Will the private equity market reignite in 2013?

Despite a challenging 2012 are the elements in place for a more active 2013?
Living in the new normal

“Over the last 12 months, investors have been wary of making significant investments in the Eurozone, with little sign of the crisis coming to an end. For the market to restart, 2013 needs to be the year that the new normal becomes embedded in both corporate and private equity (PE) behavior.

“If the new normal does emerge, we will see more consolidation in markets; businesses adjusting to lower revenue growth and really trying to shape their business models in a more flexible way. If PE can position their assets within that vision, they will appeal to buyers.”

Sachin Date, EMEIA Private Equity Leader, Ernst & Young

About Multiple

Multiple is a quarterly publication summarizing trends in buyouts* across Europe.

Ernst & Young and Equistone Partners Europe are proud to sponsor CMBOR, the Centre for Management Buyout Research, whose data is analyzed in Multiple.

Countries covered: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey and the UK.

*Buyouts: CMBOR defines buyouts as over 50% of shares changing ownership with management or private equity, or both having a controlling stake upon deal completion. Equity funding must primarily be from private equity funds and the bought-out company must have its own financing structure, e.g., management buyout (MBO), management buy-in (MBI).
The following key points are based on research recorded by CMBOR.

**Exit value exceeds deal value**
- The 322 exits in 2012 returned €53.3b to investors, €1.9b more than was invested into the buyout market during the year. While this will help fund-raising in the future, fears persist that a number of portfolio companies remain stuck, creating greater demand for financial restructuring.

**2012 a fifth lower than 2011**
- Weak activity in the fourth quarter compounded a difficult year for the European buyout market in 2012. With 563 deals valued at €51.4b, the market finished a fifth lower by value and 10% lower by volume than 2011. Excluding 2009, the value is the lowest recorded since 1998.

**France and Germany slow in 2012**
- Deal value and volumes in France fell significantly from the last quarter. This drop confirms that the pick up in Q3 was a reaction to tax threats and macroeconomic uncertainty. In Germany, the slowdown was not so dramatic, but nevertheless value fell some 20% to €7.1b, putting it ahead of France.

**UK props up European market**
- With an overall deal value of €19.7b (38% of the overall value of transactions in Europe) and 35% (196) of the total number of buyouts, UK transactions led the way in 2012. This contrasts with 2011, when the value of UK buyouts (€14.6b) fell behind those in France (€15b), which led the market.

**Mid-market deal flow declines**
- The number of transactions valued between €100m and €1b fell 30% between 2011 and 2012 – 81 compared with the previous year’s 112. However, the 13 deals valued at more than €1b (there were 12 in 2011) show that the megadeal market is holding up well. This is indicative of a flight to quality and stability.

**Banks and lenders remain cautious**
- European lenders are continuing to be conservative. The average proportion of debt used in deals valued at more than €100m fell from 44% in 2011 to 38% in 2012.

**European buyouts**

Visit www.ey.com/multiple for further video insights

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**Source:** CMBOR; Equistone Partners Europe; Ernst & Young.
Two-sided market
The 2012 year-end results from CMBOR show that the PE European market fell in two camps, with
the UK sitting on one side and the rest of Continental Europe on the other. The level of PE deals in the
UK market withstood the difficult market conditions and both megadeals (€1b and over) and upper
mid market (€250m to €1b) remained steady. The rest of Europe also saw megadeals continue but
there has been a significant slowdown in the lower mid (€50m–€250m) and upper mid (€250m–€1b)
markets. Despite facing its own economic challenges, the UK economy has remained less affected by
the ongoing economic uncertainty in the Eurozone and deal activity continues.

More exits than buyouts
For the third year running, exit activity was greater than new buyouts. This is good news, but PE
houses still have a large number of assets on their books that are past their traditional holding
period. Therefore, a substantial increase in such activity is required to clear the portfolio
overhang. With a fall in exits through insolvency, the situation is under control. But with exits into
the IPO market at close to zero, corporates and other PE players seem the only route out for the
foreseeable future.

Succeeding in 2013
With confidence low, however, businesses are choosing to sit and wait for conditions to improve
before seeking deals. The cycle has broken down. The PE industry works at its best when corporates
are acquisitive, snapping up targets and selling non-core assets to PE houses – who in turn churn
their portfolios and sell assets back to corporates or into the IPO market.

The focus of PE professionals needs to change as they react to the slowing market for new deals.
The PE houses that turn their attention toward selling as well as buying assets will come out
stronger. Only by adapting their sales processes, looking further afield in new territories such as
Asia and the US, and exposing these players to their businesses, will they find the right buyers and
restart the deal cycle.

“The PE houses that turn their attention toward selling as well as buying assets will come out stronger in 2013. The message
remains clear. Adapt the sales process and look further afield for the right buyer.”
Sachin Date, EMEIA Private Equity Leader, Ernst & Young
Looking forward to 2013

“When considering the necessary fundamentals for a healthy and active buyout market, most of the elements are in place for 2013 to deliver a stronger performance. We know that the PE portfolio overhang contains sound assets; we know that debt is available for the right deals; and that some corporates have high levels of cash; the missing element is confidence in the market. Crucially, a significantly healthier market in 2013 hinges on a more stable Eurozone economy, but only time will tell how long confidence takes to return.”

Sachin Date, EMEIA Private Equity Leader, Ernst & Young

Strong pipeline ahead

There are several deals around the European market moving toward completion that will help boost the market in the early stages of 2013, alongside a number of other potential transactions still in negotiations. Such activity, coupled with further exits, will help the market and encourage corporate and PE professionals to return to the fray.

Contributing to the pipeline is CVC Capital Partners who has agreed to buy Cerved Group, a corporate intelligence and rating agency based in Milan, Italy, in a deal that values the company at around €1.13b. In the Netherlands, Blackstone has agreed to acquire to buy trust administration company Intertrust from Waterland PE Investments in a secondary buyout that values the company at €675m. The transaction is expected to complete in the coming months.

Apax has agreed to sell its Germany-based direct sales company LR Health & Beauty to a PE consortium of Bregal Capital and Quadriga Capital for an undisclosed sum, while another secondary buyout, the sale of Luxembourg – based logistics specialist Dematic by Triton to AEA and Teachers, is expected to complete in January 2013.

Cinven is set to exit its investment in Italian aviation business Avio after General Electric agreed to buy the company that it has worked with for two decades.

Although the timing is unclear, momentum is building and this should lead to increased confidence and a stronger market. When these deals complete, 2013 will get off to a good start.

Pipeline:

€6b from 6 deals
Deal dynamics

Largest European buyouts 2012

<table>
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<tr>
<th>Company name</th>
<th>Country</th>
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Source: CMBOR; Equistone Partners Europe; Ernst & Young.

Multiple: European buyouts watch — January 2013

Will the private equity market reignite in 2013?
Deal dynamics (continued)

**Exits value outweigh new investments**

The total value of exits made during 2012 reached €53.3b, nearly €2b more than the value of new investment deals completed over the year. This is the third year in succession that the value of exits has outweighed the value of completed deals, showing that PE houses are making efforts to clear blockages in their portfolios. That said, the number of exits in 2012 (322) was some way below the 394 recorded in 2011. This shows a return toward 2010 levels, when 303 portfolio assets exited.

There can be no doubt that a number of portfolio companies are stuck. These companies are likely to undertake restructuring and turnaround processes. Cost structures will need to be addressed, with cuts made where necessary.

However, creditor exits have been reducing over the last few years. Only 39 exits (12%) were through insolvency during 2012, compared with 55 (14%) in 2011 and 48 (16%) in 2010. Exits through trade sales marginally outweighed secondary buyouts by volume but not quite by value. The 146 trade sales were valued at €24.2b, while 136 secondary buyouts reached a combined total of €25.5b.

The IPO markets remained all but frozen during 2012. Just one, the Dutch cable operator Ziggo, made it to a public listing during the year.

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<td><strong>322</strong> exits</td>
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<table>
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<td><strong>563</strong> new investment deals</td>
<td><strong>€51.4b</strong></td>
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“There has been a significant increase both in the UK and the rest of Europe in the refinancing of private equity portfolios. We expect to see this continue in 2013.

“We know there is an overhang of portfolio assets originally scheduled for exit being delayed because of valuation expectations. The result is to take an ‘amend and extend’ approach and more refinancings are being undertaken instead.”

Chris Lowe, Partner, Capital and Debt Advisory, Ernst & Young, UK

Deal debt levels in decline

Banks and lenders in Europe remained cautious in 2012. This is reflected in the falling levels of debt compared to equity put into the transaction. In 2008, before the financial crisis really began to bite, approximately 40% of deal funding was through debt, with equity standing at an average of 48%. But by 2012, the proportion of debt put into deals had fallen to below 29%, with equity’s share rising to more than 65%.

This is not to say that banks don’t want to lend but we are seeing a flight to quality and banks only want to lend to the right sort of entity. This is evidenced by banks being more attracted to larger deals where there is a lower perceived risk. The proportion of debt put into deals valued at more than €100m was much higher than the overall average. The financing structures of these deals showed an average of nearly 38% debt compared to the overall average of 29%. In fact banks need to be seen responding to the regulatory push to increase lending, so good businesses with strong balance sheets will be able to gain access to the debt markets.

Debt and credit market outlook for 2013 and beyond

Despite their caution there is liquidity in the banking market and we are seeing other forms of alternative financing coming into the sector. These include debt funds that are hungry to do transactions. The result is a competitive market for good assets which PE can take advantage of in 2013. The outlook for 2013 is that there will be a number of debt transactions, whether that is refinancing of exists portfolio assets or new acquisitions.

Secondary sources

Secondary buyouts remained the most valuable source of transactions during 2012, but showed a decline in total value when compared with the previous year. In 2012, the total value of secondary buyouts stood at €24.8b, compared with 2011’s €30b.

By number, “private sales” was the largest source of deals. With 236 such deals completed in 2012, this was almost twice as many as the number of secondary deals (126). Foreign divestments showed an uptick in value and volume during the year when compared with the previous 12 months, though local divestments showed a fall over the same period.

The number of public-to-private deals also increased. There were 18 such deals during 2012, compared with 13 in 2011. But the total value fell from €5b to €4.2b.
As seen in the headlines section, the year 2012 proved to be one of the toughest for the European buyout market. With a combined value of €51.4b, the 563 deals completed during 2012 represent a significant slowdown on 2011. In fact, if one excludes 2009, it is necessary to go back to the 1990s to see a similar performance.

Caution and conservatism pervades the marketplace. And no more so than in the major economies of the Eurozone, where political and fiscal uncertainty has driven down activity. Total deal value for Germany fell from €8.1b in 2011 to €7.1b in 2012, a drop of 20%. Meanwhile, France saw its buyout market shrink 59% from a market-leading €15b to €6.3b over the same period.

Outside the Eurozone, the UK marketplace has held up well. After falling behind France last year, albeit only marginally, it has returned to the top spot, claiming nearly 40% of the total market value. However, its activity has slowed over the course of the year. During the first quarter, 68 transactions were completed in the UK. But by the fourth quarter, this figure stood at 44 – although values were beginning to creep up after a low of €3.7b in the second quarter, to reach €5.1b in Q4.

“The fundamentals necessary for a vibrant buyout market remain in place. PE houses have money to spend and assets to sell. A strong appetite to do deals remains, though the resilience at the top end of the market is indicative of a flight to quality and stability. But the lack of confidence across the market will remain so for as long as uncertainty in the Eurozone continues.”

Sachin Date, EMEIA Private Equity Leader, Ernst & Young

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2011

611 deals
€63b

Q4 2011
141 deals
€14.9b

2012

563 deals
€51.4b

Q4 2012
124 deals
€12.5b
Sector insights

**TMT**

There were a number of standout transactions in the telecommunication, media and technology (TMT) sector during the course of the year. These include the buyout of Orange Communications in Switzerland for €1.6bn and the marginally smaller Misys public-to-private deal (€1.57b), both completed in the first half of the year. The year in the TMT sector rounded off with the €938m secondary buyout of Denmark’s KMD, the IT provider. In between, the sector saw the secondary buyout of Germany’s Home Shopping Europe, a deal that valued the media company at €650m.

In total, the sector saw 80 deals completed, with a combined value of some €8.3bn—up on the previous year’s 73 deals valued at €7bn.

**Healthcare**

It was another active year in the healthcare sector, with a total deal value of €7.5bn. This was significantly up on the €4.7bn recorded in 2011. Value rose despite the volume of deals remaining very similar. There were 38 in 2012 compared with 37 in 2011.

Germany’s BSN was the largest deal by value, completing in the third quarter of the year with a valuation of more than €1.8bn. The other €1bn-plus deal came with Terra Firma’s acquisition of Four Seasons Healthcare, valued at just over €1bn. The third-largest deal was Omega Pharma. Completed in February for €848m, it was the sector’s only public-to-private deal of 2012.

“Despite the macro head winds of government austerity affecting healthcare spend there is still a strong interest investing in pharmaceutical and healthcare assets. The return on R&D investment has been unsatisfactory leaving a product pipeline gap for many large pharmaceutical companies, however, with strong balance sheets and cash to spend 2013 the PE deals look set to continue in this sector. In the broadest sense healthcare companies that can evidence savings across the whole care pathway will be attractive acquisition targets.”

David Scourfield, EMEIA Transaction Advisory Services (TAS) Lifesciences Leader, Ernst & Young

“Deals on the whole have been more strategic and less speculative as you would expect. Larger players have rationalized their portfolios seeking to redeploy cash to higher growth jurisdictions or making returns to the shareholders. This has created an opportunity for PE who, finding investments in established jurisdictions are driving value through eventual consolidation. There is a great deal of caution in the markets given scarcity of cash, very public write downs in investments made, particularly in tech in prior years and of course the uncertainty in the macro environment. We believe the need for high quality, insightful strategic advice and robust due diligence has never been higher.”

Rhys Phillip, Head of TAS for the Telecommunications Sector
Manufacturing
Manufacturing companies accounted for 27% (152) of all deals completed during the year. Significant deals included Capital Safety Group, again in the UK, valued at €851m and France’s Fives-Lille (€850m). This is a similar figure to the 29% (180) recorded in 2011. The manufacturing sector was the second highest in terms of value, only slightly behind the business services sector. The combined value of manufacturing deals reached €8.7b in 2012, compared with business services' €9.5b.

Business services
The business services sector continued to dominate the market in terms of deal value and volumes. Contributing to this leading position is the estimated €1.1b secondary buyout of Acteon, the UK specialist engineer, that was completed by KKR during the fourth quarter of the year.

Financial services
2012 saw a reduction in the number of financial services (FS) PE transactions completed down from 28 to 18. Throughout 2012, we saw that FS transactions were at best taking significantly longer to complete but, more often than not, were being pulled altogether, part-way through a process. This was due to a lack of appropriate purchaser appetite relative to vendor price expectations.

“In 2012, there were a large number of deals where PE could have been expected to play a key role but the appetite for these deals did not pick up.

“There is likely to remain a degree of nervousness from some FS institutions around selling their smaller assets to PE with existing management, as they could create scope for reputational embarrassment downstream if management was then seen to have bought cheaply at the expense of shareholders and taxpayers.

“In 2013, we expect a number of banks and insurers to have concluded on their strategic business models under the new regulatory regime. As a result, there could be a number of divestments occurring later in the year. We have seen some big share price movements upward for those prepared to be bold in simplifying their business models.”

Charlie Alexander, Partner Financial Services, TAS, Ernst & Young, UK
Territory spotlight

Q4: €5.1b from 44 deals 2012: €19.7b from 196 deals

UK
After a strong start to the year when €6.6b of deals were completed in the first quarter, the UK suffered a slowdown during the second quarter with 46 deals valued at €3.7b. Value, if not volume, rallied during the second half of the year, reaching €5.1b by the fourth quarter.

After being squeezed off the top spot by France in 2011, the UK was able to reassert its dominant position as Europe’s largest buyout market by value as well as volume. During the 12 months of 2012, some 196 deals, with a total value of €19.7b, were completed. This was double the number recorded in France and more than three times the value. Although the UK did not beat its 2010 total value of €22b, 2012 was some way higher than 2011, when total value was €14.6b, based on a similar number of deals.

Completed in the first quarter of the year, the buyout of Iceland Foods remained the UK’s largest in 2012, valued at €1.7b. Misys, one of the UK’s few public-to-private transactions, was the second largest, with a price tag of €1.6b; followed by Wood Mackenzie, which completed in August with a valuation of €1.4b. Of the top 10 European deals in 2012, six were based in the UK.

“UK buyout activity has shown real resilience in the face of macroeconomic uncertainty. The PE market in the UK is being buoyed by the relative safety that sterling offers in light of the Eurozone crisis and has helped to make it the most bankable PE market this year. PE funds are growing increasingly worried about how the Eurozone crisis will play out and, as a result, the UK has benefitted and held up well compared to Europe.”

Sachin Date, EMEIA Private Equity Leader, Ernst & Young

Q4: €2.2b from 22 deals 2012: €7.1b from 68 deals

Germany
With only €7.1b of deals completed in 2012, the size of the German buyout market by value was 13% less than in 2011. The story was the same with volume – 78 deals in 2011 compared with 68 in 2012 represented another 13% fall.

However, the market did record the largest deal in Europe when EQT Partners acquired BSN Medical for €1.8b in the third quarter of the year. Other notable deals include Home Shopping Europe, the media company acquired by Providence Equity for an estimated €650m, and Bartec, the industrial safety technology company acquired by Charterhouse for €600m.

“It is difficult to have any great confidence about forecasts for 2013. However, we can say that the German PE market is significantly better than it appears to many. Activity may have slowed in the final quarter of 2012, but the completion of three big deals at the end of the year could serve as an early indicator of what to expect in 2013. In 2012, PE investments in Germany reached their highest level since 2008. This trend, and the continued interest in German assets among Chinese investors, means that we can be cautiously optimistic for the year ahead.”

Klaus Sulzbach, Private Equity Leader, Germany, Switzerland & Austria, Ernst & Young
France

After France’s market-leading performance in 2011 when it outperformed the UK by total deal value, the country has seen value more than halve from €15b to just €6.3b in 2012. This figure was recorded against a backdrop of the uncertainty that surrounded the country’s fiscal policy in the run-up to the presidential elections – and that continued after François Hollande entered the Élysée Palace.

Despite the hike in deal activity in the third quarter, likely driven by tax threats and economic uncertainty, there was a significant drop in the fourth quarter of 2012.

Fives-Lille, the industrial engineering group, was the country’s largest buyout of the year, valued at €850m when it was acquired by AXA Private Equity. The second-largest transaction of 2012 was the €800m acquisition of optical products retailer Alain Afflelou by Lion Capital in the third quarter.

“2013 still appears very calm as the underlying drivers of the French economy are not showing signs significant improvement.

Nevertheless, upcoming refinancing issues may create opportunities for investors and we are already seeing some houses and family businesses starting to think about exits.”

Paul Gerber, Private Equity Leader, Ernst & Young, France

Nordics

Collectively, the Nordic countries of Denmark, Finland, Norway and Sweden finished the year with a total deal value of €6.8b, down from €9.2b in 2011. Within this bloc, Denmark saw a significant increase in value from €304m in 2011 to €1.56b in 2012, boosted by the KMD transaction in the final month of the year.

There was only one megadeal in the area during 2012: Sweden’s Ahlsell, which was acquired for €1.8b in the second quarter of the year. Sweden’s total value was boosted by the acquisition of Bravida by Bain Capital for an estimated €550m; and pest controller Anticimex, which was acquired by EQT Partners for €329m in the third quarter. The largest Norwegian deal was Nordic Capital’s acquisition of Europris, the discount retailer, for an estimated €528m in the second quarter.

“In light of the improving outlook for the global economy, the relatively stable economic picture for the Nordic countries, and the pent-up demand for doing deals, there is reason to be positive about private equity activity in 2013.”

Pär-Ola Hansson, TAS Nordics Leader, Ernst & Young
Country profiles
Q4: 2012

Austria

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
</table>
| There were no transactions reported during Q4 2012.

Despite no activity in the final three months of the year, the Austrian buyout market reached a total value of €304m over the course of the year through five transactions, the largest of which was wire manufacturer Asta, a foreign divestment from Malaysian copper manufacturer Metdor for €49m.

Belgium

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nascom</td>
<td>Media</td>
<td>Undisclosed</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

After a strong start to the year, with six deals, including one of the largest deals of the year, Taminco, completed in the first quarter, activity in the Belgium market has slowly waned – three deals in Q2, two in Q3 and finally just one in Q4. By the end of the year, the total value of deals stood at €2.6b.

Nascom, a digital marketing management systems provider, was acquired by its management and the Investment Company LRM from founder Jonas Coenen.

The Czech Republic

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>GameCzech</td>
<td>Retail</td>
<td>Undisclosed</td>
<td>Insolvency</td>
</tr>
</tbody>
</table>

There were no deals reported during the fourth quarter in the Czech market. In fact, there was only one deal completed during 2012: Game Czech, the video game and console retailer was sold out of insolveney to Genesis Capital during the third quarter of the year.

Denmark

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMD</td>
<td>TMT</td>
<td>€938m (est)</td>
<td>Secondary</td>
</tr>
<tr>
<td>Georg Jensen</td>
<td>Manufacturing</td>
<td>€109m</td>
<td>Secondary</td>
</tr>
<tr>
<td>Skamol</td>
<td>Textiles</td>
<td>€38m (range)</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

The Danish market has seen plenty of activity during 2012 – some 12 deals were completed, one more than in 2011, with a combined value of nearly €1.6b, more than five times the total value of deals in 2011.

KMD, the IT management services company, was the largest buyout of the year, valued at an estimated €938m. Like KMD, the second and third largest deals in the fourth quarter were both secondary buyouts. Georg Jensen, a jewelry, and silverware manufacturer, was valued at €109m while Skamol, a thermal insulation material producer, had a valuation in the range of €38m.

France

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fives-Lille</td>
<td>Manufacturing</td>
<td>€850m (est)</td>
<td>Secondary</td>
</tr>
<tr>
<td>Paprec</td>
<td>Business services</td>
<td>€150m (range)</td>
<td>Secondary</td>
</tr>
<tr>
<td>TEXA</td>
<td>Financial services</td>
<td>€125m (est)</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

As noted earlier in this report, the French buyout market has suffered a significant fall both in terms of value and volume during 2012 – 98 deals achieved a combined value of €6.3b; in 2011, these figures stood at 131 and €15b respectively.

Fives-Lille, a supplier of industrial production lines, was a secondary buyout valued at an estimated €850m, backed by AXA Private Equity. Paprec, a provider of recycling services, was a secondary buyout backed by FSI Regions in a deal valued in the range of €150m. TEXA, a provider of insurance claims services, was also a secondary buyout with an estimated value of €125m.

Germany

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>WMF — Wurttembergische Metallwarenfabrik</td>
<td>Manufacturing</td>
<td>€590m</td>
<td>Public to private</td>
</tr>
<tr>
<td>Krausmanner Technologies</td>
<td>Manufacturing</td>
<td>€568m</td>
<td>Secondary</td>
</tr>
<tr>
<td>Aenova Holdings</td>
<td>Pharmaceutical</td>
<td>€500m</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

The buyout market in Germany may have fallen in volume and value in 2012 (68 deals; €7.1b) when compared with 2011, but it was also home to the largest deal of the year – the secondary buyout at BSN Medical, a bandages maker, valued at €1.82b.

The largest deal in the fourth quarter was WMF Wurttembergische Metallwarenfabrik, a listed cutlery manufacturer that was taken private in a deal valuing the company at €590m. Krausmanner Technologies, a manufacturer of injection molding machinery, was a €568m secondary buyout, as was Aenova Holdings, a pharmaceutical company valued at €500m.

Source: CMBOR; Equistone Partners Europe; Ernst & Young.

Will the private equity market reignite in 2013?
Ireland

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burlington Hotel</td>
<td>Leisure</td>
<td>€67m</td>
<td>Insolvency</td>
</tr>
</tbody>
</table>

During 2012, there were five buyout deals with a combined value of €249m. This was an improvement on the previous year, when there was only one deal, valued at €109m.

The largest deal of the year was Fintrax Group, a computer software provider, which was sold by a family trust to Exponent PE for €170m during the third quarter of the year.

In the fourth quarter, there was only one deal — Burlington Hotel, which was bought out by Blackstone for €67m after its parent company went into administration.

Italy

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcolin</td>
<td>Retail</td>
<td>€207m</td>
<td>Public to private</td>
</tr>
<tr>
<td>Monviso</td>
<td>Food manufacturer</td>
<td>€50m</td>
<td>Secondary</td>
</tr>
<tr>
<td>Kian Sri</td>
<td>Manufacturing</td>
<td>€29m</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

In terms of volume, Italy’s modest pickup in activity continued to the end of 2012, which by the end of the year saw 35 deals completed, compared with the previous year’s 31. However, by value, 2012 was more than half that of 2011, €1.3b compared with €3.3b.

The largest deal of the year was Euticals, a pharmaceutical ingredient maker, in a deal valued at an estimated €300m.

During the fourth quarter, Marcolin, an eyewear retailer, was taken private for €207m, while snack manufacturer Monviso and Kian Sri, a print manufacturer, were both secondary buyouts, the former valued at €50m, the latter at €29m.

Netherlands

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Directories</td>
<td>Business services</td>
<td>€280m</td>
<td>Foreign divestment</td>
</tr>
<tr>
<td>GustoMSC</td>
<td>Manufacturing</td>
<td>€115m</td>
<td>Local divestment</td>
</tr>
<tr>
<td>Bakkerij Smithuis &amp; Pre Pain</td>
<td>Food</td>
<td>€75m (range)</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

The Dutch buyout market was slower in 2012 than 2011 – during the year, there were 30 deals with a total value of €1.35b, whereas there were 36 deals worth €5.5b in 2011.

As well as being the largest deal in the fourth quarter, the buyout at European Directories was the largest deal in the Netherlands for the whole year. GustoMSC, a maker and installer of offshore oil loading and unloading systems, was the second largest in Q4, with a valuation of €115m, while Bakkerij Smithuis & Pre Pain, a wholesale bakery products producer, was the third largest with a secondary buyout that valued the company in the range of €75m.

Norway

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basefarm</td>
<td>TMT</td>
<td>€38m (range)</td>
<td>Secondary</td>
</tr>
<tr>
<td>Rapp Marine</td>
<td>Manufacturing</td>
<td>Undisclosed</td>
<td>Private</td>
</tr>
<tr>
<td>Optimar Holding</td>
<td>Manufacturing</td>
<td>Undisclosed</td>
<td>Private</td>
</tr>
</tbody>
</table>

After a strong first half of the year that saw more than €1b of deals completed, Norway’s buyout market continued at a slower pace, with only four deals completing in the second half of the year, three of which were in Q4.

The largest deal of the year was Europris Holding, a Norwegian mixed discount retailer that was sold by IK Investment to Nordic Capital in a secondary buyout deal with an estimated value of €528m.

During the fourth quarter, Basefarm, an internet services provider, was acquired in a secondary buyout backed by ABRY Partners valued in the range of €38m. Rapp Marine, a manufacturer of offshore equipment, was bought out in a deal backed by Nord Kapitalforvaltning, while the buyout at Optimar Holding, a maker of robotic fish processing systems, was backed by Credo Partners.

Poland

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>EKO Holding</td>
<td>Retail</td>
<td>€69m</td>
<td>Public to private</td>
</tr>
<tr>
<td>Promedica24</td>
<td>Healthcare</td>
<td>Undisclosed</td>
<td>Private</td>
</tr>
<tr>
<td>Alpha Medical</td>
<td>Healthcare</td>
<td>Undisclosed</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

After 2011’s 12 deals that were valued at €836m, Poland’s 2012 buyout market remained equally active in terms of volume – 11 deals completed during the year – but less so by value with only €238m worth of deals completed.

During the year, the largest was EM&F, a Polish fashion retailer with outlets across Eastern Europe, including Poland’s first Gap store, which bought out by Penta Investments and Eastbridge for €110m.

In Q4, the public-to-private transaction for EKO, a supermarket chain, was valued at €69m. The next two largest were both in the healthcare sector: Promedica24, a care home provider for the elderly, and Alpha Medical, a medical testing laboratory service provider.

Portugal

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>There were no deals completed in Portugal during Q4 2012.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There were only two deals completed in Portugal during 2012, with a combined value of €22m. The largest was the sale of Grupo Hagen and Monte Adriano to Vallis Capital, which was valued in the range of €18m.

Romania

The top deals:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>EnergoBit</td>
<td>Engineering</td>
<td>Undisclosed</td>
<td>Private</td>
</tr>
</tbody>
</table>

In Romania, there was only one deal in 2012, the buyout of EnergoBit, an electrical engineering company. In the previous year, there had been three transactions.

Source: CMBOR; Equistone Partners Europe; Ernst & Young.

Will the private equity market reignite in 2013?
### Russia

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>There were no Russian</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transactions during Q4 2012.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Like the previous year, 2012 saw only one deal in Russia when CapMan Russia acquired a 24% stake in KDL Test, a chain of private diagnostic laboratories in Russia. The investment was made jointly with the European Bank for Reconstruction and Development (EBRD) and UFG Private Equity.

### Serbia

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dom Zdravila Dr Ristic</td>
<td>Healthcare</td>
<td>Undisclosed</td>
<td>Private</td>
</tr>
</tbody>
</table>

2012 saw Serbia’s first buyout transaction since 2008 when Dom Zdravila Dr Ristic, a health center operator, was bought out in a deal backed by Blue Sea Capital.

### Spain

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atento Inversiones y Teleservices</td>
<td>TMT</td>
<td>€1b</td>
<td>Local divestment</td>
</tr>
<tr>
<td>Aktua Soluciones Financieras</td>
<td>Financial</td>
<td>€100m</td>
<td>Local divestment</td>
</tr>
<tr>
<td>Port Aventura Entertainment</td>
<td>Leisure</td>
<td>€84m</td>
<td>Local divestment</td>
</tr>
</tbody>
</table>

Despite Eurozone uncertainty hanging over its economy, and in particular its financial sector, Spain’s buyout market remained resilient, albeit with lower volumes and values – in total, there were 24 deals in 2012, with a combined value of nearly €3b.

The largest deal of the year came during the fourth quarter when Atento Inversiones, a call center service provider, was spun out of Telefonica SA for €1b, backed by Bain Capital.

Also during Q4 Aktua Soluciones Financieras, a provider of financial advisory services, was bought out of Banco Espanol de Credito for €100m while Port Aventura Entertainment, a theme park operator, was bought out from Caixa Holding for €84m backed by Investindustrial.

### Sweden

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resurs Bank et al</td>
<td>Financial</td>
<td>€100m (est)</td>
<td>Local divestment</td>
</tr>
<tr>
<td>SEM</td>
<td>Engineering</td>
<td>€26m</td>
<td>Local divestment</td>
</tr>
<tr>
<td>Crem International</td>
<td>Manufacturer</td>
<td>Undisclosed</td>
<td>Secondary</td>
</tr>
</tbody>
</table>

The €3.6b worth of deals completed in Sweden during 2012 was bolstered by the secondary buyout of Ahsell, a wholesale plumbing, heating and tools distributor, which was sold by Cinven to CVC Capital.

During Q4, the market saw six deals completed with a combined value of €342m. These included a deal that saw consumer finance providers Resurs Bank, Solid Forsakringer, Reda Inkasso and Teleresus brought together into one group after a number of families sold their stakes to Nordic Capital for an estimated €100m.

Electronic ignition systems manufacturer SEM was bought out of Opcon for €26m while Crem International, a coffee machine producer, was a secondary buyout from Accent Equity to Priveq.

### Switzerland

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senioblog</td>
<td>Healthcare</td>
<td>€18m (range)</td>
<td>Local divestment</td>
</tr>
<tr>
<td>Fleetpro</td>
<td>Transport</td>
<td>€4m (est)</td>
<td>Private</td>
</tr>
</tbody>
</table>

Like the third quarter in 2012, there were two deals recorded during Q4, but their combined value was only an estimated €22m. However, the year as a whole was fruitful – at €2.75b, the Swiss market value in 2012 was twice that of 2011.

The largest deal of the year was France Telecom’s sale of Orange Communications for €1.64b. During Q4, Seniocare, a healthcare home provider, was sold by Akina in a deal valued in the range of €18m, while Fleetpro Passenger Ship Management was bought out for an estimated €4m.

### Turkey

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toksoz Spor Malzemeleri Tic</td>
<td>Retail</td>
<td>€10m</td>
<td>Private</td>
</tr>
</tbody>
</table>

Similar to the previous two quarters, there was only one deal completed in Turkey during Q4, the buyout of Toksoz Spor Malzemeleri Tic, a sports equipment retailer. However, it was a good year overall with five deals recording a combined value of €347m, making the market the largest in Eastern Europe.

### UK

**The top deals:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Credit</td>
<td>Financial</td>
<td>€1.1b</td>
<td>Foreign divestment</td>
</tr>
<tr>
<td>Acteon</td>
<td>Engineering</td>
<td>€1.1b</td>
<td>Secondary</td>
</tr>
<tr>
<td>Amdipharm</td>
<td>Pharmaceuticals</td>
<td>€457m</td>
<td>Private</td>
</tr>
</tbody>
</table>

During 2012, the UK market reasserted itself as the leading market by value after trailing marginally behind France in the previous 12 months. The UK accounted for 6 out of the 10 largest deals in Europe during the year. This included the UK’s largest deal, the sale of Iceland Foods, whose parent company was in administration, for £1.74bn in March.

The fourth quarter showed satisfactory levels of activity with 44 deals valued at £5.1bn. These included Premium Credit, spun out of MBNA for £1.1bn, secondary buyout Acteon, a specialist engineering equipment provider, for £1.1bn, and Amdipharm, a pharmaceutical marketing company, for £457m.

Source: CMBOR; Equistone Partners Europe; Ernst & Young.
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