



Press release

MidCapMonitor by GCA Altium: Sharp increase in alternative financing in the German LBO market

Debt funds have significantly improved their product offerings.

Munich, Frankfurt, Zurich, 14 July 2017. The German mid-cap LBO market generated another round of strong growth in the first half of 2017. The latest MidCapMonitor prepared by the investment bank GCA Altium that regularly analyses leveraged buyout finance transactions with a credit volume of between EUR 20 million and 500 million recorded 41 transactions in the first six months of 2017. This represents a rise of 46% compared with the same period last year.

The proportion of new finance transactions, that is, acquisition financing, did slip from 56% of transactions for the entire year of 2016 to 47% for the first half of 2017. At the same time, though, secondary transactions, that is, sales from private equity to private equity, slightly rose from 29% for the entire year of 2016 to 30%. "The steep rise in transactions shows that today's attractive price levels in the M&A market along with very aggressive financing markets have triggered an intensive sales push by private equity firms," said Norbert Schmitz, Managing Director of the Frankfurt office of GCA Altium.

Among banks, SEB was able to defend the market-leadership position it achieved in 2016 when the results are projected on a 12-month basis. However, Commerzbank was the most active bank in the German LBO market in the first half of 2017 with nine transactions.

In the first half of 2017, new LBO financing by banks was provided for such companies as Frostkrone, Concardis, Universal Investment, ProXES, Formel D and Europart. Recaps and refinancings were carried out at Hofmann Menü, Duran, d&b audiotechnik, Personal & Informatik and ASK Chemicals, among others.

During the first half of 2017, debt funds markedly reversed the decline seen in the past two years with falling market shares. At about 30%, they have gained a significant share of the German LBO market (18% for the entire year of 2016). "In past quarters, banks made life particularly hard in the German LBO market for debt funds with very aggressive structures," Johannes Schmittat, another Managing Director of the Frankfurt office of GCA Altium, said in describing the development. "The funds have responded and have sharply reduced their average interest margin rates by including favourable senior tranches held by banks." This type of financing is known as first-out/second-out structures. "It will be interesting to see whether the debt funds will be able to defend this high market share throughout 2017," Norbert Schmitz said.

The European market for unitranche finance provided by debt funds also set a record in the second quarter of 2017 with 44 transactions. In just three months, it generated as many transactions as it did during the entire first half of 2016.

About GCA Altium

GCA Altium is the European division of GCA. The global investment bank offers growth companies a broad portfolio of services around M&A, debt, public and private finance as well as advice on restructuring matters. GCA is listed on the Tokyo stock exchange (TSE: 2174) and has extensive expertise in technology

and telecommunications, media, digital media and communications, consumer and retail, healthcare, industrial technologies, financial markets and business services. GCA has expert teams in Frankfurt, London, Manchester, Milan, Mumbai, Munich, New York, Osaka, San Francisco, Shanghai, Singapore, Tel Aviv, Tokyo and Zurich. GCA Altium regularly compiles the GCA Altium MidCapMonitor overview of leveraged transactions in Germany to boost the transparency of the German mid-cap LBO market.

Further information: <http://www.gcaaltium.com>

For more information:

IRA WÜLFING KOMMUNIKATION GmbH

Florian Bergmann

+49 89 2000 3030

GCA-Altium@wuelfing-kommunikation.de

<http://www.wuelfing-kommunikation.de>