



WHAT MAKES AN M&A SUCCESSFUL?



Groundwork Intel



GROUNDWORK INTEL



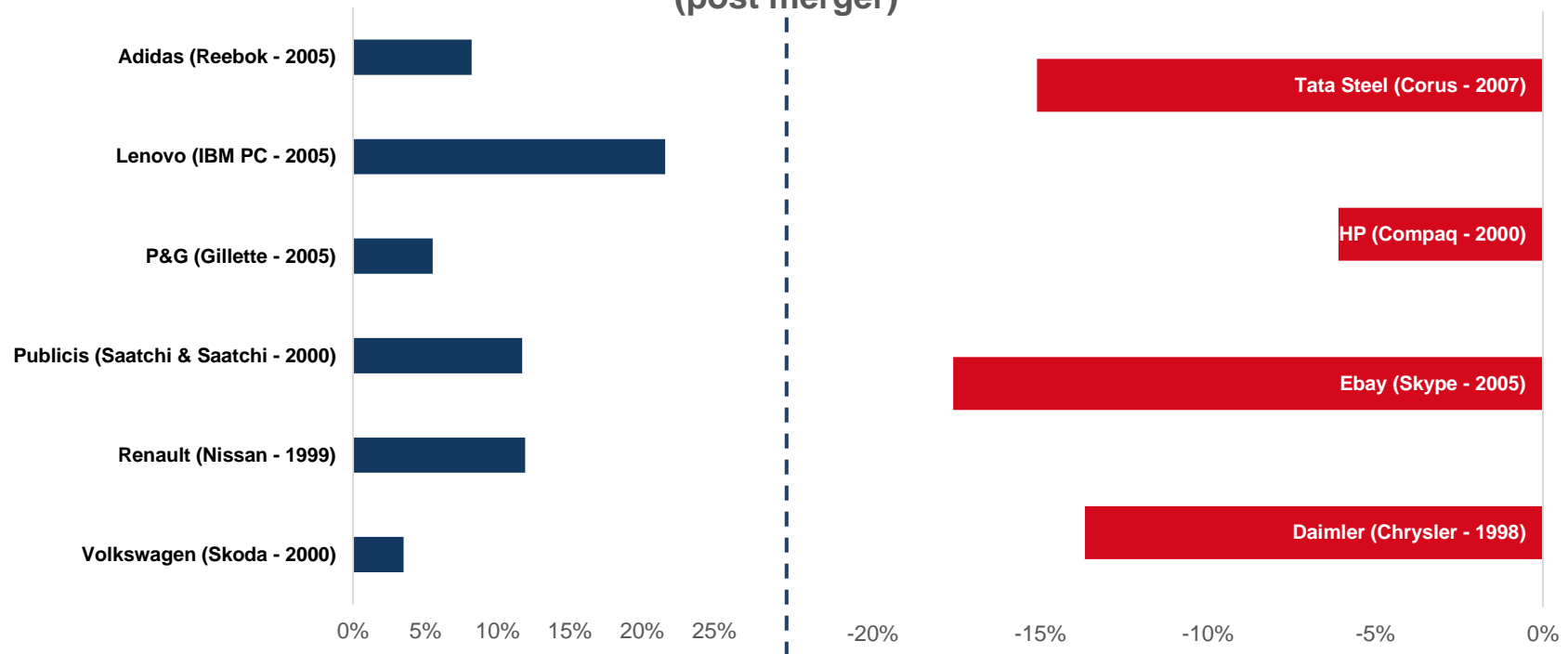
KEY SUCCESS FACTOR IN M&A



Successful M&As have clearly shown growth in market capitalization vs. the failed alliances

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Market Capitalization – 5 Year CAGR
(post merger)

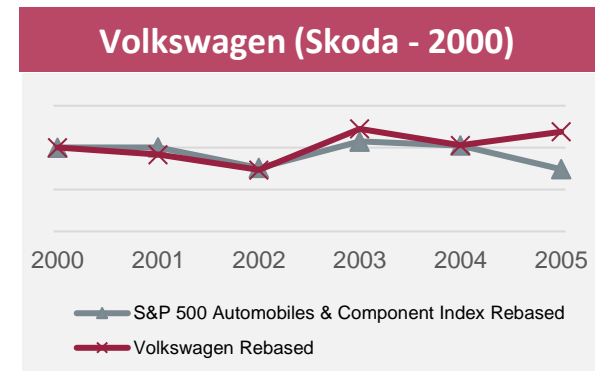
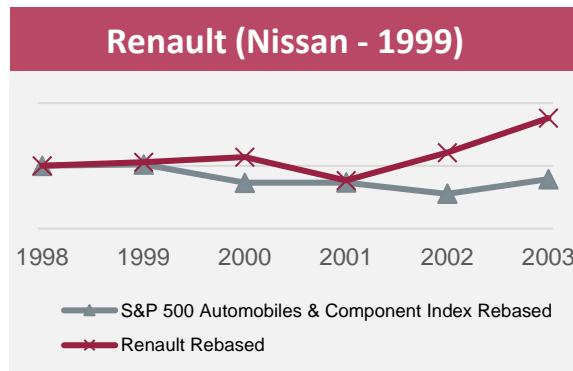
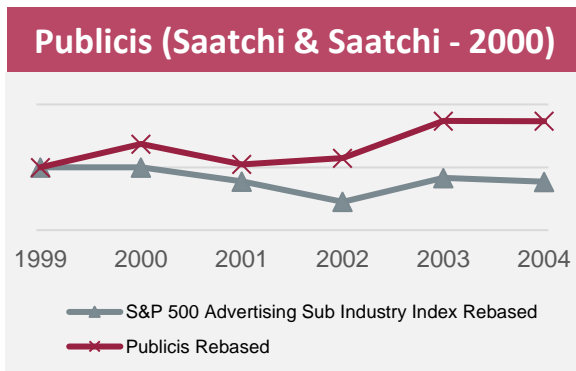
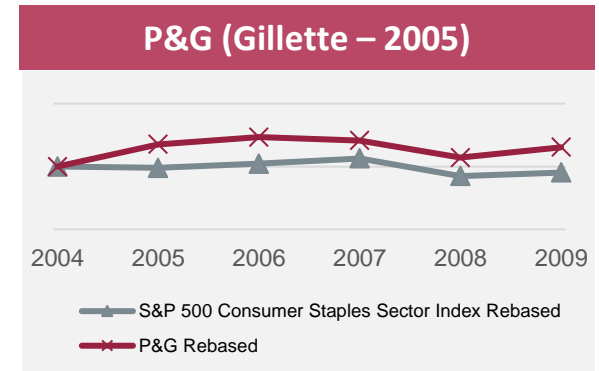
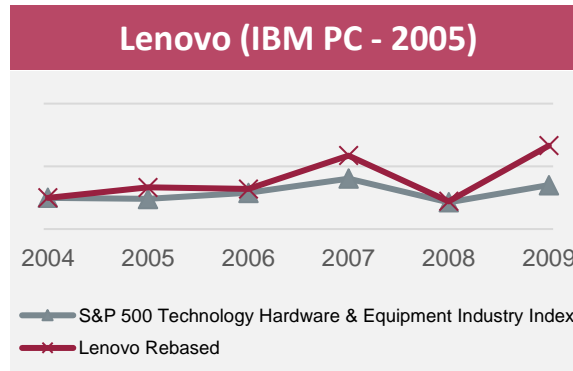
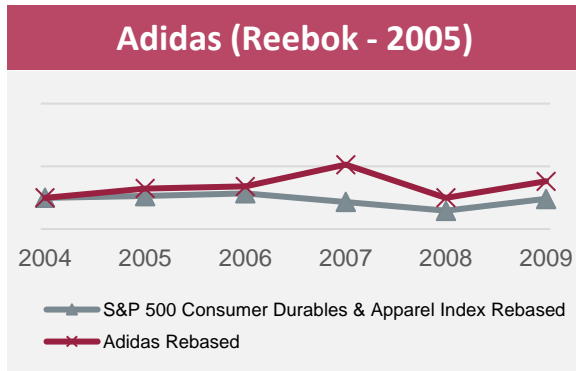


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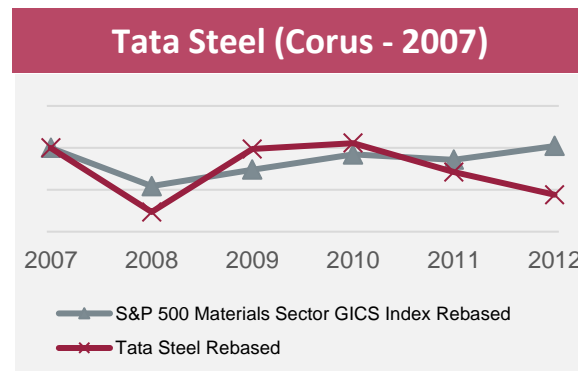
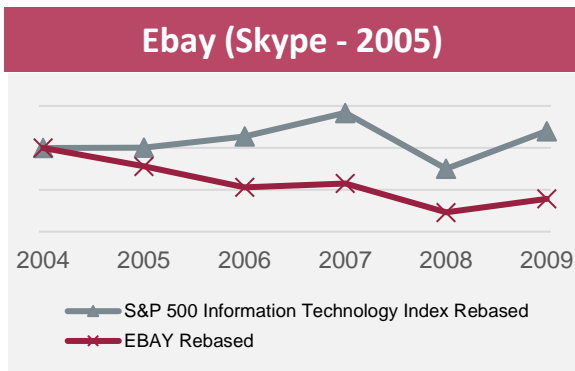
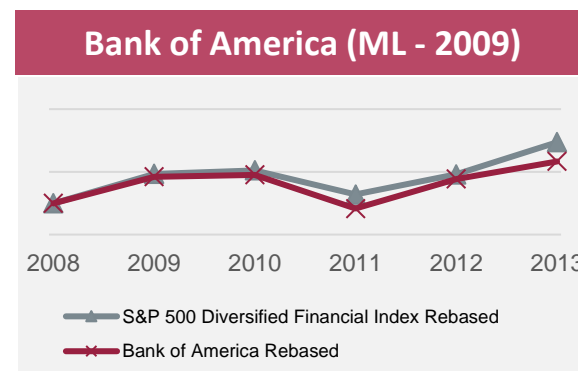
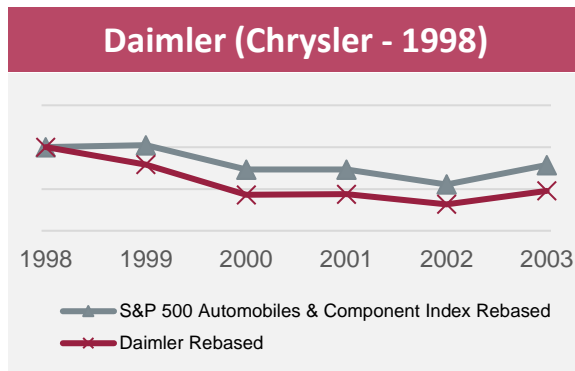
Successful M&As have outperformed their respective industry indices

Stock Market Capitalization Movement vs. Industry specific Index (Rebased) – 5 years post deal



Failed M&As have clearly underperformed their respective industry indices

Stock Market Capitalization Movement vs. Industry specific Index (Rebased) – 5 years post deal



SUMMARY

SUCCESS FACTORS



| COMPANIES | KEY ISSUES | | | | | | | | |
|------------------------------|------------|---------------|------------------------|-------|-------------------|-------------------|------------|-----------------------|---|
| | CULTURE | COMMUNICATION | STRATEGY CLARIFICATION | BRAND | TALENT MANAGEMENT | DEMAND ESTIMATION | LEADERSHIP | LACK OF DUE DILIGENCE | EXTERNAL |
| ADIDAS REEBOK | ✓ | ✓ | | ✓ | | | | | |
| CEMEX RMC | | ✓ | | | ✓ | | ✓ | | Cross-cultural Training |
| LENOVO IBM PC | ✓ | | | | ✓ | | | | Customer Satisfaction |
| P&G GILLETTE | ✓ | ✓ | | | ✓ | | | | Trainings and Workshops |
| PUBLICIS - SAATCHI & SAATCHI | | | | | ✓ | | | | Adopting best practices of acquired company |
| RENAULT NISSAN | ✓ | | | ✓ | ✓ | | | | |
| VOLKSWAGEN SKODA | ✓ | ✓ | ✓ | ✓ | ✓ | | | | |



REASONS FOR FAILURE



| | KEY ISSUES | | | | | | | | | |
|----------------------------------|------------|-------------------|-------------------------------|-------|--------------------------|--------------------------|----------------|-----------------------------|-----------------|-------------------------|
| COMPANIES | CULTURE | COMMUNICA TION | STRATEGY CLARIFICATI ON | BRAND | TALENT MANAGEME NT | DEMAND ESTIMATIO N | LEADERSHI P | LACK OF DUE DILIGENCE | OVERPAYM ENT | EXTERNAL |
| AOL – TIME WARNER | ✓ | | | | | | | ✓ | ✓ | Dot-com bubble burst |
| BANK OF AMERICA MERRILL LYNCH | | | | | | | ✓ | ✓ | | Regulatory Push |
| DAIMLER CHRYSLER | ✓ | | | | | | ✓ | | | |
| EBAY – SKYPE | ✓ | | ✓ | | | ✓ | | | ✓ | |
| HP COMPAQ | ✓ | | ✓ | | | | | | | |
| QUAKER SNAPPLE | ✓ | | ✓ | | | ✓ | | | | |
| TATA CORUS | ✓ | | | | | | ✓ | | ✓ | |





GROUNDWORK INTEL



Thank You!