PitchBook

2024 ANNUAL

EUROPEAN PE Breakdown

PitchBook

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PitchBook

Introduction

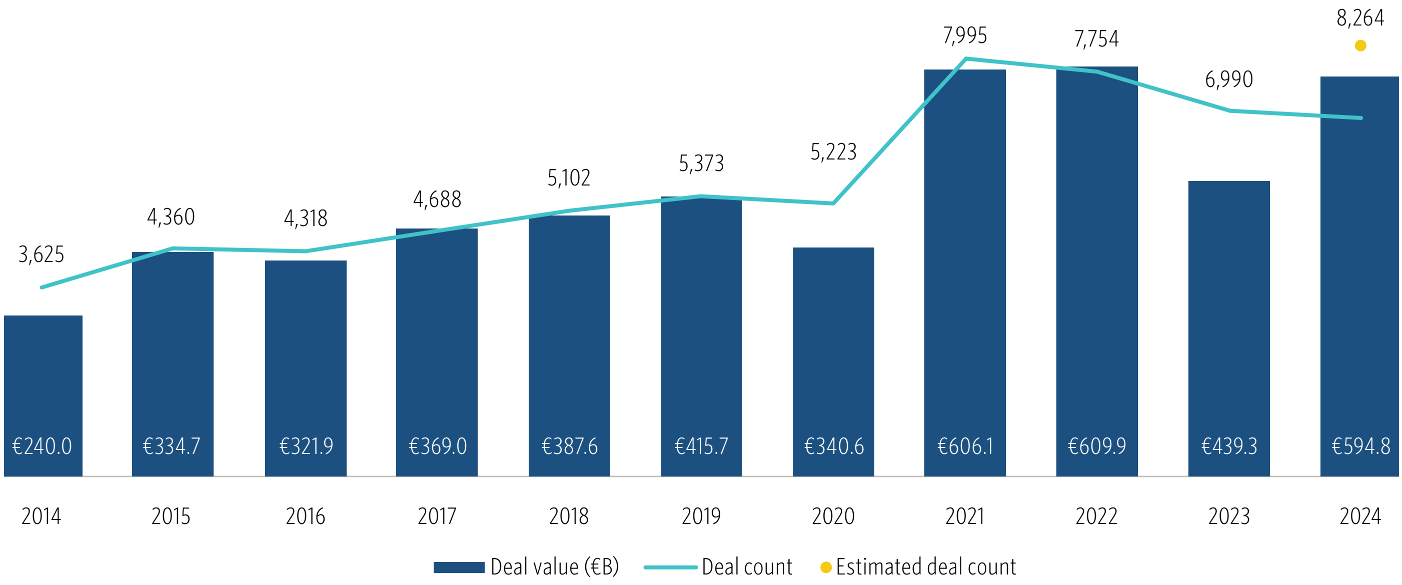
If we had to pick one word to summarise European private equity (PE) in 2024, it would be recovery. Annual PE deal value increased 35.4% year over year (YoY) while annual deal count increased 18.2% YoY, marking the third-best year of dealmaking in European PE after 2021 and 2022. Although dealmaking grew, the drivers of this growth changed from those in previous years. In 2024, US investor participation returned, take-privates continued to thrive despite bullish public markets, smaller markets such as Italy increased their dealmaking footprint, artificial intelligence & machine learning (AI & ML) took centre stage as a vertical, and the shift in monetary policy midway through the year played a pivotal role in improving macroeconomic indicators. Looking at the year ahead, we remain optimistic about dealmaking as the macroeconomic landscape improves and political turmoil settles down in H1. We expect the asset class to continue growing, benefitting from a further democratisation of private markets.

Exit activity finished the year higher than the previous two years, thanks in part to a strong Q4. Annual exit value grew 5% YoY while annual exit count grew 18.6% YoY as sponsor acquisitions dominated over corporate acquisitions. More strikingly, we estimate that exit count recovered to 2021 levels thanks to the strong year-end. This is very encouraging, as the past few years have built up a backlog of companies seeking to exit, and the end-of-year dynamics suggest that this backlog will finally start being released in 2025. However, we are cautious about the optimism and remind our readers that the investment/exit ratio remains elevated at 2.4x and the time that general partners (GPs) hold their assets before exiting increased from a median of 5.2 years in 2021 to 6.1 years in 2024.

Fundraising in Europe in 2024 was a two-sided story. On the one hand, 2024 was one of the strongest years of fundraising, on par with 2021 and 2023. However, the bulk of this capital was raised by experienced managers with proven track records. If you were one of the PE powerhouses in 2024, then you most likely were able to fundraise thanks to existing relationships with limited partners (LPs) and strong investor relations teams. Additionally, megafunds have benefitted the most from the secular trend of PE as a growing asset class, often attracting large mandates from institutional clients such as pension funds and sovereign wealth funds. On the other hand, 2024 saw a decade low of new funds coming to market, pointing to the tougher fundraising conditions faced by less experienced and first-time managers. Middle-market capital raised has been declining for three consecutive years since peaking in 2021 and has been marked by longer timelines to close fundraising and lower step-ups. Regionally, the Nordics had a record year of fundraising, while France & Benelux had its worst in a decade.

Deals

PE deal activity

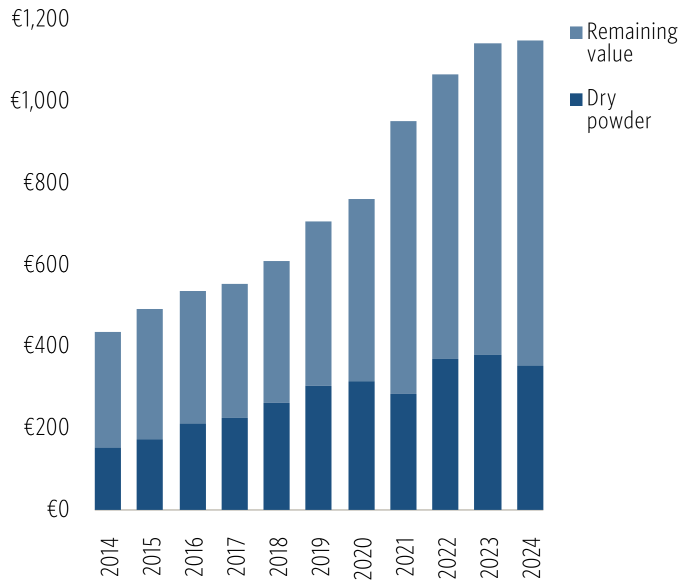


Source: PitchBook • Geography: Europe • As of 31 December 2024

Summary of 2024

If we had to pick one word to summarise European PE in 2024, it would be recovery. Annual PE deal value increased 35.4% YoY while annual deal count increased 18.2% YoY, marking the third-best year of dealmaking in European PE after 2021 and 2022. More importantly, dealmaking recovered from the subdued levels seen in 2023 despite a regime change in the UK, political instability in Germany and France, an ongoing war in Ukraine, and elevated interest rates affecting borrowing costs and the use of leverage in buyouts as a result. Although dealmaking grew, the drivers of this growth changed from those in previous years. In 2024, US investor participation returned, take-privates continued to thrive despite bullish public markets, smaller markets such as Italy increased their dealmaking footprint, AI & ML took centre stage as a vertical, and the shift in monetary policy midway through the year played a pivotal role in improving macroeconomic indicators.

PE assets under management (AUM) ($B) by type

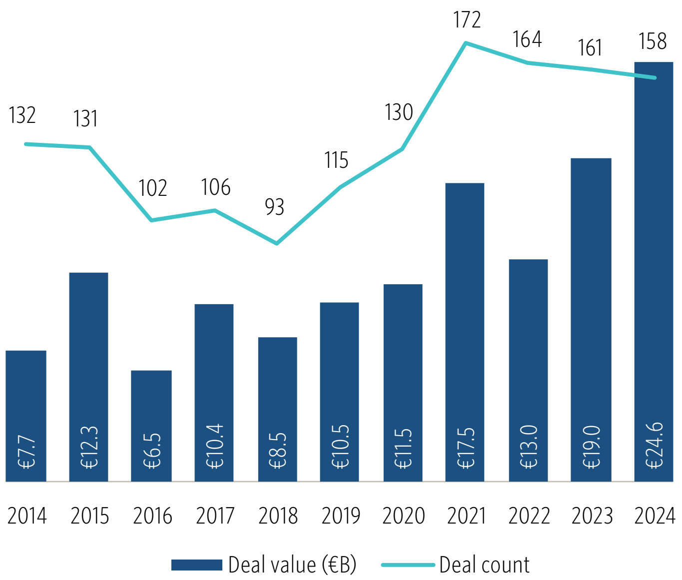


Source: PitchBook • Geography: Europe • As of 31 March 2024

What lies ahead in 2025

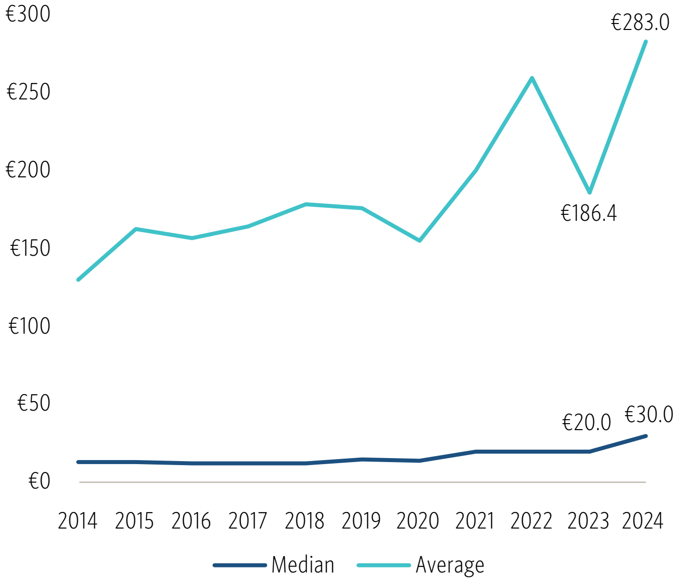
We call this increase a recovery, but others may regard it as part of a secular trend whereby PE as an asset class continues to grow in its share of asset allocation. Looking at the year ahead, we remain optimistic about dealmaking as the macroeconomic landscape improves and political turmoil settles down in H1. US President-elect Donald Trump has called for a resolution to the Russia-Ukraine war, which would bring some needed stability, especially to the energy sector. Western nations' reliance on Russian energy has arguably accelerated the energy transition into renewables, with the cleantech vertical posting a record annual deal value in 2024. Further interest rate cuts by central banks in 2025 will boost dealmaking by lowering borrowing costs and increasing valuations. We expect the asset class to continue growing, benefitting from a further democratisation of private markets as large firms take on

Cleantech PE deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2024

Median and average PE deal value (€M)



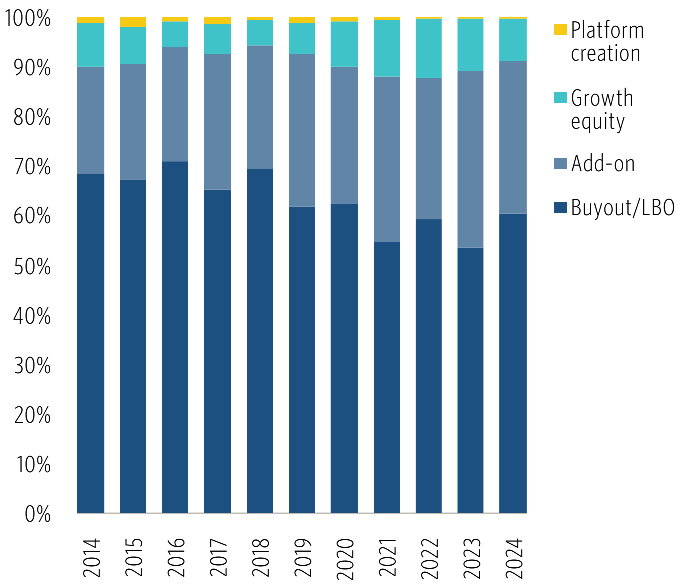
Source: PitchBook • Geography: Europe • As of 31 December 2024

more noninstitutional money and target retail and private wealth either directly (as seen with EQT Nexus) or indirectly (as seen with Moonfare). Finally, new developments in regulation and tax regimes will be crucial in shaping the year. For instance, the UK's Labour government will increase the carried interest tax rate from 28% to 32% starting in April, which may have a negative impact on the asset class. However, on the positive side, the UK government should introduce PISCES, a new exchange seeking to trade shares in private companies.

Buyouts return

2024's strong dealmaking can be partly attributed to a return in leveraged buyouts (LBOs), which grew in annual deal value by 36.4% YoY and accounted for 60.4% of overall PE deal value (as opposed to growth equity deals and add-ons). This became particularly evident towards the end of the year as sponsors benefitted from lower borrowing costs stemming from monetary easing. An increase in buyouts tends to be a confidence signal to the market, as these deals tend to be larger and more complex to execute. In fact, we saw the median deal size increase by 50% YoY in 2024 to a record €30 million. We also saw 18 megadeals in Q4, including the Covestro take-private by Abu Dhabi National Oil Company (ADNOC) for €14.7 billion as well as TPG's purchase of Techem for €6.7 billion.

Share of PE deal value by type



Source: PitchBook • Geography: Europe • As of 31 December 2024

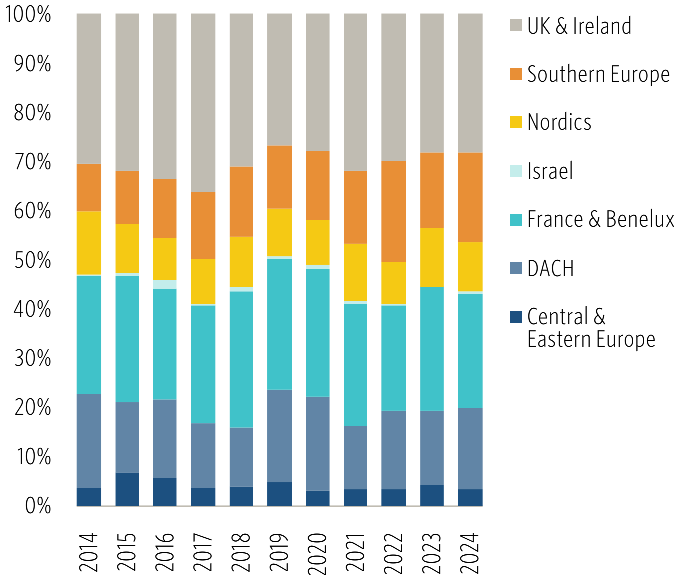
Geographic split

Italy and Germany were hot hubs for dealmaking in 2024, accounting for roughly a quarter of European PE deal value. The four largest deals of the year came from these countries. Germany's annual deal value increased by over 50% YoY, and Italy's more than doubled whilst it also marked a record number of PE deals. Italian buyouts were spread across various sectors, from retail (Kiko Milano, Champion Europe, and Acqua & Sapone), to telecommunication (NetCo and Infrastrutture Wireless Italiane), to energy (Edison Exploration & Production and Adriatic LNG). More interestingly, we saw increasing participation from cross-border investors, most notably US investors. In fact, six out of the top 10 Italian PE deals in 2024 had US participation.

US investor participation

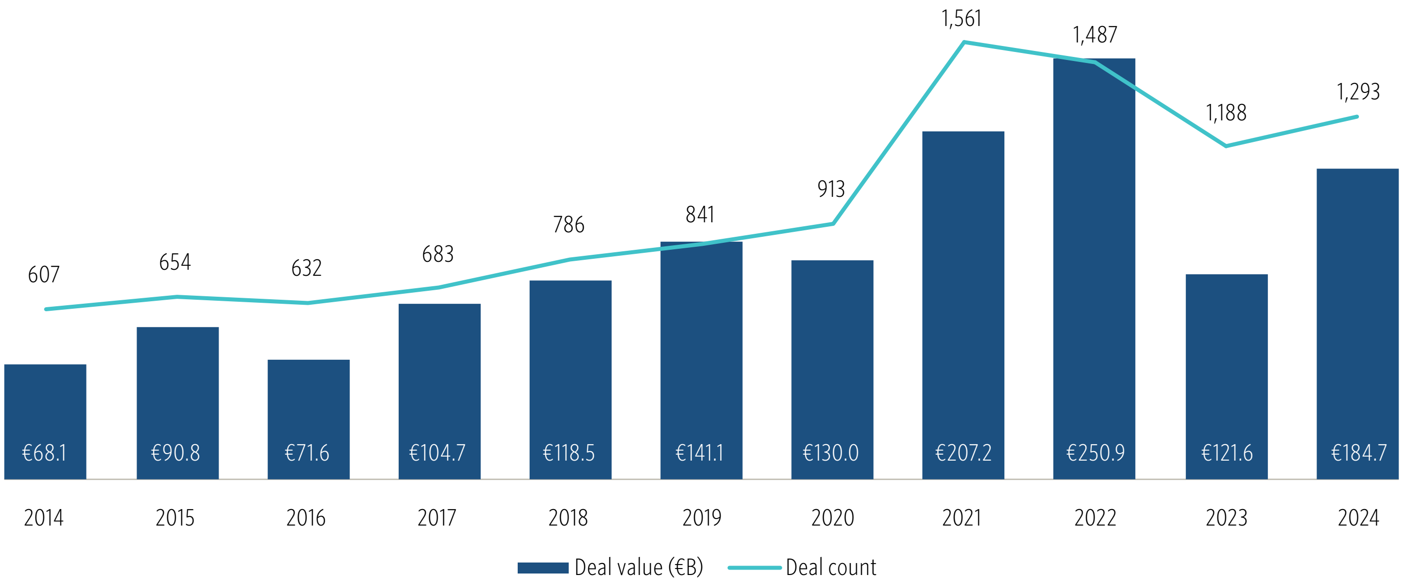
2024 saw a return of US capital to European PE as almost 1 in 5 deals had US investor participation. Deal value with US participation rose 51.9% YoY. As the wider economic indicators improved in the US, we saw sponsors once again diversify away from their home market and into Europe. This can be done either directly through funds based in the US or indirectly through subsidiaries located in Europe. In fact, seven out of the top 10 deals in 2024 had US participation. The US dollar has been strong relative to the euro in recent years but saw an especially strong rally in the lead-up to the US elections in Q4, which benefitted US sponsors buying assets in Europe. Another reason for the influx of US capital into Europe is the relative value that certain assets may offer compared with their US peers. Indeed, the median European PE buyout EV/EBITDA multiple in 2024 was half a point lower than the US figure.

Share of PE deal value by region



Source: PitchBook • Geography: Europe • As of 31 December 2024

PE deal activity with US investor participation



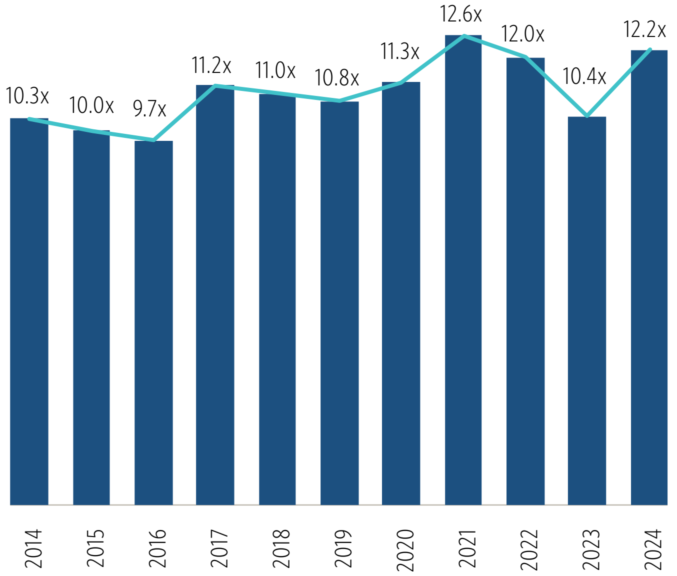
Source: PitchBook • Geography: Europe • As of 31 December 2024

Take-privates continue to attract

We initially expected take-privates to cool off in 2024 given the strong rally in public markets making it costlier for sponsors to take companies private. However, 2024 proved to be one of the strongest years for take-privates in Europe, with 52 take-privates generating €58 billion in deal value, or 10.9% of total PE deal value. Roughly a third of the deal value came from the UK, which has seen structural issues with the London Stock Exchange (LSE). In fact, 88 companies delisted or transferred their primary listing from the LSE in 2024, the largest net outflow since 2009, with only 18 listings taking place.[1] This structural issue has attracted a flurry of interest from PE firms. Notable UK take-privates in 2024 included Hargreaves Lansdown for €6.4 billion and Darktrace for €4.9 billion. However, the list of bids may be much longer, and this trend may continue for some time given the clear valuation gap between Europe and the US. The largest take-private closed in Q4 when Covestro was acquired by ADNOC for €14.7 billion, making it the largest nondomestic acquisition by a Gulf company as the region seeks to diversify revenues away from oil.[2]

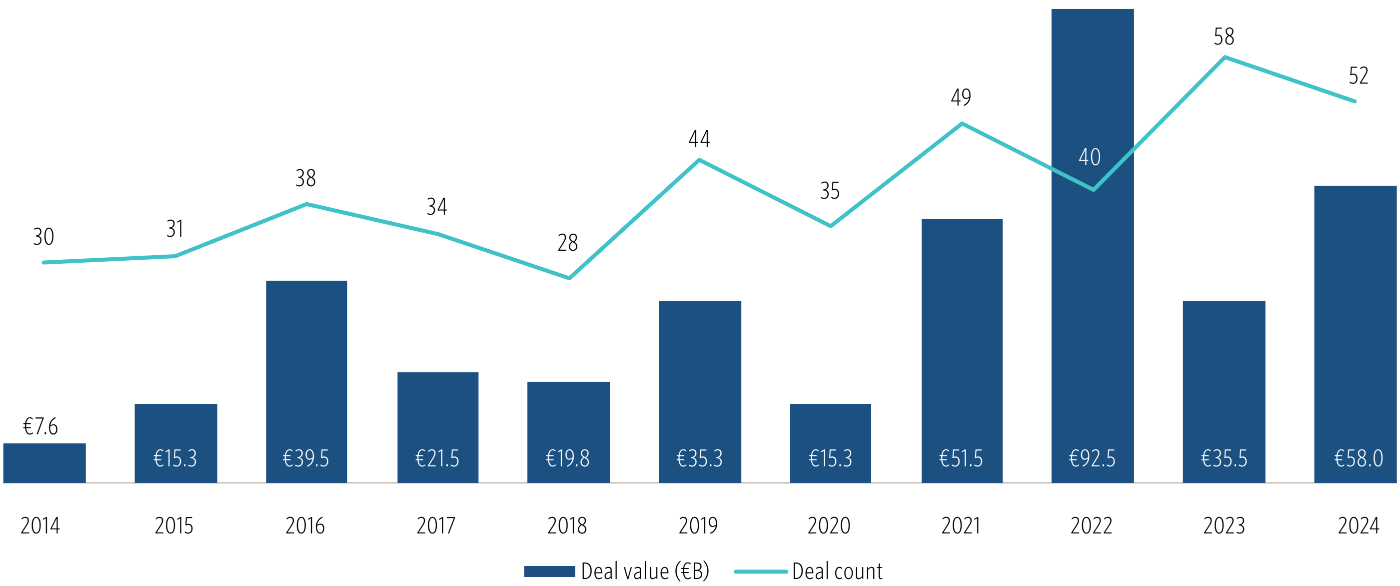
We expect to see more take-privates in the medium term amid the secular shift from public markets to private markets. When we examine the ratio of public companies to private companies globally over the past two decades, we see that it flipped around 2011 in favour of private companies today as opposed to public companies two decades ago. There are currently twice as many PE-backed companies in Europe than there are public ones.

PE buyout median EV/EBITDA multiple



Source: PitchBook • Geography: Europe • As of 31 December 2024

PE take-private deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2024

1: "London Stock Exchange Suffers Biggest Exodus Since Financial Crisis," Financial Times, Rafe Uddin, Marianna Giusti, and Ian Smith, 14 December 2024.
2: "Covestro Shareholders Accept ADNOC's XRG $15 Bln Takeover Offer," Reuters, Yousef Saba, 19 December 2024.

SPOTLIGHT

GP-led secondaries

This spotlight is abridged from our analyst note [GP-Led Secondaries] published on 9 December 2024.

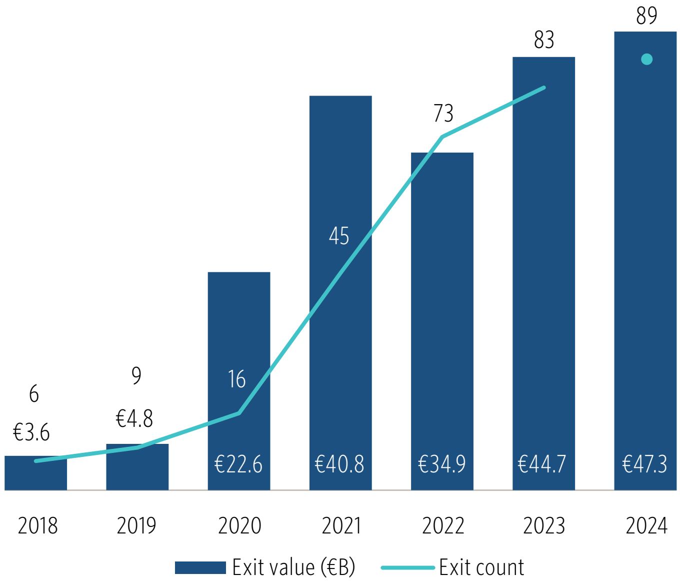
The rise of GP-led secondaries as a source of exit liquidity

Global GP-led secondary exit value has more than doubled over the past five years while exit counts have risen by even more, from 16 transactions in 2020 to 89 as of 31 October 2024. Over the past two years, we have seen valuation multiples for portfolio companies drop 20% to 30% due to the rise in the discount factor. This resulted in GPs not wanting to sell some of their most prized assets and instead hold them and roll them into continuation vehicles. GP-led secondaries were on track for a record year of exit activity in 2024, pacing to finish the year with an exit value between $50 billion and $60 billion.

GP-led secondaries forecasts

We anticipate GP-led secondaries (GP-leds) to continue growing as part of the wider secondaries market, which is being fuelled not only by specialised funds investing only in secondaries, such as Ardian Secondary VIII or Blackstone Secondaries IX, but also by the rise of firms dedicated to secondaries, such as Lexington Capital Partners or Coller Capital. The formation of these specialised funds underscores that secondaries are here to stay even if other exit routes recover. In our analyst note Private Capital's Path to $20 Trillion, we forecast that secondaries as an asset class will grow to become a $700 billion industry by 2028, up from $500 billion in 2022. (Note that these figures include secondaries for PE, VC, private debt, real estate, and real assets.) Extrapolating for GP-leds only, with the assumption that GP-leds still represent 10% of the total secondaries market, we expect GP-leds will be a $70 billion market by 2028, representing a roughly 5.8% compound annual growth rate (CAGR) between 2022 and 2028. In our opinion, this is a conservative figure given the key assumption that GP-leds still represent 10% of total secondaries by the end of 2028. If current momentum continues, we could expect GP-leds to take a significantly higher portion of the secondaries market, especially as opposed to LP-leds, which have seen their share of PE secondaries fall in recent years. A 15% secondaries share would value GP-led secondaries AUM at $105 billion by 2028, or a 13.2% CAGR. For comparison, PJT Park Hill estimates a $101 billion GP-led AUM by 2028 with a 14% CAGR.[2] GP-led secondaries have risen in popularity in the past couple of years, offering liquidity solutions to LPs and GPs alike in an exit market that has decreased overall liquidity due to higher-for-longer rates. Better guidelines around structuring GP-leds to align interests for all parties have also played a significant role, notably with the Institutional Limited Partners Association's guidance published in April 2019. We expect GP-leds to remain a small section of the exit market but grow nonetheless as the structure becomes more readily available and mainstream to execute. With time, our data collection will also improve as we continue to follow developing trends within GP-led secondaries.

PE GP-led secondary exit activity

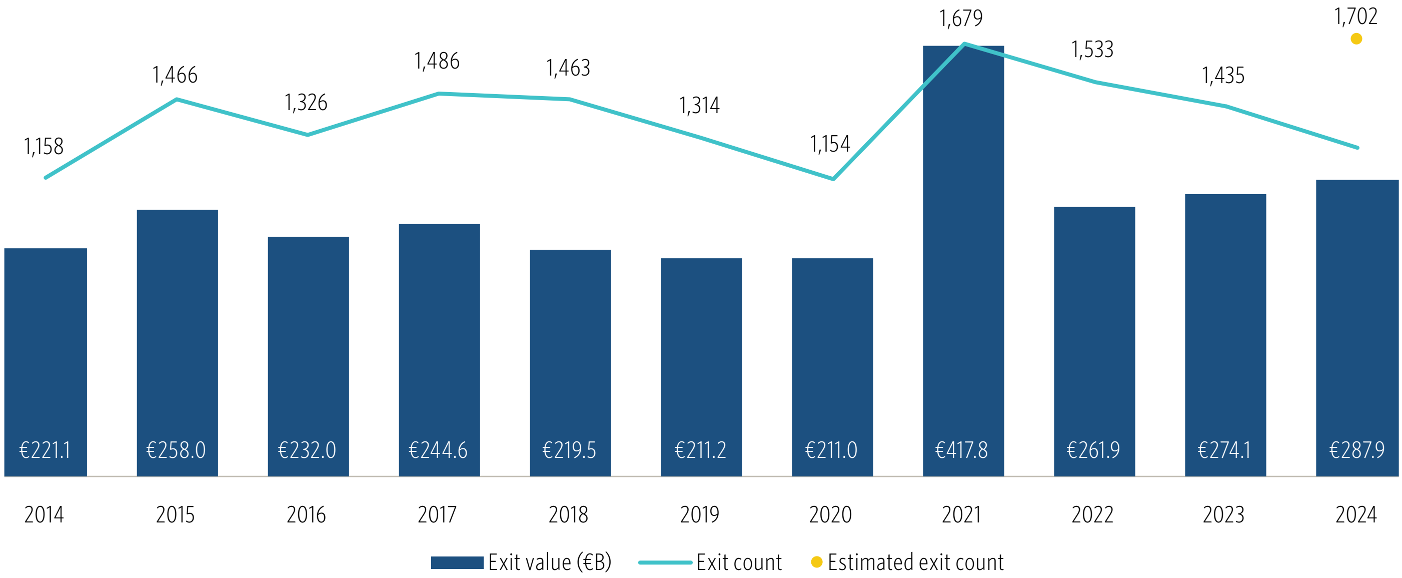


Source: PitchBook • Geography: Global • As of 31 October 2024

3: "Q1 2024 Secondary Market Insight," PJT Park Hill, April 2024.

Exits

PE exit activity



Source: PitchBook • Geography: Europe • As of 31 December 2024

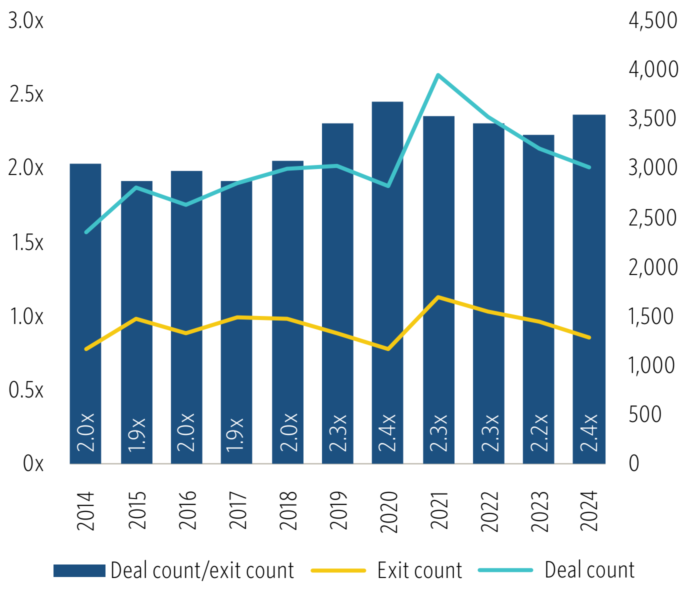
End of the tunnel

Exit activity finished the year higher than the previous two years, thanks in part to a strong Q4. Annual exit value grew 5% YoY while annual exit count grew 18.6% YoY. More strikingly, we estimate that exit count recovered to 2021 levels thanks to the strong year-end. This is very encouraging, as the past few years have built up a backlog of companies seeking to exit, and the end-of-year dynamics suggest that this backlog will finally start being released in 2025. However, we are cautious about the optimism and remind our readers that the investment/exit ratio remains elevated at 2.4x.

Sponsor acquisitions overtake corporate acquisitions

2024 saw a reversal of the exit count split. Historically, the majority of exits have gone to corporates, but in 2024, most exits were to sponsors. Specifically, 51.1% of exit count involved sponsor acquisitions compared with the 10-year average of 40.7%. Corporates are often willing to pay higher premiums than sponsors because their holding horizons tend to be much longer. However, as noted in the "Deals" section, as macroeconomic indicators and financing terms improved during the year, we saw higher activity from sponsors keen to exit their often-extended portfolio positions. Indeed, the time that GPs hold their assets before exiting increased from a median of 5.2 years in 2021 to 6.1 years in 2024.

PE deal/exit ratio

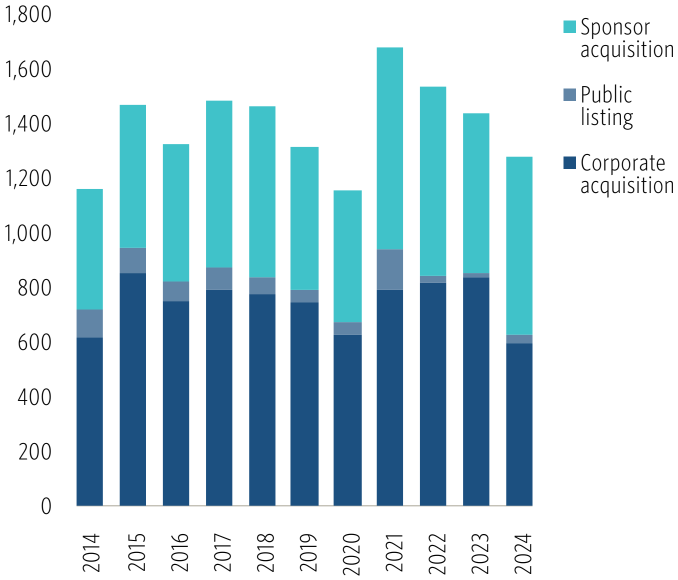


Source: PitchBook • Geography: Europe • As of 31 December 2024
Note: Deal count excludes bolt-on transactions.

Regional dynamics

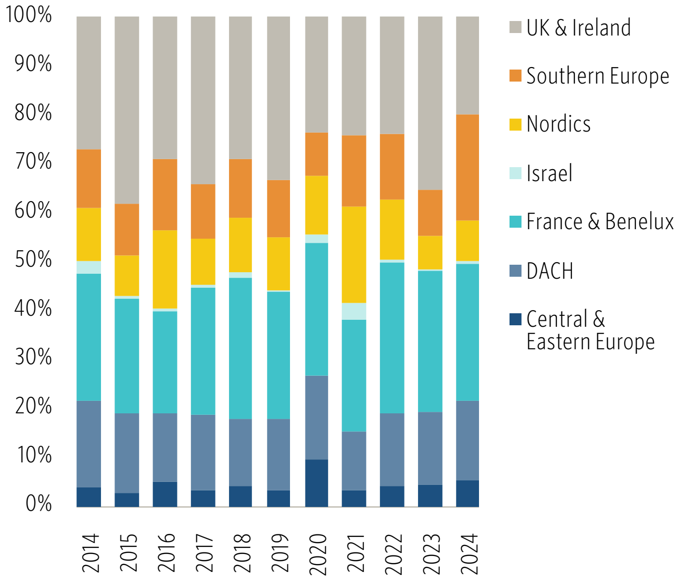
Southern Europe, and Italy specifically, saw a surge in exit value in 2024 with notable exits for Recordati for €5.7 billion and 2i Rete Gas for €5.3 billion. In fact, Italy had a record year in terms of exit value with close to 100 exits aggregating over €27 billion. On the other end of the spectrum, we saw a dearth of exit value in the UK &

PE exit count by type



Source: PitchBook • Geography: Europe • As of 31 December 2024

Share of PE exit value by region



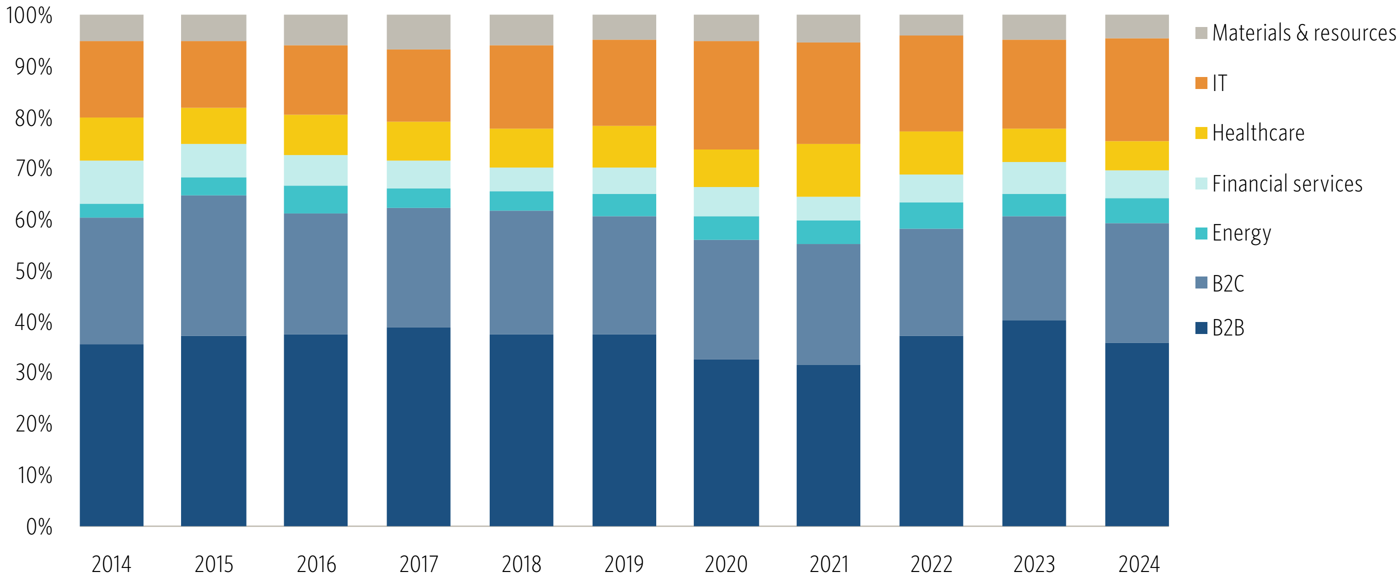
Source: PitchBook • Geography: Europe • As of 31 December 2024

Ireland; exit value was cut in half from the previous year, making it the worst year for exits in the region in a decade. A mix of an election year, new taxes on the horizon, and the uncertainty around public listings and valuations hindered the exit market in the region.

Sector dynamics

The information technology (IT) sector grew proportionally to previous years in terms of exit count. Higher interest rates had a direct impact on tech businesses, notably software-as-a-service companies, as higher discount factors lowered valuations for a hefty correction in 2022 and 2023. However, as valuations picked up thanks to monetary easing, sponsors once again capitalised on their exits. Healthcare was hit the hardest in 2024 as the sector fell out of favour in both public and private markets. The STOXX Europe 600 Health Care index peaked in September before dropping almost 17% and bottoming on 20 December.[4]

Share of PE exit count by sector



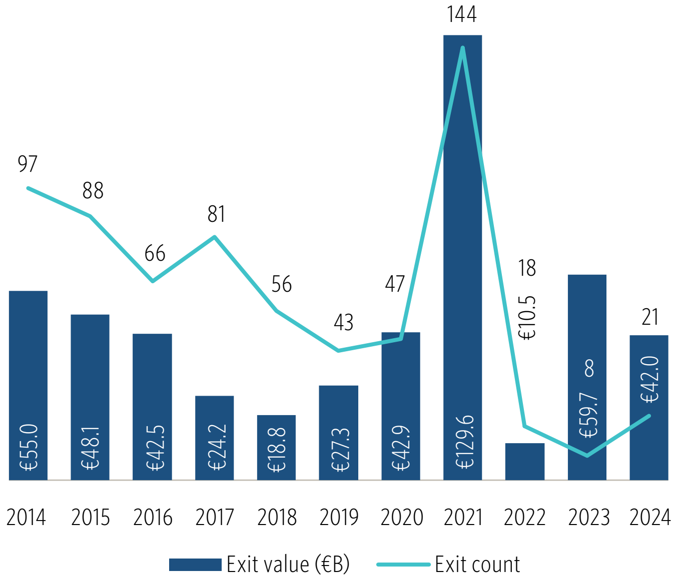
Source: PitchBook • Geography: Europe • As of 31 December 2024

4: "STOXX Europe 600 Health Care," STOXX, n.d., accessed 10 January 2025.

Lack of initial public offerings (IPOs)

The elephant in the room for PE in 2024 was the lack of public listings. The IPO market has been muted since the end of the public market bull run in late 2021. Since then, there has been a fraction of listings compared with the previous decade, and sponsors await a recovery for IPOs. 2024 saw more PE-backed IPOs than the previous year, 21 versus eight, but generated 30% less exit value than in 2023, showing the hesitation for blockbuster IPOs. CVC Capital Partners listed in Q2 and was the headline IPO of the year in Europe but did little to alleviate the cautiousness in exiting via public listings, as Q3 saw only two PE-backed IPOs. However, we are encouraged by the eight IPOs in Q4, the most in 12 quarters. We expect 2025 to be the year of IPO recovery because there have never been four successive years of such low IPO activity. However, this has also allowed for new exit routes to develop, such as exits to continuation vehicles, which allow GPs to retain their assets for longer whilst providing liquidity to those who need it. For more information, see our "Spotlight" section and our analyst note GP-Led Secondaries.

PE-backed IPO activity



Source: PitchBook • Geography: Europe • As of 31 December 2024

Airport investment activity

In 2024, we saw a flurry of investments in airports. Copenhagen Airport was sold by PE sponsors back to the Danish government, Athens Airport listed publicly in February, and Budapest Airport was sold by AviAlliance to the Hungarian government as well as Vinci, the airport specialist that owns stakes in over 70 airports globally. Vinci also purchased Edinburgh Airport in June. Vinci has revolutionised the airport buy-and-build playbook by taking minority stakes, often alongside government stakes, and then assuming operational responsibility under long-term concession agreements. Vinci's portfolio has grown exponentially since the COVID-19 pandemic hit airport finances, with over half of its airports acquired since the pandemic. Heathrow Airport was also the subject of a secondary PE transaction in 2024 when Ferrovial, CDPQ, and USS sold their stake to Ardian and PIF for close to €4 billion. Ardian, the French PE giant, has become the majority shareholder of Europe's busiest airport and has backed management to build a long-awaited third runway.

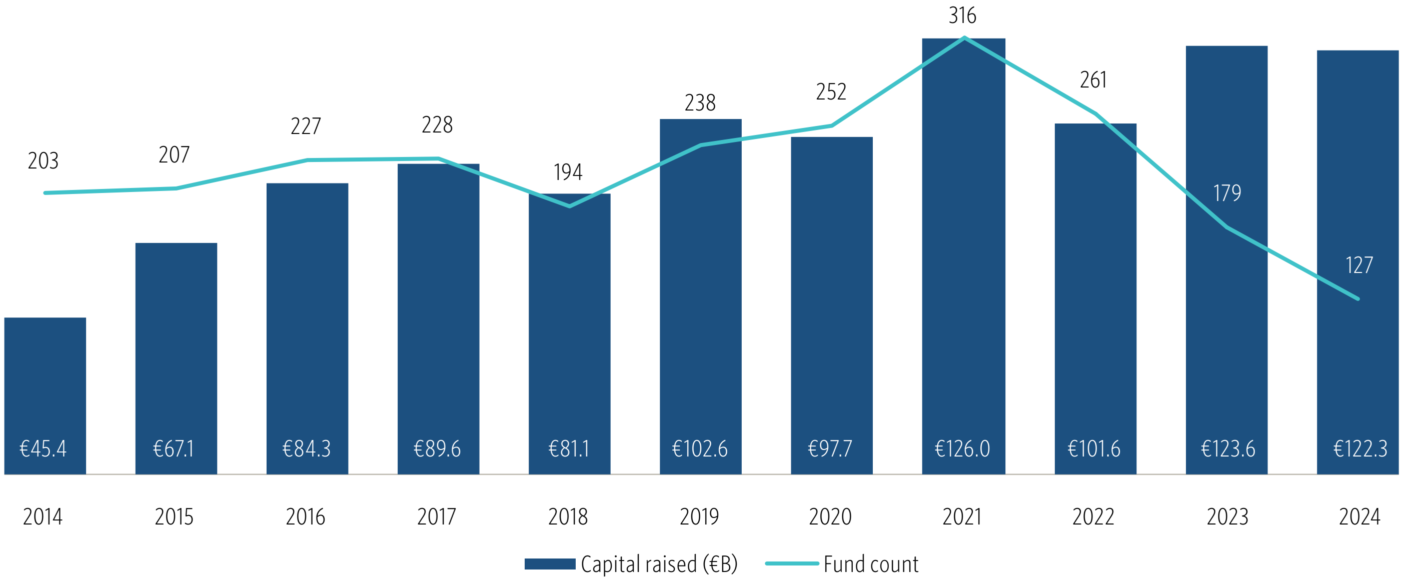
Top 10 airport PE deals since 2013 by deal value

Company	Deal date	Deal value (€M)	Deal type	Country
Sydney Airport	9 March 2022	€15,154.3	Buyout/LBO	Australia
Copenhagen Airports	2 December 2024	€4,290.3	M&A	Denmark
Heathrow Airport Holdings	12 December 2024	€3,969.9	Secondary transaction - private	UK
Malaysia Airports	15 May 2024	€3,638.6	Buyout/LBO	Malaysia
Gatwick Airport	14 May 2019	€3,363.2	M&A	UK
Budapest Airport	6 June 2024	€3,100.0	M&A	Hungary
ANA Aeroportos de Portugal	17 September 2013	€3,080.0	M&A	Portugal
London City Airport	25 February 2016	€2,589.0	Buyout/LBO	UK
Edinburgh Airport	25 June 2024	€1,863.6	M&A	UK
Copenhagen Airports	23 January 2018	€1,417.8	Buyout/LBO	Denmark

Source: PitchBook • Geography: Global • As of 31 December 2024

Fundraising

PE fundraising activity



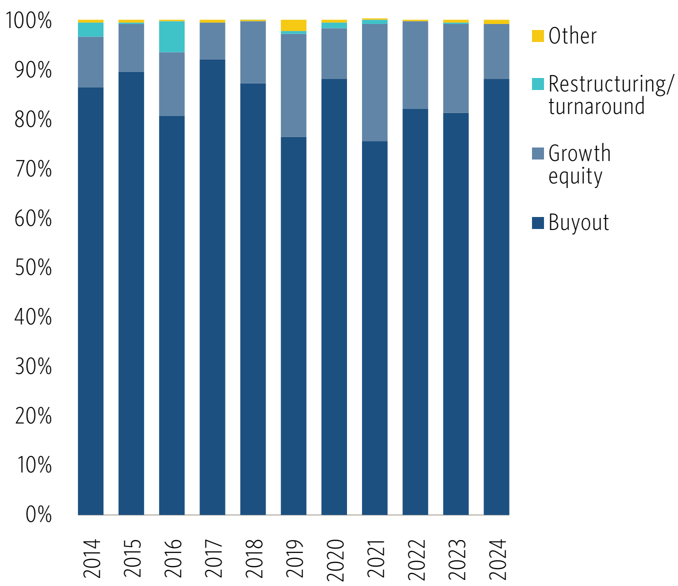
Source: PitchBook • Geography: Europe • As of 31 December 2024

Megafunds profit in 2024 while middle market suffers

Fundraising in Europe in 2024 was a two-sided story. On the one hand, 2024 was one of the strongest years of fundraising, on par with 2021 and 2023. However, the bulk of this capital was raised by experienced managers with proven track records, often the so-called buyout megafunds. We saw EQT raise €22 billion for its fund X, Partners Group raise €14.2 billion for its fund V, and Cinven raise €13.2 billion for its fund XIII. If you were one of the PE powerhouses in 2024, then you most likely were able to fundraise thanks to existing relationships with LPs and strong investor relations teams. Additionally, megafunds have benefitted the most from the secular trend of PE as a growing asset class, often attracting large mandates from institutional clients such as pension funds and sovereign wealth funds. For more on the dominance of megafunds in Europe, please refer to our analyst note The Rise of European Megafunds: Part I.

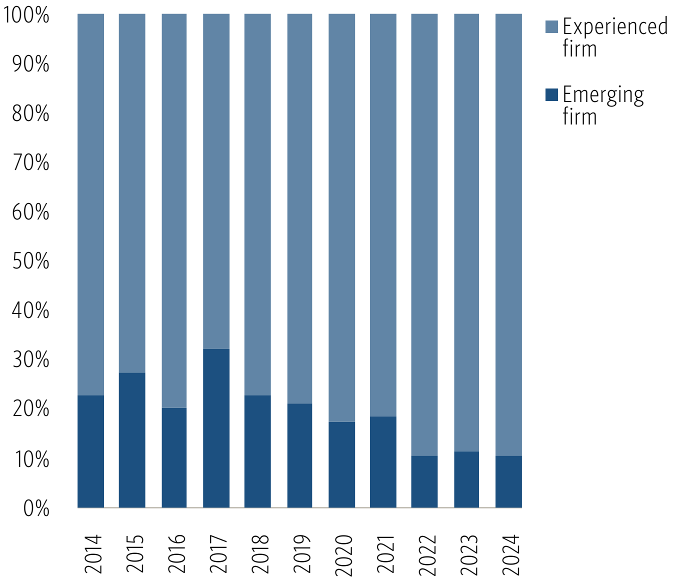
On the other hand, 2024 saw a decade low of new funds coming to market, pointing to the tougher fundraising conditions faced by less experienced and first-time managers. Middle-market capital raised has been declining for three consecutive years since peaking in 2021 and has been marked by longer timelines to close fundraising and lower step-ups. This has been a direct result of two factors. The first is monetary tightening, which characterised the past couple of years and proved to be a barrier for smaller funds as LPs tightened their grip on their investments. The second factor is the lack of exits and thus distributions, which have further constrained the PE ecosystem by locking up capital for longer and making it unavailable for further fundraising. Having said this, we expect middle-market fundraising to undergo a reversal in 2025, as explained in our 2025 EMEA Private Capital Outlook.

Share of PE capital raised by type



Source: PitchBook • Geography: Europe • As of 31 December 2024

Share of PE capital raised by firm experience



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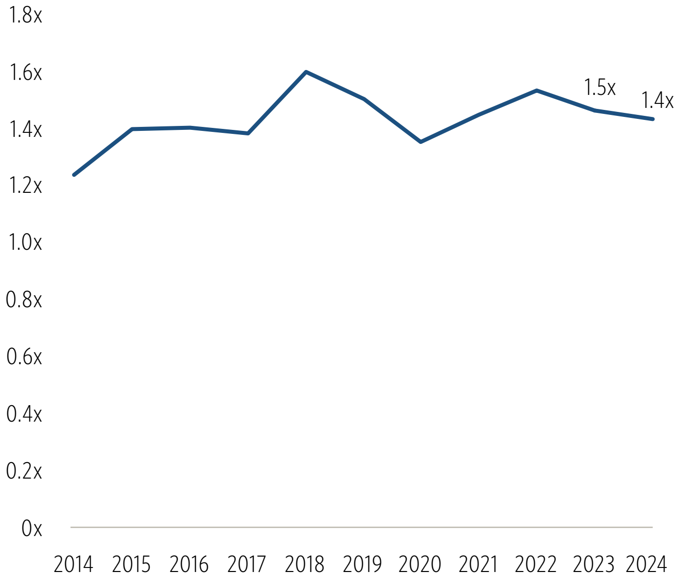
Median PE fund step-up



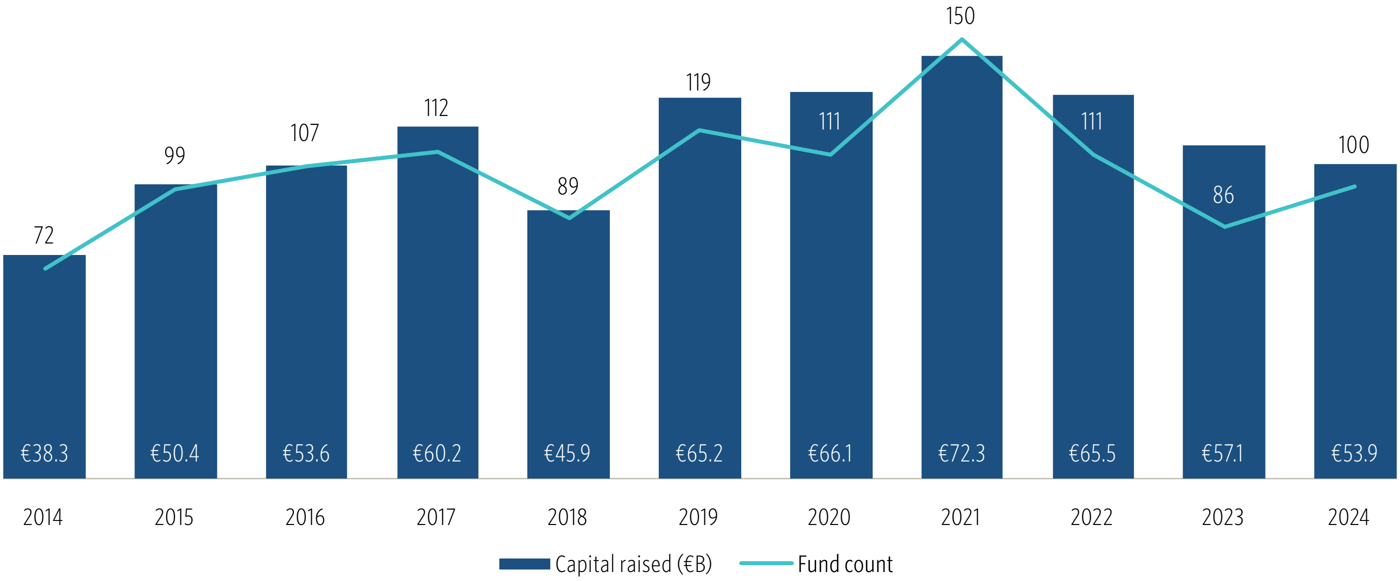
Source: PitchBook • Geography: Europe • As of 31 December 2024

A booming year for Nordic fundraising

Nordic fundraising had record activity in 2024, raising over €33 billion across 25 funds. This represented a 78.6% YoY increase in fund count and an almost eightfold increase in capital raised. The Nordic region remains one of the most well balanced when it comes to PE, as it offers a good mix of buyout and growth equity funds spread across its countries, and funds of various sizes too. This increase in fundraising came despite the Norwegian government voting against the inclusion of PE funds in its sovereign wealth fund in 2024.

On the other hand, France & Benelux had its worst year of fundraising in a decade, as political turmoil in France has taken centre stage since June 2024. CVC Capital Partners, which has its funds registered in Luxembourg, had a quiet year of fundraising, closing only an Asian fund in Hong Kong and mostly likely focusing more on its IPO.

Middle-market PE fundraising activity



Source: PitchBook • Geography: Europe • As of 31 December 2024

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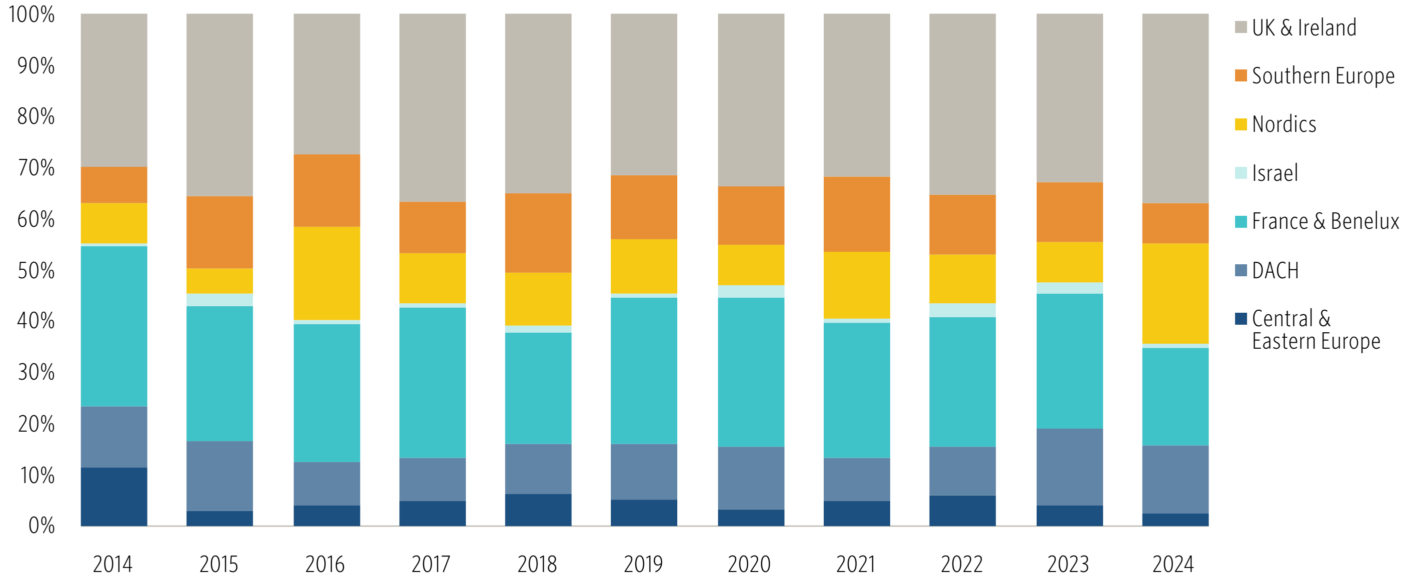
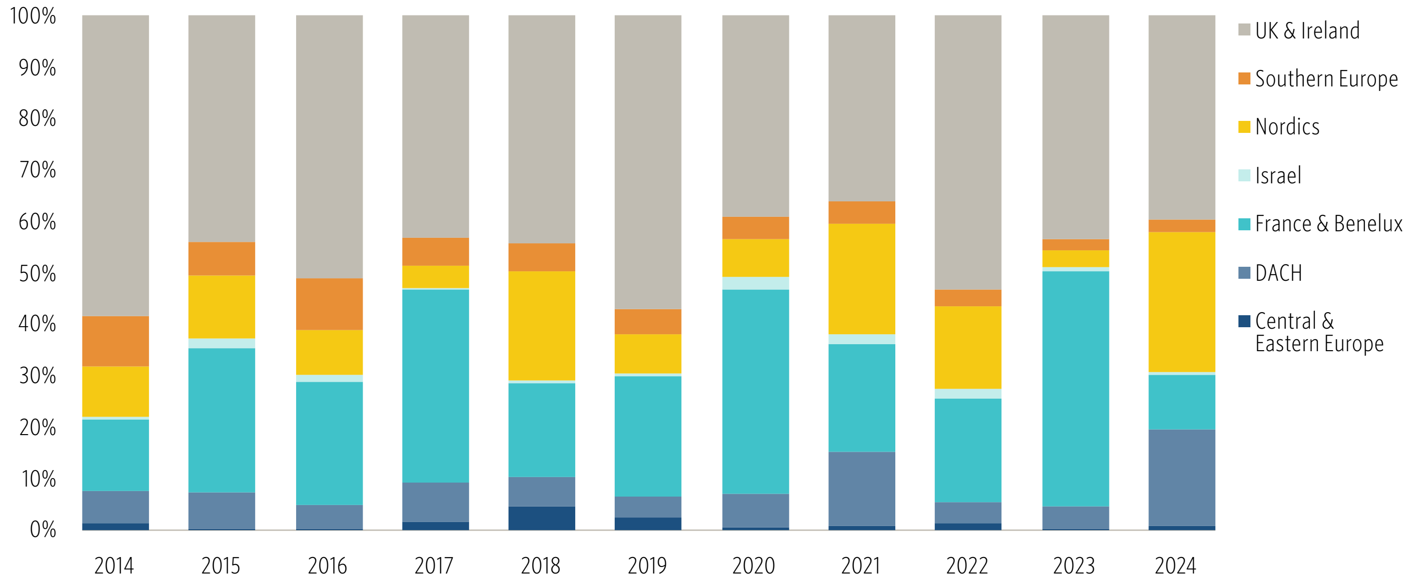
Share of PE fund count by region



Source: PitchBook • Geography: Europe • As of 31 December 2024

Share of PE capital raised by region



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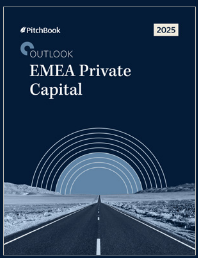
Additional research

Private markets



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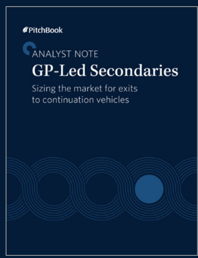

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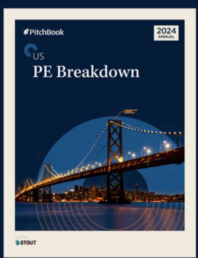

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