

The background of the slide is a grayscale photograph of an event space. In the foreground, a man in a suit is seen from the side, looking towards the background. In the background, there is a large banner that reads 'International Private Equity Market IPEM WELCOME' with 'ACCREDITATIONS' and 'CLOAKROOM' below it. Several other people in business attire are visible in the background, some standing and some walking. The overall atmosphere is professional and busy.

# IPEM PRIVATE EQUITY PAN-EUROPEAN SURVEY 2021

*For Antoine COLSON and Kenza HAJJAJ*

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# Participation of IPEM supporting associations

France

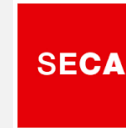


61 respondents

DACH



German Private Equity and  
Venture Capital Association e.V.



46 respondents

Benelux



39 respondents

South Europe



37 respondents

Nordic



Pääomasijoittajat  
Finnish Venture Capital Association



23 respondents

United Kingdom



British  
Private Equity &  
Venture Capital  
Association



16 respondents

Other: 1 respondent



Low number of respondents / Qualitative data



# Key findings

## **2021 KEY TAKEAWAYS:**

- The PE industry was expecting a correction in 2020 – it navigated a shock that no one expected
- PE is praising European governments for their action in the crisis and wants to play its part in future recovery plans
- The challenges for 2021: economic uncertainty and increased regulation
- GPs' high sectorial / geographical convictions come at a high price
- European PE is expecting a more difficult fundraising environment in 2021
- There is a sense of a new "growth" paradigm emerging, beyond classical LBO deals...
- The ESG agenda is clearly accelerating– with a new emergency on the "S" front, and a growing "impact scene"

**01**

What impact of  
COVID-19?

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**What impact of Covid-19?**

The pandemic had a negative impact on PE portfolio for a half of respondents, particularly in Southern Europe (68%). But 27% mention a positive impact, especially in Venture (42%).

New question 2021

Basis : n=223

Impact of COVID-19 on portfolio

Very negative   Slightly negative   Neutral   Slightly positive   Very positive

Negative: 51%   + SOUTH EUROPE: 68%

Positive



27%   + Venture: 42%  
- Buyout: 18%

+ BENELUX: 59%

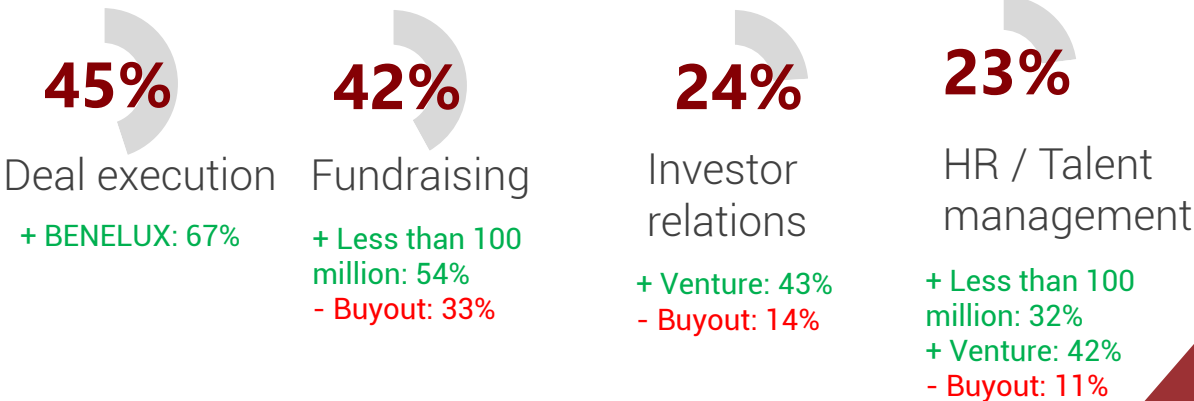
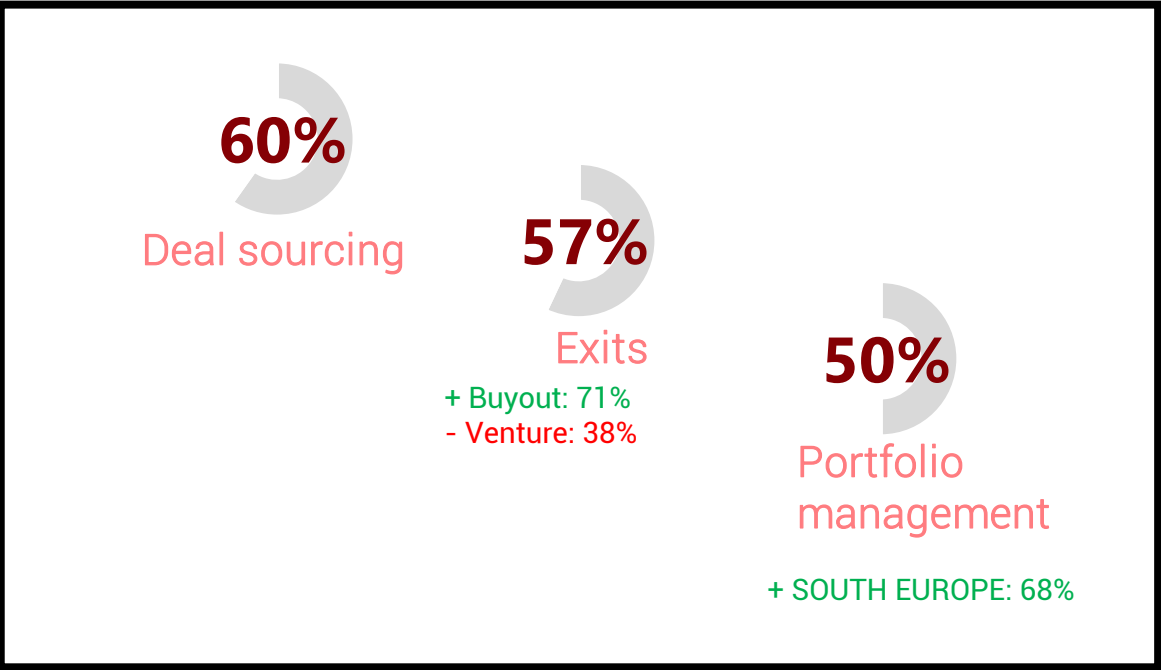
+ Venture: 38%

Deal sourcing and conducting exits were the business operations that were most negatively impacted, especially in the Buyout segment (71%). Portfolio management was also affected (half of respondents), particularly in Southern Europe (68%).

Basis : n=223

New question 2021

## Business operations most negatively impacted by the crisis

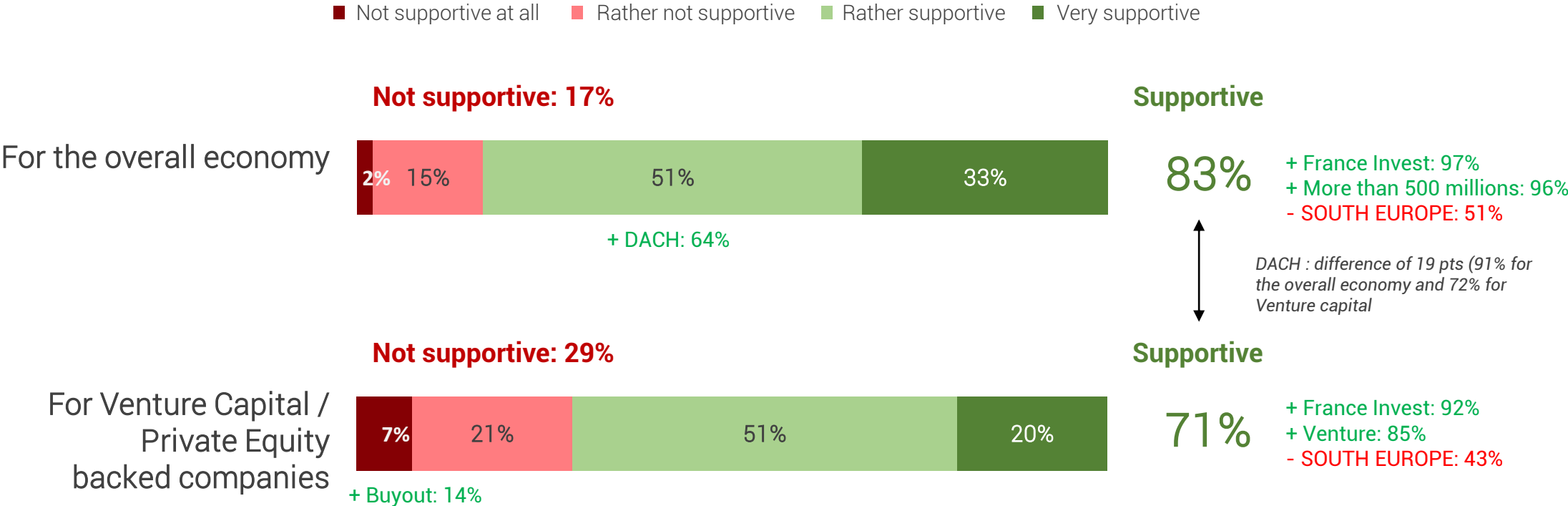


83% found their government supportive to the economy, particularly in France (97%), and 71% to their portfolio companies. It is also the case in France for 92% of respondents. Southern European respondents are less positive about their governments' action in the crisis.

New question 2021

Basis : n=223

# Evaluation of national government recovery policies



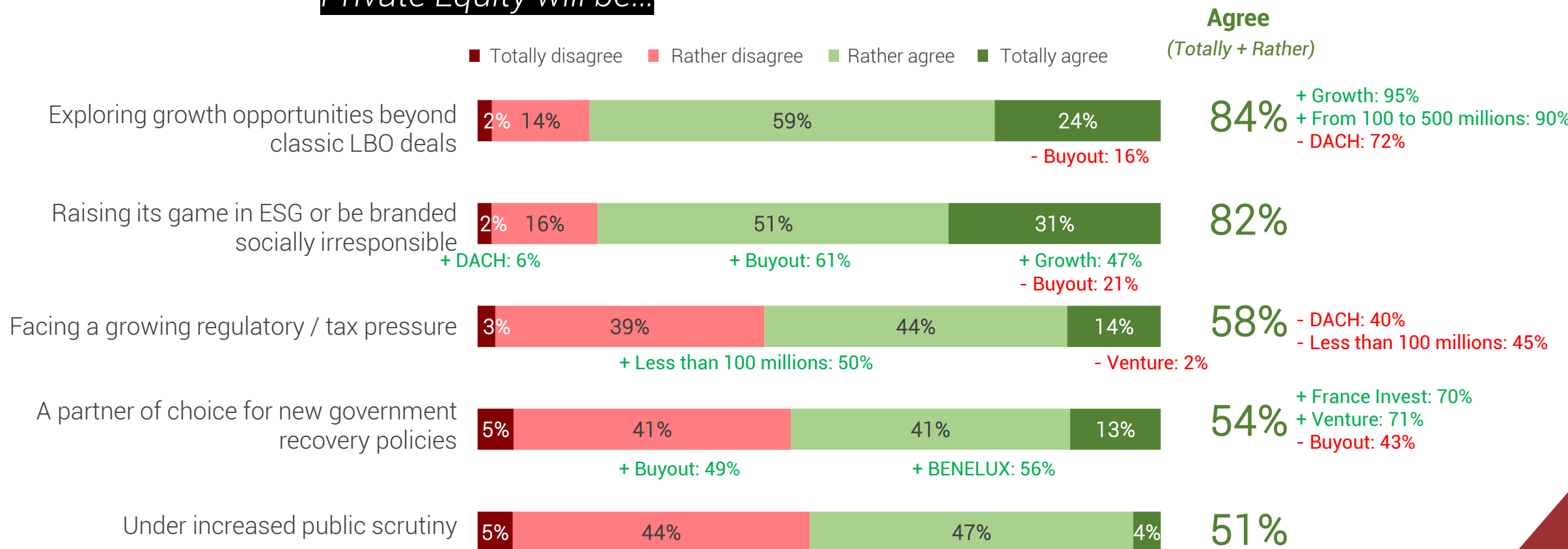
COV4. For the overall economy, how do you evaluate your national government recovery policies?  
COV5. For Venture Capital / Private Equity backed companies, how do you evaluate your national government recovery policies?

European PE believes the industry will explore new approaches beyond the classic LBOs and accelerate its ESG roadmap. The industry believes also it will face a growing regulatory / tax pressure after this crisis.

Basis : n=223

New question 2021

*Because of COVID-19 sanitary crisis,  
Private Equity will be...*

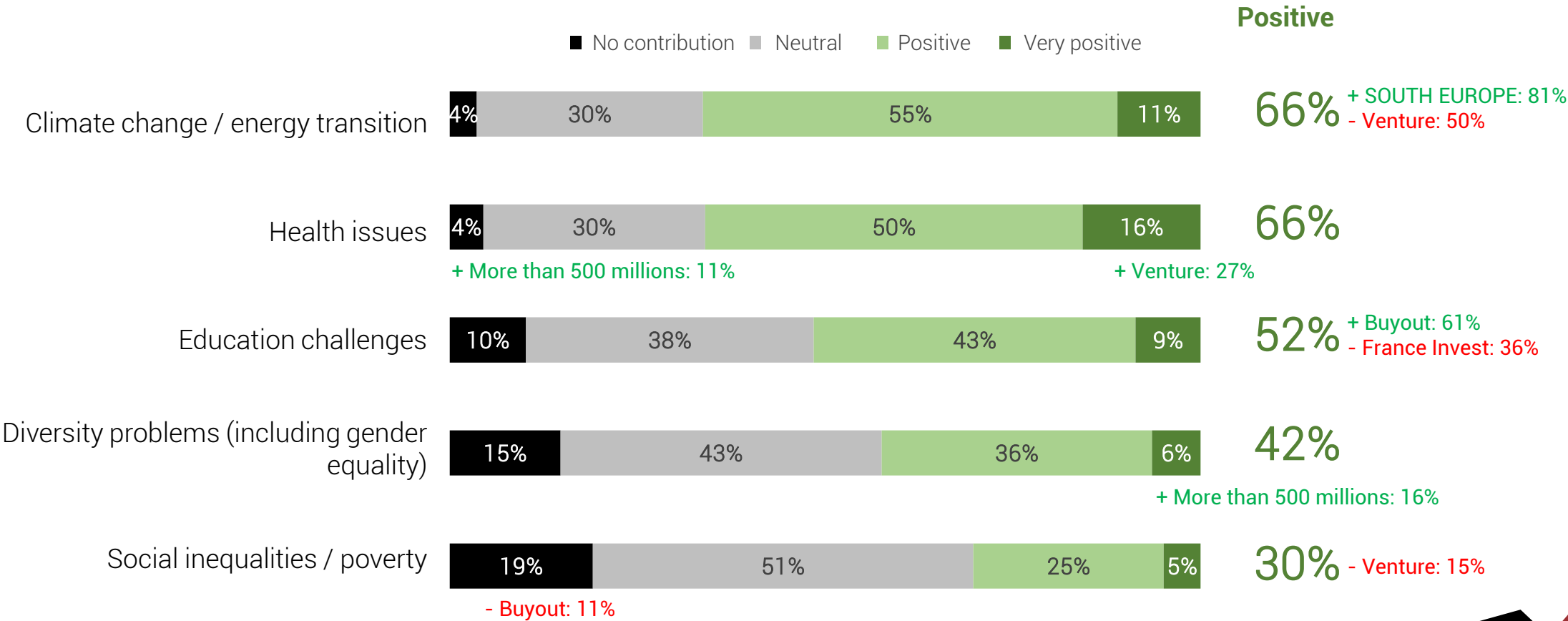


Today, PE is playing a positive role and will continue tomorrow on climate change (66%), especially in Southern Europe (81%) and on the management of public health issues (66%). Education is also quoted by a half of respondents, particularly for Buyout segment (61%).

New question 2021

Basis : n=223

Current contribution of Private Equity to...

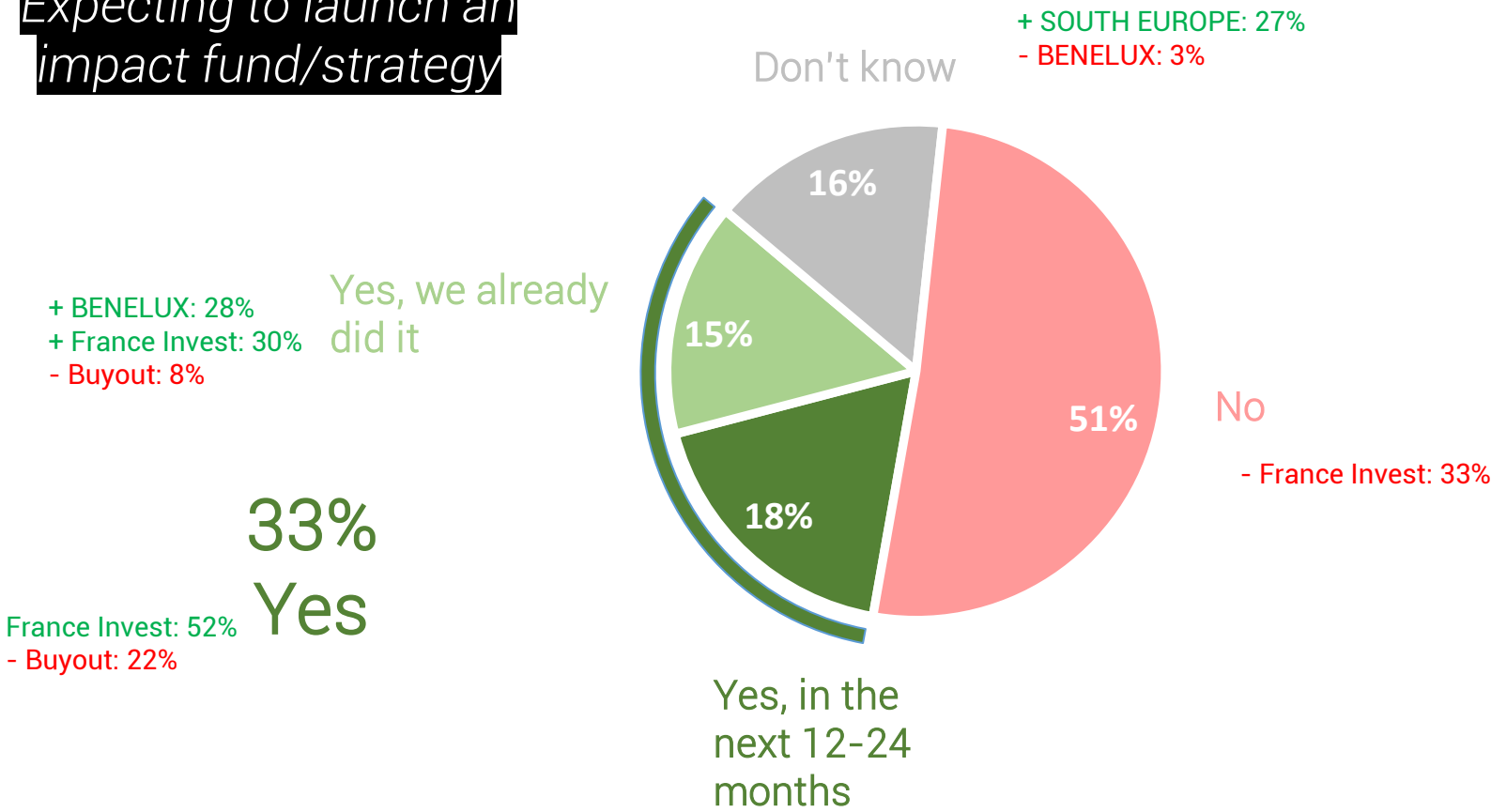


15% of respondents have already launched an impact strategy, more particularly in the Benelux and France. 18% expect to launch one in the next 12-24 months. A third of respondents will soon become impact investors.

New question 2021

Basis : n=223

Expecting to launch an impact fund/strategy



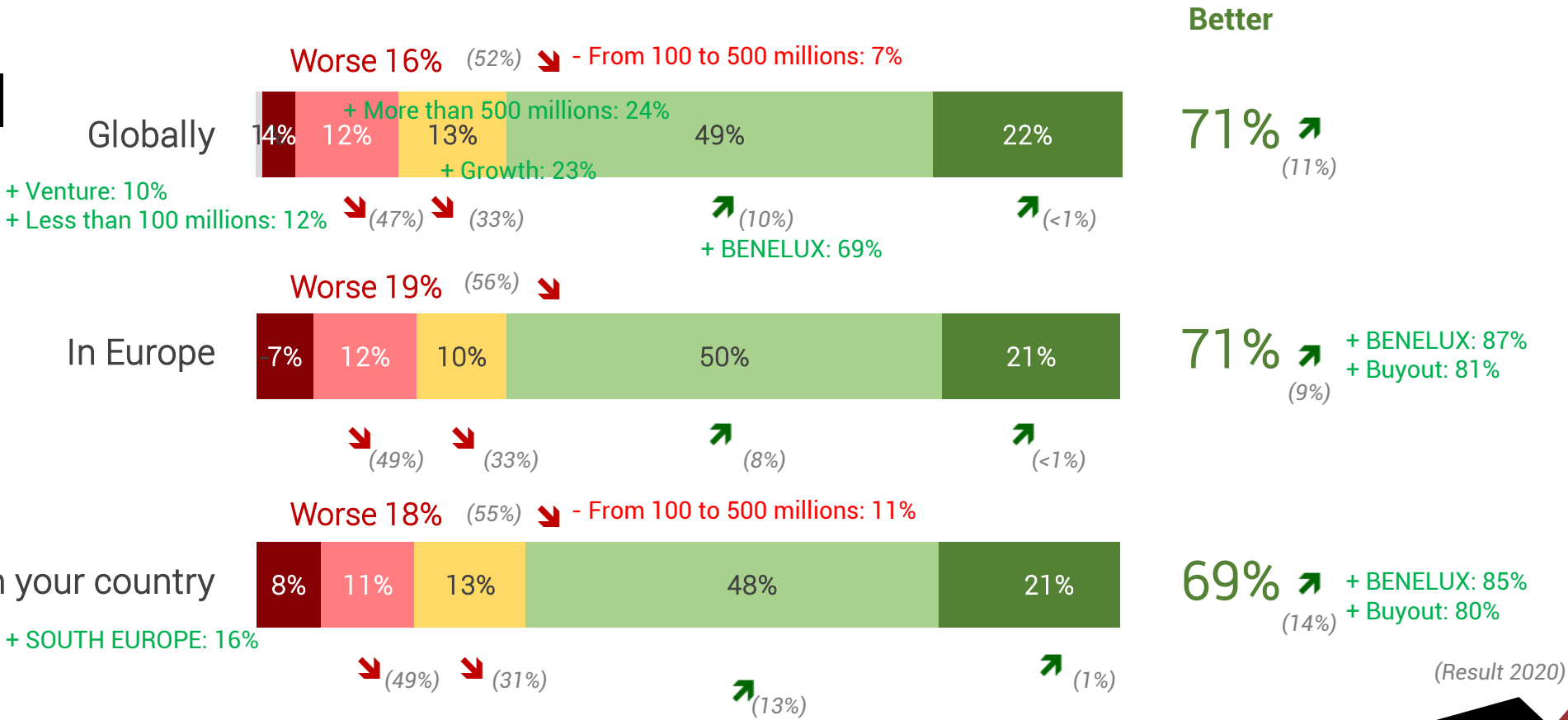


**What is expected in 2021?**

A better business environment is expected in 2021, globally, in Europe and locally. Benelux respondents are more optimistic than the other regions.

Basis : n=223

Expectations the business environment to be in 2021



4 out of 10 people fear a major economic correction in 2021, a stable score compared to 2020. The first external threat mentioned is a slowdown in economic growth (56%), followed by rising populism / social unrest (51%). Brexit and its consequences are less mentioned than last year (49% compared to 71% last year). The level of sovereign debt emerges this year (33%).

Basis : n=223

## External threats

		% 1st citation	% Total	2020	
Slowdown in growth	<div><div></div></div>	21%	56%	(New)	+ More than 500 millions: 71% - Venture: 36%
Rising populism and social unrest	<div><div></div></div>	12%	51%	(51%)	+ France Invest: 64%
Brexit and its consequences	<div><div></div></div>	13%	49% ↓	(71%)	
Protectionism / trade wars	<div><div></div></div>	6%	40% ↓	(76%)	- SOUTH EUROPE: 24%
Market volatility	<div><div></div></div>	12%	38%	(New)	
Level of sovereign debt	<div><div></div></div>	7%	33% ↑	(18%)	
Level of corporate debt	<div><div></div></div>	8%	28%	(32%)	
Climate change and its consequences	<div><div></div></div>	8%	27%	(24%)	
Eurozone imbalances	<div><div></div></div>	4%	23% ↓	(37%)	+ SOUTH EUROPE: 38%
Unconventional and unpredictable monetary policies	<div><div></div></div>	3%	18% ↓	(31%)	
Terrorism / Cyberattacks	<div><div></div></div>	3%	16%	(19%)	+ France Invest: 30%
Rising inflation	<div><div></div></div>		10%	(New)	
Currency instability	<div><div></div></div>	2%	7%	(New)	+ Less than 100 millions: 14%
Emerging markets crisis	<div><div></div></div>	1%	4% ↓	(17%)	(Result 2020)



Q2. Do you fear a major economic correction in 2021?

Q3. Apart from COVID-19, what type of external threats will the European Private Capital industry face in 2021?

2021 is perceived as a good year to deploy capital (85%) and for portfolio management (93%).  
A third of respondents don't see 2021 as a good year to exit.

Basis : n=223

## 2021 is a good year for...

Portfolio management /  
improvement

No: 7% (16%) ↘



Better

93% ↗  
(84%)

- France Invest: 84%

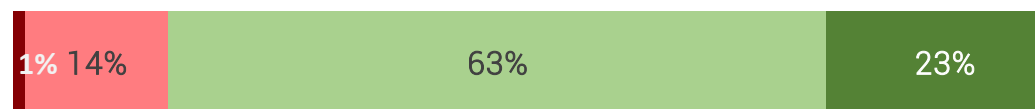
+ Buyout: 41%

- SOUTH EUROPE: 8%

- Venture: 14%

Deal making / capital  
deployment

No: 15% (29%) ↘



85% ↗  
(71%)

- DACH: 9%

↗ (15%)

↘ (28%)  
No: 33% (27%)

Exiting



67%  
(73%)

+ Buyout: 78%  
- SOUTH EUROPE: 38%

- France Invest: 31%

+ More than 500 millions: 35%

- Less than 100 millions: 5%

↗ (1%)

No: 34% (28%)

Fundraising



66%  
(72%)

- More than 500 millions: 15%

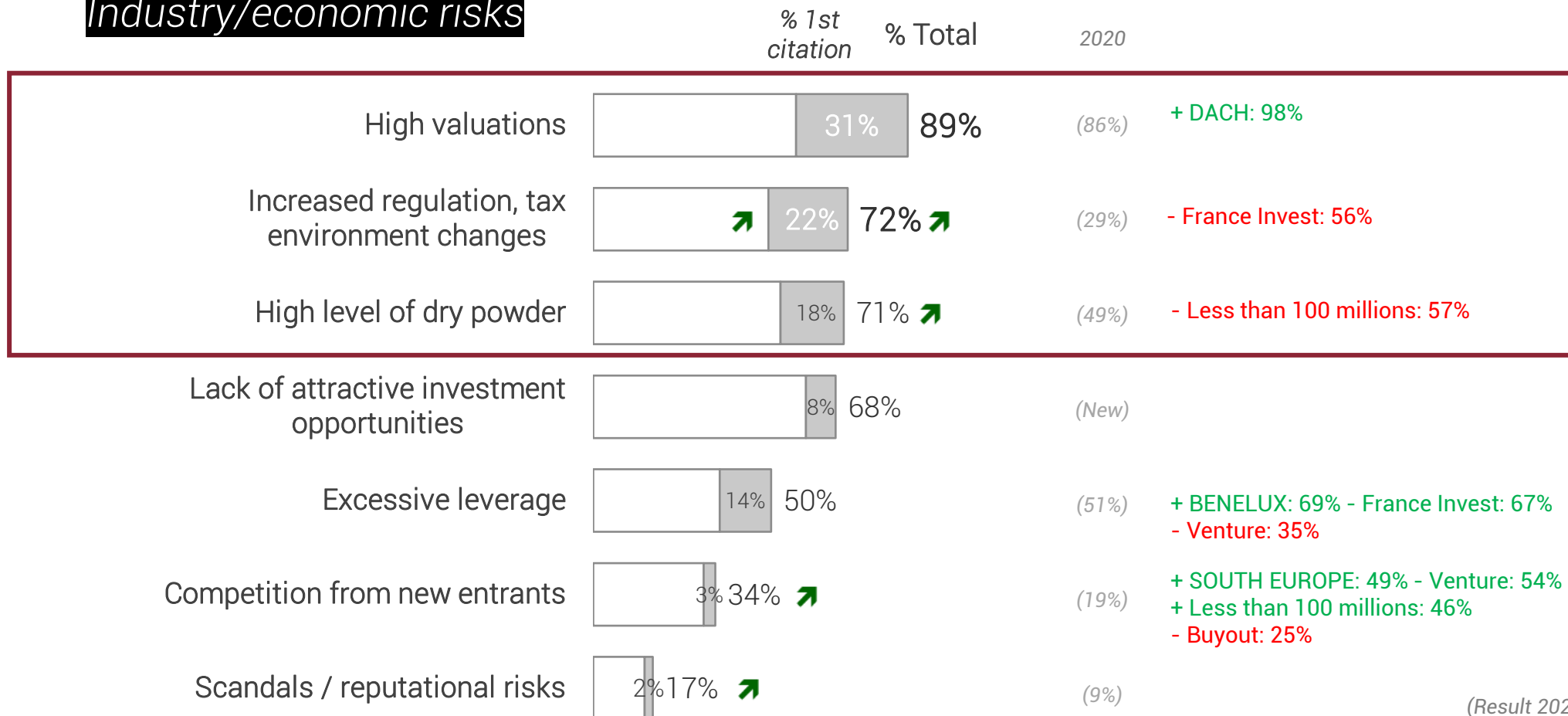
■ Yes, certainly  
■ Yes, probably  
■ No, probably not  
■ No, certainly not

(Result 2020)

High valuations remain the most important industry risk, mentioned by nearly 9 in 10 respondents. In the details, various risks increases can be noted, especially changes in the tax environment and sobering high level of dry powder.

Basis : n=223

## Industry/economic risks



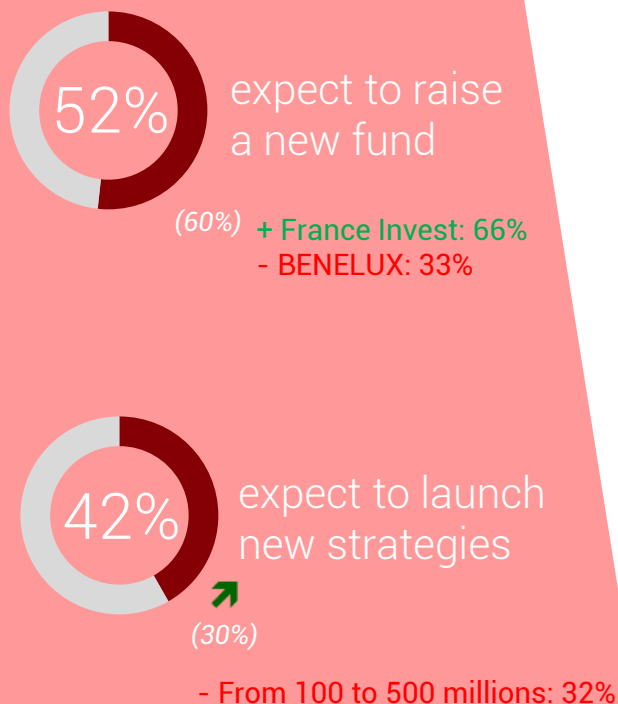
(Result 2020)



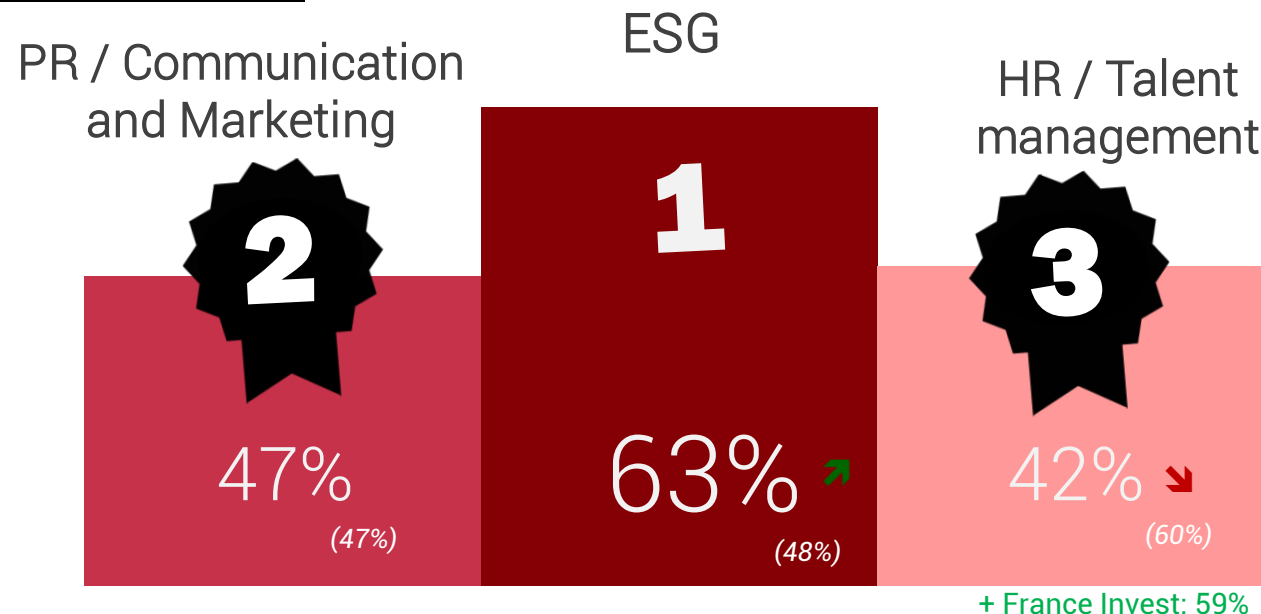
**What about the industry?**

Only a half of European GPs will raise a new fund in 2021 (compared to 60% in 2020) but 42% are expecting to launch a new strategy (compared to 30% in 2020). ESG becomes a clear priority in 2021 (+15 pts).

Basis : n=223



## Top 3 internal priorities for 2021



Fund reporting / Transparency: 37% (45%) + SOUTH EUROPE: 65%  
 Data and IT Management: 33% (43%)  
 Regulatory and tax compliance: 32% (32%) - France Invest: 16%  
 Succession planning: 25% (New)  
 Gender diversity in employment: 21% (19%) - BENELUX: 8%

(Result 2020)

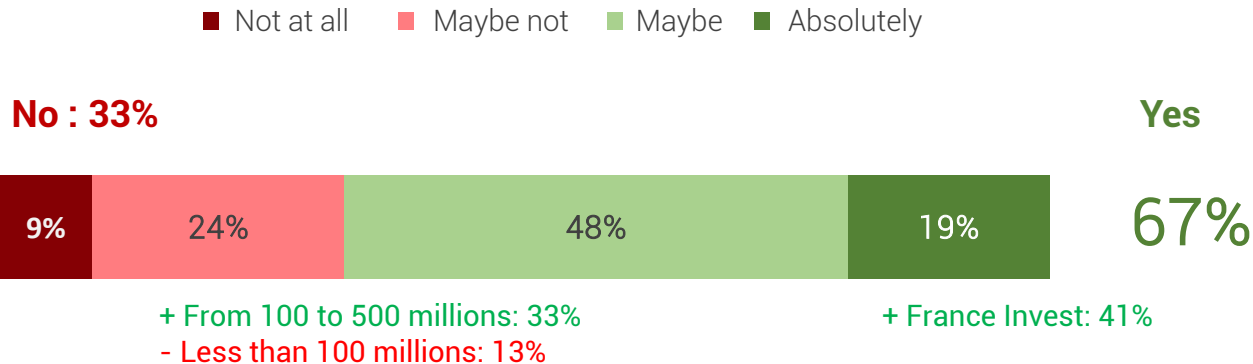
Q20. In 2021, do you expect to raise a new fund?  
 Q20bis. In 2021, do you expect to launch new strategies?  
 Q22. What are your top 3 internal priorities for 2021?

Retail investors in PE are absolutely viewed as a “promising source of funds” by 19% of European GPs. The complexity/risk and the high investments tickets are the two main barriers for entry for retail investors.

New question 2021

Basis : n=223

See retail investors as a promising source of funds for PE in the years to come



## Main barriers to entry for retail investors in PE

86%

It is perceived as too complex / risky by retail clients

+ Less than 100 millions: 97%  
- From 100 to 500 millions: 80%

84%

Investment tickets are too high for retail investors

73%

Advisors / distribution channels are not mature enough

56%

Tax / regulatory issues make it unattractive for retail investors

- France Invest: 41%

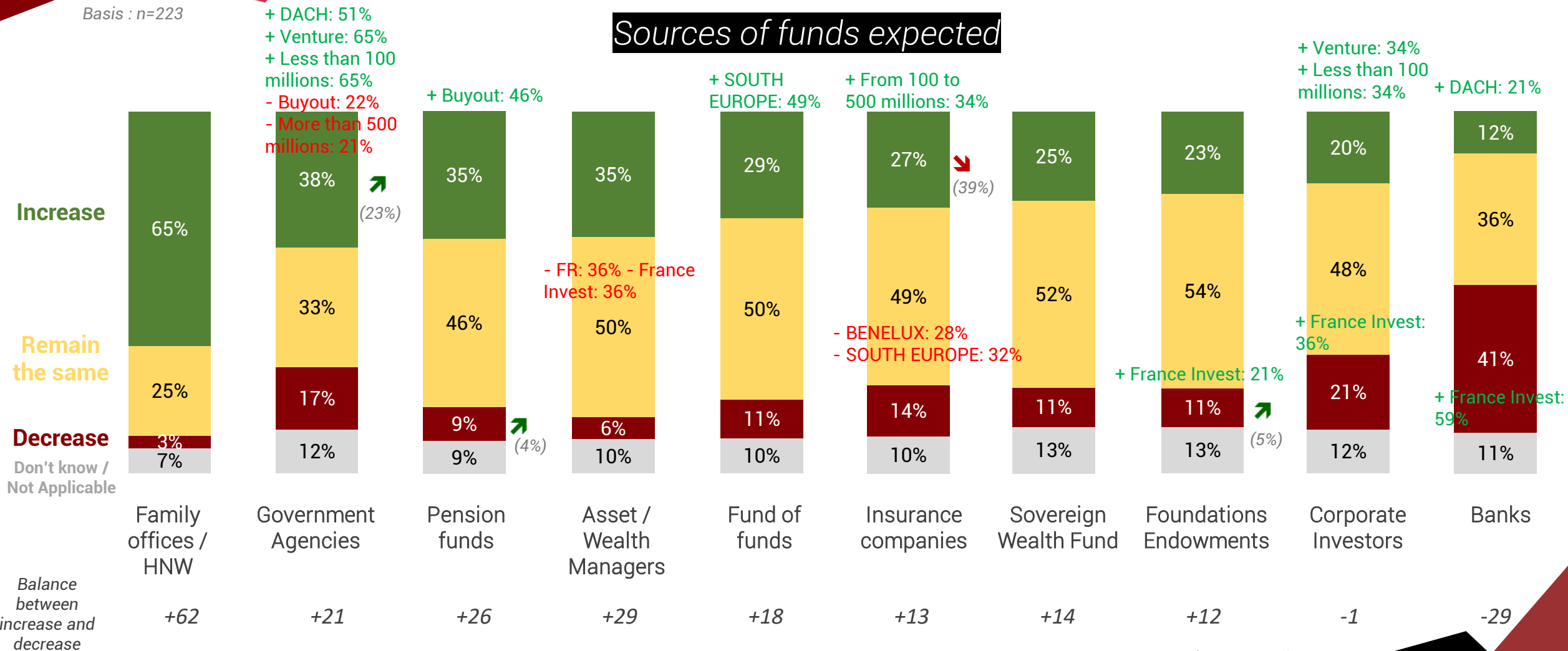
NEW1. Do you see retail investors as a promising source of funds for Private Equity in the years to come?

NEW2. What are the main barriers to entry for retail investors in Private Equity ?

Family offices / HNW investors are seen as the most dynamic LP base in 2021 – as it was already the case in 2020. All investor types are expected to increase their PE allocation in 2021, except banks and corporate investors.

Basis : n=223

## Sources of funds expected

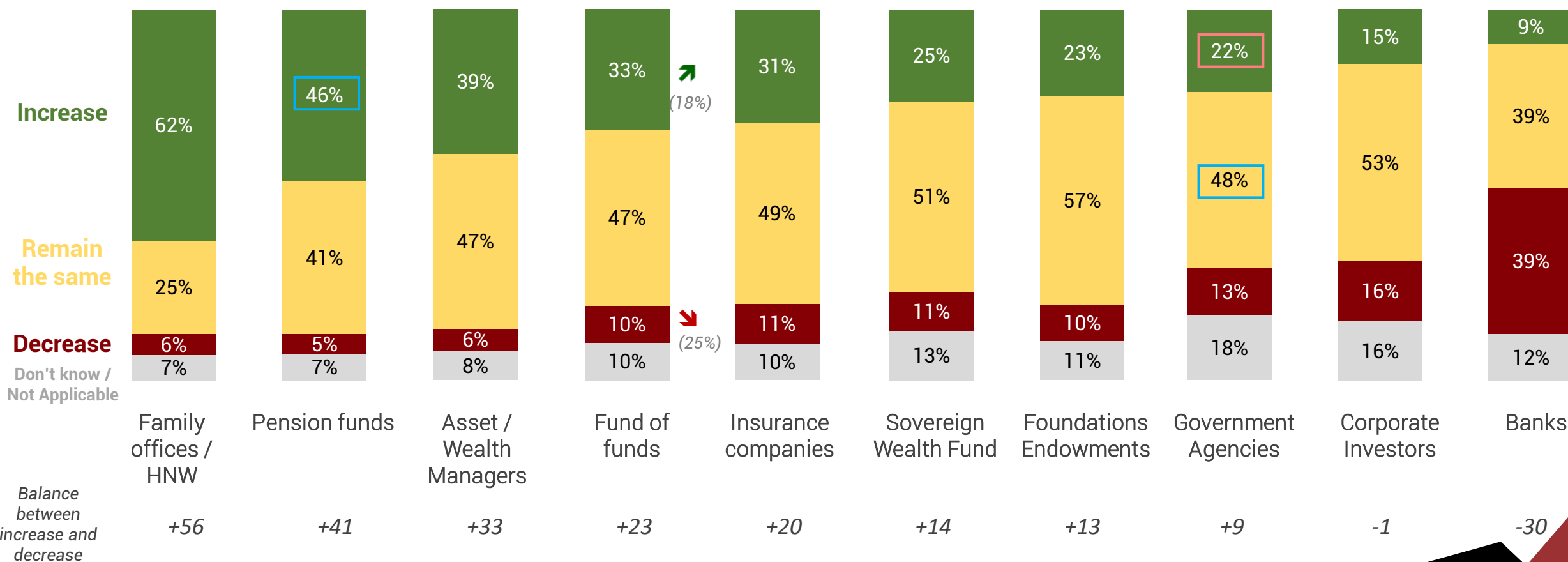


For Buyout, a third of respondents think fund of funds will increase in 2021 (vs 18% in 2020).

Basis Buyout:  
n=97

## Sources of funds expected

  Differences significantly higher than the global result  
  Differences significantly lower than the global result

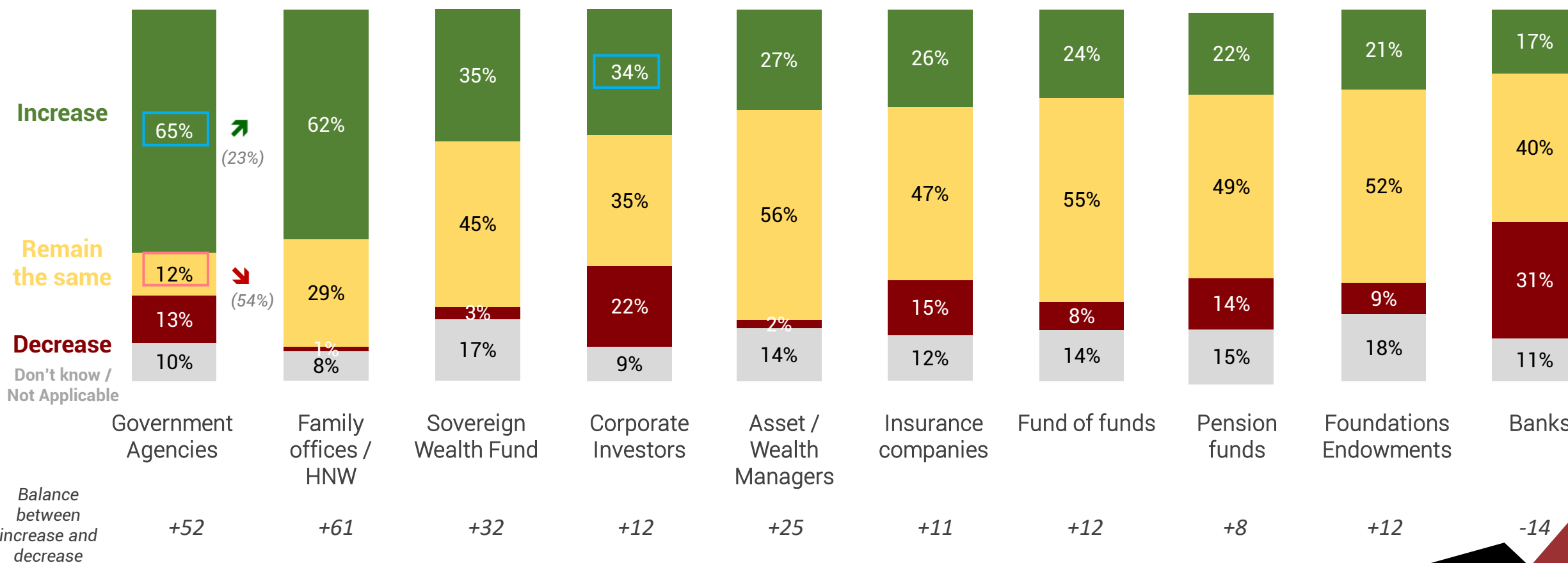




Basis Venture:  
n=50

## Sources of funds expected

  Differences significantly higher than the global result  
  Differences significantly lower than the global result

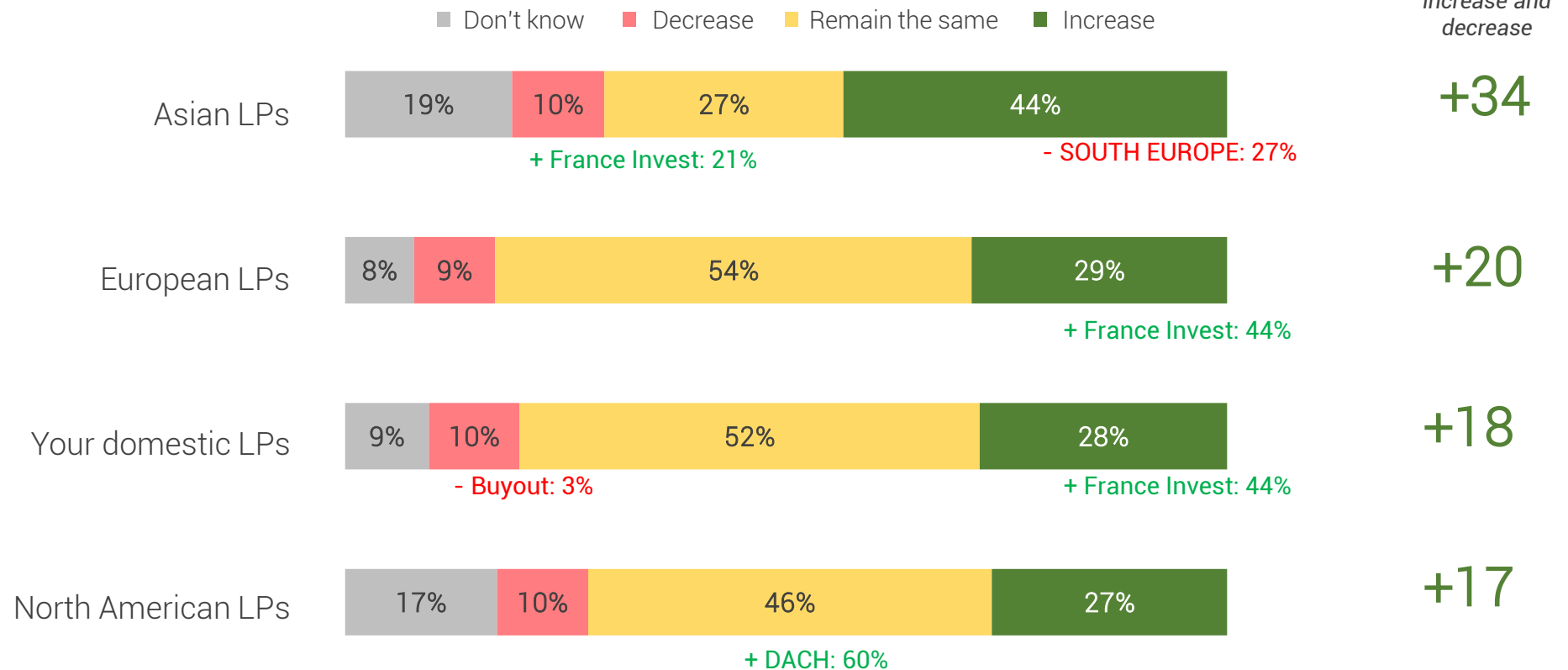


Investors from all geographies are expected to increase their allocation to European PE – with a striking dynamism from Asian LPs.

Basis : n=223

## LPs expected to gain importance in fundraising in 2021

New question 2021

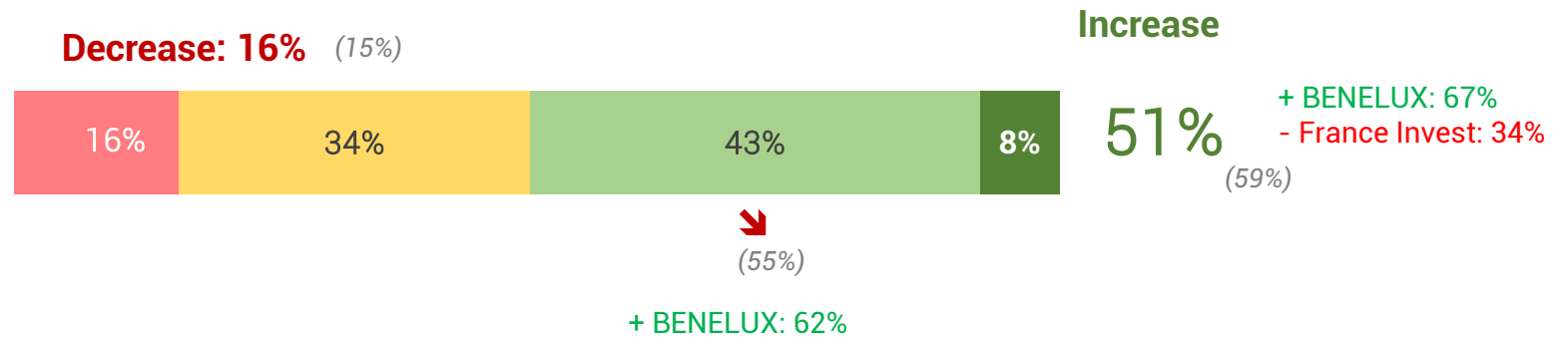


European PE underlines an increase of the number of GPs in 2021, but slowing compared to 2020 (51% vs 59%), particularly for BENELUX.

Basis : n=223

■ Significantly decrease ■ Slightly decrease ■ Remain the same ■ Slightly increase ■ Significantly increase

Evolution of the number of GPs



(Result 2020)

The same balance of power between GPs and LPs as in 2020,  
no change because of the pandemic.

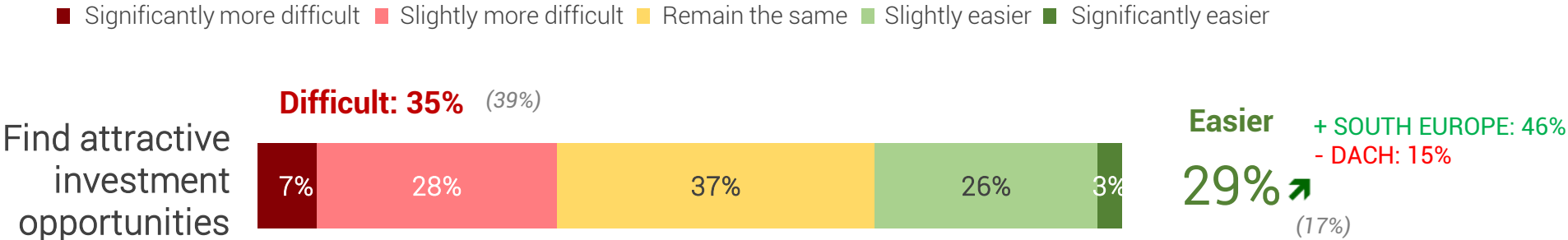
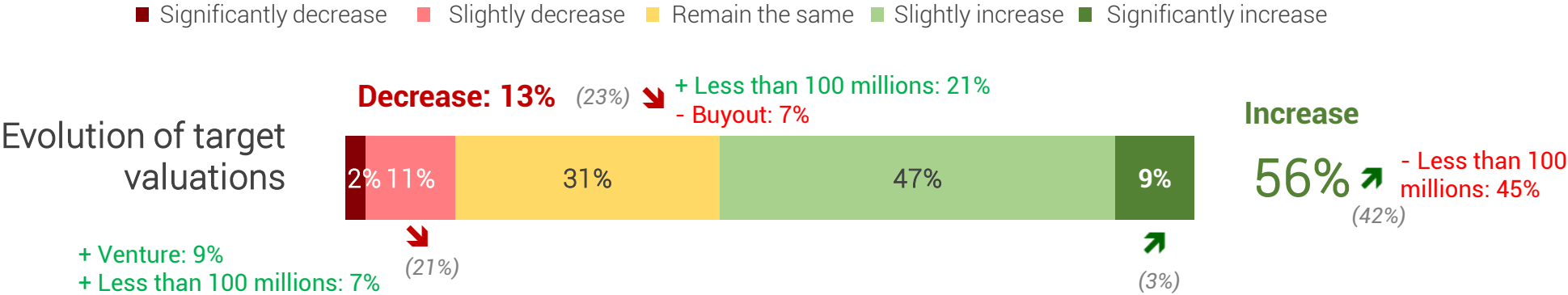
Basis : n=223



(Result 2020)

Target valuations are expected to significantly increase in 2021 ; and it will still be as difficult as in 2020 to find attractive investment opportunities.

Basis : n=223

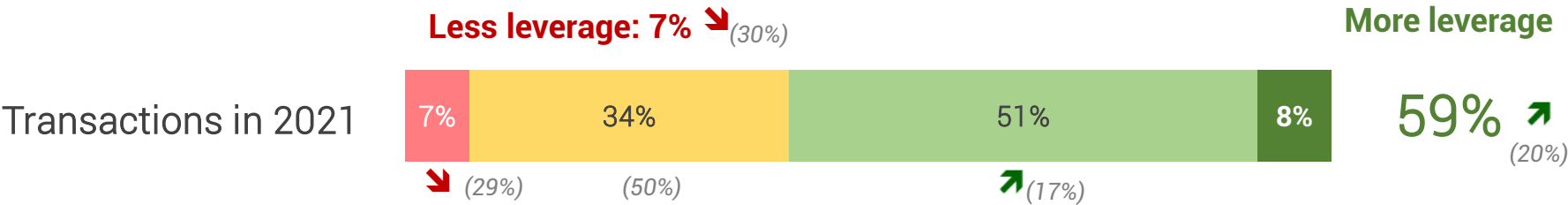


(Result 2020)

59% of GPs expect more leverage in 2021 than in 2020, a very significant increase.

Basis Buyout:  
n=97

■ Don't know / Not applicable  
 ■ Significantly less leverage  
 ■ Slightly less leverage  
 ■ The same leverage as today  
 ■ Slightly more leverage  
 ■ Significantly more leverage



(Result 2020)

Respondents are more focused on their domestic markets (97%) than in 2020.

Basis : n=223

## Geographically...

Anticipate investing

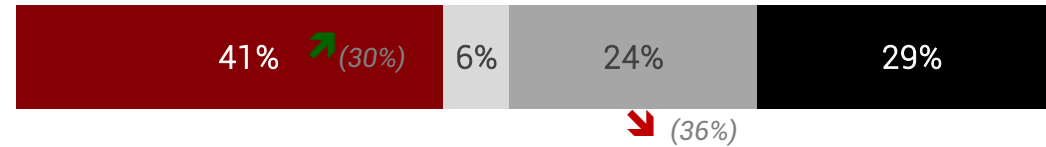
2020

Your domestic market



97% (97%)

Europe beyond your domestic market



59% (70%)

+ France Invest: 77% - Venture 75%  
+ More than 500 millions: 81%  
- SOUTH EUROPE: 38%  
- Buyout: 48%  
- From 100 to 500 millions: 41%

Outside of Europe in North America



31% (33%)

Outside of Europe in emerging markets



26% (21%)

+ Growth: 21% - Less than 100 millions: 16%  
- Buyout: 17%

Outside of Europe in Asia



22% (22%)

+ More than 500 millions: 21%  
- Buyout: 5%  
- From 100 to 500 millions: 3%

(Result 2020)

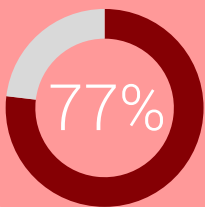
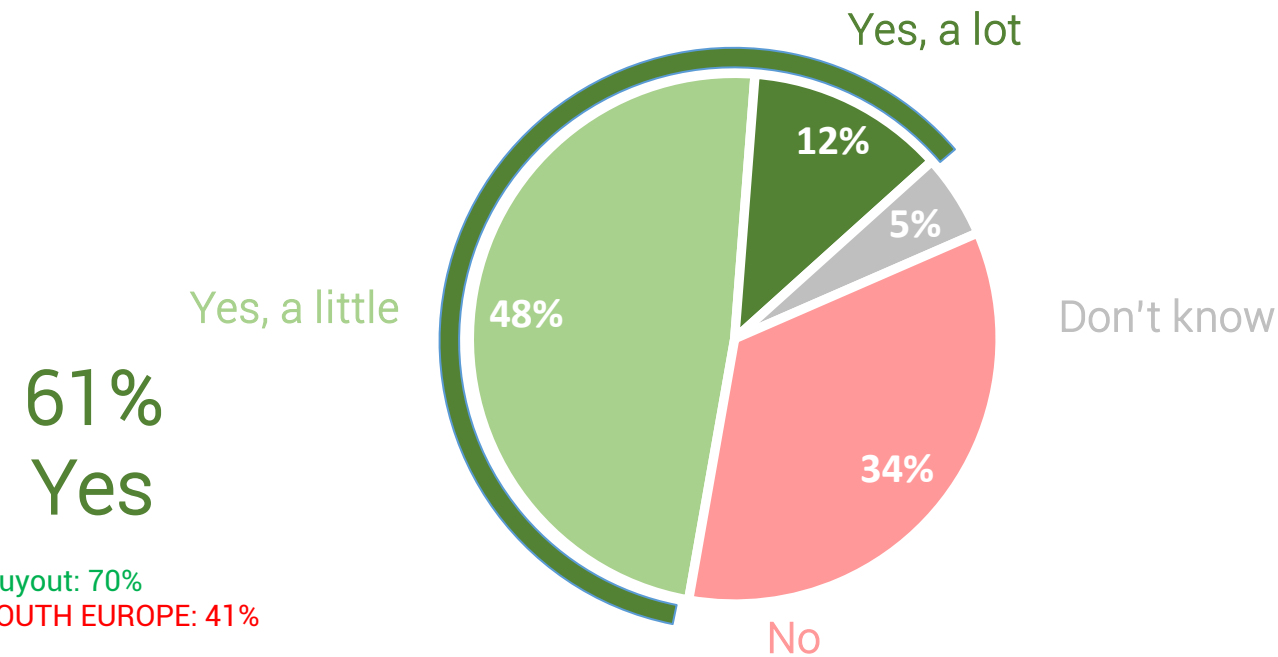
- More than 2020
- The same as 2020
- Less than 2020
- Don't know / Not applicable

Two thirds of GPs see more exit opportunities in 2021, less in Southern Europe but more in the Buyout segment. 92% expect more restructuring opportunities in Southern Europe.

New question 2021

Basis : n=223

Seeing more exit opportunities in 2021



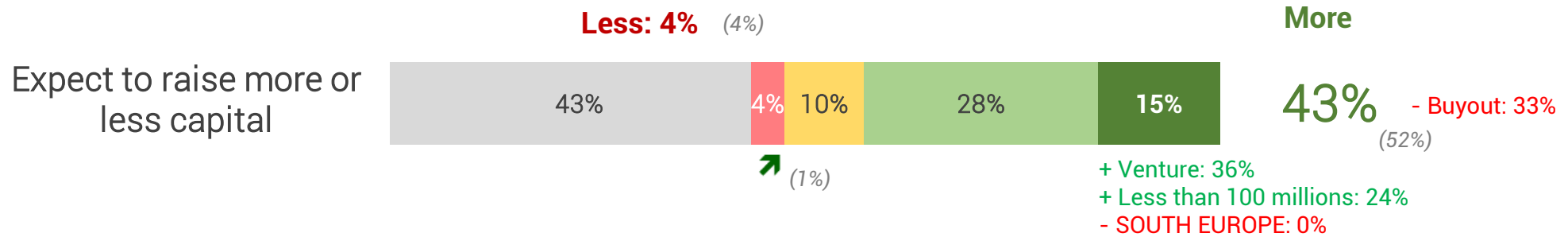
77% expect more restructuring opportunities

+ SOUTH EUROPE: 92%

Only 43% of respondents expect to raise more capital in 2021 than their previous vehicle; this is the lowest level recorded in our barometer. 70% expect to deploy more capital in 2021 (+11 pts vs 2020).

Basis : n=223

■ Not applicable ■ Significantly less ■ Slightly less ■ The same as today ■ Slightly more ■ Significantly more



■ Significantly less ■ Slightly less ■ The same as today ■ Slightly more ■ Significantly more



(Result 2020)

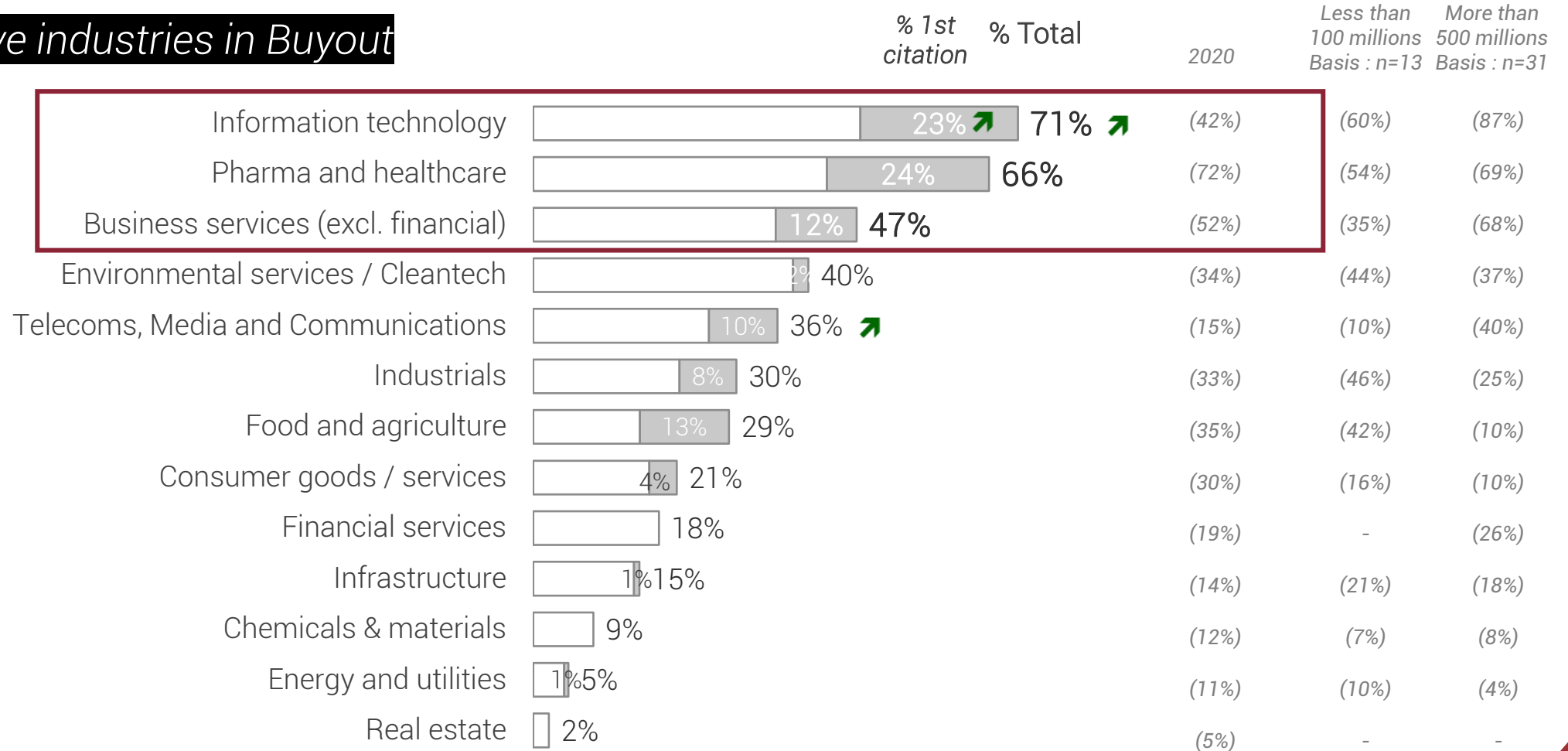
Q19. If you have fundraising plans, do you expect to raise more or less capital in 2021 compared to your last fund?

Q21. Do you expect to deploy more or less capital in 2021 compared to 2020?

Information technology and pharma/healthcare are considered the most attractive industries by buyout respondents. Telecoms emerge this year (36% vs 15%).

Basis : n=97

## Attractive industries in Buyout



Don't know / Not applicable : 3%

(Result 2020)

Q17. (For buyout only) In your geographies, what industries do you see as attractive in Buyout in 2021?

## Attractive industries

### Venture

Basis : n=50

% 1st citation % Total 2020

AI / Big data	<div><div></div></div> 30%	67%	(65%)
Health / Medtech	<div><div></div></div> 14%	59%	(48%)
Clean / Greentech	<div><div></div></div> 10%	42%	(28%)
Software (non-internet/mobile)	<div><div></div></div> 5%	40%	(39%)
Cybersecurity	<div><div></div></div> 7%	33%	(51%)
Internet / E-Commerce	<div><div></div></div> 5%	30% ↗	(7%)
Biotech	<div><div></div></div> 19%	29%	(20%)
Fintech	<div><div></div></div>	26%	(33%)
Agri / Foodtech	<div><div></div></div> 3%	25%	(25%)
Industrial	<div><div></div></div> 2%	15%	(16%)
Business products / services	<div><div></div></div> 3%	14%	(11%)
Consumer products / services	<div><div></div></div> 2%	12%	(7%)
Electronics / Hardware	<div><div></div></div>	6%	(5%)
Mobile / Telecommunications	<div><div></div></div>	2%	(9%)

### Growth

Basis : n=47

% 1st citation % Total 2020

Health / Medtech	<div><div></div></div> 16%	65% ↗	(41%)
AI / Big data	<div><div></div></div> 8%	55%	(39%)
Clean / Greentech	<div><div></div></div> 11%	42%	(24%)
Internet / E-Commerce	<div><div></div></div> 9%	34% ↗	(8%)
Agri / Foodtech	<div><div></div></div> 4%	32%	(29%)
Biotech	<div><div></div></div> 10%	31% ↗	(12%)
Fintech	<div><div></div></div> 10%	29%	(30%)
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Industrial	<div><div></div></div> 2%	14%	(21%)
Consumer products / services	<div><div></div></div>	11%	(12%)
Electronics / Hardware	<div><div></div></div>	3%	(3%)
Business products / services	<div><div></div></div>	2% ↘	(23%)
Mobile / Telecommunications	-	-	(4%)

Don't know / Not applicable : 8%

(Result 2020)

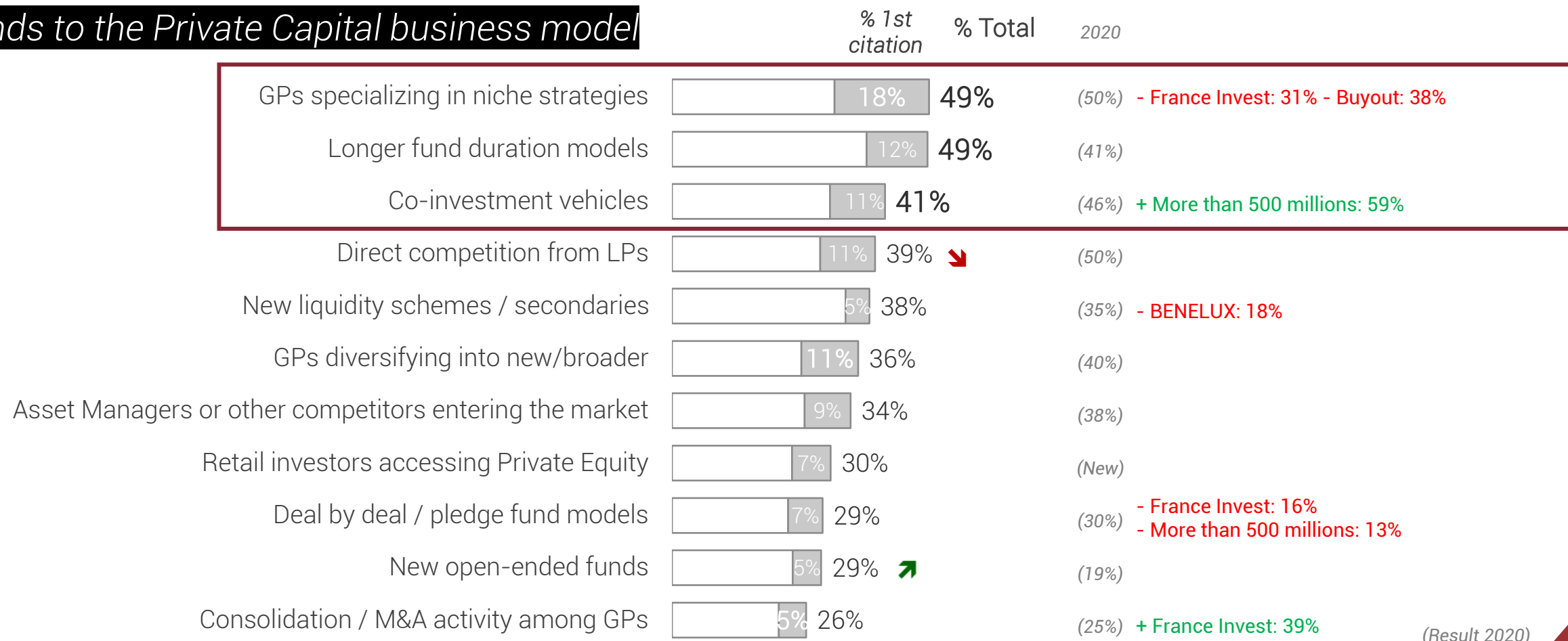


**Same trends than in 2020**

The internal dynamics of the industry stay the same in 2021: GPs are expected to specialize in niches strategies (49%) and to manage longer funds. New open-ended funds are also viewed as an emerging trend in the years to come (+ 10 pts).

Basis : n=223

## Trends to the Private Capital business model

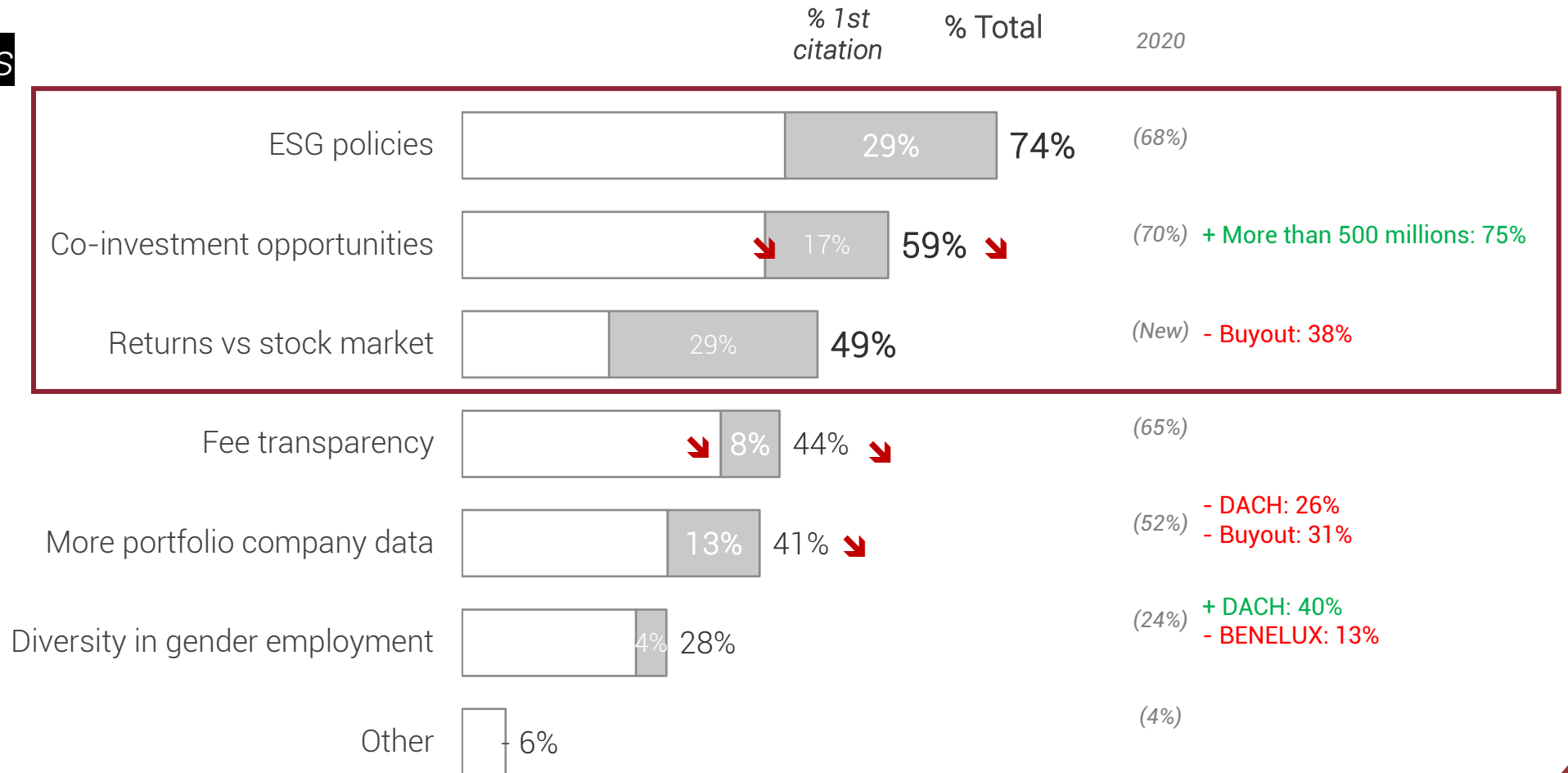


(Result 2020)

A decrease of LP's demands regarding co-investment opportunities, fee transparency and portfolio company data. 49% of respondents quoted "returns vs stock market" as a new focus area.

Basis : n=223

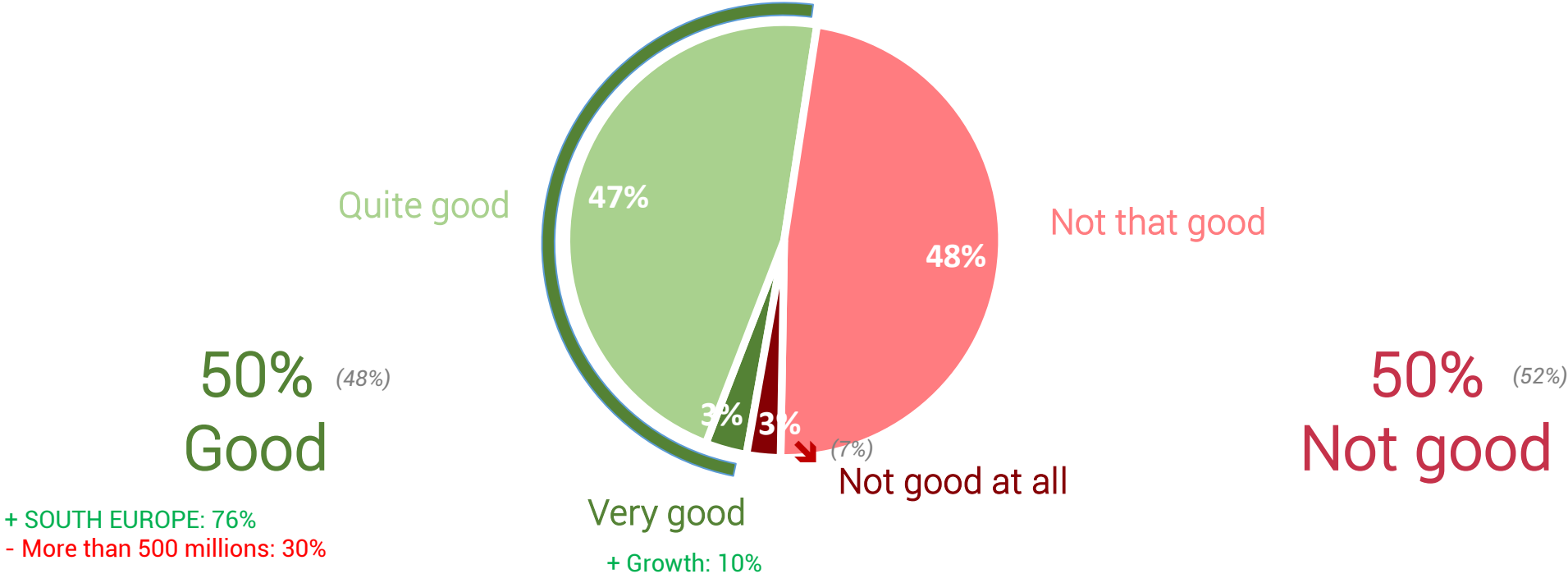
## Expected areas



The image of the PE industry is stable and balanced.  
Southern Europe has a better perception.

Basis : n=223

Public perception of the Private Equity  
/ Venture Capital industry



(Result 2020)

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## Regional takeaways

# Key points about France



**France**  
**Invest** France  
Association des investisseurs  
pour la croissance

61 respondents

- 97% underline their government was supportive for the overall economy (vs 83% globally) and 92% to their portfolio companies (vs 71%).
- 70% say PE will be a partner of choice for new government policies because of the pandemic (vs 54%).
- 52% expect to launch an impact fund / strategy (vs 33%). 30% already did it (vs 15%).
- 64% quote rising populism and social unrest as an external threat for European PE industry (vs 51%).
- 66% expect to raise a new fund (vs 52%).
- 59% mention HR / Talent management as an internal priority for 2021 (vs 42%).
- 34% think an increase of the number of GPs in 2021 (vs 51%).



- 72% think Private Equity will be exploring growth opportunities beyond classic LBO deals (vs 84% globally).
- 64% underline PE evolve on climate change / energy transition after the crisis (vs 78%).
- Only 9% certainly consider 2021 as a good year for deal making / capital deployment (vs 23%).
- 98% mention high valuations as principal industry/economic risk for the industry in 2021 (vs 89%).
- Only 15% think it will be easier to find attractive investment opportunities in 2021 compared to 2020 (vs 29%).
- Diversity in gender employment is quoted by 40% as an expected area for LPs (vs 28%).

## Key points about Benelux



- 67% mention Deal execution as the business operation most negatively impacted by the crisis (vs 45% globally).
- 28% have already launch an impact fund / strategy (vs 15%).
- 87% expect the business environment will be better in Europe in 2021 (vs 71%) and 85% in their country (vs 69%).
- Only 33% expect to raise a new fund in 2021 (vs 52%).
- 67% think the number of GPs will increase in 2021 (vs 51%).



Belgium / Netherlands /  
Luxembourg



39 respondents

## Key points about South Europe



- 68% think the pandemic COVID-19 has a negative impact on PE portfolio (vs 51% globally).
- Portfolio management is quoted by 68% as a business operation most negatively impacted by the COVID-19 crisis (vs 50%).
- Only 51% underline their government was supportive for the overall economy (vs 83%) and 43% to their portfolio companies (vs 71%).
- 81% mention climate change / energy transition as a current contribution of PE (vs 66%).
- 27% don't know if they will launch an impact fund / strategy (vs 16%).
- 16% expect a business environment significantly worse in their country (vs 8%).
- Only 38% consider 2021 as a good year for exiting (vs 67%).
- 65% mention Fund reporting / Transparency as an internal priority for 2021 (vs 37%).
- 46% underline it will be easier to find attractive investment opportunities in 2021 compared to 2020 (vs 29%).
- 41% see more exit opportunities in 2021 (vs 61%) and 92% expect more restructuring opportunities (vs 77%).
- Best positive perception of PE industry (76% vs 50%).

**AIFI**  
Italian Private Equity, Venture Capital  
and Private Debt Association

**Ascri**  
ASOCIACIÓN ESPAÑOLA  
DE CAPITAL, CRECIMIENTO  
E INVERSIÓN

Spain / Portugal  
/ Italy



37 respondents

- 18% assess a positive impact in the crisis on their portfolio (vs 27% globally).
- 71% mention Exits as a business operation most negatively impacted by the crisis (vs 57%). 33% quote Fundraising (vs 42%), 14% Investor relations (vs 24%) and 11% HR / Talent management (vs 23%).
- 82% think Investor relations is a business operation which can be most easily digitalized in the PE industry (vs 73%).
- Buyout segment explored build-up opportunities to support their portfolio (vs 73% globally).
- 43% say PE will be a partner of choice for new government recovery policies because of the crisis (vs 54%).
- 61% think PE plays a role on Education challenges (vs 52%).
- 22% expect to launch an impact fund / strategy (vs 33%).
- A best business environment in 2021 in Europe (81% vs 71%) and in their country (80% vs 69%).
- 30% fear a major economic correction in 2021 (vs 40%).
- 41% certainly perceive 2021 as a good year for portfolio management (41% vs 28%).
- 70% see more exit opportunities in 2021 (vs 61%).
- 33% expect to deploy more capital in 2021 (vs 43%).
- 38% mention GPs are expected to specialize in niches strategies (vs 49%).

- 66% mention providing information about government schemes as a supporting action for their portfolio during the crisis (vs 81% globally).
- 95% consider the crisis will give opportunities beyond classic LBO deals (vs 84%).
- 32% mention PE will strongly evolve on Health issues (vs 19%).
- 21% will anticipate investing in 2021 more than 2020 outside of Europe in emerging markets (vs 9%).
- 10% has a very good perception of the industry (vs 3%).

- 42% assess a positive impact in the crisis (vs 27% globally).
- Less citations on Exits (38%) as a business operation most negatively impacted by the crisis (vs 57% globally). 43% mention Investor relations (vs 43%).
- 55% consider Deal execution as a business operation easily digitalized for GPs.
- 93% consider providing information about government schemes as an action to support the portfolio during the crisis (vs 81%).
- 71% say the industry PE will be a partner of choice for new government recovery policies (vs 54%).
- 50% mention climate change / energy transition as a current contribution of PE (vs 66%) and 15% mention Social inequalities / poverty (vs 30%).
- 91% think PE will evolve on Climate change / energy transition (vs 78%) and 89% mention Health issues (vs 73%).
- 36% mention Slowdown in growth as an external threat for the industry (vs 56%).
- 75% anticipate investing in 2021 in Europe beyond their domestic market (vs 59%).
- 36% expect deploy significantly more capital in 2021 (vs 15%).

The background of the slide is a grayscale photograph of a modern conference hall. In the foreground, a man in a suit is walking towards the left, carrying a briefcase. In the background, several other people are standing and talking. A large banner hangs from the ceiling, reading 'International Private Equity Market WELCOME'. Below the banner, there are signs for 'ACCREDITATIONS' and 'CLOAKROOM'.

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*Thank you*

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