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# M&A IN MORE MATURE MARKETS



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## M&A IN MORE MATURE MARKETS

# 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. Treasurers 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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