

### Defining M& A



One plus one makes three: this equation is the special alchemy of a merger or an acquisition. The key principle behind buying a company is to create shareholder value over and above that of the sum of the two companies. Two companies together are more valuable than two separate companies - at least, that's the reasoning behind M&A.

# 4 Types Of Mergers & Acquisitions

Mergers and Acquisitions



#### Horizontal

Companies with similar Product or service come together with the main goal to expand their offering or markets.



#### Vertical

Companies in the same industry join their force to improve logistics, consolidate staff or reduce time to market their offerings.



### Conglomerate

Companies in different industries join their forces with a goal to broaden their range of service and products.



### Concentric

Companies share customer bases but provide different services and do have a mutual relationship.

## Distinction between Mergers and Acquisition



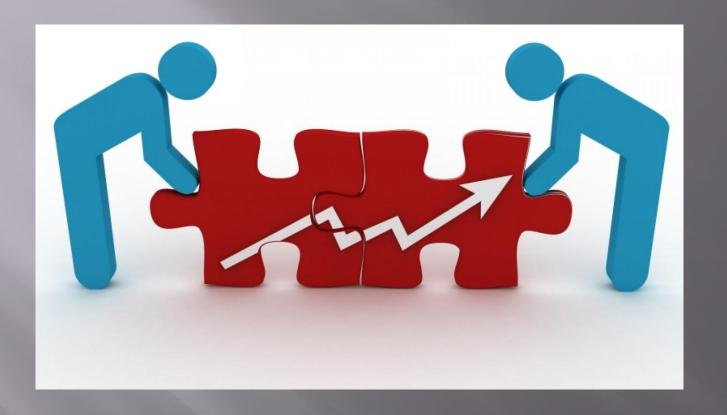
Although they are often uttered in the same breath and used as though they were synonymous, the terms merger and acquisition mean slightly different things. When one company takes over another and clearly established itself as the new owner, the purchase is called an acquisition.

### Merger "is" and "isn't

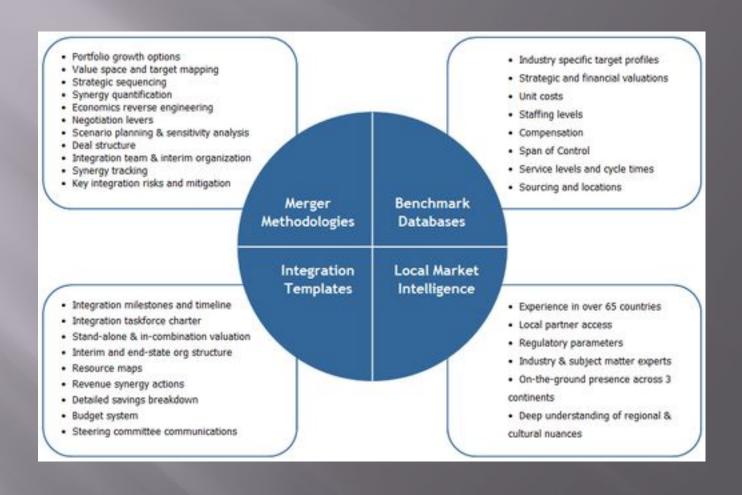


In practice, however, actual mergers of equals don't happen very often. Usually, one company will buy another and, as part of the deal's terms, simply allow the acquired firm to proclaim that the action is a merger of equals, even if it's technically an acquisition. Being bought out often carries negative connotations, therefore, by describing the deal as a merger, deal makers and top managers try to make the takeover more palatable.

## Synergy may be in



Staff reductions -Mergers tend to mean job losses. Money is saved from reducing the number of staff members from accounting, marketing and other departments, including former CEO, who leaves with a compensation package



## Creating value through M&A

M&A process - Buy-side

structuring the

### Assess and approach shortlisted targets

#### Initial negotiations and indicative offers

Due diligence and deal structuring

Final negotiations and completion

- · Assist creating an acquisition plan
- · Create and maintain a structured approach
- Evaluate negotiation strategy

- Contact selected targets
- · Arrange meetings
- Execute NDA
- Gather information
- · Analyze and reassess strategic fit
- Present indicative bid
- · Request Due diligence (DD) information
- · Negotiate key terms and exclusivity
- · Legal advisors to prepare initial legal documentation
- Introduce PMI team

- Manage DD process
- · Evaluate potential deal structures
- · Renegotiate or finalize negotiation
- Undertake detailed financial. commercial, tax and legal DD

- Conclude negotiations
- · Signing and closing
- · Communicate with stakeholders
- Completion accounts
- · Legal advisors to prepare legal documentation (e.g. SPA and shareholders agreement)

Other advisors

### Deloitte provides lead advisory services whereby we manage the entire process to completion

How Deloitte can help

- · Proprietary market intelligence
- · Experienced deal team
- · Extensive global network
- Access to decision makers
- In-house valuations team to provide technical quidance on pricing parameters
- Strong existing relationships with legal advisors
- Broad transaction experience with complex deal structures
- In-house DD team to issue report and identify key risks
- · Draw on expertise of specialist SPA negotiation team

