

Appendix 3 – Interviews and questionnaires

1st interview: *Before letters of intent have been received (8 main questions, 30 minutes)*

Sell-side M&A advisor

Introduction question: How would you summarize the development of your client's company and its position today?

1. Please explain why your client would like to sell and how he decided? Potentially followed by:
 - a. How did he evaluate and decide that selling is the best option?
 - b. Have you recommended a divestment?
 - c. What are your objectives for a potential transaction?
2. How will the divestment process be set up? Potentially followed by:
 - a. What is the planned process and the expected timing?
 - b. What are the most important tasks to be accomplished?
 - c. Which parties are involved and what is their role?
3. What is the contacting strategy? Potentially followed by:
 - a. How many potential buyers have been identified?
 - b. How many companies and financial investors are you going to contact?
4. How do you manage the flow of confidential information? Potentially followed by:
 - a. What is the content and format of information provided before a confidentiality agreement is signed?
 - b. What is the content and format of information provided after a confidentiality agreement is signed?
 - c. What information will be made available in due diligence?
5. How much is the company worth to your client? Potentially followed by:
 - a. How is the company creating value?
 - b. What is the minimum price at which your client should sell?
6. On what methodology and assumptions is the valuation based? Potentially followed by:
 - a. If you were advising the bidder what would be your reasoning?
 - b. What has been paid in transactions of comparable companies?
7. Do you expect the offers to be in line with the valuation? Potentially followed by:
 - a. What could be improved under new ownership?
 - b. What will be more difficult under new ownership?
 - c. How long would your client be willing to wait in order to achieve a higher price?
8. What is your opinion on market conditions with regards to a divestment? Potentially followed by:
 - a. Do you think it is a good moment for your client to sell?
 - b. Which market conditions could result into a higher or lower price?

Final question: Is there anything else you would like to add or clarify?

Sell-side M&A advisor

2nd interview: *After letters of intent have been received, but before due diligence has started (6 main questions 20 minutes)*

Introduction question: How would you describe the divestment process to date and the situation as of today?

1. How has your perception on market conditions and the value of the target company changed since the last interview? Potentially followed by:
 - a. Are the arguments why it is a good moment to sell still the same?.
 - b. Will you have to make any adjustments to the initial plan for the divestment process, due to changes in the market environment?
2. How many offers from what type of bidders have been received? Potentially followed by:
 - a. Is there a group of bidders that has shown much more/less interest than expected?
 - b. Are you going to contact additional potential buyers at this stage of the process?
3. What are the premiums and discounts compared to the previously conducted valuation and how are they explained? Potentially followed by:
 - a. If discussed with the potential buyers, what are the most important disagreements on methods used?
 - b. If discussed with the potential buyers, what are the most important disagreements on assumptions used?
4. How many bidders are you inviting to conduct a due diligence and under what conditions? Potentially followed by:
 - a. What are the selection criteria for the invitation to due diligence?
 - b. Is there any information that cannot be disclosed to any of the potential buyers in the due diligence?
5. What are the main reasons why the transaction could still fail and how do you mitigate these risks? Potentially followed by:
 - a. At which point would you have to recommend your client to abort the divestment process?
 - b. How important is your role as an advisor in overcoming potential deal breakers?
6. How could you overcome any existing or potential difference in perception of value? Potentially followed by:
 - a. What is your client's limit with regards to timing and risk of payments to be made by the potential buyer?
 - b. What is the measure and you are using to trigger conditional payments?

Final question: Is there anything else you would like to add or clarify?

Sell-side M&A advisor

3rd interview: *After closing of the transaction (8 main questions, 30 minutes) in case of abort of a project an adjusted questionnaire will be used (to be drafted)*

Introduction question: How would you summarize the dynamics of the due diligence process and the final phase of negotiations?

1. How was due diligence conducted (information and process) and how were final offers adjusted?
Potentially followed by:
 - a. What were the main issues newly addressed in the due diligence process?
 - b. Could these issues have been addressed before submission of indicative offers?
2. Which were the most important issues of confidentiality as information had to be disclosed to potential buyers? Potentially followed by:
 - a. Why was it an issue or how did it become one?
 - b. Was it the same issue for all the bidders or group of bidders?
 - c. How was the issue dealt with?
3. How has the perception of the value of the company changed throughout the process and how is today's understanding of market conditions? Potentially followed by:
 - a. Have there been any substantial changes in the target company's industry or the M&A market?
 - b. Have there been any significant changes unexpected developments at the company level?
 - c. Has there been any change in the valuation of the company?
4. How were differences in value perception or other potential deal-breakers addressed and overcome?
Potentially followed by:
 - a. What was the reasoning for different perception of value?
 - b. Which potential deal breakers had to be addressed?
 - c. What was done in order to overcome the deal breakers?
5. Do you think it was a good deal from a seller's perspective with the best possible buyer? Potentially followed by:
 - a. Why was the actual buyer the best possible buyer?
 - b. What could have been done differently in the divestment process in order to achieve a better result?
6. What is in your opinion the buyer's net result of the transaction, in terms of long term value creation?
Potentially followed by:
 - a. What is in your opinion the nature and magnitude of economic value created in the transaction?
 - b. How was the created value distributed between selling shareholders and the acquirer?
7. To which extent could the divestment process be managed according to plan and how did it optimize negotiation power? Potentially followed by:
 - a. What were the differences between theory (best practice) and the planned divestment process?
 - b. What were the differences between the planned divestment process and the actual divestment process?
 - c. What are the lessons learned for future projects?

8. What is your perception of the work and value of the M&A advisor? Potentially followed by:
 - a. Has the M&A advisor significantly contributed to the maximization of the consideration received by the client?
 - b. Has the M&A advisor significantly contributed to the minimization of the duration of the divestment process?
 - c. Has the M&A advisor significantly contributed to the minimization of risk to the transaction (deal breakers)?

Final question: Is there anything else you would like to add or clarify?

1st questionnaire: *Before letters of intent have been received (8 main questions, 30 minutes)*

Main shareholder of the target company

1. How would you summarize the development of your company and its position today?

(max 100 words)

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2. Please explain why you would like to sell your company and how you decided that selling is the best option?

(max 50 words)

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.....The decision process took me about ___ months.

3. How will the divestment process be set up (process, timing and tasks)?

(max 100 words)

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.....The company will be supported by ___ external advisors (number of firms).

4. What is the contacting strategy and process?

(max 50 words)

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.....Out of __ potential buyers __ strategic buyers⁶ and __ financial investors⁷ will be contacted.

5. How is the flow of confidential information managed? The content provided is:

	Before conf. agreement	After conf. agreement	After indicative offer	After binding offer	Not provided
Company name (identity)					
Expected transaction value					
Preferred transaction structure					
Names of major suppliers and clients					
Other sensitive information					
Direct access to key management					
...					

6. How much is the company worth to you and how is the value created?

(max 50 words)

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The minimum price at which I would sell the company is USD _____

7. On what methodology and assumptions is the valuation based?

(max 50 words)

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We looked at around __ transactions of comparable companies.

8. Do you expect the offers to be in line with the valuation?

- I expect the highest offers to be above the valuation, due to.....
- I expect the highest offers to be below the valuation, due to.....
- I expect the highest offers to be more or less equal to the valuation.

9. What is your opinion on market conditions with regards to a divestment?

(max 50 words)

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10. If there is there anything else you would like to add or clarify, please use the space below

(max 100 words)

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⁶ Strategic buyers or strategic acquirers are potential buyers or acquirers that have an operational activity and potentially have significant strategic synergies with the target

⁷ Financial investors or non-operating firms are potential buyers or acquirers without an operational activity and are very unlikely to have significant strategic synergies with the target.

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Thank you very much for your trust and time

2nd questionnaire: *After letters of intent have been received, but before due diligence has started (6 main questions, 20 minutes)*

Main shareholder of the target company

1. How would you describe the divestment process to date and the situation as of today?

(max 100 words)

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2. How has your perception on market conditions and the value of your company changed since the last interview?

(max 100 words)

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If any, the following reasons why it is a good moment to sell have changed:

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If any, the following adjustments to the initial plan for the divestment process have to be made due to changes in the market environment:

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3. How many offers from what type of bidders have been received?

___ Offers from strategic buyers which is more than expected as expected less than expected

Will additional strategic bidders be contacted? Yes No

___ Offers from financial investors which is more than expected as expected less than expected

Will additional financial bidders be contacted? Yes No

4. What are the premiums and discounts compared to the previously conducted valuation and how are they explained?

Offer	Type of bidder (please indicate "strategic" or "financial")	Premium (discount) on valuation	Difference explained by methods (Y/N)	Diff. explained by assumptions (Y/N)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

5. How many bidders are you inviting to conduct a due diligence?

(max 100 words)

___ bidders are invited, based on the following selection criteria:.....

What are the conditions to be respected in the due diligence process?

Is there any information that cannot be disclosed to any of the potential buyers in the due diligence?

6. What are the main reasons why the transaction could still fail and how are these risks mitigated by you and your advisor?

(max 100 words)

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7. How could you overcome any existing or potential difference in perception of value?

(max 50 words)

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I am willing to consider payments differed for up to ___ years.

8. If there is there anything else you would like to add or clarify, please use the space below

(max 100 words)

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Thank you very much for your trust and time

3rd questionnaire: *After closing of the transaction (8 main questions, 30 minutes); in case of abort of a project an adjusted questionnaire will be used (to be drafted)*

Main shareholder of the target company

1. How would you summarize the dynamics of the due diligence process and the final phase of negotiations?

(max 100 words)

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2. How was due diligence conducted (information and process) and how were final offers adjusted?

(max 50 words)

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..... Could have any of the main issues already been addressed before submission of indicative offers? Yes No

3. Which were the most important issues of confidentiality as information had to be disclosed to potential buyers and how were they dealt with?

(max 100 words)

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..... With ____ % of all bidders the above described confidentiality issues arose.

4. How has the perception of the value of the company changed throughout the process and how is today's understanding of market conditions?

(max 50 words)

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Have there been any substantial changes in the company's industry? Yes No

Have there been any unexpected developments at the company level? Yes No

Has there been any change in the valuation of the company? Yes No

5. How were differences in value perception or other potential deal-breakers addressed and overcome?

(max 100 words)

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What was the reasoning for different perception of value?

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Which potential deal breakers had to be addressed?

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What was done in order to overcome the deal breakers?

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6. Why was the chosen divestment process the most adequate one and how can you argue that the transaction was closed with the best possible buyer and conditions?

(max 100 words)

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.....Do you think it was a good deal from a seller's perspective? Yes No

7. What is in your opinion the nature and magnitude of economic value created in the transaction and how was it distributed between selling shareholders and the acquirer?

(max 100 words)

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.....The buyer's net result of the transaction, in terms of long term value creation is around USD _____

8. To which extent could the divestment process be managed according to plan and how did it optimize negotiation power?

(max 50 words)

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9. What is your perception of the work and value of the M&A advisor?

(max 100 words)

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How would you describe the contribution to the price maximization?

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How would you describe the contribution to the minimization of the time to closing?

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How would you describe the contribution to the minimization of risk to the transaction (deal breakers)?

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10. If there is there anything else you would like to add or clarify, please use the space below

(max 100 words)

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Thank you very much for your trust and time