

From the Managing Partner

Stuart McAlpine



During 2015, Cinven invested more than €1.5 billion in both new investments and add-on acquisitions. In particular, we made five new investments across the Industrials, Healthcare, Consumer and Financial Services sectors. These were specialty finance business, Premium Credit in the UK; the largest clinical laboratory services company in Europe, Synlab; industrials manufacturer, Tractel in France; Italian life insurance consolidator, ERGO Italia; and leading footwear and accessories company, Kurt Geiger.

These investments are further evidence of our ability to identify and execute successful transactions, often outside of formal auctions or as a preferred bidder. This is a function of our sector-regional matrix structure, which ensures we are embedded in local markets while having a truly global view of an industry. To make this work successfully in a competitive M&A market requires the right team dynamic and a truly collaborative culture. A great example of how this works at Cinven, was the simultaneous acquisition and merger of Synlab and Labco

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during the summer of 2015, to create the largest clinical laboratory services company in Europe – Synlab. For more detail on this matrix in action, please refer to pages 17 and 18.

Cinven also made 21 major add-on investments to existing portfolio companies. While there is nothing new about such buy and build strategies, we have significantly improved our abilities to identify and integrate acquisitions in a systematised way in order to create lasting value.

Confirmation of our rigorous approach is evidenced by the exceptionally strong exits we achieved during 2015. We successfully realised businesses as diverse as UK life insurance consolidator Guardian Financial Services; international niche specialty pharmaceuticals company AMCo; and French cable operator Numericable Group. These constituted three of the most successful investments in Cinven's 25+ year history, each with a significant buy and build component.

To execute the successful sale of our investments we continued the strong track record of selling to strategic corporate acquirers including the sale of our remaining shares in Avolon to Bohai Leasing; the sale of Guardian Financial Services to Admin Re; the sale of a significant shareholding in Spire Healthcare to South African-based Mediclinic; and the sale of AMCo to Concordia Healthcare. We also made effective use of equity capital markets, in the case of the successful IPOs of Numericable Group, Avolon and Spire Healthcare. These realisations did not happen by chance; the value derived from such exits are a direct consequence of Cinven's disciplined investment approach applied over years and supported by an infrastructure that has been developed over the course of almost four decades.

From the Managing Partner

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Through our combination of informed insight and engaged ownership, we have consistently generated strong returns throughout varying economic cycles. Companies in the Fourth Cinven Fund have grown at an average annual compound rate of 8% for both revenues and profits, while companies in the Fifth Cinven Fund have generated average annual compound growth in revenues of 9% and profits of 13%.

In 2016, we successfully raised €7 billion of new capital, the Sixth Cinven Fund. Cinven is therefore well positioned to continue originating exciting investment opportunities and generate highly attractive returns.

We are already witnessing another busy year in 2016. Our pipeline of new investment opportunities remains robust and the combination of our sector-driven approach, resources and size regularly raises us out of the competition for 'on-market' deals. In addition, we have consistently shown our ability to invest through industry dislocations. The performance of our existing portfolio companies across our six sectors is also very encouraging. Those more exposed to cyclical markets during the downturn are growing strongly with the support of our Portfolio team, who are situated across three continents.

On this point, I would like to acknowledge the contribution of our now Executive Chairman Hugh Langmuir. Over the past seven years, during his time as Managing Partner, the world economy witnessed extreme volatility, crisis and recession. During that period, Cinven has pursued its investment approach with discipline and conviction, and this has unequivocally paid off. It is testament to Hugh's leadership and considered strategy through the downturn that we have in place such a strong market and competitive position. I look forward to working alongside Hugh and our outstanding team in creating further value for investors throughout 2016.

Stuart McAlpine
Managing Partner