

## NEWS

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### **Industry shares fundraising tips in ‘brutal’ environment**

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Ayesha Javed

High-profile figures from the European buyout industry have said that firms seeking to raise first-time funds must differentiate themselves to be successful in the “brutal” fundraising climate.

At a roundtable hosted by European private equity search specialist Altus Partners, John Sinik of Metric Capital Partners said: “Fundraising is a brutal process; you have to be patient and, importantly, you have to fundamentally believe in the product you are pitching. This isn’t like the boom times of 2005 to 2007 when young inexperienced traders and bankers could raise billions without a track record and without a differentiated strategy”

Sinik, a former TowerBrook Capital Partners partner, said that in order to be successful, firms raising first-time funds should differentiate themselves. He said: “I don’t think the world necessarily needs another private equity firm. There are, however, material gaps in the market we are addressing and the supply-demand dynamics are strongly in our favour.”

Alex Rogers, a managing director at HarbourVest Partners, said firms must also be sure they can deliver with a new strategy. He said: “For us to raise a £100m debt fund, which is small for us, it was probably a year of effort with four full-time people. We only pulled the trigger to raise the fund after we had satisfied ourselves that we wouldn’t fall into the trap of believing that just because it was a good story, that we were good at it. We spent time and energy researching the market and speaking with market participants to make sure that once we put our name to a product, we could deliver.”

Speakers at the roundtable agreed that having a fundraising strategy was key to raising new funds. Rogers said: “The single most important thing if you’re starting a new fund is to have a strategy on which investors you initially approach.”

Sinik, who launched private debt fund Metric with a team of industry veterans in May, said: “It’s easy to say let’s go out there and talk to everyone, but we have found a focused approach tailored to limited partners that have worked with us in a previous capacity to be much more appropriate.”

Jeremy Lytle, investor relations director at ECI Partners, said that new firms must also know their market. He said: “A number of people have spun out of bigger firms, looking to raise 100 or 200 million, who then are operating in a different area than they have been before, small buyouts. What they find is it’s a completely different market. There are huge amounts of boutique intermediaries and they just struggle for dealflow.”

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News in brief

**Google buys Zagat site**

Zagat, the US website that pioneered the pooling of user-generated content to publish reviews of restaurants and bars around the world and sold a nearly 33% stake in 2000 to General Atlantic, has accepted a takeover bid from Google. Advised by the Peter J Solomon and Allen & Company, the internet business is understood to have received an offer of between \$100m and \$200m from Google.

**Advent appoints lawyer**

Buyout firm Advent International is the latest firm to appoint its own in-house lawyer to advise on deal structuring, as the industry moves to cope with increased regulation. James Westra moves from law firm Weil Gotshal & Manges to the newly-created position of chief legal officer and managing director.

**NewPage bankruptcy filing**

NewPage, the paper maker owned by US private equity firm Cerberus Capital Management, has filed for Chapter 11 bankruptcy protection. The Ohio-based company said it had received up to \$600m in bankruptcy financing from lenders including JP Morgan Chase, Barclays and Wells Fargo. The so-called debtor-in-possession financing will help keep NewPage afloat during bankruptcy proceedings.

**Partners Group wind deal**

Alternatives manager Partners Group has completed an investment in Sorigenia France, a platform of onshore wind projects, according to a statement. Partners Group has co-invested in the deal with US buyout firm Kohlberg Kravis Roberts and Sorigenia. Michael Barben, head of private infrastructure at Partners Group, said the firm saw "promising potential" in the sector.

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## Buyouts beat public companies, says study

Dan Dunkley

A study by advisory firm Ernst & Young has found private equity firms outperformed comparable public companies in a number of sectors last year.

The study of 2010 European exits showed that even where the contribution of additional leverage and stock market returns was negative, private equity's return from strategic and operational improvement remained positive.

Based on 2010 European figures, the report found that gross

returns achieved by all private equity exits between 2005 and 2010 were three times those achieved in public markets.

The study was based on analysis of more than 375 of the largest European businesses private equity firms had exited over the past six years.

Private equity outperformed comparable public companies on all key values including Ebitda, employment and productivity growth and valuation multiple, according to the report.

It follows research from Private

Equity News in June that found buyout-backed motoring services company AA had outperformed its corporate-owned industry rival, the RAC, on a number of variables since it was acquired in 2004.

Sachin Date, private equity leader for Emea at Ernst & Young, said: "Private equity invests a lot of time in the management teams of portfolio companies, and has a very active ownership model. For years, people have written off private equity but clearly this has not been the case."

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### Private Equity News past and...

On this day in PEN, and most read on...

**French trade body chief quits**

France's private equity trade body head stepped down following financial difficulties at the organisation, marking the third senior departure from a major European industry group in three months. Jean-Yves Demeunynck, director general of Afic, said he would leave "in the coming months" after two years in the role.



**Montagu eyes €3bn fund**

UK-based upper mid-market buyout firm Montagu Private Equity was set to press ahead with a €3bn fundraising for its second independent fund armed with a planned first exit from the previous vehicle. The firm's decision to raise a fund displayed its confidence at a time when many of its rivals were looking to push back their fundraising timetable.



**Firms prepare Rexel flotation**

Three private equity firms were planning to launch the largest sponsor-backed European flotation since 2001, if market conditions were favourable, for French electrical equipment manufacturer Rexel. The company was inviting banks to pitch for the deal, which could raise up to €4bn, bankers said.



### present

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- 5 [Ten key pullouts from the Carlyle Ring](#)