



Planning to win

Deal Advisory / Germany



Driving value growth through
competitive, flexible **funding** and
supportive financing relationships.



Enhancing value through capital structuring and financing.

Your vision. Our proven expertise.

A robust capital structure and access to competitive and flexible funding provide the cornerstones to any strategic plan. Ensuring your capital structure and financing arrangements are consistent with both your objectives and risk appetite are critical to delivering your strategic plan and driving value for business stakeholders.

KPMG professionals are forward-looking specialists who can help you align your priorities with market opportunities to develop and implement the right funding strategies and access the appropriate capital pools.

Funding designed for growth.

Real results achieved by integrated specialists.

We can help you support sustainable growth through a strategic approach to capital structuring and financing. Our services are designed to help value by supporting tested approaches and developing effective communication with shareholders, capital providers and other relevant stakeholders.

Acting as an independent, objective advisor, KPMG member firms can help you to determine your business growth plans and funding requirements, evaluate the best capital structure and financing options, and identify sources of finance. We can also help you position your negotiation tactics, achieve the most competitive market terms and develop perceptive shareholder and capital providers communication strategies.

Learn more about how KPMG professionals can help you develop and implement capital structuring and financing transactions in alignment with your company's immediate and long-term goals.

Support throughout the funding process

- ¹Strategy & Capital Structure
- ²Option Identification
- ³Deal Execution
- ⁴Financial Closing
- ⁵Ongoing Stakeholder Management

This document reflects a wide range of services and does not differentiate between those services that are permissible or not permissible for KPMG audit clients and their affiliates. In addition, certain software and technology services, joining with third parties in service delivery, are also subject to potential independence restrictions based upon the facts and circumstances presented in each situation.

1 Strategy & Capital Structure

What capital structure and financing will allow maximum shareholder/stakeholder value?

Consider both short-term and long-term goals for your company.



Putting in place the right capital structure, and accessing flexible and competitive funding can provide you with a strong platform to help achieve your short and long-term goals and maximize shareholder value.

The first step is to support the company's review of its business strategy and define its objectives—where is it now, where it wants to go, what it needs to get there and what opportunities/risks it needs to accommodate. Based on this review, a complimentary capital structure and financing strategy can be developed

that takes into account the financial requirements, market conditions, growth projections for the company, the company's chosen risk/reward appetite and other salient factors.

Developing the right capital structure and approach will also take into account managing the company's shareholders and financing stakeholders, including bank lenders, bond holders, analysts and rating agencies. Understanding their investment rationale will help the company maintain the support of key relationships and access flexible funding in delivery of its plan.



A strong foundation supports what you've already built, as well as your future vision.

TO ENHANCE VALUE

Ask the right questions in the right order, starting with long-term strategic objectives and overlaying the key quantitative and qualitative factors that will drive success or mitigate risk. This will help you to prepare solid financing foundations while preserving flexibility to react quickly to market opportunities or developments.

Ask the right questions

What are my strategic goals and plans?

As a first step, the team can help you define your business plans and goals. The funding strategy needs to flow from these plans and be structured to support the business objectives. The team can help determine whether your funding strategy has the flexibility to react to changes in the business environment, assess your risk appetite and the options for operating in public versus private markets.

What is the right capital structure to deliver my strategic plan?

To help you define your capital structure, the team undertakes a detailed examination of your risk appetite, current debt capacity, capital requirements, headroom and contingency requirements, and relationships with financing partners. We can also support the determination of the right capital structure to deliver the plan based on the appropriate level of debt, equity and other capital sources whilst assessing their effectiveness on the business and your growth plans.

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² Option Identification

What sources
of funding
may be
available?

Balance risk appetite with funding cost and flexibility.

The most effective capital structure will balance a range of factors including strategic/operating/investment flexibility, efficient cost of funding (debt, equity and others), and the ability to withstand performance, market or cyclical volatility. In addition, the capital structure should also take into account the differing requirements of the relationships between its capital providers.

Within an effective capital structure, identifying the appropriate mix of financing options will involve assessing the credit profile of the business, the nature of the available financing instruments, and the likely appetite of relevant funders. The company's underlying risk profile, cash flow, asset base, credit rating and other criteria must also be considered.

TO ENHANCE VALUE

Understanding and establish your 'Plan B'—for example, availability of alternative funding options, mitigation strategies, etc.—will be crucial to staying on the front foot and maximizing competitive advantage relative to competitors. Funding strategies may also benefit from dual-track processes to maintain competition, provide flexible options and maximize value opportunities.

Ask the right questions

What is the right financing strategy for my plan?

Our team can help you define key funding objectives, determine your debt capacity, and identify available financing options. These objectives will include gauging how much strategic, operating or structural flexibility is required to deliver your growth strategy, understanding the working capital needs for the business, and benchmarking peer funding strategies.

How would I execute my financing strategy and with whom?

Before approaching the market, our team can help you identify relevant preparatory steps including establishing effective marketing materials and reporting, defining a timeline for a proposed approach to market, and sequencing different work streams. Our team can also help identify potential capital providers to approach and support the launch of the agreed funding strategy in the chosen markets.

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3 Deal Execution

How do I achieve the best terms?

Preparation and careful positioning of messaging are key success factors.

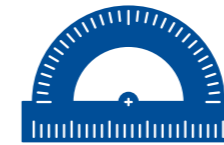
Careful, up front preparation will support the management of a competitive and efficient transaction process, helping to increase the prospects of achieving the best terms and conditions.

Before approaching the markets, the company should be in position to provide high quality information that sets out its requirements clearly. Additionally, it should position key factors that will be relevant to credit/investment decisions, and anticipate

risk factors or lender/investor questions up front. These will all demonstrate credibility, provide the environment to maximize competition, and support the delivery of a realistic timetable.

Managing a competitive process—including the preparation and delivery of effective responses to further questions—will help drive competition to achieve the best terms available in the market.

3 Keys to Securing the Best Terms and Conditions



Clearly defined requirements

Make your funding requirements clear



Position key factors relevant to credit and investment decisions

Point to the most relevant credit and investment decision factors



Anticipate risk and additional questions

Show insight into risk factors and lender and investor questions

TO ENHANCE VALUE

Evaluate and address risk factors upfront with shareholders and stakeholders. This includes demonstrating the ability to mitigate risks and addressing unexpected developments to support value.

Ask the right questions

How do I maximize competitive tension and get the best terms/price?

Our team can help you to develop fast—but realistic—timetable to achieve momentum. Equally important, we can help drive maximum competition between parties by supporting effective project management, addressing queries and questions, and managing key stakeholders.

What structuring/diligence/stakeholder approvals are required?

Approvals involve effective coordination of deal structuring, due diligence, and stakeholder management. Our team can help you define financing requirements, consider the appropriate balance of debt and equity, support due diligence, and conduct ongoing monitoring and communication with stakeholders and credit rating agencies.

What is my 'Plan B'?

Preparing for contingencies is an important part of any deal. We can help you develop backup plans to support the preferred transaction process while maintaining a strong understanding of other options and the specific steps required to deliver them.

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⁴ Closing

How do I achieve financial close?

Avoid delays or complications through careful management of the closing process.



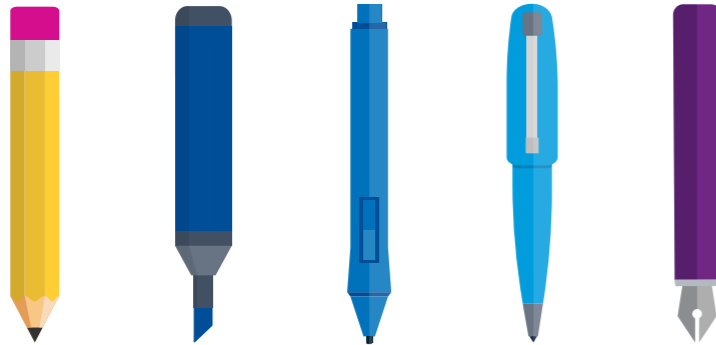
Even during closing, value erosion is still possible. The way the deal is managed and 'sold' to capital providers, shareholders, employees, business associates, and the public at large will have a significant impact on the final terms of the transaction, the appetite of lenders and investors and the support of shareholders.

In addition, the effectiveness of deal management will impact how the company is perceived and how future performance is evaluated. Accordingly, special attention should be taken that the closing process is carefully managed to avoid delays or complications.

At the same time, closing should be backed by a clear corporate communications plan to all external and internal stakeholders. This should position the outcome in the context of the deal's relevance and importance to the strategic objectives of the company. It should also detail, where appropriate, how the funding will be used, the expected benefits, and how the transaction supports the company's long-term strategy.

TO ENHANCE VALUE

Tailor communications to accommodate the various information needs or expectations of different groups. For example, an equity analyst and a credit rating analyst will look at the company through different lenses.



Your communications plan should be as varied as your audiences.

Ask the right questions

What steps should I take to finalize the deal?

During the closing process, our team can help you stay on top of execution of documentation, monitor the flow of funds, and gain approvals from regulatory bodies and shareholders. The team can also support the establishment of a communications strategy that includes well-positioned press releases and regular updates for stakeholders.

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⁵ Ongoing Stakeholder Management

How can I manage stakeholder communications to maintain capital providers support?

The goal is to build and maintain long-term growth relationships.

Maintaining long-term relationships with all relevant parties is essential in maximizing sustained stakeholder support and investment value. Also keep in mind that the support developed for a particular transaction might also be leveraged for other transactions in the future.

Key to building and maintaining these relationships are regular and consistent communications appropriate for each stakeholder group, reflective of their importance to the business. A long-term program of stakeholder relationship management will underpin management credibility and improve the prospects of maintaining future, sustained support.

TO ENHANCE VALUE

Make sure key shareholders and other financial stakeholders receive relevant information on a timely basis. Remember that strategy and performance will be monitored according to this information, so the consistency of messaging will be important in maintaining credibility.

Ask the right questions

How do I manage lenders and rating agencies?

Our team can help manage communications with lenders, support potential changes to documentation or waivers, as required, and other ancillary requirements. We can also support the establishment of an understanding of rating agency methodologies, the key rating pressure points and ongoing management of ratings.

How do I articulate my investment proposition and capital allocation priorities?

Our team can help you better understand investor and/or lender perceptions of the company by setting the business and strategy in the context of investor preferences. We can also support a consistent approach to marketing communications that includes an appropriate reporting structure for the business; realistic, relevant guidance for prospects; and financial targets that are achievable.

How do I ensure effective engagement with shareholders?

Our services involve public ownership analysis and characterization, investor targeting and engagement, and corporate governance. Our team can help you understand ownership of the company's equity and its geographic distribution, setting share ownership in the context of peers and the wider equity market. They can also help provide for construction and communication of corporate governance and remuneration policies, offering institutional views regarding corporate social responsibility performance.

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Deal Advisory

How can I continue to create, enhance and preserve value?

From mergers and acquisitions to fund raising the key to any transaction is to effectively articulate the objectives, realize the full expected value and consistently manage stakeholder's expectations. This requires being able to answer critical questions at every phase through the transaction lifecycle.

KPMG's Deal Advisory professionals can help you anticipated stakeholder's questions, and how to find the right answers.

For more information on Fund and our other Deal Advisory services, please visit:

www.kpmg.com/dealadvisory

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For more information, contact:

LEIF ZIERZ

*Global Head of Deal Advisory /
Managing Partner, KPMG in Germany*

lzierz@kpmg.com **Email**

+49 69 9587 1559 **Phone**

THOMAS DORBERT

*Deal Advisory /
Partner, KPMG in Germany*

tdorbert@kpmg.com **Email**

+49 69 9587 4606 **Phone**

www.kpmg.com/dealadvisory

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