

EUROPEAN PRIVATE EQUITY DELIVERS LONG-TERM OUTPERFORMANCE OVER PUBLICLY LISTED EQUITIES IN 2020

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- *European Buy-Outs delivered 15.06% IRR, beating MSCI Europe index return of 5.48%*
 - *European VC returned 11.09% IRR vs. MSCI Europe index return of 7.82%*
 - *European Growth Capital funds generated 13.66% IRR vs. MSCI Europe (6.40%) and S&P Europe Small Cap Growth index (11.84%)*

Invest Europe, the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors, today published 'The Performance of European Private Equity Benchmark Report 2020', a transparent study of private equity returns. The findings show that European private equity strongly outperformed listed equity benchmarks to the end of 2020, underlining the industry's resilience during the COVID-19 crisis and its consistent ability to support the long-term investors that guarantee the pensions and savings of European citizens.

The Benchmark Report 2020 tracks Buy-Out, Growth Capital and Venture Capital funds over more than three

decades to create a comprehensive picture of industry performance. The data shows that European Buy-Outs, the largest segment in the study, delivered an annualised return of 15.06% since inception to end-2020, far ahead of the 5.48% achieved by the MSCI Europe index over the same period. Within the segment, mid-market Buy-Outs that support, help develop and professionalise medium-sized European businesses across the continent, generated an annualised return of 17.01%, beating the listed equities benchmark by 994 basis points.

The data underlines European Buy-Out funds' consistently high performance, delivering IRRs between 13.00% and 15.50% over periods of 10 years and longer, the time-

frames that help long-term investors - such as pension funds and insurers - to deliver better retirements and savings for millions of Europeans. Furthermore, European Buy-Outs perform consistently and in line with their North American peers, while delivering returns ahead of funds from the rest of the world.

Eric de Montgolfier, CEO of Invest Europe, commented: "Over the very long timeframes that matter to pension funds and insurers, European private equity far outperforms listed equities. Moreover, the data underlines European private equity's resilience in 2020 as efforts to protect companies through the depths of the crisis paid off. This industry consistently delivers the performance that investors need, while supporting the businesses that underpin Europe's economy and society."

European Venture Capital and Growth Capital funds clearly beat equity benchmarks to the end of 2020, as funds backing SMEs, start-ups and scale-ups generated strong performance. Venture Capital funds delivered an 11.09% return since inception versus 7.82% for the MSCI Europe index over the same period, whilst Growth Capital funds generated an IRR of 13.66% against 6.40% for their benchmark.

Returns for Venture Capital funds in particular have accelerated as the industry has matured and demonstrated its ability to rival Silicon Valley for supporting innovation and entrepreneurial start-ups. European VC returned 21.90% over five years to end-2020 and 19.70% over 10 years, beating North American funds that delivered 15.51% and 18.50% respectively. Further evidence of the growing strength of VC in Europe is the 1.97x MOIC achieved in this years' report, an indication of strong cash returns on a par with the 2.03x seen for North American funds.

Performance overall of European private equity improved in 2020, with private equity firms supporting their portfolio companies through the crisis. These efforts led, in fact, to a widening of outperformance over listed indices, and a reduction in the number of loss-making funds (as well as a reduction in levels of losses seen).

The findings echo the resilience displayed in Invest Europe's recent Investing in Europe: Private Equity Activity 2020 report which showed it was the second-best year for investment and one of the strongest on record for fundraising.