



M&A Advisory Series: Valuation

The webinar will begin in a few moments

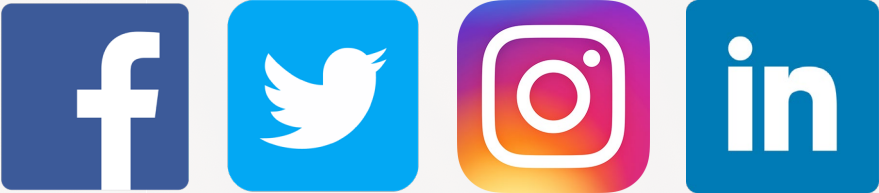
***NOTE:** Participants will receive an email within 48 hours with a link to the slide deck and recording.*

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Presenters



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M & A Series



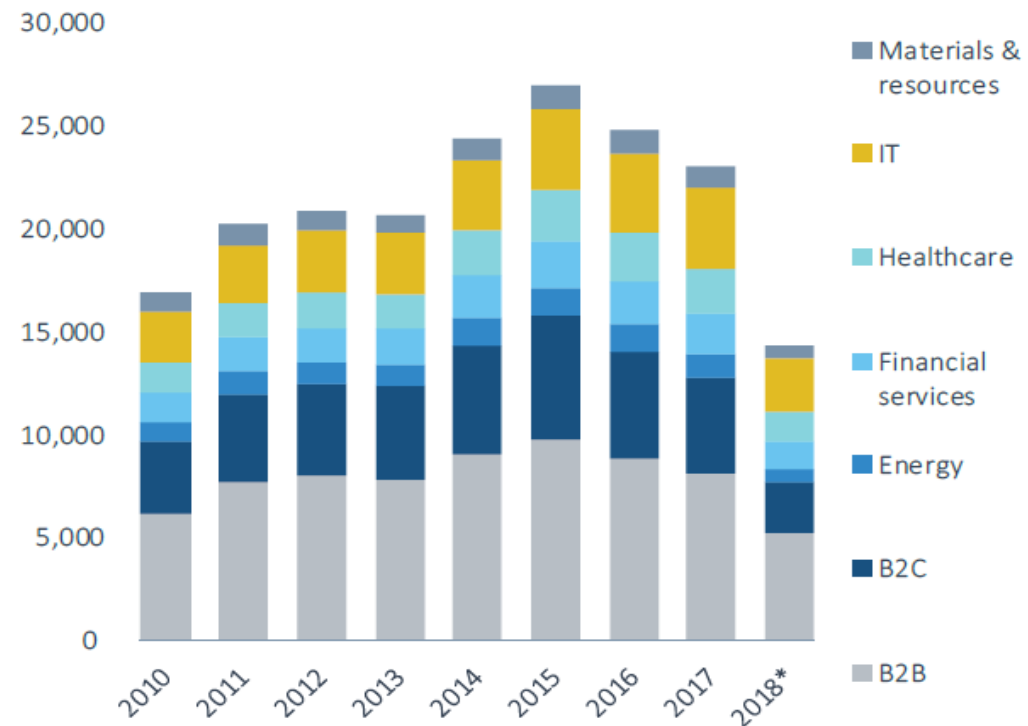
- **Planning & Due Diligence**
- **Quality of Earnings**
- **Completeness of Tax Accruals**
- **Equity**
- **Valuation**

The State of Market



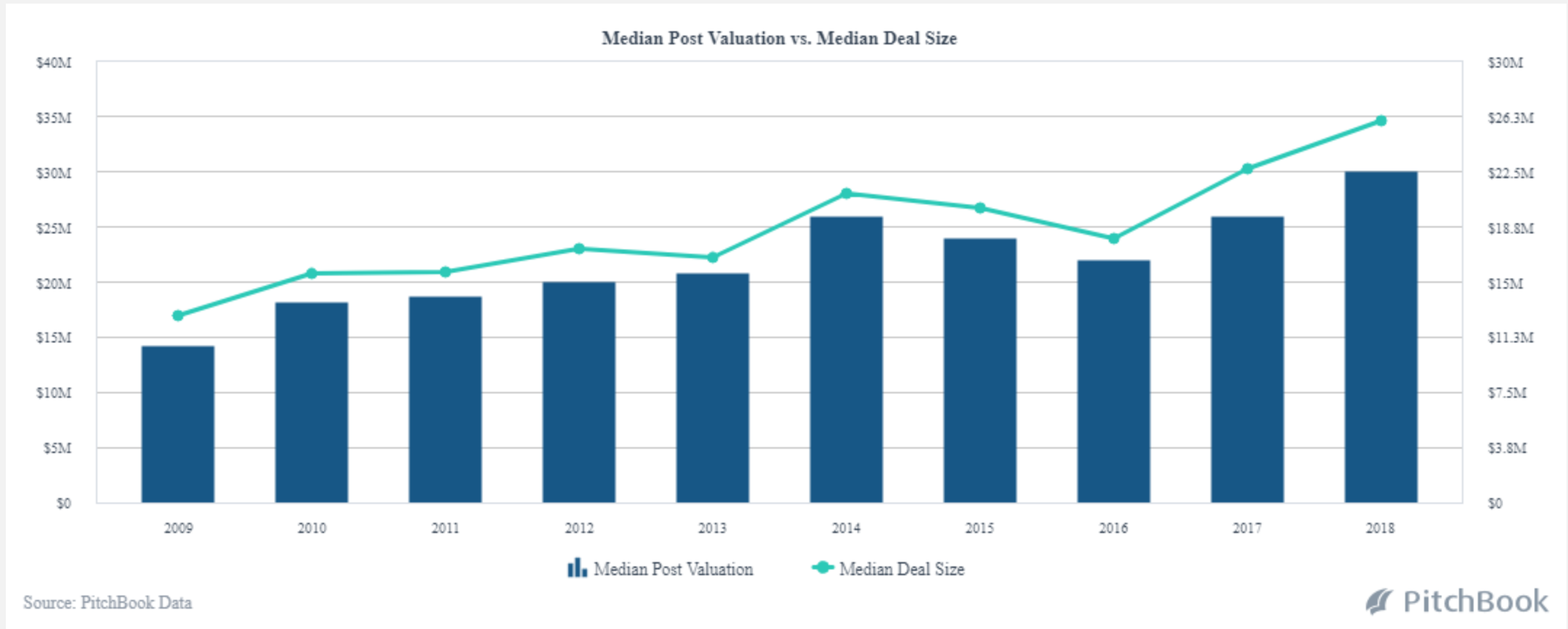
IT on pace to complete more deals than B2C for the first time

North American and European M&A (#) by sector



Source: PitchBook
*As of September 30, 2018

The State of Market

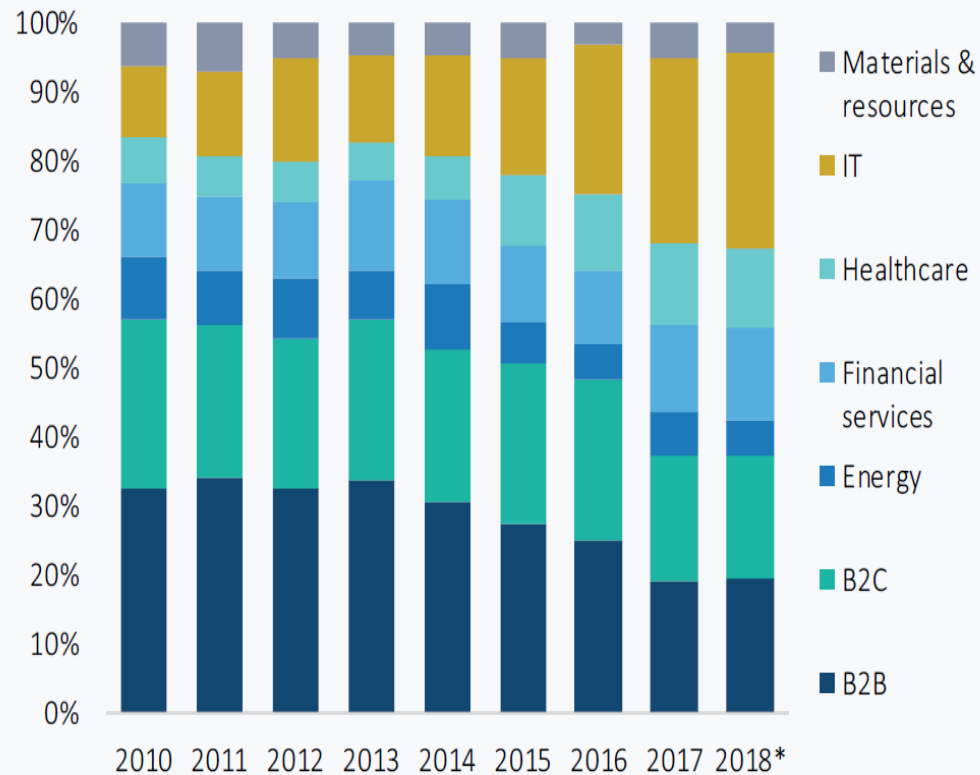


The State of Market



Proportion of technology deals more than doubled in the past decade

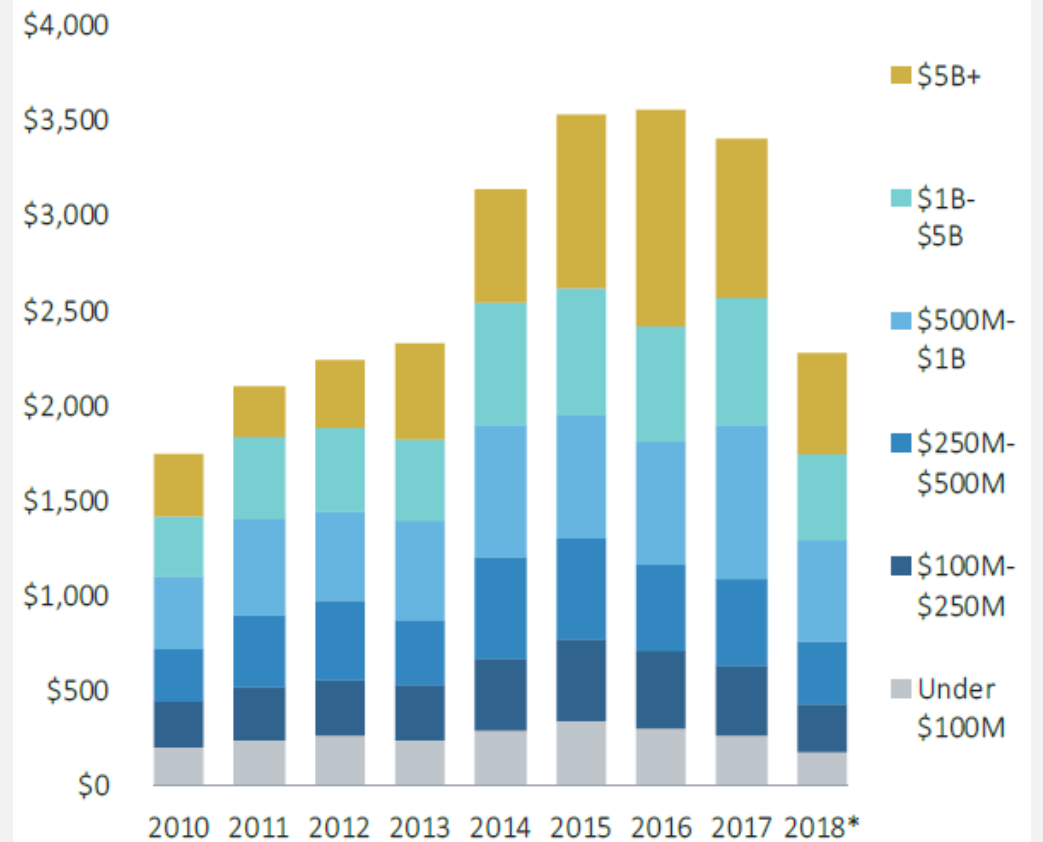
North American and European corporate rounds (#) by sector



Source: PitchBook
*As of September 30, 2018

Deal value looking to approximate prior four years

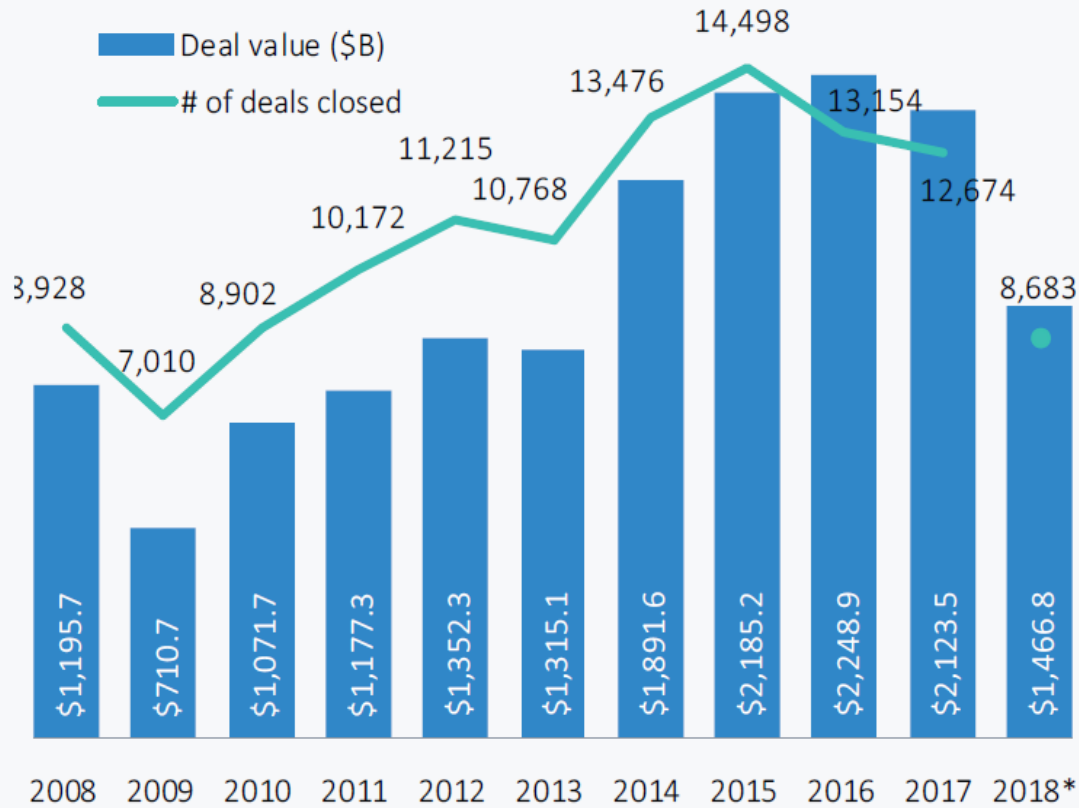
North American and European M&A (\$) by size



The State of Market



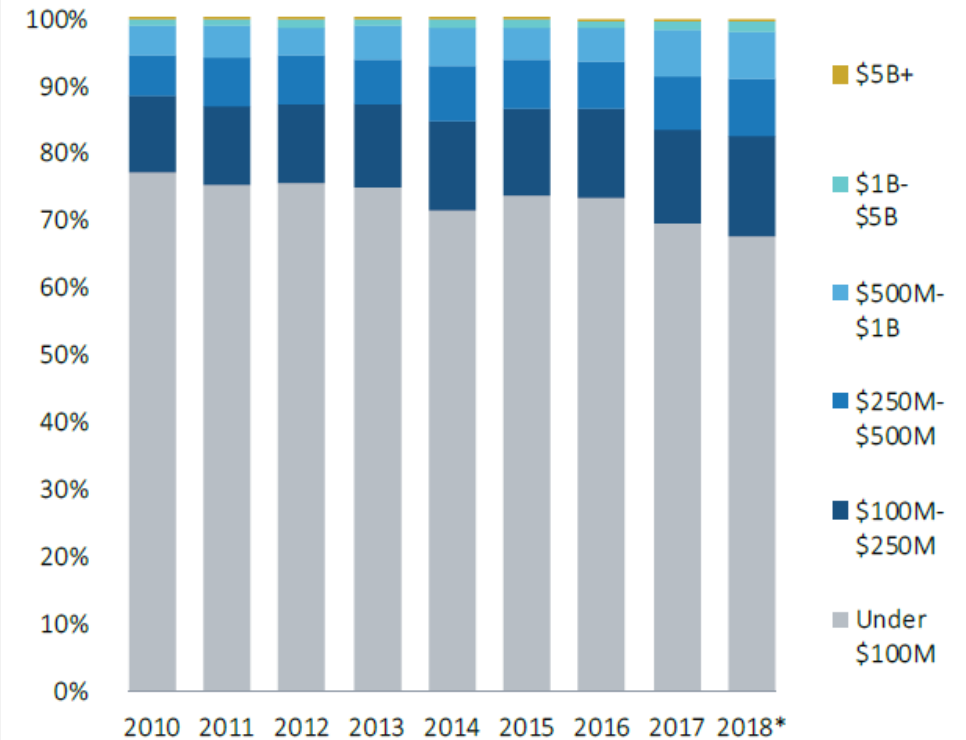
North American M&A on pace to approximate recent years
North American M&A activity



Source: PitchBook
*As of September 30, 2018

Proportion of deals above \$100M continues to swell

North American and European M&A (#) by size



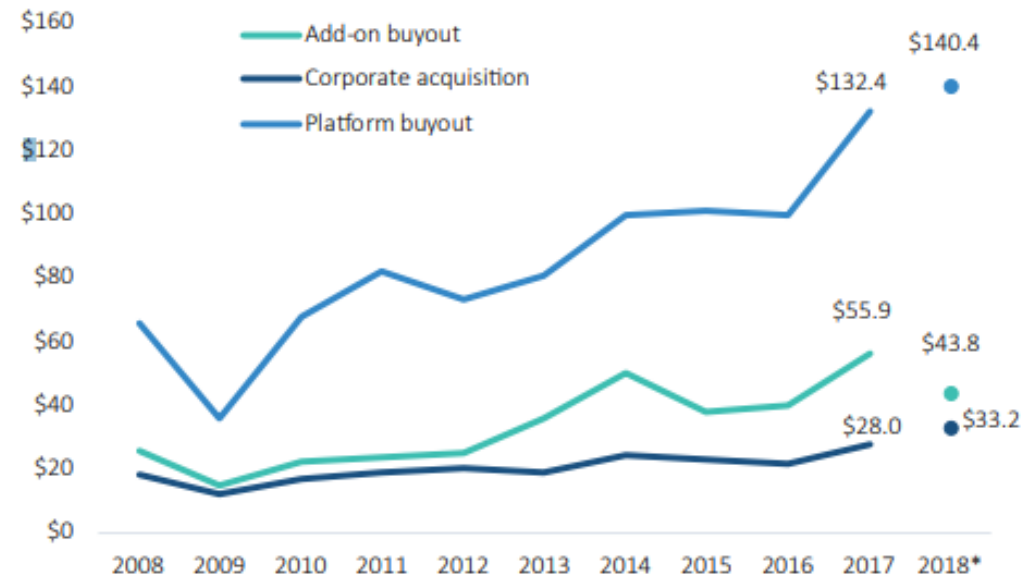
Source: PitchBook
*As of September 30, 2018

The State of Market



Deal sizes remain elevated

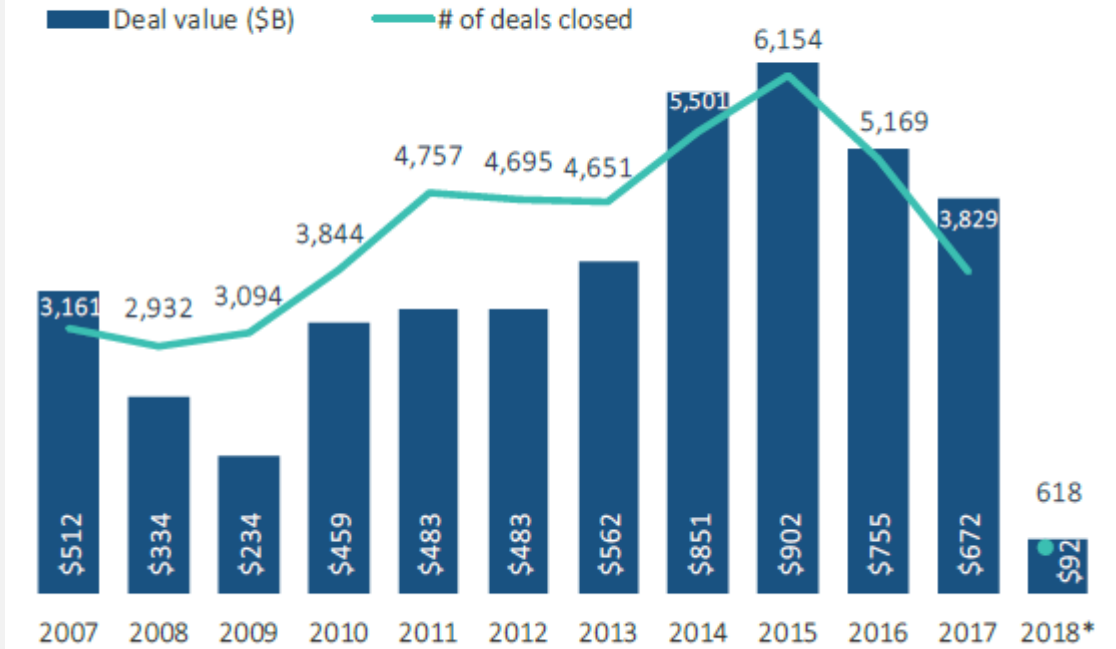
Median deal size (\$M) by type



Source: PitchBook
*As of June 30, 2018

Even after the recent decline, other factors indicate divestitures are primed to accelerate

M&A divestitures



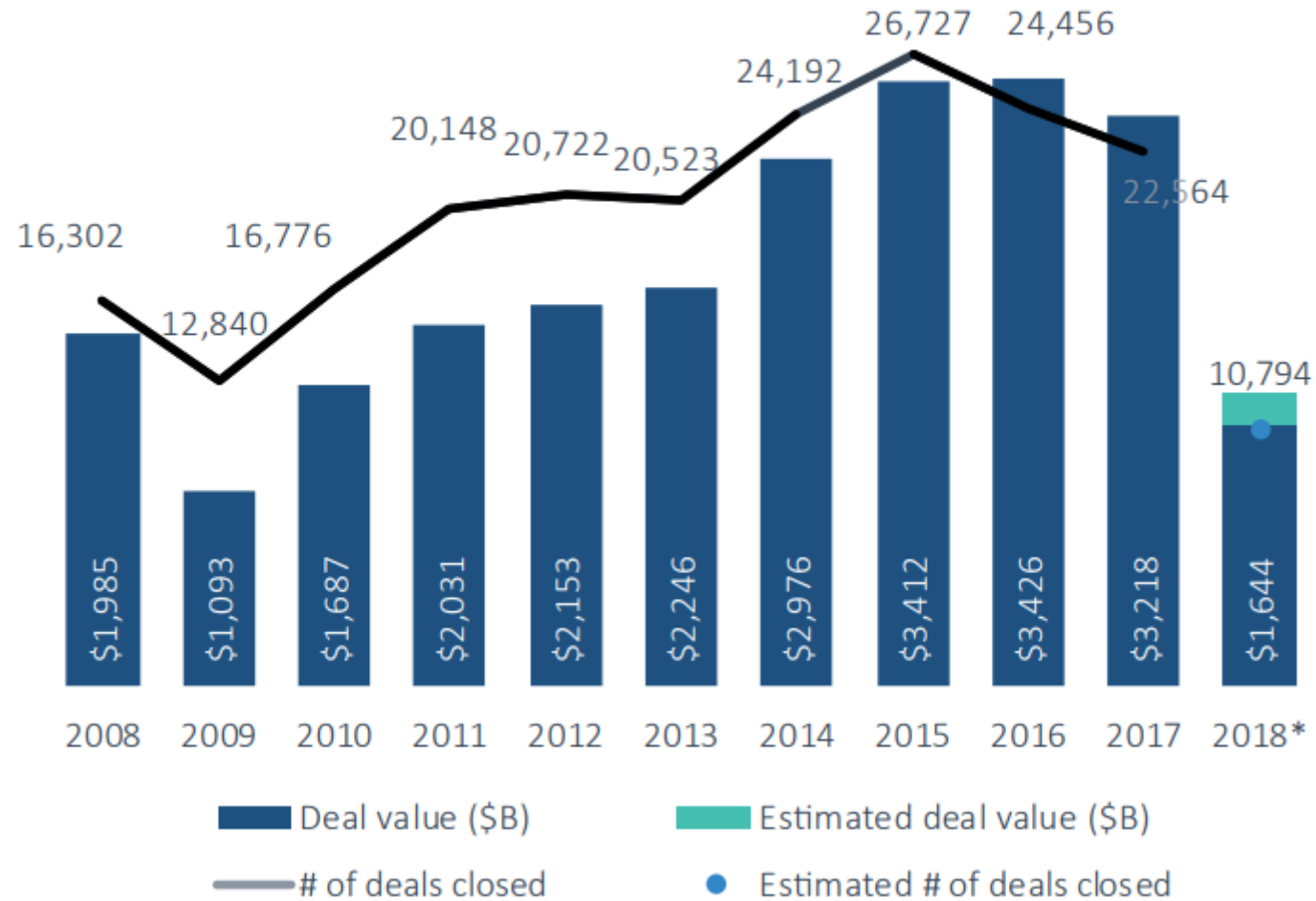
Source: PitchBook
*As of March 31, 2018

The State of Market



Transaction value on pace to match recent figures

North American and European M&A activity



Agenda



- Assess Value
- Valuation Methodologies
- Shareholder Buyouts
- Cashflow
- Purchase Price

Assess Value



- Core Issue Is The Value
 - + Buy Low
 - + Sell High
- **How Do You Assess Value?**
- Seller:
 - + Getting Ready To Be Acquired
- Family/ Closely Held Business
 - + Depressing Earnings To Minimize Tax
 - + Normalize Financial Statements
 - Want To Show How You'd Look If You Maximized Profits
 - That's Going To Maximize Your Sell Price
 - + Sometimes Increasing Revenue Increases Value
 - + Sometimes Decreasing Costs Increases Value
 - + Know Your Levers Of Cost
 - Know How To Manage To Them
 - + Identify Synergies Between The Buyer And Seller

3 Basic Valuation Methodologies



- Income
- Market
- Cost



Shareholder Buyouts



- Post Acquisition
- Purchase Price Allocations
- Valuing Intangible Assets



Cashflow



- Benefits the Buyer Expect to Receive
- How the Company can Maximize Cash Flows
- Financial Buyers vs Competitive or Corporate Buyers
 - + Private Equity: Will buy companies, clean them up and sell in 3 to 5 years.
 - + Corporate: Not buying to exit, usually. May have them for the long-term.



Purchase Price



- Sellers
 - + Understand How The Value In An Offer Is Established
 - + How Does A Change Of Assumptions Change The Value
- Theory (Market)
 - + There's Something The Buyer Can Do With The Technology
 - + Product That They Can't Do Themselves
 - + Can Do It Quicker By Acquiring
- Negative Impact
 - + Diluting Earnings Per Share

- Knowing Who Is Buying And What May Impact Value
- Earn outs



Next Steps



What should you do now to prepare?





What Questions Do You Have?

Submit Your Questions Now!





Contact Us!

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