

European buyout value continues to rise

The total value of private equity-backed deals is on pace to beat last year's total of €55bn while exits are headed up, according to research from the Centre for Management Buy-out Research.

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The total value of European private equity buyouts continued its slow but steady increase in the first half of this year, reaching €28.5 billion, although total deal volume has stayed at levels similar to last year, according to a new study by the Centre for Management Buy-out Research, which is sponsored by Barclays Private Equity and Ernst & Young and published by Private Equity International.

The largest buyout in the first half of 2011 was the sale of Dometic by a group of banks to EQT Partners for about €1.4 billion. Dometic, a Swedish manufacturer of refrigeration and recreational equipment, was taken over by lenders from BC Partners in 2009.

The second largest buyout was a secondary buyout of German retailer Takko by Apax Partners at more than €1.2 billion, according to the study. The Takko deal also represented the largest exit this year, the research said.

The value of private equity-backed buyouts in Europe totaled €70.4 billion in 2008 and crashed to just €18.4 billion in 2009. Activity started to recover last year, hitting total value of €55 billion, according to the research.

While the total value of deals has been steadily increasing from its lows of 2009, the total number of deals also appears to be moving slowly up. Buyout numbers rose from 433 in 2009 to 584 last year. This year, the total number of private equity-backed buyouts has reached 312.

Exits also appear on track to eclipse last year's total of 467. In the first half of 2011, there were 272 exits compared to 244 in the first half of 2010. Total number of exits in Europe reached a record of 803 in 2007 but plunged to 402 in 2009.

Trade sales and secondary buyouts have been the big drivers of deal activity in Europe. There have been 113 trade sales so far this year, compared to 176 in 2010 and 127 in 2009. The largest trade sale this year was the sale of Netherlands-based IFCO Systems to Australia-based Brambles for €923 million. Secondary buyouts have reached 103 in the first half, compared to 150 last year and 67 in 2009.

However, the public markets do not appear to have yet become a big factor in exits for private equity. The first half of 2011 had only four initial public offerings, compared to 16 last year and 37 in 2007.

Only one IPO was completed for all of 2008 and 2009, the research said.

The largest IPO so far this year was 3i's Norma Group, which manufactures joining products. The IPO raised €386 million, implying a market capitalisation of €669 million.

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