

Introduction to M&A at PwC

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Intro to PwC Deals





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Welcome

Presenters from PwC Deals



Kurt Rosenfeld Nielsen

Partner at Transaction Services

✉ kurt.rosenfeld.nielsen@pwc.com

Kurt is a Partner PwC's Transaction Services team. He has 18 years of experience in advising clients in relation to M&A transactions.

Kurt joined PwC in 1999 and has extensive experience having worked on +150 disclosed transactions all over the world.

Kurt has previously been on a secondment to Silicon Valley, California.

He is a former external lecturer in M&A at CBS.



Regitze Goltermann Roll

Manager at Transaction Services

✉ regitze.goltermann.roll@pwc.com

Regitze is a Manager in PwC's Transaction Services team.

She joined PwC in 2023 and has experience in serving both corporate and private equity funds providing buy-side and sell-side due diligence services.

Regitze holds a MSc in Business Administration and auditing from CBS and worked at Pandora and Maersk before joining PwC.



Philip Andresen

Manager at Transaction Services

✉ philip.andresen@pwc.com

Philip is a Manager in PwC's Transaction Services team.

He joined PwC in 2021 and has experience serving both corporate and private equity funds providing buy-side and sell-side due diligence services.

Philip has conducted due diligences within multiple industries (pharma, infrastructure IT, etc.).



Jeppe Bendixen

Senior Associate at Transaction Services

✉ jeppe.bendixen@pwc.com

Jeppe is a Senior Associate in PwC's Transaction Services team.

He joined PwC in 2023 and has experience providing both buy-side and sell-side due diligence services.

Jeppe holds a MSc in Business Administration and auditing from CBS and worked as an auditor prior to joining PwC.



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Intro to PwC Deals

PwC is among the leading professional services networks in the world



PwC Global

327,947
Professionals

152
countries

Gross revenue
USD 50 billion

Ranked as #11 World's Most Attractive Employers 2023 by
Universum

Among the World's 100 strongest brands according to
Finance Global 500 Index 2023

+1,000 PwC professionals made an international move to
another PwC office in 2022

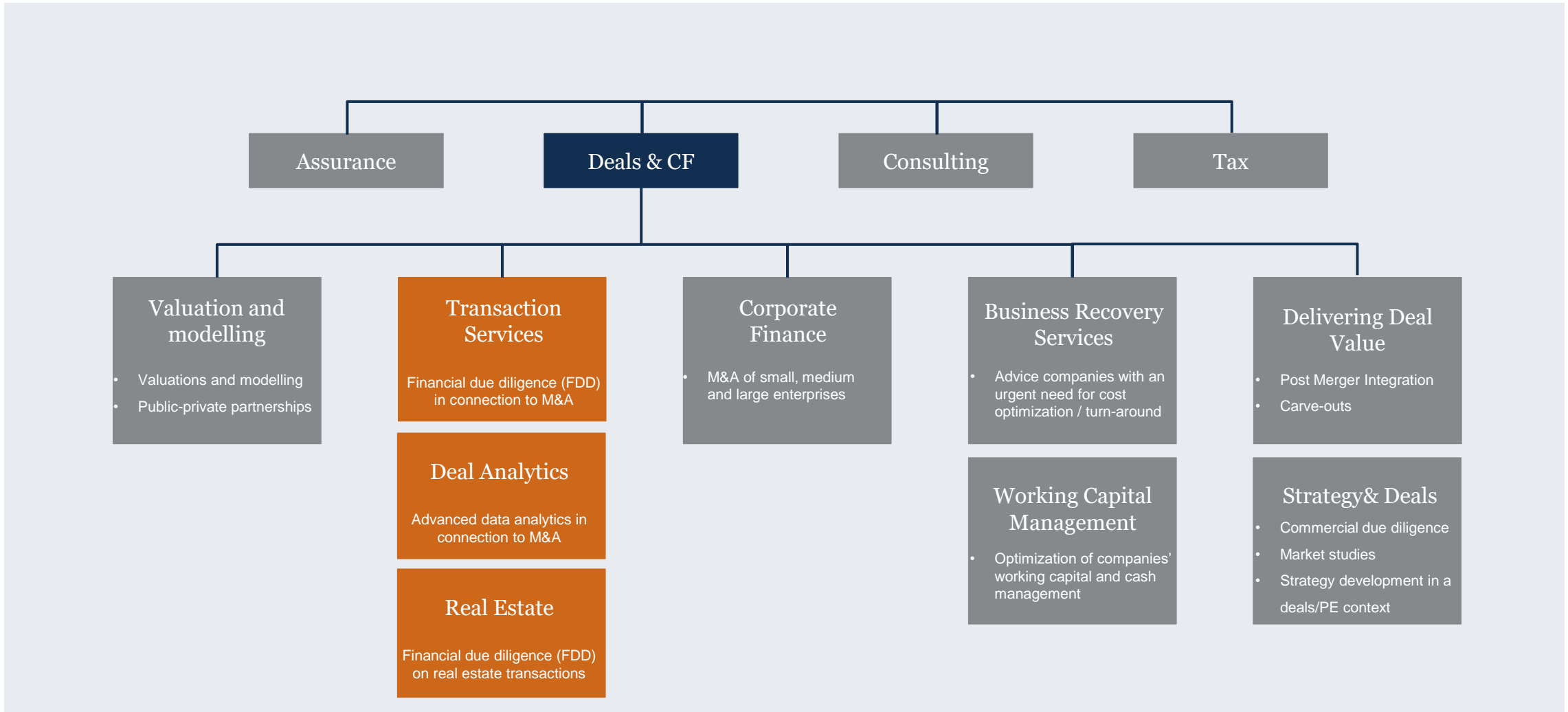
PwC Denmark

2,787
Professionals

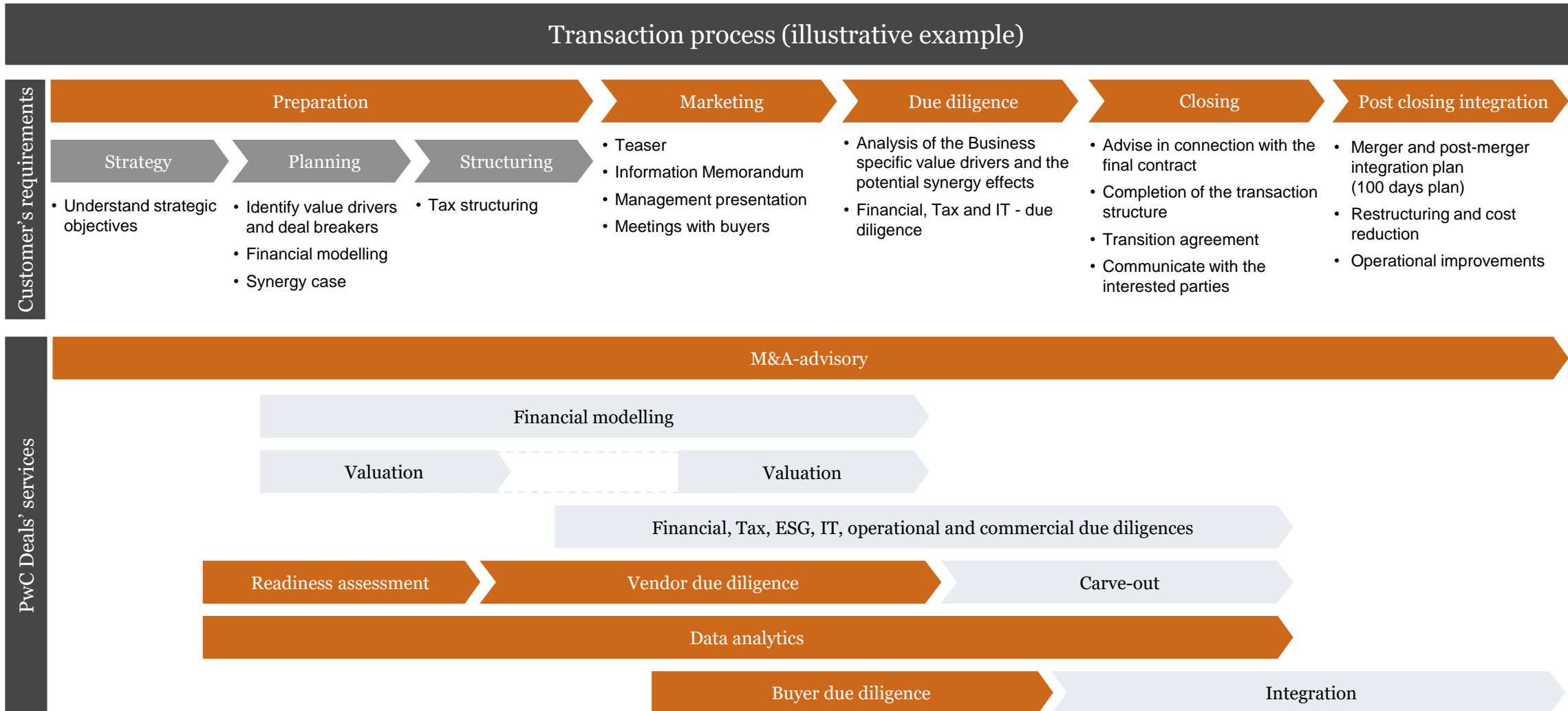
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office locations

Revenue
DKK 3,4 billion

We offer a range of M&A services of which Transaction Services is the backbone



The M&A process



Typical analysis for Transaction Services



	Buy-side due diligence	Vendor due diligence	Contracts	Closing mechanisms
Typical analysis	<ul style="list-style-type: none"> Analyse and understand the value drivers of the business, and particularly the drivers of the historical earnings Understand the normal and underlying earnings of the target business Analyse the business' working capital and cash generation Analyse capital expenditures Bridge historical trends to forecast Quantify financial impact of deal issues Identify debt-like items to consider in the purchase price 	<ul style="list-style-type: none"> The same as for buy-side due diligence, but procured by the seller for the purpose of providing a report to prospective buyers Attend interviews with potential buyers to further elaborate on our due diligence findings presented in our report 	<ul style="list-style-type: none"> Read and comment on sale & purchase price agreements (SPAs) Making sure our due diligence findings have been considered in the SPA Advising on the financial aspects and purchase price related sections of the SPA 	<ul style="list-style-type: none"> Review and analyse closing accounts Assist in preparation of locked box accounts Analyse leakage in the locked box period Purchase price mechanisms (e.g. earn-out)
Reporting	<ul style="list-style-type: none"> Written report focusing on relevant deal issues Supporting data pack Data Analytics deliverables in form of PowerPivot, PowerBI or Tableau dashboards presenting detailed analysis of the business' financial performance by segments, products, customers, regions, etc. 	<ul style="list-style-type: none"> Elaborate written report to be provided to prospective buyers Supporting data pack Data Analytics deliverables in form of PowerPivot, PowerBI or Tableau dashboards presenting detailed analysis of the business' financial performance by segments, products, customers, regions, etc. 	<ul style="list-style-type: none"> Written and verbal advice Attend meetings between buyer and seller Advice our client in providing fact-based support for their negotiation position 	<ul style="list-style-type: none"> Written and verbal advice Supporting calculations in excel

Data & Analytics



Customer churn & clustering

Predict which customers are more likely to churn using their key characteristics like buying patterns, product variety, cohort, order frequency, etc.

Retain the customers and their business to uphold earnings.

Customer product & cross-sell

Analyse which products are (not) bought together and/or in which sequence to identify opportunities of targeted marketing campaigns that would lead to cross-sell.

Optimise inventory and target marketing to increased customer value and expand the business.

Price volume development

Analyse key drivers of revenue and profitability development in terms of customer categories, product categories, sales personnel, locations and other relevant dimensions.

Identify key overperformers and underperformers, and focus the strategy accordingly.



Geospatial benchmarking & white spots analysis

Analyse performance of locations based on internal KPIs, competitors and external factors such as demographics using geospatial analytics.

Identify inefficient operating locations and predict new areas of high performance opportunity.

Pricing and discounts analysis

Analyse the pricing structure of a business on SKU level, how prices are set and how price changes impact volumes.

Assess how much of a company's historical revenue trends can be attributed to price changes i.e. how 'elastic' (or reactive) customers are to price changes.

Contract pipeline & work-in-progress

Analyse profitability and operational efficiency of projects. Investigate likelihood of winning contracts in the pipeline by cohort to validate forecasting models.

Optimise revenue recognition principles and improve cash flow.

Cost pass through & supply chain

Analyse the ability to pass through changes in goods/raw materials prices to the customers.

Showcase the price elasticity and robustness of the business, while quantifying the result of pricing movements.

Deals Boot Camp

EBITDA

What is the underlying level of earnings?

Approach

1. Establish the maintainable earnings trend of the business.
2. Identify, quantify and adjust for normalisations in order to illustrate the recurring earnings of the business.
3. Identify, quantify and adjust for pro forma items which illustrate structural changes in the business (e.g. acquisitions) and future buyer costs (e.g. additional management).

Quality of earnings

Quality of earnings

DKK in millions	Ref.	FY22 Act	FY23 Act	YTD24 Act
Reported EBITDA		44.0	52.3	55.1
Pro forma adjustments				
EBITDA in discounted activities	1	1.9	(0.5)	(3.0)
EBITDA in acquired activities	2	3.4	2.5	2.1
Pro forma adjustments		5.3	2.0	(0.9)
Normalisations				
Additional management bonus	3	-	3.2	-
Advisory fees	4	0.2	1.1	1.5
Acquisition of XYZ Ltd	5	-	0.6	0.1
Loss in bad debtors	6	-	(0.4)	(0.7)
GDPR implementation	7	-	0.8	0.8
Severance pay to former director	8	-	-	2.3
Total normalisations		0.2	5.3	4.0
Pro forma normalised EBITDA		49.5	59.6	58.2

Some quality of earnings adjustments also impacts net working capital and net debt.

Robustness of argumentation is key to achieve credibility / buy-in on normalised EBITDA



Leading Nordic M&A Advisor of the Year

Mergermarket, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023

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