



CORPORATE FINANCE SINCE 1987

**Gli aspetti critici di una transazione “crossborder” nelle operazioni di finanza straordinaria (cessioni e acquisizioni):**

- **Aspetti tecnici, analisi finanziaria, valutazioni e modelli**
  - **Importanza aspetti culturali, ambientali e politici**
    - **Aspetti negoziali peculiari**



*6 -7 Settembre 2017*

# Make or Buy?

## Make or Buy? First basic Decision

- Advantages of Buying a Target in a New Geography
- Time to Market
- Avoiding bureaucracy in setting up a Business
- Already operating Company
- Management in Place
- Customers & Suppliers
- Relationship with Local Stakeholders
- .....

---

## Success Factors during the Preliminary Phase Selection of Financial Advisor

- Identify Advisor Expertise, Resources and Project commitment by
- Understanding of Client strategy and objectives.
- Capability to identify suitable and available targets (Preliminary research)
- Analyze track record of the Advisor in buy side mandates with specific reference to the target Country.
- Analyze Advisor relationship with Target Country Advisors
- Refine with Advisor the acquisition strategy and make it operational for M&A purposes

## Critical Factors in a crossborder M&A Transaction

- Different Language (owner, management, advisors, local authorities ...)
- Different Culture □ Difficulties in creating the right Chemistry and Trust
- Different Accounting Principles and Systems
- Local Legislation
- Data & Information Collection
- Local Environment for Foreign Investments

### **Create a strong and committed Team**

- Buyer Management Team
- Financial Advisor & Coordinator
- Local Advisors:
  - Financial Advisors
  - Fiscal and Financial Auditors
  - Law Firms
  - Industry Experts
  - Environmental Advisors

# System 8 – Systematical acquisition process



## Preparation

Evaluation of Financial Resources, Country Analyses, targets availability and Buyer's motivation;  
Translation of business strategy to M&A strategy: **"Definition of the Ideal Target"**  
Definition of investment and acquisition criteria;  
Identification of potential targets; shareholder structure and Management Status  
Acquisition story for approaching the target: Strategies, Management model, corporate rules ...

## Market approach

Target approach strategy; Detection of targets' expectations; develop trust & relationship  
Meetings and follow up, identify conditions for selling the business; **"make it available"**;  
Clarification of basic data, discussion of price range, analyse selling criteria and general conditions

## Transaction

Positioning interests -> win-win deal, development of feasible solutions; develop vendor commitment  
Management of due diligence process; prepare for negotiation and negotiation strategies;  
Coordination of involved advisors and experts;  
Preparation of post merger activities  
Arrangement of closing conditions (condition precedent)

## Project Planning - step 1 on system 8

### ■ Understand basic M&A strategy

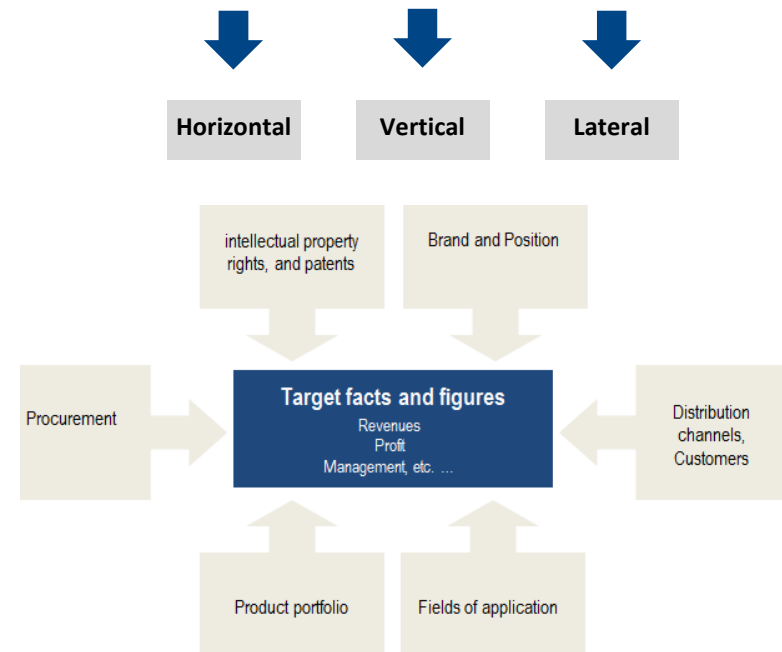
- What is the clients situation?
- Convert client strategy into an operational M&A strategy
- Preparation



### ■ Explore market and study Target Country



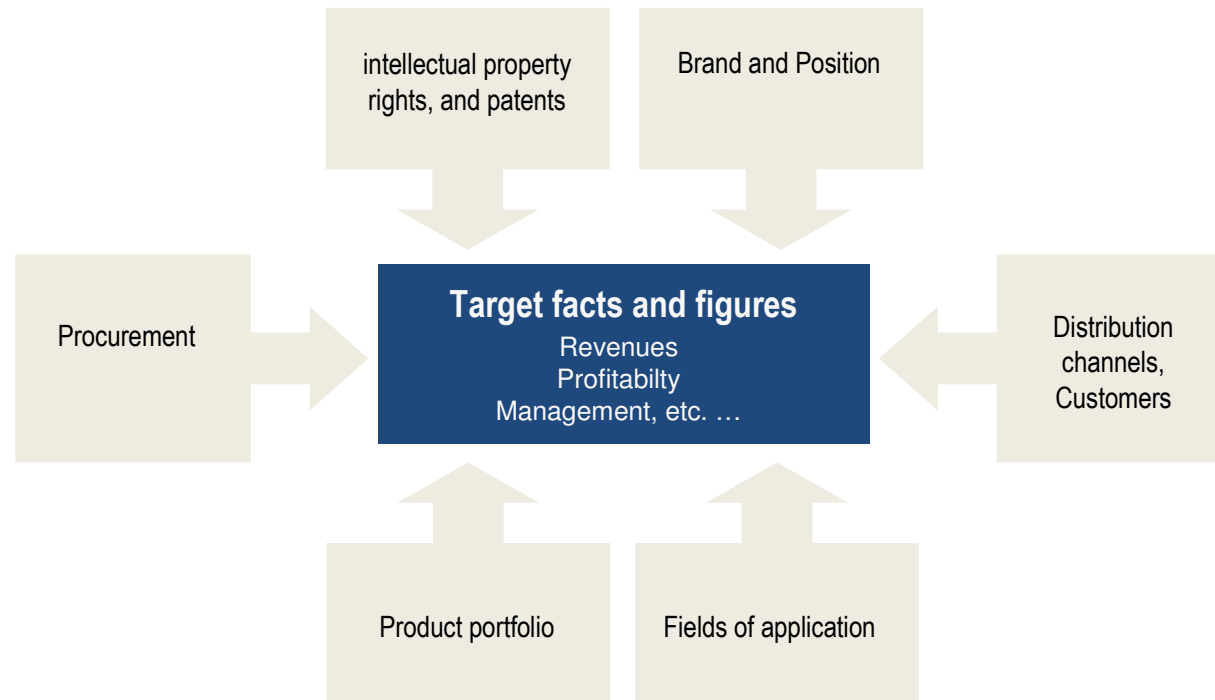
### ■ Abstract potential target groups



## Preparation of M&A strategy - step 2 on system 8

- Develop ideal target profile (pattern for identification of targets) – see next slide
- Research and collect data on targets (based on defined criteria)
- Approval of long list
- Preparation of relevant buyer description (company + benefit profile)
- Definition of shareholder structure and Management Status of the Targets
- Acquisition story of the Buyer – make it appealing

## Preparation of M&A Strategy – Identification of the Ideal Target



Specify decision criteria for an acquisition:

Must have

Nice to have

Should be avoided

Absolutely NOT



## Action Plan – Step 3 of System 8

- Gather more target specific data and information (based on defined criteria)
- Identify decision-makers and opinion leaders at the target (networks, databases, organizations)
- Arguments for approaching the target/s
- Develop target specific reasons why the owners should move and consider to sell
- Preparation of relevant document (company profile – financial statements, executive memorandum)

## Solicitation - Approach to the Target – Step 4 of System 8

- Direct approach (quite always) → Contact and drop an idea (identified decision maker) clarify the willingness to enter discussion if needed by several attempts.
- Establishing dialog → Visit the target  
sign NDA and find out what drives the owner  
drop arguments vision, chances, etc.
- Interview → Confirm target's data in the company  
(conversation between Buyer and the target owner).
- Presentation of buyer goals  
“what are the opportunities for the target company” → Matching target's objectives and interests with  
M&A strategy of the buyer

## Analysis and start of negotiation – Step 5 of System 8

- Put both sides in personal contact
- Presentation of each company
- Clarification of interests on both sides.
- Evaluation of strategic potentials.
- Factory visit
- Exchange of relevant information necessary for strategic decisions on both sides.
- Gather data for preparation of an offer
- Procedure and of next step, time schedule.

**After this point it follows the usual procedure similar for a domestic project**

## Due Diligence Process – Step 7 of System 8

- Prepare check-list for DDs – financial, fiscal, corporate, labour, environmental, legal & industrial
- Prepare data room - physical or virtual
- Prepare list of authorized persons for having access to data room
- Coordinate buyer's advisors and seller advisors – by Financial advisors
- Produce and analyze DD reports – buyer advisors
- Discussion between parties of relevant matters and issues → negotiation of new clauses and conditions (if necessary)
- Conditions precedent to closing

## **Cavour Corporate Finance**

**Bologna - ITALY**

*Via Guido Reni, 3 – 40125*

Ph. +39 051 226623 - Fax +39 051 227299

[www.cavoursp.it](http://www.cavoursp.it)

**Antonio Zecchino**

*President*

Mob +39 348 4159025

[antoniozecchino@cavoursp.it](mailto:antoniozecchino@cavoursp.it)

**Barbara Grieco**

*Associate Partner*

Mob +39 339 4220213

[barbaragrieco@cavoursp.it](mailto:barbaragrieco@cavoursp.it)

**Alessandro Costa**

*Partner*

Mob +39 348 9894777

[alessandrocosta@cavoursp.it](mailto:alessandrocosta@cavoursp.it)



CORPORATE FINANCE SINCE 1987