

Case Examples

Market Due Diligence - Market Share Change

Situation and Key Issues

- Client evaluating a company (FS Industries) that sells industrial manufacturing equipment through captive distributors to metal manufacturing and fabrication industries. No quantitative information exists about the market.
- Key diligence issues are:
 - Identification of US and European market size, by type of product, segment, and end-use segment.
 - Market growth, historical and forecast and drivers of growth
 - Market share, share trend (historical and forecast) and evaluation of vendors currently used

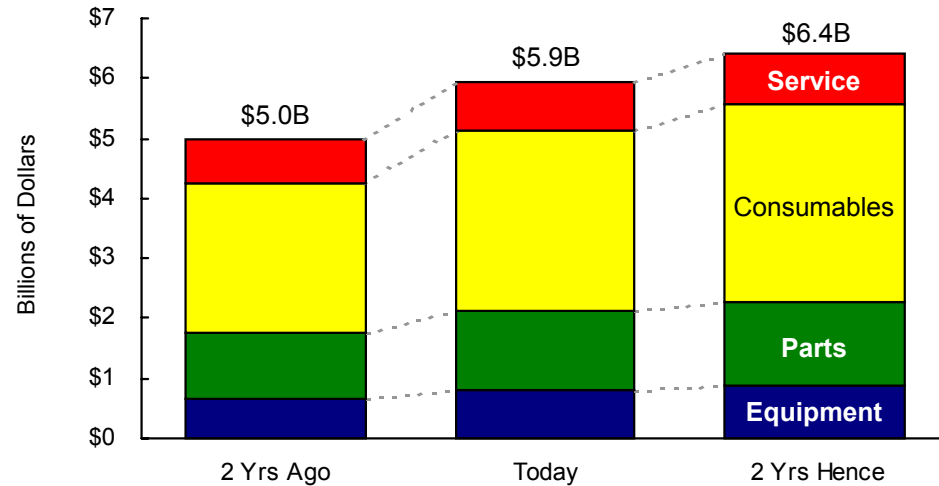
IGS Methodology

- Conducted 100 blind-sponsored interviews with end-user purchase decision makers, distributed geographically and across end-use segments
- Conducted 40 distributor interviews, dispersed geographically

Results

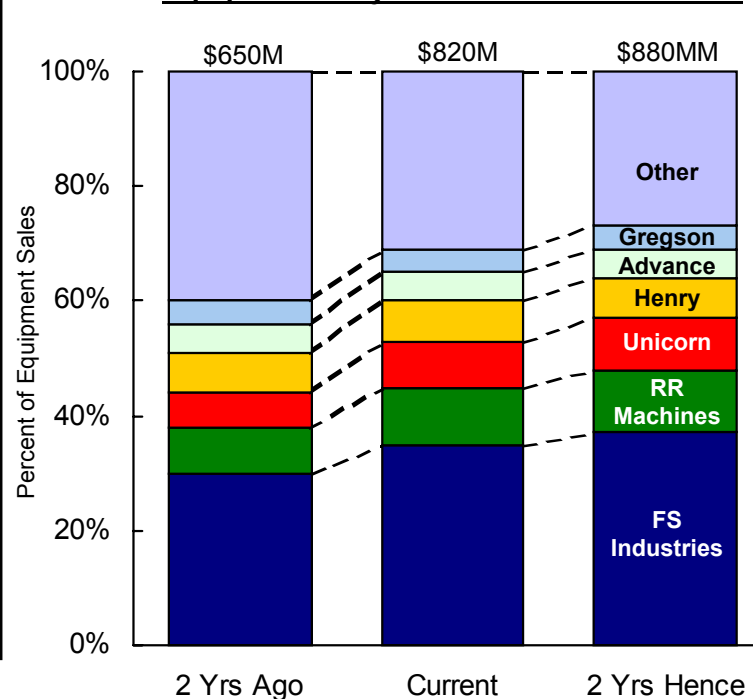
- Extrapolation of interview results indicated market size was nearly \$6 billion; however, equipment market size was only \$820MM
- Equipment market had been growing at healthy rate (12%). Combined with share gain, target had been experiencing greater than 20% growth. However, IGS analysis of interview data indicated 7% growth rate going forward due to both slower market growth and rate of share gain
- Transaction not completed

Market Size (U.S & Europe) and Growth Trends



	CAGR	
	Last 2 Years	Next 2 Years
Service	9%	4%
Consumables	3%	2%
Parts	10%	5%
Equipment	9%	4%
Total	12%	4%

Equipment Only Market Share and Trends



	Share Shift	Share Shift	CAGR	CAGR
	Last 2 Yrs	Next 2 Yrs	Last 2 Yrs	Next 2 Yrs
Other	-9%	-4%	-1%	-3%
Gregson	0%	0%	12%	4%
Advance	0%	0%	12%	4%
Henry	0%	0%	12%	4%
Unicorn	2%	1%	30%	10%
RR Machines	2%	1%	26%	9%
FS Industries	5%	2%	21%	7%

IGS

Investor Group Services