

Press release

Private equity leaders look to healthcare and telecoms sectors to ride out the credit crunch

London, 24 November 2008 – Private equity leaders believe that the healthcare and telecoms / technology are the most attractive sectors to invest over the next 12 months, new research commissioned by Celerant Consulting reveals.

A survey of over 220 senior executives across Europe and the United States, carried out by the Economist Intelligence Unit, reveals that 46% of private equity leaders believe healthcare is the most appealing sector to invest in for the short-term, followed by telecommunications and technology (36%). By contrast, the least attractive targets are retail (7%), transport (9%) and leisure, media and real estate / construction (all 11%).

Commenting **David Axon, Head of Private Equity and M&A, Celerant Consulting**, said: "Private equity companies are still looking to invest in what they see as 'recession-proof' areas of the economy. Healthcare is an integral part of society, while mobile phones and new technology have been – and continue to be – rapidly embraced by consumers. Private equity is not alone in believing that these industries will be protected from the worst effects of the downturn."

Implications for these sectors?

The healthcare and telecoms / technology sectors should expect a flood of interest, as a sizeable number of private equity companies are still prepared to invest even in these difficult economic times. 44% of respondents said they are prepared to do deals outside their normal sector.

Increased private equity investment could also mean an increase in management intervention, as over a third (36%) of respondents stated that they are intervening more with their portfolio companies. This partly explained by the fact that 36% also said that poor management is the most important factor in under-performing businesses before they are taken over.

David Axon continued: "Despite their willingness to invest in new and diverse areas, there will be pitfalls for even the most experienced private equity outfits. 'Safe sectors' like healthcare and telecoms / technology have incredibly high barriers to entry, and these are exacerbated by the current

lack of debt in the market. Entering new sectors is a lengthy and expensive process which requires real expertise and strong support from investors. The private equity companies that will be successful in healthcare and telecoms / technology are those with existing track records and those with sufficient funds to pay the premium price resulting from increased competition. Inevitably this is likely to restrict entry to the biggest players within the market who have deep pockets and well established and relevant sector expertise.

“Those healthcare and telecoms / technology companies which are targeted by private equity should be prepared for increased intervention. Now that the days of easy credit are over owners are more prepared to get involved with their companies in order to secure their return on investment. Management teams who are used to performing in the good times which have characterised the last decade are being forced to quickly adjust to the new economic reality.”

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For more information or interviews please contact Enda Joyce at hanover on 020 7400 4480, Charles Carr at Celerant on 07887 628 985 or Denis McCauley at the Economist Intelligence Unit on 020 7576 8237.

Notes to Editors:

1. The EIU interviewed 222 senior managers in the UK, United States, Germany, France, Benelux and Scandinavia in October 2008. 47 respondents are UK-based.
2. 46% of firms in the survey have assets in excess of US\$500m under management.

About Celerant Consulting

Celerant is the largest independent global firm working in the operations management sector of the consulting market. It delivers operational transformation and helps leading companies worldwide achieve and sustain world class performance from their business operations.

Celerant's difference is simple: it believes that once it has fixed a problem for a client, it should stay fixed. The essence of Celerant's approach is that its consultants work side-by-side with people in the front lines of business – from the boardroom to the shop floor – to ensure the delivery of sustainable and measurable benefits. Celerant embeds long-term behavioural change into the culture of its clients' organisations – the key to sustainable change – a unique approach called Closework®.

Last year Celerant delivered over €600m/\$1bn in annualised sustainable savings to its clients and over the last 20 years it has become the largest independent firm of business operations consultants, with annual revenues of over €110/\$170m in 2007.

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About the Economist Intelligence Unit

The Economist Intelligence Unit is the business information arm of The Economist Group, publisher of The Economist. Through our global network of about 650 analysts, we continuously assess and forecast political, economic and business conditions in 200 countries. As the world's leading provider of country intelligence, we help executives make better business decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies.