






DISTRESSED TRANSACTIONS FOR BUYERS



ARE YOU READY?

A. Before Signing

STAKEHOLDERS / APPROVALS

-  Internal Approvals, Team, Structure Preferences
-  Financing
-  Pension Trustees
-  Key Suppliers / Customers / Consumers
-  Merger Control
-  Insurance – W&I / Existing Policies

TARGET / INTEGRATION

-  DD – Key Assets
e.g. IP, People, Contracts
-  IT Architecture
-  HR Strategy

B. Deal Structure and Timing

SIGNING AND COMPLETION

C. After Closing

 Post Completion DD

 Integration

 Synergies

 Problems

 Informal Contact

 Formal Process

 Likely Deal Terms

 Likely Post Deal Adjustment / Recourse / Support

A. Before Signing

Internal Approvals and Team

<input type="checkbox"/>	pre-approvals, amber light
<input type="checkbox"/>	final briefing and sign-off pack and process, expedited process
<input type="checkbox"/>	listing Rules tests, draft announcement, Sponsor views etc
<input type="checkbox"/>	internal team and roles / agility, external advisors
<input type="checkbox"/>	preferred structure e.g. bolt-on to existing investment / business unit

Financing

<input type="checkbox"/>	existing facilities, thresholds, consents, security / materials required by lender
<input type="checkbox"/>	additional facilities / bridge financing, use of accordion

Pension Trustees

<input type="checkbox"/>	early notice and process for trustee sign off
<input type="checkbox"/>	pre-agreement of various structures e.g. additional security

Key Suppliers / Customers / Consumers

<input type="checkbox"/>	soft contact / pre-approval
<input type="checkbox"/>	impact on buyer supply chain / customers

Merger Control / Other Regulatory Approvals

<input type="checkbox"/>	per category analysis, market share data
<input type="checkbox"/>	other regulators? FCA (if consumer credit provided)? etc

Insurance

<input type="checkbox"/>	market products e.g. synthetic cover
<input type="checkbox"/>	existing insurance (in target, in buyer)

DD

<input type="checkbox"/>	must have list, e.g. key IP ownership / infringement, key property title, sight of key contracts, minimum financials, site visits / operational inspection
<input type="checkbox"/>	CV-19 specifics – financing, inc use of govt bailouts, tax / rent deferrals, furloughing, rent deferrals, risk assessments, H&S, compliance incidents etc.
<input type="checkbox"/>	no-go list, e.g. compliance issues
<input type="checkbox"/>	policy on competitor information (clean room etc.)
<input type="checkbox"/>	minimum scope required for W&I products and financing

IT Architecture

<input type="checkbox"/>	clear map of own structure, existing licences
<input type="checkbox"/>	strategy for key issues e.g. need for third party consents

HR Strategy

<input type="checkbox"/>	integration (and restructuring) plan
<input type="checkbox"/>	communications

B. Deal Structure and Timing

Informal Contact

<input type="checkbox"/>	existing connections, intermediaries, insolvency practitioners
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Formal Process

<input type="checkbox"/>	auction, establish credibility as buyer, compressed timeline, take it as you find it
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Deal Terms

<input type="checkbox"/>	sale by shareholders or by administrators
<input type="checkbox"/>	asset deal possible (so multiple consents needed – landlords, contracts etc., TUPE transfer, TOGC and tax assessment needed, corporate entities/liabilities largely left behind)
<input type="checkbox"/>	complete immediately

Post-closing Adjustments / Support / Recourse

<input type="checkbox"/>	no completion accounts or locked box
<input type="checkbox"/>	little or no warranty protection or recourse on seller
<input type="checkbox"/>	no transitional services support

C. After Closing

Post Completion DD

<input type="checkbox"/>	modified review and reporting process – what is important?
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Integration

<input type="checkbox"/>	people, management incentive / equity plans (maybe linked to success of integration), contract novations, IT, IP registrations, compliance
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Synergies

<input type="checkbox"/>	revenue – shared / new customers
<input type="checkbox"/>	costs – procurement wins etc.

Problems

<input type="checkbox"/>	readiness
<input type="checkbox"/>	plan around key risk areas (e.g. regulator engagement)