



NextGen Performance[®]

Integration Strategies

Transaction Value Optimisation

Successfully combining two independent organisations is one of the greatest business challenges. Financial and operational due diligence merely identifies the possibilities. It is the integration effort, which turns those possibilities into reality.

A successful integration effort focuses on four key areas during tactical planning and execution:

1. Strategic Intent/Transaction Value Drivers

A tangible, actionable plan must be created and executed in order to drive the estimates identified in the financial forecasts to the bottom line.

2. Completion of Initial Due Diligence

Successful integrators plan analysis into their overall integration effort, commencing before closing, and at the latest, immediately after the close.

3. Transaction/Business Risks and Challenges

As part of the due diligence and integration planning process, successful integrators perform a comprehensive business and transaction risk assessment.

4. Organisational Models/Complexities

Part of the due diligence and integration planning process, may include a multinational or cross-border transaction, merging an extremely decentralised target into a highly centralised organisation, and businesses with fundamentally different business models, different markets, and divergent customer bases.

KBC integration services provide clear, proven assistance for ensuring the full value from the integration of two companies is realised. Our team exercises their full breadth of expertise to aid you with a successful acquisition.

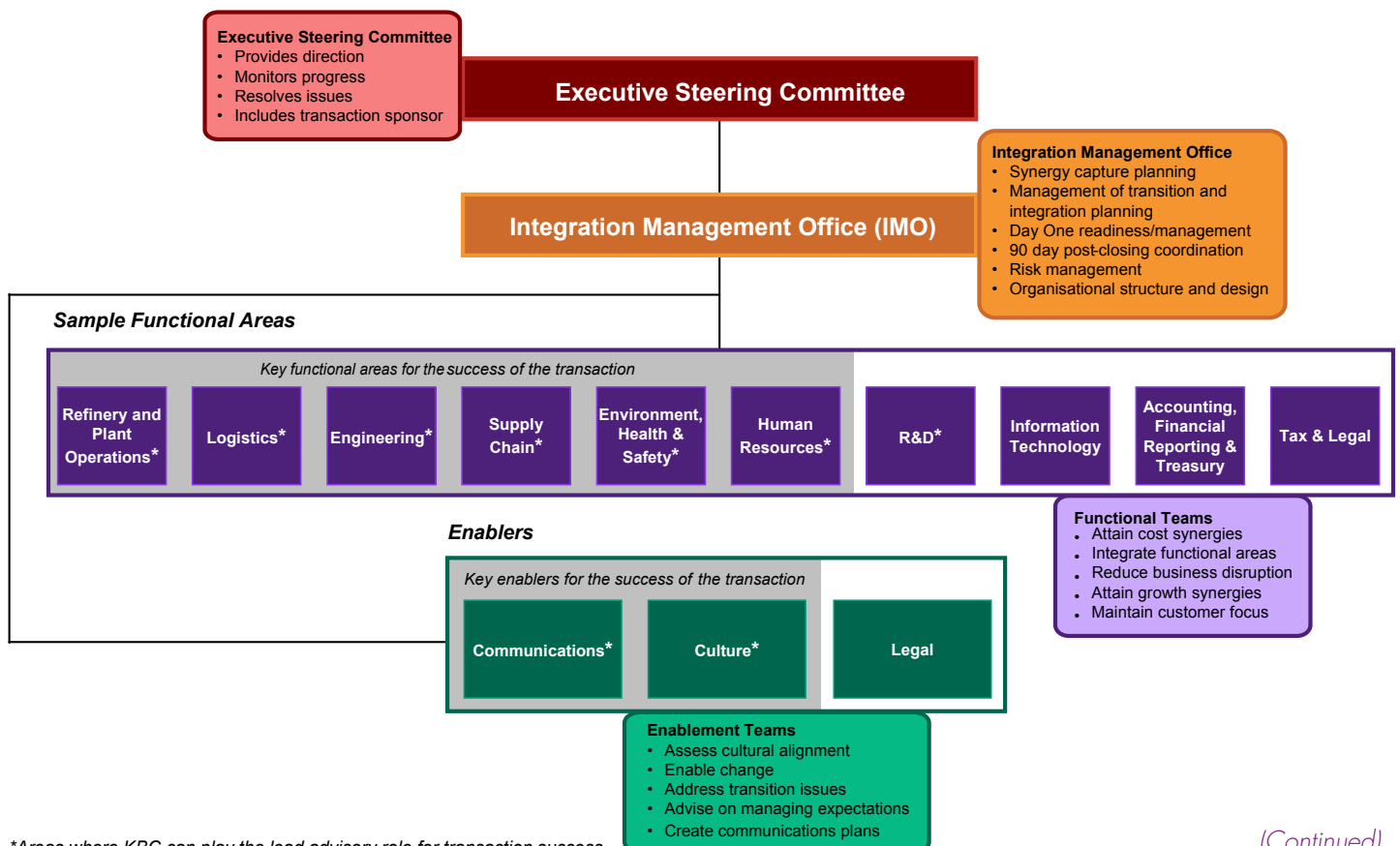
KEY SUCCESS FACTORS

There are certain behaviours that differentiate successful acquirers. These include:

- Active Senior Executive Involvement
- Willingness to Invest in Sufficient Resources
- Active and Early Participation by All Disciplines
- Willingness to Maintain Process Discipline

Organisations have successfully completed integration with optimal results by applying the few basic principles described above.

Integration Management Structure



*Areas where KBC can play the lead advisory role for transaction success

(Continued)

KEY INTEGRATION CHALLENGES/RISKS

In most transactions, these are the typical challenges/risks:

Customer/Strategic Relationship Retention

- Retaining customers/prospects and maintaining strategic relationships by stabilising operations
- Identifying valuable contracts, customers, and relationships with growth potential

Key Talent Retention

- Retaining key personnel to maintain commercial relationships, operations, and business continuity
- Aligning compensation and benefit schemes to achieve the strategic objectives

Cultural Alignment

- Overcoming inherent philosophical and competitive differences
- Realigning business and operating models (centralised, decentralised, and others)
- Aligning behaviours to achieve desired strategic objectives

Synergy Achievement/Portfolio Rationalisation

- Identifying and capturing potential synergies
- Rationalising operating practices and implementing leading practices across the combined organisation
- Assessing and rationalising non-core businesses
- Monitoring synergy achievement

Organisational Structure and Operating Policies

- Aligning the organisational structure to achieve the strategic objectives
- Establishing controls to mitigate interim operating risks
- Leveraging leading practices
- Aligning key policies (treasury, health and safety, environmental, internal control, and others)

Financial and Operations Reporting/Systems

- Maintaining continuous financial and operations tracking on an interim basis while reflecting, designing, implementing, and migrating to a long-term reporting system
- Addressing systems migration issues in light of business requirements
- Addressing compliance issues

KBC SERVICES PROVIDED

- Strategic transaction advice
- Integration Management Office advice
- Operational due diligence
- Functional integration team support
- Business and transaction risk assessment and mitigation strategy planning
- In depth operational analyses to identify synergy opportunities, potential operational risks, and other factors associated with the processes
- Human performance improvement initiatives including training, cultural assessments, strategic communications advice, and leadership development
- Business enterprise assessments
- Facility assessments
- Asset valuation/certified appraisals
- Tax valuation

Your Company + KBC Produces *NextGen Performance*[®]

We collaborate with our clients to create unique solutions to their specific challenges. Some of these challenges may include:



***NextGen Performance*[®]**

Strategic Challenges

- Effective Business Strategy/Decisions
- Increased Return on Investments
- Enhanced Returns on Acquisitions/Divestitures
- Reduced Risk (Strategic, Capital, Other)

Market Challenges

- Enhanced Yields
- Effective Responses to Crude/Feedstock and Product Markets
- Improved Financial Performance
- Market Risk Management

Environmental Challenges

- Reduced Emissions
- Enhanced Compliance

Operating Challenges

- Improved Organisational Effectiveness
- Reduced Maintenance Costs
- Improved Energy Efficiency
- Behaviour-based Reliability/Performance
- Improved Safety Performance
- Operational Risk Management

For more information on how KBC can help you achieve Next Generation Performance, please visit www.kbcat.com, contact us at answers@kbcat.com, or call AMERICAS +1 281 293 8200 • EMEA +44 1932 242424 • ASIA +65 6735 5488