

## Our sectors

We segment investment opportunities by sector. Each of our six Sector teams have exceptional investment experience within their domains and business models.

A sector approach allows us to take a global view of industries and to develop cross-border themes and investment strategies that can be executed in close co-operation with our respective Regional teams.

**Business Services**



**Consumer**



**Financial Services**



**Healthcare**



**Industrials**



**TMT**



## Our sectors

### Business Services

Our Business Services team comprises six investment professionals and has made 12 investments representing €2.3 billion of committed capital.

#### Our Business Services portfolio in 2015

**Coor**  
Partially realised\*

**Prezioso Linjebygg**  
Current\*

**CPA Global**  
Current

**Pronet**  
Current

**Enserve Group**  
Current\*

\* Realised in 2016



Nicolas Paulmier  
Partner



Jorge Quemada  
Partner



Thilo Sautter  
Partner

Public market appetite for the Business Services sector has driven up valuations in recent years, peaking in the summer of 2015. This enabled us to divest the majority of our stake in Nordic facilities management company Coor through a Nasdaq Stockholm listing in June 2015 and later in the year we sold the final remaining business of EnServe Group (completed in January 2016). In addition, in January 2016 we entered exclusive negotiations to sell Prezioso Linjebygg, a service provider to the global energy industry, to a corporate acquirer. The sale was completed in May 2016.

Looking ahead, we expect a more buyer-friendly environment to emerge and a potential cyclical opportunity, with many newly listed business services companies trading below IPO price.

The sector remains highly compatible with our investment approach, given its structural growth, cash generation and defensibility in certain sub-sectors. However, we retain price discipline and remain highly selective, avoiding commoditised areas in favour of business-critical services that are embedded within clients' own processes. Our current investment in IP services company CPA Global is an excellent example, where its technology-enabled services are integral to the way each client protects their intellectual property worldwide.

Our approach to the sector is systematic and thesis-driven. Looking ahead, we are focusing our efforts on opportunities related to increasing global travel and trade and also a trend towards health and safety regulation. The latter is a theme with growth potential independent of wider economic performance. We are also attracted to specialist distribution services in the business-to-business and industrial markets. In addition, the education and training sub-sector has strong structural growth characteristics across geographies, given that the provision of state-funded education is not keeping pace with domestic demands or the international mobility of white-collar workers.

## Our sectors

### Consumer

Our Consumer team comprises seven investment professionals and has made 17 investments representing €3.3 billion of committed capital.

#### Our Consumer Portfolio in 2015

**Camaïeu**  
Current

**Maxeda**  
Partially realised



Peter Catterall  
Partner  
Maxim Crewe  
Partner  
Guy Davison  
Partner  
Xavier Geismar  
Partner

In 2015, we saw strong deal flow in the European Consumer sector. However, competition from IPO markets and corporate acquirers kept valuations high. We remained price disciplined and focused our deal-origination efforts on specific sub-sectors that demonstrate attractive and defensible growth characteristics that would benefit from Cinven's proven investment strategies of internationalisation and consolidation.

These sub-sectors include food and beverage brands, cosmetics, specialist retailers and baby products. We also remain focused on those European markets with stronger growth, such as the UK, the Nordics and Iberia.

We are particularly attracted to leading brands that would benefit from Cinven's value creation strategies focusing on organic growth, best practice implementation, acquisitions and internationalisation.

For instance, during 2015 we agreed the acquisition of leading fashion brand Kurt Geiger, a business that enjoys omni-channel distribution, including a fast-growing eCommerce operation. Cinven acquired the business at an attractive multiple due to our active origination and strong relationship with management. Following the completion of the investment in February 2016, we are well placed to help the company further implement best-practices to drive organic growth, as well as support its continued international expansion.

## Our sectors

### Financial Services

Our Financial Services team comprises eight professionals and has made five investments representing €1.4 billion of committed capital.

#### Our Financial Services portfolio in 2015

**Avolon**  
Partially realised\*

**Partnership**  
(Renamed JRP Group following a merger)  
Partially realised

**Guardian Financial Services**  
Current\*

**Premium Credit**  
New in 2015

**Heidelberger Leben Group**  
Current

\* Fully realised in 2016



Caspar Berendsen  
Partner



Peter Catterall  
Partner

It was another highly successful year for our Financial Services team, with strong portfolio performance, one new investment completed, and more than €2 billion of capital realised.

In September, Cinven agreed the sale of UK-based Guardian Financial Services to Admin Re, realising a €1.2 billion capital gain; and in early January 2016, Cinven fully realised the investment in aircraft leasing business Avolon through its acquisition by Shenzhen-listed Bohai Leasing. This followed the company's 2014 New York IPO at \$20 per share and the sale of the business to Bohai at \$31 per share, ultimately generating total proceeds of more than €400 million. In addition, the combination of a recapitalisation and a small divisional divestiture from Heidelberger Leben Group returned almost €140 million.

In February 2015, Cinven acquired Premium Credit, a UK-based insurance premium finance company, at an attractive multiple. The business has traded above plan in its first year. Meanwhile, our acquisition of ERGO Italia, announced in November 2015, continues to fulfil our investment thesis focused on the closed life insurance market that began in the UK with Guardian Financial Services and continues with Heidelberger Leben Group in Germany. This opportunity is highly repeatable between markets, and we are working alongside our Regional teams to acquire domestic players in attractive markets that can act as consolidation platforms through structured buy and build programmes. We now enjoy a significant advantage as an investor in the sector, having built the expertise, regulatory approvals across several markets and an understanding of how value can be created in this highly regulated and complex sector within financial services.

## Our sectors

### Healthcare

Our Healthcare team comprises nine professionals and has made 13 investments representing €3.7 billion of committed capital.

#### Our Healthcare portfolio in 2015

**AMCo**  
Partially realised

**Medpace**  
Current

**Spire Healthcare**  
Realised

**Synlab**  
New in 2015  
(formed with the merger  
of Labco and Synlab)



Alex Leslie  
Partner  
Nicolas Paulmier  
Partner  
Supraj Rajagopalan  
Partner

Healthcare-related global M&A was very buoyant during 2014 and 2015, and our Healthcare team was also highly active, with two major divestments and two landmark new investments during 2015.

In June, Cinven divested its final stake in UK hospitals operator Spire Healthcare at 340 pence per share, having floated the company on the London Stock Exchange a year earlier at 210 pence, to conclude a profitable investment. In October, Cinven sold niche pharmaceuticals company AMCo to Toronto and NASDAQ-listed Concordia Healthcare for £2.3 billion, while rolling over a minority interest.

In terms of new investments, the team used its long-term understanding of the diagnostics industry to identify and execute the simultaneous acquisitions and subsequent merger of France-headquartered Labco and Germany-headquartered Synlab, making this, in aggregate, the largest investment in Cinven's history (see case study, pages 17 and 18).

Understanding the strain on reimbursement systems in the Healthcare sector is central to our investment philosophy across this industry. We look for companies that help contain the cost of healthcare provision and, since prevention is better than cure, we have focused significantly on diagnostics. This demonstrates our ability to fully understand single market dynamics (e.g. diagnostics) and how to apply this successfully across multiple investments and across multiple funds. These range from Phadia and Sebia (previous investments) through to existing investments such as Medpace, which provide more efficient R&D. Meanwhile, other investments also fit this efficiency focus, such as AMCo's specialisation in niche, off-patent prescription products.

The recent merger of Labco and Synlab continues this story, with the creation of a European diagnostics champion with significant international potential.

## Our sectors

### Industrials

Our Industrials team comprises seven professionals and has made 23 investments representing €4.2 billion of committed capital.

#### Our Industrials portfolio in 2015

**Avio**  
Partially realised

**CeramTec**  
Current

**JOST**  
Current

**SLV**  
Current

**Tractel**  
New in 2015



Xavier Geismar  
Partner



Pontus Pettersson  
Partner



Bruno Schick  
Partner

The Industrials sector saw significant M&A activity during 2015 from both corporate and private equity vendors, but with abundant debt financing and strong IPO markets pushing valuations upwards. Despite the challenges, it was a highly productive year for Cinven, marked by our investment in Tractel. Tractel was acquired through exclusive negotiations with the vendors, as a result of the seamless collaboration between our French and Industrials teams.

Buy and build is an important element to our Industrials growth strategy and during the year we supported several add-on acquisitions including CeramTec's purchase of US-based DAI Ceramics and SLV's acquisition of its Dutch distributor Lagotronics as part of a 'forward-integration' strategy.

With the support of our Portfolio team, we have continued to work closely with management teams to further enhance the operational performance of our current portfolio companies which has resulted in a positive year of trading.

We expect to see more attractive opportunities as valuations become more moderate. With four nationalities in the Industrials team and Cinven's global support infrastructure, we are well-placed to capture investment opportunities for regional businesses with the potential to become global champions.

## Our sectors

### TMT

Our TMT team comprises eight professionals and has made 16 investments representing €3.7 billion of committed capital.

#### Our TMT portfolio in 2015

**HEG**  
Current

**Numericable Group**  
Partially realised\*

**Northgate Public Services**  
Current

**Ufinet**  
Current

**Visma**  
Current

\*Fully realised in January 2016



David Barker  
Partner  
Nicolas Paulmier  
Partner



Our TMT portfolio generated significant value during 2015, with major buy and build activity, distributions and further organic growth.

During the year, HEG completed a significant add-on acquisition of Paragon Internet Group, marking its fourth significant acquisition. The business also returned 45% of Cinven's original equity investment through a recapitalisation. Meanwhile, Nordic accounting software provider Visma completed a further 13 add-on acquisitions during the year taking the total number of acquisitions completed under Cinven's ownership to 15.

2015 was also our final full year of ownership of the Numericable Group, the total proceeds of which reached €2.2 billion. This was one of the largest European private equity returns ever.

Our investments in TMT reflect the meta-trends of increasing demand for access to cheap bandwidth and the migration of IT infrastructure to the cloud. The latter directly underpins the structural growth behind several of our investments, including HEG on the hosting side, as well as Visma and Northgate Public Services, which provide niche, embedded software services, at scale. Such business models have high levels of recurring revenues and a loyal customer base.

We also expect the increasing permeation of technology within businesses to present new investment opportunities beyond the traditional IT sector.