

Private equity: robust performance over the long term, outperforming other asset classes

France Invest (Association of Investors for Growth) and EY are today presenting the 29th edition of their annual study on the net performance at the end of 2022 of French private equity players (private equity and infrastructure funds).

Key lessons:

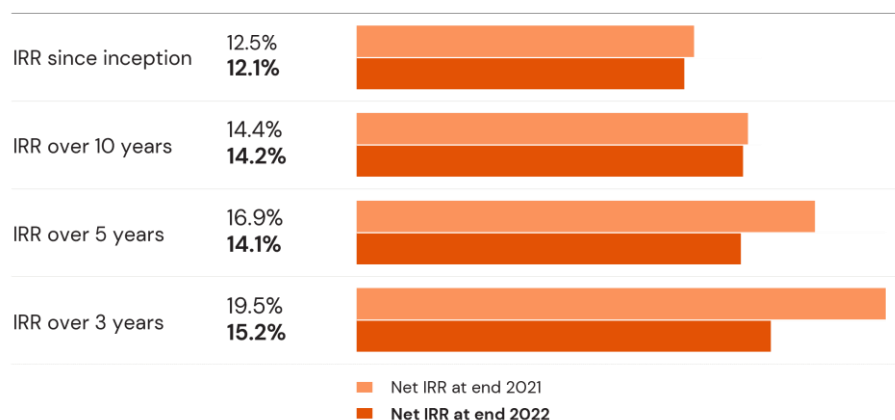
- 1) Robust performance to the end of 2022 (14.2% net per annum over 10 years)
- 2) A slight decline over the year (performance over 3 years at 15.2% net per annum compared with 19.5% at the end of 2021, a year of strong recovery)
- 3) Outperforms all other asset classes over the long term, demonstrating the ability of supported companies to create value across cycles

Bertrand Rambaud, Chairman of France Invest, comments: "After a strong recovery in 2021 following the end of the health crisis, **2022 marks a return to the average**. The slight fall in yields seen this year can be explained by a downturn in the tech sector, a more uncertain economic environment and inflationary pressures. Over the longer term, the industry continues to deliver **robust returns** for its subscribers, outperforming all other asset classes over the long term. Through these cycles, the companies we support adapt and maintain the process of value creation in their businesses. This is how French private equity helps to strengthen our economy in the long term."

A / Consistently robust performance over the long term

At the end of 2022, despite a more uncertain environment in recent months, long-term performance is consolidating at a high and stable level at 14.2% per year over 10 years¹

NET IRRS BY INVESTMENT HORIZON

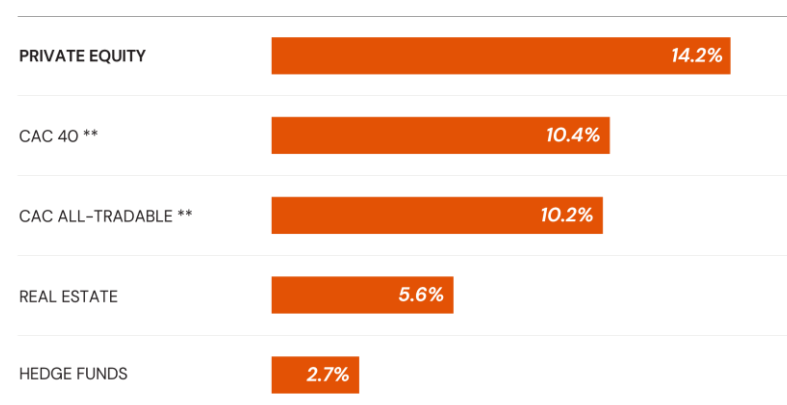


¹ Given the average lifespan of vehicles (between 8 and 10 years) and the length of time over which investments are made, the final performance of vehicles is built up over the long term: the most relevant performance indicators are those relating to horizons of at least 5 years, particularly performance over 10 years or since inception.

The year 2022 was marked by macroeconomic developments (inflation, rising interest rates, rising energy costs, falling financial markets, etc.) which brought the economic situation back to normal after the strong recovery seen in 2021. The downturn in the tech sector and the overall adjustment in valuations across all segments should also be taken into account. As expected in this context, private equity returns at the end of 2022 are falling slightly.

B/ Outperforms all other asset classes over the long term, demonstrating the ability of supported companies to create value across cycles

Private equity outperforms all other asset classes over the long term.



* 10-year performance of CAC Indices with dividends reinvested [PME method], Credit Suisse Hedge Funds Index (International scope), EDHEC IEIF Commercial property France
 ** Comparison made using the PME method (indices used with dividends reinvested - see Definitions on Slide 34)

Whatever the segment selected (venture & growth, development capital, buyout capital, mixed vehicles, infrastructure funds), long-term performance is high.

This outperformance bears witness to the value-creation capacity of the companies we support, and to the ability of private equity funds to support their investments over the medium and long term, so that they perform better through economic cycles.

*"The 2022 performance of private equity measured over 10 years (14.2%), albeit slightly down on last year, maintains a significant yield differential of around 4 points compared with the CAC 40 or CAC All Tradable stock market indices," **points out Stéphane Vignals, partner at EY Strategy and Transactions.** "This demonstrates the resilience of private equity across economic cycles and the ability of private equity players to have effectively supported the management teams of the companies in which they invest in the situation of inflationary and geopolitical tensions that we experienced in 2022" **adds Stéphane Vignals.***

Methodological reference: See footnote²

² **Note: 2022 scope and calculation method**

As with previous years' studies, the 2022 edition is based on data that is broadly representative of the French market: it covers almost 900 vehicles managed by 146 management companies. The number of vehicles covered has risen sharply since 2017. In addition to growth in the market and in the number of players, it is also due to the long-term viability of those players who have demonstrated repeated good performance with their subscribers.

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About France Invest

France Invest brings together almost all the private equity teams active in France, with almost 400 active members and 180 associate members at 31/12/2022. Through its mission covering ethics, control and development of market practices, it is one of the two associations recognised by the AMF, whose membership is a condition of authorisation for asset management companies. It is the only professional association specialising in private equity. France Invest's priorities include promoting the place and role of private equity, playing an active part in its development while bringing the entire profession together and establishing best practices, methods and tools for professional and responsible shareholder management.

For more information, visit www.franceinvest.eu

About EY

EY | Building a better working world

EY's purpose is to help build a more balanced world by creating long-term value for our clients, employees and society, while strengthening confidence in the financial markets.

With their expertise in data processing and new technologies, EY teams are present in more than 150 countries, helping to create the conditions for confidence in the economy and meeting the challenges of growth, transformation and management of our clients' activities.

With their expertise in audit, consulting, law, strategy, tax and transactions, EY teams are able to analyse the complexities of today's world, ask the right questions and provide relevant answers.

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For the record, the main performance indicator used in the study is the Internal Rate of Return (IRR): The IRR measures the annual return of a private equity fund for a subscriber. It takes into account the flows (calls for funds and distributions) and the net asset value (NAV) of the vehicles, and its calculation includes the impact of time. Performance is calculated on the basis of:

- Capital distributions to fund subscribers (LPs) resulting from disposals;
- The valuation (NAV) of investment vehicles, which complies with the industry's current regulatory framework

For institutional investors in management companies, these performances are net of fees and excluding distribution costs.