

Multiples Heatmap Analysis | Q2 2017 update



Multiples Heatmap

Introduction



The unquote” research team, alongside Clearwater International’s sector groups and European offices, has collected data on 2,138 private equity deals across Europe between 1 January 2014 and 30 June 2017

The analysis identifies where EV/EBITDA 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!



Multiples Heatmap

Introduction



Close clustering of multiples across all regions for the six quarters ending **30 June 2017** around the average of **10.3x** but price inflation seen across Europe in Q2 2017 up to **10.8x**

All sectors, other than Financial Services, saw increased multiples in Q2 2017 with only TMT average multiples being below the longer term average



Financial Services remains the hottest sector over the period with an average multiple of **11.1x**, but Real Estate was the hottest sector in Q2 2017 with an average multiple of **12.2x** driven by a high value Benelux transaction

The Nordic region had the highest multiples over the six quarters at **10.9x**, and was the hottest region in Q2 2017 seeing significant price inflation up to **11.8x**



Best value opportunities across the period have been seen in Automotive (**9.5x**) and Industrials and Chemicals (**9.5x**), those sectors also seeing best value opportunities in Q2 2017 at **10.0x** and **10.1x** respectively

The lowest multiples over this period were seen in the DACH region at **10.0x**, but the Southern region's price deflation to **9.9x** made it the best value



The average multiples across the period gradually increased with deal size, however the **€1bn+** deal range was the hottest at **11.5x** and also in Q2 2017 at **13.3x**

Average multiples by sector by region

Q1 2016 - Q2 2017

	Automotive	Business Services	Consumer	Financial Services	Food and Beverage	Healthcare	Industrials and Chemicals	Real Estate	TMT	Grand Total
Benelux	-	11.5	8.6	-	10.1	10.6	10.5	15.1 ³	10.8	10.5
CEE	-	-	11.2	-	4.8 ²	11.8	-	-	10.9	10.6
DACH	9.9	10.4	10.1	12.7 ¹	9.4	10.5	9.2	10.5	10.8	10.0
France	8.7	9.5	10.0	11.8	11.8	11.8	10.0	13.6 ⁴	10.0	10.1
Nordic	11.7	10.9	10.9	11.3	11.2	11.7	10.2	10.4	11.4	10.9
Southern	6.7	10.6	10.3	11.8	10.1	9.8	9.3	-	11.6	10.1
UK/Eire	9.9	10.6	10.9	10.3	10.0	10.3	8.7	8.8	11.1	10.2
Grand Total	9.5	10.5	10.5	11.1	10.1	10.8	9.5	10.9	10.9	10.3

¹ Outlier multiple driven by a €700m transaction in Q3 2016

² Outlier multiple driven by a low multiple transaction in Poland in Q4 2016

³ Outlier multiple driven by €3bn Q-Park transaction in Q2 2017

⁴ Outlier multiple driven by €1.8bn Focnia transaction in Q2 2016

- § This chart analyses the average multiples by sector by region for the six quarters ended 30th June 2017
- § Six-quarter trailing EV/EBITDA average has increased from 10.2x to 10.3x, driven by growing acquisition multiples in the second quarter of 2017
- § Nordic region saw the highest average multiple for the fifth consecutive six-quarter period, driven by a high volume of high multiple TMT deals
- § Southern and DACH regions have caught up with UK/Eire and France with average multiples across the period for those four regions clustering at 10.0x to 10.2x
- § Last six quarters saw best value opportunities represented by the Industrial and Chemicals and Automotive sectors, both with average multiples of 9.5x
- § For the first time since the initiation of our PE multiples coverage, all regions have reached double-digit six-quarter trailing averages
- § Excluding the outliers, Financial Services in both France and Southern, Food and Beverage in France and Healthcare in CEE have been the hottest sectors at average multiples over the period of 11.8x
- § The Financial Services sector attracted high multiples of in excess of 11.0x over the past six quarters, closely followed by the Real Estate and TMT sectors, both averaging 10.9x six-quarter trailing multiples
- § All regions have seen average TMT multiples in excess of 10.0x with the Southern region particularly hot at 11.6x

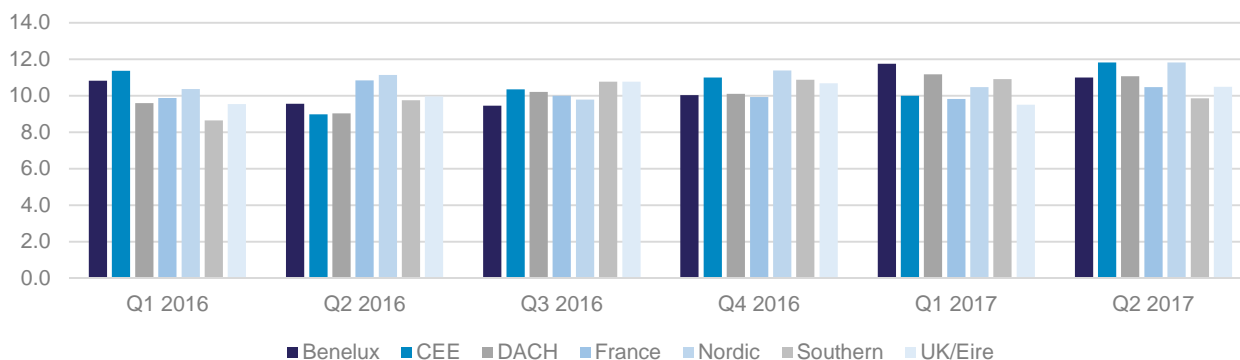
Quarterly average multiples – by region

Q1 2016 - Q2 2017

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Average	St. Dev
Benelux	10.8	9.6	9.4	10.0	11.8	11.0	10.5	2.1
CEE	11.4	9.0	10.3	11.0	10.0	11.8	10.6	3.5
DACH	9.6	9.0	10.2	10.1	11.2	11.1	10.0	2.4
France	9.9	10.8	10.0	9.9	9.8	10.5	10.1	2.0
Nordic	10.4	11.1	9.8	11.4	10.5	11.8	10.9	2.7
Southern	8.6	9.7	10.8	10.9	10.9	9.9	10.1	3.6
UK/Eire	9.5	10.0	10.8	10.7	9.5	10.5	10.2	2.8
Europe	9.8	10.1	10.3	10.6	10.1	10.8	10.3	2.7

- § This charts analyses the quarterly multiples by region for the six quarters ending 30th June 2017
- § Nordic and CEE regions saw the highest average multiples in Q2 2017 at 11.8x
- § High Nordic multiples have been driven by three large transactions in excess of €500m and a high number of highly priced acquisitions in the TMT sector
- § CEE region multiple was driven by a high value healthcare transaction
- § DACH region multiples continue to be high averaging 11.1x in Q2 2017. High profile deals including the acquisitions of luxury watch brand Breitling and education group Schülerhilfe have driven average multiples up
- § High enterprise value transactions in France pushed the region's average multiple above Q1 2017 values and its longer term average
- § UK/Eire average multiple saw a recovery in Q2 2017 to back above its six-quarter average
- § Highest volatility continued to be seen in CEE and Southern regions with lowest variances in France and Benelux

Quarterly average multiples - by region



Quarterly average multiples – by sector

Q1 2016 - Q2 2017

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Average	St. Dev
Automotive	8.7	10.0	9.3	10.0	-	10.0	9.5	1.8
Business Services	9.7	10.6	11.0	9.7	10.0	10.8	10.5	2.7
Consumer	9.7	10.3	10.0	11.6	9.4	11.0	10.5	3.0
Financial Services	-	10.2	9.1	11.1	11.9	11.2	11.1	2.0
Food and Beverage	9.9	9.0	11.0	9.4	9.1	11.9	10.1	2.9
Healthcare	9.8	11.3	10.0	10.5	11.4	11.5	10.8	1.9
Industrials and Chemicals	9.9	9.0	9.2	9.2	9.5	10.1	9.5	2.2
Real Estate	-	11.3	7.2	10.5	-	12.2	10.9	2.8
TMT	9.9	10.4	11.7	12.6	10.4	10.7	10.9	3.3
Europe	9.8	10.1	10.3	10.6	10.1	10.8	10.3	2.7

§ This charts analyses the quarterly multiples by sector for the six quarters ending 30th June 2017

§ All sectors have seen double digit average multiples in Q2 2017

§ Real Estate was the hottest sector in Q2 2017, driven by KKR’s acquisition of Netherlands-based car parks owner Q-Park in a deal valuing the company at €2.95bn and 15.1x EBITDA multiple

§ Food and Beverage sector saw significant price inflation up to 11.9x, driven by large transactions in Southern, Nordic and UK/Eire regions

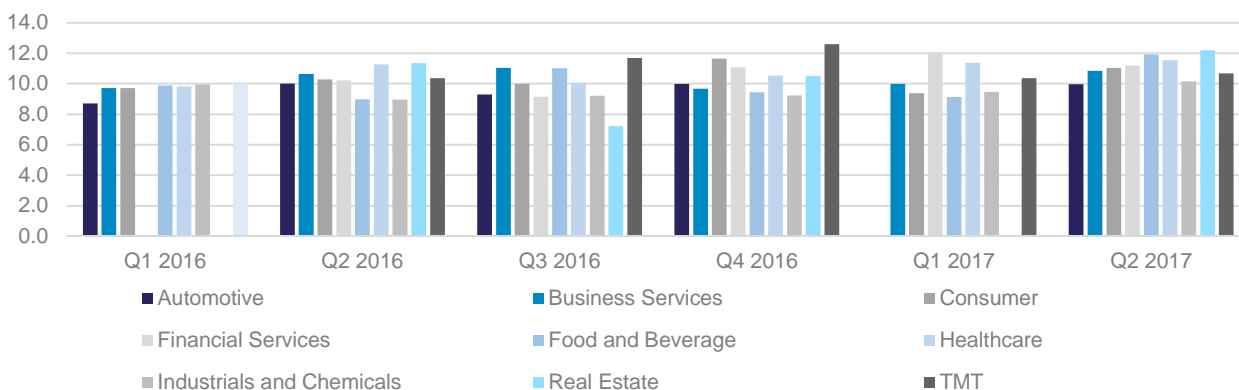
§ The Consumer sector has also seen a surge in average multiples, largely due to a higher volume of larger transactions in Nordic and Benelux regions

§ TMT, Healthcare and Business Services have all seen a small increase in average multiples in Q2 2017

§ Industrials and Chemicals sector saw a double digit average quarterly multiple for the first time since Q3 2015

§ Highest volatility continues to be seen in TMT and most stability in Automotive

Quarterly average multiples - by sector



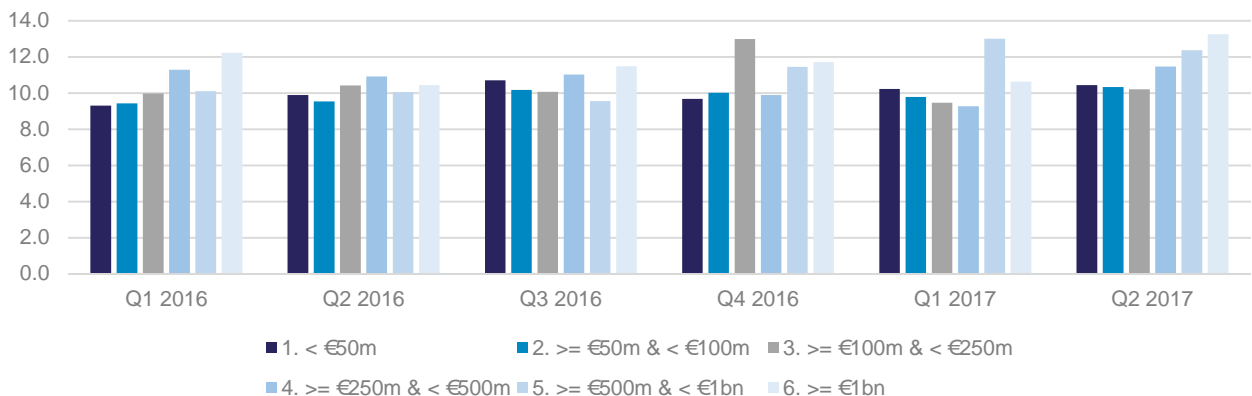
Quarterly average multiples – by deal size

Q1 2016 - Q2 2017

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Average	St. Dev
1. < €50m	9.3	9.9	10.7	9.7	10.2	10.4	10.1	3.2
2. >= €50m & < €100m	9.4	9.5	10.2	10.0	9.8	10.3	9.9	2.5
3. >= €100m & < €250m	10.0	10.4	10.1	13.0	9.5	10.2	10.3	2.4
4. >= €250m & < €500m	11.3	10.9	11.0	9.9	9.3	11.5	10.7	2.3
5. >= €500m & < €1bn	10.1	10.0	9.6	11.5	13.0	12.4	11.1	2.6
6. >= €1bn	12.2	10.4	11.5	11.7	10.6	13.3	11.5	2.8
Europe	9.8	10.1	10.3	10.6	10.1	10.8	10.3	2.7

- § This chart analyses the quarterly multiples by deal size for the six quarters ending 30th June 2017
- § Deals valued over €1bn returned to being the hottest in Q2 2017 with an average multiple of 13.3x
- § Multiples of deals in the €500m - €1bn range have dropped in the last quarter but are still significantly higher than in preceding quarters
- § Deals under €250m have seen a close clustering of average multiples, broadly in line with their longer term averages
- § Lowest average multiple in Q2 2017 was seen for deals in the €100m - €250m range
- § Highest volatility continues in < €50m deal range and greatest consistency of multiples across the €50m - €500m range

Quarterly average multiples - by deal size



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