

finexpert
German Takeover Report 2025

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Preface

Dear finexpert members,

We proudly present the 2025 issue of the finexpert German takeover report. It covers all takeover offers and delisting tender offers of the year 2024 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.

2024 has seen a further recovery in German public M&A activity from the low values in 2022. While the number of offers is again close to pre-Covid19 levels, deal volume is still far from the corresponding pre-crisis figures.

This report contains a detailed description of the takeover offer of Novartis BidCo AG for MorphoSys AG from February 2024.

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



Best regards,

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Market Overview

In 2024, the German M&A market experienced a modest recovery following a period of subdued activity. The total number of bids increased by 11, representing a 52.4% rise, while primary takeover bids¹⁾ remained unchanged. Notably, 20 delisting tender offers²⁾ were initiated, marking a significant improvement from the previous year. Due to their unique characteristics, delisting tender offers are classified separately from other public offers. Since the 2016 regulatory amendment requiring the issuance of an offer document prior to delisting, a total of 67 delisting offers have been disclosed. Figure 1 depicts the trends in all offers from 2017 to 2024.



Figure 1: Takeover Bids (#, 2017-2024)

¹⁾ 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).

²⁾ 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

In 2024, the total value of primary takeover bids and delisting tender offers reached EUR 19.79 billion, reflecting a 122% increase from 2023. Primary offers accounted for EUR 17.67 billion of this sum, marking a significant 112% rise, while the volume of delisting offers surged by 268% to EUR 2.12 billion. The average size of primary offers grew substantially in 2024, increasing by 105% to EUR 1.47 billion. In contrast, delisting offers expanded by 29%, reaching EUR 0.106 billion. Key transactions in 2024 included ADNOC International Germany Holding AG's EUR 10.58 billion bid for Covestro AG, announced in the third quarter, and Elbe BidCo AG's EUR 1.96 billion offer for ENCAVIS AG shares. Other notable deals comprised Project Neptune Bidco GmbH's EUR 1.21 billion bid for NEXUS AG, Caesar BidCo GmbH's EUR 0.75 billion offer for CompuGroup Medical SE & Co. KGaA, and an additional EUR 0.35 billion delisting tender offer by Elbe BidCo AG for ENCAVIS AG.

Figure 2 illustrates the development of bid volumes from 2017 to 2024.

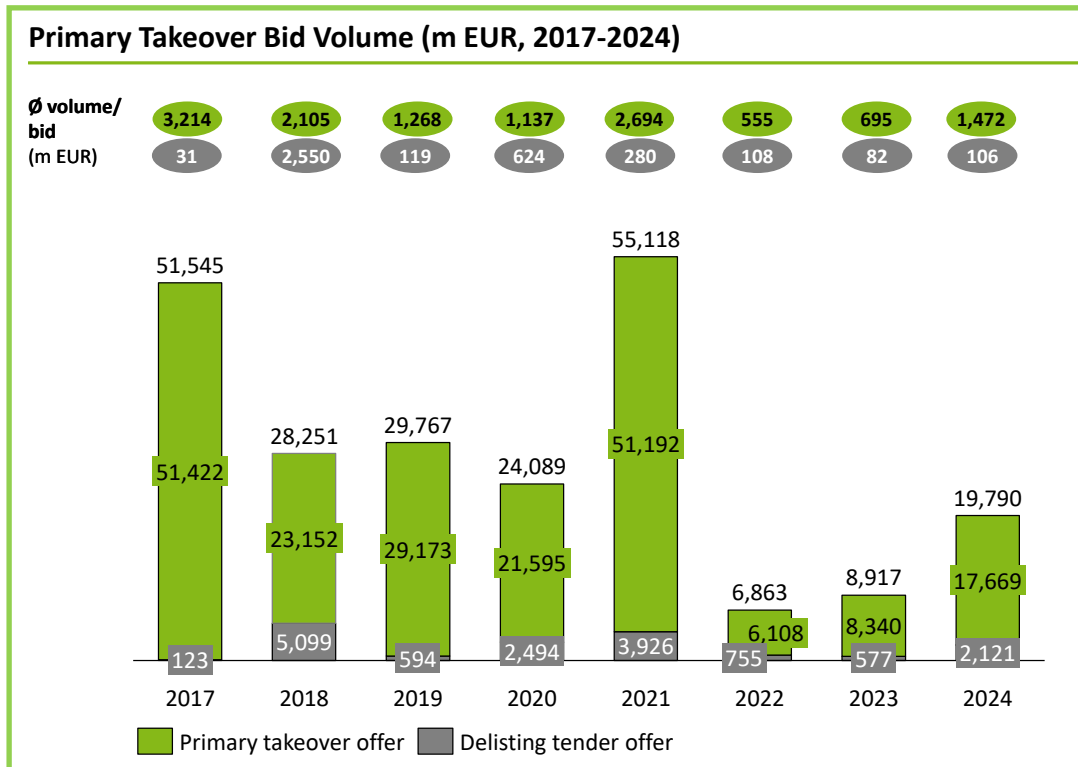


Figure 2: Primary Takeover Bid Volume (m EUR, 2017-2024)

Market Overview

In 2024, financial investors slightly outnumbered strategic investors as bidders, accounting for 7 out of 12 bids (58%). The average bid volume declined slightly, with financial investors averaging EUR 0.53 billion per bid, compared to EUR 2.8 billion for strategic investors. However, these figures remain well below the peak levels seen in the record year of 2021. Additionally, The share of bids from foreign investors remained unchanged compared to 2023, with 57% of financial investors and 40% of strategic investors originating from outside Germany in 2024.

Figure 3 illustrates the distribution of primary takeover bids by investor type and origin over the past five years.

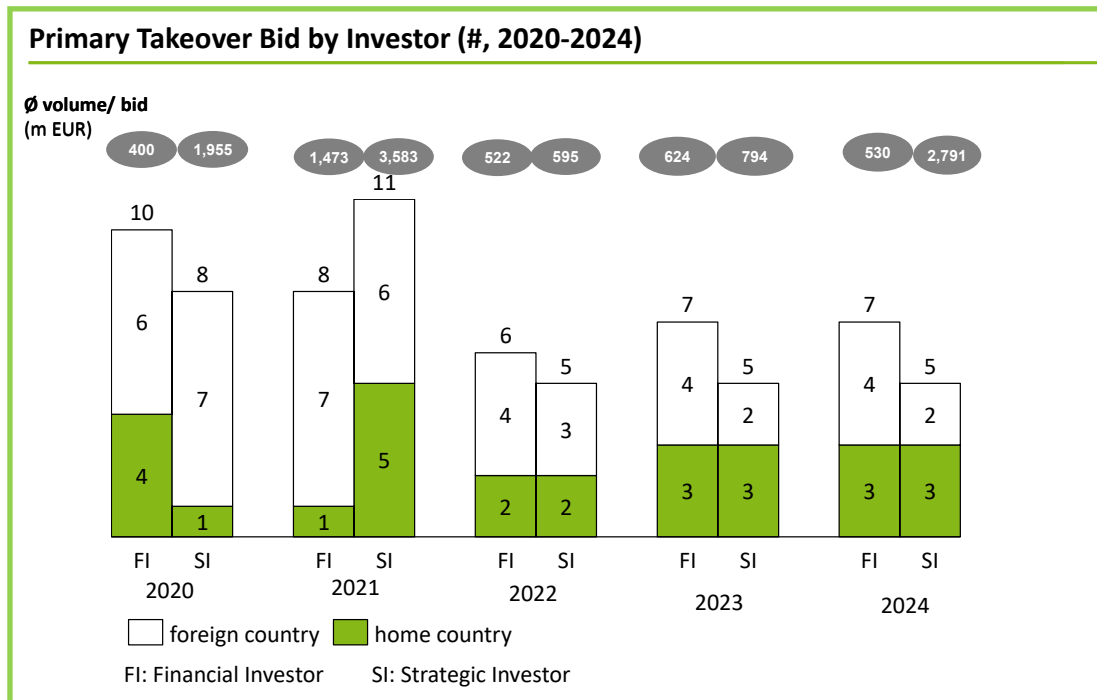


Figure 3: Primary Takeover Bid by Investor (#, 2020-2024) w/o delisting offers

Market Overview

Figure 4 presents a detailed breakdown of delisting tender offers, distinguishing between those initiated by financial and strategic bidders. In 2024, the average volume of delisting offers from financial investors was EUR 99 million, slightly below that of offers made by strategic bidders (EUR 110 million). Notably, strategic investors were responsible for nine out of the twenty delisting offers. Foreign investors also played a significant role, accounting for 25% of all delisting offers, with a total of five transactions.

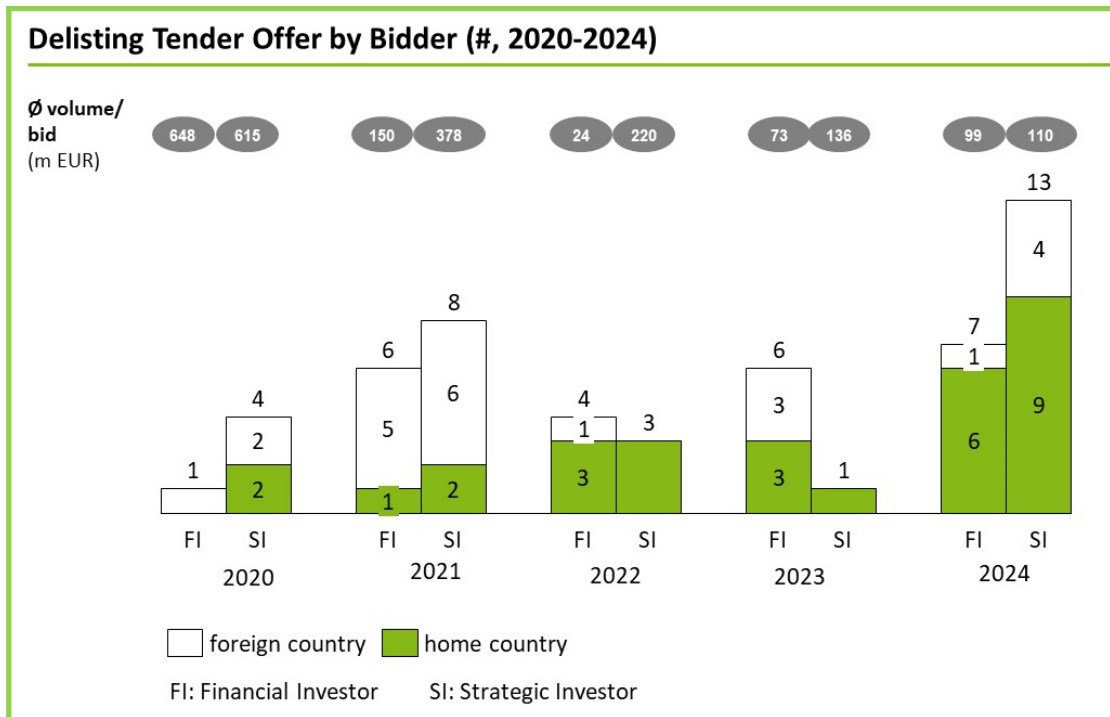


Figure 4: Delisting Tender Offer by Bidder (#, 2020-2024)

Market Overview

Figure 5 illustrates the trends in offer premiums, both weighted and un-weighted.¹⁾ In 2024, the unweighted average premium saw a sharp rise to 43.6%, marking an increase of 16.6 percentage points (p.p.) when compared to 2023. Meanwhile, the weighted premium remained relatively stable at 28.7%, reflecting a 0.9 p.p. increase compared to 2023. An offer premium is defined as the percentage markup of the bid price relative to the target company's three-month average stock price prior to the bid announcement, in accordance with the WpÜG²⁾.

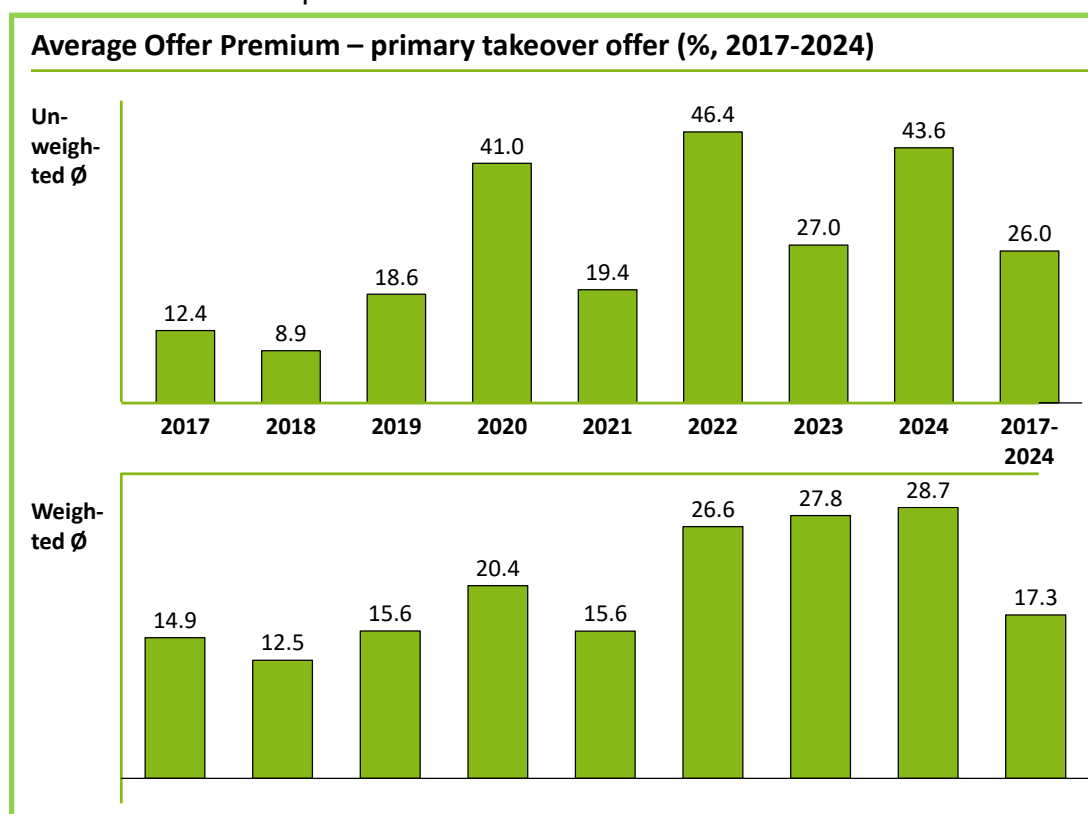


Figure 5 : Average Offer Premium (% , 2017-2024)³⁾

¹⁾ 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.

²⁾ 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 conducted.

³⁾ The extraordinary high average premium in 2022 was caused by two smaller offers with a premium above 100%.

Market Overview

Figure 6 presents the distribution of offer premiums for 2024, along with cumulative data from 2017 to 2024. Analyzing offer premiums in 5% intervals highlights significant differences between delisting offers and primary takeover bids. In 2024, 20.7% of all offers had premiums within the 0% to 5% range, whereas none of primary takeover bids fell within this category. Low-premium primary bids are occasionally observed in mandatory offers under the WpÜG when bidders may have little interest in acquiring additional shares beyond the current holdings. A standout case in 2024 was a voluntary takeover bid by Novartis BidCo AG for MorphoSys AG which featured an exceptionally high premium of 136.1%. It should be noted that the offer premiums of three acquisitions were missing and are excluded from this analysis. Information on these three acquisitions can be found in Figure 31.

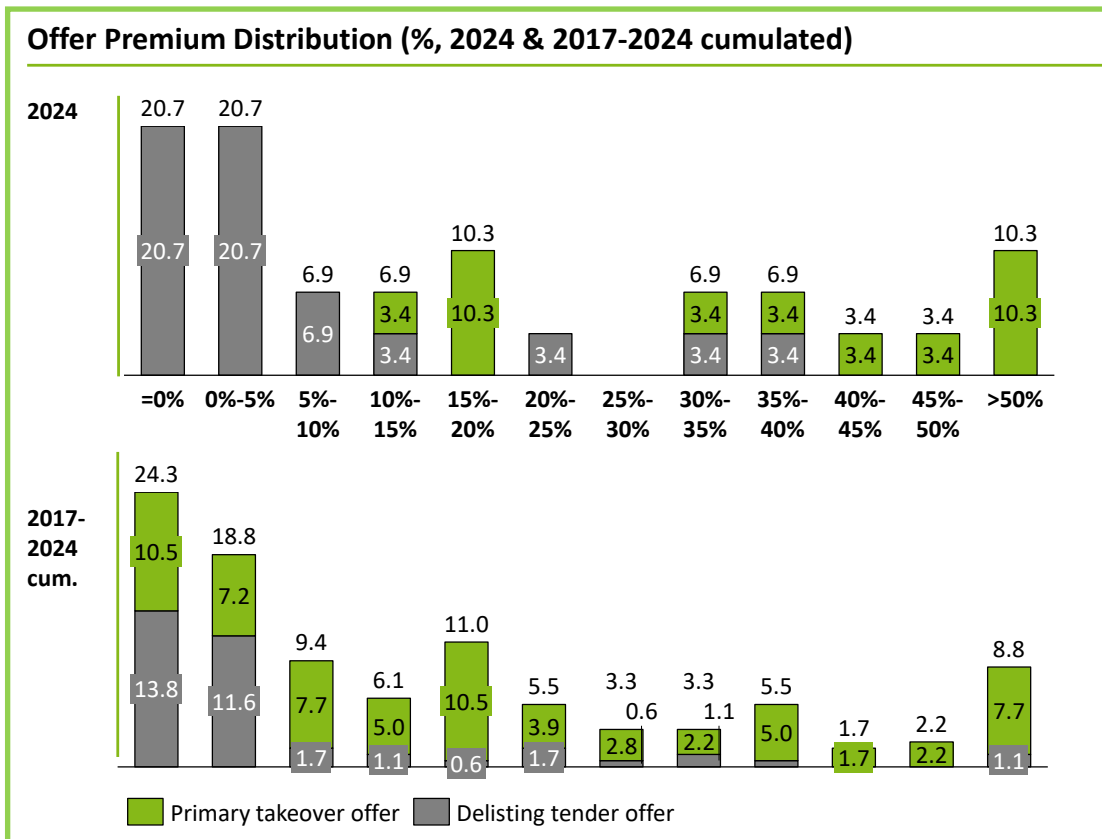


Figure 6: Offer Premium Distribution (% , 2024 & 2017-2024 cumulated)

Market Overview

The German takeover code defines ownership exceeding 30% of outstanding shares as the threshold for acquiring control over a company. With a particular focus on the characteristics of control-taking offers, Figure 7 below illustrates the distribution of premiums for bids originating from a bidder with a toehold ownership below 30% of the target company.

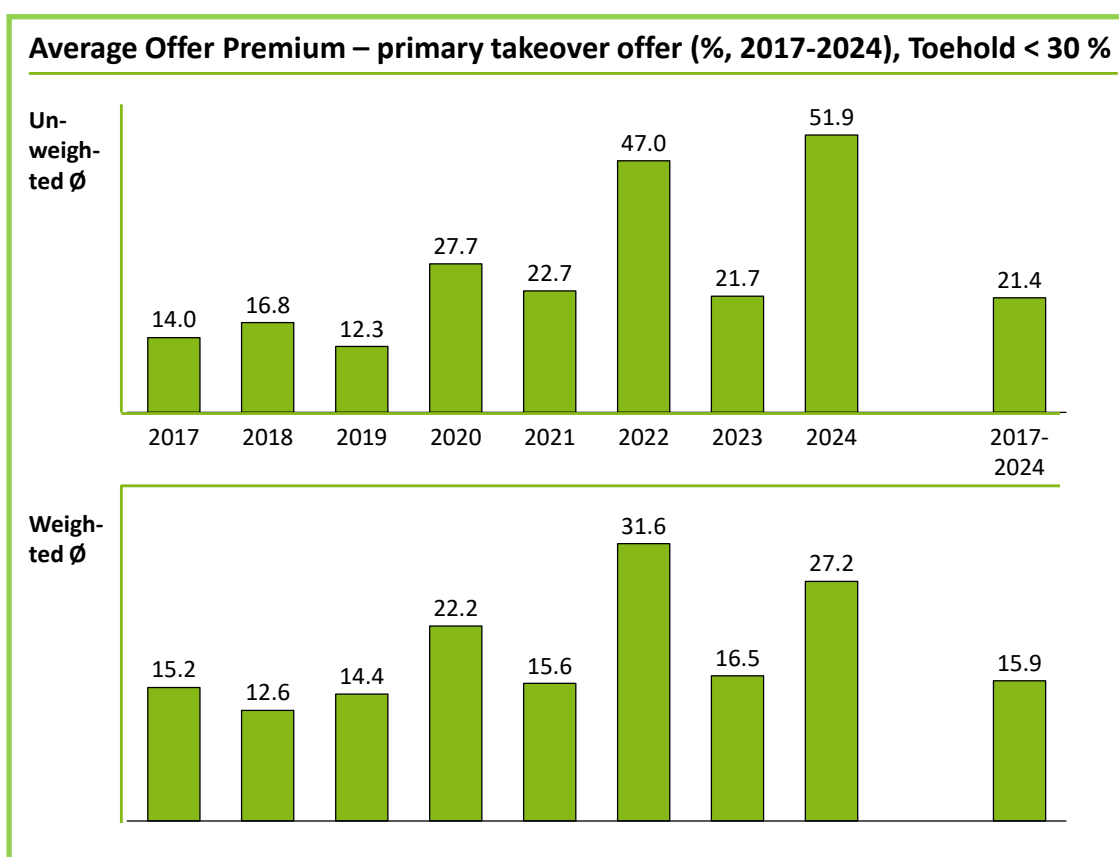


Figure 7: Offer Premium Distribution (% , 2024 & 2017-2024 cumulated; toehold <30%)

Market Overview

A closer analysis of strategic and financial investors reveals a widening gap in the premiums offered by these two bidder types. The significant disparity observed in 2022 has re-emerged in 2024. The annual average premium for strategic investors, which previously peaked at 29.1%, surged to 67.6%. In contrast, premiums offered by financial investors saw only a slight increase from 25.5% to 30.0% in 2024.

When analyzing the weighted offer premiums by investor type, the results differ from the unweighted data, as strategic investors offered lower premiums than financial investors in 2024 (not reported: 27.4% vs. 33.4%). The five-year average of weighted offer premiums paints a similar picture, showing little difference in premium payments between the two investor types for the period from 2020 to 2024 (18.7% vs. 24.5%).

Figure 8 presents the average unweighted offer premiums by investor type over the past five years.¹⁾

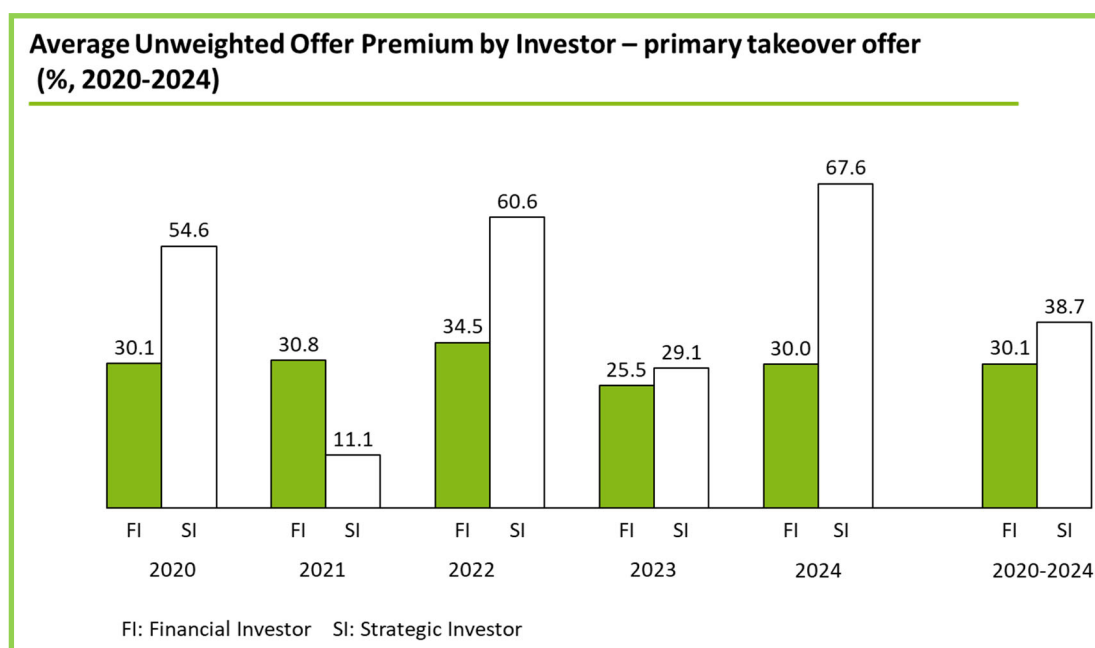


Figure 8: Average Unweighted Offer Premium by Investor (% , 2020-2024)

¹⁾ Delisting tender offers are excluded from this overview.

Market Overview

Consistent with previous years, takeover offers continue to predominantly feature cash as the method of payment. In the 2024 bids, cash payment accounted for 100% of primary tender offers. Correspondingly, there were no acquisition offers in 2024 made in exchange for a combination of cash and shares or solely shares. However, in a delisting offer to KATEK SE, shareholders were alternatively offered shares of Kontron AG instead of cash. Figure 9 excludes delistings.

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

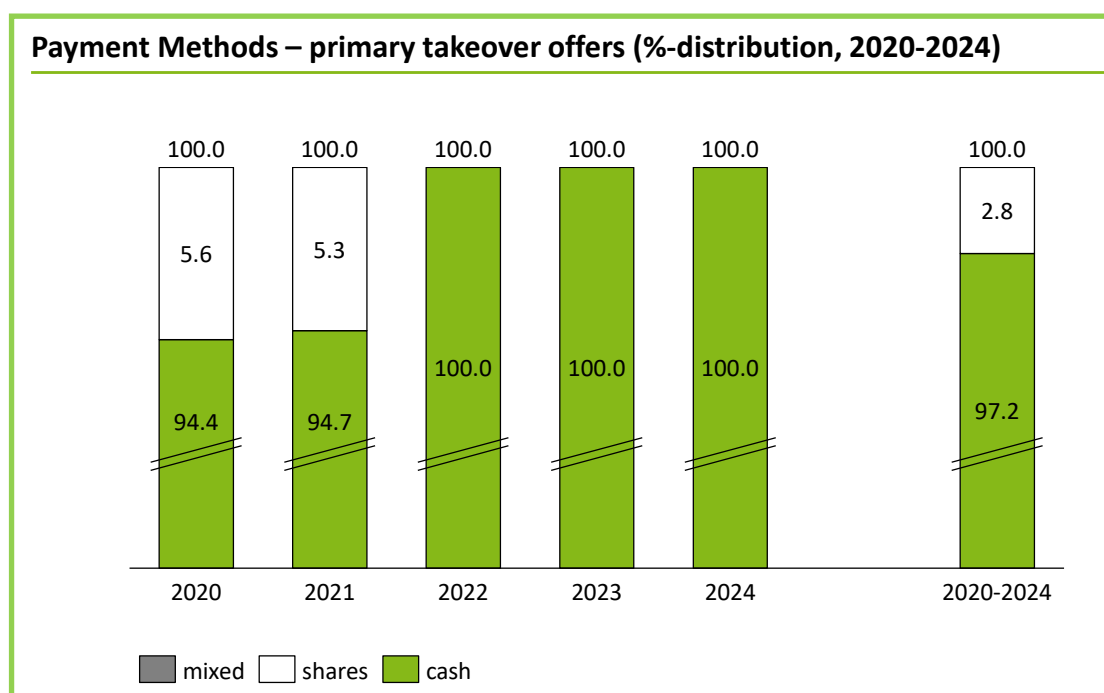


Figure 9: Payment Methods (%-distribution, 2020-2024)

Capital Market Reaction

To evaluate the capital market response to the offers, we calculated the cumulative abnormal returns (CARs) for both bidder and target companies around the day the offer was announced. Our analysis specifically focuses on primary bids where the bidder holds less than 75% of the target company before the bid. This 75% threshold is crucial, as it grants the majority shareholder the ability to enter into a domination agreement with the corporation, thereby giving the bidder full control over the company. As a result, we exclude bids made by bidders with an ownership stake exceeding 75% from our study on the offer premium. CARs are computed for two distinct event windows: from -1 to +1 days and from -7 to +7 days around the offer announcement. For benchmarking purposes, we use the DAX Prime All Share index, selected for its comprehensive domestic coverage, broad representation, and the high reporting standards required for listed companies by Deutsche Börse AG.

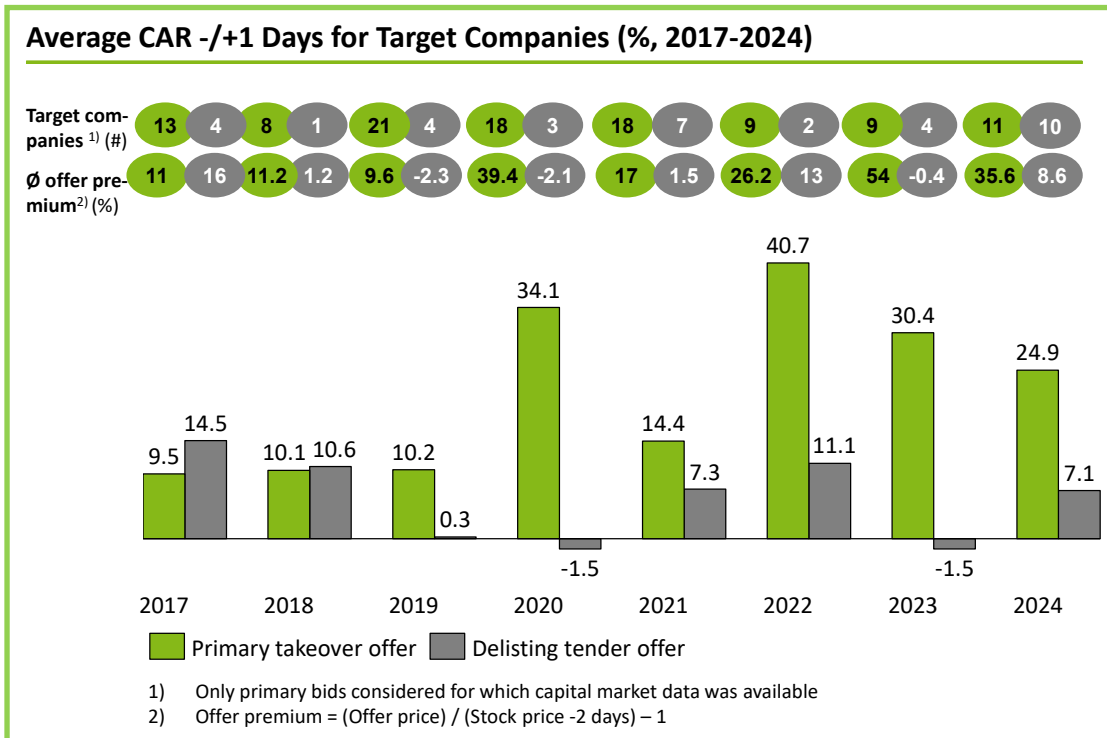


Figure 10: Average cumulated abnormal return +/-1 days for target companies (% , 2017-2024)

Capital Market Reaction

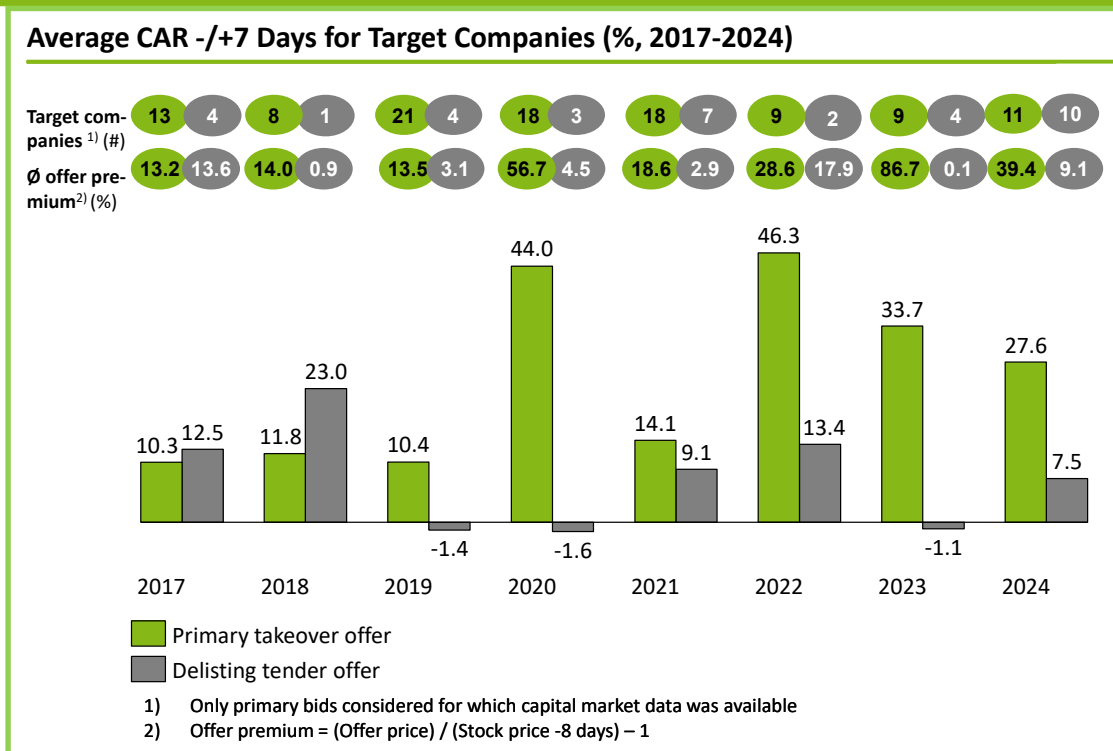


Figure 11: Average cumulated abnormal return +/-7 days for target companies (% , 2017-2024)

For target companies in primary offers, we consistently observe positive average CARs across all years, due to positive offer premiums. In this analysis, offer premiums are computed based on the last observable stock price before the commencement of the event window. In contrast delisting offers typically exhibit low or even negative average CARs and premiums.

The two figures above illustrate comparatively high average CAR values for companies targeted by primary takeover offers in 2024. Similarly, CAR values for targets of delisting tender offers were relatively elevated.

For bidding firms, we observe negative capital market reactions at the offer announcement for the year 2024. However due to the limited number of listed bidder companies, the obtained results are below a statistically meaningful level of confidence (refer to Figures 12 and 13).

Capital Market Reaction

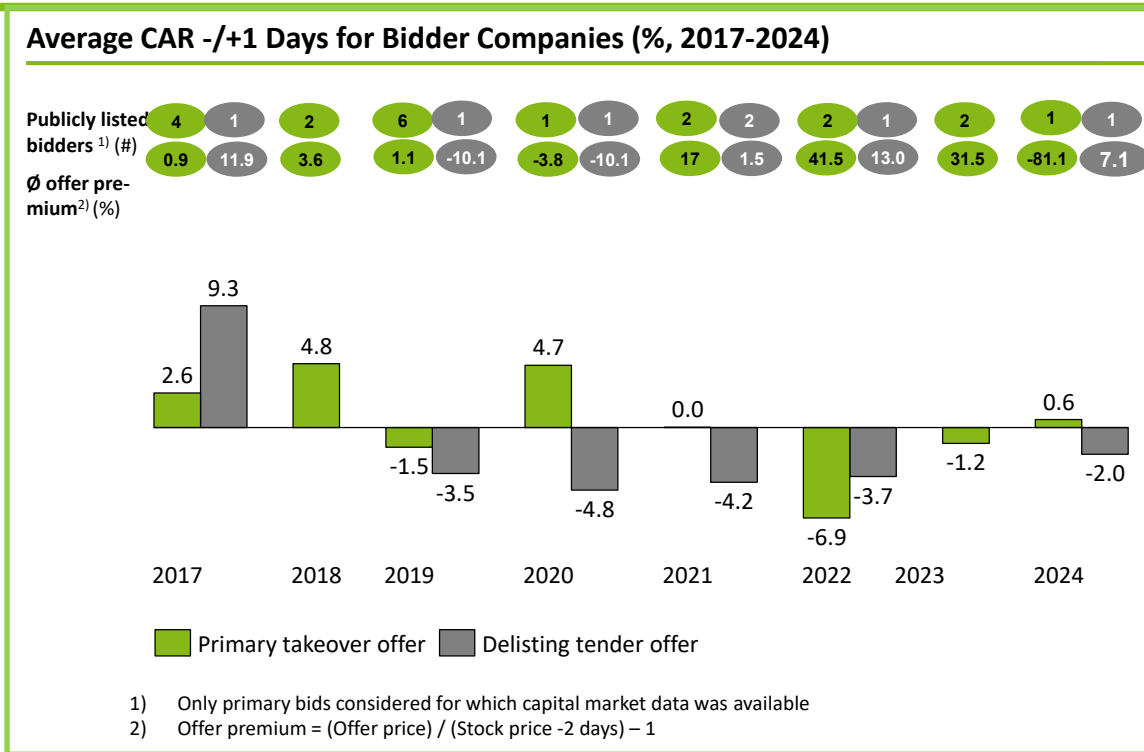


Figure 12: Average cumulated abnormal return -/+1 days for bidder companies (% , 2017-2024)

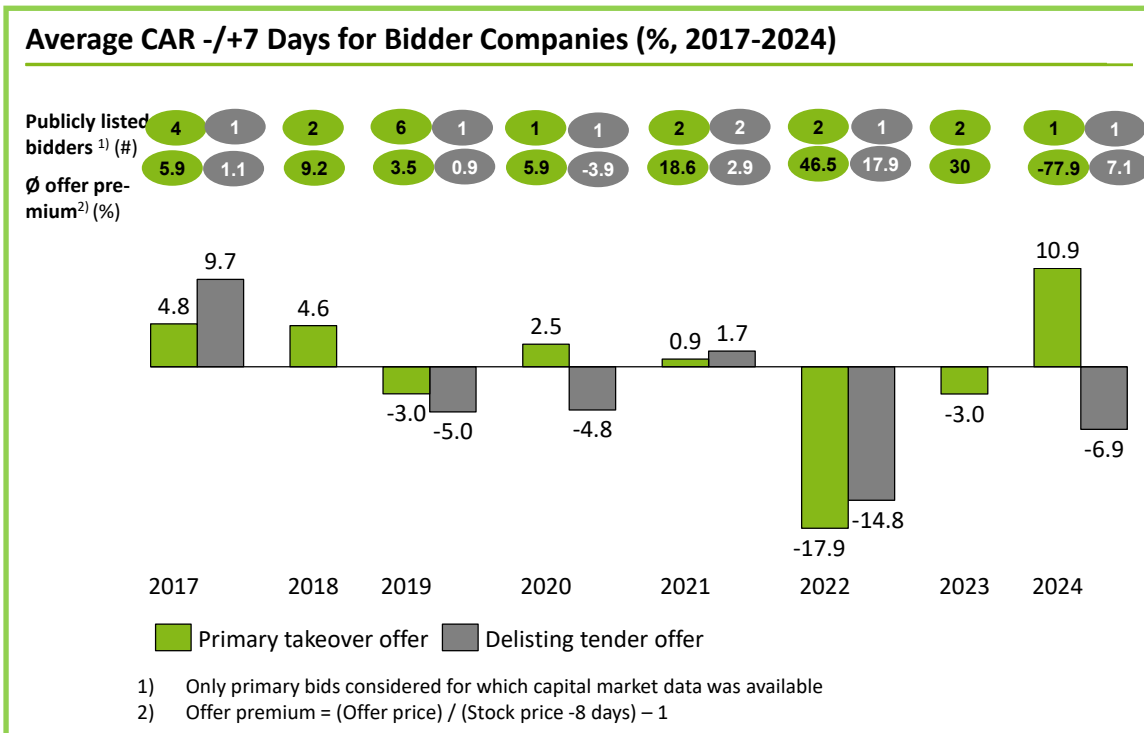


Figure 13: Average cumulated abnormal return -/+7 days for bidder companies (% , 2017-2024)

Capital Market Reaction

Finally, we examine the relationship between individual offer premiums and target CARs for the event window from -1 to +1 day. Figure 14 shows a strong positive correlation, with a correlation coefficient of 77.37%. This analysis offers valuable insights into market expectations regarding the likelihood of a successful bid; it may be interpreted as follows: If the target CAR is lower than the offer premium, it suggests that the market perceives a low probability of the deal being successfully completed. On the other hand, if the target CAR significantly exceeds the offer premium, it signals that the market expects an improved offer. When the target CAR and offer premium are closely aligned, there is a high probability that the original bid will succeed.

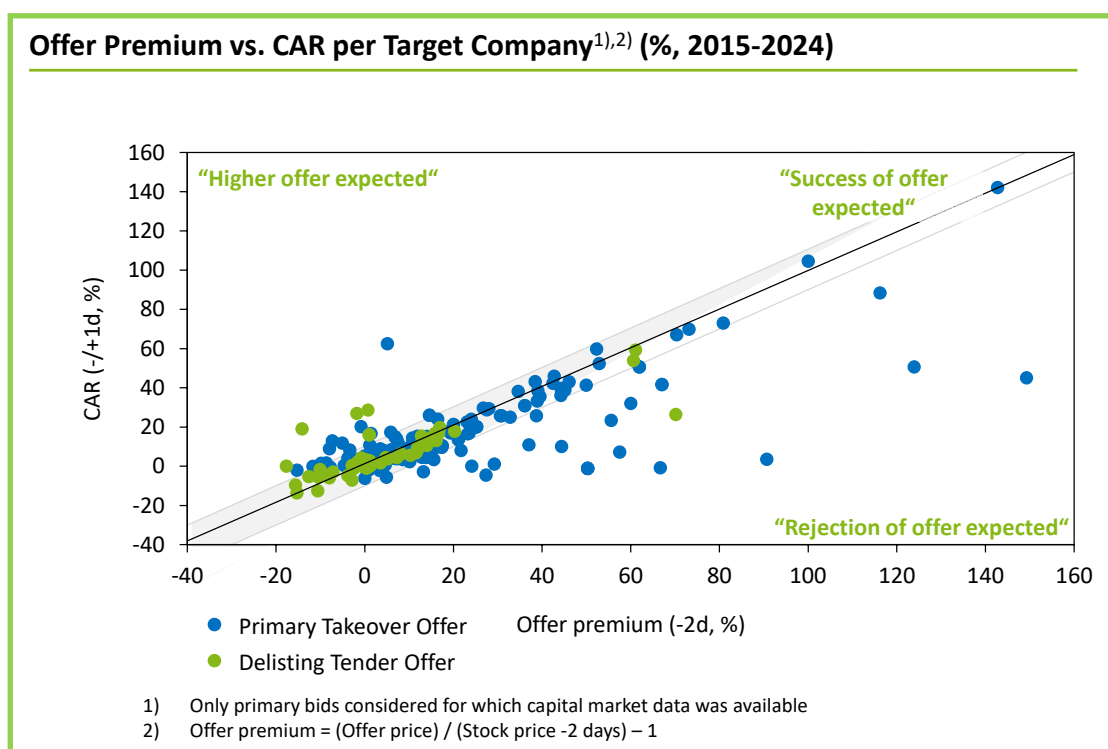


Figure 14: Offer premium vs. cumulated abnormal return per target company (% , 2015-2024)

Statements & Fairness Opinions

Under §27 WpÜG, both the supervisory board and the executive board of the target company are required to provide an opinion on the adequacy of a takeover bid. In recent years, an increasing number of target companies have chosen to obtain a Fairness Opinion from an external party to evaluate the offer's fairness. The board statements, along with the Fairness Opinion, play a crucial role in facilitating communication between the management and shareholders of the target company, ultimately influencing the success of the takeover bid. Typically, the supervisory and executive boards issue a joint statement, which accounted for 96.3% of all statements issued from 2020 to 2024. However, there have been instances of separate statements. For example, in 2020, one takeover bid prompted separate statements from the supervisory and executive boards. Similarly, in 2021, one executive board issued an individual statement for a particular offer. In 2022 to 2024, however, all statements were joint statements.

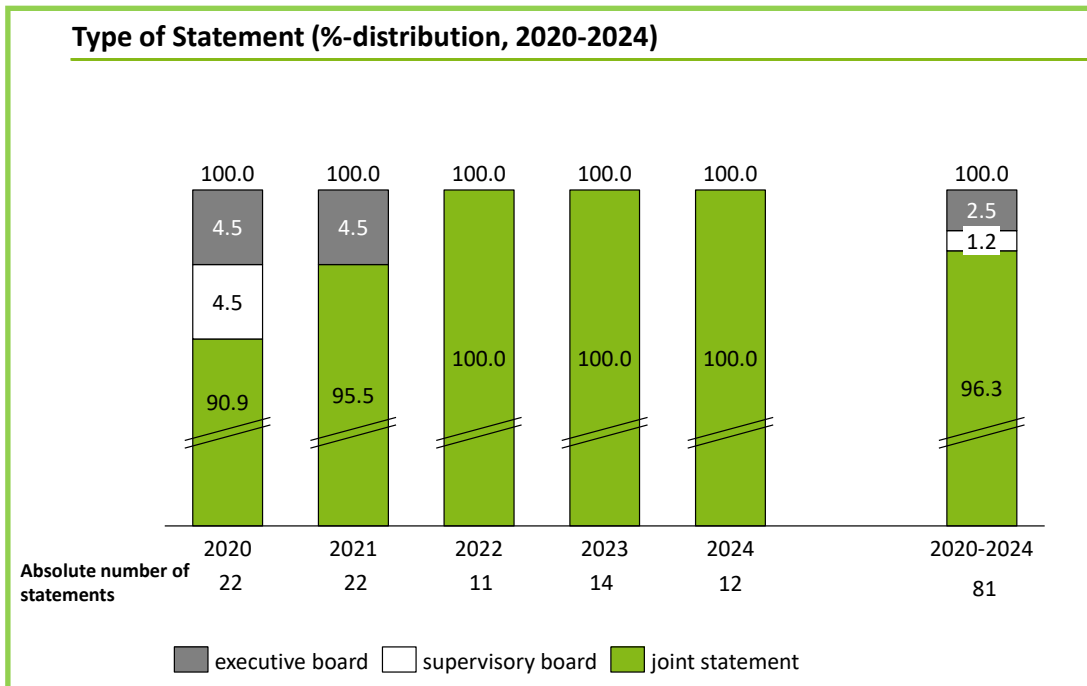


Figure 15: Type of Statement (%-distribution, 2020-2024)

Statements & Fairness Opinions

§27 WpÜG requires opinion statements to include a recommendation to shareholders on whether to accept or reject a takeover bid. Between 2020 and 2024, statements from both the supervisory and executive boards offered a clear recommendation in 85% of cases: 66.7% advised shareholders to accept the offer, while 18.5% recommended rejection. In 14.8% of cases, no recommendation was made. In 2024, the proportion of statements without a recommendation increased, with 16.7% of all bids lacking guidance on whether to accept or reject the offer. The majority of the recommendations in 2024 still favored accepting the offer.

For delisting tender offers, recommendations were unanimous in favor of acceptance, with 100% of statements suggesting shareholders accept the offer. In 85% of these cases, no specific recommendation was provided, while the remaining delisting offers also recommended acceptance.

Figure 16 illustrates the trend in recommendations for takeover bids over the past five years.

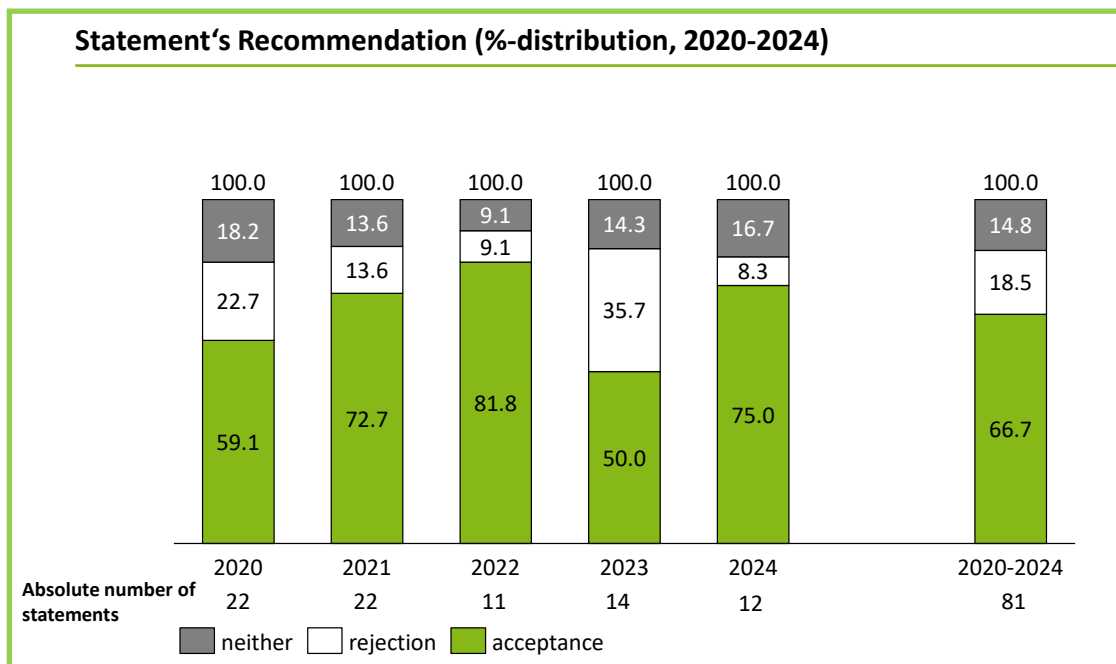


Figure 16: Statement's Recommendation (%-distribution, 2020-2024)

Statements & Fairness Opinions

A Fairness Opinion is an independent assessment provided by external experts to evaluate the adequacy of a takeover bid or other corporate transactions. These opinions are typically issued by investment banks or financial advisors engaged in advising management on the specific transaction. In Germany, target companies frequently obtain Fairness Opinions both for legal protection and to gain an independent third-party perspective. Unlike the legally required opinion statements, Fairness Opinions are not governed by specific legislation. However, organizations such as DVFA¹⁾ and IDW²⁾ have established guidelines on their content, publication, and conflict of interest management. In 2024, external experts provided Fairness Opinions for 75.0% of takeover bids. Over the past five years, 74.8% of target company statements regarding takeover bids have been accompanied by Fairness Opinions.

Figure 17 illustrates the trend in Fairness Opinions since 2017, excluding delisting tender offers.

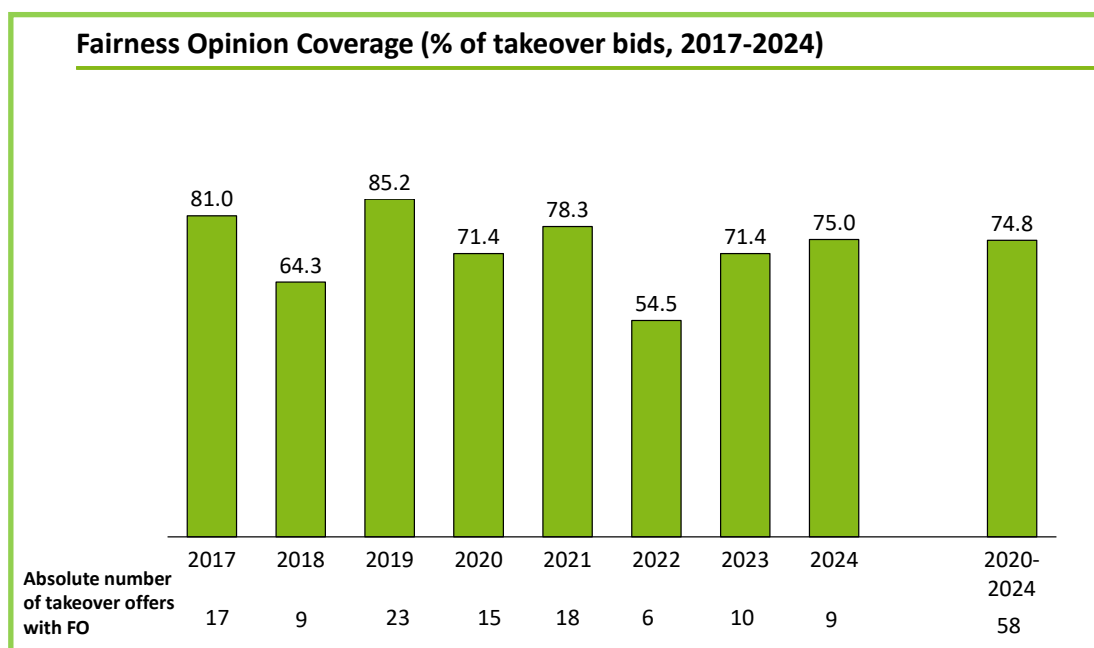


Figure 17: Fairness Opinion Coverage (% of takeover bids, 2017-2024)

¹ 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

² IDW S8 “Grundsätze für die Erstellung von Fairness Opinions”

Statements & Fairness Opinions

In 2024, Fairness Opinions were issued for 20% of delisting offers (not displayed). Since 2018, external Fairness Opinions have assessed the adequacy of compensation in only 35% of delisting offers.

Regarding takeover bids, 88.9% of Fairness Opinions in 2024 affirmed the appropriateness of the bidder's offer. A similar pattern emerges when examining Fairness Opinion assessments for all takeover offers from 2020 to 2024, with 80.4% of evaluated bids deemed adequate (appropriate).

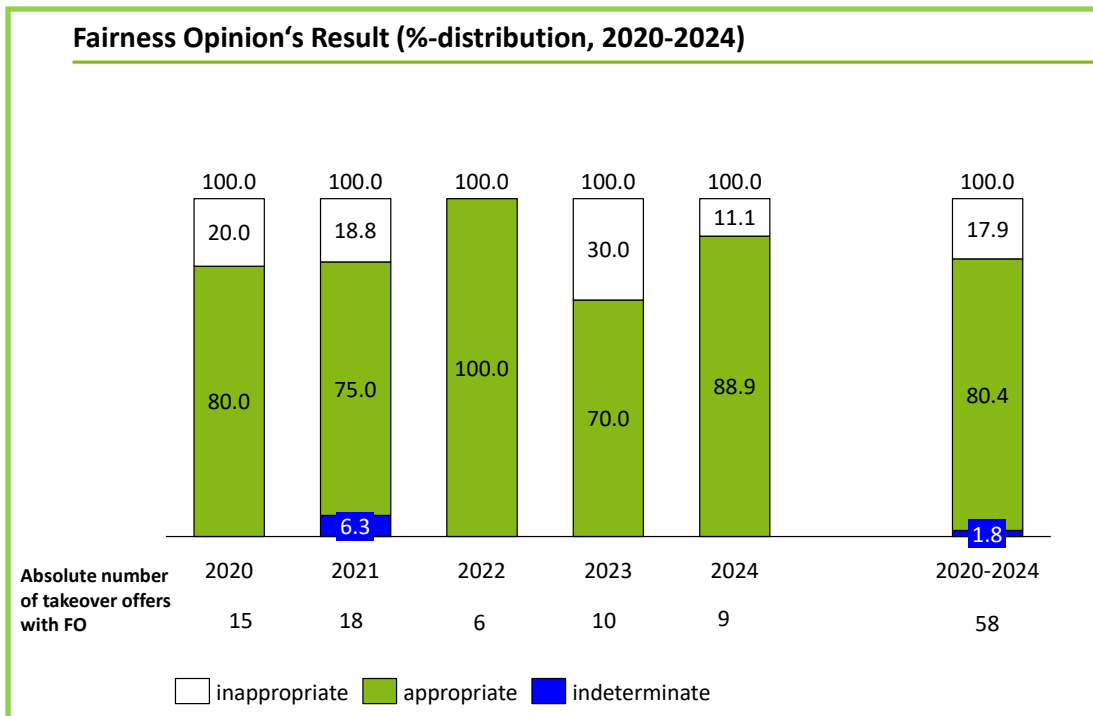


Figure 18: Fairness Opinion's Result (%-distribution, 2020-2024)

Statements & Fairness Opinions

The results of Fairness Opinions typically align with the recommendations provided in the statements issued by the target company, as illustrated in Figure 19. In 2024, there was a notable uptick in instances where the supervisory board and executive board refrained from providing a recommendation to shareholders regarding whether to accept or reject the bid. In the acquisition offer announced on October 17, 2024, between Ipsos DACH Holding AG (the "Bidder") and infas Holding Aktiengesellschaft (the "Target"), the board did not provide a recommendation.

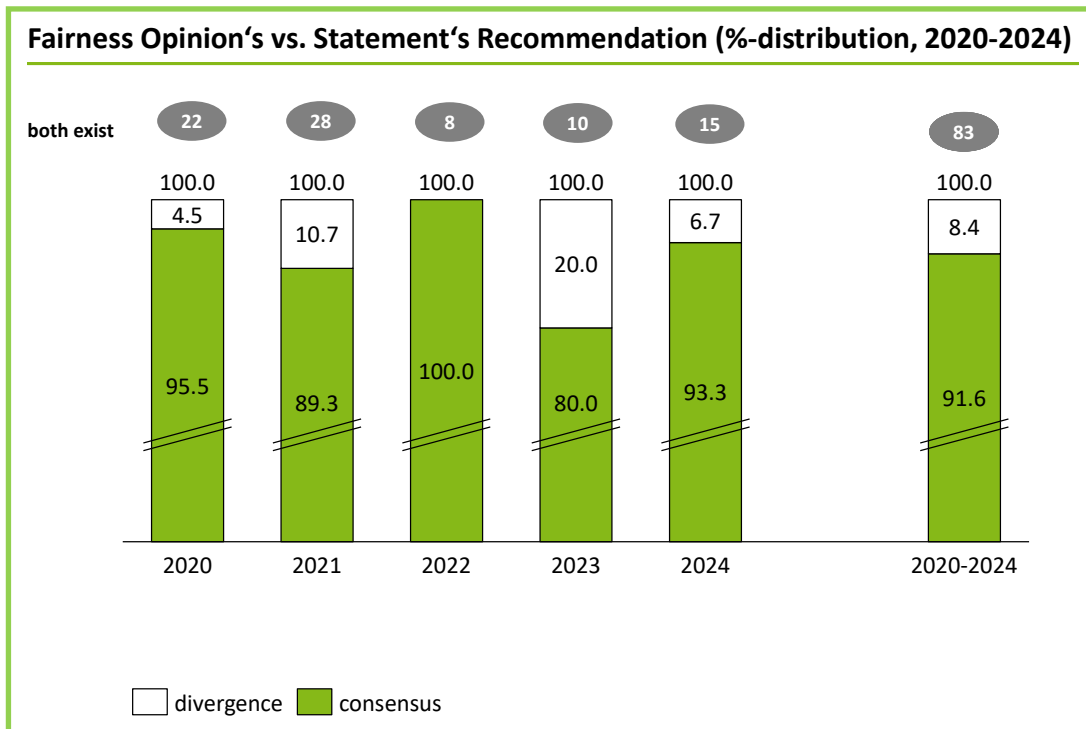


Figure 19: Fairness Opinion's vs. Statement's Recommendation (%-distribution, 2019-2024)

Statements & Fairness Opinions

Fairness Opinions are provided by various sources, categorized into four groups: consultants, auditors, private banks, and major banks (commercial/investment banks). As of 2024, commercial or investment banks dominate the market, holding a 46.7% share. Consultants and auditors accounted for 13.3% and 40% of Fairness Opinions, while private banks lost their entire market share. From 2020 to 2024, major banks issued the majority of Fairness Opinions, representing 63.6% of the total, followed by consultants (20.5%) and auditors (11.4%). Private banks held 4.5%. Figure 20 illustrates the market trends over the past five years.

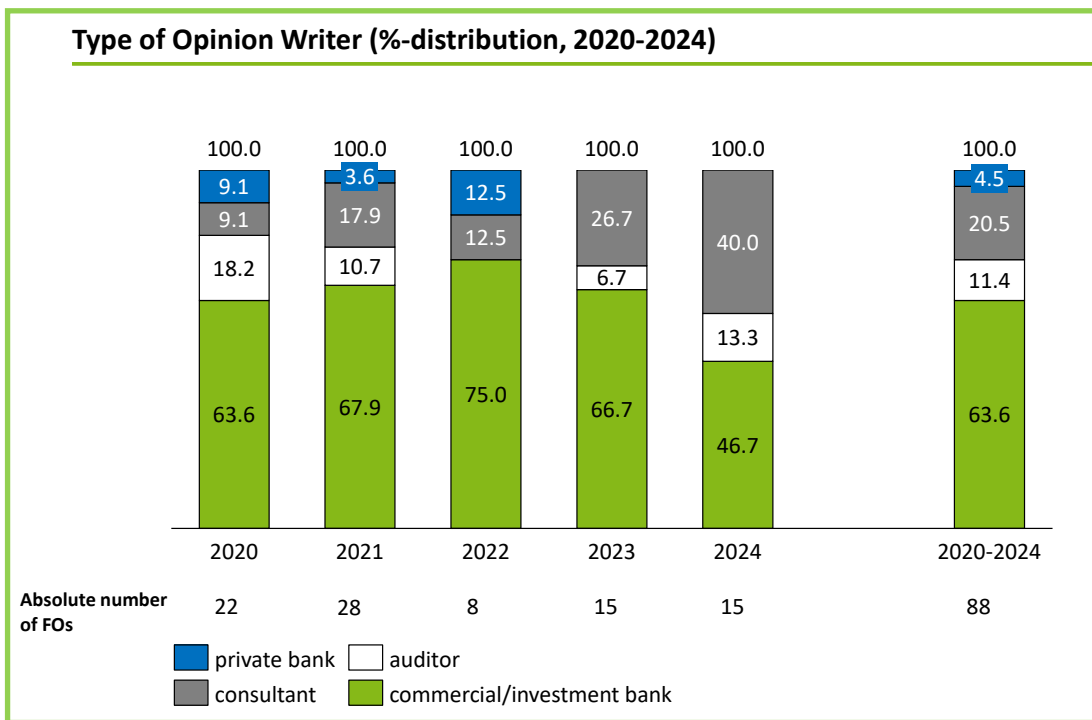


Figure 20: Type of Opinion Writer (%-distribution, 2020-2024)¹

¹ Delisting tender offers are excluded from this overview.

Statements & Fairness Opinions

The credibility of a Fairness Opinion depends on the impartiality of its issuer. A Fairness Opinion can only be considered truly reliable if the opinion writer is not affiliated with any of both the target and bidder company. However, Fairness Opinions are typically commissioned by these transaction advisors. The potential bias is even more pronounced when the opinion provider is also actively involved in the deal as an advisor and compensated on a success-fee basis.

As shown in Figure 21, an average of 72.3% of all Fairness Opinions issued for takeover bids over the past five years came from transaction advisors representing the target company. Consequently, only 27.7% of Fairness Opinions were provided by independent experts who were not involved in the transaction. In fact, transaction advisors have consistently dominated Fairness Opinion mandates for several years.

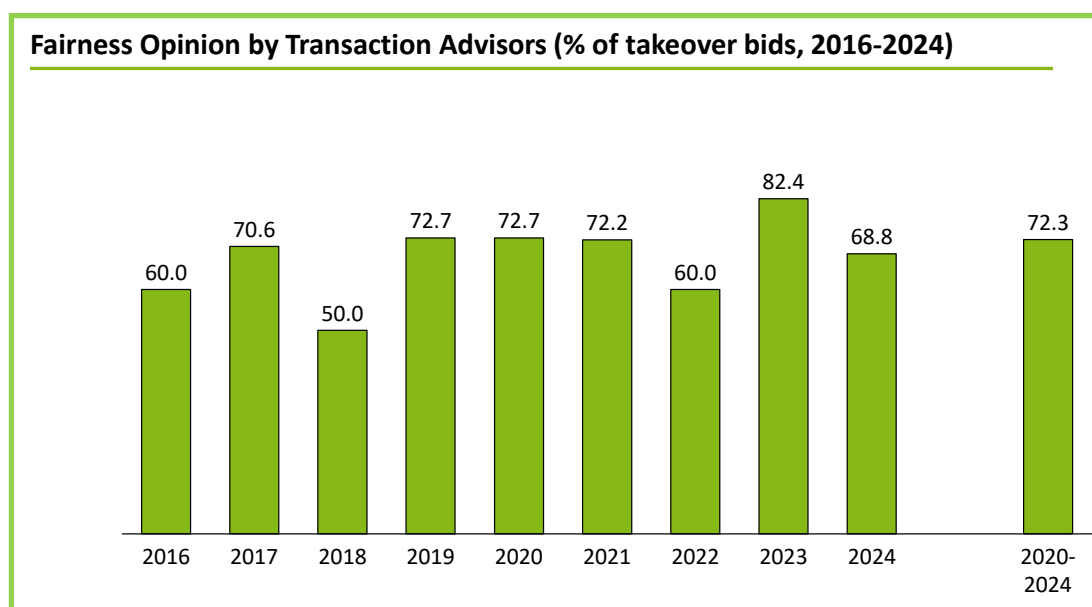


Figure 21: Fairness Opinion by Transaction Advisors (%-distribution, 2016-2024)

Statements & Fairness Opinions

To evaluate the impartiality of Fairness Opinions, we calculate the average conflict ratios for transactions, as shown in Figure 22. *A conflict ratio of zero indicates that all Fairness Opinions within a transaction come from independent opinion writers with no affiliation to transaction advisors. In contrast, a transaction displays a 100% conflict ratio when Fairness Opinions are exclusively provided by transaction advisors without any independent assessment.

Figure 22 shows that over the past five years, the average conflict ratio in transactions has been 56.7%. On average, only 43.3% of Fairness Opinions per transaction were issued by independent entities. Even when multiple Fairness Opinions are provided for a single offer, impartiality is not necessarily ensured, as the majority still comes from transaction advisors and may carry potential bias. Notably, conflict ratios have remained consistently high in recent years.

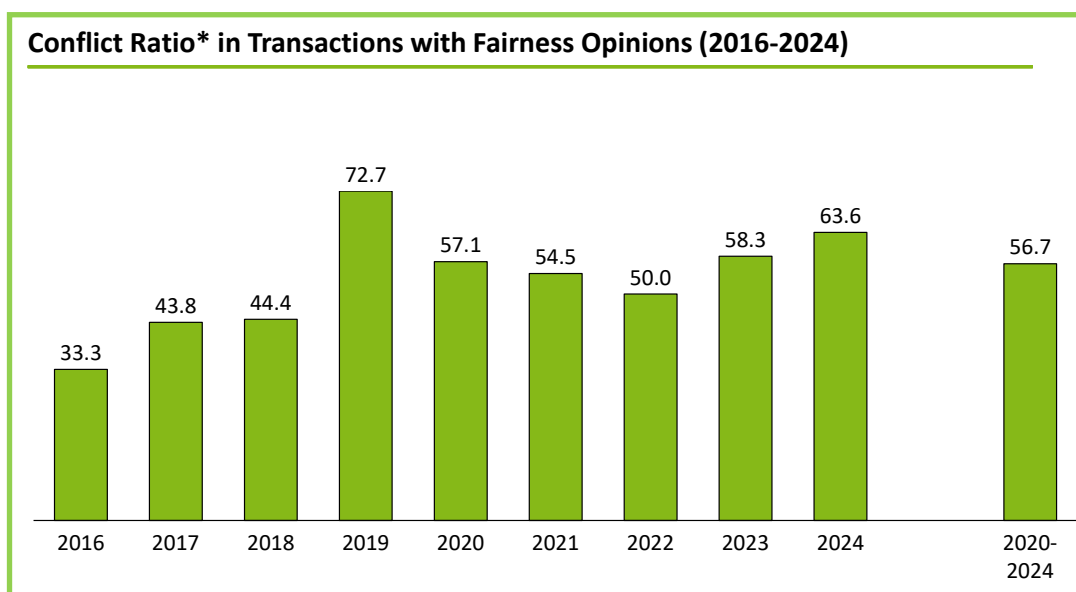


Figure 22: Conflict Ratio* in Transactions with Fairness Opinions (%-distribution, 2016-2024)

Success Rates

Evaluating the success of takeover bids under German law is a complex process that requires careful consideration of multiple factors. In our analysis, we employ two distinct measures of success. First, we assess the outcome of a takeover bid based on whether the acquisition was completed or discontinued. To quantify this, we define a binary variable, "success", which is assigned a value of one if the bidder secures at least 50% ownership¹⁾ or meets the minimum acceptance threshold set within the defined acceptance period under WpÜG. If neither condition is met, the variable is set to zero.²⁾ Delisting offers are not primarily intended to gain control over the target company through a takeover and thus are excluded from this analysis.

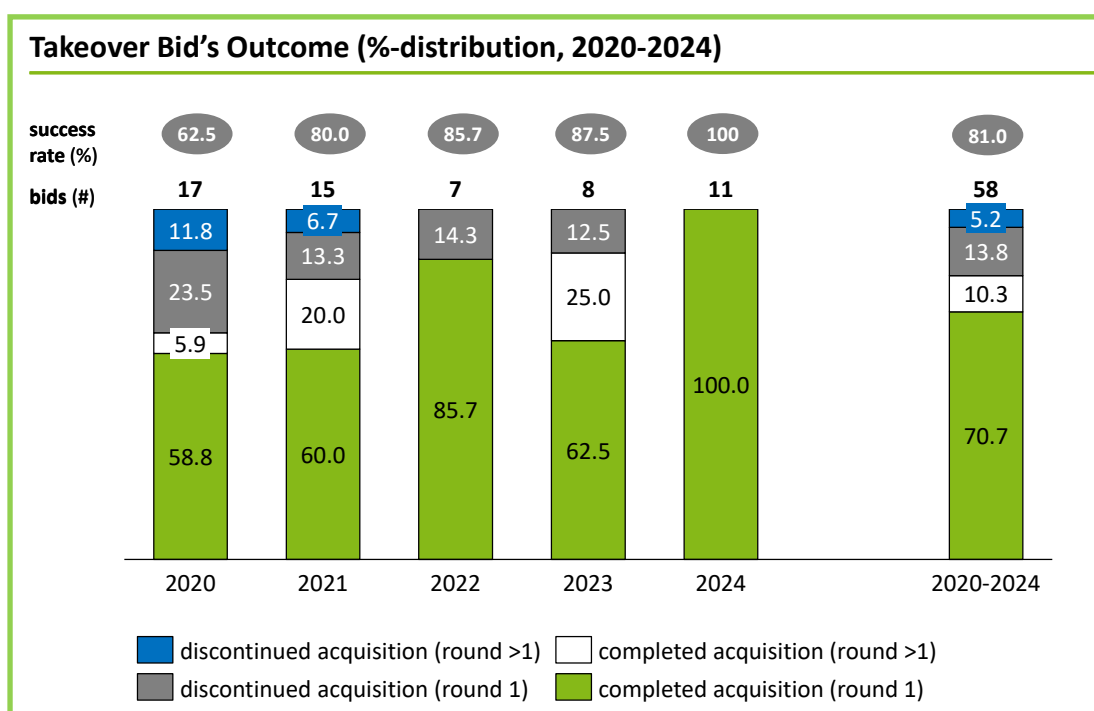


Figure 23: Takeover Bid's Outcome (%-distribution, 2020-2024)

¹⁾ In this context, any transaction in which the minimum acceptance level or an ownership stake of 50% is attained is classified as completed. Conversely, cases where these thresholds are not met, and no renegotiations occur, are categorized as discontinued.

²⁾ Furthermore, we exclude cases where the ownership share already exceeds 50% prior to the six-month period before the bid. Instances where the bidder obtains a majority within the six months preceding the bid due to purchasing arrangements with blockholders are categorized as successful.

Success Rates

Applying this definition, we find that 81.0% of takeover bids over the past five years were successful, while 19% failed either in the initial round (13.8%) or at a later stage (5.2%). Figure 23 illustrates the distribution of takeover bid outcomes from 2020 to 2024, along with cumulative results. Notably, in 2024, the proportion of takeover bids exceeding the 50% ownership threshold was higher than the five-year average, reaching 100%.

Several factors influence the success of takeover bids, with academic research often employing complex multivariate analyses to examine these determinants. This report focuses on the offer premium as the primary influencing factor. Our hypothesis is straightforward: higher offer premiums increase the likelihood of a takeover bid's success. The binary "success" measure we defined earlier captures whether the deal was completed, regardless of the intermediate negotiation process.

From 2017 to 2024, we observe a consistently high proportion of completed acquisitions among successful takeover bids, which can largely be attributed to bidders' pre-arranged agreements with blockholders of the target company. On average, takeover bids with premiums in the 10-15% range exhibit the highest success rates.

Success Rates

Figure 24 illustrates the distribution of takeover bid success in 2024 alongside the cumulative percentages from 2017 to 2024.

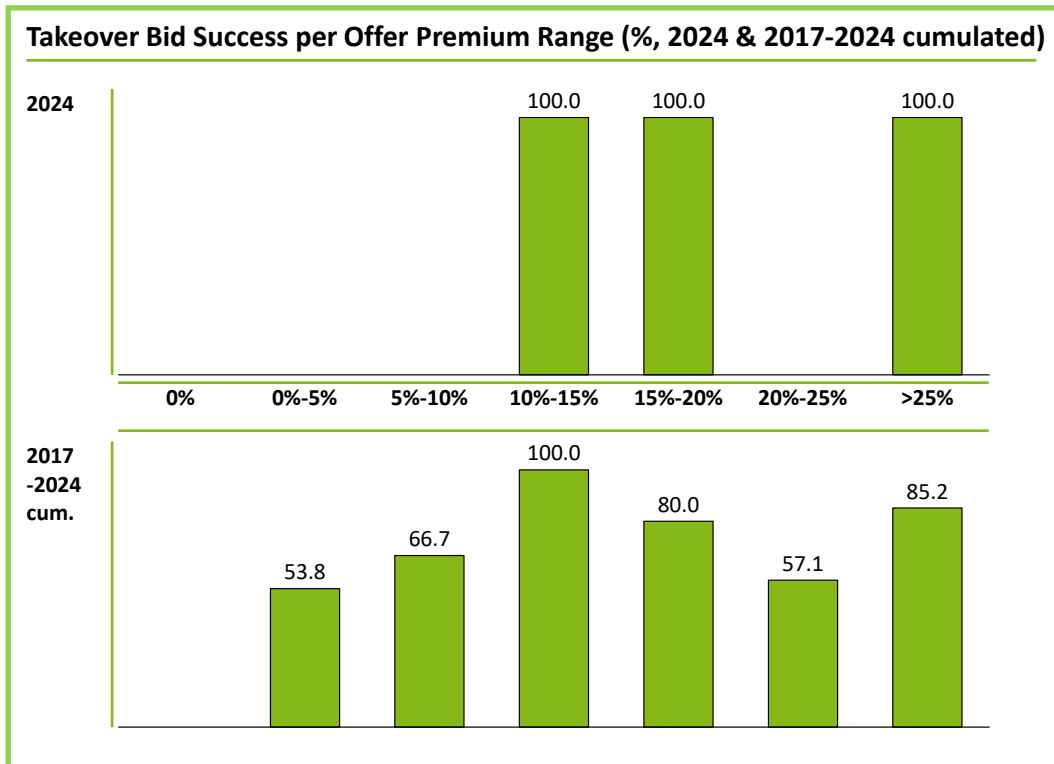


Figure 24: Takeover Bid Success per Offer Premium Range (% , 2024 & 2017-2024 cumulated)

Success Rates

As an alternative measure, we introduce the "success rate" variable, which is defined as the number of shares acquired by the bidder during the acceptance period relative to the number of shares not under the bidder's control at the time of the offer's initiation. This metric accounts for the bidder's initial stake (toehold) and ranges from 0% to 100% across all offers. Figure 25 presents a scatter plot with a trend line (line of best fit) illustrating the relationship between the success rate and the offer premium for takeover bids from 2016 to 2024. The graph supports the hypothesis of a positive correlation between offer premium and success rate while also emphasizing the impact of additional influencing factors.

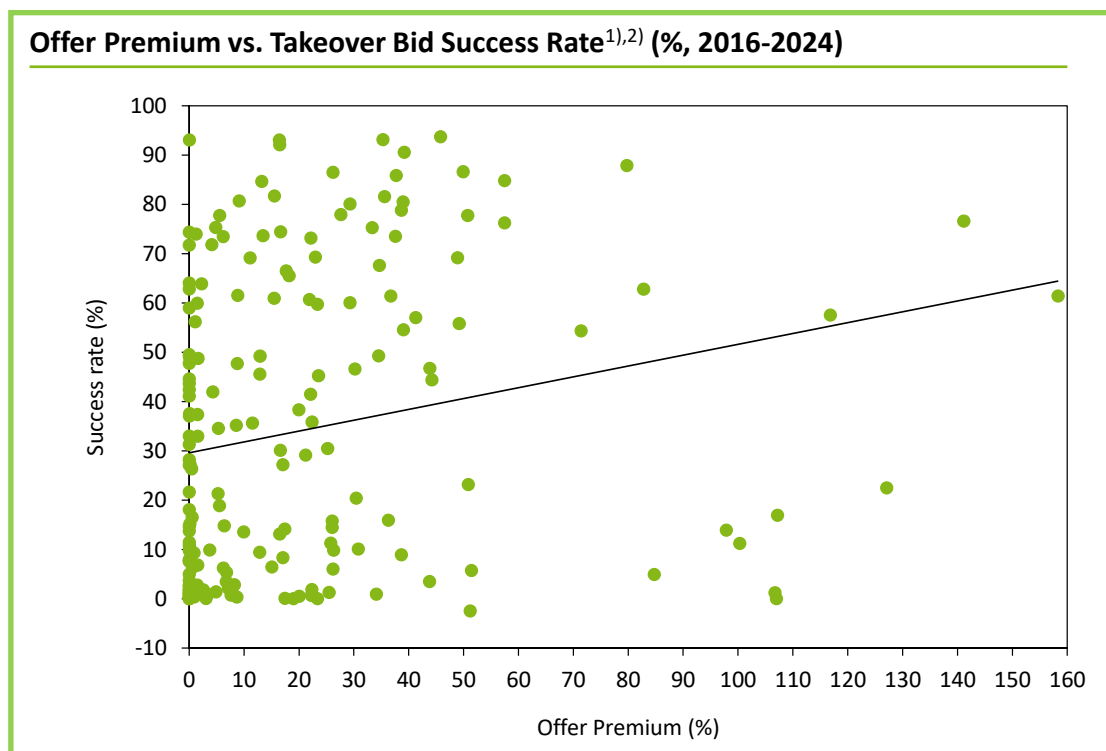


Figure 25: Offer Premium vs. Takeover Bid Success Rate (% , 2016-2024)

¹ Only takeover bids are considered where the ownership share has been below 50% prior to the six-month period before the bid.

² Offer premium is calculated as (Offer price) / (3-Month Weighted Average Stock Price) - 1.

Success Rates

In our final analysis, we examine the relationship between the recommendations provided in opinion statements and the conclusions of Fairness Opinions in relation to the success rate of takeover bids. Figure 26 presents this analysis in a cross-table format, demonstrating that success rates tend to be higher when both the statement and the Fairness Opinion endorse the offer (2020-2024: 81.8%). One possible explanation for this trend is that target companies recommending acceptance in their statements typically have little incentive to publish a Fairness Opinion that contradicts their stance by questioning the offer's adequacy. Conversely, when both the target company's statement and the Fairness Opinion take a negative position, the success rate remains relatively low (0.0%). A deeper analysis of these cases reveals that prior agreements with large blockholders played a crucial role in facilitating bid acceptance. Specifically, before announcing the public takeover bid, the bidder had already secured commitments from key blockholders, ensuring a majority stake.

Success Rate by Statement & FO recommendation (% , 2020-2024 cumulated)

		Fairness Opinion		
		fair	not mentioned	inadequate
Statement	acceptance	81.8%	NA	0.0 %
	neither	66.7%	NA	75.0 %
	rejection	NA	NA	0.0 %

Figure 26: Success Rate by Statement & FO recommendation (% , 2020-2024 cumulated)

Takeover Case Study: MorphoSys AG

On February 5, 2024, MorphoSys AG (hereinafter “MorphoSys”) entered into a business combination agreement with Novartis AG (hereinafter “Novartis”) and its 100% subsidiary Novartis BidCo AG (hereinafter the “Bidder”), in relation to a voluntary public takeover offer by Novartis. MorphoSys engages in the development and commercialization of therapeutics for patients suffering from rare forms of blood cancer, including the myelofibrosis primarily in the United States. Novartis develops, manufactures, and markets branded and generic prescription drugs, active pharmaceutical ingredients, biosimilars and ophthalmic products in Europe, Asia, and the United States.

The Bidder made a voluntary public takeover offer to acquire all shares of MorphoSys. In the announcement of the public takeover offer on February 5, 2024, Novartis also declared its intention to promptly pursue the execution of a domination and profit and loss transfer agreement (“DPLTA”) with MorphoSys, as the subordinated company, as soon as reasonably possible after settlement of the offer. For this purpose, ValueTrust, an independent valuation expert, was hired.

The offer document of the voluntary public takeover offer was published on April 11, 2024, and addressed all shares of MorphoSys at the offer price of EUR 68.00 per share. The volume weighted average price over the last three months prior to February 5, 2024 (3-month VWAP) amounted to EUR 28.80 per MorphoSys share. The offer represented a premium of 136.1% over the MorphoSys 3-month VWAP, implying an equity value of EUR 2.7 billion. The premium over the price prior to the announcement of the intention to enter into a business combination agreement on February 5, 2024, is 61.3%.

The offer was considered financially adequate by the supervisory board and the executive board of MorphoSys. In their joint statement of April 11, 2024, the boards referred to a fairness opinion of Centerview Partners LLC confirming the financial adequacy of the consideration and recommended shareholders to accept the offer.

At the time of publication of the offer, the Bidder did not hold any shares in MorphoSys. The takeover offer was subject to a minimum acceptance threshold of 65%, which was reached by the Bidder on May 13, 2024. As of the final date of the additional acceptance period on May 30, 2024, the acceptance rate was 77.9%. In addition, the Bidder acquired approximately 11.6% in the period between April 12, 2024, and April 16, 2024 leading to 89.5% voting share capital of MorphoSys.

Between June 10, 2024, and June 16, 2024, the Bidder acquired an additional 1.7% in off-market transactions securing a total of 91.2% of the share capital and the voting share capital of MorphoSys.

Takeover Case Study: MorphoSys AG

In Q3 2024 the taking private process continued: On June 20, 2024, Novartis decided to launch a delisting tender offer at EUR 68.00 per share and informed MorphoSys of its intention to initiate a squeeze-out of the minority shareholders of MorphoSys AG. As Novartis held more than 90% of the share capital following the voluntary takeover offer, a DPLTA could be waived, allowing for a direct transition to the squeeze-out process. The acceptance period and subsequently last trading date before the delisting has been set for August 2, 2024. During the acceptance period for the delisting tender offer, Novartis secured an additional 3.2%, leading to 94.6% of the voting share capital of MorphoSys including the shares held in common with the bidder.

As the 3-month VWAP before the squeeze-out announcement was above the equity value range determined by ValueTrust, the stock market price served as a minimum compensation price. On August 27, 2024, MorphoSys announced that its shareholders approved all resolutions proposed by the company's management board and supervisory board at its 2024 Annual General Meeting. This included the transfer of MorphoSys' minority shareholders' shares to Novartis against a cash compensation of EUR 68.00 per share. The merger squeeze-out became effective upon entry into the commercial register on October 15, 2024.

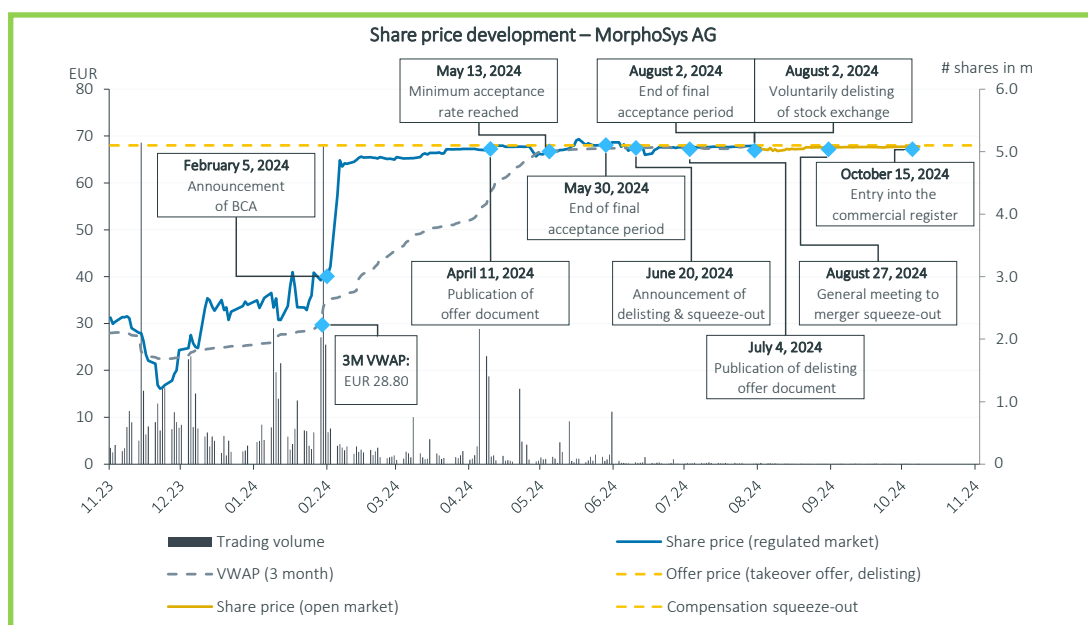


Figure 27: Course of events and stock price development takeover offer MorphoSys AG

Endgame Analysis

Post-offer structural measures

After completing the takeover process, the bidder has several options to achieve full 100% ownership of the target company. One key step is signing a Domination and Profit and Loss Transfer Agreement (DPLTA) between the company and the majority shareholder, which requires approval by 75% of shareholders at a general meeting. Under German corporate law, minority shareholders who choose to exit must be offered compensation (§305 AktG), while those who remain are entitled to a guaranteed dividend payment (§304 AktG). The minimum compensation must be the higher of two values: the volume-weighted average price (VWAP) of the three months preceding the DPLTA announcement or the intrinsic value of the share determined through a corporate valuation. Our analysis shows that nearly all DPLTA-related compensation offers match the legal minimum requirement.

Additionally, German corporate law provides various mechanisms for a squeeze-out¹, allowing the majority shareholder to forcibly acquire the remaining minority shares in exchange for fair compensation. In most cases, the compensation offer in a squeeze-out also only meets the minimum legal threshold.

The cash compensation and guaranteed dividend are determined by the majority shareholder but are subject to judicial review in an appraisal proceeding once the measure takes effect.

¹ German corporate law recognizes three types of Squeeze-Out based on the corresponding legal framework: Takeover Act (WpÜG), Stock Corporation Act (AktG) and Transformation Act (UmwG).

Endgame Analysis

Our databank contains information on 493 primary takeover bids from 2005 to 2024 and the data on all structural measures following these bids. Of these, 238 takeover offers had subsequent structural measures. In total, for 204 structural measures minority shareholders initiated appraisal proceedings. 150 of these proceedings were finalized, i.e. there is no (further) appeal against the court decision. The other 57 appraisal proceedings are currently under court review. Figure 28 provides an overview of the takeover offers, structural measures, and related appraisal proceedings that constitute the databank and serve as a basis for the takeover endgame analysis.

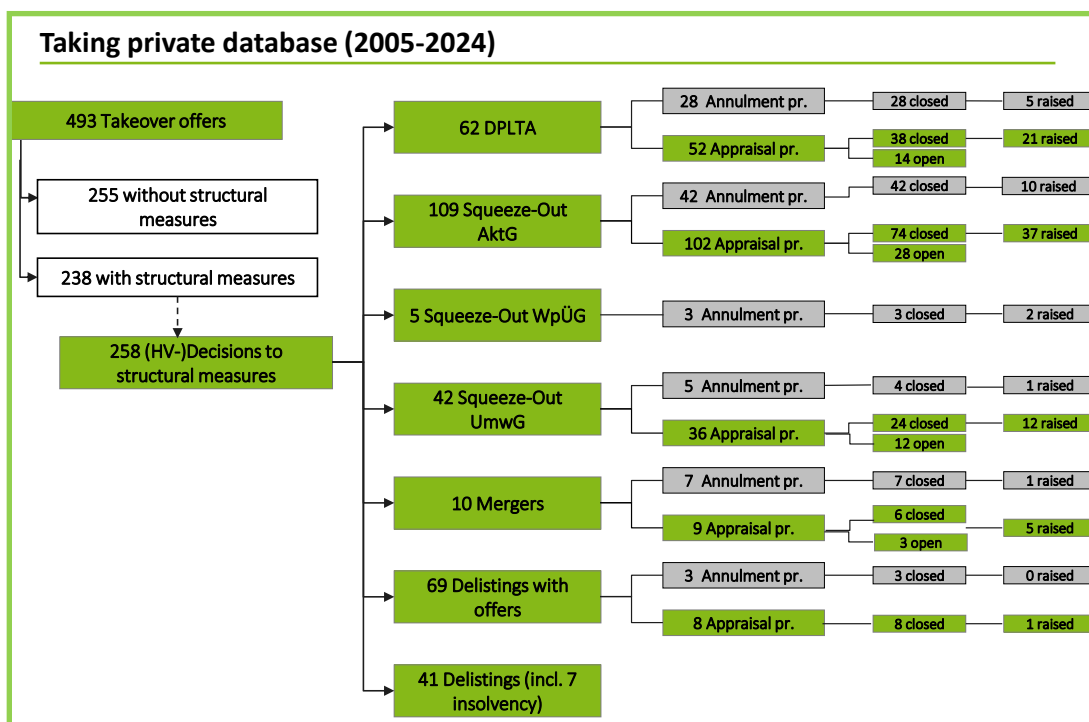


Figure 28: Overview of the taking-private database (with structural measures as of 31.12.2024)

Endgame Analysis

Out of 493 primary takeover bids published in 2005-2024, 164 acquirers eventually obtained full ownership of the target company. We observe 18 different paths in taking-private strategies. Figure 29 presents the frequency of these paths and the number of completed takeovers (including closing of appraisal proceeding). The equal-sign (=) indicates that measures were taken concurrently, and the arrow-sign (➔) shows the sequence of events. In 109 out of 164 cases, all appraisal proceedings were finished. In the majority of cases there are no prior structural measures before the final squeeze-out (62 cases). Yet, in 38 takeovers, the signing of a DPLTA was concluded within the frame of the chosen taking-private strategy. Takeover Act Squeeze-Out was rarely implemented in practice (only 5 cases)¹. In 10 cases the takeover was resolved by a merger, of which the two most recent cases were in 2022. Being not a structural action per se, delisting also plays an important role in taking-private strategies, and is used more and more in parallel with other structural measures.

Structural measures post takeover offer		Frequency	Completed takeover (incl. appraisal proceeding)
1	Stock Corporation Squeeze-Out (AktG)	62	45
2	Transformation Squeeze-Out (UmwG)	29	21
3	Merger	5	4
4	Takeover Act Squeeze-Out (WpÜG)	1	1
5	1. Takeover Act Squeeze-Out (WpÜG) ➔ 2. DPLTA	3	3
6	DPLTA = Stock Corporation Squeeze-Out (AktG)	5	5
7	1. DPLTA ➔ 2. Stock Corporation Squeeze-Out (AktG)	15	11
8	1. DPLTA ➔ 2. Merger	3	2
9	1. DPLTA ➔ 2. Transformation Squeeze-Out (UmwG)	5	0
10	1. DPLTA = 1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG)	3	3
11	1. DPLTA ➔ 1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG)	2	2
12	1. Delisting ➔ 2. Stock Corporation Squeeze-Out (AktG)	19	7
13	1. Delisting ➔ 2. Transformation Squeeze-Out (UmwG)	6	3
14	1. Delisting ➔ 2. Takeover Act Squeeze-Out (WpÜG)	1	1
15	1. Delisting ➔ 2. Merger	1	0
16	1. Delisting ➔ 2. DPLTA ➔ 3. Stock Corporation Squeeze-Out (AktG)	3	1
17	1. DPLTA ➔ 2. Delisting ➔ 3. Transformation Squeeze-Out (UmwG)	1	0
18	1. DPLTA ➔ 2. Merger ➔ 3. Takeover Act Squeeze-Out (WpÜG)	1	0
		164	109

Figure 29: Taking-private strategies post takeover offers (2005-2024)

¹ In some of these cases a DPLTA was signed after the squeeze-out. The reason for this seemingly odd strategy was that some minority shareholders tried to challenge and block the squeeze-out.

Endgame Analysis

An appropriate compensation for the shares of minority shareholders shall be not less than the VWAP for 3 months prior announcement of structural measure, and not less than the dividend discount value (“Ertragswert”) per share determined by a verified company valuation.¹⁾ Thus, the maximum of these two limits is considered to be the minimum appropriate compensation. We analyze the distribution of the premium over VWAP. We exclude the cases where VWAP was not available due to extremely low trading volume or shares not being listed in the regulated market. Subsuming over all structural measures, the average premium of the offered compensation over VWAP amounts to 12.0%.

Minority shareholders may start appraisal proceedings under which the fairness of the DPLTA guarantee dividends, DPLTA compensation, Merger exchange ratio and/or Squeeze-Out compensation shall be verified (Spruchverfahren). Appraisal proceedings cannot delay or block the enforcement of a structural measure. In contrast, an annulment proceeding against the General Meeting decision blocks the enforcement of a structural measure. The proceeding is carried out under the regional court (first instance) and can be resolved by a judicial compromised agreement or a court ruling. The compensation offer may be increased, but cannot be reduced in appraisal proceeding, and the majority shareholder shall carry all costs of litigation. The regional court decision is a subject to appeal under the higher regional court whose decision is final. The higher regional court has a right to increase, decrease or annul the first instance ruling.

¹⁾ Recently the German Federal Court of Justice ruled that under certain circumstances the compensation can be estimated solely based on the company’s stock price.

Endgame Analysis

In Figure 30, we analyze the duration of appraisal proceedings. On average, the appraisal proceedings to a compensation offer related to a DPLTA run for 5.12 years. In 6 DPLTA proceedings the duration exceeded 8 years and only small number of cases could be resolved within 2 years. Appraisal proceedings of Stock Corporation Squeeze-Outs last on average 4.43 years; however, the data show that the length of the proceeding spreads almost evenly over the first 5 years. The proceedings related to Transformation Squeeze-Outs display the longest duration: 6.25 years on average. There are only 6 completed appraisal proceedings to Merger compensations with an average duration of 5.76 years. Finally, our analysis revealed, that, on average, minority shareholders received a compensation increase of 8.40% in court proceedings as compared to before the proceeding.

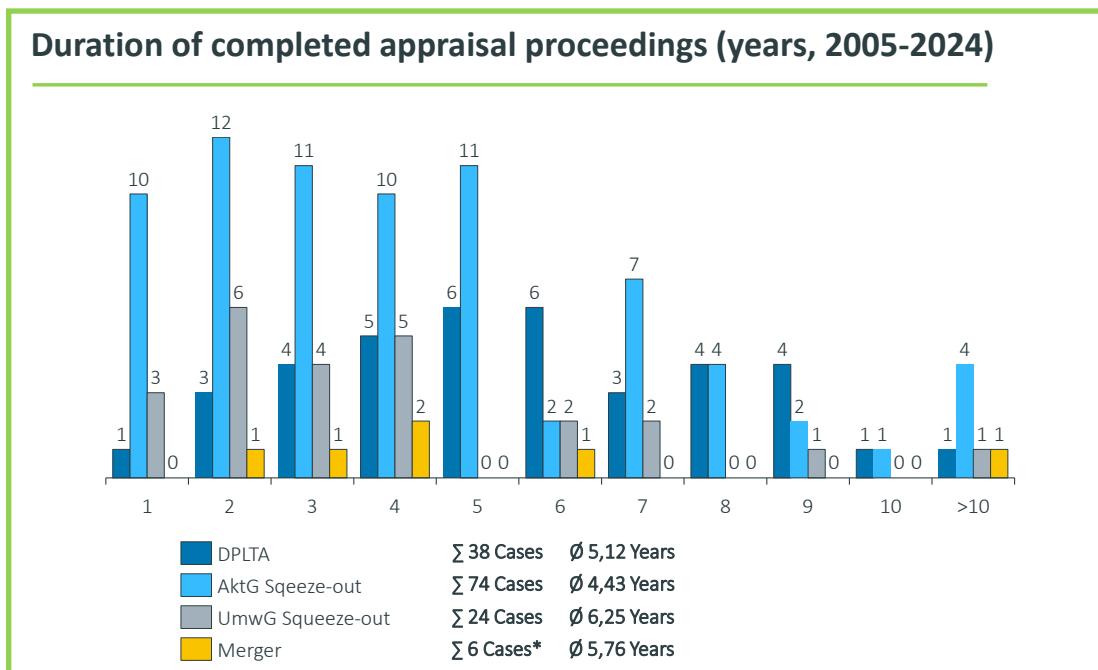


Figure 30: Duration of completed appraisal proceedings (years, 2005-2024)

Transaction Details 2024

The final section of this report offers a comprehensive overview of all takeovers and takeover bids in 2024, see figure 31. For each transaction, we present all parameters that have been analyzed on an aggregated level in the preceding chapters.

Offer date	Bidder	Target	Offer type	Investor type	Bid round	Payment Method	Share before offer	Share before offer from major inv.	Acceptance rate
17/01/2024	Südzucker AG	CropEnergies AG	Delisting	SI	1	Cash	79.77%	78.48%	10.53%
18/01/2024	Acme 42 GmbH	inVision Aktiengesellschaft	Delisting	SI	1	Cash	64.80%	57.72%	26.17%
24/01/2024	Technology Center Holding GmbH/ Enapter AG	Marna Beteiligungen AG	Takeover	SI	1	Cash	30.19%	0.07%	67.36%
26/01/2024	Mosel Bidco SE	Software Aktiengesellschaft	Delisting	FI	1	Cash	93.33%	70.19%	0.07%
13/03/2024	KD Investment & Consulting GmbH	NSI Asset AG	Delisting	FI	1	Cash	12.06%	12.06%	0.47%
20/03/2024	Telefónica Local Services GmbH	Telefónica Deutschland Holding AG	Delisting	SI	1	Cash	94.74%	93.42%	1.58%
10/04/2024	HY Beteiligungs GmbH	HanseYachts AG	Delisting	FI	1	Cash	79.40%	79.40%	5.26%
11/04/2024	Novartis BidCo AG	MorphoSys AG	Takeover	SI	1	Cash	0.00%	0.00%	77.78%
15/04/2024	Kontron Acquisition GmbH	Katek SE	Delisting	SI	1	Mixed	59.44%	0.00%	26.99%
16/04/2024	Rostra Holdings	Decheng Technology	Takeover	FI	1	Cash	68.37%	0.00%	3.54%
24/04/2024	Elbe BidCo AG	ENCAVIS AG	Takeover	FI	1	Cash	30.80%	30.80%	53.80%
16/05/2024	NUNUS GmbH	USU Software AG	Delisting	FI	1	Cash	53.68%	53.68%	27.76%
14/06/2024	Ephios Bidco GmbH	SYNLAB AG	Delisting	FI	1	Cash	84.76%	84.76%	1.04%
04/07/2024	Novartis BidCo AG	MorphoSys AG	Delisting	SI	1	Cash	91.19%	91.19%	2.76%
15/07/2024	Burda Digital SE	New Work SE	Delisting	SI	1	Cash	74.22%	74.22%	22.85%
02/09/2024	Ventrifossa BidCo AG	Stemmer Imaging AG	Takeover	FI	1	Cash	3.41%	3.41%	10.00%
04/10/2024	H2E Americas LLC	Philomaxcap AG	Takeover	FI	1	Cash	0.00%	0.00%	0.09%
07/10/2024	Ipsos DACH Holding AG	infas Holding Aktiengesellschaft	Takeover	SI	1	Cash	10.98%	10.98%	83.72%
14/10/2024	Haron Holding S.A. (société anonyme)	DFV Deutsche Familienversicherung AG	Delisting	SI	1	Cash	25.00%	25.00%	14.50%
21/10/2024	Herrn Rolf Ernst Peter Jürgen Hauschildt	Albis Leasing AG	Takeover	FI	1	Cash	29.73%	29.73%	22.17%
25/10/2024	ADNOC International Germany Holding AG	Covestro AG	Takeover	SI	1	Cash	9.71%	9.71%	81.77%
28/10/2024	ALBA plc & Co. KG	ALBA SE	Delisting	SI	1	Cash	93.48%	93.48%	2.02%
30/10/2024	Andreas Klein Vermögensverwaltung GmbH	Splendid Medien AG	Delisting	FI	1	Cash	53.21%	53.21%	10.67%
05/11/2024	TLG Immobilien AG	WCM Beteiligungs- und Grundbesitz AG	Delisting	SI	1	Cash	98.05%	98.05%	0.55%
06/11/2024	BANASINO INVESTMENTS S.à r.l.	SURTECO GROUP SE	Takeover	FI	1	Cash	30.02%	15.02%	0.04%
11/11/2024	UK Media Invest GmbH	Klassik Radio AG	Delisting	SI	1	Cash	69.06%	69.06%	5.58%
12/11/2024	Linus Holding GmbH	Linus Digital Finance AG	Delisting	SI	1	Cash	71.42%	26.13%	0.70%
18/11/2024	Project Neptune Bidco GmbH	NEXUS AG	Takeover	FI	1	Cash	0.00%	-26.92%	94.95%
	MedNation AG, CHAPTERS Group AG, Herrn Dirk Isenberg, Herrn Mathias Niedermeier, Herrn Peter								
29/11/2024	Potocnik	MedNation AG	Delisting	SI	1	Cash	25.96%	25.96%	8.20%
29/11/2024	Ventrifossa BidCo AG	Stemmer Imaging AG	Delisting	FI	1	Cash	83.54%	83.54%	0.00%
23/12/2024	Caesar BidCo GmbH, Frankfurt am Main	CompuGroup Medical SE & Co. KGaA	Takeover	SI	1	Cash	36.16%	36.16%	6.81%
23/12/2024	Elbe BidCo AG, Frankfurt am Main	ENCAVIS AG, Hamburg	Delisting	SI	1	Cash	87.73%	69.69%	0.11%

Figure 31: Transaction Details

Transaction Details 2024

Offer date	Bidder	Target	Offer premium	Takeover Value (m EUR)	Joint Statement rec.	FO exists	FO result (adequacy)
17/01/2024	Südzucker AG	CropEnergies AG	36.74%	202.95	Accept	yes	yes
18/01/2024	Acme 42 GmbH	InVision Aktiengesellschaft	0.00%	4.79	Accept	no	
24/01/2024	Technology Center Holding GmbH/ Enapter AG	Marna Beteiligungen AG		3.14	Accept	no	
26/01/2024	Mosel Bidco SE	Software Aktiengesellschaft	0.98%	158.03	Neither nor	yes	
13/03/2024	KD Investment & Consulting GmbH	NSI Asset AG	0.78%	5.38	Accept	no	
20/03/2024	Telefónica Local Services GmbH	Telefónica Deutschland Holding AG	7.31%	367.93	Accept	no	
10/04/2024	HY Beteiligungs GmbH	HanseYachts AG	0.00%	10.48	Accept	no	
11/04/2024	Novartis BidCo AG	MorphoSys AG	136.11%	2564.72	Accept	yes	yes
15/04/2024	Kontron Acquisition GmbH	Katek SE	2.88%	87.88	Accept	yes	yes
16/04/2024	Rostra Holdings	Decheng Technology	15.29%	0.50	Accept	no	
24/04/2024	Elbe BidCo AG	ENCAVIS AG	33.08%	1958.35	Accept	yes	yes
16/05/2024	NUNUS GmbH	USU Software AG	10.38%	86.00	Accept	no	
14/06/2024	Ephios Bidco GmbH	SYNLAB AG	0.00%	375.57	Neither nor	yes	yes
04/07/2024	Novartis BidCo AG	Morphosys AG	23.37%	225.58	Accept	yes	
15/07/2024	Burda Digital SE	New Work SE	5.33%	95.98	Accept	no	
02/09/2024	VentriFossa BidCo AG	Stemmer Imaging AG	41.26%	301.35	Accept	yes	yes
04/10/2024	H2E Americas LLC	Philomaxcap AG	49.25%	17.01	Neither nor	no	
07/10/2024	Ipsos DACH Holding AG	infas Holding Aktiengesellschaft	69.58%	54.48	Neither nor	yes	yes
14/10/2024	Haron Holding S.A. (société anonyme)	DFV Deutsche Familienversicherung AG	0.00%	72.21	Accept	no	
21/10/2024	Herrn Rolf Ernst Peter Jürgen Hauschildt	Albis Leasing AG	18.14%	41.70	Accept	yes	yes
25/10/2024	ADNOC International Germany Holding AG	Covestro AG	13.35%	10579.93	Accept	yes	yes
28/10/2024	ALBA plc & Co. KG	ALBA SE	4.20%	5.09	Neither nor	no	
30/10/2024	Andreas Klein Vermögensverwaltung GmbH	Splendid Medien AG	3.31%	5.73	Accept	no	
05/11/2024	TLG Immobilien AG	WCM Beteiligungs- und Grundbesitz AG	0.00%	5.93	Accept	no	
06/11/2024	BANASINO INVESTMENTS S.à r.l.	SURTECO GROUP SE	17.45%	184.03	Reject	yes	no
11/11/2024	UK Media Invest GmbH	Klassik Radio AG	0.00%	5.52	Accept	no	
12/11/2024	Linus Holding GmbH	Linus Digital Finance AG		3.61	Neither nor	no	
18/11/2024	Project Neptune Bidco GmbH	NEXUS AG	35.32%	1209.23	Accept	yes	yes
	MedNation AG, CHAPTERS Group AG, Herrn Dirk Isenberg, Herrn Mathias Niedermeier, Herrn Peter						
29/11/2024	Potocnik	MedNation AG		3.46	Neither nor	no	
29/11/2024	VentriFossa BidCo AG	Stemmer Imaging AG	3.05%	51.37	Accept	yes	yes
23/12/2024	Caesar BidCo GmbH, Frankfurt am Main	CompuGroup Medical SE & Co. KGaA	51.20%	754.75	Accept	yes	yes
23/12/2024	Elbe BidCo AG, Frankfurt am Main	ENCAVIS AG, Hamburg	34.10%	347.29	Accept	no	

Figure 31: Transaction Details