

Mega Private Equity Buyout Deals Drive Q1 2018 Activity

Quarterly deal value rebounds from Q4 2017, but exit activity slows

There were 1,023 private equity-backed buyout deals announced globally in Q1 2018, worth a combined \$116bn. Preqin expects these figures to rise by up to 5% as more information becomes available, but this already represents the strongest Q1 on record, surpassing the \$102bn registered by 964 deals in Q1 2015. The number of announced deals is on par with recent quarters, and the high aggregate deal value was driven by a small number of mega size deals. Twenty-four deals were announced worth \$1bn or more through the quarter, and in total these deals accounted for \$94bn, 81% of the aggregate total. By contrast, buyout-backed exit activity dipped in Q1 2018, mirroring the opening quarters of the preceding two years. Globally, 354 buyout-backed exits were announced worth a total of \$52bn – a decrease from the 416 exits worth \$70bn that were announced in Q4 2017. This is the third quarterly consecutive decline in both the number and value of exits from buyout-backed companies.

For more information, see the full [Q1 2018 Private Equity-Backed Buyout Deals and Exits Factsheet here: http://docs.preqin.com/reports/Preqin-Buyout-Deals-and-Exits-Q1-2018.pdf](http://docs.preqin.com/reports/Preqin-Buyout-Deals-and-Exits-Q1-2018.pdf)

Key Private Equity-Backed Buyout Deals & Exits Facts:

- Q1 2018 saw **1,023 private equity-backed buyout deals announced worth a combined \$116bn**. This is the strongest opening quarter of any year, beating 2015's record of \$102bn through 964 deals.
- **North America saw 603 deals announced worth a total of \$76bn**, while Europe saw 324 deals worth a total of \$32bn. Just 50 buyout deals were announced in Asia, for a combined \$5bn.
- Buyout, growth and add-on deals all accounted for significant proportions of the number of Q1 deals – 35%, 17% and 43% respectively. **Buyouts accounted for the largest share of deal value**, though, at 48%.
- **Twenty-four deals worth \$1bn or more were announced in Q1, with a combined value of \$94**. This accounted for 81% of total quarterly deal value, despite representing just 14% of the number of deals.
- While deals in industrials and information technology remained the most numerous, deals in the **food & agriculture sector as well as deals in the telecoms, media & communications sector were the most valuable**. These sectors accounted for 19% and 15% of deal value respectively.
- **Buyout-backed exit activity saw its third consecutive quarterly decline** in both number and value in Q1, as 354 exits were announced for \$52bn. This is down from a peak of \$92bn for 450 exits made in Q2 2017.
- Trade sales and sales to GP accounted for 56% and 34% of the number of exits in Q1, and represented 57% and 31% of exit value respectively. **Just 29 IPOs were announced, worth a total of \$6bn**.

Christopher Elvin, Head of Private Equity Products:

“The private equity-backed buyout deal market saw a lacklustre Q4. Strong activity in Q2 and Q3 could have put 2017 on course to break post-GFC records, but deal values did not exceed \$78bn in the final part of the year. The opening quarter of 2018 has seen some acceleration from that, with aggregate deal values comfortably breaking the \$100bn mark. However, the overall number of deals has declined from the previous quarter, and activity has primarily been driven by a small number of multi-billion-dollar transactions. As such, it's unclear whether this level of deal activity will be sustained through the year – high asset pricing and competition for investment opportunities mean that deal making conditions remain very challenging.

Exit activity also declined in the opening quarter of the year, the third consecutive decline in both number and aggregate value since the most recent peak in Q2 2017. The largest proportion of exits were trade sales, but sales to GP again accounted for a significant proportion, an indication of an active secondary market. Although there are concerns about equity markets overheating, abiding bull market conditions mean the exit environment is currently favourable. Activity is sluggish, but managers said at the end of 2017 that they expected to make as many or more exits in the year ahead.”

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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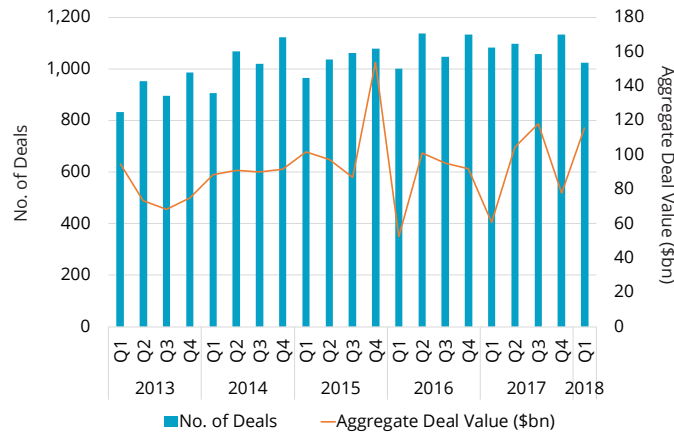
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Q1 2018 BUYOUT DEALS AND EXITS

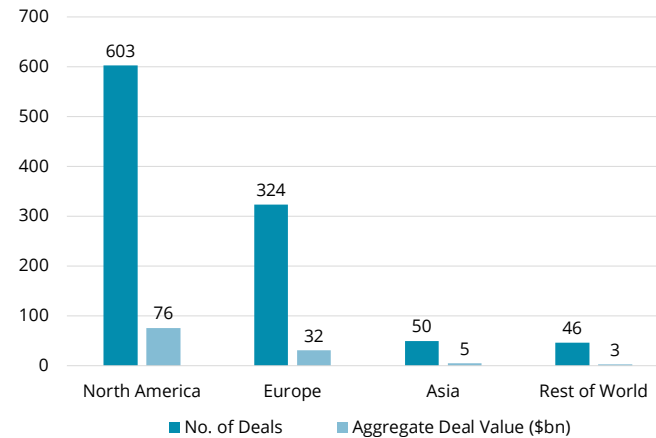
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Fig. 1: Global Private Equity-Backed Buyout Deals, Q1 2013 - Q1 2018



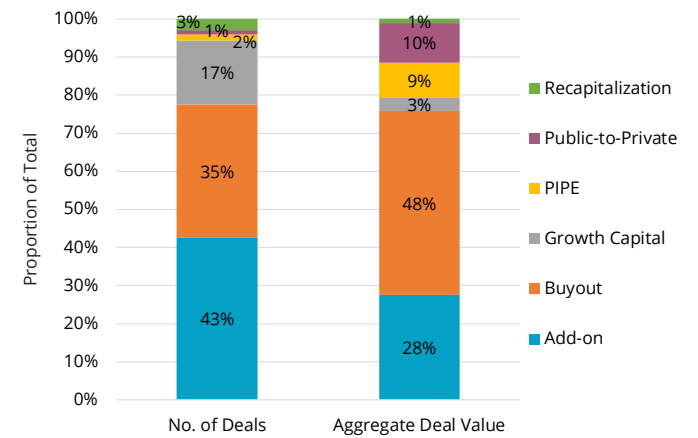
Source: Preqin

Fig. 2: Private Equity-Backed Buyout Deals in Q1 2018 by Region



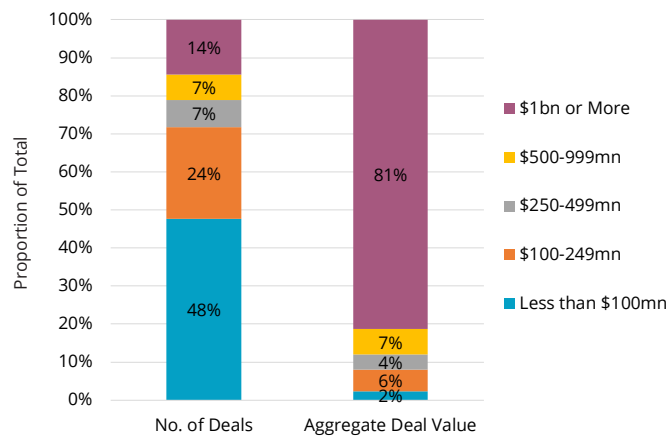
Source: Preqin

Fig. 3: Private Equity-Backed Buyout Deals in Q1 2018 by Type



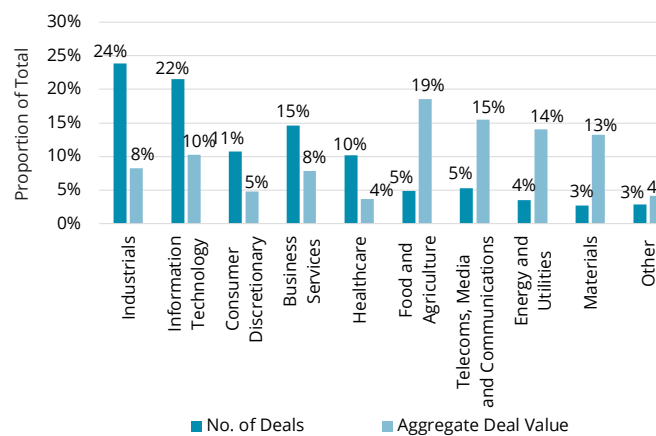
Source: Preqin

Fig. 4: Private Equity-Backed Buyout Deals in Q1 2018 by Value Band



Source: Preqin

Fig. 5: Private Equity-Backed Buyout Deals in Q1 2018 by Industry



Source: Preqin

KEY FACTS



\$116bn

Value of private equity-backed buyout deals announced in Q1 2018, the highest opening quarter total recorded.



81%

Proportion of total Q1 deal value from the 24 announced deals worth \$1bn or more.



354

Number of private equity buyout-backed exits announced in Q1 2018, down from 459 announced in Q1 2017.



Q1 2018 BUYOUT DEALS AND EXITS

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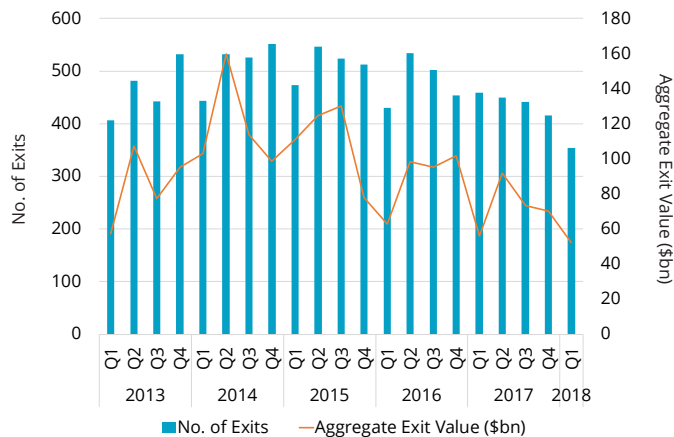
Fig. 6: Largest Private Equity-Backed Buyout Deals Announced Globally in Q1 2018

Portfolio Company	Investment Type	Deal Date	Deal Size (mn)	Deal Status	Investor(s)	Bought from/Exiting Company	Location	Primary Industry
Keurig Dr Pepper	Merger	Jan-18	21,000 USD	Announced	BDT Capital Partners, Dr Pepper/Seven Up Bottling Group*, JAB Holding Company, Keurig Green Mountain, Inc.*, Mondelez International	-	US	Beverages
Financial and Risk Business of Thomson Reuters Corporation	Buyout	Jan-18	17,000 USD	Announced	Blackstone Group*, CPP Investment Board, GIC	Thomson Reuters Corporation	Canada	Information Services
Akzo Nobel's Specialty Chemicals Business	Buyout	Mar-18	10,100 EUR	Announced	GIC, Carlyle Group	Akzo Nobel	Switzerland	Chemicals
Gas Natural Fenosa	PIPE	Feb-18	3,816 EUR	Announced	CVC Capital Partners	Repsol S.A.	Spain	Energy
Westinghouse Electric Company LLC	Buyout	Jan-18	4,600 USD	Announced	Brookfield Business Partners	Toshiba Corporation	US	Clean Technology
Blackhawk Network Inc	Public To Private	Jan-18	3,500 USD	Announced	P2 Capital Partners, Silver Lake	-	US	Software
AmTrust Financial Services, Inc.	Public To Private	Mar-18	2,700 USD	Announced	Stone Point Capital	-	US	Insurance
Magnolia Oil & Gas Corporation	Add-on	Mar-18	2,660 USD	Announced	TPG Pace Energy Holdings Corporation*, TPG	EnerVest	US	Oil & Gas
FirstEnergy Corp.	PIPE	Jan-18	2,500 USD	Completed	BlueScape Resources, Elliott Management Corporation, GIC, Zimmer Partners LP	-	US	Energy
Ply Gem Industries, Inc.	Public To Private	Jan-18	2,400 USD	Announced	Clayton Dubilier & Rice	CI Capital Partners	US	Materials

* Denotes lead investor.

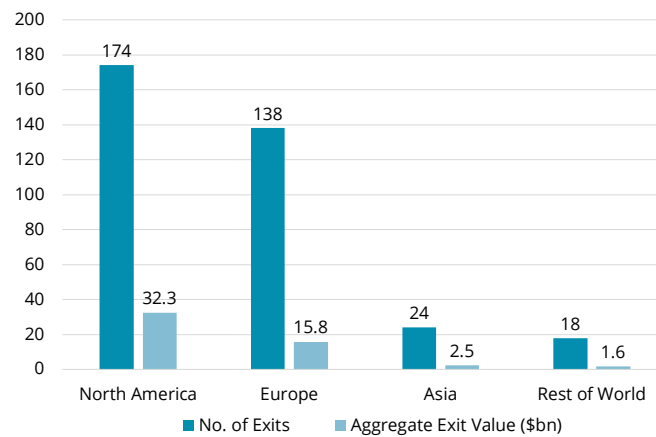
Source: Preqin

Fig. 7: Global Private Equity Buyout-Backed Exits, Q1 2013 - Q1 2018



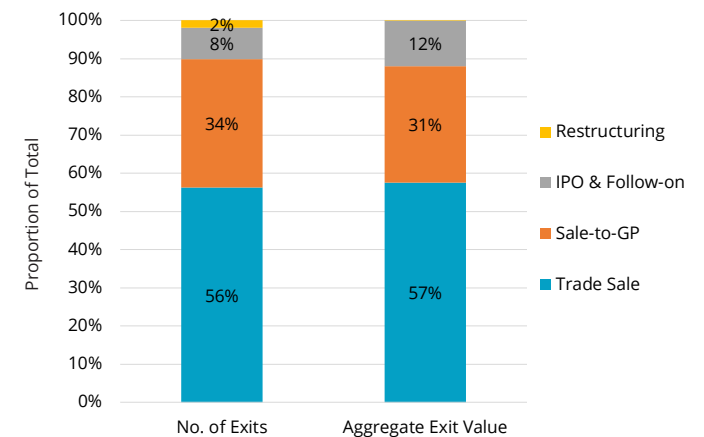
Source: Preqin

Fig. 8: Private Equity Buyout-Backed Exits in Q1 2018 by Region



Source: Preqin

Fig. 9: Private Equity Buyout-Backed Exits in Q1 2018 by Type



Source: Preqin

Q1 2018 BUYOUT DEALS AND EXITS

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Fig. 10: Largest Private Equity-Backed Buyout Exits Announced Globally in Q1 2018

Portfolio Company	Investment Date	Investment Type	Investment Size (mn)	Investor(s) (Entry)	Exit Date	Exit Type	Exit Value (mn)	Acquiror (Exit)	Location	Primary Industry
Blue Buffalo Co. Ltd.	Jun-06	Growth Capital	-	Invus Group	Feb-18	Trade Sale	7,927 USD	General Mills	US	Food
Ply Gem Industries, Inc.	Feb-04	Buyout	560 USD	CI Capital Partners	Jan-18	Sale to GP	2,400 USD	Clayton Dubilier & Rice	US	Materials
Scandlines Deutschland GmbH	Jun-07	Buyout	1,500 EUR	3i, Allianz Capital Partners	Mar-18	Sale to GP	1,700 GBP	3i, First State Investments, Hermes Investment Management	Germany	Transportation
Interoute Communications Limited	Mar-15	Buyout	-	Aleph Capital Partners, Crestview Partners	Feb-18	Trade Sale	1,900 EUR	GTT Communications, Inc.	UK	Telecoms
ProMach Inc.	Sep-14	Buyout	-	AEA Investors	Jan-18	Sale to GP	2,200 USD	Leonard Green & Partners	US	Logistics
Integrated DNA Technologies	Mar-14	Growth Capital	-	Summit Partners	Mar-18	Trade Sale	2,000 USD	Danaher Corporation	US	Medical Technologies
Polycorn, Inc.	Jul-16	Public To Private	2,000 USD	Siris Capital	Mar-18	Trade Sale	2,000 USD	Plantronics Inc.	US	Communications
MRH GB Limited	Jan-16	Buyout	-	Lone Star Funds	Feb-18	Trade Sale	1,200 GBP	Motor Fuel Group Ltd	UK	Retail
ADT Security Services, Inc. **	Feb-16	Merger	15,000 USD	Apollo Global Management, Koch Equity Development, Protection 1 / ASG Security *	Jan-18	IPO	1,500 USD		US	Electronics
Albéa Services S.A.S.	Jul-10	Buyout	-	Sun European Partners	Jan-18	Sale to GP	1,500 USD	PAI Partners	France	Manufacturing

* Denotes lead investor.
** Denotes partial exit.

Source: Preqin

LOOKING FOR MORE DATA AND ANALYSIS?

Preqin provides information, data and research on the private equity and venture capital industry across fund performance, fundraising, fund managers, investors, deals, fund terms and more.

If you have more detailed requests for private equity data or any questions, please contact us:

☎: +44 (0)20 3207 0265 | 🌐: www.preqin.com | ✉: press@preqin.com