

European M&A Summit Workshop
„Finding the Right Financial Partner“



Agenda

1. Financing Motives
2. Types of Financing
3. Private Equity / VC (Definition)
4. Potential Investors for your Company
5. Private Equity's Preferences
6. Major Criteria for a Private Equity Case
7. Selection of the Investor
8. Investment Process
9. Do's and Don'ts in Pre- and Post Investment Stage

Motives for Financing (Investment Case)

- Acquisition (financing buy-outs)
- Growth financing
- CAPEX financing
- Special Situations

Types of Financing (Examples)

- Equity (Entrepreneurs, Financial Partners e.g. VC/PE)
- Debt/Equity (leveraged financing, LBO)
- Going Public
- Mezzanine Financing
- Bank Debt
- Leasing
- Buy-and-Lease back

Definition of Private Equity / VC

Private equity is

- Money invested in companies that are not traded on a stock exchange
- Or money invested as part of buyouts of publicly traded companies in order to take the companies private (going private)

Where are the Potential Investors for your Company

- World wide close to 10'000 PE and VCs with individual preferences and investment policies
- Larger Investors often have international offices (proximity to the portfolio companies)
- To find the right partner is a matter of knowing the investor community
- To negotiate with the investors is a matter of understanding how they operate internally and externally

Private Equity's Preferences

- Investors look at opportunities they understand and
- business cases they can contribute to (smart money)
- Their strategy is guided by the fund's policy
- Matching the investor's preferences with the Company's requirements and profile is key to a successful investment process

1. Investment Size / Holding Period

- Minimum Investment
- Maximum Investment
- No. of Years Before Exit

2. Funding Stage Preferences

- Early stage (Seed, Start-up)
- Expansion
- Replacement
- Buyout
- Special Situations
- Pre-Bankruptcy

3. Industry Sectors (Examples)

- Communication, IT
- Biotech
- Medical/Health Related
- Energy
- Consumer related
- Industry Products
- Services
- Chemicals, Materials
- Manufacturing

4. Geographical Preferences (Examples)

- Europe / EU / Other / Eastern Europe
- Asia
- North America
- Spoken Language
- Within “n” hours of office

What Companies seeking Capital should look for:

- Priority 1: Cash
- Priority 2: Preferred type of investment
- Smart money
- Professional approach of investor
- Complementary skills / network / ...
- Good personality fit for team (“Do we want to work with this investor for the next 5 or so years?”)

Major Success Criteria for a PE case

- Compelling Business Case
- Management (Professional team, co-operative, competitive)
- Market (growth, competition)
- Product (USP, IP, characteristics)
- Potential (Development, cost, organization)

Selection of the Investor (Long List)

- Defining the business case (qualification – quantification)
- Matching the case with the investors' criteria
- Eliminate all non-matching investors
- Eliminate all investors you do not want (your own criteria)

The Investment Process (Phases):

- Preparation / Internal Pooling
- Communication
- Negotiation / Closing
- Post Investment

Phase 1: Preparation / Internal Pooling

- Analysis (Business Scenario, Financial Requirement, Milestones)
- Documentation of Business Case
- Fact Sheet, Memorandum

Phase 2: Communication

- Fact Sheet (anonymous)
- Memorandum
- Meetings / Pre-Negotiation
- Short List of investors

Phase 3: Negotiation / Closing

- LOI / Term Sheet
- Due Diligence
- Contract
- Signing / Closing

Do's and Don'ts in the Pre-Investment Stages

Do's

- Reliable negotiation partner
- Accurate communication
- Punctual
- Well prepared and documented
- Motivated

Don'ts

- Incoherence in communication
- Incoherence between team members
- Concealed facts discovered in the due diligence
- Tangled up in Complexity

Do's and Don'ts in the Post-Investment Stages

Do's

- Mutual respect
- Integrity
- Transparency
- Stick to your plan

Don'ts

- Lack of communication
- Conflict of interest
- Withhold important information

Thank you!

Besten Dank!

Merci!

BridgeLink AG (Headquarters)
Centralbahnstr. 7
CH-4002 Basel
www.bridgelink.ch
+41 61 206 90 90

BridgeLink GmbH (Subsidiary)
Gabriele Krause
Am Sandtorkai 66
D-20457 Hamburg
+49 40 2981 3388

BridgeLink Associate Offices

Graz, Austria
Ghent, Belgium
Tel Aviv, Israel

Regional Support

Philadelphia
Bahrain