

# 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.



MAY 2017

## M&A

- 1Q17 reported strong M&A numbers – 9,034 deals worth a combined value of US\$734b.
- Billion-dollar-plus deals grabbed the headlines during the first quarter of 2017 (136 deals valued at US\$482b).
- The value of overseas acquisitions by US companies hits an all-time year-to-date (YTD) record, with US\$94.2b of acquisitions announced.
- 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.

## IPOs

- Global IPO activity surged in March 2017, witnessing a significant YOY increase in terms of both number of IPOs and proceeds.
- The Asia-Pacific region continued to dominate global IPO activity by both number of IPOs and proceeds.
- Spain's Bolsade Madrid accounted for two of the top three deals this month.
- South Korea has emerged as one of the key IPO destinations as several big IPOs are expected to hit the market in the next quarter.

## Fundraising

- PE fundraising remains strong, with firms closing 153 funds valued at US\$132b in the first quarter of the year, representing an increase of 6% from the first quarter of 2016.
- Firms are raising capital faster in 2017 than at any period on record. Buyout funds that closed in the first 3 months of 2017 spent an average of just 8 months between launch and final close.
- Funds are also significantly oversubscribed - the average buyout fund closed this year has closed with 120% of its target commitments.

## Acquisitions

- PE acquisition activity saw a strong Q1, with firms announcing 316 deals valued at US\$69.8b, up 58% from last year.
- Activity was driven by upticks in Europe (up 200% by value) and the US (up 55% by value).
- Large deals continue to drive PE. There have been 23 megadeals in the first quarter of 2017 (deals valued at US\$1b or more), accounting for 71% of total PE investment, the highest proportion since 2007.

## Exits

- PE exits increased in the first quarter. Firms announced 229 exits valued at US\$75.9b, up 15% by value and 9% by volume versus last year.
- An improved market for new issuance was the primary driver of the uptick. Twenty-seven PE-backed companies went public during Q1, raising US\$8.6b, more than four times what PE-backed companies raised during the first quarter of 2016.
- Secondary buyouts drove an increasing percentage of M&A exits in Q1, accounting for 29% of deals.