

CLAIRFIELD
INTERNATIONAL



HEUKING KÜHN LÜER WOJTEK

“The German M&A Market – Review & Outlook”

Dr. Albert Schander • Clairfield International

WSG Barcelona Club – Workshop Frankfurt/ Germany – February 3rd 2012

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1. The German M&A Market

1.1 Philosophy of M&A

The very Truth about M&A prior



"Let me see the first one again."

... during ...

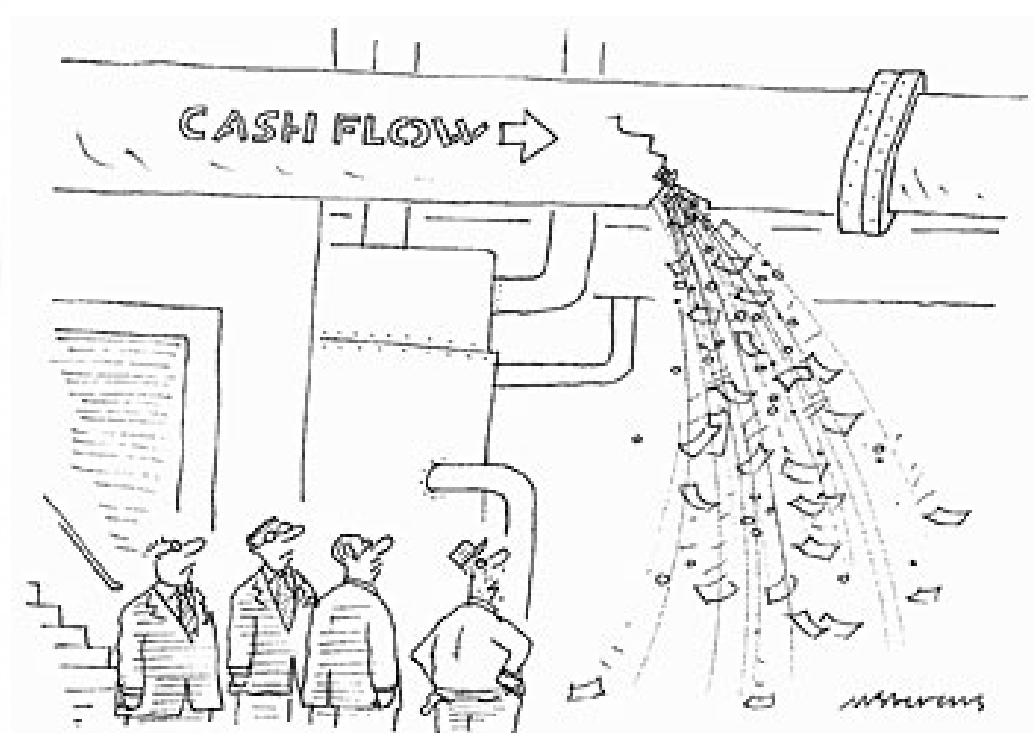


**"There he goes. Now kick his briefcase down,
and let's get this deal done."**

... and post Transaction !



"The dip in sales seems to coincide with the decision to eliminate the sales staff."





1. The German M&A Market

1.2 2011 in Review

Slow Recovery of the local M&A Market

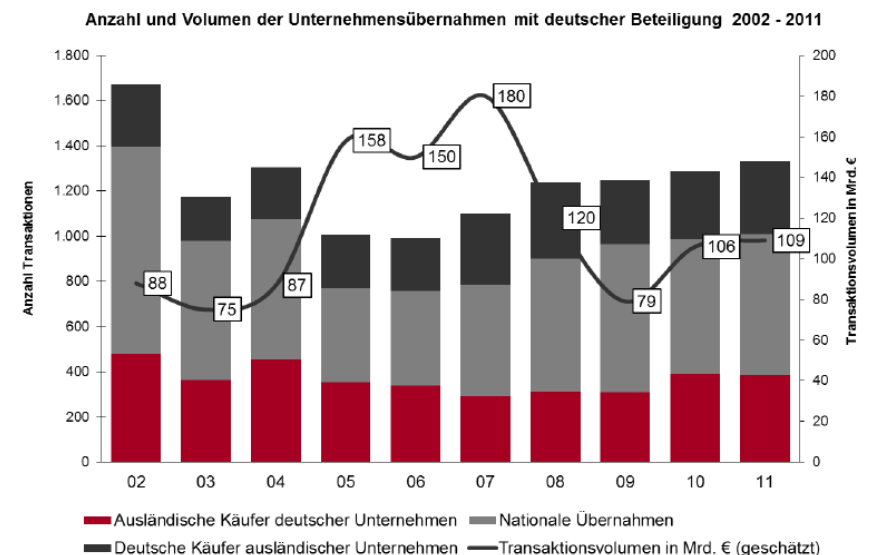
- In 2011, German companies participated in 1,331 transactions compared to 1,287 in 2010 – a rise of 3.4%
- Transaction volume slightly increased from €106 billion to €109 billion
- The year started more than promising, but the M&A market cooled in HY 2 down due to the eurocrisis
- With the highest amount of deals since 2002 and a growth in the total transaction volume, 2011 was still a satisfactory year for the M&A industry

Landmark Deals 2011:

Nr.	Übernahmeobjekt	Land	Verkäufer	Land	Käufer	Land	Transaktionswert	Branche
1	CENTRAL NETWORKS	UK	E.ON AG	DE	PPL CORPORATION	US	4.700	Energie
2	MAN SE	DE	ÖFFENTLICHES ÜBERNAHMEANGEBOT	DE	VOLKSWAGEN AG	DE	3.416	Automotive
3	PORSCHE HOLDING SALZBURG GMBH	AT	FAMILIE PORSCHE UND PIÉCH	DE	VOLKSWAGEN AG	DE	3.300	Automotive
4	TOGNUM AG	DE	ÖFFENTLICHES ÜBERNAHMEANGEBOT	DE	DAIMLER AG / ROLLS-ROYCE GROUP PLC	DE/ UK	3.200	Automotive
5	KABEL BW GMBH	DE	EQT PARTNERS AB	SE	LIBERTY GLOBAL INC	US	3.160	Medien
6	HOCHTIEF AG	DE	ÖFFENTLICHES ÜBERNAHMEANGEBOT	DE	ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA	ES	2.494	Bau
7	DEKABANK	DE	LANDESBANKEN	DE	SPARKASSEN / DEKABANK	DE	2.350	Finanzen
8	EVONIK STEAG GMBH	DE	EVONIK INDUSTRIES AG	DE	STADTWERKE CONSORTIUM RHEIN-RUHR	DE	1.923	Energie
9	SÜD-CHEMIE AG	DE	ONE EQUITY PARTNERS LLC, SÜD CHEMIE FAMILIE	USA/ DE	CLARIANT AG	CH	1.381	Chemie
10	TAKKO HOLDING GMBH	DE	ADVENT ITERNATIONAL GMBH	USA/ DE	APAX PARTNERS	UK	1.250	Textil

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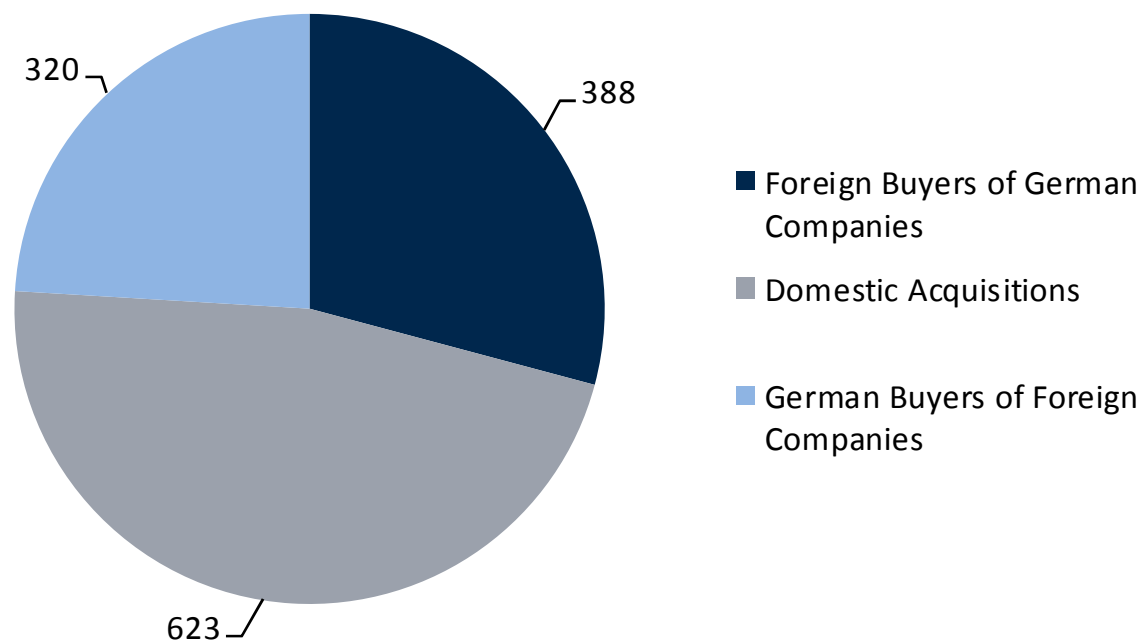
Y-to-Y Tracking:



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Number of Acquisitions with German Equity Interest

- ➔ In 2011 there were 1331 acquisitions with German equity interest
- ➔ The total transaction volume amounted to approximately EUR 109 bn



Source: 2012 M&A International GmbH, Kronberg

Services and IT Sectors stay on Top

Number of Transactions in Germany by Sectors

Position	Sector	Transactions (2011)	Transactions (2010)	Change in %
1.	Services	174	192	-9.4
2.	IT	132	105	+25.7
3.	Electronics	121	91	+33
4.	Mechanical Engineering	95	93	+2.2
5.	Chemical Industry	92	88	+4.5
6.	Food & Beverages	87	76	+14.5
7.	Automotive	81	62	+30.6
8.	Pharmaceuticals	76	104	-26.9
9.	Financial Services	69	101	-31.7
10.	Media	66	70	-5.7

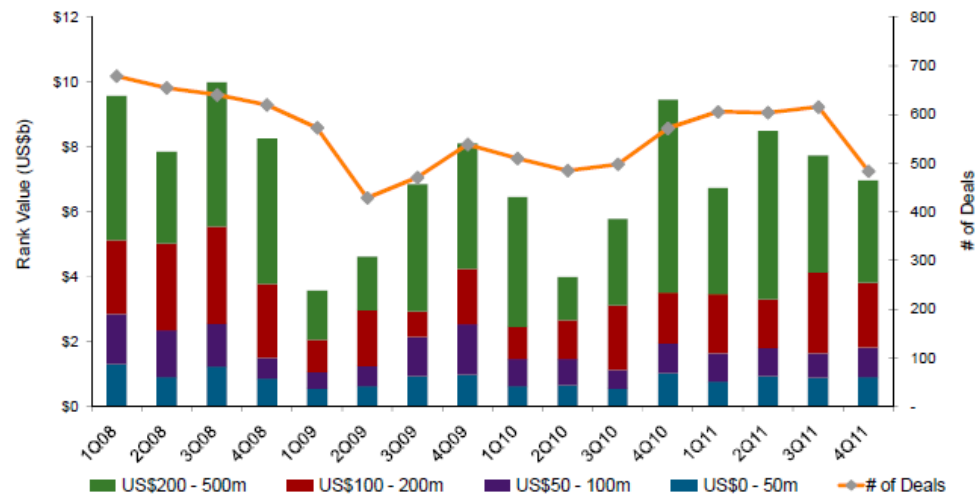
Country Comparison for Mid-Market Transactions

Announced Mid-Market M&A by Target Nation Up To US\$500m

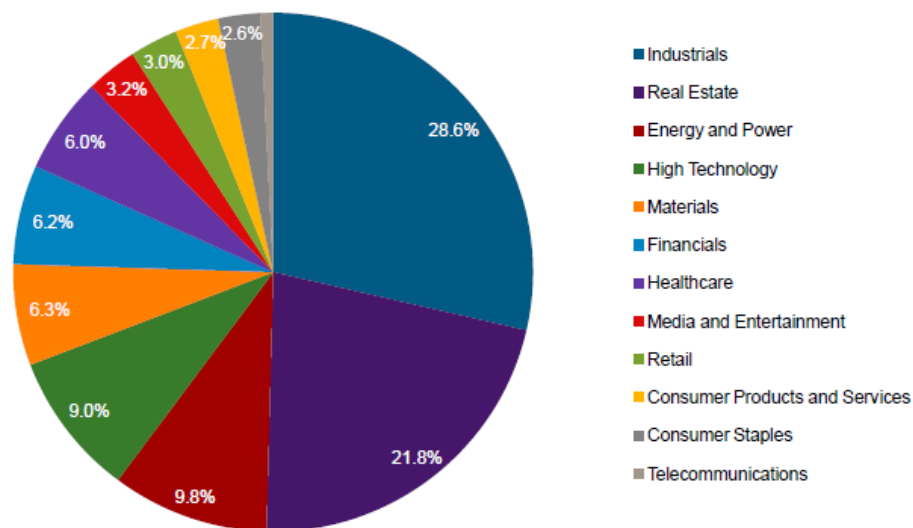
Region/Nation	1/1/2011 - 12/31/2011		1/1/2010 - 12/31/2010		% Change in Rank Value
	Rank Value US\$m	# of Deals	Rank Value US\$m	# of Deals	
Worldwide	740,662.4	39,922	713,150.1	41,751	3.9 ▲
Americas	279,143.1	12,100	267,648.8	12,154	4.3 ▲
United States of America	193,185.3	7,981	184,130.6	7,953	4.9 ▲
Canada	35,192.8	2,140	40,986.7	2,293	-14.1 ▼
Brazil	22,325.8	690	18,656.7	577	19.7 ▲
Chile	5,740.3	218	4,753.6	195	20.8 ▲
Mexico	5,405.5	230	2,658.8	254	103.3 ▲
Colombia	3,510.8	164	2,218.4	158	58.3 ▲
Argentina	3,129.1	220	3,050.2	176	2.6 ▲
Europe	187,208.1	14,937	178,759.1	15,595	4.7 ▲
United Kingdom	45,699.6	2,338	43,283.5	2,370	5.6 ▲
France	23,364.5	1,564	18,985.4	1,401	23.1 ▲
Germany	19,158.8	1,539	12,715.2	1,347	50.7 ▲
Spain	13,370.0	920	16,259.9	946	-17.8 ▼
Russian Federation	11,991.1	2,813	9,703.6	3,481	23.6 ▲
Italy	11,542.9	589	12,009.1	673	-3.9 ▼
Norway	8,113.7	541	6,791.6	528	19.5 ▲
Sweden	7,688.6	826	8,222.9	796	-6.5 ▼
Netherlands	6,111.4	574	6,100.5	513	0.2 ▲
Switzerland	5,319.1	424	4,964.4	366	7.1 ▲
Turkey	5,318.0	220	5,184.1	207	2.6 ▲
Africa/Middle East/Central Asia	24,678.3	1,087	28,591.9	1,129	-13.7 ▼
South Africa	6,981.9	262	7,199.5	293	-3.0 ▼
Israel	4,293.7	95	2,982.6	75	44.0 ▲
Asia-Pacific (ex Central Asia)	218,117.8	9,978	207,320.1	10,712	5.2 ▲
China	91,794.1	3,658	82,357.7	3,285	11.5 ▲
Australia	33,957.3	1,251	29,589.0	1,817	14.8 ▲
South Korea	21,586.6	1,091	18,393.0	899	17.4 ▲
Hong Kong	12,996.7	496	20,778.2	666	-37.5 ▼
India	11,543.4	822	13,870.1	1,065	-16.8 ▼
Singapore	10,211.5	391	9,974.4	431	2.4 ▲
Indonesia	9,049.7	450	6,803.6	537	33.0 ▲
Malaysia	7,917.0	605	8,804.2	671	-10.1 ▼
Thailand	5,186.4	293	3,089.4	315	67.9 ▲
Japan	31,515.2	1,820	30,830.2	2,161	2.2 ▲

Mid-Market M&A Performance Tracking

German Mid-Market M&A up to US\$500m by Rank Value Range



German Mid-Market M&A up to US\$500m by Target Industry



Source: Thomson Reuters Mid-Market M&A Review



1. The German M&A Market

1.3 Outlook & Challenges

- ➔ **Cross-Border Acquisitions on the Rise:** The amount of acquisitions abroad by German companies is steadily rising. In 2011, there were 320 of these transactions compared to 300 in 2010 and 283 in 2009.
- ➔ **Growing Importance of Public Takeovers:** 3 out of the 10 largest deals (MAN, Tognum, Hochtief) were public takeovers (unusual for the German market). There were also more of such transactions in the mid-cap section observed.
- ➔ **Higher Liquidity:** German companies (both buyers and targets) have more and more cash reserves in the bank. Sooner or later, this might result in an increasing number of transactions.
- ➔ **Acquisition Financing Declines:** In the course of the year, banks got less prepared to finance acquisitions – especially in the small-to-midcap arena. Depending on the future progress of the European solvency crisis, this trend might well continue for months.
- ➔ **More Exits by Financial Investors:** To increase their cash position and to be able to perform acquisitions independent of bank loans, financial investors tend to divest parts of their portfolios.

Challenges for 2012

- ➔ General sentiment: 2012 will be a very challenging year for the M&A industry!
- ➔ High interest for a limited number of highly attractive assets.
- ➔ Limited interest for difficult/ risky equity stories.
- ➔ Decreasing willingness from buyers to step into competitive auctions.
- ➔ Debt acquisition financing continues to be restricted and quite expensive, thereby lowering valuations and widening valuation gaps.
- ➔ The scarcity of leverage financing will lead to an increasing number of “equity only” deals – that might drive valuations further down.
- ➔ Managing the expectations of the selling client, selectiveness in approaching buyers, efficient process management and proprietary access to the “industrial logic” of a transaction will be the key drivers to log-in a success.
- ➔ Acquisitions will be more selective, but might also become more expensive due to new regulations in the financial services sector.

- Market development for 2012 highly depends on the causes of the eurocrisis – no precise prognosis possible but ongoing economic travails might result in lower prices / enabling buyers to strike for better deals.
- Relatively low gearing and reasonably healthy cash positions permit to pursue acquisitions.
- It is expected that there will be fewer acquisitions by financial investors due to the low level of acquisition financing. In return the number of exits by financial investors might increase.
- The number of acquisitions by German companies in emerging markets is supposed to grow (China, India, Brazil – but also keeping Indonesia & Turkey on the radar).
- M&A activity is expected to increase in sectors like cleantech, mechanical engineering, chemicals and pharmaceuticals, logistics & transportation as well as in non-cyclical fields such as consumer goods and food/ agribusiness.
- M&A activity will be driven by the need to secure supply chains, relocate production facilities to lower cost countries, get closer access to the customers, reengineer existing supply, manufacturing and distribution models to enhance competitiveness.



2. Clairfield International at a Glance

- Founded in 2004
- 16 local offices cover 25 countries with > 250 professionals
- Headquarters in Geneva/ Switzerland
- 105 deals closed in 2011 with total deal value of USD 4.6 billion
- 70% of deals with international involvement
- Over 200 active deals at any given moment
- International sector teams of industry experts covering the following 7 sectors:
 1. Business & financial services
 2. Consumer goods
 3. Food & agribusiness
 4. Healthcare
 5. Industrials
 6. Cleantech & energy
 7. Technology, media & telecommunications



Clairfield International - Global Reach

CLAIRFIELD
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The Americas

Brazil
US: Atlanta
US: Charlotte
US: Dallas
US: New York

Western Europe

Belgium
France
Germany
Italy
The Netherlands
Spain
Sweden
Switzerland
UK

Central and Eastern Europe

The Czech Republic
Poland
Slovakia

Asia

Australia
India



Transaction Management & Advisory Services

Our core market: small to mid-size local and cross-border transactions (25 – 500 EURm)

Clairfield International offers the following corporate advisory services to companies ranging from family-owned enterprises to international corporations:

- International execution of sell-side mandates: private companies and group subsidiaries
- Initiation and execution of acquisition opportunities; buy-side search and targeted buy-side for industrial and financial buyers
- Financial sponsor transactions (MBOs and LBOs)
- Private Capital Solutions, including debt advisory, private placements and IPOs
- Financial restructuring advisory services
- Strategic advisory services, such as valuations and fairness opinions
- Advisory on mergers and joint ventures
- Financial, Tax, Commercial & Environmental Due Diligence Services

Clairfield International - Recognition

European Ranking

MM3a - Undisclosed Values & Values up to US\$50m

Financial Advisor	# of Deals per Advisor			
	2011 Rank	2010 Rank	# of Deals	Change in # of Deals
KPMG	1	1	229	56 ▲
PricewaterhouseCoopers	2	2	142	-9 ▼
IMAP	3	4	118	2 ▲
Ernst & Young LLP	4	5	116	8 ▲
Rothschild	5	6	98	-2 ▼
BDO International	6	7	88	-3 ▼
Deloitte	7	3	75	-71 ▼
Grant Thornton	8	12	69	17 ▲
M&A International	9	11	64	11 ▲
Lazard	10	8	61	-25 ▼
Clairfield International	11	9	58	-3 ▼
DC Advisory Partners	12	10	53	-4 ▼
Leonardo & Co	13	53*	42	28 ▲
BNP Paribas SA	14*	14	40	-9 ▼
Societe Generale	14*	36*	40	21 ▲
ING	16	18	39	-4 ▼
Lincoln International	17	15*	38	-7 ▼
JP Morgan	18	22*	37	2 ▲
UBS	19	15*	34	-11 ▼
Globalscope	20*	28*	33	8 ▲
Credit Suisse	20*	13	33	-18 ▼
Goldman Sachs & Co	22	22*	31	-4 ▼
Hawkpoint Partners	23*	38*	30	12 ▲
Rabobank NV	23*	41*	30	13 ▲
RBS	25*	36*	29	10 ▲
Deutsche Bank AG	25*	24	29	-2 ▼
HSBC Holdings PLC	25*	38*	29	11 ▲
Bank of America Merrill Lynch	28	47*	27	12 ▲

Source: Thomson Financial, European Ranking

Global Ranking

MM1a - Undisclosed Values & Values up to US\$50m

Financial Advisor	# of Deals per Advisor			
	2011 Rank	2010 Rank	# of Deals	Change in # of Deals
KPMG	1	1	310	41 ▲
PricewaterhouseCoopers	2	2	241	-27 ▼
Ernst & Young LLP	3	4	178	-9 ▼
IMAP	4	5	158	-22 ▼
Deloitte	5	3	139	-111 ▼
Rothschild	6	6	131	-4 ▼
M&A International	7	10	109	14 ▲
BDO International	8	8	105	-11 ▼
Lazard	9	7	102	-24 ▼
Goldman Sachs & Co	10	12	93	6 ▲
Nomura	11	19*	89	19 ▲
Sumitomo Mitsui Finl Grp Inc	12	14	87	7 ▲
Clairfield International	13	16*	78	2 ▲
Mizuho Financial Group	14	15	76	-3 ▼
Houlihan Lokey	15*	9	75	-37 ▼
Grant Thornton	15*	25	75	16 ▲
Morgan Stanley	17*	11	74	-19 ▼
UBS	17*	16*	74	-2 ▼
Credit Suisse	19	13	72	-13 ▼
JP Morgan	20	18	68	-3 ▼
Lincoln International	21	19*	65	-5 ▼
Bank of America Merrill Lynch	22	27*	59	2 ▲
Deutsche Bank AG	23*	21*	53	-9 ▼
DC Advisory Partners	23*	26	53	-5 ▼
BNP Paribas SA	25*	23	51	-10 ▼
RBC Capital Markets	25*	29	51	-4 ▼
Jefferies & Co Inc	25*	30	51	0 -
Citi	28	31*	49	3 ▲

Source: Thomson Financial, Global Ranking



Access to Markets via our Industry Experts

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INTERNATIONAL

Industrial

- **Automotive**
Dipl.-Kfm. Christian Sanner
Dipl.-Wi.-Ing. Jürgen Köster
Dirk Echtermeyer
- **Infrastructure**
Richard Ziegler
- **Commodities**
Bernard Tubeileh BA
- **General Mechanical Engineering**
Dr.-Ing. Lutz Lorenz
- **Packaging Machinery**
Jürgen E.A. Bouvier
- **(Power-)Plant Engineering**
Construction
Dipl.-Ing. Ulrich Urban
- **Mining Machinery**
Dipl.-Bw. Heinrich Korfmann
- **Metals and Metal Work**
Dr.-Ing. Lutz Lorenz
- **Electrical Engineering**
Dr.-Ing. Gerwig Köster
- **Electronic Components**
Dipl.-Kfm. Uwe Sarrach
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Prof. Dr. Lothar Grebe
- **Logistics**
Dipl.-Kfm. Tilman Georg Eckstein
- **Building Materials**
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- **Pharma / Trade**
Frank Füll
- **Medicine / Healthcare Products**
Prof. Dr. Ulrich Hemel
- **Medical Technology**
Stefan Hartl

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Stefan von Klebelsberg
Jürgen Erbach
- **Textile / Fashion/ Brands**
Sigmar Bergauer
- **Food/ Non-Food**
Stefan von Klebelsberg
Dipl.-Vw. Christoph Kleinen
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Dr. Gerd Hänel

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- **Leasing**
Wolfgang Spahn

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Arwed-Ralf Grenzbach
- **Telekommunikations**
Dipl.-Ök. Bernhard Steimel
Andreas Bernhardt
- **Information Technology**
Bernhard Achter
- **IT Hardware**
Dipl.-Ing. Harald Baums

Clean Tech/ Renewable Energy

- **Environmental Management**
Dr.-Ing. Frank Walle
- **Water Treatment**
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