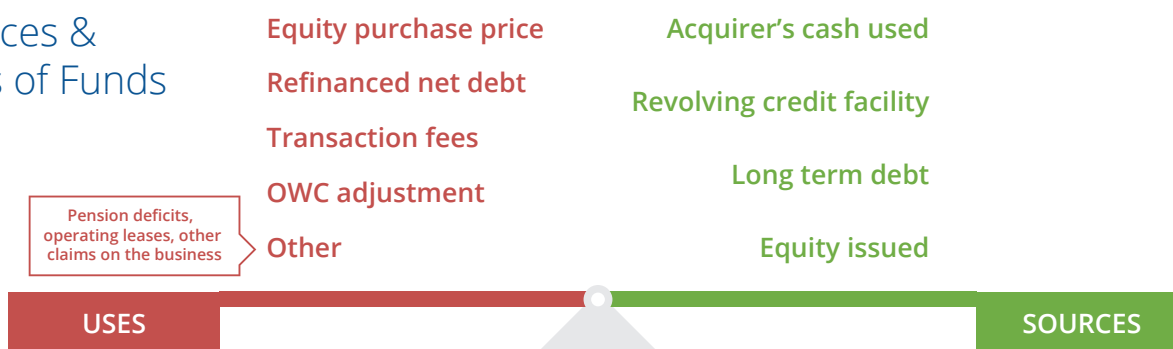


Mergers & Acquisitions

FACT SHEET



Sources & Uses of Funds



$$\text{Offer Premium \%} = (\text{Offer price} \div \text{Target unaffected price}) - 1$$

$$\text{Equity Purchase Price} = \text{Target diluted shares outstanding} \times \text{Offer price}$$

a.k.a Acquisition Equity Value

$$\text{Acquisition Enterprise Value} = \text{Acquisition equity value} + \text{Target net debt and debt equivalents}$$

Fees

Advisory

% OF ACQUISITION EV

Equity Issuance

% OF FUNDS RAISED

Debt Issuance

Consolidation

$$\text{Consolidated Balance} = \text{Acquirer account balance} + \text{Target account balance} + / - \text{Transaction effects}$$

Balance Sheet

- Zero out the Target's shareholders' equity
- Zero out the Target's goodwill and add deal goodwill

Transaction Effects

- Step ups and Step downs
- Changes in Cash / Equity / Debt for deal financing

Income Statement

- Increase / Decrease in interest expense
- Decrease in interest income
- Synergies
- Additional Depreciation / Amortization
- Tax impacts from all transactions effects

$$\text{Exchange Ratio} = \text{New shares issued} \div \text{Target shares purchased} \quad \text{or} \quad = \text{Offer price} \div \text{Acquirer price} \times \text{Stock \%}$$

$$\text{Acquisition PE Multiple} = \text{Offer price} \div \text{Target EPS}$$

$$\text{Debt PE Multiple} = 1 \div \text{After-tax cost of debt}$$

$$\text{Synergies to Breakeven} = \text{Max}(0, (\text{Acquirer EPS} - \text{Pro forma EPS}) \times \text{Pro forma shares}) \div (1 - \text{Tax rate})$$

Goodwill

$$\text{Consolidated Goodwill} = \text{Acquirer goodwill} + \text{Target goodwill} + (\text{Deal goodwill} - \text{Target goodwill})$$

$$\text{Deal Goodwill} = \text{Equity purchase price} - \text{Shareholder equity bought at fair value} + \text{Implied goodwill for NCI share if applicable}$$

$$\text{Shareholder Equity Bought at Fair Value} = \text{Target shareholder equity bought at book value} - \text{Target goodwill} + \text{Asset step ups/liability step downs} - \text{Asset step downs/liability step ups}$$

$$\text{Implied Goodwill for NCI Share} = \text{NCI fair value} - (\text{Target equity on BS} \times (1 - \% \text{ purchased}))$$

Non-Controlling Interests (NCI)

$$\text{Ending NCI} = \text{Beginning NCI} + \text{NCI \% of net income} - \text{NCI \% of dividends paid}$$

Accretion and Dilution

- + Acquirer net income
- + Target net income
- = Combo net income before adjustments
- +/- Post-tax adjustments including synergies, interest expense /income and incremental depreciation and amortization

- + Acquirer shares outstanding
- + New shares issued

$$\text{Pro Forma Earnings Per Share} = \text{Pro forma net income} \div \text{Pro forma shares outstanding}$$

$$\text{Deal EPS Accretion/Dilution} = (\text{Pro forma EPS} \div \text{Acquirer EPS}) - 1$$

Post-deal Ownership

$$\text{Acquirer Post-deal Ownership} = \text{Acquirer shares outstanding} \div \text{Pro forma shares outstanding}$$

$$\text{Target Post-deal Ownership} = \text{New shares issued} \div \text{Pro forma shares outstanding}$$

Return On Invested Capital

$$\text{ROIC} = (\text{Target NOPAT} + (\text{Synergies} \times (1 - \text{Target marginal tax rate}))) \div \text{Acquisition EV plus transaction costs}$$

$$\text{Target NOPAT} = \text{Target EBIT} \times (1 - \text{Effective tax rate})$$

$$\text{Acquisition EV} = \text{Equity purchase price} + \text{Target net debt and debt equivalents}$$