**Two Decades later and still at the top; Vodafone and Mannesmann**

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The largest merger in history took place in 1999, the companies in question telecommunication based. We are of course going to discuss the Vodafone and Mannesmann merger which still, over two decades later has remained the largest merger in history. In fact, it can be said to be the first major hostile cross border takeover in the German corporate history. (Garrett, 2001)

Key areas that will be looked at are how we evaluate the success of a merger & acquisition (M&A) and what are some key performance indicators (KPI’s) that can be used to better assess if this was a total or partial success. Some KPI’s that will be discussed; 1) was the merger truly beneficial for both parties, 2) does the corporate takeover have underlying meanings, and 3) has the company seen this merger to be successful in terms of overall business success.

**How it all began: from competition to corporate takeover.**

It all began in November 1999 when the CEO of Vodafone, Chris Gent, publicly announced the solidified quest to purchase Mannesmann AG. At the time Mannesmann AG was already over a century old and had been in motion over the course of two world wars and struggling economics post-war. The endeavors of Mr. Gent however, signified the first large scale cross border hostile takeover bid on the German AG. (Garrett, 2001)

As noted by the EU commissioner at the time, Mario Monti made a clear note on the merger as a clash of cultures. (Garrett, 2001) This being a defining moment not only for the German corporate industry but also for Europe. As Garrett mentions in his post that the German populace was facing a cultural divide in which Mr. Gent seemed poised in a manner to relieve them of any true decision making.

This was something heavily discussed in the political realm as the Anglo-Saxon methods of England differed from the consensus-driven Rhenish model that the Germany economy had heavily relied on successfully for the last 50 years. (Garrett, 2001)

***Underlying meanings towards pursuit: German want for capitalism and economic changes***

The first KPI we aim to look at was the merger truly beneficial for both parties. As can be seen, upon the hostile takeover the valuation of Mannesmann was nearly 300 Euro per share and yet it was being sought by Gent at roughly 240 Euros per share. This was an intern leaning towards the hostile takeover narrative. However, the shares and stock interest were heavily reinvested into Vodafone, which combined with its D-2 market made it a savvy business move. (Garret, 2001) Although, Esser did proclaim the move hostile and not in keeping with the German economics and census-driven model, the decision was left to the shareholders. And while economic strategy and overall cultural difference was a high-level issue the census was accepted, and so Vodafone and Mannesmann merged for nearly $203 Billion dollars. (Garrett, 2001).

The second KPI in which we aim to take notice whether the corporate takeover had underlying meanings as to the aggressive hostile takeover. The merger has shown to be a causation in change of capitalism movements in the German world. This in turn did have some positive positioning as there was a movement quietly wanting to have such a change in capitalism and the Vodafone Mannesmann deal brough change. (Garret, 2001)

The final KPI that was identified has the company seen this merger to be successful in terms of overall business success in the long term. And as far as success goes Vodafone is still listed in the top 10 list of telecom companies and has just over a $49 Billion dollar revenue as of 2023 which in terms of success it would be hard to argue against. (Reiff, 2023)

***Present day: What has changed since the record 1999 merger.***

***We saw the ability for both Chris Gent, CEO of Vodafone, and Klaus Esser of Mannesmann to come together in early 1999 in London to discuss and formulate a business proposal that would benefit both equally. This in turn showed both members strategically had different vantages and intents. While Gent pursued the global strategy of US, Europe, and Asia markets as the top strategic objective, Esser focused locally. Esser felt the Europe growth and merger would signify a greater presence and ability to strategically manage globally long term. The two, however, realized one must give up total power for the other left their London meeting without a decision. (Garrett, 2001)***

***Vodafone has had continued success with the M&A strategy both in Europe as well as in the United States. Goldman Sachs has played a pivotal role in the financial advisement and upholding of Vodafone deals to include its work with Verizon in 2013 leading to a record US$58.8 billion in cash, one of the largest M&A deals in over a decade. (Admin, 2000)***

**Conclusion**

To conclude we think back to the brash intent of the Vodafone CEO Chirs Gent and his intent to purchase the 110-year-old Germany AG. (Garrett, 2001) Mannesmann having been the recipients of Germans first private sector telecommunications license (Garrett, 2001) they were poised for a long-term growth. Esser knew that through a Europe overtaking that the strategic planning would pan out long term rather than risk global ventures in unsecured markets.

We also realize through our KPI’s that Europe was a relatively safe market being that strategic planners forecasted the United States short- and long-range telecommunications being a noncompetitive market in Europe. (Garrett, 2001).

After two decades of time adjusting and reflect on the impact of this merger we can see that the threat of a US based venture moving into Europe was not going take place. As well as the impact the German firms are and their ability to shape the global and European market. It would seem ultimately the demise of Mannesmann and Esser at the helm was the route in which the company decided to maneuver. In that Esser had established a take over of the Italians larger network and then began working with Hutchinson Whampoa in Hong Kong to attempt a break into England’s third largest provider Orange PLC.

While a small maneuver and practical, Esser failed to realize the implications at hand. Given that Gent was to meet in fact with Mannesmann’s chief just one day prior to learning of this attempted maneuver into England, Gent was outraged. (Garrett, 2001) Gent then turned to Goldman Sachs to identify a strategy to take an aggressive maneuver on Mannesmann, and, on 14 November 1999 Gent announced his hostile takeover. (Garrett, 2001)

**References**

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