



# Value Creation

The key to unlocking the full potential of deals

Actionable insights.  
Advanced analytics.  
Integrated capabilities.

**Better investment decisions.  
Value delivered.**

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# Value Creation

We support our clients identify value opportunities at all stages of the deal, from initial outside-in assessments, through diagnostics within portfolio companies, to driving value on exit.

## Does any of this sound like you?

You're interested in a potential acquisition target but know the auction will be competitive. You want to understand the potential to create value so you can confidently pay more to win the deal.

You're dissatisfied with the performance of a business and want to radically and rapidly rethink the plan from both a top- and bottom-line perspective, with a view to optimising deal value.

You're looking to divest a non-core asset and want to ensure a smooth exit and optimal valuation – possibly through better articulating the equity story or transforming the business ahead of the sale.

The key to unlocking the full potential of deals, both for sellers and buyers, is **value creation**.

In a post-COVID-19 environment, it will be harder than ever to separate clear signals on performance from noise. Some companies will look entirely different, having restructured to survive economic disruption.

A backwards looking view of company performance and initial projections into the future are not enough to gauge the full potential and value of a business. You need a more robust way of considering what discontinuities the future holds and what that means for the business you're looking to sell, hold or buy.

Investors who look beyond traditional commercial and financial diligence methods are likely to make the best capital allocation decisions. And sellers who understand how they can improve performance and build a stronger equity story will achieve the best returns.

## Why KPMG Value Creation?

Our Deal Strategy and Value Creation team deploys a powerful combination of hypothesis-led thinking with advanced data analytics. Together with our deep sector knowledge and functional expertise, this enables us to provide you with a unique set of insights around a deal. It means we can rapidly unlock revenue, cost, cash and capital value, and demonstrate clear EBITDA/EV impact.

### Next-level insights using advanced analytics and data science

We've invested in technology, data and analytics expertise at a global scale, to serve clients in all sectors.

Our comprehensive library of proprietary and external datasets provide access to real-time and high-frequency data, enabling us to uncover the key indicators of potential.

We've developed 'productised' master analytics models, enabling us to give you detailed insights into profitability and potential in a matter of weeks rather than months.

### A holistic, end-to-end approach to value creation

In deal, we can help you understand the risks and upside opportunities so you're confident with the amount you're willing to pay.

When you're holding an asset, we help you identify where enterprise value can be improved by repositioning an asset to drive multiples and/or from a commercial or an operational perspective to drive improved EBITDA.

Ahead of exit or divestment, we help you build compelling plans for change, backed by data, that can go into the run rate calculations that determine deal value.

### An integrated team working at deal speed

Our team brings together commercial, financial, operational and data science experts.

Our industry experts give you a head start by coming to the table already knowing what works in your situation and market.

We tap into KPMG's global network of experts on everything from operations and customer experience, to corporate finance and tax, enabling us to provide practical hands-on delivery of performance improvement programmes.

# Everything you need, in one place

We provide you with end-to-end delivery – from identifying where potential lies to implementing the programmes to release it. Our team is led by experts in value creation with vast experience of working in and with FTSE 50, FTSE 250 and Fortune 500 companies and private equity firms. We bring industry, strategy and operations experts together in one integrated team. And we can also draw on KPMG's global network of experts on everything from customer experience to supply chain transformation.

You get a team that works together to provide deep insights that can be put into action.

## Get deeper insights, faster

We've invested heavily in alternative and real-time data as well as advanced analytics tools and machine learning.

When we look at what creates value, we base our thinking on deep targeted analytics. We look at transactional level data to build a more granular view of underlying business performance. And we combine this with real-time market data sets to develop a nuanced understanding of the target company's potential. We also use alternative, high-frequency data to assess the areas that underpin financial performance – such as customer sentiment, footfall and local demographics. That enables us to reach beyond the financials and deliver deeper insights into potential.

We don't just provide deeper insights. We do it fast. Our experience of working on value creation programmes, across the globe, has enabled us to develop a huge bank of analysis. From this, we've been able to package up and 'productise' a core set of master analytics models. We don't need to build a data model from scratch. With a small reconfiguration of our master template we can provide detailed insights at deal speed.



### Pricing for success

Our client, a leading digital investment platform UK provider, was looking to make a bolt-on acquisition of a smaller rival.

We undertook a bottom-up analysis of the customer data and their characteristics. This revealed differences in the assumed characteristics of the customer base and a higher recurring revenue potential than previously assumed.

This upside went straight to the offer dynamics and successful bid strategy. Additionally, we identified opportunities to change our client's pricing strategy in the context of market trends and customer base characteristics to maximise value, beyond the deal.

### Unlocking value for seller and buyer

A European consumer goods business asked us to create a stronger equity story for its sale and ensure that no value was left on the table.

We conducted an in-depth analysis of transactional-level sales and operational data. This enabled us to identify a range of potential opportunities to optimise trade investment, consolidate manufacturing and right size back-office activities. These added a potential £20 million of EBITDA.

The deal team was able to define a value creation roadmap that included the necessary operational changes. The upside case was so robust that it was incorporated into the buyer's bid. On a 10x EBITDA multiple, this resulted in a deal value of over £200 million more than initially hoped.

# Deep experience of value creation in your industry

We identify, quantify and substantiate opportunities, enabling you to act with confidence.



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