



Success Story: mg technologies Secure Chemical Disposals

“The asset sale brought in nearly €2.7 billion – at the upper range of what financial experts predicted – and the deal closed months sooner than expected.”

When German manufacturer mg technologies decided to divest its chemical business, the sale’s complexity threatened to slow due diligence to a crawl. IntraLinks helped the company shop the chemical assets to the optimum number of bidders in the minimum amount of time and earn top value for shareholders.

Founded in 1881, Germany’s mg technologies steadily grew into one of the world’s largest manufacturing companies. Through more than a century, the company strengthened itself through bold strategic moves.

In October, 2003, mg technologies took one more daring step. The company’s executive board declared it would cease the dual track business strategy it had pursued since 1999. Instead of developing two core businesses – engineering and chemicals – the company would immediately focus on one – mechanical and plant engineering. Selling the chemical business became the top corporate priority.

The chemical business included six assets, the largest being the Dynamit Nobel group and solvadis. Together, the businesses employed almost 13,000 people around the globe and manufactured a range of products from plastic automotive parts to fine chemicals.

High Expectations

mg technologies and its shareholders held high expectations for buyer interest. More than 170 investors across Europe and North America were identified as possible buyers of either the whole chemical business or parts of it. All told, the company hoped to raise more than €2 billion from their sale.

mg technology sought to complete the sale in the least amount of time while ensuring that the assets would be sold for the highest possible value. However, the company faced significant time constraints. Under the watchful eyes of the European market, the company’s CEO, Udo Stark, announced the company’s new business strategy and declared, “the swift implementation of our new strategy must now follow.”

Complex Due Diligence

But due diligence for such an asset sale is typically complex and slow-moving. Sellers must distribute information to potential buyers detailing every aspect of assets for sale. For years, this process has required months of administrative tasks: finding relevant documents hidden in filing cabinets throughout the organisation, indexing and organising the data, photocopying thousands of pages and compiling them into dozens of binders for each interested buyer.

Buyers then schedule a team of internal and external experts to review the information in a physical dataroom under the watchful eyes of lawyers to ensure no documents leave the premises. It’s not unusual for the whole process to take six months or more to complete.

In the case of mg technologies, thousands of documents were spread across six assets up for sale, in several countries and regions – among them Germany, Spain, France, Scandinavia, the Middle East and China. Prospective buyers called on a multitude of experts from around the globe, including scientists, chemical engineers, environmental specialists, and corporate and environmental lawyers.



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Clearly, mg technologies' chemical assets sale would be large and complex. To shorten the overall deal time and increase the likelihood of obtaining maximum price bids, mg technologies' bankers and strategic advisors recommended the company use a virtual dataroom to facilitate the due diligence process. Using a virtual dataroom would minimise the administrative burden on mg technologies' staff, improve access to information for buyers, and remove geographic and time zone constraints.

No Substitute for Experience

The team of bankers, lawyers and company executives that mg technologies assembled to manage the sale agreed with the recommendation and examined various virtual dataroom vendors. Strong capabilities for both sell-side and buy-side users were a must have. On top of that, the key differentiator would be experience and security safeguards. The sale was too important for mg technologies to risk success. The company wanted vendors with proven track records of both the technology and customer service, and needed absolute confidence that documents would only be available to individuals with appropriate clearance to view them.

During the selection process, IntraLinks emerged as the clear choice. IntraLinks' experience offered a history of successful asset sales. Furthermore, the team determined that IntraLinks' document locking and protection capabilities would allow them to protect the confidentiality of information while providing the most convenient access for end users.

"We chose IntraLinks because they had the most experience with virtual datarooms for mergers and acquisitions, and they provided the high level of security that we wanted," states team member Boerries Harms, E-business project manager for at mg technologies.

Shortening the Deal Time

After selecting IntraLinks, the process moved quickly. The mg team worked closely with its dedicated IntraLinks project manager. IntraLinks guided mg technologies through each step

of the process, from determining the look and feel of each dataroom to implementing best practices for organising and indexing information to loading the documents. The IntraLinks project manager even coordinated with outside vendors to ensure a smooth process. The initial data set was huge – more than 25 CD-ROMs worth of documents. Additional information was added as it became available or in response to requests.

Often, the mg technologies team needed to act fast. Using IntraLinks, the mg technologies team posted the requested documents directly from their desktops in just minutes. They notified buyers of new documents via email and provided secure hyperlinks to the exact information in the dataroom. Buyers from around the globe were able to access the dataroom immediately and simultaneously.

"A lot of things happened without prior warning, sometimes late at night, and we were asked to have the new documents available in a few hours time," a team member recalls.

IntraLinks managed the bulk of user support and access logistics. The mg technologies team also had the capability to respond when called upon. On occasion, the mg team processed requests to add 10 new users to the dataroom. User access and passwords were granted within minutes, and document security settings adjusted with just a few mouse clicks.

Additionally, the project team used IntraLinks' advanced reporting capabilities to monitor buyer group activity within the dataroom in real time. Knowing who viewed which documents helped mg technologies better understand which elements of the assets interested individual buyers – which turned out to be very valuable information during negotiations.

Ultimately, the flexibility and usability of the IntraLinks virtual dataroom became a valuable asset to the mg team. The mg technologies team could manage the dataroom directly when needed. As a result, the entire due diligence process kept moving quickly and potential buyers

had access to all the information they needed at a moment's notice.

"It was helpful to have IntraLinks set up the dataroom and train us to use it," comments Harms. "As it turned out, for minor changes it was more practical to have the ability to make these changes quickly and easily ourselves. In addition, IntraLinks support was available 24 hours a day."

Early Returns

mg technologies announced the completion of the sale of its chemical businesses in May, 2004, to multiple buyers. At €2.68 billion, the sale marked a tremendous success.

Using IntraLinks' virtual dataroom, mg technologies was able to reach the optimal number of buyers to gain top value for its shareholders in a short amount of time. By the deal's end, more than 1,000 lawyers, advisors and experts conducted their due diligence online. The sale agreements came just four months after the dataroom opened and more than two months ahead of the anticipated completion date. mg technologies even moved up its shareholders' vote on the sale from August to June.

"Not only was the sale completed much sooner than the financial experts had expected, the proceeds of 2.68 billion from the disposal were at the upper end of forecasts," commented a company spokesman.

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