

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.



MARCH 2018

M&A

- There was a solid start to global M&A in 2018 by both value and volume – 2,756 deals worth US\$323b.
- The value for US-targeted deals during the month was US\$193b – an 18-year high.
- Six megadeals worth more than US\$10b helped boost headline value.
- The M&A outlook for 2018 remains positive as companies view deals as a critical opportunity for growth in the coming year.
- The concept of inclusive growth may determine dealmaking success in the coming months.
- Divestitures are likely to remain in vogue in 2018.

IPOs

- Global IPO activity saw mixed results in January 2018. While the number of deals decreased by 13% year on year (YOY), proceeds saw an uptick of 27%.
- The Asia-Pacific region and US exchanges dominated global IPO activity in terms of deals and proceeds respectively.
- US exchanges witnessed the highest January activity on record. EMEA saw strong start with increased IPO activity.
- The global IPO outlook remains positive, with Asia-Pacific continuing to dominate activity and healthy levels of activity from the US and Europe.

Fundraising

- After a record year last year, firms continue to close new funds. January saw PE firms close on US\$41b in investments from LPs.
- Dry powder continues its climb into record territory. PE firms have nearly US\$630b in capital available to fund deals.
- According to the EY 2018 Global Private Equity Survey, 55% of CFOs said they expect to raise a new fund this year, and 60% said they expect the new fund to be larger than the last fund raised.

Acquisitions

- PE deal activity is off to its most active start since 2006.
- Overall, January 2018 saw 11 PE deals valued at more than US1b each.
- EY's 2018 PE survey found that while asset growth remains firms' number one priority, talent management is close behind, with 47% of firms identifying it as a top strategic priority.

Exits

- Firms announced just 70 exit deals valued at US\$13.0b in January, down 49% from the same period a year ago.
- Declines were evident in both M&A exits and IPOs.
- Secondary buyouts have seen a slight increase in activity as PE firms compete more aggressively with corporate acquirers for deals.