



EnterGermany

Market Entry Services



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Market Entry by M&A

A Brief Service Description

Market Entry by Mergers & Acquisitions

With the purpose of reducing market entry risks, Mergers & Acquisitions (M&A) can be a suitable and fast way to access the German market. The German *Mittelstand* (SME sector) is home to many high-tech companies with global engineering and innovation leadership, offering a stream of investment opportunities for various reasons:

- Succession issues, as the younger generation is ill-qualified or reluctant to take over the family business
- Expansion plans, requiring additional financial resources
- Stressed companies, with high-quality products but lack of financial stamina

Consequently, there is significant demand in the German SME sector for committed long-term equity investors with

- Investment horizon of up to 10 years
- Ability to do transactions with limited or no debt financing (i. e. moderate but stable front-end cash-on-cash yields of around 10% in return for a back-ended refinancing or opportunistic exit)
- Entrepreneurial interest in developing *Hidden Champions* with world-class products

Objective of the Service

With its uniquely complementary skill set, GCI and **Enter**Germany offer the most comprehensive and professional service to ensure the client's goals are met. Together, we will utilize our extensive networks and local expertise to find and contact suitable target companies that meet the client's investment criteria and represent a valuable investment case.

In addition **Enter**Germany and GCI can offer the following advantages to their clients:

- Access to a broad network of small and medium sized enterprises across Europe
- Direct access to key decision makers
- Qualified and interdisciplinary team of senior professionals
- In-depth transaction expertise, both in M&A and corporate finance
- Detailed knowledge of all regulatory and legal requirements of investing in European businesses and supervising them
- Experience in servicing foreign investors wanting to invest in Western Europe
- Access to a wide network with external experts, business associations and authorities
- Special expertise in the market entries of companies from the BRIC countries
- Coverage of the complete market entry process (market analysis, strategy development, company formation, strategy implementation, marketing support, project management and controlling)

Advisory Approach

Brokerage

GCI and **EnterGermany** will screen the market and identify attractive corporate investment opportunities. As part of the assignment, we would:

- Use our broad network to source attractive investment opportunities
- Initiate contact with the seller
- Support our client with initial introductory discussions with all related parties

Advisory Services

GCI and **EnterGermany** will provide advisory services to the client, covering the following aspects:

- Contact the seller or target, if not already happened
- Provide M&A and corporate finance advice (structuring of acquisition process, incl. due diligence, valuation and negotiation of contractual agreements)
- Support in setting up necessary infrastructure in Germany (if required)
- Take a board seat on the acquired company to represent interest of the client (if desired)

Remuneration

We put great emphasis on delivering services of the highest quality standard and integrity. In addition, it is of importance to us to provide you with a fully transparent and risk-balanced remuneration scheme, which provides all parties with a high degree of incentive to make the partnership a success.

In line with industry standards, we propose the following remuneration schedule, based on a fixed and a variable component:

Brokerage

A monthly retainer to cover the efforts for screening the market for attractive investment opportunities and making available our entire business network to the client (Itemized costs (e.g. travel costs) are to be reimbursed separately.)

The Retainer is 50% offsetable against any applicable Success Fee.

Advisory Services

For the support of a corporate acquisition (M&A) or structuring of a JV, we work on the basis of billable hours, plus cost cover.

The total Advisory Service Fee is 50% offsetable against any applicable Success Fee.

Success Fee

In case a company is identified and acquired (either directly or indirectly through a JV), an agreed success fee schedule shall apply, depending on the size of the transaction value (TV)

Further Information

If you are interested to learn more about the German M&A market and respective opportunities, please contact us and we will provide you with additional information.

About **EnterGermany**®

EnterGermany® is the market entry service offered by the German Center for Market Entry (GCME).

As specialist for market entries the GCME conducts research and constantly generates state-of-the-art knowledge on strategies and critical success factors. This crucial knowledge is shared with advised companies from all around the world that enter the German or European market. As the GCME combines theory and practice, our clients cannot only trust our advice but also delegate their market entries to our project managers. We are committed to our clients' success. Therefore we try to assist our clients as if we were a part of their company. Through our innovative all-inclusive approach which combines physical with online-based advisory and project management services each client gets a unique service package tailored to his individual requirements and budget.

Request for Proposal

In case you wish to receive an individual service offer for your planned market entry, please do not hesitate to contact us.

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