



THE EC 3 STEPS M & A PROGRAM



Mergers & Acquisitions (M&A) refer to the management, financing, and strategy involved with buying, selling, and combining companies.

London, 2016

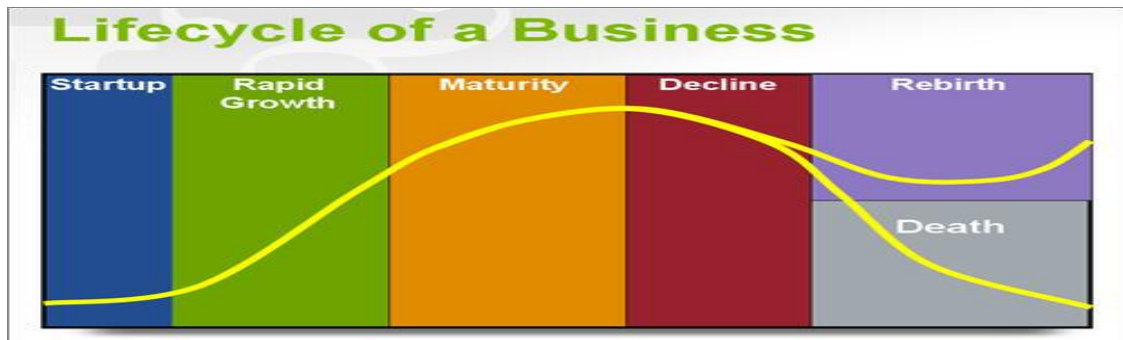
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INTRODUCTION

At Economic Consultants we have been working for more than 30 years helping companies and individuals handling Sales, Management Buy Outs and Acquisitions. We have a huge global network with Partners in more than 20 countries and even more Funders & Investors, enabling us to find support for companies in all sectors.

Different companies need different solutions and no case is the same. However there are some basic matters that are common to all and ALL Professional Investors have their set of criteria, which has to be met in order to get their attention. As for companies the same goes for investors they come in all sorts and shades. Some are willing to have a look at your case as you have prepared it; others demand a long range of items which have to be met before they even look at it.

In order for our clients to enable themselves to get into a position where they actually can present their project, get attention and achieve what they are looking for, we have established the ***EC 3 Steps M & A Program***.



We undertake assignments from companies in an early stage position to mature level including small to medium listed entities. However it is important for clients to understand where they are in their life cycle and what's needed to go to the market.

To help our clients understanding this very important issue, we have made a document called ***"Are You Ready for Investors?"*** If you want to be successful you have to make sure that you comply with the key points described, and that your documentation can survive all questions asked from any interested party.

There is little use going to the market only to experience being kicked out due to a sloppy prepared presentation and poorly underlying documentations. Solid preparations are the only way to success.

If a client finds it difficult to produce the required documentation we obviously are there to help, in fact in most cases we do. But we have also made it possible to manage most or all of it yourself by producing a number of Templates, which you can pick up from our web site for free. Some of our funding partners are also offering the same service and together we will deliver state of the art documentation.

Our M&A program is meant to fit all companies. You decide yourself what part of the program you would like to choose and we will carry out the different tasks for you.

When both parties have agreed to the scope, we will enter into an agreement ***"The EC M & A Transaction & Service Agreement"*** determining the steps and details for how we together shall achieve the goal set forth.

M & A PROGRAM

Since 2012, there has been a shift in the mergers and acquisitions (M&A) marketplace. Many economists and financial experts noted a decline in mergers and acquisitions volumes in 2012. To accommodate the changing market, traditional methods of conducting merger and acquisition transactions have been replaced by M&A auctions.

These auctions allow sellers to gain a full view of every potential buyer, enabling sellers to identify buyers that might otherwise go unnoticed. Seen from our point view this can be one alley to follow in accordance to our other well proven methods.

Also, in some cases, the auction process may require a large amount of time and effort from the company's management team. The time spent dealing with potential suitors and their requests often means there is less time for management to focus on running the business. Although this may be a possibility in other processes as well, the odds of this happening are increased significantly when more potential buyers are involved.

Our M & A Program consists of different options to choose from, depending on what the client is looking for and seize of the transaction. There is also a significant difference between early stage and a well-established company.

We are grouping this into three sections.



AGREE ON PROGRAM

The **First Step** in the process is to agree on program and anticipated transaction amount. Read our product presentation "[EC Funding Programs January 2016](#)" to decide where you will go if you need external funding to accomplish the deal.

Having determined program, we will agree on a time schedule, which again will depend on how well prepared the client is. It is important to have a realistic time schedule and amount in place, including the costs of funding.

SIGN PROGRAM AGREEMENT

When all details have been agreed and entered into the [EC M & A Transaction & Service Agreement](#), we are ready to move to the next step. This part is obviously of high importance since it includes the costs and timeframes involved. An important appendix to the F&S Agreement is the [EC Project Progress Plan](#). The PPP will be agreed and added to the F&S Agreement.

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CONDUCT DUE DILIGENCE

After we have gone through the documentation available, we need to perform a Due Diligence on the company.

The visit must be planned and paid for at least two weeks prior to the inspection. The Client will receive the *EC Index to Due Diligence Documents* enabling him to make preparations for the visit. He will also receive a draft program for who we need to meet and what we need to see.

PREPARE DOCUMENTATION

This is from the client's side the most demanding part of the process. A complete **Company Presentation**, an **Executive Summary** and a **"One Pager"** must be prepared as **Step 1**. We will also prepare a **Term Sheet** describing the details offered to the investors or buyers. A Shareholders Agreement will also be drafted and made available for the negotiations.

There are certain standards, which is required and we will not accept going to the market with documentation not living up to such a standard. Our templates are a good guidance and the Business Plan template, is the many time by the Financial Times rewarded as best BP presented.



APPROVE DOCUMENTATION

We will examine all documentation carefully and advice if improvements are necessary. We can always do this for the client and in our agreement the cost for all and any work taken on by EC is described. When we have all documentation ready we are set to go.

CARRY OUT CANDIDATE OR INVESTOR SEARCH

We have a number of resources to pick from when we are ready to present the client to the market. Nevertheless, as mentioned earlier no case is the same and sometimes, we may have a good picture on who the buyer or investor will be from the very beginning. Other times we will have to do a wider search in our comprehensive database.

The client must be prepared to spend everything from three to twelve months before we can close any deal. Most of the clients will be presented to one of the many well established funders out there to whom we have a trusted and long lasting relationship.

NEGOTIATIONS

The ideal situation is to be ending up with two or more potential candidates. Worst case is of course finding no one interested, and being left with one can be a challenge. However we will offer our experience and assistance and normally we will end up with a good and acceptable agreement for both parties.

COST AND FEES

We will always look at any case presented to us for free. We start with the potential client completing and sending us the [EC CIS for M&A Requests](#) (Company Information Sheet), together with your Company Presentation and, or Executive Summary. If we agree to carry on we will issue a NDA between us. After having done our KYC and the initial analyse, we will suggest a program, and in brief how we find it most likely to be able to find candidates for the project. All travel and accommodation cost will be paid by the client when and if necessary.

STARTING FEE

We are charging a minor starting fee. This is to cover the time we spend on going through the existing documentation and prepare the Project Progress Schedule.

The Starting Fee is minimum of GB£ 10,000.

DUE DILIGENCE COST

Performing a commercial due diligence is quite a demanding and big process. It will take from three to five days plus travel time. It ends up in the [EC Due Diligence Report](#). This document will be together with other findings prior to and under the visit, used to prepare the necessary Sales Documents. The cost is GB£ 30,000.

RUNNING COST / RETAINER

During the process lasting from three to twelve month's we will be charging a retainer of GB£ 10,000 for the first month. The retainer covers 36 hours work per month. If spending more than 36 hours, a fee of GB£ 300 per hour will be added. For the time after the first month and until closure a monthly fee of 5,000 GB£ will charged.

If more than one partner is involved the fees will increase. Time spent beyond the estimated Project Progress Schedule will be invoiced according to our agreement.

If the client follows our procedures, we will normally be able to present the client or file the application within a three months' time frame.

However far too often we see the client in need of more time than initially agreed. If that becomes the cases a redraft of the time schedule must be agreed. The client can cancel the agreement any time after the first two months period with one month notice. The client can reinitiate the process again at some other time in the future or terminate the agreement permanently.

SUCCESS FEES

We will charge a success fee of minimum 1 to 5% of the transaction value or amount raised. This is depending on the amount and complexity of the project. Equity in the same range or more as part of the success fee, will also be negotiated.

Starting Fees, Due Diligence Cost and Retainers will be invoiced and paid monthly up front. Travel Cost has to be agreed from time to time and approved by the client. If more time is likely to be needed, this may be arranged from the starting point.

PAYMENT TERMS

If more time than initially agreed for the retainer have been used, this will be calculated and added to next month's up front retainer; always in full understanding with the client.

The success fee will be calculated and invoiced when the agreement with the other party has been signed and the deal is completed. Payment due when payment is hitting the clients account.

HOW TO GET STARTED?

Just download from our website or write to us at info@economic-consultants.com to get the **EC CIS for M & A Requests**.

Complete the CIS and send it to us with your Company Presentation and we will have feedback for you normally within one week!

When filing the EC CIS make sure, you confirm or provide POF covering our fees. Furthermore that you have read the Product information,

 **“Ready for Investors”**

File today!! -- We are looking forward to be hearing from you!!!

