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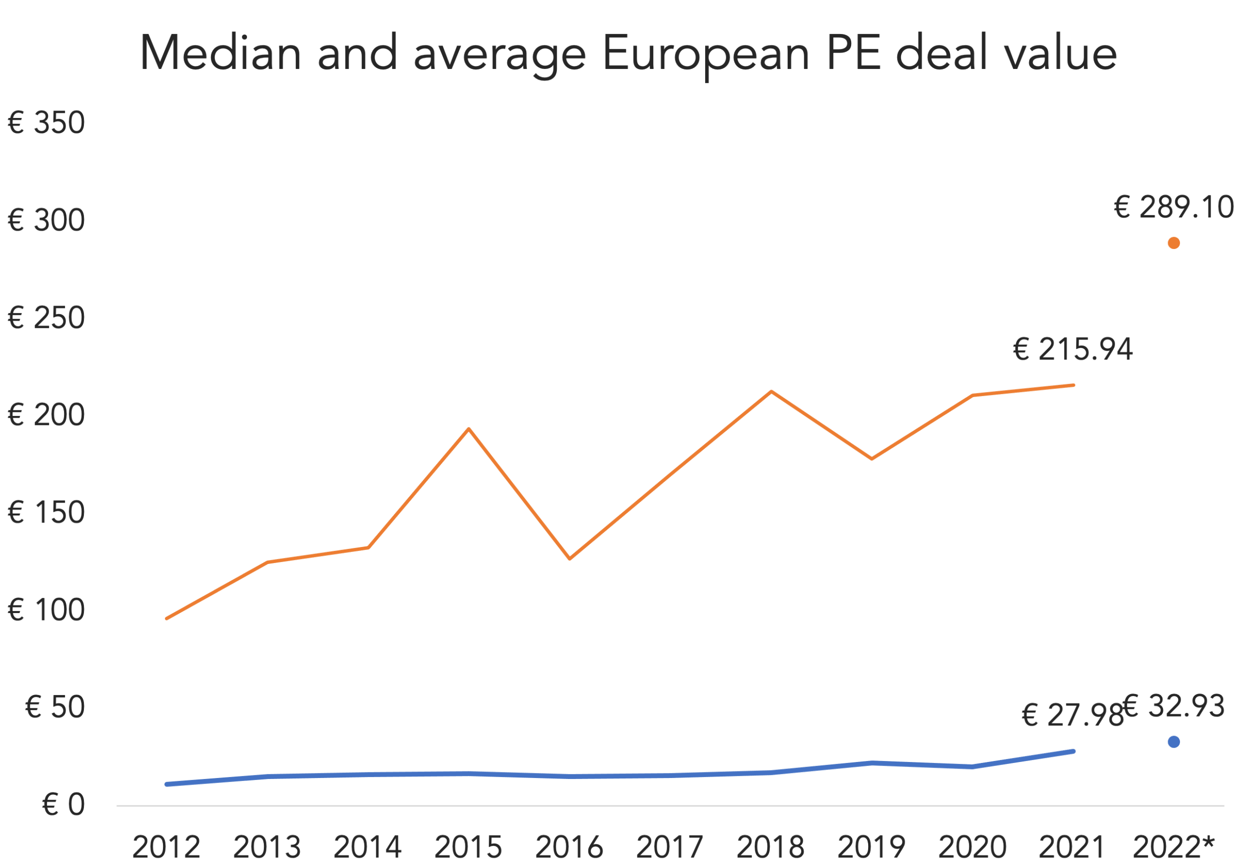
Europe resilient, for now

PitchBook | November 10, 2022



Download PitchBook's Report here.

PE trends in Europe are bucking trends in the United States—so far, anyway. PitchBook's Q3 2022 European PE Breakdown recorded a 16.9% YoY increase in deal counts. Deal value was flat YoY. Both are in contrast to the US market, where 2022 numbers face the tough task of comparing to historic 2021 numbers. Not all is rosy across the pond. QoQ deal value fell by 31.6% while deal counts were down 9.6%. The macro picture in Europe is worsening, and we suspect the PE numbers will get rougher as those conditions start to assert themselves. For now, the mostly positive figures are underpinned by larger deal sizes. Through Q3, the average PE deal size in Europe is €289.1 million, up from €215.9 million in 2021. Some of the biggest deals are being signed by US-based investors like Blackstone, which has been involved in four of the twelve biggest European deals this year.

Looking ahead, the European PE market will be impacted by the slew of third quarter interest rate hikes. The Bank of England and the European Central Bank both raised rates twice in Q3. Rising discount rates will make it more expensive for portfolio companies to borrow money, while the UK's double-digit inflation numbers are pinching consumers and businesses alike. Portfolio companies that can pass on those costs to customers will benefit more than others. So far, those companies have been in the energy, infrastructure and healthcare markets.

(Past performance is no guarantee of future results.)