



M&A nach Covid-19

Wird 2021 das Jahr der Fusionen und Übernahmen?

Auftakttagung 2021



Agenda

Update M&A und neueste Entwicklungen

Vertriebsansätze

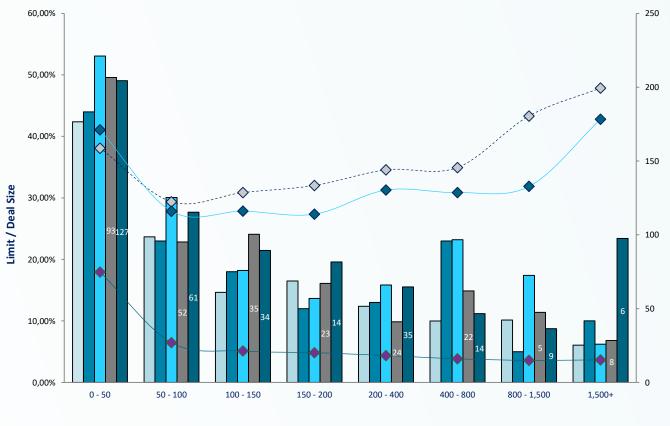
Corporate M&A

Distressed M&A

Spezielle Transaktionsberatung auf Sell-side

M&A INSURANCE DATA | LIMITS & PRICING TRENDS (EMEA)

M&A insurance metrics



Deal Size (£mn)

Source: Aon EMEA FY data for 2015-2019 – W&I, title and related tax insurance placed

Blended pricing curve over last 3 years indicative of more competitive ROL rates, excluding small deals (£0-50mn)

2015 Limit / Deal Size

2018 Limit / Deal Size

---- RoL (Blended Last 5 years)

Years)

Premium / Deal Size

RoL

(in basis points)

2016 Limit / Deal Size
2017 Limit / Deal Size

2019 Limit / Deal Size

- RoL (Blended Last 3

 Title policies impact limit/deal size ratio at either end of the deal size spectrum



W&I INSURANCE – SELECTED MARKET TRENDS



New market entrants

- 20+ insurers currently providing capacity for W&I Insurances in EMEA, with many able to do so under local law policies
- new market entrants provide even more diversified risk appetite:
 - some showing appetite for smaller transactions
 - others focusing on larger/complex deals



Insurer capacity remains steady

- a single insurer can typically provide between €20mn to €200mn in capacity for a transaction
- the maximum capacity per transaction is approximately €1.5bn
- n.b. seasonal bottlenecks still exist. In June/July and November/December, underwriting capacity is tight and we recommend to get the selected insurer to commit as early as possible



Pricing

- although trending downward over the past years, in 2018 this stabilized and the average rate on line actually increased in EMEA by 5% compared to 2017
- W&I premiums are priced in the range 0.8–1.5% applied to the insured limit (with the rate applicable to real estate deals lower, often as low as c. 0.6%)
- minimum premiums also trending downward, sometimes as low as €30,000 – 40,000
- however, insurer underwriting fees are more frequently charged in addition to the premium (i.e. not waived in the event the policy is purchased)



Retentions

- declining now typically well below 1% for operational targets (and typically nil for real estate SPVs)
- tipping retentions, either in amount and/or after passage of time, are also increasingly offered

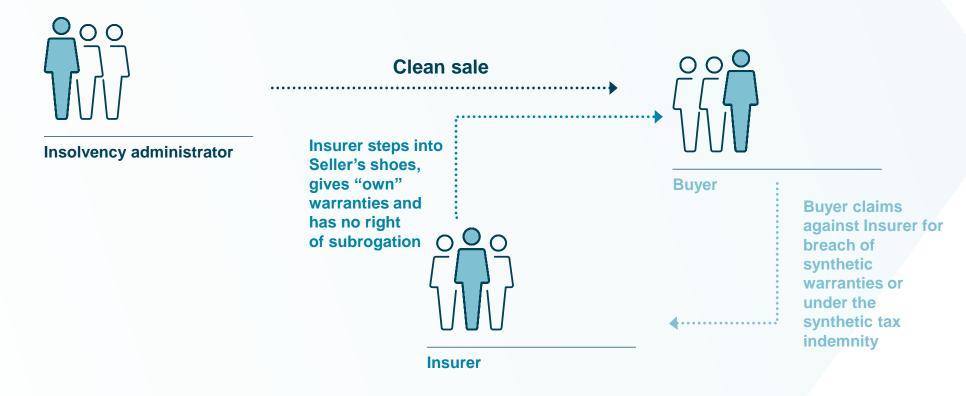


DISTRESSED M&A TRANSACTION (WITH BUY-SIDE W&I INSURANCE)

Insolvency administrator sells target company and does <u>not</u> give any warranties and indemnities (except for title) relating to target.

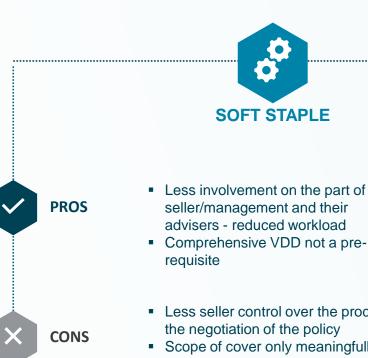
Insurer makes own risk assessment and gives corresponding "warranties".

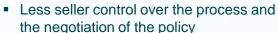
With a W&I insurance, no need for significant risk deductions (as regards the condition of the Target), ensuring clean sale and enhancing returns from sale





STAPLED W&I SOLUTION | PROS & CONS





- Scope of cover only meaningfully evaluated on the buy-side and at a later stage of the process
- Reduced certainty can impact deal execution
- Aon's sell-side work fee (to be agreed on a case by case basis)



- Seller can negotiate a significant portion of the policy and control the agenda
- Certainty and transparency for seller helps drive bidder competition and increase focus on value discussion
- Given insurer's more in depth review, seller gains comfort that bidders are presented with a comprehensively insurable set of warranties
- Speedier process after any 'flip' to preferred bidder
- More involvement up front for seller/management and their advisers in terms of workload, including the requirement for a full suite of VDD to facilitate sellside underwriting
- Exposure to costs on sell-side
- No guarantee that bidder adopts the solution initiated by seller
- Insurer typically charges a sell-side underwriting fee and/or break fee, one or both of which may be waived if the policy is taken up by the successful bidder; these costs vary from insurer to insurer – typically, underwriting and break fees range from £30k-£60k and £50k-£100k, respectively
- Aon's sell-side work fee (to be agreed on a case by case basis)



COSTS

SELLER

FOR

YOUR PATHFINDER ALONG THE DEAL LIFECYCLE

		(Illood)	**	
	Market Diagnostic Target Identification	Negotiate, Bid and Close	Hold & Create Value	Exit, Divest & Spin
Risk & Insurance	_	Buyer Risk Diligence	Risk Diagnostic	Vendor Risk Diligence
Transaction Liability	_	Buy-side Transaction Liability		Buy-side Transaction Liability
Credit Solutions	Sector & Country Risk Benchmarking	Credit & Cash Due Diligence & Transaction Solutions	Working Capital Advisory	Transaction Solutions – Specificities to Exit
Human Capital	_	Human Capital Diligence	Human Capital Diagnostic	Human Capital Diagnostic
Intellectual Property	Intellectual Property Valuation Benchmarking	Intellectual Property Diligence	Intellectual Property Value Optimisation	
Cyber Security	Cyber Assessment	Cyber & Data Protection Diligence	Cyber Portfolio Solutions	Cyber Carve-Out/Exit Readiness



SCOPE



Summary

The present business plan is established with the goal to develop more business with Aon existing and non existing corporate clients. This business plan shall highlight the key points how we can increase the business around 20%-25%.



Clients

In this analysis the focus is on the following clients:

2020

- Aon Corporate Clients with AMATS M&A experience
- Aon Corporate Clients without any AMATS M&A experience
- Non-Aon Corporate Clients



M&A Solutions

Aon can offer several solutions like W&I insurance, Cyber DD, Tax, Litigation, Infrastructure, etc. (please see next slide).



First Steps

First of all, an analysis are suitable for which clients Aon can introduce oneself to and which solutions has to offer.

We should show our clients what added value AMATS has to offer for them and present our solutions.



Key Facts

Income in 2020

 41 project with a average income of EUR 54,000 (total EUR 2.3m)

Potential increase of the income until 2023.

• EUR 2,300,000



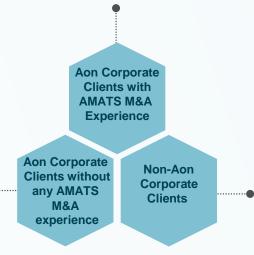
Result

The analysis in this business case should reflect our added value and show which solutions AMATS has for our clients, so that they are insured at the best. On the other side AMATS can increase its revenue with these additional benefits.



OVERVIEW ABOUT THE CURRENT FINANCIAL SITUATION

- AMATS DACH team has generated approx. **25% of its revenues (EUR 2.3m)** with Aon Corporate Clients in 2019 (see chapter Key Figures).
- AMATS DACH had a total of **98** successful project in 2019, **41** projects were with Aon corporate clients.
- The average income of each project with a corporate client was approx. **EUR 54,000.**
- If we present our solutions like Tax Insurance, Human Capital, IP topics etc. to our clients, the potential for increasing sales with existing Aon corporate clients could be 20% 25% (EUR 460,000 EUR 575,000).
- At this point, Aon DACH has many corporate clients who have M&A activities but have not worked with AMATS yet.
- Based on our experience, we should place more emphasis on generating business with these clients as soon as possible.
- If we assume an average income per project of EUR 54,000, we could achieve an income of about <u>EUR 3,000,000</u> in the <u>•</u>... next two years.
- The best example is SAP:
 - Purchase of **5** companies in the last **2** years.
 - According to Merger Market, deal value between EUR 100 million and EUR 3.4 billion.



- It is most difficult situation to generate income with the non-Aon clients. This client-base usually has an insurance broker, and since we want to focus on the larger clients, they will most likely be working with one of our major competitors (Willis, Marsh, Howden).
- The only way to win them as a client is to show that AMATS has the best range of M&A solutions. Furthermore we have many solutions to offer outside of transactions that differentiate us from our competitors. Due to The difficulty of getting brokerage mandates combined with the effects of Covid-19, this client group is unlikely to have a major impact on new revenue streams.



SELECTION OF CORPORATE CLIENTS WITH M&A ACTIVITIES IN DACH

Below you can see a list corporate clients with M&A activities in DACH.

As you can see with 1/3 of these clients AMATS DACH has experience, with 1/3 AMATS DACH has no experience although they are Aon clients and with 1/3 AMATS as well as Aon has no connection

•	Carl Zeiss Meditec
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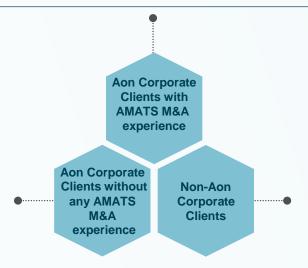
- Covestro
- Freudenberg
- Haniel
- Henkel

- Schott Zeiss
- Siemens
- Symrise
- ThyssenKrupp
- TUI

- Hensold
- Knorr Bremse
- Messer Group
- Sana AG
- · Schur Flexibles AG

- TUEV Sued
- Wuppermann
- Saria AG
- Signa

- BASF
- Bayer
- Beiersdorf
- Commerzbank
- Continental
- Fresenius
- Gerresheimer
- Hapag-Lloyd
- HeidelbergCement
- Hochtief
- Infineon
- SAP



- · Deutsche Telekom
- · Deutsche Wohnen
- Drillisch
- E.ON
- · Evonik Industries
- K+S
- LANXESS
- Lufthansa
- Merck
- Rheinmetall
- RWE
- Vonovia



