



Private Equity_____

BAROMETER

Q2 2013

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

Key Findings

Overall European private equity

- Disappointing activity levels in Q1 were broadly replicated while aggregated value soared on the back of a change in fortune at the top of the market.
- The 284 private equity-backed transactions recorded in Q2 2013 represents the lowest total over the past two years, down 4% against the first quarter.
- At the other end of the scale, the €26.5bn investment total for the three months was the highest total recorded over the sample and was 154% up on Q1.
- The extraordinary value surge was driven by the €1bn+ buyout value range, which rose five-fold in volume and 10-fold in value.

Buyouts

- Aggregated buyout deal value over the past three months soared 174% from the incredibly modest €8.6bn Q1 total to €23.7bn.
- There was a contrasting lack of progress in volume terms from the opening three months, with a two-year low being improved upon by just two deals to 94.
- Year-to-date numbers paint a picture of divergent underlying trends: value is up modestly by 6% to €32.4bn, while volume is down 17% to 186 transactions.
- In the €1bn+ category there were five deals worth nearly €10.1bn, substantially above the one deal worth less than €1.1bn recorded in the first quarter.
- The mid-market (€100m-1bn) made a healthy contribution to the bloated collective value total for Q2, more than doubling from €5.1bn to €11.3bn.
- In the small-cap, sub-€100m bracket, the volume and value totals respectively dropped by 12% and 4% to 59 deals worth €2.4bn.
- Q2 produced an average buyout value of €252.3m, by far the highest over the past two years as all segments overturned previous sample highs.
- The UK remained the preeminent market in volume terms in Q2, with activity jumping by nearly 30% from 27 deals to 35.
- For the first time in three quarters, however, the UK was not the largest regional market in value terms despite the total more than doubling to €5.6bn.
- Taking top spot in aggregated investment was the DACH region, where value ballooned from €1.2bn to €9.2bn after hosting the three largest Q2 deals.
- As was the case for the first quarter there were 42 secondary buyouts, making private equity houses themselves again the most numerous source of transactions.

Growth Capital

- A 53% uplift in value terms saw the European growth capital segment record a total of €2.5bn for Q2, the second highest over the two-year sample.
- Year-to-date, however, the expansion value total of €4.2bn is some 22% below the €5.4bn figure for the first six months of 2012.
- In activity terms, the growth capital category actually declined over the second quarter, equalling the second-lowest sample total of 144.
- The year-to-date volume total over the first six months has shown greater resilience, down as it is by 18% from 370 deals to 303.
- The UK was again the most active market with 47 deals recorded over the three months, more than a third ahead of its closest rival.
- The Spanish market took top spot in value terms with a total of €769.1m, driven in large part by the €700m Santander Asset Management investment.

Early-stage

- There was a much needed and substantial boost in early-stage aggregated value over the three months to June, rising by 137% from €122.5m to €290.4m.
- At €413m, the investment total for the first six months of 2013 is 20% down on last year's €515.5m.
- In volume terms there was a third consecutive increase in the number of early-stage transactions, rising by just a single deal compared to Q1 to 46.
- The year-to-date numbers remain significantly down year-on-year, with the aggregate total of 91 some 23% below the 118 deals recorded for the first six months of 2012.
- The largest market for early-stage transactions was the UK, which recorded 12 deals in total and was again a third ahead of its nearest rival.
- The UK was again only the second highest in value terms, with the €46.1m total bested by the €53.6m for the nine deals transacted in France.

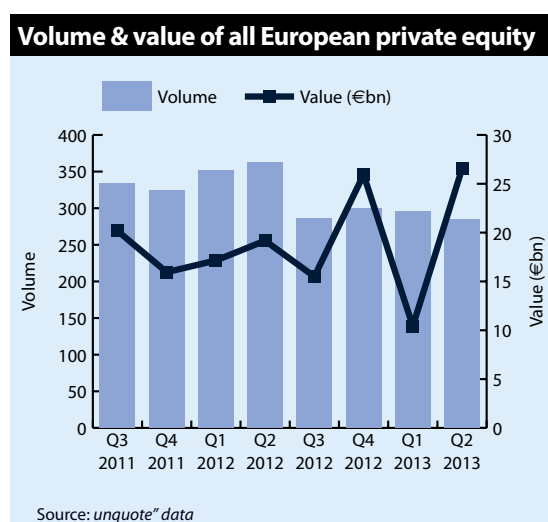
Update on Q1 2013 figures

Following the publication of the Barometer each quarter, both information on new deals and updates on existing deals invariably come to light. The following bullet points provide updated information on Q1 2013 deals that emerged after the publication of the Barometer in April 2013.

- Latest figures in the unquote™ database show a total of 296 deals for the first quarter of 2013, 45 more than the 251 figure quoted in the April report.
- The value total for the three months to March is now recorded as €10.4bn, approximately €1.5bn more than the previously quoted figure of €8.9bn.
- This value jump is largely attributable to a €1.1bn rise the aggregated value now recorded for the buyout segment, which now shows a total of €8.6bn.
- In volume terms there are now 92 acquisitions recorded for the opening three months of 2013, 13 more than the 79 reported in the previous report.
- In the expansion segment there are now 159 deals recorded worth more than €1.7bn, approximately 27 deals and €400m more than was previously thought.
- In the early-stage category there are now five more deals recorded worth €122.5m, up from prior figures of 40 transactions worth €118m.

Market flatters to deceive

Overall European private equity



	Volume	Value €m
Q3 2011	334	20,177.91
Q4 2011	324	15,953.82
Q1 2012	351	17,150.56
Q2 2012	362	19,166.07
Q3 2012	286	15,499.51
Q4 2012	300	25,932.61
Q1 2013	296	10,431.51
Q2 2013	284	26,538.48

2011	1,484	87,315.08
2012	1,299	77,748.75
YTD 2013	580	36,969.99

It was a quarter of contrasting statistical fortunes for European private equity over the three months to June 2013. Disappointing activity levels in Q1 were broadly replicated across all deal segments, while the aggregated value of investment soared on the back of another positive change in fortune at the top end of the market.

The 284 private equity-backed transactions recorded overall represent the lowest total over the past two years, down 4% against the 296 total for the preceding three months and two deals below the previous nadir of 286 set in Q3 2012. In the buyout space there were 94 transactions completed, two more than the modest total of 92 for Q1 and the second lowest total over the sample. The expansion segment saw activity fall more than 9% to 144, again the second lowest total over the past 24 months.

At the other end of the scale, the €26.5bn investment total for the three months to June was the highest total recorded over the sample and was 154% up on the two-year quarterly low of €10.4bn for the three months to March. The buyout segment, too, registered a trough-to-peak turnaround after a huge quarter-on-quarter rise of 174% from €8.6bn to €23.7bn, while the expansion segment posted a 53% quarterly rise and the second highest total of the sample period of €2.5bn.

With the extraordinary value surge being driven in large part by a glut of deals of increasing value at the top end of the market - the €1bn+ value range rose five-fold in volume, but 10-fold in value - it would be tempting to read Q2 optimistically in terms of a fresh flood of liquidity. On the other hand, dealflow remains stubbornly low and the paucity of investments in the growth capital segment in particular is perhaps reflective of the cautious mood that continues to prevail.

In reality, neither of these narratives tells the full story. There has been no consistent trend for the past year: volume totals have hovered around modest figures by historical standards; values have oscillated wildly between extremes at both ends of the spectrum. There is money to invest and businesses worth backing, but economic travails and the boom-era debt hangover still appear to be precluding a persistent recovery.

Quarterly Focus

Buyouts in focus: Vacillating value

Statistical analyses of private equity deal activity often focus on value over and above volume. In some respects this is a questionable legacy of the buyout boom: the theory runs that if big deals are being done then investment houses and, perhaps most importantly, banks are feeling confident and thus happy to write big cheques to support marquee transactions.

Following this logic, the second quarter of 2013 represents an optimistic bellwether for future prospects. The aggregated value total of €23.7bn was the highest recorded over the past two years and was up almost three-fold on the previous three months. This total was driven by a major return to form in the €1bn+ mega-buyout bracket, which rose in value from €1bn to €10bn on the back of a quarter-on-quarter rise in activity from just one deal to five.

Look beyond the past six months in isolation, however, and a more complex symmetrical statistical pattern emerges. Over the four quarters between Q3 2012 and Q2 2013 the market has lurched alternately from medium-term lows to contrasting highs, with an initial low watermark of €13.5bn rising to €23.4bn, before dropping to €8.6bn and then bouncing back again to a similar apex. The trend is mirrored in the mega-buyout category, which has caromed between €1.1bn to €1.5bn and €10.1bn to €10.7bn.

What are we to make of this? Clearly there is liquidity sloshing around to get deals - and big deals to boot - transacted; at the same time there would appear to be an underlying lack of dealflow and a pervading air of caution that is keeping activity levels low and preventing a consistently positive trend from evolving.

However, the pattern over the past two years in average deal value rather than ultimate collective value does suggest the investment tide is turning. The second quarter produced an overall average buyout investment value of €252.3m, by far the highest recorded over the past two years. Across all segments previous high averages over the sample - registered variously in Q4 2011 (small-caps), Q4 2012 (mid-market) and Q1 2012 (large-caps) - were overturned.

This is genuinely encouraging. Declining deal values are generally indicative of a cautious economic mood that is forcing vendors to acquiesce to the demands of liquidity-starved buyers. Increasing deal values in all categories imply confidence on the part of buyers in the fundamental strength of a business and the market in which it operates, a view that must also necessarily be shared by any financing banks.

Buyouts

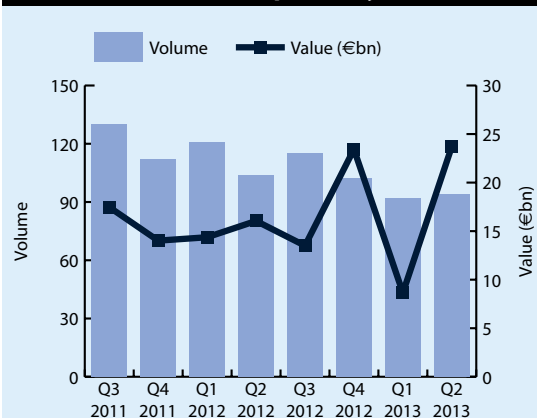
The big rise in aggregated buyout deal value over the past three months will be welcomed by many in the industry, soaring 174% from the incredibly modest €8.6bn Q1 total to €23.7bn. Others will point to the lack of progress in volume terms from the opening three months, with a two-year low being improved upon by just two deals to 94 transactions. The year-to-date numbers paint a picture of the divergent underlying trends: value is up modestly by 6% to €32.4bn, while value is down significantly by 17% to 186 transactions.

Unsurprisingly, such a large value increase was primarily the result of a substantial rise in both activity and average enterprise value in the large-cap (€1bn+) category. Just one deal scraped into this bracket in the first three months of the year, yielding an investment total of less than €1.1bn; there were five deals worth close to €10.1bn registered for Q2. These figures are slightly lower than the highest volume and value figures over the past two years recorded in Q4 2012, but did equate to by far the highest average deal value over the sample of around €2bn.

The mid-market (€100m-1bn) range also made a healthy contribution to the bloated collective value total in the second quarter, more than doubling from €5.1bn to €11.3bn. Coming on the back of a modest rise in dealflow of just six deals from 24 to 30, this similarly represented a substantial rise in average value from €213.1m to €375.3m. The mean enterprise value also rose in the small-cap (sub-€100m) bracket from €37.1m to €40.4m, with the volume and value totals respectively dropping by 12% and 4% to 59 deals worth €2.4bn.

For the first time in three quarters, the UK was not the largest regional market in value terms despite the collective total more than doubling from €2.5bn to €5.6bn. It did, however, remain the preeminent market in volume terms after jumping by close to 30% from 27 deals to 35. Taking top spot in aggregated investment was the DACH region, which saw its value total balloon from €1.2bn to €9.2bn after hosting the three largest Q2 deals. These acquisitions alone - Springer Science, Ista International and Ceramtec - were worth an overall €7.9bn.

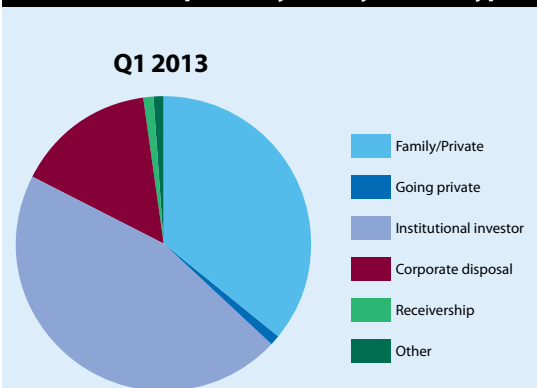
The steady trend in activity terms in Q2 was mirrored in the statistics for sources of deals over the three months, with the totals almost identical to those seen in the first quarter. As was the case for the three months to March there were 42 secondary buyouts recorded, making other private equity houses again the most numerous source of transactions. There was one more business acquired from a family or private seller over the period, taking the total from 33 to 34, while the 17 corporate disposals meant this vendor type produced three more deals than in Q1.

Volume & value of European buyouts

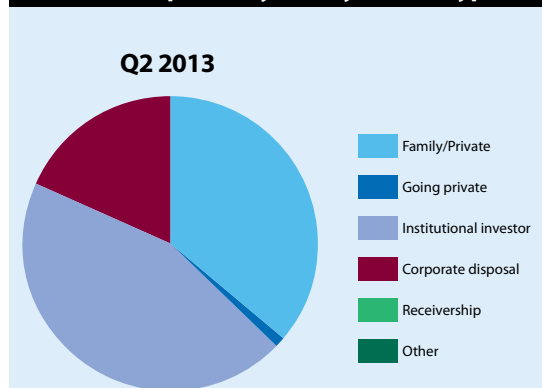
Source: unquote® data

	Volume	Value €m
Q3 2011	130	17,468.58
Q4 2011	112	14,024.42
Q1 2012	121	14,372.99
Q2 2012	104	16,049.11
Q3 2012	115	13,502.31
Q4 2012	102	23,428.63
Q1 2013	92	8,649.31
Q2 2013	94	23,711.61

2011	519	74,080.82
2012	442	67,353.04
YTD 2013	186	32,360.92

Volume of European buyouts by vendor type

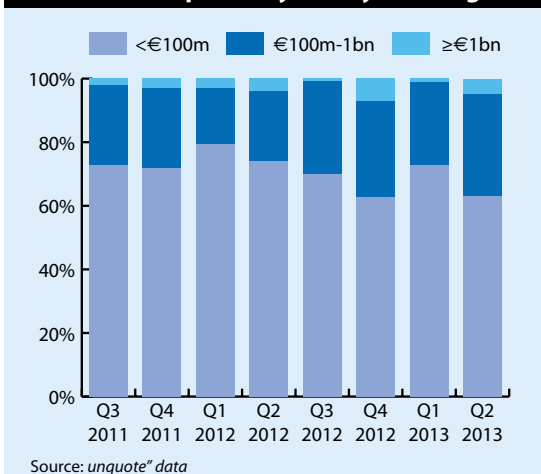
Source: unquote® data

Value of European buyouts by vendor type

Source: unquote® data

	Q1 2013	Q2 2013
Family/Private	33	34
Going Private	1	1
Institutional Investor	42	42
Corporate Disposal	14	17
Receivership	1	0
Other	1	0

Volume of European buyouts by size range

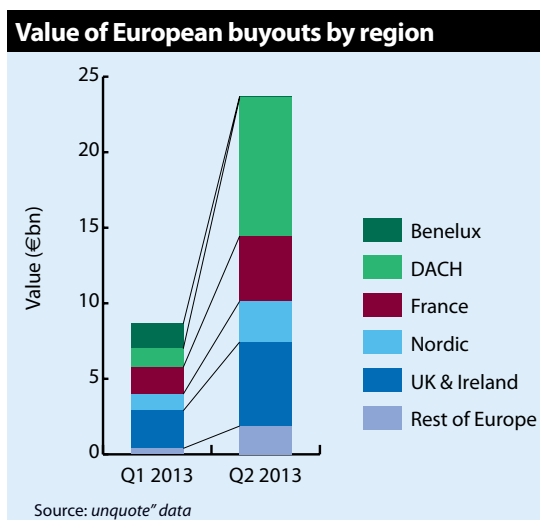
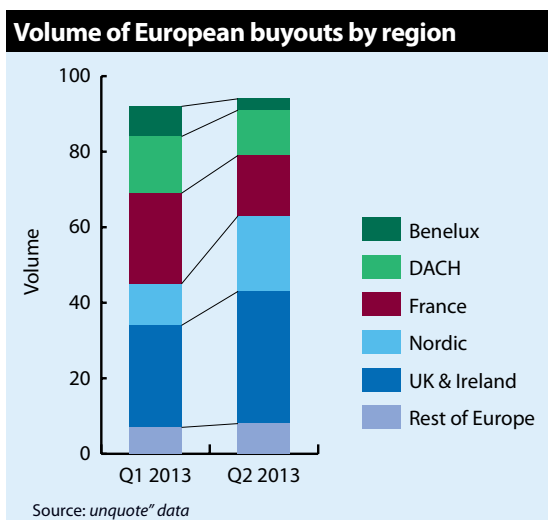


Value of European buyouts by size range



	<€100m Volume	%	€100m-1bn Volume	%	>€1bn Volume	%	Quarterly total
Q3 2011	95	73	32	25	3	2	130
Q4 2011	81	72	28	25	3	3	112
Q1 2012	96	79	21	17	4	3	121
Q2 2012	77	74	23	22	4	4	104
Q3 2012	81	70	33	29	1	1	115
Q4 2012	64	63	31	30	7	7	102
Q1 2013	67	73	24	26	1	1	92
Q2 2013	59	63	30	32	5	5	94

	<€100m Value	%	€100m-1bn Value	%	>€1bn Value	%	Quarterly total
Q3 2011	3,360	19	10,075	58	4,034	23	17,469
Q4 2011	3,197	23	6,587	47	4,240	30	14,024
Q1 2012	2,607	18	5,464	38	6,302	44	14,373
Q2 2012	2,146	13	6,862	43	7,041	44	16,049
Q3 2012	2,427	18	9,710	72	1,365	10	13,502
Q4 2012	2,321	10	10,420	44	10,688	46	23,429
Q1 2013	2,485	29	5,114	59	1,050	12	8,649
Q2 2013	2,383	10	11,260	47	10,069	42	23,712

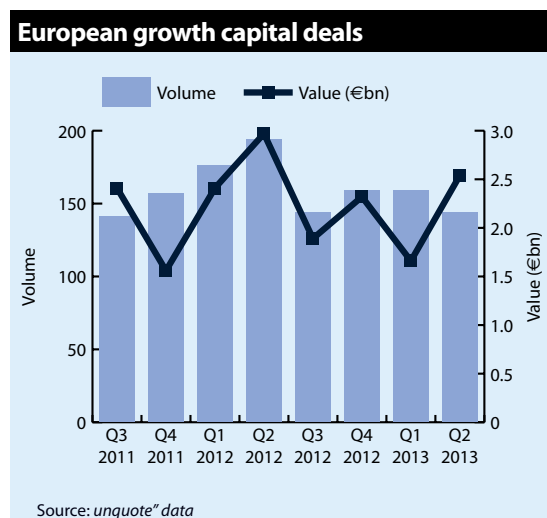


	Volume		Value (€m)	
	Q1 2013	Q2 2013	Q1 2013	Q2 2013
Benelux	8	3	1,657	98
Deutsche	15	12	1,225	9,158
France	24	16	1,767	4,322
Nordic	11	20	1,095	2,697
Rest Of Europe	7	8	394	1,873
UK	27	35	2,511	5,563

Ten largest European private equity-backed buyouts, Q2 2013

Deal name	Country	Value (€m)	Equity provider
Springer Science	Germany	3,300.00	BC Partners
Ista International	Germany	3,100.00	CVC Capital Partners
Ceramtec	Germany	1,500.00	Cinven
Vue Entertainment	United Kingdom	1,093.99	OMERS Private Equity
Befesa	Spain	1,075.00	Triton Advisers
Allflex	France	991.65	BC Partners
Cabot Credit Management	United Kingdom	946.22	JC Flowers & Co UK
R&R Ice Cream	United Kingdom	850	PAI Partners
Maisons du Monde	France	650	Bain Capital Europe
SMCP Group	France	650	Kohlberg Kravis Roberts

Growth capital



	Volume	Value €m
Q3 2011	141	2,409.18
Q4 2011	157	1,557.05
Q1 2012	176	2,412.09
Q2 2012	194	2,966.90
Q3 2012	144	1,890.05
Q4 2012	159	2,322.00
Q1 2013	159	1,659.66
Q2 2013	144	2,536.46
2011	693	11,982.33
2012	673	9,591.04
YTD 2013	303	4,196.12

In line with its later-stage cousin, the European growth capital segment witnessed a significant rise in overall investment value in the second quarter of 2013. Notwithstanding the impressive nature of the quarterly percentage rise, however, the 53% uplift was less than a third of the surge seen in the buyout market and the €2.5bn aggregate total remains only the second highest over the sample. Year-to-date, the expansion value total of €4.2bn is some 22% below the €5.4bn figure for the first six months of 2012.

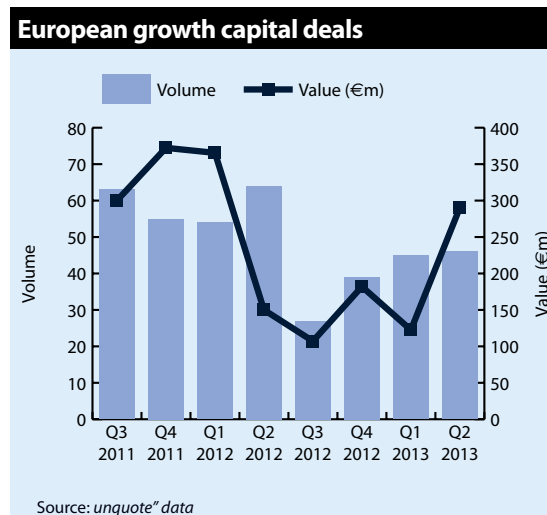
In activity terms the growth capital category actually declined over the second quarter. Falling by more than 9% from 159 deals to 144, the second quarter figure matched that for the third quarter of 2012 and was the joint second lowest over the two-year sample period. In spite of the comparatively disappointing quarterly trend, the year-to-date volume total over the first six months has shown greater resilience, down as it is by 18% from 370 deals to 303.

On a regional basis, the UK was again the most active market with 47 deals recorded over the three months, more than a third ahead of its closest rival. Despite this dominance, with an aggregate value figure of €705.1m the country came in second in terms of investment total behind Southern Europe, which amassed transactions worth €780.6m on the back of a €769.1m total for the Spanish market alone. This was driven primarily by a single deal: the €700m investment by Warburg Pincus and General Atlantic into Santander Asset Management.

Ten largest European private equity-backed growth capital deals, Q2 2013

Deal name	Country	Value (€m)	Equity provider
Santander Asset Management	Spain	700	General Atlantic, Warburg Pincus
Delonex Energy	United Kingdom	461.77	Warburg Pincus
Supercell	Finland	99.35	Atomico Ventures, Index Ventures, Institutional Venture Partners
Lampiris	Belgium	40	GIMV
Aerocrine	Sweden	38.21	OrbiMed
GenSight Biologics	France	32	Abingworth Management, Index Ventures, Novartis Venture Fund, Versant Ventures
Quick	France	30	Qualium Investissement
NumberFour	Germany	29.25	Index Ventures, T-Venture Holding GmbH
Supersonic Imagine	France	28	Alto Invest, Auriga Partners, BioAm, CDC Entreprises, EdRip, iXO Private Equity, Le Fonds stratégique d'investissement (FSI), Merieux Développement, NBGI Private Equity, Omnes Capital, Wellington Partners
ResearchGate	Germany	26.94	Benchmark Capital, Tenaya Capital, Thrive Capital

Early-stage



	Volume	Value €m
Q3 2011	63	300.15
Q4 2011	55	372.35
Q1 2012	54	365.48
Q2 2012	64	150.06
Q3 2012	27	107.15
Q4 2012	39	181.98
Q1 2013	45	122.54
Q2 2013	46	290.41
2011	272	1,251.93
2012	184	804.67
YTD 2013	91	412.95

Coming off the back of what has been a protracted period in the doldrums for European venture capital, there was a much needed and substantial boost in value terms over the three months to June. Rising by 137% from €122.5m to €290.4m, the segment posted its highest total since Q1 2012, though it remains some way below the three quarterly figures to that point and the peak of €372.4m recorded in Q4 2011. Year-to-date, the €413m investment total for the first six months of 2013 is 20% down on last year's €515.5m.

In volume terms there was a similarly welcome third consecutive increase in the number of early-stage transactions over the three months, rising by just a single deal compared to Q1 with 46 transactions. Reflecting the fall from grace for this once revered sector, however, the year-to-date numbers for 2013 remain significantly down year-on-year, with the aggregate total of 91 some 23% below the 118 registered for the first six months of 2012.

As was the case in the growth capital segment, the largest market for early-stage transactions was the UK, which recorded 12 deals in total and was again a third ahead of its nearest rival. Also mirroring the expansion category, however, the region was only the second highest in value terms, with the €46.1m total bested by the €53.6bn for the nine deals transacted in France. This was despite only one of the top 10 transactions being completed in the country: the €18.2m investment into pharmaceuticals business Gentecel.

Ten largest European private equity-backed early-stage deals, Q2 2013

Deal name	Country	Value (€m)	Equity provider
Auris Medical	Switzerland	38.71	Sofinnova Partners, Sofinnova Ventures
Opsona Therapeutics	Ireland	33	Baxter Ventures, BB Biotech Ventures, EMBL Venture Capital Partners, Fountain Healthcare Partners, Novartis Venture Fund, Roche Venture Fund, Seroba Kernel Life Sciences, Sunstone Capital
Cardio3 BioSciences	Belgium	19	Hunza Ventures, Life Sciences Research Partners
Genticel (BT Pharma)	France	18.2	Amundi Private Equity, CDC Entreprises, EdRip, IDInvest Partners, Regional Institute for Industrial Development of Midi-Pyrenees, Wellington Partners
STAT Diagnostica	Spain	17	Axis Participaciones Empresariales, Boehringer Ingelheim, Caixa Capital Risc, Kurma Life Sciences Partners, Ysios Capital Partners
Allegra Therapeutics	Germany	15	EdRip, EMBL Venture Capital Partners, Forbion Capital Partners
Wrapp	Sweden	11.54	Atomico Ventures, Creandum AB, Greylock Partners, Qualcomm Ventures Europe, SEB Venture Capital
ActoGeniX	Belgium	10.7	Aescap Venture, Baekeland Fonds, Biotech Fund Flanders, Biovest, GIMV, Life Sciences Partners, Natixis Private Equity, Saffelberg Investments
Urtum	United Kingdom	10.22	Balderton Capital, Debiopharm
SuppreMol	Germany	9.5	BioMedPartners, Max Planck Society, MIG, Santo Holding

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