News:

DAF „German Investor TV“ interview with Peter Degen
click here!

Peter Degen: "Knowledge, skill and experience are the keys to successful M&A transactions."

Peter Degen already has many years of experience in the implementation of M&A transactions (MBI, MBO and MBL), partial divestment of property and corporate shares, mergers, auctions and company succession solutions. Essential cooperation partners are banks, tax and audit firms, law firms and industry specialist consultants.

The basis of his practice is formed by business and economic studies at the University of Hamburg, many years of work experience in the marketing and finance fields for internationally active American, British and German companies (UNION - CARBIDE, BRITISH AMERICAN TOBACCO, COLGATE - PALMOLIVE) and finally for being successfully responsible for the M&A sector of CHASE MANHATTAN BANK's German branch as an executive board member.

The following shorthand portrayals stand quintessentially for a sales transaction of a mid-sized company - by far the strongest sector in the M&A field in terms of transactions executed.
Purchase transactions follow a structurally comparable process.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(1) The first dialogue in the sale process of a company.

With adherence to absolute confidentiality it will be introduced and discussed: the company to be sold. Reasons for the sale. Explanation of the property situation. Asset or Share Deal. MBO / MBI. Company succession and the associated financing questions, among others state funding. Included sale of real estate which is used by the company. Determining value of company and purchase price aspects.

Inclusion of key management personnel employees, legal and tax advisors. Regard for specific aspects of family-owned companies. Temporary continuance of proprietaries / top executives in sold company. Other essential factors of the selling process determined by individual factors. Operation scheduling. Expenditure of time. Deadline situation.

Ooser Luisenstrasse 17 I 76532 Baden – Baden I E-mail: degenp@gmx.de I Tel: +49 - (0)7221 – 971 03 34 I Mobile: +49 - (0)172 – 975 76 10

(2) Offer of services and remuneration.

The offer of services describes in detail all the work which is performed for the client in the framework of a M&A transaction. The service offer will be supplemented with an appropriate fee which, with acceptance, is followed by appropriate agreements of client, fee and confidentiality aspects.

Fundamental settlement of working fee with success compensation.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(3) Workshop: Summarization of information and SWOT-Analysis (Strengths, Weaknesses, Opportunities, Threats). Unique Selling Proposition (USP).

Installation of two half-day workshops to gather all relevant data and circumstances, which determine the position in the market of the company to be sold. Commitment of the workshop participants. SWOT-Analysis. Implementation of the results as a basis for the generation of the company information memorandum. USP development.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(4) Information memorandum and teaser.

Implementation of the workshop results in a sales-oriented information memorandum. If applicable, inclusion of the data of a readily available evaluation of the company. In single cases already indications of the purchase price.

Creation of an anonymous short version of the memorandum (teaser). Serves as the first information for potential acquirers.

Continuous contents coordination and revision of information memorandum and teaser with the selling company.

Table of content of an information memorandum is represented under point (11).

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(5) Screening of potential buyers (Long List).

The Long List is a namely portrayal of potential buyers. It distinguishes between "financial investors" and/or "strategic investors." Strategic investors are companies which conceal the business to be sold (companies in the supplier, competition and customer fields). Acquisition by financial investors pursues the objectives of exit strategies after successful turn-around of the acquired company.

Creation of the Long List and response to possible interested in coordination with the client. Delivery of textual anonymous teasers to potential buyers. Continuous contact to the selling company. Utilization of existing contacts to companies, financial investors and intermediates (own data base).

Ooser Luisenstrasse 17 I 76532 Baden – Baden I E-mail: degenp@gmx.de I Tel: +49 - (0)7221 – 971 03 34 I Mobile: +49 - (0)172 – 975 76 10

(6) Screening potential buyers (Short List).

Progressive narrowing process of potential acquirers of the Long List to serious potential buyers. Delivery of the information memorandum for exchangeable confidentiality agreements. Possible disclosure of mutual asking price. First direct involvement of persons from the company to be sold in the transaction process.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(7) Due Diligence Process

Implementation of the Financial and Legal Due Diligence process with potential acquirers: Intensive examination of the profit and business situation of the company to be sold as well as in rem and law of obligation legal positions. Check of the investment, result development and financial plans.

Ooser Luisenstrasse 17 I 76532 Baden – Baden I E-mail: degenp@gmx.de I Tel: +49 - (0)7221 – 971 03 34 I Mobile: +49 - (0)172 – 975 76 10

(8) Purchase price identification procedure, purchase price offer.

Basis: today mostly DCF (Discounted Cash Flow). Problematics of weighting factors. But: Value of a company is ultimately always the same value as a potential acquirer is willing to pay.

(9) Letter of Intent (LOI).

Declaration of intent from the buying party to the seller of the company including the issuing of a binding purchase price offer.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(10) Closing: Purchase contract and declaration of quality.

Drafting of a contract with the purchase contract and declaration of quality. Contract settlement including the acting parties and their respective business, tax and legal consultants.

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10

(11) The information memorandum.

The information memorandum of a business to be sold ordinarily follows a particular structure. It consists of:

Company Description
History, company structure, investor structure, business contracts, register of corporations, essential contracts, business organization, associated companies, business premises, locations, land ownership and use, association memberships

Management, Employees, External Contractors
Management, personnel structure and development, compensation systems, employee organization, unions, organizational chart

Products, Services, Technologies
Descriptions, technological standards, certifications, research and development, sustainability of company performance, guarantees, product liability, suppliers

Production
Procurement, production process, capacity planning, restructuring and synergy potential, quality protection, external service, suppliers

Market and Competition
Relevant markets, market development, competition analysis, own position in the market, product and service customers and users, consumer associations

Marketing and Distribution
Marketing and distribution strategies, operational activities, distribution processes, logistics

Finances and Planning
Balances and P&L invoices of past years, current fiscal year and planning from year 1 to …, key financial figures, bank details / credit lines, investment plans, employees, marketing / competition, research and development

Ooser Luisenstrasse 17 | 76532 Baden – Baden | E-mail: degenp@gmx.de | Tel: +49 - (0)7221 – 971 03 34 | Mobile: +49 - (0)172 – 975 76 10