

The seven rules of success of M&A entrepreneurs

(Translation from the Italian original which remains the definitive version)

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M&A entrepreneurs
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A project launched by:



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Mercati, imprese, finanza del Corriere della Sera

They have M&A in their DNA



They have a drive for growth



Their managers have attended excellent schools in dealing with cultural differences



They know how to carry out acquisitions (also with acquired skills)



They show determination (learning from failures)



A clear and explicit M&A strategy supporting growth

Accelerating global growth



Reducing vulnerability
(*'The real risk of not
engaging in M&A'*)



Stepping into new businesses/
diversifying



Consolidating



Not one, but many acquisitions (and ready to take the plunge)

**A series of many acquisitions,
not one-off events**



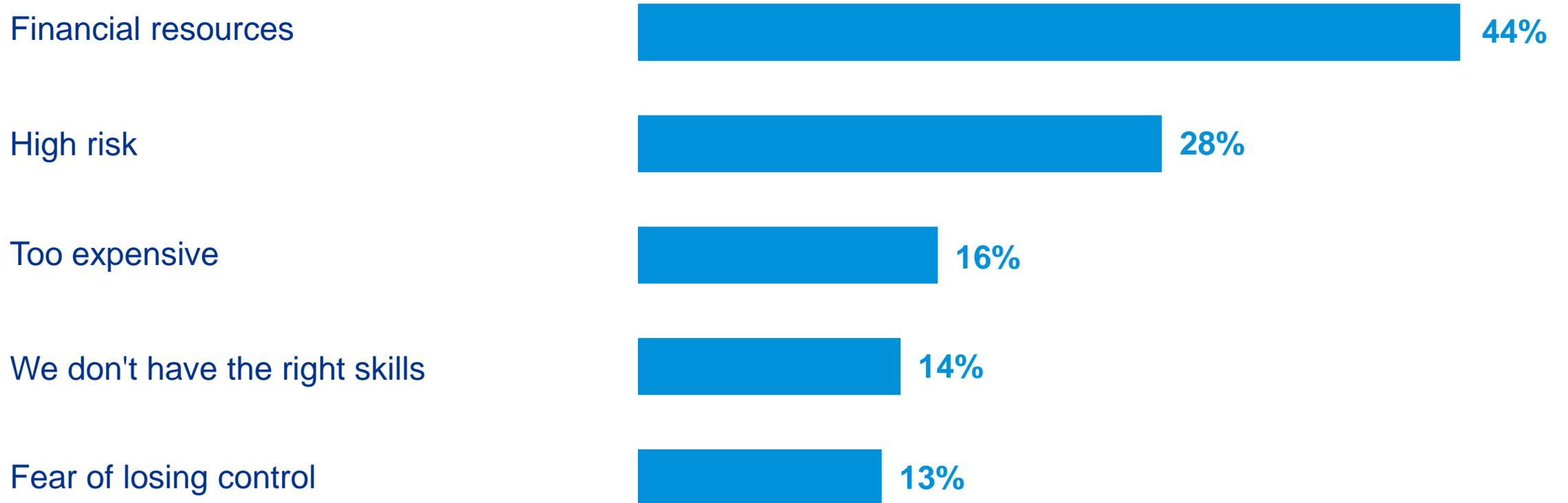
**Shopping list of target
companies (from internal
and external sources as well
as from proactive advisors)**



**If the opportunity arises,
they take the plunge
(it is easier for private businesses)**



Which are the main barriers to and concerns about potential acquisitions?



Financial resources are not an excuse

A sound core business



Debt is not an issue



Right P/E ratio (also in the case of non-controlling interests)



Authoritative control (not only with 51%)

Leadership

Borsa Italiana helps with

- credibility
- stock-for-stock transactions
- exit proposals to target companies



Human resources are not an excuse

M&A top team

- Entrepreneur
- CFO/BoD
- Management



Competent BoD/Advisor



M&A to buy skills



Free from the tyranny of multiples

Stock exchange multiples				
#	Company	EV/EBITDA		
		2015	2016	2017
1	NESTLE SA-REG	14.6x	13.9x	13.1x
2	CHOCOLADEFABRIKEN LINDT-REG	23.6x	21.4x	19.7x
3	BARRY CALLEBAUT AG-REG	13.9x	12.5x	11.7x
4	CLOETTA AB-B SHS	11.4x	10.4x	9.9x
5	MONDELEZ INTERNATIONAL INC-A	16.9x	15.6x	14.2x
8	HERSHEY CO/THE	13.0x	12.5x	12.0x
Average		15.6x	14.4x	13.4x
Median		14.2x	13.2x	12.5x

What counts is the creation of business value



Turnover, not only costs



Multiples are benchmarks to understand whether the transaction is a deal



Successful post-acquisition management

Immediately under control

- HR
- Management control
- Very often finance and procurement



Integration: not necessarily immediately, but 'at the right time'



Thank you!

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