



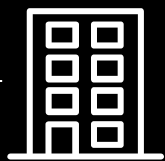
Global Private Equity

2018 and 2019 1H Market Update

A black and white photograph showing the lower half of a person standing on a staircase. The person is wearing dark, tailored trousers and dark, highly polished shoes with a subtle pattern. The staircase is drawn with thick white chalk lines on a dark, textured floor. The person's right foot is on a higher step than their left foot, and they are looking down towards the steps.

Historic 5-year stretch for the PE industry

More capital invested, more capital distributed back to LPs, and more capital raised than any other period in the history of the industry



Investments



With **record amounts of capital to put to work**,
sitting on the sidelines was not an option for investors

Global PE dry powder

\$2T

1

0

2003

04

05

06

07

08

09

10

11

12

13

14

15

16

17

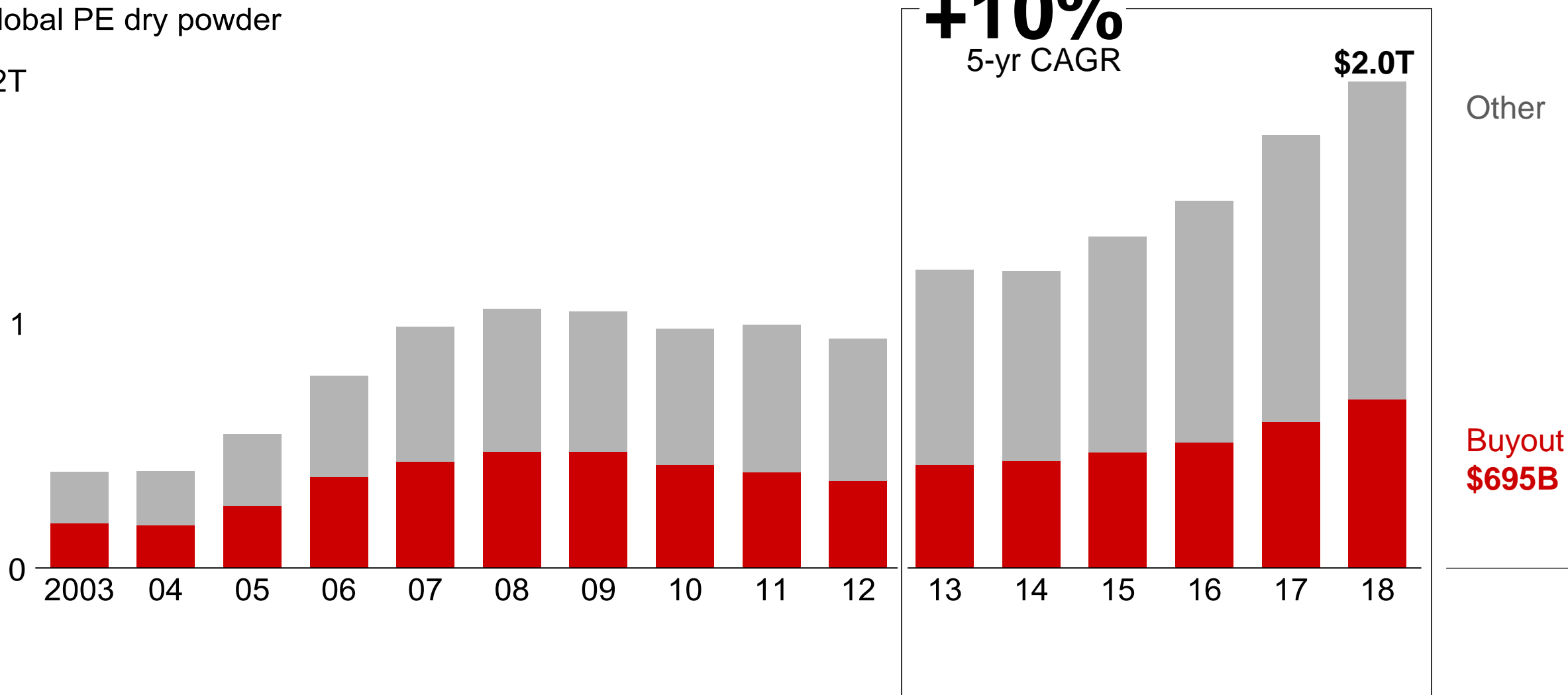
18

+10%
5-yr CAGR

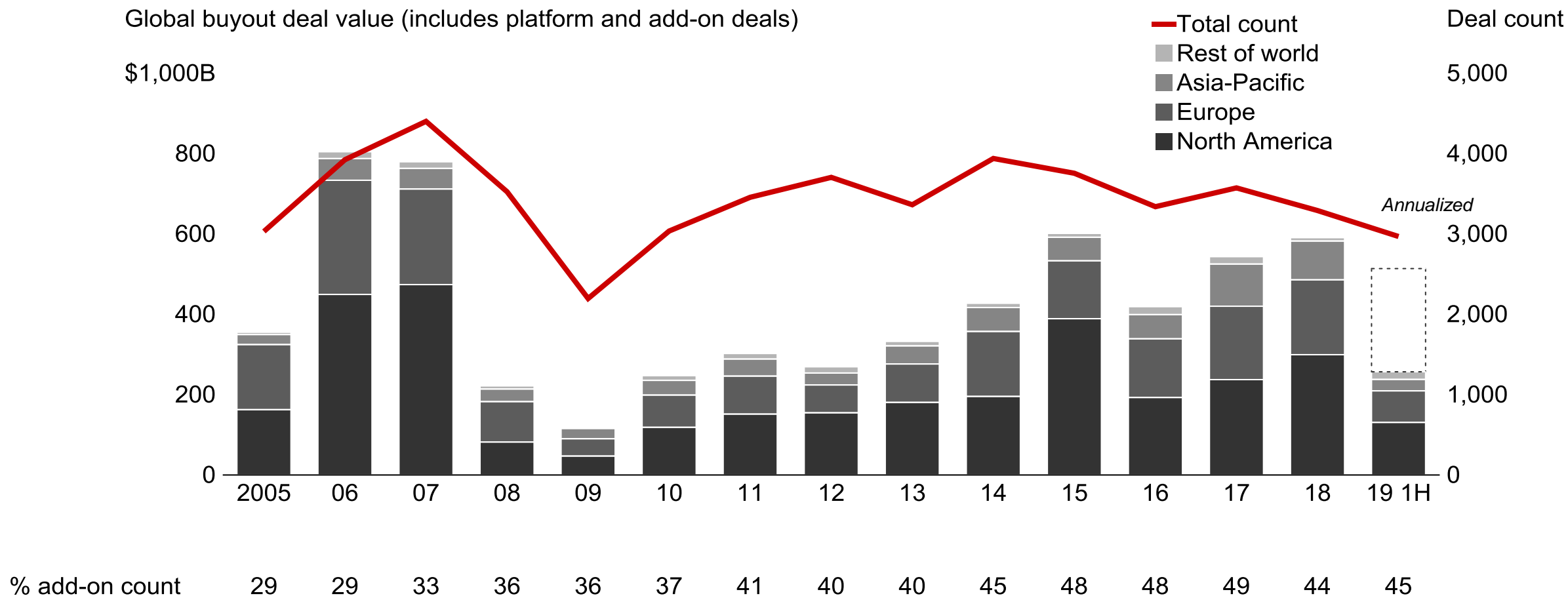
\$2.0T

Other

Buyout
\$695B



However, annualized 2019 global buyout deal value/count are **tracking slightly behind 2018**

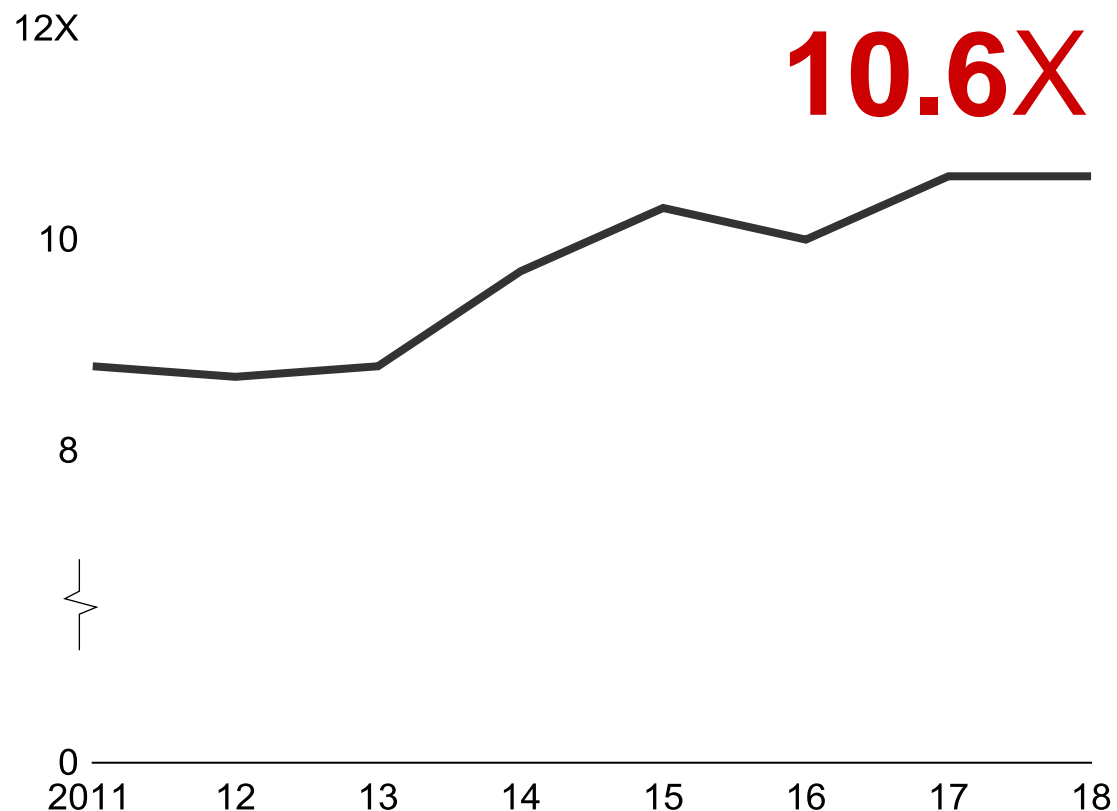


Notes: Includes add-ons; excludes loan-to-own transactions and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; geography based on the location of targets
Source: Dealogic

At the same time, prices have never been higher

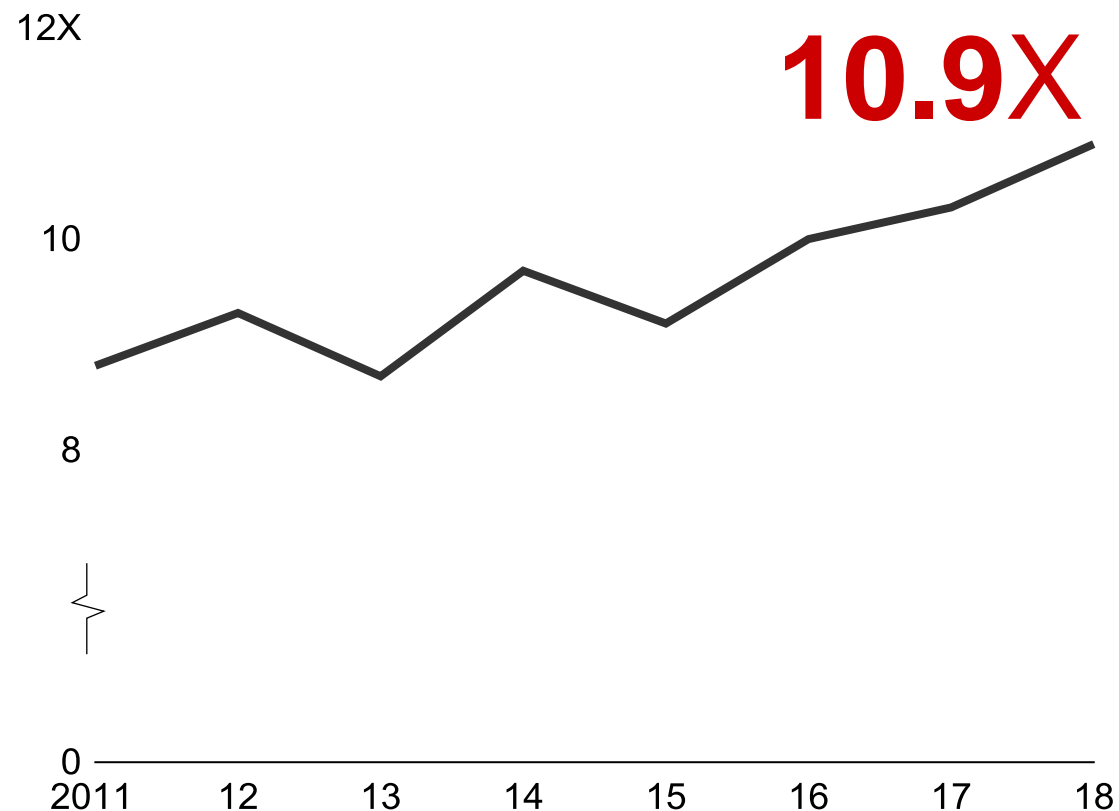
US

Average EBITDA purchase price multiple
for US LBO transactions



Europe

Average EBITDA purchase price multiple
for Europe LBO transactions

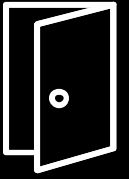


Source: S&P Capital IQ LCD

Putting capital to work increasingly means **getting comfortable** with a certain level of **discomfort** when investing

Investors are...

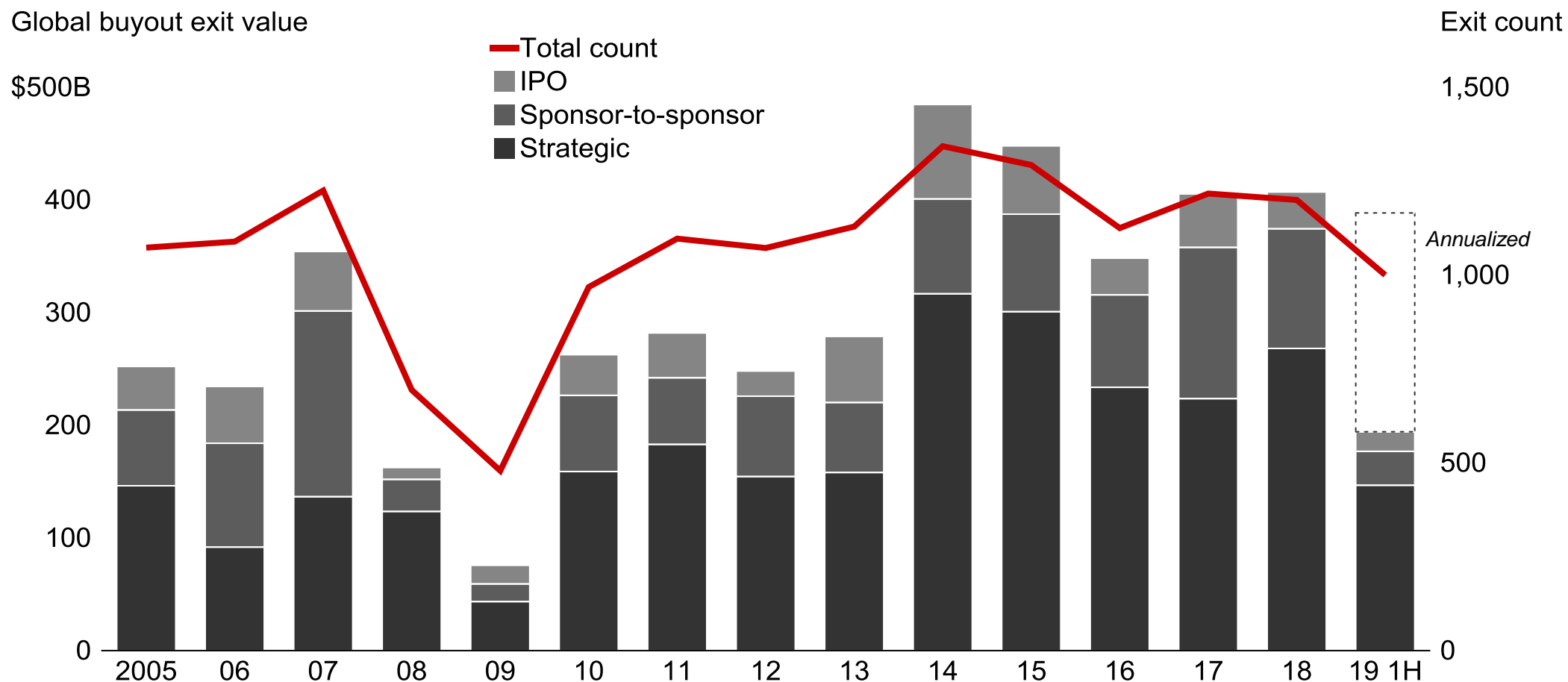
- ...paying prices they swore they would never pay
- ...underwriting new and different kinds of risks
- ...looking to capture value that may prove elusive post-close



Exits



Favorable exit environment persists into 2019, as **corporates remain very active buyers** of PE-owned assets

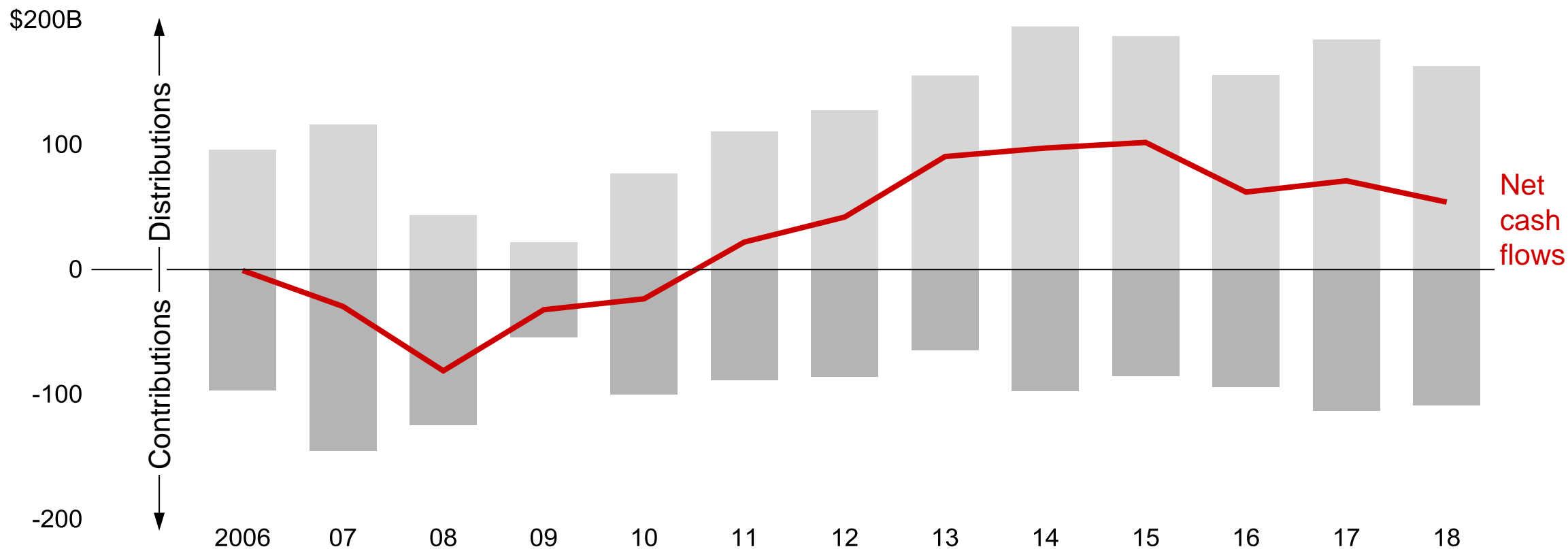


Notes: Bankruptcies excluded; IPO value represents offer amount and not market value of company

Source: Dealogic

Strong exits translate into **continued strong distributions to LPs**, which have been cash flow positive now for over 8 years running

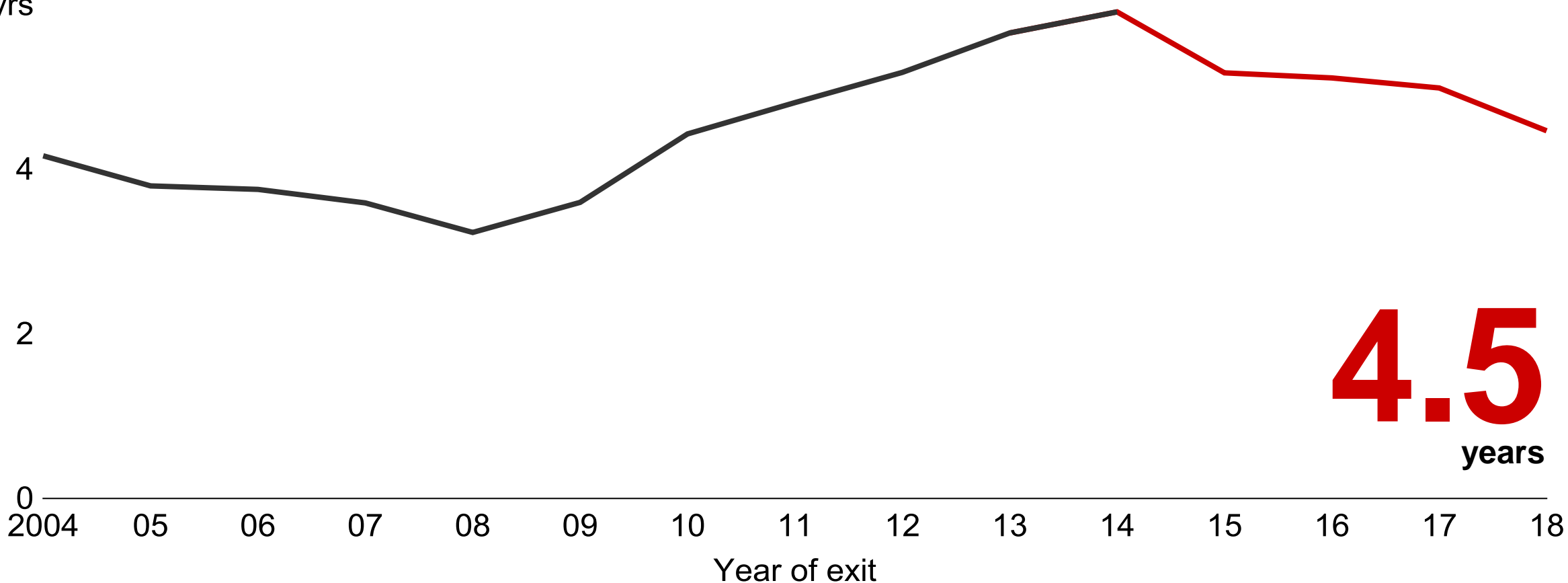
Capital contributions and distributions (global buyout funds)



An urgency to sell **compressed** hold periods

Median hold period for global buyout-backed companies

6yrs





Fundraising



Fundraising remains very strong as capital continues to pour into the asset class

Global PE capital raised

\$800B

600

400

200

0

2003 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 1H

Annualized

Other PE
Buyout

Notes: Includes funds with final close and represents the year in which funds held their final close; buyout includes buyout and balanced funds
Source: Preqin

Current trends in PE fundraising – broader scope but narrower focus

Sector-focused funds / sidecars

e.g. TPG Healthcare Partners (\$2.5B); Charlesbank Executives Technology Opportunities Fund (raising)

Long-duration funds

e.g. CVC Strategic Opportunities II (€4B); Apollo Hybrid Value Fund (\$3B)

Growth equity or middle-market funds

e.g. Permira Growth Opportunities I (\$1.7B); CVC Growth Partners II (raising)





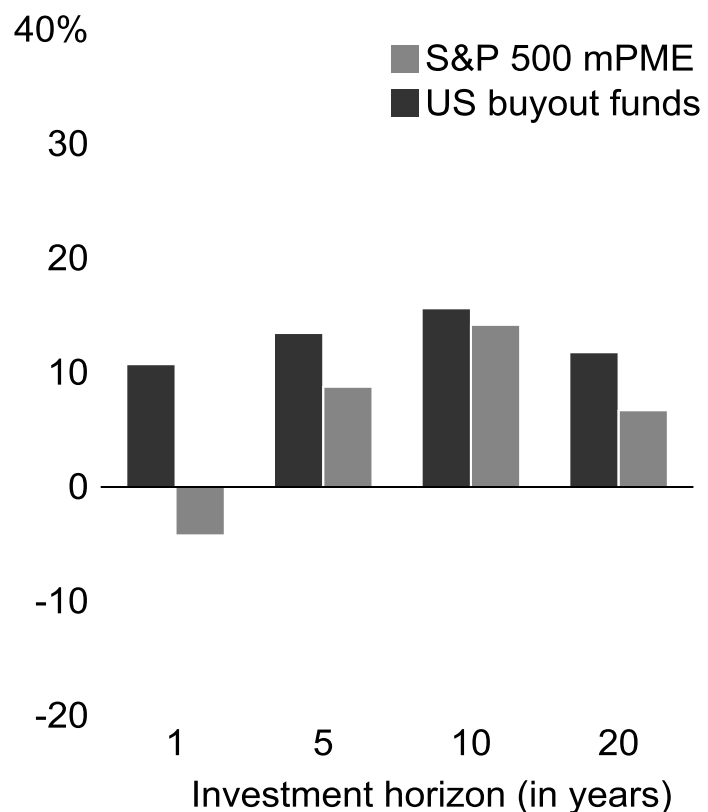
Returns



Buyout funds continue to **outperform** public markets in all major regions

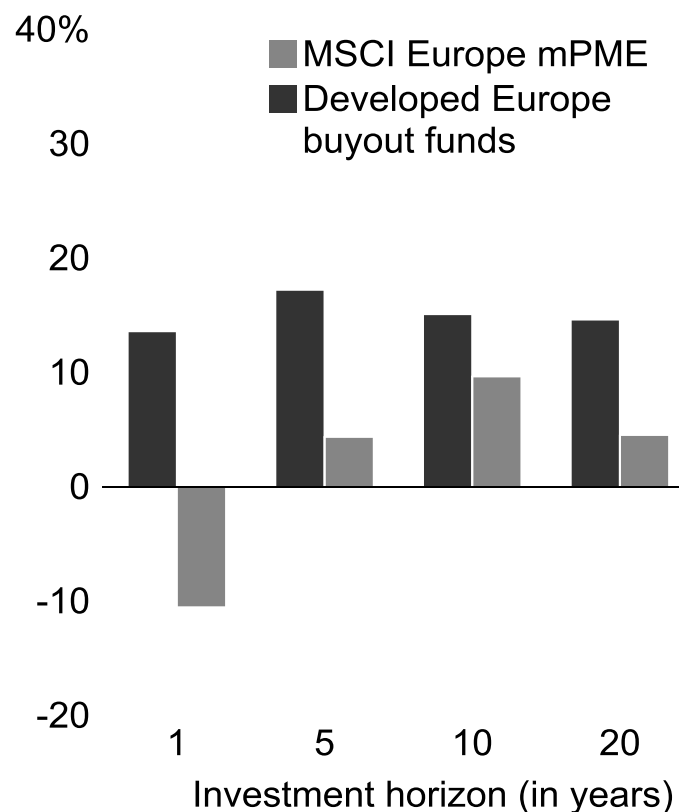
US

End-to-end pooled net IRR (as of Dec 2018)



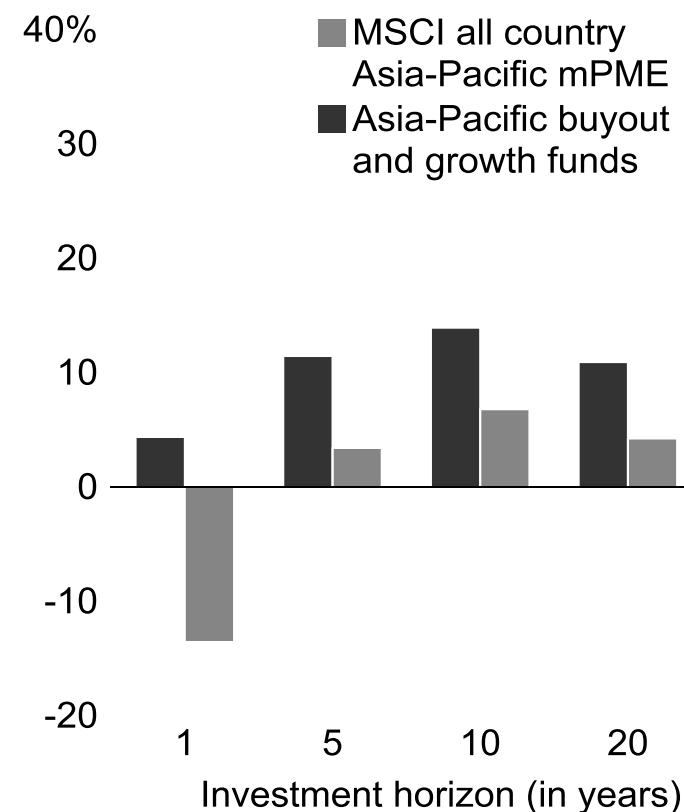
Developed Europe

End-to-end pooled net IRR (as of Dec 2018)



Asia-Pacific

End-to-end pooled net IRR (as of Dec 2018)

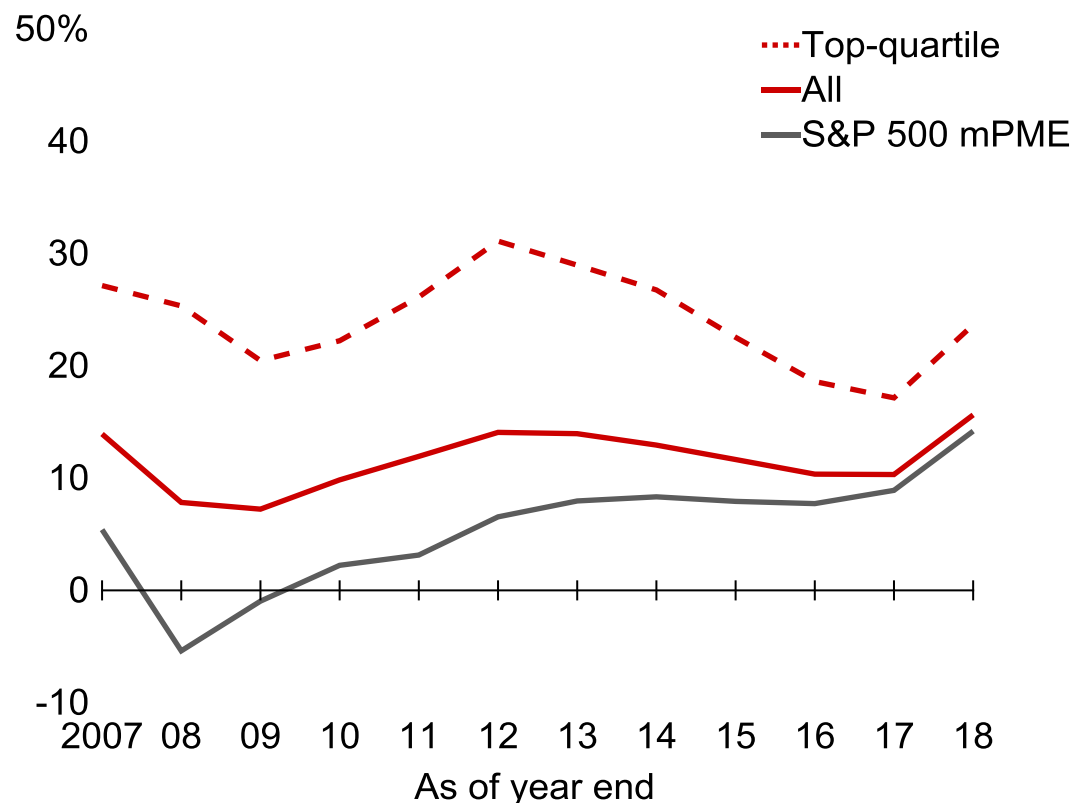


Notes: Data for US and Asia-Pacific calculated in US dollars; data for Europe calculated in euros; Europe includes developed economies only; Cambridge Associates' mPME is a proprietary private-to-public comparison methodology that evaluates what performance would have been had the dollars invested in private equity been invested in public markets instead; the public index's shares are purchased and sold according to the PE fund cash flow schedule; discrepancies in bar heights displaying the same values are due to rounding
Source: Cambridge Associates

However, the case for investing in PE rides on the **superior returns of top-performing funds**

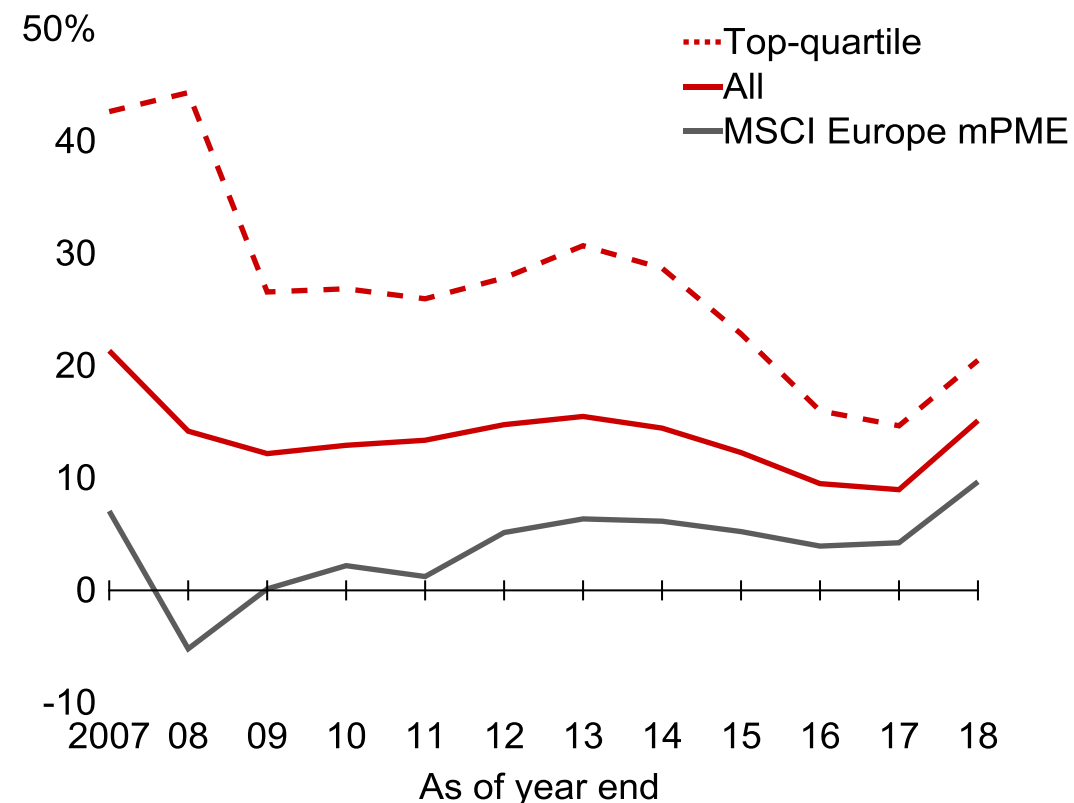
US

10-year horizon pooled net IRR, US buyout funds



Developed Europe

10-year horizon pooled net IRR, Dev. Europe buyout funds



Note: Data in dollars for US funds and in euros for Developed Europe funds
Source: Cambridge Associates

**Investor
conviction
remains
strong**
for the asset class



4

things

we see leading
firms doing





Buy & build



Buy-and-build

across all sectors through add-ons

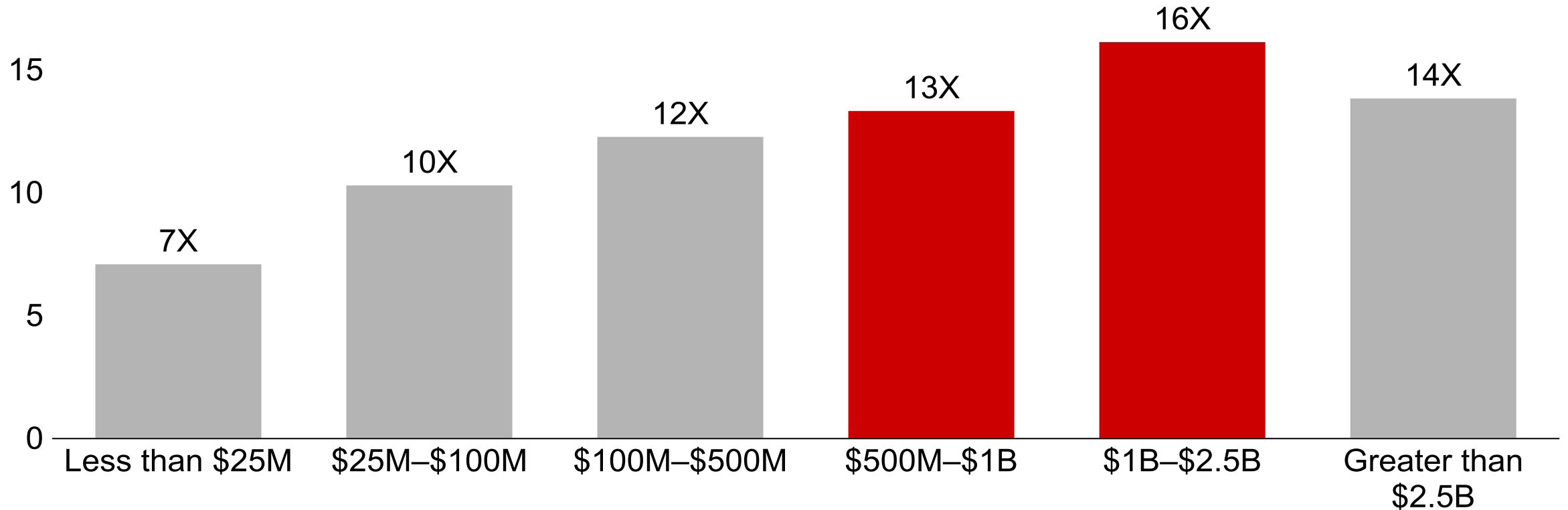


Multiple arbitrage

Smaller companies consistently trade for lower multiples than bigger ones

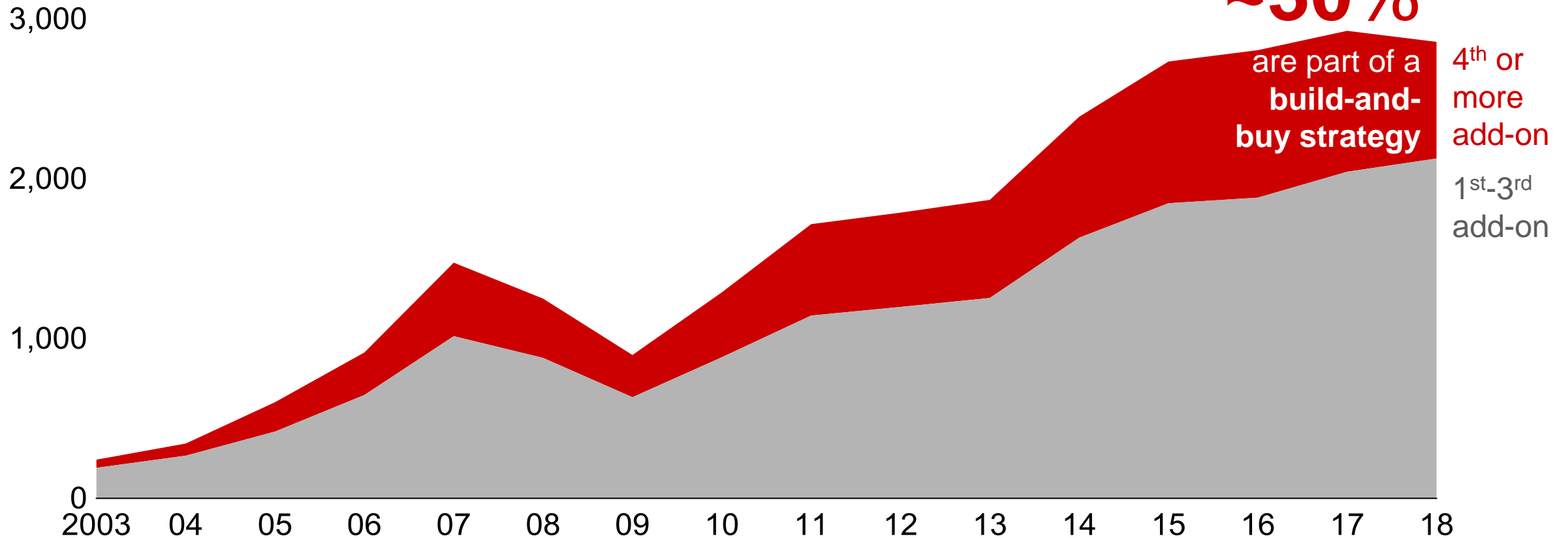
Median EBITDA purchase multiple

20x



Increasingly, add-ons are part of a broader buy-and-build strategy

Number of add-ons



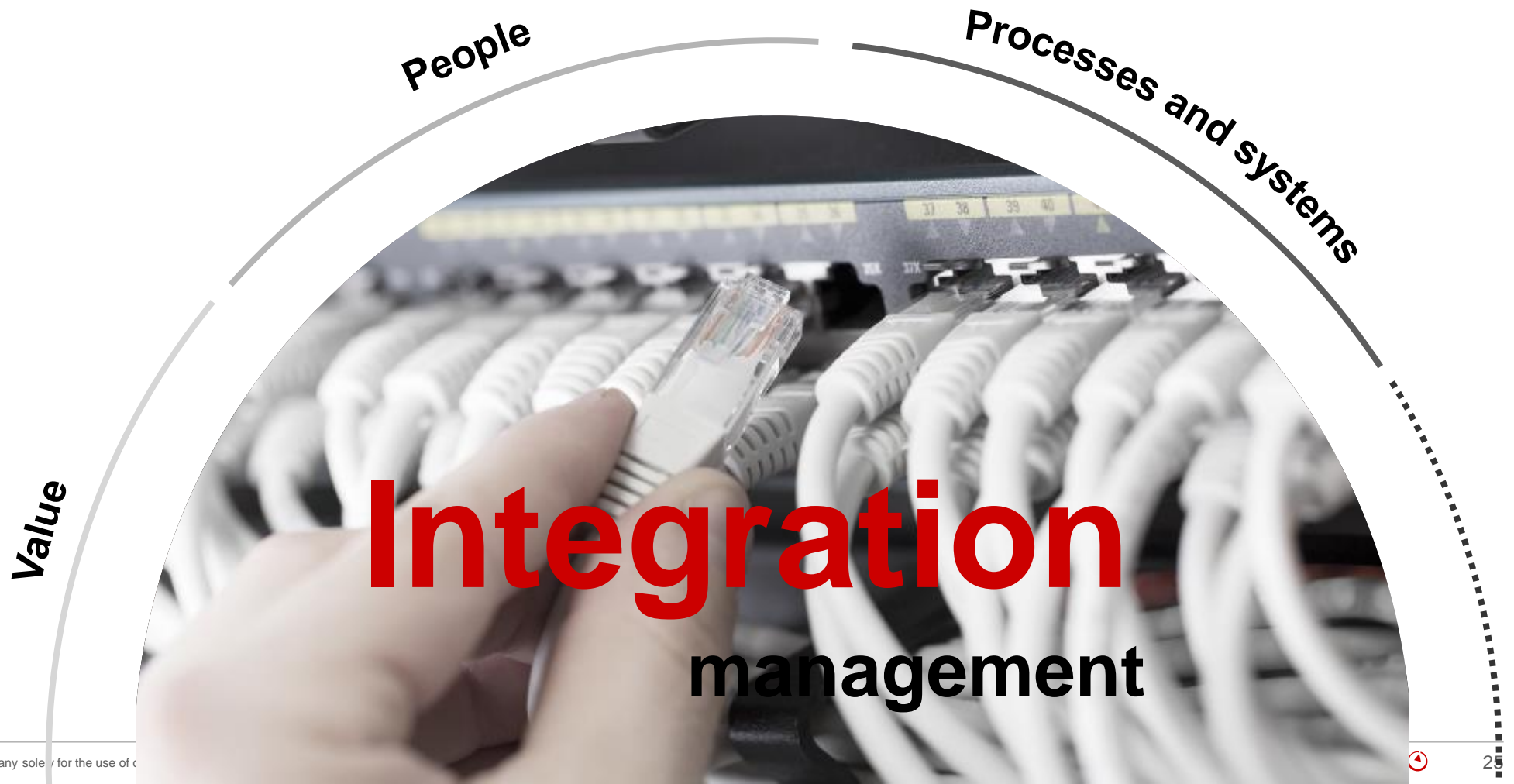


Merger integration



Merger integration

requires sharp execution to
capture value, align people
and install systems





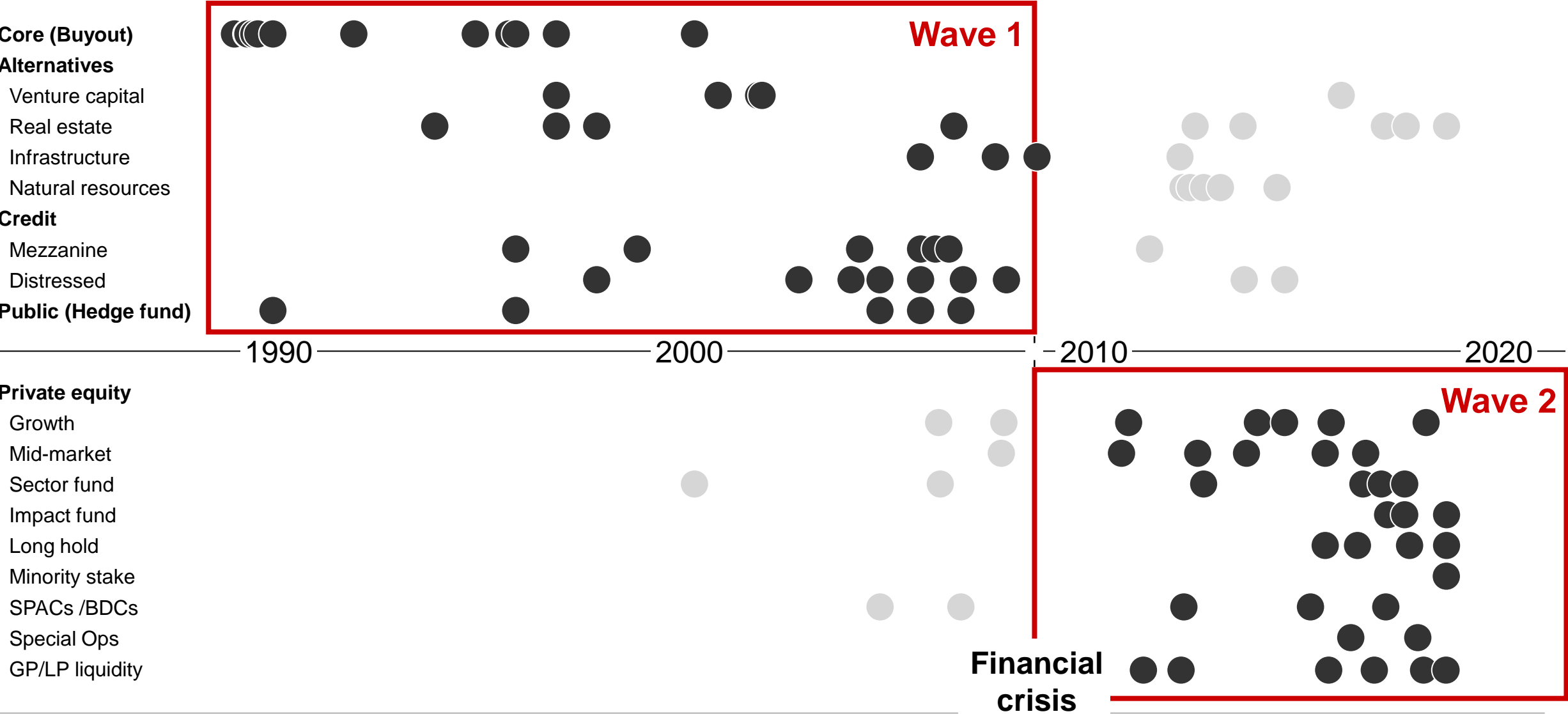
Adjacencies



Buyout firms continue to **expand beyond their core**



Asset class expansion

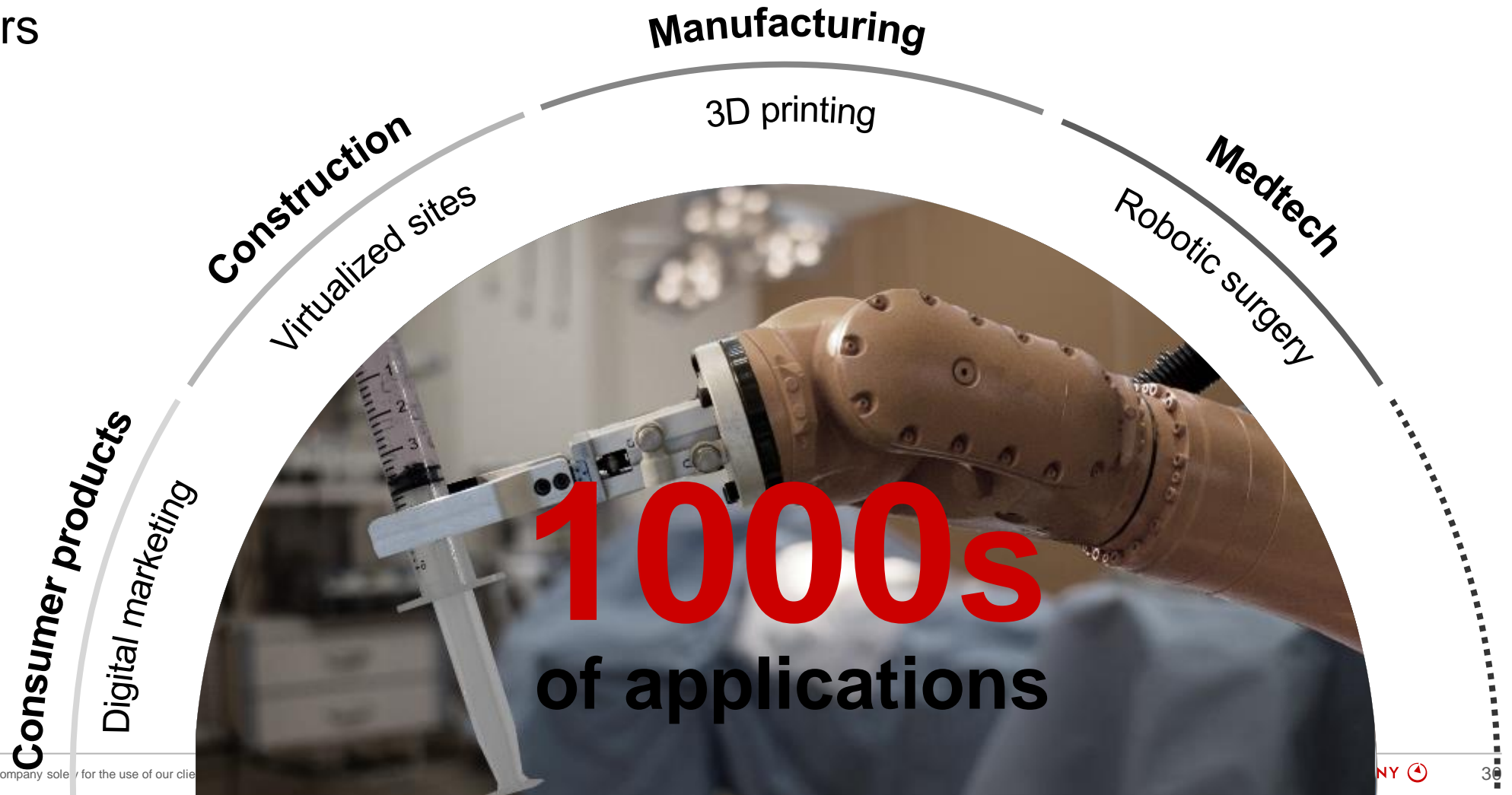




Digital

The pace of digital change is **accelerating**

creating even more disruption across all sectors



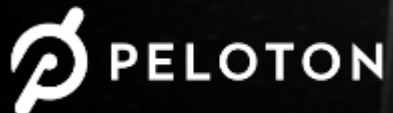
Building Digital capabilities

— Digital in new investments

Who would pay

\$2,000

plus \$39/month?



11K

2014

Bikes sold

Building Digital capabilities

— Digital in new investments —

“Netflix of fitness”

is now worth \$4B
and eyeing an IPO

by CNBC
DISRUPTOR50



250K

2018

2014

Bikes sold

There have been exactly three periods, when generally
private multiples > public

“Barbarians at the Gate”
era of the mid1980s,

Run-up to the recent
global financial crisis,
and

NOW

And the implications?

Goodbye,
IPO exits



Public
company
targets



Even bigger
megafunds



Democrati-
zation of
private equity



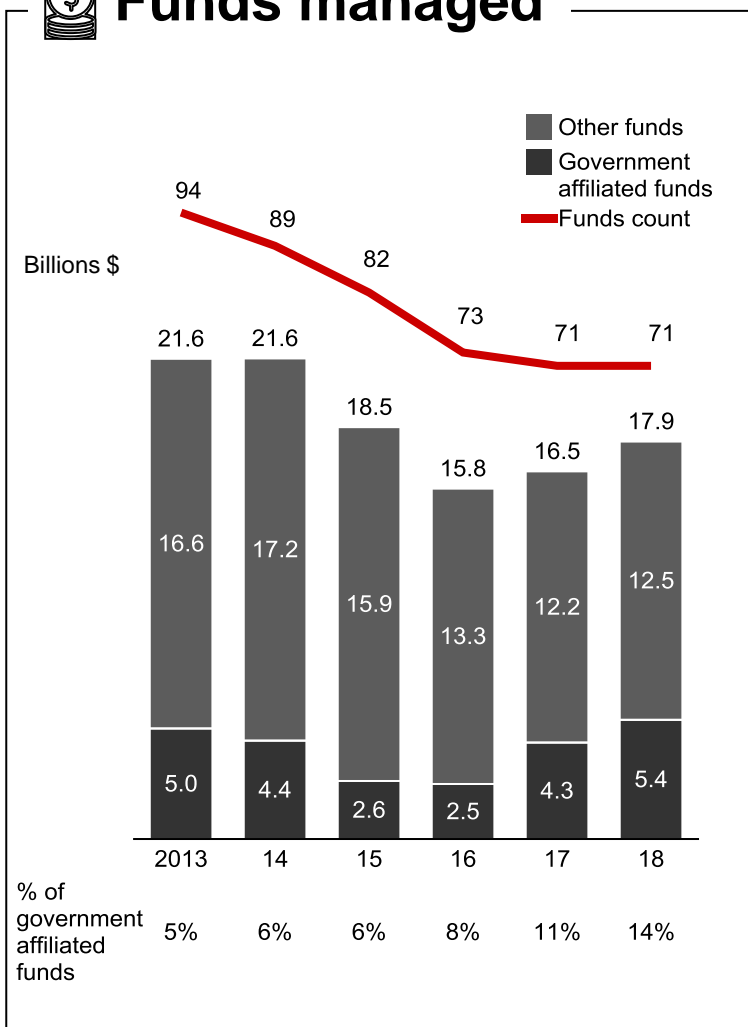
Big deals =
different
playbook



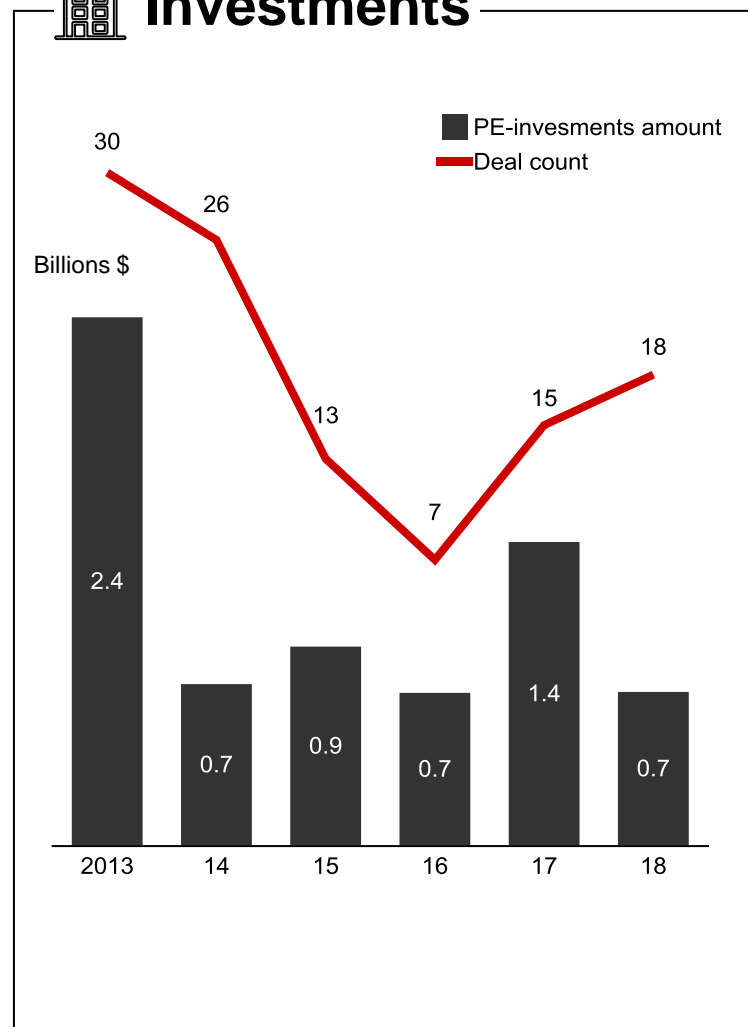
Russian PE-market: cautious growth, mostly driven by government, investment/exit activity still modest



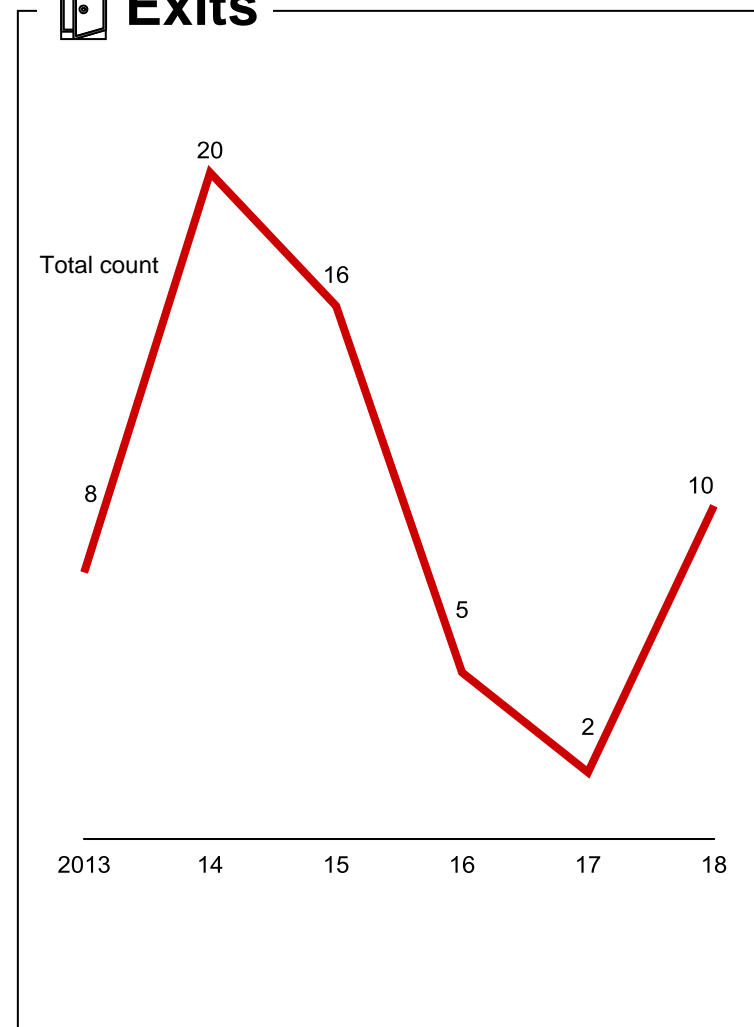
Funds managed



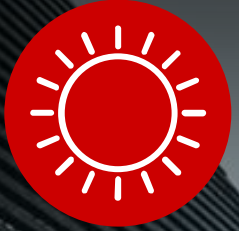
Investments



Exits



Can Russia leverage the global trends?



Islets of capabilities in the hi-tech/digital area

Potential complementarity with the “move to Asia”

Availability of potentially interesting “buy & build” stories



Lack of big tickets and public company targets

Limited interest from top-quartile players (politics, etc.)

Unclear exit trajectories for most sectors, esp. for bigger deals

And now:

your questions

