




# 2023 Global Private Equity Report

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BAIN & COMPANY 



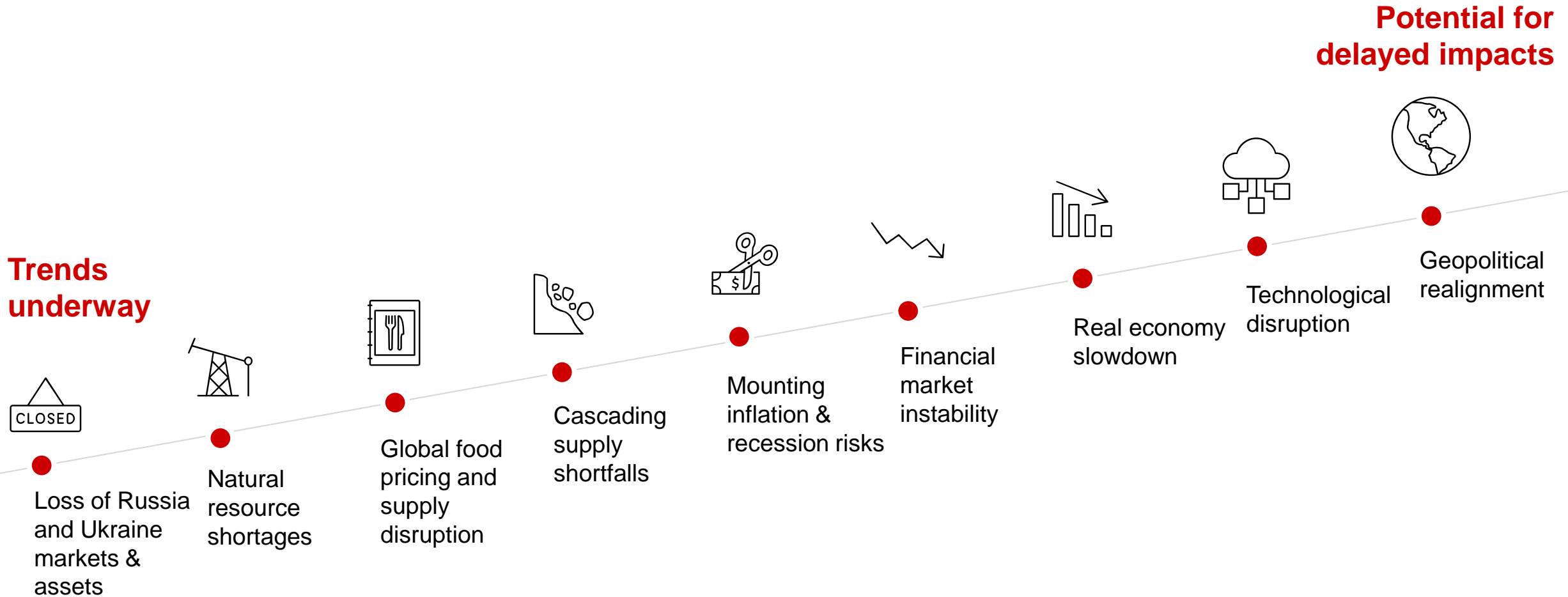
# 2022 was a **tale of two halves** in private equity industry

**Deals and exits**  
slowed down  
substantially in the  
second half of 2022

Average deal size fell  
by **over 20%**, as  
banks pulled back on  
large buyout lending

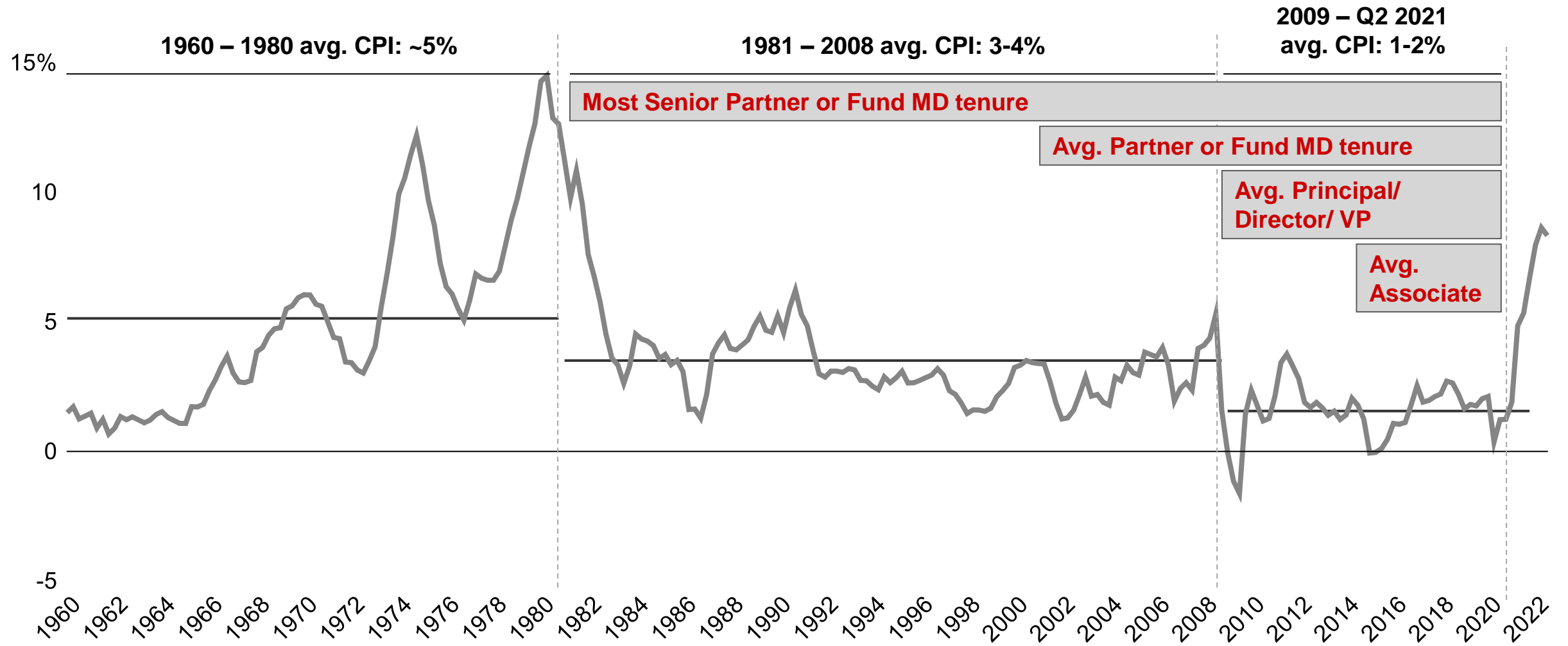
With **LPs squeezed**  
**for cash**, the biggest,  
**most experienced**  
**funds** are raising the  
most money

# The current macro environment poses a range of significant challenges and continued uncertainty



# Few investors have invested through such challenging times

US CPI growth rate (all items, quarterly rolling annual % change)



# Global buyout value dropped by more than a third in 2022 to \$654B

Global buyout deal value (excl. add-ons)

\$1,200B

1,000

800

600

400

200

0

2005

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22

**\$654B**

Avg. deal size  
\$M

256

494

476

165

119

229

254

216

310

303

445

520

645

732

761

819

1,245

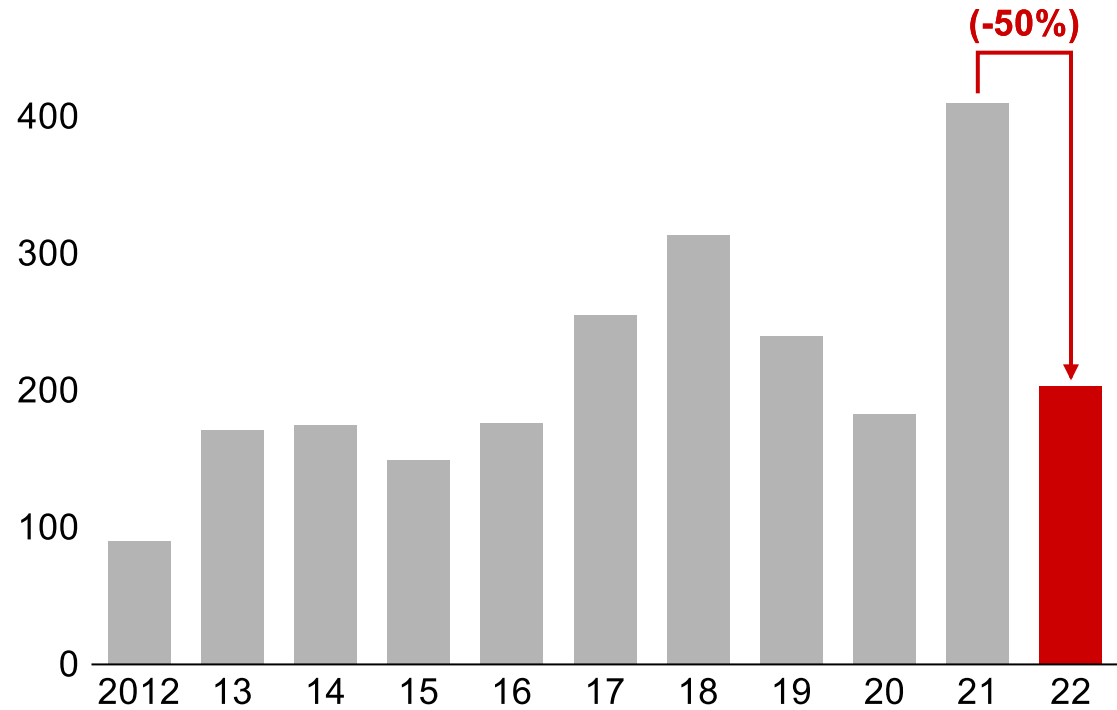
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# Banks pulled back and financing large deals became more challenging and costly

## Total LBO loans issued declined across regions

Syndicated LBO loan issuance, US & Europe

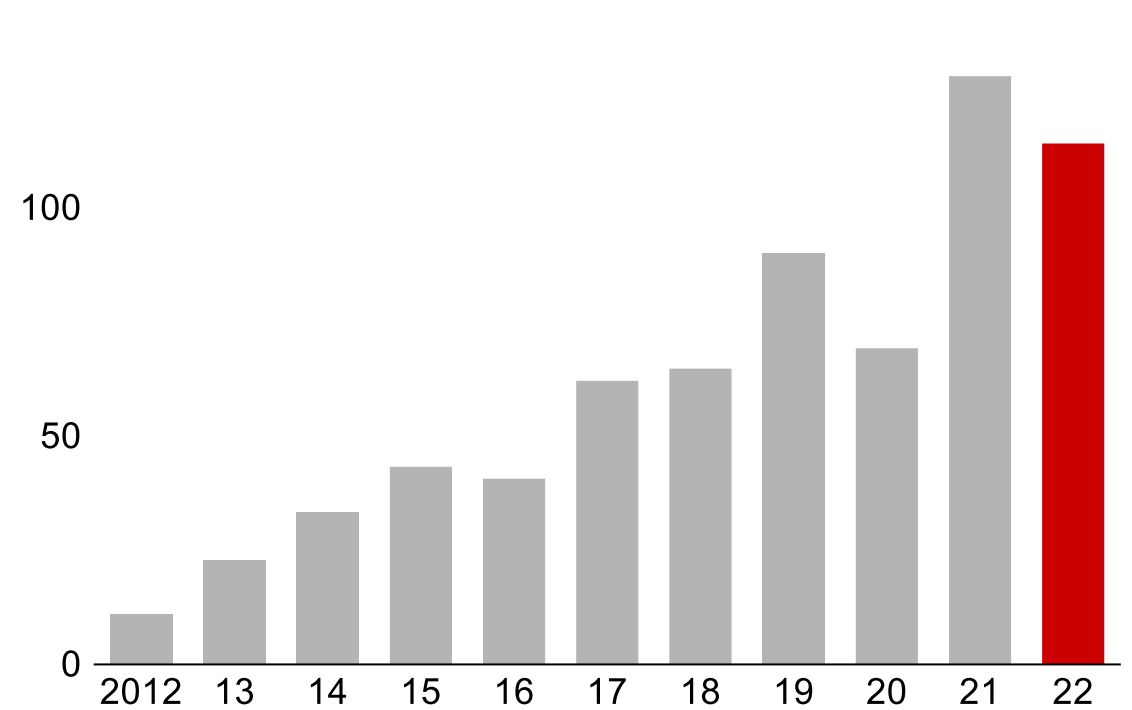
\$500B



## Meanwhile, direct lending has been growing

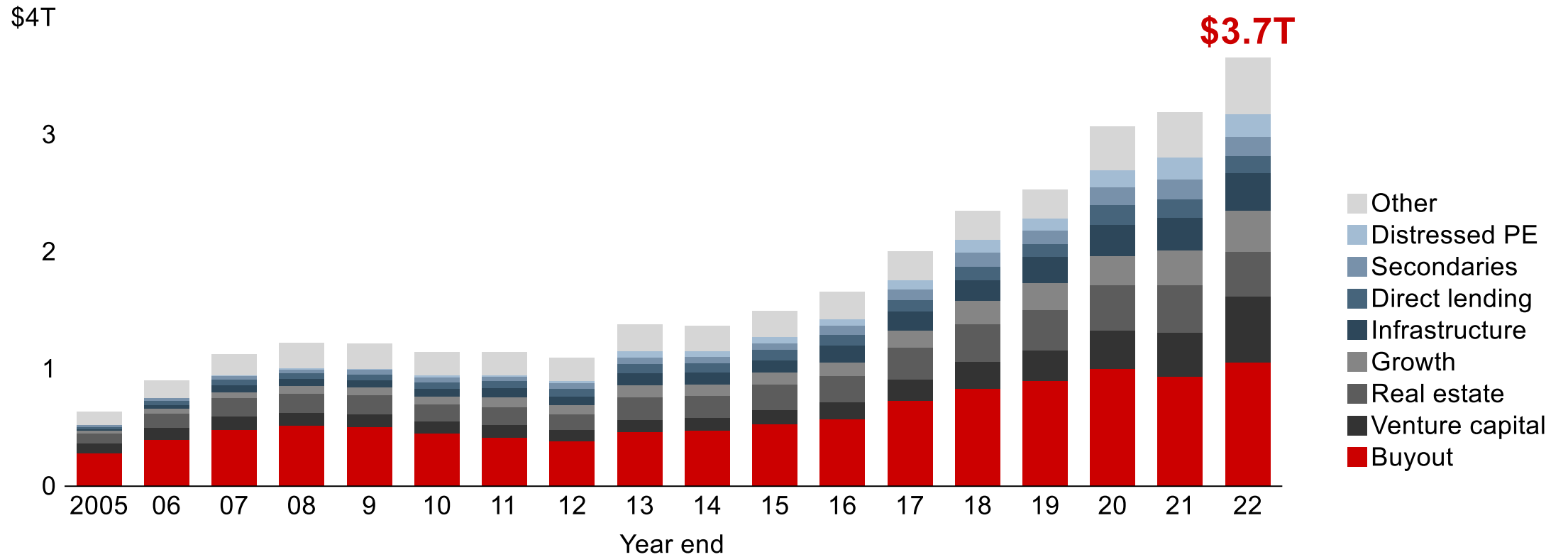
Global direct lending funds raised

\$150B



# Global private capital dry powder continued to pile up and now sits at \$3.7T

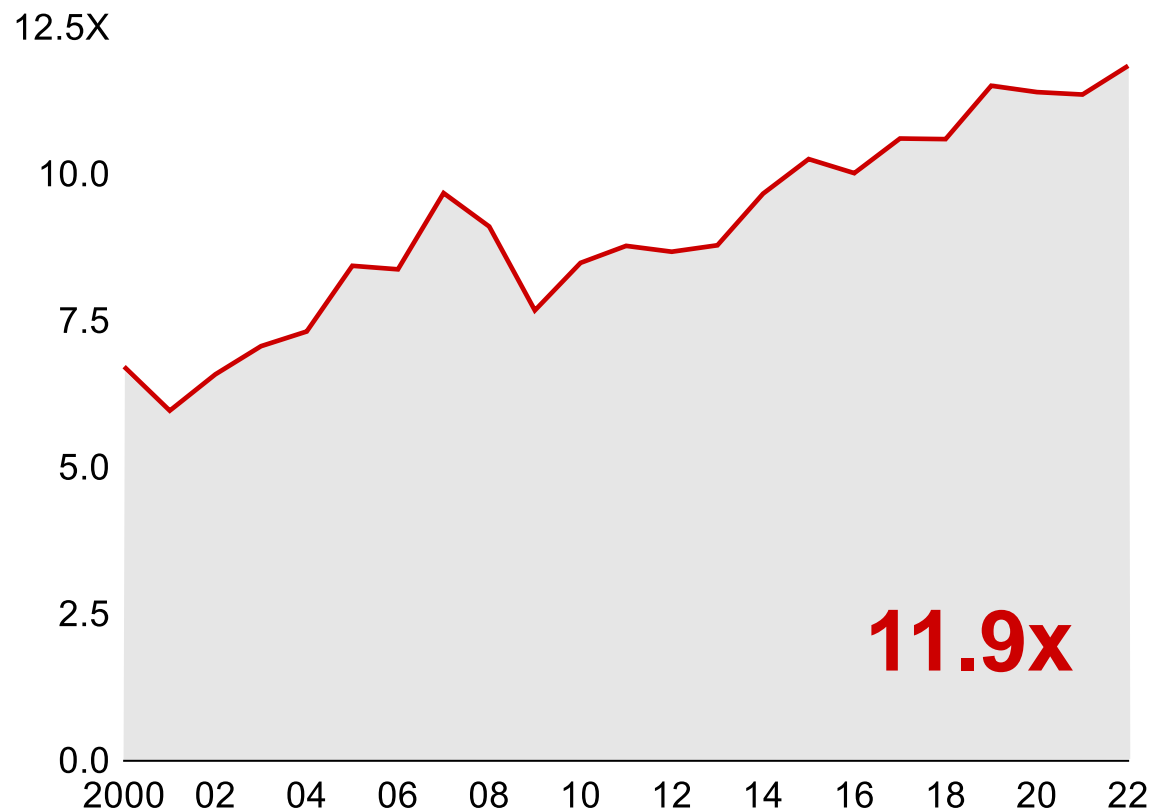
Global private capital dry powder



Assets that transacted tended to be high quality and heavily competed, average purchase price multiples did not come down meaningfully

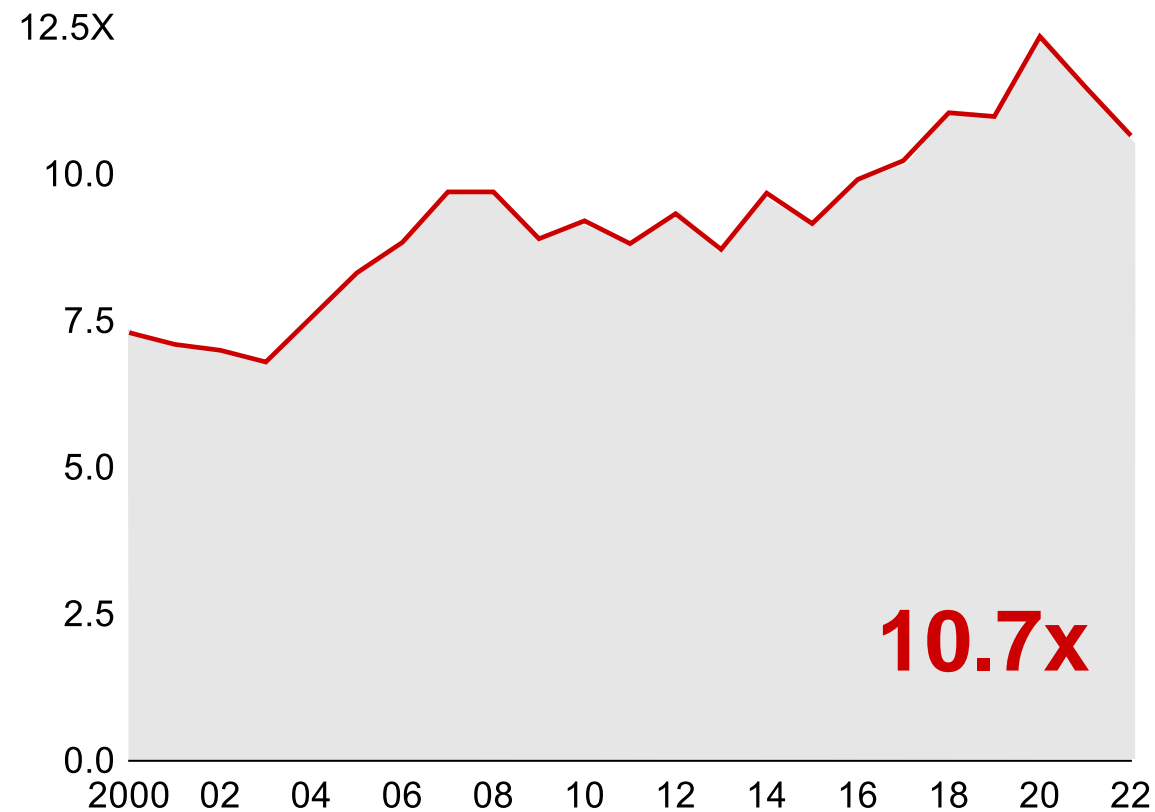
## US

Average EBITDA purchase price multiple for leveraged buyout transactions



## Europe

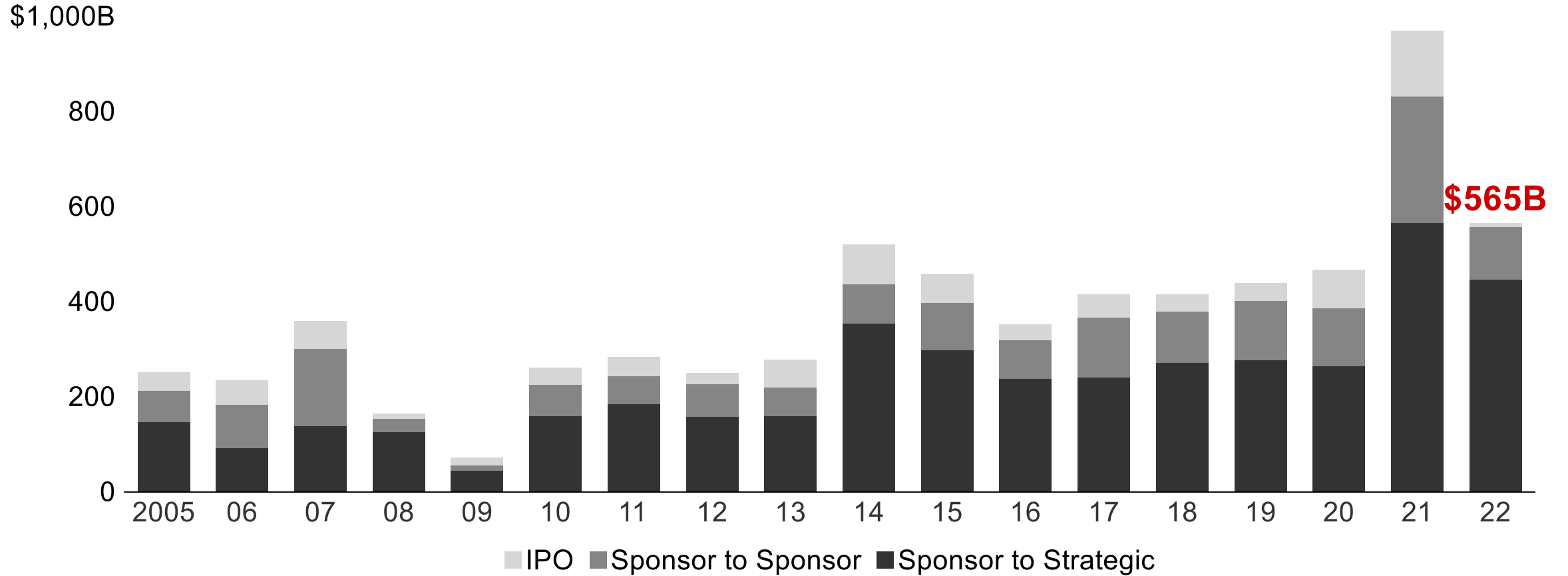
Average EBITDA purchase price multiple for leveraged buyout transactions





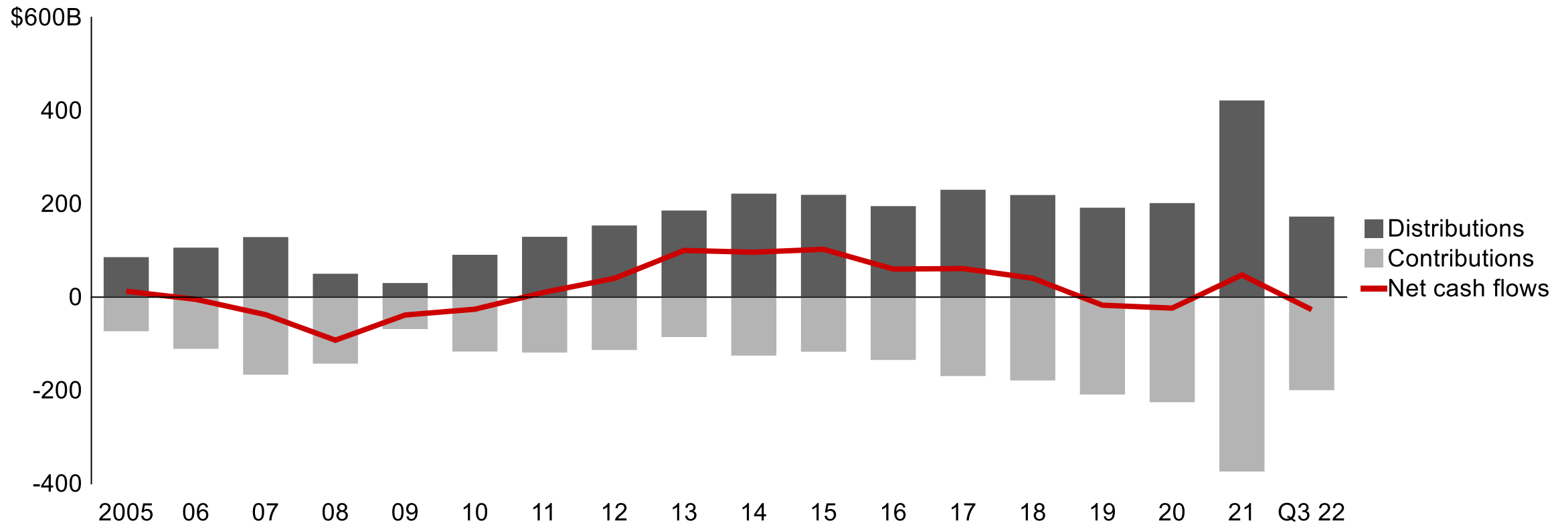
# Buyout-backed exits fell sharply in 2022 across all channels

Global buyout-backed exit value



# Distributions to LPs slowed dramatically, many turned cashflow negative

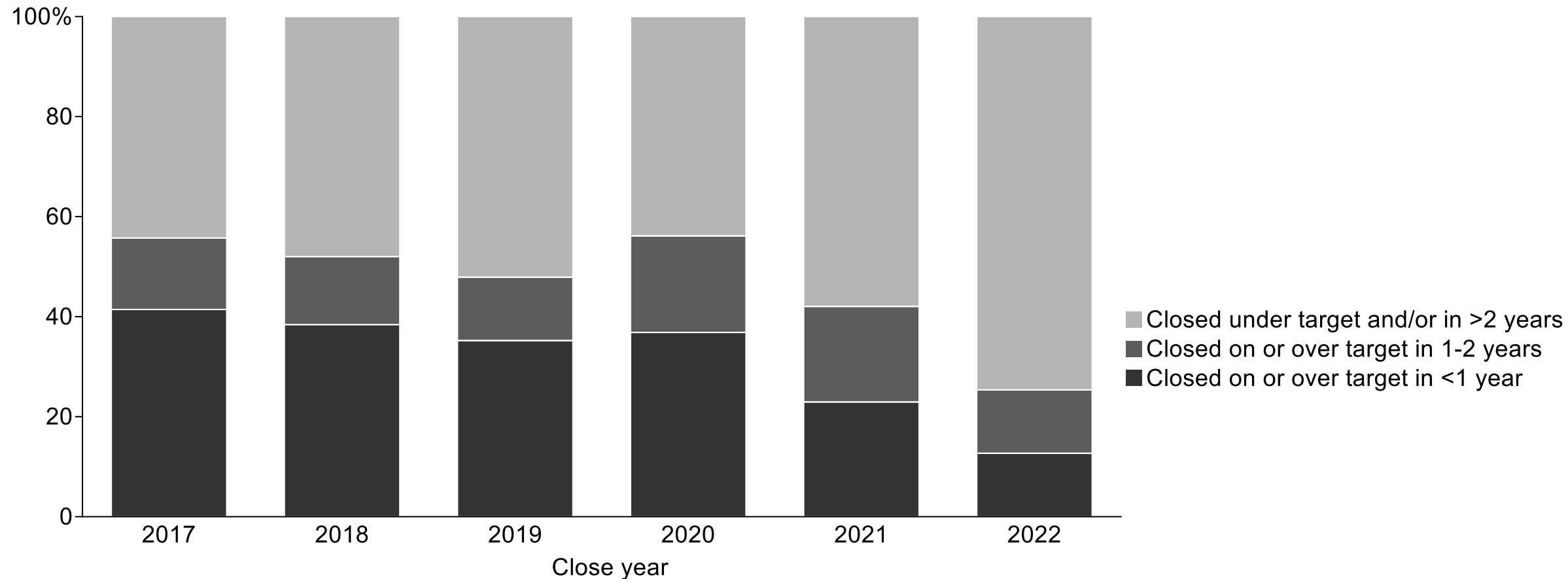
Global buyout fund capital contributions and distributions





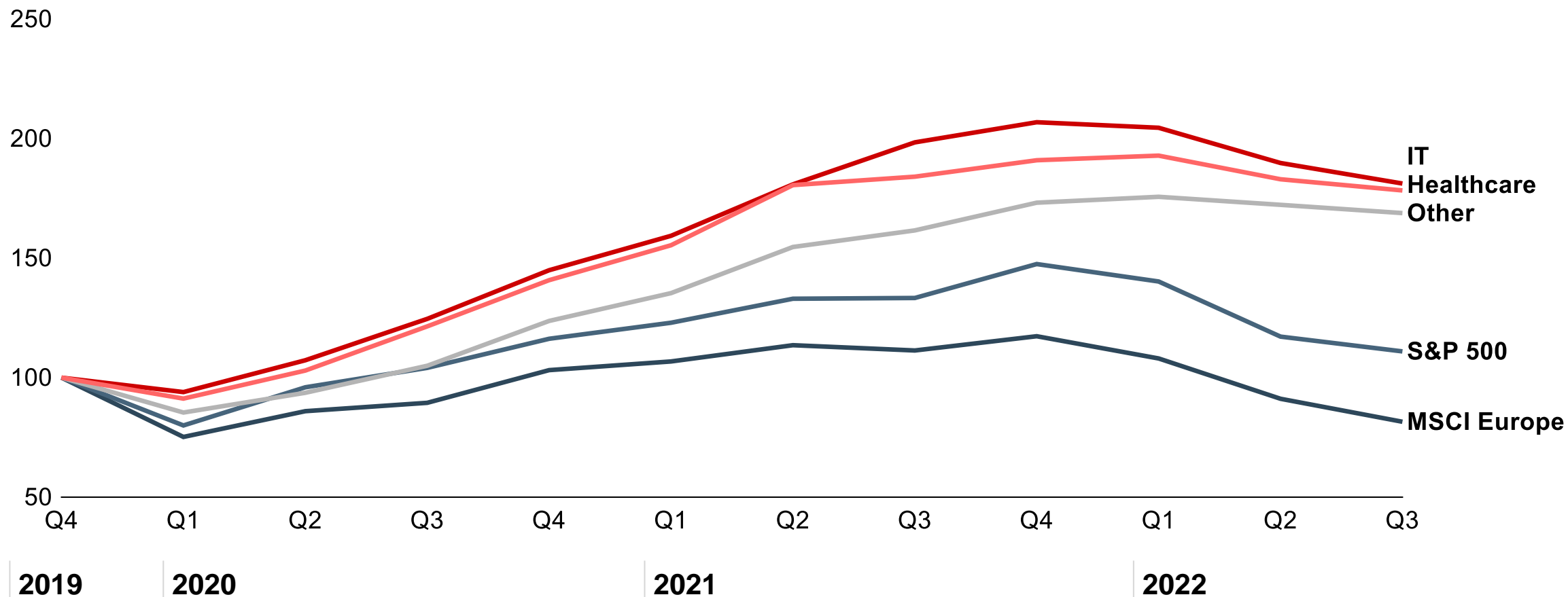
# Despite headlines from big successful fundraisings, reality is most funds are on the road for more than a year or do not hit their target

Distribution of buyout funds closed by fundraising success, time and target achievement



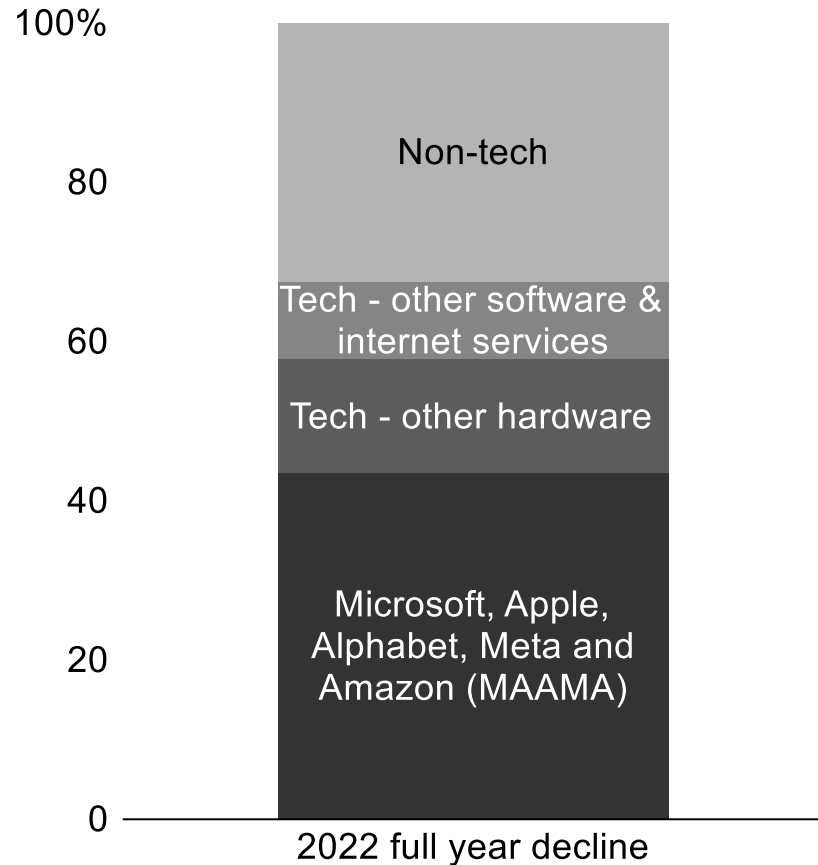
# Yet, private and public company valuations have actually been diverging for some time – this is not a new phenomenon in 2022

Indexed valuation based on pooled return, global buyout-backed holdings (Q4 2019 = 100)



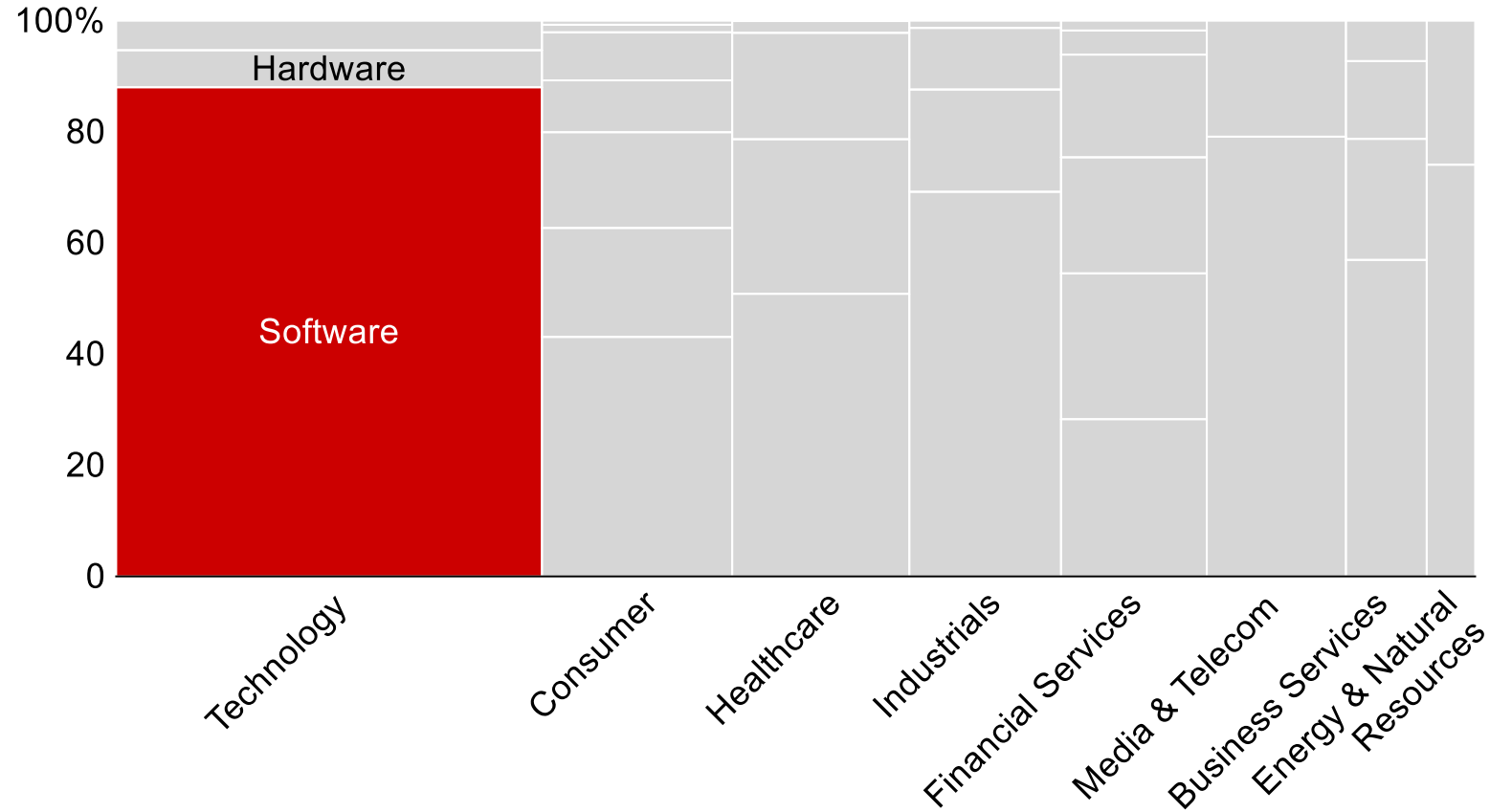
# What is driving this? One big factor is the composition of PE portfolios – tech exposure in the public markets is very different from tech in private markets

Share of 2022 S&P500 market cap decline



Share of global buyout deal initial equity capital (2017-2022)

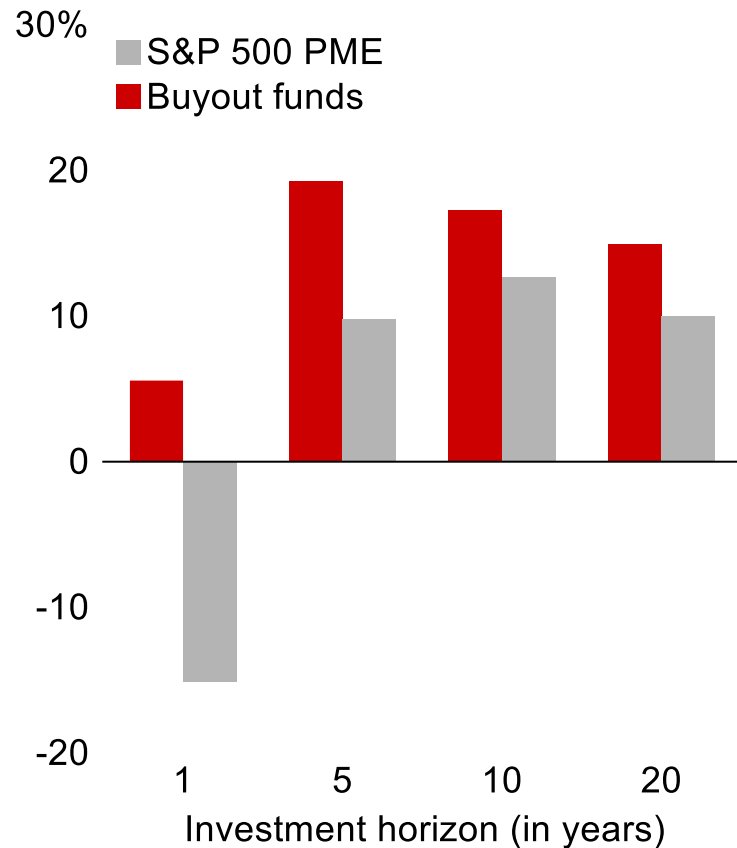
DealEdge®



# Over time, private equity has consistently outperformed public markets

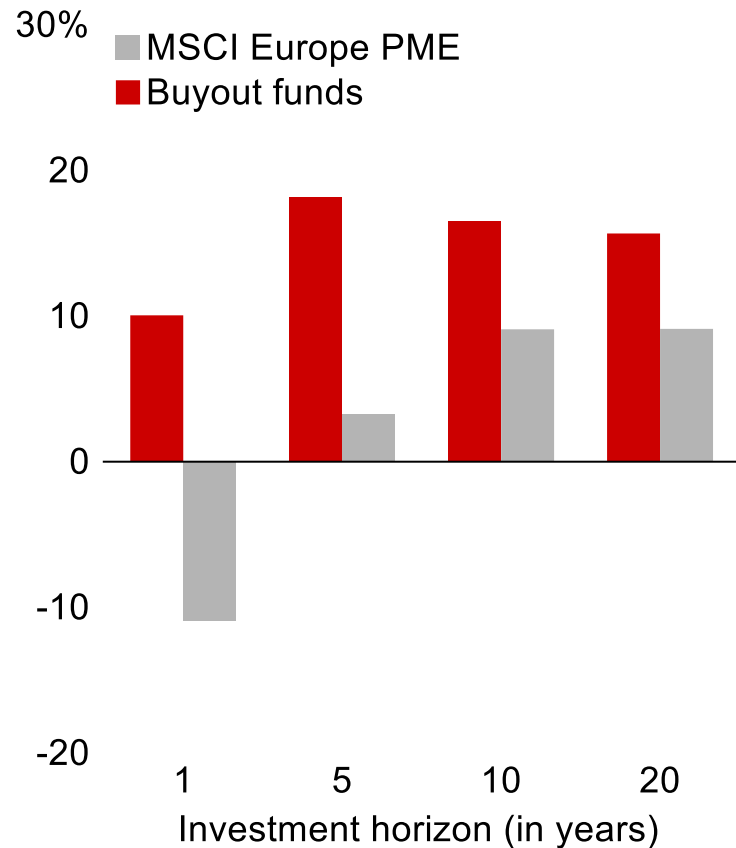
## US

End-to-end pooled net IRR  
(as of Q3 2022)



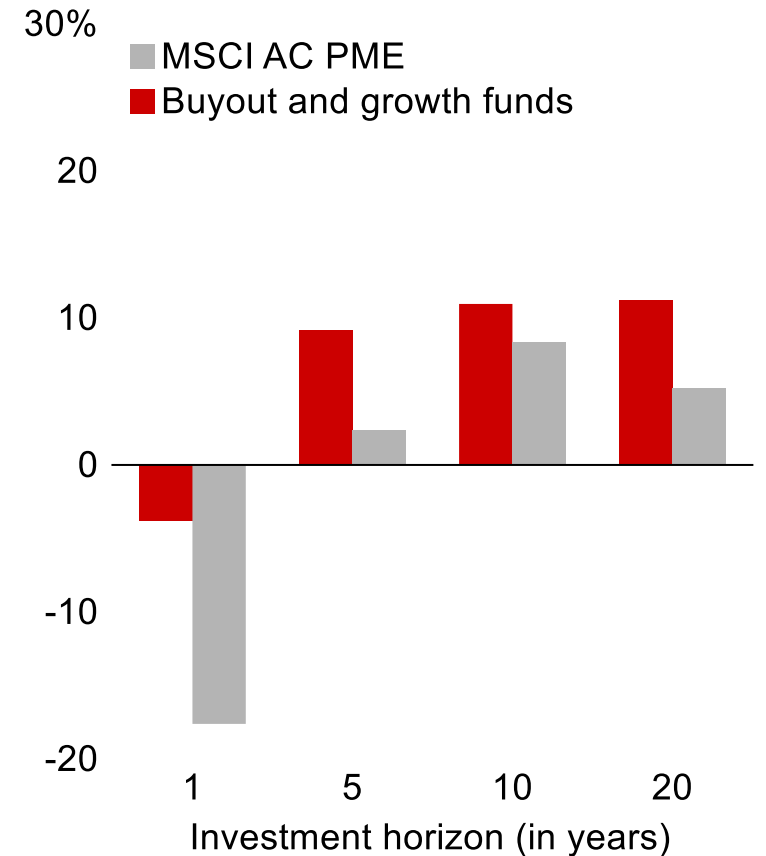
## Western Europe

End-to-end pooled net IRR  
(as of Q3 2022)



## Asia-Pacific

End-to-end pooled net IRR  
(as of Q3 2022)



# Key trends in the industry

## Retail investing



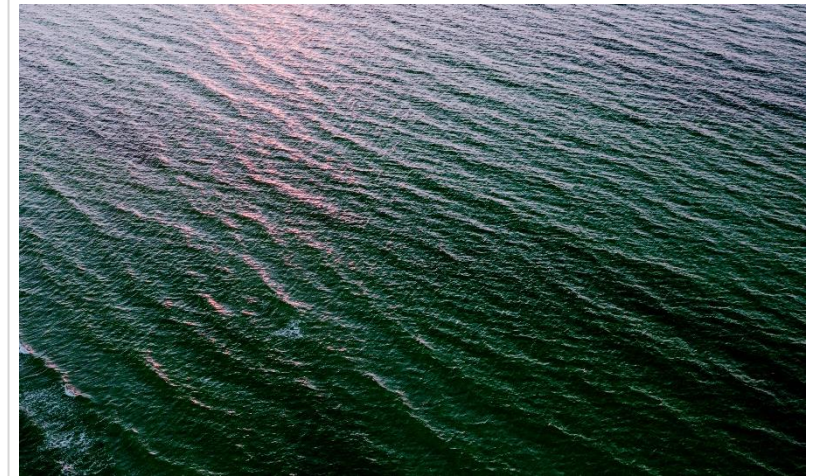
**Individual investors** hold half of all wealth globally. **Alternative asset managers are increasingly pursuing them** as institutional capital alone may no longer support their growth ambitions

## Energy transition



The **energy transition** presents both a sizeable **investment opportunity** as well as an opportunity to become a leader in **decarbonization**

## Web 3



Despite the hype and turmoil in the crypto world, **Web3 will reshape industries, profit pools and create efficiencies** in private capital markets



# Q&A

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