



Geography:
Singapore

Our Value Add:
Valuation & Transaction Advisory

Client's Situation

- Our client is a Singapore-based engineering company. The client was looking to value its business for the purpose of pricing new shares to be issued to an incoming investor
- Our client initially engaged an accounting firm to perform this valuation exercise. However, the Company's management felt that the estimates given by the accounting firm were unreasonably low
- Although the Company had secured a healthy pipeline of projects and the industry outlook was positive, the Company's historical earnings were low and applying these bases to the valuation gave low estimates to the Company's value
- We were approached by the Chairman and CEO of the Company to seek our views on the valuation that was provided by the accounting firm

Our Approach

- We reviewed the valuation estimates and while the methods used were in line with industry practice, the initial estimates were low because the Company showed weaker earnings and margins in the recent years
- We took additional steps to review the Company's financial position and conducted extensive discussions with management to understand the nature of the Company's expenses. We extended our discussions to include the Company's operations and commercial teams so as to get a complete understanding of cost and margins
- Based on our discussions, we were able to identify several areas in which the Company could reduce costs and improve profitability.
- We detailed a cost optimisation action plan to reduce costs and increase efficiency of expenditure
- With the revised cost assumptions, the Company was able to present financial projections with stronger earnings and achieve higher valuation estimates

Our Value Add

- Based on our cost optimisation action plan, we worked with management to take immediate steps to manage cost levels
- We also led discussions with the new investors and explained the cost optimisation plan and how it will positively impact the future earnings and profit margins of the Company
- Because of our work on the valuation, we were also retained as advisers to the investment transaction. We advised the Company and the incoming investor on structuring the transaction in order to address the concerns of both parties
- The incoming investor was also satisfied that we had help put together a viable plan to improve the performance of the Company going forward