

“WE CAN REMAIN OPTIMISTIC ABOUT PRIVATE EQUITY ACTIVITIES IN EUROPE DESPITE THE CRISIS”

*Interview with Eric de Montgolfier, CEO at Invest Europe
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M&A Review Europe : Could you remind us of the history and the main objectives of Invest Europe ?

Eric de Montgolfier : Our association was founded in 1983 to represent the venture capital industry in Europe. Since then, private equity has developed into an important source of funding for businesses of all sizes and a critical part of the investment landscape. Changing our name from the European Venture Capital Association (EVCA) to Invest Europe in 2015 reflects this evolution and our expanding membership.

Invest Europe is the world's largest association of private capital providers representing the private equity, venture

capital and infrastructure industries in Europe, as well as their investors. Our members invest in privately held companies, from startups to established firms, injecting not only capital but also dynamism, innovation and expertise.

Our aim is to promote a better understanding and awareness of private equity and make a constructive contribution to European policies that affect and may affect our membership across Europe.

We are the most authoritative source of data, research and insight on private equity, shining a light on the industry's activity in Europe. And we promote best practice and the

highest standards of professional conduct through our professional standards guidelines and training. Our industry-leading events foster valuable networking opportunities, facilitating the sharing of ideas and information throughout the industry.

M&A Review Europe : How many members does the Association have today? Which countries are the most involved / active ?

Eric de Montgolfier : Invest Europe is truly global : the association represents 650 members located in 37 countries across Europe and 11 countries outside Europe.

France, Germany and the U.K. are among the largest and most mature private equity markets in Europe ; members located in these countries are therefore well represented at Invest Europe.

M&A Review Europe : Could you explain the organization of your Association ?

Eric de Montgolfier : Invest Europe is committed to fully and fairly representing the interests of each segment of our membership. To achieve this, members are organized into four Platforms – Limited Partner, Venture Capital, Mid-Market and Global Private Equity – each dedicated to supporting a specific member group.

Limited Partner members include pension funds, insurance companies, funds-of-funds and family offices. General Partner members range from early-stage venture capital to the largest private equity firms. Invest Europe also welcomes affiliate members representing industry stakeholders, such as financial advisers, law firms, consultants, academic institutions and development organizations.

The Platforms are led by a Council composed of industry practitioners elected by the membership. The Platform Chair is elected from amongst the members of the Council and is ultimately responsible for delivering the Platform action plan and ensuring that the Platform best represents its sector and membership.

The Platforms are overseen by the Invest Europe Board of Directors, which supersedes individual platforms on issues concerning the industry as a whole. In addition, Invest Europe steers a number of committees and taskforces, also composed of industry practitioners, which report to the Platforms and Board of Directors. Our governance model ensures that both Limited Partner and General Partner members have a strong influence on all decisions. They help to shape strategy, policy and activities, while also engaging in cross-platform collaboration on shared topics.

M&A Review Europe : Could you present your latest annual statistics ?

Eric de Montgolfier : In early November Invest Europe published its 'Investing in Europe: Private Equity Activity H1 2020', a comprehensive report on private equity activity in Europe during the first half of the year. The report reveals a resilient investment and fundraising environment, as managers and investors continue to actively invest in European businesses despite the disruption caused by COVID-19.

Private equity funds raised €49 billion in the first half of 2020, in line with last year's first half figure, putting the industry on track to raise a full-year total on a par with average fundraising level achieved over the last three years. Over the same six month period, private equity firms invested €36 billion and backed 3,401 companies, with about 60% of investment value going into follow-on investments, as the industry supported its businesses through the intense liquidity crisis caused by the introduction of economic lockdown measures across Europe.

In addition, venture capital investment achieved a new half-year record with €5.6 billion invested into innovative start-ups and scale-ups.

The figures also highlighted the industry's continued focus on innovation as investments in ICT and biotech & healthcare accounted for over half of capital invested.

M&A Review Europe : How does the Coronavirus affect European investment activities ?

Eric de Montgolfier : Our most recently published report, 'Investing in Europe : Private Equity Activity H1 2020', shows a resilient investment and fundraising environment.

European private equity has demonstrated its adaptability through the crisis caused by ongoing pandemic, supporting existing portfolio companies as and when needed, and investing in new businesses that require capital and operational expertise to recover and grow.

While the outlook remains uncertain as governments tighten restrictions on people and businesses, private equity is well placed to help Europe weather the tough conditions and emerge stronger. Indeed, Europe's private equity managers have shown a clear focus on steering their businesses through the crisis and have the support of pension funds and other long-term investors that are clearly committed to the asset class.

In November 2020, Invest Europe will also publish a survey in cooperation with Arthur D. Little examining LP

and GP views on the future of the private equity and venture capital industry in the context of the COVID-19 pandemic this year. This research report will also provide valuable and much-anticipated insights on the impact of COVID-19 on the industry and the economy.

In the midst of this unprecedented and unparalleled crisis, the private equity sector is uniquely positioned to help jump-start Europe's economic and societal recovery, given appropriate recognition and support where required. In that respect, private equity remains a key source of investment for companies with a long term horizon in volatile economic conditions.

M&A Review Europe : How did you adapt your activities to the current crisis ?

Eric de Montgolfier : The widespread move from physical to digital yielded a number of opportunities for Invest Europe, given its role as the world's largest private equity and venture capital association.

In the field of public affairs, we stepped up our efforts to help members deal with the enduring crisis by, for instance, advocating at the EU level for full access to state aid programs and liquidity measures for businesses. When the crisis broke out, Invest Europe also immediately introduced an interactive library of resources to help members and their portfolio companies understand the impact of the coronavirus outbreak on the industry and the wider economy, and stay up to date on the emergency policy measures taken across Europe in support of businesses. Our members were equally engaged and informed via a brand new newsletter launched in April.

Invest Europe's conferences were, for the first time, delivered as dynamic, virtual events in October 2020. The Investors' Forum 2020 gathered, as ever, Europe's leading GPs, providing a unique opportunity for them to virtually meet member LPs and pre-screened institutional investors, all with an appetite for European private equity. In parallel to this event, Invest Europe organized the Venture Capital Forum 2020 – Virtual for the first time, as an exclusive, online conference dedicated to the vibrant sector and with an emphasis on GP & LP networking opportunities.

Additionally, Invest Europe Training has continued over this period with its offer of professional courses for all industry participants, from new entrants to seasoned veterans, with a range of courses now being offered online.

And behind all of this is the Invest Europe Secretariat, which adapted rapidly and effectively to remote working

when and where required while remaining committed to providing not just continued services to members, but new and innovative means of support.

M&A Review Europe : What are your recent achievements and your goals for the coming months?

Eric de Montgolfier: In the critical area of research, Invest Europe began in June 2019 the collection of economic data to highlight the private equity and venture capital industry's positive contribution to the European economy through employment and job creation across the continent. The result was the publication in September 2020 of the first-ever economic data report on the private equity's positive impact on employment.

In 2018, private equity supported 10.5 million jobs in Europe, meaning 4.5% of Europe's workforce were employed by private equity-backed companies! And, as this research identifies, private equity achieves a job creation rate that is 5 times higher than the wider European market job creation average, with slightly over 173,000 jobs created by private equity in the 2017-2018 period. Our priorities in the research field are to extend for next year's report the economic impact data collection to all monitored fund managers in Europe.

Securing and broadening our influence on behalf of members is critical for Invest Europe's regulatory and policy work. This work takes place in the areas of investor and fund manager regulation, and cross-cutting issues such as Brexit, tax, corporate governance, insolvency and sustainability regulation. From a communications perspective we are aiming at increasing the industry's visibility capitalizing on leading edge research, such as the Private Equity at Work report, and strengthening Invest Europe's voice on key topics.

We have continued our efforts to innovate in the development and formats of events to ensure that members maintain their networking opportunities. The development of new formats and channels for delivering content and facilitating networking opportunities throughout the year is among our goals from the conferences' and events' front. We are also focusing our efforts on delivering tailored content to support members in addressing issues arising from the Covid-19 outbreak and, of course, ensuring balanced ratios of high-quality delegates at all conferences.

As for the priorities in the training field, we have been developing new channels for training including e-learning and virtual training courses. Regarding objectives in this area, we aim among other aspects at enhancing Invest Europe training program with tailored courses for our members.

Eric de Montgolfier

Eric is Invest Europe's CEO. He joined Invest Europe in 2019 after a career spanning three decades in leading private equity firms.

Eric was previously CEO of Gimv France, where he oversaw strategy and investments in the French market. Prior to that, he was cofounder and COO of Edmond de Rothschild Partners.

Eric represents Invest Europe's members to political and regulatory stakeholders at the highest levels and guides the agenda setting work of the world's largest private capital association.

He also acts a senior spokesman for the European private equity and venture capital industry globally.

M&A Review Europe : Can we remain optimistic about Private Equity activities in Europe despite the crisis ?

Eric de Montgolfier : It's undeniable that private equity-backed companies have been impacted; there is, in effect, nowhere to hide from an unparalleled economic crisis. This said, the short answer to this question is clearly: yes, we can remain optimistic!

We held our Investors' Forum and Venture Capital Forum on 13-14 and 15 October respectively, and most speakers, panellists and participants underlined the resilience at this stage of the asset class in terms of LP appetite for the asset class, GP fund raising and investment throughout the cycle as compared to previous down cycles including the global financial crisis.

The 'Investing in Europe: Private Equity Activity H1 2020' report reveals promising results. Although still early to assess the true impact of the COVID-19 pandemic to the economy, the report's findings give us reasons to remain optimistic about the sector's resilience.

We will also learn more in coming weeks, when Invest Europe will publish as well a new survey in collaboration with Arthur D. Little which will capture LP and GP views on the future of the private equity and venture capital industry in the context of the COVID-19 pandemic this year including: investment focus and duration; capital allocation; capital commitment agreements; and investor relations. The survey also aims to gain insight on PE firm operations going forward.

M&A Review Europe : Do you think that IPEM is a major event for the Private Equity community?

Eric de Montgolfier : The International Private Equity Market event – IPEM – has indeed become, in a relatively short period of time, a must-attend European event in the private equity sector, gathering for three days the whole value chain of the industry. As the world's largest associa-

tion of private equity providers, we are excited at the prospect of participating in the upcoming edition.

M&A Review Europe : What are the main (local) European Private Equity Associations ? What is France Invest's position in this landscape ?

Eric de Montgolfier : France Invest, the BVK (Germany) and the BVCA (U.K.) represent the largest private equity markets in Europe, and the role of France Invest's obviously very relevant. Over 3,300 companies backed by French private equity employed 1.36 million people in December 2018. Additionally, more than 260,000 net new jobs have been created by private equity backed companies in France over the past five years.

M&A Review Europe : What are the common actions of local Associations and what is the role of Invest Europe in this cooperation?

Eric de Montgolfier : IE works very closely with national associations, given their remit to represent and protect the private equity sector.

A powerful example of this collaboration is the European Data Collection (EDC), a joint initiative and data collection platform based on a standardised methodology developed by Invest Europe and national associations. EDC is a critical tool in providing the necessary and bespoke statistics across regions. The data collected allows us to keep our stakeholders informed– fund managers, investors, policymakers, regulators and other parties – and our association able to accurately inform policy discussions on specific issues.

It's also worth mentioning that the overall collaboration between Invest Europe and national associations takes place across a number of areas, whether related to specific regulation, common advocacy work and the need to educate and shape perceptions of the private equity industry.