FINANCIAL NEWS
PRIVATE EQUITY NEWS

Mid-market continues to strike better deals

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Private equity firms in continental Europe continued to strike better mid-market deals at the end of last year as prices fell to their lowest level in six years. The average enterprise value paid for target companies fell to 5.7 times earnings before interest, tax, depreciation and amortisation in the second half of the year.

Mid-market buyout firm Argos Soditic created an index to track European buyouts worth between €15m ($20m) and €150m using figures from data provider **Epsilon Research**. Values stood at 6.1 times ebitda for the six months to June last year. Strategic buyers paid relatively more with an average enterprise value to ebitda of 6.2 times, down from 6.6 times in June.

The index, based on 109 mid-market deals last year, showed most fell in the median enterprise value to ebitda. Many transactions were excluded because they involved companies with negative ebitda. The number of mid-market buyouts was 60% down on 2008.

Despite the lower prices on offer, European mid-market fundraising fell to €7.9bn last year, according to placement agent Acanthus. It said the amount raised by mid-market firms across Europe, including non-eurozone countries, was the lowest figure since 2002's €6.6bn. Firms targeting €100m to €1bn in fundraising in the UK and France raised an aggregate €4bn while those in central and eastern Europe raised €1.5bn.

The 41 total fundraisings included 23 final closings compared with 60 in 2008, Acanthus said, and "a number of funds that started discussions with investors as early as 2008 have yet to reach a closing, while others decided to halt fundraising completely".

Acanthus warned fundraising conditions were changing as "those with capital to deploy continue to see a strong flow of secondary opportunities, often preferred to primary [fund] commitments".