



HAUSER / GRASSHOFF PARTNER AG
SUCCESSION ARRANGEMENTS FOR SMB'S



PHASE 1: PREPARATION

Sales Initiative

SUCCESSION DUE TO OLD AGE	STRATEGIC SALE
UNDISCLOSED PARTICIPATION	ACTIVE PARTICIPATION

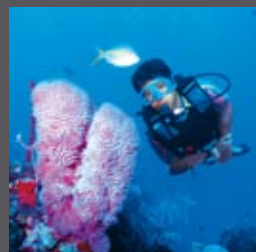
- Establishing the objectives of the owner
- Discussing the overall procedure
- Conducting the analysis of the financial and strategic condition of the enterprise
- Conception of a sales strategy / investor story
- Setting up sales documentation and rating the enterprise
- Preliminary discussion of the funding with a credit institution

Hauser / Grasshoff Partner AG accepts the mandate only if it is an exclusive mandate given by the seller. Only this way may the sales process be controlled efficiently and the necessary quality of the service be guaranteed.

In order to ensure and permanently improve the quality of performance the consultancy approach of Hauser / Grasshoff Partner AG has been certified according to **ISO 9001: 2000**. This guarantees our customer a systematic procedure which comprises all the factors of success for the sale of the enterprise. The Preparation Phase includes various factors of success which are crucial for the sale of the enterprise. It is important for example, to discuss the approximate acquisition structure with a credit institution before the interested parties meet. The price level is thus already fixed during the preparation phase, so that there is not too much margin left for excessive negotiation. The proportion of own resources respectively external funds is an important element of the interested buyer's profile. If the prospective buyer is not in a position or not willing to use his own resources for the purchase as discussed with the bank, he will be eliminated in the preliminary stage.

The realistic assessment of the enterprise serves to finance the sale of the enterprise in a transparent way at minimum risk and constitutes a suitable matrix for pricing during the later negotiations with the interested buyer.

The realistic calculation of the value is the so-called average value method (also called 'mean value' method) takes into account the asset value as well as the profitability of the enterprise. This fair examination of the enterprise ensures the resulting purchasing price is acceptable to all the parties (seller, bank, and buyer).



Sales Initiative

SELECTION OF THE SUCCESSOR/EXCHANGE OF INFORMATION/CONTRACT PHASE

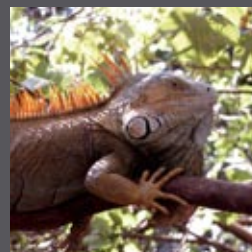
- Arranging information and inspection meetings
- Exchanging of information between buyer and seller
- Discussions with investors and / or bankers
- Evaluating candidates and possible solutions
- Concluding a Letter of Intent
- Carrying out a broad Due Diligence
- Negotiating the takeover and contract terms
- Obtaining a tax ruling
- Signing the purchase contract 'Signing' and execution 'Closing'

The active sales process starts with the search of serious and interested buyers. The manner of proceeding during the various phases provides the necessary confidentiality.

Once a prospective buyer is short-listed, he will be involved intensively in the counselling process. He will be supported in carrying out the Due Diligence, in setting up a business plan and during the discussions with the bank, should this service be requested.

Once the decision to buy the enterprise has been made, the prospective buyer will sign a letter of intent, which will contain details regarding the price and details as to the 'handing over' phase. Thereafter the Due Diligence process (accurate company analysis) may begin. Simultaneously the negotiations regarding the contract terms and the discussions between the prospective buyer and the credit institute will take place. The prospective buyer will then be required to present his business plan to the bank, which then decides on financing the purchase of the enterprise.

Upon a favourable funding decision, the contract may be signed 'Signing'. And finally the shares will change hands, and the payment of the purchase price can be effected 'Closing'.



PHASE 3: INTEGRATION

Sales & Purchase Initiatives: 1 + 1 = 3

The buyer of an enterprise, regardless of whether this is an individual person or a corporate body, should become familiar with the company and its structure. The complete relations network of the former owner has to be transferred to his successor, and this may include even his private sphere.

Until the handover is complete, the planned steps must be complied with, by concentrating on the following 4 key domains, which are crucial to success and enable the company to realize its maximum potential.



In all situations there are certain factors in a small or medium-scale company which are crucial to success or failure of an enterprise. The table shows a possible division of these factors into 4 areas. In the case of an acquisition of such a company it is important to define these single factors within the scope of an analysis of the enterprise (Due Diligence) and to thus influence them positively. The following is a brief description of these areas:

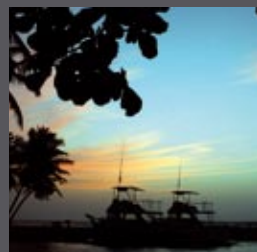
The **core business** of a SME has been created by the intra-corporate know-how and is determined by all its resources, processes and the business system itself. It is here that the money necessary for its existence, but also for its possible growth, is made.

The well-being of a company is similarly influenced by the attractiveness of the business line (suppliers, customers' power, competition etc.) and the general **business environment** (legal, technological, ecological development etc).

Management competence describes the professional and human competence of the owner and executive director which are key to success. He makes sure that the enterprise keeps running and that the problems are being solved.

Teamwork specifies the manner of work and cooperation amongst the staff members. This most important resource determines the corporate culture and assures an efficient performance and is consequently decisive for the positioning of the enterprise in the market.

In order to join all the sectors in a neutral and success-oriented way, the monitoring of the process of integration by an external experienced coach (mediator) should be provided.



Hauser / Grasshoff Partner AG works in a pragmatic and performance-oriented manner. The excellent relations network which has been established in the past years nowadays favours the quick and successful completion of assumed sales mandates. Thanks to numerous successful sales of enterprises in the past, Hauser / Grasshoff Partner AG has acquired a considerable know-how over the years, and current customers benefit from this. Our clients may rely on quality assurance and permanent development of the counselling approach thanks to the ISO 9001: 2000 certificate.

The following summary shows an extract of a series of concluded projects, which remain anonymous for confidentiality reasons. Upon request interested parties may however obtain contact information of the former sellers or buyers of small and medium sized enterprises having been sold by Hauser / Grasshoff Partner AG.

Project: Chemical Plant

A traditional enterprise with 60 years experience, a turnover of 12 million francs and 30 employees has been sold to a Swiss family in the context of a "Management Buy-In". The former owner remained involved for 6 months thereafter in order to hand over the business accurately. The project was concluded within 5 months from the date of receiving the mandate until signing the share purchase contract.

Project: Window Production Factory

A group of companies in the second generation, producers and suppliers of windows of various types, has been sold to a German family group. With a staff of 50 they made almost 20 million Swiss Francs, and the enterprise is well established in the Swiss market. The potential synergies will strengthen both enterprises. For handing over the business, the former owner was committed to cooperate with the enterprise for a certain period of time. Duration of the project: 14 months.

Project: Construction of special machinery

This medium-sized enterprise was active for more than 15 years in a niche market of the printing industry. With a staff of 14 they achieved a turnover of about 12 million francs. The former owner sold the family business due to old age, but remained involved with the company activities for a time. The buyer of the enterprise was already owner of an international enterprise, and this purchase was complementary to his business portfolio.

Project: Electro-Engineering

For a long-established manufacturer of electro-mechanical components, with domicile in the canton Aargau, making a turnover of roughly 8 million francs, a suitable successor was found within 8 months. The financing of the purchase was made by means of own capital resources, seller's loan and bank credit. Hauser / Grasshoff Partner AG found the suitable bank for financing the succession. The former owner will remain involved with the company for as long as the successor requires.

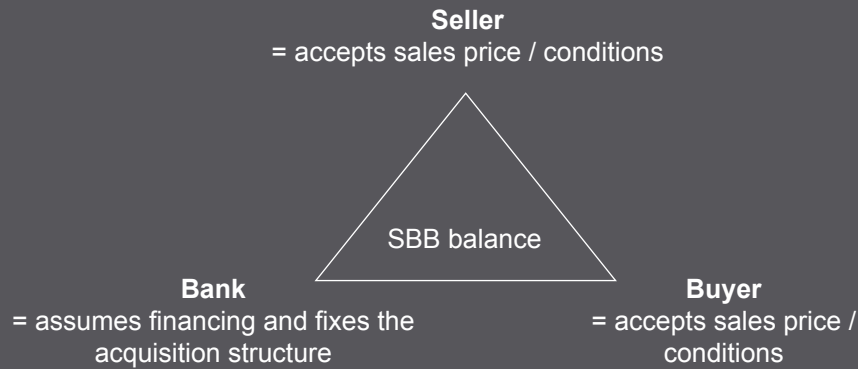
Other projects

In the recent past we have dealt with projects in the following sectors: print media, secondary construction industry, commerce with chemical elements, construction material (gravel plant), food technology, real estate, commerce with products for the solar technology, sheet metal forming, and wood processing. We are continuously expanding our experiences into new industries.

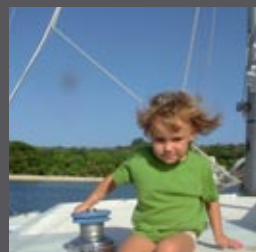


CHECKLIST FOR THE ACQUISITION OF AN ENTERPRISE

Keywords & Facts



Step	Motive
Documentation of the enterprise	show and explain the type of business, products, markets, competitors strengths / weaknesses, chances / risks, success factors
Valuation of the enterprise	describe the corner pillars for fixing the value of the enterprise, finance planning, cash flow / free cash flow,
Investors Story	Identify potential and possibilities in connection with the attributes of the buyer
Feasibility	make sure that buyer's means are sufficient for the acquisition of the enterprise
Own Resources	are fundamental for the financing of the purchase price by the buyer
Handover terms	negotiate and agree on the acquisition method and handover conditions step by step
Due Diligence	carry out an extensive analysis of the enterprise in all its areas: organisation, marketing, finance, technology, legal aspects, taxes etc.
Integration of former owner	reach contractual, organisational, chronological and financial arrangements for the integration of the former owner
Consent of Bank	get at first verbal, thereafter written consent of the involved bank
Signing	sign the Contract
Closing	transfer rights and obligations



Know-How & Experience



Marcel Hauser
born 1952 in Switzerland
email contact:
hauser@hgpag.com

Technical professional training, commercial advanced training in business administration, marketing, finance planning

20 years work and stay in South East Asia, Africa, United States and Central America

Business activities abroad: production manager, CEO, owner of a resort and real-estate development project

Business activities in Switzerland: owner of a graphics company and also of a production and business enterprise in the sheet-metal forming industry

Expertise in successful buying, restructuring and selling small and medium-sized businesses

Interim management assignment and proactive coaching for business owner in particular situations of the company



Jens Grasshoff
born 1969 in Germany
email contact:
grasshoff@hgpag.com

Commercial education, business management study at the university with emphasis on finance, management and commercial information technology

CEO of an Internet start-up in Germany, Intermediation and monitoring various enterprise sales in the food, watch, air-conditioning, handicraft, IT, motor vehicles industries.

Expertise in the intermediation and advisory monitoring of successors' arrangements due to old age, as well as strategic acquisitions, management buy-ins/management buy-outs, share deals und asset deals



Olivia Hauser
Project Assistant
born 1982 in Switzerland
email contact:
olivia.hauser@hgpag.com

Bachelor of Business Administration (BBA), American Intercontinental University, Los Angeles, USA

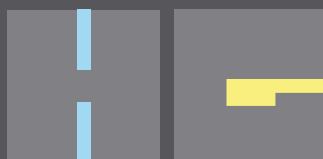
Degree in Tourism Management, International School of Tourism, Zurich, Switzerland

American High School Diploma, Mazapan High School, La Ceiba, Honduras

11 years residence in the USA and Central America

Professional experience: 6 years in the tourist industry in Switzerland and the USA, one year at Zurich Financial Services as Compliance Assistant





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