

Regional Overview

DACH

Trend Report

In association with

iDeals 

FY 2021

Foreword

The DACH region is usually the bellwether for European economic prosperity and M&A prospects.

In common with the rest of the world, the past two years have been defined by the COVID-19 pandemic. A global economic slump for most of 2020 gave way to a resurgence in M&A towards the end of the year, which continued into 2021.

High-quality, high-value assets in key industries facilitated a rapid recovery as dealmakers at home and abroad moved to take advantage of a post-pandemic boom. The second half of 2021 was very profitable, though even here the pace of recovery was challenging to maintain.

The region's well-run public healthcare systems and high levels of trust in government ameliorated the impact of the pandemic, especially in Germany. M&A in both volume and value terms were down from the preceding year, but the end-of-year economic recovery carried over into 2021 and seems set to continue in 2022. According to the IMF's latest *World Economic Outlook*, German GDP declined by 4.6% in 2020, but is expected to grow by 3.1% in 2021 and 4.6% in 2022.

The DACH M&A market recorded meaningful year-on-year increases. There were actually more transactions than in all three preceding years, with an aggregate value 77% higher than

the €129bn recorded in 2020 - the highest total on record.

As usual German targets made up the lion's share of M&A activity, accounting for 72.1% of regional M&A, down slightly on 2020. Switzerland's share was up, at the expense of Austria, whose share fell.

Bidders from outside the region accounted for much of the high-level activity, including seven of the 10 largest deals announced. Three of these involved US bidders for German and Swiss assets, and two were Swedish bidders for German assets.

The key sectors for M&A were industrials and chemicals (29%) and real estate (23%) plus pharma, medical and biotech, and technology.

The real estate success story came from a handful of mega deals, two of which were among the top 10 for the region, including the largest transaction in DACH - the Vonovia-Deutsche Wohnen merger. Industrials and chemicals saw a huge volume of transactions, the largest being the €5.6bn bid by American manufacturer, MKS Instruments, for Atotech.

PE players have also been active in the region, with the highest volume of buyouts on record. These were concentrated in the first three quarters of the year, suggesting that the post-pandemic boom may be slowing.

The outlook for DACH seems relatively secure - big-ticket assets in a range of valuable sectors, including industrials and chemicals, pharma and technology, will continue to attract international interest. There are some concerns about the continuing impact of COVID-19, given the low rates of vaccination in the region. But early indications are that the Omicron variant is less serious, and we do not anticipate the same impact on M&A that we experienced in 2020. Dealmakers may be more cautious, but we are expecting a significant number of high-value transactions in the first half of 2022.



Michael Kannacher
Sales Manager EMEA,
iDeals

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1,491

DACH M&A deal volume in 2021 – the highest annual total on record (since 2006)



29%

Industrials & chemicals' share of M&A value (€66.5bn) – the most active sector by value



941%

Percentage increase in M&A value for the leisure sector compared to 2020

€229.6bn

Deal value announced in 2021 in the DACH region – the highest annual total on record

378

Number of PE buyouts in 2021 – the highest volume on record

22.7%

Switzerland's share of M&A activity in 2021 – up from 19.5% in 2020

Engine of Europe is revving up, but not worry free

The DACH region handled the worst of the pandemic with a welcome sense of composure. Well-run public healthcare and a generally high rate of trust in government helped curtail the direst consequences of the crisis, especially in Germany, the region's key economy.

While M&A in both volume and value terms in 2020 was down from the year before due to the collapse in activity recorded in Q2, the end-of-year economic recovery carried over into 2021 and seems set to firm up in 2022. According to the IMF's latest World Economic Outlook, German GDP suffered a decline of 4.6% in 2020, but is expected to grow by 3.1% in 2021 overall and by 4.6% in 2022.

The DACH M&A market recorded meaningful year-on-year increases. There were 1,491 transactions in 2021, up on the 1,249 logged the year before and higher than the pre-pandemic figures from 2019 and 2018.

The aggregate value of those deals was €229.6bn, up 77% from the €129bn recorded in 2020 and the highest total on record (record starting in 2006).

"It's been busy for several reasons," says Michael Kannacher, Sales Manager EMEA at iDeals. "First, there was still a huge backlog from 2020. Second, economic growth across the region has been strong, and it is a very safe and stable market with a diversity of investment options

for dealmakers in the region. Add to these, pipelines are filled with cash and there are a substantial number of excellent family-owned businesses hitting the market. It's adds up to a robust dealmaking environment."

Regional differences

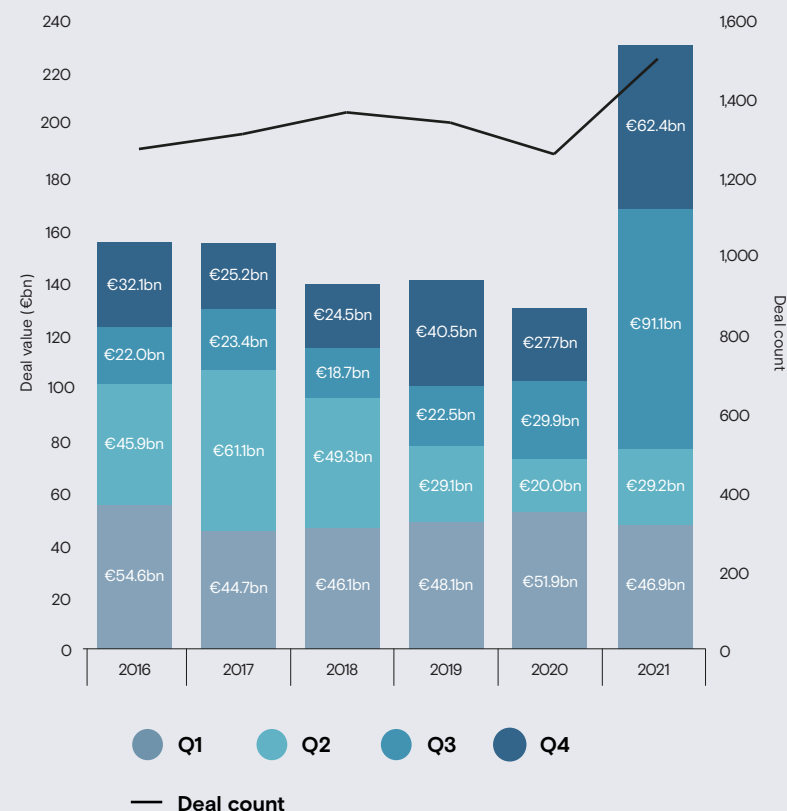
As far as the individual countries that comprise DACH are concerned, German targets made up the lion's share of M&A activity, accounting for 72.1% of regional M&A in 2021, down marginally on the 73.1% logged the year before. Switzerland's share is up, from 19.5% in 2020 to 22.7%, at the expense of Austria, whose share fell from 7.5% to 5.1%.

Much of the high-level activity recorded in DACH in 2021 involved bidders from outside of the region, including in seven of the 10 largest deals announced. Of those seven, three saw US bidders make moves for German and Swiss assets, while the next most active acquirers were those from Sweden, who were involved in two deals again involving German targets.

Titans of industry

The key sectors for M&A in DACH in 2021 were industrials & chemicals (I&C) and real estate. The former contributed deals worth almost €66.5bn (representing a 29% share of total M&A activity), and the latter €52.4bn (22.8%). Some way back, the next largest contributors were pharma, medical & biotech (just under €43bn, 18.7%) and technology (€26.2bn, 11.4%).

DACH M&A activity 2016-2021



Data analysis continued

Real estate's colossal output in value terms came from a handful of megadeals; just 30, more than 10 times lower than I&C (362). The sector's outsized performance was aided by two top 10 deals, including the largest transaction in DACH overall, namely the German mega-merger between Vonovia and Deutsche Wohnen. Once complete, the €24.8bn deal will create a real estate colossus comprising a portfolio of half a million flats across Germany, Sweden and Austria.

I&C, the bulwark of the DACH economy, relied mostly on the massive volume of transactions to push it to the top of the aggregate value table. The largest deal in the chemicals and materials space was almost five times smaller than the Vonovia-Deutsche Wohnen merger, that being the €5.6bn bid by American manufacturer MKS Instruments for Atotech, the Berlin-headquartered specialty chemicals group.

PE's spending spree

PE players have also been active in the region, with Canadian giant Brookfield Asset Management announcing an investment agreement in November worth more than €4.6bn with alstria office, a German real estate investment trust.

It is deals such as this that helped push the PE market in DACH to new heights in 2021, with 378 buyouts being announced, by far the highest volume on record. Those 378 deals were worth €56bn in total – also a new record – up 45% from the €38.6bn posted in 2020.

Most of that €56bn sum was accrued early in the year (€20.5bn), with just €9.3bn worth of buyouts being announced in Q4 so far, again

suggesting, as in the M&A arena overall, that the rapid post-pandemic rush is beginning to moderate.

“PE has been extremely busy in the region,” says Kannacher. “There are lot of deep-pocketed sponsors competing for a very limited number of high-quality assets. There are also funds specialising in certain niche areas and then sponsor-to-sponsor deals. Firms will continue to be very active in 2022.”

Fundamentally sound

The outlook for DACH seems relatively secure thanks to its strong fundamentals – the region is replete with big-ticket assets in a range of valuable sectors, including I&C, pharma and technology, and international acquirers are keen to get involved. But the region is far from worry free – in particular, the pandemic could pose further issues.

Switzerland has the lowest vaccination rate in western Europe, with just over a third of people not having received even their first dose. Austria is not far behind at just under a third, while Germany sits at just over 30%. Such low levels of protection are especially disconcerting given the spread of the Omicron variant, with some restrictions already being reintroduced. And although the consequences for M&A activity are unlikely to be as severe as in early and mid-2020, such near-term concerns must be evaluated carefully by dealmakers.

However, Kannacher is upbeat if cautious. “While there is likely to be a certain amount of uncertainty in the market, the fundamentals are good,” he says. “Looking at deals and activity in the last quarter of 2021, this was

high and we expect a significant number of high-value transactions hit the market in the first half of 2022.”



Looking for more insights into the DACH market?

[View our discussion here](#)

Top deals

Announcement date	Target company	Target dominant sector	Target dominant geography	Bidder company	Bidder dominant geography	Seller company	Seller dominant geography	Deal value (€m)
01-Aug-21	Deutsche Wohnen SE (70.01% Stake)	Real estate	Germany	Vonovia SE	Germany			24,763
04-Nov-21	Roche Holding AG (33.33% Stake)	Medical: Pharmaceuticals	Switzerland	Roche Holding AG	Switzerland	Novartis AG	Switzerland	18,029
30-Jul-21	Daimler Truck AG	Automotive	Germany	Daimler AG (shareholders)	Germany	Daimler AG	Germany	15,930
14-Dec-21	Vifor Pharma AG (100% Stake)	Medical: Pharmaceuticals	Switzerland	CSL Limited	Australia	Patinex AG	Switzerland	10,429
26-Sep-21	Akelius Fastigheter AB (Portfolio of 599 properties)	Real estate	Germany	Heimstaden Bostad AB	Sweden	Akelius Fastigheter AB	Sweden	9,100
13-Jan-21	Telxius Telecom S.A. (telecommunications towers division in Spain, Brazil, Peru, Chile and Argentina)	Telecommunications: Carriers	Germany	American Tower Corporation	USA	Telxius Telecom S.A.	Spain	7,700
14-Aug-21	HELLA GmbH & Co. KGaA	Automotive	Germany	Faurecia S.A.	France			5,988
01-Jul-21	Atotech Limited	Chemicals and materials	Germany	MKS Instruments, Inc.	USA	The Carlyle Group	USA	5,560
17-Feb-21	Zalando SE (21.11% Stake)	Internet / ecommerce	Germany	Kinnevik AB (Shareholders)	Sweden	Kinnevik AB	Sweden	5,407
03-May-21	Roivant Sciences, Ltd.	Biotechnology	Switzerland	Montes Archimedes Acquisition Corp.	USA			5,233

League tables

Financial advisor league table by value – mid-market (€5m-€250m)

Ranking				
2021	2020	Company name	Value (€m)	Deal count
1	-	Citi	1,050	5
2	20	Rothschild & Co	1,020	7
3	8	GCA Corporation	933	8
4	7	Goldman Sachs & Co	739	4
5	19	William Blair & Company	518	4
6	12	KPMG	516	7
7	21	PwC	487	6
8	24	Houlihan Lokey	456	3
9	32	Macquarie Group	423	3
10	45	Jefferies	418	3

Financial advisor league table by deal count – mid-market (€5m-€250m)

Ranking				
2021	2020	Company name	Value (€m)	Deal count
1	25	Carlsquare	307	11
2	7	GCA Corporation	933	8
3	11	Rothschild & Co	1,020	7
4	10	KPMG	516	7
5	5	PwC	487	6
6	-	Citi	1,050	5
7	1	EY	292	5
8	8	Lincoln International	275	5
9	4	Goldman Sachs & Co	739	4
10	34	William Blair & Company	518	4

Legal advisor league table by value – mid-market (€5m-€250m)

Ranking				
2021	2020	Company name	Value (€m)	Deal count
1	5	Freshfields Bruckhaus Deringer	2,206	14
2	3	Hengeler Mueller	1,265	11
3	8	CMS	1,068	19
4	44	Weil Gotshal & Manges	1,010	7
5	22	Wolf Theiss Rechtsanwaelte	1,003	8
6	16	Taylor Wessing	987	10
7	18	White & Case	954	10
8	1	Baker McKenzie	949	9
9	175	Orrick Herrington & Sutcliffe	928	7
10	12	Hogan Lovells International	891	9

Legal advisor league table by deal count – mid-market (€5m-€250m)

Ranking				
2021	2020	Company name	Value (€m)	Deal count
1	1	CMS	1,068	19
2	12	Freshfields Bruckhaus Deringer	2,206	14
3	7	DLA Piper	800	12
4	26	VISCHER	587	12
5	9	Hengeler Mueller	1,265	11
6	15	Taylor Wessing	987	10
7	18	White & Case	954	10
8	77	Willkie Farr & Gallagher	776	10
9	4	Latham & Watkins	763	10
10	3	Baker McKenzie	949	9

The advisor league tables by value and volume have been run from 01/01/2021 to 20/12/2021 and exclude lapsed and withdrawn deals. The tables are based on advice to a DACHn bidder, target or vendor and cover all sectors.

Criteria

All data is based on transactions over USD 5m and is based on the Mergermarket's M&A deals database. Deals with undisclosed deal values are included where the target's turnover exceeds USD 10m. Deals where the effective stake acquired is less than 30% will only be included if the value is greater than USD 100m. Full deal inclusion criteria can be found [here](#).

Trend data: Based on the dominant geography of the target company and excludes lapsed and withdrawn bids. Sector trends based on the dominant sector of the target.

Top deals: Based on the dominant geography of the target company.

League tables: Based on the dominant geography of the target, bidder or seller, and excludes lapsed and withdrawn bids.

All values are in EUR
M&A Trends and Top Deals correct as of 9am (GMT),
22-Dec-2021.

Contacts

Sponsorship Sales Manager
Chris Coe
chris.coe@iongroup.com
+44 20 3741 1075

iDeals

Michael Kannacher
michael.kannacher@idealscorp.com

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EMEA

10 Queen Street Place
London
EC4R 1BE
United Kingdom

+44 203 741 1000

Americas

1345 Avenue of the Americas
49th floor
New York, NY 10105
USA

+1 212 686 5606

Asia

9/F Standard Chartered Bank
Building
4–4A Des Voeux Road, Central
Hong Kong

+852 2158 9769

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