Unquote

Issue 91 – February 2021

Flying high

Venture capital activity has continued unabated during the pandemic, with DACH and southern Europe among the most resilient markets

VC secondaries set for boost

Brexit's attritional impact on UK PE

Canadian LP IMCO in profile

Contents

4 **Oliver Holle**, *Speedinvest*, says a big theme for DACH VC in 2020 was pre-emptive rounds

16 **Sunaina Sinha**, *Cebile Capital*, says forced sellers have been scarce in the secondaries market

18 **IMCO**, *Craig Ferguson*, discusses the LP's plans to scale up its private equity allocation by 2025

www.unquote.com

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

Denise Ko Genovese
Associate editor
T: +44 (0) 20 3741 1192
E: denise.ko.genovese@iongroup.com

Alessia Argentieri
Senior reporter
T: +44 (0) 20 3741 1383
E: alessia.argentieri@iongroup.com

Katharine Hidalgo
Reporter
T: +44 20 3741 1497
E: katharine.hidalgo@iongroup.com

Harriet Matthews
Reporter
T: +44 20 3741 1388
E: harriet.matthews@iongroup.com

Eliza Punshi
Reporter
T: +44 20 3741 1088
E: eliza.punshi@iongroup.com

Unquote is published 10 times a year by Mergermarket Ltd
10 Queen Street Place, London, EC4R 1BE
+44 (0)20 3741 1000

ISSN 1465-9719

Copy & Production Editor – Tim Kimber
Sub-editor – Salvatore Spagnuolo

For advertising enquiries – Johanna Orring
+44 (0)20 3741 1389 johanna.orring@iongroup.com
For subscription enquiries – Enrico Cattarossi
+44 (0)20 3741 1329 enrico.cattarossi@iongroup.com

Acuris

Greg Gille
Editor
+44 (0)20 3741 1381
gregoire.gille@iongroup.com

Sleeper hit

Given that 2020 was such a rollercoaster year for buyout players, the *Unquote* team was spoiled with fascinating trends into which to delve. But perhaps that came at the expense of one corner of the market that quietly kept on building a head of steam, regardless of a pandemic that otherwise threatened to cripple entire sections of the private equity industry.

European venture capital enjoyed a robust 2020, certainly when it comes to deployment. Looking at the entire segment, dealflow was up 10% year-on-year compared with 2019, with aggregate value slightly down (but, at €37.5bn overall, still way ahead of the historical average over the previous decade). This is confirmed when looking at the "pure VC" space of seed- and early-stage rounds, where the YoY growth rate for dealflow was closer to 20%.

More importantly, the market's momentum was not broken by the onset of coronavirus at the end of Q1 – Q2 actually reflected an uptick in investment activity, and aggregate value continued climbing in each subsequent quarter as the market became more confident in going ahead with large-scale rounds as the year went on.

The reasons why venture appeared to take the unprecedented events of 2020 in its stride are self-evident. VC players (and the startups they back) are inherently more nimble than their vanilla PE counterparts, and culturally more inclined to work completely virtually; they work on less complex transactions that, more often than not, do not rely on arranging leverage with spooked-out lenders; and in the main they focus on sectors that were mostly shielded from, if not net beneficiaries of, the pandemic's economic impacts.

Of course, the full picture is more complicated than the headline statistics would suggest. From a regional perspective, not all European markets reacted to 2020's events in the same way; in this issue, the *Unquote* team turned its attention to two regions that saw venture deal-doing pick up substantially last year. The DACH countries continued building on the momentum initiated in the latter half of the 2010s and recorded a strong VC uptick in the past 12 months (*see p4*). Further south, Italy and Spain's VC scenes recovered after a more subdued 2016-19 period (*see p8*).

Meanwhile, LP appetite for the strategy looks to have been mostly unaffected by the crisis: aggregate commitments for European venture fund closes have remained consistent around the €9bn mark per year over the past five years, according to *Unquote Data*, and 2020 was no different. With more than 100 European VC funds currently on the road, managers will hope the resilience shown by the sector in these tumultuous times – and the underlying investment opportunities turbocharged by the pandemic – will resonate even more with investors worldwide. ■

DACH venture and growth deals peak in crisis

Following a strong year in volume terms, market participants remain optimistic about the resilience of the venture ecosystem and its ability to find opportunity in crisis. Harriet Matthews reports on market players' assessments of 2020 and their expectations for 2021

Venture capital and growth deals increased in volume in 2020, with 471 deals completed, surpassing 2019's previous record of 420, according to *Unquote Data*. However, the aggregate value of deals fell between 2019 and 2020: venture and growth deals totalled €6.9bn in 2020, versus €8.7bn in 2019.

Benjamin Ullrich, partner at law firm Schnittker Möllmann Partners (SMP), says the number of deals has risen not due to the pandemic, but in spite of it, and that deal volume is likely to continue to rise, albeit with a potential slowdown in fundraising if the economy continues to feel long-term impacts from the crisis. He also highlights why certain parts of the venture ecosystem were not as adversely affected by the crisis. "If you are at an early stage as a growth company or startup, you are less dependent on revenues anyway; you might have a minimum viable product already but are relying on external capital," he says. "So if your revenues fall away, you might have less of an issue. It is different with companies such as FlixBus and GetYourGuide, which were generating a lot of cash, but chose not to be profitable in order to grow."

> "The big theme of 2020 was pre-emptive rounds, with a lot of series-A and series-B players going into deals for companies that they think will emerge soon"
> *Oliver Holle, Speedinvest*

In fact, 2020 has seen the frequency of capital raises increase for some early-stage companies, with later-stage players also looking to invest, says Oliver Holle, co-founder and managing partner at Speedinvest. "There is a lot of dry powder from seed investors like us, but also from growth players moving downstream. The big theme of 2020 was pre-emptive rounds, with a lot of series-A and series-B players going into deals for companies that they think will emerge soon." Holle cites Speedinvest portfolio companies Primer and Schüttflix, both of which raised rounds in 2020, as examples of this development.

Steady dealflow

Unlike buyout activity, growth and venture capital deals did not experience a sharp decline between Q1 and Q2 2020; in fact, according to *Unquote* Data, Q1 2020 saw 135 deals totalling almost €2bn, versus 143 deals totalling €1.5bn in Q2.

Although dealflow remained steady, last year ▶

> "We need to differentiate between sectors, but overall, this is not a time when we would expect to see all-time-high valuations or rounds"
> *Benjamin Ullrich, Schnittker Möllmann Partners*

saw only eight venture and growth investments valued at more than €100m, compared with 15 such deals in 2019. SMP's Ullrich says: "We need to differentiate between sectors, but overall, this is not a time when we would expect to see all-time-high valuations or rounds. Although, areas that are doing very well include consumer packaged goods, anything related to shifting services online, food, and especially anything plant based."

"The anticipation in March 2020 was that the immediate reaction would be along the lines of what we saw in the financial crisis and in the burst of the dotcom bubble," says Hendrik Brandis, co-founder and partner at Earlybird Venture Capital. "I expected the markets to slow down much more quickly and significantly. But what surprised me was the high resilience with which the venture market responded – we have not seen a significant slowdown, nor a significant drop in early-stage valuations."

Speedinvest's Holle observes that early-stage valuations have, in fact, increased. "Looking at the top quartile of the most expensive seed rounds, the momentum of acceleration has been bigger than average. Rounds for hot deals at seed and pre-seed level are getting bigger, which drives valuations."

IPOs and high-value trade sales were scarce in 2020. However, in November 2020, investors including Cherry Ventures, Vorwerk Ventures, Tiger Global and Saarbruecker 21 sold their stakes in drinks delivery business Flaschenpost to Dr Oetker in a deal that valued the company at €1bn.

SMP's Ullrich expects to see similarly high-value exits in 2021. "But who can pay those valuations is limited," he says. "Big automotive companies, technology companies such as SAP, or biotech and pharma companies could buy VC-backed companies, but businesses are limited in terms of the number of potential buyers if they are that expensive, which is why we will see more IPOs."

Longer holding periods have become a feature of the private equity and venture capital markets alike, many market participants told *Unquote* – with the trend expected to continue in the coming years alongside increasing valuations. Says Brandis: "Private funding opportunities are so significant that a liquidity need is not a reason to go public anymore – it is sometimes easier to raise capital as a private placement. As a result, companies are kept private much longer, then go public in a really big way."

Fundraising holds its own

Private equity fundraising was hit in 2020 as logistical challenges and LP uncertainty delayed many fundraising processes; however, DACH-based venture capital fundraising held its own against these challenges. Venture capital fundraising figures for 2019 and 2020 are almost identical, according to *Unquote Data*: venture capital firms held 23 first and final closes totalling €3.1bn in 2020, compared with 23 first and final closes totalling €3bn in 2019.

Helder Schnittker, a partner at SMP, says the DACH venture capital market remains appealing to investors. He highlights the role that US entities play in the DACH venture and growth ecosystem. "The European market is seeing a pull towards US LPs. US investors are opening offices here and US funds are investing in European startups," he says. "LPs in DACH funds are showing more of an interest in the European VC market, mainly as many European startups have produced products that have done well under these conditions; the digital transformation has accelerated during the coronavirus pandemic, and many startups have increased in value and have been on the radar of US investors."

Nevertheless, challenges might arise once the market emerges from the crisis, particularly for VCs that have experienced more difficulties in their portfolios. "Crisis has always driven the polarisation in the market," says Earlybird's Brandis. "Some firms have proven that they are resilient to the fund performance level. But for those who are newer or had challenges – and this can be due to their portfolio structure – fundraising might be more difficult."

Fabian Euhus, another partner at SMP, says venture funds that might have come to market in 2020, normally expecting to receive a significant amount of corporate backing, have struggled. "Many corporates felt it was not the time for them to invest in venture, given their own internal problems. This affected corporate venture funds, those funds that were investing in niche products with a technical view, or corporates that do not have a fund yet, but want to go into this area."

However, many venture players have already been able to capitalise on trends to emerge from 2020 in their fundraising efforts. Healthtech and telemedicine have been focal points for many VC investors this year. Even before the crisis hit, in January 2020, Heal Capital and 415 Capital launched healthtech-focused funds. Dieter von Holtzbrinck Ventures also launched a specialised fund in August 2020.

Speedinvest's Holle expects the market to see significant progress in healthtech seed investments this year: "A lot of seed investments in healthtech will break out in 2021. European healthtech exits have been underwhelming so far, but there is a wave of companies shooting for much bigger prizes."

Bouncing back

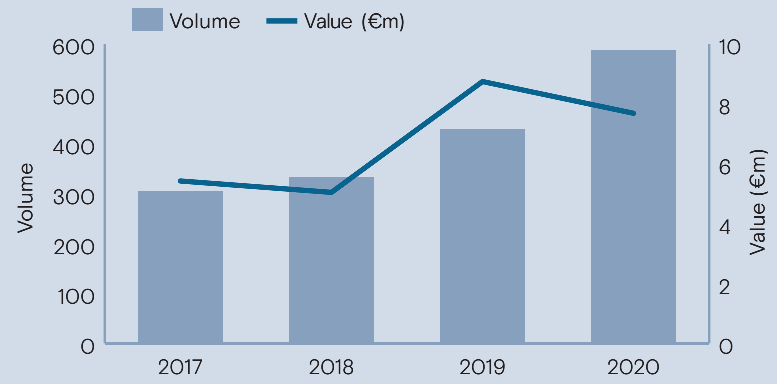
Looking to the upcoming 12 months, Brandis expects the pandemic to slow by Q3 2021, although he hopes that this could already happen by Q2. "That will induce a bounce-back of activity and general confidence, and the negative impacts will be overcompensated for a period of time, since a lot of activity that was being held back can then unfold. In H2 2021, we might even see some overheated activity, once it becomes clear that things are becoming fundamentally better – but I hope it will not lead to crazy valuations."

Schnittker remains optimistic for venture and growth deals this year. "My expectation is that 2021 will be a good year for VC and for fundraising; I think we will see more new funds on the impact side." He also highlights larger exits as a feature of the market to come this year, as well as in 2022 and 2023.

For seed investors, a resurgence of larger rounds this year once market confidence returns could present interesting exit opportunities, says Holle: "We will see more mega-rounds in Europe; we are more used to them than we were, say, three years ago. We will also see more secondaries – for seed funds like us that have worked with companies for up to seven years, it is a good way to create liquidity."

Brandis says both IPOs and trade sales will remain interesting exit prospects for later-stage companies, although trade sales could become challenging for corporates that have experienced difficulties in 2020. "There is a pressing need for companies to acquire good technology assets to drive digitalisation. Finding a company that can absorb these businesses is extending holding periods. There is a need to widen the scope for selling the asset internationally – and the broader and more international you get, the more mature the startup needs to be."

Venture capital activity in DACH



Source: *Unquote Data*

Unquote
An Acuris company

Southern Europe's VC industry continues to grow

Alessia Argentieri
Senior reporter

While some companies had to refocus their activity and rethink their business models, for many startups the coronavirus crisis has created a new wave of interest in their activity.

Despite the challenges and uncertainty sparked by the pandemic, deals across the venture ecosystem have not been scarce, and many local funds have been willing to bet on these promising opportunities. Compared with 2019, deal value in the early-stage space increased by 40% in 2020, while deal volume rose by 21%, according to *Unquote Data*.

The most remarkable early-stage investments recorded in recent months included a €30m series-A round for Spanish drug development company Ona Therapeutics, led by Asabys Partners, alongside Alta Life Sciences, BPI France, Fund+ and Ysios Capital; a €28m series-A round for Italian biotech company Enthera Pharmaceuticals, led by Sofinnova Partners and AbbVie Ventures; and a €20m series-B round for medical devices developer InnovHeart, led by Panakes Partners, alongside Indaco Venture Partners, CDP Venture Capital and Genextra.

"Despite a general slowdown in dealflow caused by the pandemic, the local market is rich in great opportunities for late-stage projects"
Davide Turco, Indaco Venture Partners

In the later-stage space, the region also recorded several significant deals, including a €93m series-C round for Italian payment app operator Satispay, co-led by Tencent, LGT Lightstone, TIM Ventures and Square; a €25m investment in Milan-based delivery apps developer Milkman, led by P101, Vertis, 360 Capital, Italia500 and Poste Italiane; and a $21m round for Jeff, a Spanish business development and brand optimisation platform, backed by All Iron Ventures, Alma Mundi Ventures and FJ Labs.

"Despite a general slowdown in dealflow caused by the pandemic, the local market is rich in great opportunities for late-stage projects, especially across the e-commerce, medtech and deep-tech verticals," says Davide Turco, CEO of Indaco Venture Partners. "The pandemic has accelerated the digitalisation of customer habits and channels, allowing our country to bridge the gap to other European countries that were ahead of us. This is a trend that is destined to last and benefit the entire economy."

Fundraising flurry

The strong potential of the venture capital ecosystem has fuelled the fundraising activity of several local vehicles, which were able to attract the interest of loyal and new LPs to hold a final close.

One such example is Programma 102, which targets European digital and technology startups,

The southern European venture capital ecosystem has not been immune to the many challenges triggered by Covid-19, but has been able to react more promptly and effectively than traditional segments of the private equity market. Alessia Argentieri reports

and closed on €100m in July 2020. The fund has an investor base primarily composed of Italian institutional investors, including Fondo Italiano d'Investimento, CDP Venture, the European Investment Fund, Fondo Pensione BCC and Cassa Forense – collectively, they make up around 65% of the capital. The remainder was provided by various Italian family offices and private investors, which re-upped from the previous vehicle.

Furthermore, several VC funds were launched in 2020 or held their first close in the past few months and are expected to wrap up their fundraising in 2021. Among others, 360 Capital V held a €90m first close in April 2020 and plans to reach a final close in H1 2021, hitting its €150m target; United Ventures' UV T-Growth Fund was launched in July 2020 with a €150m target and expects to hold a first close at the beginning of 2021; and Vertis Venture 5 Scaleup was launched in February 2020 with a €100m target and plans to hold a first close in Q1 2021.

In Spain, Kibo Ventures III, which has a €120m hard-cap, held its first close in 2020, while Nauta Tech Invest V raised €120m in July 2020 and Seaya Ventures III held an €85m first close in October 2020.

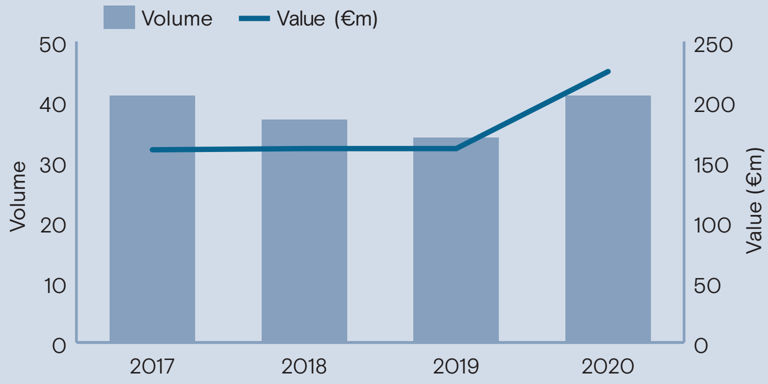
Tech still flourishing

Although the pandemic has not yet run its course and a lot of uncertainty remains, the VC industry seems to have largely benefited from the changes triggered by the crisis and it is forecast to flourish in the coming months.

"Some people expected many investors to shy away from early-stage startups, which are considered very high-risk assets, especially in a time of crisis," says Massimiliano Magrini, managing partner of United Ventures. "On the contrary, the pandemic has shown everyone the importance of a vibrant technology ecosystem and has sped up the digitalisation of some of the most traditional sectors of our economy.

"Despite being smaller and less developed than other segments of the private equity industry, venture capital has a great influence on the long-term wellbeing of the entire economy. And, now more than ever, this has proven to be essential."

Early-stage deal activity in southern Europe



Source: *Unquote Data*

Evolving VC landscape fuels venture secondaries

Denise Ko Genovese
Associate editor

While venture secondaries have been around for a long time, especially in their direct form, there has been some reticence for fund-level secondaries in the venture space: the buying of an LP stake in a VC fund typically results in exposure to dozens, if not hundreds, of underlying venture-stage companies. Exposure to each company is limited, so numerous stakes are needed to create critical mass.

Furthermore, analysing all the firms for valuation purposes is lengthy, so deep discounts are usually sought when buying VC fund stakes on the secondaries market. Early-stage investments typically have limited financial information available and the businesses can be highly technical, which are barriers that most traditional investors find difficult to overcome. Many investors are also uncomfortable with companies not breaking even or having low EBITDA multiples, as is often the case with VC investments.

However, as in any asset class, secondaries are still a way of getting exposure fast – and given the increased overall appetite for venture in recent years, the market is benefiting despite the hurdles. In addition, the continued decline of IPOs as an exit route for venture in Europe has been driving appetite for venture secondaries; both in terms of direct secondaries, where a VC firm comes in to buy out a founder and/or owner, but also through the use of dedicated secondary capital to buy LP stakes in VC funds.

"As companies have stayed private for longer and grown in valuation over the past seven to eight years, venture has become more attractive for secondary funds," says Gibb Witham of venture capital firm Paladin Capital. "There are more dedicated secondary VC funds coming in as early as series-B and up, through to pre-IPO."

Compared with coming into venture at the early stage, coming in later after various funding rounds gives comfort to some investors, especially given that valuations are seen as more concrete. The later years in the life of a VC fund is where the value creation is found, so secondaries are an opportunity for investors to get access to this, said Lindsay Sharma from Industry Ventures when talking at *Unquote*'s private markets conference, Allocate, late last year.

Given that these funds have significant mark-ups and may not have been able to show a significant distribution to paid-in (DPI) return because of the longer timeline, early venture investors may be keen to realise some value and sell, so may look to the secondaries market to get some liquidity.

"Funds are staying active far beyond their 10-year lives," says Sharma. "On average, 50% of the total

> "As companies have stayed private for longer and grown in valuation over the past seven to eight years, venture has become more attractive for secondary funds"
> *Gibb Witham, Paladin Capital*

Startups staying private for longer, coupled with investors' desire to capitalise on greater value creation in the later stages of VC funds, are boosting the appeal of venture secondaries. Denise Ko Genovese reports

value to paid-in by year 10 is still unrealised, and at year 15, still one quarter is unrealised. Therefore, asset managers and endowments are rebalancing their venture portfolio and becoming active sellers, as these funds get long in the tooth."

> "Asset managers and endowments are rebalancing their venture portfolio and becoming active sellers, as these funds get long in the tooth"
> *Lindsay Sharma, Industry Ventures*

End-of-life boost

Just as in the private equity buyout space, there has been an increasing trend for continuation vehicles and for fund restructurings in order for VCs to keep hold of the remaining portfolio assets despite a fund coming to the end of its life.

In the venture space, there can be a situation where 75% of a portfolio has been exited and there are just a couple of pre-IPO ones left. In this way, the risk that comes with having a hugely diversified underlying portfolio, typical of a venture fund, is mitigated, as secondary capital is coming in just to restructure or to buy into a few remaining assets.

In September 2020, Pantheon and LGT Capital Partners used secondary capital to back a continuation fund for a portfolio of interests in six clinical- and pre-clinical-stage companies from Index Venture Life VI – a life sciences fund advised by Medicxi. The new €200m fund, MS1, anchored the investment together with co-lead investor LGT, with the new fund committing to invest in each of the six portfolio companies the funding they required to accelerate their clinical development plans through to the next stages of value creation. The investors in Index Ventures Life VI (a 2012-vintage vehicle) received proceeds from the sale of the portfolio to MS1 and were also offered the opportunity to reinvest their proceeds in MS1.

Daniel Roddick from Ely Place Partners says that, in the venture world, after 9-10 years, the companies in a fund are unlikely to look anything like they did at the early stage, making it ripe for a different set of investors to take over.

"We are currently working on a deal with an early-stage fund in its ninth year, which is performing well, but with a low DPI," Roddick says. "We ran a process on behalf of the GP to find a secondary investor to offer liquidity for the existing LPs and allow them to lock in a healthy multiple. For the buyer, most of the venture risk has been taken out with good visibility on value drivers, making it more of a growth portfolio than a venture one."

While venture investing through secondaries is not for everyone – much like its primary counterpart – there is little doubt that both GPs and LPs can benefit from the wider strategy. And with copious amounts of secondaries dry powder still earmarked for deployment, coupled with companies staying private for longer, there is likely still much to be gained from VC secondaries for buyers and sellers alike. ■

UK PE weathered Brexit process, lost market share

Katharine Hidalgo
Reporter

Following years of Brexit-related planning and postulating, infighting and agonising, the UK has officially left the European Union. Opinions on the effects of Brexit varied widely throughout the post-referendum period, with many forecasting doom and gloom. However, looking at *Unquote Data* throughout the period, investment volumes for buyouts, venture and growth capital deals have remained relatively stable, if not improved.

And the data does not show big dips along major Brexit landmark events, such as the original Brexit deadlines or leadership changes. By the time the results of the referendum had set in, in the first half of 2017, the UK recorded its highest volume of deals since the global financial crisis (GFC), with 123 buyouts. Investment volume reached another high in the second half of 2019, with 131 deals.

Aggregate value also remained relatively unaffected, with private equity hitting record highs of £29bn and £32bn in the first half of 2018 and the second half of 2019, respectively.

While the volume and value of mega-deals (transactions worth more than £500m) are typically volatile, the trend line for both metrics has continually risen since the referendum, despite initial concerns that larger deals would likely be hardest hit by the new political environment. Major deals include Blackstone, CPPIB and GIC's $20bn acquisition of Refintiv, and TDR Capital's £6.8bn purchase of Asda.

Attritional damage

However, the data shows that the rate of growth in investment volume since the referendum is lower than in the European market, with and without factoring in the more recent impact of the Covid-19 pandemic. Correspondingly, the share of total European buyouts that are transacted in the UK has also dropped since 2017.

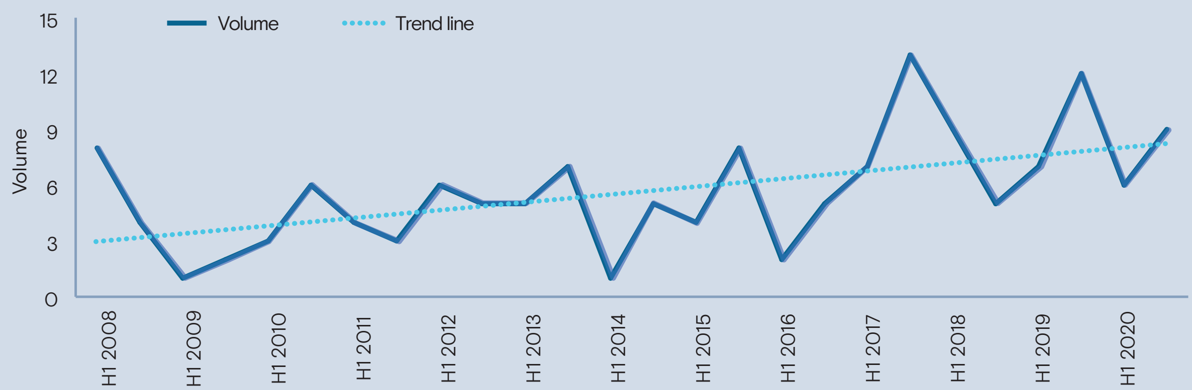
How much Brexit has been a factor behind this trend – as opposed to other markets maturing later than the UK trailblazer – is hard to ascertain through hard data. But *Unquote*, and market participants more generally, have commented at length on the rebalance of power seen in the European private equity market in the late 2010s. Vinay Ghai, a managing director at Baird, speaking to *Unquote* in July 2020, said that more funds were moving their focus, opening offices on the ground and shifting capital, suggesting the coronavirus crisis was likely to reinforce the pan-Europeanisation of private equity.

There has certainly been anecdotal evidence of the damage caused to LP and GP appetite by Brexit, often associated with a lack of certainty. Mikael Falck, head of alternatives at Kåpan

> "We bought an asset in the UK on the day Brexit was happening. Our shareholders are German, but they believe the UK is a good country in which to invest... Brexit will not change that"
> *Edmund Buckley, THI Investments*

The impact of specific flashpoints along the Brexit timeline on UK investment volume and fundraising appears to be muted. But the long-term trends highlight how the rest of Europe may be benefiting, writes Katharine Hidalgo

Volume of UK mega-deals, 2008-2020

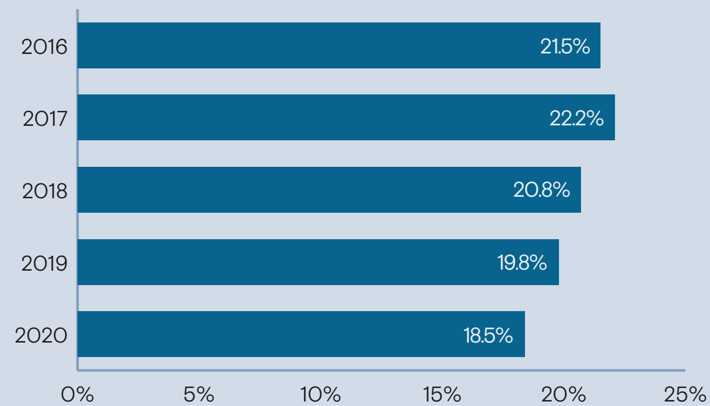


Source: *Unquote Data*

Pensioner, told *Unquote* in March 2020 that he would not opt for a UK-only manager due to ongoing uncertainty around Brexit, though he did say his organisation would consider investing there at some point, as it offers a mature private equity market. The European Investment Fund, of course, has shifted away from investing in the country.

A similar approach has emerged among some pan-European-focused GPs. Crevan O'Grady, Volpi Capital founder, says: "Brexit has not affected our investment strategy directly, but since the referendum, we have been a little bit shy of investing in the UK as we are euro-denominated. If Brexit had been an out and out disaster, and we had dropped out with no deal and sterling had dropped dramatically, having a knock-on effect

UK share of overall European buyout volume



Source: *Unquote Data*

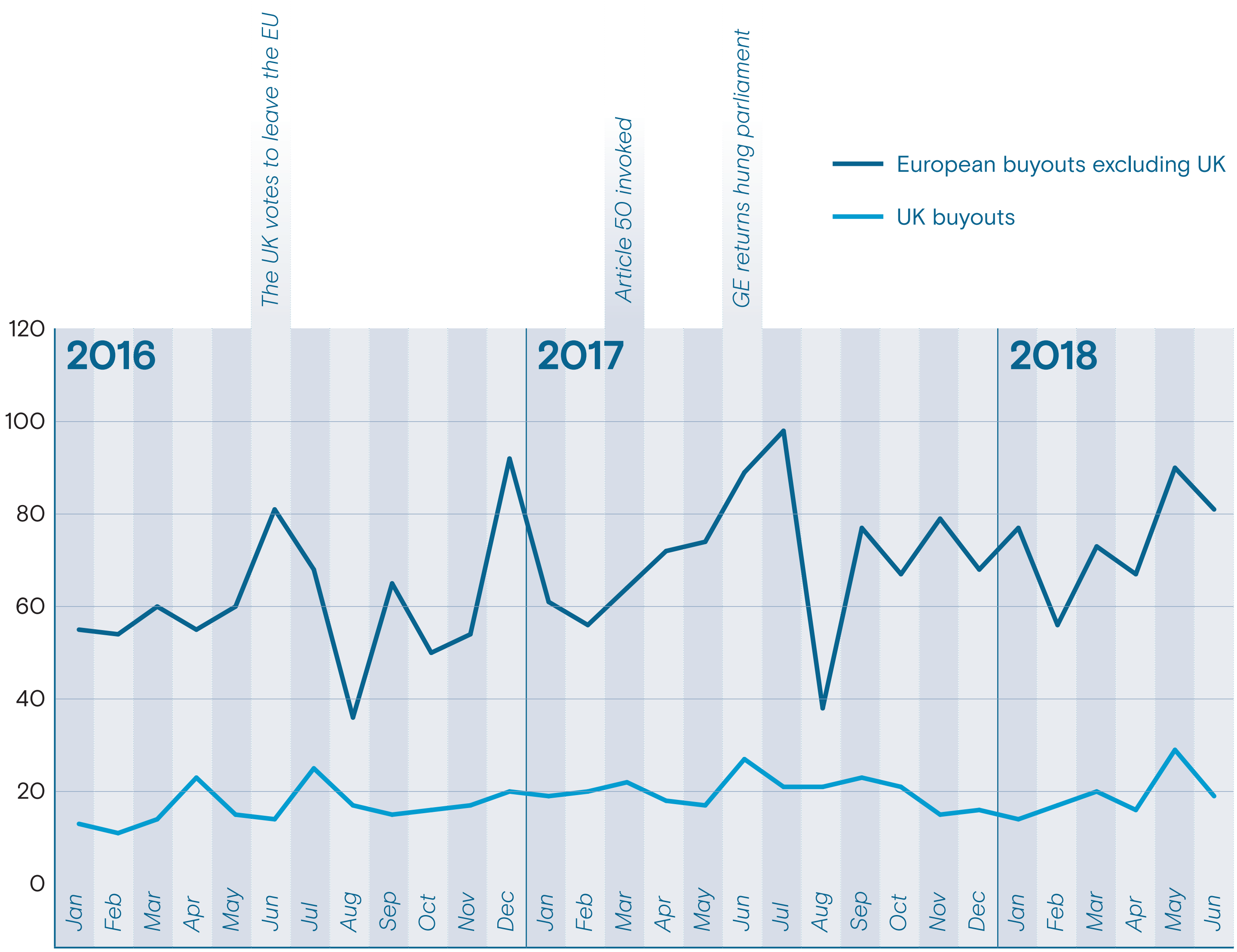
on our UK portfolio companies, our LPs could look at that and say that was an event we could have anticipated."

Keep calm and carry on

Nevertheless, the resilience of the UK PE market to Brexit-related shocks over the past five years highlights how its intrinsic attractiveness is likely to act as a buffer for major shifts in sentiment. As Charles Ind, managing partner at Bowmark Capital, told *Unquote* in 2019: "Even in the worst scenario, Brexit will be a short, sharp shock to the economy, followed by a gradual recovery. Afterwards, investors might reflect on all the great opportunities they missed while the uncertainty prevailed."

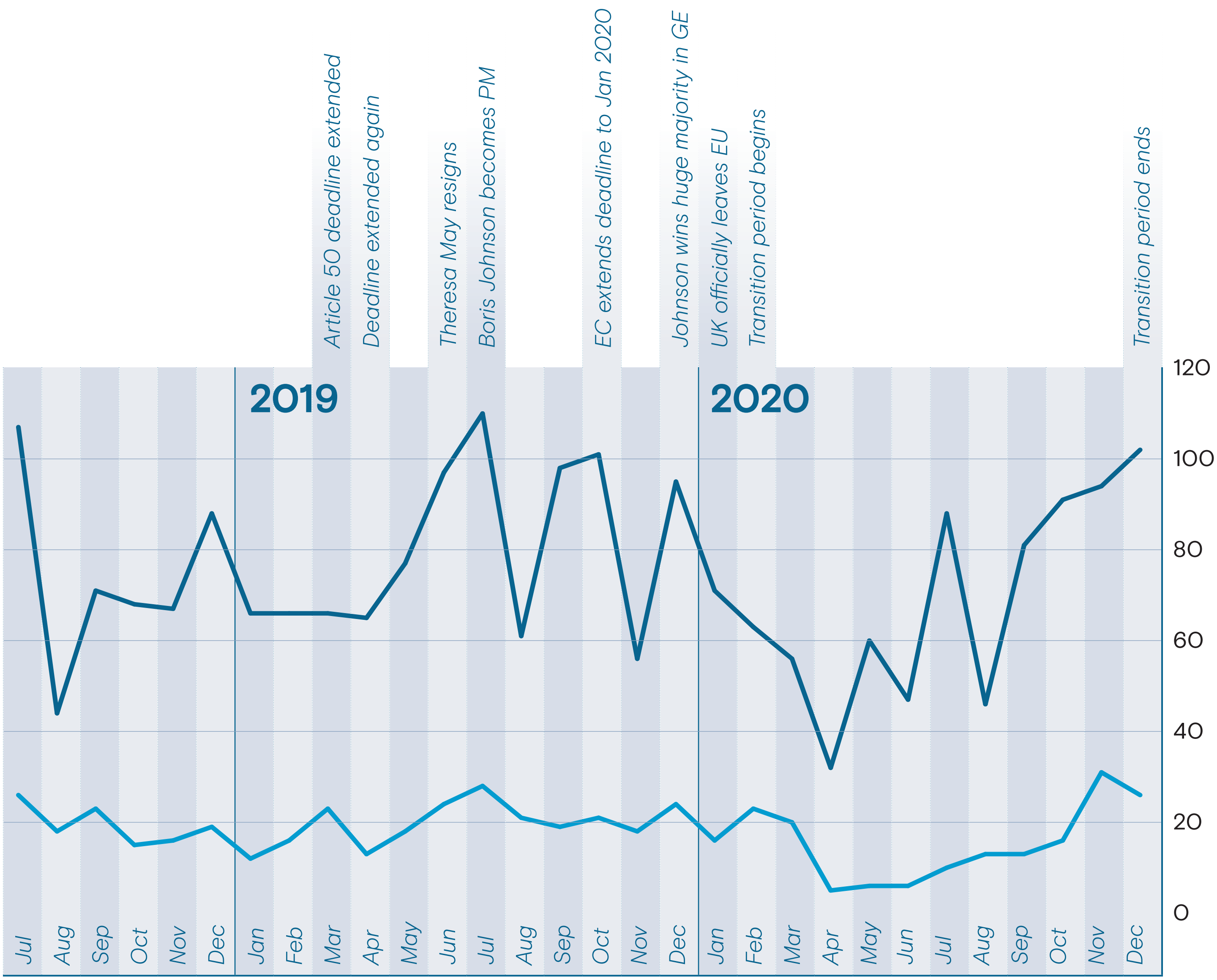
Edmund Buckley, managing director at THI

Volume of buyouts against Brexit flashpoints



Investments, agrees: "Brexit has not really affected our investment strategy. We bought an asset in the UK on the day Brexit was happening. Our shareholders are German, but they believe the UK is a good country in which to invest and I do not think Brexit will change that over the long term." The family office began investing around 18 months ago.

From a fundraising perspective, UK-based buyout managers have also fared well since the referendum despite LP worries, reaching a decade high of 32 final closes in 2016 and remaining around the 30-mark in subsequent years. While some of these funds have a pan-European rather than UK-focused approach, and a handful may not even invest in the UK, these figures hint at continued support for the region. ■



Dry powder overhang sets up secondaries bonanza

Denise Ko Genovese
Associate editor

The market is gearing up for a flurry of secondaries investing in 2021, with an estimated $61bn deployment target, according to a recent report published by secondaries advisory firm Cebile Capital. Despite the expectation of intensified activity in the second half of 2020, large amounts of dry powder earmarked for deployment remained unallocated, resulting in unmet investment targets.

As of November 2020, there was an estimated $18bn's worth of 2020 capital earmarked for secondaries still outstanding, according to the report. Total transacted volume was expected to come in at around $39bn once full-year numbers are out – roughly half of the transacted volume recorded in 2019. Most of the dry powder is concentrated among the largest players; investors with $1bn or more of available capital represent just 11% of buyers by total of number of investors, but represent 61% of the capital pool, according to the Cebile report.

> "Looking back to last year, everything froze in the second quarter, so the market lost a whole quarter of deployment, which investors will want to make up for in 2021"
> *Sunaina Sinha, Cebile Capital*

"Looking back to last year, everything froze in the second quarter," says Sunaina Sinha, managing partner at Cebile Capital, "so the market lost a whole quarter of deployment, which investors will want to make up for in 2021.

"And, despite the market being back by June, the dynamic in the market was that investors were cautious, especially in pricing secondary

Market players have high hopes for a busy 2021 on the secondaries front, with dry powder mounting up given the Covid-induced deals backlog. Denise Ko Genovese discusses the latest Cebile Capital secondaries report with managing partner Sunaina Sinha

positions. Public markets were up and therefore GP valuations went higher from the end of Q2 and even higher into Q3, so LPs sat on the sidelines as no one wanted to sell at a deep discount with high NAVs. There were no forced sellers in the LP community."

But LPs cannot afford to sit on the sidelines forever; activity picked up towards the end of 2020 and will continue into this year, Sinha says. A return to "normal" is between nine months and a year away, according to more than half of those surveyed by Cebile; while one in three respondents believe that normality is only three to six months away.

GP-led deals continue to dominate

According to Cebile, three key trends will stand out for the first half of 2021: GP-led secondaries will continue to dominate, and will make up roughly one third of transactions; single-asset deals will be the highest growth area; and LP portfolio deals will start to come back in the second quarter after being on hold for much of last year.

The market will not be surprised by the ever-increasing presence of GP-led deals, with roughly $25bn in dry powder earmarked for this strategy alone in 2021. Within the category, continuation vehicles remain popular, as they enable buyers to perform in-depth analysis of the underlying assets and provide managers with additional time to maximise value, Cebile noted in its report. More than two-thirds of buyers expect continuation vehicles to be their most favoured GP-led deal structure in 2021.

> "We will continue to see a flight to quality and safety for LPs in terms of sector and managers that they already know"
>
> *Sunaina Sinha, Cebile Capital*

Cebile's survey respondents – comprising 95% of active secondaries investors, according to the firm – expect demand to be strong, with buyers likely to continue investing in sectors that are their core focus, and placing increased importance on the asset managers themselves. More than 90% of buyers questioned expect to prioritise underlying sectors less impacted by the Covid-19 pandemic, such as business services, IT, TMT and healthcare.

"During uncertain times, you go back to your bread and butter", says Sinha. "Tech and healthcare were already a sectorial shift and we will continue to see a flight to quality and safety for LPs in terms of sector and managers that they already know."

Indeed, investors' desire to deploy significantly more capital in 2021 than they did during 2020 will not result in less scrutiny when underwriting deals and deciding which deals to invest in. On the contrary, the majority of respondents report that they will be increasingly selective in the year ahead. ■

Unquote
An Acuris company

LP Profile: IMCO

Eliza Punshi
Reporter

Established four years ago and headquartered in Toronto, Canadian LP Investment Management Corporation of Ontario (IMCO) is an asset manager for public sector institutions with $70bn in assets under management. It is focused on mid-market funds in North America, Europe and, to a lesser extent, emerging markets. It invests across business services, consumer, healthcare, financial services, technology and media.

In 2019, the LP's private equity allocation was C$1.9bn, or 3% of IMCO's overall portfolio, but it plans to increase this to C$6bn by 2025. At the end of October last year, IMCO committed a total of C$1bn to Kohlberg Investors IX, North Haven Capital Partners VII and Nordic Capital X.

Additionally, the LP plans to construct a portfolio of internally managed direct investments and co-investments. "We give access to direct and co-investing in a cost-effective manner that would otherwise be difficult for clients, especially smaller funds, to access on their own," says managing director for private equity Craig Ferguson. He adds that carrying out direct and co-investment "also builds up our internal sector expertise, which ultimately makes us a more attractive and effective investor, and generates more dealflow".

"As we build our team, we will have more sector-specific knowledge, and a two-way partnership would mean IMCO offering more value than just a cheque"
Craig Ferguson, IMCO

On the topic of GP selection, Ferguson says transparency and a willingness to build a two-way relationship are key factors the LP looks for. Additionally, he also wants chosen managers to help the LP pick sub-sectors that will outperform and can generate dealflow on the direct-investment side. "As we build our team, we will have more sector-specific knowledge, and a two-way partnership would mean IMCO offering more value than just a cheque."

Craig Ferguson, managing director of Investment Management Corporation of Ontario, talks to Eliza Punshi about accelerated deployment activity during the pandemic and the LP's plans to scale up its private equity allocation by 2025

Investment in EMEA currently accounts for a third of the PE portfolio. Ferguson views Europe and the UK as an "efficient market, with robust sectors and some unconsolidated sectors that present opportunities".

Says Ferguson: "Diversification is our driver, and we want to make sure we are exposed appropriately to the European region, which is a big player in the global economy."

Undeterred by the pandemic

While IMCO's preferences in terms of regions and sectors remains the same as before the pandemic, it is looking to make investments in managers and companies that have proven resilient through the pandemic, and that have sustainable future growth strategies.

Ferguson says Covid-19 accelerated its deployment activity, and that the LP was excited to deploy capital during the challenging conditions created by the pandemic. "If you look at other contractions or recessions, the strongest private equity returns occurred in the funds and the deals that were done in the depths of the downturn, and Covid-19 is no different. Coming out of the global financial crisis, the 2008 and 2009 fund vintages produced very attractive relative returns," he says.

For 2021, the LP's plans involve adding several new managers, as well as a continued expansion of its direct and co-investment portfolio. Ferguson thinks the new year will bring continued growth in dealflow and fundraising as the pandemic subsides, but warns that the vibrancy of activity will depend on the speed of the vaccination programme and a return to normal protocols. ■

"If you look at other contractions or recessions, the strongest private equity returns occurred in the funds and the deals that were done in the depths of the downturn, and Covid-19 is no different"
Craig Ferguson, IMCO

Key team members

Craig Ferguson is managing director of IMCO. He joined the company in 2020, following nine years as managing director at Manulife Capital, leading deal teams in private equity and credit investments.

Bert Clark is CEO of IMCO. He oversees the firm's strategic direction and global growth. He has past experience as president and CEO of Infrastructure Ontario, which manages the province of Ontario's real estate portfolio and delivers public infrastructure projects.

Jean Michel is chief investment officer of IMCO. He leads the firm's investment team and oversees all global investment activities, including portfolio construction, asset allocation and strategic partnerships.

Christian Hensley is senior managing director for equities and credit, and has been with IMCO since 2019. He oversees IMCO's private equity, public equities and global credit programmes, which are executed both internally and through external managers.

DACH small-cap deals stabilise after the storm

Harriet Matthews
Reporter

According to *Unquote Data*, buyout activity in the DACH region slumped in 2020, recording 184 buyouts worth around €44.6bn, compared with 197 buyouts totalling €54.1bn in 2019.

However, deals valued at less than €25m had a market share of 43% in 2020, compared with 30% in 2019, and that small-cap segment was the only bracket to actually see deal activity increase.

Christoph Kauter, a managing partner at Beyond Capital Partners (BCP), says the pandemic did not have a significant impact on the firm's small-cap deal pipeline. “Last year, even though it was a ‘Covid year’ and from late March until the end of June there was very little adviser activity, we still had 170 deals under review over the entire year. Usually, we have 150-200, so this was not too different from other years. “

Large-cap processes, which are generally more likely to take place via heated auctions, faced challenges in 2020 in the DACH region and beyond. “As a buyer, if you are in an uncertain environment and there is a fully fledged auction where you might be paying 10-15x, you might ask yourself if you should be doing this deal right now,” says Ralf Flore, managing partner at Ufenau Capital Partners. “First, buyers would know that they might not get the financing; and second, as a fund manager, you have to ask if this is an appropriate valuation when there would be more visibility in 12 months' time. Many larger players are doing deals more selectively. If you are the owner and do not have to sell, that is the worst moment to do it. But the lower end of the market is more entrepreneurial and so deals can get done more easily.”

Risks and opportunities

“The number of larger deals fell significantly in 2020, so it is not just that small-cap deals have grown, but it is a stabilisation,” says Sven Oleownik, partner and head of Germany at Gimv. “In these times, a lot of entrepreneurs are discovering that their companies might not be as stable or crisis-resilient as they expected. They can be very exposed, and the crisis is making them think about diversification, to build up a firewall. It is getting more and more important not to be exposed to the next potential crisis.”

Bringing a partner on board can address some of these problems, Oleownik says: “Many want a partner to add money and to spread the risk, to grow with add-ons and internationalisation, or to get the skills on board that they are lacking.”

Andi Klein, an investment advisory professional at Triton, who is also responsible for the GP's Smaller Mid-Cap Fund, sees very little hesitancy from sellers at the lower end of the enterprise value spectrum: “We have seen entrepreneurs and

“The number of larger deals fell significantly in 2020, so it is not just that small-cap deals have grown, but it is a stabilisation”
Sven Oleownik, Gimv

Small-cap dealflow remained fairly stable in the DACH region in 2020, despite the coronavirus crisis. Harriet Matthews reports on the drivers and opportunities in the segment

owners in the small-cap range making the decision to sell, and they are not necessarily postponing conversations, since those are mostly bilateral to start with. These sellers still want to de-risk."

"In this segment, especially if it is a primary transaction, it is not only about the purchase price," says Kauter. " It is more about what the buyer is bringing, such as support for future growth, or support from the buyer's existing portfolio companies."

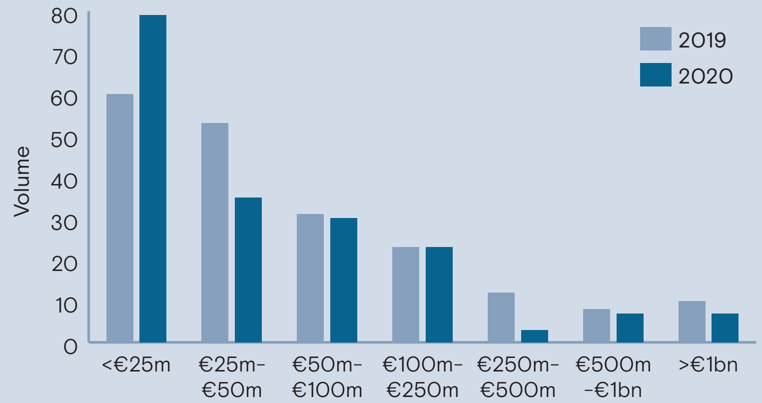
Triton's Klein says that securing financing can be difficult for deals in the €25m range. "Banks perceive very small companies as higher risk due to their higher volatility – for example, they have more dependency on fewer people, and there is also usually no leverage or credit history." Many sponsors opted for all-equity deals to get transactions done, market sources told *Unquote*.

Pragmatism is key

Ufenau's Flore says due diligence can be less lengthy and complex for smaller businesses. "It is easier to analyse a company with €10-50m in sales than one with €500m-1bn that will depend more on macroeconomic factors and travel bans." Many sponsors also found ways around the issues of leverage or financial uncertainty, Flore says: "With smaller deals, you are closer to the entrepreneur, you can suggest earn-outs or reinvesting, and you have a more pragmatic and closer relationship."

Small-cap buyouts for asset-light deals proved popular in both 2019 and 2020 in the DACH region. Industrials and basic materials deals accounted for 41% of small-cap deals in the DACH region, compared with 37% in 2019, demonstrating the sector's continuing importance for small-cap sponsors and turnaround investors. However, the remaining 59% were for companies in the healthcare (8%), technology (23%) and consumer goods and services (28%) sectors.

DACH deal size ranges



Source: *Unquote Data*

"There could be an even sharper differentiation between the asset-light companies that we acquire and the asset-heavy ones in 2021," says BCP's Kauter, although he expects small-cap activity as a whole to remain fairly stable again in 2021. "Sponsors targeting asset-heavy businesses might want to acquire those later with more visibility, after Covid." ■

Unquote
An Acuris company

Sponsored comment

Q&A: Rutland's Birt and Hamilton-Allen

***Unquote*: Looking at the companies in your segment of the market, what are the main issues that businesses are wrestling with?**
Matt Hamilton-Allen: Beyond the immediate focus on cash preservation and employee safety, the challenges facing businesses today vary enormously by sector. For the worst impacted, the issue remains around viability of their current structure and proposition: do they have a long-term reason to exist, and can they adapt? For those indirectly affected, mainly facing supply-side disruption, ramp-up presents challenges both in terms of maintaining employee safety and engagement, and managing supply chains and resources that may have exhausted or limited capacity. For those that have benefited, the focus is around maintaining the underlying momentum and capitalising on the opportunity the disruption has presented.

Jason Birt: The common issue encountered by most businesses across all segments is continued uncertainty. Much of the economy has operated in a stop-start fashion due to intermittent lockdowns, and this fosters an uncertain operating environment. Management teams are having to react to changing circumstances very quickly, and they are having to ensure that operations are as flexible as possible and that regularly refreshed scenario planning is in place.

***Unquote*: Are the various support packages adequate, and how can investors step in to help?**
JB: We have seen an unprecedented level of government support and a raft of measures designed to help businesses. Given the speed at which events have unfolded and support measures have been implemented, it is inevitable that some companies will fall between the gaps and require more direct assistance from their owners/investors. In any case, support packages will only typically provide a sticking plaster; in order to succeed, most businesses will need to make permanent changes, not least because many of the trends kickstarted by the pandemic will be here to stay. In particular, the dynamic of headcount versus technology is a real debate for many and this needs investment.

Matt Hamilton-Allen, Rutland Partners

MHA: This is where the mentality and skillset of a specialist investor can create value – through our ability to see through complexity and appreciate

Matt Hamilton-Allen and Jason Birt, investment directors at special situations fund Rutland Partners, discuss how the pandemic has reshaped opportunities in their market and shone a light on the role investors can play

Jason Birt, Rutland Partners

the underlying proposition of a business, and structure a way to preserve and drive growth.

***Unquote*: Do you expect this to translate to an increase in dealflow for "stressed" (as opposed to pure distressed) investments?**

JB: We expect to see more business owners/ managers looking for an engaged and supportive investor as the focus shifts from short-term fixes to longer-term strategic aspirations, and what may be required to achieve this. A significant amount of management time will have been taken up by reacting to the combination of the pandemic, lockdowns and Brexit uncertainties, leaving little bandwidth to consider what change and investment is required to succeed in the medium term.

MHA: The current disruption has brought an increased number of opportunities and the line between stressed and distressed can be fine. In addition, many private owners will be looking to de-risk and realise value after recent events, and in some cases will need an investor like us because the sale story will be less well prepared than might otherwise have been the case.

***Unquote*: How did your current portfolio fare throughout 2020, and what will be the priority there in the coming months?**

MHA: Our portfolio has performed very well, which is due to our model of low gearing, businesses that are dominant in their sectors and is also a credit to the management teams in place. We experienced some dislocation and forced facility closures, but the teams there have worked tirelessly to preserve cash, keep employees safe and rebuild momentum. Some of the portfolio has seen an uptick in trading due to changing consumer behaviours. We have some very strong performers, including HCC and Armitage, which we exited to trade in October, realising a 5.7x multiple.

JB: When some of the companies were closed for part of lockdown, we used this time to plan for an optimal restart upon reopening. Each portfolio company has adapted their approach and processes to ensure the safety of employees and customers. With the efforts made over the past year, we are confident that each company has the resources and firepower to exploit the opportunities ahead. ■

GPs fear Covid-19 impact more than GFC

Harriet Matthews
Reporter

Dechert held a webinar in December 2020 to coincide with the release of its *Global Private Equity Outlook* survey. Panellists from Dechert were partners Ross Allardice and Siew Kam Boon, as well as Markus Bolsinger, partner and co-head of private equity. Guest speakers were Greg Belinfanti, senior managing director at One Equity Partners; John Bolduc, executive director at HIG Capital; and Emilio Pedroni, managing director at First Atlantic Capital.

Comparing Covid-19 with the global financial crisis (GFC), 44% of those surveyed think the pandemic will affect the market more severely, while 32% say it will only be slightly more severe. Meanwhile, 24% expect the effect to be of a similar severity to the GFC. Almost all the GPs expect distressed deals to increase (90%), while 82% cited more deal delays as a feature that will emerge from the crisis. A further 64% expect to see more fund restructurings, and 55% expect to see a suspension of fundraising.

"The number one obstacle for deal-making is valuation," said Belinfanti of One Equity Partners, commenting on the challenges in the current market. "Availability of debt has increased dramatically – there was a tremendous amount of uncertainty in March and April 2020, so some people made investments and took opportunities not to lever. In December, debt markets were open and basically back to their 2018-19 levels. But the combination of extremely available debt capital markets and robust public market valuations makes valuations challenging. In recent memory, this feels like 2000 from a valuation perspective."

> "The combination of extremely available debt capital markets and robust public market valuations makes valuations challenging"
> *Greg Belinfanti, One Equity Partners*

Exit opportunities are expected to remain "very unfavourable" or "somewhat unfavourable" by 61% of the survey participants. The most common challenge was determining whether to hold a portfolio company for longer, to take advantage of expected growth, or until the market recovers (22%).

Deep pockets

In spite of market and geopolitical uncertainty, as well as the lack of certainty on the rate of vaccine deployment, the panellists remained optimistic for deal-making opportunities in 2021, with dry powder cited as a key factor. SPACs were highlighted by Belinfanti as both a potential PE buyer and an exit alternative, while Dechert's Boon said the number of corporates competing with PE funds is likely to increase, as will the growth of tech-orientated funds and the consolidation in the distressed space.

The survey revealed that PE players in Europe, the US and Asia-Pacific have $1.7tn in dry powder. Dechert's Bolsinger said: "The past decade has seen the global PE industry build up a substantial

Three quarters of GPs surveyed in Dechert's *Global Private Equity Outlook*, conducted in partnership with *Unquote* sister publication *Mergermarket*, expect Covid-19 to have a more severe effect on the market than the global financial crisis. Harriet Matthews reports

war chest. It is now essential to focus on industry verticals – the days of the PE generalist are over, people need to operate opportunistically, embracing different deal structures and diversified asset classes. Growth capital, carve-outs, buy-and-builds, and partnering with strategic buyers will be important in this uncertain but competitive environment."

Of the GPs who told the survey they were currently fundraising, the greatest challenges cited in this process were convincing investors that their capital would be put to work quickly (26%) and LPs' inability to conduct sufficient due diligence (26%). Other challenges cited were large LPs concentrating their investment relationship on a smaller number of funds (17%) and competition with other funds for LP capital (13%).

LP interest in co-investment remains significant, with 74% of GPs reporting that the level of interest in co-investments and joint ventures among their LPs has increased in the past 12-24 months. LPs' desire for greater control on the direction of portfolio companies was cited by 30% of GPs as a driver for this, while a further 28% said LPs seeking to average down the overall cost of investing was a factor.

Add-ons and creative deals

GPs are increasingly prepared to embrace less straightforward ways of deal-making in order to deploy capital. Of the 36% of GPs who said that they generally retain a minority stake when exiting a portfolio company, 50% said that their targeting of minority investments, including retaining a stake on exit, had increased. Making lower-risk investments or diversifying risk was cited as a motivation for this by 32% of these GPs, while 24% said such arrangements can be attractive to founders who are resisting a control investment.

Data from *Mergermarket* cited in the survey showed that there were 1,249 add-ons completed in the Q1-Q3 2020 period, an increase of 28% compared with the same period in 2019.

Bolsinger also set out the key advantages of pursuing a buy-and-build strategy: "Buy-and-build is a proven strategy that results in EBITDA expansion and multiple expansion of the add-on business by folding it into a larger and more stable enterprise that demands a larger multiple; and there is revenue expansion by cross-selling. If executed well, it is a win-win for the companies you are bringing on board, as well as the platform companies."

GPs in the survey were asked to select their top two challenges in executing buy-and-build. Almost a third (32%) cited generating and/or raising acquisition capital, including debt, within the portfolio company, as a top challenge. Formulating a strategy for synergies and growth was also cited as a major challenge by 31% of participants. Of the factors that came in second place, integrating the add-on and identifying sufficient suitable targets during the holding period were both cited by 22% of GPs, with gaining buy-in from the management of the target companies in a close third place (21%). ■

Expert voices

In a series of 2020 review podcasts, *Unquote* dives into the data to discover how the various regions of Europe performed during the coronavirus crisis

Unquote Private Equity Podcast: UK & Ireland 2020 Review

Unquote editor Greg Gille welcomes *Unquote*'s UK market specialist, Katharine Hidalgo, to discuss how the UK industry fared in 2020, and what is on the minds of market players in 2021.

The coronavirus crisis made an impact on UK buyout volume almost immediately in March 2020 – and with just 21 deals recorded, the second quarter of 2020 saw the lowest number of deals since the first quarter of 2009. The global lockdowns and travel restrictions put in place in response to the pandemic also meant deal activity and fundraising was effectively put on hold. However, buy-and-build proved a good way for GPs to deploy, and investors progressively adjusted working habits to achieve some semblance of normality in their operations, drawing investment volumes back towards pre-Covid-19 levels. But could a potential capital gains tax hike on the horizon threaten to halt the momentum that started rebuilding as 2020 came to a close? ■

Unquote Private Equity Podcast: DACH 2020 Review

DACH PE players faced challenges in deal-making and fundraising in 2020, leading to a focus on portfolio management and defensive investment decisions. Overall, the DACH market was one of the least affected by the pandemic in the first half of the year, with buyout dealflow holding on well. One of the unlikely beneficiaries could be the small-cap buyout space, and particularly the sub-set of companies operating in ultra-resilient sectors. In turn, local players have highlighted how the landscape of processes is changing – with some mid-cap sponsors looking down a bracket, offering both increased competition and potential exit routes to their smaller peers.

Unquote reporter Katharine Hidalgo hosts *Unquote*'s DACH market specialist, Harriet Matthews, to discuss these trends, and highlight what to look for in 2021. ■

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

Unquote Private Equity Podcast: France 2020 review

France was one of the countries hit the hardest by coronavirus early on in the pandemic, with a very strict lockdown severely impacting PE activity for most of Q2. However, it also had one of the strongest rebounds as restrictions eased in early summer, with GPs striving to resume the investment pace that made France the busiest European PE market in recent years.

Unquote editor Greg Gille discusses key takeaways from a tumultuous year in the French market, and how dealflow and fundraising prospects are faring as 2021 rolls on.

Looking at some of the largest deals inked in 2020, it is quite clear that GPs will continue to focus primarily on ultra-defensive sectors for deals in the mid-market and up: private hospitals, animal health, nursing and care homes, insurance brokerage and higher education are all expected to continue attracting interest. ■

Unquote Private Equity Podcast: Nordic 2020 Review

Unquote reporter Katharine Hidalgo welcomes *Unquote*'s Nordic market specialist, Eliza Punshi, to discuss how the Nordic PE industry fared in 2020 and the challenges ahead in 2021.

Sweden's response to Covid-19 and the country's avoidance of stringent national lockdowns may have helped its private equity market remain as strong as in the previous year. Finland also performed well, in part due to its budding tech ecosystem, which will have been bolstered by the supercharged digitalisation trend.

More generally across the Nordic market, the number of tech buyouts finally exceeded the number of industrial buyouts in 2020, with 48 deals in the tech sector and 27 in the industrials sector. Even as recently as 2018, industrial buyouts exceeded tech dealflow by more than half. ■

Unquote Private Equity Podcast: Southern Europe 2020 Review

Unquote's southern Europe specialist, Alessia Argentieri, joined the podcast to discuss how the Covid-19 repercussions are playing out in the region, as well as the headline PE statistics and the outlook for 2021.

The general uncertainty spread by the pandemic caused a decrease in dealflow and a significant decline in fundraising activity across southern Europe in the first half of the year, with the worst quarter being Q2 with only 16 buyouts for a combined EV of €1.1bn. But things rebounded quickly during the summer respite, before the market was once again faced with considerable uncertainty amid the second wave.

The market may need time to regain confidence as Italy and Spain look for a way out of the pandemic, but local players expect a more active and dynamic 2021, both in terms of deal volume and fundraising activity. ■

Funds round-up

Heal Capital closes debut fund on €100m

Healthtech-focused venture capital firm Heal Capital has held a final close for its debut fund on €100m. The fund was launched in December 2019 with a target of €100m and held a first close on €80m in January 2020.

The vehicle makes investments in healthtech companies based in Europe, participating in rounds from the seed stage onwards. The vehicle has so far made three investments: in neuromodulation therapy platform CereGate; AI-backed triage platform Infermedica; and Siilo, a communication app for healthcare professionals.

The fund deploys average equity tickets of €3m in initial rounds, but can deploy €3-5m, with up to €15m available for a platform investment. Half of the fund will be held back for follow-on investments.

"In total there will be 20-25 investments; we are always looking to close four to six per year and we are well on track for this," managing partner Christian Weiß told *Unquote*. "There are a couple of announcements outstanding at the moment."

Weiß expects the healthtech market to present interesting acquisition opportunities for both trade buyers and financial sponsors. "Trade sales are opening up, but there are more and more business models that are being ramped up, with models appreciated by traditional sponsors emerging." ■

Heal Capital Fund

TARGET	€100m
LAUNCHED	Dec 2019
CLOSED ON	€100m, Jan 2021
FOCUS	Venture capital, healthtech
FUND MANAGER	Heal Capital

LSP launches €150m fund dedicated to dementia treatment

Life Sciences Partners (LSP), a European firm dedicated to life sciences investments, has launched a new vehicle, LSP Dementia Fund, with a €150m target.

The fund will be managed by Philip Scheltens, a neurologist and professor of cognitive neurology at Amsterdam University Medical Centers, who also heads the Alzheimer Center Amsterdam.

The vehicle will invest in companies that are developing drugs for neurodegenerative diseases, focusing on all stages of dementia drugs, medtech development and novel treatments.

In just a few months on the road, LSP raised €50m from strategic parties, financial institutions and family offices. LSP believes that the fund will ultimately reach at least €150m, given this significant appetite among investors, the firm said in a statement. ■

LSP Dementia Fund

TARGET	€150m
FOCUS	Life sciences
FUND MANAGER	Life Sciences Partners

A round-up of recent fundraisings throughout the private equity industry, including Heal Capital's €100m debut fund; Montana Capital Partners OSP V's €1.3bn close; and Patron closing its sixth fund on €844m

Montana Capital Partners closes OSP V on €1.3bn

Montana Capital Partners (MCP) has announced the final close for Opportunity Secondary Program V (MCP OSP V) on its hard-cap of €1.3bn, surpassing its €1bn target.

The vehicle was registered in February 2020, according to *Unquote Data*. The fund was announced in April 2020 and closed in December 2020. The GP said in a statement that the fundraising process took eight months and that the process was oversubscribed.

Clifford Chance provided legal advice on the fundraise. The GP did not work with a placement agent.

The GP's predecessor vehicle, MCP OSP IV, held a final close in April 2018 on its hard-cap of €800m, surpassing its target of €650m.

The fund has around 40 LPs, MCP said in a statement, comprising sovereign wealth funds, pension funds, insurance companies, family offices and foundations. The LP base includes institutions from Europe, Asia, the Middle East and the US. The GP has committed 2% of the fund's target volume of €1bn. The average LP commitment was around €35m.

LPs in MCP OSP IV include insurance companies such as Deutsche Rückversicherung and Zurich Life Assurance, as well as the London Pensions Fund Authority, according to *Unquote Data*.

The fund will make both LP stake deals and GP-led transactions, as well as direct co-investments, single fund stakes, small portfolios and funds-of-funds stakes, MCP said in a statement.

"We will aim to make 45% of our deals in the US and 45% in Europe, with 10% invested in the rest of world," managing partner and co-founder Marco Wulff told *Unquote*. "We target small, mid-cap and large buyouts, as well as growth funds, although we are more reluctant when it comes to venture capital."

Wulff confirmed that the fund will follow the same strategy as its predecessors, but with more opportunities to invest in larger deals. "We have always focused on our segment, which is the small end of the market and deals below €50m. We can increase the number of transactions with the new fund, but this also gives us the flexibility to do larger transactions."

"We acquired a larger portfolio with GIC from Ping An last year using Fund IV and Fund V, and, with the new fund, we have more flexibility for larger transactions," Wulff said.

In October 2020, GIC and MCP acquired a portfolio from the Chinese firm valued at $875m. MCP OSP V is now around 10% deployed. ■

MCP Opportunity Secondary Program V

TARGET	€1bn
LAUNCHED	May 2020
CLOSED ON	€1.3bn (hard-cap), Dec 2020
FOCUS	Secondaries, co-investments
FUND MANAGER	Montana Capital Partners

Patron closes sixth fund on €844m

Patron Capital has closed its sixth-generation fund on €844m. Launched in the first quarter of 2019, the fund held a first close in May 2019 towards its initial target of €800m.

The fundraise includes approximately €128m in co-investment capital. Patron Capital V, the fund's predecessor, closed on €949m in July 2016.

The fund is a closed-ended Jersey-based Limited Partnership, while the firm itself is headquartered in London. Evercore acted as placement agent.

Of the capital raised, 83% came from Patron's existing investor base, including pension funds, sovereign wealth funds, endowments, foundations and asset managers. The fund has more than 20 LPs, including several consultant and advisory firms that represent more than 30 LPs.

"The GP commitment is initially 1% and can be increased to 5% during the investment period. We anticipate that it will be 2-3%. Perhaps unusually, our GP commitment comes entirely from the personal commitment of the wider Patron team," said Keith Breslauer, Patron's managing director.

Patron VI will continue the same investment strategy as the firm's previous funds, opportunistically targeting from 10 to more than 15 distressed investments, directly or indirectly related to property, across western Europe. The typical equity cheque will be €30-90m.

The fund has completed seven investments and is in the final stages of closing on several others, using approximately 25% of the fund's investment capacity, according to a statement. ■

Patron Capital VI

TARGET	€800m
LAUNCHED	Jan 2019
CLOSED ON	€844m, Jan 2021
FOCUS	European property-related distressed opportunities
FUND MANAGER	Patron Capital

Anima Alternative 1 holds €117m first close

Anima Alternative has held a €117m first close for its direct lending vehicle, Anima Alternative 1. The fund was launched in September 2020 with a target of €150m and a hard-cap of €200m.

Anima Alternative 1 has received commitments from several institutional investors, including Fondo Italiano di Investimento, via its fund-of-funds FoF Private Debt Italia.

In the coming months, Anima expects to further expand its LP base, which is primarily composed of Italian institutional investors, including pension funds, insurance companies and bank foundations.

Anima Alternative 1 will mainly provide debt facilities, including senior debt, unitranche, second lien and mezzanine. It will also deploy around 20% of its capital in equity investments for the acquisition of minority stakes.

The fund will target profitable companies with revenues of up to €500m and staff of up to 3,000 employees. It will invest in a range of sectors, excluding financials and real estate, with a special focus on ESG strategies, and will provide tickets of around €10-15m. ■

Anima Alternative 1

TARGET	€150m (€200m hard-cap)
LAUNCHED	Sep 2020
CLOSED ON	€117m (1st close), Jan 2021
FOCUS	Italian mid-market
FUND MANAGER	Anima Alternative

Volpi II closes on €323m

UK mid-market GP Volpi Capital has closed its second fund on €323m. The fund, which had a target of €300m, will continue its strategy of investing in technology-enabled, B2B companies in northern Europe. The fund did not have a hard-cap. Crevan O'Grady, a founder of Volpi, said: "We never nailed it down because we never wanted the fund to grow much beyond €300m."

The fund has a team of 17 investment professionals; the team will continue to grow as the fund is invested, according to a statement. The fund is domiciled in Luxembourg and has a management fee of 2%, a hurdle rate of 8% and a carry rate of 20%.

The firm began raising towards the end of 2019, though the fund was registered in October 2018, according to *Unquote Data*. It did hold a first close, but O'Grady declined to comment on when and how much the fund closed on.

He said: "When we look back on it, immediately post-launch, there was some uncertainty in the world, and traction had slowed to a point, but once we got into the summer of 2020, it was becoming increasingly clear that the world was bifurcating between those sectors that are unaffected, or positively affected, and those sectors that were negatively affected by the crisis. Once that became clear, we ended up closing to our expected timetable, but if I had a choice I would not do it again from home."

The fund's predecessor closed on £185m in April 2018. Rede Partners acted as placement agent, while Loyens & Loeff and MJ Hudson acted as legal advisers.

Volpi secured backing from both existing investors (around 70% of committed capital), and substantial new commitments from European institutions and US-based institutions (around 30%). Said O'Grady: "We did not consider LPs outside of North America and Europe. I think we are just too small to go further afield." University endowments, funds-of-funds, insurance companies and family offices invested.

Volpi II has made five acquisitions to date: Netherlands-based IT services company Mansystems; Norway-based FSM software provider Asolvi; Netherlands-based fleet management software provider Moving Intelligence; Denmark-based software business Boyum IT; and Profit Software, a Nordic IT service for the insurance and banking sectors. O'Grady expected the fund to make three or four more investments, as the fund is now 40-45% deployed.

The firm typically invests €25-75m in equity in businesses with enterprise values of €50-200m. "We have been averaging equity tickets of around €30m across Volpi I and II, with added co-investment making our typical investment around €40m," said O'Grady.

The founder expects to close the fund's next deal in the first half of 2021. ■

Volpi Capital II

TARGET	€300m
LAUNCHED	Dec 2019
CLOSED ON	€323m, Jan 2021
FOCUS	Technology companies in northern Europe
FUND MANAGER	Volpi Capital

UK & Ireland deals

£1bn
Deal value

Waterland's Median Kliniken acquires Priory Group

Waterland Private Equity portfolio company Median Kliniken has agreed to acquire UK-based behavioural healthcare service Priory Group from Acadia Healthcare for approximately £1bn.

The company expects to record turnover of approximately £800m in 2021.

Waterland will wholly acquire the company from US-based healthcare group Acadia Healthcare. Waterland acquired the Median brand from Advent International and Marcol Healthcare in October 2014 in a deal valued at around €1bn, according to *Unquote Data*. It then sold the real estate for €705m and agreed to lease it back from Medical Properties Trust.

The GP then merged Median with its previous competitor, RHM Group, which it had owned since May 2011, to create a new company that operated 72 clinics with 12,000 beds and 9,500 employees. It currently has a turnover of around £1bn, according to a spokesperson for Waterland.

The Priory group previously spent two decades under private equity ownership. Hg was the first PE investor in the group, completing the £88m buy-in management buyout of Priory in 1996. The deal was later syndicated to GPs now known as CCMP Capital Advisors, Montagu Private Equity, Silverfleet Capital and UPM.

The syndicate exited its holding to Westminster Health Care in 2000, which sold it to Doughty Hanson two years later in a £371m deal.

In July 2005, DH sold Priory to ABN Amro, which would later become part of RBS. RBS went on to sell the asset to Advent in 2011.

Advent subsequently made a series of bolt-ons for Priory in education and healthcare services, including the acquisitions of Castlecare Group in 2014, and Life Works and Progress Care in 2015.

Advent sold Priory to US-based Acadia Healthcare in January 2016 for £1.3bn. Acadia subsequently sold 22 of Priory's facilities, as part of a regulatory compliance measure, to BC Partners in October that same year. ■

Inflexion exits BW to trade

Inflexion has sold its stake in UK-based insurance broker Bollington Wilson to listed US-headquartered Arthur J Gallagher.

The transaction is expected to close by the end of Q1 2021 and is subject to competition authority approval.

The GP generated returns of 5x money and 50% IRR on the sale, market sources told *Unquote*. The deal values the company at almost £250m.

Inflexion acquired Bollington Insurance and Wilson Insurance in November 2017, merging them to form Bollington Wilson. Inflexion invested via Inflexion Buyout Fund IV, which held a final close on £650m in 2014 and deploys equity tickets of £15-75m.

Bollington Wilson is the first realisation from the fund, according to *Unquote Data*. The deal was backed by debt from Permira, which acted as the sole senior secured lender in the buyout, according to a statement from Permira issued in 2018.

Bollington Wilson made several add-ons during the investment period, including Bolton-headquartered Watson Laurie in August 2020, which was the company's fourth add-on of 2020, CEO Paul Moors told *Mergermarket* in September 2020. ■

$31.9m
2019 turnover

IK sells minority stake in Third Bridge to Astorg

IK Investment Partners has entered into an agreement to sell its minority stake in research organisation Third Bridge to private equity firm Astorg.

The exit comes three and a half years after IK acquired a minority stake in the company via IK Small Cap I fund. According to the GP, the company has since expanded its product offering globally, particularly in the US.

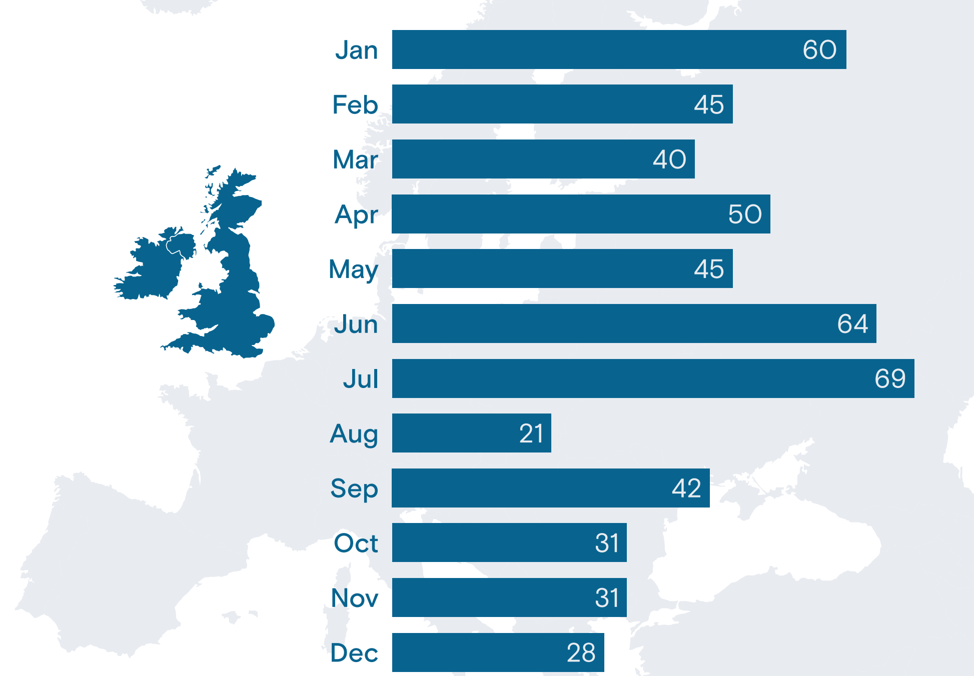
According to data from Companies House, in 2019, the company generated a turnover of $31.9m and EBITDA of $1.3m.

Following the deal, Astorg will own a minority stake in Third Bridge alongside the company's three original co-founders, Emmanuel Tahar, Joshua Maxey and Rodolphe De Hemptinne, who remain invested and active in the leadership of the business.

The deal is subject to legal and regulatory approvals.

Founded in 2007 and based in London, Third Bridge employs 1,000 people in eight offices in North America, Europe and Asia. ■

Volume of VC and growth capital deals in 2020



Source: *Unquote Data*

Benelux deals

€11m
EBITDA

Apax to acquire NL Mental Care from NPM Capital

Apax France is to wholly acquire NL Mental Care in an SBO from NPM Capital.

The transaction remains subject to approval from the Dutch healthcare and competition authorities. The company's management team will continue to lead the business, the GP said in a statement.

NL Mental Care is a non-clinical mental healthcare provider, operating under the brands Mentaal Beter, Vitalmindz, Alleskits and Opdidakt. The company has more than 120 sites in the Netherlands. The business was founded in 2004 and merged with Parigger & de Heer in 2009. NL Mental Care is headquartered in Hilversum and has more than 1,000 employees.

NPM acquired NL Mental Care (Mentaal Beter as it was then known) from Interhealth in 2013. During the investment period, the GP assisted the company with investments in staff training, IT systems and psychiatric e-health capabilities, according to a statement.

The business also made a series of add-ons during the investment period. It acquired dyslexia-focused Praktijk Van Waterschoot in January 2020, and in 2019 bolted on Karmijn Kapitaal-backed Opdidakt. In 2018, Mentaal Beter acquired market peer Van Rhoon Psychologen.

Apax is currently deploying equity via Apax France X, which held an interim close in March 2020 on €1.2bn, meeting its target. The fund has a hard-cap of €1.4bn and invested in Groupe Crystal in September 2020, according to *Unquote Data*. The fund invests in businesses with enterprise values of up to €500m.

Unquote sister publication *Debtwire* reported in September 2020 that the sale was underway, with KPMG mandated to advise. Sources told *Mergermarket* that interested bidders could include Waterland Private Equity, Bencis Capital Partners, G Square Private Equity and Gilde Healthcare, all of which have industry experience. The business was marketed based on EBITDA of €11m.

In December 2020, *Unquote* sister publication *Mergermarket* reported that Apax was in exclusive talks to acquire NL Mental Care. *Debtwire* reported in the same month that the deal was to be an all-equity transaction. ■

Forbion *et al.* invest in NAP

Forbion, Morningside Ventures and Ascendant BioCapital have led a $196m series-A funding round for Dutch clinical-stage biotechnology company NewAmsterdam Pharma (NAP).

The round also saw participation from BVF Partners, Life Sciences Partners (LSP), JVC Investment Partners, Kaiser Foundation Hospitals, Population Health Partners, Medpace, GL Capital, Presight Capital Janus Henderson Investors and entrepreneur Peter Thiel.

LSP took part in this funding round through its recently launched LSP Dementia Fund, which has collected €50m so far and expects to raise total capital of €150m.

Following the deal, Morningside's Jason Dinges and Ascendant's Gaurav Gupta will join the company's board of directors.

NAP intends to use the fresh capital to finance the full phase-III development of its obicetrapib drug. The company expects to complete phase-IIb clinical trials for obicetrapib in Q2 2021 and initiate phase-III clinical trials in Q4 2021.

Established in 2019 and based in Naarden, NAP is a clinical-stage company focused on the research and development of transformative therapies for cardio-metabolic diseases.

2000
Year founded

Holland Capital backs lifecycle management firm Dimensys

Holland Capital has invested in Dimensys, a Dutch company specialising in asset and product lifecycle management.

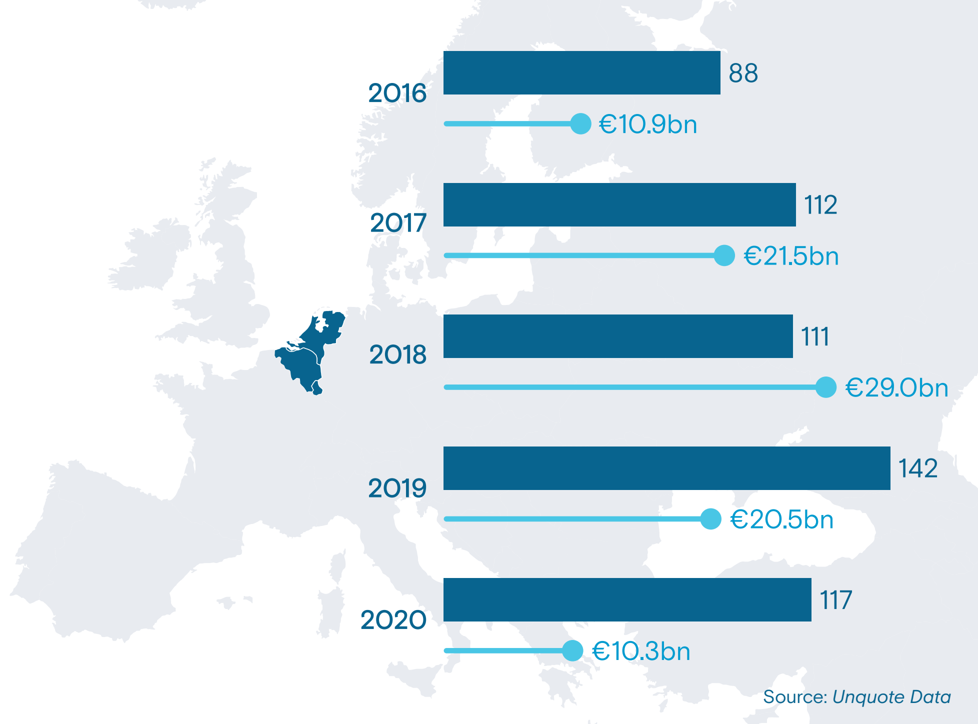
Dimensys intends to boost its growth and further consolidate its market position in the Benelux and DACH regions, while accelerating its product innovation.

Holland Capital is a private equity firm focused on investment opportunities in the Netherlands, primarily across the healthcare and technology sectors. Over the past 40 years, Holland Capital has invested in 140 small and medium-sized businesses, financing venture, growth capital and buyout transactions.

Dimensys provides product lifecycle management, project and portfolio management, and manufacturing execution systems to engineering, construction, energy and manufacturing firms.

The company is based in 's-Hertogenbosch with an office in Antwerp. Its client base includes ASML, ProRail, Infrabel and Heijmans.

Benelux buyout activity



Source: *Unquote Data*

CEE deals

100
Staff employed

BaltCap acquires Baltic Ticket Holdings

Private equity firm BaltCap has agreed to acquire a majority stake in Estonian ticketing service Baltic Ticket Holdings (BTH).

The deal is still subject to regulatory approval. It comes 16 months after Estonian investor UP Invest acquired the company in October 2019. In October last year, BTH merged with MM Grupp.

UP Invest's former CEO, Sven Nuutmann, will buy a minority stake in BTH and will join the company as its group CEO.

The deal will allow BTH to develop its platforms further and improve its service offering.

The GP is deploying equity from BaltCap Private Equity Fund III, which has a hard-cap of €150m and held a first close above target on €126m in October 2019.

The vehicle will invest €10-20m in 8-10 companies in Finland, Sweden and the Baltic region with enterprise values of €10-50m.

BaltCap partner Oliver Kullman said in a statement that, although 2020 was a rough year for culture and entertainment, the GP believes "the market will quickly recover once Covid-19 restrictions are eased".

It plans to use the recovery phase to invest in upgrading the company's digital products.

Founded in 1997 in Estonia, BTH operates several ticketing services, including Piletilevi in Estonia, Bilesu Serviss in Latvia, Nacionalinis Bilietu Platintojas in Lithuania and Kvitki Bel in Belarus. The company employs 100 staff.

People

Baltic Ticket Holdings – Jaanus Beilman.

BaltCap – Oliver Kullman.

Advisers

Equity – Cobalt (*legal*); PwC (*financial due diligence*).

Learn Capital backs Brainly

Learn Capital has led an $80m series-D funding round for online learning platform Brainly.

The firm, an existing Brainly investor, was joined by Prosus Ventures, Runa Capital, MantaRay and General Catalyst Partners.

Funds from the round will be used to bring new products to the Brainly community for both students and their parents, according to a statement. It will also expand its presence in Brazil and Indonesia.

In September 2012, Point Nine took part in a $500,000 funding round for Brainly alongside several private investors.

General Catalyst led a $9m series-A round for Brainly in 2014, alongside Runa, Point Nine and Learn Capital. Brainly used the funds to open an office in New York and hire a US-based team.

Point Nine Capital took part in a $14m third funding round for Brainly in October 2017. Other participants in the round included Kulczyk Investments, as well as existing backers Naspers, General Catalyst Partners and Runa Capital.

Naspers led a $30m round for the company in July 2019, which saw participation from MantaRay.

Founded in 2009 and headquartered in Krakow, Brainly operates a social learning network for students. ■

200
Cities covered

D1 Capital Partners leads €150m round for Bolt

D1 Capital Partners has led a €150m round for taxi hailing service Bolt, alongside investment fund Darsana.

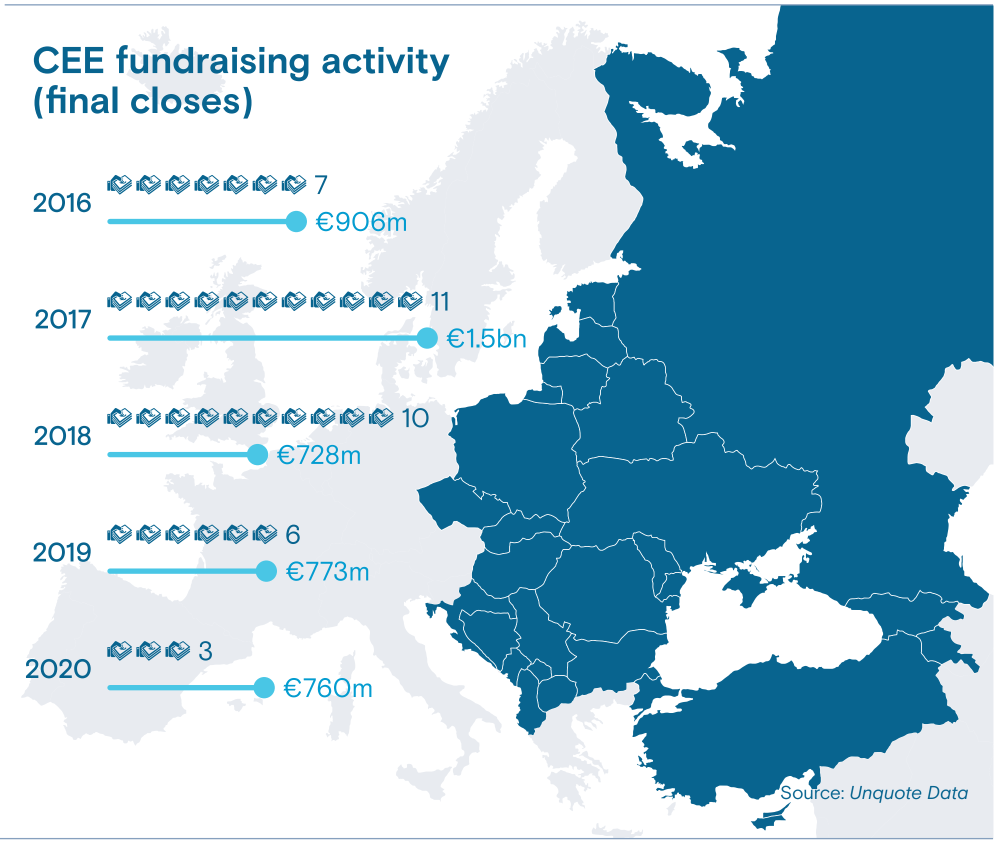
Bolt will use the funds to enhance the safety and quality of its products as it continues to grow its ride-hailing, scooter hire and food delivery services in Europe and Africa.

In 2014, TMT Investments and Rubylight provided funding of €1.4m for Bolt.

In May 2018, German automotive firm Daimler, alongside Korelya Capital, Chinese ride-sharing app Did Chuxing and Transferwise founder Taavet Hinrikus completed a $175m funding round for the company.

Bolt raised $67m in a series-C in July 2019. The backers included Nordic Ninja, Naya Capital, Creandum, G Squared, Invenfin and Superangel.

Founded in 2013 and based in Tallinn, Bolt is a ride-hailing platform. The company now covers 200 cities, according to EU Startups. ■



CEE

DACH deals

€10m
2020 EBITDA

Novum Capital sells Schluckwerder to Valeo

Novum Capital has sold its stake in marzipan and nougat producer Schluckwerder to Ireland-based Valeo, a portfolio company of CapVest.

Novum said in a statement that 2020 saw Schluckwerder record its highest ever revenues, having reported turnover of €99m in 2019.

The company's management is to remain on board following the transaction, according to the same statement.

Novum acquired Schluckwerder from former owner Rolf Schluckwerder in January 2019 via Novum Capital Special Opportunities Fund I, according to *Unquote Data*. The vehicle held a final close in February 2017 on €75m.

Unquote sister publication *Mergermarket* reported in September 2020 that the sale of Schluckwerder was in its second round. The company was expected to report 2020 EBITDA of €10m and generated EBITDA of €9.3m in 2019. A source close to the situation told *Unquote* that the process comprised both trade buyers and sponsors.

CapVest acquired Batchelors and OriginValeo in September 2010, merging the two companies to form Valeo. Following the acquisition of Schluckwerder, the company will report revenues of €1.2bn. The company has now made 18 add-ons during the investment period, according to a statement.

Valeo's add-ons have included a number of private equity portfolio companies in the food industry. Valeo acquired Blackstone's Tangerine Confectionery in August 2018. According to *Unquote Data*, Valeo reported 2018 revenues of €900m. Most recently, the company acquired NVM Capital's It's All Good, as reported by *Unquote* in December 2020.

Founded in 1845 and headquartered in Adendorf, Schluckwerder produces marzipan, nougat and chocolate confectionery products. It employs approximately 500 people.

People
Novum Capital – Felix Homann.
Schluckwerder – Gérard Rog, Jochen Rock, Marc Dieck.
Valeo – Seamus Kearney.

Advisers
Vendor – Network Corporate Finance (*M&A, debt advisory*); Kümmerlein (*legal*); Taxess (*tax*).

SHS sells Single Use Support

SHS has sold its stake in pharmaceutical logistics business Single Use Support (SUS) to US-based pharmaceutical business Pall.

The transaction generated a money multiple of more than 7x for SHS.

SHS acquired a minority stake of almost 20% in SUS in November 2019, investing via SHS V Fonds. The vehicle held a final close in July 2019 on €130m, and generally invests a maximum of €30m per company. SUS is the first exit from the vehicle.

"We expected to hold the company for much longer, maybe for three to five years – but the company was exploding in terms of revenues and customer growth, and the product became the gold standard in managing transportation for high-value liquids in the pharma space," SHS managing partner Sascha Alilovic told *Unquote*. "So we thought it would be good to have a bigger partner to accompany that extreme growth."

Founded in 2015 and based in Kufstein, SUS produces single-use bags for the transportation of liquids in the pharmaceuticals sector, as well as for frozen products.

The company now employs more than 40 people, compared with 15 employees in 2019.

$1.7bn
Company valuation

Index Ventures leads $125m round for Personio

Index Ventures has led a $125m series-D funding round for Germany-based HR software company Personio.

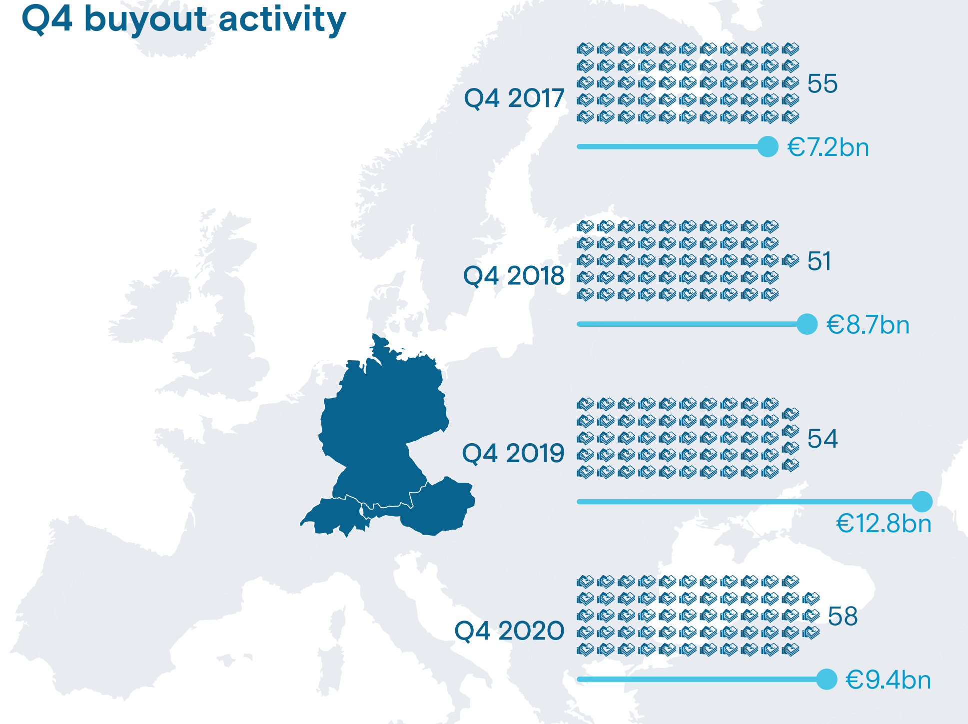
New investor Meritech Capital co-led the round alongside Index. Accel, Lightspeed Venture Partners, Northzone, Global Founders Capital and Picus Capital also participated.

The latest round values the company at $1.7bn.

Northzone led a €10.5m series-A funding round for Personio in August 2017, investing alongside existing backers Global Founders and Picus. In January 2019, Index led a $40m series-B round for Personio. Accel led a $75m series-C round for Personio in January 2020, joined by investors including Lightspeed Venture Partners, business angel Lars Dalgaard, Index, Northzone, Global Founders and Picus.

Berlin-headquartered Personio intends to use the fresh capital to expand in Europe and to develop its software platform.

Q4 buyout activity



Source: *Unquote Data*

France deals

€156m
2019 revenues

Siparex exits microcars maker Ligier

Siparex has sold its majority stake in French microcars manufacturer Ligier to minority investor Edify and the company's management team.

Minority shareholders Crédit Agricole Régions Investissement, Crédit Agricole Centre-France Développement and BNP Développement also exited the investment.

Following the deal, investment holding company Edify will become the majority shareholder, while Ligier's management team, led by CEO Francois Ligier, will increase its current stake. Edify invests in mid-market companies based across Europe that operate in the industrial and consumer sectors.

The sale ends a holding period of almost five years for Siparex, which acquired a majority stake in Ligier from 21 Partners, investing alongside the company's main executives. The deal saw Edify, Crédit Agricole Régions Investissement, Crédit Agricole Centre-France Développement and BNP Développement become minority investors in the business.

21 Partners created the Ligier Group with the merger of car specialists Ligier and Microcar in 2008. The deal was made via a new holding company, Group Drive Planet. 21 Partners acquired a 75% stake in the company, while the Ligier family retained the remaining 25%. The combined group's enterprise value exceeded €100m.

Under Siparex's ownership, the company bolstered its growth and increased its revenues from €98m in 2015 to €156m in 2019, while expanding its presence across Europe.

Founded in 1968 and headquartered in Abrest, near Vichy, Ligier specialises in manufacturing licence-free recreational vehicles, such as mini cars, quad bikes and open-top roadsters.

The company markets its products under the Ligier and Microcar brands and has a distribution network composed of 550 dealerships across 11 European countries.

Ligier employs 225 staff spread between two production sites in Boufféré and Abrest, and produces around 10,000 vehicles per year. It generated revenues of €156m in 2019.

IK buys LSA from BlackFin

Private equity firm IK Investment Partners has entered exclusive discussions to acquire a majority stake in French online insurance brokerage platform LSA from BlackFin Capital Partners.

The deal values the company at €75-90m, according to French publication *Capital Finance*.

French VC firm Isai joined IK as minority backer, alongside LSA's CEO Bertrand Liber and the management team.

IK is deploying equity from its €550m IK Small Cap II fund, which was raised in 2018. The transaction is its 15th investment from the vehicle, having acquired a majority stake in financial adviser Valoria in December.

BlackFin exits the company five years after wholly acquiring it, when it was operating as Lucheux.

Founded in 1970 and headquartered in Rueil-Malmaison, LSA is an online insurance brokerage platform providing property and casualty cover for individuals and small businesses in France. The company specialises in automotive insurance products for non-standard risks, and operates the brand Assurpeople.com. ■

People

LSA – Bertrand Liber.

IK Investment Partners – Arnaud Bosc.

Isai – Christophe Poupinel.

500
Staff employed

Abénex backs Squad MBO, Apax exits

Abénex has backed the management buyout of French cybersecurity firm Squad.

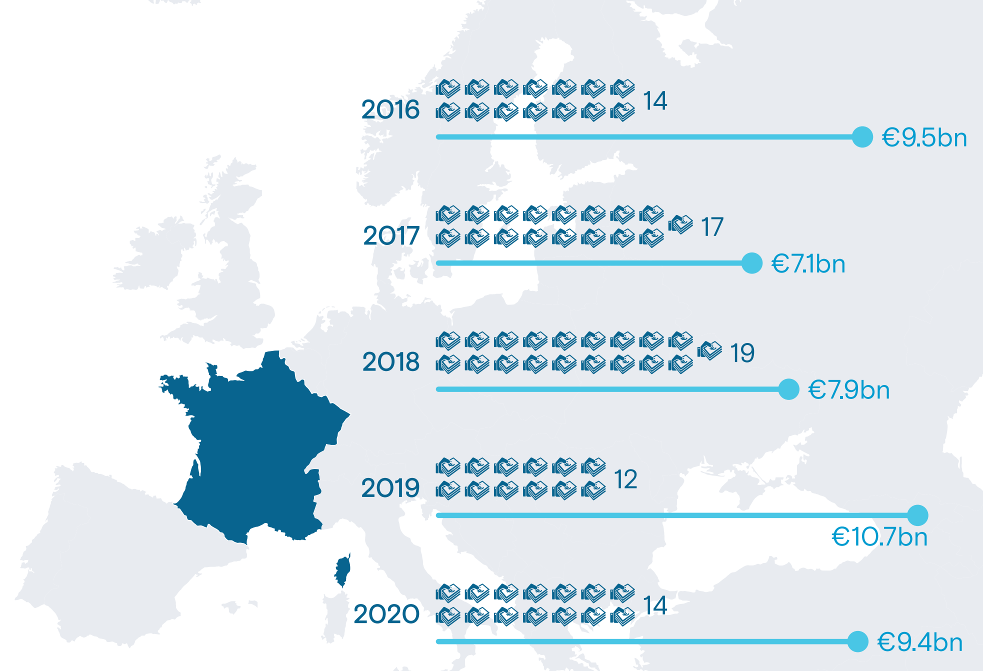
French GP Abénex secured a stake alongside founders Eric Guillerm and Marc Brua, as well as 15 of the group's executives.

The GP is currently investing via its flagship fund Abénex V, which launched with a target of €350m in 2014 and closed on €425m in 2017. It usually invests €10-60m in French companies with enterprise values of €15-300m.

The deal was arranged to allow for a reorganisation of the capital structure. In October 2017, Apax Partners Development (formerly EPF Partners) invested around €10m in the cybersecurity business; it has now exited the company.

Established in 2011, Paris-based Squad offers cloud-based digital and cybersecurity services to French businesses. It employs more than 500 staff and operates out of seven branches in France and one in Australia. ■

Final closes of French buyout funds



Source: *Unquote Data*

Nordic deals

SEK €1bn
2020
turnover

Litorina, Bragnum back Nordic Surface Group

Nordic investor Litorina, together with Bragnum Invest, has acquired Nordic Surface Group (NSG) from Capillar Equity.

The deal comes less than a year after Capillar invested in six companies – Stoby Måleri, Ekbladhs Måleri, Bruske Måleri, Målerimetoder, Vaksala Måleri and B Krafft Måleri – acquiring a stake of slightly more than 50%, alongside the companies' management, and creating a new entity called NSG.

Litorina and Bragnum will own a majority stake in the company, though the former will have a controlling stake, with the latter brought on board for its expertise in the building service industry.

The management and local entrepreneurs will retain a large minority stake.

Litorina deployed equity from its fifth fund, Litorina V, which held a final close in August 2018 on SEK 3bn, and has so far made seven platform investments. The GP said the vehicle still has room for a few more platform investments.

The deal was partly financed with bank debt. Litorina partner Mattias Letmark said the leverage was low because the team wanted "some flexibility and room for further expansion, and will work with the bank to increase leverage over time".

The GP's focus will be on accelerating growth and will pursue an active buy-and-build strategy. Its initial focus for add-ons will be in Sweden, and it expects to sign a new add-on in a few weeks' time, with a second deal at the due diligence stage, and a few more at very early stages. Letmark said: "The strategy is to only buy the best, the local market leaders."

The transaction is subject to competition authority approval and is expected to close in Q1 2021.

Founded in 2020, NSG consists of six companies offering painting and other surface products such as flooring, tiling, astroturf and facade finishing. The group has sales of SEK 1bn (€98.8m) and employs more than 800 people in central and southern Sweden. ■

People

Nordic Surface Group – Jonas Danielsson.

Litorina – Mattias Letmark, Paul Steene.

Bragnum Invest – Lars Österberg.

Alder sells Nordic Water

Swedish private equity firm Alder, alongside the management, has agreed to sell Nordic Water to listed, Switzerland-based engineering company Sulzer in a SEK 1.2bn deal.

The GP exits eight years after it bought a 40% stake in Nordic Water which it increased to a majority ownership in 2016. The company's revenues grew at an average rate of 8% per year, with profits increasing four-fold during the holding period, the investor said.

The deal will allow Sulzer to grow its wastewater treatment business through equipment that is complementary to its existing portfolio, and improve its offering for municipal and industrial water customers.

The transaction is subject to regulatory approval and is due to close in Q1 2021.

Founded in 1961 and headquartered in Gothenburg, Nordic Water is a water treatment company providing screening, sedimentation and filtration services. It employs 200 people at 13 sites in six countries. The company forecasts revenues of SEK 700-800m and EBITDA of SEK 100m in 2020. ■

People

Alder – Henrik Flygar.
Sulzer – Greg Poux-Guillaume.

3-5x
eEquity return

eEquity, Bonnier Ventures sell Refunder to trade

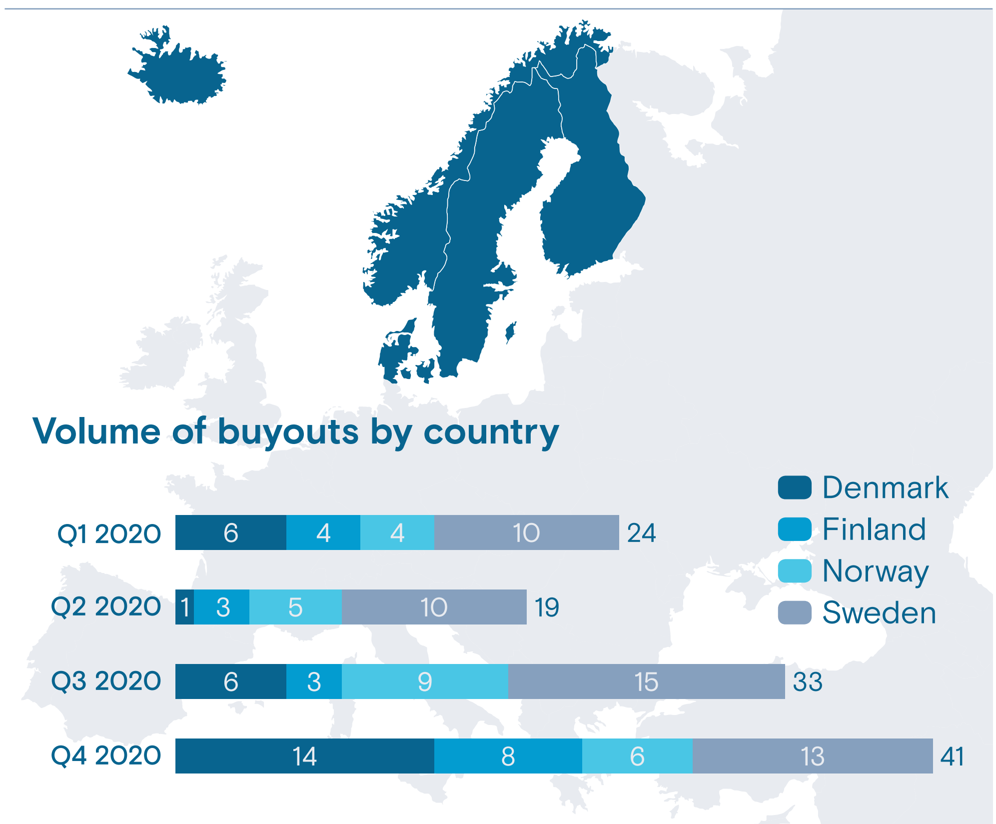
UK-based Top Online Partners Group will wholly acquire Swedish cashback website Refunder from eEquity, Bonnier Ventures and its management.

According to *Dagens Industri*, the deal is worth SEK 200m, with eEquity achieving a multiple of 3-5x on the transaction.

eEquity exits the company three years after acquiring a stake, while Bonnier invested in the company in 2014.

Refunder CEO and co-founder Fredrik Ohlsson said in a statement that becoming part of the TopCashback group would allow it to attract more high-end merchants to its platform and improve its product offering.

Founded in 2014 and based in Stockholm, Refunder is a cashback provider with around 1,000 retailers as customers on its website. Since 2018, the company has also operated in Poland. The company has fewer than 50 staff and generated a turnover of around SEK 70m in 2020. ■



Southern Europe deals

60%
Stake acquired

DeA Capital buys Alnut

DeA Capital Alternative Funds has acquired a 60% stake in Spanish food company Alimentación y Nutrición Familiar (Alnut).

Following the deal, food producer and Alnut's current owner Foodiverse will retain the remaining 40% stake in the business.

With this investment, DeA intends to strengthen Alnut's market position, bolster its international growth and boost its innovation capabilities.

Founded in 2010 and headquartered in Carlet, near Valencia, Alnut specialises in the production of baby food (via its brand Byba) – primarily fruit, vegetables, meat and fish purées and dairy-based desserts, as well as healthy and organic ready meals and food products (via its brand Sun & Vegs). In addition, the company has recently launched a plant-based product line that includes vegan yoghurt and milk alternatives.

Alnut employs 100 staff and sells its products in 16 countries, generating a turnover of €25.7m. The company has so far been controlled by Foodiverse, a food conglomerate that employs 2,500 staff and generates annual revenues of €324m.

DeA backed Alnut via Taste of Italy 2, which held a final close on €330m in November 2020, surpassing its initial target. The vehicle is dedicated to investments across the food and beverage industry in Italy and Spain. It deploys equity tickets of €20-40m, and targets majority and controlling stakes in mid-market companies, generating EBITDA in the €5-20m range.

Taste of Italy 2 intends to deploy up to 30% of its capital outside of Italy, with a special focus on Iberia, which has a strong food and beverage industry. To implement this strategy, the firm opened an office in Madrid in 2019, which is led by managing director Leopoldo Reaño.

Alnut is the second deal inked by the fund, following its investment in Italian ready-meal specialist Gastronomica Roscio in November 2020. ■

People

DeA Capital Alternative Funds – Gianandrea Perco, Leopoldo Reaño.
Foodiverse – Rafael Boix.
Alnut – Joaquín Félix.

Andera invests in Pusterla 1880

Andera Partners has acquired a minority stake in Italian packaging specialist Pusterla 1880.

The GP deployed capital via Winch Capital 4, which closed on €445m in December 2018, only a few months after Andera spun off from Edmond de Rothschild. The fund invests in mid-market companies primarily based in France and Italy, with the possibility of making occasional investments in Belgium, Switzerland and Spain.

Pusterla 1880 is the 10th investment made by the fund and its first deal in Italy. Andera intends to support the company in consolidating its market position, further expanding across Europe and pursuing a buy-and-build strategy.

Headquartered in Venegono, near Varese, Pusterla specialises in producing packaging for the luxury goods industry, primarily for the perfumes, fashion, jewellery, wine and liqueurs sectors.

Employing 1,000 staff across its production facilities located in Italy, France, the UK, Moldova and Tunisia, the company generates annual revenues of around €130m. ■

People

Pusterla 1880 – Roberto Marini, Luca Meana.

Andera Partners – Pierre-Yves Poirier, Antoine Le Bourgeois.

2005
Year founded

MCH Private Equity backs ID software developer Logalty

MCH Private Equity has invested in Spanish digital identity specialist Logalty.

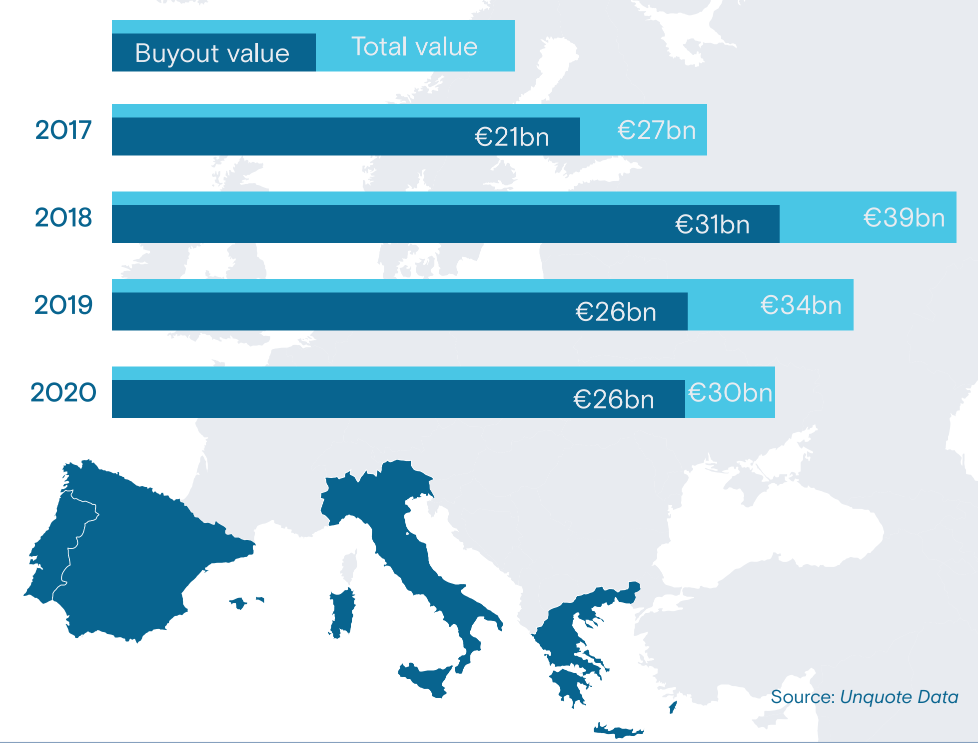
Following the deal, the GP plans to support the company in boosting its growth and international expansion, as well as developing and launching new products.

Tresmares Capital provided a debt package to support the investment.

Established in 2005 and based in Alcobendas, near Madrid, Logalty is a provider of digital identification, electronic signature, website authentication and certified delivery services for clients operating across the banking, insurance, real estate and retail sectors.

MCH is currently investing via MCH Iberian Capital Fund V, which backs medium-sized companies headquartered in Spain and Portugal, generating EBITDA of €5-15m. The fund held a €200m first close in April 2020 and expects to reach its final close in the coming months. ■

Southern Europe deal activity



Source: *Unquote Data*

Unquote
An Acuris company

People moves

John Farrugia
Cavendish Corporate Finance

Farrugia promoted to managing partner

Cavendish Corporate Finance has promoted **John Farrugia** to managing partner.

Farrugia was a partner at the firm for eight years prior to this announcement and will continue to be based in London. He has previously acted as vice-president in M&A at Canaccord Genuity and, prior to that, as an associate director at Cavendish.

Farrugia also held positions at Strata Partners and Close Brothers Corporate Finance, and co-founded software-as-a-service business Guguchu.

Further hires at Cavendish are planned at analyst and executive level, following the merger of FinnCap Group and Cavendish in 2018. The group recently added alternative capital and family wealth to its offering, and is looking to add an origination function in the near future, according to a statement.

Kris Isherwood
BGF

Isherwood and Strang join BGF board

BGF has appointed **Kris Isherwood** and **Jim Strang** as non-executive directors.

Isherwood was CFO of Eight Roads, the investment arm of Fidelity International, which focuses on venture capital, healthcare and technology. Prior to this, she was the group CFO for Fidelity for almost 10 years, acted as CFO for a UK-based life insurer, and was a director at KPMG.

Strang, was a managing director and EMEA chairman of Hamilton Lane. He is also a non-executive director and chairman of the board at Hg Capital Trust, as well as a senior adviser to the private equity group at Bain & Co and a teaching fellow at London Business School. Before joining Hamilton Lane, Strang was a director at Dunedin, and also served as a founding team member and head of European buyouts at Gartmore Private Equity, which is now known as Hermes GPE.

Goodwin appoints Kayser as partner

Goodwin has appointed **Joachim Kayser** as partner in its Frankfurt-based private investment funds practice.

The law firm also announced that **Guido Schlikker** is to join the same team as an associate.

Kayser joins from Dechert and has experience in advising clients including investment funds, asset managers, insurance companies and institutional investors. He advises on regulatory and tax matters.

The firm said in a statement that it expects its newly established funds team to work in partnership with its offices in the US, the UK and Luxembourg.

Gibert to head Flexstone Partners ESG

French asset manager Flexstone Partners has promoted its head of investor relations and business development **Caroline Gibert** as its new head of environmental, social and corporate governance (ESG).

Gibert, who joined Flexstone in 2014 and is based in Paris, will take on the new role in addition to her existing responsibilities in investor relations and fundraising.

In the newly created role, Gibert will lead the firm's ESG strategy at both a firm and portfolio level, and be responsible for strategy, policies, data collection, reporting and processes.

The French investment firm said in a statement that it will focus on four of the UN's Sustainable Development Goals.

Gibert will be supported in her role by an ESG working group. The team will produce

A round-up of recent people moves throughout the private equity industry, including GPs, LPs, corporate finance houses, law firms, placement agents, banks, alternative lenders and due diligence providers

ESG reports to each client and a global ESG report, and aims to reach a target of 40% of women in the investment teams by 2030, and to become a carbon neutral company by 2050.

Capza appoints Zavattaro as partner

Capza has appointed **Stefano Zavattaro** as partner and head of its Italian office.

In his new role, Zavattaro will be responsible for Capza's investments in Italian SMEs and will support the development and expansion of the firm's French, Spanish and German portfolio companies in Italy.

Zavattaro will join Capza associate **Tommaso Galletta** in Milan. In the coming months, the firm plans to further develop its Italian team with new hires.

Prior to joining Capza, Zavattaro worked as a manager for General Electric, taking part in numerous M&A and private equity transactions within the firm's capital division. He also worked for French investor Siparex, where he was in charge of launching their Italian private equity activities, and as head of private equity for Crédit Agricole.

Capza opened an office in Milan in April 2019 with the aim of further developing its presence across Europe, following the openings of an office in Spain in 2016 and Germany in 2017.

The firm has invested in six operations across Spain, three in Germany and one in Italy – a minority investment in Italian baked goods producer Monviso.

Capza has recently held a first close for Capza 5 Flex Equity on €450m. The vehicle has a target of €500m and has already exceeded the size of its predecessor, which closed on €350m in October 2016. With this closing, Capza has reached €4bn in assets under management.

WestBridge expands investment team

WestBridge has promoted three investment professionals.

Edward Minton has been promoted to the position of senior investment manager. He joined the firm as an investment executive in 2018. Prior to that, Minton was an executive at WK Corporate Finance, and previously held positions at Terra Firma Capital Partners and Crowe UK.

James MacLeay has also been promoted to senior investment manager, after he joined the firm in 2018 as an investment manager. He was previously a corporate finance manager at Kingston Smith.

Rebecca Sinclair has been promoted to investment manager. Sinclair started her career at HSBC, where she was a manager in the mid-market financial sponsors team. She joined WestBridge as an investment executive in 2019.

Rebecca Sinclair
WestBridge

Tikehau Capital hires new CFO

French alternative assets manager Tikehau Capital has appointed **Antoine Onfray** as its new chief financial officer.

Onfray will be responsible for developing and implementing the group's financial strategy, Tikehau said in a statement. He will report to **Henri Marcoux**, deputy CEO of Tikehau.

Onfray began his career in 2007 in the General Inspection department of Societe Generale. Between 2010 and 2016, he was head of financing and treasury and head of investor relations at Unibail-Rodamco-Westfield, before becoming deputy CFO of Eurosic. Prior to joining Tikehau, Onfray was group deputy CEO of Paref, a listed real estate group, which he joined in 2017 as CFO.

Antoine Onfray
Tikehau Capital

People moves cont.

Melis Kahya Akar
General Atlantic

General Atlantic promotes two

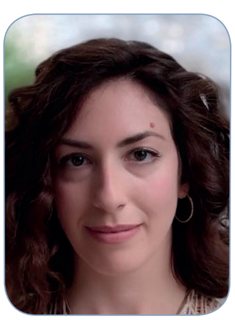
General Atlantic has promoted **Melis Kahya Akar** to the position of managing director and **Caroline Woodworth** to the position of principal.

Akar was previously a principal and head of the consumer sector for EMEA at the firm. In addition to working on investments in EMEA and Turkey, she is a board member at Depop, Joe & The Juice, Gymshark and Sezane.

Before joining General Atlantic in New York in 2015, Akar was a vice-president at TSG Consumer Partners, where she focused on investments in the retail and consumer sectors. Previously, she was an analyst in the investment banking division at JP Morgan, where she concentrated on the consumer and retail sectors.

Prior to this promotion, Woodworth was a vice-president with the firm, focusing on investments in the financial services sector. She also joined the firm in 2015, but was previously a senior associate with JC Flowers & Co in London, where she focused on investments in the financial services industry. Prior to that, Woodworth was an investment banking analyst in the financial institutions group at Citigroup in New York.

Woodworth and Akar will be based in the firm's London office. General Atlantic has also made a host of other promotions in its Mexico City, Munich, New York and India offices.



Antonella Amatulli
Cambridge Associates

Cambridge Associates hires Amatulli

Cambridge Associates has hired **Antonella Amatulli** as an investment director.

She will work in the firm's private client practice, based in London. In her role, Amatulli will work with various families across Europe, and advise on strategic capital allocation, manager selection, portfolio evaluation and performance measurement, with a special interest in helping clients integrate sustainability and impact into their investment portfolios.

Amatulli joins from Younited Credit, where she was responsible for Italian capital markets. Prior to that, she was an investment associate at Cambridge Associates, supporting European endowment and foundation clients and families.

Andrews joins Edge

Edge Investment has appointed **Simon Andrews** to the position of chief investment officer.

Andrews will be responsible for helping to drive growth in current and future portfolio companies.

He joins from BGF, where he was an early-stage investor, prior to which he worked for almost eight years at Octopus Ventures. He also previously worked in M&A advisory and debt financing services for venture-backed companies at the Silicon Valley Bank, and held positions at Jefferies, Lehman Brothers, Merrill Lynch and BNP Paribas.

Nordic Capital promotes two to partner

Nordic Capital has promoted **Pär Norberg** and **Philippe Neuschäfer** to the position of partner.

Norberg joined the GP's investor relations team in 2014 and became head of IR in 2018.

Neuschäfer, a leader in DACH healthcare sourcing and portfolio development, will focus on lower-mid-market healthcare investments in the region. He has been responsible for building Nordic Capital's franchise in the DACH region since joining in 2014. ■