

# Private Equity, how is the temperature ?

*Private Equity, how is the temperature* is an opinion item of the Luxembourg Private Equity & Venture Capital Association (LPEA) newsletter curated by **Olivier Coekelbergs**, Vice-Chairman of LPEA. The *thermometer* provides you with a quick update on current market trends and key data about the Private Equity (PE) industry.



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## M&A

- There was a strong start to global M&A in 2017 by value, though volume declined marginally.
- The value for US-targeted deals during the month was US\$110b – up 26% year-on-year (YOY).
- Big-ticket deals in consumer products and retail, oil and gas, and life sciences grabbed headlines.
- The M&A outlook for 2017 remains positive as companies look to optimize portfolios.
- Future-proofing will be a key driver of M&A as companies look for disruptive trends within their core and innovation outside their sectors.

## IPOs

- Global IPO activity surged in January 2017, witnessing a significant YOY increase in terms of both deal volume and value.
- The Asia-Pacific region continued to dominate global IPO activity in terms of both deal volume and value.
- US exchanges accounted for 6 of the top 10 deals this month.
- IPO activity in Europe is expected to increase in the next few months, as the IPO pipeline looks healthy and investors are seeking investment opportunities. However, implications from Brexit, new US policies and elections in France, Germany and the Netherlands later in 2017 may affect the IPO markets across the region.

## Fundraising

- After a robust year for PE fundraising in 2016, firms are off to a strong start in the New Year. PE firms closed funds valued at US\$45b in January, up 78% from the US\$25b raised last year.
- Infrastructure funds were particularly well represented amongst funds that closed in January, accounting for half of the total.
- The average fund size exceeded US\$1b in January, compared with US\$650m for the full year 2016.

## Acquisitions

- While January typically represents a quiet month for PE acquisitions, it was the most active start to a year since the financial crisis.
- PE firms announced 84 deals valued at US\$16.1b during the month.
- Active sectors continued 2016's trend, with large deals announced in Health care, Consumer Products and Technology.

## Exits

- The pace of exits has been slowing as PE firms shift their focus to deployment. January 2017 saw a continuation of the trend, with PE firms announcing 70 exits valued at US\$26.0b, a decline of 11% from December.
- However, the month saw significantly improved sentiment in the IPO markets, with a number of PE-backed deals going public.
- In total, six PE-backed deals raised US\$3.9b. All were listings on US exchanges.