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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 2013

MARCH 2013

Q&A: LDC chief executive Darryl Eales

The UK might still face tough economic conditions, but mid-market dealflow held up well last year and arguably better than in other European countries. How do you explain this resilience?

A combination of factors helped underpin the UK's mid-market dealflow last year. Trade buyers were a strong presence, as they tried to offset weak organic growth by deploying some of the cash on their balance sheets to make acquisitions. Even though leverage is not such an issue in the mid-market, the very low interest rates probably helped, as did the rise of alternative lenders. Also, with no prospect of a sharp recovery, entrepreneurs and business vendors have been more realistic in their valuations, while private equity buyers have been more ready to do deals as some of the more extreme economic and business uncertainty faded. At LDC, we invested £280m across 18 businesses in 2012, which was a very credible performance given the still tough trading conditions. Demand for growth capital in the UK remains strong as does private equity's key role in providing it at a time when other capital sources are still weak.



business activity starts to pick up more broadly, which will throw up more attractive investment opportunities among growth companies nationally.

What are the main challenges still faced by mid-market businesses and their private equity backers?

Probably the principal challenge for mid-market businesses is the still subdued trading environment. Although the UK will probably avoid a triple-dip recession, any resurgence in growth will likely remain weak this year, while the EU has just released a forecast saying that the eurozone economy, which still accounts for more than 40% of UK exports, will contract by 0.3%

over the next 12 months. Access to debt will remain problematic while bank de-leveraging continues, but there has been a moderate improvement in appetite to fund private equity-supported SMEs from banks and other lenders. The challenge for private equity backers is to continue to find excellent management teams that, even in mature markets, have service or product propositions that can deliver strong growth. I think LDC's deal record over the past 30 years shows that we have consistently been able to do this through the cycle.

The picture was, as always, more nuanced when looking at activity on a regional level. What regions stood out for you and LDC in 2012?

On the whole, all our regional investment teams delivered strong performances last year. This is in large part due to the strength of our regional office network, the high calibre of our teams and their deep knowledge of local industries. All this gives them that added insight and focus to assist them in identifying excellent investment opportunities. In terms of investments, our most active regions were the Midlands, with five new investments with the North and London contributing four deals each. In terms of sectors in these regions, the TMT and industrials segments probably dominated. Over the coming year, I again expect a well-rounded performance across the regions as the nascent economic revival begins to spread out from London and the south-east and

With that in mind, what are your expectations regarding mid-cap dealflow in the coming months?

Given that we are not expecting a strong rebound in 2013 growth in the UK or the eurozone, and consequently business conditions will probably show merely gradual improvement, I think we will see only a continuing modest uptick in deals after what was a very strong year for mid-market private equity in 2012. In sector terms, both TMT and manufacturing are favoured, as we have strong investment commitments here, but our approach remains on a broad spectrum of industries. Trade buyers will likely remain a gathering force and access to debt should continue to ease, which will help to spur dealflow. Also, the need of some PE funds to make disposals to demonstrate performance and help raise fresh funds may be a factor too. ■

Quick view

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Private Equity Less Ordinary



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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 31 January 2013. 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:
 - North:** North-West & Merseyside, Northern Ireland, Scotland, North-East, and Yorkshire and The Humber
 - London:** London and Eastern
 - Midlands:** West Midlands and East Midlands
 - South:** South-East, South-West and Wales
- For more information on the regional barometer or regarding *unquote* Data, please contact: Pierre Le Saux, Project Manager, Tel: +44 (0)20 7316 9609.

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 400 investments and has ongoing interests in more than 60 businesses across the UK, collectively valued at greater than £1.9bn.
- Recent transactions providing a range of equity investments include Airline Services, Boomerang, Bifold, Dale Power, Forest Holidays, Keoghs, Metronet, Ocean Outdoor and Pertemps Network Group.



Private Equity Less Ordinary

national overview

Overview of the year

Last year turned out to be another year of two halves for the UK mid-market. The first six months saw 120 deals being completed across the country, just nine short of 2009's full year results, in what was the UK's best six-month performance over the last four years. Deal value had by that time already reached £3.6bn, topping 2010's half-year results by £3m.

Unfortunately, the second part of 2012 told another story – one that did not quite match the hopes of the industry despite a surge of large buyouts in the fourth quarter. Overall, 83 deals were done in the last six months of the year, a performance similar to H1 2011 which saw 88 deals being completed. In the end, the UK was just £20m short of posting its best performance across our four-year sample in 2012.

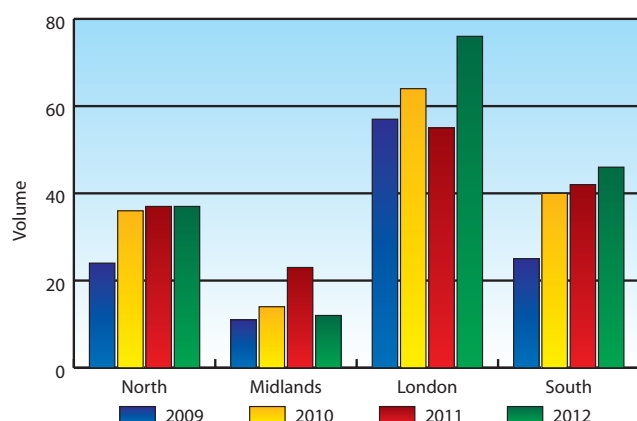
The £5-50m size range showed disparate results at the regional level. London and the South both saw an increase in dealflow, the North remained on par compared to 2011 and even saw a timid £31m value

uptick, while activity was halved in the Midlands. London on the other hand experienced quite the revival with a 24% increase in value terms and an even more impressive 38% volume uptick.

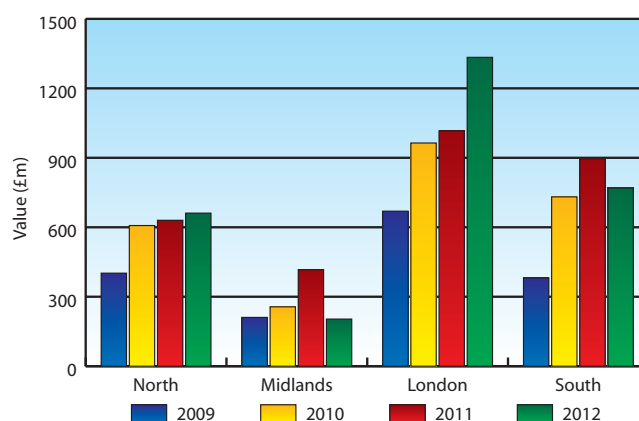
Surprisingly, London's renaissance stopped at the £50m mark: activity in the upper size range indeed decreased slightly in the capital. The South was the only region to post a noticeable improvement in this segment with volume and value increases of 25% and 36% respectively. The North and the Midlands both saw upper mid-market activity decline in 2012.

With 203 deals recorded all in all, the UK was on to a bumper year in 2012 compared to the activity levels recorded in the previous three years. However, London's over-achievement and sizable contribution to the UK total could distract from a much more nuanced picture at the regional level. Indeed, while the South performed relatively well, the Midlands and the North experienced a lacklustre 2012.

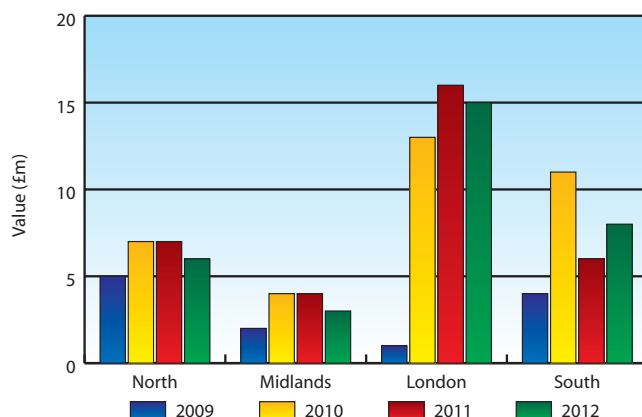
Volume of £5-50m deals by region



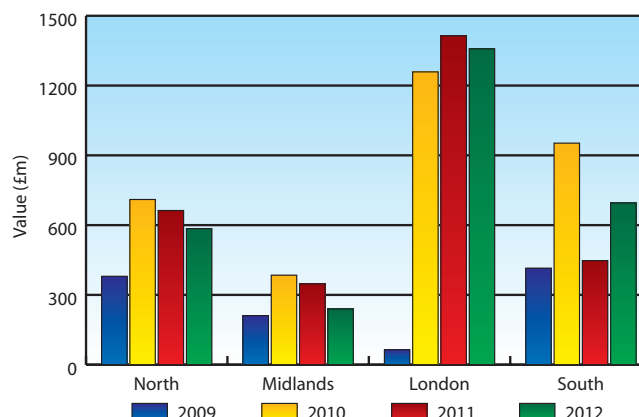
Value of £5-50m deals by region



Volume of £50-150m deals by region



Value of £50-150m deals by region



UK deal activity by sector

Last year brought on several interesting developments in the UK mid-market dealflow, sectors-wise. Perhaps the most interesting would be the complete reversal of fortunes for consumer businesses after a truly testing 2011: consumer-facing assets attracted 55 investments worth an overall £1.5bn, comfortably exceeding the £1bn across 29 deals posted in the previous year. One of the most significant deals in this segment came in right at the start of 2012, when Graphite Capital acquired childcare service National Fostering Agency (NFA) from Sovereign Capital in a deal reported to be worth around £130m.

By comparison, the services sector – traditionally the UK's busiest in terms of mid-cap private equity activity – was much more subdued. The *unquote*™ database recorded 31 transactions in that space, with an aggregate enterprise value

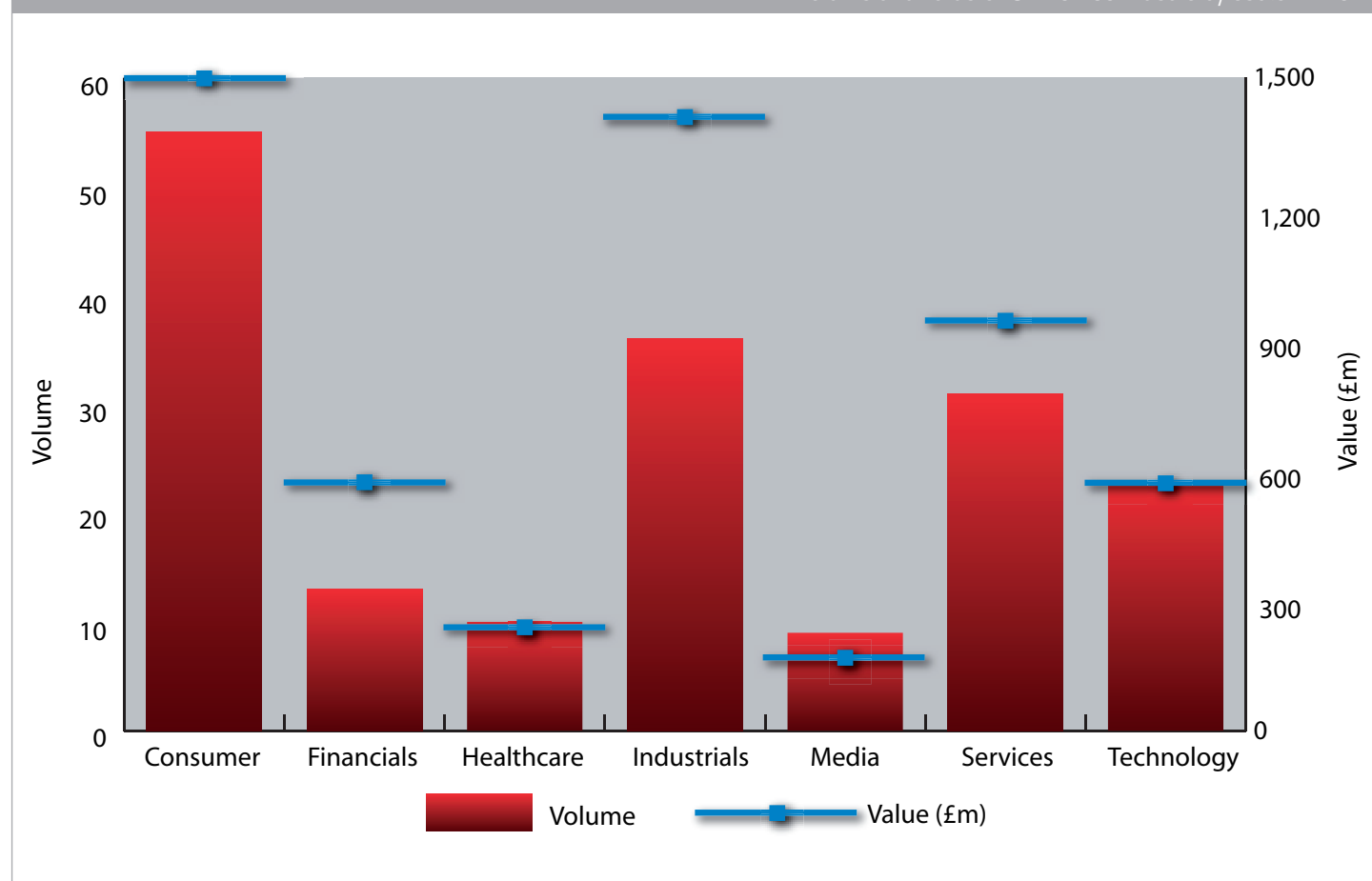
of around £950m. This is down by almost a third volume-wise compared to 2011 figures, when the sector was home to 45 transactions worth almost £1.3bn. The recruitment services industry nevertheless provided very attractive opportunities for mid-market investors, with transactions such as the £140m buyout of Fircroft by Equistone, and the £112m acquisition of Pertemps Network Group by LDC.

Despite the ever-present threat of a triple-dip recession, the manufacturing and production industries remained resilient last year after an already encouraging 2011. The sector was home to 36 transactions in 2012 compared to 38 in the previous year, with overall value remaining on par as well at around £1.4bn. Standout transactions included the \$150m investment by Riverstone in oil & gas company Fairfield Energy.

Meanwhile the financial sector proved popular last year. Although the numbers remain small compared to other, more mainstream industries, dealflow more than doubled year-on-year to 13 transactions worth an overall £560m. Activity in this sector was notably boosted by the acquisition of private wealth manager Quilter from Morgan Stanley Smith Barney by Bridgepoint. The media sector also experienced a timid recovery, from seven deals in 2011 to nine last year.

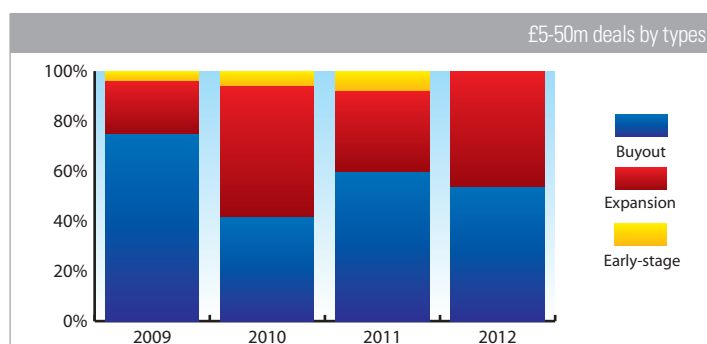
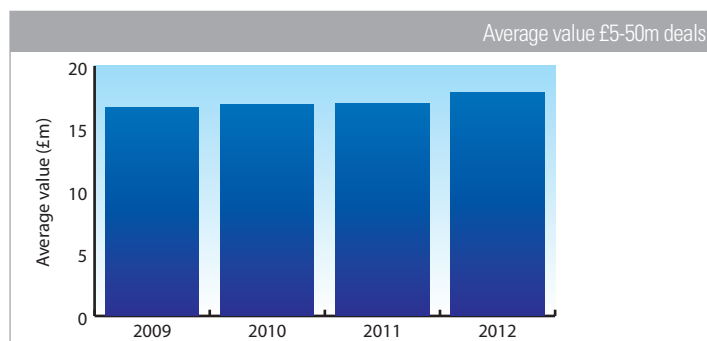
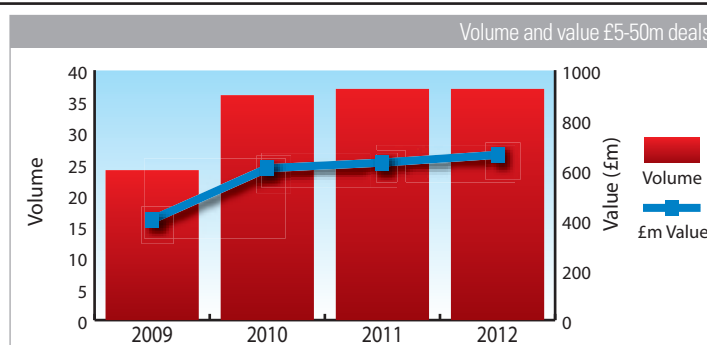
The picture was less flattering for the technology sector, which was home to 23 deals compared to 26 in 2011. Overall value also took a step back at around £560m versus £950m in the previous year. The healthcare sector saw lacklustre activity levels as well, from 17 transactions in 2011 to 10 last year. The technology space still saw substantial deals taking place, such as the secondary buyout of BigHand, sold by LDC to Bridgepoint for £49m.

Volume and value of UK £5-150m deals by sector in 2012



Deal activity in the £5-50m size range

- Deal volume in the small buyout section stalled between 2011 and 2012, settling at 37 deals recorded over the whole of last year. It seems the region has plateaued for the third year in a row, with 36 and 37 deals recorded for 2010 and 2011 respectively. This might come as a slight disappointment for deal-doers in the North after the noticeable improvement witnessed in 2010, following the 24 deals recorded in 2009.
- Overall deal value, on the other hand, recorded a £31m year-on-year uptick, perpetuating the sustained recovery initiated in 2010. This led to a £900,000 increase in the deal average for 2012. Average deal value stood at £17m in 2011 and has remained roughly consistent across the four-year sample.
- The move up the value scale was driven by a higher proportion of expansion deals and a lack of early-stage investments. Significant growth capital deals in this segment included a \$30m round for biotechnology company F2G Ltd involving Advent Venture Partners and Novartis Bioventures. The number of buyouts completed in 2012, meanwhile, decreased year-on-year but still accounted for 54% of deal activity in the region, down from 59% in 2011. ECI Partners notably acquired a majority stake in professional advice firm Citation, a deal that valued the company at £50m.



2012 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
Citation	50	Buyout	North West & Merseyside	ECI Partners
Premier Hytemp Group	35	Buyout	Scotland	Dunedin Capital Partners
Airline Services Components Ltd	30	Buyout	North West & Merseyside	LDC
Brand Addition	24	Buyout	North West & Merseyside	HIG Capital
McCambridge (Cake Division)	24	Buy-in	North West & Merseyside	NBGI Private Equity

North

Carl Wormald, head of LDC in the North West, comments: "Deal volumes and values have consistently improved each year since 2009, demonstrating the resilience and pro-active nature of the deal-making community in the North West, as well as the high quality management teams and businesses in the region."

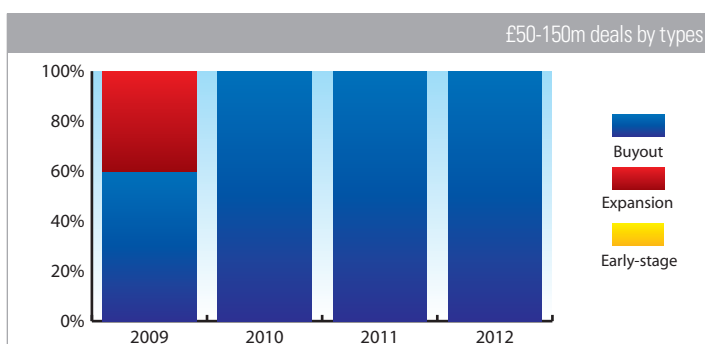
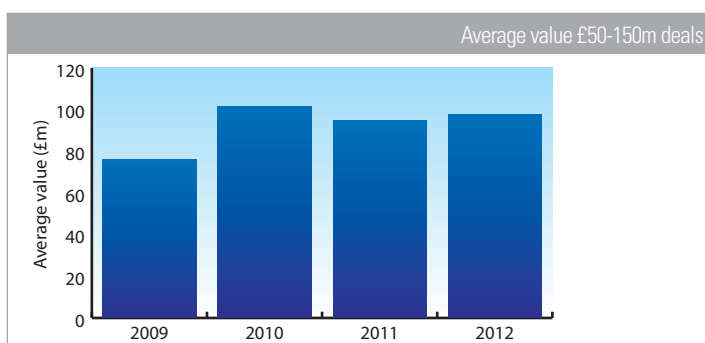
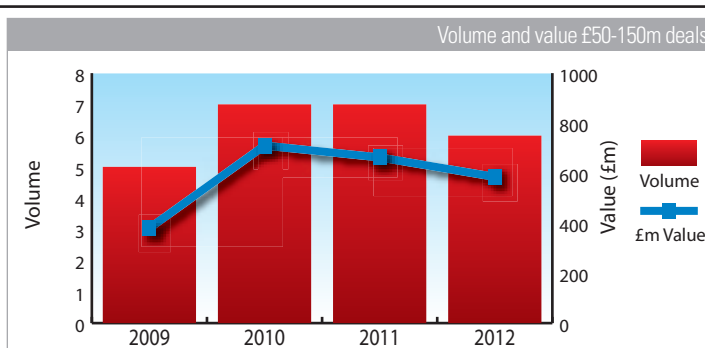
"Trading conditions remain challenging for businesses, which continues to affect the visibility of future earnings, but has seen vendor pricing expectations align with those of private equity investors."

However, we are still seeing strong valuations for premium businesses, typically those with a unique proposition and exposure to high growth frontier economies.

"We invested more than £100m of equity in companies in the region last year – as well as backing a number of bolt-on acquisitions within our portfolio – making us the most active sponsor in the North. There are early indications that we can do even more to support North West firms' growth ambitious and the regional economy this year."

Deal activity in the £50-150m size range

- The North might have been just one deal short of matching 2011 figures in the upper size range, but the £115m drop in overall value terms could be more of a concern. Following last year's previous value decrease of 6%, 2012 didn't manage to counter that trend.
- On the plus side, average deal value increased from £94.7m in 2011 to £97.5m last year, on the back of sizable deals such as the £140m buyout of Fircroft by Equistone and the acquisition of Symington's by ICG for £125m. Last year's average deal value remained short of the £101.5m seen in 2010, though – further highlighting how quickly the region rebounded after the 2009 trough.
- For the third year in a row, expansion deals remained conspicuous by their absence at the upper end of the mid-market, a situation also apparent in the Midlands. Only the London and South regions saw a limited number of growth capital deals valued upwards of £50m in 2012.



2012 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Fircroft	140	Buyout	North West & Merseyside	Equistone Partners Europe
Symington's	125	SBO	Yorkshire & The Humber	Intermediate Capital Group
Bifold Group	85	SBO	North West & Merseyside	LDC

Conditions within the Yorkshire and North East market may have been tough in recent years, but John Garner, head of LDC in the region, remains optimistic: "While it is still early in 2013, the pipeline has improved with a better volume and, more importantly, higher-calibre businesses coming to the fore based on strengthened trading performance."

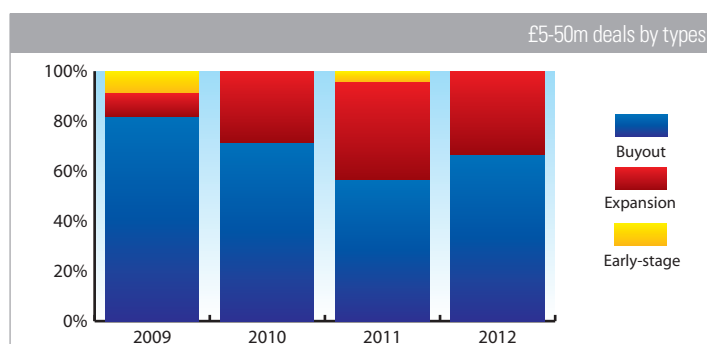
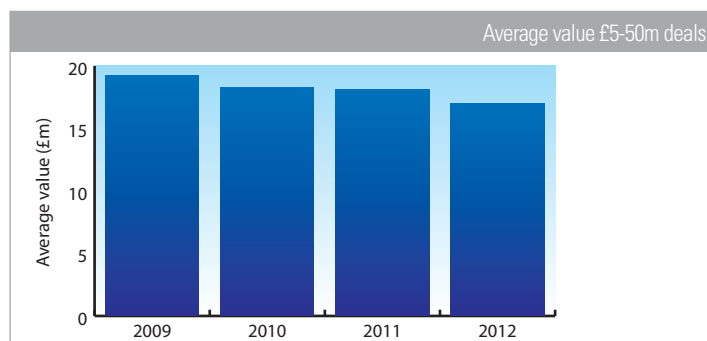
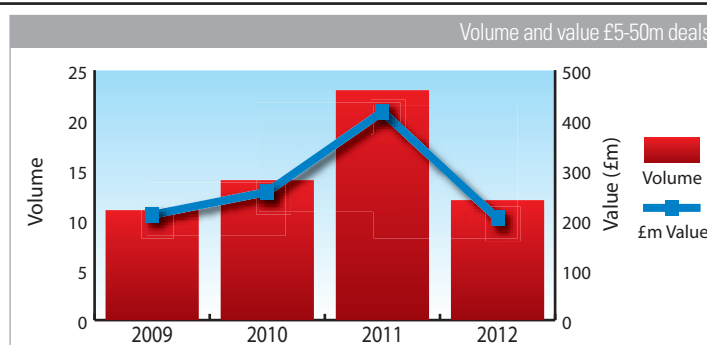
"However, deals won't just fall out of the sky. The deal-making community must engage with businesses earlier, even if they have not yet considered investment, to build long-term relationships and ensure

that there is a consistent pipeline of activity throughout the year and into the next."

Scotland showed a slight, but welcome increase in dealflow in 2012. The activity uptick seen in London also gives Nigel Moss, managing director at LDC Scotland, confidence as he looks ahead to 2013: "That is now three years of some stability in Scotland and I feel optimistic that the fact that London bounced back last year bodes well for the rest of the country."

Deal activity in the £5-50m size range

- 2012 won't be remembered as a particularly strong vintage for the Midlands region, with activity levels down by around 50% in both volume and overall value. That said, the comparison with 2011 could be overly harsh, since that year might in fact have been the anomaly – seeing a 23-strong volume total (including 13 buyouts), expansion deals doubling compared to 2010, and the belated return of early-stage investments after a no-show the previous year.
- The slowdown in dealflow was pretty evenly spread across the board in the Midlands last year. Early-stage investments were off the table – a situation last seen in 2010 – growth capital deal volume was halved and only eight buyouts were completed. The comparatively steeper value decrease also meant that average deal value fell slightly for the fourth year in a row, to settle at £17m.
- Although buyout numbers were down compared to 2011, their contribution to the Midlands' lower mid-market activity was comparatively more important last year. Notable transactions included the £37.5m SBO of LM Funerals led by Duke Street, as well as the acquisition of confectionery wholesaler Hancocks Group Holdings by H2 Equity Partners.



2012 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
LM Funerals	38	SBO	West Midlands	Babson Capital Europe, Duke Street, Metric Capital Partners
GCI Telecom	10	Expansion	East Midlands	Business Growth Fund
Eco Plastics	6	Expansion	East Midlands	Disruptive Capital Finance, Emerald Technology Ventures, Ludgate Investments

Midlands

Commenting on the Midlands statistics, LDC regional managing director Martin Draper says: "Although mid-market deal activity in the Midlands continued to be impacted by the tough macroeconomic climate last year, there were a significant number of highly successful transactions completed across the West and East Midlands region during 2012."

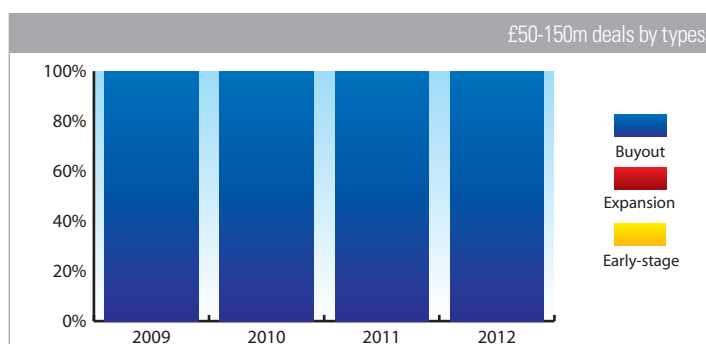
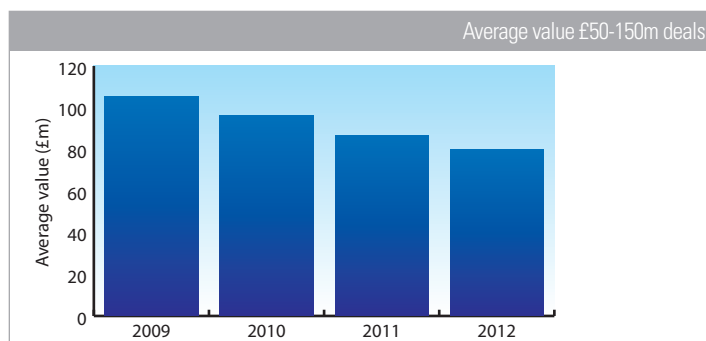
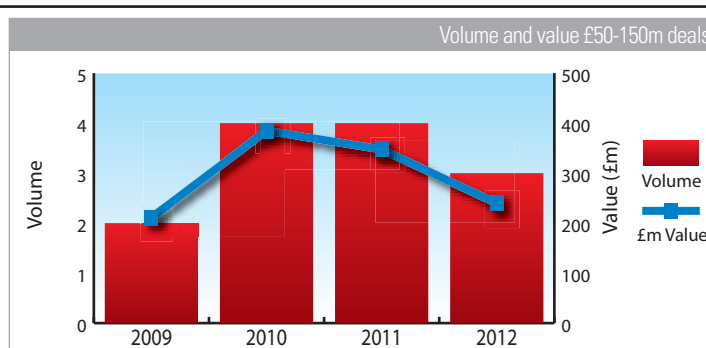
The volume of £5-50m deals in the Midlands fell back from 2011 levels, although that year was particularly buoyant in the lower mid-cap

segment. The £50-150m deal bracket, meanwhile, remained reasonably robust, ending up with just one transaction short of both 2010 and 2011 totals. By far the largest Midlands transaction of the year was the buyout of recruitment services provider Pertemps Network Group by LDC for £112m.

As far as the industrial sector is concerned, One Equity Partners notably acquired Linpac Allibert, the returnable transport packaging business of Linpac Group, in March. According to Draper, the

Deal activity in the £50-150m size range

- The Midlands' upper mid-market was comparatively more resilient than the smaller segment last year. The region was home to three deals valued between £50-150m in 2012, all of them buyouts – one transaction short of both 2010 and 2011 totals. The region's £79.8m deal average fell by £7m behind 2011's £86m and remains a far cry from the £105.5m record set in 2009.
- That said, the region still holds attractive opportunities in the industrial sector: One Equity Partners notably acquired Linpac Allibert, the returnable transport packaging business of Linpac Group, in March. On the support services front, LDC backed the management buyout of recruitment services provider Pertemps Network Group for £112m in February.
- The Midlands remains the only UK region not to have seen a growth capital deal valued at more than £50m for the past four years. As far as geographical spread is concerned, and after an already strong showing in 2011, the East Midlands were home to all the deals recorded in the £50-150m bracket last year.



2012 top deals £50-150m

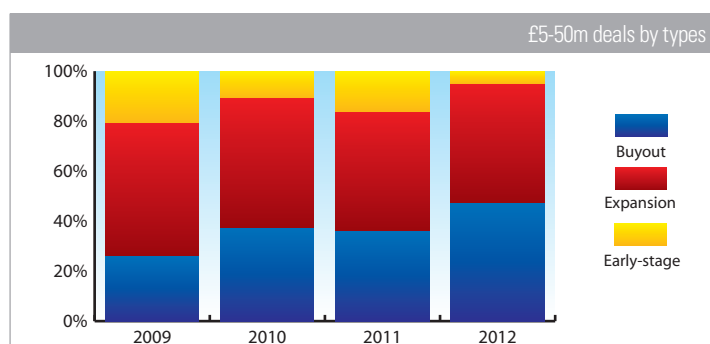
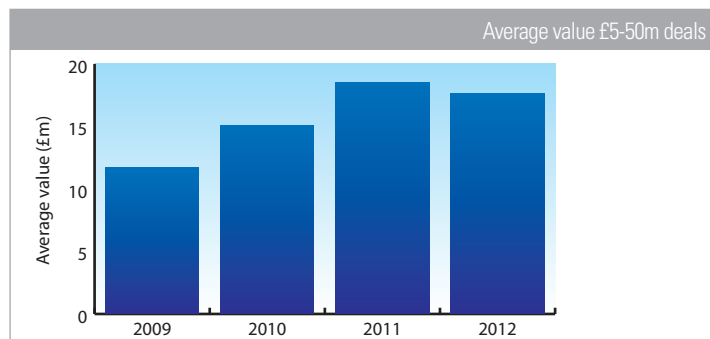
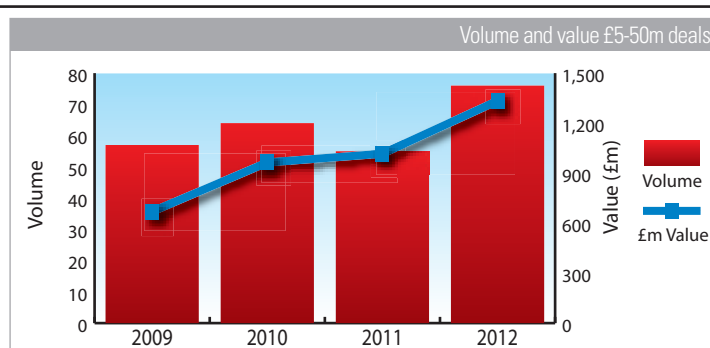
Name	£m value	Type	Region	Equity syndicate
Pertemps Network Group	112	Buyout	West Midlands	LDC
Care Fertility Group	60	Buyout	East Midlands	Bowmark Capital

Midlands' strong industrial heritage means that opportunities to invest in businesses operating in manufacturing and specialist engineering are prevalent and certainly, this sector remains firmly on LDC's investment radar. "In late 2011, LDC committed to invest £200m in manufacturing and specialist engineering businesses and since then, has gone on to invest £116m across six deals," Draper highlights. "Many businesses operating in this sector are enjoying high levels of export demand based on strong trading relationships, which is helping to fuel growth."

Draper remains optimistic about the Midlands' prospects for the rest of the year: "Despite the wider economic climate, the outlook for 2013 is increasingly promising and we anticipate another busy and successful year for LDC in the Midlands."

Deal activity in the £5-50m size range

- Private equity in the London area experienced a bit of a renaissance in 2012 following a disappointing 2011. Overall, 76 investments were completed in 2012 – a 38% increase year-on-year – and 16 buyouts and 10 expansion deals were added to 2011's total. Looking at the longer-term picture, the level of private equity interest for London-based businesses has improved steadily since the dark days of 2009, bar the 2011 blip.
- Overall value also experienced a welcome uptick to settle at £1.3bn last year, on the back of strong transactions such as the £49m secondary buyout of BigHand by LDC. But the even more impressive volume increase meant that average deal value took a slight hit at £17.6m – not quite a match for 2011's £18.5m.
- LDC, Bridgepoint and Electra Partners were among the firms that contributed to London's strong performance last year. Besides the BigHand SBO, notable investments in the lower size range included the growth capital injected into Park Resorts Group, Just Eat and Mimecast. While buyout and growth capital dealflow kept improving in 2012, early-stage investments, however, struggled to keep up with previous years: only four venture deals were recorded for the full year against nine in 2011.



2012 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
BigHand	49	SBO	London	Bridgepoint Capital Limited,LDC
Park Resorts Group Ltd	46	Expansion	London	Electra Partners
Just-Eat	40	Expansion	London	Greylock Management, Index Ventures, Redpoint Ventures, Vitruvian Partners
Mimecast	39	Expansion	London	Dawn Capital,Insight Venture Partners
Leisure Pass Group	35	Buyout	London	Primary Capital

London

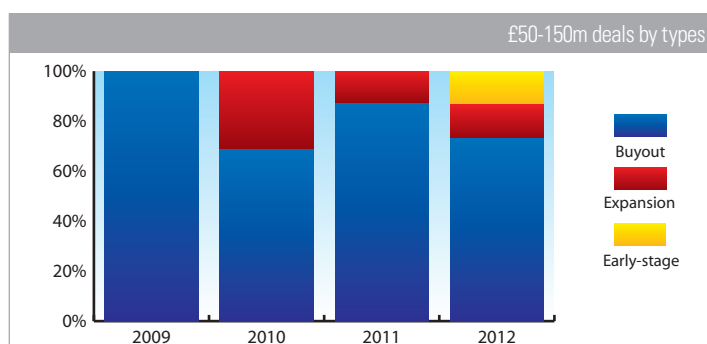
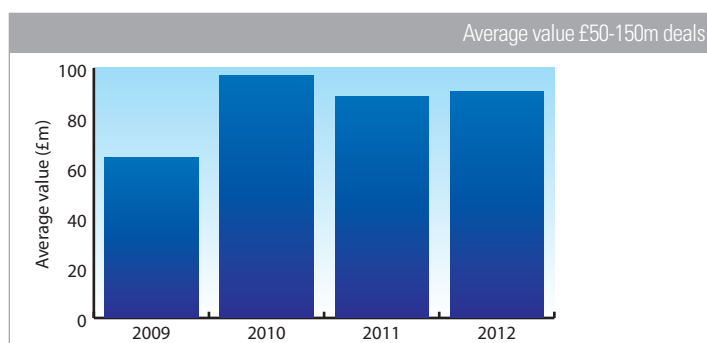
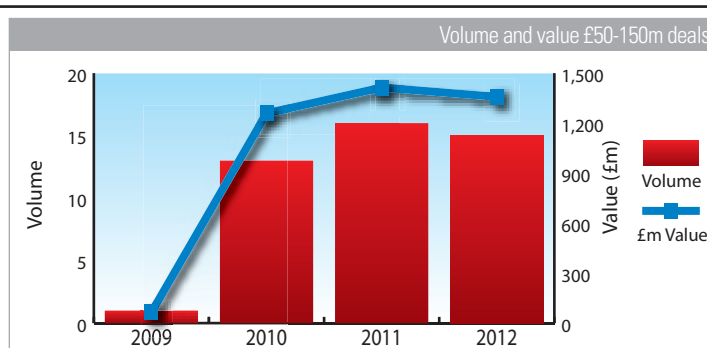
"London's mid-market dealflow is a tale of two deal brackets," comments Daniel Sasaki, managing director at LDC London. "The £5-£50m range was marked by a strong outperformance – volume was up 38% to 76 deals with a total value of £1.3bn. However, transactions in the larger £50-150m deal range stalled, down marginally on 2011. Factors behind this contrasting performance are likely to have been: the greater difficulty of accessing debt higher up the deal value chain; the still uncertain economic environment, which probably deterred potential buyers from taking on the risks inherent in larger deals; and fewer sellers among more

medium-sized firms holding out for higher valuations if the recovery gathers pace."

Sasaki believes London's attractiveness to young entrepreneurs plays a role in this resilience at the lower end of the market: "The Capital is also likely home to a greater variety – compared to other UK cities – of smaller, younger firms, particularly in the new media and technology arenas, clustered in areas such as Tech City, giving a richer and more diverse choice of potential investments in the lesser deal range. In terms of deal

Deal activity in the £50-150m size range

- London's performance in the £50m-150m size range was more of a mixed bag in 2012. Dealflow decreased by one deal and overall value went down by £56m, but the average value per deal increased by £2.1m compared to 2011.
- Buyout figures for 2012 also didn't match those of 2011 with 11 deals recorded. Expansion deals meanwhile remained stable year-on-year, and early-stage investments made an unlikely appearance with two deals in the upper size range.
- JC Flowers & Co snapped Castle Trust, a provider of retail mortgages in one of two early-stage investments in this value range; the deal was valued at £65m. Other significant investment included the secondary buyout of National Fostering Agency by Graphite Capital Management and the acquisition of Novus Leisure, a bar and club operator, by Hutton Collins and LGV.



2012 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
National Fostering Agency Ltd	130	SBO	London	Graphite Capital Management
Novus Leisure	100	SBO	London	Hutton Collins, LGV Capital
Equity Red Star	87	Buyout	Eastern	Aquiline Capital (Aquiline Holdings)
Gall Thomson Environmental	75	Buyout	Eastern	Phoenix Equity Partners
Castle Trust	65	Early-stage	London	JC Flowers & Co UK

types, in the £5-50m range, both buyouts and encouragingly expansion capital deals were up strongly by 80% and close to 40% respectively. In the larger deal bracket, expansion deals were broadly stable year-on-year, with early-stage investments making an unlikely appearance with two deals compared to none the previous year."

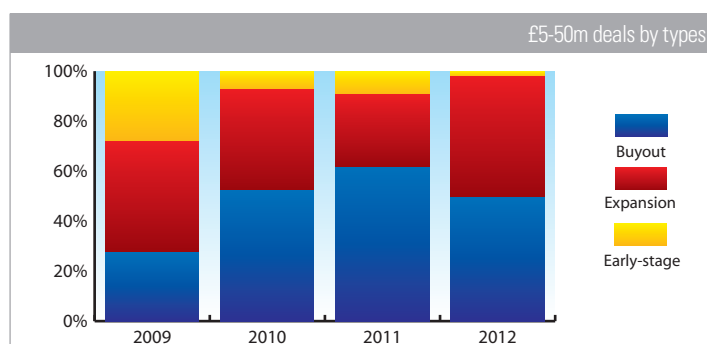
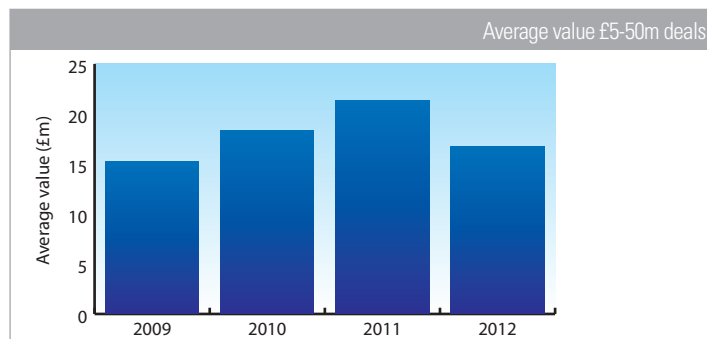
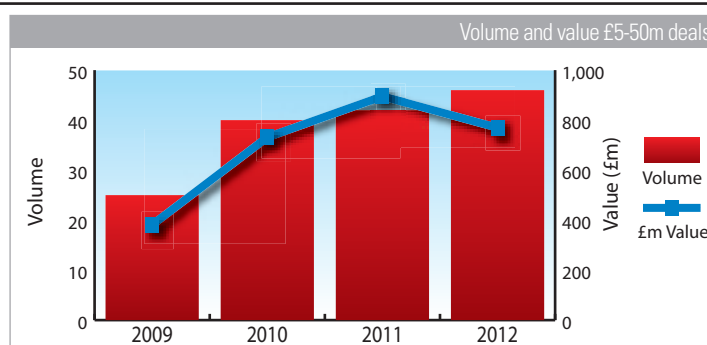
Sectors-wise, Sasaki remains particularly optimistic about technology, media and telecoms (TMT): "The sector continued to attract strong dealflow and it is one we favour, having announced a £200m commitment

to TMT opportunities last year. All four of the investments LDC completed in London last year were in the sector and we continue to think it will be one of the top performers this year."

Sasaki also looks forward to an improvement at the upper end of the market: "Over the course of 2013 we would perhaps expect a rebalancing of dealflow between the two size brackets, as improving economic conditions and easier access to debt see transaction volume in the larger deal bracket start to catch up with those in the smaller deal range."

Deal activity in the £5-50m size range

- Despite an increase in dealflow – 46 transactions were recorded in 2012, against 42 in the previous year – the region took a noticeable hit in value terms: £126m were shaved off 2011's total deal value of £895m. This is the only mar in an otherwise impressive recovery for private equity activity in the South from 2009 onwards: only 25 transactions worth an overall £381m were recorded that year.
- Unsurprisingly, these contrasting volume and value figures resulted in a much lower average deal value than that seen in 2011 with only £16.7m per deal – indicating a trend for a greater number of smaller deals being completed in the region. That said, several sizable transactions still took place in the £5-50m bracket, such as the £46m SBO of Autologic by Isis in January.
- While buyouts represented 61% of investments made in the region last year, the volume of such transactions went down from 26 in 2011 to 23 in 2012. Meanwhile, the volume of growth capital deals almost doubled in 2012 to reach 22 investments – the highest figure in the four-year sample. Following strong appetite for early-stage deals in 2009, venture activity steadily faded away with four deals recorded in 2011 and only one last year.



2012 top deals £5-50m

Name	£m value	Type	Region	Equity syndicate
The Game Group	50	Buyout	South East	OpCapita
Autologic	46	SBO	South East	Foresight Group, ISIS Equity Partners
Workplace Systems International	41	Buyout	South East	LDC
Towry Group	35	Expansion	South East	AlpInvest Partners NV
Buy As You View	33	Buyout	Wales	Rutland Partners

South

The South managed to keep building upon its steady recovery in the lower mid-market last year.

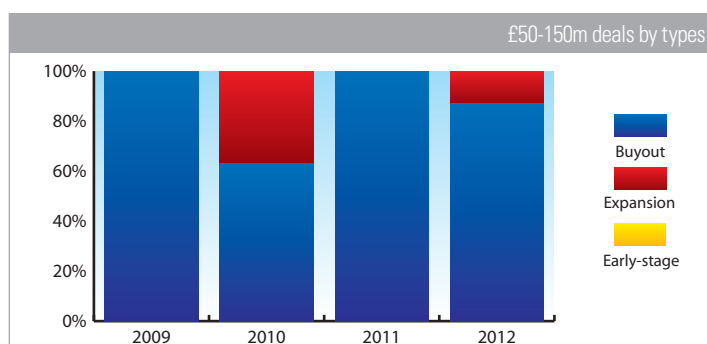
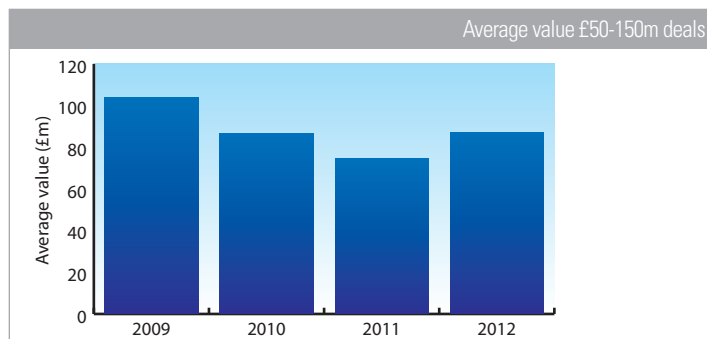
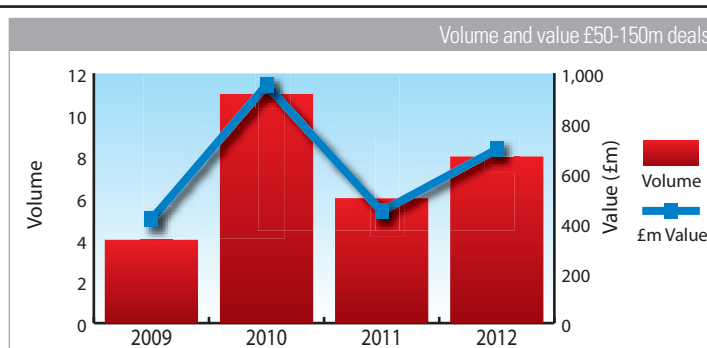
Commenting on mid-cap activity for the South in 2012, LDC's Yann Souillard says: "After the large drop in deal volumes in the £5-50m range in 2009, dealflow has steadily increased volume-wise in the past three years and it is pleasing to see that the number of deals increased again in 2012. The average deal size dropped in 2012 but this is probably a reflection of the fact that a higher proportion of deals last year were for expansion capital."

Indeed, expansion deals represented close to 50% of deals done in this size bracket, with 22 expansion deals completed in 2012 compared to 12 in the previous year. Buyouts fell back slightly from 26 to 23 – over the past three years the number of buyouts has been relatively stable between 21 and 26 deals.

Investments in the £50-150m bracket were only slightly more numerous than in 2011, but, as Souillard notes, they had an impressive effect on aggregate value: "Although the improvement in larger dealflow in the

Deal activity in the £50-150m size range

- Activity in the upper value bracket could exemplify the oft-discussed North-South divide. While activity in the North stumbled, the South witnessed a slight improvement from 2011. The uptick might not have been that noticeable in volume terms (eight transactions last year against six in 2011), but total deal value increased by more than 50% compared to 2011 figures to settle at £695m.
- Interestingly, the region's average deal value followed an opposite trend to that seen in the smaller deals segment: average deal value kept decreasing between 2009 and 2011 before enjoying somewhat of an uptick last year on the back of this drastic overall value increase, settling at £86m per transaction – a figure very similar to the one witnessed in 2010.
- Notable investments completed in the South in 2012 included the acquisition of logistics software company Kewill by Francisco Partners and the buyout of Audley Travel by Equistone Partners for £100m. These two deals were among the seven buyouts recorded over the past 12 months, roughly on par with 2011 levels. A sizable expansion deal (Riverstone Holdings injecting \$150m in oil & gas company Fairfield Energy) also helped bolster year-end-results at the upper end of the market.



2012 top deals £50-150m

Name	£m value	Type	Region	Equity syndicate
Kewill	103	Buyout	South East	Francisco Partners
Audley Travel	100	Buyout	South East	Equistone Partners Europe
Fairfield Energy	96	Expansion	South East	Riverstone Holdings
Signum Technology	75	Buyout	Wales	Phoenix Equity Partners
Peverel Group	62	Turnaround/Special situations	South East	Chamonix Private Equity, Electra Partners

South was modest, with just two more deals than we saw in 2011, in value terms the picture is extremely encouraging – total deal value was £695m, up by more than half on last year's total."

The acquisition of logistics software company Kewill by Francisco Partners and the £100m buyout of Audley Travel by Equistone Partners certainly played their part there, alongside an unusually large expansion deal with Riverstone Holdings injecting \$150m in oil & gas company Fairfield Energy.

Looking forward through the remainder of 2013 and beyond, Souillard believes that there is a growing sense of confidence towards deal activity in the region. He says: "M&A prospects for this year are encouraging and we are certainly seeing evidence that businesses in the South of the UK are now more focused on delivering growth and expansion than they have been since the beginning of the recession."

Legal

North £5-150m	Volume	Value (£m)
Addleshaw Goddard	6	297
Gateley (formerly HBJ Gateley Wareing)	6	248
DLA Piper	5	324
Eversheds	5	175
Pinsent Masons	4	34

Midlands £5-150m	Volume	Value (£m)
Eversheds	4	187
Pinsent Masons	3	45
Wragge & Co	3	31
SJ Berwin	2	97.5
DLA Piper	2	56

London £5-150m	Volume	Value (£m)
Wragge & Co	6	108
Travers Smith	4	231
Olswang	4	161
SJ Berwin	4	109
Hogan Lovells	4	108

South £5-150m	Volume	Value (£m)
Taylor Wessing	7	258
Osborne Clarke	5	160
Macfarlanes	2	66
Eversheds	2	35.5
Morgan Cole	2	27

United Kingdom £5-150m	Volume	Value (£m)
Eversheds	12	414
Taylor Wessing	11	438
Addleshaw Goddard	11	400
Osborne Clarke	10	286
Wragge & Co	10	155
DLA Piper	9	553
Pinsent Masons	9	195
Gateley (formerly HBJ Gateley Wareing)	8	366
Macfarlanes	8	290
SJ Berwin	8	262

Corporate finance

North £5-150m	Volume	Value (£m)
KPMG's Private Equity Group	4	172
Altium Capital	3	240
Deloitte	3	125
DC Advisory Partners	2	150
PricewaterhouseCoopers UK	2	95

Midlands £5-150m	Volume	Value (£m)
PricewaterhouseCoopers UK	2	87
KPMG's Private Equity Group	1	60
Hazlewoods	1	20
McLean Group	1	10
BDO Stoy Hayward	1	10

London £5-150m	Volume	Value (£m)
Deloitte	5	255
Torch Partners	4	84
Rothschild	3	300
Livingstone Partners	3	84
BDO Stoy Hayward	2	35

South £5-150m	Volume	Value (£m)
Grant Thornton UK	3	35.5
Argyll Partners	1	30
Hurst Morrison Thomson (HMT)	1	20
Equity Growth Partners	1	16
Momentum Corporate Finance	1	8.5

United Kingdom £5-150m	Volume	Value (£m)
Deloitte	9	480
KPMG's Private Equity Group	6	305
PricewaterhouseCoopers UK	6	248
BDO Stoy Hayward	6	181
Clearwater Corporate Finance	5	151
Torch Partners	5	125
Rothschild	4	425
Altium Capital	4	245
Livingstone Partners	4	114
DC Advisory Partners	3	173

Financial due diligence

North £5-150m	Volume	Value (£m)
Deloitte	5	251.5
PricewaterhouseCoopers UK	3	168.5
Grant Thornton UK	3	85
KPMG's Private Equity Group	3	55
RSM Tenon (formerly Tenon Corporate Finance)	2	36.6

Midlands £5-150m	Volume	Value (£m)
Ernst & Young – Transaction Advisory Services	2	105
BDO Stoy Hayward	2	16
Mazars Hemmelrath	1	112
KPMG's Private Equity Group	1	20
PricewaterhouseCoopers UK	1	10

London £5-150m	Volume	Value (£m)
KPMG's Private Equity Group	6	299
PricewaterhouseCoopers UK	6	273
BDO Stoy Hayward	6	166
Ernst & Young – Transaction Advisory Services	4	140
Grant Thornton UK	4	69

South £5-150m	Volume	Value (£m)
Ernst & Young – Transaction Advisory Services	7	248
Deloitte	4	197
BDO Stoy Hayward	3	131
KPMG's Private Equity Group	2	82
Grant Thornton UK	2	31

United Kingdom £5-150m	Volume	Value (£m)
Ernst & Young – Transaction Advisory Services	15	532
KPMG's Private Equity Group	13	466
PricewaterhouseCoopers UK	12	460
BDO Stoy Hayward	12	321.5
Deloitte	11	616.5
Grant Thornton UK	9	185
RSM Tenon (formerly Tenon Corporate Finance)	4	52.5
Mazars Hemmelrath	2	128.5
Baker Tilly – M&A and Private Equity	2	22
BHP Corporate Finance	2	13

Private equity

North £5-150m	Volume	Value (£m)
LDC	6	175.5
ECI Partners	2	135
NBGI Private Equity	2	43.5
Maven Capital Partners	2	13
Broadlake Capital	2	10

Midlands £5-150m	Volume	Value (£m)
LDC	2	127
Hamilton Bradshaw	2	25
Emerald Technology Ventures	2	6
Investec	1	50
Ludgate Investments	1	6

London £5-150m	Volume	Value (£m)
Index Ventures	7	109
Accel Partners	6	70.5
LDC	5	136.5
Business Growth Fund	4	52
Bridgepoint Capital	3	211

South £5-150m	Volume	Value (£m)
LDC	5	81
Invesco	3	71.5
August Equity	3	39
Imperial Innovations	2	40
WestBridge Fund Managers	2	17.5

United Kingdom £5-150m	Volume	Value (£m)
LDC	18	520
Business Growth Fund	8	83
Phoenix Equity Partners	4	185
Graphite Capital	4	182.5
ECI Partners	4	175
Index Ventures	7	109
Accel Partners	7	88
Invesco	4	88.5
Isis Equity Partners	4	70
Balderton Capital	4	54



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

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