



## **THE BENEFITS OF CONSOLIDATION**

January 2005

IBG has been a leader in articulating the benefits of consolidation. We have given numerous speeches and presentations covering everything from the need to be more competitive to the supplier and retail realities facing wholesalers. We are very committed to the benefits of creating bigger, stronger, higher share wholesalers as a way of moving the industry and its products to the future. The purpose of this is to remind everyone why it is important to use IBG to get the job done. Below are several reasons why we firmly believe it is in your best interest to give us a call as you consider whether to buy, sell or merge.

1. Keeping the Process Moving Forward - We realize that you have a business to operate and this must remain your priority. Often people start the discussion about a potential transaction then get side tracked with other things. This is counterproductive and causes bad feelings. With IBG you avoid this because we stay focused on the transaction while you stay focused on your business.
2. Price – Suppliers and competitors have a strong interest in protecting the party staying in the business, not the person leaving the industry. It is naive for you to think that any supplier or potential buyer is interested in your well-being once you have decided to exit the business. It is IBG's job to get you the highest price and protect your interest. This frequently means creating a competitive environment for what you want to do. Suppliers or people pursuing you try to do the opposite. They want to, and in some cases can force you to negotiate exclusively with their chosen party. You have a right to sell to whomever you chose as long as they are capable of operating the business with a reasonable expectation of success. Getting top dollar or even a fair price is not as easy as one might think. If we represent the buyer our job is to get the lowest price and in mergers we create balance and fairness. In any event we serve a purpose that is financially beneficial to our client.

3. Negotiating – IBG is focused on what is best for you. We separate the critical part of valuation and accounting from the negotiations. This helps IBG get top price and allows us to put together transactions that are economically and emotionally balanced. Our ability to work with people toward a practical market driven solution is one of our biggest points of difference.

4. Valuations – We have the most extensive database in the industry because we have closed over 70 transactions in the past few years. This gives us great comparables. Our valuation expert is recognized throughout the industry and has been legally tested. This experience and information is critical in IBG’s ability to accomplish your objective. Knowing the accurate value of your business or the value of the business you are buying or merging with is vital.

5. Remove Supplier Obstacles – IBG works with and has close contacts with all suppliers including Anheuser-Busch, SAB Miller, Coors Brewing Co., Pabst Brewing Co., InBev, Heineken, Gambrinus, Barton, and all others. We are familiar with supplier expectations and requirements. This helps facilitate the process. All suppliers have their own agendas. IBG’s experience at solving problems and our ability to determine what is best for the market helps everyone. IBG has been successful over time because we create long-term solutions. In fact, not a one of our transactions has failed. Our success rate is 100%. We are experienced at working with the political and emotional issues of others. Our transactions work. Our working relationships with suppliers unfamiliar to you can be very beneficial.

6. Industry Contacts/Potential Buyers – For those who have made a decision to sell but may have been unable to locate a purchaser, IBG’s considerable contacts allows us to identify purchasers likely to be approved by your suppliers. We bring to the table successful candidates from both within and outside the industry.

7. Legal - We are not attorneys but we work closely with a law firm that has represented more than 20 of our clients in 11 different states. This experience is invaluable because the process is not constantly being reinvented by those with little or no industry experience at your expense. Experienced legal advice can drastically reduce the amount of time and money spent to complete the transaction.

8. Supplier Notification/Application Process – After you have reached an agreement, IBG will provide all your suppliers with written notification. Also, many supplier applications require a great deal of information and analysis prior to approval. IBG will assist you with the preparation and presentation of this important piece of the process. We have never had an application turned down by any supplier.

9. Market Evaluation – The good news is that low interest rates and a low capital gains tax rates have resulted in premium compensation for selling wholesalers. The bad news is that some suppliers use their leverage to force wholesalers to negotiate and sell to their chosen person, often at the wholesaler’s expense. Suppliers and wholesalers both look at the market from their own perspective. IBG looks at what works for the market. Because this is done in an objective manner, it ultimately drives the best value for the business. While the emotions and individual agendas may temporarily win out in the end the economics of the market will dictate. There are hundreds of examples to prove this point. By retaining IBG you get a clear view of what will

work, not a slanted or emotional opinion of what someone else wants. IBG is experienced and patient enough to successfully deal with supplier's emotions and their changing tactics. We are paid on a straight commission so we stay focused on your transaction. We do not give up when obstacles are put in our way.

10. Transaction Size and Type – IBG has closed transactions from \$1,000,000 to \$108,000,000. We have completed a merger of four separate wholesalers into one and have done a merger involving 31 suppliers and 14,000,000 cases. We have worked with or around structures such as C-corps, S-corps and LLC's. We have done asset and stock sales. We have represented the buyer successfully on 14 different occasions. IBG has the experience necessary to complete any size or type transaction.

The benefits of using IBG to represent you are immeasurable. During the consolidation process wholesalers must deal with too many issues and emotions to keep focused on the ultimate task at hand. IBG solves that problem. We are experienced, capable and extremely focused. We get the job done and have dozens of references to attest to that fact. If you would like a confidential discussion of your circumstances please feel free to give us a call.