

SEE WHAT'S NEW AND NOTEWORTHY IN PRIVATE EQUITY THIS WEEK /// ISSUE 48

- 1** **Big Buyouts in East Asia and US**
- 1** **More PE Capital Earmarked For Africa**
- 1** **PE Industry Group Uses Video Campaign to Counter Criticism**
- 2** **Most Important Jobs in PE: Investor Relations and Legal Execs**
  - New finding by eFinancial News
- 2** **Healthcare and Energy are the Hotspots for Innovation**
  - GE Capital's Global Survey
- 3** **Signs of Optimism in Israel VC Investment?**
- 3** **Quote of the Week: Counter Intuitive**

# BIG BUYOUTS IN EAST ASIA AND US

There are several billion dollar PE buyouts underway but the market is still not moving into the mega deal trend. For example, Carlyle is among bidding for a stake in unlisted South Korean group Kyobo Life Insurance Co Ltd worth about \$1.8 billion, reports Reuters. Thomson Reuters is selling a healthcare unit for USD 1.25 billion to Veritas Capital in a partially debt-financed transaction, according to [BW](#) . And PE-backed Wow Internet, Cable & Phone is buying cable TV and Internet provider Knology Inc. for \$750.5 million, partly to broaden its geographic reach, according to [Associated Press](#).

## MORE PE CAPITAL EARMARKED FOR AFRICA



Investment in Africa is on the upswing, according to a [report](#) on Reuters covering a recent PE industry conference on the topic. Elsewhere, we found some new data. A study released last month by Africa Assets and Deloitte, titled "*The 2011 East Africa Private Equity Confidence Survey*," revealed that East Africa is a focus for private equity investment in the near future. New East Africa-focused funds will be targeting high-growth small and medium enterprises in consumer-driven sectors. This is slightly different that the more traditional infrastructure, telecommunication healthcare focus for PE. About 53 funds are targeting East Africa this year and around 30 have already opened offices.

Together they have raised approximately USD 633million Kenya and the region has in the recent past experienced an influx of Private Equity, with large and relatively lower amounts.

## PE INDUSTRY GROUP USES VIDEO CAMPAIGN TO COUNTER CRITICISM

The Private Equity Growth Capital Council is showing the “softer side” of the buyout industry in a series of promotional videos, reports the [NY Times](#). The article is somewhat critical of the featured case study because it fails to mention a controversial investment in a US furniture maker made by the PE company featured in one of the first [video](#) clips in the series. The reason the promotional PR is underway is to counter damage to PE’s image as a result of the presidential election campaign by attacks on Mitt Romney’s record at Bain Capital.

# MOST IMPORTANT JOBS IN PE: INVESTOR RELATIONS & LEGAL EXECS

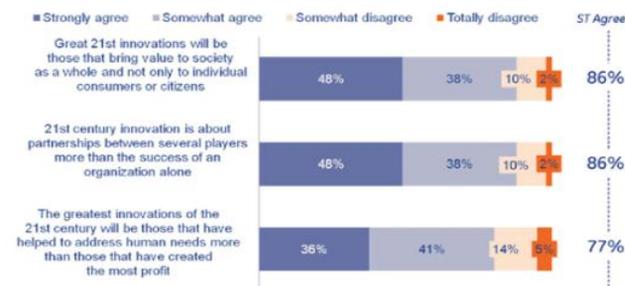
[FN](#) has a series on the most important jobs in finance, which began with a feature on Private Equity (via [WSJ blog](#)). Due to criticism of over-leveraging and difficulties in a more competitive fundraising environment, a fundamental shift took place in the industry's most important roles, with investor relations and legal positions coming to the fore, says FN citing several London-based headhunters. Investor relations professionals serve in multifaceted roles that include sourcing investments, maintaining relationships and communications with investors, liaising with deal teams and producing reports on performance and targets, says the report.

General Counsel roles are also gaining relevance as lawyers take on not only traditional deal-related work, but also wrestle with added compliance burdens, says FN.

# HEALTHCARE AND ENERGY ARE THE HOTSPOTS FOR INNOVATION

GE Capital published its [Global Innovation Barometer](#) revealing that as the economy recovers, innovation is seen as the “best hope to spur economic growth” in a survey that reached across 12 countries. Out of those surveyed, a whopping 95 percent view innovations as the main lever for a more competitive national economy, while 88 percent think innovations are the best ways to create new jobs. In addition, the U.S., Germany and Japan are seen as future innovation leaders.

## Innovating in the 21st Century: A part of CSR



When asked specifically about innovation in healthcare, those surveyed believe that innovation can improve the overall health of the population. Respondents also believe innovations can improve the design of their particular country's health system, improve the care for older populations, improve economic sustainability and improve the overall rate of chronic disease.

When it comes to the innovation potential in energy, 83 percent of respondents think innovation can reduce their country's carbon footprint.

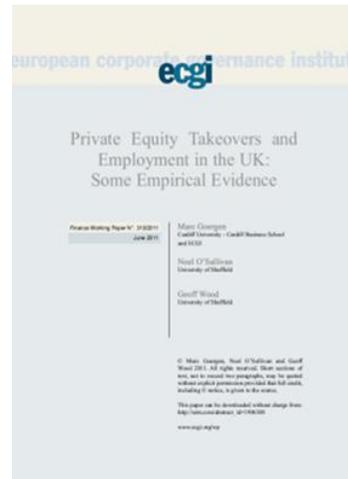
Furthermore, respondents believe energy innovations can improve their respective countries' energy independence and energy distribution quality. Also, survey participants think future innovations could improve the ability for citizens to manage their energy consumption and the overall energy costs.

# SIGNS OF OPTIMISM IN ISRAEL VC INVESTMENT?

Total investments by Israeli VC funds are still relatively low compared to the past; however in the past two quarters nearly half of the investments were first rounds, according to The IVC Research Center in its latest email bulletin. First investments by Israeli VC funds accounted for 48 percent of their total dollar investments in the first quarter, the highest percentage in the last four years, which prompted IVC's analyst to issue a statement of cautious optimism. The average first investment by Israeli VC funds was USD1.9 million, while the average follow-on investment was USD 1.05 million. In the first quarter of 2012, venture capital investments amounted to USD 483 million, up slightly from the amount invested in Q1/2011, but down from the previous quarter, reports IVC.

## QUOTE OF THE WEEK: COUNTER INTUITIVE

***"This evidence suggests that the observed downsizing has not been effective either in disciplining staff or imparting a clearer focus to activities."***



**Who said it:** Marc Goergen, Cardiff University; Noel O'Sullivan, and Geoff Wood, University of Sheffield

**In Context:** The quote above comes from an academic study entitled *Private Equity Takeovers and Employment in the UK: Some Empirical Evidence*. It was reported in [eFinancial News](#) and we followed up by downloading the [study](#). It explores 73 acquisitions by buyout firms to determine the validity of the idea that downsizing improves productivity. The results of the research tend to say that when it comes to companies acquired by PE firms the results are not what one would think. FN said that the report, is likely to add fuel to the debate over private equity returns and employment levels. Various attempts to quantify the industry's performance in this regard have been inconclusive.

**Where we found it:** [SSRN](#)

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