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Private Equity Trend Report 2015

Upward momentum inspiring confidence

9th annual survey on current developments in German and international private equity investment.

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By Steve Roberts

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Preface

Dear colleague,

In last year's report we highlighted the prevailing optimism in the private equity sector. I am happy that this description of the state of the industry proved to be spot-on. In 2014, European private equity activity experienced a long-awaited revival. We saw the number of buyouts increasing by 20 percent all over Europe and by a solid 11 percent in Germany, Austria and Switzerland, albeit the number of private equity exits within the DACH region declined. The majority of private equity funds we interviewed for the Private Equity Trend Report 2015 were able to make new investments and benefit from favourable financing conditions.

I believe that last year's positive momentum bodes well for 2015. While the two-digit growth rates in deal volume may not spill over into 2015, there is ample reason to be confident about private equity in the near term. There is an abundance of capital as well as debt with financing conditions being excellent. The industry is now faced with the challenge that supply of cash actually exceeds supply of assets. As a result, we see full prices being paid for attractive targets. So the big question in 2015 is: How will the quality of assets develop?

This situation makes it even more important for private equity funds to develop convincing and sustainable equity stories. The industry has been redefining its role and adjusting its business models since the financial crisis. Consequently, we see private equity funds investing more time and money in their portfolio companies than in the pre-crisis era. There is a clear focus on operational improvements. In order for those measures to take effect and the equity story to pay out, private equity funds tend to keep their portfolio companies for an average of 5 to 7 years, a marked increase compared to periods prior to 2009.

In conclusion, our report holds good news for the German market: Over the last year, Germany gained attractiveness as an investment destination. The country's ability to remain stable in the face of nearby market turmoil and the strength of its middle market are assets that continue to draw firms looking for high-performing portfolio companies and dependable returns. With credit being readily available and financing conditions continuing to improve, 2015 will be a good year for investors interested in adding to their German portfolios.

As always our thanks go to all those who participated in this year's survey and shared their opinions. We look forward to working with you again in 2015.

Steve Roberts
Private Equity Leader

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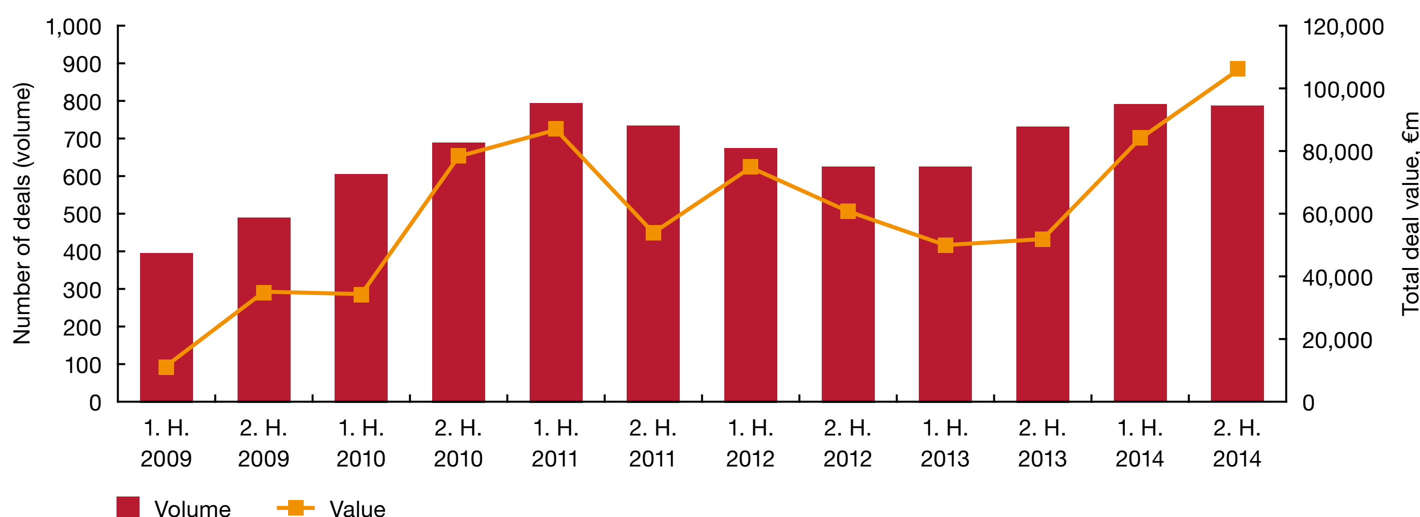
A Market Overview

European private equity experienced long-awaited revival

European private equity (PE) activity experienced a long-awaited revival in 2014. Total deal volume increased 16% year-on-year (YoY) to 1,584 deals, and value jumped 87% to €190.3bn over the same period. Looking at buyouts specifically, volume and value increased 20% YoY to 1,087 deals, and 46% YoY to €100.4bn, respectively.

Fig. 1 European Private Equity Trends, 2009–2014

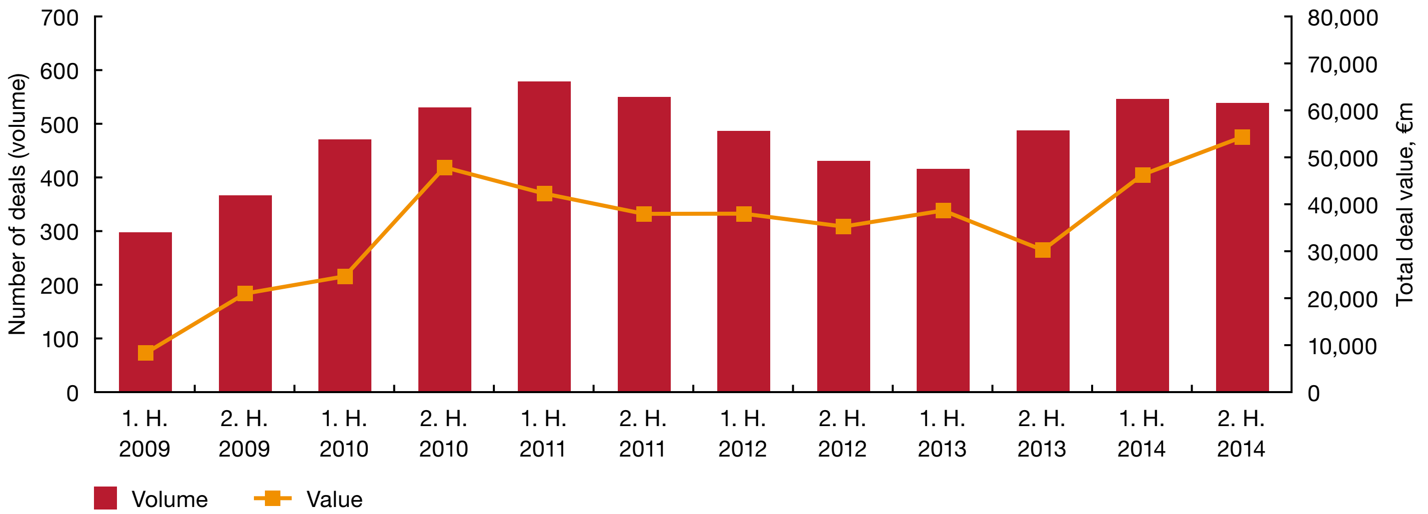


Mega deals on the rise

Underpinning this rise was a shift in the type of deals being undertaken. In particular, there was an increased number of mega-deals (those valued over €1bn), with 39 such transactions in 2014, compared with 19 in 2013. When examining buyouts alone, there were 19 over €1bn, compared with 14 in 2013.

Furthermore, buyout activity, very much like its corporate M&A counterpart, skewed toward the lower and upper end of the spectrum, with activity in the mid-market contracting. The number of deals over €500m and under €15m were at some of their highest points since the financial downturn. However, deals between €15m and €100m (165) were at their second-lowest point since 2010.

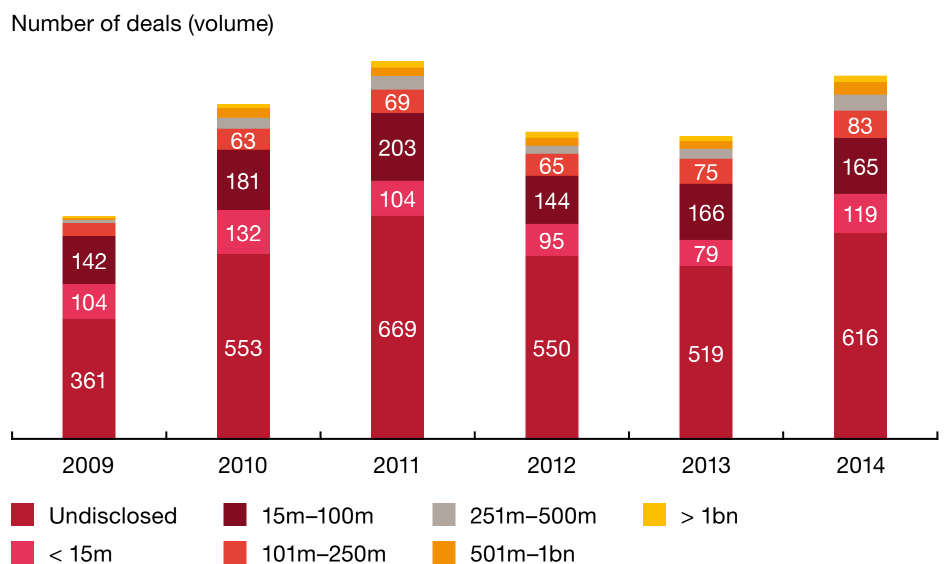
Fig. 2 European Buyout Trends, 2009–2014



There are several reasons for this trend. First, PE firms at the upper end of the market were somewhat more willing to pay premiums than they previously had been. For PE activity with values over €100m, the median reported EBITDA year one multiple was 10.9 times earnings, compared to 10.3 times earnings in 2013.

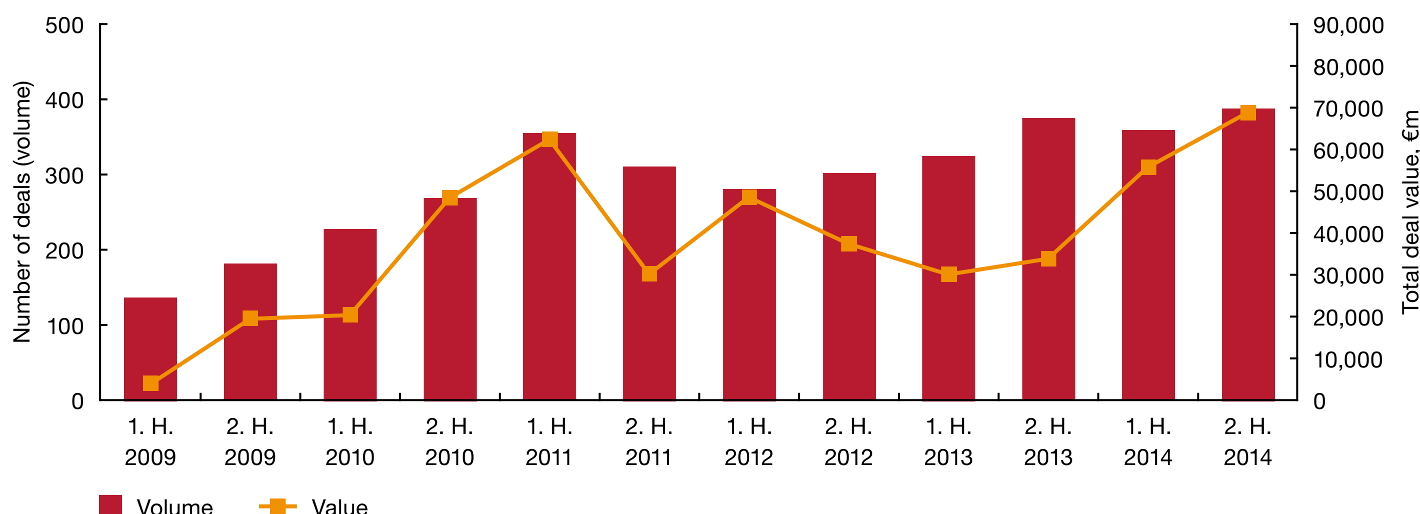
Second, PE firms in 2014 had an abundance of 'dry powder', or capital committed to PE funds, that had not yet been allocated. Because PE portfolios since the financial crisis have tended to outperform other asset classes, limited partners committed record-high amounts to PE funds this past year. Last year therefore saw PE firms competing with one another for a comparatively small set of prized assets, driving prices up further.

Fig. 3 European Buyouts, Split by Deal Size, 2009–2014



It also seems that limited partners concentrated their funds among a smaller set of PE firms. As a result, those tailored to the middle market have perhaps not benefited as much as their larger peers. As these larger funds were making slightly larger buys, there was a moderate mid-market decline in an otherwise healthy climate.

Fig. 4 European Exit Trends, 2009–2014

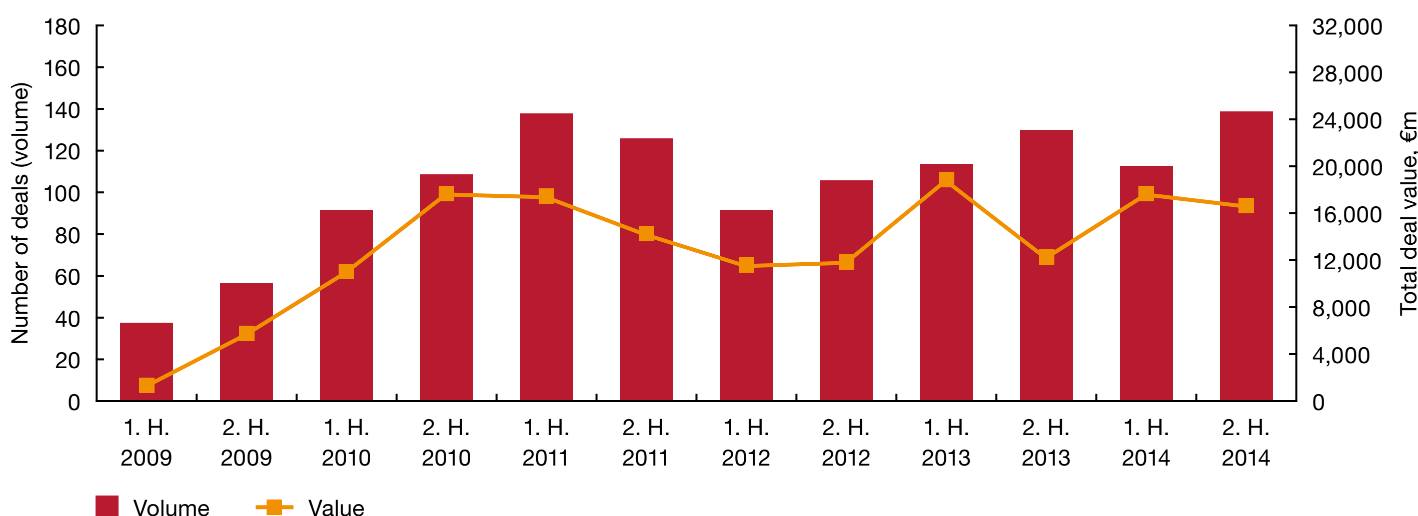


Buoyant exit climate

One area of PE that saw a dramatic boost was exits. In 2014, total exit volume rose 7% to 749 deals, while value jumped 94% to €124.3bn. And excluding secondary buyouts, volume and value rose 9% to 497 deals, and nearly threefold to €89.9bn respectively. This demonstrates that there were corporates willing and able to pay top dollar for quality assets.

Last year's largest exit was testimony to this, and clearly contributed to the marked uplift in deal value: US pharmacy chain Walgreens bought the remaining 55% stake in Switzerland's Alliance Boots, an operator of pharmacies throughout Europe, from AB Acquisitions Holdings. The €17.8bn transaction created Walgreens Boots Alliance, the world's largest purchaser of pharmaceuticals, and one of the first global pharmacy chains. Initially, Walgreens was set to re-domicile in Switzerland in order to benefit from a lower tax regime, but the recent US crackdown on inversion deals has resulted in the tied-up business being headquartered in Walgreens' longstanding base, Chicago.

Fig. 5 European Secondary Buyout Trends, 2009–2014



The rise of secondary buyouts

Another sign that the PE climate improved was the maturing of secondary buyout activity. Since 2009, PE firms increasingly sold assets to one another in order to re-invest or deploy capital about to expire. Dry powder is accompanied by time horizons for investments, typically of around five years. After a post-crisis lull in PE activity, resulting in the accumulation and frequent deadline extension of financing, PE firms were looking to put their money to work quickly. Over the past few years, secondary buyouts' emergence was often seen as a troubling sign for PE, and as generally only occurring if other options were unavailable.

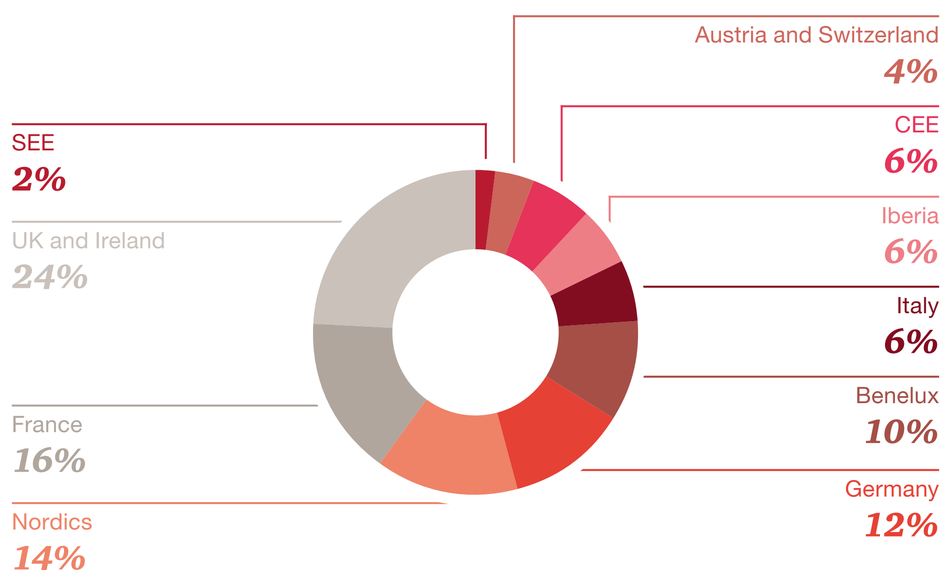
However, upward momentum continued even in 2014's robust PE climate: there were 252 secondary buyouts valued at €34.4bn, a 3% and 10% increase in volume and value, respectively, compared with the previous year. The renewed popularity of secondary buyouts is linked both to freeing up capital and to taking the pulse of capital markets: debt markets were buoyant, and equity markets' post-crisis volatility made them a less viable exit option.[1] While firms are undoubtedly still grappling with excesses of dry powder, and nervousness around initial public offerings (IPOs) persists, this type of activity does not necessarily mean that the PE climate overall is struggling.

[1] http://www.fma.org/Istanbul/Papers/Secondary_Buyouts_Why_Buy_and_at_What_Price.pdf

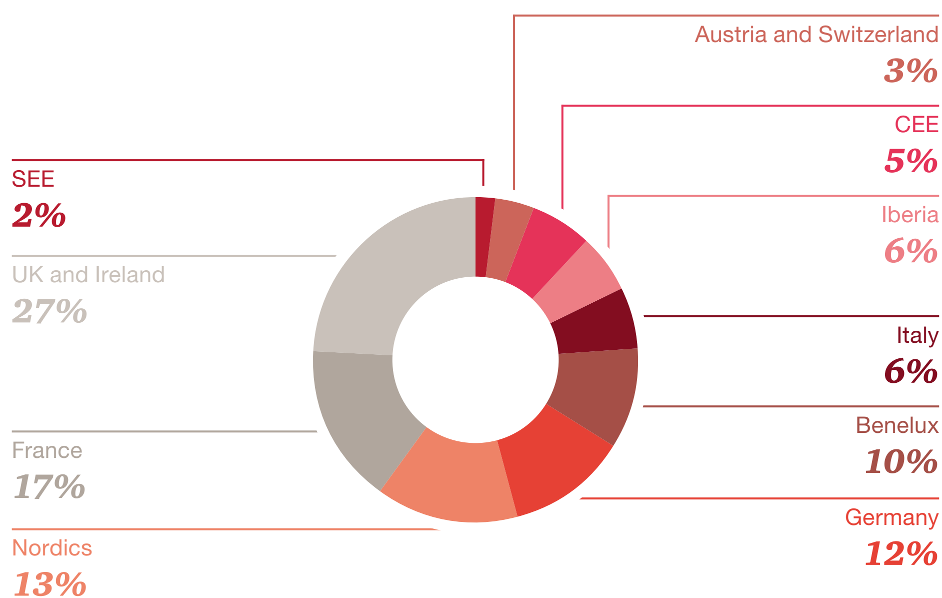
Underlining this point, secondary buyouts increasingly numbered among the year's biggest deals. For instance, a consortium of buyers, including Canada's Public Sector Pension Investment Board and Arcus Infrastructure Partners, announced plans to acquire TDF, the France-based operator of telecommunications masts, from another consortium led by Australian telecommunications firm TPG and UK-based PE house Charterhouse Capital Partners. The €3.6bn deal sees the sellers exiting an investment initially made in 2006 for €3.3bn, and will help TDF pay down some of its nearly €4bn debt.

Fig. 6 Buyout volume, split by target region

2009–2012



2013–2014

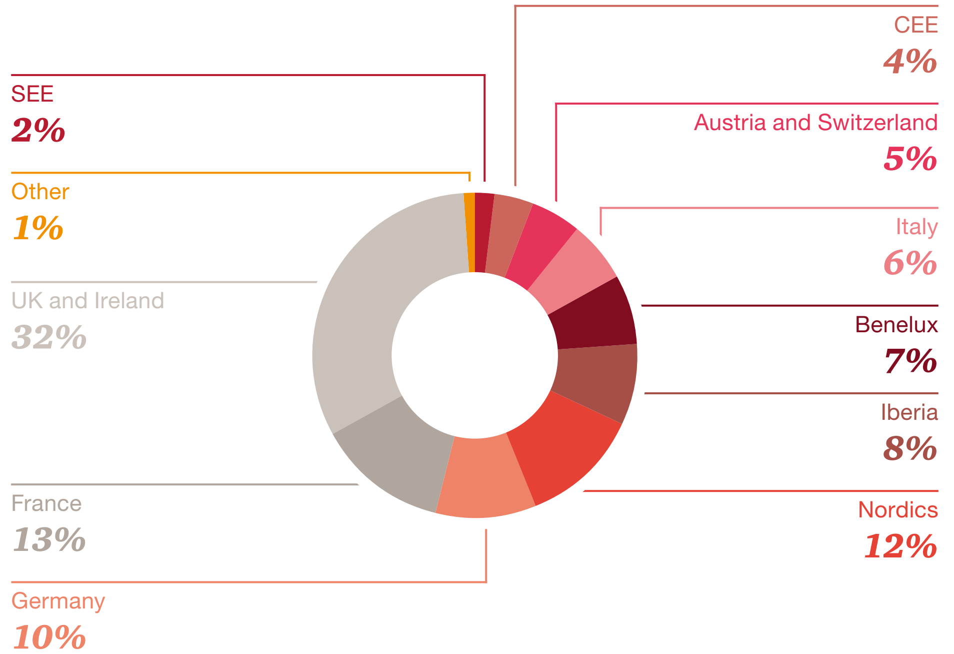


Geographic variations

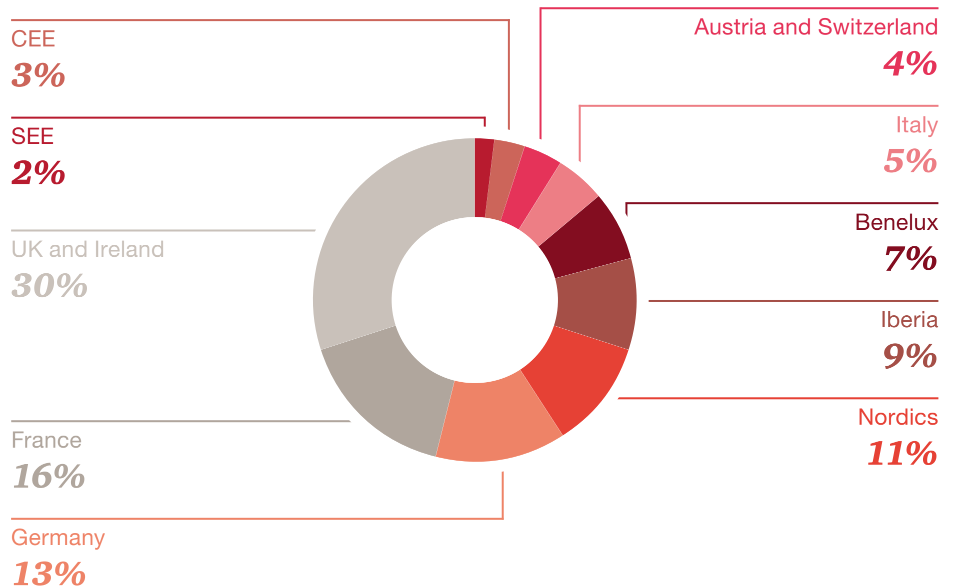
The most active target markets over the past five years have remained fairly static, with the clear leader being the UK and Ireland in terms of both volume and value. The region's share of aggregate volume edged up by three percentage points when comparing activity in 2009 through 2012 with 2013 and 2014 – the most noticeable shift over the past few years. In terms of UK PE deals overall, volume rose 20% YoY to 422 deals in 2014, and value 89% to €53.8bn.

Fig. 7 Buyout value, split by region

2009–2012



2013–2014



The UK and Ireland stand out from other European regions for seeing a steady stream of comparatively small transactions, rather than a handful of outlier deals boosting aggregate deal value. While 27% of 2014's European total buyouts had announced values between €15m and €500m, 38% of the UK and Ireland's deals had announced values within this range.

Indeed, despite seeing the largest deal value of all other European regions, the largest buyout in the UK and Ireland during 2014 was valued at €2.5bn, a full €1.2bn below the biggest European buyout of the year (Onex Corporation's acquisition of SIG Combibloc Group). In the UK-based transaction, a consortium led by Canada's Allianz Capital Partners purchased Porterbrook Leasing Company, a train lessor that owns roughly a third of Britain's passenger trains. The buyers expect demand for trains to increase, driven by growing urbanisation and city expansion in the UK.

Industry focus

A number of European industries attracted PE investment in 2014, with sector distribution relatively constant over the past five years. Industrials and chemicals is Europe's largest sector for buyouts, seeing 24% of volume and 16% of value in 2013 and 2014 combined. The largest markets for buyouts in the sector are Europe's industrial centres, such as Germany and France.

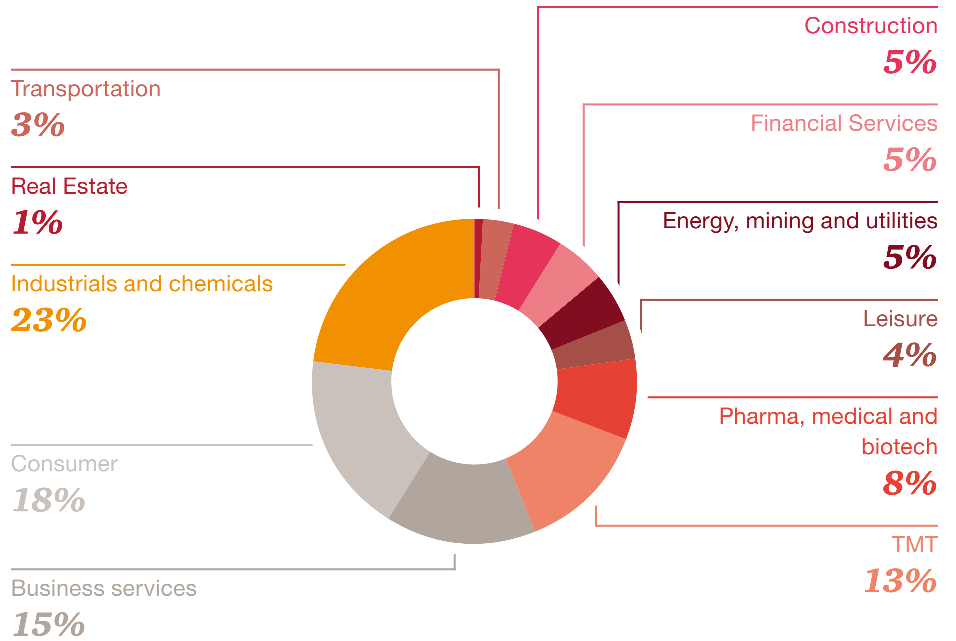
The sector experienced modest organic growth for much of 2014, with the European Central Bank's (ECB) purchasing managers' index seeing increases between Q2 2013 and Q2 2014, although it declined slightly in Q3 2014.[2] As the market began to see signs of improvement, many buyers began to look to European industrials and chemicals corporates as safe, and still relatively inexpensive, bets. Other corporates re-evaluated their portfolios and looked to reduce debt burdens accumulated during the recent downturn.

The biggest industrials and chemicals deal of the year is an example of both trends: Canada-based PE firm Onex Corporation bought out SIG Combibloc Group, one of the biggest manufacturers of paper packaging globally. The €3.8bn deal comes as part of a divestiture strategy from SIG's New Zealand-based former owner, Reynolds Group Holdings. The company is looking to pay down roughly €15bn in debt following a buying spree immediately before the financial crisis. For its part, Onex Corporation has targeted buys in Europe.

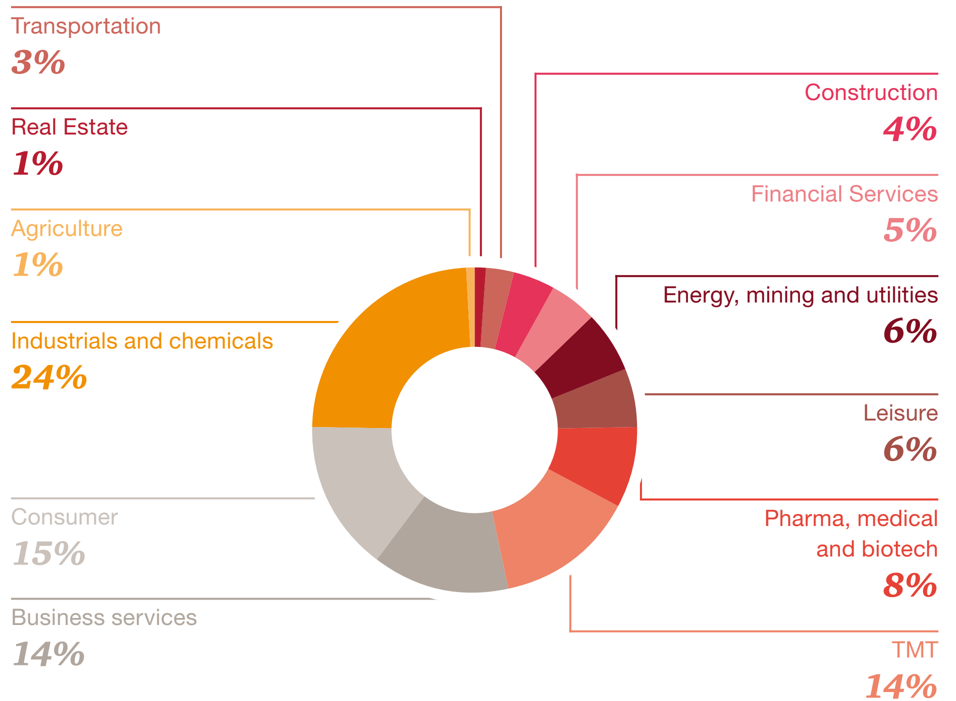
[2] http://www.ecb.europa.eu/pub/pdf/mobu/mb201410en.pdf

Fig. 8 Buyout volume, split by industry

2009–2012



2013–2014



What lies ahead

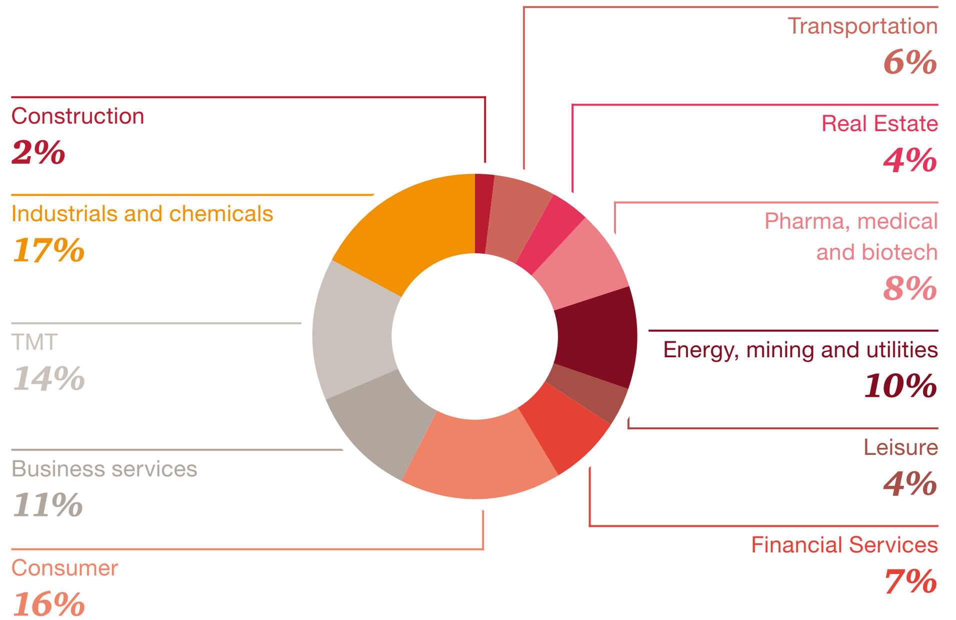
There are mixed signals for the health of the PE market in 2015. On one hand, both buyouts and exit levels are pro-cyclical, and Europe's economic health looks murkier than it has in recent years. In late 2014, the eurozone narrowly avoided a 'triple dip' recession, largely thanks to Germany and France demonstrating marginal gross domestic product (GDP) growth. Concerns persist over structural problems in Europe, such as mounting public debt levels and weak employment figures in several economies. Accordingly, the European Commission revised downward its projected growth rates for the eurozone in 2015.

In order to sustain buyout figures in the long-term, renewed interest in the mid-market – PE's backbone - will also be crucial. Last year's trend toward larger deals may very well continue into next year, and could possibly be a damper on the number of deals overall that are announced.

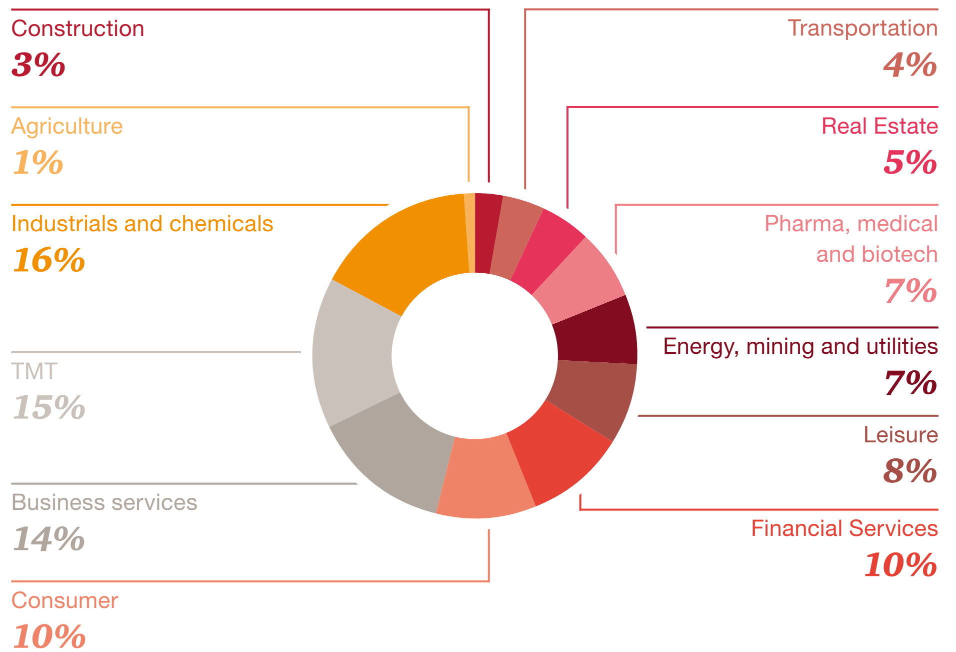
However, last year's positive momentum may still bode well: much of the money committed to PE firms in 2014 has yet to be spent. Record-low interest rates also have continued the climate of cheap debt. In September 2014, the ECB slashed its refinancing rate to 0.05% – a record low. And the ECB's early 2015 announcement of quantitative easing (QE) also should ensure that debt is cheap, encouraging leveraged buyouts, and will likely prompt bidders from countries with comparatively stronger currencies to eye opportunities in the eurozone. While the frenetic activity of 2014 may not spill over into 2015, there is ample reason to be confident about PE in the near term.

Fig. 9 Buyout value, split by industry

2009–2012



2013–2014

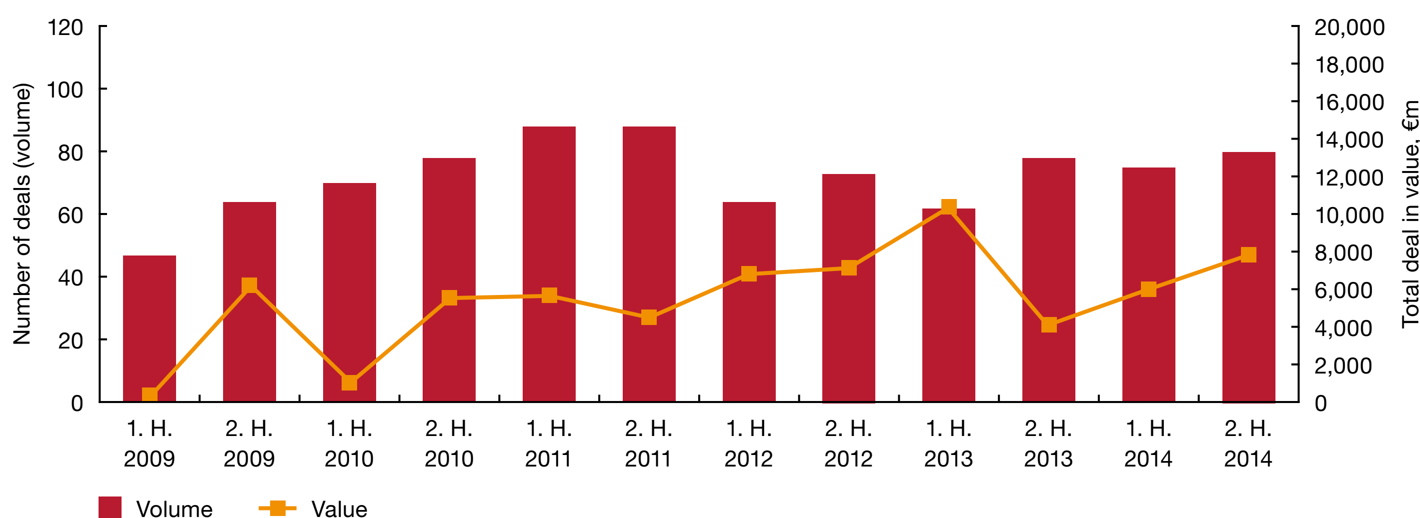


Deep dive: DACH Spotlight

DACH Spotlight

Germany, Austria and Switzerland (DACH) together comprise one of the busiest regions for private equity in Europe. Buyout figures remained steady in 2014, with volume increasing 11% YoY to 155 deals, and value declining 5% YoY to €13.9bn. Encouragingly, this activity took place at all ends of the market, with the number of deals €500m and under increasing from 33 deals in 2013 to 40 in 2014. Deals valued over €500m held steady, with seven transactions in both years.

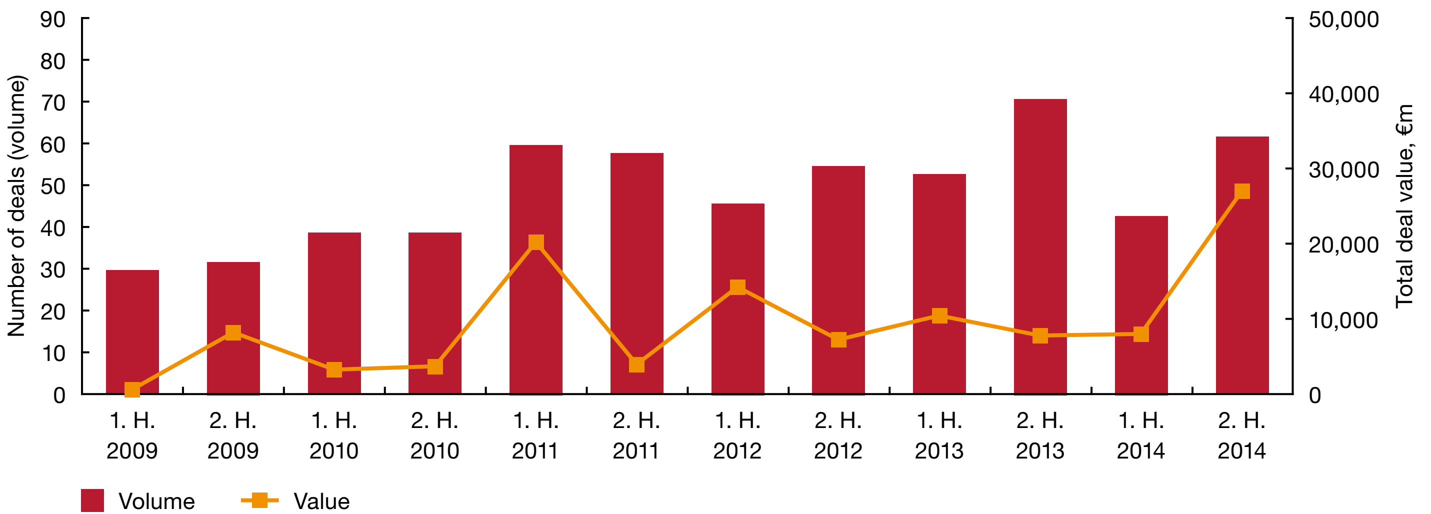
Fig. 10 DACH Buyout Trends, 2009–2014



Exit figures

DACH-based exits also had a solid year. Although volume declined 15% YoY to 105 deals, value increased nearly twofold to €34.4bn over the same period. This sizeable boost in value was largely due to AB Acquisitions Holdings' €17.7bn sale of Boots Alliance to Walgreens. However, there were other headline-grabbing exits in the region, with the consumer, industrials and chemicals, TMT and PMB sectors all generating strong levels of activity.

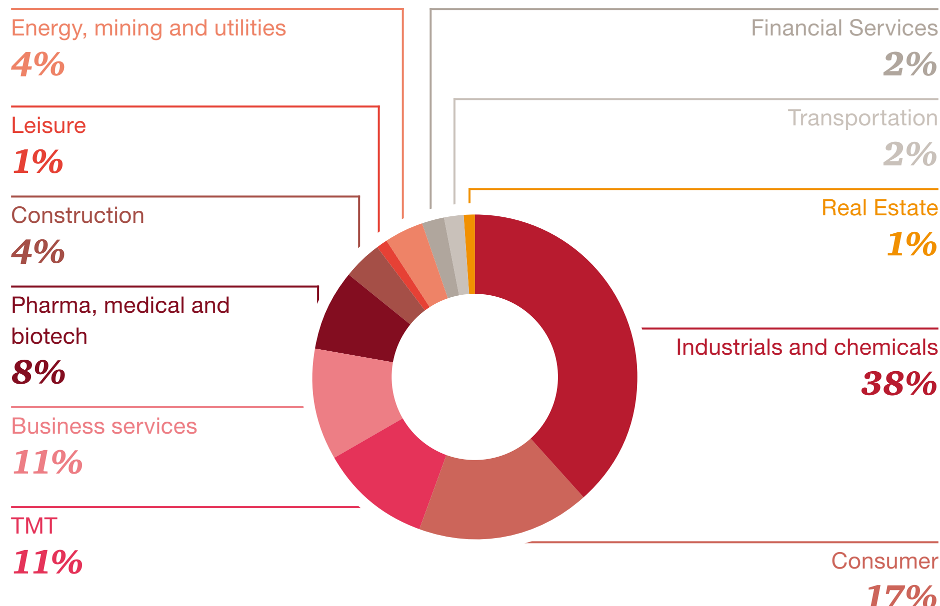
Fig. 11 DACH Exit Trends, 2009–2014



For instance, in the second largest exit of the year, the UK's Apax Partners sold Orange Communications, the Swiss mobile phone provider, to French holding company NJJ Capital for €2.3bn. NJJ already has a substantial foothold in the TMT space, with its stake in French broadsheet *Le Monde*, and Iliad, a French mobile phone operator. This transaction comes as part of the firm's moves outside French borders, and follows Iliad's recent acquisition of Monaco Telecom. The transaction also represents a sizeable return on investment for Apax Partners, who had purchased Orange Communications in 2012 for €1.6bn.

Fig. 12 DACH Buyout volume, split by industry

2009–2012



2013–2014

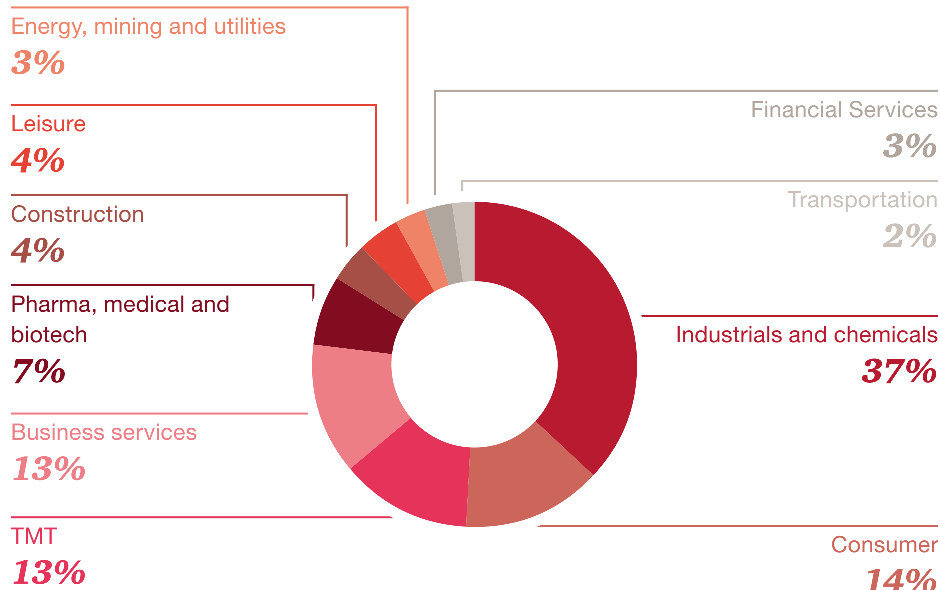
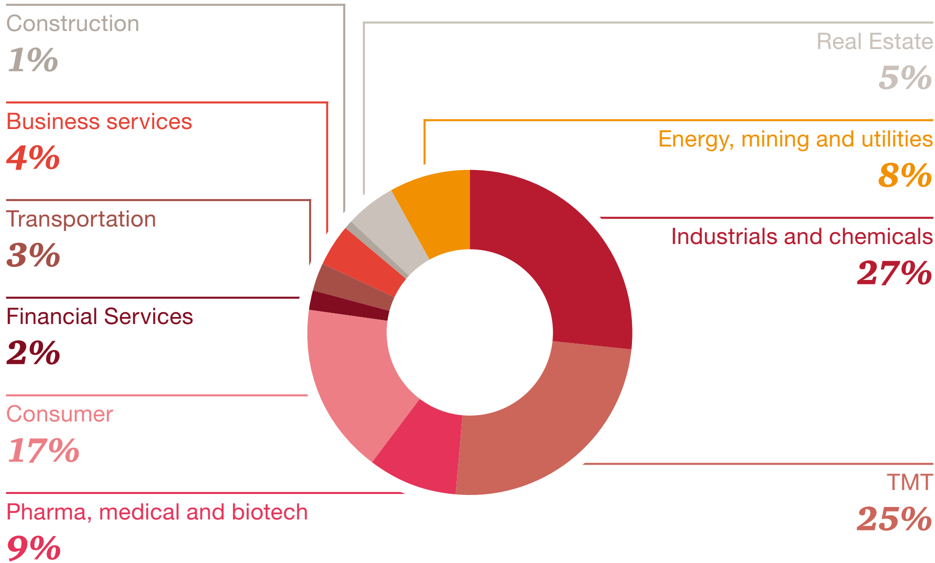
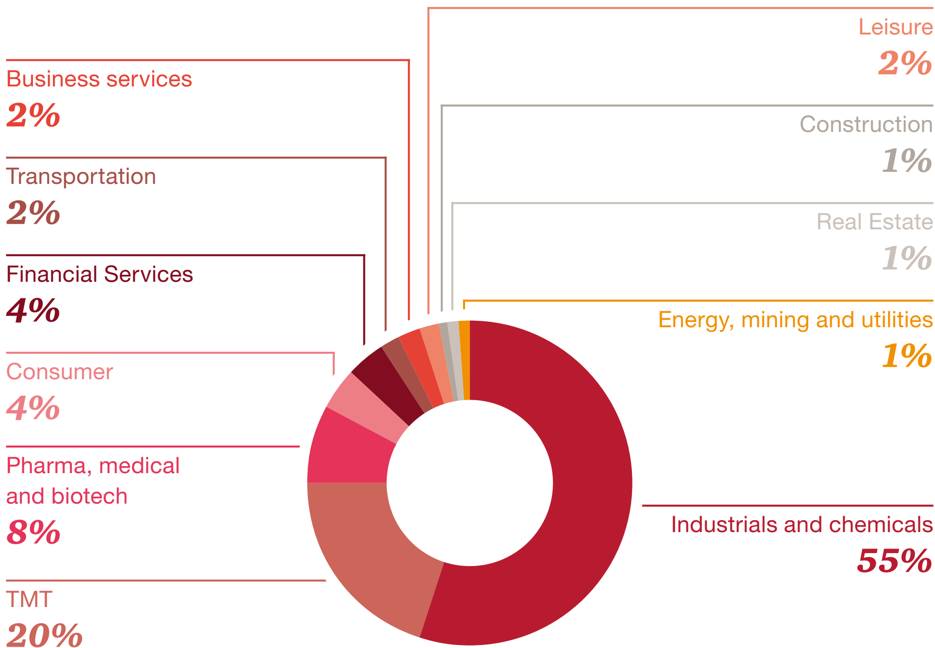


Fig. 13 DACH Buyout value, split by industry





Sector focus

As in Europe overall, the most active sector by volume and value was industrials and chemicals. The sector has also made gains in real terms, with activity rising 4% YoY by volume to 55 deals, and 14% YoY by value to €8.2bn. While Germany is undoubtedly the most active destination for PE activity in DACH, industrials and chemicals in particular is dominated by German activity. The country accounts for the overwhelming majority of deal volume, although this year Germany only comprised roughly half of the sector's value, largely thanks to Onex Corporation's aforementioned acquisition of SIG Combibloc.

Broadly speaking, industrials and chemicals is a hallmark of the German economy, and the country is widely considered to be the industrial heartland of Europe. Germany is the world's third largest exporter after China and the United States, with the bulk of its exports in the manufacturing space. It is therefore unsurprising that PE firms have looked to buy into the potential for well-sustained growth.

In one notable example, US-based PE house Clayton, Dubilier & Rice bought packaging producer Mauser for €1.2bn from Dubai International Capital, the PE arm of the United Arab Emirates' holding company. The deal is the largest secondary buyout in DACH, and sees Dubai International Capital recoup its €850m initial investment. This is in part to help reduce debt burdens at other UAE state-owned companies, as they ramp up efforts to make the country an international tourist and sporting destination. Clayton Dubilier & Rice is looking to help Mauser increase sales of existing products, as well as developing new ones, especially within the sustainable packaging space.

Despite industrials and chemicals' dominance, a number of other sectors saw strong buyout activity in 2014, including consumer, TMT and business services. The wide-ranging interest in DACH industries should help to sustain PE figures, as the region experiences some macroeconomic speed bumps, with the Swiss franc appreciating and concerns over eurozone stability rising in Q1 2015. While these broader factors may dampen the confidence of some investors in the near term, we are confident that PE activity will remain strong in DACH, thanks to cheap debt, high levels of dry powder globally, and expectations of long-term health in the region.

"European private equity activity experienced a long-awaited revival in 2014."

Interview with Steve Roberts, Private Equity Leader at PwC Germany

Was 2014 a good year for the private equity industry?

Most definitely! European private equity activity experienced a long-awaited revival in 2014. The vast majority of private equity (PE) funds saw an increase in new investments and was generally more satisfied with their portfolio companies' performances than in previous years. Along with increases in new investments came improvements in financing conditions. So, all in all it was a very good year for the industry.

Has the business model of the private equity industry changed since the financial crisis?

Most private equity funds say that their business models have changed at least to some extent. With on average longer holding periods driven primarily by the time required to implement the value creation strategies as the cornerstone of the equity stories, they are now focussing on more active portfolio company management and are looking for cooperation with strategic investors or other private investors, such as hedge funds and sovereign wealth funds. The industry overall has experienced radical shifts, aside from the changes to the broader economic climate. In recent years, there has also been increasing pressure from limited partners for clarity and insight into how funds are spent. At the same time, there is heightened regulatory scrutiny around issues ranging from marketing strategies to asset risks. All those factors have been prompting changes in the business models.

To what degree are funds nowadays reliant on debt for new investments?

Overall, debt-to-equity ratios now tend to be less than 40% whereas German funds are often more conservative. In our survey, no German respondent reported using more than 50% debt to finance a deal. It is interesting to note, though, that larger funds – particularly those in the US and the UK – have increasingly been financing deals with larger amounts of debt, sometimes with up to 70% leverage.

What about covenant breaches?

They occur much less frequently. The vast majority of funds report that less than 10% of their portfolio companies experienced covenant breaches in 2014. This finding marks a positive shift since last year, pointing to increasing health among portfolio companies, given that the macroeconomic picture has seen steady improvements, business activity has improved, and consumer spending is on the rise. Also, this could indicate that PE firms are acquiring choice targets, rather than engaging in distressed investing activities, which were more prevalent in the aftermath of the sovereign debt crisis.

What are the most sought-after industries for future investments?

The most active sector by volume was industrials, an industry dominated by German activity. Broadly speaking, industrial production is a hallmark of the German economy, and the country is widely considered to be the industrial heartland of Europe.

Germany is the world's third largest exporter after China and the United States, with the bulk of its exports in the manufacturing space. It is therefore unsurprising that private equity firms have looked to buy into the potential for well-sustained growth. However, a number of other sectors also saw strong buyout activity in 2014, including the consumer goods industry as well as energy and utilities.

How attractive is Germany as an investment destination?

Germany is generally considered a very attractive investment destination. Funds all over Europe will continue scouring the German market for new opportunities. The country's ability to remain stable in the face of nearby market turmoil – including sovereign debt crises in other eurozone economies – and the strength of its middle market are attractions that continue to draw firms looking for high-performing portfolio companies and dependable returns. Enhanced credit availability and a more favourable financing market will combine to make 2015 an ideal year for investors looking to add to their German portfolios.

What are the main factors influencing investment rationale in 2015?

German PE funds are more likely to cite market consolidation as the top determining factor behind investment rationale. Internationals, on the other hand, prioritise sales force effectiveness and operational improvements. In spite of the differences between the two camps, an equal percentage of German and international PE firms factor buy-and-build opportunities into investment rationale. While this clearly depends upon the respective equity stories, it is also reflective of the underlying assets coming to market within the DACH region with the mix of deals being more of a carve-out or primary nature than within the rest of Europe.

What is your personal prediction for the development of the private equity industry in 2015?

Last year's positive momentum may bode well: much of the money committed to PE firms in 2014 has yet to be spent. Record-low interest rates also have continued the climate of cheap debt, encouraging leveraged buyouts, and likely prompting bidders from countries with comparatively stronger currencies to eye opportunities in the eurozone. While the two-digit growth rates in buyout deal volume that we saw in 2014 may not spill over into 2015, there is ample reason to be confident about private equity in the near term. PE firms in 2014 raised record amounts of dry powder. Given that this committed capital comes with a time horizon, firms have the financing and the drive to embark on new transactions in 2015.

"Funds all over Europe will continue sourcing the German market for new opportunities."

"Enhanced credit availability and a more favourable financing market will combine to make 2015 an ideal year for investors looking to add to their German portfolios."

B Key findings

2014 was a good year for the private equity market

- 81% of current respondents saw new investments increase in 2014. This finding is encouraging, as it compares to only 37% in last year's cohort.
- 63% of German respondents report being very satisfied with the development in their portfolio companies, compared to less than half (47%) of international respondents. Germany-based respondents perception of portfolio company performance contrasts with announced figures for 2014: last year, the average EBITDA multiple for exits with German sellers was 7.6 times earnings, compared to 12.7 times earnings for exits with Europe sellers overall.

2015 will get even better…

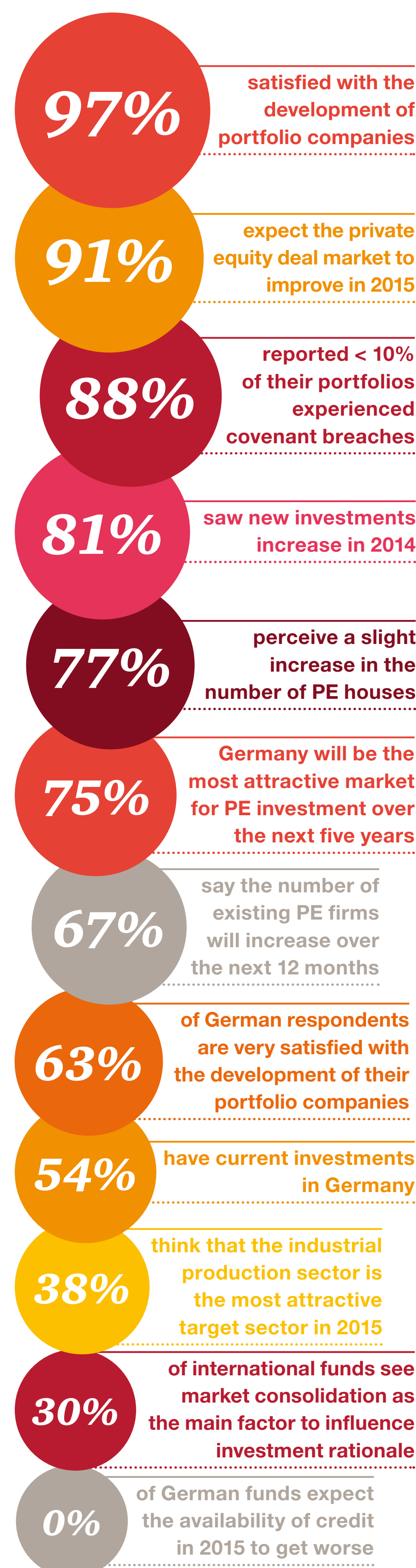
- A large majority (91%) of respondents expect the private equity (PE) deal market to improve in 2015. Only 60% of last year's respondents predicted an improvement in 2014.
- The majority of respondents (67%) say the number of existing PE firms will increase over the next 12 months. While this figure likely points to positive growth, it is a decline from the 85% of the same respondent pool who saw an increase in the number of PE firms in 2014.

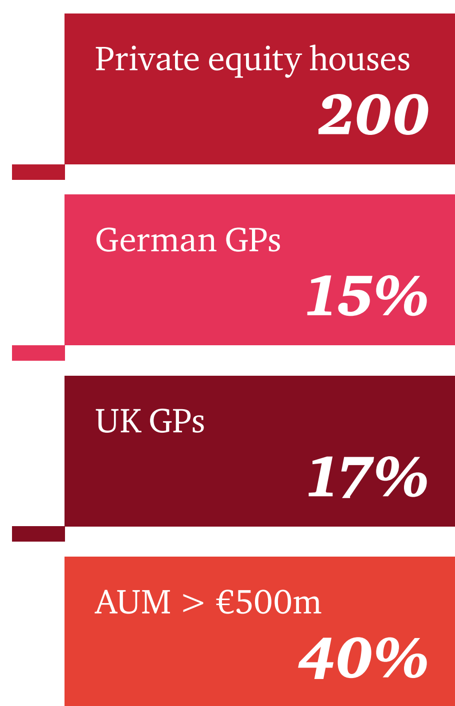
Germany – most attractive market

- Western Europe is the most appealing investment geography, with most respondents pointing to it as the top market for international PE investments. These figures are likely somewhat biased in favour of Europe, because of the survey's European respondent pool. The US both historically and currently is the biggest market for PE investment globally. Still, Western European targets were popular in 2014, accounting for 28% of PE volume globally, and 24% of value. Based on respondents' enthusiasm for the region, its importance as a PE destination looks set to continue into 2015.
- The largest share of respondents consider Germany to be among the most popular target markets for buyouts. While the UK and France currently stand as Europe's most popular destination, this could point to increasing confidence in investment in the country.

Industrial production and consumer sector on the rise

- The industrial production sector (38%) and the consumer sector (32%) top the list of attractive target sectors in 2015. This chimes with announced figures for 2014, with industrials and consumer seeing the largest share of deals by volume.





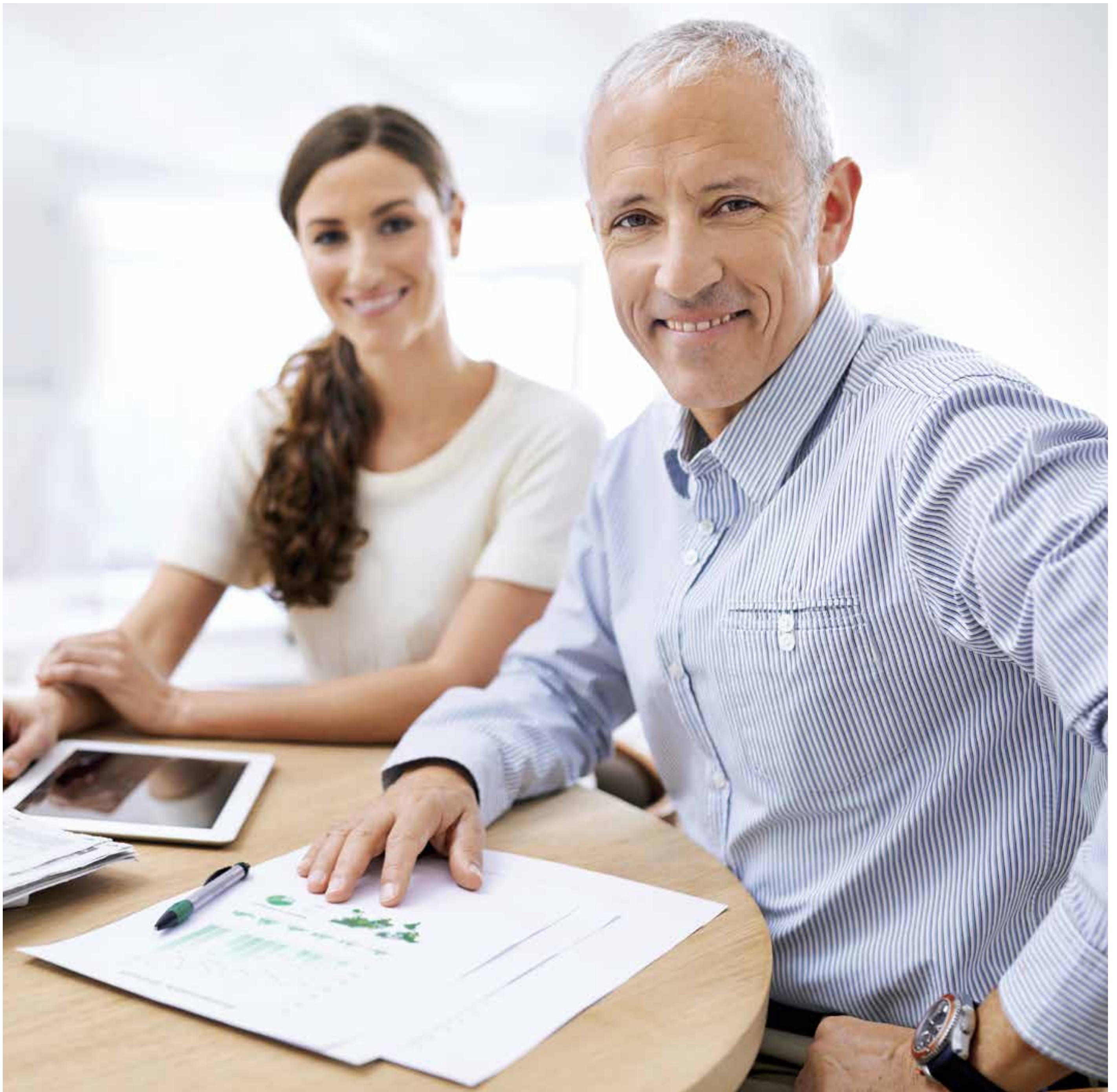
Improvements in credit conditions, debt to equity ratios and covenant breaches

- About half of respondents expect an improvement in credit conditions in 2015, and half expect no change. Very few expect credit conditions to worsen over the coming year. This is marked improvement from the previous edition of the report, in which only around a quarter of respondents expected that conditions would improve in 2014.
- Only 14% of international respondents and no German respondents reported using debt to equity ratios of 50% or higher in 2014. This is a marked improvement from the previous study, in which 20% of international funds and 13% of German funds used debt to equity ratios of 50% or higher.
- 88% reported that fewer than 10% of their portfolio companies experienced covenant breaches last year. This marks a positive change from the previous edition, when respondents were more likely to cite the 10% to 20% range or the > 20% range.

Further focus on operational improvements

- Sales force effectiveness, operational improvements and financial modelling will factor most heavily into investment rationales this year. This is something of a departure from the previous edition of the report, in which operational improvements, buy and build, and market consolidation were tipped to be the main drivers in 2014.
- The vast majority of 2014's survey pool cite expansion of capital opportunities, distressed opportunities and add-on acquisitions as the top three deal drivers of 2015. This is broadly in line with market trends in 2014: although distressed activity has been a fixture of the European private equity landscape since the sovereign debt crisis, there seems to have been greater emphasis on growth capital.

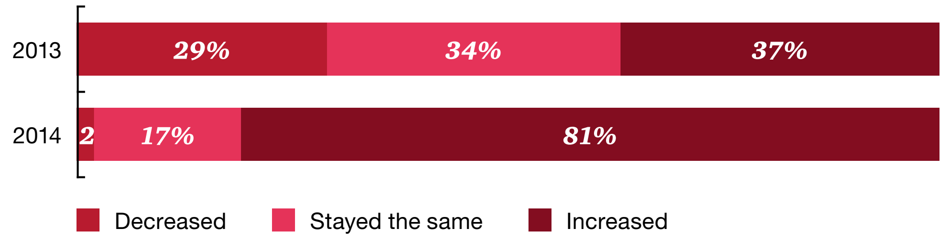
C Detailed Findings



1 2014 in review

Buyouts on the rise through 2014

Fig. 14 Development in number of new investments compared to previous year



This year's results demonstrate increases in new PE investments over the past year: 81% of respondents saw an increase in new investments in 2014, compared to just 37% who said the same last year. The share of those reporting a decrease has also dropped significantly from 29% in 2013 to 2% in 2014.

Previous studies reveal that optimism levels have increased over the past few years. Indeed, the percentage of respondents predicting an increase in new investments has risen steadily every year since 2012.

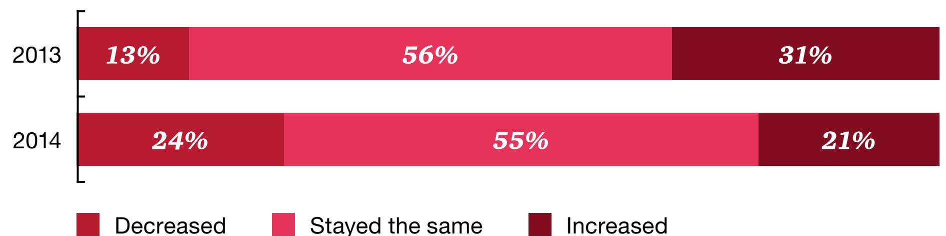
81% of the funds experienced an increase in investments

It is also noteworthy that German and international respondents see eye-to-eye on this issue: 63% of German respondents and 61% of international respondents predict a modest increase in PE investments in 2015, with one-fifth of both groups expecting the increase to be substantial.

These findings broadly chime with 2014's announced European figures, as Europe experienced a long-awaited revival throughout the entire market. Volume climbed 16% year-on-year (YoY) to 1,584 deals, and value jumped 87% to €190.3bn over the same period.

Exit market still on the mend

Fig. 15 Development in number of exits compared to previous year



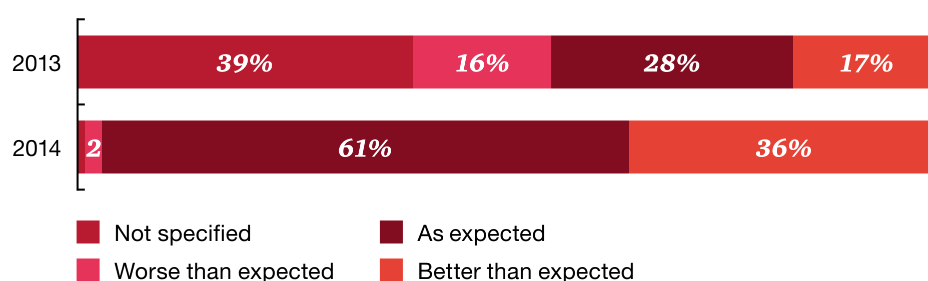
While fresh investments have been on the rise, respondents report declines in exit activity. Only 21% of the survey pool witnessed increases in exits in 2014, compared to 31% of 2013's cohort. Meanwhile, the percentage of those reporting decreases has jumped from 13% among respondents in 2013 to 24% among this year's survey pool.

As with buyouts, the stance on exits is similar when comparing German and international funds. Roughly one-fifth of each group saw slight increases in exit activity in 2014, and only a slim minority (2% of international respondents and no German respondents) saw significant increases.

This less-positive attitude is somewhat curious, because Mergermarket figures demonstrate a surge in European exits in 2014, with volume rising 7% YoY to 749 deals, and value surging 94% YoY to €124.3bn. An explanation may be that this tremendous gain in value occurred at the upper end of the market. It may be that the comparatively smaller gain in volume resonates more with respondents' experiences of 2014's exit climate.

Financing conditions improve

Fig. 16 Perceptions of debt availability compared to the previous year

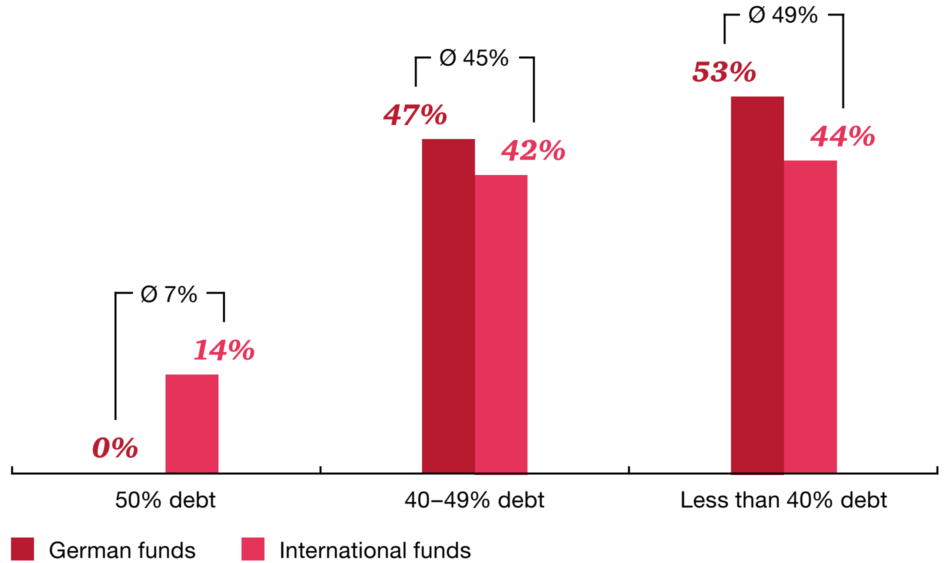


Along with increases in new investments came improvements in financing conditions for many of those polled. When asked whether debt was more, less or as available as expected in 2014, most respondents say debt availability met (61%) or exceeded (36%) their expectations. This could indicate that the financing climate has stabilised, or at least become more predictable as markets recover.

There are noteworthy variations between German and international funds on this point. Those based in Germany are divided exactly in half, with 50% stating that market conditions met their expectations in 2014 and 50% stating that conditions were better than anticipated. International funds were slightly less enthusiastic about 2014, with 63% saying that market conditions met their expectations in 2014 and 34% saying that conditions exceeded their expectations. An additional 3% of internationals – but no German respondents – say market conditions proved worse than expected through 2014.

Germany less reliant on debt

Fig. 17 Average debt to equity ratios for new investments in 2014



German respondents have proved to be more conservative in previous editions of our survey, and this current edition is no exception. Germany-based interviewees continue to use less debt than their international counterparts – 53% report debt-to-equity ratios below 40%, in contrast to 44% of internationals. Furthermore, no German respondent reported using more than 50% debt to finance a deal. By comparison, 14% of international respondents saw debt-to-equity ratios of above 50% in 2014.

Apart from these notable differences, however, overall debt-to-equity ratios tended to be less than 40%, which was selected by 53% of German respondents and 44% of international respondents.

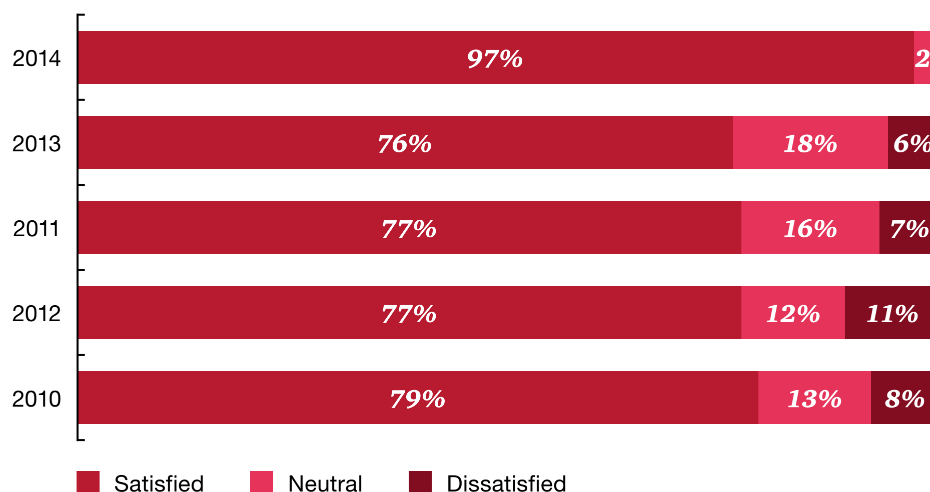
49% of all respondents report debt-to-equity ratios below 40%

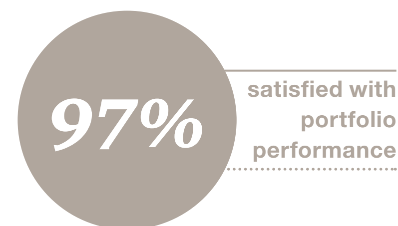
This finding is perhaps reflective of the increase in cash on hand that PE firms on seeing, with an estimated US$1.2tn in dry powder as of December 2014.[3] Still, it is interesting to note that larger funds – particularly those in the US and the UK – have increasingly been financing deals with large amounts of debt, sometimes with up to 70% leverage. The fact that this has not come out in our study likely reflects that respondents are based throughout Europe, and are of varied sizes.

[3] Preqin.

Portfolio performance rises in 2014

Fig. 18 Level of satisfaction with the overall development of portfolio companies



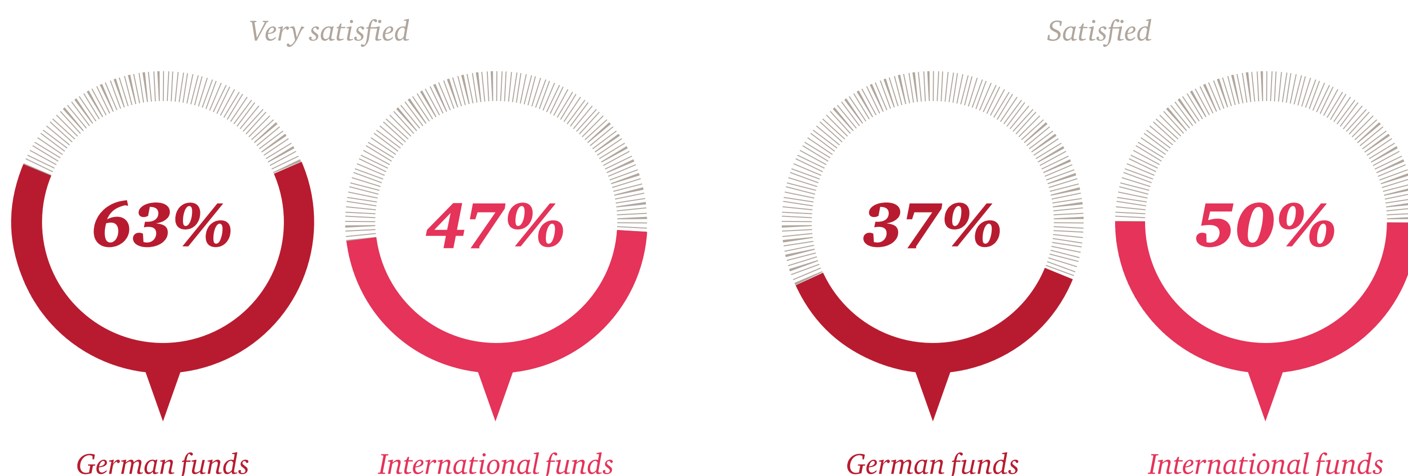


Current respondents are more satisfied with their portfolio companies' performances than in prior editions. In the previous four, the percentage of interviewees who were satisfied with the development of their portfolio companies ranged from 76% to 79% – but in 2014, this already-significant majority has jumped to 97%. The proportion of dissatisfied respondents also has dropped to an all-time low of just 1% this year.

This increase in optimism can be seen in Mergermarket's announced figures in 2014. The median EBITDA Year 1 multiple of exits increased marginally from 9.6 times earnings in 2013 to 9.9 times earnings in 2014. While this is not a direct reflection of portfolio company development, it does indicate that portfolio companies, upon exit, are increasingly commanding and receiving premium prices.

Germany particularly pleased with portfolio performance

Fig. 19 Level of satisfaction with the overall development of portfolio companies in 2014

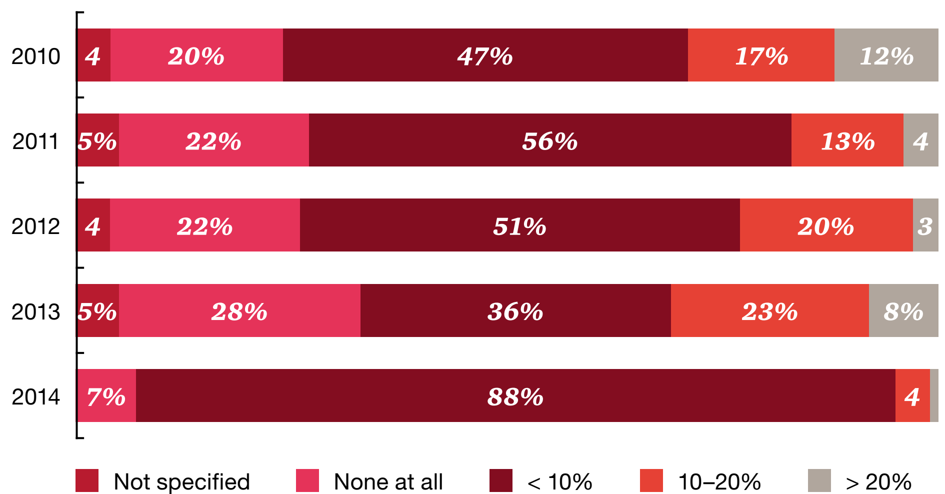


German respondents have been noticeably more satisfied with their portfolio businesses than their international peers. Sixty-three percent of Germany-based interviewees report being very satisfied with the development of their portfolio companies, compared to less than half (47%) of international respondents. At the same time, 50% of German respondents report being generally satisfied with their portfolio businesses' development. Tellingly, no German respondents say they are dissatisfied or neutral in this regard, although a handful of international respondents do so.

German respondents' more positive perception of portfolio performance does not seem to have been impacted by improved exit opportunities in the past year, as the number of exits from German firms declined 16% YoY last year, to 52. This compares to an increase in exits from firms with Europe-based sellers, which increased 5% YoY to 652 over the same period.

Covenant breaches recede in years since the downturn

Fig. 20 Percentage of portfolio companies, which experienced covenant breaches



When asked what percentage of portfolio companies experienced covenant breaches in 2014, 88% of respondents say less than 10%. Only 4% of interviewees select the 10% to 20% range, and only 7% say that greater than 20% of their portfolio companies experience breaches. This marks a positive shift since last year, when respondents were considerably more likely to select the highest-available > 20% range or the 10% to 20% range.

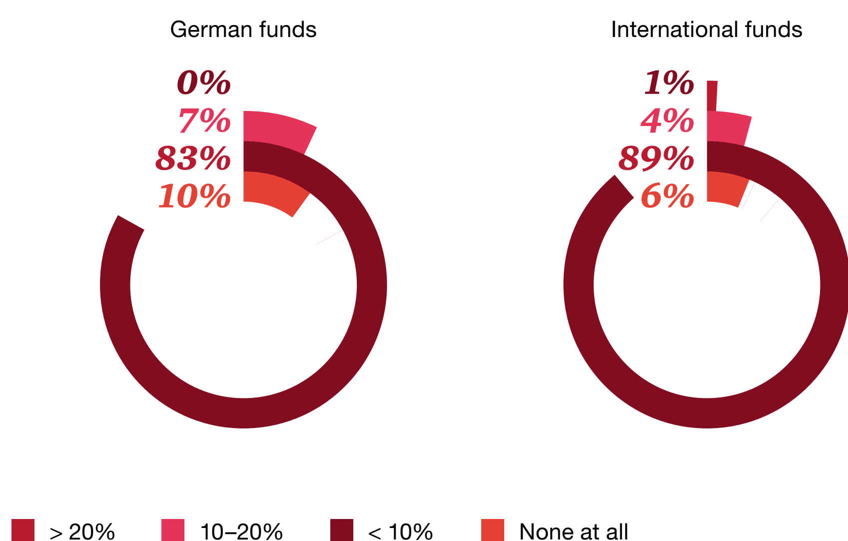
88% < 10% experienced covenant breaches

Providing further evidence of the positive PE outlook, the percentage of respondents experiencing covenant breaches with more than 20% of their portfolio businesses has dropped over successive studies. In all previous editions of the research, a range of around one-fifth to one-quarter of respondents said that more than 20% of their portfolio companies were facing covenant breaches, but that figure has dropped to just 7% in 2014.

This finding may point to increasing health among portfolio companies, given that the macroeconomic picture has seen steady improvements, business activity has improved, and consumer spending is on the rise. Also, this could indicate that PE firms are acquiring choice targets, rather than engaging in distressed investing activities, which were more prevalent in the aftermath of the sovereign debt crisis.

German firms less susceptible to covenant breaches

Fig. 21 Percentage of portfolio companies which experienced covenant breaches in 2014



Given that German respondents tend to take on less debt than their peers, it is of little surprise that they are also less likely to experience covenant breaches. Exactly one-tenth of German respondents report zero covenant breaches in 2014, compared to 6% of internationals.

The majority of respondents, however, see less than 10% of covenant breaches, with 83% of German funds and 89% of international funds selecting this response.

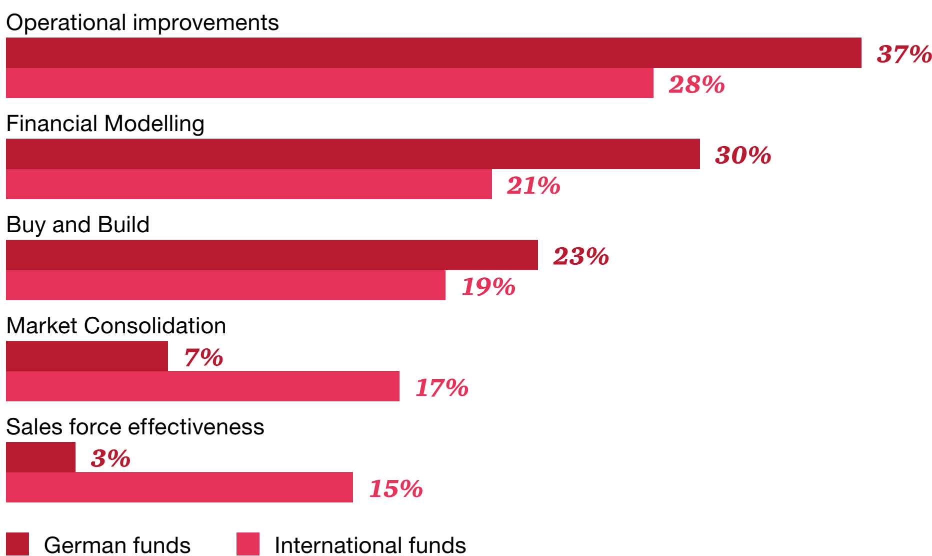
Deep dive: Investment rationale

Investment rationales diverge

In 2014, respondent geography seems to have impacted priorities when analysing new investments. For 37% of German respondents – but only 28% of their international peers – operational improvements factored heavily into investment rationales in 2014.

While these two areas are prioritised more by German interviewees than international ones, other areas rank lower on German respondents' list of concerns. Only 7% of Germans cite market consolidation as a major factor behind investment rationale, compared to 17% of international respondents. Further, just 3% of German respondents and 15% of internationals cite sales force effectiveness as a major area of focus.

Fig. 22 Main factors which influenced investment rationale in 2014



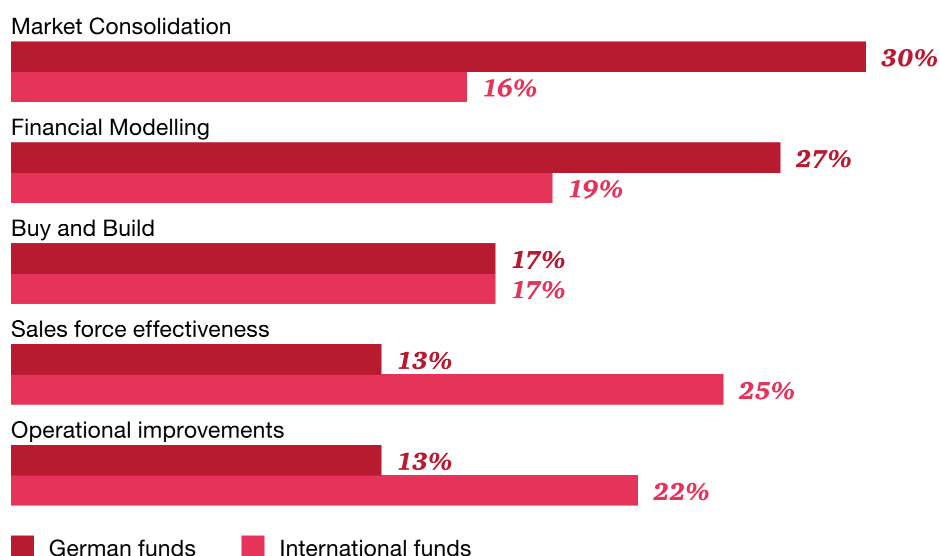
Regional differences in investment rationale

As in 2014, the investment rationales of German and international firms will differ, according to our survey. German respondents are more likely to cite market consolidation (30%) and financial modelling (27%) as the top two determining factors behind investment rational, compared to just 16% and 19% of international respondents, respectively. For their part, internationals are more likely to prioritise sales force effectiveness (25%) and operational improvements (22%).

In spite of the differences between the two camps, an equal percentage (17%) of German and international interviewees factor buy-and-build opportunities into investment rationale.

These findings contrast with the previous year's study, in which the largest shares of respondents pointed to buy and build (29%), operational improvements (26%), and market consolidation (11%) as the main drivers of 2014's investments. Still, as with the current edition of the research, respondents point to a range of different factors influencing investment rationale, demonstrating a multi-faceted PE marketplace.

Fig. 23 Main factors to influence investment rationale in 2015



2 Looking to the future

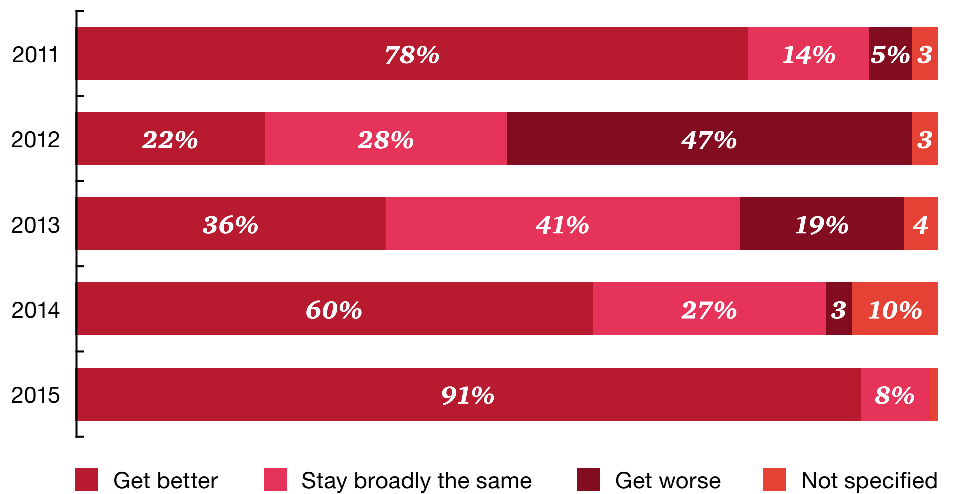
Major developments ahead

Survey results for 2015 suggest there will be major developments in the European PE market in the near term, with the proportion of optimistic survey participants reaching an all-time high in this year's report. More specifically, survey respondents expect to see improved credit availability in 2015, as well as an increase in the number of PE firms in operation.

As in previous years, this forward-looking section of our study reveals important differences in rationales and expectations of German and international funds, with the two groups expressing distinct preferences and priorities.

91% expect better PE deal market development

Fig. 24 Expected European private equity deal market developments

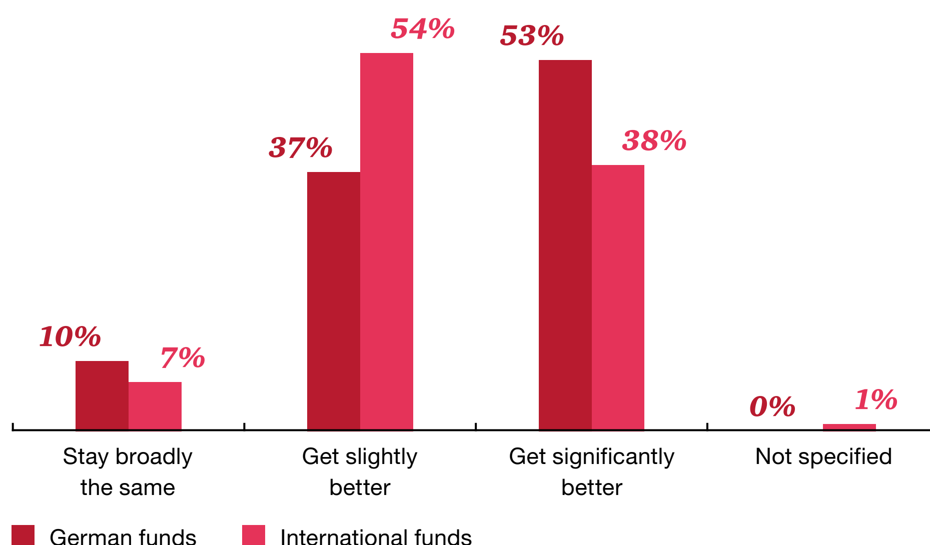


The vast majority of the survey pool (91%) expect the PE climate to improve in 2015, compared to just 60% of last year's cohort. The share of respondents anticipating that the market will worsen in 2015 has completely disappeared, after shrinking steadily every year since 2012.

While each year's survey hosts a different set of respondents, the gradual improvement in sentiment over time suggests that firms are beginning to shake off the pessimism and caution that has characterised European PE in recent years. Also, PE firms in 2014 raised record amounts of dry powder, much of which has yet to be spent. Given that this committed capital comes with a time horizon, PE firms have the financing and the drive to embark on new transactions in 2015.

Optimism up in 2015

Fig. 25 Expected European private equity deal market developments

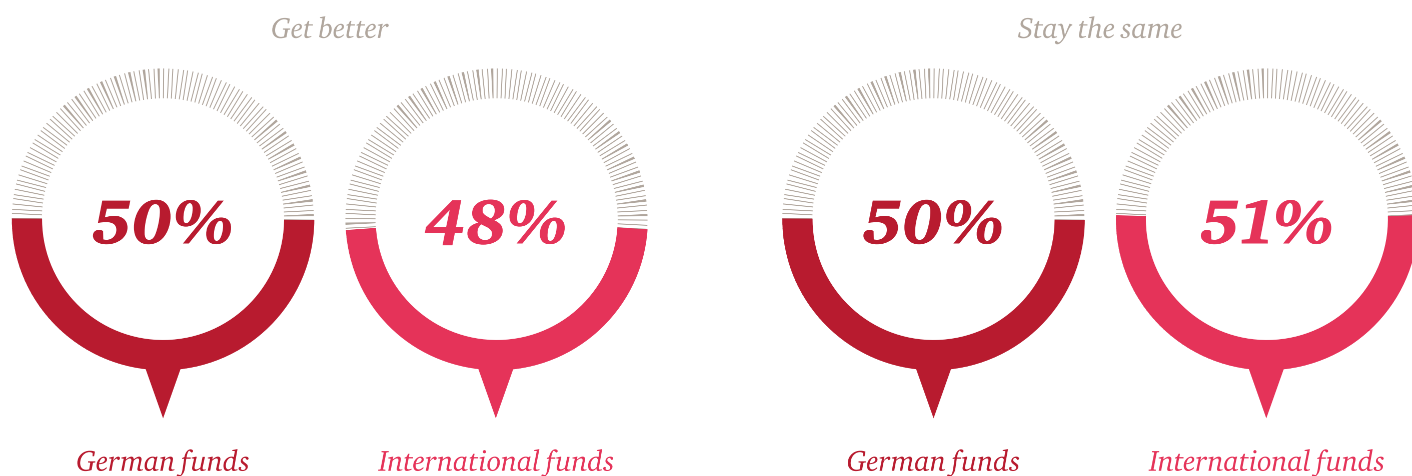


A closer look at the regional breakdown shows that German-based respondents are particularly optimistic, with 53% of Germans expecting market conditions to improve significantly over the next 12 months, in contrast to a comparatively slim 38% of internationals. These results are in sync with other findings that show Germans as slightly more optimistic than their peers.

Although not without its challenges, this finding may underscore the health of the German economy relative to Europe overall. Credit conditions rebounded more strongly than elsewhere in Europe, and buyouts made by German PE firms have exhibited a strong upward trend since 2012. While buyouts made by European PE firms rose strongly last year, this follows years of fluctuating figures, and are still well below pre-crisis heights.

Respondents divided on credit availability

Fig. 26 Expectations for availability of credit in 2015 compared to 2014

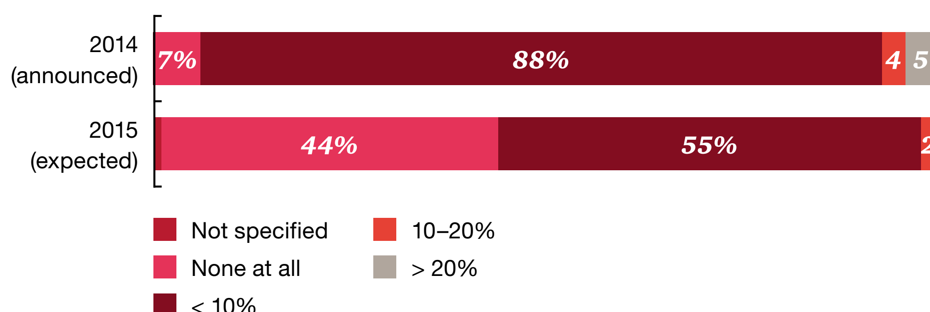


In keeping with this positive outlook, hardly any respondents expect the financing market to deteriorate in the year ahead. Respondents are divided into two camps, with about half expecting credit availability to improve in 2015 and half predicting it will remain steady relative to 2014. Only 1% of international respondents and none from Germany expect credit conditions to become more restrictive during this time.

In addition to record-high levels of dry powder, PE firms also are benefitting from the current low interest rate environment. With the EU's current benchmark interest rate at 0.05%, PE firms are able to embark on leveraged buyouts more inexpensively than in the past. It appears that 2014's cohort is in tune with these broader shifts.

Covenant breaches down in 2015

Fig. 27 Percentage of portfolio companies expected to break one or more bank covenants



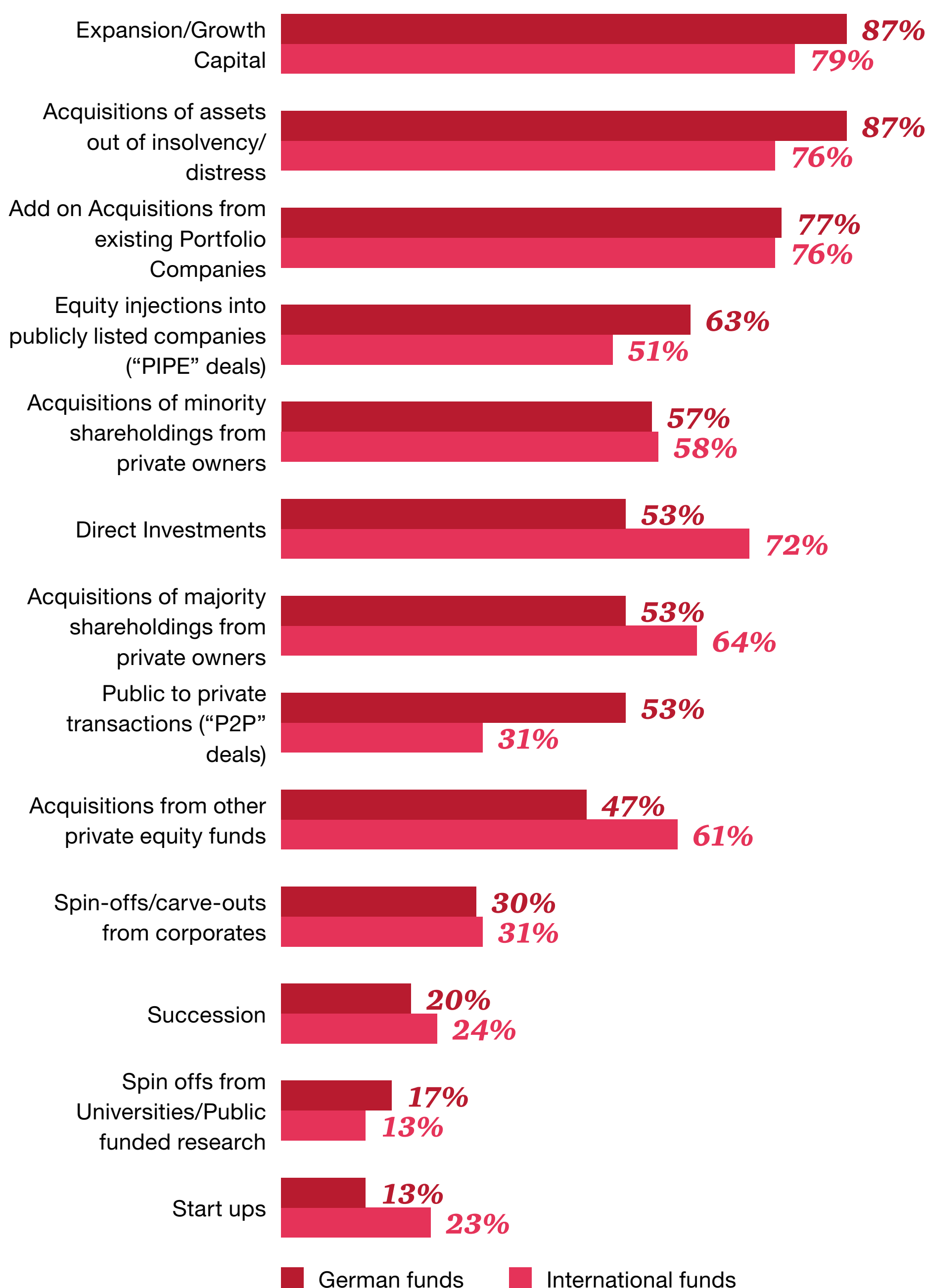
Respondents expect covenant breaches to be less of an issue in 2015 compared to last year. The percentage of respondents expecting to be free of covenant breaches in 2015 stands at 44%, a major increase from the 7% who report experiencing none in portfolio companies over the past year.

In addition, the respondents who are expecting to see covenant breaches in 2015 are predicting that there will be fewer than there were last year. Fifty-five percent expect fewer than 10% of their portfolio companies to experience covenant breaches, and only 2% of respondents chose the 10% to 20% range. Tellingly, none of those surveyed expect to see more than 20% of portfolio businesses in breach in 2015, which is a refreshing change from the 5% of respondents who experienced this in 2014.

These findings may indicate that the health of portfolio companies is improving. This may be down to a more stable business environment, thanks to increases in consumer spending, purchasing managers' index (PMI) growth, and greater confidence in the macroeconomic outlook. Or perhaps it is due to the types of investments PE firms are making: our research finds that PE firms are increasingly investing in growing companies, rather than distressed ones. By targeting healthier companies, PE firms are perhaps seeing fewer defaults.

Deep dive: New deal opportunities

Fig. 28 Expected sources of new deal opportunities in 2015



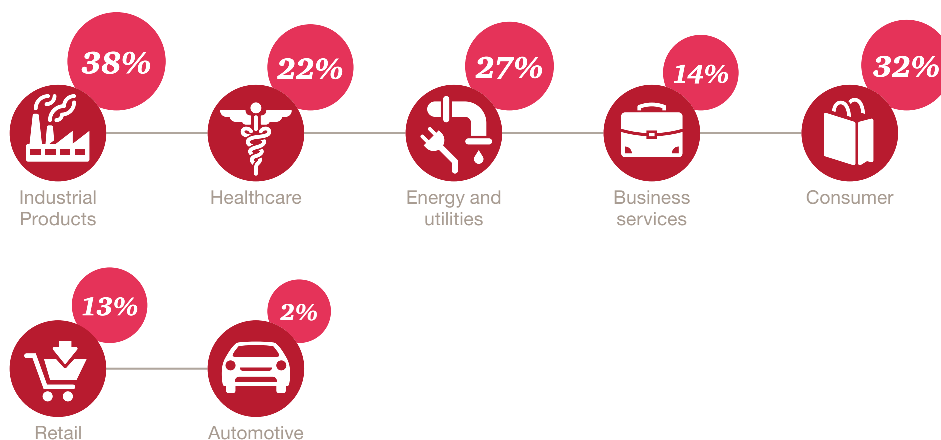
Expansion and distress drive deals in 2015

Deal drivers in 2015 will be varied, according to our survey. Expansion or growth capital opportunities (cited by 87% of Germans and 79% of internationals) will be the greatest source of future deal flow; followed by distressed acquisition opportunities including the opportunity to purchase assets out of insolvency/distress – selected by 87% of Germans and 76% of internationals. Just over three-quarters of both respondent groups point to add-on acquisitions from existing portfolio companies as another major force behind 2015 deal opportunities.

There are some interesting regional differences in respondents' expectations. For example, direct investments; the acquisition of majority shareholdings from private owners; and acquisitions sourced from other PE funds are three drivers that international respondents expect to be more prominent compared with their German counterparts. Conversely, German respondents more frequently cite equity injections into privately-listed companies and take-private deals.

Target industries

Fig. 29 Expected target industries for future investments



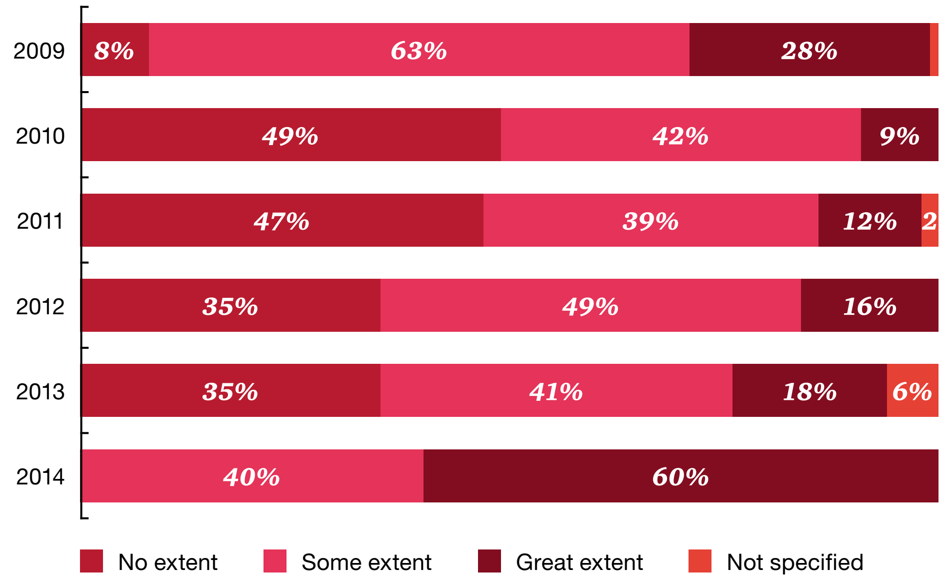
The same industries that have been out in front in previous editions are once again leading the way this year. The current survey pool consider industrial production (38%) and consumer (32%) to be the most attractive target sectors in 2015. Indeed, the percentage of respondents identifying these sectors has climbed steadily for three consecutive years. These predictions likely have their roots in the past few years' announced PE figures, when industrials and consumer were the two busiest sectors by volume.

The gradually increasing interest in the industrials sector may reflect improving fundamentals. The euro area's PMI has exhibited a generally upward trend since mid-2011. Respondents' growing interest in the sector may be due to increased confidence in industrials' growth prospects.

Conversely, there are several industries that have seen declining PE interest. Although healthcare remains an active target sector among respondents, the sector's popularity has dipped significantly, from 36% in 2013 to 22% this year. The business services space is on a similar trajectory. It has declined from 29% last year to just 14% in this year's survey. These findings contradict announced buyouts with European bidders, with both the healthcare and business services sectors seeing strong increases in volume.

Post-crisis business model

Fig. 30 Extent of business model change since the financial crisis (year on year comparison)



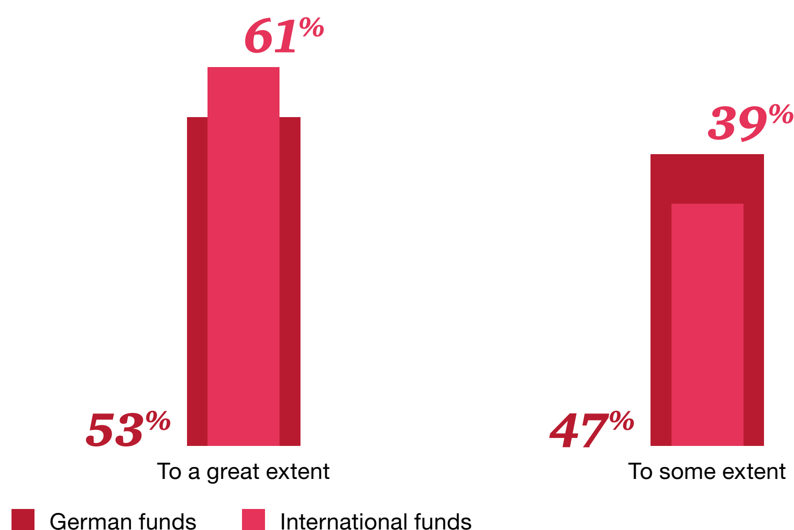
60% reported great extent of business model change

In a departure from previous studies, all respondents in 2014 say that their business models have changed to some extent (40%) or to a great extent (60%). None report that their business models have remained unchanged.

Those surveyed may be responding to the radical shifts that the industry overall has experienced, aside from the changes to the broader economic climate. In recent years, there has also been increasing pressure from LPs for clarity and insight into how funds are spent. There is also heightened regulatory scrutiny around issues ranging from marketing strategies to asset risks. And as changes to the US's tax codes are ushered in, there is increased attention from US-based legislators in particular about the way in which PE profits are taxed.

Geography determines post-crisis business model

Fig. 31 Extent of business model change since the financial crisis



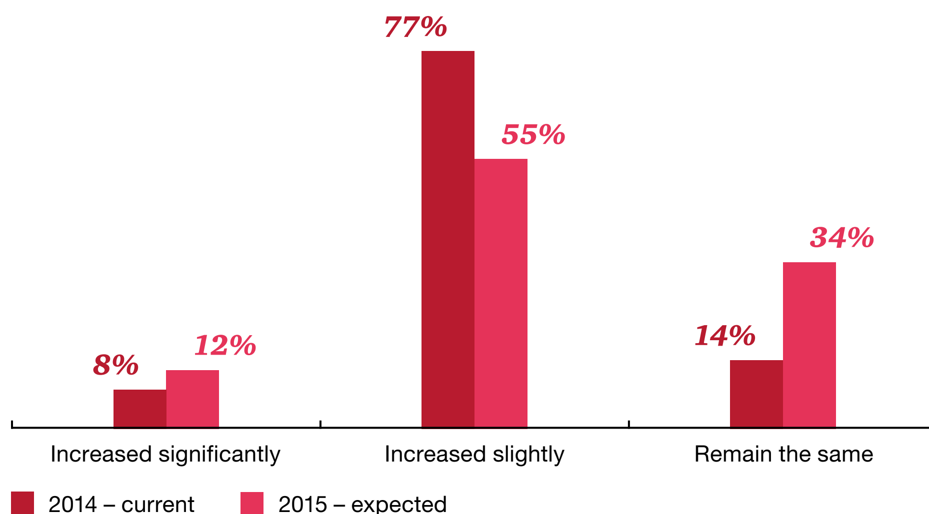
In terms of geographical splits, international respondents have made more major adjustments to their business models than their German counterparts. Changes made by international respondents have tended to be more substantial, with 61% of this group (compared to 53% of Germans) saying business models have changed to a great extent since the onset of the crisis. In contrast, German respondents are more likely to report moderate rather than significant changes.

When pressed for more detail on the specific changes made, both German and international interviewees point first to more active portfolio company management. This is followed by greater cooperation with strategic investors, and greater cooperation with other private investors, such as hedge funds and sovereign wealth funds.

Other areas revealed wider divisions. For instance, German respondents are less likely to increase their focus on internationalisation or expansion into new markets (47%) than their international peers (62%).

PE houses on the rise

Fig. 32 Perception of change in number of PE houses in 2014 and 2015 (expected)



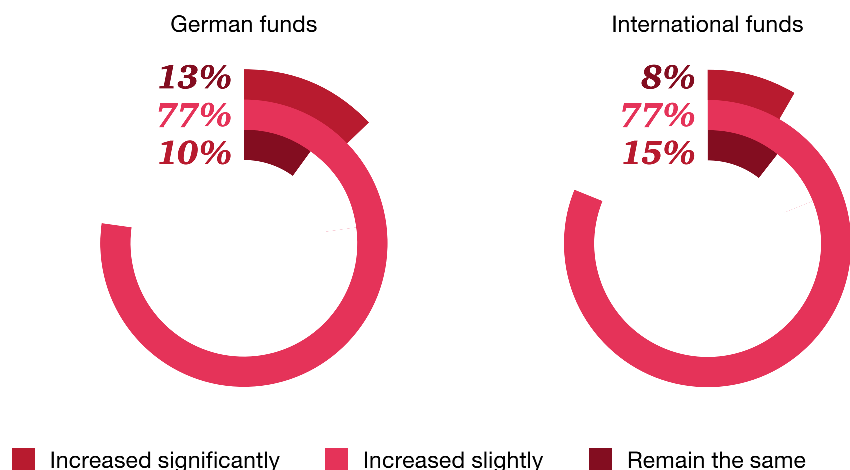
Our latest survey suggests that the volume of PE firms is on the rise. More than half of respondents (55%) predict that the number of existing PE firms will increase slightly in the next year, and an additional 12% expect this increase to be significant. About one-third of respondents (34%) expect the number of firms to remain stable over 2015.

While these findings indicate positive developments in the number of new PE houses, they do represent a slight decline from the number of PE firms respondents say were created in 2014. This disparity may be down to expected consolidation in the space, a view held by key industry players. For example, in Q3 2014, Carlyle Group's David Rubenstein commented that, relative to the asset management industry, the concentration of large assets is spread out among PE houses. "I do think consolidation will occur and the top seven or three or four firms will dramatically increase their assets under management as people are familiar with their brands and will give them money," he stated.[4] While PE firms may still increase their numbers somewhat, as the space has revived in the years since the downturn, it looks like this growth may be tempered by in-sector consolidation.

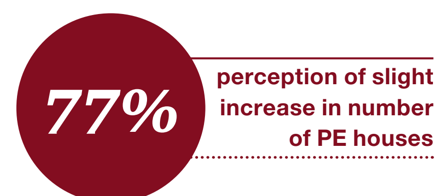
[4] http://blogs.wsj.com/privateequity/2014/09/12/carlyles-rubenstein-expect-consolidation-in-pe-industry/

Houses on the up in 2014

Fig. 33 Perception of change in number of PE houses in 2014



There is clear agreement between German and international respondents about the change in the number of PE firms in 2014. Seventy-seven percent of both groups saw a slight increase in the number firms in operation last year, though those based in Germany (13%) are more likely than internationals (8%) to report seeing a significant increase and less likely to report seeing no change. One-tenth of German respondents, compared to 15% of internationals surveyed, say the number of PE houses remained stable through 2014.



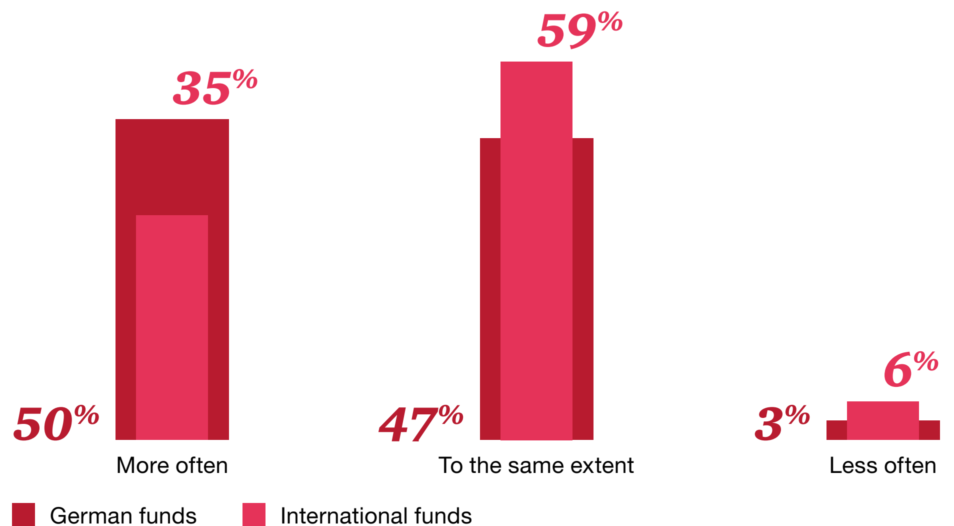
Fundraising uninterrupted since the crisis

The majority (57%) of respondents who have raised funds since 2008 say that they are fundraising to the same extent as they were before the financial crisis.

As previously mentioned, this finding is likely due to the abundance of dry powder in 2014, which reached an all-time high in the third quarter. As PE investments tended to outperform other investment types in the years following the crisis, limited partners (LPs) committed more capital. This increased enthusiasm from LPs has seen the fundraising climate for PE firms remain consistent, if not improve.

Germans push for more funds in post-crisis period

Fig. 34 Fundraising activity since the financial crisis in 2008



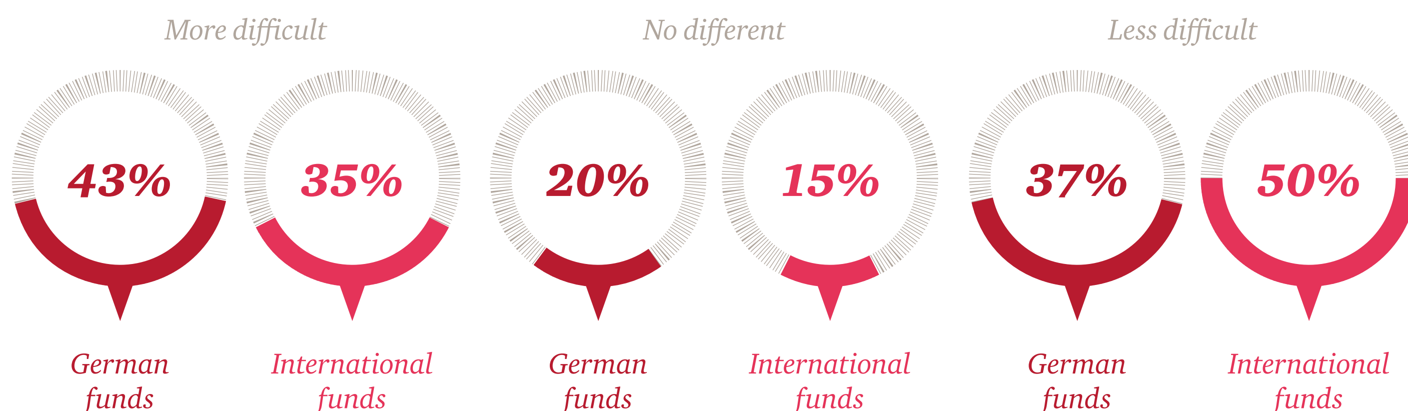
There are modest regional differences between Germany and international funds when it comes to post-crisis fundraising. Half of German respondents, but only 35% of international respondents, have increased the frequency of their activities since 2008.

In addition, international respondents are more likely than German respondents to describe fundraising activities as stable since 2008. More than half of internationals (59%) report no change in fundraising efforts over the past seven years, compared to 47% of German respondents.

These findings correspond with European fundraising figures in 2014: a large share of PE funds targeting Europe – roughly one in five – are earmarked for German investments. Furthermore, German funds not only see a greater share of fundraising, they are also seeing increased activity in real terms: around 85 funds are specifically targeting Germany as a private equity destination, compared to 75 in 2013.[5]

Germans report fundraising difficulties

Fig. 35 Fundraising environment since the financial crisis in 2008



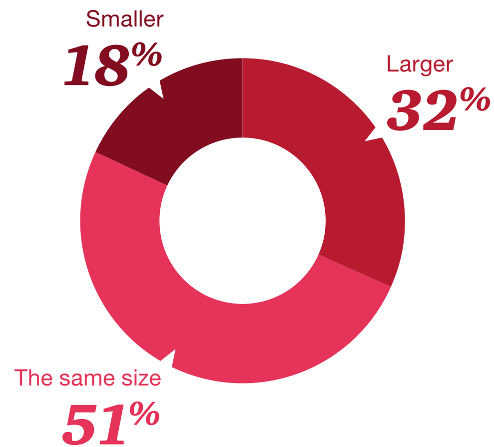
Curiously, while German respondents are more likely than international interviewees to report increases in fundraising, they are also slightly more likely to describe the fundraising climate as more difficult. Only 37% of Germans, compared to half of their international peers, say the fundraising environment has become less difficult since 2008, and German respondents (43%) are also more likely than internationals (35%) to describe fundraising conditions as becoming progressively more challenging since 2008.

[5] https://www.preqin.com/blog/101/9470/germany-s-private-equity

Fund sizes stabilized since 2008

Fig. 36 And with regards to the size of funds, comparing those raised by your organisation before the financial crisis to now, has the most recent fund you raised been ...?

Percentage of Respondents

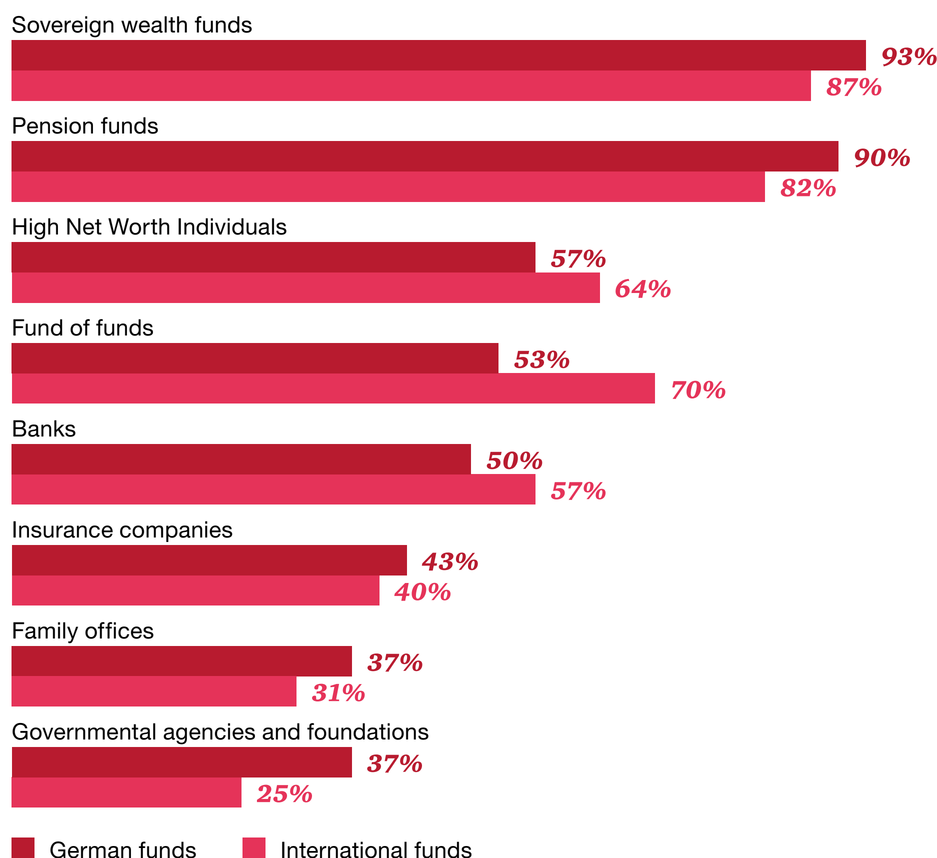


About half of respondents (51%) say recently raised funds have been the same size as those raised prior to the crisis. Even more encouragingly, nearly a third of respondents state that their most recently raised fund was larger than funds raised before 2008.

This finding chimes with the previously noted increases seen in fund and buyout sizes when comparing 2014 with the previous year. As portions of funds raised in 2014 may still be unallocated in 2015, this is also a heartening sign that buyout activity will be sustained in the new year.

Sovereign wealth funds are the new major fund contributor

Fig. 37 Expected investment partner contributors to future funds



Respondents across the board were most likely to identify sovereign wealth funds (87% of Germans and 93% of internationals) and pension funds (82% of Germans and 90% of internationals) as the top two expected investment partner contributors to future funds. All other groups trailed behind these two by some distance.

These findings correspond with announced figures for LP investments. In particular, sovereign wealth funds and public pension reserve funds contributing increased amounts to PE over the past ten years.[6] On the other side of the coin, a number of banks are required to divest their PE holdings, a central provision of the 2010 Dodd-Frank Act.[7]

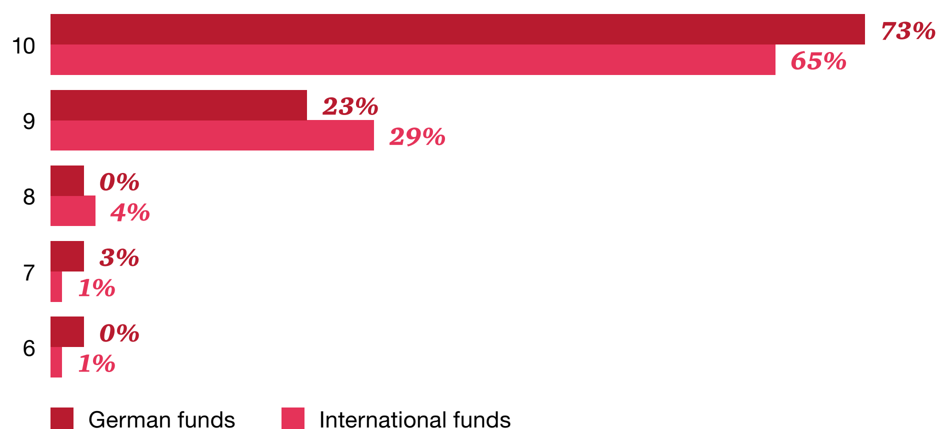
93% **of German funds expect souvereign wealth funds as investment partner**

[6] https://www.preqin.com/docs/samples/2014_Preqin_Sovereign_Wealth_Fund_Review_Sample_Pages.pdf?rnd=1
[7] http://www.ft.com/cms/s/0/b67960fc-0c35-11e4-943b-00144feabdc0.html#axzz3PwD0UQDy

ESG issues taken seriously

Fig. 38 Assessments of sustainability/ESG issues within portfolio

On a scale of 1 to 10, where 1 = not important at all



When asked to rate the importance of Environmental, Social and Governance (ESG) or sustainability issues to the management of their portfolio companies, 73% of German respondents and 65% of international respondents say these issues are of utmost importance. Additionally, 29% of German respondents and 23% of international respondents rate these issues as a second-to-greatest priority. Even though respondents could have rated their priorities on these issues from a scale of 1 to 10, no respondent rate them below a 6.

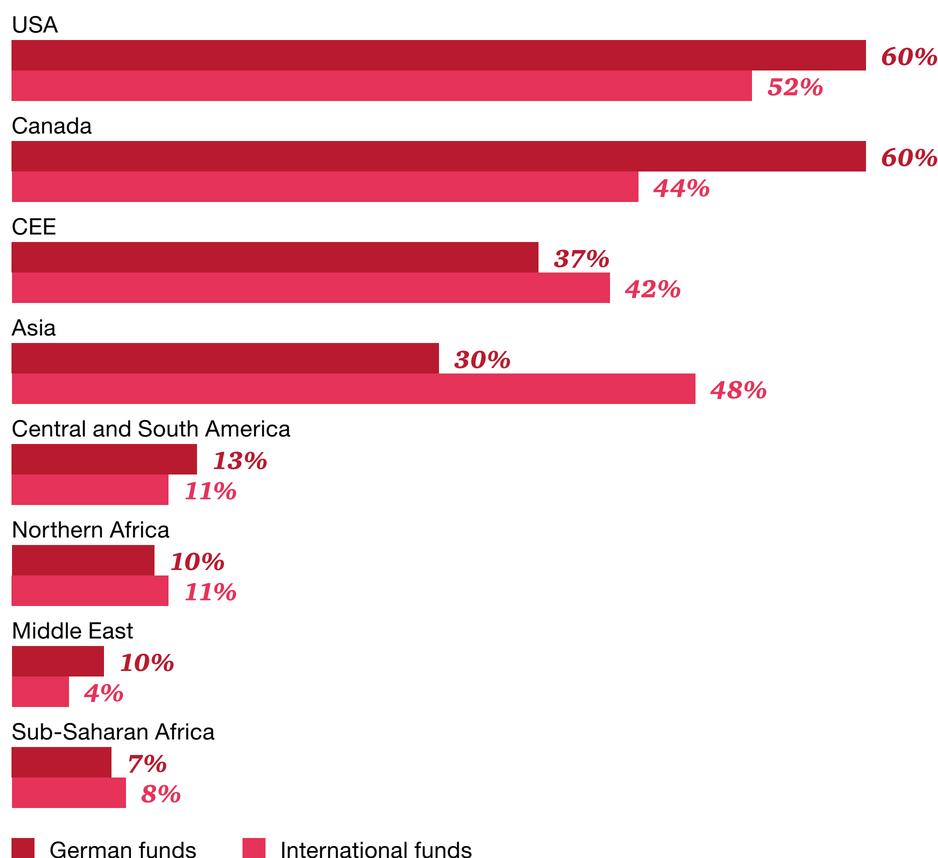
This demonstrates that PE firms are taking these issues particularly seriously within their portfolio companies and firms appear to believe that managing ESG issues well can help create value.

The business world overall seems to be placing increased emphasis on ESG issues, with increasing numbers of businesses releasing sustainability reports alongside more traditional forms of annual reporting.[8] The drivers behind this range from increased media scrutiny on firms' commitments to environmental and social issues, growing regulatory requirements relating to ESG issues, such as carbon emissions, and an emerging understanding that upfront expenditure on sustainability can result in more efficient businesses in the long term.

[8] http://www.pwc.com/gx/en/audit-services/corporate-reporting/assets/pdfs/sustainability_0908.pdf

Investing internationally

Fig. 39 Expected attractiveness of regions for private equity funds over the next five years – international



When asked to identify the most attractive target markets over a five-year investment horizon, German and international respondents give somewhat different predictions. International respondents are most likely to identify the USA (52%) and Asia (48%) while German counterparts select the USA (60%) and Canada (60%) jointly as the most attractive investment destinations.

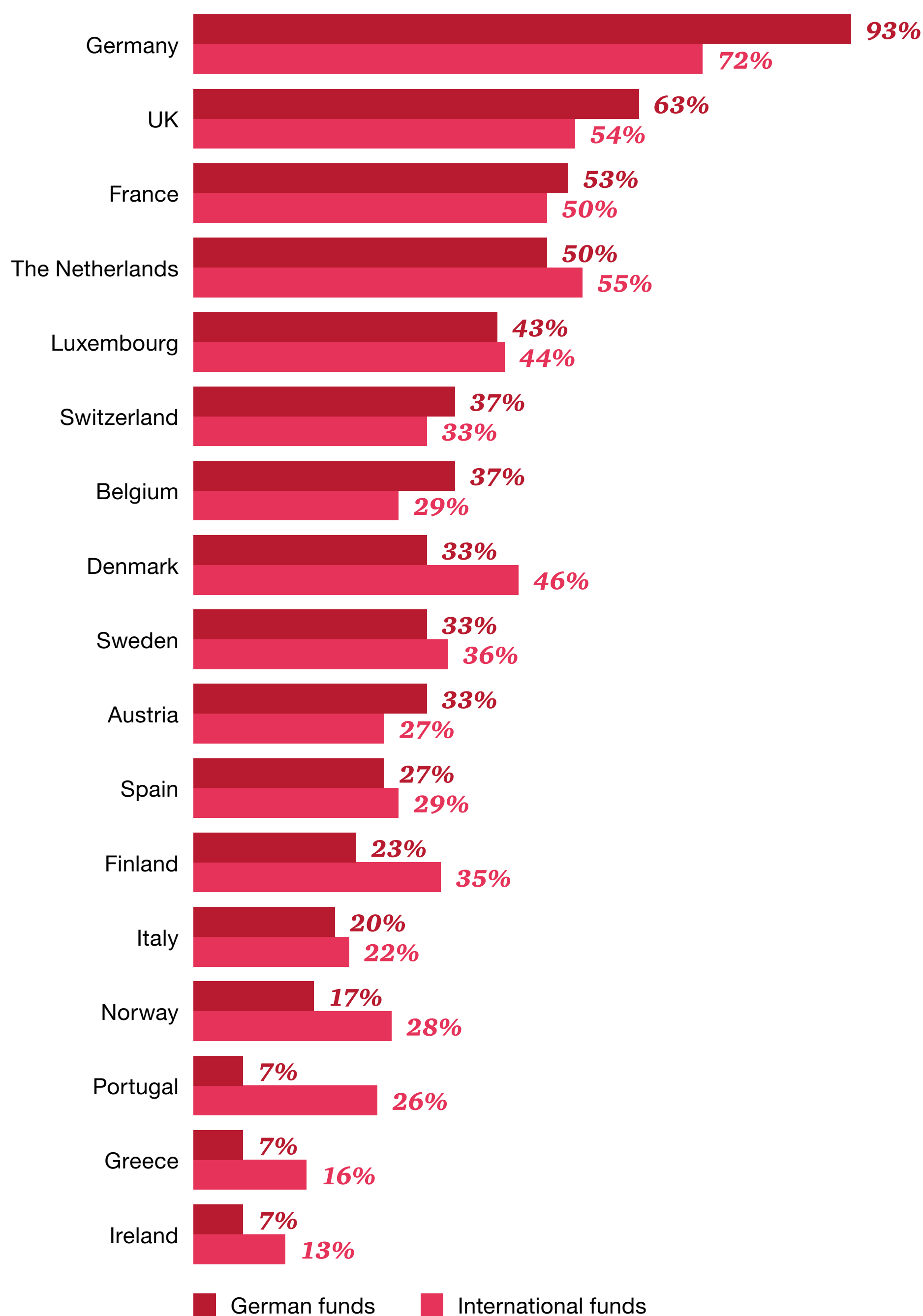
Regional expectations align more closely when it comes to emerging markets like South America, North Africa and Sub-Saharan Africa, all of which were selected by similar minorities of both German and international survey participants.

However, German respondents (10%) are noticeably more likely than their international peers (4%) to see the Middle East as an attractive region, and slightly less likely to hone in on the closer-to-home Central and Eastern European (CEE) market.

These findings broadly align with announced deal figures from 2014, pointing to a continuation of this trend in the new year. In 2014, North America was clearly the most active target region for Western European PE, followed by Asia-Pacific, Central and Eastern Europe, the Middle East, and Latin America.

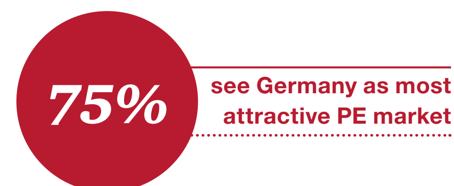
Germans are happy on home soil

Fig. 40 Expected attractiveness of regions for private equity funds over the next five years – Western Europe



German respondents identify their home market (93%), the UK (63%) and France (53%) as the top three most attractive Western European countries for PE investors in the next five years, while international funds were more evenly spread across various Western and Northern European countries. Similar percentages of both respondent groups identify Sweden, Switzerland, Spain and Italy as appealing markets in the coming five years.

Perhaps reflecting their investors' risk-averse nature, German respondents are considerably less likely than international respondents to identify Ireland, Greece or Portugal – all particularly representative of eurozone distress – as attractive investment destinations for PE firms in the coming five years.



These findings deviate somewhat from announced deals in 2014, when the UK and France led in both volume and value of buyouts. The discrepancy between announced figures and respondents' perceptions of future activity may point to a shift in the market, with Germany an increasingly important part of Europe's PE landscape in 2015.

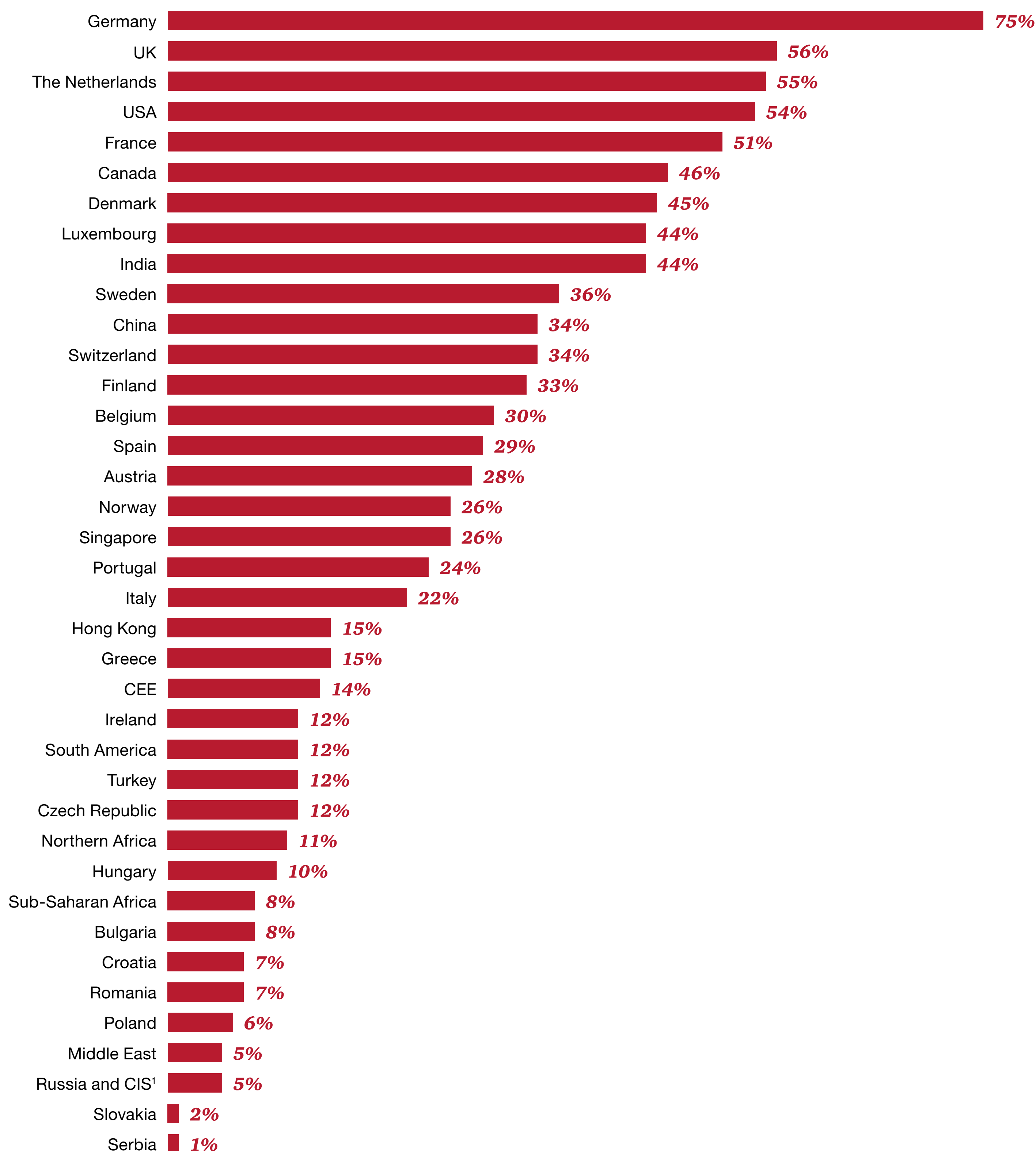
3 Focus on Germany

Following the tradition of previous editions of this study, we asked survey participants to compare Germany with other markets with regards to PE opportunities. On the whole, this year's findings show some consistency with previous years: survey participants still see Germany as an attractive investment destination and will continue scouring the market for new opportunities.

These results are not surprising, as past reports have consistently confirmed the appeal of Germany to PE investors. The country's ability to remain stable in the face of nearby market turmoil – including sovereign debt crises in other eurozone economies – and the strength of its middle market are attractions that continue to draw firms looking for high-performing portfolio companies and dependable returns.

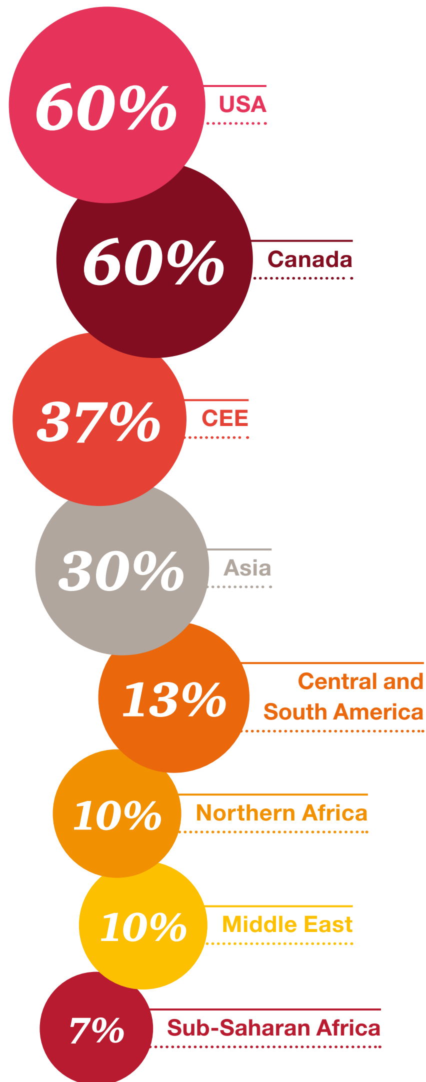
Germany compared to other markets

Fig. 41 In Your opinion, which countries or regions will become more attractive for private equity investments over the next five years? (Select all that apply and code CEE as a region, unless individual countries are provided by the respondent)



[1] CIS = Commonwealth of Independent States

Attractiveness of regions for German funds in the next five years:



The stability and conservatism associated with Germany are qualities that are particularly important in today's market. This is especially true as European economies continue to grapple with the aftershocks of the financial crisis and lingering market uncertainty. It comes as little surprise that when asked to name the most attractive countries for PE investments in 2015, Germany came out on top with 75% of respondents, followed by the UK (56%), the Netherlands (55%) and France (51%).

This finding does not precisely chime with announced buyout figures in 2014, with the UK and France Europe's busiest market. However, responses may more broadly be in tune with countries that are seen as more stable, such as Germany and the Netherlands, as opposed to those that are popular target destinations but have been slower to recover following the financial downturn, such as France and Italy.

Looking at international regions more generally, 60% of German respondents and 52% of international respondents selected the US as their top choice for international PE investments. This suggests that the US will continue to draw investors' interest, despite the well-publicised challenges of regulatory reform, and the current weakness of the euro and pound against the dollar.

A larger share of respondents (45%) predict that Asia will be a more popular target destination than neighbouring Central and Eastern Europe (41%). This is an accurate reflection of buyout figures in 2014, with fewer Western European PE buyers moving into Eastern Europe than into Asia-Pacific.

Germany highly appealing to PE firms

Fig. 42 Relative attractiveness of Germany for private equity funds in the next five years

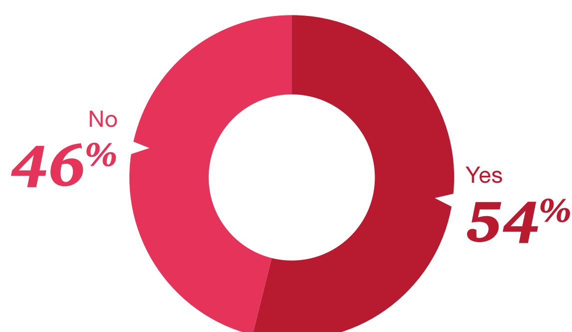
Percentage of Respondents

Respondents overwhelmingly describe Germany as an attractive PE target market in the next five years. Fifty-three percent of those polled describe the country as very good compared to other countries while 43% describe it as quite good. The remaining 3% of respondents are neutral on this issue.

These results compare favourably against last year's survey, when an average of 10% of respondents described the German market as poor. No respondents are of that opinion in 2015, and the 53% majority of respondents describing the country as a very good investment destination marks an increase against last year's 41%.

Majority of international respondents holding German investments

Fig. 43 Firms with current investments in Germany



More than half of internationals polled (54%) have current investments in Germany. These findings tally with the results of our 2014 study, in which 51% of international funds with existing investments in Germany planned to increase allocations in the country in 2014, while 41% planned to keep their allocations the same through the year.[9]

Continuity is key in Germany

99% of international funds with German portfolio companies will continue making investments in the country.

The international respondents with investments in Germany almost unanimously state that their funds will continue making investments in the country. These results confirm that improvements expected in 2015 – enhanced credit availability, a more favourable financing market and an increase in the number of PE firms, according to the survey – will combine to make 2015 an ideal year for investors looking to add to their German portfolios.

[9] Private Equity Trend Report 2014 – Fig. 31, p. 33.

4 Background Information and Methodology

In Q4 2014, Remark, the research and publications arm of Mergermarket, spoke to 200 PE principals on behalf of PwC. Job titles include partner and managing director. Fifteen percent of these funds are based in Germany, with the remaining 85% based elsewhere in Europe. All responses are anonymous and results are reported in aggregate.

Fig. 44 Respondent's fund headquarters, by country

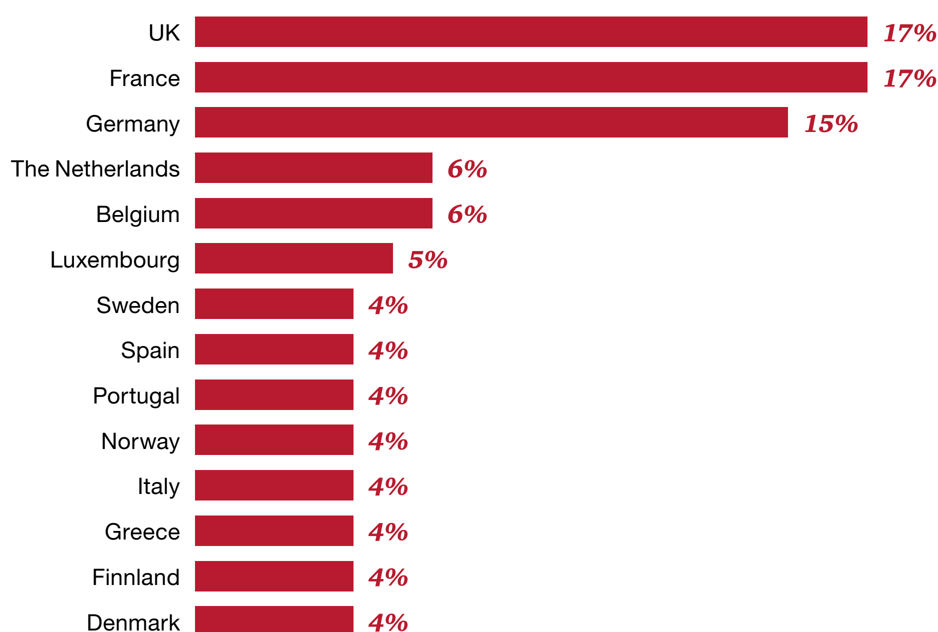
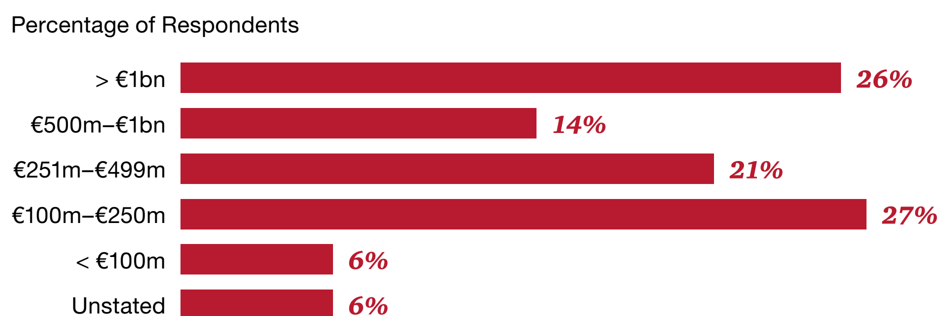


Fig. 45 Please could you tell me which of the following best describes your firm's current total global fund volume (ie, capital under management)?

Percentage of Respondents



Appendix

Fig. 46 European Private Equity Trends, 2009–2014

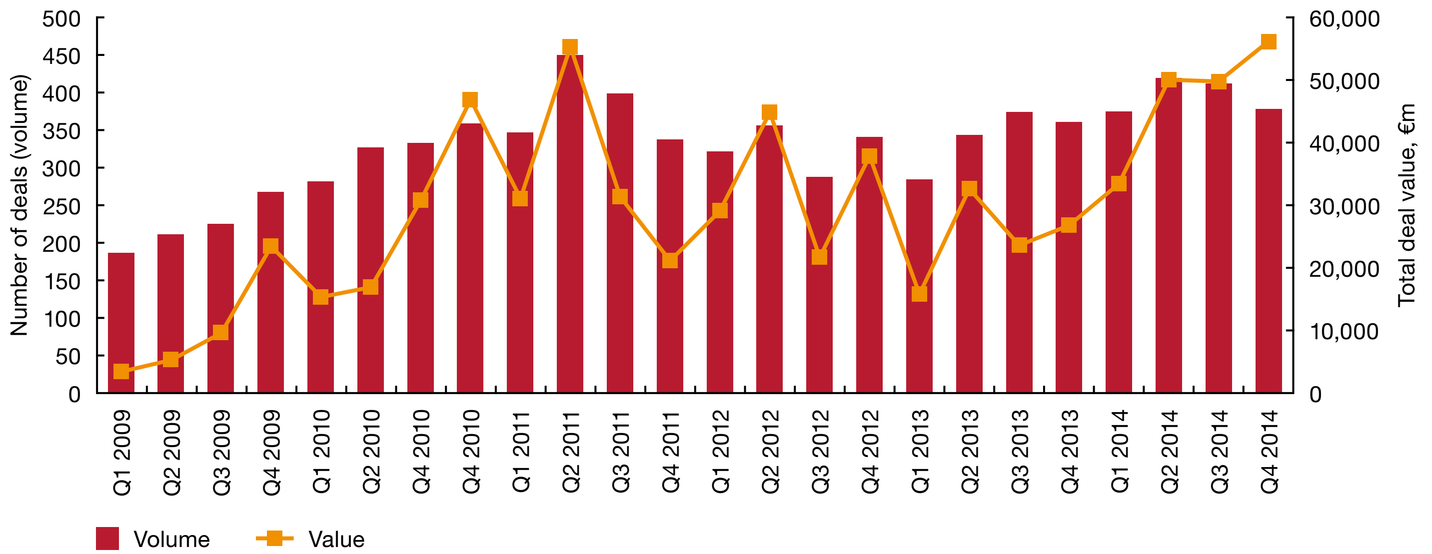


Fig. 47 European Buyout Trends, 2009–2014

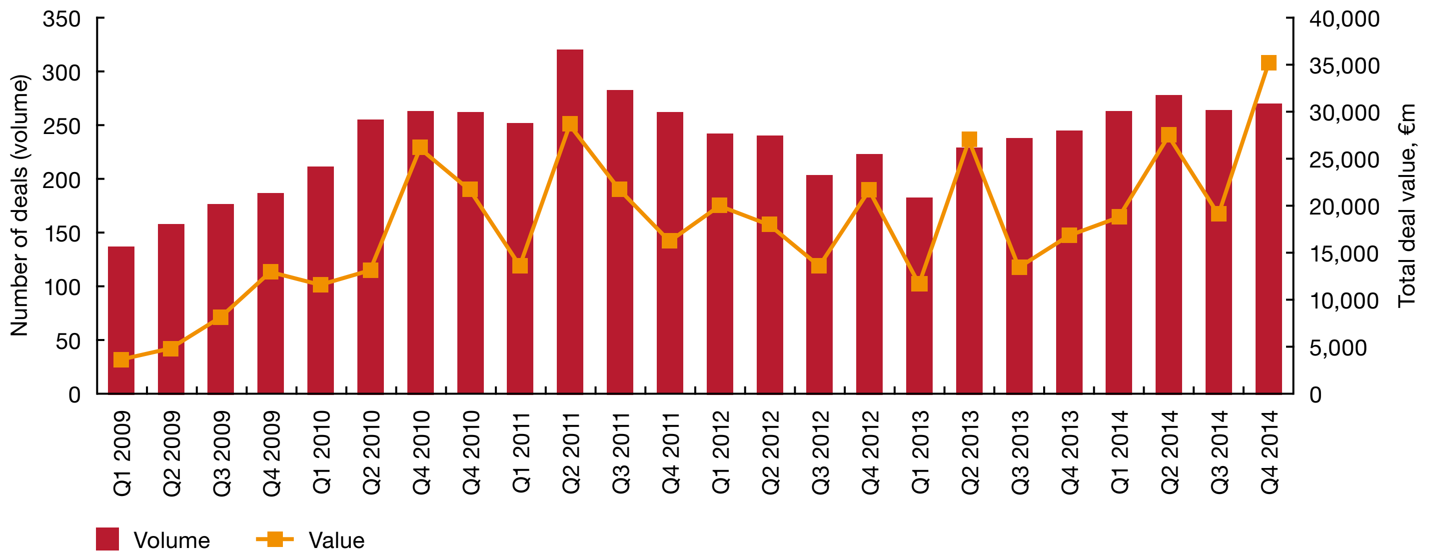


Fig. 48 European Exit Trends, 2009–2014

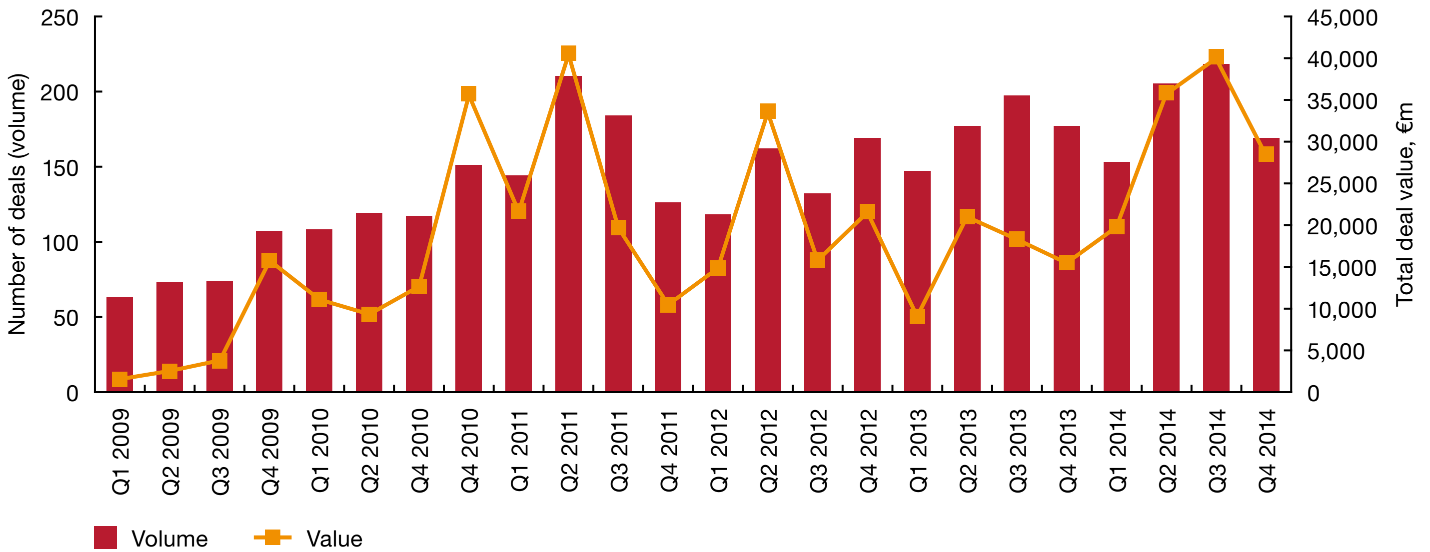


Fig. 49 European Secondary Buyout Trends, 2009–2014

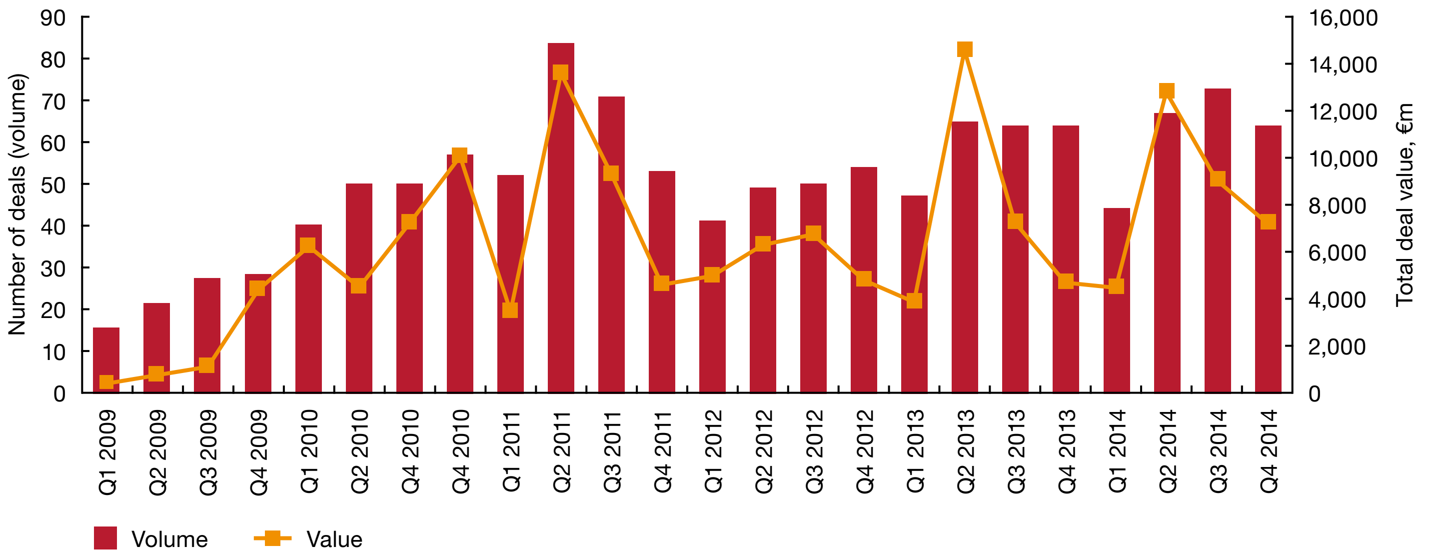


Fig. 50 DACH Buyout Trends, 2009–2014

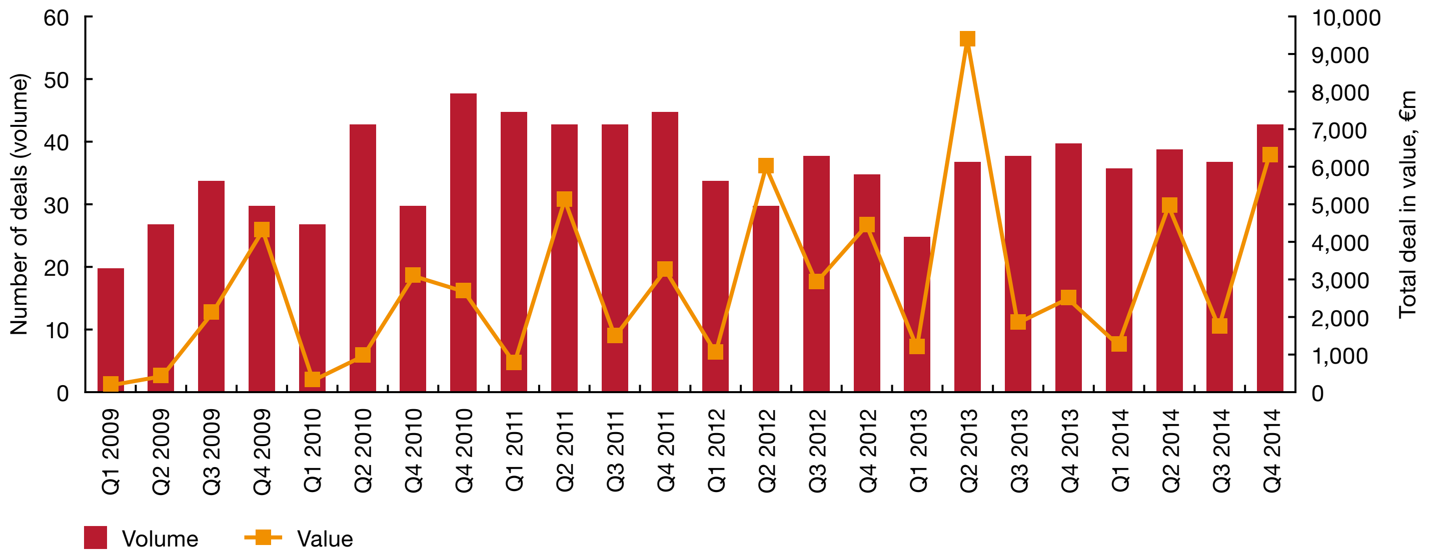


Fig. 51 DACH Exit Trends, 2009–2014

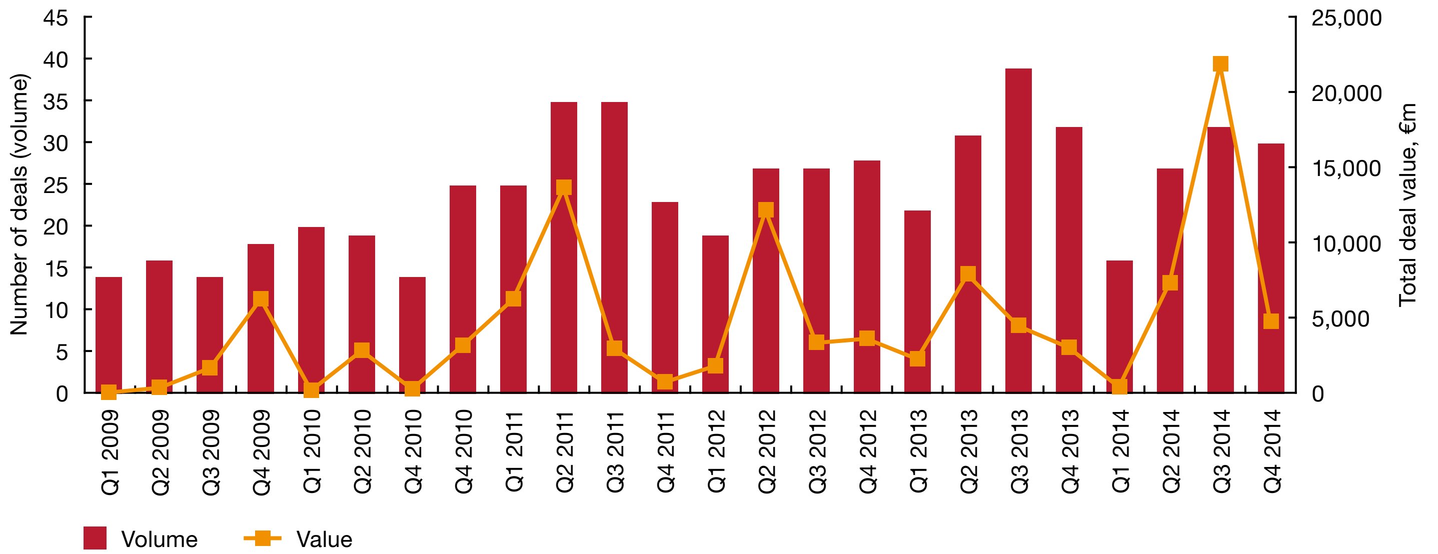


Fig. 52 Please could you tell me which of the following best describes your firm's current total global fund volume (ie, capital under management)?

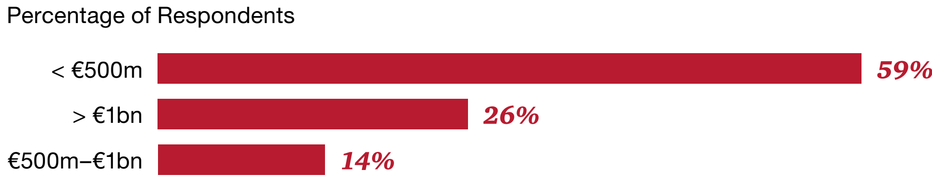


Fig. 53 Compared to 2014, do you expect the number of new investments made by your organisation in 2015 to ...?

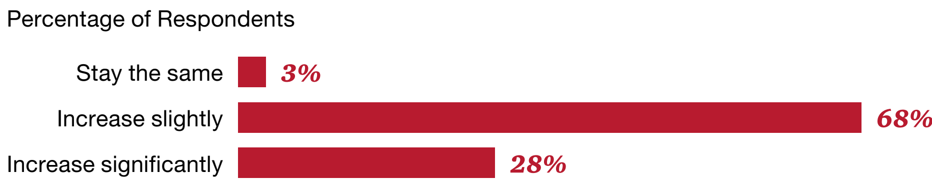


Fig. 54 Compared to 2014, do you expect the number of exits made by your organisation in 2015 to ...?

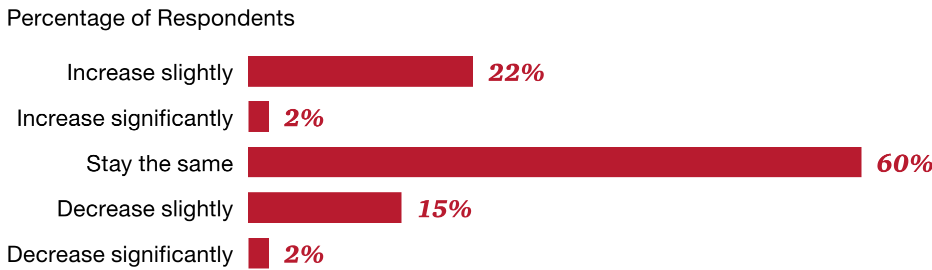


Fig. 55 Level of satisfaction with the overall development of portfolio companies in 2014

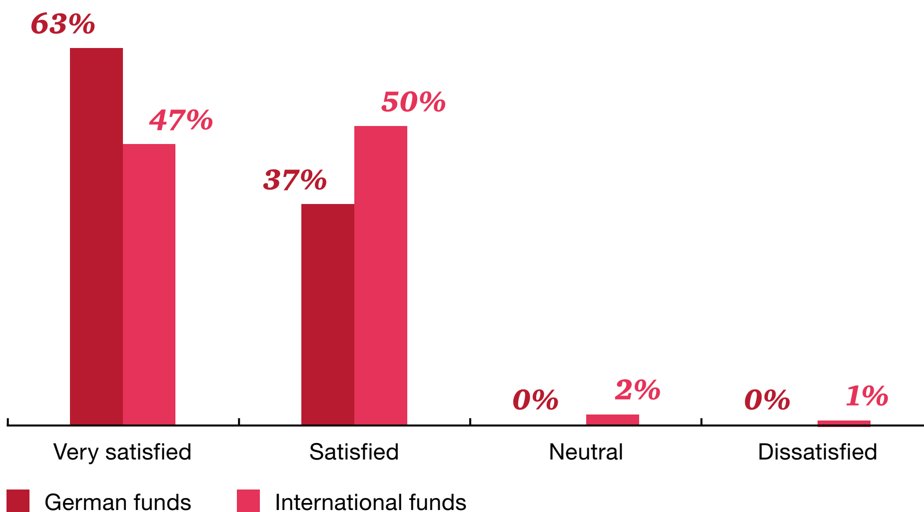


Fig. 56 Thinking about your organisation's investment rationale, which of the following factors, if any, have influenced equity stories on your acquisitions in 2014? What are these factors same as the ones above

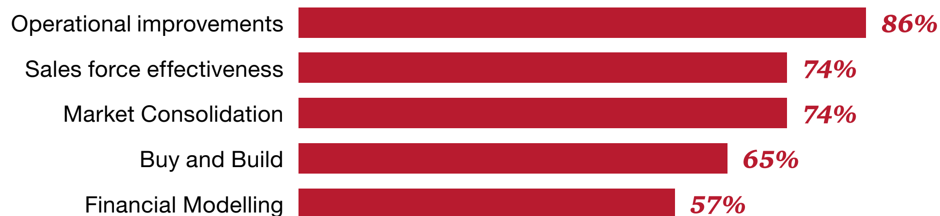


Fig. 57 I am now going to read out a list of sources of new deal opportunities. In your opinion, which, if any, of these will be sources of new deal opportunities for your organisation in 2015?

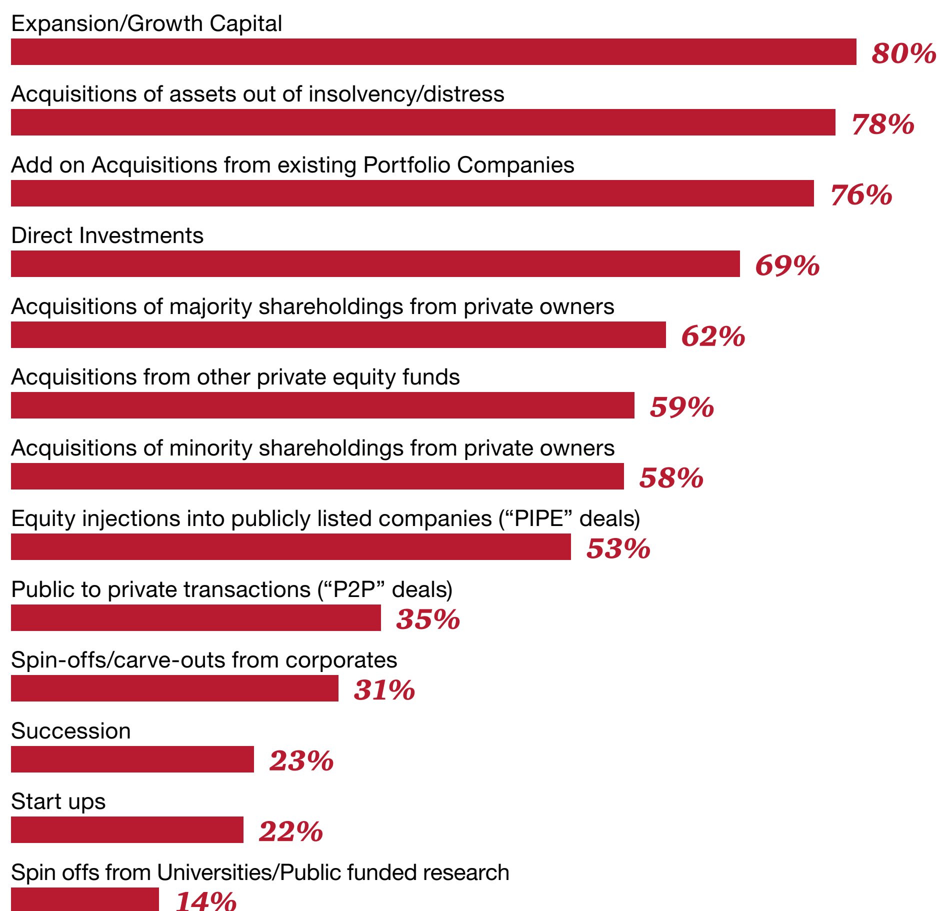


Fig. 58 Expected target industries for future investments

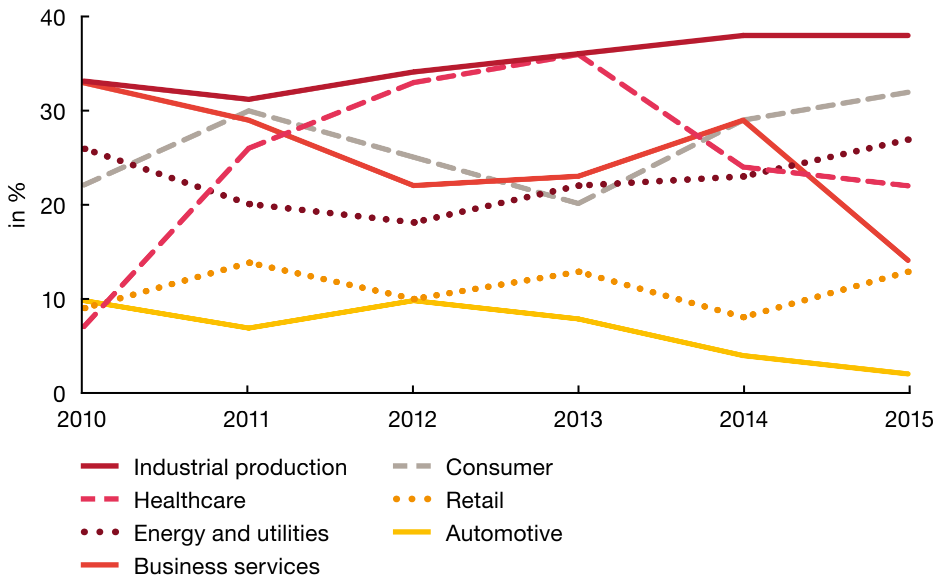


Fig. 59 Looking forward to 2015 which of these same factors, do you consider will influence equity stories on acquisitions for your organisation?

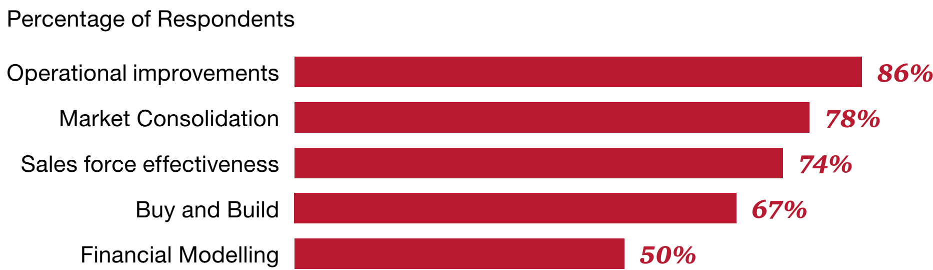


Fig. 60 Common changes to the business model since the financial crisis

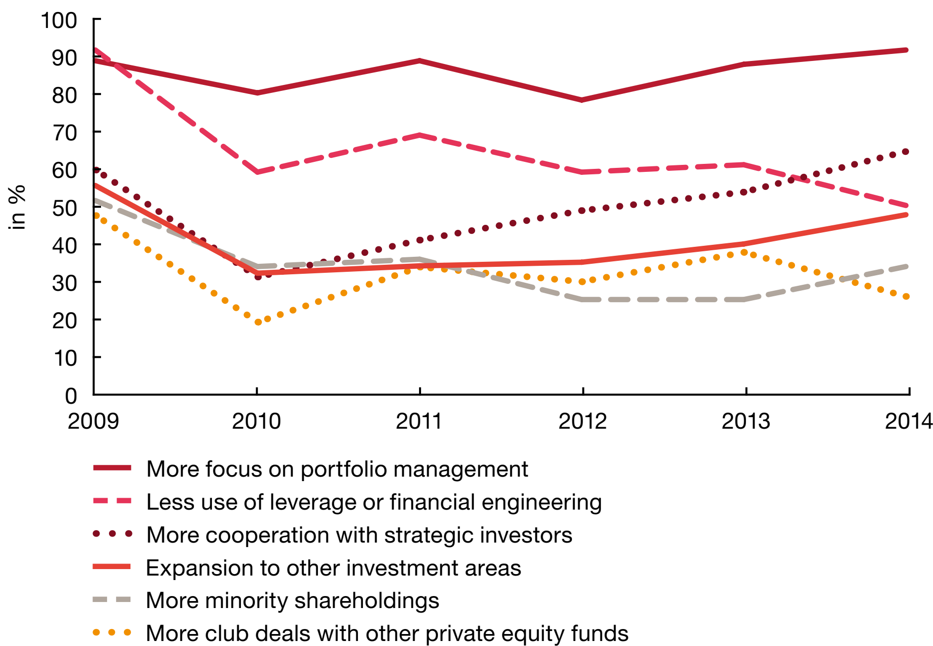


Fig. 61 Since the global financial crisis, to what extent has the business model of your organisation changed? Would you say it has changed ...

Fig. 62 Comparing now to before the financial crisis, what is your perception of the private equity industry with regard to the number of Private Equity (PE) houses? Has the number of Private Equity (PE) houses ...?

Fig. 63 Looking forward to 2015, do you expect the number of Private Equity (PE) houses to ...?

Fig. 64 And compared to your fundraising activity before the financial crisis, would you say your organisation now raises funds ...?

Fig. 65 Relative attractiveness of Germany for private equity funds in the next five years

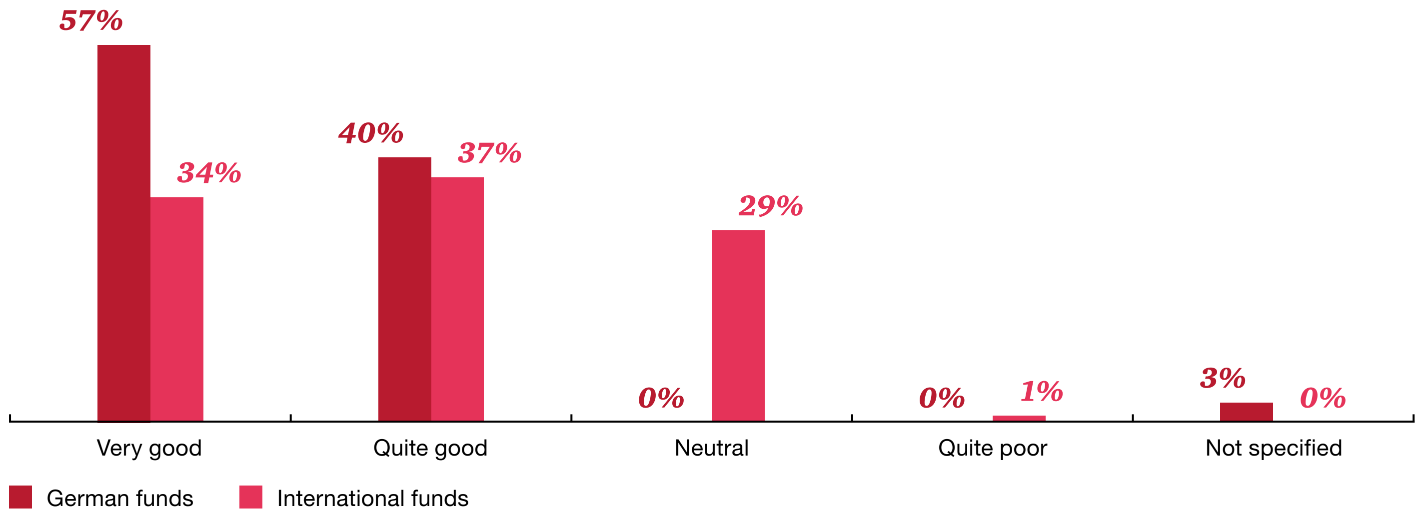


Fig. 66 Proportion of private equity funds that plan to open new offices in the next five years

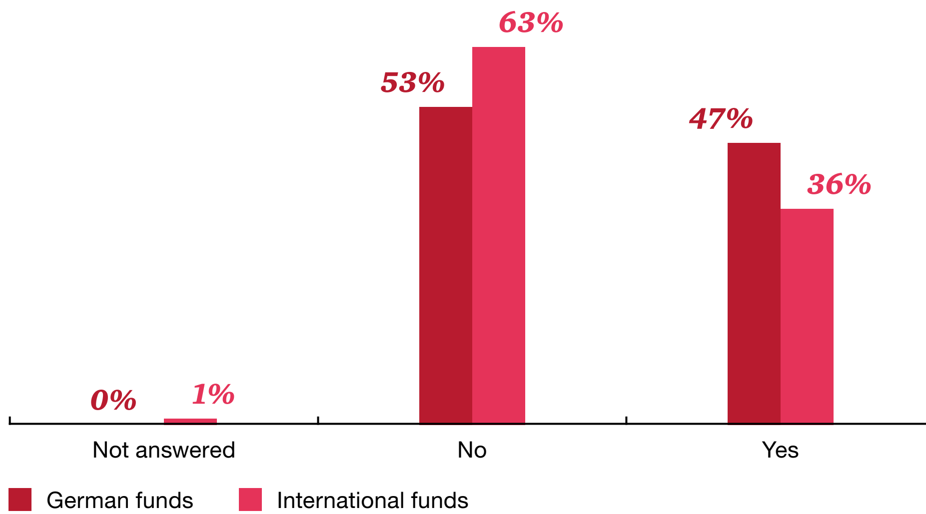


Fig. 67 Does your organisation plan to open any new offices over the next five years?

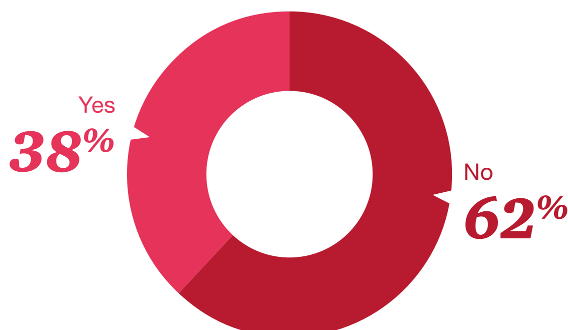
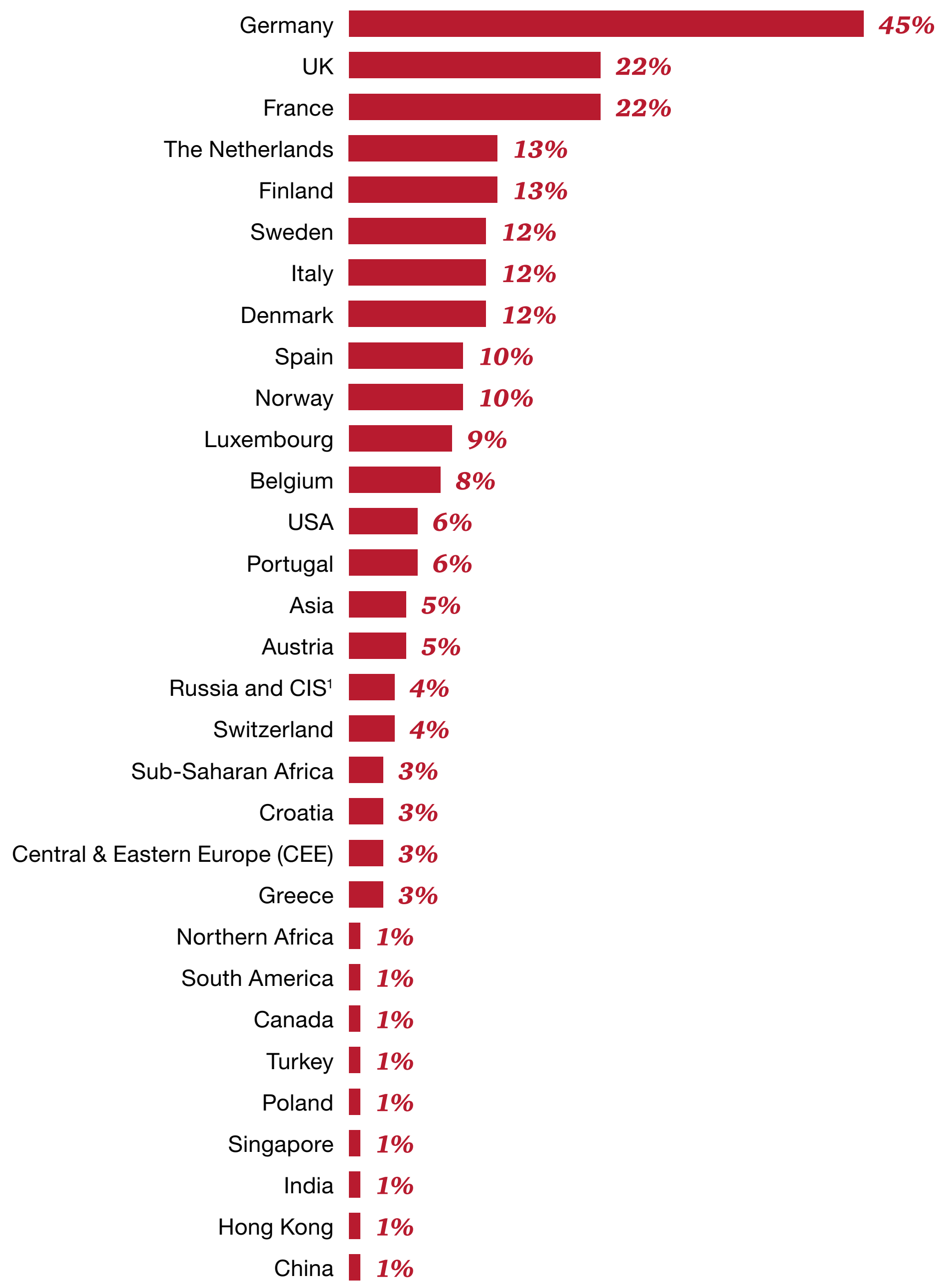


Fig. 68 In which country/ies you do you plan to open new offices?



[1] CIS = Commonwealth of Independent States

Fig. 69 Do you think that the assets that you allocate to Germany over the next five years will…

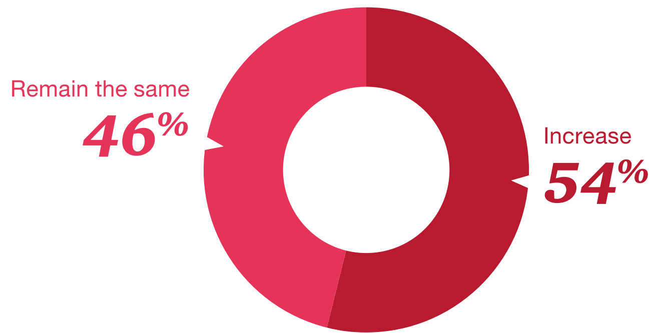


Fig. 70 Do you plan to make any investments in Germany over the next five years? (Ask only if select no/refused/don't know at Fig. 43)

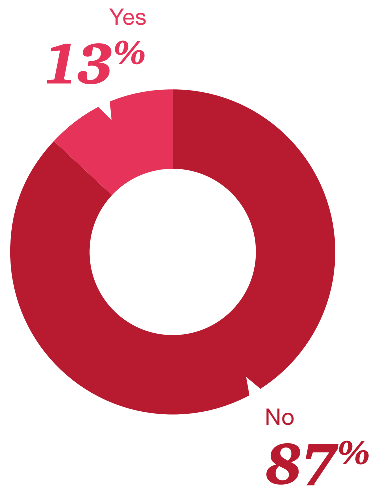


Fig. 71 Which of the following best describes how the types of Limited Partners investing in your funds have changed compared to before the financial crisis? Have they changed…?

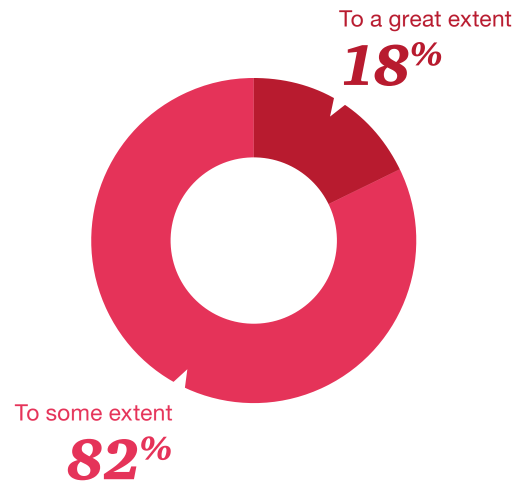
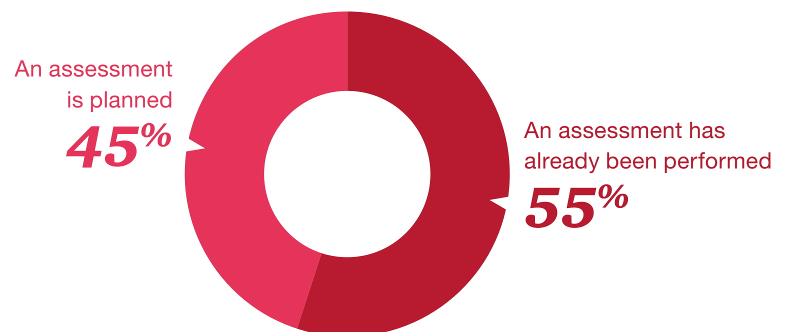


Fig. 72 Which of the following best describes your organisation's current status with regard to assessing sustainability or environmental, social and governance ("ESG") risks within your existing portfolio companies? Would you say…?



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About us

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