

EUROPEAN

PE Breakdown



Contents

Introduction	3
Deals	4
Spotlight: Can European megafunds continue growing and getting larger?	8
Exits	10
Fundraising	14

PitchBook Data, Inc.

Nizar Tarhuni Vice President, Institutional Research and Editorial

Dylan Cox, CFA Head of Private Markets Research

Institutional Research Group

Analysis



Nicolas Moura, CFA
Analyst, EMEA Private Capital
nicolas.moura@pitchbook.com

Data

Charlie Farber Senior Data Analyst

Oscar Allaway Data Analyst

pbinstitutionalresearch@pitchbook.com

Publishing

Report designed by **Chloe Ladwig**

Published on July 15, 2024

Click [here](#) for PitchBook's report methodologies.

Introduction

In Q2, PE dealmaking picked up in value, increasing 27.3% sequentially and bouncing back from what was one of the worst quarters in recent years for European PE. Monetary easing has gained momentum in Europe, with the European Central Bank (ECB) pivoting to finally cut rates in June. Markets have rallied globally since November 2023, which may lead to a reverse denominator effect for LPs as well as a recovery in private markets. Average and median deal sizes are rising once again, indicating increased investor confidence. By sector, cleantech—more precisely, renewable energy—is pacing for a record year in Europe after numerous large deals closed in H1: most notably for Neoen, Terna Energy, and Atlantica Sustainable Infrastructure.

Exit value also bounced back in Q2, pointing to a trough in Q1. Q2 exit value was up 90.3% QoQ as we begin to see some recovery in the data. Exit value in H1 overall was driven by 23 mega-exits, which accounted for over half of all exit value. From those 23 mega-exits, 10 were IPOs, finally indicating movement in the congested listing pipeline. 2024 is set to be the best year for PE-backed IPOs since 2021 in terms of both exit count and value. Dynamics between buyers and sellers are shifting once again, slowly tilting the environment back to a seller's market. We have seen the likes of Hargreaves Lansdown reject three bids before

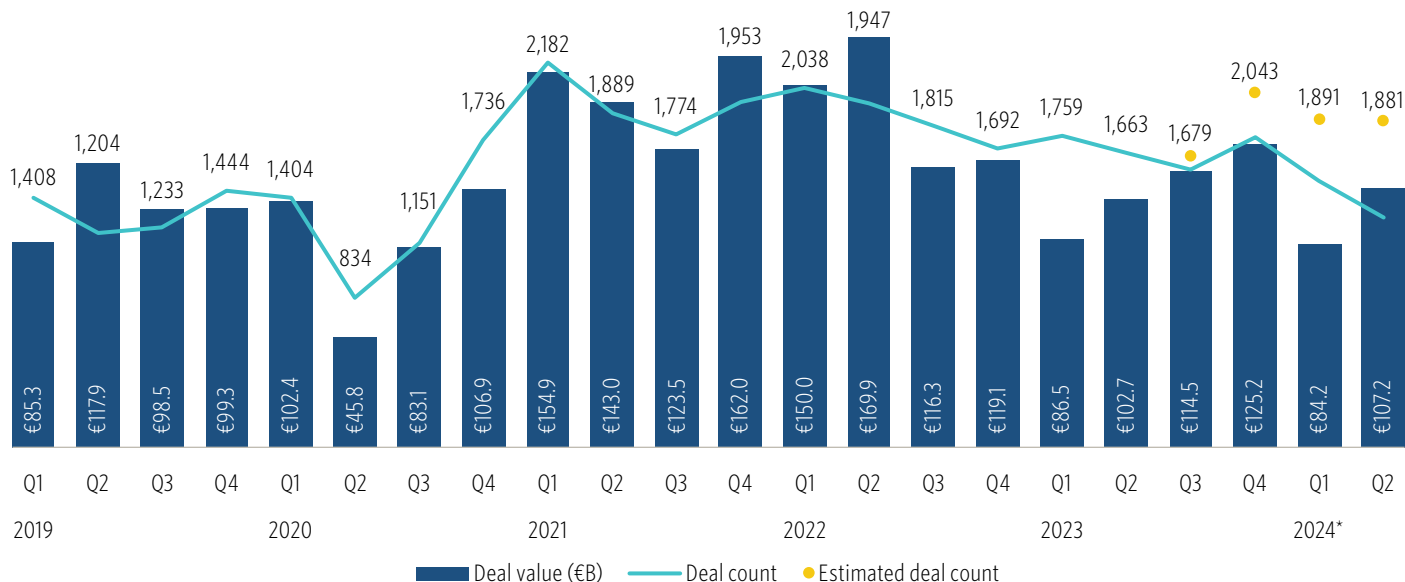
finally accepting a take-private offer from a PE consortium led by CVC Capital Partners.¹ In fact, the median EV/EBITDA multiple in Europe currently stands at 12.1x for the trailing 12 months (TTM), marking a noticeable increase from the 10.2x in 2023 as multiples have once again picked up following signs of monetary easing and anticipations of a recovery.

H1 2024 fundraising indicates that Europe is pacing for another record year of capital raised as European PE keeps growing. Q1 was a record quarter, so naturally we saw fewer new funds close in Q2. Notable megafund closes in Q2 include Partners Group Direct Equity V for €14.2 billion, Bregal Unternehmerkapital IV at €2.7 billion, Latour Capital IV at €1.6 billion, and EQT Mid-Market Growth Partnership Fund for €1.5 billion. However, the picture is not as rosy for all GPs raising capital, and we have seen timelines expand, going from a median of 12.1 months in 2022 to 18.4 months as of the end of H1 2024. The largest fund close of the year, EQT X at €22 billion, was meant to close in 2023, but the fundraising deadline was pushed back by six months to February 2024. As central banks start pivoting towards monetary easing, we expect to see fundraising bottlenecks alleviated.

¹: "Hargreaves Lansdown Backs £5.4bn Private Equity Takeover," Financial Times, Emma Dunkley, June 18, 2024.

Deals

PE deal activity by quarter



Source: PitchBook • Geography: Europe • *As of June 30, 2024

With dealmaking bouncing back, Europe is set to benefit from an ECB rate cut

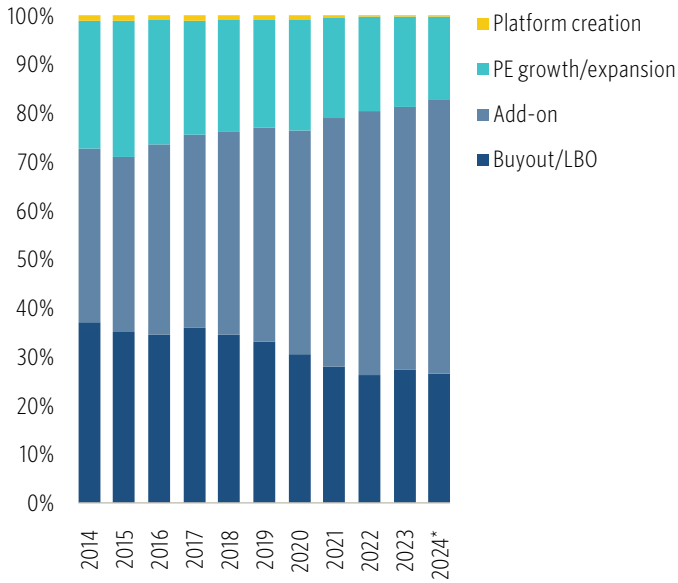
In Q2, PE dealmaking picked up in value, increasing 27.3% sequentially and bouncing back from what was one of the worst quarters in recent years for European PE. Monetary easing has gained momentum in Europe with the ECB finally pulling the trigger on a rate cut in June, decreasing interest rates by 25 basis points to 3.75%. After almost two years of increasing interest rates, the ECB is pivoting to give a boost to markets and company valuations. We see a divergence between central bank policies, given that the Bank of England and the US Federal Reserve are yet to cut interest rates. This could benefit European sponsors in the short term and help make Europe’s markets more attractive, closing the gap with the US. As of the end of Q2, the S&P 500 is up 15.1% while the STOXX Europe 600 is up 7.1% and the FTSE 100 Index is up 5.7%. European stock indexes have long lagged those in the US, but an ECB pivot accompanied by improved European macroeconomic indicators could help Europe’s dealmaking environment. Markets have rallied globally since November 2023, which may lead to a reverse denominator effect for LPs. In effect, as public equity assets rise in value for LPs, their allocation to private markets becomes relatively smaller in their portfolios, all other

things equal. LPs with strict asset allocation bands may thus need to rebalance by increasing their private market commitments. This reverse denominator effect also helps explain why fundraising in Europe has been so resilient in the past year relative to other regions. For more detail, see the fundraising section of this report.

Deal size is rising again

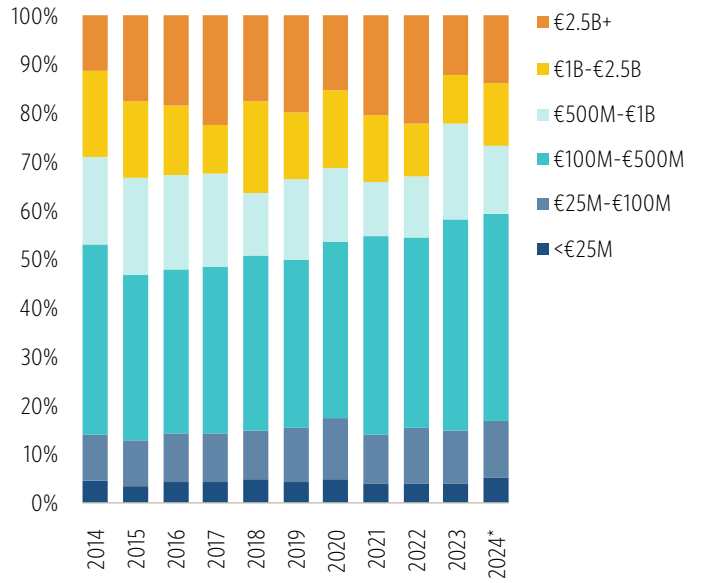
In 2024, average and median deal sizes are rising once again. Median PE deal value rose from €20.0 million, where it stood for three years, up to €23.0 million by the end of Q2. Similarly, average deal value rose from €191.9 million in 2023 to €229.8 million by the end of Q2 2024. This is yet another green shoot in the data, pointing towards more dealmaking ahead and emphasizing that the worst is behind us. The average deal falls within the deal size bucket between €100 million and €500 million, which represents roughly 1 in 5 deals and 42.6% of deal value. This bucket often also represents add-on deals, which tend to be smaller and more complementary. Over the years, we have seen add-ons grow as a share of buyout deals as sponsors often opt for buy-and-build strategies where add-ons become the go-to type of deal once the initial large platform is acquired.

Share of PE deal count by type



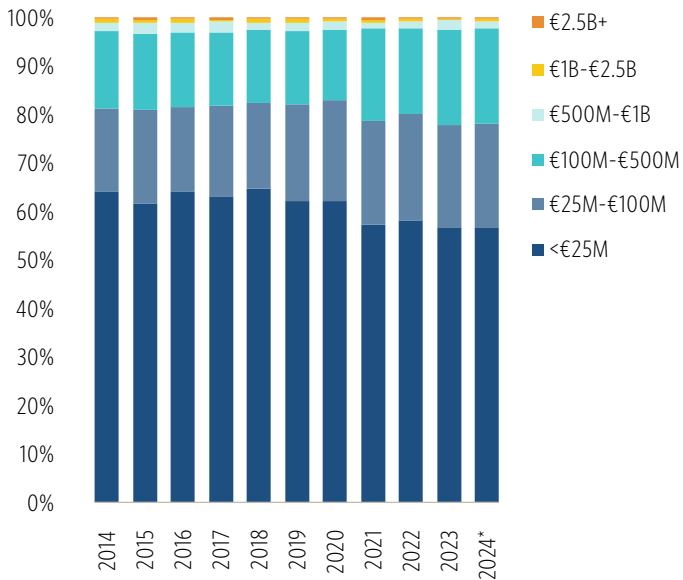
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share PE deal value by size bucket



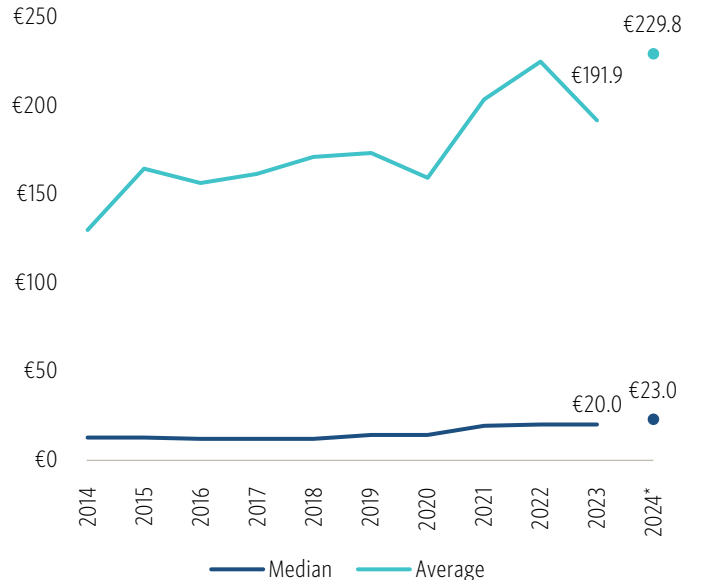
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE deal count by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Average and median PE deal value (€M)



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Clean technology is booming in H1

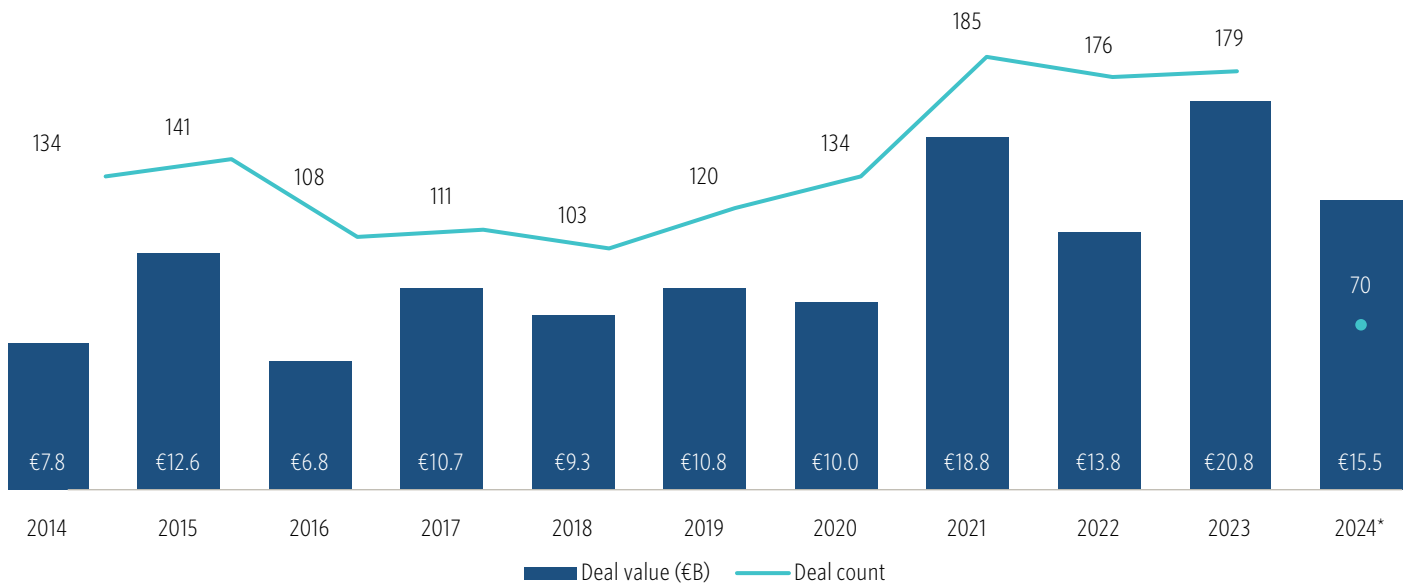
Cleantech, as part of the wider energy sector, is pacing for a record year in Europe after numerous large deals closed in H1. Following a strong Q2, cleantech and climate tech PE deal value aggregated €15.4 billion in the first half of 2024 overall, already making it the third best year for the vertical. This included three out of the top 10 deals in Q2. French renewable company Neoen announced plans to be taken private by Brookfield Asset Management in a proposed €3.5 billion public-to-private deal. Other deals

announced include the takeovers of Terna Energy for €2.4 billion, Atlantica Sustainable Infrastructure for €2.4 billion, and OX2 for €1.4 billion. The common factor among these companies is that they operate in the renewable energy sector and are committed to accelerating the energy transition and complying with the 2015 Paris Agreement, which laid out the framework to alleviate climate change. Neoen and OX2 operate solar and wind farms, Terna Energy operates hydroelectric plants, while Atlantica provides energy storage solutions. The amount of renewable energy capacity added globally in 2023 grew by 50% to almost

510 gigawatts (GW), according to the International Energy Agency,² which expects further growth to 710 GW by 2028. The entire renewables space has seen increased activity in recent months, often somewhat insulated from the macroeconomic environment affecting the rest of the asset class. Climate change has forced investors and

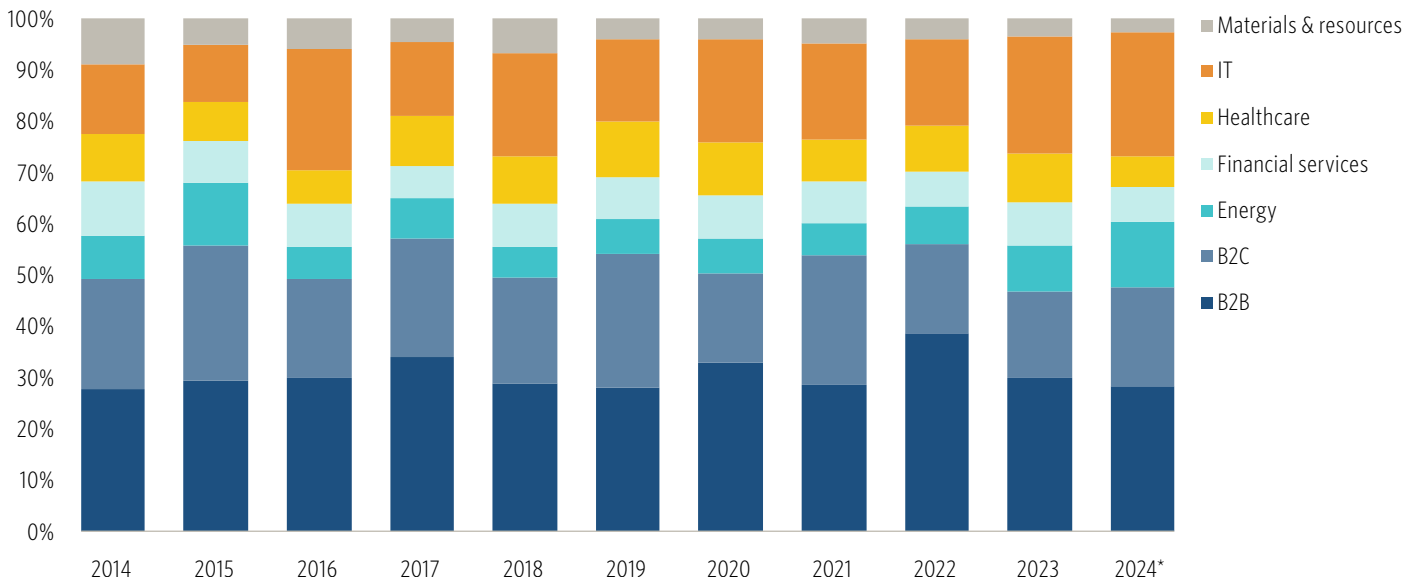
policymakers alike to pay extra attention to this sector. PE firms and their GPs are increasingly more scrutinized in their environmental, social & governance efforts by their LPs, and inadequate ESG considerations in the investment strategy could screen managers out of a large LP mandate, for example.

Cleantech and climate tech PE deal activity



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE deal value by sector



Source: PitchBook • Geography: Europe • *As of June 30, 2024

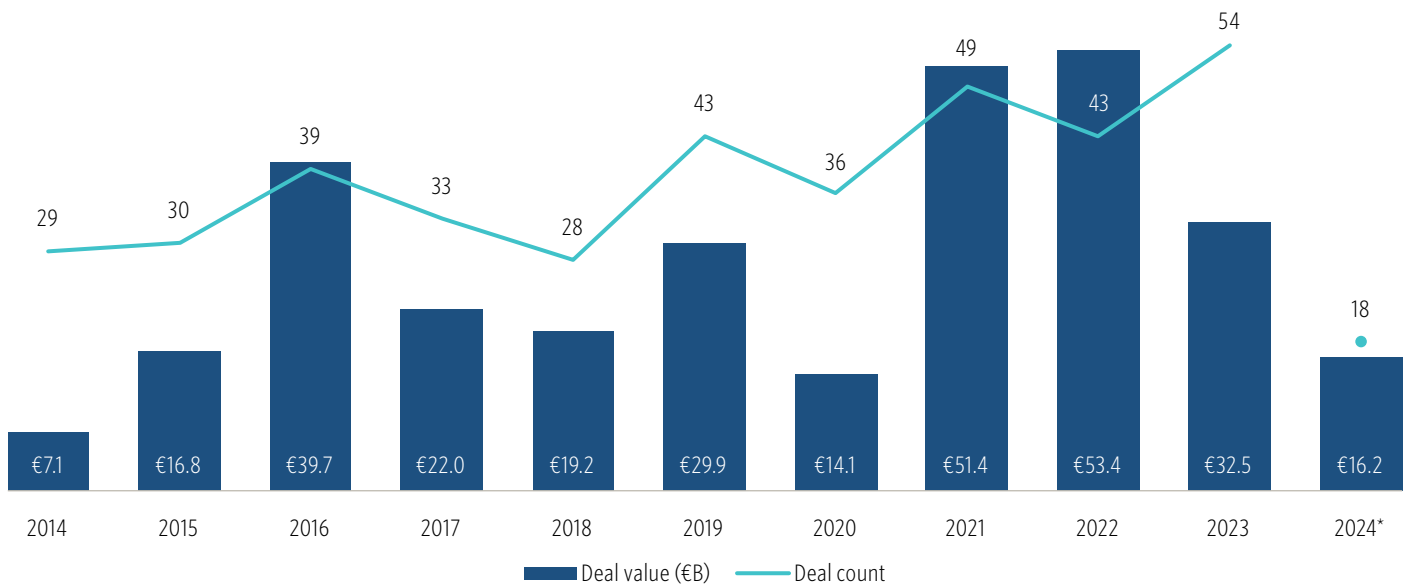
²: "Renewables 2023," IEA, January 2024.

Are take-privates still hot or cooling down?

We commented in our [Q1 2024 European PE Breakdown](#) that take-privates would start cooling down following the strong rally in public equities, which would theoretically make it more challenging to find underpriced companies to delist. However, we have seen 18 take-privates in Europe already in H1 2024 with a combined value of €16.2 billion, pacing similarly to figures from 2023. Take-privates represented 8.5% of deal value in H1, as take-privates are often some of the largest deals on the market. For example, Darktrace, the British cybersecurity company, was taken private by US-based PE firm Thoma Bravo, which specialises in

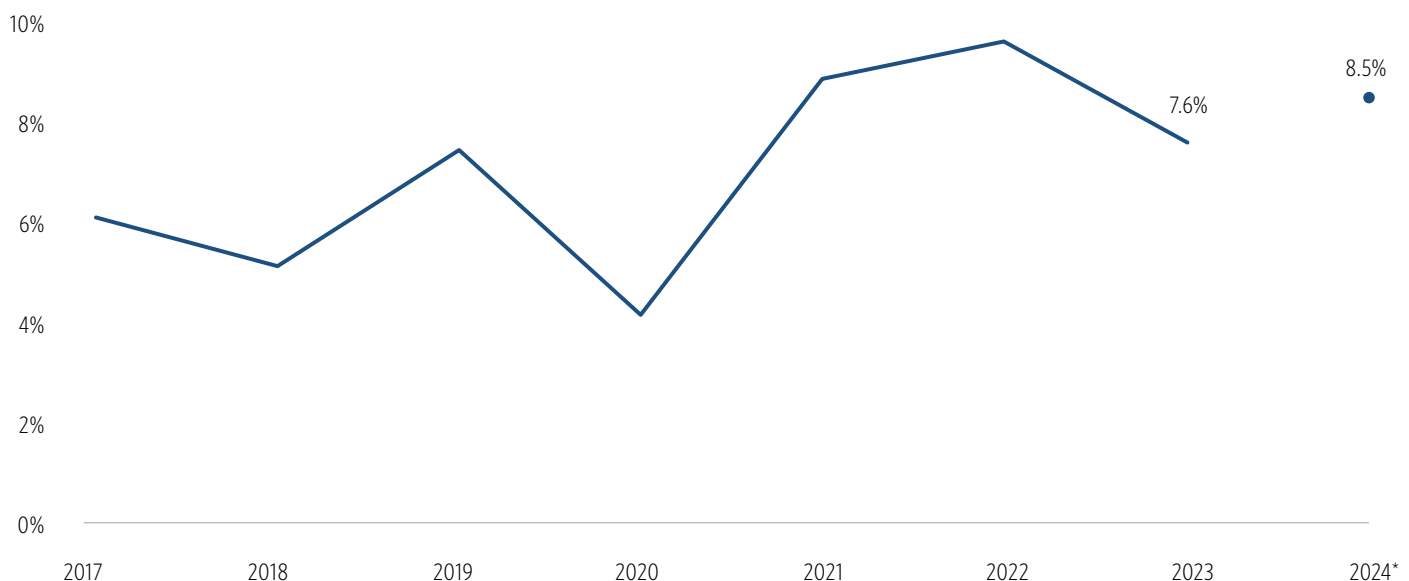
software companies, for €5.0 billion in Q2. Darktrace listed at the height of the bull market in 2021 and has been trading at discount to US peers such as Cloudflare, CrowdStrike, and Palo Alto Networks. We expect a few more take-privates this year, perhaps more geographically specific. For instance, UK firms seem to be ripe for takeovers given recent structural issues with the London Stock Exchange and the associated discount that they carry. On the other hand, firms trading on the CAC 40 in France would be unlikely targets, given their strong share price appreciation over the past two years and the protectionist stance France takes towards its large conglomerates.

PE take-private activity



Source: PitchBook • Geography: Europe • *As of June 30, 2024

PE public-to-private buyout value as a share of all PE buyout value

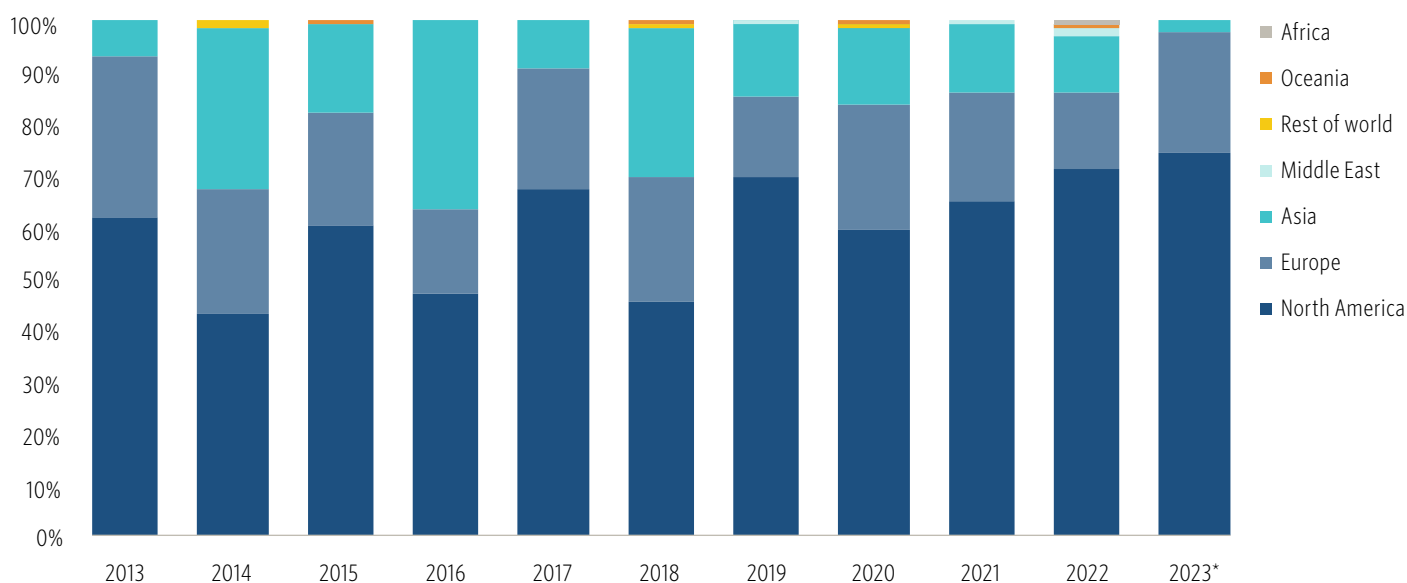


Source: PitchBook • Geography: Europe • *As of June 30, 2024

SPOTLIGHT

Can European megafunds continue growing and getting larger?

Share of global megafund capital raised by region



Source: PitchBook • Geography: Global • *As of December 31, 2023

This spotlight is abridged from our analyst note [The Rise of European Megafunds: Part I](#) published April 11, 2024.

Yes; Europe’s lag to North America could be an advantage.

North America accounts for the lion’s share of PE capital. In terms of global capital raised by megafunds, Europe accounted for only 23.8% in 2023 versus 73.9% for North America. The North American market has historically been more accommodating to PE sponsors and alternative investments, whose pension funds follow the “Canadian model” and the endowment “Yale model,” which both have significant allocations to alternatives. As of 2021, the Yale endowment has a 17.5% asset allocation to private equity, which is larger than its allocation to public equities.³ Similarly, the Canadian Pension Plan has a 33% private equity allocation as of 2023.⁴ In contrast, the Norwegian

sovereign wealth fund, which holds 1.5% of the world’s equities, currently has no allocation to private equity, as discussed in our [2024 Nordic Private Capital Breakdown](#). As North America matures as a PE market, firms are turning towards Europe for growth. From a GP perspective, four out of the 20 megafunds closed in Europe in 2023 were US-headquartered firms: Summit Partners’ Europe Growth Fund IV, KKR’s European Fund VI, Bain Capital’s Europe Fund VI, and Providence’s Strategic Growth Europe II. From the LP perspective, North American commitment counts to European megafunds grew from 55.1% of the total commitment count in 2021 to 75.2% in 2023 as North American LPs look to diversify away and are increasingly allocating to Europe.⁵ Based on the above, we expect the European megafund market to continue growing as the gap between the European and North American markets narrows.

3: “David Swenson, the Yale Pioneer Who Reshaped Investing,” *Financial Times*, Robin Wigglesworth and Aziza Kasumov, May 7, 2021.

4: “2023 Annual Report,” CPP Investments, n.d., accessed April 5, 2024.

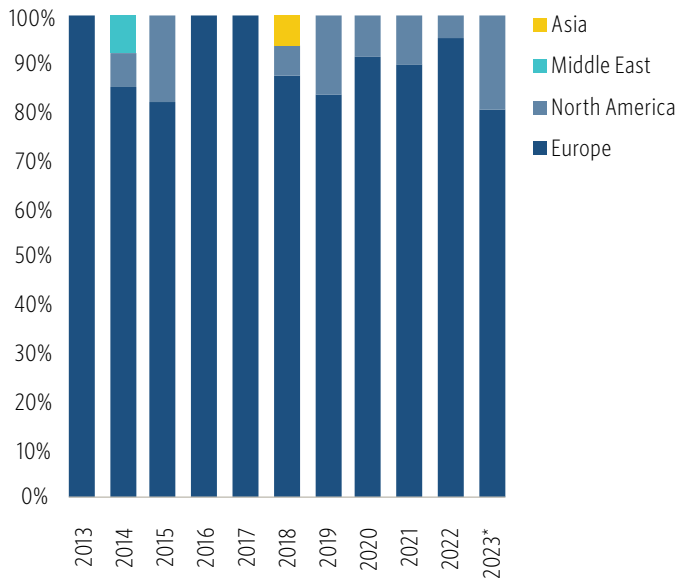
5: Please note that this figure looks at commitment counts and not value, so we are saying there are more North American LPs in European megafunds than European LPs, but we do not comment on the amounts that those underlying LPs invest.

Yes, but concentration in megafunds will drop like in the US.

The concentration of the top five megafunds in the US has remained fairly constant over the past decade, averaging 26.4% of capital raised compared with 41.6% for Europe. This leads us to believe that as the European PE market

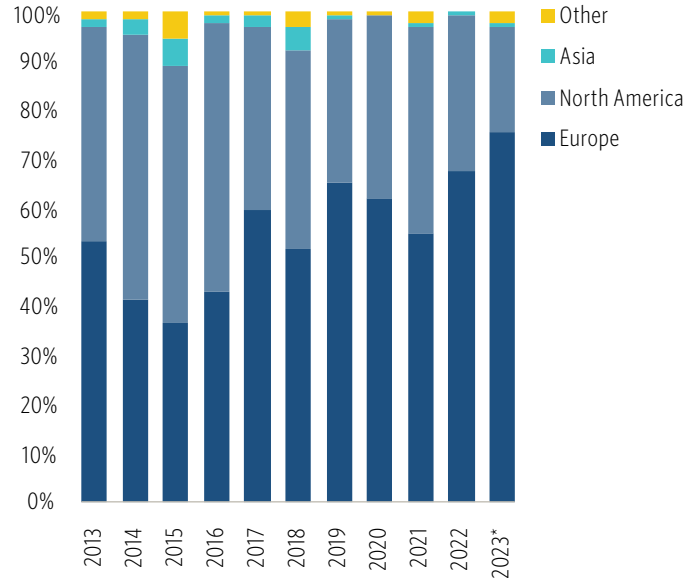
matures, the largest megafunds will account for a smaller share of the overall capital raised as more megafunds come to the European market and the distribution of megafunds normalises.

Share of Europe megafund count by investor region



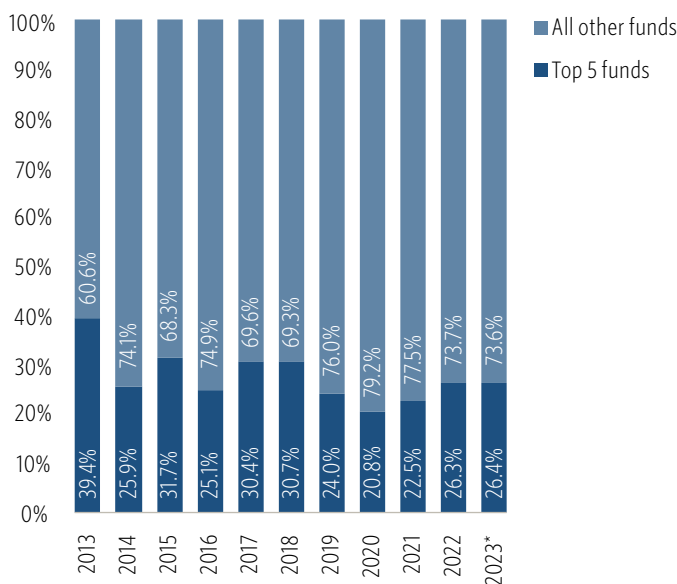
Source: PitchBook • Geography: Global • *As of December 31, 2023

Share of Europe megafund commitment count by LP HQ location



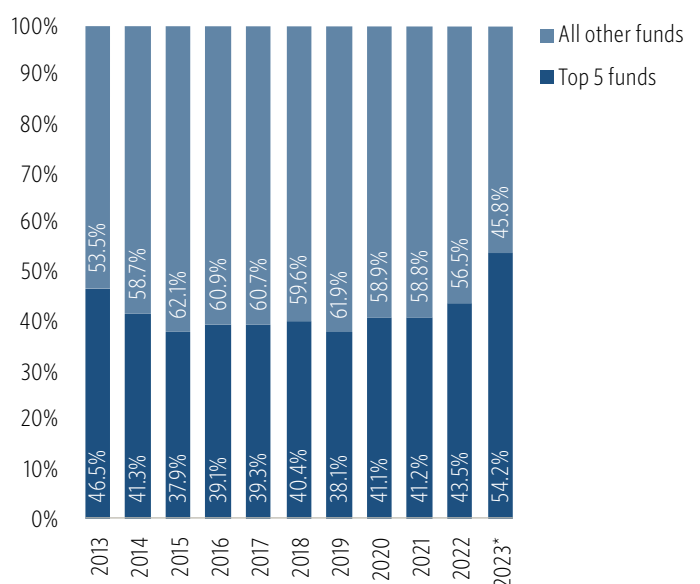
Source: PitchBook • Geography: Global • *As of December 31, 2023

Share of US capital raised by top five funds



Source: PitchBook • Geography: US • *As of December 31, 2023

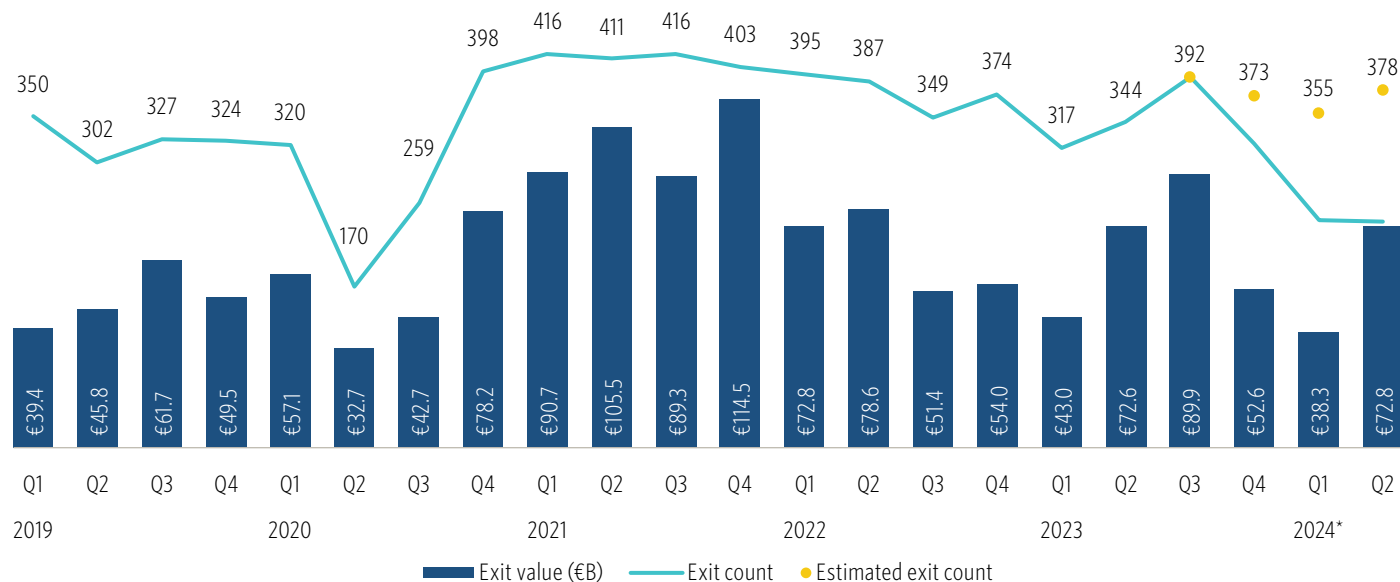
Share of European capital raised by top five funds



Source: PitchBook • Geography: Europe • *As of December 31, 2023

Exits

PE exit activity by quarter



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Exits are bouncing back from the trough

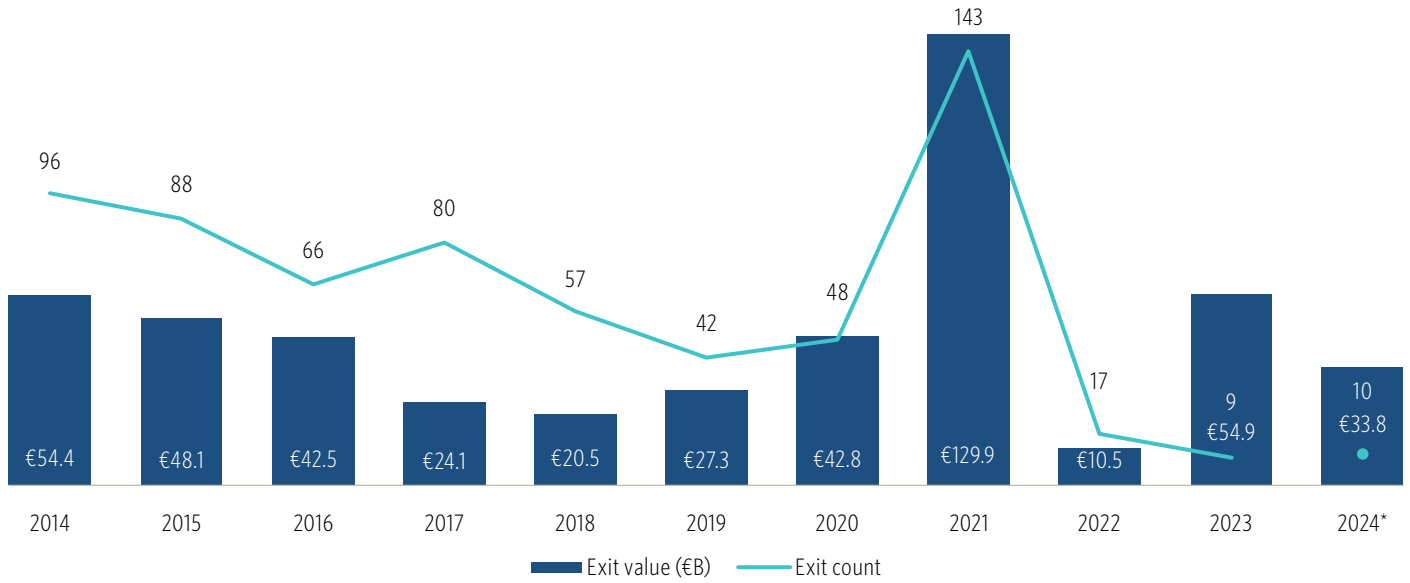
Similar to deal value, exit value bounced back in Q2, indicating that the exit market reached a trough in Q1. Q2 exit value is up 90.3% QoQ as we begin to see some signs of recovery in the data. Exit value in H1 was driven by 23 mega-exits, which accounted for over half of exit value. From those 23 mega-exits, 10 were IPOs, finally indicating movement in the congested listing pipeline. 2024 is set to be the best year for PE-backed IPOs since 2021 in terms of both exit count and value. In fact, in H1 we saw an almost perfect split in exit value between exits to corporates, exits to sponsors, and public listings—something we had not seen since 2021 given how muted IPOs have been during this period of monetary tightening we are emerging from. In Q2, we saw IPOs in Europe from CVC Capital Partners, Exosens, and Marex. It is worth noting that we are not in

a full-blown recovery quite yet in terms of IPOs, as we are still seeing companies postpone their public listings, such as Golden Goose.⁶ Others will have mixed feelings about how recent IPOs have performed: for instance, Douglas is down 34.6% since its March IPO despite rising markets. On the other hand, Galderma is up 39.5% since its March IPO as of June 28, 2024. However, there is no doubt that the dynamic between buyers and sellers is shifting once again, as the environment is slowly tilting back to a seller's market. We have seen the likes of Hargreaves Lansdown reject three bids before finally accepting a take-private offer from a PE consortium led by CVC.⁷ In fact, the average EV/EBITDA multiple in Europe currently stands at 12.1x for the TTM, marking a noticeable increase from the 10.2x in 2023 as multiples have once again picked up following signs of monetary easing and anticipations of a recovery.

6: "Luxury Sneaker Maker Golden Goose Postpones Planned IPO," Bloomberg, Swetha Gopinath and Dinesh Nair, June 18, 2024.

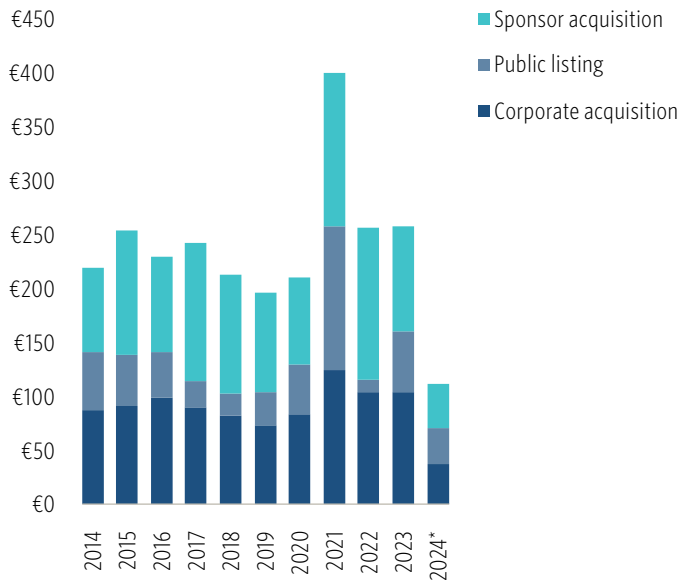
7: "Hargreaves Lansdown Backs £5.4bn Private Equity Takeover," Financial Times, Emma Dunkley, June 18, 2024.

PE-backed IPO activity



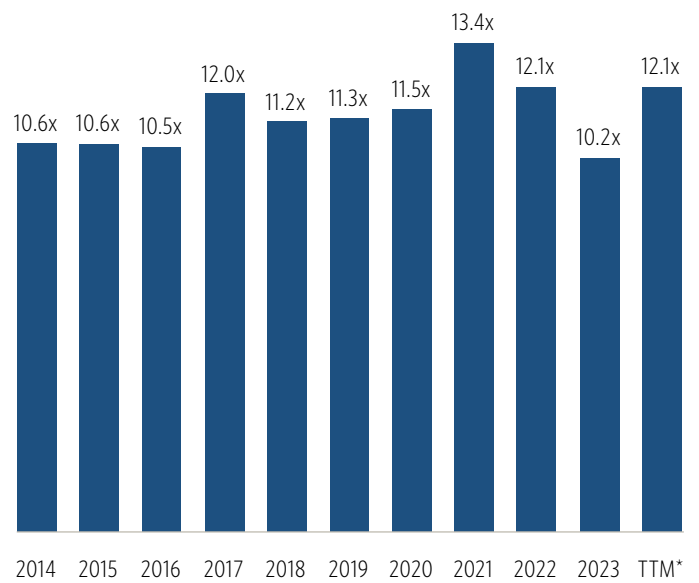
Source: PitchBook • Geography: Europe • *As of June 30, 2024

PE exit value (€B) by type



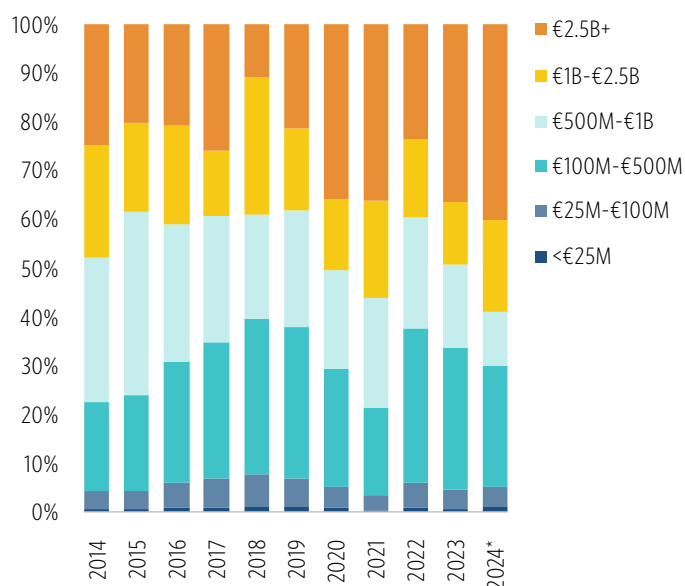
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Median PE buyout EV/EBITDA multiple



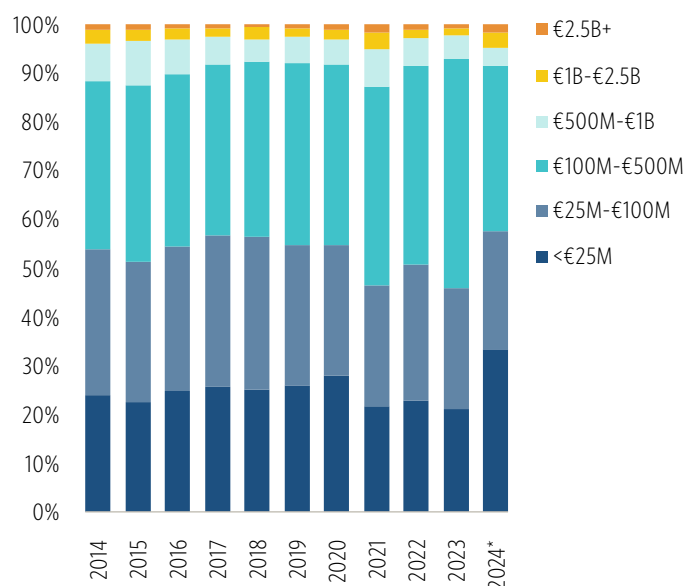
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE exit value by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE exit count by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

CVC Capital Partners' IPO is a boost for the financial services sector

CVC started trading on the Euronext Amsterdam exchange on April 26, 2024, almost two years after initially signaling its intent to IPO. The stock was priced at the midrange price of €14 per share for a €2 billion-plus free float and a company valuation of around €15 billion. CVC is one of the largest PE firms in the world, with over €193 billion in assets under management. In our recent analyst note on [the rise of megafunds](#), we show that no other European PE player has raised as much capital in megafunds than CVC, historically.

After delaying for over two years due to the muted IPO market, CVC was under pressure to deliver a successful IPO. At the same time, it needed the IPO to pay out staff as part of its management reshuffle, which saw the departure of Co-founder Donald Mackenzie. The timing aligned with the recent market rally in private equity stocks and with CVC closing its ninth buyout fund at €26 billion last year—the world's largest PE LBO fund. The oversubscribed IPO, which saw 20% of investors receive no shares, allowed for new investors to join the shareholder list but also enabled existing investors to increase their stake (such

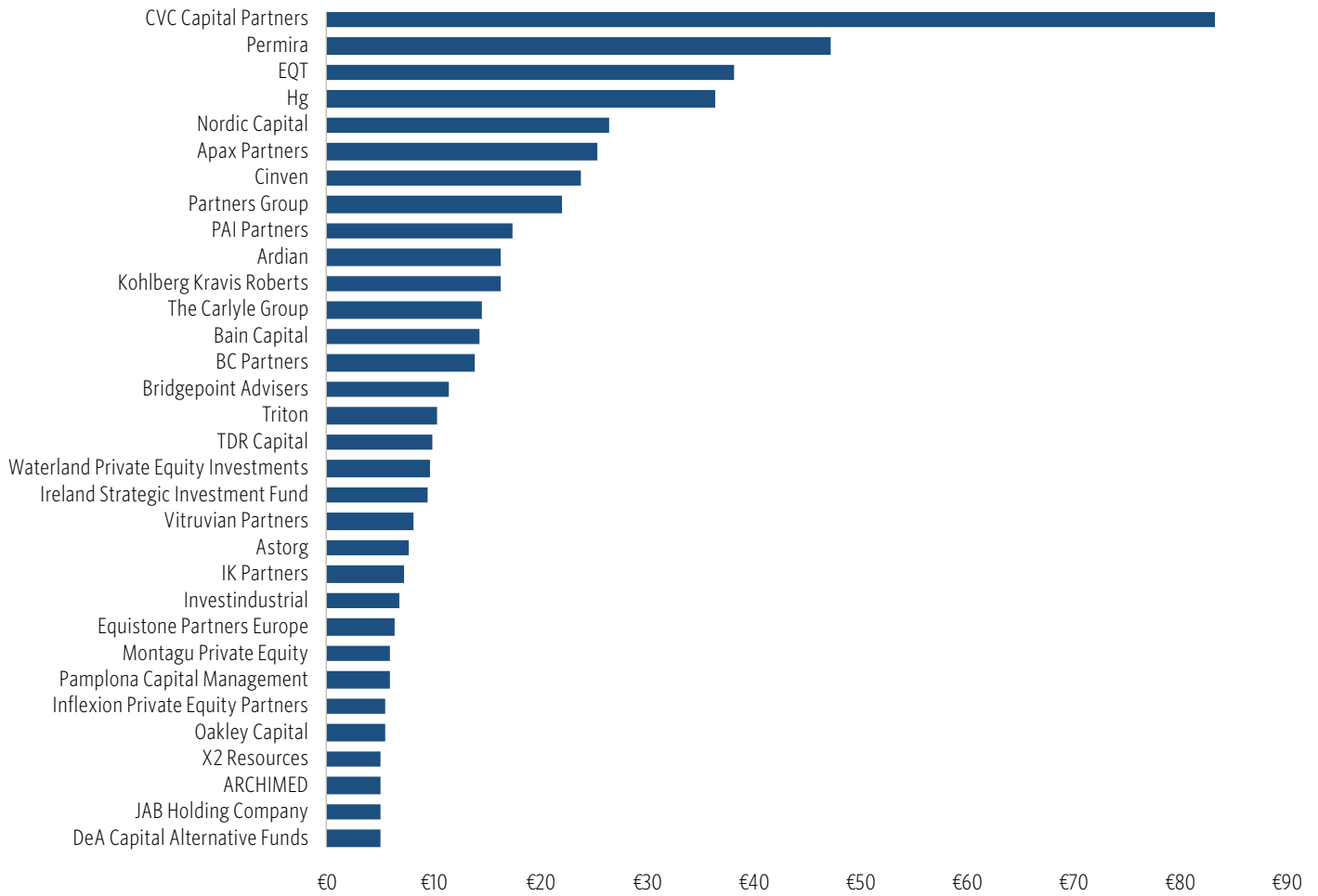
as Blue Owl) or decrease their stake (such as Singapore's GIC, the Kuwait Investment Authority, and the Hong Kong Monetary Authority).⁸

CVC's decision to pick Amsterdam as its primary exchange for the IPO was a major blow for the London Stock Exchange, which has been suffering outflows from take-privates with few new listings. CVC chose Amsterdam despite most of its staff being located in London and most of its funds being based in Luxembourg.

CVC's exit has boosted overall exit value for financial services in Europe in 2024 with close to €20 billion in exits for financial services in H1—the highest figure in a decade. Given the volatility in earnings in recent years for the financial services sector, linked at first to the COVID-19 pandemic and then to higher interest rates and finally to geopolitical risks, we have seen consolidation among banks, insurers, and brokerage firms. We expect more deals and more exits from this sector moving forward as PE sponsors rich in dry powder take aim at poorly capitalized banks, asset managers facing outflows and market volatility, brokerage firms suffering from regulatory changes, and more.

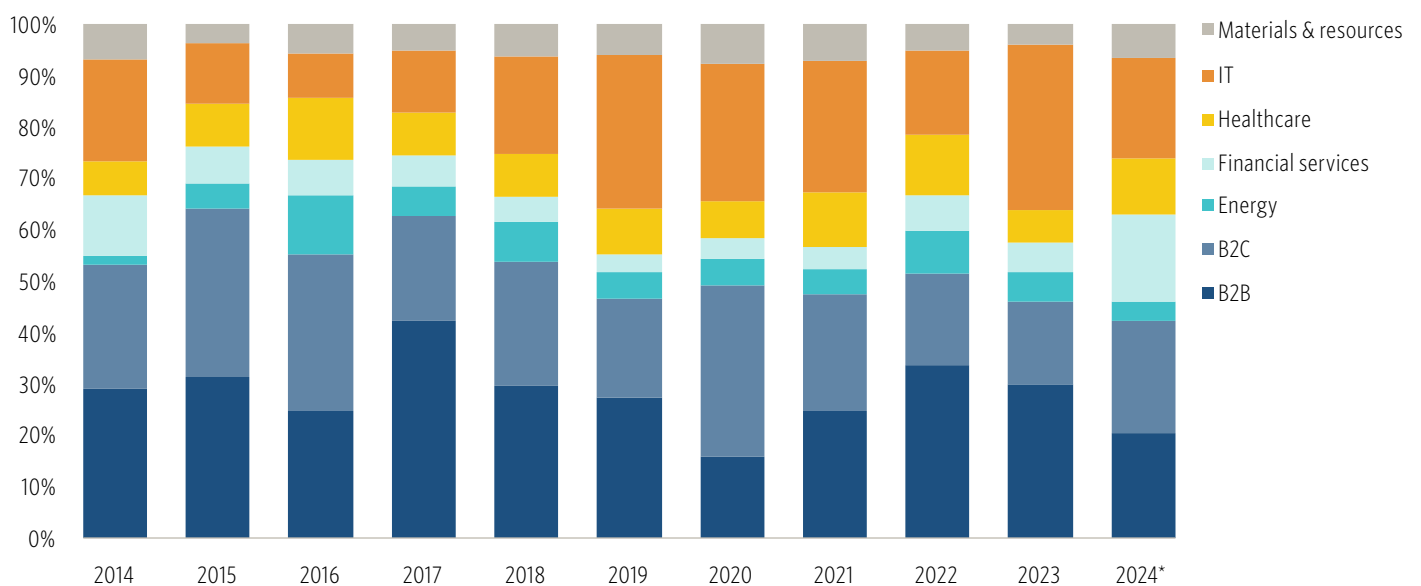
⁸: "Why CVC's IPO Was Such a Hit," Financial Times, Craig Coben, April 29, 2024.

Megafund capital raised (€B) by investor (2013-2023)*



Source: PitchBook • Geography: Europe • *As of December 31, 2023

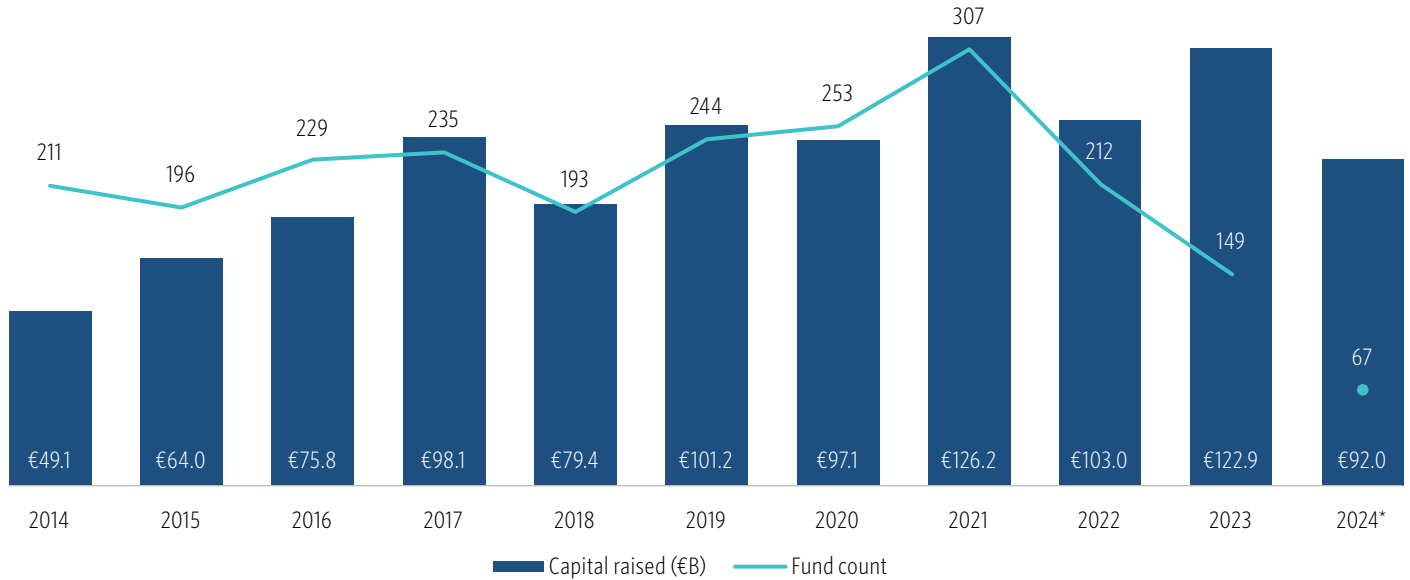
Share of PE exit value by sector



Source: PitchBook • Geography: Europe • *As of June 30, 2024

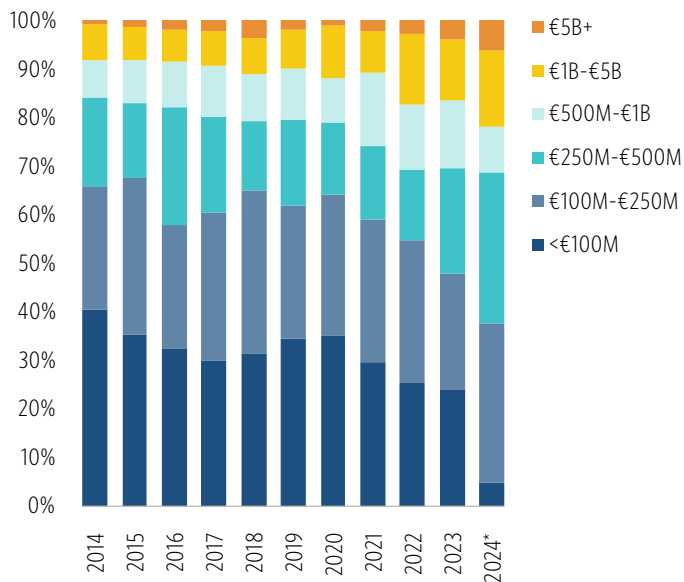
Fundraising

PE fundraising activity



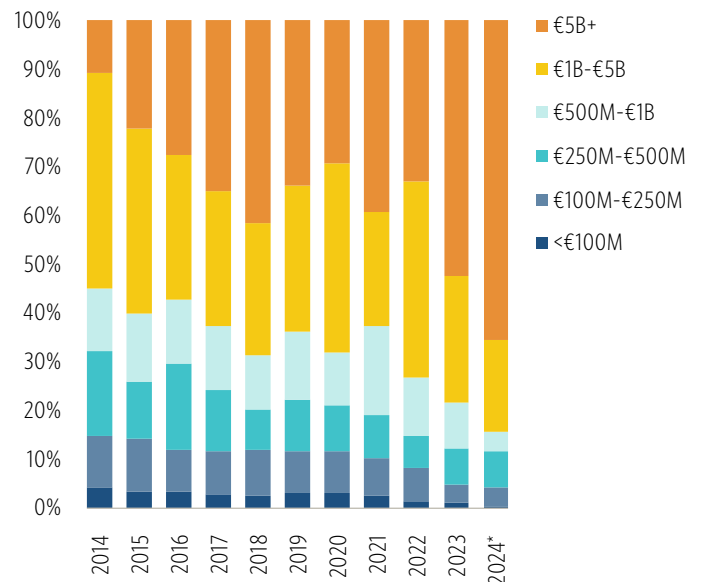
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE fund count by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE capital raised by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Megafunds drive strong fundraising

H1 2024 fundraising in Europe is pacing for another record year of capital raised as European PE keeps growing. Q1 was a record quarter, so naturally fewer new funds closed in Q2. Notable megafund closes in Q2 include Partners Group Direct Equity V for €14.2 billion, Bregal Unternehmerkapital

IV at €2.7 billion, Latour Capital IV at €1.6 billion, and EQT Mid-Market Growth Partnership Fund for €1.5 billion. Partners Group's fund is a flagship fund focused on the firm's four thematic strategies of technology, health & life, goods & products, and services. It has already made investments in three companies: SureWerx, Breitling, and ROSEN Group. Bregal Unternehmerkapital is an investor

focused on Germany, Austria & Switzerland (DACH), and its fund will focus on equity investments between €75 million and €300 million into mid-sized companies across software, industrial technology, business services, and healthcare. Latour is based in Paris and mostly invests in medium-sized French companies. EQT's fund, although European domiciled, will look to invest in Asia. Fundraising for the middle-market growth fund was stronger than expected, raising double its initial target.

Fundraising timelines increase

Although aggregate capital raised keeps increasing, fundraising has not been rosy for all GPs in the past two years. Interest rate increases reduced capital availability; falling stock markets led to LPs trimming their private market allocations due to the denominator effect; and the lack of exits has meant fewer distributions to be reinvested into new funds. This has created a challenging fundraising environment for most managers, more so for first-time managers than for those with experienced track records, and even more so for smaller funds competing with megafunds from existing fund families. Concretely, we have seen timelines for fundraising expand, going from a median of 12.1 months in 2022 to 18.4 months by the end of H1 2024. This has affected almost all GPs at all fund sizes. As noted in our [Q1 2024 European PE Breakdown](#), the largest fund close of the year, EQT X at €22 billion, was meant to close last year, but the fundraising deadline was pushed back by six months to February 2024. As central banks start pivoting towards monetary easing, we expect to see fundraising bottlenecks alleviated into 2025.

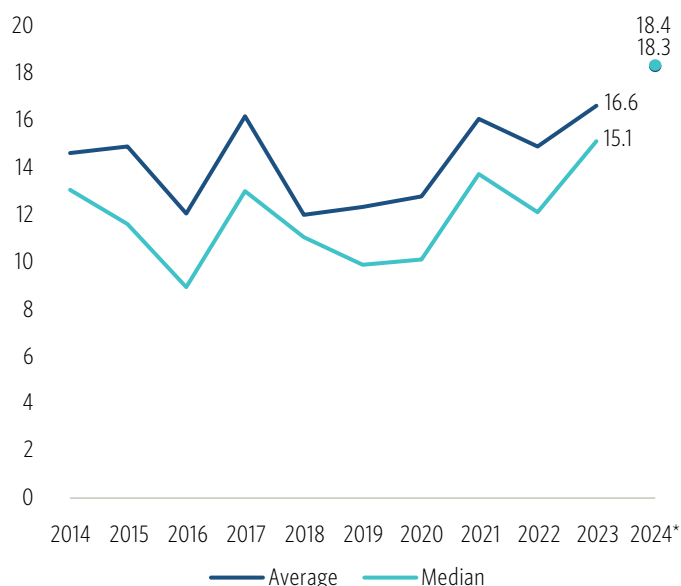
Nordic fundraising remains sturdy

Regionally, we have seen strong fundraising coming out of the Nordics, which closed 13 new funds YTD, matching 2023's figure while raising over six times more capital in 2024. None of the funds were first-time managers. Notable megafund closes came from Altor Equity Partners, which raised €3.0 billion for its sixth fund, Axcel, closing its seventh fund at €1.3 billion, and Verdane, raising €1.0 billion for its third fund. On the other side of the spectrum, France & Benelux closed less than 12% of the capital it raised in 2023 with only 13 new funds in H1 2024 as the region faces fresh new political headwinds.

H2 fundraising pipeline

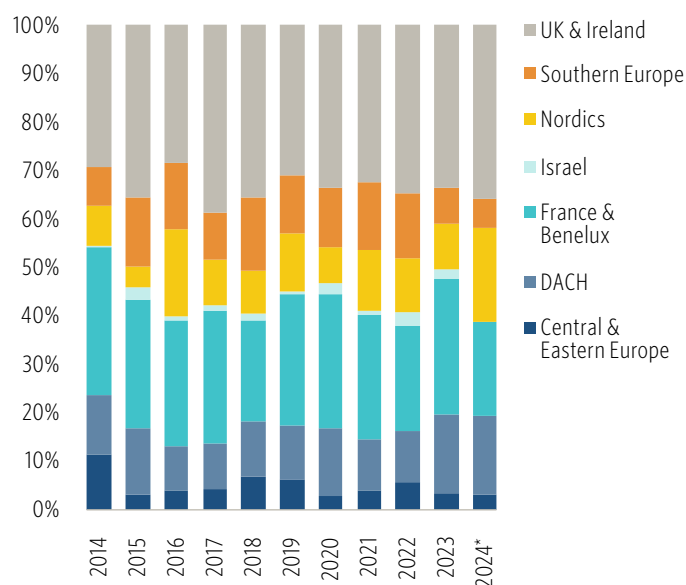
There is no doubt that Q1 saw some of the largest fund closes of 2024 so far and we do not expect subsequent

Average and median PE fund time (months) to close



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of PE fund count by region



Source: PitchBook • Geography: Europe • *As of June 30, 2024

quarters to be as high. However, looking at the list of open funds that could close in 2024, there is a high chance that 2024 will be another back-to-back record year in terms of capital raised in Europe. At the midpoint of 2024, GPs have raised 75% of last year's capital. With the macroeconomic picture looking increasingly better, we expect this will continue fueling fundraising in the second half of the year.

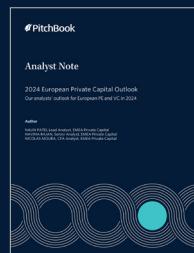
Additional research

Private equity



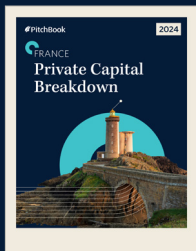
Q1 2024 European PE Breakdown

Download the report [here](#)



2024 European Private Capital Outlook: Midyear Update

Download the report [here](#)



2024 France Private Capital Breakdown

Download the report [here](#)



Q2 2024 PitchBook Analyst Note: The Rise of European Megafunds: Part I

Download the report [here](#)



Q2 2024 US PE Breakdown

Download the report [here](#)



Q1 2024 US Public PE and GP Deal Roundup

Download the report [here](#)

More research available at pitchbook.com/news/reports