Multiple

Private Equity
Transaction Advisory Services

July – 2013

Attracting interest

As the deal pipeline continues to strengthen and exits are increasing, is the private equity market set for more activity?

Inside the deal

OMERS Private Equity on their acquisition of Civica and Vue Entertainment

Axcel on their sale of Cimbria

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Welcome

About Multiple

Multiple is a quarterly publication summarizing trends in buyouts* across Europe.

EY and Equistone Partners Europe are proud to sponsor CMBOR, the Centre for Management Buyout Research, whose data is analyzed in *Multiple*.

The following analysis and commentary is based on research recorded by CMBOR.

Countries covered: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey and the UK.

*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., management buyout (MBO), management buy-in (MBI).

Contents

"The PE market continues to attract interest, but the level of deals actually completing in 2013 remains low. However, 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."

Sachin Date, EMEIA Private Equity Leader, EY, UK

Headlines

Deal value and volume down in first half of 2013

- With 256 deals valued at €21.0b, the first half of the year has seen a slowdown in both the number and value of completed deals when compared with the previous six months and the same time period in 2012. H1 value and volume are the lowest since the second half of 2009. Activity in Q2 2013 was below Q1 2013 for both volume and value.

Pipeline for deal completion good for H2 2013

- Despite the slowdown in the first six months of the year, the buyout market for the second half of the year is poised for takeoff. A number of large deals that were announced during H1 2013 are set to complete in the second half, driving expectations of an active final six months in the year.

Exits outstrip new deals

- The value of exits continues to outstrip the value of new deals in Europe — 199 exits, with a combined value of more than €29.1b, were recorded in the first half of the year. This represents good news because private equity houses are divesting their portfolio companies ahead of making new investments and raising new funds.

IPO route back in favor

- As a form of exit, the resuscitated IPO market is proving an increasingly popular way of divesting large companies. There have been eight such exits so far this year — raising €8.0b for investors — compared with one for the whole of 2012. But how long will this window of opportunity remain open?

Non-euro currency territories proving attractive

- Non-euro currency countries, led by the UK and Norway, appear to be particularly attractive markets for outside investors. Twelve of the top 20 largest deals in H1 2013 were made by investors based outside the Eurozone.

Trade sales appeal to overseas buyers

- In terms of deal volumes, trade sales accounted for 47% of the 199 exits so far this year. Thirty-five percent of the trade sales in H1 2013 went to overseas investors, including those based in North America.

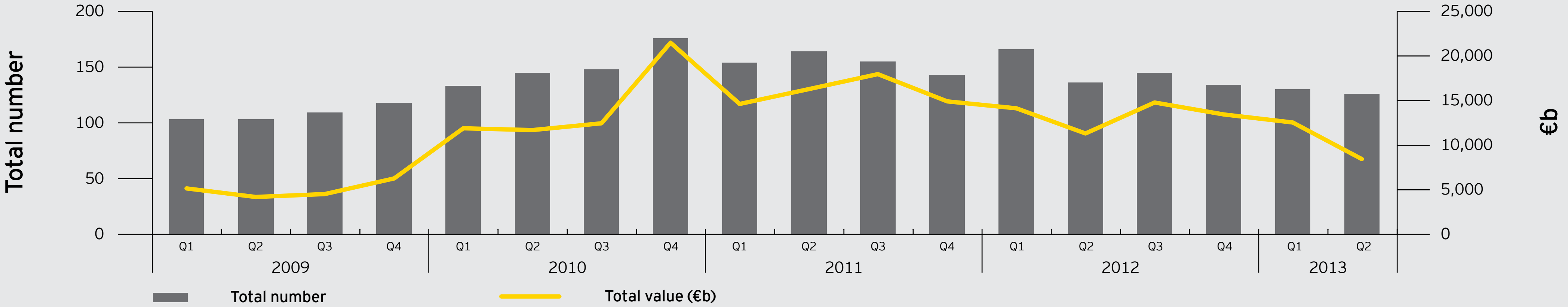
H1 2013

256 deals €21.0b

Q2 2013

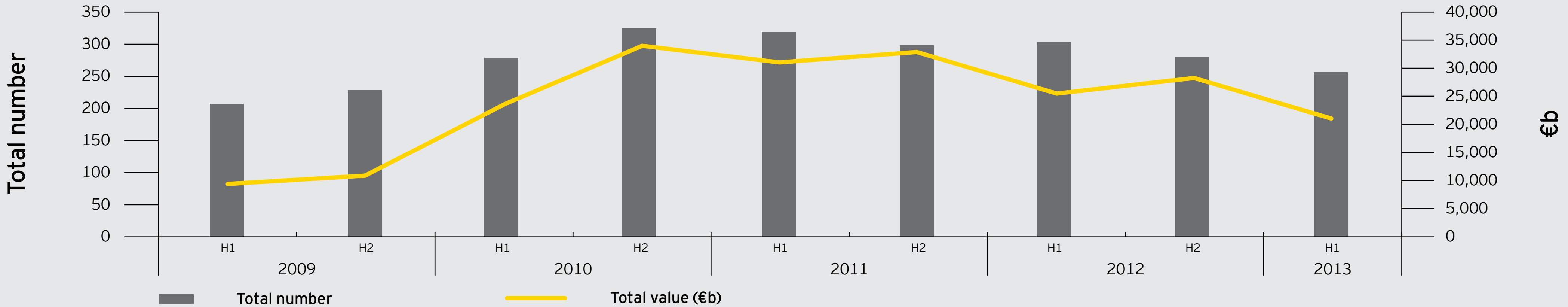
126 deals €8.4b

European buyouts – value and volume (quarterly)



Source: CMBOR; Equistone Partners Europe; EY – Year 2013 to end Q2 only

European buyouts – value and volume (half-year)



Source: CMBOR; Equistone Partners Europe; EY – Year 2013 to end Q2 only

Market watch

> "The value of exits in Q2 2013 was almost double the total value of new investments."
>
> **Sachin Date, EMEIA Private Equity Leader, EY**

Exits restart the deal cycle

The most striking figure has to be the number of IPOs launched during the first six months of the year. H1 2013 saw eight portfolio companies floated on European stock exchanges, raising more than €8.0b between them. In fact, five out of the top ten exits in H1 2013 were IPOs. Even as we see a reduction of quantitative easing, it is unlikely this market will close completely. There are no real changes in the fundamentals of the market to cause us to think the window of opportunity will close at this point.

This development is significant because it opens up a third viable route for PE houses to divest their portfolio companies ahead of making new investments. It has been clear for some time that the backlog of exits necessary to free up investment resources was weighing on the European buyout market. Continuing exit activity will help the buyout market return to growth. With a total of €16.2b the value of exits in Q2 2013 was almost double the total value of new investments (€8.4b). This is another signal of the impending return to growth.

According to EY's recent study on European buyout exits, *Myths and challenges – how do private equity investors create value?*, some 80% of exited companies increased their value under PE ownership, with 34% increasing their enterprise value by more than 200%. Such evidence will add to the drive for growth in the coming months.

Largest European exits, H1 2013

Company name	Country	Exit month	PE vendor	Exit value (€m)	Exit type
Partnership Assurance, Partnership Group Holdings	UK	6	Cinven	1,802	Flotation
Esure Insurance	UK	3	Electra Partners and Penta Capital Partners	1,398	Flotation
Alcan Engineered Products, Constellium	France	5	Apollo Global Management	1,380	Flotation
One GmbH, Orange Austria Telecommunication	Austria	1	Mid Europa Partners	1,300	Trade sale
Aibel	Norway	4	Ferd Private Equity	1,165	Secondary buyout
Cerved Business Information	Italy	3	Bain Capital and Clessidra	1,130	Secondary buyout
Taminco	Belgium	4	Apollo Global Management	963	Flotation
Cabot Financial, Apex	UK	5	AnaCap Financial Partners	944	Secondary buyout
Countrywide	UK	3	Oaktree Capital Management, Apollo Management, Alchemy Partners	866	Flotation
Dematic	Germany	2	Triton	800	Secondary buyout
Ruetgers Chemicals	Germany	1	Triton	702	Trade sale
Fortis Intertrust	Switzerland	4	Waterland Private Equity	675	Secondary buyout
Permobil	Sweden	5	Nordic Capital	655	Trade sale
SMCP, Sandro, Maje, Claudie Pierlot	France	6	L Capital and Florac	650	Secondary buyout
Matas	Denmark	6	CVC Capital Partners	630	Flotation
Global Design Technologies, Permaswage	France	6	Bridgepoint Capital	600	Trade sale
Active Pharmaceutical Ingredients, Xellia	Norway	5	3i	540	Trade sale
IPH, Industrial Parts Holding	France	3	Investcorp	500	Secondary buyout
Moleskine	Italy	4	Syntegra Capital	490	Flotation
Hellermann Tyton	UK	3	Doughty Hanson	485	Flotation

Source: CMBOR; Equistone Partners Europe; EY – Year 2013 to end Q2 only

“It has been encouraging to see capital markets open up and these recent flotations have traded successfully, which has helped build confidence among investors that PE-backed IPOs are again an attractive proposition. Higher valuation and lower volatility levels across main European markets should further support more IPO activity over the coming months with good PE assets coming to market, unless, of course, macroeconomic conditions change dramatically and make investors more cautious.”

Martin Steinbach, EMEIA IPO Leader, EY

Buyouts

H1 2013

256 deals

€21.0b

Q2 2013

126 deals

€8.4b

Exits

H1 2013

199 deals

€29.1b

Q2 2013

103 deals

€16.2b

PE-backed IPO activity

H1 2012

1 IPO

€3.7b

H1 2013

8 IPOs

€8.0b

Pipeline prospects

Despite the muted performance of the European buyout market in the first half of the year, there is every reason to be optimistic about how the full year will turn out. A number of €1b-plus deals are expected to complete in the coming months.

Cinven's €1.5b buyout of CeramTec, the German manufacturer of ceramic parts for the automotive, industrial and medical sectors, was announced in June. The deal is expected to complete during the third quarter of this year. At the same time, the sale of CSM's bakery division to US-based Rhone Capital, valued at €1.1b, is awaiting approval before completion.

In the UK, the €1.1b deal for Vue Entertainment, the cinema chain, is expected to complete in Q3 2013. The secondary buyout will see Doughty Hanson sell the group to two Canadian pension funds, OMERS PE and Alberta Investment Management.

Other significant deals set to complete in the remainder of the year, include ista and Springer Science. On completion, BC Partners' €3.3b acquisition of Springer Science + Business Media from EQT Partners and the Government of Singapore Investment Corp could be the largest deal seen in continental Europe since the beginning of the financial crisis. When completed, the acquisition of ista International GmbH by CVC Capital Partners, is also likely to have a multi-€b deal value.

Pipeline

€14b from **12** deals

"Although values and volumes of deals are down, all the indications point to a healthy pipeline, and while we might not reach the record levels previously achieved there should be an increase in the number of deals completed.

"There are plenty of attractive assets out there and we will continue to see some prime assets come to market over the coming months."

Sachin Date, EMEIA Private Equity Leader, EY

Deal dynamics

Buoyant debt markets

The debt-to-equity ratio in the €100m-plus sector has seen a reversal of recent trends. Since 2009, the levels of equity injected into such deals have outweighed debt, sometimes at a ratio of 60:40. But so far in 2013, average debt for €100m-plus deals now stands at 53.1%, with equity making up 43.2%. Loan notes account for 2.7%, with mezzanine finance supplying the remaining 1%.

The squeezed middle

There has been a slowdown in mid-market deals (€100m to €500m) between the first and second quarters of 2013. In the first three months of the year, there were 22 deals with a combined value of €4.5b. But during the second quarter, the number fell to 15, valued at just over €3.1b.

Such companies tend to be single-country, single-market businesses, and as a result are more susceptible to economic slowdown.

Deal size

	H1 2012	H1 2013	Q1 2013	Q2 2013
€1b plus	6	4	3	1
€500m–€1b	6	6	3	3
€100m–€500m	34	37	22	15
Up to €100m	256	209	102	107
Total number of deals	**302**	**256**	**130**	**126**

Refinancing takes off

So far this year, the CMBOR figures show that there have been 58 refinancings, involving a total value of €20b. This compares very favorably with 2012 when, for the whole of the year, there were 89 refinancings, valued at €24.1b. In terms of value, it has already surpassed that of the whole of 2011.

With the availability of debt, PE houses have taken the opportunity to seek more favorable terms on their current debt provision and, as a result, we have seen a significant increase in the number of refinancing transactions. These more favorable debt terms are, in some cases, making these assets more attractive to acquirers because of the portability provisions that allow PE houses to transfer the refinanced debt to the benefit of the buyer.

> "Another positive sign for European PE companies, who typically rely more on bank financing, is that the volatility seen in the bond market is not coming through in the banking markets where conditions remain stable."
>
> **Chris Lowe, Debt and Capital Advisory Partner, UK, EY**

Euro currency risk keeping investors away

In the second quarter of 2013, 9 out of the 10 largest buyout deals were based in countries that are outside the euro currency. These included deals involving Norway's Aibel (€1.2b), the UK's Cabot Financial (€944m) and Switzerland's Intertrust Group (€675m).

In fact, only two euro currency countries made it into the top 20 largest buyouts in the quarter: one deal from the Netherlands and two from France. This shows that there is still real caution in the marketplace and that concerns about the currency's stability still remain.

Deal dynamics

(continued)

View our video series for more insights into current conditions in the debt markets. **www.ey.com/multiple**

Largest European buyouts, H1 2013

Company name	Country	Deal month	Investor	Value (€m)	Value type
Douglas Holding, Beauty Holding Three	Germany	1	Advent Capital	1,498	Actual
Aibel	Norway	4	Ratos and Ferd Capital Partners	1,165	Actual
B & M Retail	UK	1	Clayton Dubilier and Rice	1,147	Actual
Cerved Business Information	Italy	3	CVC Capital Partners	1,130	Actual
Cabot Financial, Cabot Credit	UK	5	JC Flowers	944	Actual
Mediq NV (AL Garden)	Netherlands	2	Advent International	819	Actual
Dematic Holding	Belgium	2	AEA Investors and Teachers Private Capital	800	Estimated
Intertrust Group	Switzerland	4	Blackstone Group	675	Actual
SMCP, Sandro, Maje, Claudie Pierlot	France	6	Kohlberg Kravis Roberts	650	Estimated
IPH, Industrial Parts Holding	France	3	PAI Partners	500	Actual
Principal Hayley	UK	2	Starwood Capital Group	464	Actual
Civica (Cornwall bidco)	UK	5	OMERS PE	460	Actual
Unifeeder	Denmark	6	Nordic Capital	400	Estimated
Socotec SA	France	2	Cobepa and Five Arrows	400	Estimated
Addison Lee	UK	4	Carlyle Group	352	Estimated
Jemella Group (GHD), Good Hair Day	UK	3	Lion Capital	346	Estimated
Ellos and Jotex	Sweden	6	Nordic Capital	275	Actual
LR Health & Beauty Systems	Germany	3	Quadrico Capital and Bregal Capital	250	Actual
Pharmaq Holding	Norway	5	Permira	250	Actual
Cala	UK	3	Patron Capital	243	Actual

Source: CMBOR; Equistone Partners Europe; EY — Year 2013 to end Q2 only

Inside the deal

Despite European market conditions continuing to prove difficult and deals taking longer to complete, there have been a number of significant acquisitions by overseas investors, particularly into the UK and other non-euro currency countries.

Among these investors is OMERS PE, part of the Canadian pension fund OMERS, who have recently acquired two UK assets, Civica and Vue Entertainment (still pending). The UK continues to attract investors looking to enter into Europe but without being exposed to the current risks associated with the Eurozone.

Simon Jones,
Director, OMERS PE

Ian Scott, Transaction Advisory Services Partner and OMERS UK Relationship Partner, EY, speaks to Simon Jones, Director, OMERS PE, on their recent acquisitions of Civica and Vue Entertainment and their approach to new deals.

Q You have recently completed the acquisition of Civica and are currently awaiting clearance for your acquisition of Vue Entertainment. Why were these assets most attractive to you?

"Both assets are good demonstrations of our key investment criteria – investing alongside best-in-class management teams of market leading businesses in growing sectors that have demonstrated resilience in the recent challenging economic environment. Civica and Vue Entertainment are also cash-generative, geographically diversified businesses with multiple levers for growth, both organic and through continued market consolidation."

Q What were the biggest challenges you faced during the Civica deal process and how did you overcome these?

"Civica is a diverse business covering multiple products, divisions and geographies. As always, doing the diligence on such businesses in a competitive process requires good planning, focus and real commitment from our advisors. Having a preferred team with whom we work consistently, who understand our approach and who are prepared to roll up their sleeves at all levels and deliver across financial due diligence, tax, IT and operations was critical to our success."

Q How do you approach new deals?

"We have always tried to be extremely diligent and granular in our assessment of opportunities through either off-market transactions or performing considerable pre-work in advance of competitive auctions. Given the limited volume of high-quality assets, competition across Europe is extremely high with little opportunity to really understand target businesses through the limited timeframe of a process."

Q What is your focus over the next 12 months?

"Given our opportunity development horizon is at least 6 to 12 months, we are unlikely to be announcing any new deals this year. However, the next 12 months are hopefully going to continue to be pretty busy for us with a number of bolt-on opportunities for all four of our platform investments (including Lifeways and V.Group) – in fact we recently signed the sales and purchase agreement (SPA) for our first bolt-on for Civica so we're not resting for summer just yet!"

Q What do you see as the biggest challenge to the European buyout market in 2013?

"Continued economic uncertainty, particularly with regards to the peripheral economies. While we seek to focus on investments in demonstrably stable sectors, localized economic factors can outweigh overall industry trends."

EY advised OMERS PE on their €460m acquisition of Civica (completed) and their €1.1b acquisition of Vue Entertainment (pending).

Inside the deal
(continued)

The Q2 results from CMBOR bring some positive news to the PE market as the level of European exit values and volumes has increased in Q2 2013. Contributing to this uptick is Axcel's successful DKK1b sale of Cimbria, after just under two years' ownership. As the market looks to reignite the deal cycle, PE firms are focusing on their exit strategies and finding the right buyers for their portfolio assets.

Jakob Fogt, Transaction Advisory Services Partner, Denmark, and Axcel Relationship Partner, EY, speaks to Axcel Partner, Per Christensen, about this exit and their ongoing deal strategy.

EY advised Axcel on their acquisition of Cimbria and provided high level sell-side advisory work on the subsequent DKK1b sale of Cimbria.

Q What was your rationale when acquiring Cimbria and how did you grow the business so quickly and successfully?

"We acquired Cimbria for the following reasons:

1. Market-leading position, not just in Europe but also globally within certain product areas
2. Significant internal improvement opportunities e.g., growing sales by bringing more sales competencies to the company, increasing margins through better procurement and increasing production in low cost areas
3. Attractive acquisition opportunities where available"

Q This is your first exit from Fund: Axcel IV, how did you know it was the right time to sell Cimbria at this point and how did you approach the sale process?

"As you may know, we were not actually contemplating an exit when we were approached with a serious offer. Moreover, Axcel IVs fund was only two to three years old at the time so exits were not really on our agenda yet.

"We were able to sell after just 1½ years driven by a combination of hard work and professional luck. We decided to launch a narrow process following a very serious approach by a potential buyer and managed to exit Cimbria in an extremely tight three month process.

"Our approach to knowing when is the right time to sell a company is when we have achieved the goals we and the company's management set for the company's development (turnover, earnings, geographical expansion, etc.) and found an obvious better owner of the company that we believe is the right choice to continue developing the company."

Inside the deal

(continued)

Q Has your deal strategy changed over the last 12 months? If so, how?

"We do not feel that we have changed our approach as such. However, we try to avoid very structured processes and spend most of our energy on pursuing exclusive dialogues."

Q What is next for you in terms of new acquisitions?

"We acquired the Danish-based IT company EG in June 2013 in an exclusive process (turnover more than €200m). In addition, Axcel just announced the acquisition of Delete Group in Finland and Sweden, which is active within environmental services, so our spring has been busy. Furthermore, earlier this year we acquired Exhausto, Denmark, and Netel, Sweden."

Q What do you see as the biggest challenge to the European buyout market in 2013?

"A general challenge for the market is that many companies acquired in the period 2005 to 2007 are priced at a very high level, and the present owners cannot realize an acceptable return by selling them. This slows down the improvement in the market. On the positive side, the financing situation is improving and we generally feel that the banks are open to leveraged buyouts again and not just a few – and increasingly at terms that facilitate transactions that could not be combined 12 months ago."

Current conditions

"Looking at the results from our latest *Capital Confidence Barometer* we can see that capital is on the move again. Corporates are looking for returns and are willing to actually make bets, but they also look at relative growth rates.

"When it comes to the Eurozone, its relative growth looks poor compared with northern Europe, Asia and North America, so that's where the challenge is in terms of getting deals away."

Mark Gregory, UK Chief Economist, EY

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Do the figures for the first half of 2013 reflect the market sentiment? Despite low value and volume compared with the previous six months, the first half of 2013 has seen a number of €1b-plus deals announced. Taken together with a healthy pipeline in the lower value ranges, there is a real sense of optimism in the marketplace.

Just over a third of trade sales went to American companies, indicating that these investors can certainly see the opportunities that are available in Europe. The majority of these acquisitions were made in the UK with only a handful of assets being acquired from Germany, France, The Nordics and The Netherlands.

When we look at the results country-by-country, the two countries that are showing promise are the UK, which remains the market leader, and Germany, which has improved its performance since Q1 2013 in terms of deal volume.

According to Mark Gregory, UK Chief Economist, EY, this makes sense when we consider the broader economic situation. The UK is certainly recovering; all the indicators continue to be positive. They may not be entering a period of hyper-growth but are likely to grow this year and, driven by consumer spending, strengthen next year. Germany, despite the weaknesses in the Eurozone, remains one of the stronger economies. The EY *Inward investment study* a trend of Chinese investment into Germany, particularly in the manufacturing sector. Looking at the deals announced in Q2 2013, we know there is still demand for deals in Germany.

However, concerns still remain. For instance, what will happen in the bond market as central banks pull back from quantitative easing measures? Rising interest rates could put the brakes on some deals as they are re-evaluated, though historically they will remain low.

Sector insights

Technology, media and telecommunications (TMT)

Q2: 23 deals, €774m

Activity in the TMT sector has picked up in the second quarter of the year after a slow start. In Q2 2013, the value and number of deals completed in the sector more than doubled compared with Q1, to reach 23 deals valued at €774m.

The most notable deal in the second quarter was for UK software developer Civica, which was sold by 3i in a secondary buyout to OMERS PE. This was preceded by the €83m acquisition of Nebula, the Finnish cloud technology provider, by Swedish private equity house Ratos.

In the third-largest deal of the quarter, Dunedin Capital acquired UK-based computer software retailer Trustmarque Solutions from LDC for €50m.

Business and support services

Q2: 15 deals, €1.2b

Over the first six months of the year, the business and support services sector saw €3.6b of deals completed.

Cerved Business Information, an Italian database developer, was acquired by CVC Capital Partners from Bain Capital and Clessidra for €1.1b.

The third-largest deal was Switzerland's Intertrust Group, a management consultancy that was bought by Blackstone for €675m. This deal is another example of North America's push into Europe.

Manufacturing

Q2: 34 deals, €2.0b

The manufacturing sector continues to produce the largest volume and value of deals. There have been 73 deals so far in 2013 with a total value of €4.7b, putting the sector safely ahead of business and support services, which has 37 deals at a total value of €3.6b.

France saw the sector's largest number of deals during the first half of the year, with 15 deals completed for a total value of €718m. Norway scored the highest value. Its four deals were valued at €1.3b, though the majority of this amount was accounted for by the largest deal in the sector so far in 2013 — the €1.2b secondary buyout of oil service company Aibel.

The Helly Hansen deal has now completed. This acquisition of the outdoor clothing specialist by Sweden's IK Investment is the second-largest buyout in the Q2 in the manufacturing sector.

It is worth noting that in terms of value the manufacturing and retail sectors are both valued at nearly €4.7b. However, there were 73 deals in the manufacturing sector compared with only 20 deals in the retail sector.

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Country spotlight

UK

"The relative safety that sterling offers in light of Eurozone volatility has made UK PE assets extremely attractive, in particular to North American investors. The US buyers accounted for 42% of trade sales in the UK. This highlights its attractiveness of the UK as a footprint into Europe without exposing investors to the current risks associated with the Eurozone."

Sachin Date, EMEIA Private Equity Leader, EY

With nearly €3.1b of deals completed in Q2 2013, the UK market recorded its lowest quarterly value since the fourth quarter of 2009. It was nearly €1b down on the previous quarter. The number of deals stood at 45 for Q2 2013, which is a small increase from the previous quarter, but more than double the volume seen in both France and Germany.

There were no €1b-plus deals in the UK during the second quarter. Indeed, there has only been one such deal so far this year – the sale of B&M Retail for €1.2b. The largest deal in Q2, for Cabot Financial, completed in May with a valuation of €944m.

Other notable deals during the year include Principal Hayley (€464m) and Civica (see TMT section). Both of these deals, as well as B&M Retail and Cabot, saw investment coming from North America.

H1: €7.2b from 85 deals

Q2 largest deal: €994m

Germany

"In addition to the largest buyout in H1 2013, Germany has seen a number of large deals be announced but these are yet to complete. A number of the deals in the pipeline will become €b plus transactions, such as ista and Springer Science. These deals show that there is still appetite in Germany and despite challenging conditions mega deals are still achievable.

"Credit conditions remain tight but international credit facilities are available for high-quality deals. Financing of small- and medium-sized transactions remains challenging."

Klaus Sulzbach, Private Equity Leader, Germany, Switzerland & Austria, EY

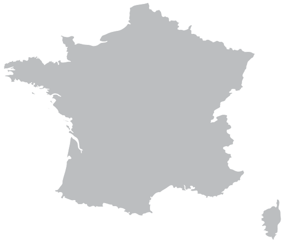
In the first half of 2013, Germany has been able to claim the largest completed transaction, the €1.5b public-to-private deal for Douglas Holding. The value (€2.3b) and volume (31) of closed deals in Germany in H1 2013 has increased compared with the same point last year (€1.4b from 29 deals in H1 2012). We have also seen an uptick in deal volumes from Q1 to Q2 2013; however, the value of deals completed in Q2 2013 has fallen from €2.1b to €235m.

What this picture does not show is the significant value of several multi-€b deals announced in Q2 and expected to close during the remainder of 2013. These pending deals include the acquisition of Springer Science, ista international GmbH and CeramTec GmbH. The Springer Science deal is likely to be the largest buyout of the 2013 with ista a close second.

Other deals that closed in the second quarter of the year include Wilhelm Stoll Maschinenfabrik, a tractor accessory manufacturer valued at an estimated €50m, and Stephan Machinery, a food processor manufacturer, which was acquired for €40m.

H1: €2.3b from **31 deals**

Q2 largest deal: **€50m**



France

‘“Fund-raising have decreased further but the French transactions mid-market is still in a healthy shape, primarily driven by bolt-on acquisitions. Due to uncertainties on current trading figures in several industries, most deal processes remain relatively slow.

“Significant new deals for robust assets are expected in the coming months, but French senior bankers are also expecting to see some additional debt restructurings or covenant resets.”

Laurent Majubert, Private Equity Leader, France, EY

At the half way point of the year, with 51 deals, France is the second-most active buyout market in Europe by volume. By value, it is also in second position, significantly behind the UK and only just ahead of Germany. It is on track to equal its previous year's total value, but is unlikely to equal or better 2011's total value of €15b.

The €650m secondary buyout at fashion retailer SMCP, which completed in June, is the largest French deal so far this year. It also represents another significant US investment through KKR.

Other deals in the second quarter include the secondary buyout of professional workwear rental and maintenance company RLD by Vermeer Capital, for an estimated €160m, and the sale of market research organization BVA, another secondary, for around €38m.

H1: €3.0b from **51 deals**

Q2 largest deal: **€650m**

Italy

"There has been a low level of activity in Q2 2013; however, several auctions involving PE-owned companies or of interest to PE houses are moving forward and shortlisted bidders are expected to be confirmed in Q3 2013. Depending on the length of the deal process, it is likely that we will see some important transactions agreed, which hopefully will close by the end of 2013.

"Recent M&A activity indicates that certain deals might be closed in very short timeframes and it will be interesting to see how these will impact the deal market."

Umberto Nobile, Private Equity Leader, Italy, EY

After a strong first three months of the year, the second quarter in the Italian market was disappointing. Q1 2013 was the best quarter by value (€1.2b) since Q2 2011, while Q2 (€163m) was the worst in terms of value since Q1 2012. In all, so far this year there have been 13 deals, with a total value of €1.4b.

The largest deal to date in the year was the €1.1b secondary buyout of Cerved Business Information, while the largest deal of the second quarter came when the Buccellati family sold its jewelry business to Clessidra for €80m.

Other deals in the second quarter include Plastiape Group, a medical packaging manufacturer, which was sold in a secondary buyout by Aksia to PM & Partners for €71m, while MCS Italia, a maker of designer women's clothes and accessories, was sold by its foreign owner Red & Black Holdings to the UK's Emerisque Group for an undisclosed sum.

In terms of exits, there have been four so far this year, raising a total of €1.7b, including the €490m flotation of Moleskin as well as the €1.1b secondary buyout at Cerved Business Information.

However, the pipeline is looking reasonable for the Italian market; for instance, Carlyle Group is set to acquire Italian motor business Marelli Motori from Melrose, the FTSE 100 engineering company, for €210m (source: FT.com).

H1: €1.4b from
13 deals

Q2 largest deal:
€80m

The Nordics

"As a collective group, the Nordics have had a strong start to 2013. We saw Norway claiming the largest buyout in Q2 through Ferd Private Equity's sale of Aibel to Swedish investor Ratos for €1.2b. The year started slowly in Sweden and Norway, but the buyout market is picking up pace. Seven deals closed in each of these countries during the second quarter, with a combined value of nearly €2b.

"Despite a number of sale processes being delayed to later this year or 2014, plans for IPO exits have been declared for several PE-backed portfolio companies. The region continues to benefit from sitting outside the Eurozone and we are optimistic about the remainder of 2013."

Michel Eriksson, Private Equity Leader, Nordics, EY

So far this year, value in the Nordic countries – Denmark, Finland, Norway and Sweden – is greater than in France.

The region's top three deals so far in 2013 have come in the second quarter of the year. Completing in June, the standout deal is for Norway's Aibel, a manufacturer that supplies the oil and gas industries. It was sold in a secondary buyout to Ratos, a Swedish PE house, for €1.2b.

The second-largest deal was for Unifeeder, a Danish transporter, which was sold to Nordic Capital for an estimated €400m. The €275m sale of mail order operation Ellos and Jotex, again to Nordic capital, is the third-largest deal of the year so far.

H1: €3.7b from
40 deals

Q2 largest deal:
€1.2b

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