

PMCF | INVESTMENT BANKING

Experienced Professionals. Trusted Advisors. Proven Results.

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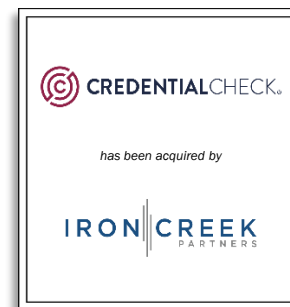
About the Speaker



Matt Rupprecht | Director

Matt Rupprecht is a Director of PMCF and co-leads the firm's Business Services & Technology team. He has more than 15 years of experience advising clients with the buy side and sell side M&A transactions, leveraged buyouts, and the placement of senior and subordinated debt. In addition, Matt has extensive experience across multiple segments, including human capital management, advertising, facilities management services, managed services, and business process outsourcing. Matt earned a BBA with high distinction with an emphasis in finance and accounting from the Stephen M. Ross School of Business at the University of Michigan. He is a licensed securities representative holding his Series 7 and 63 registrations and a Chartered Financial Analyst.

Human Capital Management Transaction Experience



Transacting in Today's Market

Evolving market dynamics support competitive transaction outcomes for quality companies with proactive strategies



Significant “dry-powder” available from both private equity and strategic acquirers



Record levels of capital seeking quality assets remains on the sidelines, as investors deploy record-sized funds



Scarcity of good assets in market create a competitive process with buyers needing to deploy capital



Well-positioned companies with sturdy growth prospects are attracting strong buyers and driving competitive processes



Consolidation is occurring across industries, specifically with companies offering niche services



Private equity and strategics are targeting acquisitions to add to their service offerings and using M&A to bolster tepid organic growth



Macroeconomic uncertainty surrounding inflation and interest rates point towards a recessionary environment



Despite macroeconomic headwinds, factors such as strong consumer demand and low unemployment rates support the idea of a stabilizing economy



Debt capital markets have tightened with increasing interest rates, thus driving financing creativity



Buyers partnering with alternate financing sources provides a path for deal activity to persevere in an elevated interest rate environment



The staffing industry can be perceived as susceptible to cyclical pressures



Sensitivity to cyclical sectors of the economy will drive premium valuations for groups which exhibit strong reliable earnings

Transaction Preparation

A holistic approach to optimizing outcome requires preparation in the years approaching the transaction



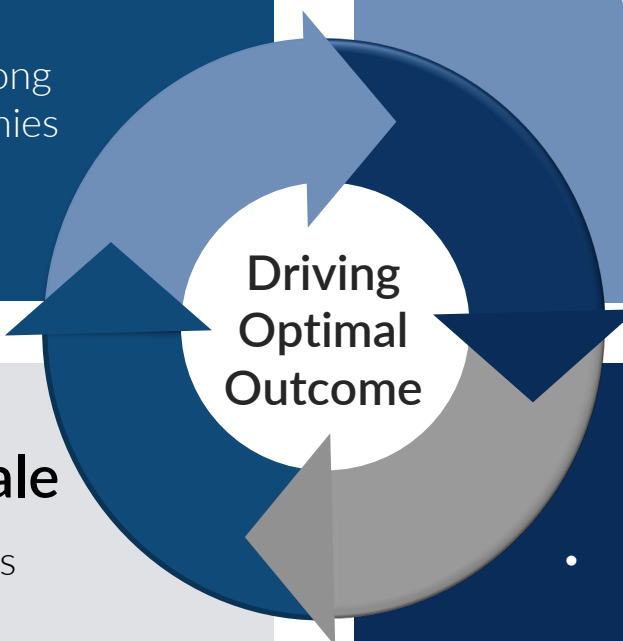
Engage the right professionals up front

- Identify advisors who have strong experience with similar companies
- Develop trusted relationships with transaction advisor team



Properly prepare and position business for sale

- Take steps to mitigate elements which compress value
- Consider timing variables and when to launch the transaction process



Determine transaction objectives and priorities

- Understand company valuation and expected post-tax proceeds
- Identify nonquantitative factors that are important post-transaction



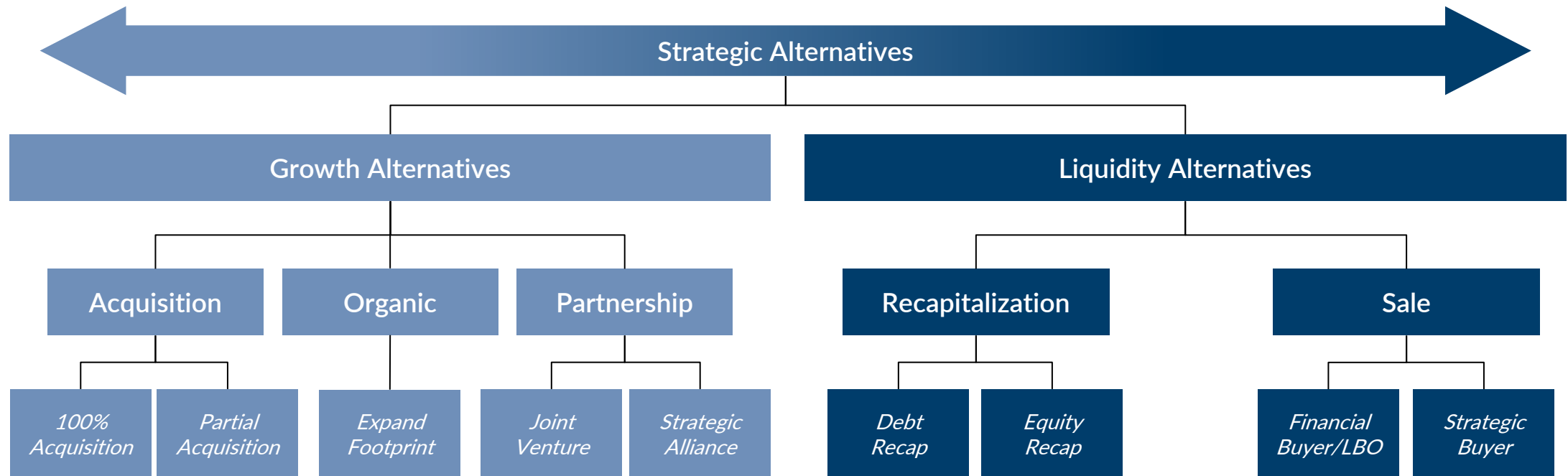
Consistently review planning progress

- Regular check-ins with advisors for updated evaluation
- Compare how core pre-transaction initiatives are tracking to expectations

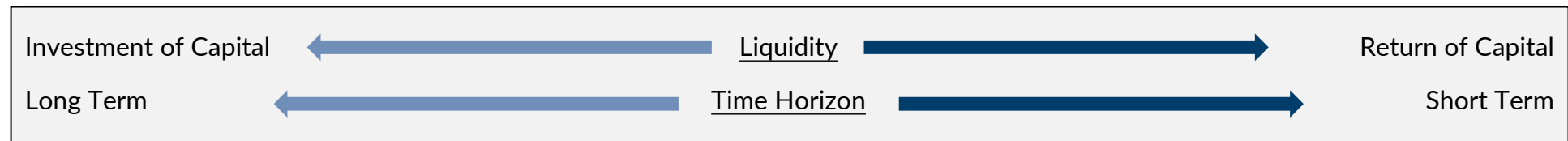


Types of Capital Transactions

Growth and Liquidity Alternatives



Capitalization and Timing Considerations



Transaction Expectations



Enterprise Value

Understanding of company value is crucial

- ✓ General valuation range
- ✓ Transaction structures
- ✓ Post-tax shareholder proceeds

Before entering a transaction process, it is critical to have a grasp on all concepts which may influence the course of a deal



Financial Performance

Realize the impact of prior financial results

- ✓ Trends in financial metrics
- ✓ Performance over last twelve months
- ✓ Clarity on financial outlook



Shareholder Timing

Deal timing considerations can materially impact outcomes

- ✓ Shareholder objectives
- ✓ Sell-side process timeline
- ✓ Management strength



Market Conditions

Industry specific conditions are an integral piece of the puzzle

- ✓ Industry specific dynamics
- ✓ Likely buyer appetite
- ✓ Industry innovation

Planning for Success – Company Evaluation

The positioning of company-specific characteristics as well as the ability to provide support on select strategic & operational dimensions have a material impact on a buyer's perception of value



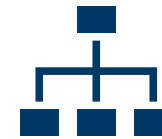
Strategic

- Relevance of strategic plan in light of industry dynamics
- KPI's tracked and incorporated into daily management
- Presence of a defensible growth story



Operations

- Strategic assets
- Identifying and maintaining premium talent
- Continuous improvement strategy and track record
- Scalability of each operational department
- Effective management of working capital



Organizational

- Reliance upon owner for strategic direction
- Management depth and strength
- Internal plan for turnover / succession of management team
- Workforce mix (W2 vs. 1099)
- Processes for innovation



Products and Customer Profile

- End market profile and customer base attractiveness
- Customer mix and concentration
- Length of current contracts/SOWs
- Margin and pricing trends
- Customer sentiment and support

First Steps in Transaction Preparation



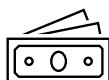
Financial Performance Assessment



Deep-dive into the organization's historical and projected financial performance



Determine the sustainable, Adjusted EBITDA performance of the business



Leverage multiple valuation methodologies to determine a projected enterprise value and after-tax proceeds



For transactions with >\$20M enterprise value, a sell-side Quality of Earnings ("QoE") report is recommended



Buyers will perform their own QofE Review to help confirm the historical earning of the business



Presale Legal Audit



Identify and ameliorate legal problems and vulnerabilities that may exist within the organization



Lay out a roadmap to address potential legal issues in advance of going to market



Establish a strategy to retain high-performing employees through retention agreements & non-competes



Periodic legal reviews to bolster buyer confidence, positively impacting purchase price & payment terms

Engaging the Right Professionals

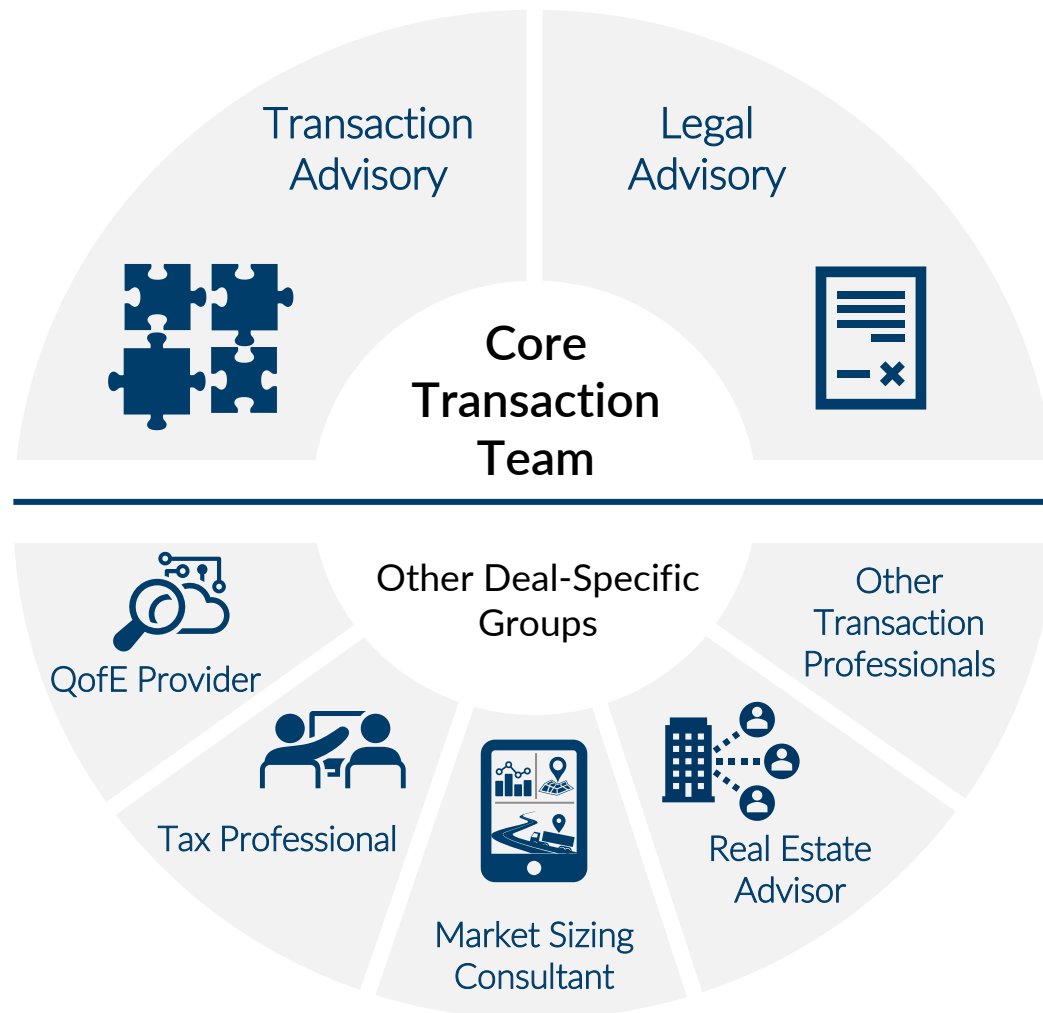
Transaction Advisory

Liaison between buyer and seller

Offers extensive industry experience

Purchase price negotiation

Worthwhile impact on EV



Legal Advisory

Can perform a legal audit before going to market

Expert on various deal structures

Tax optimization strategies

Creative solutions to transaction issues

Negotiates deal agreements

A proactive approach to developing a tailored transaction plan helps optimally prepare a business for the sale process



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