PRIVATE EQUITY

BAROMETER

Q1 2012

Figures based on preliminary quarterly data from
Europe's specialist private equity information provider.

unquote" ARLE

Key findings

Overall European private equity

- Private equity activity overall was subdued in the first quarter, with the market registering its third consecutive quarterly fall in both volume and value terms.
- The 157 deals completed worth €8.1bn represented a fall of 30% and 32% respectively against Q4 2011, and 50% and 49% compared to the corresponding period one year ago.
- This slump was primarily due to a drop in the number of private equity-backed buyouts across Europe, with buyout volume 21% lower in Q1 2012 than in the previous quarter.
- A slowdown at the top end of the buyout market drove value down further still, with the Q1 2012 total some 38% down compared to the final three months of 2011.

Buyouts

- There were 72 private equity-backed buyout transactions in all in Q1 2012, 42% less than the total recorded in the first quarter of 2011 and 9% less than the opening months of 2010.
- The €6.7bn aggregated investment value over the past three months was 53% lower than the corresponding period in 2011 and a little more than 30% less than 2010.
- Both the volume and value totals have now declined for three successive quarters and stand some 45% and 75% down on the peak of 132 deals worth €27.4bn registered in Q2 2011.
- The top end of the value spectrum has seen the most severe decline, with the €1bn+ value bracket registering just one deal, bringing activity back down to that seen in early 2010.
- The broad mid-market category, covering deals worth between €100m-1bn, saw deal numbers fall by a third from 21 transactions to 14, while value fell by around 35% from €5.1bn to €3.3bn.
- The smallest size range, containing deals worth less than €100m, saw volume and values slide by 16% and 41% respectively from 68 deals worth €2.7bn to 57 deals worth €1.6bn.
- On a regional basis, the UK remained the most active buyout market, remaining consistently around the 30 deals mark for the third successive quarter as it registered 34 transactions in Q1.
- The biggest value gain was recorded in the Nordic region, where the Q1 total was four times higher than Q4 2011 at €2.4bn, primarily due to the completion of the single €1bn+ buyout of the quarter.
- Declines in Q1 were concentrated in the secondary buyout and corporate disposal categories, with the former falling 32% to 23 deals while the latter slumped 56% from 18 to just eight.

Growth capital

- Following two already quiet quarters at the end of 2011 when deal volumes fell below 90, there was a further fall of 29% in Q1 2012 from 89 transactions to just 63.
- In spite of this volume slump, however, collective deal value actually rose for the first time since Q2 2011, jumping 21% from €955m to €1.6bn.
- The surprising increase in value terms has pushed the average investment to its highest level over the 18-month sample period overall at €18.3m.
- Two deals drove the value resilience - the €296m investment into UK-based Centre Parcs and the €190m investment into Spain-headquartered Fotowatio - which made up for 42% of the total for Q1.

Early-stage

- In the first quarter of 2012 deal volume registered its third successive decline and plummeted by close to 50% from 44 transactions to just 22.
- Aggregated value dropped by around 33% from €263m to a little less than €177m, with the comparative strength here pushing the average investment to a two-year high of around €8.3m.
- This value figure is again being propped up by individual transactions, with the top two deals in Q1 combined making up more than half of the aggregated value figure.
- On a regional basis the UK and Germany led the way in Q1, accounting for seven transactions each and therefore collectively close to two-thirds of overall dealflow.

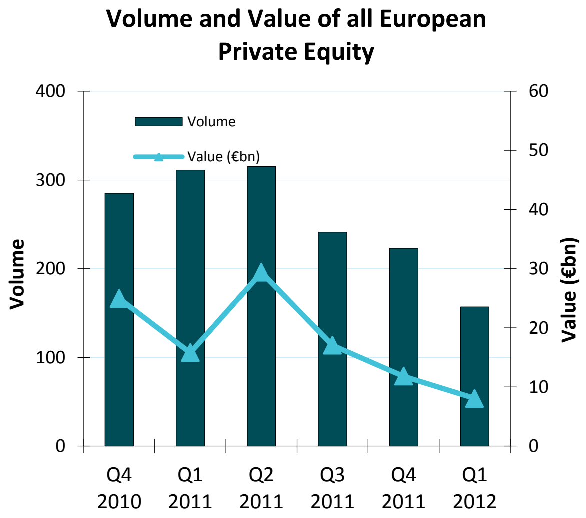
Update on Q4 2011 figures

Following the publication of the Barometer each quarter, both information on new deals and updates on existing deals invariably come to light. The following bullet points provide updated information on Q4 2011 deals that emerged after the publication of the Barometer in January 2012.

- There are now a total of 223 private equity-backed transactions recorded for the three months between October and December 2011, 31 more than when the Q4 Barometer was published in January.
- In the buyout segment, there are now 91 buyouts listed in the database for the quarter, 12 more than previously thought. In value terms the total for Q4 now stands at €10.6bn, €1.2bn more than the figure in the January report.
- This value movement was primarily due to the addition of three sizable deals – the €375m acquisition of Dutch talcum powder producer Mondo Minerals, the €300m buyout of French packaging business Nord-Est and the €200m purchase of Spanish plastics firm Elix Polymers.
- In the expansion segment there are now 11 more deals listed for the final quarter of 2011, with the originally published figure of 78 rising to 89. This has equated to a value increase of €51m from €904m to €955m.
- In the early-stage category there are now 43 deals recorded for Q4, eight more than the 35 previously quoted. In value terms there has been a substantial jump of €118m to €263m, largely due to the inclusion of the €100m investment into Finnish soy processing business Finnprotein.

Overall European private equity

Dealflow slumps to fresh low as financing fears continue



	Number	Value (€bn)
Q4 2010	285	24.93
Q1 2011	311	15.79
Q2 2011	315	29.37
Q3 2011	241	17.03
Q4 2011	223	11.80
Q1 2012	157	8.06
2010	1196	76.29
2011	1090	74.00
YTD 2012	157	8,065

Source: unquote" data

It was to be hoped that the dawning of a new year might bring with it fresh optimism to lift the clouds that had once again gathered over the financial sector as 2011 came to a close. There was more to this than quixotic hope. In December the European Central Bank rolled out the first wave of its long-term refinancing operation, offering cheap loans to European banks to help them shore up defences against Eurozone defaults. Surely now fears over a second banking sector collapse would be abated?

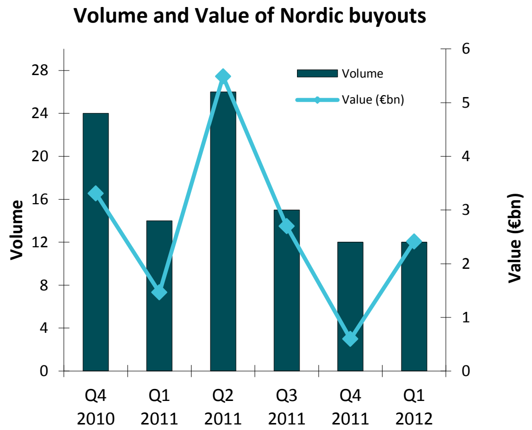
There is certainly evidence that wider concern over the effects of a Eurozone default has diminished, with global stock markets seeing improved performance in the first quarter of 2012. But any hope in private equity circles that the influx of fresh liquidity would lead to an increase in financing for buyout deals seems to have been misplaced. The number of private equity-backed buyouts across Europe was 21% lower in Q1 2012 than in the previous quarter, with a slowdown at the top end of the market driving value down 38%.

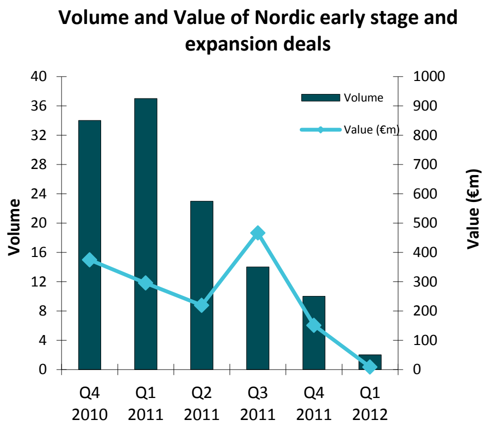
Primarily as a result of this, private equity activity overall was subdued in the first quarter, with the market registering its third consecutive quarterly fall in value terms. In fact, the 157 deals completed worth €8.1bn represented a fall of 30% and 32% respectively against Q4 2011, and 50% and 49% compared to the corresponding period one year ago. The continuing slump means that private equity dealflow is at its lowest level since the mid-1990s, long before the buyout boom that saw ostentatious multi-billion Euro purchases become commonplace.

The numbers above make for stark reading, but even they do not tell the full story. We are now entering a period of time when debt packages on big buyouts signed at the height of the market's hubris will come due for refinancing. Banks that are under pressure to build up their capital base and reduce their risk exposure may be reticent to offer attractive terms and we could see a wave of painful restructurings. Notwithstanding a second, larger, wave of the ECB's long-term refinancing operation (LTRO) that was rolled out in March, it would not be a surprise to see activity levels remaining low for some time to come.

Quarterly focus

Nordic market





Source: unquote" data

At first glance it would appear that the Nordic markets remained impervious to the growth in private equity buyout activity through the middle of the last decade. Dealflow did increase over the period as Sweden in particular saw increased outside investment following moves on the part of the government to open up the economy. But deal volumes remained relatively modest compared to the major European markets and there persists a comparative parochialism overall as the small- and mid-market segments continue to be dominated by domestic groups.

While this prevented the Nordic countries from challenging the hegemony of the traditionally strong private equity markets of the UK, France and, to a lesser extent, Germany – though for a time in 2010 Denmark was home to the largest ever European private acquisition worth in excess of €10bn - it seems to be working in favour of the region in the current economic climate. While European banks generally continue to struggle to rebuild their capital base in the wake of the tumultuous years that followed the US sub-prime mortgage crisis and in the face of the emerging threat of Eurozone sovereign debt defaults, Nordic banking groups have been far less affected.

That is not to say that the major banking groups are completely insulated from the ongoing Eurozone uncertainty. Indeed, there was a considerable slowdown in activity in the second half of 2011 as political wrangling over a Greek bailout prevented prudential action and fears grew over a disorderly default. This was particularly true in Sweden, where some 79% and 93% of activity in volume and value terms were respectively completed in the first six months. But dealflow has remained consistent in the first three months of 2012 while the rest of Europe has stuttered and stalled.

There were a total of 12 buyout deals completed in Q1 2012 across the region, meaning activity was identical in scale to that witnessed in Q4 2011 and is broadly in line with totals recorded over the past seven quarters, five of which have seen between 12 and 15 buyouts transacted. Moreover, emphasising the relative good health of the banking sector, the Nordic region was home to the only €1bn+ deal of the first quarter - the €1.8bn tertiary buyout of Swedish tools supplier Ahlsell from Cinven and Goldman Sachs by CVC Capital Partners, with debt provided by a syndicate including DnB Nor and Nordea.

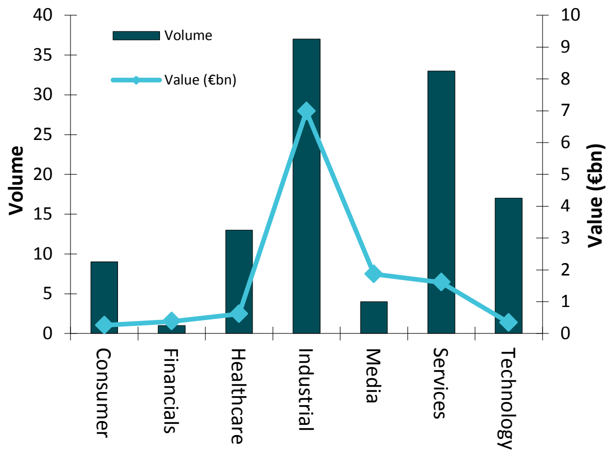
Buyouts	Number	Value (€m)
Q3 2010	15	1573.59
Q4 2010	24	3308.46
Q1 2011	14	1464.04
Q2 2011	26	5487.26
Q3 2011	15	2696.47
Q4 2011	12	597.24
Q1 2012	12	2412.11

Non-buyout	Number	Value (€m)
Q3 2010	27	152.80
Q4 2010	34	374.29
Q12011	37	295.18
Q2 2011	23	218.97
Q3 2011	14	466.13
Q4 2011	10	150.56
Q1 2012	2	8.35

On a sector basis, the Nordics are similar to many regions across Europe in that dealflow is concentrated within the industrials and services sectors, which accounted for 32% and 29% of all transactions over the past year respectively. The last twelve months have, however, seen a slight move away from technology and healthcare deals across the region. Both of these venture capital-dominated sectors have seen their combined proportion of overall activity drop over the past 12 months from 32% to 26% respectively. This is likely a reflection of the slump in the venture segment, with early-stage deal activity dropping from eight transactions in Q1 2011 to just one in Q1 2012.

Source: unquote" data

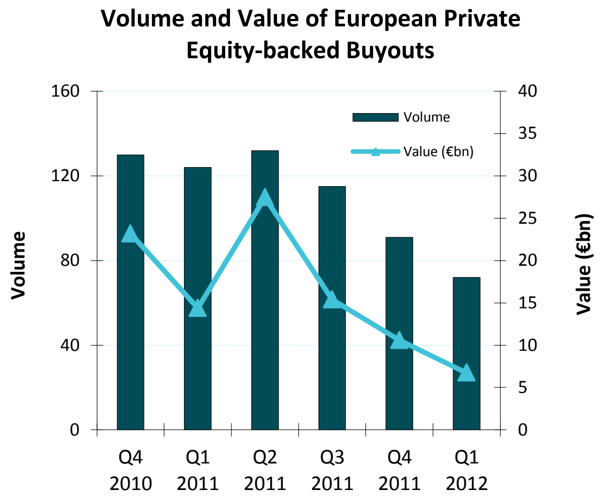
Volume and Value of all Nordic deals by sector YoY



By sector (YoY - Q2 2011- Q1 2012)	Number	Value (€m)
Consumer	9	254.77
Financials	1	381.25
Healthcare	13	615.12
Industrial	37	6977.46
Media	4	1863.78
Services	33	1605.59
Technology	17	339.12
Total	**114**	**12037.09**

Source: unquote" data

Buyouts



	Number	Value (E Bn)
Q4 2010	130	23.18
Q1 2011	124	14.38
Q2 2011	132	27.45
Q3 2011	115	15.38
Q4 2011	91	10.59
Q1 2012	72	6.73
2010	426	67.13
2011	462	67.79
YTD 2012	72	6,732

Source: unquote" data

As is highlighted above, there remains a paucity of financing for European private equity buyout transactions in the current climate. Banks are continuing to face pressure to prove they have the requisite funding to withstand future funding shocks, while investors themselves seem to still be reluctant to commit to new deals against an uncertain macroeconomic backdrop. Activity has therefore slumped across all size brackets, pushing the total number of acquisitions to a low not seen for more than 15 years.

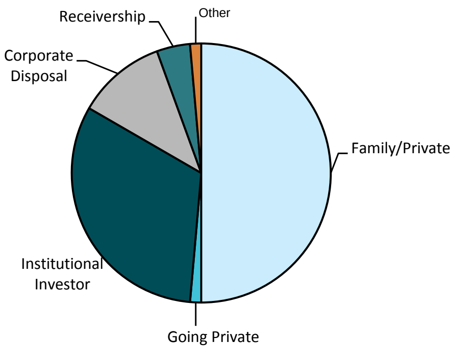
There were 72 private equity-backed buyout transactions overall in Q1 2012, 42% less than the total recorded in the first quarter of 2011 and 9% less than the quiescent quarter that opened 2010. On a value basis, the €6.7bn aggregated investment value over the past three months was 53% lower than the corresponding period in 2011 and a little more than 30% less than 2010. Both the volume and value totals have now declined for three successive quarters and stand some 45% and 75% down on the peak of 132 deals worth €27.4bn registered in Q2 2011.

As these numbers might suggest, it is at the top end of the value spectrum that the decline has been most severe. The largest value bracket, covering deals worth in excess of €1bn, saw just one deal completed in the first three months of 2012, bringing it back into the line with the low activity levels seen in the first two quarters of 2010. The broad mid-market category, covering deals worth between €100m-1bn, saw deal numbers fall by a third from 21 transactions to 14, while value fell by around 35% from €5.1bn to €3.3bn. The smallest size range, containing deals worth less than €100m, saw volume and value slide by 16% and 41% respectively to 57 deals worth €1.6bn.

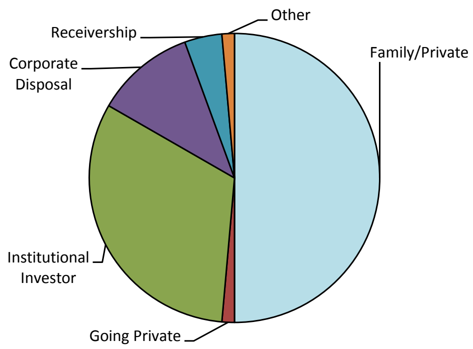
The UK remained the most active region for buyout transactions, remaining consistently around the 30 deals mark for the third consecutive quarter as it registered 34 transactions in Q1. In value terms there was a 17% increase from the €2.3bn total for Q4 to €2.7bn, though this remains 25% lower than the figure for Q3 2011. The biggest quarter-on-quarter value gain was recorded in the Nordic region, where the total value of Q1 deals was four times higher than Q4 2011 at €2.4bn. However, this was predominantly due to the completion of the single €1bn+ buyout in Q1 – the €1.8bn tertiary buyout of Swedish tool supplier Ahlsell by CVC Capital Partners.

As might be expected given the relative resilience in the smaller size brackets in the first quarter, the number of deals sourced from family and private vendors remained stable over the three months. There were a total of 36 such acquisitions completed over the period, the same number as were completed in Q4 2011. The declines in Q1 were instead concentrated in buyouts from other institutional investors and corporate vendors, with secondary buyouts falling 32% from 34 deals to 23, while corporate disposals slumped 56% from 18 transactions to just eight.

Number of European Buyouts by Vendor Type Q4 2011



Number of European Buyouts by Vendor Type Q1 2012

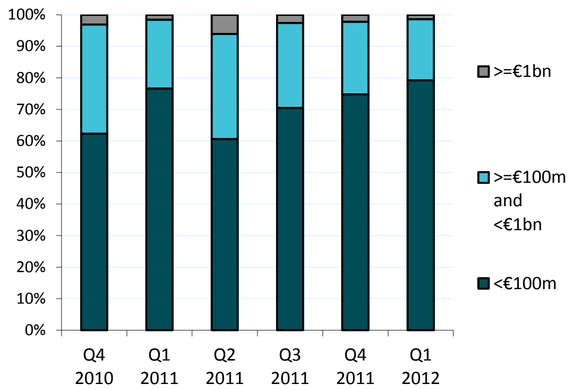


Source: unquote" data

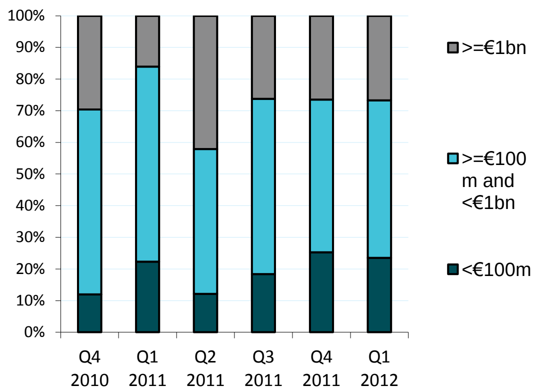
	Q4 2011	Q1 2012
Family/Private	36	36
Going Private	1	1
Institutional Investor	34	23
Corporate Disposal	18	8
Receivership	2	3
Other	0	1
Totals	**91**	**72**

Source: unquote" data

Number of European Buyouts by Size Range



Value of European Buyouts by Size Range

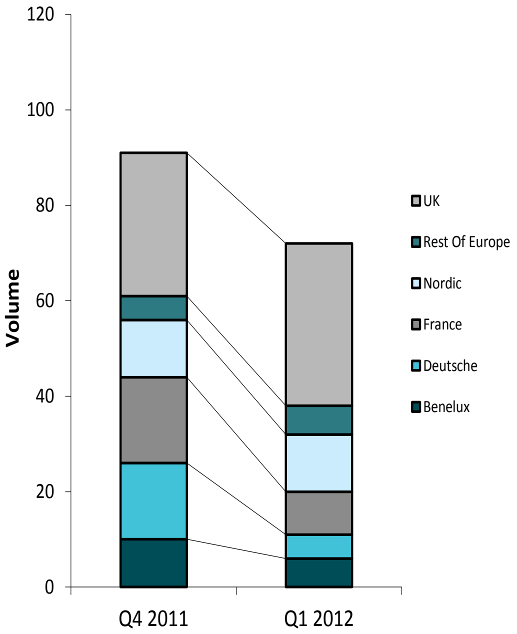


Source: unquote" data

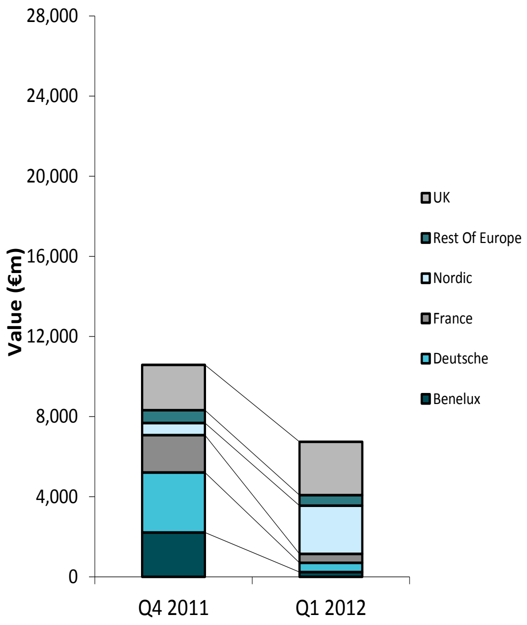
VOLUME							
	<€100 m		>=€100 m and <€1 bn		>=€1 bn		
	Number	%	Number	%	Number	%	Quarterly Totals
Q4 2010	81	62	45	35	4	3	130
Q1 2011	95	77	27	22	2	2	124
Q2 2011	80	61	44	33	8	6	132
Q3 2011	81	70	31	27	3	3	115
Q4 2011	68	75	21	23	2	2	91
Q1 2012	57	79	14	19	1	1	72
VALUE							
	<100m		>=100m and <1bn		>=1bn		
	€ m Value	%	€ m Value	%	€ m Value	%	Quarterly Totals
Q4 2010	2,777	12	13,534	58	6,866	30	23,177
Q1 2011	3,210	22	8,862	62	2,309	16	14,380
Q2 2011	3,321	12	12,574	46	11,554	42	27,449
Q3 2011	2,830	18	8,514	55	4,034	26	15,377
Q4 2011	2,675	25	5,110	48	2,800	26	10,586
Q1 2012	1,585	24	3,347	50	1,800	27	6,732

Source: unquote" data

Number of European Buyouts by Region



€m Value of European Buyouts by Region



Source: unquote" data

	Q4 2011	Q4 2011	Q1 2012	Q1 2012
	Vol.	*Value (€m)*	*Vol.*	*Value (€m)*
Benelux	10	2,215	6	231
Deutsche	16	2,992	5	465
France	18	1,869	9	440
Nordic	12	597	12	2,412
Rest Of Europe	5	635	6	530
UK	30	2,277	34	2,655
Totals	**91**	**10,586**	**72**	**6,732**

Source: unquote" data

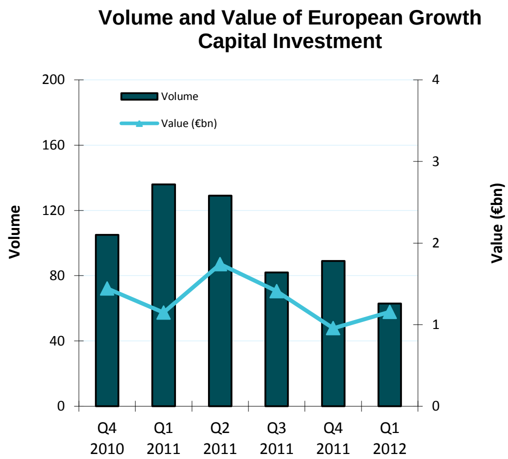
Ten largest European private equity-backed buyouts, Q1 2012*

Deal Name	Value €m	Country	Equity Lead
Ahlsell	1,800	Sweden	CVC Capital Partners Ltd
CPA Global	771.8 (est.)	United Kingdom	Cinven
USP Hospitales	355	Spain	Doughty Hanson & Co
Parabis Group	209.56 (est.)	United Kingdom	Duke Street
Bosch Foundation Brakes	200 (est.)	France	KPS Capital Partners
Volution Holdings Ltd	192.08 (est)	United Kingdom	Towerbrook Capital Partners
National Fostering Agency Ltd	156.07	United Kingdom	Graphite Capital Management
Pertemps Network Group	134.12	United Kingdom	LDC (Lloyds TSB Development Capital)
GEKA	120	Germany	3i
Audley Travel	118.57	United Kingdom	Equistone Partners Europe

* Only includes deals with disclosed or publicly estimated values

Source: unquote" data

Growth capital



	Number	Value (€bn)
Q4 2010	105	1.44
Q1 2011	136	1.15
Q2 2011	129	1.74
Q3 2011	82	1.41
Q4 2011	89	0.96
Q1 2012	63	1.16
2010	554	8.08
2011	436	5.25
YTD 2012	63	1.15

Source: unquote" data

Given the uncertain investment environment and the well-documented reluctance on the part of investment houses to commit capital in the current market, it is unsurprising that the growth capital segment has seen a similar continued slide in activity as its later-stage cousin. Following two already quiet quarters at the end of 2011, when deal volumes fell below 90, there was a further fall of 29% in the number of deals completed in Q1 2012 from 89 transactions to just 63. In spite of this collective deal value actually rose for the first time since Q2 2011, jumping 21% from €955m to €1.6bn.

This disparate performance in volume and value terms is emphasised by annual comparisons. The first quarter figures show a substantial 54% drop in volume versus the corresponding period in 2011, while contrastingly value is marginally higher than the €1.15bn recorded for Q1 of last year. Against 2010 the trend is again evident, although the overall slump in expansion investments over the past two years is highlighted by the fact that deal numbers and aggregated value are both significantly down, by 59% and 35% respectively.

The surprising increase in value terms, which has pushed the average investment to its highest level over the sample period overall at €18.3m, is primarily the result of two deals - the €296m investment into UK holiday business Center Parcs by Blackstone and the €190m that was injected into Spanish energy company Fotowatio by a syndicate led by Denham Capital Management. Together these deals represented some 42% of the overall value total for Q1. On a regional basis the UK was by far the most active market for growth capital, accounting for 41% of all deals with a total of 26 transactions.

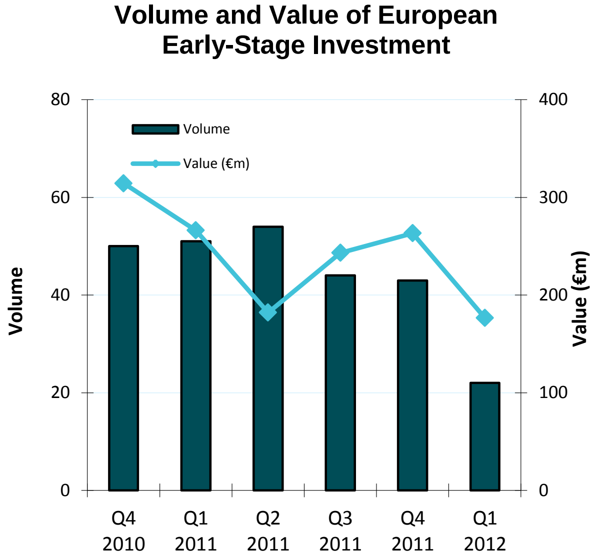
Ten largest European growth capital transactions, Q1 2012*

Deal Name	Value €m	Country	Equity Lead
Center Parcs	296.42	United Kingdom	Blackstone Group
Fotowatio	190 (est.)	Netherlands	Denham Capital Management
Park Resorts Group Ltd	54.62	United Kingdom	Electra Partners LLP
Arena Group	19.76	United Kingdom	MML Capital Partners
Unruly	19.29	United Kingdom	Amadeus Capital Partners Ltd, Business Growth Fund, Van den Ende & Deitmers
Allsystem Group	18	Italy	n/d
Mecachrome	17	France	AE Management
Hidrodata	14	Spain	HgCapital
Takeaway.com	13	Netherlands	Prime Technology Ventures
GCI Telecom	11.97	United Kingdom	Business Growth Fund

* Only includes deals with disclosed or publicly estimated values

Source: unquote" data

Early-stage



	Number	Value (E m)
Q4 2010	50	314.28
Q1 2011	51	266.24
Q2 2011	54	182.07
Q3 2011	44	243.16
Q4 2011	43	263.27
Q1 2012	22	176.67
2010	216	1078.40
2011	192	954.74
YTD 2012	22	177

Source: unquote" data

European early-stage investing is now unquestionably in a protracted slump. With limited LP interest in the segment due to historically poor returns and a volatile climate exacerbating the risks of investing in young businesses, the venture capital sector has seen activity dwindle further from the already low levels witnessed through 2011. In the first quarter of 2012 deal volume registered its third successive decline and plummeted by close to 50% from 43 transactions to just 22, while aggregated value dropped by around 33% from €263m to a little less than €177m.

As with the expansion segment, value has held up comparatively well in Q1, pushing the average investment to a two-year high in Q1 of around €8.3m. This is again evident in the annual comparisons, which show a drop in volume and value of 57% and 34% respectively against Q1 2011, and 67% and 37% against Q1 2010. However, similarly to the growth capital category, the resilient value figure is being propped up by individual transactions, with the €50m investment into Spanish low-cost airline Volotea by a syndicate comprising Axis, CCMP and Corfin representing 28% of the total. The top two deals combined make up more than half of the Q1 value figure.

On a regional basis the UK and Germany led the way in Q1, accounting for seven transactions each and therefore collectively close to two-thirds of overall dealflow. In value terms, though, the UK was far ahead of its northern European counterpart having been home to deals totalling €62m, equating to 35% of the Q1 value figure. Spain topped the table in value terms, with the Volotea transaction pushing the total for the country to close to €67m, representing close to 38% of the aggregated value of early-stage deals in the first quarter.

Ten largest European early-stage transactions, Q1 2012*

Deal Name	Value €m	Country	Equity Lead
Volotea	50	Spain	Axis Participaciones Empresariales, CCMP Capital Advisors, Corpfin Capital
SoundCloud	38.59 (est.)	Germany	Kleiner Perkins Caufield & Byers
Prosensa BV	23	Netherlands	New Enterprise Associates
AlienVault	6.08	Spain	Trident
Flaregames	6	Germany	Accel Partners
nLife Therapeutics	5	Spain	Invecaria, La Caixa
Lineup Systems	3.6 (est.)	United Kingdom	NVM Private Equity
Footway	3.14	Sweden	Sweidsh Industrial Development Fund (Industrifonden)
The Currency Cloud	2.98	United Kingdom	Atlas Venture
Fantasy Shopper	2.55	United Kingdom	Accel Partners, New Enterprise Associates

* Only includes deals with disclosed or publicly estimated values

Source: unquote" data

Notes

1. All data published in the unquote" Private Equity Barometer (in association with Arle Capital Partners) is extracted from the unquote" database (unquote" data), the proprietary data system of Europe's leading private equity information specialist (see below for more information). Although every effort is made to ensure that the statistics and data contained within are as comprehensive as possible, figures for the latest quarter should be considered preliminary and are likely to increase as further deals come to light over the coming weeks. Figures for historical quarters are fully updated in each new edition of the Barometer to reflect the latest intelligence. A summary of the key revisions can be found in the highlights section on page 3.

2. Wherever possible, data has been fully validated with direct contact with the investment professionals themselves. Deal value relates to the total funding raised to complete the transaction, including any leverage. In some cases, deal values and as a consequence contain, where relevant, both debt and mezzanine.

3. The data is pan-European and based on deals backed by at least one formalised venture capitalist or mezzanine provider. Debt-only transactions are not included.

4. Where data is analysed by geography, the following six regions have been used:

   a. Benelux (Belgium, Luxembourg, Netherlands)
   b. DACH (Austria, Germany, Switzerland)
   c. France (France)
   d. Nordic (Denmark, Finland, Norway, Sweden)
   e. UK (United Kingdom)
   f. Rest of Europe (Ireland, Italy, Portugal, Spain)

5. For further information on the content of the unquote" Private Equity Barometer, please contact Olivier Marty, Head of Research, on +44 (0)20 7004 7464.

6. Further data is available on unquote.com and the unquote" data database (www.unquotedata.com, available in May)

The unquote" database is the most comprehensive market analysis service available to the private equity professional. It has been the market leader in private equity intelligence for nearly 20 years. Clients include leading private equity firms, investment banks, corporate financiers, law firms, placement agents and other advisers. For more information or to apply for a free trial, please contact Tom Riley, Sales Manager: Tel: +44 (0)20 7484 4892.

Arle Capital Partners is a London-based private equity firm comprising 35 investment professionals and global industrialists spanning 10 nationalities. Arle focuses on businesses in the energy, industrial and services sectors, typically based within the North Sea Rim but with operations that extend beyond these markets. North Sea Rim comprises the UK, The Nordics, Benelux and German speaking Europe.

Arle's portfolio currently comprises 12 European-headquartered businesses with an aggregate enterprise value of €2.3 billion and 46,000 staff. Arle's approach is to work closely alongside management teams, actively managing its portfolio to help drive growth and long term value for its Limited Partners. For more information, please see www.arle.com

ARLE CAPITAL PARTNERS LIMITED
12 Charles II Street
London SW1Y 4QU

T +44 (0) 20 7979 0000
E info@arle.com