



# Unquote

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## Waiting for the wave

The tide may be turning for the turnarounds market, as choppy conditions ahead could lead to a surge in distressed opportunities

**Sector focus:**  
telemedicine

**Lender-GP relationship**  
tested by Covid-19

**In profile:** Sparring,  
Searchlight

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## First lessons

With barely two months left in this final quarter, many GPs will be eager to focus on their pipeline for 2021 and no doubt happy to turn the page on a most challenging year. Meanwhile, *Unquote* has kept a close eye on recent activity in order to gauge where the first lessons from investing in the oft-cited “new normal” are starting to emerge.

Q2 tallies were no less enlightening, of course. While grim in terms of headline deployment and realisation figures, they highlighted evidence of what quickly became key talking points in the market: GPs wasted no time dropping everything to throw their arms around their portfolios; the net effect of a rush to safe assets, combined with ample dry powder was that average valuations did not budge much for the small number of transactions that trickled through; and most sponsors would be very unlikely to divest anything but their very top performers unless absolutely forced to do so.

The last two trends are still in play, but compiling Q3 statistics – in effect the first quarter of relatively normal activity, with the initial shock dissipated and most lockdowns lifted – is starting to yield interesting results with regard to investment strategies and opportunities now that GPs are pivoting away from crisis mode.

The first takeaway is that PE is back in business, as we hinted at following a noticeable July deal-doing bump. With

237 buyouts across Europe for a combined EV of €40.5bn, Q3 was quieter than comparable periods in 2018 and 2019, but more animated than the summers of 2014–2016. More importantly, the 55% rebound in deal volume compared with Q2 showed that GPs were quick to resume taking advantage of investment opportunities.

Furthermore, as pointed out by Baird managing partner Vinay Ghai before the summer, the UK has lost further ground to continental markets, most likely owing to a more drawn-out lockdown exit. It saw 15% of buyout activity in Q3 volume-wise and just 12% in aggregated value, marking a dramatic drop from the respective 20% and 25% market shares seen across 2018–2019. Meanwhile, Germany and Italy have made significant inroads in recent weeks, and France was a magnet for larger transactions.

It will be fascinating to see if these trends stick throughout Q4, further proving sponsors’ adaptability and sourcing nous despite a second Covid-19 wave. Our Q3 statistics make one thing clear: the appetite for exits is still at an all-time low and realisations only registered a modest post-lockdown rise, meaning SBOs are rapidly dwindling as a source of relatively straightforward investment opportunities. Some LPs may be getting antsy at the thought of a prolonged distributions dry spell, but most will welcome a rebalancing towards more primary dealflow. ■



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# Preparing for the turnarounds wave

While advisers readied themselves for a wave of distressed opportunities off the back of the coronavirus crisis – and GPs anticipated a shift in LP allocation strategies – the turnarounds surge has failed to materialise. Katharine Hidalgo gauges the market's mood

In March 2020, following years of record-high fundraising and investment activity, and soaring valuations, the European private equity industry had to face the end of a boom. While many sponsors scrambled to manage portfolios, some were already positioned to make investments in the turnarounds and distressed opportunities a downturn can create.

In the five years prior to 2020, an average of five funds with mandates to invest in turnarounds closed each year. In 2020, four such funds have already closed to date.

Prior to the coronavirus crisis, European turnaround funds had raised more than \$5bn, according to proprietary research from *Unquote Data*. That number increased dramatically with the inclusion of US-based funds with a mandate to invest in special situations and complex transactions in Europe. Recently closed funds

include KPS Special Situations Fund V, which closed in October 2019 on \$6bn and OpenGate Capital Partners II, which closed on \$585m in November 2019.

At the onset of the crisis, in addition to this already committed capital, placement agents noted increased interest from LPs in turnaround, special situations and distressed debt funds, where allocations to other strategies, including traditional buyout funds, had often been postponed or cancelled.

In April 2020, one Europe focused placement agent said: "It is obviously a hot space given the market. We certainly see an attractive market and we are going to see a comparatively positive vintage year for turnarounds."

## Preparing for battle

In May, a Cebile Capital report showed that 57% of LP respondents felt that the pandemic would impact their relative portfolio allocations in favour of distressed, turnaround and special situations. Through April and May, some LPs began materially shifting or expanding in these areas.

Essling Capital, for example, shelved its fund-of-funds activities, and the subsequent reorganisation increased emphasis on co-investments and ►

"A number of investment opportunities should emerge from the crisis, including opportunities with companies with immediate cash needs"

*Francesco Aldorisio, Unigestion*



direct investment strategies, leaving open the possibility of also including distressed debt and equity offerings.

Speaking to *Unquote* in April, Hanna Ideström, senior portfolio manager for alternative investment at Swedish pension fund AP4, said: "Our long-term strategy is unaffected in real assets, as well as private credit and private equity. However, we think opportunities could materialise within, for example, secondaries or distressed assets, which we would then actively evaluate."

Sponsors and advisers also began hiring experienced professionals in anticipation of a wave of distressed assets coming to market.

Searchlight Capital Partners, a GP with a diverse mandate that includes special situations, appointed Andrew Crowston as a senior adviser in early April. Crowston was previously co-head of Goldman Sachs' European distressed team. Throughout the spring, McDermott, Alantra and Ronald Berger all made hires on their distressed and credit advisory teams.

Fundraising activity for turnaround vehicles also continued in earnest throughout Q2 and Q3. Several funds launched after the outbreak of Covid-19, including ICG Recovery Fund II, which was announced in July 2020 with a €1bn target. LPs in the fund include the Teachers Retirement System of Louisiana with a \$50m commitment.

In the lower-mid-market, Spanish sponsor PHI announced its third-generation fund in March 2020 with a target of €50m. The fund invests in distressed companies requiring substantial investments, structural and management changes, and a restructuring strategy to return to profitability, with revenues of €20-250m.

Nevertheless, despite the dry powder available,

deal volume continued at a low pace throughout spring. March 2020 saw one turnaround or special situation investment in Europe, while April saw two, according to *Unquote Data*. In May, sponsors were still waiting for the promised wave, with five deals occurring against four in May 2019.

Francesco Aldorisio, a Unigestion partner in private equity, speaking on the firm's Small and Mid-Market Private Equity webinar in May, reaffirmed the direct investor's interest in turnarounds: "A number of investment opportunities should emerge from the crisis, including opportunities with companies that have immediate cash needs, spinouts from distressed conglomerates, and portfolio companies of GPs that need to generate liquidity for their LPs." But he also implied those opportunities had yet to emerge in large quantities.

In June, four turnaround investments occurred, and both July and August saw six deals each. While this illustrates a slight increase, it does not represent the wave of dealflow that turnaround investors may have been expecting. September saw just two turnaround investments, according to *Unquote Data*.

### Showing its value

The aggregate deal value of turnarounds did increase throughout the year, with Q1 seeing a total of €748m, rising to €901m in Q2. While the third quarter had an aggregate deal value of €2.88bn, against Q3 2019 figures of €110m, this was primarily driven by KPS's stalking horse purchase agreement to acquire Garrett Motion for approximately \$2.6bn. The Switzerland-based transportation systems manufacturer had entered into a restructuring support agreement with holders of 61% of its outstanding senior secured debt in September.

Several market dynamics have stymied the flow of turnaround opportunities. Furlough schemes put in place across Europe, such as Germany's Kurzarbeit and France's chômage partiel, limited many businesses' operating costs almost immediately. These, together with government

"We think opportunities could materialise within, for example, secondaries or distressed assets, which we would then actively evaluate"

*Hanna Ideström, AP4*

lending schemes introduced to mitigate the effects of the coronavirus crisis, such as the UK's Coronavirus Business Interruption Loan Scheme, have delayed the potential for restructuring or insolvency proceedings for many businesses.

Market participants have suggested that businesses with a healthy pre-pandemic balance sheet could access such assistance more easily than already struggling assets. One UK-based restructuring adviser from a major consultancy says: "What Covid-19 did was accelerate restructuring discussions that were going to happen anyway."

The likelihood of these types of assets finding an investor has been shown to be lower after the crisis than it was before it. Of a sample of 36 companies that have garnered private equity interest since falling into administration or launching a process to find investment between April and September 2020, only 13 have since linked up with an investor, according to *Unquote* sister publication *Mergermarket*.

For otherwise sound businesses that saw revenue drop overnight, but may not require restructuring yet, disagreements on valuation can also hinder transactions.

When discussing interest from turnaround funds for the assets in his books, the restructuring adviser says: "There is plenty of interest from turnaround funds in distressed assets, but there is a difference between what people will be okay to sell for and what the value of the company is. Funds are waiting for valuations to come down."

Charterhouse head of investor relations Gilles Collombin said in June when discussing buy-and-build strategies: "During the Covid-19 crisis it could be more difficult to agree a price – buyers want to know more about the company, and sellers want a higher price than the buyers do. You may need to wait a few weeks or months before the buyer and seller can agree."

Market participants have also commented on the uncertainties blocking visibility on a target's financial resilience to the current conditions. Says the restructuring adviser: "Everyone has difficulty

"During the Covid-19 crisis it could be more difficult to agree a price – buyers want to know more about the company, and sellers want a higher price than the buyers do"

*Gilles Collombin, Charterhouse*

understanding how companies are rebounding. You would need to get two or three months' worth of data on what sales could look like and then a buyer would be more informed."

The current macroeconomic instability can make valuing even the most stable business challenging. For turnarounds, where risk is already elevated, waiting for more data on a target's resilience to the pandemic is an attractive option.

### Barriers to entry

This environment is difficult for new players to enter, despite the potential for a wave of opportunities. Commentators discussed the difference between skill sets required for traditional buyouts versus turnarounds, saying the latter could be more onerous.

Garry Wilson, a managing partner for turnarounds-focused investor Endless, says: "Often, when we come to acquire companies, they are in the intensive care unit. It takes a wealth of experience and a steady hand to guide these companies. It would be difficult for new entrants to opportunistically acquire distressed companies in this environment. We do not expect a full recovery for many sectors for another few years, so you do not have a strong macro trend to rely on for a quick turnaround."

Ken Terry, CEO of lower-mid-market firm Elysian Capital, says: "I worry about competitors in the lower-mid-market investing in turnarounds. There are not that many GPs in the sector who have in-house operating partners who can do the heavy lifting required. It is a different game and I think it is risky."

Accordingly, debut turnaround funds and existing ►



“A lot of investors are sharpening their knives, and there is a lot of excitement, but there has not been a lot of action”

*Justin Holland, DC Advisory*

firms without a dedicated strategy now shifting towards distressed investments have proved few and far between. Nordic private equity firm CapMan, for example, launched its first CapMan Special Situations fund to focus on turnarounds in June 2020. However, Joakim Frimodig, the firm's CEO, said CapMan had been discussing launching the fund for almost two years and it was not a response to the Covid-19 pandemic, although that may have accelerated the process.

Indeed, most turnarounds and distressed funds recently launching, or closing, are from veterans, including Sherpa Special Situations III from Southern European GP Sherpa Capital. The fund was announced in May 2020 and held a final close on its target of €120m in June.

Central and eastern Europe has also seen some notable fundraising activity. Jet Investment, one of the largest private equity firms in the Czech Republic, plans to begin fundraising €300m for its third fund, Jet 3, in H2 2021 or Q1 2022, according to partner and board member Marek Malik. The new fund will target buyouts as well as turnarounds, distressed companies and insolvent situations in the Czech Republic, Germany, Poland, Austria and Slovakia, with typical investments of €50-100m.

### **Darkest before the dawn**

With such slow dealflow, it is unclear when funds will be able to deploy this capital at pace. The consensus is that a wave of turnarounds is still yet to come.

Speaking in August, Justin Holland, managing director for DC Advisory's debt advisory and restructuring team said: “We did not have a real wave. We had a bunch of companies who needed money or needed advice on capital structures. The



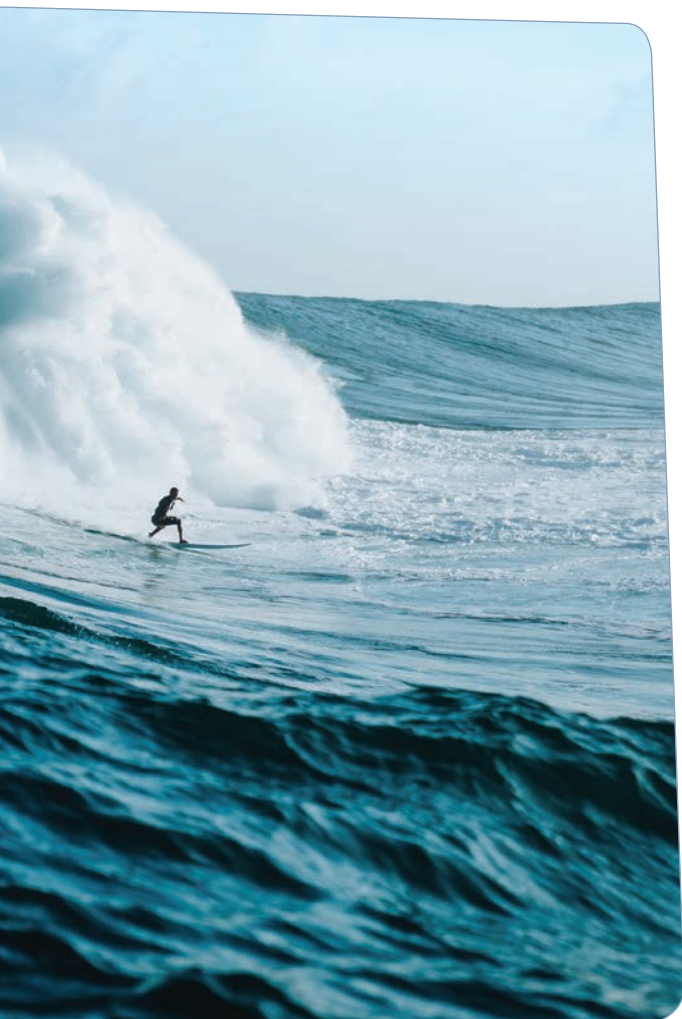
wave has not actually started yet. It is much more likely to start later this year.

“A lot of investors are sharpening their knives, and there is a lot of excitement, but there has not been a lot of action.”

One UK-based private equity lawyer agrees: “There is a reasonable amount of activity, but it is at an early stage.”

Competing market dynamics could suggest that heavy distressed dealflow may not be imminent. Governments are considering extending support schemes and lenders have been amenable to supporting existing customers to maintain liquidity and renegotiate covenants.

However, the European Commission is currently forecasting an 8.7% contraction of the euro area economy in 2020, with Spain, France and Italy's



GDP growth each contracting by 11% or more. This will have a knock-on effect on distressed companies in sectors not yet affected.

The UK-based lawyer suggests high-end hospitality could suffer. "The sector was not struggling pre-Covid-19, but with no business for six months, we will see casualties."

Holland points to the automotive sector: "It is very tightly knotted, so if you shut down the assembly line, it has a knock-on effect throughout the entire supply chain. Companies with high operating leverage and high fixed costs will run into a lot of trouble, but many have not restructured yet."

This stalwart sector of DACH-based industry has already seen one casualty in the aforementioned sale of Switzerland-based Garrett Motion to KPS out of bankruptcy.

Buy-and-build has been an important part of investing in struggling businesses throughout the pandemic, and this is expected to continue.

Paul Mann of Squire Patton Boggs says: "If you think about a family-run and/or owner-managed SME business, say with £1-2m profit a year, these may well prove to be attractive bolt-on acquisitions in this market, whether that be for acquisitive corporates, or also for private-equity-backed groups. The owners may have originally expected a higher valuation than they are able to achieve now and could be willing to look at different structures to achieve an exit. I am confident that there will be more of these transactions out there."

### Down but not out

While many interesting bolt-on targets looking for buyers through the pandemic may not have been going into administration, they may have been struggling or concerned for the future.

Searchlight-backed Global Risk Partners, an insurance broker, has made eight acquisitions since March. Searchlight founding partner Oliver Haarmaan says of the targets: "The company is buying smaller businesses, where the owners are worried about longer-term volatility, or feel like they do not have enough resources to invest in the business if the crisis persists. But these are high-quality assets, with good customer bases and good technology."

Elysian's Terry seconds the firm's interest in struggling businesses as an add-on opportunity. "What we do not do is buy businesses, which, for example, are going bust in four weeks and need to be rescued immediately," he says. "Acquiring a turnaround might work better if it was an add-on."

A number of external shocks over the past decade have led market observers to predict a turnarounds resurgence, but private equity's increasing reliance on lower-risk, high-performing assets to guarantee stable returns has repeatedly foiled such a shift. While it might take some more time to materialise, the post-coronavirus landscape certainly seems poised to offer the strategy its best opportunity to shine in years. ■

# Digital doctors here to stay as telemedicine deals surge



**Eliza Punshi**  
Reporter

The digitalisation of healthcare systems has been ongoing for many years, with *Unquote Data* recording telemedicine deals as early as 2004. But the onset of the coronavirus pandemic eight months ago has fast-forwarded the trend significantly.

UK-based company Your.MD, backed by Smedvig Capital and Orkla Ventures, said it has seen a 350% increase in the number of users over the past 12 months, going from 6 million between January and August 2019 to 26 million in the same period in 2020. Elsewhere, VNV Global-backed Babylon Health recorded a 70% increase in daily consultations and a 3x increase in revenues in Q2 2020 compared with the same period last year, according to the VC. Meanwhile, video consultations on Eurazeo Growth-backed Doctolib's platform jumped from 1,000 a day to 100,000 at the beginning of the pandemic, according to its website.

Investor appetite has continued unabated, with recent venture-capital-backed deals in the space including eConsult Health, Joint Academy, HomeDoctor, Infermedica, Practio and Doktor.se, all of which were signed in the past six months.

One of the changes in the sector since the

pandemic started, according to HealthCap managing partner Bjorn Odlander, is the willingness among regulatory authorities to change protocols. "They have become flexible in changing protocol, and they are doing that in a very diligent way, which is not compromising patient safety. They have been willing to accept such amendments because it has been impossible to stick to the original protocols," he says.

The NHS's *Long Term Plan*, published in January 2019, signalled the openness of the UK's healthcare system to adopt digital solutions, with its current partnerships including a number of VC-backed companies. In France, the reimbursement of telemedicine by the public healthcare system since 2018 paved the way for more healthtech startups to offer video consultations. Doctolib, which started as a medical appointment booking service, has since added teleconsultations to its list of services.

Similarly, in Germany, the passing of the Digital Healthcare Act in November 2019 has meant digital healthcare apps are now eligible for reimbursement by the public healthcare system, making it one of the easier countries in Europe to operate in for startups.

## Mixed diagnosis

While there has been a lot of enthusiasm over completely digital healthcare companies, most of these startups and their backers foresee a future involving a mix of digital and physical consultations. Odlander says: "As with everything new, there has been a lot of enthusiasm over true digital and a lot of people have been a bit carried away by

"As with everything new, there has been a lot of enthusiasm over true digital and a lot of people have been a bit carried away by that"

*Bjorn Odlander, HealthCap*

## As many European countries grapple with the second wave of the pandemic, the surge in demand for telemedicine – and promising returns for investors – looks set to continue. Eliza Punshi reports

that. But in reality, the biggest impact will be from all the small, incremental steps where you apply new thought processes and new technology into already existing stuff.”

He adds: “The most successful digital doctors will be those who combine potential access to physical care where needed and those who tap into existing structures more efficiently, instead of completely betting on a situation where a patient never meets the doctor.”

According to Babylon Health’s data, among patients who have signed up to the NHS app in the UK, as many as 40% of all interactions start and stop with the chatbot, with patients not requiring a prescription or a physical appointment with a doctor. For many similar startups, reducing the burden on the already-stretched healthcare systems across Europe is the key focus.

### Challenges

While reducing the number of physical visits might be the goal in one country, it might not be in another, says Heal Capital managing partner Christian Weiss: “The challenge is the vastly different incentives within different healthcare systems in Europe. In some countries, doctors and practitioners are interested in getting more patients into their practice, but that is not necessarily the case in all countries. So, it all depends on payments and incentives, and companies need to get their business models right.”

Even with easing regulation, healthcare remains a highly regulated space for tech startups to navigate.

“Currently, most doctors are not used to prescribing apps to patients. But going forward, apps will be a standard part of a patient’s journey”

*Nora Blum, Selfapy*

But the regulation, says Eurazeo Growth partner Yann du Rusquec, is not at odds with technology: “Regulation is there to make sure that the treatment you offer is the best that patients can get, and that the patients’ data is secure.” He adds that in this sector, data security plays an important part in reassuring both doctors and patients.

The coronavirus pandemic and associated lockdowns have shown that consulting doctors digitally is possible, but will the newly formed habits stick? Nora Blum, CEO and co-founder of digital mental health therapy provider Selfapy, says: “Society needs to open up for digital health. Currently, most doctors are not used to prescribing apps to patients. But going forward, apps will be a standard part of a patient’s journey.”

With ample room for market penetration, healthtech companies are far from maturity and VCs are not looking for quick exits. VNV Global managing partner Per Brilioth says: “It is important to have patience. Our rule of thumb is that it takes five years to build enough liquidity or enough data to start to generate any revenue whatsoever. It takes a long time to build a dataset and to have a good enough product.” ■



# Sponsor-lender relationship faces stiff Covid-19 test



**Harriet Matthews**  
Reporter

Debt funds have increased their market share of leveraged buyout deals in Europe prior to and during the coronavirus crisis, with sponsors often favouring their flexibility over bank financing. In Germany, for example, bank financing accounted for 29% of LBOs recorded in the period, while debt funds made up the remaining 71%, according to GCA Altium's *Mid-Cap Monitor*.

This shows a marked increase from H1 2020, when debt fund financing accounted for 52% of leveraged deals. However, the crisis has been a test for sponsor-lender relationships for both groups of lenders, with GPs particularly keen to see how the behaviour of debt funds could develop when times get tough.

Once the initial liquidity needs of their portfolios had been addressed, be it via additional liquidity injections or applications for state-backed financial support, the risk of covenant breaches was at the forefront of the minds of many lenders and sponsors.

EBITDA adjustments were also a key topic, with debates over which exceptional items could be counted, given the unexpected impact of the

pandemic and state-enforced lockdowns on many companies. "Of course covenants need to be reset, but banks are acting sensibly," one sponsor tells *Unquote*. "They are fed up with dealing with credit committees and are happy to waive covenants, as long as they do not expect to lose their money."

## Overload

However, when the support packages were introduced, some banks were initially overwhelmed by the need to distribute state-backed loans. While PE-backed companies were excluded from many such programmes, either when the schemes were introduced or at a later date, the situations in which banks found themselves had other effects on sponsors. Another sponsor tells *Unquote*: "We have some portfolio companies using several instruments – where banks were quick, forthcoming and proactive was with KfW funding. But when looking for standard products, not crisis financing, they were overwhelmed with KfW applications. We could not even get our banker on the phone – we did not expect it to be so damaging."

"The banks have a much bigger portfolio than most of the debt funds, so they had many more workout deals in Q2, and they had the KfW programme on the table as well," says Norbert Schmitz, managing director at GCA Altium, by way of an explanation. "A debt fund with five assets, for example, would not have such a difficult time."

"We have seen add-ons and refinancings increasing, since lenders feel more comfortable if they know the asset, even if it is trading with some difficulty"

*Norbert Schmitz, GCA Altium*



## GPs' relationships with their existing banks and debt funds became crucial to navigating challenging liquidity situations and potential covenant breaches in Q2, and will be even more important in managing the ongoing consequences of the crisis. Harriet Matthews reports

However, other sponsors tell *Unquote* that this was not an issue that they experienced.

New business was hard to come by for lenders during the first few months of the crisis, given that many deals came to a halt amid uncertain financials in the wake of the pandemic. GCA Altium's *Mid-Cap Monitor* attests to this fact: the survey found that 59% of the deals that took place in the German market were for add-ons and refinancings, compared with 44% in H1 2019. "We have seen add-ons and refinancings increasing, since lenders feel more comfortable if they know the asset, even if it is trading with some difficulty," GCA's Schmitz told *Unquote* when the survey was published in August 2020.

While banks took longer to open up following the initial crisis phase, market participants now attest to the fact that both banks and debt funds are open for business, albeit with certain caveats and accounting for a substantial market bifurcation.

### Two-speed market

The division of the buyout market is also reflected in the tone of the talks that sponsors will have had with lenders during the pandemic, one sponsor says: "This depends on the asset: if the relationship was delicate because the asset was in distress pre-crisis, then the relationship has not improved. But there have usually been constructive talks if the asset was not distressed. In my view, lenders are not very strict at the moment: people know this crisis is temporary."

"This is not a credit crunch like in 2008, so there is no need for the banks to be so aggressive. They do not have that same pressure and are willing to be flexible"

*Sponsor*

"There is a big difference between industries that were distressed before and those in trouble now," says one lawyer. "For the latter, there were holidays of 9-18 months to renegotiate business plans. There were minimum liquidity covenants and EBITDA, but they rarely demanded fees. The relationships are important, and all parties hope for a recovery."

Nevertheless, the general consensus from market participants is that lenders have been understanding in negotiating covenant holidays where necessary. Earlier this year, a sponsor reported: "Direct lenders have been supportive so far, giving us covenant holidays, allowing us to draw on RCF and, in one instance, a delayed-draw capex facility for additional liquidity."

The market participants with whom *Unquote* spoke said they do not expect banks to take the keys in the manner that was more common during the global financial crisis (GFC). One sponsor says: "This is not a credit crunch like in 2008, so there is no need for the banks to be so aggressive. They do not have that same pressure and are willing to be flexible."

Nevertheless, sponsors are mindful of the ►

possibility that lenders could take more drastic measures if the economic situation worsens, or if lockdowns are reimposed that impact already struggling businesses. Says one sponsor: “We have thought about that a lot when taking on new investors, be it debt funds or banks: would they take the keys in a worst case? We try to eliminate those for syndication. For some lenders it is an acquisition tool, and they do not want what we want, which is low or light covenants.”

Some debt-for-equity swaps have already been seen in the market in situations where sponsors were no longer able to provide equity to support the capital structure. Some of these situations have been initiated by restructuring proceedings in hard-hit industries; so far, these have generally been limited to the areas of automotive, retail and restaurants, which were also struggling prior to the pandemic.

Sun European Partners’ Flabeg was acquired by incumbent lender Cordet Capital in October 2020, following its insolvency filing in May. In the UK, casual dining has been hit particularly hard, with both lenders and sponsors on the buy-side. Partners Group acquired French bistro chain Côte from BC Partners in a deal that *The Sunday Telegraph* reported could have been made via a debt-for-equity swap. It was also reported in July 2020 that China-based GP Hony Capital was to lose control of Italian dining chain Pizza Express, with the company’s bondholders set to exchange their debt-for-equity. In the UK retail sector, it was reported in June 2020 that Bridgepoint-backed FatFace was to be acquired by lenders including Alcentra and Oak Hill.

“The question for PE funds is how debt funds would react in a restructuring,” a second lawyer tells *Unquote*, noting that how supportive debt funds would be remains a key question. “A number of funds are gaining a reputation for being very aggressive – nobody talks about this, but there is a battle going on between debt providers and equity providers, with the ‘debt-to-own’ business model. This will now come into play and it is just starting.”

Many direct lenders have dedicated teams with restructuring expertise, which means they have capacity to take command if times get tough. Some GPs and advisers anticipate that a wave of debt funds taking the reins in debt-for-equity swaps could still happen. However, it is not necessarily in the interest of debt funds to do this, given the vast amount of time and operational resources involved, as one direct lender says: “What can you do if a third of your portfolio makes zero revenues? You can try to hire more restructuring experts, but they are in fairly short supply at the moment. You are not doing any new deals and all your origination staff are working hard putting pressure on sponsors to put in equity and hoping they do not end up owning too many assets.”

“Due to availability of capital on equity and debt, debt documents are not what they might otherwise have been to navigate tough periods,” a third lawyer tells *Unquote*. “Conversations have broadly been supportive with lenders and banks. These conversations will get more difficult when banks allocate their files from their lending to their restructuring arms, although there has not been much of that yet, and some do not have a big enough restructuring arm.”

“A number of funds are gaining a reputation for being very aggressive – nobody talks about this, but there is a battle going on between debt providers and equity providers”

*Lawyer*

### Litmus test

The crisis response of lenders, and, in particular, of the new debt funds, will be a deciding factor for many sponsors in deciding which financing partners to choose in the future. “I would like to see how different debt funds have acted; this will be important,” one sponsor tells *Unquote*.

"We talked to eight debt funds we worked with – there have been significant differences, and, in hindsight, we would not have gone with those with the lowest margin, but those who are real partners in an external shock that is not caused by mismanagement. Some will always believe that the sponsor is not doing anything. If some parties are already being referenced badly, there might be a reason."

The pandemic and the resulting economic shock have been the first real tests for debt funds, given the fact that the market was relatively new across much of Europe during the GFC. Says Schmitz: "Debt funds have always said they would be there in a more difficult market. It is one of the reasons why they started in the first place in 2011/12. When things were difficult after the last crisis, they thought they would be there when the banks were not."

### Better communication

Market participants also attest to the fact that debt funds are keen to attract new opportunities to deploy, rather than seeking to take over companies in their existing portfolios. Reflecting on their communications with banks, one sponsor says: "We had better communication with debt funds – they are really keen on doing new business."

"Going forward, people will focus on their key relationships," says a fourth lawyer, who adds that they were generally impressed by the constructive discussions between sponsors and lenders. "Debt funds and banks have generally behaved very well: they did not take waiver fees or restructuring fees, and many gave covenant holidays of 12–18 months. There has been good will all round, but even more so on the debt fund side, since they are newer, and they were lucky in that they did not need to do paperwork for state loans."

It remains clear that the initial debt-for-equity swaps, and the most difficult conversations, have been limited to the industries hit hardest by the coronavirus pandemic and its related

**"Debt funds have always said they would be there in a more difficult market. It is one of the reasons why they started in the first place"**

*Norbert Schmitz, GCA Altium*

lockdown measures, with most interviewees telling *Unquote* that their experiences have been constructive. However, sponsors and lenders are by no means out of the woods, particularly as uncertainty persists over how long the economic impact of the crisis will continue. "I have always thought that the crunch will come later, because debt funds and banks do not have the capacity or desire to take over businesses currently. Their portfolios are too big," says one sponsor. "Covenants are breaking, but they are letting the liquidity flow right now and being very flexible. The highest point of danger is when businesses can see the light at the end of the tunnel, and the lender can be confident that, should they take over the business, they would be likely to recoup their investment. That will be a more dangerous time for owners than now, when things look so bleak that the debt fund would not be able to make money by taking control of the business." ■

■ *Additional reporting by Katharine Hidalgo and Oscar Geen*

### European Direct Lending Perspectives Q2 2020

*The eighth quarterly edition of the European Direct Lending Perspectives report is now available to Unquote subscribers. Produced by Debtwire and Creditflux, the report collects fundraising and deal volume statistics, the most read news articles, and interviews with key players in the market to highlight the key themes in the European private debt market across Q2.*



# Secondaries update: Unigestion's David Swanson



Harriet Matthews  
Reporter

Since the onset of the Covid-19 crisis, the secondaries market has recovered in the GP-led space faster than in the LP stakes space, according to David Swanson of Unigestion: "If you had asked me in July how the year would progress, I would have said it would be a down year with the pandemic and lack of deal volume, but now 2020 might even be a record year of deployment for us, since the market has opened up again and, in particular, in the GP-led space."

LP stake sales have taken longer to recover following June valuations and the recovery of the public market, since sellers are exercising caution. "As a seller, it has made sense to wait on the sidelines for private market valuation to follow," says Swanson. "Funds that focus solely on LP stakes have had a deployment pause, but volumes will come back up; LP stakes made up around 60-70% of the market in 2019 and we

Nevertheless, that distress could still materialise, given the uncertain direction of the pandemic: "No seller wants to be distressed and sell assets at a big discount, and they will exhaust all other alternatives first. But we still could see distress – the pandemic is getting worse in some areas and there is a lot of uncertainty as to its continued impact."

Pricing has remained punchy following Q1 and Q2 disparities. "There has been a flight to quality, particularly where company business models and their resilience can truly be understood," says Swanson, reflecting the bifurcation seen in the current buyout market. "For quality positions there is not much of a discount to net asset values. However, holding periods have been pushed out, and that has led investors to underwrite greater time until exit."

## Long haul

The trend towards longer holding periods in a challenging exit environment is likely to affect the market significantly going forward, presenting new opportunities for secondaries and differentiated liquidity solutions. "We are in an environment where there has not been significant DPI generation for GPs," says Swanson. "Portfolio companies that were meant to hit certain performance targets in 2020 are now expected to hit those targets in 2021 or beyond. This has delayed exits and therefore brought GPs to the secondary market for a solution. A GP-led deal can solve the tension

"The pandemic, the US election, Brexit and other geopolitical events could lead to volatility, which will affect how buyers and sellers approach the market"

*David Swanson, Unigestion*

are likely to return to those levels, if there is no significant worsening of the pandemic."

Swanson says there has continued to be less distress than was initially anticipated.

## Secondaries activity is recovering from the initial coronavirus-related shock, with good prospects for GP-led secondaries deals. Harriet Matthews speaks to David Swanson of Unigestion to discuss the market outlook

between the desire to generate liquidity and the GP's desire to not sell assets at a sub-optimal time."

Swanson predicts a high volume of GP-led secondaries deals in Q4 2020 and in 2021, accompanied by a rebound of the LP stakes market. "LPs will, at some point, need to rebalance, trim old positions, etc. Once there is more clarity around net asset values in Q3 and Q4, you could see sellers of LP interests return to market and transact off those reference dates. However, the pandemic, the US election, Brexit and other geopolitical events could lead to a lot of volatility, which will affect how buyers and sellers approach the market."

Of Unigestion's own strategy, Swanson says: "Deployment is going well so far; we will have done seven deals by the end of the year and we made the first one in September." Unigestion is on the road for its fifth secondaries fund, which has a target of €700m. The fund focuses on small-cap, non-auctioned, GP-led deals

"For quality positions there is not much of a discount to net asset values. However, holding periods have been pushed out, and that has led investors to underwrite greater time until exit"

*David Swanson, Unigestion*

valued at less than €50m, although it could opportunistically target LP stakes.

The development of digital due diligence and the adaptation to home working has been key in keeping up deployment, Swanson says. "In all our deals, we want to meet management teams of the underlying companies, and continue to do deep due diligence, and we have still been able to do that. I think the global response to accommodate working from home has been very impressive. The technology and the resources that have come into play have really enabled a thorough diligence process." ■

### Secondaries fundraising in 2020

Secondaries players active in the European market have completed final closes in 2020 totalling almost €44.2bn across 16 vehicles, according to *Unquote Data*. The same period in 2019 saw 11 final closes totalling almost €16bn.

Several multi-billion-euro vehicles boosted 2020's total. The largest of these was [Ardian Secondary Fund VIII](#), which held a final close in June 2020 on \$19bn; \$5bn of the fund's

capital is earmarked for co-investment interests and the fund will target large-cap deals. [Lexington Capital Partners IX](#) and [Dover Street X](#) also held final closes of more than €5bn.

Among the funds currently on the road is [Collier International Partners VIII](#), which held an interim close on \$4.89bn in January 2020 and makes investments of up to \$1bn.



# GP Profile: Sparring Capital



**Greg Gille**  
Editor

**F**ounded in 2002, Sparring Capital was known as Pragma Capital until 2018, when the GP rebranded following a leadership reshuffle. Current team leaders Arnaud Leclercq and Denis Catz took over in 2016 from Pragma founders Jean-Pierre Créange and Gilles Gramat. The firm has since added a third partner, Johann Le Duigou – he joined in September 2018, having previously worked for 14 years at Nixen Partners, where he was one of the partners.

Its latest vehicle, Sparring Capital Fund 2 (SFC 2), is aiming to close within the next six months. The vehicle has a hard-cap of €225m and is working with Northern Lights Alternative Advisors as placement agent.

SFC 2 was registered in early 2018 with a target in excess of the amount raised for its predecessor (€110m). The fund was eventually launched in June 2019 and went on to hold a first close on €115m in December. The GP was initially looking to close around the summer of 2020, but the coronavirus outbreak pushed timelines further along, says Arnaud Leclercq, a partner and CEO at Sparring.

“The lockdown certainly made things difficult, with many LPs wanting to get a full view of their

were a definite silver lining for a firm aiming to internationalise its LP base: “We also used that period as an opportunity to initiate discussions with a number of international investors that we would have had a harder time meeting in more normal circumstances.”

## Change of tack

Sparring had raised three funds under the Pragma banner prior to SFC 2. Its latest effort, Pragma Capital III (which has since been renamed to SCF 1), had an initial target of €250m, but ultimately held a final close on €110m in November 2016 due to internal team strategy changes, according to previous *Unquote* coverage. It switched its focus to backing small-cap buyouts with an enterprise value in the €15–75m range, investing €7–15m, mostly for majority stakes.

Sparring has stuck to this strategy since, Leclercq

“Many LPs want to get a full view of their exposure across their overall PE allocation before making a call on further commitments”

*Arnaud Leclercq, Sparring Capital*

exposure across their overall PE allocation before making a call on further commitments,” he says. But Leclercq adds that virtual meetings



## French GP Sparring Capital (previously known as Pragma Capital) is aiming for a final close in the coming months for its fourth fund, having collected around two thirds of its target. Greg Gille catches up with partner and CEO Arnaud Leclercq

says: “Our angle is not to go after too heavily intermediated, plain-vanilla deals. We specialise in more proprietary transactions for less visible assets, where we can really undertake transformative work.”

The GP stated at the time of the launch of SFC 2 that it would not look to move away from its sweet spot, despite the larger fund size. The fund would instead be more likely to back a higher number of transactions.

Sparring has already started deploying its latest vintage, inking its first deal at the start of 2020: Sparring acquired a majority stake in Pure Trade Worldwide, a France-based company engaged in designing and manufacturing luxury retail and promotional packaging products, from Initiative & Finance and Isatis Capital.

The GP is now in the process of closing a second deal with the fund. Although the asset remains unnamed, Leclercq says it is a good fit for Sparring’s approach, being a primary buy-in management buyout, in a resilient sector and sourced on a bilateral basis.

### Portfolio management and dealflow

SFC 1 is now fully deployed for new investments, with some dry powder left for add-ons to the existing portfolio. Last year was particularly busy for the GP, with three new platform deals. These included the MBO of Intermèdes, a tour operator and a travel agency bought in February 2019; Weecap, an electrical engineering company bought from Capzanine, SG Capital Partenaires and the founders in April that same year; and Belgian technology consultancy Nalys, acquired the following September. In addition, Sparring has made a number of bolt-ons for its portfolio in the past couple of years.

Leclercq says the portfolio has remained resilient in the face of the Covid-19 pandemic, although Intermèdes has been more badly hit: “The company focuses on cultural travel, with a generally older clientele, so the pandemic and travel restrictions have had an impact on the top line. But a big part of our strategy for the business was to accelerate its digital transformation, so recent months have been a good opportunity to focus on that work and make good progress to prepare the business for the ‘new normal’.”

In addition to its ongoing fundraise, Sparring will continue its buy-and-build efforts for the rest of 2020, with Leclercq saying the firm is in exclusive talks on a number of bolt-ons for its portfolio companies (including for some processes initiated post-lockdown). “The current crisis is likely to add up to a year to exit calendars for most PE firms, as no one will rush to bring assets to market in this environment – but that is also a great opportunity to keep adding value to the current portfolio,” he says.

That said, Leclercq is generally cautious regarding the levels of activity that can be expected in the current market: “Dealflow has been fairly good in September. But part of that could be due to the market finally unlocking post-lockdown, and it remains to be seen whether that can be sustained for the rest of the year given the macroeconomic environment and the uncertainty around EBITDA adjustments for a number of businesses. Nevertheless, and despite these challenging conditions, 2020 will remain a good deployment year for us, with two deals for the new fund and a number of build-ups in the pipeline.” ■

# British Private Equity Awards 2020: the results

**T**he 2020 edition of the British Private Equity Awards continued to recognise the role of the industry in generating outstanding returns for investors and fostering the growth of the UK economy.

The Covid-19 pandemic of course loomed large over the judging period of this year's Awards. Dealflow came to a screeching halt in March, fundraising timelines were further stretched for many GPs, and most focused their attention on making sure portfolio companies could weather the lockdowns and general disruption. Consequently, of the usual period upon which GPs are judged for the awards, one third was incredibly challenging for everyone.

Nevertheless, the positive stories emerging amid the doom and gloom of Q2 – to say nothing of the tremendous achievements of countless

GPs and advisers in the nine months prior to that – convinced us and our judges that highlighting these successes was more essential than ever.

## Tough competition

The quality of the entries – especially when it came to firms highlighting their efforts to adapt to the early shock of the pandemic – shows that even at the toughest of times, the British private equity industry is more than capable of stepping up to the challenge and making an even stronger case for its vital role in supporting the local economy.

The *Unquote* team would like to thank every firm and individual that took part in the process, as well as our judges and readers for their expert input. And congratulations to the winners, as well as those that made it to a very competitive shortlist. ■

## Online supplement

Traditionally, the Awards winners would have been unveiled at the Brewery in London, in front of more than 400 of the industry's finest, all eager to discover the results and, perhaps more importantly, spend a joyous evening to celebrate a year of hard work. Such large-scale events have sadly proven impossible to run in the current context. Nevertheless, we felt the Awards should be celebrated in style – so we have worked around the clock with our sponsors and the finalists to put together a dedicated website to showcase the results and all those who made it to the shortlist.

<http://awards.unquote.com/british-private-equity-awards-2020>



*Unquote* celebrates the winners of the 2020 British Private Equity Awards, hotly contested despite a most challenging market

## The winners

### Small Buyout Exit of the Year

Tenzing (FMP Global)

### Mid-Market Exit of the Year

3i (Aspen Pumps)

### Secondaries Deal of the Year

Standard Chartered portfolio

### Venture & Growth Capital House of the Year

Frog Capital

### Small Buyout House of the Year

Elysian Capital

### Mid-Market Buyout House of the Year

Bowmark Capital

### Responsible Investor of the Year

Palatine

### Fundraising of the Year

Tenzing

### Lender of the Year

HSBC

### Corporate Finance Adviser of the Year

Alantra

### Debt Adviser of the Year

Deloitte

### Financial Due Diligence Provider of the Year

Alvarez & Marsal

### Commercial Due Diligence Provider of the Year

CIL

### Specialist Due Diligence Provider of the Year

Palladium

### M&A Insurance Broker of the Year

Howden M&A

### Law Firm of the Year – Transactions

Eversheds

### Law Firm of the Year – Fund Structuring

Proskauer Rose

### Fund Administrator of the Year

Aztec Group

### Placement Agent of the Year

Asante Capital

### Secondaries Adviser of the Year

Campbell Lutyens

# Expert voices



## Video: Frog Capital's Mike Reid on growth equity's chance to shine

Unquote recently interviewed Mike Reid from Frog Capital, which took the Venture & Growth Capital House of the Year gong at the 2020 British Private Equity Awards.

The senior partner recapped a busy year for the tech-focused growth capital firm, including two standout exits, as well as fresh investments. He also argued that growth equity can benefit from some of the challenges currently affecting buyout and early-stage VCs' strategies in order to draw eyes from a fundraising point of view.

"Buyouts has been a very successful market for returns, but it is now experiencing an oversupply of capital, and the high-leverage approach to keep returns up there is putting off investors," he said. "Early-stage VC is attracting quite a lot of interest,



but a lot of people have long memories – it is a very volatile area. So growth equity, for my own money and for a lot of the LPs we have been talking to, is a really good compromise to get an increased exposure to software, but in a more resilient way." ■



## Video: Travers Smith's Sam Kay on fundraising's paradigm shift

Sam Kay, a partner at British Private Equity Awards finalist Travers Smith, recently discussed fund formation trends with Unquote's Denise Ko Genovese.

Kay noted that fundraising remained resilient under lockdown this year, but that a number of these processes had started prior to the Covid-19 crisis.

Another key focus point for Travers Smith over recent months has been fund financing, and, more generally, portfolio management for funds. Kay argued that, rather than being a short-term adaptation to the coronavirus restrictions, the new methods developed to continue fundraising could become the new normal for private equity: "Is the situation we have at the moment simply adapting to the issues everyone is facing? How



will LPs adjust in a year or two, when they realise that for the past two years they have not needed to travel to do on-site due diligence? That may well fundamentally change the way fundraising processes work." ■



While working remotely, *Unquote* continues to gather insights from the industry's prominent practitioners across videos, podcasts and webinars



### Video: Alantra's Andy Currie on the outlook for PE

Following Alantra's win in the Corporate Finance Firm Of The Year category at the 2020 British Private Equity Awards, Denise Ko Genovese caught up with managing partner Andy Currie to discuss how the firm adapted to the Covid-19 outbreak, how dealflow rebounded towards the end of Q2, and his take on the market as 2020 draws to a close.

"If you look at the market, there is still tremendous liquidity," he said. "Good management teams looking for funding will be able to raise that. Meanwhile, private equity is going to continue becoming increasingly sector-focused. We still have not really felt the economic pain of these past six months. It is likely there will be widespread redundancies in certain sectors and potential tax changes, leading



PE to be even more selective. So I would expect deal volumes to be down on average, but average valuations to go up, as certain sectors have been re-rated after demonstrating their resilience." ■



### Unquote Private Equity Podcast: Partnering for portfolio management

*Unquote* has teamed up with Rutland Partners to record a special podcast on tactics for superior portfolio management, and to get the firm's view on the current market.

Portfolio management has never been more vital following the coronavirus crisis, with liquidity and balance sheets needing to be catered for.

Investors also need to consider fundamental strategy shifts and acquisitions to prepare for the long-term changes affected by the current environment.

Oliver Jones and David Wardrop discuss the potential for new investment opportunities in a post Covid-19 environment, cautioning investors to make sure businesses show long-term



resilience. The partners also talk about changing and evolving valuations, as well as relationships with lenders, and provide their top tips for best-in-class portfolio management, touching on the move toward digitalisation. ■

# In Profile: Searchlight Capital Partners



**Katharine Hidalgo**  
Reporter

US-based Searchlight Capital Partners is currently raising for its third-generation fund, Searchlight III, which held an interim close on \$3.1bn in May 2020, following a first close on its target of \$2.75bn in July 2019. LPs in the fund include the California State Teachers' Retirement System, Canada Pension Plan Investment Board (CPPIB), Florida State Board of Administration and the Massachusetts Housing Finance Agency Retirement System, each with commitments of, or more than, \$150m, according to *Unquote Data*.

Searchlight founding partner Oliver Haarmann told *Unquote* he had seen the denominator effect mute some LPs' appetite. "Overall, though, people are bullish on the PE asset class. They saw it do very well in the global financial crisis of 2008, but still, the market is very bifurcated."

Searchlight III has a mandate to pursue complex transactions including distressed debt purchases, post-reorganisation equity purchases and bankruptcy reorganisations, followed by debt-for-

equity swaps, minority private equity investments, leveraged buyouts, corporate partnerships, public equity purchases, and subordinated debt instruments with equity optionality, in both western Europe and North America.

Haarmann says: "When you have the level of volatility we are looking at now, it can constrain deal activity. When it is hard to predict what the rest of 2020 and 2021 will look like, it is similarly hard to value a business or even get financing."

"Having said that, volatility does create a lot of opportunities. There will be companies that need capital and shareholders who will need to sell assets to shore up their holdings, and there will also be companies trying to acquire their competitors. As we also invest in distressed situations, this volatility can bring good opportunities for us."

Searchlight II closed on \$1.9bn in December 2015 and is now fully deployed. Its LPs similarly included

"Volatility does create a lot of opportunities. There will be companies that need capital and shareholders who will need to sell assets"

*Oliver Haarmann, Searchlight Capital Partners*

equity swaps, minority private equity investments, leveraged buyouts, corporate partnerships, public equity purchases, and subordinated debt



## Following an interim close for Searchlight Capital Partners' latest fund on \$3.1bn, Katharine Hidalgo speaks with founding partner Oliver Haarmann to discuss volatility, the importance of recurring revenues, and growth through the coronavirus crisis

CPPIB and the Florida State Board of Administration, as well as several European LPs, such as SwanCap Partners, with a commitment of \$10m, and Lombard Odier, with a commitment of \$22.5m.

### Offence and defence

When discussing the management of the existing portfolio, Haarmann says: "We are playing offence and defence with our portfolio now." He told *Unquote* the firm tends to invest in companies with high recurring revenues. "Generally, these businesses have not faced too much volatility, with little exposure to the consumer sector," he says.

One such investment is in Opus, a Sweden-based company that manufactures collision and mechanical diagnostics technology. Searchlight de-listed the company for SEK 2.47bn in December 2019. The offer represented a 42% premium on the company's unaffected share price.

"We are also working on contingency planning if there is another lockdown or downturn, as we are building budgets for portfolio companies," says Haarmann.

Haarmann says the firm has also taken steps to strengthen portfolio companies where growth opportunities are available. He cites Italy-based wireless broadband provider Eolo, in which Searchlight II took a 49% stake for €150m in January 2018, according to *Unquote Data*.

"Eolo has had 25-30% annual revenue growth this year because more people wanted higher-quality broadband throughout the lockdown," says Haarmann. "We invested to accelerate

capital expenditure, marketing spend and service installation so it could meet the increased demand."

For another portfolio company, Global Risk Partners (GRP), Searchlight supported an inorganic growth strategy. The insurance broker, in which Searchlight took a majority stake in February 2020, has made eight acquisitions since March.

"The company is buying smaller businesses, where the owners are worried about longer-term volatility, or feel like they do not have enough resources to invest in the business if the crisis persists," says Haarmann. "But these are high-quality assets, with good customer bases and good technology. GRP was able to make the acquisitions with debt and preferential acquisition terms, which we supported as shareholders," he says.

GRP was the firm's first investment in the financial services sector. Says Haarmann: "Businesses need insurance policies if the economy is good or bad, so GRP is very resilient and quite cash-generative. The insurance brokerage market is also very fragmented. We are going to keep looking at insurance-related services off the back of this investment."

Following the listing of two US-based portfolio companies this summer – Rackspace and Shift4 Payments – the firm could make more exits in late Q4 of 2020 or Q1 of 2021. Says Haarmann: "We're looking at a couple of exits and we could have had a couple more this summer, but this brings me back to the volatility in the market, such as the upcoming US election, Brexit negotiations, increased climate disruptions and the coronavirus pandemic." ■

# German PE assesses opportunities in crisis



**Harriet Matthews**  
Reporter

The topic of dry powder was key for panellists at the *Mergermarket* Germany Forum, given that many GPs have not been able to stick with their usual deployment plans in 2020, amid portfolio damage limitation and the uncertainty in company financials in the wake of the coronavirus crisis.

“What we found most obvious and most spectacular was the short halt of maybe two weeks at the end of March to mid-April, when the market came to a literal standstill on the equity and debt side,” said Marc Brugger, managing director at LFPE. “But there were deals done during the crisis and fully remote fundraising has been taking place, which we never would have expected in 2019. The gap between dry powder and invested capital will definitely increase in 2020, but we are no longer seeing the market in ‘no-deal mode’.”

Germany’s family-owned *Mittelstand* businesses are likely to be a source of deal opportunities amid the uncertainty, said Inna Gehrt, partner and head of DACH at Mandarin Capital Partners: “We are seeing strong growth in terms of family-owned businesses that are trying to sell their companies; a lot of owners do not

know what will happen in the next year, nor when the pandemic will end, so they would rather try to sell their businesses now, while their valuation is more or less attractive.”

The panellists also pointed to carve-outs as a potential source of deals, noting that although many were delayed or aborted in the first months of the crisis, many corporates remain under pressure to sell. In addition to highlighting *Mittelstand* businesses, Gehrt noted that companies with a “made in Germany” angle are becoming increasingly attractive.

## Winners and losers

Sector-based market bifurcation has been a clear trend in Germany and beyond in the wake of the coronavirus crisis. Andreas Bösenberg, CEO of Nord Holding, explained how this is playing out in Germany: “Software and healthcare valuations are increasing, but the automotive sector is not moving at all, while mechanical engineering valuations, for example, are coming down. The market is increasingly differentiating by the quality of assets. Healthcare, software and TMT are seen as safe havens, so people are increasingly allocating money there. For value investments, it is still too early.”

Nils Koffka, a partner at Allen & Overy, identified four categories of companies: businesses that have benefited through the pandemic; those that have weathered the storm relatively unscathed; those that were the target of private equity deals that did not come to fruition in 2019; and finally

“The gap between dry powder and invested capital will definitely increase in 2020, but we are no longer seeing the market in ‘no-deal mode’”

Marc Brugger, LFPE

## Panellists from Nord Holding, LFPE, Mandarin Capital Partners and Allen & Overy discussed the role of private equity in the current deals landscape at *Mergermarket's* Germany Forum. Harriet Matthews reports

those companies that have suffered during the coronavirus pandemic, many of which are currently backed by government money. Such businesses are likely to be restructuring cases, he said: "In terms of sectors, to some extent consumer is winning, but this can be difficult for private equity to approach, since the question here is 'can I rely on the 2020 EBITDA numbers?' – the growth could be a one-off. For example, if someone bought a bike this year, they do not need another one next year."

Speaking on those businesses that have been neither losers nor winners, but have come through the crisis quite well, Koffka said: "Those assets are coming to market now and we see a lot of investors going after those since they are Covid-resistant."

Koffka's other category was deals that did not work out in 2019 returning to market – which could provide another source of opportunities for sponsors: "Every year you have deals that do not succeed. Many investors who have previously looked at these know the company very well by this stage and if such businesses have managed the first few months of the crisis well, they might become an interesting target now."

### Preparing for 2021

The panellists acknowledged that special situations investors are likely to see their deal opportunities increasing in the coming months. Brugger noted that distressed M&A specialists are not the only investors who stand to benefit: "We are seeing more investors picking up distressed deals, so there could be a suitable

**"Buy-and-build is really the theme of the day to find growth – not only in smaller buy-and-build roll-up cases, but also for mid-market companies"**

*Andreas Bösenberg, Nord Holding*

buyer for almost every asset in the market. The sellers are becoming more sophisticated, and even professional PE funds are sellers in this market, which really keeps the market going."

Koffka added that the anticipated wave of distressed investments has not yet broken, due to the amount of government money that has been used to support businesses since the start of the pandemic, as well as the suspension of some aspects of German insolvency law. However, he believes that the market is preparing for this: "I would not be surprised if some of the more opportunistic PE funds have sharpened their instruments and are going to do business more intensively in this area in H1 2021, when German insolvency rules are back in force."

Although the panellists were cautiously optimistic about how the market is developing, Bösenberg said: "It is getting more difficult to find growth in this current environment. Buy-and-build is really the theme of the day to find growth – not only in smaller buy-and-build roll-up cases, but also for mid-market companies. But we are still in the crisis – this is a marathon and there is a long way to go yet." ■



# BVCA Summit: Reasons to be cheerful



**Katharine Hidalgo**  
Reporter

**L**Ps, GPs and advisers at the British Venture Capital Association (BVCA) summit were bullish on private equity, speaking about adjusting to virtual working and the strength of the fundraising market, as well as progress in the environmental, social and corporate governance (ESG) space.

Hamilton Lane's head of EMEA fund investment, Richard Hope, said: "We have seen fundraisings pushed back by only a few months. The fundraising engine has kept going strongly. For most organised LPs, this has been a fairly busy time for fundraising." He also said that through new fund meetings and on-site due diligence, the firm's numbers were up against the previous year.

Several panellists spoke about the positive aspects of the shift to remote working and virtual meetings. Speaking on virtual fundraising, Jodi Yang, head of investor relations of Balderton Capital, said: "In terms of comfort in backing existing relationships, there is a nice raw candour that has emerged from these virtual experiences and we think there could be more touch points with LPs for creative managers."

"Pre-Covid-19, we felt that if a team did not come to visit us in person, they were missing the commitment necessary, but we now see it is a really efficient way of getting meetings done"

*Ken Cooper, British Business Bank*

Managing director Ken Cooper of the British Business Bank said: "Pre-Covid-19, we felt that if a team did not come to visit us in person, they were missing the commitment necessary, but we now see it is a really efficient way of getting meetings done. We can have a meeting with managers from Newcastle in the morning and meet with a manager from London in the afternoon without a train journey in the middle."

Both fund financing and secondaries professionals discussed the importance of an expanding toolbox for secondaries buyers and GPs to generate liquidity in a quickly professionalising segment of the industry. Roberto Biondi of Permira said: "The tools we have seen available for fund financing is positive. Anything that is going to be able to create value and a reasonable price of leverage is generally going to be a good thing."

## Sophisticated market

Greg Ciesielski of HarbourVest spoke about the growing sophistication of the secondaries market: "Market players have moved to almost 100% familiarity with us and the tools that we can offer." Meanwhile, Neuberger Berman managing director Philip Patschkowski highlighted the rise of GP-led secondaries transactions, with these types of deals having grown to approximately 50% of the secondaries market, according to the panellists. Patschkowski said: "GP-led deals will be a more important tool going forward. There were GPs who previously did not want to participate, but

## Market participants gathered virtually to discuss trends in the private markets space for the British Venture Capital Association (BVCA) summit on 7-8 October 2020. Katharine Hidalgo reports

now some are more open to discussing these opportunities, which is becoming a dominant part of the market.”

### ESG edge

ESG was also discussed in many of the panels throughout the event, with talks focused on climate change, impact investing and diversity. Former Bank of England governor Mark Carney spoke on his new position as United Nations Special Envoy for Climate Action and Finance, discussing the importance of the private sector: “We are getting ideas and expertise from the private sector to shape regulation and reporting. Larger institutions are committing to reach net zero [carbon emissions] and the key message is that it is moving, and it has been driven by the private sector.”

Sir Ronald Cohen, known as the father of venture in the UK to many, also discussed the role of the private sector. He said: “We have been working at a government level to date, but those that have to change their behaviour are companies. Industry leaders have to provide profit and impact at the same time.”

On a panel on ESG, Geoffrey Geiger, head of private equity funds and co-investments for the Universities Superannuation Scheme, said that ESG has become much more standard in the industry. “We have ended up ruling out investments based on ESG criteria,” he said. “We decided not to invest in a continental European manager that refused to engage with our ESG questionnaire, and we rejected a co-investment in a carbon mining

“We decided not to invest in a continental European manager that refused to engage with our ESG questionnaire”

*Geoffrey Geiger, Universities Superannuation Scheme*

business, because we challenged the sponsor on the exit value assumptions. We have a couple of stories where ESG has really had an impact on the investment strategy.”

On the same panel, Christoph Lueneburger of Towerbrook Capital Partners, Cinven’s Vanessa Maydon and Stephanie Wall of Palatine Private Equity all agreed that reporting was the most difficult aspect of investing with ESG in mind. Lueneburger said: “It is tough to be specific about the metrics and how they are connected to value creation.” Wall added: “The easiest part is minimising risk when you go in, but we want to see that happen throughout the investment.”

Diversity has also become an important consideration for name brand GPs and LPs. Joana Rocha of Neuberger Berman spoke about the steps taken at the firm to improve diversity: “One in four of our investment professionals are women and we have tried to come up with practical measures to increase diversity, including unconscious bias training, steps in recruitment, mentoring programmes and retention measures. We have also shared our learnings with our core GPs, who have reached out and asked for help.” ■

# Funds round-up



## BC European Capital XI holds first close on €4bn

BC Partners held a first close for its BC European Capital XI fund on €4bn in September.

The fund was announced in January 2020 with a target of €8.5bn. A source close to the situation said: "It is going well and it has had strong momentum, in spite of the pandemic. They recently had a strong first close at €4bn, which was larger than expected."

The fund is expected to invest in European companies with enterprise values greater than €300m. The vehicle also looks to invest in US firms, but selectively. The fund has yet to make its first investment, according to *Unquote Data*.

The fund's predecessor, BC European Capital X (BC X) held

a final close on its target of €7bn in January 2018. The close followed the completion of a \$1bn stapled secondary deal involving commitments to its ninth fund.

BC X was 86% deployed as of March 2020 and holds investments in a variety of sectors, including an investment in Shawbrook Bank, United Group and VetPartners.

LPs in that fund include AFP Colombiana Protección, Banque Pictet and Birchtree Fund Investments, each with a commitment of €100m or more.

BC Partners owns a minority stake in Acuris, the parent company of *Unquote*. The firm declined to comment on fundraising. ■

### BC European Capital XI

<b>TARGET</b>	€8.5bn
<b>LAUNCHED</b>	Jan 2020
<b>CLOSED ON</b>	€4bn, Sep 2020 (1st close)
<b>FOCUS</b>	European large-cap
<b>FUND MANAGER</b>	BC Partners

## Elysian III closes on £325m hard-cap

Elysian Capital has closed its third fund on its £325m hard-cap.

Domiciled in the UK as a UK limited partnership, Elysian Capital III was registered in December 2019 with a target of £300m. It held a first close on £270m in June 2020.

Most of the due diligence meetings regarding the fund were held over Zoom and Teams, according to a statement.

The firm's second-generation fund

closed on £250m in July 2015 and was 72% deployed as of December 2019. Its investment period ended in June 2020. The firm's debut fund is currently in its realisation phase, having made six exits to date.

Elysian III will look to invest £20-40m in UK lower-mid-market companies with enterprise values of up to £100m. The firm has an expected holding period of three to five years. ■

### Elysian Capital III

<b>TARGET</b>	£300m
<b>LAUNCHED</b>	Dec 2019
<b>CLOSED ON</b>	£325m, Oct 2020
<b>FOCUS</b>	UK lower-mid-market companies
<b>FUND MANAGER</b>	Elysian Capital

**A round-up of recent fundraisings throughout the private equity industry, including BC European Capital XI holding its first close on €4bn; Nordic Capital X's €6.1bn final close; and Omnes launching its fifth Croissance fund**

## Nordic Capital X reaches final close on €6.1bn

Private equity firm Nordic Capital has held a final close for its 10th fund on €6.1bn, exceeding its target of €5bn.

Nordic Capital X was launched in April 2020, with the GP raising the capital entirely remotely.

The vehicle, which was oversubscribed, had already surpassed its target of €5bn when it held a first close in August. It went on to exceed its €5.75bn hard-cap, once taking the GP commitment into account.

The GP committed 6.5% of its own funds to the vehicle, which is larger than its €4.3bn 2018 predecessor, Nordic Capital IX.

The fundraising was led by Nordic Capital's in-house investor relations team.

Rede Partners acted as the global placement agent for the fundraise, alongside Transpacific in Asia, and Ameris in South America.

The GP's legal advisers were Kirkland & Ellis as the lead legal counsel, supported by Carey Olsen in Jersey and Arendt in Luxembourg.

The new fund is made up of new and existing investors, with 34% of commitments from new investors. Of the capital raised by Nordic Capital X, 90% came

from Nordic Capital IX LPs re-upping. LPs in Nordic Capital IX include Washington State Investment Board, Minnesota State Board of Investment, Massachusetts Pension Reserves Investment Management Board, Aberdeen Standard Investments, and Canada Pension Plan Investment Board.

The vehicle saw commitments from investors around the world, including 38% from North America, 27% from Europe, 17% from Asia, 15% from the Middle East and 3% from the rest of the world.

Public and private pension funds comprise around 49% of the LP base, sovereign wealth funds around 16%, funds-of-funds 13%, financial institutions 11%, while endowments and family offices make up around 10%.

Nordic Capital X will be invested across Europe, with a mandate for global investment in healthcare, and a smaller global mandate for technology and payments businesses.

The GP made its first investment from the fund in September, when it acquired a 70% stake in software company Siteimprove for around €500m. ■

### Nordic Capital X

<b>TARGET</b>	€5bn
<b>LAUNCHED</b>	Apr 2020
<b>CLOSED ON</b>	€6.1bn, Oct 2020
<b>FUND MANAGER</b>	Nordic Capital

## Hg closes Saturn 2, Mercury 3 and Genesis 9 on hard-caps

Hg funds Saturn 2, Mercury 3 and Genesis 9 have closed on hard-caps of \$4.85bn, €1.3bn and €4.4bn respectively.

Of the three funds, Saturn 2 has an investment strategy focused on companies with the largest enterprise values. It held a first close on \$4bn in March 2020. The fund's portfolio currently includes enterprise software business Visma, and a minority stake in insurance broker Hyperion. LPs in the fund include The State of Connecticut Retirement Plans and Trust Funds, Teacher Retirement System of Texas, and the Pennsylvania Public School Employees Retirement System, each with a commitment of \$50m or more.

Hg Mercury 3 was announced in March 2020 with a target of €1.1bn. It held its first close that month on €1bn.

The fund targets smaller-cap companies with enterprise values of £50-250m, typically investing £30-60m. One current portfolio company is software company Evaluate.

Hg Genesis 9 held a first close in March 2020 against its target of €3.3bn. It will target mid-market companies with enterprise values of €500m-1.5bn and will typically invest €200-600m in software and technology services across Europe. LPs in the fund include Hamilton Lane, Pennsylvania Public School Employees Retirement System, and Teacher Retirement System of Texas, each with a commitment of €100m or more.

Proskauer provided legal advice and Rede Partners acted as placement agent for the three funds. ■

## Omnes hits fundraising trail for Croissance 5 fund

French GP Omnes Capital has launched its fifth Croissance mid-cap vehicle with a target of around €350m.

Unquote previously reported that the launch of Croissance 5 was planned for H2 2020. The fund is now on the road, with a first close expected between Q4 and Q1 next year, Omnes managing partner Benjamin Arm told Unquote.

Omnes is also raising capital for its vehicles focusing on the smaller end of the market, including the Omnes Expansion 3 and LCL Expansion 3 funds.

Omnes' Croissance funds focus on the mid-market buyout and growth capital segments in France.

The fourth-generation vehicle, which held a €210m final close in late 2016, targets French SMEs with turnovers in the €25-180m range, investing equity tickets of €8-25m. Portfolio companies of Omnes Croissance 4 include BioFutur, Captain Tortue, Intys Consulting and Spherea, among others.

The strategy will remain very similar for Croissance 5, although the larger target size will enable Omnes to deploy larger tickets: the fund will target primarily French SMEs with enterprise values in the €75-150m range, investing equity tickets of €30-40m, according to Arm. ■

### Omnes Croissance 5

TARGET	€350m
LAUNCHED	Oct 2020
FOCUS	French mid-market
FUND MANAGER	Omnes Capital



## Levine Leichtman Capital Partners Europe II closes on €463m

Levine Leichtman Capital Partners (LLCP) has held a final close for its second Europe-dedicated private equity fund on €463m.

LLCP is a mid-market private equity firm headquartered in Los Angeles that specialises in highly flexible investments to meet the needs of management teams who require long-term capital, but wish to minimise equity dilution.

The firm has been investing in Europe since the opening of its London office in 2011, expanding its presence with the addition of offices in The Hague in 2015 and Stockholm in 2019.

Its first Europe-focused fund, Levine Leichtman Capital Partners Europe I, closed on €100m in March 2015, and has made four investments so far.

“We are excited to close our second Europe fund with commitments from returning and new LPs,” said Michael Weinberg, a managing partner of LLCP. “The very positive response to the fund is a testament to the success of our first Europe fund and the differentiated investment strategy we implement on a global basis. It also reflects the strength of our European team, which is supported by the broad resources and expertise of our entire firm.”

Levine Leichtman Capital Partners Europe II (LLCPE II) received strong support from a large group of institutional investors, including pension funds, insurance companies, banks, family offices and foundations, the firm said.

The fund follows a differentiated structured private equity investment

strategy, combining debt and equity capital investments.

This strategy provides a less dilutive solution for management teams and entrepreneurs, while delivering growth and income with a significantly lower risk profile, according to the GP.

LLCPE II invests across various sectors, including business services, franchising, healthcare, education and engineering.

The fund has already completed one investment and has two additional deals under contract.

LLCP has a global team of investment professionals led by seven partners who have worked together for around 21 years. Since its inception in 1984, the firm has managed approximately \$11bn in institutional capital across 14 funds and has invested in 85 portfolio companies.

LLCP currently manages assets worth \$7bn – including its most recent flagship fund, Levine Leichtman Capital Partners VI, which closed on \$2.5bn in December 2018, surpassing its \$2.2bn target.

The fund raised capital from institutional investors globally, including public and private pension funds, sovereign wealth funds, endowments and foundations, insurance companies, funds-of-funds, wealth management platforms and family offices.

The vehicle has already closed five investments, including one add-on acquisition, totalling more than \$552m in capital invested. Its predecessor, Levine Leichtman Capital Partners V, a 2013-vintage fund, raised \$1.65bn and acquired 11 portfolio companies. ■

### Levine Leichtman Capital Partners Europe II

**CLOSED ON** €463m, Oct 2020

**FOCUS** European mid-market

**FUND MANAGER** Levine Leichtman Capital Partners

## PAI Mid-Market holds €500m first close towards €700m target

PAI Partners has held a €500m first close for its PAI Mid-Market Fund, which has a €700m target, according to a source close to the situation.

The fund was launched in January 2020 to complement PAI's existing large-cap strategy.

The vehicle will invest in companies with enterprise values in the €100-300m range that operate in the business services, consumer, healthcare and industrial sectors in Italy, Spain, Germany, France and the Benelux region. It will deploy tickets of €50-150m and pursue buy-and-build strategies aimed at supporting its portfolio companies' market consolidation and international expansion.

The fund is co-led by PAI partners Raffaele Vitale and Stefano Drago, alongside Mateo Pániker Rumeu, who joined the firm from Ventura Equity Partners. Pániker Rumeu previously spent 12 years as senior principal and member of the investment committee

at Investindustrial, working from the firm's Spanish office.

PAI is currently investing its seventh fund, PAI Europe VII, which hit its €5bn hard-cap in March 2018. The fund invests in European companies operating in a variety of sectors, including business services, consumer, industrials and healthcare, with enterprise values of €300m-1.5bn. It deploys equity tickets in the €150-400m range and plans to make 15-17 investments.

In addition, PAI transferred the two remaining assets of its fifth fund – Froneri and Marcolin – to a new vehicle, realising liquidity for the firm and some of its LPs. The new vehicle is called PAI Strategic Partnerships and is roughly €2bn in size; it has a five-year term, with the possibility of two one-year extensions. Lead investors include Alpinvest Partners, Goldman Sachs Asset Management and HarbourVest Partners. ■

### PAI Mid-Market Fund

<b>TARGET</b>	€700m
<b>LAUNCHED</b>	Jan 2020
<b>CLOSED ON</b>	€500m (1st close), Oct 2020
<b>FOCUS</b>	European mid-market
<b>FUND MANAGER</b>	PAI Partners

## Lithuanian Aid Fund for Business looks to raise up to €500m

The Lithuanian state's Aid Fund for Business is aiming to raise up to €500m and welcomes investor approaches, manager Dainius Vilcinskas has told *Unquote*.

The fund has already secured a €100m investment from the government, and foresees raising up to €400m via state-guaranteed bonds in several tranches when needed, depending on

its own target pipeline, added Vilcinskas. If it sees interest from external investors, it may opt to postpone the bond issuance and raise capital from external investors initially instead.

Launched in early October, the fund plans to invest a total of up to €1bn in domestic medium and large enterprises affected by Covid-19, according to its website. ■

### Aid Fund for Business

<b>TARGET</b>	€500m
<b>LAUNCHED</b>	Oct 2020
<b>FOCUS</b>	Lithuanian coronavirus-hit companies
<b>FUND MANAGER</b>	Viva

## Triton closes second debt fund on €744m

Triton has held a final close for Triton Debt Opportunities II (TDO II) on €744m, surpassing its target of €550m.

Triton has also raised a separate managed account, which will serve as an overflow vehicle for the fund and will follow different investment guidelines and objectives.

The direct lending vehicle is currently 40% deployed. Triton said in a statement that the fund has a strong pipeline and that it expects to see continuing opportunities in the current market.

Triton's direct lending strategy targets returns of 15% gross IRR.

Triton's first debt fund held a final close in June 2014 on €500m, exceeding its target of €350m.

TDO II is backed by existing Triton LPs, as well as institutional investors

– in particular, pension funds from Europe and the US. Its predecessor vehicle garnered 58% of commitments from US investors, 34% from Europe and 8% from the rest of the world. Its LPs include Finnish pension fund VER and the Employees Retirement System of Texas, according to *Unquote Data*.

The fund will focus on mid-market companies in the DACH, Benelux and Nordic regions, acquiring non-controlling positions in corporate loans, bonds and other financial obligations and securities of such companies. The vehicle can invest across the capital structure, but will generally invest in first lien senior secured debt.

The fund will make investments of €10-40m, focusing on the industrial, business services, consumer and health sectors. ■

### Triton Debt Opportunities II

<b>TARGET</b>	€550m
<b>CLOSED ON</b>	€744m, Oct 2020 (final close)
<b>FOCUS</b>	DACH, Benelux and Nordic mid-market
<b>FUND MANAGER</b>	Triton

## Sovereign V eyes £450-500m fundraise in 2021

Sovereign Capital V is set to continue fundraising into 2021 towards a £450-500m target, according to a source close to the situation.

The fund was registered in April 2019. At the time, the firm was expecting to officially launch the fund in the autumn of 2019 with a target of £500-600m.

In May 2020, a source close to the situation told *Unquote* that the firm had delayed its fundraising.

The GP's previous fund, Sovereign Capital IV, closed on its £395m hard-cap in August 2014. Sovereign

IV was 59% deployed as of December 2019. Assets in the fund include insurance broker Arachas Corporate Brokers, and patent and trademark attorneys group Murgitroyd.

Sovereign recently announced changes to its leadership team, with founder and managing partner Andrew Hayden moving to the role of chairman, and Dominic Dalli becoming the firm's new managing partner. The firm recently appointed Charles Rossetti as an investment director; he will focus on the business services sector and origination. ■

# UK & Ireland deals

**\$5bn**  
Entry EV

## Hg invests \$1.5bn in Hyperion

Hg has agreed to invest up to \$1.5bn in insurance intermediary Hyperion Insurance Group at a \$5bn valuation.

Founded in 1994 and headquartered in London, Hyperion is an international insurance distribution group. Through its core activities of retail, speciality, and reinsurance broking, and through Dual, the company's managing general agent, it facilitates the provision of B2B insurance. It operates across 200 global offices in 40 countries and employs around 6,000 people. The company reported EBITDA of £192m for the year ending on 30 September 2019.

Hg drew equity from its Hg Saturn 2 fund, which closed on \$4.85bn in October 2020, having held a first close in March on \$4bn.

In conjunction with an additional debt raise and existing resources, the investment will provide Hyperion with up to \$1.5bn to accelerate its growth, with both selective acquisitions and investments in data and technology.

The Hyperion management team and employees will remain



the largest shareholder group in the company, with more than 1,000 individuals now owning shares.

The company will represent Hg's sixth investment in the insurance sector since 2015, with these businesses together totalling more than \$1bn in invested client capital, according to a statement.

One such business is insurance intermediary A-Plan, which Hyperion subsidiary Howden acquired from Hg in September 2020. Hg came into contact with David Howden, Hyperion's CEO, through the deal,

thus originating this investment, according to a statement.

BP Marsh first invested £25,000 in Hyperion in 1994.

BP Marsh led a £5.1m funding round for Hyperion in 2006, which saw Spanish investment firm Murofo Investments SLU inject capital into the business and take an 11.7% stake. Murofo's stake then increased to 14.4%, when the firm acquired a portion of BP Marsh's shares in 2011.

At the time of 3i's 2008 investment, which was valued at more than £31m in July 2011, BP

Marsh retained its 19.5% stake in the business. The GP's stake was then lowered to around 16% when the firm sold 2.75% to co-investor Murofo for £4.5m.

General Atlantic bought a 33% stake in Hyperion from 3i in March 2013, in a deal that gave the company an equity value of £250m and enabled 3i to reap a 2.1x multiple on its original £31m equity investment. General Atlantic bought out 3i's total 22.8% stake in the insurance group, along with 80% of co-backer BP Marsh's stake, which equated to roughly 11% of all Hyperion shares. BP Marsh remained a shareholder in the company with a 2.76% stake.

Quebec-based LP Caisse de Dépôt et Placement du Québec (CDPQ) acquired a minority stake worth \$400m (£298m) in Hyperion in December 2017. In addition, the company announced the launch of a debt refinancing, which extended and repriced its existing term loan facility to 2024 and included the issuance of additional primary debt. It also extended its existing undrawn revolving credit facility. Along with the capital from CDPQ, this arrangement provided Hyperion with \$300m in additional capital for future investments. ■

**People**

**Hg** – Andrew Land, Nic Humphries.

**Hyperion** – Dominic Collins.

**£25m**  
Revenues generated

**Inflexion acquires Sparta Global; KCP to reap 7x return**

Inflexion Private Equity has acquired technology education and recruitment provider Sparta Global from Key Capital Partners (KCP).

The investment was made from Inflexion Enterprise Fund V. The fund closed on £400m in April 2019 and writes equity tickets of £10–35m.

Inflexion has taken a majority stake in the company and Sparta's current management team will stay on with the business.

KCP provided a £4m funding

package to the company in August 2017 to support the growth of the company, including the opening of a new office in the UK.

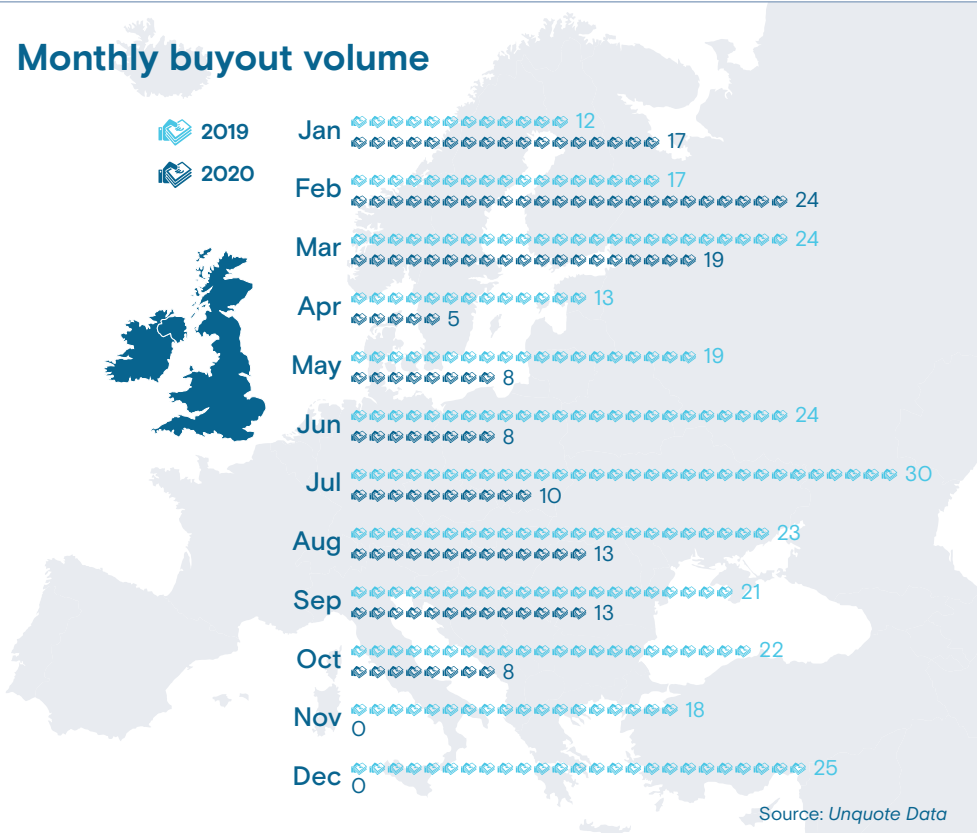
For the year ending on 30 April 2020, the company generated £25m in turnover and EBITDA of £3m, up from £1.5m the previous year. ■

**People**

**Key Capital Partners** – Philip Duquenoy.

**Sparta Global** – David Rai.

**Monthly buyout volume**





# Benelux deals

**€16m**  
EBITDA

## Apax sells SK FireSafety to API

Apax Partners has sold fire protection products manufacturer SK FireSafety Group to API Group.

New York Stock Exchange-listed API Group is a provider of safety and industrial services with a presence in 200 locations, primarily in North America, but with an expanding platform in Europe. API expects to use the acquisition as a platform for international organic and acquisitive growth.

During its holding period, Apax supported the management team with its growth and consolidation strategy to solidify its position in Benelux and the Nordic region, and expand and automate its service offering.

SK FireSafety's management team will stay on with the company following the transaction.

Established in 1924 and based in Breda, SK FireSafety generates annual revenues of €124m and EBITDA of €16m, according to a report by *Unquote* sister publication *Mergermarket*.

In February 2010, Amsterdam-based buyout firm Bencis Capital Partners led the management buyout of SK FireSafety for an



undisclosed amount. The GP drew down capital from Bencis Buyout Fund III, which closed on €375m in 2007.

Apax first invested in the company in 2014. The GP completed the investment via Apax France VIII, a €700m mid-cap fund that closed in 2011. The fund is currently in its realisations phase, having already exited fixed-line communications company Numericable and business schools operator Insec.

SK FireSafety acquired two companies in 2016 for its aviation business unit: Team Aero

Services and Destini Berhad. In 2017, it acquired a stake in Smart Technologies to benefit from its rapid intervention services on fire extinguishers and emergency lighting. ■

### People

**Apax Partners** – Bertrand Pivin, Vincent Colomb, Maxim Gobbers.

### Advisers

**Vendor** – KPMG (*M&A*); Allen & Overy (*legal*); KPMG (*corporate finance*); Bain & Company (*commercial due diligence*); Deloitte (*tax*).

## IK buys You Sure from Synergia

IK Investment Partners has acquired a majority stake in Dutch insurance specialist You Sure from Synergia Capital Partners.

The company's co-founders will reinvest in the business alongside IK.

This is the 11th investment made by the GP from IK Small Cap II Fund, which closed on its hard-cap of €550m in February 2018.

IK intends to support You Sure's consolidation and buy-and-build strategy, while expanding its customer base and international reach.

Synergia invested in You Sure in March 2019. Under its ownership, the company has significantly expanded its footprint through strategic acquisitions and the development of its IT platform.

You Sure has acquired and integrated 35 insurance portfolios into its proprietary platform in the past nine years.

Established in 2011 and headquartered in Ridderkerk, You Sure is an insurance distribution platform that provides property and casualty insurance to small businesses and individuals. You Sure acts as an insurance broker and a managing general agent, and serves around 60,000 customers.

The company employs 130 people across its seven offices in the Netherlands. ■

**2000**  
Year  
founded

## Holland Capital invests in AMP Groep

Holland Capital has invested in Netherlands-based logistics and identification service AMP Groep.

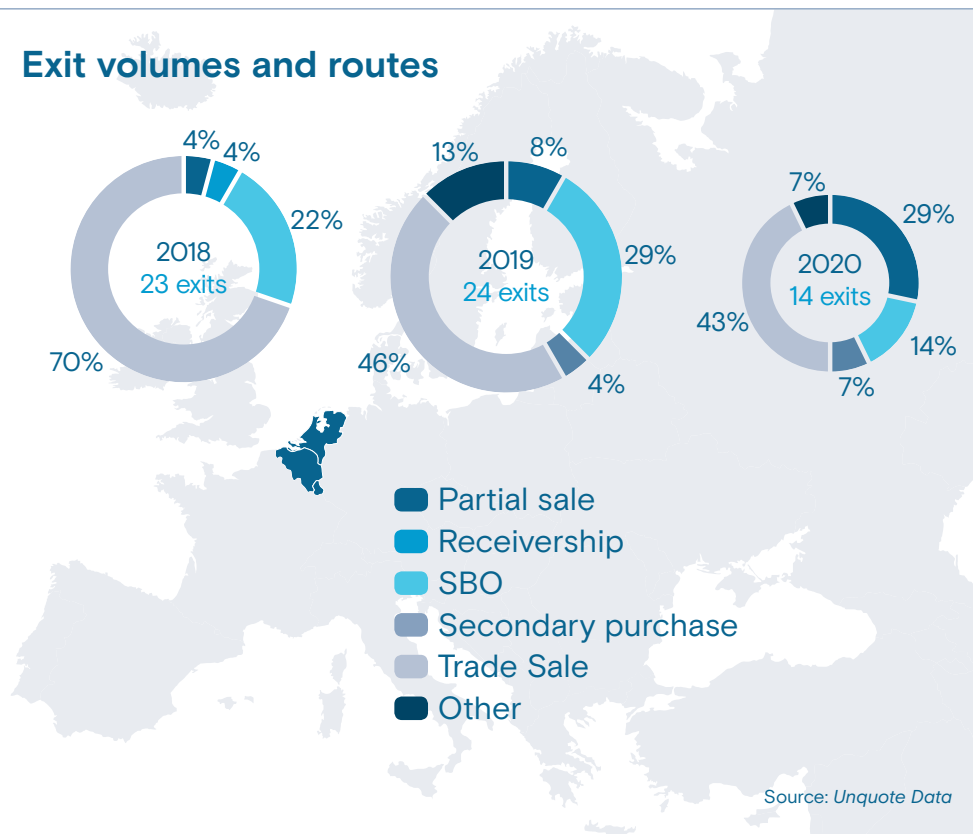
The company aims to expand to new markets and to grow via a buy-and-build strategy, according to a statement.

Holland Capital is currently deploying equity via Holland Capital Growth And Buyout Fund IV, which held a first close in June 2020 on €117m. Its predecessor vehicle had a total volume of €55m and deployed equity tickets of €100,000–4m

per investment, focusing on Netherlands-based businesses.

Established in 2000 and based in Houten, AMP provides logistics and identification services via a software platform for the delivery of medication, confidential documents and fragile products. The software processes ID cards, facial recognition and biometric signatures. Its clients include T-Mobile and ABN Amro, as well as pharmacies, hospitals and Dutch municipalities. ■

### Exit volumes and routes



# CEE deals

**47.99%**  
Remaining  
stake

## Mid Europa sells minority stake in listed Waberer's

Mid Europa Partners has sold a 24% stake in Hungary-based freight and logistics business Waberer's International to real estate investment and development business Indotek.

The deal is expected to close by Q1 2021.

Mid Europa has also granted a call option to Indotek regarding the GP's remaining 47.99% stake in the business.

Unquote sister publication *Mergermarket* reported in July 2020 that Mid Europa was planning to sell its whole stake in the company, as opposed to selling the group piecemeal, having mandated Rothschild to explore options in March.

Waberer's listed on the Budapest stock exchange in July 2017 in an IPO that valued the business at €300m. The company also raised €50m in fresh capital, facilitating the bolt-on of Poland-based Link Services. Mid Europa retained a majority stake in the business following the IPO.

Mid Europa Partners acquired a 49.5% stake in Waberer's in March 2011, increasing its share to 56.8% in May 2011 after a



€12m capital increase. In June 2016, Mid Europa acquired the stake in the business held by Waberer's founder and CEO, György Waberer. The GP held a stake of 97.1% in the business prior to the IPO.

Waberer's provides logistics and freight services, specialising in international full truckload transportation. Headquartered in Budapest, the company employs 7,500 people and has a fleet of 2,700 vehicles, according to its website.

Waberer's generated revenues of €572.2m and EBITDA of €69.2m in 2016, at the time of its IPO. In 2019, the business reported €696m in revenues.

This figure represented a drop of 5% on its 2018 revenues, with the company citing pressures including Brexit and the general economic slowdown in Europe. ■

### People

**Waberer's International** – Barna Erdélyi.

**Mid Europa Partners** – Robert Knorr, Bence Horváth, Aleksandar Dragicevic.

**Indotek** – Dániel Jellinek.

### Advisers

**Vendor** – Rothschild (*corporate finance*).

**Acquirer** – White & Case (*legal*); Lakatos (*legal*); Köves és Társai (*legal*); EY (*financial due diligence*).

## El takes 100% stake in Pan-Pek

Central and eastern European private equity firm Enterprise Investors has increased its stake in Croatian bakery Pan-Pek to 100%.

The GP is investing from Polish Enterprise Fund VII, and has acquired the remaining 35% in the company, having bought a 65% stake in May 2018.

The value of the transaction was not disclosed. The fund, which held a first and final close in 2017 on €498m, typically commits €20-75m per investment.

The GP, active since 1990, has raised nine funds; with total capital exceeding €2.5bn, and invested €2bn in 144 companies across a range of sectors. In that time it has exited 134 companies with total gross proceeds of €4.1bn.

The transaction completion is subject to approval from regulatory authorities.

Founded in 1992 and based in Zagreb, Pan-Pek is a producer of frozen bakery products. The company serves grocery retailers in Croatia and operates its own 65-store chain of bakery outlets, mainly in the Zagreb area, but also in other locations along the Adriatic coast.

The company generated €36m in revenues in 2019 and employs 500 staff, according to LinkedIn. ■

**\$3.25bn**  
EV at entry

## Permira-backed Allegro lists with market cap of €9.8bn

Permira-backed e-commerce company Allegro has listed on the Warsaw Stock Exchange with a market capitalisation of PLN 44bn (€9.8bn).

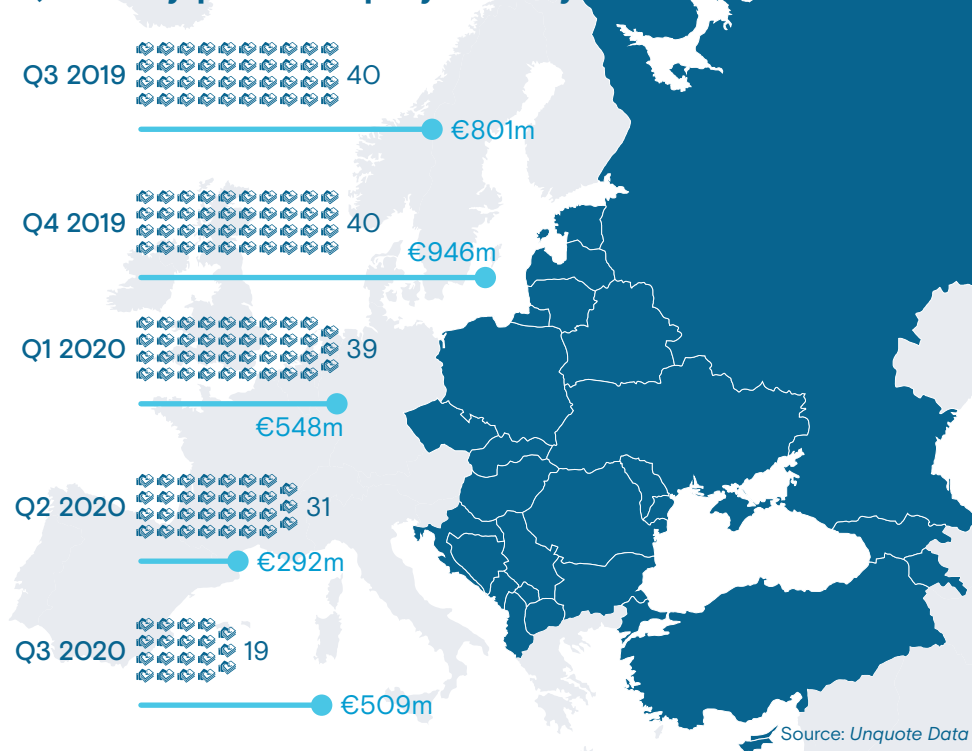
Allegro intends to use the proceeds, alongside a new credit facility, to repay its existing debt and to improve its net leverage. The company first heard pitches for the IPO in June 2020, with a valuation of 20x EBITDA expected at the time, according to *Unquote* sister publication *Mergermarket*.

Mid Europa Partners, Permira

and Cinven acquired Allegro in October 2016 from South Africa-based Naspers in a deal valued at \$3.25bn. The European Bank for Reconstruction and Development (EBRD) also provided €24m in equity to back the deal.

Allegro serves 12.3 million active buyers, according to a statement, with 117,000 merchants selling goods on its online platform. The company has seen revenue growth of 50% in H1 2020. ■

### Quarterly private equity activity



# DACH deals

**€42.6m**  
**Equity**  
**invested**

## Oakley Capital acquires 7NXT from Crosslantic

Oakley Capital has acquired a majority stake in Germany-based online fitness and nutrition company 7NXT from Crosslantic Capital.

Founder and CEO Markan Karajica will remain in his management role and will retain a significant minority stake. The deal was originated via Oakley's relationship with Karajica, the GP said in a statement.

Oakley plans to support the company's international growth and to assist it with scaling up its business in the online fitness and health market.

The GP invested €42.6m in equity via Oakley Capital Origin Fund, to which LSE-listed vehicle Oakley Capital Investments announced a commitment of €75m in July 2020. The Origin Fund deploys equity tickets of €10-50m, focusing on businesses with enterprise values of up to €100m.

Apera arranged a unitranche facility to support the buyout, which also allows for the financing of add-ons and growth projects.

Founded in 2013 and based in Berlin, 7NXT comprises three businesses: Gymondo, an online



fitness subscription platform for women; Shape Republic, a nutrition and supplements brand for fitness; and Brand Solutions, which manages the company's licensing and merchandising.

7NXT reported revenues of almost €11m in 2018, according to its financial statements, compared with almost €12.6m in 2017. Gymondo reported revenues of €7.3m in 2018 versus €5.3m in 2017.

Asked about the timing of the exit, Sascha van Holt, founding partner and managing director at Crosslantic, told *Unquote*: "In Q4 2019, we started to prepare

an exit process after a very successful year. We chose to sell to Oakley Capital as they are a reputable investor and will be a good partner for the management going forward."

Crosslantic acquired 7NXT in May 2018 from its parent company ProSiebenSat. The GP invested via Crosslantic Fund I, which held a final close in 2017, but is now investing from its second fund.

During the investment period, Crosslantic increased 7NXT's EBITDA and refined the company's structure, van Holt said: "During our ownership, we



helped the company to institutionalise its structures and to significantly increase its EBITDA. To achieve this, we focused the business on the most profitable activities. Also, we split the company into three distinct verticals: Gymondo, the group's subscription-based online fitness platform; Shape Republic, the nutritional supplement brand for fitness lovers; and Brand Solutions, the company's merchandising and licensing branch. We also laid the foundation to internationalise Gymondo and Shape Republic."

Asked about Crosslantic's current deal-making plans, the spokesperson said: "We are deal-hungry and actively looking for investment opportunities with double-digit-million equity tickets. Crosslantic invests in fast-growing businesses with sales of more than €10m throughout Europe with a focus on the DACH region." ■

### People

**Oakley Capital** – Peter Dubens, Sascha Günther.

**7NXT** – Markan Karajica.

**Crosslantic Capital** – Sascha van Holt.

**Apera** – Klaus Petersen.

### Advisers

**Vendor** – GP Bullhound (*corporate finance*); Bub Memminger & Partner (*legal*).

**Management** – Stolzenberg Rechtsanwälte (*legal*).

## 5th 2020 buyout for Auctus

## Auctus buys majority stake in Pro Engineering

Auctus Capital Partners has acquired a majority stake in electrical engineering company Pro Engineering.

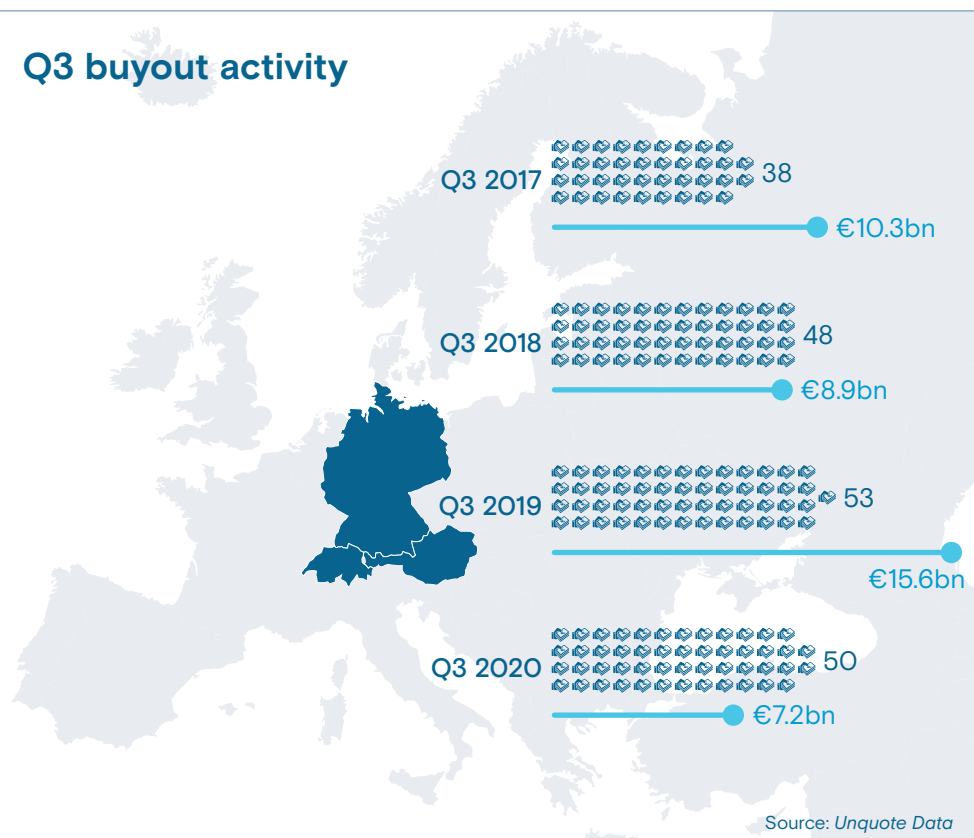
Auctus said in a statement that it will work in partnership with a co-investor in the electrical engineering industry, focusing on a buy-and-build strategy to consolidate the sector.

Auctus invested via Auctus V, which held a final close in October 2019 on €250m. Pro Engineering is the GP's fifth buyout of 2020 and its third in

the second half of the year; the firm has also supported two add-ons for its portfolio companies PharmaLex and Oleodinamica Marchesini.

Founded in 2008, Basel-based Pro Engineering focuses on electrical engineering and planning for building automation, including lighting and communications systems. It has completed projects for clients including Zurich's national museum and the Lausanne football stadium. It employs 40 staff. ■

## Q3 buyout activity



# France deals

**€50m**  
Revenues  
generated

## Bridgepoint et al. sell Béaba to Bluegem

BlueGem Capital Partners has completed the acquisition of France-based Béaba Group from Bridgepoint Development Capital, Indigo Capital and Société Cantilienne de Participations.

Bridgepoint inherited the shareholding in 2014, following its acquisition of Edmond de Rothschild Capital Partners, which had acquired the asset in a €100m buyout in 2010.

The GP committed new capital as part of a restructuring operation for the French baby care products company in late 2017. Financial details were not disclosed, though it was reported at the time that the company's debt of more than €20m was wiped out.

Bridgepoint was understood to have secured a 75% stake in the business, with a significant portion of the remainder in the hands of Indigo, which provided mezzanine as part of the original 2010 buyout.

Bridgepoint mandated Clearwater International for a potential sale in early Q3 this year. BlueGem said it pre-empted the sales process by submitting a firm offer in early September.

Bank financing will be



provided by Oldenburgische Landesbank Aktiengesellschaft.

BlueGem is no stranger to the childcare products sector: the GP bought UK-based retailer Mamas & Papas out of administration late last year, having already owned the parent group since 2014.

The GP targets investments in the European branded consumer space. It raised €370m for BlueGem II in 2015; the fund deploys tickets of €25-75m (or more with co-investments). BlueGem launched BlueGem III in July 2019, with a €400m target and €500m hard-cap. At the time, it was expected to hold a

final close in the summer of 2020.

Established in 1989, Béaba designs and manufactures childcare products. Béaba's products are distributed in France, other European countries, and the US, mainly through networks of specialised baby care stores. It is based in Oyonnax, employs 100 people and generates revenues of €50m, half of which come from exports. ■

### People

**Bridgepoint** – Olivier Nemsguern, Louis Paul-Dauphin.

**BlueGem Capital Partners** – Marco Capello, Mathieu Develay.

## Ardian invests in H2 Pharma

Ardian has acquired a minority stake in H2 Pharma, a French specialist in the development of generic drugs.

Unquote understands that Ardian invested a ticket of €15–25m in a deal that gives the company an enterprise value of €50–100m.

The GP invested via Ardian Growth II, which closed on €230m in April 2018, surpassing its initial €200m target.

H2 Pharma plans to use the fresh capital to boost its growth in its operating markets and strengthen its strategic positioning. In addition, Ardian will assist the management team in diversifying the company's offering by adding new areas of growth such as regulatory affairs and quality control.

Established in 2009 and headquartered in Bois-d'Arcy, H2 Pharma specialises in the production of non-sterile liquid pharmaceuticals, including medicinal syrups and oral solutions for pharmaceutical laboratories.

The company's activity spans from the sourcing of active ingredients to the manufacturing of finished products, and includes the management of research and development phases through to marketing authorisation. ■

**€200m**  
Reported  
turnover

## Silverlake buys Groupe Meilleurtaux from Goldman Sachs

Private equity firm Silverlake has finalised the majority acquisition of Groupe Meilleurtaux (GM), a French financial services provider, from Goldman Sachs Merchant Banking Division, for €700m.

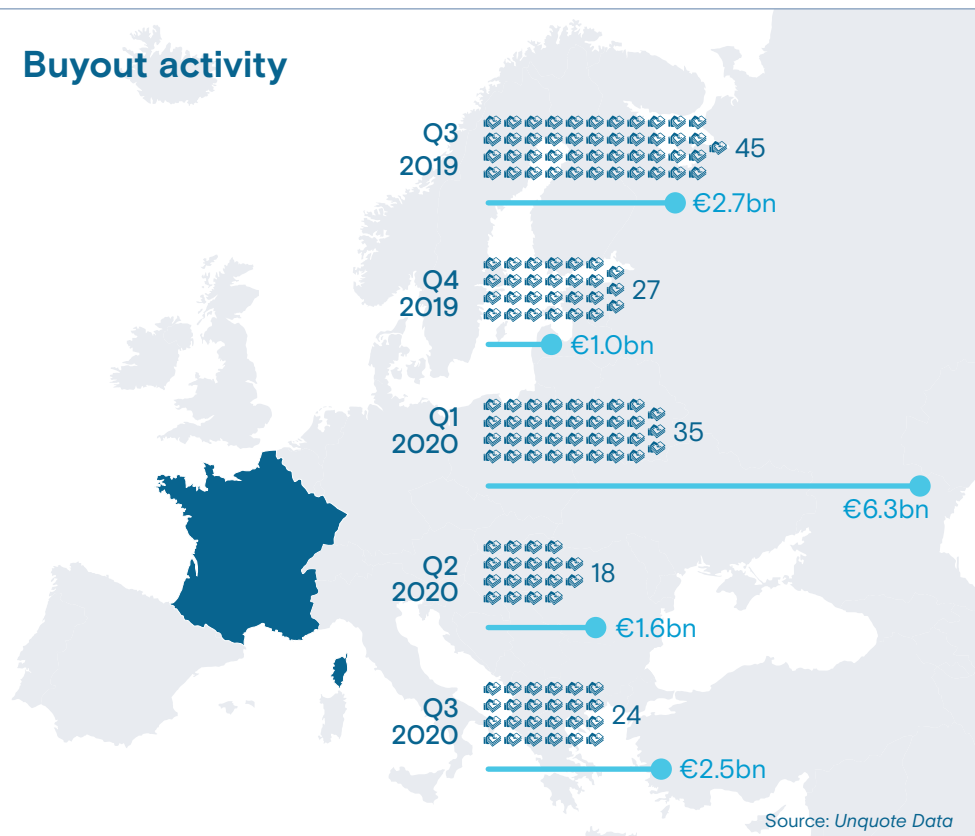
French daily *Le Figaro* reported that the UK-based GP paid €700m for its majority stake, while *Le Revenu* reported the amount to be between €700m and €800m.

Meanwhile, the management of the company is reinvesting alongside the GP.

The deal comes three years after Goldman Sachs invested in the company via West Street Capital Partners VII.

Founded in 1999 and based in Paris, GM offers loan insurance and mortgage brokerage, debt consolidation services, and savings and investment products, as well as P&C and health insurance distribution, and brokerage offerings. The company generated a turnover of €200m in 2019 and employs 1,300 staff. ■

### Buyout activity



# Nordic deals

**€86.6m**  
Combined  
revenues

## Axcel acquires trio of firms to create Currentum

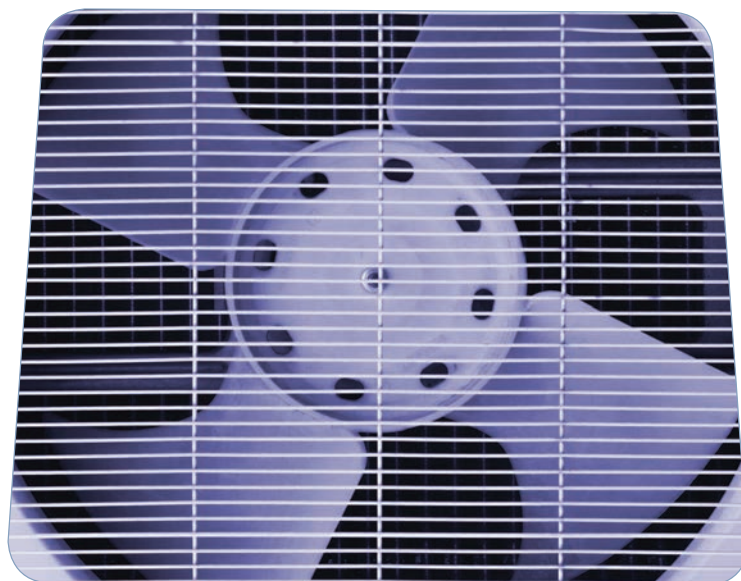
Nordic private equity firm Axcel has acquired three companies – Ventab, Ventilationsprojekt and Installationsbolaget – and merged them to create Currentum, a specialist in heating, ventilation, health and safety, sprinkler systems and building automation.

The current owners and management will remain in their roles and maintain a significant stake in Currentum.

The new group has combined revenues of around SEK 900m (€86.6m), employs 300 staff and has offices in Gothenburg, Stockholm, Södertälje, Nyköping, Norrköping, Linköping, Katrineholm and Eskilstuna.

The GP is deploying equity from its Axcel VI fund, which is targeting €800m and held a first close in February this year on €507m.

Partner Thomas Blomqvist told *Dagens Industri* that the GP was aiming to triple revenues in four to five years and is targeting an operating margin of at least 10%, which Blomqvist said was in line with the profitability of the three companies acquired. The GP will continue to expand the new group throughout Sweden and



beyond, both in existing and new technical disciplines.

The companies will keep their brand names and strong local focus. The transaction is subject to regulatory approvals.

Founded in 1977 and headquartered in Gothenburg, Ventab is a provider of ventilation and building automation services. The company has 80 employees and generates revenues of SEK 300m.

Founded in 1993 and headquartered in Norrköping, Ventilationsprojekt is a provider of ventilation and building

automation services, with additional offices in Linköping, Nyköping, Södertälje, Eskilstuna and Katrineholm. It employs 115 staff and generates revenues of SEK 300m.

Founded in 2000 and headquartered in Stockholm, Installationsbolaget was founded in Gothenburg. The company also consists of Installationsbolaget Sprinkler, which was created in 2003. The two companies are providers of heating, sanitation and sprinkler systems, and record revenues of SEK 300m, employing 115 staff. ■

## Blue Equity buys Junget

Private equity firm Blue Equity has acquired a 60% stake in Junget, a Danish tools supplier to the wood industry, with the management retaining 40%.

The sale was initiated by Junget, and Deloitte was mandated to run the process. Blue Equity director Peter Poulsen told *Unquote* that the final decision came down to values, saying: "We invest in people, not companies, and that was appealing to them."

The new ownership structure is subject to approval from the Danish competition authorities.

The GP is investing from Blue Equity II, which held a final close in 2017 on €95m and is now almost fully invested. *Unquote* understands that the GP is currently on the road for its third fund.

According to Danish publication *Jernindustri*, Junget's operating profit is up from DKK 1.5m in 2016 to DKK 9.9m in 2019.

Founded in 1993 and based in Hinnerup, the company employs around 100 staff. ■

### People

**Junget** – Poul Thøgersen, Ole Nielsen.

**Blue Equity** – Peter A Poulsen.

### Advisers

**Company** – Deloitte (M&A).

**€50m**  
EBITDA

## EQT carves out Natural Colours from Chr Hansen in €800m deal

EQT has agreed to acquire the Natural Colors division of Danish bioscience company Christian Hansen for €800m.

The GP is investing from EQT IX, which launched in January 2020 and is due to hold a final close shortly on its €15bn hard-cap.

The GP plans to build its existing strategy of continued organic growth in current markets, with a focus on the US and Asia. It will also back acquisitions within the food colouring market.

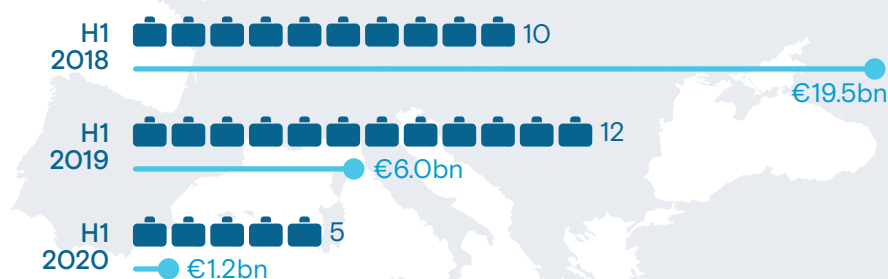
Meanwhile, EQT will invest in

the company's organisation, and strengthen its digital infrastructure, sustainability capabilities and supply chain setup.

The transaction is expected to close in H1 2021.

Based in Hørsholm, Natural Colors manufactures natural colouring ingredients, serving 1,600 customers in the food and beverages industry. The Natural Colors division has around 650 staff and generated sales of €224m in 2018/19 and EBITDA of €50m in 2019/20. ■

## Volume and value of PE fund final closes





# Southern Europe deals

**16x**  
**EBITDA**  
**multiple**

## Partners Group backs Telepass in €2bn deal

Partners Group has invested in Italian electronic toll collection company Telepass. The deal gives the company an enterprise value of more than €2bn, equal to 16x its EBITDA.

The GP acquired a 49% stake in Telepass for €1.06bn, while the reminder has been retained by current owner Atlantia, an Italian company controlled by the Benetton family that specialises in the transport sector.

Headquartered in Florence, Telepass is a provider of electronic tolling services across Europe, with 12 million active payment devices. It processes around €7bn in annual transactions across 14 European countries, servicing 105,000 kilometres of motorway network.

The company also specialises in digital payments for fuel, parking, taxis, car and bike sharing, and personal transport insurance. The business generated EBITDA of €125m from revenues of €228m in 2019.

Rumours about a sale of Telepass started to circulate in June 2019, when it was reported that Atlantia had mandated Mediobanca and Goldman



Sachs for a sale of a 30% stake.

The sale attracted interest from several bidders, including private equity firms Advent, General Atlantic, Permira, Warburg Pincus, Partners Group, KKR and CVC, and industrial group Sia. Some press reports also added that Atlantia was planning to list Telepass on the Italian stock exchange after the sale.

The sale was subsequently put on hold, initially while Atlantia was searching for a new CEO in a change of leadership, and later due to the coronavirus pandemic.

The auction was relaunched in May 2020 and received two

offers, one from a consortium led by Warburg Pincus and Neuberger Berman, and a second from Partners Group as a solo bidder. In addition, a consortium composed of Bain Capital, FSI and Advent, which initially had showed some interest, decided not to go ahead with an offer, according to Italian press reports.

In August, Atlantia announced that it had decided to grant Partners Group exclusive negotiations for the sale of a 49% stake in the company until the end of September.

Following this acquisition, Partners Group and Atlantia plan

to work closely with Telepass management on a number of strategic value creation initiatives to accelerate the business's growth trajectory, build scale across Europe and establish a pan-European platform for customer-focused transport services.

The two investors intend to support the company in its further penetration and consolidation across the European ETC market through organic and acquisitive growth, while strengthening its "one-stop mobility payment" service for B2C and B2B customers, and scaling transport insurance coverage across Europe.

Telepass's core ETC business, combined with the growth potential of its transport payment and insurance services, offers a unique opportunity for Partners Group to implement an operational value creation strategy in a resilient sector, according to the GP. ■

## People

**Partners Group** – Shreya Malik, Livio Fenati.

**Telepass** – Gabriele Benedetto.

## Advisers

**Vendor** – Goldman Sachs International (*corporate finance*); Intesa Sanpaolo-Banca IMI (*corporate finance*); Mediobanca (*corporate finance*); Studio Bonelli Erede (*legal*); Studio Gianni Orioni Grippo (*financial due diligence*).

**€20m**  
Revenues  
generated

## Keyhaven Capital Partners sells TCX to Investcorp's Dainese

Keyhaven Capital Partners has sold Italy-based TCX, a specialist in motorcycle footwear, to Investcorp-backed Dainese.

The sale ends a three-year holding period for Keyhaven, which carved out TCX from Aksia-backed Novation, a group specialising in footwear and clothing for outdoor sports.

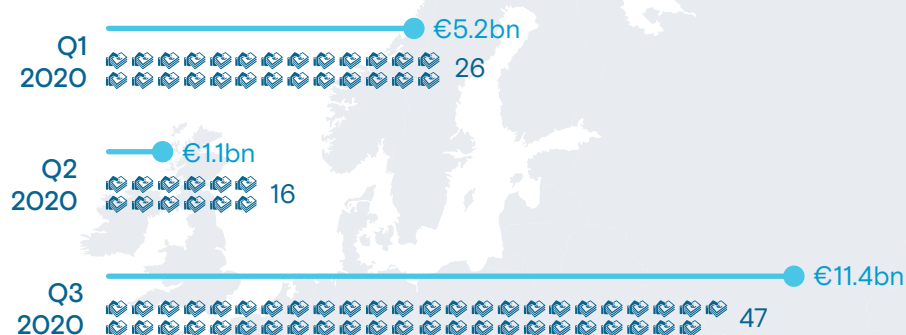
TCX is headquartered in Montebelluna, Italy, with production facilities in Romania, Cambodia and Indonesia. It generated revenues of €20m in

2019, with an EBITDA margin of around 11.5%.

TCX will become part of the Dainese group, which makes sports clothing.

Dainese was acquired by Investcorp for a total consideration of €130m in November 2014. The GP transferred six portfolio companies that it had bought on a deal-by-deal basis, including Dainese, into a new vehicle named Investcorp European Buyout Fund 2019 in January 2019. ■

## Quarterly buyout activity



Source: Unquote Data

# People moves



**Claire Heuberger**  
*Lincoln International*

## Lincoln International hires Heuberger

Lincoln International has hired **Claire Heuberger** as a director in its joint venture and partnering (JV&P) group.

Heuberger will be based in the firm's Brussels office, but will focus on the development of the firm's JV&P service offering in the DACH region.

Heuberger has experience in the industrial sector, in particular in the industrial gases and non-metallic minerals industries. Prior to joining Lincoln, she worked in the corporate strategy and M&A divisions of mining companies Sibelco and Carmeuse.

Heuberger has worked on cross-border joint ventures, as well as turnarounds for underperforming partnerships and joint ventures.

In October, Lincoln hired **Rainer Miller** as a managing director in Frankfurt.

In his role at Lincoln, Miller will be part of the firm's M&A advisory team, focusing on deals in all industries. Lincoln said in a statement that Miller brings with him particularly strong relationships with companies in the industrial sector.

Miller was previously a senior project manager at Bachert, where he worked on special

situations deals, as well as carve-outs. He also held roles as an investment director at BWK Unternehmensbeteiligung and as a senior investment manager at healthcare investor SHS. Miller has prior experience in private equity and venture capital deals, including distressed investments and add-ons.

## Schmidt joins Egeria as associate

Netherlands-headquartered GP Egeria has hired **Gregor Schmidt** as an associate in its Munich office, expanding its DACH region private equity team.

Prior to joining Egeria, Schmidt was a management consultant at Bain & Company.

Egeria opened its Munich office in April 2020, headed by **Hannes Rumer**, who joined the firm from Apax Partners.

## Sherpa Capital appoints Lahuerta

Spanish private equity firm Sherpa Capital has appointed **Isaac Lahuerta** as an investment director in the special situations team.

Prior to joining Sherpa, Lahuerta worked as a principal for private equity firm Black Toro Capital, where he led debt and

equity investments in special situations deals.

Previously, he was an investment analyst in London for global investment firm Avenue Capital Group, which specialises in distressed investments. He also worked for Deutsche Bank in London, as an analyst and an associate in the M&A industrials and leveraged finance teams.

Sherpa recently held a €120m final close for its third special situations fund, Sherpa Special Situations III, which invests in Spanish and Portuguese companies facing distress, restructuring and business transformations.

The fund plans to make 8-10 investments, writing tickets in the €10-25m range in companies operating across a variety of sectors, with annual turnover of €20-300m.

## DPE announces partner promotions

Deutsche Private Equity (DPE) has announced six partner promotions in its investment and operations teams, following the final close of its fourth fund in September 2020.

DPE's operations teams support the management teams of DPE's portfolio companies



**Gregor Schmidt**  
*Egeria*

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## 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

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in implementing value creation strategies. New operations team partners **Christian Kasten**, **Benjamin Kleidt** and **Anselm Stiehl** specialise in areas including digitalisation, production and after-sales.

DPE's investment team focuses on deal sourcing and portfolio company integration. New partner **Nils Bennemann** focuses on the IT, software and energy sectors, while **Fabian Rückers** specialises in industrial technology. **Mark Suderow** specialises in the business services sector.

The GP held a final close for DPE Deutschland IV on €1bn in September 2020. The fund will focus on investments in Mittelstand companies in the DACH region, deploying equity tickets of €20-60m.

### YFM promotes Clarke

YFM Equity Partners has promoted **Mike Clarke** to partner.

Clarke joined the Leeds office as investment director in January 2019. During the past 18 months, he has been involved in several deals, including the £4.5m series-A investment in Leeds-based data visualisation, reporting and analytics software developer Panintelligence.

As well as representing YFM

on the board of Panintelligence, Clarke is responsible for sourcing and transacting the firm's new investment opportunities across Yorkshire and the north-east of England.

The firm is currently deploying YFM Equity Partners Buyout Fund II, which closed on £80m in March 2020. YFM funds invest £3-10m in small UK businesses.

### Green Arrow hires Vender and Massari

Green Arrow Capital has hired **Jody Vender** and **Massimo Massari** to strengthen its private equity team, in preparation for the launch of its fourth buyout vehicle. Vender has been appointed as senior adviser and president of the investment committee of the firm's private equity division, while Massari has been appointed as managing director.

Prior to joining Green Arrow, Vender was senior adviser in Italy for Chequers Capital and was co-founder of Astor Sim. He is currently president of Jove Invest and a member of the boards of Assiteca, CoeClerici, Decalia Asset Management Sim and Guber Banca.

Massari was previously a founder of Mast Capital Partners, which advised the private equity

Winch Capital funds in Italy. He also worked as a managing director of Aletti Private Equity.

Vender and Massari will work in partnership with investment director **Francesca Gennaro**.

Their roles will be strategic for the launch of Green Arrow Private Equity IV, a new buyout vehicle that will be raised in 2021. The fund will have a target of €400m and will be dedicated to support the growth and expansion of Italian mid-market companies.

The fund will acquire majority and controlling positions in Italian companies with an enterprise value of up to €150m and EBITDA in excess of €7m. It will deploy equity tickets in the range of €10-60m and target businesses operating in the consumer, industrial engineering and technology sectors.

The vehicle's launch was originally planned for the first half of 2020, but was delayed following the coronavirus outbreak.

The appointments of Vender and Massari follow three recent hires made by Green Arrow: **Elena Simonova** from Lazard, appointed as managing director sales and investor relations; and **Sara Di Mario** and **Mariadina Bonfatti Gerola**, hired to work within the firm's infrastructure team. ►



**Mike Clarke**  
YFM Equity Partners



**Jody Vender**  
Green Arrow Capital

# People moves cont.



**Joe Anderson**  
*Sofinnova Partners*

## Anderson joins Sofinnova as partner

Sofinnova Partners has appointed **Joe Anderson** as a partner in the Crossover Fund.

Anderson has 25 years of experience in the healthcare and life sciences industries. Prior to joining Sofinnova, he was a partner at Abingworth, where he led venture capital investments in public companies and the formation of the firm's public equities fund.

Most recently, he was co-founder and CEO of Arix Bioscience, a venture capital firm listed on the London Stock Exchange.

Anderson also has experience as an active board member of several life sciences companies in the UK and the US. His investments have involved numerous private and public financing rounds, IPOs, M&As and exits.

Sofinnova is a European life-sciences-dedicated venture capital firm based in Paris, with offices in London and Milan.

The Sofinnova Crossover Fund is a €275m vehicle that focuses on late-stage private and public biopharmaceutical and medical device companies in Europe (80%) and North America (20%).

The fund targets businesses with enterprise values of €50-150m and provides equity tickets of €15-20m, investing a maximum of €25m per company.

Earlier this year, Sofinnova held a final close on €108m for Sofinnova Telethon Fund, a vehicle dedicated to the Italian biotech sector, targeting companies developing cures for rare and genetic diseases.

## Astorg appoints de Prest as CFO

Astorg has appointed **Jacques-François de Prest** as chief financial officer.

De Prest joins from Millicom-Tigo where he spent more than six years as a group financial controller and chief accounting officer.

Prior to this, he spent nearly nine years at the procurement arm of Vodafone, where he worked in various roles, most recently as CFO.

Previously, de Prest worked for Morocco Telecom, a subsidiary of Vivendi, shortly after the company's privatisation. He started his career at SFR in France after gaining experience in audit with Arthur Andersen.

Astorg is a pan-European private equity firm specialising

in mid-cap buyouts. Astorg has particular experience in software, healthcare, business-to-business professional services, and technology-based industrial companies. Astorg has offices in London, Paris, Luxembourg, Frankfurt and Milan.

## ASI hires Crusey for ESG-focused role

Aberdeen Standard Investments (ASI) has hired **Alexis Crusey** as an investment director to lead product and commercial strategy for ESG- and impact-orientated investments.

Crusey will be working closely with an ASI Private Markets team dedicated to advancing ESG matters, as well as the central ESG team, the firm said in a statement.

Crusey joins ASI after seven years at impact manager LeapFrog Investments. She was responsible for business development and investor relations, helping to drive fundraisings and other strategic partnerships. Prior to that, she worked at Parnassus Investments, a pure-play ESG fund company based in the US.

ASI is a global asset manager overseeing £455.6bn in assets worldwide. The private markets team at ASI manages assets worth more than £18bn. ■



**Jacques-François de Prest**  
*Astorg*



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