

## Corporate transactions

Preparation and execution of acquisitions, exits, fund raising, IPO's and employee ownership programs

**JONASFLORINUS.com**



# Not all corporate transactions are successful. Here are some useful considerations based on my own €7 bn of experiences of M&A transactions:

## Five key considerations at acquisitions or exits (small or large):

---

### Strength

- Successful acquisitions comes from expanding on your strengths or key relations.
- Fixing challenges through acquisitions will seldom work.

### Business case

- Strategic fit, business plan alignment and timing is key to a successful acquisition.
- A plan, summarized or exhaustive, is needed to stay focused at evaluations, negotiations and integrations.
- Spend a lot of time on due diligence. Drill deep.

### Integration

- Post-acquisition management attention and resources is key to value growth from acquisitions.
- Assuming the acquired company or staff will fit perfectly without senior management attention, mentoring and years-to-come of in-depth business discussions often leads to disappointments.

### Culture

- Soft values, people and behavior and 'our way'-s are as important as hard facts.
- Engage some of your strongest brand ambassadors in the organization helps build joint values and processes.

### Owner

- Timing.
- Values.
- Post-transaction plans.

# Getting corporate transactions right however makes good leverage for your business

## Acquisitions

- Can be **transformative** (new business line, improved technology, new market entry).
- Can be **tactical or pragmatic** (competence, resources, products, distribution acquisition).

Sometimes also organically grown companies can benefit from corporate transactions. Take advise however not to get carried away, for temporary resources or not to miss-out on value.



- Acquisitions
- Divestments
- Partnership divorces
- Employee ownership programs

## Divestments

- **Exits** (retirement, peak value under current entrepreneur).
- **Resource** driven (resource concentration, management attention, working capital, etc.).
- **ROE** driven (value divestment, mature businesses).

### Agreed preparations (proposed accelerated timetable)



### Differences between the two chosen shareholder exit options

Trade sales	Charteristics	Initial Public Offering ("IPO")
Balance sale of 50-100% of the company to private equity or to a competitor (operator).	35-40% net of public stock listing (capital injection to SEC combined with share divestment).	Strategy, management/organization, exit plan, and active marketing, advisors appointed.
Strategy, management/organization, exit plan, and active marketing, advisors appointed.	Preparations	Marketing & sales followed by process execution and integration and due diligence.
Marketing & sales followed by process execution and integration and due diligence.	Exit process	5-10 MSEK
5-10 MSEK	Total cost (initial)	5-25 MSEK
Multiple options to current owners, Exit plan, and active marketing, advisors appointed.	Price	Multiple options to current owners, Quality stamp.
Minimum 1-2 years lock-in of key executives.	Costs	Strong positive liquidity of the company and general public economic.

## Partnership divorces

- **Retirement** or **business split** is not uncommon and a partner buy-out can be arrangement with different structures (company funds, shareholder funds, external financing or investors).
- **Disagreements** on future direction can sometimes result in a partnership divorce.

### Share buy-back

**"Bond emission"**

- Minor part of the 42.8 MSEK in retained profits (free equity) to equity that is currently only 0.5 MSEK.
- AI and BI proposes a 3-3 MSEK transaction.

**Share buy-back**

- ISEC proposes to re-purchase and reacquire shares valued at 5-6 MSEK from AI and BI.
- Equity and liquidity will decrease with 6 MSEK.
- Other shareholders ownership will increase somewhat (with less number of shares in the company).

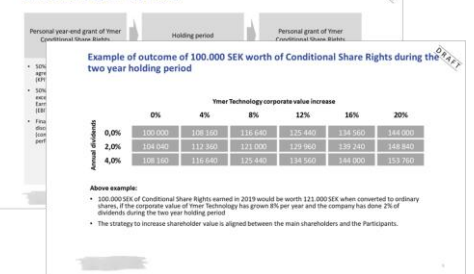
**Important notices:**

- Proposed transactions assumes ISEC can be valued at 100 MSEK for the numbers will have to be re-calculated accordingly. Please see slide 7.
- The Board of Directors has a particular strong personal responsibility and liability of value transactions with related parties, i.e.
  - A third party valuation and complementary annual reports advised.
  - The CEO and the CFO is advised to sign-off that the transactions are reasonable under the company's financial and ongoing business.
  - The Board is advised to sign-off that the transaction are reasonable under the company's financial and ongoing business.
- A legal advisor is advised to sign-off the transactions in providing the documents and advice to company and the Board of Directors.

## Employee ownership programs

- **Key staff** retention or key employee attraction will sometimes have to include an executive ownership program (that may not be as dilutive on shareholding as entrepreneurs and shareholders often fear).
- **Pre-IPO preparation** for some of Nasdaq's listings can sometimes benefit from an employee ownership program to spear-head into required shareholder base for a listing.

### Share Owner Program - key features



# Preparations starts well before the actual transaction

---

- **Founder, entrepreneur preparation and considerations:**
  - Intention, purpose, goal, targets.
  - Alignment test with the corporate strategy.
  - Personal considerations.
- **Pre-transaction preparation:**
  - Financial order and structure.
  - Management group changes if needed (limit any owner dependency, strengthen weak positions).
  - Check and ensure all formalities (suppliers, customers, orders, employees, brands, licenses).
  - Step-up marketing in selected areas. At minimum update the web page to next level standard.
  - Various other financial and business value improving preparation 1-2 years ahead.
- **Transaction preparation:**
  - Preferred structure and tactics.
  - Valuation.
  - Advisors.
  - Company presentation.

*Preparing a corporate transaction is like most other projects being planned (goal, targets, structure, time plan, resources, critical success factors, risks, timing).*

---

## *Common early-stage exit questions from founders and entrepreneurs:*

*When shall I sell my business?*

*Family transformation or external sale?*

*Shall I keep parts of the shareholding?*

*How does a due diligence work?*

*Which companies are easiest to sell?*

*How long does a divestment process take?*

*How much is my business worth?*

*Can I do something now to improve likelihood of a transaction?*

*Who buys companies like mine?*

*What alternatives do I have?*

*How important is timing?*

*How does a valuation come together?*

*My competitors shall not know, can we ensure that?*

*How do I deal with invitations to discuss a possible transaction?*

*Who are the best advisers for me?*

*How much will a transaction cost me?*

*Share sell or asset sell?*

*When and how do I get paid?*

*How long do I have to or can request to stay on as shareholder?*

*What shall I do ones the transaction is made?*

*Can I stay on the Board after the sell transaction is made?*

*Will it be beneficial if a re-invest some of the sell proceeds.*

*Anti-competition clauses needed?*

# Most transaction processes follow similar patterns while strategic considerations, tactics and useful networks and connections makes a big difference to the end result

Transaction preparation:

- 1 **Preferred structure and tactics.** Discuss and agree on pros and cons with different alternative structures and how to set your path in motion.
- 2 **Valuation.** Make a preliminary valuation to set expectations right.
- 3 **Advisors.** Depending on transaction size and complexity you may need advisors onboard (auditor, lawyer, transaction advisor helping with process, tactics, materials).
- 4 **Company presentation.** Prepare a transaction presentation based on latest financial reports, latest business plan etc.

Presentation:

- 1 **Marketing** pre-acquisitions or exits. Confidential pre-marketing, teasers and one-on-one meetings with potential buyers to build interest and to test waters.
- 2 **Transaction presentation.** Distribution of teasers, full transaction presentations, Q&A and eventually management presentations.

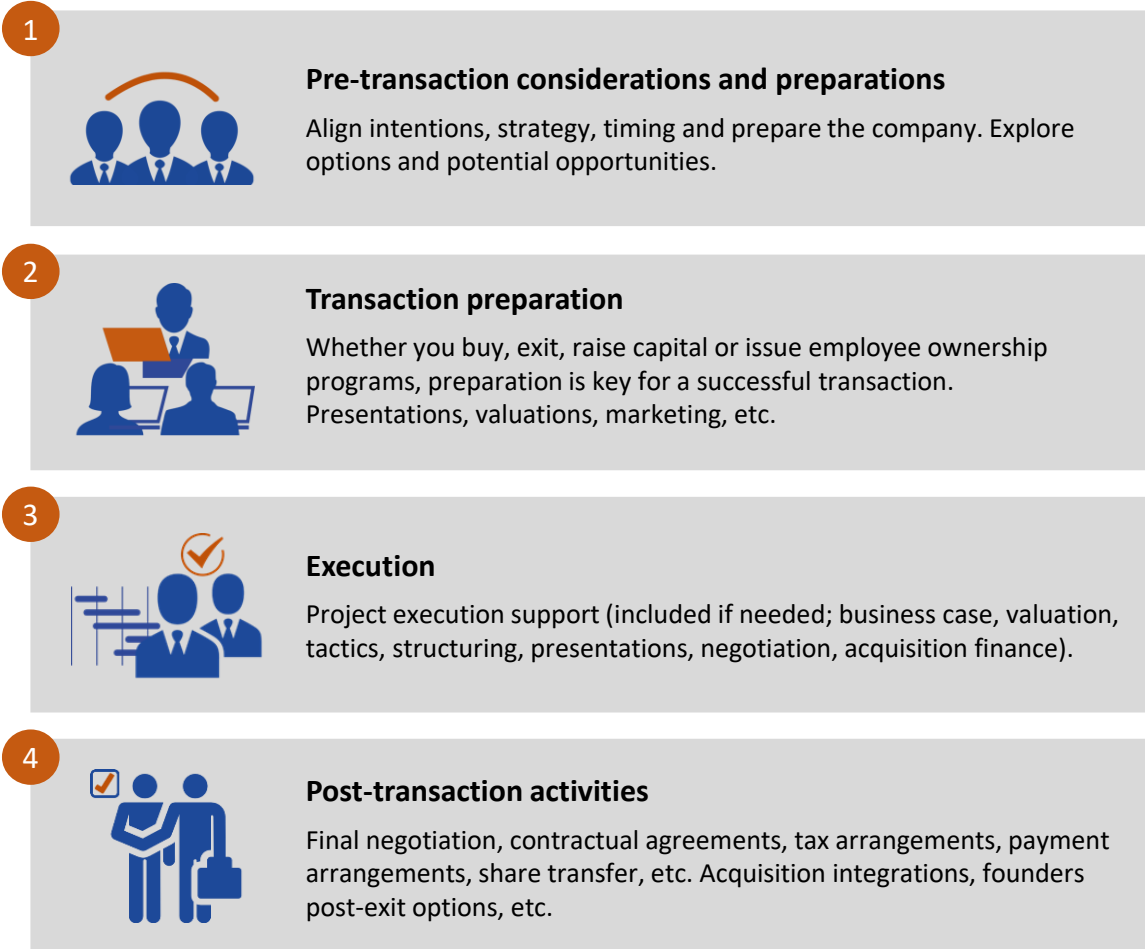
Negotiation:

- 1 **Bidding process and negotiation** at acquisitions or exits. Guiding, bidding process and formalities, negotiation, pricing.
- 2 **Letter of Intent and Due diligence.** Verification or information, asset and contract inspections, pricing assumptions, etc.

Execution:

- 1 **Share purchase agreement, payment agreements, etc.** Final negotiation, contractual agreements, tax arrangements, payment arrangements, share transfer.
- 2 **Post-closing** work. Public presentation, remedies of any problems, add-on payments or guarantees, Board representations or advisory roles, personal priorities.

# Call to action – acquisition, exits, employee ownership programs:



I have more than €70 bn of personal corporate transactions experience,.

- Strategy, positioning, equity stories.
- Market research, partner identification.
- Investment scanning and business cases.
- Valuation and fairness opinions.
- Transaction advise and structuring.
- Negotiation and execution.

I would be honored to discuss any ideas or questions you may have.

*Give me a call, lets talk!*

**JONASFLORINUS.com**

## **Attachments:**

References and contact details

## References

Founders, owners and investors:



**Matias  
Aphram**  
*Saldo*

Jonas is an investment to us and a safety-net during our growth. Jonas guides us in our decisions and ensures that we always stand on our toes.



**Lotta  
Byström-Eek**  
*Cryex*

Working with Jonas is great. Available, supportive, hands-on and with an extensive list of useful connections.



**Michael  
Byström**  
*Ymer Technology*

We have great benefits with Jonas as an advisor with the growth that we have. Articulated and not afraid to express his opinion.



**Michael  
Ingelög**  
*Investor*

It's great to work with Jonas.  
A game-changer.  
Highly recommended.



**Lars  
Josefsson**  
*Investor*

Jonas is distinct and efficient as an advisor with good understanding also for the technical challenges.



**Hans Lager**  
*Team Tråd & Galler*

Jonas has wise and discerning advice on complicated issues.

Proud, trusted partner to founders, owners, entrepreneurs and private and institutional investors.





*Don't hesitate to give us a mail or a call should you have any questions:*

## **JONASFLORINUS.com**

Address: Grev Turegatan 18  
114 46 Stockholm  
Sweden

Mail: [info@jonasflorinus.com](mailto:info@jonasflorinus.com)

Phone: +46 70 539 65 70

Web: <https://JonasFlorinus.com>