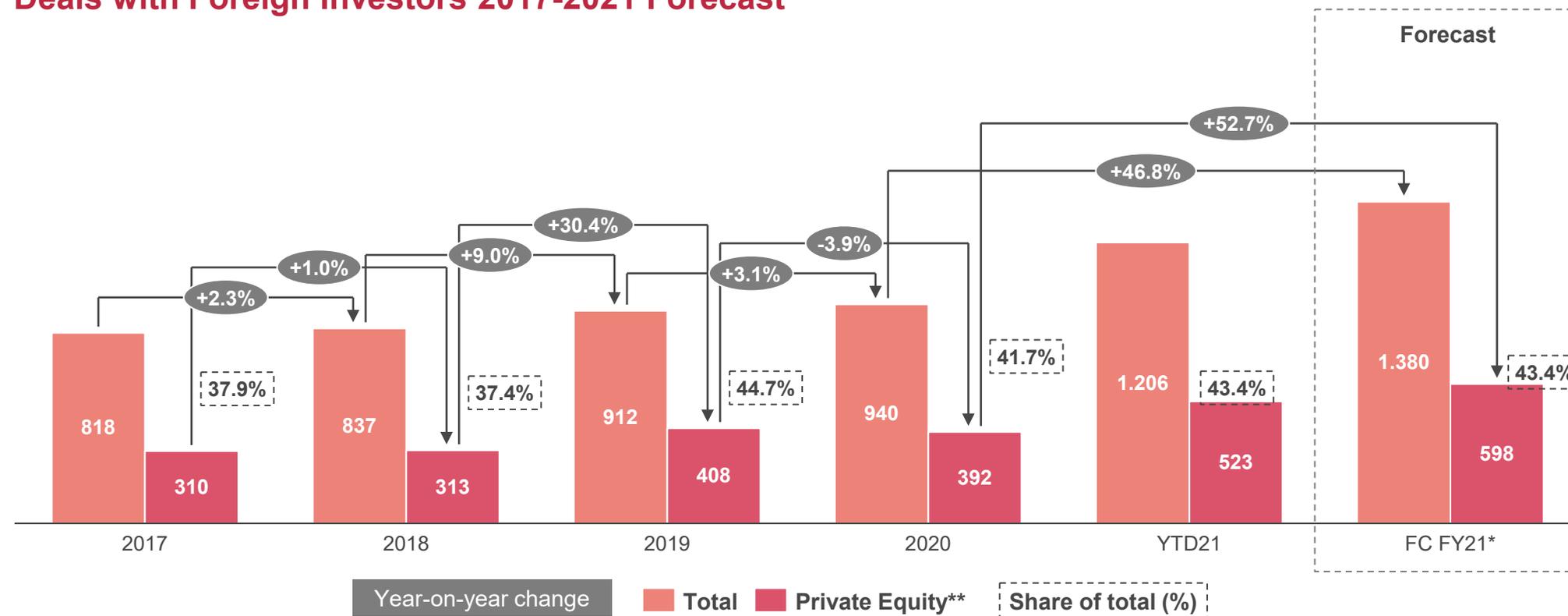


# Destination Deutschland

M&A Activity of Foreign  
Investors in Germany in 2021

# Deal Activity of Foreign Investors in Germany since 2017

## Deals with Foreign Investors 2017-2021 Forecast



Germany has witnessed a strong momentum of foreign investor deals since the beginning of 2017, owing to the country's strong and diversified industrial network, skilled workforce with a good command in English, reliable infrastructure, a favorable social climate, a stable legal framework, and a strategic location in the heart of Europe.

Despite a challenging economic environment led by the outbreak of COVID-19, deals with foreign investors in Germany surged to 940 deals in 2020, representing an increase of 3% compared with 2019, as companies urged to team up with other strategic partners in order to build a resilient operating model, as well as to improve current competitiveness in a fast-changing global and digital environment.

Deals with foreign investors reached a record high in 2021, with 1,206 deals (YTD21), an increase of 28% as compared with 2020, continuing the uptrend of deal activity in the country.

In addition to strategic investors, private equity investors continued to show a large appetite for German companies, with 523 private equity (PE) deals (43% of total deals with foreign investors) in YTD21, an increase of 33% as compared with 392 deals in 2020.

For 2021, a surge is expected both for Private Equity (PE) and Strategic investments compared with 2020 and as well as the pre-pandemic levels, indicating a strong positive foreign investor sentiment for German companies to accelerate growth, seize opportunities and thrive in a post-pandemic world.

\*PwC forecast value in November 2021 for the full-year 2021

\*\*Private Equity relate to transactions where there has been PE investor involvement – either on the buy or sell side

Source: PwC Analysis based on M&A data from Thomson Reuters, Mergermarket, European Commission and Worldbank

# Deal Activity since Q1 2017

By number and value of announced deals from 2017 to YTD21\*

Overview

Deals by investor's geography

Deals by industry

Deals by size and volume

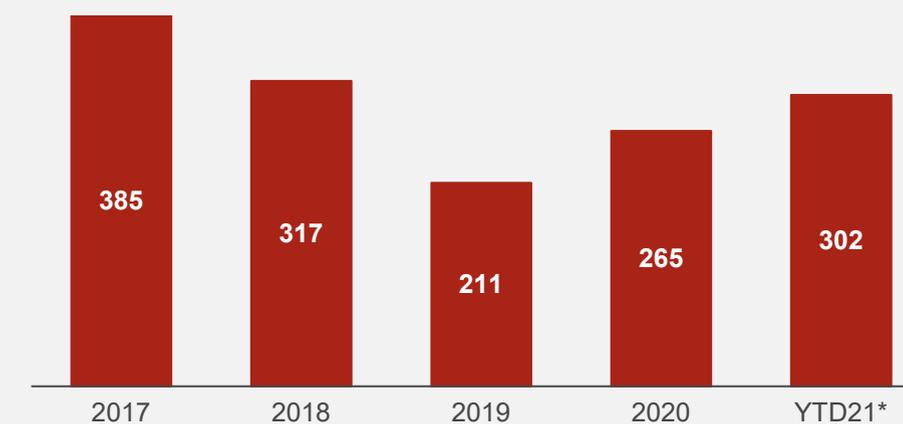
Methodology

	2017					2018					2019					2020					FY21				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4**	Total FC**
Number of Deals	217	223	191	187	<b>818</b>	245	240	167	185	<b>732</b>	208	208	233	263	<b>912</b>	271	186	209	274	<b>940</b>	386	321	352	321	<b>1,380</b>
Total Deal Value (€bn)	19.4	51.0	26.5	7.0	<b>103.9</b>	37.9	22.0	17.8	9.4	<b>87.2</b>	8.3	12.3	21.3	22.8	<b>64.7</b>	36.2	6.3	6.0	27.3	<b>75.9</b>	18	19	49	37	<b>123</b>

Forecast

- Total number of deals with German targets YTD21\* are 1,206 and are thus higher than the prior year level of 940. As the global economy showed signs of recovery from the economic led downturn in 2020, investors increased their focus on reshaping value chains as well as addressing gaps in existing globalization and supply chain models, boosting deal activity in Germany.
- Total deal value witnessed a V-shaped recovery in YTD21, recorded a new high of €108bn, crossing the peak in 2017 of €104bn. For 2021, we expect the total deal value to reach €123bn, an increase of 62% compared to the prior year.
- Owing to the improved investor sentiment, increased optimism about economic prospects, low cost of financing and record amount of private capital dry powder, the average deal value of €302m per deal in YTD21\* is higher than the €265m achieved in the full previous year.
- Thus, Germany has hence proved to be resilient despite the challenges resulting from the pandemic, which has all held the level of deal doing high.

## Average Deal Value (€m)



\*Deals from January to 15 November 2021

\*\*Forecast is based on average historical values for December

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Deals with German Targets 2021\*

Number and value of signed deals in 2021 by region of origin of the investor

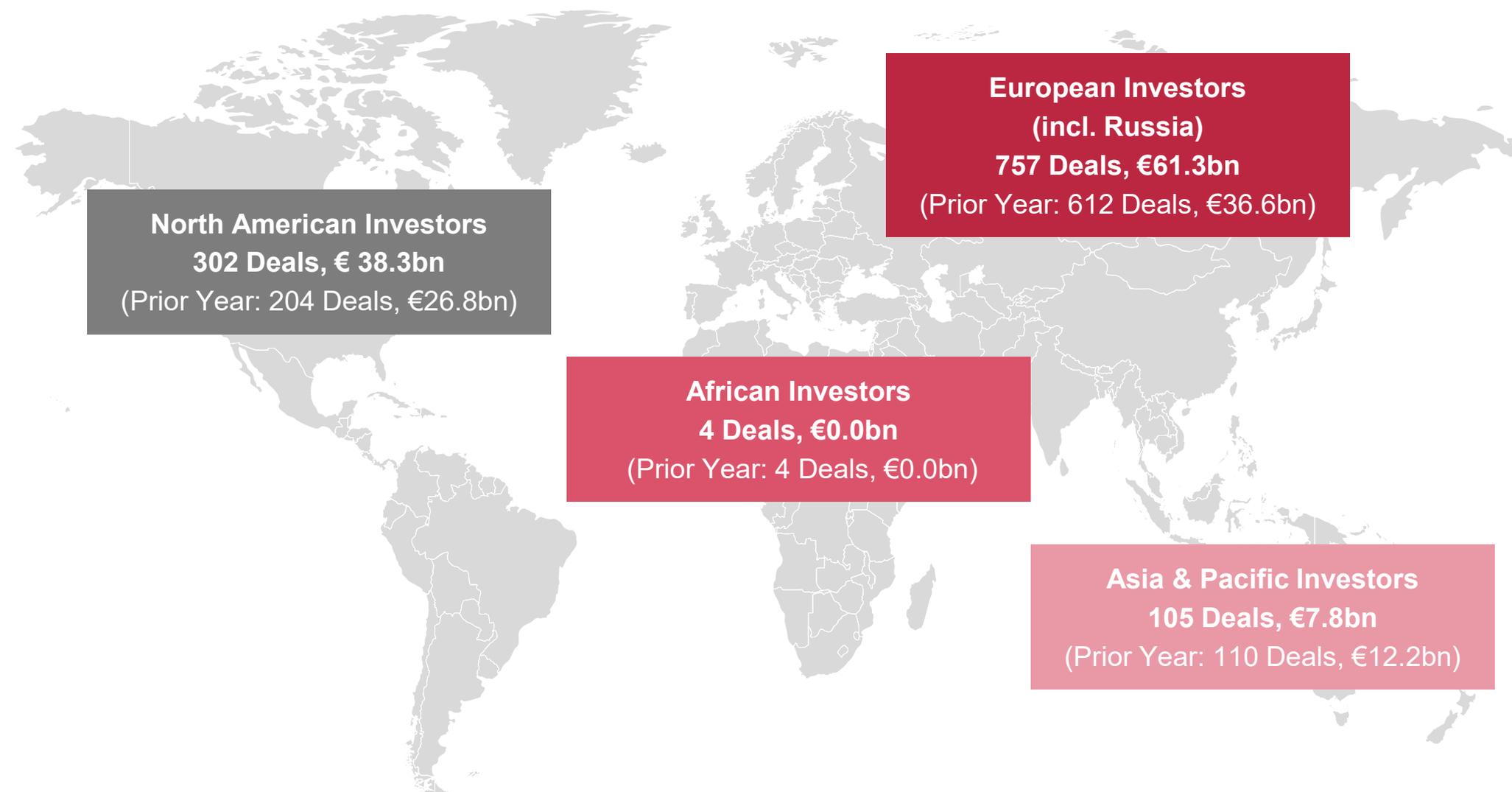
Overview

Deals by investor's geography

Deals by industry

Deals by size and volume

Methodology



\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Deals by Country of Origin of the Investor

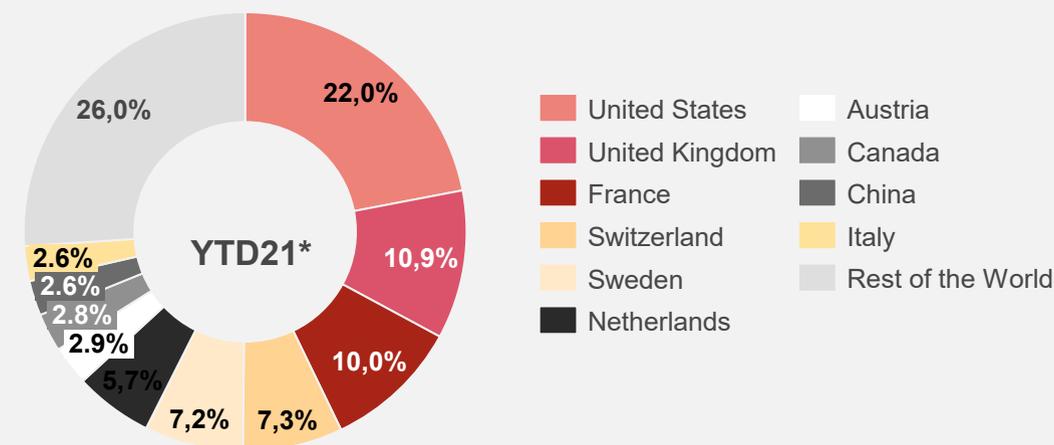
## Number and value of deals according to the headquarters of the investor

- Based on the number of transactions, German targets are mainly of interest to US investors: with 265 deals in YTD21\* and a total deal value of €27.8bn, they rank first in the league table. The US buyers alone account for 22.0% of total amount of deals and a share of 25.9% of the total deal value. A driver behind this year's deal value was the Atotech Ltd - MKS Instruments Inc deal, with a value of €4.5bn.
- The UK ranked second in YTD21\* with 132 announced deals (10.9% of total), and six in deal value, amounting to €3.3bn (3.1% of total). Germany remained a safe haven for British investors, owing to its economic resilience, despite turbulence in the global markets.
- France accounted for 120 deals in YTD21\* from 96 in full year 2020, which represents a change of 25.0%. The invested amount was the second highest, at €14.4bn (13.4% of the total). Main driver behind this development was the acquisition of HELLA GmbH & Co. KGaA by Faurecia S.E. for €6.0bn (41.6% of the total).
- Switzerland accounted for 7.3% of total amount of deals but only 6.9% of total deal value; while Sweden accounted for 9.5% of total deal value, but 7.2% of total amount of deals

\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

### Number of Deals by Country



	Number of Deals YTD21*	Total Deal Value (€bn)
United States	265	27.8
United Kingdom	132	3.3
France	120	14.4
Switzerland	88	7.5
Netherlands	87	10.2
Sweden	69	1.3
China and HK	35	2.9
Austria	34	10.5
Japan	31	0.6
Italy	31	1.4
Rest of World	314	27.8
<b>Total</b>	<b>1,206</b>	<b>107.7</b>

# Deals by Country of Origin of the PE Investor

## Number and value of deals according to the headquarters of the Private Equity\*\* investor

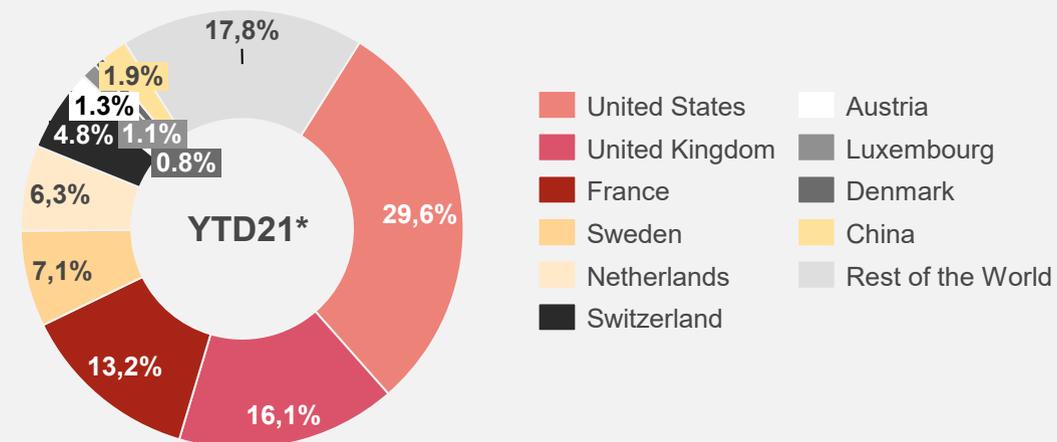
- German targets are still in the interest of US PE investors, with a total of 155 transactions in YTD21\*. Ranking first, transactions with US PE investors represent 29.6% of total transactions, as compared with 28.3% of total transactions in 2020. High dry powder levels with US PE firms accelerated deal activity, as they explored opportunities to deploy the capital in the country.
- As in the last years, PE investors from the United Kingdom rank second, measured by the amount of announced deals, with 84 transactions (YTD21), representing 16.1% of total transactions
- French PE investors ranked third with 69 deals announced in YTD21\*; representing 13.2% of total transactions. Also, French PE deals increased by 86.5% in YTD21 (69 deals) as compared with full year 2020 (37 deals).
- PE investors from the Netherlands maintained their deal activity with 33 announced deals (YTD21\*) as compared with 34 deals in full year 2020.
- While, investments by Swedish PE investors in Germany increased by 117.6% in YTD21\* (37 deals) as compared with 17 deals in full year 2020.
- In YTD21\*, the amount of total PE deals in Germany has already recorded a new high. German companies are recognizing that private equity investments can improve company performance and spur job creation in the country.

\*Deals from January to 15 November 2021

\*\*Private Equity relate to transactions where there has been PE investor involvement – either on the buy or sell side

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

### Number of Deals by Country



	2018	2019	2020	YTD21*
United States	65	123	111	155
United Kingdom	60	85	64	84
France	18	35	37	69
Sweden	15	14	17	37
Netherlands	19	31	34	33
Switzerland	31	29	34	25
Austria	5	5	14	7
Luxembourg	5	5	10	6
Denmark	3	1	7	4
China	7	7	7	10
Rest of World	85	73	57	93
<b>Total</b>	<b>313</b>	<b>408</b>	<b>392</b>	<b>523</b>

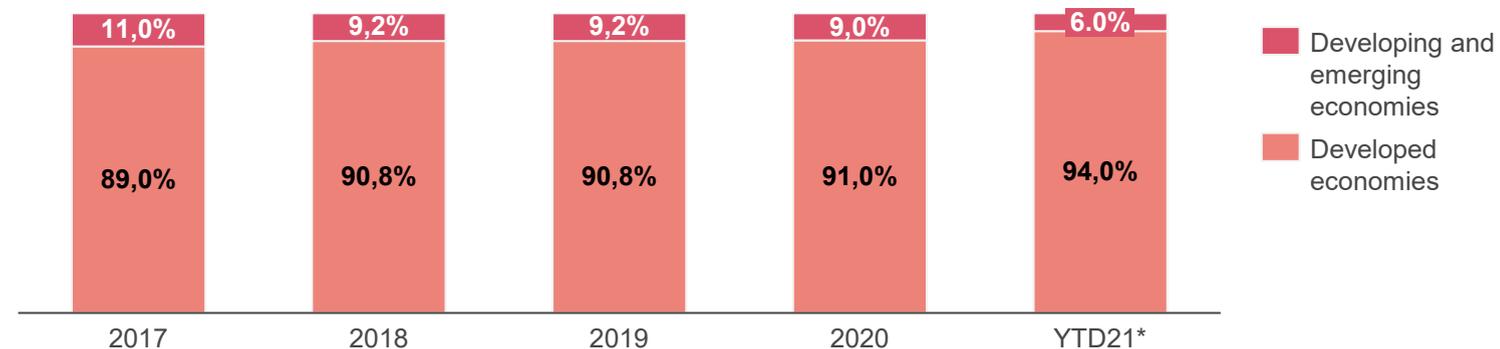
# Deals by Origin of Investor Economy

By number of announced deals from 2018 to YTD21\*

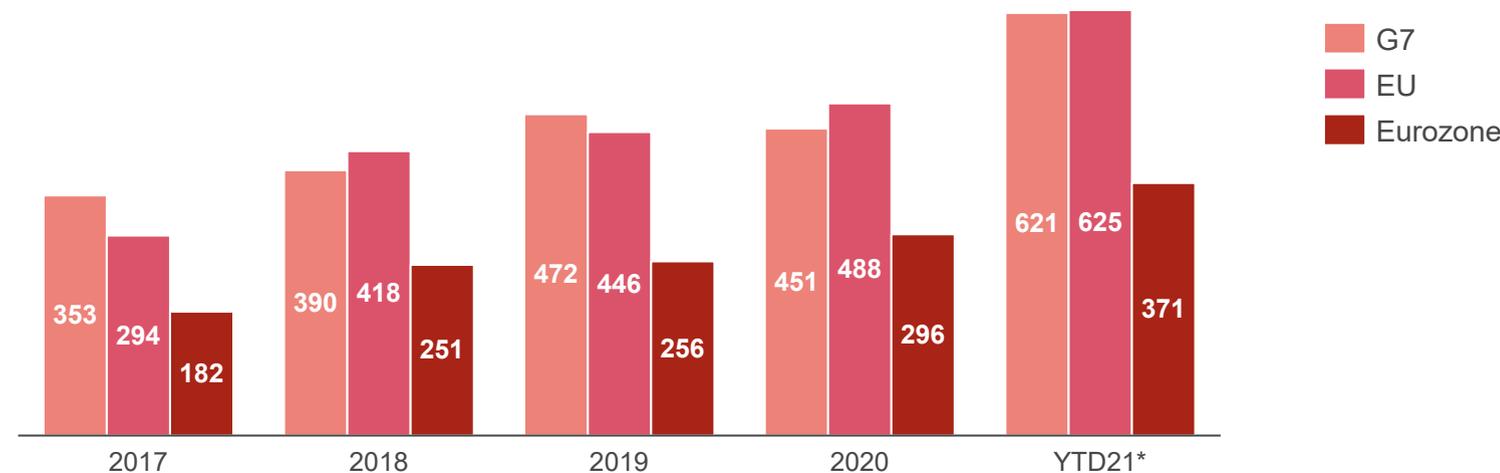
- Historically, nine out of ten deals with foreign investors originate from developed economies. Since 2017, this trend intensified further until 2018 and 2019, when only 9.2% of all deals were made by buyers from developing countries. This trend has been building up during YTD21\*, where the share of developing and emerging economies increases only to 6.0% (3.0% percent points from previous year), remaining well below 10% of all announced deals.
- While in 2020 48% of the transactions were done by acquirers from G7 countries, in YTD21\*, there have been 621 of such transactions (451 in 2020) representing a percentage of 53%. On the other hand, investors from the Eurozone have maintained same level of their activity in the German transaction market (371 deals vs 296 deals in 2020), proportionally reiterating the level of 32% of all deals in 2020 as well as YTD21\*.

- The activity of investors from the European Union also increased continuously over the past years. The relative development has been steady in years 2017-2019, going from 46% to 49% of total deals whereas in 2020, it has increased to 52% and in YTD21\* the share increased slightly more to 54%.

## Investors by Economical Status of Country of Origin



## Deal Activity by Transaction Volume



\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

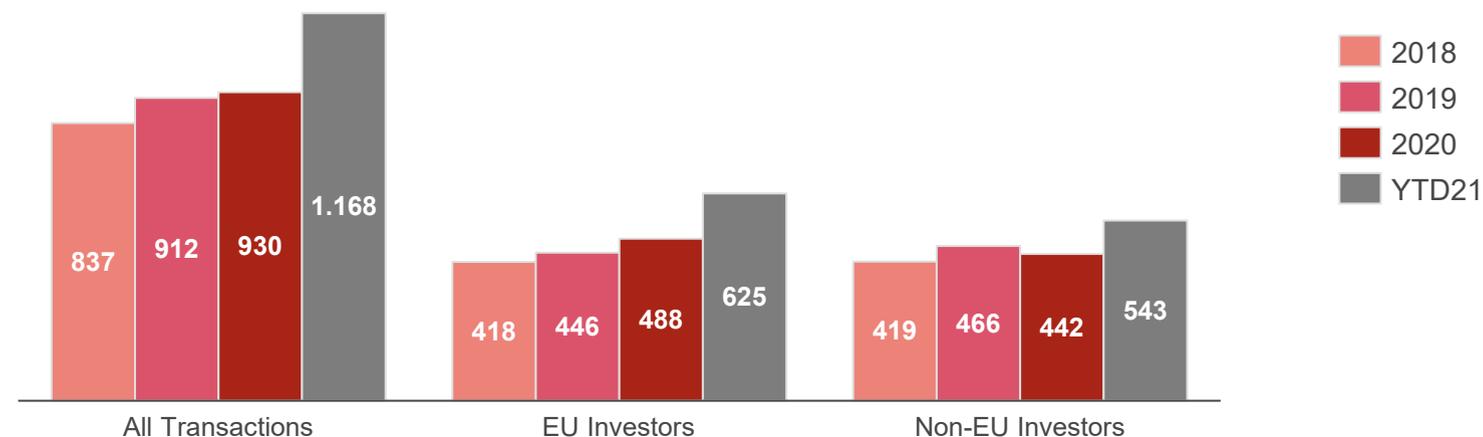
# Deals by EU and Non-EU Investors

By number of announced deals from 2018 to YTD21\*

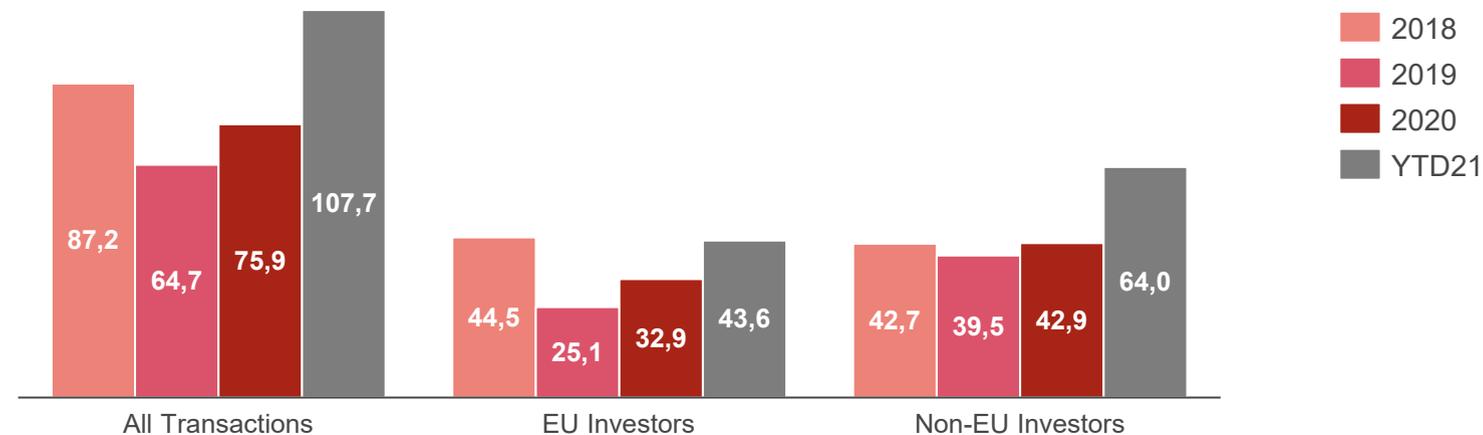
- In the period 2018-2020, the number of deals with EU investors has increased continuously, reaching their peak in 2021. Deal Value has shown growth of 33% from FY20 to YTD21\* and 31% from FY19 to FY20, the proportion from total deals increased slightly from 52% to 54%, compared to previous year. In terms of deal value, following the downward trend in 2019, we observe a positive development following years – buyers from the non-EU were responsible for 62% of the total deal value in YTD21\*, while in 2020 they accounted only for 57%.

- The total value of the announced deals with buyers outside the EU was divided in at €42.7bn or 49% of the total value in 2018. In the following years, the non-EU investors' total deal value kept decreasing but at a much lower rate, reaching to €39.5bn in 2019 and rose mildly to €42.9bn in 2020. Sharp increase in deal value from non-EU investors can be seen in YTD21\* by reaching to €64.0bn. The US was the most relevant country in terms of amount of deals and total deal value for the non-EU investors, representing 49% of the transactions and 43% of deal value in YTD21\*.

## Deal Activity by Transaction Volume



## Deal Activity by Total Deal Value in €bn



\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Distribution of Deals by Industry Sector

By number of announced deals from 2018 to YTD21\*

- In YTD21\*, foreign investors' interest in German targets within the Technology industry increased sharply from 218 deals in 2020 to 328 deals in YTD21\*, an increase of 50% already compared to the full year 2020. Despite the ongoing uncertainty surrounding the Coronavirus pandemic, transaction activity in Germany for targets within technology sector, showcasing high valuation multiples and seller friendly SPAs. High level of deal activity in Germany is expected to continue into 2022. As the German market has been characterized by a booming economy in recent years, M&A transactions for German targets will soon take center stage.

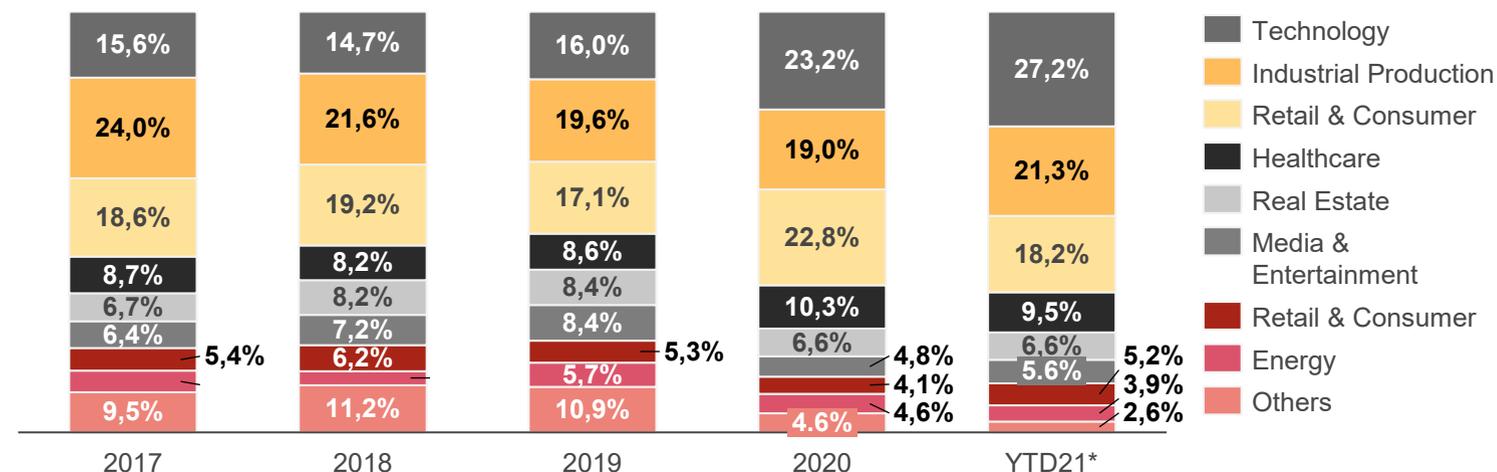
- The deals for German Retail & Consumer targets remained levelled at 219 deals in YTD21\*, showing a marginal increase of 2% against the full year 2020.
- For the Industrial Production sector, deal volume has revamped, after seeing a decline in 2019 and remained stagnant in 2020, it has risen by 257 in YTD21\*, representing a 44% increase. Global M&A saw a strong bounce-back within industrial production sector in 2021 from the pandemic levels experienced in 2020.

\*Deals January to 15 November 2021

\*\*Communication and Other Services

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

## Distribution of Deals by Industry Sector



## Number of Deals by Industry Sector

	2017	2018	2019	2020	YTD21*
Technology	128	123	146	218	328
Industrial Production	196	181	179	179	257
Retail & Consumer	152	161	156	214	219
Healthcare	71	69	78	97	115
Real Estate	55	69	77	62	79
Media & Entertainment	52	60	77	45	67
Financial Services	44	52	48	39	63
Energy	42	28	52	43	47
Others	78	94	99	43	31
<b>Total</b>	<b>818</b>	<b>818</b>	<b>837</b>	<b>912</b>	<b>940</b>

# Distribution of Deals by Investor and Industry Sector

By number of announced deals from 2018 to YTD21\*

- The involvement of PE investors in cross-border M&A deals with German targets show a decrease in 2020 where the share changed from 44.7% in 2019 to 41.7% and in YTD21\*, PE investors slightly increased to 43.4%, by 1.7 percentage points as compared to 2020.
- During YTD21\*, PE investors mainly targeted companies in the industrial production sector, as the German market has been characterized by a booming economy in recent years.
- Retail & Consumer maintains its second position in the ranking, with 19% of total number of PE investments.
- The focus of Strategic investors in YTD21\* has been shifted on the targets within Industrial Products. Other industry focus for strategic investors were targets within Technology, and Retail & Consumer, in YTD21\*. Media & Entertainment has experienced an increase of ~71% compared to the prior year (48 deals vs 28 in the full year 2020).

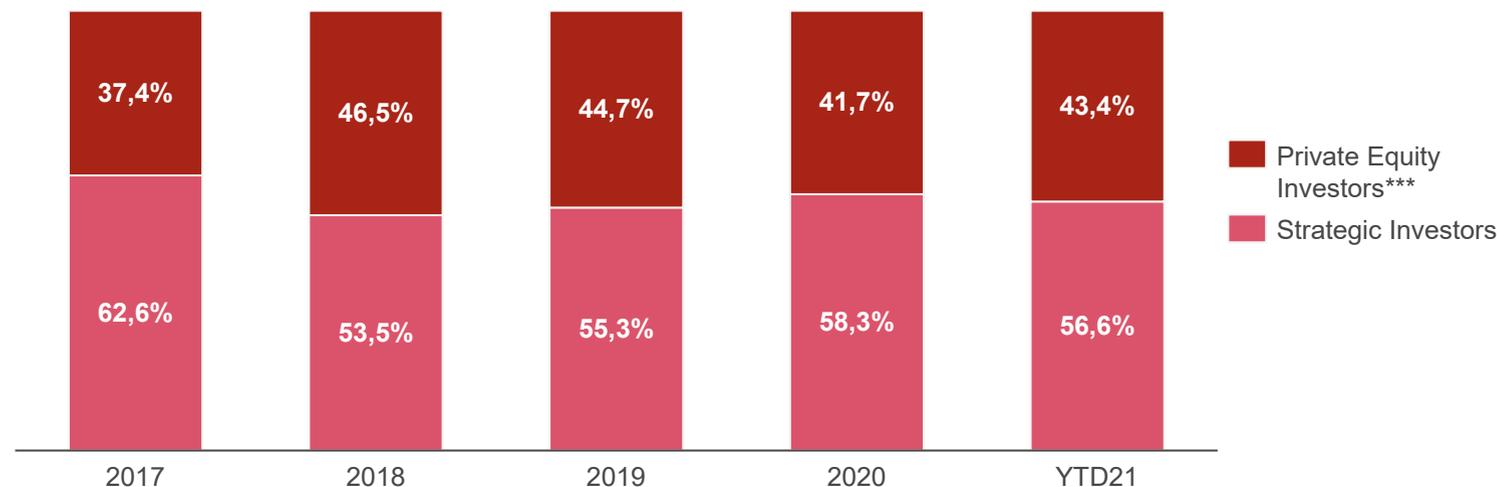
\*Deals January to 15 November 2021

\*\*Communication and Other Services

\*\*\*Private Equity relate to transactions where there has been PE investor involvement – either on the buy or sell side

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

## Deals by Investor Type



## Deals with Private Equity\*\*\* and Strategic Investor by Sector

	2018		2019		2020		YTD21*	
Technology	54	69	80	66	123	95	161	167
Retail & Consumer	66	95	61	95	84	130	99	120
Industrial Production	58	123	55	124	59	120	92	165
Healthcare	24	45	45	33	46	51	63	52
Real Estate	22	47	18	59	20	42	19	60
Media & Entertainment	15	45	44	33	17	28	19	48
Financial Services	24	28	30	18	20	19	41	22
Energy	9	19	20	32	10	33	15	32
Others**	41	53	55	44	13	30	14	17
<b>Total</b>	<b>837</b>		<b>912</b>		<b>940</b>		<b>1,206</b>	

# Industry Sector Focus of Selected Investors

By number of deals YTD21\*

Overview

Deals by investor's geography

Deals by industry

Deals by size and volume

Methodology

*Private Equity Transactions in grey	US		UK		CH		FR		NL		CN/HK	
Technology	63	39	27	14	9	12	10	7	6	11	5	4
Retail & Consumer	26	11	19	8	5	15	18	8	7	6	-	6
Industrial Production	25	32	7	9	4	15	14	23	7	6	3	9
Healthcare	12	6	8	5	2	6	14	3	8	5	3	2
Media and Entertainment	9	7	-	3	-	2	3	4	2	3	-	-
Real Estate	5	5	4	4	3	8	1	2	-	1	-	1
Others**	15	10	19	5	2	5	9	4	3	4	1	4
<b>Total</b>	<b>265</b>		<b>132</b>		<b>88</b>		<b>120</b>		<b>69</b>		<b>38</b>	

## US Investments

### Industrial Production

- Atotech Ltd (100% stake) for €4.5bn
- Liliium GmbH (100% stake) for €2.2bn
- Norsk Hydro ASA (Rolling business) for €1.4bn

### Technology

- ADVA Optical Networking SE (100% stake) for €0.9bn
- Celonis SE (minority stake) for €0.9bn
- Akasol AG (89.1% stake) for €0.8bn

### Retail & Consumer

- Zooplus AG (100% stake) for €3.6bn
- SIGNA Sports United GmbH (100% stake) for €2.2bn
- Targets within Industrial Products are gaining traction from PE investors and has shown a strong growth of 56% in YTD21\* against full year 2020

## UK Investments

### Retail & Consumer

- Forto GmbH (minority stake) for €0.2bn
- Infarm - Indoor Urban Farming GmbH (minority stake) for €0.1bn

### Technology

- Tier Mobility GmbH (minority stake) for €0.2bn
- MAIT GmbH (minority stake) for €0.1bn
- Around 64% of all Buyers from Great Britain were PE investors, which also were mainly focused on Technology and Retail & Consumer

## Dutch Investments

### Technology

- IP Exchange GmbH as well as Smartpatient GmbH

### Retail & Consumer

- Caseking GmbH (64% stake) for €0.9bn
- Flink SE (minority stake) for €0.2bn

## Chinese Investments

### Industrial Production

- HNA Airport Group GmbH
- YongLi Deutschland GmbH

### Retail & Consumer

- Joh. Friedrich Behrens AG-Assets
- Imat-Uve GmbH

## Swiss and French Investments

### Retail & Consumer

- Immofinanz AG - Research & Development Facility (100% stake) for €0.1bn
- Sigma Technopark Augsburg GmbH (100% stake) for €0.1bn

### Technology

- RIB Software SE (9.1% stake) for €0.2bn

\*Deals January to 15 November 2021

\*\* Financial Services, Energy and Other Services

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Top 10 announced Deals in 2021\*

10 largest cross-border  
deals by deal value\*

[Overview](#)

[Deals by investor's geography](#)

[Deals by industry](#)

[Deals by size and volume](#)

[Methodology](#)

Signing Date	Closing Date	Deal Status	Target Name	Acquirer Name	Acquirer Nation	Investor Type	Deal Value (€bn)	Industry
Sep 21	-	Pending	Akelius GmbH-Residential Property	Heimstaden Bostad AB	NO	Strategic Investor	9.5	Real Estate
Aug 21	-	Pending	HELLA GmbH & Co. KGaA (60%)	Faurecia S.A.	FR	Strategic Investor	6.0	Industrial Products
Feb 21	Jun 21	Completed	Zalando SE	Kinnevik AB (Shareholders)	SW	PE	5.4	High Technology
Nov 21	-	Pending	Master Builders Solutions Deutschland GmbH	Sika AG	SZ	PE	5.3	Industrial Products
Nov 21	-	Pending	alstria office REIT-AG	Brookfield Asset Management Inc.	CA	PE	4.6	Real Estate
Jul 21	-	Pending	Atotech Ltd	MKS Instruments Inc	US	PE	4.5	Industrial Products
Jul 21	-	Pending	Allnex GmbH	PTTGC International (Netherlands) B.V.	TH	PE	4.2	Industrial Products
Aug 21	-	Pending	HELLA GmbH & Co KGaA (40%)	Faurecia Participations GmbH	FR	Strategic Investor	4.1	Industrial Products
Aug 21	-	Pending	Zooplus AG	Zorro Bidco SARL	US	PE	3.6	Retail & Consumer
Jun-21	-	Pending	SIGNA Sports United GmbH	Yucaipa Acquisition Corp	US	PE	2.2	Retail & Consumer

\*Pending: Awaiting regulatory approval

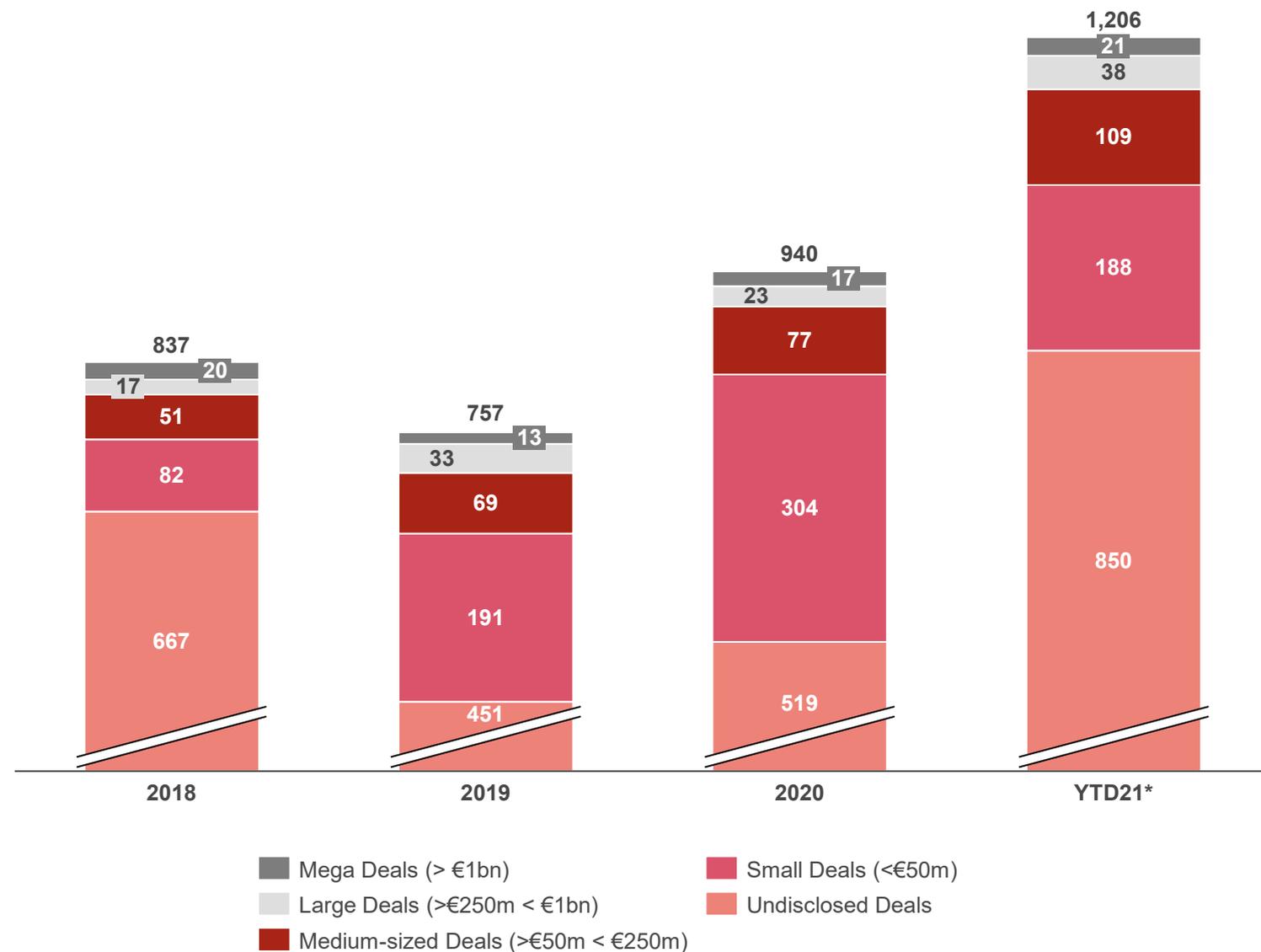
\*Deals with disclosed deal value, January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Deals by Size and Volume

By number of announced deals from 2018 to YTD21\*

- In YTD21\* there have been only 356 deals with a disclosed deal value versus 850 deals where no transaction value was disclosed. These 356 deals represent a 30% of total deals in YTD21\*, which is slightly below the average of 35% of deals with disclosed value in the prior years.
- In YTD21\* there have been 21 mega deals with a total deal value of €70.2bn. From these 21 mega deals, top 10 deals of them cover 81% in the deal value of total mega deals.
- Small deals accounted for 52.8% of deals with disclosed value while large or mega deals together account for 16.6% of deals with disclosed value and medium sized deals accounts for the remaining 30.6%.



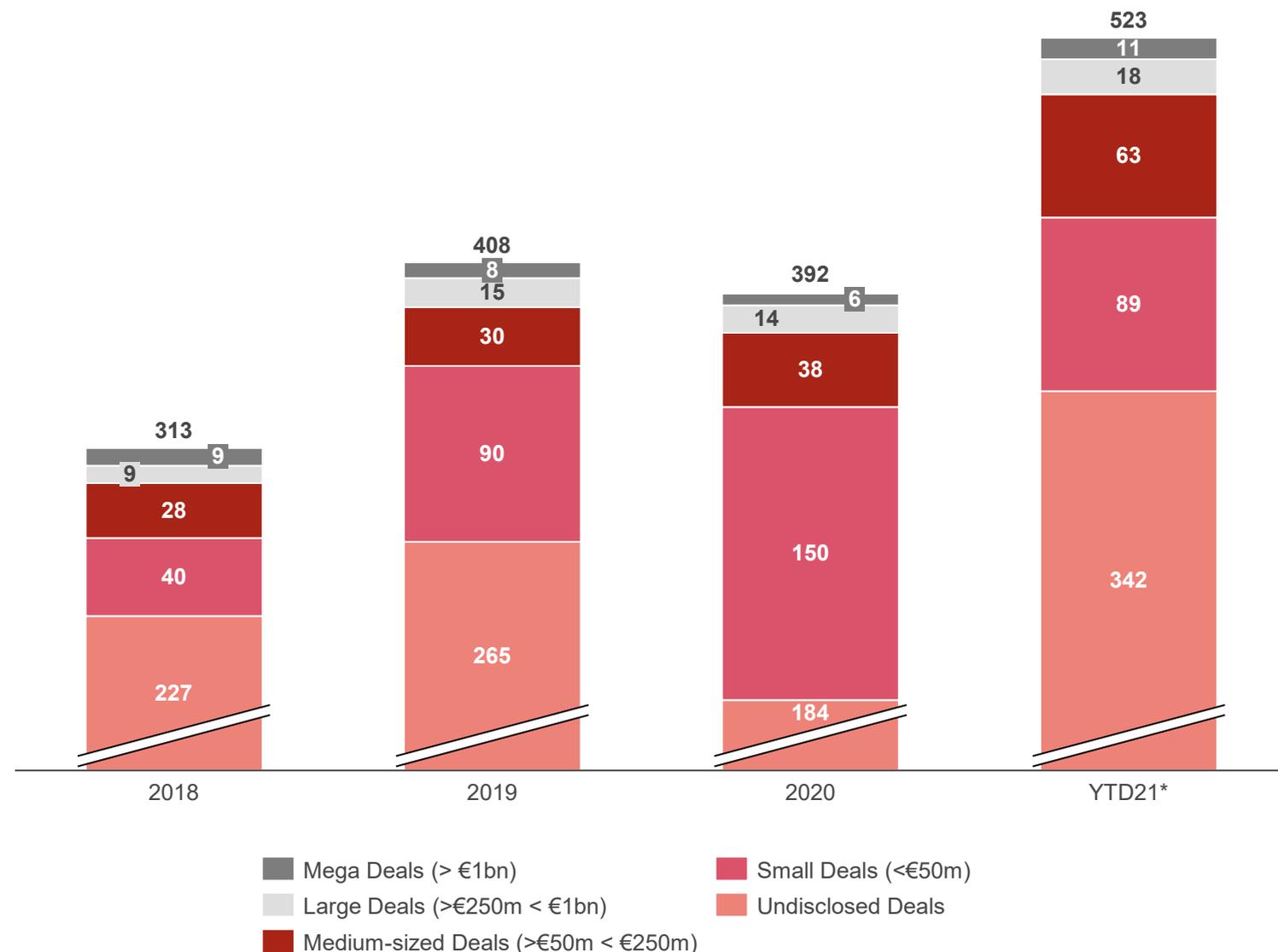
\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Private Equity Deals by Size and Volume

By number of announced deals from 2018 to YTD21\*

- The involvement of PE investors in small- and medium-sized deals during YTD21\* was 84% of announced deals with disclosed value, a decrease of 6 percentage points compared with full-year 2020.
- In YTD21\*, 8 out of the 10 Mega deals, were done by private equity investors compared to 4 out of 10 for the same period 2020. For the full year 2020 PE did 6 out of 17 Mega Deals claiming share of 35%.
- In relative terms, PE investors' participation in large and mega deals amounts to 50% in YTD21\* compared to 48% the year before. However, the absolute amount of large and mega deals has increased from 20 in 2020 to only 29 in YTD21\*.



\*Deals from January to 15 November 2021

Source: PwC Analysis based on M&A data from Thomson Reuters and Mergermarket

# Methodology

*This report is an analysis of transaction activity of foreign investors in Germany. The fundamental data used for this analysis has been collected from Thomson Reuters and Mergermarket and includes all announced deals, where the target is headquartered in Germany and the investors are headquartered in a country outside of Germany.*

*This analysis includes all mergers, acquisitions and disposals, leveraged buyouts, spin-offs, privatisations and acquisitions of minorities, which have been announced between 1 January 2016 and 15 November 2021, those deals, which have been cancelled or terminated in the meanwhile. excluding*

This publication includes information obtained or derived from a variety of publicly available sources. PwC has not sought to establish the reliability of these sources or verified such information. PwC does not give any representation or warranty of any kind (whether express or implied) as to the accuracy or completeness of this publication.

The publication is for general guidance only and does not constitute investment or any other advice. Accordingly, it is not intended to form the basis of any investment decisions and does not absolve any third party from conducting its own due diligence in order to verify its contents. Before making any decision or taking any action, you should consult a professional advisor.

# Thank you!