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M&A Telegram
2023

+++ The year of the strategists. In 2023 the German M&A market is dominated by strategic transactions. In a high-profile transaction, Viessmann sells its air conditioning business to US competitor Carrier for approx. EUR 12 billion. Part of the purchase price is a 20% stake in Carrier, through which Viessmann intends to continue to participate in developments in the heat pump sector. As part of a takeover scenario, SAP is able to sell its stake in Qualtrics to Silver Lake for approx. USD 7.7 billion, and SAP acquires Leanix from a group of investors led by Deutsche Telekom. Deutsche Börse acquires the Danish software company SimCorp for approx. EUR 3.9 billion. Deutsche Telekom secures a 50.2% majority stake in its US subsidiary T-Mobile, giving it the opportunity to determine its strategic direction in the long term. With an improved takeover bid Schaeffler initiates the integration of Vitesco. **+++**

+++ Financial investors on the lookout. High interest rates and volatile markets are making PE transactions more difficult. Nevertheless, Asterion is able to acquire Steag for approx. EUR 2.6 billion. EQT manages a quick exit from Schülke & Mayr. Together with Bitburger Holding, the Strüngmann Family Office values the disinfectant manufacturer acquired by EQT in 2020 at a reported EUR 1.4 billion. With the participation of GIC, Messer orchestrates the buyback of CVC's stake in the Messer Industries joint venture. EQT and Cinven get creative in deal sourcing and submit takeover offers for Suse and Synlab, companies that they already had in their portfolios and then took public. **+++**

+++ Activists have staying power. Initially, Primestone and Engine Capital prevent a possible takeover of Univar by Brenntag. At the company's General Shareholders' Meeting, their candidates for the Supervisory Board are almost able to prevail thanks to the support of proxy advisors ISS and Glass Lewis. Now, the Brenntag management is pursuing the split-up of the chemicals wholesaler demanded by the activists. Following Elliott's investment in Fresenius, it is decided to deconsolidate Fresenius Medical Care and at Bayer, Bluebell, Elliott and Inclusive Capital use the clout of institutional investors to replace CEO Baumann ahead of schedule. **+++**

+++ Industrial policy in a new dimension. The state is becoming a market participant and is expanding its investment control. After lengthy negotiations, the German state has said that it is planning to take over the German subsidiary of Dutch grid operator TenneT. The on-transfer of a majority stake following this acquisition is also already being considered. Following further doubts about Cosco's investment in a Hamburg container terminal, the acquisition of a 24.99% stake by the Chinese state-owned group is ultimately approved. Finally, the systematic consolidation of foreign investment control regulations in a separate law is expected for next year. A further tightening of the control regime is to be expected. **+++**

+++ No help from the capital markets. The IPO of Thyssenkrupp's hydrogen subsidiary Nucera, postponed in the past, had initially provided hope and there was already speculation about a dual track process for the exit of Bain and Cinven at Stada. However, other IPOs were canceled after the summer break. IPOs are no viable option for an exit. **+++**

+++ What can we expect? Probably more of the same. How the open-ended negotiations between the Covestro management and ADNOC proceed and whether Bayer is split up may influence developments on the German M&A market. However, the decisive factors will be whether the geopolitical situation leaves room for hope and how inflation and interest rates develop in the relevant markets. Much seems possible. **+++**

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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.