EUROPEAN BUY-OUTS REPORT
First Half 2017
European Buy-outs Report from the Centre for Management Buy-out Research

First Half 2017

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The Centre for Management Buy-out Research is supported by Equistone Partners Europe (formerly Barclays Private Equity Limited) and Investec Bank having been founded in March 1986 to monitor and analyse management buy-outs in a comprehensive and objective way. It has developed a wide-ranging and detailed database which provides the only complete set of statistics on management buy-outs and buy-ins in the UK and continental Europe. The Centre is part of Imperial College Business School.
CMBOR Methodology

Data only includes the buy-out stage of the private equity market (MBO, MBI, IBO, BIMBO) and does not include any other stage such as Seed, Start up, Development or Expansion capital.

Unless otherwise stated, data includes all buy-outs whether private equity backed or not and there is no size limit to deals recorded.

In order to be included as a buy-out over 50 percent of the issued share capital of the company has to change ownership, with either management or a private equity company or both jointly having a controlling stake upon deal completion.

Buy-outs and buy-ins must be either management led or led by a private equity company using equity capital primarily raised from one or more private equity funds.

Transactions which are deemed not to adhere to the private equity or MBO/MBI model are not included.

Transactions which are funded from other types of funds such as Real Estate funds and Infrastructure funds are not included. Deals in which a private equity firm buys property as an investment are not included.

In order to be included, the target company (the buy-out) must have its own separate financing structure and must not be held as a subsidiary of a parent holding company after the buy-out.

Firms that are purchased by companies owned by a private equity firm are treated as acquisitions and are not included in the buy-out statistics. However, these deals are recorded in the ‘Acquisitions by buy-out companies’ statistics.

All quoted values derive from the total transaction value of the buy-out (Enterprise value) and include both equity and debt.

The buy-out location is the location of the headquarters of the target company and it is not related to the location of the private equity company.

Main abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Debt/EBIT Ratio</td>
<td>Senior debt divided by EBIT (Earnings before interest and tax)</td>
</tr>
<tr>
<td>P/E Ratio</td>
<td>Transaction value divided by EBIT (Earnings before interest and tax)</td>
</tr>
<tr>
<td>PTP</td>
<td>Public to Private</td>
</tr>
<tr>
<td>TMT</td>
<td>Technology, Media &amp; Telecommunications</td>
</tr>
</tbody>
</table>
Contents

List of Figures and Tables ........................................................................................................... vi

Introduction .................................................................................................................................. 1

Section 1A: European Buy-out Market Overview ........................................................................ 2

Section 1B: European Buy-outs .................................................................................................. 6

Section 2: The Buy-out Market in Austria ...................................................................................... 23

Section 3: The Buy-out Market in Belgium .................................................................................... 31

Section 4: The Buy-out Market in Denmark .................................................................................. 39

Section 5: The Buy-out Market in Finland ..................................................................................... 47

Section 6: The Buy-out Market in France ....................................................................................... 55

Section 7: The Buy-out Market in Germany ................................................................................... 64

Section 8: The Buy-out Market in Ireland ...................................................................................... 73

Section 9: The Buy-out Market in Italy .......................................................................................... 81

Section 10: The Buy-out Market in The Netherlands ................................................................. 90

Section 11: The Buy-out Market in Norway ................................................................................... 99

Section 12: The Buy-out Market in Portugal ............................................................................... 107

Section 13: The Buy-out Market in Spain ...................................................................................... 115

Section 14: The Buy-out Market in Sweden .................................................................................. 124

Section 15: The Buy-out Market in Switzerland .......................................................................... 132

Section 16: The Buy-out Market in UK ........................................................................................ 139

Section 17: The Buy-out Market in Emerging Countries ............................................................. 148

Appendix Tables .......................................................................................................................... 157
List of Figures and Tables

List of figures

Figure 1.1: Trends of Buy-outs/Buy-ins .................................................................................. 6
Figure 1.2: Trends of PE-Backed Buy-outs/Buy-ins ................................................................. 6
Figure 1.3: Trends of Buy-outs/Buy-ins below €50m ............................................................... 7
Figure 1.4: Trends of Buy-outs/Buy-ins €50-500m ............................................................... 7
Figure 1.5: Trends of Buy-outs/Buy-ins above €500m .......................................................... 8
Figure 1.6: Average Value of Buy-outs/Buy-ins (€m) ............................................................ 8
Figure 1.7: Quarterly Trends of Buy-outs/Buy-ins ................................................................. 10
Figure 1.8: Quarterly Trends of Buy-outs/Buy-ins below €50m ............................................. 10
Figure 1.9: Quarterly Trends of Buy-outs/Buy-ins €50-500m .............................................. 11
Figure 1.10: Quarterly Trends of Buy-outs/Buy-ins above €500m ....................................... 11
Figure 1.11: Buy-outs/Buy-ins by Source – Percentage of Total Number .............................. 12
Figure 1.12: Buy-outs/Buy-ins by Source – Percentage of Total Value ............................... 12
Figure 1.13: European Buy-outs/Buy-ins by Country – Value of deals (€m) ....................... 15
Figure 1.14: European Buy-outs/Buy-ins by Country – Number of deals .............................. 16
Figure 1.15: Exits of Buy-outs/Buy-ins (Number) ................................................................. 18
Figure 1.16: Exits of Buy-outs/Buy-ins (Value) ..................................................................... 18

Country section charts

Figure 2.1-2: Austria – exit charts .......................................................................................... 30
Figure 3.1-2: Belgium – exit charts ...................................................................................... 38
Figure 4.1-2: Denmark – exit charts .................................................................................... 46
Figure 5.1-2: Finland – exit charts ....................................................................................... 54
Figure 6.1-2: France – exit charts ........................................................................................ 63
Figure 7.1-2: Germany – exit charts .................................................................................... 72
Figure 8.1-2: Ireland – exit charts ........................................................................................ 80
Figure 9.1-2: Italy – exit charts ........................................................................................... 89
Figure 10.1-2: Netherlands – exit charts ............................................................................. 98
Figure 11.1-2: Norway – exit charts .................................................................................... 106
Figure 12.1-2: Portugal – exit charts ................................................................................... 114
Figure 13.1-2: Spain – exit charts ......................................................................................... 123
Figure 14.1-2: Sweden – exit charts ................................................................................... 131
Figure 15.1-2: Switzerland – exit charts ............................................................................ 138
Figure 16.1-2: UK – exit charts .......................................................................................... 147
Figure 17.1-2: Emerging Countries – exit charts ................................................................. 156
List of tables

Table 1.1: Largest European Buy-outs in 2017 ................................................................. 9
Table 1.2: Public to Private Buy-outs/Buy-ins ................................................................. 13
Table 1.3: European PTP Deals in 2017 .............................................................................. 13
Table 1.4: Sector Distribution of Buy-outs/Buy-ins by Number ........................................ 14
Table 1.5: Sector Distribution of Buy-outs/Buy-ins by Value (€m) .................................... 14
Table 1.6: Deal Pricing (P/EBITDA Ratios) ...................................................................... 17
Table 1.7: Deal Pricing (Debt/EBITDA Ratios) ................................................................. 17
Table 1.8: Average Deal Structures for all Buy-outs (%) ................................................... 17
Table 1.9: Average Deal Structures for Buy-outs above €100m (%) .................................... 17
Table 1.10: Exits of Buy-outs/Buy-ins .............................................................................. 19
Table 1.11: Exits of Buy-outs/Buy-ins (Value €m) ............................................................. 19
Table 1.12: Quarterly Exits of Buy-outs/Buy-ins ............................................................... 20
Table 1.13: Quarterly Exits of Buy-outs/Buy-ins (Value €m) ............................................. 20
Table 1.14: Largest Exits in 2017 ...................................................................................... 21
Table 1.15: Exit Multiples (Exit value/Exit EBITDA) ....................................................... 22
Table 1.16: Number and Value of Partial Sales, Refinancings & Acquisitions .................. 22

Country section tables

Table 2.1-12: Austria – tables ................................................................................................ 24-29
Table 3.1-12: Belgium – tables .......................................................................................... 32-37
Table 4.1-12: Denmark – tables ........................................................................................ 40-45
Table 5.1-12: Finland – tables ......................................................................................... 48-53
Table 6.1-12: France – tables ........................................................................................... 56-62
Table 7.1-12: Germany – tables ....................................................................................... 65-71
Table 8.1-12: Ireland – tables ........................................................................................... 74-79
Table 9.1-12: Italy – tables ............................................................................................... 82-88
Table 10.1-12: Netherlands – tables ................................................................................ 91-97
Table 11.1-12: Norway – tables ....................................................................................... 100-105
Table 12.1-12: Portugal – tables ...................................................................................... 108-113
Table 13.1-12: Spain – tables .......................................................................................... 116-122
Table 14.1-12: Sweden – tables ........................................................................................ 125-130
Table 15.1-11: Switzerland – tables ................................................................................ 133-137
Table 16.1-12: UK – tables .............................................................................................. 140-146
Table 17.1-14: Emerging Countries – tables .................................................................... 149-155

Appendix tables

Table A1: Number and Value of Buy-outs/Buy-ins (€m) .................................................... 157
Table A2: Number and Value of PE-Backed Buy-outs/Buy-ins (€m) .................................... 158
Table A3: Quarterly Trends of Buy-outs/Buy-ins (€m) ...................................................... 159
Table A4: Quarterly Trends of PE-Backed Buy-out/Buy-ins (€m) ...................................... 160
Table A5: Number of Buy-outs/Buy-ins .......................................................................... 161
Table A6: Value of Buy-outs/Buy-ins (€m) ...................................................................... 161
Table A7: Number of Buy-outs/Buy-ins (PE-Backed) ..................................................... 162
Table A8: Value of Buy-outs/Buy-ins (€m) (PE-Backed) .................................................. 162
Table A9: Value ranges – Number each range ................................................................. 163
Table A10: Value ranges – Value each range (€m) ............................................................ 163
Table A11: Value ranges (PE-Backed) – Number each range ........................................ 164
| Table A12 | Value ranges (PE-Backed) – Value each range (€m) | 164 |
| Table A13 | Buy-outs/Buy-ins by source – Number of Deals | 165 |
| Table A14 | Buy-outs/Buy-ins by source – Number of Deals (%) | 165 |
| Table A15 | PE-Backed Buy-outs/Buy-ins by source – Number of Deals | 165 |
| Table A16 | Buy-outs/Buy-ins by source – Value (€m) | 166 |
| Table A17 | Buy-outs/Buy-ins by source – Value (%) | 166 |
| Table A18 | PE-Backed Buy-outs/Buy-ins by source – Value (€m) | 166 |
| Table A19 | Sector Distribution of Buy-outs/Buy-ins by Number (%) | 167 |
| Table A20 | Sector Distribution of Buy-outs/Buy-ins by Value (%) | 167 |
| Table A21 | Sector Distribution of PE-Backed Buy-outs/Buy-ins by Number | 168 |
| Table A22 | Sector Distribution of PE-Backed Buy-outs/Buy-ins by Value (€m) | 168 |
| Table A23 | Deal Pricing (P/EBIT Ratios) | 169 |
| Table A24 | Deal Pricing (P/EBITDA Ratios) | 169 |
| Table A25 | Deal Pricing (Debt/EBIT Ratios) | 170 |
| Table A26 | Deal Pricing (Debt/EBITDA Ratios) | 170 |
| Table A27 | Average Deal Structures for all UK Buy-outs (%) | 171 |
| Table A28 | Average Deal Structures for Buy-outs above €100m (%) | 171 |
| Table A29 | Exits of Buy-outs/Buy-ins (Number) | 172 |
| Table A30 | Exits of Buy-outs/Buy-ins (Value €m) | 172 |
| Table A31 | Exits of PE-Backed Buy-outs/Buy-ins (Number) | 173 |
| Table A32 | Exits of PE-Backed Buy-outs/Buy-ins (Value €m) | 173 |
| Table A33 | Quarterly Exits of Buy-outs/Buy-ins (Number) | 174 |
| Table A34 | Quarterly Exits PE-Backed Buy-outs/Buy-ins (Number) | 175 |
| Table A35 | Exit Numbers and Exit Values for Buy-outs/Buy-ins | 176 |
| Table A36 | Exit Numbers and Exit Values for PE-Backed Buy-outs/Buy-ins | 176 |
| Table A37 | Exit Numbers by value range (entry value) | 177 |
| Table A38 | PE-Backed Exit Numbers by value range (entry value) | 177 |
| Table A39 | Average Time to Exit for Buy-outs/Buy-ins | 178 |
| Table A40 | Average Time to Exit for PE-Backed Buy-outs/Buy-ins | 178 |
| Table A41 | Exit Numbers by Country | 179 |
| Table A42 | Exit Value by Country (€m) | 179 |
| Table A43 | Exit Multiples (Exit value/Exit EBIT) | 180 |
| Table A44 | Exit Multiples (Exit value/Exit EBITDA) | 180 |
| Table A45 | Largest Buy-outs Q1 2017 | 181 |
| Table A46 | Largest Buy-outs Q2 2017 | 182 |
| Table A47 | Largest Exits Q1 2017 | 183 |
| Table A48 | Largest Exits Q2 2017 | 184 |
Introduction

The European Buy-outs Report contains a comprehensive analysis of developments in European buy-out markets in the first half of 2017. CMBOR’s database of over 35,000 deals provides a unique source of both private equity and non-private equity backed buy-outs.

This dataset has been used to provide an analysis of trends across Europe as a whole, as well as more in-depth commentary on individual country markets. Statistics are presented on market value, deal volume, sources of deals, sector analysis, deal pricing, structure, restructuring and exit trends, together with the identification of major deals in each country.

The European buy-out market declined in 2016 after market value had risen sharply in 2015 to €93.8 billion, the highest level since 2007. Total buy-out value ended 2016 down by a third at €62.5 billion, but 2017 has been stronger with €41.6 billion invested by the end of June. These latest totals still remain far short of the record €181.8 billion in 2007.

After buy-out volume had fallen as low as 840 in 2013 the number of deals did rise in 2014 to 963. In 2015 the number of buy-outs strengthened further to 986. However, 2016 did see less activity with volume falling to 922 and the first half of 2017 remained relatively low at 448 buy-outs.

After falling to just €14.1 billion in 2009 exit value rose to reach €118.0 billion in 2014. This was followed by a surge in value in 2015 to a record €162.3 billion, but in 2016 momentum was lost with total exit value falling to €103.3 billion. In the first six months of 2017 exit value was stronger at €60.5 billion. In 2007 the number of exits rose to a record 912 but by the end of 2009 only 502 had completed. Exit numbers were stronger in 2014, rising to 632, but in 2015 the number of exits declined to 613. Exit numbers continue to fall with just 572 in 2016 and 273 in the first half of 2017.

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