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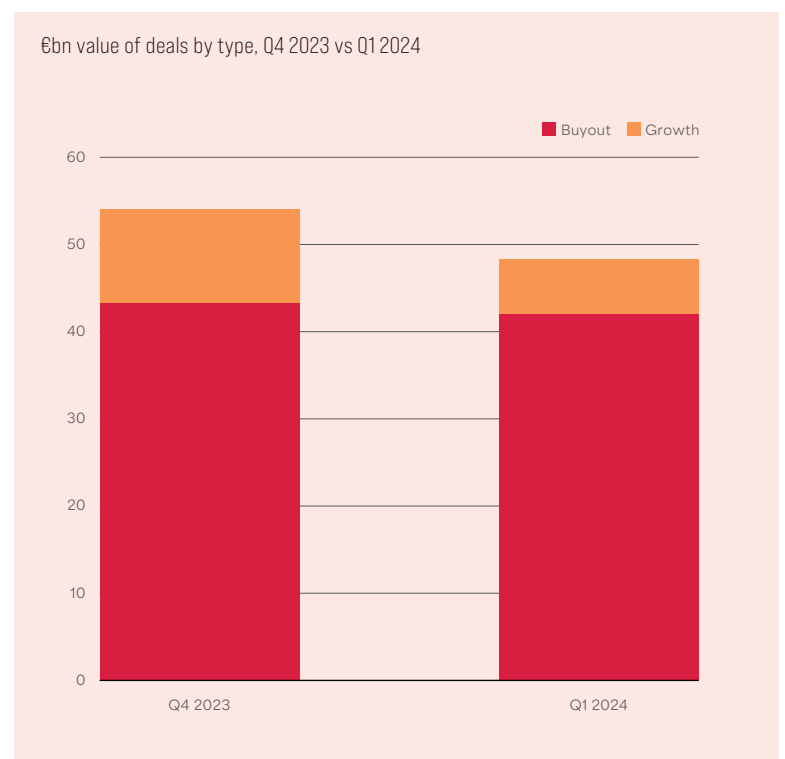
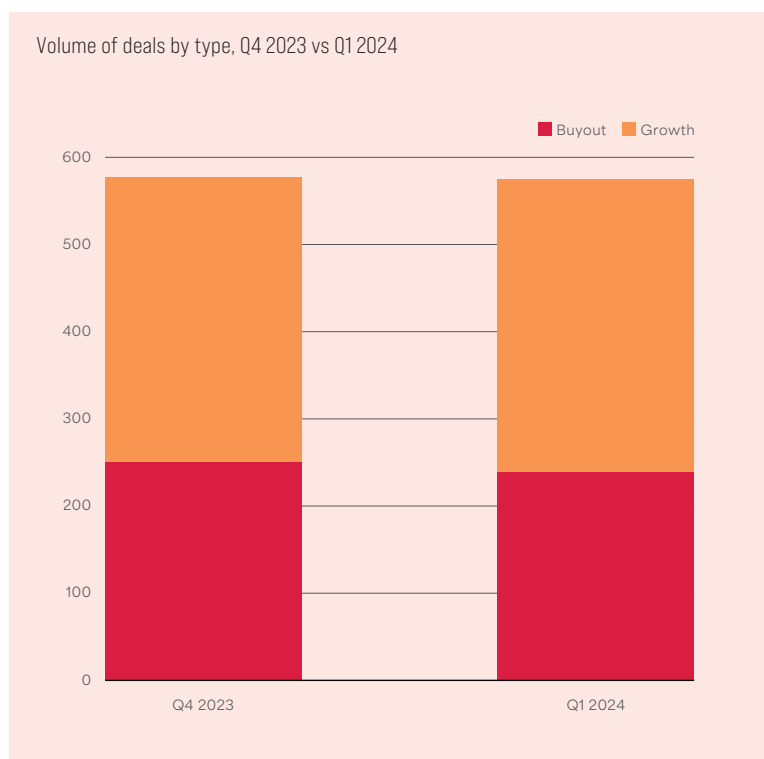
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MARKET
TRACKER
Q1 2024

Q1 2024 DATA HUB MARKET TRACKER

Midmarket stars in modest first quarter

The market headwinds that led to a somewhat lacklustre end to 2023 appear to remain firmly in control into the new year, though activity in the midmarket saw a welcome boost in the period. *Julian Longhurst* reports



Market overview

According to the latest figures from the *Real Deals Data Hub*, activity in the later-stage European PE space failed to rebound from a quiet final quarter in 2023. In all, 575 buyout and growth capital deals were recorded in the first three months of 2024, two fewer than the previous quarter. And, after some signs of life in the larger deal brackets in the second half of 2023, dealflow in this space has once again fallen away, meaning that the overall quarterly value has fallen more significantly – down almost 11% from €54bn in Q4 to €48.2bn between January and the end of March.

However, the long-running trend that has seen growth capital deals fill some of the space left by dwindling buyout numbers continues, fuelled by ongoing bolt-on activity by European PE-backed firms. Overall, while the number of buyouts recorded dropped by 4.4% to 240 in

Q124, growth-stage deals (which includes both bolt-ons and later stage venture situations) rose modestly by almost 3% to 335 transactions.

In overall terms, however, activity in the midmarket enjoyed a relatively robust period, with deal numbers rising in each of the three size brackets. In total, the number of midmarket deals (defined as those with an EV or investment size between €25m and €500m) increased from 232 in Q4 to 265 in Q1. The value of deals in this space also grew, but by a much more modest 3.5% to €23.7bn. In contrast, the number and overall value of large-cap deals fell back considerably after having recovered some lost ground in the second half of 2023. While 24 €500m+ deals worth almost €30bn were recorded in Q4, this slipped to 16 deals worth €23.4bn in the first three months of this year.

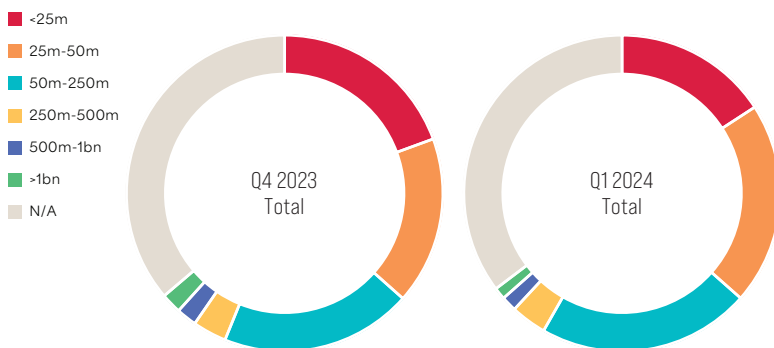
From a regional perspective, there were only two growth stories in Q1, though both of these involved important regions in the wider European context: the UK rebounded strongly after an especially quiet fourth quarter, recording 156 deals (a 30% increase and the highest seen since before 2023) worth €16bn; and dealflow in the DACH region also rose by nearly 10% to 84 deals, though the absence of larger transactions here led to a heavy fall in aggregate value.

As has been the sentiment in most of the previous quarterly reports, the persisting instability of local and international markets, and ongoing conflicts in Eastern Europe and the Middle East, make it difficult to see any meaningful uptick in PE dealflow in the near future. But PE practitioners are nothing if not resourceful and adaptable, so neither is it likely that dealflow will erode in any significant way.

METHODOLOGY: *Real Deals'* editorial and data focus is primarily on the European mid-cap space, and this report covers growth-stage and buyout deals only. While we strive to record all deals, exits and funds that come onto our radar – irrespective of size (above €1m) – the statistics outlined in this report are not intended to be comprehensive. Nevertheless, they will provide a strong indication of the trends that are unfolding in the European private equity and venture space. To make sure that the investments and divestments that you complete or advise upon are covered within these quarterly Market Trackers, please ensure that your press releases are sent to editorial@realdealsmedia.com. The data available is obtained from many sources, much of it publicly disclosed by participants. While we make reasonable efforts to ensure the data is a fair reflection of transactions that have taken place, by the nature of the data used, *Real Deals Media Ltd* makes no representation or warranty as to the accuracy or completeness of the data included and accordingly accepts no responsibility or liability in respect of the accuracy or completeness of the information (including in respect of any errors or omissions), or for any of the analysis or opinions contained herein, or for any loss however caused relating to this information.

1. DEALFLOW BY SIZE BRACKET

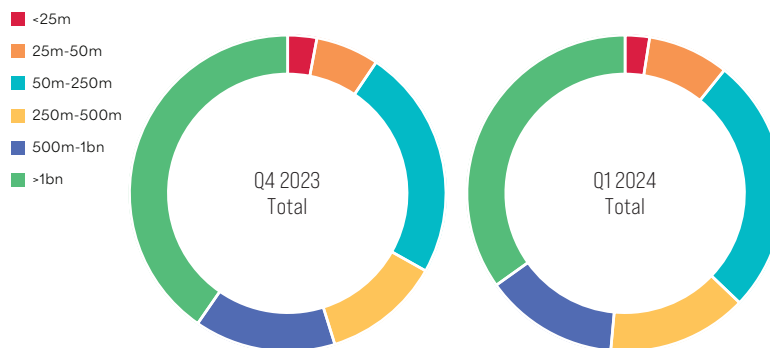
Volume of deals by quarter and value range, Q4 2023 vs Q1 2024



1.1. After a relatively consistent year in 2023, which saw three of the four quarters registering more than 100 deals, the small-cap segment fell back to the lowest level seen since before 2023. In total, just 91 sub-€25m deals were announced between January and March – a near-20% drop from the 112 seen in Q4. The aggregate value of these deals also fell by 24% from €1.56bn in Q4 to €1.18bn in Q1.

1.2. In complete contrast, the midmarket (€25-500m) space bounced back from its lowest showing of the year in Q4 with a robust set of numbers in Q1: a total of 265 mid-cap deals were recorded in the most recent three months, equating to a rise of more than 14% on the 232 deals seen in Q4 and a 12% rise on the quarterly average for the whole of 2023. The value of deals in this space also grew, but by a much more modest 3.5% to €23.7bn.

€bn value of deals by quarter and value range, Q4 2023 vs Q1 2024

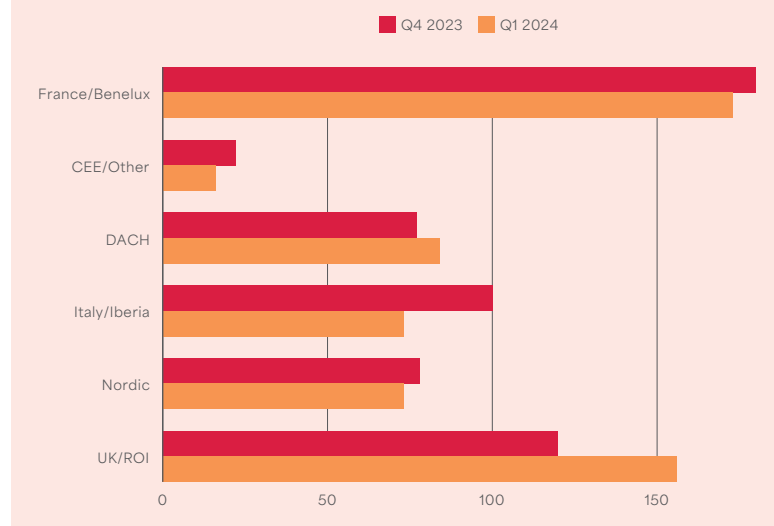


1.3. Breaking Q1 down by midmarket bracket shows that the most significant jump in dealflow was seen in the lower midmarket space (€25-50m), which rose 20% to 119 deals – a five-quarter high – worth €4bn (up 16%). The core midmarket segment (€50-250m) also saw healthy growth, with a 10.6% rise to 125 deals (just above the quarterly average for FY23), but a marginal decrease in overall value to €12.7bn. The upper mid-cap bracket (€250-500m) grew too, but by a much more modest 5% by volume and 6% by value (to 21 deals worth €6.9bn).

1.4. The large-cap space (deals worth over €500m) witnessed its quietest quarter since Q1 2023, with just 16 deals worth €23.4bn announced, falling well short of the 24 deals worth almost €30bn seen in the final three months of last year. Of the large-cap deals to take place, nine worth €6.6bn were seen in the €500m-1bn bracket, down 25% in volume and 15% in value, while just seven €1bn+ deals worth €16.8bn were announced, which equates to a fall of 42% in volume and 23% in value.

2. DEALFLOW BY EUROPEAN REGION

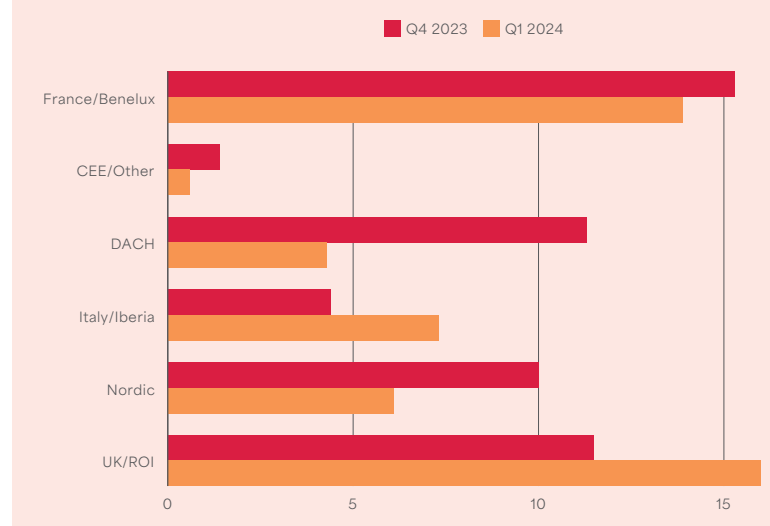
Volume of deals by quarter and European region



2.1. While most regions saw a decline in dealflow in the first quarter, the UK enjoyed something of a bounceback after a year that saw it fall from 146 deals in Q1 2023 to just 120 in the final three months of the year. In total, the region recorded a 30% growth in deal numbers to 156 – a five-quarter high – and a near 40% jump in value to €27.6bn, boosted by the multibillion-pound secondary buyout of Argus Media by General Atlantic and the €1bn+ SBO of Jagex by CVC and Haveli Investments.

2.2. The only other region to witness growth in the quarter was DACH, which saw deal number rise from 77 in Q4 to 84, though this remains some way below the 2023 high of 101 deals recorded in a busy third quarter. In value terms, the absence of deals in the larger brackets meant that aggregate value for the region dropped sharply from €11.3bn to €4.3bn, with the largest deal coming in the shape of the €800m buyout of Sunday Natural Products by CVC. Meanwhile, Europe's main volume market of France/Benelux recorded a small fall in deal numbers (down from 180 to 173) and value (€15.3bn to €13.9bn). Of the deals in the region, only one – the

€bn value of deals by quarter and European region



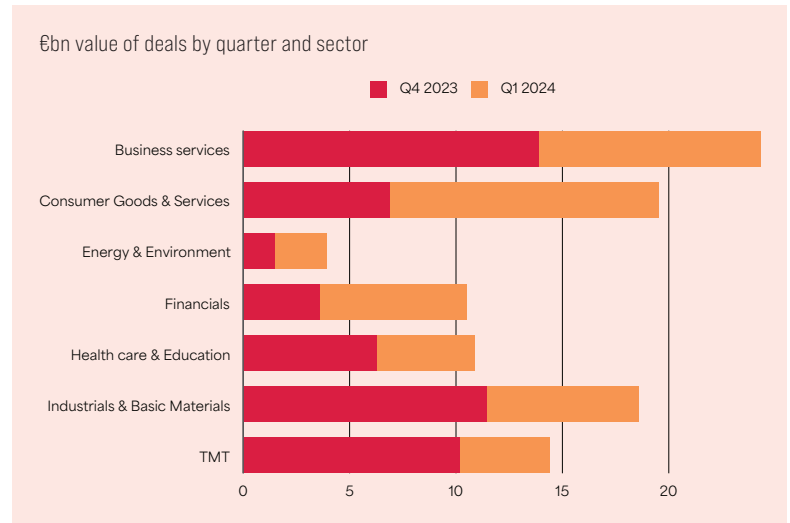
buyout of EMG & Gravity Media by Towerbrook – was estimated to be worth more than €500m.

2.3. Elsewhere, after an especially strong end to 2023, the Italy/Iberia combination fell back to more typical levels with the quarterly deal tally at 73, compared with 100 in Q4 and a 2023 quarterly average of about 83. Aggregate value, however, rose in the region to €7.3bn, versus €4.4bn in the previous three-month period. The buyouts of Forno d'Asolo and Fassi Gru S.p.A. (both by InvestIndustrial) were both reported to be worth €1bn or more, which made a significant impact on the region's quarterly

total. The largest Iberian deal of the period was the SBO of Monbake by Ardian, which reportedly valued the producer of frozen bakery goods at about €900m.

2.4. The Nordic market saw deal numbers drop to their second lowest point since the beginning of 2023 at 73 deals, with the aggregate value also falling nearly 40% to €6.1bn. The CEE region recorded just 16 deals worth less than €600m.

3. DEALFLOW BY SECTOR



3.1. Interestingly, given the slightly downward trend in Europe-wide deal numbers, six of the seven industry groups actually saw a rise in the number of transactions recorded. This statistical anomaly was caused by a near 30% drop in deals in the industrials space, which fell from a market-leading 159 in Q4 to just 113 in Q1. Aggregate value in this space also fell sharply from €11.5bn to €7.1bn, with only two Italian €500m+ deals to prop up the values (the buyouts of Fassi Gru S.p.A. for a reported €1bn and Officine Maccaferri for a sum estimated to be in excess of €500m).

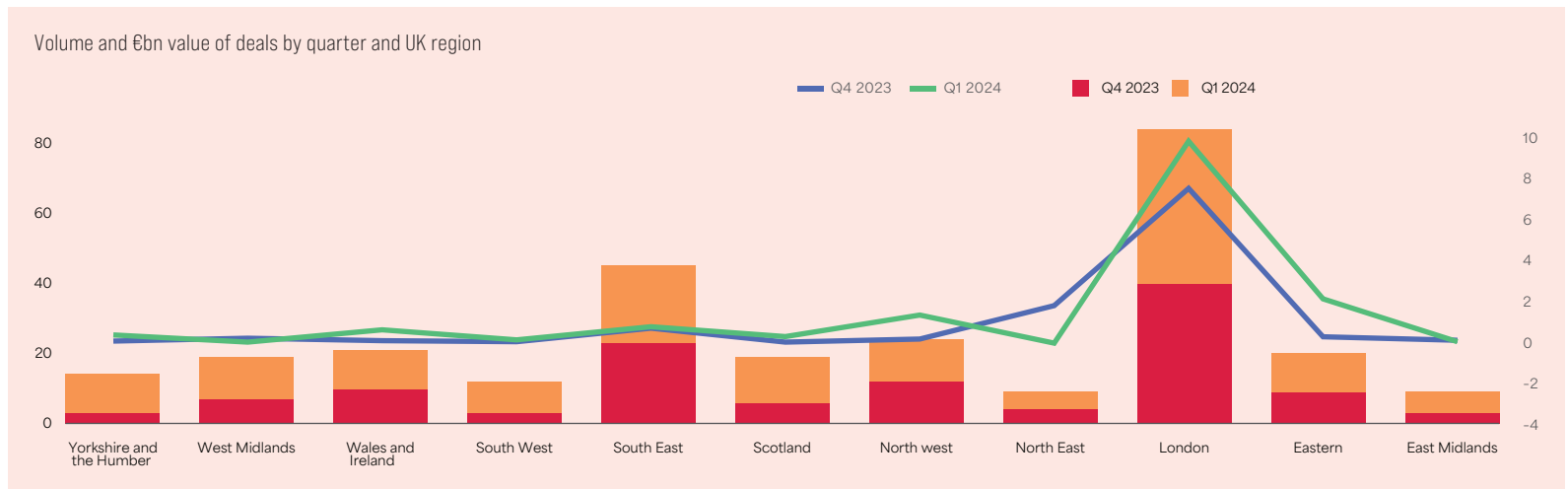
3.2. The blip in activity in the industrials space means that the business services sector dominated the quarter, with deal numbers rising modestly from 155 in Q4 to 161. Here, too, aggregate value declined significantly, though at over €10bn it was the second most valuable industry group. Although the largest deal with a known or reported value was the buyout of UK business WGSN Limited for about £700m, the merger/buyout of Assemblin Caverion Group by Triton Partners in Finland is estimated to have created a company worth well over €1bn.

3.3. Of the other volume sectors, the standout performance came from deals in the consumer goods and services space. Here, while deal numbers rose by a relatively modest 17% to 95, their aggregate value almost doubled to €12.6bn, thanks largely to the €4bn+ Argus Media deal and three other large-cap deals in the food space: the buyouts of Forno d'Asolo, Monbake and La Padianeria Group are estimated to have added more than €2.5bn to the quarterly total.

3.4. Activity in the TMT space was relatively flat in the first quarter, with a marginal rise in deal numbers to 93, but a near 60% drop in value to €4.2bn despite the completion of the £900m+ Jagex secondary buyout. Meanwhile, the number of healthcare and pharma deals rose by almost 18%, albeit with a drop in value of nearly 30%.

3.5. Of the remaining sector groups, the growth in deal numbers was most evident in the energy/environment space (up 40% to 21), while the value of deals in the financials sector almost doubled to €6.9bn, driven by the €4.9bn secondary buyout of Alter Domus by Permira.

4. DEALFLOW BY UK REGION



4.1. After an especially quiet fourth quarter in 2023, when few UK regions saw any growth in activity, the stronger start to 2024 was represented almost across the board, with only two regions not improving on their Q4 totals. One of those not matching its Q4 total was the Southeast, though it remains the second most active region and only missed its Q4 total (23 deals) by one. The dominant London region remained by far the most active region in the UK/ROI, recording 44 deals worth €9.8bn, representing increases of 10% and 30% respectively. The acquisitions involving Argus Media, WGSN Limited and Johnson Matthey Plc all added significantly to the capital's total in value terms.

4.2. In terms of growth rates between the two periods, the two standout regions were Yorkshire/Humberside and Scotland, which saw deal numbers jump. In the case of the former, only three deals had been recorded in Q4, but this more than trebled to 11 in Q1, which Scotland saw deal numbers more than double to 13 in the same period, making it the third most active UK region.

4.3. In value terms, two notable areas in Q1 were the Eastern region and the Northwest, which both saw aggregate value totals well above the €1bn mark. In the case of the former, the Jagex deal as well as the buyout of Acteon Group Limited propelled the regional total to over €2.5bn. In the Northwest, deals involving Morson Group Ltd and Vital Energi Utilities Ltd added an estimated €1bn of the region's €1.4bn. The number of deals in these regions were relatively flat, with the Northwest matching the previous quarter's total and the Eastern region recording two more than Q4.

4.4. Other regions to record deal numbers into double figures were West Midlands with 12 (up by five) and Wales/Ireland with 11 (up by one). Although neither saw any headline-grabbing deals, the aggregate total value of deals in Wales/Ireland almost quadrupled thanks largely to the reported €300m buyout of Chanelle Pharma by Exponent.

4.5. The Southwest, Northeast and East Midlands all saw single-figure deal hauls, though between them they doubled the combined Q4 tally of 10 deals.