

German Private Equity Deal Survey 2019HY2

Activities in Germany, Switzerland
and Austria at a glance

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned above the 'Y', extending from the top right towards the center of the 'Y'.

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Key takeaways

Summary of significant results

In 2019 the German PE market has shown a significant increase in the deal value driven by a large number of multi-billion EUR deals while the number of deals remained stable.

Number of transactions

▶ In 2019HY2 there were 112 PE-backed transactions compared to 113 in the previous half year. While the number of PE deals remained stable, the number of non-PE backed transactions (i.e. strategic) increased during this second half year to 301 deals compared to 265 deals in 2019HY1.

- ▶ The largest PE transaction in 2019HY2 was the acquisition of Currenta executed by Macquarie Infrastructure for a total consideration of EUR 3.5bn.
- ▶ Analyzing the last twelve months (LTM), the deal value increased from EUR 17.9bn in December 2018 to EUR 32.2bn in December 2019 due to the high activity in 2019HY2.

Value of transactions

▶ At the same time the value of disclosed PE investments achieved a new high of EUR 24.9bn, when compared to the previous periods (2019HY1: EUR 7.3bn, 2018HY2: EUR 6.9bn). This increase was mainly driven by seven multi-billion transactions. These record investments were driven by primary PE investments increasing the value from EUR 6.4bn in 2019HY1 to EUR 19.2bn in 2019HY2. As well as secondary investments, which increased from EUR 0.9bn in 2019HY1 to EUR 5.7bn in 2019HY2.

M&A activity

▶ 2019HY2 has been an active period for strategic investors too. The value of strategic acquisitions in 2019H2 increased by 82% to EUR 26.5bn compared to 2019HY1, while the deal volume rose to 301 deals announced, 36 more than the previous half year. This indeed reaffirms the high price level among strategic buyers in the market. The largest deal was the acquisition of Bayer Animal Health by Elanco Animal Health for EUR 6.85bn.



Major trends and outlook

- ▶ The investment value of PE transactions in 2019 is among the highest seen so far, although the number of deals remained at a constant level. Strategic investors have been actively acting in the market and increased considerably their value and volume while at the same time large corporates have been on the sell-side.
- ▶ Well aware of the geopolitical situations around the globe, the PE market in Germany has so far not been affected adversely and even showed a high activity driven by multi-billion deals.
- ▶ The year 2019 closes with some open sales processes of corporates and carve-outs, which are expected to find a buyer in the first half of 2020 and in which financial investors are involved in the

transaction processes, corporates as Thyssen Elevators. 2019HY2 was marked by the IPO of Teamviewer, a portfolio company from Permira. This technology IPO is the largest in its industry since the Dotcom era. In 2019, however, there were also some attempted public to private takeovers that failed to materialize. Examples of this are the failed takeover of Metro AG.

- ▶ If the beginning of 2019 was marked by large carve-outs and corporates preparing to sell, the outlook for 2020 is marked in a similar way. For 2020, we continue to expect a high deal flow due to continued high investment pressure among financial investors driven by increased fund volume and low interest rates in the foreseeable future.

PE sector analysis

- ▶ The largest sector in terms of value was the Other services related industry, which accounted for 24% of all disclosed transactions, mainly due to the acquisition of Currenta, followed by the Chemicals sector with 15% of the total value. The Industrial and Information Technology sectors were the most active in terms of volume with 19 counted deals each (36% of the total number).

Exits

- ▶ In line with the high activity in 2019HY2, the value and volume of exits has increased. Secondary exits accounted with EUR 5.7bn for 61% of the total value of exits. The value of trade exits remained stable with a value of EUR 1.5bn. Furthermore, Permira placed Teamviewer on the stock exchange for a value of EUR 2.2bn.

Geographical origin of PE investors

- ▶ The majority of investments by value (LTM December 2019) were made by US-based PE investors (EUR 13.6bn) and a growth in volume from 18 to 35. Domestic investment activity remained at a stable level. Although the number of transactions backed by foreign-based PE investors stayed at a similar level, the deal value experienced an increase of EUR 18.0bn in LTM December 2019, which shows that the average price of transactions of foreign investors significantly increased.





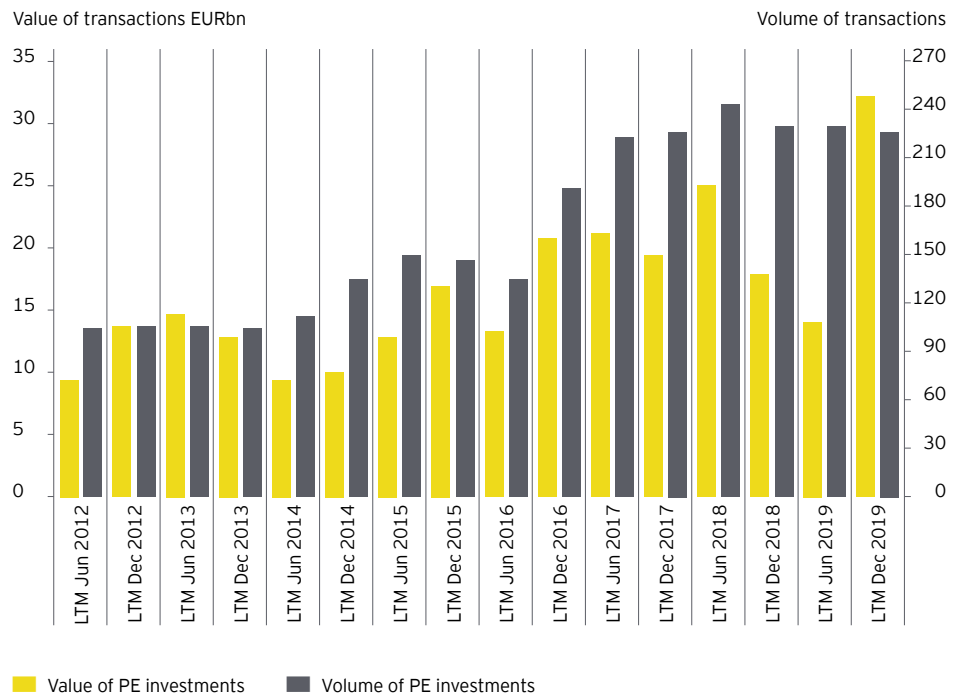
Value and volume
of transactions

PE investments by value and volume

LTM December 2019 PE deal value increased strongly compared to the previous period. Based on a constant deal volume in 2019HY2, 225 deals were signed in LTM December 2019, valued at EUR 32.2bn.

- ▶ The graph pictures the historical development of PE investments by value and volume on a yearly basis.
- ▶ The value of PE investments in 2019 compared to 2018 increased by EUR 14.4bn to EUR 32.2bn. In 2019, the number of PE transactions remained at a high level (225 deals).
- ▶ The value increased in 2019 mainly driven by a higher number of large takeovers such as Currenta, BASF Construction Chemicals, Evonik Methacrylates, AutoScout24, Axel Springer (45%), IFCO, P&I, EWE (26%) and inxio which make 68% of the total PE investments. The remaining values come from small and medium-sized acquisitions. 2019HY2 was a strong half year contributing to the overall high figure of 2019.
- ▶ Moreover, there are still some large corporates preparing carve-outs such as Thyssen Krupp Elevators in the pipeline for a possible investment from a PE house in 2020.

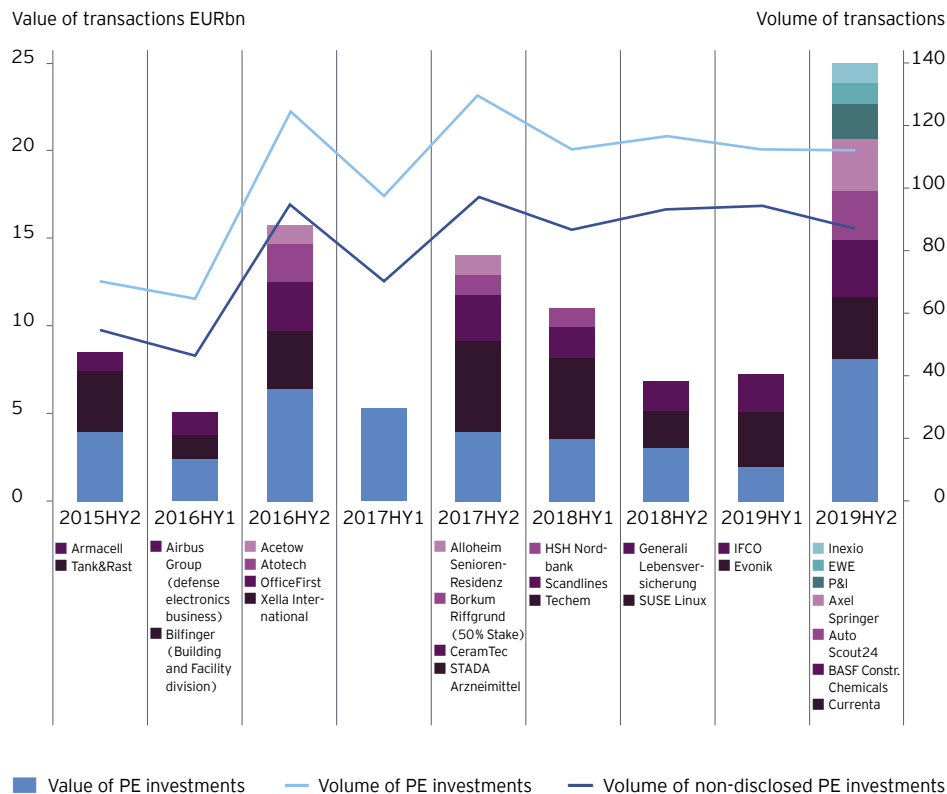
PE investments by value and volume



Volume of disclosed and non-disclosed PE investments

With a disclosed value of EUR 24.9bn, PE transaction value increased in 2019HY2 compared to 2019HY1 considerably.

Volume of disclosed and non-disclosed PE investments (including disclosed values)



The shaded areas in the graph show the deal value impact from specific transactions from 2015HY2 until 2019HY2

▶ The adjacent table shows the volume of PE transactions in 2019HY2, including a comparison between the number of disclosed value and non-disclosed value transactions. Although the gap between those does not influence the analysis.

▶ The deal value of disclosed PE transactions reached the highest value of the analysed period. With EUR 24.9bn the deal value increased by EUR 17.6bn compared to 2019HY1. The number of PE transactions reached 112 transactions made in the German PE market.

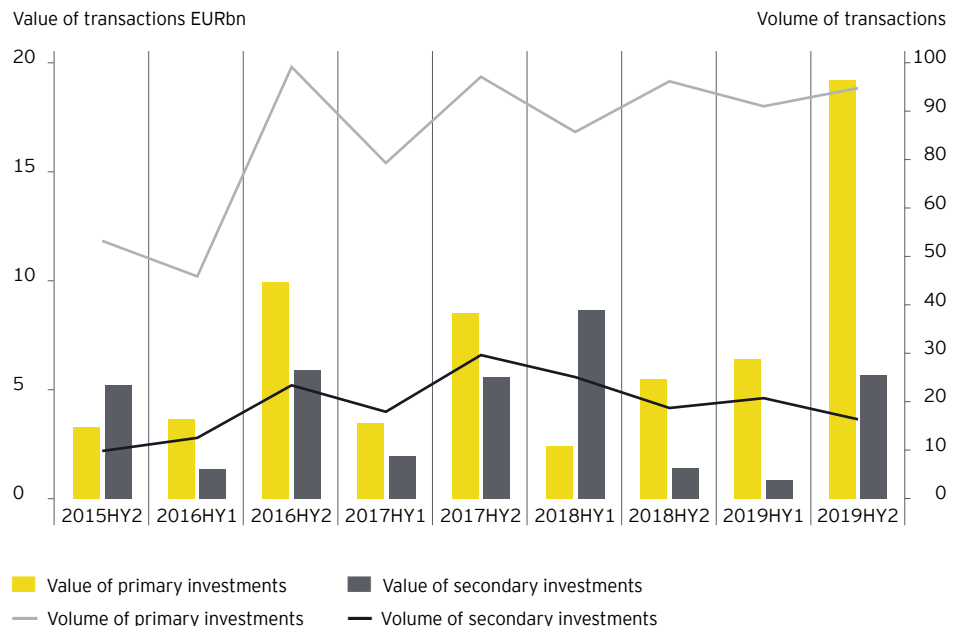
▶ The value increase was mainly driven by a megadeals realized by PE houses. These were the acquisition of Currenta by Macquaire, the acquisition of BASF Construction Chemicals by Lone Star, the acquisition of AutoScout24 by Hellman & Friedman, the acquisition of a 45% stake of Axel Springer by KKR, the acquisition of P&I by HG Capital, the acquisition of a 26% stake of EWE by Ardian and the acquisition of Inexio by EQT.

Development of PE investments and secondary investments

The value of primary investments from PE's is three times higher than the secondary one, while the number of primary deals increased only from 90 to 94.

- ▶ The value of primary PE transactions increased by almost EUR 13bn to EUR 19.2bn in 2019HY2, three times as much as in the previous half year. The number of deals only increased from 90 to 94.
- ▶ The value of secondary investments increased to EUR 5.7bn compared to EUR 0.9bn in the previous period. Meanwhile the volume of transactions between PE's decreased.
- ▶ Overall, 2019 as a whole has a value of EUR 25.5bn of primary investments (2018: EUR 7.9bn) and a value of secondary investments of EUR 6.6bn (2018: EUR 9.9bn).

Development of PE investments and secondary investments





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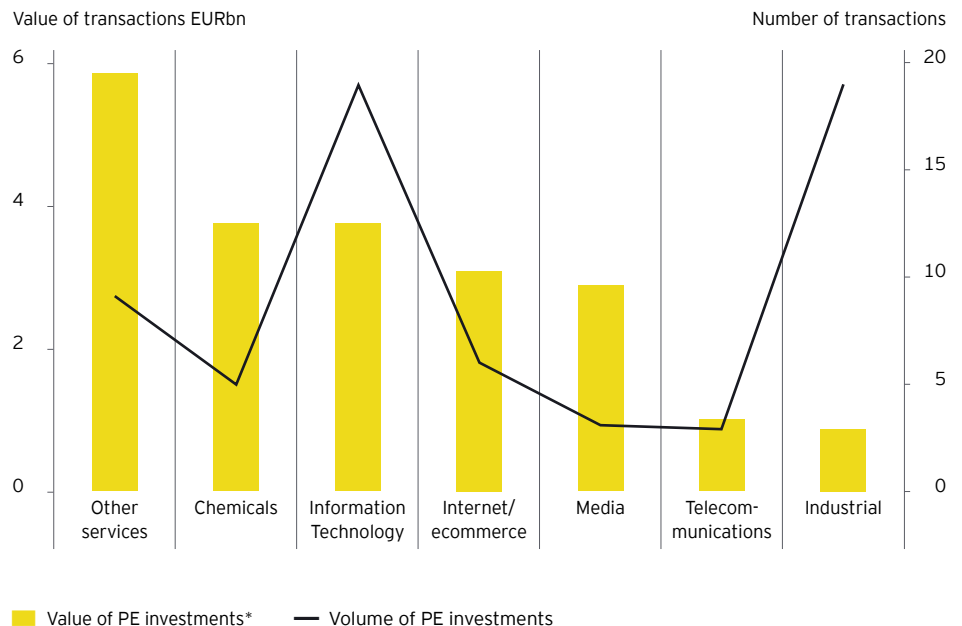
Geographical origin
of PE investors and
sector analysis

Sector analysis

The highest transaction value in 2019HY2 was achieved in the “Other services” sector, however the highest number of takeovers was observed in the “Information Technology” as well as the “Industrial” sectors.

- ▶ The highest transaction values* (EUR 5.9bn) came from the “Other services” sector mainly driven by the takeover of Currenta by Macquaire, followed by the “Chemicals” sector (EUR 3.7bn) where the sale of BASF Construction Chemicals to Lone Star drove the high transaction value.
- ▶ The largest number of transactions in 2019HY2 was recorded in the “Information Technology” sector followed by the “Industrial” sector.
- ▶ The amount of deals regarding digitalization shows the current trend of transformation of existing business models and the creation of new thinking ways within small and large corporates. This trend is stimulating activity among financial investors, elevating the deal movement in the “Information Technology” sector.

Most important target sectors of financial investors in 2019HY2

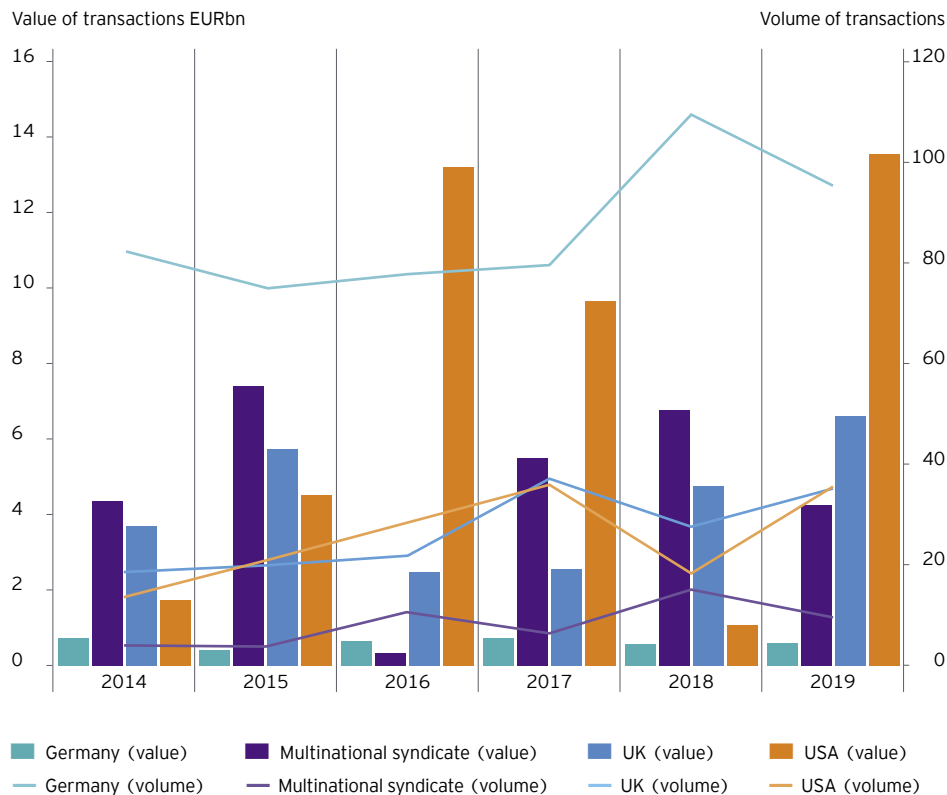


*The transaction value refers to disclosed transactions whose value was published

Geographical origin of investors

Overall activity from foreign investors in terms of value and volume has increased in line with the overall market activity. Meanwhile the volume by German investors decreased and the value of the domestic deals remained stable.

Development of PE investments according to the origin country of investors





- ▶ The adjacent graph shows the volume and value development of PE transactions by the investors' country of origin.
- ▶ In 2019, the increasing competition for acquisitions by financial investors was driven by USA and UK. Investors from these countries experienced an increase due to some large deals specially in the second half of 2019.
- ▶ Deals by US-based PEs increased in value by EUR 12.5bn in 2019 as well as in volume from 18 to 35 deals.
- ▶ The value of investments made by UK investors increased by almost EUR 2bn.
- ▶ Value of deals of domestic investors stayed overall at a stable level, although the number of deals returned to the previous years level.
- ▶ The largest disclosed transaction in 2019HY2, which was signed by a foreign investor, was the acquisition of Currenta, which was acquired for a deal value of EUR 3.5bn by Macquarie from Australia, followed by Lone Star from USA acquiring BASF Construction Chemicals for EUR 3.2bn.



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Switzerland

The value of investments from PE's in 2019 in the Swiss market reached a record of EUR 12.6bn consistent with the positive development of the German market. The value of investments from strategic buyers is highly depending on large deals.

▶ The adjacent table shows the value and volume of PE and strategic transactions in 2019HY2, including a comparison with the previous periods in the Swiss market.

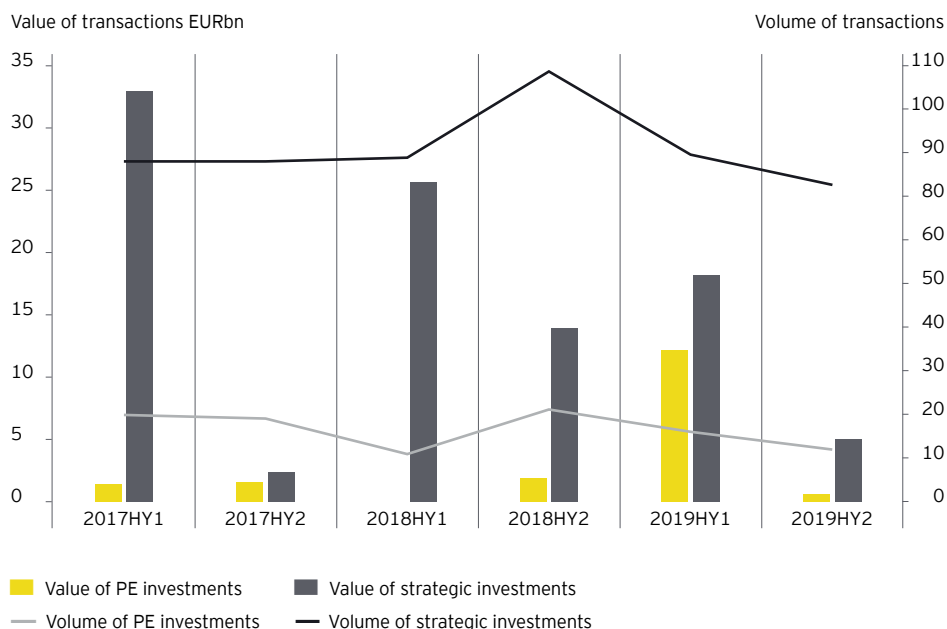
▶ The value of PE transactions has shown a peak in the first half year of 2019 driven by the acquisition of Nestle Skin Health by EQT Partners and Abu Dhabi Investment Authority for EUR 9bn.

▶ The volume shows a relatively stable development in the range between 12 and 23 deals per half year.

▶ On the strategic site, the value in 2019HY1 of EUR 18.2bn was driven by the acquisition of Panalpina Welt Transport by the Denmark-based DSV for a total consideration of EUR 4.2bn.

▶ The number of strategic deals returned to 80 after a peak in 2018HY2 where it reached 109 breaking the 100 mark.

Development of PE investments and strategic investments

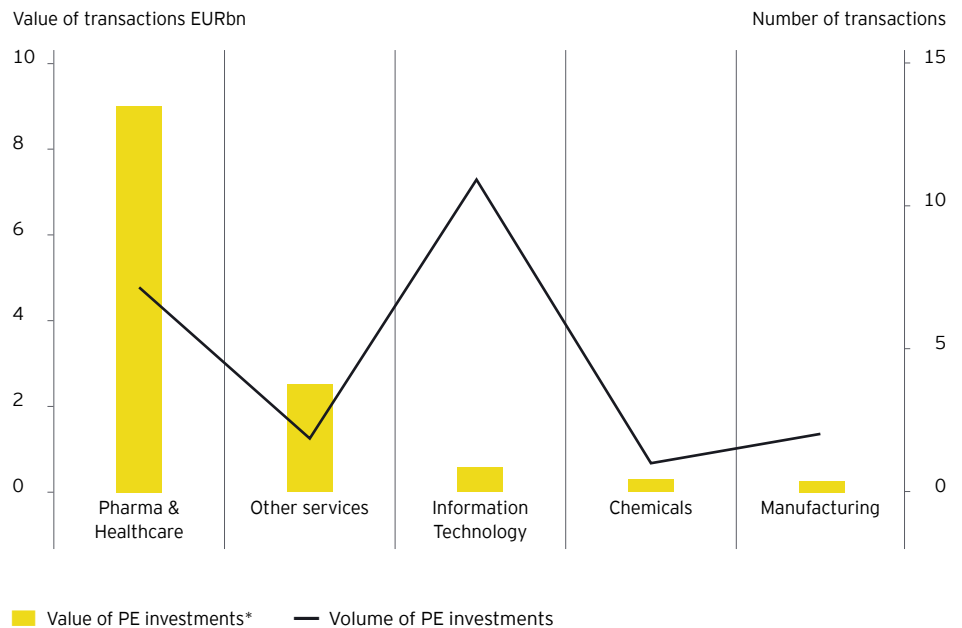


▶ The peak in 2018HY2 is mainly because of the acquisition of Actelion Pharmaceuticals by Johnsons & Johnson fo EUR 27.6bn.

In Switzerland the most important sectors in terms of value and volume in 2019 for PE investors have been the Pharma and the Information Technology sector respectively.

- ▶ The adjacent graph shows the most important sectors by value and volume for financial investors. Due to a lower activity in the Swiss PE market, the graph is based on full year 2019 figures.
- ▶ The highest transaction values came from the “Pharma & Healthcare” sector with a total value of EUR 9.0bn, mainly driven by the acquisition of Nestle Skin Health by EQT Partners and Abu Dhabi Investment Authority for EUR 9bn and followed by the sector “Other services” with EUR 2.5bn.
- ▶ In terms of number of transactions in 2019 the sector “Information Technology” recorded the highest number with 11, followed by the “Pharma & Healthcare” area with 7.

Most important target sectors of financial investors in 2019



*The transaction value refers to disclosed transactions whose value was published





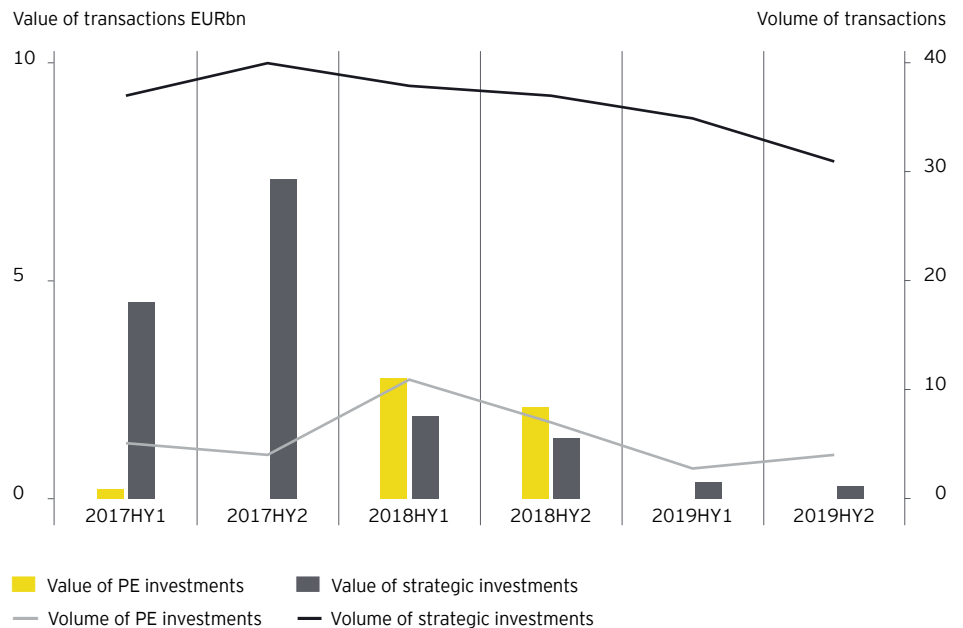
Austria



In the GSA Region the Austrian market shows the smallest deal share compared to the other two countries.

- ▶ The adjacent table shows the value and volume of PE and strategic transactions in 2019HY2, including a comparison with the previous periods for the Austrian market.
- ▶ In terms of value there has not been any significant deals signed by PE houses in the year 2019.
- ▶ The volume has decreased by 7 since 2018HY1 reaching 4 deals in 2019HY2.
- ▶ Strategic deals accounted for EUR 0.3bn and compared to the year 2018, the year 2019 was below by EUR 2.6bn.
- ▶ In the meantime strategic buyers have signed between 30 and 40 deals per half year for the showed period which is also showing a decreasing trend.

Development of PE investments and strategic investments





M&A activity

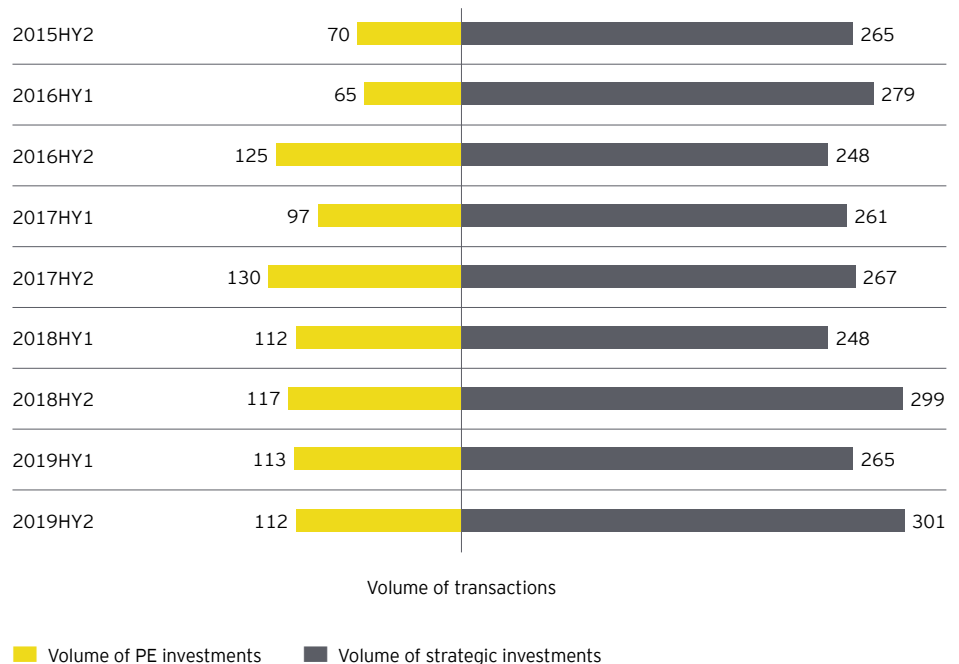


Number of PE vs. strategic(M&A) transactions

The number of PE transactions remained at a constant level in 2019HY2, while the strategic deals increased by 14% reaching 301.

- ▶ The number of acquisitions by strategic investors increased in 2019HY2 by 14% amounting to 301 transactions.
- ▶ The number of Private Equity deals remained stable at a level of 112 investments compared to 113 in the first half of the year.
- ▶ Financial investors have shown a solid competitiveness in the market and are paying high amounts for targets. This is mainly achieved due to the value creation approach of PEs in addition to the favorable market conditions such as low interests and high fundraising for investments firms.
- ▶ This increasing competition between strategic and financial investors as well as within the PE community has raised the prices to win the bids for acquiring targets.

Strategic vs. PE Transactions, Number of Transactions

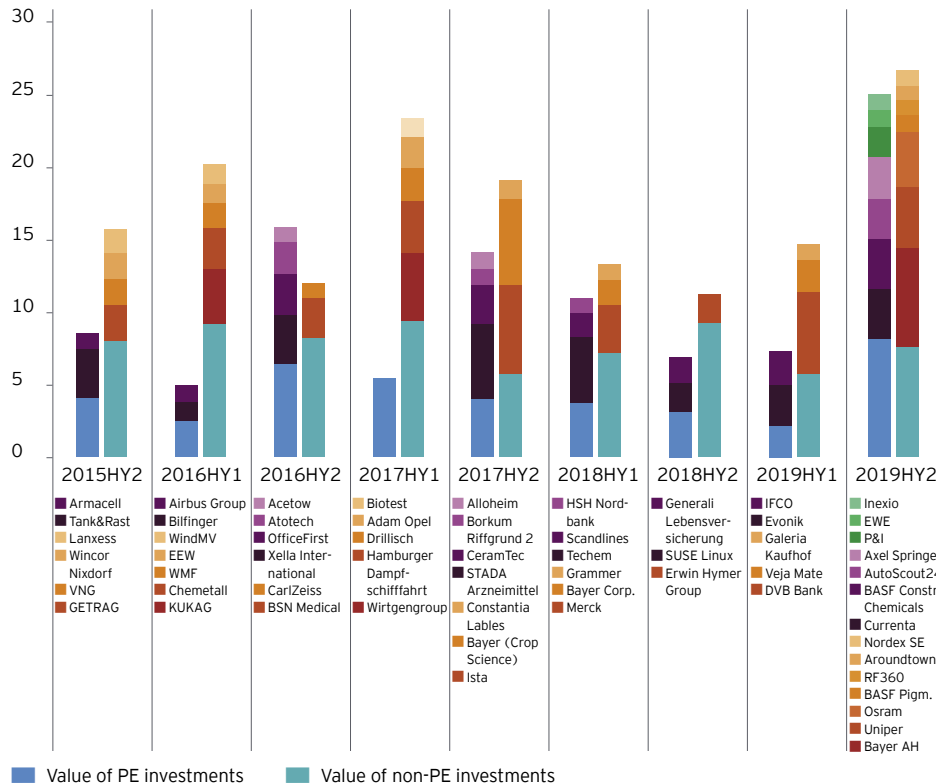


Value of PE vs. strategic transactions

Non-PE related M&A activity in value terms increased in 2019HY2. Seven strategic M&A deals in the German market were valued at EUR 1bn or above.

Development of M&A transactions

Value of transactions EURbn



The shaded areas in the graph show the deal value impact from specific transactions in 2015HY1 until 2019HY1

► The graph shows the development of the German M&A market comparing non-PE investments to PE investments.

► Compared to the first half of 2019, the value of strategic takeovers increased by 82% to EUR 26.5bn and the volume increased by 13% to 301 deals, the highest number in the past decade.

► The acquisitions of Bayer Animal Health by Elanco Animal Health for EUR 6.85bn was the largest M&A deal in 2019HY2. The other large deals were the acquisition of a 21% stake of Uniper SE for EUR 4.1bn by Fortum Oyj, the acquisition of a 80% stake of Osram by ams for EUR 3.8bn, the acquisition of BASF Pigment Business by DIC Corp. for EUR 1.2bn, the acquisitions of a 49% stake of RF360 Europe by Qualcomm, a 10% stake of Aroundtown by TLG and a 64% stake of Nordex by Acciona for around EUR 1bn each.

► Financial and strategic investors had a similar number of megadeals.

Largest PE and strategic (M&A) transactions



Largest strategic M&A transactions in 2019HY2

Target	Purchase Price	Bidder
Bayer Animal Health GmbH	EUR 6.85bn	Elanco Animal Health Inc.
Uniper SE (20.5% Stake)	EUR 4.1bn	Fortum Oyj AB
Osram GmbH (80% Stake)	EUR 3.8bn	Ams AG
BASF SE Pigment business	EUR 1.2bn	DIC Corporation
RF360 Europe (49% Stake)	EUR 1.0bn	Qualcomm Inc.

Largest PE-Transactions in 2019HY2

Target	Purchase Price	Bidder
Currenta GmbH (80% Stake)	EUR 3.5bn	Macquarie Infrastructure
BASF SE Construction Chemicals	EUR 3.2bn	Lone Star Funds
AutoScout24 GmbH	EUR 2.9bn	Hellman & Friedman LLC
Axel Springer (45% Stake)	EUR 2.9bn	KKR & Co LP
P&I Personal & Informatik AG	EUR 2.0bn	HG Capital LLP



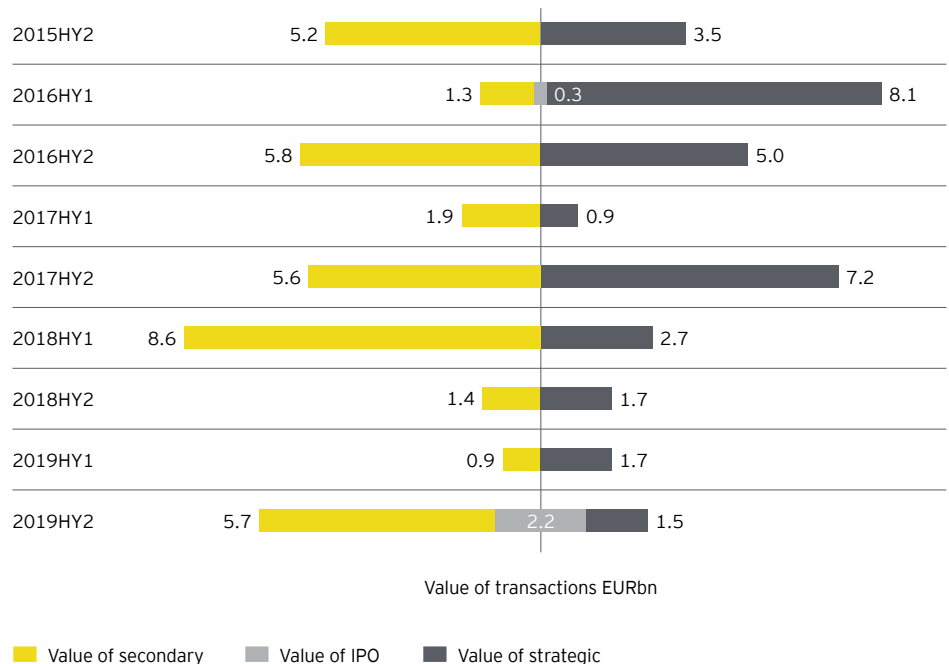
Exits

Development of PE exits

Values of PE exits in 2019HY2 were higher than in the two previous half-years, mainly driven by an increase in the value of exits to other financial investors and due to multi-billion EUR exits. Furthermore, one PE-backed IPO was recorded in Germany.

- ▶ The second half of 2019 shows a higher trend in the values of PE exits.
- ▶ Trade exits are characterised by buyers with strategic advantages in the same industry as the target. These buyers are usually able to pay a higher price due to synergies being created from the takeover. These type of exits remained stable at a value of EUR 1.5bn.
- ▶ Remarkably, the value of exits related to other PE corporations showed an increase of EUR 4.8bn, above the value of strategic exits, although the volume decreased slightly. This was mainly due to the acquisitions of P&I by HG Capital from Permira for EUR 2bn and the acquisition of inexo by EQT from Warburg Pincus and DB AG for EUR 1bn.
- ▶ Furthermore, there was one “PE-backed” IPO of Teamviewer from Permira. The total value of the placed shares was EUR 2.2bn.

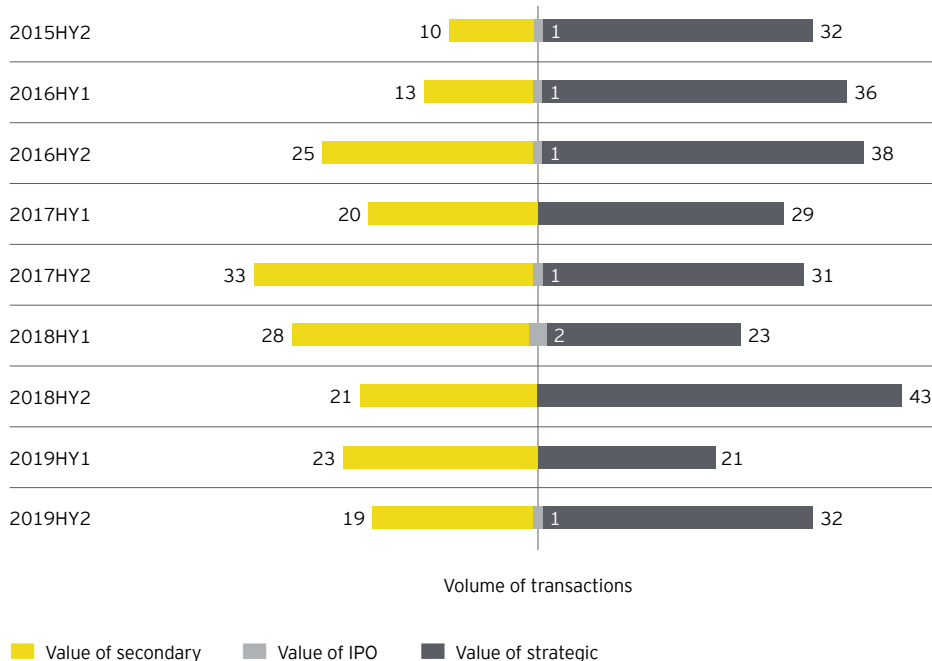
Development of PE exits, Value of transactions



Development of PE exits, number of transactions

The number of PE exits in 2019HY2 increased by 16% reaching a total of 52 mainly driven by an increase in strategic exits. For the first time since 2018HY1, there was a successful IPO: Teamviewer.

Development of PE exits, Number of Transactions



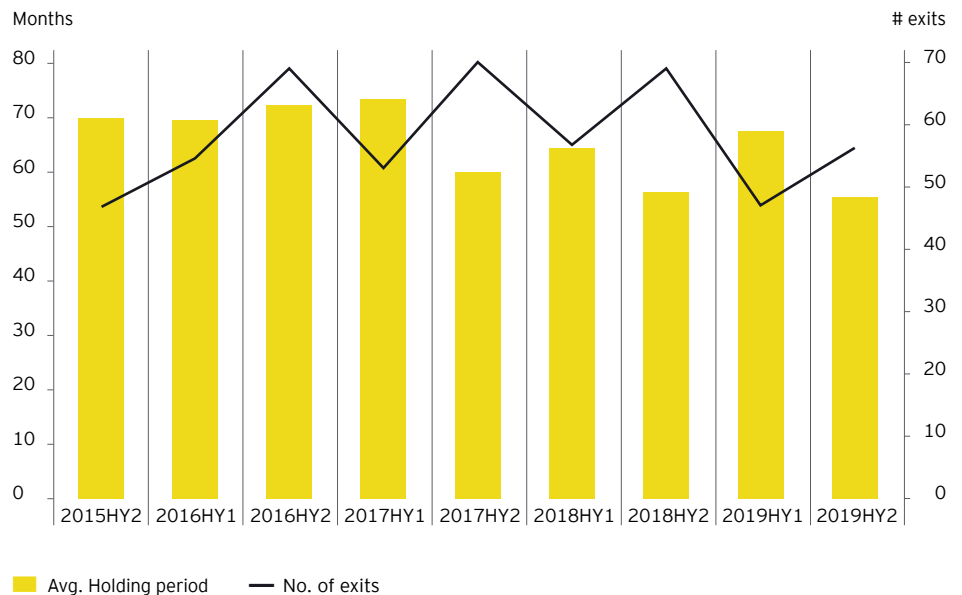
- ▶ The number of exits in the second half of 2019 is above the level of the first half (52 in comparison with 44) and below the level of the second half of 2018 (64). The graph shows a trend of stronger second half of the years compared to the first halves.
- ▶ Strategic exits have returned to the average figure of the analyzed period (32), hence 32 exits in 2019HY2, after a strong end of the year 2018.
- ▶ Exits in which PE firms acquire companies from other PE, account approximately for one third of total exit activity by volume. This type of exits is losing relevance in 2019HY2 as strategic investors are more active and usually are able to pay a higher amount for targets due to synergies.
- ▶ In the second half of 2019 there was one "PE-backed" IPO. Permira placed 42% of the shares of Teamviewer in the stock exchange for a value of EUR 2.2bn.

Development of average holding periods

Average PE portfolio holding period decreased slightly in 2019HY2

- ▶ The graph shows the development of the average holding period for PE portfolio companies (exited) compared to the number of exits in the respective period.
- ▶ Average holding period for portfolio companies declined to 55 months in 2019HY2.
- ▶ The total number of exits raised from 44 in 2019HY1 to 52 exits in 2019HY2.

Development of average holding period of PE portfolio companies





Special: Carve-out from a PE perspective



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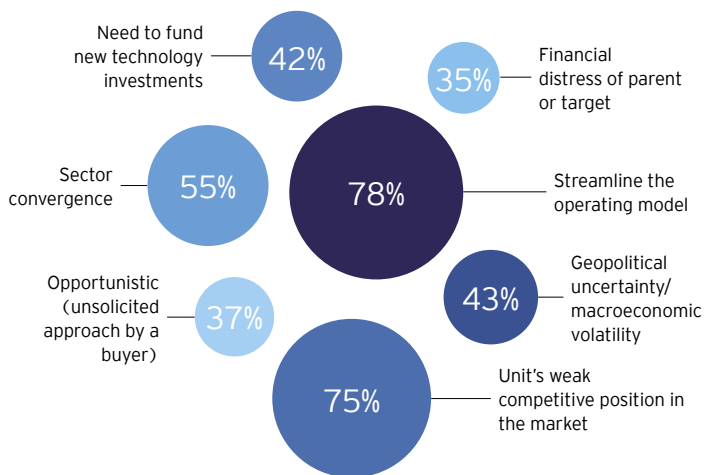
Why are PE investors still hesitant to enter carve-out deals, even though the opportunities to invest in such attractive assets will increase in the upcoming years?

High appetite in the market to conduct divestments:

Number of corporate carve-outs have been increasing constantly over the last few years. 84% of companies are planning to divest within the next two years.

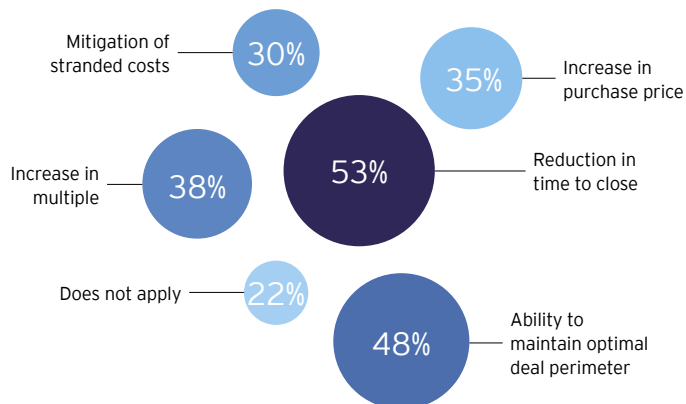
Carve-out assets are attractive:

Companies primarily are divesting for strategic reasons to streamline operating models to response to sector convergence, regional optimization and to improve competitive positions. Invaluable assets, i.e. financial distress of target are of minor importance to the seller.



Why are PE investors attractive?

Corporates say working with PE increases the deal speed (e.g. easier alignment and no lengthy antitrust procedures) and reduces potential stranded costs.



Source: Global Corporate Divestment Study 2019

For PE investors carve-outs provide the opportunity to combine transaction and value creation (e.g. set-up a tailored operating model and consider related costs in purchase price and start value creation as of signing).

A carve-out offers unique opportunities for PE investors to drive profitability by shaping the business in a way not possible with typical stand-alone acquisitions.

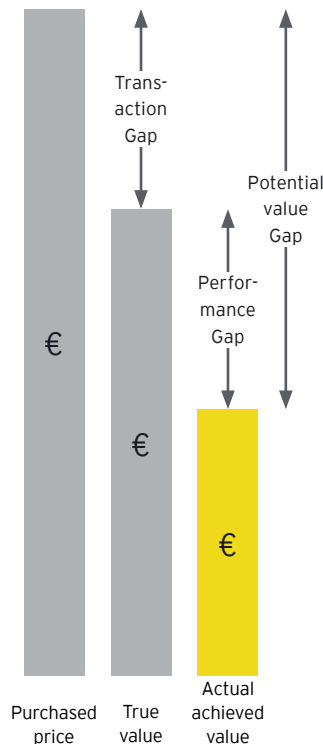
PE opportunities from acquisition to exit

Acquisition
Tailor made assets to reduce acquisition cost, assess the right stand-alone cost levels safeguard Day 1

Holding period
Make use of a flexible operating model structure in the Value Creation phase

Exit
Utilize e.g. outsourcing provider to enable a successful resale

Both, the transaction gap and the performance gap may increase by doing the carve-out wrong



Transaction Gap ("Paid too much")

- ▶ Winners curse from competitive tension or failure to walk away if true value deviates too much from purchase price
- ▶ Difference between purchase price and true value should be reduced by better due diligence work

Performance Gap ("Achieved too little")

- ▶ **Unidentified value:**
 - ▶ Lack of stand-alone vision and strategy
 - ▶ Inflexibility to change to smaller scaled stand-alone set-up
- ▶ **Delayed value:**
 - ▶ Slow mobilization and loss of momentum
 - ▶ Focus is on short-term effects, not on long-term growth
- ▶ **Lost value:**
 - ▶ Transferring and retaining key employees
 - ▶ Cultural clash for employees in transition from corporate to stand-alone culture

To unlock the full potential of the carve-out, we recommend the following 3-step approach:

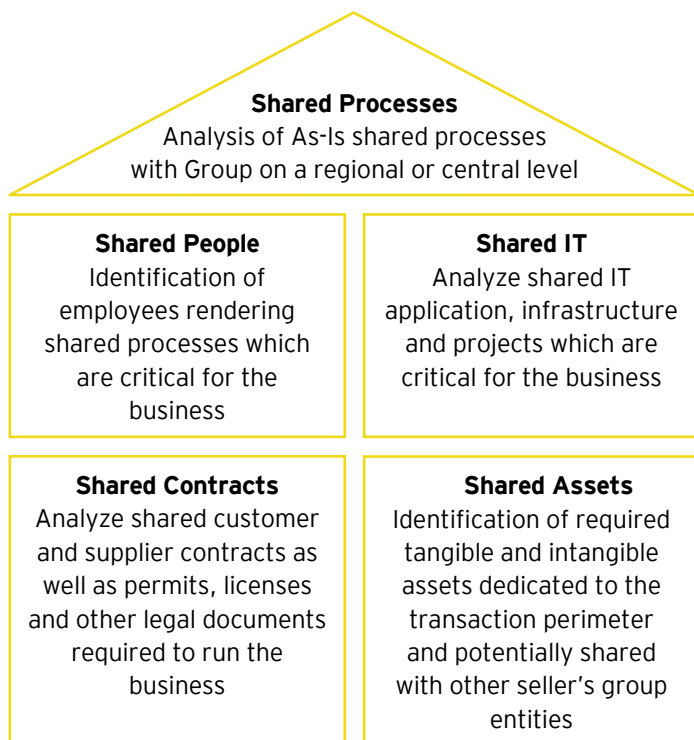
Step 1: Fully understand the perimeter of the deal ▶ **Step 2:** Identify the right costs and value ▶ **Step 3:** Enable Day-1 readiness

As a starting point, we need to fully understand the deal perimeter in order to meet the transaction expectations ...

▶ **Step 1**

Our interdependency framework covers a full scope assessment of all relevant functional areas, along the value chain

We resolve interdependencies along the value chain and prepare initial operating model considerations for a true stand-alone scenario



- ▶ Difficult separation and relocation for employees and laboratories which are located in shared buildings and sites
- ▶ Carved-out business has to exit the shared warehouse and find new location
- ▶ Time pressure for rebranding of trademark which will be retained by the seller
- ▶ Procurement is organized centrally there were no dedicated employees for the carved-out business
- ▶ Splitting of shared procurement contracts may lead to dis-synergies
- ▶ Fully integrated ERP system difficult to separate
- ▶ High specialized resource retained by the seller and difficult to replace

A detailed interdependency framework and a comprehensive understanding of the value chain unlocks the full potential of the separation!

... which is basis to identifying the right recurring and one-off costs in order to get full insight of the financial performance and to reduce surprises ...

Step 2

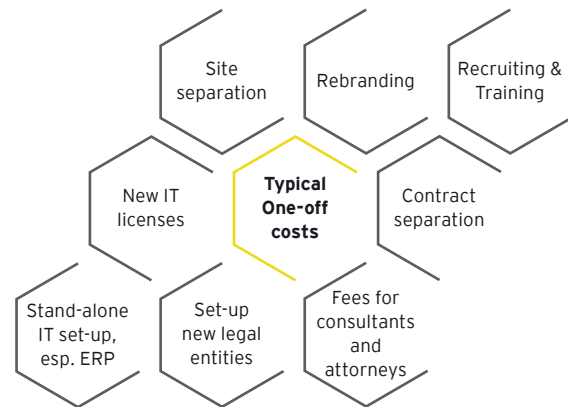
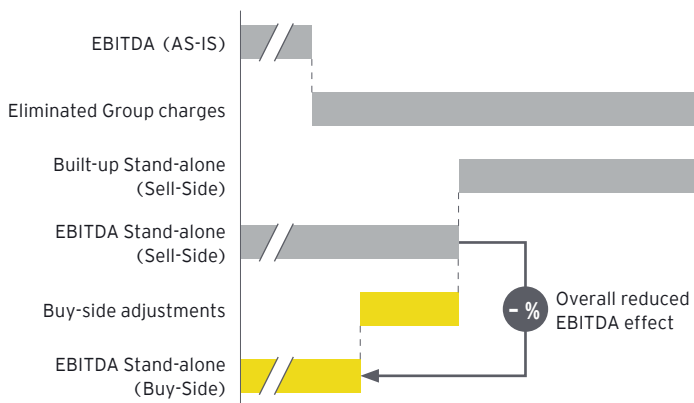
Recurring stand-alone cost effect:

- ▶ Seller replaces allocated costs with stand-alone costs, often resulting in positive EBITDA effects
- ▶ Additional costs in SG&A and other functions required to run the target successfully will be included in the proforma buy-side EBITDA, like replication of corporate functions, dedicated ERP and global sales force

One-off cost effect:

- ▶ PE investors need to understand the disentanglement costs (One-Offs)
- ▶ Seller carve-out processes vary from preparing only 'paper based carve-outs' with nothing implemented by Closing to a fully completed carve-out
- ▶ Depending on the chosen process the buyer needs to consider one-off costs which he should deduct from the purchase price as a net debt like item

Illustrative EBITDA bridge:









A detailed cost structure analysis determines true operating cost for the carved-out business and is an essential input for the buyer's financial model and important baseline for any subsequent operational improvement program, respectively value creation!

... which can be effectively achieved by enabling a Day-1 readiness process aligned between the buyer and seller, ideally which fits best the carved-out business.

▶ Step 3

We see three typical options to enable Day-1 readiness and business continuity, with different challenge, cost and opportunity patterns

<p>Transitional Service Agreements</p> <p>TSA's reflect ongoing relationships between seller and carved-out business during a transitional period (usually 6-24 months). The seller provides services to the carved-out business to ensure business continuity.</p>	<p>Carve-out Platform</p> <p>The Carve-out Platform is a structured outsourcing approach to create an "enabled business" within a divestment process by outsourcing IT and back-office processes.</p>	<p>Fully stand-alone set-up</p> <p>Setup new lean systems and processes supporting business needs and ensuring time and cost savings.</p>
<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Faster to implement and less effort during implementation ▶ Limited functional resources required 	<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Allows for accelerated portfolio changes as the separation is largely realized via external resources ▶ Full focus on own business - no TSA's for IT and administrative backbone 	<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Setup new processes based on real business requirements ▶ No reliance on third parties ▶ Fastest implementation of Target Operating Model
<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Challenge to determine and negotiate service fees and termination clauses ▶ Carved-out business is still reliant on to the seller after closing 	<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Higher costs during implementation compared to TSA set up, esp. sell-side ▶ Carved-out business is reliant on the outsourcing provider and service levels may be reduced vs. the as-is processes 	<p style="text-align: center;"></p> <ul style="list-style-type: none"> ▶ Increased complexity during transaction cycle and higher immediate one-off costs for both ▶ Higher training and change management requirements

▶ Carve-out transactions are not only relevant for strategic investors. Also PE investors should consider such deals. When the transaction and transition is done right, it enables unique opportunities to shape the target very successfully!



Outlook

Major trends in the PE Market in 2020

Interview with Wolfgang Taudte, Partner in the Transaction Advisory Services, Private Equity sector

In your opinion, how has the development of the private equity market been in Germany in the last months?

In the last six months of 2019, we have seen how financial investors have incremented their invested value and even reached record high figures since the financial crisis in 2008. However, the number of signed deals has not followed and remained at the same level of the last periods. The main reason for this rise in the values both in the PE as in the strategic site, is mainly due to the high number of large deals that were successfully announced during the year.

In your opinion, how will be the outlook for 2020?

There was a strong momentum at the beginning of 2019 in which big corporates were preparing sales processes. High deal values are usually driven by megadeals with high

acquisition prices from investors as it has been in 2019. The influence of political insecurities on economies or the transformation of traditional business models, have not frightened financial nor strategic investors to increase their activity and even rise the target's prices. Sentiment around rumors of an economic slowdown is not affecting the German market yet. Especially in the areas of computer software, IT landscapes and infrastructure we saw high deal volumes in the past year that we expect to persist also in 2020. Also with regard to industrial products, chemicals, and increasingly in life science we expect a lot of deals.

So it's about finding the right target ...

Yes, of course. You sometimes hear that there is a lack of targets among PE's. The trend shows that PE houses are still competing with strategic buyers which leads to a higher price level. Although

we have seen that in 2019 financial investors have also bought among themselves as the value of secondaries shows.

... which tells us that the PE industry has still more money than it is able to invest. Is that right?

It is well known that the amount of dry powder in the system is still growing and PE houses must put it to work sooner than later. We have already experienced how PE's changed from pure financial shareholders to operational partners identifying value creation potential. There is mounting evidence of PE's expanding their sector-focused vision into a broader investment spectrum. This will support the development of the Private Equity market in 2020.



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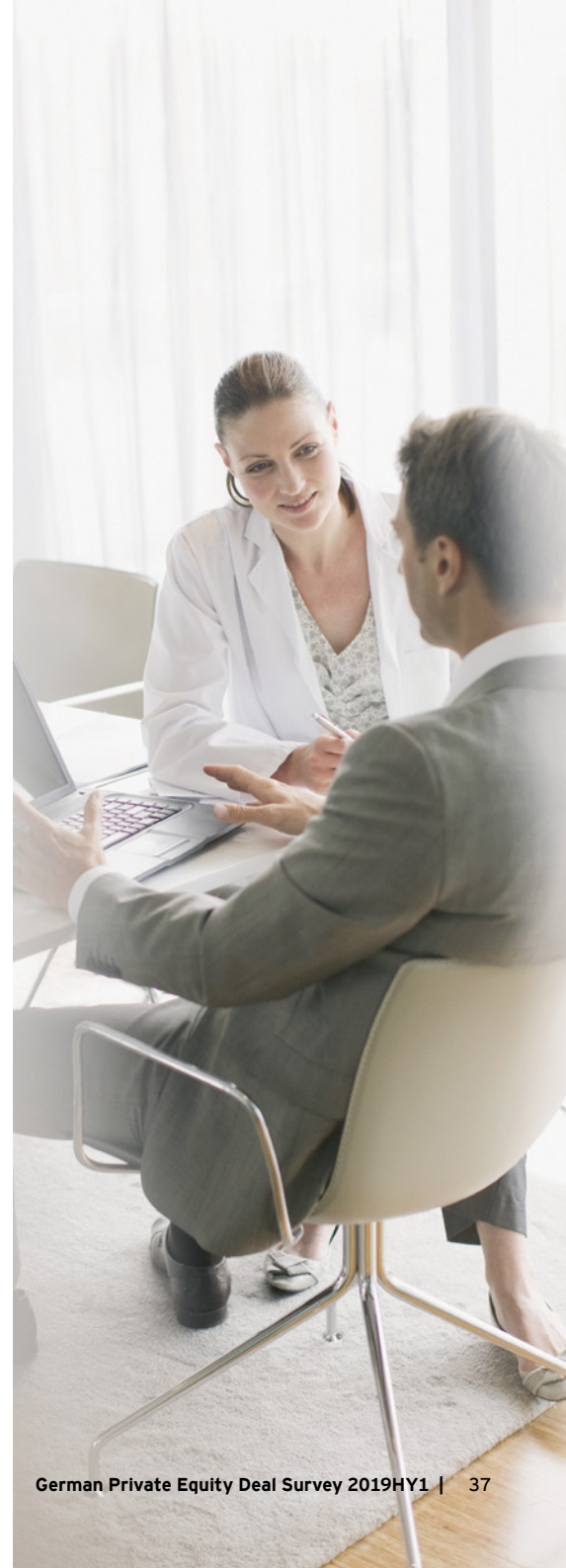
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Sources

The involvement of EY in PE investments

- ▶ **Mergermarket**
- ▶ **Thomson One**
- ▶ **Unquote**
- ▶ **Bloomberg**
- ▶ **Deutsche Börse**

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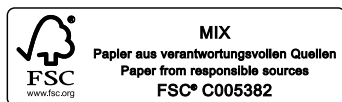
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