

# Private Equity-Backed Buyout Deals and Exits Witness Further Decline in Q4 2011

## European Debt Crisis and Market Volatility Lead to a Continued Slump in Deal and Exit-Flow

Preqin's quarterly deal flow data shows that there were 624 private equity-backed buyout deals in Q4 2011, valued at a total of \$56.7bn – an 8% decrease from Q3 2011. Q4 2011 saw 212 exits valued at \$41.2bn, representing a 27% fall from the \$56.3bn of exits in Q3 2011. However, it is important to note that deal and exit flow are up 18% and 33% respectively as a whole in 2011 compared to 2010.

### Global Statistics:

- The 624 deals valued at a total of \$56.7bn in Q4 2011 also represents a lower level of activity than in the same period last year, which saw 703 deals with a total value of \$69.1bn.
- The total number and aggregate value of deals in 2011 were 12% and 18% higher respectively than in 2010, increasing from 2,450 deals valued at \$218.4bn, to 2,751 deals valued at \$258.2bn.

### Deals by Region:

- The aggregate value of deals in North America increased slightly from \$28.4bn in Q3 2011 to \$29.5bn in Q4 2011. In 2011 as a whole, there were 1,469 deals in North America valued at \$122.7bn, up from 1,264 deals valued at \$117.6bn in 2010.
- At \$15.6bn, the aggregate value of deals in Europe in Q4 2011 was 37% lower than the \$24.9bn recorded in Q3, and less than half the \$33bn seen in Q2. Aggregate deal value in 2011 as a whole was \$95.4bn, a 34% increase on the \$71.4bn seen in 2010. The number of deals in the region also increased by 7%.
- The aggregate value of deals in Asia and Rest of the World was \$11.6bn in Q4 2011, 43% higher than the \$8.1bn seen in Q3 2011. In 2011, the aggregate deal value increased by 36% to \$39.9bn, up from \$29.4bn in 2010.

### Deals by Type:

- Leveraged buyout deals represented 40% of the total number of deals in 2011, down from 47% in 2010, but accounted for 56% of aggregate deal value, up from 53% in 2010.
- The proportion of growth capital deals fell from 20% in 2010 to 14% in 2011, but the fall in their share of aggregate deal value was less pronounced (7% in 2010 vs. 6% in 2011).
- The proportion of add-on deals increased significantly, from 23% in 2010 to 36% in 2011. As a proportion of aggregate value, they increased their share from 7% to 13%.

### Deals by Value and Industry:

- In 2011, deals valued at less than \$100mn accounted for 55% of the total number of deals.
- Deals valued at over \$1bn represented 47% of the aggregate value of deals in 2011.
- A quarter of the total number of deals and a fifth of the global aggregate value were in the industrials sector.

## PE-Backed Exits:

- The global aggregate value of exits in Q4 2011 was just a third of the \$124.5bn recorded in Q2, and half the \$82.5bn seen in Q4 2010.
- Despite a continuing fall in global aggregate exit values since Q2 2011, the year as a whole saw the highest aggregate exit value on record, with \$302.5bn of exits.
- This was due primarily to the value of exits recorded in Q2 2011 which, at \$124.5bn, was 51% higher than the previous record of \$82.5bn in Q4 2010.

## Comment:

Due to the prevailing uncertainty surrounding the European sovereign debt crisis and its impact on global credit conditions, Q4 2011 has seen a slowdown in PE-backed deal and exit flow, with decreases of 8% and 33% respectively from Q3, representing the second successive quarter of declining deal and exit flow. Interestingly, the fall in deal activity in Q4 2011 was primarily caused by the decrease in Europe, the only region to register a fall in aggregate deal value, which was down by 37% from Q3.

It is likely that deal and exit flow will continue to be subdued in coming months, with tightening credit conditions and a reluctance from fund managers to invest in the current climate leading to a slowdown in activity.

However, it is important to note that despite this decline in Q4 2011, deal and exit flow in 2011 surpassed the previous year, including a post-Lehman high for deal flow and an all-time high for exit activity in Q2 2011, as private equity firms began to exit some of their investments made during the buyout boom-era of 2005-2007. This indicates that if confidence returns to the wider financial markets in 2012, we may witness a return to this level of activity again.

## Manuel Carvalho, Manager - Private Equity Deals

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### Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

### About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

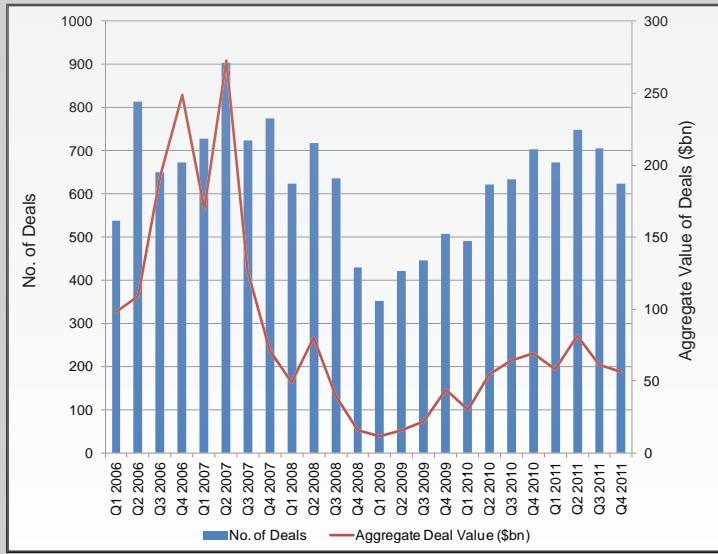
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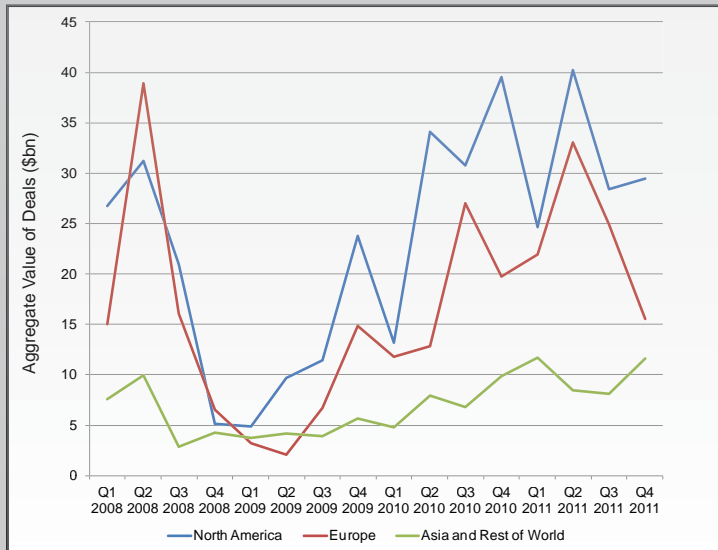
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# Preqin Research Report 2011 Private Equity Deals and Exits

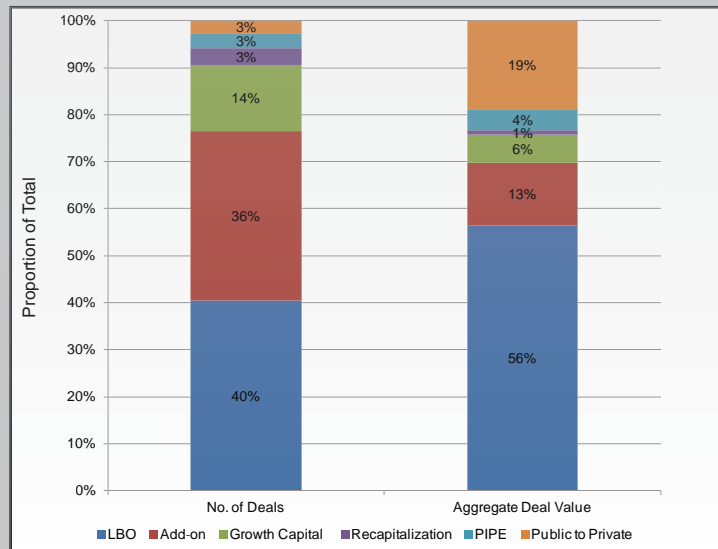
**Fig. 1: Number and Aggregate Value of PE-Backed Buyout Deals Globally: Q1 2006 - Q4 2011**



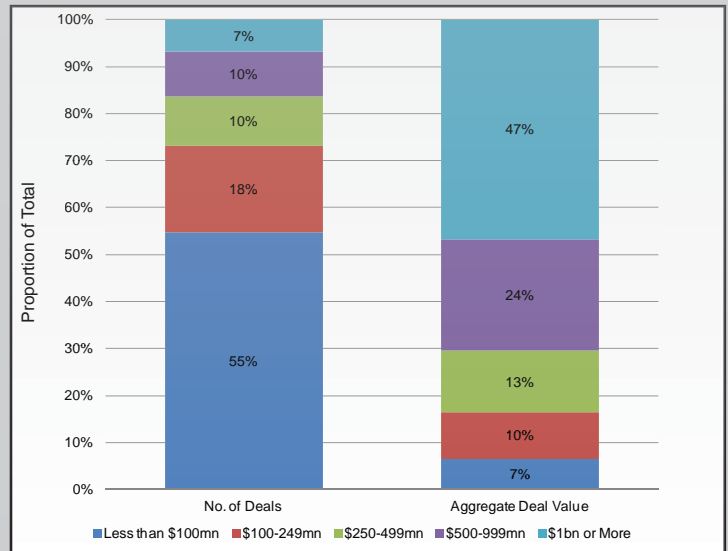
**Fig. 2: Aggregate PE-Backed Buyout Deal Value by Region: Q1 2008 - Q4 2011**



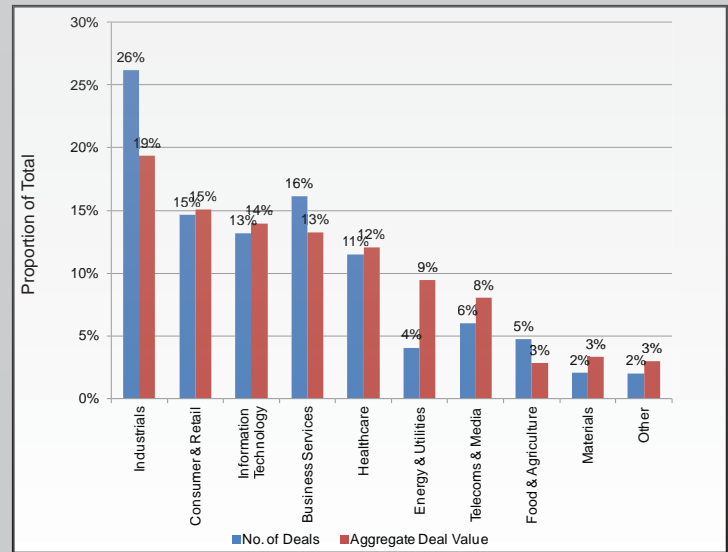
**Fig. 3: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals in 2011 by Type**



**Fig. 4: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals in 2011 by Value Band**



**Fig. 5: Breakdown of Number and Aggregate Value of PE-Backed Buyout Deals in 2011 by Industry**



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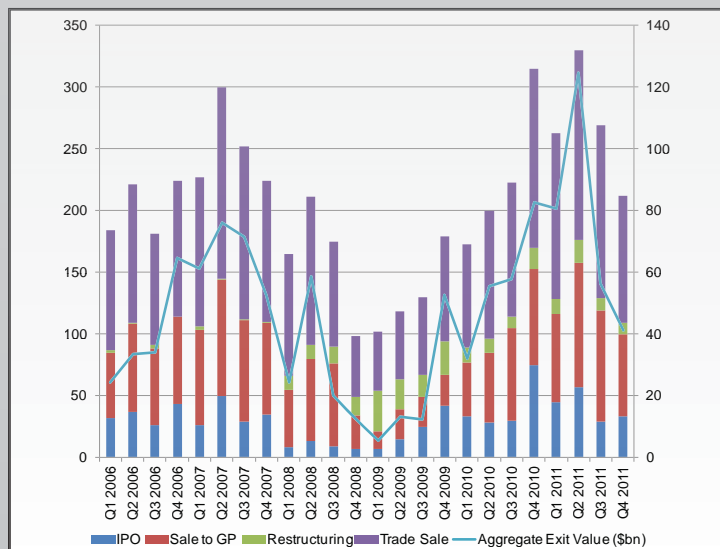
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# Preqin Research Report

## 2011 Private Equity Deals

Fig. 6: Global Number of PE-Backed Exits by Type and Aggregate Exit Value: Q1 2006 - Q4 2011



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Fig. 7: 10 Largest Buyout Deals Globally in 2011

Name	Date	Type	Deal Size (mn)	Currency	Buyers	Sellers	Industry	Location
Samson Investment Company	Nov-11	Buyout	7,200	USD	Crestview Partners, ITOCHU Corporation, KKR, NGP Energy Capital Management		Oil & Gas	US
Kinetic Concepts, Inc.	Jul-11	Public To Private	6,300	USD	Apax Partners, CPP Investment Board, Public Sector Pension Investment Board		Medical Devices	US
Pharmaceutical Product Development, Inc.	Oct-11	Public To Private	3,900	USD	Carlyle, Hellman & Friedman		Pharmaceuticals	US
Frac Tech Holdings	Apr-11	Buyout	3,500	USD	Chesapeake Energy Corporation, CPP Investment Board, RRJ Management, Temasek Holdings		Oil & Gas	US
Skylark Co., Ltd.	Oct-11	Buyout	3,400	USD	Bain Capital	Nomura Group	Restaurants	Japan
Securitas Direct	Jun-11	Buyout	21,000	SEK	Bain Capital, Hellman & Friedman	EQT Partners	Technology	Sweden
Emergency Medical Services	Feb-11	Public To Private	3,200	USD	Clayton Dubilier & Rice		Healthcare	US
SPIE	May-11	Buyout	2,100	EUR	AXA Private Equity, Caisse de depot et placement du Quebec, Clayton Dubilier & Rice	PAI Partners	Engineering	France
Emdeon Inc.	Aug-11	Public To Private	3,000	USD	Blackstone Group	General Atlantic, Hellman & Friedman	Business Services	US
BJ's Wholesale Club, Inc.	Jun-11	Public To Private	2,800	USD	CVC Capital Partners, Leonard Green & Partners		Retail	US

Fig. 8: Five Notable Exits in 2011

Firm	Investment Date	Investors (Entry)	Deal Size	Exit Type	Exit Date	Acquiror (Exit)	Exit Value	Primary Industry	Location
Nycomed	Mar-05	Nordic Capital	-	Trade Sale	May-11	Takeda Pharmaceutical Company Limited	9,600.00 EUR	Pharmaceuticals	Switzerland
Skype Technologies	Sep-09	Andreessen Horowitz, CPP Investment Board, Index Ventures, Silver Lake	1,900 USD	Trade Sale	May-11	Microsoft	8,560.00 USD	Technology	Luxembourg
Graham Packaging	Feb-98	Blackstone Group	2,308 USD	Trade Sale	Jun-11	Reynolds Packaging Group	4,500.00 USD	Manufacturing	US
Kabel BW	Apr-06	EQT Partners	1,300 EUR	Trade Sale	Mar-11	Liberty Global	3,160.00 EUR	Telecom Media	Germany
HCA*	Jul-06	Bain Capital, Citigroup, Kohlberg Kravis Roberts, Merrill Lynch Global Private Equity, Ridgemont Equity Partners	33,000 USD	IPO	May-11	-	3,786.00 USD	Healthcare	US

\* Denotes partial exit