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# M&A Opportunities for Middle East investors in Germany

German-Arab Conference

13 May 2011

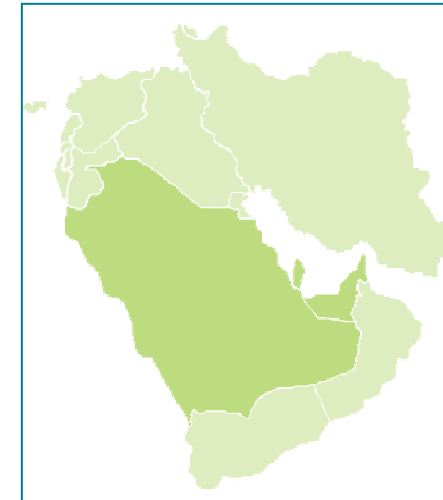
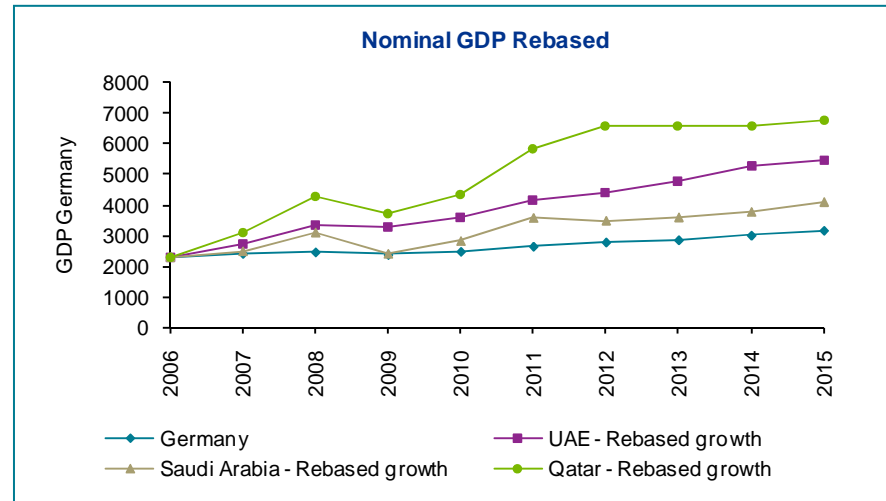


# Nominal GDP rebased growth

## High GDP growth in UAE, Qatar and Saudi Arabia compared to Germany

### Factors include:

- Rising oil production and prices
- Increasing diversified economy
- Increased government spending



*“Sustainable development initiatives, the promotion of our national economy and the diversification of our economy are among our top priorities”*

**HH Sheikh Hamad bin Khalifa Al Thani, Emir State of Qatar**

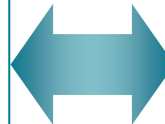
# Status quo

## The current situation in Middle East countries

- Governments are typically well aware of the risks associated with the **dependence on oil & gas income**
- Strategic, long-term planning and substantial government backing drive **diversification efforts**
- Initial steps toward creating an industrial base, but various sectors (e.g. manufacturing) are still **underdeveloped**

## *Investment considerations*

- Technology and know how transfer to strengthen and diversify their economies
- Access to new technologies and high end products
- Excess cash to undertake strategic long term investments



## The current situation in Germany

- **World class, high-end products** in various sectors
- **Export-oriented economy** with an increasing dependency on emerging markets
- Market constraints have made **access to financing** a key focus for businesses in Germany (restructuring initiatives as well as growth capital requirements)
- Family owned businesses are facing **succession challenges**
- Access to **new markets / customers** remains a top priority

# M&A considerations

## Benefits – from a German perspective

- +Access to new markets and networks in non mature and prosperous markets and diversification in a stable economy with low risk of default
- +Access to long term oriented strategic investors

## Benefits – from a Middle East perspective

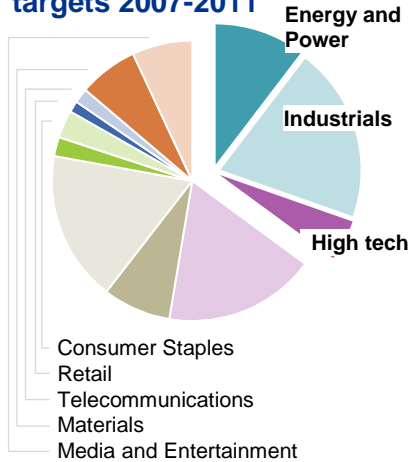
- +Access to the targeted technology and sustainable know how transfer
- +Achieving diversification benefits – lower the dependency on oil & gas income

## The approach

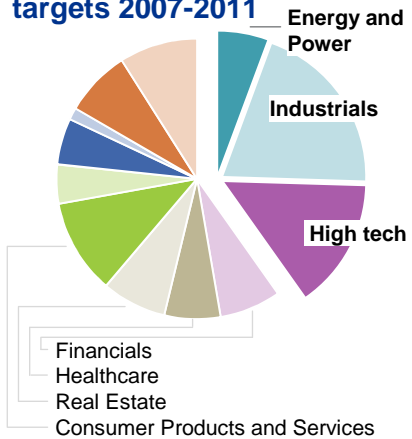
- Identification of strategic products and industries such as manufacturing, health care, renewables (primarily solar)
- Acquiring a stake in order to provide growth related capital requirements
- Understanding of the business and the ability to establish a Middle East angle e.g. through market or supply chain considerations (Qatar is a major producer of petrochemicals and fertilizers and a key aluminum manufacturer)
- Set up of joint ventures

# The German opportunity

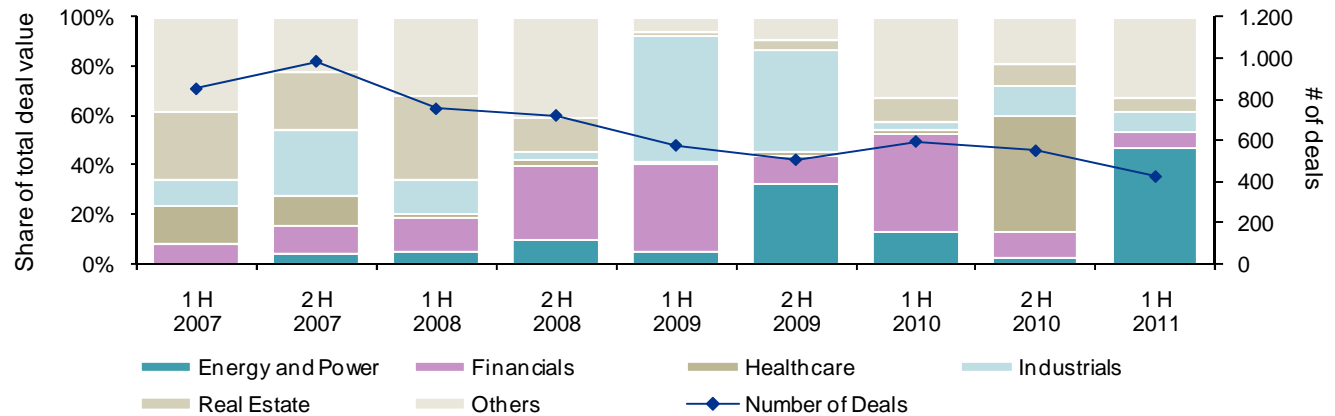
**Deal value German targets 2007-2011**



**# of deals German targets 2007-2011**



**German targets 2007-2011**



## Requirements

- + Minority investment
- + Long-term investment horizon
- + No Restructuring cases
- + Regional angle

## Focus in Germany

Energy / Renewables

High tech  
(47 deals per quarter)

Industrials

## Key Drivers

- + Research
- + Technological development
- + New materials

- + Global growth
- + Shift towards new markets and customers
- + Adjustment of products to new demands

# The German outlook

## German investment opportunities as of April 2011

	Total	PE	Family Owned	Divestment plans	IPO plan	Distressed	n/a
Automotive	15	11	1	2	1		
Building/Construction	4	3	1				
Chemicals	7	4			1	2	
Consumer Market	10	9	1				
Diversified Industrials	19	14		1	1		3
Healthcare	6	4				2	
Logistics & Business Services	7	3	2	2			
Technology & Telecommunication	2	1		1			
Utilities & Renewables	4	1		3			
<b>Total</b>	<b>74</b>	<b>50</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>4</b>	<b>3</b>

### Current trend in German middle market

- +Private Equity activities dominate German middle market transaction opportunities
- +Divestment plans and opportunities from family succession (Family Owned ) follow



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