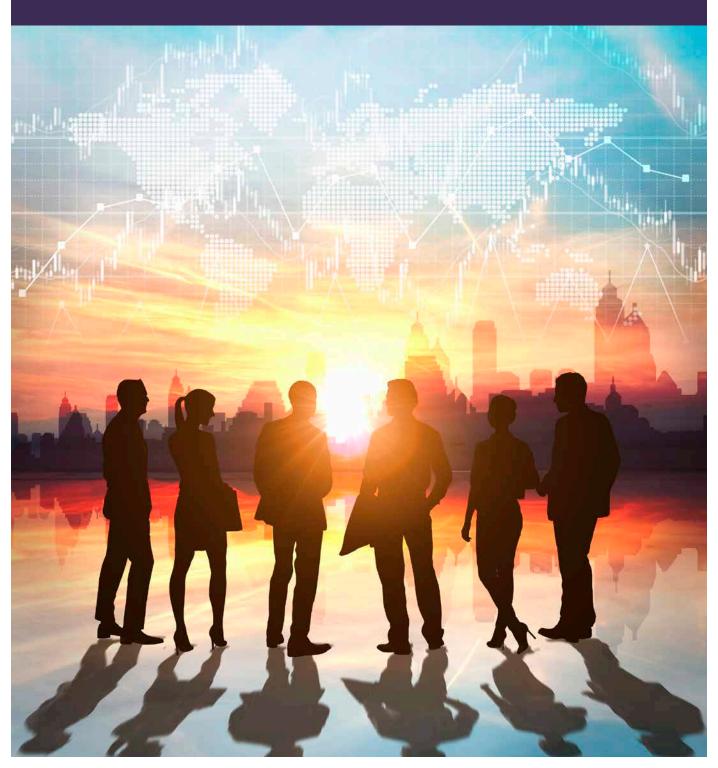


## 2017 ANNUAL PRIVATE EQUITY REVIEW











Michael Earley







Patrick Stafford

## A MESSAGE FROM OUR GLOBAL PRIVATE EQUITY PRACTICE LEADERS

Despite the continued downward trend following record levels in 2015, 2017 was the fourth-strongest annual period in the history of dealmaking on a global basis. We are proud to report that Jones Day once again ranked #1 globally in the Thomson Reuters and Bloomberg league tables for number of PE and M&A transactions in 2017, maintaining a position we have held for 69 consecutive calendar quarters—every quarter since year-end 2000. We are honored by our clients' continuing trust and their willingness to turn to us for assistance in their most critical transactions around the world.

Worldwide transactional (private equity and M&A combined) deal volume was \$3.4 trillion in 2017, down 5.6 percent from the prior year. The fourth quarter, however, was particularly strong, bringing \$1.1 trillion of deals (up 33 percent from the third quarter, and the third year in a row in which the fourth quarter topped \$1 trillion). While a slowdown in U.S. deal activity (which generally makes up 50–60 percent of global deal volume) dragged the overall numbers down, European M&A was up 17 percent.

The story of M&A since the Financial Crisis has really been driven by strategic buyers—corporate buyers have been fueled by strong balance sheets, an extremely favorable deal financing environment, tepid organic growth, and increased CEO confidence. Those factors, together with the ever-present advantages that corporate buyers have over private equity buyers (e.g., the ability to extract synergies, the luxury of longer hold periods, and a lower cost of capital), led to fierce competition for targets and also allowed strategic buyers to lead the way over this period, including in 2015 and 2016. But the tide turned a bit in 2017 due to a variety of factors, including the hangover from a busy dealmaking period in 2015 and 2016, uncertainties as to the tax policy for nearly all of 2017 (the actual specifics did not really crystalize until very late in the year), increasing equity valuations, and a drop in China outbound activity. The decrease in strategic M&A activity allowed sponsors the opportunity to step in and fill the gap. Buyouts were up roughly 20 percent in 2017, with buyside financial sponsor activity representing more than 18 percent of global activity—close to the 20 percent levels achieved in the lead-up to the Financial Crisis.



And there is a lot to be optimistic about for 2018. There was a major uptick in deal activity in the fourth quarter, debt is still extremely cheap, and most of the other macrofactors, like low organic growth, remain favorable for M&A activity. In addition to that, not only has the uncertainty of the tax policy been eliminated for the most part, the GOP tax plan should, on balance, be positive. And while a robust M&A pipeline can create challenges for private equity due to the competitive factors mentioned above, an environment favoring investment is an environment favoring private equity. The record level of private equity fundraising in 2017 is unquestionably a sign of confidence in near-term PE investment opportunities, and while most of the commentary about the tax law has been focused on corporate tax buyers, the consensus seems to be that the tax plan, including the lower corporate tax rate, the retention of carried interest, and the ability to fully expense capital expenditures, also favors private equity on the whole.

Beyond that, many of the high-profile strategic transactions which garnered so much attention in recent months are not just about corporate buyers getting bigger—they are about companies stepping out into areas which are important for the future of their businesses, but not necessarily within the purview of what these companies have done before. Synergies should be harder to find for corporate buyers in these types of transactions because it's not just about adding more of the same, it's about new lines of business. This naturally shrinks their competition edge in auctions over sponsors.

And so we believe 2018 is going to be a great year, as evidenced by the hot start thus far. The following pages, although just a sample of the private equity deals undertaken by the Firm in 2017, highlight transactions that exemplify the breadth and scope of our private equity clients' focus as well as the geographic reach of our truly global practice, now one of the world's largest. Regardless of region, industry, jurisdiction, or deal type, our comprehensive approach to private equity continues to enable us to navigate our clients through increasingly complex, sophisticated and, in many cases, global private equity transactions.

As always, we are grateful for your support, and we look forward to partnering with you in 2018.

Andrew Levine | Michael Earley | Renaud Bonnet | Patrick Stafford



## **ACCOLADES**

#### **TOP-RANKED 2017 TRANSACTIONAL PRACTICE**

Globally by *Thomson Reuters* and *Bloomberg* in deal count for 69 consecutive calendar quarters.

Globally by *Bloomberg* in deal count for Mid-Market deals up to \$500 million and \$250 million.

Globally by *Bloomberg* in deal value for Private Equity deals up to \$250 million.

In the U.S. and Western & Eastern Europe by *Bloomberg* and in France by *Thomson Reuters* in deal count for Mid-Market deals up to \$500 million.







## REPRESENTATIVE 2017 LBO TRANSACTIONS



#### \$4 billion

Sale of portfolio company Signode to Crown Holdings, Inc.



#### £1.77 billion

Acquisition of Holland & Barrett



#### ¥254.8 billion

Sale of remaining stake in Universal Studios Japan to Comcast NBCUniversal



#### \$703 million

Acquisition of Teva Pharmaceutical Industries' international Women's Health assets



#### \$525 million

Acquisition of CORSAIR from Francisco Partners



Acquisition of Hunter Well Science Ltd. by portfolio company



Sale of Harvey Performance Company



#### \$4.4 billion

Acquisition of Monogram Residential Trust, Inc.

#### **INVESTCORP**

#### €605 million

Sale of Esmalglass to Lone Star Fund X



Sale of QHotels Group to Aprirose



Refinance and sale of National Car Parks Limited



Investment in Suzhou CMC Investment Center



## REPRESENTATIVE 2017 LBO TRANSACTIONS



Acquisition of Ibis Tek

### Morgan Stanley

Acquisition of Fisher Container Holdings and Fisher Container



Acquisition of ChamSys Ltd. by portfolio company Chauvet

#### **One Equity Partners**

Acquisition of OneLink Holdings, S.A.



#### \$1.3 billion

Acquisition by consortium led by Warburg Pincus



#### \$152 million

Sale of Crosman Corporation to Compass Diversified Holdings

J.F. Lehman & Company

Acquisition of PSSC Holding Co. and BEI Precision Systems & Space Company, Inc.



Acquisition of Clifford Thames Group



#### R\$1.0 billion

Acquisition of minority stake in Algar Telecom



Acquisition of Fotona from The Gores Group



Acquisition of Strauss Lock Distributors



Acquisition of Top of the World



## REPRESENTATIVE 2017 LBO TRANSACTIONS



Acquisition of The Ritedose Corporation from Olympus Partners



Acquisition of American International Chemical Inc.



Acquisition of a majority stake in WaterFleet LLC



Acquisition by portfolio company Alpha Packaging of a plant in the Netherlands from Graham Packaging Company



Acquisition of the London and Birmingham Hilton Metropole hotels



Acquisition of RESA Power, LLC



Acquisition of certain assets of National Label Company



#### \$118 million

Investment in Armor Defense, Inc.



Acquisition of Logical Freight Solutions P/L



Acquisition of DreamLine



## REPRESENTATIVE 2017 FUND FORMATION MATTERS



#### \$418 million

Formation of Riverside Strategic Capital Fund I, L.P.



#### £110 million

Formation of True Capital II LP



#### \$700 million

Formation of StepStone Real Estate Partners III



#### \$2 billion

Formation of Kildare European Partners II



#### £400 million

Formation of Henley Secure Income Property Unit Trust



#### €250 million

Formation of Quaero European Infrastructure Fund



#### \$100 million

Formation of Asia Capital Real Estate Fund 3



#### €1.5 billion

Formation of Orion European Real Estate Fund V



#### €70 million

Formation of Truffle Financial Innovation Fund

#### Meyer Bergman

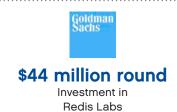
#### €666 million

excluding associated sidecar vehicles

Formation of Meyer Bergman European Retail Partners III



## REPRESENTATIVE 2017 VENTURE CAPITAL TRANSACTIONS



## **FRICHTI**

Issuance of Series B Convertible Preferred Stock



Investment in Cell Medica



Investment in Chronotruck



Investment in Snack Connection B.V.

#### Cavallo Ventures Inc.

Investment by Wilbur-Ellis affiliate in AgCode, Inc.



Investment in E.care byba



CREATING FOR PEOPLE

\$75 million Series D round of Actility

## **Brookfield**

\$68 million round

Investment in Convene



€60 million Series C round led by General Atlantic



Investment in Argentum Medical, LLC



€40 million round

Investment in Younited Crédit



# REPRESENTATIVE 2017 PRIVATE EQUITY-RELATED PUBLIC COMPANY TRANSACTIONS



#### \$3.2 billion

Sale of Atotech B.V. to The Carlyle Group



#### \$1.25 billion

Acquisition of GCA Services Group from Thomas H. Lee and Goldman Sachs



Investment in UPMEM



#### \$240 million

Sale of
Winter Sports businesses to
Kohlberg & Company



Acquisition of Luciad from GIMV

### **Hansteen**

#### €1.28 billion

Sale of German and Dutch property portfolios to entities advised by affiliates of The Blackstone Group and M7 Real Estate



Sale of RéVive Skincare brand by Shiseido Americas Corporation to affiliate of Tengram Capital Partners



#### \$115 million

Sale of Designed Structures and Solutions business to Arsenal Capital Partners



Investment in BodyShopBids, Inc.



#### \$300 million

Acquisition of Align Midstream, LLC, from Tailwater Capital



## RECENT 2018 PRIVATE EQUITY TRANSACTIONS



Sale of majority interest to Clayton, Dubilier & Rice



Investment in Key Safety Systems for purchase of global assets of Takata Corporation from bankruptcy



Acquisition of C2G International by Vidaris affiliate IBA Holdings



Acquisition of Paroc Group from CVC Capital Partners



Formation of European Long Term Investment Fund



Acquisition of majority stake in Airtech Group

## Group of Investors in Ring Inc.

Sale of Ring to Amazon.com



Investment in Marolina Outdoor Inc.

J.F. Lehman & Company

Acquisition of Waste Control Specialists



Formation of Curlew Student Trust Fund II



Acquisition of Real Property Management



Investment in Gelesis, Inc.



#### LAWYER CONTACTS

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Sydney

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#### Jones Day's Global Locations

**ALKHOBAR CHICAGO FRANKFURT** MEXICO CITY **PARIS SHANGHAI** AMSTERDAM CLEVELAND HONG KONG SILICON VALLEY MIAMI PFRTH ATLANTA COLUMBUS HOUSTON MILAN **PITTSBURGH SINGAPORE** DALLAS MINNEAPOLIS SYDNEY BEIJING **IRVINE** RIYADH BOSTON DETROIT LONDON MOSCOW SAN DIEGO TAIPEI BRISBANE DURAL LOS ANGELES MUNICH SAN FRANCISCO TOKYO **BRUSSELS** DÜSSELDORF MADRID **NEW YORK** SÃO PAULO WASHINGTON