

The Black Box Institute

Sell-Side Mergers & Acquisitions

Phase 5: Closing

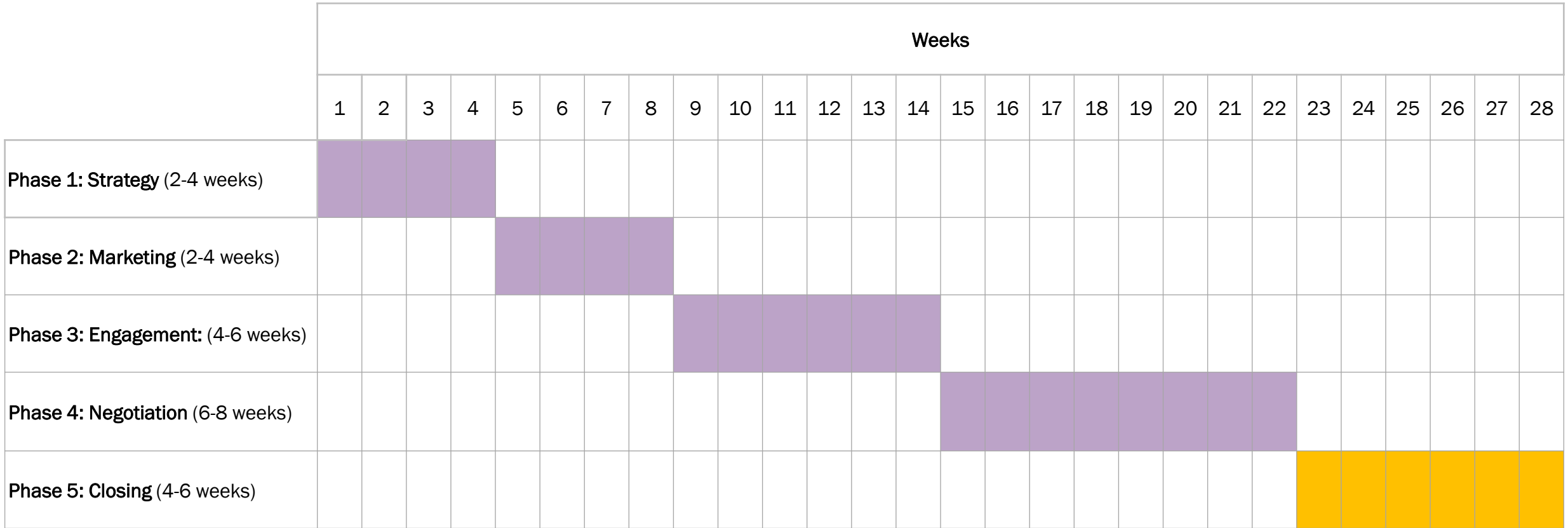
## Introduction

Mergers and Acquisition (M&A) transactions describe the process of consolidating two separate entities. There are a variety of reasons why a company may decide to sell in an M&A transaction, ranging from strategic advantages to illiquidity and distress. The sell-side process describes the M&A transaction from the perspective of the seller. This five-part M&A series describes each of the distinct phases of the Sales Process: Strategy, Marketing, Engagement, Negotiation, and Closing. The overall timeframe for this process is 18-28 weeks.





4 - 6 Week Process



*18 - 28 Week Process*

1

Provide additional detailed information

The first step of the closing process involves the provision of additional information regarding the deal. This may include information such as any additional agreements that may be included on the sale separate from the original purchase and sale document. Examples may be transitional service agreements, non-competition agreements and vendor financing agreements.

1

Select and notify a winning bidder

The second step of the closing process involves a thorough review of all bids on the deal. Various factors go into selecting the right bidder, which is dependent on your goals and aspirations for the company post-deal. Furthermore, the structure of the acquisition payment should also be considered, with equity possibly being a part of the final agreement.

1 Negotiate transaction structure, compensation, representations, warranties, covenants, etc.

2 Finalize definitive agreement

After selecting the final and winning bid, the company will negotiate the finer details of the deal. Crucial and heavily negotiated issues on the sell-side include the scope of representation and warranties. These are clauses in the agreement that cover indemnification of the sell-side party, as well as information provided to the buyer for due diligence and valuation purposes.

Upon final agreement of the deal, the two parties enter into an exclusivity agreement, where the sell-side agrees not to pursue further negotiations or solicit interest from other buyers.

1

Provide a fairness opinion (if required)

2

Obtain approval from the Board of Directors

After entering into the exclusivity agreement, the sell-side may provide a fairness opinion from a third party, such as an investment bank, if requested from the buyer. This is a professional evaluation on whether the terms of the deal are objectively fair to each party. Approval from the board of directors will be solicited after the buyer has completed their due diligence, signalling the start of the signing process.



1

Sign and execute definitive agreement

The signing of the document occurs after the terms of the definitive agreement as well as any other important ancillary agreements are satisfactory to both parties. At this point, the signing occurs, and the deal is completed. However, closing may not occur immediately, and the parties may agree to “close” after certain actions are undertaken, such as necessary filings and communications.



Post-closing procedures are undertaken to ensure a smooth transition process. This includes communication of the merger or acquisition to stakeholders, including internal stakeholders such as employees, which is important in ensuring they sign employment agreements with the new ownership. Regulatory filings such as taxation documents may also be provided, and final shareholder notification and approval of the deal is obtained.

Dear reader, we have created a survey intended to help your organization assess its M&A strategy.

Please fill out the survey and we will get back to you shortly with preliminary results!

**Assess my organization's  
M&A readiness**

# TBBI Transaction Services:

## Selected Experience

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# Selected Transaction Experience

Phase 1: Strategy

Phase 2: Marketing

Phase 3: Engagement

Phase 4: Negotiation

Phase 5: Closing

Financial Advisor



Strategy and Financial Advisor



Strategy and Financial Advisor



Financial Advisor



Financial Advisor



Financial Advisor



Financial Advisor



## Full Transaction Pipeline

Financial Advisor

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**investeco**  
CAPITAL

has sold an equity interest in

**LOTEK**  
WIRELESS  
FISH & WILDLIFE MONITORING

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 The Black Box Institute

Strategic Advisor to the Executive Management Team

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**COM DEV**  
INTERNATIONAL

has sold its equipment business to

**Honeywell**

for

CDN\$472,000,000

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Financial Advisor

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**COM DEV**  
INTERNATIONAL

has acquired

**MESL**  
microwave

for £12,100,000

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**COM DEV**  
INTERNATIONAL

has acquired

**PWS**


for USD\$23,000,000

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 **SUSTAINALYTICS**

got partially acquired by

**MORNINGSTAR**

for EUR\$55,000,000

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 The Black Box Institute

## Selected Transaction Experience

Financial Advisor

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has acquired  
TCS Inc.

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Financial Advisor

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True Risk Incorporated  
was sold to  
**SUNGARD**<sup>®</sup>

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Financial Advisor

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share reorganization

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Financial Advisor

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has acquired  
Gould Industrial  
Automation Systems

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Financial Advisor

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Equitable Bag  
Was sold to a  
management of

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Financial Advisor

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has acquired



Financial Advisor

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share reorganization

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Financial Advisor

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Transatlantic  
Marketing Group Inc.

share reorganization

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Financial Advisor

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Maclean Hunter  
European Publishing

was divested to  
  
(EMAP Plc at the time)

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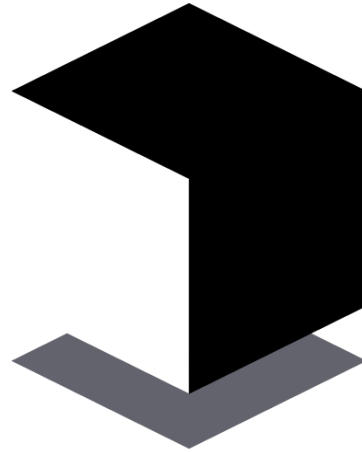
Financial Advisor

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Data Business Forms

was divested to a  
management-led  
buyout group

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