



INSIDE THE INVESTMENT DECISION: What Private Equity Looks for in Growth Companies

Discover *what private equity* investors really
look for when *evaluating growth companies*



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3:00 – 4:00 PM (GMT+7)

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1. Why This Conversation, Why Now?

Three forces are reshaping PE today: abundant dry powder, a major exit backlog, and more expensive/less leveraged financing. As a result, funds are concentrating capital in fewer, higher-quality assets, and EBITDA growth now has to do more of the work.

The Three Converging Forces

01 | Capital Availability

US\$1.3tn

Record buyout dry powder

Plenty of capital available – but it is chasing fewer, higher conviction assets

02 | Exit Bottleneck

~32,000

Unsold portfolio companies

~US\$3.8tn

Total Value

7 years

Average Holding Period

03 | Cost of Capital Reset

8–9%

Cost of borrowing

30–40%

Leverage

Less cheap debt, lower leverage and no multiple expansion

“12 is the new 5”

– Bain Global PE Report 2026

A deal that once needed ~5% annual EBITDA growth to deliver a 2.5x MOIC and ~20% IRR over five years now needs roughly 10–12%. **Returns must be earned operationally, not financially.**

The Regional Reality in ASEAN



10%

~US\$14bn across 84 transactions

Southeast Asia PE deal value fell ~10% to ~USD 14bn across 84 transactions in 2025, while exit value dropped 32% – capital is concentrating in fewer, larger, higher-quality assets.

– Bain SEA PE Report 2026

1. Why This Conversation, Why Now?

PE underwrites with the exit in mind from the start – entering with control, holding for a defined period, and preparing a sale within the fund’s investment horizon.

Case Study – CVC Capital Partners / Phuong Chau Hospital Group

CVC CAPITAL PARTNERS



The Deal



Control buyout • Sep 2022

CVC took a 60% controlling stake in Phương Châu – a maternal & pediatric hospital network in the Mekong Delta. Deal value undisclosed.



A rare control deal

Control buyouts are uncommon locally; limited acquisition financing keeps most Vietnam PE stakes at minority level.



Exit in motion • 2026

In year four of the hold, CVC appointed an adviser and is marketing the asset to a GIC-backed platform and regional funds – no completion yet.

The Hold-To-Exit Path



At a Glance

60%

controlling stake acquired

~3.5 yrs

held before the sale opened

Undisclosed

reported deal value



Why it Matters

PE invests with the exit in mind – **prioritising** businesses that can deliver strong EBITDA growth and be sold cleanly within the fund’s holding period.

2. Inside the Fund – The Economics Behind

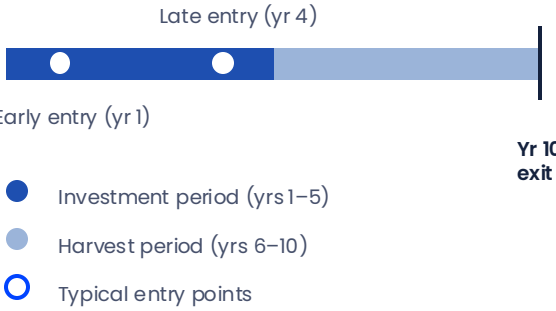
PE fund economics create a fixed clock and return discipline – shaping when funds invest, how value is created, and why realised exits matter.

The Four Constraints

1 Fund Lifecycle

A fund has a ten-year life with a four-to-five-year window to invest. A deal made late in that window must still be exited before the fund winds down – so timing is a contractual obligation, not a choice.

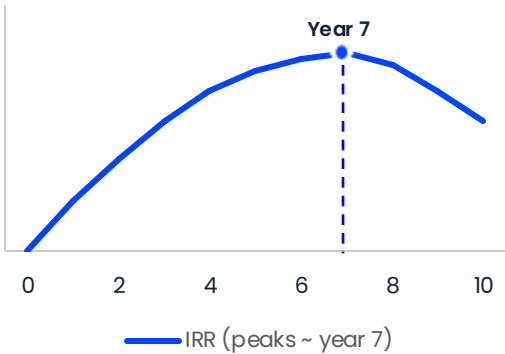
SAME EXIT, SHORTER RUNWAY



2 Return Metrics

MOIC measures how many times capital is returned; IRR measures how fast. Buyout returns typically peak around year seven and decline thereafter, which is why funds resist open-ended holding periods.

ILLUSTRATIVE RETURN PROFILE



3 The Value Bridge

Returns come from three sources – EBITDA growth, multiple expansion and debt paydown. With multiple expansion scarce and leverage lower, EBITDA growth now carries almost the entire return.

WHERE RETURN COMES FROM



4 LP Pressure

Distributions to investors fund the next vehicle. General partners must show realised cash, not paper marks – which pushes discipline back into every entry decision.

CASH RECYCLES INTO NEXT FUND



2. Inside the Fund – The Economics Behind

Exceptional PE returns can come from operational growth – scaling the business from 7 to 2,000+ stores drove a 57x MOIC and 61.1% IRR, rather than relying on financial engineering.

Case Study – Mekong Capital / Mobile World (MWG)



The Mechanic



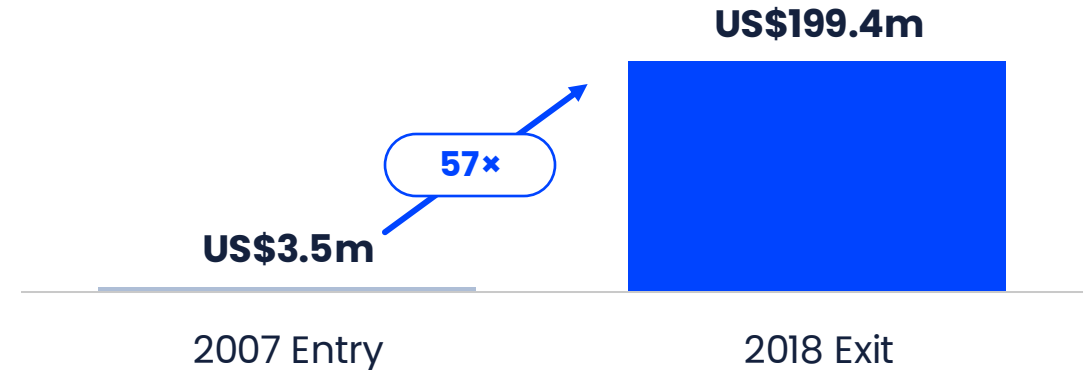
7 → 2,000+

stores, over the 10.5-year hold

- Value came from operational compounding – store count grew from seven to over two thousand, lifting EBITDA. The return was earned through growth, not financial engineering.

➤ A fund doesn't buy a business – it buys a **five-year earnings trajectory** with a credible buyer waiting at the end. Master that arithmetic and you can anticipate almost every question a fund will ask before it is asked.

Invested Capital → Exit Proceeds



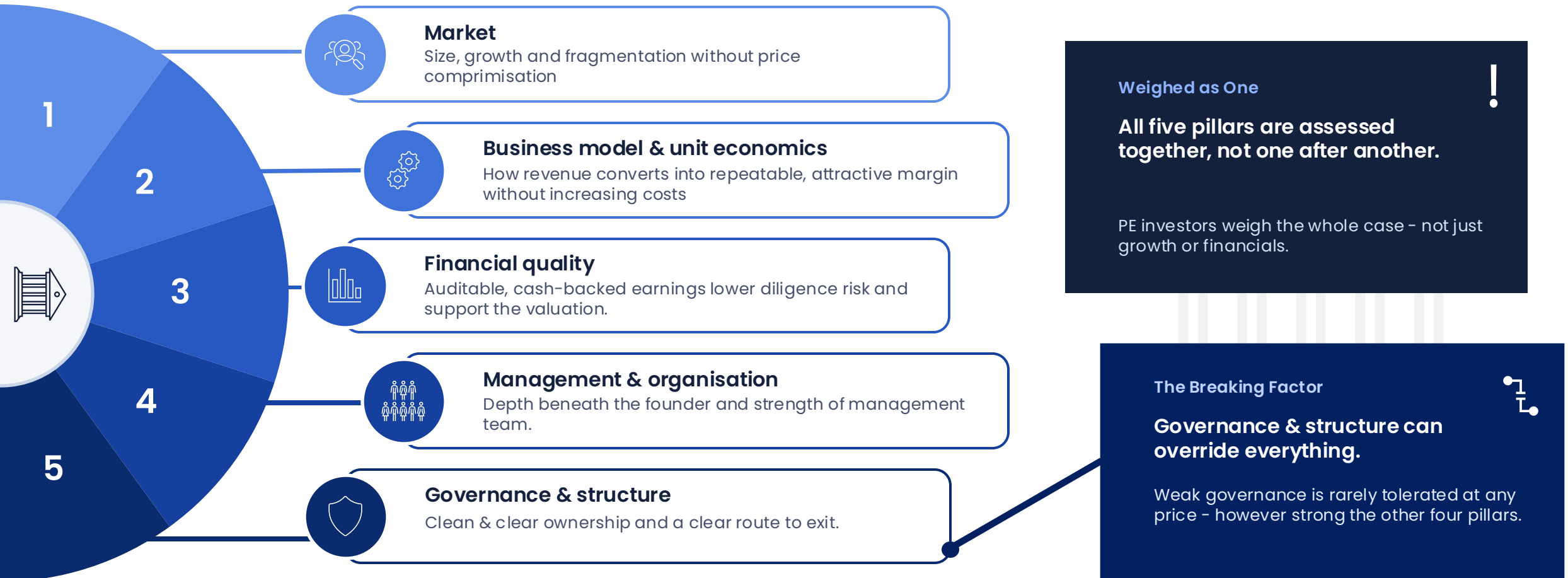
Why this case?

- Mobile World is the clearest available illustration of MOIC-versus-IRR and bridge mechanics because every input is disclosed – the return was driven by store count growing from 7 to more than 2,000, i.e. EBITDA growth, not financial engineering.

3. The Five Pillars of the Investment Case

All five pillars matter, but weak governance can override strengths elsewhere and derail the investment case.

The Five Pillars



4. Quality of Earnings

Reported EBITDA is only the starting point. Investors adjust for one-offs, cash conversion, working capital and supporting evidence to arrive at the earnings base they are actually willing to value.

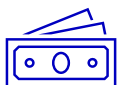
The Number That Actually Gets Valued

The EBITDA bridge



Normalising strips owner compensation, related-party rent, one-off gains, non-recurring income and inconsistently capitalised costs.

Cash conversion

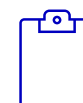


- Earnings that don't convert to cash – trapped in receivables, or misclassified capex – are discounted heavily, sometimes disqualifying.



Working capital

- The normalised working-capital peg is negotiated, not assumed. A seasonal business can lose several points of value at this step alone.



Evidence base

- Monthly management accounts, revenue split by customer and channel, and a reconciled trial balance – the minimum to defend a number.

4. Quality of Earnings

Audits can materially reset reported earnings – reinforcing why buyers value defensible, audit-backed profit rather than management-reported numbers.

Case Study – The FY2024 HOSE post-audit restatement cluster

Ha Do Group HOSE: HDG

VND753bn → **VND447.2bn**

Net profit

Driven by +VND93bn admin expense and +VND223bn other expense, including a VND209bn provision.

40.6%

Phat Dat Real Estate HOSE: PDR

VND523bn → **VND155.3bn**

Net profit

Driven by restated revenue at the Bắc Hà Thanh project: VND1,837bn → VND639bn (–65%).

70.3%

Two listed blue-chips saw significant profit reductions once independent auditors applied provisioning and revenue-recognition discipline.



Key takeaway

The gap between the founder's EBITDA and the fund's EBITDA is usually wider than the gap between the two sides' multiples.

As such, the debate often starts with the earnings base, not the multiple.

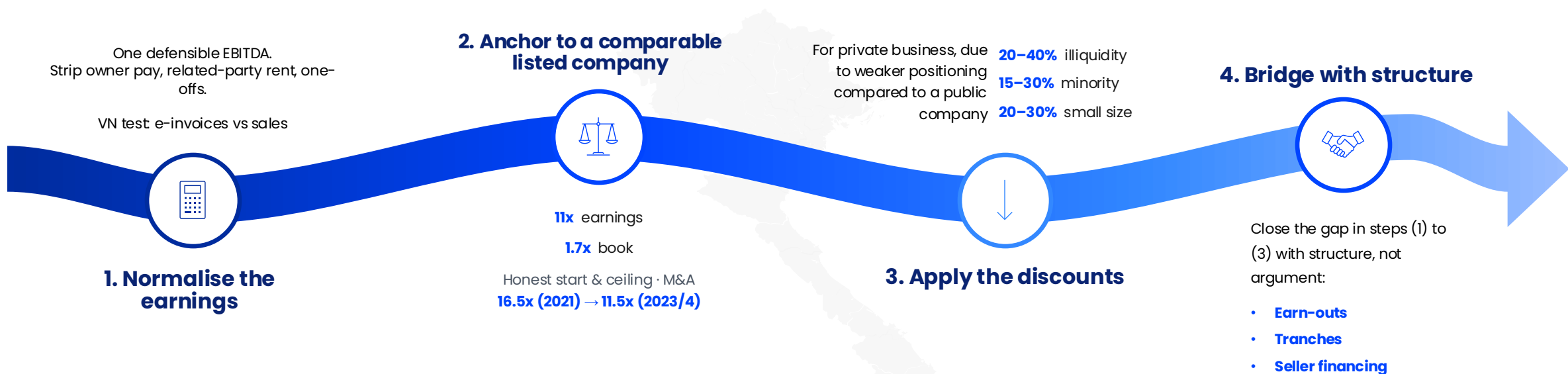
What it means for the buyer

For a buyer, this is the entire rationale for a quality-of-earnings exercise – the reported number and the defensible number can differ by the majority of profit, and in Vietnam the divergence is systemic, not exceptional.

5. Company Valuation & Multiples

A credible valuation starts with audit-backed, normalised earnings; while market multiples provide the benchmark, appropriate discounts and deal structuring ultimately bridge the valuation gap.

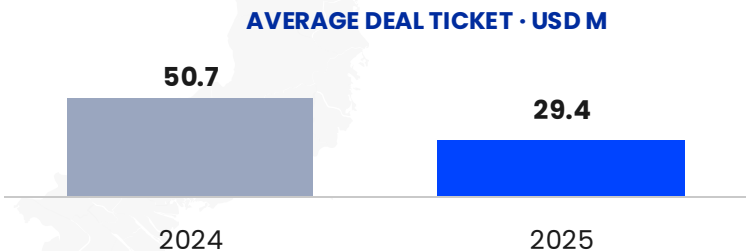
Steps to Pricing a Valuation and a Multiple



MARKET CONTEXT · VIETNAM · FIRST 10 MONTHS 2025

218 Deals

• **USD2.3bn** Invested



Deal count rising while average size falls – a mid-market broadening, not a retreat.

5. Company Valuation & Multiples

Buyers pay premiums for audited, recurring and transferable businesses, while founder dependency, weak governance, compliance risks and ownership restrictions directly reduce valuation.

Premium Drivers vs. Discount Drivers



Premium drivers

what a buyer pays more for



Audited financials - from reputable auditor, & reconciled to management accounts



Recurring, contracted revenue - no dominant customer



Market leadership - on a brand you own



Founder-independent team - transferable processes



Clean legal entity - assets in company, no undisclosed related-party dealings, workable exit



Discount drivers

what a buyer prices against



Founder dependency - one point of failure; key man risk



Assets held outside - land rights or brand held personally, not by the company



Two sets of books - back taxes plus penalties on audit



Under-reported payroll - approx. 21.5% of salary base, manipulated salary structure is a quantifiable liability



Minority without rights - charter, not % ownership, is control



Foreign-ownership caps - more restrictions if several business activities registered

Most Attractive Sectors • Year Ahead



Healthcare & pharma
22%



Education
11%



Transport & logistics
10%



Technology
16%

+USD 500K

· ½ turn of EBITDA on a USD 10M deal

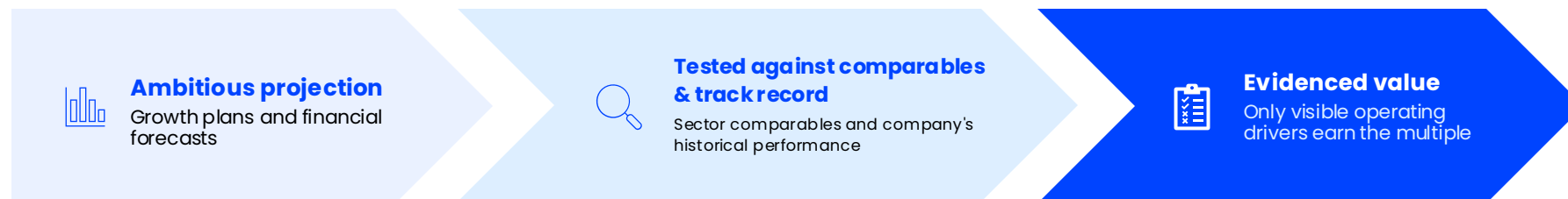
5. Company Valuation & Multiples

Valuation is earned through evidence: buyers test forecasts against performance, use deal structure to allocate risk, and pay more when execution is credible. Founders who can explain their earnings quality, justify appropriate discounts and link forecasts to measurable operating drivers negotiate from strength; unresolved uncertainty is reflected directly in price.

Vision to Execution Plan

1 Forecasts are tested, not accepted.

- Buyers benchmark projections against comparables, track record and visible operating drivers.



2 Structure is how a plan becomes price.

- Unproven upside is bridged through earn-outs, risk sharing and seller-side financing.

Demonstrated value

Value supported by current performance

+

Earn Out

Additional value if targets are met

+

Seller financing / risk sharing

Deferred payments or seller support

=

Price agreed

Vietnam example: Creador took its Long Châu stake in two phases, splitting newly issued shares from purchases out of existing holders.

3 What a founder should bring to the table.



Bottom-up model

Built from operating drivers, not a growth % on last year.



First-100-days plan

A plan the buyer can recognise and act on from day one.



Evidence base

Monthly management accounts, revenue by customer and channel, reconciled trial balance.

Summary of key points discussed in this webinar

Key points

Description

1

Why this conversation, Why now?

- PE capital remains abundant, but slower exits and higher financing costs are making funds more selective and concentrating capital in fewer, higher-quality businesses.

2

Inside the Fund – The Economics Behind

- PE fund behaviour is shaped by four constraints: a fixed fund life, return targets, the sources of value creation, and pressure to return cash to LPs. Together, these determine how quickly funds need to create value, realise exits, and recycle capital.

3

The Five Pillars of the Investment Case

- PE investors assess the entire investment case across market attractiveness, business model, financial quality, management, and governance. All five matter, but weak governance or structure can override strengths elsewhere and derail a deal.

4

Quality of Earnings

- Reported EBITDA is only the starting point. Buyers adjust earnings for one-offs, sustainability, cash conversion, working capital and supporting evidence to arrive at the defensible earnings base they are actually willing to value

5

Company Valuation & Multiples

- Valuation starts with normalised earnings and market comparables, then adjusts for company-specific risks. Buyers reward recurring, transferable earnings and discount founder dependency, weak governance and ownership constraints.
- Ultimately, growth only translates into value when it can be evidenced, tested and supported by a credible execution plan; any remaining valuation gap can be bridged through earn-outs, risk sharing or seller financing.

Questions & Discussion

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Contact Us

Partner with Dealflow to navigate your next transaction with confidence, clarity, and results.



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