



Private Equity\_\_\_\_\_

# BAROMETER

Q2 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 24% in the second quarter of 2015, from the 392 transactions seen in the previous three months to 296 transactions.
- Combined deal value rose by 115% on the back of strong activity in the larger deal segment. Nine €1bn+ buyouts were registered – almost double the next highest number seen in any one quarter since the beginning of 2013.
- In fact, at €147m, the average deal value in the second quarter was 185% higher than that of the previous quarter and the highest recorded over the last 10 quarters.
- Over the 12 months to Q2 2015, there was movement towards larger deals; total deal value increased by 29%, while total volume slipped by 8% (compared with the 12 months to Q2 2014).

### Buyouts

- Deal numbers increased to 131 in the second quarter – an improvement of nine from the 122 deals completed in the first quarter of 2015.
- Aggregated value also increased markedly – rising by 144% from the previous quarter's total of €16.6bn, to €40.7bn.
- The 537 deals (worth €100.2bn) recorded in the 12 months to Q2 2015 represent a 2% uplift on the 524 deals (worth €78.2bn) seen in the 12 months to Q2 2014 (up 28% in value terms).
- The small-cap range (<€100m) was the only size category to register a decline in volume (and value), decreasing by 12%, from 82 deals (worth €3.27bn) to 72 deals (worth €3.26bn).
- Overall, small-cap deals accounted for 64% of the total number of deals and 14% of deal value in the 12 months to Q2 2015.
- In Q2 2015, the core mid-market value segment (€100m–€1bn) saw the most notable volume uplift, with the number of buyouts increasing from 39 to 50. In value terms, these deals rose by 23% – up from €12.4bn to €15.3bn.
- Overall, core mid-market deals accounted for a third of the total number of deals and over half of deal value in the 12 months to Q2 2015.
- The large-cap sector (€1bn+) increased by eight buyouts in the second quarter, up from one to nine deals. These deals generated €22.2bn in value, up from €1bn the previous quarter.
- Overall, large-cap deals accounted for 3% of the total number of deals and 36% of deal value in the 12 months to Q2 2015.
- In regional terms, France recorded the steepest increase in deal numbers – up 53%, from 19 to 29 deals. Total deal value tripled from €2.5bn to €7.5bn.
- The €2.9bn buyout of Verallia by Apollo Invest was France's largest LBO since the financial crisis, considerably larger than the largest buyout in the region during Q1 2015 (Siaci Saint Honoré, €520m est).

- The DACH region and Benelux were the only two areas to register a decrease in total deal volume, respectively accounting for 13% and 9% of all European private equity-backed buyouts in Q2.
- Although all regions registered an increase in total deal value in Q2, the UK and the Rest of Europe accounted for the lion's share (23% and 25%, respectively) of the capital invested in European buyouts.
- At €5.3bn, Italy was home to the largest buyout of the quarter as Santander Asset Management, backed by Warburg Pincus and General Atlantic, merged with Unicredit's Pioneer Investments.
- In terms of the source of buyouts, deals involving institutional investors saw the most significant uptick in volume, rising from 51 deals to 67.
- On the other hand, deals involving privately owned or family businesses saw the most significant downtick in volume, declining from 50 deals to 43.

### Growth Capital

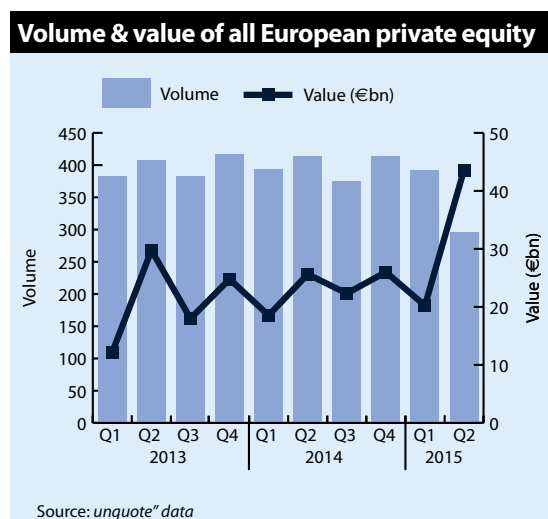
- In value terms, the growth capital sector registered a decline of 26% – from €3.3bn in the first quarter of 2015, to €2.5bn in Q2 2015.
- The total number of deals also decreased sharply, down from 212 transactions to 131.
- The total value of deals during the 12 months to Q2 2015 exceeded the previous 12-month period's total by 13%, up from €9.6bn to €10.9bn.
- Aggregate deal volume in the 12 months to Q2 2015, during which 734 transactions were recorded, fell short of the previous 12-month period's total of 773 by 5%.
- As was the case in the buyout segment, the UK was the predominant market in terms of the volume of expansion deals, accounting for 35 completed transactions – 26% of the total.
- Germany recorded the largest decrease in deal volume, falling from 50 to 16 deals (-68%).
- Sweden was home to the largest growth capital deal of the quarter, when Baillie Gifford, Lansdowne Partners and Rinkelberg Capital led a large syndicate of investors in a €479m round of growth capital funding for Spotify.

### Early-stage

- The three months to June saw the early-stage market decline as the number of deals dropped by 41%, from 58 to 34 deals.
- In value terms, the downward trend witnessed during the previous three quarters finally ended in Q2 2015, with a sharp rise from €163m to €313m.
- Due to the impressive second quarter of 2014, the aggregate value of deals in the 12 months to Q2 2015 fell short of the previous 12-month period's values by 25%, decreasing from €1.3bn to €978m.
- The most active market on a regional basis was Germany, which was home to 10 deals (worth €32.5m), almost a third of the total number of deals in Europe.
- Norway, home to only one deal (valued at €228m), outpaced all other regions in value terms.

# H1 dealflow remains muted but value soars

## Overall European private equity



	Volume	Value €bn
Q1 2013	383	12.23
Q2 2013	408	29.77
Q3 2013	383	17.99
Q4 2013	417	24.79
Q1 2014	394	18.55
Q2 2014	414	25.64
Q3 2014	375	22.32
Q4 2014	413	26.00
Q1 2015	392	20.24
Q2 2015	296	43.59
2013	1591	84.78
2014	1596	92.50
2015 YTD	688	63.83

The lacklustre start to the year extended into the second quarter as dealflow slowed down further. The number of private-equity deals reported during the second quarter was the lowest during the 10-quarter period, resulting in the lowest H1 total noted over the last two years.

The volume of all private equity deals recorded in the second quarter declined by 24% – 96 transactions fewer than the 392 seen during the first quarter of 2015 – to reach 296 deals. The decline represents the steepest fall noted during the last 10 quarters.

With 1,476 transactions reported in the 12-months to the end of June 2015, deal volume declined by 8% compared to the previous 12-month period to the end of June 2014 (1,608 transactions).

The story in terms of value was very different – rising by 115%, from €20.2bn in the first quarter to €43.5bn in the second quarter. This represents the highest quarterly total during the 10 quarters to June 2015. With deals worth a combined €112.1bn recorded during the 12-month period to June 2015, total value improved by 29% as compared to the previous 12 months to June 2014 (€86.9bn).

Overall, the size of the average European private equity deal surged to a 10-quarter high, up 185% from the €51.6m in Q1 of 2015 to €147.2m in the second quarter. As is to be expected, this trend towards higher average values is driven largely by the fortunes of buyouts in the large-cap segment (€1bn+). The total value of deals in this size category rose to a 10-quarter high, from one deal (with a value of €1bn) in Q1 2015 to nine deals (worth a total of €22.2bn) in the second quarter.

The largest private-equity deal of the quarter, valued at €5.3bn, was Santander Asset Management's merger with Pioneer Investments. In stark comparison, the largest deal during the previous quarter was valued at €1bn – Centerbridge Partners' acquisition of German wind turbine maker Servion from Suzlon Group.

## Quarterly Focus

### Enthusiasm for large deals improves

It is not surprising that the European buyout market is once again being dominated by deals at the upper end of the spectrum – the confluence of a number of important drivers is pushing it that way. Perhaps most importantly, large-cap funds coming to the end of their investment periods are keen to spend so they can get out into the favourable fundraising environment.

Add to that the currently abundant supply of cheaper financing and the pull towards larger deals is powerful. Indeed, buyout statistics for the 10-quarter period from Q1 2013 to Q2 2015 reveal that the average size of European buyouts has risen approximately threefold from €100m to €311m and much of this acceleration has come latterly. A significant majority of this growth took place during the final quarter of this 10-quarter period in Q2 2015, boosted by a glut of larger deals in Italy, France, the UK and the DACH area.

Put another way, 103 European buyouts worth €10.2bn were recorded by *unquote data*™ in the first quarter of 2013. In the same period two years later, this had risen to 122 deals worth €16.6bn (a rise of 18% in volume terms and 62% in value). Then this latest quarter witnessed a clear and definitive amplification of the trend: although buyout volume increased by just 7% from 122 to 131 deals, total value rose by a staggering 144% from €16.6bn to €40.7bn.

Dissecting the data by size, we find that buyouts smaller than the €100m mark declined from 82 in Q1 2015 to 72 deals in Q2 2015, while those larger than €100m increased from 40 to 59, accounting for the steep rise in the value of European buyouts.

Surprisingly, the most significant contributor to the increase in the average size of European buyouts was Italy. During the nine quarters from Q1 2013 to Q1 2015 Italy was on average home to two €100m+ deals per quarter. In sharp contrast, Italy recorded seven €100m+ deals worth €8.8bn in the second quarter of 2015, echoing recent reports of the country returning to the path of economic recovery after months of recession. Furthermore, of these seven buyouts, two were valued greater than €1bn, one of which (Pioneer Investments, €5.3bn) was the largest buyout in Europe during Q2 2015. Interestingly, both these mega-buyouts were recorded in the financial services sector.

France not only registered its highest quarterly volume of €100m+ deals in the second quarter, the total value of these buyouts surged from €2bn in Q1 2015 to €7bn (+250%) in Q2 2015. Similarly, the DACH region too noted a trend towards larger buyouts. Germany reported seven deals valued at €100m or greater – just two more than the previous quarter. However, the combined value of these deals doubled from €2.5bn to €5bn. Meanwhile, the volume of €100m+ deals in Austria remained unchanged at one deal, while the total value rose from €100m to €1.8bn.

## Buyouts

Coming off the back of the weak numbers recorded in the three months to March 2015, the second quarter of this year witnessed an upswing in buyout dealflow. Deal numbers increased by nine during the period, from 122 to 131. Meanwhile, total value climbed 144%, from €16.6bn in the first quarter to €40.7bn.

The rise in dealflow echoes the stronger figures seen in the second quarter of previous years: in Q2 2013 aggregate volumes improved by 15 buyouts, while Q2 2014's aggregate volume rose by 27 buyouts. However, in value terms, the improvement noted in Q2 2015 numbers outpaced those of both Q2 2013 and Q2 2014.

Furthermore, year-on-year figures demonstrated some growth, as 537 buyouts were recorded in the 12-months to Q2 2015, collectively valued at €100.2bn – 13 more than the 524 in the 12 months to Q2 2014 and representing a 28% increase in aggregate value from the €78.2bn recorded in the previous 12-month period.

Deals valued greater than €100m played an important part in the overall rise of buyout deal volumes from the previous quarter: the core mid-market segment (€100m–€1bn) increased from 39 to 50 buyouts and large-caps (€1bn+) rose from one to nine buyouts. On the other hand, small-cap buyouts (sub-€100m) decreased from 82 to 72. Similarly, deal values in the core mid-market and large-cap segments improved from €12.4bn to €15.3bn and €1bn to €22.2bn (respectively), while small-caps reported a marginal decline from €3.27bn to €3.26bn.

An improvement in annual deal volume was also noted during the 12 months to Q2 2015 due to a significant uptick in larger deals. Mid-cap deals increased by 22 from 153 to 175, while large-caps recorded 18 buyouts – 6 more than the 12 in the 12-month period to Q2 2014. Meanwhile small-cap buyouts decreased by 15 from 359 to 344. Annual deal value improved as well. Small-caps increased from €12.9bn to €13.6bn (+5%), mid-caps increased from €48bn to €50.7bn (+6%), while the large-cap category rose 108% from €17.2bn to €35.8bn.

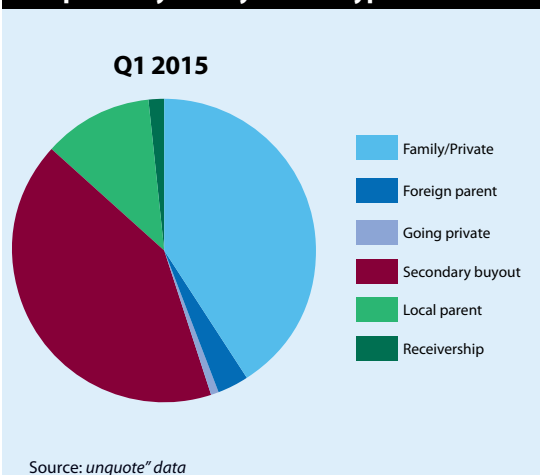
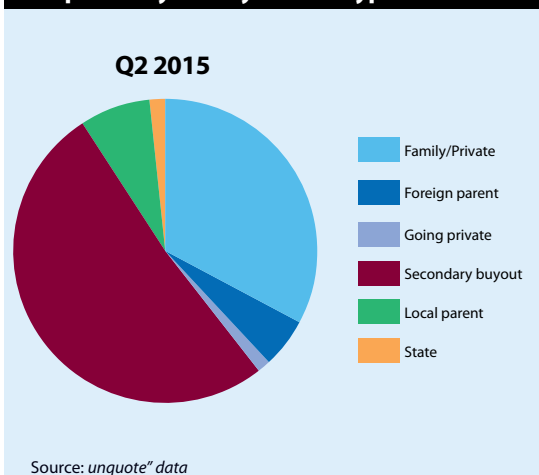
In regional terms, the main downward trend was seen in the DACH area, which dropped to a three-quarter low of 17 buyouts. This represents a decline of 19% compared with the previous quarter. Benelux also reported a marginal decrease in quarterly deal volume, down from 13 buyouts to 12. On the bright side, all other regions noted an increase in aggregate volume (or remained unchanged). In particular, France increased from 19 to 29 buyouts (+53%).

In value terms, all regions reported an uptick. The Rest of Europe noted the largest increase – up €8.3bn as Italy saw two deals worth over €7.5bn (Pioneer Investments and ICBPI). The DACH region, France and the UK too reported sizable improvements, rising by €4.1bn, €5bn and €4.2bn, respectively.

As far as the source of dealflow is concerned, transactions coming from institutional investors saw the most significant increase in volume, rising from 51 to 67 deals. Meanwhile, deals involving family or privately owned businesses saw the most significant downtick in volume, declining from 50 deals to 43 – the lowest quarterly number seen in the category over the last nine quarters. On a similar note, receiverships failed to report a single deal at all.

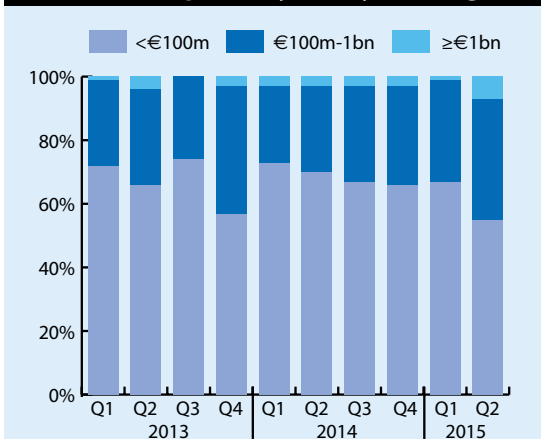
**Volume & value of European buyouts**

	Volume	Value €bn
Q1 2013	103	10.28
Q2 2013	118	25.85
Q3 2013	128	16.19
Q4 2013	129	22.09
Q1 2014	120	14.93
Q2 2014	147	25.09
Q3 2014	140	19.72
Q4 2014	144	23.05
Q1 2015	122	16.68
Q2 2015	131	40.77
2013	478	74.41
2014	551	80.49
2015 YTD	253	57.45

**European buyouts by vendor type****European buyouts by vendor type**

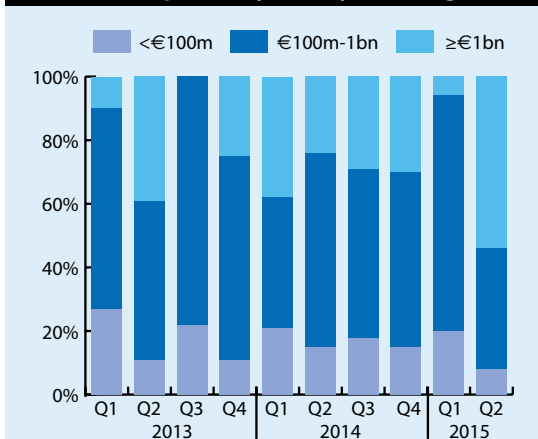
	Q1 2015	Q2 2015
Family/Private	50	43
Foreign parent	4	7
Going Private	1	2
Institutional Investor	51	67
Local Parent	14	10
Receivership	2	0
State	0	2

Volume of European buyouts by size range



Source: unquote® data

Value of European buyouts by size range

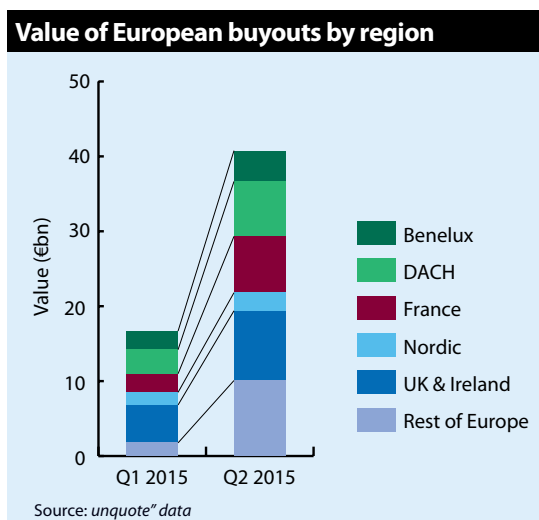
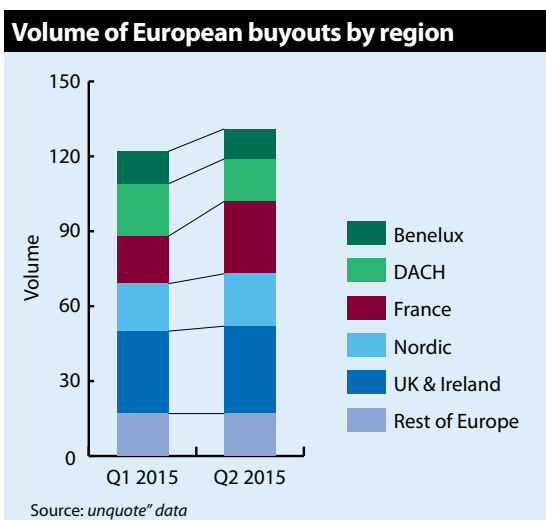


Source: unquote® data

	<€100m Volume	%	€100m-1bn Volume	%	≥€1bn Volume	%	Quarterly total
Q1 2013	74	72%	28	27%	1	1%	103
Q2 2013	78	66%	35	30%	5	4%	118
Q3 2013	95	74%	33	26%	0	0%	128
Q4 2013	73	57%	52	40%	4	3%	129
Q1 2014	88	73%	29	24%	3	3%	120
Q2 2014	103	70%	39	27%	5	3%	147
Q3 2014	94	67%	42	30%	4	3%	140
Q4 2014	96	67%	44	31%	4	3%	144
Q1 2015	82	67%	39	32%	1	1%	122
Q2 2015	72	55%	50	38%	9	7%	131

	<€100m Value (€bn)	%	€100m-1bn Value (€bn)	%	≥€1bn Value (€bn)	%	Quarterly total Value (€bn)
Q1 2013	2.74	27%	6.49	63%	1.05	10%	10.28
Q2 2013	2.85	11%	12.93	50%	10.07	39%	25.85
Q3 2013	3.63	22%	12.56	78%	0.00	0%	16.19
Q4 2013	2.48	11%	14.03	64%	5.58	25%	22.09
Q1 2014	3.09	21%	6.15	41%	5.69	38%	14.93
Q2 2014	3.77	15%	15.36	61%	5.97	24%	25.09
Q3 2014	3.54	18%	10.46	53%	5.72	29%	19.72
Q4 2014	3.58	16%	12.58	55%	6.88	30%	23.05
Q1 2015	3.28	20%	12.40	74%	1.00	6%	16.68
Q2 2015	3.26	8%	15.30	38%	22.20	54%	40.77



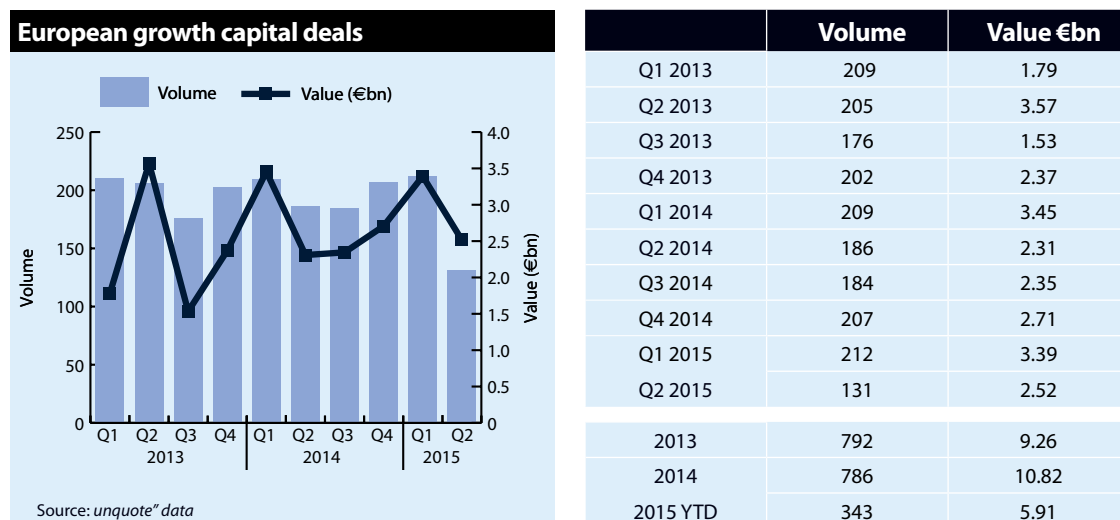


	Volume		Value (€m)	
	Q1 2015	Q2 2015	Q1 2015	Q2 2015
Benelux	13	12	2,485	4,106
DACH	21	17	3,212	7,337
France	19	29	2,485	7,516
Nordic	19	21	1,681	2,418
Rest Of Europe	17	17	1,757	10,078
UK	33	35	5,060	9,311
	122	131	16,680	40,765

## Ten largest European private equity-backed buyouts, Q2 2015

Deal name	Country	Value (€m)	Equity provider
Pioneer Investments	Italy	5,350	General Atlantic, UniCredit <i>et al.</i>
Verallia	France	2,945	Apollo Invest
Douglas Holding	Germany	2,800 est	CVC Capital Partners
New Look	United Kingdom	2,623	Brait Private Equity
ICBPI	Italy	2,150	Advent International, Bain Capital Europe <i>et al.</i>
Synlab	Austria	1,800	Cinven
Virgin Active	United Kingdom	1,787	Brait Private Equity
Environmental Resources Management	United Kingdom	1,547	OMERS Private Equity
Labco	France	1,200	Cinven
Eurofiber	Netherlands	875	Antin Infrastructure Partners

## Growth capital



Unlike buyouts, expansion deals witnessed a sluggish second quarter, recording 81 fewer deals than the previous quarter (131 transactions). These deals not only represent the slowest H1 over the last two years, but also contributed to sluggish annual numbers. A total of 734 deals were reported in this category during the 12 months to June 2015, 39 fewer than the 773 during the previous 12-month period to June 2014 (-5%).

The sector also registered a quarterly decline of 26% in value terms, from the €3.3bn witnessed in the first quarter to €2.5bn in the second. Since this was the first decrease in the last four quarters, the category registered a 13% rise over 12 months – from €9.6bn in the 12 months to June 2014 to €10.9bn in the 12 months to June 2015.

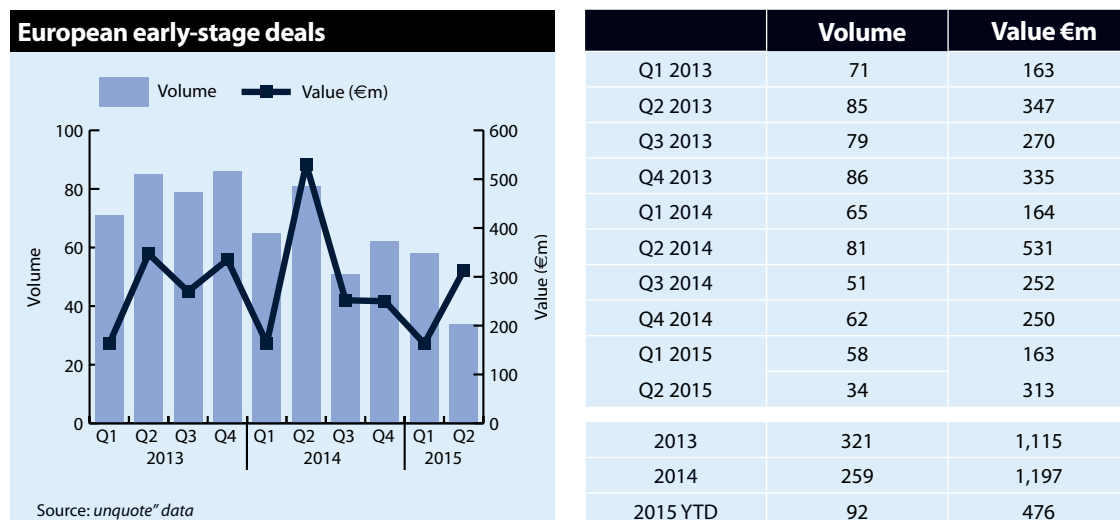
As in the buyout segment, the UK was the predominant market and accounted for 35 transactions – 26% of the total. At €697m (28% of the total) the country also represented the largest market by value, 33% greater than the total posted by its nearest rival, Sweden (nine deals, worth €523m). Still, 72% of the decline in the volume of expansion deals can be attributed to the UK and Germany. Of the 81 fewer deals in the most recent quarter, the UK was responsible for a decline of 24 (30%) while Germany was responsible for another 34 (42%).

The UK was also home to four of the top 10 deals with a disclosed value, including Investindustrial and Tejara Capital's £276m growth capital investment in portfolio company Aston Martin. Sweden was home to the largest deal of the quarter – the €479m round of growth capital funding in Spotify by a large syndicate of investors led by Baillie Gifford, Lansdowne Partners and Rinkelberg Capital.

## Ten largest European private equity-backed growth capital deals, Q2 2015

Deal name	Country	Value (€m)	Equity provider
Spotify	Sweden	479	Goldman Sachs, Halcyon Asset Management <i>et al.</i>
Aston Martin	United Kingdom	276	Investindustrial
InVivo NSA	France	215	Unigrains, Eurazeo <i>et al.</i>
EasyPack	Poland	115	Darby Overseas Investments
Nabriva Therapeutics	Austria	111	OrbiMed, Vivo Capital <i>et al.</i>
Trustpilot	Denmark	66	Vitruvian Partners, Seed Capital <i>et al.</i>
Babilou	France	40	Raise Investissement, Cobepa Belgium
Lyst	United Kingdom	37	DFJ Esprit, Bladerton Capital <i>et al.</i>
onefinestay	United Kingdom	36	Intel Capital, Index Ventures <i>et al.</i>
Park Resorts	United Kingdom	35	Electra Partners

## Early-stage



The second quarter of 2015 saw the venture capital industry drop to a 10-quarter low, with latest estimates from *unquote®* data showing a 41% decrease – from 58 to 34 deals. The second quarter's deal volume remains far below the 10-quarter peak of 86 deals reported in the fourth quarter of 2013. In annual terms, this represents a 34% decline in aggregate deal volume – down from 311 deals in the 12 months to June 2014, to 205 deals in the following 12-month period.

Having fallen to the 10-quarter low of €163m in the first quarter of 2015, total deal value nearly doubled to €313m in the second quarter. This represents the highest total deal value over the last four quarters. In annual terms, there was a 25% decline in total deal value – from €1.3bn in the 12 months to June 2014 to €977.8m in the 12 months to June 2015.

The most active market on a regional basis was Germany, which was home to 10 venture capital deals worth an estimated €32.5m. In value terms, the country was second only to Norway. Even though the Scandinavian country was home to only one deal, it was the largest early-stage deal of the quarter (valued at €228m) – Blue Water Energy backed the start-up of a new Norwegian oil and gas exploration company, Wellesley Petroleum. Portugal recorded the second-highest deal volume, with eight deals worth €8m.

Besides Norway, the UK had the highest average deal value, in part due to the fact that it was home to three of the largest deals (with a disclosed value) of the quarter. France and Germany, meanwhile, each accounted for two of the top 10 deals by value. The remaining three deals were recorded in Norway, Italy, and Austria.

## Ten largest European private equity-backed early-stage deals, Q2 2015

Deal name	Country	Value (€m)	Equity provider
Wellesley Petroleum	Norway	228	Blue Water Energy
Abcodia	United Kingdom	7	Scottish Equity Partners, Cambridge Innovation Capital <i>et al.</i>
Omeicos Therapeutics	Germany	6	High-Tech Gründerfonds, IBB Beteiligungsgesellschaft <i>et al.</i>
PhoreMost	United Kingdom	6	Amadeus Capital Partners
PIQ	France	5	Swisscom Ventures, Orkos Capital <i>et al.</i>
Cobi	Germany	4	Iris Capital, Capnamic Ventures <i>et al.</i>
ViraTherapeutics	Austria	4	EMBL Venture Capital Partners, Austria Wirtschaftsservice <i>et al.</i>
Congenica	United Kingdom	3	Amadeus Capital Partners Ltd, Cambridge Innovation Capital
BioSerenity	France	3	Kurma Life Sciences Partners, IDInvest Partners
Wiringless Implantable Stretchable Electronics	Italy	3	Principia, b-to-v Partners <i>et al.</i>

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