

Looking at the bigger picture

KPMG's Target Value Platform

Achieving target value with KPMG Deal Advisory

January 2018

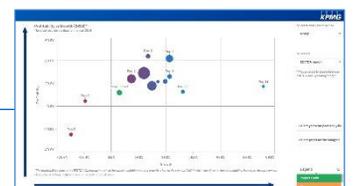
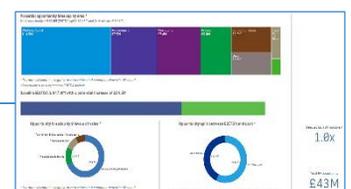
Rapid opportunity diligence – Supporting our clients to identify and achieve value in investments

KPMG's Target Value Platform utilises a new methodology, an interactive analytics toolkit, and specialist support from dedicated value creation specialists across the firm. We have developed a tool that can enable speedy deal diagnostics on a business through a 'Rapid Opportunity Diligence' process, allowing more timely, value-based discussions with our transaction clients. With this approach, we can support our clients at an early stage of the deal cycle to explore enterprise value improvement opportunities, prioritise initiatives and plans for delivering upside value, and form an earlier view on implementation. Our approach is focused on identifying and achieving deal target value.

1 Discover and quantify key areas of opportunity in one place

- Our data visualisation platform displays key opportunities across 12 value enhancement areas to drive cash and EBITDA improvements including pricing strategy, supply chain, working capital, and SG&A reductions
- 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 including:
 - Target organisation's IM/VDD data/fact book/access to the target's data room as available
 - Publically available peer benchmark data ('how does the target's performance fare against peers?')
 - Proprietary KPMG benchmarks collected through years of conducting engagements
- A mix of qualitative and quantitative analyses provides a rounded view on the value of opportunities
- We aim to turn around our initial analysis within a 3-day window – giving highly relevant insight at deal speed

High-level overview of opportunities



2 Adjust assumptions and perform sensitivity analysis in a real time environment

- During a 1 to 2 hour facilitated discussion, adjustments can be made in the interactive tool with the impact on the improvement opportunity calculated immediately
- 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 detailed due diligence

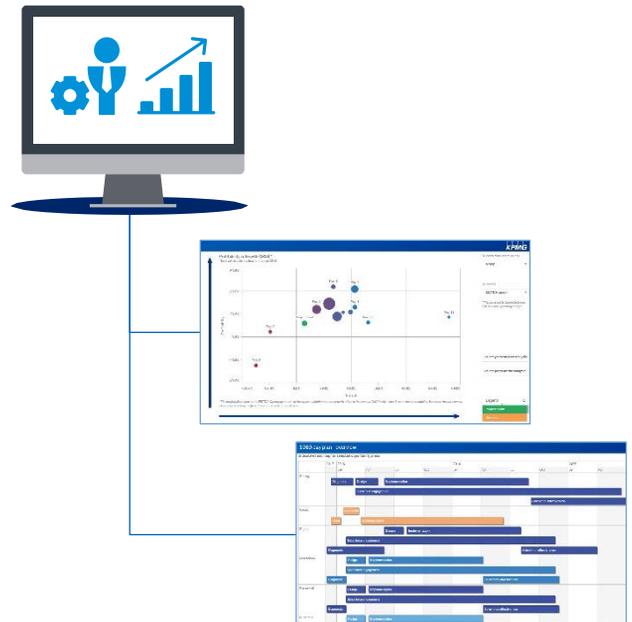
Real time data interaction



3 Identify the best methods to realise enterprise value improvement opportunities

- 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 enterprise value (EV) improvement – all based on end-user defined assumptions and analysis
- Users are able to select their preferred business improvement projects for the target, instantaneously producing a high-level roadmap for implementation
- Further questions can be answered in the tool to produce a 1000-day plan considering enabling initiatives across all functions including IT and HR

Identify next steps to realise value



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