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Buyout groups still bullish despite threat of recession

► **PRIVATE EQUITY**
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A SURVEY has found 86 per cent of buyout firms would be investing similar or greater amounts this year compared to a last year.

The poll by Cobalt – the technology, media and telecoms corporate finance specialist discovered this upbeat outlook – despite some 90 per cent of all investors saying they were concerned about the possibility of recession.

Cobalt's first annual survey asked more than 100 private equity and

venture capital firms, with a collective value of more than £40bn, for their assessment of the coming year.

Some 90 per cent of respondents said they would make changes to their business to weather the slump in the economy.

More than a third are planning to exit investments later than expected, with 10 per cent preparing to refinance.

Nearly all those polled said the digital media sector was the most exciting for investment opportunities, with Guy Hands tipped as one of the

most influential bosses of 2008. Hands hit the headlines last year after his buy-out group Terra Firma bought music firm EMI for £3.2bn.

Proposed changes to capital gains tax would not greatly affect investors whereas the availability of debt is seen as major problem, according to the survey.

Some 70 per cent of private equity firms were concerned that the credit squeeze would impact their investment strategy in 2008.

The poll concluded that investors would have to work harder to see strong returns in 2008.

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