Press release

21 December 2015

The 2015 European private equity deal market achieves highest total value since 2007

- Private equity deals reach highest total value and highest average value per deal since 2007
- European private equity exit market also achieves all-time record yearly value in 2015
- UK, France and Germany remain the dominant deal markets

The European private equity deal market has recorded its highest total value for a given year since 2007, according to the latest data published by the Centre for Management Buyout Research (CMBOR), sponsored by Equistone Partners Europe Limited.

After a strong second half of the year – recording the highest value since H2 2007 - with €42.3bn worth of deals and an average deal value of €151.2m, the total value for European private equity deals in 2015 stands at €80.9bn. This is the highest yearly total since 2007 when total value stood at €172.9bn and is the fourth highest on record behind 2007, 2006 and 2005 respectively. 2015 also saw the highest average value per transaction since 2007, standing at €131.6m versus €171.1m in 2007.

Moreover, the research shows that there has been a steady yearly increase of about €10bn in the total value of private equity deals since 2013 (€59.4bn 2013, €69.6bn 2014 and €80.9bn 2015) (see Graph A).

The total exit value in Europe stands at €153.2bn which is a new record. IPOs and trade sales have been particularly strong and are both at record values of €48.7bn and €63.8bn respectively.

Graph A

European total buyout value over 5 years

Highlights

- **Big deals are driving the European market.** There are a higher number of €1bn+ deals in 2015 compared to 2014 (19 versus 13), which has translated to a much higher total value of mega deals (€36.5bn in 2015 compared to €20.8bn in 2014). Indeed €1bn+ deals account for almost half of the total value of the European buyout market, and at €36.5bn is the highest total value since 2007 when it stood at €83.7bn. In contrast, the mid-market has softened with total value of deals in the €50.0 to €500.0 bracket down at about €25.2bn compared to €29.4bn the previous year.
Furthermore, the €10.0 to €50.0 bracket is also substantially down on last year at €3.3bn compared to €5.3bn in 2014.

- **The largest buyouts have a distinctly European flavour** with Switzerland (1), Denmark (1), France (3), Germany (4), Sweden (1), Austria (1), Spain (1) and the UK (7) all seeing deals of €1bn and over during the course of the year. The spread of large deals across Europe, suggests a resurgence in the private equity market across the continent. For instance, Belgium has had a particularly strong year with total value of deals at €3.2bn, just below the 2007 record value, while Denmark has had its strongest year since 2006 (€4.8bn). Switzerland and Austria also had impressive years with the total value of deals in 2015 standing at €3.7bn and €2.6bn respectively, which in both cases are record values.

- **The UK remains the strongest European deal market**, totalling €26.8bn in 2015 which is a significant increase on last year’s total of €21.0bn and over double the total value of the German market, which was at €11.9bn, the second highest market in terms of value. The number of deals in the UK is down on last year at 197 versus 236 in 2014, suggesting that it is the big deals such as Virgin Active (€1.8bn), New Look (€2.6bn) and ERM Group/Environmental Resources (€1.5bn) that have boosted the market.

- **The French buyout market has bounced back in 2015.** Whilst Germany has established itself as the second biggest buyout market, France has significantly closed the gap in 2015. Indeed it has gone from being 2/3 the size of Germany in 2013 (€8.6m compared with €13.0m) to 90% the size of it in 2015 (€10.9m compared with €11.9m). France has had its best quarter in Q4 2015 in terms of value since 2007 at €5.9bn, however this was significantly boosted by one big deal, Verallia at €2.9bn. Germany has also been boosted by several big deals in 2015 (Douglas Holding at €2.8bn, Sivantos/Siemens Adiology Solutions at €2.1bn, Synlab Services at €1.8bn and Senvion at €1bn).

- **Nearly half of the deal source value in 2015 is from secondary buy outs.** The value of secondary buyouts in 2015 was €38.3bn which compares with €29.3bn in 2014. Foreign divestments have also stayed strong totalling €10.2bn which is the highest value since 2007 (€14.0bn). Deals sourced from private ownership have increased to €14.6bn compared to €9.2bn the previous year.

- **Manufacturing dominates European deal flow, while TMT has been volatile.** Manufacturing has had a strong year, the highest in terms of total deal value since 2008 (€22.6bn) at €20.7bn. However the number of manufacturing deals is down at 169 compared to 202 in 2014, highlighting that manufacturing deals are increasing in size. For example, in 2015 Reynolds Group sold SIG Combibloc Group, a packaging business, to Onex Group for €3.7bn while Saint-Gobain sold glass maker Verallia to Apollo Group for €2.9bn. However, TMT has been volatile, down at €9.0bn compared to €13.9bn in 2014. Retail has also performed well this year and is up €9.5bn, which is a significant increase on the previous year (€2.2bn) and the highest value since 2007. Meanwhile business and support services has stayed consistent with total value standing at €9.0bn compared to €9.3bn in 2014.

- **Debt and equity levels edge towards pre-2007 levels.** In terms of deal structures over €100m, average debt levels reached 58.9% in 2015, whilst equity slipped below 40% for the first time since 2007 standing at 39.4%.

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

  “2015 has been a very strong year for European private equity deal activity, with the UK still leading the way. However, all the core European markets have performed well, which reflects the trend of a consistent increase in total European buyout value of about €10bn since 2013. Boosted by the Verallia buyout, France has been strong in 2015 and made up previously lost ground on Germany, which in recent years has firmly established itself as Europe’s second biggest deal market behind the UK.”
“The European private equity exit market also had an outstanding 2015, achieving a record total value. While volatility in European markets stifled the IPO activity in the previous two quarters, a flurry of big IPOs at the end year, including Worldpay and Scout24, helped boost the value to a record number. However, it has not all been about IPOs, as there have been more exits via trade sales than flotations amongst the year’s top 10 largest deals.”

“2015 clearly shows that big deals are back, as shown by the highest average deal value and number of billion plus deals since 2007. With the final quarter proving strong for both deals and exits, the European private equity market will start 2016 with positive momentum.”

**European private equity exit market achieves a record total value.**

- Total exit value in 2015 stands at €153.2bn, which is a record value. Furthermore, the average exit value of €344.5m is also a record, and by some margin, as the second highest value is €234.2m from 2014. The record year for the European exit market has been driven by a strong Q1, which was a record total value for a given quarter at €46.1bn, as well as a strong Q4 at €41.2bn, boosted by the €6.4bn IPO of Worldpay, the largest exit of 2015. Other notable exits in 2015 include the €5bn exits of Grandvision in Q1 and Springer Science & Business Media in Q2.

- Trade sales have had a strong year achieving a record total value of €63.8bn, significantly higher than last year’s total of €40.9bn. Secondary buyouts have also had a robust year, ending 2015 at a record value of €40.7bn, the highest value since 2007. However, in terms of numbers secondary buyouts are down in 2015 (183) compared to 2014 (195). Flotations have also had a strong year with total value standing at a record €48.7bn. The IPOs of Grandvision and Auto trader in Q1 and Worldpay and Scout24 Holdings in Q4 help explain the strong year for flotations. However, looking at the top ten deals of the year, there have been more trade sales (6) than flotations (4).

- TMT exits are the highest in terms of number since 2007 at 71 and the highest ever in terms of value at €32.7m. TMT has been significantly boosted by the exits of Worldpay and Springer Science & Business Media. In contrast retail and manufacturing are both down on last year with the former at €15.0m compared to €17.3m in 2014 and the latter at €16.7m compared to €24.5m in 2014.

For more information, please contact:

**Equistone**

Ross Gillam  
D: 020 7457 2035  
ross.gillam@instinctif.com

Louis Supple  
D: 020 7457 2020  
louis.supple@instinctif.com

**Notes to editors**

**Methodology**

The data compiled by CMBOR summarizes trends in buyouts* across Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Czech Republic, Hungary, Poland, Romania and Turkey and the UK). Data cut-off date: the data in this press release is for deals completed by 14 December 2015.

*Buyouts: CMBOR defines buyouts as over 50% of shares changing ownership with management or private equity, or both having a controlling stake upon deal completion. Equity funding must primarily be from private equity funds and the bought-out company must have its own financing structure, e.g., MBO/MBI.
About CMBOR
The Centre for Management Buy-out Research (CMBOR) was founded in 1986 and moved to Imperial College Business School in 2011. CMBOR is world-renowned as the long-standing leader in providing robust analysis of the buyout 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 is independently sponsored by Equistone Partners Europe.

About Equistone
Equistone is an independent investment firm wholly-owned and managed by its executives. The company is one of Europe’s leading investors in mid-market buyouts with a strong, consistent 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 35 investment professionals operating across France, Germany, Switzerland and the UK, investing as a strategic partner alongside management teams. Equistone is currently investing its fifth buyout fund, which held a final closing at its €2bn hardcap in April 2015. Equistone is authorised and regulated by the Financial Conduct Authority.

Further information can be found at www.equistonepe.com