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# Private equity barometer

Q4 2019 Figures based on preliminary data from *Unquote*,  
Europe's specialist private equity information provider



## 2,960

Highest ever annual  
private equity deal  
volume

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# Key Findings

## Overall European private equity

- Private equity investors completed 807 deals in Q4 2019, slightly down on the previous quarter, but still the second highest in the last decade.
- A substantial amount of capital was deployed in Q4, with quarterly deal value posting its third highest figure of the last decade at €67.6bn.
- On the back of three exceptionally strong quarters in succession, private equity activity in 2019 broke new ground, with total deal volume and value reaching all-time annual records.

## Buyouts

- The number of buyouts in Q4 dropped 10% to 286, but remained the second highest level in the 10-quarter period.
- Buyout value rose modestly on Q3 to €55.5bn, posting its highest figure since Q1 2018.
- In annual terms, buyout volume grew by 3.6% to 1,119 deals, posting its highest figure in the last decade.
- The total value of completed buyouts in 2019 was €200.9bn, slightly down on the previous year, though it remains strong compared with the average annual figure over the last decade.
- Mid-cap volume dropped 41% to its lowest in the last 10 quarters, with 48 deals, while mid-cap value fell by almost half to €13.1bn, posting its lowest figure since Q1 2018.
- Large-cap volume, a typically volatile figure, rose to 14 from nine. Their value was significantly up in Q4, reaching the second highest figure in the last 10 quarters.
- The small-cap buyout market saw little change in both volume and value in Q4, staying in line with the previous quarter's figures.
- Deal volume in technology businesses has been rising steadily over the last 10 quarters, with deal value doubling on Q3 to €18.5bn.
- In terms of deal sourcing, the number of secondary buyouts and carve-outs returned to normal levels after a spike in Q3.

- Regionally, the French buyout market was notably down in both volume and value (50 investments worth €5bn), settling to a more normal level from the previous quarter's high of 79 deals valued €12.7bn.
- CEE had a strong quarter with 16 investments worth €575m. Volume and value were significantly up on the previous quarter.
- The UK & Ireland was top in both volume and value with 58 deals worth €23.6bn. UK value was boosted by the signing of several €1bn+ mega-buyouts, including Merlin Entertainments (valued at €6.6bn+), Sophos (€3.6bn) and LGC (€3.5bn).

## Growth Capital

- Expansion deals experienced a robust quarter, with 402 investments announced – a small increase on the previous quarter and an all-time high.
- Total capital deployed in Q4 rose 11% to €10.9bn, the highest figure in the last 10 quarters.
- In annual terms, growth capital activity hit a record level in 2019. Both volume and value increased significantly, reaching 1,452 and €41.9bn respectively.
- Benelux and southern Europe were the largest contributors to growth capital deal value, with €1.5bn each.
- The largest investment was Hellman & Friedman's backing of Netherlands-based Action, a retailer of assorted non-food products.

## Early-stage

- Early-stage deals had a strong fourth quarter, reaching record-high figures in both volume and value: 119 investments worth €1.2bn were signed.
- Overall, it was a moderate year for early-stage deals, with both volume and value falling slightly on the previous year.
- DACH was the largest contributor to early-stage deals in Q4 with 46 deals worth €648m.
- A consortium led by Blackstone Capital Partners led the largest investment round of Q4, with a €511m investment in Switzerland-based FerGene.

# Continued buyout bonanza tops record-breaking year

## Overall European private equity

Deal-making reached an all-time high in 2019, despite losing some momentum in deal volume in the final quarter. Deal value reached a record €246bn for the year, and volume rose to its highest point of 2,960.

Although slightly down on Q3, the final quarter rounded off the year in bullish style, with volume posting its second highest figure in the last decade. Q4 was also a strong quarter for aggregate deal value, reaching a 10-year high at €67.6bn. The annual volume figure was boosted by a strong performance of expansion deals: there were 1,459 growth capital investments over the year, an all-time high.

Q4 aggregate value was boosted mostly by a 55% growth in the number of large-cap buyout deals, which also helped to offset a fall in the value of mid-cap buyout investments in Q4. There was also a substantial amount of equity invested in expansion deals, which reached the highest figure in the last 10 quarters at €10.9bn.

The buyout market saw a slight weakening in volume, dropping 10% to 286, but the figure was second only to Q3 2019 – the highest point in the last decade. Meanwhile, buyout value rose consistently on Q3 to €55.5bn, reaching its highest figure since Q1 2018. Q4 saw the signing of six €1bn+ mega-buyouts, which significantly boosted value.

Early-stage activity remained robust in Q4, posting all-time highs in both volume and value – there were 119 investments worth €1.2bn.

Growth capital and early-stage investors have focused strongly on the technology sector, while the industrial sector was the most valued in terms of buyouts. Despite being a strong contender over recent quarters, healthcare lost its momentum in Q4, attracting less capital.

Volume & value of all European private equity



	Volume	Value €bn
Q3 2017	572	48.5
Q4 2017	586	46.7
Q1 2018	633	74.1
Q2 2018	697	70.6
Q3 2018	648	56.8
Q4 2018	606	36.8
Q1 2019	631	53.3
Q2 2019	701	60.7
Q3 2019	821	64.4
Q4 2019	807	67.6
2017	2,337	181.4
2018	2,584	238.4
2019	2,960	246.1

“Deal value reached a record  
€246bn for the year, and  
volume rose to its highest  
point of 2,960.”





# Quarterly Focus

## Annual figures fuelled by bolt-ons

The fact that the European market for venture and private equity deals grew substantially in 2019 is not in itself a surprise, as the industry has been on a strong growth track for several years, driven by the sheer weight of capital available for investment in the region. As the data stands, figures show that investors signed off on 2,960 private equity-backed deals in the year, which represents a rise of almost 15% on 2018; and this follows two increases of similar magnitude in 2017 and 2018.

All too often, however, the headlines focus on high-profile mega-deals fuelling growth, mega-deals funded, more often than not, by the equally high-profile mega-funds raised by global investors. While this pocket of activity is certainly responsible for the large hikes in the annual deal values – European private equity grew from a €92bn industry in 2010 to one worth more than €246bn in 2019 – the main driver of deal numbers actually lies elsewhere.

If you look at the number of buyouts in 2019, for instance, there was only modest growth, with a 3.6% rise to 1,119 deals, and at the other end of the market, the number of early stage deals actually fell (albeit marginally by 2.5%) to 389.

In fact, the standout trend of the last few years – and one that grew in momentum in 2019 – was the sharp rise in the number of

growth capital deals, which surged by almost a third to reach 1,453. This compares with an average in the mid-900s between 2010 and 2017. The expansion capital segment is also contributing a much larger amount to the European total by value, with the amount of capital deployed on growth deals shooting up by nearly 70% in 2019 to €42bn.

Admittedly, by *Unquote's* definitions, the expansion segment covers a lot of ground, from late-stage venture investments in businesses that are at the beginning of their revenue generation phase to classical growth capital investments in well-established businesses. It also includes funded bolt-ons or acquisition finance transactions – those where existing portfolio companies have raised new capital from their backers to make bolt-on purchases. And it is this area specifically that is seeing real growth in both number and value. It is also an area that may be under-represented in our statistics given that it is not always straightforward to establish which of the bolt-on deals required fresh funding.

The trend makes a lot of sense: while GPs are under increasing pressure to deploy their capital reserves, concern about pricing and an often-cited scarcity of attractive targets means that investors might be shifting their focus to building up their platform acquisitions rather than making new primary investments.

# Buyouts

H2's strong private equity activity helped boost the buyout market and set an annual record in 2019, with 1,119 buyouts recorded, above 2018's 1,079. The final quarter was the second highest of the year with 286 investments, down only 10% on Q3.

The total buyout volume in Q4 settled to a more normal level from the previous quarter's high of 319, but still above the average of 272 investments over the 10-quarter period.

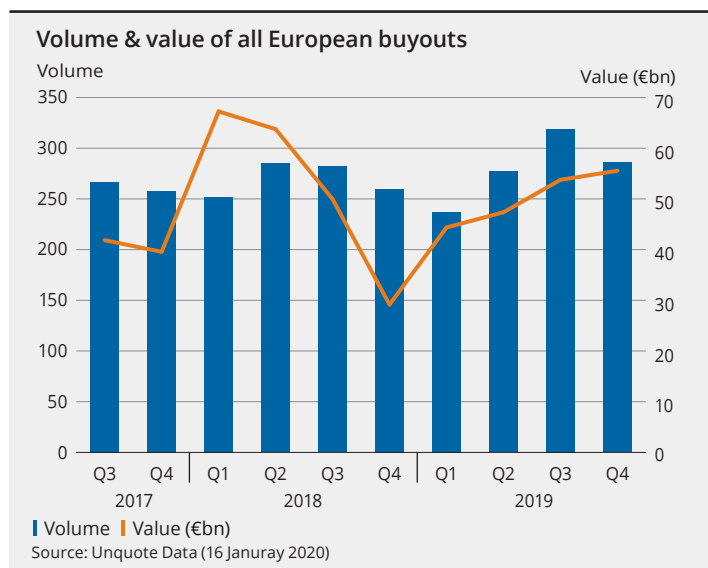
A softening in mid-cap buyout numbers sent the number of buyouts down. There were 48 buyouts in Q4, 41% down from 82 in the previous quarter. Small-cap deals also had a slightly slower quarter with 228 transactions, down from 224. However, volume was far above the average for the last 10 quarters of 199 deals. Large-cap volume, a typically volatile figure, increased from nine to 14.

At almost €55.5bn, the total value of buyouts increased by 3% in Q4 and has reached its highest level since the exceptional Q1/Q2 period of 2018. This increase was primarily driven by a growth of 55% in aggregate large-cap deal value, which was up from €22bn in Q3 to €34.2bn, making it the strongest quarter since Q1 2018. The large-cap deal value was significantly boosted by the signing of six €1bn+ mega-buyouts in Q4. This helped to offset the decrease in mid-cap value, which fell by almost half to €13.1bn, posting its lowest figure since Q1 2018. The small-cap buyout market did not experience much change in Q4, staying in line with the previous quarter's figures.

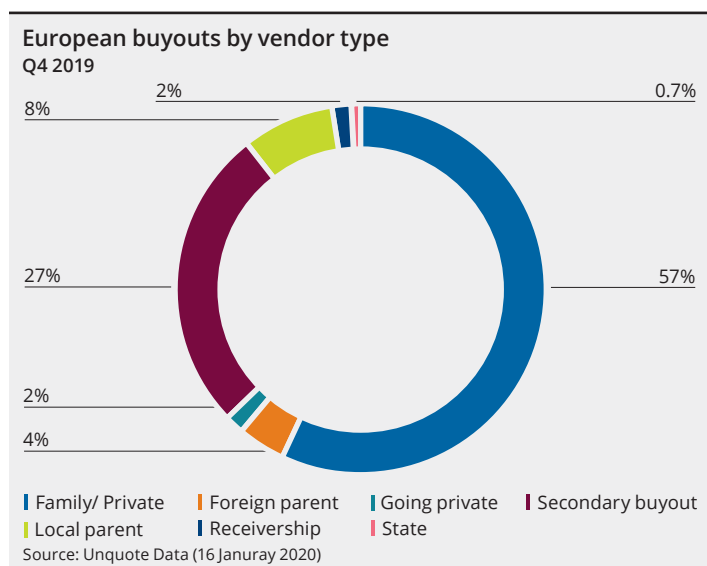
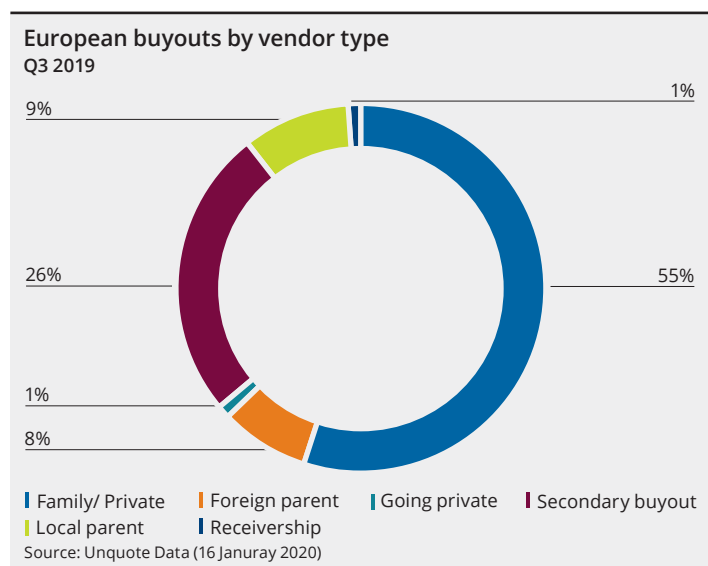
Regionally, the UK & Ireland was top in both volume and value with 58 deals worth €23.6bn. The French market had a slow quarter, with 50 investments worth €5bn, settling back to more normal levels from the previous quarter's high (79 deals valued at €12.7bn). CEE had a strong quarter with 16 investments worth €575m, with both volume and value rising strongly. Meanwhile, the DACH region's volume stayed in line with the previous quarter at around 50, while the value was down 16% on Q3. The Nordic and southern Europe regions remained robust in terms of both volume and value, increasing modestly on the previous quarter.

The UK was home to the three largest buyouts of the quarter – Blackstone Capital's acquisition of Merlin Entertainments (valued at €6.7bn), Thoma Bravo's investment in Sophos (€3.6bn) and the buyout of LGC by Astorg Partners and Cinven (€3.5bn).

Breaking the data down by vendor type reveals that the number of secondary buyouts fell 7% in Q4, while carve-outs from local parent companies fell by 23% and carve-outs from foreign parent companies fell 45%, all returning to normal levels after a spike in Q3. There were 163 buyouts sourced from family and private owners in Q4, down 7% compared with the previous quarter. All other vendor types were slightly up on Q3.



	Volume	Value €bn
Q3 2017	267	41.8
Q4 2017	258	39.5
Q1 2018	252	67.2
Q2 2018	285	63.7
Q3 2018	282	49.9
Q4 2018	260	29.1
Q1 2019	237	44.3
Q2 2019	277	47.3
Q3 2019	319	53.7
Q4 2019	286	55.5
2017	1,049	153.8
2018	1,079	210.0
2019	1,119	200.9

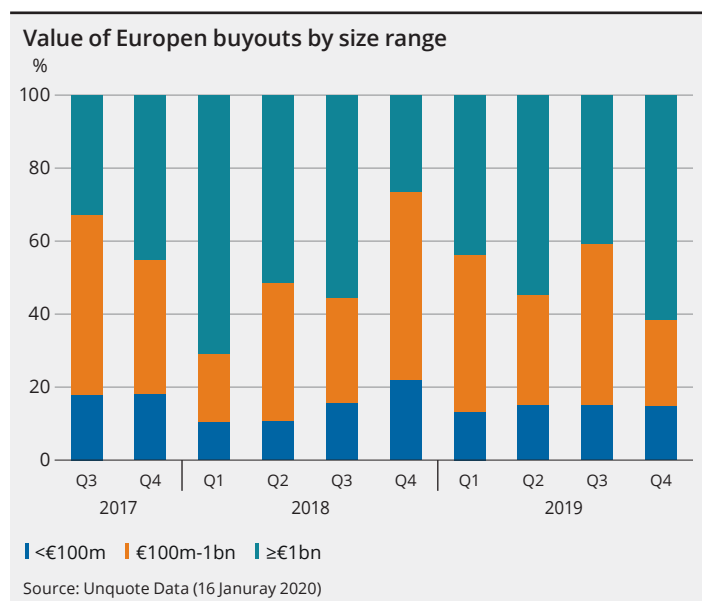
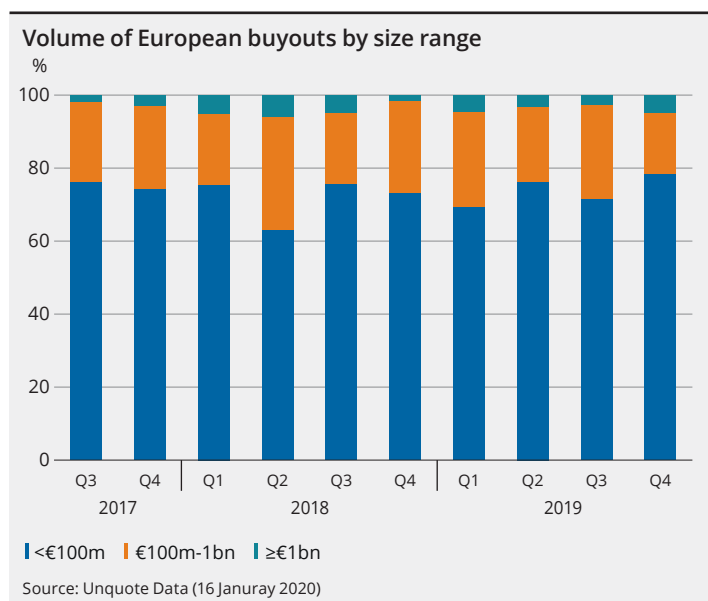


	Q3 2019	Q4 2019
Family/Private	176	163
Foreign parent	25	12
Going Private	3	5
Institutional Investor	82	76
Local Parent	30	23
Receivership	3	5
State	0	2



“The UK was home to the three largest buyouts of the quarter – Merlin Entertainments (valued at €6.7bn), Sophos (€3.6bn) and LGC (€3.5bn).”

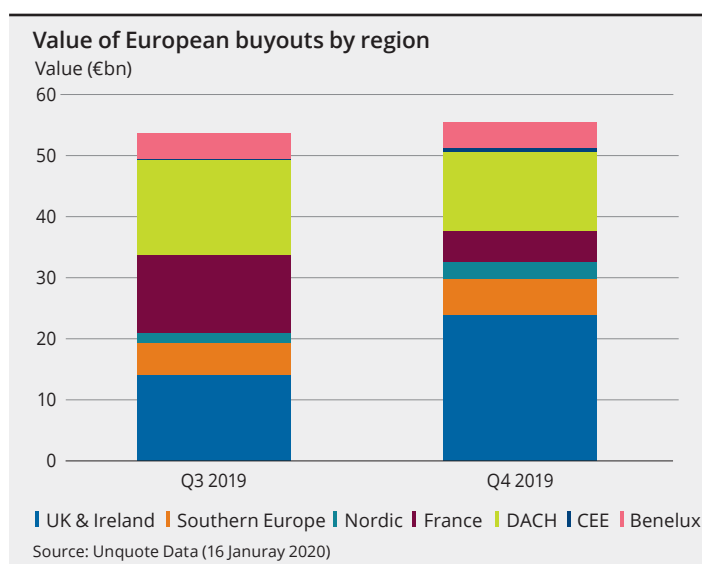
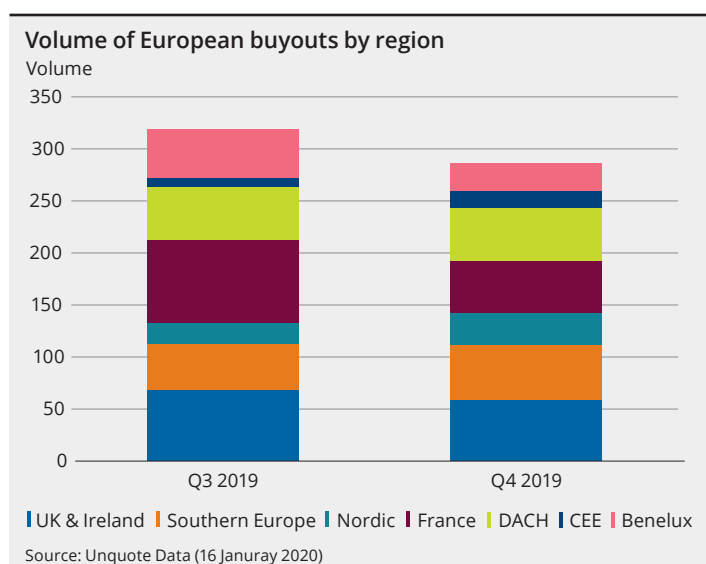




	<€100m Volume	%	€100m-1bn Volume	%	≥€1bn Volume	%	Quarterly total
Q3 2017	203	76%	59	22%	5	2%	267
Q4 2017	191	74%	59	23%	8	3%	258
Q1 2018	190	75%	49	19%	13	5%	252
Q2 2018	179	63%	89	31%	17	6%	285
Q3 2018	213	76%	55	20%	14	5%	282
Q4 2018	190	73%	66	25%	4	2%	260
Q1 2019	164	69%	62	26%	11	5%	237
Q2 2019	211	76%	57	21%	9	3%	277
Q3 2019	228	71%	82	26%	9	3%	319
Q4 2019	224	78%	48	17%	14	5%	286

	<€100m Value (€bn)	%	€100m-1bn Value (€bn)	%	≥€1bn Value (€bn)	%	Quarterly total Value (€bn)
Q3 2017	7.5	18%	20.5	49%	13.8	33%	41.8
Q4 2017	7.1	18%	14.6	37%	17.8	45%	39.5
Q1 2018	6.9	10%	12.5	19%	47.8	71%	67.2
Q2 2018	6.8	11%	24.1	38%	32.8	52%	63.7
Q3 2018	7.7	15%	14.4	29%	27.8	56%	49.9
Q4 2018	6.3	22%	15.1	52%	7.7	27%	29.1
Q1 2019	5.8	13%	19.0	43%	19.5	44%	44.3
Q2 2019	7.0	15%	14.4	30%	25.9	55%	47.3
Q3 2019	8.1	15%	23.7	44%	22.0	41%	53.7
Q4 2019	8.2	15%	13.1	24%	34.2	62%	55.5



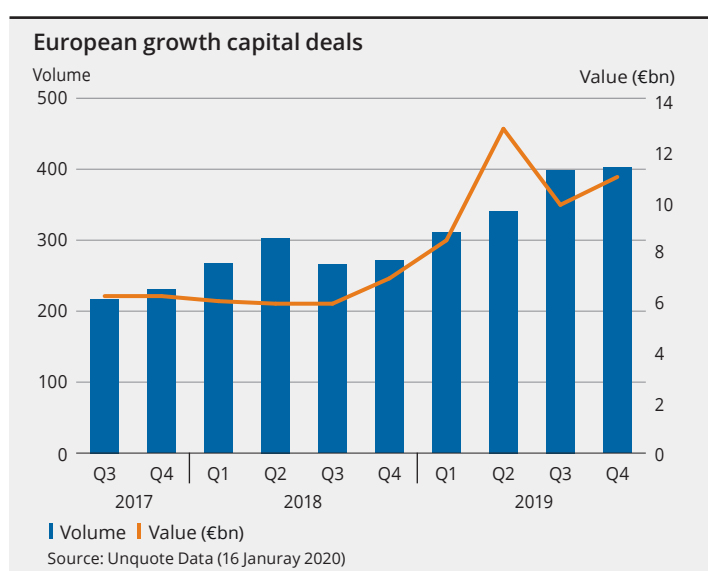


	Volume		Value (€m)	
	Q3 2019	Q4 2019	Q3 2019	Q4 2019
Benelux	47	27	4,332	4,358
CEE	9	16	222	575
DACH	51	51	15,496	12,986
France	79	50	12,686	5,081
Nordic	21	31	1,768	2,726
Southern Europe	44	53	5,244	6,042
UK & Ireland	68	58	13,977	23,756
	319	286	53,725	55,524

## Ten largest European private-equity-backed buyouts, Q4 2019

Deal name	Country	Value (€m)	Equity provider
Merlin Entertainments	UK	6,653	Blackstone Capital Partners <i>et al.</i>
Sophos	UK	3,618	Thoma Bravo
LGC	UK	3,479	Astorg Partners, Cinven
BASF Constrction Chemicals	Germany	3,170	Lone Star Funds
AutoScout24	Germany	2,900	Hellman & Friedman
MagicLab	UK	2,689 (est)	Blackstone Group
BCA Marketplace	UK	2,418	TDR Capital
Personal & Informatik	Germany	2,000	Hg
Parques Reunidos	Spain	1,400	EQT Partners AB <i>et al.</i>
Armacell	Luxembourg	1,400	PAI Partners

# Growth capital



The number and value of growth capital investments hit a record high in 2019. There were 1,453 investments, up 31% on 2018, worth €41.9bn, up 70%.

Growth capital volume continued its upward trend in Q4, increasing slightly on Q3. The final quarter saw 402 investments, posting the highest figure in the last decade. Growth capital investment volume appears to have been increasing since Q4 2018 after losing momentum in 2017.

After a slowdown in Q3, growth capital's aggregate value bounced back in the final quarter. Expansion deal value increased 11% in Q4, accounting for €10.9bn in capital deployed by investors. The average equity ticket has not changed since the

	Volume	Value €bn
Q3 2017	217	6.2
Q4 2017	230	6.2
Q1 2018	267	6.0
Q2 2018	303	5.9
Q3 2018	266	5.9
Q4 2018	271	6.9
Q1 2019	311	8.4
Q2 2019	341	12.8
Q3 2019	399	9.8
Q4 2019	402	10.9
2017	901	25.0
2018	1,107	24.8
2019	1,453	41.9

previous quarter, staying in line at €27.1m. Overall, average growth capital equity tickets have been above €20m in every quarter since Q2 2016.

As is normally the case, the UK & Ireland was the largest contributor to both deal volume and value, with 114 investments worth €3.6bn. Growth capital volume in the region actually lost some momentum in Q4, falling 6% on the previous quarter, though the value figure went up 20%.

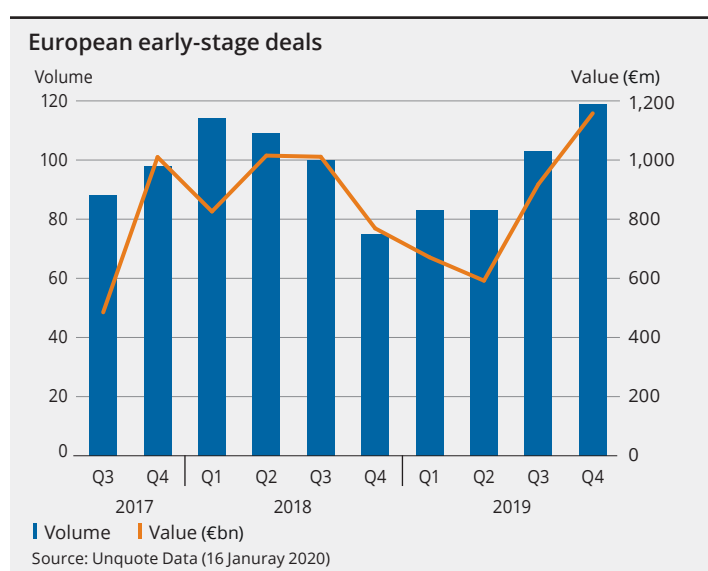
The largest growth capital deal was Hellman & Friedman's significant minority investment in Action, a Netherlands-based retailer of non-food products. The deal has been reported to be around €1bn.



## Ten largest European private-equity-backed growth capital deals, Q4 2019

Deal name	Country	Value (€m)	Equity provider
Action	Netherlands	1,000	Hellman & Friedman
SIA	Italy	625	CDP Equity
Greensill	UK	600	SoftBank Capital
City Football Group	UK	448	Silver Lake Partners
Celonis	Germany	260	Arena Holdings, Accel Partners, 83 North
Softway Medical	France	240 (est)	Five Arrows Principal Investments
Picnic	Netherlands	200	NPM Capital <i>et al.</i>
Kedrion	Italy	167	FSI
Glovo	Spain	150	Mubadala Capital
Amer Sports	Finland	140	ZWC Ventures <i>et al.</i>

# Early - stage



Early-stage activity experienced a decline in 2019, with both volume and value falling slightly on the previous year. There were 388 investments recorded worth €3.3bn, 3% and 8% down on 2018 respectively.

The final quarter saw an upward trend in both volume and value, rising steadily after losing its momentum in late 2018. Deal volume increased 16% to 119 in Q4, reaching a record-high quarterly figure.

Investment value bounced back from a continuous slowdown in value that began in Q3 2018, surpassing the previously highest Q2 2018 figure. It rose 33%, compared with the previous quarter, to €1.2bn. The average equity ticket remained high in Q4 at

	Volume	Value €m
Q3 2017	88	485
Q4 2017	98	1,010
Q1 2018	114	826
Q2 2018	109	1,015
Q3 2018	100	1,011
Q4 2018	75	769
Q1 2019	83	671
Q2 2019	83	592
Q3 2019	103	918
Q4 2019	119	1,158
2017	387	2,577
2018	398	3,620
2019	388	3,340

€9.7m; it has been above €8m in seven of the nine quarters since Q4 2017.

The DACH region was home to the greatest number of early-stage deals (46), which means the region has held top spot for the last five quarters.

Technology and healthcare were the most popular targets in the previous quarter, while biotechnology remains highly sought after for large-ticket investments.

Swiss gene therapy developer FerGene was the recipient of the largest early-stage investment of Q4, raising €511m in equity from Blackstone Capital Partners and Ferring Pharmaceuticals.

## Ten largest European private-equity-backed early-stage deals, Q4 2019

Deal name	Country	Value (€m)	Equity provider
FerGene	Switzerland	511	Blackstone Capital Partners <i>et al.</i>
Healx	UK	51	Atomico Ventures <i>et al.</i>
Azeria Therapeutics	UK	37	Syncona Partners, Sixth Element Capital
Diabeloop	France	31	Odyssee Venture <i>et al.</i>
MiroBio	UK	30	Oxford Sciences Innovation <i>et al.</i>
Draupnir Bio	Denmark	30	Novo Seeds <i>et al.</i>
Prophesee	France	26	European Investment Bank <i>et al.</i>
Anaconda Biomed	Spain	20	Asabys Partners <i>et al.</i>
Outsight	France	18	Demeter Partners <i>et al.</i>
Wayve	UK	18	Eclipse Ventures <i>et al.</i>

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