



**MERGERS &
ACQUISITIONS**



Mergers & Acquisitions

What is Mergers & Acquisitions ?

The definition of (M&A) would be the consolidation of companies. **Mergers** would be the combination of 2 companies to form 1, while **Acquisitions** is 1 company taken over by the other.

The reason behind M&A generally would be to bring 2 companies together creating more value compared to being on an individual stand. As the main focus for most companies would be wealth maximization, so companies keep evaluating different opportunities through the route of **M&A**.



Several types of transaction that fall under the umbrella of M&A as below:

- Consolidation of business / Formation of Joint Venture
- Acquisition of Business / Assets
- Acquisition of Shares of a Company
- Takeovers



The most common type of M&A in Malaysia is “share purchase”.

Main advantage

- M&A transaction of share purchase in a company, no transfer of ownership for assets are required.
- Buyer can save money on payment of stamp duty, because the buyer essentially acquires all the company’s movable & immovable assets, employees & business.
- It is common for bigger companies to acquire smaller companies which have certain permits & licences.



Types of Mergers & Acquisitions

Horizontal

- Two companies in the same industry come together with similar products / services.
- Killing competition by helping the merger company to increase its share in the market & revenue or profit.

Vertical

- Two companies join forces in the same industry but they are at different points on the supply chain.
- Improving logistics, consolidating staff & perhaps reducing time to market the products.
- Example a clothing retailer buys over a clothing manufacturing company.

Concentric

- Two companies that has similar or vice versa kinds of customer base but provides different services.
- Example Sony DVD player manufacturer bought over Columbia Pictures movie studio.

Conglomerate

- Two companies in different industries join forces or one takes over the other so that it can broaden their range of services & products.
- By combining it helps to reduce cost as well as reduce it risk by operating a new range of industries



Advantages for Mergers & Acquisitions

- Financial synergy for lower cost of capital
- Improves company's performance & accelerate growth
- Economies of scale
- Diversification for higher growth products or markets
- To increase market share & positioning globally
- Strategic realignment & technological change
- Diversification of risk
- Tax considerations



The process for Mergers & Acquisitions deal

1. Compile a target list
2. Contact the targets
3. Send / Receive a teaser
4. Sign a confidentiality Agreement
5. Send & Review the Confidential Information Memorandum (CIM)
6. Submit & Solicit an Indication of Interest (IOI)
7. Conduct management meetings
8. Submit a letter of Intent (LOI)
9. Conduct due diligence
10. Write the sales & purchase agreement
11. Deal Close
12. Handle any post-closing adjustments & integration



We **Ecovis Malaysia** can help manage M&A transaction as follow:

- Begin a transaction by:
 1. Connecting you with potential investors & owners
 2. Help in preparing pitching documents
 3. Planning acquisition or disposal strategy
- Provide potential M&A parties according to investor's preferences & deal terms.
- Analyze potential targets for negotiation
- Manage all the transaction till completion
- Source out funding to assist in financing the deal

Maximum Assurance ”
“ We are here to serve



For more clarification, please contact us!
欲了解更多详情，赶快与我们联系吧！

Contact Us

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