



# PARIS

## Mergers & Acquisitions: Expert Techniques & Strategies

**A 3-day training course dedicated to the valuation, structuring, financing and negotiating of M&A transactions. You will learn:**

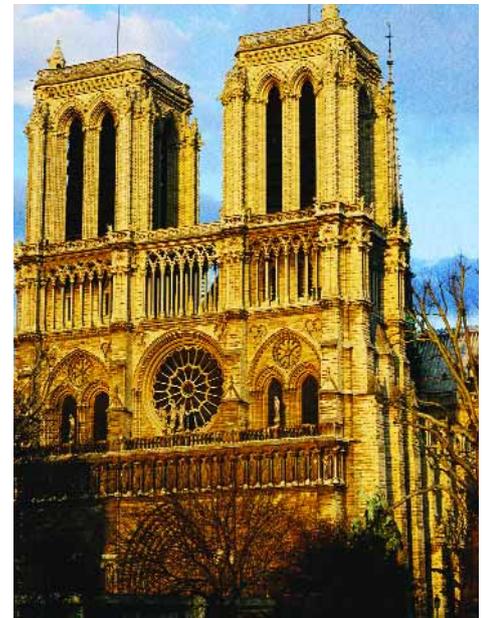
- The key characteristics of successful M&As
- How M&A thinking needs to be adjusted in downturn and bear market situations
- M&A valuation techniques, their uses and abuses
- How to analyse and incorporate synergies within M&A valuation
- What are the key features of due diligence and the importance of commercial due diligence
- Key issues in M&A negotiations
- Divestment as an important part of the MSA toolkit, specifically when to divest and the alternative ways of divesting a business.
- What are the key issues in successful M&A implementation?
- What are the distinguishing features of different sources of acquisition finance?
- What are the essential features of leveraged buyouts and how are they structured?
- What is different about the strategic buyer and the private equity perspective?

**Course Director:** Dr Roger W. Mills

**Date 1:** 24 - 26 May 2010

**Date 2:** 29 November–1 December 2010

**Venue:** Paris, France



This course includes real-world case studies to introduce key principles and techniques for successful M&A and divestitures.



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## Mergers & Acquisitions: Expert Techniques & Strategies

### Agenda

#### course materials

Participants will be provided with a package of materials useful to the structuring and analysis of M&A and LBO transactions, including articles and sample documentation from transactions concluded. The workshop will include case studies of actual financings, as well as hands-on exercises, and will give participants the opportunity to demonstrate their understanding through group work and plenary discussions.

### Day 1

- Strategic value analysis of M&A: the interplay of corporate finance, strategy and financial economics
  - M&A in perspective
    - Rationale for M&A and the influence of the market for corporate control on the form of the deal
    - M&A activities
    - M&A toolkit
    - Why acquire
    - M&A differences – bull and bear markets
  - How to create shareholder value and the importance of M&A
  - Understanding the core components of value creation and the risk-return trade-off
  - Tensions in creating shareholder value with other stakeholder perspectives, and potential differences vis-à-vis management and lenders – the agency issue
  - Characteristics of successful versus unsuccessful M&A deals
  - Research evidence on what drives M&A success

#### Case study: Anheuser-Busch InBev

Delegates review key M&A issues relating to 'The most important transaction since the bail-out of Bear Stearns by J P Morgan'.

- 7 steps for successful M&A
  - Develop a strategy and select M&A route
  - Screen candidates
  - Value short list
  - Evaluate synergies
  - Negotiate the deal
  - Conduct due diligence
  - Manage post-merger integration
- Develop a strategy and select M&A route
  - Defining M&A objectives consistent with corporate strategy
  - Understanding the source(s) of success
  - Estimating funding potential and requirements
  - Identifying success criteria and avoiding the 'winner's curse'
- Screen candidates
  - What can be established from publicly available information
  - What is required from the due diligence process
  - How to form a realistic view of the acquisition opportunity
    - Due diligence, why is it important and the key issues
    - Legal, accounting, management and environmental issues
    - Critical importance of commercial due diligence
  - Is specialist advice required and what are the key issues in selecting advisors?
  - How will success be measured internally and by the market?
  - What is required post acquisition?
- Value short list
  - Understanding value drivers
  - Estimating strategic value
  - Estimating sources of value from value driver assessment

#### ■ Valuation

- What are the different methods that can be used to value mergers and acquisitions and when should they be used?
- Comparables
    - Price/Earnings
    - Enterprise Value/EBITDA
    - Price/Sales
    - Market-to-Book
  - Asset Valuation
  - Fundamental analysis and different approaches
  - Discounted cash flow to the firm and equity
  - Cost of capital estimation and terminal value issues
  - Value driver analysis and applying free cash flow analysis to business valuation
  - Developing and using a financial model to evaluate prospective targets

#### Case study: Body Matters

Delegates learn how to apply all valuation methods in M&A analysis.

### Day 2

#### Evaluating synergies using valuation analysis

- What are synergies, how are they measured and how can they be analysed within a transaction?
  - The strategic context
  - Importance of understanding different perspectives
  - Control premium
  - Valuation of synergies
  - Perspective analysis
  - The synergies framework
    - Operating
    - Financing
    - Tax
  - Valuing the acquisition target with synergies
  - Structuring the deal: How much should we pay? How should we pay?
  - The basic term sheet

#### Case study: Estar – Lassall

Delegates value the synergies resulting from a potential acquisition, adjusting for risk and cost-of-capital effects and incorporating the results of potential synergies.

### Course Background

The credit crisis has had a significant impact on M&A, for example, activity declined sharply in the fourth quarter of 2008. Since 1980s, recessions have led to steep declines in the value of global M&A activity – typically, of around 50 percent during the first year in the US. Such decline arose from factors observable in the current downturn as well, including lower deal values in rapidly falling equity markets; difficulties with financing, particularly

for very large transactions; and a general fear about the economic outlook, which has forced acquirers to put plans on hold.

The current environment is bleak, and nobody knows how the M&A market will develop in the short term. There is still considerable uncertainty about the ability of capital markets to provide enough financing to support deals. However, over the longer term there is good reason to believe that the trends that emerged over the past cycle will remain important. As a result, the pattern of M&A activity in the current downturn will be quite different from that of previous cycles. The next few years will present considerable opportunities for ambitious and disciplined acquirers who are not necessarily in short supply. Asian acquirers, less affected by the credit

crisis than their counterparts in Europe and the United States, will have a stronger incentive to look for overseas acquisitions.

While there may be little change in the forces driving the M&A market, the way companies need think about the execution of deals in the current market environment must alter. M&A in a rising market with easy access to capital is very different from acquisitions in a downturn, when opportunities arise and decisions must be made very quickly.

This 3-day course will focus upon both how to drive M&A longer term as well as key issues to consider in the current downturn. Real-world case studies and hands on applications are used to introduce the key principles and techniques of successful mergers, acquisitions, and divestitures. Key principles and techniques of successful mergers, acquisitions, and divestitures.

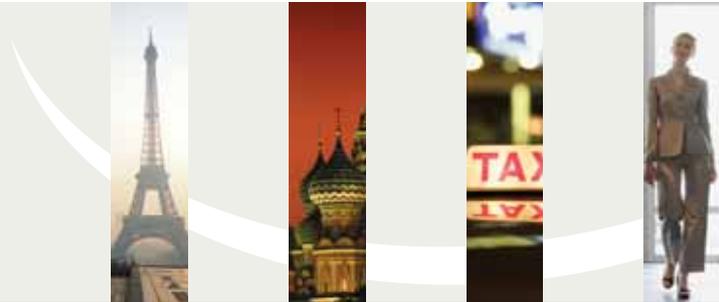
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# Paris, France



- Evaluating financial synergies
  - Understanding the substance of a potential acquisition opportunity
    - Identifying the value of the various parts of the business
    - Applying peer group analysis
  - Debt capacity, financing synergies, and estimating the potential for refinancing
  - Identifying options
- Negotiation strategy
  - What are the key issues in developing a negotiating strategy?
    - Understanding the negotiation process
    - Negotiation tactics for closing the gap
    - Managing the negotiation environment
    - Team selection issues
    - Role of investment bankers and other advisors
    - Developing a negotiating stance
- Defending a bid
  - Potential defences to a bid
  - Defences used in practice

**Case study: Transamerica**  
Delegates evaluate the financing and operating synergies resulting from the potential acquisition of a multi-business operation, adjusting leverage, risk and cost-of-capital effects and incorporating the results of potential synergies.

- Understanding privately financed deals
  - Understanding the difference between the corporate (strategic) and deal (financial) perspectives
  - What is the fundamental basis of the privately financed perspective?
  - Key issues and priorities in privately financed deals:
    - Creating a funding structure
    - Valuation
    - Due diligence
    - Negotiation
  - Legal issues and documentation
  - Leveraged buyouts
  - Private equity

**Case study: VU Ltd**  
Delegates evaluate a potential LBO in terms of the funding structure and respective rewards to involved parties.

**Case study: Medsource**  
Delegates evaluate a potential LBO in terms of alternative funding options.

- M&A integration
  - What are the key issues in making an acquisition work?
    - Pre M&A integration planning
    - Scheduling and setting milestones
  - Identification and estimation of potential problem areas
    - Technology
    - Organisational structure
    - Culture
    - Management and administration
    - Compensation and motivation
    - Divestitures

**Case study: HBS**  
Delegates discuss pitfalls and alternative approaches to post-merger integration success. They prepare an action plan for the effective integration of two organisations.

**Case study: L'Oreal Body Shop**  
Delegates discuss cultural and ethical issues relevant to post-merger integration success.

## Day 3

- Financing acquisitions
  - Different types of finance:
    - Senior secured debt
    - Asset-based finance
    - Bridge financing
    - Mezzanine debt
    - Hybrid bonds
    - Payment In Kind (PIK)
    - Subordinated seller notes and earn-outs
  - Understanding and determining the optimal capital structure: debt, equity and other alternatives, e.g. mezzanine

## Course review

## Biography

### Professor Dr Roger Mills

PhD, MSc, BTech (Hons), Cert Ed, MColl, FCMA, FCIS, FCT

Roger Mills is Professor of Fundamental Analysis and Business Valuation at the VU University in Amsterdam, and Emeritus Professor of Finance and Accounting at Henley Business School, University of Reading Management.

Roger has a unique blend of academic and business experience. He has a PhD in Finance, a Masters in Management and a first degree in Psychology, Sociology and Economics. During the professional part of his career Roger trained as a Chartered Management Accountant and

he is a Fellow of the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators, and the Association of Corporate Treasurers.

Roger has written numerous articles and both authored and co-authored many books, the most recent on Financial Statement Analysis and Corporate Finance having been published in 2008. He has consulted to numerous companies and organisations in many countries around the World.

## about us

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Yes, please register me for **Mergers & Acquisitions: Expert Techniques & Strategies**

- EOT2589** on 24 - 26 May 2010, Paris, France
- EOT2590** on 29 November-1 December 2010, Paris, France

### Personal details

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I have read and understood the booking terms and conditions

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### \*Standard delegate fee £3,550

\*\*Discount available for delegates from the same organisation attending this course.

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- 3 delegates - 10% discount
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- 5 delegates - 15% discount

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