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# M&A Telegram

## Q2/2018

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+++ Major transactions are driving the German M&A market. After several fruitless attempts, Deutsche Telekom and Softbank enter into a business combination agreement to merge T-Mobile US with its rival, Sprint. German building materials maker Knauf agrees the \$ 7 billion takeover of competitor USG, while Merck sells its OTC business to Procter & Gamble for around € 3.4 billion. Vonovia continues to drive the consolidation of the residential property market, submitting a takeover bid of around € 900 million for Swedish real estate company Victoria Park. Daimler and BMW combine their mobility businesses, including car-sharing subsidiaries Car2Go and DriveNow, forming five joint ventures in total. +++

+++ Bayer closes its takeover of Monsanto. At a volume of around \$ 63 billion, Bayer's takeover of Monsanto, closed in the second quarter, is the largest foreign investment by a German company. In an M&A market increasingly influenced by national industrial policy and activist investors, successfully closing similarly complex transactions is becoming significantly more difficult. +++

+++ Chinese investors remain resolute. Following the conclusion of the first in-depth review under Germany's stricter foreign investment control regime amended in 2017, the Federal Ministry of Economics clears the acquisition of Cotesa, a manufacturer of composite fiber components for aviation and automotive engineering by the Chinese fund Changzou QFA Composite Material. The state-owned Chinese group SGCC is seeking to acquire a 20% stake in power network firm 50Hertz at the second attempt, after the first was thwarted by the investment of a European shareholder following political intervention. By contrast, German auto supplier Grammer hopes that a takeover bid by Chinese major shareholder Ningbo Jifeng will put co-shareholder Hastor in its place. +++

+++ Private Equity investors remain active. With the sale of German metering firm Techem to a consortium built around the Partners Group for around € 4.6 billion, Macquarie has, after a holding period of ten years, successfully completed the largest PE exit in Germany to date. The merger of EQT portfolio company Sivantos with Danish competitor Widex to create a global hearing aid leader exemplifies a "buy and build" strategy that is proving increasingly attractive to financial investors as a value creation model. +++

+++ Are capital market exits getting more difficult? The IPO of Springer Nature, which was due to follow the major IPOs of Siemens Healthineers and DWS, was cancelled at short notice. However, in the time window before the summer break, online furniture retailer home24 and the provider of financial administration services capsensix managed to list. +++

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*This M&A Telegram is addressed to clients and friends of Cleary Gottlieb who are interested in developments in the German M&A market. It does not constitute legal advice.*

