

# Multiples Heatmap Analysis December 2016



## Quarterly average multiples – by region

DACH region sees a surge in average acquisition multiple in Q3 2016

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Average	St. Dev
<b>Benelux</b>	11.5	9.4	9.6	10.8	9.6	9.4	10.2	2.1
<b>CEE</b>	8.4	9.2	8.8	11.4	9.0	10.3	9.5	1.6
<b>DACH</b>	10.3	10.0	9.5	9.6	9.0	10.2	9.7	2.2
<b>France</b>	9.4	11.0	10.3	9.9	10.8	10.0	10.1	2.0
<b>Nordic</b>	9.9	9.8	11.1	10.4	11.1	9.8	10.4	1.9
<b>Southern</b>	10.8	8.8	9.1	8.6	10.3	10.8	9.8	3.1
<b>UK/Eire</b>	10.4	10.6	10.8	9.5	10.1	11.3	10.6	2.6
<b>Europe</b>	<b>10.2</b>	<b>10.2</b>	<b>10.1</b>	<b>9.8</b>	<b>10.2</b>	<b>10.5</b>	<b>10.2</b>	<b>2.4</b>

- Decline in average Benelux multiple continues during 2016
- Price inflation seen in CEE with average multiple jumping ahead of the six quarter average
- Average multiple in the DACH region surges to 10.2x driven by larger and highly priced transactions completing in the TMT sector. This is the highest level the region has seen since Q2 2015.
- Acquisition multiples in France have dropped back closer to their six-quarter average
- Nordic average multiple has contracted back to the levels seen during Q2 and Q3 2015, though we have seen high levels of activity and consistently high pricing levels through 2016 in the mid market
- TMT sector has continued to drive multiples in the Southern region where prices have reached their highest levels in the last 11 quarters.
- Price inflation continues in UK/Eire with average multiple increasing above the six quarter average
- The Southern region continues to show the greatest spread of multiples with the closest grouping seen in CEE and Nordic regions

## Quarterly average multiples – by sector

Multiple growth in Q3 driven by the Food and Beverage, TMT and Industrials and Chemicals sectors

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Average	St. Dev
<b>Automotive</b>	-	9.0	9.0	8.7	10.0	10.1	9.3	1.3
<b>Business Services</b>	9.2	9.8	10.0	9.7	10.6	11.0	10.2	2.5
<b>Consumer</b>	9.9	10.2	10.0	9.7	10.3	10.0	10.0	2.3
<b>Financial Services</b>	11.7	12.8	14.1	-	12.6	9.1	11.9	2.9
<b>Food and Beverage</b>	9.7	10.2	9.3	9.9	9.0	11.0	9.9	2.4
<b>Healthcare</b>	10.4	10.0	10.0	9.8	11.3	10.0	10.2	2.0
<b>Industrials and Chemicals</b>	9.3	10.1	9.8	9.9	9.2	9.8	9.7	2.3
<b>Real Estate</b>	11.9	9.7	-	-	11.3	7.2	10.6	2.2
<b>TMT</b>	11.0	10.4	11.7	9.9	10.4	11.7	10.9	2.8
<b>Europe</b>	<b>10.2</b>	<b>10.2</b>	<b>10.1</b>	<b>9.8</b>	<b>10.2</b>	<b>10.5</b>	<b>10.2</b>	<b>2.4</b>

- Automotive and Business Services sector multiples continue on a growth trend and are now both at their highest levels since Q1 2014
- Pricing in the Financial Services sector has seen a material reduction, with single digit multiples seen across all regions, reaching the lowest level in the last 2 years. This has been largely driven by the Brexit referendum, and we are expecting to see a recovery in multiples in 2017
- Consumer sector prices have seen minor decrease in in Q3 2016 moving closer to their six-quarter average
- Sharpest quarterly increase in average multiple was seen in the Food and Beverage sector reaching its highest level since the beginning of 2014, driven by high multiple deals in the Southern region
- Prices have stabilised around longer term average in the Healthcare sector following a sharp increase in Q2 2016
- Industrials and chemicals deals in the UK, DACH and Nordic regions pushed sector prices back up and closer to longer term average
- TMT sector was the hottest in Q3, with multiples reaching a six quarter peak, driven by high price deals in the United Kingdom, Germany and Italy
- Largest decrease in quarterly acquisition multiples has occurred in the Real Estate sector where average prices dropped to a six quarter low caused by a low multiple UK transaction and we expect this to be a temporary decrease rather than a new trend
- The tightest grouping of multiples was seen in Automotive with the widest spread of multiples in Financial Services and TMT

## Quarterly average multiples – by deal size

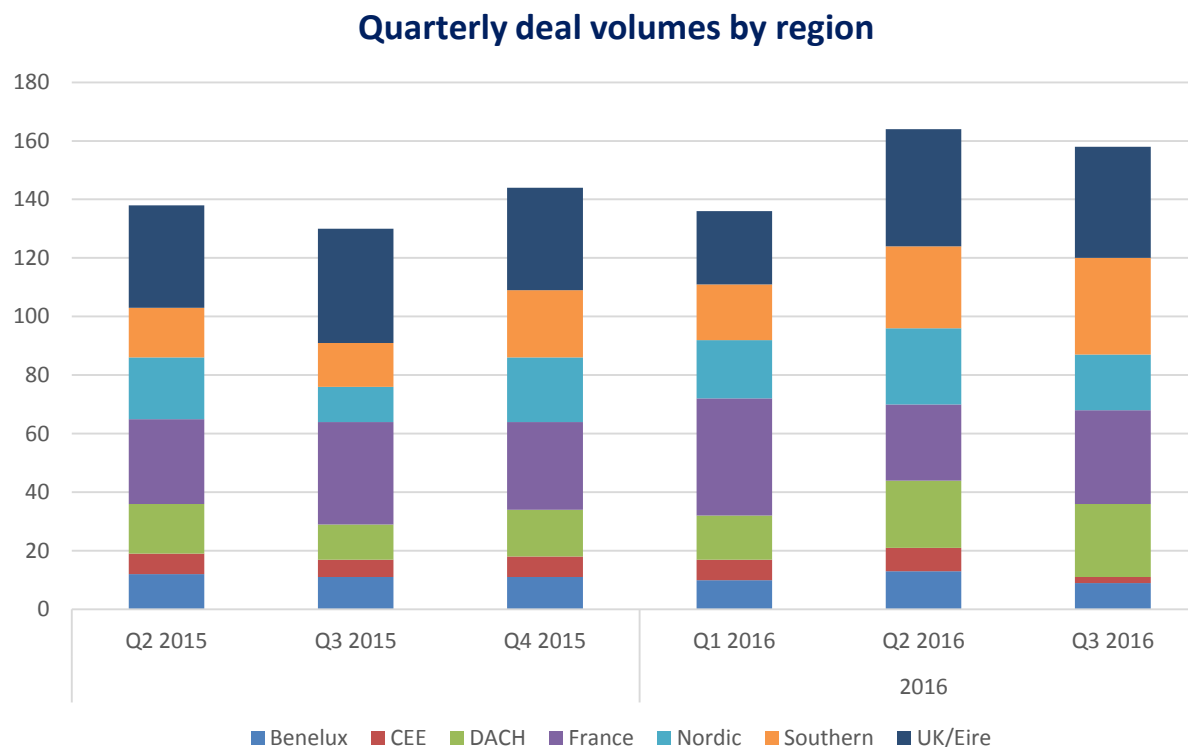
Greatest increase in acquisition multiples seen in the lower mid-market

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Average	St. Dev
< €50m	10.2	9.8	9.4	9.3	9.9	10.8	9.9	2.9
>= €50m & < €100m	10.6	9.3	9.7	9.4	9.7	10.8	9.9	2.2
>= €100m & < €250m	9.4	9.6	10.4	10.0	10.4	10.1	10.0	2.0
>= €250m & < €500m	9.8	10.8	10.1	11.3	10.9	11.0	10.5	2.4
>= €500m & < €1bn	11.3	10.8	11.6	10.1	10.0	9.6	10.7	2.4
>= €1bn	10.2	11.4	11.4	12.2	11.4	11.5	11.1	2.7
<b>Europe</b>	<b>10.2</b>	<b>10.2</b>	<b>10.1</b>	<b>9.8</b>	<b>10.2</b>	<b>10.5</b>	<b>10.2</b>	<b>2.4</b>

- Deals with values under €100m saw the largest increases in average acquisition multiples in Q3 2016
- Mega deals continued to display a scale premium in Q3 2016 with average multiples increasing to 11.5x
- Price deflation continued in the €500m - €1bn value range with multiples dropping under the 10.0x mark
- Most consistent multiples have been seen in the mid-market in deals valued between €100m and €250m
- The sub €50m deal and >= €1bn ranges saw the widest range of multiples in Q3 2016

# Quarterly deal volumes by region

UK/Eire deals continue to dominate but overall deal volumes dropped in Q3 2016



- UK/Eire deals maintain a constant proportion of overall deals at 24% of European PE deals
- France accounted for a fifth of all European PE deals in Q3 2016 having increased number of deals by 23% compared to Q2 2016
- Least activity was seen in the CEE region where the number of deals dropped by 75%
- Industrials and Chemicals and TMT sectors were the most active sectors in Q3 2016
- Volume of mega-deals (€1bn+) dropped from 7% of total European PE deals last quarter and accounted for only 1% of deals in Q3 2016