

PSP

**M&A /
CORPORATE
FINANCE**

A key practice area of
Peters, Schönberger & Partner,
Munich



Expertise from one source

M&A transactions are generally highly complex, as commercial, strategic, tax and legal considerations all play a role. Pure expertise alone is not sufficient. Issues affecting several areas have to be identified and resolved on an interdisciplinary basis.

The PSP team consists of

- auditors,
- lawyers and
- tax consultants.

We have many years of experience in M&A transactions. We are thus able to offer integrated advisory services from one source. This eliminates the usual inefficiencies when several firms are involved, which in turn means more effective advice for you and lessens the risk that information is lost.

The PSP team supports you in every phase of the transaction. We verify the decisions already taken and implement your project – fast, flexibly and expertly. You remain in control at all times and decide which tasks we should take on. We place particular emphasis on working closely and effectively with all the other parties involved.

Ultimately, it is the result that counts. To guarantee your success, we jointly define the transaction goals and critically review how realistic they are. We always retain a clear overview of the overall transaction even when carrying out detailed work.

Of course, if required, our advisers will fit into your existing structures and focus on specific tasks. Independence, neutrality and discretion are self-evident for us.

Internationally, PSP can tap into the resources of DFK International – a major international association of independent accounting firms and business advisers with more than 300 offices in 87 countries. Our partner offices and their staff in Hamburg, Berlin, Stuttgart, Düsseldorf, Dortmund and Wuppertal are available to handle national engagements.



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PSP's range of services

Interdisciplinary advice

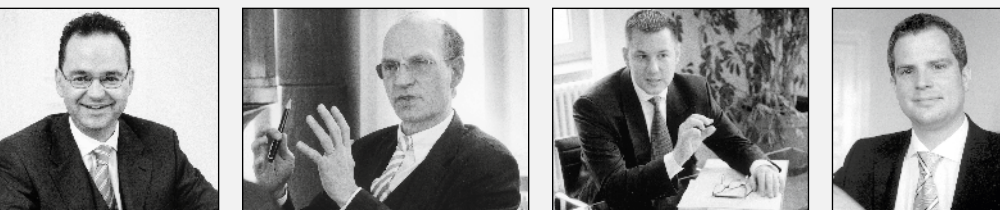
We bring our expertise in auditing, legal and tax advice to bear on the transaction. For example, we:

- Structure (international) business acquisitions and sales,
- Provide fairness opinions on business valuations or formulae used to determine or agree on the price of a business,
- Carry out legal, financial and tax due diligence reviews,
- Provide legal advice and deal with the contractual implementation of business sales and purchases,
- Optimise structures and transactions from a tax point of view.

Outsourcing of management functions

Besides providing advice, PSP can assume responsibility for individual parts of the project management. Examples are:

- Project planning,
- Allocating responsibilities,
- Managing internal coordination among those involved in the project,
- Scheduling, preparing and organising meetings,
- Recording interim results,
- Monitoring deadlines and results,
- Assuming responsibility for setting up data rooms (physically or electronically in virtual data rooms).



How realistic are your goals?

You have decided to acquire a business on certain conditions. You link concrete expectations to the state and future profitability of that business. But have you taken account of payment streams for tax charges, future changes in working capital, investment requirements or restructuring charges?

The same questions arise on the sale of a business. The stipulated gross price is not necessarily the decisive figure. What counts is the effective amount you receive after deduction of warranty claims, variable purchase price components and in particular after taxes.

Of particular importance is a careful verification of the basis for your decisions. This helps ensure that you will not find out after the transaction that your goals will not be reached.

Precise execution

Even if the key points of the transaction have already been agreed on, concrete implementation gives rise to many detailed problems that have to be resolved.

This includes the timetable of the transaction, the definition of assets on disposals of parts of a business, valuation issues on equity guarantees, the terms of any desired options, the transfer of tax loss carryforwards, drawing up warranty clauses, implementing pre-transaction restructuring or preparing the attachments to the contracts.

On the basis of a jointly prepared road map, we see to the details and work out pragmatic solutions. Our team draws up contracts, negotiates them until they are ready to be signed and ensures their proper implementation. We coordinate matters with the target company and other parties involved in the transaction transparently and vigorously. With the precision of auditors, lawyers and tax consultants.

We want you to be able to concentrate on what is most important – namely the business decision.

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Results-oriented advice

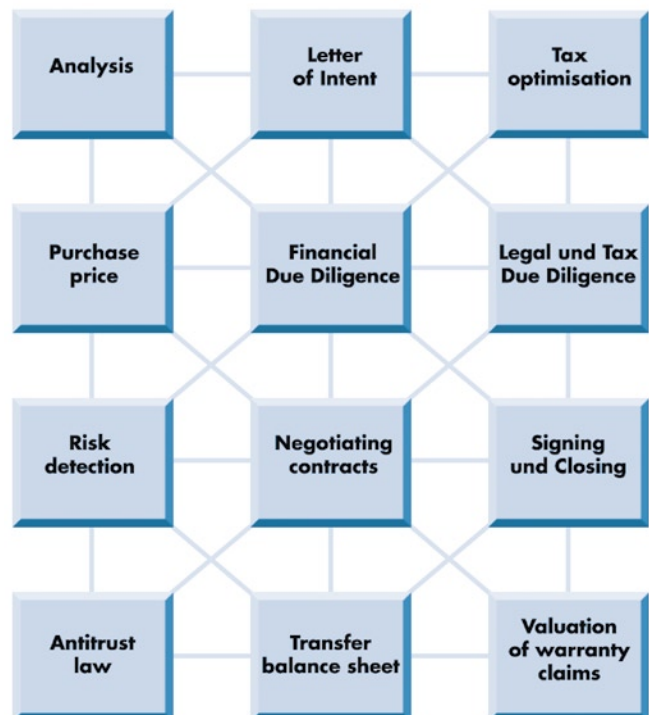
We aim to achieve an outstanding result for our clients in all cases. To meet this goal, technical know-how alone is insufficient. Especially in negotiating situations, flexibility, skill and social competence are required.

In working with PSP, you will notice that we fight for positions only if these are important for you. We know from many years of experience that discussions on legal issues of no real commercial significance and the vain behaviour of advisers around the negotiating table can break deals. We look beyond the technical issues and seek to achieve innovative, constructive arrangements to break the deadlock in negotiating situations.

Tight organisation and transparency are also crucial factors for success – not only in negotiations, but also in the entire project management. For us, this means:

- Clear project planning,
- Continuous monitoring of the plan,
- Clear responsibilities,
- Being readily available,
- Adherence to deadlines,
- Using modern electronic aids such as virtual data rooms in which up-to-date documents are available at all times.

We place particular emphasis on communicating the results in an efficient manner so that you first see the essential points. In this way, you keep control of your transaction.



TYPICAL ASSIGNMENTS

■ Providing a full service to a mid-sized company considering an acquisition

The situation

You are informed that one of your competitors is up for sale. As this business could close a strategic gap in your portfolio, your interest is aroused. However, you lack experience in the negotiating process and in drawing up the transaction documents.

Our advice

The PSP team supports you in setting the deal in motion and assists you at all stages of the acquisition, providing one-stop advice on all business, legal and tax issues.

The first step is to determine the most important data of the business to be acquired in a meeting with representatives of the competitor. In a workshop, we then discuss the opportunities and risks of the transaction with your company's decision-makers in order to provide a solid basis for a decision. PSP then determines the key commercial data regarding purchase price and financing. To detect risks associated with the transaction at an early stage and put you in the best possible negotiating position, we subject the target to a thorough commercial review. On this basis, we negotiate the sale agreement with competence and a sense of proportion and complete the transaction.

■ Sale of a business in a bidding process (auction)

The situation

You have managed your business optimally and are in a period of strong growth. You have decided to sell the business in a bidding process and have already retained an M&A consultant to organise the sale. To ensure that matters proceed smoothly, you are looking for an adviser that can offer you legal, tax and audit expertise from one source.

Our advice

Together with the M&A consultant and commercial managers of your company, PSP prepares the financial and legal data for the information memorandum required for the bidding process. If appropriate, we perform a legal, tax and financial vendor due diligence review and summarise the results in a report. To ensure effective teamwork, we set up a virtual data room which enables all parties (graded by access authorisation) involved in the process to access up-to-date information at all times.

As the transaction proceeds, we obtain the necessary confidentiality undertakings and assist in the due diligence reviews of the potential buyers. Together with your commercial managers, we clarify issues raised by the buyer, prepare the basic sale agreement offer and negotiate any proposed amendments. When all the commercial agreements have been made, we arrange for the legal implementation of the contract and prepare transfer balance sheets to provide financial evidence of the contractually warranted characteristics.

■ Services for institutional investors

The situation

As adviser to a private equity fund, you regularly review business investment opportunities. Drawing on your many years of experience, you are able to quickly identify highly promising acquisition opportunities. In the fund business, rapid and circumspect action are called for. You are therefore looking for a consultant who can provide you with uncomplicated, rapid support in audit, tax and legal issues.

Our advice

PSP analyses the basis for your decisions and systematically investigates the target company for potential deal breakers. We assist you throughout the entire project up to the final conclusion of the contract, develop negotiating strategies and ensure that the transaction proceeds according to your terms. Our service includes preparing due diligence reports for your investors as well as conducting negotiations and drafting legal agreements. We review the warranted characteristics and enforce any warranty claims.

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Peters, Schönberger & Partner, lawyers, auditors and tax consultants, and PSP Peters Schönberger GmbH, Wirtschaftsprüfungsgesellschaft, have been advising businesses, entrepreneurs and private clients for over 30 years. Our strength is based on our interdisciplinary approach combined with a focus on special areas. For our clients, this means expertise provided by tax consultants, auditors and lawyers working together as integrated teams. Besides M&A transactions, other special areas include in particular:

- Taxes
- Annual audits
- Family office
- Succession
- Foundations
- Real estate
- Value added tax

Our clients operate regionally, nationally and globally. Internationally, we cooperate with DFK International, a worldwide association of independent accounting firms and business advisers. For nearly 50 years, DFK International has been attending to the needs of clients that have multinational operations across borders. The worldwide association now spans more than 300 offices in 91 countries.



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