

On Tuesday, August 24, *Medill News Service* published an article that included commentary from Mathias Weidner regarding German investments.

Medill News Service

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German investments: Q&A with IMAP Inc.'s Mathias Weidner

By Frank Kalman

The [euro zone](#) economy is in flux. The stress of the debt crises propelled by Greece and Spain has caused investors small and large to remain cautious. But for those bold enough to put money in the region, German investments continue to look the most stable.



[The sixth largest economy in the world](#), Germany has managed to escape the stress of the global [financial crisis](#) virtually unscathed. After an initial bout at the onset of the crisis, the German economy has rebounded quickly. Its unemployment rate has dropped to 7.6 percent (as opposed

to 9.5 percent in the U.S.) and experts are seeing strong growth prospects in manufacturing and engineering.

Medill Money Mavens had the chance to speak with Mathias Weidner, an advisor with [IMAP Inc.](#), a global merger and acquisitions advisory firm. Based in Germany, Weidner spoke on his view of the euro zone and German economies, suggesting one German industry investors may want to put their money in.

MMM: In your view, what is the state of the euro zone economy? What role does the German economy have in its struggle?

MW: There is currently a sustainable stimulation of the economy in the entire euro zone. But there are differences between the development of national economics in the East, West and South of Europe. The Western Europe economies will develop faster and stronger than those in other regions.

In my view, the German economy will grow approximately 3 percent in 2010. The economies in other regions of the world (Asia, Latin America) are still expanding. Therefore German manufacturers of machinery, cars and renewable energy still sell their goods very well. German car makers, for instance, increased their sales and strengthened their market position in China to disproportionally high levels recently.

MMM: What key industries do you feel have the most promise in Germany moving forward?

MW: One, engineering, [followed by] renewable energies, services, financial services and healthcare.

MMM: How has the debt crisis affected the growth of the German economy? How has it affected the companies and industries that operate in it?

MW: In my view, it seems that the debt crisis hasn't affected the growth of German companies and the German economy. The financial crisis has sustainably changed not only the global economy, but it also changed the M&A [merger and acquisition] market and will continue to influence it even further. How German companies do evaluate the current challenges in their markets, market position and for M&A activities was part of a recent survey by IMAP Germany on "Company development in the crisis." More than 100 companies were questioned, including medium-sized companies with revenues between €50 to €100 million, as well as big conglomerates with revenues of several billion euros.

According to the survey, more than 40 percent plan to expand their market position through targeted acquisitions – preferably in Germany, because to them, the national market has the greatest growth potential. Almost 90 percent of those willing to do an acquisition are able to and can finance the acquisition partially out of their own pockets. If they use external capital, it will be entirely via the banks.

MMM: How would you differentiate the German economy from the U.S. economy?

MW: I guess the main difference is that German companies are more export orientated. They also are not as affected by private consumption as the American economy is.

MMM: If I were a small investor, what kind of German companies should I look into investing in?

MW: I would recommend investing in a small- to medium-sized engineering company. After 2009, which was disappointing for the vast majority of these companies, a lot of German companies are seeing growth potential in terms of new orders.

However, many companies with revenues of less than €50 million are currently not capable to do so, since last year forced them to spend their reserves. These days, a visit to the bank to obtain credit has been very disappointing. Based on [Basel II guidelines](#), as well as bad results in 2009, many medium-sized companies have a negative ranking, and they are unable to obtain loans from the bank.