

Press release

Private equity leaders confident of full economic recovery

London, 18 November 2008 – Over half of private equity leaders are confident that the full recovery of the market is no more than 18 months away, 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 53% of private equity leaders believe that the market will return to its pre-credit crunch levels within 18 months. However, UK executives were more pessimistic about the future, with just 36% of respondents believing that a turnaround could happen so soon – compared to 71% of French contributors.

Commenting **David Axon, Head of Private Equity and M&A, Celerant Consulting**, said: “On that basis, the industry believes the shoots of recovery will emerge in the next few months, and certainly by the summer of 2009. What remains to be seen is the level that constitutes this full recovery.”

Yet to hit rock bottom?

Despite the long-term optimism, many of those questioned still felt that the market has further to fall. The vast majority believe both the volume and value of deals will reduce over the next year (78% and 81% respectively), whilst two thirds (66%) say they intend not to invest at the moment and would instead wait for more attractive deals.

Change is necessary, but in what direction?

The survey also found that private equity leaders from around the globe are united in the belief that the credit crunch and subsequent recession will transform the industry, with 96% agreeing that PE firms will have to change. However, there is no consensus on what the sector will look like when the credit crunch has passed, highlighted by the fact that 16% acknowledge that there will be a need to change but they are not sure how.

One fifth thought that the industry would need to find a completely different financing model – unsurprising given that the reduced levels of available credit in the marketplace means that the days of massive leveraging are a thing of the past. Almost as many (19%) expect the credit crunch to lead to consolidation within the private equity sector itself.

Still some life in the recruitment market

Nevertheless, despite acknowledging the need for change, only 20% are planning to scale back activity in the next 12 months, and a mere 2% intend to shed jobs. Rather, the optimistic long-term prognosis is illustrated by the fact that 26% of those questioned are prepared to take on new staff.

David Axon continued: "The credit crunch means that easy refinancing is a thing of the past, yet the private equity industry is still optimistic about the future. In the short term private equity companies have already begun to shift their focus from investment to improvement. They need to concentrate on their existing portfolios to ensure that they are both maximising their operational efficiency for short-term survival, and guaranteeing long-term growth."

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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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