

Merger and acquisition:

Source: <https://www.icon.at/en/publications/news/news/detail/2015-06-08-ma-transaktionen-ablauf-eines-unternehmensverkaufs/>

- a) The process begins when a decision to sell the company has been made. First, the seller needs a selling consultant to prepare the company for selling. The aim is to identify opportunities, risks, strengths and weaknesses to create value-adding measures and implement them, so the company is attractive to bidders.
- b) Next, the seller prepares for the actual transaction. There are many tasks to be conducted in this phase. These include: determining sales strategy, defining buyers' requirement profile, identifying potential buyers, planning the transaction flow, setting offer criteria, creating an information memorandum and organizing the data room using the data room system.
- c) Once the required preparations have been conducted, potential buyers have to be contacted (in practice by an external consultant). Before submitting the information memorandum, a strict nondisclosure agreement has to be signed.
- d) The interested bidders are invited to submit offers based on the information memorandum. The bidders are then shortlisted and invited to participate in the further transaction process. A procedure letter has to be submitted to the potential bidders to inform them about the further process.
- e) Thereafter, the phase of due diligence begins. Most importantly, this phase has to be well prepared by the seller. This involves preparing the room data, the permitted questions the due diligence team are allowed to ask and of course the sales documents.
- f) The due diligence includes a company visit, a management presentation (for non-owner-managed companies), and defining risks and opportunities by checking the company's documents using the data room system. This has to be conducted with the help of a professional auditor. Afterwards, interested bidders submit binding offers within a certain period.
- g) Even if many binding offers have been received, only the best bidder will sign the letter of intent and be invited to negotiate the contract. During negotiations the interests and other information are shared, and purchase price and conditions are arranged.
- h) Even with the signing of the contract, the sale is not yet completed. Only with the fulfillment of the agreed-upon contract conditions, will the contract enter into force. These conditions are approving antitrust rights, obtaining supervisory board approval, approving the establishment of certain conditions and of course paying the purchase price.
- i) If the conditions are not fulfilled, the sale will not enter into force and the seller can cancel it. Based on agreements, there is a risk for the bidder to grant the seller compensation for not fulfillment the contract conditions.
- j) If all the conditions are fulfilled, a final meeting is conducted, which includes for example arranging guarantees, conducting meetings with a lawyer, obtaining coordination with banks, defining a handover plan and determining external and

internal communication. Consequently, the contract is officially completed.





