



Private Equity_____

BAROMETER

Q1 2015

Figures based on preliminary quarterly data from
Europe's specialist private equity information provider.

Key Findings

Overall European private equity

- The number of European private equity-backed deals declined by 10% in the first quarter of 2015, from the 372 transactions seen in the previous three months to 334 transactions.
- Combined deal value also dropped by 25%.
- In fact, at €59m, the average deal value in the first quarter was 16% lower than that of the previous quarter and the lowest recorded for 12 months.
- On an annualised basis, the 12 months to Q1 2015 saw a movement towards larger deals; total deal value increased by 2%, while total volume slipped by 6% (as compared to the 12 months to Q1 2014).

Buyouts

- Deal numbers declined to 116 in the first quarter – a decrease of 23 from the 139 deals completed in the fourth quarter of 2014 – and registered the lowest total seen over the last eight quarters.
- Aggregated value also decreased markedly – dropping by 28% from the previous quarter's total of €23.3bn, to €16.9bn.
- The 528 deals (worth €82.1bn) recorded in the 12 months to Q1 2015 represent an 8% uplift on the 489 deals (worth €78.9bn) seen in the 12 months to Q1 2014 (up 4% in value terms).
- In Q1 2015, the small-cap segment was responsible for the largest part of the overall 23-deal decline, with the number of sub-€100m buyouts falling from 91 to 77.
- However, the small-cap range registered the least pronounced decline in value terms – decreasing by 9%, from €3.3bn to €3bn.
- Overall, small-cap deals accounted for 67% of the total number of deals and 16% of deal value in the 12 months to Q1 2015.
- The core mid-market value segment (€100m–€1bn) declined by seven buyouts in the first quarter, down from 44 to 37 deals.
- In value terms, these deals dropped by 11% – down from €13.1bn to €11.7bn.
- Overall, core mid-market deals accounted for 30% of the total number of deals and 59% of deal value in the 12 months to Q1 2015.
- The large-cap (€1bn+) range saw two deals transacted in the first quarter, two fewer than Q4 2014.
- This range registered the steepest decline in value terms – decreasing by 69%, from €6.8bn to €2.1bn.
- Overall, large-cap deals accounted for 3% of the total number of deals and 25% of deal value in the 12 months to Q1 2015.
- In regional terms, the UK recorded the steepest decline in deal numbers – down 39%, from 51 to 31 deals. Total deal value dropped by 51%, from €9.8bn to €4.8bn.

- The €641m buyout of Exponent Private Equity-backed Trainline by KKR was the largest deal in the UK, considerably smaller than the largest buyout in the region during the Q4 2014 (Sky Bet, £800m).
- The DACH region and the 'Rest of Europe' were the only two areas to register an increase in total deal volume, accounting for 18% and 15%, respectively, of all European private equity-backed buyouts in the first quarter.
- On the other hand, Benelux and France were the only two regions to register an increase in total deal value, accounting for 15% and 14%, respectively, of the capital invested in European private equity-backed buyouts in the first quarter.
- In terms of the source of buyouts, deals involving family and privately owned businesses saw the most significant downturn in volume, declining from 59 deals to 47.

Growth Capital

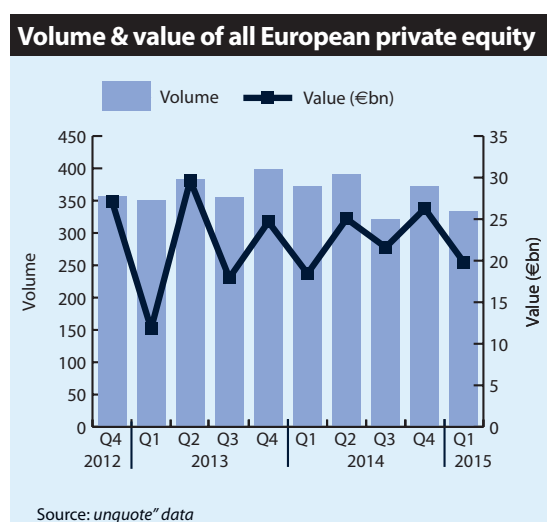
- In value terms, the growth capital sector registered a moderate rise of 5% – from €2.6bn in the fourth quarter of 2014, to €2.7bn in Q1 2015.
- The total number of deals remained stable at 188 transactions – the same number as the previous quarter.
- The total value of deals during the 12 months to Q1 2015 fell short of the previous 12-month period's total by 12%, down from €10.7bn to €9.5bn.
- Aggregate deal volume in the 12 months to Q1 2015, during which 715 transactions were recorded, fell short of the previous 12-month period's total of 754 by 5%.
- As is the case in the buyout segment, the UK is the predominant market in terms of the volume of expansion deals, accounting for 52 completed transactions – 27.6% of the total.
- Sweden recorded the largest proportional decrease in deal volume, which fell from 12 to seven deals (-42%).
- Germany was home to the largest deal of the quarter – Insight Venture Partners' €110m funding round in recipe and meal kit provider HelloFresh.

Early-stage

- The three months to March saw the early-stage market decline after a rise in the fourth quarter, the number of deals decreasing by 33%, from 45 to 30 deals.
- In value terms, the downward trend witnessed during the third and fourth quarters continued in Q1 2015, with a sharp drop from €222m to €87m.
- Despite the impressive second quarter of 2014, during which the highest total deal value of the 10-quarter period from Q4 2012 to Q1 2015 was reported, the aggregate value of deals in the 12 months to Q1 2015 fell short of the previous 12-month period's values by 1%, decreasing from €1.04bn to €1.03bn.
- The most active market on a regional basis was Germany, which was home to nine deals (worth €16m), almost a third of the total number of deals in Europe.
- With five deals worth a total of €26m, the UK outpaced all other regions in value terms.
- Switzerland was home to the largest deal of the quarter – the €16.6m investment in Genkyotex, led by NeoMed Management.

Q1 dealflow disappoints as new year gets off to a sluggish start

Overall European private equity



	Volume	Value €bn
Q4 2012	356	27.14
Q1 2013	351	11.82
Q2 2013	383	29.66
Q3 2013	355	17.93
Q4 2013	399	24.68
Q1 2014	372	18.45
Q2 2014	390	25.04
Q3 2014	321	21.60
Q4 2014	372	26.27
Q1 2015	334	19.80
2013	1,488	84.08
2014	1,455	91.35
2015 YTD	334	19.80

The year commenced on a somewhat lacklustre note as European private equity lost steam during the first quarter of 2015. Despite ending the previous year on a high note, aggregate deal volume dropped close to its lowest total of the last 10 quarters while aggregate deal value slipped close to its lowest total of the last five quarters. It should be noted, though, that previous opening quarters have also started slowly and this is not normally a strong indicator of true market sentiment.

The volume of all PE deals recorded in the first quarter declined by 10% – 38 transactions fewer than the 372 seen during the final quarter of 2014 – to reach 334 deals. This represents the lowest deal volume of any first quarter during the last six years. With 1,417 transactions reported in the 12 months to the end of March 2015, deal volume declined by 6% compared to the previous 12-month period to the end of March 2014 (1,509 transactions).

The story in terms of value was similar – declining by 25%, from €26bn in the fourth quarter to €20bn in the first quarter. Although this represents the lowest quarterly total during the 12 months to March 2015, it still is the highest aggregate deal value of any first quarter during the last seven years. With deals worth a combined €93bn recorded during the 12-month period to March 2015, total value improved by 2% as compared to the previous 12 months to March 2014 (€91bn).

Overall, the size of the average European private equity deal decreased to a four-quarter low, down 16% from €71m in the last three months of 2014 to €59m in the first quarter of 2015. As is to be expected, this trend towards lower average values is driven largely by the fortunes of buyouts in the large-cap segment (€1bn+). As such, the total value of deals in this size category declined to a six-year low – from four deals (with a combined value of €7bn) in the Q4 2014, to two deals (worth a total of €2bn) in the first quarter of 2015.

The largest private equity deal of the quarter was Apax Partners' purchase of an 88% stake in Norwegian IT company Evry for €1.1bn (NOK 3.8bn). In stark comparison, the largest deal during the previous quarter was valued at €3.75bn – Canadian private equity firm Onex's acquisition of Swiss packaging company SIG Combibloc Group.

Quarterly Focus

Germany and Denmark outshine the rest of Europe

While buyout statistics for the first quarter of 2015 seem to be at odds with global M&A numbers – especially given the healthy debt-liquidity levels – the slowdown in dealflow is actually very typical of first quarter estimates as witnessed during the past few years. Looking back, first quarter deal volumes have seen declines in three of the last five years, while value has declined four times over the same period.

Much like the first quarter of the previous year, a big chunk of the decline in the European buyout market was due to a slowdown in dealflow in the UK, where pre-election uncertainty has perhaps been a factor in activity levels. Aggregate volumes in the UK declined by 20 buyouts in Q1 2015, compared with the 10-deal drop in the same quarter of 2014.

Although at first glance it might appear that Northern Europe also had a quiet start to the year, remaining largely unchanged from the previous quarter, a closer look reveals a more upbeat story. Specifically, Germany reported its second-highest aggregate deal volume over the last 10 quarters, rising from 15 buyouts to 19 buyouts (+27%). These buyouts are only two less than the 10-quarter peak of 21 buyouts reported in Q2 2014. Assisted by currency stability and high exit activity in the country, Denmark also concluded a strong quarter – the number of buyouts in the country trebling from two to six.

Indeed, had it not been for the declines seen in Finland and Switzerland, both the DACH region and the Nordic region would have noted significant improvements in buyout activity. Buyouts in Finland declined by five deals while Switzerland failed to report a single buyout during the quarter, dragging down overall dealflow in Northern Europe. The impact of Finland and Switzerland is even more pronounced in terms of aggregate deal value, as demonstrated by the fact these two countries accounted for 78% (€5bn of the €6.5bn) of the overall decline in the continent's total deal value.

Looking ahead across Europe, anecdotal reports from market practitioners suggest that the exceptionally slow pace of activity seen in January and February began to ease noticeably in March. It is, therefore, not unreasonable to expect something of a recovery in the deal numbers as we move through the second quarter.

Buyouts

Coming off the back of the strong numbers recorded in the three months to December 2014, the first quarter of this year gave way to a downswing in buyout dealflow. Deal numbers decreased by 23 deals during the period, from 139 to 116. Total value dropped 28%, from €23bn in the fourth quarter to €17bn.

Yet these estimates are in line with first quarter totals from recent years. Deal volume fell short of Q1 2014's aggregate volume by just three buyouts and exceeded Q1 2013's total by 16 buyouts. In value terms, Q1 2015 numbers outpaced the aggregate deal value of both Q1 2014 and Q1 2013. Furthermore, year-on-year figures demonstrated some growth, as 528 buyouts were recorded in the 12-months to Q1 2015 – 39 more than the 489 in the 12 months to Q1 2014 (+8%). These deals were collectively valued at €82bn, representing a 4% increase from the €79bn from the previous 12-month period.

All three value segments played a part on the overall decline of buyout deal volumes: small-caps (sub-€100m) decreased from 91 to 77 buyouts; the core mid-market segment (€100m-€1bn) decreased from 44 to 37 buyouts; and the large-caps (€1bn+) declined from four to two buyouts. Similarly, deal values in these three segments dropped from €3.3bn to €3bn (-9%), €13bn to €12bn (-11%) and €7bn to €2bn (-69%), respectively.

Still, an improvement in annual deal volume was noted during the 12 months to Q1 2015 due to a significant uptick in small-caps. This segment recorded 354 buyouts – 24 more than the 330 in the 12-month period to Q1 2014. Mid-caps increased by 12 buyouts from 147 to 159 deals, meanwhile, and large-caps increased by three buyouts from 12 to 15 deals.

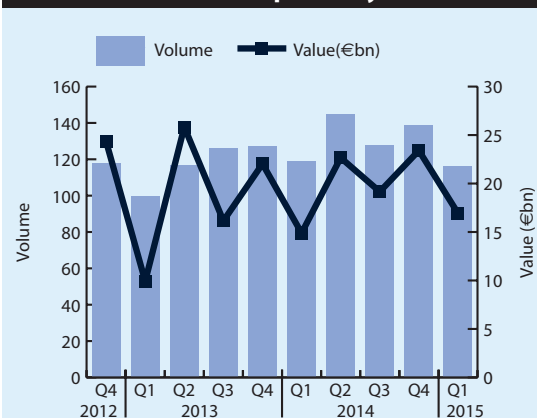
Annual deal value improved as well. Small-caps increased from €12bn to €13bn (+10%), while mid-caps increased from €45bn to €48bn. On the other hand, the large-cap category was the only segment to decline – down 3% from €21.3bn to €20.7bn.

In regional terms, the main downward trend was seen in the UK, which dropped to a two-year low of 31 buyouts. This represents a decline of 39% compared with the previous quarter. This means the UK was responsible for 20 of the overall 23-deal decline seen across Europe. Finland also reported a notable decrease in quarterly deal volume, down from eight buyouts to three. On the bright side, Denmark and Germany noted an increase in aggregate volume – rising from two to six buyouts and 15 to 19 buyouts, respectively.

In value terms, the UK, Switzerland and Finland noted the largest declines – down €5bn, €4bn and €1bn, respectively. On the other hand, France reported the largest increase, nearly trebling from €795m to €2.3bn. Overall, eight of the 17 countries and three of the five regions noted decreases in volume and/or value terms.

In terms of the sources of buyout dealflow, transactions coming from family and private vendors saw the most significant decline in volume, dropping from 59 to 47 deals. Meanwhile, 48 secondary buyouts were recorded – the lowest quarterly number seen in the category over the 12-month period to Q1 2015. On the other hand, the number of buyouts sourced from local parents improved from 13 buyouts to 14, while receiverships rose from zero to two.

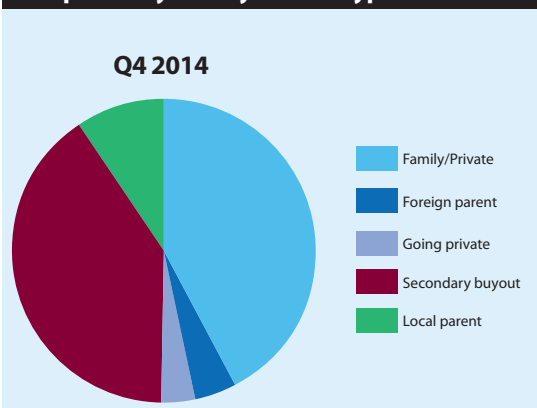
Volume & value of European buyouts



Source: unquote® data

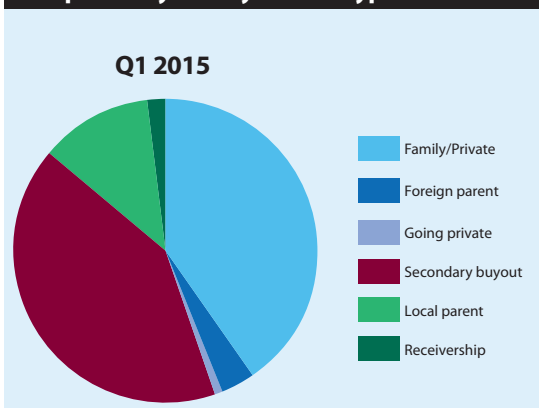
	Volume	Value €bn
Q4 2012	118	24.34
Q1 2013	100	9.92
Q2 2013	117	25.83
Q3 2013	126	16.15
Q4 2013	127	22.03
Q1 2014	119	14.89
Q2 2014	145	22.66
Q3 2014	128	19.16
Q4 2014	139	23.40
Q1 2015	116	16.94
2013	470	73.93
2014	531	80.11
2015 YTD	116	16.94

European buyouts by vendor type



Source: unquote® data

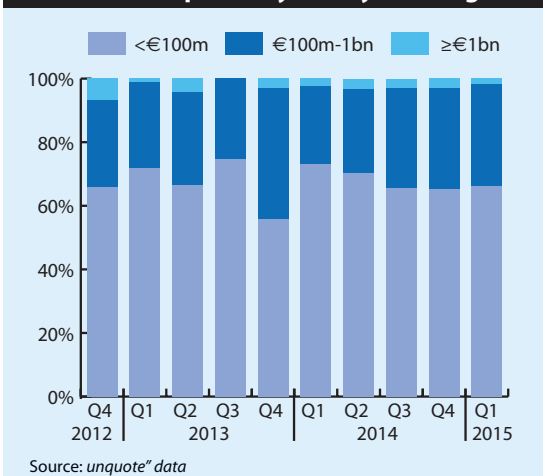
European buyouts by vendor type



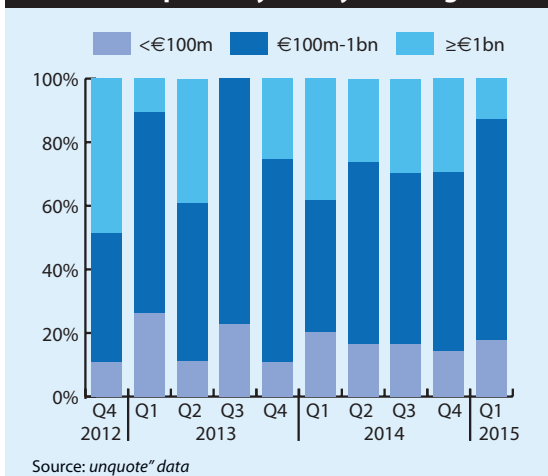
Source: unquote® data

	Q4 2014	Q1 2015
Family/Private	59	47
Foreign parent	6	4
Going Private	5	1
Institutional Investor	56	48
Local Parent	13	14
Receivership	0	2
State	0	0

Volume of European buyouts by size range



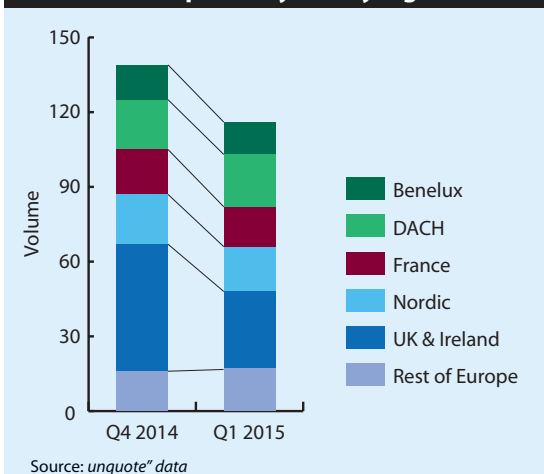
Value of European buyouts by size range



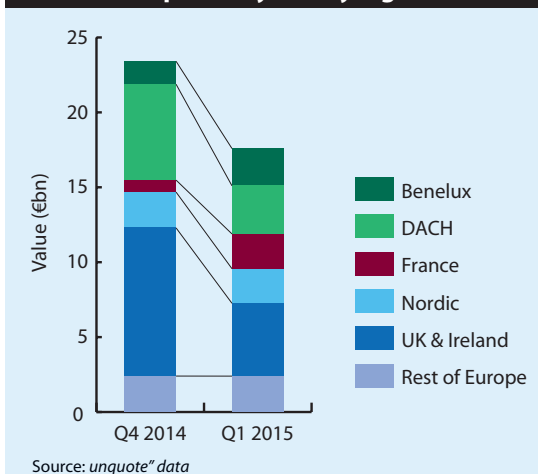
	<€100m Volume	%	€100m-1bn Volume	%	≥€1bn Volume	%	Quarterly total
Q4 2012	78	66%	32	27%	8	7%	118
Q1 2013	72	72%	27	27%	1	1%	100
Q2 2013	78	67%	34	29%	5	4%	117
Q3 2013	94	75%	32	25%	0	0%	126
Q4 2013	71	56%	52	41%	4	3%	127
Q1 2014	87	73%	29	24%	3	3%	119
Q2 2014	102	70%	38	26%	5	3%	145
Q3 2014	84	66%	40	31%	4	3%	128
Q4 2014	91	65%	44	32%	4	3%	139
Q1 2015	77	66%	37	32%	2	2%	116

	<€100m Value (€bn)	%	€100m-1bn Value (€bn)	%	≥€1bn Value (€bn)	%	Quarterly total Value (€bn)
Q4 2012	2.65	11%	9.85	40%	11.84	49%	24.34
Q1 2013	2.61	26%	6.25	63%	1.05	11%	9.92
Q2 2013	2.93	11%	12.83	50%	10.07	39%	25.83
Q3 2013	3.67	23%	12.46	77%	0	0%	16.16
Q4 2013	2.41	11%	14.03	64%	5.58	25%	22.03
Q1 2014	3.06	21%	6.15	41%	5.69	38%	14.89
Q2 2014	3.75	17%	12.94	57%	5.97	26%	22.66
Q3 2014	3.19	17%	10.26	54%	5.72	30%	19.17
Q4 2014	3.36	14%	13.16	56%	6.88	29%	23.40
Q1 2015	3.04	18%	11.75	69%	2.15	13%	16.94

Volume of European buyouts by region



Value of European buyouts by region



	Volume		Value (€m)	
	Q4 2014	Q1 2015	Q4 2014	Q1 2015
Benelux	14	13	1,526	2,485
DACH	20	21	6,396	3,212
France	18	16	795	2,320
Nordic	20	18	2,390	2,308
Rest Of Europe	16	17	2,396	1,757
UK	51	31	9,894	4,860
	139	116	23,398	16,941

Ten largest European private equity-backed buyouts, Q1 2015

Deal name	Country	Value (€m)	Equity provider
Evry	Norway	1,147	Apax Partners
Senvion	Germany	1,000	Centerbridge Partners
Jurys Inn	Ireland	872	Lone Star Funds
Trainline	United Kingdom	641	Kohlberg Kravis Roberts & Co (KKR)
Royal DSM	Netherlands	600	CVC Capital Partners
Premium Credit	United Kingdom	593	Cinven
Survitec	United Kingdom	577	Onex Partners
Siaci Saint Honoré	France	520 (est)	Edmond de Rothschild, Ardian (formerly Axa Private Equity)
Azelis (Novochem/Arnaud)	Belgium	430 (est)	Apax Partners
AS Adventure Group	Belgium	400	PAI Partners

Growth capital



	Volume	Value €bn
Q4 2012	183	2.61
Q1 2013	190	1.75
Q2 2013	190	3.50
Q3 2013	165	1.51
Q4 2013	196	2.32
Q1 2014	203	3.43
Q2 2014	177	1.89
Q3 2014	162	2.21
Q4 2014	188	2.65
Q1 2015	188	2.77
2013	741	9.08
2014	730	10.17
2015	188	2.77

Unlike buyouts, expansion deals started the year on a stable note, recording the same number of deals as the previous quarter (188 transactions). However, these deals not only represent the slowest start to a year since 2009, but also contributed to sluggish annual numbers. A total of 715 deals were reported in this category during the 12 months to March 2015, 39 fewer than the 754 during previous 12-month period to March 2014 (-5%).

The sector registered a quarterly rise of 5% in value terms, from the €2.6bn witnessed in the fourth quarter to €2.7bn in the first quarter. Although this was the fourth consecutive increase in the last four quarters, the category registered a 12% decline – from €11bn in the 12 months to March 2014 to €9.5bn in the 12 months to March 2015.

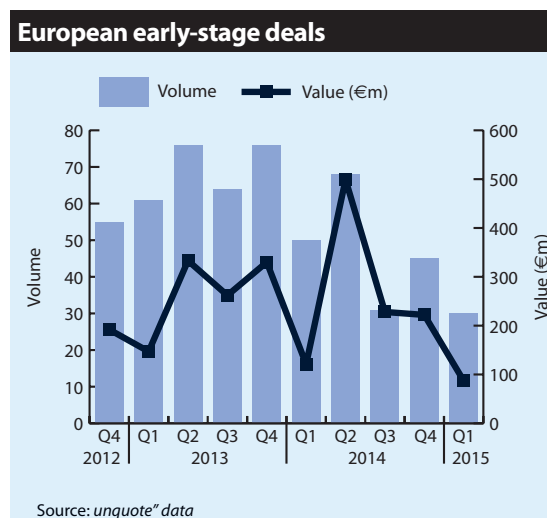
As in the buyout segment, the UK was the predominant market and accounted for 53 completed transactions – 28% of the total. At €1.3bn (48% of the total) the country also represented by far the largest market by value, considerably greater than the total posted by its nearest rival, Germany (43 deals, worth €560m).

The UK was also home to five of the top 10 deals with a disclosed value, including the €89m series-B round for London-based international money transfer service WorldRemit led by US venture capital firm Technology Crossover Ventures. Germany was home to the largest deal of the quarter – the €110m funding round by Insight Venture Partners and Rocket Internet for recipe and meal kit provider HelloFresh.

Ten largest European private equity-backed growth capital deals, Q1 2015

Deal name	Country	Value (€m)	Equity provider
HelloFresh	Germany	110	Insight Venture Partners
Altrad	France	100	CM-CIC Capital Finance, BNP Paribas Développement, <i>et al.</i>
Sigfox	France	100	IDInvest Partners (AGF Private Equity), BPI France, <i>et al.</i>
WorldRemit	United Kingdom	89	Accel Partners, Technology Crossover Ventures
Verne Global	United Kingdom	81	General Catalyst Partners, Novator Holdings, <i>et al.</i>
farfetch.com	United Kingdom	77	Vitruvian Partners
Green Biologics	United Kingdom	63	Morningside, Oxford Capital Partners, <i>et al.</i>
TransferWise	United Kingdom	48	Valar Ventures, IA Ventures, <i>et al.</i>
windeln.de	Germany	45	360 Capital Partners, MCI Management, <i>et al.</i>
Helpling	Germany	43	Rocket Internet, Mangrove Capital Partners, <i>et al.</i>

Early-stage



	Volume	Value €m
Q4 2012	55	192
Q1 2013	61	147
Q2 2013	76	333
Q3 2013	64	262
Q4 2013	76	330
Q1 2014	50	121
Q2 2014	68	499
Q3 2014	31	228
Q4 2014	45	222
Q1 2015	30	87
2013	277	1,072
2014	194	1,070
2015 YTD	30	87

The three months to March 2015 saw the venture capital industry drop to a 10-quarter low, with latest estimates from *unquote*™ data showing a 33% decrease – from 45 to 30 deals. The first quarter's deal volume remains far from the 10-quarter peak of the 76 deals reported in the fourth quarter of 2013. In annual terms, this represents a 35% decline in aggregate deal volume – down from 266 deals in the 12 months to March 2014, to 174 deals in the following 12-month period.

Having decreased from the 10-quarter peak of €499m in the second quarter of 2014 to €228m in the third quarter (-54%), total deal value then slipped to €222m in the fourth quarter. By the end of the first quarter of 2015, aggregate value plummeted to a 10-quarter low of €87m. In annual terms, there was a 1% decline in total deal value – from €1.04bn in the 12 months to March 2014 to €1.03bn in the 12 months to March 2015.

The most active market on a regional basis was the UK, which was home to 10 venture capital deals. The country was the largest in terms of value as well, with approximately €58m in aggregate deal value, followed by Switzerland, which registered €16m across the two deals completed in the country. Germany recorded the second-highest deal volume, with nine deals worth €12m.

As the figures suggest, Switzerland had the highest average deal value, in part due to the fact that it was home to the largest deal of the quarter (Genkyotex, €17m). The UK and Germany, meanwhile, each accounted for three of the top 10 deals by value. The remaining four deals were recorded in Switzerland, Belgium, Norway and France.

Ten largest European private equity-backed early-stage deals, Q1 2015

Deal name	Country	Value (€m)	Equity provider
Genkyotex	Switzerland	17	Vesalius BioCapital, Edmond de Rothschild Investment Partners, <i>et al.</i>
Atlas Genetics	United Kingdom	16	Novartis Ventures, Johnson & Johnson Development Corporation, <i>et al.</i>
Rigontec	Germany	5	High-Tech Gründerfonds, NRW Bank, <i>et al.</i>
Pherecydes Pharma	France	3	Auriga, Ace Management
Lightpoint Medical	United Kingdom	3	London Business Angels, Envestors, <i>et al.</i>
GPredictive	Germany	3	Target Partners
Therasolve	Belgium	2	LRM, Thuja Capital
Fuse (formerly Outtracks Technologies)	Norway	2	Northzone Ventures
Klara	Germany	2	Heilemann Ventures, Partech, <i>et al.</i>
Fluidic AnalyticsI	United Kingdom	2	Cambridge Enterprise Fund, Amadeus Capital Partners <i>et al.</i>

SL Capital Partners

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