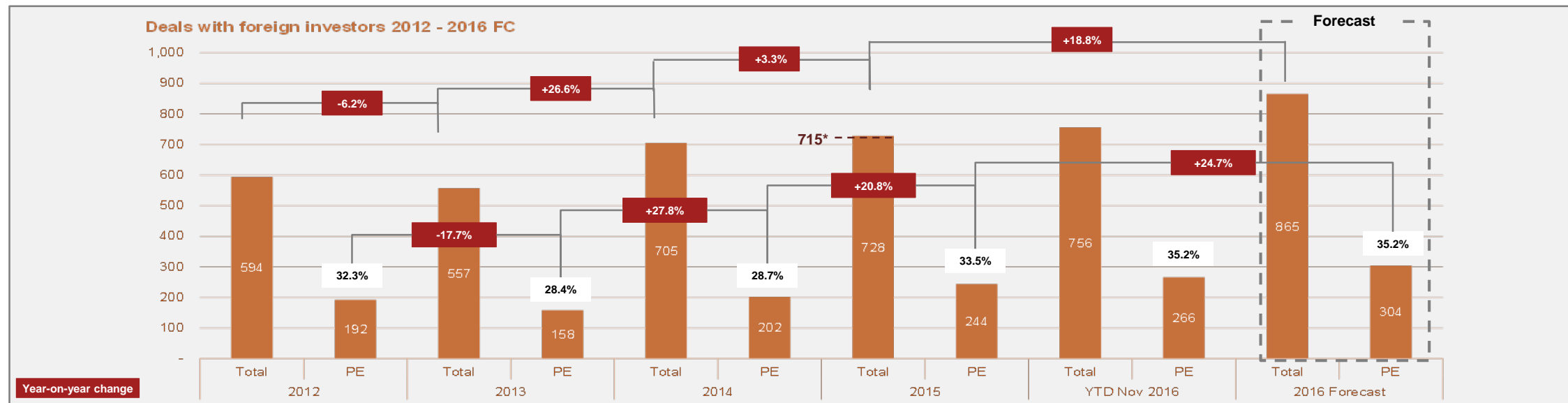


Destination Deutschland

M&A-Activity of Foreign Investors in Germany in 2016

Deal Activity of Foreign Investors in Germany since 2012



Deals with foreign investors have always played an important role in Germany and, despite dipping slightly by 6% in 2013, have constantly increased in number growing at a CAGR of 9.9%** in the past five years. Deals with foreign Private Equity (PE) investors have even exceeded this growth and have recorded a CAGR of 12.2%** during the same period. In year-to-date November 15th, 2016, the number of deals done by foreign investors have already exceeded the full prior year 2015 by 4%.

Should the trend of the previous years continue, we expect the total number of deals with foreign acquirers to increase to 865 by the end of the year 2016. This will represent a 19% rise in transactions to 2015. Investments from foreign PE investors are also on the rise. Transactions with Private Equity participation have risen this year to represent c. 35% of all deals with foreign investors – an all time high. We expect the number of PE deals to rise to 304 by year end 2016, which would be an increase of c. 25% compared to 2015.

*PwC forecasted value in November 2015 for the full year 2015.

**CAGR based on 2016 Forecast

Deal Activity since Q1 2013

By number and value of announced deals*

	2013					2014					2015					2016				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4**	Total FC**
Number of Deals	129	119	156	153	557	164	151	170	220	705	187	202	179	160	728	201	228	219	217	865
Total Deal Value (€bn)	3.5	17.4	15.6	7.3	43.8	10.7	13.3	6.9	9.0	39.9	8.4	15.6	19.9	12.0	55.9	11.7	15.4	6.4	19.2	52.7

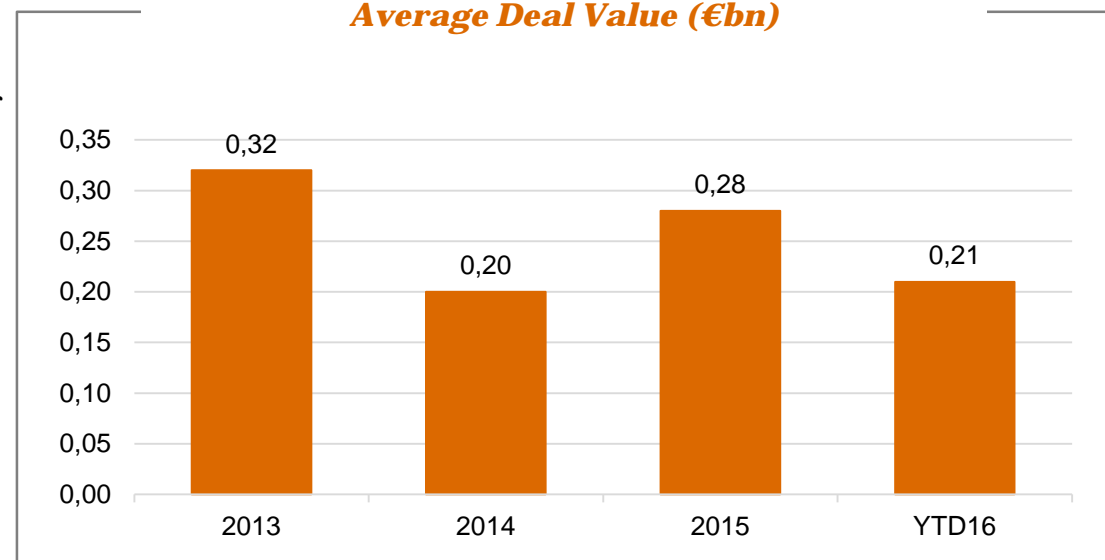
Forecast

- Total number of signed deals with German targets YTD16* amounted to 756 and thus has already exceeded the prior year number of 728 deals. With that the successful 2015 has been surpassed and could reach a 19% increase by year end.
- In terms of total deal value, however, the prior year level could not be reached – being currently at €46.1bn compared to €47.8bn in the prior year, representing a 6% decline.
- Therefore, the average deal value of €213m is lower than the €280m achieved in the prior year.

*Deals with disclosed deal value, January 2013 to 15. November 2016

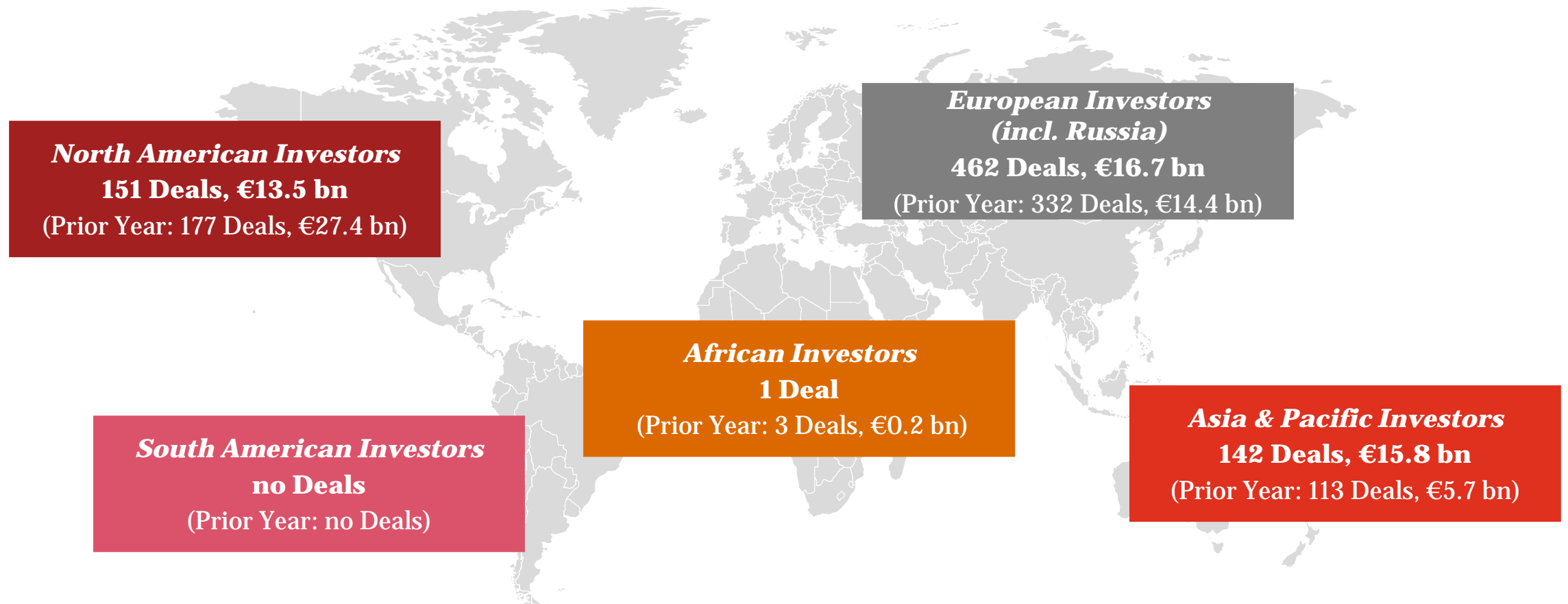
**Forecast is based on average historical values for December

Average Deal Value (€bn)



M&A Deals with German Targets 2016*

Number and value of signed deals in 2016 by country of origin of the investor

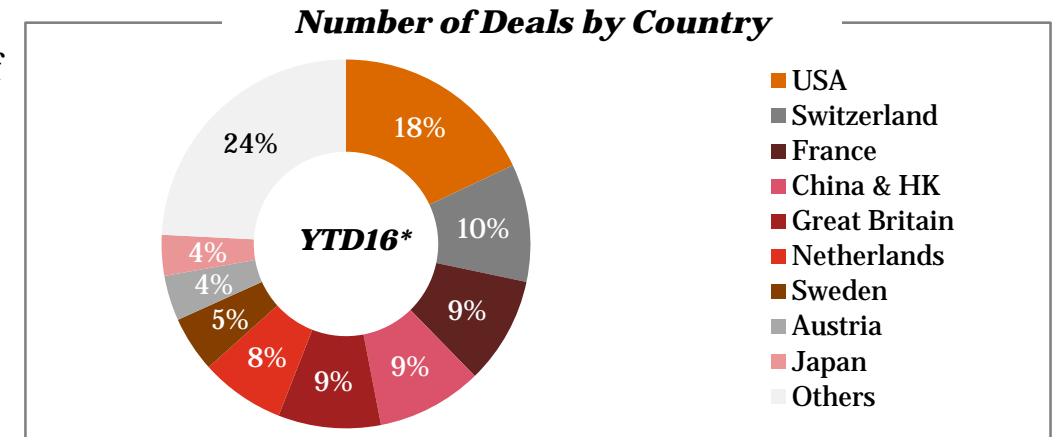


*Deals January to 15. November 2016

M&A Deals by Country of Origin of the Investor

Number and value of deals according to the headquarters of the investor

- Based on the number of transactions, German targets are mainly of interest to US investors: with 136 deals YTD16* and a total deal value of €13.2bn, they rank 1st in the league table (compared to 160/€19.2bn YTD15). However, in relative terms US investors having been responsible for 26% of all deals in 2015, have experienced a decrease in activity and only account for 18% of all YTD16* deals.
- Swiss investors, on the other hand, rank YTD16* second with 78 done deals and €0.8bn deal value (compared to 56/€1.8bn in 2015). Through their focus on German targets, Switzerland replaces Great Britain in its prior year's second place. Great Britain has gone down to fifth place accounting for 68 transactions YTD16* (or 9% of total) compared to 72 (or 12%) in 2015.
- Investors from the US, Switzerland, China, France, Great Britain and the Netherlands dominate the German transaction market and are responsible for over 60% of all deals with foreign investors with German targets.



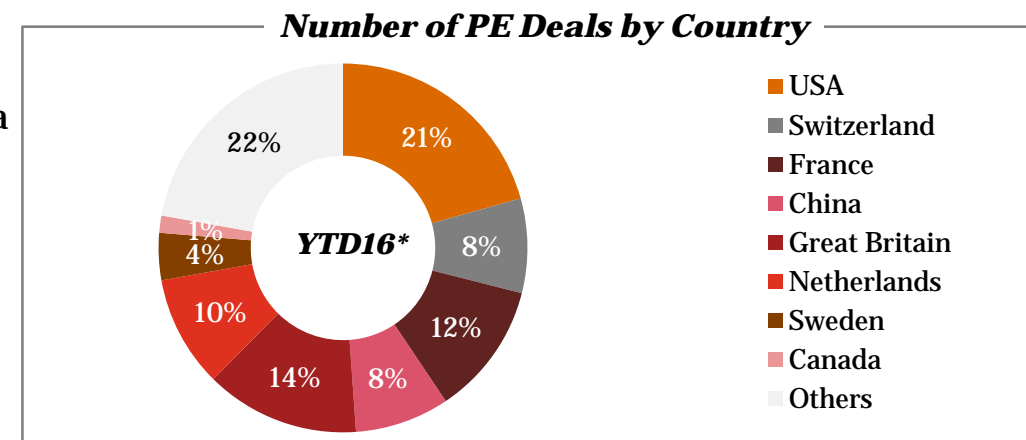
	Number of Deals YTD16*	Total Deal Value (€bn)*
USA	136	13.2
Switzerland	78	0.8
France	71	6.6
China & HK	70	13.2
Great Britain	68	1.0
Netherlands	56	2.5
Sweden	37	2.2
Austria	30	0.1
Japan	27	2.1
Others	183	4.4
Total	756	46.1

*Deals January to 15. November 2016

M&A Deals by Country of the Private Equity Investor

Number and value of deals according to the headquarters of the Private Equity investor

- Despite having decreased compared to prior year in terms of number of deals with German targets, US Private Equity investors are predominantly active: they account in YTD16* for 55 transactions with a total deal value of €9.7bn. As per 15 November 2015 these investors accounted for 67 transactions and a deal volume of €5.3bn. Transactions with US PE investors represent 40% YTD16* of total US investments in German companies, compared to 48% in the prior year.
- Private Equity investors from Great Britain rank second with 36 transactions and deal value of €0.9bn YTD16, keeping their 2nd place. The number of deals has already reached the prior full year level, however deal value is under the prior year level of €5.5bn.
- France and the Netherlands have strongly increased the number of done deals with German targets in YTD16* compared to the prior year. French PE investors managed to double the number of transactions, while their Dutch counterparts completed three times more transactions and could already compensate for the low prior year levels.



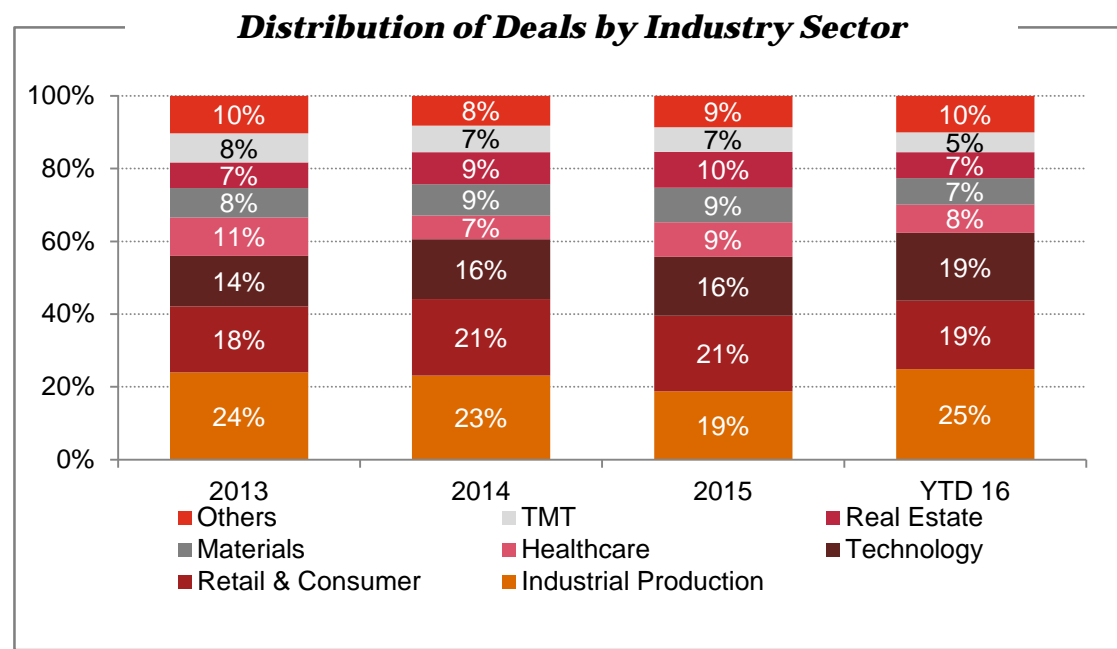
	2013	2014	2015	YTD16*
USA	42	65	76	55
Great Britain	24	32	36	36
France	8	16	15	31
Netherlands	12	22	9	26
Switzerland	7	13	19	22
China	5	4	8	22
Sweden	8	11	14	11
Canada	2	0	8	4
Other	50	39	59	59
Total	158	202	244	266

*Deals January to 15. November 2016

Distribution of Deals by Industry Sector

By number of announced deals*

- In 2016, once again, foreign investors were primarily interested in German targets within the industrial production, as well as retail & consumer sectors. While deals in the IP sector increased further in number, the Retail & Consumer sector lost its 1st place from the prior year to IP deals.
- Technology companies have increasingly become deal candidates and as such, have risen by 3 ppts on prior year and have almost doubled since 2013.



Number of Deals by Industry Sector

	2013	2014	2015	YTD16
Industrial Production	135	163	137	188
Retail & Consumer	103	148	151	142
Technology	78	116	118	141
Healthcare	37	46	69	59
Materials	61	61	69	55
Real Estate	47	62	72	54
TMT	38	51	49	41
Others***	58	58	63	76
Gesamt	557	705	728	756

*Deals January 2013 to 15. November 2016

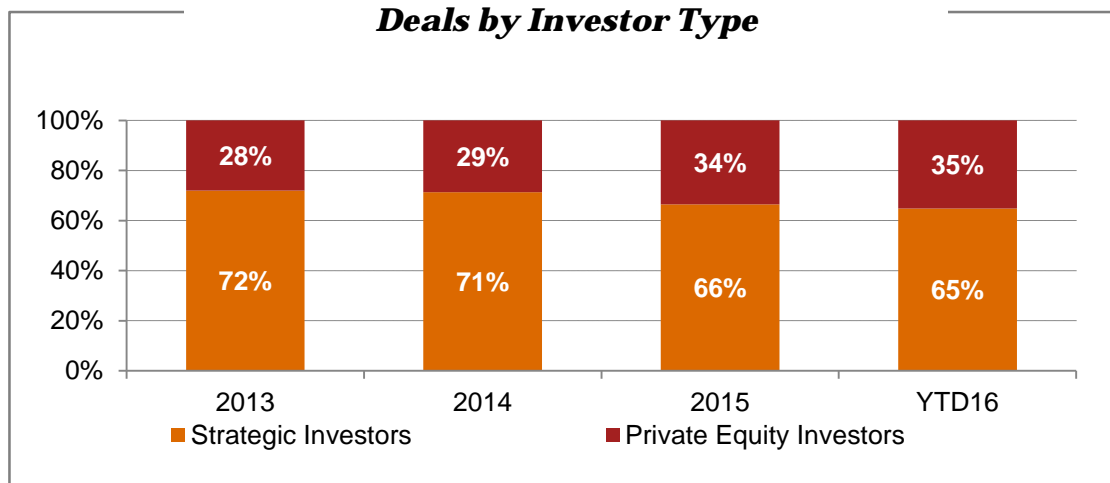
** Energy, Telecommunication, Transport and Financial Services.

Distribution of Deals by Investor and Industry Sector

By number of announced deals*

- The involvement of Private Equity investors in cross-border M&A deals with German targets has been relatively stable and historically held around 30%. This threshold was surpassed in 2015 to become 34% of deals and has been further outperformed in YTD16*, reaching the 35% mark.
- In 2016 Private Equity investors mainly targeted companies in the IP, Technology and Retail & Consumer sectors. Particularly noteworthy is the development in number of Technology deals - 65 deals YTD16* vs. 37 in the whole of 2015. On the contrary the number of deals within the real estate sector have not been as attractive for foreign investors as has historically been the case.
- The focus of strategic investors in 2016 has been placed on targets within the IP and Retail & Consumer sectors. All other sectors have experienced a slight decline in number of deals.

Deals by Investor Type



Deals with Private Equity and Strategic Investor Involvement by Sector

	2013		2014		2015		YTD16	
Industrial Production	28	107	38	125	48	89	67	121
Retail & Consumer	26	77	44	104	60	91	46	96
Technology	12	66	32	84	37	81	65	76
Healthcare	7	30	20	26	29	40	27	32
Materials	11	50	17	44	22	47	16	39
Real Estate	32	15	15	47	19	53	12	42
TMT	12	26	19	32	8	41	11	30
Others**	28	30	17	41	21	42	22	54
Total	557		705		728		756	

*Deals January 2013 to 15. November 2016

** Energy, Telecommunication, Transport and Financial Services

Industry Sector Focus of Selected Investors

By number of deals YTD16*

* Private Equity Transactions in red	USA		GB		JP		CN/HK		SWI		FRA	
Industrial Production	17	16	8	6	4		9	21	7	19	9	5
Retail & Consumer	6	18	11	8	1	4	2	5	1	9	7	11
Technology	15	18	6	4	1	5	1	4	8	9	6	8
Materials	6	3	1	1		5	3	6	1	5		2
Real Estate	4	6	3	2		0		0	1	5		2
TMT	1	6	1	3		1		1	1	3	5	3
Healthcare	5	7	4	3	2	1	2	4		2	2	2
Others**	1	7	2	5		3	5	7	3	4	2	7

US-Investors

Industrial Production

- Braas Monier Building for €1.2bn.
- Airbus-Defence Electronics for €1.1bn.
- Concept Laser for €0.5bn.

Technology

- 1&1 Internet for €0.5bn.
- inexo for €0.3bn.
- exocad for €0.1bn.

Materials

- Atotech for €2.9bn.
- Kalle for €0.5bn.

Private Equity investors have been particularly active in the industrial production, technology as well as retail and consumer sectors.

GB-Investors

Industrial Production

- Schlemmer for €0.4bn.

Healthcare

- Medi-Globe for €0.1bn.

Technology

- Globalways €0.1bn.

Approximately 53% of all GB investors chose to invest in targets within the retail & consumer, industrial production and healthcare sectors.

Japanese Investors

Stronger focus on **High Tech**

- Mobotix for €0.2bn.

and

Materials

- SGL Carbon – Graphite Electrode Business for €0.4bn.

Chinese Investors

Industrial Production

- KUKA AG for €4.1bn.

Retail & Consumer

- Schimmel Pianofortefabrik

as well as

Materials

- Scholz Holding for €0.5bn.

Switzerland & France

Retail & Consumer

- WMF for €1.7bn.

Industrial Production

- FTE Automotive and SLV both for €0,8bn each.

Technology

- d&b audiotechnik, Intercontec Product for €0.3bn each.

*Deals January to 15. November 2016 ** Energy, Telecommunication, Transport and Financial Services

Top 10 Deals in 2016*

10 largest cross-border deals by deal value

<i>Signing Date</i>	<i>Closing Date</i>	<i>Deal Status</i>	<i>Target Name</i>	<i>Acquirer Name</i>	<i>Acquirer Nation</i>	<i>Investor Type</i>	<i>Deal Value (€bn)</i>	<i>Industry</i>
February 16	-	Pending	KUKA AG	Midea Group Co. Ltd.	China	Strategic Investor	4.1	Industrial Production
November 16	-	Pending	OFFICEFIRST Immobilien AG	Blackstone	USA	PE Investor	3.3	Real Estate
October 16	-	Pending	Atotech	Carlyle	USA	PE Investor	2.9	Materials
May 16	-	Pending	WMF Group	Seb SA	France	Strategic Investor	1.7	Consumer
June 16	July 16	Completed	WindMW GmbH	China Three Gorges Corporation	China	Strategic Investor	1.7	Energy
February 16	March 16	Completed	EEW Energy from Waste GmbH	Beijing Enterprises Group Co. Ltd.	China	Strategic Investor	1.4	Energy
June 16	September 16	Completed	Apleona (Bilfinger Building & Facility)	EQT	Sweden	PE Investor	1.4	Industrial Production
September 16	-	Pending	Braas Monier Building Group Services GmbH	Standard Industries Inc.	USA	Strategic Investor	1.2	Industrial Production
March 16	-	Pending	Airbus (Defence Electronics)	KKR	USA	PE Investor	1.1	Industrial Production
November 16	-	Pending	Carl Zeiss SMT GmbH	ASML Holding NV	Netherlands	Strategic Investor	1.0	Technology

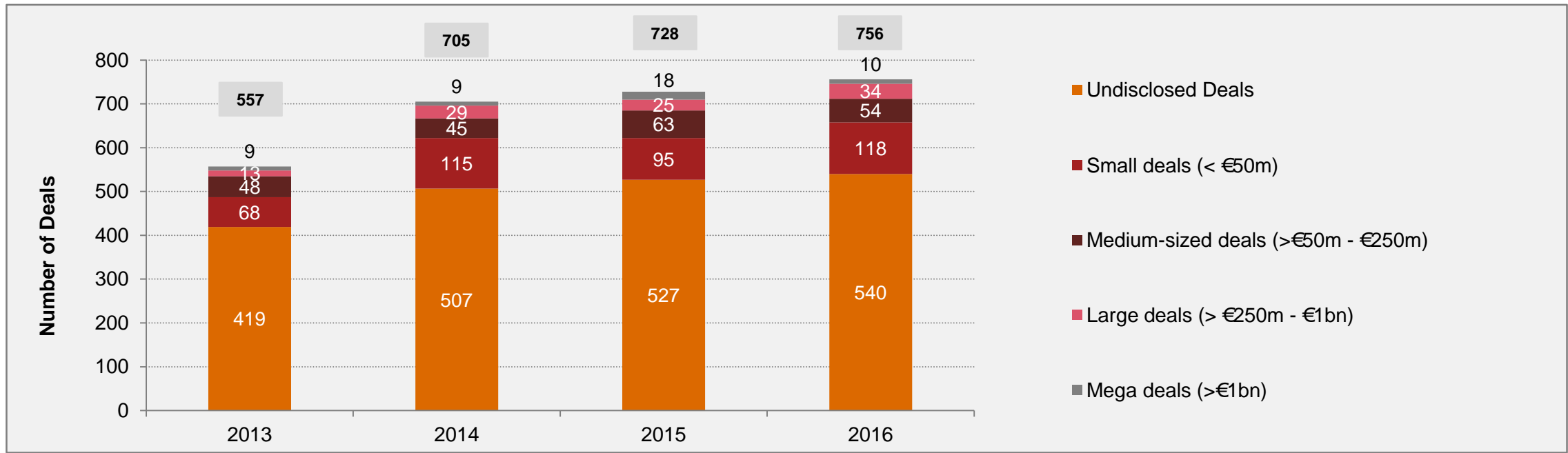
„Pending“: Awaiting regulatory approval.

*Deals with disclosed deal value, January to 15. November 2016.

Deals by Size and Volume

By number of announced deals*

- In YTD16* there have been only 216 deals with a disclosed deal value versus 540 deals where no transaction value has been disclosed. This is in line with the historical rate of around 28% of deals to have a disclosed deal value.
- There have been only 10 mega deals this YTD16* with a total deal value of €19.8bn. Only three of these are already through regulatory approval and are completed. (see table on p. 10).

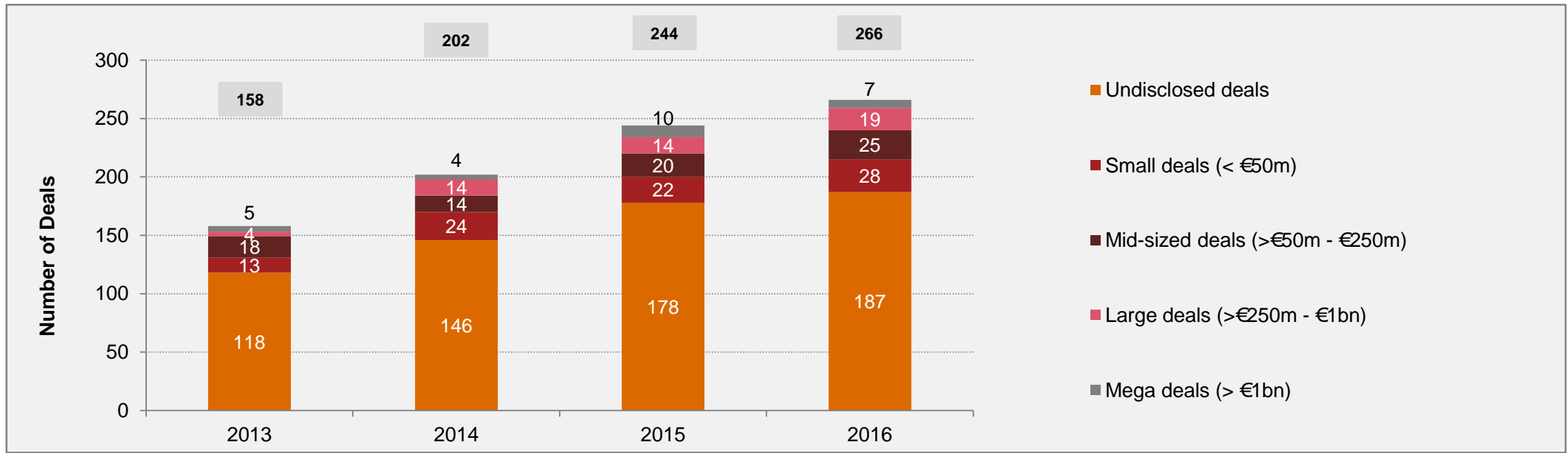


*Deals with disclosed deal value, January 2013 to 15. November 2016.

Private Equity Deals by Size and Volume

By number of announced deals*

- While historically the involvement of Private Equity investors in small and medium sized deals in the previous years stayed at a stable level of c. 27%, this year they accounted for more than 30% of such transactions. In relative terms, PE investors' participation in large and mega deals has been increasing since 2013 (41%) to represent more than 60% in YTD16*.
- YTD16* there were 7 Private Equity led mega deals with a total deal value of €13.5bn. This represents 70% of number and 68% of value of all mega deals. These numbers relate to transactions where there has been PE investor involvement – either on the buy or sell side.

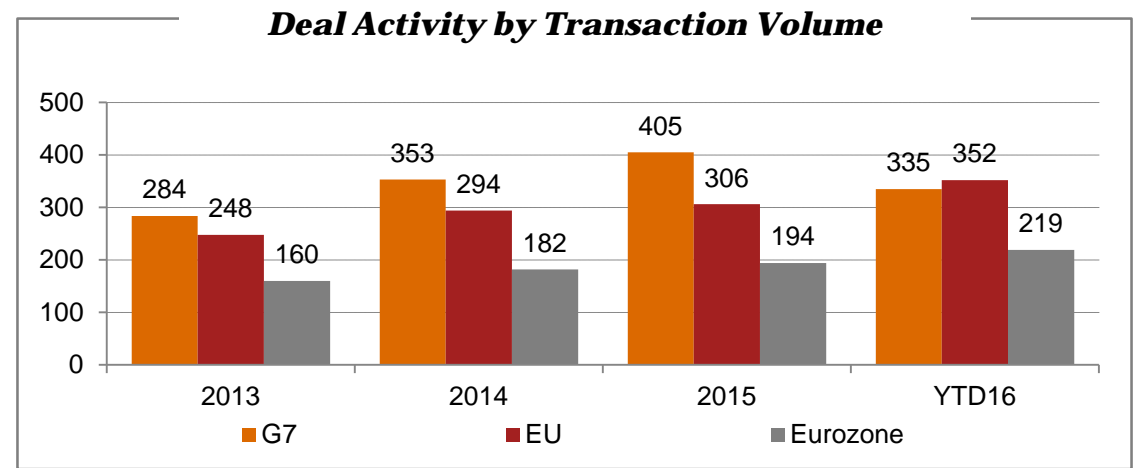
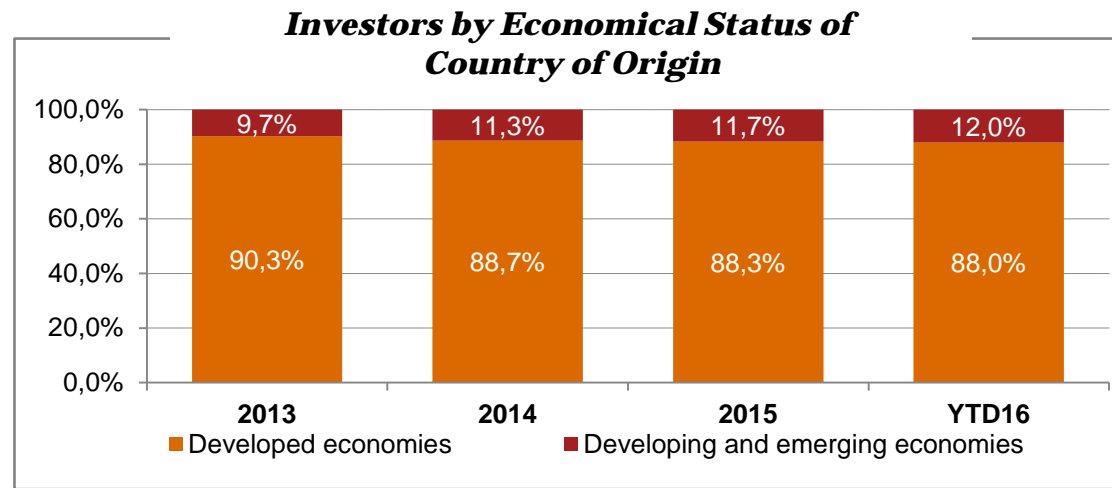


*Deals with disclosed deal value, January 2013 to 15. November 2016.

M&A Deals by Origin of Investor Economy

By number of announced deals*

- Historically 9 out of 10 deals with foreign investors originate from developed economies. Since 2013 investors from emerging and developing economies have been increasing slightly, representing a plus of 2.3ppts to YTD16*.
- While in 2015 c. 60% of the transactions were done by acquirers from G7 countries, YTD16* these investors represent only 45% of foreign buyers with 335 deals (YTD15: 362). On the other hand investors from the EU countries increased their activity in the German transaction market and have signed 352 deals YTD16* compared to 258 in the previous year and now represent 47% of the total compared to 41% in 2013.
- Activity of investors from the Eurozone has also increased continuously over the past years, reaching 219 deals YTD16*. However, in relative terms their share has remained constant at c. 28%.

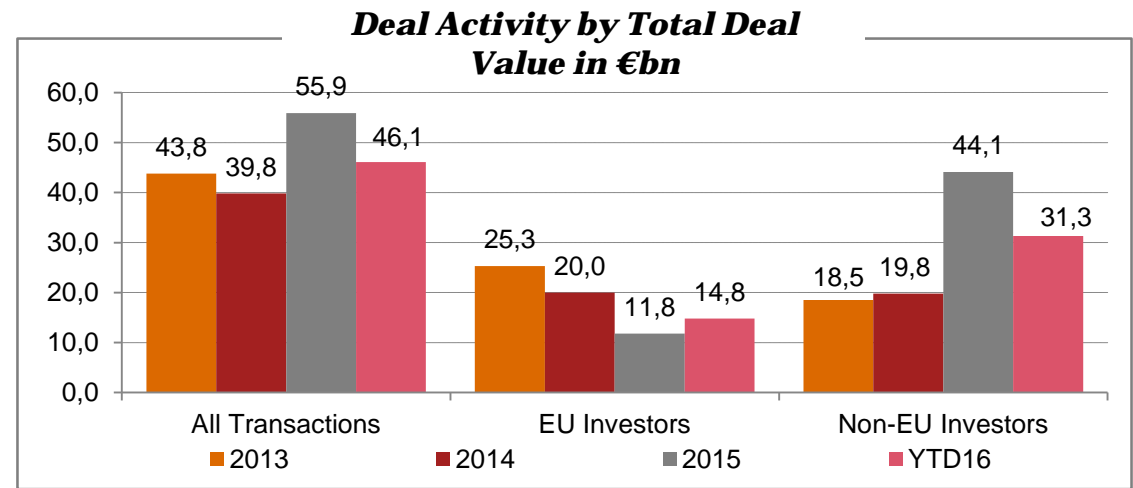
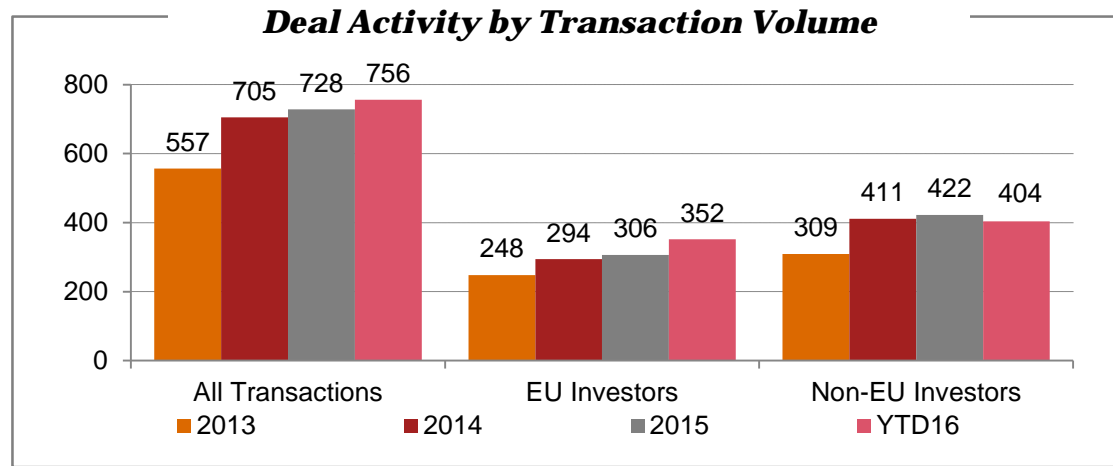


*Deals January 2013 to 15. November 2016.

Deals by EU and Non-EU Investors

By number of announced deals*

- After a decline in 2013, the number of deals with EU investors has been growing continuously. As expected, this trend continued in 2015, increasing by a further 4% to prior year. YTD16* has, however, already outperformed the full prior year by 15%. In terms of transaction value, we have been observing the opposite trend, which, however, has reversed in YTD16* and shows an increase of 25% to prior year.
- Total value of deals with Non-EU investors amounted to the record sum of €44.1bn in 2015 and represented c. 80% of total deal value. This was mainly due to the high activity of investors from the USA, Canada and Switzerland. Unlike the previous year, this year German companies were mainly targets of EU investors.



*Deals with disclosed deal value, January 2013 to 15. November 2016.

Methodology

This report is an analysis of transaction activity of foreign investors in Germany.

The fundamental data used for this analysis has been collected from ThomsonReuters, Preqin and Mergermarket and includes all announced deals, where the target is headquartered in Germany and the investors is headquartered in a country outside of Germany.

This analysis includes all mergers, acquisitions and disposals, leveraged buyouts, spin-offs, privatisations and acquisitions of minorities, which have been announced between 1 January 2012 and 15 November 2016, excluding those deals, which have been cancelled or terminated in the meanwhile.

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