



# Unquote

Issue 90 – December 2020/January 2021

## Back in business

With an end to the pandemic in sight, *Unquote* recaps a year like no other, and maps out what market players expect from 2021



Early secondaries  
on the up

Regional 2021  
review/previews

Spotlight on  
Consilium

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A wealth of further information is available through our website. This includes breaking news and analysis from each European market, features, commentary, blogs and video covering fund launches, changes in strategy and people moves, and in-depth analysis of every deal featured in this issue



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## Turning the corner

What a year. Most market participants will be happy to see the back of 2020, regardless of individual successes on the deal-making and fundraising sides, and welcome a return to the normality now in sight thanks to vaccine roll-outs.

Unquote has spent much of November canvassing the views of deal-doers, LPs and advisers across Europe for this final issue of the year, to delve into what the industry is expecting as 2021 rolls on. Starting with a pan-European overview, we then assessed the landscape in the main regional markets of the UK, DACH, southern Europe and Scandinavia.

The full picture of Covid-19's impact on private equity activity will become clearer when final numbers can be tallied up in early 2021. But the early figures highlight how a 2008-style meltdown was averted: overall deal volume is down only 13% year-on-year at the time of writing, according to *Unquote Data*, with aggregate value down by a quarter. Astonishingly, 2020 will by no means be the quietest investment year in the past decade. And with European players closing 97 funds for total commitments of €99bn between April and early December, LP appetite for the asset class held up well in the pandemic too.

Furthermore, continued dealflow bifurcation will most likely translate to punchy multiples for the foreseeable future. And the same bifurcation in

the fundraising market means that the largest players will continue to rake in billions in record time while less prominent players see roadshows stretch out.

Most of the above could have been written back in 2019, and there is certainly something comforting for the industry in the fact that the unprecedented events of the past nine months did not completely shatter the existing private equity landscape.

So is the "new normal" the same as the old normal? Not quite. First of all the future remains very uncertain, especially when it comes to the true impact of the pandemic on 2020 financials for businesses, whether they are already in portfolios or potential targets. And as the various sources with whom *Unquote* spoke for this issue made clear, the pandemic will have introduced (or at the very least turbocharged) changes to the way the industry operates, from sector shifts in terms of origination to the way deals are transacted and funds are raised.

Whatever 2021 has in store, we hope that you will be able to reflect on useful takeaways from this rollercoaster of a year, and finally get to enjoy some much needed rest with your loved ones – as much as is feasible in the current circumstances. The whole *Unquote* team joins me in thanking you for your continued support and wishing you an excellent festive season. ■





## **A unique angle**

Discover a new  
competitive edge

# A year to remember – and learn from

Greg Gille recaps how the European private equity industry adapted to unprecedented challenges in 2020, and gauges market sentiment when it comes to dealflow and fundraising in the year ahead

“Over summer, LPs saw valuations start to recover and, just as importantly, we saw a return to some travel and a return to dealmaking. If you had asked back in March if it was likely to happen that quickly, people would have thought you were mad.” These comments from Richard Hope, head of EMEA at Hamilton Lane, sum up how many in the industry will look back on 2020: a year in which private equity was faced with its greatest challenge since the global financial crisis (GFC), but in which it also showcased its ability to bounce back.

“The playbook in the early weeks was basically the GFC muscle memory kicking in, with everyone focused on liquidity issues,” says Hope. “But in Q2, it quickly became apparent that GPs did a very good job of sitting close to their portfolios and putting in place solid three- and six-month plans to deal with the impact. Trading also snapped

back very quickly at the end of Q2 for a number of assets and, in the main, it was fairly good news for most portfolios – unless they were very leisure and travel heavy, which is rare.”

Echoing the views of a number of professionals *Unquote* has spoken to since March, Hope points out that LPs have been generally impressed with the level of transparency from GPs, compared with 2008 – and not just at the top level from the investor relations teams, but from the investment teams as well.

Of course, that protection and transparency effort was made possible because of (and no doubt contributed to) severely reduced investment activity from late March onward. Simply put, *Unquote* had not recorded such a drastic quarter-on-quarter slowdown in deal-doing since the summer of 2008.

The number of European PE-backed buyouts declined to 151 in Q2 from 241 in the previous quarter, a fall of 37%. Meanwhile, aggregate value plummeted even more sharply, to €18bn from €60.9bn in Q1, reaching its lowest figure in more than a decade, as the vast majority of processes in the mid-market and up were put on ice overnight.

Even though the volume of growth capital and venture deals remained more resilient in that first ►

“GPs did a very good job of sitting close to their portfolios and putting in place solid three- and six-months plans to deal with the impact”

*Richard Hope, Hamilton Lane*





**“I wouldn’t be surprised if 2021 ends up being a record year for average valuations – because only the best-quality dealflow will get done”**

*Andy Currie, Alantra*

phase of the pandemic, it was clear that the boom cycle of the late 2010s had come to an abrupt halt.

But just as *Unquote* was starting to calculate deployment rates to figure out which funds could ill afford a year of total inactivity before over-stretching their investment periods, July saw a buyout recovery almost as dramatic as the April slump.

Buyout volume nearly doubled between June and July, while the aggregate value of these deals tripled, thanks to a raft of processes crossing the finish line in France and Italy. Although the traditionally quieter August broke that momentum – and this monthly spike has not been replicated since – it provided the first takeaway of a post-lockdown market: pent-up demand remained high on the buy-side, but primarily for high-quality assets in Covid-secure sectors. The TMT sector has been the star of that particular show: the segment has been home to 28% of all European buyouts by volume, nearly on par with industrials, compared with its 19% market share across 2018–2019.

The corollary of that flight to quality is that pricing has remained punchy, putting paid to the early expectations of a correction towards less competitive processes and, therefore, cooler valuations. According to the last two *Clearwater International Multiples Heatmap* reports, published in association with *Unquote*, average multiples for European buyouts remained firmly in excess of 10x across Q2 and Q3.

### **Quality, not quantity**

These dynamics are likely to remain in play in the coming months, even as the market is still on shaky ground following a second wave of lockdowns.

“Overall, there is still a huge amount of capital waiting to be deployed – and with a 10-year fund

life, most GPs are not likely to stop everything for 12–18 months,” says Andy Currie, managing partner at Alantra. “The market is awash with cash, but it is also awash with uncertainty, so what we are seeing is a focus on resilience. Our busiest teams have been technology and healthcare; and while our consumer team has been active too, 90% of that is for businesses that are online-focused. Volume is not huge, but there are good opportunities out there.”

Hamilton Lane’s Hope agrees, and notes that the pace at which GPs snapped back into investment mode over the summer surprised the firm. “Liquidity constraints are likely to increase for a number of companies, and that will further play into the hands of well-funded managers,” he says. “Some companies in the hardest hit sectors will be un-sellable for some time, but there is plenty to play for in other segments.”

The fact that more businesses will be feeling the heat of the longer-term effects of a tumultuous 2020 could help bridge the sharp divide between ultra-resilient targets and the handful of “pure distressed” opportunities that have arisen since March. Before that happens, though, it is likely that the bifurcation that has so far propped up average valuations will continue unabated.

Says Currie: “We are also seeing lots of processes being preempted, because when people decide they want to buy, they are ready and willing to pay for that. With that flight to quality, I would not be surprised if 2021 ends up being a record year for average valuations – because only the best-quality dealflow will get done.”

Hope, however, expresses some reservations around the challenges currently facing deal-doers and their advisers: “One question remains around how full the dealflow hampers will be for the coming months. Origination for the deals we have been seeing from late Q2 onwards mostly took place pre-Covid. This is what has been closing recently, but what about new processes? Now GPs have to do both investigative and confirmatory due diligence in the middle of a second wave.”

“Next year will probably see similar levels of activity to the pre-lockdown period. We expect Q1

to be busy in the UK, in advance of the spring budget, which may then impact activity for the rest of the year either positively or negatively, depending on the approach taken to capital gains tax rates," Currie says.

"It also seems like a lot of the true impact of Covid has not been factored in yet," says Currie. "This is most evident when looking at public markets, where we are about 10% off pre-pandemic levels. I do not think anyone could seriously argue that across the UK, Covid-19 has only had, on average, a 10% impact on performance and, hence, values. Some businesses have increased in value as a result of a re-rating from resilience, but some businesses, especially in the hospitality and retail sectors, have had an awful time and need support."

Another key theme once deal-doing started to resume in Q3 was that PE firms would most likely be net buyers instead of sellers in the Covid-19 era. Following another period of lacklustre exit activity in Q3, even as deployment was picking up, October saw a notable spike in divestments by PE players across Europe, and November figures indicate that the momentum has not died down too drastically amid the second wave of the pandemic.

GPs announced full or partial exits from 97 investments in October alone, according to *Unquote Data*. This is a 56% uptick on the September figure, a 125% increase on the low point of 43 exits reached in April, and compares favourably to the 88 exits recorded on average per month between January 2018 and February 2020. Furthermore, the October 2020 figure exceeds that recorded in the same month in both 2018 and 2019.

*Unquote* recorded 77 exits across Europe for November, which would indicate a slight cooldown after the October glut. But this is higher than most months post March 2020, and not far off the 87 exits seen in November last year. It is also worth bearing in mind that secondary research usually continues boosting these numbers for some time after any given month ends.

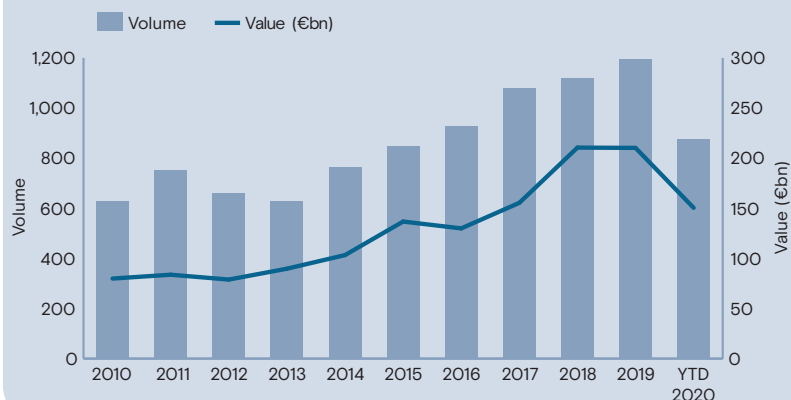
It remains to be seen how new lockdowns to deal with the second wave of the pandemic, and

the general uncertainty around trading prospects for a number of sectors, will be reflected in the December and January statistics. Nevertheless, Currie remains confident GPs can achieve very satisfactory outcomes for the stars in their portfolios: "If you have the right asset in your portfolio in the right niche, then valuations are pretty much at an all-time high."

### The long and winding roadshow

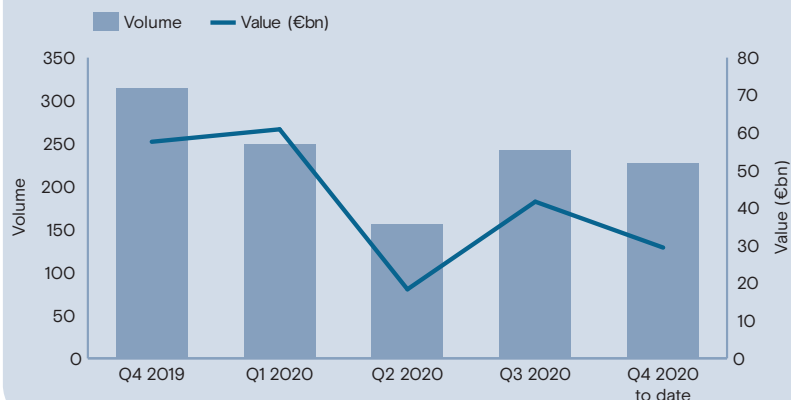
Turning to fundraising, a similar story of adaptation in the face of seemingly insurmountable odds ►

#### European buyout activity



Source: *Unquote Data*

#### Quarterly buyout activity breakdown



Source: *Unquote Data*



“There is not that much capital to go around for European managers, and most of that is quickly sucked up by the big funds”

*Mounir Guen, MVision*

emerged, as GPs and LPs came to terms with the new reality of working in a pandemic.

“In March, we were wondering what would happen if the entire market came to a complete standstill,” says Karl Adam of placement agent Monument Partners. “But few LPs stepped back; there were instances of LPs waiting on the sidelines during the GFC and missing out on some great vintages, and it seems investors have been keen not to make that mistake this time.”

As on the deal-making front, the initial shock was sharp, with *Unquote* recording just 15 final closes in Europe in March and April (versus 35 on average in comparable periods between 2017 and 2019). A number of bright spots started to emerge, though, from Tenzing closing what was billed as the first “fully virtual” fundraise with its second vehicle, to CVC, Ardian and Hg pushing through to the finish line with their multi-billion-euro efforts over the summer. But scores of other funds in the market have seen timelines extended, with some GPs opting to wait out 2020 altogether before coming back to market.

But this bifurcation was not necessarily new in itself. “Investors were expecting a big correction for the past few years, so we were already seeing shifts towards three main areas: larger funds, US dollar funds, and strategies that protect principal and offer co-invest,” says MVision founder Mounir Guen. “As a result, we were already seeing congestion in Europe, particularly in certain markets, such as the Nordic region, where big players will just take the capital. Covid-19 threatened to profoundly change that dynamic; and in the early weeks, many LPs thought it was the GFC all over again. It quickly became apparent that it is not, so we are back to business as usual in terms of strategies that will attract capital.”

Indeed, 2020 appears to have been a decent year of fundraising by historical standards, with *Unquote* recording 140 final closes by European managers for total commitments of €115bn, as of early December. But 60% of that value total was raised by just eight managers, and 51% by five GPs.

Given that LPs are confident that the current crisis does not systemically threaten the attractiveness of private equity, high-profile managers should continue to do well in the coming month. As Adam says: “It tends to be very GP-specific. If you have a strong team and track record, you should not struggle.”

### Out of office

Nevertheless, the Covid-19 crisis has thrown a number of workflow curveballs that will pose serious challenges to LPs and GPs alike. “The toughest question is how do you meet new managers or LPs,” says Hamilton’s Hope. “For instance, European LPs have in-person meetings as a requirement before they can commit, but they have not been able to travel to North America. This is where local pension funds may struggle to make overseas commitments without additional help, and they will potentially miss out on some good vintages.”

On the GP side, it became apparent from the early stages of the pandemic that first-time managers, or even players on their second effort and with less of a track record, would risk being relegated to the bottom of the pile of PPMs sitting on the desks of overstretched LPs. Says Adam: “Even pre-Covid, it was tough for emerging managers. This year – especially without being able to meet potential cornerstone investors – it has been even harder, unless you are dealing with a slam-dunk spinout by a well-established team.”

Striking a note of optimism, Adam Turtle, partner at Rede Partners, does not think that this year’s events dealt a crushing blow to new blood in the industry: “It is challenging for new managers to raise at the moment, but we have received more inbound interest from potential new groups than ever, and that is because people can see that now is also a good time to set up a new group because

it is a good time to start investing. You will see new initiatives being raised; and when people come to market with more differentiated offerings, you will see a further evolution of the private equity industry as a result.”

### New era

The placement agents with whom *Unquote* spoke also see a silver lining in the fundraising frenzy of the late 2010s subsiding. “GPs were anticipating the window would be closing soon, but that had been going on for a few years and it still remained open,” Adam says. “As a result, some LPs were getting a bit irked by the constant stream of GPs knocking on their doors. Some will no doubt welcome a bit of a cool-down on the frenzied pace of fundraising.”

The consensus is that fundraising velocity will slow down for all but the most coveted funds, but that this is not a problem in and of itself for PE – with the fixation on quick raises pre-pandemic being the anomaly in the longer term. “We were in a market pre-Covid where if you did not have a first and final closing you had almost failed, which is not normal,” says Turtle. “That was an unusual market environment, and we are now back in a market where fundraisings will have a more traditional cadence, where you will have first closings and then a final closing six months later.”

“The big guys all have large IR teams that are in constant fundraising mode, even when they have just closed,” says Guen. “Everyone else will take two years, and there is nothing wrong with that: they should not look at the watch, but always focus on the number they need to get to.”

In a similar vein, market participants are keen to stress that the industry can harness to its advantage some of the workflow changes induced by the pandemic. “There will be a long-term impact on working habits as a result of Covid-19, which has accelerated an understanding within organisations about how flexible they can be and, on an individual level, how productive one can be in different locations,” says 3i’s Rupert Howard.

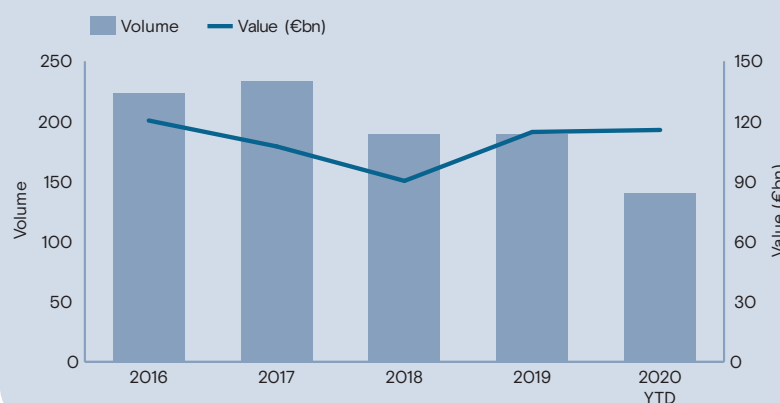
Monument’s Adam also notes that the new normal of virtual fundraising roadshows can bring

in benefits, which could become permanent fixtures: “Fundraising is fundamentally inefficient, and, on average, only a handful of meetings will ultimately have a positive outcome. This is a lot of time wasted in travel and meetings, which could be used more effectively to spend time with the cohort of genuinely interested LPs. And we are also seeing LPs being more pragmatic and starting to rethink their in-person meeting requirements.”

“To some extent, fundraising had already become much more data- and due-diligence-driven before the pandemic, even if a number of investors still have face-to-face interactions embedded in their protocols,” says Guen. “The flip-side is that LPs now have more free time because they have fewer meetings. In a sense, we are moving back a bit from the purely transactional approach, and can develop more personal interactions through video calls.”

Overall, recent months have shown that the unprecedented shock of the coronavirus pandemic did not drastically alter the market dynamics of private equity, but rather turbocharged trends that had already been on the cards for some time at the tail-end of a boom cycle. However, the coping mechanisms developed to monitor and protect portfolios, identify and transact the right deals, and maintain efficient relationships with existing and prospective investors will no doubt serve the industry well in a very uncertain future. ■

### Final closes of European PE funds



Source: Unquote Data

# Covid-19, oversubscribed funds fuel early secondaries



**Alessia Argentieri**  
 Senior reporter

Following the rapid expansion and diversification of the secondaries market in recent years, marginal and less explored strategies have emerged to supplement vanilla sales of LP stakes in mature PE funds. Undiscovered niches of the market have been brought to investors' attention, multiplying the opportunities available for secondaries players.

Among other strategies, early secondaries – for funds that are less than 50% committed – have captivated the interest of some investors, a trend that is on the rise.

“Early secondaries can be considered as a hybrid strategy between secondaries and primaries,” says Ely Place Partners’ Daniel Roddick. “Investors get some blind-pool risk mitigation, with part of the capital put to work immediately. At the same time, there is still an assessment of the GP to be done as an LP would for a primary investment, considering that the remainder of the fund is yet to be invested.”

Several fund managers have pursued this strategy across the US and Europe, usually as a supplementary approach that can complement a more traditional secondaries programme. This can be particularly convenient to increase the level of

diversification offered by a secondaries manager to its investors. It guarantees a certain degree of exposure to recent vintages, while the majority of the capital is securely deployed across more mature secondaries.

In some cases, GPs with high specialisation in the secondaries market have dedicated a specific range of vehicles to this strategy. One such example is Ardian, which is currently investing its sixth generation of early secondaries funds, a \$1.2bn vehicle raised in 2016, and is planning to launch a seventh generation.

## Fit for the times

Either as a small portion of a wider strategy or as a dedicated programme, developing an early-secondaries focus could be particularly beneficial in the coronavirus era, when diversifying allocation and expanding the investment timeframe can be essential for navigating the crisis successfully.

“Early secondaries are of greater interest today, because they are able to provide a better balance between pre-Covid and post-Covid vintages,” says Sunaina Sinha, managing partner at Cebile Capital. “Buying early secondaries, an investor will likely have some deployment in the pre-Covid period and some deals to be done in the post-Covid period. This results in a nicely blended portfolio and subsequently in a much better fund, able to deploy capital at better valuations and across a more favourable timeframe.”

In addition to investment decisions influenced by the pandemic, investing in early secondaries

“Early secondaries are of greater interest today, because they are able to provide a better balance between pre-Covid and post-Covid vintages”

*Sunaina Sinha, Cebile Capital*



## Early secondaries are tipped to become more plentiful, as LPs offload undrawn liabilities, and buyers look for ways to get into oversubscribed, must-have funds. But market observers urge caution to mitigate the pitfalls of the strategy, writes Alessia Argentieri

can also be motivated by the desire to get a larger allocation with an oversubscribed GP. “Investors often use early secondaries to gain more exposure with popular GPs,” Sinha says. “It can sometimes be difficult to get the desired allocation with a highly requested GP that is always oversubscribed. This is when the early secondaries market can come in handy, allowing LPs to achieve greater exposure to a GP they consider particularly strong or successful.”

### Strike the right balance

Despite the advantages, this strategy also presents several risks and requires maintaining a stable balance within the portfolios. “Secondaries portfolios are supposed to deliver J-curve mitigation,” says Pinal Nicum, a partner on the secondary investments team at Adams Street. “They are supposed to have a shorter duration profile than primary funds, and if you put too much of this early secondary exposure in your programme you are just extending the duration profile of your fund. Careful portfolio construction and management of the size of these exposures are very important aspects to consider when looking at this segment of the secondary market.”

Returns also need to be considered with a different approach when dealing with early secondaries, which might affect LP expectations. Sinha says: “Generally, secondaries investors prefer fully funded secondaries because they do not want to be responsible for too much uncalled capital, which might drag down the IRR. This is why early secondaries are often reserved for multiple-based

investors, which are looking for a cash-on-cash return rather than a high IRR. It is an approach that necessarily implies a much longer holding time, which can make traditional secondaries players quite uncomfortable and worried about timing and distributions.”

Several factors are essential in mitigating risk when pursuing this strategy, including a careful and effective evaluation of GPs’ abilities, and not only in mere terms of backgrounds, competencies and specific areas of expertise. Nico Taverna, a partner at Mill Reef Capital, says: “Quality management becomes essential in these types of positions, and it is necessary to understand if the GP will be able to deliver in the current market scenario.”

Another important factor is the direction the market will take. The industry closed 2019 with more dry powder on hand than ever, and the secondaries market has recently been flooded with record levels of cash, thanks to exceptional fundraising in H1 2020. However, with the scale of uncertainty resulting from the Covid-19 crisis, the path ahead is not entirely straightforward.

Roddick says: “Early secondaries often arise when sellers wish to offload their undrawn liabilities. This potentially presents some interesting opportunities in this post-Covid environment. However, a buyer will have to pay close attention to how the assets have been affected by the pandemic if they were acquired before the outbreak. This is of paramount importance, especially considering the concentrated nature of this type of fund.” ■

# GP Profile: Consilium Private Equity



**Alessia Argentieri**  
Senior reporter

Consilium Private Equity was established in 2006 by founding partners Stefano Iamoni and Antonio Glorioso as a spinout from Kairos Partners. The firm focuses on investments in Italian mid-market companies with high-growth potential and ambitious expansion plans, and provides them with resources and expertise to support their growth and consolidation.

The GP recently launched its fourth buyout fund, Consilium Private Equity Fund IV, with a €100m target. The firm had initially planned to launch a €200m fund, but reduced the target to €100m following the coronavirus outbreak. The vehicle has already held a first close and expects to ink its first deal in the coming weeks. It plans to hit its target in a final close in 2021.

"The coronavirus pandemic has impacted PE portfolios worldwide, while making fundraising more arduous," Stefano Iamoni, founding partner of Consilium, tells *Unquote*. "This is why we decided to launch a smaller vehicle than initially planned,

new larger fund. In the meantime, we have already identified several investment opportunities for our fourth fund, targeting companies that have proven resilient to the crisis and with high-growth potential."

The fund plans to build a diversified investor base composed of local family offices and institutional investors, such as Italian pension funds, European funds-of-funds and public institutions. It will probably include Fondo Italiano d'Investimento and the European Investment Fund, which have both backed Consilium's previous vehicles.

Iamoni says: "We have a strong pool of loyal investors that have invested in our funds since inception. In addition, we expect to attract institutional investors both domestically and abroad, as we did with previous fundraisings."

The vehicle has already raised capital for a first

"The coronavirus pandemic has impacted PE portfolios worldwide, while making fundraising more arduous"

*Stefano Iamoni, Consilium Private Equity*

which will be raised more quickly and will be able to support a small number of attractive Italian SMEs. Once the crisis is over, we will focus on a



## Consilium Private Equity founding partner Stefano Iamoni talks to Alessia Argentieri about the launch of a new fund, as well as deal activity and market perspectives

close, primarily from Italian pension funds, and expects to hold a rapid fundraising concentrated in the first quarter of 2021.

Consilium Private Equity Fund IV intends to make five investments in Italian mid-market companies with enterprise values in the €40-80m bracket and generating EBITDA of €5-20m.

The fund has a generalist approach, with a special focus on the food and beverage, fashion, mechanical engineering and automation sectors. It targets majority stakes in buyout acquisitions of family-held private companies.

The vehicle will deploy equity tickets in the €15-20m range. "Despite the smaller size of our new fund, we will continue to provide the same equity tickets that we have deployed before, with our larger third fund," says Iamoni.

### Portfolio management

Consilium is managing the portfolio of its third fund, Consilium Private Equity III, a €145m vehicle that is now around 90% deployed across seven companies.

"Most of our companies have outperformed during the crisis, increasing their sales and surpassing our post-Covid revised forecasts," says Iamoni. "Others have been mildly affected, but have already shown strong signs of a quick recovery.

"We have recorded a more significant decrease in revenues across the retail sector, where we own some valuable assets, such as Manifattura Riese and Macron. However, Macron was able to rapidly refocus its activity and began to distribute

personal protection equipment, generating substantial revenues."

Consilium's third fund has a significant presence in the food sector, where it owns baked goods maker Dino Corsini. The company has recently signed a partnership with Ferrero and expects to increase its revenues by 13% in 2020.

The fund also owns a stake in frozen meals producer Gelit, which Consilium acquired alongside Progressio from NYSE-listed business Conagra Brands in May 2019. The company recorded a strong performance during the coronavirus pandemic, despite a temporary shutdown, reaching turnover of €57m.

The vehicle follows a dynamic buy-and-build approach to consolidate the market position of its portfolio companies, and is close to signing a bolt-on for Gruppo Manifatture Italiane. This is a buy-and-build platform currently composed of River and Calzaturificio Energy, which were acquired by the GP in January 2018, and Calzaturificio Claudia, which was bought in October 2019. Following this new add-on, the combined group expects to generate revenues of €75m in 2020.

"In the coming months, we plan to evaluate new investment opportunities and continue to work on add-ons, consolidation and strategic acquisitions," says Iamoni. "The market environment that has emerged after the coronavirus outbreak is particularly favourable to a buy-and-build strategy. Promising companies that need some business development can be acquired at good valuations and become valuable resources for a build-up project." ■



# Expert voices



## Video: Allocate 2020: CIO views on the road ahead

Allocate Private Capital 2020 was a unique event for the private markets community hosted by *Unquote* on 20 October. It brought together European LPs and GPs to discuss the themes that will define the next cycle of private capital allocation.

In one panel, international CIOs came together to discuss their portfolio strategies for the coming five years.

Increasing exposure to private markets does not come without challenges. Funds are sitting on tremendous amounts of dry powder that will need to be employed in a distressed environment. On the other hand, GPs face a once-in-a-generation opportunity to showcase how they can support portfolio companies beyond the provision of capital.

Discussing this environment were Ilya Gertsberg,



managing director at Apolis; Meiping Yap, private capital team director at Stonehage Fleming; Merrick McKay, head of European private equity & private markets at Aberdeen Standard Investments; and Mariana Valle, head of leveraged finance and direct lending coverage and co-deputy editor for Europe at *Debtwire*. ■



## Unquote Private Equity Podcast: Jersey strikes the balance

*Unquote* has partnered with Jersey Finance to record a second podcast. Funded by members of the local finance industry and the Government of Jersey, the not-for-profit organisation works to represent the interests of its 160 member firms, encourage best practice and help the local industry develop. Elliot Refson, head of funds for the organisation, discusses the blend of innovation and stability that the island offers to private equity, from the firm's AIFMD stance, to its new ESG product. We also discuss Jersey's no-change outlook in the face of Brexit. ■



*Unquote would like to thank Jersey Finance for sponsoring and contributing to this episode of the podcast.*

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



### Video: British Patient Capital's Ian Connatty

Set up in 2018 by the British Business Bank, British Patient Capital (BPC) recently released its second set of full-year results and annual report, having now committed a total of £1bn to the UK-based venture and venture growth sector across 42 funds. For the 2019/20 financial year, the team made 11 new commitments to the tune of £405m, compared with 12 worth £334m in its first year of operation to March 2019.

In a video interview, head of funds Ian Connatty told *Unquote* that, though there have been investments in early-stage venture, the focus has been later-stage venture investments in 2020. He also said that, although the team had committed to some debut funds, emerging managers faced obvious challenges: "The current circumstances favour established managers a bit more in an era of doing due diligence virtually; if you have a number of established LP relationships, in our experience it is a lot easier to raise money if you have the relationships rather than trying to form new ones."

Though technically sector-agnostic, eight



investment themes have now emerged for BPC: future of work and education (19%); marketplaces and consumer (18%); digital health and life sciences (15%); big data and AI (13%); fintech (13%); clean growth, sustainability and mobility (9%); cybersecurity (5%); and "frontier tech" (5%).

"Covid-19 has shone a light on life sciences and digital health. But, interestingly, most of our digital health exposure comes from generalist technology funds rather than specialist life science funds and I expect this to continue," says Connatty. ■



### Unquote Private Equity Podcast: LP perspectives

GPs have been working hard to continue investing throughout the coronavirus crisis and maintain a resilient portfolio. But what have LPs thought of their performance, and what are their major concerns for the upcoming year? *Unquote*'s Katharine Hidalgo hosts editor Greg Gille and speaks with Elias Korosis, head of growth for LP Hermes GPE, about co-investments, fund financing and the outlook for 2021. ■



# UK activity on the up, but market braces for tax hit



**Katharine Hidalgo**  
Reporter

**T**he coronavirus crisis made an impact on UK buyout volume almost immediately in March 2020. With just 21 deals recorded, the second quarter of 2020 saw the lowest number of deals since the first quarter of 2009. The global lockdowns and travel restrictions put in place in response to the pandemic meant deal activity and fundraising was effectively put on hold.

The exit market in the UK & Ireland was severely affected, with total realisations for both PE and venture reaching just 43 in Q2 of 2020, the lowest level since the second quarter of 1997. On the fundraising front, firms such as Charterhouse, Capdesia and Sovereign Capital each delayed their efforts beyond their initial expected timelines.

In the absence of strong primary dealflow at the height of the pandemic, buy-and-build proved a good way for GPs to deploy. Rupert Howard, a director in PE at 3i, says: "People prefer to put

"People prefer to put money to work in sectors they understand already and have invested in previously in these uncertain times"

*Rupert Howard, 3i*

money to work in sectors they understand already and have invested in previously in these uncertain times."

John Harper, managing director and head of the London LBO team at HIG Capital, says the firm has also pursued buy-and-build strategies throughout the lockdown: "We bought Vernacare in February and our plan was always to make add-ons, as the company operates in a fragmented market. We did our first bolt-on, Frontier, in July and we hope, and expect, to do more."

Other acquisitive PE-backed companies include Searchlight Capital Partners' Global Risk Partners, which has bought eight insurance-related companies in 2020; and Babble, which made two acquisitions after the outbreak of Covid-19 and was sold by LDC in November 2020.

## Tech activity high

Another field that has seen an uplift in activity throughout 2020 has been technology. The share of total buyout volume occurring in the technology sector increased to 22% this year, up from 18% in 2019 and 16% in 2018.

That number increases dramatically in venture and growth capital deals, with more than 60% of all deals occurring in the technology sector.

"Technology and tech-enabled deals have made up around 75% of our deals this year, and most involve selling to PE," says Phil Adams, CEO of GCA Altium. "There is a huge amount of capital chasing a narrower field of assets."

While many sectors in the UK & Ireland, such as leisure, travel and fitness, may never see the same investment from PE again, sectors that are



**In a volatile year, which has seen buy-and-build and technology deals increase, GPs have adjusted working habits to achieve some semblance of normality in their operations, drawing investment volumes back towards pre-Covid-19 levels. Katharine Hidalgo reports**

resilient to the impact of the coronavirus crisis have buoyed overall investment volume in the fourth quarter of 2020.

### On the up

November 2020 saw deal volume in line with monthly figures prior to the crisis, with 29 deals, compared with just five deals in March 2020. Monthly exit figures have also risen from a low of 12 realisations in August to 19 in November.

GCA's Adams says: "In July and August, our pitching was up by 60% year-on-year. The two factors that have been at play are the Covid-19 hiatus, where nothing happened for a while, and the risk of tax changes."

In November, the Office for Tax Simplification released a report commissioned by Chancellor Rishi Sunak on capital gains tax. Among other conclusions, the organisation found the tax – levied at 10% for basic-rate taxpayers and 20% for higher-rate taxpayers – could be doubled if it were brought in line with income tax.

Adams says: "The general consensus is that tax rates will go up, and possibly materially, but no one is sure. These potential tax changes are not driving multi-billion-pound transactions, but in the mid-market, people will be thinking about it. If you have not started a process by the end of November or the start of December, though, it is probably too late."

The increase in activity could also be due to GPs successfully adapting to new ways of working. Harper says: "We are seeing lots of investment

opportunities, we are getting our message across to management teams and we are doing due diligence in a slightly different, but no less effective way. Ultimately there is no substitute for face-to-face contact, but in the meantime, people do not stop doing things, even when you have a big shock to the system."

3i's Howard agrees: "There will be a long-term impact on working habits as a result of Covid-19, which has accelerated an understanding within organisations about how flexible they can be and, on an individual level, how productive one can be in different locations."

Some GPs may have even improved some functions as a result of the changes. Adams says: "In a process, PE buyers have become dramatically more efficient and faster. Some houses have become real execution machines because they have decided they are not going to bid for lots of assets, but rather focus on going more aggressively at a smaller number of assets, which are exactly what they are looking for. We have seen some processes complete in four months where it might have taken six months or more previously." ■

**"There is no substitute for face-to-face contact, but in the meantime, people do not stop doing things, even when you have a big shock to the system"**

*John Harper, HIG Capital*

# Dry powder drives DACH prospects for 2021



**Harriet Matthews**  
Reporter

The aggregate value of buyouts in the DACH region reached €41.7bn across 164 deals in 2020, significantly boosted by the €17.2bn buyout of Thyssenkrupp Elevator in February. By comparison, buyout value in the region reached an all-time high of €51.6bn in 2019 across 197 deals. Against the backdrop of the coronavirus pandemic, 2020 looks unlikely to beat this record.

While buyouts struggled in 2020, DACH growth and venture capital deals reached a record high of 462 deals to date, surpassing 2019's previous record of 420. However, the aggregate value of deals fell between 2019 and 2020: venture and growth deals totalled €8.7bn in 2019, versus €6.7bn in 2020.

"M&A is more optional, whereas capital raises are often not – unless it is a fire sale, you can usually postpone a deal, and PE funds would rather increase value than exit as soon as possible," says Benjamin Ullrich, partner at law firm Schnittker Möllmann Partners (SMP). "Funds were being careful with new investments, as they did not know how much money they would need to put aside to support their companies."

Numerous processes were pulled when the coronavirus pandemic took hold in March 2020.

According to *Unquote Data*, 2020 saw 129 exits, compared with 150 in 2019. Exits fell from 15 deals in July 2020 to a low of six deals in August 2020, followed by a rebound to 13 and 12 exits in October and November respectively.

However, PE players remain optimistic for exit prospects in 2021. "The number of SBOs will presumably increase because there is lots of dry powder in the market, and if you have a well-performing PE business, it involves less risk than doing a primary transaction," says Philipp Amereller, managing partner at Silver Investment Partners. "Normally, it means working with a management who knows how to work with a PE partner, how to work with leverage, and there are normally proper systems and controls in place. Everything that a sponsor might need to implement in a primary, which takes time and money and is associated with risk, is already there."

## Demand on the up

"The amount of money available for investment continues to increase and anything that could be a potential acquisition target is being closely monitored by professional investors," says Christoph Ulrich, managing director at Duff & Phelps. "The question is whether or not a target will become available. If it is a robust business, not necessarily showing strong growth but a steady cashflow profile, it will likely be highly attractive. There are sponsors who are under pressure to show activity."

However, sponsors and corporates looking to sell businesses in the current environment will need

"Unless it is a fire sale, you can usually postpone a deal, and PE funds would rather increase value than exit as soon as possible"

*Benjamin Ullrich, Schnittker Möllmann Partners*

## DACH PE players faced challenges in deal-making and fundraising in 2020, leading to a focus on portfolio management and defensive investment decisions. But dry powder and the sheer need to deploy is set to drive the market in 2021. Harriet Matthews reports

to demonstrate that the business in question is coping with the crisis. Says Duff & Phelps' Ulrich: "Given that it is not known how long the second Covid-19 wave will last, in order to achieve a favourable exit and avoid a negative valuation, sellers need to demonstrate that the business has achieved a successful rebound. If the seller cannot demonstrate that, they will find themselves in an uphill battle justifying Covid-19-impacted non-performance. This general environment will likely continue until the end of the pandemic."

The pandemic has also accelerated and consolidated trends not only for corporates, but also for GPs. "More generalist funds, or those that have not invested in software and digital, are starting to do this," says Jan-Daniel Neumann, managing partner at Bregal Unternehmerkapital. "There is good demand for these types of assets, and there will be a number of transactions. But the market will remain bifurcated. Other than that, the focus for funds will remain on the portfolio, with the aim of surviving and benefiting from what is out there. 2021 will likely remain a coronavirus-affected year, even with a vaccine."

### Long road ahead

Longer holding periods are anticipated as a medium-term consequence of the damage done by the pandemic to many private equity portfolios, as well as the ongoing uncertainty. Sale processes for Covid-19-impacted companies in 2021 and beyond are also unlikely to be plain sailing beyond the worst of the pandemic's health and economic impact.

"The focus for funds will remain on the portfolio, with the aim of surviving and benefiting from what is out there"

*Jan-Daniel Neumann, Bregal Unternehmerkapital*

Says Silver Investment's Amereller: "One point that will lead to longer holding periods is that all the companies that took state loans will take longer to pay them back. Looking at the money multiples, rather than the IRR, you will need to hold the business longer in order to repay the state debt."

Beyond sector trends and heightened valuations for non-cyclical assets, Duff & Phelps' Ulrich highlights another change in demand in the market: "Sponsors are looking at smaller deal sizes below their typical sweet spot, as larger targets have been fairly limited. We expect this trend to continue well into 2021. As a consequence, life for the incumbents in small- and mid-cap segments will become more difficult."

"There would have been even more venture and growth investments in 2020 without the pandemic, and these numbers will go up for the foreseeable future," says SMP's Ulrich of the venture market. "Capital needs to be deployed, and even if we end up in a more sluggish economy, we will not necessarily see a dip in deals, but rather fewer funds being raised, followed by a decline in the number of deals. But there is not going to be a sharp stop." ■



# Nordic region weathers brunt of pandemic



**Eliza Punshi**  
Reporter

With 2020 soon in the rear-view mirror, Sweden looks like a clear winner in terms of buyouts and venture capital dealflow in the Nordic region.

According to *Unquote Data*, 47 of the total 104 buyouts in the region took place in Sweden. Denmark, which saw the second highest number of buyouts, recorded fewer than half that number, with 22 deals, while Norway and Finland recorded 20 and 17 buyouts respectively.

Although Sweden did not undergo a government-imposed national lockdown, the pandemic caused a significant drop in activity in the first half of 2020. Compared with Q1 and Q2 of 2019, the first two quarters of this year saw a 29% and 33% drop in buyout deals, respectively.

But activity picked up quickly in Q3 2020, which saw a 150% increase compared with the same quarter in 2019 and a 50% increase when compared with Q2 2020.

Overall, Swedish buyout activity has not only recovered, but also surpassed 2019, a year that saw 42 buyouts completed between January and November.

Tomas Almgren, managing partner at Clearwater

International in Sweden, said in Q3 2020 that the advisory firm was seeing “record levels of transactions, especially because of the suppressed demand from March to May”.

## Tech deals surpass industrials

Buyouts in the industrial sector have previously dominated the Nordic region, exceeding technology dealflow by more than half in 2018. This gap had narrowed last year, but in 2020, the number of tech buyouts finally exceeded the number of industrial buyouts, with 48 deals in the tech sector and 27 deals in the industrials sector.

Companies in the tech sector have come out of the pandemic relatively unscathed, with many even benefiting from it. Companies in e-commerce, digital learning and telemedicine, for instance, have, by and large, experienced a surge in demand for their services due to a behavioural shift enforced by the pandemic.

On the other hand, GPs have become cautious about companies in the industrial sector. Anssi Kariola, managing partner at Finnish carve-outs specialist Verso Capital, says: “There are more businesses that are starting 2021 with a lower order backlog than normal due to a major hiccup in sales. There will be an impact at least in those companies that tend to have a slighter longer delivery cycle. For software companies, the delivery cycle is very short, and the more descriptive item to look at is recurring revenue. If you have a recurring revenue model and you have a good customer base, then you already have a predictable base revenue for

“There are more businesses that are starting 2021 with a lower order backlog than normal due to a major hiccup in sales”

*Anssi Kariola, Verso Capital*

## The Nordic countries this year lived up to their reputation as a haven for private equity, with strong H2 recovery and record venture capital investments in the region. Eliza Punshi reports

the subsequent year. But on the industrial goods side, my expectation is that it is going to take a little longer to recover because their order books are a little thinner than they were a year ago in many cases.”

On the venture side, the aggregate value of deals in the Nordic region stands at €3.5bn for 2020 at the time of writing, amounting to an average value of €15.3m per deal. While these figures are slightly down compared with the previous year, venture activity remained resilient in the face of the pandemic in volume terms, setting a record for the highest number of deals recorded in the past decade. *Unquote Data* recorded 233 VC deals in the region so far for 2020, already higher than the 212 deals seen in the whole of 2019. Of those 2020 deals, 87 were in Sweden, followed by 76 in Finland, 41 in Denmark and 26 in Norway. Finland has seen the most impressive jump (35.5%) compared with the same period last year.

### Looking beyond 2020

For those companies that have benefited from the effects of the coronavirus pandemic, next year may bring new highs. Verdane partner Henrik Aspén says: “Looking at the development of the e-commerce section of Verdane’s portfolio, we have a number of businesses that have grown significantly and improved their profitability in 2020. I expect we will see more e-commerce businesses listed during the course of next year, and in 18 to 24 months’ time,

we may even see an IPO rush. It is important that advisers and sellers do not become too greedy and take advantage of demand by pushing out

“No one is in a rush to come to market, unless they feel they are in a really good place, so you will generally see fewer people in the market”

*Adam Turtle, Rede Partners*

companies that are not ready for the stock market. That could lead to setbacks. But lots of companies are ready now.”

Meanwhile, LP appetite for Nordic private equity remains healthy, despite challenging conditions, and this is reflected in the successful fundraisings that took place amid the pandemic, headlined by Nordic Capital Fund X, which held a final close in October 2020 on €6.1bn.

Adam Turtle, managing partner at placement agent Rede Partners, says: “We still see a lot of demand for Nordic funds. I think it is still perceived as a strong, robust region right now. At this time, people are drawn to low-risk opportunities, and the Nordic region is in that stable, safe-haven bracket.”

Overall, however, he says activity next year will be slower: “No one is in a rush to come to market, unless they feel they are in a really good place, so you will generally see fewer people in the market next year.” ■

# Southern Europe looks for 2021 rebound



**Alessia Argentieri**  
Senior reporter

The southern Europe region recorded 112 buyouts in 2020, worth an aggregate value of €19.2bn, according to *Unquote Data*. By comparison, 156 deals were inked between January and November 2019, for a total aggregate value of €22bn, while 136 buyouts were recorded in the same period for 2018, amounting to an aggregate value of €29bn.

The quarter with the lowest number of buyouts in 2020 was Q2, which saw only 16 buyouts for an aggregate value of €1.1bn. In July, the market showed signs of a recovery and Q3 recorded 48 deals worth a total €11.4bn. However, with the rise in coronavirus cases and the subsequent restrictions imposed in the autumn, deal activity dropped once again in Q4, and the region recorded 22 deals, amounting to only €1.5bn, in October and November.

Despite the decrease in dealflow, some large deals were inked during the first 11 months of the year, including Permira's acquisition of Italian sports footwear designer Golden Goose from Carlyle for an enterprise value of €1.3bn; BC Partners' investment in Milan-listed company Ima, an Italian manufacturer of packaging machinery, which

is leading to a €3.6bn take-private; and EQT's acquisition of Spanish online property marketplace Idealista from Apax Partners for €1.3bn.

"Following the outbreak, local healthy companies have become more willing to look for the support of a private equity player able to help them face this challenging time, not only with a defensive strategy, but also with a proactive and dynamic approach," says Clessidra CEO Andrea Ottaviano. "In addition, businesses with special credit needs can also benefit from the partnership of a fund that can bring capital and provide managerial expertise for growth and expansion."

While platform deals have become more challenging, numerous GPs have also focused their investment activity on add-ons. "The market environment that has emerged after the coronavirus outbreak is particularly favourable to a buy-and-build strategy," says Stefano Iamoni, founding partner of Consilium Private Equity.

Several buy-and-build acquisitions were inked in the first 11 months of the year, including the purchase of Create Flavours by Ambienta's Nactarome and the bolt-on of Ortofrutticola Del Mugello, acquired by Investindustrial-backed Italcanditi.

Looking at the sell side, the plunge in divestment activity recorded by the region has been significant. The southern European market recorded 82 exits in 2020, while 128 sales were inked in the months between January and November 2019 and 113 divestments were recorded in the same period of 2018.

José María Muñoz, founding partner of MCH,

"The difficult market environment triggered by the pandemic has made it more challenging to approach LPs and develop a network of relations"

*Pau Bermudez, Suma Capital*

## The general uncertainty spread by the coronavirus pandemic hit both dealflow and fundraising activity across southern Europe in 2020 – but local players are still looking forward to a gradual recovery in 2021, writes Alessia Argentieri

says: “Dealflow has polarised between a small number of resilient and cycle-reactive businesses and the majority of companies that have been affected, at various and different levels, by the pandemic. It has become difficult to price these assets and, in most cases, sellers prefer to wait for a more suitable exit environment.”

### Fundraising woes

Fundraising activity has been badly affected by the events of 2020, dampening LP appetite for the region and making it more challenging for GPs to develop and enlarge their network of investors.

Local buyout and generalist GPs raised only €1.8bn across nine final closes in 2020. By comparison, €7.5bn was raised in 12 final closes in the months between January and November 2019, and €3.6bn was collected across 14 closes during the first 11 months of 2018.

Several managers – including Quadrivio and Mandarin – decided to postpone their final closes and are expected to wrap up their fundraising in the first half of 2021. Other GPs decided to delay the launch of their new vehicles, including Green Arrow Private Equity Fund 4, which had initially planned to launch in the first half of 2020.

“The difficult market environment triggered by the pandemic has made it more challenging to approach LPs and develop a network of relations,” says Pau Bermudez, partner at Suma Capital. “However, local and international investors are willing to support established funds with a strong track record. Our Suma Capital Growth II fund, for

“This crisis comes from an exogenous shock, not a structural recession, and we expect a steady recovery in the coming months”

*Stefano Iamoni, Consilium Private Equity*

example, has been able to raise most of its capital and should be able to hold a final close in Q1”.

The region also recorded eight first closes this year, a sign that, despite the coronavirus headwinds, the market is still dynamic and capable of attracting local and international LPs, especially for well-established private equity houses.

Furthermore, in the last quarter of the year, the region saw new funds coming to market, including Clessidra Capital Partners IV, which launched with a €600m hard-cap, and Consilium Private Equity IV, which has started fundraising with a €100m target.

Consilium's Iamoni says: “This crisis comes from an exogenous shock, not a structural recession, and we expect a steady recovery in the coming months, only partially offset by the decline in consumer spending resulting from the income shortfall. The market will need time to regain confidence in its possibilities and become dynamic and active, as it was in 2019. However, despite the worsened performance experienced by many segments, the local economy is rich in attractive opportunities. A careful selection of the most resilient and promising assets will become crucial in the next quarters.” ■



# Funds round-up



## Latour Capital III holds final close on €1bn

French private equity firm Latour Capital has held a final close for its third buyout fund on €1bn.

Latour Capital III held a first close in December 2019, hitting its initial target of €800m, and continued its fundraising activity with the aim of reaching its hard-cap.

The vehicle is three times the size of its predecessor, a €300m vehicle raised in 2015, and is much larger than Latour's debut fund, which collected €115m in 2012.

As with the Latour Capital I and II fundraisings, Jasmin Capital acted as the exclusive placement agent for Latour Capital III.

Latour specialises in investments

across the French private equity mid-cap segment and has more than \$1.5bn in assets under management.

Latour Capital III pursues the same strategy carried out by its two predecessors, focusing on majority operations and spin-outs of large companies, mainly based across France, with enterprise values of €50-300m.

Latour Capital III has already inked its first few deals. It acquired insurance broker Santiane from BlackFin Capital for an estimated €200m enterprise value in October 2020. It also invested in the spin-out of two Solvay chemical ingredient businesses. ■

### Latour Capital III

<b>TARGET</b>	€800m
<b>CLOSED ON</b>	€1bn, Nov 2020
<b>FOCUS</b>	French mid-market
<b>FUND MANAGER</b>	Latour Capital

## GSK spinout SR One closes \$500m debut fund

Biotechnology venture capital investor SR One, a spinout from GlaxoSmithKline (GSK), has announced the final close of its debut fund on its hard-cap of \$500m.

Goldman Sachs acted as placement agent for the fundraise, while Kirkland & Ellis provided legal advice.

SR One was originally founded as part of GSK in 1985 and was the pharmaceutical company's venture capital arm. The firm invested via an

evergreen corporate fund prior to its recently completed spin-out.

GSK is the cornerstone investor in the vehicle. The LP base also comprises institutional asset managers, endowments, foundations, pension funds and family offices.

The fund will invest in early-stage biotechnology companies in the US and Europe, with the aim of supporting them in developing innovative breakthrough technologies and therapies. ■

### SR One Capital Fund I

<b>TARGET</b>	\$400m
<b>CLOSED ON</b>	\$500m (hard-cap), Nov 2020
<b>FOCUS</b>	Venture capital, life sciences
<b>FUND MANAGER</b>	SR One

**A round-up of recent fundraisings throughout the private equity industry, including Latour Capital III holding its final close on €1bn; HIG Europe Capital Partners III's €1.1bn final close; and Clessidra launching its fourth buyout fund**

## CBPE X closes on £561m hard-cap

CBPE has held a final close for its 10th-generation fund on its hard-cap of £561m.

Launched in December 2020, CBPE X held a first close on £465m in March 2020. This final close is dry, with no investments yet made. Rede Partners acted as global placement adviser and Macfarlanes acted as legal adviser for the fundraise.

Sean Dinnen, managing partner of CBPE, said of the fundraise: "The fundraising took slightly longer than anticipated as a result of the coronavirus crisis and the impact this had on some investors, but it was a smooth process overall, with a high degree of support from existing and new investors."

The fund's predecessor has made 11 investments to date. The firm closed its ninth-generation fund on £459m in August 2016 and has realised two assets to date: CBPE IX sold caravan manufacturer ABI Holiday Homes to a consortium of its management team and Pricoa Private Capital for a 3x return in February 2020; and eye healthcare service SpaMedica was sold to Nordic Capital-backed Ober Scharrer for a 6.6x return, according to a source close to the situation at the time of the sale.

CBPE received strong support from existing investors, with three

quarters of commitments coming from returning investors, according to a statement. The balance of the capital came from a select number of new international investors.

CBPE IX closed with 20 LPs and it is understood CBPE X has a similar number of investors. The predecessor fund's largest commitment was LGT with £82m; *Unquote* understands the investor has committed a similar ticket to this fund. Perennial investors in CBPE funds include Pantheon Ventures, according to *Unquote Data*.

Other investors in the fund include Allianz Capital Partners, Alpinvest Partners, Cambridge University Endowment Fund and Nordea Bank.

Dinnen said: "We had no need to target investors outside of our core European and North American base, and 100% of the capital is from investors in these geographies."

CBPE targets investments in UK-headquartered businesses with enterprise values of £25-150m, focusing on primary buyout and development capital investments in specific sub-sectors. CBPE's investments tend to be in the range of £20-60m.

The fund's investment period is expected to commence at the start of 2021. ■

### CBPE X

<b>TARGET</b>	£525m
<b>LAUNCHED</b>	Dec 2020
<b>CLOSED ON</b>	£561m (hard-cap), Nov 2020
<b>FOCUS</b>	UK SMEs
<b>FUND MANAGER</b>	CBPE

## HIG Europe Capital Partners III closes on €1.1bn

HIG Capital has held a final close for HIG Europe Capital Partners III (ECP III), its European lower-mid-market fund, on €1.1bn.

The vehicle started fundraising at the beginning of July with a €1bn target. The fund is larger than its predecessor, which closed on €825m in July 2013, exceeding its €760m target after three months on the road.

The vehicle recently invested in DGS, an Italian IT company specialising in cybersecurity and digital transformation, generating annual revenues of around €115m.

ECP III received support from HIG's global investor base, recording a high re-up rate. Its LP base comprises a diverse group of institutional investors, including foundations, endowments, public and corporate pension funds, consultants, sovereign wealth funds,

and family offices in North America, Europe, Asia and the Middle East. LPs in the fund include OCERS and TCDRS, among others.

The fund invests in buyouts, recapitalisations and corporate carve-outs of both profitable and underperforming mid-market businesses based across Europe, with a special focus on southern Europe and the DACH region.

The fund targets companies generating EBITDA of €10-35m and operating across a range of sectors, including manufacturing, services, healthcare and IT.

HIG is a global alternative asset management firm with \$42bn in equity capital. The GP also registered a new vehicle in February, HIG Europe Middle Market, which is currently fundraising with a target of €2bn. ■

### HIG Europe Capital Partners III

<b>TARGET</b>	€1bn
<b>LAUNCHED</b>	Jul 2020
<b>CLOSED ON</b>	€1.1bn, Nov 2020
<b>FOCUS</b>	European mid-market
<b>FUND MANAGER</b>	HIG Capital

## TriSpan Opportunities Fund II holds first close

Global private equity firm TriSpan has held a first close for its TriSpan Opportunities Fund II.

Unquote understands that the fund has a final target of \$500m and has collected nearly \$100m so far. Ely Place Partners is currently advising TriSpan on the fundraise in Europe.

The vehicle is larger than its predecessor, TriSpan Opportunities Fund I, which held a final close on \$230m in 2017.

TriSpan Opportunities Fund II focuses on opportunities in the lower-

mid-market across North America and Europe, targeting companies with annual revenues in the \$20-100m range and EBITDA of \$2-20m.

The fund typically seeks majority investments in proprietary buy-and-build opportunities alongside strong founders and management teams, applying a limited use of leverage. It primarily invests in the healthcare, business services and speciality manufacturing sectors.

The fund plans to invest around two thirds of its capital in North America and the remainder across Europe. ■

### TriSpan Opportunities Fund II

<b>TARGET</b>	\$500m
<b>CLOSED ON</b>	\$100m (1st close), Nov 2020
<b>FOCUS</b>	Lower-mid-market
<b>FUND MANAGER</b>	TriSpan

## Clessidra launches fourth buyout fund

Italian private equity firm Clessidra has launched its fourth buyout fund, Clessidra Capital Partners IV (CCP IV), with a target of €500m and a €600m hard-cap.

The vehicle expects to hold a first close by the end of Q1 2021.

“Despite the coronavirus emergency, our project is well perceived and has already attracted the interest of our current investors,” Clessidra CEO Andrea Ottaviano told *Unquote*. “This has been encouraged by the excellent results of our third fund and our expertise in finding great assets able to outperform despite a complicated and challenging environment.”

CCP IV intends to build an LP base composed of Italian pension funds, international funds-of-funds, institutions and private investors, and expects a high re-up rate among its previous LPs.

“We plan to structure our fundraising in two main phases: initially, we will raise capital from our most loyal investors, primarily Italian LPs that backed our previous funds,” said Ottaviano. “This will allow us to reach a first close and start our deployment period. Subsequently, we intend to focus on international investors, building a wide and diversified base of LPs. This second phase will probably start in the spring, when we expect the pandemic is more under control and travelling has progressively normalised.”

The fund will deploy equity tickets in the €40-100m range, acquiring majority stakes in profitable

companies with high-growth potential, international expansion ambitions and the potential to become consolidation and acquisitive platforms.

Geographically, the fund is dedicated to Italian investments, but has the flexibility to deploy up to 20% in the rest of Europe.

“Our fund is dedicated to the Italian market, which is rich in interesting and promising businesses across various sectors,” said Ottaviano. “At the same time, our vehicle has the flexibility to deploy a minority of its capital in attractive opportunities outside of Italy. We intend to invest abroad only when we can find a great asset with the distinctive potential of becoming a market leader or developing an effective consolidation strategy.”

The fund will follow the same strategy as its predecessor, Clessidra Capital Partners III, which held a final close on €607.3m in December 2016. The fund currently has only three companies in its portfolio and €100m to invest in future deals. It acquired door designer and manufacturer Scrigno in a €100m deal inked in May 2018; bought interior lighting specialist L&S in June 2019; and acquired digital payment specialist Nexi, which floated on the Italian stock exchange in a €2.3bn IPO in April 2019. In addition, the fund is finalising the acquisition of a majority stake in wine producer Casa Vinicola Botter from DeA Capital Alternative Funds and the founding Botter family. ■

### Clessidra Capital Partners IV

**TARGET** €500m (€600m hard-cap)

**LAUNCHED** Nov 2020

**FOCUS** Mid-market

**FUND MANAGER** Clessidra



# UK & Ireland deals

**6.5x**  
Entry  
multiple

## Endless buys Hovis from Gores, Premier Foods

Endless has acquired UK-based bakery business Hovis from US private equity firm The Gores Group and London-listed company Premier Foods.

The deal values the company at around £100m, which equates approximately to 6.5x its 2019 EBITDA, *Unquote* understands.

Endless invested in the business via its Endless Fund IV, which closed on £525m in December 2014. The fund seeks to acquire mid-market companies with turnover typically of £10-500m, through buyouts, non-core acquisitions and turnarounds. It has made other investments in food products companies, including Bright Blue Foods, a provider of both branded and own-label baked goods.

In addition to the equity from the fund, PNC provided a debt package to support the deal, *Unquote* understands.

Gores, which controls a 51% stake in Hovis, appointed Baird to handle the sale process in June 2020. In September, the British press reported that the company had attracted offers from trade, as well as turnaround and private equity bidders, including PE



firms Epiris, Endless and Aurelius Equity Opportunities.

At the beginning of October 2020, Hovis received an offer from Milan-listed food conglomerate Newlat Foods, which owns Italian pasta brands Buitoni and Del Verde. However, the offer was withdrawn by the end of the month, when Endless was reported to be the frontrunner for the sale.

"We received higher interest than expected, assisted by the positive performance reported by Hovis during the coronavirus outbreak," Vinay Ghai, managing director at

Baird Investment Banking, told *Unquote*. "In addition, the shift to online shopping stimulated by the pandemic weighed positively on the sale, especially considering that the company's well-established brand has helped it outperform the category, as consumers gravitate to brands they know and trust in an online environment."

Premier Foods will receive total proceeds of £37m from the disposal, including the repayment of outstanding loan notes and accrued interest.

Premier Foods, at the time

held by Warburg Pincus, sold its controlling stake in Hovis in January 2014 to Gores, in a deal valuing the division at £87.5m.

The business became a standalone joint venture between Gores and Premier, with Premier holding a 49% stake. Gores paid £30m for its 51% stake, of which £15m was deferred and contingent on future business performance.

Both Premier and Gores invested £45m in the newly launched joint venture. In addition, they committed to investing £200m over the next five years to improve operational infrastructure and boost the Hovis brand.

Established in 1886 and headquartered in High Wycombe, Hovis is a baked goods and flour producer. The business employs 2,800 people and operates eight bakery sites, its own flour mill and a distribution network spanning the UK.

Hovis generated EBITDA of £15.4m from revenues of £334m in 2019, according to public documents. ■

### People

**Endless** – Francesco Santinon.

**Hovis** – Nish Kankiwala.

### Advisers

**Company** – Robert W Baird (corporate finance).

**Endless** – Houlihan Lokey (corporate finance); Dechert (legal); KPMG (tax).

**£95m**  
Turnover

## ECI Partners sells MPM to 3i for £170m

ECI Partners has sold pet food producer MPM to 3i, which has invested around £125m for a majority stake.

The equity value of the deal is £125m, while the enterprise value of the company is £170m, *Unquote* understands.

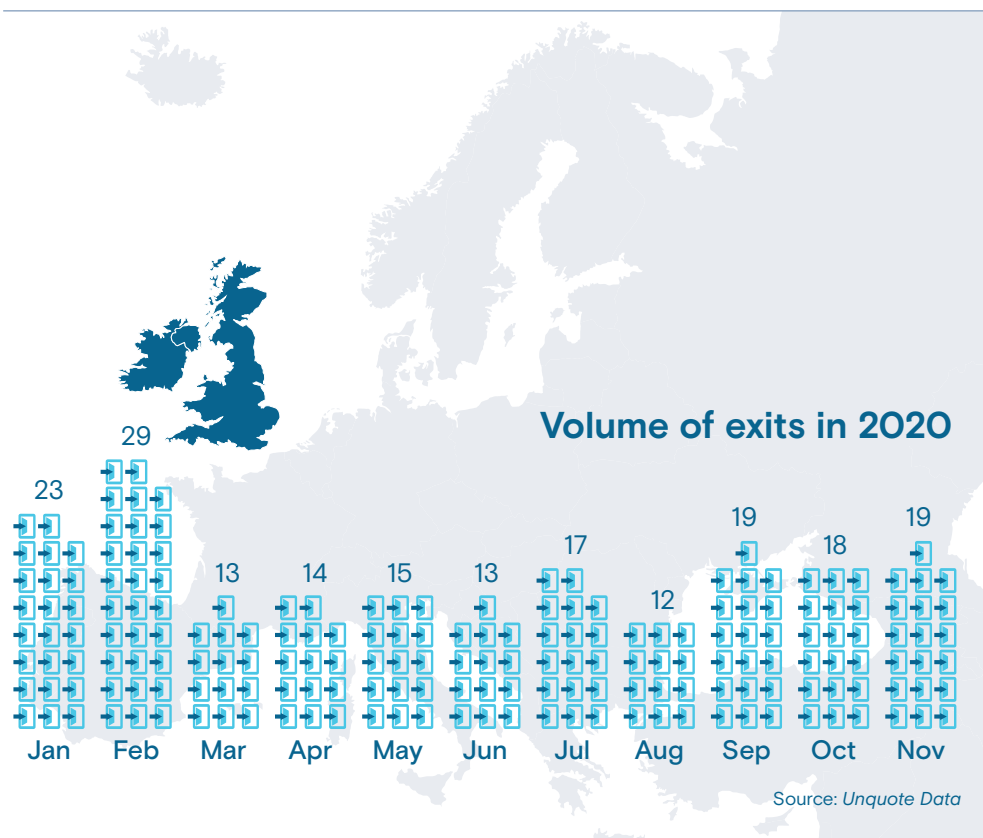
MPM's management team will stay on with the company.

ECI was due to collect final bids for the company at the beginning of November 2020 after selecting sponsors for the auction's second round

in October. The process was initially postponed due to the coronavirus crisis, but was relaunched in the second half of 2020. Other sponsors involved in the process included Livingbridge and Graphite Capital.

ECI acquired the company in March 2016 in a deal reportedly worth £50m, using a debt package provided by HSBC.

The company was marketed based on revenues of £95m and EBITDA of £12m. ■



# Benelux deals

BENELUX

**€200m**  
**Enterprise**  
**value**

## Agilitas buys TenCate Advanced Armor

Agilitas has acquired TenCate Advanced Armor, a manufacturer of soldier armours and vehicle protection systems, from Royal TenCate, a textile manufacturer backed by Gilde Buy Out Partners and Parcom Capital.

The deal is understood to value the company at around €200m, which would equate to approximately 10x its EBITDA, according to Dutch press reports.

Barings Bank provided financing to support the transaction.

The GP intends to support the company in further developing its product offering and accelerating its global growth.

This is the sixth platform deal made by Agilitas via its second fund. The vehicle invests in companies with enterprise values in the €50-300m range, operating across various sectors, with a special focus on environmental services and technologies, as well as TMT, healthcare and aerospace.

Gilde Buy Out Partners, Parcom Capital and ABN Amro Participaties took Royal TenCate private in a €675m deal in July 2015. TenCate's de-listing was supported by a €520m debt



package supplied by ABN Amro Bank and Rabobank, as well as an additional €75m revolving facility.

TenCate Advanced Armor was put on sale in July 2019, when Gilde mandated Houlihan Lokey to advise on the sale. The process was stalled following the coronavirus outbreak, but recently restarted.

This is the second subsidiary of Royal TenCate that has been sold, following the divestment of TenCate Advanced Composites, which was acquired for an enterprise value of €930m by Japanese conglomerate Toray in March 2018.

Headquartered in Nijverdal, TenCate Advanced Armour is a manufacturer of lightweight protection equipment for soldiers and people working in hostile environments.

Its portfolio of defensive products includes personal protection tools, body armour plates, armour systems and applications for land vehicles, aircraft and naval vessels.

The company employs 300 staff across its production facilities located in Denmark, France and the US. Its client base comprises governments and private companies. ■

## IK invests in GeoDynamics

IK Investment Partners has acquired a majority stake in Belgian software company GeoDynamics from Belgian private equity firm Sofindev and its management.

The company's founders, Peter Vermeesch and Stijn Stragier, will reinvest alongside the GP and retain a significant minority stake.

*Unquote* sister publication *Debtwire* reported in September that the company had an EBITDA of €8m, and that unitranche debt pitches for the company came in at more than 5x EBITDA, while senior stretch pitches were around 4.5x EBITDA.

IK is deploying equity from its IK Small Cap II fund, which closed on its hard-cap of €550m in February 2018. The vehicle typically acquires majority and selected minority stakes in companies with enterprise values of up to €100m.

Sofindev acquired a majority stake in GeoDynamics in April 2016, deploying equity from Sofindev IV. The founders retained a minority stake in the company.

Founded in 2004 and headquartered in Kortrijk, GeoDynamics is a software-as-a-service company serving 2,700 customers across construction, utilities, technical and manufacturing services, and local municipalities. ■

**€8–10m**  
Estimated  
EBITDA

## Castik acquires Customs Support Group from Mentha

Castik has inked the first deal from its second fund, acquiring Netherlands-based Customs Support Group (CSG) in an SBO from Mentha Capital.

*Unquote* sister publication *Mergermarket* reported in September 2019 that Mentha had mandated PwC to lead the sale process for CSG. Sources told *Mergermarket* that the company's EBITDA was in the region of €8–10m.

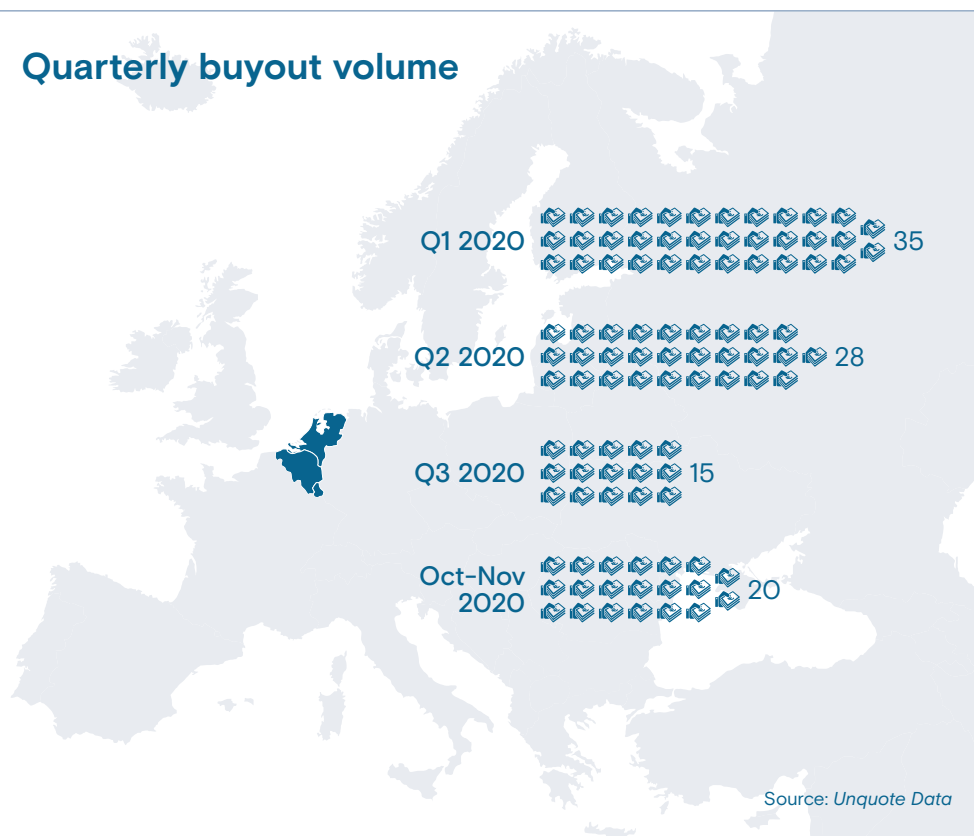
*Unquote* sister publication *Debtwire* reported in September

2020 that Castik had acquired exclusivity, with opening leverage pitches of 6x based on EBITDA of €11–12m.

Mentha acquired CSG in 2013, deploying equity via Mentha Capital IV, which held a final close in March 2015 on €107m.

Founded in 1980, CSG provides customs services, including import and export documentation, as well as certificates of origin, fiscal representation and veterinary declarations. ■

### Quarterly buyout volume





# CEE deals

**PLN 340m**  
**Deal value**

## Abris Capital buys Scanmed

Private equity firm Abris Capital Partners has fully acquired Polish clinics operator Scanmed from Life Healthcare Group Holdings for PLN 340m.

The GP invested in the company via Abris CEE Mid-Market III, which held a final close on its €500m target in September 2017. The fund focuses on majority ownership positions in mid-market, privately owned businesses across the CEE region.

Previous investments made by the fund in the healthcare sector include ITP, a Polish specialist in aesthetic medicine products; and Dentotal Protect, a distributor of dental consumables and equipment in Romania.

Abris intends to support Scanmed in broadening its service offering and geographical presence, while improving its medical facilities and further expanding in key therapeutic areas. The company also plans to open new labs and surgery units, and increase its revenues.

The vendor, Life Healthcare Group Holdings, is a South Africa-listed company



specialising in managing hospitals and medical clinics. The group intends to use the proceeds from the sale to reduce its debt levels, according to a statement.

Established in 2003, Scanmed operates a network of clinics based in 42 locations across Poland, offering a range of medical and diagnostics services in gynaecology and obstetrics, urogynaecology, aesthetic medicine and orthopaedics.

The company manages two multi-specialism hospitals, 13 cardiac centres offering

comprehensive diagnostics and cardiological treatment, and a variety of clinics and medical centres. Scanmed also provides outpatient care services in several Polish cities, including Warsaw, Kraków, Poznań, Wrocław, Gdańsk and Pabianice.

The company reported EBITDA of PLN 34m from revenues of PLN 373m in the year to 30 September 2020. ■

### People

**Abris Capital Partners** – Wojciech Łukawski.

## Kartesia invests in Nu-Med

Kartesia has provided Enterprise Investors portfolio company Nu-Med with a €32m refinancing package.

The package will go towards refinancing all existing financial debt and supporting Nu-Med in its growth plan.

This is the first deal for Kartesia in Poland. Capital for the deal will be drawn from Kartesia Credit Opportunities (KCO) IV and V funds. The firm's fourth fund closed on €870m in October 2017 and offers debt and equity packages of €10-60m to European small- and mid-cap companies. KCO V was registered in March 2019 and is still fundraising, according to *Unquote Data*.

Enterprise acquired a minority stake in the company in 2013, drawing equity from its Polish Enterprise Fund VII. The firm had invested €37.4m in the company as of January 2017.

Enterprise put the asset up for sale, but did not achieve a sale, according to *Unquote* sister publication *Mergermarket*.

Founded in 2013 and headquartered in Elblag, Poland, Nu-Med is a private operator of four oncology centres in Poland. ■

### People

**Kartesia** – Giuseppe Mirante.

**Nu-Med Group** – Paweł Paczkowski.

## €44.5m

Total annual revenues

## Innova Capital acquires stake in Bielenda Kosmetyki

CEE-based private equity firm Innova Capital will acquire an undisclosed stake in Polish cosmetics brand Bielenda Kosmetyki alongside its management.

The proceeds from the investment will finance the company's acquisition of Norwegian cosmetics group Orkla's Polish skin care brands Soraya and Dermika, furthering its position in the cosmetics segment.

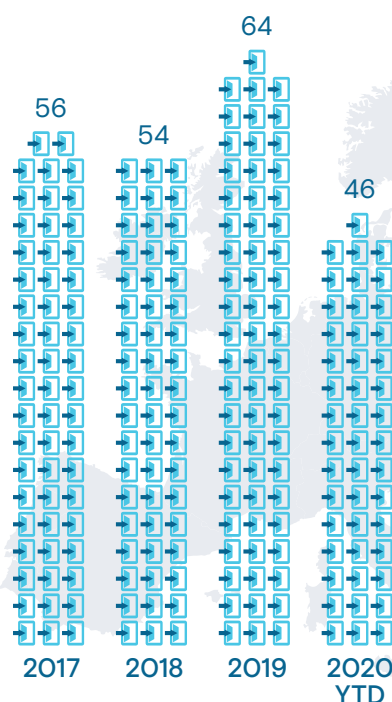
The GP is currently investing from Innova 6, which held a

final close in September 2019 on €271m.

The combined group will generate total annual revenues in excess of PLN 200m (€44.5m). According to the company, it has recorded average annual revenue growth of more than 20% in the past three years.

Founded in 1990, Bielenda Kosmetyki is a brand of cosmetics for face, body and hair care. It employs more than 200 staff, according to its LinkedIn page. ■

## Volume of exits



Source: Unquote Data

# DACH deals

**3.1x**  
**Silverfleet**  
**return**

## Chequers, Paragon to acquire Silverfleet's 7days

Chequers Capital and Paragon Partners are to acquire medical workwear business 7days, a portfolio company of Silverfleet Capital.

The deal has generated a gross money multiple of 3.1x for Silverfleet, according to a statement.

The transaction is expected to be completed in January 2021 and remains subject to competition authority approval.

Founded in 1999 and headquartered in Lotte, 7days designs, produces and sells workwear for use in medical settings. The company reported revenues of €25m and EBITDA of €10m at the time of its acquisition by Silverfleet in 2017. 7days is expected to generate revenues of €40m in 2020 and has increased its headcount from 160 staff in 2017 to 240 in 2020.

Silverfleet acquired 7days in December 2017 in an SBO from Odewald KMU. The GP invested via Silverfleet Capital Partners II, which held a final close in June 2015 on €870m. Debt was provided by a consortium of DZ Bank, BKB and Commerzbank, according to *Unquote* sister publication *Debtwire*.



The auction saw interest from bidders including FSN Capital Partners, Gilde Buy Out Partners and Riverside, according to a report from *Debtwire* released at the time, with Silverfleet, Quadriga and a US-based strategic investor advancing to the final round.

During Silverfleet's investment period, the GP supported the development of the company's online sales channels, as well as the implementation of corporate social responsibility product standards. 7days acquired Denmark-based Praxis Herning in

December 2018, expanding its activities in the Nordic region.

*Unquote* sister publication *Mergermarket* reported in September 2020 that teasers were being circulated for the sale process. A report in November 2020 stated that, although the company has performed well under Silverfleet's ownership and has seen increased demand for its products during the coronavirus pandemic, the sustainability of this demand could be questioned by potential buyers.

Besides the winning

bidders, parties involved in the auction process included FSN, Gilde and Investcorp, *Mergermarket* reported.

The company has been marketed based on EBITDA of €17m, the report added. The company was expected to generate a valuation of more than €200m.

Paragon is currently deploying equity from its third flagship fund. Paragon III held a final close in June 2019 on €780m. The fund invests in DACH-based businesses, deploying equity tickets of €30-150m with a sweet spot of €100m and targeting businesses with enterprise values of €30-250m and EBITDA of €10-30m.

Chequers Capital XVII held a final close in May 2017 on €1.1bn. The fund deploys equity tickets of €40-120m, targeting businesses based in Europe, and was 36% deployed as of March 2020. 7days is the fund's second investment of 2020; it acquired computer services business Econocom Business Continuity in April 2020. ■

### Advisers

**Vendor** – William Blair (*M&A*); PwC (*financial due diligence, ESG due diligence, tax*); Latham & Watkins (*legal*); McDermott Will & Emery (*legal*); Shearman & Sterling (*legal*); Goetzpartners (*commercial due diligence*).

**Equity (Chequers Capital)** – Latham & Watkins (*legal*).

## 2016

Date  
established

## EMZ Partners acquires stake in Assepro

EMZ has acquired a majority stake in Switzerland-headquartered insurance broker Assepro.

Assepro's management and several employees will also acquire a minority stake in the company.

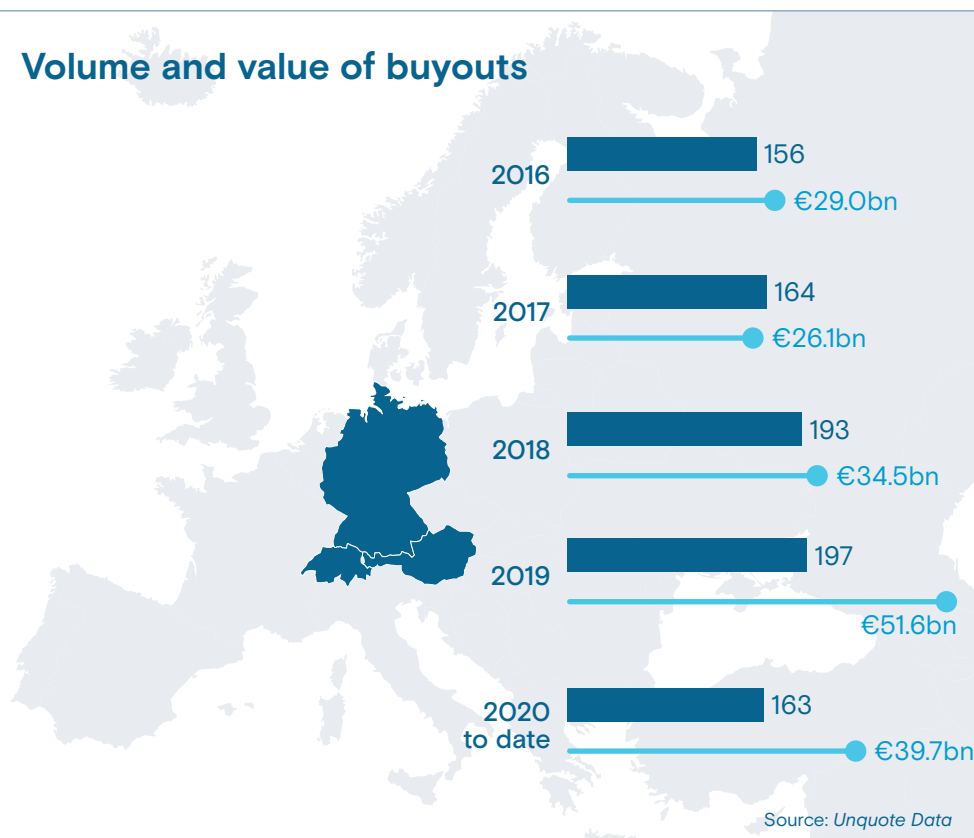
The GP intends to support Assepro's growth plans, which include the expansion of its regional presence and the development of its online platform.

Assepro was established in 2016 via the merger of Swissbroke and Fraumünster Insurance Experts.

EMZ is deploying equity via EMZ 9, a €1bn fund that held a final close in July 2020. The vehicle makes investments of €10-100m and typically writes equity tickets of around €50m. The vehicle makes both mezzanine and equity investments, and the investment in Assepro is made up partially of equity.

Debt to support the buyout has been provided by a consortium comprising two Swiss banks and one international bank. ■

### Volume and value of buyouts



# France deals

**12.5x**  
**Entry**  
**multiple**

## PAI buys Grand Frais grocery business EEF

PAI Partners has acquired a majority stake in Euro Ethnic Foods (EEF), the grocery business of Grand Frais. *Unquote* understands that the deal gives the company an enterprise value of around €1bn.

According to press reports, EEF generates EBITDA of approximately €80m, which would imply a valuation of 12.5x.

PAI invested in EEF alongside founders Léo and Patrick Bahadourian. Following the deal, PAI will hold a 60% stake in EEF, while the founders will own the remaining 40% and continue to be involved in the strategy and development of the business.

The investment was made by the GP from its €5bn fund PAI Europe VII, *Unquote* understands.

This is the ninth deal inked by the vehicle and shortly follows its eighth acquisition, the purchase of Addo Food and Winterbotham Darby, bought by the GP to create a UK-based chilled-food platform.

PAI intends to support EEF in accelerating its growth plans, both organically and via external acquisitions, while opening new stores and developing its B2B operations



in France and internationally.

The GP also plans to help the company implement selective vertical integration, with the aim of covering its entire value chain, from production to sales in store.

EEF manages the grocery business of Grand Frais, while Prosol controls its fruit, vegetables, dairy, fish and meat division. Prosol was acquired by Ardian via its €4.5bn Ardian LBO VI fund in April 2017 for an EV of around €1.5bn. The transaction was supported by a €859m debt package,

comprising a €759m B tranche provided by Crédit Agricole CIB, Natixis and BNP Paribas, and a €100m capex line.

EEF owns and operates the grocery section of food retailer Grand Frais across France, Belgium and Luxembourg.

The company expects to generate revenues of €450m in 2020. ■

### People

**PAI Partners** – Gaëlle d'Engremont, Bertrand Monier.

**Euro Ethnic Foods** – Christelle Le Hir, Arnaud Pascal.



## Charterhouse buys Novetude

Charterhouse has acquired a controlling stake in Novetude Santé, a French provider of higher education to healthcare professionals.

The deal values the company at around €100m, *Unquote* understands.

The GP bought its stake from BIM, the holding company controlled by Novetude's founder, Robert Zolade. Following the deal, the management team will retain a minority stake in the business.

Charterhouse intends to boost the company's growth, bolster its international expansion and pursue a buy-and-build strategy.

The GP is currently investing its Charterhouse Capital Partners X fund, which held a €2.3bn final close in 2016 and is largely deployed. The firm recently registered a new buyout fund, which has a target of around €2.5bn.

Headquartered in Paris, Novetude Santé manages 17 schools with 6,000 students across France, specialising in osteopathy education.

The company also offers healthcare training, professional development courses for nurses, dentist assistants and pharmacists, and preparatory classes for university medical exams.

Novetude Santé generates annual revenues of around €37m, *Unquote* understands. ■

**€105m**  
2019  
revenues

## Eurazeo buys Altaïr from Motion Equity for €115m

Eurazeo has acquired Altaïr, a French company that specialises in household cleaning products, from Motion Equity Partners.

Eurazeo will invest around €115m in the group in exchange for a majority stake, while Altaïr management and key executives will retain the remaining minority holding.

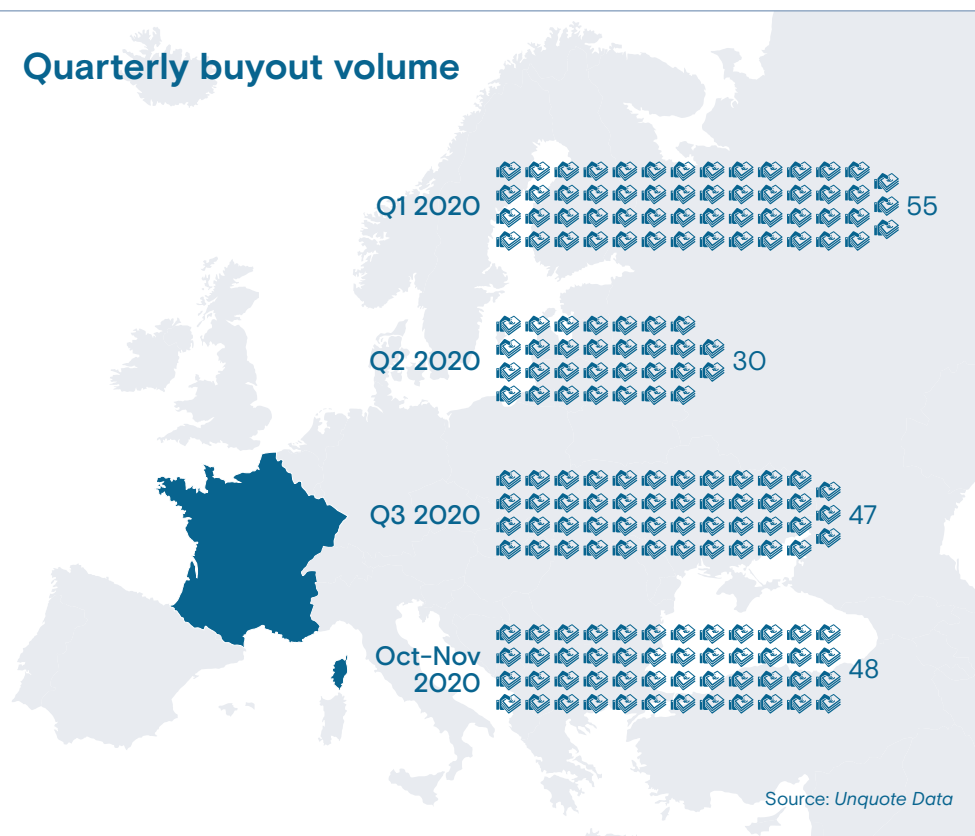
Eurazeo is investing in the company via Eurazeo PME III, which held a final close in July 2017 on €658m. The fund deploys equity tickets of

€20-100m, focusing on France-based, mid-market businesses with enterprise values of €50-200m.

The sale ends a four-year holding period for Motion Equity, which bought the company from Azulis Capital, Gimv and several co-investors.

Headquartered in Wasquehal, Altaïr specialises in manufacturing and distributing household and home care products. It generated around €105m in revenues in 2019. ■

### Quarterly buyout volume



# Nordic deals

**SEK 100m**  
**Forecast**  
**2020**  
**revenues**

## MVI buys Biototal

Swedish private equity firm MVI has acquired a majority stake in biofertilizer manufacturer Biototal, alongside the founders and management.

The GP paid 5-6x EBITDA for a 60% stake in the company, while the founders retained 40% ownership of the business. Biototal is expected to generate revenues of SEK 100m (€9.6m) in 2020, while last year, it had revenues of €6m and EBITDA of €1.2m.

The GP told *Unquote* that it had been in on-and-off discussions with the company for a year and a half, and that the deal was a proprietary one.

Stefan Karlsson, managing partner at MVI, said the GP had a lot of experience in wastewater treatment, having previously invested in other companies such as Noxon, a manufacturer of decanter centrifuges for dewatering sludge. He said: "We like the industry; it is very non-cyclical, and we like the circular model of the business."

Biototal is the second investment from MVI Fund II, which held a first close on SEK 688m in June 2020 and



is aiming to reach its SEK 1bn target by Q4 2020 or Q1 2021. The vehicle plans on investing in 8-10 Nordic companies at the growth stage, will have a holding period of about six to seven years, and will pursue a buy-and-build strategy. The GP said the fund is around 10% deployed following the two platform deals, but around double the capital will be deployed for add-on acquisitions.

The GP used a debt fund for the first time to leverage the deal. Karlsson said: "The company has long contracts and underlying cash flow coming from them, and instead of using

cash flow to amortize debt, we can use this cash flow to do add-on acquisitions and to grow the business."

The GP will pursue an active buy-and-build strategy in the Nordic countries, with an aim to make Biototal the biggest Nordic business for biofertilizers.

Founded in 2006 and based near Linköping, Biototal is a manufacturer and distributor of biofertilizers to farmers in Sweden. It has 16 employees. ■

### People

**MVI** – Stefan Karlsson.

**Biototal** – Tomas Kjellquist.

## Axcel acquires staffing agencies

Axcel has acquired and merged three Danish staffing agencies – TeamVikaren/PersonaleBørsen, Protemp and Moment.

The new entity will generate revenues of DKK 850m and employ 150 staff across 11 offices in Denmark.

The management team of the new group will comprise Moment founders Morten Højberg and Thomas Gleerup, while Jeff Gravenhorst will become chair of the company's board.

The GP said the three agencies complemented each other in terms of segment and geography in the flexible labour sector. It plans to further boost the group's growth with additional acquisitions in Denmark and the Nordic region.

Axcel is currently deploying its Axcel VI fund, which is targeting €800m and held a first close in February 2020 on €507m.

TeamVikaren/PersonaleBørsen, Protemp and Moment are staffing agencies providing temporary staff for various sectors and industries across Denmark. While TeamVikaren/PersonaleBørsen mainly supplies staff to the Jutland business community, Moment is the biggest player in Zealand. Protemp has its headquarters in Fredericia and is particularly known for its expertise in the construction sector. ■

**SEK 111m**  
2019  
turnover

## Bridgepoint buys minority stake in Diagnostiskt Centrum Hud

Bridgepoint has acquired a minority stake in Swedish skin clinic operator Diagnostiskt Centrum Hud (DCH) alongside its management.

Unquote understands the deal is a proprietary one and is the seventh transaction from Bridgepoint Growth I, which held a final close on £86m in May 2017.

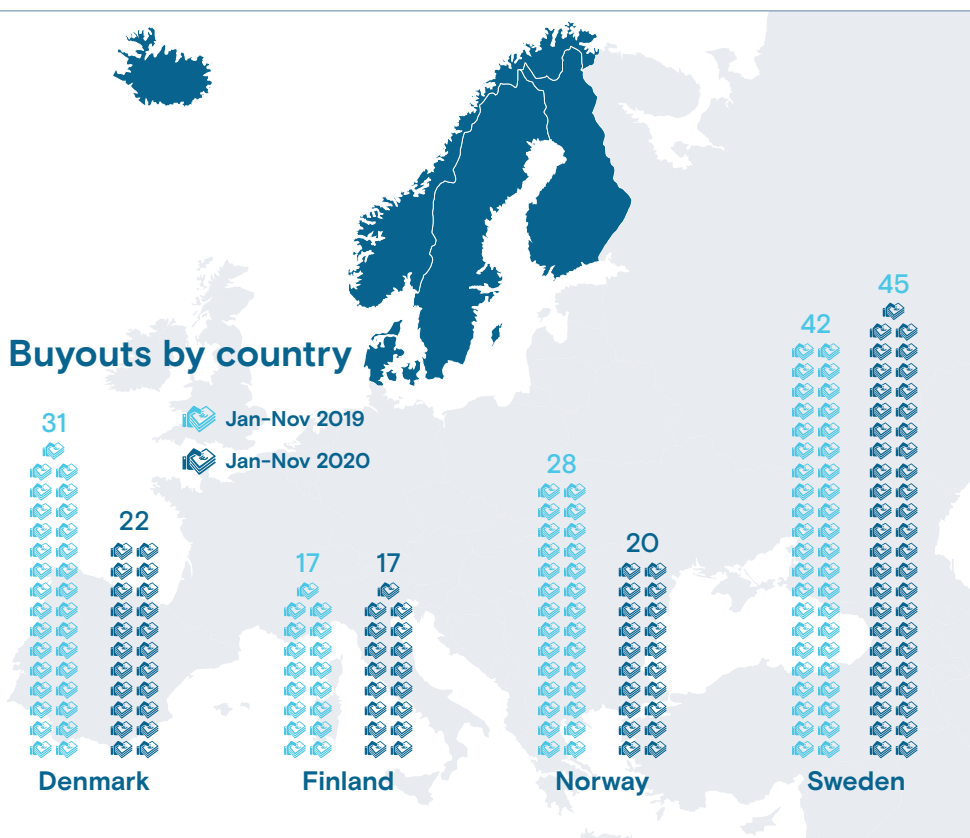
The vehicle focuses on making growth capital investments, typically in businesses with significant UK or Nordic operations, seeking

equity investment of €5-20m.

The GP will help the company's expansion further into the Nordic region.

Headquartered in Stockholm and founded in 2012, DCH is an operator of skin clinics and specialises in treating melanoma, psoriasis and other severe dermatology conditions. It has six clinics across four Swedish cities.

The company in 2019 generated revenues of SEK 111m (€11m) and has 50 staff, according to LinkedIn. ■



# Southern Europe deals

**20.5x**  
EV  
multiple

## Eurazeo exits Iberchem in €820m deal

Eurazeo Capital has sold its stake in Spanish fragrances and flavourings producer Iberchem to UK-based speciality chemicals company Croda.

The deal values Iberchem at €820m, which equates to 24x its 2019 EBITDA and 20.5x its 2020 EBITDA.

Iberchem was put on the market at the beginning of November, when Eurazeo hired BNP Paribas to run the sale. The auction attracted several bidders, including New York-headquartered International Flavours & Fragrances, Indian company Firmenich, Switzerland-based Givaudan, and German business Symrise, along with PE firms Carlyle, KKR, Cinven, CVC, PAI Partners, EQT and Bridgepoint, according to press reports.

This disposal will generate a cash-on-cash multiple of 2.1x for Eurazeo, and a 25% IRR. Proceeds will amount to €565m for Eurazeo, its affiliates and partners (€384m for Eurazeo only).

Established in 1985 and headquartered in Murcia, Iberchem manufactures fragrances for the personal care



industry and flavourings for the food and beverage sector.

Iberchem's private equity funding history started in 1999 when Espiga Capital acquired a 78% stake in the business from the company's founding partners. In 2002, Espiga reinvested in the business alongside Baring Private Equity Partners, which deployed capital from its InverMurcia vehicle to support the opening of a factory in Murcia and the acquisition of a Chinese plant.

In 2008, Capital Alianza acquired an 87.1% stake in Iberchem as part of an MBO

valuing the business at €35m.

The transaction saw Espiga and Baring Private Equity exit the firm, with the former enjoying an IRR of around 20% and a money multiple in excess of 3x.

Subsequently, Magnum acquired a 73% stake from Alianza in June 2013 via its Magnum Capital I fund. The deal valued Iberchem at around €80m, which equated to 8x its 2012 EBITDA.

Eurazeo purchased Iberchem from Magnum Capital in a deal valuing the business at €405m. The transaction saw the French GP acquire a 70% stake for

€270m. Magnum exited the investment, while the company's management retained the remaining minority stake in the business.

Under Eurazeo's ownership, Iberchem grew organically and via new acquisitions. Its revenues increased from €117m in 2017 to €187m forecasted for 2020, and its EBITDA from €25m in 2017 to €40m in 2020. The company acquired South Africa-based food flavours producer Versachem in May 2018 and two aroma manufacturers based in Asia – Malaysian company Flavor Inn Corporation and Chinese business Duomei – in February 2020.

Iberchem employs 850 staff across 14 manufacturing plants and 10 R&D centres, and has a commercial presence in 120 countries worldwide. The business generated EBITDA of €34m from revenues of €174m in 2019.

With this acquisition, London-listed Croda intends to strengthen its focus on fast-growing consumer markets, reinforcing its presence in the personal care and home care fragrances sectors.

The company intends to fund the consideration for the transaction via a combination of its existing debt facilities and the proceeds from placing new ordinary shares to institutional investors, which is expected to raise around £600m. ■

**€3.2m**  
EBITDA

## Quadrivio acquires Italian fashion brand GCDS

Quadrivio has bought a majority stake in Italian luxury streetwear brand GCDS (God Can't Destroy Streetwear).

The company had been on the market since January 2020, when it mandated Lazard to handle the sale, but the coronavirus outbreak delayed the process.

The GP has acquired a 61% stake alongside former Gucci CEO Patrizio di Marco, who has joined GCDS's board. The founders, Giuliano and Giordano Calza, will retain the remainder

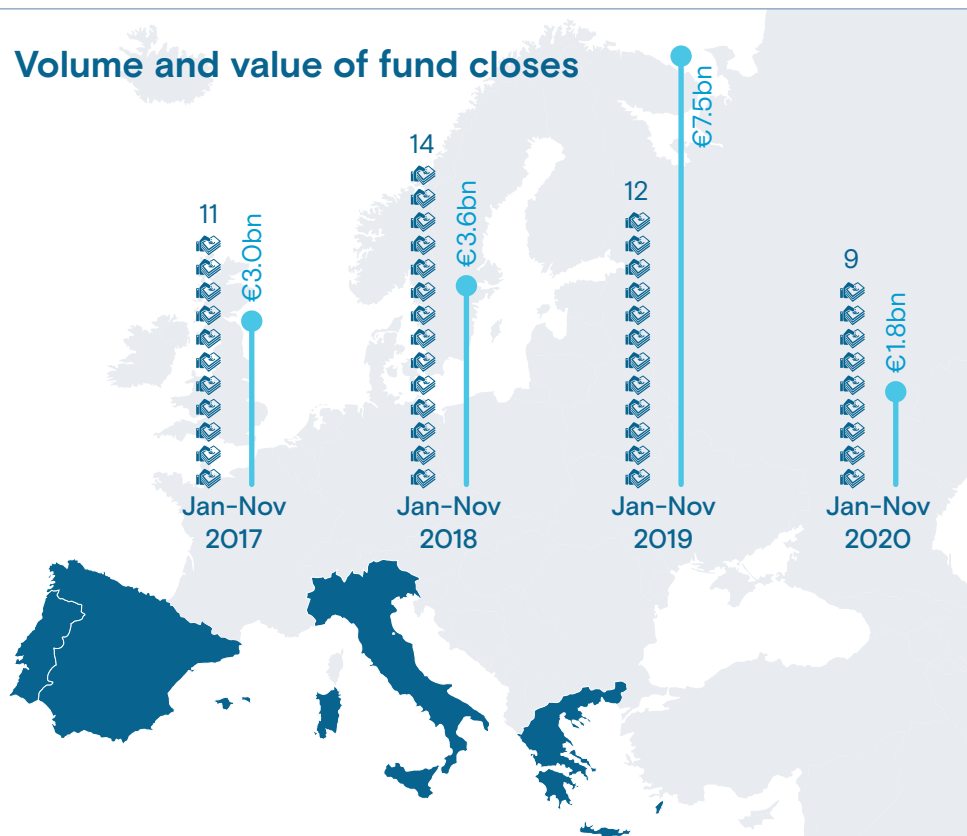
and stay on with the business.

GCDS generated EBITDA of €3.2m from revenues of €16m in 2019 and expects to reach turnover of €20m in 2020, with a 20% EBITDA margin.

Quadrivio intends to boost the company's growth and international expansion, primarily across the Asian market.

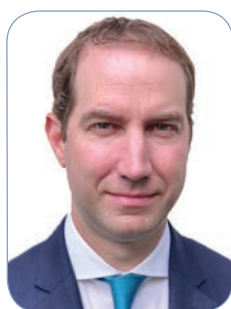
The GP invested in the business via its Made in Italy Fund, which is expected to hold a final close in H2 2021 on around €300m. ■

## Volume and value of fund closes





# People moves



**Matt Cashion**  
*Pantheon*

## Cashion joins Pantheon

Pantheon has hired **Matt Cashion** as an investment partner in its global private equity co-investment team.

Cashion joined Pantheon's New York office in October. He will lead the sourcing and execution of co-investment deals, contribute to fundraising and manage certain GP relationships.

His move to Pantheon follows 22 years spent at GoldPoint Partners, where he also led on ESG efforts.

Pantheon said that its co-investment platform has grown threefold over the past five years, now managing \$7.2bn in co-investment assets for its clients. Over the past five years, Pantheon has committed more than \$3bn to 132 co-investments.

## Initiative & Finance hires Ardian's Pihan

French private equity firm Initiative & Finance has appointed **Caroline Pihan** as a partner in the firm's mid-cap Tomorrow division.

Pihan previously worked at Ardian from 2005 within its mid-cap expansion team. Over the past 15 years, she has completed numerous LBOs and growth capital transactions in

France and the rest of western Europe. She has expertise in a range of industries, including the consumer, healthcare, food and construction sectors.

This announcement follows the recent appointment of **François-Xavier Oliveau**, who was hired from PAI Partners to take on the role of transformation partner in the mid-cap team providing operational support to the portfolio of Tomorrow Private Equity Fund.

Initiative & Finance launched Tomorrow Private Equity Fund in January 2020. The vehicle has a target of around €300m and invests in companies active in various sectors, with a focus on pursuing environmental transition, solving environmental issues and developing solutions to global challenges set by the UN Sustainable Development Goals.

The vehicle acquires majority and minority stakes in mid-cap companies, mainly based in France, while not excluding investments also in the rest of continental Europe. It targets buyout and growth capital transactions, and deploys equity tickets of €20-50m.

Tomorrow Private Equity Fund's strategy is led by **Baudouin d'Hérouville**, who joined Initiative

& Finance as partner and head of mid-cap. He has 17 years of private capital investment experience across the European markets, working on both majority and minority deals. Prior to joining Initiative & Finance, d'Hérouville worked for 15 years at Ardian where he was managing director of the mid-cap expansion team.

## Level 20 appoints Potter as chair

Level 20 has appointed **Cheryl Potter** as chair. She will succeed previous chair **George Anson** with effect from 1 January 2021.

Potter currently serves as a non-executive director at Best Secret. In addition, she is a BVCA Council member and was chair of the BVCA for 2019/20.

Potter joined Permira in 1999 after stints at Royal Bank Development Capital and Arthur Andersen, and became a partner at Permira in 2005, retiring in 2019. During her time at the firm Potter led the global consumer team and the London office. She also served on the firm's executive committee and the compensation and partnership committee, and founded Permira's women's network. She worked on numerous transactions while at the firm,



**Cheryl Potter**  
*Level 20*

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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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including Allegro, Dr Martens, Homebase and Iglo Group.

Launched in 2015, Level 20 is a not-for-profit organisation established to promote gender diversity in the industry. It has 68 sponsor firms and more than 2,500 individual members, according to a statement.

### Sherpa Capital appoints Medina

Spanish mid-market private equity firm Sherpa Capital has appointed **José Angel Medina** as operating partner.

Medina will join Sherpa's portfolio management team, tasked with adding value to the firm's investee companies by supporting management teams on their daily operations, and helping thema transform and improve their businesses.

Medina has more than 20 years of experience in managing business transformation projects. Prior to joining Sherpa, he worked as CEO and chief financial officer of 25 industrial companies, most of them backed by different private equity funds and some of them in distressed situations. He has led several turnaround, growth capital and M&A deals.

This announcement follows another recent appointment: the

hire of **Isaac Lahuerta** as an investment director in the firm's special situations team.

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.

### Travers Smith selects new managing partner

Law firm Travers Smith has elected **Edmund Reed** as its new managing partner, with effect from 1 July 2021.

Reed will succeed **David Patient**, who has held the post since January 2015.

Reed is a partner in the firm's private equity and financial sponsors group. His clients include private equity firms, such as Phoenix Equity Partners, Inflexion and Patron Capital, and corporates including Ascential Group and Foster + Partners.

He joined Travers Smith in 1994 and became a partner in

2005. Between 2000 and 2004, he was an investment manager at Phoenix Equity Partners.

### Graphite promotes new investment director

UK mid-cap GP Graphite Capital has promoted **Lara Markham** to investment director, and hired two in its investment team.

Markham joined Graphite in 2017 and has worked on several transactions since. She was previously with OC&C Strategy Consulting, where she worked on M&A and corporate strategy across the consumer, business services and TMT sectors.

Graphite has also hired **Zoe Jackson** as investment executive and **May Sulaiman** as investment manager. Jackson joined Graphite in June from Barclays Investment Bank, where she worked in the UK M&A team, covering business services, TMT and consumer. Since joining, she has worked on Graphite's latest investment, Ten10.

Sulaiman joined Graphite in September from CDC Group, a development finance institution, where she focused on private equity transactions in the financial services sector. Prior to that, she was in the M&A team at RBC Capital Markets. ►



**José Angel Medina**  
*Sherpa Capital*



**Lara Markham**  
*Graphite Capital*

# People moves cont.



**Nikolas Westphal**  
*Clipperton*

## Clipperton hires Westphal as partner

Technology-focused corporate finance firm Clipperton has hired **Nikolas Westphal** as a partner in its Berlin-based team.

Westphal joins from his role as an executive director at GP Bullhound. He also has experience at Morgan Stanley, Arma Partners and Blackstone.

Westphal advises companies on M&A deals, as well as debt and equity financing rounds, in technology sub-sectors including cloud software, music and video software, and digital media.

Clipperton opened its Berlin office in 2013, followed by its Munich office in 2019.

## Ardian bolsters buyout team with five new MDs

Ardian has hired two new managing directors and promoted three existing members in its buyout team.

**Scarlett Omar Broca** and **Heiko Geissler** will join the GP in Paris and Frankfurt, respectively. They will start their new positions in Q1 2021.

Omar Broca joins from Goldman Sachs' corporate private equity division, where she spent 13 years. For the last seven years she focused on the

French market. Geissler previously worked at Montagu Private Equity, and also has experience from 3i.

In addition, Ardian has promoted **Nicolas Darnaud**, **Emmanuel Miquel** and **Marco Bellino** to the role of managing director. Darnaud and Miquel are based in Paris, while Bellino works in the Milan office.

The GP is currently raising its flagship vehicle Ardian Buyout Fund VII, which launched in March 2019 with a €6bn target and a €6.5bn hard-cap.

## TA Associates appoints new head of IR

TA Associates has hired **Andrew Harris** as director of investor relations.

Harris started in his new role on 9 November and is based in TA's Boston office. He will lead and manage the firm's global investor relations and fundraising functions.

Prior to joining TA, Harris served in investor-focused roles at Advent International for more than eight years, most recently as principal in charge of limited partner services, leading the firm's investor relations and fundraising activities throughout North America and Latin America.

Harris also served as a

portfolio manager associate at Eaton Vance Management, after beginning his career at UBS Financial Services.

TA's most recent flagship fund, TA XIII, held a final close on its hard-cap of \$8.5bn in May 2019. The vehicle focuses on the mid-market globally, making equity investments in the range of \$75-400m across the technology, healthcare, financial services, consumer and business services sectors.

## Kuehne joins Klar

Klar Partners has hired **Vera Kuehne** as an investment professional in its London-based team.

The appointment brings the Klar team to nine people. The GP also has an office in Stockholm.

Kuehne joins from Wendel and has prior experience at UBS.

Klar completed its first deal in July 2020, acquiring Finland-based smart energy company Empower IM, as reported by *Unquote*. The GP generally invests in businesses with enterprise values of €50-300m and revenues of €50-500m, focusing on the Nordic, DACH and Benelux regions. The GP is understood to be on the road for its debut fund. ■



**Scarlett Omar Broca**  
*Ardian*

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