

IPEM

JANUARY 28, 29, 30, 2020
CANNES - FRANCE

2020 VISION:

What the next 12 months will bring
for private equity

*European GPs make their predictions ahead of IPEM,
the greatest private capital trade exhibition in Europe*

This 2nd annual survey gauges the mood and outlook of European private equity fund managers for 2020. It was conducted with the support of 10 national private equity associations from France (France Invest), UK (BVCA), Germany (BVK), Switzerland (SECA), Austria (AVCO), Netherlands (NVP), Belgium (BVA), Spain (ASCRI), Portugal (APCRI) and Italy (AIFI). In total, 370 interviews were completed online (28 questions) from Sept. 30th, 2019 to Dec. 18th by the CSA institute.

SURVEY CONDUCTED WITH THE SUPPORT OF:

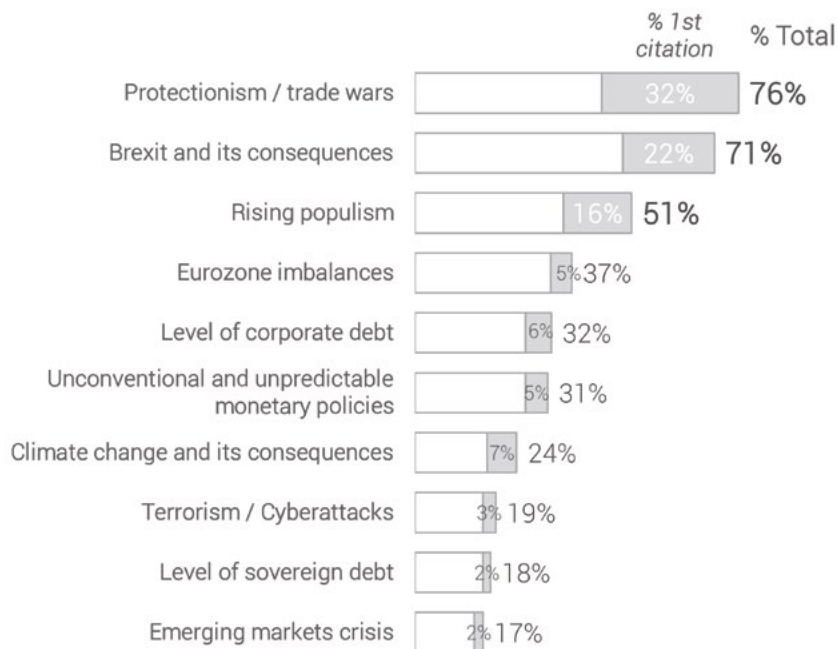


Despite an overwhelming sense that the most protracted bull run in history is drawing to a close, only 40 percent of European GPs fear a major economic correction over the next 12 months, according to the IPEM 2020 Pan European survey, which has gauged the opinion of 370 managers with the support of ten national private equity equity associations.

And while a significant 56 percent of respondents fear that the business environment will deteriorate in the year ahead, concerns over Brexit have abated – at least for GPs outside of the UK – nevertheless the proportion of pessimists is lower than when the same survey was conducted last year.

EXHIBIT 1

WHAT TYPE OF EXTERNAL THREATS WILL THE EUROPEAN PRIVATE CAPITAL INDUSTRY FACE IN 2020?



Bringing together over 2,900 GPs, LPs, and advisers for three days of insight and debate in Cannes, the IPEM 2020 Exhibition is tackling the prospect of a downturn head on. KKR Chairman David Petraeus answers if we are entering a new decade of instability, while Nicholas Brooks, Head of Economic and Investment Research at ICG, discusses whether Europe is heading for an imminent recession.

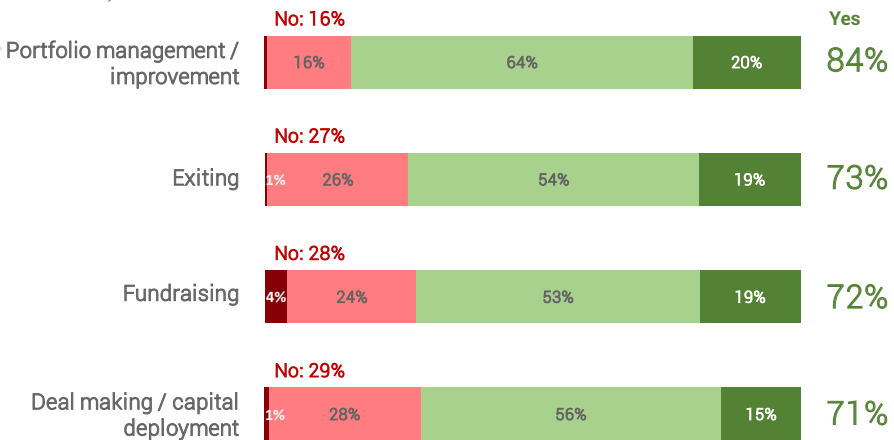
But the truth is, that despite growing unease over a rise in both protectionism and populism across the world's economies, the European private equity industry is optimistic about the opportunities that 2020 will bring. Almost three quarters of respondents believe the fundraising environment will be buoyant, with close to two-thirds planning new fund launches and a third planning to embark on new strategies.

With a strong appetite from asset managers, family offices, insurance companies and pension funds, Europe's GPs also expect new entrants to appear on the horizon – 59 percent of respondents expect the number of GPs to increase in the coming months, most notably in the Benelux region. Indeed, IPEM is hosting a New Managers Summit to help these nascent GPs across the fundraising line.

EXHIBIT 2

IN YOUR MARKETS, DO YOU CONSIDER 2020 AS A GOOD YEAR FOR:

- Yes, certainly
- Yes, probably
- No, probably not
- No, certainly not



A HIGH PRICE TO PAY

While LPs continue to flock to private markets in search of outsized returns in a low interest rate world, these asset classes are not without their challenges. High valuations continue to top the charts in terms of what keeps GPs awake at night. An overwhelming 86 percent of respondents cited stratospheric prices as an important issue for the industry, up from 79 percent last year.

More worryingly still, over 40 percent of GPs expect valuations to continue to climb in 2020, making it increasingly difficult to identify attractive investment opportunities. Small and mid-cap managers are particularly concerned about competition and pricing. Fundraising prospects are also weaker in this part of the market. Among the all-star panel, Benoit Vauchy, Partner, IC member buyout & growth funds at Permira is here at IPEM to tell us "How challenging is the environment out there?" and provide insider knowledge to the future to come.

EXHIBIT 3

STRETCHED VALUATIONS ARE HERE TO STAY...

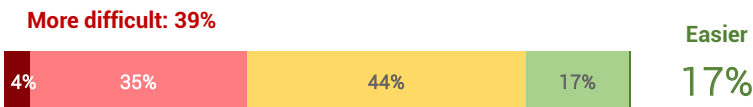
• In your markets, how do you expect target valuations to evolve in 2020 compared to 2019?

■ Significantly decrease ■ Slightly decrease ■ Remain the same ■ Slightly increase ■ Significantly increase



• In your markets, will it be easier or more difficult to find attractive investment opportunities in 2020 compared to 2019?

■ Significantly more difficult ■ Slightly more difficult ■ Remain the same ■ Slightly easier ■ Significantly easier



INVESTMENT HOT SPOTS

The pharmaceutical and healthcare industries came out on top as the number one target sector for buyout funds in Europe, cited by 72 percent of respondents as an area of interest, a sharp increase on last year. IPEM has enlisted the support of partners at MTIP, GHQ Capital and Sofinnova Partners to explore the healthcare opportunities on offer.

Cyber security, meanwhile, has made a remarkable entrance among the top three most attractive segments for venture capital and growth investors. In terms of geography, it appears that Italy may be making a comeback. Italian GPs were the most optimistic respondents with 30 percent claiming that 2020 will be better than 2019.

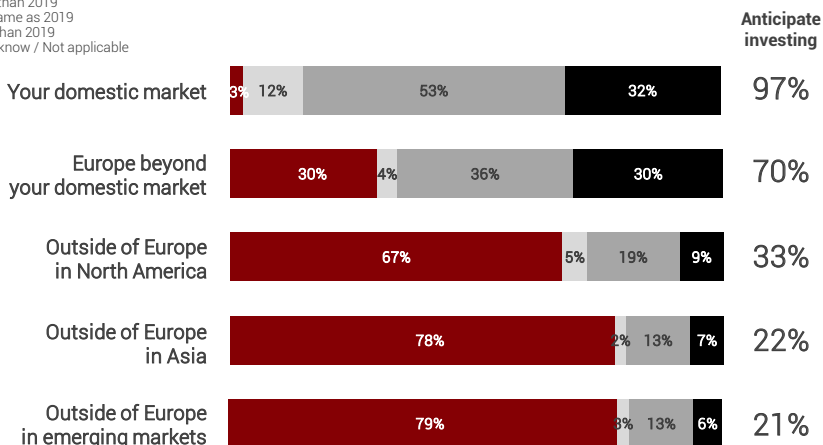
Scale and breadth are also buzz words this year, as cross-border deals are expected to gain momentum. GPs are increasingly looking beyond their domestic territory – 70 percent of respondents plan to invest outside their home country, while a third are contemplating opportunities in North America, 22 percent in Asia and 21 percent in emerging markets.

Johnny El Hachem, the chief executive of Edmond de Rothschild Private Equity, will be amongst those exploring the rise of pan European platforms at IPEM. Amongst others, Herve Schricke, president of France Invest's Africa Club, is leading the discussion among with others at the Emerging Markets Summit. Those expounding Asia's opportunities include Cathay Capital's Edouard Moinet.

EXHIBIT 4

GEOGRAPHICALLY, DO YOU ANTICIPATE INVESTING IN 2020 IN...

- More than 2019
- The same as 2019
- Less than 2019
- Don't know / Not applicable



A COMING OF AGE

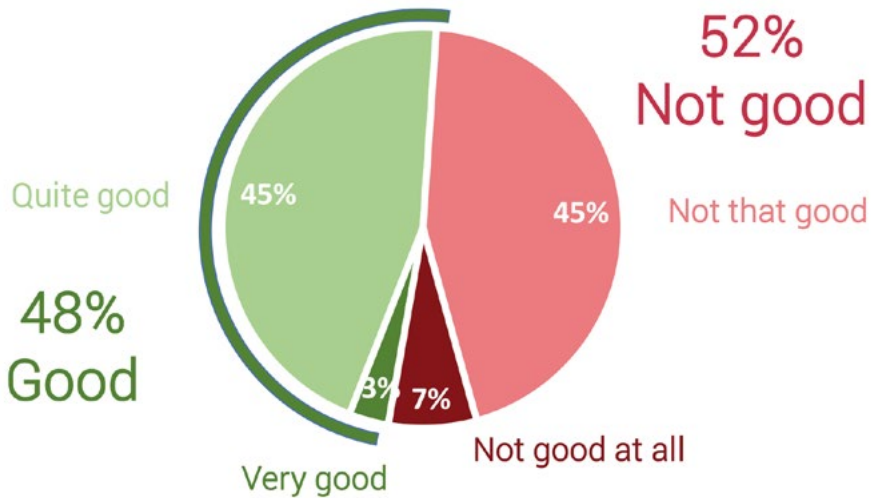
The survey also reveals a clear recognition that private equity's stakeholders extend beyond a firm's limited partner base. The industry is increasingly aware of its impact on the broader economy, with 36 percent of respondents citing job creation as a clear contribution of the asset class. Private equity is also supporting the technological transformation of the continent, respondents say.

Europe's GPs recognize that they cannot solve all of society's problems, however, with only nine percent believing they can have a positive impact on climate change. Nonetheless, ESG is now the second most important internal priority for fund managers, after talent management, mentioned by 48 percent of GPs, up from 36 percent last year.

IPEM's dedicated ESG Summit considers how ESG engagement creates value for investors and how to spot genuine ESG integration, with the help of partners from Nordic Capital, Bridges Ventures, Robeco, KKR and others.

This multi-faceted industry maturation is reflected in its improvements in the asset class's reputation. While a little over half of respondents believe that private equity continues to be viewed in a poor light, there is clear evidence of a shift in perspective, particularly in the Italian, Iberian and DACH markets. Nonetheless, PGGM's director of private equity, Harrie Van Rijbroek will join Eurazeo's Olivier Millet, in debating the reputational issues that private equity continues to face.

ACCORDING TO YOU, WHAT IS THE PUBLIC PERCEPTION OF THE PRIVATE EQUITY / VENTURE CAPITAL INDUSTRY AND ITS ECONOMIC ROLE?



"Despite the palpable caution of private equity professionals about the European economy, this barometer outlines the excellent mood of the industry at the start of 2020," says Antoine Colson, chief executive at IPEM.

"While the high valuation environment is expected to last - and even worsen - European GPs are showing strong confidence in their model and in the asset class. The expected increase in cross-border deals is also confirming that private equity has really become an industry at a continental scale. Another fascinating finding is the emergence of a genuine European model for private equity that places its contribution to society and ESG on top of the agenda."

IPEM 2020 (5TH EDITION), CANNES PALAIS DES FESTIVALS – JAN. 28/29/30

MAKE SURE TO ATTEND THE ASSOCIATIONS' SESSIONS AND EVENTS AT IPEM 2020 "EUROPEAN DAY" (JAN. 29) FOCUSING ON:

□ FRANCE / France Invest

- *European Day opening by D. Gaillard, Chairman of France Invest*
Wed. Jan. 29 / 9:00-9:15 / Conference Room 1
- *Panel: "How French PE players are scaling up"*
Wed. Jan. 29 / 11:15-12:00 / Conference Room 1
- *Panel: "Keeping global investment flowing across Europe post Brexit"*
Wed. Jan. 29 / 12:00-12:45 / Conference Room 1
- *Panel: "PE minority deals in France, a model for the rest of Europe?"*
Wed. Jan. 29 / 15:15-16:00 / Conference Room 1
- *Women in PE cocktail*
Wed. Jan. 29 / 18:15-20:00 / Lerins Lounge (first floor)

□ GERMANY / BVK

- *DACH Networking Reception, vitamin snacks and beverages*
Wed. Jan. 29 / 11:15-12:00 / Booth E4 (Riviera)
- *Panel: "DACH, the Powerhouse of Europe"*
Wed. Jan. 29 / 12:00-12:45 / Conference Room 2

□ UK / BVCA

- *Panel: "Keeping global investment flowing across Europe post Brexit"*
Wed. Jan. 29 / 12:00-12:45 / Conference Room 1
- *Panel: "The Evolution of Europe's Largest PE/VC Market"*
Wed. Jan. 29 / 13:45-14:30 / Conference Room 1

□ Italy / AIFI

- *Panel: "Watch out, PE investors are betting again on Italy"*
Wed. Jan. 29 / 14:30-15:15 / Conference Room 1

□ Spain / ASCRI

- *Panel: "Spain is the country, Private Equity & Venture Capital is the sector and now is the time"*
Wed. Jan. 29 / 16:00-16:45 / Conference Room 2

□ Luxembourg / LPEA

- *Panel: "How family offices and investment holdings approach private markets"*
Thur. Jan. 30 / 12:00-12:45 / Conference Room 1

DON'T MISS IPEM 2020 EUROPEAN NIGHT ON WED. JAN. 29 / 18:00-20:00

COCKTAILS AND DRINKS ON THE ASSOCIATIONS' BOOTHS!

■ AIFI (E03) ■ ASCRI (E06) ■ BVCA (E01) ■ BVK (E04) ■ France Invest (E05) ■ LPEA (F01)