



M&A Board Simulator

Inhouse Workshop

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Board Simulator Concept

Entrepreneurial decisions in management ideally follow the same principles as the processes in the cockpit of a jet: structured processes in defined paths and close coordination within the team.

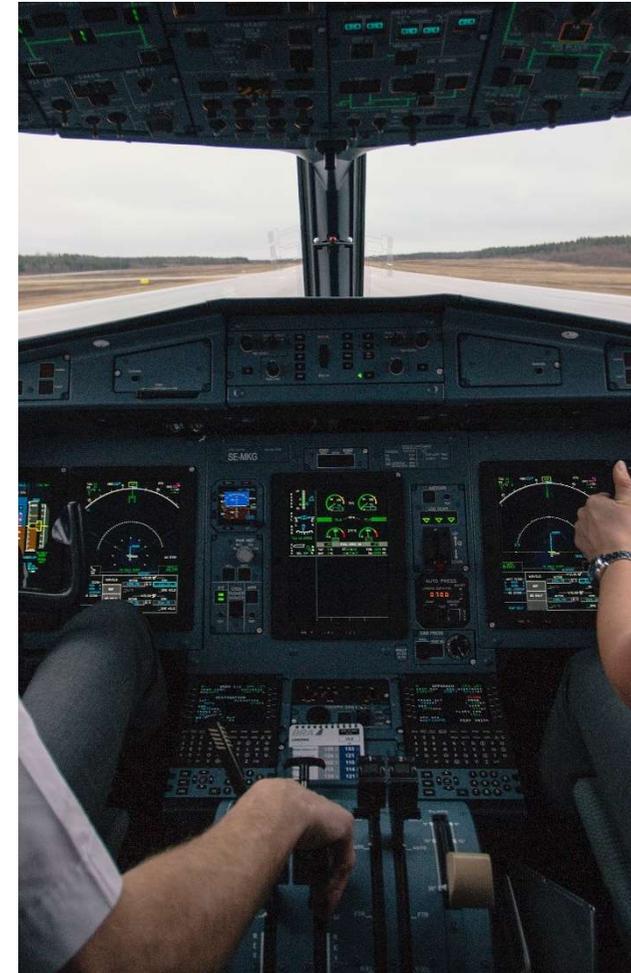
The Board Simulator Concept applies to this as follows:

Section 1: Theory

- Formal basis for the collaboration of corporate bodies in transactions
- Presentation of practical corporate finance solutions with focus on M&A and acquisition finance

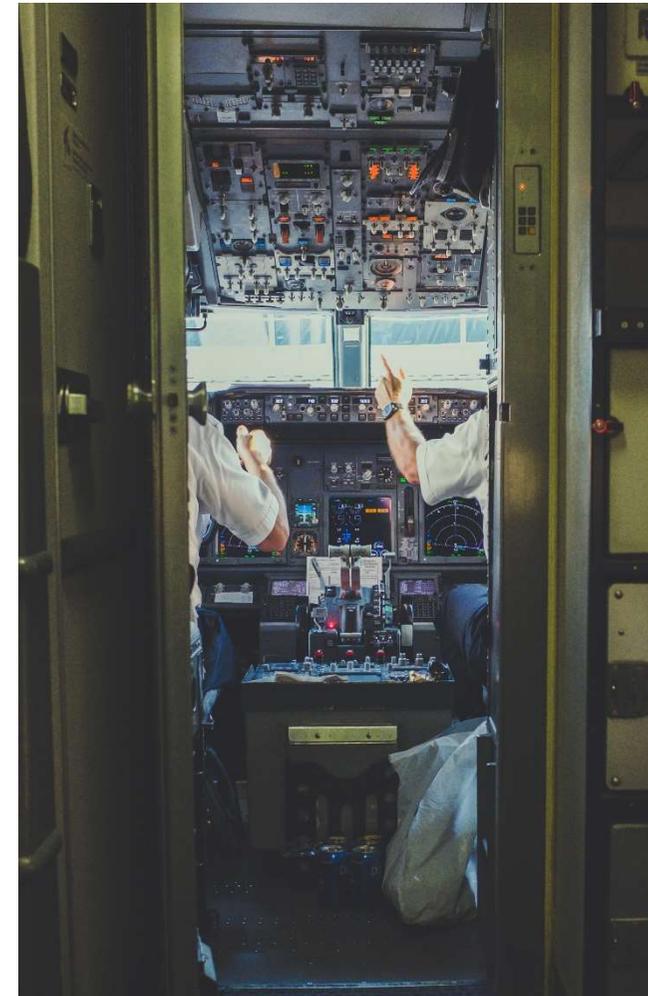
Section 2: Practice

- Case studies in light of section 1
- Changing perspectives of corporate bodies
- Feedback and deepening of theoretical know-how



Board Simulator Schedule

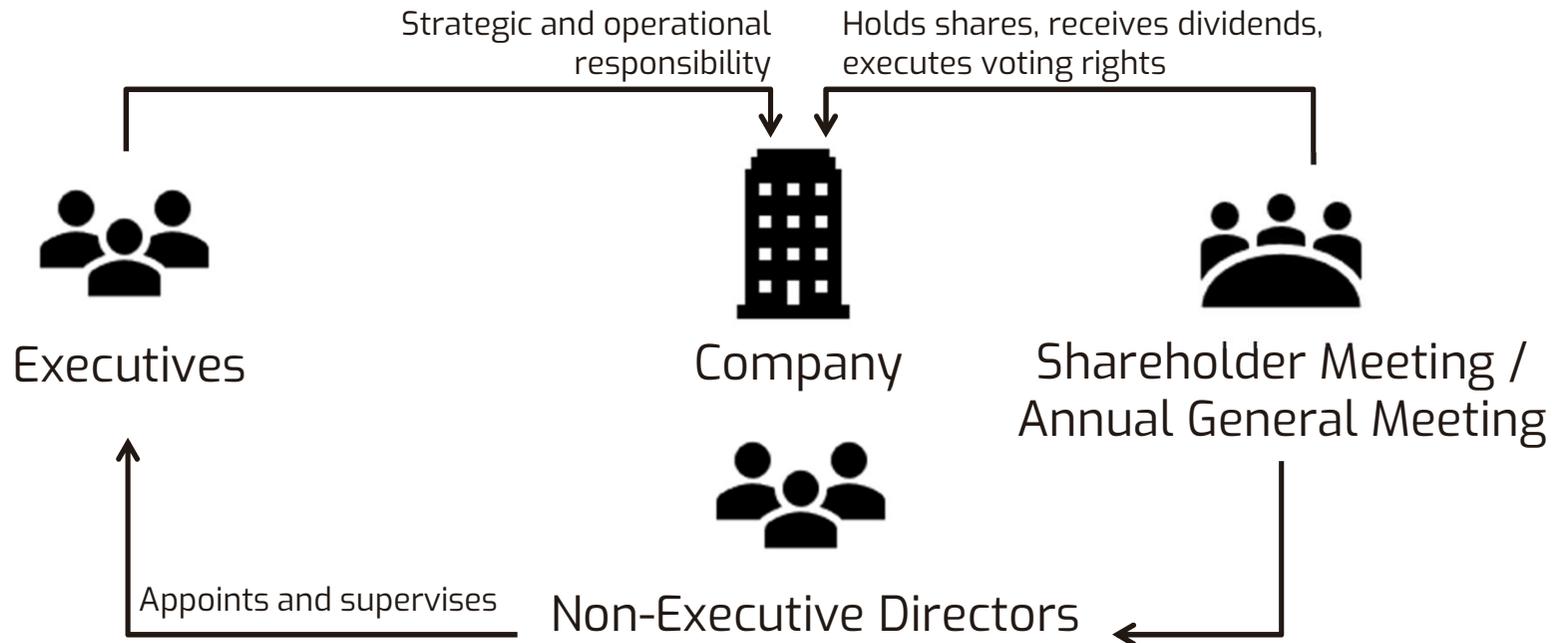
- **2:00pm till 2:45pm: Theory I**
 - Interaction between management / board of directors and supervisory board
 - Due Diligence and Business Judgment Rule in relation to Corporate Finance with a focus on M&A
- **2:45 till 3:30pm: Theory II**
 - Basics and solutions in Corporate Finance
 - Focus on M&A and financing inorganic growth
- **3:45pm till 4:30pm: Case Study I**
 - Preparation of case (3:45pm till 4:00pm)
 - Presentation and feedback (4:00pm till 4:30pm)
- **16.30 bis 17.15 Uhr: Case Study II**
 - Preparation of case (4:30pm till 4:45pm)
 - Presentation and feedback (4:45pm till 5:15pm)
- **17.15 bis 18.00 Uhr: Case Study III**
 - Preparation of case (5:15pm till 5:30pm)
 - Presentation and feedback (5:30pm till 6:00pm)



Theory I (Excerpt)



Organizational Basis



- The Executive Board is appointed by the Supervisory Board for 3 or 5 years and is in principle **in**dependent.
- Managing directors of a limited liability company are appointed by the shareholders' meeting or (if available) the Supervisory Board and **depend** on instructions.
- The Annual General Meeting is the central body of a stock corporation in which the shareholders exercise their rights; the AGM is the basis for fundamental decisions (e.g. sale of significant holdings/divisions with value from 10% of the assets).
- Shareholders' Meeting has basic competence; employment/service contract can only be changed to their consent. It may instruct the management to take or refrain from certain actions.

Focus on M&A: Public Takeover

1

Perspective: Management of Buyer

- Obligation to submit a takeover bid or mandatory take-over bid which displaces in principle the rules of ad hoc disclosure.
- However, if key figures of the bid and the offer price are not published in the notice, a separate ad hoc notification must be made.
- Ad hoc obligation requires the existence of insider information: sufficient probability required for the transaction to materialise (probability of occurrence >50%).
- Ad hoc obligation does not necessarily presuppose that:
 - financing is secured;
 - final decision level (already Lol is sufficient).

2

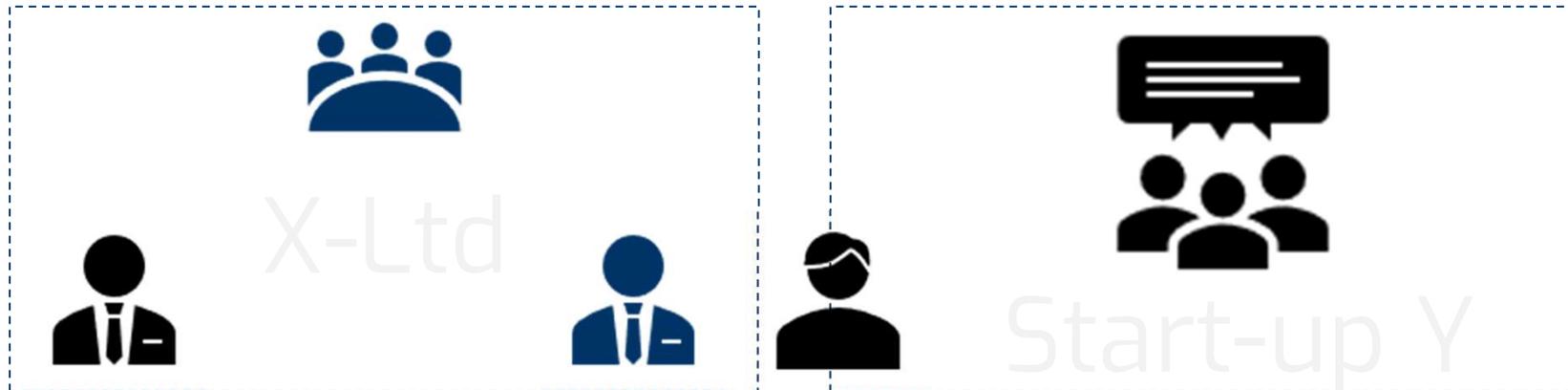
Perspective: Management of Target Company

- Obligation to comment on:
 - type and amount of consideration offered
 - future consequences of the take-over bid for target, employees, locations
 - the objectives pursued by the buyer
 - intention of the management and supervisory board to accept the offer (if they are holders of securities of the target company)
- Incorrect information provided by the management of the target company is a criminal offence as information on the company's value are generally a representation.
- Obligation to neutrality:
 - Failure to take any measures that could prevent the success of the takeover or compulsory offer (only shareholders should decide)
- Prohibited are in principle: acquisition of treasury shares, capital increases or issuance of convertible bonds for dilution, counter-offers, crown jewel defense

Case Study I (Excerpt)



Case Study I (Overview)



X-GmbH wants to grow inorganically. Its managing director A is approached by a consultant on the start-up Y, which from A's point of view only partially suits X – but to his personal interest in a private investment together with some friends. In addition, there are strong doubts as to whether the purchase price expectations correspond to the actual value and how financing by X-GmbH could be implemented at all.

- **What should A do to act formally correctly and meaningfully for X-GmbH?**
- **How should Managing Director B act when he happens to learn of the process?**
- **How can the Supervisory Board of X-GmbH ensure that it is informed?**

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