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.
UK Buy-outs
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Third Quarter 2017

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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 and terms

Debt/EBIT Ratio          Senior debt divided by EBIT (Earnings before interest and tax)

P/E Ratio              Transaction value divided by EBIT (Earnings before interest and tax)

PTP                   Public to Private

TMT                   Technology, Media & Telecommunications

Creditor Exit          An exit resulting in cessation of trading (Exit value is zero)
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Introduction

The UK buy-out market has been driven by the re-emergence of large buy-outs in 2017 with value already surpassing the full year 2016 total of £12.8 billion. By the end of September buy-out value had reached £15.7 billion with almost 60 percent of the total accounted for by deals over £500 million. Buy-out numbers, however, have failed to keep pace with the rise in deal value and only 285 completed in the first nine months of 2017 compared to 403 in full-year 2016 and 429 in 2015. Average buy-out value has therefore risen to the second highest level of £55 million in the first nine months of 2017 from just £32 million in 2016.

In 2016 there was a fall in exit value to £24.9 billion after a record £48.3 billion had been recorded in 2015. Exit activity in 2017 by value has been impressive with £27.2 billion recorded in the first nine months. In contrast to the higher value levels seen in recent years exit numbers continue to complete at much lower levels with just 200 at the end of September 2017. This is a continuation of the reduced activity level experienced in 2015 when 293 exits completed and the 2016 total of 274 exits. Part of this decline, however, can be accounted for by the reduction in company failures in the past several years with creditor exits now only occurring at moderate levels.

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