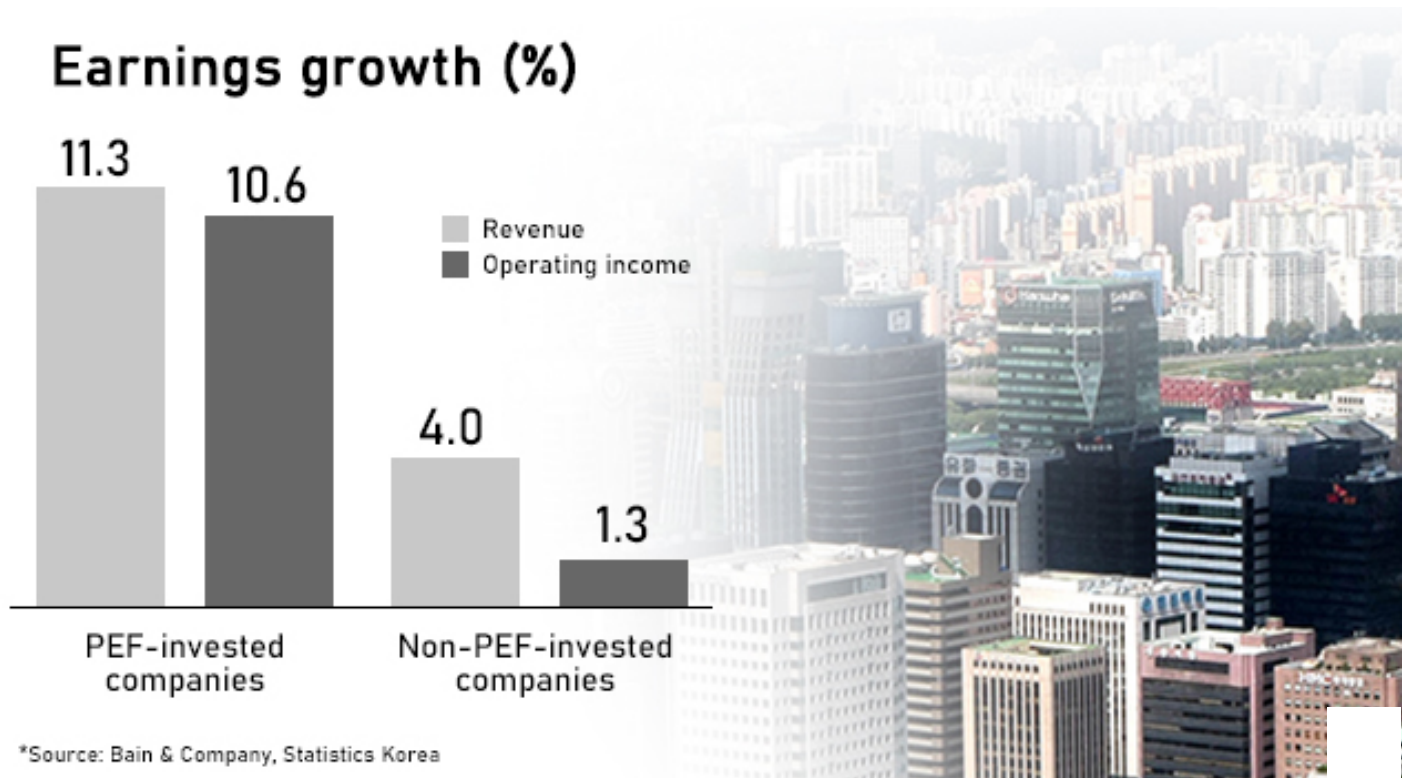


**Biz****PEF proves knack in turning around companies after purchase**

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Korean companies under the management of private equity funds (PEFs) turned around three times faster than others, study showed.

According to a latest analysis conducted jointly by Maeil Business Newspaper and global consulting firm Bain & Company, revenue of 50 Korean companies acquired and cashed out by PEFs between 2010 and 2020 with equity stake valued more than 100 billion won grew by an annual average of 11.3 percent. The figure nearly triples 4 percent average gain in the revenue of the Korean Inc. during the period, based on Statistics Korea data.

The operating income of the companies invested by PEFs grew by an annual average rate of 10.6 percent versus the 1.3 percent corporate average.

The latest finding defies the general belief that buyout capital usually implements cost-cutting restructuring to save money, said Choi Won-pyo, global director at Bain & Company Korea.

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manufacturing segments.

Industry insiders also noted that PEFs focus on enhancing management efficiency and improving overall corporate system to bolster corporate value before reselling them in the market often after five years.

Global PEF Affirma Capital that covers mainly Asia, Africa and the Middle East took over Kolon Water & Energy, Korea's No. 1 water treatment, for 125 billion won in 2016 from its parent Kolon Group that was seeking to exit from the water treatment business. After the acquisition, Affirma Capital rigorously revamped the company by improving cost structure and acquiring additional entities such as those operating incineration plants and garbage landfills that could add value to the company. Kolon Water & Energy, now renamed as EMC Holdings, was reborn as a total environment management company and was resold to SK Engineering & Construction for over 1 trillion won last year.

Under a value creation plan, a corporate value booster program, PEFs focus on designating optimum management, proposing a clear business goal, and continuous performance monitoring. They also try to acquire other related firms to boost synergy, Choi from Bain & Company said.

By Kang Doo-soon, Jin Young-tae, Park Chang-young, and Lee Eun-joo

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