



Transaction Comparables (Relative Value in the M&A Market)

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- Control premium
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Control Premium

Investors need an incentive to sell

Control premium
(often 20%-40%)

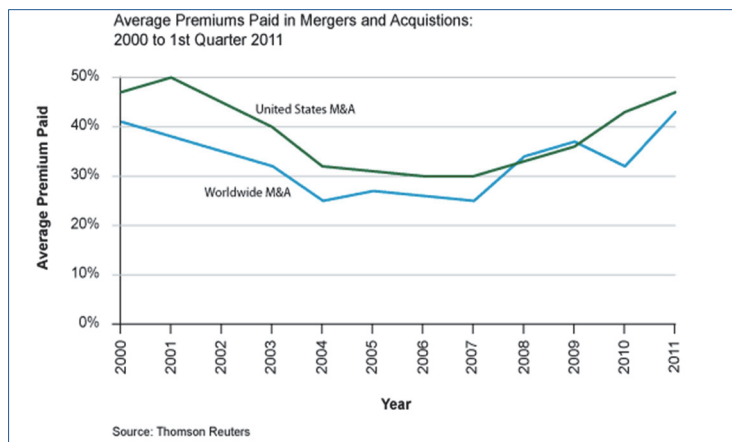
Stock market:
price for a
minority stake
often known
as "unaffected"
share price

Valuation of a
minority stake

M&A market:
price for a
controlling stake

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Control Premium in the M&A Market



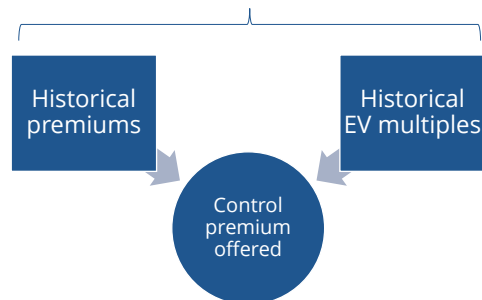
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Control Premium

The valuation metric is historical in both cases –
getting most recent transactions is vital

Price paid above
the 'unaffected
share price'

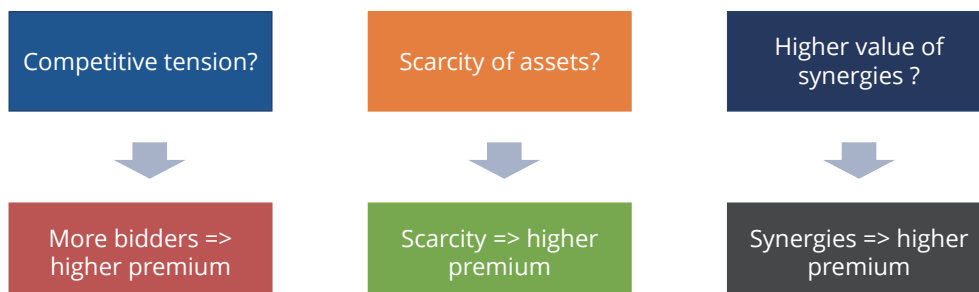
At the time
of the deal



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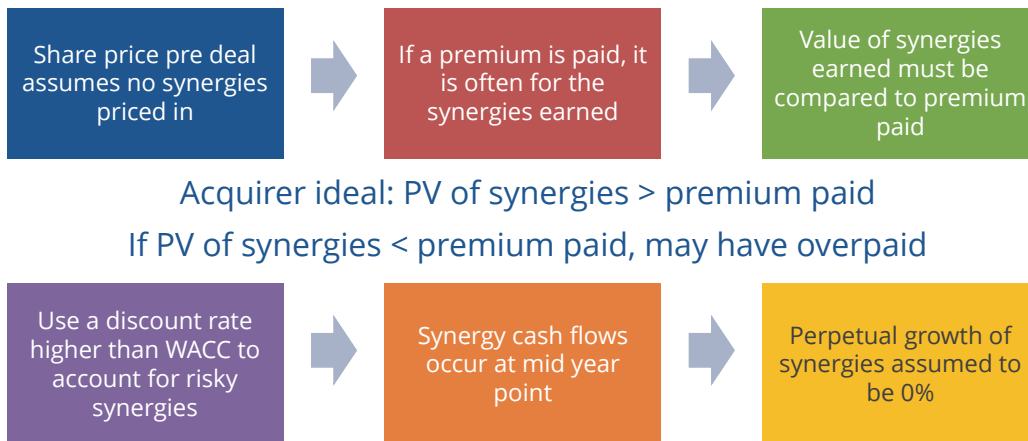
Control Premium – Qualitative Aspects

Every deal is different so qualitative aspects are
extremely important



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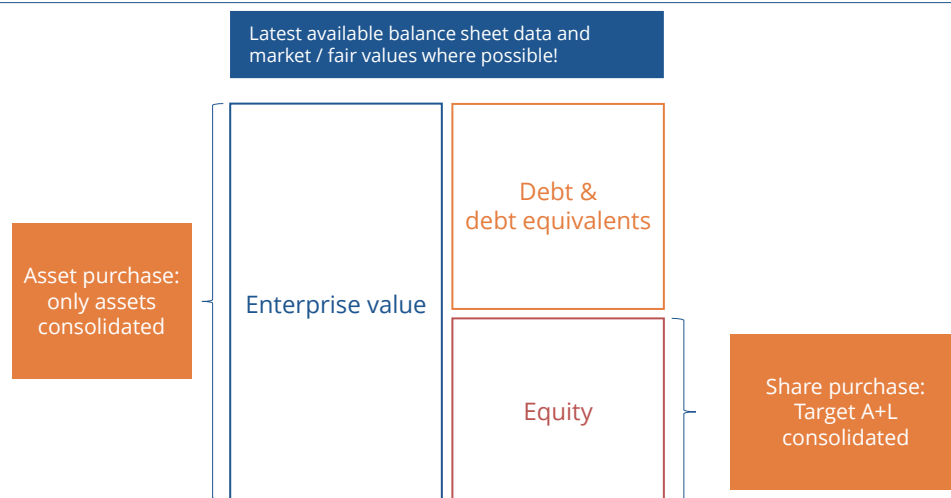
Premium vs Synergies



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Nature of the Acquisition Asset of Equity Purchase



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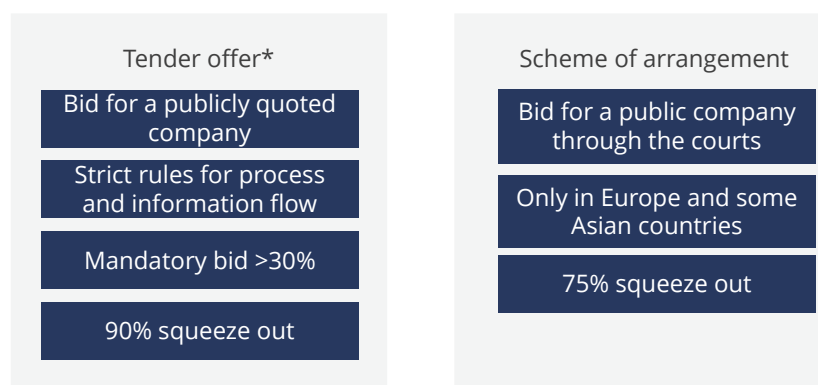
Types of Consideration



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Types of Public M&A Transactions



*Note: tender offers are often converted to a scheme of arrangement.

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Information Sources

Information hierarchy:

1. Regulatory filings
2. Financial statements
3. Company presentations / press releases
4. M&A databases
5. Equity research
6. Press

Information sources :USA	
8-K	SEC filing giving details of a material event i.e. a significant acquisition
14-D-1	Document detailing offer to shareholders
14-D-9	Document detailing target's response to shareholders
S-4	Document detailing a securities issuance in connection to the acquisition
10-K / 10-Q	Annual report - will include details of material acquisitions during year / quarter
Information sources :outside USA	
UK public company regulator	Takeover panel
Offer document	Document detailing an offer for a public company
Scheme of arrangement	Document detailing an acquisition through the courts
Annual / interim report	Annual report - will include details of material acquisitions during year / quarter

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Information Required

All information should be at the **time of the offer** not at completion

If publicly traded	If private
Offer price	Offer price or enterprise value
Unaffected share price	NA
Date of offer	Date of offer
Date of completion	Date of completion
Diluted shares outstanding	Diluted shares outstanding (if share deal)
Total debt and equivalents	Total debt and equivalents
Cash and non-core assets	Cash and non-core assets
Recurring LTM EBITDA	Recurring LTM EBITDA

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Calculating Transaction Multiples

All equity to enterprise value bridge adjustments must be made based on latest balance sheet data available at announcement

Transaction
comp =

Value

Value driver

LTM at time of deal
announcement

Value driver must
be consistent with
value number!

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Transaction Multiples Grid

Only for a quoted company

For an asset deal only EV given

Company name	Unaffected share price	Offer price	% premium	Diluted shares outstanding	Acquisition equity value	Total debt and equivalents	Cash and ST investments	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
QuoteCo	10.0	13.0	30.0%	100.0	1,300.0	400.0	100.0	1,600.0	130.0	12.3
PrivateCo					900.0	200.0	50.0	1,050.0	90.0	11.7
AssetdealCo								1,500.0	110.0	13.6
PrivateEquityCo					400.0	300.0	50.0	1,500.0	200.0	7.5
MergerofequalsCo	23.0	24.0	4.3%	145.0	3,480.0	1,280.0	345.0	4,415.0	450.0	9.8

Private deal normally just gives the equity or EV

Generally won't have a significant premium. Multiple will be lower

LBOs typically on mature companies so multiples usually low

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