

## Official public takeover reveals no major news, recommend the shareholders to tender their shares

*Yesterday, TE Connectivity published its public takeover offer for First Sensor and the corresponding documents. In general, the offer does not reveal any significant news, to the already known facts. Given yesterday's announcement, the acceptance period of the offer will expire on September 2. The acquisition is expected to be closed at the latest by end of H1 2020, due to approvals from several antitrust authorities. We got the impression, that TE is supporting First Sensor's implemented five pillar strategy, and the takeover is streamlined for further growth. With First Sensor, TE is expanding its capabilities in the area of optical sensing, which is a weakness in its portfolio. First Sensor's management has already announced its support for the offer. We consider the offer (EUR 28.25 in cash, implying 31.7% premium to the VWAP) as attractive, and recommend the shareholders to tender their shares.*

### What else is of great importance:

- ▶ We see minor overlaps in the product portfolio of both companies. For TE, in particular First Sensor's low-pressure portfolio and optical sensing are areas of interest. In turn, First Sensor will get access to TE's broader market reach, especially in North America and Asia, where First Sensor currently generates merely c.25% of its revenues.
- ▶ In the short- to mid-term, we do not expect major changes in First Sensor's adopted strategy. The company's five pillar growth strategy (focus on target markets, key customers and key products, forward integration, internalization and operational excellence) should remain and be supported by TE.
- ▶ At first stage, both companies foresee annual costs synergies in the combined of EUR 15m until FY 2022e.
- ▶ All major shareholders, which are holding in total 67% of all outstanding shares, have already agreed to tender their shares. Since TE is not looking for minimum acceptance quota, the commitment of the major shareholders means basically, that the take-over is successfully done. Nevertheless, we believe the tender ratio could be much higher, so that finally a domination and profit and loss agreement or even a squeeze out (at least 90%) cannot be ruled out.
- ▶ We do not see major risks for antitrust approvals, given the minor overlaps both businesses have and the relatively small size of First Sensor.

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