



WELCOME

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H2R^{cpa}

Business Solutions, Family Approach

M&A Transactions in 2020: Fluctuations Caused by the Pandemic

MAY 8, 2020

9:30 TO 10:30 A.M.



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Kieran O'Dea, CPA

Partner

H2R CPA

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Kieran O'Dea began his career with H2R CPA in 1998. Before rejoining the firm in 2016, Kieran spent 13 years with BDO USA LLC (formerly Alpern Rosenthal), where he served as a partner in the firm's Assurance and Transaction Advisory Services groups and was the former Co-Director of the firm's Manufacturing and Distribution Services niche. In Kieran's current role with H2R CPA, he serves as a partner in the firm's Accounting & Assurance Services group and is also responsible for business development.

Kieran has spent the majority of his 17 years in public accounting working with privately held and family-owned middle market manufacturing, distribution and service companies in the Pittsburgh area. Kieran has led audit engagements for local and national companies with annual sales ranging from \$10 million to in excess of \$200 million. He has assisted his clients plan for, conduct and implement internal control reviews, cost reduction and savings strategies, inventory process controls, and cost benefit analyses.

Additionally, Kieran has extensive experience consulting on buy-side and sell-side transactions including; add-on acquisitions, target company acquisitions, divestitures and mergers of equals.



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Steven M. Dotterer, JD / MBA, CVA

Senior Manager

H2R CPA

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Immediately following graduate school, Steve started his career in the mergers and acquisitions group of a large industrial manufacturer. There he performed due diligence on acquisition targets and created financial models for the company's executive leadership team. In this capacity, Steve evaluated confidential information memoranda (CIMs) for reasonableness, evaluated capital expenditure requirements and calculated working capital pegs for asset purchase agreements. Steve also led operational improvement initiatives focused on visual daily management and 5S.

Most recently, Steve worked for the Pittsburgh division of a national health care consulting firm, where he conducted due diligence on health care entities and performed a variety of business valuations for national and local health systems. Steve worked on entities ranging from physician practices and urgent care clinics to ambulatory surgery centers (ASCs) and ambulance companies. In addition to his valuation work, Steve also provided analytical support calculating clinical work relative value units (wRVUs) and Medicare reimbursement rates.

In his role at H2R CPA, Steve provides valuation services for closely held businesses, nonprofits and individuals, as well as assists attorneys and their clients with litigation support services.





Dale Killmeyer

Co-Founder and Managing Director

Stone Pier Capital Advisors, L.P.

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Dale Killmeyer has focused his career on serving small to mid-sized companies (less than \$100mm in enterprise value) and their stakeholders. Dale began his career in 1982 with a large, international CPA Firm. After five years Killmeyer joined the Foster Investment Company, a closely-held investment company, along with their affiliate venture capital firm, Fostin Capital Corp. It was here that Dale learned the institutional investment business. He became Treasurer of both companies, analyzing numerous investment opportunities and was responsible for financial and tax reporting for the holding company as well as five venture capital funds.

After eight years at Foster, Dale formed an advisory firm providing CPA, strategic consulting and capital markets services to business owners. One of his larger assignments was a project called Atlantic Baking Group ("ABG"). ABG was the restart of the Nabisco Plant in Pittsburgh as a private label cracker manufacturer. Killmeyer was successful in securing the equity from the Soros Private Equity Group and the majority of the senior debt from G.E. Capital. As a result of the successful capital infusion, Killmeyer was asked to join ABG, first as CFO and then as President, serving for several years before returning to financial consulting and transaction work. One such capital raise assignment was in securing \$3mm of start-up capital for a home improvement company. Once again, after the successful capital infusion, Killmeyer was asked to join the company as CFO, serving for two years until being recruited to join Renaissance Partners ("RP"), a boutique investment banking firm. During 2009 he was recruited away from RP by a client to serve as CFO and Director of Mergers and Acquisitions. In 2010 Dale co-founded International Capital Networks, LLC ("iCap"), an affiliate of iNetworks, where Charlie Schliebs was a co-founder. In August 2012 Killmeyer and Schliebs formed Stone Pier Capital Advisors.



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Dan Sarver

Managing Director

Confluence Advisors, LLC

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Dan brings over 25 years of experience in Corporate Finance, Mergers and Acquisitions, Accounting, Financial Analysis, and Business Strategy. Dan plans, manages and oversees client business transactions including divestitures, management buyouts, balance sheet restructurings, shareholder transactions, and client acquisitions. He has served in senior roles with Fortune 500 Companies and began his career as an accountant at Westinghouse Electric Corporation and was previously with Mellon Financial Corporation, UPMC and Deloitte and Touche. He is a Certified Public Accountant (inactive) in Pennsylvania, and a General Securities Representative licensed (7 and 63) by FINRA. Dan is a board member of The Foundation for IUP and is also a past board member and Treasurer of the Association for Corporate Growth, Pittsburgh Chapter. He has a BS in Finance from Indiana University of Pennsylvania and a Masters of Business Administration from the University of Pittsburgh. Dan is a Registered Representative of and Securities Products are offered through BA Securities, LLC Member FINRA, SIPC.



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Market Fluctuations in the Past 30 Years

History, the Economy and Valuation

- What are the various possible shapes of the economic recovery curve?
 - ✓ Recessions Since 1990:
 - Savings and Loan / Gulf War Recession
 - Dot-Com Bubble and 9/11
 - 2008-2009 Mortgage Crisis
- What are some ways to value companies during crises?
 - ✓ Income, Asset and Market Approaches
- What are we seeing in the market due to COVID-19?



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Pre-COVID-19

End of 2019 / January 2020

- M&A deal flow, hot sectors and multiples before the pandemic?



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COVID-19

Current Environment

- Deal flow update, fewer deals or lower multiples? Or both?
- How can I expect COVID-19 to affect my business's valuation?
 - ✓ What are some methodologies to consider when valuing my business? Alternative valuation methods?



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COVID-19

Current Environment

- What has changed to the due diligence process?
 - ✓ Can it be done remote?
 - ✓ Considerations for supply chain interruptions?
 - ✓ Do business continuity plans help?
 - ✓ As a business owner, what steps should I take to help protect my business?



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Current Environment

- Hot and cold sectors in M&A.
 - ✓ Have tech enabled service businesses become more valuable than public facing businesses? Would the multiples improve with the increased attention?

- Has financing to complete transactions been impacted?



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COVID-19

Now and beyond

- Advice for a company preparing to sell?
 - ✓ When should an owner look to put a business on the market, post pandemic? Are there specific events or levels of economic activity that could help guide that decision?
 - ✓ How can owners improve their outcomes?

- As a current buyer, how has the pipeline been impacted in regard to the next 12 to 24 months?



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COVID-19

Now and beyond

- Will there be a new type of model for purchases, at least in the short term? Should sellers expect deals to include a larger portion of earn outs?
 - ✓ What type of decline can be expected regarding multiples? Could something go from 10x to 5x?
- Will there be a rise in distressed deals, likely sectors?
- Are there any alternative ways to begin planning an exit from my business which could benefit from a lower valuation?



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Questions / Discussion

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