Understanding Company Valuations for Mergers & Acquisitions

London, 17 – 19 September 2014

Uncover the true value of your company
Who we are

The educational model of the Academy is that of a "Corporate University" where the traditional classroom is replaced by an interactive approach to all open enrolment programmes so as to:

— Facilitate the exchange of experiences and expertise among the professionals attending.
— Actively encourage the transfer of knowledge and skills gained back into the workplace.

All our open enrolment courses are designed to analyse and explore developments in the international financial markets in order to improve delegates' technical and operational skills.

Our Strengths

Academy clients are able to benefit from two particular advantages when working with the Academy:

— Our faculty, encompassing experts from across London Stock Exchange Group and experienced UK, Italian and international financial market practitioners. On occasion, where appropriate we are also able to draw on the insights of leading academics from the most respected universities.
— Our innovative methodology, centred on the value of group learning, a collaborative approach and creating an active learning environment.
The Course

Overview

This series of workshops is designed to give participants a thorough grounding in the principles of company valuation and acquisitions. The workshops are suitable for delegates from quoted companies, companies that are considering an acquisition, private companies considering flotation, and advisory firms. Delegates are not required to have any prior knowledge of company valuation or acquisitions, but will need to be familiar with company financial statements.

Why attend?

The workshops are modular in structure, allowing participants to pick and choose the days most relevant to their needs. Participants can sign up for each day separately or all three consecutively.

Day One: An Introduction to Valuation
An introduction to all valuation methods, using a range of mini case-studies to illustrate when and how to apply each method. This workshop includes an introduction to Discounted Cash Flow (DCF) analysis.

Day Two: DCF Valuation
Participants will go further into the details of the assumptions required to produce a DCF valuation. They will discuss case-study companies, reviewing key assumptions and the impact on valuation.

Day Three: Acquisitions
Participants will review the key aspects of acquisitions from strategic decisions through to process and structuring. They will explore valuation for acquisition, looking specifically at stand-alone value versus value to buyer and treatment of synergies.

Who should attend

This three-day course has been designed to appeal to the following professionals:

- Company Secretarial Staff
- Investor Relations Professional
- Financial PR
- Finance Directors/Managers
- Lawyers and Accountants
- Equity Sales
- New Joiners in the following functions:
  - Corporate Finance
  - M&A Advisory
  - Equity Analysis
- Portfolio Managers
- Financial Analysts

Location

The course will be held at London Stock Exchange’s headquarters located next to St. Paul’s Cathedral at 10 Paternoster Square, London EC4M 7LS.

Trainer: Heather Lightbody

Heather Lightbody, BSc., MSc (London Business School), has extensive experience in the theory and practice of company valuation at both a practical and theoretical level. Her valuation experience spans the corporate environment, advisory for both M&A and IPO, and private equity.

Heather worked for Exxon for five years on corporate financial analysis. She then spent five years as a strategy consultant specialising in company valuation on both divestments and acquisitions. Heather went on to spend seven years in investment banking, latterly as Executive Director in Equity Capital Markets, working with clients on international equity issues.

Heather has a personal interest in private equity and teaches for the BVCA.
# The Course

## Day 1: An Introduction to Valuation

**8:30 - 8:55** – Registration and coffee

**9:00 - 09:20** – Welcome and Introduction to course objectives

**9:20-10:30** – Introduction to Company Valuations
- How the Market values companies and what causes prices to change
- How companies try to persuade the market to change its view of value
- Valuation of IPO
- The role of the research analyst

*Case-study:* Examining the valuation of Marks & Spencer and what happened in 2004

**10:30 - 10:45** – Coffee

**10:45 - 12:30** – Using comparable multiples
- Traditional valuation multiples (P/E) and newer multiples (PEG ratios, etc)
- The concept of Enterprise Value and related multiples - EV/EBITDA, EV/EBIT

*Case-study:* Estimating valuation based on historic and prospective multiples. Which multiples for which sectors and which time periods?

*Case-study:* Selecting appropriate multiples for different industry sectors

**12:30 - 13:30** - Lunch

**13:30 - 14:45** – What companies are comparable?
- Criteria for selecting comparable companies

*Case-study:* Comparable companies for Virgin Mobile,

**14:45 - 15:15** – When to use other valuation methods
- Asset based, dividend discounting, Sum of the Parts, Real Options

*Case study:* What UK companies can dividend discount models help to value?

**15:15 - 15:30** – Coffee

**15:30 - 16:30** – Discounted Cash Flow Analysis (DCF)
- Why discount cash flows?
- What assumptions tend to have most impact on a DCF valuation

*Case study:* The impact of different assumptions on DCF valuation

**16:30 – 17:00** – Bringing it all together
- How to draw conclusions from valuation results

*Case study:* Reviewing the results of a valuation analysis using different methods and recommending a target price range

**17:00** – Close
### The Course

#### Day 2: DCF Valuation

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
</table>
| 09:00 - 10:30 | Free cash flow  
- The concept of free cash flow  
- Key assumptions in free cash flow forecasting  
**Case-study:** critiquing assumptions used to forecast a company’s free cash flow. |
| 10:30 - 10:45 | Coffee |
| 10:45 - 11:30 | Terminal value  
- The importance of terminal value and the different methods used  
**Case-study:** selecting suitable terminal value methods for a variety of companies and circumstances including infrastructure projects and private equity investments. |
| 11:30 - 12:30 | Cost of capital  
- Significance of a company’s Weighted Average Cost of Capital (WACC)  
- Key steps in estimating cost of debt and equity  
- Use of the Capital Asset Pricing Model (CAPM) for estimating cost of equity  
- Significance of the equity risk premium, historic data and differences in views  
- Where to find data to use for an unquoted company. |
| 13:30 - 14:30 | Cost of capital case-studies  
**Case-study:** analysing the cost of capital estimates for a quoted company  
**Case-study:** reviewing the impact of key assumptions on estimates of cost of capital for an unquoted company |
| 14:00 - 14:15 | Coffee |
| 14:15 - 15:15 | Determining present value  
- Converting forecast free cash flows into a DCF valuation from enterprise value to equity value.  
**Case-study:** adjusting terminal value and cost of capital assumptions to assess the impact on the final valuation. |
| 15:15 - 15:30 | Coffee |
| 15:30 - 17:00 | Drawing conclusions and making reality checks on present value  
- Reality checks and sensitivity analysis  
- What usually goes wrong?  
**Case-study:** reviewing results of DCF valuation, selecting and adjusting key variables to carry out sensitivity analysis, and recommending a “target” price range |
| 17:00 | Close |

**Lunch**

12:30 - 13:30
The Course

Day 3: Acquisitions

09:00 - 10:30 – Strategy

- Choice between acquisition, organic growth and strategic alliances.
- Acquisition objectives, checklist and screening
- Is there a need for advisers?

Case-study: choice of growth strategy for a UK company.

14:15 - 15:00 – Structuring the acquisition

- Buying shares or assets.
- Paying with cash or shares.
- Deciding on the appropriate level of debt financing.
- Additional analysis required for highly leveraged deals.
- Earn outs.

Case-study: how do UK finance managers decide on how much debt is appropriate?

10:30 - 10:45 – Coffee

10:45 - 11:50 – Process

- Key differences between the acquisition of quoted and private companies.
- Merits and demerits of an auction
- Issues that arise in hostile bids.
- Due diligence

Case-study: motivations of the parties involved in the process.

15:00 - 15:20 – Coffee

15:20 - 16:20 – Structuring the acquisition case-studies

Case-study: significance of choice of deb or equity for Earnings Per Share (EPS)

Case-study: reviewing financing choices for an acquisition by a UK company.

11:50 - 12:30 – Valuing the target

- Distinguishing stand alone value from value to the buyer.
- Synergies and costs of achieving them.
- Risk areas and sensitivity analysis.
- What cost of capital to use.
- Control premium, private company discount and other factors influencing price.

16:20 - 17:00 – Making it work

- When do acquisitions work?
- Communicating the deal to the market.
- Where does post-deal integration go wrong?

Case-study: developing a post-deal checklist

12:30 - 13:30 – Lunch

13:30 - 14:15 – Valuation

Case-study: building synergies into acquisition valuation for a UK company and contrasting stand alone value versus value to buyer.

17:00 – Summary and close
Date of course

17 – 19 September 2014

Registration fee:

- One Day £ 695 + VAT
- Two Day £ 1,330 + VAT
- Three Day £ 1,750 + VAT

Joining instructions

Joining instructions will be confirmed by email 7 days prior to the course date. Please contact us if you do not receive any written registration confirmation. This registration form must be received by London Stock Exchange no later than seven days in advance of the course start date and submitted to Academy UK mail to academy_uk@lseg.com. All registrations are subject to the data protection policy and terms and conditions listed below.

Payment

The course fee includes all supporting documentation supplied by London Stock Exchange to the delegates in relation to the course. Delegates are responsible for their own travel and accommodation arrangement. Once your registration has been confirmed, London Stock Exchange shall issue you with an invoice. Full payment of the fees must be received by London Stock Exchange 28 days after receipt of such invoice.

Cancellation

Substitutions may be made, however you must notify London Stock Exchange of such changes at least 48 hours in advance of the course start date. If you are an organisation, you must provide London Stock Exchange with details of all delegates at least 48 hours in advance of the course start date. A full refund will be given for cancellation requests received at least 15 working days before the course. Cancellations must be made in writing (post, email or fax) and must be received by London Stock Exchange before the 15 working day deadline. Delegates who cancel 10-14 working days prior to the course will receive a refund equal to 50% of the fee. No refund will be given for cancellations received less than 10 working days before the course. London Stock Exchange reserves the right to change or cancel the course or any part of its published programme due to unforeseen circumstances; in such circumstances London Stock Exchange will use reasonable endeavours to contact the delegate or organisation.

Liability

Whilst every effort is made by London Stock Exchange to ensure that the contents of the course are accurate and up to date, London Stock Exchange shall not be liable whatsoever to the delegate or the organisation participating in the course for any inaccuracy or misleading information, nor for any consequential damage or expense or any loss of profit or any liability to third parties incurred as a result of reliance on such information which is provided for educational purpose only. London Stock Exchange’s total liability under this agreement shall be limited to the total fees payable under this Agreement. Nothing in this Agreement shall limit the liability for death, fraud or personal injury caused by its negligence.

Intellectual property rights

The delegate agrees that all intellectual property rights held in all documentation supplied by London Stock Exchange to the delegate in relation to the course are and shall remain property of London Stock Exchange and therefore any exploitation, copying or distribution in any form of the same is strictly prohibited. The delegate or organisation (whichever is applicable) shall not at any time use the name, logo, or trademark of London Stock Exchange without the written consent of London Stock Exchange.

Organisations

This section shall only be applicable to organisations who have booked their delegates on the course detailed below. You shall at no time publicly refer to the training
Terms & Conditions

which London Stock Exchange shall provide to your delegates, without the written consent of London Stock Exchange. Our training is not and will not be an endorsement of your organisation and the services you offer. London Stock Exchange does not endorse any training provided by Academy, London Stock Exchange Group.

Data Protection

London Stock Exchange takes your privacy seriously. We collect and use personal information to provide services, conduct market research and inform you about relevant products and services.

Please confirm your preference below:

☐ I do NOT wish to receive information about products or services from the Academy of London Stock Exchange

☐ I do NOT wish to receive information about products and services from carefully selected third parties

☐ YES, I would like to receive information via electronic communication about future programmes from the Academy of London Stock Exchange

We will not disclose your data outside London Stock Exchange unless we have your permission except to business partners and to third party suppliers for processing purposes under normal business practice.

I have read and understand the booking terms and conditions.

SIGNATURE:

DATE:

NAME:
Terms & Conditions

Please complete the details below and sign to confirm acceptance of the terms and conditions. Completed forms should be returned to Academy, London Stock Exchange Group by email to: academy_uk@lseg.com. For any further information please contact the Academy Customer Care at: +44 (0) 207 797 1821.

Date of course: 17 – 19 September 2014   Registration fee: £695 (one day), £1,330 (two days) or £1,750 (three days) +VAT   Total to be invoiced £_______ (Incl VAT)

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Surname</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Title</td>
<td>Company name</td>
<td></td>
</tr>
<tr>
<td>Address Line 1</td>
<td>Address Line 2</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>Post/Zip code</td>
<td>Country</td>
</tr>
<tr>
<td>Email</td>
<td>Tel:</td>
<td>Fax</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position within company: (please tick)</th>
<th>Nature of business (please tick)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board/Senior Management</td>
<td>Listed/private Company (please delete as appropriate)</td>
</tr>
<tr>
<td>General Management</td>
<td>Law</td>
</tr>
<tr>
<td>HR &amp; Training</td>
<td>Accountancy</td>
</tr>
<tr>
<td>Planning &amp; Control</td>
<td>Banking</td>
</tr>
<tr>
<td>IT</td>
<td>Consultancy</td>
</tr>
<tr>
<td>Legal</td>
<td>Funds</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Investment Bank</td>
</tr>
<tr>
<td>Tax</td>
<td>Intermediary</td>
</tr>
<tr>
<td>Finance</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Other</td>
<td>Other</td>
</tr>
</tbody>
</table>

If you are registering a multiple places, please, complete the following:

<table>
<thead>
<tr>
<th>Company name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address Line 1</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>Contact email</td>
</tr>
<tr>
<td>Delegate 1: Name and email</td>
</tr>
<tr>
<td>Delegate 2: Name and email</td>
</tr>
<tr>
<td>Delegate 3: Name and email</td>
</tr>
<tr>
<td>Delegate 4: Name and email</td>
</tr>
</tbody>
</table>

| Signature: | Name: | Date: |
Academy

Comprehensive, quality education is fundamental in the development and growth of the economic financial system. Established in 2000, Academy, the educational centre of the London Stock Exchange Group, delivers on this aim by developing and offering a variety of seminars and training courses relevant to the financial, legal and corporate management community.

www.lseg.com/academy

Contact Details

E: academy_uk@lseg.com
T: +44 (0) 207 797 1821