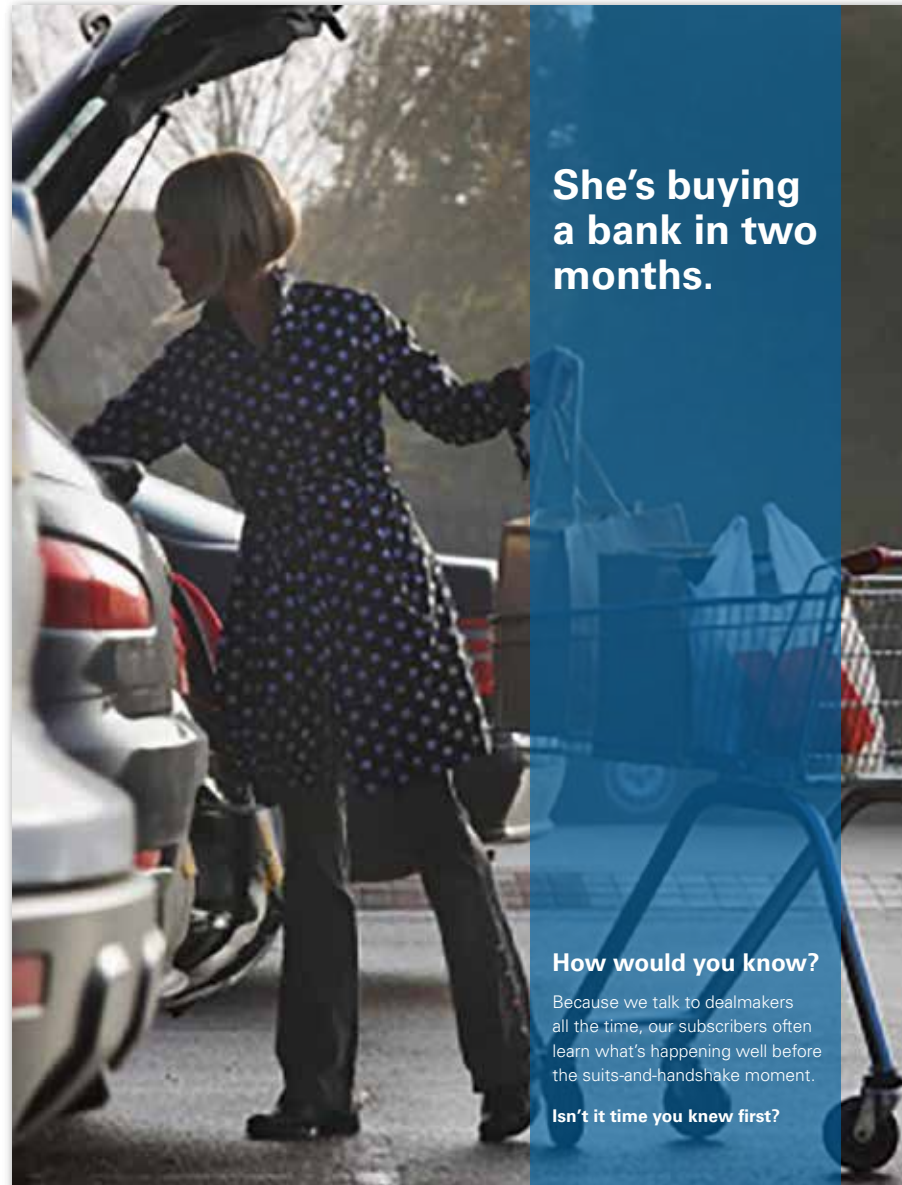




ADVERTISING



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A photograph of a woman from the waist down, wearing blue denim jeans with patches and green rubber boots. She is holding a large bunch of fresh carrots in her right hand. The background shows a garden with various plants and a wooden raised bed.

**She's selling
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in Q4**

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He's going public in November.

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A photograph of a person's lower body and hands in a garden. The person is wearing blue denim jeans and is holding a large bunch of fresh, orange carrots with green tops. The background shows a wooden raised garden bed with various plants and flowers.

**She's selling a
\$5bn company
a week on
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Winterkorn warned of Volkswagen emissions investigation in 2014

CHRIS PAPANICOLAOS

THE FORMER chief executive of Volkswagen, Martin Winterkorn, was notified as early as May 2014 that US regulators would be probing into emissions-cheating devices, over a year before the scandal emerged, according to reports.

Winterkorn and other senior figures have denied knowing about the so-called defeat devices, which can detect when a car is being tested for emissions. It allowed VW cars to emit levels of nitrogen oxide pollutants up to 40 times above what US regulations allow.

Citing documents from VW's own investigation of the scandal, German newspaper Bild said an employee, known internally as "Winterkorn's fireman" notified superiors about the probe in a letter sent in 2014.

"A sound explanation for the dramatically increased NOx emissions cannot be given to the authorities," the letter warned.

"It can be assumed the authorities will investigate VW systems to deter-

mine whether VW has installed a test detection in the engine control unit software."

Winterkorn stood down last September after the scandal emerged. "I am doing this in the interests of the company, even though I am not aware of any wrongdoing on my part," he said at the time.

The company's share price plunged by around 40 per cent over the course of September.

The emissions cheating software affects up to five million world-wide. VW has had to set aside \$6.7bn (£5.3bn) for the cost of recalls and another \$2bn for compensation. It is also being sued for billions of dollars by US regulators. Sales have slumped, dropping by 15 per cent in the US in January compared with the same month last year.

Germany is also planning to introduce unannounced emissions tests, the country's transport minister, Alexander Dobrindt, said yesterday. "There will be controls on vehicles in the style of doping tests (for athletes)," he said. "Discontinued and every year."

WITH FRIENDS LIKE THESE Sarkozy's rivals snub speech and prepare for fight



Former French President Nicolas Sarkozy faced growing opposition yesterday from within his own party in his bid to return to power next year, with three leading rivals snubbing a major speech and a fourth, Jean-François Copé, joining the race.

Profits up at UK firms despite global concerns

HARRY BANKS

BRITAIN'S largest firms shrugged off global concerns to record a 2.7 per cent increase in profits in the year to September 2015, according to The Share Centre's latest Profit Watch report.

The analysis of FTSE 100 and 250 companies that reported results in the third quarter last year found that even with oil prices increasing, rising input costs and a weaker pound, profits grew from 08.1bn to 10.6bn, thanks to plugging oil prices and cost-cutting measures.

Neil Miah, investment research analyst at The Share Centre, said: "Cheap oil has helped reduce costs and managed costs very effectively in a time when ultra-low inflation makes it difficult to raise prices."

FTSE 250 firms performed significantly better than their larger counterparts. Profits at mid-caps soared by 20.5 per cent on a like-for-like basis compared with a 4.4 per cent earnings slide at those listed on the FTSE 100.

The report suggests that companies listed on the FTSE 250 were cushioned from some of the more volatile global economic forces due to their heavier exposure to the steady US economy.

The effect of risk adverse M&A dealmakers

As the number of M&A transactions continues to increase, with all reports indicating comparable volumes and values to that of 2007, we are observing that all parties involved in UK M&A deals are demonstrating a far more cautious approach to due diligence processes. At the same time, our research has found that dealmakers want to take advantage of the boom by closing twice as many deals in 2016 than the prior year.

Despite an urgency to finalise deals within three months, our research



found that that elongated due diligence processes are pushing the average deal completion time to six months. Therefore, we need to prepare for the fact that deals are going to take twice as long as they should, or that we

need to look at innovative ways to close more deals faster.

DUE DILIGENCE EXTENSIONS DUE TO A CAUTIOUS APPROACH

Without doubt, the due diligence process is being extended by cautious buyers and sellers who need to make sure that no stone is unturned and a thorough process is conducted. However, this isn't the only factor. Transactions are also being unnecessarily drawn-out due to risk adverse dealmakers opting for traditional, time consuming methods, rather than

looking for new advancements in technology.

EARLY TECHNOLOGY ADOPTERS

Transactions are being unnecessarily drawn out

ARE CONDUCTING DO FASTER

With pressure to close more lucrative deals, it is surprising that dealmakers haven't stepped up the technology which can assist in smoother, faster due diligence processes. We have seen in early adopter markets, such as Scandinavia and America, that they are far more willing to use technology solutions to expedite the due diligence process. As a result, they are closing M&A deals much closer to the three-month mark.

© Stephan Dearing is the Managing Director (M&A) at [mergermarket.com](http://www.mergermarket.com)

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