

Private equity activity in 2022: resilient investments, a slowdown in fundraising in the second half of the year and renewed interest from individual investors

- **2,857 businesses and infrastructure projects were the subject of €36bn in investment in 2022. The French market stands out from the global market with a limited decline in investment in SMEs.**
- **€41.5 billion was collected from investors, for an average investment term of 5 years, with a slowdown observed in the second half of the year.**
- **As in 2021, individuals and family offices, with 19% of direct subscriptions and via life insurance, confirm their interest in private equity (excluding infrastructure)**

France Invest (Association des Investisseurs pour la Croissance – association of investors for growth) and Grant Thornton today present the 2022 activity of French private equity players (companies and infrastructure projects). This activity report is once again a benchmark: 309 management companies participated (i.e., a coverage rate of 93%).

Claire Chabrier, President of France Invest, comments: *"The year 2022 was in many ways affected by external factors. Our industry was impacted in the second half of the year, notably by a slowdown in fundraising. Nevertheless, the overall performance for 2022 remains positive: the French private equity industry remains active and continues to finance start-ups, SMEs and mid-caps, so they can be more robust and more successful. It is perfectly equipped to navigate in uncertain times when companies must weather repeated crises while continuing to innovate and accelerate their economic and ecological transitions. At the same time, we note the renewed interest of individual investors and family offices in our industry: they represent 19% of fundraising. We are already playing our role as a bridge between savings and the financing of the economy and will continue to do so.*

1. Global data for private equity players in 2022: investments are maintained, more businesses and infrastructure projects are supported, but fundraising is slowing down

**2,857 businesses and infrastructure projects
funded and supported in 2022 (versus 2,495 in 2021)**

- In 2022, French private equity and infrastructure players **invested €36bn** (+1% compared to 2021) in **2,857 businesses and infrastructure projects** (+15% compared to 2021).
- The main sectors funded are industry, digital, health (including biotechnology) and renewable energy.

- At the same time, **€41.5 billion in savings were raised** from institutional and private investors (-1% compared to 2021).
- The attractiveness to **international investors** is confirmed, **who represent 55% of the funds raised** (compared to an annual average of 49% over the last 10 years).
- These apparently stable figures compared to 2021 nevertheless reflect a **significant shift between the first and second half of the year** (*details below*). In particular, the **slowdown in fundraising in the second half of the year** reverses the historical trend of a more active second half of the year than the first.

2. Focus on the private equity market (excluding infrastructure): slightly lower investments and a higher number of businesses supported

Investments

- In 2022, **the amounts invested reached €24.7bn** (-9% compared to 2021). This slight decrease is explained by the reduction in investments of over €100m.
- **Primary transactions** (companies opening their capital to a France Invest member for the first time) **represent 48% of the amounts invested over the year** (identical to the annual average over the last 10 years).
- **2,681 companies were assisted in 2022** (+4% compared to 2021). This very high level is therefore not affected by the reduction in the number of operations in the second half of the year
- A **slight contraction** in the amounts invested in the **buyout** segment, particularly for deals of over €100m, is partly explained by the sharp drop in bank financing in the second half of the year, which was a limiting factor for the implementation of certain large deals.
- It should be noted that transactions in the **venture and growth** segments **are up** by +11% in terms of amounts invested and +13% in terms of number compared to 2021.
- The top three sectors invested in are: industry, digital and health, in line with the trend of recent years.

Fundraising

- **Overall, fundraising increased slightly to €25.4bn**, driven in particular by a number of fundraising projects in excess of €1bn.
- **However, fundraising fell between the first and second half-year (-50%)**. While historical data shows a more dynamic second half of the year, the second half of 2022 reached its lowest level since H2 2017.
- Investors are still very diversified and **international fundraising remains at a high level of 40%**.
- **As in 2021, individuals and family offices, with 19% of direct and life insurance subscriptions, confirm their interest in private equity (excluding infrastructure). These funds were raised directly or via unit-linked life insurance (€4.8bn)**. Institutional investors are of course still in the majority (82%), but this development confirms the trend observed over the last two years.

3. Focus on the infrastructure market: very high levels of investment driven by the environmental transition and mobility/transport

Investments

- Investments are **on the rise at €11.6bn** (+30% compared to 2021), driven again in 2022 by financing for **renewable energies** (€3.9bn and 61% of projects supported in terms of number).

Raising capital

- The level of fundraising decreased to €16bn (-7% compared to 2021), due to the decrease in large-scale fundraising.
- As observed historically, the main investors are pension funds, funds of funds and insurers, which account for 80% of the amounts raised.
- **80% of capital is raised internationally** (compared to an annual average of 69% over the last 4 years).

Thierry Dartus, Partner, Transaction Advisory Services, Grant Thornton emphasises: "2022 was full of contrasts. Activity remained buoyant generally, despite a macroeconomic and geopolitical environment that was not very favourable to private equity. After a dynamic first half of the year, the tightening of financing conditions for LBO transactions had an impact on activity. However, fundraising remained stable over the period at nearly €40bn. Even if the number of companies invested in increased in 2022 (+14% with 2,900 companies), the decrease in amounts is observed in the segment of tickets above €15m and in the sectors of the economy most exposed to the current uncertainties (BtoC, health and digital in particular). It is premature to draw conclusions from this inflection for the first months of 2023. The companies have strong balance sheets and good results. A possible decrease in inflation could facilitate private equity activity in the coming months."

**The overall amounts for 2022 for
private equity (including infrastructure) and private debt:**

€53.7bn invested and €52.8bn raised

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About France Invest

France Invest brings together almost all the private equity teams active in France and as such has nearly 400 active members and 180 associate members as of 31 December 2022. Through its mission of ethics, control and development of market practices, it is one of the two associations recognised by the AMF, membership of which is one of the eligibility conditions for management companies. It is the only professional association specialising in the private equity industry. France Invest's priorities include promoting the marketplace and the role of private equity, participating actively in its development by federating the entire profession and establishing best practices, methods and tools to allow shareholders to perform their role professionally and responsibly.

More information: www.franceinvest.eu

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