
PE Daily: Private Equity's IPO Boom | Nautic Aims to Raise \$2.5 Billion | Members of Congress Look to Loosen Private-Equity Inve

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(Dow Jones) -- Good morning and welcome to the WSJ Pro Private Equity newsletter. As the stock market has caught fire over the past year, private-equity firms have been filing for initial public offerings at a record rate, according to the latest from WSJ Pro Private Equity's Maria Armental. The first six months of this year saw an incredible 105 private equity-backed companies go public in the U.S., more than triple the number to do so over the entirety of 2019.

Next, Preeti Singh reports that Nautic Partners is back on the fundraising trail. The Providence, R.I., firm is seeking \$2.5 billion for its 10th buyout fund, which would be a step-up of almost \$1 billion from the predecessor vehicle. Finally, I have a report on the latest efforts in Washington to open private-equity investments to ordinary people. Two members of the U.S. House of Representatives have introduced a bill, supported by the industry, that would make it easier for retail investors to put their money in private equity through closed-end mutual funds.

Now on to today's news...

Today's Top Stories

Private-equity firms are taking portfolio companies public at record levels, capitalizing on a highflying market as the economy rebounds from the pandemic-induced recession, Maria Armental reports for WSJ Pro Private Equity. In all, 105 private equity-backed companies priced initial public offerings in the U.S. in the first six months of this year, according to data provider Dealogic. The total has already surpassed the 89 U.S. IPOs by sponsor-backed companies in all of last year and is more than triple the number of such exits in 2019.

Midmarket-focused Nautic Partners aims to raise \$2.5 billion for its 10th buyout fund, Preeti Singh reports for WSJ Pro Private Equity, citing a public document from Rhode Island's public pension system. If the Providence, R.I.-based firm hits its target, Nautic Partners X LP would be about 60% larger than its predecessor, Nautic Partners IX LP, which closed with almost \$1.57 billion in March 2019. The fund's sponsor is expected to commit as much as \$100 million to the new pool, documents from the pension system and its investment consultant said.

Ordinary people would have a way to join the wealthy as investors in private-equity funds under a proposal from two members of the House of Representatives, part of a wave of recent government efforts to expand access to alternative investments, Chris Cumming reports for WSJ Pro Private Equity. A bill introduced in the House on June 30 by Rep. Anthony Gonzalez (R., Ohio) and co-sponsored by Rep. Gregory Meeks (D., N.Y.) would amend the Investment Company Act of 1940 to prohibit limiting the amount a closed-end vehicle can invest in private funds.

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Big Number

5,248

The number of private-equity and venture capital funds in the global market raising money as of June 30, Preqin Ltd. data show

Deals

Thoma Bravo is buying e-commerce and shipping company Stamps.com Inc. in an all-cash deal that values the El Segundo, Calif.-based business at about \$6.6 billion, Michael Dabaie reports for The Wall Street Journal. Thoma Bravo agreed to pay \$330 a share in cash for the company, a 67% premium over its \$197.72 closing price Thursday. Stamps.com in May reported higher first-quarter revenue and earnings that came in above analyst expectations.

Digital-media company Aleph Holding said it sold a stake to private-equity firm CVC Capital Partners for \$470 million, valuing the company at \$2 billion. The company is preparing for an initial public offering as soon as early 2022, according to people familiar with the matter.

Carlyle Group Inc. may lose out in its bid to acquire U.K. pharmaceuticals company Vectura Group PLC, which has accepted a 150 pence per share deal from cigarette maker Philip Morris International Inc., spurning a 136 pence a share deal Carlyle had offered and the company had agreed to in May. The Philip Morris bid values the maker of inhalers at about \$1.24 billion, Adria Calatayud reports for Dow Jones Newswires, or about 10% more than the Carlyle bid. Carlyle said in a regulatory filing that it is weighing its options and urged Vectura investors to "take no action in the meantime."

Sycamore Partners is buying the Ste. Michelle Wine Estates operations from Altria Group Inc. for \$1.2 billion, Adriano Marchese reports for Dow Jones Newswires. As part of the deal, Sycamore will also assume certain Ste.

Michelle liabilities. The Woodinville, Wash.-based company has wineries and vineyards across the Pacific Northwest.

Temasek Holdings and Warburg Pincus are participating in a \$500 million investment in ANI Technologies Pty. Ltd., which operates ride-hailing company Ola in India as well as the U.K., Australia and New Zealand. The deal precedes an anticipated initial public offering of shares by the company, which is also backed by SoftBank Group Corp. Ola co-founder Bhavish Aggarwal also participated in the latest investment round.

Silver Lake-backed Klarna Bank AB, one of Europe's most valuable financial startups, has agreed to acquire e-commerce technology firm Hero Towers Ltd., a move that will expand its foothold in online shopping, Simon Clark reports for The Wall Street Journal. London-based Hero connects online shoppers with retail workers via text messages, videos and online chat rooms. Klarna will pay about \$160 million, according to people familiar with the deal.

EQT AB's infrastructure arm is acquiring radiology and radiotherapy companies Meine Radiologie Holding GmbH and Blikk Holding GmbH to form a combined business in the market segment, Joe Hoppe reports for Dow Jones Newswires. Meine Radiologie is owned by Triton Partners while Blikk is a portfolio company of private-equity sponsor Deutsche Beteiligungs AG, which will remain a minority investor in the news business.

Exits

Vinci Partners Investments is selling pizza chain Domino's Brasil to fast-food franchisor BK Brasil, which operates Burger King and Popeyes restaurants. Vinci invested in Dominos through its Vinci Capital Partners III fund and acquired full ownership in 2018.

Crestwood Equity Partners has sold its half-interest in natural gas pipeline and storage company Stagecoach Gas Services LLC, which it co-owned with Consolidated Edison Inc., to strategic buyer Kinder Morgan Inc. for \$1.195 billion. ConEdison also sold its interest to Kinder Morgan. One part of Stagecoach, Twin Tier Pipeline LLC, was held back from the deal, but will be sold for \$30 million as part of the entire transaction pending approval of the deal by New York state regulators.

People

This year's acceleration in deal making and fundraising, coupled with the rise in liquidity solutions in recent favor such as blank-check companies and sponsor-led continuation funds, has posed new challenges for backers of

private-equity funds even as it has opened up fresh opportunities. John Bradley, senior investment officer, private equity at the Florida State Board of Administration, shared his thoughts on some of these trends.

Vista Equity Partners has named Shelby Wanstrath as a managing director, corporate growth initiatives. She is set to start in August. Most recently, Ms. Wanstrath was co-head of private equity funds for the Teacher Retirement System of Texas.

Industry News

The \$64 billion Pennsylvania Public School Employees' Retirement System, joined by Executive Director Glen Grell and Chairman Christopher SantaMaria urged a state court to dismiss a lawsuit brought by state Sen. Katie Muth, a Democrat who recently joined the system's board of trustees, seeking access to pension system documents related to past investments. In a court filing in response to her lawsuit, the officials said the relevant documents pertain to a federal investigations into the system and how its investments were valued at the end of last year, and said that Ms. Muth isn't authorized to conduct her own investigation of the system. Ms. Muth has said she sought the documents as part of her board role overseeing the pension's operations.

Venture-capital backed App Annie Inc. is exploring its strategic options, including the possibility of making an acquisition or going public, Alexandra Bruell writes for The Wall Street Journal, citing Chief Executive Ted Krantz. The app research company is also exploring a possible sale, according to people familiar with the matter. The 10-year-old, San Francisco-based company generated about \$120 million in revenue and \$20 million in earnings before interest, taxes, depreciation and amortization last year, the people said. App Annie is backed by venture firms including Greenspring Associates and Sequoia Capital.

Brookfield Asset Management Inc. is joining with electric vehicle and battery maker Tesla Inc. and real estate developer Design District Management Inc., which operates as Dacra, to design and build a large-scale sustainable neighborhood in Austin, Texas, the companies said in a news release. The plan includes roof-top solar power generators, residential battery packs with the goal of making each home energy self-sufficient.

U.K. mergers and acquisitions have bounced more than anywhere else in the last year as private-equity firms snap up cheap U.K. stocks--amid echoes of a slump in equity valuations ahead of the country's 1970s currency crisis, Philip Waller writes for Dow Jones Newswires, citing analysts. The pace of M&A for U.K.-quoted equities has been exceptional in the last six months, with 21

offers announced totaling GBP24.4 billion, broker and investment bank Peel Hunt says.

(END) Dow Jones Newswires

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