

## Premier Oil



M&A - value creation  
Finance perspective

# M&A – Value creation opportunities

Aurangzeb Bozdar  
Group Controller – Premier Oil plc

Personal views – not official position

## Premier Oil- An Introduction



FTSE 250 \$3 billion  
1000 employees  
300 million barrels  
Asia, North Sea and  
Falkland Islands

Growth strategy  
Drill Bit -  
Orangic  
M&A - deals  
worth \$2.0 billion  
in last few years



# Finance function role

Accounting

Treasury

Investor relations

Tax

Planning

M&A support

Financial systems

Financial governance

# Premier deals 2000-2012

- \$1.0 billion acquisition of 60% 300 million barrels Sea Lion discovery in Falkland Islands
- \$400 million acquisition of Encore Oil plc January 2012
- \$500 million Oilexco Acquisition March 2009
- Demerger of Pakistan joint venture June 2007
- \$670 million Premier Oil group restructuring September 2003
- \$700 million joint venture with KUFPEC Nov 2001
- Demerger of Premier and Shell joint venture September 2001
- Creation of JV with Shell January 1999

# Type of deals

- Corporate acquisition
- Asset purchases
- Joint ventures
- Reorganisations
- JV dissolutions

# Classic deal stages

A	Identification
B	Approach
C	deal negotiation
D	Deal announcement
E	Interim period - CPs
F	Completion
G	Post deal integration

# Identification

A	Financial analysis
B	Governance review
C	Financial practices overview
D	Listing requirements
E	Bank covenants check
F	Advance ruling - if required
G	Leak strategy



# Approach

A	Appointment of financial advisor
B	Appointment of accountants
C	Internal approvals
D	Take over panel coordination
E	Bid letter support
F	Bid financing
G	Initial deal structure

# Deal negotiation

A

Financial and Tax due diligence

B

Deal structure and SPA negotiation

C

Take over panel coordination

D

Target financial statements conversion

E

Code of conduct review

# Announcement

A	Unconditional financing
B	Due diligence findings
C	Prospectus or circular preparation
D	Announcement press release
E	QA of all communication
F	Working capital comfort
G	Financial advisor fairness opinion

# Interim period and completion

Completion of financing

Managing deal costs

Prospectus or circular finalisation

Integration issues memorandum

Working capital opinion

Interim period settlement (for asset deals)

Pro forma financials

# Post deal integration

- ◉ financial reporting integration
- ◉ corporate systems integration,
- ◉ induction,
- ◉ standardisation,
- ◉ impact on global organisation,
- ◉ resources and recruitment,
- ◉ cost efficiency management

There should be no deal before there is a strategy - a deal is one of the methods to accomplish a strategy. A company should not create a strategy around a target which you think may be attractive. Develop the strategy and then find the targets that best fits