

2014 Private Equity-Backed Buyout Deals and Exits Reach Highest Levels Since the Global Financial Crisis

The total value of exits from private equity-backed portfolio companies throughout 2014 hit \$428bn, higher than any year previously and up from the \$330bn of exits in 2013

2014 represented the highest ever aggregate exit value for private equity buyout fund managers, with a total of 1,604 exits globally valued at \$428bn. This is up over 30% on the total value of exits in 2013, and is the highest ever annual value of private equity-backed buyout exits. This has resulted in a significant increase in the level of capital being returned to buyout fund investors, which had almost surpassed the full-year 2013 amount as of June 2014 (the latest data available). The total value of deals in 2014 reached \$332bn globally, the highest annual amount since 2007.

Other Key Buyout Deal Market Facts:

- In 2014 there were 3,423 private equity-backed buyout deals announced globally with an aggregate value of \$332bn, representing the highest aggregate deal value since 2007 and a 10% increase on 2013.
- North America saw \$181bn of deals in 2014, a 2% fall on the aggregate value in the previous year despite an 11% rise in number of deals to 1,899.
- The total value of deals in Asia in 2014 (\$42bn) was 68% higher than the 2013 figure, compared to a 16% drop in number of deals in the region to 270 in 2014.
- The aggregate value of public-to-private transactions saw a notable drop from accounting for 30% of the total deal value in 2013 to 10% in 2014, due largely to the take-private acquisitions of H.J. Heinz Company, Dell Inc. and BMC Software in 2013 which totalled \$59.8bn.
- Small-cap investments valued at under \$250mn accounted for 68% of the number of private equity deals announced globally in 2014, down from 76% in 2013. Deals in the mid-market range (\$250mn - \$1bn) comprised 24% of all deals in 2014, compared to 18% in the previous year.
- A primary consequence of the exit activity has been the record level of capital being distributed to investors. Full-year distributions for 2013 by buyout fund managers hit a record \$226bn. As of the end of June 2014, the latest data available, buyout funds already had returned \$224bn to investors, meaning 2014 is set to be a record year.
- The \$11.5bn merger between Tim Hortons, Inc. and 3G Capital-backed Burger King and was the largest private equity-backed buyout deal in 2014, and the trade sale of Alliance Boots GmbH to Walgreen Co. for \$15bn was the year's largest private equity-backed exit.

For more information and analysis, please see the factsheet that follows.

Comment:

"2014 was a significant year for both private equity buyout deal making and exit activity. The total value of deals done by private equity fund managers reached the highest annual amount since 2007, and the value of exits from private equity-backed portfolio companies over the past year reached record levels. The exit activity is particularly significant, as many managers were still looking to exit deals done in the pre-crisis years, and have been waiting for improved selling conditions.

The most noticeable consequence of the record value of exits is the capital being paid back to investors. Full-year distributions for 2013 by buyout fund managers hit a record level. Over the first half of 2014 – the latest data available – buyout funds had already returned almost the same amount of capital as in the whole of 2013, suggesting full-year 2014 will significantly surpass the previous year. As many investors look to maintain and in some cases increase allocations, a significant proportion of this capital is likely to be reinvested which in turn will drive fundraising for GPs."

Christopher Elvin – Head of Private Equity Products, Prequin



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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

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Fig. 1: Number and Aggregate Value of Private Equity-Backed Buyout Deals Globally, 2006 - 2014

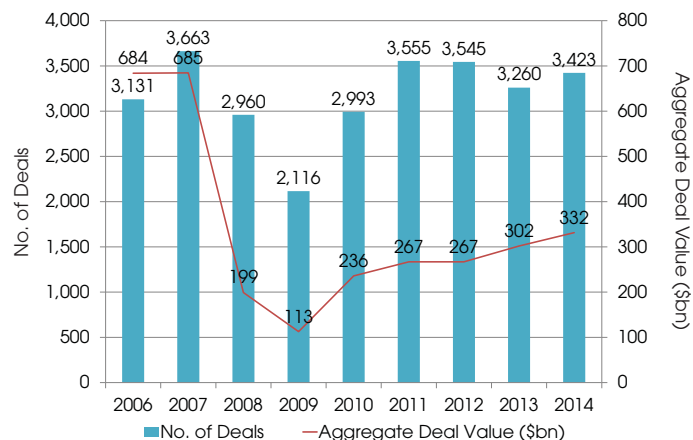


Fig. 2: Aggregate Value of Private Equity-Backed Buyout Deals by Region, 2006 - 2014

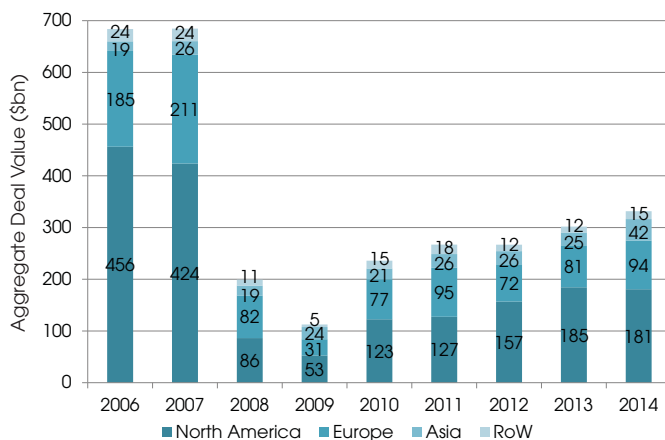


Fig. 3: Breakdown of Number and Aggregate Value of Private Equity-Backed Buyout Deals in 2014 by Type

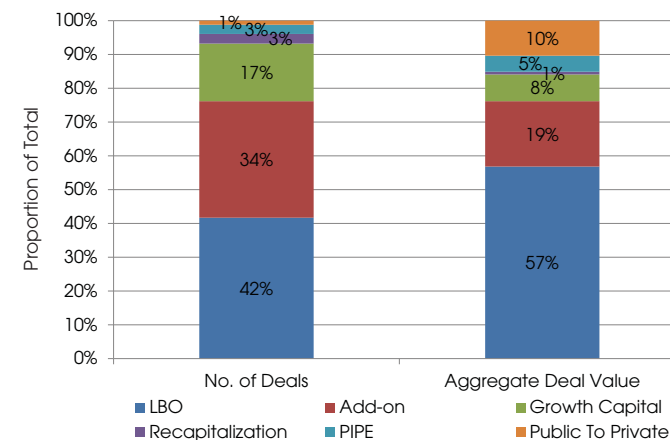


Fig. 4: Breakdown of Number and Aggregate Value of Private Equity-Backed Buyout Deals in 2014 by Value Band

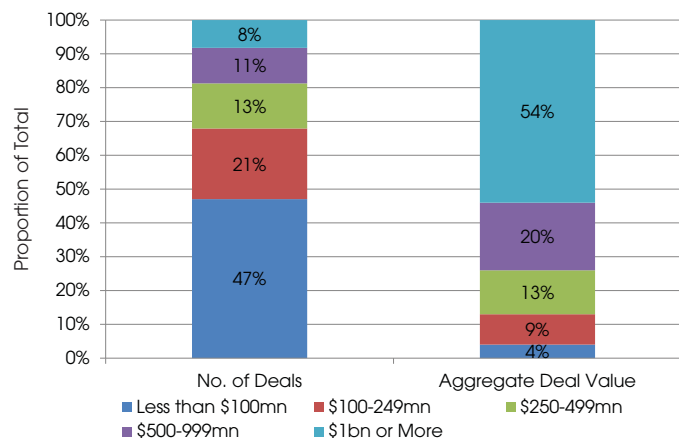
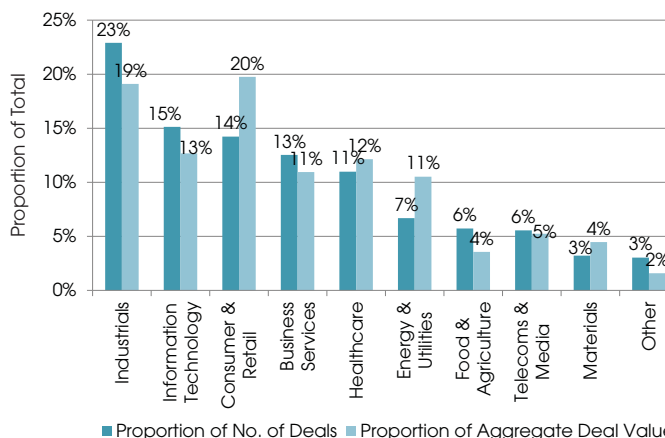


Fig. 5: Breakdown of Number and Aggregate Value of Private Equity-Backed Buyout Deals in 2014 by Industry



Key Facts

- \$428bn** - the total value of private equity-backed buyout exits in 2014, the highest annual amount ever.
- \$15bn** - the value of the Alliance Boots trade sale from Ardian, KKR and CPP Investment Board, the largest exit in 2014.
- 10%** - the proportion of the aggregate deal value accounted for by public-to-private deals in 2014, down from 30% in 2013.

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Fig. 6: Global Number and Aggregate Value of Private Equity-Backed Exits, 2006 - 2014

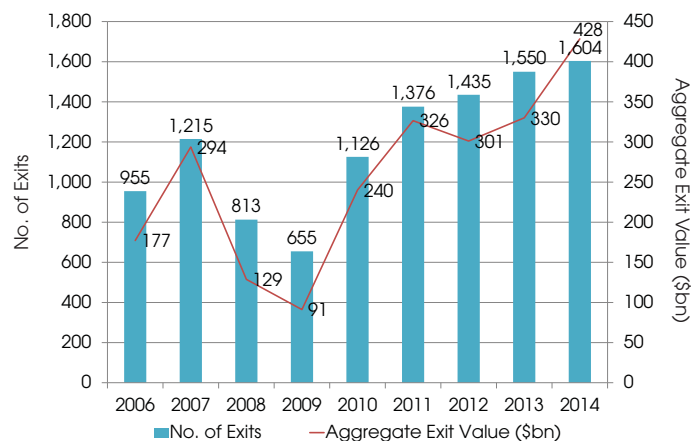


Fig. 7: Global Number of Private Equity-Backed Exits by Type, 2006 - 2014

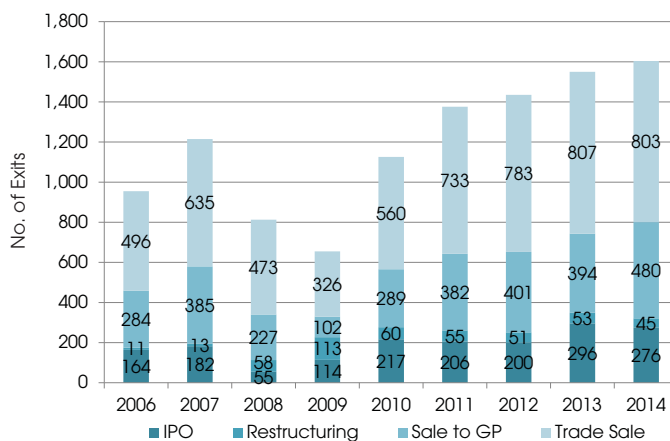


Fig. 8: Global Private Equity Buyout Fund Dry Powder, December 2006 - December 2014

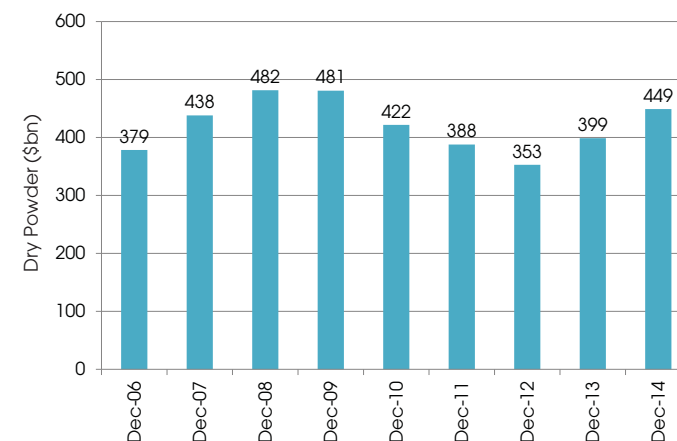


Fig. 9: Ten Largest Private Equity-Backed Buyout Deals in 2014

Company Name	Investment Type	Deal Date	Deal Size (bn)	Deal Status	Investors	Bought From/Exiting Company	Location	Primary Industry
Tim Hortons Inc.	Add-on	Aug-14	11.53 USD	Completed	3G Capital, Burger King	-	Canada	Restaurants
Safeway, Inc.	Merger	Mar-14	9.4 USD	Announced	Albertsons LLC, Cerberus Capital Management, Kimco Realty Corporation, Klaff Realty LP, Lubert-Adler Partners, L.P., Schottenstein Real Estate Group	-	US	Retail
PetSmart, Inc.	Public To Private	Dec-14	8.7 USD	Announced	BC Partners, Longview Asset Management	-	US	Retail
Gates Global Inc.	Buyout	Apr-14	5.4 USD	Completed	Blackstone Group	CPP Investment Board, Onex Corporation, Tomkins plc	US	Manufacturing
Acosta Sales & Marketing	Buyout	Jul-14	4.75 USD	Completed	Carlyle Group	Thomas H Lee Partners	US	Marketing
SIG Combibloc	Buyout	Nov-14	3.75 EUR	Announced	Onex Corporation	Reynolds Packaging Group	Switzerland	Manufacturing
MultiPlan, Inc.	Buyout	Feb-14	4.4 USD	Completed	Partners Group, Starr Investment Holdings	BC Partners, Silver Lake	US	Healthcare IT
TIBCO Software	Public To Private	Sep-14	4.2 USD	Completed	Vista Equity Partners	-	US	Software
Ortho-Clinical Diagnostics, Inc.	Buyout	Jan-14	4.15 USD	Completed	Carlyle Group	Johnson & Johnson	US	Medical Technologies
Advantage Sales and Marketing LLC	Buyout	Jun-14	4.0 USD	Completed	CVC Capital Partners, Leonard Green & Partners	Apax Partners	US	Marketing

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Fig. 10: Notable Private Equity-Backed Exits in 2014

Company Name	Investment Date	Entry Investment Type	Entry Deal Size (bn)	Investors (Entry)	Exit Date	Exit Type	Exit Value (bn)	Acquiror (Exit)	Primary Industry	Location
Alliance Boots GmbH	Apr-07	Public To Private	11.1 GBP	Ardian, CPP Investment Board, Kohlberg Kravis Roberts	Aug-14	Trade Sale	15.0 USD	Walgreen Co.	Pharmaceuticals	Switzerland
Biomet, Inc.	Dec-06	Public To Private	11.4 USD	Blackstone Group, Goldman Sachs Merchant Banking Division, Kohlberg Kravis Roberts, TPG	Apr-14	Trade Sale	13.35 USD	Zimmer Holdings, Inc.	Medical Instruments	US
Grupo Corporativo Ono	Jun-03	Buyout	-	Quadrangle Group	Mar-14	Trade Sale	7.2 EUR	Vodafone UK	Telecoms	Spain
Athlon Energy	Aug-10	Buyout	-	Apollo Global Management	Sep-14	Trade Sale	7.08 USD	Encana Corporation	Oil & Gas	US
Nuveen Investments, Inc.	Jun-07	Public To Private	6.3 USD	aPriori Capital Partners, Citi Private Equity, Deutsche Bank, Madison Dearborn Partners, Merrill Lynch Global Private Equity, Pamlico Capital	Apr-14	Trade Sale	6.25 USD	TIAA-CREF	Financial Services	US
Oriental Brewery	May-09	Buyout	1.8 USD	KKR, Affinity Equity Partners	Jan-14	Trade Sale	5.8 USD	Anheuser-Busch InBev	Beverages	South Korea
Pepkor Holdings Limited	Mar-11	Buyout	4.178 ZAR	Brait Private Equity	Nov-14	Trade Sale	5.7 USD	Steinhoff International Holdings	Retail	South Africa
Tomkins plc*	Jul-10	Public To Private	3.15 GBP	CPP Investment Board, Onex Corporation	Apr-14	Sale to GP	5.4 USD	Blackstone Group	Engineering	UK
Acosta Sales & Marketing	Jan-11	Buyout	2.0 USD	Thomas H Lee Partners	Jul-14	Sale to GP	4.75 USD	Carlyle Group	Marketing	US
Omega Pharma	Jan-12	Public To Private	0.848 EUR	Waterland	Nov-14	Trade Sale	3.6 EUR	Perrigo Company	Pharmaceuticals	Belgium

*Denotes a partial exit

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