UK Mid-market PE review

Our perspective on Private Equity activity in the first half of 2019

July 2019

kpmg.com/uk/midmarketPE

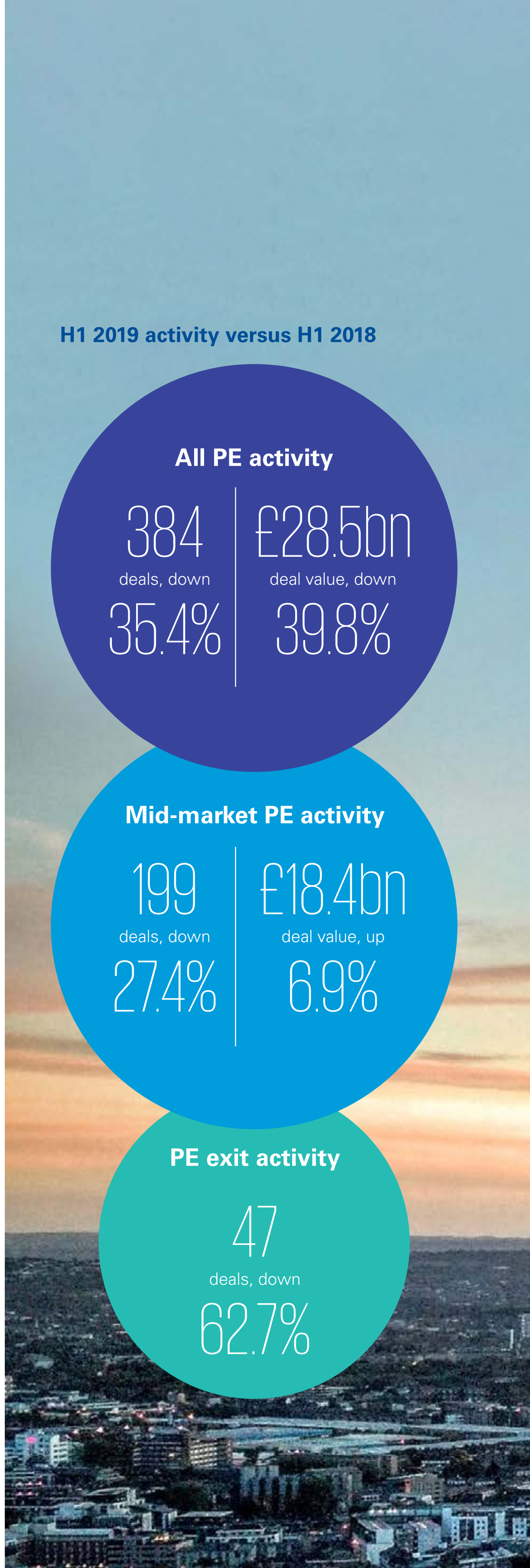
The landscape

The first half of 2019 has been challenging for Private Equity given the heightened economic and political uncertainty both before and after the extension of the Brexit deadline to October.

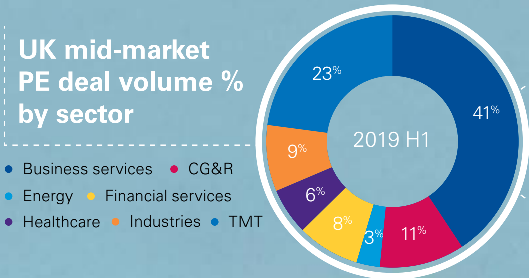
Despite a drop in volume in the first quarter, there was a slight resurgence to 100+ transactions in the second quarter – a healthy tally. Whilst deal volumes fell, total deal value was up, which we expect is due to an increase in average deal sizes.

In this issue

All data provided by Pitchbook



UK mid-market PE deal volume % by sector

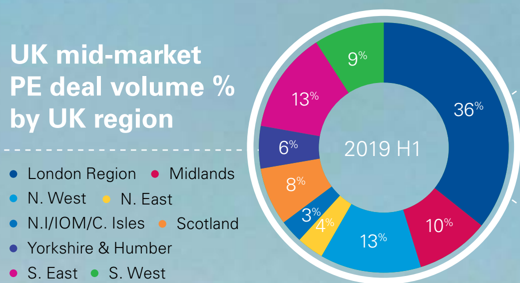


Business services deal volumes **81**

TMT deal values **£5.1bn**

TMT deal volumes **46**

UK mid-market PE deal volume % by UK region



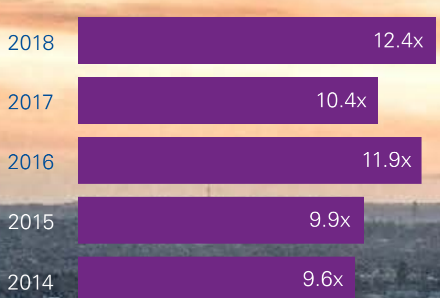
S. West values up **26%**, volumes steady

Midlands value up **30%**

Scotland volumes static, values up **79%**

The landscape

All PE EV/EBITDA multiples



All mid-market PE EV/ EBITDA multiples

Period covered 1 January to 30 June 2019

Source: *Pitchbook*

Jonathan Boyers
Partner - UK Head of Corporate Finance

Mid-market PE values remained reasonably resilient in the first half of 2019 even though over PE deals volumes fell by, 40%, values actually increased 7% to £18.4bn. Multiples have also increase due to the scarcity of quality assets in the marketplace.

Given the competitive investment environment, average deal values in the mid-market are up, whilst more marginal deals that were possible to conclude in a more buoyant M&A market have become more challenging in the current market conditions than they were over the last two years.

Our most recent report explores the key trends impacting PE investment in the mid-market across the UK, including:

- The growing emphasis on high quality deals and safe bets
- The increasing participation of US investors in the PE market in the UK
- The resilience of the TMT and business services industries
- The growing attractiveness of cities outside of London to PE investors

Contents

Our perspective

Alex Hartley
Partner - Head of Private Equity and London Regions M&A

2019 got off to a slow start for total PE investment in the UK, driven in part by the heightened economic and political uncertainty both before and after the extension of the Brexit deadline to October. Between H1’18 and H1’19, total deal value dropped from £47.4 billion to £28.5 billion – a decline of 40%. Over the same period, the total number of PE deals in the UK also fell, from 594 to 384.

Amidst an environment of growing investor caution and uncertainty in the UK, mid-market PE deals proved to be quite resilient compared to other PE deals. While the total number of mid-market PE deals in H1’19 dropped to levels not seen since pre-2014, deal values actually increased by 7% versus H1’18 to reach £18.4 billion. The strong overall level of investment highlights that there has been an increase in average deal size. We have also seen PE investors willing to pay strong values for high quality assets while raising the bar for the more marginal deals where business plans may be more challenging to deliver and outcomes may be less certain.

Fundraising continued to be relatively strong in the mid-market during H1’19. The emergence of a breadth of new funds, including many specialist funds focusing on specific niches such as TMT have driven this trend. The UK also attracted a significant amount of PE investment from overseas during H1’19, with US PE investors showing particular interest in UK investment opportunities.

Heading into H2’19, the potential outcome of the Brexit negotiations will continue to weigh heavily on investment decisions in the PE community. While deal activity might fall off over the next few months as the new Brexit deadline approaches, it is expected that owner managers and PE firms looking to sell assets will carry on with the required preparatory work so that they are ready to launch processes once the shape and timing of any Brexit deal is more certain.

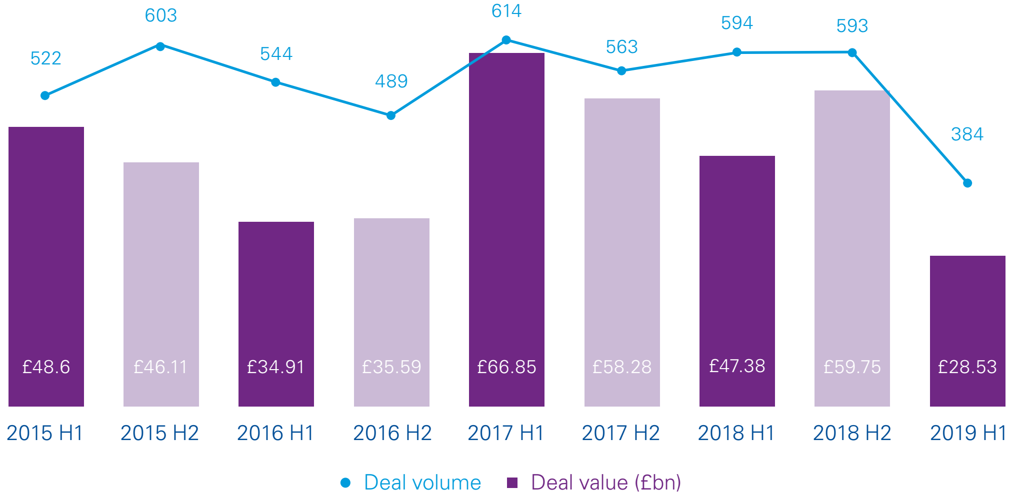
KPMG recent activity

KPMG Corporate Finance has been involved in some high profile PE deals over recent months which has included Macquarie’s public to private of Premier Technical Services Group, Maven’s sale of GEV to Bridges Ventures, LDC’s investment in Texthelp, the sale of Siderise to H2 Capital, Phoenix’s exit from Signum Technologies and Bowmark’s sale of Care Fertility to Silverfleet. We remain upbeat about continued PE deal activity and see lots of opportunities in our pipeline for new investment activity.

We hope you find this report insightful. If you would like to discuss any of the results in more detail, please contact our Corporate Finance team, details of which can be found on page 30 of this report.

Total UK PE Activity

Total UK PE activity



	% Volume Change		% Value Change	
	H1 2018	H1 2019	H1 2018	H1 2019
Total UK PE deal flow	-3.3%	**-35.4%**	-29.1%	**-39.8%**

"Amidst an environment of growing investor caution and uncertainty in the UK, mid-market PE deals proved to be quite resilient compared to other PE deals. While the total number of mid-market PE deals in H1'19 dropped to levels not seen since pre-2014, total mid-market deal value remained elevated - on par with both H1'18 and H2'18."

As total PE investment falls, investment in mid-market deals holds steady

Following two robust years of investment, total PE investment in the UK fell more than 35.4% between H1'18 and H1'19 – dropping to a level not seen since pre-2014. Deal value also fell 39.8% over the same period. The significant drop likely reflects the increasing concern of investors as the initial March Brexit deadline approached, and then was postponed to October. With a high level of uncertainty permeating the UK market there are fewer new investment opportunities and many PE investors are taking a 'wait and see' approach to their portfolio.

While the number of mid-market PE deals also fell between H2'18 and H1'19, PE investment in the mid-market showed resilience compared to broader PE trends – with investment in mid-market deals holding steady compared to both H1'18 and H2'18.

Source: *Pitchbook*

UK Mid-Market PE Activity

£18.4bn
deal value, up
6.9%

199
deals, down
27%

Mid-market PE
52%
of all PE deals

"Given the scarcity of quality assets and a competitive investment environment, average deal values in the mid-market are up. However more marginal deals that were possible to conclude in a more buoyant M&A market have become more challenging in the current market conditions than they were over the last two years."

Mid-market PE investors focusing on quality not quantity

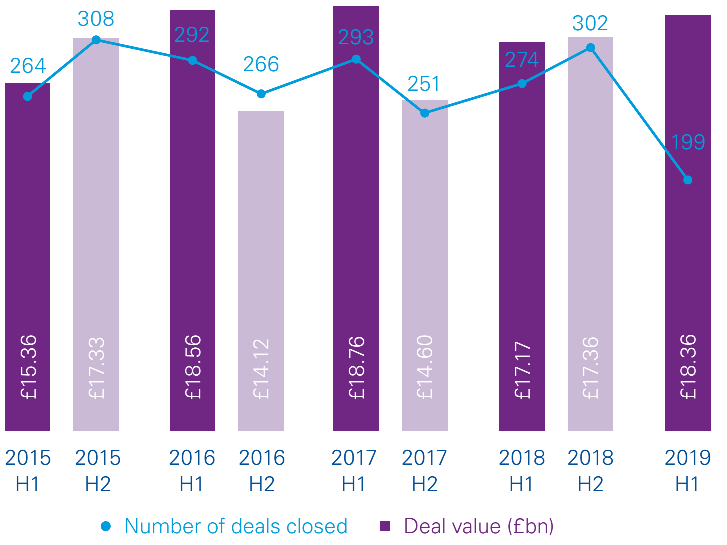
The significant level of PE investment in H1'19 despite a drop off in deal volume highlighted a number of factors:

- fewer new investment opportunities of a decent quality
- average deal values in the mid-market are up; and more marginal deals that were possible to conclude in a more buoyant M&A market have become more challenging in the current market conditions than they were over the last two years.

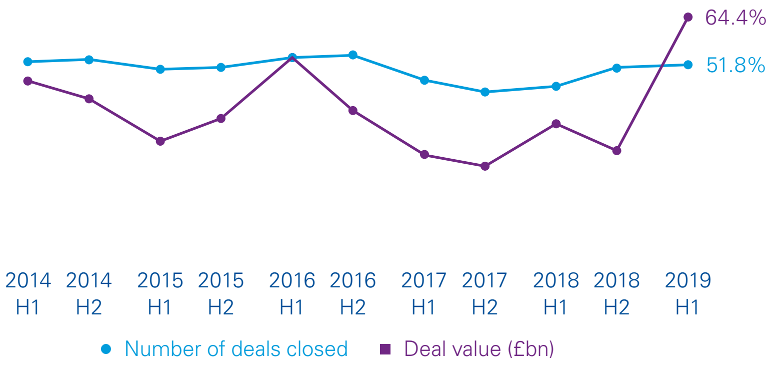
During the first six months of 2019, many PE investors pulled away from marginal deals they might have been more inclined to make in previous years – where in a more certain M&A and economic climate they may have conducted additional due diligence or simply priced risk into the deal and structure.

At the opposite end of the spectrum, investors were more than happy to invest in high quality deals and competition intensified for these assets.

UK PE mid-market deal flow



UK mid-market PE deals as a % of all UK PE deals



	% Volume Change		% Value Change	
	H1 2018	H1 2019	H1 2018	H1 2019
UK mid-market PE deal flow	-6.5%	**-27.4%**	-8.5%	**6.9%**

Source: *Pitchbook*

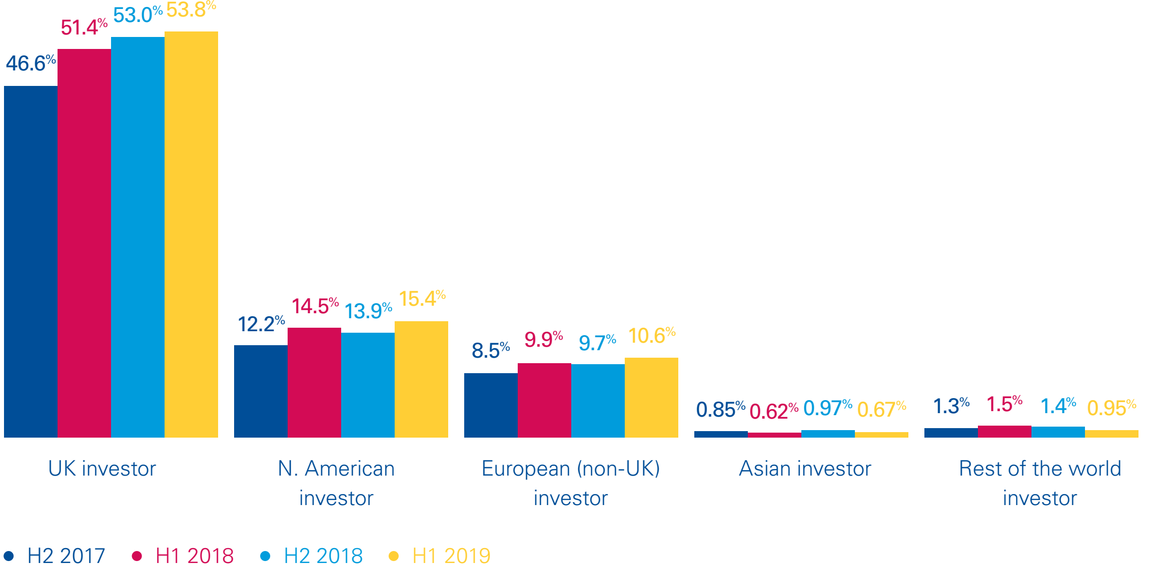
With many mid-market PE investors focusing on quality assets, competition for the best deals increased considerably during the first half of the year. Competition was spurred further by the dearth of quality assets for sale since many prospective sellers also held back due to the current uncertainty permeating the market.

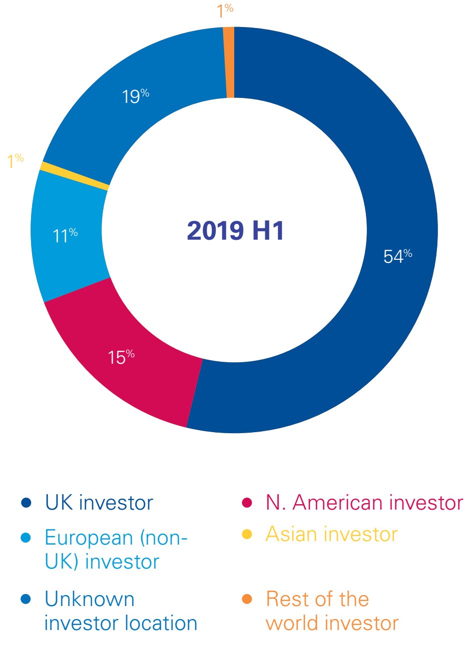
Number of specialist PE funds on the rise

PE fundraising activities remained relatively robust in the UK during H1'19, in part due to the growing interest in specialist funds. Over the last several quarters, there has been increasing interest in specific sub-sectors of investment, such as technology-focused funds or funds dedicated towards minority deals. There has also been a proliferation of new funds focused on the lower mid-market and more larger established PE funds have been upscaling their fundraises and cheque sizes. With some noise in the market around a potential recession, there has also been an emergence of restructuring focused funds targeted at the consumer and retail space.

PE Investors into UK by region

North American firms dial up activity slowly





Source: *Pitchbook*

PE investors outside of the UK undeterred by Brexit uncertainty

Mid-market PE investment in the UK continued to be primarily by UK PE funds in 2019. In H1'19, more than half of the mid-market deals involved UK investors. Despite the uncertain market environment in the UK, however, US-based PE funds were also very active in the UK mid-market, participating in over 15% of deals over the past six months. The positive UK-US exchange rate and relatively low valuations of UK-based companies compared to similar organizations in the US likely contributed to the ongoing interest from investors.

European-based PE investors (not including the UK) participated in fewer deals than their UK and US counterparts – although their rate of participation in UK mid-market deals remained relatively steady in H1'19 compared to H1'18. While several of the European countries outside of the UK have seen their PE markets evolve and grow in recent quarters, they continue to lag behind the levels of sophistication seen in the US and UK.

The primary sector focus of many US-based PE investors – particularly those located in Silicon Valley – remains technology. US-based PE investors continued to show a willingness to somewhat ignore potential Brexit issues in favour of deals able to help the accomplish specific goals, such as industry consolidation or expansion of reach.

Sectors

TMT mid-market PE activity H1 2019

TMT deal values
£5.1bn

TMT values up
66%
and account for
31%
total deal value in the mid-market

TMT deal volumes
46

Business services PE activity H1 2019

Business services deal values
£6.4bn

Business services volumes
-24%
and accounts for
34%
total deal value in the mid-market

Business services deal volumes
81

TMT and business services remain attractive to PE investors

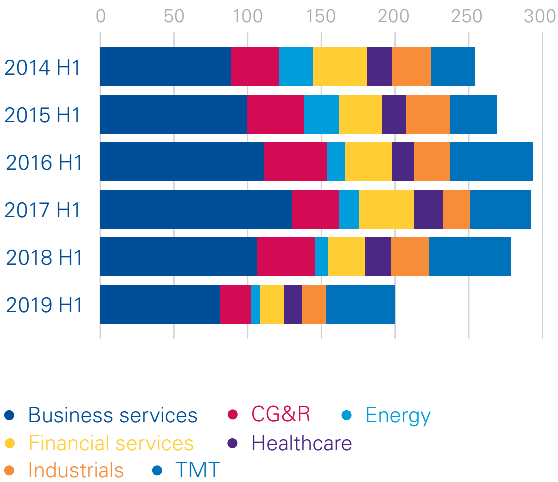
During 2018, PE investment in the UK's mid-market was relatively diverse at a sector level, with TMT, financial services, and healthcare attracting significant attention from PE funds. Of these three sectors, only TMT saw increased investment in H1'19: with a 66% increase in deal value compared to H1'18. After a dip in deals volume in H2'18, business services also saw a small increase in investment in H1'19 of 0.5% versus H1 2018 and a 7.7% increase versus H2 2018.

Both TMT and business services are expected to remain high priority sectors of investment, with PE investors interested in a wide-range of potential opportunities – from tech enablement to outsourced platform services.

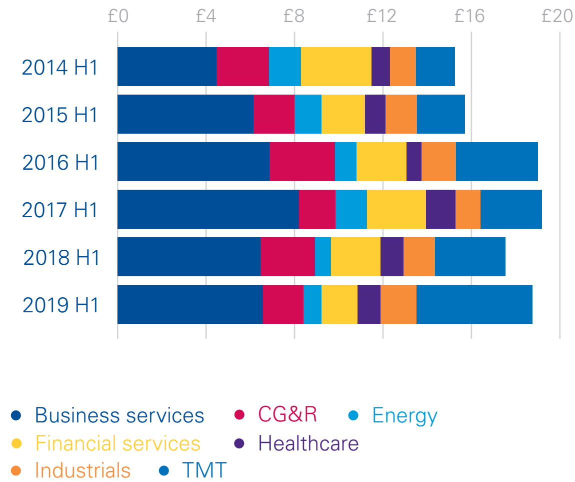
Energy was the most surprising sector in the first half of 2019. Following three consecutive quarterly drops in PE volumes. Energy saw a 14% increase in PE investment during H1'19. CG&R, meanwhile, was the hardest hit sector in H1'19, with PE investment volumes falling almost 49%.

Looking at sector focused PE investments as a whole, there continued to be high profile PE deals in most sectors during the first half of 2019 – particularly in the mid-market segment. With the exception of retail, no sector stood out as a 'no-go' sector for PE investors.

UK mid-market deal volumes by sector

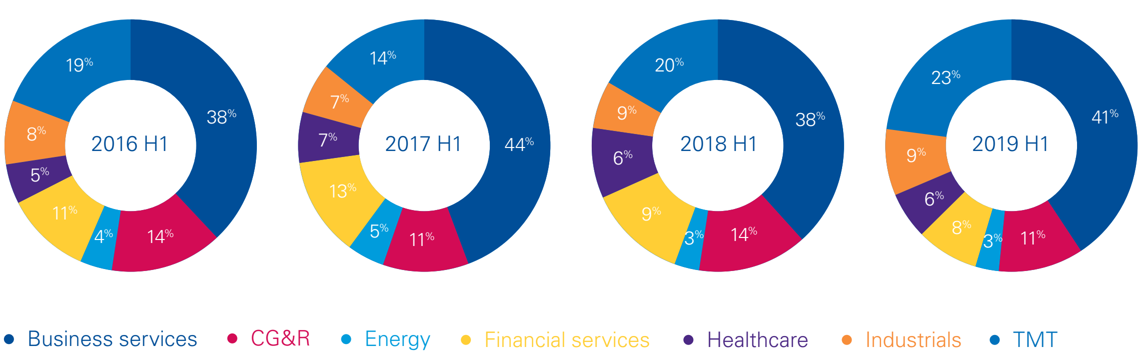


UK mid-market PE deal value (£bn) by sector



	% Volume Change		% Value Change	
Sector	H1 2018	H1 2019	H1 2018	H1 2019
Business services	-18%	**-24%**	-21%	**0%**
CG&R	22%	**-49%**	49%	**-26%**
Energy	-36%	**-33%**	-51%	**14%**
Financial services	-32%	**-36%**	-14%	**-27%**
Healthcare	-11%	**-29%**	-25%	**3%**
Industrials	37%	**-35%**	34%	**15%**
TMT	34%	**-18%**	14%	**66%**

UK mid-market PE deal volume % by sector



Source: *Pitchbook*

Sector perspective

Graham Pearce
Director - Head of TMT M&A

"Often, investing at an early stage in the TMT sector is crucial to help add value but the challenge for mid-market private equity firms remains how to do this."

TMT sector

Our technology, media and telecommunications sector corporate finance team has experienced a very strong start to 2019, completing eight transactions. Four of these deals involved private equity which aligns with KPMG's average of roughly 50% of sell-side mandates being to private equity platform acquisitions or bolt-on acquisitions.

While transaction volumes in the mid-market in TMT remained broadly flat for the first quarter of 2019, venture capital and early stage investment into the sector continues to bound ahead, with an uptick in VC deals and also investment value; with a total of 634 growth investments, totaling to £2.8bn (619 in Q4 2018). Fintech, AI and big data are consistently ranked in the hottest areas to invest, with 30% of the total value of growth investments going into these areas alone.

TMT sectors are bucking the wider trend and whilst volumes are slightly down, values have increased significantly.

One of the challenges for mid-market private equity in the TMT sector is balancing the risk of investing in younger, potentially disruptive business models, that may have less of a track record than traditional businesses.

Often, getting in early in the TMT sector is crucial to help add value but the challenge remains for mid-market private equity funds on how to do this. Some have launched "tech funds" as a way to explore this opportunity, but often are still shackled by the same investment structures as main funds, but just with smaller cheque sizes.

In an era where there is an increasing move towards disruption and disruptive business models, and the average life of a business is ever shortening, I wonder whether it's now time for mainstream mid-market private equity to carve out some of their all-time high dry powder to attack the earlier stage market and go hunting unicorns; to take views on as yet unproven technologies or markets; to back younger founders; and also to be open minded to higher valuations on investment rounds?

Regions

S. West values up
26%
volumes steady

Midlands deal values up
30%
volumes down 14%

Scotland volumes static, values up
79%

"Given the number of deals in H1'18 was a significant high for London, the decline in the first half of 2019 likely reflects a push from both buyers and sellers in 2018 to get deals completed before the market focus turned entirely to Brexit."

London takes the brunt of the decline in deals activity

At a regional level, London was the hardest hit in terms of declining deal volume – with a drop from 119 deals in H1'18 to 70 deals in H1'19.

Given the number of deals in H2'18 was a significant high for London (133 deals), the decline in the first half of 2019 likely reflects a push from both buyers and sellers in 2018 to get deals completed before the market focus turned entirely to Brexit.

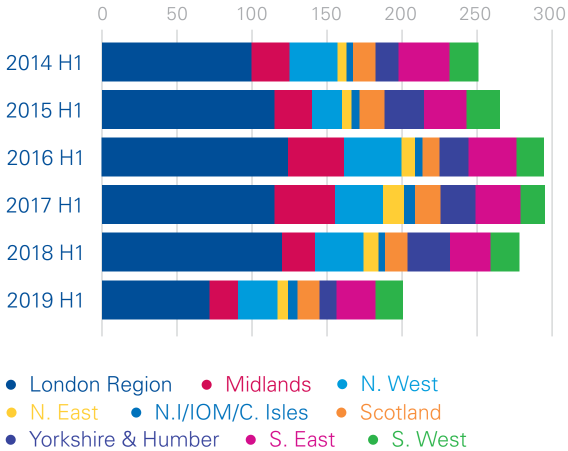
The Midlands and Yorkshire & Humber also saw the number of mid-market deals decline significantly – from 28 in H1 18 (-61%) in the case of the former, and from 22 to 11 (-13.6%) in the case of the latter in H1 2019.

The North East region saw a marginal increase (+3 deals) in deal volume in H1'19 compared to H1'18.

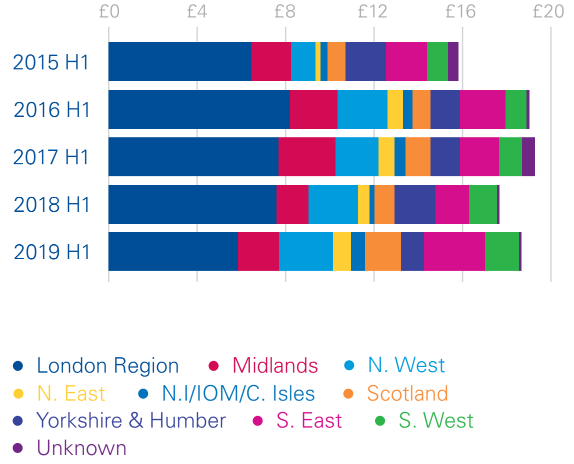
The South West region, meanwhile, showed resilience in terms of deal activity – dropping by only 5.3% (-1 deal) compared to the much larger drops seen in other key regions of the UK.

Scotland remained stable at 15 deals in both H1'18 and H1'19.

UK mid-market deal volumes by UK region

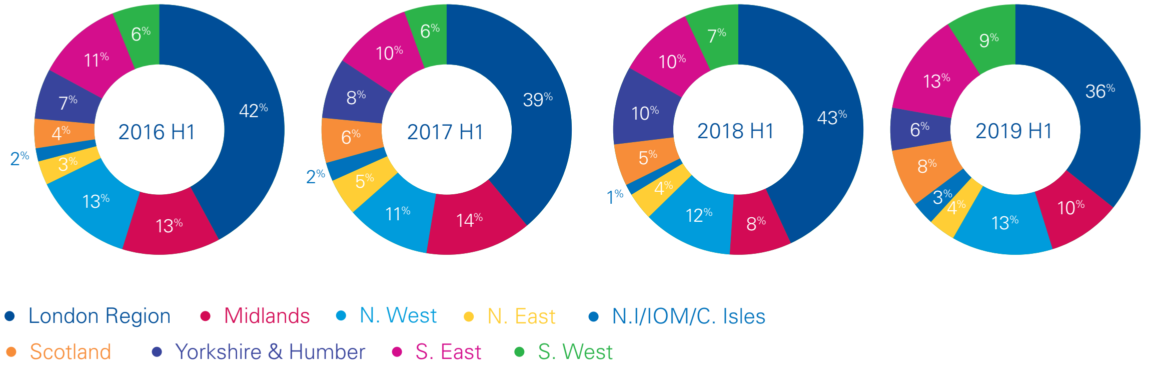


Half year mid-market PE values (£bn) by UK region



	% Volume Change		% Value Change	
Region	H1 2018	H1 2019	H1 2018	H1 2019
London Region	4.4%	**-41.2%**	-2.9%	**-23.2%**
Midlands	-45%	**-13.6%**	-46.5%	**30%**
N. West	0%	**-18.8%**	10.7%	**10.8%**
N. East	-28.6%	**-30%**	-34%	**42.4%**
N.I/IOM/C. Isles	-42.9%	**50%**	-58.2%	**249.1%**
Scotland	-11.8%	**0%**	-19.9%	**78.8%**
Yorkshire & Humber	21.7%	**-60.7%**	33.1%	**-43.2%**
S. East	-10%	**-3.7%**	-13.6%	**84.2%**
S. West	18.8%	**-5.3%**	20.9%	**25.7%**

UK mid-market PE deal volume % by UK region



Source: *Pitchbook*

Regional perspective

Si Heath
Director - M&A, Midlands

"Macro themes such as the threat of a change in government or exiting Europe accelerated transaction timetables ahead of 31 March, driving a flurry of deals in February and March as shareholders wanted to mitigate any potential Brexit risk."

Spotlight for the Midlands

I am cautiously optimistic on the future of the Midlands M&A market. In H1'19, 19 mid-market private equity deals completed across the region, broadly in line with the 22 deals in H1'18, albeit half of the H1'17 peak of 38 deals. Whilst deal volumes are marginally down, PE deal values are significantly higher, a 30% increase on H1'18 at £1.8 billion, demonstrating PE's desire to invest in larger, more established businesses. These two factors have increased the region's UK market share to 9.6% (H1'18: 8.0%), demonstrating the importance of the Midlands to the private equity community.

Macro themes such as the threat of a change in government or exiting Europe accelerated transaction timetables ahead of 31 March, driving a flurry of deals in February and March as shareholders wanted to mitigate any potential Brexit risk. The delay to Brexit has created some uncertainty in Q2 but the expectation is following resolution of Brexit later this year, there is likely to be an M&A bounce across the region.

KPMG Corporate Finance has great insight into the market trends having acted on six of the 19 PE transactions locally. The underlying trend is that there is a shortage of investment opportunities, but a significant wall of PE capital. This classic supply-demand imbalance has been driving EBITDA multiples in excess of 10x, and importantly enabling PE to outprice strategic trade. In particular, businesses with £10 - £20 million EBITDA are the most competitive processes and highest pricing, for example LDC's investment in Evolution Funding and Silverfleet's investment in Care Fertility. Given the high entry multiples, PE houses are undertaking detailed pre-completion market analysis for potential post-deal bolt-on acquisitions to dilute the initial pricing, and therefore structuring deals with dedicated follow-on funding facilities.

There also continues to be appetite for smaller transactions such as Trispan's investment in Lasercare Clinics (trading as Skin), and the increasingly active Business Growth Fund. This has often provided a more flexible minority equity structure such as their investment in Equilaw. Minority investments are increasingly more important as we are seeing shareholders wanting to de-risk in part, but retain control of their business. This is leading to new specialist minority funds to be announced such as Livingbridge's True Minority fund focused on 5-25% investments without the control restrictions of typical PE.

In the Midlands, there continues to be appetite across most sectors, particularly financial services and anything with a scalable technology angle. However the diversified industrials sector is less attractive to the private equity community given the low EBITDA valuations and higher CAPEX requirements.

Deal types

"Bolt-on investments are a high priority for mid-market PE investors, followed by minority stakes.

The secondary focus is on minority stake investments highlighting the ongoing scarcity of quality deals and the willingness of PE investors to make investments over which they do not have complete control in order to deploy their dry powder effectively."

Bolt-on's
£10.1bn
54% of total deal value in the mid-market

Bolt-on's
112 deals,
56%
of all mid-market PE volume

Minority
£1.88bn
10% of total deal value in the mid-market

Minority's
37 deals
19%
of all mid-market PE volume

Despite a drop in the number of deals, bolt-on investments remained the most prolific deal type within the PE mid-market. During H1'19, 112 bolt-on investments were made throughout the UK. By comparison, the second most prolific deal type – minority investments – garnered just 37 deals.

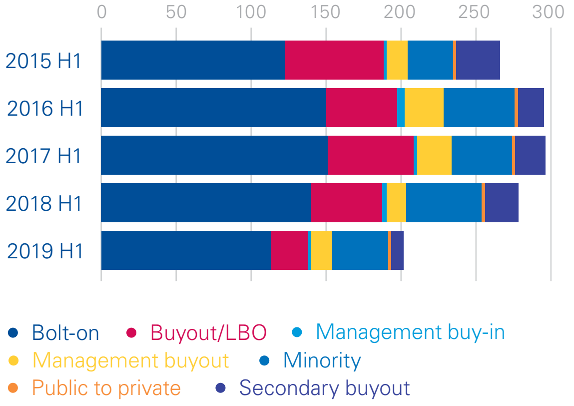
The ongoing emphasis on bolt-on deals was not surprising given the uncertainties in the market and the depressed number of primary deals. Mid-market PE investors followed a trend seen in the broader investment community, whereby they showed an enhanced willingness to deploy capital to platforms and management teams they were familiar with – giving their portfolio companies opportunities to grow and expand their reach while gaining synergistic value from their bolt-on investments.

The secondary focus is on minority stake investments highlighted the ongoing scarcity of quality deals and the willingness of PE investors to make investments over which they do not have complete control in order to deploy their dry powder effectively.

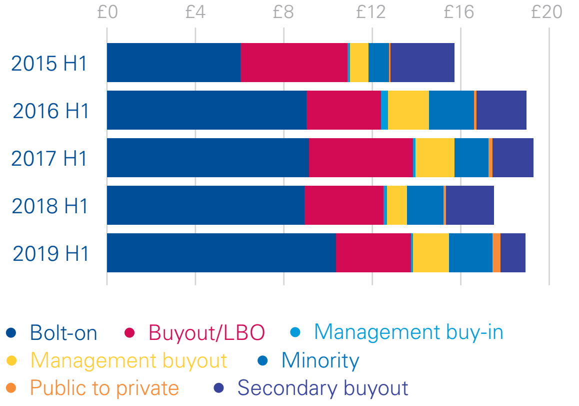
Over the past year or two, founders have also recognized the potential value of minority investments and have made more effort to understand and consider the option as a part of their funding approach. This has likely contributed to the growing availability of minority deals.

In addition, some of the current uncertainty around Brexit and the wider economy, together with fears in respect of the approach to the Entrepreneurs Relief regime under a potential Corbyn Government, has made some business owners look to de-risk their position through minority investment - allowing them to retain control of their business whilst realising some element of capital.

UK mid-market PE deal volume by type

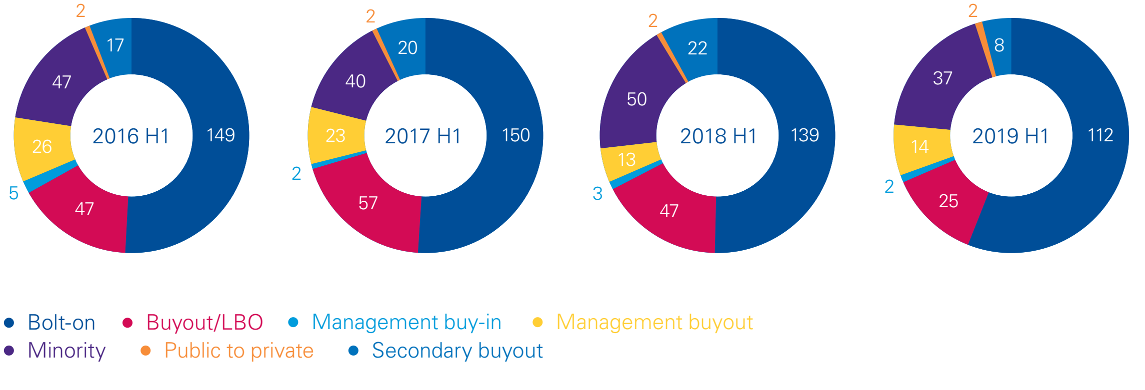


Mid-market deal values by deal type £bn



	% Volume Change		% Value Change	
Deal type	H1 2018	H1 209	H1 2018	H1 2019
Bolt-on	-14.2%	**-19.4%**	-2.2%	**16.1%**
Buyout/LBO	-4.1%	**-46.8%**	-23.9%	**-5.7%**
Management buy-in	0%	**-33.33%**	9.1%	**-33.3%**
Management buyout	-31.6%	**7.7%**	-47.1%	**77.8%**
Minority	0%	**-28%**	6.7%	**18.8%**
Public to private	0%	**0%**	-23.5%	**169.2%**
Secondary buyout	10%	**-63.6%**	-11.1%	**45%**

UK mid-market PE deal volume % by UK region



Source: *Pitchbook*

Deal multiples

"During the first six months of 2019, many PE investors pulled away from marginal deals they might have been more inclined to make in previous years – where in a more certain M&A and economic climate they may have simply priced risk into the deal and structure. At the opposite end of the spectrum, investors were more than happy to invest in high quality deals and competition intensified for these assets."

Competition for best deals heating up

Given the significant amount of capital in the market and fewer quality assets for sale, PE bidders have competed hard in auctions to maximise their chances of success. This has included engaging due diligence providers early (together with accepting reliance on vendor due diligence), underwriting debt and also taking commercial views on certain deal issues – all with a view to being able to present a very deliverable fully funded bid which can be closed out in a very short timeframe, often a matter of days, after being awarded exclusivity.

This heightened competition for the best quality assets, combined with many marginal deals dropping away is likely to explain why valuations in the mid-market have remained resilient.

Increasing emphasis on PE firm value

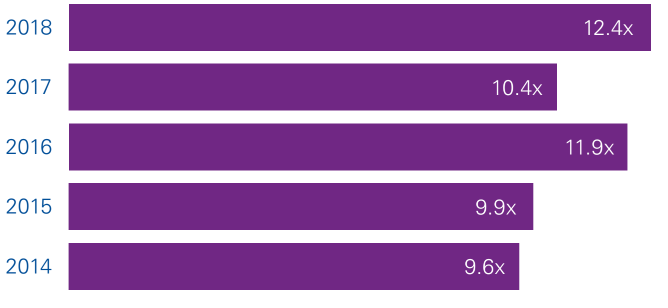
The ready availability of capital and the more competitive deal environment put a much stronger spotlight on PE firms themselves during H1'19. As a result, there was an increase in PE funds looking to differentiate their value propositions, looking for ways to show management teams that they were the best PE fund to work with. PE funds that understand a management team's goals and could show how they could contribute to those goals (for example through relationships, resource, geographic reach or in house strategic consultants) were more likely to win deals over other investors with a less differentiated proposition.

10.5x

All M&A EV/EBITDA multiples

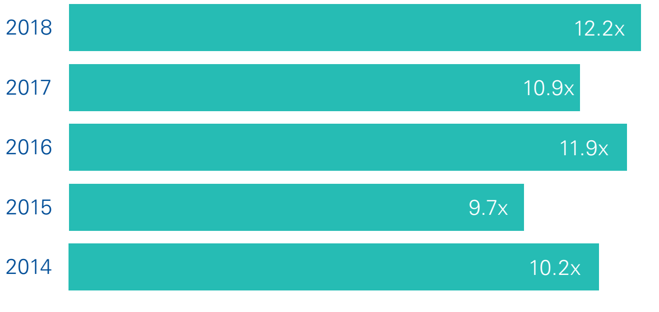
12.4x

All PE EV/EBITDA multiples



12.2x

All mid-market EV/EBITDA multiples

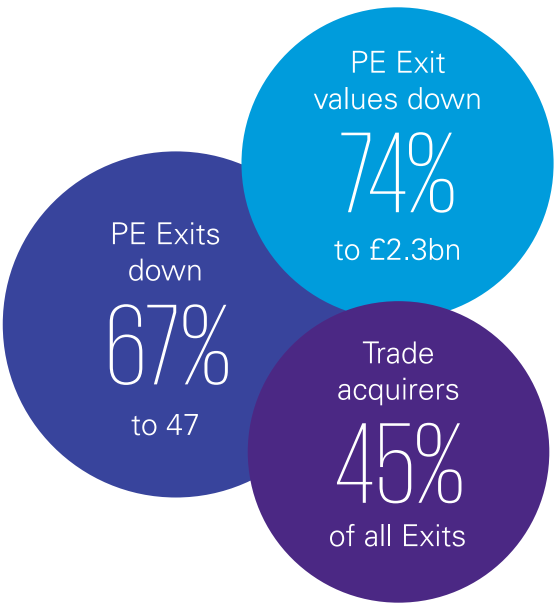


Source: *Pitchbook*

EV/EBITDA multiples are only available on an annual basis via Pitchbook. 2019 multiples will be available in our next report on H2 2019 published in January 2020.

Mid-Market PE Exits

"While some sales – particularly by owner managers – are occurring, PE funds are likely holding on to many of their portfolio companies recognizing that 2019 is not an optimal year for exit. Once the market stabilizes, there will likely be a rebound in exit activity."



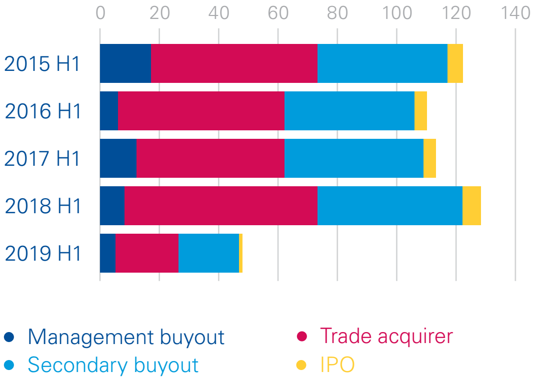
Exit activity slows dramatically

After a record number of exits in H1'18, total UK PE exit flow slowed dramatically in H2'18, and then again in the first half of 2019. The slowdown in exit activity reflected the intense pressure to exit seen during 2018; many sellers recognized that if they didn't sell quickly, they would likely need to delay their exit until after Brexit uncertainties were ameliorated. While some sales – particularly by owner managers – are occurring, PE funds are likely holding on to many of their portfolio companies recognizing that 2019 is not an optimal year for exit. Once the market stabilizes, there will likely be a rebound in exit activity.

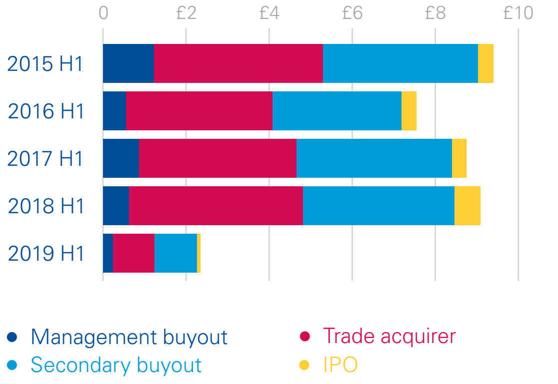
Public to private deals gaining more attention

Private equity buyouts appeared to gain some traction late in H1'19. After seeing only two public-to-private deals in H1'19 (i.e. Manx Telecom – £255 million; Tax Systems – £114 million), June alone saw four take-private deals announced the UK – including KCom Group, Premier Technical Services, BCA Marketplace, and Merlin Entertainments. The increased focus on public to private deals may be a result of frustrations in the ownership environment, including the short-termism that can permeate public companies. The shift to PE ownership is an acknowledgement that PE funds can bring a different and more aligned structure to a business with respect to how to drive medium-term value. PE increasingly recognise public to privates as an area of opportunity and are becoming better versed at how to unlock these opportunities where perhaps historically they have been avoided.

UK mid-market PE-backed exit volume by type

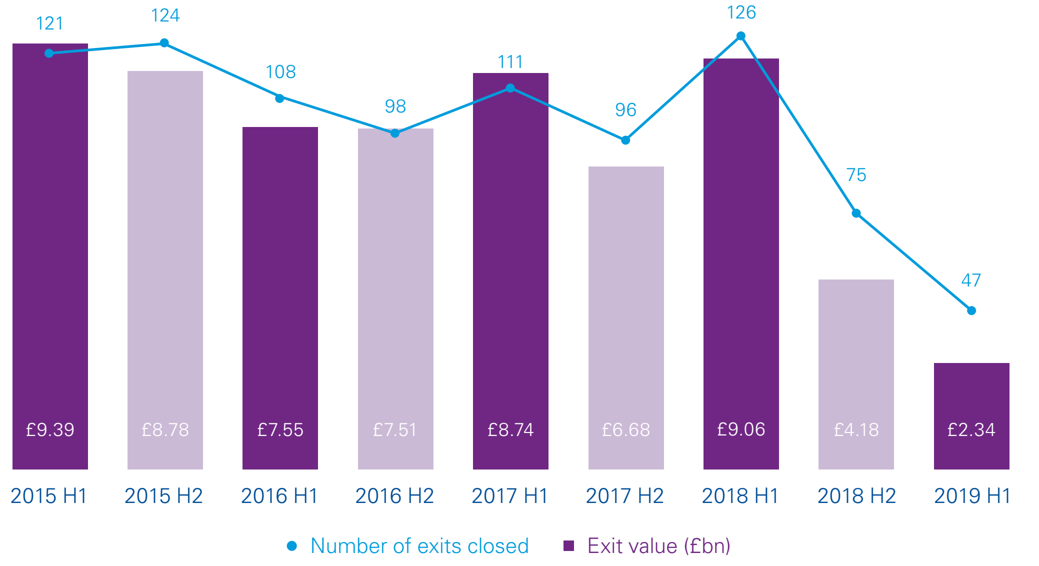


UK mid-market PE-backed exit value (£bn) by type



	% Volume Change		% Value Change	
Exit type	H1 2018	H1 2019	H1 2018	H1 2019
Management buyout	-33.3%	**-37.5%**	-28%	**-61%**
Merger/acquisition	30.6%	**-67.2%**	10%	**-76%**
Secondary buyout	4.3%	**-58.3%**	-3%	**-72%**
IPO	50%	**-83.3%**	80%	**-87%**

UK mid-market PE-backed exit flow



Source: *Pitchbook*

PE trends to watch for

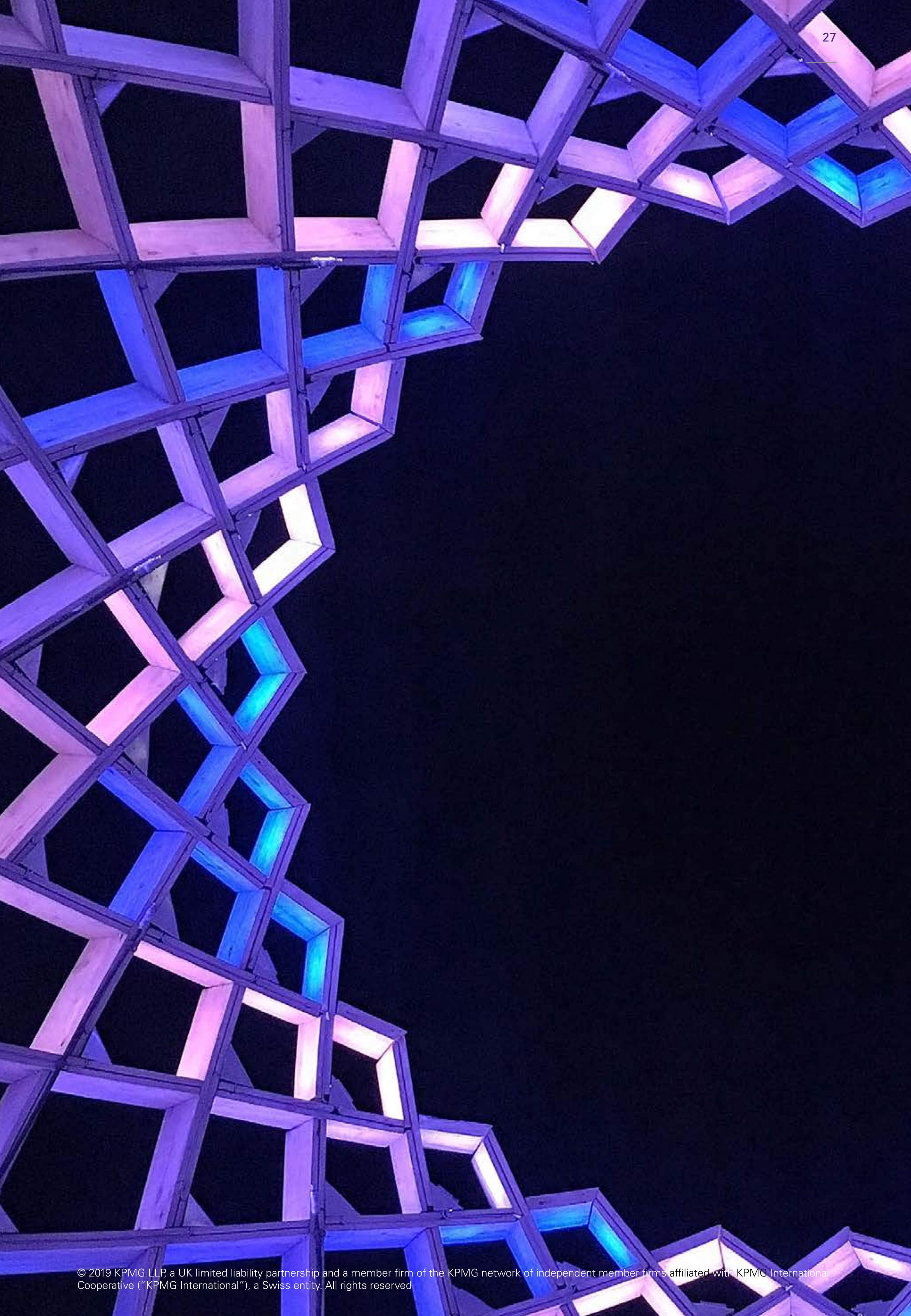
Jonathan Boyers
Partner - UK Head of Corporate Finance

Looking forward, the uncertainties related to Brexit are expected to affect PE investment in the mid-market throughout Q3'19 and into Q4.

While a significant amount of pre-deal activity is expected to occur over the summer, it is likely that many deal decisions – unless driven by other market factors – will be deferred until after the final Brexit decision in October. At the same time, the Brexit outcome will likely spur asset sales, PE investment, and deal making as both sellers and buyers look to make up ground following the lengthy period of uncertainty. This could lead to a significant bump-up in investment toward the end of 2019 and into 2020.

Over the next six months, TMT and business services are expected to remain resilient sectors for PE investors in the mid-market despite ongoing market uncertainty. This resilience is likely driven by the strong focus most industries are placing on technology innovation. Once Brexit outcomes are known, these sectors will be well-poised for even stronger growth heading into 2020.

Furthermore, the strong fundraising activity is a good indicator of the ongoing health of the PE market in the UK, despite the current market uncertainties and depressed deal volume. It is expected that current year results will remain an anomaly, with deal volume expected to rebound heading into 2020 should Brexit deal be finalized.



Methodology

Report scope covers period 1 January - 30 June 2019

Mid-market transaction classification to be defined as deals with an EV/deal value/ consideration value of between £10m-£300m.

Transaction type classification to be defined as:

1. All mid-market primary PE deals (all types), including:
    a. Primary investment/buyout
        i. Minority stake (PB term: growth/expansion)
        ii. Majority stake
    b. Management buyout
    c. Management buy-in
    d. Bolt-on (PB term: Add-on)
    e. Corporate divestiture
    f. Public-to-private buyout
2. PE Exits
    a. Secondary buyout
    b. PE to IPO
    c. Trade buyer (PE term: strategic)
3. General M&A
    a. Strategic Acquirer, non-financial acquirers (e.g. Amazon, J.P. Morgan)
        i. Reverse merger
    b. Financial acquirer (i.e. PE firms)
    c. Mid-market classification to be defined as deals with an EV/deal value/consideration value of between £10m-£300m.
    d. Note: General M&A to be included for purposes of comparison (defined by mid-market and regions)

PitchBook mid-market methodology

Capital invested is defined as the total amount of equity and debt used in the private equity investment. PitchBook's total capital invested figures include deal amounts that were not collected by PitchBook but have been extrapolated using a multidimensional estimation matrix. Regardless of the extrapolated deal value, deals are subsequently distributed into deal size buckets, below $1 billion, based on the corresponding proportion of known deal sizes. Some datasets will include these extrapolated numbers while others will be compiled using only data collected directly by PitchBook; this explains any potential discrepancies.

PitchBook only tracks completed exits, not rumored or announced transactions. Exit value, like deal value, includes exit amounts that were not collected by PitchBook but have been extrapolated using a multidimensional estimation matrix. Regardless of the extrapolated exit value, exits of unknown size are subsequently distributed into deal size buckets, below $1 billion, based on the corresponding proportion of known deal sizes. Unless otherwise noted, initial public offering (IPO) sizes are based on the pre-money valuation of the company at the time of IPO. We exclude exits in which the only PE backing was a PIPE.

The report only includes PE funds that have held their final close. Unless otherwise noted, PE fund data includes buyout, diversified PE, mezzanine, mezzanine captive, growth and restructuring/turnaround funds. Fund location is determined by specific location tagged to the fund entity, not the investor headquarters.

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