



Creating value in Private Equity

KPMG's Target Value Platform

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kpmg.com/uk



Introduction

In today's highly competitive market, spotting value creation opportunities as well as understanding pre-acquisition risk is key to driving value on completion and under ownership.

KPMG's Target Value Platform can offer support across the whole deal lifecycle which can provide our PE clients with a competitive edge in the market: from helping to shape the value creation plan during due diligence to supporting the implementation and realisation of the benefits post-deal.

This brings together functional experts and hands-on practitioners from across our global network, who combine subject matter expertise with forward-looking technologies, platforms and tools to facilitate.

How does it work? - Identifying value creation opportunities over 3 days

Our innovative, technology led approach to the diligence of prospects utilises the power of proprietary benchmarks and functional expertise to rapidly provide a view on Operational Improvements and the actions required to deliver them.

1 Discover and quantify key areas of opportunity in one place

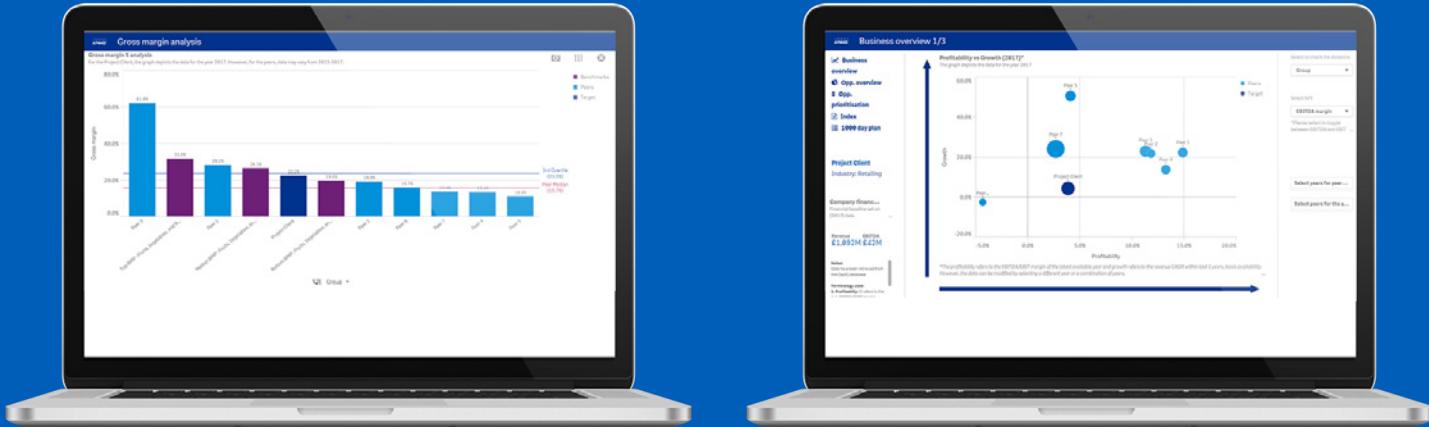
Our data visualisation platform displays key value opportunities across key value enhancement areas to drive cash and EBITDA improvements (e.g. pricing strategy, network operations, working capital). Opportunities are identified and quantified at an early stage of the deal by experienced KPMG advisors using our subject matter and sector experience supported by relevant data inputs. A mix of qualitative and quantitative analysis provides a quick directional view on the relative size of opportunities and on the complexity of their implementation

Adjust assumptions and perform sensitivity analysis in real time

During a 1-2 hour facilitated discussion, adjustments can be made interactively with the impact on the improvement opportunity calculated in real time. The user interface is designed with executive users in mind; changing proposed targets or selecting different peers to include in a benchmarking analysis is all done at the click of a button. The simplicity of the interface and analysis supports rapid prioritisation of opportunity areas and informs subsequent detailed due diligence

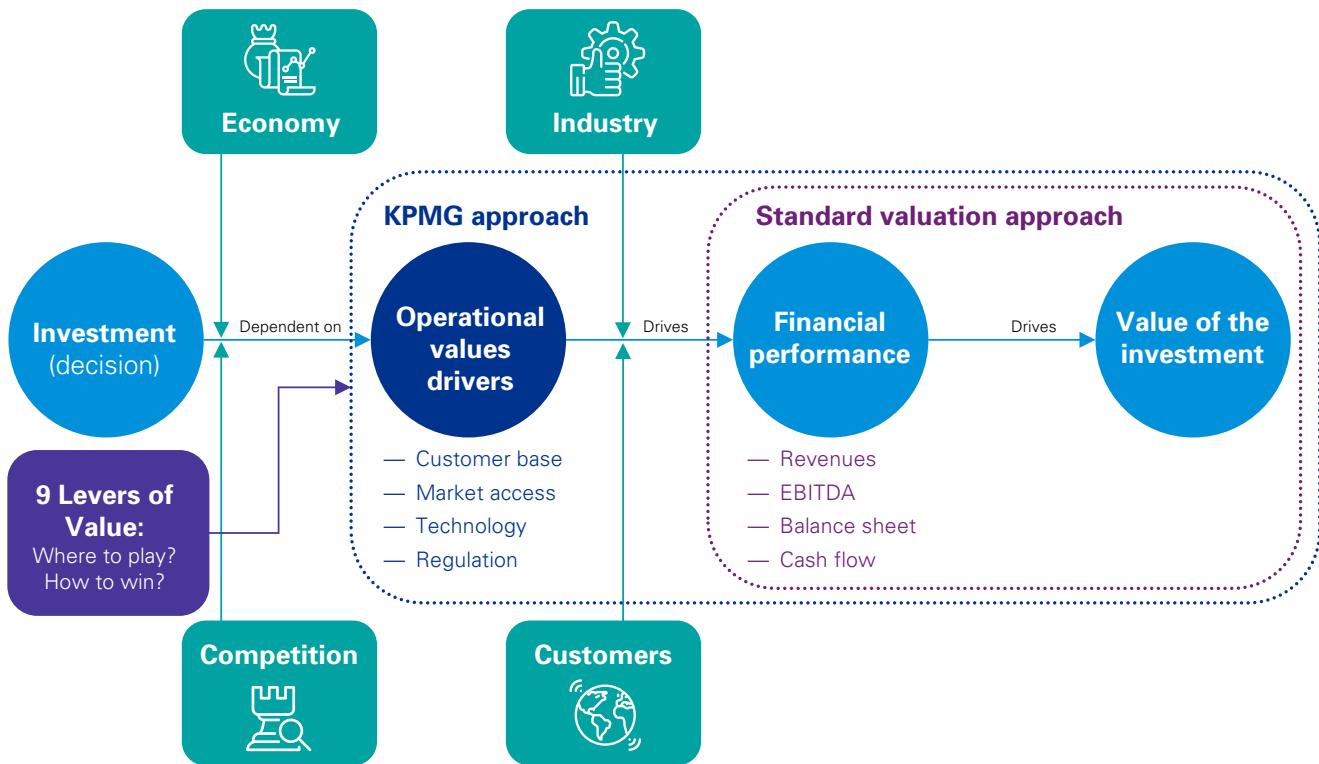
Early view on key “hot spot” areas worthy of further detailed investigation

To explore underlying operational challenges and specific levers for unlocking value. The tool summarises the customised opportunity areas taking into consideration the risk of delivery, estimated cost of making the necessary changes and the level of potential EV improvement



Going beyond financial performance from the onset:

KPMG's 9 Levers of Value framework helps provide greater clarity into a company's ability to generate revenue and impact costs.



Adopting a holistic approach to due diligence

Bringing a holistic view on deals, our operational, commercial and financial due diligence help you gain a clearer picture of where you are, where you need to be and how to get there.

Using platforms and data that lead to action

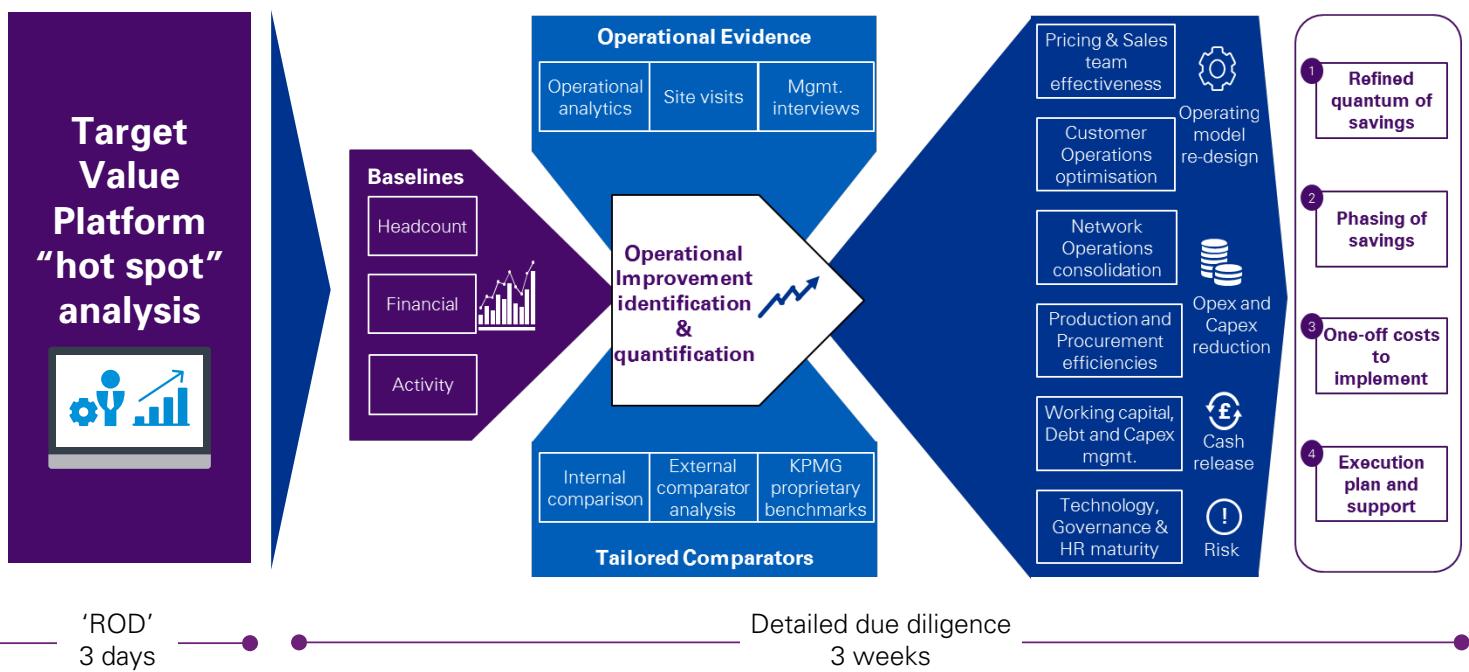
Turning concepts into action requires a purpose-built framework that delivers insights driven by data. KPMG's Target Value Platform let you see beyond short-term issues for a clearer view of a deal's potential future value.

Identifying value creation opportunities

Our innovative approach to the diligence of prospects utilises the power of proprietary benchmarks and functional expertise to rapidly provide a point of view on operational improvements and the actions required to deliver them.

What next? - Evidencing the value case across the next 3 weeks

Our “hot spot” analysis triggers a subsequent detailed operational investigation (3 weeks) of key identified areas to further refine the opportunity



Providing expert support to Management for implementation

Our dedicated teams of hands-on practitioners can help Management accelerate efficiencies, allowing a bigger proportion of £/\$/€ of sales to flow to the bottom line earlier and quicker.



Procurement

Our dedicated team of **450 procurement specialists** deliver rapid value improvement. We have **analysed over £300bn of spend** globally, helping clients **deliver over £20bn of savings** initiatives.



Working capital

KPMG's working capital team designs and implements cash and working capital optimisation projects. Our **100+ dedicated specialists** typically identify **opportunities in excess of 10-15%** of opening working capital.



Back office

We help clients **improve the performance** of their back office functions including **Finance, HR and IT**. We help ensure business support needs are efficiently and effectively delivered from a **lean, agile and responsive** team.



Pricing

We deploy **tried-and-tested** frameworks, leverage **advanced** analytical tools to create implementable pricing strategies delivering customer level **improvement** plans – an average of **10-20% EBITDA** improvement **over two years**.



Operations and supply chain

From supply chain optimisation to front office operations, we have **identified, designed and implemented** in excess of **75,000 savings initiatives** generating **\$26bn benefits** with a typical ROI of **less than 6 months**.



Case study: £6m savings in overheads

Reduced overhead costs for a PE portfolio company by £6m (> 20% reduction). Simultaneously unlocked the underperforming B2B channel and designed a new agile global operating model, with minimal disruption to the business.



Case study: €25m EBITDA increase

Stabilised a suffering portfolio company, first delivering immediate turnaround, and then a 3 year strategy to increase adjusted EBITDA by €25m. Supported leadership team transition, enacted €100m stock reduction and improved core retail operations.



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