



## CASE STUDY: PRE-DEAL DILIGENCE

# Evaluating the Fleet Maintenance Practices of a Target Acquisition

### BACKGROUND

A leading middle-market Private Equity firm was considering the purchase of a utility maintenance and service company that owned and operated a fleet of specialized heavy-duty work trucks.

### PROBLEM STATEMENT

The firm had concerns about the longevity of the aging fleet and needed help determining the quality of the current owner's maintenance practices. The purchase of a deteriorating fleet could quickly lead to operational disruptions and a substantial increase in maintenance, repair, and replacement costs. The PE firm engaged Hilco Performance Solutions (HPS) to assess the fleet maintenance practices of the target company and perform a non-technical inspection of the physical condition of the assets.

### SOLUTION & IMPACT

Hilco Performance Solutions brought together experts from the organization that specialize in machinery & equipment appraisals, fleet maintenance, and shop management to participate in the engagement. The team conducted a comprehensive review of the target's fleet maintenance policies, procedures,



personnel profiles, and maintenance records in advance of an on-site visit. The on-site visit included interviews with the leadership team, a review of the maintenance shop and grounds, and an inspection of the available fleet assets.

Within two weeks of completing the diligence, a comprehensive report was delivered to the PE firm, which included:

- A determination of where the firm's current maintenance practices stand based on a fleet maintenance maturity scale
- Observations on what is working well today
- Recommended actions to improve maintenance practices that will reduce vehicle downtime, reduce maintenance & repair costs, and maximize useful lives
- A categorization of the physical

condition of assets (e.g., very good, good, fair, etc.) and an opinion on the remaining useful lives

- An overall evaluation of operator interaction with equipment, interior, and exterior cleanliness
- A directional opinion on the future expectations of maintenance costs based on our assessment of current maintenance practices and fleet condition

Hilco Performance Solutions was able to leverage expertise available throughout Hilco Global's operating companies to provide the PE client with an unparalleled level of diligence service. Service that gave both the PE firm and their lenders the confidence to proceed with the acquisition and eventually maximize the return on the fleet.

## DEAL DETAILS

### Deal Type

Company Acquisition

### Industry

Utility Maintenance  
and Service Company

### Overview

Maintenance diligence and vehicle inspection in an accelerated timeline.

### What We Did

By conducting an extensive data room analysis, physical asset inspection, and interviewing key employees, HPS produced a maintenance report which assessed maintenance practices and fleet quality.

### Related Services

Asset Valuation  
Lease Receivables  
Restructuring Plan & New Opco  
Management

### Hilco Taskforce

Hilco Valuation Services  
Hilco Receivables  
Hilco Performance Solutions

### AMOUNT

**\$20-30 Million**

In Annual Revenue

## MEET OUR TEAM

Hilco Performance Solutions specializes in providing financial modeling, operational due diligence, and a host of other supply chain, commercial, operations, people and project management solutions. We specialize in asset intensive businesses and have vast experience assisting middle market companies with revenues ranging from \$20 Million to > \$1 Billion.



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*“Our experience in both conducting pre-deal diligence and actively managing our own sizable fleet leasing portfolio enabled our team to hit the ground running and deliver our client thorough and insightful reporting with an uncommon level of efficiency.”*



Jesse Glossinger  
**Director, Hilco Performance Solutions**