

Frankfurt am Main, March 25, 2019

# M&A Telegram

## Q1/2019

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+++ German M&A market makes solid start to the new year. Pharma and chemicals specialist Merck announces cash offer to take over Versum Materials, a US semiconductor company, in a deal valued at approx. USD 5.9 billion. Merck's aim is to forestall the agreed merger between Versum and Entegris. Merck had only recently entered into a multi-billion cooperation agreement with GlaxoSmithKline in the field of cancer immunotherapy. Symrise wants to take over nutritional products supplier ADF/IDF for around \$900 million. Family company Kathrein divests its antenna business to Ericsson. Fashion label Tom Tailor sees major shareholder Fosun increase its shareholding by way of a capital increase, followed by a public tender offer. +++

+++ Financial investors turn up the volume. At the second attempt, Hellman & Friedman and Blackstone reach an agreement with Scout24 to take over the online marketplace. The deal's total value of approximately €5.7 billion makes it the biggest public takeover by financial investors in Germany to date. Advent wins the bidding for Evonik's "Plexiglas" business with a bid of around €3 billion. KKR continues to pursue its "buy and build" strategy, acquiring Tele München Group from media entrepreneur Kloiber and Universum Film from RTL within a few days. For around €2.2 billion, Triton and the Abu Dhabi sovereign wealth fund ADIA acquire logistics company Ifco Systems from Brambles. Osram confirms talks with Bain and Carlyle concerning a friendly takeover. +++

+++ German foreign investment rules once again tightened. The review threshold for non-EU/EFTA investments in sectors defined as critical was reduced from 25% to 10%. In addition, media companies with a widespread and current impact in shaping public opinion were added to the list of critical sectors. Chinese outbound investments, which have previously triggered ongoing debate about foreign investment law, are now declining. +++

+++ Industrial policy takes on a new dimension. German Minister for Economic Affairs, Peter Altmaier, presents a new industrial strategy to strengthen the industrial competitiveness of Germany. This proposed strategy links the lasting success of certain specific companies with the national economic interest. A German strategic investment fund under the aegis of the German Reconstruction Loan Corporation (KfW) also features in the proposal. The creation of a "national champion" by merging Deutsche Bank and Commerzbank is also hotly discussed. The idea to allow "European champions" triggers discussions about a reform of European antitrust law, which stands in the way of the blocked rail mega-merger between Siemens and Alstom. +++

+++ Capital markets at a crossroads? The IPO of Traton, VW's commercial vehicles business, which had been anticipated in the run-up to Easter, was postponed due to market conditions generally acknowledged as being increasingly difficult. Thus, the wait for a large IPO to send a positive signal continues. Krauss-Maffei finds a creative way to tap into the Chinese capital markets by transferring shares in the engineering group to a Shanghai-listed affiliate. +++

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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.*

