

Madrid, October 2008



# Comparative Analysis of Salaries in the Spanish Private Equity Sector

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### Comparative Analysis of Salaries in the *Private Equity* sector

- 1 Executive Summary
- 2 Conclusions
- 3 Trends in remuneration policies
- 4 The Firm

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## 1 Executive Summary

### OBJECTIVE (I):

The objective of the analysis of Private Equity firms was to identify the current salary trends in the sector for:

- Directors
- Executives
- Investment Analysts

In order to achieve this objective, a collective study was conducted of the principal national and international Private Equity firms operating in our country.



## 1 Executive Summary

### OBJECTIVE (II):

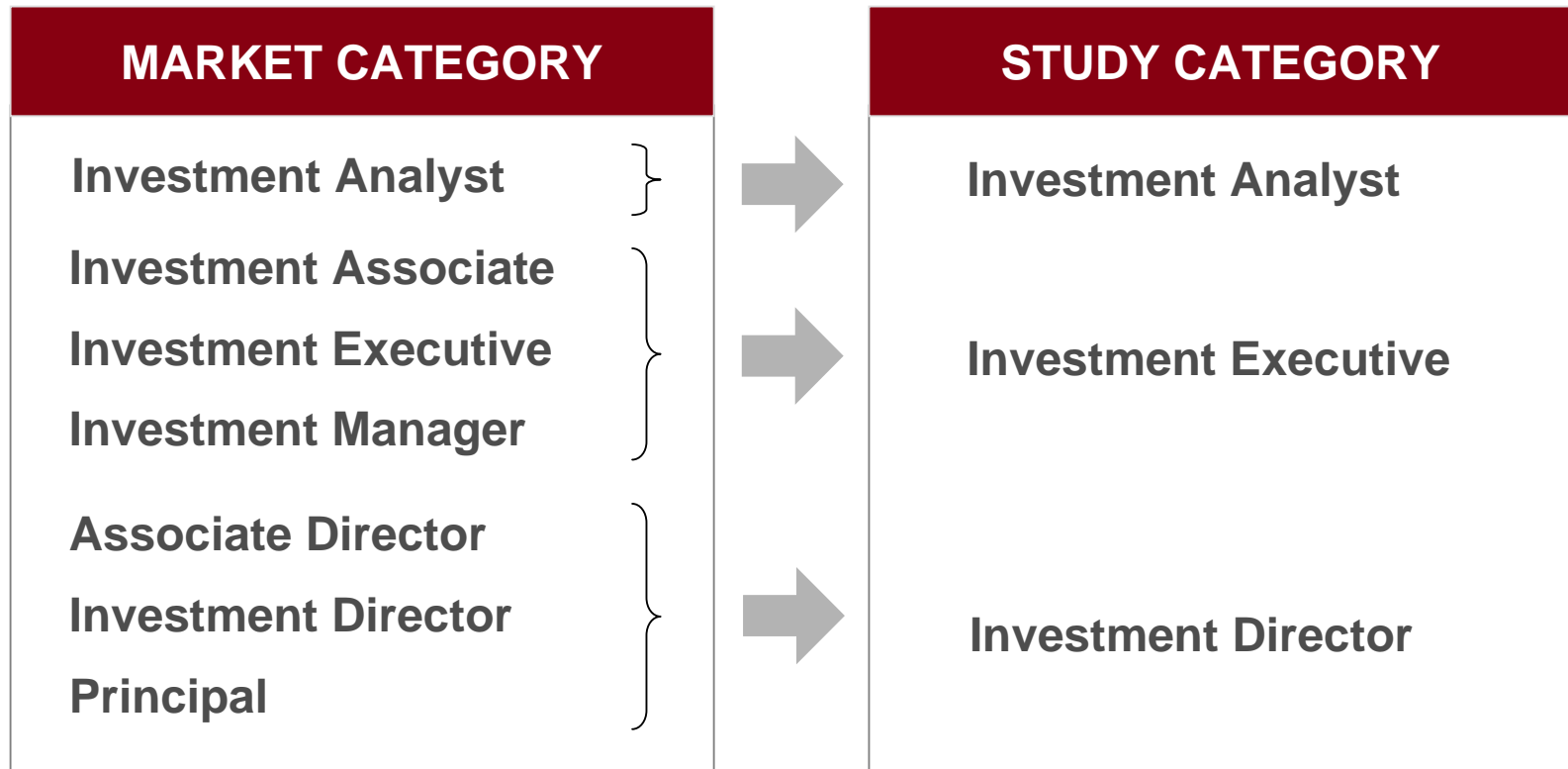
A total of thirty Private Equity firms were analyzed, providing a broad base of data collected from one hundred executives, and considering references from 8 to 10 variables:

- Analysis sample: 30 *Private Equity* firms
- Total base: 100 executives
- References: 8 -10 variables

# 1 Executive Summary

## OBJECTIVE (III):

For the purposes of this study, professional categories were grouped together in each sector as shown in the following diagram:



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## 2 Conclusions

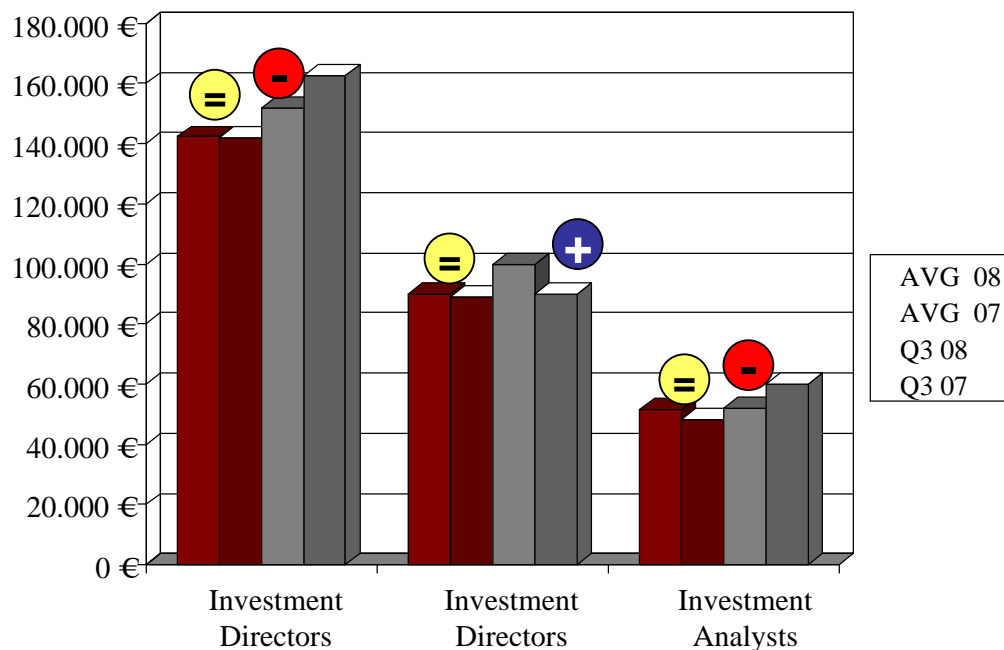
	<b>AVERAGE</b>	<b>Q3</b>
<b>Investment Director:</b>		
FIXED .....	142.267 €	152.000 €
VARIABLE .....	101.480 €	121.600 €
<b>Investment Executive:</b>		
FIXED .....	90.000 €	100.000 €
VARIABLE .....	43.500 €	60.000 €
<b>Investment Analyst:</b>		
FIXED .....	51.688 €	52.000 €
VARIABLE .....	28.268 €	31.125 €



## 2 Conclusions

### The **Fixed** compensation of Private Equity professionals

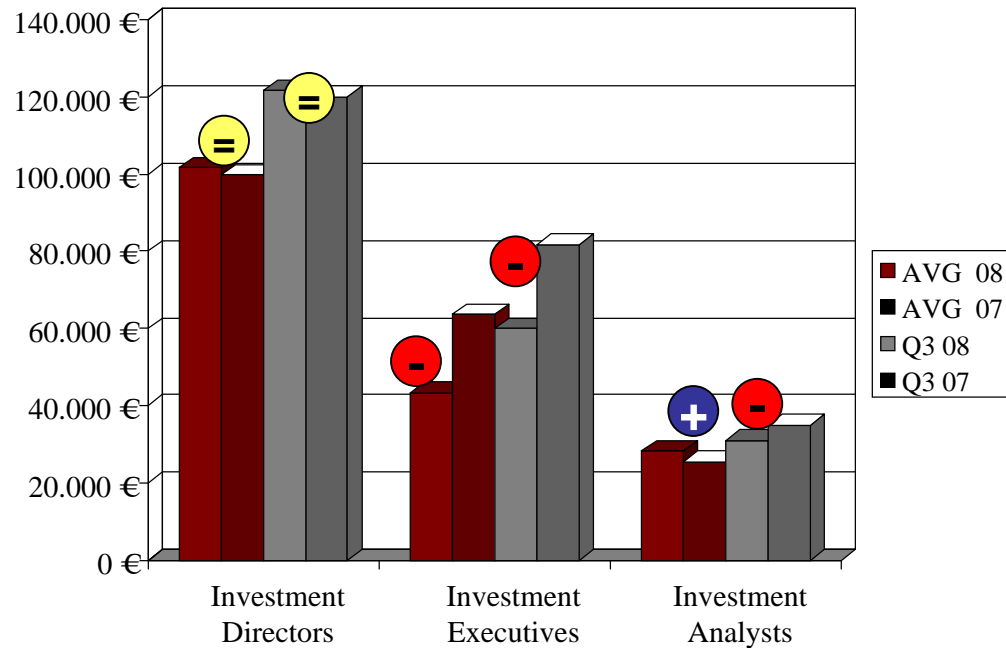
CATEGORIES	AVERAGE		Q3	
	2008	2007	2008	2007
Investment Directors	142.267 €	€142.063	152.000 €	€162.500
Investment Executives	90.000 €	€89.143	100.000 €	€90.000
Investment Analysts	51.688 €	€48.270	52.000	€60.000



## 2 Conclusions

The **Variable** compensation of Private Equity professionals

CATEGORIAS	AVERAGE		Q3	
	2008	2007	2008	2007
Investment Directors	101.480 €	€99.733	€121.600	€120.000
Investment Executives	€43.500	€63.625	€60.000	€81.750
Investment Analysts	€28.268	€25.534	€31.125	€35.000



## 2 Conclusions

### Comparison of Fixed and Variable compensation to 2007...

As opposed to last year's study, the comparison shows sustained increases in the fixed and disparity in the variable:

#### INVESTMENT DIRECTORS

	% Increase
Average Fixed	0%
Average Variable	1,8%
Q3 Fixed	- 6,5%
Q3 Variable	1,3%

#### INVESTMENT EXECUTIVES

	% Increase
Average Fixed	1%
Average Variable	- 31,6%
Q3 Fixed	10%
Q3 Variable	- 26,6%

#### INVESTMENT ANALYST

	% Increase
Average Fixed	7,1%
Average Variable	10,7%
Q3 Fixed	- 13,3%
Q3 Variable	11%

## 2 Conclusions

Other forms of employee retention in the long term...

The *Carried Interest* is unequally distributed in in reference to the category of the professionals:

### CARRIED INTEREST

- Of the Private Equity firms analyzed, **85%** concede *Carried Interest* to their **Investment Directors**.
- **65%** of **Investment Executives** receive such compensation.
- **20%** of **Investment Analysts** receive *Carried Interest* in comparison to 17% from last year.

## 2 Conclusions

Other characteristics of the remuneration policy...

90% of the Private Equity firms analyzed use various methods of compensation in their remuneration policies:

	<b>LIFE INSURANCE</b>	<b>MEDICAL INSURANCE</b>	<b>RESTAURANT TICKETS</b>	<b>COMPANY CAR</b>	<b>PENSION PLAN</b>	<b>OTHERS</b> (Cell, Garage)
<b>Investment Director</b>	84%	84%	23%	48%	25%	100%
<b>Investment Executive</b>	77%	77%	32%	42%	51%	100%
<b>Investment Analyst</b>	90%	90%	65%	6%	28%	88%

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### 3 Tendencias en el sector

- A significant decrease can be noted (in both the total number as well as the volume of the transactions themselves) in the acquisition market.
- Restriction in financing conditions → Less leverage.
- Sales decrease their expectations → Reduction in sale cost; Possibility of finding attractive investment opportunities.
- Appearance of new players. Interest on the part of penalized sectors (i.e. real estate)
- The compensation structure for next year will be similar to that of 2007 and 2006 in fixed salary (in which there will not be large increases), but the variable salary will decrease.
- Fringe benefits continue to be used as a way to retain professionals in Private Equity entities.

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## Signium International

### MADRID

C/ Serrano, 76 - 3º - 28006  
Tel.: +34 91 781 5210  
Fax: +34 91 781 5219

### BARCELONA

Avda. Diagonal, 600 – Pral. 1ª - 08021  
Tel.: +34 93 362 1211  
Fax: +34 93 362 1212

### LISBOA

Avenida da Liberdade, 110 - 1º - 1269-  
046  
Tel. +351 21 340 4600  
Fax. +351 21 340 4575

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