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# Private equity barometer

Q2 2020 figures based on preliminary data from *Unquote*,  
Europe's specialist private equity information provider



**€26bn**

Lowest quarterly deal  
value in a decade

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# Key Findings

## Overall European private equity

- European private equity deal volume continued to cool in the second quarter of the year, dropping 14% compared with the previous quarter to 714.
- The combined value of European private-equity-backed deals plunged to €26.1bn from €70.9bn, posting its lowest figure in well over a decade.
- The average deal value in Q2 2020 was €36.6m, down 57% on the €85.7m posted in Q1.

## Buyouts

- The number of buyout deals declined to 151 in Q2 from 241, a fall of 37%.
- Buyout value plummeted to €18bn from €60.9bn in Q1, reaching its lowest figure in well over a decade.
- Dealflow declined in all three value ranges – the small-cap (<€100m), mid-cap (€100m-1bn) and large-cap (>€1bn).
- The number of small-cap deals fell to 119 from 192, a fall of 38%.
- Mid-cap volume decreased to 28 deals from 40, reaching its lowest in the last 33 quarters, with value falling to €8.8bn from €10.9bn.
- There were four large-cap deals, down from nine, with value plummeting to €5.4bn after posting its highest figure in the last nine quarters of €43.4bn in Q1 2020.
- Buyout volumes declined in all regions except for CEE. The steepest falls were in the UK & Ireland, with a drop from 58 to 20, and France, down from 55 to 28.
- Deal value went down in most regions across Europe. It decreased by 81% in DACH, by 67% in southern Europe, by 65% in France, by 59% in the UK & Ireland, and by 25% in CEE.
- The Nordic countries and Benelux were the only regions that saw an increase in deal value. It went up by 47% in the Nordic region and by 35% in Benelux.

- In terms of deal sourcing, deal volume fell in each category, with a significant decrease in the number of transactions involving family/private vendors (by 41%) and secondary buyouts (by 44%).
- The largest deal was the minority investment in London-based wealth manager Tilney Smith & Williamson by Permira and Warburg Pincus in a deal valuing the business at an estimated €2bn.

## Growth Capital

- The growth capital market slowed in Q2, with the overall volume dropping to 407 from 431, a decline of 6%.
- Total capital deployed in Q1 edged down to €7bn from €8.9bn.
- The UK & Ireland and DACH were the largest contributors to growth capital deal value, with €2.2bn and €1.4bn respectively.
- The largest deal was the minority investment by KKR in Kilter, a London-based provider of equity and debt financing, for an estimated €455m.

## Early-stage

- Early-stage deal volume stayed in line with the previous quarter, recording 156 deals in Q2, the highest in the last 10 quarters.
- The amount of capital invested also stayed the same as in Q1, posting its figure at slightly over €1bn.
- The UK & Ireland was the largest contributor to early-stage deal value in Q1, with €519m.
- A consortium led by Blackstone Life Sciences announced an investment of up to \$337m to be injected over the next several years into medical device company Medtronic's Diabetes Group, marking the largest investment round of Q2.

# Coronavirus ravages M&A market in Q2

## Overall European private equity

The European private equity market continued to cool in Q2, after suffering a weak start to the year. Both deal volume and value fell on the previous quarter.

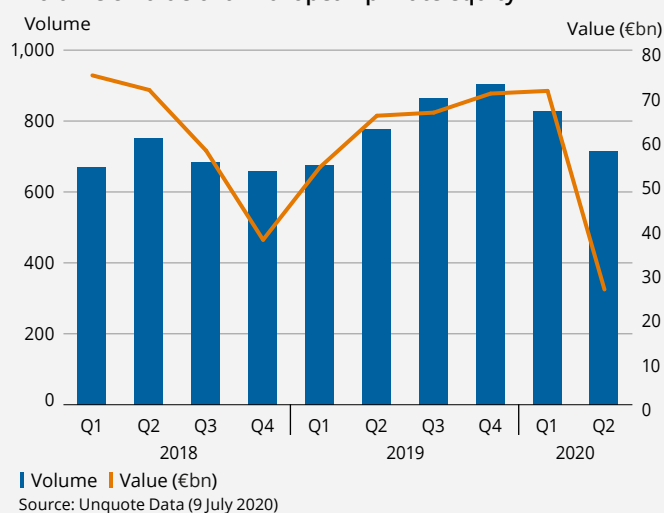
Deal volume failed to recover after losing momentum in Q1. Dealflow significantly slowed down, falling from 827 to 714 deals in Q2.

Meanwhile, total deal value saw a drastic plunge on the previous quarter, reaching its lowest in the last 20 quarters. It came in at €26.1bn, down from €70.9bn in Q1. Q2 aggregate value declined mainly due to a steep fall in large-cap buyout deal value, which went down to €5.4bn from €43.4bn in Q1.

Deal numbers decreased in the buyout and growth capital segments, while the number of early-stage investments stayed in line with the previous quarter. The most tangible decrease was in the number of buyouts, which dropped 37% to 151 from 241, while growth capital deal volume fell 6% on Q1 2020. Early-stage dealflow had a decent performance in Q2, staying in line with Q1 and posting its highest figure in the last 10 years at 156.

Deal value contracted across the buyout and growth capital segments. The buyout market suffered the most in Q2 – deal value plunged from €60.9bn to €18bn, a fall of 70%. It reached its lowest figure in the last 20 quarters. Growth capital values edged down to €7bn from €8.9bn. Meanwhile, early-stage deal value had a robust quarter, staying in line with Q1 2020 at €1bn.

Volume & value of all European private equity



	Volume	Value €bn
Q1 2018	671	74.4
Q2 2018	752	71.1
Q3 2018	683	57.4
Q4 2018	658	37.3
Q1 2019	676	53.7
Q2 2019	778	65.3
Q3 2019	863	66.0
Q4 2019	903	70.3
Q1 2020	827	70.9
Q2 2020	714	26.1
2018	2,764	240.2
2019	3,220	255.3
2020	1,541	97.0

**“A good number of deals will have been put on hold, and the status of many of these is likely to change from ‘pending’ to ‘lapsed’ or ‘withdrawn’”**



# Quarterly Focus

## The radically altered face of European PE

As the Q1 statistics were released, regions across Europe had only been in lockdown for a few short weeks and the enormity of the effect on PE and VC dealflow was only beginning to become apparent. At that time, according to some market practitioners, the pipeline of transactions had remained healthy right through to the latter part of March. But then, to all intents and purposes, the M&A world stopped turning and the effects on this latest set of quarterly stats is clear for all to see.

Originating and completing new transactions has obviously been much more challenging across Europe – especially in the buyout space: here dealflow dropped by almost 40% and the value of transactions fell to less than one third of that seen in the previous two quarters. Almost all regions saw a sharp decline in activity, with the UK and France being the hardest hit. Interestingly, of the main PE markets, the DACH region suffered the least, arguably helped by a robust crisis response from governments and an early return to business.

Although some investors have been able to get deals across the line in Q2, many of these are likely to have been at an advanced stage before the lockdown fully came into effect. Meanwhile, a good number of deals will have been put on hold, and the status of many of these is likely to change from ‘pending’ to ‘lapsed’ or ‘withdrawn’.

Nevertheless, while deal volumes are expected to remain subdued in the short term, there are likely to be some pockets of stronger activity. To begin with the early-stage and late-stage

venture markets have largely withstood the lockdown, with activity levels remaining robust in Q2.

From a sector point of view, some areas that were busy pre-lockdown have slowed significantly, while others have spiked and dealflow is now actually being driven by the current environment rather than affected by it: businesses providing remote learning, remote training and healthcare technology are in more demand than ever. Other sub-sectors that are in the spotlight are legal tech and legal services, compliance and health and safety. Overall, healthcare and financial services actually saw an increase in deal numbers in the second quarter, while technology sector deals – the largest industry group – remained relatively robust.

For later-stage investors, one of the critical areas has been the leverage market. As the pandemic took hold, the banks were effectively closed for new business, but over the course of the second quarter they have begun to reopen and will be increasingly keen to lend to good businesses. In addition, debt funds are very much open for business and are sitting on a lot of undeployed capital, although the bar to access this money is set quite high, as evidenced by the high pricing of unitranche facilities.

There is almost no doubt that European private equity activity will be significantly down this year – both in volume and value, but it is encouraging that the mood in the market is on the up. Private equity investors have proved themselves to be nimble and inventive in previous crises; it remains to be seen how the community negotiates its way out of the current, unprecedented situation.

# Buyouts

The buyout market lost a great deal of momentum in Q2 2020, as the impact of the Covid-19 outbreak began to be felt strongly. In all, there were 151 buyouts over the quarter, a 20-quarter low and a sharp drop from the 241 deals completed in Q1.

Deal volumes fell in all buyout value ranges in Q2. There were 119 small-cap deals, down from 192 in Q1, 28 mid-cap deals, down from 40, and four large-cap deals, down from nine, all posting their lowest figures in the last 10 quarters.

As would be expected, it was the slowdown at the top end of the market that impacted overall buyout value the most. The quarter's four buyouts were worth just €5.4bn, in sharp contrast to the previous quarter's €43.4bn. It was the lowest value in the last 10 quarters and took overall buyout value to €18bn from €60.9bn in the previous quarter. The weakness at the top of the market led to a fall of 53% on the previous quarter in average buyout value to €119.8m.

Total value in the small- and mid-cap segments also dropped, with quite a substantial fall in the small-cap range. Small-cap deals in Q2 were worth €4bn, down from €6.6bn in the previous quarter and the lowest over the 10-quarters. The mid-market also saw a decline, with deal value falling from €11bn in Q1 to €8.8bn.

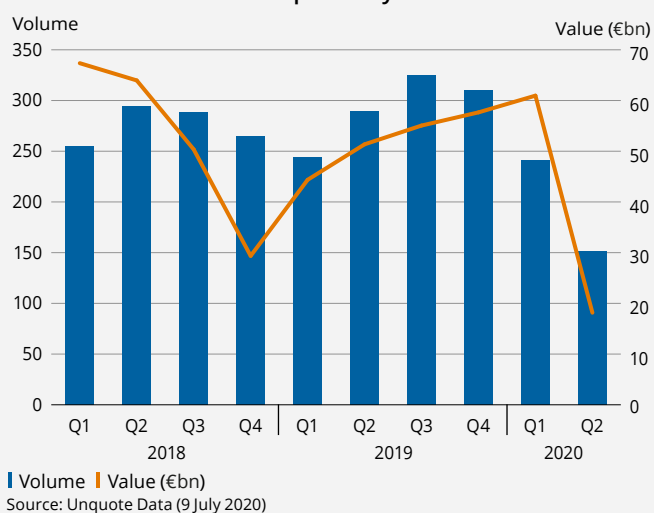
Buyout activity edged down or stayed nearly the same in all regions. The steepest falls were in the UK & Ireland, where it dropped from 58 to 20, and France, down from 58 to 20. Other European regions also saw a decrease in deal volume – southern Europe by 36%, Benelux by 26%, the Nordic countries by 25%, and DACH by 5%. In CEE, deal volume went slightly up from six to seven deals.

Deal value also declined in most regions in Q2, rising only in the Nordic countries (by 47%) and Benelux (by 35%) on the previous quarter. Meanwhile, it decreased by 81% in DACH, by 67% in southern Europe, by 65% in France, by 59% in the UK & Ireland, and by 25% in CEE.

Breaking the data down by vendor type reveals that deal volume fell in each category, with a significant decrease in the number of transactions involving family/private vendors (by 41%) and secondary buyouts (by 44%).

The largest buyout deal was Permira and Warburg Pincus' minority investment in Tilney Smith & Williamson, a London-based wealth manager. The deal has been estimated to be around €2bn.

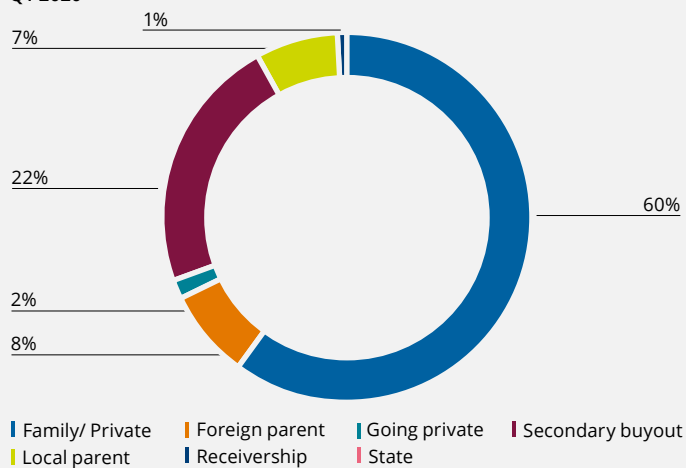
### Volume & value of all European buyouts



	Volume	Value €bn
Q1 2018	255	67.3
Q2 2018	294	63.9
Q3 2018	288	50.3
Q4 2018	265	29.3
Q1 2019	244	44.3
Q2 2019	289	51.3
Q3 2019	325	55.0
Q4 2019	310	57.6
Q1 2020	241	60.9
Q2 2020	151	18.1
2018	1,102	210.8
2019	1,168	208.2
2020	392	79.0

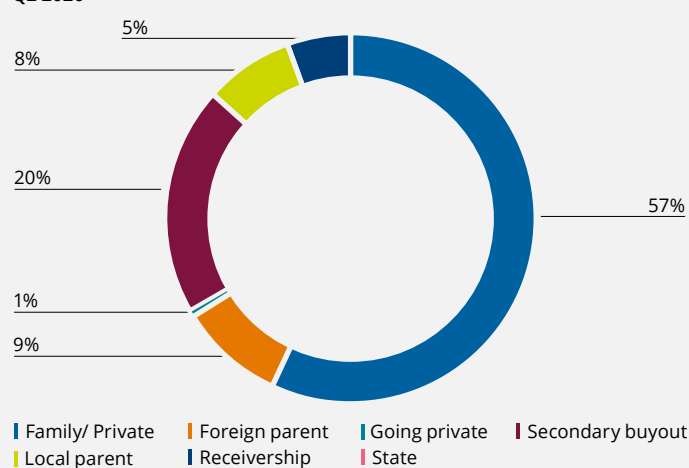
### European buyouts by vendor type

Q1 2020



### European buyouts by vendor type

Q2 2020

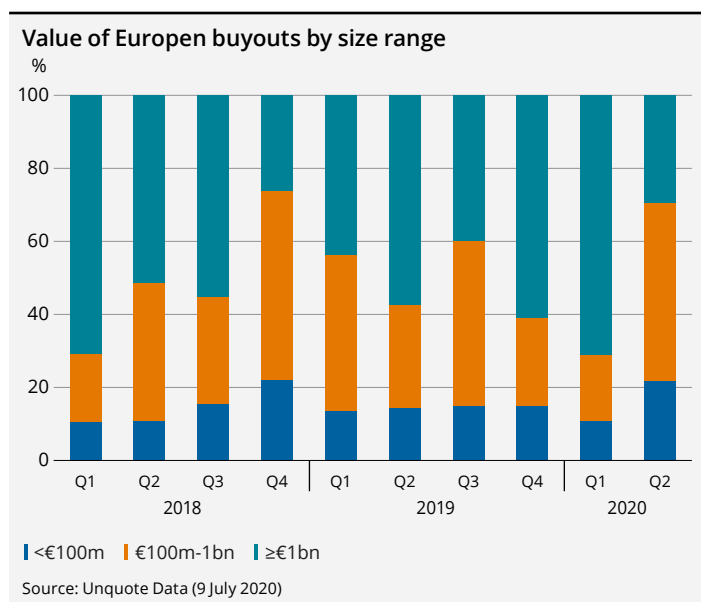
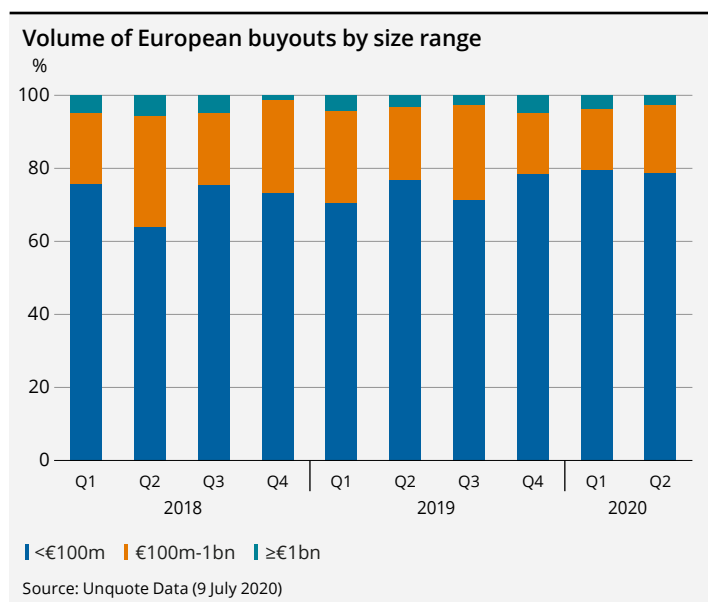


	Q1 2020	Q2 2020
Family/Private	145	86
Foreign parent	19	14
Going Private	4	1
Institutional Investor	54	30
Local Parent	17	12
Receivership	2	8
State	0	0



**“It was the slowdown at the top end of the market that impacted overall buyout value the most. The quarter’s four large-cap buyouts were worth just €5.4bn”**

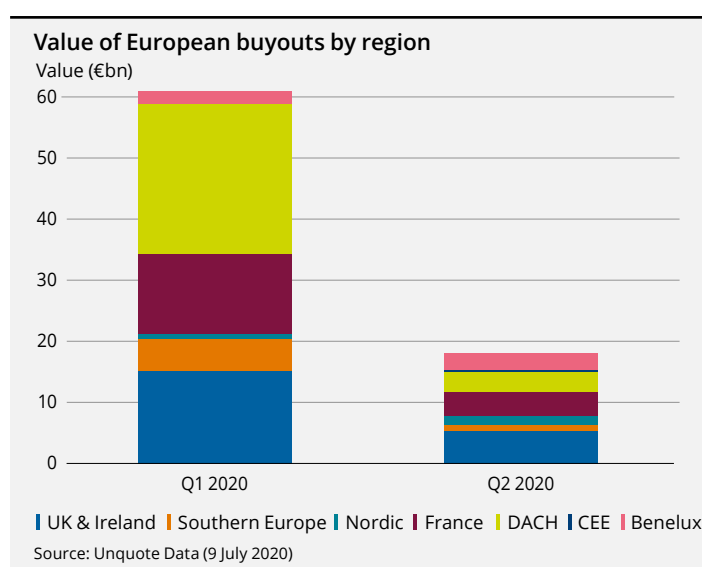
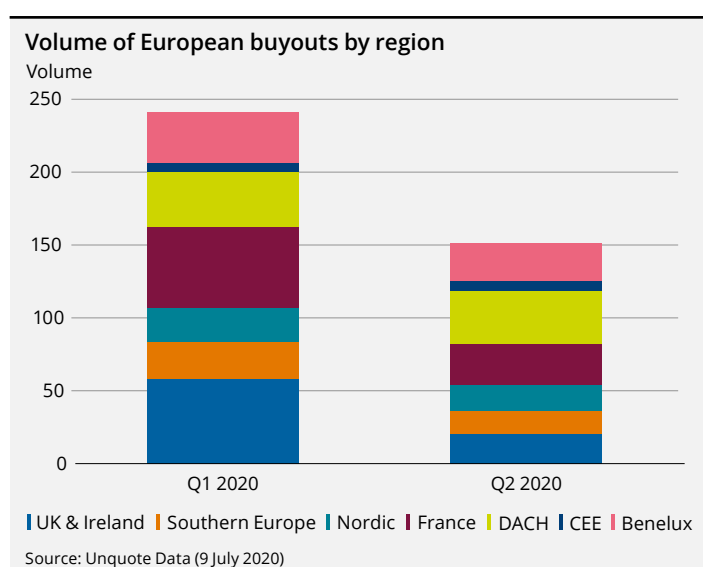




	<€100m Volume	%	€100m-1bn Volume	%	≥€1bn Volume	%	Quarterly total
Q1 2018	193	76%	49	19%	13	5%	255
Q2 2018	188	64%	89	30%	17	6%	294
Q3 2018	217	75%	57	20%	14	5%	288
Q4 2018	194	73%	67	25%	4	2%	265
Q1 2019	172	70%	61	25%	11	5%	244
Q2 2019	222	77%	57	20%	10	3%	289
Q3 2019	232	71%	84	26%	9	3%	325
Q4 2019	243	78%	52	17%	15	5%	310
Q1 2020	192	80%	40	17%	9	4%	241
Q2 2020	119	79%	28	19%	4	3%	151

	<€100m Value (€bn)	%	€100m-1bn Value (€bn)	%	≥€1bn Value (€bn)	%	Quarterly total Value (€bn)
Q1 2018	7.0	10%	12.5	19%	47.8	71%	67.3
Q2 2018	6.9	11%	24.1	38%	32.8	51%	63.9
Q3 2018	7.8	16%	14.6	29%	27.8	55%	50.3
Q4 2018	6.4	22%	15.2	52%	7.7	26%	29.3
Q1 2019	6.0	14%	18.9	43%	19.5	44%	44.3
Q2 2019	7.4	14%	14.4	28%	29.6	58%	51.3
Q3 2019	8.1	15%	24.9	45%	22.0	40%	55.0
Q4 2019	8.6	15%	13.7	24%	35.2	61%	57.6
Q1 2020	6.6	11%	10.9	18%	43.4	71%	60.9
Q2 2020	4.0	22%	8.8	48%	5.4	30%	18.1



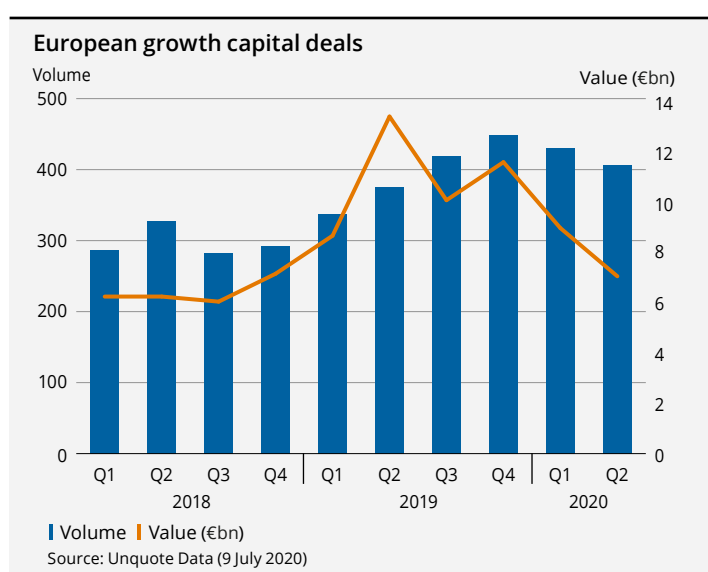


	Volume		Value (€m)	
	Q1 2020	Q2 2020	Q1 2020	Q2 2020
Benelux	35	26	2,078	2,887
CEE	56	7	146	192
DACH	38	36	24,421	3,401
France	55	28	13,207	3,838
Nordic	24	18	758	1,434
Southern Europe	25	16	5,171	1,090
UK & Ireland	58	20	15,150	5,253
	<b>241</b>	<b>151</b>	<b>60,930</b>	<b>18,094</b>

## Ten largest European private-equity-backed buyouts, Q2 2020

Deal name	Country	Value (€m)	Equity provider
Tilney Smith & Williamson	UK	2,068 (est)	Permira, Warburg Pincus
CEP	France	1,300 (est)	Bridgepoint
Polyplus Transfection	France	550 (est)	Warburg Pincus
TSG	France	500 (est)	HLD Associés
Normec Group	Netherlands	350	Astorg France
Vision Healthcare	Belgium	305	Avista Capital Partners
Freepik	Spain	250 (est)	EQT
CarTrawler	Ireland	225 (est)	Towerbrook Capital
Cherry Group	Germany	200 (est)	Argand Partners
Envea	France	186 (est)	Carlyle Group

# Growth capital



Investments continued to cool in Q2 as Europe's growth capital market returned to moderate levels after a hot spell seen in the second half of 2019.

There were 407 investments in Q2, a fall of 6% on the previous quarter. While down on the previous quarter, deal volume remained higher than the average over the previous 10 quarters.

On top of fewer investments being completed, the total amount invested per deal has fallen. Total capital deployed edged down to €7bn from €8.9bn, dropping 21% on Q1. This reduced the average equity ticket for the quarter to €17.1m, the smallest in the last 10

	Volume	Value €bn
Q1 2018	287	6.2
Q2 2018	328	6.2
Q3 2018	283	6.0
Q4 2018	292	7.1
Q1 2019	337	8.6
Q2 2019	375	13.3
Q3 2019	419	10.0
Q4 2019	449	11.5
Q1 2020	431	8.9
Q2 2020	407	7.0
2018	1,190	25.6
2019	1,580	43.5
2020	838	15.9

quarters. Besides, deal value was 18% lower than its average over the previous 10 quarters.

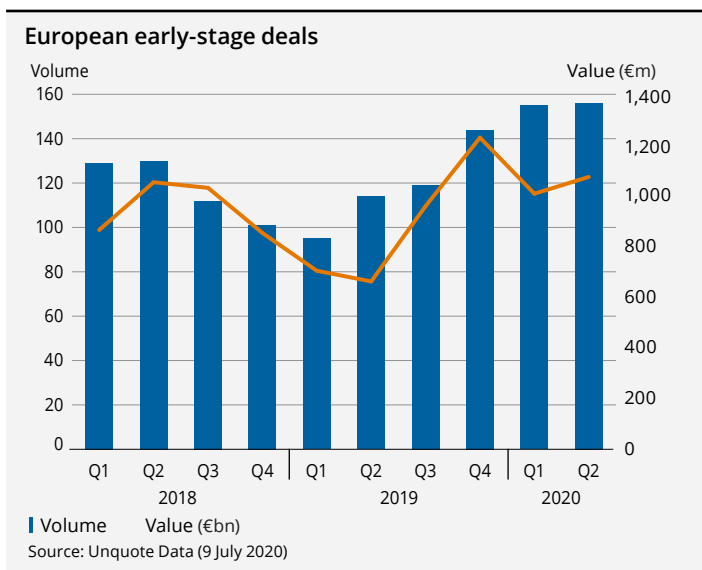
As is normally the case, the UK & Ireland was the largest contributor to both deal volume and value, with 114 investments worth €2.3bn. Growth capital volume and value in the region actually dropped, falling 9% and 42% respectively on the previous quarter.

The largest growth capital deal was KKR's minority investment in Kilter, a London-based provider of equity and debt financing. The deal was estimated to be around €455m.

## Ten largest European private-equity-backed growth capital deals, Q2 2020

Deal name	Country	Value (€m)	Equity provider
Kilter	UK	455 (est)	KKR
ContentSquare	France	174	Blackrock
Checkout.com	UK	135	Coatue Management
iTeos Therapeutics	Belgium	114	Boxer Capital, RA Capital
Back Market	France	110	Eurazeo, Aglaé Ventures , Goldman Sachs
Collibra	Belgium	102	Index Ventures, Iconiq Capital
Wolt	Finland	100	Iconiq Capital <i>et al.</i>
N26	Germany	92	Government of Singapore Investment Corp, Insight Venture Partners, Horizons Ventures, Battery Ventures, Armada Investment Group, Redalpine, Earlybird Venture Capital, Valar Ventures
Onfido	UK	91	TPG Capital
Bought By Many	UK	90	FTV Capital

# Early - stage



The early-stage capital market had a strong performance in Q2, with deal volume posting its highest figure in the last 10 quarters. There were 156 early-stage deals in Q2, in line with 155 investments recorded in Q1 2020.

Similarly, the amount of capital invested also stayed nearly the same as in Q1, posting its figure at slightly over €1bn.

The average investment size was in line with the previous quarter, at €6.9m. However, it is below the figures recorded in pre-Covid-19 times, with average early-stage equity tickets being at least €8m since Q3 2019.

	Volume	Value €m
Q1 2018	129	865
Q2 2018	130	1,053
Q3 2018	112	1,031
Q4 2018	101	853
Q1 2019	95	704
Q2 2019	114	662
Q3 2019	119	959
Q4 2019	144	1,229
Q1 2020	155	1,008
Q2 2020	156	1,074
2018	472	3,802
2019	472	3,555
2020	311	2,081

Technology and healthcare were the most popular targets in Q2. As is normally the case, the DACH region was home to the greatest number of early-stage deals (51), which means the region has held top spot for the last seven quarters. Quarterly values rose in the UK & Ireland (from €263.7m to €519.2m), France (from €119.5m to €182.2m) and southern Europe.

A consortium led by Blackstone Life Sciences announced the investment of up to \$337m to be injected over the next several years into Dublin-based medical device company Medtronic's Diabetes Group, marking the largest early-stage investment round of Q2.



## Ten largest European private-equity-backed early-stage deals, Q2 2020

Deal name	Country	Value (€m)	Equity provider
Medtronic Diabetes Group	Ireland	304	Blackstone Group
Compass Pathways	UK	73	Founders Fund <i>et al.</i>
Prilenia Therapeutics	Netherlands	56	Forbion Capital Partners
Dynacure	France	50	Perceptive Advisors
Bit Bio	UK	37	Foresite Capital, Blueyard Capital, Arch Venture Partners
Etherna	Belgium	34	BNP Paribas Fortis Private Equity <i>et al.</i>
Ona Therapeutics	Spain	30	Asabys Partners <i>et al.</i>
Memo Bank	France	20	BPI France, BlackFin Capital Partners, Daphni
Mereo BioPharma	UK	17	OrbiMed
Podimo	Denmark	15	83North

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