork with the administrative divisions. The M&A team was deeply involved in discussions with the financial advisors. The Legal Division closely examined the contract from the viewpoint of specialists and made a significant contribution to minimizing the risks, both during the contract negotiations and after the contract signing. The accounting team provided strong support in such areas as the preparation of disclosure data and the production of a wide range of documents. I felt a strong sense of unity between the business divisions and the administrative divisions through this project. When the sale was completed, I remember how we cheered and enjoyed the moment together.



Wataru Goroku

At that time: ITOCHU International Inc.
(Current: Forest Products & General Merchandise Division, General Products & Realty Company)

M&A TEAM

Functions

- In-house financial advisor
- Make proposals and provide support when it comes to execution for both M&A and divestiture like this project
- Offer analysis and proposals to optimize the portfolios of operating companies and increase corporate value, EBITDA management, and proposals for optimizing working capital to increase free cash flows.

Role in the project

Management of the overall sales process

Focusing Comprehensive Capabilities to Achieve a Strategic Exit

During the final bid negotiations, the value and the terms of the stock transfer agreement were changing one after another, and an especially difficult challenge was to prompt the related parties to make quick decisions and to acquire internal approvals under those circumstances. At each phase, we worked side by side with the administrative divisions. This strategic exit, which generated substantial profit and cash flow, was the result of the efforts of all the people involved. The fact that I was able to be a part of this project is something that I will recall for the rest of my life.



Taro Ikeba

At that time: M&A Team, Planning and Administration Department, ICT, General Products & Realty Company
(Current: Group Manager, General Products & Financial Business Group, ITOCHU Europe PLC)

Acutely Aware of the Need to Focus on Corporate Value

In this project, I faced the strict valuation of the buyer and from this experience I learned that the corporate management should be conscious of increasing corporate value from a third-party perspective and should be aware of risks. I also recognized the importance of management with a focus on free cash flows and of building a business foundation with a focus on corporate value.



Miki Hasegawa

At that time: M&A Team, Planning and Administration Department, ICT, General Products & Realty Company
(Current: M&A Team, Planning and Administration Department, General Products & Realty Company)

Promoting and Supporting
the Companywide
“Earn, Cut, Prevent”
Initiatives