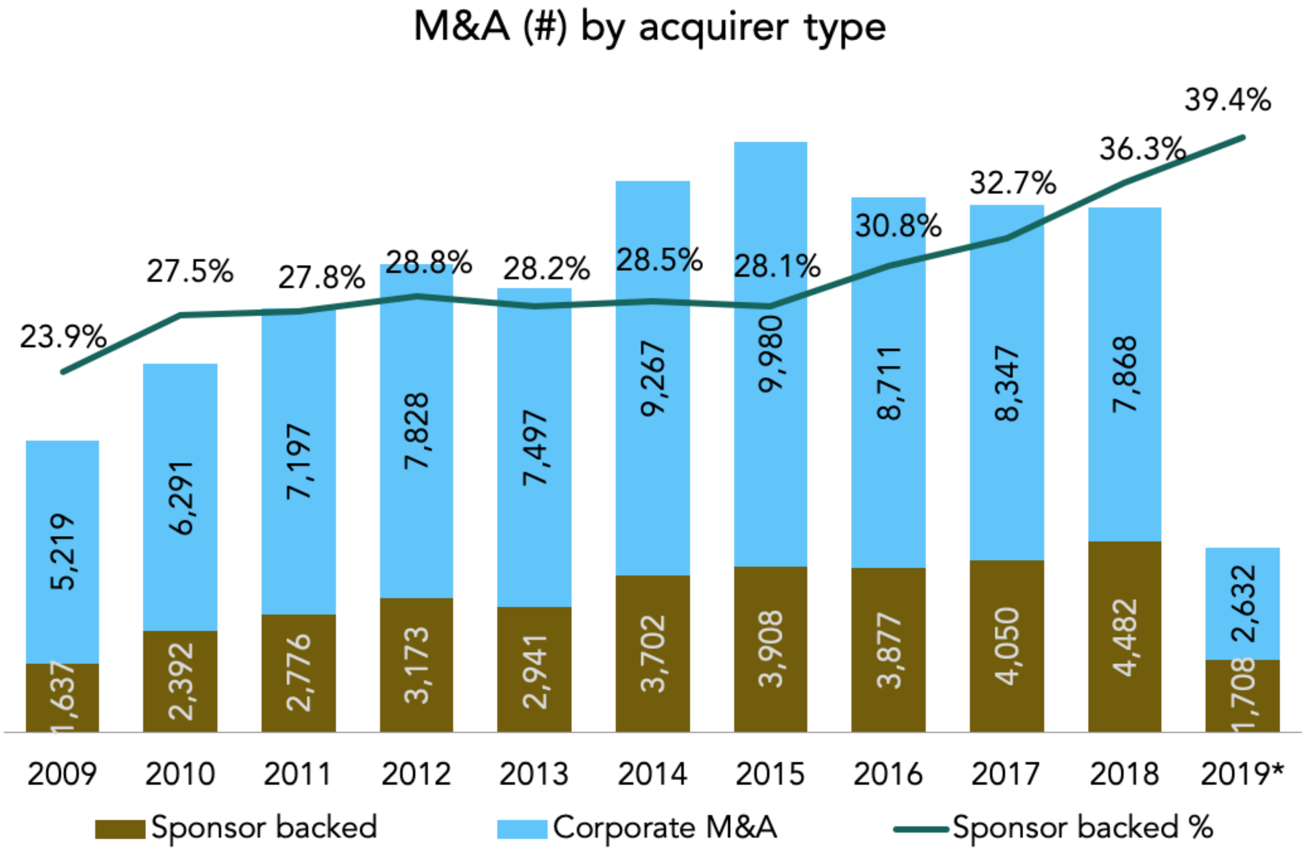
PE accounts for almost 40% of M&A

PitchBook | August 1, 2019



Coming soon

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PE-led acquisitions accounted for almost 40% of M&A volume in H1. That's a remarkably high share for the asset class, which has historically led less than 30% of all acquisitions. The percentage has been creeping up over the past few years, according to PitchBook's just-released M&A Report. PE's place at the M&A table has usually been relegated—it's hard to compete with synergy estimates from eager-beaver corporate buyers. One change of late has been PE's focus on growth instead of cost-cutting in particular industries. Tech, for instance. We ran a similar breakdown for software M&A and found similar percentages, with PE now accounting for 39% of all software acquisitions. In fact, PE did more $1B+ software deals in Q2 than strategics did. All those massive PE funds are starting to compete head on with the Oracles and Microsofts of the world.

We may see more of this going forward. It's hard to ignore the success story of Marketo, which see-sawed as a public company for three years before it was acquired by Vista for $1.8B. Marketo spent a little more than two years under Vista's control before Adobe snapped it up for $4.75B last October. Public company execs surely took notice, not only because of the gains realized—lots of executives complain, often legitimately, that public market investors undervalue their share prices because they don’t fully understand their business models. Case studies like Marketo may result in public company executives becoming more receptive to buyout shops, which have more money than they know what to do with at the moment.