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M&A Telegram Q2/2024

+++ Turnaround of the M&A Market? After a slow first quarter, the second quarter ignites hopes for a revival of the German M&A market for the rest of the year. The sale of DB Schenker by Deutsche Bahn, valued at around EUR 15 billion, is entering the next bidding round. In addition to remaining financial investor CVC, strategic investors Maersk, the Danish DSV and Saudi logistics company Bahri are also in the mix. Various sovereign wealth funds are being discussed as possible co-investors. ThyssenKrupp has brought Daniel Křetínský on board to support the steel division. Křetínský's investment holding EP Corporate Group may pay up to EUR 400 million for an initial 20% stake in the steel division. In the medium term a 50/50 joint venture could be envisaged. Employee representatives are rising up and demand concessions. ABN Amro acquires private bank Hauck Aufhäuser Lampe for approx. EUR 670 million to create the third-largest asset manager in Germany, behind Deutsche Bank and Commerzbank. Further consolidation in the private banking market seems likely. Meanwhile, German companies are making strategic acquisitions in the USA. Merck is acquiring the Wisconsin-based life sciences company Mirus Bio for approx. EUR 560 million and Knorr Bremse is spending around EUR 650 million to enter the American market by acquiring Alstom's US rail signaling business. +++

+++ Private equity activity increases – also “strategically important” assets are in focus. US investor KPS Capital Partners strikes with the acquisition of Siemens' Innometrics business, which is valued at EUR 3.5 billion. Together with the Canadian pension fund CDPQ, TPG acquires a majority stake in the software company Aareon, a subsidiary of Aareal Bank, for EUR 3.9 billion. Advent, which is also a co-owner of Aareal Bank itself, will initially retain a stake in Aareon. The purchase price will be partly financed by private credit from other financial investors. Meanwhile, Bain and Cinven are preparing the exit of their Stada investment. Various financial investors are interested in the drug manufacturer, which is valued with up to EUR 11 billion. Carlyle positions itself for a majority stake in ThyssenKrupp Marine while the German government could acquire a minority stake. Financial investors could now also prevail in a bid for the German part of the grid operator TenneT. The German government has abandoned the complete acquisition of the German TenneT business, estimated with up to EUR 25 billion, for the time being due to budgetary constraints. Infrastructure funds could now seize the opportunity and step in. Talks were already underway. In the end, a minority stake could be an option for the German government here as well. +++

+++ Discussions about industrial policy on the horizon. The wait for a new German investment law for foreign investment screening continues. In the meantime, in connection with Chancellor Scholz's trip to China, there have been rumblings from the German government that certain plans to tighten up the German investment screening regime will not be implemented after all. However, this has not been confirmed by the Federal Ministry of Economics, which is leading foreign investment screenings in Germany. Further discussions within the government's coalition about the political course can therefore not be ruled out. On the other hand, there seems to be an alignment that German outbound investment control is off the table for the time being, waiting for the evaluation at European level first. +++

+++ Does the IPO climate cool down? After the IPOs of Renk and Douglas in the first quarter, the IPO window seems to be closing for now. Sunrise Medical abandons its IPO plans, which would have valued the company at approx. EUR 2 billion. Instead, Nordic Capital passes the company on to financial investor Platinum Equity. At FlixBus, the existing investors prefer a private investor EQT instead of exiting via the capital market. According to reports, EQT is aiming for a stake of around 30% and, with a value of approx. EUR 3.2 billion, is offering a higher valuation than the banks were prepared to give in an IPO scenario. +++

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