## BUYING WELL

### 2016 NEW INVESTMENTS

<table>
<thead>
<tr>
<th>€2.2bn Equity invested</th>
<th>An organic personal care brand in Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><strong>allegro</strong></em></td>
<td>john masters organics</td>
</tr>
<tr>
<td>A fund administration and corporate services provider</td>
<td>A provider of integrated HR software solutions and outsourcing</td>
</tr>
<tr>
<td><em><strong>alterDomus</strong></em></td>
<td><em><strong>E3</strong></em></td>
</tr>
<tr>
<td>One of Italy’s largest pet care retail chains</td>
<td>An omnichannel fashion retail business for private members</td>
</tr>
<tr>
<td><em><strong>ARCAPLANET</strong></em></td>
<td><em><strong>tricor</strong></em></td>
</tr>
<tr>
<td>1 supermarket per downdaw</td>
<td>An Asian leader in outsourced corporate services</td>
</tr>
</tbody>
</table>

*Find out more about the Permira funds’ investments on page 7*

## SELLING WELL

### 2016 DIVESTMENTS

<table>
<thead>
<tr>
<th>€4.2bn Divested</th>
<th>A provider of advanced automated material handling solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><strong>ancestry</strong></em></td>
<td><em><strong>Intelligrated</strong></em></td>
</tr>
<tr>
<td>A supplier of minimally invasive surgical delivery systems</td>
<td>A leading provider of products and services to the over 50s</td>
</tr>
<tr>
<td><em><strong>CREGANNA MEDICAL</strong></em></td>
<td><em><strong>Saga</strong></em></td>
</tr>
</tbody>
</table>

*Find out more about the Permira funds’ divestments on page 8*
Permira at a glance

The Permira funds have delivered market-leading returns for our investors for over 30 years by partnering with more than 200 ambitious businesses to support their growth. We are proud to work closely with exceptional management teams to help them solve complex issues. By providing patient capital, board support and access to our networks, we help transform good businesses into great global leaders.
IN FIVE SECTORS
The Permira funds invest in companies across five sectors. Our teams look beyond the macro to identify sub-sectors with significant underlying growth potential. Equity invested since inception:

**Consumer**
- €8.3bn\(^1\)

**Financial Services**
- €2.7bn\(^2\)

**Healthcare**
- c.€900m\(^3\)

**Industrials**
- €4.4bn\(^4\)

**Technology**
- €8.0bn\(^5\)

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1. As at 31 March 2017.
5. As at 31 March 2017.

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**PARTNERING WITH MANAGEMENT**
We partner with world-class management teams to unlock the full potential of the companies in which the Permira funds invest.

**TO DRIVE GROWTH**
We focus on companies with significant potential to grow and become global industry leaders. This growth is the core driver of returns.

- 17%
  - Year-on-year portfolio valuation growth

- 16%
  - P5 portfolio EBITDA growth

- 12%
  - P5 portfolio sales growth

---

- Long term
  - Average 5-year investment period

- Shared vision
  - Mutually agreed business plan & financial targets

- Partnership
  - Strategic partner for management constructive board members to support key decisions
2016: A year in review

Permira combines a 30+ year track record, long-standing presence in the world’s major markets and deep domain expertise across five sectors. This is what enables us to help management teams grow ambitious companies. This strategy has continued to deliver great success in 2016.

Some of our achievements in 2016 include:

<table>
<thead>
<tr>
<th>2016</th>
<th>€4.1bn</th>
<th>€7.5bn</th>
<th>€1.1bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opened Shanghai office</td>
<td>Returned to investors</td>
<td>Raised for Permira VI</td>
<td>Raised for direct lending and structured credit funds for PDM</td>
</tr>
</tbody>
</table>
2016: A year in review

The event-driven volatility that we witnessed throughout 2016 continues into 2017. In addition to the obvious risks involved with operating in volatile markets, valuations of both public and private companies are near historic peaks, making it even more important to identify and back the right companies from the outset.

Investment conviction in uncertain markets

Permira thrives on complexity. Our sector teams look ‘beyond the macro’ to identify pockets of sustainable growth. Over the last year, the Permira funds have acquired a diverse range of businesses, including Allegro, Alter Domus, Arcaplanet, John Master Organics, P&I, Schustermann & Borenstein and Tricor.

Using the insights gained from being one of private equity’s leading technology investors, we also ensure that the Permira funds’ portfolio is on the right side of disruptive technology shifts.

This year saw the exit of the funds’ partnership with Intelligrated which benefited from the enormous growth in e-commerce in recent years. By responding to this in the right way and at the right time, the business was sold last summer for over five times the cost of the original investment.

Celebrating a decade of Permira Debt Managers

It has been 10 years since we launched PDM, and we are very pleased by the progress made and the returns delivered over that time. The PDM funds have invested c.€4 billion of capital in c.100 businesses, giving both investors and companies a very high level of confidence in their ability to deliver. In 2016, PDM continued to grow, raising €1.1 billion for direct lending and structured credit funds, and making 11 new investments.

Investing in our people to make the most of future opportunities

We are stepping up investment in our talent platform, given that our people are the powerhouse of our business. In the past year, we have welcomed 30 new people to the team.

We have also invested further to grow our Portfolio group to a 10-strong team, maximising our ability to support our management teams in delivering their ambitious growth strategies.

"Permira thrives on complexity. Our sector teams look ‘beyond the macro’ to identify pockets of sustainable growth.

KURT BJÖRKLUND
CO-MANAGING PARTNER"
The overall economic outlook for 2017 is positive, with indicators suggesting that average global growth will continue at the upper end of what we have seen over the past five years.

TOM LISTER  
CO-MANAGING PARTNER

Building strong investor relationships  
The ability to build long-term, mutually beneficial relationships with our investors is central to what we do. We continue to invest in our team and infrastructure so that we can meet the needs and expectations of our investors around the world. It is through these strong relationships that we were able to close Permira VI at €7.5 billion.

Looking ahead to identify key growth markets  
The overall economic outlook for 2017 is positive, with indicators suggesting that global growth will continue at the upper end of what we have seen over the past five years.

We continue to see strong deal-flow in Silicon Valley, where we are increasingly recognised as one of the few players to combine a local presence with a global office network and the cross-sector expertise that is becoming ever more relevant in technology transactions.

More attractive opportunities are also emerging in Asian markets. Over the last few years, we’ve grown our investment team here and in 2016 opened a new office in Shanghai. New investments in Tricor and John Masters Organics are good examples of opportunities we are finding in the region.

A responsible, sustainable approach to investing  
We were one of the first large investment firms to embed ESG considerations into our decision-making processes. As long-term investors, the sustainability of the companies that the Permira funds back is of crucial importance, so it is sound business sense to consider the wider non-financial context in which they operate.

In some of the Permira funds’ investments we have gone further, actively backing companies that provide solutions to long-term sustainability issues. Netafim, a global leader in drip irrigation, is revolutionising the ability of farmers around the world to increase the yield from their land while using less water. Pharmaq, a highly successful former portfolio company, provides health solutions to fish farms, helping to alleviate the strains on marine ecosystems as ever-expanding populations eat more fish.

We believe that our combination of 30+ years accumulated sector knowledge, our clear strategy and our cohesive culture are the basis of Permira’s competitive advantage. This combination enables us to confidently take a view on sector trends and the Permira funds to invest with conviction behind the companies best placed to exploit those trends globally.

TOM LISTER  
CO-MANAGING PARTNER
Intelligrated is a leading North American-based provider of advanced automation and fulfilment solutions. Its systems drive productivity for e-commerce companies, retailers, manufacturers and the parcel industry. The company was sold in 2016 after four years in the Permira funds portfolio.

Together we achieved:
- More than 300% growth in the sales pipeline and over 90% revenue growth
- Major new customer wins, including UPS, Amazon, USPS, Nordstrom, Walgreens and Tesla
- Significant enhancement of software capabilities and aftermarket
- Expansion into emerging markets
- More than tripling R&D investment in new systems and capabilities, including in automated storage/retrieval systems, a full parcel solution to enter the high-growth global parcel market and robotic solutions
- Strategic investments in software products and capabilities and in building a dedicated aftermarket sales force
- Establishing a local presence in Brazil and China, which are deep consumer markets and still in the early days of e-commerce growth
- Completing three acquisitions, including two small software businesses and the acquisition of United Sortation Solutions, a supplier of specialised products to Intelligrated and a key supplier to the US Postal Service, further extending Intelligrated’s capabilities in the parcel segment

Intelligrated is a far better company today than it was four years ago and Permira deserves a tremendous amount of credit for that.

CHRIS COLE, INTELLIGRATED, CEO AND PRESIDENT

<table>
<thead>
<tr>
<th>3</th>
<th>&gt;90%</th>
<th>120%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisitions</td>
<td>Revenue growth</td>
<td>EBITDA growth</td>
</tr>
</tbody>
</table>

See more on our sectors p17
2
BUYING & SELLING WELL

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BUYING & SELLING WELL
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Investing well 6
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Investing well

Permira’s strategy is designed to identify investment opportunities in sectors that have the potential for long-term growth irrespective of trends in the wider economy.

What we look for:
The DNA of a Permira funds investment.

Our sector teams identify attractive sub-sectors that benefit from strong underlying growth trends and then begin detailed analysis of the most attractive companies operating in that space. At a micro level we then undertake detailed due diligence on the company, its management and its potential for significant expansion.
New investments

The Permira funds enjoyed a strong year in 2016 in terms of both new investments and portfolio company divestments. The funds made the following investments in the year.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>FUND</th>
<th>SECTOR</th>
<th>INVESTMENT DATE</th>
<th>TRANSACTION SIZE</th>
<th>INVESTMENT CASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of Italy’s largest pet care retail chains</td>
<td>P5</td>
<td></td>
<td>May 2016</td>
<td>€361m</td>
<td>– Driving growth through a combination of rapid store roll-out, consolidation of a highly fragmented market and optimisation of in-store performance</td>
</tr>
<tr>
<td>An organic personal care brand in Japan</td>
<td>P5</td>
<td></td>
<td>June 2016</td>
<td>€321m</td>
<td>– Creating value through further store roll-out in Japan, accelerated new product development and an enhanced retail marketing strategy</td>
</tr>
<tr>
<td>A provider of integrated HR software solutions and outsourcing</td>
<td>P5</td>
<td></td>
<td>November 2016</td>
<td>€903m</td>
<td>– Building a strong platform for consolidation of the relatively fragmented market in this space in Germany and across Europe</td>
</tr>
<tr>
<td>An Asian leader in outsourced corporate services</td>
<td>P5</td>
<td></td>
<td>March 2017</td>
<td>€713m</td>
<td>– Using multiple levers to drive growth, including pricing and packaging optimisation, customer segmentation and cross-border selling</td>
</tr>
<tr>
<td>Largest e-commerce player and internet brand in Poland</td>
<td>P6</td>
<td></td>
<td>January 2017</td>
<td>€3.1bn</td>
<td>– Improving the general ecosystem to increase conversion and average basket size, and enhancing user experience for both buyers and sellers</td>
</tr>
<tr>
<td>An omnichannel fashion retail business for private members</td>
<td>P6</td>
<td></td>
<td>January 2017</td>
<td>€730m</td>
<td>– Increasing monetisation of existing customers and targeting new customers through use of big data analytics, pricing, CRM and marketing automation technologies</td>
</tr>
<tr>
<td>A fund administration and corporate services provider</td>
<td>P6</td>
<td></td>
<td>April 2017</td>
<td>€527m</td>
<td>– Accelerating international expansion, with a particular focus on the US</td>
</tr>
</tbody>
</table>
## Selling well

The Permira funds completed the following divestments in the year.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>FUND</th>
<th>SECTOR</th>
<th>REALISATION DATE</th>
<th>REALISATION TYPE</th>
<th>TRANSACTION OVERVIEW</th>
<th>GROSS MULTIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magento</td>
<td>P5</td>
<td>REALISATION SECTOR</td>
<td>December 2016</td>
<td>Partially realised</td>
<td>– Sale of 35% of shares to Hillhouse Capital, a global investment management firm with a strong presence in Asia</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>– 59% stake (on an undiluted basis) retained by the fund</td>
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</tr>
<tr>
<td>Kaiten</td>
<td>P4</td>
<td>Sector</td>
<td>March 2017</td>
<td>Partially realised</td>
<td>– Proceeds received from Tokyo Stock Exchange</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IPO</td>
<td>– 21% stake in the company retained</td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Ancestry</td>
<td>P4</td>
<td>Sector</td>
<td>May 2016/October 2016</td>
<td>Partially realised</td>
<td>– Partial exit to Silverlake Partners, GIC and Spectrum Equity</td>
<td>3.1x</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>– 7% stake in the business retained by the fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>– Further proceeds received following a refinancing in October 2016</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arista LifeScience</td>
<td>P4</td>
<td>Sector</td>
<td>December 2016</td>
<td>Fully realised</td>
<td>– 5.5 million common shares of Platform sold, fully realising the investment in December 2016</td>
<td>1.6x</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Trade sale</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Creganna Medical</td>
<td>P4</td>
<td>Sector</td>
<td>April 2016</td>
<td>Fully realised</td>
<td>– Sale to TE Connectivity, a US-headquartered corporate buyer</td>
<td>3.3x</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Trade sale</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>NXP</td>
<td>P4</td>
<td>Sector</td>
<td>March/June/July 2016</td>
<td>Fully realised</td>
<td>– Disposal, by three block trades, of the fund’s remaining shares in NXP, fully realising the investment</td>
<td>1.1x</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Trade sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPANY</td>
<td>FUND</td>
<td>SECTOR</td>
<td>REALISATION DATE</td>
<td>REALISATION TYPE</td>
<td>TRANSACTION OVERVIEW</td>
<td>GROSS MULTIPLE</td>
</tr>
<tr>
<td>--------------------</td>
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<td>--------</td>
<td>------------------</td>
<td>------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| Genesys            | P4   |        | September/December 2016 | Partially realised | Partial sale to Hellman & Friedman in September 2016  
|                    |      |        |                  |                  | Further proceeds generated in December 2016 through full redemption of the preferred equity security, following the acquisition of Interactive Intelligence and concurrent refinancing  
|                    |      |        |                  |                  | 22% equity stake in the combined entity retained by the fund                                                                                       | Not Disclosed |
| Intelligated       | P4   |        | August 2016      | Fully realised   | Sale to Honeywell, a US-headquartered corporate buyer                                    | 5.2x           |
| Saga               | PE3  |        | April 2016       | Fully realised   | Disposal of the fund’s remaining shares in Saga, fully realising the investment          | 1.6x           |
| Sisal              | PE3  |        | December 2016    | Fully realised   | Sale to CVC Capital Partners                                                            | 0.1x           |
| Telepizza          | PE3  |        | May 2017         | Fully realised   | Proceeds received following listing on the Madrid Stock Exchange                         | 0.4x           |
Magento is a leading provider of omnichannel commerce solutions to retailers, brands and branded manufacturers across retail B2C and B2B industries.

THE INVESTMENT STRATEGY
→ To enhance Magento’s go-to-market strategy and continue Magento’s product leadership
→ To invest in Magento’s Retail Innovations and omnichannel capabilities in order to meet the changing needs of global wholesalers, manufacturers and retailers
→ To bolster growth and market position, where needed, through strategic acquisitions

MILESTONES TO DATE
→ Significant carve-out from former parent eBay completed with minimal distraction allowing management to focus on the value creation plan
→ Built-out core management team: SVP Strategy & Growth, VP of Global Sales, CIO, Head of Strategy, Senior Director of Payments
→ Developing stand-alone systems and services
→ Organic and inorganic initiatives in progress, including pricing optimisation and improved ecosystem monetisation
→ Supported the acquisitions of Schopial (social commerce business that helps merchants sell products on platforms including Facebook), RJ Metrics (analytics software provider for e-commerce companies) and Bluefoot CMS (a set of tools that will facilitate the Magento page building process)
→ Introduced a strategic investor, Hillhouse Capital, which recently invested $250 million in the business

#1 E-commerce platform
250k Websites
$50bn Gross merchandise volume

See more on our sectors p17
PARTNERING TO DRIVE GROWTH

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PARTNERING TO DRIVE GROWTH
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Partnering to drive growth

The Portfolio group is a dedicated team with diverse operational backgrounds that provides specific functional expertise to help management teams build better, stronger businesses.

Supporting management teams to create value

We first get involved in the due diligence phase, long before the funds make an investment. That’s when we work to uncover the quality of the business and build a value creation plan designed to unleash maximum potential. Assuming our funds go on to make the investment, our role then is to support management teams to implement and execute on the plan to drive sustainable growth across the company.

It is our job to ensure that the plan is embedded in the company with as little disruption as possible. This is a crucial inflexion point in their growth journey and can be unsettling. We support management teams to set out a trajectory, get the right reporting and processes in place, and create the momentum for growth, providing a roadmap. It is then down to the management team to drive the plan forward.

We value and promote transparency – it is fundamental to forming and executing the plan. Frank, open and frequent dialogue with the management teams is critical. This allows us to get the information that we need quickly, to identify and resolve issues and to support the people who are responsible for the various initiatives.

A growing team of experts

We are a relatively small group built around the Permira funds’ investment strategy and the practical needs of portfolio company management teams. We have built a team that reflects these priorities and mirrors the wider firm structure, with 10 individuals in key geographies, sectors and functional areas to proactively add value to the businesses we back.

One important area of focus for us is Environmental, Social and Governance (‘ESG’). Adinah Shackleton (Head of ESG) helps to ensure that ESG matters are considered at every stage of the process, and that good practice in this area helps to drive operational efficiencies.

In addition to our experienced, global team, we have access to an extensive network of senior advisers and consultants across all five sectors, some of whom sit on the board of a number of the funds’ portfolio companies. This could mean working closely with them during the initial set-up process at a portfolio company, or simply recommending them to a management team member.

Frank, open and frequent dialogue with the management teams is critical. This allows us to get the information that we need quickly, to identify and resolve issues and to support the people who are responsible for the various initiatives.

OLIVER STEIL
PARTNER, HEAD OF PORTFOLIO GROUP

""

""
We have made significant progress over the past 18 months recruiting the right blend of skills and experience for Permira and formalising the process.

The Portfolio group in action
The Portfolio group has helped to create strategic value at every stage of the process, from due diligence to the 100-day value creation plan and in major strategic projects throughout the lifetime of the investment.

A great example of how our work at an early stage in a transaction can enable management to focus on running the company is Magento (P5, 2015), an omnichannel commerce solutions provider. Our Technology team had been building a relationship with eBay for some time and tracked the ownership of Magento for years. We knew we wanted to back Magento – it was a wonderful software business with a massive customer base and leading positions in Europe and the US. But eBay was looking to sell a number of other companies that didn’t fit our profile and we thus spent a lot of time engineering a team-up to allow the Permira funds to only acquire what we wanted, including getting the assets that became Pepperjam. Time was tight, we had only a few weeks to carry out due diligence and structure the entire enterprise – an extremely complex process involving separating multiple businesses from a division that was itself about to be carved out of eBay. Crucially, we went through this process without heavily burdening CEO Mark Lavelle, to give him the capacity to continue with his own challenge of running the business.

The Portfolio group also played a key role in supporting the management team to create value at Vacalians Group (P5, 2015), a leading European player in outdoor holidays. We formed an investment thesis based on an attractive underlying market with resilient growth. The plan sought to upgrade the overall customer experience and introduce a premium range with additional services. Following a successful trial, this coming season will see the roll-out of high-end vacation offerings across a number of target destinations.

Knowledge sharing
We also facilitate best practice sharing through a series of portfolio conferences. These allow for knowledge-sharing among the senior team members from specific functional areas who are invited to hear about the latest developments in their field, and to share expertise.
Partnering to drive growth continued

Systemising the Permira approach –
Refined approach to repeatable value creation

The Permira approach is founded upon five core value creation topics, each of which is underpinned by multiple initiatives. Each value creation plan is designed and tailored to suit the specific portfolio company situation.

<table>
<thead>
<tr>
<th>STRATEGY 2.0</th>
<th>MARKETING EXCELLENCE</th>
<th>SALES RAMP-UP</th>
<th>EFFICIENT OPERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add-on acquisitions</td>
<td>Brand &amp; value proposition</td>
<td>Direct sales excellence</td>
<td>Footprint optimisation</td>
</tr>
<tr>
<td>Transformational M&amp;A</td>
<td>New product roadmap</td>
<td>Wholesale distributor/dealer management</td>
<td>Lean production</td>
</tr>
<tr>
<td>International expansion</td>
<td>Pricing &amp; packaging</td>
<td>Retail roll-out</td>
<td>Supply chain management</td>
</tr>
<tr>
<td>E-commerce step-up</td>
<td>Digital marketing</td>
<td>Retail LFL initiatives</td>
<td>Service delivery optimisation</td>
</tr>
<tr>
<td></td>
<td>Use of big data</td>
<td>Engineering-to-sales</td>
<td>Overhead cost reduction</td>
</tr>
<tr>
<td></td>
<td>CLTV management</td>
<td></td>
<td>Customer experience management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLATFORM CREATION</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate carve-out</td>
<td>Management upgrade</td>
<td>Reporting &amp; incentives</td>
<td></td>
</tr>
<tr>
<td>Post merger integration</td>
<td>Employee engagement</td>
<td>IT/ERP system scale-up</td>
<td></td>
</tr>
</tbody>
</table>
Portfolio group team

RICCARDO BASILE
LONDON

Specialisms: Expertise in designing and executing carve-out and post-merger integration
Masters degree from University of Bologna, Italy
Chartered Engineer
Early career in industry in Italy, UK, Russia
5 years at PwC UK
5 years at AlixPartners

ZILIA D’MELLO
LONDON

Specialisms: Level, portfolio maintaining and reporting
Reporting and accounting background
Member of the Chartered Institute of Management Accountants
1 year with Langham Hall LLP
2 years with Living Bridge LLP

DOMINIQUE FRIEDRICH
FRANKFURT

Specialisms: Functional focus on strategy, business model innovation, product management and go-to-market strategies, commercial excellence, organisation and PMI
PhD in Economics from University of Eichstatt-Ingolstadt
International business background
c9 years consulting at BCG
3 years as Head of Programme Management Office and member of top executive team at Douglas Holding

ELISABETTA FRONTINI
MILAN

Specialisms: Broad functional experience: marketing, sales, product development, strategy, retail, service operations, M&A
Economics background
MBA from Stanford
8 years of consulting at McKinsey; 1 year as a Partner
Senior executive in FMCG, at Ferrero Group

RAJ KAPOOR
MENLO PARK

Specialisms: Marketing and sales
MBA from Harvard Business School
3 years at SquareTrade
Executive Bain Capital’s Portfolio Group

RAZ KHAN
NEW YORK

Specialisms: Operations, Supply Chain, Six Sigma
Bachelor and masters degree from Alfred University
3 years Tyco International
8 years at Cerberus Capital Management

SHANE LAUF
HONG KONG

Specialisms: Consumer, Healthcare, Technology, Asia
Computer Engineering background
MBA/MS from Stanford
5 years at KKR Capstone
5 years at McKinsey

CHRISTIAN PAUL
LONDON

Specialisms: Broad functional experience: new market entry, product launch, sales growth, pricing, supply chain
Degree from University of Alabama-Birmingham, MBA from Oxford University
12 years at Roland Berger and AlixPartners
12 years of work experience in Asia
5 years with Permira in Hong Kong

ADINAH SHACKLETON
LONDON

Specialisms: Environmental, Social and Governance
Geography degree from UCL
8 years at sustainability consultancy, ERM
1 year in construction as an environmental coordinator

OLIVER STEIL
LONDON

Specialisms: Hands-on experience in most business functions, from recovery situations to strategic growth projects
Electrical Engineering Diploma from Ruhr University of Bochum
10 years at McKinsey, 3 years as a Partner
CCO and CEO at debitel AG
CEO of Sunrise Communications AG
Allegro Group is Poland’s largest online marketplace, with more than 20 million registered users allowing businesses and individuals to sell their products to consumers. In addition, the Group operates Ceneo, Poland’s leading online price comparison website.

**WHY WE BACKED THEM**
- To back an iconic brand with exceptional user engagement metrics
- To support a management team with proven execution track record of delivering growth
- To capitalise on the secular growth of the Polish e-commerce market, which is expected to double in the next five years

**THE INVESTMENT STRATEGY**
- To build a stronger ecosystem, giving both customers and merchants more reasons to use the website
- To improve the website user experience across desktop and mobile to drive improved conversion rates
- To invest in the end-to-end customer experience from integrated logistics to customer service and returns

"Permira provides us with unrivalled expertise in growing e-commerce and technology businesses in emerging Europe. We are delighted to have attracted their financial backing and operational insights going forward, as well as their investment commitment to the business to considerably enhance our customers’ experience."

PRZEMYSŁAW BUDKOWSKI, ALLEGRO, CEO

| €3.1bn | 20m | #1 |
| Transaction value | Registered users | Polish internet brand |
Two interconnected and disruptive trends are reshaping the Consumer sector. The first is the emergence of a new generation of consumers who are far more focused on experiences than material possessions. Overlaying this is the use of technology, which is forcing companies to reassess all aspects of their businesses. Coupled together, these trends are driving a pace of change more rapidly than at any stage in the Permira funds’ 30+ year investment history.
In a world where buying decisions are informed by so many disparate sources and the consumer has unlimited choice at their fingertips, having the right product is more important than ever.

CHERYL POTTER
PARTNER, HEAD OF CONSUMER

‘Doing stuff not buying stuff’

In terms of changing consumer habits, there is a major shift towards experiences rather than material purchases. This is happening at both ends of the age spectrum: baby-boomers have gone past the ‘stuff accumulation’ phase and are investing much more in travel and experiences. At the other end, millennials don’t attribute the same value to ownership, and are spending a far greater proportion of their disposable income on unique experiences and bespoke brands.

We now spend much more of our time thinking about how these trends will play out in the long-term. For everyone, spending time with friends and family is highly valued. This has driven strong growth in the casual dining market. Sushiro Global Holdings Ltd (P4, 2012) is a sushi restaurant chain operator in Japan. We worked with management to expand the successful concept, growing its store presence from 335 outlets to 450+, prior to its listing on the Tokyo Stock Exchange in early 2017.

John Masters Organics (P5, 2016) is a premium organic skin, hair and homecare brand. The company started life in a salon in Soho, NYC and then licensed products to Japan. It is part of our thesis to reunite the licence and the brand into one business behind a strong management team to deliver a global growth agenda. To address this complexity we put together a team with huge consumer experience across all the relevant markets in Japan, the US and Europe to support the management team.

Market disruption

Technology is accelerating and accentuating changes in consumer behaviour. Historically, companies have done everything they can to protect their brands by exerting tight control over all touchpoints with their customers. New technology and new channels have changed that.

The online ‘review culture’, where consumers consult people they’ve never met before as a matter of course to supplement brand-led content. Combined with the rapid growth of popular culture ‘influencers’ on platforms like YouTube and Instagram which are increasingly intermediating brand messages.

In a world where buying decisions are informed by so many disparate sources and the consumer has unlimited choice at their fingertips, having the right product is more important than ever. At Dr. Martens (P5, 2016), the iconic British shoemaker, management has sought to build engagement with customers by building new stores, staging pop-up gigs and producing more editorial. The company encourages customers to share their experiences and style tips because it believes in the product and recognises that happy customers are the best brand ambassadors.

1 As at 31 March 2017.
Backing tomorrow’s winners

We have a 30-year investment track record backing brands like Hugo Boss, Valentino and Homebase. We have helped these, and many others, develop online and mobile strategies, roll out new stores and develop products and services. And we have done this around the world and through multiple economic cycles.

Over the period 2000-2015, the only institution that has invested more in consumer brands is French luxury goods company, LVMH.\(^1\)

The breadth of previous success stories gives us an unparalleled view on the complex themes reshaping the Consumer sector. In a world where capital for successful businesses has largely become commoditised, having this bank of success stories and institutional knowledge is critically important. We believe the funds’ track record and global network of Permira professionals and relationships is a clear USP for businesses looking to expand in a complex and rapidly changing market.

CHERYL POTTER
PARTNER, HEAD OF CONSUMER

BUYING WELL
Selected current portfolio

### Akindo Sushiho
- **Acquisition year:** 2012
- **Transaction value:** N/A
- **Country:** Japan
  - [akindo-sushiho.co.jp](http://akindo-sushiho.co.jp)

### Allegro Group
- **Acquisition year:** 2017
- **Transaction value:** €3,068m
- **Country:** Poland
  - [allegro.pl](http://allegro.pl)
  - [ceneo.pl](http://ceneo.pl)

### Atrium Innovations
- **Acquisition year:** 2014
- **Transaction value:** €754m
- **Country:** Canada
  - [atrium-innovations.com](http://atrium-innovations.com)

### BFY Brands
- **Acquisition year:** 2015
- **Transaction value:** N/A
- **Country:** US
  - [ourlittlerebellion.com](http://ourlittlerebellion.com)

### Dr. Martens
- **Acquisition year:** 2014
- **Transaction value:** €380m
- **Country:** UK
  - [dmartens.com](http://dmartens.com)

### John Masters Organics
- **Acquisition year:** 2016
- **Transaction value:** N/A
- **Country:** US/Japan
  - [johnmasters.com](http://johnmasters.com)

### S&B
- **Acquisition year:** 2017
- **Transaction value:** €730m
- **Country:** Germany
  - [schustermann-borenstein.de](http://schustermann-borenstein.de)

### Vacalians
- **Acquisition year:** 2015
- **Transaction value:** N/A
- **Country:** France
  - [vacalians-group.com](http://vacalians-group.com)

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\(^1\) Bloomberg LP and Bernstein analysis. Note: Includes Bloomberg LP categories: apparel manufacturers, footwear and related apparel, retail apparel store/shoe, retail – jewellery and textile apparel.
SELLING WELL
Selected past investments

**Ferretti**
- Exit year: 2007
- Gross Multiple: 2.3x
- Country: Italy
- ferrettigroup.com

**Galaxy Entertainment**
- Exit year: 2012
- Gross Multiple: 2.8x
- Country: Hong Kong
galaxyentertainment.com

**Homebase**
- Exit year: 2002
- Gross Multiple: 6.1x
- Country: UK
homebase.com

**Hugo Boss**
- Exit year: 2015
- Gross Multiple: 2.3x
- Country: Germany
hugoboss.com

**Iglo**
- Exit year: 2015
- Gross Multiple: 2.3x
- Country: UK
iglo.com

**New Look**
- Exit year: 2015
- Gross Multiple: 4.4x
- Country: UK
newlook.co.uk

**Takko ModeMarkt**
- Exit year: 2007
- Gross Multiple: 2.5x
- Country: Germany
Takko ModeMarkt

**Valentino**
- Exit year: 2007
- Gross Multiple: N/A
- Country: Italy
valentino.com
In the aftermath of the financial crisis and as a result of the rise of the internet, the financial services industry has been changing rapidly. As banks rebuild their capital reserves and divest non-core activities, a strong flow of sizeable and attractive investment opportunities are emerging in a number of sub-sectors.

**Market disruption**

The 2008 financial crisis still casts a shadow across the financial services industry. Banks continue to retrench from their pre-crash roles as financial conglomerates to focus chiefly on retail, corporate and investment banking, and unwinding their positions in services such as insurance, consumer lending, wealth and asset management, and many others.

As part of this shake-out, we are witnessing far more outsourcing of bank functions such as IT, fulfilment and receivables collection that had historically been kept in-house, and we expect this trend to continue.

In short, after nearly 10 years, we are yet to arrive at a ‘new normal’ in financial services. Many of the large banks have still not gone through the necessary structural changes. As this process unfolds in the years to come, we will continue to witness a steady stream of opportunities across our core sub-sectors: wealth management, specialty insurance, specialist finance and fintech.

**Our approach in action**

What we are seeing time and time again are good businesses that have been starved of investment and under-managed since the financial crisis. Management teams in these businesses are frustrated because critical business decisions have been taken out of their hands by people further up the bank and have little commercial relevance for the business they are trying to build.
While the opportunity set is huge, getting to these businesses and understanding the complexities of carving them out of very large banking conglomerates is a far greater challenge requiring in-depth execution skills and market knowledge.

A good example is Tilney Group (P5, 2014), a financial planning, wealth management and investment company that we backed after a two-year courtship with Deutsche Bank. The separation allowed the business to develop and deliver its own strategy without being constrained by the politics of sitting within a larger organisation. Part of the investment thesis was to consolidate this fragmented industry, and the funds have subsequently backed the business through a series of acquisitions, including the transformational acquisition of Towry in 2016.

At a time when added levels of compliance are required and capital constraints have curtailed banks’ ability to invest in new technologies, Permira’s combination of Financial Services and Technology expertise has proved a real advantage helping businesses establish the platform they need to compete and grow.

**JAMES FRASER**  
PARTNER, CO-HEAD OF FINANCIAL SERVICES

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Permira’s combination of Financial Services and Technology expertise has proved a real advantage helping businesses establish the platform they need to compete and grow.

**JAMES FRASER**  
PARTNER, CO-HEAD OF FINANCIAL SERVICES

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1 As at 31 March 2017. Includes Tricor which completed in April 2017 and Alter Domus which completed in May 2017.
Partnering for growth

As a specialist in Financial Services, with a global network,Permira is well placed to identify those businesses within larger conglomerates with long-term growth and transformation potential.

Our capacity to leverage this global network is especially important in an industry where legislation and regulatory oversight operates at a very local level. For example, the UK debt purchase market is one of the most sophisticated yet domestic of all financial services markets. We harnessed our insights and understanding of best practice in the UK and applied it to the German market to enable a successful merger between GFKL and Lowell Group in 2015 and the groups’ subsequent acquisitions of Tesch Inkasso and IS Inkasso Service in 2016.

Crucially we are a trusted partner in a sector where sensitivities around reputational issues frequently arise. The complexity of these situations and a lack of transparency mean that fewer of these opportunities emerge in wide auctions, so having the relationships and the credibility to deliver in complex highly regulated situations is critical.

PHILIP MUELDER
PARTNER, CO-HEAD OF FINANCIAL SERVICES, HEAD OF LONDON

As the financial services industry moves away from financial conglomerates or an integrated bancassurance model, we like to back independent, challenger businesses who are more focused and deliver superior products and services.

PHILIP MUELDER
PARTNER, CO-HEAD OF FINANCIAL SERVICES, HEAD OF LONDON

BUYING WELL
Selected current portfolio

Alter Domus
Acquisition year 2016
Country Luxembourg
alterdomus.com

JRP Group
Acquisition year 2009
Country UK
wearejust.co.uk

Lowell
Acquisition year 2015
Country Germany & UK
lowellgroup.co.uk

Tilney Group
Acquisition year 2014
Country UK
tilney.co.uk

Tricor
Acquisition year 2017
Country Hong Kong
hk.tricorglobal.com
SECTOR FOCUS

1. WHO WE ARE
2. BUYING & SELLING WELL
3. PARTNERING TO DRIVE GROWTH
4. SECTOR FOCUS
5. PDM
6. INVESTING RESPONSIBLY
7. CONTACT US

SELLING WELL
Selected past investments

**Tricor**

*Acquisition Year: 2017*  
*Country: Hong Kong*

Tricor is a leading provider of integrated business, corporate and investor services in Asia Pacific. Find out how we are supporting its growth plans in Asia and beyond...

**WHY WE BACKED THEM**
- To back a leading provider in outsourced corporate services and a premium brand in the industry
- To benefit from strong structural market dynamics which is growing at 8-10% p.a.
- To support a truly differentiated business which has built a unique position in the investor services and share registry market in Hong Kong

**THE INVESTMENT STRATEGY**
- To drive growth through service optimisation and enhanced IT automation
- To strengthen the regional sales force
- To consolidate a highly fragmented market

**€700m**  
Transaction value

**2,000**  
Employees

**Why We Backed Them**
- To back a leading provider in outsourced corporate services and a premium brand in the industry
- To benefit from strong structural market dynamics which is growing at 8-10% p.a.
- To support a truly differentiated business which has built a unique position in the investor services and share registry market in Hong Kong

**The Investment Strategy**
- To drive growth through service optimisation and enhanced IT automation
- To strengthen the regional sales force
- To consolidate a highly fragmented market

**Selected past investments**

### The AA

- **Exit year**: 2014  
- **Gross Multiple**: 3.7x  
- **Country**: UK  
- [theaa.com](http://theaa.com)

### Saga (Acromas)

- **Exit year**: 2016  
- **Gross Multiple**: 1.6x  
- **Country**: UK  
- [corporate.saga.co.uk](http://corporate.saga.co.uk)
In such a complex sector, identifying the most interesting investment opportunities and helping the Permira funds’ portfolio companies grow involves building a team with the experience and credibility to work simultaneously across multiple disciplines including science, medicine, regulation, commercial and financial ideas.
Identifying growth potential in a complex marketplace

The healthcare sector is vast and constantly in flux so we don’t limit our approach to two or three sub-sectors. As the youngest of the five sector teams at Permira, we look at things slightly differently. We take a view on the whole sector and dig deep into themes that in our view have investment potential. At one level, everybody can recite the four or five major global healthcare trends, but for us it is only when you peel back the layers and uncover parts of that ecosystem that things become interesting from an investment standpoint.

In order to pursue this strategy effectively, we knew from the start we would need to combine investment expertise and financial acumen with the ability to talk credibly to scientists and clinicians on their own terms. So we built a diverse group that is weighted towards clinical expertise, including a transplant physician, a physician and a former leader from Navartis, to name a few. This team has the knowledge and experience to work across multiple sub-sectors and hold conversations with the scientists and clinicians five levels down and develop a bespoke value creation plan for every partnership.

Our approach in action

A good example of this approach is Pantheon (P5, 2014), a provider of end-to-end products and services for diagnostic imaging and biomedical equipment. The top-level trend is the runaway costs of healthcare across nearly all markets. We looked down the chain at areas where costs could be taken out, and recognised the maintenance of critical machines in hospitals was one such area. These machines are very expensive, get mistreated and need to be recalibrated regularly. Unlike in the US, there was no regularity. Unlike in the US, there was no

Another interesting theme that we are following is long-term structural growth in the pet-care market as ownership of companion animals grows around the world and families lavish more time and money on their pets. Because of our track record in this sub-sector, we continue to be a proud sponsor of the Animal Health Forum in London and Shanghai this year.

Pharmaceuticals

Another recent area of focus has been pharmaceuticals. Intense price pressure has led to a wave of M&A among the big players, while simultaneously we have seen the quite rapid growth of biotech players to rival big pharma.

This led us to interesting potential opportunities in highly specialised outsourced manufacturing. We looked at the new breed of ‘garage band’ biotech firms that are focused on developing the next generation of complex antibodies. The scientific work being done at this level is very exciting, but these venture-backed biotech firms want to concentrate on research and outsource manufacturing. We looked at Lyophilization Services of New England, Inc (“LSNE”) (P6, 2017), a contract development and manufacturing organisation for the pharmaceutical and medical devices markets.

With a focus on clinical trial and small/medium commercial volumes, LSNE operates in a market benefiting from growth in biologic medicines and a shift to more complex molecules, as well as from increased outsourcing from biotech and pharmaceutical companies. With a highly qualified team and a flexible customer approach, LSNE is ideally placed to address some of the most complex formulations in the pharmaceutical space.
**Where next?**

This creative investment approach is paying dividends in the quality of the pipeline we are seeing. Over the last couple of years we have applied this approach more systematically to the US market, where we now have a dedicated group of investment professionals supporting our global healthcare franchise. We have already found that the sheer size and depth of the market in the US is creating lots of opportunities for us, as demonstrated with our recent investment in LSNE.

Elsewhere, China will be interesting in the years to come as high-quality biological research continues to shift eastward. Japan has the largest elderly population in a concentrated space anywhere in the world and we are increasingly seeing interesting opportunities. As one of the few global funds in an underpenetrated Japanese market, we are well positioned to take advantage of these trends in the years to come.

> Over the last couple of years we have applied this approach more systematically to the US market, where we now have a dedicated group of investment professionals supporting our global healthcare franchise.

MUBASHER SHEIKH
PARTNER, HEAD OF HEALTHCARE

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## BUYING WELL
Selected current portfolio

<table>
<thead>
<tr>
<th>LSNE</th>
<th>Pantheon Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition year</td>
<td>2017</td>
</tr>
<tr>
<td>Transaction size</td>
<td>N/A</td>
</tr>
<tr>
<td>Country</td>
<td>US</td>
</tr>
<tr>
<td>lyophilization.com</td>
<td></td>
</tr>
<tr>
<td>Acquisition year</td>
<td>2014</td>
</tr>
<tr>
<td>Transaction value</td>
<td>€161m</td>
</tr>
<tr>
<td>Country</td>
<td>UK/Switzerland</td>
</tr>
<tr>
<td>pantheonhg.com</td>
<td></td>
</tr>
</tbody>
</table>
SELLING WELL
Selected past investments

**Creganna Medical**
- Exit year: 2016
- Gross Multiple: 3.3x
- Country: Ireland
- cregannatactx.com

**Pharmaq**
- Exit year: 2015
- Gross Multiple: 3.3x
- Country: Norway
- pharmaq.com

**Rodenstock**
- Exit year: 2007
- Gross Multiple: 4.3x
- Country: Germany
- rodenstock.com
The industrial landscape is obviously huge and diverse – so we look for companies that play into three growth themes: the adoption of technology, the incorporation of services and the emergence of ‘winning’ global platforms.

**Technology**

Decreasing cost, miniaturisation, wireless technology and the primacy of software are transforming the sector. Technology has become pervasive and interconnected through the whole value chain in most industrial businesses. For example, the ubiquity of low-cost sensors creates a need for software that can make sense of the massive amount of data being generated and provide an array of aftermarket solutions that in turn impact the interface with customers.

Maximising the benefit of technology at each stage in the value chain is critical and almost always a key part of how Permira helps management drive value. We look for businesses where we can combine our 30+ year experience in the Industrials sector with our Technology expertise to help increase efficiency and productivity, drive down costs and ultimately help them grow.

“Technology has become pervasive and interconnected through the whole value chain in most industrial businesses.”

**RICHARD CAREY**

PARTNER, CO-HEAD OF INDUSTRIALS
In the e-commerce, fulfilment business, Intelligrated (P4, 2012–2016) is a good example. Our understanding of software and a clear roadmap for how it should be incorporated into the business was a key factor in persuading the founders to partner with the Permira funds from the outset.

During the investment period, the management team put this vision into action, increasing yearly R&D spend from $6 million to $27 million to build a software platform that met the growth ambitions. We partnered with management to recruit a senior professional from the Permira network to lead the software charge.

We ultimately shared the benefits of this foresight as the business doubled in size and was re-rated under the funds’ ownership.

Maximising the potential of ongoing services is vital in two ways: it enables you to get closer to your customers and it gives you a transparent stream of repeatable revenue.

TORSTEN VOGT
PARTNER, CO-HEAD OF INDUSTRIALS

In almost all of the funds’ portfolio companies, it is becoming increasingly difficult to turn up and simply sell a product. Customers are demanding a full solution for the lifetime of their investment and everyone is trying to provide it for the whole customer journey. Across the funds’ portfolio we are seeing the service element account for a much larger share of revenues.

In the case of BakerCorp (P4, 2011), a largely US-based industrial services company, it has led the field in the integration of monitoring technology in all of its equipment. This provides two clear advantages to the customer, enabling them to accurately monitor exactly what is...
going inside the machines and also helping maximise the utility of the machines they have had at their disposal by providing a dashboard of all the availability capacity on site. For the bigger petro-chemical companies, being able to bring all this data together in one dashboard is a huge advantage, but it only works when you own the whole customer.

Global platforms
In the Industrials sector, if you do something really well in one market you are likely to be able to roll it out internationally. With a global network of partners and contacts and a 30+ year track record helping Industrials businesses grow beyond their home markets, Permira is perfectly placed to support this expansion.

While geographic expansion plays a key value creation role in virtually all the funds’ portfolio companies, Netafim (P4, 2011) is a particularly good example of how technology and services can help build a world-beating industrial proposition. The company is an Israeli leader in drip and micro-irrigation solutions, which played into two critical investment themes – food security and productivity. The team had succeeded in building full-service turn-key solutions for farmers, from advice on choosing seeds, to irrigation, fertilising, monitoring and aftermarket servicing, to help them optimise their land usage. With this complete solution in place, we backed management to take the company into new markets and expand into core geographies like China and Brazil to become the global number one in irrigation systems.

While there are verticals within Industrials where we spend more time, we are primarily driven by the opportunity to drive change and create value around one or more of these three themes.

RICHARD CAREY
PARTNER, CO-HEAD OF INDUSTRIALS

BUYING WELL
Selected current portfolio

<table>
<thead>
<tr>
<th>Company</th>
<th>Acquisition year</th>
<th>Transaction value</th>
<th>Country</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>BakerCorp</td>
<td>2011</td>
<td>€714m</td>
<td>US</td>
<td>bakercorp.com</td>
</tr>
<tr>
<td>CABB</td>
<td>2014</td>
<td>€819m</td>
<td>Germany</td>
<td>cabb-chemicals.com</td>
</tr>
<tr>
<td>DiversiTech</td>
<td>2017</td>
<td>N/D</td>
<td>US</td>
<td>diversitech.com</td>
</tr>
<tr>
<td>Netafim</td>
<td>2011</td>
<td>€800m</td>
<td>Israel</td>
<td>netafim.com</td>
</tr>
</tbody>
</table>

1 Subject to completion.
SELLING WELL
Selected past investments

**DIVERSITech**

**COUNTRY:** US  
**ACQUIRED:** 2017

DiversiTech is a leading aftermarket manufacturer and distributor of components for residential and light commercial heating, ventilating, air conditioning and refrigeration (“HVACR”).

**WHY WE BACKED THEM**  
- To further differentiate DiversiTech as the market leader (more than twice the size of the next largest competitor today)
- To benefit from a resilient business model with underlying demand largely driven by recurring replacement, repair and maintenance
- To back a strong management team that is well known to the Permira team (COO and CFO were former senior executives of Arysta LifeScience, a former Permira IV portfolio company)

**THE INVESTMENT STRATEGY**  
- To build wallet share with existing customers and improve the overall offering through product expansion and M&A
- To optimise supply chain and distribution through procurement savings and operational improvements
- To drive improved decision making through enhanced business intelligence capabilities, leveraging product and customer-level data and analytics

**CASE STUDY**

**160+ Product categories**

**Provimi**

**Exit year:** 2011  
**Gross Multiple:** 2.3x  
**Country:** UK  
provimi.com

**Intelligrated**

**Exit year:** 2016  
**Gross Multiple:** 5.2x  
**Country:** US  
intelligrated.com

**Aearo Technologies**

**Exit year:** 2008  
**Gross Multiple:** 1.8x  
**Country:** US  
aearo.com

**Jet Aviation**

**Exit year:** 2008  
**Gross Multiple:** 3.9x  
**Country:** Germany  
jetaviation.com

**Provimi**

**Exit year:** 2011  
**Gross Multiple:** 2.3x  
**Country:** UK  
provimi.com

**Arysta LifeScience**

**Exit year:** 2015  
**Gross Multiple:** 1.7x  
**Country:** US  
arystalifescience.com

**Cognis**

**Exit year:** 2010  
**Gross Multiple:** 3.0x  
**Country:** Germany  
country

1 Subject to completion.
Our job is to identify quality companies with high-growth potential in areas that others have overlooked. To do this, we spend a lot of time working up theses and pulling them apart.

Permira started life as a venture capital firm and today we retain that commitment to growth as the primary driver of value creation. We were the first European buyout house that established a presence in Silicon Valley and on top of that we have a network of senior technology specialists in all of the world’s major markets. We have velocity; the funds have invested more than €8 billion in almost 40 technology companies globally and have deep relationships with many multiples of that. These attributes really help throughout the life of an investment, but even more so when we’re testing a thesis and need critical people to interrogate and develop it.

When we are convinced as a group that the thesis is sound, we scour the globe for the companies that best meet the funds’ investment criteria. We then approach management to share our thoughts on how we can help them unlock the potential in their business.

Take Teraco (P5, 2015), a leading South African data centre company. Our team had been probing the data centre space for some time, and built a robust thesis around the particularly attractive ‘carrier neutral’ sub-segment. Our next step was to contact CEOs of leading companies in that segment. The CEO of Teraco appreciated that we weren’t asking for anything from him other than a chat around our genuine and researched interest in this disruptive industry. As there wasn’t an investment opportunity there to start with, the focus was solely on building a relationship...
based on mutual interest. A mere three months later, Teraco agreed to partner with Permira, despite heavy interest from strategic buyers, and since then, the funds have supported two-fold growth. Teraco is now the biggest data centre company on the African continent. When we decide to back a company, we do so with high conviction. Valuations in the sector can be high, but we recognise that high growth and the best business quality command higher prices. Oftentimes the most mispriced assets are the highest quality ones – just because a multiple is low doesn’t mean the value is good – we have found great value time and time again by paying what looked like a high price at the time but often looks incredibly attractive as the business grows.

**Thriving on complexity**

We specialise in unearthing difficult-to-evaluate, often quirky businesses with complex ownership systems and we aim to make life simple for management, supporting them to get on with the job of growing their business. It has never been our intention to win the volume game in private equity and we are very happy not to spend time on situations where we don’t feel the underlying business fits our market views or quality bar. Instead, we aim to be a niche, high-quality growth partner looking for the gems that others have overlooked.

Take Magento (P5, 2015), an omnichannel commerce solutions provider. Our team had been building a relationship with eBay for some time and tracked the ownership of Magento for years. We knew we wanted to back Magento – it was a wonderful software business with a massive customer base and leading positions in Europe and the US. But eBay was looking to sell a number of other companies that didn’t fit our profile and we thus spent a lot of time engineering a team-up to allow the Permira funds to only acquire what we wanted, including getting the assets that became Pepperjam. Time was tight, we had only a few weeks to carry out our due diligence and structure the entire enterprise – an extremely complex process involving separating multiple businesses from a division that was itself about to be carved out of eBay.

Crucially, we went through this process without heavily burdening CEO Mark Lavelle, to give him the capacity to continue with his own challenge of running the business. To date, the partnership has proved fruitful, commissioned research from IDC estimated that merchants on the Magento platform sold $101 billion in merchandise to nearly 51 million shoppers in 2016, putting Magento at the top of global e-commerce platforms. It continues to successfully expand the customer base into new geographies. In January, Magento partnered with Hillhouse Capital, a global investment management firm with a strong presence in Asia, to fuel further growth across the company and particularly in China. Hillhouse Capital invested $250 million to enable the expansion of sales, marketing and client support, new product innovation and future acquisitions as well as marking the value of Magento at multiples of the price the Permira funds paid for it.

Another good example of navigating through complexity is Ancestry (P4, 2012), the global leader in family genealogy. When we first started exploring the business, its nascent DNA product was contributing virtually no revenue and was ignored by the market. Most people who looked at it thought it should have been shut down. We took a contrarian view and saw massive potential upside in the ability of the DNA business to drive future revenues both on its own and in opening new markets for the company’s core subscription business.

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**RICHARD SANDERS**  
PARTNER,  
CO-HEAD OF TECHNOLOGY
As part of the value creation plan, significant marketing and product spend was allocated to the business, and at the point of partial exit it constituted the greatest share of the company’s revenue growth and real scale. The success came down to a team that had the patience, focus and expertise to understand the complexities of the company, develop a growth thesis and see it through with complete conviction. While the funds’ substantially exited the investment in 2016, P4 continues to be a minority investor benefiting from the upside left in Ancestry’s continued growth.

**Cross-sector collaboration**

We believe that we collaborate across sector and geographical boundaries much better than others. Perhaps we would say that, but in each of Healthcare IT, Consumer Technology, Fintech and Edtech we have dedicated team members that spend the vast majority of their time on these growth sub-sectors. Many of these businesses may not identify themselves as technology companies; but on probing deeper, many share the same characteristics.

In October, the funds backed Allegro Group (P6, 2017), Poland’s largest online marketplace. The company spans the Consumer-Technology space, meaning we have been able to combine the operational know-how of our dedicated Technology and Consumer teams to create a growth plan that brings together the best of each. It’s still early days, but we have already begun working with management to build a technology ecosystem around the company that creates a more user-friendly experience on the site to drive traffic and conversion rates.

**Releasing potential**

We have a very clearly defined approach to help grow technology businesses that has been cultivated over 30 years of doing just that. We use it in diligence to frame our thinking and give structure to our value creation thesis, but what we don’t do is force a management to adopt it. We’re high touch but collaborative, valuing trust and delegation as a tool for growth. We’re not here to parent management through every small decision because we want the best management teams to do what they do best and grow their businesses.

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### BUYING WELL

**Selected current portfolio**

<table>
<thead>
<tr>
<th>Company</th>
<th>Acquisition year</th>
<th>Transaction value</th>
<th>Country</th>
<th>Website</th>
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<tr>
<td>Teraco</td>
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<td>N/D</td>
<td>South Africa</td>
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SELLING WELL
Selected past investments

**CASE STUDY**

**GENESYS**

**COUNTRY:** US  
**ACQUIRED:** 2012

Genesys is a leading supplier of enterprise software and solutions that enable best-in-class customer service for companies and organisations. Its software provides products for call routing and handling which integrate with all major contact centre hardware vendors.

**THE INVESTMENT STRATEGY**
- To help Genesys capitalise on the long-term trend towards using software and analytics to provide higher-quality customer service
- To grow the areas of analytics, integrated workload distribution software-as-a-service and middle-market offerings
- To back consolidation in a fragmented market

**MILESTONES TO DATE**
- The successful creation of a standalone business after a carve-out from Alcatel-Lucent
- Completed more than 10 acquisitions which create strategic extensions, cloud offerings, strategic products and a presence in Latin America
- Completed equity recap with Hellman & Friedman in 2016 enabling the acquisition of Interactive Intelligence, a leading cloud provider

**PARTIAL EXIT: 2016**

**€1,237m**
Transaction value

**10,000**
Customers

**SELLING WELL**

**Selected past investments**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Exit year</th>
<th>Gross Multiple</th>
<th>Country</th>
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<td>Debitel</td>
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<td>Germany</td>
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<td>US</td>
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<td>US</td>
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<td>Inmarsat</td>
<td>2006</td>
<td>3.6x</td>
<td>UK</td>
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<tr>
<td>NDS</td>
<td>2012</td>
<td>2.3x</td>
<td>UK</td>
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<tr>
<td>Premiere</td>
<td>2006</td>
<td>4.2x</td>
<td>Germany</td>
</tr>
<tr>
<td>Renaissance Learning</td>
<td>2014</td>
<td>4.1x</td>
<td>US</td>
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</table>
THE EATON HOUSE GROUP OF SCHOOLS

COUNTRY UK | INVESTMENT DATE: JUNE 2016

Eaton House Schools is a collection of six independent schools based in London.

BUSINESS OVERVIEW

→ Established in 1887, Eaton House Schools is a collection of six independent schools based in London and providing high quality education to children from the ages of 3 to 13.
→ Eaton House has a strong academic reputation, achieving outstanding results and many pupils gaining entry to England’s leading academic institutions such as Eton College, Harrow School and St. Paul’s School.
→ The schools are based at three prime central London locations: Belgravia, South Kensington and Clapham.

INVESTMENT THESIS

→ Places at Eaton House are highly sought after with all places currently reserved up to and including 2020, with a significant waiting list for school places.
→ The market for school places in London is significantly undersupplied due to a growing London population and a lack of suitable land or properties to build new educational establishments.
→ Stable non-cyclical sector, with high barriers to entry and a significant asset backing through prime central London real estate.

<table>
<thead>
<tr>
<th>6</th>
<th>930+</th>
<th>3x</th>
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</thead>
<tbody>
<tr>
<td>Independent schools</td>
<td>Pupils</td>
<td>Waiting list exceeds capacity to 2019</td>
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</table>

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SECTION 5

PDM

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CLEAN case study 45
Founded 10 years ago, Permira Debt Managers provides flexible financing solutions to mid-market businesses in Europe. Since inception in 2007, the PDM funds have provided almost €4 billion of capital to c.100 businesses in 12 European countries. We have supported companies across diverse industries from publishing, theme parks, cinemas and restaurants, to industrial gears, sofa retailers and aerospace suppliers.

The PDM funds have the flexibility to work with management to create bespoke financing solutions that meet the long-term growth requirements of each individual company.

Our current investment team benefits significantly from the wider Permira office network, sector expertise and relationships with banks, lawyers, accountants and other service providers to European businesses.

Often when competing effectively for business, it is not just about the cost of financing. Rather we will be judged on the quality of the relationship we were able to build during the process and the knowledge we bring to the table that could benefit the development of the company.

This is particularly the case when working with smaller, often family-owned businesses. Our network enables us to have conversations with senior management teams and develop financing solutions outside the usual intermediated channels. By being closer to the businesses, we are also able to form a more complete picture on the fundamentals driving the business when we are working on our due diligence.

Typically, the opportunities for proprietary deals are concentrated at the smaller end of the market. However, when capital markets go through a period of weakness (e.g. during oil price fluctuations or after unexpected political developments), we are able to step in and help larger firms whose debt may suffer from temporary illiquidity.

The PDM funds invest patient, long-term capital from a group of blue-chip pension funds and endowments. The PDM structure enables the funds to make quick decisions and execute with certainty.

The investment of new debt capital in mid-market companies is often fundamental in helping them achieve their growth objectives, which in turn helps drive local employment.

The PDM funds have enabled CLEAN to open a new energy-efficient factory in Slough, it has helped Paperchase open more shops on the UK high street and it has provided Kinaxia with the capital it needed to open a driver training academy.

The PDM structure enables the funds to make quick decisions and execute with certainty.

THOMAS KYRIAKOUDIS
CHIEF INVESTMENT OFFICER
Direct lending

The direct lending part of our business provides credit solutions to mid-market European companies across the capital structure. We have an established track record of providing additional funding for organic and external growth, in particular overseas expansion, and are supportive of buy-and-build strategies (including cross-border).

In the last year, PDM’s direct lending funds have raised over €1 billion to continue backing privately owned European growth companies. These are companies like Autovista, a leading German provider of data and intelligence for the European automotive industry where we won a sole lender mandate. In France, we again used our network to establish a relationship with DGF, a supplier of products to top-end bakeries, where we were again the sole lender. In another proprietary investment, we also recently backed Away Resorts, which owns and manages six holiday parks across England and Wales. In direct lending, these are the kind of opportunities that are emerging across Europe as both regional and domestic players, mainly banks, move out of the market.

It has also enabled the PDM funds to underwrite increasingly sizeable transactions such as Soho House, the UK-based global private members’ club.

Structured credit

Our structured credit business provides long-term capital to CLO managers in both the primary and secondary capital markets. This strategy relies on the excellent risk/reward characteristics inherent in senior secured debt, typically issued by larger leveraged buyouts. We specialise in the most junior parts of the capital structure especially equity, where our credit-led approach provides the greatest differentiation.

Market evolution

In recent years, the private credit market has evolved into a meaningful asset class in its own right. There is a growing realisation that the expansion of private credit lending by funds like PDM, rather than banks, is a long-term, structural change rather than a temporary situation stemming from the financial crisis. Nearly a decade on, banks continue to retrench from their position as long-term lenders to medium-size businesses in Europe. The coming launch of Basel IV will only hasten this retrenchment. Private credit businesses like PDM are filling the void left by the banks and, because we have none of the legacy governance and technology issues or the convoluted decision-making chains, we are able to get closer to businesses and provide solutions that are more tailored to their needs.

“ ”

We have an established track record of providing additional funding for organic and external growth, in particular overseas expansion, and are supportive of buy-and-build strategies (including cross-border).

JAMES GREENWOOD
CHIEF EXECUTIVE OFFICER

1 As at 31 March 2017.
PDM Q&A continued

The private credit market is relatively immature compared with public equities and debt, as well as private equity. This means that there is still a significant amount of off-market opportunity for those with the right connections.

Another factor, of course, is that PDM now has a 10-year record and the investment momentum from completing nearly 100 investments.

A key strength of PDM is that we are an indigenous European business, with access to offices across the continent by virtue of being part of Permira. Very few of our competitors can match our presence in key markets and the resulting closeness to the companies we work with.

JAMES GREENWOOD
CHIEF EXECUTIVE OFFICER

## Selected current portfolio

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<td>uk.alcontrol.com</td>
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<td>Anaveo</td>
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<tr>
<td>Aurum</td>
<td>2015</td>
<td>UK</td>
<td>aurumdesign.co.uk</td>
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<tr>
<td>Autovista</td>
<td>2017</td>
<td>Germany</td>
<td>autovistagroup.com</td>
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<tr>
<td>Away Resorts</td>
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</tr>
<tr>
<td>CLEAN</td>
<td>2015</td>
<td>UK</td>
<td>cleanservices.co.uk</td>
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<td>David Brown Systems</td>
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<td>dbsantasalo.com</td>
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<td>Eaton House Group of Schools</td>
<td>2016</td>
<td>UK</td>
<td>eatonhouseschools.com</td>
</tr>
</tbody>
</table>
**CASE STUDY**

**SOHO HOUSE**

**INVESTMENT DATE: APRIL 2017**
**COUNTRY: UK**

Founded in 1995 in London, Soho House is a hospitality company that operates exclusive, private members clubs as well as hotels, restaurants and spas. Core operations in major metropolitan cities including London, New York, Los Angeles, Miami, Chicago, Toronto, Berlin and Istanbul. Soho House has over 65,000 members globally with a very large waiting list and low membership turnover.

**WHY WE BACKED THEM**
- Proprietary deal originated through PDM’s relationship with the Soho House management team
- Strong industry knowledge within PDM from previous investment in Soho House
- PCS2 and PCS3 acted as sole lenders

**THE INVESTMENT STRATEGY**
- Leading position as the only truly global private members club
- Significant brand value
- Stable and loyal membership combined with a significant waiting list to join the clubs, providing protection and resilience through the economic cycle
- Attractive fundamentals with year-on-year growth in memberships and revenues for over a decade
- Strong asset backing in prime real estate

**€235m**
PCS2/3 commitment†

**65,000**
Members

---

**Selected current portfolio continued**

<table>
<thead>
<tr>
<th>Company</th>
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<td>I@D</td>
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<tr>
<td>Vizrt</td>
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† £275 million underwritten by PDM funds including a £25 million unfunded commitment; £235 million provided by PCS2 and PCS3 with £60 million provided by a co-investor. Includes £25 million unfunded commitment.
ESG approach

We believe that a focus on Environmental, Social and Governance ("ESG") is an important part of building lasting value in our funds portfolio companies. PDM is committed to ensuring that any potentially material ESG matters are taken into consideration as part of the standard investment analysis for direct lending investments.

Thinking about ESG pre-investment

Material ESG matters are considered as part of the due diligence process on each direct lending investment, with responsibility for assessing ESG considerations on a potential transaction lying with the investment team. If they need to better understand the ESG risks associated with the investment, they will typically be given access to relevant documents, speak with management teams and may consult with external advisors.

Depending on the sponsor and the nature of the investment, in some cases PDM may be able to rely on independent environmental, health, safety and/or social due diligence undertaken for the sponsor.

PDM also use ‘RepRisk’, an ESG business intelligence tool, which flags up previous negative ESG and reputational issues companies may have had. This tool can also be used post-investment to support in monitoring reputational risks during the lifetime of the investment.

Material risks identified early on are raised with the Investment Committee at appropriate intervals. Before we commit, key ESG risks are summarised for and discussed with the Investment Committee.

Post-investment

On occasion, after we have backed a business, we engage with management teams on ESG matters, particularly if we have a Board or observer seat. For example, we helped Kinaxia, a haulage firm, to develop its approach to reporting ESG KPIs in an effort to improve the PDM funds commitment to initiatives.

The company had grown via acquisition, and wanted to implement a more consistent approach to collecting and reporting health and safety data from its various business units, and then aggregating this at group level. Kinaxia had also developed KPIs to track the percentage of time haulage vehicles were running without any load; these could then be used by management teams to identify opportunities to improve efficiency.

Our advantage

While we recognise that the considerations for a debt provider are different from a private equity fund acquiring a controlling stake in a company, the PDM deal teams are able to make use of their access to Permira’s ESG network, framework and Head of ESG, Adinah Shackleton.

Permira is a signatory to the UN-supported Principles for Responsible Investment (PRI) initiative, and this year PDM reported on its activities to the PRI, as part of Permira’s Transparency Report, for the first time.
CASE STUDY

CLEAN

CLEAN is one of the UK’s leading independent laundry companies providing linen and workwear rental services. It services principally the UK hospitality sector and has a client retention rate of over 90%. The business operates in a sector with structural growth, driven by domestic and international tourism. The need for energy efficiency is driving consolidation.

The PDM funds supported CLEAN with a €79 million investment in 2016. During the due diligence phase, the investment team included ESG topics, such as environmental liabilities, compliance, health and safety, and workforce/employee considerations. Post-investment PDM has continued to engage with the business through site visits and meetings with management to discuss ESG matters.

The primary use of the capital was capex based, enabling the company to build a new, highly efficient facility in Slough. At this facility they have invested in the best available technology for energy efficiency, including waste water recycling, ironer heat recovery, high efficiency steam generation and extensive monitoring of utility consumption to ensure the steam laundry operates in the most efficient way possible.

CLEAN has implemented a Health and Safety initiative, STOP (Safety Total Observation Process), and recently received a Gold Award from the Royal Society for the Prevention of Accidents (RoSPA).

The new facility is likely to be the most efficient laundry in the UK and is thought to be the most advanced in the world. Average gas consumption at UK laundries is 1.5 kWh/kg. The new facility is currently running at 0.93 kWh/kg and is targeting 0.73 kWh/kg when at full capacity.

CLEAN has also been focusing on its vehicle fleet efficiency, with all vehicles track by GPS and onboard telematics to monitor driver and vehicle performance. Transport operations are accredited by FORS (Fleet Operator Recognition Scheme) which covers environment health and safety. CLEAN currently has bronze level and is working towards silver.

- **50%**
  Slough facility: More efficient than average UK laundry

- **30%+**
  CLEAN carbon footprint reduction since 2008
Dr. Martens is an iconic British footwear brand with a rich, diverse heritage and a contemporary relevance. Read more about its approach to developing its sustainability strategy since the Permira funds’ investment.

THE INVESTMENT STRATEGY
→ To complete the transition from a manufacturing wholesaler to a modern, multi-channel consumer-focused retailer, by growing the direct retail and e-commerce distribution channels
→ To work on product innovation and further develop Dr. Martens’ successful product portfolio
→ To expand its international presence and increase distribution control in certain key geographies

ESG HIGHLIGHTS
→ 70% Tier 1 footwear suppliers audited in 2015 and 2016
→ 93% leather in Dr. Martens products is from leather working group gold/silver medal tanneries
→ 20,500 Tier 1 supplier employees covered by Dr. Martens supplier code of conduct
→ Formalised ESG reporting to Board
→ Sustainability strategy formalised in 2016, extending previous sustainability initiatives
→ Recruited CSR manager (onboard in 2017)

<table>
<thead>
<tr>
<th>2014</th>
<th>£380m</th>
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</tr>
<tr>
<td>63</td>
<td>800+</td>
<td>1960</td>
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<tr>
<td>Countries sold in</td>
<td>Employees</td>
<td>Founded</td>
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INVESTING RESPONSIBLY

SECTION 6
INVESTING RESPONSIBLY
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ESG approach

For the past seven years, Permira has taken a formalised approach to Environmental, Social and Governance ("ESG"), winning a number of awards during this period. ESG continues to be an increasingly important consideration for us throughout the duration of our partnership with portfolio companies, from due diligence through to exit.

“...

Our approach is to work in collaboration with management teams to identify ESG initiatives in which they also see value. An important part of this is to demonstrate the business case.

ADINAH SHACKLETON
HEAD OF ESG
Outlining our approach to ESG

During the due diligence process, our team works on a one-on-one basis with deal teams, to understand the relevant risks and opportunities, and how they are factoring these into the pre-investment process. Investment teams start considering ESG right from the initial screening stages through to the investment as they cover any potentially material ESG risks or opportunities (for example, regulatory compliance, liabilities, cost savings, new revenue streams or potential reputational issues).

There have been certain instances where significant ESG issues have played a part in a decision to walk away from a deal. However, in the majority of cases, our approach involves assessing the associated short and longer-term risks and opportunities, and then considering how portfolio company management teams can manage those once the investment has been made.

Post-investment, we engage with portfolio company management teams to understand how they manage ESG issues in more depth, and focus on the main opportunities for further improvement. For some companies, we also undertake site visits during the investment to see how ESG issues are managed on the ground.

Driving better ESG outcomes across our funds’ portfolio companies

Our approach is to work in collaboration with management teams to identify ESG initiatives which they also see value in focusing on. An important part of this is to also demonstrate the business case, in addition to the benefits for the environment, workforce or communities. For example, energy efficiency programmes will lead to direct cost savings, while fewer health and safety incidents will result in less lost time. Often, significant value will be created via ESG initiatives during the period in which we are invested. It can, however, take time to see the benefits. That is why we engage with portfolio companies to build up their ESG management systems, so that they are capable of continuing with and building on valuable work in this area over the long term.

The British footwear brand Dr. Martens (PS, 2014) was one of the first businesses the Permira fund backed in 2014. Early on, we were able to identify a number of ways that the company could extend and formalise pre-existing sustainability initiatives, and develop a more formalised sustainability strategy. The strategy focuses on a number of key areas, including supply chain and ethical trade. To manage these issues, the firm has developed long-term relationships with a small number of trusted suppliers. Dr. Martens also works with supply chain auditing company Impactt, which frequently visits supplier sites auditing against Dr. Martens’ Supplier Code of Conduct. In 2016, 20,500 first tier supplier employees were covered by Dr. Martens’ Supplier Code of Conduct, and audits are undertaken on new and existing suppliers, with 70% of Tier I footwear suppliers audited in 2015 and 2016.

Since the Permira funds’ investment, Dr. Martens has formed a sustainability committee that reports directly to the Board, while also offering customers more information on its approach to sustainability. As Dr. Martens continues to develop its approach, we are pleased to have promoted both high-quality internal dialogue and greater external transparency around ESG strategies that bring genuine business benefits. More generally, ESG is an important part of the knowledge-sharing we encourage between portfolio companies and with our own Investment Professionals.

Collecting material and informative ESG data

We have a data management system that we use to collect financial and operational information from portfolio companies, and this incorporates several core ESG metrics. We are also tailoring metrics for certain companies, to enable better monitoring of ESG matters which are material to their business.

Investors in the funds increasingly ask for more information on our overall ESG performance. Investors used to focus on whether private equity funds had a policy and approach to integrating ESG in the investment process. Now, we are asked for company-by-company performance reporting.

In response, we have developed a new reporting format which highlights the key areas that companies are working on, their aims for the coming year, certifications they hold and the international standards they adhere to. We also report to investors and other stakeholders through annual Principles for Responsible Investment (PRI) reports and to investors using PRI’s Limited Partners Due Diligence Questionnaire.

“...”

We are tailoring metrics for certain companies, to enable monitoring of ESG matters which are material to their business.

ADINAH SHACKLETON
HEAD OF ESG
ESG approach continued

ESG key milestones

2010
- Formal ESG framework launched
- Permira ESG Group established

2011
- Permira adopted Principles for Responsible Investment

2012
- Permira won BVCA Responsible Investment Award

2015
- Permira hired first Head of ESG, Adinah Shackleton

2016
- Head of ESG joined BVCA Responsible Investment Advisory Group

2016 ESG highlights

**Head of ESG joins portfolio group**
- Demonstrating commitment to ESG as part of value creation and protection

**Better reporting**
- Introduced systematic KPI monitoring for P5 and P6 portfolio companies through internal iLevel data tools

**1st**
- ESG value creation training run for Investment Professionals

100%
- Of new joiners agree to abide by Business Principles during inductions

1m
- People benefited through Social Business Trust since inception in 2010. Permira is a founding partner of SBT, a partnership between seven leading global businesses

100%
- Of new P5 and P6 investments included ESG in papers for Investment Committee in 2016
Embedding sustainability through the investment process

1. Selection: Asset selection & origination
   - ESG screening and analysis of portfolio investments and teams

2. Entry: Diligence & deal execution
   - ESG forms part of due diligence carried out by investment teams including compliance, liabilities, reputational issues, risks and opportunities. Potential issues and mitigation explored with support from ESG specialists.
   - External advisers engaged where required
   - Material ESG matters integrated into value creation plans for monitoring over lifetime of investment

3. Stewardship: Value creation & monitoring business transformation
   - Material issues raised in due diligence addressed by portfolio company management teams
   - Engagement with portfolio companies through ESG reviews and site visits to identify opportunities for improvement
   - Financial and non-financial data gathered, monitored and addressed where appropriate

4. Exit: Monetisation
   - Detailed consideration is given to progress made by portfolio companies on ESG during the life of the investment
   - Consideration given to information of an exit process and severities of likely acquirers
Intelligrated is a leading provider of advanced automation and fulfilment solutions in North America. Its solutions and services enhance productivity, optimise operational performance and minimise costly downtime.

The Permira funds invested in Intelligrated in 2012, and exited in 2016. Together, we achieved more than 300% sales pipeline growth and more than 90% revenue growth, several major new customer wins, and significant expansion into emerging markets. In 2013 and 2014, Permira undertook an ESG review of the company. Through this exercise, we identified several opportunities for improvement.

The most pressing task was to develop an overarching and cohesive sustainability strategy, bringing together several, somewhat disparate, ESG policies and initiatives. Following this, enhanced monitoring and reporting was particularly important to get right. This involved developing a supplier code of conduct, audit procedure and reporting program, better monitoring energy consumption.

The company also invested in technology that enhances both worker safety and productivity in fulfilment and distribution centres, and in stores. This involved robotic solutions to load and unload trucks, and introducing software capabilities such as voice and light directed order picking, significantly increasing working accuracy and efficiency. Talent acquisition and development and employee health and safety have also been priorities, with the recordable incident rate falling from 5.00 in 2008 to 3.83 in 2015, versus an industry average of 5.10.

4 Consecutive years as winners of Top Workplaces award

3.83 OHSA recordable incident rate (2015)
TERACO

Teraco Data Environments is a leading provider of carrier-neutral data centre services in sub-Saharan Africa. The company benefits from an attractive, underpenetrated market with strong secular growth. The funds’ plan was to support a high-quality management team with a clear growth strategy and a differentiated business proposition.

During 2016 we completed an ESG review. Overall, our view was that good systems and processes were in place, but that there were opportunities for improvement. Adinah Shackleton joined the board level discussion where the Teraco team communicated the ESG priorities, and several key initiatives have since moved forward.

The first of these was the formation of a Social and Ethics committee, reporting to the Board. Senior staff have also received training in business ethics, and a commitment has been made to monitor the company’s activities in respect of the principles of the UN Global Compact. In 2016 senior staff undertook Business Ethics training. Meanwhile, a firm-wide ESG policy has been developed, approved and communicated to employees.

Environmental impact, in particular monitoring and reducing energy consumption, is a key priority for the business. Various initiatives have been implemented in 2016 at Teraco facilities including the installation of energy efficient fans for the cooling units, indirect free-cooling, ultrasonic humidification and installation of LED lighting. These initiatives have directly resulted in Teraco Data Centres power usage effectiveness (PUE), a measure of energy efficiency, improving by approximately 7% from March 2016 to March 2017. Further investment will be made in the following years to continue improving energy efficiencies. Rainwater harvesting tanks have also been installed in Durban saving approximately 200,000 litres per annum.

Health and safety, including fire safety and electrical safety, is also a critical priority. In 2016 the health and safety lead at the company attained the globally recognised health and safety certification, NEBOSH, to ensure appropriate training on key risks. In this spirit, new supplier agreements have been rolled out which incorporate a ‘red card’ clause relating to non-compliance with health and safety processes on Teraco premises and reporting of health and safety incidents to the board has been introduced.
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The valuation of remaining investments of the Permira funds has been calculated in accordance with the International Private Equity and Venture Capital Guidelines.

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Portfolio company financial information has been converted based on the following exchange rates (31 December 2016):

€1 = US$1.05, €1 = £0.86, €1 = ZAR14.39, €1 = HRW1269.59, €1 = HKD122.99, €1 = ¥122.99.

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