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CENTRE FOR EASTERN STUDIES 15.12.2010 www.osw.waw.pl

Germany: the struggle for control of Hochtief continues

The management of the German construction company Hochtief announced on 10 December an increase of the company's share capital by 10% through an issue of new shares. The additional shares were bought by Qatar's state-controlled company Qatar Holding. In practice, this transaction will either quash or delay the plans for the takeover of Hochtief by the Spanish construction company ACS, which have been criticised by a large part of German politicians.

ACS, holding a 29.9% stake in Hochtief, announced a buyout offer at the end of September with the intention of obtaining a controlling stake in the German company. This information was met with outrage in Germany since the public and some politicians in Germany shared the opinion that the Spanish company wanted to buy Hochtief for a good price with the intention of 'breaking up' the flourishing company. It was speculated that ACS was interested only in Hochtief's Asian assets and would resell the remaining part of the firm, thus ridding itself of a strong competitor. Opposition politicians appealed to the government for an amendment of legal regulations to make the buyout of Hochtief more difficult for ACS. Chancellor Angela Merkel dissociated herself from direct engagement in the transaction. However, according to German press reports, she was unofficially lobbying among Arabic investors, encouraging them to buy a minority stake in the German company. On 10 December investors from Qatar decided to buy 10% of the new shares for a price of around 400 million euros, to which the management of Hochtief agreed. The argument which decided this purchase could be FIFA's decision to entrust Qatar with hosting the football World Cup in 2022 since Hochtief has a strong chance of building stadiums for the tournament. It has been additionally speculated that investors from Qatar will be interested in buying additional shares on the stock market, which has already increased the stock market price of Hochtief's shares, which is currently higher than the price offered by the Spanish company in September.

The transaction for ACS means a reduction of its previous stake in Hochtief to 27% (because the overall quantity of shares in trading will increase, while the number of shares held by ACS will remain the same). As a consequence, this will make the takeover of the German firm more expensive. <pop>