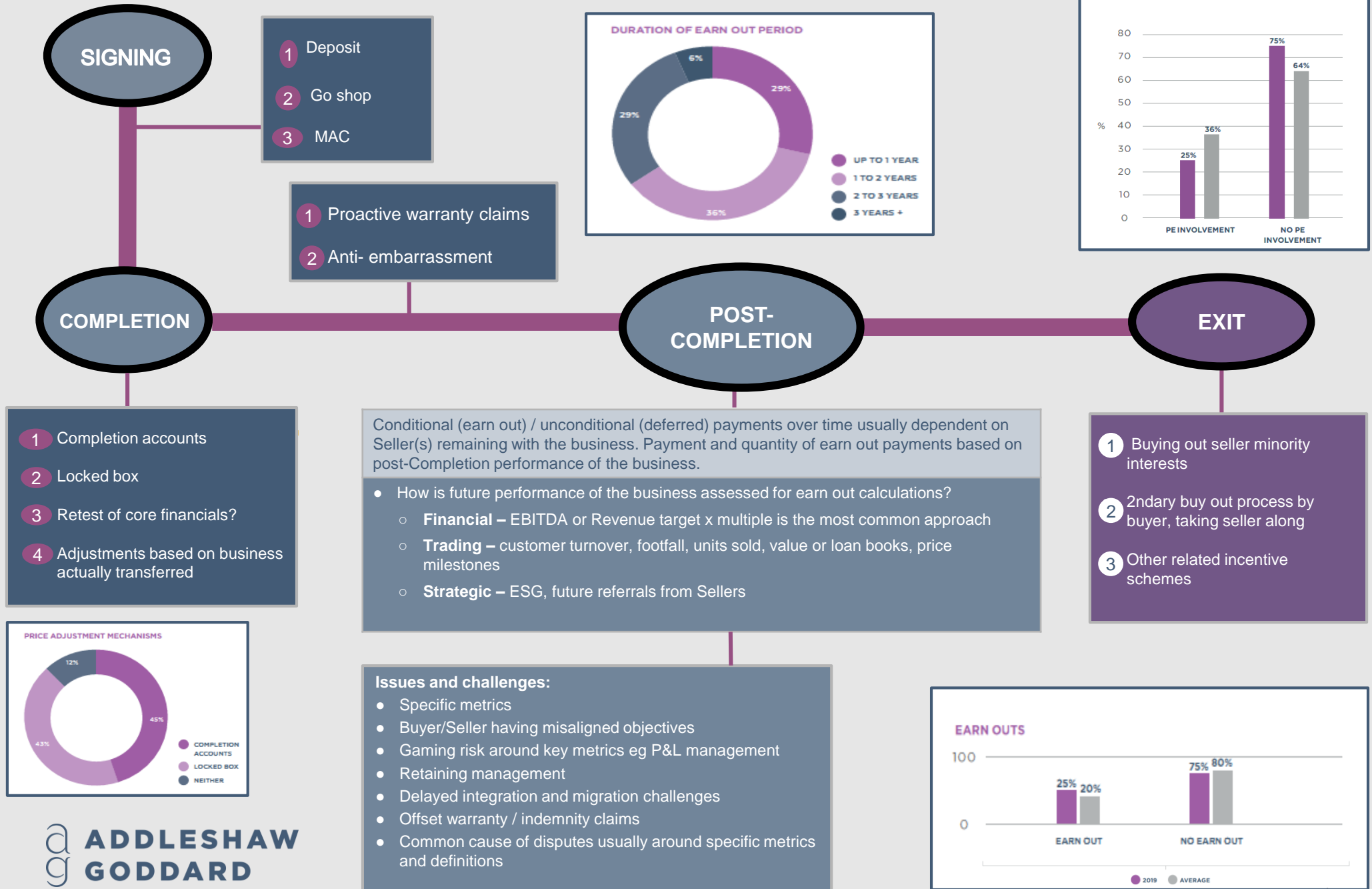


M&A PRICING – where is it fixed, how does it fluctuate?



POST COVID19 – thinking differently



SIGNING AND COMPLETION

- Challenge of obtaining reliable financials
- Understanding the impact of COVID (negative, positive, short or longterm impact)
- Particularly confidence in post-COVID recovery story
- Volatile gap to completion
- More agility required in setting the completion price – how and when?

Gap risk

- Deposit?
- MAC – also price adjustment?
- Go Shop?

Fixing contract price

- Key, defined assumptions?
- EBITDAC etc?

Completion accounts

- What should be tested?
- What is 'normal'?
- When do you test?

Retesting basis:

- Retest pre-completion assumptions, EBITDAC?
- Test business transfer (eg transitioning key suppliers / customers)?

Locked Box:

- Earlier or later test date?
- Hybrid with some completion account testing?
- Reverse ticker?



POST-COMPLETION ADJUSTMENTS

- Lower initial price, bigger deferred/tested element?
- Testing configured around COVID variables
- Leave more equity with seller?
- Claw back value?

New earnout metrics?

- Financial (eg EBITDA(C))?
- Trading (eg customer attrition)
- Strategic (eg ESG)?

Different structure,

- More equity?
- pricing for later stages based on key metrics?

Other

- Aggressive warranty / insurance claims?
- Anti-embarrassment?

EXIT

- Strong shared objectives, shared risk/reward in uncertain environment
- Delayed funding

Structures

- Minority stake
- With put and call
- Seller sweet equity?
- Phantom equity or incentive schemes?

Triggers

- Covid adjustment - delay in timing?

Value

- Covid adjustment/risk sharing?