

VALUETRUST

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German Takeover Report 2021

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## Preface

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Dear finexpert members,

We proudly present the 2021 issue of the finexpert German takeover report. It covers all takeover offers and delisting tender offers of the year 2020 according to the German takeover code WpÜG and provides extensive information on relevant variables like bid types, premia offered, market reaction of target's and (if available) on bidder's stock prices. In addition, our extensive database allows to compare last year's figures of these variables against the moving average of the preceding years and thus to highlight trends and long term developments. Finally, the finexpert German takeover report contains a unique and extensive analysis of fairness opinions and statements of management and supervisory board of the target company (§27 WpÜG), allowing for a detailed analysis of the relationship of these factors upon target stock price reaction and success rates of the takeover bid. Along with the "traditional" success definitions of takeover offers, we analyse an alternative success measure that takes potential bidder toeholds into account.

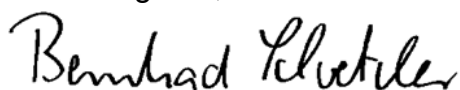
Our results reveal a very special pattern of public M&A activity in 2020: After a sharp drop caused by the Covid19 pandemic in Q2 the market quickly recovered and reached transaction numbers and volumes in line with figures of preceding years.

This report contains a detailed description of the takeover of ISRA Vision AG by Atlas Copco Germany Holding.

Finexpert members have free access to download this (and all other) finexpert reports from our website [www.finexpert.info](http://www.finexpert.info). We hope that the information provided in this report is helpful in your day to day business.



Best regards,



Prof. Dr. Bernhard Schwetzler,  
Chair of Financial Management  
HHL - Leipzig Graduate School of Management

## People

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## Market Overview

The German M&A market was significantly affected by the Covid19 crisis. After taking a nosedive in Q2 however, it quickly recovered reaching again the level of 2017 (and exceeding the one of 2018). Still, after the strong previous year, 2020 has not reached the 2019 level. The number of primary takeover bids<sup>1</sup> fell by 22% (-7) below the pre-year figure. The decrease clearly has to be attributed to the overall effects of the pandemic of the year increasing significantly the overall economic uncertainty. In 2020 four delisting tender offers<sup>2</sup> were made. Due to its special nature, we will treat this type of offer as a separate category of public offers. In total, 18 delisting offers were published since the regulation amendment in 2015 which set a requirement of an offer document prior delisting application. Figure 1 shows the development of all offers from 2013 to 2020.

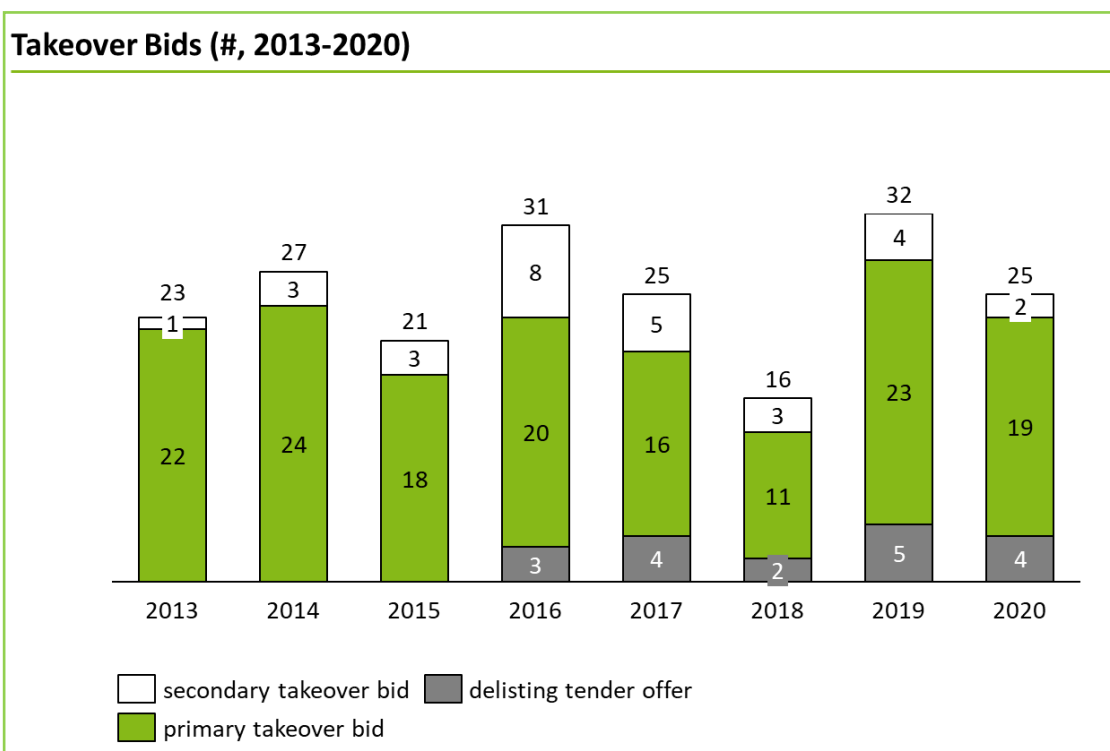


Figure 1: Takeover Bids (#, 2013-2020)

<sup>1</sup> A primary takeover bid denotes the initial offer, while a secondary takeover bid refers to a change of the previous offer (e.g. increase of acquisition premium, extension of deadlines).

<sup>2</sup> A delisting tender offer is a voluntary public compensation offer as a legal requirement for a withdrawal of the admission to trading of the shares on a regulated market.

## Market Overview

For the year 2020, we report a drop in the total volume of the primary takeover bids by 26% (EUR 21.6bn) compared to 2019 (EUR 29.2bn). In parallel, the average volume of bids decreases by 10% (EUR 1.1bn/bid). This development is inline with the declining trend that has been observed since the peak in 2017. The highest volume offer in 2020 (9.9 bn EUR) was from Quebec B.V. for the target company QIAGEN N.V.. It failed to reach the minimum acceptance threshold of 66.7%, even after adjustments to the offer price and minimum acceptance threshold had been made. The second largest offer in 2020 had a total bid volume of EUR 4.2bn, and was published near year end by the GlobalWafers GmbH for the acquisition of the shares of Siltronic AG. For delisting offers we observed in 2020 relatively high volumes (especially, considering that the high average volume in 2018 was mainly driven by a delisting offer for STADA Arzneimittel AG shares of EUR 5.1bn). The largest delisting tender offer in 2020 was for Rocket Internet SE with a bid volume of EUR 1.4bn.

Figure 2 depicts the development of the bid volumes between 2013 and 2020.

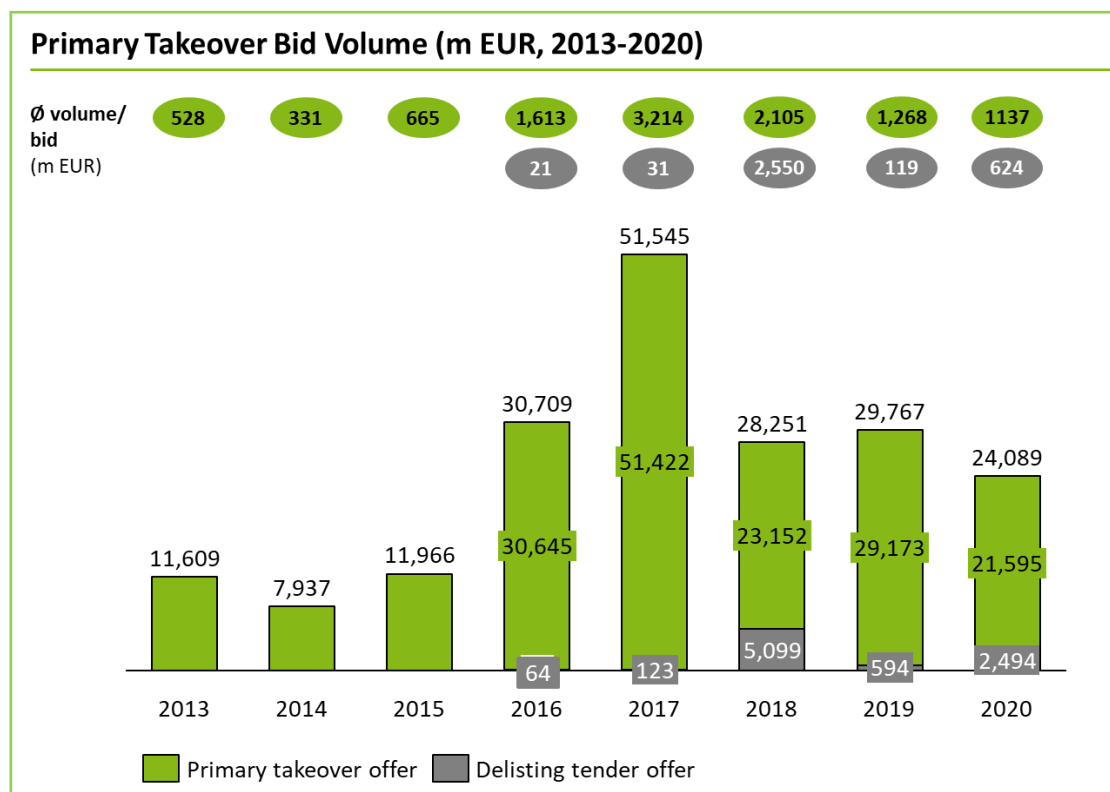


Figure 2: Primary Takeover Bid Volume (m EUR, 2013-2020)

## Market Overview

When differentiating between financial and strategic investors as bidders, we find that the total numbers of offers are in the same range. 53% of primary takeover bids were made by financial investors. The average volume of strategic bids exceeds the volume of bids made by financial investors significantly (1,955mEUR vs. EUR 400m). Further, the share of bids by foreign investors remains on a high level: 60% of financial investors and 89% of strategic investors were foreign in 2020. Again we set apart the delisting tender offers.

Figure 3 presents the distribution of primary takeover bids by the type and origin of investor over the last five years. Strategic investors held responsible for 47% of all primary takeover bids representing 81% of the total bid volume. Again we set apart the delisting tender offers.

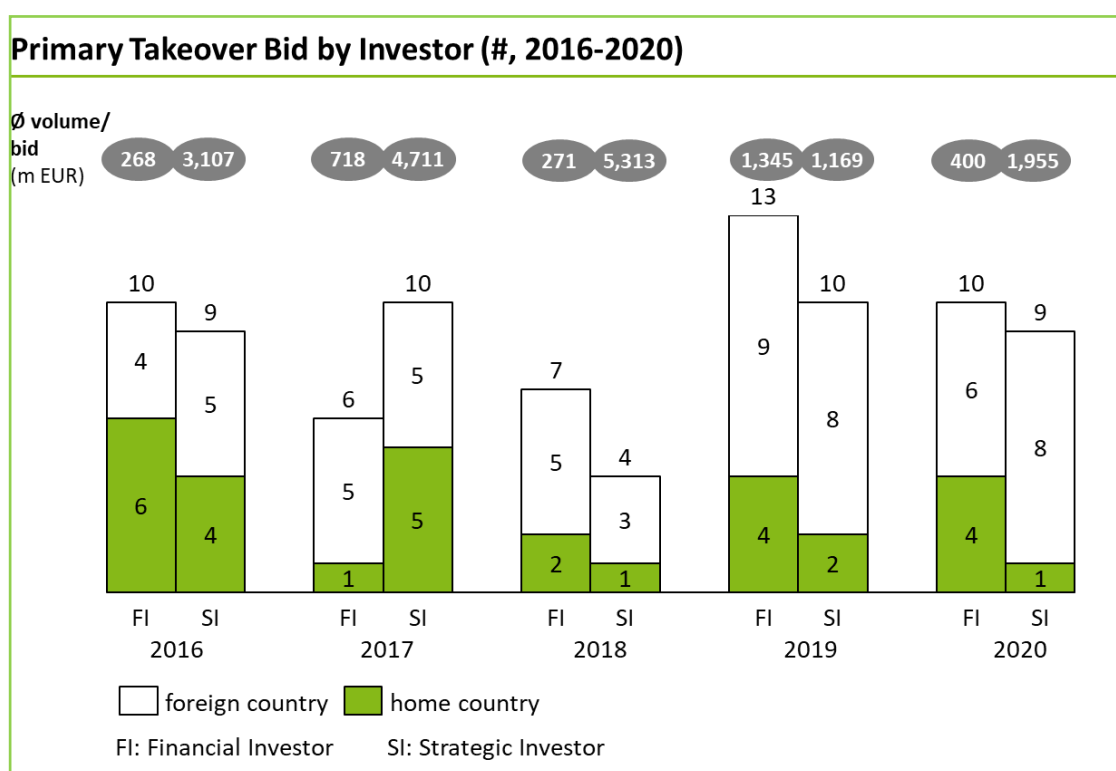


Figure 3: Primary Takeover Bid by Investor (#, 2016-2020) w/o delisting offers

## Market Overview

Figure 4 depicts separately a distribution for delisting tender offers differentiating the financial and strategic bidders. The average volume of delisting offers made in 2020 does not vary substantively between financial investors and strategic investors. Strategic investors launched the majority of the delisting offers in 2020. At the same time, foreign investors are responsible for half of the offers.

### Delisting Tender Offer by Bidder (#, 2016-2020)

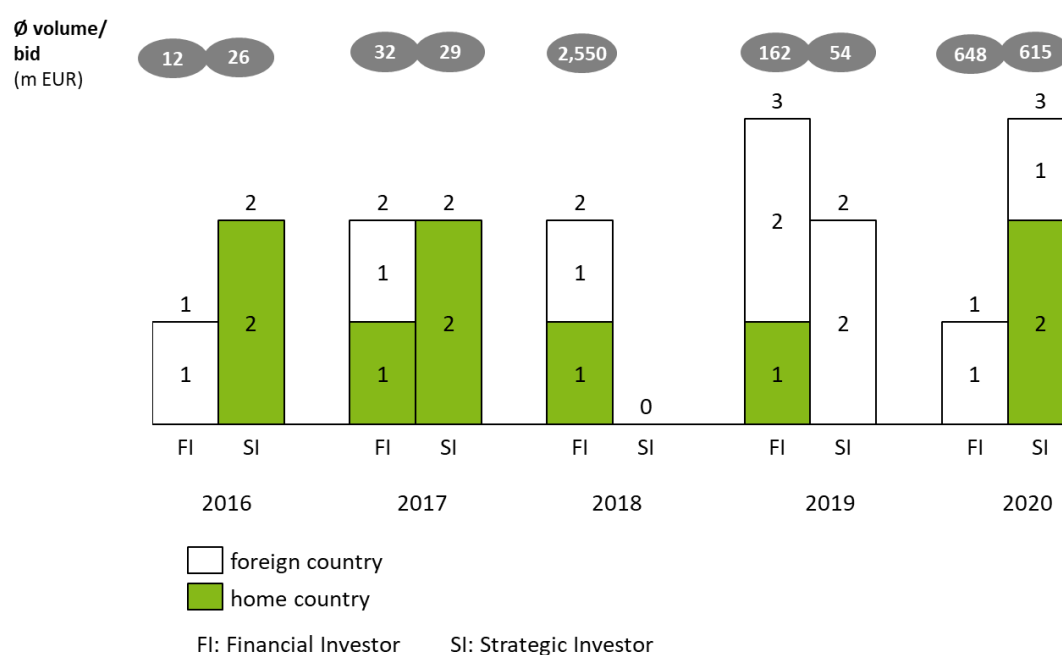


Figure 4: Delisting Tender Offer by Bidder (#, 2016-2020)

## Market Overview

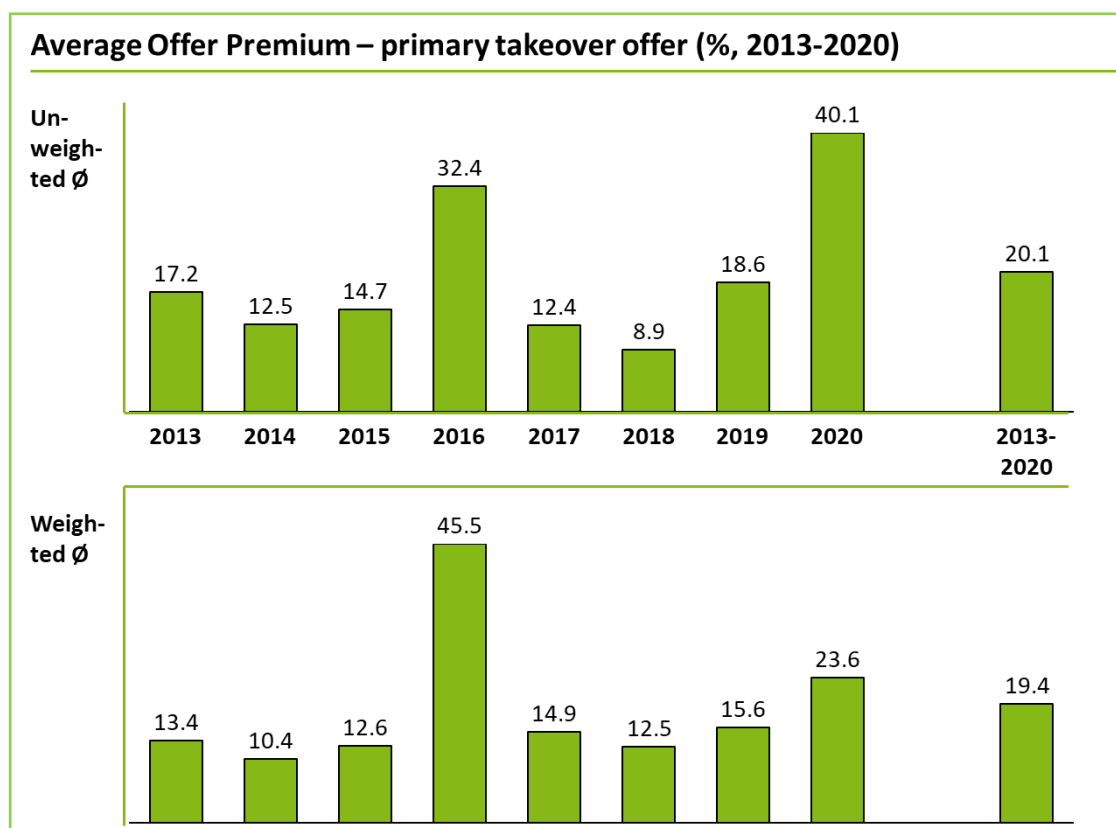


Figure 5: Average Offer Premium (% , 2013-2020)<sup>3</sup>

The bid premiums offered, both weighted<sup>4</sup> and unweighted, have been significantly higher than in all other years covered by the present analysis (with the exception of weighted bid premiums in 2016). We define the bid premium as the mark-up of the bid price compared to the three-month average stock price of the target firm prior to the bid. This definition is in accordance with the WpÜG which requires the potential acquirer to report this metric.<sup>5</sup> The average weighted offer premium of 23.6% was 8%-pts. higher than in 2019. The unweighted one rose even to 40.1% (+21.5%-pts.). Driven by extremely high values in 2016 and 2020, the average offer premium for 2013-2020 period remains comparably large in weighted and unweighted terms (19% and 20% resp.).

<sup>3</sup> The values reported for 2016-2018 slightly diverge from those reported in Takeover Report 2019 due to exclusion of delisting tender offers from this overview.

<sup>4</sup> Weighted bid premiums account for the takeover value (outstanding shares not owned by the bidder times the bid price), i.e. bids with a higher takeover value are assigned a higher weight.

<sup>5</sup> The three-month average stock price prior to the bid is the minimum required bid price defined by the WpÜG and, thus, the basis for premium calculation. If the three-month average stock price is not available or not reliable, the highest price of preemptions is taken or a valuation by an independent third party in accordance with § 5 para. 4 WpÜG-AV is done.



## Market Overview

Looking at the offer premiums in clustered intervals of 5% reveals that more than 25% of all primary takeover bids did not offer any premium. The zero-premium bids are generally made when the offer is mandatory (i.e. required to be made by the WpÜG), and when the target company is financially constrained or distressed. There was one takeover offer with an exceptionally high premium in 2020: Chinese BluGreen Company Limited offered 242% premium to the shareholders of S&O Beteiligungen AG. Background was the reverse IPO of Enapter AG. Other than that, the primary bid premiums are distributed over the range of the cluster intervals. Most of the delisting tender offers had an offer premium between 0% and 5%.

By and large, the offer premiums cumulated for the last 8 years are distributed similarly with a large proportion the range from 0-5%. Figure 6 displays the distribution of offer premiums for 2020 and cumulated for the years 2013 to 2020.

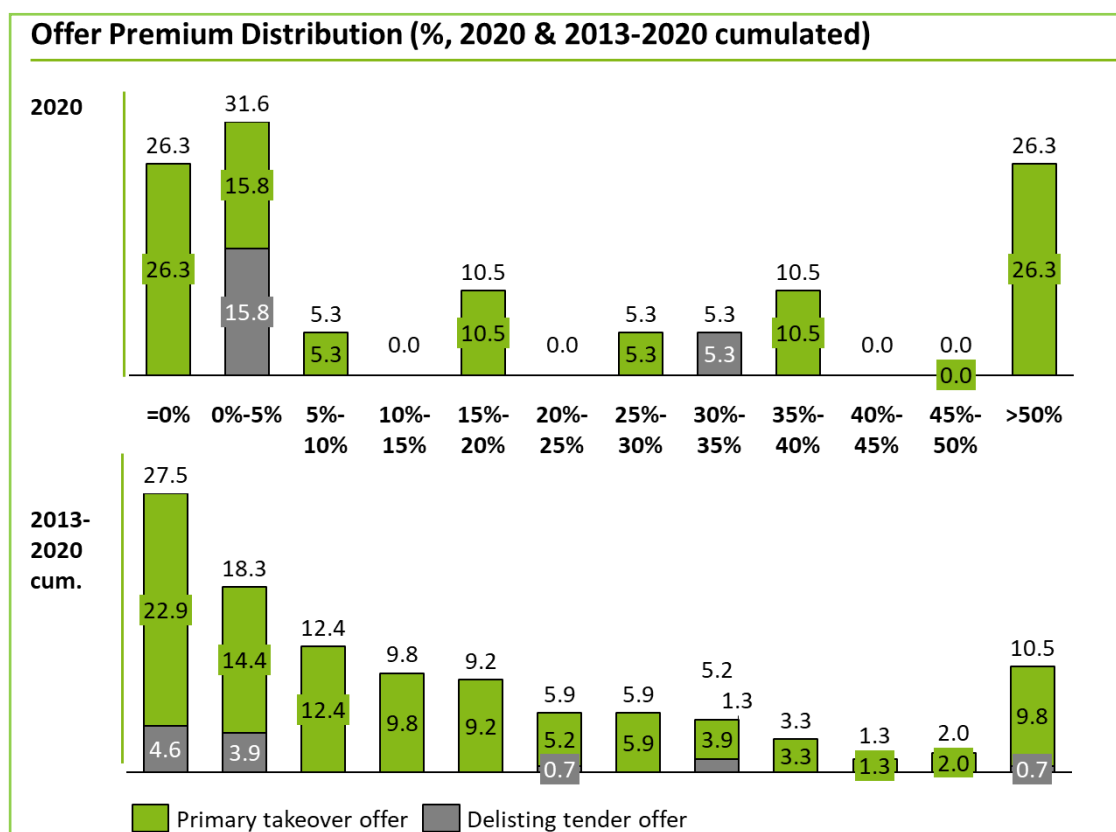


Figure 6: Offer Premium Distribution (% , 2020 & 2013-2020 cumulated)

The German takeover code defines an ownership stake above 30% as the threshold for having (or getting) control over a company. As we are especially interested in properties of control-taking offers, figure 7 below shows the distribution over the premiums for offers made from a bidder with a toehold below 30% ownership of the target company.

### Offer Premium Distribution (% , 2020 & 2013-2020 cumulated; toehold<30%)

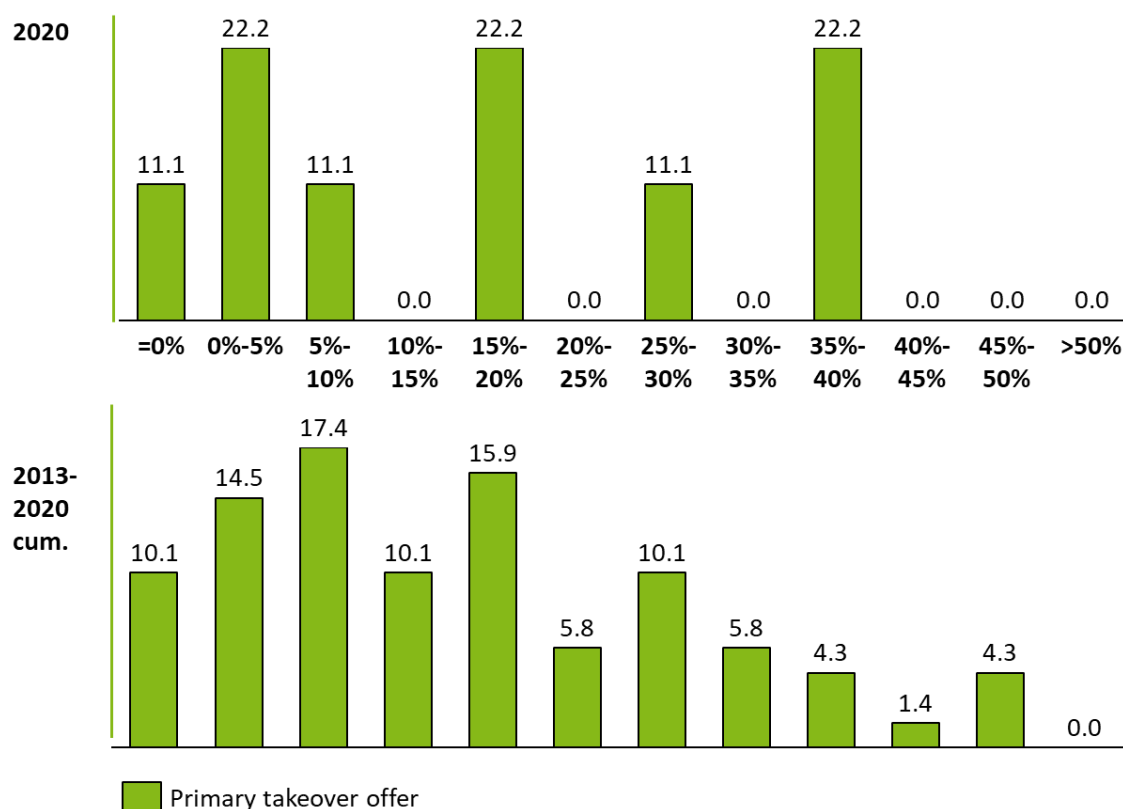


Figure 7: Offer Premium Distribution (% , 2020 & 2013-2020 cumulated; toehold <30%)

A differentiated view on strategic and financial investors shows a comparatively large discrepancy in 2020. In contrary to the previous years, strategic investors in 2020 pay considerably higher premiums than financial investors. One important reason for strategic investors paying a higher premium can be found in their synergy potentials. The annual average premiums by financial investors in 2020 comprised to 30.1%, in contrast to the 51.1% average offer premium by the strategic investors. Examining weighted offer premiums by investor type provides us with similar results: premiums paid by financial investors in 2020 undercut the premiums for strategic investors' bids significantly (not reported: 1.24% vs. 30.19%). The five years average values draw a different picture by showing not much difference between the investor types (2016-2020: 22.1% vs. 26%).

## Market Overview

Figure 8 provides the average unweighted offer premiums by investor type over the last 5 years.

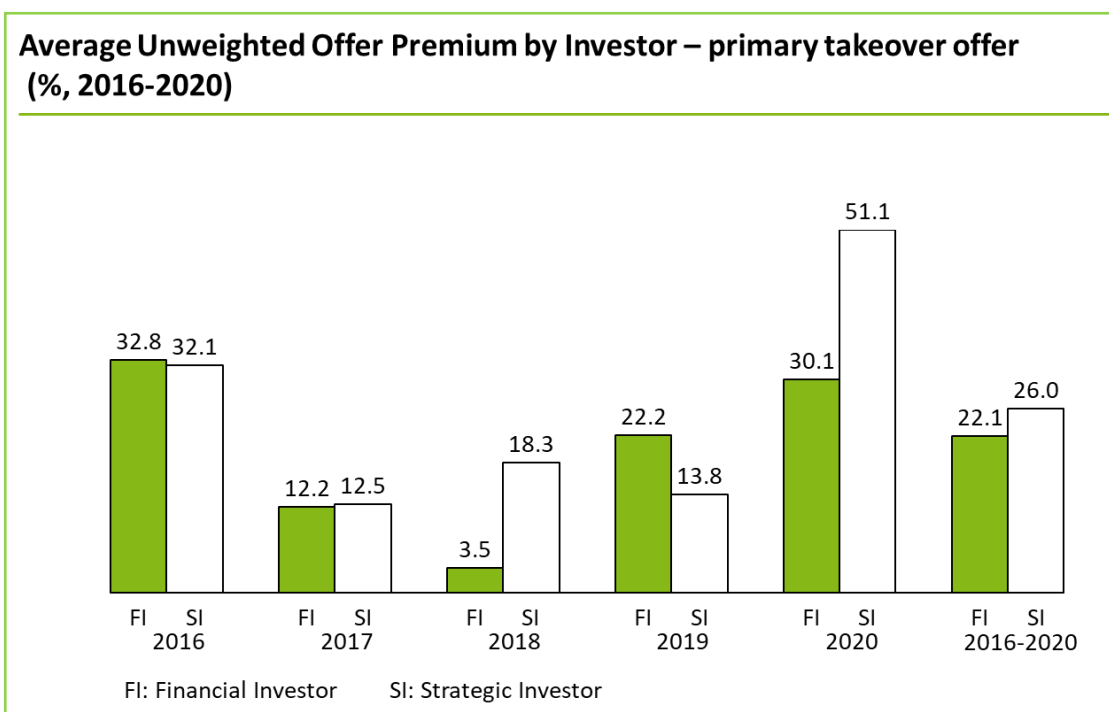


Figure 8: Average Unweighted Offer Premium by Investor (% , 2016-2020)<sup>6</sup>

As in previous years, takeover offers are most frequently proposed with cash as the method of payment. The proportion of cash payment in primary tender offers amounts to 94.7% in the 2020 bids. In the remaining 5.3% of the cases the consideration provided by the offeror was in form of own shares. This fraction is entirely due to the bid of ADO Properties S.A. for ADLER Real Estate AG. No acquisition offer in 2019 was made in return for a combination of cash and shares.

<sup>6</sup> Delisting tender offers are excluded from this overview.

## Market Overview

Figure 9 depicts the overview of the annual distribution of different payment methods with respect to all takeover bids in the previous five years.

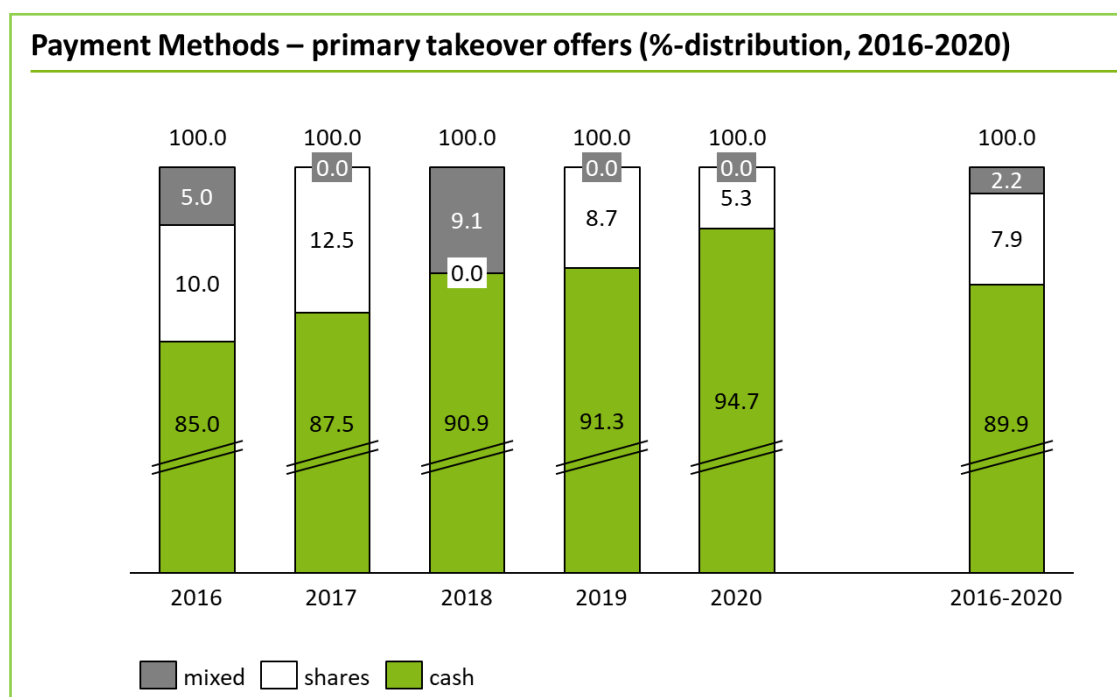


Figure 9: Payment Methods (%-distribution, 2016-2020)

## Capital Market Reaction

To evaluate the capital market reaction on the offers, we calculated the cumulated abnormal returns (CARs) for bidder and target companies around the day of offer publication. We concentrate on **primary** bids where the bidder owns less than 75% of the target before the bid. As a 75% majority allows the majority shareholder to sign a domination agreement with the corporation, we assume the bidder having full control over the company in this case. As we are interested in the premium of control taking offers we exclude offers made with an ownership stake of the bidder above 75%. We calculate CARs for two different event windows: -1 to +1 days and -7 to +7 days around the day of offer publication. DAX Prime All Share index is used as a benchmark for the calculation of CARs, as this index is domestic, broad and the listed companies comply with the highest level of reporting requirements of Deutsche Börse AG.

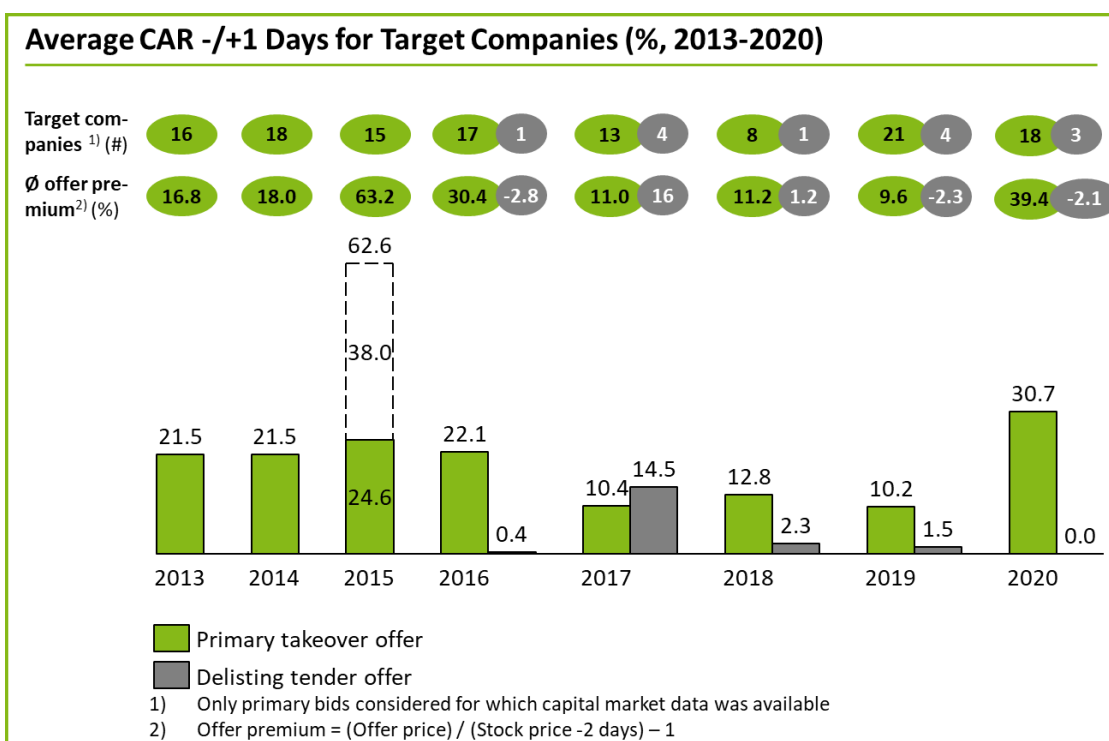


Figure 10: Average cumulated abnormal return -/+1 days for target companies (% , 2013-2020)<sup>7,8,9</sup>

<sup>7</sup>The market reactions in 2015 contain one exceptional case: When Livia Corporate Development Group SE submitted a bid of EUR 13.49 per share (highest price of preemptions) to the owners of the insolvent Softmatic AG, the share price spiked up from EUR 2.43 (-1 day) to EUR 12.50 (+1 day). The dotted boxes in figure 9 and 10 highlight the effect.

<sup>8</sup>The difference of the displayed takeover offers in 2020 to the total amount of 19 takeover offer appears because ADO Properties S.A. had 97% of the shares of the target company under control before the start of the offer period.

<sup>9</sup>The extraordinarily high CAR value for targets of delisting tender offers in 2017 is driven by one case. The price of Viton Wireless Technology was trading around 0.3€ until the date of the offer announcement when it adjusted to the offer price of 0.53€.

## Capital Market Reaction

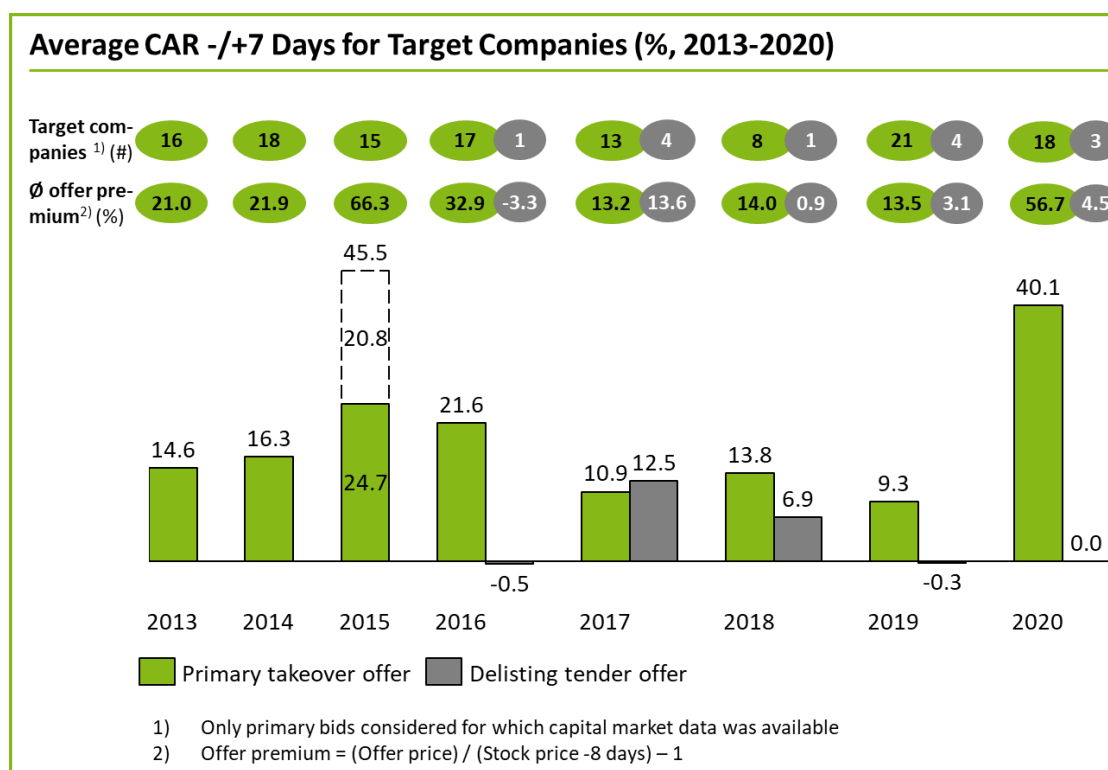


Figure 11: Average cumulated abnormal return -/+7 days for target companies (% , 2013-2020)

For the target companies, we find the average CARs to be positive throughout all years and closely related to the average offer premiums. For this analysis, offer premiums are calculated based on the last observable stock price before beginning of the event window. In contrast to other takeover offers, the average CAR and premium in delisting offers are generally low or even negative.

The two figures above display comparatively high average CAR values for the companies targeted in 2020. One exceptional case heavily shapes these figures: S&O Beteiligungen, serving as a shell company in the reverse IPO of Enapter realized three-digit CARs for both time intervals. Excluding this offer the average CARs for takeover offers in 2020 amounts to 19% (-/+1 day), 28.5% (-/+7 days) respectively.

For the bidding firms we find different results: we do not find a significant capital market reaction at the offer announcement, neither over the entire range nor on an annual basis. Due to the low number of listed bidder companies, the obtained results are also below a statistical meaningful level of confidence (see figures 12 and 13).

## Capital Market Reaction

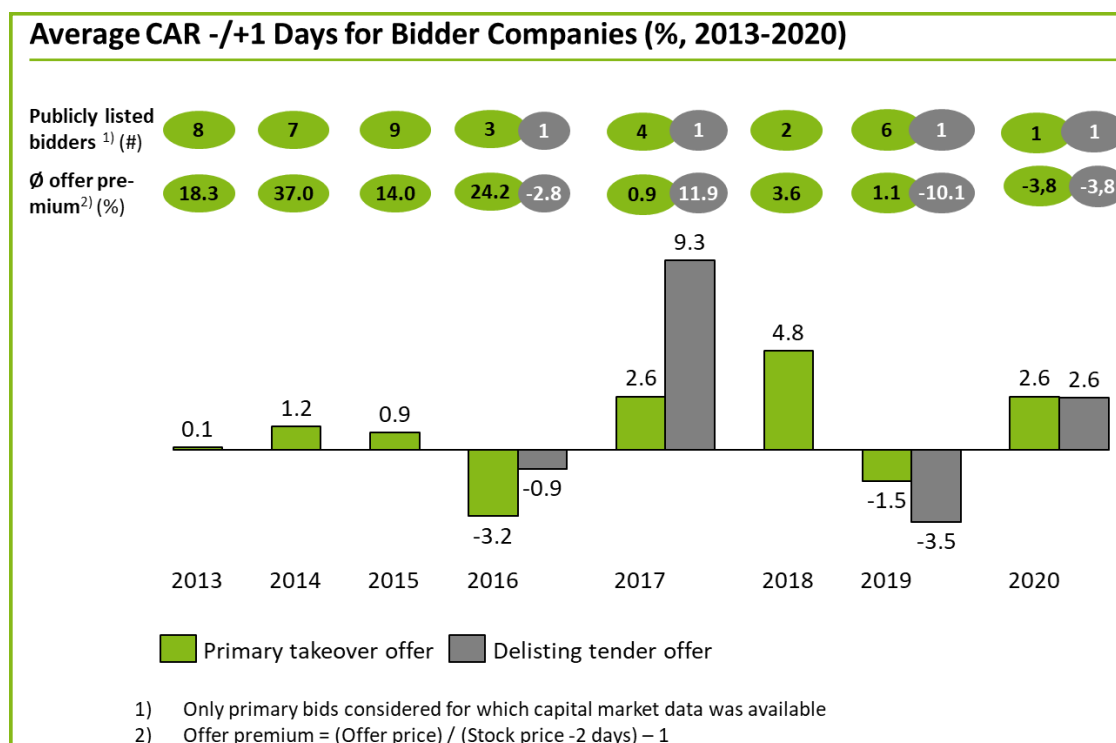


Figure 12: Average cumulated abnormal return -/+1 days for bidder companies (% , 2013-2020)

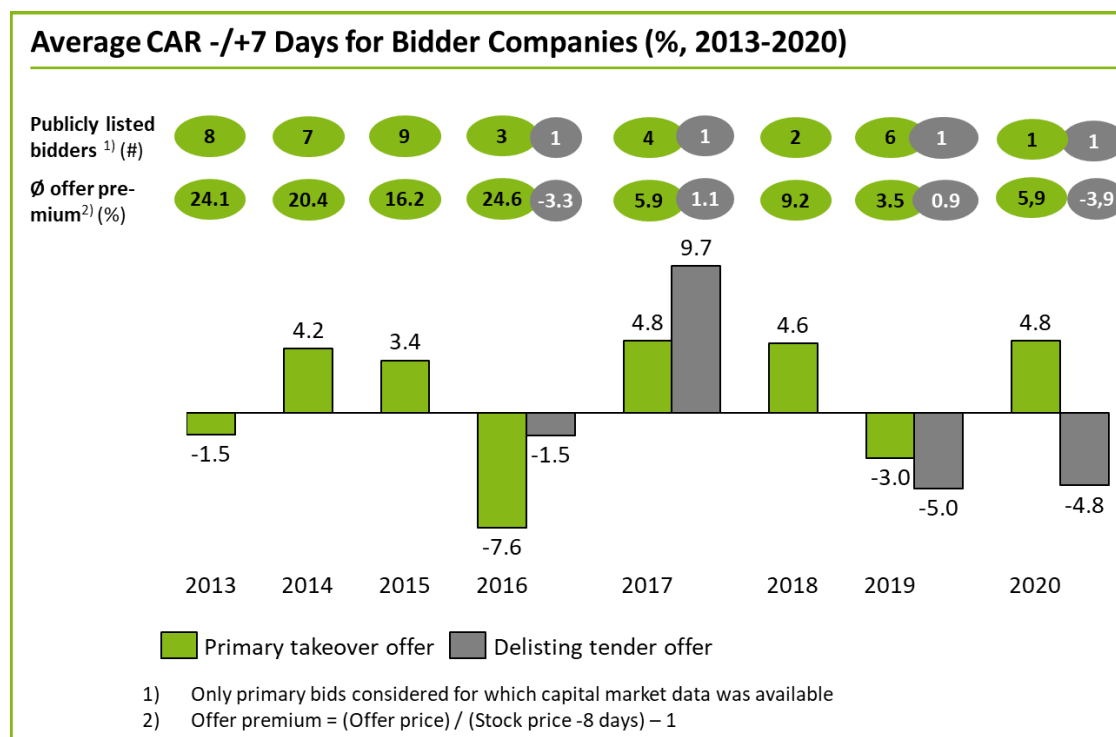


Figure 13: Average cumulated abnormal return -/+7 days for bidder companies (% , 2013-2020)

## Capital Market Reaction

Finally, we plot the individual offer premiums against target CARs for the event window of  $-1/+1$  day. We find a strong positive relationship shown in figure 14 (Correlation coefficient is equal to 85,36%).

Such an analysis gives insights into the market expectation on the success of the bid and is interpreted as follows: If the target CAR stays behind the offer premium, the market attaches a low probability to a successful execution of the deal. Contrary, if the target CAR is significantly above the offer premium, the capital market expects an improved offer. When target CAR and offer premium are in line, then there is a significant probability for the original bid's success.

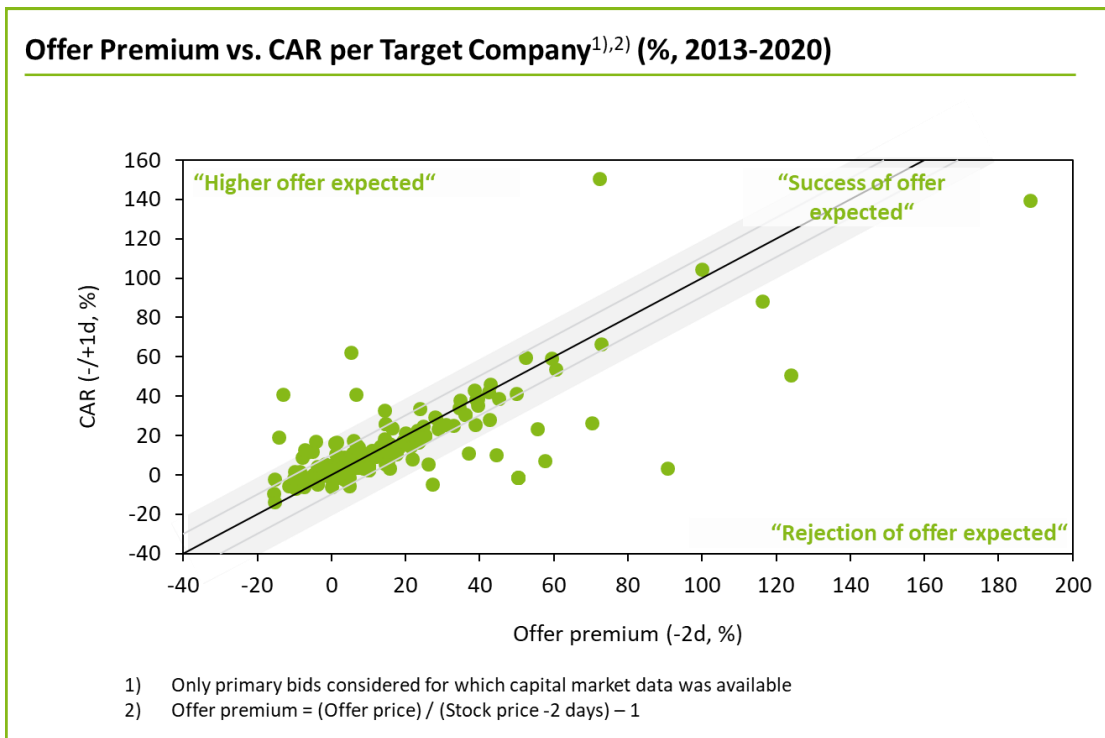


Figure 14: Offer premium vs. cumulated abnormal return per target company (% , 2013-2020)



## Statements & Fairness Opinions

Both the supervisory board and the executive board of the target company are, according to §27 WpÜG, required to issue an opinion statement regarding the adequacy of the takeover bid. Over the last years more and more target companies additionally requested a Fairness Opinion by a third party to evaluate the offer's adequacy. The target company's statements as well as the Fairness Opinion are important tools for the communication between management and shareholders of the target company and influence the takeover bid's success. The supervisory and the executive board usually issue a joint statement (2016-2020: 98.4 % of all statements). Over the last years we only observed joint statements. In 2020 however, one takeover bid has separate statements by the supervisory board and the executive board.

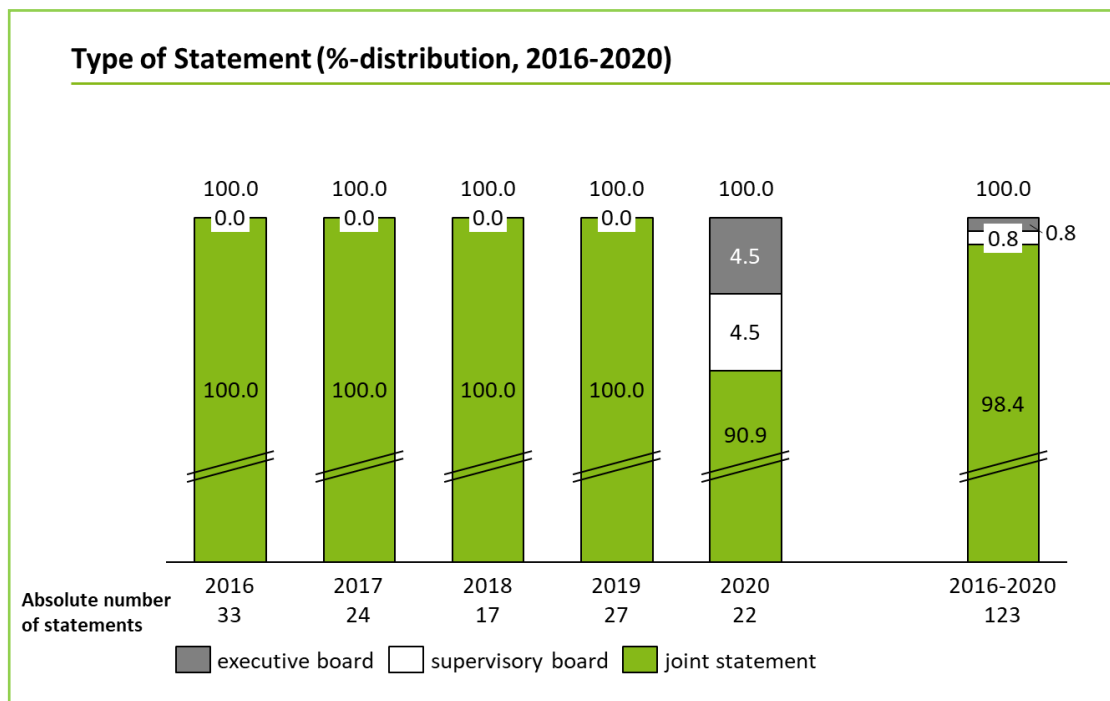


Figure 15: Type of Statement (%-distribution, 2016-2020)

## Statements & Fairness Opinions

§27 WpÜG requires the opinion statement to contain a recommendation to the shareholders whether to accept or reject the takeover bid. The supervisory and executive board's statements between 2016 and 2020 have given a distinct suggestion in 83.7% of all cases: 59.3% advised the shareholders to accept the offer, whereas 24.4% recommended a rejection. No recommendation was given in 16.3% of all cases. Inversely to the trend of the previous years, the share of statements without a recommendation declined in 2020: for 18.2% of all bids the statements did not advance an opinion towards the acceptance or rejection of the offer. The majority of the given recommendations in 2020 was to accept the offer.

The opinion statements to delisting tender offers recommend an acceptance of the offer in 50% cases. No recommendation was given for the remaining cases of delisting offers.

Figure 16 shows the development of the statement's recommendation for the takeover bids over the past 5 years.

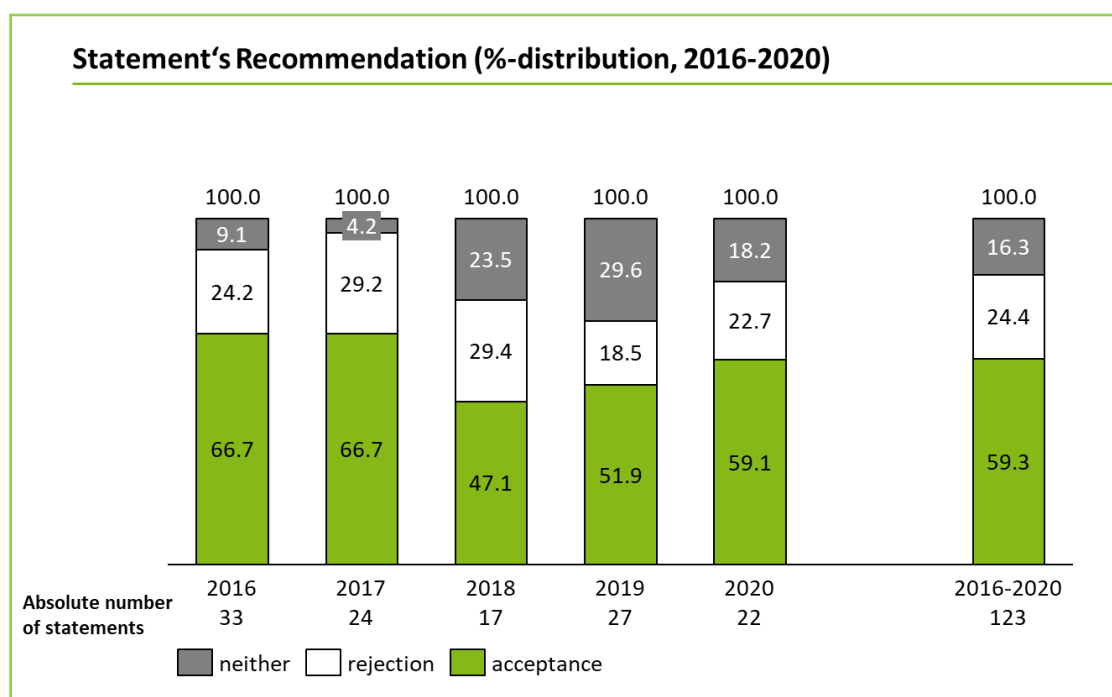


Figure 16: Statement's Recommendation (%-distribution, 2016-2020)<sup>10</sup>

<sup>10</sup> Delisting tender offers are excluded from this overview.

## Statements & Fairness Opinions

A Fairness Opinion is an external expert's statement regarding the adequacy of a takeover bid or of another company transaction. Investment banks or financial advisers consulting the management regarding the transaction in question usually issue these Fairness Opinions. In Germany the target companies usually obtain a Fairness opinion for legal coverage and as an independent third party opinion. The Fairness Opinion's content and requirements are not regulated by law. DVFA<sup>11</sup> and IDW<sup>12</sup> published guidelines concerning content, publication and the handling of conflicts of interest in a Fairness Opinion. In 2020 the adequacy of 66.7% of the takeover bids were assessed by the external experts providing Fairness Opinions. For 6 takeover offers the Fairness Opinion was requested from more than one external expert. Over the past 5 years 70.3% of the target company's statements to takeover offers were complemented by Fairness Opinions. Figure 17 shows the development since 2013 excluding delisting tender offers.

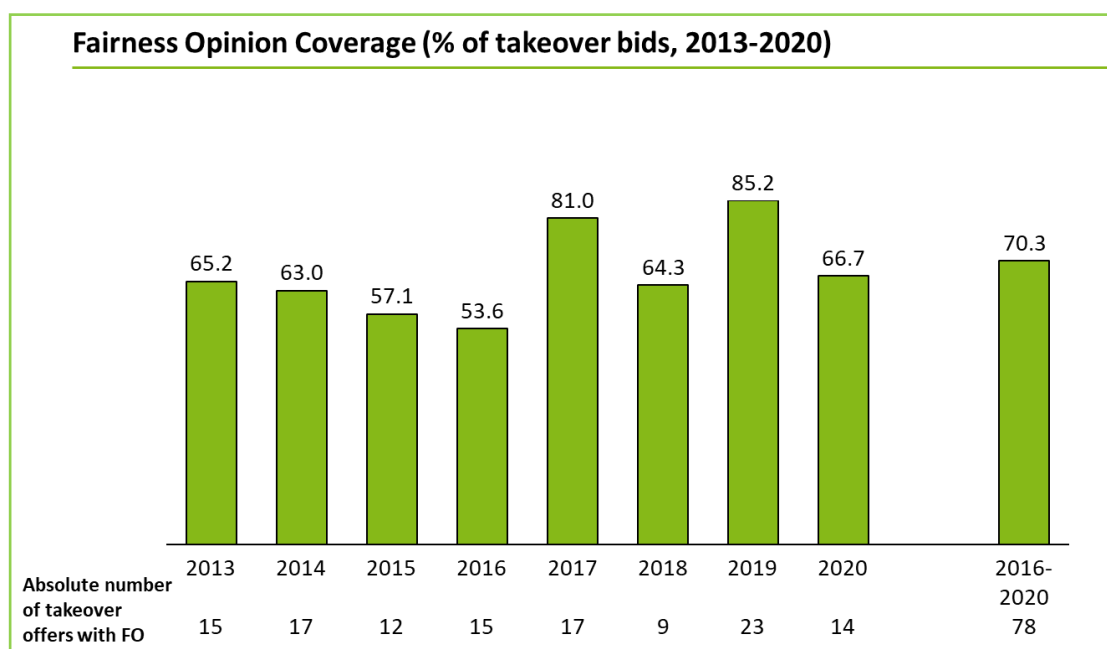


Figure 17: Fairness Opinion Coverage (% of takeover bids, 2013-2020)

<sup>11</sup> DVFA Expert Group „Fairness Opinions“, The principles of compiling a Fairness Opinions, available online at [http://www.dvfa.de/files/die\\_dvfa/kommissionen/application/pdf/grundsaeetze\\_fairness\\_opinions.pdf](http://www.dvfa.de/files/die_dvfa/kommissionen/application/pdf/grundsaeetze_fairness_opinions.pdf)

<sup>12</sup> IDW S8 “Grundsätze für die Erstellung von Fairness Opinions”

## Statements & Fairness Opinions

The Fairness Opinions were issued for 25% (1 out of 4) of delisting offers in 2020. Correspondingly, since 2016 the compensation adequacy for only 21% of delisting offers was assessed by an external fairness opinion.

In 2020 21.4% of all Fairness Opinions claimed the bidder's takeover offer to be inappropriate. The assessment of distribution over the Fairness Opinion's published judgment of all takeover offer's adequacy in 2016-2020 comes to a similar result: 69.2% of the evaluated takeover bids were considered adequate. In 2020, the only Fairness Opinion to the delisting offer confirmed an adequacy of the compensation.

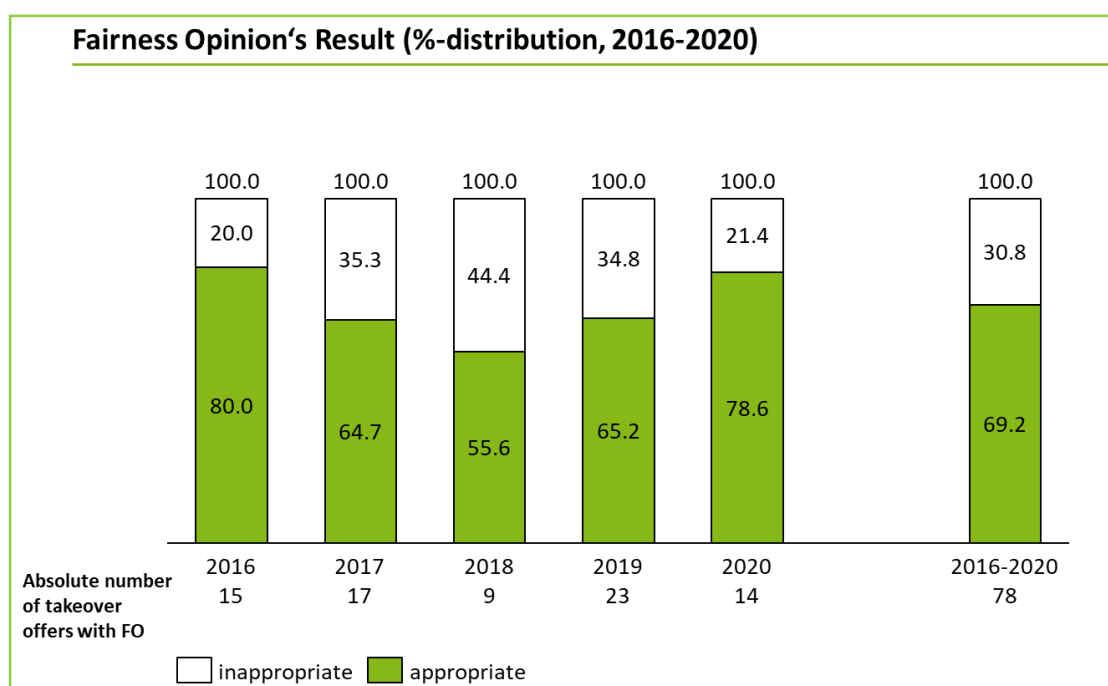


Figure 18: Fairness Opinion's Result (%-distribution, 2016-2020)

## Statements & Fairness Opinions

The Fairness Opinion's result is usually in agreement with the recommendations of the target company statements as can be seen in Figure 19. In the vast majority of the cases in 2020, we observe a consensus between fairness opinion's and statement's recommendations (95.2%). In recent years, we observed an increasing number of cases where the supervisory board and executive board gave no recommendation to the shareholders whether to reject or accept the bid. This explained the higher share of divergence between statement and fairness opinion. In 2020, the supervisory board and executive boards did not issue a clear statement in six cases. None of this statements was accompanied by a fairness opinion. For all of the takeover offers for which the fairness opinions denied the appropriateness the target's management expressed the same position. The target company's recommendation of MVV Energie to deny the takeover bid however was not backed by the Fairness opinion. Despite objections against the valuation of the shares and the changing control rights, the bidder gathered a significant fraction of the company's shares apart from the takeover offer. Fairness Opinions to all delisting tender offers were in consensus with statements' recommendation and testified the adequacy of the offer.

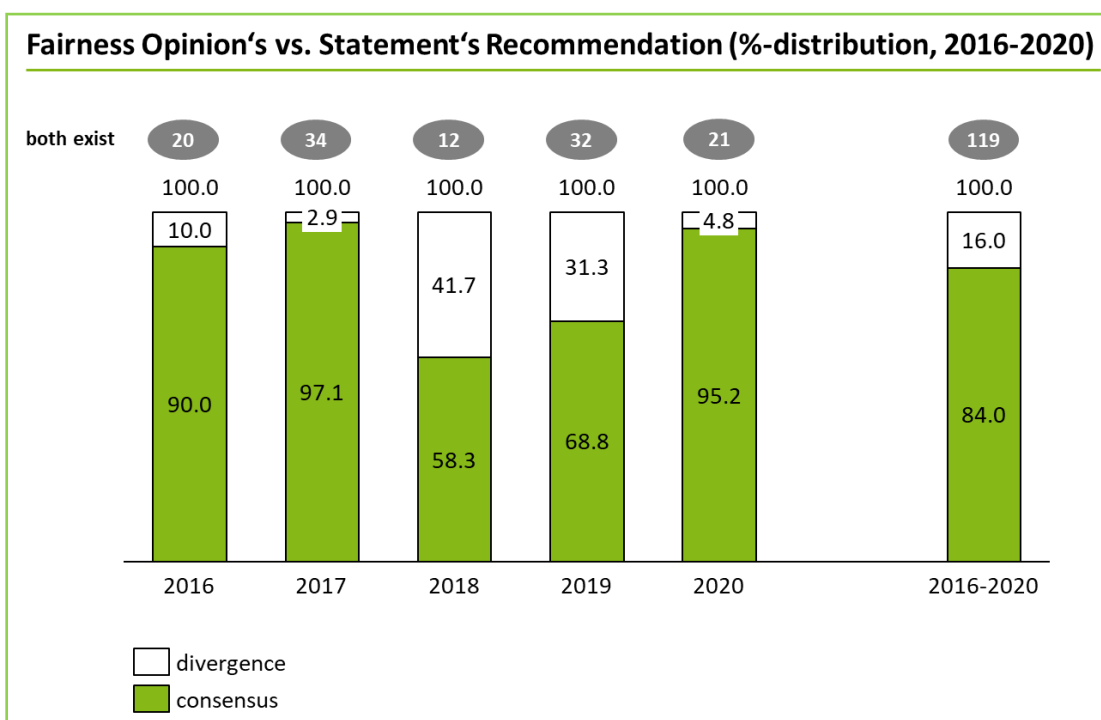


Figure 19: Fairness Opinion's vs. Statement's Recommendation (%-distribution, 2016-2020)

## Statements & Fairness Opinions

Fairness opinions are provided by different originators which can be divided into four groups: consultants, auditors, private banks and major banks (commercial/investment banks). The market share of commercial/investment banks amounts to 61.9% in 2020, and thus remains prevailing. In 2020, consultants win a share of the market for fairness opinions of 9.5% and by doing so show a below average performance. The auditors kept their second largest market share but still lose in significance with 19.0%, whereas private banks hold only a minor market position following the trend after 2015. Considering 2016 to 2020 cumulated results, more than half of all the fairness opinions were provided by major banks (55.5%) while consultants and auditors follow with 21.0% and 18.5%, and private banks having the lowest share. The development over the past 5 years is shown in Figure 20<sup>13</sup>.

The only fairness opinion issued to a delisting tender offer in 2020 was written by a banking institution.

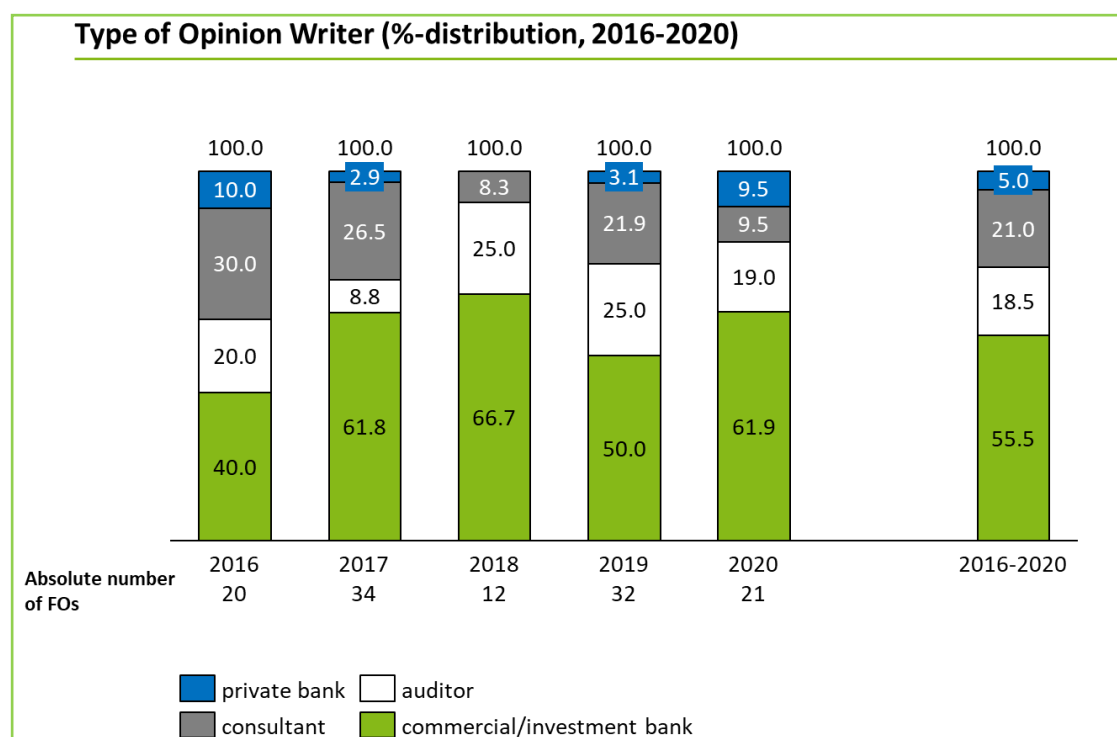


Figure 20: Type of Opinion Writer (%-distribution, 2016-2020)

<sup>13</sup> Delisting tender offers are excluded from this overview.

## Success Rates

Measuring the success of takeover bid is of particular interest. However finding a meaningful measure for “success” is not trivial. As in the preceding reports we employ two different measures for “success”. We start by considering a takeover bid’s success in terms of two states: completed or discontinued acquisitions<sup>14</sup>. We define a binary variable “success” as equal to one if a bidder reached an ownership share of at least 50% or the minimum acceptance threshold determined by the bidder within the defined term of acceptance according to WpÜG<sup>15</sup>, and zero otherwise. Since delisting offers usually do not aim at gaining control of the target by takeover, we exclude them again from this analysis.<sup>16</sup>

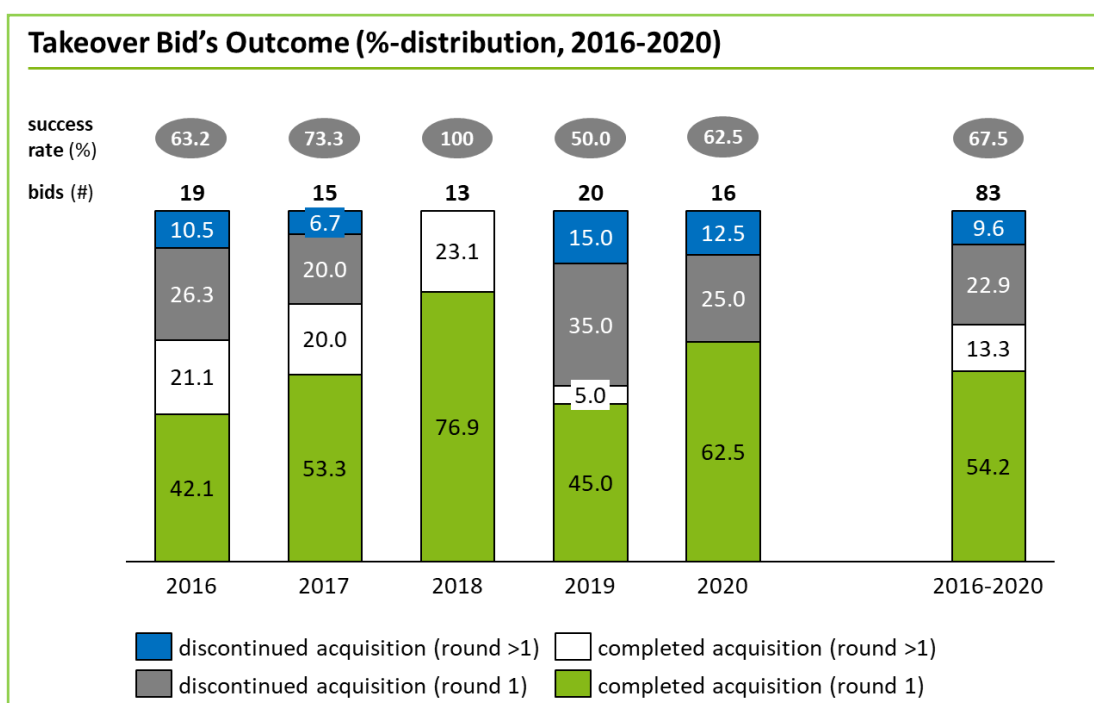


Figure 21: Takeover Bid's Outcome (%-distribution, 2016-2020)\*

\*This depiction does not include the offer of Global Wafers for Siltronic AG; the acceptance period for this offer ends at March 1<sup>st</sup>.

<sup>14</sup>Any transaction in which the minimum acceptance level or an ownership stake of 50% is reached are considered as completed. The remaining cases are classified as discontinued if no renegotiations took place.

<sup>15</sup>We exclude cases where the ownership share has already been above 50% prior to the six months period before the bid. Cases where the bidder has gained a majority within the six months before the bid due to buying arrangements with blockholders are considered as successful.

## Success Rates

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Using this definition, we find that 67.5% of takeover offers over the past five years were successful. The other 32.5% of takeover bids failed either in round one (22.9%) or thereafter (9.6%). The distribution of takeover bid's outcomes from 2016-2020 as well as the cumulated results are presented in figure 21. The ratio of takeover offers crossing the 50% threshold in 2020 was about the average for the last five years: 62.5%. Furthermore, additional bid-rounds did not yield an acquisition success for most of the offers .

Which factors influence the takeover bid's success? While academic studies dealing with this question usually perform complex multivariate analyses, this report concentrates on the offer premium as the most important impact factor.

Our (obvious) hypothesis is that takeover offers with higher premium c.p. have higher probability of success. Our 0/1 "success" measure defined above reflects the consummation of the deal regardless of the intermediate negotiation process. For 2013-2020 we observe a remarkably high share of acquisitions among takeover bids with a zero offer premium over VWAP (65.4%) which are considered as completed and successful according to the above measure. This result can be explained by bidder's prior arrangements with blockholders of a target company. On average, the takeover offers with a premium of 10-15% have the highest fraction of successful offers. For the 2020 we observe all bids with a premium between 15-20% to be "successful", while for premia above 25% the fraction of successful offers declined slightly to 87,5%.



## Success Rates

Figure 22 depicts the distribution of takeover bid success in 2020 compared to the cumulated percentages of 2013 to 2020.

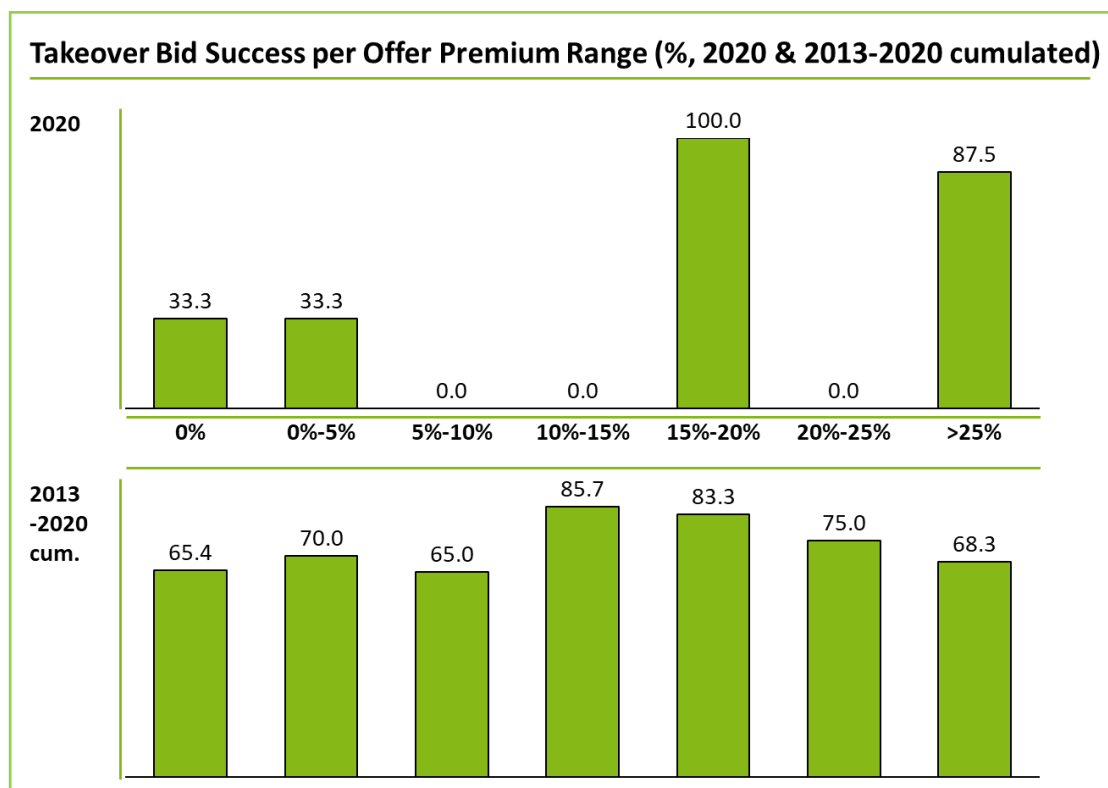


Figure 22: Takeover Bid Success per Offer Premium Range (% , 2020 & 2013-2020 cumulated)

\* We aligned the clustering for the success rate to the one for the premium from above. This depiction does not include the offer of Global Wafers for Siltronic AG; the acceptance period for this offer ends at March 1<sup>st</sup>.

## Success Rates

Due to the strong minority protection in the German Stock Corporation Akt (AktG) the 0/1 success definition used above is ambiguous. E.g. an offer with a toehold of 49% will be classified as successful if it gains 1% of the total shares and crosses the 50% ownership threshold. On the other side a takeover offer starting from 0% is “not successful” when gaining just 49,9% of the outstanding shares.

In a recent working paper we have analyzed the effects of various takeover success factors, and ETF ownership in particular, in a German setting<sup>13</sup>. This study analyzes 323 German takeover offers between 2006 and 2018. When constructing a “takeover success” variable the following specifics are considered. In 43% of the cases the offer was made while the acquirer already holds the majority of the shares of the target company. According to the German Stock Corporation Act (AktG) a domination and profit and loss transfer agreement (DPLTA), allowing for a direct control of company’s management board by major shareholder, requires a min. 75% vote in a shareholder meeting. There are therefore many voluntary offers conditional on the acquisition of at least an ownership stake assumed allowing for such a vote. However, using such a minimum acceptance threshold as a binary success variable generally is not advisable as only 26% of all offers in Germany between 2006 and 2018 contain such a threshold. (Mandatory offers are not allowed to be conditional.)

Finally, when analyzing the impact of certain variables as e.g. offer premium on takeover success the binary success variables do not always allow for meaningful results and interpretations as they do not take the toehold of the bidders when making the offer into account. Obviously crossing the 75% threshold requires a lower premium when already owning 74.5% of the shares compared to start the offer from 0% ownership. So the success measure used has to take the number and fraction of outstanding shares not yet under control of the bidder into account.

<sup>13</sup> Dobmeier/Lavrova/Schwetzler, Index Fund and ETF Ownership and the German Market for Corporate Control, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3443622](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3443622)

## Success Rates

Thus, as a second alternative measure, we define a “success rate” variable as the number of shares acquired by the bidder during the acceptance period divided by the number of shares not under bidders control when the offer is launched. This variable takes the bidders toehold into account and has a value range of 0% to 100% for all offers.

Figure 23 represents the average success rates of takeover bids across offer premium intervals in 2020 compared to the cumulated average values of 2013 to 2020.



Figure 23: Success Rate per Offer Premium Range (% , 2020 & 2013-2020 cumulated)\*

\*This depiction does not include the offer of Global Wafers for Siltronic AG; the acceptance period for this offer ends at March 1<sup>st</sup>.

For the years 2013-2020 we generally observe the hypothesized relationship: cumulated average success rates are generally increasing in the premium and highest for offer premiums in between 15% and 20%. Yet, we also observe that an offer premium is not the only determining factor for a takeover success. For instance, the zero premium offer made to the shareholders of RENK AG, nevertheless, resulted in the bidder obtaining 91.1% of the target shares not owned by the bidder through the offer. Empirical studies show the ownership structure of the target company also to have a significant impact on the success rate of the offer.

## Success Rates

Figure 24\* is a scatter plot with the trend line (line of best fit) that displays the link between success rate and offer premium of takeover bids for the cases from 2013 to 2020.

The graph supports the hypothesis of a positive relationship between premium and success, but also reveals the impact of yet other factors.

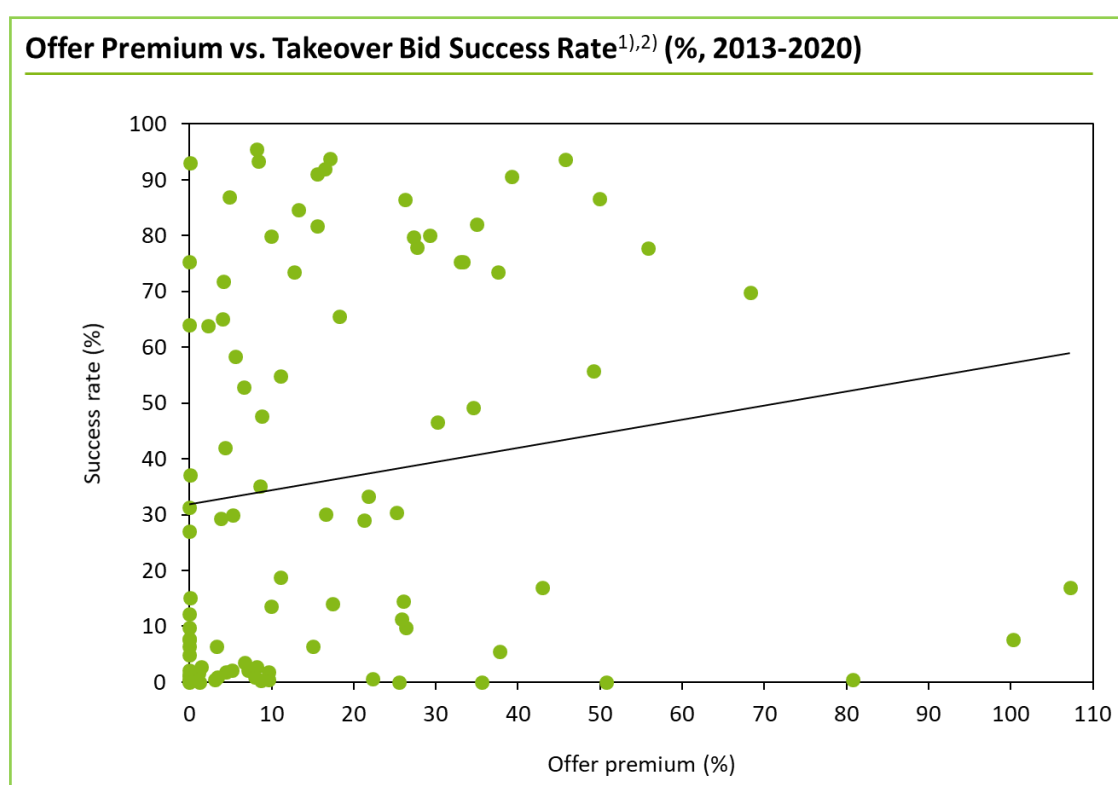


Figure 24: Offer Premium vs. Takeover Bid Success Rate (% , 2013-2020)\*

\*This depiction does not include the offer of Global Wafers for Siltronic AG; the acceptance period for this offer ends at March 1<sup>st</sup>.

1) Only takeover bids considered where the ownership share has already been below 50% prior to the six months period before the bid

2) Offer premium = (Offer price) / (3-Month Weighted Average Stock Price) – 1

## Success Rates

Finally, we analyze the connection between the statement's recommendations and the Fairness Opinion's results concerning the success rate of takeover bids. Figure 25\* illustrates the analysis in a cross table. It shows that the success rate rises if both the statement and the Fairness Opinion give a positive recommendation (2016-2020: 48.9%). One possible explanation is the fact that target companies that recommend accepting an offer in their statement have no reason to publish a Fairness Opinion that might have a negative opinion on the adequacy of the offer. For the cases when both the target company's statement and the Fairness Opinion took a negative position, the success rate is relatively low (22.2%) but not negligible. A closer analysis of these cases reveals that a previous agreement with a large blockholder of the target company was the foundation of the bid's acceptance. More precisely, before publishing the public takeover bid, the bidder had already collected a sufficient number of selling commitments from target blockholders to achieve the majority.

Success Rate by Statement & FO recommendation (% , 2016-2020 cumulated)				
	Statement	Fairness Opinion		
		fair	not mentioned	inadequate
	acceptance	48.9%	NA	9.8%
	neither	17.2%	NA	21.4%
	rejection	56.8%	NA	22.2%

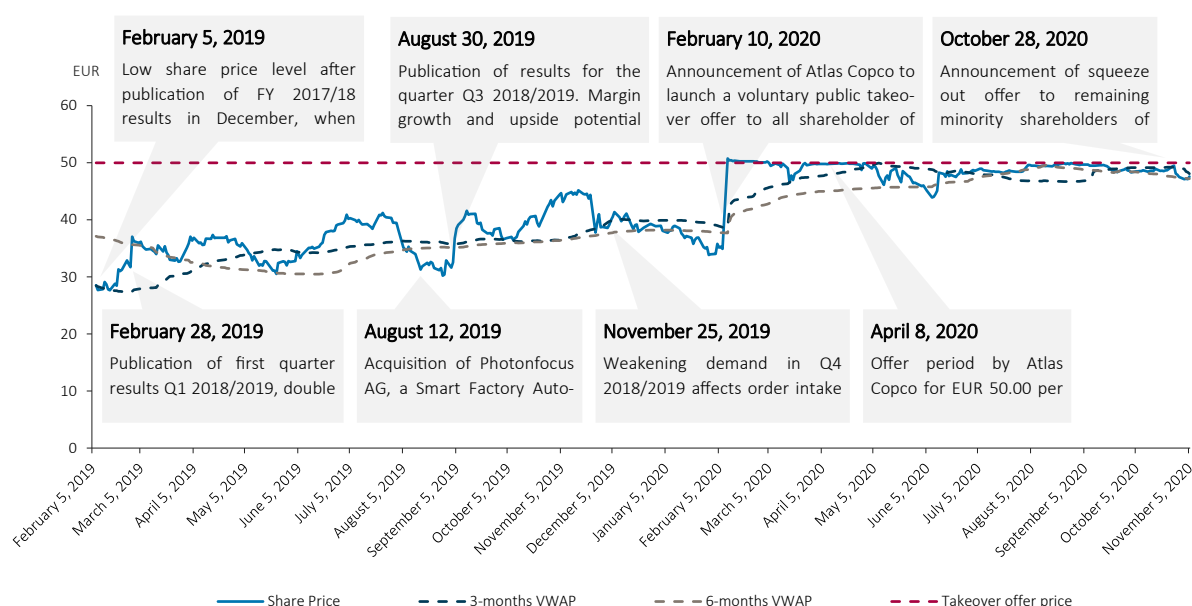
Figure 25: Success Rate by Statement & FO recommendation (% , 2016-2020 cumulated)

- Note that this table uses the second success definition from above. This explains the (on first glance) confusing combination of a success rate of 56.8% with a positive fairness opinion and a negative management recommendation. It was a single case in 2016 that drove this figure upwards: The Fairness Opinion of UBS Deutschland AG concerning Marsella Holdings S.a.r.l. takeover bid for Braas Monier Building Group S.A. testified the adequacy of the offer. However, the supervisory board and executive board gave the recommendation to reject the bid. At an offer premium of 13.22% and a toehold (ownership fraction at the moment of the bid) of 36.25% the additional fraction of votes/shares obtained during the acceptance period was 53.93%. Thus, the success measure from above is  $53.93\% / (100\% - 36.25\%) = 84.6\%$ . In 2020, for one additional case a negative statement recommendation was published simultaneously with a positive fairness opinion, namely, the zero premium takeover offer for MVV Energie AG. While it came to an end at a success rate of 1.34%, the bidder attained additional 45% of the shares via parallel purchase agreements.

\*This depiction does not include the offer of Global Wafers for Siltronic AG; the acceptance period for this offer ends at March 1<sup>st</sup>.

## Takeover Case Study: ISRA Vision AG

On February 10, 2020, Atlas Copco AB (Atlas Copco) and ISRA Vision AG (ISRA) announced their decision to enter into a business combination agreement to form a strategic partnership. In this context, Atlas Copco further announced to launch a voluntary public takeover offer to all shareholders of ISRA. Atlas Copco through its German Subsidiary Atlas Copco Germany Holding AG (Atlas Copco Germany) offered EUR 50.00 per share (Cash Offer), including 28.6% premium compared to the minimum offer price according to sec. 4 and 5 of the German Takeover Act (WpÜG) and roughly 43% compared to the last close price prior to the announcement on February 7, 2020. The transaction implies an EBIT multiple of roughly 33x (based on the EBIT for 2018/2019). Despite ISRA being recognized as a potential takeover target for many years, there were no market rumors related to this acquisition. Hence, share price fluctuation within the last 12 months prior to the announcement between roughly EUR 30.00 and EUR 40.00 were related to operational performance and general industry perception of investors.



## Takeover Case Study: ISRA Vision AG

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ISRA and Atlas Copco managements jointly announced their intention to delist ISRA after the takeover, provided that the statutory offer price for the required delisting offer is not higher than the Cash Offer of EUR 50.00, no significant free float remains and there are no other circumstances after completion of the offer due to which a delisting would not be in the best interest of ISRA or Atlas Copco.

Prior to the announcement, irrevocables for a total of 35% of the outstanding shares were signed, including the shares of Enis Ersü, CEO and main shareholder of ISRA. No minimum acceptance threshold beyond the irrevocables were determined.

On February 28, 2020, the offer period started with the publication of the offer by Atlas Copco Germany and lasted until April 8, 2020.

On March 17, the annual general meeting of ISRA passed the resolution on the dividend of EUR 0.17 per share, which was paid to the existing shareholders in addition to the Cash Offer.

On June 2, 2020, ISRA and Atlas Copco announced that Atlas Copco holds 92.19% of all outstanding shares of ISRA.

On June 11, 2020, all closing conditions were met following the clearance by the Committee on Foreign Investment in the United States (CFIUS).

On August 3, 2020, Atlas Copco announced the intention to squeeze out remaining minority shareholders.

On October 28, 2020, the squeeze out offer was announced to be EUR 46.77, corresponding to a discount of roughly 6.5% vs. the Cash Offer.

## Transaction Details 2020

The last chapter of this report gives a detailed overview of all takeovers and takeover bids in 2020, see figure 25. For each transaction we provide all parameters that have been analyzed on an aggregated level in the previous chapters.

Offer date	Bidder	Target	Offer type	Investor type	Bid round	Payment method	Share before offer	Share before offer from major inv.	Acceptance rate
07/02/2020	ADO Properties S.A.	ADLER Real Estate Aktiengesellschaft	Takeover	SI	1	Share	2,3%	2,3%	93,4%
21/02/2020	Traviata B.V.	Axel Springer SE	Delisting	FI	1	Cash	90,5%	45,3%	2,6%
28/02/2020	Atlas Copco Germany Holding AG	ISRA VISION AG	Takeover	SI	1	Cash	9,1%	0,0%	78,5%
10/03/2020	Rebecca BidCo GmbH	RENK Aktiengesellschaft	Takeover	FI	1	Cash	0,0%	0,0%	15,1%
18/03/2020	SIMBLION GmbH	TELES Aktiengesellschaft Informationstechnologien	Takeover	FI	1	Cash	55,4%	0,0%	3,5%
20/03/2020	Schneider Electric Investment AG	RIB Software SE	Takeover	SI	1	Cash	15,8%	15,8%	61,9%
24/03/2020	Hyundai Capital Bank Europe GmbH	Sixt Leasing SE	Takeover	SI	1	Cash	0,0%	0,0%	50,1%
25/03/2020	Covivio X-Tend AG	Godewind Immobilien AG	Delisting	SI	1	Cash	44,1%	10,7%	42,0%
08/04/2020	Asklepios Kliniken GmbH & Co. KGaA	RHÖN-KLINIKUM Aktiengesellschaft	Takeover	SI	1	Cash	43,6%	43,6%	42,5%
24/04/2020	Philocity Holdings Sdn Bhd	Phicomm AG	Takeover	FI	1	Cash	60,0%	0,0%	2,0%
06/05/2020	ADO Properties S.A.	WESTGRUND Aktiengesellschaft	Takeover	SI	1	Cash	96,9%	96,9%	1,4%
07/05/2020	FS DE Energy GmbH	MVV Energie AG	Takeover	FI	1	Cash	50,1%	50,1%	0,7%
18/05/2020	Quebec B.V.	QIAGEN N.V.	Takeover	SI	1	Cash	0,0%	0,0%	2,1%
29/06/2020	AOC Health GmbH	Vita 34 AG	Takeover	FI	1	Cash	31,2%	3,9%	5,2%
18/05/2020	Quebec B.V.	QIAGEN N.V.	Takeover	SI	2	Cash	0,0%	0,0%	46,6%
01/09/2020	Sparta AG	4basebio AG	Takeover	FI	1	Cash	23,3%	23,3%	16,3%
03/09/2020	deltus 36. AG	EASY SOFTWARE AG	Takeover	FI	1	Cash	0,0%	0,0%	78,4%
11/09/2020	PRINTad Verlags - GmbH	InTiCa Systems AG	Takeover	FI	1	Cash	30,0%	30,0%	0,1%
11/09/2020	PRINTad Verlags - GmbH	InTiCa Systems AG	Takeover	FI	2	Cash	30,0%	30,0%	0,3%
21/09/2020	BluGreen Company Limited	S&O Beteiligungen AG	Takeover	SI	1	Cash	61,5%	0,0%	0,1%
01/10/2020	Rocket Internet SE	Rocket Internet SE	Delisting	SI	1	Cash	45,1%	45,1%	20,3%
01/10/2020	EP Global Commerce GmbH	METRO AG	Takeover	FI	1	Cash	29,8%	29,8%	10,5%
25/11/2020	VICUS GROUP AG, Herr Michael Klemmer, Herr Gabriel Schütze, Herr	Travel24.com AG	Takeover	FI	1	Cash	47,2%	10,7%	5,9%
10/12/2020	Herr Guido Krass	CENTROTEC SE	Delisting	SI	1	Cash	68,7%	29,2%	3,3%
21/12/2020	GlobalWafers GmbH	Siltronic AG	Takeover	SI	1	Cash	4,2%	2,2%	.*

\* At the time of preparation of the report, the transaction had not been completed.

Figure 25: Transaction Details — Part 1



## Transaction Details 2020

Offer date	Bidder	Target	Offer premium	Take-over-value (m EUR)	CAR (-/+1) Bidder	CAR (-/+1) Target	Joint Statement Recomm.	FO exists	FO result (Adequacy)
07/02/2020	ADO Properties S.A.	ADLER Real Estate Aktiengesellschaft	39,2%	1.073,3		5,3%	Accept	yes	yes
21/02/2020	Traviata B.V.	Axel Springer SE	0,1%	648,2		0,0%	Accept	no	
28/02/2020	Atlas Copco Germany Holding AG	ISRA VISION AG	29,3%	996,3		42,2%	Accept	yes	yes
10/03/2020	Rebecca BidCo GmbH	RENK Aktiengesellschaft	0,0%	743,4		5,1%	Accept	yes	yes
18/03/2020	SIMBLION GmbH	TELES Aktiengesellschaft Informationstechnologien	0,0%	1,4		14,2%	Neither nor	no	
20/03/2020	Schneider Electric Investment AG	RIB Software SE	37,6%	1.267,5		38,4%	Accept	yes	yes
24/03/2020	Hyundai Capital Bank Europe GmbH	Sixt Leasing SE	17,4%	371,0		10,8%	Accept	yes	yes
25/03/2020	Covivio X-Tend AG	Godewind Immobilien AG	33,3%	401,2		12,3%	Accept	yes	yes
08/04/2020	Asklepios Kliniken GmbH & Co. KGaA	RHÖN-KLINIKUM Aktiengesellschaft	4,8%	680,4		24,1%		yes	yes
24/04/2020	Philocity Holdings Sdn Bhd	Phicomm AG	84,7%	0,6		10,1%	Neither nor	no	
06/05/2020	ADO Properties S.A.	WESTGRUND Aktiengesellschaft	0,0%	29,2		26,4%	Accept	no	
07/05/2020	FS DE Energy GmbH	MVV Energie AG	0,0%	887,6		11,9%	Reject	yes	yes
18/05/2020	Quebec B.V.	QIAGEN N.V.	18,1%	9.002,3		10,4%	Accept	yes	yes
29/06/2020	AOC Health GmbH	Vita 34 AG	0,0%	30,7		-2,0%	Reject	yes	no
18/05/2020	Quebec B.V.	QIAGEN N.V.	30,2%	9.925,7		10,4%	Accept	yes	yes
01/09/2020	Sparta AG	4basebio AG	5,3%	79,4	4,7%	-0,8%	Neither nor	no	
03/09/2020	deltus 36. AG	EASY SOFTWARE AG	107,2%	74,1		104,5%	Accept	yes	yes
11/09/2020	PRINTad Verlags - GmbH	InTiCa Systems AG	3,1%	18,0		21,3%	Reject	yes	no
11/09/2020	PRINTad Verlags - GmbH	InTiCa Systems AG	3,1%	18,0		21,3%	Reject	yes	
21/09/2020	BluGreen Company Limited	S&O Beteiligungen AG	242,5%	2,4		-	Neither nor	no	
01/10/2020	Rocket Internet SE	Rocket Internet SE	0,1%	1.383,1	-4,8%	-4,8%	Neither nor	no	
01/10/2020	EP Global Commerce GmbH	METRO AG	0,1%	2.161,8		4,3%	Reject	yes	no
25/11/2020	VICUS GROUP AG, Herr Michael Klemmer, Herr Gabriel Schütze, Herr	Travel24.com AG	100,3%	6,9		-	Accept	no	
10/12/2020	Herr Guido Krass	CENTROTEC SE	0,1%	61,9		-13,6%	Neither nor	no	
21/12/2020	GlobalWafers GmbH	Siltronic AG	71,4%	4.168,7		3,6%	Accept	yes	yes

Figure 25: Transaction Details — Part 2