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M&A Telegram 2020

+++ Corona and a strong second half of the year. Following a brief Corona-related lull, the second half of the year was full of action. The first move was the agreed acquisition of the US cancer specialist Varian by Siemens Healthineers for approx. USD 16.4 billion. GlobalWafers plans to acquire its competitor Siltronic for approx. EUR 3.75 billion. K+S succeeds in transferring the salt business in the Americas to a consortium around Stone Canyon for approx. USD 3.2 billion. Bertelsmann acquires the US publisher Simon & Schuster from Viacom CBS for approx. USD 2.175 billion. Traton is also acquiring the rest of Navistar for a further approx. USD 3.7 billion. Deutsche Börse secures an 80% stake in ISS, the shareholder advisor valued at approx. USD 2.275 billion. Covestro acquires the RFM business from Royal DSM for approx. EUR 1.6 billion. For a reported purchase price of approx. EUR 1 billion, Oetker is supplementing its beverages division with the delivery service Flaschenpost, and Bayer is investing up to USD 4 billion in gene therapy with the acquisition of Asklepios BioPharmaceutical. +++

+++ Financial investors with high market share. The acquisition of the Thyssenkrupp elevator division by a consortium around Advent and Cinven represents one of the largest European PE deals in recent years with a transaction volume of approx. EUR 17.2 billion. Its financing was possible despite Corona. Prior to the outbreak of the pandemic, EQT and the Omers Pension Fund secured Deutsche Glasfaser from KKR and Reggeborgh for approx. EUR 2.8 billion. EQT then acquired the disinfectant manufacturer Schülke & Mayr, sold by Air Liquide, for approx. EUR 900 million. Carlyle takes over the transmission subsidiary Flender from Siemens for approx. EUR 2 billion. Neuraxpharm will be sold to Permira for approx. EUR 1.6 billion, ensuring a swift exit for Apax. Towards year-end, EQT again makes a move to acquire the special software developer Thinkproject for a reported EUR 700 million, and can sell the facility services provider Apleona to PAI Partners for approx. EUR 1.6 billion. +++

+++ Germany intensifies industrial policy; Europe too. Foreign investment control is being significantly tightened by several changes in foreign trade law. In addition, the EU Screening Regulation creates participation rights of the Member States and the Commission in national screening procedures. The resulting prolongation of procedures and the expansion of the catalog of sectors defined as critical are bestowing new complexity to M&A processes. At the same time, the State is once again becoming a market participant through its holdings in Lufthansa and CureVac. At Commerzbank, its influence on the appointment of new top management is decisive. +++

+++ Capital market offers brief exit window. After the summer break, the recreation vehicle manufacturer Knaus Tabbert and Siemens Energy slip through a brief market window for their initial public offerings. This has already closed again with the partial exit of KKR in the IPO of the Hensoldt defense group. With much a-do, the shares of Rocket Internet are delisted from the stock exchange. +++

+++ Expectations for 2021 are high. The significant upturn in the M&A market in the second half of the year and the prospect of an effective Corona vaccine spread confidence among market participants. They expect an active M&A year in which strategic and financial investors react to the pandemic and the opportunities it presents. The significantly tightened investment control regime will often play a major role in this regard. Companies will also have to adjust again to campaigns by activist shareholders. +++

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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.

