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merger and acquisiton

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Technical terms M&A

Accelerator

Accelerator ', well-organized, support program' of an investment company for the funded, usually young companies; usually consists of a mix of equity capital, also called smart money (see there) and targeted supportive transfers of experience, know-how, contacts, business relationships and often also first orders; comparable to incubator, see there.

APV

APV = adjusted present value. Company valuation using the adjusted present value method for the DCF net approach.

Asset Deal

Asset = Asset. A.D. believes that the company is not bought via shares, shares or company law, but that the individual assets of the company are acquired themselves. Counterpart: Share-Deal.

Asset-Stripping

Exploiting the acquired company regardless of its continued existence. Employee buy-out Company sales not only to the management (MBO), but also to other staff members.

Black Knight

The "Black Knight" is the third party to move into a company takeover that has already been negotiated. Counterpart: White Knight.

Business- Angel

Start-up support by private individuals, usually young companies Make venture capital available and support you in your first steps.

CAPM

CAPM = Capital Asset Pricing Modell. The return expectations of the owners are estimated on the basis of the CAPM model.

Cash-Flow

Excess cash of a company, i.e. the divergence between debt-related expenses and income.

Closing

Closing is the transition date. If a company is sold on December 31, 2020, this is the closing date. The wording of the contract should then make it clear whether the 31.12.2020, 11.59 p.m. or the 01.01.2020, 0.01 a.m. is actually meant.

Corporate-Venture

Equity capital provided by another company; See venture capital

Crown Jewels

The "crown jewels" are the particularly sought-after pieces of the company that is to be bought.

DCF

DCF = discounted cashflow. Company valuation using the discounted cash flow method.

Debt

D. = Guilt is the debt capital used to buy the company.

Downstream

Legal or economic structure that goes “downstream”, “from top to bottom” in the group, d. H. from parent company to subsidiary company. counterpart: Upstream.

Downstream- Guarantees

The parent company guarantees obligations of the subsidiary. counterpart Upstream-Guarantees.

Downstream-Merger

Merger of the parent company and the subsidiary.

Due Diligence

Due Diligence (DD), Known as "due diligence" (e.g. from banks), refers to the "due diligence" with which the property is checked in advance when buying or selling company participations or an IPO. Due diligence checks analyze the strengths and weaknesses of the property as well as the risks of the purchase. A targeted search is made for so-called deal breakers. H. according to circumstances that could prevent a purchase - e.g. B. Contaminated sites when buying land or unresolved trademark rights when buying a company. Recognized risks can either trigger the termination of negotiations or the basis for contractual consideration in the form of price discounts or guarantees. Political due diligence is becoming increasingly important for cross-border company takeovers.

EBIT

EBIT = Earnings before interest and taxes. An international measure is to make company results comparable.

EBITDA

EBITDA = Earnings before interest, taxes, depreciation and amortization. An international measure that makes company results comparable.

Equity

Is the equity used in the company purchase; s. also Private Equity

Friendly Take-Over

Takeover of the company with approval or support from the management of this company. counterpart: Hostile Take-over.

Going Public

A company's going public.

Hostile Take -Over

= hostile takeover. Purchase of shares or shares to achieve a majority against the will of the management. counterpart: Friendly Take-over.

Inkubator

'Incubator', a well-organized 'Aufpäppel program' by an investment company for the funded, usually young companies; usually consists of a mix of equity capital, also called smart money (see there) and targeted supportive transfers of experience, know-how, contacts, business relationships and often also first orders; comparable to Accelerator, see there.

Internal Asset Deal

This is the purchase of a company's assets (asset deal) among related companies. Instrument in Roll-over.

Joint-Venture

Joint-venture one understands the ongoing or temporary cooperation or collaboration of independent companies, but also the merger to form international joint ventures. Joint venture z. B. used as an instrument to ensure that certain domestic equity interests are guaranteed for entrepreneurial activities.

Lemons

Lemons are the companies bought that do not meet the expected return.

Leverage

Actually means leverage. In the financing language, leverage is the leverage of debt in relation to equity or generally the force that disproportionately reinforces other circumstances.

Leverage-Effect

It says that using borrowed capital gives you a higher return on equity if the borrowing rate is lower than the return on equity without financing. The idea is simple. It depends on whether the return expectation works; because this is uncertain, the foreign interest rate is certain. On the other hand, it depends on finding and securing the lender.

Leveraged Buy-Out (LBO)

Purchase of companies or parts of companies, whereby the purchase is funded primarily to leverage the leverage effect. The loans taken up for purchase are usually serviced from the company's cash flow and secured by the assets acquired. There is no special right for the LBO. The danger of the LBO lies in the high level of debt and the business-related uncertainty of future profits.

Leveraged Management Buy-Out (LMBO)

LBO linked to MBO. The managers buy their company, whereby the purchase is largely financed by debt.

Letter of Intent

The L.o.I. (literally: letter of intent; letter of intent) means the written statement outlining the planned purchase. A special obligation is not wanted, nor does it occur. Nevertheless, in individual cases a L.o.I. certain rights and obligations arise if this is desired.

Management Buy-In (MBI)

The company is bought by managers of a foreign company.

Management Buy-Out (MBO)

Purchase of companies or parts of companies by the previous management. There is no special right for such contracts. The MBO makes use of general corporate, tax and other instruments.

Mergers & Acquisitions (M & A)

M & A ~ Merger and acquisition. Term for company purchases and the market for such purchases. Mergers are rare; it's primarily about purchases.

Mixed LBO

Mixed funding through LBO and other financial instruments, e.g. B. Venture capital companies.

Negative Pledge

Pledge = Promise. NP is a company's promise not to provide collateral. An N P can be a condition for the company's shares to be accepted as collateral.

Optionen

The option gives one side the free opportunity to conclude a contract, to which the other partner has already committed.

Private Equity

Refers to all forms of financing through private investment capital, i.e. outside the stock exchange. This essentially includes MBO's, MBI's and the various forms of venture capital investments.

Rack-Jobber

Rack = Cancellation. Jobber = intermediary or wholesaler. The rack jobber buys sales space in a department store, in particular the use of shelves and sales tables with the obligation to offer his own goods appropriately and in a manner that is effective for sales in an agreed range.

Raider

Raider = Robbers, looters, burglars. Raider is the buyer or investor who wants to buy a company against the will of management (counterpart to White Knight).

Roll-Over

Roll-over = roll over, roll around. Roll-over aims to transform the acquisition costs for shares into acquisition costs for the company's assets whose shares are bought (Herzig, DB 1990, 133 ff.). Step 1: Acquisition of the shares of a company (old company) by a company (new company, but also by partnerships or sole proprietorships. Step 2: Sale of the assets of the old company to the new company (internal asset deal) or a other group company with full taxable disclosure of all hidden reserves Step 3: Full distribution from old company to new company Step 4: Distribution-related write-down of partial value at the new company on the shares in the old company.

Sale-and-Lease-Back

Sale and lease back. Known financing instrument, which can also be used when buying a company for certain assets, is rarely applied to the company as a whole.

Senior Debt

Secured bank financing primarily.

Share Deal

Purchase of company shares to acquire a company. counterpart: Asset Deal.

Smart Money

'Smart money' includes a bundle of transfers, e.g. in the context of 'normal money', as part of an investment. Know-how, experience, contacts on the part of the investor; s. also incubator.

Spin-Off

Individual departments of a company are detached from the company, become independent and sold by the MRO through their previous managers. The spin-off can also be used to fund a company sale through the LBO as a whole (assets are sold to meet debt obligations).

Step-Up

Step-up is the step up to the book value increase, d. H. the sale of economic goods in roll-over from the old company to the new company.

Synergie

Synergie is the energy that is available for the joint fulfillment of tasks. The purchase of a company in order to use synergy effects is done for the purpose that the acquisition of a company promises special advantages. Such synergy effects often motivate company acquisitions.

Target

Target = Aim. This means the company to which the intention to buy or take over relates.

Tender Offer

Tender Offer are public takeover offers to shareholders.

Upstream

Legal or economic structure that goes 'upstream, from bottom to top' in the group, d. H. from subsidiary to parent. counterpart: Downstream.

Upstream- Guarantees

The subsidiary gives a guarantee to the parent company. counterpart: Downstream-Guarantees.

Upstream-Merger

Merger of the subsidiary company with the parent company.

Venture-Capital

Venture = Company, business or = dare to risk. Venture capital is venture capital that is used through investments in companies with good future prospects and profit prospects.

Venture-Capital-Company

Companies whose purpose is to raise venture capital and invest in other companies. Venture capital companies are founded by private investors but also by banks and insurance companies. The legal form of the corporate investment company is available for this.

WACC

WACC = weighted average costs of capital, Average cost of capital of the valuation object.

Walk-Out

A walk-out occurs when managers leave a company to participate in an MBI.

White Knight

WK = White Knight, counterpart to the Raider or Black Knight, d. H. the buyer or buyer who is welcome by management.

Window on Technology

By purchasing companies or investments, you open a window on the technology of the company or associated companies.