PitchBook

2022

DACH

Private Capital Breakdown

Contents

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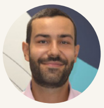

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Published on December 7, 2022

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Introduction

Through Q3 2022, DACH venture capital (VC) deal value paced marginally below the figure set during a record-breaking 2021. While the 2022 year-to-date (YTD) aggregate deal value illustrates robustness, Q3 2022 saw the lowest quarterly deal value since Q4 2020. VC activity in the DACH region and across Europe has flattened as wider financial markets have entered correction territory. The VC ecosystem in Germany regularly features among the largest in Europe, along with France and the UK. Given its size relative to Germany, Switzerland's VC activity has been strong in recent years. DACH-based exit activity has fallen sharply from the lofty levels in 2021, reflecting broader trends from the global VC ecosystem. Exits via corporate acquisitions and private equity (PE) buyouts could proliferate as public equities falter in 2022, particularly in areas such as the DACH region that possess emergent startups across a range of sectors. Given the declines in deal and exit activity in 2022 and resulting weaker market sentiment, fundraising has been unexpectedly strong. Fundraising by DACH-based corporate VC (CVC) arms has been prevalent in 2022.

DACH PE deal activity remained resilient in 2022 despite the economic backdrop, which has seen inflation rise, interest rates increase, public markets drop, and gas prices explode across the region. PE deal activity in the region is characterised by a growing proportion of cross-border flows, with the bulk of deals happening in Germany, specifically within the information technology (IT) sector. Given the uncertainty around the macroeconomic climate, bolt-on acquisitions increased in the DACH region. PE exits have remained healthy so far despite no public listings in the region YTD, with the remainder of exits split equally between buyouts and corporate acquisitions. PE fundraising on the other hand is down substantially this year, with only five new funds YTD raising a mere €2 billion as limited partners (LPs) become more cautious in allocating capital. In fact, there has been more fundraising YTD for VC than for PE in the DACH region.

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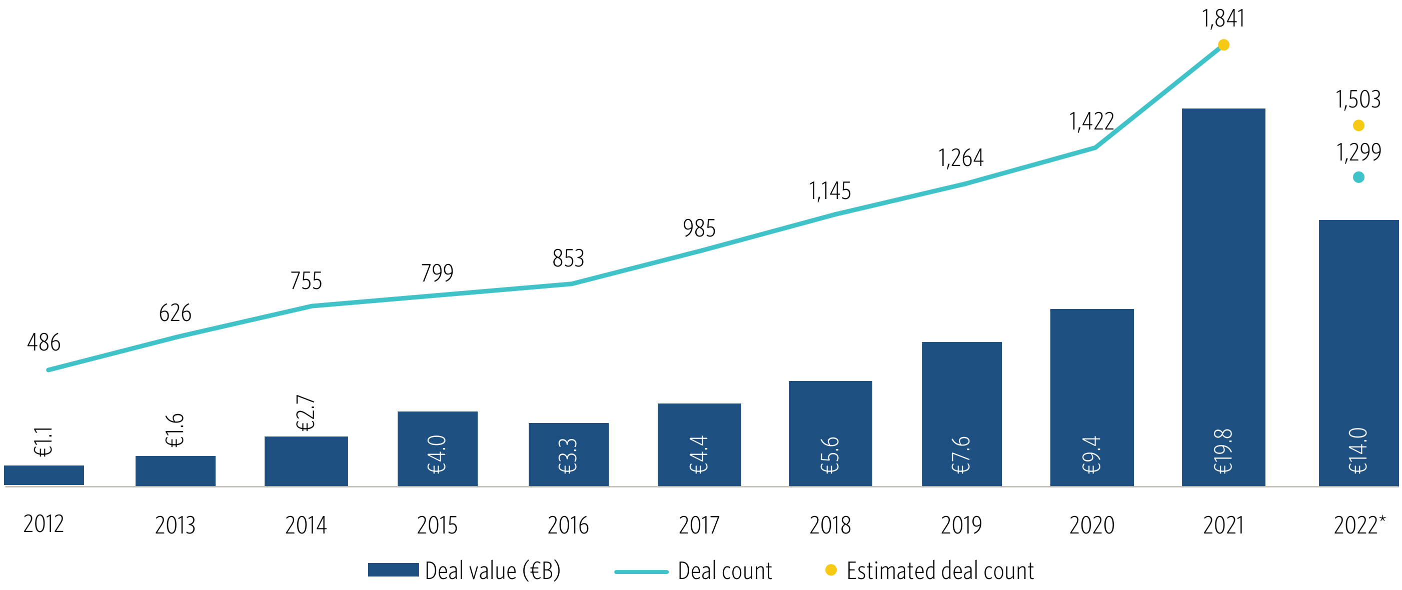
VC deals

VC deal activity

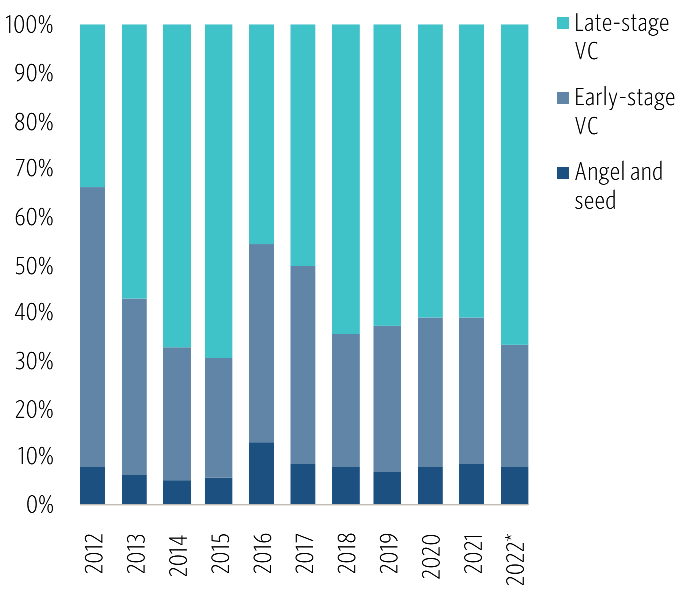


Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

DACH VC deal value crested €14.0 billion through Q3 2022, pacing marginally below the €19.8 billion set during a record-breaking 2021. While the aggregate deal value throughout 2022 YTD illustrates robustness, Q3 2022 saw €3.3 billion logged, the lowest total since Q4 2020. After a bumper 2021, VC activity in the DACH region and Europe has flattened as broader financial markets have slipped into correction territory. The DACH region has emerged as a prominent VC ecosystem during the past decade, with Germany regularly producing the bulk of deal activity. While the DACH ecosystem possesses unique characteristics, the area is experiencing similar challenges witnessed across Europe in recent months, and we expect VC deal activity to mirror trends across Europe.

Historically, the majority of capital has been concentrated in late-stage rounds. Late-stage companies based in the region have increased in size, attracted greater sums of capital, and grown at faster rates. Through Q3 2022, 66.9% of deal value was at the late stage as mature VC-backed companies continued to close rounds. Late-stage rounds tend to dominate VC deal value figures globally, with companies investing heavily in scaling efforts to expand into new markets and increase their market share. One notable deal involved Berlin-headquartered online broker Trade Republic, which extended its 2021 funding by €250.0 million, taking it to €1.1 billion in Q2 2022. The extension was led by the Ontario Teachers' Pension Plan, one of the world's largest pension funds. The new injection of capital could not have come at a more suitable time, given the recent challenges facing businesses and economies.

Share of VC deal value by stage

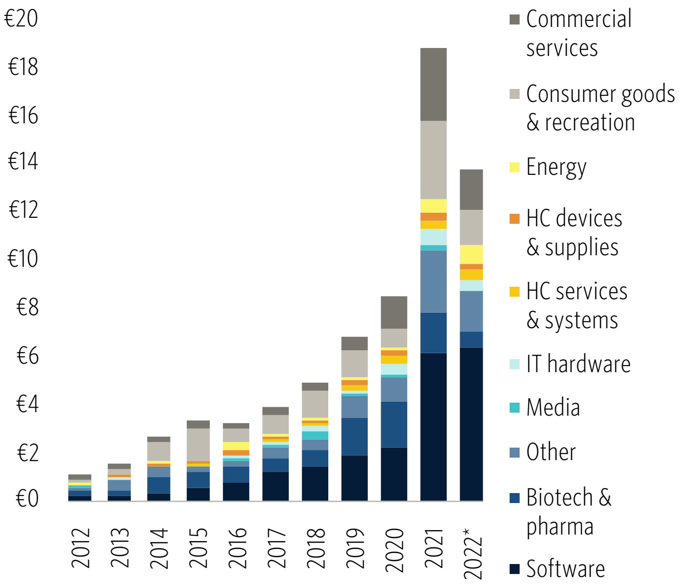


Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

With markets shifting into bear territory in 2022, financial technology (fintech) companies such as Trade Republic that have launched expansive savings, trading, and investing products will likely be reassessing which customers to target. Earlier this year, it was reported that Vienna-based trading platform Bitpanda was reducing headcount by one-third to extend its funding runway.[1] Demand for online financial services boomed during the COVID-19 pandemic, and the bull run in markets helped investments flow into the financial services sector. However, returns have become harder to come by in 2022, and with interest rates increasing across Europe, saving rather than spending has become more appealing. Competition between traditional financial institutions and disruptors has intensified, with new services, applications, and platforms vying for users. Companies with high burn rates, which previously invested significant amounts of cash to pursue growth at all costs, will now be adopting a more capital-efficient strategy.

The availability of capital could tighten in upcoming months as "risk-off" tactics surface. Consequently, investors and companies may look towards innovative methods to fund VC rounds. Traditional VC investing involves a direct capital infusion into a startup in exchange for an equity stake. But with uncertainty growing in financial markets, we could see increased usage of venture debt, revenue-based financing, or convertible debt instruments in rounds over coming quarters. In Q3 2022, Munich-headquartered Celonis completed a €400 million extension of its latest funding round, taking it to €982.4 million. The overall funding comprises equity and debt in the form of an expanded revolving credit facility agreement through a syndicate of investment banks. We could see different types of financing proliferate within VC rounds in the near term as demand for capital persists.

VC deal value (€B) by sector



Source: PitchBook | **Geography:** DACH
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Within the DACH region, Germany produces the lion's share of VC deal value. Through Q3 2022, 72.2% of VC deal value in the DACH nations—equivalent to €10.1 billion—was invested into Germany-based companies. The VC ecosystem in Germany regularly features among the largest in Europe, along with France and the UK. Germany is the largest economy and market in the European Union (EU), accounting for 25% of EU gross domestic product (GDP) and 19% of its population.[2] VC deal activity in Germany is clustered within major cities including Berlin and Munich, as well as Hamburg, Frankfurt, and Düsseldorf. Germany also possesses a large financial services sector, which has helped capital trickle into VC.

VC deal value by city since 2012*

Rank	Deal value (€B)	City	Country
1	€77.8	London	UK
2	€31.1	Berlin	Germany
3	€27.9	Paris	France
4	€19.3	Tel Aviv	Israel
5	€19.1	Stockholm	Sweden
6	€10.0	Munich	Germany
7	€9.3	Amsterdam	Netherlands
8	€6.7	Cambridge	UK
9	€5.8	Dublin	Ireland
10	€5.6	Barcelona	Spain
11	€5.0	Zurich	Switzerland
12	€4.5	Madrid	Spain
13	€4.3	Helsinki	Finland
14	€4.1	Copenhagen	Denmark
15	€4.0	Oxford	UK
16	€3.8	Moscow	Russia
17	€3.3	Milan	Italy
18	€2.9	Tallinn	Estonia
19	€2.9	Oslo	Norway
20	€2.5	Vienna	Austria

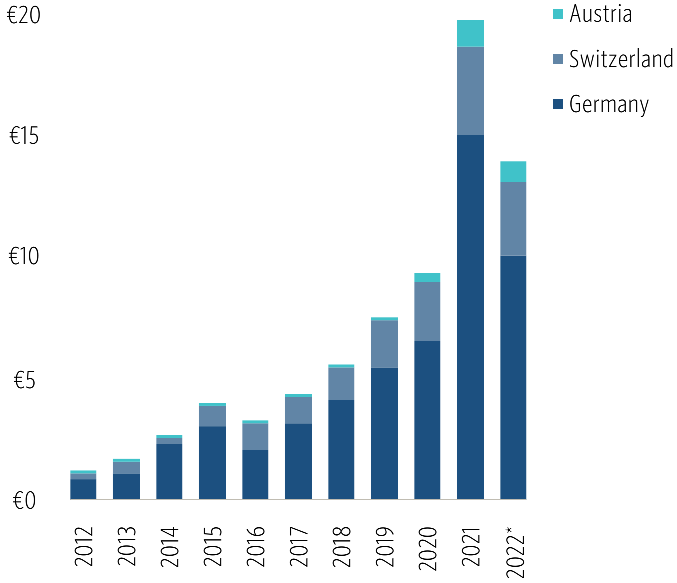
Source: PitchBook | **Geography:** Europe
*As of September 30, 2022

1: "Crypto Trading Platform Bitpanda Cuts Headcount by a Third," *Sifted*, Amy O'Brien, June 24, 2022.
2: "Financial Services," GTAI, n.d., accessed November 23, 2022.

Given its size relative to Germany, Switzerland's VC activity has been strong in recent years. For example, VC deal value was approximately three times larger in Germany than Switzerland through Q3 2022, while Germany's GDP was €4.2 trillion in 2021, roughly five times bigger than Switzerland's €812.9 billion.[3] We expect Germany to continue to dominate VC dealmaking in the DACH region; however, Switzerland's reputation as a tax-friendly global private banking and wealth management hub is helping boost VC flows into the country.

Through Q3 2022, one notable deal within the Swiss ecosystem involved Zurich-based carbon dioxide air capture company Climeworks securing €582.1 million. For long-term emission targets limiting global warming to 1.5 degrees Celsius and achieving net-zero emission by 2050, carbon capture tools will be required at an enormous scale. Given the recent challenges facing tech companies, cleantech companies offering long-term, recession-resistant business models could become appealing for investors seeking returns. Nonetheless, it appears cleantech companies are not insulated from the current downturn. In November 2022, it was reported that Berlin-based carbon management software Planetly was winding down and laying off all of its 200 employees, having been acquired by privacy solutions company OneTrust one year prior.[4] Further challenges in popular VC subsectors, such as cybersecurity, have emerged in 2022. A reported 1,400 workers have been laid off since late March, with 950 layoffs at OneTrust.[5] 2022 has been a challenging year. The fact that companies are struggling in traditionally strong VC industries is concerning and could lead to further cuts across portfolios.

VC deal value (€B) by country



Source: PitchBook | **Geography:** DACH
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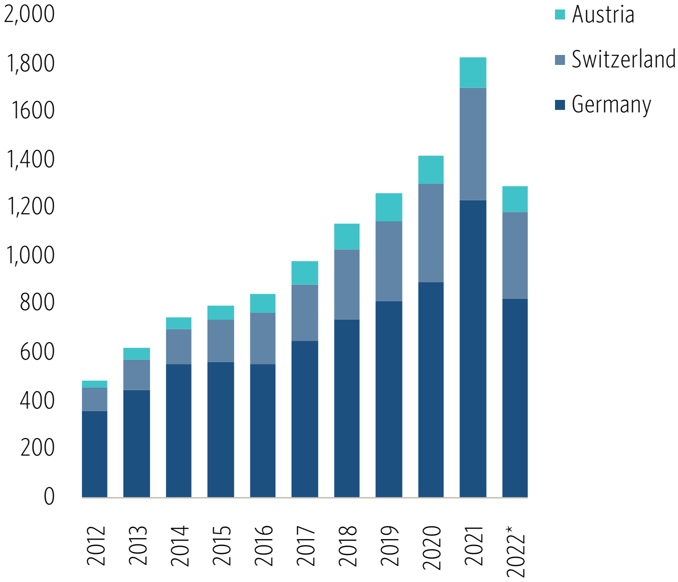
VC deal count by country

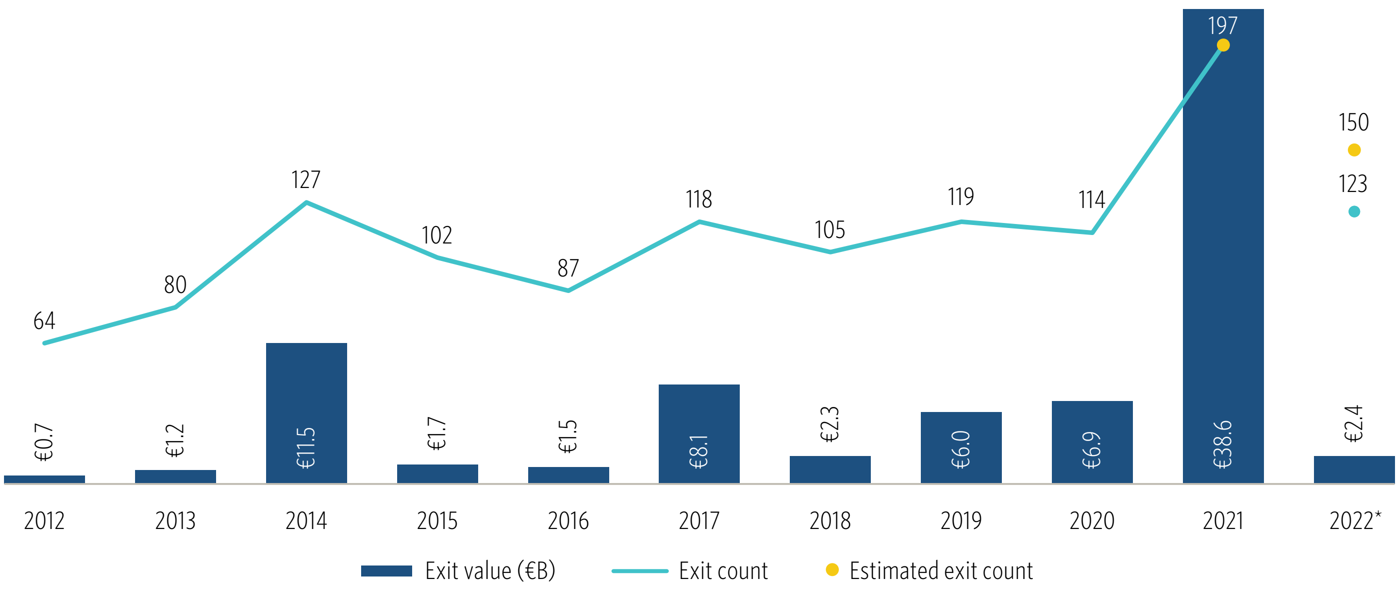


Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

3: "GDP (current US$) - Germany, Switzerland," The World Bank, n.d., accessed November 23, 2022.
4: "Carbon-Accounting Startup Planetly Shuts Down," *Axios*, Megan Hernbroth, November 4, 2022.
5: "Highflying Cyber Firms Cut Staff After Raising Hundreds of Millions of Dollars," *The Wall Street Journal*, David Uberti, July 6, 2022.

VC exits

VC exit activity



Source: PitchBook | **Geography:** DACH
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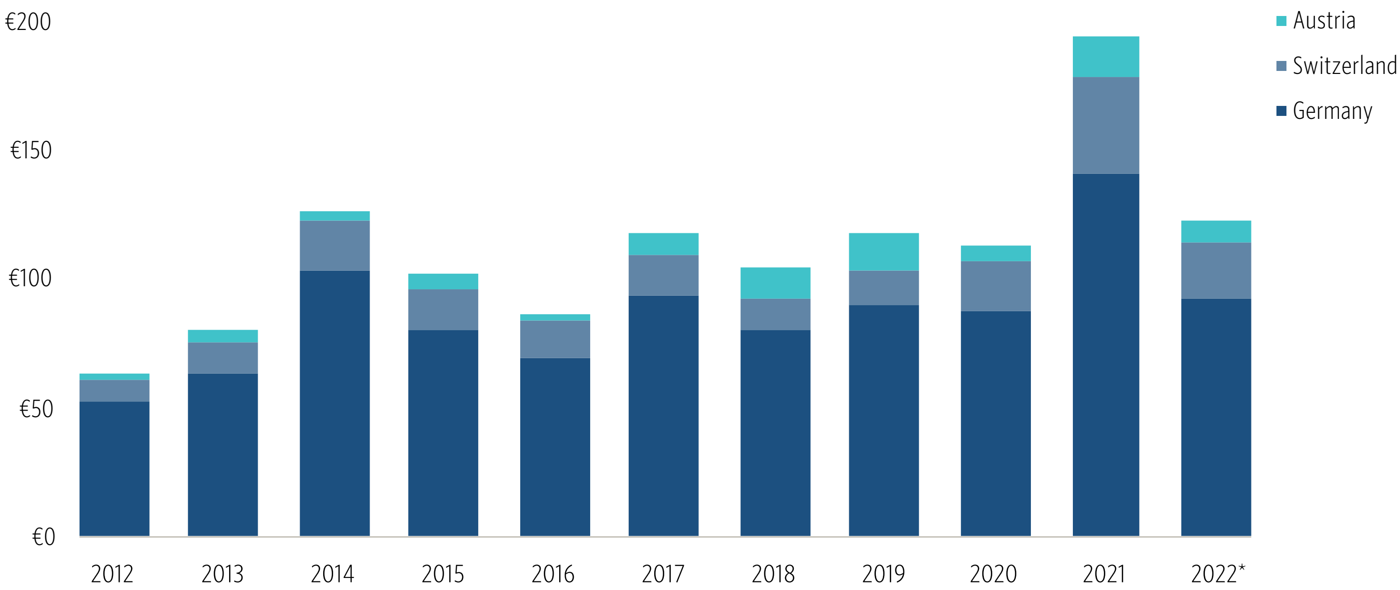
VC exit count by country



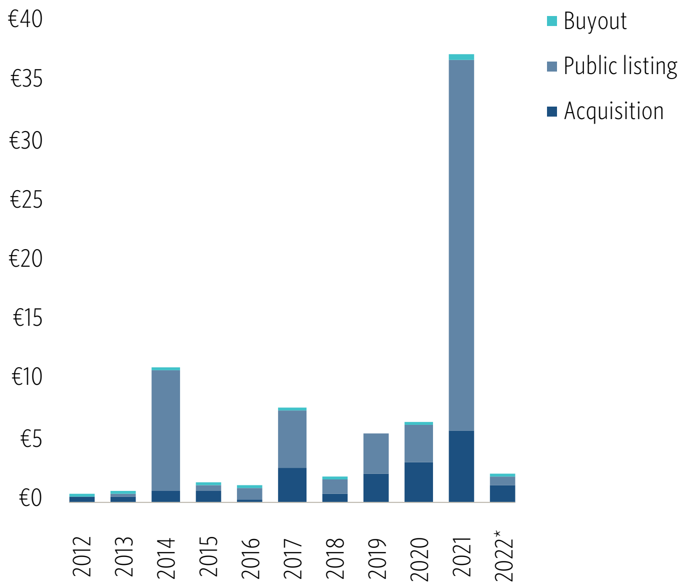
Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

DACH-based exit activity has fallen sharply from the lofty levels in 2021, reflecting broader trends from the global VC ecosystem. Through Q3 2022, €2.4 billion in exit value was generated from DACH-based companies, on pace for the lowest annual total since 2018. By comparison, exit value reached €38.6 billion in 2021 during a record-breaking year for liquidity in the region. Like their European and US counterparts, DACH-based companies rushed to exit amid conducive market conditions when there was an insatiable appetite for tech-enabled businesses displaying inflated growth metrics. Fast-forward to the bear markets of 2022, and companies, management teams, and investors are focusing on extending funding runways and maintaining business continuity instead of risking an exit.

Despite a quiet year thus far, one of the largest exits in the DACH region was the public listing of Switzerland-based cryptocurrency investment platform Smart Valor at a pre-money valuation of €710.3 million. Having listed in February 2022, Smart Valor's share price is down approximately 81.1% from its listing price as of December 2, 2022. Sharp declines across public equities have been widespread in 2022, and Smart Valor's position is further exacerbated by the questions facing the crypto space. Investors have shifted away from crypto investments in recent months, having enjoyed a bull run during the past two years. The high-profile collapse of FTX due to a lack of liquidity during a bank run on customer deposits will increase regulatory scrutiny in the sector. The implications of how this was able to happen, and the subsequent fallout, will have wider knock-on effects for the industry as well as Europe-based crypto companies such as Smart Valor.

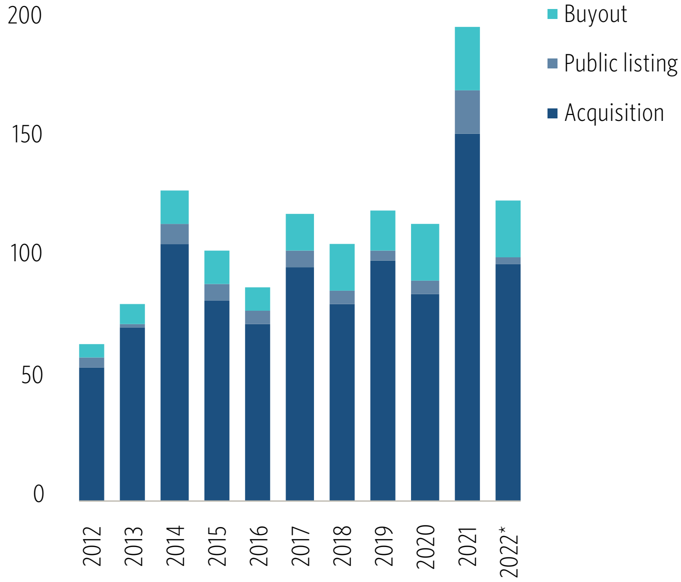
Exits via corporate acquisitions and PE buyouts could proliferate as public equities falter in 2022, particularly in areas such as the DACH region that possess emergent startups across a range of sectors. For example, Germany-based Cynora, which develops organic light-emitting diode (OLED) technologies for screens, was acquired for €283.5 million by electronics giant Samsung in Q2 2022. Samsung had previously invested in Cynora in 2017 alongside LG, another major electronics manufacturer. Samsung acquired Cynora's intellectual property and technology as part of the acquisition, further illustrating the underlying theme of corporates dipping into the VC ecosystem to leverage research & development (R&D) innovation through startups. The corporate acquisition exit route can also provide opportunities for established companies to expand product offerings, increase revenues, and promote growth inorganically. In Q1 2022, Kraft Heinz acquired Germany-based direct-to-consumer spice delivery company Just Spices for €214.0 million. Despite Kraft Heinz being one of the most established and recognisable companies in the world, the acquisition indicates that large corporates are continuously trying to bolster their stable of brands. Longstanding corporates with robust cash reserves could become increasingly acquisitive in the current climate, with valuations flattening from previous highs and further softening expected in upcoming quarters.

VC exit value (€B) by type



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

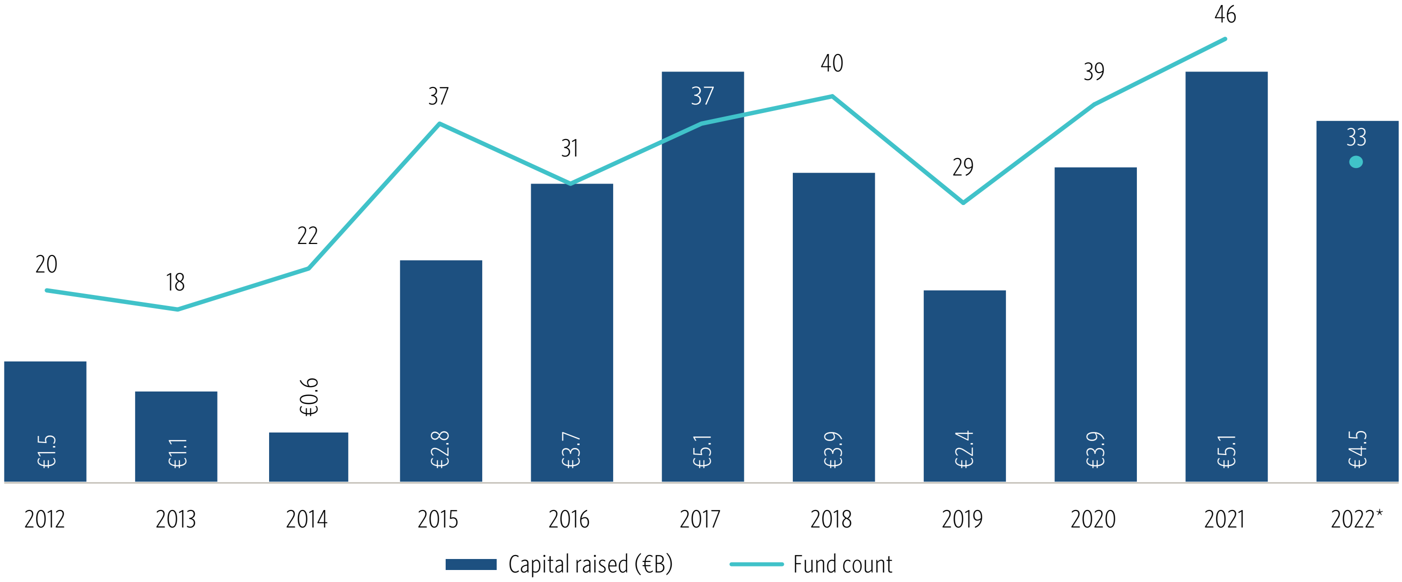
VC exit count by type



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

VC fundraising

VC fundraising activity



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

DACH-based VC funds raised €4.5 billion in the year through Q3, on pace to surpass the record €5.1 billion raised in 2021. Given the declines in deal and exit activity in 2022 and resulting market sentiment, fundraising has been unexpectedly strong. Fundraising figures are notoriously lumpy and skewed by the timing of large funds closing. As a result, time lags could be in effect as large funds can take several months to close. The effects of weakening growth forecasts, changing risk appetite, and tighter capital allocations may only impact fundraising deeper into 2023. Nevertheless, the robust fundraising levels through Q3 2022 demonstrate that general partners (GPs) and LPs have been able to press ahead with efforts.

Through Q3 2022, 18 of the 20 largest funds to close were based in Germany, 10 of which were in Berlin. Although financial services are typically associated with Frankfurt, Berlin has emerged as the core VC hub in Germany, with the bulk of DACH VC funds and startups based in the city. It is a fashionable city within Europe, and, as evidenced with recent figures, both founders and investors view it as the optimal place for VC in the DACH region. Noteworthy exits for companies such as venture builder Rocket Internet, which publicly listed in 2014, have helped fuel the capital cycle within the city and distribute returns to investors and employees. Rocket Internet has invested in several companies based in Berlin, including the previously VC-backed duo HelloFresh and Delivery Hero. In fact, two former Rocket Internet executives were part of the founding team of 468 Capital, which closed its second fund at €353.3 million, the largest fund to close in the DACH region through Q3 2022.

Fundraising by DACH-based CVC arms has been prevalent in 2022, as corporates have raised capital to fund long-term investment efforts. CVCs have increased their exposure to VC in recent years to identify synergies, secure intellectual property, and capture returns. Three large CVC funds targeting different sectors closed in 2022. CommerzVentures, the VC arm of Frankfurt-headquartered Commerzbank, closed its third fund at €300.0 million in Q1 2022. Chemical company Evonik closed its Sustainability Tech Fund at €150.0 million, and the VC arm of Switzerland-based telecoms provider Swisscom closed its Swisscom Venture External Fund at €300.0 million. CVC funds typically have one LP to fund investments, the underlying corporate entity. However, 75% of Swisscom Venture External Fund's committed capital was from outside LPs, including pension funds and family offices.[6] The proportion of capital originating from external LPs in the Swisscom Venture External Fund indicates CVCs are now competing with traditional VC funds to secure commitments from institutional backers. Moving forward, we could see greater quantities of CVC funds seek external sources of financing to mitigate risk and increase fund sizes.

Five largest funds to close in 2022*

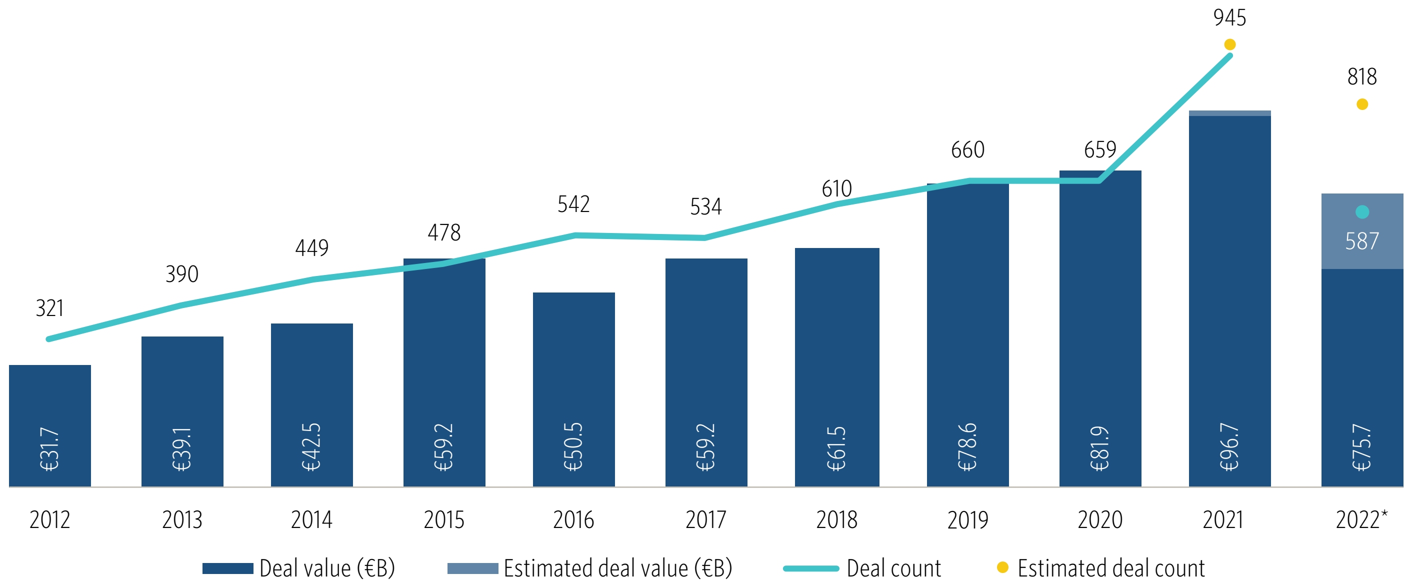
GP	Fund	Capital raised (€M)	Fund HQ location
468 Capital	468 Capital Venture II	€353.3	Germany
Project A	Project A Ventures IV	€352.8	Germany
Earlybird Venture Capital	Earlybird Digital West VII	€350.0	Germany
Blue Earth Capital	BlueEarth Global Impact II	€327.1	Switzerland
Headline	Headline EU VII	€320.0	Germany

Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

6: "Swisscom Ventures Raises New $300m Fund," *Global Corporate Venturing*, Robert Lavine, September 21, 2022.

PE deals

PE deal activity



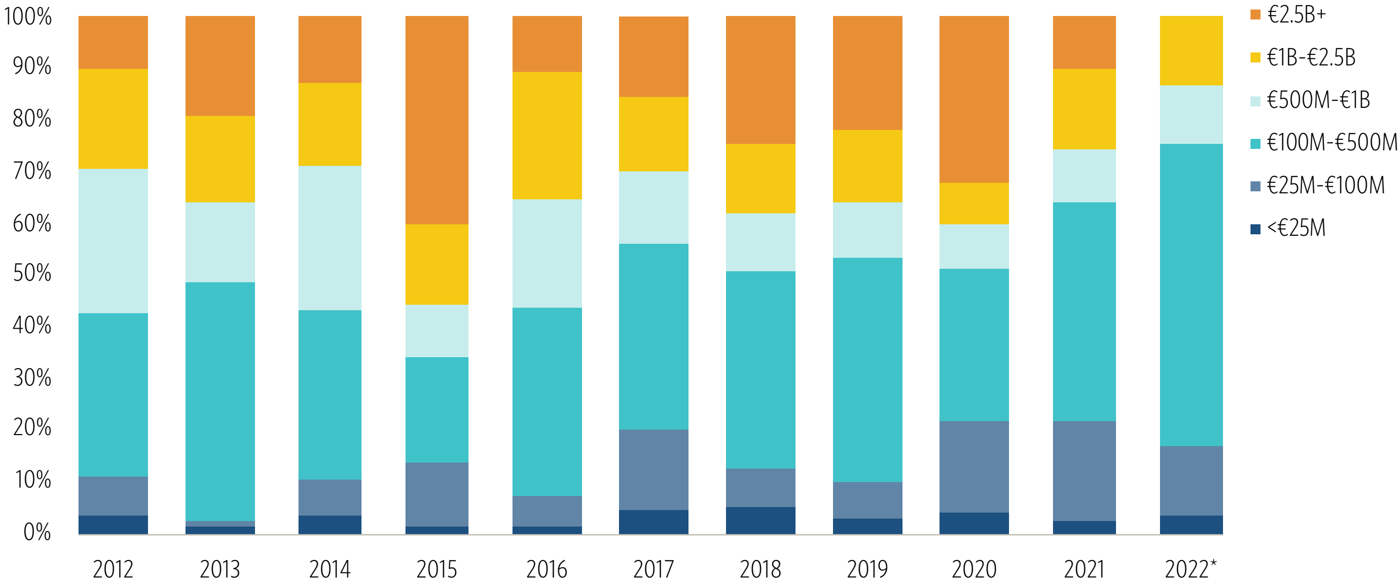
Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

DACH deal activity reached €75.7 billion across 818 estimated deals YTD, which leaves it on track for a record year in terms of both deal value and deal count.[7] In 2022, deals have tended to be smaller but more numerous, with no deals over €2.5 billion, as GPs have been more cautious in allocating capital due to the macroeconomic backdrop. At the same time, the European Central Bank (ECB) has increased interest rates in 2022, thus making it costlier for companies to raise and borrow capital. We had three ECB rate hikes so far in 2022, with the key interest rate rising from 0% to 2% as of the latest hike in November. Similarly, the Swiss National Bank (SNB) hiked its policy rate twice after maintaining it at -0.75% for seven years, meaning companies paid to keep their capital stored in the bank. The current policy rate of 0.5% is widely expected to rise in December when the SNB meets next.

Three-quarters of deal value within DACH has thus come from deals worth €500 million or less YTD. The average deal size is pacing to a historic low of €207.9 million through Q3 2020, assuming no new large deals of over €500 million are announced for the remainder of the year. These smaller deals are often bolt-on acquisitions for companies. Bolt-on acquisitions are usually smaller for corporates and add value in terms of company strategy, as they tend to be a competitor or in the same line of business as their acquirer. Private equity players favour bolt-on acquisitions for companies within their portfolios in periods of market downturns as they allow the large acquiring company to continue growing inorganically through mergers & acquisitions (M&A) while fetching a more favourable price for the acquisition. In fact, bolt-ons represented 60% of buyouts YTD in terms of value, on track for the highest figure on record. For example, Dutch software company Exact, PE-backed by KKR and Silver Lake, bought Germany-based, cloud-based enterprise resource planning (ERP) and customer relationship management (CRM) software weclapp in Q3 for €227 million as a bolt-on buyout acquisition. This is a horizontal type of acquisition as both companies operate in the same industry. Exact will use weclapp's expertise in the cloud to help with its own transition to the cloud.

7: Figures reflect estimates, and although they suggest that activity has remained healthy, further fluctuations are expected as we collect data and re-evaluate.

Share of PE deal value by size bucket



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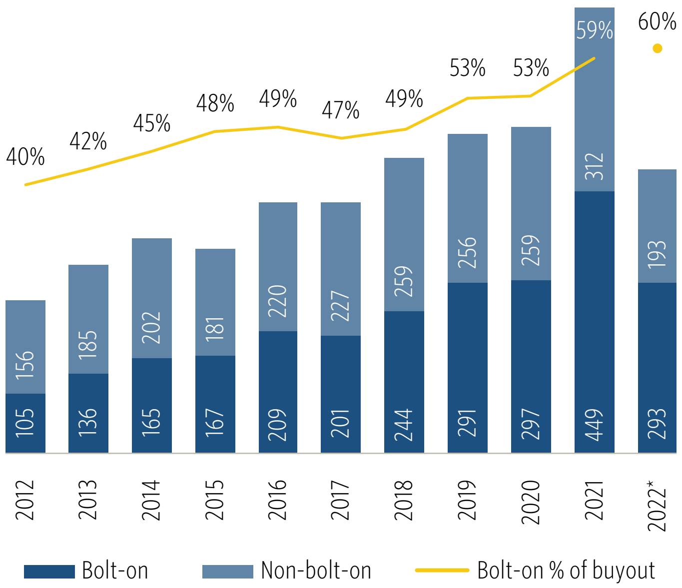
PE bolt-ons as a share of all PE buyouts



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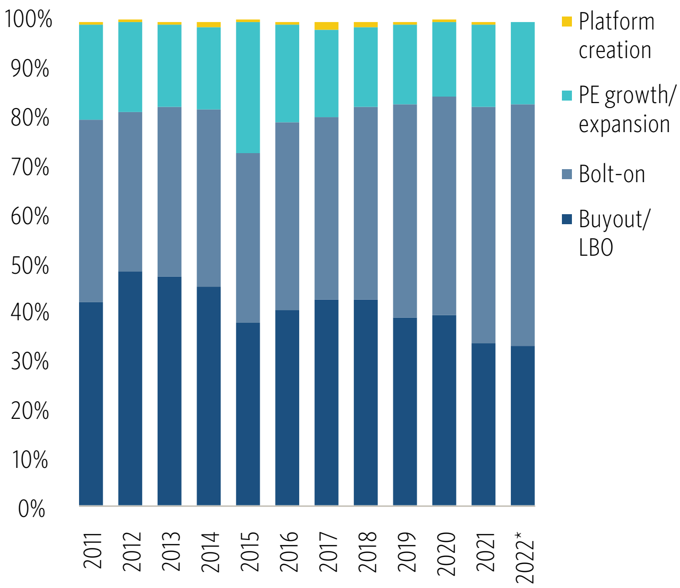
Share of PE deal count by type



Source: PitchBook | **Geography:** DACH
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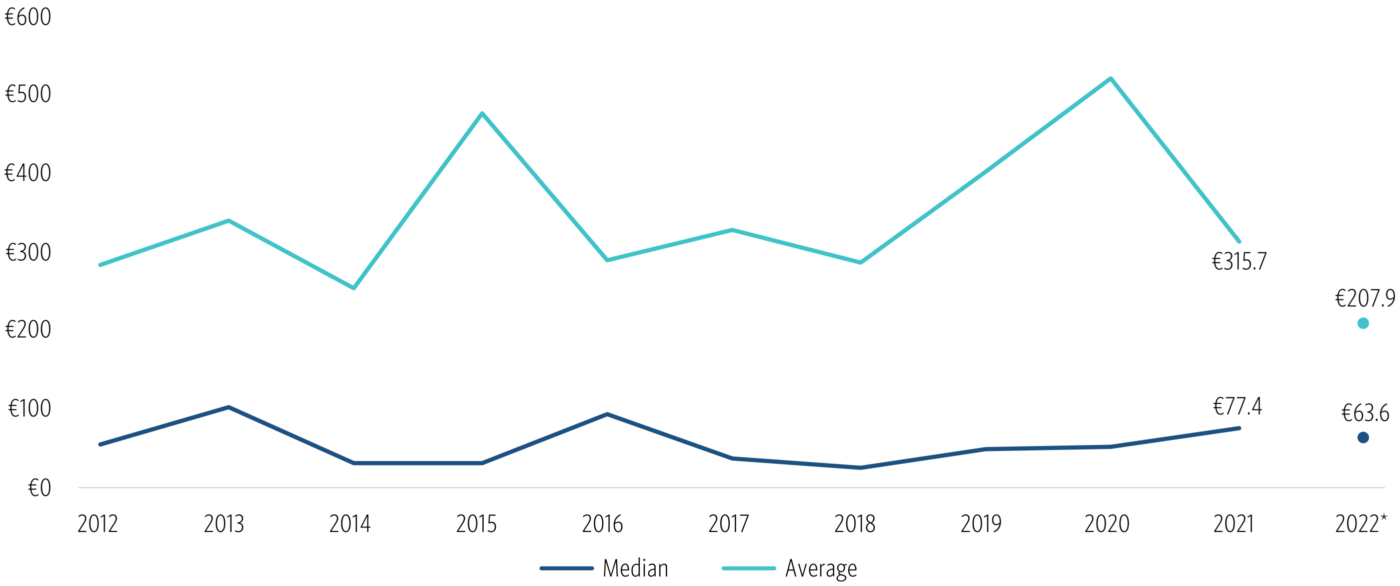
Median and average PE deal value (€M)



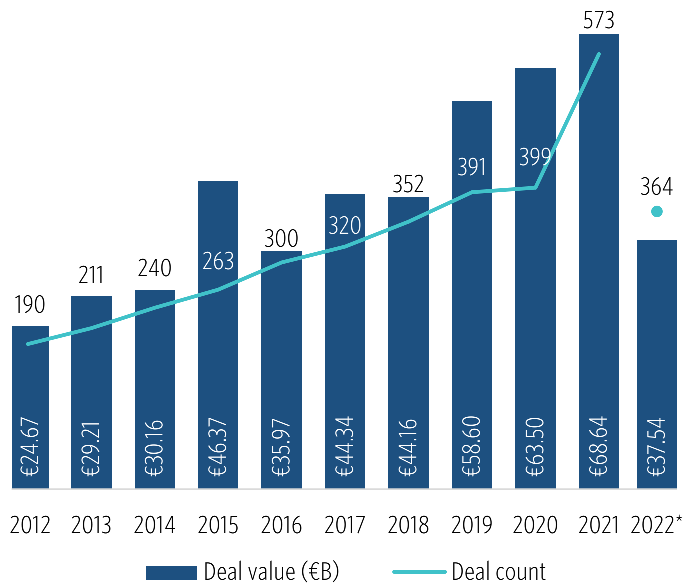
Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

An important characteristic in DACH PE dealmaking, also illustrated by the previous example, is the high cross-border flows of capital into DACH deals. 364 estimated deals, equivalent to 62% of DACH PE deals, have come from cross-border flows YTD. This trend is clearly growing, as cross-border deals have nearly doubled in the DACH region in the past decade. There has been a strong influx of North American capital within Europe in the past decade as highly capitalised US private equity firms look to geographically diversify their portfolios. In fact, three out of the top 10 deals YTD have involved North American PE firms purchasing a DACH-based company. In Q1, we saw Switzerland-based AutoForm Engineering get acquired by PE giant Carlyle Group in a €1.7 billion acquisition, which was also the largest deal YTD. In Q2, we saw Switzerland-based SonarSource get acquired for €375 million by a consortium led by Advent International and General Catalyst.

In terms of sector, the DACH region singles out the IT sector, and in particular, software companies, which have already had a record year in terms of deal value thanks to four out of the top 10 deals being within software. €11.7 billion worth of deals across 105 transactions has occurred already this year. Germany's policymakers have for decades wanted to compete in software, but always lagged some of the other large Western economies. Wirecard was supposed to become Europe's answer to PayPal and AliPay; it even became one of the largest software companies in Europe by late 2019, worth a lofty €24 billion, before declaring bankruptcy in the summer of 2020, as it became evident that higher management had been manipulating financial statements. The scandal severely tainted Germany's reputation in the same way that the 2015 diesel scandal hurt their automotive industry. The regulatory landscape in Germany has been torn between taking a tougher stance following some of these scandals and becoming more lax to encourage investments and private development.

Despite these challenges, it is encouraging to see that Berlin continues to be one of the most important VC hubs in Europe, which will hopefully flow through into PE soon enough. Indeed, Berlin is the highest-ranked city in the

PE deal activity with cross-border investor participation



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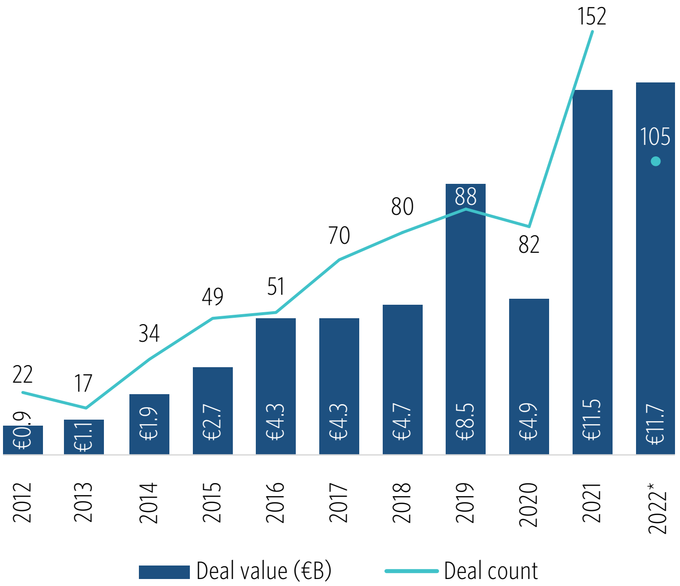
Software PE deal activity



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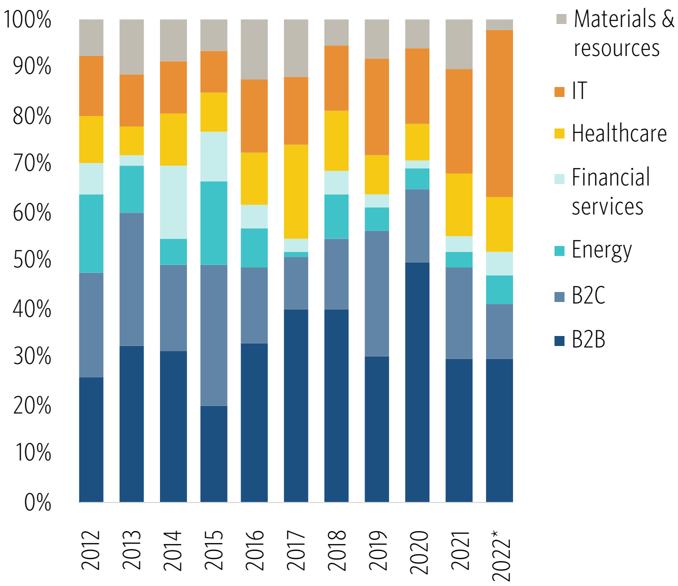
Share of PE deal value by sector



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European Union by deal value in the past decade. German private equity firms have played an important role in increasing dealmaking throughout the years, such as Berlin-based Capiton, which seeks to invest in small and medium-sized enterprises operating in IT within the DACH region. Similarly, in Switzerland, Partners Group is one of Europe's largest private equity companies, with over €125 billion in assets under management (AUM) and an active portfolio of 129 companies.

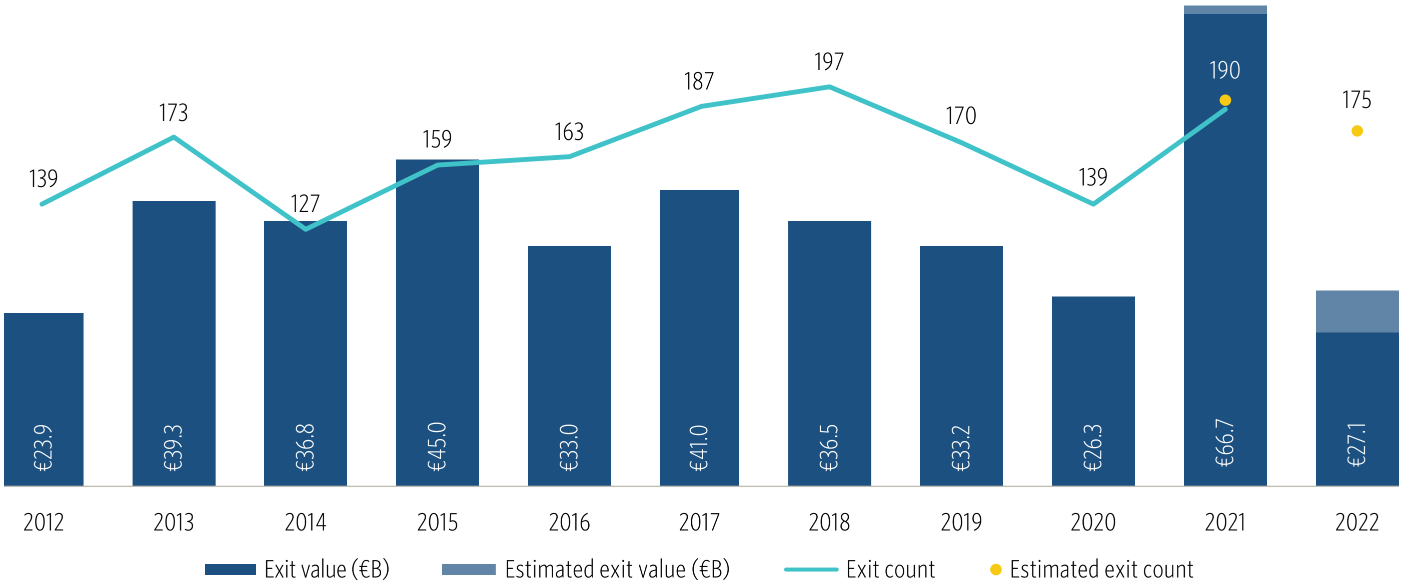
There have been 15 deals within the energy sector in the DACH region YTD, totalling €3.5 billion, which is 32.2% higher than it was in 2021 in terms of deal value, but still not as high as we would have expected, given it has been a year of booming commodity prices due to the war in Ukraine. At the same time, most Western countries are investing heavily into renewable energy technology in order to move away from reliance on fossil fuels. The third-largest deal YTD has seen Glenmont Partners buy a 50% stake for €1.2 billion off Ørsted in the 900-megawatt Borkum Riffgrund 3 offshore wind farm complex in German waters. Reliance on fossil fuels and especially Russian gas has been an immense problem for Germany, which imports 65.2% of its gas from Russia and has seen the price of the commodity quadruple compared with the year before.[8] This is problematic for both households and businesses, which will see their variable energy costs climb much higher. There have been talks of potential blackouts in order to save critical energy. This in turn would affect businesses country-wide, decreasing potential growth for certain businesses while creating opportunities for larger, better-capitalised companies, which may look for bolt-on acquisitions, for example.

The German government is, however, stepping in to attempt to limit the costs. In September, the German government nationalised Uniper, Germany's largest gas importer, with total costs expected to reach €30 billion.[9] Although not a private equity transaction, it is emblematic of the severity of the energy crisis in Germany. Then, in late October, the German parliament approved a €200 billion package to cap gas prices at 80% of 2021's household usage and 70% for industrials.[10] Finally, in November, Germany nationalised SEFE, previously Gazprom Germania, which was heading for insolvency when the Russian state-owned gas provider offloaded the company back in April.[11] In other DACH regions, the dependency on Russian gas is less severe, as Austria lowered its reliance on gas imports from 80% to less than 50%.[12] Switzerland, on the other hand, is less dependent on gas to produce electricity, with two-thirds of electricity coming from hydroelectric power plants and only about 7.5% coming from Russian gas.[13]

8: "How Europe's Reliance on Russia's Gas Plays into the War in Ukraine," *NPR*, Becky Sullivan and Jackie Northam, February 24, 2022.
9: "Germany's Uniper Nationalisation Deal Expected on Wednesday," *Reuters*, Miranda Murray, et al., September 20, 2022.
10: "Germany To Cap Electricity Prices for Households, Industry - Govt Draft," *Reuters*, Miranda Murray, November 1, 2022.
11: "Germany Nationalises Sefe To Oust Gazprom, Secure Gas Supply," *Reuters*, Maria Sheahan and Rachel More, November 14, 2022.
12: "Austria's Gas Dependence on Russia Down to Below 50%, Government Says," *Reuters*, Michael Shields, August 1, 2022.
13: "Switzerland Braces for Winter Energy Crunch," *SWI*, Luigi Jorio, September 14, 2022.

PE exits

PE exit activity



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

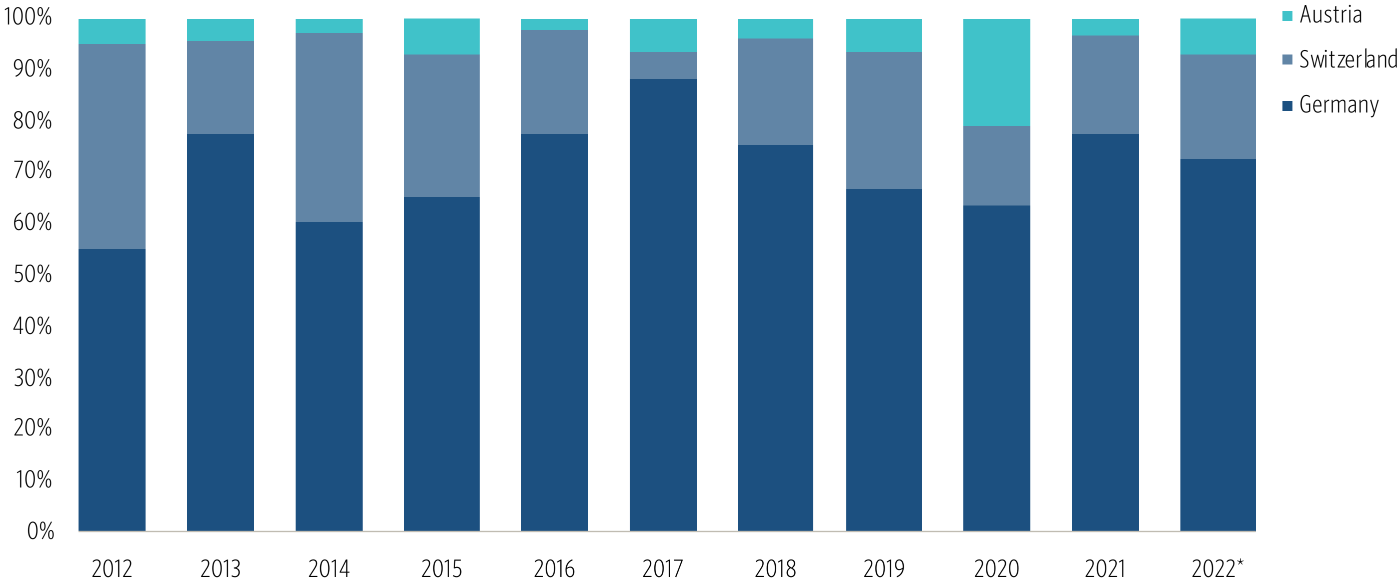
DACH's estimated PE exit value reached €27.1 billion across 175 estimated exits YTD, a notable drop from the 2021 outlier year, which saw €66.7 billion in exit value across 190 exits. This is a result of the macroeconomic picture deteriorating in the past year, with inflation rising to its highest level since the euro was introduced in 1999, peaking at 10.9% in September for the Eurozone,[14] which includes Germany and Austria. Swiss inflation, on the other hand, has stayed under control, peaking at a three-decade high of 3.5% in August.[15] High inflation, along with higher interest rates, has led to public markets tumbling this year, which has in turn trickled down into private equity. The DACH region has seen no public listing this year from private equity exits, a first since 2005. And this resonates across PE exits, which have been muted for most of the year as sponsors are wary of exiting their investments in unfavourable climates. In addition to this, exits have been slightly skewed as the largest three exits this year have accounted for almost one-quarter of all exit value YTD.

In the absence of public listings, secondary buyouts (SBOs) and acquisitions remain just as popular, roughly split 50-50 in terms of exit value YTD. Earlier, we discussed bolt-on acquisitions being popular for corporates, but the trend for DACH firms has been SBOs, which involve the sale of a PE-backed company onto another PE. The largest two exits this year have been SBOs: Astorg sold AutoForm Engineering to Carlyle for €1.7 billion, and BC Partners sold part of its stake in CeramTec to the Canada Pension Plan Investment Board for €1.6 billion. As economic indicators don't seem to point to any easing in the economic pain within the region, and in fact we anticipate a "mild recession," as ECB President Christine Lagarde foresees,[16] we expect SBOs will continue being a trend.

Germany continued to dominate the bulk of DACH exit value, with 72.8% of the deals YTD, while Switzerland took 20.2%, and Austria took 7.0%—which roughly corresponds to the weighted split of their combined GDPs. Despite having approximately the same population, Switzerland has attracted more PE activity than Austria, given its important financial hub status within the continent. Switzerland's stable currency, tax regime, and politics have also helped the country gain investor confidence. We expect Swiss PE activity to continue growing exponentially in the years to come.

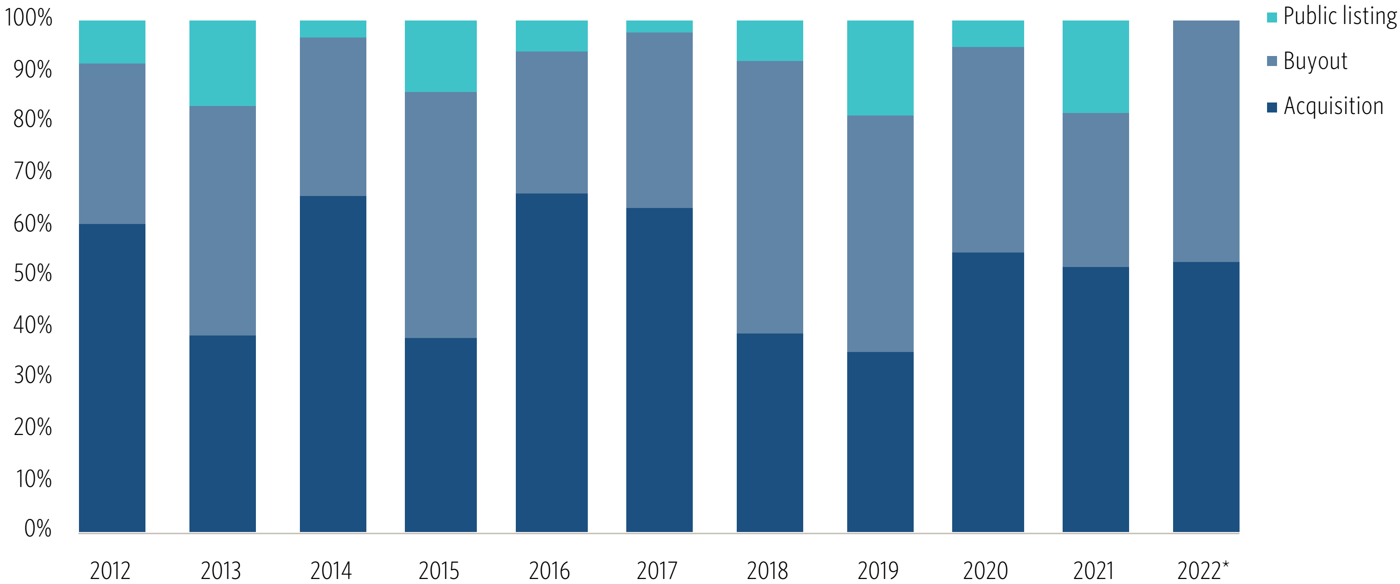
14: "Annual Inflation Up to 9.9% in the Euro Area," *Eurostat*, October 19, 2022.
15: "Swiss Inflation Rate Increases to Three-Decade High of 3.5%," *Bloomberg*, Bryce Baschuk, August 31, 2022.
16: "Lagarde Says 'Mild Recession' Won't Tame Inflation: ECB Update," *Bloomberg*, Alexander Weber and Aaron Eglitis, November 3, 2022.

Share of PE exit value by country



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

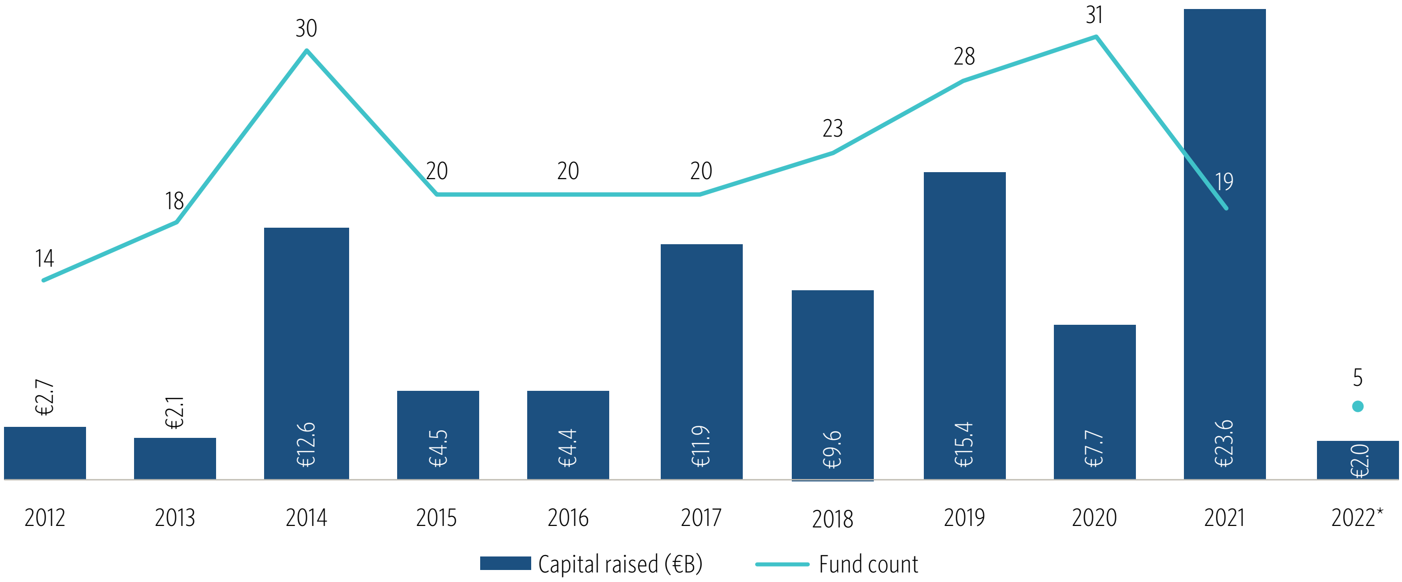
Share of PE exit value by type



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

PE fundraising

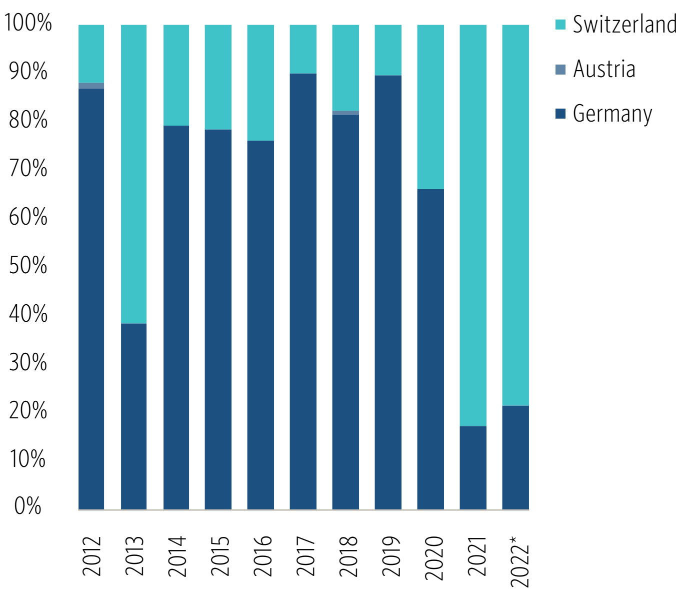
PE fundraising activity



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

Given the macroeconomic backdrop, fundraising has almost completely frozen in the DACH region, with only five new funds in 2022 so far raising a mere €2 billion. Fundraising has been particularly difficult, as LPs are unwilling to commit additional capital in uncertain times. This is partly due to the denominator effect, which forces LPs to reduce capital commitments or sell private assets to reduce their asset allocation to private markets because their public market assets, such as equities or bonds, have fallen in value and thus represent a smaller allocation required for their overall portfolio. From the five funds, four are Switzerland-based, which points to more fundraising appetite in Switzerland than in Germany or Austria. This was also the case in 2021 in terms of funds raised, as Switzerland raised five times more than Germany with almost €20 billion in funds against Germany's €4 billion. This is partly due to the Swiss economy being much more stable than Germany's. Switzerland is a small country, has its own stable currency, and is not part of the European Union, unlike Germany and Austria, which means it can dictate its own monetary and fiscal policies through the SNB, thereby allowing it to better control inflation, for instance.

Share of PE capital raised by country



Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

Top 20 closed PE funds by size since 2021*

Investor	Fund	Fund type	Close date	Fund size (€M)	Country
Partners Group	Partners Group Private Equity IV	Buyout	September 21, 2021	€12,713.7	Switzerland
Partners Group	Partners Group Direct Equity 2019	Buyout	September 20, 2021	€5,086.1	Switzerland
Bregal Unternehmerkapital	Bregal Unternehmerkapital III	Buyout	March 25, 2021	€1,875.0	Germany
Ufenau Capital Partners	Ufenau VII	Buyout	March 31, 2022	€1,000.0	Switzerland
Unigestion	Unigestion Direct II	PE growth-expansion	July 2, 2021	€600.0	Switzerland
Target Global	Target Global Growth II	PE growth-expansion	October 12, 2021	€525.0	Germany
Capiton	Capiton VI	Buyout	November 24, 2021	€504.0	Germany
Aurelius Group	Aurelius European Opportunities IV	Buyout	April 19, 2021	€500.0	Germany
Credit Suisse	Seasons Global V	Buyout	November 1, 2021	€448.5	Switzerland
HV Capital	HV COCO Growth	PE growth-expansion	February 16, 2022	€430.0	Germany
UBS Group	UBS Private Equity Global IV	PE growth-expansion	February 10, 2022	€384.0	Switzerland
Pictet	Pictet Thematic Private Equity-Technology	Buyout	September 14, 2021	€296.9	Switzerland
MTIP	MTIP II	PE growth-expansion	December 7, 2021	€220.0	Switzerland
Bayern Kapital	ScaleUp-Fonds Bayern	PE growth-expansion	July 16, 2021	€200.0	Germany
Mill Reef Capital	Mill Reef Capital	Buyout	August 17, 2021	€180.0	Switzerland
Novum Capital	Novum Capital Special Opportunities II	Buyout	April 1, 2021	€150.0	Germany
Verium	Verium I	Buyout	September 29, 2022	€124.3	Switzerland
Beyond Capital Partners	Beyond Capital Partners II	Buyout	April 22, 2021	€115.0	Germany
Maguar Capital Management	Maguar 1	Buyout	May 26, 2021	€104.0	Germany
Bellevue Group	BB Entrepreneur Private Strategy	PE growth-expansion	June 20, 2022	€61.0	Switzerland

Source: PitchBook | **Geography:** DACH
*As of September 30, 2022

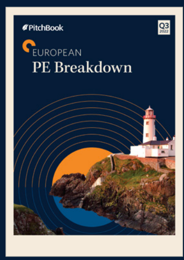
Ufenau Capital Partners raised €1 billion at its hard cap for its seventh fund, which closed in less than three months due to high demand. The experienced PE buyout specialist based in the canton of Schwyz will focus on high-quality, asset-light companies within DACH, Benelux, and the Iberian regions. Three of the other new funds this year have followed a growth/expansion strategy. This fund strategy is at the cross section between PE and VC, as it targets growth companies that are well-established but still young, fast-growing, and seeking minority stakes. These tend to have higher returns than more mature PE targets and are less risky than the less-established companies targeted by venture capitalists. Investors have turned to PE growth/expansion funds as dry powder has amassed, and LPs are able to write larger cheques than in VC, as the targeted companies are larger and more established. This has been a trend across the continent, as discussed in our Q3 2022 European PE Breakdown.

Additional research

European private markets

Q3 2022 European VC Valuations Report

Download the report here.



Q3 2022 European PE Breakdown

Download the report here.

Q3 2022 European Venture Report

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2022 UK & Ireland Private Capital Breakdown

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