

M&A

process & preparation
in practice

process summary



STAGE	PURPOSE	DOCUMENT RELATED & NOTES
MEET & PITCH	Initial assessment by Buyer: if Target meet investment criteria/thesis (product/market/customer/team/IP)	<ul style="list-style-type: none"> • NDA • Introduction of Target
TERM SHEET/LETTER OF INTENT (LOI) NEGOTIATION	Agree key commercial term of transaction <ul style="list-style-type: none"> • Valuation method • Term to protect buyer (CP, rep. & warranty) • Process & timeline 	<ul style="list-style-type: none"> • General finance, legal data (audited FS, forecast, BRC...) for quick assessment by Buyer • Term sheet/ Letter of Intent
DUE DILIGENCE (DD)	<ul style="list-style-type: none"> • To verify and support valuation adjustments (if any) • Identify key risks to factor in SPA (next stage) 	<ul style="list-style-type: none"> • Detailed financial, tax, legal, HR, operation information
SHARE PURCHASE AGREEMENT (SPA) NEGOTIATION	Final legal bound by both Buyer and Seller. Key terms was fed by: <ul style="list-style-type: none"> • Agreed term sheet/LOI • Findings from DD 	<ul style="list-style-type: none"> • SPA
CLOSING ACTIVITIES	Any activities agreed in SPA to make the Target ready for Buyer to buy (i.e. restructuring, clearing CPs)	<ul style="list-style-type: none"> • Depending on the actual activities
CLOSING/TRANSFER INTEGRATION	<ul style="list-style-type: none"> • Officially integrate bought company into the Buyer structure (mostly led by Buyer) 	
EARNOUT	<ul style="list-style-type: none"> • Seller receive selling amount 	<ul style="list-style-type: none"> • Completion of required document/action in SPA

what to prepare?

SELLER TO PREPARE

1. Attitude/commitment
2. Advisors (legal & finance)
3. Tax planning
4. Stakeholder management
5. Clearance of related parties

TARGET COMPANY TO PREPARE

1. Finance/Accounting
2. Tax
3. Legal + IP
4. HR

Finance, tax preparation

STAGE	WHAT TO PREPARE
MEET & PITCH	<p>to make Target ATTRACTIVE</p> <ul style="list-style-type: none">• Prepare both historical data + 3-5-year projection with an attractive story of product/market/customer• NICE NUMBER: big revenue, high growth, profitable,
DUE DILIGENCE (DD)	<p>WELL-PREPARED to reduce possibility of price adjustment</p> <ul style="list-style-type: none">• Strong, consistent data, analysis• Full tax compliance & issue clearance (tax audit done if possible)

Other related topics

1. Shareholding structure
 - Tax
 - Bypass legal obstacle
 - Quick closing
2. Avoid deal-breaker risks
 - Serious violate key deal motivations
 - Corruption, Fraud, Criminal activities
3. Earnout and earnout period
4. Non-compete

contact

HIẾU NGUYỄN

hieu@fme-consulting.com
+84 983 052 027
fme-consulting.com