



## Case Study

### Client

Private Equity Firm

### Project Number

24083

# Technical and Operational Due Diligence of an Activated Carbon Production Facility

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## Client Overview

The client was evaluating a potential investment in an activated carbon production company with facilities producing granular activated carbon (GAC) and powdered activated carbon (PAC) for industrial applications. The client's goal was to assess the technical and economic viability of the production process and identify potential risks before making an investment decision.

## Challenge

The client required an in-depth technical and operational review to ensure the investment target could meet production volume and specification targets, manage cost risks, and deliver on its projected performance. This review was needed to evaluate the readiness of the facility's design and production processes and the associated risks tied to the new equipment and expansions.



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The client engaged us to:

- ❖ Assess the technical soundness of the production process for activated carbon.
- ❖ Review potential operational risks related to feedstock supply, equipment functionality, and production scaling.
- ❖ Identify key red flags regarding timeline, budget overruns, and operational underperformance.

#### Our Approach

To provide a comprehensive review, we executed a multi-step analysis including:

- ❖ **Technical Evaluation:** We reviewed the facilities' design and operational flow, focusing on the granular and powdered activated carbon production lines. This involved evaluating the equipment, integrating new and existing infrastructure, and assessing whether the proposed technology was scalable.
- ❖ **Construction Review:** The project's engineering and construction status were evaluated to determine potential delays and budget overruns. The aggressive timeline for commissioning was noted as a potential risk, particularly with introducing new technology into an existing system.



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- ❖ **Operational Assessment:** We analyzed the feedstock quality, production efficiency, and supply chain logistics. Special attention was given to the human capital plans, including the management of technical staff and operational compliance with environmental, health, and safety (EHS) standards.
- ❖ **Risk Identification:** Red flags were identified regarding the facility's readiness for full-scale operations. A significant concern was the technology's unproven ability to scale from lab tests to total commercial production.

#### Results

Our technical and operational review ensured the client understood the risks and opportunities associated with the activated carbon production facility. While the technology showed potential, the challenges related to scaling, market competition, and operational readiness were significant. These insights allowed the client to make a more informed decision regarding their potential investment.

By offering a detailed red flag report and actionable recommendations, we helped the client navigate the complexities of the investment opportunity and highlighted areas that required further validation before proceeding.