

# 2015: An introduction from our Managing Partner

Exploiting our attractive position in Europe's  
middle market and buying and selling well  
with proper regard to risk and reward.



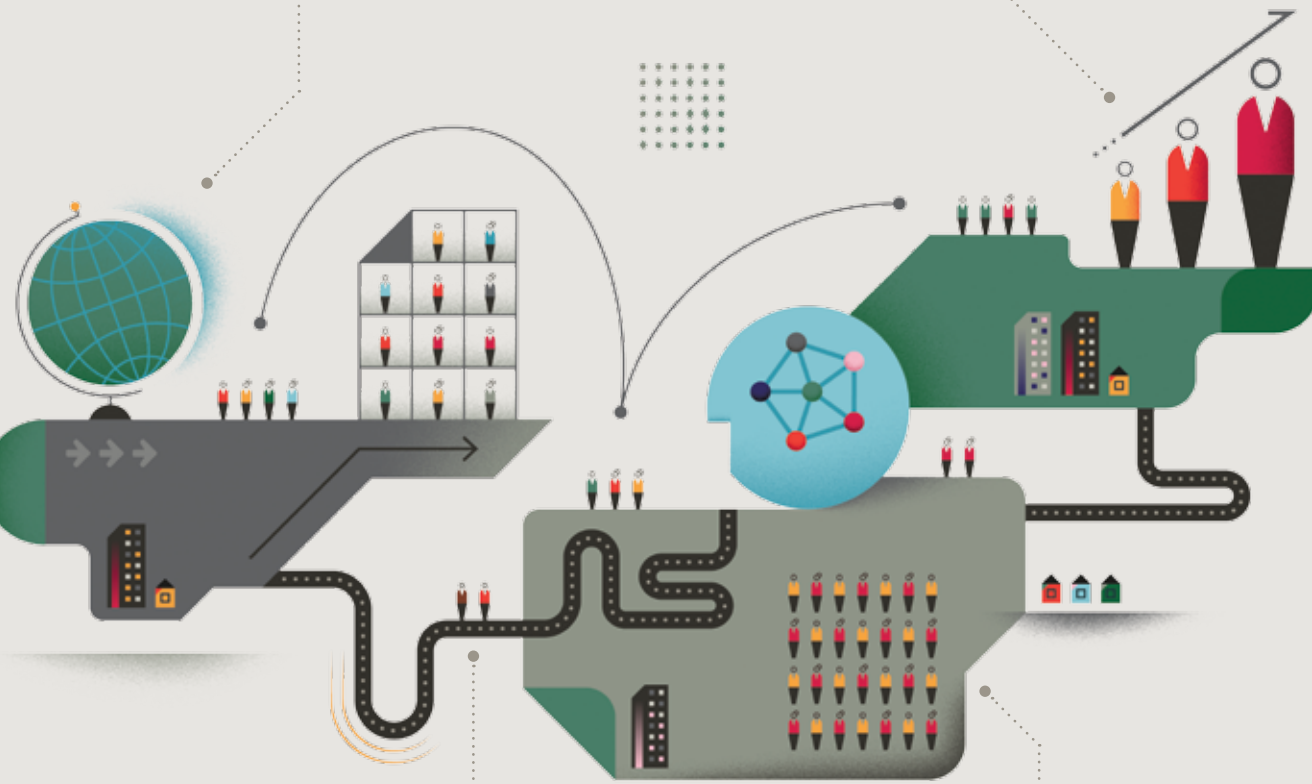
**Bridgepoint**

### Strategy on track

2015 was a year where we successfully sought new opportunities in growth companies across Europe.

### People and talent

14 new team members joined us in 2015, adding to our strengths and depth.



### Facing into the future

Volatility will create opportunity and we will continue to exploit our position in Europe's middle market.

### Portfolio momentum

Resilience and an ability to drive long-term value creation characterised much of the work of our portfolio.

# A message from our Managing Partner

### Operating highlights

I am pleased to report that Bridgepoint Europe V, the €4 billion middle market buyout fund that we finished raising earlier in the year, had made its fifth investment and its new investments were already pursuing accelerated growth through add-on acquisitions in line with the Fund's original strategy.

By the end of 2015, Bridgepoint Europe V, the €4 billion middle market buyout fund that we finished raising earlier in the year, had made its fifth investment and its new investments were already pursuing accelerated growth through add-on acquisitions in line with the Fund's original strategy.

Over the last 12 months we have carefully sought out interesting new investment opportunities in growth companies across Europe. During the year we invested €950 million in seven companies with a total enterprise value of €2.4 billion. In addition, Bridgepoint-owned businesses completed 42 add-on acquisitions in the year, pursuing consolidation strategies to build scale and improve their competitive position. Importantly we matched this new investment activity with strong exit results returning some €1.8 billion to our investors in 2015, a number that exceeded our initial expectations for the year by some measure.

Bridgepoint Development Capital II, our €350 million lower mid-market buyout and growth capital fund, has now committed a large part of its primary capital, with 11 transactions in the portfolio at the end of the year. As a result, we expect to return to investors in 2016 to raise a larger successor fund to continue to build this practice, which has flourished under the leadership of Michael Black and his colleagues.

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**Europe and the environment for investing**

The contrast between improving economic fundamentals in Europe and periodic outbreaks of macro volatility resulted in an uneven year for the investment outlook in 2015. The slowing rate of economic growth in China contributed to weaker European equity market sentiment. This was offset by better than forecast underlying progress in European economies boosted by the benefit of a lower Euro helping the region's many exporters and falling oil prices continuing to act as an economic stimulus, putting money back into the pockets of consumers.

During 2015 acquisition pricing remained high in Europe, driven by favourable debt markets and a recognition from international investors that Europe represented a good cycle play, especially on a currency-adjusted basis. This remained both a blessing and a challenge, depending on whether you were buying or selling. As a result, buying well, which is always our number one focus, required high quality origination, absolute clarity of investment case, transaction selectivity and a focus on relative value based on looking at sector by sector valuations over the long term.

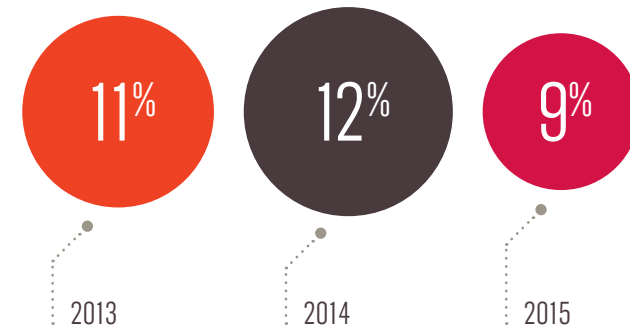
It also meant that Bridgepoint's broad investment and operational resources across Europe were deployed with a particular focus on investing in businesses with a combination of characteristics: sustainable end-market growth, disciplined investment at attractive valuations, value creation opportunities via market consolidation and operational expertise. These are all reflected in the new investments made by both BDC and BE in the year.

**Portfolio momentum**

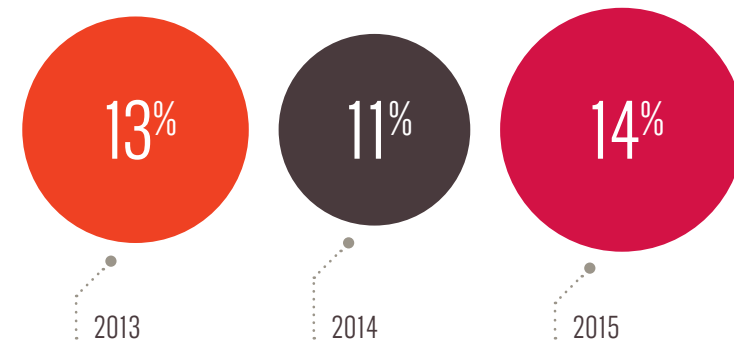
Bridgepoint funds' investments collectively generated 9% and 14% year-on-year average revenue and EBITDA growth. This is a real demonstration of our portfolio companies' continuing resilience and ability to drive long-term value creation in what in Europe remains a relatively low-growth and frequently volatile environment.

Portfolio performance

Revenue growth



EBITDA growth



In this environment revenue development initiatives featured heavily in the Bridgepoint portfolio, examples of which include expansion of LGC into China and the US, new school construction at CEG, new classes of vehicle tests for TüvTurk in Turkey, R&D programmes at AHT and eFront, and Solhaga's expansion outside of Sweden into the Norwegian market. All are aimed at driving sales growth.

A continued high level of add-on acquisition activity is also helping value creation. In 2015 this ranged from LGC's £90m US acquisition (just prior to its subsequent sale at the end of 2015) to smaller in-fill acquisitions completed at CEG, Moneycorp, Foncia, Oasis and Azzurri.

*“Buying well required high quality origination, absolute clarity of investment case, transaction selectivity and a focus on relative value.”*

Fabrice Turcq  
Investment Director, Paris



Patrick Fox  
Partner, Operational  
Support Group



Marc Zügel  
Partner, Head of investment in Germany



Chris Busby  
Partner, Head of investment in the UK

*“In 2015 Bridgepoint investments returned over €1.8 billion of capital to investors with seven major exits.”*

**Returning capital to investors**

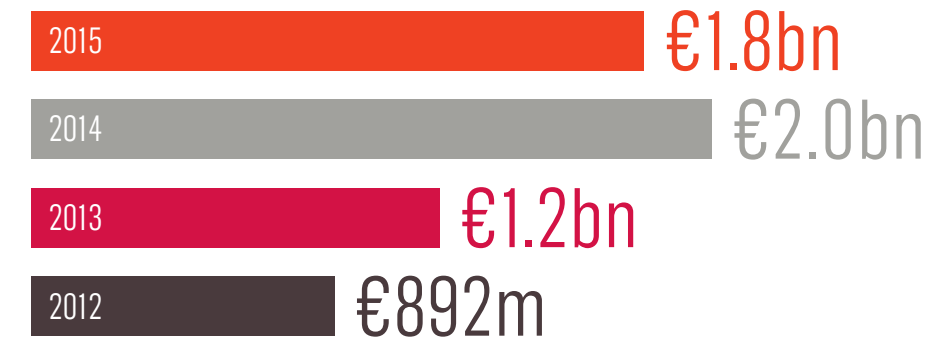
In 2015 Bridgepoint investments returned over €1.8 billion of capital to investors with seven major exits, including the sales of Ponant, the specialist luxury cruise operator and market leader in specialist polar cruises, to Artémis, the holding company of French entrepreneur Francois Pinault, Infront Sports & Media to Dalian Wanda Group, one of China’s leading conglomerates; and LGC, the international life sciences company, to KKR, and Quotient Clinical, the early-stage drug development services provider, to GHO Capital.

Our Capital Markets team also took advantage of buoyant conditions in the European

leveraged loans market to arrange debt totalling €3.4 billion, allowing us to balance better borrower-friendly terms with the need for prudent leverage in the growth companies that characterise Bridgepoint’s middle market activities. It also meant that our investments continue to enjoy meaningful liquidity, headroom and flexibility as they grow.

Finally, at the end of 2015, we also transferred interests in a number of the residual assets in a mature fund, Bridgepoint Europe III, to a global institutional investor. The transaction will provide over €300 million of liquidity to the Fund when it completes in early 2016.

Capital returned



**People and talent**

During the year Bridgepoint welcomed 14 new team members across Europe, including a new partner to our Paris office, Denis Villafranca, and another in Madrid, Héctor Pérez. The strength and depth of our team has always been a distinguishing characteristic of Bridgepoint as a business. Yet we have always recognised that new individuals bring different important perspectives, especially at the beginning of the investment of a new fund. Our ability to continue to develop the talent of our own longstanding team members as well as attract new ones therefore remains critical to our success. If we are to continue to improve, we must evolve.

On a more personal note, I want to pay tribute to a group of colleagues who in 2015 independently undertook to fundraise for Myeloma UK, a cancer charity, in memory of a colleague, Jan Hester, who sadly passed away

in 2014. A team of 17 colleagues set out to climb the three largest peaks in the UK in 24 hours which they achieved in time. They raised over £31,000 which the Bridgepoint Charitable Trust then matched. It's heartening in these times to see the spirit of cooperation and kindness that people display. Everyone at Bridgepoint was especially proud that people they work with every day undertook such a difficult challenge for a such a worthy cause.

**2016: looking ahead**

As we enter 2016 the volatility that characterised 2015 will continue for some time to come. Perhaps paradoxically, volatility has already created interesting investment opportunities albeit that a targeted approach to investment has to be maintained.

That is why the priorities for our Firm in 2016 are very clear. First, we will continue to be disciplined in our pricing and make

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**Guy Weldon**  
Partner and Chief Investment Officer



**Frédéric Pescatori**  
Partner, Head of investment in France



**Charlotte Kitabgi**  
Senior Associate, Paris

*"Our ability to continue to develop the talent of our own longstanding team members as well as attract new ones therefore remains critical to our success."*



James Reynolds  
Investment Director,  
London



investments borne of intelligent judgement. This not only means exploiting our attractive position in Europe's middle market but also buying well with proper regard to risk and reward. It also extends to working to create value in our investments by focusing on revenue growth, operational improvement and accretive add-on acquisitions.

Second, we aim to continue to return meaningful amounts of capital to our investors. Through our sector-based approach implemented locally across a pan-European platform, our funds have consistently generated strong capital returns to our investors throughout different economic cycles. Our aim therefore in 2016 is to continue this trend, with strong realisations as we take advantage of favourable markets for selling assets.

And third, as our lower middle market business Bridgepoint Development Capital moves towards making its last investment from its BDC II fund, as noted, we expect it to return to the market in 2016 to raise a larger successor fund for what remains a very attractive and active part of the private equity market in Europe.

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*"In productive partnership with our management teams and the people working in Bridgepoint companies, we start 2016 excited by the opportunities presented by the times and well positioned for the future."*

I, and my fellow partners, are aware of the huge amount of work and commitment that lies behind Bridgepoint's results. Behind the achievements I have summarised here are a very dedicated group of people - the management teams and over 90,000 employees of the companies we back. I thank them for their contribution, dedication and hard work in 2015.

The ambition of our own Bridgepoint colleagues across Europe and in China has also been undiminished and I thank them too for their energy and commitment.

Finally, it's encouraging to conclude this review by noting that in productive partnership with our management teams and the people working in Bridgepoint companies, we start 2016 excited by the opportunities presented by the times and well positioned for the future.

**William Jackson**  
Managing Partner