

I. Introduction

David Farrell, President and Founder of Farrell Advisory

Farrell Advisory provides highly customized **Corporate Finance** services to business owners, boards of private equity firms, corporations and banks with regards to promptly and efficiently helping companies **deliver shareholder value** through:

- (i) M&A/Refinancing Transactions ((a) Buy-Side:** formal buy-side due diligence, inhouse corporate development function and M&A disputes; **(b) Sell-Side:** pre-investment diagnostic, maximization of valuation by advanced preparation and implementation, carve-outs and M&A disputes; and **(c) Merger Integration and Growth Initiatives);** and
- (ii) Chief Financial Officer and Restructuring & Business Reengineering solutions offerings** for companies who are not operating optimally or in a stressed environment.

Led over 170 corporate finance transactions with **revenue exceeding \$70 billion across multiple sectors and countries** with companies ranging from small to very large, from family owned to publicly listed, from local to multinational corporations.

I. Introduction

Key Area for Farrell Advisory: Preparing a Company for Sale

- **Baby Boomers (born between 1946 and 1964) demographic phenomenon which first appeared about eight years ago**
 - At least 7,000 baby boomers per day are turning 65 in the US; this is expected to last for another eight years.
 - Baby Boomers owns approximately 4 million businesses.
 - Business owners have to master the exiting of their company in order to maximize the value of their life's work.

- **Mastery of the transition process requires a significant commitment and an ability to juggle multiple priorities as the leader of an operating business.**
 - Means getting out of the “Whirlwind” or “The Day to Day Job”
 - Focusing on the “Goal of Selling your Company” with the “Wildly Important Goals”
 - Focus on less to achieve more
 - Understanding the “What” and the “How”
 - Communicating the Importance to your Leadership Team and Employees

- **There are three steps to Selling Your Company Well:**
 - 1. Assessment**
 - **Section II:** Understanding valuation methodologies
 - **Section III:** Initial Evaluation Process
 - 2. Planning & Executing**
 - **Section IV:** Strategic and Transaction Related
 - Execution of Improvements and Readiness
 - 3. Transaction Execution**

I. Introduction

Introduction

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II. Valuation Methodologies



Farrell Advisory ensures there is robust **focus on valuation** early in the Transaction process so that potential biases or oversights are quickly identified and **valuations and action plans are updated and actioned.**

II. Valuation Mythologies

Valuation Methods (Guidance Purposes Only)

- **Before a formal valuation can be performed a quality of earnings and projections (including assessment of contracts) should be prepared, at a minimum**
- **Valuation Methods of Enterprise Value (Cash Free Debt Free Basis subject to structure)**
 - 1) Comparable Public Company Valuations
 - 2) Comparable Acquisition Transactions
 - 3) Discounted Cash Flow Value (Capitalized Earnings Model)
 - 4) Seller's Discretionary Earnings (i.e., including benefit of salary and private expenses)
- **Fair Market Value (Gross Proceeds That You Will Receive excluding expenses and tax)**
 - Enterprise Value (What is quoted most – see above)
 - **Less**
 - Debt and Debt Like Instruments
 - **Add**
 - Cash
 - Excess Assets (e.g., property)
 - **(Less)/Add** (Deficit)/(Excess) net working capital
= Fair Market Value
- **Big Strategic Risk – Market Price does not equal Technical Valuation**
 - Need to assess confidence (probability) of achieving technical valuation in a certain time period
 - Multiple impacts on (Cash and Non-Cash) Valuation of which some (not all) you can impact

II. Valuation Mythologies

Valuation Drivers (Guidance Purposes Only)

- Strategic Valuation – In Simple Terms – What is a Buyer Prepared to Pay, When and Why
- The valuation of the Company is going to be impacted by:

Adjusted Recurring EBITDA/Free Cash Flow

(Revenue (Quantity * ASP) less COGS (Quantity * Av. Cost * Efficiency) By Customer and Products/Services Less Overheads)

(e.g., As adjusted for add backs, potential synergies, benefits and risks of current and potential contracts)

Multiplied

“Market Valuation Multiplier As Adjusted by Company Differentiators”

- You can not adjust the **Market Valuation Multiplier** (depends on issues outside your control i.e., economy, taxes, Stock market valuations, market volatility)
- But you can impact **Recurring EBITDA/Free Cash Flow** and **Company Differentiators** (compared to other businesses) and the professionalism of the sells process so that you have more informed bidders. Valuation also depends on tax attributes and structure of deal.
- Strategic Valuation does not necessarily mean CASH ON CLOSING as proceeds depends on ability of buyer to fund and proceeds can take many different forms:
 - Cash on closing vs deferred consideration (based on achieving several objectives and multiple time periods)
 - Stock (in acquiring company) and Seller loan notes
 - Definition of normalized working capital
 - Escrow accounts and structuring of transaction

III. The Initial Evaluation Process



Farrell Advisory enhances clients' market value and comparative advantage by improving decision making, the execution of corporate transactions and its capital and operating structure.

In Simple Terms, How Will Work and Investment Improve Shareholder Value and Solve Client Issues (Before They Impact the Sales Transaction).

III. The Initial Evaluation Process

Present and Required Valuation

➤ **What monies (\$) do I need/want from my Business and When?**

- Company already generating (earned) income (plus covering expenses)

vs.

- What is the advantage of a (capital gains?) Sale

➤ **Access Valuation and Gap analysis between Requirements and Estimated Proceeds**

- Updated regularly as you fine tune

➤ **Understand Your Business**

- Readiness for Sale
- Current Factors Contributing To A Higher Valuation
- Current Challenges To Maximizing Valuation

III. The Initial Evaluation Process

Understanding Your Business – 5 Key “M” Questions

➤ **Market**

- (i) What is the Company’s unique value; (ii) understand the present and new market/market alignment with customers; and (iii) market size and market share.
- What is the competition and how long will the products/services be relevant (e.g., technology obsolescence).

➤ **Model**

- (i) Infrastructure; (ii) operational and financial reporting; (iii) strategic plans; (iv) quality assurance; (v) business cycle; (vi) pricing (and profitability) by products/services and by customers; (vii) business scalability and profitable at higher volumes; (viii) relationships that need to be developed; (ix) branding; (x) annual audits; (xi) compliance; (xii) corporate governance; (xiii) what legal structure do we need; (xiv) risk management/insurance; and (xv) Culture.

➤ **Management (“Talent Assessment”)**

- (i) Overview of structure; (ii) CEO; (iii) senior management team; (iv) decision capabilities and capacity; (iv) continuous assessment of employees; (v) recruitment; and (vi) HR.
- Does Management have the Tempo and Skills to see a Transaction Through?

➤ **Money**

- (i) Present financing and facilities; and (ii) requirements and structure.

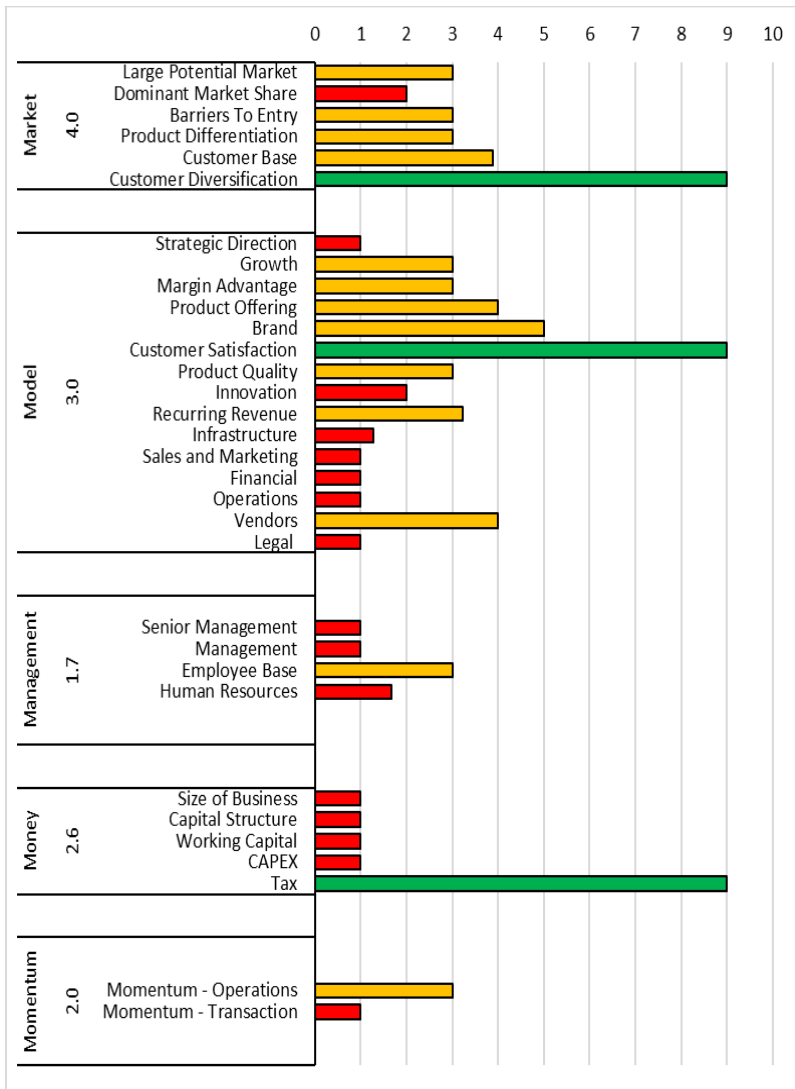
➤ **Momentum**

- (i) Does the Company have positive momentum and optimism; (ii) does the Decision-Making Process need clarification; (iii) communication of strategy; (iv) realignment of goals and bonuses; and (v) execution.

**In Simple Terms, What Is and What Should be and What Do We
Need to Drive Recurring Sales and EBITDA Growth.**

III. The Initial Evaluation Process

Understanding Your Business – Strengths and Weaknesses (Example)



➤ **The 5 Main Value Drivers (The 5 “Ms”) of the Company are categorized and scored as follows :**

1. Market: Average Score = 4.0
2. Model: Average Score = 3.0
3. Management: Average Score = 1.7
4. Money: Average Score = 2.6
5. Momentum: Average Score = 2.0

Overall Average Score = 2.8

➤ **The scoring of the 5 Main Value Drivers are based on analysis of the 32 Key Value Drivers** which are scored using a high differentiating system (or weighted based on impact on valuation) as follows:

- Does not meet expectations: 0
- Weak: 1
- Medium: 3
- Strong: 9

➤ The above scores is used to evaluate the readiness of the Company for sale and opportunities were management can increase valuation and improve business performance.

➤ This analysis leads to a project plan for implementing key improvements based on business owners individual strategic requirements.

III. The Initial Evaluation Process

Importance of Understanding (EBITDA) Value Drivers

Widely Important Goals

Key

- Present characteristics
- **Improvements achievable**
- **Characteristics unlikely to be obtained**

Range of Valuation EBITDA Multiples
Do More With Less

2x – 3x

- Significant % of subcontracts or pass through contracts
- Less attractive service offering (e.g., rental) in a declining market)
- Commodity-type services
- Low functional skill set
- Small business
- 8(a), women-owned and set-aside contracts
- Short-term contracts, weak backlog
- Low profit (cash flow) margins

3x – 5x

- Contracts awarded based on strictly lowest price with little differentiation
- Weak or resource constraint infrastructure
- Low growth
- Weak pipeline and backlog
- Skills shortages and high employee turnover
- Less attractive service offering (e.g., IT staffing, facilities management)
- Subcontractor
- Department of Education, HHS, HUD, DOL, DOT, State and Local

5x – 6x

- Well defined remuneration, benefits, and HR policies
- Medium sized business
- Longer-term contracts
- Relative stronger backlog and pipeline
- Good senior management which Buyer can retain
- Good customers scores
- Customer intimacy
- Well communicated strategy
- Good corporate governance and risk management
- Dominated by key vendors
- Some cleared employees
- Non-compete and IP projection employment clauses
- Long-term contract with key vendors.
- Improved functional skill set (e.g., system or network administrator)

6x – 8x

- Recession resistant
- Branded products and service offerings
- Fixed pricing
- Long-term customer relations, customer intimacy by multiple employees, and a good understanding of current market
- High % of prime contracts
- Long-term, unrestricted contracts
- Strong backlog
- Significant % of own employees
- Enhanced talent management of motivated employees with regular feedback provided
- Customer within DoD, DHS
- Effective operational and financial reporting
- Good quality systems
- Requires strategic or innovative thinking
- Approved to use Government Cloud
- Secret & Top Secret clearances

8x – 10x

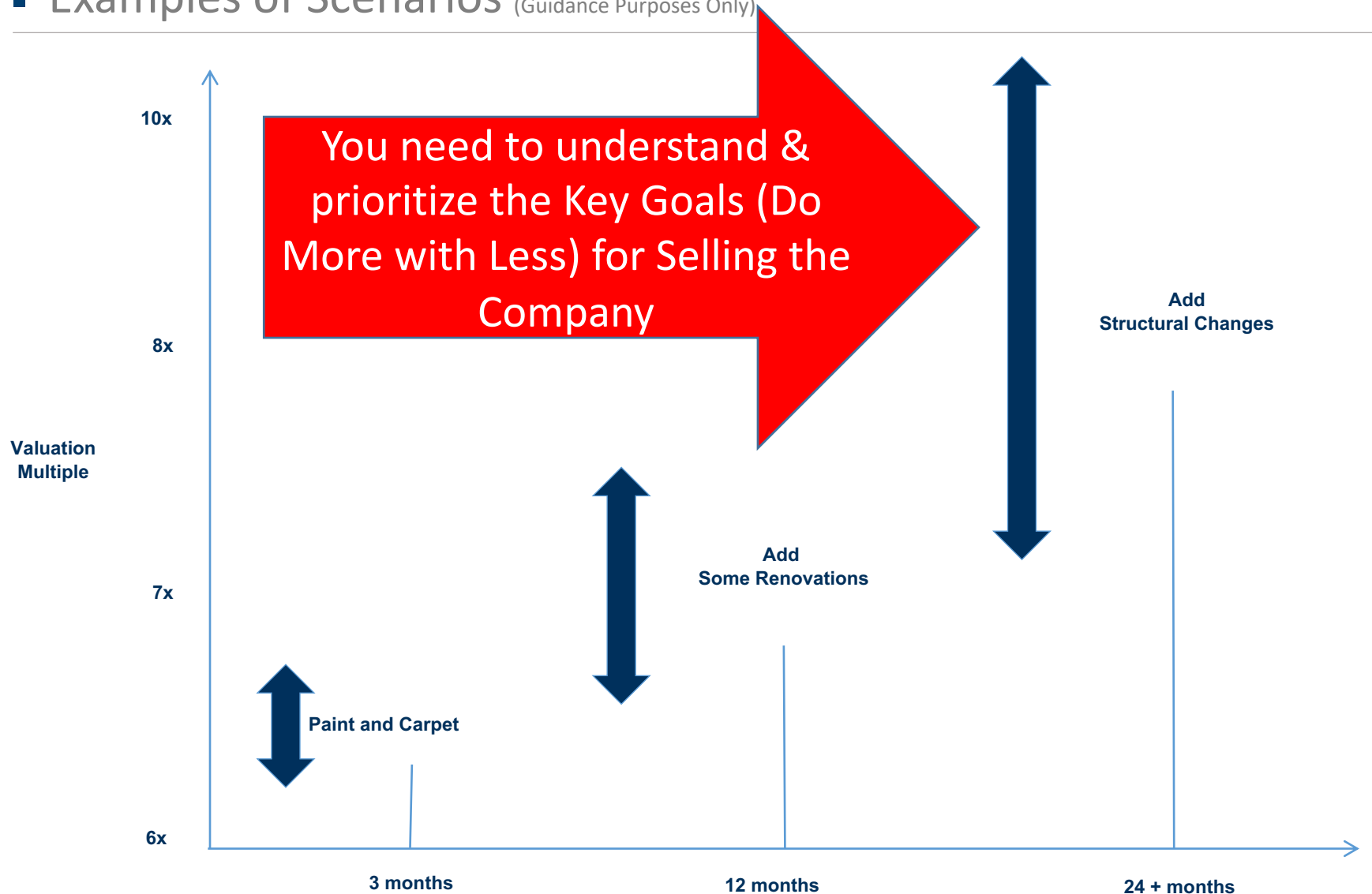
- High margin (quality vs. price)
- Low tax rate
- Mission critical contracts with Secured Agencies
- R&D (Apps within OEM equipment)
- Recurring revenue
- Remote monitoring
- Retainable quality senior management and employee
- Sustained, high profitable growth in growing market
- Good account management, strong pipeline and backlog
- Assignable Prime , long-term, Full and Open contracts
- Non-highly concentrated customer base
- Profitable customer base
- Profitable service and product offering
- Minimal working capital and debt requirements
- Minimal capex
- Strong infrastructure
- Good brand
- High barriers to entry (e.g., protected IP, non-compete clauses, strong contractual terms, minimal competition)
- Well developed product solutions

10x +

- Unrestricted prime contracts
- Strong senior and middle management with authority to act based on good information
- Human Capital strategies
- Product Solution that has been sold
- Mission critical capabilities and entrenched IP
- Highly cleared work (e.g., lifestyle polygraph, counterintelligence) working for CIA, NSA, NRO, NGA, ODNI, DIA, Black Programs
- Intelligence/Health IT/Cyber/Data Analytics
- High function skills (e.g., policy advisor, system architect or program manager)
- Large companies
- Sole source

III. The Initial Evaluation Process

Examples of Scenarios (Guidance Purposes Only)



IV. Preparing a Company for Sale



Farrell Advisory helps **develops strategies, prepares and executes plans to sell businesses** in an efficient and knowledgeable manner which reduces risks and enhance value; and **designs the optimal infrastructure and capital structure** so that shareholder value is maximized.

IV. Preparing a Company for Sale

Overview of Tasks

Strong Project Management from Improvements to Staging For Sale to Completion By Multi-Discipline Internal and External Teams with laser focus on Net Valuation for Business Owners.

➤ Issues That I Will Talk About Further

- I. Strategic Issues
- II. Transaction Related

➤ Other Presenters

- III. Legal and Execution of the Transaction
- IV. Wealth Management

➤ Other Topics I will Mention Quickly

- V. Reporting
 - If you do not measure, you can not improve or show value
 - What are the “Key Goals” and “What Progress Are We Making
- VI. Insurance and Protection of Assets
 - Protecting shareholders before you sell

IV. Preparing a Company for Sale

Strategic Issues - Timetable – It Always Takes Longer Than You Think!

For the Seller, Preparation For Sale Starts Well Before You Open Discussions with the Investment Banker and Management.

Preparation Before Sale Process Starts

- Audits for at least two years
- Good compliance management, contractual arrangements and systems
- Key management informed, focused and incentivized
- Positive trending results and good backlog/pipeline
- Good organization structure and strategic and budgetary plans
- Vendor due diligence including preparing data room, “What the Company Is”, and quality of earnings review
- Appointment of advisors (e.g., Investment Banker, attorney (M&A & IP), tax, financial advisor)
- Tax and financial planning (pre LOI)

Need to establish when is a good time to sell; risk of value destruction increases after going to market.

**Management
Time
Commitment**

Go to Market Once, Well

Define market strategy

Prepare Information Memorandum & update data room

Potential acquirer list & define criteria for evaluating acquirer

Marketing & Management preparation

Initial meetings with potential acquirers

Receive & evaluate indicative Offers. Select preferred bidder

Formal due diligence

Negotiate Contracts & Exchange

Closing & Integration

3 to 60 months

0

1

2

3

No. of months

4

5

6

7

Iceberg Effect

Uncertainty and Time are the biggest killers of transactions and value in business

Excellent project management and analysis are required. Very Hard Preparation and Training Required.

IV. Preparing a Company for Sale

Strategic Issues – When is a Good Time – Overview

- **Update detailed 5-Year strategy (Conservative vs. Stretch vs. Aggressive) with 5 years historical comparatives**
 - This will be used to:
 - See how valuation can be improved with improvements implemented in a logical and structured manner
 - Measure improvement in performance against targets (following valuation assessment)
 - Provide buyers with guidance for future performance
 - Assess operational constraints and timing issues
 - **Assess Valuation AGAIN**
 - **Consider an acquisition (to increase size, capabilities and valuation multiple)**
- **Assess quality of Management and ability to see a sale through**
 - Incentives to retain key Management post close
- **Branding of Company and Employees (That Will Remain With Business)**
- **Determine When a Good Time is to Sell**
 - M&A market conditions
 - Market pressures (including technology changes)
 - Certain contracts and/or accreditations are expiring (backlog value/customer concentration)
 - When you are ready
- **Consider phased sale** (e.g., supporting (minority or majority) shareholder) which also de-risks your wealth
- **Identify potential acquirers**
 - Management vs. Strategic vs. Financial (Private Equity vs. Equity) vs. Family Foundations
 - Platform vs. add-on acquisition
 - Understand the value of the business from a third-party point of view
 - Understand synergies for buyer (need to quantify to justify higher price)
 - What do you want from a buyer?
- **Sales Strategy (talk about this in more detail latter)**

IV. Preparing a Company for Sale

Strategic Issues - Alternative Sales Strategies

	Traditional/Auction	Targeted Solicitation	One-on-One
Mechanisms	Contact the most potential buyers (50 - 200). Respond to direct inquiries where appropriate. Select most qualified buyers, request indications of interest, negotiate with highest bidders until definite agreement is reached.	Identify likely buyers. Contact (5 to 50) parties, disseminate information and request indications of interest. Select highest bids and negotiate with each until definite agreement is reached.	Identify 1 to 4 most logical buyers. Contact such parties, disseminate information and negotiate until definite agreement is reached.
Degree of Competitive Bidding	Most competitive if company is well-known; may deter some interested buyers	Competitive	Negotiated
Pressure on Buyers	Medium	Moderate	Less
Management Time Commitment	High	Medium	Low
Confidentiality	Low	Medium	High
Flexibility	Low	Medium	High
Disruption to Business	High	Medium	Low
Key Benefits	For well-known companies, auction maximizes values; keeps pressure on buyers and ensures timely responses.	Less likely to leak than auction; can streamline process and timing.	Good protection against leaks and business disruptions. Can lead to quick transactions if there is a "best" candidate.
Key Drawbacks	Certain buyers are reluctant to participate in public auctions. Cost. Potential damage to reputation if no transaction develops. Severe business disruption.	Risk of excluding a potential candidate	Overall lower valuations; lose some negotiating leverage.

You Need Multiple, Educated Buyers To Drive Value and Increase Certainty, but :

- **No One Likes to be the Second Date**
- **Buyers Like to Circumvent Competitive Auctions**

IV. Preparing a Company for Sale

Transaction Related – Set Up (1 of 3)

➤ **Appoint Project Manager (Internal or External)**

- Proactive leadership from the top
- Understands, Focuses and Communicates on “Key Wildly Important Goals” for Selling Company
- Keep a Compelling Scorecards
 - Critical, established goals that “Must be Achieved” by certain times
 - Sets Goals on a regular basis and adapts to challenges and opportunities
 - Responsible party for every goal and holds people Accountable
 - Produces simple (and detailed) scoreboard that will drive engagement and enable employees to know if they are succeeding
- Creates an urgent Corporate Tempo (or “Rhythm”) ; ensures behavioral attitudes change
- Cadence of Accountability - No place to hide - Tasks must be performed well on Time
- Acts when Goals or Behavior Does not Change
- **Holds short, well-prepared (at least weekly) meetings**

➤ **Identifying the team of key people and put in place incentives**

- For business (including key employees which need to be retained post close)
- For Performance Improvement and Transaction process

➤ **Project Plan Preparation**

- Operational and valuation improvements
- Transaction Readiness

➤ **Execution of Project Plan**

IV. Preparing a Company for Sale

Transaction Related – Selection and Coordination of Work of Ext. Advisors (2 of 3)

➤ **Attorney**

- Legal structure and employee incentive plans
- Internal review (including change of ownership clauses and accreditations)
- M&A (Investment Banker, Letter of Intent and Sale and Purchase Agreement)

➤ **Wealth Advisor/ Financial Advisor**

- Revalue net proceeds required
- Estate planning/charitable donations structure
- Importance of timing (before letter of intent signed)

➤ **Tax Advisor**

- Assess tax efficiency and proceeds waterfall for the proceeds of the transaction
- Understand potential transaction structure and trade-offs
- Tax efficiency of company
- Residency of shareholders

➤ **Investment Bankers**

➤ **Insurance**

- Insurance of owner from now to point of sale, warranty and indemnity insurance)

IV. Preparing a Company for Sale

Key Data Documents (3 of 3)

- **Project Plan (Interactive which manages progress made)**
- **Structural and Tax/Wealth Management Planning Document**
- **Consistent message for Focused Business**
 - “What are We” 30 second elevator speech
 - Update website and company collateral
 - Bios of key executives and brand employees (website and LinkedIn)
 - Corporate Presentation
 - One Page Teaser
- **Sales Marketing Strategy**
- **Non Disclosure Agreement (Internal and External Purposes)**
- **Confidential Informational Memorandum**
- **Legal and Compliance Checklist and Review**
 - Corporate books
 - Novation issues
- **Financial workbook**
 - Monthly income, balance sheet and cash flow statements (at least two full financial years and trailing twelve months plus annual for 2 or 3 prior years)
 - Quality of earnings (actual and adjusted results, including support for adjustments and potential cost savings for buyer)
 - Projections (at least 18 months, preferably 5 years and including key assumptions and EBITDA bridge from historicals)
 - Support for balance sheet including aging of accounts receivable and accounts payable
 - Working capital, income statement and operational metrics
- **Electronic Data Room**

V. Deal Killer Issues



Farrell Advisory provides Proactive Cross-Functional Project Management Leadership to ensure the M&A transaction and/or financing initiative are successful and completed in an efficient and timely manner.

V. Deal Killer Issues

Just a Few Examples that Can Impact Success, Risk and (Cash) Valuation (1/4)

- **Management and Shareholders are Not Fully Committed to Sale or Can Not Take Tempo of Sale**
 - Not appreciating that time is the enemy of all deals.
 - Not being prepared for the extensive effort and time the deal will take.
 - Neglecting the day-to-day operation of the business during the M&A process.
 - Not understanding and focusing on the Wildly Important Goals for Valuation Maximization and Sale Preparation
 - Poor Project Management
- **Not Understanding Valuation and Minimum Requirements**
 - Having an inadequate understanding of market comparables and public valuations
 - What proceeds to you need for your next stage in life?
- **Going to Market at Wrong Time and Ill Prepared**
 - Having an inadequate understanding of competitors and market (commercial and economy) conditions
 - Not adequately taking into account employee-related issues.
 - Loss of large customer/contract or key management or just about to bid for large contract

V. Deal Killer Issues

Just a Few Examples that Can Impact Success, Risk and (Cash) Valuation (2/4)

➤ **Company Not Ready**

- Having incomplete books, records, and contracts.
- Absence of credible financial projections.
- Not considering change of control provisions in key contracts.
- Stickiness and References from Customers (Poor Operational Score Cards)
- Lack of Growth Potential and Bottlenecks in Company
- Poor Tax Procedures, Compliance and Compliant Accounting System
- Intellectual Property Not Properly Registered (or Oversold)
- Employees
 - Post-Sale Employment Agreements and Strength of Remaining Workforce
 - Poor and/or Discouraged management team to remain post close
- Novations and Accreditations: Recertification of Size and Status
 - Notification of Change of Ownership
 - Anti-Assignment Provisions in Subcontracts

➤ **Professional Advisors**

- Inexperienced transactional team
- Hiring the wrong legal counsel
- Not hiring a great financial advisor or investment banker.
- Not negotiating the terms of the financial advisor or investment banker engagement letter

V. Deal Killer Issues

Just a Few Examples that Can Impact Success, Risk and (Cash) Valuation (3/4)

➤ Due Diligence Process

- Failing to communicate the vision and strategic fit to buyers
- Not providing enough verifiable information to buyers
- Management team not properly prepared
- Over Promising and Under Delivery Leads to Loss of Trust
 - Timing and quality of information
 - Lack of Trust Build Up
 - Make sure you data stacks up including Projections!
- Not having a complete online data room
- Not Understanding the Buyers (N.B. Due Diligence should go both ways)

➤ Negotiations

- Not having an experienced M&A negotiator lead the negotiations.
- Failing to create a competitive sales process
- Not understanding the negotiation dynamics
- How sound is their offer?
 - Likely buyers may not have ability to fund (Finance and Resources) acquisition
 - Can buyers complete?
 - Wrong mix of cash, stock/debt and earn-outs
 - Wrong valuation in stock proceeds
 - Working capital target

V. Deal Killer Issues

Just a Few Examples that Can Impact Success, Risk and (Cash) Valuation (3/4)

➤ Legal Agreement

- Not having an appropriate NDA and maintain confidentiality
- Not negotiating the key terms of the deal in a letter of intent
- Not having a complete disclosure schedule far in advance
- Negotiating the deal without regard to tax considerations
- Not carefully negotiating employment agreements and non-competition clauses
- Failing to negotiate and agree upon a favorable acquisition agreement.
- Not carefully negotiating earn-out provisions

VI. Staging the Company for Sale – Wrap Up



VI. Staging the Company for Sale

- **Align organizational objectives and changes with Timing of Transaction**
 - Verify, Verify and Verify again, then Trust
 - Do not want (potential) changes when just about to sell
 - Focus on HIGH net valuation drivers via Dynamic Valuation model
- **Maximizing net proceeds and certainty (i.e., cash now, minimal warranties)**
 - Tax, deferred consideration, working capital/net debt adjustments
 - Understand your combined needs and timing
- **The Right Multi-Discipline Resources**
 - Do it yourself vs. Ask for Help vs. Hire Experts
 - The right advisors that provide additional resources for the Transaction that are prepared to give proactive, honest advice leaves Management more able to continue to run its business with confidence
 - Well briefed and incentivized internal (long-term) management team
- **STRONG Project Management – Start to Finish**
 - Reduces risk of loss in valuation during the Transaction
 - You want to be on the market once for a short period
 - Tempo of the process can be very difficult to manage

For Selling a Company, It is an Art, not a Science and nothing is Certain!

VII. Examples of Clients and Engagements



International Corporate Finance experience gained from **over 20 years of professional services** in **Big 4** and **International Consulting Firms, Listed** and **Management Buyout** businesses.

VII. Farrell Advisory

David Farrell, President

David Farrell



Professional Involvement:

- The Institute of Chartered Accountants in England and Wales (Qualified as Chartered Accountant and in Corporate Finance).
- Member of Association of Insolvency & Restructuring ("AIRA").
- Association of Corporate Growth ("ACG"), National Chapter.

Community Involvement:

- Chairman of the Board Member, Capital for Children.
- Board Member and Treasurer, National Capital Poison Center.
- Former Board Member and Treasurer, Higher Achievement.








David Farrell has over twenty years of experience in Transaction Advisory Services (buy-side and sell-side due diligence and carve-outs) and Restructuring & Business Reengineering either as a consultant (Partner and Managing Director) at Big 4 (KPMG), international consulting practices (FTI Consulting) and national accounting firms (Cherry Bekaert, a Baker Tilly network firm) or as principal (CFO or Strategic roles) at listed and Management Buy-Out ("MBO") businesses, covering both the strategic as well as the transactional side of the business, with deep knowledge of the U.S., European and emerging markets. Among David's achievements are:

- Led over 170 transactions with revenue exceeding \$70 billion across multiple sectors and countries with companies ranging from small to very large, from family to private equity owned to publicly listed, from local to multinational corporations. Significant experience in government contracting and defense, technology and telecommunications, manufacturing (industrials), distribution, asset rental, health and energy, franchise and business service sectors.
- Performed over 44 significant U.S. engagements (e.g., buy-side due diligence, litigation support (working capital and earn-outs), preparation for sale, business diagnostics and performance improvement) in the government contracting sector including multi-million dollar performance improvement engagement to multi-billion global government services provider in support of U.S. national security and foreign policy objectives. Clients included BAE Systems (United Defense), DynCorp/Cerberus, Arlington Capital, LBC (Vistrionix), The Gores Group, The Halifax Group, Bank of America, SunTrust and Regions.
- Served in multiple CFO and strategic roles at corporate head offices with a focus on M&A (20 transactions), performance improvement, merger integration, carve outs and disposal of non-core businesses and alignment of management's remuneration with shareholders' objectives.
- Included within his significant experience in over 59 IT M&A transactions, David managed the disposal of a European listed company, with over \$500 million of revenue in technology and financial services businesses, the repurchase (and subsequent sale of several businesses) of the technology group of businesses via a Management Buy-Out vehicle and a reverse take-over of a AIM listed technical training business.
- Prepared and advised several companies for sale or investment where I proactively assessed all parts of the businesses and helped business or private equity owners prepare (plan and assist management with implementation) their business for growth and/or sale and maximize their potential sales valuation (and more importantly maximize net proceeds after tax) given the owners very individualized timescale and operational and investment objectives. These exercises included liaising with multiple advisors (e.g., investment bankers, attorneys, tax and wealth advisors), preparing data rooms and management, negotiating and liaising with third party investors.
- Led and performed three major sell-side and carve out consulting engagements for Sara Lee, BP and Delphi.

David has dual U.S. and U.K. nationality and is a qualified Chartered Accountant and in Corporate Finance.

VII. Farrell Advisory

Cradle to Grave Corporate Finance Experience – M&A (Buy & Sell), CFO and Restructuring & Business Reengineering

 <p>Strategic & Interim CFO roles incl. carve out of 50% of business and negotiation of M&A contracts, due diligence & merger integration (\$100M of revenue)</p>	 <p>Sale of listed group to Skandia, MBO of technology businesses, reverse takeover of AIM listed company, several M&A transactions and Interim CFO & Strategic roles (\$500M of revenue)</p>	 <p>Due Diligence of 2 applied behavioral healthcare Medicaid multi-side businesses</p>	 <p>Due diligence on 3 community-based home respiratory products and healthcare services company</p>	 <p>Due Diligence of 8 IT services and hosting companies</p>
 <p>Assessment and implementation of improvements and structuring a government contractor for sale</p>	<p>Portfolio of PE Firm (confidential)</p> <p>Business diagnostic review and projections for multi-side Medicaid dentistry \$100m company in default of debt covenants</p>	 <p>Carve-out & pro-forma cost base & sell-side due diligence (\$1.3B revenue, Chapter 11)</p>	<p>Consumer apparel (confidential)</p> <p>Advisor (restructuring and refinancing) to CEO and board of distressed \$60 million athlete wear retailer</p>	<p>Government Contractor (confidential)</p> <p>Reviewing acquisition strategy and identify potential acquisition targets</p>

➤ Led over 170 corporate finance transactions with revenue exceeding \$70 billion:

- **Across multiple sectors and countries** with companies ranging from small to very large, from family owned to publicly listed, from local to multinational corporations.
- **Cradle to Grave Corporate Finance Experience:** From strategy, preparing and maximizing valuation of business before sale/raising finance, project management and negotiation, due diligence, merger-integration/carve-outs, M&A to restructuring and reengineering a non-performing business.

Farrell Advisory

Examples of Clients from Prior Firms and Current Clients – Sell-Side



Sale of UK pension software business



Sale of Lynx group plc, listed on UK stock market, to Skandia (\$500M of revenue)



Sale of Lynx Automotive to US listed business



Sale of Lynx Ascent technology



Reverse take-over and raising of \$3m equity on UK AIM for a technical IT training business

Service Government Contractor (confidential)

Financial Advisor for sale of minority shareholding

Equipment Government Contractor (confidential)

Valuation and assessment of company and structuring for sale purposes



Assessment and implementation of improvements and structuring a government contractor for sale

Service Government Contractor (confidential)

Assessment, accounting and structuring of transaction for MBO

International Listed Health and Retail Company. (confidential)

Financial Advisor for \$50m fund raising



Carve-out & quality of earnings of Branded Apparel divisions (\$4.5B revenue)



Carve-out & pro-forma cost base & sell-side due diligence (\$1.3B revenue, Chapter 11)



Carve-out of Olefins, derivatives and refining group (\$25B revenue)

Sale of Tele-Works

Advisor to Board for sale of electronic billing, payment, and communication services company



Sale of Volvo Distributorship which represented 50% of group business



David Farrell
Farrell Advisory Inc.
1621 35th Street, N.W.
Washington, D.C. 20007 U.S.A.
david@farrelladvisory.com
Direct: +1 (202) 525-2055
Cell: +1 (202) 436-2629
www.farrelladvisory.com