

Pioneer Corporation: The NEC Plasma Opportunity (B)

TheCaseSolutions.com

Group B: Stefanus Hendriansjah, Eddie, Yaoyao, Maggie

DCF approach

- 1.FCF of Mercury
- 2.Cost of debt
- 3.Cost of equity
- 4.WACC
- 5.Terminal Value
- 6.Acquisition price
- 7.NPV

Qualitative Method

- Useful to determine the competitive advantages
 - However it will not yield number figure
- In the case of Mercury, AGI will obtain more product diversification, technology advancement, larger distribution channel

IRR Method

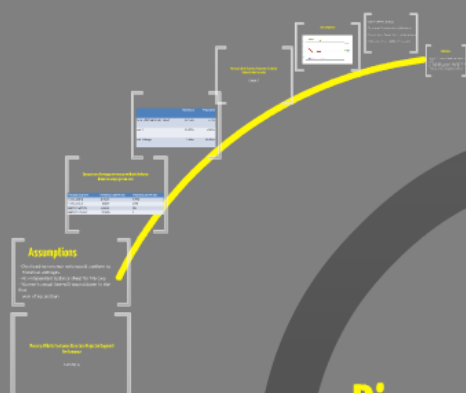
- NPV = 0
- The rate at which cash inflow = outflow

Possible synergies

If there would be a rise in production and also as the increased size of this joint operation, it is to be made efficient, the joint operation will probably not require the double equipment. It will also increase the size of the two joint operations, both of which would be a mutually higher degree than the new aspect.

conclusion

AGI should acquire Mercury



Assumptions

Financial statements are assumed to be accurate and free from error. All data is assumed to be correct and reliable. The company is assumed to be a going concern. The company is assumed to be a public company. The company is assumed to be a listed company. The company is assumed to be a public company. The company is assumed to be a listed company.



Background

TheCaseSolutions.com

- Highly competitive market with low growth
- Competition: style, price, and quality
- Success factors: active management of inventory and production

AGI

TheCaseSolutions.com

AGI is a leading provider of... The Case Solutions.com is a leading provider of... The Case Solutions.com is a leading provider of...

AGI

TheCaseSolutions.com

The Case Solutions.com is a leading provider of... The Case Solutions.com is a leading provider of... The Case Solutions.com is a leading provider of...

TheCaseSolutions.com

Pioneer Corporation: The NEC Plasma Opportunity (B)

TheCaseSolutions.com

Group B: Stefanus Hendriansjah, Eddie, Yaoyao, Maggie

Qual

- Useful to det
- However it w

In the case of
AGI will obtain
technology ad

3) as a
compan
suppliers

Background

TheCaseSolutions.com

- Highly competitive market with low growth
- Compete in style, price, and quality
- Success factors: active management of inventory and production

AGI

TheCaseSolutions.com

- Founded in 1965 produce high-quality golf and tennis shoes primarily
- At the beginning in the 1970s, AGI moved into casual footwear
- AGI's 2006 revenue was \$470.3 million operating income was \$60.4 million, 42% of revenue was from athletic shoes
- AGI's casual footwear was sold by more than 5700 North America stores, (wholesalers and independent distributors)
- AGI's athletic footwear were sale through independent sales representatives (sporting goods stores, athletic footwear retailers)
- AGI did not sell through discount retailers

Mercury Athletic footwear

TheCaseSolutions.com

- Was purchased by West Coast Fashion
- 2006 revenue was \$431.1 million and EBITDA \$51.8 million
- Products were distributed into department stores and discount retailers
- Production placed in China
- Has 4 major product line, in which casual woman apparel was the worst

TheCaseSolutions.com

Background

TheCaseSolutions.com

- Highly competitive market with low growth
- Compete in style, price, and quality
- Success factors: active management of inventory and production

AGI

TheCaseSolutions.com

- Founded in 1965 produce high-quality golf and tennis shoes primarily
- At the beginning in the 1970s, AGI moved into casual footwear
- AGI's 2006 revenue was \$470.3 million operating income was \$60.4 million, 42% of revenue was from athletic shoes
- AGI's casual footwear was sold by more than 5700 North America stores,(wholesalers and independent distributors)
- AGI's athletic footwear were sale through independent sales representatives (sporting goods stores, athletic footwear retailers)
- AGI did not sell through discount retailers

TH

- Wa
- 20
- \$51.
- Pro
- and
- Pro
- Ha
- appa

Mercury Athletic footwear

TheCaseSolutions.com

- Was purchased by West Coast Fashion
- 2006 revenue was \$431.1 million and EBITDA \$51.8 million
- Products were distributed into department stores and discount retailers
- Production placed in China
- Has 4 major product line, in which casual woman apparel was the worst

TheCaseSolutions.com

Background of Mercury Athletic Footwear

Whether Mercury is an appropriate target?

Differences between AGI and Mercury

	AGI	Mercury
Demographical target	Family members	Youth Market
Brand image	Classic and lifestyle	Flexible
Price level	Middle & high	Low & middle

TheCaseSolutions.com

Common grounds between AGI and Mercury

	AGI	Mercury
Business nature(industry)	Footwear	Footwear
Product lines	Atheistic and casual	Athletic and casual
Location (domestic)	North America	North America

TheCaseSolutions.com

- AGI and Mercury are dealing in the similar industry/products (strategic fit)
- Both of the companies' manufactures is located in China, it will help AGI overcome the competitive disadvantages
- Mercury will double the AGI's revenue
- Mercury will increase AGI's athletic line presence