



LEADING TREASURY
PROFESSIONALS

M&A IN MORE MATURE MARKETS



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M&A and Treasury Departments: Oil & Water?

Reasons (Excuses!) :

- ☐ Confidentiality
- ☐ Speed
- ☐ C-level only
- ☐ Life must go on, treasurer must continue to ensure the cash flows





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But the reality is that despite a significant growth in global M&A volume which reached USD 3tr on August 11, 2015, a estimated (minimum!) 50% of acquisitions fail, and according to one survey 83% do not achieve the aspired objectives.





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WHY?

Several reasons, but the key common factor is **inadequate preparation** both regarding the understanding of the target company, and regarding post acquisition integration.

**IT'S EASY TO BUY A COMPANY, BUT VERY HARD TO
MANAGE AN M&A PROCESS.**





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Role of most Investment banks:

- + Identification of buyer or seller;
- + valuation of target;
- + structuring of the transaction, (sometimes including financing);





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What's missing?

Post Acquisition Integration!

When the deal is closed, and the fees are paid, most bankers move on to the next deal.

“THAT’S WHAT THE TREASURY DEPARTMENT IS SUPPOSED TO DO”





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Best Tip to ensure success:

Involve the Treasury Department from Day 1!

I could turn it around: Treasurers, claim your rightful place at the M&A table!





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What should a treasury department do?

1. Advise on the company's cash position and the ability to access financing. (including impact on loan covenants, ratings etc.)

Ensure that the “war-chest” is adequately filled, and advise the board on this.





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2. Treasures understand how companies create cash, so they can better understand how an acquisition will really contribute to the cash flow. => this will lead to a better, more accurate valuation, and therefore increase the chance of a successful acquisition.





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3. When in the Dealteam, the Treasurer should –
whenever possible, (sometimes later in the process) –
interact with his / her counterpart in the target
company. This leads to a stronger understanding of
what is actually being acquired.





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4. The Treasurer must plan and prepare adequately for the real cash issues following “D-Day”.

Who is authorised to sign?

Electronic banking systems?

Loan covenants?





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Conclusion

M&A and Treasury:

Instead of oil and water, change it to oil and vinegar!

- Sole of the Treasurer in the process is essential to ensure a successful M&A project, both prior to closing and post acquisition.
- Up to the Treasure to “claim” this role.





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WE AIM AT THE BEST STRATEGY FOR YOUR BUSINESS

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