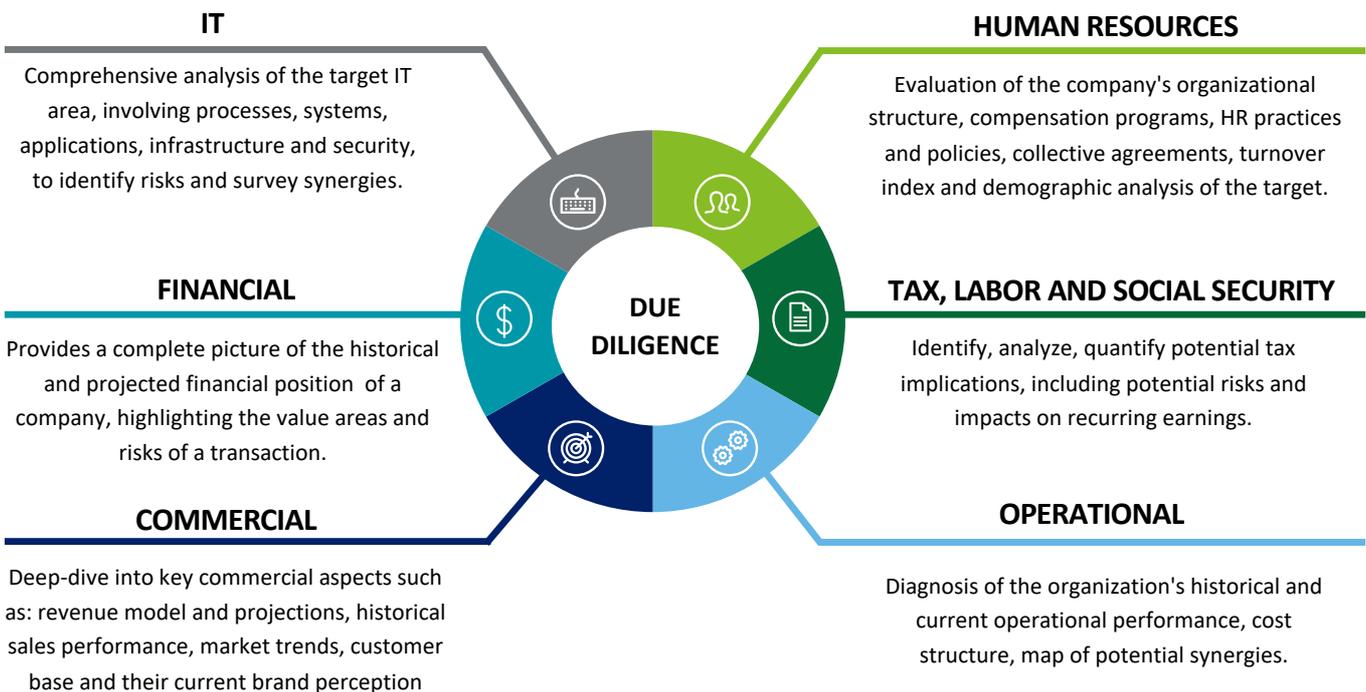




Introduction to due diligence

In our many studies with executives that have done M&A in the past few years, when deals do not achieve their expected value, 30% of the time it's because the buyer overpaid. While there are many factors that can influence this, one of the strongest tools in a buyer's toolbox before embarking on a new deal is a thorough due diligence. For markets like Brazil, due diligence can help minimize uncertainty and flag potential issues that can be reflected in the deal price. **Deloitte has supported many organizations in this process and offers a well-rounded due diligence portfolio to fully understand the target, identify risks, provide key inputs to the price negotiation and integration planning process.**

Take a look below at the types of due diligence for consideration in your next deal:



Benefits of performing a full due diligence

- Gains understanding of **sustainable earnings** (i.e.: EBITDA), adjusted net debt, working capital requirements and overall historical financial trends;
- Uncovers any tax or legal issues that may directly affect the value of the transaction or **future performance** of the target;
- Reduces risks of unexpected Capex expenditures and **identifies investment requirements** in the short and mid-term;
- Share insights about market potential, target's customer base and revenue stability – **specially useful for buyers entering a new industry** (diversification strategy);
- Advises on **optimal compensation structures** and identifies pension and compensation risks and/or liabilities;
- Maps reliance on proprietary technology, **major technology transformation** (e.g., cloud) and data security issues;
- Flags operational poor practices and **suggest best practices** based on benchmarking.



Deloitte has been supporting thousands of deals across the globe. Take a look at our [M&A Consulting](#) site to know how we can support your business.



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