

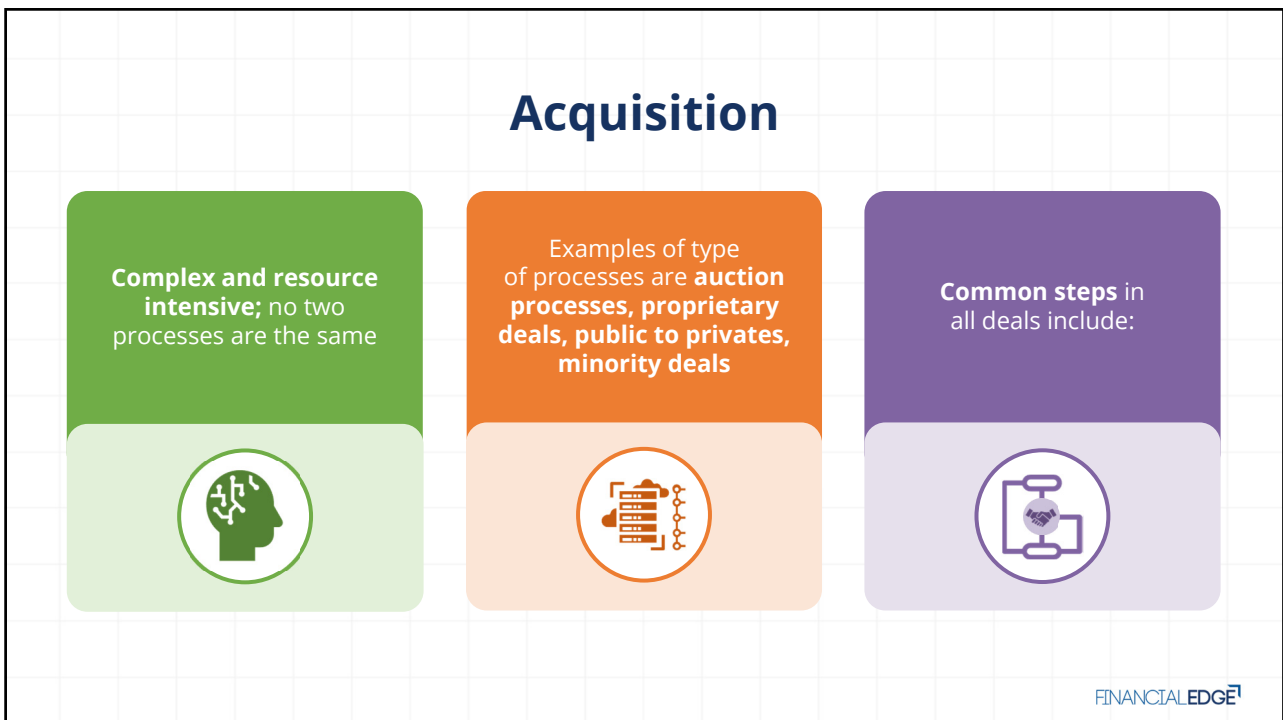


The PE Acquisition Process

FINANCIALEDGE⁷A decorative header featuring a light green grid background. On the left, a purple semi-circle contains icons of a money bag with a dollar sign and a stack of coins. In the center, a purple semi-circle contains a bar chart icon. On the right, a green semi-circle contains a line graph icon with an upward arrow.

The Acquisition Process





Acquisition



Common steps in all deals include:



Sourcing



Due Diligence



Valuation & Pricing



Financing



Structuring



Negotiation of Legal Documentation



Closing

FINANCIALEDGE⁷

Sourcing & Screening



SOURCING



Internal

Research by **investment professionals**



External

Advisor and business **network**

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SCREENING



Internal Steps

Creating **pipeline tables and screening profiles** to see whether they are a realistic fit with the PE firm's mandate including **size, sector, geography, type**



External Steps

Information gathering from **advisors and available information, contact with the vendors**

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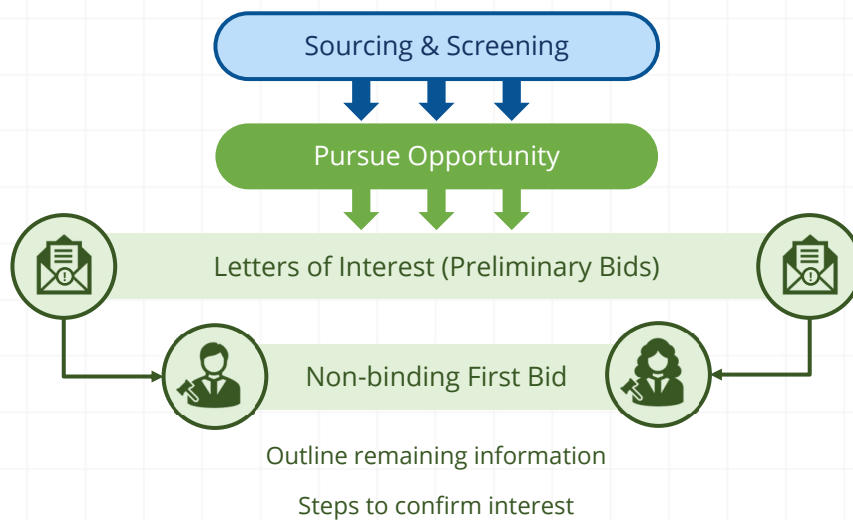
FILTER FUNNEL

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Due Diligence Process & Bids

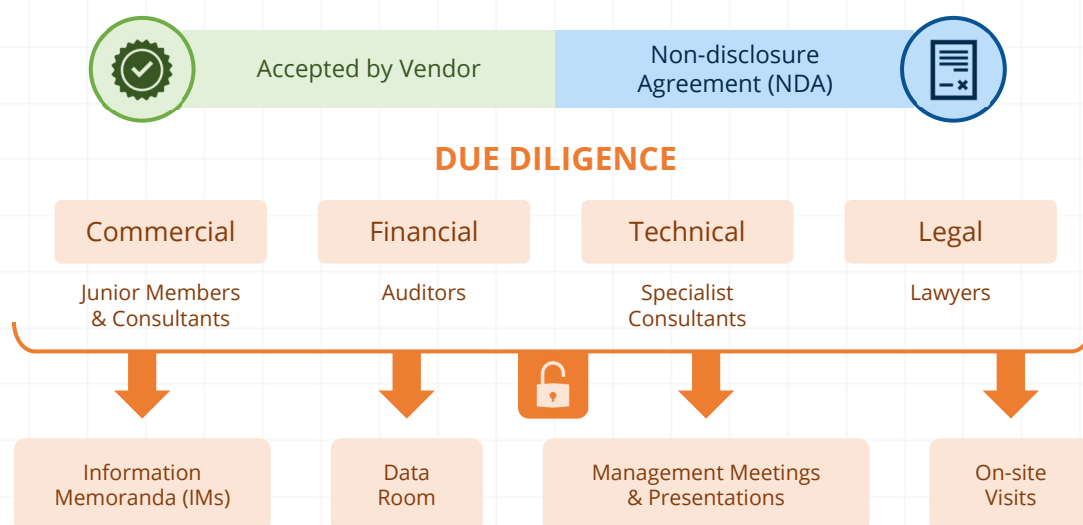


Approaching the Opportunity: Letters of Interest



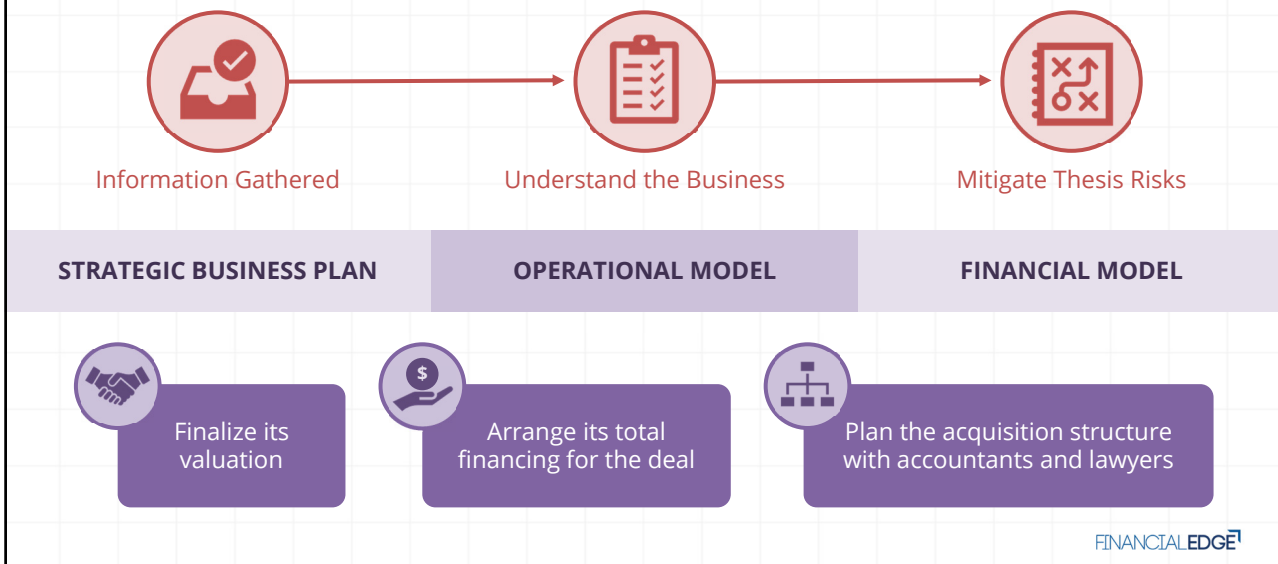
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Strategic, Operational Due Diligence



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Strategic, Operational Due Diligence



Auction Processes



Auction Processes – Due Diligence



Formal – Run by a Sell-Side Investment Bank

Information provided to bidders by selling party and advisors:



Information
Memorandum

(Investment Bank & Vendor)



Commercial &
Financial Due Diligence

(Consultants & Auditors)



Rely on own Due
Diligence undertaken

(External Advisors)

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Auction Processes – Bids



Letter of Interest

Introducing itself

Explaining its interest
in the investment



**Non-binding
First Bid**

Give the vendors an
idea of valuation

What due diligence
needs to be done



**Binding 2nd
Confirmatory Bid**

Final confirmatory due
diligence items

Legally agreed period

Full access to the target to
complete its work

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Closing



Confirmatory due diligence,
financing and structuring
during exclusivity period



Agreements with
Management team
(MIP or Management
Incentive Plan)



Negotiations and
signing of legal
documentation



Wiring of funds
(using financing and
structure), transfer
of ownership and
closing the transaction

