



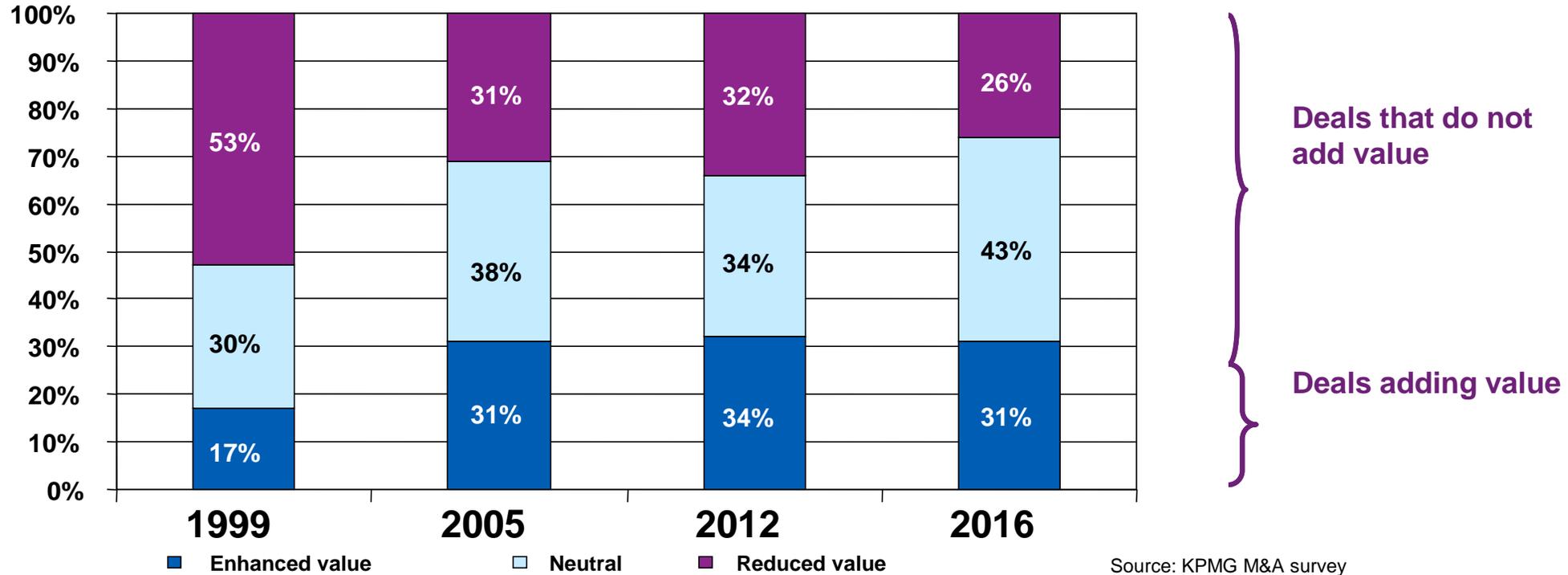
Acquisition Lessons

Christopher Stott

*Partner, Head of Transaction Services North,
Head of Food & Drink U.K. KPMG LLP (U.K.)*

one¹⁷
THE **Altech** IDEAS CONFERENCE

Only 1/3 of acquisitions add value



...and one in three deals fail after due diligence

A Winning Formula

1. Right FIT

- Right Strategy
- Right Price

2. Right Way

- Right Origination
- Right Image
- Right Process

3. Right Team – pre and post



The Right “Deal” Team

Who is your deal team?

Are they on message?

Skills Gaps?

Who will own it?





Deal Landscape

Buoyant M&A Market

Animal Health

Consolidation In Pet Care Industry Presents Investor Opportunities

January 2017: Consolidation continues in the animal health/pet care industry as Mars, Inc. announced it was acquiring veterinary hospital operator VCA Inc for \$7.7 billion. Companies with/without a pet care industry presence continue to acquire pet care companies to enter/expand their market presence.....

Consolidation In Pet Care Industry Presents Investor Opportunities

Jan 26, 2017 1:37 PM ET
Animal health/pet care acquisitions are likely to continue, given pet owners' spending habits on their pets, especially in the premium space. Acquisitions are desirable for companies experiencing slower growth in their pet-care businesses to participate in the pet healthcare market averaging 7% to 8% growth.

Source: [Fashion Biz](#) (26 January 2017), accessed 17 May 2017

VCA Buys Capna as Pet Health Care M&A Deals Flourish

March 2016: Both VCA and Banfield Pet Hospital, a subsidiary of privately held Mars, have been consistent buyers of veterinary facilities, but the larger deals have been made by private equity firms over the last two to three years.....

VCA Buys Capna as Pet Health Care M&A Deals Flourish

By [Scott H. White](#) on 03/03/2016
Fulmer also acknowledged that PE interest in the space has driven valuations higher. A few years ago, it was harder to justify paying up for an acquisition when compared to today, with both VCA and the overall industry experiencing strong growth rates, he said.

"In this environment, you have a much higher confidence level that you'll rationalize the price," he said on.

Source: [The Street](#) (03 March 2016), accessed 17 May 2017

Animal health industry set for consolidation

November 2015: Animal health is a US\$24 billion a year business, and growing, driven by higher meat consumption and a middle class that loves its pets. And the industry is set to consolidate. For this reason, mid-tier players may yet find themselves targets for big pharma groups.....

Animal health industry set for consolidation

Nov 16 2015 at 10:35 AM
by [Lee](#)
Sea lice, Fowl pox, Swine fever, Foot and mouth. Animal diseases often take precious resources. This does not make them cheap to treat. Animal health is a \$23.4 billion a-year business, and growing, driven by higher meat consumption and a middle class that loves its pets. And the industry is set to consolidate.

Source: [Australia Economic Review](#) (16 November 2015), accessed 17 May 2017

Pharma groups eye healthy returns from animal drugs market

July 2015: A treatment for dogs with itchy skin has turned out to be something of a tonic for investors. But such talk is unlikely to abate. Analysts and industry executives say animal health is ripe for consolidation as big pharma groups, such as Bayer of Germany, Merck of the US and Sanofi of France, push.....

Pharma groups eye healthy returns from animal drugs market

July 15th by [Andrew Ward](#), Pharmaceuticals Correspondent
The ability to sell direct to vets, pet owners and farmers is another attraction, especially when compared with tough price negotiations with governments and insurers in human health care. Development costs are also lower than drugs for humans because of less extensive trials, and animal products tend to have greater longevity and less competition.

Source: [Economic Times](#) (01 July 2015), accessed 17 May 2017

Investors are Growing for Animal Health Stocks

July 2015: Animal spirits are alive and well in the veterinary sector. Recent speculation that Valeant Pharmaceuticals International would bid for animal vaccine and medicine maker Zoetis (NYSE: ZTS) is not surprising based on the rapid consolidation in the animal health sector.....

Investors are Growing for Animal Health Stocks

By [GREG KROEMER](#) on 07/15/2015
Animal spirits are alive and well in the pharmaceutical sector. Market speculation that Valeant Pharmaceuticals International (NYSE: VTEI) would bid for animal vaccine and medicine maker Zoetis (NYSE: ZTS) is not surprising based on the rapid consolidation in the animal health sector over the last year.
Although there are many consolidated players left in this industry, you've witnessed a few major forces that offer exposure to this highly profitable sector: [MCKE](#) Laboratories (Mckesson), [MRK](#), the [Amgen](#) in diagnostic, [Vetco](#) (veterinary), and our very own [Pharmacia](#).

Source: [Investor Daily](#) (11 July 2015), accessed 17 May 2017



Buoyant M&A Market

Animal Feed

Pet food M&A: continued cooling or heating up in 2017?

February 2017: Things have been fairly quiet on the pet food mergers and acquisitions (M&A) front since the first half of 2016. Yet the remainder of 2016 saw more M&A activity in the pet retail category, especially in the US; and overall, 2016 represented a slowdown in pet food M&A compared to the previous.....

Pet food M&A: continued cooling or heating up in 2017?

FEBRUARY 10, 2017 DEBBIE PHILLIPS-DONALDSON

The pet food M&A market has been fairly quiet since the first half of 2016. However, a significant amount of M&A activity in the pet retail category, especially in the US, has been seen since the start of 2016. Overall, 2016 represented a slowdown in pet food M&A compared to the previous.....

February 10, 2017 DEBBIE PHILLIPS-DONALDSON

Source: [Pet Food Industry](#) (10 February 2017), accessed 17 May 2017

Animal feed industry acquisitions are booming

July 2016: 2016 started out busy with acquisitions in animal feed, nutrition and related industries, with five deals announced in January alone. The acquiring companies range from large feed producers such as agricultural cooperative ForFarmers to vendors such as testing kit supplier Neogen.....

Animal feed industry acquisitions are booming

BY ANN REIS ON JULY 27, 2016

2016 has been a busy year for M&A activity in the sector

2016 started out busy with acquisitions in animal feed, nutrition and related industries, with five deals announced in January alone. The acquiring companies range from large feed producers such as agricultural cooperative ForFarmers to vendors such as testing kit supplier Neogen.....

The acquiring companies range from large feed producers such as agricultural cooperative ForFarmers to vendors such as testing kit supplier Neogen.....

Source: [WattAgNet.com](#) (27 July 2016), accessed 17 May 2017

Pet food M&A activity may slow

April 2016: Merger and acquisitions in the pet food industry will likely slow in the coming years, according to an industry analyst. Jaffe said merger and acquisition activity followed an up and down cycle over recent years and, after growing deal activity from 2013-2014 and 2014-2015, is due for a slowdown. Two

Pet food M&A activity may slow

BY AUSTIN ALONZO ON APRIL 25, 2016

An expert on the pet food market says a string of strong years in pet food mergers and acquisitions will likely be followed by a quiet spell.

On April 23, Bryan Jaffe, managing director for consumer and retail at Washington investment firm Cascade Capital LLC, shared his insight on merger and acquisition activity in the pet food market with members of industry. Jaffe spoke as part of [PetFood Focus 2016](#) in Kansas City, Missouri, USA.

Source: [Pet Food Industry](#) (25 April 2016), accessed 17 May 2017

Fishmeal Shortages Sparking M&A as Cargill Eyes Aquaculture

February 2016: A fifth year of fishmeal shortages is leading to a rush of mergers and acquisitions as companies including Cargill Inc. seek to meet demand for seafood that's growing faster than for beef, poultry or pork. World output of fishmeal, usually made from anchovies, fell short of consumption.....

Fishmeal Shortages Sparking M&A

by Isis Almeida

2016-02-16 05:31 GMT+5:30

A fifth year of fishmeal shortages is leading to a rush of mergers and acquisitions as companies including [Cargill Inc.](#) seek to meet demand for seafood that's growing faster than for beef, poultry or pork.

Source: [Bloomberg](#) (16 February 2016), accessed 17 May 2017

Big M&A deals remap animal feed market

September 2015: The animal feed market has been busy recently with many merger & acquisition deals carried out by major companies. If Masan Group successfully takes over Greed Feed as rumored, the animal feed market, worth US\$8 billion a year, will see big changes.....

Big M&A deals remap animal feed market

Friday, 10/29/2015, 10:41

The animal feed market has been busy recently with many merger & acquisition deals carried out by major companies.

Sources said that Masan Group, for example, is taking final steps to take over GreedFeed. The animal manufacturer is valued at 170000 million, a much higher price than 155/14 million in 2012.

Source: [The Voice of Vietnam](#) (10 September 2015), accessed 17 May 2017



Buoyant M&A Market

Crop Science

Global Ag Tech Startup Investments Down 30% in 2016

January 2017: Some investors may be waiting for large M&A deals such as the Dow Chemical and DuPont merger and Bayer AG's takeover of Monsanto Co to be finalized before making large bets, Leclerc said. Ag tech deal flow also had a more international tilt in 2016, with just 48 percent.....

Global Ag Tech Startup Investments Down 30% in 2016

By [Karl Plume, Reuters](#) January 31, 2017 | 3:29 pm EST

Global investments in agriculture technology startups fell 30 percent in 2016 as investor interest in companies offering drones and satellite-guided farm machines cooled following the biggest capital inflow ever a year earlier, according to a study released on Tuesday.

Source: [AGProfessional](#) (31 January 2017), accessed 17 May 2017

Biologicals M&A Boom Begins To Bear Fruit

October 2016: The M&A biologicals boom of the past few years "has affected R&D to a great extent," says Juergen Huff, who heads the Functional Crop Care Business for BASF, which acquired U.S. biological seed treatment firm Becker Underwood for \$1.02 billion in late 2012. Higher investments in R&D Biologicals M&A Boom Begins To Bear Fruit

October 2, 2016

There's a widely held belief in the crop protection world that when multinationals dived into the biologicals space it legitimized the industry.

"Companies that weren't in the biopesticide industry before are seeing growth, and they want to get involved. You see that energy at industry events," says Rick Melnick, Valent BioScience's Global Marketing and Brand Manager. "And when businesses grow," Melnick adds, "they have more money to spend on R&D."

Source: [Crop Life](#) (02 October 2016), accessed 17 May 2017

New Technology Spurs Consolidation in Seed Industry

September 2016: The upper echelons of America's modern agricultural prowess are betting that massive mergers will allow it to seize powerful new gene editing technologies to fuel much needed growth. Mounting pest and weed resistance to genetically engineered (GE) seeds has also begun to worry **New Technology Spurs Consolidation in Seed Industry**

September 27, 2016 AT 4:56 PM

The upper echelons of America's modern agricultural prowess are betting that massive mergers will allow it to seize powerful new gene editing technologies to fuel much needed growth.

All but one of the "Big Six" seed and agrotechnology companies, including number one ranked Monsanto Co., saw revenue declines in 2015. Farmers are buying less seed and fewer chemicals as U.S. farm income has plummeted 30 percent from a 2013 high.

Source: [The Epoch Times](#) (27 September 2016), accessed 17 May 2017

Deal-making in agriculture is vibrant, causing some to worry

June 2016: The wave of agribusiness mergers and acquisitions is likely to continue rolling. Yet the prospective consolidation is not without opposition. As more M&A proposals surface across the industry, critics contend that additional activity will lessen competition throughout the sector, and drive up prices.....

Dealmaking in agriculture is vibrant, causing some to worry

Monday, 27 Jun 2016 | 10:50 AM ET

In the crop chemicals and seeds sectors, M&A activity has been driven largely by low commodity prices and a greater desire to achieve economies of scale, as well as efforts to lower costs and keep margins relatively stable, as farmer incomes remain under pressure.

On the fertilizer side (potash, phosphate and nitrogen), transactions have been driven by companies looking to expand retail distribution or

Source: [CNBC](#) (27 June 2016), accessed 17 May 2017

Fertiliser price declines hit M&A among crop nutrient groups

April 2016: On M&A transactions, there are opportunities, Mr Hatfield says, but he adds: "The main issue is that there is less cash around and more caution about spending it. "A recent Scotiabank survey on PotashCorp M&A possibilities suggest that shareholders are also averse to corporate activity.....

Fertiliser price declines hit M&A among crop nutrient groups

APRIL 6, 2016 BY [BRISIA TERAZZONI](#)

The price declines, however, have hit profitability of crop nutrient groups, sapping their ability to look at mergers or acquisitions. In stark competition, seeds and pesticides, the other important "agricultural inputs" sector, saw huge M&A upheaval thanks to transactions between Dow Chemical and Dupont as well as ChemChina and Syngenta, with Monsanto also trying to enter the fray.

Source: [Financial Times](#) (06 April 2016), accessed 17 May 2017



Buoyant M&A Market

Emerging Trends

USDA offers over \$150m for agricultural and feed research

April 2017: The US Department of Agriculture (USDA) announced the funding through its National Institute of Food and Agriculture (NIFA). The grant funding is to support foundational research aimed at addressing societal and global challenges, including sustainable agriculture and food safety.....

USDA offers over \$150m for agricultural and feed research

25-Apr-2017

"The goal of this program is to invest in agricultural production research, education, and extension projects for more sustainable, productive and economically viable plant and animal production systems," he told FeedNavigator. "The global agricultural output needs to be expanded significantly to meet the food needs of the population expected in 2050, thus, it is imperative to develop innovative, safe and sustainable management strategies for livestock, crops, and critical underlying resources."

Source: [Feed Navigator](#) (25 April 2017), accessed 17 May 2017

Big Data Is Transforming How Scientists Create Better Seeds

March 2017: Now, scientists are harnessing the power of Big Data in an effort to make the process more focused and faster. That means plant breeders can potentially bring more different new seeds, maximized for different environments, to market faster. More productive seeds ultimately lead to.....

Big Data Is Transforming How Scientists Create Better Seeds

By [Mika Mikkilä](#) - May 17th 2017 at [FeedNavigator](#)

The institute still has greenhouses and traditional seed labs, but the time-intensive practice of crossbreeding plants again and again to get the best traits is no longer the primary way the science is done. Now, scientists are harnessing the power of Big Data in an effort to make the process more focused and faster. That means plant breeders can potentially bring more different new seeds, maximized for different environments, to market faster. More productive seeds ultimately lead to more food for the world's growing population.

Source: [Flatland](#) (13 March 2017), accessed 17 May 2017

Bayer Crop Science to invest Euro 2.5 billion in R&D

September 2016: Bayer will invest Euro 2.5 billion in R&D for its crop science division to deliver new solutions for sustainable agriculture despite the current difficult business environment. "We are very confident about the long-term growth potential of the agricultural market....."

Bayer Crop Science to invest Euro 2.5 billion in R&D

September 8, 2016

Bayer will invest Euro 2.5 billion in R&D for its crop science division to deliver new solutions for sustainable agriculture despite the current difficult business environment. "We are very confident about the long-term growth potential of the agricultural market and are not only continuing to invest in innovation, but have also earmarked Euro 2.5 billion for capital expenditure from 2017 to 2020. The combination of over Euro 1 billion per annum investments in R&D combined with additional infrastructure investments will help ensure a

Source: [Business Standard](#) (08 September 2016), accessed 17 May 2017

Permira keen on next animal health private equity play

February 2016: Global private equity firm Permira says it is still hungry for transactions in the animal health space following recent trade deal success with Pharmaq. Permira acquired Norwegian fish vaccines specialist Pharmaq in 2013 in a deal..... Permira keen on next animal health private equity play

By Joseph Harvey

Published: 15 February 2016

Global private equity firm Permira says it is still hungry for transactions in the animal health space following recent trade deal success with Pharmaq.

Permira acquired Norwegian fish vaccines specialist Pharmaq in 2013 in a deal

Source: [Agra-Net](#) (15 February 2016), accessed 17 May 2017

Epigenetics and big data take center stage at Nutreco event

June 2015: Big data has become a buzzword in the agribusiness industry but it should not be forgotten that data does not always equal 'information', said Nutreco. The event heard that despite extensive livestock productivity and efficiency gains, farm animals on average still perform 30 to 40% below their **Epigenetics and big data take center stage at Nutreco event**

18-Jun-2015

He said this philosophy has encouraged Nutreco to shift from a product focus to a more overarching approach such as its program, NutriOpt, that includes products, models and services with "precision nutrition" as the goal.

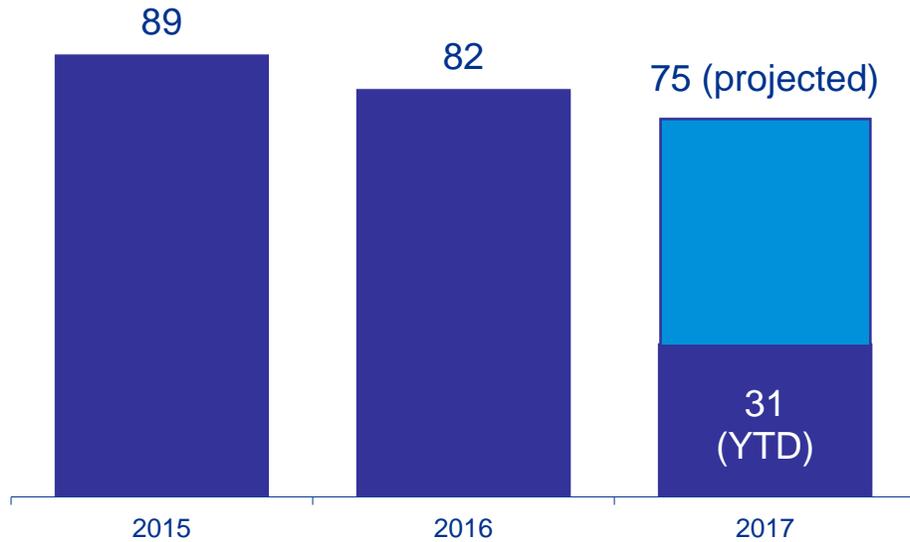
Nutreco's EMEA director was speaking to FeedNavigator following the close of the company's three-day long conference, AqrVision 2015.

Source: [Feed Navigator](#) (18 June 2015), accessed 17 May 2017

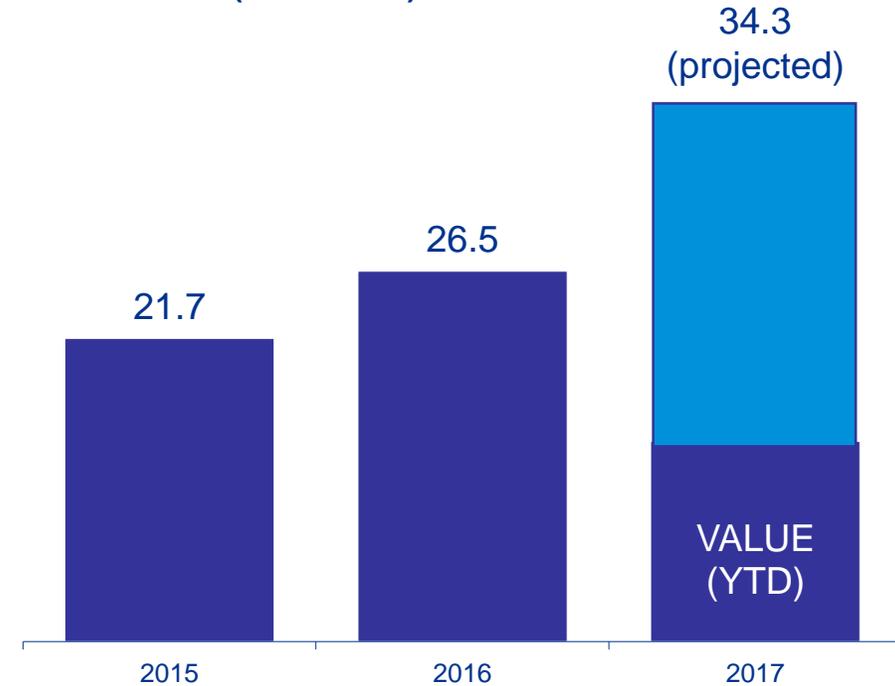


Animal health deal activity remains strong

Deal Volume (# of transactions)



Deal Value (US\$ billion)



Source: Capital IQ

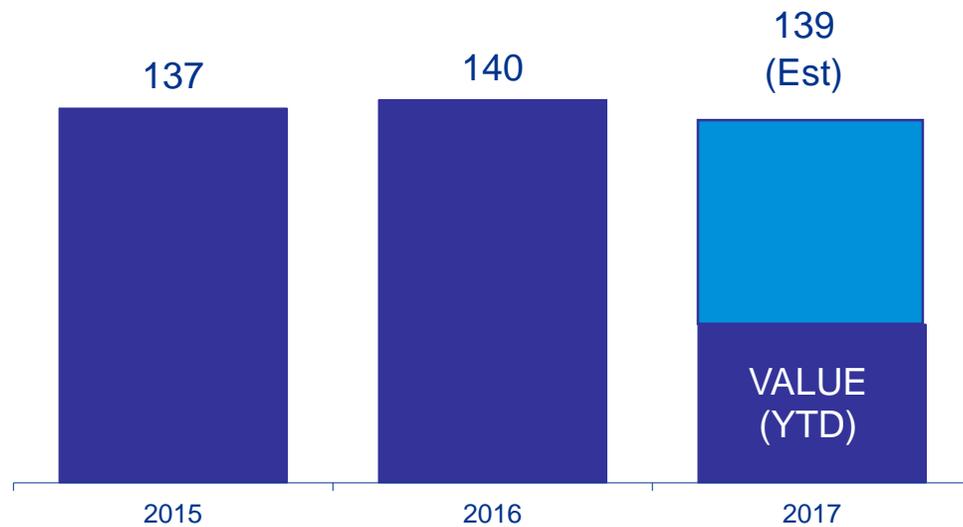
Consolidation is driving strong activity at the top



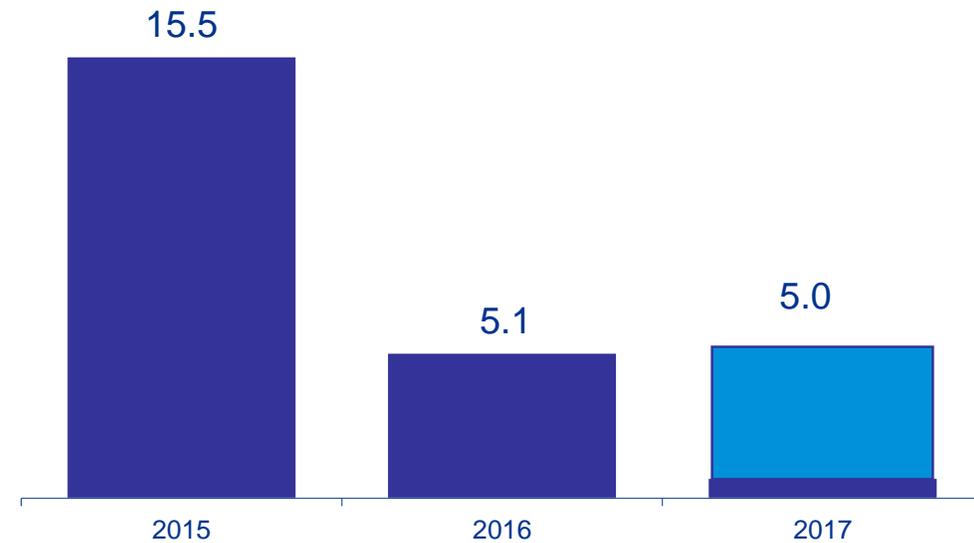
(a) Capital IQ, Transaction Screening Report, Veterinary drugs (accessed Feb 2017)

Animal feed M&A activity also remains strong

Deal Volume (# of transactions)



Deal Value (US\$ billion)

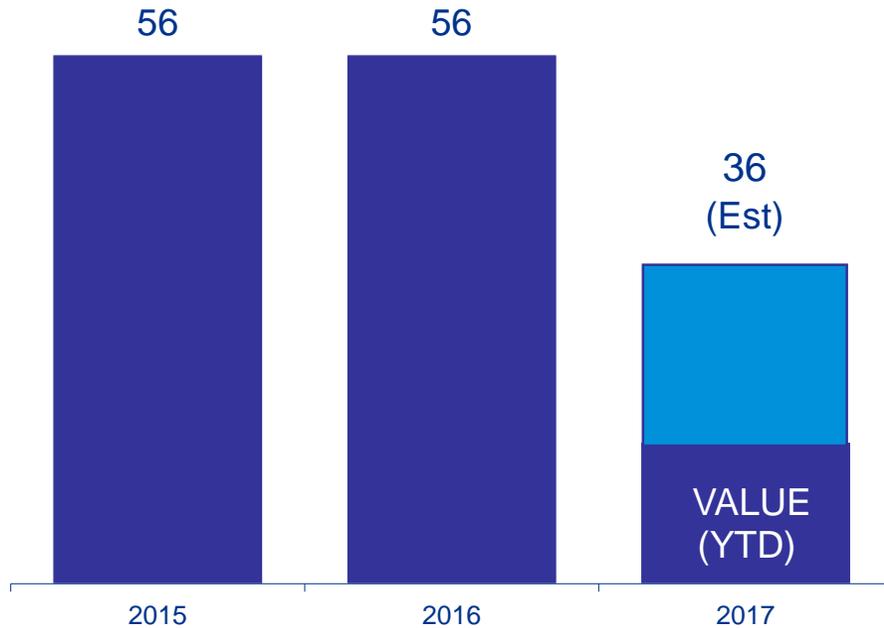


Substantial consolidation activity

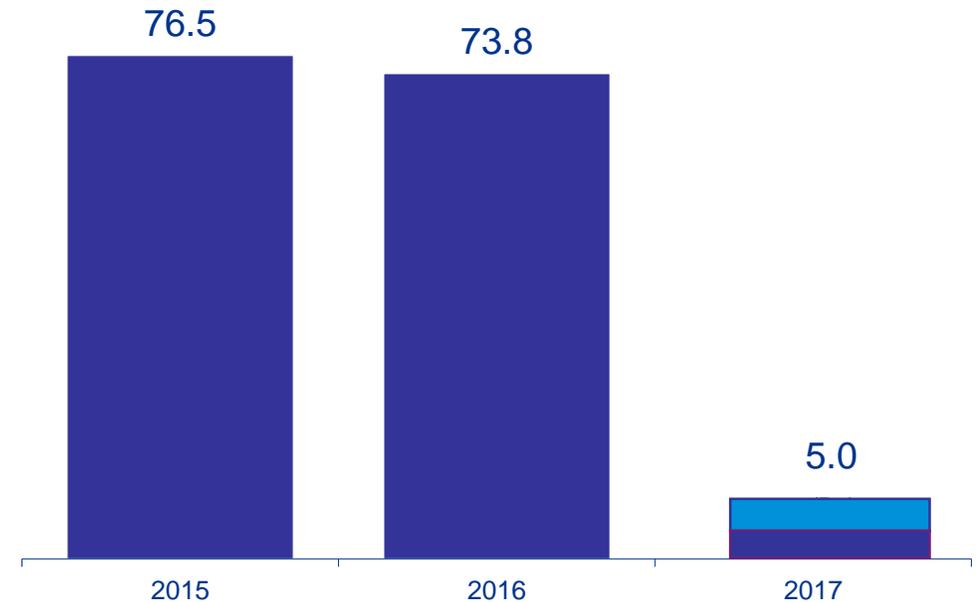


Crop science – mega merger activity

Deal Volume (# of transactions)



Deal Value (US\$ billion)



Crop Science – Mega Mergers



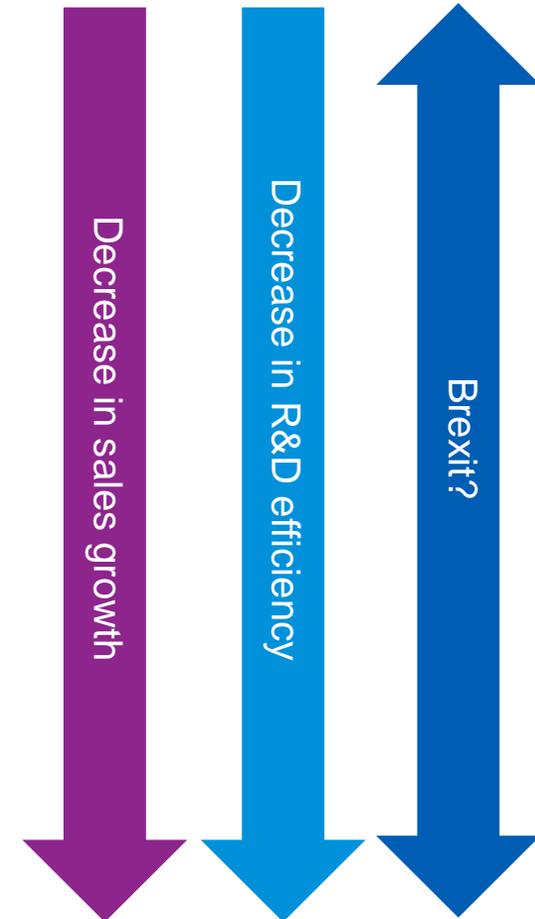
Source: (1) Capital IQ, Transaction Screening Report, Veterinary drugs (accessed Feb 2017)

Crop science – strong mid-market activity also

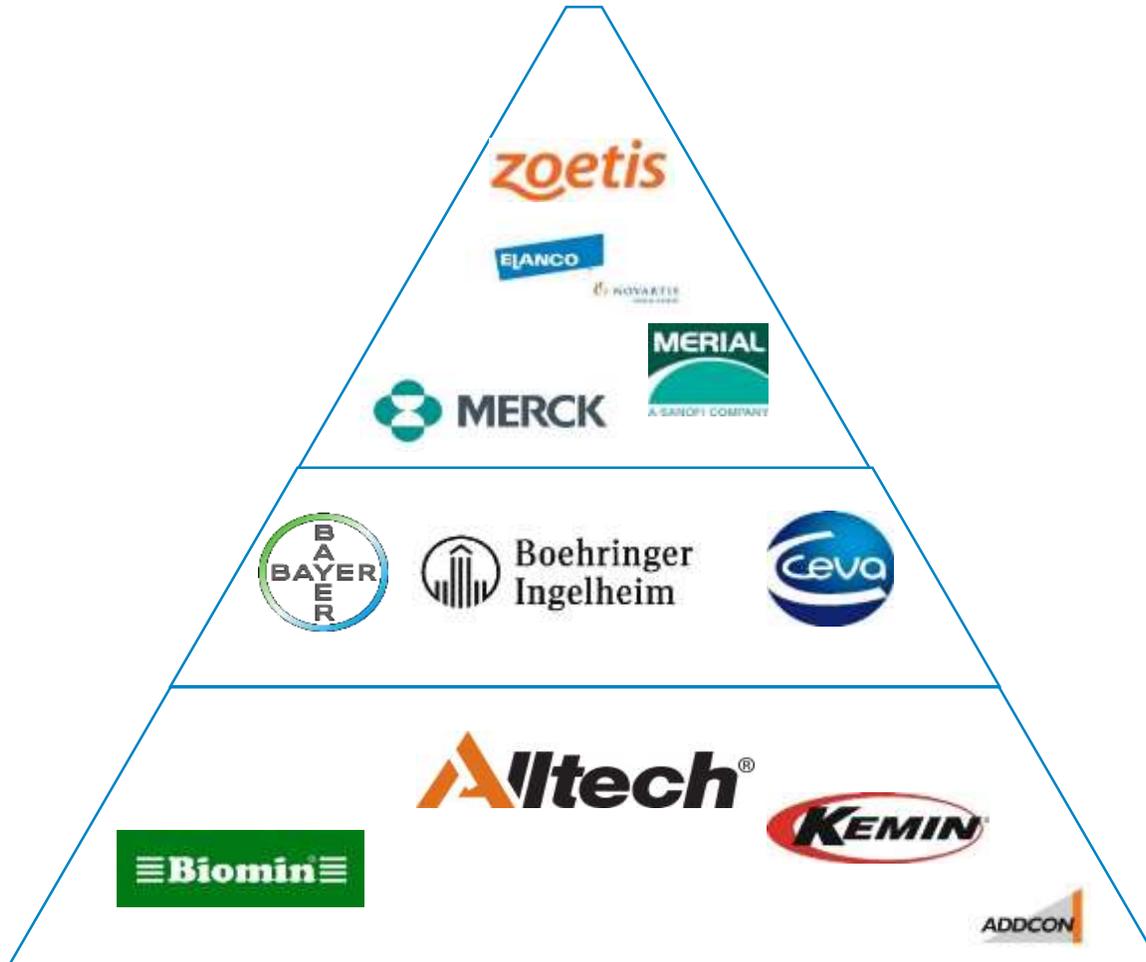


Why has activity been so strong?

- ↑ Increasing population especially 'middleclass' driving meat & dairy demand
- ↑ Increasing humanization of pets, and increase in pet ownership
- ↑ Increasing antibiotic resistance
- ↑ Increasing cost of R&D & NCE
- ↑ Increasing legislation and restriction on usage of antibiotics
- ↑ Increasing awareness of animal health and environmental matters
- ↑ Increasing demand for natural, ABF, biologicals
- ↑ Increasing competition due to weaker IP laws than human



Change in industry structure – rise of the challenger?



TIER 1 & 2

- New Chemical Entity (NCE) dependency
- Synthetic compounds
- Antibiotic resistance rising
- R&D costs increasing
- Increased legislation
- Driving M&A: Vaccines, etc.

TIER 3

- Pioneer – Natural / ABF / Biologicals
- 10 years
- Nimble

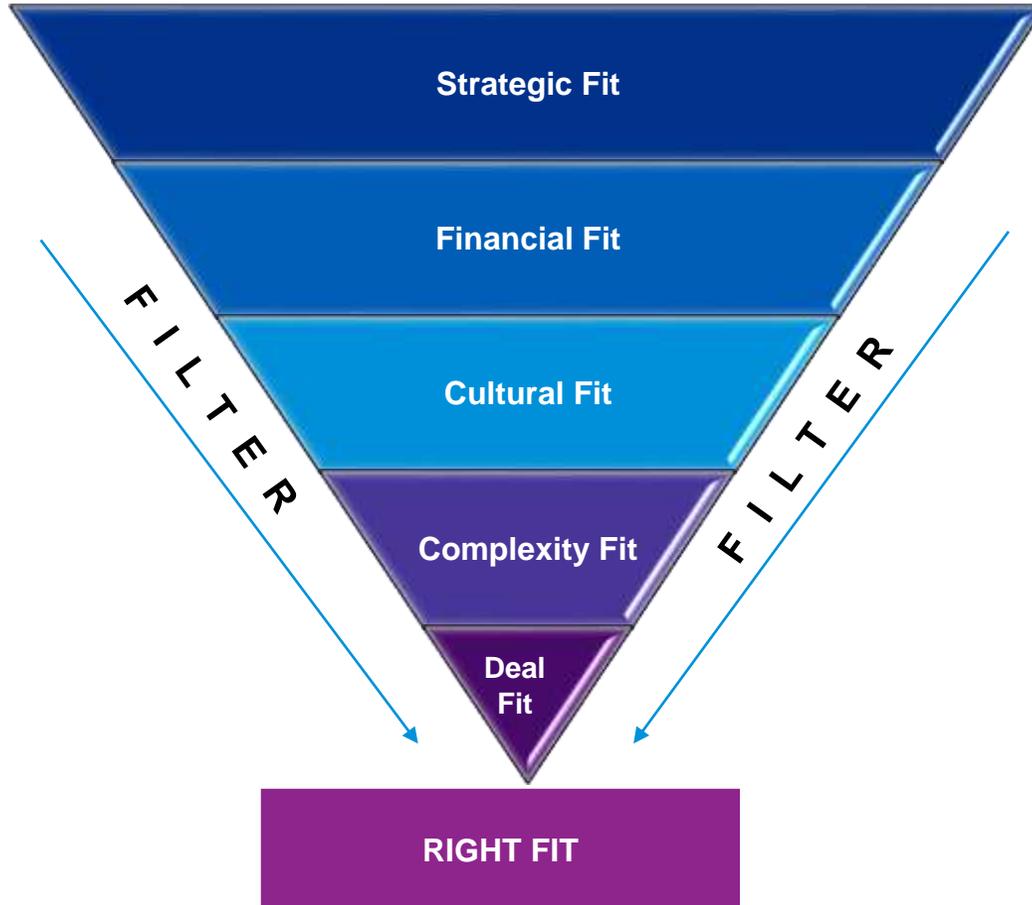
Aquaculture: the rising star?





Right Fit

Is the opportunity the Right Fit?



Strategic Fit: Is this clearly defined?

Financial Fit: What are the financial hurdles? Is there a template Valuation Model to help assess these hurdles?

Cultural Fit: It is important that any acquisition fits the culture. What is our culture?

Complexity Fit: Success is improved if acquisitions do not increase complexity within our business.

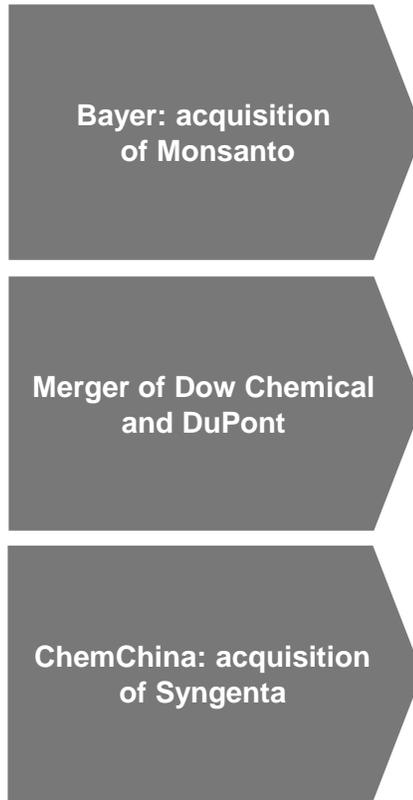
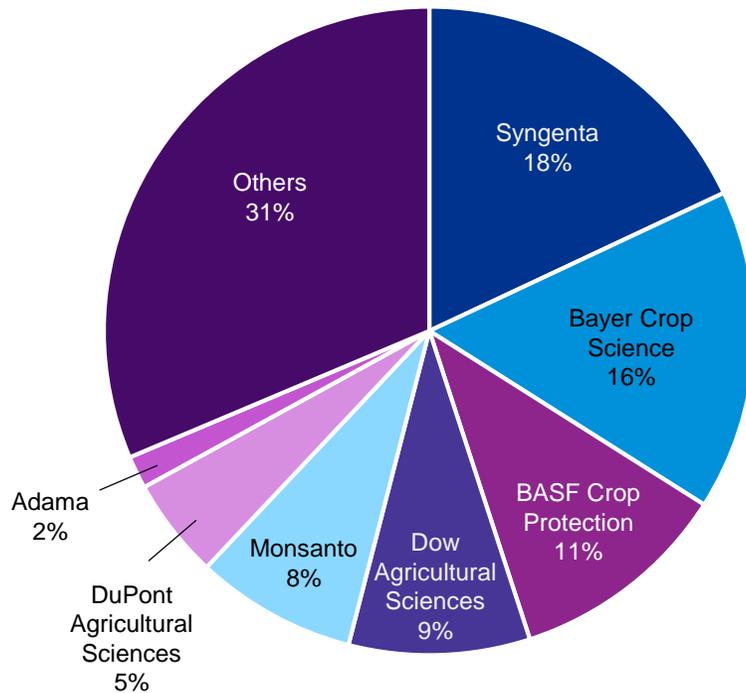
Deal Fit: Once the above 'Fit' criteria are achieved, the specific opportunity needs to be evaluated through structured & robust due diligence.



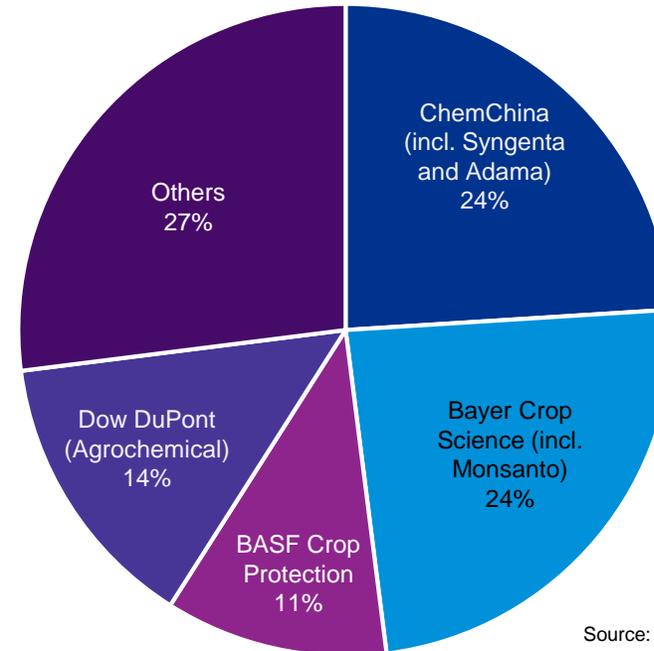
Right Strategy

Crop science global world order changing: Top 4 = c.75% share

Market share of the leading crop protection manufacturers in 2014

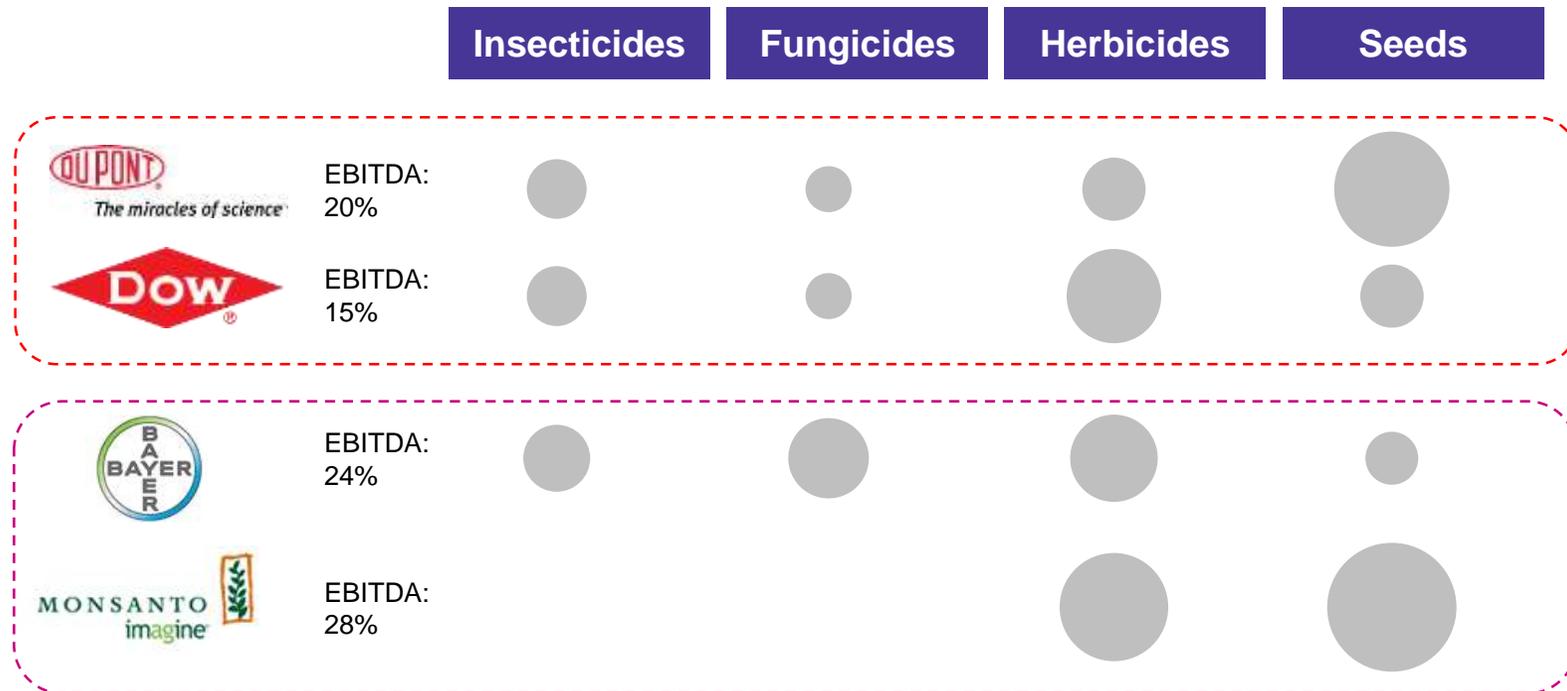


Indicative market share of the leading crop protection manufacturers in the years to come



Source: Statista and KPMG analysis

Product synergies— are amongst the many attractive aspects of these mega deals



...integration execution will be critical to success!

BIVI/Merial – Scale & Access

“Merial adds 13 research facilities, 18 manufacturing plants, and a suite of products that will boost profile in segments of the industry where BIVI was a virtual unknown before... vaccines and treatments for the fast-growing companion animal market (i.e. Heartgard, Purevax, NexGard)... BI will shoot from 7th place in the small animal market to first place, the deal will also give BI the top spot in swine health and provide entry into the equine market, where it previously had no presence”.



Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
	 <p>*manufacturing facility</p>  <p>*animal health division</p>			 

Zoetis diversification



“Through our business development strategy, we deploy capital on acquisitions to enhance our product portfolio, strengthen our presence in emerging markets and help expand our complementary businesses such as diagnostics, genetics and biodevices.” Juan Ramon Alalx, Chief Executive Officer, Zoetis plc

Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
   			      	

Elanco Animal Health Focus



“Elanco has continued to invest significantly in animal health in the past few years, growing businesses and expanding our pipeline. This acquisition will support further pipeline growth and build on Elanco’s proven track record for successfully delivering new innovation and integrating acquisitions. We will continue to seek opportunities that support those efforts.” Jeff Simmons, President of Elanco Animal Health

Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
    *select products	  *animal health division			

Product & Market Access

“The combined strength of the two companies under the umbrella of MSD Animal Health will provide customers with a more comprehensive portfolio of products... We will continue to seek opportunities like these that complement our business and bring value to our customers.” Rick DeLuca, President of Merck Animal Health



Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
				

New Markets & Product Gaps



“Ceva’s history has been marked by major acquisitions that have contributed to its development by offering it not only a foothold in new markets, but also new products and expertise.” Annual Report

Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
 	   			

Right Strategy

'On Farm' Strategy

“Through these strategic acquisitions, Alltech is strengthening its commitment to its customers, providing them with tailored solutions and local on-farm support as they increase the profitability, efficiency and sustainability of their operations.” Alltech website, 2017

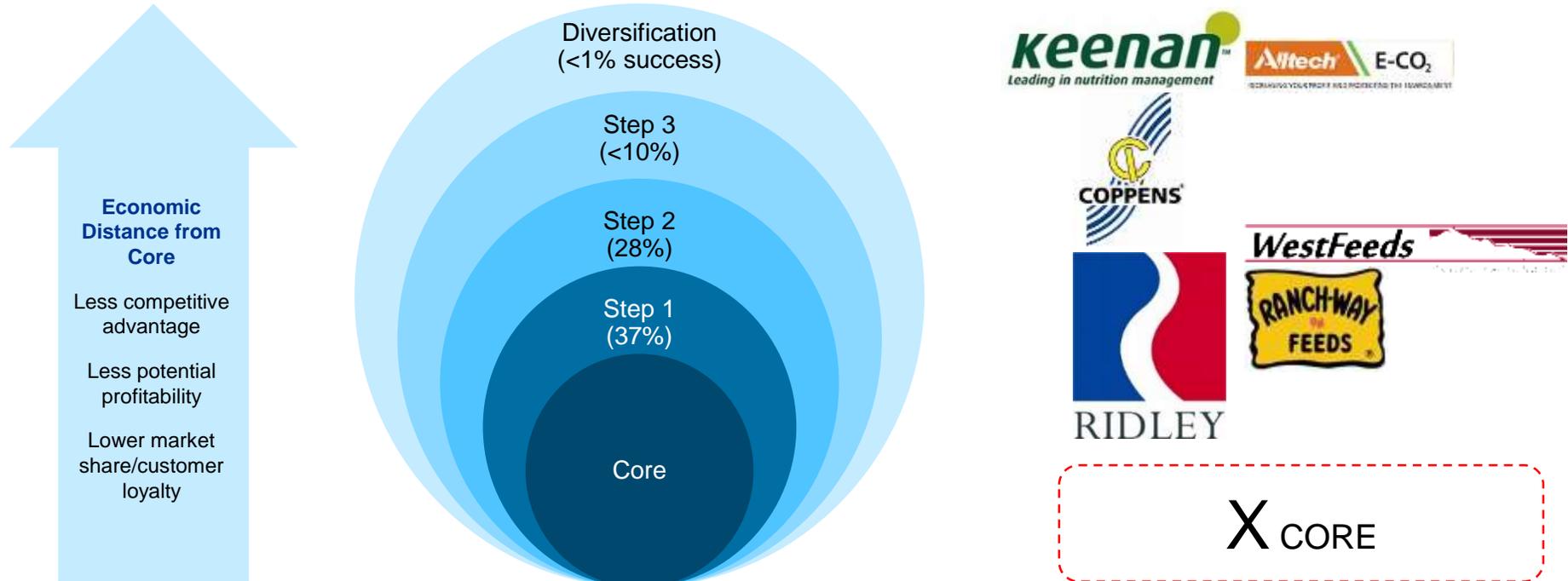


Product/Gap	Geography/ Emerging Market	Customer	Adjacency	Collaboration
  	  	      	  	 <div style="background-color: #808080; color: white; text-align: center; padding: 5px;">Research</div>  30X

“We seek acquisitions which bring us closer to the farmer so that we can better develop technologies that would be put to use on the farm.” Aidan Connolly, CIO

Proximity to the CORE?

Research has shown that the chances of success decline with increasing distance from the CORE...



Source: Beyond the Core, Chris Zook, p88

...we reflect this 'distance from the core' risk in the discount rate

Proximity to the CORE?

	Shared customers	Shared costs	Shared channels	Shared competitors	Shared capabilities/ technology	Overall proximity to the core	
Core	●	●	●	●	●	●	
Opportunity w	◐	◐	◑	◑	◐	◐	➔ 1. step adjacency
Opportunity x	◑	◑	●	◑	◑	◑	➔ 2. steps adjacency
Opportunity y	○	◐	●	○	◑	●	➔ 3. steps adjacency
Opportunity z	○	○	○	○	◑	○	➔ Diversification

Risk Weight the Price

The Discount Rate used in the assessment of future cash flows is calculated on a case by case basis according to the distance from the core.

	Adjacency			
	Core	Step 1	Step 2	Step 3
Existing	WACC	+2%	+3%	+4%
OECD	+2%	+4%	+5%	+6%
BRIC	+3%	+5%	+6%	+7%
Other	+4%	+6%	+7%	+8%

Right Fit Cultural Fit



Staff Turnover

Reputation

Business Values

Complexity

Appropriate Incentivization

CEO has Right Focus

Communication

Litigation/ Claims

Business Values

Appropriate Resourcing

Management Style

Overall Feel?

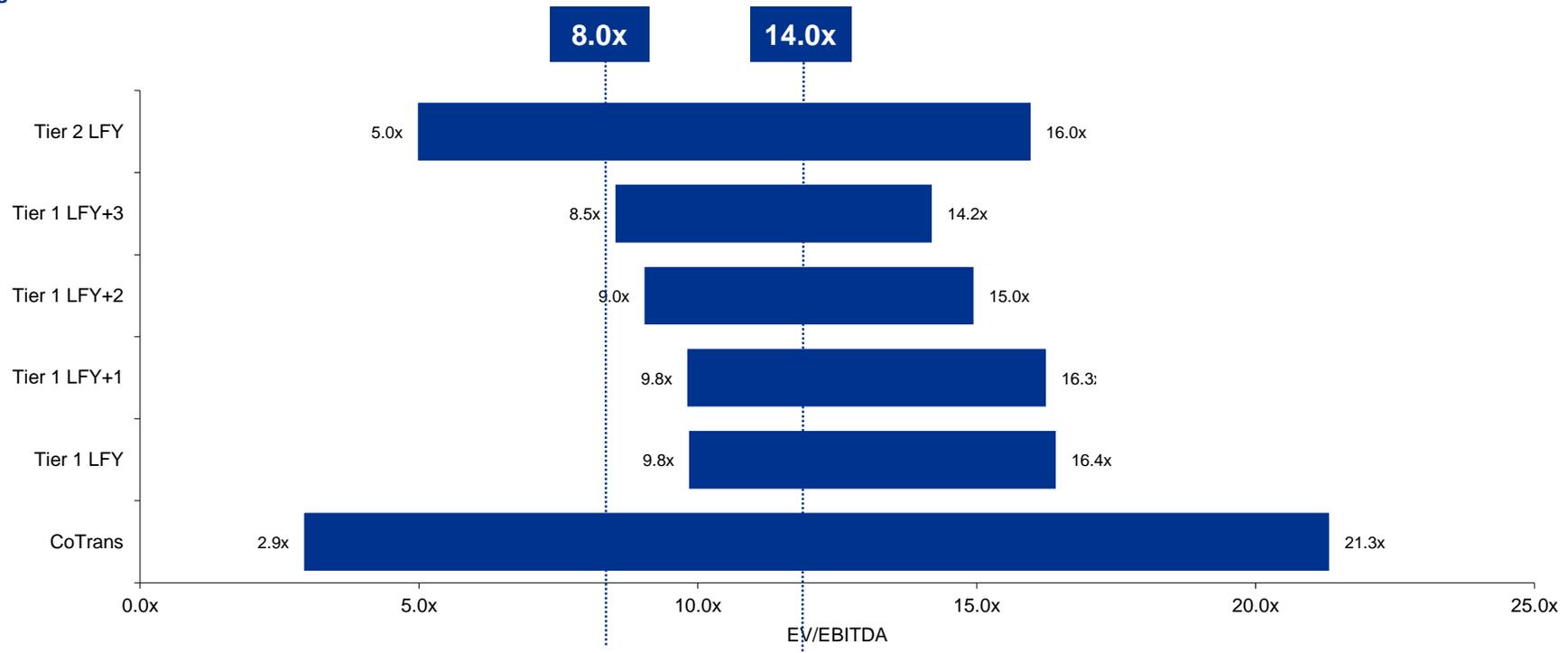
Well Organized



Right Price

Crop Science Valuations

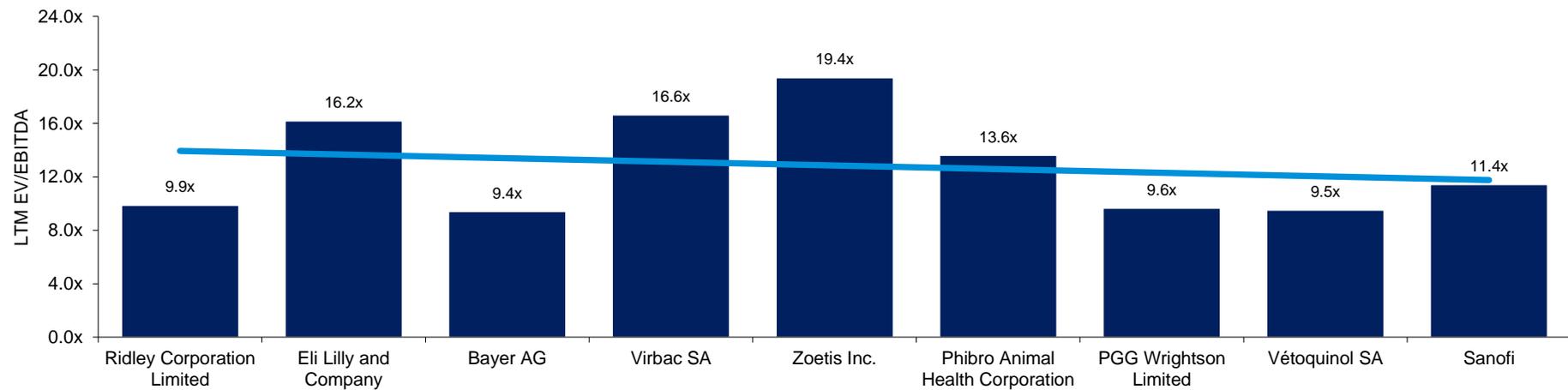
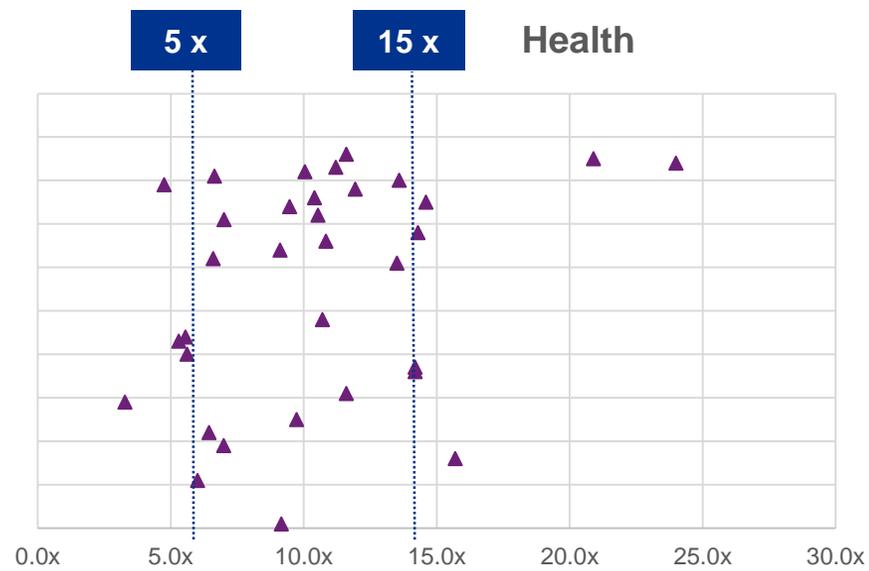
EV/EBITDA Multiples



Note: (1) Eight mega deals for which EBITDA multiple is available | Source: M&A transactions and details via S&P Capital IQ, accessed 18 May 2017

Right Price

Animal Health & Feed



Right Price

Competitive pressure from IPO on the decline?

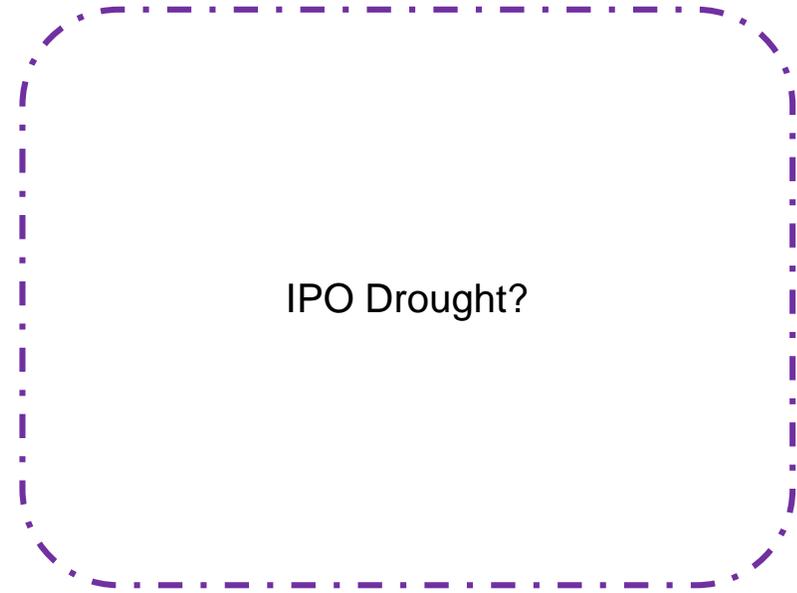
zoetis



XARATANA
THERAPEUTICS



Nexvet
transforming pets' lives.



IPO Drought?

2013

2014

2015

2016

2017



Right Price

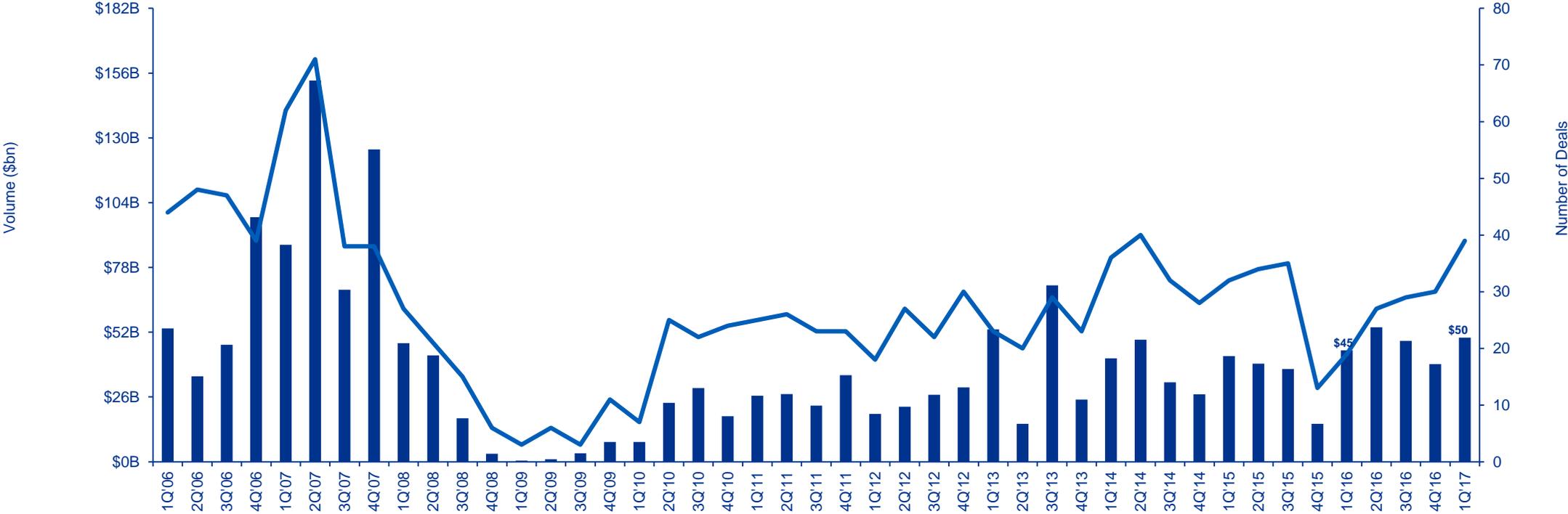
Private Equity Interest on the rise!



Right Price

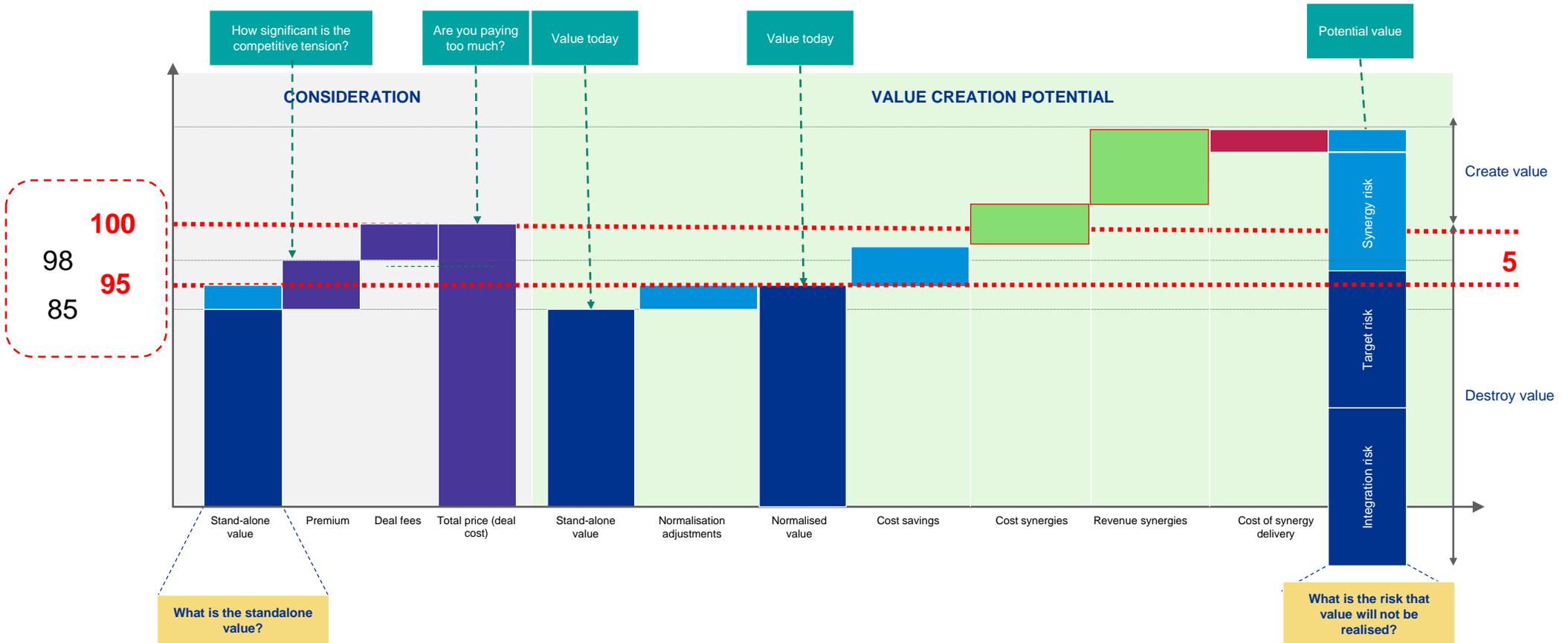
Banks are very happy to support the sector

LBO Loan Volume - Quarterly (\$bn)



How much synergy do you factor in?

It is important to understand how the price compares to the value creation plan



The synergies can be the difference between winning or losing a deal and whether the deal actually delivers value, so the synergy plan needs to be robust and deliverable.

Are you talking EV or EV?

	\$'m
Enterprise value (EV)	100
Net Debt	
Cash	3
Bank debt	(11)
Corporation tax	(7)
Other	(10)
	(25)
Working capital target	
Target	25
Actual	21
	(4)
Equity Value (EV)	71
Locked box	
Daily profit adjuster	7
permitted leakage	(4)
	3
Price received	74



Right Way

A Winning Formula

1. Right FIT

- Right Strategy
- Right Price

2. Right Way

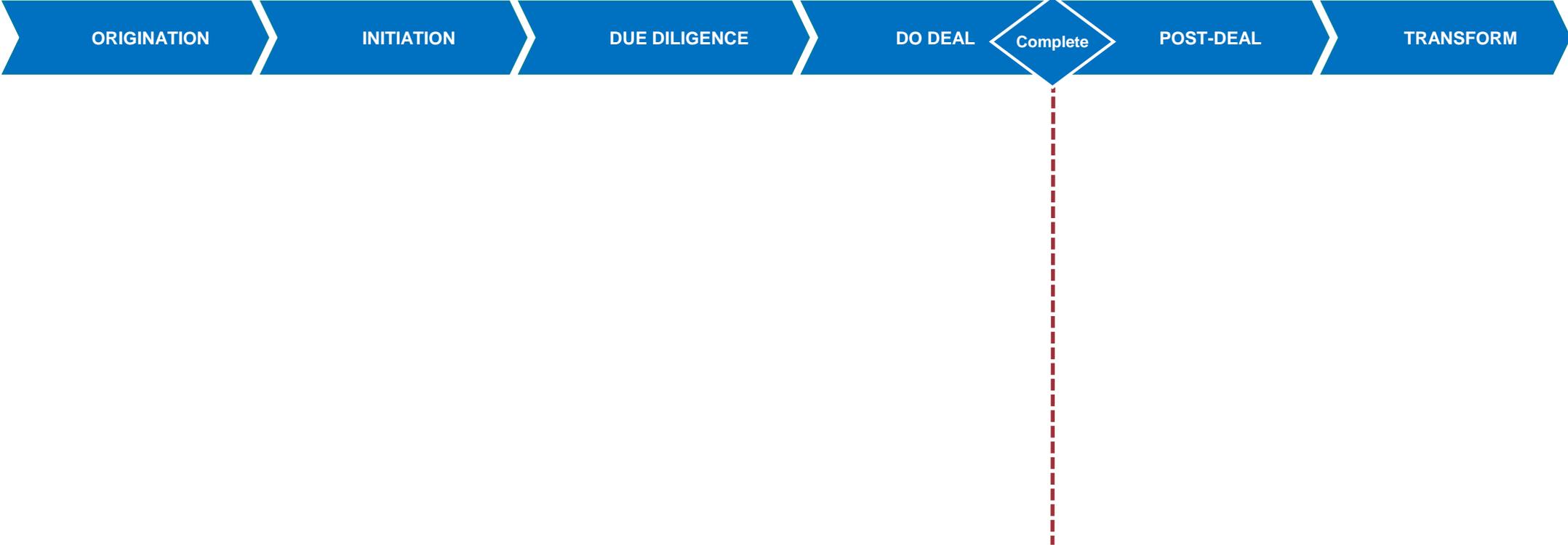
- Right Origination
- Right Image
- Right Process

3. Right Team – pre and post



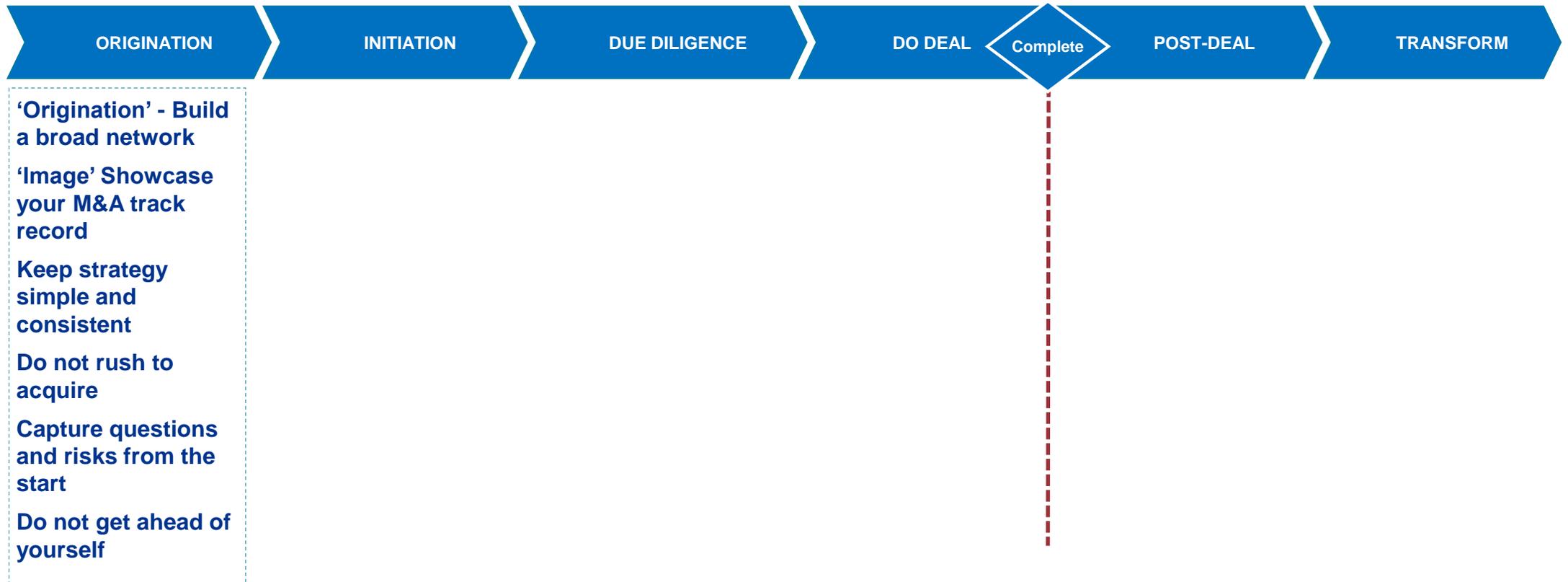
Right Way

6 Stage Process



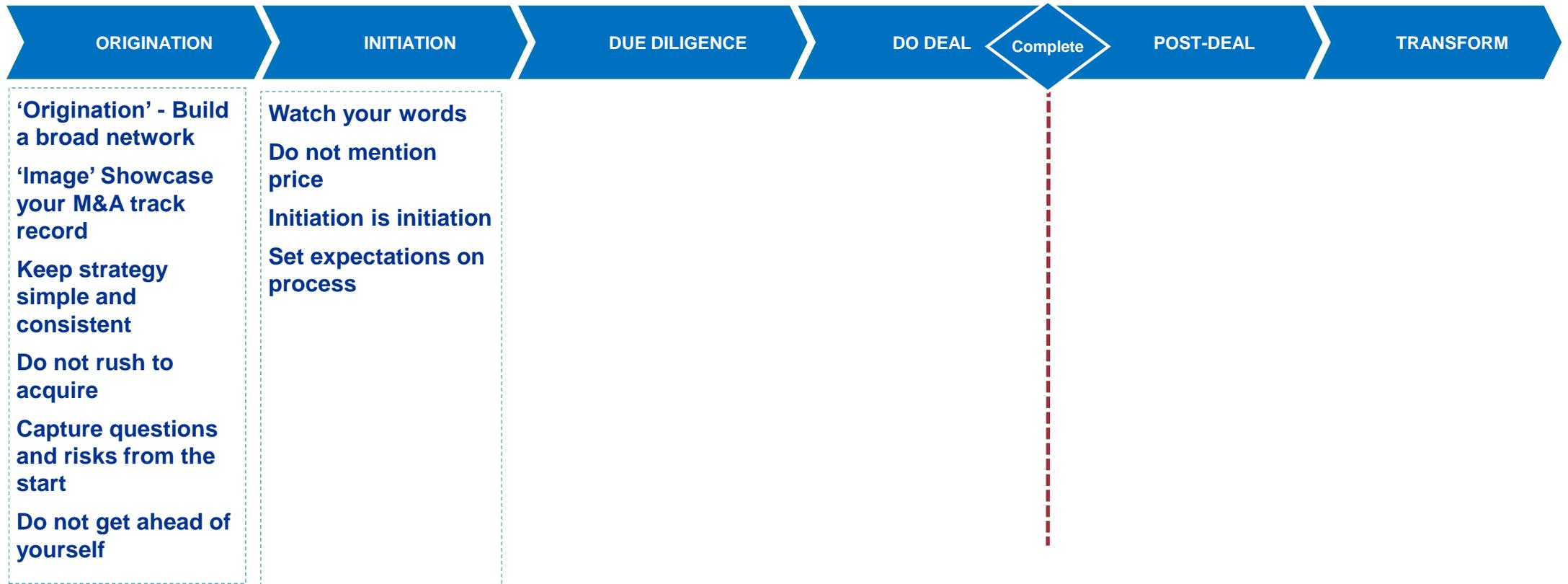
Right Way

Some Golden Rules



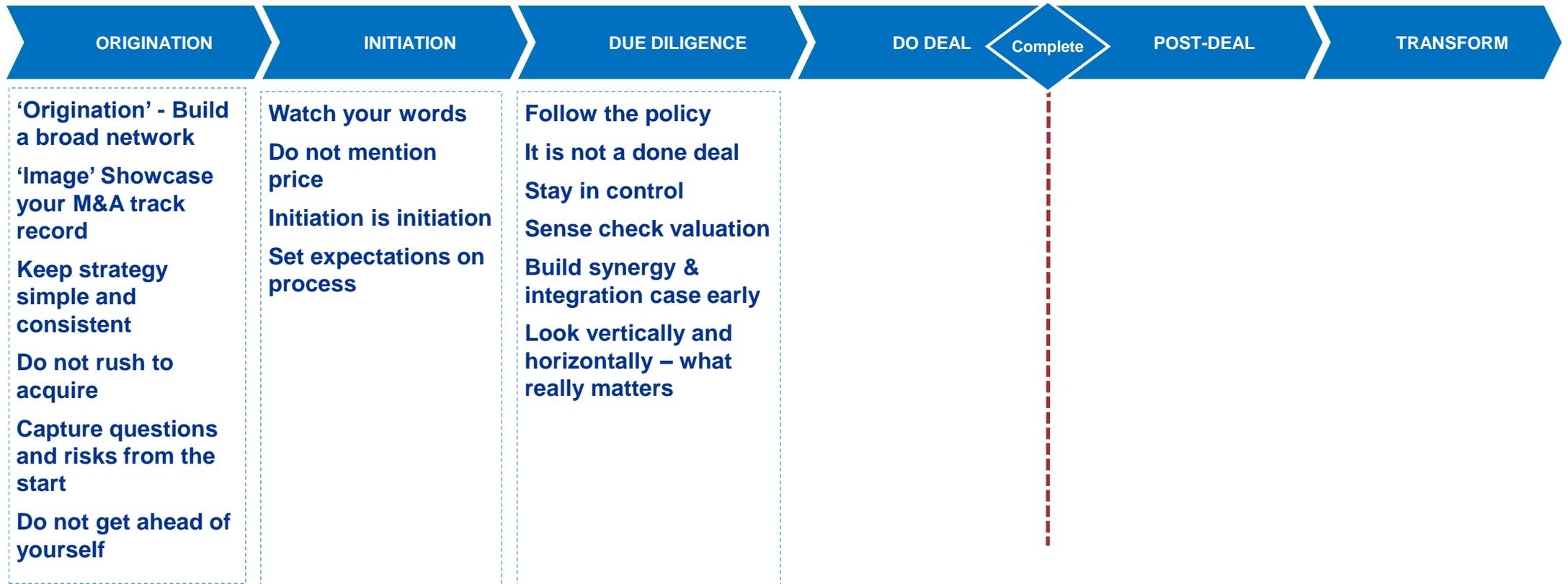
Right Way

Some Golden Rules



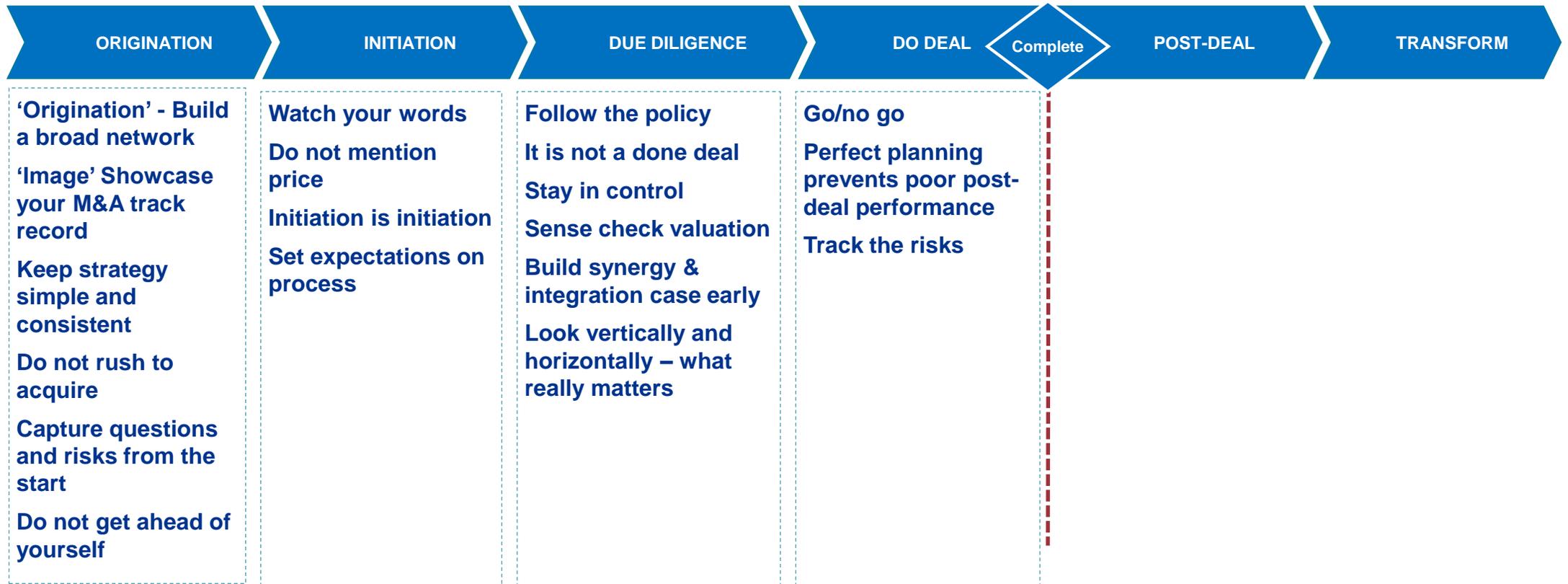
Right Way

Some Golden Rules

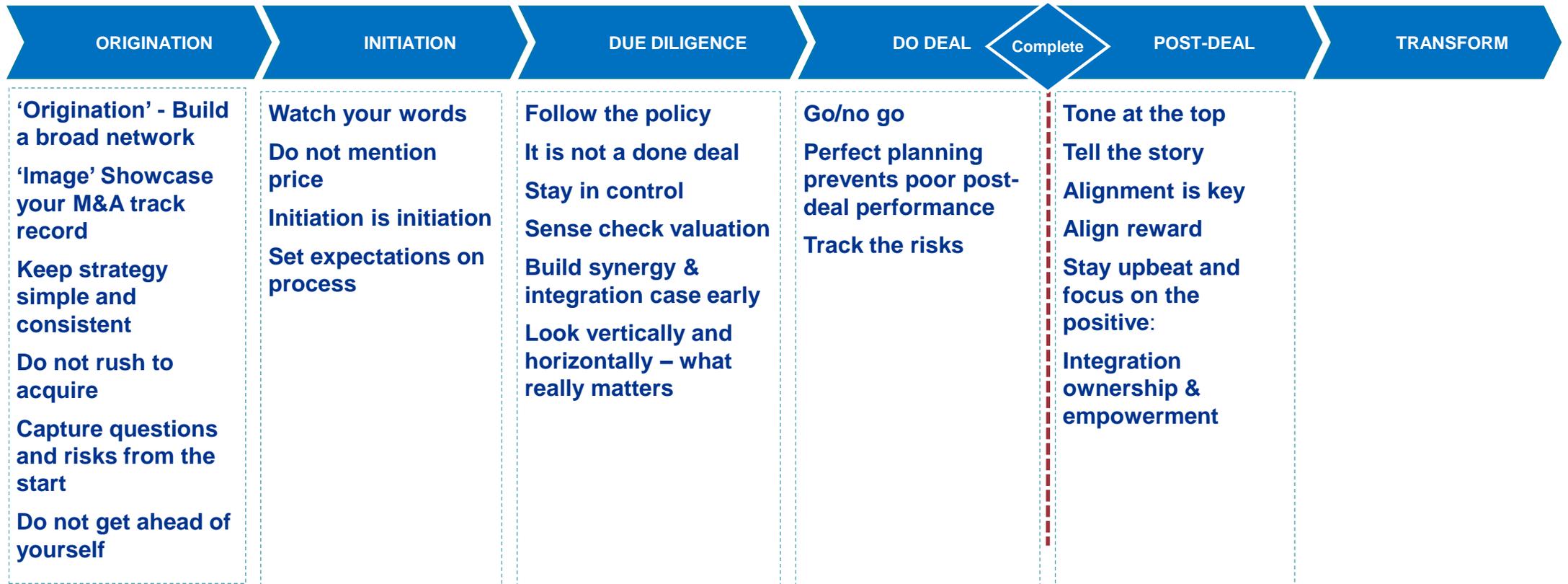


Right Way

Some Golden Rules

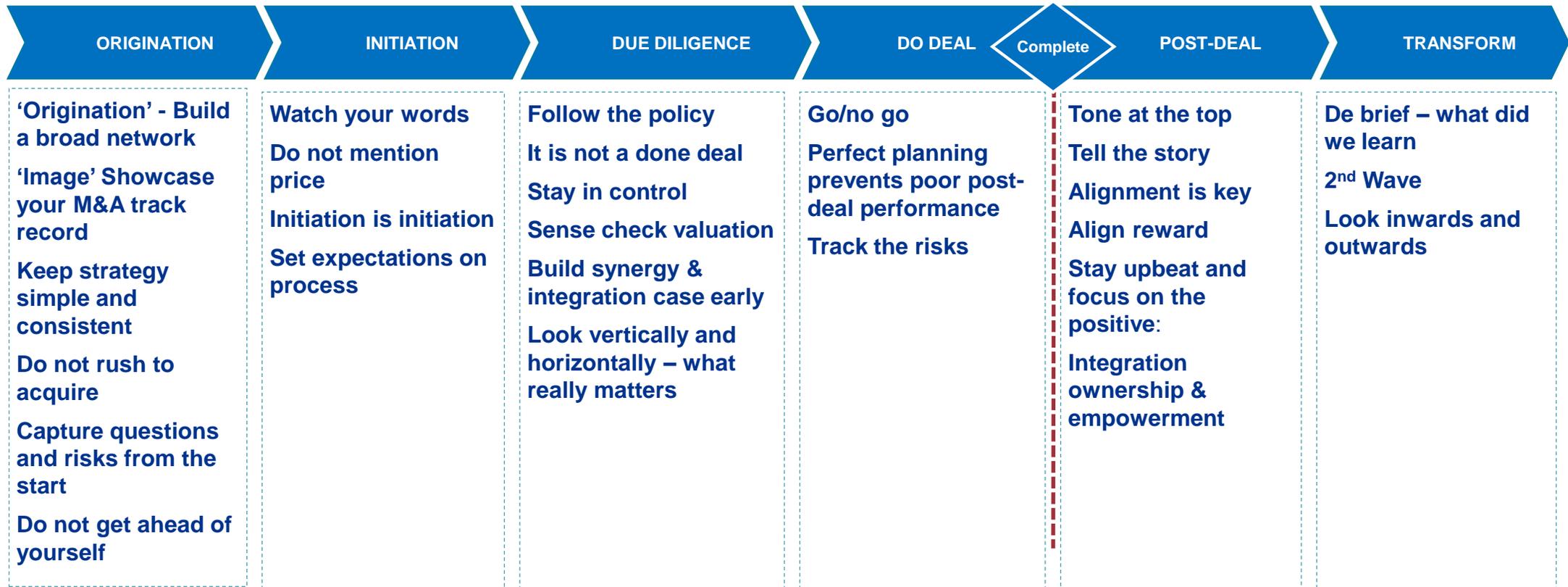


Some Golden Rules



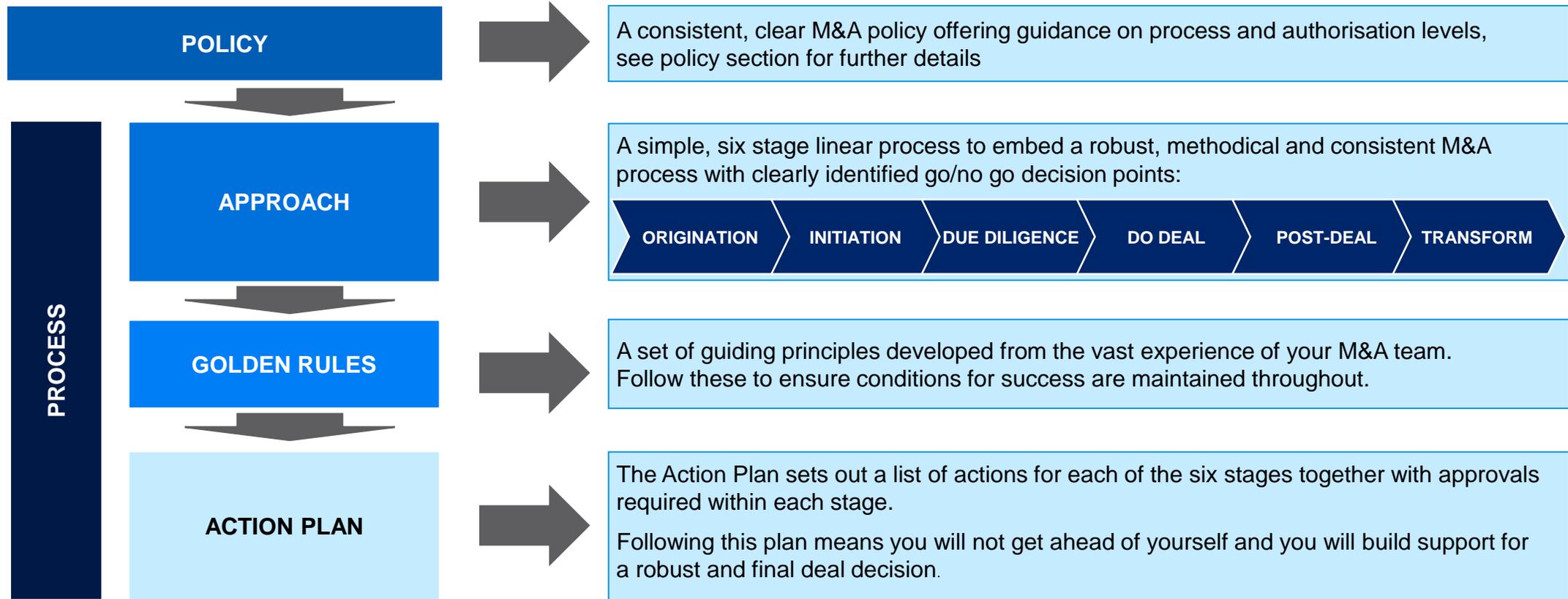
Right Way

Some Golden Rules



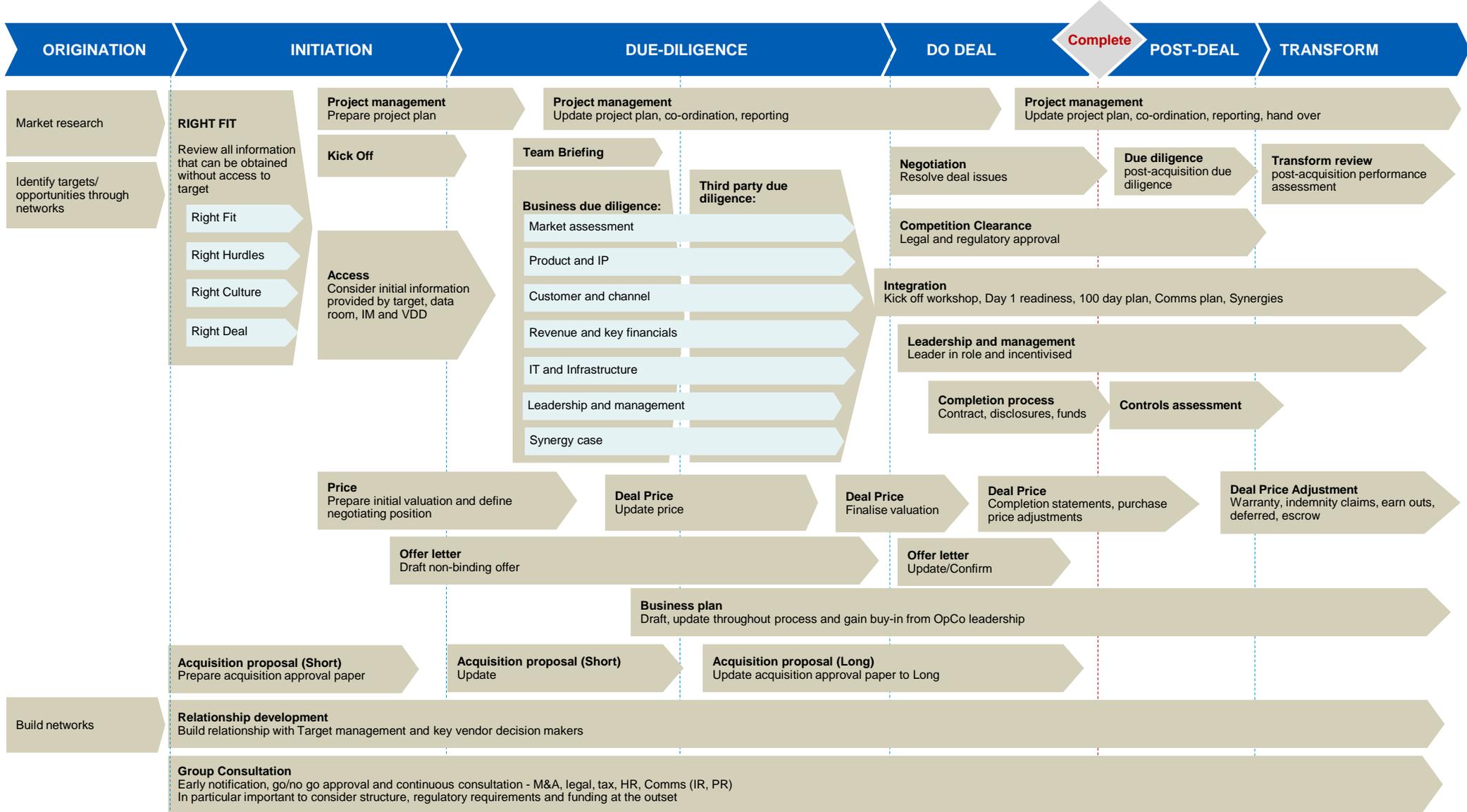
Right Way

Do you have a robust and agreed way of doing M&A?



Good M&A is conducted in a methodical way, do not get ahead of yourself in the process!

Consistency of approach is key



Common Issues

Process

Unrealistic timetable and expectations

Poor data room /conflicting evidence

Poor access to management and stakeholders

Seller requirements not fully met

Valuation

Earnings run rates not supported

Forecasts unrealistic – Sales & margins unsupported

Continuity of key personnel

Product lifecycle / license renewal / R&D pipeline

Completion/SPA

Litigation & debt like items

Working capital trends are not understood

Onerous warranties and indemnities agreed to

Tax planning both corporate and personal not in place



Final Words

Final Words

1. Hot market
2. Build your network & M&A image
3. Keep strategy simple
4. Stick to your Right Fit criteria
5. Stick to your Right Way approach
6. Develop and coach your 'Deal Team' & Fill the Gaps!

Q&A

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