AVCAL

Australian Private Equity & Venture Capital Association Limited

Private Equity Fact Sheet

APRIL 2016

Australian PE at a glance

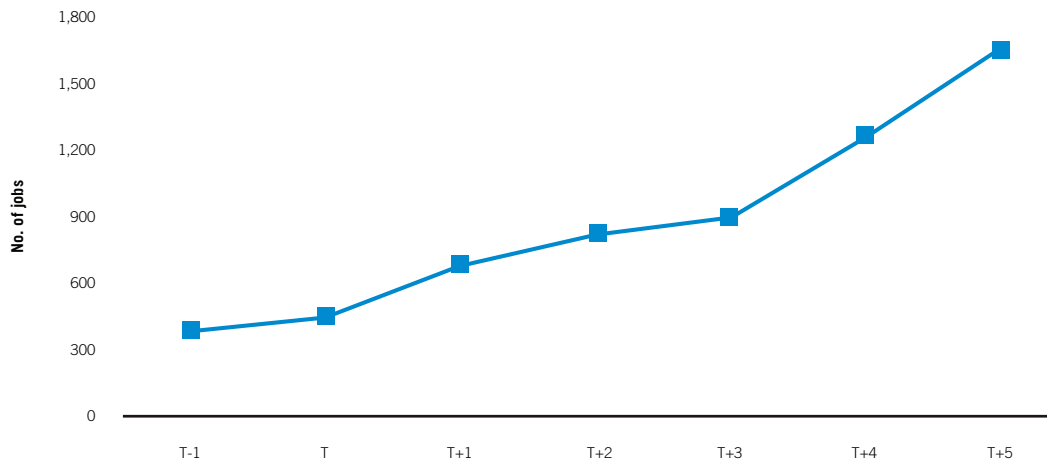
Funds under management	No. of active fund managers	No. of portfolio companies held	Investment in FY2015	Value added to Australian economy	No. of jobs supported by the industry
$25b	76	345	$3.3b	$59b per annum	Over 500,000

Note: As of 30 June 2015.
Sources: AVCAL, Deloitte Access Economics (2013).

PE investment grows jobs

The Australian PE industry and PE-backed companies directly and indirectly support an estimated 500,000 full-time jobs, and generate a substantial amount of new jobs. PE-backed firms, on average, grow their workforces at a compound annual growth rate of 27.6% over a five-year ownership period.

Figure 1: Employment average for PE-backed firms



Source: Deloitte Access Economics (2013)

Case study: Study Group

StudyGroup

Study Group is a global education provider, preparing students for life in a global society and success in a global economy. CHAMP Private Equity invested in the business in 2006, bringing in new management and focusing the company's strategy on a few key priorities for growth.

In July 2010, CHAMP Private Equity and co-investor Petersen Investments sold Study Group to US-based firm Providence Equity Partners for $660m.

Case study: Appen Ltd

appen™

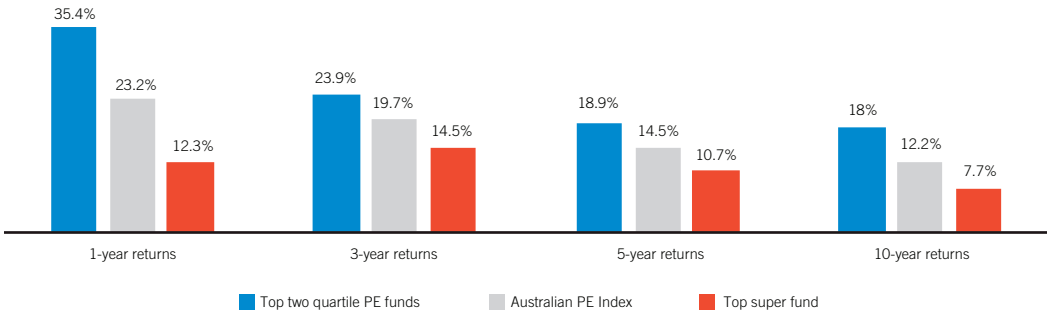
Appen is a leading global supplier of language technology services, such as search technology, language analysis and speech recognition services. Anacacia Capital invested in the company in 2009, strengthening management and positioning the business for further strategic growth.

Appen was listed on the ASX in January 2015 and released its first annual results in February 2016, with the share market valuing the business at more than $150m after the release.

Top performance

The PE asset class is a dominant contributor to long-term superannuation returns. Selecting the top 50% of Australian PE managers, for example, can generate a 10 year return that is 10.3% higher than the best performing super fund (growth option).

Figure 2: Australian PE vs super fund returns



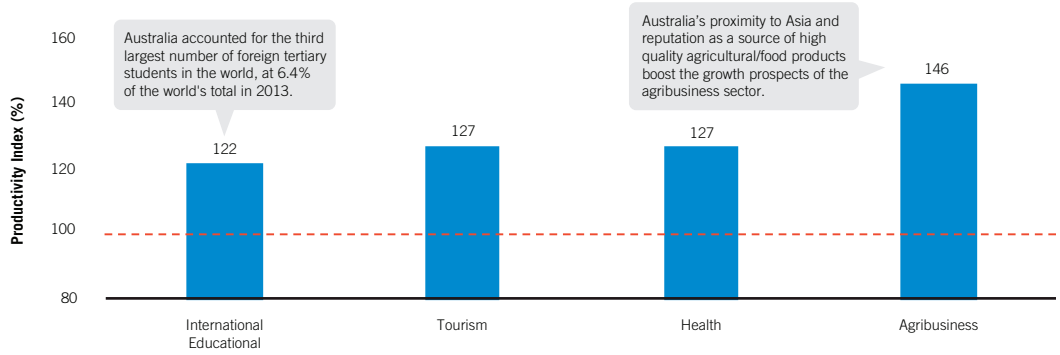
Sources: Cambridge Associates, Chant West, AVCAL analysis.
Returns as of 30 June 2015. Super funds data is for best performing super fund under the Growth option only. All returns are net of investment fees and tax.
The Australian PE Index tracks all PE funds domiciled in Australia, whilst the top two quartiles returns are for Australian PE funds ranked by their IRR as of 30 June 2015, and by vintage year.

PE opportunities in globally competitive industries

Australia's standing as one of the world's fastest growing developed economies, situated near the high-growth Asian region, positions it well for attractive investment opportunities.

A number of industries offer particularly strong propositions for PE investment, being highly rated globally for their productivity and showing growth potential. Some of these are set out in Figure 3 below.

Figure 3: Productivity of Australian industry sectors compared with global competitors



Source: Austrade (2015)

PE has a strong track record in the industry sectors highlighted above. Prominent examples of previously held and current PE portfolio companies include:

Education: Study Group, Careers Training Group, Learning Seat
Tourism: Discovery Parks, Recreational Tourism Group, Tasmanian Walking Company
Health: Healthscope, Healthecare, Estia Health, LifeHealthcare, GenesisCare, Virtus Health
Agribusiness/food: Ingham Enterprises, Costa Group, Sundrop Farms, Manassen, Pinnacle Bakery and Integrated Ingredients

Case study: LifeHealthcare

Medical device distributor LifeHealthcare was founded and received an investment from Crescent Capital Partners in 2006. Crescent played an important role in enabling the execution of the company's strategy to fast-track growth, including expanding into new sectors, analysing geographical opportunities and reviewing pricing.

It was floated on the ASX in December 2013 for $85m.

For further information, please contact: Kosta Sinelnikov, Senior Research Analyst **Tel:** +61 2 8243 7008 **Email:** kosta.sinelnikov@avcal.com.au