

As I reflect on Cinven's activities during 2016, my first full year as Managing Partner, I recognise what we have achieved in the context of our 40 year track record of investing and realising value for our investors.



Stuart McAlpine
Managing Partner

At our inception in 1977, we were investing a small pool of evergreen capital in the UK, solely on behalf of the British Coal miners' pension funds; today we are investing our sixth, €7 billion fund on behalf of more than 200 clients worldwide. We have invested throughout multiple cycles with consistency. If you were an investor with Cinven at its inception, you would have the benefit of a return that significantly and consistently outperformed public equities year-after-year based on our long history of European investing acumen and experience. 2016 was no exception to this trend.

The backdrop for Cinven in 2016 was a robust and high-priced market environment riddled with geopolitical threats and elections in Europe and in the US. However, this is business as usual for us; every year I can remember has had different macro issues, different risks and uncertainties. Environments we have experienced range from high-priced equity markets with readily available leverage and the looming potential of a downturn – like 2007 – to low growth markets, with low earnings visibility,

difficult capital markets and the risk of 'calling the bottom' too soon – like 2002 and 2009. It is never 'just right' and it is never easy.

Our view is that to invest effectively through different cycles and environments requires an integrated, and aligned partnership approach; one that is focused on driving value at the operational level of the business, not just in the boardroom. We partner with our management teams both in the C-suite and throughout the broader organisation and leverage the skills of our sector, regional, Portfolio and Capital Markets teams with one aligned goal in mind: driving revenue growth in each of our portfolio companies. We can and will adapt our strategy through cycles, albeit the goal remains the same: targeting and investing in high-quality, growth companies where we can accelerate growth using an array of tools, ranging from 'buy and build' to channel development to technology-enablement to internationalisation. While no strategy is immune to changes in the economic environment, ours is insulated, and that is evidenced by our consistent returns.

During 2016, we took advantage of the market environment to crystallise returns for our investors through 13 full and partial realisations. Highlights include the sales of Prezioso, our French headquartered oil services business to Altrad; HEG, the European hosting business we built, to GoDaddy; Avio Space to Space2 and Leonardo-Finmeccanica; and SLV, the German lighting business, to Ardian. Additionally, we listed Medpace, the US-based contract research organisation, on NASDAQ. Since the beginning of 2016, we have returned c. €6.6 billion to our investors¹.

We also invested in five companies with very attractive return profiles based on our growth strategies: UK-based consumer finance provider, NewDay; Poland's largest online marketplace, Allegro; Spanish property valuation service provider, Tinsa; Spanish travel services specialist, Hotelbeds; and clinical trials company, Bioclinica, based in the US with ambitions to further expand its European operations. Each of these investments was targeted by a Cinven sector or regional team and evidences our integrated approach to converting a target company into a Cinven investment.

Over the course of 2016, we also completed the fundraising of the Sixth Cinven Fund, which was raised in four months and heavily oversubscribed. We welcomed a number of new investors into our diverse investor base, and are very proud of the support of more than 90% of our existing investors who have benefitted from the longevity of our track record and their partnership with Cinven. We deeply value the relationships we have built with our investors; they are founded on principles of trust, transparency, a responsible approach to investing, and, of course, our returns.

Finally, none of this could be possible without an exceptional team. I inherited the leadership of an exceptional group of people when I became Managing Partner. A large part of my role is to continue to support the development of the existing group of professionals while also attracting and integrating the best and brightest talent in the market who will build on Cinven's 40 year track record in the years to come. I look forward to the coming year, the challenges it will bring and am confident Cinven will continue to build on its long history of investing success.

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