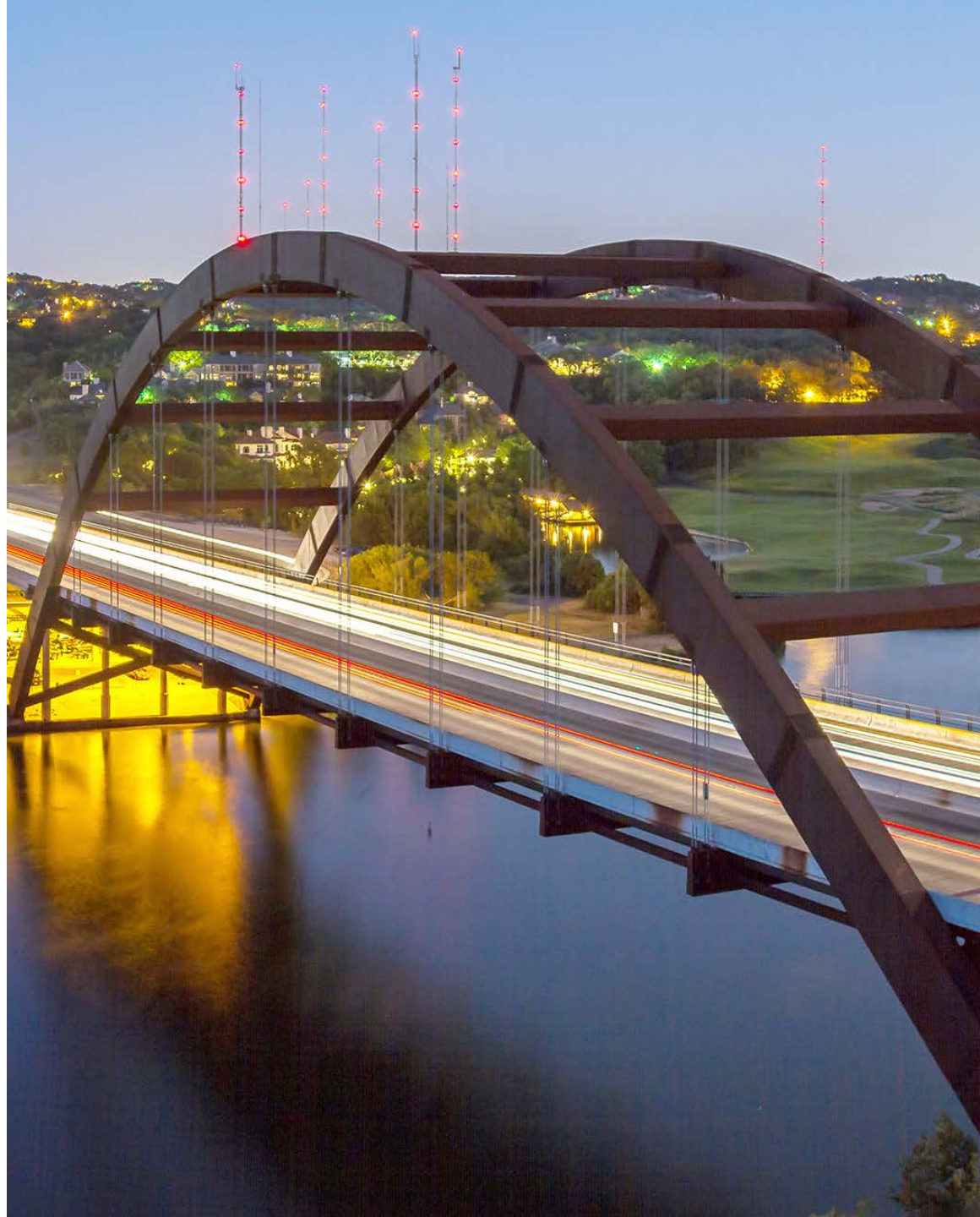




2016 Engineering & Construction Conference

June 15–17, 2016
The Westin Austin Downtown
Austin, Texas



General Session: M&A Trends and Drivers



Eric Andreozzi
Managing Director, Deloitte Advisory
Deloitte Transactions and Business
Analytics LLP



J. Mark Andrews
Managing Director, M&A
Transaction Services



Bruce Gribens
Partner, Tax
Deloitte Tax LLP



Bryan Johnson
Senior Manager, Deloitte Advisory
Deloitte & Touche LLP



Kevin Lynch
Partner
Deloitte Consulting LLP



Todd Wilson
Managing Director, M&A
Transaction Services
Deloitte & Touche LLP

10:15 – 11:45 a.m.

Contents

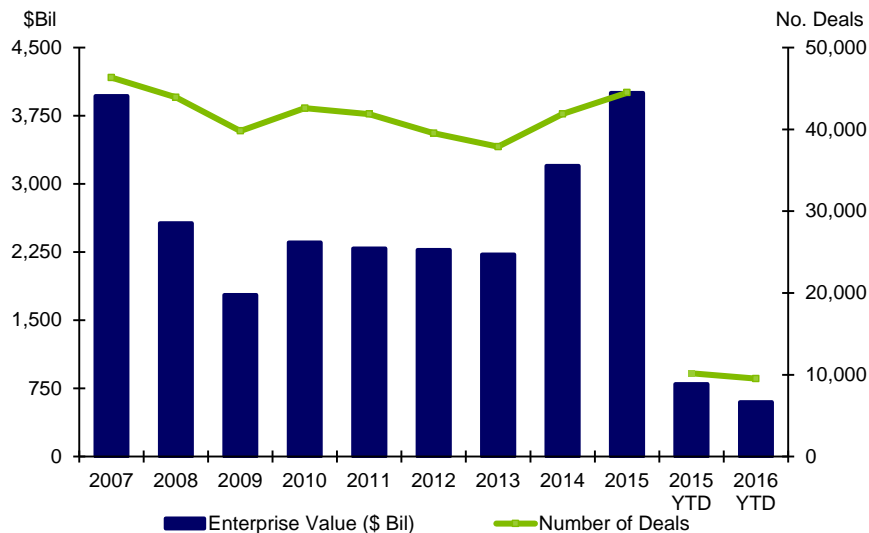
- i. M&A Trends and Drivers
 - Macro perspective
 - Engineering & Construction industry
- ii. Overview of M&A Lifecycle & Process
 - Financial due diligence
 - Tax due diligence
 - Carve-outs and divestitures
 - Transition service agreements
 - Integration Planning
- iii. Q&A

M&A Trends and Drivers

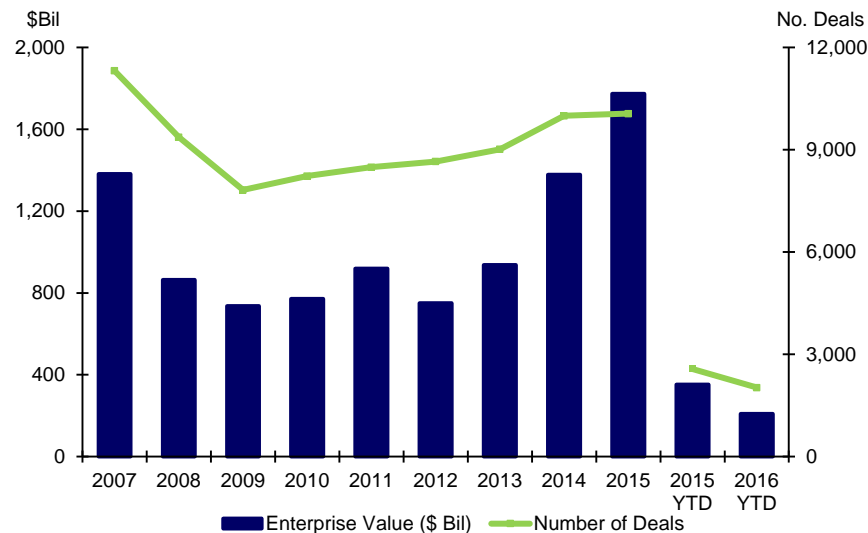
Macro Perspective

Current M&A Markets

Global M&A Volume and Value (US\$B)



U.S. M&A Volume and Value (US\$B)



Global M&A Activity – YTD Mar-16

Value:
\$599B
(-25.0% YoY)

Volume:
9,524
(-6.4% YoY)

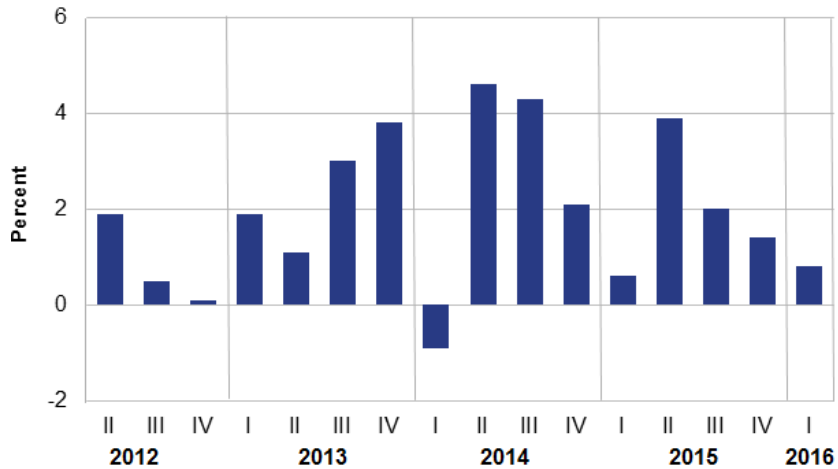
U.S. M&A Activity – YTD Mar-16

Value:
\$210B
(-40.5% YoY)

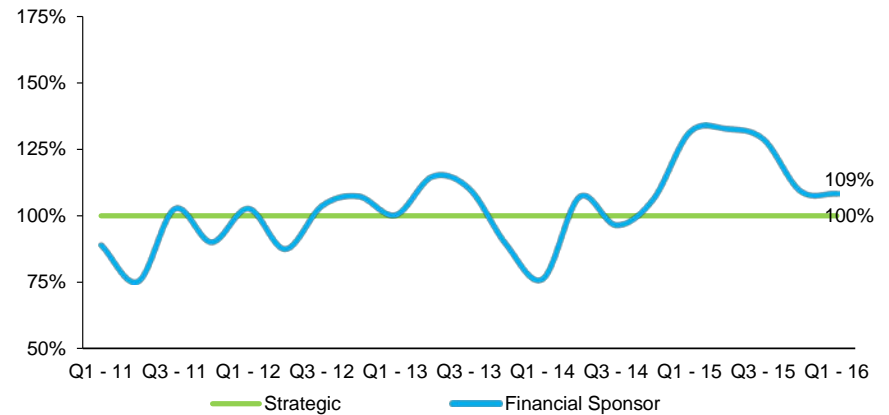
Volume:
2,025
(-21.1% YoY)

Select Macro Considerations

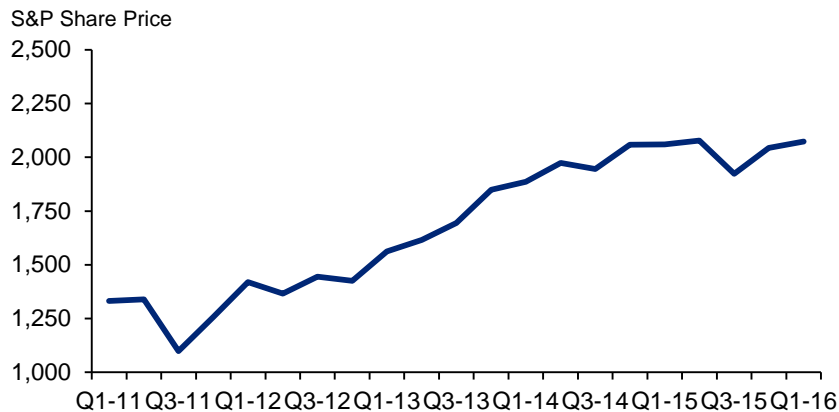
U.S. Economic Growth (GDP)



Acquisition Multiples (Strategic vs. Financial buyer)

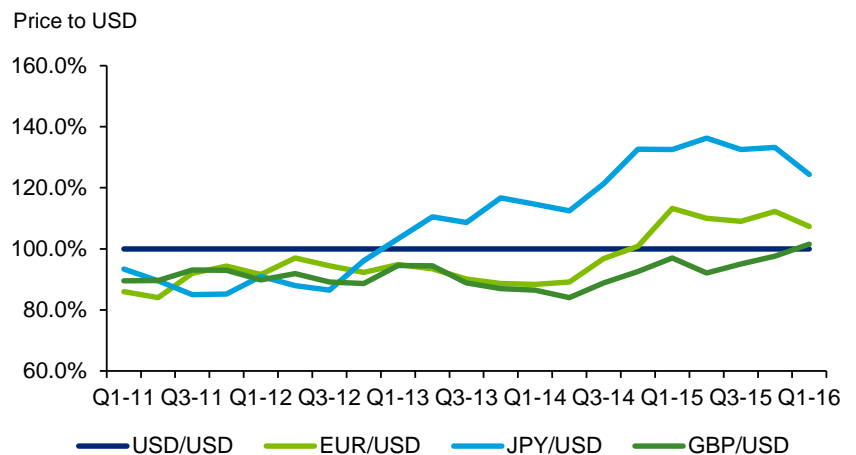


S&P 500 Performance



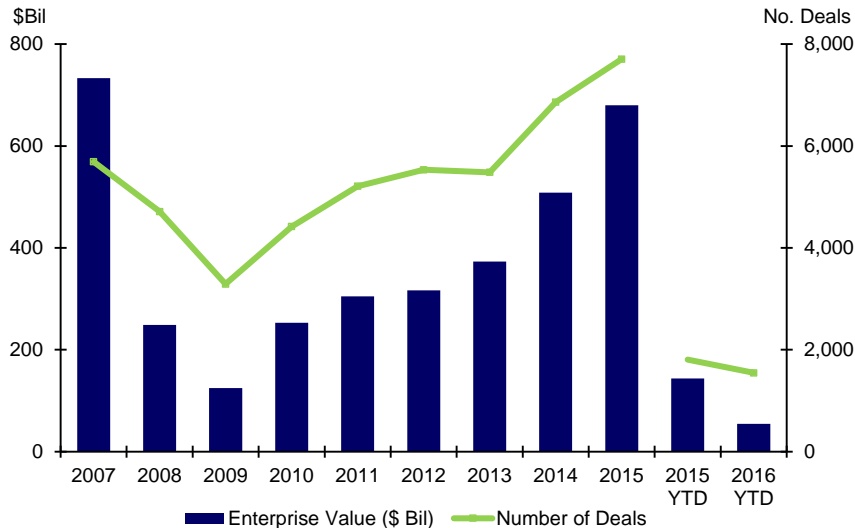
Source: Capital IQ, Bureau of Economic Statistics

Major Currencies vs. U.S. Dollar

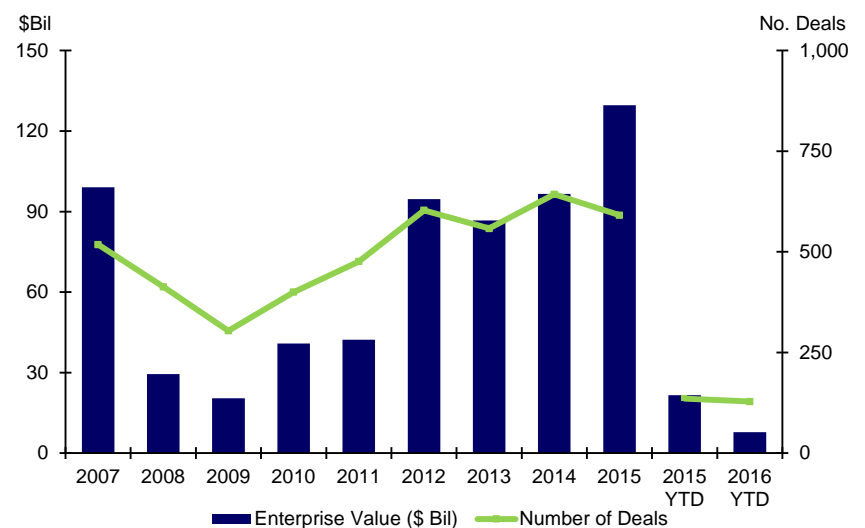


Financial Buyers Activity

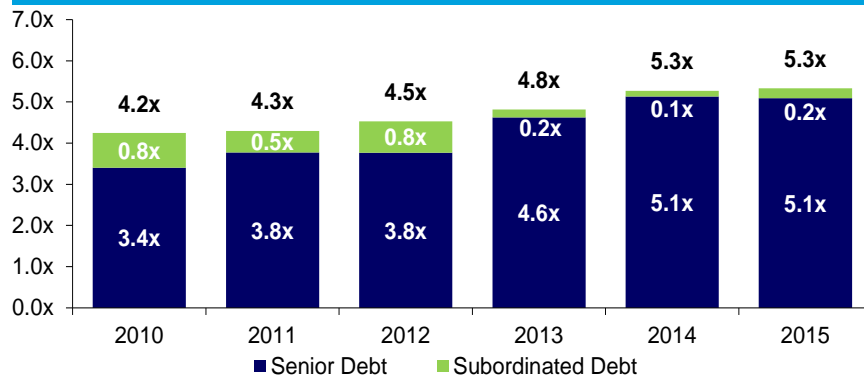
Global Financial Buyers Volume and Value (US\$B)



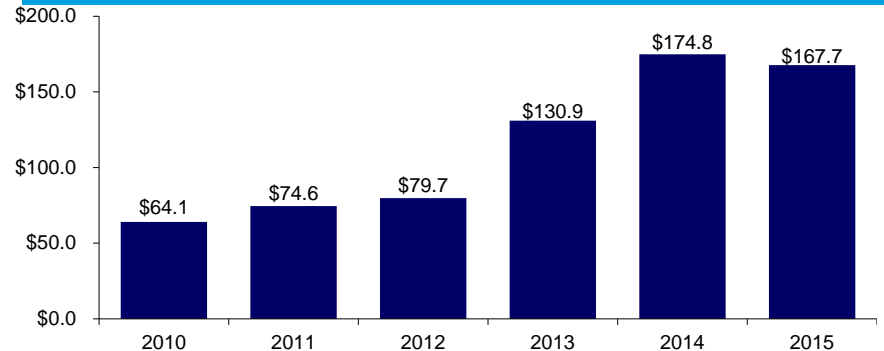
U.S. Financial Buyers Volume and Value (US\$B)



Leverage Multiples for LBOs



US Private Equity Fundraising (US\$B)

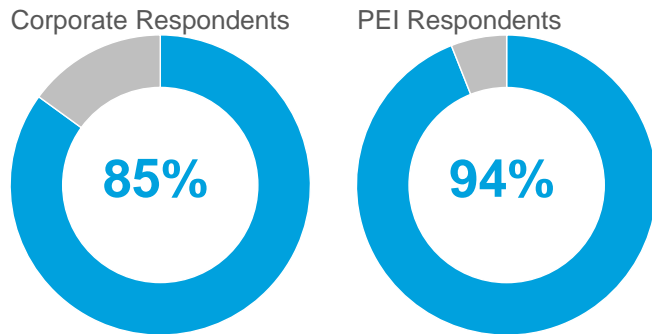


Deloitte M&A Trends Report 2015

Using survey responses from 2,300 executives from U.S. corporations and private equity firms, the report provides insights into future M&A activity as well as deal dynamics. Key findings from the survey include the following:

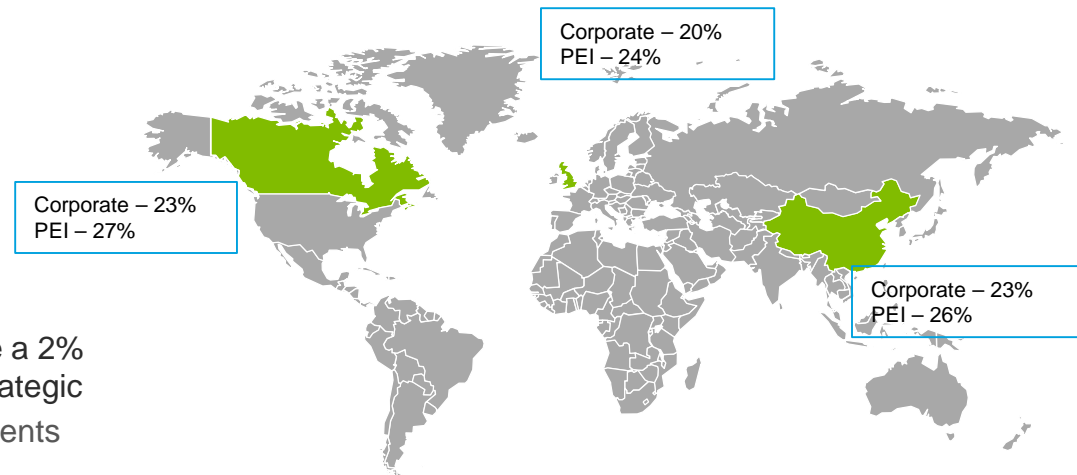
- **M&A momentum continues**

Respondents expect the pace of M&A activity to sustain or ramp up from 2015 levels in the next 12 months



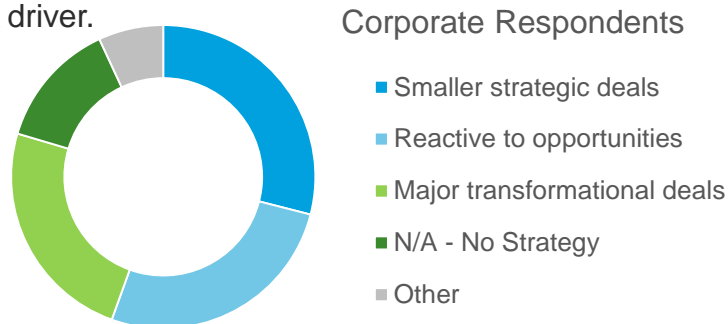
- **Continued effort to expand customer bases, including via overseas expansion**

China, Canada, and the UK are the top foreign markets for Corporate and PEI respondents.



- **Increased transformational focus**

Compared to 2015, corporate executives indicate a 2% increase in Transformative Deals as a leading strategic M&A driver.



- **Exits and divestitures poised to grow**

- About 77% of PEI respondents anticipate an accelerated level of exits in the next 12 months.
- About 52% of corporate respondents reported they anticipate divesting a business in 2016.

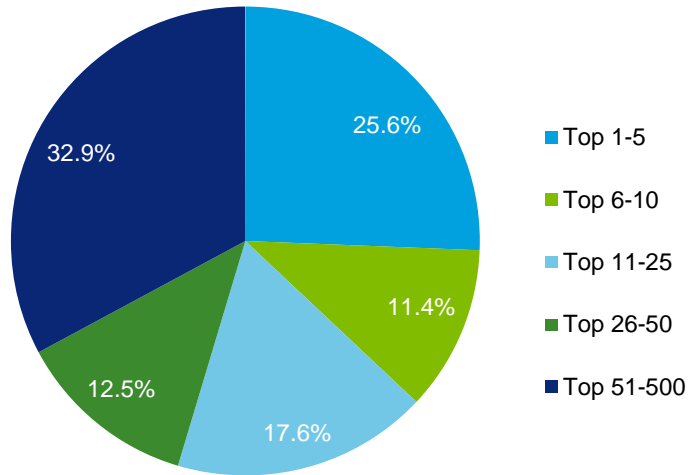


M&A Trends and Drivers

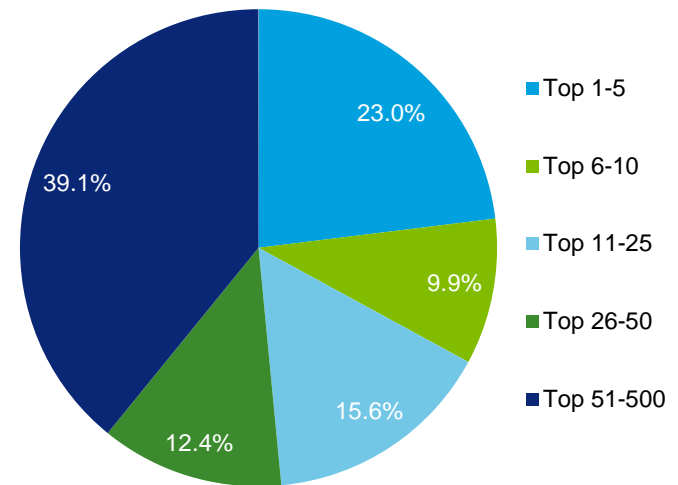
Engineering & Construction Industry

Industry Consolidation Continues

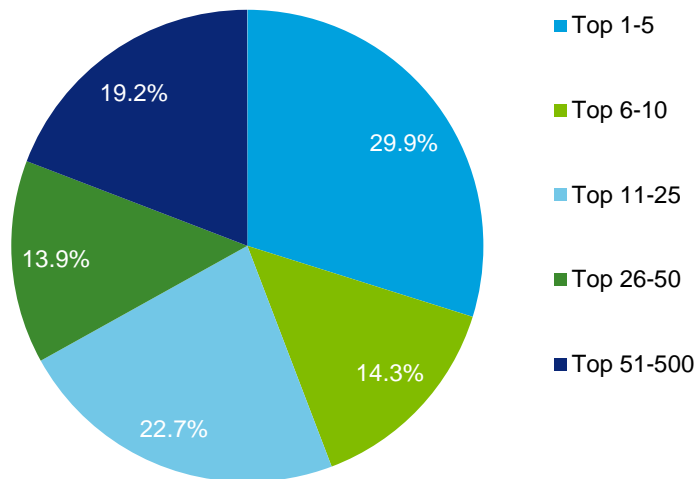
2016 Top 500 Design Firms



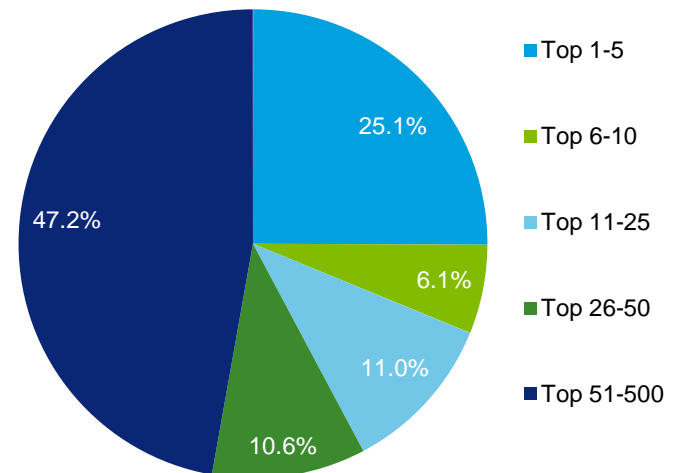
2015 Top 400 Contractors



2015 Top 200 Environmental Firms

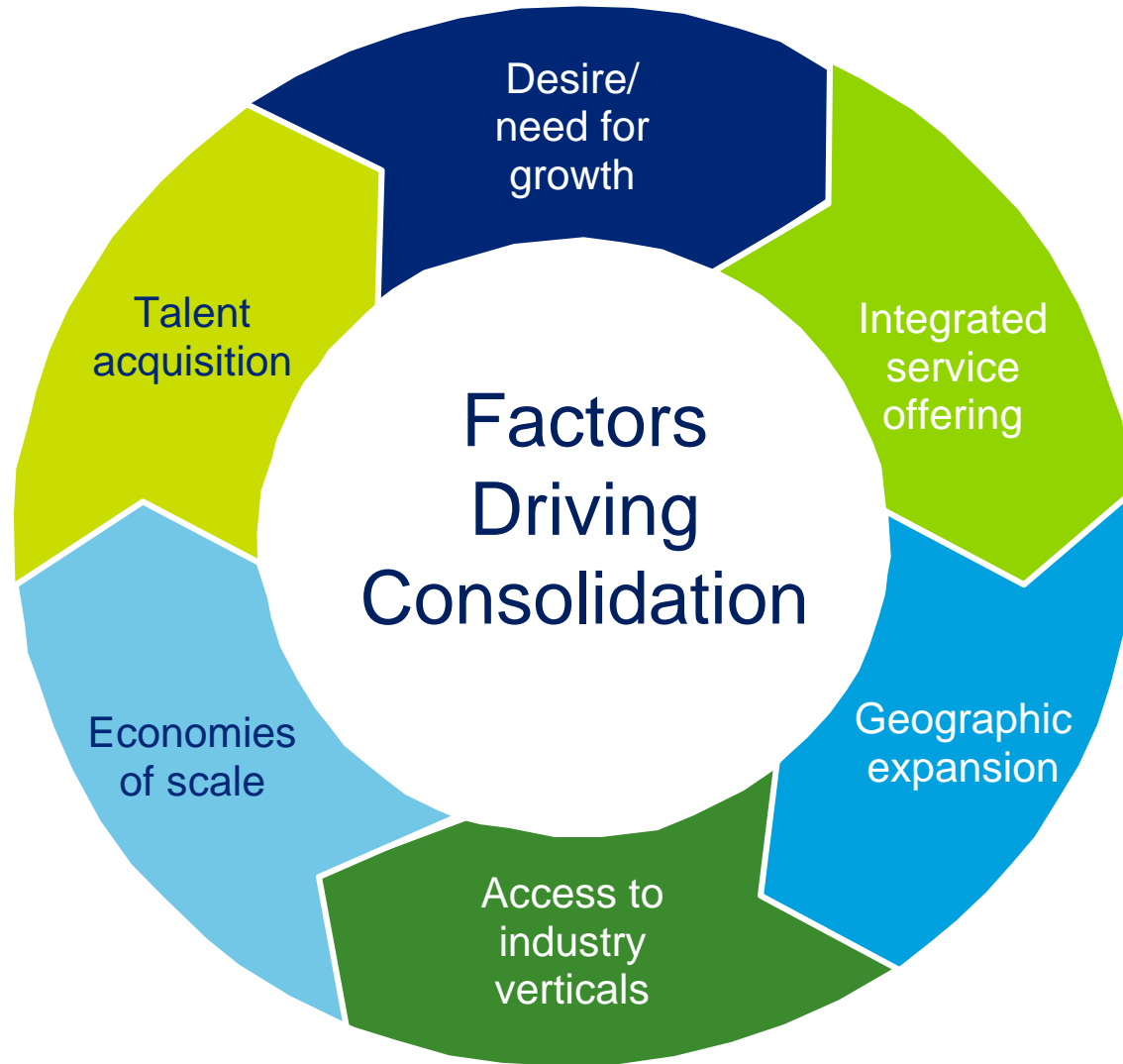


2015 Top 600 Specialty Contractors



Source: ENR, CapitalIQ, Deloitte analysis.
 Note: ENR's "Top 500 Design Firms" list is published with the title reflecting year of publication, while the other lists publish titles reflecting latest full calendar year.

Industry Consolidation Continues



Top 50 Design (2016)



38% Public
4% PEI

Top 50 Design Firms

| | | | |
|----|--------------------------------------|----|-------------------------------|
| 1 | AECOM | 26 | LOUIS BERGER |
| 2 | JACOBS | 27 | GHD INC. |
| 3 | CH2M | 28 | KIMLEY-HORN |
| 4 | FLUOR CORP | 29 | CDI CORP. |
| 5 | AMEC FOSTER WHEELER | 30 | TRC COS. INC. |
| 6 | CB&I INC. | 31 | SARGENT & LUNDY LLC |
| 7 | TETRA TECH INC. | 32 | TERRACON CONSULTANTS INC. |
| 8 | BECHTEL | 33 | FUGRO USA |
| 9 | HDR | 34 | HATCH MOTT MACDONALD |
| 10 | PARSONS | 35 | MICHAEL BAKER INTERNATIONAL |
| 11 | WSP PARSONS BRINCKERHOFF | 36 | PERKINS+WILL |
| 12 | ARCADIS NORTH AMERICA - CALLISONRTKL | 37 | LEIDOS |
| 13 | WOOD GROUP - MUSTANG INC. | 38 | HOK |
| 14 | BURNS & MCDONNELL | 39 | EXP US SERVICES INC. |
| 15 | BLACK & VEATCH | 40 | STV GROUP INC. |
| 16 | GENSLER | 41 | POWER ENGINEERS INC. |
| 17 | KBR | 42 | ATKINS NORTH AMERICA |
| 18 | STANTEC INC. | 43 | KIEWIT CORP. |
| 19 | INTERTEK - PSI | 44 | HKS INC. |
| 20 | WORLEYPARSONS | 45 | SKIDMORE OWINGS & MERRILL LLP |
| 21 | HNTB COS. | 46 | DEWBERRY |
| 22 | MWH GLOBAL | 47 | BROWN AND CALDWELL |
| 23 | CDM SMITH | 48 | KLEINFELDER |
| 24 | BUREAU VERITAS | 49 | GANNETT FLEMING |
| 25 | S&B ENGINEERS AND CONSTRUCTORS LTD. | 50 | T.Y. LIN INTERNATIONAL |

Note: Blue shading denotes publicly traded entities or entities with publicly-traded parent company; Red shading denotes private equity owned entities.

Top 50 Contractors (2015)



32% Public
0% PEI

Top 50 Contractors

| | | | |
|----|------------------------------------|----|---------------------------------|
| 1 | Bechtel | 26 | Granite Construction Inc. |
| 2 | Fluor Corp. | 27 | Brasfield & Gorrie LLC |
| 3 | The Turner Corp. | 28 | Primoris Services Corp. |
| 4 | CB&I | 29 | Zachry Group |
| 5 | Kiewit Corp. | 30 | David E. Harvey Builders Inc. |
| 6 | PCL Construction Enterprises Inc. | 31 | Suffolk Construction Co. |
| 7 | AECOM | 32 | China Construction America |
| 8 | Skanska USA | 33 | Michels Corp. |
| 9 | The Whiting-Turner Contracting Co. | 34 | Swinerton Inc. |
| 10 | Jacobs | 35 | Austin Industries |
| 11 | Balfour Beatty US | 36 | Holder Construction Co. |
| 12 | KBR | 37 | Hoffman Corp. |
| 13 | The Walsh Group Ltd. | 38 | Walbridge |
| 14 | Tutor Perini Corp. | 39 | Black & Veatch |
| 15 | Clark Construction Group | 40 | Ferrovial US Construction Corp. |
| 16 | Gilbane Building Co. | 41 | Lane Industries Inc. |
| 17 | Structure Tone | 42 | Barton Malow Co. |
| 18 | Mortenson Construction | 43 | Matrix Service Co. |
| 19 | Lend Lease | 44 | Day & Zimmermann |
| 20 | McCarthy Holdings Inc. | 45 | Colas USA |
| 21 | DPR Construction | 46 | Performance Contractors Inc. |
| 22 | JE Dunn Construction Group | 47 | Manhattan Construction Group |
| 23 | Hensel Phelps | 48 | M+W U.S. Inc. |
| 24 | Turner Industries Group LLC | 49 | Devcon Construction Inc. |
| 25 | The Yates Cos. Inc. | 50 | Webcor Builders |

Note: Blue shading denotes publicly traded entities or entities with publicly-traded parent company; Red shading denotes private equity owned entities.

Top 50 Environmental Firms (2015)



40% Public
6% PEI

Top 50 Environmental Firms

| | | | |
|----|--|----|-----------------------------------|
| 1 | CH2M | 26 | GHD INC. |
| 2 | AECOM | 27 | RAMBOLL ENVIRON INC. |
| 3 | BECHTEL CORP. | 28 | ANTEA GROUP |
| 4 | VEOLIA NORTH AMERICA | 29 | ICF INTERNATIONAL |
| 5 | CLEAN HARBORS INC. | 30 | MCCARTHY HOLDINGS INC. |
| 6 | TETRA TECH INC. | 31 | BROWN AND CALDWELL |
| 7 | ARCADIS NV | 32 | CARDNO INC. |
| 8 | FLUOR CORP. | 33 | LOUIS BERGER |
| 9 | MWH GLOBAL | 34 | PCL CONSTRUCTION ENTERPRISES INC. |
| 10 | SUEZ ENVIRONNEMENT NORTH AMERICA | 35 | BABCOCK & WILCOX ENTERPRISES |
| 11 | AMEC FOSTER WHEELER | 36 | LEIDOS |
| 12 | GOLDER ASSOCIATES | 37 | WEEKS MARINE INC. |
| 13 | CDM SMITH | 38 | TRC COMPANIES INC. |
| 14 | BLACK & VEATCH | 39 | BARNARD CONSTRUCTION CO. INC. |
| 15 | ENVIRON. RESOURCES MANAGEMENT INC. (ERM) | 40 | WSP/PARSONS BRINCKERHOFF |
| 16 | HDR | 41 | ALBERICI CORP. |
| 17 | CB&I | 42 | BOWEN ENGINEERING CORP. |
| 18 | STANTEC INC. | 43 | KLEINFELDER |
| 19 | THE WALSH GROUP LTD. | 44 | WESTON SOLUTIONS INC. |
| 20 | PARSONS CORP. | 45 | GREAT LAKES DREDGE & DOCK |
| 21 | KIEWIT CORP. | 46 | NATIONAL RESPONSE CORP. |
| 22 | GARNEY HOLDING CO. | 47 | GEOSYNTEC CONSULTANTS INC. |
| 23 | LAYNE CHRISTENSEN CO. | 48 | PC CONSTRUCTION CO. |
| 24 | NORTHSTAR GROUP SERVICES INC. | 49 | ULLIMAN SCHUTTE CONSTRUCTION LLC |
| 25 | AEGION CORP. | 50 | BURNS & MCDONNELL |

Note: Blue shading denotes publicly traded entities or entities with publicly-traded parent company; Red shading denotes private equity owned entities.

Top 50 Specialty Contractors (2015)



20% Public
10% PEI

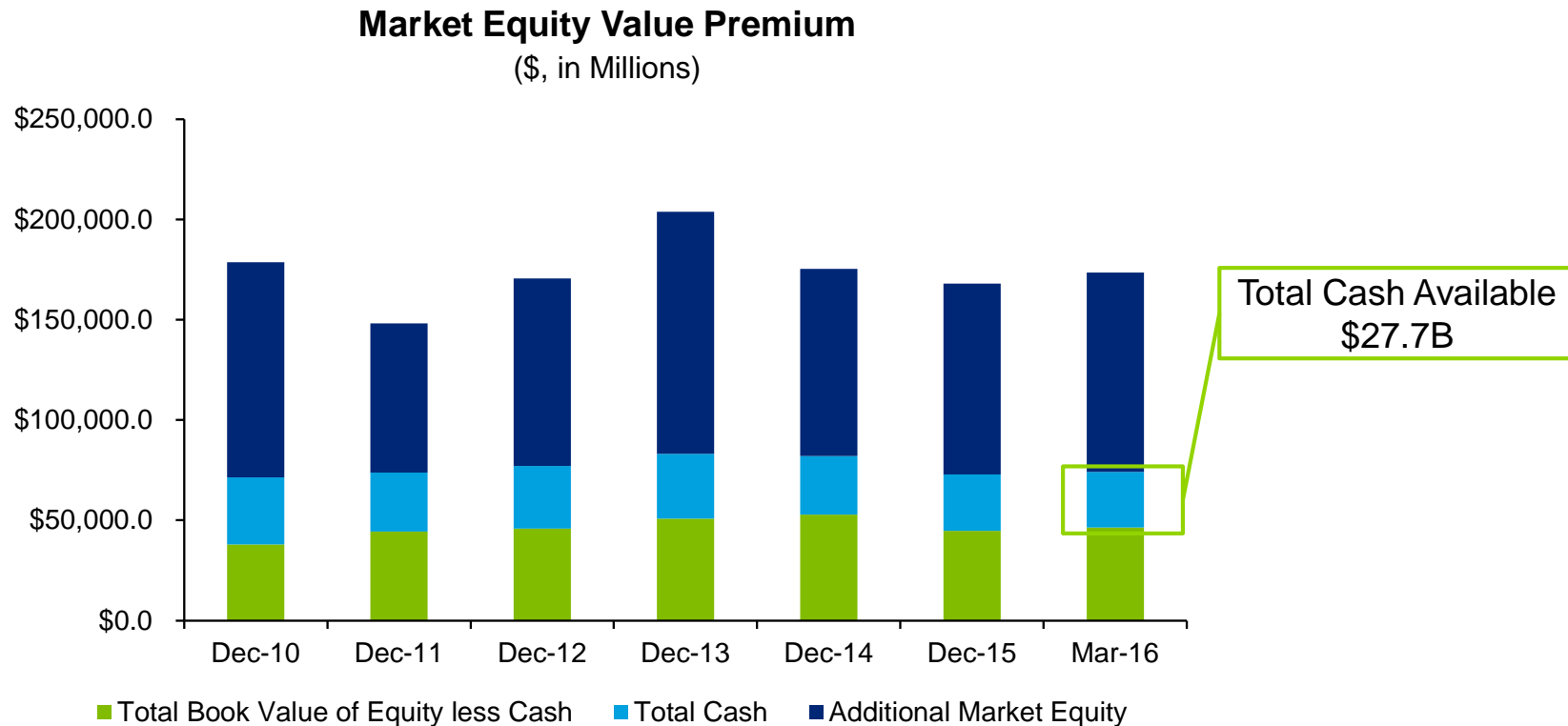
Top 50 Specialty Contractors

| | | | |
|----|---|----|------------------------------------|
| 1 | QUANTA SERVICES INC. | 26 | SCHUFF INTERNATIONAL |
| 2 | EMCOR GROUP INC. | 27 | SOUTHLAND INDUSTRIES |
| 3 | MASTEC INC. | 28 | BERGELECTRIC CORP. |
| 4 | BRAND ENERGY & INFRASTRUCTURE SERVICES INC. | 29 | NOOTER CONSTRUCTION CO. |
| 5 | THE BROCK GROUP | 30 | STEELFAB INC. |
| 6 | SAFWAY GROUP - MOBLEY | 31 | THE NEWTRON GROUP LLC |
| 7 | COMFORT SYSTEMS USA INC. | 32 | TD INDUSTRIES |
| 8 | MDU CONSTRUCTION SERVICES GROUP INC. | 33 | ENERGY SERVICES HOLDINGS LLC |
| 9 | HENKELS & MCCOY INC. | 34 | TERRA MILLENNIUM CORP. |
| 10 | ROSENDIN ELECTRIC | 35 | VALLEYCREST LANDSCAPE COS. |
| 11 | PERFORMANCE CONTRACTING GROUP INC. | 36 | ALDRIDGE ELECTRIC |
| 12 | MYR GROUP INC. | 37 | THE BRANDT COS. |
| 13 | MMR GROUP | 38 | STRUCTURAL GROUP |
| 14 | CUPERTINO ELECTRIC | 39 | GERDAU REINFORCING STEEL |
| 15 | TEAM INDUSTRIAL SERVICES INC. | 40 | HELIX ELECTRIC |
| 16 | BAKER CONCRETE CONSTRUCTION INC. | 41 | FAITH TECHNOLOGIES INC. |
| 17 | ACCO ENGINEERED SYSTEMS | 42 | HARDER MECHANICAL CONTRACTORS INC. |
| 18 | M.C. DEAN INC. | 43 | JH KELLY |
| 19 | NORTHSTAR GROUP SERVICES INC. | 44 | WDF INC. |
| 20 | CECO CONSTRUCTION GROUP | 45 | E-J ELECTRIC INSTALLATION CO. |
| 21 | HAYWARD BAKER INC., A KELLER CO. | 46 | FISK ELECTRIC CO. |
| 22 | MCKINSTRY | 47 | MORROW-MEADOWS CORP. |
| 23 | FIVE STAR ELECTRIC CORP. | 48 | CONTI CORP. |
| 24 | CENTIMARK CORP. | 49 | REDWOOD ELECTRIC GROUP INC. |
| 25 | FURMANITE CORP. | 50 | TEAM FISHEL |

Note: Blue shading denotes publicly traded entities or entities with publicly-traded parent company; Red shading denotes private equity owned entities.

Expectations for Growth

Top 50 Lists – Public Companies*



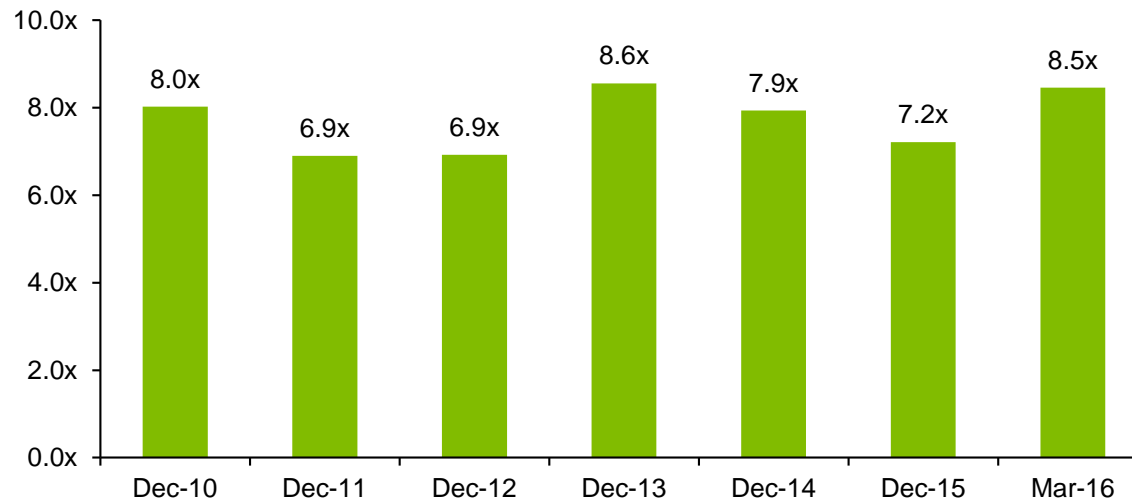
Source: ERN, CapitalIQ, Deloitte Analysis

* Represents the public companies or their public parents from each of the four preceding "Top 50" lists, excluding MDU Resources, China National Construction, Leidos, and Lend Lease, as well as any company with public parent already on the list.

Valuation Trading Metrics

Top 50 Lists – Public Companies*

Median Enterprise Value/LTM EBITDA Multiple



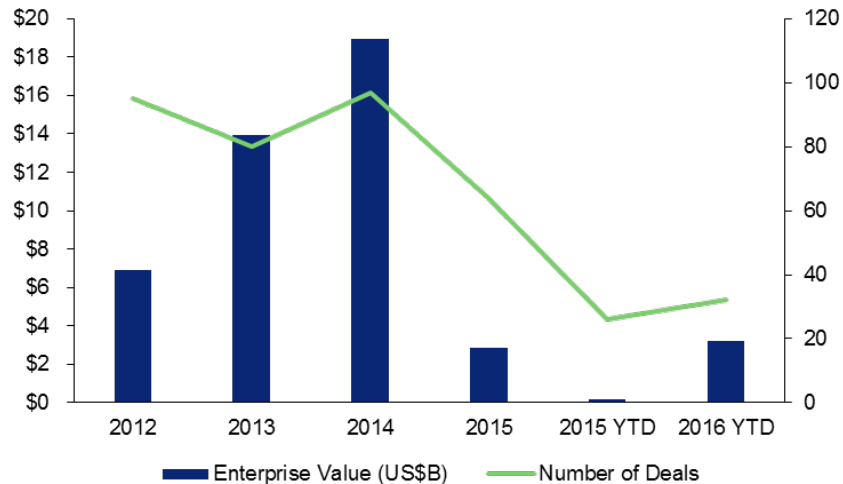
Source: ERN, CapitalIQ, Deloitte Analysis

* Represents the public companies or their public parents from each of the four preceding "Top 50" lists, excluding MDU Resources, China National Construction Bank, Leidos, and Lend Lease, as well as any company with a public parent already on the list.

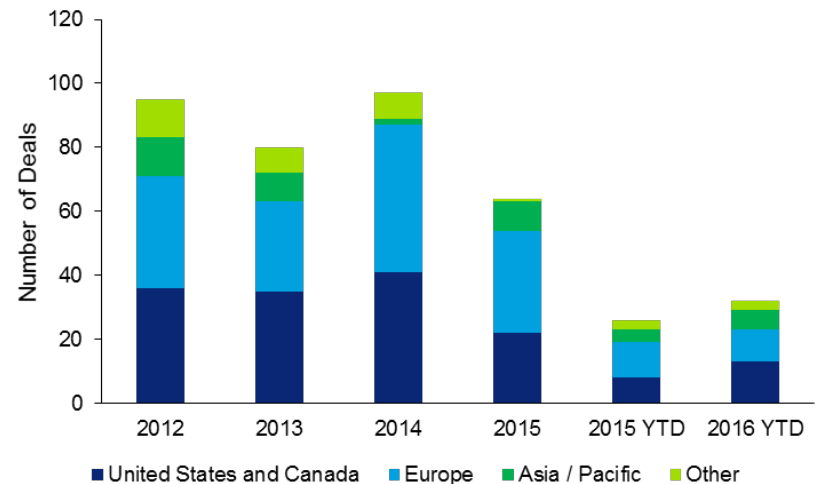
Engineering & Construction M&A Transactions

Top 50 Lists – All Companies

M&A Volume and Value (US\$B)



M&A Volume by Region (Target HQ)



M&A Valuation Metrics

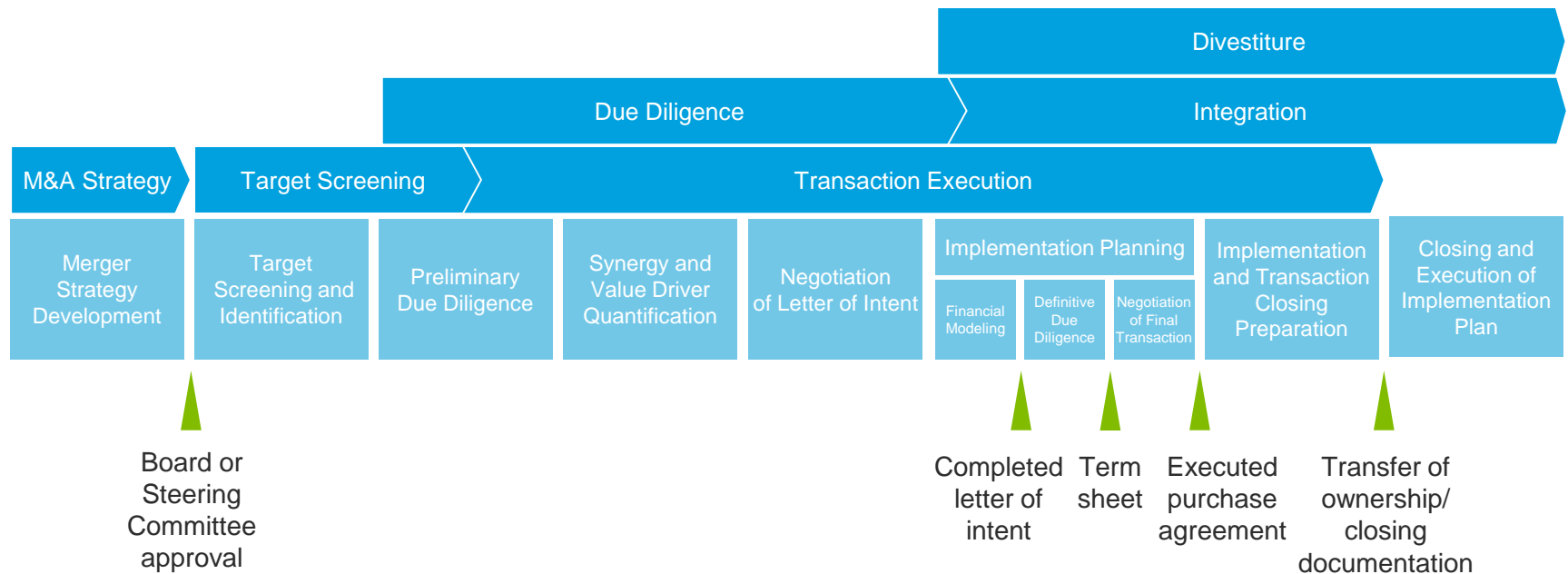
Top 50 Lists – All Companies (Announced)

| Date | Target | Buyer | Deal Size (US \$m) | Total Revenue (US \$m) | EBITDA Margin | EV/EBITDA |
|----------------|--|--|-----------------------|---------------------------|------------------|-------------|
| 5/6/16 | MWH Global, Inc. | Stantec Inc. (TSX:STN) | \$793.0 | \$1,215.2 | 6.4% | 10.3x |
| 3/1/16 | Stork Holding B.V. | Fluor Corporation (NYSE:FLR) | 753.7 | 1,735.1 | 6.3% | 6.9x |
| 2/29/16 | Furmanite Corporation | Team, Inc. (NYSE:TISI) | 359.7 | 518.4 | 6.6% | 9.2x |
| 1/15/16 | Coffey International Limited | Tetra Tech, Inc. (NasdaqGS:TTEK) | 145.6 | 404.1 | 3.8% | 8.2x |
| 11/11/15 | Professional Service Industries, Inc. | Intertek Group plc (LSE:ITRK) | 330.0 | 254.0 | 15.7% | 8.3x |
| 11/2/15 | Cardno Limited (ASX:CDD) | Crescent Capital Investments Pty Limited | 85.3 | 1,008.9 | 5.8% | 8.9x |
| 7/7/15 | Qualspec Inc. | Team, Inc. (NYSE:TISI) | 265.0 | 170.4 | 12.4% | 12.5x |
| 11/12/14 | Aena, S.A. (BME:AENA) | Corporación Financiera Alba, S.A. (BME:ALB); Ferrovial, S.A. (BME:FER) | 1,266.4 | 3,792.5 | 57.7% | 8.8x |
| 11/12/14 | Foster Wheeler AG | Amec Foster Wheeler plc (LSE:AMFW) | 3,307.9 | 3,306.5 | 7.8% | 10.6x |
| 11/7/14 | Fugro NV (ENXTAM:FUR) | Royal Boskalis Westminster NV (ENXTAM:BOKA) | 211.1 | 3,113.7 | 14.9% | 5.2x |
| 11/3/14 | Magnus Pacific Corporation | Great Lakes Dredge & Dock Corporation (NasdaqGS:GLDD) | 77.0 | 102.0 | 10.8% | 7.0x |
| 10/17/14 | Callison, LLC | ARCADIS NV (ENXTAM:ARCAD) | 144.9 | 167.0 | 15.0% | 5.8x |
| 10/17/14 | URS Corporation | AECOM (NYSE:ACM) | 5,867.3 | 10,487.7 | 7.3% | 7.3x |
| 10/16/14 | Hyder Consulting PLC | ARCADIS NV (ENXTAM:ARCAD) | 482.7 | 484.2 | 7.2% | 12.9x |
| 10/7/14 | Schuff International, Inc. (OTCPK:SHFK) | HC2 Holdings, Inc. (AMEX:HCHC) | 23.1 | 460.7 | 7.8% | 4.2x |
| 8/14/14 | Schuff International, Inc. (OTCPK:SHFK) | HC2 Holdings, Inc. (AMEX:HCHC) | 6.0 | 438.4 | 7.3% | 4.5x |
| 5/29/14 | Schuff International, Inc. (OTCPK:SHFK) | HC2 Holdings, Inc. (AMEX:HCHC) | 98.8 | 438.4 | 7.3% | 4.7x |
| 4/10/14 | The Focus Corporation Ltd. | WSP Global Inc. (TSX:WSP) | 329.3 | 255.7 | 14.4% | 8.9x |
| 3/17/14 | PPI Technology Services, LLC | Cardno Limited (ASX:CDD) | 145.0 | 133.0 | 16.2% | 6.7x |
| 2/19/14 | ACEA S.p.A. (BIT:ACE) | Suez Environnement Company SA (ENXTPA:SEV) | 103.5 | 4,840.0 | 16.3% | 8.0x |
| 1/31/14 | Cofiroute SA | VINCI SA (ENXTPA:DG) | 1,067.1 | 1,830.3 | 65.6% | 8.8x |
| 11/28/13 | Proactiva Medio Ambiente, S.A. | Veolia Environnement S.A. (ENXTPA:VIE) | 198.8 | 714.6 | 17.6% | 3.2x |
| 2/28/13 | Rosenberg WorleyParsons AS | WorleyParsons Limited (ASX:WOR) | 195.6 | 268.1 | 11.8% | 5.0x |
| 2/13/13 | The Shaw Group Inc. | Chicago Bridge & Iron Company N.V. (NYSE:CBI) | 4,909.2 | 6,032.8 | 2.7% | 20.4x |
| 1/28/13 | Fugro NV, Geoscience Division | CGG (ENXTPA:CGG) | 1,548.9 | 994.2 | 16.1% | 9.7x |
| 12/28/12 | Safety-Kleen, Inc. | Clean Harbors, Inc. (NYSE:CLH) | 1,526.5 | 1,383.0 | 10.7% | 10.0x |
| 10/1/12 | Sociedad Concesionaria Vespucio Norte Express S.A. | Brookfield Asset Management Inc. (TSX:BAM.A) | 289.2 | 95.0 | 61.2% | 23.6x |
| 8/1/12 | WSP Group plc | WSP Global Inc. (TSX:WSP) | 589.4 | 1,133.1 | 6.0% | 8.1x |
| 5/30/12 | Costa Fortuna del Uruguay S/A | Layne Christensen Company (NasdaqGS:LAYN) | 27.5 | 49.5 | 28.1% | 3.1x |
| 4/5/12 | FYFE Asia Pte. Ltd. | Aegion Corporation (NasdaqGS:AEGN) | 40.7 | 25.8 | 16.7% | 9.2x |
| Median | | | \$277.1 | \$501.3 | 11.3% | 8.2x |
| Average | | | \$839.6 | \$1,528.4 | 16.1% | 8.7x |

Overview of M&A Lifecycle & Process

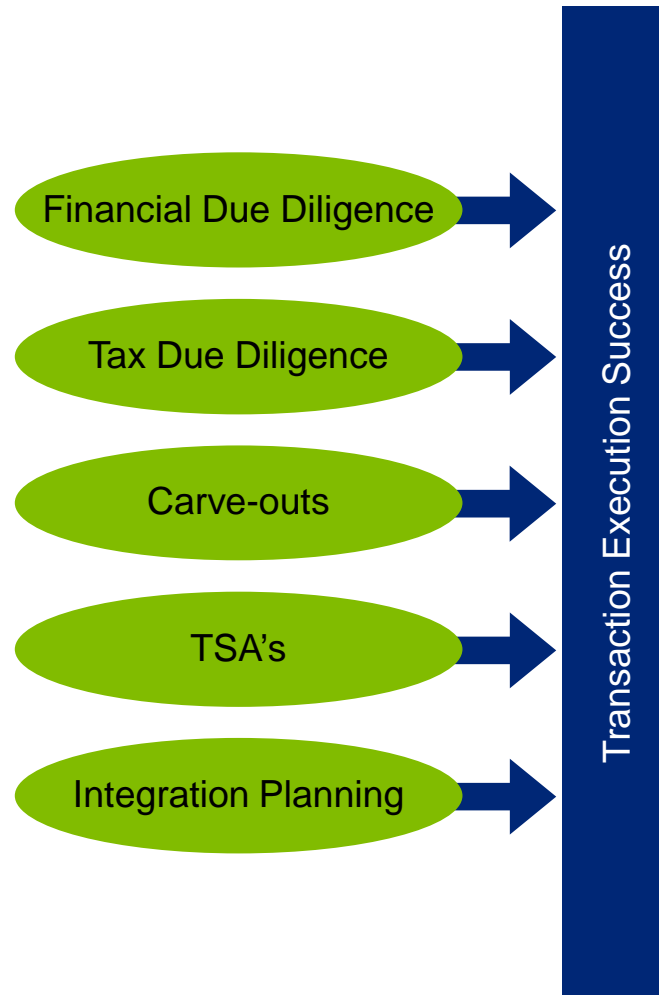
M&A Lifecycle

Management should adopt a multi-disciplinary approach to maintain focus on the most critical elements of a deal on a real-time basis.



Due Diligence Process Considerations

Due Diligence requires a real-time cross-functional approach.



Financial Due Diligence

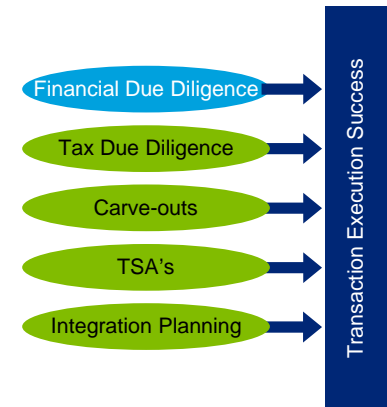
Diligence teams focus on the most critical elements on a real-time basis to quickly identify issues and potential solutions.

Typical accounting issues

- Quality of earnings
 - Revenue recognition
 - Impact of significant customers
 - Vendor rebates and allowances
 - Significant accounting policies
- Working capital
 - Significant trends
 - Terms for significant customers/vendors
 - Adequacy of allowances and reserves
- Commitments and contingencies
- Stock/options/warrants issued to employees, advisors, and others

Continued consultation

- Closing balance sheet procedures
- Purchase price allocations and valuation methodologies
- Application of accounting principles
- Purchase price adjustments
- Transition to expanded integration consulting services

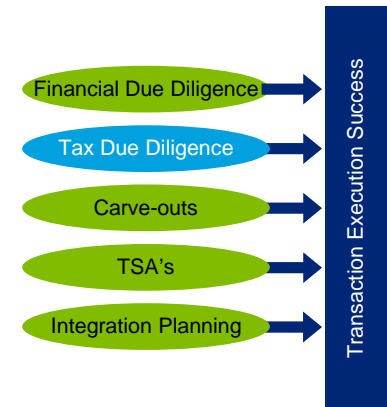


Tax Due Diligence

Best Practices

General Approach

- Holistic approach
 - Traditional diligence
 - Structuring
 - Deal documents
- Value drivers
 - Monetization of tax attributes
 - Post acquisition structure
 - ETR and cash tax rate
- Integration drivers
- Partnering with Target
 - Auction vs Exclusivity



Tax Due Diligence

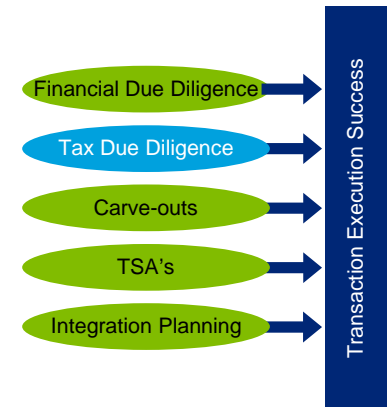
Triaging critical issues in a time sensitive environment

Typical tax issues

- Review / analysis of tax returns
- Status of tax examinations
- Focus on unusual transactions
- Transfer pricing (state and foreign)
- Determination of booking of proper reserves
- Material tax attributes, including NOLs, credits, etc.
- Tax rulings, changes in accounting methods, elections, reportable transactions, etc.
- Non-US taxes, i.e., countries to include

Industry Specific Tax Issues

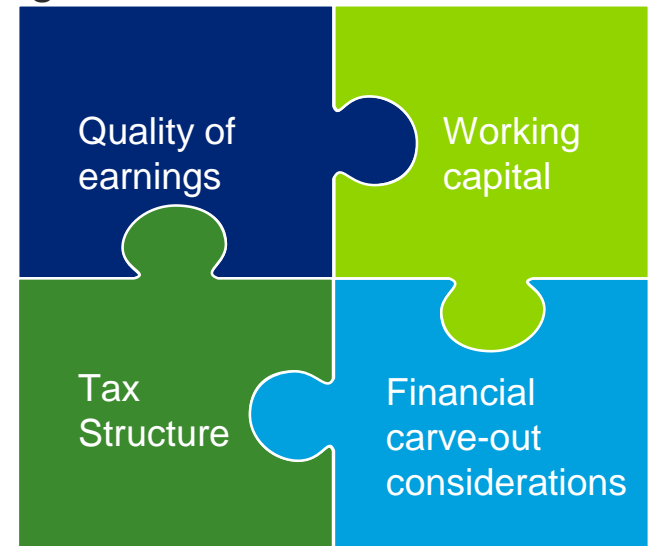
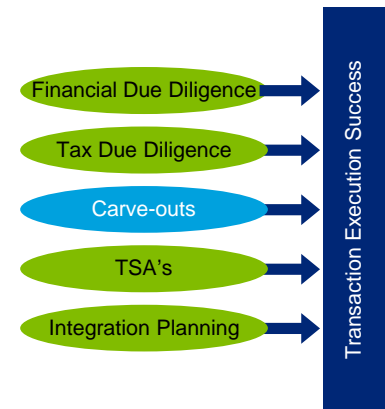
- Revenue Recognition
- SOFA
- Domestic Production Activities
- State Apportionment
- Meals and Entertainment
- Deferred Revenue



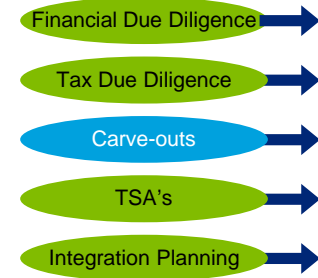
Divestiture Goals and Strategy

The primary goal when divesting a business is to capture the highest value possible in the most efficient process.

- To achieve the highest value possible the divestiture approach should focus on (1) expediting the sale process, (2) managing regulatory pathways, and (3) pro-actively tackling separation issues.
- Well-prepared sellers are in a better position to withstand the challenges that are raised by potential buyers during the process.
- Being prepared with accurate, well-presented financial information is critical to avoiding surprises and keeping buyers engaged in the sales process.
- Presenting cohesive, consistent financial data, including audited financials where needed by buyers or regulators, is necessary to meet all stakeholders' needs.



Reasons for Carve-outs and Divestitures in the E&C industry



Disposal of non-core assets

- Changes in end market strategy
- Changes in customer relationships

Financial challenges

- Lower growth
- Lower margin
- Inadequate free cash flow

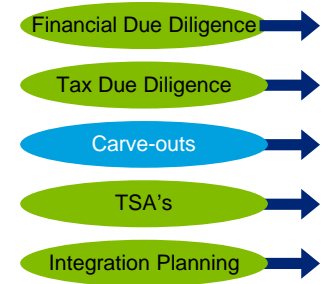
Generate cash flow

- Sale proceeds
- Elimination of drag on earnings of underperforming divisions

Other

- Joint ventures
- Recapitalizations

Questions to consider when divesting a business

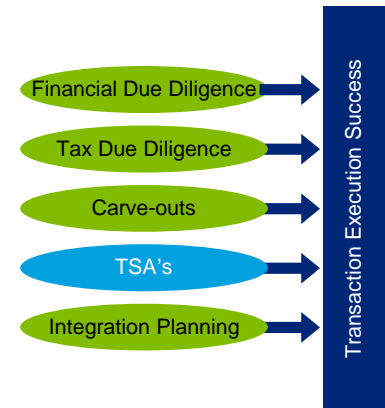


- How is the business operated currently?
- How involved will the management team be in the prep process?
- What issues exist within the business that add complexity?
- What type of sale process is going to be run?
- What timeline factors exist that may drive process?
- Who is going to be the likely type of buyer?
- Will seller or vendor due diligence be required
- Are external resources needed?

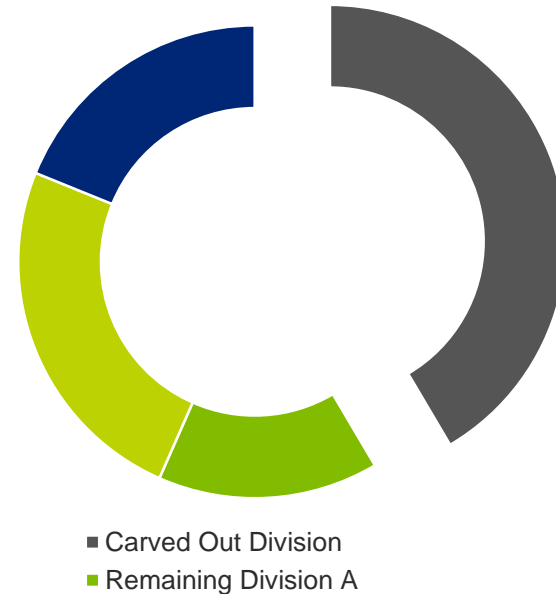
Transition Service Agreements (TSAs)

When preparing for a Carve Out, the use of a TSA (Transition Service Agreement) can be highly effective.

- When purchasing a “Carve Out”, the division is often incomplete
- Numerous functions and services may be currently provided by the parent, or another division
 - Human Resources
 - Legal Services
 - Information Technology
 - Facilities
- A TSA can be used to have the Seller (and its providers) continue to provide services to the divested business unit

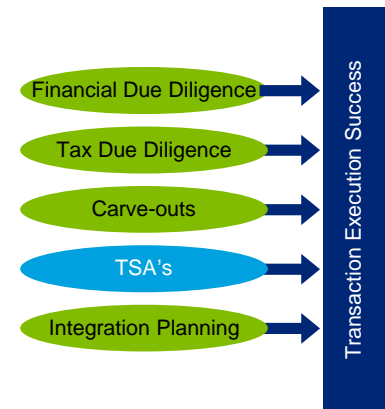


Division “Carved out”



Planning for your Carve Out – Using TSAs

In a Carve-out situation, you have to plan for every function post separation: who, what, where, why, and how.

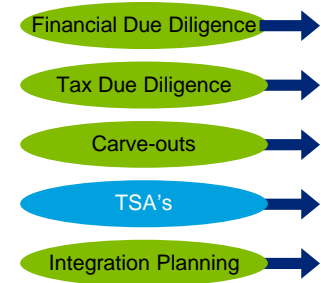


Typical Day 1 considerations

| Function | | Covered by TSA |
|-------------------------------|--|----------------|
| Finance | • Financial reporting applications / systems | • Yes |
| | • Treasury Management / Banking and cash management agreements / processes | • No |
| | • Procurement | • No |
| Human Resources | • Salary Administration / Payroll | • No |
| | • Benefit Plans | • Yes |
| | • HR and benefits systems | • Yes |
| | • Employee communications for New Co | • No |
| Information Technology | • Electronic communications / email | • No |
| | • Internet connectivity | • Yes |
| | • Custom Software Suite development toolkit | • No |
| | • Helpdesk operations | • No |
| Facilities | • Office space | • Yes |
| | • Data center space | • Yes |

TSAs – Leading Practices

There are numerous considerations when structuring TSAs (or TSA schedules); timing, cost, other obligations, etc.



Timing Considerations

- How long will it take to replace the service?
- How long can the parent provide the service?
- What if we can take over the function sooner?
- Should this be a permanent arrangement?

Cost Considerations

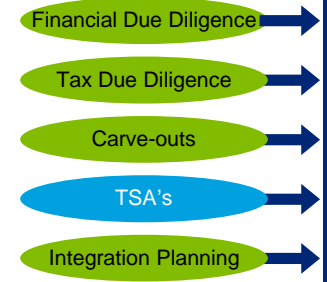
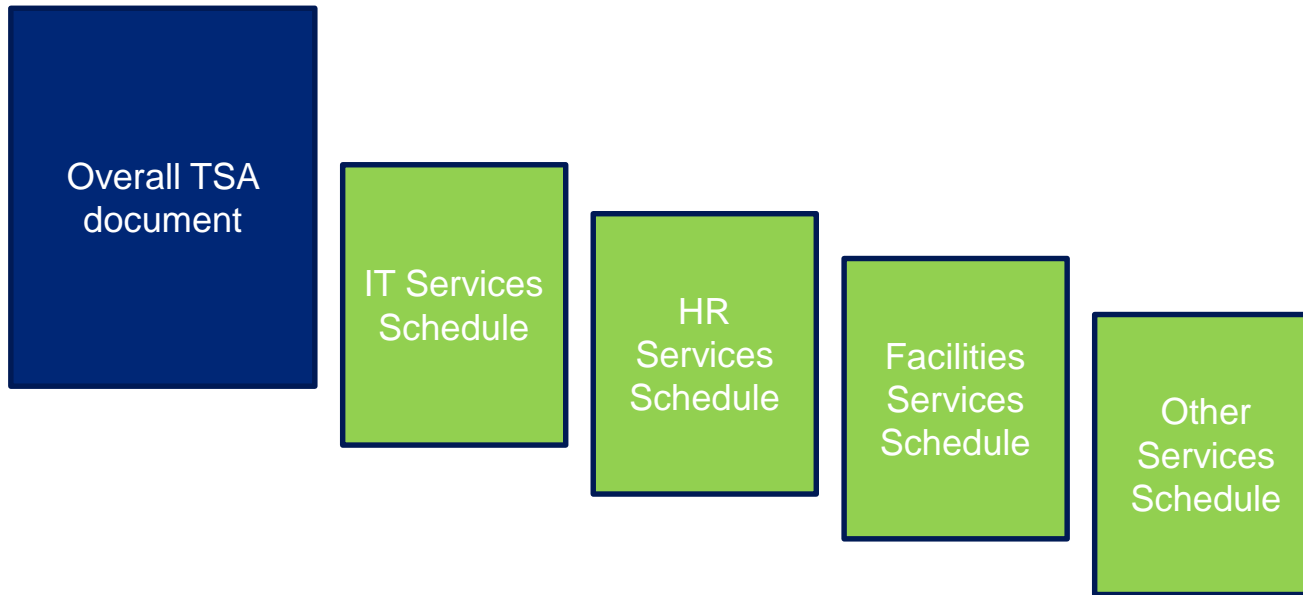
- How much will the Seller charge?
- Will the cost escalate over time?
- How much does it cost to provide?
- How much will it cost to replace?

Other Areas to Consider

- Outsourcing vs. TSAs – any advantage?
- Other Services required? (System conversion assistance for example)
- Other providers involved? (IT and HR third party providers)

Overall TSA Structure

TSA Structure should make things simple and clear



Integration Planning & Execution

Leading Practices

| | |
|---|---|
| 1 | Launch a command & control Integration Management Office |
| 2 | Develop integration blueprint and define end-state |
| 3 | Set a Rigorous Pace and Cadence |
| 4 | Drive synergy opportunities, while managing business risk |
| 5 | Focus to build a growth platform |
| 6 | Create an employee experience that facilitates organizational and change management |

Key Considerations / Actions

- Develop **clear project governance, structure and planning process**
 - Establish **guiding principles** to set boundaries for the integration process
 - Establish a **dedicated integration team** (advisors and management)
 - **Empower team members** to lead decision making with the business / functions
-
- Develop **clear vision of end-state**, aligned with integration vision and key objectives
 - Address **near-term, mid-term and long term integration financial targets**; develop a view on practical steps to drive to end-state
 - **Integrate dependencies** across business and functions
-
- Adopt a **deliberate and aggressive pace** within the integration program
 - Speed doesn't mean rushing to make bad decisions, or **linguishing in uncertainty** based on less than perfect information
 - Drive routine and regular program reviews focused on **collaboration and transparency**
-
- Develop cost baselines and **aggressively identify synergy opportunities**
 - Focus on **quick wins** and **stretch targets** to support longer-term synergy opportunities
 - Maximize value through **tax efficient integration**
 - Develop holistic budget upfront; and **build synergies into financial plans**
-
- Maintain continuity and ensure **revenue preservation**
 - Assess strategic investment plans of acquired business, **refocus investments to fastest growing areas**
 - Identify **underserved markets and exploit market expertise** across brands
-
- Customize **message delivery and content across all stakeholders** to reduce uncertainty and manage risk
 - Draft the **next generation** of leaders through the **organizational selection** approach
 - **Retain key leaders and talent**; and identify change management needs

Panel Discussion

Q&A