

APAX PARTNERS
PUBLISHES GLOBAL PRIVATE EQUITY ENVIRONMENT
RANKINGS
“Private Equity in the Public Eye”

Thursday 5 July 2007, – Apax Partners, a leading global buyout firm, today published the 2007 global private equity environment rankings, under the title: ‘Private Equity in the Public Eye’. The report, produced with the Economist Intelligence Unit, reviews the private equity operating environment for 33 countries (ranking summary attached).

This is the second year that the private equity rankings have been published, and therefore the first in which observations can be made on whether countries are becoming more or less open to private equity. At a time of heightened political and media interest in private equity, the report also looks back over the last few months and gauges the views of opinion formers in the industry.

The top two countries in the ranking, the US and the UK, remain constant, while Canada jumps one spot on last year’s position to replace Australia in third place. Along with Ireland at number eight in the rankings, these countries could all be described as conforming to the Anglo-Saxon model. They were found to offer a stable regulatory framework, encourage market-based competition, have highly developed financial systems and foster entrepreneurial policies and attitudes that are likely to encourage higher levels of private equity.

These countries have also been bolstered by the inclusion of a risk category in this year’s ranking, which has cemented the places of developed economies at the top of the ranking and less developed ones at the bottom. The one exception is Australia, which slips from third to seventh on the back of a poor risk score.

Despite generally having their ranking buoyed by the inclusion of this new rating, many other large European economies still fare relatively badly. Germany lies in 12th place, France 15th and Italy a lowly 25th. These economies have less experience of private equity and, frequently, less public and policy support. Environments that are geared towards stakeholders, rather than entrepreneurs, also adversely affect their ranking.

The ranking is not intended as an indicator of overall private equity activity. Inevitably the lure of large markets such as China and India mean that firms will look to do business in these countries even if the environment is currently challenging. Perhaps it is more useful to think of the rankings thus: imagine how much more investment there might be if only the environment were better.

Looking across the industry, there is no doubt that private equity is fundamentally in good shape. The numbers tell us that fundraising and returns in all private equity deal stages have rarely, if ever, been better.

However, scrutiny of private equity is increasing even in countries that have historically taken a benign view of the industry. Private equity houses appear now to realise the potential the criticism has to damage their business and have started to react. As a consequence, there will be an increased focus on communicating the benefits of private equity to the marketplace.

ENDS

NOTES TO EDITORS

Apax Partners is one of the world's leading private equity investment groups. It operates across the United States, Europe and Asia and has more than 30 years of investing experience. Funds under the advice of Apax Partners total \$20 billion around the world. These Funds provide long-term equity financing to build and strengthen world-class companies. Apax Partners Funds invest in companies across its global sectors of Tech & Telecom, Retail & Consumer, Media, Healthcare and Financial & Business Services.

PRIVATE EQUITY ENVIRONMENT RANKINGS 2007

Rank	Country	Score
1 (1)	UNITED STATES	6.4
2 (2)	UNITED KINGDOM	4.8
3 (4)	CANADA	4.4
4 (5)	DENMARK	3.8
5 (8)	SWEDEN	3.8
6 (7)	SWITZERLAND	3.8
7 (3)	AUSTRALIA	3.1
8 (10)	IRELAND	3.1
9 (12)	NETHERLANDS	2.6
10 (11)	FINLAND	2.6
11 (6)	NEW ZEALAND	2.0
12 (15)	GERMANY	1.9
13 (13)	NORWAY	1.8
14 (16)	AUSTRIA	1.5
15 (17)	FRANCE	1.4
16 (9)	BELGIUM	1.1
17 (14)	ISRAEL	-0.1
18 (18)	PORTUGAL	-0.3
19 (20)	SOUTH KOREA	-0.6
20 (21)	SPAIN	-1.0
21 (23)	JAPAN	-1.7
22 (19)	POLAND	-1.9
23 (26)	CZECH REPUBLIC	-2.1
24 (25)	SLOVAKIA	-2.2
25 (24)	ITALY	-2.5
26 (27)	GREECE	-2.7
27 (22)	HUNGARY	-3.1
28 (32)	INDIA	-4.5
29 (31)	MEXICO	-4.5
30 (29)	BRAZIL	-4.9
31 (30)	RUSSIAN FED.	-5.0
32 (33)	CHINA	-5.3
33 (28)	TURKEY	-6.1

Source: Economist Intelligence Unit.

Methodology

Both the individual ranking criteria and the categories are weighted neutrally in the model. Quantitative data are taken from Economist Intelligence Unit databases, with the exception of data on M&A activity and IPO activity, which are taken from Zephyr. Qualitative data were scored for this report by Economist Intelligence Unit analysts. The scores in the ranking are z-scores. This is a statistical device used to measure the distance from the mean average. A country with a positive score is above the mean; a negative scoring country is below the mean.

Overall environment for private enterprise

- Protection of private property rights
- Freedom of existing businesses to compete
- Impact of state control on business environment
- Protection of intellectual property
- Red tape and bureaucracy
- Competition policy
- Corruption
- Strength of judicial system

Financing environment

- Financing depth: stock market capitalisation
- Quality and stability of overall financial regulatory system
- Availability of long-term sources of capital
- Interest rates
- Long-term bond yields
- Demand for local IPOs
- Restrictions on institutional investors investing in venture capital/private equity

Market opportunities

- GDP
- Quality of management
- Scope for consolidation
- Technical skills of workforce

Legal and policy environment

- Openness of national culture towards private equity
- Government attitudes to private equity
- Laws on private equity/venture capital fund formation and operation
- Degree of restrictiveness of labour laws on hiring and firing
- M&A and takeover regulation
- Quality of local accounting regimes
- Quality of corporate governance regimes
- Government policy towards foreign investment
- Consistency and fairness of overall tax system
- Corporate tax rates
- Tax treatment of private equity/venture capital funds and investments

Entrepreneurial environment

- Cultural attitudes towards entrepreneurs
- Personal income tax rates
- Public financing for early stage companies
- Capital gains tax for individuals
- Fiscal incentives for R&D
- Bankruptcy and insolvency legislation
- Government regulation on setting up new business

Risk

- Banking sector risk
- Currency risk
- Sovereign risk
- Political risk
- Economic risk