



Creating Value through M&A Integration

OCTOBER 2024

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With You Today



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- ▶ Culture
- ▶ Planning and Tracking Synergies
- ▶ Integration Management
- ▶ Repeatable Process



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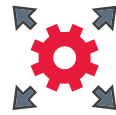
Final Questions



Learning Objectives



Identify select levers for driving value in an integration for both private equity and strategic acquirers



Recognize the importance in M&A integration for each of the levers discussed



Apply the levers to drive value during an integration using example case studies

Select Levers for Creating Value

Culture

- ▶ Cultural integration is one of the most challenging aspects of M&A and can make or break the success of an integration.



Synergies Planning & Tracking

- ▶ Some deals don't achieve their projected synergies due to poor planning, overestimation, and unexpected challenges.



Integration Management Office

- ▶ A hybrid approach, combining internal and external resources, often proves to be the most effective approach to driving integration success.



Repeatable Process

- ▶ Some of the most successful integrations are part of a series of acquisitions. Experience, process standardization, and incorporations of lessons captured along the way enable greater value.

Sources: [LinkedIn Demystifying M&A Myths](#)
[| How Boards Can Help Companies Avoid
the M&A Synergy Trap - WSJ](#) | [M&A
Integration](#) | [LinkedIn](#)

Current M&A Landscape





Current M&A Landscape

KEY TRENDS

1 H1'24 North America M&A Activity

\$879 Bn	↑9%	↓20%
Deal value	YoY \$ change	Deal count

2 Leading Industries

	
Technology	Energy

3 Market Trend

Despite high interest rates and regulatory scrutiny, the M&A landscape is recovering, with growing deal values and improved value creation opportunities

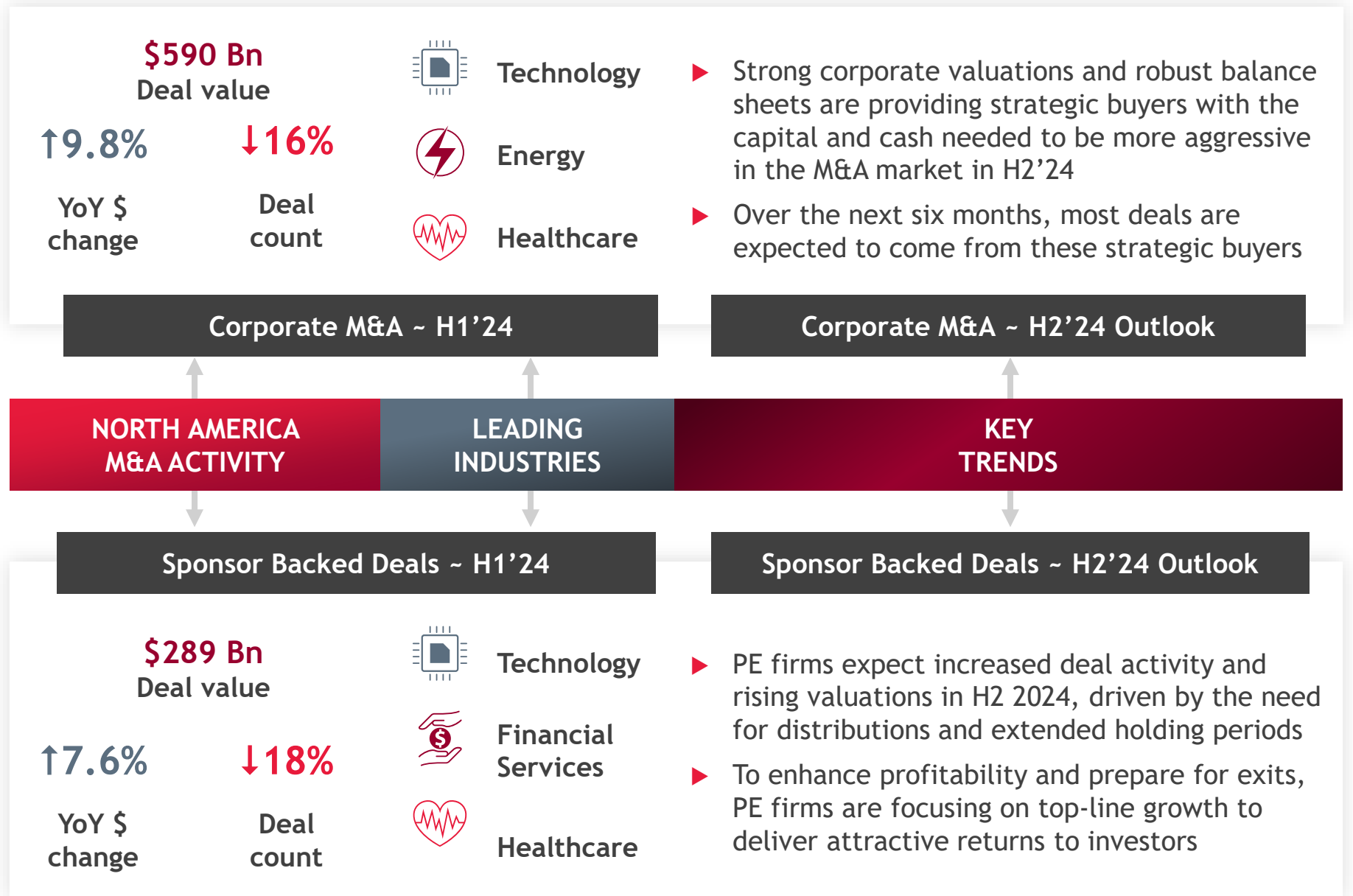
KEY OBSERVATIONS

Market Dynamics	Capital Availability	Strategic Imperatives	Seller Strategy	Market Shift
Deals count is down, but dealmakers are still eager and have pent-up demand	PE is backed up with dry powder to deploy, and corporations have cash	Companies need to adapt to new technologies, new capabilities, and new realities - strategic acquisitions are key	Sellers should prepare now for when market activity increases or the right opportunity or buyer arises	Large deals are on the backburner, but middle market activity has taken center stage

Sources: [Global Treasurer](#); 2024 Mid-Year Outlook | [Pitchbook](#) | [PineBridge](#)

CURRENT M&A LANDSCAPE

Corporate M&A vs. Sponsor-Backed



Sources: [Global Treasurer](#); 2024 Mid-year Outlook | [Pitchbook](#)

4 Levers for Value Creation



Levers for Creating Value in Integrations

Legend

- Key Focus Levers
- Additional Value Levers



CULTURE

People Are the Center of an Integration



Why is it important?

- ▶ Plays a key role in employee retention
- ▶ Creates a shared vision rather than “Us vs. Them”
- ▶ Adds value more quickly than if ignored



How does it drive value?

- ▶ Helps realize synergies at or above set targets
- ▶ Mitigates potential risks such as churn, quiet quitting and cost of employee turnover

Sources:

¹Ultimate goal: value creation in M&A, Financier Worldwide, April 2022

<https://www.financierworldwide.com/ultimate-goal-value-creation-in-ma>

² The importance of cultural integration in M&A: The path to success, McKinsey & Company, February 2024 [Culture has a huge impact on M&A success | McKinsey](#)

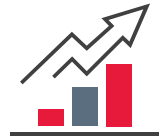
PLANNING & TRACKING SYNERGIES

A Realistic, Systematic Approach Avoids Impractical Expectations Later



Why is it important?

- ▶ Allows both buyers and sellers to use synergies as deal drivers
- ▶ Helps avoid unrealistic expectations through careful planning
- ▶ Captures synergies early to maximize the transaction's value



How does it drive value?

- ▶ Aligns the timing of realization with the budgeting and forecasting process
- ▶ Enables entry into new markets or expansion of the product range
- ▶ Streamlines processes, eliminates redundancies, and shares resources

Sources:

[MNACommunity](#) [Gartner](#) Ultimate goal: value creation in M&A, Financier Worldwide, April 2022

<https://www.financierworldwide.com/ultimate-goal-value-creation-in-ma>

One Team Focused on the Process is Integral to Success



Why is it important?

- ▶ Directs focus to help the overall process run more smoothly
- ▶ Facilitates smooth execution through early risk identification and mitigation
- ▶ Applies a flexible model suitable for companies with varying maturity levels



How does it drive value?

- ▶ Keeps teams accountable and dedicated
- ▶ Manages the white space and cross-team dependencies
- ▶ Emphasizes deal value drivers to ensure quick resolution of escalated decisions
- ▶ Ensures the team is aligned and working towards a shared vision

Source:

How Companies Got So Good at M&A, Bain & Company, April 2024 https://www.bain.com/insights/how-companies-got-so-good-at-m-and-a/?campaign_id=4&emc=edit_dk_20240408&instance_id=119606&nl=dealbook®i_id=72544305&segment_id=162889&te=1&user_id=adf0b2d60239ba1abdedafc4323164b9

REPEATABLE M&A PROCESS

An Inorganic Growth Strategy Will Benefit from a Repeatable M&A Process



Why is it important?

- ▶ Achieves higher total shareholder returns
- ▶ Drives continuous process improvement from target selection to synergy tracking and realization
- ▶ Refines methodologies increase integration efficiencies



How does it drive value?

- ▶ Reduces the time team members spend creating and re-creating integration processes
- ▶ Builds capacity across the company to drive faster integration and value realization
- ▶ Enables companies to swiftly pivot in response to market or industry disruptions

Source: [Harvard Business Review](#)

Closing Thoughts



M&A Thought Leadership Pieces



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How to Overcome M&A Integration Challenges and Unlock Deal Synergies

INSIGHT ▶



How to Develop an Efficient, Effective M&A Integration Strategy

To amplify value from acquisitions, businesses need the right integration plan.

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INSIGHT ▶



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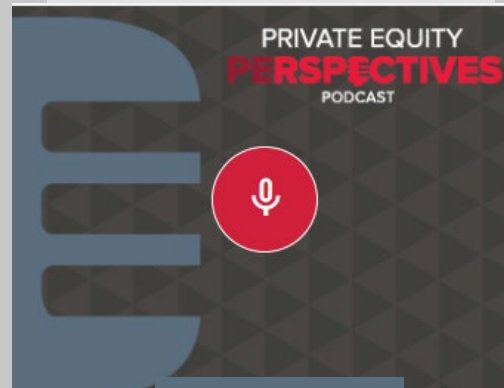
INSIGHT ▶



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2024 Private Equity Survey

REPORT ▶



PRIVATE EQUITY PERSPECTIVES
PODCAST

PODCAST ▶



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Helping a Private Equity Firm Navigate a \$1.6 Billion Sale

CASE STUDY ▶

[BDO KNOWS: Private Equity](#)

Bios



ALAN CASTILLO
Management Advisory
Services Principal & Practice
Leader
BDO USA
ajcastillo@bdo.com

EXPERIENCE

Alan has more than 20 years of experience executing mergers and acquisitions, divestitures, and strategic partnerships. He brings deep expertise in pre- and post-close strategic and operational diligence, planning, implementation, and optimization. He has a wealth of experience helping corporate and private equity clients on buy-side and sell-side transactions to realize transaction value and synergies. He has provided leadership on transactions ranging in size from \$50M to \$10B and has worked across multiple industries with heavy emphasis in technology, healthcare, and consumer products.

Prior to joining BDO, Alan was a partner/principal in a Big Four firm's Transaction Advisory Services practice. He was a leader in the Operational Transaction Services group and helped clients address the strategic and operational aspects of transactions (e.g., integrations, carve-outs, joint ventures).

EDUCATION

M.B.A., University of Southern California

B.A., Economics/Business, University of California - Los Angeles



MICHELLE HUFF
Management Advisory
Services Director
BDO USA

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EXPERIENCE

Michelle has 18 years of experience and has focused on program and project management and execution in a variety of areas, both as a consultant and in industry. She has established program management offices (PMOs) in several areas, including in M&A for both Integration and Carve-Out Management Offices. Her areas of expertise include integrations and carve-outs, program and project management, change management, and strategic planning.

In her current role, Michelle leads engagement teams in defining, planning, and executing M&A integrations and carve-outs for middle-market clients. She has experience with a range of buy-side and sell-side transactions, from \$20M to \$1B, creating the integration or carve-out strategy and approach with client leadership and managing teams to execute these plans focused on the company's priority objectives.

She has a range of experience with various industries, including manufacturing, healthcare technology, and non-profit. Her recent clients include a nation-wide publicly traded door manufacturer, a private equity-owned international healthcare technology company, and a mid-west-based oil distribution company. Prior to joining BDO, Michelle led a Finance PMO for a \$750M international non-profit for which she focused on business process analysis and improvement.

Michelle utilizes a collaborative, matrixed approach to implement transformational change, enhance business processes and execute strategic initiatives. She has managed many M&A integration and carve-out projects and has been successful in aligning processes with new organizational structures resulting in positive change. With her change management expertise, Michelle has an exceptional understating of how organizational culture, team engagement and communication is central to project success.

Areas of expertise: M&A Integration and Carve-out Management, Program Management, Program Governance, Process Improvement, Change Management, and Strategy Execution

PROFESSIONAL CERTIFICATIONS

Prosci Certified Change Management Practitioner

Smartsheet Product Certified User

EDUCATION

M.P.H., Health Education and Maternal Child Health, Tulane University

B.A., English, University of North Carolina-Chapel Hill



TROY ANDERSON
CFO
**Universal Technical
Institute, Inc.**

Summary

Troy Anderson is the Executive Vice President and Chief Financial Officer at Universal Technical Institute, Inc. (NYSE: UTI), a \$700+million publicly traded, for-profit, workforce solutions provider offering technical education and training for transportation, skilled trade and healthcare technicians.

He is a seasoned Corporate Finance, Accounting and Operations executive that is leading his functions and the company overall through significant change and transformation, more than doubling the company's revenue and dramatically increasing profitability and shareholder value over the past several years.

Acquisitions are a key element to this growth. Troy oversaw the purchase of MIAT, which added eight new programs to UTI, and Concorde Career Colleges, which expanded UTI into healthcare education programs. The two acquisitions totaled \$75 million of purchase price, \$225 million in revenue, and \$25 million in EBITDA. Since joining UTI, Troy has raised \$220 million in equity and debt capital and led a successful ~\$25 million secondary equity offering in support of the company's strategy.

Troy contributes over 30 years of deep financial and operational experience. Recent prior roles include VP of Finance and Corporate Controller for a \$4+ billion publicly traded corporate spin-off, SVP& CFO of a \$1.8 billion global business division, and Director of Investor Relations for a \$10+ billion-dollar global technology and services company. Troy is a results-oriented and transformational leader who also focuses on diversity, and empowering people by providing them with the necessary tools and support to succeed. He places strong emphasis on revenue growth, margin enhancement, maximizing investment returns on new business opportunities, capital allocation including acquisitions, and improving financial and business operations through technology enablement, strategic use of data and process improvement.

He has broad experience with board and board committee engagement, driving operational and financial improvements in diverse business portfolios, leading and enhancing communications across investor, executive, and other stakeholders, supporting and leading IT organizations, strategic decision-making, M&A and teambuilding. His other sector and industry experience include business outsourcing services, transportation and healthcare vertical solutions, and technology-oriented products and solutions.

Troy holds a Master of Business Administration degree from the University of Maryland and held a Certified Public Accountant designation (currently inactive).



CHUCK DELPH
CEO
Vallen
Distribution, Inc.

Summary

An Executive whose skills have been developed over many decades of leadership gaining both a strategic and tactical perspective on distribution practices. I'm committed to people and overall team development as a key differentiator to accelerate profitable growth in key markets served. My goal is to provide a balanced approach to leadership by communicating the vision, developing the plan and process, while coaching to drive engaged accountability, performance, and execution. A proven track record of profitable sales growth faster than the market served; with an engaged and accountable team focused on results and performance in a manner that is consistent with the company's core values.

Education

Arizona State University

Master of Business Administration - MBA -Executive , Business · (2015 - 2017)



NATALIA ZARYCKYJ
CFO
Detroit Manufacturing
Systems

Summary

Servant leader who believes in people first! Experienced financial professional with 25 years of broad experience in capital markets, taxation, planning, accounting, and M&A.

Board experienced.

Education

Wayne State University

MBA, International Business · (1995 - 1998)



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CREATING VALUE THROUGH M&A INTEGRATION

