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Shifting from Fully Fledged to Limited Risk Distributor

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Agenda Points

Transfer of intangibles

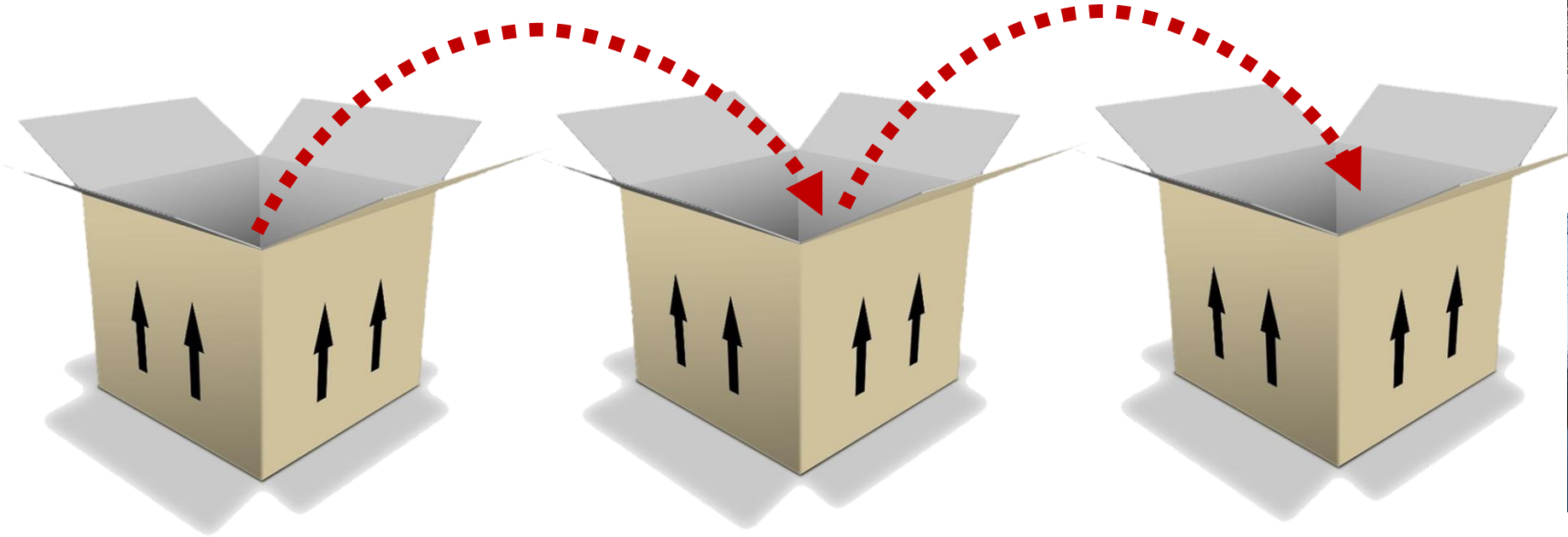
TP-Impact

Discounted Cash Flow

Merger and Acquisition

2 scenarios

Wholesale



AB InBev

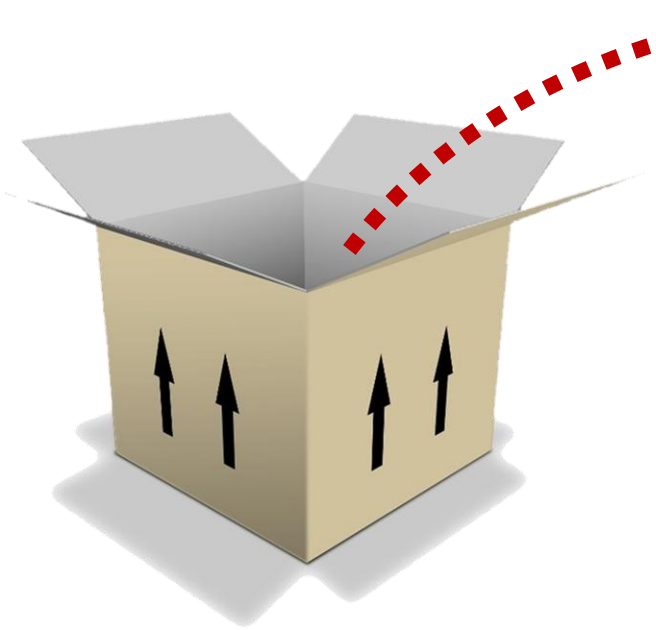
Wholesaler

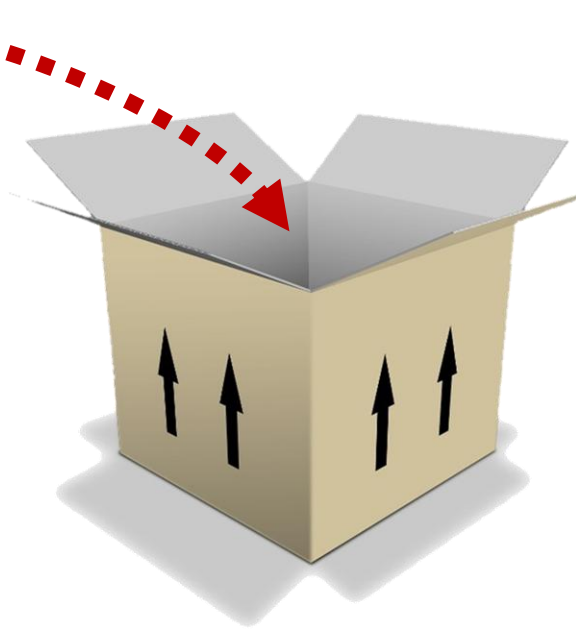
Wholesale

Customer relationships

In particular the customer lists

Retail





AB InBev

Retailer

Retail

Marketing intangibles (limited rights)

- Brand awareness or customer loyalty built through local marketing.
- Rights to use marketing strategies or promotional materials developed by the acquired company

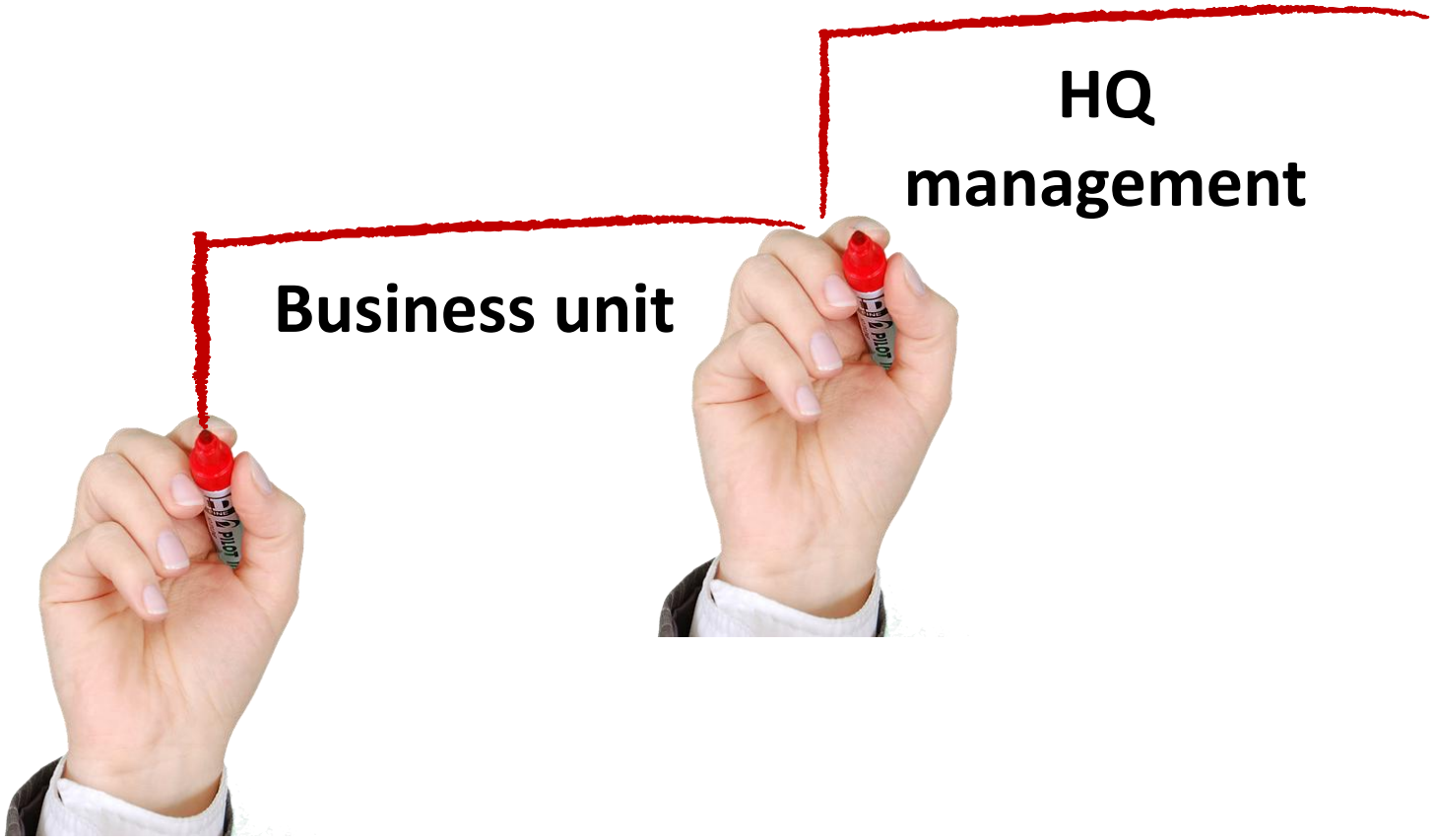
Restructuring

Reasons for restructuring

- Cost saving, improve cash flows,…
- To streamline operations, reduce bureaucracy, or eliminate overlapping functions
- Align selling price in different markets

Before restructuring

After restructuring



TP-Impact

FF ➔ LRD

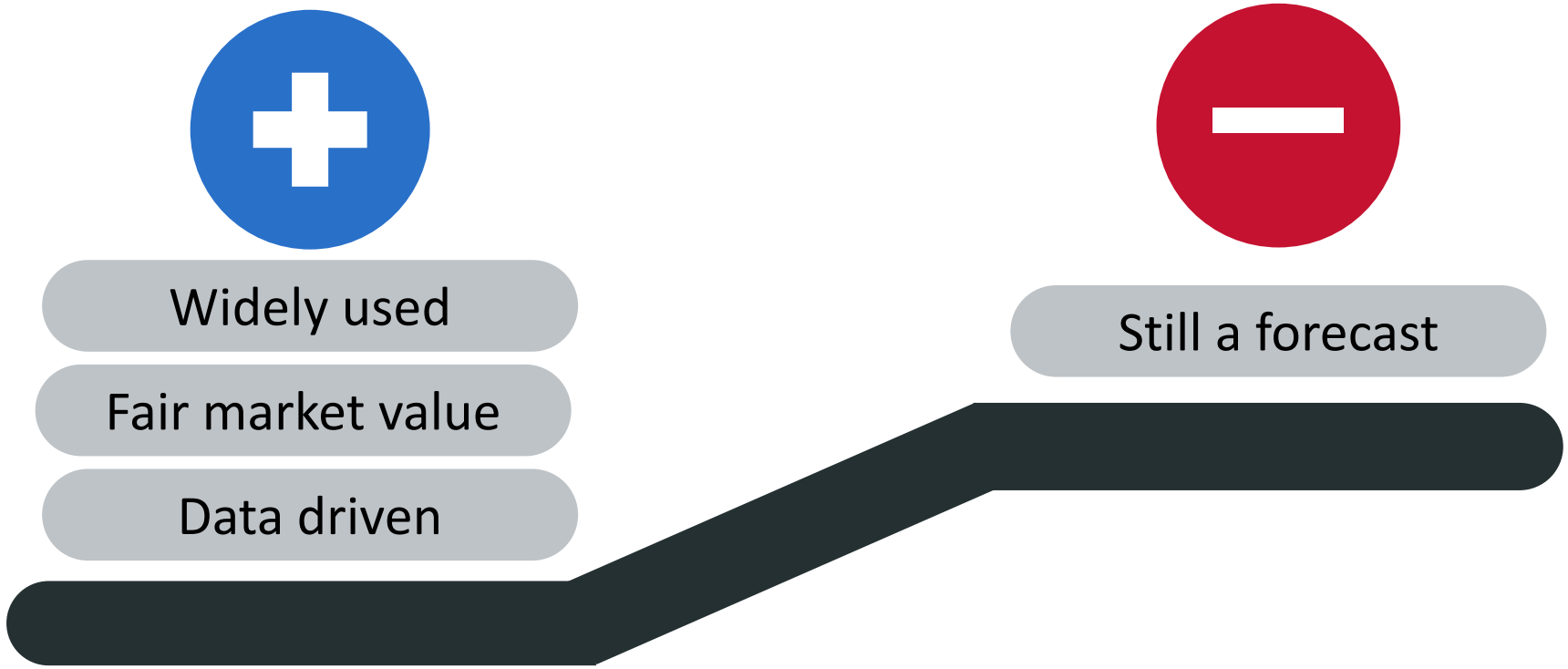
New TP method

Mostly TNMM: ROS

Exit premium

Compensation for the IP-transfer

The Discounted Cash Flow Method



The Discounted Cash Flow Method

$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \ldots + \frac{CF_n}{(1+r)^n}$$

CF_1 = The cash flow for year one

CF_2 = The cash flow for year two

CF_n = The cash flow for year n

r = The discount rate

Live excel demonstration

year	x-3	x-2	x-1	X	x+1	x+2	x+3	x+4	….	X+n
Revenu	R-3	R-2	R-1	Revenue	R+1	R+2	R+3	R+4		R+6
CogS	CogS-3	CogS-2	CogS-1	-CogS	CogS+1	CogS+2	CogS+3	CogS+4		CogS+6
OPEX	OPEX-3	OPEX-2	OPEX-1	-OPEX	OPEX+1	OPEX+2	OPEX+3	OPEX+4		OPEX+6
Profit	P-3	P-2	P-1	=Profit	P+1	P+2	P+3	P+4		P+6
taxrate	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%		-25%
Net Profit	CF-3	CF-2	CF-1	=CF	CF+1	CF+2	CF+3	CF+4		CF+5
discount rate				r0	r+1	r+2	r+3	r+4		r+n
				DCF0	DCF+1	DCF+2	DCF+3	DCF+4		DCF+n

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Questions?

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