

The Actuarial Profession

making financial sense of the future

Current Issues in Pensions Seminar

Spring 2007, London

Advising Corporate Clients

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Agenda – Advising corporate clients

- Corporate drivers
- Where pensions fit in
- Business valuation issues/ M&A
- Corporate pensions advice

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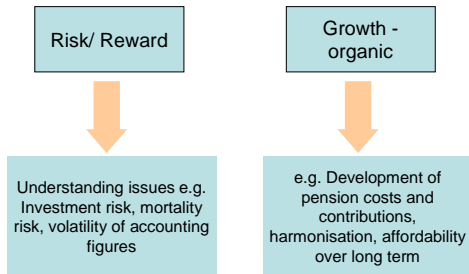
Corporate Drivers

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graph TD; A([Risk /Reward trade off]) --> E([Shareholder Value]); B([Growth - organic]) --> E; C([M&A/ Corporate activity]) --> E; D([Employee relations]) --> E; F([Market position/ reputation]) --> E;
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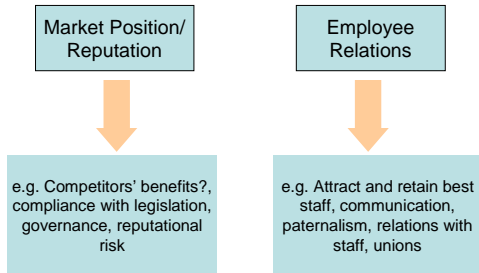
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How do pensions fit in?



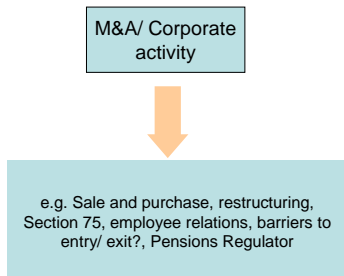
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How do pensions fit in?



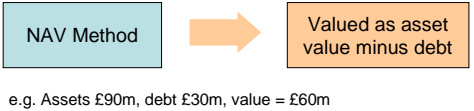
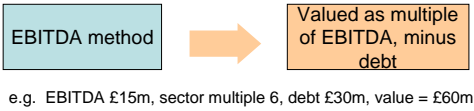
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How do pensions fit in?



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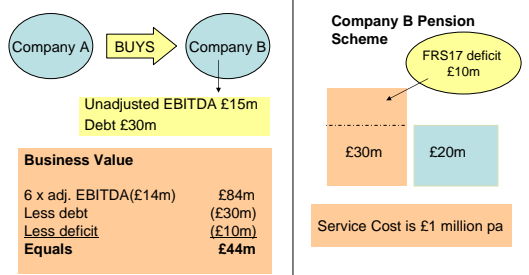
M&A - Business valuation



Overall valuation likely to be a combination of methods with adjustments for specific items, e.g. pensions

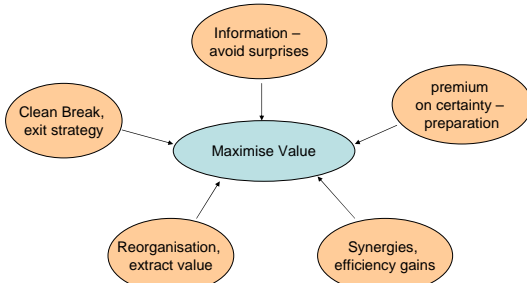
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Case Study 1 – basic transaction



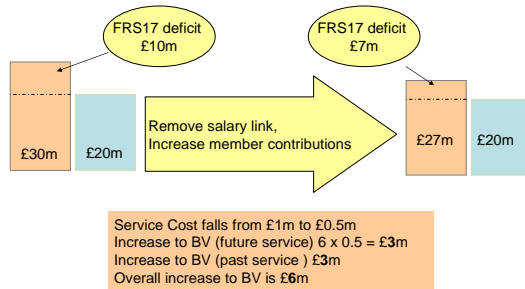
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M&A Considerations: Sell-side



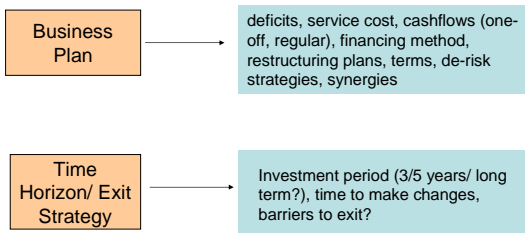
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Case Study 2 – Vendor Assist (Sell-side)



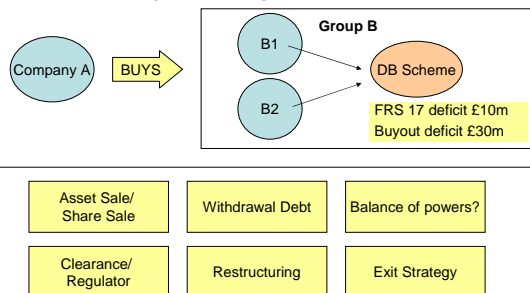
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M&A Considerations: Buy-side



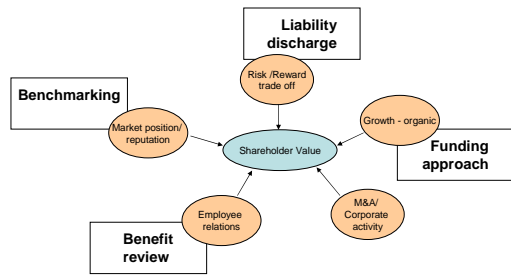
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Case Study 3 – Buy-side



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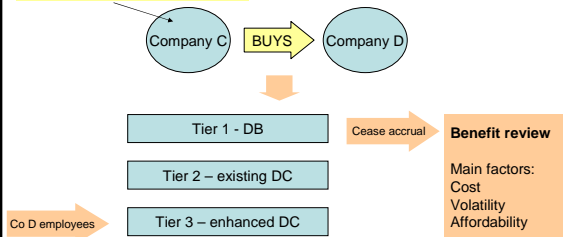
Post deal and ongoing work examples



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Case Study 4 – Corporate work (1)

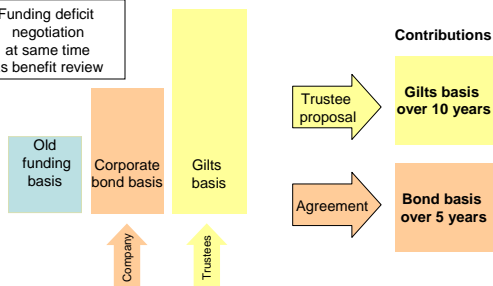
DB HAS SIGNIFICANT DEFICIT
DC FOR NEW STARTS



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Case Study 4 – Corporate work (2)

Funding deficit
negotiation
at same time
as benefit review



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Questions?

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Discussion Questions

- Is FRS17 a suitable basis for transaction pricing?
- Is the actuarial skill-set the same for both corporate and trustee advisers?
- When is it appropriate for trustees to make concessions to the company?

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