THE EXECUTIVE EDGE @ OPENWORLD
CHIEF FINANCIAL OFFICER SUMMIT
Accelerating Transformational Growth with M&A

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M&A and Restructuring
CFO Success Through Flawless Execution

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The Next 45 Minutes

- M&A and Restructuring Context
  - Activity Volume and Drivers
  - CFO Impacts
  - Positioning for Success
  - Lessons Learned

- Interactive Overview
- Lessons Learned
Do you expect your company to be involved in M&A or Restructuring / Transformation efforts in the next 2 – 3 years?

1 = Definitely No
2 = Likely No
3 = I Don’t Know
4 = Likely Yes
5 = Definitely Yes
M&A and Restructuring Observations

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<th>Populations</th>
<th>Activity Volume (The Last 3 years)</th>
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<td>S&amp;P 500</td>
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- **41%** have been involved in **M&A** activity
- **63%** have been involved with **Restructuring / Transformation** activity
- **75%** has been involved with **either** M&A or Restructuring / Transformation activity
M&A and Restructuring Observations

**Populations**

- **S&P 500**
  - 41% have been involved in **M&A** activity
  - 63% have been involved with **Restructuring / Transformation** activity
  - 75% has been involved with *either* M&A or Restructuring / Transformation activity

**This Audience**

- **Sectors Represented:**
  - Financial Services
  - Healthcare / Life Sciences
  - Manufacturing / Construction
  - Energy
  - High Technology
  - Education
  - Media / Communications
  - Retail
  - Public Sector

- 79% has been involved with *either* M&A or Restructuring / Transformation activity
M&A and Restructuring Observations

### Populations
- **S&P 500**
  - 41% have been involved in **M&A** activity
  - 63% have been involved with **Restructuring / Transformation** activity
  - 75% has been involved with either M&A or Restructuring / Transformation activity

### Activity Volume (The Last 3 years)

#### Sectors Represented:
- Financial Services
- Healthcare / Life Sciences
- Manufacturing / Construction
- Energy
- High Technology
- Education
- Media / Communications
- Retail
- Public Sector

#### Drivers / Rationale
- Growth
- Revenue Dips
- New Products / Product Gaps
- New Geographies
- Changing Business Model
- Competitive Pressures
- Regulatory Changes
- Rising Costs / Shrinking Margins
- Operating Model Change Requirements
- Liquidity Concerns

### This Audience
- 79% has been involved with either M&A or Restructuring / Transformation activity
## CFO Impacts – M&A

### Mergers, Acquisitions, & Divestitures

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### Pre-announcement

- Target Screening
- Target Valuation
- Financial Modeling
- Buy Side Transaction Activity
- Sell Side Transaction Activity
- Due Diligence (Commercial, Operations, Accounting, Tax, IT)
- Deal Structure
- Background Checks (Business, Executives, Foreign Corrupt Practices)
- Asset Valuation
- Purchase Price Adjustments / Disputes
- Tax Planning
- Transaction Accounting
- Integration Strategy
- Carve-out Financials
- Buyer / Seller Negotiations

### Pre- and Post-Close

- Synergy Identification & Capture
- Legal Entity Consolidation / Alignment
- TSA Development
- Day 1 Planning & Execution
- Finance Functional Integration / Separation
- Pricing Alignment
- Information Technology Integration (Strategy & Implementation)
- Human Capital (Communications, Change Management, Compensation, and Benefits)
- Analyst Expectation Management
- Security & Controls
- Regulatory Compliance
Restructuring / Transformation Framework

What the Business Does
- Customers
- Value experience delivered
- Business structure

How it Operates
- Functional capabilities / competencies
- Organizational structure
- Operating governance / decision making

How it’s Financed
- Debt
- Equity
- Cash Flow

Business Model
How the Business Makes Money

Operating Model
How the Business Operates

Capital Model
How Operations are Financed
Secrets to Success

Pre Event

- Capability Development
- Playbook Development & Refinement
- Simulation

**Infrastructure Readiness** (Plug & Play, Data Flagging, Contract & DM Flexibility)

- Foresight Knowledge / “Living Will”
- Health Checks
Secrets to Success

Pre Event

During Event

“A-team” Engagement

Proactive Program Management

Strategy & Blueprinting / Alternative Delivery Model Consideration

Synergy / Cost Takeout & Capture

Identification

Human Capital & Management

Change

Devil’s Advocate
Real Time Survey
Question #2

Do you believe your company is prepared to plan and execute an M&A or Restructuring / Transformation effort in the next 2 – 3 years?

1 = Definitely No
2 = Likely No
3 = I Don’t Know
4 = Likely Yes
5 = Definitely Yes
If you would like free copies of 4 recent M&A and Restructuring related publications, please drop your business card in the bowl at the next break

Deloitte Thought Leadership

Making the Deal Work: Perspectives on Driving Merger and Acquisition Value

Counting on Finance: A CFO’s Guide to Doing Deals

Wired for Winning: Managing IT Effectively in M&A

Leading Through Transition: Perspectives on the People Side of M&A