



Press Release

Affirma Capital divests EMC Holdings to SK Group for over KRW 1 trillion

1 September 2020, Seoul / Korea – Affirma Capital announced that it has entered into definitive agreements to divest a 100% stake in EMC Holdings Co., Ltd. (“EMC Holdings”) to SK Engineering & Construction Co., Ltd. (“SK E&C”) for an enterprise value in excess of KRW1 trillion. This marks the end of a competitive sale process among 5 final round bidders to acquire the largest waste management company in Korea. Citi and Standard Chartered served as joint financial advisors to Affirma Capital on the transaction.

Affirma Capital initially acquired a minority stake in EMC Holdings in 2009, a pure-play water treatment O&M provider at the time. Following acquisition of the controlling stake from Kolon Group in 2016, Affirma Capital initiated a “bolt-on” strategy, quickly executing six successful acquisitions and turnarounds of adjacent waste management businesses. In less than 5 years under Affirma Capital’s management, EMC Holdings evolved into a fully integrated environmental services platform that operates over 970 sewage and wastewater treatment facilities, 4 waste incineration facilities, 1 waste landfill site and 1 waste oil refining business. As of 2019, EMC Holdings is 1) the largest water treatment O&M operator in terms of revenue, 2) the third largest waste incineration player in terms of incineration capacity, 3) the third largest landfill operator in terms of sales volume, and 4) the third largest waste oil refining operator in terms of sales volume. Since Affirma Capital’s buyout, the Company’s revenue have grown at 21.8% CAGR (2016-2019) from USD 175.5 million to USD 317.4 million while EBITDA grew at 73.8% CAGR from USD 12.6 million to USD 66.2 million over the same period. Furthermore, the Company’s backlogs increased from USD 838.4 million in 2016 to USD 1.2 billion as of June 2020.

Affirma Capital is an independent emerging market focused private equity firm established through the spin-off of Standard Chartered Private Equity (“SCPE”) from Standard Chartered Group in 2019. With a solid 18-year long track record of successful investments in over 90 companies across Asia, Africa and the Middle East, Affirma Capital currently manages over US\$3.5 billion in assets. This transaction marks Affirma Capital’s largest exit since its original founding as SCPE.

Taeyub Kim, Founding Partner and Head of Korea at Affirma Capital, said: “It has been our pleasure to witness the rapid growth of the Company under our strategic guidance. The management team and Affirma Capital have carried out our vision to grow the Company into the largest environmental service provider in Korea, which we accomplished in less than 5 years. We expect EMC Holdings to generate substantial synergies with SK E&C and become a new long-term growth pillar for SK Group.”

SK E&C is the construction subsidiary of SK Group – Korea’s 3rd largest conglomerate with businesses spanning telecom, electronics, construction, petrochemicals and energy. With revenues of approximately KRW 9.1 trillion in 2019, SK E&C engages in the construction of power plants, civil infrastructure, office buildings and residential housing.

For further information please email media@affirmacapital.com .

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