Private equity market led by buoyant European exit market
Revitalised IPO market helps exits surpass buyouts by 41%

European private equity market exits led buyouts in the first six months of 2013 with €29.1bn of exits compared to €20.7bn of buyouts, according to the latest data published by the Centre for Management Buyout Research (CMBOR), sponsored by Equistone Partners Europe Limited and EY.

The rise of private equity backed IPOs have been central to the growth of the exit market. The value of exits in Europe rose 29% since H1 2012 (from €22.6bn to €29.1bn), with private equity backed IPOs accounting for 28% of exits by value so far this year (€8bn). This amount exceeds the combined value of IPOs for full year 2012 (€3.7bn) and full year 2011 (€1.1bn) combined, as the capital markets enjoyed a revival, with PE firms hoping to complete a number of listings in the second half of the year, if the market remains open.

Highlights:

- **Non-Eurozone countries remain attractive** with the UK and Nordic regions accounting for 49% of all European buyouts so far this year by volume and 52% by value

- **Buyout values boosted by ‘mega deals’** in the Business & Support Services and Retail sectors, as a select number of €1bn plus deals make up for a reduction in buyout dealflow across Europe

- **Refinancings gain in popularity**, half year combined value of €20bn represents 83% of 2012 refinancings and surpasses total level in 2011

- **Trade sales attractive to overseas buyers**, with 40% of trade sales going to buyers outside of Europe

Christiian Marriott, Investor Relations Partner at Equistone Partners Europe Limited, commented:

"The exit market has flourished in 2013, with a good number of IPOs. Whilst market volatility will be critical and not all IPOs will launch successfully, if markets do remain open there is a good pipeline for further listings before the year is out.

"The high value of refinancings this year shows that the debt market has been robust, with PE firms often choosing to refinance existing companies, taking advantage of a range of financing options."

Sachin Date, Europe, Middle East, India and Africa (EMEIA) Private Equity Leader at EY, added:

"The PE market continues to attract interest, and it is encouraging to see exit levels picking up but the level of buyouts completing in 2013 remains low. These subdued levels of buyout activity are not reflective of what we are seeing in the marketplace in terms of the pipeline and deals in progress.

"There are encouraging signs that a more active deal market is achievable. Confidence is increasing, there is an appetite for deals and the debt market is buoyant. Yet, despite these positive signs, the market is still challenging and deals are taking longer to complete."

Exits lead buyouts, boosted by flotations

- Confidence in the capital markets spread throughout Europe as the year progressed. Although all three listings in Q1 2013 were in London (Esure, Countrywide, HellermannTyton), three of the five listings in Q2 were from Eurozone countries. Constellium (France) and Taminco (Belgium) listed on the NYSE, while Moleskine (Italy) floated on the Borsa Italiana. The largest listing of the year was Partnership Assurance in London. Elsewhere, Matas also listed in Denmark.

- The climate for IPOs in Europe looks positive for the rest of the year, with a strong pipeline of potential flotations. These include estate agent Foxtons and debt collector Lindorff, which are currently planning initial public offerings. However, equity markets remain volatile and not all planned IPOs will happen.

Non-Eurozone countries outperform Eurozone peers

- UK market remains dominant by both volume and value. There were 83 buyouts in the UK in the first half of this year – a third of the total number of buyouts completed in Europe (249). By value, the UK accounts for 34% of European buyouts (€7.1bn of €20.7bn).

- The Nordic countries account for 18% of buyouts by value in H1 2013, an increase on the proportion recorded for the full year 2012 (13%). This figure was boosted by the €1.2bn buyout of Norwegian oil service company Aibel – the largest deal of Q2 2013.

- At the half year point, Italian deal values are exactly equal to their full year 2012 total: €1.371bn. This is primarily due to the €1.1bn buyout of business information provider Cerved in March, but could suggest improving confidence in Italy. Italy also boasted one of the eight IPOs this year, with Moleskine listing in April.

Buyouts boosted by ‘mega deals’ in Business and Support Services and Retail values

- H1 2013 saw a reduction in the total value of buyout activity, which fell from €25.4bn in H1 2012 to €20.7bn in H1 2013.

- Manufacturing continues to have the most buyouts of any sector, with 72 out of the 249 deals (29%) recorded so far this year. However, the value of Manufacturing buyouts averaged lower than many other sectors at €65m, compared to €81m in Financial Services and €121m in the Transport and Communications sector.

- Buyout values for Retail and Business and Support Services were inflated by big ticket deals. Just two deals contributed 55% of all Retail buyouts by value: B&M Retail (€1.1bn) and Douglas
Holding (€1.5bn) while the €1.1bn buyout of Cerved contributed 31% of Business and Support Services buyouts by value (€3.6bn).

**Refinancings on the rise**

- 2013 has seen 58 refinancings at a combined value of €20bn; representing 83% of the full year 2012 value and surpassing the €19.4bn of refinancings recorded in the full year 2011. The popularity of refinancings suggests the increased availability of debt for companies already within a portfolio.

**Trade sales dominate by volume; overseas buyers tempted**

- Trade sales were the dominant exit route by volume accounting for 47% of the 198 exits completed so far this year. However, secondary exits were the dominant exit route by value with €11.3bn of secondaries compared to €9.7bn of trade sales.

- Of the 93 trade sales this year, 41% went to overseas buyers. 29 were trade sales to American firms, including the €702m sale of Ruetgers Chemicals. A further nine went to overseas buyers from countries such as Hong Kong and Japan, including the €191m sale of Sutton and East Surrey Water to Sumitomo Corp.

For more information:

**College Hill**
Antonia Coad
Chantal Hadley

**CMBOR**
Mike Wright, Professor of Entrepreneurship, Imperial College London Business School and Director of CMBOR
Rod Ball, Research Fellow, Imperial College London Business School

**Supporting charts**
Buy-out Numbers and Exit Numbers - Half year
Buy-out Value and Exit Value (€m) - Half year
Number & Value of Refinancings - Half year
Exits by IPO
Country Charts by Value (€m)

**Notes to editors**
About CMBOR
About Equistone Partners Europe Limited
Buyout Numbers and Exit Numbers - Half year

Source: cmbor/Equistone Partners Europe/Ernst & Young  Year 2013 to end Q2 only

Buyout Value and Exit Value (€m) - Half year

Source: cmbor/Equistone Partners Europe/Ernst & Young  Year 2013 to end Q2 only
Number & Value of Refinancings - half year

Source: cmbor/Equistone Partners Europe/Ernst & Young
Year 2013 to end Q2 only

Exits by IPO

Source: cmbor/Equistone Partners Europe/Ernst & Young
Year 2013 to end Q2 only
Notes to editors

About CMBOR

- The Centre for Management Buy-out Research (CMBOR) was founded at Nottingham University Business School in 1986 and has been sponsored by Equistone since its establishment. It is now based at Imperial College London and celebrated its 25th anniversary in 2011.
- CMBOR is world-renowned as the long-standing leader in providing robust analysis of the buy-out market.
- CMBOR data covers all buyout activity and therefore includes transactions funded on a cash or debt-only basis as well as traditional private equity-funded buyouts.
- CMBOR only uses completed deals to calculate its data. Any pending deals at the end of each quarter are carried over to the following quarter. The data in this press release is for deals completed by 1 July 2013.
- Any European data provided by CMBOR in this release refers to the buyout activity in 26 countries including Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Serbia, Slovenia, Sweden, Switzerland, Turkey, the UK, and the Ukraine.
About Equistone Partners Europe Limited

- Equistone Partners Europe Limited is an independent investment firm owned and managed by the former executives of Barclays Private Equity.
- In January 2013, Equistone successfully completed the final closing of Equistone Partners Europe Fund IV with total capital commitments of €1.5bn.
- The Company is one of Europe’s leading investors in mid-market buyouts with a successful track record spanning over 30 years, with more than 350 transactions completed in this period.
- Equistone has a strong focus on change of ownership deals and aims to invest between €25m and €125m of equity in businesses with enterprise values of between €50m and €300m.
- The Company has a team of 33 investment professionals operating across France, Germany, Switzerland and the UK, investing as a strategic partner alongside management teams.
- Equistone Partners Europe Limited is authorised and regulated by the Financial Conduct Authority.
- For further information, please visit www.equistonepe.com