

Acquisition Finance

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Objectives

This program combines theory and practice to cover the tools and concepts needed to understand and design the financing of acquisitions. Topics include leveraged buyouts, acquisitions and restructuring in today's rapidly changing and sometimes-hostile financing environment. Particular emphasis is placed on capital structure, debt capacity, deal design and the European market.

Key benefits

By attending this program you will:

- Understand the tradeoffs between equity and debt financing and learn how to exploit unused debt capacity
- Examine the types of debt and equity best suited to the acquirer's and target's objectives
- Strengthen your ability to assess a proposal for acquisition finance quickly and insightfully in varying market conditions
- Analyze bargaining and deal design in acquisition finance and merger advisory work; two unique simulation exercises give attendees a feel of the pressures involved in funding and completing a deal
- Explore cash flow and balance sheet models for structuring the deal
- Understand determinants of the acquisition premium and the impact on financing
- Analyze the market reaction to different types of financing
- Understand the role of collars, toeholds, earn outs and termination fees
- Examine payment methods in European acquisitions
- Explore major factors of notable deals including ABN AMRO

Who should attend?

Acquisition Finance is designed for all professionals involved in acquisition transactions, buyouts or recapitalizations. It can be used as a follow-up to AIF's Mergers and Acquisitions program or as a stand-alone course for participants familiar with valuation and the basics of M&A.

Dates & Fees

October 31 – November 2, 2012

€ 3,450



"A good combination of theory and cases."

Manager, Acquisition Finance & Structured Lending
ING Bank
The Netherlands

Program Content

Day 1

Introduction to M&A Deal Design and Acquisition Finance

- M&A strategy
- Components of an M&A deal – where finance fits in optimizing M&A deal design
- Current conditions and trends in acquisition finance

Valuing the Highly Levered Transaction

- Techniques of valuing the target firm
- How financing creates – or destroys – value

Framework for Analysis: the "Whole Deal" Approach
Case simulation: Participants play the role of a CEO at one of three companies and must value and negotiate a deal while facing competitive pressure

Day 2

Designing the Capital Structure

- Identifying the range of financing alternatives
- Choosing the right mix of financing
- How lenders and investors look at the mix of debt and equity

Structuring the Financing

- Designing the terms of financing instruments
- Pricing the instruments
- Risk analysis

Acquisition Financing in the Context of Negotiations and Auctions

- Acquisitions as bargaining outcomes; Behavioral finance
- Varieties of auctions and the incentives they create
- Hostile takeovers as settings for negotiations and auctions
- How financing can influence outcomes in negotiations and auctions

Day 3

Acquisition Finance Negotiation Exercise

- Merger simulation: participants must value, conduct due diligence and negotiate a private equity deal
- Obtaining letters of financing
- Acquiring the target firm
- Debriefing of exercise with emphasis on bargaining strengths and weaknesses, and team behavior during the takeover contest

Faculty

Joe Rizzi is Senior Investment Strategist for CapGen Financial, a private equity firm focusing on financial institutions. Prior to that, he worked at ABN AMRO for a number of years in both the US and the Netherlands. He is a widely published author of numerous articles on lending, risk management, and financial accounting.

Ralph Walkling is Stratakis Chair, Professor of Finance and Executive Director of the Center for Corporate Governance at Drexel University, USA. He is internationally known for his research relating to mergers and corporate governance. He has published in the leading academic journals of his field, has been quoted in modern periodicals ranging from *USA Today* to *CFO Magazine* and has recently appeared on several national television programs including CNBC's *Squawk on the Street*.