

# PricewaterhouseCoopers' Transaction Services

## Buy-side financial due diligence

### Not just financial due diligence, total performance diligence

While corporate objectives vary with M&A, achievement of synergies and ultimately creating shareholder value are much more difficult without careful due diligence prior to the deal in the context of the performance of the business as a whole.



#### How we help

Financial due diligence on M&A transactions is the core of the M&A services provided by PwC's Transaction Services practice. Our financial due diligence teams have deep industry knowledge in many sectors, including financial services, media and entertainment, and retail. We take a unique business approach to each deal by fully understanding our client's entire business up front, along with that of the deal counterpart and focusing on the total performance of the merged entity. We deliver the most value when we are involved early in the deal process. We focus not only on sustainability of historical earnings, cash flows and quality of assets, but also on the plans and projects, purchase agreement negotiation issues, integration challenges and opportunities for the total performance of the business.

#### Benefit to you

Our clients benefit from our practical diligence findings that uncover real opportunities for capturing value. We help our clients negotiate better terms, enhancing the value of their deal. We've seen many clients reap a return on their investment many times our fees as well as a reduction of the purchase price for acquirers.

### How PwC helped one private equity firm pay a fair price for a target, improve the company's efficiency and reduce costs

A private equity client needed to acquire their target at a fair price and find ways to streamline the company's operations to improve efficiency and reduce costs.

**Our Approach** We deployed a cross-border, cross-functional team of financial and tax specialists in the US and Asia to conduct due diligence. We uncovered aggressive accounting practices that suggested the balance sheet was not as strong as the seller claimed. We helped the client understand how the working capital purchase price adjustment mechanism in the purchase agreement could be used to their advantage. Also, during the tax diligence, we determined that the company's existing sales structure was inefficient and unnecessarily expensive and recommended restructuring the way inventory was purchased and sold between the US and Asia to minimize customs and duty tax.

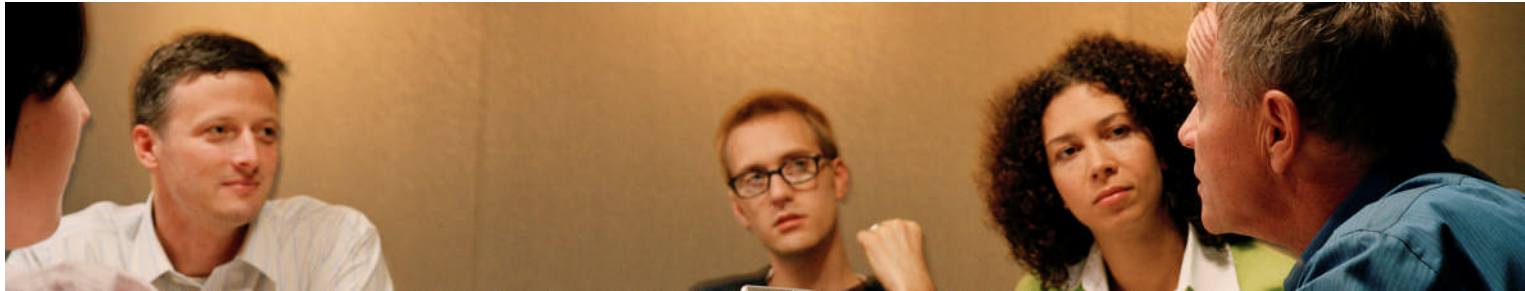
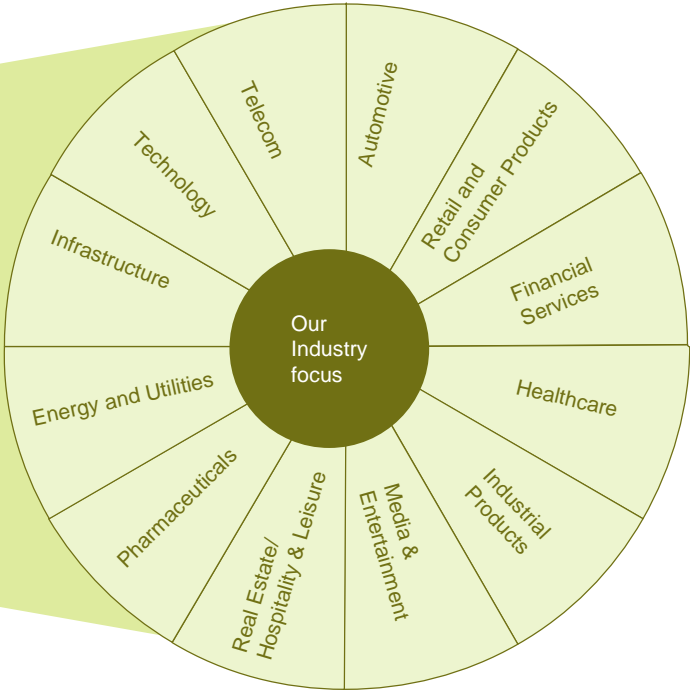
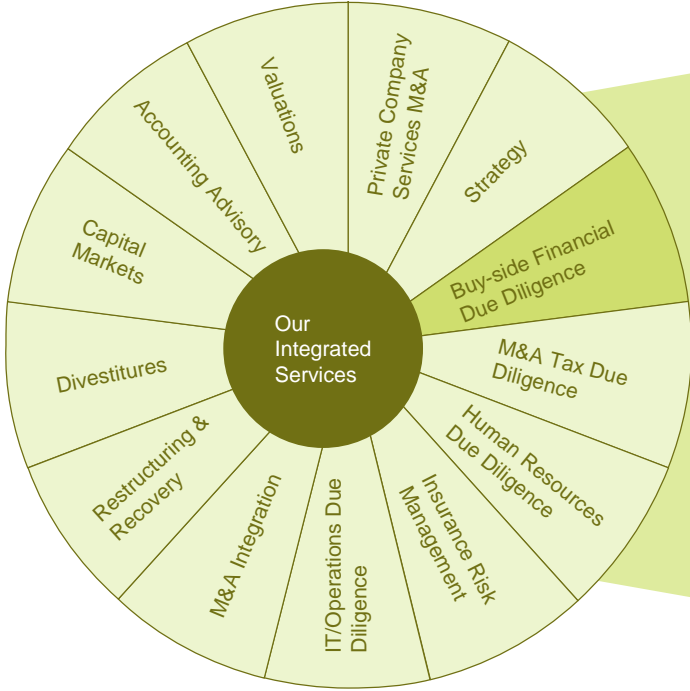
**The Outcome** We helped our client secure the winning bid for the target without overpaying. After the client paid the seller's asking price upfront, they negotiated a \$25 million refund using the working capital adjustment mechanism, thus reducing the final purchase price by over 5%. The new tax structure created is estimated to save the company over \$50 million in customs and duty fees over the next three to five years, which will result in a direct improvement to the company's future EBITDA.

For more information on our buy-side financial due diligence services, contact:  
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# PricewaterhouseCoopers' Transaction Services

A tailored approach that provides clients with the right balance of transaction, functional, and industry expertise across the value chain



## About Transaction Services

The PricewaterhouseCoopers Transaction Services practice provides due diligence for M&A transactions, along with advice on M&A strategy and integration, divestitures and separation, valuations, accounting, financial reporting, and capital raising. With approximately 1,000 deal professionals in 16 cities in the U.S., experienced teams are deployed with deep industry and local market knowledge, and technical experience tailored to each client's situation. The Transaction Services team can be involved from strategy to integration and employ an integrated business approach to uncover the realities of a deal. The field-proven, globally consistent, controlled deal process helps clients minimize their risks, progress with the right deals, and capture value both at the deal table and after the deal closes.

**For more information, visit [www.pwc.com/ustransactionservices](http://www.pwc.com/ustransactionservices)**