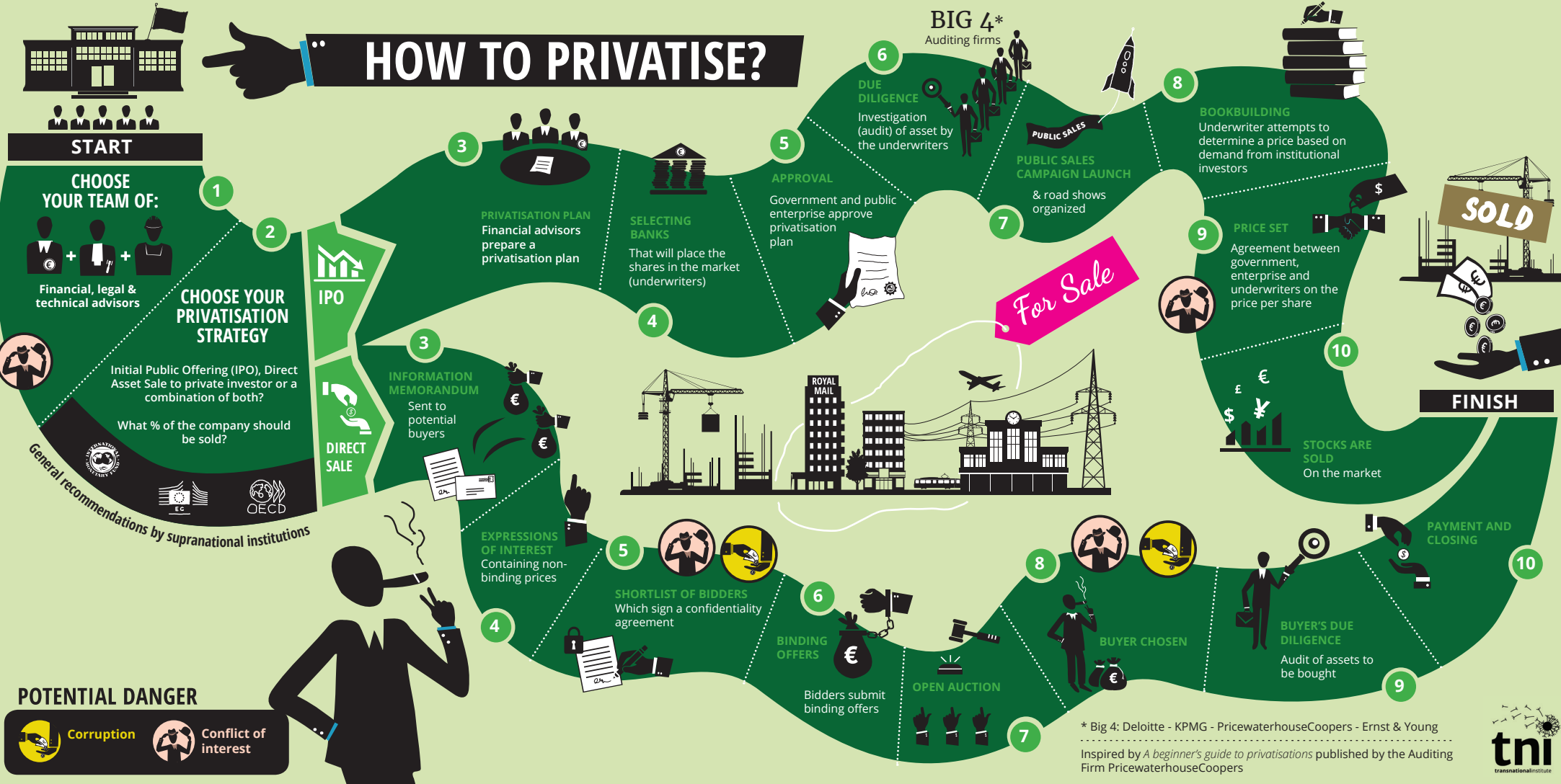


# HOW TO PRIVATISE?

**BIG 4\***  
Auditing firms



## START

### CHOOSE YOUR TEAM OF:



Financial, legal & technical advisors

### CHOOSE YOUR PRIVATISATION STRATEGY

Initial Public Offering (IPO), Direct Asset Sale to private investor or a combination of both?

What % of the company should be sold?



IPO



DIRECT SALE

General recommendations by supranational institutions

## POTENTIAL DANGER



Corruption



Conflict of interest

1

2

3

### INFORMATION MEMORANDUM

Sent to potential buyers

3

**PRIVATISATION PLAN**  
Financial advisors prepare a privatisation plan

4

### SELECTING BANKS

That will place the shares in the market (underwriters)

5

### APPROVAL

Government and public enterprise approve privatisation plan

6

### DUE DILIGENCE

Investigation (audit) of asset by the underwriters

*For Sale*

7

### PUBLIC SALES CAMPAIGN LAUNCH

& road shows organized

8

### BOOKBUILDING

Underwriter attempts to determine a price based on demand from institutional investors

9

### PRICE SET

Agreement between government, enterprise and underwriters on the price per share

10

**STOCKS ARE SOLD**  
On the market

## FINISH

**EXPRESSIONS OF INTEREST**  
Containing non-binding prices

5

**SHORTLIST OF BIDDERS**  
Which sign a confidentiality agreement

6

### BINDING OFFERS

Bidders submit binding offers

8

### BUYER CHOSEN

7

### OPEN AUCTION

9

### BUYER'S DUE DILIGENCE

Audit of assets to be bought

### PAYMENT AND CLOSING

10

\* Big 4: Deloitte - KPMG - PricewaterhouseCoopers - Ernst & Young

Inspired by *A beginner's guide to privatisations* published by the Auditing Firm PricewaterhouseCoopers