

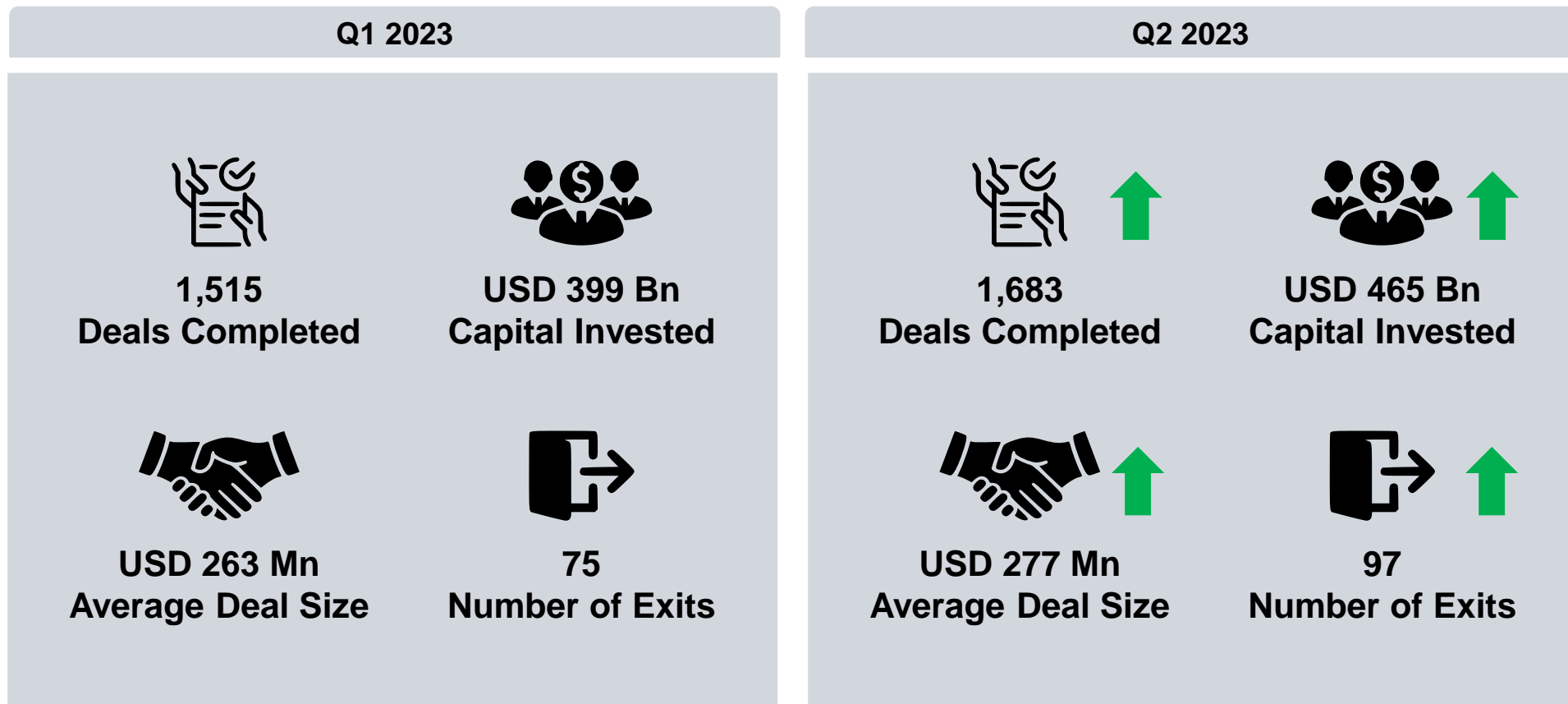
# Special Report

## Global Private Equity Factbook | Q2 2023

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# Amid challenging macroeconomic conditions and higher financing expense, PE showcased unwavering resilience in Q2 2023 deal activities



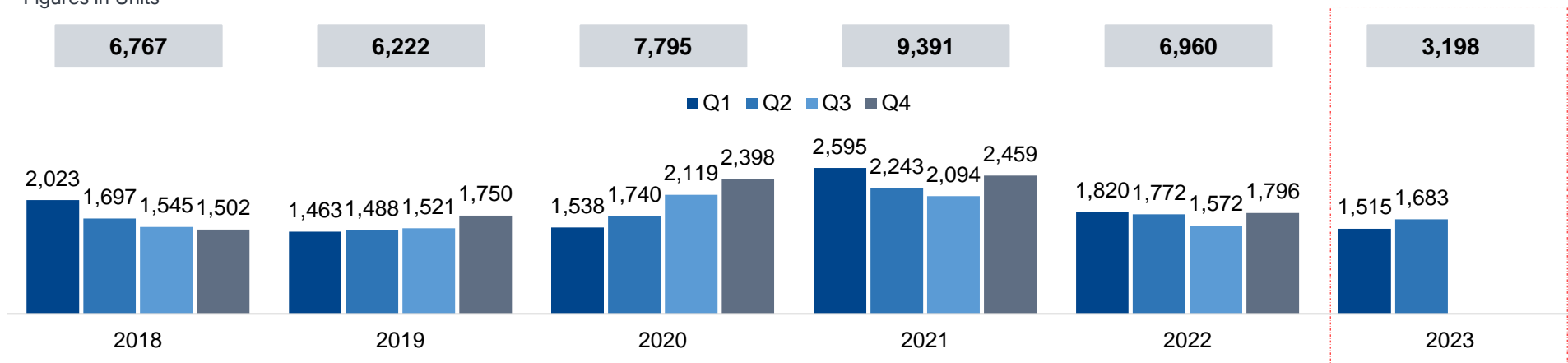
Source: Pitchbook, Aranca Analysis

Note: Quarter represents the calendar year.

# Driven by heightened investments in public equity, deal momentum remained robust, posting 11% growth in Q2 2023

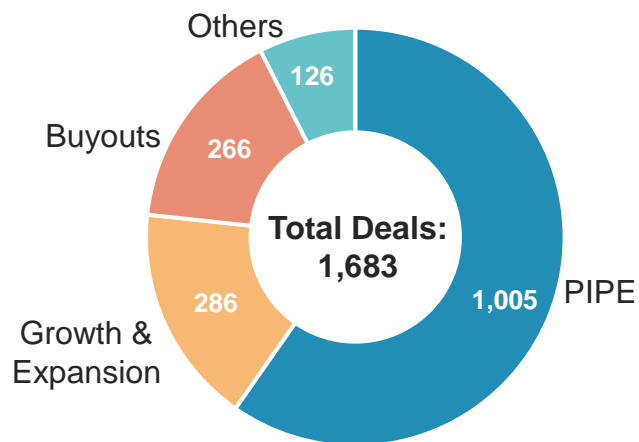
## Number of Deals

Figures in Units



Indicates annual/YTD deals completed

## Type of Deals – Q2 2023



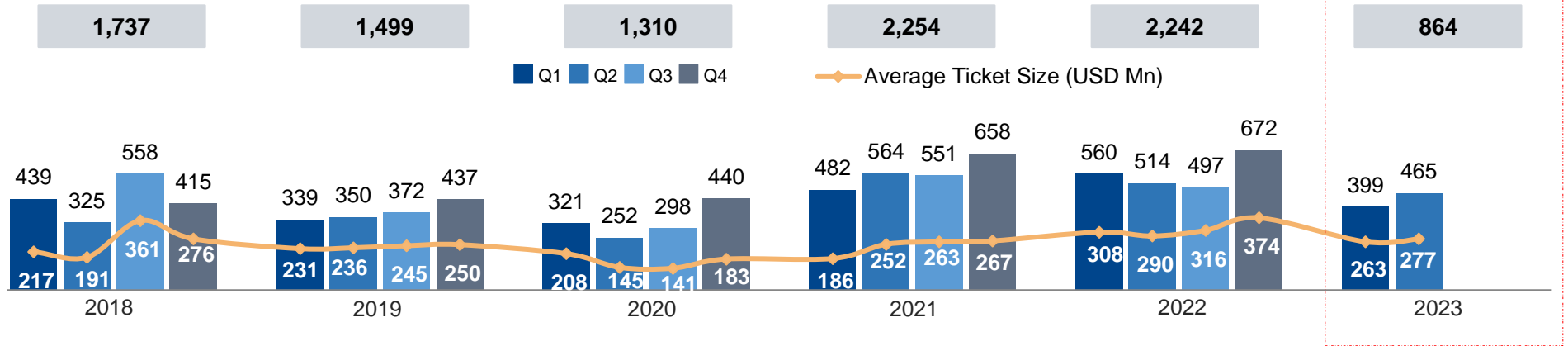
- In Q2 2023, private investment in public equity (PIPE), and growth and expansion transactions accounted for 60% and 17%, respectively, of the total deal volume.
- The pace of large-scale buyout deals, which demand more intricate financing arrangements, slowed due to higher interest rates and economic uncertainty.
- However, during this period, add-on deals showed a notable increase in volume and continued to be a major part of the global buyout market.

Source: Pitchbook, Aranca Analysis

# Global PE firms demonstrate restored investor confidence by investing a total of \$465 Bn in capital in Q2 2023

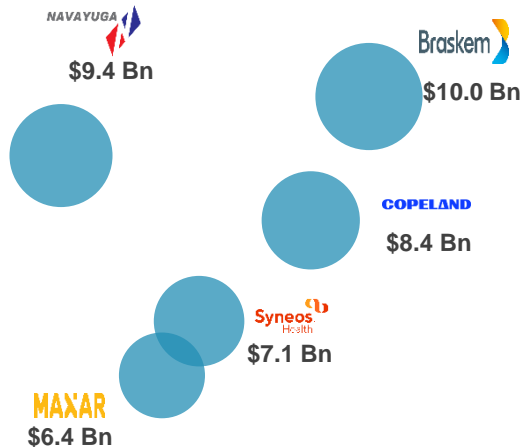
## Capital Invested

Figures in USD Bn



## Top 5 Deals – Q2 2023

Indicates annual/YTD capital invested

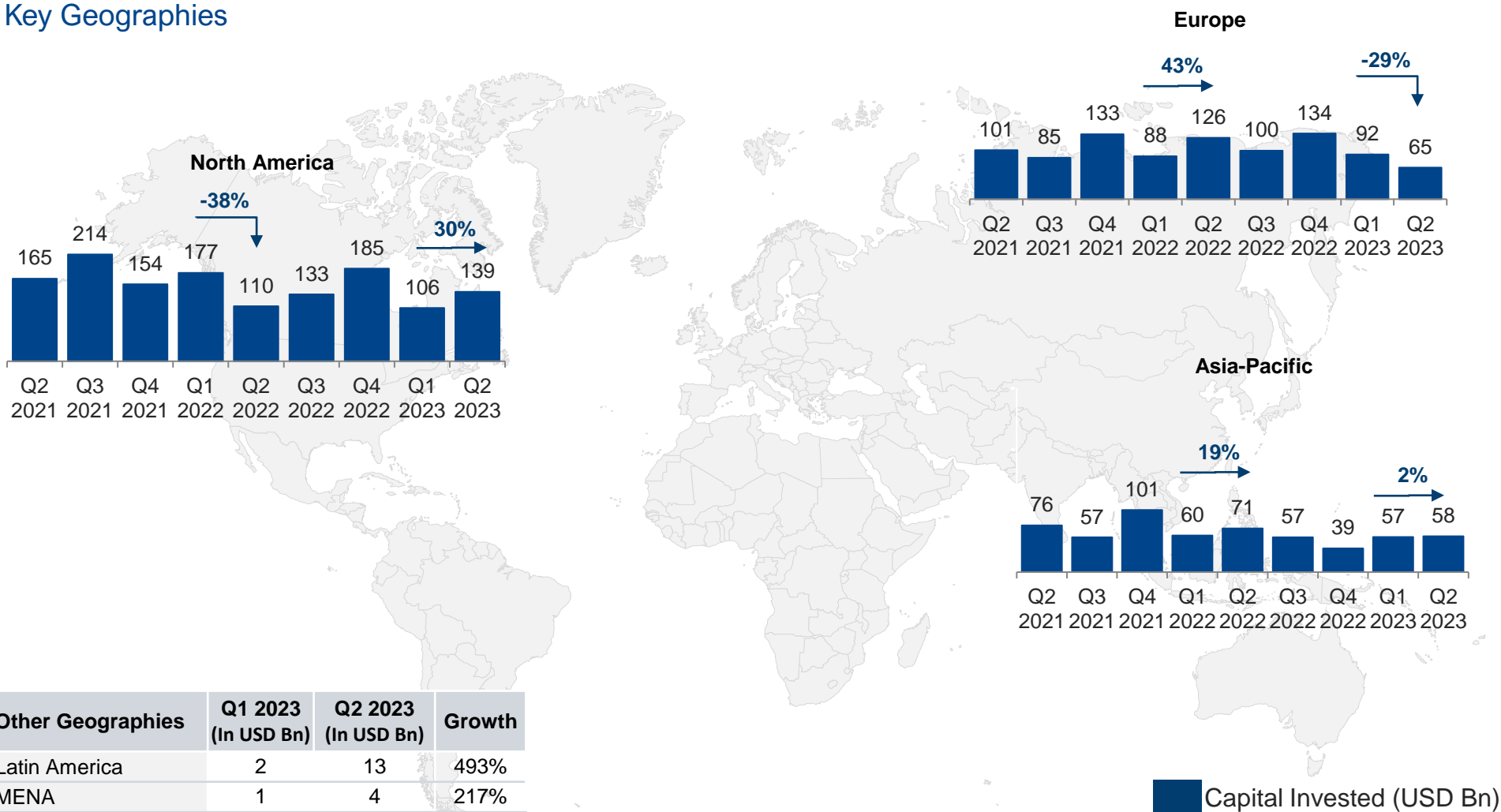


- PE firms are increasingly directing a greater portion of their funds into equity investments to address the challenge of reduced debt availability.
- Banks' continued reluctance to finance large leveraged transactions is contributing to a deceleration in syndicated loan activities.
- Few megadeals were closed, emphasizing ongoing valuation and liquidity pressure, especially credit availability.
- Investor sentiment on PE has stabilized, despite lingering concerns over the market environment and valuations.
- A large number of investors are anticipated to accelerate or maintain their allocations over the next 12 months.

Source: Pitchbook, Aranca Analysis

# North America, MENA, and Latin America experienced upswing in investments as against Europe's continued decline; investments in Asia grew modestly in Q2 2023

## Key Geographies

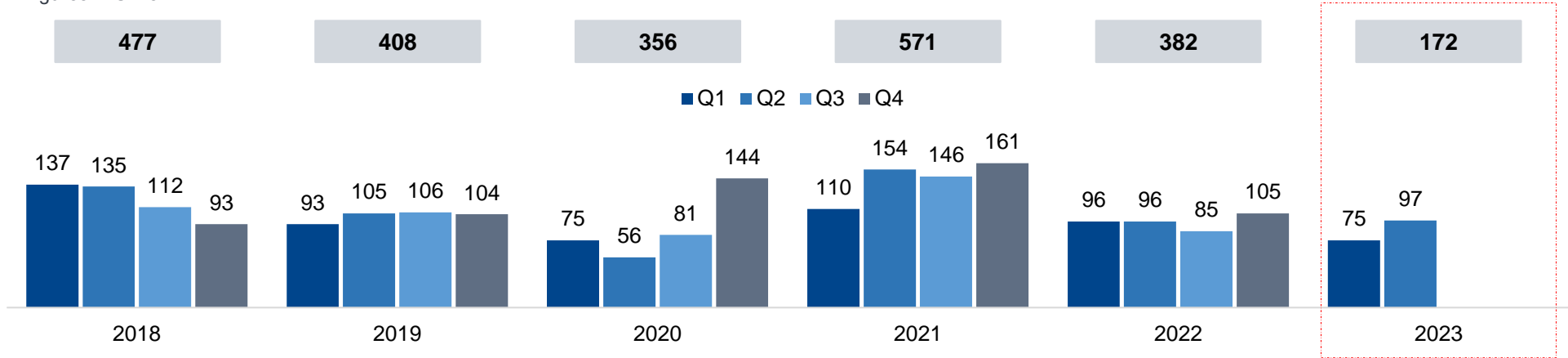


Source: Pitchbook, Aranca Analysis

# PE exits witnessed 29% surge, primarily driven by increased secondary sales and IPOs, despite decline in buyout exits

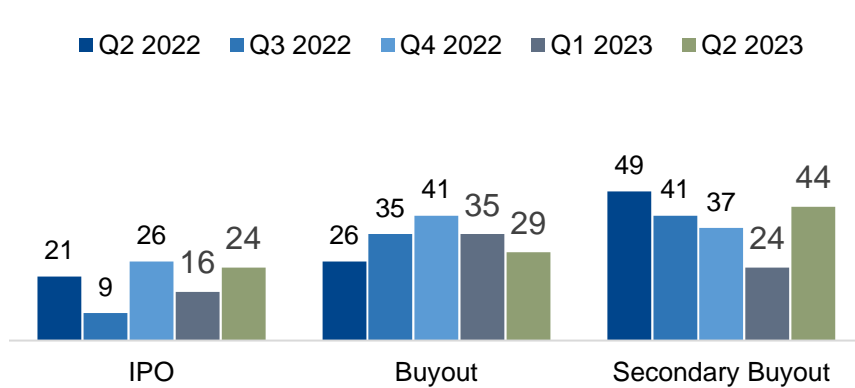
## Number of Exits

Figures in Units



## Key Exit Routes

Figures in Units



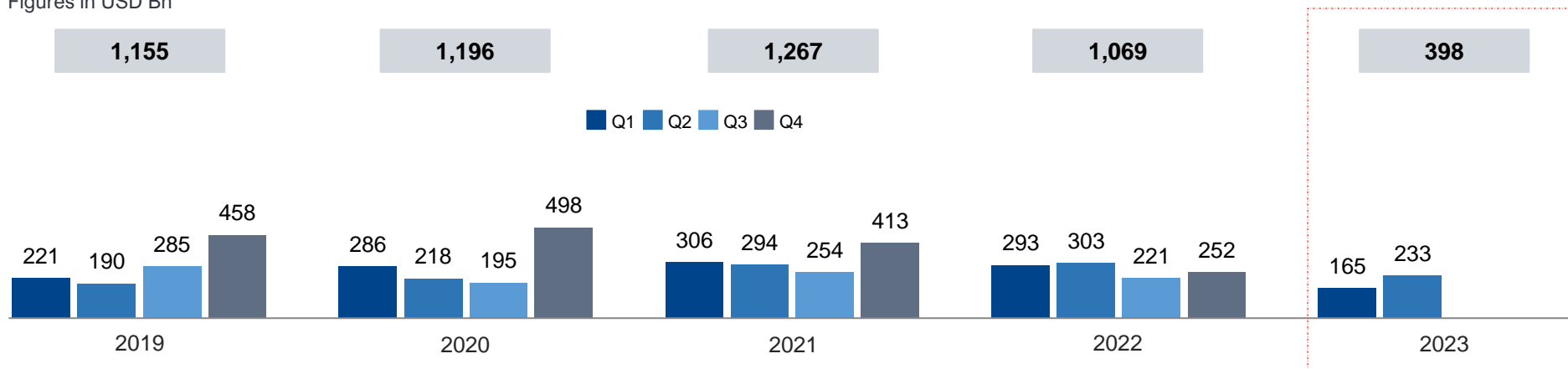
- The PE industry has faced challenges due to a large number of unrealized buyout assets, totaling over USD 2.6 trillion, which have disrupted cash flow dynamics.
- Many of these assets are approaching the typical five-year time frame for a PE exit.
- However, in Q2 2023, exit rebound as PE sponsors sold their investments to free up capital and rebalance their portfolios in response to the denominator effect.

Source: Pitchbook, Aranca Analysis

# Apart from uptick in deal activity and exits, global PE fundraising recorded a 41% surge and reached \$233 Bn in Q2 2023

## Capital Raised

Figures in USD Bn

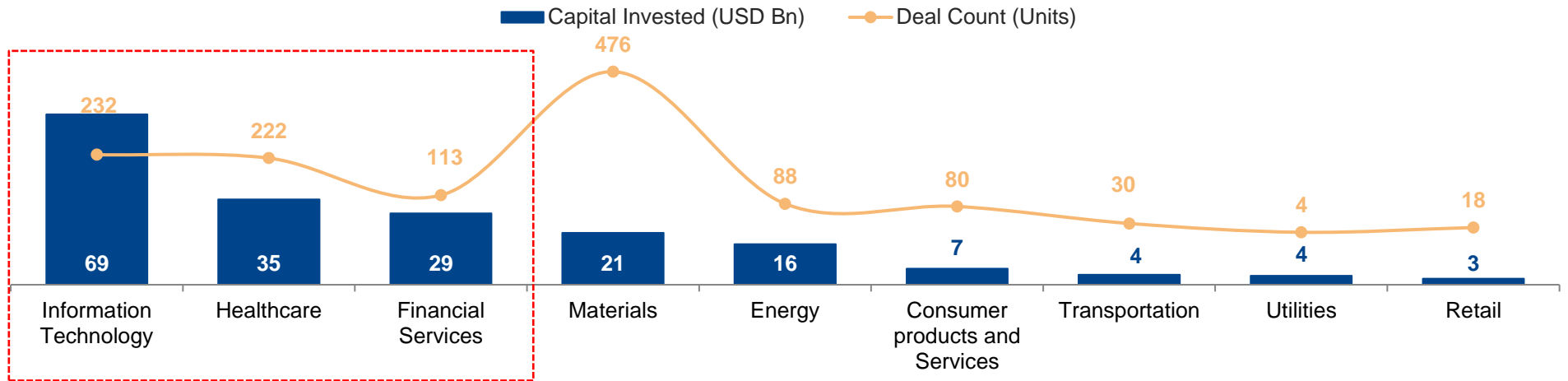


- *In Q2 2023, majority of funds still in the market were seeking buyout or growth capital.*
- *Limited partners (LPs) are becoming more selective in their allocations, leading to a resurgence of interest in re-ups (when current investors in a fund reinvest and commit more money to a new fund managed by the same company) and opportunities in secondary funds.*
- *Due to a decrease in distributions and a liquidity crunch, many LPs are redirecting their capital commitments to a smaller group of PE fund managers.*

Source: Pitchbook, Aranca Analysis

# IT, healthcare, and financial services key sectors, driving ~71% of total capital invested by PE firms

## Top Sectors\* – Q2 2023



Note: \*Only includes deals for which sector-level information is available. Deals include completed and announced

*“Private equity is captivated by the life sciences sector for many compelling reasons. The financial prospects are undoubtedly attractive, with potential multiples of 3-5x at the fund level and 5-10x at the company level.”*

**– A private equity firm**

*“Software mergers and acquisitions are bouncing back in 2023 after hitting a low in the last quarter of 2022.”*

**– A risk and financial advisor**

*“Life sciences segment benefits from durable demand across cycles. There may be bumps in the market along the way, but there has consistently been large and growing demand for innovative solutions to health problems. Many of our LPs share this viewpoint and we continue to see demand across the market to back high-quality life sciences managers in all areas of the market.”*

**– A private equity firm**

Source: Pitchbook, Aranca Analysis

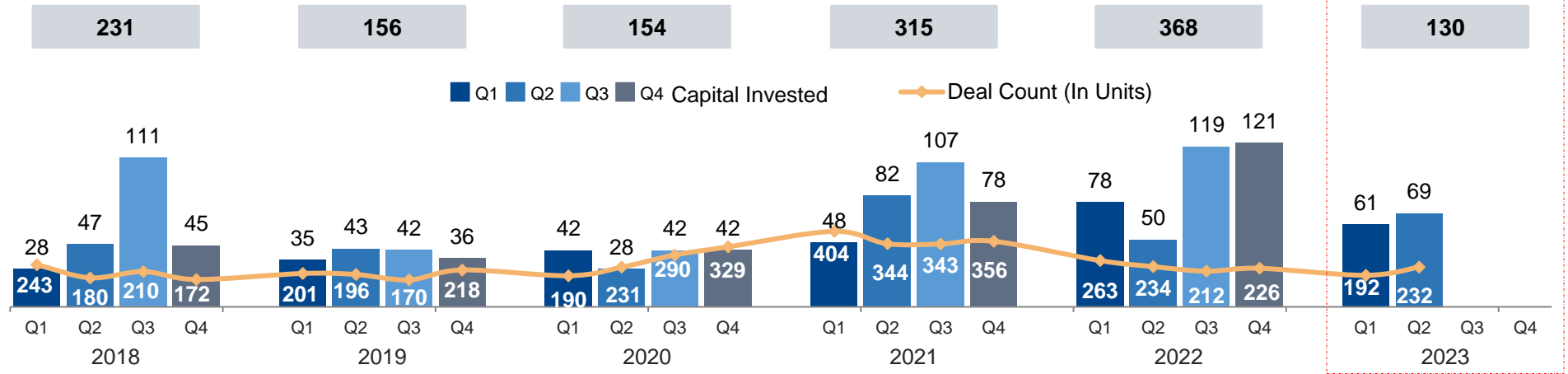
Note: \*\*Financial services do not include investments in real estate investment trust



# PE investments in IT sector increased 13% to \$69 billion, with software and IT services together accounting for ~70% of investments

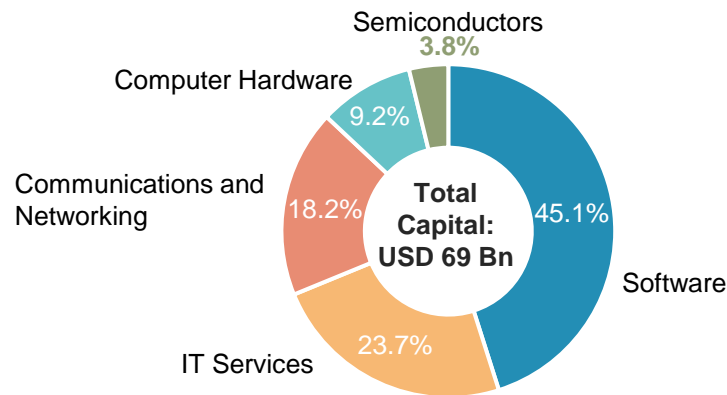
## Top Sectors – Information Technology

Figures in USD Bn



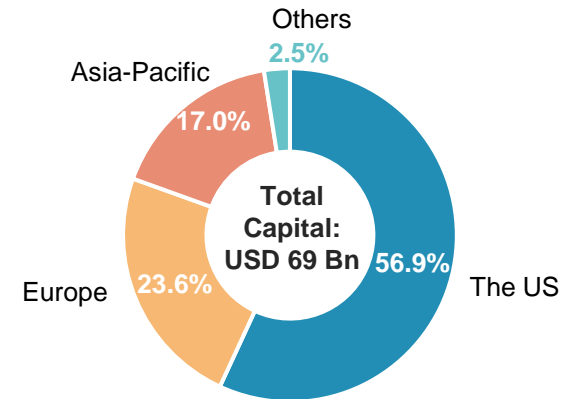
## IT by Primary Sectors in Q2 2023

Figures in Percentage and USD Bn



## IT by Geography in Q2 2023

Figures in Percentage and USD Bn



Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

## Top PE investments in IT sector in Q2 2023 *(Illustrative)*

IT Sectors	Subsectors	Company Name	Company Description	Geography	Deal Size (USD)	Deal Type	Investors	EV/ EBITDA	EV/ Revenue
Software	Business/ Productivity Software	Qualtrics	Develops software for nodes and payment channels	The US	12,500 Mn	Buyout/ LBO	Accel, CPP Investments, DFO Management	-	7.6x
		Cvent	Provides IT infrastructure solutions	The US	4,600 Mn	Buyout/ LBO	Abu Dhabi Investment Authority, AustralianSuper, Blackstone	86.3x	6.9x
IT Services	System and Information Management	Compass Datacenters	Develops data centers	The US	5,500.0 Mn	Buyout/ LBO	Brookfield Infrastructure Partners, Ontario Teachers' Pension Plan	-	-
		DATA4	Provides electronic database facilities	France	3,784.8 Mn	Buyout/ LBO	Brookfield Asset Management	-	-
Communications and Networking	Wireless Communication Equipment	Maxar Technologies	Engages in integrated space and geospatial intelligence	The US	6,400 Mn	Buyout/ LBO	Advent International, British Columbia Investment Management	38.4x	3.9x
	Other Communications and Networking	Wind Tire	Operates a portfolio of telecom network assets	Italy	2,248.4 Mn	Buyout/ LBO	EQT	-	-
Computer Hardware	Electronic Equipment and Instruments	Evident	Manufactures academic, clinical research, and pathology diagnostic equipment	Japan	3,100 Mn	Buyout/ LBO	Bain Capital	21.1x	-
		Ellab	Develops, manufactures, and supplies thermal validation and monitoring products	Denmark	1,012.8 Mn	Buyout/ LBO	Novo Holdings	-	-
Semiconductors	General Purpose Semiconductors	Semiconductor Manufacturing Electronics Corporation	Provides foundry services focusing on technology solutions	China	1,395.4 Mn	IPO	Beijing Huafeng Test, ChengTong HunGai Fund, China Internet Investment Fund	-	-
	Application Specific Semiconductors	Southchip	Engages in R&D, design, and sale of analog and embedded chips, power supply, etc.	China	368.78 Mn	IPO	CSC Investment, Longcheer	-	-
	<b>Median</b>							<b>38.4x</b>	<b>6.9x</b>

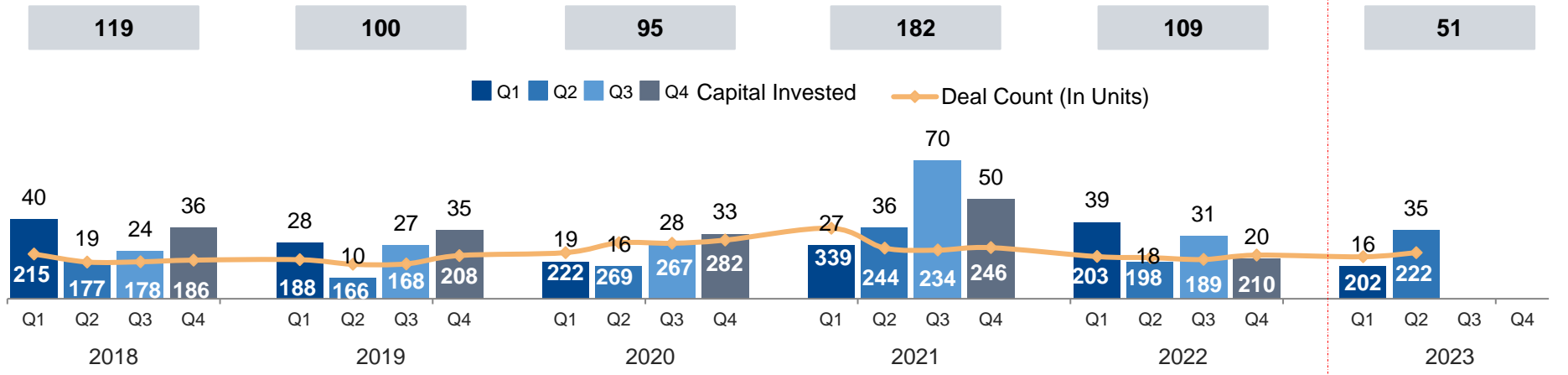
Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

# PE healthcare investments more than doubled in Q2 2023, led by considerable pharmaceutical and biotech deals

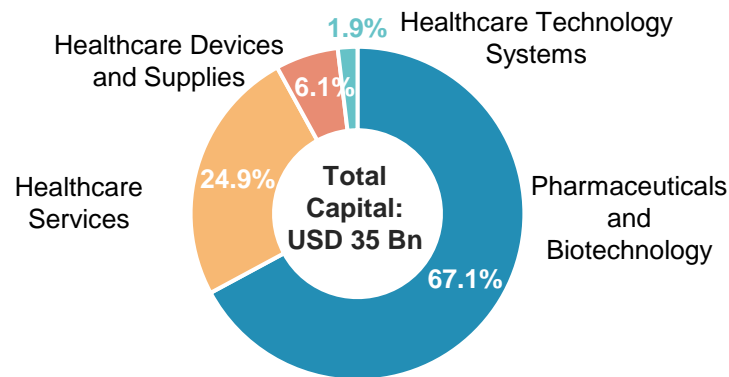
## Top Sectors – Healthcare

Figures in USD Bn



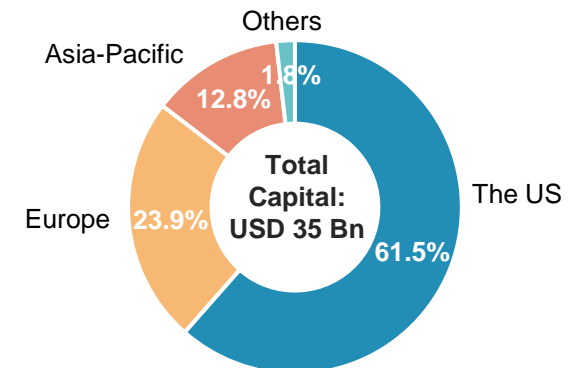
## Healthcare by Primary Sectors in Q2 2023

Figures in Percentage and USD Bn



## Healthcare by Geography in Q2 2023

Figures in Percentage and USD Bn



Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

## Top PE investments in healthcare sector in Q2 2023 *(Illustrative)*

Healthcare Sectors	Subsectors	Company Name	Company Description	Geography	Deal Size (USD)	Deal Type	Investors	EV/ EBITDA	EV/ Revenue
Pharmaceuticals and Biotechnology	Biotechnology	Syneos Health	Provides contract research and outsourced commercialization service	The US	7,100 Mn	Buyout/ LBO	Elliott Management, Patient Square Capital, Veritas Capital	13.5x	1.3x
	Pharmaceuticals	Dechra Pharmaceuticals	Manufactures drugs	The UK	5,564.5 Mn	Buyout/ LBO	Abu Dhabi Investment Authority	29.4x	6.8x
Healthcare Services	Practice Management	OneOncology	Operates a hospital and clinical network	The US	2,100.0 Mn	Buyout/ LBO	AmerisourceBergen, TPG	-	-
	Laboratory Services	DASA	Provides medical diagnostics	Brazil	2,070.2 Mn	PIPE	-	-	-
Healthcare Devices and Supplies	Surgical Devices	Lutronic	Provides medical devices	South Korea	728.0 Mn	Buyout/ LBO	Hahn & Company	13.0x	3.2x
	Diagnostic Equipment	ITM Isotopen Technologien Munchen	Operates radiopharmaceutical biotech	Germany	277.2 Mn	Growth/ expansion	Athos, Carbyne Equity Partners, Nextech Invest, Qatar Investment opportunity	-	-
Healthcare Technology Systems	Other Healthcare Technology Systems	Apixio	Develops AI platform	The US	300.0 Mn	Buyout/ LBO	Ardan Equity, New Mountain Capital	-	-
		IRRAS	Provides medical technology	Sweden	143.0 Mn	Buyout/ LBO	Legacy Capital Ventures, Spetses	-	34.6x
<b>Median</b>								<b>13.5x</b>	<b>5.0x</b>

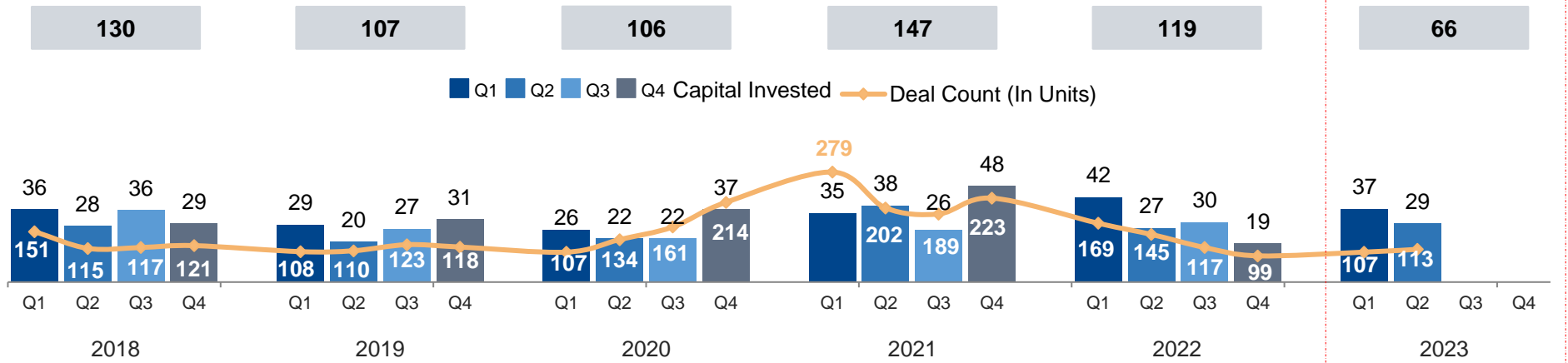
Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

# Financial services sector observed a 6% rise in deal volume, coupled with 20% decrease in invested capital

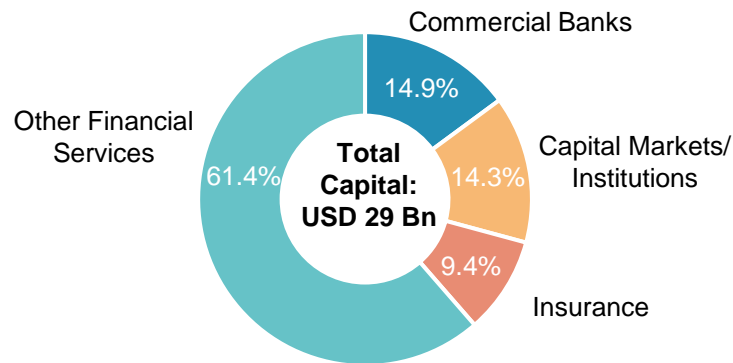
## Top Sectors – Financial Services

Figures in USD Bn



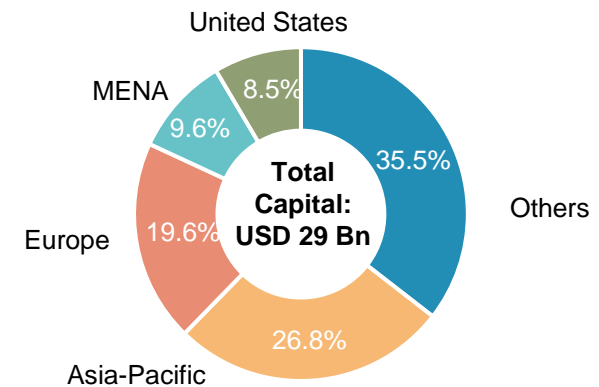
## Financial Services by Primary Sectors in Q2 2023

Figures in Percentage and USD Bn



## Financial Services by Geography in Q2 2023

Figures in Percentage and USD Bn



Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

## Top PE investments in financial services sector in Q2 2023 *(Illustrative)*

Financial Services	Subsectors	Company Name	Company Description	Geography	Deal Size (USD)	Deal Type	Investors	EV/ EBITDA	EV/ Revenue
Commercial Banks	Other Commercial Bank	Aareal Bank	Provides financing and consulting services worldwide	Germany	2,326.6 Mn	Buyout/ LBO	Advent International, Centerbridge Partners, CPP Investments	-	2.2x
	National Bank	Banco Itau Chile	Operates as a commercial bank	Chile	789.0 Mn	PIPE	Itlau Unibanco Holding	-	-
Capital Markets/ Institutions	Asset Management	Crux Asset Management	Provides asset management services	The UK	1,100 Mn	Buyout/ LBO	Lansdowne Partners	-	-
		CI Financial	Provides global asset and wealth management services	Canada	989.8 Mn	Growth/ Expansion	Abu Dhabi Investment Authority, Ares Private Equity Group, Bain Capital	-	-
Insurance	Other Insurance	Trean Insurance Group	Provides insurance management and reinsurance consulting services	The US	316.0 Mn	Buyout/ LBO	Altaris Capital Partners	-	1.8x
		SageSure	Provides insurance services	The US	250.0 Mn	Growth and Expansion	AmWINS, Ares Management, Flexpoint Ford	-	-
Other Financial Services	Holding Companies	Perdaman	Provides fertilizer ownership and management services	Australia	4,018.4 Mn	Growth/ Expansion	Global Infrastructure Partners	-	-
	Other Financial Services	Network International	Engages in digital commerce	The UAE	2,736.8 Mn	Buyout/ LBO	Brookfield Corporation	13.7x	5.6x
<b>Median</b>								<b>13.7x</b>	<b>2.2x</b>

Source: Pitchbook, Aranca Analysis

\*Note: Deals include completed and announced

## Aranca View

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- The momentum of PE deal activities is set to continue, driven by ample available dry powder and unwavering focus on fostering growth.



- The growing appeal of acquiring overlooked business segments from parent companies, fueled by the promise of untapped revenue and profitability, is expected to drive a notable rise in carve-out deals.



- Both buyers and sellers are likely to persistently investigate options such as contingent consideration, rollover stakes, structured equity, and seller financing. These avenues would serve as strategic solutions to bridge funding gaps that can emerge due to disparities in valuation viewpoints.



- PE firms' fundraising challenges are likely to push sponsors toward liquidity, creating a sense of urgency to achieve exits.

Source: Aranca Analysis



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