

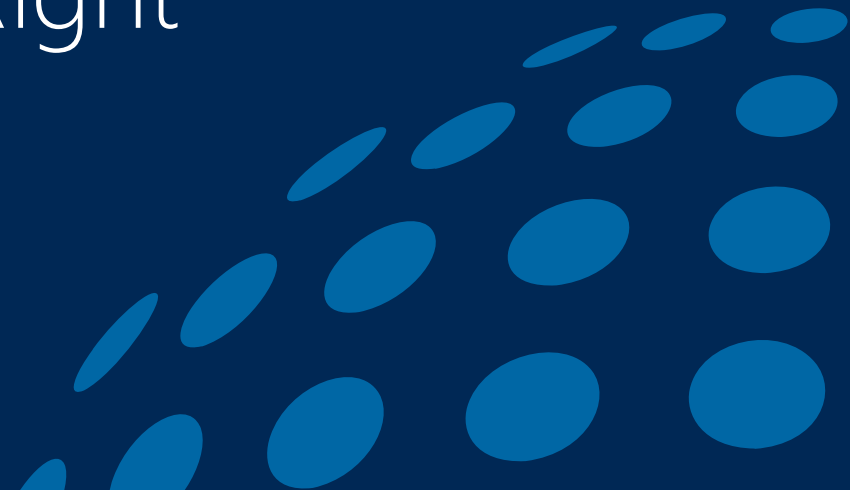


Houlihan  
Lokey

# Welcome

## Divestitures Done Right

January 2024  
ASA ExecuVision





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# Considering Various Strategic Alternatives

	Maintain Status Quo	Minority Recap	PE or Strategic Sale	Divestiture of Division(s)
Overview	Execute strategic plan	Competitive sale of minority stake of full Company	Competitive sale of full company	Competitive sale of individual asset(s) or specific division(s)
Benefits & Considerations	<ul style="list-style-type: none"> <li>✓ Management maintains control</li> <li>✓ Shareholders retain all future equity upside</li> </ul>	<ul style="list-style-type: none"> <li>✓ Maintain majority control and large future upside by retaining equity interests</li> </ul>	<ul style="list-style-type: none"> <li>✓ Full shareholder liquidity event</li> <li>✓ Minimize tax "leakage" relative to divestitures</li> </ul>	<ul style="list-style-type: none"> <li>✓ Significant liquidity event and / or redeployment of capital</li> <li>✓ Ability to unlock value of various components</li> </ul>
	<ul style="list-style-type: none"> <li>✗ No liquidity event</li> <li>✗ Shareholder exposure regarding strategic execution and macroeconomic risk</li> </ul>	<ul style="list-style-type: none"> <li>✗ Limited liquidity</li> <li>✗ Minority "discount"</li> </ul>	<ul style="list-style-type: none"> <li>✗ Greatest time commitment and distraction for management</li> <li>✗ Forego future earnings and upside of the business</li> </ul>	<ul style="list-style-type: none"> <li>✗ Management time / effort</li> <li>✗ Possible tax implications</li> <li>✗ Potential dis-synergies when breaking up the business</li> </ul>

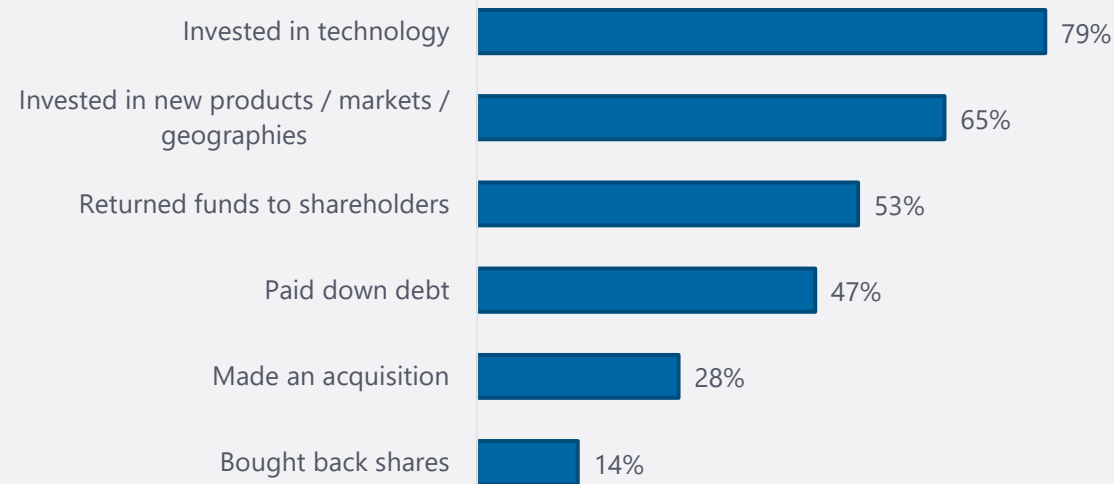
# Reviewing the Typical Drivers of Divestitures and Uses of Proceeds

As companies face persisting operational challenges, a focused, dynamic strategy will help inform the decision on what and when to pursue a divestiture; CEOs and executives should consider a myriad of factors to determine the right path forward

## Factors CEOs Use to Identify Assets for Divestment



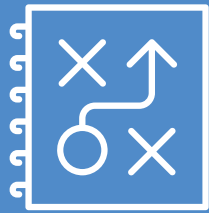
## Typical Use of Proceeds from Divestments



# When a Divestiture may be the Right Choice for You



Limited Strategic  
Overlap /  
Collaboration Across  
Multiple Divisions  
(Healthcare, IT, etc.)



Strategic Objective  
to Narrow Sector  
Focus



Valuation  
Differences Across  
Divisions



Bifurcated  
Organization /  
Financial Structure  
Misalignment

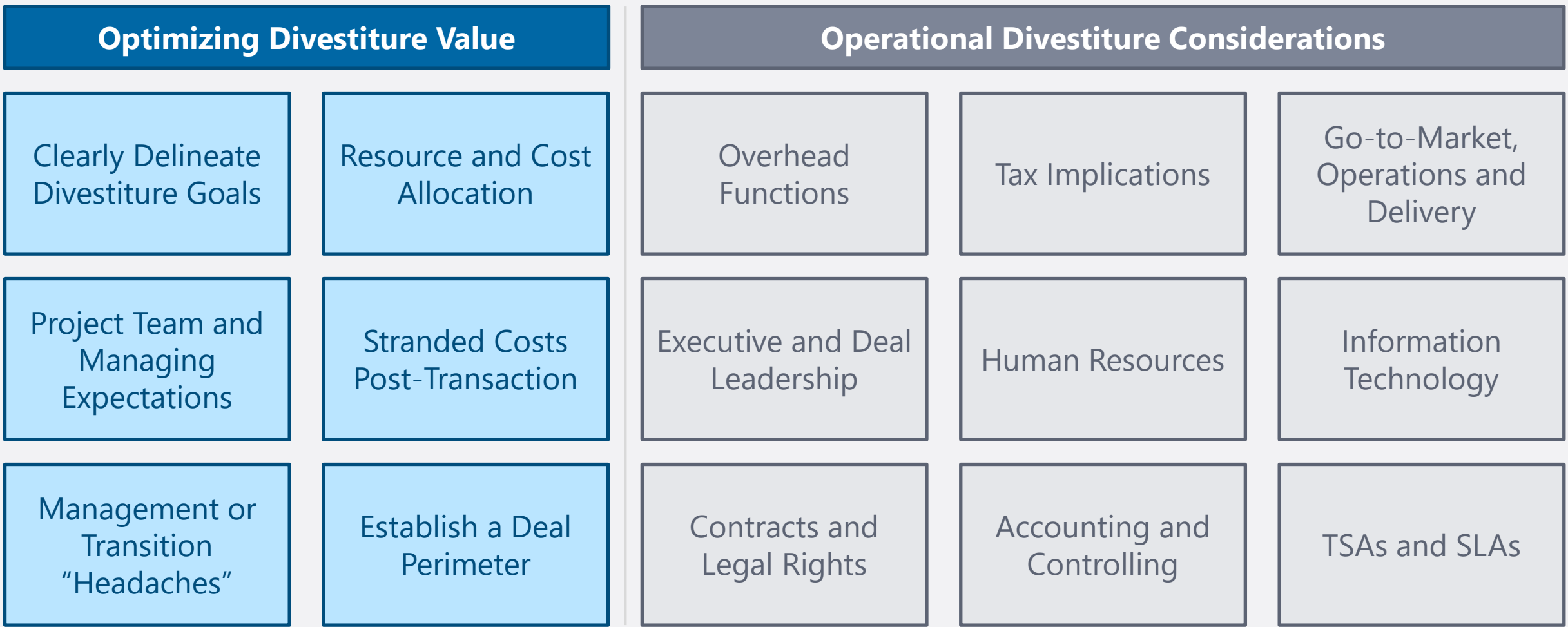


Desire for Partial  
Liquidity Event /  
Redeployment of  
Capital

# Key Considerations When Contemplating a Divestiture

Potential Divestiture Issue	Considerations and Mitigants
Does the division have standalone financials?	<ul style="list-style-type: none"><li>✓ Cost allocations</li><li>✓ Transfer pricing</li><li>✓ Intercompany sales</li></ul>
Is there any market or customer overlap between the Company and other parent businesses?	<ul style="list-style-type: none"><li>✓ Non-compete agreement</li><li>✓ Separate customer MSAs with parent and carve-out division</li></ul>
Will the division have systems and people to operate autonomously immediately post-close?	<ul style="list-style-type: none"><li>✓ Transition services agreement</li></ul>
Does the division depend on the use of the parent's brand?	<ul style="list-style-type: none"><li>✓ Brand license agreement</li></ul>
Contract terms may differ from other sale transactions	<ul style="list-style-type: none"><li>✓ Reps and warranties</li><li>✓ Indemnification</li><li>✓ Escrow</li></ul>

# Key Considerations When Contemplating a Divestiture *(Cont'd)*



# Action Items Prior to Launching a Divestiture Process

Preparation is critical to build and maintain momentum during a divestiture process – there are certain key steps to increase the probability of optimizing value, speed, certainty, tax implications and contract terms...





# Extensive Pre-Market Preparation to Maximize Chances of Success

## Critical Key Analyses / Items

Third-Party Quality of Earnings

Financial Projection Model  
*(Standalone Growth Case)*

Client Deep-Dive Analyses

Operational KPIs  
*(Recruiter Productivity, Headcount, etc.)*

Corporate Infrastructure and Cost Allocation Analysis

Proper Positioning  
*(Field vs. Adjusted vs. Pro Forma EBITDA)*

## Other Key Analyses / Items

Comprehensive Legal and Data Room Preparation

Tax Analysis

Third-Party Market Study  
*(Not Required)*

Buyer / Investor Assessment

Client Pipeline Analysis  
*(Not Required)*

Unit Management Preparation

## Key Negotiable Points During a Divestiture Process

There are several key workstreams encountered during a divestiture that are heavily negotiated and can meaningfully impact the outcome of the transaction; thorough, up-front preparation can help contribute towards positively impacting the outcome for sellers



# Houlihan Lokey Human Capital Management

Unmatched expertise across human capital management; global perspective and unrivaled experience within Staffing & Recruitment

<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>Transaction Pending</p> <p>has agreed to be acquired by</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>Transaction Pending</p> <p>has agreed to sell its Regional Specialist Staffing and Healthcare Staffing businesses to</p> <p>Sellside Advisor</p>	<p>has been acquired by</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>has been acquired by</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>have acquired</p> <p>Buyside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>has acquired</p> <p>Buyside Advisor</p>	<p>a portfolio company of Platform Partners and a consortium of investors</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a portfolio company of funds managed by affiliates of</p> <p>has acquired</p> <p>a portfolio company of</p> <p>Buyside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>
<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>has sold its Oxford division to</p> <p>Sellside Advisor*</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>Funds managed by affiliates of</p> <p>has acquired</p> <p>Buyside Advisor</p>	<p>INFOR BUSINESS UNIT</p> <p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has merged with</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has divested</p> <p>to</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>
<p>a portfolio company of</p> <p>has divested</p> <p>to</p> <p>Sellside Advisor</p>	<p>has been acquired by</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>has been acquired by</p> <p>Sellside Advisor</p>	<p>along with minority investor</p> <p>has sold ECS Federal to</p> <p>Sellside Advisor</p>	<p>has partnered with</p> <p>a portfolio company of</p> <p>Sellside Advisor</p>	<p>has been acquired by</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	<p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a subsidiary of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a subsidiary of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>	<p>a portfolio company of</p> <p>has been acquired by</p> <p>Sellside Advisor</p>

# Houlihan Lokey (NYSE:HLI) Overview



Houlihan Lokey

18

Countries  
Worldwide

35

Locations  
Worldwide

2,600+

Employees

300+

Managing Directors

2,000+

Clients Served  
Annually

\$1.8B

Revenues

\$8.5B

Market  
Capitalization

2021 Investment Banking Rankings  
All Global Transactions

Rank	Advisor
1	Houlihan Lokey
2	Goldman Sachs & Co
3	JP Morgan
4	Rothschild & Co
5	Morgan Stanley

Source: Refinitiv. Excludes accounting firms and brokers.

2022 M&A Advisory Rankings  
All Global Transactions

Rank	Advisor
1	Rothschild & Co
2	Goldman Sachs & Co
3	Houlihan Lokey
4	JP Morgan
5	Morgan Stanley

Source: Refinitiv. Excludes accounting firms and brokers.

2023 M&A Advisory Rankings  
All Global Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	352
2	Rothschild & Co	349
3	Goldman Sachs & Co	300
3	JP Morgan	300
5	Morgan Stanley	253

Source: LSEG (formerly Refinitiv). Excludes accounting firms and brokers.

# 1

Global M&A Advisor

2021 M&A Advisory Rankings  
All U.S. Transactions

Rank	Advisor
1	Houlihan Lokey
2	Goldman Sachs & Co
3	JP Morgan
4	Jefferies LLC
5	Morgan Stanley

Source: Refinitiv.

2022 M&A Advisory Rankings  
All U.S. Transactions

Rank	Advisor
1	Houlihan Lokey
2	Goldman Sachs & Co
3	JP Morgan
4	Jefferies LLC
5	Piper Sandler & Co

Source: Refinitiv.

2023 M&A Advisory Rankings  
All U.S. Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	187
2	Goldman Sachs & Co	169
3	JP Morgan	149
4	Piper Sandler & Co	131
5	Generational Equity	119

Source: LSEG (formerly Refinitiv).

# 1

US M&A Advisor

2020 M&A Advisory Rankings  
All U.S. Business Services Transactions

Rank	Advisor
1	Houlihan Lokey
2	Generational Equity
2	Jefferies LLC
4	JP Morgan
4	Evercore Partners

Source: Refinitiv.

2021 M&A Advisory Rankings  
All U.S. Business Services Transactions

Rank	Advisor
1	Houlihan Lokey
2	JP Morgan
3	Robert W Baird & Co Inc
4	Goldman Sachs & Co
5	Canaccord Genuity Grp Inc
5	William Blair & Co

Source: Refinitiv.

2022 M&A Advisory Rankings  
All U.S. Business Services Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	32
2	Lincoln International	21
3	Goldman Sachs & Co	20
4	Robert W Baird & Co Inc	17
4	William Blair & Co	17

Source: Refinitiv. Excludes accounting firms and brokers.

# 1

US Business Services Advisor



**Houlihan  
Lokey**

Thank you for joining.

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