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# M&A Telegram

## Q3/2017

+++ The German M&A market has fared well over the summer. The Bain/Cinven consortium successfully closed its takeover bid for Stada at the second attempt. Linde shareholders can now accept the exchange offer to merge with Praxair and the Hong Kong-based CK Group wins out in the bidding for smart-metering specialist ista. Toward the end of the third quarter, ThyssenKrupp and Tata Steel announce their intention to enter into a steel joint venture. Fortum is working on the takeover of Uniper. +++

+++ New German foreign trade law adds complexity to M&A processes. The law is meant to better shield German companies from takeovers by foreign investors. A new reporting requirement has been introduced, and the type of transactions that could come under review expanded. In addition, review periods were also extended. On a European level, discussions surround the involvement of the EU and other member states in national review proceedings and extending review criteria to include possible foreign state influence on buyers. +++

+++ Industrial policy considerations are becoming increasingly significant. Following the takeover of Kuka by a Chinese investor, the planned merger of ThyssenKrupp's steel business with Tata Steel has also become a political topic. A possible alternative has been mooted: creating a "German Steel AG" as a national champion involving both Georgsmarienhütte and probably also Salzgitter AG. +++

+++ Approaching investors continues to gain significance for M&A transactions. In collaboration with institutional investors, Linde has structured its exchange offer in such a way that index funds can submit their shares, with the latter already counting toward the minimum acceptance threshold of 75%. Moreover, Linde is canvassing shareholders to submit their shares early. This enables institutional investors whose statuses require them to await an 50% acceptance to accept the offer. This is intended to boost the exchange offer's chances of success. +++

+++ Private Equity investors are increasingly accepting minority positions. Following KKR's investment in market-research firm GfK, EQT also accepts a minority stake in prosthetics maker Otto Bock. The value-creation model for portfolio companies is changing. +++

+++ Capital markets enable Private Equity exits. Before the summer break, German truck parts maker Jost followed Vapiano and Delivery Hero with its listing, allowing Cinven a partial exit. Retail investors were excluded from the process. The spinoff of Siemens' medical technology business Healthineers has now been announced for the first half of 2018. +++

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