

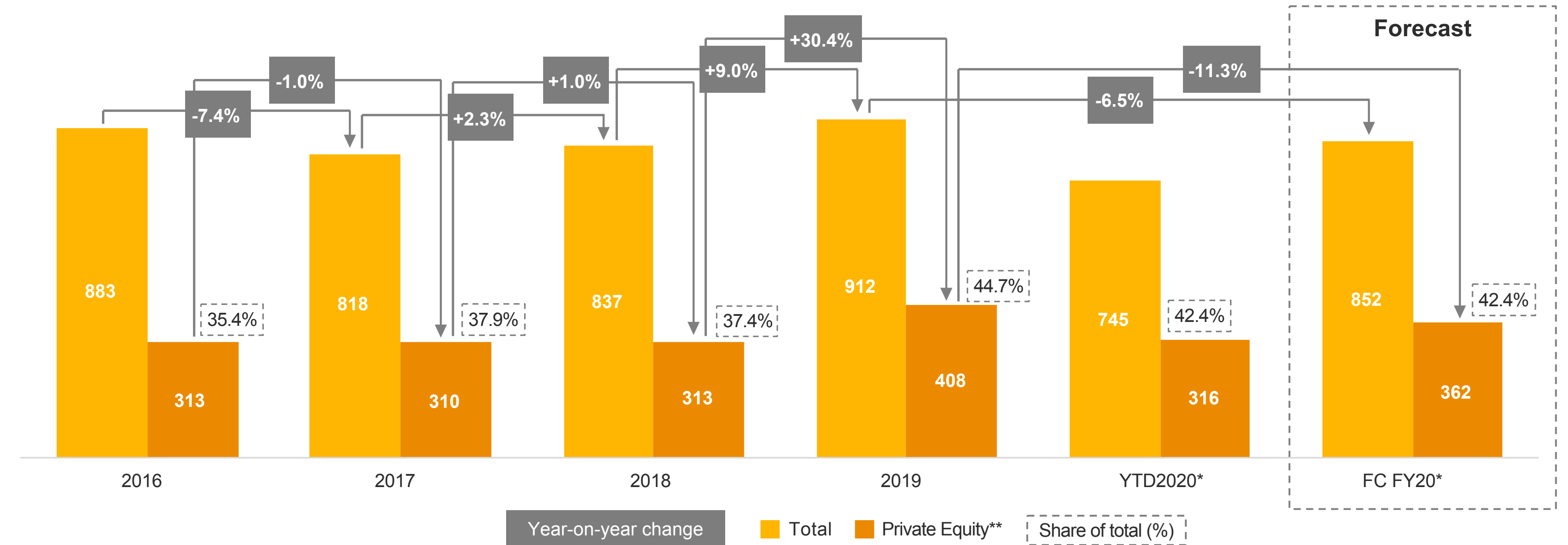
Destination Deutschland

M&A Activity of Foreign
Investors in Germany in 2020

Deal Activity of Foreign Investors in Germany since 2016

Overview

Deals with foreign investors 2016-2020 Forecast



Despite the decrease in the amount of transactions in 2017-2018 compared to 2016 and the current developments, deals with foreign investors have always played an important role in Germany. In 2019, the activity reached a new peak of 912 deals, which represents an increase of 9% compared to 2018 and an all time high. Due to the unique global situation of 2020, we forecast that the deals for the year will reach to 852, which represents 7% decrease compared to the previous one. Nevertheless, this is still over and above the total deal number in 2018 by 2%.

The year 2020 was characterised by severe uncertainty caused by the outbreak of the pandemic (COVID-19), which impacted deal-making significantly. The presidential vote in the USA also led to temporary breaks in deals activity.

The lockdown to prevent the further outbreak of the pandemic generated a negative impact in the country's economy. In 2020, the German GDP is forecast to decline to around 6.5%; while in 2009, the worst recession after the WWII, it declined 5.7%.

For 2020, a decline is expected both for Private Equity (PE) and Strategic investments compared with 2019, breaking the positive trend shown in previous years. Nevertheless, when comparing the numbers with the years prior to the boom year of 2019 – deal making has been on a very high level defying the unprecedented pandemic.

*PwC forecast value in November 2020 for the full-year 2020

**Private Equity relate to transactions where there has been PE investor involvement – either on the buy or sell side

Source: PwC Analysis based on M&A data from Thomson Reuters, Mergermarket, European Commission and Worldbank

Deal Activity since Q1 2016

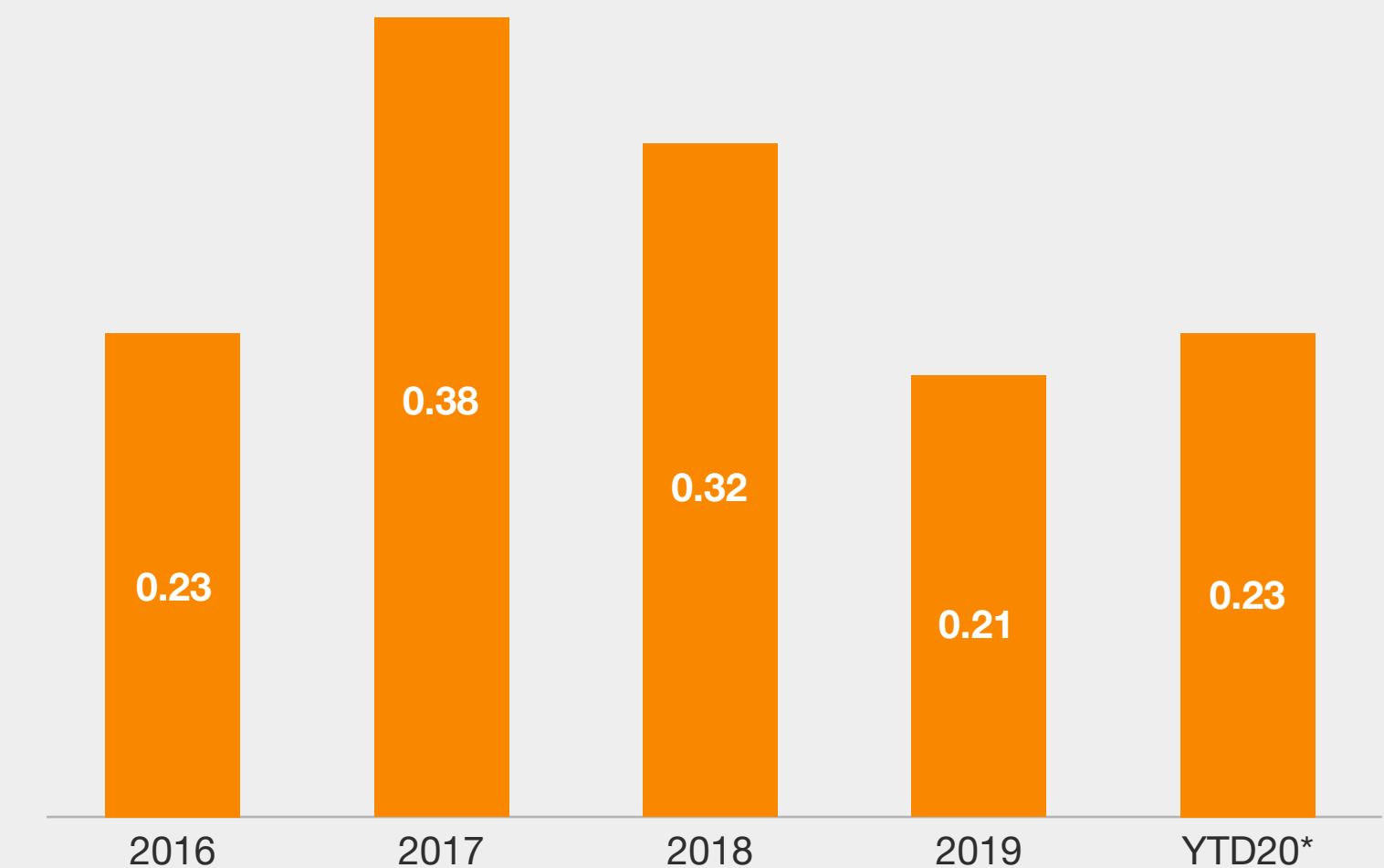
By number and value of announced deals from 2016 to YTD20*

Overview

	2016					2017					2018					2019					2020				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4**	Total FC**
Number of Deals	201	228	219	235	883	217	223	191	187	818	245	240	167	185	837	208	208	233	263	912	271	186	209	186	85
Total Deal Value (€bn)	11.7	15.4	6.4	23.5	56.9	19.4	51.0	26.5	7.0	103.9	37.9	22.0	17.9	9.4	87.2	8.3	12.3	21.3	22.8	64.7	36.2	6.3	6.0	12	61
																								Forecast	

- Total number of deals with German targets YTD20* amounted to 745 and are thus slightly below the prior year level of 757. The main reasons for this was the outbreak of the pandemic, that caused a severe global economic recession.
- In terms of total deal value, after the peak in 2017 of €104bn, it has been decreasing at a 21% CAGR (2017-2019). For 2020, we expect the total deal value to reach €61bn, a decrease of only 6% compared to the prior year.
- Even with the COVID-19 outbreak, the average deal value of €234m per deal in YTD20* is higher than the €211m achieved in the full previous year. Thus, albeit the uncertainty spread during the COVID-19 pandemic and resulting lockdowns, Germany has remained high on investors agenda and seen as a safe haven for investing, which has all held the level of deal doing high.

Average Deal Value (€bn)



*Deals from January to 15 November 2020

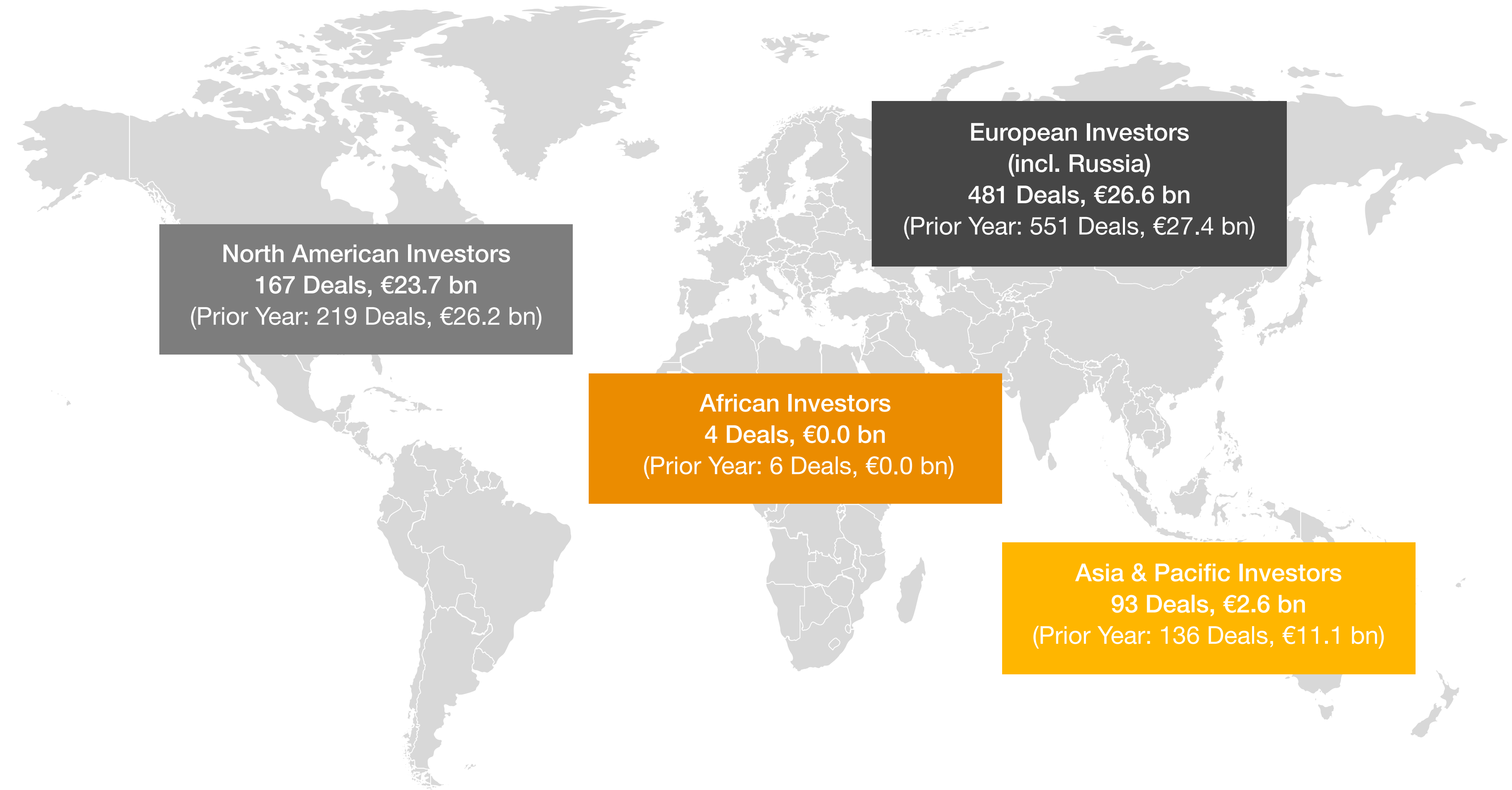
**Forecast is based on average historical values for December

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

Deals with German Targets 2020*

Number and value of signed deals in 2020 by country of origin of the investor

Overview



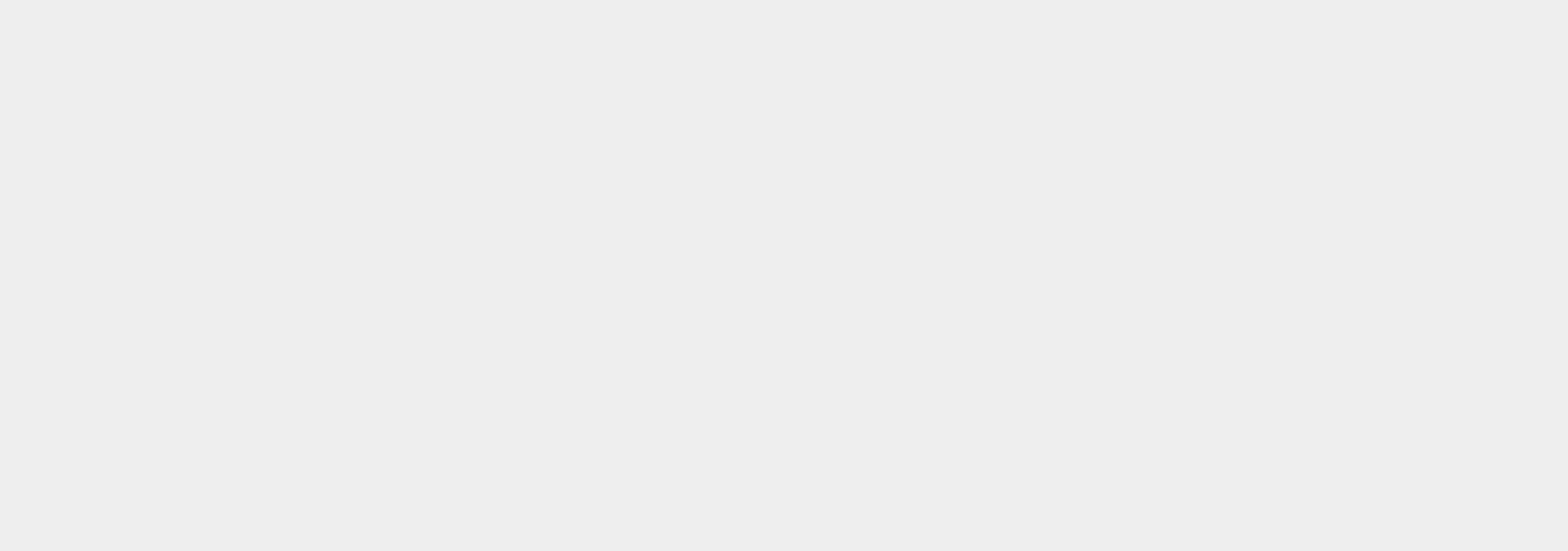
*Deals from January to 15 November 2020

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

Deals by Country of Origin

Number and value of deals according to the headquarters

Deals by investor's geography



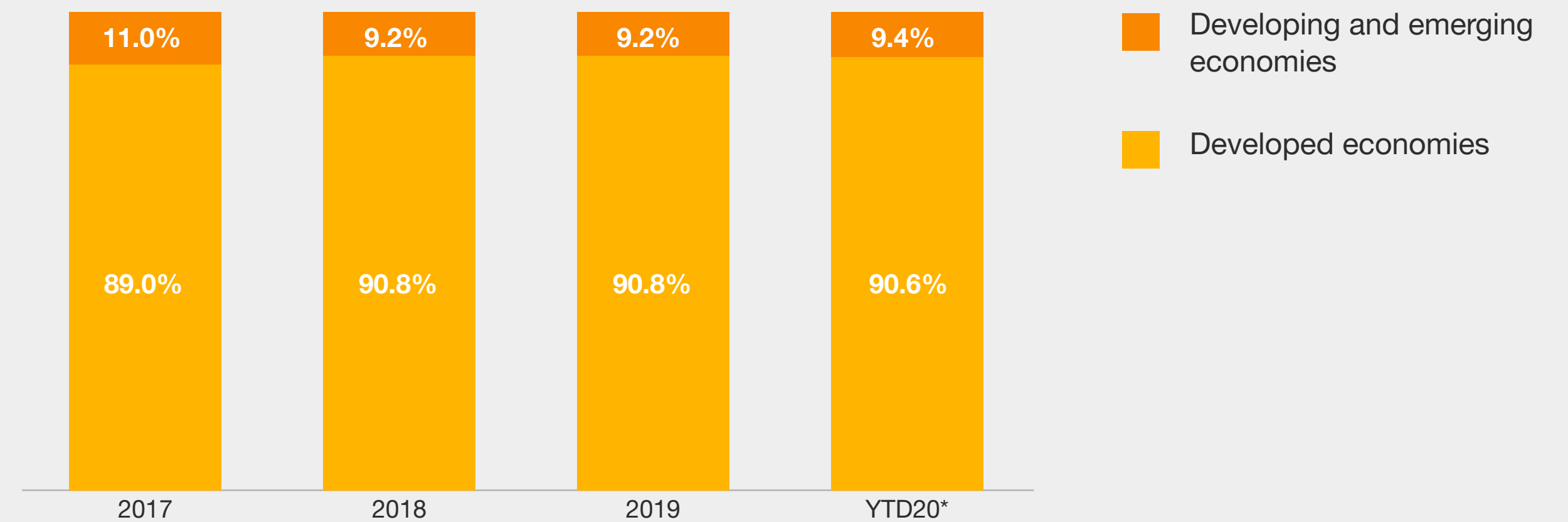
Deals by Origin of Investor Economy

By number of announced deals from 2017 to YTD20*

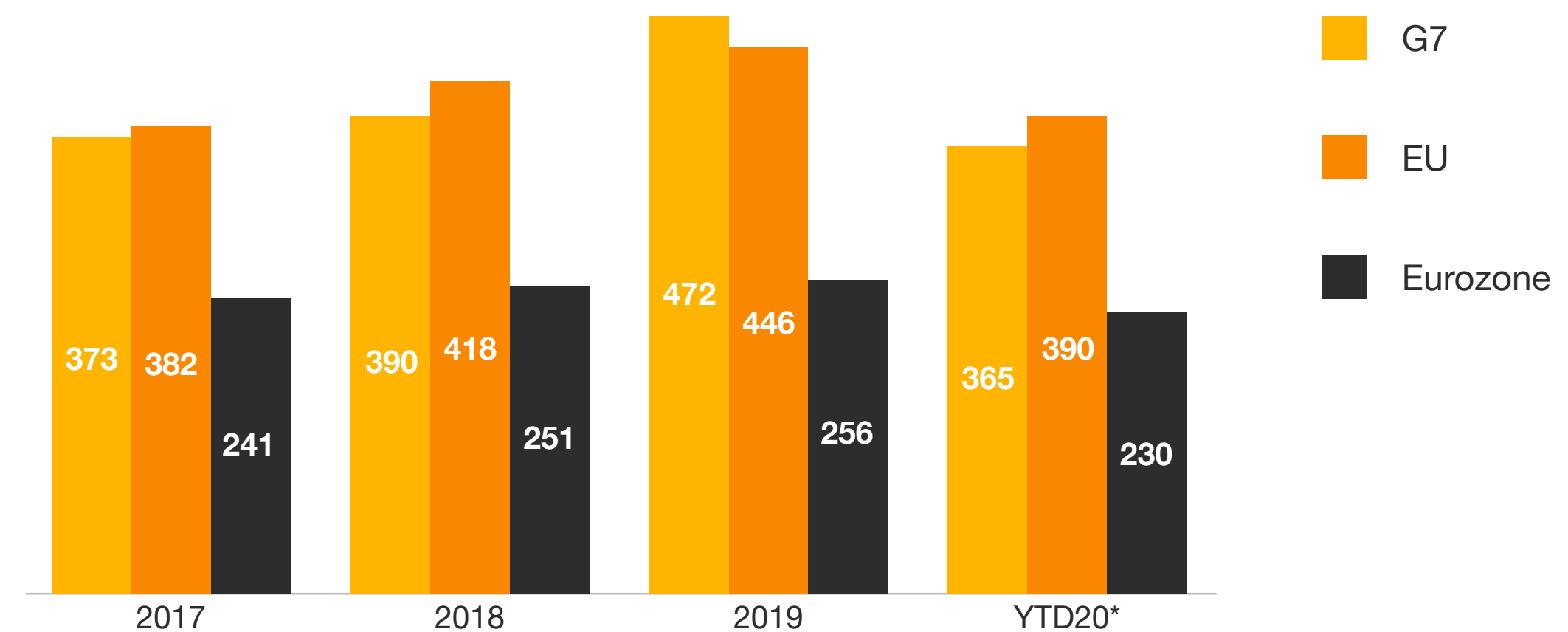
- Historically, nine out of ten deals with foreign investors originate from developed economies. Since 2017, this trend intensified further until 2018, when only 9.2% of all deals were made by buyers from developing countries. This trend maintains for YTD20*, where the share of developing and emerging economies increases only to 9.4% (0.2% percent points from previous year), remaining below 10% of all announced deals.
- The activity of investors from the European Union also increased continuously over the past years. The relative development has been steady in years 2017-2019, going from 46% to 49% of total deals and in YTD20* the share increased slightly to 52%.
- While in 2019 a percentage of 52% of the transactions were done by acquirers from G7 countries, in YTD20* there have been 365 of such transactions (472 in 2019) representing only a percentage of 49%. On the other hand, investors from the Eurozone are expanding their activity in the German transaction market (230 deals vs 256 deals in 2019), proportionally rising from 28% in 2019 to 31% of all deals in YTD20*.

Deals by investor's geography

Investors by Economical Status of Country of Origin



Deal Activity by Transaction Volume



*Deals from January to 15 November 2020

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

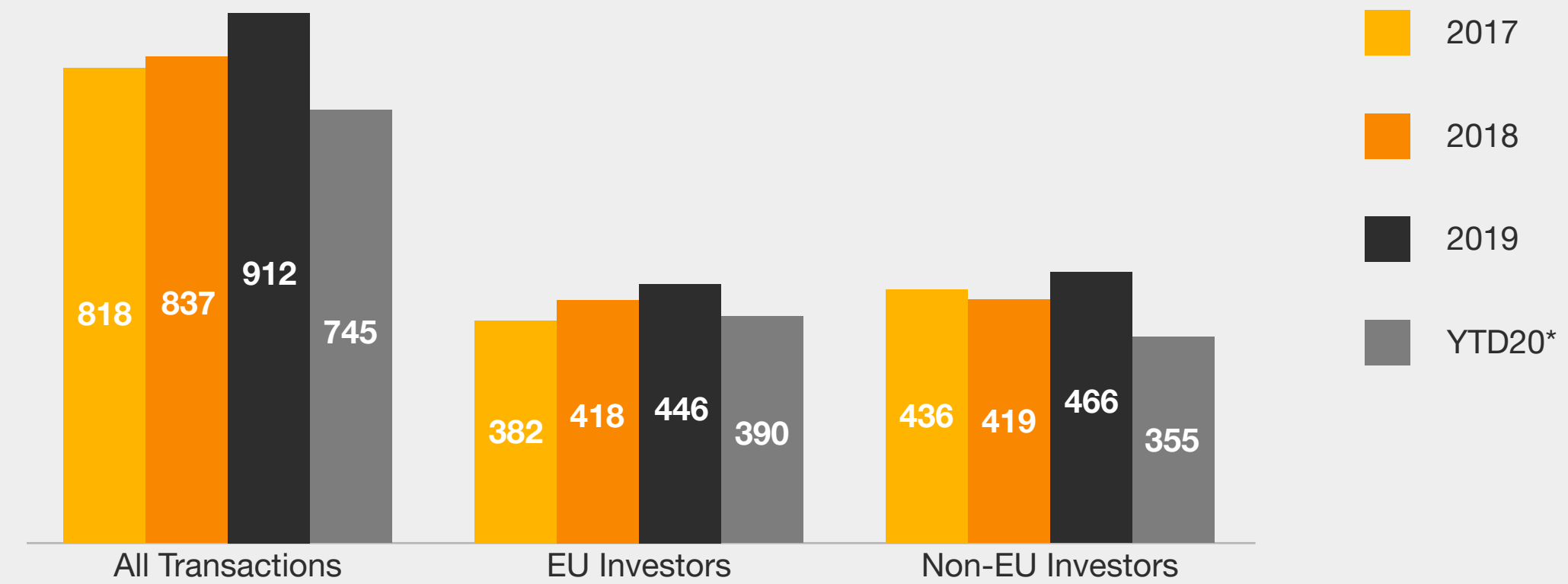
Deals by EU and Non-EU Investors

By number of announced deals from 2017 to YTD20*

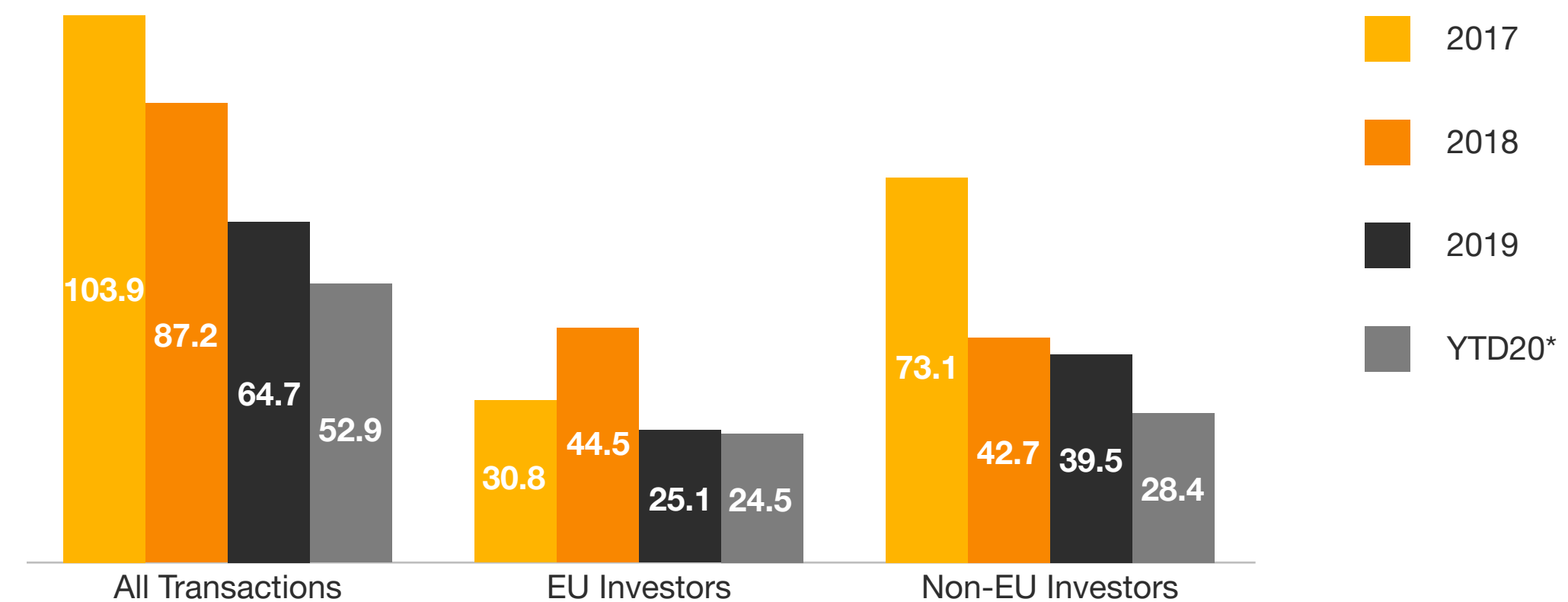
- In the period 2017-2019, the number of deals with EU investors has increased continuously, reaching their peak in 2019. Even though the amount of EU investors transactions decreased in YTD20*, the proportion from total deals increased slightly from 49% to 52%, compared to previous year. In terms of deal value, following the downward trend in 2019, we observe a positive development this year – buyers from the EU were responsible for 46% of the total deal value in YTD20*, while in 2019 they accounted only for 39%.
- The total value of the announced deals with buyers outside the EU reached an all-time high of €73.1bn or 70% of the total value in 2017. In the following years, after this peak in 2017, the non-EU investors' total deal value decreased sharply in 2018 and kept decreasing but at a much lower rate, reaching to €39.5bn in 2019. The US was the most relevant country in terms of amount of deals and total deal value for the non-EU investors, representing 44% of the transactions and 82% of deal value in YTD20*.

Deals by investor's geography

Deal Activity by Transaction Volume



Deal Activity by Total Deal Value in €bn



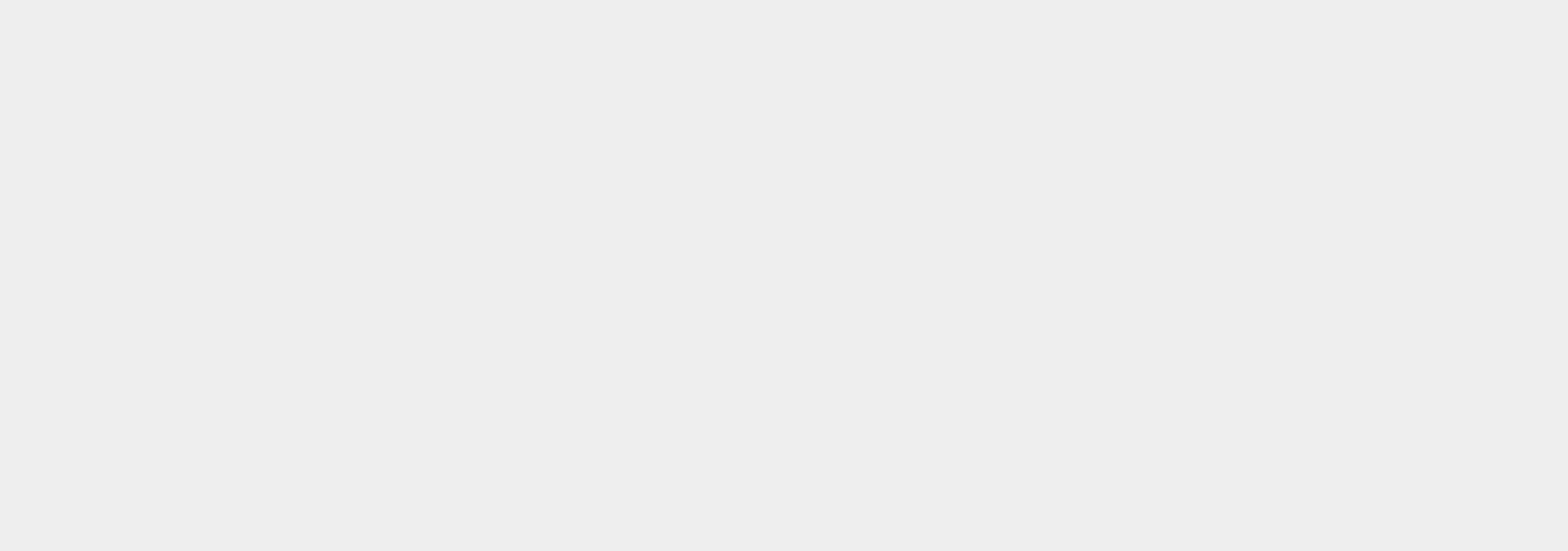
*Deals from January to 15 November 2020

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

Distribution of Deals

By number of announced deals
from 2017 to YTD20*

Deals by industry



Industry Sector Focus of Selected Investors

By number of deals YTD20*

Deals by industry

*Private Equity Transactions in grey	US		UK		CH		FR		NL		CN/HK	
Industrial Production	14	10	2	5	3	8	3	9	6	5	4	11
Technology	37	17	18	2	7	6	5	8	9	1	1	3
Retail & Consumer	11	15	16	8	10	12	10	14	4	10	1	5
Media & Entertainment	2	2	3	3	2	4	2	4	-	2	-	-
Healthcare	12	8	5	3	1	6	3	3	4	1	1	3
Materials	1	4	-	1	-	-	-	2	2	-	-	1
Real Estate	5	5	5	2	1	6	-	3	1	1	-	-
Others**	8	4	7	9	-	5	4	-	2	2	1	3
Total	155		89		71		70		50		34	

US Investments

Industrial Production

- Thyssenkrupp AG (100% stake) for €17.2bn
- Flender GmbH (100% stake) for €2bn
- DURA Automotive Systems-Europe

Technology

- Exocad GmbH (100% stake) for €0.4bn
- Aareon AG (30% stake) for €0.3bn

Healthcare

- Biontech SE-mRNA Vaccine Techn (100% stake) for €0.7bn
- Immatics Biotechnologies GmbH (100% stake) for €0.2bn
- Lanxess-Leather Chemicals Busi (100% stake) for €0.2bn

- Due to COVID-19 effect, US investors were focussed on Technology and Healthcare (47.7% of total number of US investments)

UK Investments

Retail & Consumer

- Hugo Boss AG (minority stake) for €0.2bn
- CureVac BV (10% stake) for €0.2bn

Technology

- Tier Mobility GmbH (minority stake) for €0.2bn
- Taxfix GmbH (series C) for €0.1bn
- Around 66% of all Buyers from Great Britain were PE investors, which also were mainly focussed on Retail & Consumer and Industrials

Dutch Investments

Industrial Production

- E. Ziegler Metallbearbeitung GmbH as well as e-bility GmbH

Retail & Consumer

- NWT GmbH as well as BIOTECON Diagnostics GmbH

Chinese Investments

Industrial Production

- Muetec Automated Microscopy
- STP Schmiedetechnik Plettenberg GmbH & Co. KG as well as WTP Werkzeugtechnik Plettenberg GmbH & Co. KG

Retail & Consumer

- Poggenpohl Moebelwerke GmbH
- Anker Gebr. Schoeller GmbH

Swiss & France Investments

Retail & Consumer

- Just Spices GmbH
- Cableway AG

Technology

- RIB Software SE (50% stake) for €1.4bn
- ElringKlinger AG (40% stake) for €0.1bn

*Deals January to 15 November 2020

** Government and Agencies, Energy, Telecommunication and Financial Services

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

Top 10 announced Deals in 2020*

10 largest cross-border deals by deal value*

Deals by size and volume

Signing Date	Closing Date	Deal Status	Target Name	Acquirer Name	Acquirer Nation	Investor Type	Deal-Volume (€bn)	Industry
Feb 20	Jul 20	Completed	Thyssenkrupp AG-Elevator Tech	Advent International Corp	US	PE	17.2	Industrial Products
Feb 20	-	Pending	Bombardier Transportation GmbH	Alstom SA	FR	Strategic investor	6.6	Industrial Products
Feb 20	-	Pending	Deutsche Glasfaser Hldg GmbH	EQT and OMERS	SE	PE	2.8	Industrial Products
Sep 20	-	Pending	METRO AG	EP Global Commerce as	CZ	Strategic investor	2.2	Retail & Consumer
Oct 20	-	Pending	Flender GmbH	The Carlyle Group	US	PE	2.0	Industrials
Jun 20	Sep 20	Completed	Telefonica SA-Cellphone Towers	Telefonica SA	ES	Strategic investor	1.5	Energy
Feb 20	Jul 20	Completed	RIB Software SE	Schneider Electric SE	FR	Strategic investor	1.4	Technology
Feb 20	-	Pending	ISRA Vision AG	Atlas Copco AB	SE	Strategic investor	1.1	Technology
Apr 20	Aug 20	Completed	Schuelke & Mayr GmbH	EQT	SE	PE	1.0	Materials
Feb 20	-	Completed	Real GmbH	SCP Group S.A.R.L; X+Bricks AG	LU	Strategic investor	1.0	Retail & Consumer

*Pending: Awaiting regulatory approval

*Deals with disclosed deal value, January to 15 November 2020

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

Deals by Size and Volume

By number of announced deals
from 2017 to YTD20*

Deals by size and volume

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 2016 and 15 November 2020, excluding those deals, which have been cancelled or terminated in the meanwhile.

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