



Clearwater International and unquote” – Multiples Heatmap Q1 2017



Multiples Heatmap

Executive summary



Close clustering of multiples across all regions for the six quarters ended **31 March 2017** around the average of **10.2x**

Financial Services has been the hottest sector over the period with an average multiple of **11.3x**, and also in Q1 17 with an average multiple of **11.9x**



The Nordic region has seen the highest multiples over the six quarters at **10.7x**, though Benelux was the hottest region in Q1 17 having seen significant price inflation up to **11.8x**

Best value opportunities across the period have been seen in Automotive (**9.2x**) and Industrials and Chemicals (**9.4x**), but best value opportunities were seen in Food and Beverage in Q1 17 at only **9.1x**



The lowest multiples over the six quarters were seen in the DACH region at **9.8x**, but UK/Eire saw continuing price deflation in Q1 17 to **9.5x** making it the best value region

The average multiples across the period increased with deal size, however the **€500m to €1bn** deal range was the hottest in Q1 17 at **13.0x**



Average multiples by sector by region

Close clustering of multiples in all territories around 10.2x, Financial Services the hottest sector

	Automotive	Business Services	Consumer	Financial Services	Food and Beverage	Healthcare	Industrials and Chemicals	Real Estate	TMT	Grand Total
Benelux	-	12.3	8.1	-	9.9	10.8	10.4	-	11.3	10.1
CEE	-	-	11.2	-	6.4	-	9.6	-	10.9	10.2
DACH	10.0	9.7	9.6	12.7	9.4	10.0	9.2	10.5	11.5	9.8
France	8.9	9.4	10.3	10.0	11.8	11.9	9.8	13.6	9.8	10.1
Nordic	-	10.8	10.2	11.4	10.6	11.7	10.6	10.4	11.1	10.7
Southern	8.2	9.7	10.5	11.8	9.7	9.3	8.7	-	12.3	9.9
UK/Eire	9.9	10.6	10.7	11.1	9.0	10.2	8.5	8.6	11.6	10.3
Grand Total	9.2	10.3	10.3	11.3	9.7	10.5	9.4	10.4	11.1	10.2

- This chart analyses the average multiples by sector by region for the 6 quarters ended 31 March 2017
- The Nordic region continues to see a higher multiple average across the period with double digit multiples across all sectors
- Average multiples across Benelux, CEE, France and UK/ Eire region clustered between 10.1x and 10.3x
- The DACH region offers good value opportunities across most sectors, though is the hottest region in Financial Services and is also seeing high multiples in TMT
- The Financial Services and TMT sectors are the hottest in Europe with average multiples in excess of 11.0x with best value opportunities being seen in France
- The Real Estate sector in France has been the hottest sector over the period with high multiples seen during 2016
- The best value opportunities have been in the Automotive and Industrials and Chemicals sectors with average multiples below 9.5x, with particularly low multiples seen in the Southern region
- The Business Services sector is hot in Benelux with best value being seen in France
- The Consumer sector has seen a close clustering of multiples across France, Nordic, Southern and UK/Eire regions with best value seen in Benelux
- The Food and Beverage sector has seen high multiples in France but low average multiples of only 6.4x in CEE
- The Healthcare sector remains hot in France and Nordic regions but lower multiples have been seen in Southern region

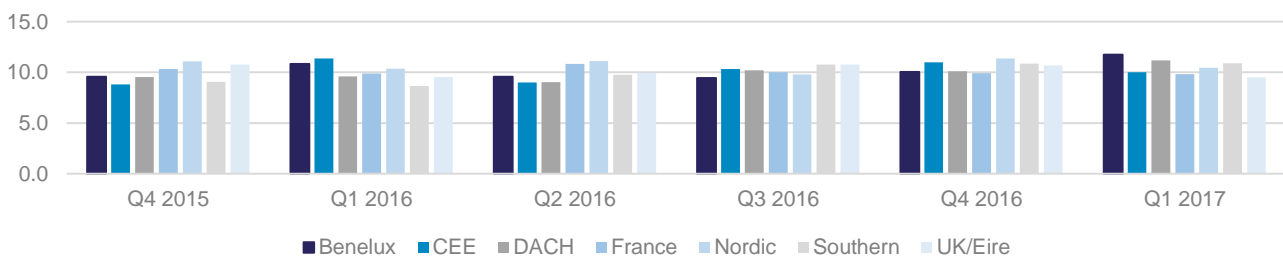
Quarterly average multiples – by region

Significant inflation continues in Benelux, UK/Eire the best value region

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Average	St. Dev
Benelux	9.6	10.8	9.6	9.4	10.0	11.8	10.1	2.0
CEE	8.8	11.4	9.0	10.3	11.0	10.0	10.2	3.4
DACH	9.5	9.6	9.0	10.2	10.1	11.2	9.8	2.2
France	10.3	9.9	10.8	10.0	9.9	9.8	10.1	1.9
Nordic	11.1	10.4	11.1	9.8	11.4	10.5	10.7	2.7
Southern	9.1	8.6	9.7	10.8	10.9	10.9	9.9	3.4
UK/Eire	10.8	9.5	10.0	10.8	10.7	9.5	10.3	2.8
Europe	10.1	9.8	10.1	10.3	10.6	10.1	10.2	2.6

- These charts analyse the quarterly multiples by region for the 6 quarters ending 31 March 2017
- In Q1 17, average multiples across Europe have continued to cluster at between 9.5x and 11.5x
- Benelux has seen price inflation over the last three quarters and is now the hottest region driven by high TMT sector multiples
- France has seen stable multiples of c10x for the last three quarters, though has seen a gradual decline from its Q2 16 peak
- The UK/Eire region has seen steady deflation with multiples falling from 10.8x in Q3 2016 to only 9.5x in Q1 17 making it the best value region
- Nordic region multiples have dropped back to 10.5x, in line with its longer term average of 10.7x, after seeing a spike in Q4 16
- The DACH region has seen significant price inflation in Q1 17 up to 11.2x, well above its long term average. This has been driven by high multiple deals in both Financial Services and TMT
- Multiples in the Southern region have been materially above their long term average at c11x for the past three quarters
- The highest variance in multiples across the 6 quarters was seen in CEE and Southern and the lowest variation in France

Quarterly average multiples - by region



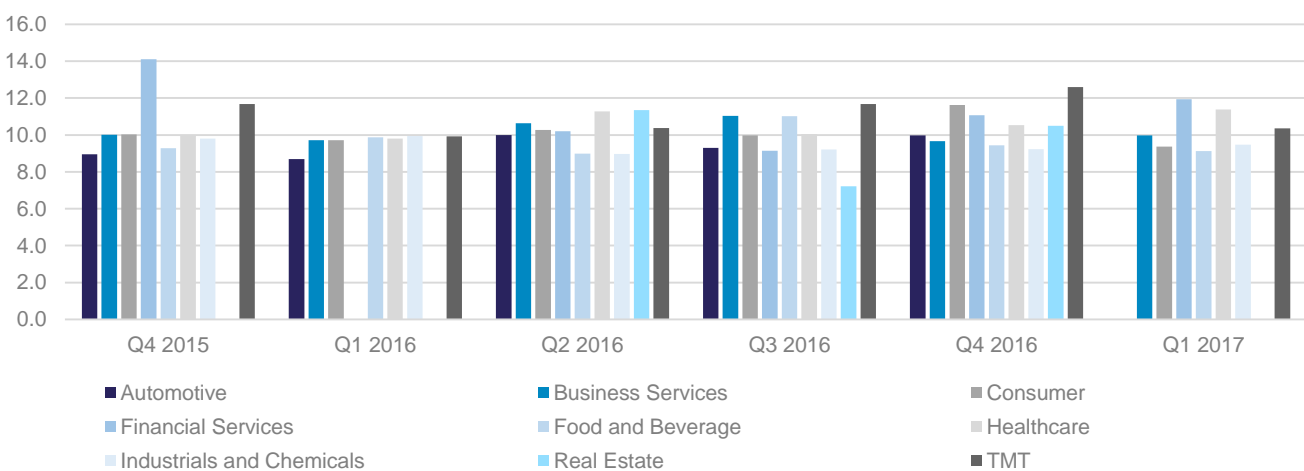
Quarterly average multiples – by region

Significant inflation continues in Benelux, UK/Eire the best value region

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Average	St. Dev
Automotive	9.0	8.7	10.0	9.3	10.0	-	9.2	1.1
Business Services	10.0	9.7	10.6	11.0	9.7	10.0	10.3	2.5
Consumer	10.0	9.7	10.3	10.0	11.6	9.4	10.3	2.9
Financial Services	14.1	-	10.2	9.1	11.1	11.9	11.3	2.1
Food and Beverage	9.3	9.9	9.0	11.0	9.4	9.1	9.7	2.7
Healthcare	10.0	9.8	11.3	10.0	10.5	11.4	10.5	2.0
Industrials and Chemicals	9.8	9.9	9.0	9.2	9.2	9.5	9.4	2.1
Real Estate	-	-	11.3	7.2	10.5	-	10.4	2.3
TMT	11.7	9.9	10.4	11.7	12.6	10.4	11.1	3.4
Europe	10.1	9.8	10.1	10.3	10.6	10.1	10.2	2.6

- These charts analyse the quarterly multiples by sector for the 6 quarters ending 31 March 2017
- Financial Services returns to being the hottest sector at 11.9x with multiples back above its long term average
- The Healthcare sector has seen steady price inflation and is now at a six quarter peak at 11.4x
- The TMT sector has seen a material drop in multiples to 10.4x in Q1 17, back to the level seen in Q2 16
- The Consumer sector has also seen a significant drop in Q1 17 back to 9.4x, well below its long term average
- Best value found in Food and Beverage at 9.1x, having seen declining multiples for the past three quarters
- Industrials and Chemicals sector multiples continue to be stable at around the long term average, still offering good value opportunities at 9.5x
- Business Services multiples were also stable at 10.0x, but still marginally below the long term average
- The highest volatility across the six quarters was seen in TMT and smallest deviation in Automotive

Quarterly average multiples - by sector



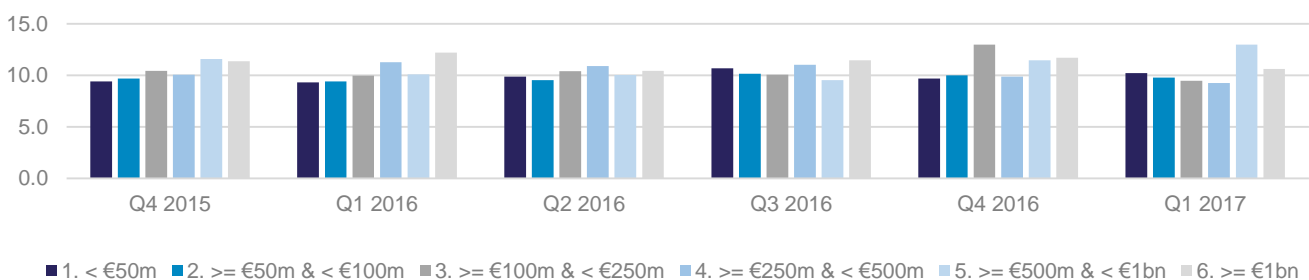
Quarterly average multiples – by deal size

€500m to €1bn the hottest deal range, best value in €250m to €500m deal size

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Average	St. Dev
1. < €50m	9.4	9.3	9.9	10.7	9.7	10.2	9.9	3.2
2. >= €50m & < €100m	9.7	9.4	9.5	10.2	10.0	9.8	9.7	2.3
3. >= €100m & < €250m	10.4	10.0	10.4	10.1	13.0	9.5	10.4	2.4
4. >= €250m & < €500m	10.1	11.3	10.9	11.0	9.9	9.3	10.4	2.2
5. >= €500m & < €1bn	11.6	10.1	10.0	9.6	11.5	13.0	10.9	2.5
6. >= €1bn	11.4	12.2	10.4	11.5	11.7	10.6	11.2	2.6
Europe	10.1	9.8	10.1	10.3	10.6	10.1	10.2	2.6

- These charts analyse the quarterly multiples by sector for the 6 quarters ending 31 March 2017
- Financial Services returns to being the hottest sector at 11.9x with multiples back above its long term average
- The Healthcare sector has seen steady price inflation and is now at a six quarter peak at 11.4x
- The TMT sector has seen a material drop in multiples to 10.4x in Q1 17, back to the level seen in Q2 16
- The Consumer sector has also seen a significant drop in Q1 17 back to 9.4x, well below its long term average
- Best value found in Food and Beverage at 9.1x, having seen declining multiples for the past three quarters
- Industrials and Chemicals sector multiples continue to be stable at around the long term average, still offering good value opportunities at 9.5x
- Business Services multiples were also stable at 10.0x, but still marginally below the long term average
- The highest volatility across the six quarters was seen in TMT and smallest deviation in Automotive

Quarterly average multiples - by size range



Multiples Heatmap

Overview



The unquote” research team, our sector groups and European offices have collected data on **1914 deals** across Europe between the **1st of January 2014** and the **31st of March 2017**

The analysis identifies where multiples are highest across regions and sectors, and the direction of those multiples over time



The objective is to assist private equity investors in assessing which regions and sectors present good investment opportunities

Since the initial launch of the Heatmap in November 2015, data collected has seen continuous improvement in comprehensiveness and quality



As we move forward, we hope to continue to build the community of private equity investors who are happy to share data confidentially so we can continue to improve the quality of the data and analysis

Any feedback on additional ideas of useful analysis is welcomed!



WWW.CLEARWATERINTERNATIONAL.COM

CHINA • DENMARK • FRANCE • GERMANY • IRELAND • PORTUGAL • SPAIN • UNITED KINGDOM • US

