

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

- April continued the robust M&A market seen so far 2017, with US\$212b of deals announced.
- US\$1b–US\$10b deals are driving the current market, with 167 deals in this banding announced in 2017.
- More than half of companies surveyed were looking to acquire in the next 12 months, according to EY Capital Confidence Barometer.
- The M&A outlook for 2017 remains healthy as companies look keen to reorganize their portfolio more frequently.
- Future-proofing will be an essential M&A driver as companies look for disruptive trends within their core and innovation outside their sectors.
- Despite expectations that fundraising might slow in 2017 in the face of growing dry powder, the market continues to see strong momentum as the secular trends driving capital into the asset class (such as new investors) win out versus the cyclical headwinds (slowing exits and distributions).

IPOs

- This month recorded the strongest year-to-date (YTD) IPO activity in terms of proceeds, witnessing a significant year on year (YOY) increase in terms of both number of IPOs and proceeds.
- EMEA accounted for 5 of the top 10 deals this month.
- The Asia-Pacific region continued to dominate global IPO activity, in terms of both number of deals and proceeds.
- Several big IPOs, such as Quadrant Energy (with expected proceeds of US\$4.0b) and Officeworks (US\$1.1b), are expected to hit the
- Australian IPO market in the coming quarters, making it a key IPO destination.

Acquisitions

- PE acquisition activity remains strong, up 20% on a year-to-date basis versus last year.
- Deals in the middle market and large buyout space have remained steady over the last 16 months, averaging 21 deals per month.
- Through the end of April, all regions have seen an increase in activity, with the greatest increase in EMEA.

Exits

- Strength in the IPO markets and increased activity by PE investors in seeking to acquire PE-backed assets has led to a 22% increase by value in exit activity versus last year.
- The bulk of exit activity is centered in the Americas, which has seen M&A exits increase by 55%, and IPOs increase more than 400% by value.
- Pent-up demand for public offerings suggests global IPOs will continue to rise in 2017.

Fundraising

- PE fundraising is seeing its strongest start to a year since 2008. PE firms have closed 215 funds valued at US\$189b so far in 2017.
- Buyout dry powder continues to climb, reaching US\$563b in April.