



Interview with Grant Thornton Germany

Q1: How dynamic is the German market?

At a glance: while the German M&A market continues to face challenges due to economic uncertainty (recession fears), geopolitical tensions and changing financial conditions, particularly sectors tied to technological innovation and the energy sector (incl. green transition) will remain key areas of active deal-making. At the same time, necessary business transformations and consolidation pressure in certain industries may accelerate activities with a rise in deal numbers thus being expected for the upcoming year along with a brightening general environment.

Key dynamics we observe as drivers for German transactions involve:

Succession needs: The succession issues faced by a considerable number of entrepreneurs in Germany can be expected to fuel M&A activity, particularly in the small- and mid-cap segments.

Transformation, technological advancement and ESG: These factors continue to be key in order to stay competitive in a fast-paced environment, with M&As serving as an important tool to achieve such endeavors.

Foreign investment: Challenged by a certain extent of uncertainty, Germany continues to be an important destination for cross-border M&A (with foreign investors e.g., from the U.S., Europe and Asia) showing interest, particularly in sectors such as tech including digitalization and artificial intelligence, manufacturing and (clean) energy.

Private equity activity: Private equity firms are being perceived as actively looking for investment opportunities, as they still exhibit plenty of “dry powder” and therefore facing the necessity to identify and execute investment opportunities. Also, some fragmented market sectors existent in Germany provide for suitable buy-and-build targets especially in the small- and mid-cap area.

Q2: What is your view and interest of French market for your clients?

According to FDI screening reports, France has repeatedly been recognized as one of the most attractive countries for FDI activity within the European Union, with Germany having consistently ranked among its top European-based outbound investors in recent years.

Particularly, the geographical proximity of the two countries, along with their historical, economic, and political ties, makes such acquisitions an appealing strategy for German enterprises / investors looking to expand or diversify within the European market.

In addition, favorable political initiatives established under the current administration such as corporate tax rate cuts, more employer-friendly labor regulations as well as France’s long-term commitment to nuclear power - and thus, comparatively cheap energy prices - give the country an economic tailwind.

Furthermore, France’s investment in innovation and technology clusters (such as Paris-Saclay, a major tech hub) as well as its well-skilled workforce appeal to German firms looking for R&D collaborations or access to high-tech development.

Q3: The Grant Thornton network: our strengths on cross-border operations?

From a Grant Thornton Germany perspective, one of the main strengths of our global Grant Thornton Network on cross-border operations (e.g., France and Germany, but basically also when working beyond these borders) is the mutual knowledge and conviction of the adequate skillset as well the same mindset of the Grant Thornton team members working on joint cross-border projects.

This equally applies to the member firms' joint desire to provide best in-class solutions to our valued clients as well as the working atmosphere on cross-border projects which is generally characterized by a high commitment to collaboration, agility, responsibility and respect of all the team members involved. What certainly also helps contributing to the aim of general client satisfaction is the broad range of services and high level of expertise the Grant Thornton member firms from France and Germany bring to the table, ensuring that the client's challenges and aims can basically be supported from one source if that is helpful.

In essence, I think it is fair to say that the above perceptions have proven to be true on a large number of cross-border transactions with the involvement of French and German clients and colleagues, this also being one of the main reasons for looking forward to and being grateful for every cross-border deal in which we have the honour to add value and contribute to the overall project success.



Wilhelm Mickerts
Partner, Head of Deal Advisory Services