



Aon

M&A nach Covid-19

Wird 2021 das Jahr der Fusionen und
Übernahmen?

Auftakttagung 2021



Agenda

Update M&A und neueste Entwicklungen

Vertriebsansätze

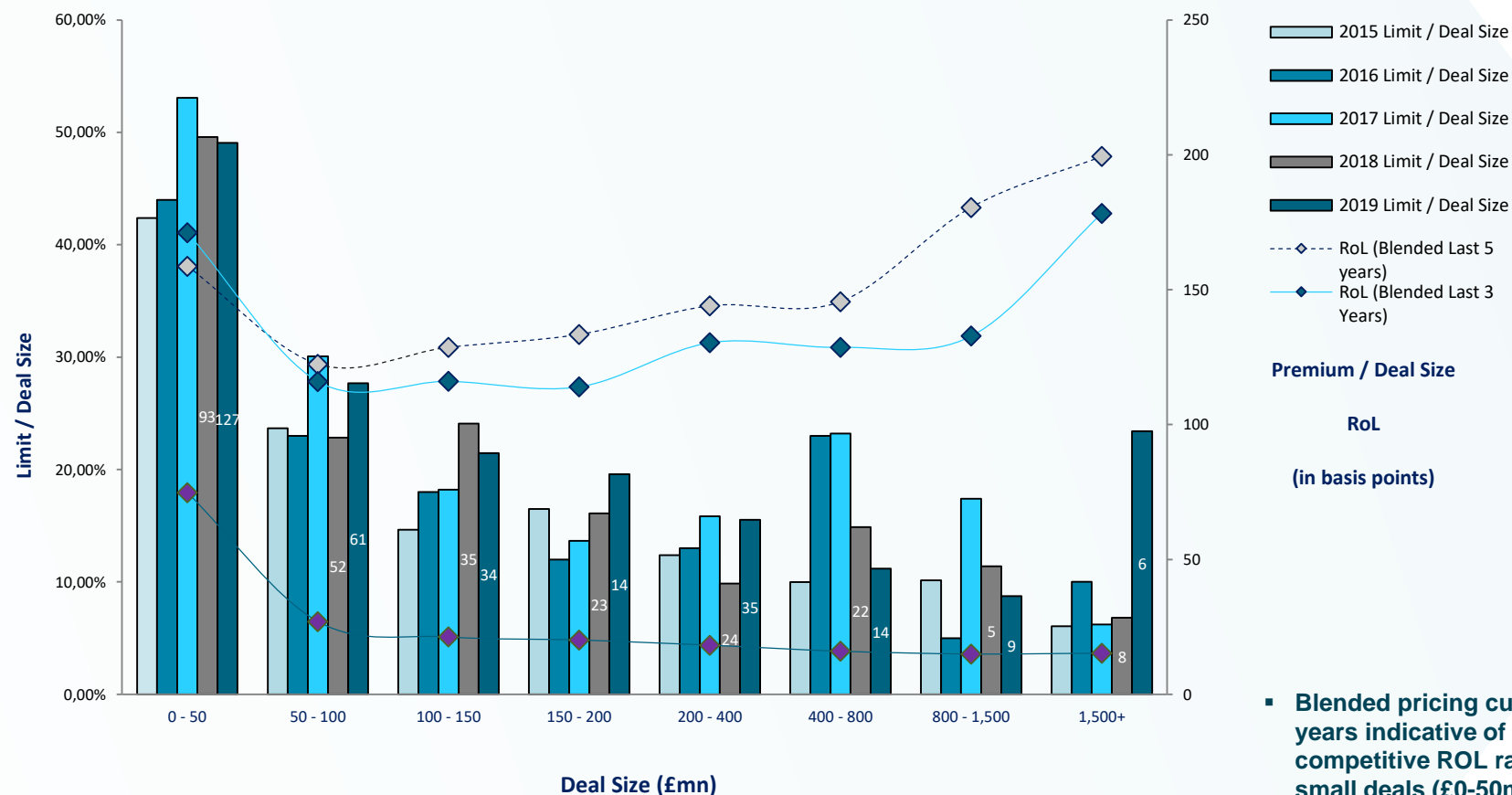
Corporate M&A

Distressed M&A

Spezielle Transaktionsberatung auf Sell-side

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

M&A insurance metrics



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

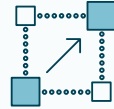
- Blended pricing curve over last 3 years indicative of more competitive ROL rates, excluding small deals (£0-50mn)
- Title policies impact limit/deal size ratio at either end of the deal size spectrum

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

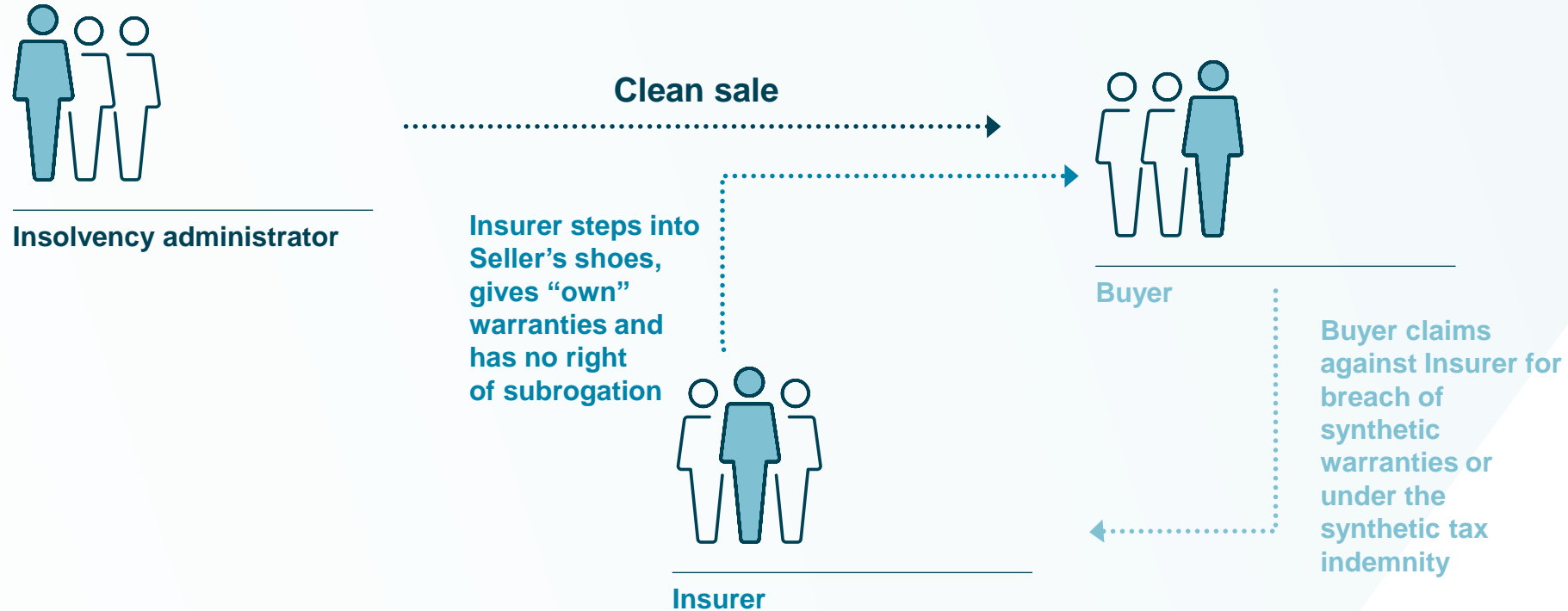
- declining – now typically well below 1% for operational targets (and typically nil for real estate SPVs)
- tipping retentions, either in amount and/or after passage of time, are also increasingly offered

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

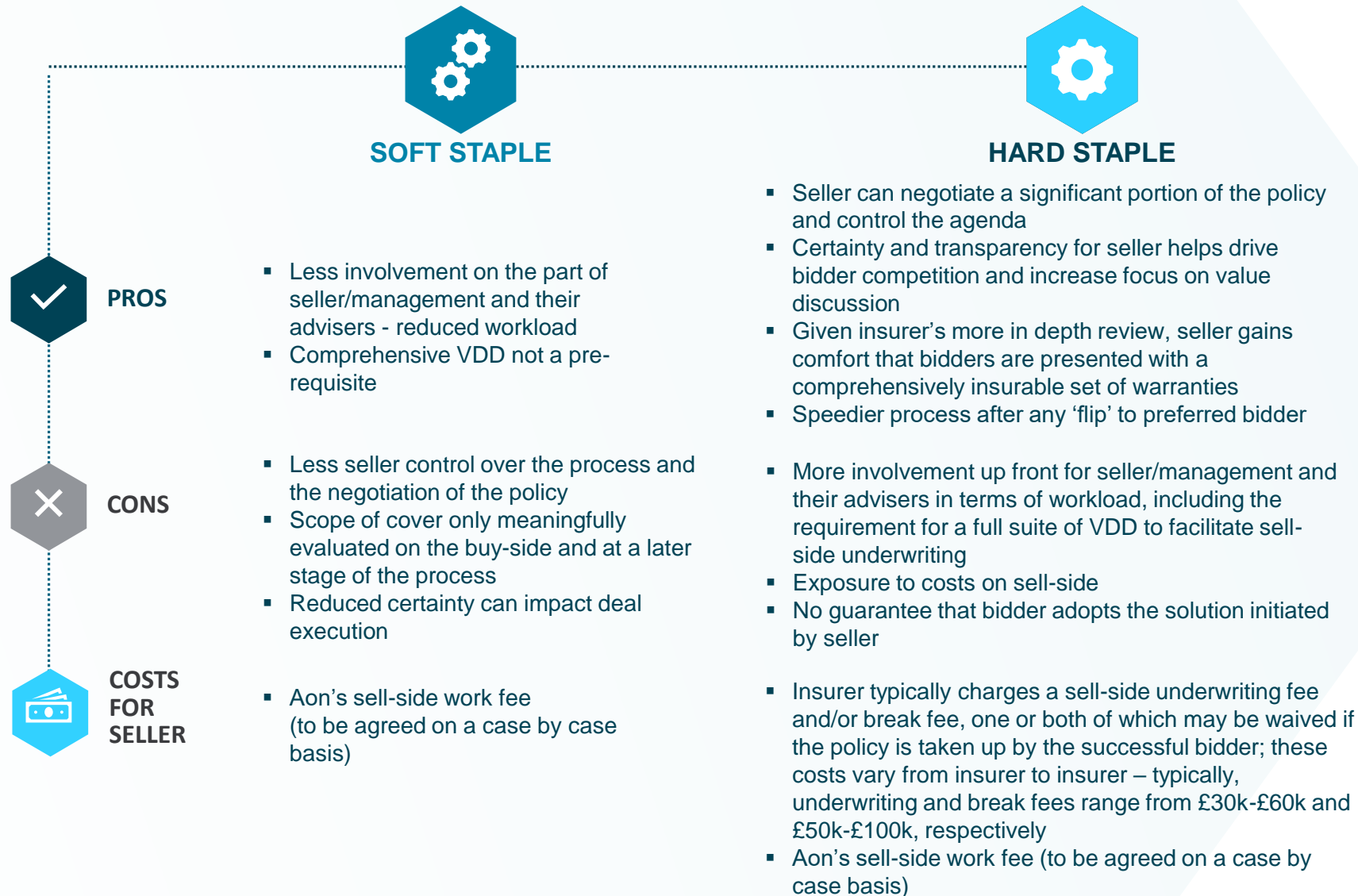
Insolvency administrator sells target company and does **not** give any warranties and indemnities (except for title) relating to target.

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



YOUR PATHFINDER ALONG THE DEAL LIFECYCLE

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

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:

- 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**



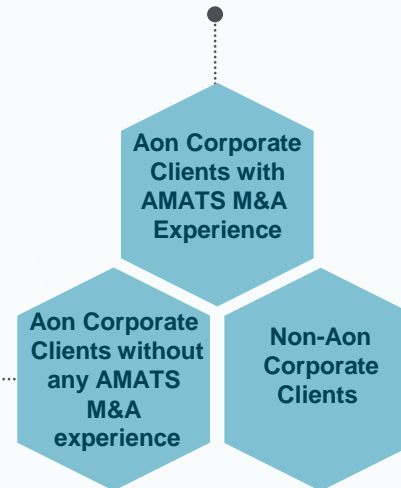
Result

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)**.

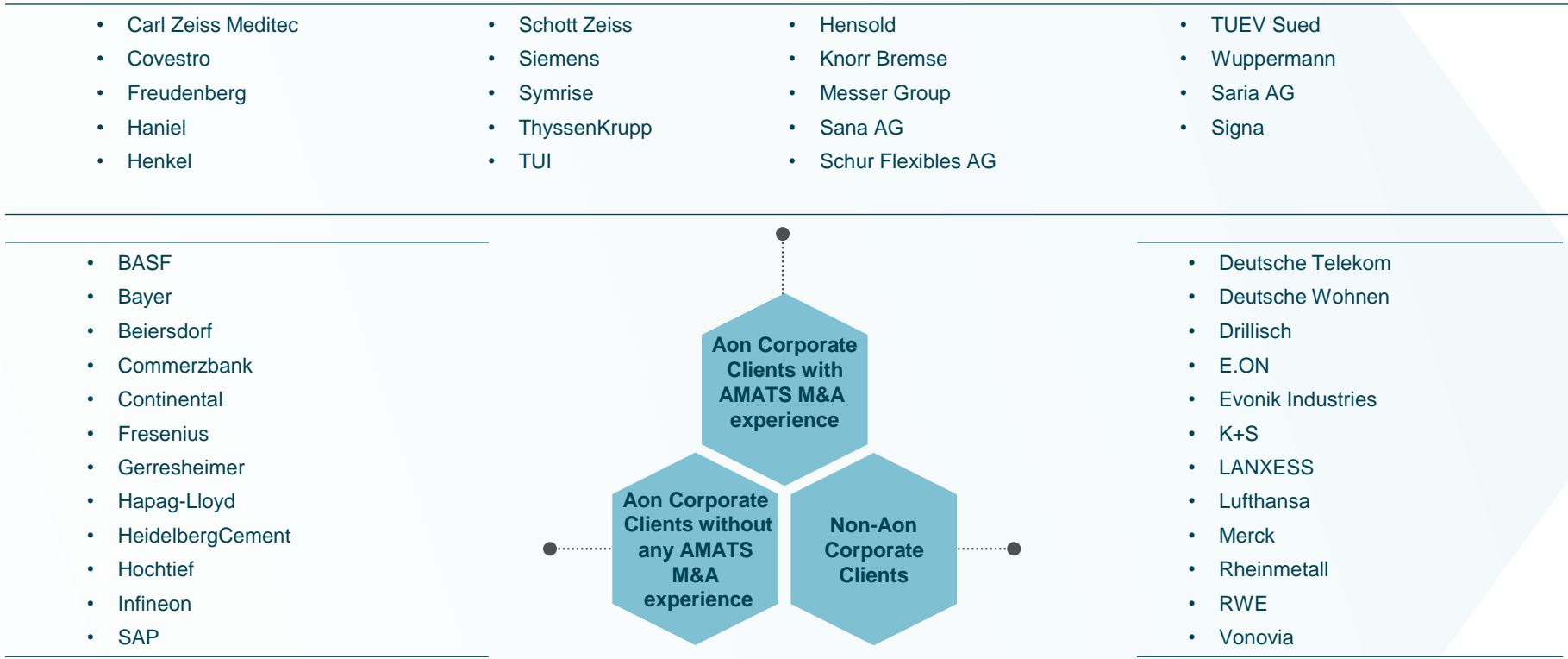
- At this point, Aon DACH has many corporate clients who have M&A activities but have not worked with AMATS yet.
- Based on our experience, we should place more emphasis on generating business with these clients as soon as possible.
- If we assume an average income per project of **EUR 54,000**, we could achieve an income of about **EUR 3,000,000** in the 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





READY
FOR THE NEXT
LEVEL

VIELEN DANK!