Another mixed quarter

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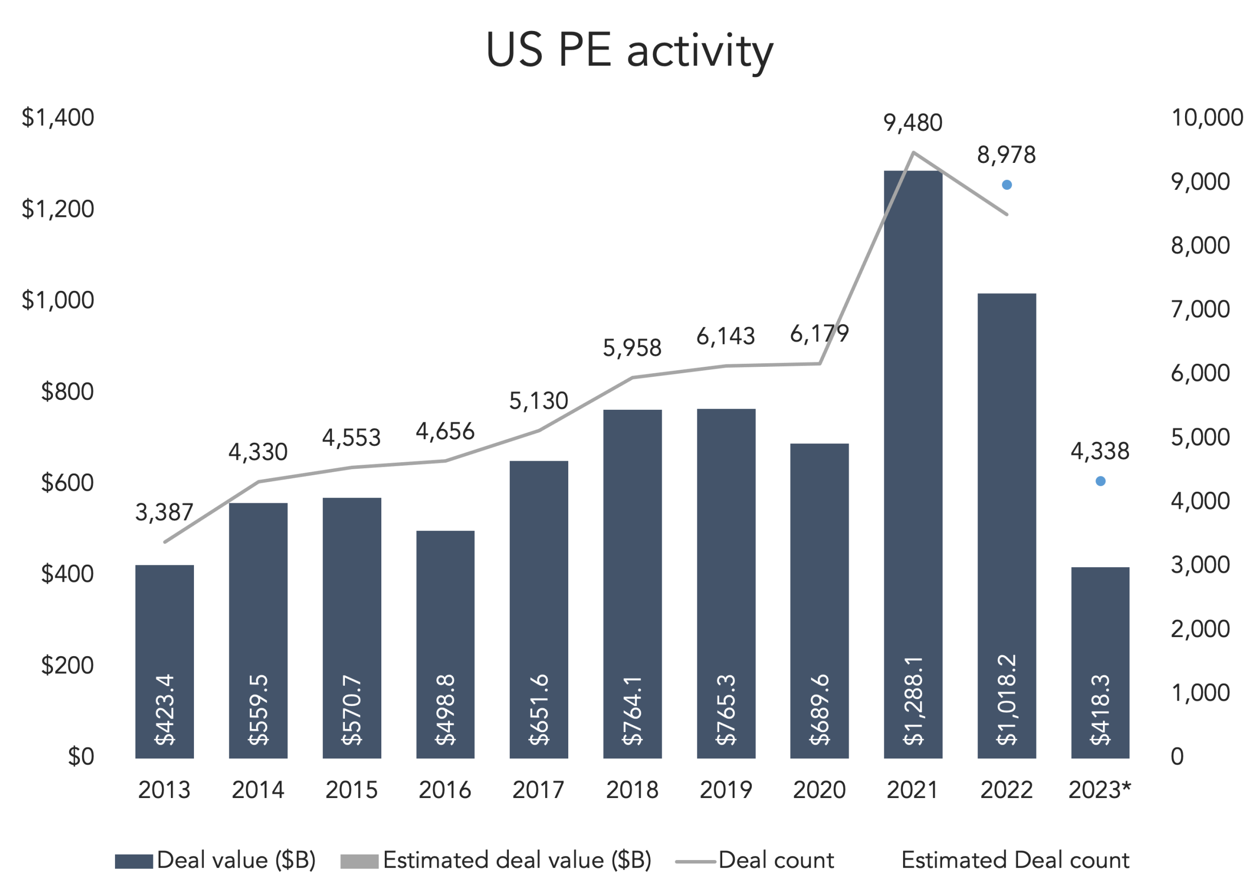

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US PE activity brought in mixed results in Q2, with deal volume up slightly and value down almost 16%, according to PitchBook's US PE Breakdown. Dealmaking has declined in four of the past six quarters, making it difficult to ascertain any trends in a recovery. That said, deal volume is now above pre-Covid levels, while deal value is around the same level.

The headline numbers camouflage some trends that are evident. Deals have gotten smaller, as LBO financing has become trickier. Smaller deals are easier to finance, which has also aided more add-on deals to be done in the current environment. The add-on-to-LBO ratio is now at 78%, its highest reading ever. Growth equity deals are also comparatively strong, as they don't require leverage components. Its share of PE activity is now at 22%, up from 19% last year and withing earshot of its all-time high. So even as overall dealmaking sputters along with mixed readings, the undercurrents of those readings—smaller deals, more add-ons and growth investments—are more solidified than the headline readings suggest.

(Past performance is no guarantee of future results.)