



LEADING M&A TRANS- ACTIONS TO SUCCESS

Customized services for small and medium-sized enterprises

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THE M&A EXPERTS FROM DIRO BUSINESS

YOUR PARTNERS FOR BIG DECISIONS

The sale of one's own company or the targeted takeover of another bring their own unique challenges in the SME sector. While large companies often have their own M&A departments, the owners of small and medium-sized companies usually need competent external support as early as the preparation of an M&A process.

As a network of law firms that is active throughout Europe and is fused with medium-sized companies, we know what hopes and concerns matter and what needs to be considered or avoided when carrying out successful transactions. With experienced attorneys in precisely tailored teams, we offer reliable and pragmatic support in a step that is not part of our clients' daily business.

M&A IN THE MIDSIZED SECTOR – TRANSACTIONS ON THE RISE

The withdrawal of owners from operational management (external succession) continues to be the classic reason for mid-sized-sector transactions. In addition, growth and competitive considerations are important internal drivers as global presence is increasingly gaining in importance and is a customer requirement in some industries. Medium-sized German companies enjoy an excellent reputation worldwide and are sought-after targets for joint ventures and acquisitions.

THE MOST COMMON DRIVERS

Sale

- Business transfers to third parties
- Restructuring, e.g. separation from non-strategic business areas and focus on core competencies
- Realization of company value with uncertain future prospects

Purchase

- Strengthening of national and / or global competitiveness (acquisition of competitors / joint ventures)
- Strategic investment in new business areas (diversification) and / or in new geographic markets
- Opportunity for a low-cost takeover from an insolvency (distressed M&A)

Start-ups / young companies

- Spin-offs and start-ups with participation of venture capital companies / business angels

YOUR BENEFIT IS AT THE CENTRE

Medium-sized companies often approach M&A transactions with particular caution. In the case of family-owned companies, the high degree of identification with the company to be sold represents a particular hurdle; in the case of an acquisition, the company's own money is risked, not the money of anonymous shareholders. Often, medium-sized companies also shy away from the particular complexity of an M&A process.

That is why we always make sure that we focus on the benefits for our clients. This is particularly important to us. Thanks to our long-standing and trusting relationships with medium-sized entrepreneurs, we know the issues that concern them and help them gain clarity about the process, identify legal and economic risks, and remove tax obstacles.

EXAMPLE QUESTIONS WE ANSWER IN THE M&A PROCESS:

- What challenges will I face?
- How do I best prepare my company for the sale? Is the timing right? And how can I achieve optimal conditions for a sale?
- Which transaction structure makes sense for me from a tax point of view?
- What is my company / the company to be acquired worth? What other framework conditions (e.g. warranty / liability, tax implications) are important for me?
- How is confidentiality ensured in the process?
- How does the search for potential buyers work?
- What does the sale process look like?
- What does the entire process cost? How do I obtain cost transparency?
- Who will I be working with? And what experience and references do the consultants bring to the table?
- What exactly does an M&A advisor do? What services does the supervising attorney provide? Do I need both?
- What happens if the transaction does not go through?

THE TYPICAL PROCESS OF AN M&A TRANSACTION

For the structuring of a transaction for the acquisition or sale of a company, a particular process sequence has proven its worth. All steps in this framework are individually planned and carried out. Such a process usually takes several months and often develops a special dynamic. Good preparation, experienced advisors and trust within the team are important factors for success.

EXEMPLE PROCESS OF AN M&A TRANSACTION:

- Planning phase, search for buyer or selection of target company (NDA / LOI / MoU / term sheet)
- Due diligence
- Draft of the purchase agreement / participation documents (participation agreements)
- Negotiations
- Conclusion of contract / closing and implementation of the transaction
- Integration phase

THE M&A TEAM

In medium-sized M&A transactions, the close involvement of the company's permanent **legal and tax advisors** and, if necessary, the **auditor** is often the right approach, especially in the case of a company sale. We complement our in-house expertise with a small team of proven M&A experts. As one of the leading law firm networks in Europe, we are able to call on competent advisors from our own ranks in special areas of law – both nationally and internationally.

It often makes sense to bring an **M&A advisor** into the team. This advisor takes over the search for buyers or sellers, the preparation and structuring of company documents from a business management point of view, as well as other commercial and strategic consulting services, often mainly for a performance-related fee. In our network, we have had good experience over the years with a number of M&A consultants whom we are happy to call upon in such cases.

SERVICES

TAILORED EXPERTISE FOR YOUR SUCCESS

We draw on the first-class resources of our network to provide individual advice to buyers and sellers and put together M&A teams that are a perfect fit. The M&A team consists of transaction-experienced lawyers with special expertise in the legal fields relevant to the respective transaction.

The support of mid-sized sector transactions in different countries and industries has led to the development of comprehensive M&A know-how with a corresponding service portfolio within our law firm network. Please contact us personally if you would like to learn more.

OUR SERVICES AT A GLANCE:

- Holistic legal and tax advice
- Preparatory restructuring (“making the bride pretty”)
- Tax-optimized transaction structuring
- Transaction structuring (legal and tax)
- Company valuation, purchase price allocation and consolidation strategies
- Legal support of acquisition financing
- Cross-border transactions
- Legal, financial and tax due diligence
- Support in bidding procedures (auctioned sales)
- Joint ventures/cooperations
- Management buyout, leveraged buyout
- Preparation and negotiation of contract documents (German/English)
- Post-merger integration

MORE SERVICES: DATA ROOMS

In the course of an M&A process, a large number of documents and transaction-relevant financial and tax information come together. In order to handle this information securely and conveniently, we offer data rooms as an additional service. We provide our clients with comprehensive support in this area:

- Mediation of technical service
- Content design together with the client
- Plausibility check
- Support in the preparation of data room documents

PROFESSIONAL FULL-SERVICE SOLUTION WITH DROOMS

In cooperation with the leading data room provider Drooms, we can provide our clients with a structured and legally compliant data room for conducting due diligence. The following requirements are met:

- Fast provision of the data room including a coordinated authorization concept
- Plannable and flexible billing system, according to pages
- 24/7/365 technical support helpline
- Q&A tool
- Data carrier set incl. standard declaration of identity
- Own branding
- Unlimited number of users
- Best-practice guide
- Server location: Germany or Switzerland

PRICING STRUCTURE

CUSTOMIZED AND TRANSPARENT

Our clients benefit from a transparent remuneration model and effective cost control. Even though each transaction must be considered individually, it is possible to calculate individual work packages in advance within the overall process. Particularly in the area of due diligence, flat rates or price corridors are defined for the volume of data.

The individual services of the overall process are charged transparently according to time and effort.

YOU CAN COUNT ON:

- Billing according to hourly rates / time and effort, calculation of work packages
- Due diligence: flat rate or price corridor with cost cap
- Data rooms: according to volume of documents provided
- Contract negotiations: first draft contract at fixed price, negotiations / revisions according to time spent
- Transparency: clear offer, itemized time sheets with proof of performance

ABOUT DIRO BUSINESS

Medium-sized companies are DIRO BUSINESS. Europe-wide

As one of the largest independent law firm alliances in Europe, DIRO has expanded its range of consulting services in the area of commercial law to better serve internationally active medium-sized companies. Since 1 July 2019, DIRO BUSINESS has been offering the owners of medium-sized companies access to a Europe-wide portfolio of established commercial law firms. A special feature of this service is the advice from entrepreneur to entrepreneur.

Responsible advice. At eye level

The common perspective on entrepreneurially responsible action ensures a quality of consulting that is guaranteed in cooperation with partners from the international DIRO BUSINESS network. The support of a case, whether national or cross-border, always takes place at the level of the owner.

Regional competence. Networked to international performance

In their relationships with business partners at home and abroad, as well as in the internationalization of their own business, medium-sized companies are faced with complex regulations and country-specific peculiarities. The law firms of the DIRO BUSINESS network offer both the professional expertise that entrepreneurs need in business law issues and a deep understanding of the respective markets and cultures.

Industry experience. From automotive to technology

The law firms of DIRO BUSINESS bring extensive industry expertise to the table, particularly in the automotive, banking, energy, retail, healthcare, infrastructure, logistics, real estate, technology, engineering and speciality-chemicals sectors.

WE ARE PLEASED ABOUT
YOUR INTEREST AND ARE
ALWAYS AT YOUR DISPOSAL
FOR YOUR QUESTIONS AND
REQUESTS.

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DIRO BUSINESS is an umbrella brand for independent and economically self-sufficient law firms of the DIRO network.