PE a growing presence in M&A

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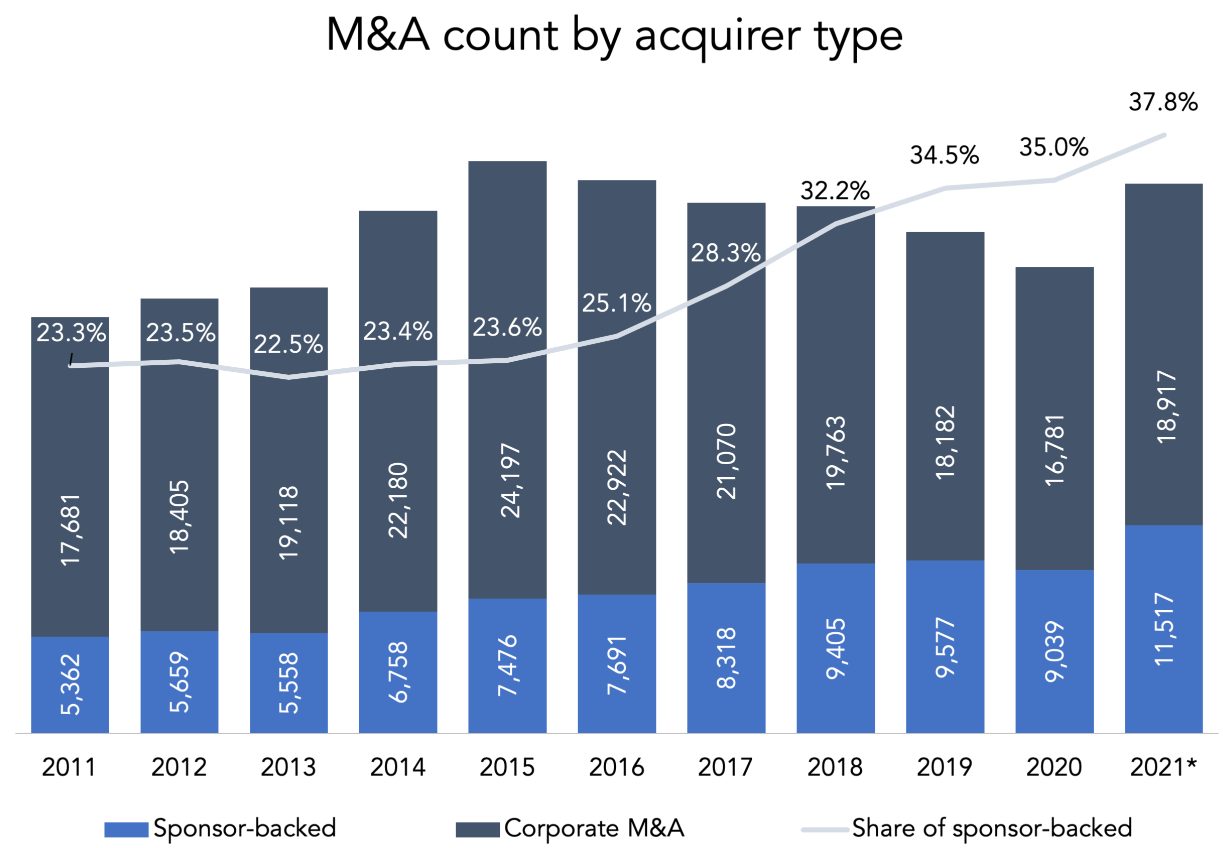

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PE deal flow accounted for 38% of global M&A transactions in 2021, a new high. That's according to PitchBook's Annual Global M&A Report, released this morning, which also showed a record year for M&A overall. Globally, 38,231 transactions were finalized last year, a 48% leap over 2020 levels. Combined deal value flirted with the $5 trillion mark for the first time, and given how close it is ($4.985 trillion), it's possible that subsequent data collection will push 2021 over the top. Keep in mind that PitchBook's methodology only counts finalized deals, putting us at odds with other totals that include *announced* deals, as well.

Back to private equity. In the first half of the 2010s, PE's share of global M&A hovered below the 25% mark. But starting around 2016/2017, PE's share of M&A deal flow started to grow, breaching the 30% threshold in 2018 and now approaching 40% in 2022. Part of that is due to some stagnation on the corporate M&A side, allowing the PE percentage to inflate a bit. Still, PE's presence in the global M&A market is growing, and it's no surprise to see the 2021 ratio outdo all prior years. Multiples haven’t waned – the competition between strategic and financial buyers remains as strong as ever – which means that PE firms have their work cut out for them to grow all their new portfolio companies and generate healthy returns for their LPs.

(Past performance is no guarantee of future results.)