What we bring to Private Equity clients

How we will help you
We can help to create the value you are looking for and support you in making the right choices
Understand a target company from an accounting perspective

“Money talks”
Your failure in fully analyzing a target company’s financial statements means your failure in understanding the real company. Please bear in mind all activities of a company including its core value and risks are captured in its financial statements.

Identify & quantify the deal breakers, if any (how big and how many?)

Skeleton coming out of the closet post to the deal will deteriorate not only your fund but also your team. One of our main missions is to identify and quantify the skeleton during the financial due diligence process.

Identify up-side potentials & performance

Focusing on risk only is imprudent. Hidden up-side potential & performance must be sought by you and your advisors. We understand the importance of such hidden up-side potentials for you to win the race, we thus make our best efforts in identifying hidden up-side potentials whilst we do our best to identify the skeleton.
How are we different?

We developed a team of highly sophisticated specialists to provide you with dedicated solutions specifically adapted to your Private Equity firm.

1. **Experience**

   *Selected advisor on majority large PE deals in Korea*

   Name a large PE deals in Korea. We have a proven track record in delivering services in all those transactions. Our history is no other than Korean PEs’ history.

2. **Knowledge**

   *Extensive PE deal know-how and knowledge*

   We understand what really matters to you and your expectation from us. Together with our extensive knowledge and know-how accumulated over many years, we are committed to doing more than meeting your expectation.

3. **No. 1**

   *Best team in the best accounting firm*

   Samil PwC has been No. 1 accounting firm for the last 4 decades in Korea. In no case No. 2 is allowed. Work with us, and find out why we are No. 1 accounting team in PE market.
How are we perceived by our clients and other advisors in the market?
Our clients say........

We have been widely recognized for our quality of services provided to Private Equity clients. The justification for our team’s existence is to “maximize our client’s satisfaction”

“The Samil PwC team is thorough, detail-oriented, and possesses deep insight across multiple industries based on their extensive local and international network. We enjoy working with the Samil PwC team from both a professional and personal perspective and consider them as an extension of our firm”

**Sam Lee**
Partner
Affinity Equity Partners

“Samil PwC team is an outstanding group of professionals that I can always rely on as a trusted advisor for private equity transactions. This team is fully dedicated in addressing the client’s needs, and combines technical excellence with a sound commercial perspective”

**Hanchul Kim**
Managing Director
Baring Private Equity Asia

“Samil PwC team brings a wealth of experience in private equity, and consistently delivers invaluable advice grounded in technical expertise and tactical insights. This highly reliable and capable team is the market’s “Number 1 Go-To” advisor for solving complex issues”

**Kyungseok Kim**
Partner
White & Case

“Mr. Sung has profound understanding of how sponsor clients approach and assess potential investment opportunities and what they expect from an accounting advisor in M&A transactions. His team has never failed to deliver the highest quality service to most sophisticated sponsor clients and has an excellent track record of advising major PE firms in Korea”

**Chulhwan Kim**
Executive Director
UBS
How we can add value and help to achieve your goal...
**Why do you need us?**

We can add value through the deal continuum of Private Equity firms

As the private equity market is becoming more challenging than ever, the PE funds need expert advice to secure promising deals and eventually create value for their investors. Some of the typical challenges encountered by PE funds include identifying the right targets, assessing the risks involved through a robust due diligence process, reasonable pricing of the deal and achieving profitable growth leading to a successful exit.

In order to meet these challenges, **PE funds require a dedicated team of experts equipped with the necessary skills and a clear understanding of the private equity value chain.** Thus we have brought together a multi-disciplinary team of deal experts and consultants with the skills and experience to deliver our unique approach in serving PE clients throughout the deal continuum.

Are you fully satisfied with services/advices from your advisor? Does your accounting advisor really understand the difference in characteristics of the private equity firms and the private equity value chain? **We understand the difference and you can expect to receive the quality service you deserve.**
1. Due Diligence

Our Private Equity Service Group offers a multi-disciplinary team and a range of integrated solutions throughout the different stages in the Deal Continuum

Audited financial statements and acquisition due diligence – how do they link?

- Audited financial statements are based on Generally Accepted Accounting Principle and historical information, while deal value is based on cash flows and the future. As such, assessing deal value requires a deeper evaluation of the underlying value drivers that can only be assessed at more granular levels of information. Additionally, audited financial statements don’t cover subsequent results which can be the most important element for the baseline forecast.
- Audited financial statements are also based on judgments and estimates involving complex transactions. Understanding those judgments and estimates is not only a key part of understanding historical business performance, it also informs one’s evaluation of future cash flows and purchase price. That understanding, however, cannot be obtained just by reading the financial statements alone.
- Value also comes from synergies which require more detailed financial insight.

Due diligence – How much due diligence is enough?

- The key diligence objectives should include whether the strategy has been validated and the deal terms and valuation drivers are supportable from the buyer’s perspective. This involves some judgment regarding risk areas and the comfort level required to sign off in the context of the overall transaction.
- The risk based assessment should happen within each functional team – financial, accounting, tax, information technology, human resources, sales, operations, research and development, legal, etc. – and then overall for the entire transaction. Balancing demands for incremental information and due diligence against the deal pressure is often challenging. However, management should have a process to ensure satisfaction with the primary deal drivers and other items affecting value.
- While every deal is different, we believe minimum standards for diligence should be established. The standards can be customized to the requirements of each deal, but significant gaps from minimum standards should be communicated to key decision makers.
- Samil PwC’s due diligence services are supported by industry knowledge, our extensive network of clients and contacts and our primary research capabilities, all of which help us overcome the challenges of finding answers in data-poor environments. Our team has worked with many of the leading private equity investors around the globe and is well versed in the deal process and the requirement for speed, accuracy and reliability.
1. Due Diligence (continued)

Our due diligence process focuses on identifying risks, exposures, and opportunities early in the process

**Buy-Side Due Diligence**

When a company is up for sale – or wants to sell off one of its divisions – buyers need a detailed report attesting its financial health. As such, we focus on the following areas:

- **Understanding the client base and contract terms**
- **Analyzing the profitability** and changes over time
- **Understanding the historical performance of the products and services sold**, including comparisons with peers
- **Analyzing the target’s Quality of Earnings, normalizing EBITDA** for periods driving the deal valuation, and understanding the running EBITDA
- **Analyzing the Quality of Assets, debts and specific debts like items** and off balance sheet contingencies
- **Understanding historical working capital, cash flow management, and future capital requirements**
- **Linking historical results to projections/valuation models**, scrutinizing the projections and commenting on potential risks in seller’s ability to achieve them
- **Providing advice on purchase contract considerations** (e.g. representations and warranties, escrow/indemnity terms and working capital closing mechanisms)

**Vendor Due Diligence**

- Instead of granting access to confidential information to numerous bidders so that each of them carries out its own analysis, Vendor Due Diligence provides an in-depth report on the financial health of the company that is for sale.
- This helps to significantly reduce disruptions to the business thanks to the elimination of the management of multiple and extensive data rooms and due diligence processes.
- But more importantly, it provides vendors with greater control over the sale process and the timing of the sale which in turn can help secure a fair price for the business.
- Samil PwC provides comfort for both buyers and sellers, taking an independent view of the business, of the company’s performance and prospects.
2. Valuation

Our team has experience valuing assets using a range of standards across a broad spectrum of industries

Today’s most innovative organizations are seeking to unlock greater value from existing assets and ongoing capital expenditures—as well as new acquisitions, investments and complex corporate arrangements. At the same time, regulators are demanding greater transparency through fair value reporting, putting more emphasis on the importance of valuation and value analysis.

We bring together professionals with extensive valuation, technical accounting (US GAAP, IFRS and K-GAAP), financial reporting and industry expertise.

Samil PwC offers these advantages:

- A distinctive solution that integrates valuation advice with accounting and risk management expertise.
- Valuation capabilities that span a range of needs, issues and asset categories.
- Deep experience with valuation issues unique to key industries and these specialized areas: value measurement, assessing deal value, and value analytics.
- A comprehensive approach to cross-border transactions and coordination with valuation resources throughout the global network of PwC firms in more than 157 countries.

The result: You get the advice you need to help satisfy regulators and auditors, avoid surprises and realize greater value from transactions.
3. SPA Advisory

Post-deal our team will assist you in protecting or generating value through the execution of any SPA completion mechanism

In any transaction, the Sale and Purchase Agreement (SPA) represents the outcome of key commercial and pricing negotiations. Purchasers and Sellers are becoming increasingly sophisticated in seeking to exploit the potential value to be gained through the negotiation and execution of the SPA.

Our SPA services include:

- We can assist you and your advisers in considering the adjustments to be made between Enterprise Value and Equity Value and in formulating the arguments and counter-arguments required to justify your proposed approach;

- We can advise you in your determination of the appropriate financial benchmarks (or appropriate adjustments to price in the case of a ‘locked box’ (fixed price) mechanism) and related arguments, for the purposes of price negotiation and drafting the SPA;

- We can advise you in your analysis of the working capital requirements of the business with a view to you determining the normalized working capital for the purposes of your negotiation of the SPA;

- We can work with you in mitigating the risks identified during the due diligence phase;

- We can advise you in your negotiations of the accounting aspects of the SPA. Such advice would include commentary on the pricing mechanism, relevant representations and warranties (if any), any other accounting related clauses of the SPA related to the purchase price adjustment.
4. Corporate Finance

Our Corporate Finance specialists help you source the right deals and execute transactions effectively

An essential aspect of maximizing the return on your deal is to ensure that you extract every cent of value. Our local specialists work together to optimize the opportunities that arise and our local knowledge coupled with the knowledge of all components of the transaction complement each other to help you achieve profitable growth.

Our global network in combination with our extensive industry knowledge means that we are in constant touch with the markets and can spot opportunities in any industry and assemble teams to execute a deal as the need arises:

- On sell-side mandates, we identify appropriate buyers and will implement a competitive sale process to generate the best price and conditions for our client;
- On buy-side mandates, we select appropriate targets that would add value to your current business through synergies derived from the acquisition;
- Our extensive industry knowledge means that we can help companies identify other business that offer a good strategic fit and assist them with acquisitions, mergers and alliances that allow them to maintain and build their competitive advantage;
- We assist you in building the appropriate and value creation sale / purchase strategy and support you during negotiations with sellers / purchasers;
- We help you in each phase of the deal continuum and enable you to benefit from our extensive experience in deal completions (e.g. process, marketing of the transaction and SPA drafting);
- We coordinate your advisers during the acquisition / disposal process so that you focus on the strategic aspects of deals.
Do you need other accounting services?

As No. 1 accounting firm in Korea, Samil PwC provides various and best quality services to our PE clients.

- **PPA (Purchase Price Allocation)**
- **Tax return**
  - **Tax advisory service**
- **Arbitration support**
- **Audit**
- **Merger accounting**
- **IFRS conversion assistance**
Your contacts at Samil PwC’s Private Equity team

Our Private Equity relationship contacts will orchestrate all efforts within Samil PwC to assist you in your investment.

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