



Private Equity News Australia

Australia

Private Equity News

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Australian Highlights

- An alternative to traditional venture funding, Australia's first social impact-linked funding facility, Beneficial Outcomes Linked Debt loan agreement, invested \$AU600,000 in Xceptional, a startup recruitment platform for those with autism.²
- KKR pushed ahead of Pacific Equity Partners (who had a bid difference less than 2% of the deal value) for the \$AU3.2 billion Arnott's deal signed in August following a 9 month auction with expected takeover in December. KKR strategically wrote a cheque from its "Core" investment strategy, which typically seeks lower-risk and lower-returning assets, and holds them for longer.³
- A recent survey shows the effect of climate change concerns on PE, with around 40% of respondents expecting to increase investment in renewable energy and reduce oil and gas investment over the next 5 years.⁴

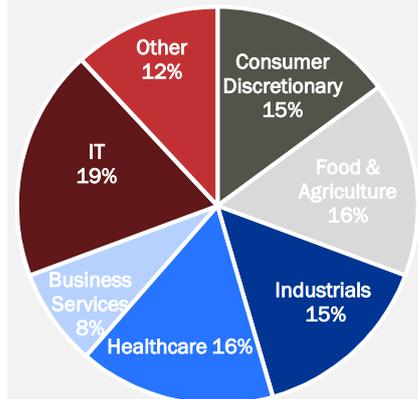
USA Highlights

- A consortium led by Blackstone acquired a majority stake in Refinitiv, Thomson Reuters' financial and risk unit, in October 2018 with a valuation near \$US20 billion. Less than a year later, the London Stock Exchange reportedly agreed to acquire Refinitiv for around \$US27 billion, on track to close in Q2 2020.⁵
- Total GP stakes fundraising has exceeded \$US23 billion in 2019, more than four times 2016's high of \$US5.3 billion. Major players include Dyal Capital Partners (largest ever fund for this strategy of over \$US9 billion), Goldman Sachs (\$US4 billion) and Blackstone (\$US6 billion).⁵
- VC investors have grown more cautious after Silicon Valley companies, from WeWork to Uber have collectively lost about \$US100 billion in value this year. Consequently, deals are taking longer and deal expectations that once were \$US80-100 million are now \$US20-30 million.⁶

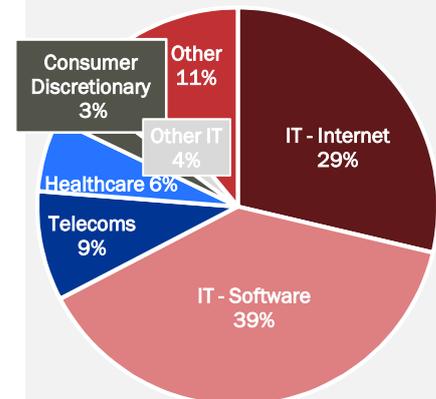
Asia Highlights

- Internet and technology deals accounted for roughly 85% of Greater China's PE investment growth over the past 8 years, representing over half of Asia-Pacific deal value in 2018.⁷
- China-led Asian Infrastructure Investment Bank plans to revolutionise green finance by mobilising capital for climate-friendly infrastructure projects. The bank has raised almost \$US120 billion in both paid-in and subscribed equity.³
- PE firm Citic Capital Partners believes technology war with the US could improve buyout opportunities in China's semiconductor sector as Chinese tech giants increasingly rely on home-grown components.⁸

AU No. of PE Buyout Deals (2018)¹



AU No. of VC Deals (2018)¹



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AUSTRALIA - BOUTIQUE INVESTMENT BANKING FIRM OF THE YEAR
ASIA - GAMECHANGER OF THE YEAR
NICHOLAS ASSEF

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Australian Private Equity News

- **Future Fund.** Australia's biggest PE investor is reportedly selling \$US1 billion of its investment portfolio, targeting global players with Lexington Partners and Collier Capital as seemingly logical acquirers.³
- **Australian Business Growth Fund.** It was reported that the Big Four banks will commit \$AU400 million to a new fund providing equity for small and medium-sized businesses. HSBC agreed to \$AU20 million and the government will chip in \$AU100 million.³
- **Funlab.** Archer Capital's new fund is reportedly in talks to acquire Funlab (Strike branded bowling alleys and Holey Moley mini-golf owner), expected to be worth up to \$AU250 million.³
- **Incitec Pivot.** Hong Kong-based PE firm PAG and BGH Capital are reportedly interested in Incitec Pivot's up-for-sale fertiliser business, which is expected to be worth more than \$AU1 billion.³
- **Advanced Navigation.** AI-powered navigation and robotics technologies start-up reportedly raised \$AU20 million from CSIRO's Main Sequence Ventures, alongside US funds Brick & Mortar and In-Q-Tel.³
- **Kasada.** It was reported that cyber security startup Kasada has raised \$US7 million for US expansion led by Main Sequence Ventures.²
- **V2food.** Meat alternative startup v2food has reportedly raised \$AU35 million in Series A funding led by Main Sequence Ventures along with Marinya Capital and Sequoia Capital China.²
- **1Password.** It was reported that Atlassian co-founders and VC firm Accel were among investors in Canadian "digital vault" service 1Password, valued at \$US500 million.⁹
- **Edstart.** Education fintech company Edstart has reportedly completed a \$AU5 million Series A capital raising with NAB Ventures and Larsen Ventures.³
- **Evergen.** AMP Capital and VC firm Artesian have reportedly committed to \$AU3 million of a \$AU7 million series A funding round for energy software business Evergen.³
- **Shippit.** Shipping software company Shippit reportedly raised about \$AU5.5 million from VC firms OneVentures, Tidal, Aura and EVP.³
- **Owens-Illinois.** The Carlyle Group, Bain Capital, Pacific Equity Partners and Blackstone are reportedly among parties in the 2nd round for glass bottle manufacturer Owens-Illinois, likely to sell for more than \$AU1 billion.³
- **Everlight Radiology.** It was reported that mid-market European PE firms are suitors for the expected \$AU400 million sale of Australia's largest teleradiology provider, Everlight Radiology.¹⁰
- **MedicalDirector.** Affinity Equity Partners is reportedly gearing up to sell medical practice software company MedicalDirector with speculation it could sell between 15-20x at about \$AU30 million in annual EBITDA.^{3,10}

*"The third quarter of 2019 saw private equity funds securing \$US163 billion in aggregate capital, far surpassing the \$US138 billion raised in Q2 2019."*¹¹

*"Tourism and leisure industry PE deals managed \$US7.72 billion globally in Q3 2019 - a 14.2% decrease from Q2, however 104.7% higher than the last four-quarter average."*¹²

*"PE firms that tackle pricing in their portfolio companies typically see margin expansion of between 3% and 7% within one year."*¹³



US Private Equity News

- **City Football Group.** US PE firm Silver Lake has reportedly invested \$US500m in City Football Group, with a record-breaking sports group valuation of \$US4.8 billion. ¹⁰
- **Tech Data.** PE firm Apollo Global Management has reportedly raised its bid for US IT equipment distributor Tech Data to \$US6 billion from \$US5.4 billion to top Berkshire Hathaway's last-minute bid. ^{5,14}
- **Ferring.** Blackstone announced it will invest \$US400 million in a joint venture with Swiss drug company Ferring for cancer gene therapy. ¹⁵
- **Fortitude.** AIG announced it will sell the vast majority of its Fortitude stake to the Carlyle Group and T&D Holdings for roughly \$US1.8 billion. ⁶
- **Gong.** Revenue intelligence platform startup Gong reportedly raised \$US65 million led by Sequoia Capital. ¹⁴
- **IFM Therapeutics.** It was reported that IFM Therapeutics, a biotech company focused on autoimmune diseases, raised \$US55.5 million led by Omega Funds. ¹⁶
- **Migo.** Emerging markets credit startup Migo reportedly raised \$US20 million to expand to Brazil led by Valor Equity Group. ¹⁶
- **Dolls Kill.** Fashion brand Dolls Kill reportedly raised \$US40 million in Series B funding led by Sequoia Capital. ¹⁶
- **Harlem Capital.** VC firm Harlem Capital, focused on startups led by minority and women, debuts with \$US40.3 million. ¹⁷

Asian Private Equity News

- **FinAccel.** Singapore credit lending app FinAccel reportedly raised \$US90 million in funding led by Asia Growth Fund and Square Peg Capital. ¹⁷
- **Accel.** US VC Firm Accel has reportedly raised \$US550 million for its sixth venture fund in India. ¹⁷
- **Bounce.** Indian scooter rental startup Bounce reportedly raised \$US150 million led by B Capital and Accel Partners India. ¹⁷
- **China Resources Capital Management.** China Resources' PE arm is reportedly seeking to fund Hong Kong life sciences and health care start-ups through its \$US71 million fund. A \$US300 million fund was also formed to invest in Asian food companies. ⁸
- **Bain Capital.** US PE firm Bain Capital reportedly plans to deploy around \$US1 billion in Indian companies over the next 3 years. ¹⁸

"Private equity is drowning in cash. Aggregate value of US buyouts fell 25% YTD to October, compared with the same period last year. Deals totaled \$US155.2b during the 1st 10 months of the year – the lowest since 2014." ¹⁰

"The US still produces more unicorns—start-ups valued at \$US1 billion or more—but Greater China is now producing them at a faster pace than the US." ⁴

"Foreign managers based outside of Asia, raising Asia-targeted funds raised \$US41 billion in 2018, including \$US33 billion from the US, the highest such amount ever." ¹³

Sources:

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|-----------------------------------|-------------------------|-----------------------|
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| (2) Smart Company | (10) The Australian | (18) Deal Street Asia |
| (3) Australian Financial Review | (11) Guru Focus | |
| (4) Collier Capital | (12) GlobalData | |
| (5) PitchBook | (13) McKinsey & Company | |
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| (8) South China Morning Post | (16) Axios | |



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