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Regional mid-market barometer

COVERING NEWS OF THE PRIVATE EQUITY MARKETS IN THE UK AND REPUBLIC OF IRELAND FOR OVER 20 YEARS

Spring 2014 MARCH 2014

Q&A: LDC deputy CEO Chris Hurley

Deal volumes stayed relatively flat in 2013, but they remain well above the levels seen in the 2009-2010 period. Where have the best opportunities in the mid-market been over the last year?

A feature of the economic recovery that gathered pace throughout the year was the accelerating performance of many mid-market companies and this did indeed offer many opportunities. Perhaps not surprisingly the best were largely in the regions and sectors where the economic and business rebound was strongest.

Certainly our dealflow reflected the widening of the economic recovery from London and the South to the Midlands and the North. All of our regions were very busy during the year with our offices in the North completing six investments and five exits, our Midlands offices completing six investments and three exits, and in the South and London the offices completed 10 investments and four exits.

Our activity also reflected the broadening of the recovery from the services sector to include the industrials, engineering and manufacturing sectors. Specialist engineering and manufacturing are certainly areas we favour. LDC has invested in more than 135 businesses in this area.

Meanwhile, the recovery in consumer demand and discretionary spending has helped strengthen the performance and attractiveness of the consumer/retail and the travel/leisure sectors.

The Midlands and Northern regions put in an especially strong performance last year. Was this a happy coincidence or are there underlying drivers that have pushed those markets this way?

An improving economic and business backdrop in both regions was a strong factor, helping to spur companies' performance and their attractiveness for potential investors. Some of the steepest increases in jobs have been in the North and the Midlands over the past year and there has been a renaissance in manufacturing, particularly in the Midlands, with a strong focus on the niche manufacturing, engineering and automotive sectors.

A feature of this recovery has been the growth in exports, with selling components to large car manufacturers proving particularly profitable. Exports from the Midlands are projected to outpace those from Europe's export powerhouse Germany within five years and China is forecast to overtake the US as the region's largest export market, while the North East is now the only region in England that exports more than it imports.

As the UK leads Europe out of this protracted downturn how do you see mid-market dealflow developing across UK regions over the coming year?

As the economic recovery continues to gather momentum we will see it take a firmer hold across the regions and sectors, which will likely see mid-market dealflow also reflect this trend. The coming year should represent a more balanced picture with all regions contributing to a stronger pipeline of transactions.

London and the South will continue to be the main economic drivers, which will likely see a continuing uptick in services and technology-related deals in these regions where the concentration of such companies is strongest. In the North and Midlands, we anticipate more deals in the industrials, specialist engineering and manufacturing sectors to be a strong focus of overall UK deal activity.

LDC is well positioned to benefit from this likely more broadly-based flow of transactions as our regional office network is a distinctive part of our overall strategy and one that mark us out from our rivals. The in-depth local knowledge it provides helps us to source attractive businesses, as we invest across sectors and industries that typically have varying areas of strength in different regions.

For 2014, our deal approach will remain consistent with the strategy that has delivered our success over the past 30 years, which is to identify excellent management teams in sectors with attractive fundamentals, which we believe have the capability and strategy to outperform and deliver excellent returns. ■

Quick view

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Regional mid-market barometer 2012

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Methodology

- All data published in the *unquote"* regional barometer is extracted from *unquote" Data*, the proprietary data system of Europe's leading private equity information specialist. Although every effort is made to ensure that the statistics contained within are as comprehensive as possible, the figures published in this edition are effectively a snapshot of the data held as at 12 February 2014. For this reason the statistics are likely to change over time as information on further deals comes to light.

- All details have been confirmed, where possible, with the private equity investors involved in the transactions. In some cases deal values have either been provided confidentially or have been estimated and these will not be shown in the text.

- Four regional groupings are analysed as part of this barometer. Each of these is made up of more than one of the discrete regions as defined by the BVCA. The groupings are as follows:
  a. **North:** North-West & Merseyside, Northern Ireland, Scotland, North-East, and Yorkshire and The Humber
  b. **London:** London and Eastern
  c. **Midlands:** West Midlands and East Midlands
  d. **South:** South-East, South-West and Wales

- For more information on the regional barometer or regarding *unquote" Data*, please contact: Julian Longhurst, Head of Data & Research, Tel: +44 (0)20 7316 9950.

Sponsor

- LDC provides between £2-100m of private equity for management buyouts, institutional buyouts and development capital (replacement, expansion and acquisition).
- As an established and leading player in the UK mid-market, LDC backs ambitious, entrepreneurial management teams in companies with an established trading history, sustained pre-tax profits in excess of £1m, and growth potential.
- Since 1981 LDC has completed in excess of 450 investments and has ongoing interests in more than 80 businesses across the UK, collectively valued at greater than £2bn.
- Recent transactions providing a range of equity investments include D&D London, Equiom, Forrest, Node4, Angus Fire and Ramco.

LDC
Private Equity Less Ordinary

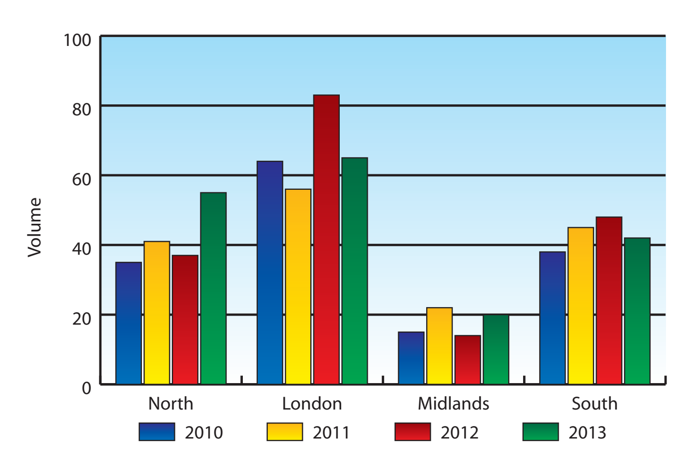
Overview of the year

It may not have been an especially pronounced recovery, but 2013 certainly seems to have marked the start of an upward trend for private equity in the UK's mid-cap engine room. On full-year numbers, the growth is almost imperceptible, with just one more deal having completed than the previous year (223 versus 2012's 222). But this masks the underlying trends somewhat. Deal activity in 2012 was heavily skewed towards a very strong first half, which then tailed off. In 2013, there has been a steady growth in deal numbers in each quarter, from 48 in the first three months of the year to 61 in the last. Value too was up on the full-year, but again modestly, from £6.35bn in 2012 to £6.6bn.

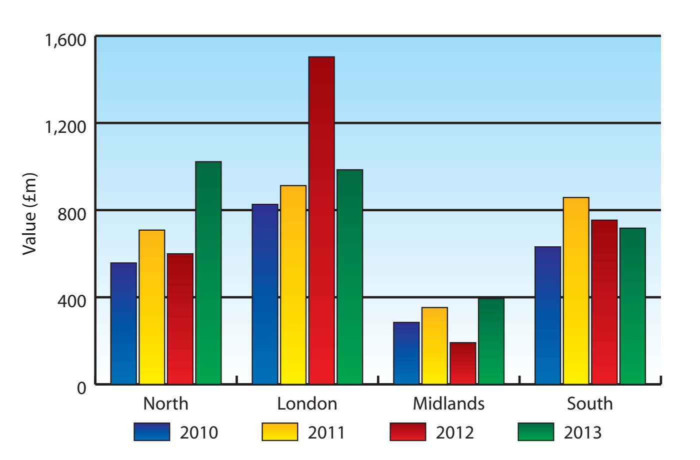
The gradually improving picture also hides differences in fortunes between the UK regions – especially in the lower mid-cap £5-50m bracket. The London region, which put in a barnstorming showing in 2012, was pegged back in 2013, with deal numbers in the smaller size range dropping by almost 28% from 83 to 65. The broader Southern region also saw some contraction in this bracket, with deal numbers down by six to 42. However, these falls were offset by equal rises in the more Northerly regions. Of the two, the North itself saw the most significant uptick in activity, with a jump from the 37 deals seen in 2012 to 55 – the highest level in the four-year sample. But the Midlands also saw deal volumes rise by almost a third in the lower mid-cap space, from 14 to 20. The boost from these two regions left overall deal volumes in the £5-50m bracket at exactly the same level as they finished in 2012.

The fluctuations in the larger mid-cap £50-150m segment were not as pronounced in 2013. Overall, the number of deals rose by just one to 41, again boosted by gains in two of the regions, which offset falls in the other two. In this case it was the South and the Midlands that saw small gains, while London and the North both saw the number of deals completed drop by one. Over the four-year period, the number of deals in this area of the market has remained fairly stable, from a low of 40 in 2012 to a high of 44.

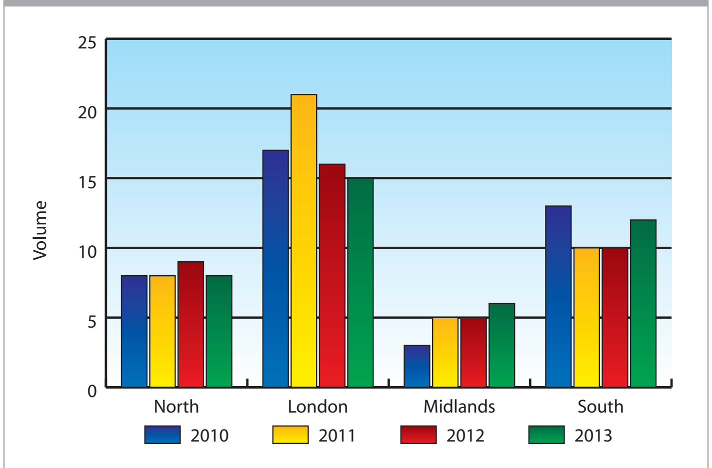
Volume of £5-50m deals by region



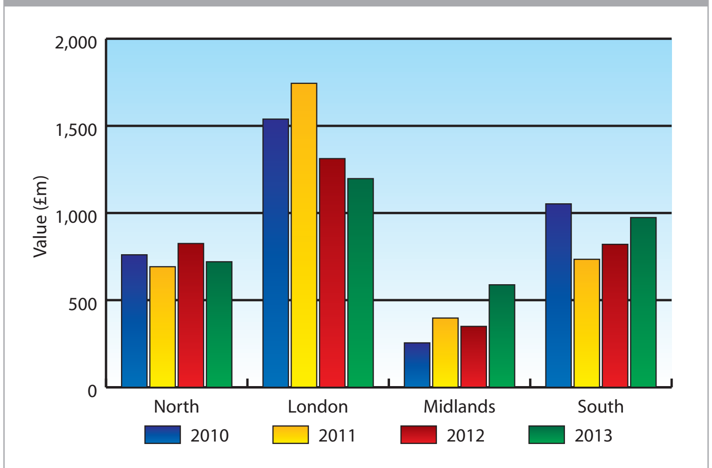
Value of £5-50m deals by region



Volume of £50-150m deals by region



Value of £50-150m deals by region



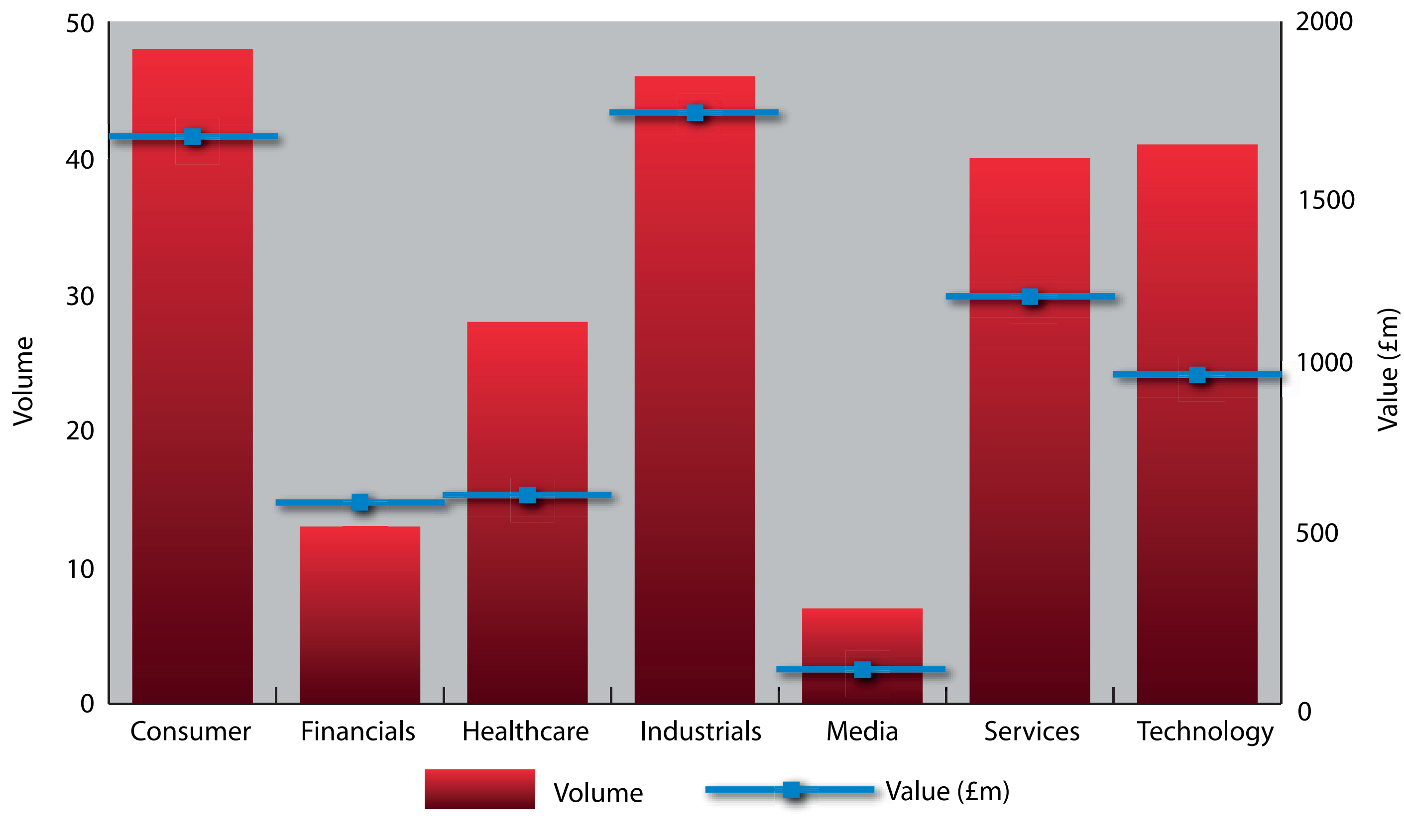
UK deal activity by sector

Overall the pattern of mid-market deal activity by sector followed a similar pattern in 2013 to that seen the year before, with consumer, industrials and services among the main volume areas. However, beneath that there are some subtle but important differences in the fortunes of some market segments. To begin with, despite the gradual improvement in consumer sentiment over the course of 2013, dealflow in the consumer area actually took something of a hit during the year. In total 48 consumer deals worth £1.67bn were recorded, a 28% drop in volume and 16% fall in value versus the previous year. Of the 48 there were only a handful estimated to be worth over £75m and the largest of them all was Investcorp's £100m secondary buyout of Tyrrells Potato Crisps from Langholm Capital. Other sectors such as financials and media also saw declines, though industry groups these are traditionally much less important to the mid-market as a whole.

On the flip side, activity in technology sectors saw significant growth in 2013, driven by a particularly high number of deals in the software and computer services. In total 41 technology deals were recorded during the year, versus just 29 in 2012. Despite this, the overall value of tech-sector deals remained well under £1bn, reflecting the fact that dealflow in this area is skewed towards earlier-stage operations. Among the more significant technology deals was LDC's sale of Trustmarque Solutions to Dunedin for £43m. The buyouts of MDNX and CliniSys, as well as the growth capital investment in Skyscanner, are all estimated to be larger than this, though are officially undisclosed.

Elsewhere, the industrials sector enjoyed a relatively strong year in 2013, seeing a rise from the 36 deals recorded the previous year to 48. What's more, at £1.73bn the total value of deals in this area was the highest of any industry grouping, thanks to a number of deals worth well in excess of £100m. Among these were the buyouts of Paragon Print & Packaging by Sun European Partners (£150m) and Allied Glass Containers by Close Brothers Private Equity (£125m). The healthcare sector also saw growth in the number of deals recorded (from 17 to 28), while the important services sector remained stable (up one deal to 40, worth almost £1.2bn).

Volume and value of UK £5-150m deals by sector in 2013



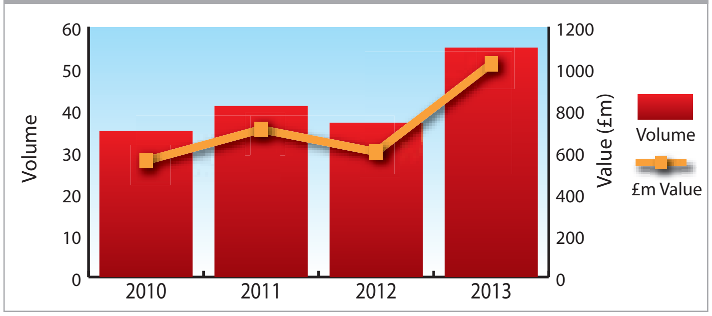
Deal activity in the £5-50m size range

- While more Southerly regions saw falls in deal completions, the North enjoyed a strong boost to dealflow in 2013. Having hovered between a low of 35 and a high of 41 between 2010 and 2012, the number of smaller mid-cap deals recorded in the region jumped to 55 in 2013, a rise of just under 33%. This makes the North the second most important for dealflow in this segment after London.

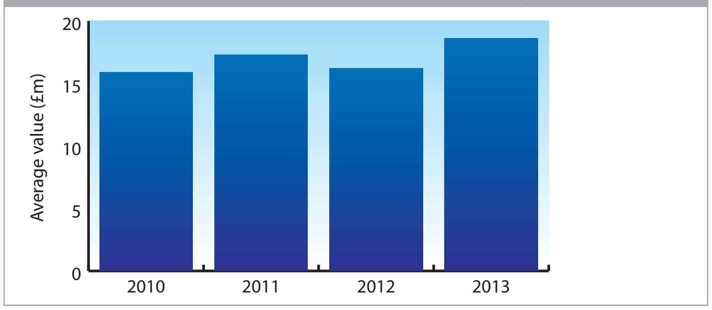
- A noticeable increase in average deal size also meant that the value of Northern deals in the smaller segment rose sharply – by over 40%. In total the 55 transactions recorded were worth an estimated £1.02bn – the first time this segment has produced over £1bn of deals since the peak of the buyout market in the 2006/7.

- The significant pick-up in the region's dealflow stats is to a large extent a reflection of the accelerating buyout market: 2013 saw 32 Northern buyouts in this size range, compared with 21 the year before and just 14 in 2010. What's more, three of these deals were at the top end of the range, with the acquisitions of South Lakeland Parks by Electra, Trustmarque Solutions by Dunedin and Forrest by LDC and Palatine all weighing in well above £40m. There were no non-buyouts among the top five deals by size during the year.

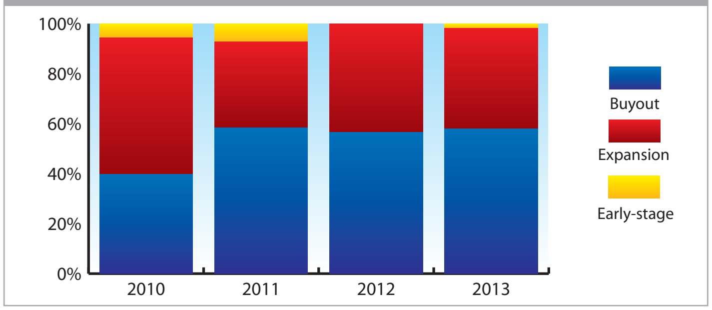
Volume and value £5-50m deals



Average value £5-50m deals



£5-50m deals by types



2013 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
South Lakeland Parks	47	Buyout	North East	Electra Partners
Trustmarque Solutions Ltd	43	Buyout	Yorkshire & The Humber	Dunedin
Forrest	42	Buyout	North West & Merseyside	Palatine Private Equity, LDC
Key Retirement Solutions	35	Buyout	North West & Merseyside	Phoenix Equity Partners
Baywater Healthcare	33	Buyout	North West & Merseyside	Duke Street Capital

North

Commenting on the North statistics, John Garner, Director and Head of LDC in Yorkshire and North East, said: "The rapid acceleration in lower mid-market activity indicates the marked improvement in confidence among Northern management teams to take on external investment and capitalise on growth opportunities in the UK and abroad. The jump in deal volume in this segment also reinforces the region's position as a major hub for investment activity outside the capital for high growth businesses.

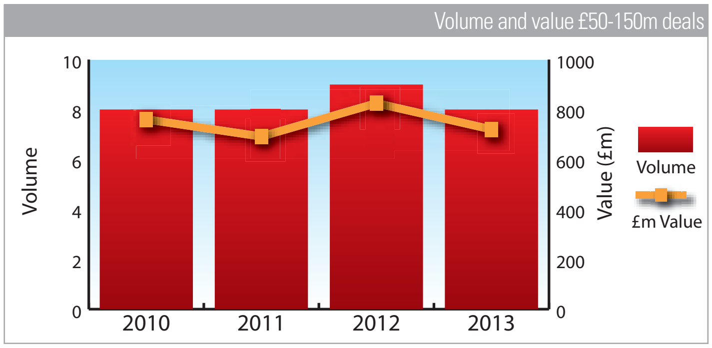
"Breaking the £1bn aggregate transaction value barrier for the first time since 2006/07 represents a significant milestone for the Northern deal-making community. LDC led the charge in this space, completing some of the highest profile deals in the region, including the £24m acquisition of NRS Healthcare from Findel PLC, the management buyout of ATG Access and our investment in Express Engineering."

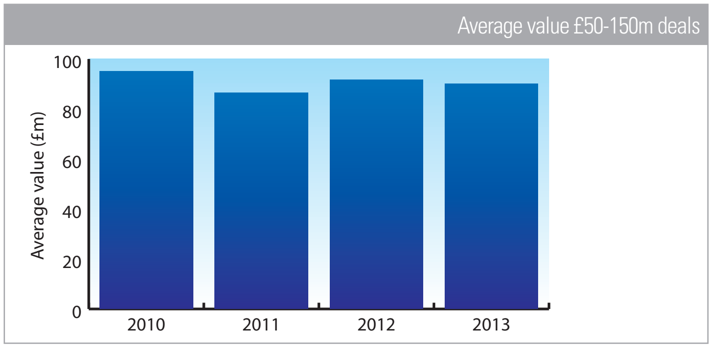
Deal activity in the £50-150m size range

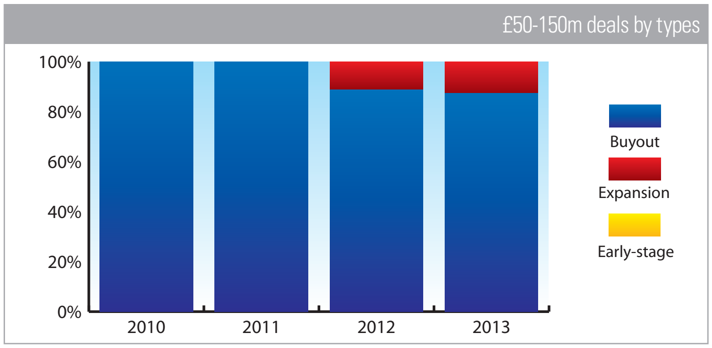
- In contrast to the smaller deal range, which has seen some considerable fluctuation in the four-year sample, the upper mid-cap bracket (£50-150m) has been very steady over the period, despite the difficult economic conditions and the issues with availability of leverage. With the exception of 2012, when nine deals were recorded in the range, the annual 'quota' has been eight, typically all buyouts, though the occasional larger expansion deal has also been seen.

- In total, deals worth £720m were recorded in the upper mid-market bracket during 2013, a fall of 14.5% over the previous year. However, unsurprisingly, given the stability of the dealflow and the relative scarcity of deals at the top end of the range, the annual value falls comfortably within the fairly narrow band of values seen over the four-year sample period.

- Of the deals with disclosed values, only the acquisition of Allied Glass Containers by Close Brothers Private Equity was worth over £100m. The next two largest, both at around £85m, were the buyouts of RL360 and AFI-Uplift by Vitruvian and Rutland Partners respectively. The exact value of the only growth capital deals to be completed in this segment during the year was not disclosed, but it is known that Sequoia Capital's investment in Scottish travel search engine Skyscanner was significant, valuing the whole business it at $800m.







2013 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Allied Glass Containers	125	Buyout	Yorkshire & The Humber	Close Brothers Privatre Equity
RL360	85.27	Buyout	North West & Merseyside	Vitruvian Partners
AFI-Uplift	85	Buyout	Yorkshire & The Humber	Rutland Partners
Amber Travel	50	Buyout	Yorkshire & The Humber	ECI Partners

Jonathan Bell, Director and Co-Head of LDC in the North West, added: "The upper-mid market bracket has been more challenging for the Northern private equity industry, with deal activity subdued and transaction values having fallen since 2012.

"However, despite the scarcity of investment opportunities, LDC backed a number of management teams in this space including our support for the £62m management buyout of Angus Fire. As trading conditions and the availability of debt to support larger transactions improves, we expect to see an upturn in activity in the upper mid-market in 2014."

Deal activity in the £5-50m size range

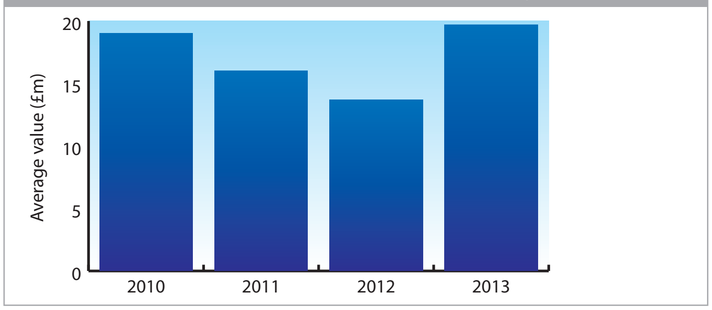
- The Midlands smaller-cap segment enjoyed an especially strong year in 2013, rebounding from a slow 2012 to record a 30% increase in deal numbers, up from 14 to 20. Only the North saw a greater improvement in fortunes over the period.

- A sharp increase in the average value of deals recorded also propelled the Midlands market to its highest level over the four-year sample. In total, the 20 deals done were worth just short of £400m (at an average of £19.7m)

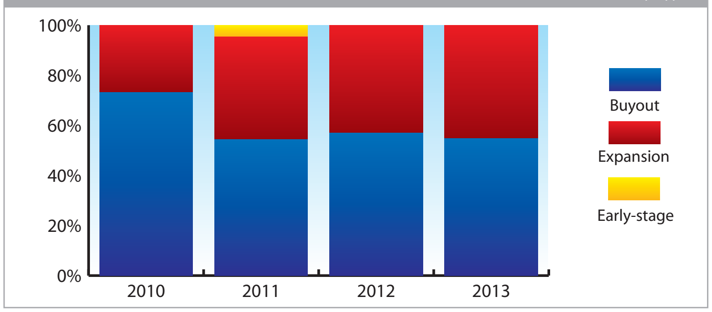
- The split between buyouts and non-buyouts was relatively even in 2013, with buyouts edging it by 11 to nine. Nevertheless there were some sizeable expansion transactions among these, including LDC's 22m investment into East Midlands-based fashion and homeware retailer Joules. LDC also backed the £24m buyout of NRS Healthcare (also in the East Midlands), though the largest lower mid-cap deal of 2013 came in the form of the Better Capital Backed buyout of Coventry-based City Link in a deal worth £40m.

Volume and value £5-50m deals

Average value £5-50m deals



£5-50m deals by types



2013 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
City Link Ltd	40	Buyout	West Midlands	Better Capital
NRS Healthcare	24	Buyout	East Midlands	LDC
Joules	22	Expansion	East Midlands	LDC
Rivo Software	20	Buyout	West Midlands	Kennet Partners, Fidelity Growth Partners Europe
Compass	18	Expansion	East Midlands	August Equity

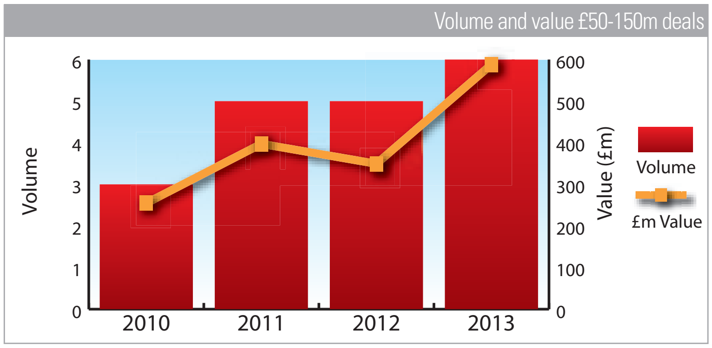
Midlands

Commenting on the Midlands statistics, Martin Draper, LDC's Chief Investment Officer, said: "Mid-market deal activity in the Midlands has improved considerably over the last year. Confidence around business and economic prospects amongst CEOs and the funding community has led to an increased volume of M&A activity, with a significant number of highly successful transactions completed across the West and East Midlands region during 2013."

The volume of £5-50m deals in the Midlands enjoyed a particularly strong resurgence, with 20 deals completed - a 30 percent increase in the number of transactions recorded the previous year. In this space, LDC's East Midlands' team led the way with two high-profile transactions; a £22m investment into leading lifestyle brand Joules, and the £24m MBO of NRS Healthcare.

Reflecting on an equally encouraging improvement in prospects within the larger £50-150m deal size range, Draper continues: "The £50-150m deal bracket also delivered a robust performance, with six

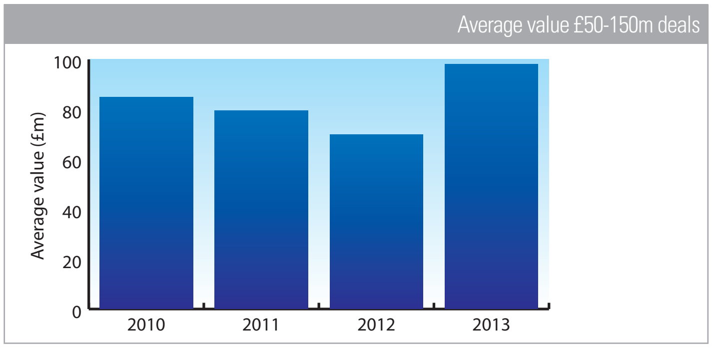
Deal activity in the £50-150m size range

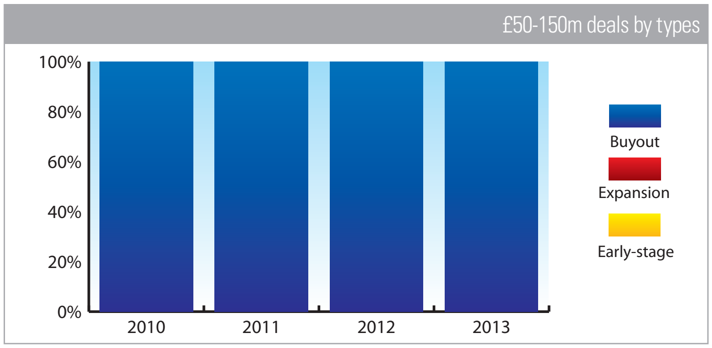


- The positive dealflow trend of the lower mid-cap was mirrored, albeit to a lesser degree, by the larger deal segment in 2013. Six larger deals were completed in the region over the course of 2013 – double the number seen in 2010.

- The value of larger mid-market deals was up strongly in the year, thanks to a sharp rise in the average value of the deals recorded. In total, this segment produced deals worth close to £600m.

- As mentioned above, the average size of Midlands deals was sharply up in 2013, thanks mainly to the two largest buyouts recorded during the year: the acquisitions of Paragon Print & Packaging and Tyrrell's Potato Chips by Sun European Partners and Investcorp respectively added £250m to the regional total. Two further deals Kee Safety (Dunedin Capital Partners) and Whitworths (Equistone) were worth close to £100m apiece. All six deals recorded in the segment were buyouts.





2013 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Paragon Print & Packaging	150	Buyout	East Midlands	Sun European Partners
Tyrrell's Potato Chips	100	Buyout	West Midlands	Investcorp
Kee Safety	90	Buyout	West Midlands	Dunedin Capital Partners
Whitworths	90	Buyout	East Midlands	Equistone Partners Europe
On the Beach	73	Buyout	East Midlands	Inflexion

transactions completed in the Midlands in 2013. This was double the number seen in 2010, reflecting a significant improvement in market sentiment and appetite from management teams and funders alike to support and undertake deals at the larger end of the spectrum."

The Midlands also delivered a sharp increase in the average value of transactions – further indication of a sustained improvement in business sentiment and confidence. At the smaller end of the market, the average deal size increased to nearly £20m (£400m total across 20 deals), whilst the larger end of the market generated transactions collectively worth almost £600m.

Looking forward through the remainder of 2014 and beyond, Draper believes this growing momentum of deal activity in the region will be sustained. He says: "Current M&A activity is encouraging. Management teams are showing increased signs of revisiting their growth and investment plans that may have previously been delayed, and this will ensure a buoyant pipeline of activity throughout the year and beyond."

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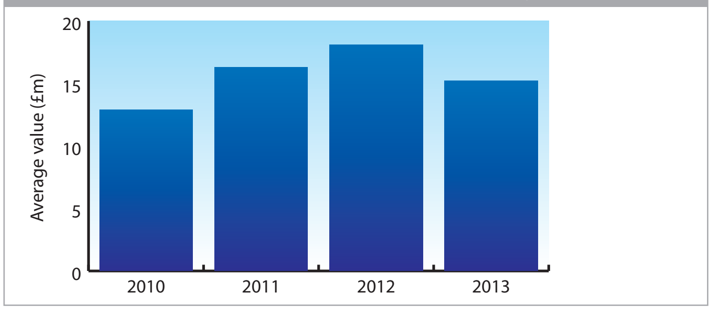
Deal activity in the £5-50m size range

● After enjoying something of a spike in activity during 2012, deal activity fell back to more historically typical levels inThe overall value of the deals completed in 2013 also fell back sharply (by over 50%) from an unusually high level of £1.5bn to £985m. Again, though, the average value of £15.2m per deal was enough to leave the value total for the region higher than it had been in both 2010 and 2011.

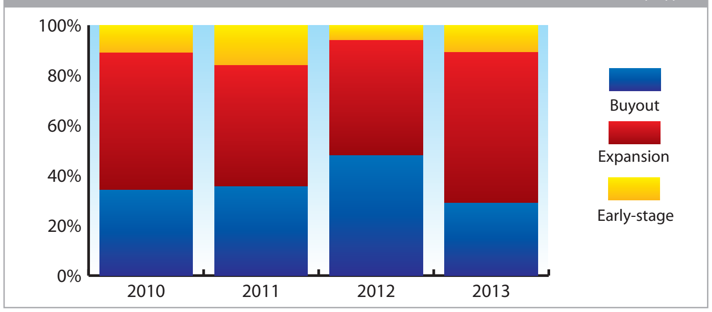
● Looking at the overall drop in deal numbers, an analysis of completions by type is quite revealing: while the number of early-stage and expansion deals falling into the lower mid-cap both rose slightly, the volume of buyout deals has more than halved, though again, it has dropped to more representative levels. No deals worth more than £40m were recorded in the period, with the largest transaction coming in the form of the £38m buyout of business services firm YSC by Isis Equity Partners.

Volume and value £5-50m deals

Average value £5-50m deals



£5-50m deals by types



2013 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
YSC	38	Buyout	London	ISIS Equity Partners
Drake & Morgan	30	Buyout	London	Bowmark Capital
Alpha Financial Markets Consulting	28	Buyout	London	Baird Capital Partners
Eaton Square/Ravenstone Schools	25	Expansion	London	August Equity
Infirst	25	Early stage	London	Investco

London

Commenting on the London statistics, Daniel Sasaki, Managing Director for LDC London, said: "Last year was challenging for London's mid-market. In contrast to 2012, mid-market deal flow in the £5-50m range slowed, returning to historically typical levels in 2013, with the total value of deals falling back sharply from £1.5bn to £985m. On the other hand, deal volumes in the larger mid-market segment held up slightly better than in the smaller deal bracket.

"The volume of deals completed in the £5-50m range fell by 28% which can partly be explained by an unusually high level of deals being completed in the first half of 2012. However, the overall average deal value in 2013 of £15.2m was still higher than both 2010 and 2011. While the number of early-stage and expansion deals both rose slightly, the volume of buyout deals fell by more than half, returning to more representative pre-2012 levels.

"Although the 15 deals seen in the £50-150m range is some way below the peak of 21 in 2011, it is relatively more in line with the overall average

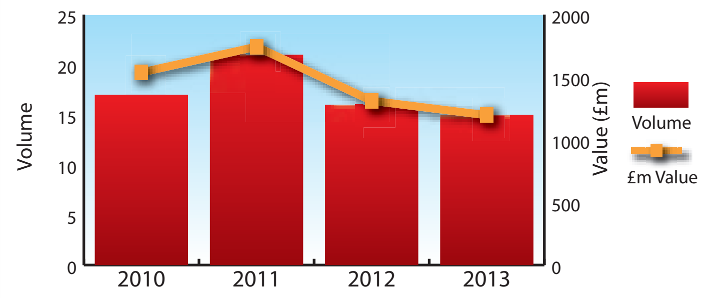
Deal activity in the £50-150m size range

- Deal volumes in the larger mid-market segment held up rather better than their smaller counterparts in 2013. Although the 15 deals seen is the lowest over the four-year sample and is some way below the peak of 21 in 2011, it is relatively more in line with the overall average.

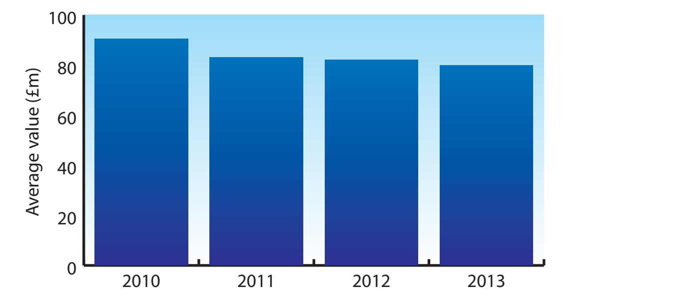
- With average deal sizes lower than any other year in the sample, the overall value of larger mid-cap deals also fell in 2013 – by around 10% – to just under £1.2bn.

- Despite the average deal size dropping below £80m for the first time in the four-year sample, the five largest deals of 2013 all weighed in at over £100m. Unusually the largest of all was an expansion deal (one of the four seen in the year) in the shape of Carlyle's £122m investment in oil and gas company Discover Exploration. The second largest deal on the list was the £120m buyout by Graphite Capital of City & County Healthcare Group.

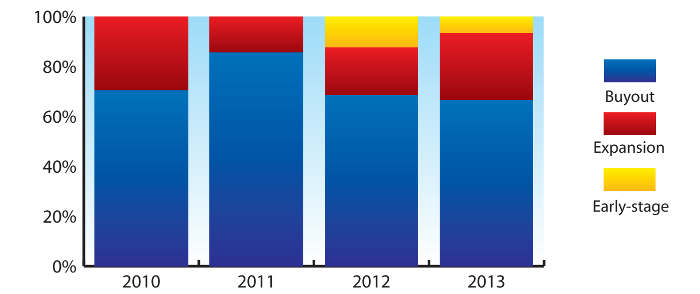
Volume and value £50-150m deals



Average value £50-150m deals



£50-150m deals by types



2013 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Discover Exploration	122	Expansion	London	Carlyle Group
City & County Healthcare Group	120	Buyout	London	Graphite Capital
Byron	100	Buyout	London	Hutton Collins
Côte Restaurants	100	Buyout	London	Close Brothers Private Equity
Thomsons Online Benefits	100	Buyout	London	Abry Partners

since 2010. Though the average value of deals dropped to below £80m for the first time in four years, the five largest deals were all worth over £100m, suggesting that top end mid-cap deals are on the rise again in the Capital.

"In terms of sectors, Consumer and Retail was our most productive in the first half of the year, with investments in D&D London and Fever-Tree. TMT also continued to provide a rich seam of deals, highlighted by our investment in U-Switch and exits from Avelo and Easynet.

"Over the course of 2014, we would expect to see overall deal growth likely rebound, with perhaps a rise, in particular, in the value of deals in the larger bracket as confidence increases and improving economic and market conditions give greater access to debt and alternative financing."

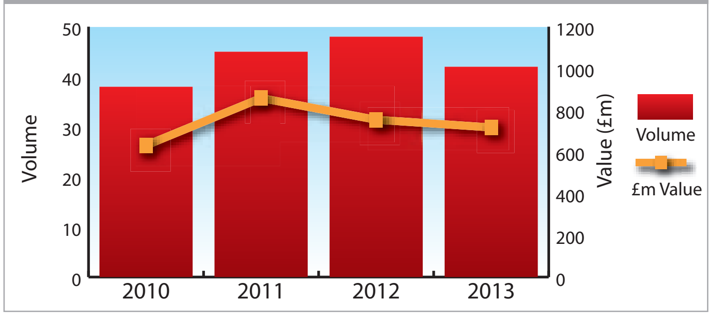
Deal activity in the £5-50m size range

- The volume of smaller mid-market deals has fluctuated relatively little over the course of the four-year sample in the South. In 2013 it fell back from its peak of 48 deals the previous year, but only by six to 42. The value of those deals has also stayed within a fairly narrow band, and although the overall value for 2013 at £717m is down on the previous year, a larger average deal size means that the drop is minor.

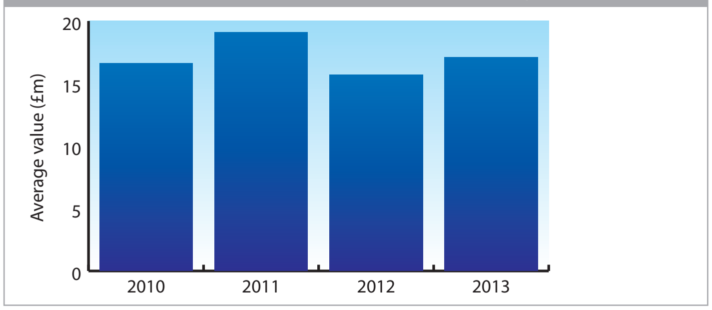
- The split between buyouts and growth capital deals is typically very even and this was certainly the case in 2013, when 20 of each type of deal were recorded. Only two early-stage deals were completed during the year in the South, though these are rarely a big feature of the market.

- Only one of the largest five disclosed deals was valued at over £40m – the buyout of Allan & Heath by Electra Partners in the South West of the country – though it is estimated that at least two more deals fell in to that category. Meanwhile, two of the top five by size were growth capital transactions: the £30m investment into Salisbury-based technology firm 4Com by GE Capital and the £26m deal involving Reading based Datasift, backed by Insight Venture Partners, Scale Venture Partners, Upfront Ventures and IA Ventures.

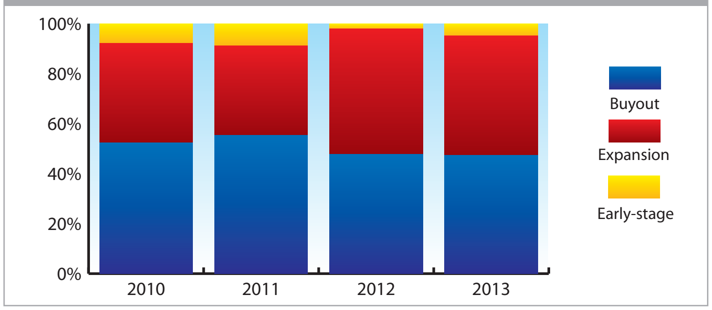
Volume and value £5-50m deals



Average value £5-50m deals



£5-50m deals by types



2013 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
Allen & Heath	43	Buyout	South West	Electra Partners
Dreams Plc	35	Buyout	South East	Sun European Partners
4Com	30	Expansion	South West	GE Capital
Four Seasons Group (FSG)	30	Buyout	South East	Rcapital
Datasift	26	Expansion	South East	Insight Venture Partners, Scale Venture Partners, Upfront Ventures, IA Ventures

South

Commenting on the statistics for the South, Yann Souillard, Managing Director, LDC's Reading office said: "The volume of deals in the £5-50m range has remained buoyant in the South. Following a consistent increase in deal volume over the last three years, we've seen a small reduction this year with 42 deals completed, against a peak of 48 in 2012. Despite this slight fall-back, these results are encouraging and a good reflection of increased stability at the smaller end of the market.

"The value of deals has also remained fairly stable in the region, with the average value of smaller deals in 2013 being just over £17m. Collectively, this represents a relatively small reduction to £717m."

Once again, the South delivered an even split in the number of expansion deals against buyouts in the £5-50m space, with 20 of each deal completed in 2013. This is a slight reduction in both deal types from the previous year, with expansion deals down from 22 and buyouts

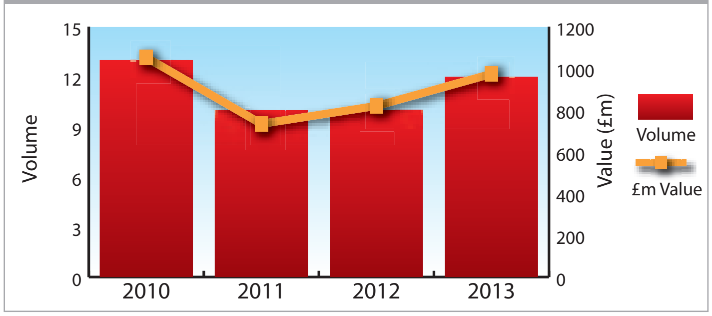
Deal activity in the £50-150m size range

- The UK's Southern region remains the second most important in the larger mid-cap space, and although it still trails some way behind London in cumulative terms over the four-year snapshot, it did close the gap in 2013. In total, 12 deals were registered in the size range during the year, two more than 2012 and one fewer than 2010.

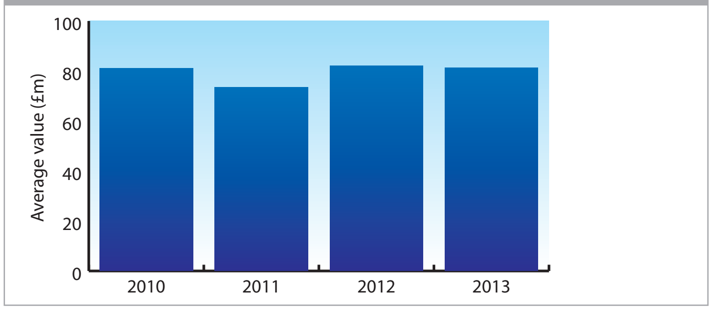
- The 12 deals that were completed in the region during 2013 were worth just under £974m in all, a 16% rise over the previous year, but some way below the 2010 peak. This puts the average of deals in the region at a little over £80m.

- As one would expect, buyouts account for the vast majority of deals taking place in this size bracket. Unusually, though, in 2013 the largest deal on the list is actually an early-stage transaction in the shape of the $150m (£97m) investment by Norwegian GP HitecVision into the Sussex-based oil exploration and production start-up Oyster Petroleum. Two other deals, the buyouts of Choice Care Group and Hillcrest Care by Caledonia Investments and Sovereign Capital respectively, involved deals worth £80m or over, while LDC's acquisition of Angus Fire also makes it into the top five with a £62m enterprise value.

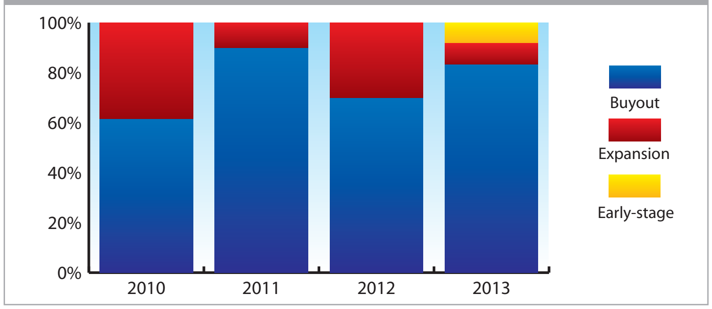
Volume and value £50-150m deals



Average value £50-150m deals



£50-150m deals by types



2013 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Oyster Petroleum	97	Early stage	South East	HitecVision
Choice Care Group	86	Buyout	South East	Caledonia Investments
Hillcrest Care	80	Buyout	South East	Sovereign Capital
Into University Partnerships	66	Expansion	South East	Leeds Equity Partners
Angus Fire	62	Buyout	South East	LDC

reducing from 23. This shift towards a lower proportion of expansion capital transactions is reflective of the marginal reduction in deal volumes at the smaller end of the market.

Souillard continues: "The picture at the higher end of the mid-market in the South is very encouraging, with the region performing second only to London. We saw further improvement in volume of £50-150m deals, with 12 transactions completed - two more than in 2012. In value terms, the average of these deals was just over £80m, and with total deal value reaching £974m, this is a very pleasing 16 percent increase on last year."

With buoyant prospects for 2014 as a whole, Souillard concludes: "Looking across the whole of the mid-market space, deal-making prospects for the year are encouraging. 2013's heightened investment activity underlines the passion that exists within the region to support the South's leading businesses and help management teams to deliver growth strategies."

Legal

North £5-150m	Volume
Pinsent Masons	10
Addleshaw Goddard	7
Squire Sanders	6
Travers Smith	5
Eversheds	5

Midlands £5-150m	Volume
Pinsent Masons	4
Eversheds	4
Gateley	3
Browne Jacobson	3
Squire Sanders	2

London £5-150m	Volume
Shoosmiths	6
Macfarlanes	5
Eversheds	5
DLA Piper	3
Olswang	3

South £5-150m	Volume
Travers Smith	5
Osborne Clarke	4
DLA Piper	4
Gateley	3
CMS Cameron McKenna	2

United Kingdom £5-150m	Volume
Pinsent Masons	16
Eversheds	15
Travers Smith	13
Squire Sanders	11
DLA Piper	11
Gateley	10
Addleshaw Goddard	10
Shoosmiths	8
Osborne Clarke	7
Taylor Wessing	6

Corporate finance

North £5-150m	Volume
BDO	6
KPMG's Private Equity Group	5
Altium Capital	3
Anderson Anderson & Brown	3
Simmons & Co	2

Midlands £5-150m	Volume
Clearwater Corporate Finance	4
Rothschild	3
Spayne Lindsay	1
BDO	1
Liberty Corporate Finance	1

London £5-150m	Volume
BDO	3
DC Advisory Partners	2
Rothschild	2
KPMG's Private Equity Group	2
Deloitte	2

South £5-150m	Volume
Grant Thornton UK	5
Clearwater Corporate Finance	3
Ernst & Young – T.A.S.	2
DC Advisory Partners	2
BDO	2

United Kingdom £5-150m	Volume
BDO	12
Clearwater Corporate Finance	9
KPMG's Private Equity Group	8
Deloitte	7
PwC UK	6
Grant Thornton UK	6
DC Advisory Partners	6
Rothschild	6
Livingstone Partners	4
Catalyst Corporate Finance	3

Financial due diligence

North £5-150m	Volume
PwC UK	5
Grant Thornton UK	5
KPMG's Private Equity Group	2
Deloitte	2
RSM Tenon	2

Midlands £5-150m	Volume
PwC UK	4
KPMG's Private Equity Group	3
Grant Thornton UK	3
RSM Tenon	2
Deloitte	2

London £5-150m	Volume
Grant Thornton UK	4
KPMG's Private Equity Group	3
PwC UK	3
BDO	3
JC Rathbone Associates	3

South £5-150m	Volume
PwC UK	5
Grant Thornton UK	5
KPMG's Private Equity Group	2
Deloitte	2
RSM Tenon	2

United Kingdom £5-150m	Volume
PwC UK	16
Grant Thornton UK	15
KPMG Private Equity Group	14
Deloitte	10
RSM Tenon	9
BDO	8
EY – Transaction Advisory Group	6
Baker Tilly – M&A and Private Equity	5
JC Rathbone Associates	4
Alvarez & Marsal	3

Private equity

North £5-150m	Volume
Business Growth Fund	7
LDC	6
Maven Capital Partners – London	4
NorthEdge Capital	3
Palatine Private Equity	3

Midlands £5-150m	Volume
LDC	4
ISIS Equity Partners	2
Sun European Partners	1
Investcorp	1
Dunedin	1

London £5-150m	Volume
LDC	7
Index Ventures	5
Imperial Innovations	4
ISIS Equity Partners	3
Accel Partners	3

South £5-150m	Volume
LDC	4
Highland Capital Partners	3
HgCapital	2
RCapital	2
Eden Ventures	2

United Kingdom £5-150m	Volume
LDC	21
Business Growth Fund	10
ISIS Equity Partners	8
Index Ventures	7
Maven Capital Partners – London	5
Palatine Private Equity	5
Hg Capital	4
Invesco	4
Scottish Equity Partners	4
Inflexion	4

A BALANCED APPROACH

Experience & Capability = Knowledgeable Investment

In a challenging environment having an experienced and capable team behind you is key; and this balance is essential when identifying and assessing opportunity, working with management teams and developing strategic exit plans.

Striking the right balance through experience and expertise is vital to successful private equity investment and is at the heart of LDC's focused approach to mid market transactions.

In a 24 month period that has seen LDC invest over £640million in 37 transactions and exit a number of businesses in targeted strategic sales, the balanced approach really does support knowledgeable investment. And with a portfolio of over 80 businesses valued in excess of £1.9billion still under LDC management, there's more to come.

For further information about LDC please give us a call at one of our regional offices by visiting www.ldc.co.uk for contact details or send an email to info@ldc.co.uk

- Over £1bn invested in past 4 years
- 80+ portfolio valued over £1.9bn
- Over 20 successful exits in past 24 months valued over £500m
- £2bn equity investment over next 5 years
- International office in Hong Kong

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LDC

Private Equity Less Ordinary

LDC is able to provide between £2m and £100m for MBOs, IBOs and Development Capital transactions.