

01 / DECISION & CONTEXT

Carve-outs

We advise on separating business units, assessing their standalone earnings, funding needs and the practical steps required for independent operation.

A business unit needs a credible future outside its current parent.

We define the proposed transaction perimeter and assess dependencies on the parent group. We clarify standalone earnings, separation costs and the temporary services needed to maintain operations through the transition.

Overview

A carve-out separates a business unit from an organisation that currently provides some of its infrastructure, people, or funding. The unit may have an attractive market position without yet operating as a self-sufficient company. Establishing what is being transferred, and what it needs to function independently, is therefore fundamental to both valuation and the credibility of a sale process.

What we examine

We define the assets, employees, contracts, intellectual property and liabilities within the proposed transaction. We then map dependencies on shared systems, procurement, premises, brands, licences and central functions. Historical divisional profit may exclude costs that a new owner will incur or include allocations that do not reflect actual need. Standalone earnings, one-off separation expenditure, and costs remaining with the parent need distinct treatment.

A useful starting point: agree the decision to be made before choosing a process or approaching counterparties.

02 / WORK PROGRAMME

Turn the decision into a plan.

Within the agreed scope, we prepare the transaction perimeter, a standalone financial model, a dependency map and a separation cost schedule. A day-one operating plan identifies essential capabilities and the route to providing them. Where the seller will temporarily supply services, an outline transition services agreement sets the commercial scope, duration, service expectations, and exit milestones for legal documentation. The buyer information package should distinguish established facts from separation assumptions still being tested.

WHAT WE PREPARE

- 01** A perimeter schedule covering the people, contracts, assets, intellectual property and obligations to transfer.
- 02** A standalone earnings bridge distinguishing central allocations, replacement costs and one-off expenditure.
- 03** A dependency map for systems, premises, procurement, licences and shared functions.
- 04** A day-one operating plan and transition-services outline with exit milestones.

Your preparation checklist

Gather what is available. Mark any gaps and give each next action an owner.

- ☐ Define which people, contracts, assets, intellectual property and obligations transfer.
- ☐ Gather divisional accounts and details of central allocations and replacement costs.
- ☐ Map shared systems, premises, procurement, licences and support functions.
- ☐ List day-one requirements and temporary services, with possible exit milestones.

03 / QUESTIONS & NEXT STEPS

Questions worth resolving.

Why can divisional profit differ from standalone earnings?

A division may receive services that are not fully charged to its accounts, while other central allocations may exceed the cost of replacing them. Independence can also require new leadership, systems, insurance or premises. A standalone earnings bridge identifies these differences separately from one-off separation expenditure. That distinction helps buyers assess ongoing performance without confusing implementation costs with the normal cost of running the business.

What makes a transition services arrangement useful?

It specifies what the seller will temporarily provide, how service levels and pricing will work, and when the buyer expects to replace each dependency. Access to data, responsibility for incidents and an exit plan need attention alongside the service list. Legal advisers translate the commercial outline into documentation, while the operating teams test whether the proposed handover is practical for both businesses.

Keep the trade-offs visible

A carve-out should be assessed on the economics of the separated business and the practicality of delivering that separation. Contract transfers, employee consultation, data migration, and replacement systems may affect timing and require specialist advice. Buyers need clarity on which party bears specific costs and what happens if a dependency lasts longer than expected. Sellers must also evaluate the impact on the retained organisation.

YOUR PRIORITIES / NEXT ACTION

Bring the decision into focus.

Outline your objective, timing and the questions you want to resolve. Use this guide to structure an initial conversation with Bergweiss.

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General preparation guidance. The scope and specialist inputs depend on the particular mandate.