

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

- Global M&A activity remained firm in 3Q17, recording 9,313 deals worth US\$770b.
- Power and utilities (P&U) was an active target sector in terms of value in 3Q17 – with deals totaling US\$77b.
- Technology and digital takeovers continue to drive dealmaking, as digital transformation makes it imperative for companies to spend on technologies and innovation.
- European M&A should stay firm in the coming months as markets begin to stabilize and optimism around the region's economic prospects increases.
- The outlook for Asia-Pacific M&A remains positive for the coming months.

IPOs

- While global volume of IPOs in September was up year on year (YOY), we saw a slight drop in proceeds compared with IPO activity in September 2016.
- Asia-Pacific was the most active region for listings during the month, accounting for 77% and 54% of the global number of deals and proceeds respectively.
- While Italy and India witnessed their biggest US\$1b+ deals since 2015 and 2010 respectively, South Africa saw its biggest ever IPO this month.
- 2017 is on track to be the busiest year for IPOs since 2007 as low volatility, strengthening investor sentiment, rallying markets and a healthy pipeline continue to drive activity across regions.

Fundraising

- PE fundraising remains strong, though Q3 saw a slight reduction in the pace of fundraising seen earlier this year.
- Nonetheless, PE firms could set a new record in 2017 for aggregate fundraising. Year to date, firms have closed funds valued at US\$465.1b, up 12% from last year, and within striking distance of 2008's US\$634b in closed funds.
- Large buyout funds are making up a greater percentage of the total than ever — 37% of buyout fundraising has gone to the top five largest funds.

Acquisitions

- Investment activity jumped 40% during Q3 2017 from the prior quarter to US\$121.8b, the largest quarterly total since 2007.
- Asia-Pacific quarterly activity surged past the Americas for the first time.
- Technology, consumer goods and health care are active sectors.

Exits

- Exits declined in the third quarter with PE firms announcing 267 exits valued at US\$84.4b, down 21% by value. However, activity remains up 15% YTD versus 2016 on the strength of the first half.
- Trade sales and secondary buyouts represent 90% of PE exits this year. Such deals are up 14% versus YTD 2016.
- Q3 was a muted quarter for PE-backed IPOs, with just 15 deals pricing.