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M&A Telegram

Q3/2018

+++ The record breaking heat past summer left M&A activities cold. Signa and Hudson's Bay agree on a merger between Karstadt and Kaufhof. Signa takes over the lead role. In addition, Signa acquires significant real estate properties from Hudson's Bay. Via Warwick, Morgan Stanley submits a takeover offer for all shares of the logistics company VTG. Haniel prepares its withdrawal from retailer group Metro with the disposal of a 7.3% share participation and the granting of a call option for an additional 15.2% of the group's shares to the Czech firm EP Global Commerce. The acquirer secures an additional 9% Metro package from the co-shareholder Ceconomy. The Hymer family sells its RV business, valued at approx. EUR 2.1 billion, to its competitor Thor Industries. Schwarz Group's entry into Tönsmeier, a waste disposal company, could alter the recycling business in Germany. +++

+++ Shareholder activism reaches a new peak. With the early departure of the chairmen for the board of directors and the supervisory board, the activist investors Cevian and Elliott set a clear signal at Thyssenkrupp. The sale of the elevator division or even a dismantling of the group is still being rejected by the board of directors. The systems engineering division, however, is already undergoing reorganization. +++

+++ Protectionism continues to increase. The first interdiction authorization under the German foreign trade laws is enacted for Leifeld Metal Spinning. The company may not be sold to Chinese investors. According to directive by the Government, KfW will acquire a 20% share of power network provider 50Hertz, which was secured by Elia, a co-shareholder, via preemption in advance. Thus the prospective Chinese buyer has no opportunity to make a move. A reduction of the examination threshold under German foreign trade laws from 25% down to max. 15% is imminent. The CFIUS powers of intervention are being expanded in the USA and Great Britain is also tightening investment controls. +++

+++ Will the (final) mega deal fly? Linde disposes of parts of its Americas business for approx. EUR 2.8 billion to Messer and CVC. Praxair aims to satisfy antitrust authority expectations by disposing significant parts of its European business to Taiyo Nippon Sanso for approx. EUR 5 billion. Additional stipulations in the USA could still topple the transaction. Was Bayer's acquisition of Monsanto the last large transatlantic transaction for the time being in an environment increasingly governed by industrial policy? +++

+++ Private Equity Investors savor the summer. Notwithstanding this, two major deals were made in the acquisition of an approx. 30% share of Minimax Viking, a company for fire protection systems, by Intermediate Capital Group of Kirkbi Family Office for approx. EUR 2.3 billion and the acquisition of Suse by EQT for approx. EUR 2.18 billion from Micro Focus. +++

+++ Capital Markets on the verge. In the announced large initial public offering of Knorr-Bremse the IPO track prevails against a disposal, unlike the situation at Hymer. It is expected that Traton, the VW trucks & buses division, should be ready for the capital markets by the end of the year. The future of Daimler's trucks & buses business is to be decided next year. +++

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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.

