

**Tender Number: T16/05/21**

**Tender description: Turnaround Strategy and Funding plan**

**Question and Answers Version 1**

No.	Question	Type	Answer
1	Can u plse mail the Interim Strategic Plan developed by the Strategy and Corporate Affairs ?	Technical	This tender is not to 'Develop a turnaround strategy and Funding Plan for the IDC, but for one of our investee companies as indicated in the tender document Section 2 from page 13.
2	Will IDC bring in the clothing and footwear expert mentioned in "2. Background information" on page 13 or is the service provider expected to do this?	Technical	The service provider is expected to bring in a clothing and footwear sector specialist as part of the diagnostic phase to assist the turnaround specialist with the assessment and efficiency of operations.
3	What analysis (e.g. CF projections) and actions (e.g trying to sell asset) has IDC already performed for the distressed group mentioned in the RFP?	Technical	IDC analysed the Cash Flow projections and had some discussion with potential investors.
4	Can you describe the current state of distress of the distressed group and how long this company has been in distress?	Technical	The Company has been in distress for the last 18 months with the major impact being as result of the business rescue process of the major customer and Covid-19.
5	Can you provide the general business description for the distressed group	Technical	Design, manufacture and distribution of clothing and footwear for both independent and formal retailers.
5.1	Geographies/countries in which the Group operates	Technical	South african operations and adhoc sales to Southern African Development Community.
5.2	Description of sales channels (e.g. agents, retail, etc.)	Technical	Agents as well as retail channels
5.3	Type of brand/s: high end, low cost, etc.	Technical	The Group Manufacture across the spectrum
5.4	Type of clothing and footwear (e.g. casual wear, tailored clothing, sports, etc)	Technical	Clothing - casual wear, formal shirts and pants for ladies and mens wear. Shoes - leather and synthetic footwear both formal and casual for ladies and men.
5.5	Manufacturing facilities (number, location and description)	Technical	Three (3) Manufacturing facilities with the KZN Region
6	Can you provide, for each of the businesses in the distressed group (incl subsidiaries), the last 3 years number of pieces sold, P&L, Balance sheet and Cash flow?	Technical	This will be provided to the successful bidder
7	Can you provide detail, for each of the businesses in the distressed group (incl subsidiaries), on financial debt, differentiating by type (e.g. term debt, ABL, factoring, confirming, etc)?	Technical	This will be provided to the successful bidder

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8	Gain an understanding of the size and complexity of the group, which in turn means we can provide you with a more accurate fee quote.	Technical	The group consists of two (2) companies. Three (3) manufacturing sites, two (2) operational management teams with one (1) executive structure and 1 800 employees.
9	Gain an understanding of where the distressed group is in its lifecycle, the sources of pressure and whether we should include other specialist skills as part of our proposal.	Technical	The company is a mature company that was on a further expansion strategy to match the increase in demand from local retailers. The impact of Covid-19 threw the business and plans into distress.
10	Is the distressed clothing & footwear business in retail or manufacturing?	Technical	Manufacturing
11	What is the location of the business/head office and distribution centres?	Technical	All based in KZN
12	Does the head office have all the information required to conduct an analysis of the business?	Technical	Yes the head office have all the required information
13	Can the IDC share any further information in relation to the distressed company and its subsidiaries ("the Group") that are to be included in the assessment?	Technical	This will be provided to the successful bidder
14	Can the IDC clarify who will be the engaging party? Will the successful bidder be working primarily with the Group's management, while providing regular updates and feedback to the IDC's Business Advisory and Turnaround Department ("BA&T"), or is it intended that work shall be engaged by the BA&T department with access to management for information?	Technical	The successful bidder will primarily working with "The Group" management with regular updates and feedback to the IDC.
15	Please confirm the extent of support you require in respect of implementing the steps and plans arising from the deliverables in both Phase 1 (6-month horizon stabilisation plan) and Phase 2 (turnaround strategy)?	Technical	This tender does not include the implementation phase.
16	We understand the Phase 2 scope of services to exclude the execution of a formal new equity/ sell-side process, with such a process to only be undertaken following a market sounding assessment, and to be subject to a separate mandate and costing. Please can you confirm this position.	Technical	The sell-side process does not form part of this tender.
17	Please confirm whether the successful bidder of this tender will have exclusivity in executing a formal new equity/ sell-side process, following the market sounding assessment in Phase 2 of the RFP?	Technical	As mentioned in question 16 above the sell-side process if required may follow a new tender process. No exclusivity is provided to any bidder.
18	The scope and deliverables do not specify whether specific accounting, tax, legal and specialist skills such as environmental and real estate valuation aspects are required. Please clarify whether bids should include these specialist skills?	Technical	The company is a manufacturing concern within the Clothing Textile Footwear and Leather sector and only key business and manufacturing skills are required.
19	Please confirm the level of commercial due diligence expected to be incorporated into both phase 1 (given the three week time frame) and phase 2.	Technical	Phase 1 and 2 - must be executed as per the scope of work indicated in the published bid document from page 13, paragraph 3, section 2.

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20	We understand that the scope of services requires an integrated approach which brings together capital advisory and operational turnaround specialists, working together with experienced strategists, in seamlessly delivering a holistic solution for the benefit of the business and stakeholders, while supporting IDC's developmental objectives as a shareholder into the Group. Please can you confirm this position.	Technical	Bidders must analyse the requirement stipulated in the bid document and propose a workable solution.
21	Can the IDC share any existing operational plans for the Group (including existing order book details)?	Technical	This will be provided to the successful bidder.
22	Does the IDC envisage a time frame for phase 2 that should be used to provide cost estimates?	Technical	The IDC envisage a time frame of four (4) weeks.
23	We understand the preparation of a financial model to be a tool used to assess the funding requirements of the group at various phases of the turnaround and not a full operational model. Please can you confirm this.	Technical	Bidders must analyse the requirement stipulated in the bid document and deliver as per the stipulated deliverables.
24	Please also confirm whether a financial model is anticipated to be a separate deliverable to the IDC (to be used by the IDC) or whether the model is to be used to prepare outputs that will be provided to the IDC as part of phase 2?	Technical	Please refer to the published bid document, Phase 2, page 14, paragraph 3.2.2.
25	If a financial model is anticipated to be a separate deliverable to the IDC, would the IDC require ongoing support beyond handover of the financial model?	Technical	Bidders must bid strictly to the requirements stipulated in the published bid document.
26	What is the name of the distressed company and its subsidiary?	Technical	This will be provided to the successful bidder
27	Would the IDC be the contracting party for this engagement?	Technical	Yes, the IDC will be the contracting party for this engagement.
28	Does the group operate entirely in South Africa, or are there international operations? If there are overseas operations, what geographies and industries do they operate in?	Technical	South african operations and adhoc sales to Southern African Development Community.
29	Where in the clothing value chain does the group operate, e.g. manufacturer, wholesaler etc?	Technical	Manufacturing
30	What is the turnover of the group?	Technical	Around, R500 million per annum
31	Could you kindly provide some further background on the IDC's lending history with the company? Specifically:	Technical	IDC has positive lending history with the group. There have been no defaults. Further details will be provided to the successful bidder.
31.1	Are the IDC facilities in default? If so, how long have they been in default for?	Technical	No
31.2	Have the facilities previously been refinanced or restructured?	Technical	Yes
31.3	Are there any other lenders with outstanding facilities? If so, are these in default and	Technical	Yes, there is other lenders, they are not in default
31.4	have the other lenders taken any action?	Technical	No
31.5	Have there been any restructuring proposals received from the management team?	Technical	Yes
32	Does the IDC have an equity stake in the group? If so, what is the IDC's shareholding?	Technical	This detail will be provided to the successful bidder
33	How long has the management team been in place for?	Technical	Over 10 years
34	What is driving the project timelines?	Technical	Certain Investee requirement is driving the project timelines
35	Does an integrated, three-statement financial model exist for the group?	Technical	Financial Statements is available for "The Group"