

# M&A DEALS CHEAT SHEET

by  
Bojan  
Radojicic



## THE ROLE OF THE BUY-SIDE:

- Increasing assets under management.
- Performing financial modeling and valuation.
- Conducting internal research on potential investment and financing opportunities.
- Identifying investors and recruiting capital to manage.
- Earning the most favorable risk-adjusted return on capital.
- Determining whether to buy, sell, or hold investments.
- Overseeing clients' money.



## THE ROLE OF THE SELL-SIDE:

- Advertising and selling securities.
- Generating liquidity for listed securities.
- Assisting clients with getting in and out of positions.
- Providing equity research analysis of indexed companies.
- Performing financial modeling and valuation.
- Advising corporate clients on major transactions, mergers and acquisitions.
- Creating and building relationships with new businesses and corporations.
- Facilitating increasing debt and/or equity.



## Financial analysis of target

Define scope for review e.g. 3-5 years

Financial statements

Standalone positions in financials

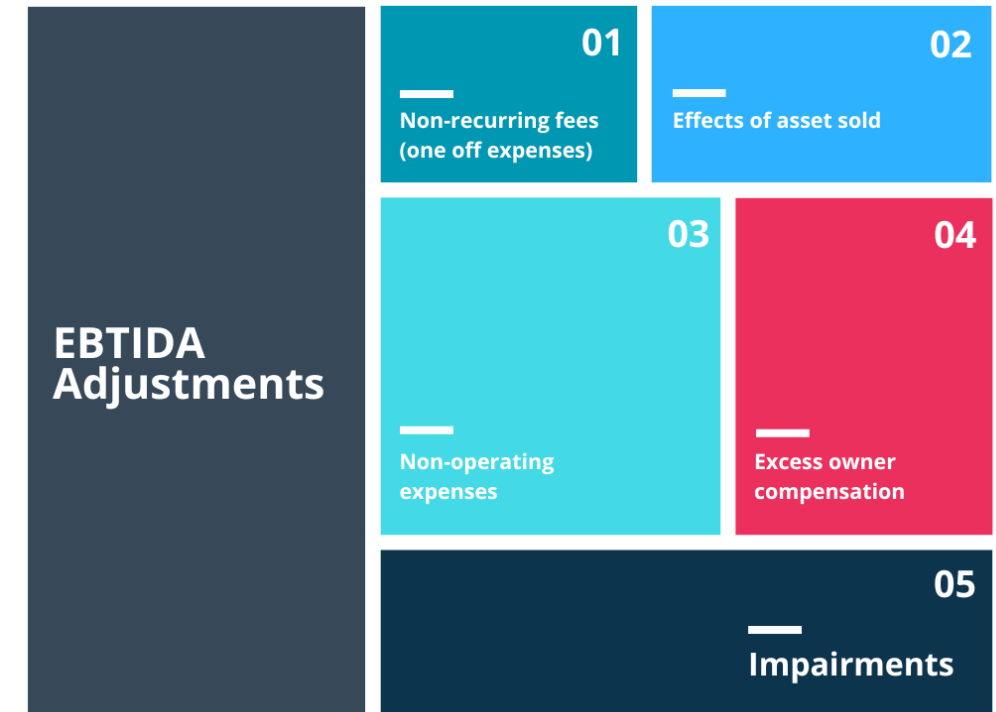
Profitability, liquidity, activity and structure indicators

EBITDA normalization

Revenue and expenses impact on EBITDA

Reviewing business units performance

Analysis NWC and debt



Cyber and tech check



## FINANCIAL PROJECTIONS

1. Sales and other revenue projections
2. Earnings projections
3. Operating expense projections
4. Net working capital projections (receivables, inventory, and liabilities to suppliers)
5. Long-term and fixed asset and depreciation projections
6. Financial liability and interest expense projections
7. Other balance sheet item projections
8. EBITDA projections
9. Cash flow projections

## POST TRANSACTION ACCOUNTING

- Financial consolidation and integrations
- Financial reporting requirements
- Purchase price allocation:
- Identification and valuation of intangible asset
- FMV of tangible assets
- Goodwill calculation and recognition

## Finance due diligence

- Business and processes understanding
- Finance function and team assesment
- Overall Financial Statements Reviewing
- Reviewing Specific Balance Sheet Positions
- Analyzing Financial Performance
- Assessing Financial Controls
- Examining Contracts and Agreements
- Assessing Contingencies

## Tax due diligence

- Understanding the tax function
- Review external advisor outputs
- Review current and past disputes with tax administration
- Check did the taxpayer submit all tax returns and pay taxes timely
- Standardized list of questions to the client
- Prepare sampling for reviews
- CIT testing
- VAT testing
- PIT and other taxes testing

## COVENANTS

### Non-Compete Covenant

This covenant prohibits the target company or its key employees from engaging in activities that compete with the acquiring company's business for a specified period of time and within a defined geographical area.

### Non-Solicitation Covenant

This covenant restricts the target company from soliciting or hiring employees or customers of the acquiring company for a certain period after the merger or acquisition. It helps prevent the loss of key talent or customers to competitors.

### Confidentiality Covenant

This covenant ensures that both parties maintain the confidentiality of sensitive information shared during the due diligence process and subsequent integration

### Financial Covenant

These covenants are designed to maintain certain financial performance levels after the merger or acquisition. They may include requirements related to debt-to-equity ratios, liquidity, revenue targets, profitability, or other financial metrics.

## VALUATION APPROACH AND METHODS

