Unquote

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Delayed landing

With travel and tourism likely to be affected for longer than other sectors, PE-backed companies will need fresh thinking to adapt and bounce back

UK, Spanish fundraising pipelines

Spotlight on August Equity

E-scooter businesses anticipate upside

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No time like the present

"Some investors will see this crisis and the problems it is having on their balance sheet and only think about repairing that – they will leave thinking about impact for another day." This quote from Daniela Barone Soares, the CEO at impact fund Snowball, featured in our recently released *Impact Investing Report 2020*, and sums up one of the many negative externalities of coronavirus for the investment community.

Impact investing is, even at the best of times (now known as "2019"), a challenging endeavour despite the tremendous progress made in the last few years. As our head of fund research Paul Tilt wrote in the report, the strategy is still struggling to reach the scale that will make it a must-have for large institutions - as many of the funds remain small, niche strategies that deploy relatively small equity tickets.

Impact investing is also still heavily geared towards emerging and developing markets, where less capital can be deployed to achieve more impact compared to developed markets, as PSSIF's Omar Ghafur pointed out in the report. And that is to say nothing of the actual measurability of impact, which is probably the biggest challenge for institutional investors wondering how to come to terms with nebulous standards, a relative lack of track record for many managers, and the ever-present fear of "impact washing".

And yet... This unprecedented crisis could be an equally unprecedented opportunity to push the impact agenda front and centre, as the economic cycle of the 2010s comes crashing to a close.

Ingrid Kukuljan, head of impact investing at investment manager Federated Hermes, told us she believes impactful companies are essential to help service the unmet needs of the environment and society, and are therefore exposed to enduring sources of demand. This echoes the views of several LPs that *Unquote* has spoken to in recent weeks, who argued that the current crisis reinforced the need to take social utility and impact on local communities into account when evaluating the longer-term performance of investments.

This could all remain wishful thinking, of course, as time-constrained LPs will be busy addressing the issues mentioned by Barone Soares for the rest of 2020 and possibly beyond. But we firmly believe that a number of investors will see the coming months as an opportunity to adapt their strategy for the longer term and reap the rewards, long before others follow. This is why we spent the past few weeks gathering the insight of leading players in the impact space for our report and accompanying webinar, both produced in association with the Aztec Group and available on our website. We hope they provide positive food for thought in these challenging times.

Travel sector seeks solutions to long-lasting woes

The travel and tourism sector looks likely to be affected by the coronavirus crisis for far longer than the majority of other sectors. Harriet Matthews reports on how private-equity-backed companies are adapting, and how they can bounce back

The travel sector has been particularly hard hit by the coronavirus outbreak. While some European governments are in the process of considering lifting or easing certain lockdown measures, the travel sector looks likely to remain afflicted for some time.

Official advice in place across much of Europe is to remain at home unless absolutely essential, while gatherings of more than two people from outside the same household have been banned, impacting travel businesses on a domestic level since March. On the public market, airline shares plummeted amid the uncertainty and many airlines and other transport operators are calling on national governments to assist them.

Martin Luen, managing director at Baird, explains some of the key problems that travel operators have been facing and the challenging dynamics between international operators and airlines: “First, operators have customers who have booked their holidays and are asking for refunds as they do not know if the provider they booked with will still be there in 12 months' time. Second, the operators have already taken the cash and used it to buy flights and make deposits for hotels, but the airlines are not offering cashback for agents and operators. So the agents and operators are being squeezed, they are being offered credit notes from airlines and having to give out refunds, meaning they are even less likely to have the cash they need for wages and expenses for the next few months. There is a furore targeted at certain airlines for not doing what others are doing, which is to give the cash back.”

Prior to the crisis, the travel and tourism sector had seen significant interest from European GPs in recent years – 2015 in particular was a highlight year for investments in the sector, with 18 buyouts totalling €6.64bn, according to *Unquote Data*. Another strong year for travel and tourism buyouts was 2018, with 21 buyouts adding up to almost €5.3bn.

The sector is also a popular choice for small-cap and mid-market GPs. Around one third of buyouts in the sector completed since 2008 were for companies with a turnover of less than ▶

> “A question almost every investor or owner is going through right now is whether to double or quit”
> *Martin Luen, Baird*

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> "People want to go on holiday, but they cannot, so the question is what can we give them instead? What is the minimum thing that can be done?"
> *Simon Fischer, Telescope Advisory Partners*

€50m, while 43% of deals in the sector were for companies with a turnover of €50-250m.

Against this backdrop, GPs have been seeking to stabilise their portfolio companies and address their liquidity needs. In April 2020, Lone Star's UK-based hotel and coach tour group Specialist Leisure Group was seeking a sale to avoid filing for insolvency, following reports in March 2019 that the GP was seeking to sell the company within the next year. However, the company entered administration on 22 May 2020.

In April 2020, in the wake of the crisis, Cinven, EQT and CPPI undertook a €430m capital injection for HotelBeds as a term loan to support the business. As reported by *Unquote* sister publication *Debtwire*, the loan ranks *pari passu* with the existing debt and has the same maturity, meaning that the sponsors expect the business to be able to support repayment.

Driving digitalisation

Nevertheless, sponsors are facing difficult choices. "A question almost every investor or owner is going through right now is whether to double or quit," says Luen. "If you have conviction and you have the stomach to ride out what will be a volatile and bumpy patch, you will need to put in more money and double down, making an assessment about whether this will generate a return over the longer term."

Simon Fischer, a partner at Telescope Advisory Partners, says travel operators have already undergone significant technological change and can continue to do so to tackle the crisis: "In the past, leisure and travel business models were really based on paper catalogues, then online platforms came about." Companies such as Booking.com and GetYourGuide have profited from this change.

Peter Cookson, a partner at Armstrong Transaction Services, highlights the importance of technology and data in the travel sector: "Travel can be a data-rich sector – you can capture a lot of data about what customers want to do or say they want to do. It is also well-suited to online delivery. If people cannot travel, that does not necessarily stop them from looking at places they would like to go to. It is about using the data to understand customer behaviour, and behaviour by different groups of customers, to make sure lifetime value is maximised. Companies that understand their data, capture it, analyse it and take action on it, should be well positioned."

Fischer highlights another way that travel companies might be able to use technology and digitalisation to their advantage to continue to reach customers: "Right now, nobody is looking to book their next travel. But what can be done with VR applications to create a new appetite? How can a business create voucher-based travel pre-payment with discounts? How can they create additional revenue streams next to booking hotels and flights? There is so much more out there to create experiences: people want to go on holiday, but they cannot, so the question is what can we give them instead? What is the minimum thing that can be done? Alternative ways of delivering even a part of the experience are very important."

Cookson adds that such approaches can use data and digitalisation to minimise the cost of customer acquisition and direct marketing spending towards the right channels: "Once a company has won that customer, it is about understanding how they interact with them. There are different cohorts of customers who behave in different ways, for example, in how often they book – it is then about trying to move people to the most profitable or beneficial cohort."

Snapping back

There is widespread agreement among the market sources with whom *Unquote* spoke that, while the current crisis has parallels to the downturn experienced by the travel sector in the wake of the terror attacks in September 2001, companies are currently facing additional unprecedented challenges. No buyout deals have been completed in the sector since February 2020, according to *Unquote Data*, and only three buyouts were done in January, showing the caution that GPs are currently exercising.

Nevertheless, Armstrong Transaction Services has created a model to assess the damage to companies affected by the coronavirus outbreak and to seek alternative revenue lines for companies in specific industries. For the travel and tourism sector, the commercial due diligence adviser suggests a number of "snap-back sectors" that struggling companies can pivot their business models towards during the crisis and once it is over. For the travel sectors, these may include domestic coach services, autumn short breaks and self-contained accommodation such as lodge parks.

Cookson says his firm's model takes into account the commercial differences between the sub-sectors within travel and tourism: "Sub-sectors will behave differently, but we have a framework for looking at this. A sub-sector or a company can be considered across a range of metrics: customer demand; verticals served; customer base; revenue profile; what the front line capability is; what its supply chain looks like; what its cost base is; and how its operations are structured. We use this framework to categorise either sub-sectors or companies as pressured, resilient or snap-back opportunities. We can then dive deeper to drive ▶

Notable assets in portfolios

DEAL NAME	DEAL DATE	COUNTRY	DEAL VALUE (€M)	EQUITY LEAD	FUND INVESTED FROM
Autobahn Tank & Rast	Aug 2015	Germany	3,500	Allianz Capital Partners	n/d
Kuoni Travel Holding	Feb 2016	Switzerland	1,298	EQT Partners	EQT VII
Hotelbeds Group	Apr 2016	Spain	1,200	Cinven	n/d
Wyndham Vacation Rentals	Feb 2018	UK	1,046	Platinum Equity	Platinum Equity Capital Partners IV
Club Méditerranée	Mar 2015	France	939	Silverfern Co-Investment Partners, Fosun International	n/d
Zenith Vehicle Contracts	Jan 2017	UK	880	Bridgepoint Capital	Bridgepoint Europe V
La Compagnie du Ponant	July 2015	France	562	Artémis	n/d
Etraveli	Jun 2017	Sweden	508	CVC Capital Partners	CVC Capital Partners VI
Alpitour	May 2018	Italy	470	Tamburi Investment Partners	n/d
Park Holidays UK	Dec 2016	UK	425	Intermediate Capital Group	n/d
Sykes Holiday Cottages	Oct 2019	UK	423	Vitruvian Partners	Vitruvian Investment Partnership III
Siblu Holdings	Sep 2019	France	400	Naxicap Partners	n/d
Travelopia	Feb 2017	UK	381	KKR	n/d
Big Bus Tours	Feb 2015	UK	294	Exponent Private Equity	Exponent Private Equity Partners III
Travel Counsellors	Jun 2018	UK	285	Vitruvian Partners	Vitruvian Investment Partnership III

Source: *Unquote Data*

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> "Travel companies can emphasise convenience, security and certainty compared with independent booking"
> *Peter Cookson, Armstrong Transaction Services*

out recommendations to maximise opportunities and minimise risks."

Cookson also highlights the fact that travel and tourism booking operators can seek to make themselves stand out amid consumer uncertainty: "Travel companies can emphasise that when compared with independent travel, everything is arranged, stressing that any issues will be something they deal with: they can emphasise convenience, security and certainty compared with independent booking."

Silver linings

The so-called "silver pound" is also likely to sustain the industry in the longer term, according to Luen and Cookson. "There are a few sectors where we see long-term structural growth," says Luen, "where we think there is a clear investment opportunity, as they are long-term structurally growing. One is luxury travel, which typically caters to the older demographic – offering cruises and rail journeys, all of which have been specifically affected – and that demographic has been hit the hardest. But people will always travel, people are looking for experiences, and that sector in particular has the disposable income. They also value a high degree of customer service."

Although M&A opportunities in the travel sector might be few and far between for the time being, Luen says mergers and consolidation plays could shore up the sector for the future: "It may make sense for some operators to consolidate and form a single, combined sales and marketing force, customer service team and call centre, to rationalise the cost base, becoming more profitable and resilient, in order to get through the downturn."

"We are hearing more questions about the longer-term options," says Luen. "For example, some companies may be thinking about a nil-cash merger, where two operators combine, creating a larger-scale operator, perhaps focused on the silver pound demographic, in which two owners take a split equity stake so they both can benefit from the higher value platform in future and see a way through to generating that value."

Luen says it may well be easier for two private-equity-backed companies to undertake such a merger as they may already have the structures and precedents needed in place, although this is not a guarantee of success. "The companies do need to have a cultural fit and there must be an ownership fit across the two private equity firms, as they need a similar timeline for their investment, and they need similar strategies. But that is not uncommon. With corporates, it is more one-off or bespoke, as they do not have so much experience of structuring deals creatively."

A new destination

Cookson says private-equity-backed assets might also be in a better position within the market to take advantage of technology and data-driven approaches: "Private equity understands the value of data and digitalisation strategies in the travel sector. What is important is not necessarily that a travel company has finished that journey, but that it recognises the value in going down that journey. Not everything needs to have been done, but it is that recognition that there are opportunities that can be realised if that journey is taken."

Although travel companies were not as severely affected during the global financial crisis as they have been during the coronavirus pandemic, innovation and opportunities may come out of calamity. Luen cites the example of the approach taken by Booking.com during and after the 2008 crash. "Booking.com used the opportunity to consolidate through a buy-and-build strategy in the online travel agency space for flight and hotel booking. It focused on buying sub-scale online businesses; it could pay affordable prices and integrated them into its platform. There are a number of sectors like that today where there is real opportunity."

While GPs attempt to find liquidity solutions for their travel sector companies and plan ahead, Cookson highlights the importance of staying in touch with customers. "Anything that can enhance customer engagement is important: you want your customers not to feel like they have been forgotten. It is about the right type of engagement with customers: they want to know you are still there and intending to do the things that you have done, even if in a slightly different way."

In the medium term, Cookson expects domestic travel will still see significant customer demand. "Our snap-back analysis picks up on the fact that spending is often only partially discretionary – demand is pent up or stored up during an economic crisis. People are still likely to want to go on holiday as and when they can, but their horizons may be narrower in the short term, as they want to minimise risks. Staycations are likely to be an initial outlet for that: short breaks in the autumn to European destinations are likely to be an option too. People want to go away, but want to feel like they are in control if adverse events happen in the short term." ■

Most active GPs in the space since 2015

GP	NUMBER OF DEALS	TOTAL VALUE (€M)	GP COUNTRY
Bridgepoint	3	1,053	UK
Livingbridge	3	337	UK
LDC	3	179	UK
Sixth AP Fund	2	2,179	Sweden
Vitruvian Partners	2	707	UK
Exponent Private Equity	2	441	UK
BPI France	2	290	France
Inflexion Private Equity	2	175	UK
Phoenix Equity Partners	2	84	UK
Kings Park Capital	2	14	UK

Source: *Unquote Data*

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Q&A: SHS's Alilovic on healthtech investing

Harriet Matthews
Reporter

Harriet Matthews: How does investing in healthcare and health technology during the current crisis differ from investing during the 2008 global financial crisis?
Sascha Alilovic: In 2008, there were not that many healthtech companies compared with today – the field really started to develop around this time. The healthcare system as a whole is more reluctant to adapt to change than other industries, which is perhaps a reason. So in 2008 you barely had any healthtech investments. But in the past three to four years, healthtech investments have peaked, and a lot of companies have been invested in that were not necessarily sustainable businesses early on, but they will need to be now. Many companies we are now looking at need at become a bit more mature and show the capability to finance themselves to a large extent and not just start off with high spending and deficit – that would not be of as much interest to us these days.

Typically, in healthtech especially, we invest only in companies that have significant revenues in the magnitude of millions of euros. And they have to have decent margins and high growth trajectories in their markets. There has to be quite a significant need for their particular healthtech applications. We see some fractionised offerings all catering to a specific niche, but it might not be interesting or big enough to be sustainable going forward.

> "Typically, in healthtech especially, we invest only in companies that have significant revenues in the magnitude of millions of euros"
> *Sascha Alilovic, SHS*

HM: Healthcare and healthtech companies are generally regarded as non-cyclical, but what kind of liquidity problems, if any, have your portfolio companies been facing during the crisis?
SA: Some of our portfolio companies did need more liquidity earlier than planned, as they are not as focused on respiratory topics or coronavirus-related events, which is the large focus of the

SHS's new managing partner, Sascha Alilovic, talks to Harriet Matthews about the specialised healthtech investor's current investment plans, developments within its portfolio and how the coronavirus crisis could affect the healthcare market

healthcare sector at the moment. Some planned developments on the customer or clinical side have been postponed to a later stage. For example, all of the clinical and pre-clinical studies for other topics beyond coronavirus are postponed or slower, so these companies must be very careful and manage their liquidity.

But a number of healthtech companies are benefiting, such as telemedicine, of course. Our portfolio business Selfapy is tailored to helping patients with depression and we have even promoted specific free opportunities to users to use the app during the crisis, so that people who are anxious can work with psychotherapists and psychologists, and use their tool from home. That is one of the companies benefiting.

One portfolio company that is not directly involved is Finland-based Neuro Event Labs, which does diagnostics of epilepsy patients as a remote session. But there are millions of epilepsy patients who need to be monitored or hospitalised – they can get the equivalent for the video EEG surveillance and can therefore do their diagnostics from home without needing to be in touch with a physician directly, and the data is then transported to the relevant neurologist.

> "Some of our portfolio companies did need more liquidity earlier than planned, as they are not as focused on coronavirus-related events"
> *Sascha Alilovic, SHS*

HM: In SHS's current portfolio, which companies have been involved in efforts to fight Covid-19 or in producing products related to its treatment?

SA: Single Use Support (SUS) is at the forefront when it comes to the supply chain in almost all types of innovative medicines: the most advanced vaccine is currently being developed by a US company, and they are using SUS's freeze-and-thaw packaging systems to deliver vital and expensive products. A number of gene therapies are using their product to ship from filling plants around the world to their customers or in the next step in the value chain, where this part of the supply chain was previously in doubt as they needed to be 100% sure that it would arrive at the relevant patient undamaged and not tampered with. They are at least quadrupling their revenues based on that this year, probably even more.

SUS is looking at a growth rate previously of maybe doubling or tripling their revenues. The quadrupling is driven partially by Covid-19, but also by large contract development and manufacturing organisations that are using them. Thermofischer is a publicly known customer of SUS and is using the product to ship and pack modern and novel therapeutics worldwide. That is a big driver.

SUS is in the lucky position to be cashflow-positive to a large extent and can finance growth by itself, but it is likely that it will draw down some ▶

> "We would like to add investments of high quality in medical and health technology that now need an experienced investor who understands the sector"
> *Sascha Alilovic, SHS*

funding from us to expand its production and manufacturing facilities. This is something that we arranged when we originally invested, so we have the option to have an additional reserve to add into the equity.

HM: Where do you see opportunities to deploy capital now? Will you be making new platform investments in healthtech or looking to deploy more equity into your existing portfolio?
SA: The existing portfolio is doing well in spite of the current environment – we need to take care of two or three companies that are more affected, but we have others that are doing much better than planned, so it balances out with regard to liquidity planning. We would like to add some investments of high quality in medical and health technology that now need an experienced investor who understands the sector and the specific indications there, and who can provide equity. We are looking at established players who have a high growth rate, but see delays to their original plan and might need some dry powder added.

We are looking to add mid-market platform companies, too; businesses with succession topics where we could come in as a minority partner and help the owners reorganise, or even take a majority of up to 100% in small to mid-market domestic companies.

Many owners may have been thinking about succession planning for a long time. But this could be a crisis that helps to form a stronger opinion in their mind that it is necessary to get an investor in and prepare a succession, since this is a very stressful time for many companies and owners, and they will need to survive it. So an external investor with deep pockets could be helpful to them and there are many opportunities for minority stakes where they might plan a full exit in a couple of years' time.

Restrictions have been eased a little in Germany recently. We have a lot of existing relationships in the industry and a lot of owners in the healthcare space know us, so now we can build on the relationships we have established in the past few years. If needed, we can do a transaction quickly on that basis. On the other hand, it always takes time with preparation and execution, so we may start with preparation via videoconference and it would be fine to wait for the first personal meeting for a couple of weeks and maybe even months before final execution.

HM: Looking to the future, what kind of exit opportunities do you see in the current portfolio? Have these changed as the crisis has progressed?
SA: It's fair to say that transactions that have to be done now are being postponed; potential acquirers are getting themselves in order and they do not have the energy or appetite for deals. We saw some delays on that front – this was not as bad for processes in the last stages, if they were close to finalising the transaction and it was essential to the acquirer. But it is more difficult if assets come to market now: it will raise the question of "why now?"

We have therefore not had as many inbound approaches, as we would have had typically, and where we do, we are just focusing on the bandwidth of our management teams, trying not to be too distracted by exit processes that are not yet very tangible.

We have quite a breadth of companies in our portfolio. For earlier-stage, innovative medtech companies doing clinical studies for

FDA approval, the strategy has not changed much. The risk appetite for those has decreased among strategics for now. But when it comes to stable mid-market companies generating decent cashflow, which are profitable but not experiencing significant growth, we are seeing a lot of influx of capital because it is non-cyclical and could therefore benefit in comparison with other industries. We see some more inbound interest in those types of companies from new investors such as family offices, for example. But for the others, the strategy of when to exit has not changed much.

HM: What do you think LPs who have invested in healthcare- or healthcare-focused funds will want to see from their GPs during this time?

SA: What they all like to see is transparent communication; it is very good to inform all the LPs and keep them in the loop on how the companies are performing, how the crisis is affecting the portfolio companies and our future investment strategy. They also need to know how we are coping as a firm. It is important to be much closer to your LPs these days.

We have always been a more conservative investor; we always plan for how to reach break-even on each investment case. Our investors are very much benefiting from this strategy now, and they like that we are not pushing or forcing our companies to the limit, but trying to support the possibility of them getting cashflow-positive on their own.

There is a question of how the healthcare sector as a whole will shift its budget: will it be increased for everything that is coronavirus-related, or will it be shifted? There will be a change in thinking from what is "nice to have" to what is "must have" – the commercial risks may be shifted and we are looking for this in our new investments as well. Bits and pieces in the market will shift and LPs are also looking to see if we follow that.

HM: Are there any other key developments in the market that should be mentioned in conjunction with the current coronavirus crisis?

SA: The pressure will be very high to prepare our healthcare system for the next pandemic, not just coronavirus, but for any similar event. People will take a close look at ICU capabilities and capacities. There will be, in my view, some increases in budget. But there will be more pressure on the system of cost versus vital healthcare benefits of the "nice to have" aspects; the portion that patients must pay themselves could increase to justify specific treatments, especially in countries such as Germany where you have a very limited self-payer market.

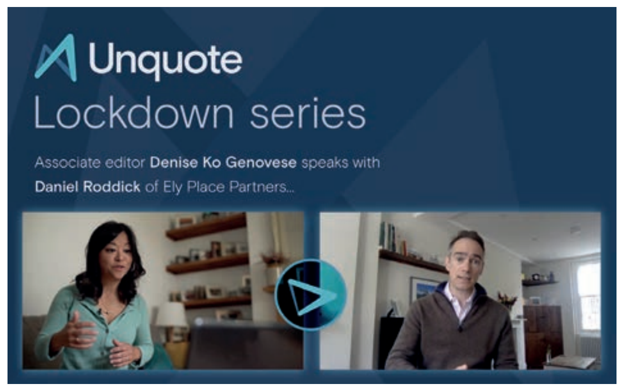
In the healthcare investment space, it is key to look at what we are doing and what function we provide: financing innovation in the healthcare space is key. But at the same time, generating returns for investors is vital. The societal impact may not have had as much weight in the past due to the cost burden in combination with the patient benefit, but this will be crucial for the economy as a whole, and we as an investor can play a very helpful role.

Europe needs to have a very significant base of healthcare innovation. If innovation is all focused in Asia or the US, that cannot be a viable strategy – and that is also a very important piece of the whole system. We need a functional system in Europe, as people will cater for their own societies first – it will be disastrous if we do not have sufficient innovation and capabilities within our own society. ■

"It is very good to inform all the LPs and keep them in the loop on how the companies are performing, how the crisis is affecting the portfolio companies and our future investment strategy"
Sascha Alilovic, SHS

Expert voices

Video: Ely Place's Roddick on the latest LP/GP trends

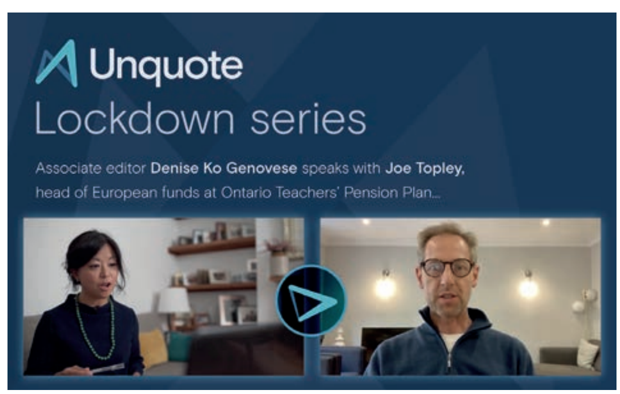


In the first of *Unquote*'s new lockdown video series, Daniel Roddick, the founder of placement and advisory firm Ely Place Partners, spoke to Denise Ko Genovese about the issues facing LPs and GPs in these uncertain times.

Roddick notably discusses pre-fundraising campaigns, the denominator effect and how lessons learned from the global financial crisis mean there is unlikely to be a wholesale rethink of LP allocation to private equity despite the coronavirus pandemic.

"Fundraising effectively never stops," Roddick said. "There is still a lot that [newer GPs] can be doing. They need to be planning for the next fundraise – whether that is working on a pre-marketing initiative to make sure LPs are aware they are coming to market, or making sure all the documentation and due diligence material is there when the markets open." ■

Video: OTPP's Topley discusses liquidity squeeze, GP discipline



In the second video of *Unquote*'s Lockdown series, Joe Topley, head of European funds at Ontario Teachers' Pension Plan (OTPP), shares his LP perspective on the current state of the private equity market.

Topley joined Denise Ko Genovese to talk about falling valuations and the lack of visibility in portfolios, getting comfortable with meeting first-time managers on video calls, and more.

Investors were expecting significant distributions to come out of their portfolios this year and since those will not be anywhere to be seen for the next 12-18 months, some LPs are facing the prospect of a significant liquidity squeeze, he said. Topley also shared his concern that some GPs may end up investing in sub-optimal deals in a push to deploy capital, and warned fellow LPs to be suitably vigilant. ■

Despite lockdown, *Unquote* continues to gather insights from the industry's prominent practitioners across videos, podcasts and webinars. Clicking on the content's image or icon will open it in your browser

Unquote Private Equity Podcast: **Belt & braces**

Unquote partnered with Liberty GTS to record a special podcast on the implications of the coronavirus pandemic on W&I insurance. This segment of the market has experienced solid growth in recent years, with the steady uptick in deal activity leading to a similar rise in the volume of policies being written.

With large swathes of the private equity pipeline on hold in the wake of the coronavirus outbreak, Rowan Bamford, president of Liberty GTS, and Gareth Rees, Liberty GTS's chief underwriting officer, stopped by to discuss their take on the short- and medium-term outlook for M&A activity, whether we can expect a sudden spike in W&I claims, the potential impact on pricing for the product in uncertain times, and more. ■

Impact investing webinar: **Capital Meets Conscience**

Watch *Unquote*'s virtual event on Impact Investing: Capital Meets Conscience, in partnership with the Aztec Group, with panellists including Maggie Loo from Bridges Fund Management and Daniela Barone-Soares from Snowball.

Unquote has spent the past few months surveying the impact space and released its inaugural *Impact Investing Report*, published in association with the Aztec Group, on 26 May.

Ahead of the report launch, *Unquote* organised an Impact Investing: Capital Meets Conscience live virtual event on Thursday 21 May, in partnership with the Aztec Group.

Participants included James Duffield, head of business development at the Aztec Group (moderator); Maggie Loo, partner at Bridges Fund Management; Daniela Barone-Soares, CEO of Snowball; Aaron Pinnock, impact investment analyst at Church Commissioners for England; and Dr Stavros Siokos, managing partner at Astarte Capital. ■

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GP Profile: Riverside Europe

Katharine Hidalgo
Reporter

To date, none of Riverside Europe's portfolio companies have shut down operations due to the coronavirus crisis. Managing partner Karsten Langer attributes the firm's achievements to the sharing of information in portfolio companies across Europe and its operating team.

"We have several businesses in Italy that we helped operate within the restrictions put in place," Langer says. "Because events there occurred a lot earlier, this gave us a head start and we were able to institute a lot of what we learned there for the rest of our portfolio." The firm has invested in several assets in Italy, including mineral water and soft drinks producer Galvanina, and catering spare parts supplier LF Spa.

The firm has taken measures to protect employees using sanitary conditions and procedures, and made sure all portfolio companies moved to a work-from-home policy, as did Riverside professionals themselves.

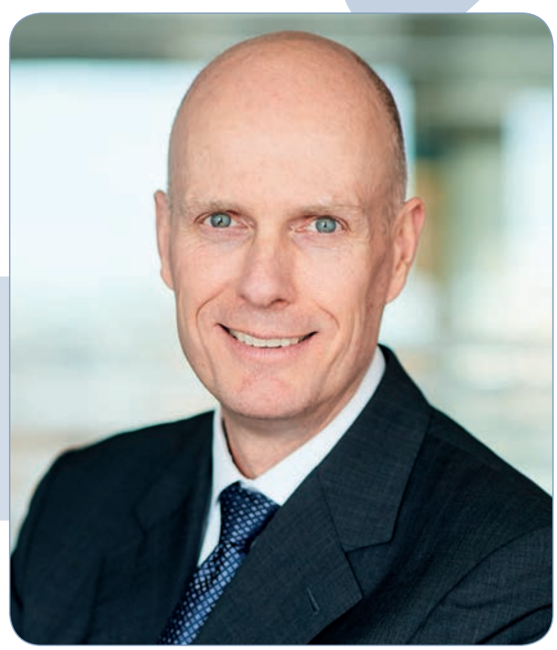
"If sites had to be open to operate, we implemented social distancing," says Langer. "This included segregating shifts, closing off communal areas, segregating changing rooms and having strict procedures for the entrance of distributors and truck drivers. So far, among all of our portfolio companies, we have only had three cases of Covid-19."

> "We have to think about the effect of public market valuations on our portfolio, so it is unlikely we will benefit in valuation terms"
> *Karsten Langer, Riverside Europe*

Riverside has not provided fresh equity to any portfolio companies yet: "We have not had to do so, as all the companies have access to additional liquidity from their banking partners. The shareholders of the companies will be there to provide support if liquidity does run out over the coming months.

"I am very proud of how my team has taken this challenge and the way we have been able to react quickly across the portfolio," Langer says. "That is due, to a large degree, to an operating team that is very close to the portfolio."

In addition to the investment team, which works with portfolio companies, the firm also employs five operating professionals in Europe. It also has a global network of operating partners in other business units, such as Riverside Australia



Riverside Europe managing partner Karsten Langer discusses how the firm's portfolio is coping with the coronavirus crisis, as the GP raises its sixth-generation fund

and Riverside North America, and a group of consultancies vetted by the firm, which is known as the Riverside Toolkit. The operating resources are aimed at creating a systematic approach to portfolio growth initiatives, operational improvements and add-on investments.

Langer says: "We share origination tools and resources across the firm. For example, our European team might help other funds with an add-on strategy in Europe. When our companies are looking to grow or do add-ons in North America, the operating team is coordinated at a global level to help us with that."

Strategy update

Riverside Europe launched its sixth fund in April 2019 with a target of €600m and a hard-cap of €750m. The fund held a first close on €314m in July 2019, according to *Unquote*.

If the target or hard-cap is achieved, the sixth-generation vehicle would significantly surpass its predecessor, Europe Fund V, which closed on €340m in 2017. The fund was short of its €450m target and smaller than the €420m Europe Fund IV, which closed in 2010.

However, while the target does represent an expansion, many other firms have grown their funds at a much faster rate. Langer says: "There is probably potential for our product to be bigger than it is, as there are enough companies out there to invest in. We have always had the ambition to do more deals of the type that we do, rather than of a larger size, but it is tough to have too many investments."

The fund will pursue the strategy led by its predecessors, acquiring controlling stakes in 10-20 companies posting EBITDA of up to €30m. The overall value of add-ons typically equates to up to 50% of each fund – but only about 10% is usually called from the fund, with the rest coming from resources available at the portfolio company making the acquisition.

Riverside Europe IV has made three investments to date: Germany-based party tent manufacturer Toolport and bike retailer Bike24; and Spain-based pharmaceutical ingredients manufacturer HealthTech.

While Riverside has a pan-European mandate, Langer notes that it had invested a lot in Germany and southern Europe recently. "We try to be present in every region of Europe, enough that we are seen as local, because we do hire local investment professionals," he says. "We also try to be light of foot enough that we are not required to deploy in areas just for the sake of being busy in a market. If we find the market is not throwing up the right opportunities, we will not invest there."

Riverside Europe Partners IV and V are both in their realisation phases, with the former still to sell four assets and REP V having made two exits. Langer says of the long-term effects of the coronavirus crisis on the portfolio: "We will not net benefit from this. We will be happy if we get out with a mild impact. We have to think about the effect of public market valuations on our portfolio, so it is unlikely we will benefit in valuation terms."

Despite this, Langer says that some companies have seen a positive shift in revenue streams. "We have yet to get a long-term view of trading under these conditions, but all our businesses that produce consumer staples do sell online and have seen significant increases in consumer-led revenue," he says. ■

E-scooters hit by lockdown but anticipate future upside

Eliza Punshi
Reproter

The e-scooter market has taken Europe by storm in recent years, with 21 deals in EMEA since 2017, according to *Unquote Data*. The surge in deals has been helped by changes in the regulatory landscape, with e-scooters now allowed to operate in 11 European countries.

Some of the more well-funded e-scooter businesses in Europe include: Swedish company Voi Technology, which has raised $168m in two years since being founded; German startup Tier Mobility, which has raised $127m; and Barcelona-based Wind Mobility, which has raised more than $70m. But they are dwarfed by their US rivals Lime and Bird, which have so far raised $765m and $623m respectively, according to Crunchbase.

But just as challenges such as legislation and well-funded US competitors were becoming manageable issues, European e-scooter startups now face another challenge in the form of the coronavirus outbreak.

The issue is particularly acute for non-public-transport companies, given that most cities across Europe initially banned non-essential travel and restricted outdoor movement to physical exercise. Tier Mobility, which in February 2020 raised $40m in a series-B extension round, saw revenues decline by 70% at the beginning of April this year, according to CEO Lawrence Leuschner. The company's backers include SpeedInvest, Point Nine Capital, RTP Global, Novator, Mubadala Capital, Goodwater Capital, Axa Germany, Evli Growth Partners, Northzone and Kibo Ventures.

> "If the lockdown continues through the year, it will be horrible and we lose one summer, but even then, it is just one summer"
> *Riku Asikainen, Evli Growth Partners*

Dutch startup Dott saw declines in demand of between 65% and 90% across its regional markets in the first few weeks of the pandemic, according to a spokesperson for the company. Dott has so far raised €50m in venture capital from VCs including EQT Ventures, Naspers Ventures, Axel Springer Digital Ventures, Felix Capital, FJ Labs, U-Start Club and other angel investors.

Maintaining runway

Consequently, e-scooter companies have taken measures to preserve capital and mitigate the effects of the outbreak on their businesses. The initial response of many companies has been to reduce their fleets or pause operations entirely.

Swedish startup Voi, which operates in 40 cities and has so far raised around $138m from VCs, recently announced that the company had a "solid financial foundation long into 2021" but that it "must take steps to preserve that position". The company's backers include Vostok Capital, Balderton Capital, Creandum, Project A, JME Ventures, Raine Ventures, Kreos Capital, Inbox Capital, Rider Global, Black Ice Capital and angel investors.

Some startups have also had to lay off staff or seek government assistance to furlough

The novel coronavirus and the subsequent lockdown across Europe have put a brake on the transport sector. Should e-scooter startups and their investors be worried, or will it present an opportunity? Eliza Punshi reports

them. Voi recently laid off 525 members of staff across various departments and is seeking government help to furlough them. Tier CEO Lawrence Leuschner said the company has used Germany's Kurzarbeit scheme – the equivalent of the UK's furlough scheme – for people who had been working on the company's expansion to new cities and markets, with those plans now shelved. US-based Bird, which in January this year acquired German e-scooter company Circ and has operations in Europe as well, has laid off 30% of its 1,387 employees, according to TechCrunch.

For the time being, e-scooter startup managers and investors are putting on a brave face despite the hits their businesses have taken.

Riku Asikainen, managing partner at VC firm Evli, says that, unlike its other portfolio companies, Tier Mobility has been severely hit. However, he is optimistic about the future, especially as the company is still running around 70% of its operations, while others in the sector have pulled out of some cities almost entirely, he says. "While it would be silly to say we are expecting the same revenues for 2020 as we did before Covid-19, we have invested in Tier with the long term in mind and we intend to support the company for years to come."

Dott investor Lars Jurnow, a co-founder at EQT Ventures, whose portfolio otherwise mainly consists of B2B software companies, has a similar outlook. "Right now, it is software companies that are weathering the storm. So, in my personal portfolio, in the short term, Dott has been affected the most but I am very positive about the future."

The seasonality of the e-scooter rental business could be one reason VCs are not overly concerned. Says Asikainen: "Even in normal times, usually summer until November in Europe is when the demand peaks. So, if the lockdown continues through the year, it will be horrible and we lose one summer, but even then, it is just one summer. But we do not think it will go on for that long, and it looks like in Europe things could go back to normal by summer of this year."

With social distancing likely to become a lasting fixture across Europe, which would have notable ramifications for public transport, these businesses could also seize on an opportunity to press their advantage home.

There is evidence that, in cities where they are still operating, e-scooters are proving useful for essential journeys to work, shops and hospitals. Dott, which is still operating a reduced fleet in all its cities, reported a 200% rise in journeys to and from hospitals in French city Lyon during the lockdown. It also found that 33% of riders in Paris were doing more than four rides per week, an increase of 300% compared with the weeks prior to the crisis.

Says Jurnow: "Before, it was sustainability that was driving e-scooter startups forward. Now it is not just that, but also social distancing that will accelerate the uptake of e-scooters in urban areas."

The increased demand for alternative options while public transport is affected by the Covid-19 pandemic is a silver lining for the sector. But the majority of players will need to be resilient enough to absorb the initial shock until normality resumes. ■

VC Profile: Isai

Greg Gille
Editor

Entrepreneurs-backed venture capital firm Isai celebrated its 10th birthday in style in early May with the €90m first close of its latest fund, Isai Venture III. Founder and managing partner Jean-David Chamboredon says the timing of the pre-marketing phase was well-judged in hindsight: "We had around €90m in soft commitments at the end of February, before countries entered into lockdowns. Notably, all the investment committees of our institutional investors had taken place before that came into play, so we ended up with very few defaults when we started firming up commitments at the end of March."

Nevertheless, the VC has had to stretch its initial timeline expectations for the fundraise overall. While Isai initially expected to close the fund before the summer, it now sees it wrapping up toward the end of Q3 or later in the year, Chamboredon says. The fund has a hard-cap of €120m.

Like predecessor Isai Venture II, the new vehicle has so far prioritised individual investors, with institutional investors accounting for around 40% of commitments. Isai stated that it was able to rely on its historical investor base for the first closing of Venture III, while also welcoming a handful of

> "A number of businesses are at a standstill. But we have not had any investments reach critical condition, with an emergency financing need"
> *Jean-David Chamboredon, Isai*

newcomers. Institutional investors that have backed the latest fund at this stage include BPI France, Arkéa, Quadrille and Idinvest. Isai co-founder and French entrepreneur Pierre Kosciusko-Morizet (who notably founded marketplace PriceMinister) is the largest individual investor in the fund.

Isai Venture II collected €75m in June 2015, above its €70m hard-cap. According to Chamboredon, Isai closed the investment period of the vehicle in the first quarter of 2020 (when it could have run until the end of the year), as it felt it had reached a suitable number of platform investments and decided to maintain some dry powder to support the portfolio. The fund has 25 assets in the portfolio, including the likes of CodinGames, DataBerries and Hopwork.

Chamboredon says that while the coronavirus outbreak has had an impact on the portfolio, the firm has not had to deal with major flash points: "A number of businesses are at a standstill, naturally,

French VC Isai recently held a first close on €90m for its third early-stage venture vehicle. Greg Gille talks to founder Jean-David Chamboredon about the challenges of raising a fund in lockdown, and the firm's plans to deploy capital in an uncertain environment

because they are just unable to bring in any revenue at the moment. But we have not had any investments reach critical condition, with an emergency financing need."

Deployment mode

Venture III will focus on startups in the digital space, including software-as-a-service developers, and marketplace and AI businesses. It will invest as the lead in around 20 businesses with equity tickets of €1-3m, with the ability to return for follow-up rounds. A separate pocket of €150,000 will be dedicated to seed funding and will be deployed along the lines of a "super angel", according to the firm.

The VC is looking to bolster its cross-Atlantic investment capacity with this new fund – it will back US startups founded by French citizens, in addition to supporting French companies in their expansion into the US.

Isai stated that capital efficiency would be a key criteria in selecting and backing potential investments, with co-founder and general partner Christophe Raynaud saying: "You do not necessarily need a lot of money to develop a product, test a market and validate a business model. We strongly believe that creativity is greater under constraint."

Asked about his appetite to actively pursue deals in the current environment, with France slowly emerging from lockdown, Chamboredon says: "We are starting again to look at some dealflow; but to be honest, and as much as video calls are good to initiate contact, it is very unlikely we would ever sign anything before meeting management face-to-face. If conditions are indeed improving on that front, it is not impossible that we would look to ink something as early as June, but there is nothing definite for now."

Venture III is the sixth fund managed by Isai, which launched its first vehicle 10 years ago. While still focused on digital-driven businesses and a fundraising model based on support from a large network of entrepreneurs, the firm now has around €500m under management across a family of funds for different sub-strategies.

The 2015 Isai Venture II fund was double the size of both its predecessor and Isai's debut fund, Isai Développement, which closed on €35m in October 2010.

In 2013, Isai also held a final close on €50m for its second fund, Isai Expansion, which targeted larger tickets compared with its venture counterpart. The vehicle's successor, Isai Expansion II, closed on its hard-cap of €150m in July 2018 and deploys tickets of €5-30m.

In June last year, Isai teamed up with consultancy Capgemini to launch Isai Cap Venture. The fund has a €90m target and will aim to take minority stakes in 15-20 technology startups that develop software products for B2B services, providing equity tickets in the €1-5m range. ■

Key team members

Jean-David Chamboredon is co-founder and managing partner at Isai.

Christophe Raynaud is co-founder and general partner at the firm.

Thierry Vandewalle is a general partner at Isai, having initially been involved as an investor in the VC's funds.

Pierre Kosciusko-Morizet is a co-founder of Isai and the largest individual investor in its latest fund.

Unquote
An Acuris company

GP Profile: August Equity

Katharine Hidalgo
Reporter

As many firms delay their fundraising processes, August Equity Partners is in the advantageous position of having closed a fund before the coronavirus-related fundraising lull permeated in Europe. The firm's fifth-generation vehicle closed on its hard-cap of £300m in February 2020.

Managing partner Philip Rattle says: "Fundraising has definitely been affected in this crisis; but even before it, it was getting tougher. LPs are looking to make fewer and larger commitments. The current situation will amplify those stress points. Having capital recently committed allows us to support our investments; it gives us stability, and the ability to focus on new investment and portfolio management rather than fundraising."

> "Having capital recently committed gives us stability, and the ability to focus on new investment and portfolio management rather than fundraising"
> *Philip Rattle, August Equity Partners*

Many existing investors, including BMO Global Asset Management, Argentum, M&G and BNP Paribas Private Equity, re-upped for AEP V, but the vehicle also diversified the firm's investor base. Rattle says the fund saw around 25 LPs participate, a slight increase on the number for AEP IV. US-based investors committed $170.5m to the fundraise, more than 40% of the capital in the fund, according to an SEC filing.

In the current environment, several market commentators have speculated on the possibility of LPs defaulting on their commitments. One venture investor told *Unquote* that LP defaults had already occurred in some VC funds with smaller LPs. Rattle says: "We're not concerned our investors are going to default, they're all institutional blue-chip investors."

AEP V made its first investment in IT services provider Air IT upon its close in February. The fund will write equity cheques of £15-40m for companies with EBITDA of £1-5m and will look to acquire 10 companies, though it has not made a second investment yet. "There was a pause

immediately following the measures imposed to stop the spread of the coronavirus in the UK, but we continue to look at sector focus areas," says Rattle. He says the firm aims to acquire three companies in the next six months.

The firm typically invests in service-led, UK-

Katharine Hidalgo speaks to August Equity Partners managing partner Philip Rattle about the firm's strategy for its latest fund, how it hopes to insulate its portfolio from the Covid-19 crisis, and its exit strategy

based businesses, with a focus on accreditation and certification companies, healthcare and IT services. Rattle is not expecting to change the firm's strategy or sector focus because of the coronavirus crisis: "We're looking at how these companies we may invest in have responded to the current circumstances, but as long as they still fit the characteristics we're looking for, we're still interested."

Some market participants have reported valuation discounts of up to 25-35% against valuations prior to the crisis. While this presents opportunities for new investments, it also has serious repercussions for existing portfolios. Says Rattle: "All the major public markets are showing significant falls. The businesses we're considering investing in, we've been talking to them for several years in some cases, and they have obviously been attractive to us for some time."

He added: "We haven't yet started testing if there's been changes in valuations. Terms will change undoubtedly."

All hands on deck

Rattle says the firm has taken a number of measures to insulate its existing portfolio from the risk of running out of cash. "We've looked at all of the recommendations for funding from the BVCA. We've also created a positive dialogue between our portfolio and lenders, providing a great deal of information. We haven't made any equity injections."

AEP IV closed on £224m in April 2017 and recently made its 10th acquisition, its last investment. "For AEP IV, we're putting the remaining capital in the fund behind supporting and investing in organic growth plans and acquisitions. Conversations are still continuing with businesses we plan to bolt on, so we've just done another round of allocations of the remaining capital in the fund."

> "[The Covid-19] situation will pass. We're having a session next week with our portfolio companies to talk about growth opportunities and new initiatives"
> *Philip Rattle, August Equity Partners*

Rattle says the firm is already starting to look ahead to see how its portfolio can progress in the current environment. He says: "This situation will pass. We're having a session next week with our portfolio companies to talk about growth opportunities and new initiatives."

Assets in the fund include Genesis Dental Care, accreditation firm British Assessment Bureau, and computer services company Charterhouse Voice and Data.

AEP III, which closed on £200m in December 2013, is currently in its realisation phase. The fund most recently exited Wax Digital, a procurement software developer, to trade buyer Medius in November 2019. August acquired the company in an off-market transaction in November 2015.

Wax was the sixth realisation from the fund, following the disposal of Vet Partners in August 2018 to BC Partners and the sale of Compass Community in 2017 to Graphite Capital.

Rattle says: "We have no imminent exits, but we're looking at exits in the next 6-12 months. Some of our businesses, if they continue to perform well, will remain of great interest to acquirers."

Assets in the fund yet to be sold include healthcare provider The Old Deanery Care Village and UK schools operator Easton Square School Group. ■

Unquote
An Acuris company

Name-brands push on with UK fundraising

Katharine Hidalgo
Reporter

Following the Conservative Party's victory in the UK general election in December 2019 and the renewed sense of certainty that swept the political landscape, UK-based GPs announced a slew of fund closes and launches in the early months of 2020.

Despite the coronavirus crisis, many private equity and VC investors are continuing in this vein, with some expected to hold closes in the coming months.

As seen elsewhere in Europe, a number of these are name-brand managers (with vehicles often targeting investments outside the UK, too), which are currently thought to be better able to navigate constraining conditions for fundraising.

In April, *Unquote* reported on a number of large US institutional investors approving commitments to CVC Capital Partners VIII, ranging from €50-100m, as the GP hits the trail in the hopes of raising €17.5bn. CVC is still targeting a first and final close by the end of June this year, *Unquote* understands.

Bridgepoint Development Capital IV, which is part of Bridgepoint's growth capital strategy, was announced in February 2020 and held a first close in the week commencing 4 May 2020 towards its target of £1bn. The fund has a significantly larger target than its predecessor, BDC III, which closed on £600m in June 2016, above its target of £500m.

> Trilantic is expecting to hold a dry interim close for its sixth-generation fund shortly, with commitments exceeding €500m

Meanwhile, Trilantic Europe is expecting to hold a dry interim close for its sixth-generation fund shortly, with commitments exceeding €500m, *Unquote* understands. The fund has a target of €1bn and was launched around a year ago – it held a first close in December 2019.

In the large-cap market, a source close to the situation confirmed that BC Partners is still fundraising as expected for its European Capital XI vehicle, which was announced in January 2020 with a target of €8.5bn.

Hg, which is currently raising three funds, is expected to hold final closes for all of them in the coming weeks, according to a report by *Bloomberg*. The firm is said to have raised $1.5bn for Hg Mercury 3, and $5bn for Hg Genesis 9 and Hg Saturn 2 each.

Soldiering on

Several firms at the smaller end of the market are also pressing ahead with fundraising and expect final closes in 2020.

In the venture space, C5 continues to raise its Cyber Partners II fund, which has held periodic closes and will hold more in the future towards its target of $200m. The firm is expecting to make new deals in May, according to a source close to the situation.

A decent number of UK-focused GPs are forging ahead with fundraising processes despite challenging conditions. Katharine Hidalgo rounds up the latest updates on a number of live and upcoming processes

Another venture investor, Frog Capital, is aiming for a September close for its European Growth II fund, which held a first close on €50m in November 2019.

In the small-cap buyout market, *Unquote* understands a final close for Kennet Partners V is expected in the coming weeks, towards its €200m target.

Elysian Capital's third-generation vehicle is expected to hold a first close in June 2020 towards its target of £300m, according to a source close to the situation.

Dunedin, which registered its fourth-generation fund in July 2018 with a target of £300m, according to *Unquote Data*, is also still on the trail, a source close to the situation told *Unquote*.

Delays expected

Inevitably, timescales have slipped for other managers, though. Capdesia, an investor in the European food service sector, has delayed fundraising, but still expects to hold a final close in September, according to a source close to the situation. The GP will resume conversations with LPs in June, in the wake of a number of opportunities emerging in the sector due to the coronavirus crisis, said the source.

Prior to the outbreak, Kester Capital was expecting to hold a final close for its second-generation fund on its hard-cap of £100m in H1 2020. However, the GP now expects to hold a close later in the year, according to a source close to the situation.

Elysian Capital's third-generation vehicle is expected to hold a first close in June 2020 towards its target of £300m

Sovereign Capital has delayed the fundraising process of its fifth-generation fund, which has a target of £600m, *Unquote* understands. The GP's previous fund, Sovereign Capital IV, closed on £395m in August 2014.

When it comes to the future fundraising pipeline, Charterhouse initially expected to launch its next vehicle in June; the process is understood to be likely to occur following the release of Q3 results. Charterhouse XI will have a target of €2.5bn.

On the road

Around 60 funds in the UK and Ireland are either fundraising or in pre-marketing, according to *Unquote Data*. GPs in the market include Foresight, Silverfleet Capital Partners, Livingbridge and Palatine Private Equity, though it is unclear whether they have delayed their processes.

Bridgepoint, Trilantic Europe, BC Partners, Hg, C5 Capital, Frog Capital, Kennet Partners, Elysian Capital, Dunedin, Capdesia, Kester Capital, Sovereign Capital, Foresight, Silverfleet Capital Partners, Livingbridge, Palatine Private Equity and Charterhouse all declined to comment. ■

Unquote
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2010-vintage funds: what remains in UK portfolios

Private equity managers now have a number of options available to them when funds near the end of their lifespan. The most obvious is a straightforward fund extension, alleviating the pressure to exit all assets before the optimal exit window arises.

Sam Kay, a partner at law firm Travers Smith, says the jury is still out as to whether a surge in GPs triggering extensions (or asking for additional ones) is on the cards: "We have not yet seen a particular focus on fund extensions. Whether this will become a more significant feature is likely to depend on the length and impact of the lockdown."

The funds

Augmentum I has a 10+1+1 lifespan. It invested £3-10m in businesses based in the UK and Hong Kong in the technology and e-commerce sectors.

Inflexion 2010 Buyout Fund has a 10+1+1 lifespan, according to *Unquote Data*. LPs include the European Investment Fund, F&C Asset Management, LGT Capital Partners, New York State Teachers' Retirement System and State of Wisconsin Investment Board. It invested in nine UK-based companies and seven of those have been exited.

Montagu IV targeted mid-cap and large-cap companies based in the Nordic region, Poland, Germany, the UK and France, according to *Unquote Data*. It invested in 15 companies, of which 12 have been exited.

Phoenix Equity Partners 2010 has a 10+1+1 lifespan. It invested £15-50m in UK-based businesses worth up to £200m operating in the financials, business services, media, consumer, industrial and healthcare sectors.

But others in the market are confident that holding periods will increase across the board in the medium term, thus making fund extensions unavoidable. "Over the coming 18 months there will be a significant uptick in fund extensions," says Antoine Dréan, chairman and founder of Triago. "In general, they are likely to be granted without much difficulty, just as they were during the global financial crisis (GFC)."

Secondaries to the rescue

Even before the coronavirus pandemic, the secondaries market was increasingly being explored by private equity houses as an alternative to a sale process. "After the GFC there was a pause in deals as investors got their bearings, but even then, you saw sophisticated LPs leverage the secondary market in order to react to market realities," says Claire Woolston Commons at Palico. "What is different now is that secondaries is a much more developed market, having grown fivefold, so you will see more LPs look to secondaries in order to adjust their PE portfolios at a time like this."

But appetite on the buy-side could cool off in the coming weeks, at least until updated valuations for Q2 and Q3 are on offer. "Some GP-led deals could be underwater over the coming quarters with firms committing the cardinal sin in secondaries – losing money," says Mark McDonald at DWS. "Some actors may find they simply overpaid and, with leverage on top, the new valuations do not match up." Even opportunistic buyers on the hunt for a bargain may be minded to lie in wait until the full impact of the Covid-19 outbreak is more clearly visible. ■

Unquote and *Mergermarket* highlight portfolio companies held in 2010-vintage UK funds, for which no deal has been publicly disclosed and that could come to market

FUND (VINTAGE)	PORTFOLIO COMPANY	YEAR ACQUIRED	PORTFOLIO SALE REPORTED
Augmentum I (2010)	**BullionVault** London-based commodity trading platform	2010	None reported
	Seedrs London-based crowdfunding and secondary market platform	2015	None reported
	SRL Global London-based security and risk management service to asset management firms and family offices	2010	None reported
Inflexion 2010 Buyout Fund (2010)	**British Engineering Services** Manchester-based engineering inspection, testing and consultancy service	2015	None reported
	Succession Plymouth-based wealth management service	2014	None reported
Montagu IV (2010)	**Arkopharma** France-based natural medicines and herbal food supplements provider	2014	None reported
	Deas Denmark-based property and asset management service	2015	In July 2019, *Mergermarket* reported that Deas was on the market for a second time in less than two years. Sell-side adviser Rothschild is marketing Deas based on EBITDA of around DKK 135m (c€18m). Deas reported DKK 528m revenues for 2018 and DKK 505m for 2017
	Open International Worcestershire-based insurance software developer	2014	In April 2018, *Mergermarket* reported that Montagu kicked off a sale process for Open GI. IMs were distributed and first round bids were expected in May 2018. BofA Securities was advising Montagu
Phoenix Equity Partners 2010 (2010)	**Bridge Leisure** Milton Keynes-based holiday parks operator and management service	2015	None reported

Spanish GPs face tough fundraising environment

Alessia Argentieri
Senior reporter

Several Spanish vehicles were launched last year and are expected to wrap up their fundraising in 2020, but might choose to postpone their closings.

MCH Iberian Capital V was launched in April 2019 with a €400m target and has recently held a first close on €200m. It invests in medium-sized companies headquartered in the Iberian peninsula that generate EBITDA of €5-15m, and deploys equity tickets in the €20-50m range.

"Despite the coronavirus emergency, our fundraising is proceeding at a good speed and we have already raised half of the fund's total capital," José María Muñoz, founding partner of MCH, tells *Unquote*. "However, some discussions with LPs have been put on hold and we expect our fundraising to continue at a slower pace in the coming months. This will probably result in a postponement of our final close, which was originally planned for the end of the year."

Another fund on the road is Magnum Capital III, which was launched with a €450m target in December 2019. The vehicle already has enough commitments to make its first investments, but forecasts fundraising to take longer than expected given that some investors are delaying their decisions, *Unquote* understands.

> "Some discussions with LPs have been put on hold and we expect our fundraising to continue at a slower pace in the coming months"
> *José María Muñoz, MCH*

Spanish lower-mid-market investor Suma Capital is raising its second growth fund, Suma Capital Growth II, which was launched with a €125m target and held a €65m first close in December 2019. The vehicle targets businesses with high-growth potential that are ESG-focused, operating in the niche manufacturing, specialised retail, business process outsourcing and e-commerce sectors. It deploys equity tickets of around €10m and acquires majority stakes of 51-55%, or minorities of no less than 30%.

Suma told *Unquote* that it expects to slightly delay its final close in order to attract additional capital from international LPs and institutional investors, which have been a bit more reluctant in committing capital to the country than local LPs. "Our fundraising is proceeding well despite the crisis and we have recently received additional commitments from some Spanish LPs," says Pau Bermudez-Cañete, partner at Suma. "We expect to delay our closing for no more than three months."

GED Capital is also on the road and expected to hold a final close for its sixth vehicle, GED VI España, in the first half of 2020. The fund was launched with a €175m target and held a €100m first close in March 2019. It deploys equity tickets of €15-20m to acquire primarily majority but also minority stakes via buyouts and growth capital deals.

Spain has been badly hit by the Covid-19 pandemic, which is likely to disrupt fundraising processes across the board for local GPs. Alessia Argentieri rounds up notable funds affected and gathers dealflow updates from managers

In at the deep end

The pandemic could have a more noticeable impact for the handful of GPs that announced a new fund at the beginning of the year, or those that were planning to launch a new vehicle in Q1 2020.

Meridia Capital was eyeing a return to market with a second fund targeting €125m, with a €150m hard-cap. The launch was originally expected at the beginning of 2020, but the GP is looking to delay. "At the moment we are focusing on supporting the companies in our portfolio, and making sure that they have cash in their balance sheets and the necessary financing to go through the crisis and fully recover," says David Torralba, a partner at Meridia.

Abac Capital has recently launched its second fund, Abac Sustainable Value II, with a €350m target. The vehicle plans to build an investor base primarily composed of international LPs, and is likely to see its fundraising slowed down by the crisis. It targets majority stakes in Spanish medium-sized companies with an enterprise value in excess of €30m, operating in the consumer, energy, industrials, technology, media and telecommunications sectors, providing equity tickets in the €20-50m range.

Spanish GP Portobello Capital launched a minority-dedicated fund, Portobello Structured Partnership I, with a €250m target and €300m hard-cap in January 2020. The GP was planning to hold a first close in Q1 2020 and hit its hard-cap by the end of the summer.

> "We are focusing on supporting the companies in our portfolio, and making sure that they have cash in their balance sheets and the necessary financing to go through the crisis and fully recover"
> *David Torralba, Meridia*

Before the crisis, Portobello expected most of the European LPs from its previous vehicles to re-up, while increasing the percentage of local LPs, following the growing interest in this asset class shown by Spanish investors. However, with several LPs postponing their investment decisions, the fund might encounter some delays.

How to spend it

For private equity funds that held a close before the coronavirus crisis hit Spain, the situation appears less hostile, but still presents challenges in deal-making and in finding the best exit strategies for their portfolio companies.

Nexxus Iberia held a final close on €170m for its first Spanish fund, Nexxus Iberia Private Equity Fund I, just before the outbreak erupted. The fund targets investments in Spanish companies with EBITDA in the €3-12m range that have the potential to be expanded into Mexico and the US. It deploys equity tickets in the €15-20m bracket and plans to make a total of 8-10 investments in companies with enterprise values of €40-100m. ▶

"We are glad to have wrapped up our fund before the emergency, thanks to our strong base of Spanish and European institutional investors, private investors and high-net-worth individuals from Latin America," says Javier Onieva, a director at Nexxus Iberia. "We are now able to support adequately our portfolio companies and value carefully the best investment opportunities available at this difficult time."

The GP told *Unquote* that the fund is currently in exclusivity with one company operating in the real estate services sector and expects to close the deal just after the summer. In addition, the fund made three non-binding offers for a technology company, an industrial appliances specialist and a content production business. However, Nexxus does forecast increasing challenges for due diligence on new deals, as well as uncertainty for exit processes for the current portfolio.

"In the coming months, we expect delays in deployment and a slowdown in completing our first divestments, given that conducting a successful exit in this climate can be very challenging," says Onieva. "However, our fund held its final close only recently and we have plenty of time to choose the right opportunities and delay our processes if necessary, until the market gets back to normality."

MCH Iberian Capital V is also in negotiations to

Spanish funds currently on the road

FUND MANAGER	FUND NAME	TARGET	FUND TYPE
Altamar Capital Partners	Altamar Capital Partners Secondaries IV	€750m	Secondaries
Magnum Capital	Magnum Capital III	€400m	Buyout
MCH Private Equity	MCH Iberian Capital V	€400m	Buyout
Abac Capital	Abac Sustainable Value II	€350m	Buyout
Arcano Capital	Arcano Capital XII	€300m	Fund-of-funds
Portobello Capital	Portobello Structured Partnership I	€300m	Minority stakes
ABE Private Equity	ABE Private Equity	€200m	Buyout
GED Capital	GED VI España	€175m	Buyout
Suma Capital	Suma Capital Growth II	€125m	Growth capital
PHI Industrial	PHI III	€50m	Restructuring, carve-outs

Source: *Unquote Data*

acquire two Spanish companies operating in the food industry, which MCH does not expect to be badly hit by the crisis, and might close these two deals by the end of the summer.

"We are going through with our negotiations, but we intend to be very cautious in selecting our next deals and finding targets resilient in a possible recession," says Muñoz. "Furthermore, we expect some interesting opportunities for private equity funds to arise in the aftermath of the crisis, especially in certain sectors that will require recapitalisation."

New deal

Suma is also going through with a new deal: the acquisition of a company operating in the technology sector. "We started negotiations last year and we expect to close this deal by the summer," says Bermudez-Cañete. "For other, more recent processes, however, we have put our due diligence on hold when the sector was badly hit by the crisis or have renegotiated new conditions to guarantee better terms to our investors. It is important to be cautious at this stage and look for truly resilient opportunities."

Suma is also managing the portfolio of its debut fund, Suma Capital Growth Fund I, which is currently around 90% deployed. The GP told *Unquote* that it decided to put on hold or renegotiate some of the add-ons that were in the pipeline for its first fund portfolio.

"Four fifths of the value of Suma Capital Growth Fund I is doing well," says Bermudez-Cañete. "All our companies are operating as usual except for two businesses in the retail and travel sectors, which had to stop their activity. All of them, including these two, have strong balance sheets, not much leverage and sufficient liquidity to face the challenges and find the necessary oxygen to recover and continue to expand after the crisis."

> "We expect some interesting opportunities for private equity funds to arise in the aftermath of the crisis, especially in certain sectors that will require recapitalisation"
>
> *José María Muñoz, MCH*

In addition to contemplating a return to the fundraising trail, Meridia also manages its debut fund, Meridia Private Equity I, which closed on €105m in June 2017 and is 85% deployed. Meridia started due diligence for the fund's seventh and last deal in January – the acquisition of a company in the healthcare sector – but had to put it on hold in March. "It has become increasingly challenging to ink deals in this state of alarm," says Torralba. "However, we expect to go through with our seventh deal and close it after the summer, considering that the target company is operating in a very resilient industry and is currently doing well." ■

Unquote
An Acuris company

Nordic GPs find solace in demand for tech deals

Eliza Punshi
Reproter

The Nordic region saw 106 deals between January and mid-May, with Sweden leading the way with 45 deals, followed by Finland with 30 deals and both Norway and Denmark with 15 deals each, according to *Unquote Data*.

Compared with the same period last year, this is a decline of 9.4% in overall deal volume. Denmark and Norway have seen particularly sharp declines of 52% and 32% respectively. Sweden, however, has only seen a drop of 2% and Finland has seen a surge of 77% in deal volume.

Unquote Data reveals a significant disparity between the region's venture capital activity and the buyout activity – the latter has plummeted by an average of 39% in the Nordic countries, excluding Iceland, compared with 2019.

The massive drop reflects the challenges that have arisen due to the coronavirus pandemic and the lockdowns implemented across Europe. Panellists at the Nordic M&A webinar hosted in May by the Swedish Chamber of Commerce for the UK identified pressing issues facing deal makers, notably including difficulties accessing debt financing, liquidity issues, carrying out due diligence, and uncertainty around valuations. According to *Unquote* sister publication *Debtwire*, panellists said that, although digital data rooms and virtual presentations worked relatively well, the private market is so relationship driven that a virtual meeting with management cannot replace the confidence and perspectives from a physical meeting and site visit.

VC tonic

The situation could not look more different for venture capital activity, which is up by 9%. Finland and Sweden recorded a higher number of VC-backed deals this year than last year, with deal volume nearly doubling in Finland, and Sweden seeing a 15% increase.

EQT Ventures, which held a final close on its €660m vehicle EQT Ventures II last autumn, has invested in four software companies (its primary sector focus) since the pandemic.

Ashley Lundström, deal partner at EQT Ventures, says: "There will inevitably be some companies that unfortunately will not make it to the other side, but there will also be some good that comes out of this when it comes to advancements in technology. A lot of experienced and stronger companies will come out on top at the end of this. Crisis experience can be hugely beneficial for founders."

Another upside, Lundström believes, is that valuations are getting a reality check. "They were relatively high before and now we have seen them come down. There are a lot of founders who have become very transparent now and there are now more great and honest conversations with founders happening."

"There will inevitably be some companies that unfortunately will not make it to the other side, but there will also be some good that comes out of this"
Ashley Lundström, EQT Ventures

Buyout activity in the Nordic region has nose-dived in 2020, while venture capital activity surged in some countries. Eliza Punshi gauges local investor sentiment on current opportunities, and on whether a more significant slowdown is yet to come

But VCs are also being cautious, believing that these are the early days. Lundström says all her portfolio companies are taking measures to maintain liquidity. They have cut back on marketing and hiring new staff, and in some cases let go of employees.

Tech advantage

Technology has dominated the Nordic region for a long time, and 2020 has been no different. There have been more deals in the technology sector than any other so far this year, with 64 deals out of 106. This was followed by industrial companies, with 15 deals and healthcare with eight deals.

The region's well-established tech sector might have cushioned it against the coronavirus pandemic, giving it an advantage over other parts of Europe, especially if the current situation ends up driving innovation and agility for the most successful companies. Says Lundström: "Some of the very best tech companies have been built just after crises like these. In the past decade, we have seen a ton of talent develop in the Nordic region, and there is a lot of VC capital to back them as they pursue new ideas now. That is the recipe for some very successful companies."

Not all GPs share this optimism. Says Staffan Morndal, a managing partner at Verdane: "While we have some stuff going for us, we are intertwined with other countries, and even if software companies are looking resilient right now, they will be affected indirectly, especially if their customer base is in countries outside the Nordic region."

Delayed reaction

Furthermore, any enthusiasm should be prefaced with a significant caveat. The deals that have so far materialised in the Nordic region are those for which talks began prior to the Covid-19 pandemic. Transactions, particularly buyouts, launched and finalised entirely online have yet to be seen, and for this reason, some in the industry fear that the real slowdown is yet to come.

> "Given the volatility of the market, we are cautious, but remain active with many interesting investment opportunities in our shadow portfolio"
> *Kristoffer Melinder, Nordic Capital*

Nordic Capital managing partner Kristoffer Melinder expects the effects of Covid-19 to impact the markets until at least 2021, but says: "We are seeing attractive opportunities to invest in high-quality businesses, even now. Given the volatility of the market, we are cautious, but remain active with many interesting investment opportunities, of varying maturities, in our 'shadow portfolio' currently under evaluation."

Morndal says: "Unemployment will go up significantly, but the short-term effects are limited due to various government programmes. We will see negative effects on the GDP for this year and the next year."

He adds: "People tend to believe things will be better than they actually might be." ■

DACH PE looks to mid-term effects as lockdowns ease

Harriet Matthews
Reporter

Figures from *Unquote Data* show that buyout dealflow in the DACH region fell from 52 to 37 between Q4 2019 and Q1 2020. While this may seem like a moderate drop given the tremendous impact of the Covid-19 outbreak on local economies and M&A processes, it is worth noting that virtually no deal valued in excess of €250m got inked after February (apart from Schülke), and that the full impact on any contraction in deal announcements will most likely not be truly apparent until Q2 figures are released.

GCA Altium's latest *Mid-Cap Monitor* reveals that the financing market in the region was initially in good health in the first quarter, with direct lenders again increasing their market share: debt funds backed 60% of LBOs between €20-500m in Q1 2020, compared with 52% in Q4 2019. However, the firm also sees a significant impact to come in Q2 2020, even if market sentiment is improving.

Germany's economy shrank by 2.2% in Q1 2020 according to the Statistisches Bundesamt, the worst figure since 2009. GCA's *Mid-Cap Monitor* also noted that 72% of Q1 2020 debt transactions were recaps, refinancing or add-on financings, compared with 44% in the same period in 2019. New primary and secondary buyout financing also fell from 56% in Q4 2019 to 28% in Q1 2020.

> "Although the big wave of so-called restructuring mandates has not kicked off yet, it will surely come in the second half of the year"
> *Stefan Jaecker, DC Advisory*

Stefan Jaecker, managing director for the DACH and CEE regions at DC Advisory, says that the firm adapted as quickly as possible to the emerging needs of sponsors as the effects of the coronavirus outbreak and ensuing lockdowns became clear, with a focus on its debt team, which handles financing and restructuring mandates. "Very early on, we started to shift staff from M&A to our debt advisory team in Germany, to help monitor the market and to help our clients. Although the big wave of so-called restructuring mandates has not kicked off yet, it will surely come in the second half of the year."

Adapting to change

As DC's DACH strategy indicates, many advisers in the private equity market have changed their services to adapt to current market conditions and for the mid-term demands of their clients. Codex Partners has seen an uptick in interest in its buy-and-build advisory services to its clients that go beyond its core offering, says partner at the firm Rüdiger Maaß: "We offer the buy-and-build services to our commercial due diligence clients, saying: 'You bought this company, so let's see if there are interesting ones in other areas.' As prices and multiples have come up, it is very expensive to buy in structured processes so more and more funds are interested. Either they already have a

Dealflow and fundraising remain far off returning to normal and market players are contemplating the medium-term consequences of the crisis, even as the DACH region is easing lockdowns. Harriet Matthews reports

nucleus, or they are looking for one. We offer them buy-side support; identifying interesting industries, looking for interesting segments and companies on a shortlist and longlist, contacting the targets and supporting the process from the commercial side."

Cutting through the crisis

Due to financing constraints, opportunities in the region are currently more evident for small-cap deals. Says Maaß: "There is still a lot of money in the market and funds are still looking for new targets. On the other hand, the bigger processes have been stopped generally. Many sponsors are looking for smaller processes and buy-and-build. They have not stopped buying, but the opportunities have become smaller."

This has been evidenced by a number of all-equity deals in recent weeks, ranging from Investcorp's $180m all-equity deal for Avira to smaller €20m EV deals for other businesses that GPs consider to be stable in spite of the crisis, including software-based consulting companies.

However, GPs that are nearing the end of their fund's investment period while looking to make new platform investments will also need to adapt to contend with a difficult fundraising climate in the medium term. One DACH region placement agent tells *Unquote*: "If you are a fund that is just supposed to start fundraising now, that is a fairly challenging exercise. There is some likelihood of being able to add an annex fund to your current fund, or making cross-fund investments, but raising a new fund now will be rather difficult.

> "There is still a lot of money in the market and funds are still looking for new targets. On the other hand, the bigger processes have been stopped"
> *Rüdiger Maaß, Codex Partners*

Longer holding periods and fund-life extensions are highly likely outcomes for funds fully invested pre-crisis, so GPs will be required to investigate different transaction structures in order to provide support to portfolio companies."

Overall, local players do not anticipate a sudden return to action just because lockdowns are eased and the region has been comparably less affected than others. "There is still M&A activity ongoing, but clearly a lot will be after the summer," says DC's Jaecker. "We are starting to engage in concrete projects with some of our clients, as things are easing up in Germany, and we will launch projects again that we already had in hand before the crisis if we can justify it by the company's performance – where you can show what is purely the coronavirus effect and what is not. There is a lot of portfolio company analysis to be done, but people will soon have a clear look at their companies and see what has done well or badly, or whether they are still the best stakeholder under this environment. The recovery may only be in 2021, where deals come into the market that did not make it into 2020 – we may see 50% less activity this year in certain jurisdictions." ■

Funds round-up

Main Capital Partners raises €564m for sixth fund

Dutch GP Main Capital Partners has closed its sixth fund on its €564m hard-cap.

The vehicle's target was set at €550m, and the fund was oversubscribed, according to the GP. It held a first close for Main Capital VI in December 2019 on €535m. Managing partner Charly Zwemstra previously told *Unquote* that the GP had planned to end Q1 with four investments from the vehicle.

The new fund is already more than double the size of its predecessor, Main Capital V, which closed on €236m in Q4 2017, surpassing its €200m target.

Fund terms will follow the 2-8-20 standard, *Unquote* understands.

Main Capital VI will continue with the strategy to invest in majority buyouts of profitable and growing enterprise software companies in the Benelux, DACH and Nordic regions. Main Capital typically provides an initial ticket size of €3-5m and add-ons of up to €20m. With its new fund, the GP will start to build larger software groups, acquiring majority stakes and pursuing a buy-and-build strategy.

Deployment began at the end of 2019, with four new platform companies spread over the Netherlands (Exxellence Groep and WoodWing), Scandinavia (Alfa) and Germany (GBTEC); the GP has also performed one bolt-on so far. ■

Main Capital VI

TARGET	€550m
LAUNCHED	2019
CLOSED ON	€564m (hard-cap), May 2020
FOCUS	Benelux, DACH and Nordic software
FUND MANAGER	Main Capital Partners

Altamar holds first close for €750m secondaries fund

Spanish fund-of-funds manager Altamar Capital Partners has held the first in a series of rolling closings for its new €750m secondaries-dedicated fund ACP 4, *Unquote* understands.

The GP has already started to deploy the fund's capital. "We prefer to do a series of rolling closings for our existing investors, as opposed to one official first close, because this allows us to be very flexible," Altamar managing partner Miguel Zurita told *Unquote*.

The vehicle was launched at the end of 2019 with a €750m target and expects to hold a final close by the end of the year, according to the GP.

The fund strategy primarily targets the growing market for GP-led secondary transactions, and also invests in complex fund restructurings. ■

ACP 4

TARGET	€750m
LAUNCHED	Dec 2019
FOCUS	Secondaries
FUND MANAGER	Altamar Capital Partners

A round-up of recent fundraisings throughout the private equity industry, including Main Capital Partners raising €564m for its sixth fund; Altamar's €750m first close for its secondaries fund; and Cathay Capital holding a €800m close for Midcap II

360 Capital holds €90m first close for fifth fund

Milan- and Paris-headquartered venture capital house 360 Capital has held a €90m first close for its fifth fund, 360 Capital V.

The vehicle was launched in September 2019 with a €150m target and expects to raise around €100m by October. It hopes to hold a final close by the first half of 2021.

The fund has attracted a wide investor base composed of Italian and international institutional LPs, primarily pension funds, insurance companies and banks; corporations, such as Honda, Huawei and A2A; and family offices, mainly from Italy. One of its cornerstone investors is BPI France.

"Our fundraising has been very successful despite the Covid-19 emergency," Cesare Maifredi, general partner of 360 Capital, told *Unquote*. "Thanks to our track record and successful investment strategy, we managed to attract a diversified group of LPs and raise more than half of the fund's size. However, we expect that the uncertainty of the emergency will delay some investors' decisions and cause a stall in certain negotiations in the next couple of quarters. This is why public initiatives such as Fondo Nazionale per l'Innovazione are so important at this difficult time, especially to support platforms that have already been able to raise capital and are deploying resources to help the recovery and development of the local economy."

360 Capital V targets series-A and B rounds in startups operating across the automation, robotics, artificial intelligence, "deep tech" and software B2B and B2C sectors. It deploys equity tickets in the €2-10m range.

Target companies are based primarily in Italy and France, but the fund can deploy up to a quarter of its capital in the rest of Europe.

"We are looking for attractive opportunities and plan to make our first investments in the next couple of months," Maifredi told *Unquote*. "We have noticed a decrease in valuations following the coronavirus emergency and a reduction in competition across the market. This is a scenario where, despite the uncertainty of the crisis, we expect to find numerous companies with brilliant projects and the need for fresh capital, know-how and support."

The VC firm also recently held a second closing for its Poli360 fund on €55m, and is fundraising for A Plus 360, a vehicle targeting €50m that was launched at the beginning of the year in partnership with Italian energy company A2A. ■

360 Capital V

TARGET	€150m
LAUNCHED	Sep 2019
CLOSED ON	€90m (first close), May 2020
FOCUS	Venture
FUND MANAGER	360 Capital

Deutsche Beteiligungs AG closes eighth fund

Deutsche Beteiligungs AG (DBAG) has held a final close for its eighth fund on €1.109bn, slightly above its target volume, following a first close in December 2019 on €1bn.

Simpson Thacher and P+P Pöllath + Partners provided legal advice for the fundraise. The fund was launched in June 2019, as reported by *Unquote*.

The eighth fund is slightly larger than its predecessor, which closed in July 2016 on €1bn. Like its predecessor, the fund comprises a principal fund and a top-up fund. The principal fund has commitments of more than €910m and the top-up fund has commitments of €199m. The GP has committed €210m and €45m to the funds respectively.

The fund had a preliminary re-up figure of 75% on its first close and now has re-ups amounting to 86% of the total volume, compared with 80% in its previous fund.

Of the fund's capital commitments, 70% came from Europe-based investors and 30% from Germany. Almost 10% of the commitments are from Asian investors, while US investors have committed to 20% of the fund volume.

DBAG has made a total GP commitment of €255m.

The vehicle will write equity tickets of €40-100m for companies with enterprise values of €75-250m. However, the fund can write equity cheques of up to €220m with the use of the top-up fund. It will also consider co-investments. The fund has not yet made any investments. ■

DBAG Fund VIII

TARGET	€1bn
LAUNCHED	Jun 2019
CLOSED ON	€1.109bn, May 2020 (final close)
FOCUS	DACH mid-market
FUND MANAGER	Deutsche Beteiligungs AG

Bridgepoint Development Capital IV holds first close

Bridgepoint has held a first close for Bridgepoint Development Capital IV towards its £1bn target, *Unquote* understands.

The fund was announced in February 2020 and held a first close in early May. The fund has a significantly larger target than its predecessor, BDC III, which closed on £600m in June 2016, above its target of £500m.

While BDC I, the strategy's first fund, has now been fully realised, both BDC II and III are in their realisation phases. BDC III most recently sold its investment in 5aSec to its debt provider LGT for €1 in a debt-for-equity swap.

LPs in the fund's predecessor include Harbourvest Partners – which has committed to all three prior Bridgepoint Development Capital funds – Hamilton Lane, the Ohio State University Endowment and Ardian.

The fund will invest equity tickets of £20-100m in 15-20 lower-mid-market companies with enterprise values not larger than £200m. The strategy currently invests in the UK, France and the Nordic region. ■

Bridgepoint Development Capital IV

TARGET	£1bn
LAUNCHED	Feb 2020
FOCUS	Lower-mid-market companies in northern Europe
FUND MANAGER	Bridgepoint

Cathay Capital closes Midcap II on €800m

Cathay Capital has closed its Midcap II fund, dedicated to supporting the international expansion of mid-market companies in Europe, China and North America, on €800m.

The fund was launched in June 2018 with a target of €1.2bn and held a first close on €600m in December 2018.

"We launched our fund with a very ambitious target, which helped us to get momentum and complete a very successful first close," says Hervé Descazeaux, managing partner of Cathay Capital. "Subsequently we decided to reduce the fund target to a size that better suits our investment project."

The fund's predecessor, Midcap I, held a final close in December 2014 on its hard-cap of €500m and is now fully invested.

The GP has also raised €500m for its Cathay Innovation II fund, which targets startups with a special focus on the digital transformation and the industrial revolution induced by artificial intelligence across the retail, fintech, healthcare, transport and energy sectors.

Midcap II's LP base includes BPI France, the China Development Bank, the European Investment Fund and the Silk Road Fund, which make up around 40% of the fund. The remainder is composed of 30% French institutional LPs, primarily insurance companies and banks, and 30% European family offices and entrepreneurs.

The fund intends to make around 15 deals by providing equity tickets of €30-100m and is open to co-investments with its LPs for larger deals. It targets the healthcare, consumer, technology, manufacturing, and business and digital services sectors.

The fund plans to deploy around half of its capital in Europe, 40% in China and 10% in the US. "This is the first time we have expanded our allocation to North America," says Descazeaux. "This will deepen our presence in the US and Canada, a key element of the firm's globally integrated investment strategy."

The vehicle targets companies with enterprise values of more than €100m. It acquires both majority and minority stakes, making LBOs and growth capital investments, and using moderate leverage in its buyouts.

The fund has already made four investments: two in China, one in the US luxury sector and a fourth in France, by acquiring a minority stake in a medical devices company.

"Despite the coronavirus crisis, we are open for investments," says Descazeaux. "The recovery in China has been fast and we are very active in the Asian market. In Europe, the M&A activity is currently very slow but we are finalising two transactions with our small-cap fund. In the mid-cap space, we do not have any deals in due diligence currently and we have noticed a significant dealflow scarcity, but we are looking for new opportunities and expect to make some investments in the coming months." ■

Cathay Midcap II

TARGET	€1.2bn
LAUNCHED	Jun 2018
CLOSED ON	€800m, May 2020
FOCUS	European, Asian and North American mid-market
FUND MANAGER	Cathay Capital

UK & Ireland deals

£120m
Outstanding debt

Towerbrook invests €100m in BC-backed CarTrawler

Towerbrook Capital Partners is expected to inject more than €100m into BC Partners portfolio company CarTrawler in a debt-for-equity swap.

Some of the company's lenders are also expected to convert part of their debt into equity. This deal is expected to see BC fully exit.

CarTrawler has €120m of its term loan B and €25m of its revolving credit facility debt outstanding. RBC and Lloyds underwrote the covenant-loose deal in 2015 and syndicated it to a small number of funds.

Towerbrook is currently investing from its TowerBrook Investors V fund, which closed on $4.25bn in June 2018.

In March 2014, BC and Insight Venture Partners acquired Irish online car rental service CarTrawler from ECI Partners in what the GP called its biggest ever exit in value terms at the time. The sale was valued in the range of £300-380m in reports.

BC drew equity from its BC European Capital IX fund for the deal. The vehicle held a final close on €6.5bn in 2012 and is now fully deployed.

In April 2020, the firm engaged in restructuring conversations with creditors after identifying a need for €80m and suggested an initial debt-for-equity swap, but lenders rejected the plan, according to a report by *Unquote* sister publication *Debtwire*. BC had asked lenders to fully write off their claims in exchange for a 50% equity stake in the business and provide half of the required new money injection.

CarTrawler is a car rental services aggregator mainly. The platform also aims to build partnerships for travel businesses such as airlines, online travel agents and accommodation providers by connecting customers with car rental, private transfers and rail connections globally. The software company was founded by Niall and Greg Turley in 2004 and is based in Dublin. ■

FTV backs Bought By Many

FTV Capital has led a £78m funding round in pet insurance firm Bought By Many.

The firm is currently deploying from FTV V, which closed on $850m in September 2016. It also announced FTV VI in September 2019 with a target of $1bn, which has yet to hold a close.

The funds make controlling or non-controlling investments with tickets in the $20-85m range in companies generating revenues of $10-100m. The firm invests mainly in the US, but in Europe also.

The company's existing shareholders also contributed to this investment.

Based in London and founded in 2012, Bought By Many acts as an insurance broker, mainly in pet insurance.

The funding will be used to hire more employees and invest in products, as well as expand in overseas markets.

In January 2017, Octopus Ventures and Munich Re Ventures participated in a £7.5m funding round.

Upscale participated in a funding round of an undisclosed amount in January 2018. Later that year, CommerzVentures led a £20m round. Octopus, Munich Re and business angels Evelyn Bourke and Crispin Odey also participated. ■

2015
Year founded

HLM, Illumina lead $71m round for LetsGetChecked

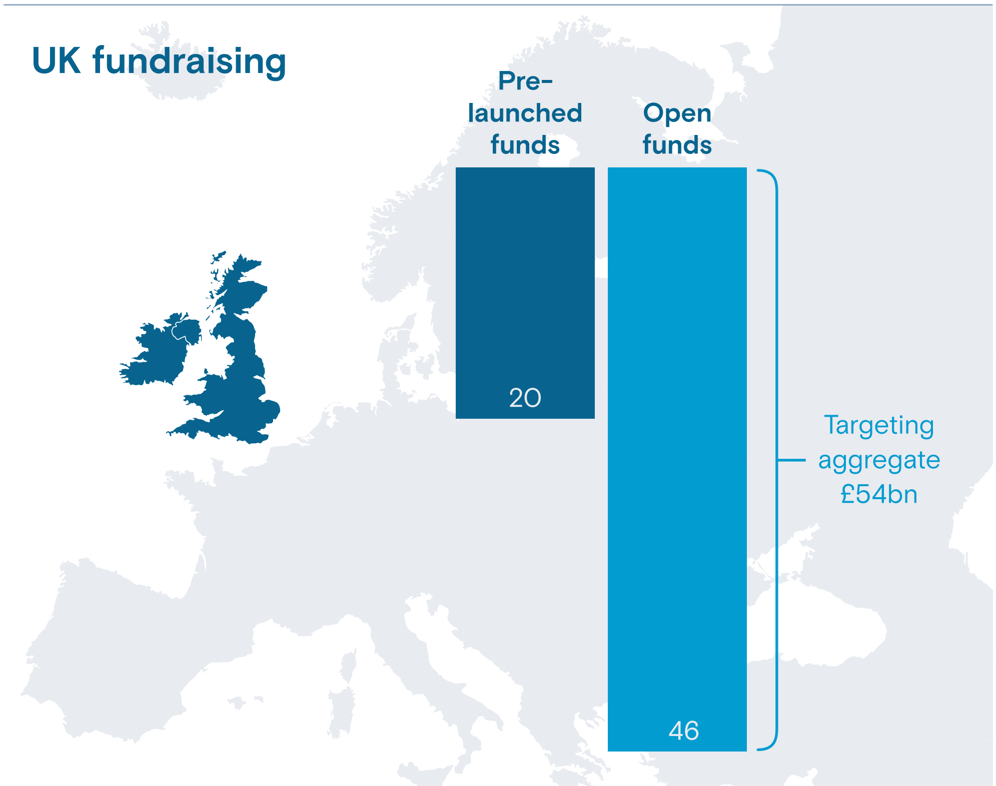
HLM Venture Partners and Illumina Ventures have led a $71m series-C funding round for medical diagnostics company LetsGetChecked, according to the *Irish Times*.

Also participating were new investors Deerfield, CommonFund Capital and Angeles Investments, and existing investors Transformation Capital, Optum Ventures and Qiming Venture Partners USA.

Founded in 2015, LetsGetChecked has 250 employees and is based in Dublin and New York.

In March 2018, Qiming Venture Partners took part in a $12m series-A funding round for LetsGetChecked. Optum Ventures, the corporate venture arm of healthcare and pharmaceutical services group Optum, led the round.

Leerink Transformation Partners led a $30m funding round in May 2019, with participation from existing investors Optum Ventures and Qiming. ■



Source: *Unquote Data*

Benelux deals

€100m
Enterprise value

Nordian forced to proceed with J-Club acquisition

Nordian Capital has been ordered to proceed with the acquisition of jewellery retailer J-Club, after the GP postponed the deal in March 2020, citing concerns about coronavirus risks, including the deal's financing.

J-Club is a Netherlands-based private-label jewellery and accessories retailer that sells its products in department stores across Europe via retail concessions in 25 countries. *Unquote* reported in March 2020 that the coronavirus lockdown measures in place across much of Europe were set to have a significant impact on the company's revenues.

According to a statement from Netherlands-based law firm NautaDulith, which represented J-Club in the deal negotiations and subsequent litigation, Nordian had entered into a signing protocol on 28 February 2020, which also provided for the signing of an SPA in agreed form. The signing of the SPA was subject to conditions including Nordian obtaining W&I insurance.

Nordian was represented in the original deal by Corp Advocaten, according to court documents. According to the same documents, the GP notified J-Club via email on 19 March 2020 that it would propose to postpone the transaction, citing the scale of coronavirus-related risks and the fact that Idinvest was no longer prepared to finance the deal.

The court documents contain correspondence from 24 February 2020, showing that Nordian had entered into the signing protocol under the assumption of obtaining bank financing of €40-45m, with interest from Idinvest and BlackRock. Idinvest's financing offer of €40m was valid until 28 February 2020. The GP offered two options for the transaction structure in its commitment letter of 24 February 2020, including variations on a vendor loan from the two founders and co-owners, Sjoerd Everts and Marcel van Doorn, who would reinvest in the business for a 19.5% stake each. The GP stated that its first transaction structure option would be binding, although conditional on obtaining W&I insurance.

Following Nordian's attempt to postpone the deal, J-Club's owners launched summary proceedings, according to NautaDulith's statement. Nordian's defence was that J-Club's owners could not expect the SPA to be signed in its originally agreed form, given the circumstances. However, the court found that "Nordian Capital had not honoured its best efforts obligation to obtain W&I insurance", according to the statement. The court also noted that the possibility of a lockdown had been discussed prior to the parties entering into the signing protocol, and that Nordian had waived the inclusion of a material adverse change clause.

The company's agreed enterprise value was €100m in the original agreement, with €100m to be paid on closing and €25m conditional on the realisation of a 3x money multiple, after which 50% of the proceeds (up to €25m) would be payable to Everts and van Doorn.

Nordian is currently deploying equity from its third fund, which held a final close in June 2019 on €320m. The GP planned to make an equity investment of €31.5m, according to the court documents.

Nordian had not responded to a request for comment at the time of publication. ■

€15m
EBITDA

Gilde Buy Out Partners buys Corilus from AAC Capital

Gilde Buy Out Partners has acquired Belgium-based healthcare software company Corilus from AAC Capital.

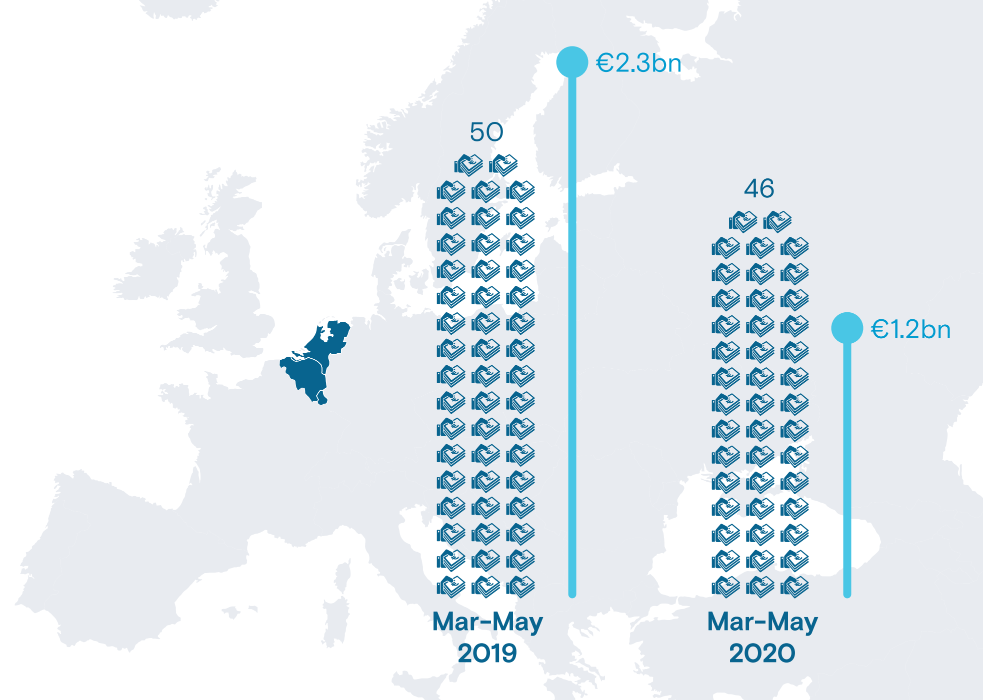
Unquote sister publication *Debtwire* reported in April 2020 that the sale process, which kicked off in late 2019, was continuing in spite of the coronavirus outbreak, although debt pricing had been heightened and AAC was now seeking a lower multiple than originally proposed.

A source familiar with the situation told *Unquote* that the final purchase price was higher than the value of the bids tabled in the first round, which took place before the onset of the coronavirus pandemic. *Debtwire* reported that EQT Credit will finance the buyout, with Corilus reporting EBITDA of €15m.

AAC bought Corilus in March 2015 in a carve-out from Fragon in a deal valued at €77m, equivalent to 15x adjusted EBITDA.

Corilus has 400 employees and reports turnover of €50m. ■

PE and VC activity (Mar-May)



Source: *Unquote Data*

CEE deals

18-month Holding period

Mezzanine sells Optimapharm to Rohatyn Group

Mezzanine Management has sold Croatian contract research organisation Optimapharm to asset management firm The Rohatyn Group (TRG).

The GP claims that the transaction generated a strong IRR and money multiple, following an 18-month holding period that saw profits triple and turnover double.

TRG was chosen by the shareholders from a shortlist of suitable bidders in a private process.

Mezzanine Management provided a €10m mezzanine facility in October 2018 and acquired a minority equity stake in Optimapharm through AMC Capital IV, a 2016-vintage €264m fund, marking its first investment in Croatia. The capital was used to support organic expansion as well as three add-on acquisitions in the Czech Republic, Switzerland and Austria.

With the new investment, Optimapharm hopes to continue to grow both organically and through strategic acquisitions.

Founded in 2006 and headquartered in Zagreb, Optimapharm is a full-service contract research organisation that manages clinical trials of new drugs for clients in the pharmaceutical, biotechnology and medical device sectors. It has a repeat-business rate of more than 95%, the company claims.

Optimapharm operates 15 offices in cities across Europe and employs 120 people. The company's acquisition of Czech Republic-based MKS Research in 2018 brought its annual revenues to €12m.

Earlier this year, Mezzanine Management backed the management buy-back of Poland-based packaging manufacturer Akomex with €21.1m. The firm became a minority shareholder in Akomex, while founder Sebastian Śliwa and a group of managers collectively acquired a 69.5% stake in the business.

The GP is currently adding a direct lending strategy to its regional private debt platform by raising a new direct lending fund, which was launched last year. The vehicle will invest €10-40m per deal. ■

People

Mezzanine Management – Chris Buckle.

The Rohatyn Group – Nick Rohatyn.

Optimapharm – Gordana Greguri Čičak, Igor Cicǎk.

LitCapital exits NNL LT

Lithuanian investor LitCapital has sold its stake in domestic logistics service NNL LT to the company's founders.

The investment generated a 4x return and an IRR of 26%, the GP said.

LitCapital held a 44% stake in NNL, with the remainder in the hands of the company's management team.

In October 2012, LitCapital invested an undisclosed amount in NNL LT via LitCapital 1. The group's revenues grew fourfold and EBITDA doubled after investments in warehouse expansion and new customer acquisition, the GP claimed in a statement.

NNL LT provides chilled and frozen product warehousing and delivery services for companies. Founded in 2002 and based in Vilnius, the company operates 20,000 square metres of warehouses in Lithuania and Latvia. Consolidated revenues of the business exceeded €20m in 2019, the GP said. It has approximately 130 employees. ■

People

NNL LT – Danielius Merkinas, Česlovas Kazlauskas.

Advisers

Vendor – Swedbank Investment Banking (*corporate finance*); TGS Baltic (*legal*).

1,000
Operators employed

KKCG sells Conectart to Genesis Capital

KKCG has sold Conectart, an operator of contact centres in the Czech Republic, to Genesis Capital.

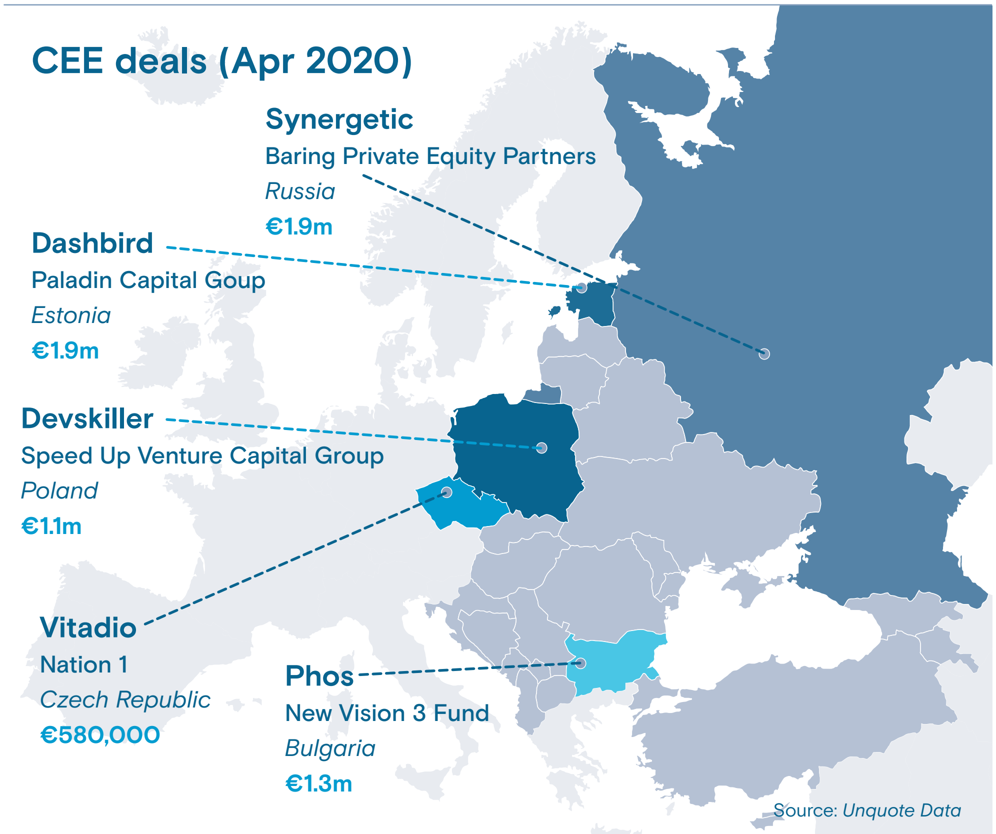
The company will become part of the portfolio of Genesis Private Equity Fund III, a 2014-vintage vehicle that held a final close on its hard-cap of €82m in 2016.

Under the new ownership, Conectart plans to further expand its operations in central and eastern Europe.

The transaction is expected to close this summer and is subject to approval from the relevant competition authorities.

Conectart, which claims to be the largest operator of contact centres in the Czech Republic, was established in 2016 through targeted development by the KKCG group. Four years earlier, the group had bought the 1188 information line from operator O2, resulting in the creation of a standalone company. Conectart now operates call centres in eight towns in the country and employs 1,000 operators. ■

CEE deals (Apr 2020)



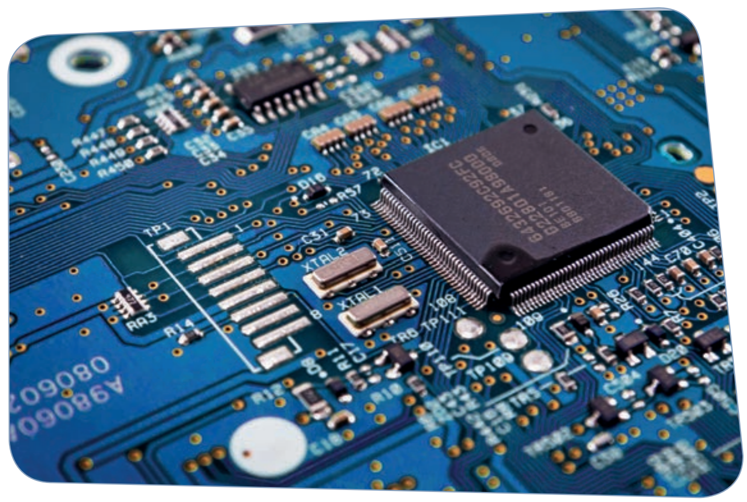
Source: *Unquote Data*

CEE

DACH deals

>€28m
EBITDA

Ardian buys majority stake in Swissbit



Ardian is to acquire a majority stake in electrical components producer Swissbit, while the company's management team will reinvest in the company to hold a significant minority stake.

The transaction is subject to approval from the competition authorities.

Ardian plans to support the company's organic growth and assist with its expansion to Asia and North America, according to a statement.

The buyout was financed via structured senior debt from Swiss banks.

Ardian deployed equity via its Ardian Expansion Fund strategy. Its latest vehicle in the strategy, Ardian Expansion Fund IV, was 80% deployed as of December 2019.

Unquote sister publication *Debtwire* reported that final bids for Swissbit had been accepted in April 2020, with Deutsche Private Equity and Deutsche Beteiligungs AG still in the process. Prospective buyers were reportedly seeking unitranche financing in the range of €80-90m.

Swissbit provides NAND flash-based storage and embedded Internet-of-Things products for use in industries including healthcare, network communications and industrial technology. Its manufacturing facility in Berlin produces SD and micro-SD cards, SSD hard drives and USB memory modules. The company has more than 700 customers.

Based in Bronschhofen, Switzerland, the company was founded in 2001 and was formed via an MBO from Siemens Memory. Its Berlin-based manufacturing site opened in October 2019. The company also has offices in the US, Japan and Taiwan, and has 230 employees.

Swissbit reports EBITDA of more than €28m. It has grown by 20% annually in recent years and its revenues are more than €100m. ■

People

Ardian – Dirk Wittneben, Marc Abadir, Yannic Metzger.
Swissbit – Silvio Muschter.

Advisers

Company – Deloitte (*financial due diligence, tax*); Bär & Karrer (*legal*); GCA Altium (*M&A, debt advisory*).
Equity – McKinsey & Company (*commercial due diligence*); Deloitte (*financial due diligence*); Latham & Watkins (*legal*); Niederer Kraft Frey (*legal*); Taxess (*tax*); Loyens & Loeff (*tax*); Lincoln International (*M&A, debt advisory*).

Galderma sells Bübchen

Galderma (formerly known as Nestlé Skin Health), a portfolio company of EQT, has sold its baby skincare subsidiary Bübchen to Dallmann's Pharma, a wholly owned subsidiary of Germany-based confectionery group Katjes.

The acquisition was financed via the company's balance sheet and with debt from UniCredit.

The Credit Suisse-led process took eight weeks to complete and drew interest from Germany-based mid-cap pharmaceutical and APC trade buyers, as well as sponsors with portfolio companies in the sector.

The exit is part of a strategic repositioning of Galderma and is the first spin-out since EQT and the Abu Dhabi Investment Authority acquired Galderma in 2019 in a CHF 10.2bn deal. EQT deployed equity via EQT VIII, which held a final close in February 2018 on €10.75bn and is now 70% deployed.

Based in Soest, Bübchen reported 2019 turnover of €50m and employs 100 staff. ■

Advisers

Acquirer – WMCF (*corporate finance*); Orth Kluth Rechtsanwälte (*legal*); EY (*financial due diligence, tax*).
Vendor – Credit Suisse (*M&A*); White & Case (*legal*); Deloitte (*financial due diligence, tax*).

51%
Stake

Main Capital-backed GBTec buys Avedos

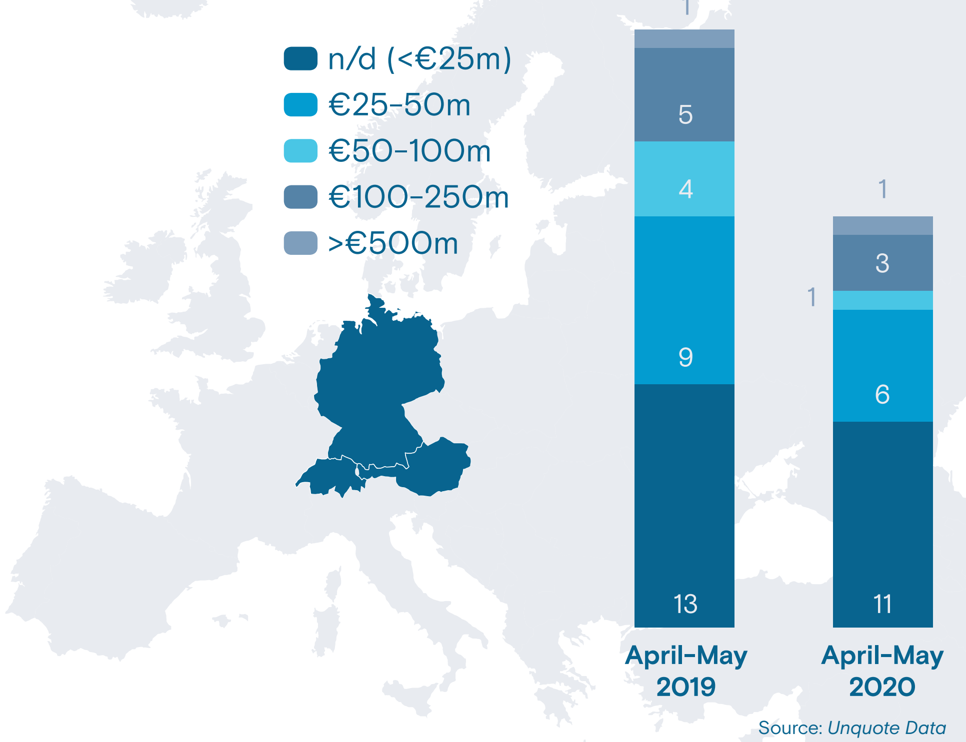
Germany-based GBTec, a business process management software developer backed by Main Capital, has wholly acquired Vienna-based Avedos.

The acquisition was financed via equity from Main Capital, as well as from GBTec's management.

The add-on aims to increase GBTec's process and risk management software capabilities. The deal is the first add-on in the GP's buy-and-build strategy for GBTec. Main Capital bought a 51% stake in GBTec in July 2019 in a deal valued at €50m. The GP drew equity from Main Capital V, which held a final close on €236.5m in 2017, as well as Main Capital VI, which held a final close in May 2020 on €564m.

Avedos provides governance, risk and compliance software for a range of public and private companies on topics including GDPR. Based in Vienna, Avedos was founded in 2005, has 70 employees and reports revenues of €5-10m. ■

Volume of buyouts (Apr-May 2020)



Source: *Unquote Data*

DACH

France deals

€1
Symbolic equity stake

LGT buys 5aSec in debt-for-equity swap

LGT has acquired textile cleaning and care service 5aSec from Bridgepoint in a debt-for-equity swap.

Prior to the onset of the coronavirus crisis, 5aSec was experiencing difficulties, and both Bridgepoint and existing investor LGT Capital agreed to inject €5m in new money. *Unquote* understands that, as the Covid-19 outbreak intensified, LGT Capital decided that in order to put new money in, it expected to have full control of the business.

Bridgepoint has sold its equity stake in 5aSec for a symbolic €1, which sees the firm wholly exit the company. 5aSec was a Bridgepoint Development Capital III portfolio company. The fund closed on £600m in June 2016.

5aSec owes a debt of €60m. The change in control entails a capitalisation of two years' worth of interest on LGT's debt holdings in addition to a small new money injection.

Capzanine first acquired a minority stake in 5aSec in 2007, as mezzanine co-arranger for the secondary LBO put together by ING Parcom. In 2014, Capzanine, along with Rive Private Investment and IFE Mezzanine, helped the group restructure its debt and injected €10m in new money into its share capital.

Bridgepoint acquired the company in October 2017 for an enterprise value of €50m. According to *Unquote* sister publication *Debtwire*, LGT Capital and Berenberg Bank provided a senior debt package of €23.75m to support the transaction.

Existing investors Capzanine, IFE Mezzanine, and Quilvest Private Equity sold their shares while Parquest and Rive retained a minority stake.

Founded in 1968 in Marseille, 5aSec reported EBITDA of €5m on revenues of €80m in 2019. The textile cleaning and care service is based in Chêne-Bourg. ■

Parquest sells Homeperf

Parquest Capital has sold its majority stake in Homeperf to Italian company Sapio.

Parquest, alongside minority shareholders BNP Paribas Développement, Arkéa Capital Investissement and Daniel Caille's investment holding Vivalto, reinvested in the business and retained a minority stake.

Established in 1997 and headquartered in Aix-en-Provence, Homeperf is a home care provider specialising in perfusion, artificial nutrition, insulin therapy, oxygen therapy and mechanical ventilation.

The company employs 360 staff across a network of 37 agencies. It generated revenues of €52m in 2019.

3i invested €35m in Groupe Cair to acquire a 34% stake in its division Homeperf in 2007.

Homeperf was carved out from Groupe Cair by Creadev in 2009. The firm deployed equity alongside the management team, led by CEO Gaël Donadey, who secured a 10% interest in the business after the spin-out.

Parquest acquired Homeperf alongside BNP Paribas, Arkéa and Vivalto from Creadev in September 2015. The company's management team, led by CEO Gaël Donadey, reinvested with the firms. The SBO was supported with a unitranche facility supplied by Idinvest Partners. ■

€187m
Revenues

Andera Partners backs Groupe Panhard MBO

Andera Partners has backed the MBO of logistics, and commercial and residential real estate company Groupe Panhard.

Company founder Alain Panhard will retain a significant minority stake in the business and the management team have also invested.

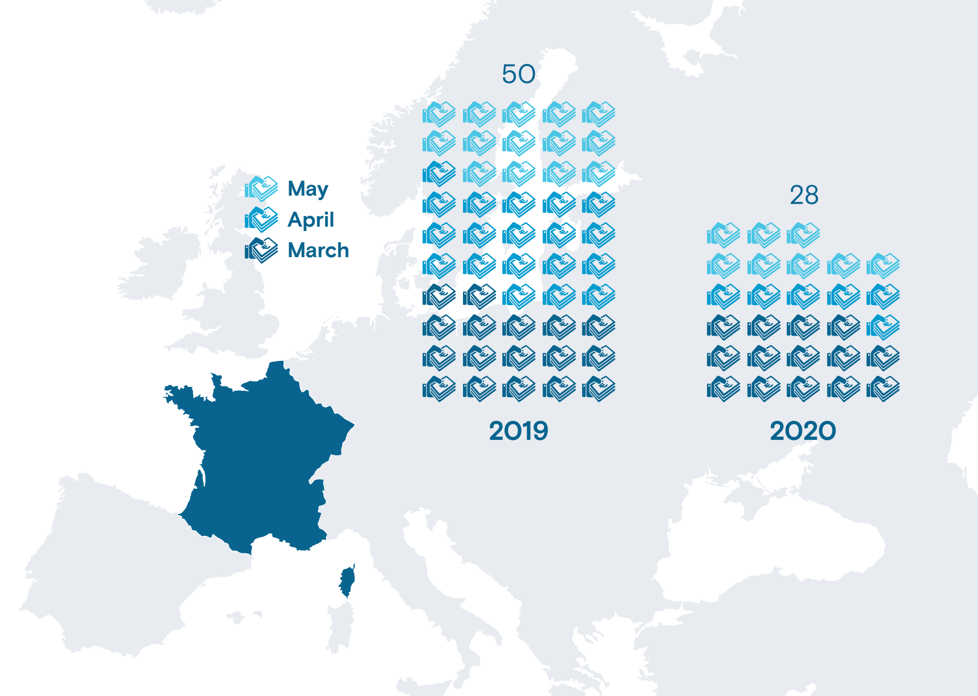
The GP plans to support the company's growth in several areas, including its continued expansion into asset management and residential projects.

Senior debt was provided by Banque Palatine and Socfim (BPCA Group), BIL, BNP Paribas and Societe Generale.

The deal is the eighth investment from Andera's Winch 4 fund, which held a final close in December 2018 on €445m. The fund deploys equity tickets of €12-50m and focuses on France- and Italy-based SMEs with an EV of €30-300m. The fund is now around two thirds deployed.

Founded in 1995 and based in Paris, Panhard has 34 employees and reports revenues of €187m. ■

Buyout volume (Mar-May 2020)



Source: *Unquote Data*

FRANCE

Nordic deals

SEK 6bn
Combined turnover

Altor acquires Eleda; adds on JVAB and One Nordic

Swedish private equity firm Altor has entered into definitive agreements to buy a majority stake in Swedish engineering company Eleda Group.

Following the deal, the GP will merge Eleda with Järfälla VA & Byggentreprenad AB (JVAB) and One Nordic, which have been owned by Altor Fund III since 2011. The combined turnover of the enlarged group was SEK 6bn in 2019.

The GP will invest from its latest fund, Altor V, which held a final close in February 2019 on its €2.5bn target.

The management of JVAB and One Nordic will remain as significant shareholders of the combined group and continue in their respective operational management roles.

The company was founded in 2017 by Triton Partners, which, in December 2019, sold its stake in Eleda back to its largest owners, Johan Halvardsson, Peter Condrup and other partners.

In 2017, the GP acquired Swedish company Akeab, a Swedish provider of excavation services and civil works in southern Sweden and built up the infrastructure services group through add-on acquisitions of Kewab in mid-western Sweden in November 2017 and Mark & Energibyggarna in April 2018.

Headquartered in Stockholm, Eleda Infra Services Group is an infrastructure company that works on small to medium-sized civil engineering and transmission infrastructure projects, providing services across a range of sectors including water works, road works, energy works and data centres. The company operates through regional companies across southern and western Sweden and is made up of companies including Akeab, Kewab, Mark & Energibyggarna and Salboheds Bygg & Anläggningstjänster. It has 800 employees and generated sales of about SEK 3.1bn (€290.4m) in 2019.

JVAB, with 150 employees, reported sales of around SEK 700m in 2019. Malmö-headquartered One Nordic, with around 1,000 employees, posted sales of SEK 2.1bn in 2019. The company has been owned by Altor Fund III since 2011.

Advisers

Equity – Carnegie (*financial due diligence*); White & Case (*legal*).
Vendor – Vinge (*legal*).

NORDIC

Verdane buys Evondos

Verdane has acquired a majority stake in Finland-based automated medicine dispensing business Evondos.

The GP invested from its SEK 3bn Verdane Edda fund, which closed in March 2018. The vehicle has so far invested in nine companies, including Swedish company Conscriptor and Norwegian business Max Manus, both of which were acquired in April. At that time, the fund was a little more than 50% deployed.

The fund invests up to SEK 500m in high-growth companies in the software and consumer internet sectors in the Nordic region.

The partnership will help the company to develop its service offering and expand further into northern Europe. The company's revenues grew from €4m in 2018 to €7m in 2019.

Founded in 2007 and headquartered in Salo, Evondos provides automated medicine dispensing services to 200 clients in the Nordic market. The company has offices across Finland, Norway, Sweden and Denmark, and employs 70 staff. In 2019, it generated revenues of €7m.

Advisers

Equity – Deloitte (*financial due diligence*); Krogerus (*legal*).
Company – Dittmar (*legal*); Carnegie (*financial adviser*).

1,000
Staff employed

Wolt raises €100m in series-D funding round

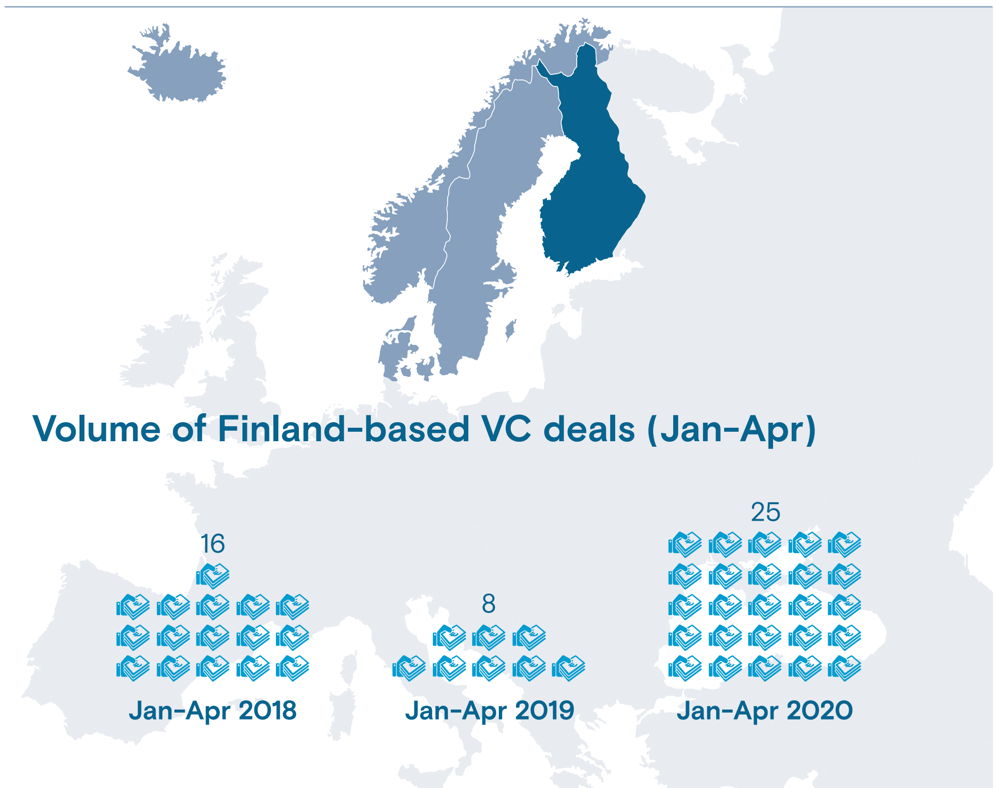
Finnish food delivery app Wolt has raised €100m in a series-D funding round from current investors Iconiq Capital, Highland Europe, 83North and EQT Ventures, and new investor Goldman Sachs Growth Equity.

The company has raised $283.5m since 2014, according to Crunchbase.

In November 2014 and 2015, Wolt raised an undisclosed amount in angel and seed rounds, according to Crunchbase. It raised $12.5m in a series-A round in April 2016 from EQT Ventures, and private investors Niklas Zennström, Ilkka Paananen and Risto Siilasmaa.

This was followed by a $30m series-B round led by 83North in January 2018, and a €137m series-C round led by Iconiq Capital in June 2019.

Founded in 2014 and headquartered in Helsinki, Wolt operates in 80 cities in 22 countries across Europe and Asia, and employs 1,000 staff.



Source: *Unquote Data*

Southern Europe deals

€126m
Revenues

LBO France's Gioconda backs Demas

LBO France, via its Italian division Gioconda, has acquired a majority stake in Demas, an Italian distributor of veterinary products.

The investment was made via the Small Caps Opportunities fund, which held a final close on €104m in November 2018 and has a dedicated investment team of six managers, three of whom are based in Milan.

The fund invests in high-growth French and Italian companies with strong potential for international expansion and an enterprise value of less than €100m.

This is the eighth investment made by the fund and its third deal in Italy, following the acquisition of glass packaging manufacturer Vetroelite in May 2017 and the purchase of Bluclad, a company specialising in metal galvanisation for the fashion and luxury industry, in December 2018.

Italian lender Banca IFIS and logistics company Giovanni Ambrosetti also took part in the investment, alongside the company's management team, led by chair Fabrizio Foglietti, who will stay on with the business and retain his role. The vendors – the founding Foglietti family – will retain a minority stake in the company. A debt package to support the deal was provided by BPER Banca, Banco BPM and Intesa SanPaolo.

Established in 1969 and headquartered in Rome, Demas specialises in distributing veterinary and pet products. The company supplies pharmacies across Italy with veterinary drugs, medicines and food supplements, and operates a subsidiary, Foschi, which provides vets and animal clinics with healthcare products, medication, equipment, medical devices and diagnostic tools.

In addition, Demas sells veterinary care products, pet food and accessories through its chain of retail stores named Giulius, based in Rome and its outskirts. The company employs 160 staff and generates revenues of €126m.

With the support of Gioconda, Demas plans to boost its organic growth, expand its product range, and pursue a buy-and-build strategy through M&A in Italy and internationally. ■

Farmafactoring buys Depobank

Banca Farmafactoring (BFF), a listed company backed by Centerbridge Partners, has acquired Banca Depositaria Italiana (Depobank), which is controlled by Advent International, Bain Capital and Clessidra.

The GPs own a 91% stake in Depobank via their holding company Equinova. The remaining shares are owned by other Italian banks.

According to the deal, BFF will acquire a 76% stake in Depobank, for a cash consideration equal to the excess capital above the 15% CET1 ratio of Depobank at the closing date. Depobank will be merged and incorporated into BFF, and Equinova will own a stake of 7.6% in the combined entity.

Milan-headquartered Depobank became part of the Nexi group and subsequently span out in 2018. Depobank provides securities services, depositary bank services, fund administration and transfer agent services to asset managers, fund managers, investment firms, payment institutions, banks and public agencies.

The company employs 363 staff and serves 400 clients. It manages €71bn through its depository operations and €143bn through its custody and securities administration services. Depobank reported adjusted net profit of €20m in 2019.

5.5x
Entry multiple

Alto Partners acquires Costruzione Emiliana Ingranaggi

Alto Partners has bought Costruzione Emiliana Ingranaggi (CEI), an Italian company specialising in manufacturing spare parts for trucks.

The GP acquired a stake of 75% in a deal that reportedly valued the company at €75m, equal to 5.5x its EBITDA.

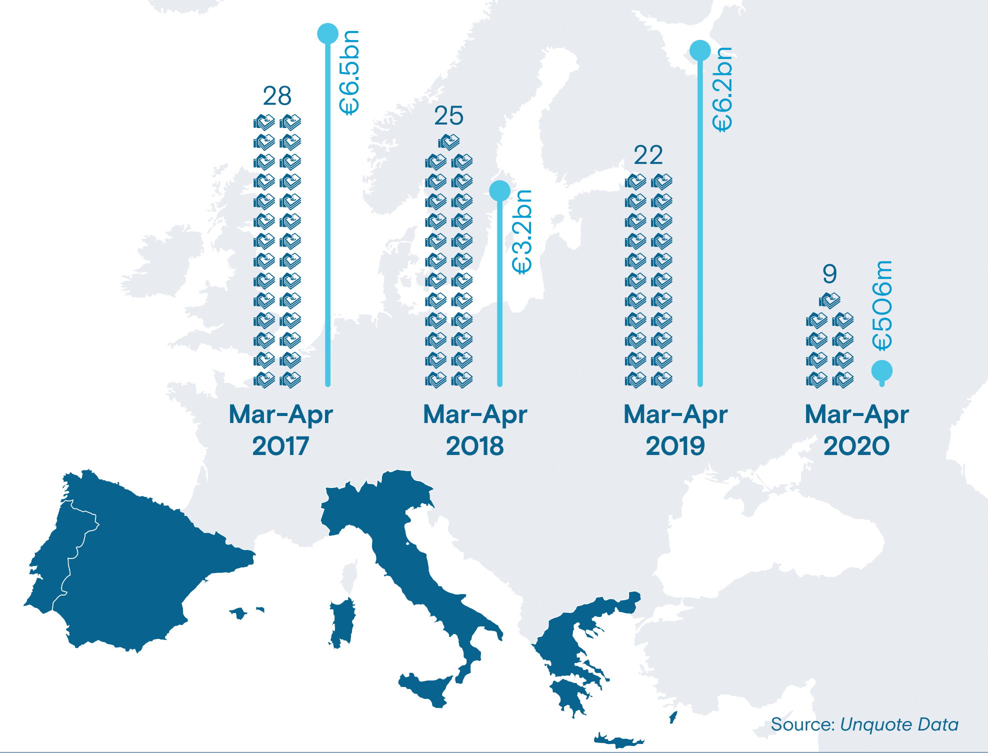
Alto invested in CEI via Alto Capital IV, which held a final close on its €210m hard-cap in April 2018. The vehicle targets Italian SMEs generating revenues within the €20-80m bracket, and deploys equity tickets of €15-25m.

Established in 1969 and headquartered in Anzola dell'Emilia, near Bologna, CEI generated EBITDA of €13.5m from revenues of €62m in 2019, of which 85% came from abroad.

The deal was made via a newco called Spare Partners.

The acquisition was also supported by a debt package provided by Banco BPM as lead arranger and Intesa Sanpaolo.

Buyout activity (Mar-Apr 2020)



Source: *Unquote Data*

People moves

Tristan Craddock
Palatine Private Equity

Palatine Private Equity appoints new partner

Palatine Private Equity has appointed **Tristan Craddock** as a partner for its Impact Fund.

Craddock will work alongside partners **Beth Houghton** and **Zoe Clements** to identify investment opportunities, while also working with the portfolio to help generate growth. He will provide strategic advice to management teams to deliver social and environmental impact, as well as improve strategy, digitalisation and ESG management.

Craddock joins Palatine from Rutland Partners, where he was a partner. Prior to this, he worked in transaction advisory at EY.

The firm held a final close for its debut impact fund on £100m in September 2017.

Jordi Alegre
Miura Private Equity

Miura promotes two

Spanish GP Miura Private Equity has promoted **Jordi Alegre** to managing partner and **Fernando Clúa** to partner.

Alegre joined Miura from Mercapital when the firm was established in 2007. He was promoted to partner in 2014, and led numerous investments in Spain and several international consolidation projects. He is a member of Miura's board of directors and investment committee.

Clúa joined Miura in 2015 and worked on transactions in the agri-food, industrial and business services sectors. He previously worked at Deloitte Corporate Finance and from 2006 at Advent International.

Miura is a mid-market private equity firm headquartered in Barcelona. The GP is currently investing its agri-food-dedicated fund, Frutas, which closed on €360m in 2019, as well as its third buyout vehicle, Miura Fund III, which held a final close on €330m in 2018. The firm has reached €1bn in total assets under management.

Tikehau hires three in Milan office

Tikehau Capital has hired **Domenico Paglia**, **Edoardo Girelli** and **Damiano Pedergnani** to reinforce its Italian team based in Milan.

Paglia previously worked as M&A assistant director at Rothschild & Co, while Girelli was equity analyst at Intermonte SIM and Pedergnani worked for Goldman Sachs Asset Management.

Paglia and Girelli will join the Italian private equity division led by Roberto Quagliuolo, while Pedergnani will focus on fundraising by supporting Andrea Potsios, head of sales in Europe and general manager for Italy, and Tommaso Bulli, head of institutional clients in Italy and Switzerland.

Tikehau is an investment specialist with €25.4bn in assets under management and €1.2bn in available cash, according to the last financial results published by the firm. It is listed on Euronext Paris.

The group invests in various asset classes, including private debt, real estate, private equity and capital markets. Controlled by its managers alongside institutional partners, Tikehau employs 530 staff across its offices based in Europe, Asia and the US.

McDermott adds two in debt advisory team

McDermott has hired **Mark Fine** and **Aymen Mahmoud** as partners in its London-based debt financing advisory team.

Both new partners are joining the firm from Willkie Farr & Gallagher and have experience in national and international syndication.

Fine has experience in advising sponsors, borrowers

A round-up of recent people moves throughout the private equity industry, including GPs, LPs, corporate finance houses, law firms, placement agents, banks, alternative lenders and due diligence providers

and lenders on a range of issues including syndicated lending, junior debt assurance, high-yield debt offerings and special situations. Prior to joining McDermott, he previously had roles at Bain Capital Credit and Kirkland & Ellis.

Mahmoud advises sponsors and their portfolio companies, as well as hedge funds, corporate borrowers and issuers, and financial institutions. His experience includes LBOs, direct lending, and distressed debt trading. He has prior experience at Jones Day and Latham & Watkins.

Cambridge Associates hires Gunnee

LP investment firm Cambridge Associates has appointed **Ben Gunnee** as head of business development.

Gunnee will join the firm's London office in this newly created role. Reporting to Deirdre Nectow, the global head of business development, he will oversee new business strategy and lead growth efforts in the UK and Europe. Gunnee will be responsible for the business development of the London office, and sales and marketing efforts for the firm's pension, endowment, foundation, and private clients across Europe.

Gunnee joins from Mercer, where he began his career and became a partner and head of fiduciary management.

YielCo hires van Rüth as new director

Germany-headquartered alternative investment firm YielCo has hired **Volker van Rüth** as director in its Munich office.

Van Rüth joins from his role as CEO at BayerInvest, where he focused on fund management and sales. Prior to this, he was a managing director at Warburg Invest and also held a role as managing director at Hauck & Aufhäuser from 2005 to 2010.

In his new role, van Rüth will focus on savings banks, union banks and independent asset managers, as well as the development of innovative investment solutions, according to a statement.

ECI makes two senior promotions

ECI Partners has promoted **Tom Wrenn** to the firm's investment committee and **Steve Tudge** to the position of non-executive chairman.

Wrenn's promotion became effective on 1 April 2020. He joined the firm in 2006, focusing on the technology, media and telecommunications sectors. Wrenn has worked on investments including healthcare software developer CliniSys, telecoms business XLN, and most recently the realisation of Auction Technology Group, which operates a portfolio of digital marketplaces. Wrenn is currently on the board of Send For Help, MiQ and IT Lab.

Wrenn started his career at Deloitte, later joining the corporate finance team at Close Brothers.

Tudge's new position will become effective on 1 October 2020. He has been a member of the firm's investment committee since 2003 after being made a partner in 1998. His past investments have included escorted travel company Great Rail Journeys, car rental aggregator CarTrawler, SME compliance service Citation and hotel provider Laterooms.

Before joining ECI, Tudge spent eight years at Coopers & Lybrand (now PwC), where he qualified as a chartered accountant, and specialised in advising small and medium-sized businesses. ▶

Tom Wrenn
ECI Partners

Steve Tudge
ECI Partners

People moves cont.

Andreas Kulcsar
DC Advisory

Alex Read
VGC Partners

DC Advisory promotes five in UK and Germany

Investment bank DC Advisory has announced three promotions to managing director and one to executive director in its UK office, as well as one promotion to managing director in its Germany-based team.

The firm has promoted **Edward Godfrey** (debt advisory and restructuring), **Phillip Hyman** (infrastructure), and **Endong Zhai** (Asia access) to managing directors in its UK office and **Moritz Müller** (infrastructure) in its German office.

Andreas Kulcsar is now an executive director in consumer, leisure and retail in the UK team.

Godfrey joined DC in 2014 and was previously executive director in the debt advisory group. Prior to this, he held roles at BNP Paribas, RBS and PwC.

Prior to joining DC Advisory in 2016, Hyman was part of the financing teams at RBS and HSBC.

Zhai handles China-related deal origination and execution as part of the firm's Asia access team. Before joining DC in 2015, he spent five years at Deloitte as an assistant director in corporate finance.

Müller joined DC Advisory's Frankfurt-based team in 2013 and was promoted to assistant director in 2015. He previously held roles at Commerzbank and Dresdner Kleinwort Wasserstein.

Kulcsar joined DC in 2014. He previously held roles at Lincoln International and Commerzbank.

Lincoln International appoints two

Lincoln International has announced the appointment of **Christian Schwarzmueller** as managing director and head of its DACH chemicals team, as well as the addition of **Florus Plantenga** as managing director in London.

Schwarzmueller's appointment aims to strengthen Lincoln's relationships with chemicals companies in the DACH region and beyond, according to a statement, as well as bolster the firm's M&A and deals sourcing activities in the industrials sector.

Prior to joining Lincoln, Schwarzmueller worked for Barclays in the group's M&A coverage team, focusing on relationship management with chemicals corporates. Schwarzmueller was also previously part of Lazard's M&A and restructuring teams.

Prior to joining Lincoln, Plantenga spent 12 years as managing director in Houlihan Lokey's financial sponsors group, working with sponsors in the UK and Benelux, as well as other European countries. He also has experience as a director at Societe Generale Corporate and Investment Banking within its Egret Capital CLO and financial sponsors division. Plantenga was also previously a vice-president at Merrill Lynch and JP Morgan.

Read joins VGC Partners as director

VGC Partners has appointed **Alex Read** as a director in its new investments team.

In this role, he will seek and execute investment opportunities for the firm's £50m VGC Member II fund, which invests £2-5m for minority stakes in early-stage consumer, media and technology businesses. The fund closed in March 2019.

Read joins from Alantra, where he spent three years as an origination associate, involved in direct deal origination of privately owned businesses and financial sponsor coverage with small-cap and mid-market private equity firms. He began his investment banking career at Spayne Lindsay & Co, and, prior to that, worked at Tullow Oil. ■