

## **Mergers, Acquisitions & Divestments (MA&D) in the Upstream Oil and Gas Industry**

### **Course Objectives**

This training course combines the key theoretical principles of mergers and acquisitions with their practical application to the upstream oil and gas industry environment. It seeks to take participants on a journey through the MA&D process building key skills in corporate finance, MA&D strategy, valuation, due diligence, financing, negotiation, deal execution and integration. The process is looked at both from a corporate and asset deal perspective, and also the viewpoints of both buyers and sellers.

### **Who Should Attend**

This MA&D course has been designed to cater for participants from a range of backgrounds including from commercial, technical, corporate/ business development functions as well as economists, strategy managers, lawyers and finance professionals.

### **Training Method**

The course involves presentations, case studies, exercises and discussions. Some exercises will use Excel and participants should have access to a laptop with Excel installed. Included with the course is a number of templates and tools (both PowerPoint and Excel based) developed by the trainer which can be used post course on real world projects, together with a library of articles related to key topics for more detailed study

### **What You Will Learn**

Following this course participants should be able to:

- Know the recent trends and historical context of MA&D activity in the oil and gas sector.
- Be able to assess options for MA&D activity using screening and ranking tools
- Understand the different types of valuation methodology that can be applied to MA&D activity and know how to apply these methodologies to real world examples.
- Be able to plan a MA&D transaction due diligence programme.
- Know the various financing options for transactions and the pros and cons of each for the buyer and seller.
- Be able to design deal structures to compete competitively in MA&D auction processes and understand the main bid tactics and processes used.
- Understand the MA&D execution process including all the various stages and what is involved.
- Be able to understand the main elements of transaction documentation including SP&A agreements and know what the usual broad range of negotiated outcomes are.
- Be able to plan an MA&D integration project assuming the successful completion of a transaction.

## Mergers, Acquisitions & Divestments (MA&D) in the Upstream Oil and Gas Industry

### Course Content

#### 1) Introduction

##### a. Corporate Finance Introduction

- i. What are Capital Markets and what do they do?
- ii. Business Valuation – Enterprise Value vs Equity Value
- iii. What is M&A and why do it?
- iv. Key Terminology and concepts used in M&AD
- v. Steps of M&AD transactions

##### b. Oil and Gas M&A

- i. A brief of history of Oil and Gas M&AD – The Big Deals
- ii. M&AD trends of the last 10 years.
- iii. Oil & Gas Transaction Types

#### 2) M&AD Theory and Strategic Drivers for Deals

##### a. Understanding key M&AD Theory

- i. The Five-Stage (5-S) Model
- ii. Historical Overview of M&AD Activity
- iii. M&AD from a strategic perspective
- iv. Value creation and synergies from M&A
- v. Are Acquisitions successful?

##### b. Oil & Gas Company M&AD Activities

- i. M&AD within oil and gas company strategy
- ii. Portfolio Management
- iii. Tools for identifying and screening targets
- iv. Ranking MA&D options

#### 3) Valuation & Economic Modelling

##### a. Key Factors in Valuation

- i. Corporate and Asset Valuations
- ii. Effective, Economic and Closing Dates – what do they mean?
- iii. Cashflow vs Accounting Issues
- iv. Earnings Accretion and Dilution
- v. Price vs Value and Risk vs Return

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- vi. Debt Capacity & Cost of Capital Calculations
- vii. Taxation Issues
- viii. Risk Factors and Probabilistic Valuation

### b. Valuation Methods

- i. Valuation of stand-alone firms and assets
- ii. Differences between main valuation methods and when best to use
- iii. Trading and Transaction Multiples
- iv. DCF Valuation and Economic Value Added
- v. Equity and Debt Valuation
- vi. Valuing Synergies, Liquidity and Control
- vii. Real Options

## 4) Due Diligence

- a. What is due diligence and what are the aims?
- b. Information Memoranda and Datarooms from a Buyer & Seller view
- c. Due Diligence principles and strategies
- d. Reserves, Resources and Competent Persons Reports (CPRs)
- e. Searching for hidden liabilities
- f. Due Diligence Issues
- g. Due Diligence Checklists
- h. Using Advisors and dealing with due diligence issues

## 5) Financing M&AD

- a. Forms of Consideration for the Seller – cash, paper and mixed
- b. Considerations in selecting a form of payment
- c. Assessing the financing aspects of a transaction
  - i. Raising finance for the deal
  - ii. Implications for financial returns of the deal (leveraged and unleveraged deals)
  - iii. Security on deal financing
  - iv. Managing commodity price risks
  - v. Accounting Implications of transactions

## **Mergers, Acquisitions & Divestments (MA&D) in the Upstream Oil and Gas Industry**

- 6) Deal Design, Bid Tactics & Negotiation**
  - a. Deal Design**
  - b. Bid Tactics**
  - c. Negotiation**
  - d. Executing, Managing and Completing M&AD Deals**
    - i. Executing M&A Transactions
    - ii. Competition and Anti-Trust Law & other Regulatory Issues
    - iii. Sale & Purchase Agreements
    - iv. Other Deal Documentation
  - e. Completion Statements**
  - f. Integration and Post M&AD Reviews**

## Mergers, Acquisitions & Divestments (MA&D) in the Upstream Oil and Gas Industry

**Chris Starling, Managing Director of HEA said:**

*"We are very pleased to be able to partner with MDT International who have a track record of delivering high quality training programmes in the commercial space of the oil and gas sector. We are very pleased to help bring our expertise to help develop and deliver this new course which seeks to take participants on a journey through the deal process from screening deals and considering divestment candidates through to marketing and evaluating options, as well as due diligence, execution, closing and integration topics."*

**Drew Leitch, Managing Director of MDT said:**

*"We are delighted to be partnering with HEA as we expand our oil and gas industry courses to include the area of deal-making - such a hot topic. HEA understand the importance of providing training with a strong practical edge and I'm confident that this new course will add to MDT's reputation as a provider of top quality, inspiring training."*