

# PMI phase

- The integration phase is an ongoing process which is expected to last at least six months.
- Some key PMI activities include:
  - ✓ Harmonisation of financial reporting – IFRS and Japanese GAAP; consolidation considerations, including calculation of goodwill
  - ✓ J-SOX (Japan Sarbanes-Oxley review)
  - ✓ Change in composition of board and contracts for directors
  - ✓ Analyst presentation, press releases, websites, intranet communication
  - ✓ New Articles of Association
  - ✓ Parent company guarantees and funding arrangements review
  - ✓ Programme for management visits and exchange of personnel
  - ✓ Revised business plan and new accounting period
  - ✓ New employee incentive programme
  - ✓ Branding
  - ✓ Synergy analysis and implementation
  - ✓ Change to financial year end and auditors
  - ✓ Cultural awareness
  - ✓ Governance of subsidiaries
  - ✓ Reconstruction of board sub-committees



# The acquisition is the easy part

Pay for the acquisition and advisors...

...but what to do next?

There are cultural differences between Japan and the West



When you buy a house do you knock it down or refurbish and improve?

# Europe as an M&A destination for Japan

## Attractions of Europe

- ❑ A lot of technologies
- ❑ European companies often have a global presence, including Asia
- ❑ Gateway to Africa, Middle East, Turkey, India

## Complications in Europe

- ❑ Mix of languages and cultures
- ❑ Choice of base

UK – language, business, legal environment easiest



The Netherlands – popular for tax



Germany – most important economy



# Questions for discussion

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1. How to make Japanese companies aware of the need for PMI prior to a catastrophe?
2. How to provide effective advice on distant cross-border transactions?
3. Lack of confidence in PMI prevents a company even considering a transaction – can this be solved?
4. Is the big difference between remuneration in Japan and overseas a barrier to integration?
5. Top companies have a diverse board. Will Japanese companies take on more directors from their growing overseas subsidiaries?

