Kalibrate
YOUR ADAPTIVE EDGE.™

NETWORK EXPANSION THROUGH

Acquisition Analysis

CLIENT PROFILE

Major Oil Company in Southeast Asia

CHALLENGE

A client wanted to expand its network through acquisition and needed to identify the best candidates for acquisition.
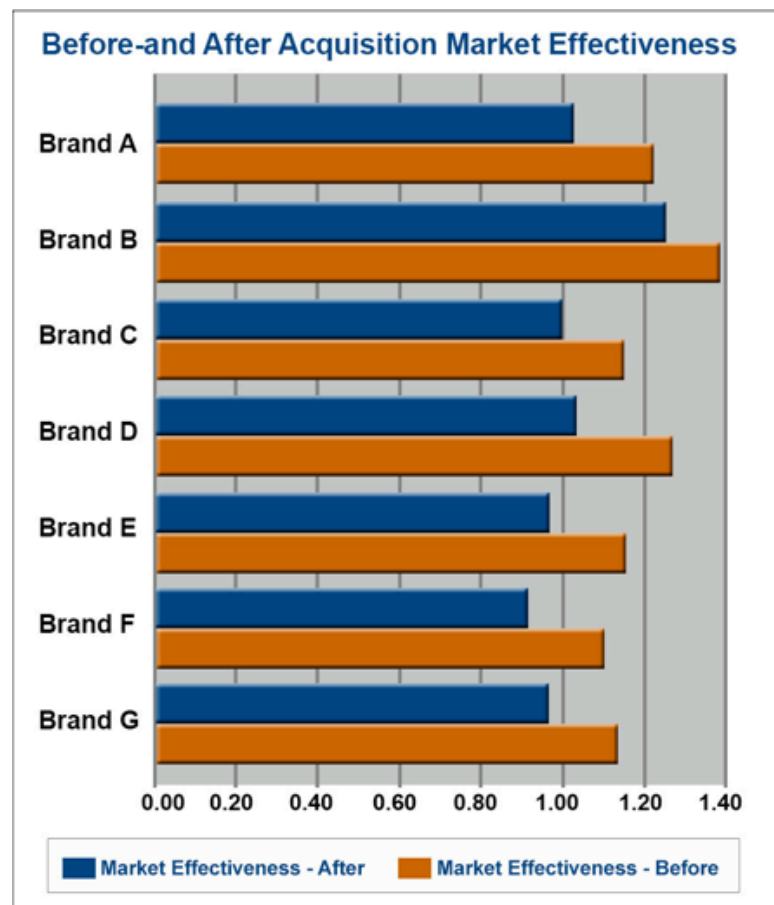
CLIENT QUESTIONS

Seven different brands are candidates for acquisition. How can I tell which one will combine best with my current network? Which acquisition candidate will bring me the most market effectiveness for the least capital investment?

SOLUTION

Kalibrate's Acquisition Analysis consolidated 39 markets into one database, representing 46% of the total outlets and 58% of the total volume for that country. The analysis covered three phases: (1) pre-consolidation, (2) overlap and (3) post-consolidation.

1. **Pre-consolidation analysis.** In this phase, candidates for acquisition were prioritized so that the best candidates could be further investigated in subsequent phases. Proprietary statistical formulations were used to simulate the rebranding of seven different brands to that of the client brand. Each scenario resulted in a report of projected impact on the client's market share. Each brand was ranked in terms of its acquisition attractiveness to the client, based on the new total volume. The purpose of this phase was to prioritize the brands as

Before-and After Acquisition Market Effectiveness

Brand A
Brand B
Brand C
Brand D
Brand E
Brand F
Brand G

0.00   0.20   0.40   0.60   0.80   1.00   1.20   1.40

■ Market Effectiveness - After   ■ Market Effectiveness - Before

prioritize the brands as acquisition candidates, so that the best candidates could be further investigated in subsequent phases.

2. **Overlap analysis.** This analysis determined the number of acquisition candidate outlets located within ½ mile, 1 mile, 2 miles and 3 miles of the client's existing outlets. Brands that interfered least with the client's existing network and that also provided an attractive incremental volume gain were identified.

3. **Post-consolidation analysis.** In this phase, Kalibrate identified the "look" of the retail environment if the proposed acquisition occurred. A set of rules was developed that were applied to the marketplace through a proprietary spatial interaction model. The rules identified the site characteristics for the industry closure scenario and for determining which overlap sites to divest. The rule-base was also used to simulate changes to facilities, pricing postures and merchandising practices for acquisition candidates. The results of this phase provided the client with before-and-after acquisition data on total volume, market share, outlet share and market effectiveness.

RESULTS

The Acquisition Analysis identified Brand B as the candidate that would yield the optimal market share and market effectiveness result when combined with the client's existing network.

The client completed its due diligence and completed a multi-country acquisition of the recommended best candidate.

Through the Acquisition Analysis, the client was able to:

- Identify the acquisition candidate that would provide the best synergy with its existing network.

- Understand volume projections for the proposed acquisition scenarios, enabling more thorough due diligence economic analysis.

- Gain insight about which acquired outlets to divest and which to refurbish, making it possible to determine the economic impact of the required changes.

ABOUT KALIBRATE

For over 20 years, Kalibrate (LSE: KLBT) has advised fuel and convenience retailers throughout the world on how to be best-in-class operators in the fast changing marketplace. Kalibrate's global footprint and local presence are the result of a merger between two market leaders: KSS Fuels, the forerunner in fuel pricing automation, and MPSI, recognized leaders of retail location intelligence. Clients gain fuller visibility, truer insight and more effective control over what matters most—what Kalibrate calls Your Adaptive Edge™. For more information, visit Kalibrate.com.