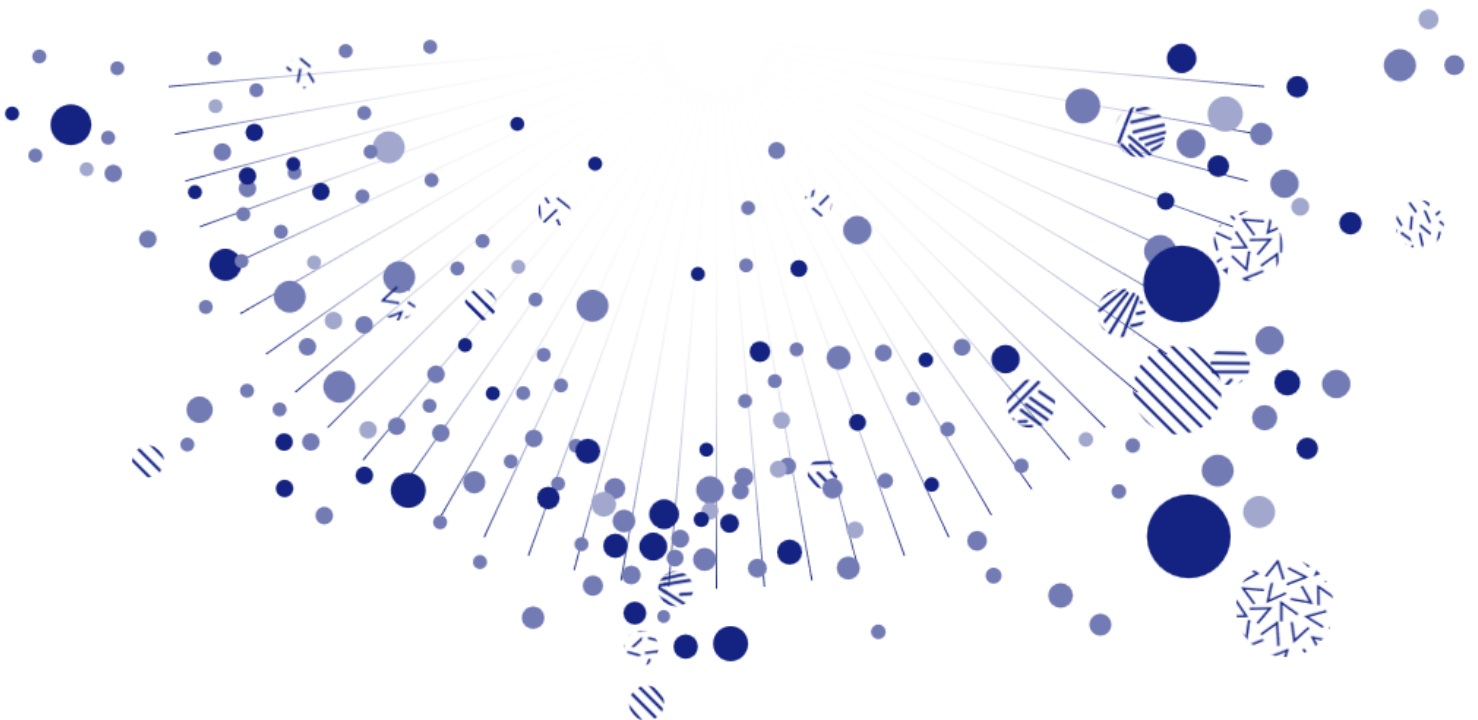


# EIF Private Equity Mid-Market Survey 2024: Market sentiment

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Antonia Botsari, Frank Lang



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Luxembourg, December 2024



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## EIF Market Assessment & Research

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# PE Mid-Market Survey 2024

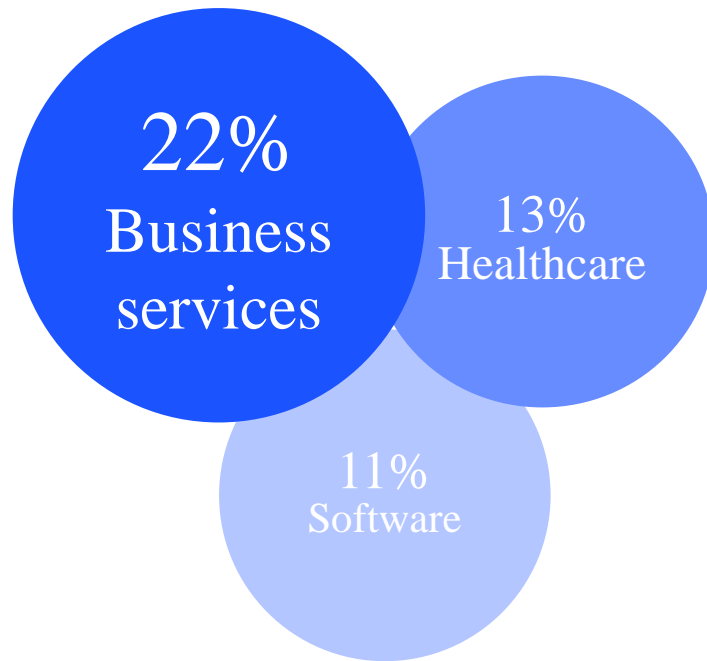
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## *Introduction*

# The *EIF PE Mid-Market Survey 2024* at a glance

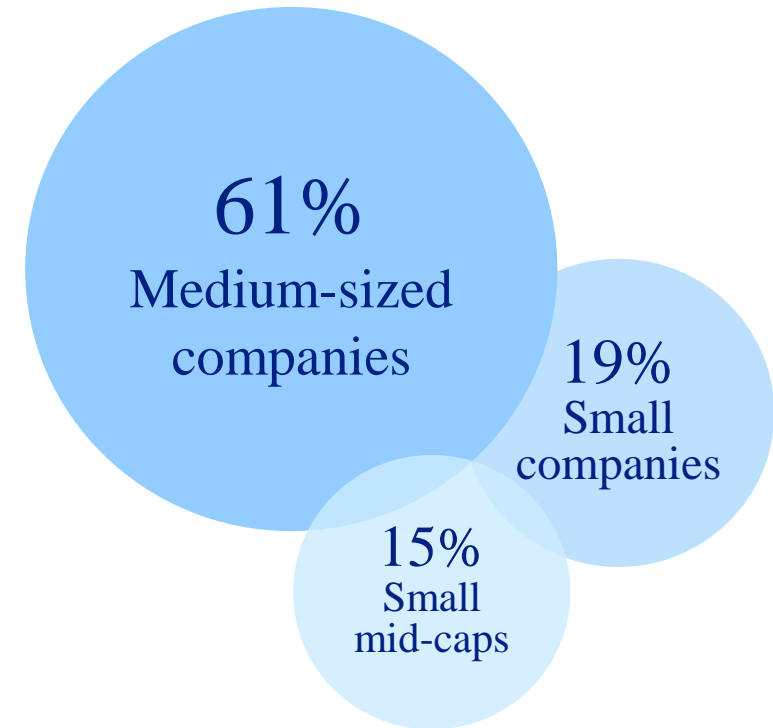
## Most important sectors



## Number of respondents

226

## Preferred investment targets



# *EIF PE Mid-Market Survey* results: Key highlights (I)



**Despite improvements in the macroeconomic framework conditions, PE Mid-Market fund managers still observe difficulties in their business environment.**

## **Fundraising**

- In 2024, gloomy perceptions with respect to fundraising are still shared by more than 6 in 10 PE Mid-Market fund managers.
- Fundraising tops the ranking of fund managers' first most important challenges for their PE Mid-Market business.

## **Investments**

- PE Mid-Market fund managers report, on balance, a higher number of incoming investment proposals as well as of new investments undertaken.
- As investment activity picks up, so does competition among investors for potential investee companies.
- At the same time, transaction prices decreased for the second consecutive year, albeit at a slower pace.

## **Exits**

- The exit environment is still perceived challenging by almost 2 in 5 of the surveyed PE Mid-Market fund managers.
- General difficulties in finding potential buyers and a thin M&A market are mentioned as key challenges for exits.
- Approximately 2 in 5 PE Mid-Market fund managers stated that the scale-up financing conditions have worsened in the last year.

# EIF PE Mid-Market Survey results: Key highlights (II)



## Fund managers highlight important challenges for both their portfolio companies and their own PE Mid-Market business.

### Challenges for portfolio companies

- Recruiting high-quality professionals, the costs of production and labour and geopolitical uncertainty (and related consequences) have remained the three most important challenges for PE Mid-Market fund managers' portfolio companies.
- Despite the challenging production and labour costs, the share of respondents highlighting this category as the *first* most important challenge for their portfolio companies declined over the last two years, reflecting disinflationary developments since the inflation rates had peaked in 2022.

### Challenges for fund managers' PE Mid-Market business

- Fundraising and geopolitical uncertainty remained the two biggest challenges for fund managers' PE Mid-Market business, followed by portfolio company performance and the exit environment.
- While geopolitical uncertainty (and related consequences) has remained a very important challenge for the PE Mid-Market business, the share of respondents stating this category as their *first* most important challenge declined over the past two years.
- In parallel, the percentage of respondents highlighting portfolio company performance as their first most important challenge increased.
- These developments reflect a normalisation away from the crisis mode seen in 2022, when PE Mid-Market fund managers' main concerns had been geopolitical uncertainty and market volatility.



# *EIF PE Mid-Market Survey* results: Key highlights (III)



**However, there are signs that the market environment is improving, and expectations going forward are now much more optimistic.**

- For many market sentiment indicators (inter alia with respect to PE Mid-Market fund managers' overall state of business, fundraising, portfolio development, access to external finance, and exit opportunities), the level of optimism expressed for the next 12 months has almost recovered to or even surpassed that observed in 2021 – which was a record year for the PE/VC markets in Europe.
- The share of respondents reporting a higher number of incoming investment proposals increased for the first time in three years, with the trend expected to continue in the near future. Almost two thirds of respondents expect their actual investments to increase.
- A majority of PE Mid-Market fund managers do not report unusual difficulties in finding co-investors. Fund managers also express similarly optimistic expectations going forward.
- Respondents see promising investment opportunities in several sectors, particularly in the areas of Healthcare, ICT and the transition to greener and more efficient energy sources.
- Fund managers' confidence in the long-term growth prospects of the European PE Mid-Market industry picked up slightly and reached a level above its long-term average. Fund managers' expectations for their future overall state of business are also optimistic. This is in line with the remarkable resilience of the European PE ecosystem in the recent past, despite the various crises.

# PE Mid-Market Survey 2024



## *Fundraising and finding co-investors*

Last year, the perception of the current fundraising environment for PE Mid-Market funds had reached an all-time low in the time-series of the *EIF PE Mid-Market Survey* results. **In 2024, gloomy perceptions with respect to fundraising are still shared by more than 6 in 10 PE Mid-Market fund managers.**

**However, the outlook has become much more positive, with 3 in 5 PE Mid-Market fund managers expecting the fundraising environment to improve in the next 12 months – the highest level of optimism observed since the launch of the survey in 2020.**

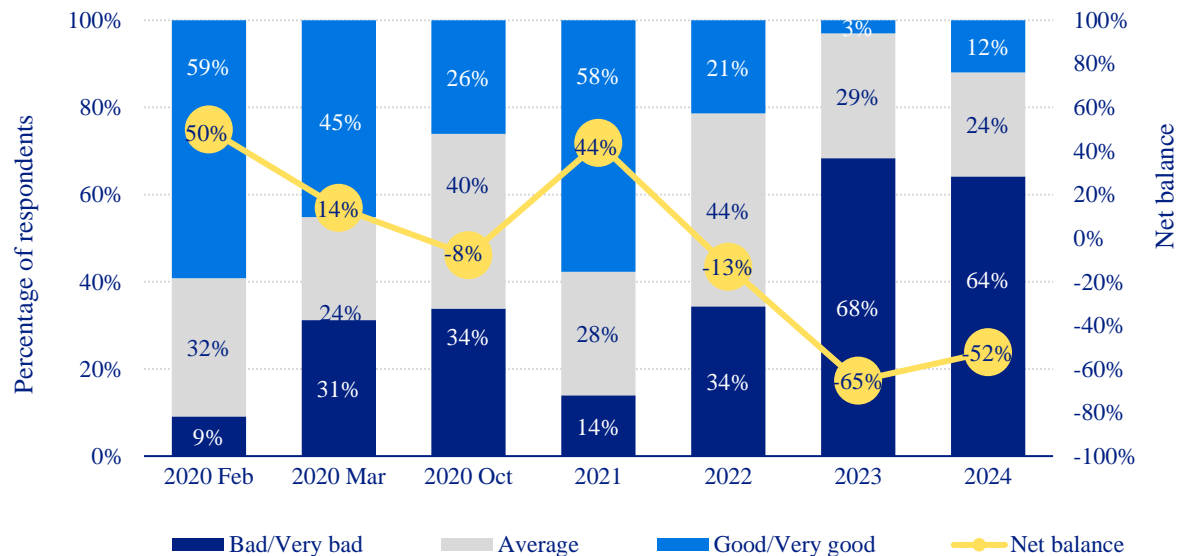
**In parallel, a majority of PE Mid-Market fund managers do not report unusual difficulties in finding co-investors.** Fund managers also express similarly optimistic expectations going forward. Co-investors may often have more (strategic) interest in an individual investment (target) than investors in funds, which partly explains the relative stability of the easiness in finding co-investors compared to the fundraising environment. With decreasing interest rates, the risk/return perspective for the PE asset class should become more attractive in the near future and the fundraising environment is hence expected to improve.

# Fundraising environment



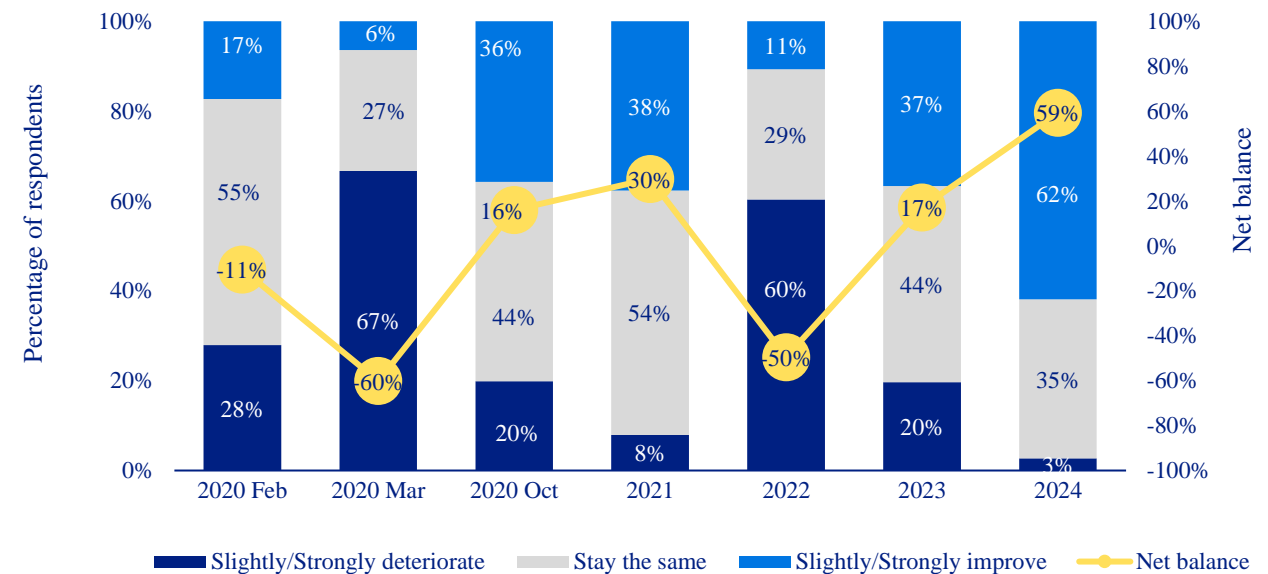
*The current fundraising environment is still evaluated very negatively, on balance, but the perception has slightly picked up from last year's all-time low; and expectations have improved significantly, reaching an all-time high in the time-series of the survey results.*

### Current situation



Q: "How would you rate the current fundraising environment?"

### Expectations for the next 12 months

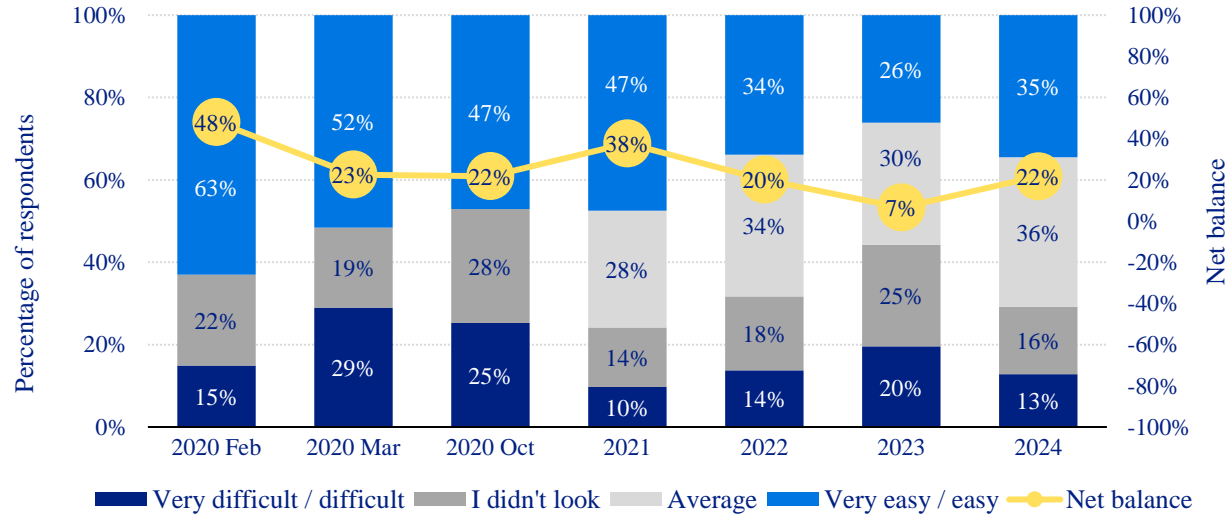


Q: "Over the next 12 months, how do you expect the fundraising environment to develop?"

# Easiness in finding co-investors

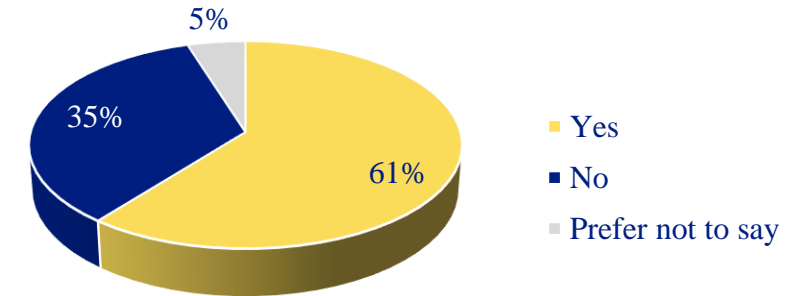


Current situation

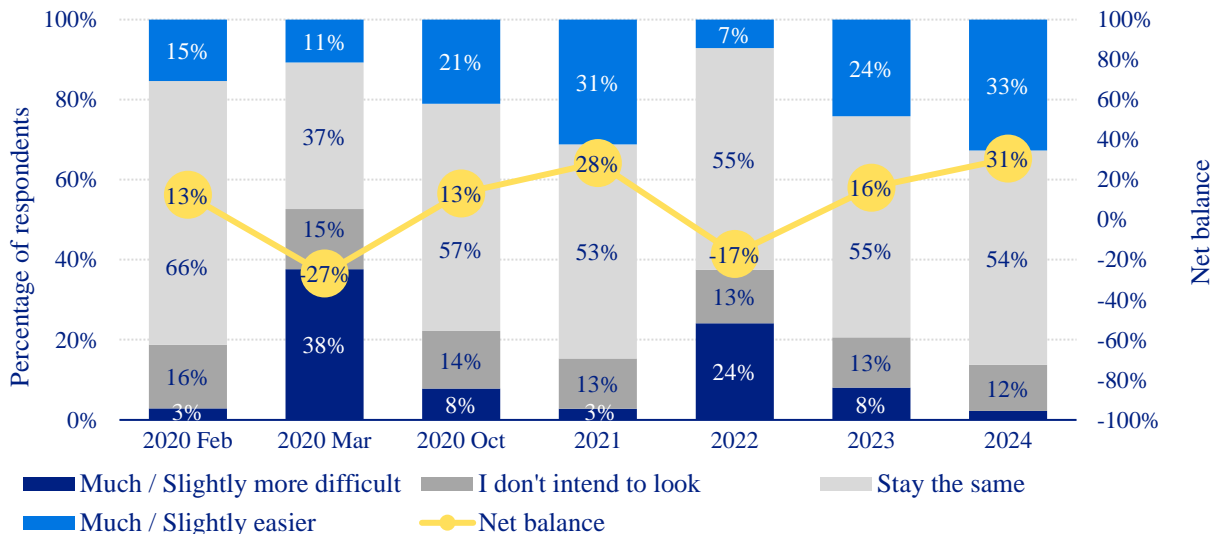


*Finding co-investors has become easier, on balance; and the outlook is even more positive.*

Co-investments with investors outside existing shareholder base



Expectations for the next 12 months



Q: "Over the last 12 months, how easy/difficult was it to find co-investors to syndicate?"  
 Note: The "Average" response option was only provided since 2021.

Q: "Over the next 12 months, how do you expect finding co-investors to become?"

Q: "Have you ever done any co-investments with investors outside your existing shareholder base?"

# PE Mid-Market Survey 2024



## *Investments*

PE Mid-Market fund managers report, on balance, a **higher number of incoming investment proposals as well as of new investments undertaken**. The overwhelming majority of PE Mid-Market fund managers continue to invest in both new deals and follow-ons in portfolio companies.

**The share of respondents reporting a higher number of incoming investment proposals has in fact increased for the first time in three years**, with the trend expected to continue in the near future.

**As investment activity picks up, so does competition among investors for potential investee**. Following last year's all-time low, in 2024, competition for potential investees has increased again, on balance, and further increase is expected in the next 12 months. Transaction prices decreased for the second consecutive year (albeit at a slower pace in 2024 than in the previous year), but going forward, an increase is expected for the first time since 2021.

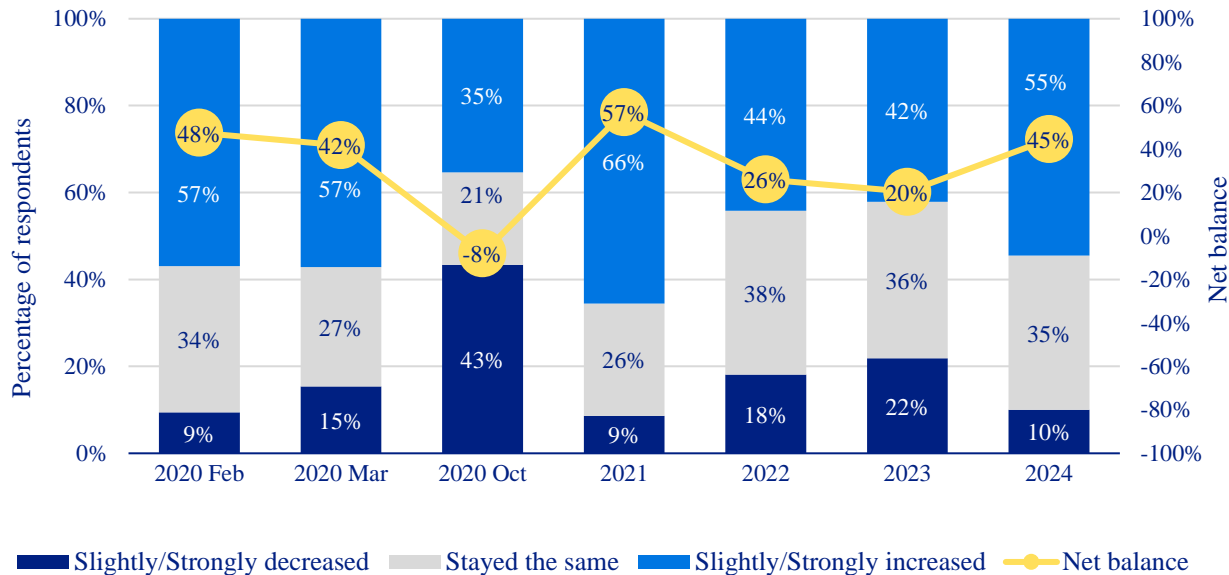
While the current market situation is still challenging in general, and in particular in terms of fundraising, expectations are for an improvement in the coming months. In the meantime, **increased investments are partly financed by relying on high dry powder levels**. Financing of investments has indeed happened to a comparatively high share through dry powder in recent years, including in 2024, as confirmed by PE market data.

# Number of investment proposals received

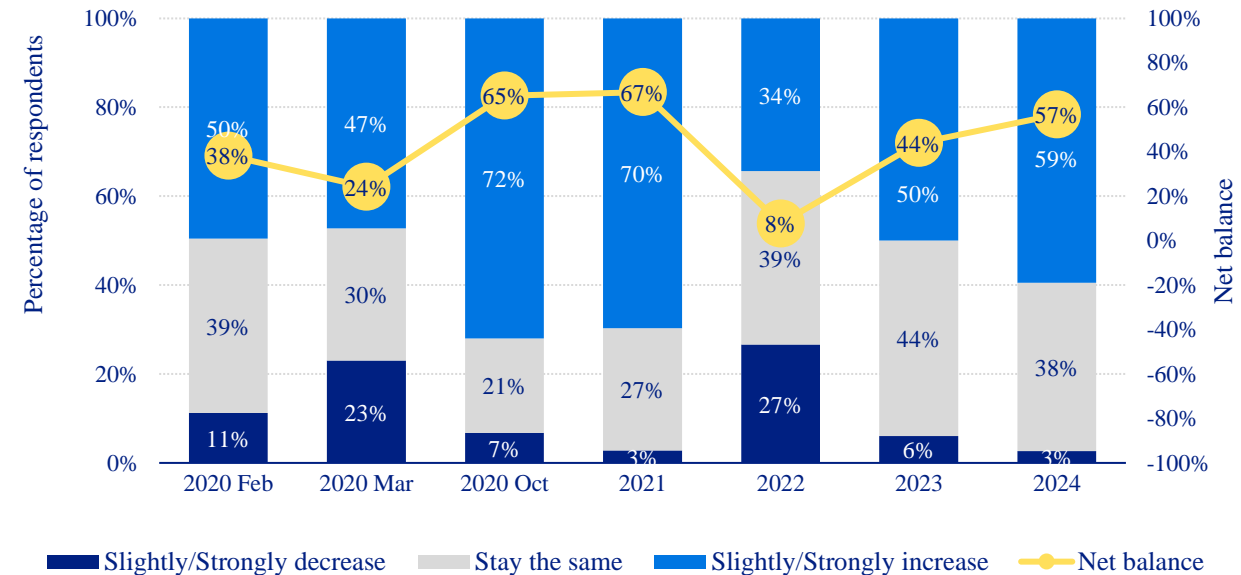


*Incoming investment proposals to PE Mid-Market firms have increased further, on balance; and more are expected going forward.*

### Current situation



### Expectations for the next 12 months



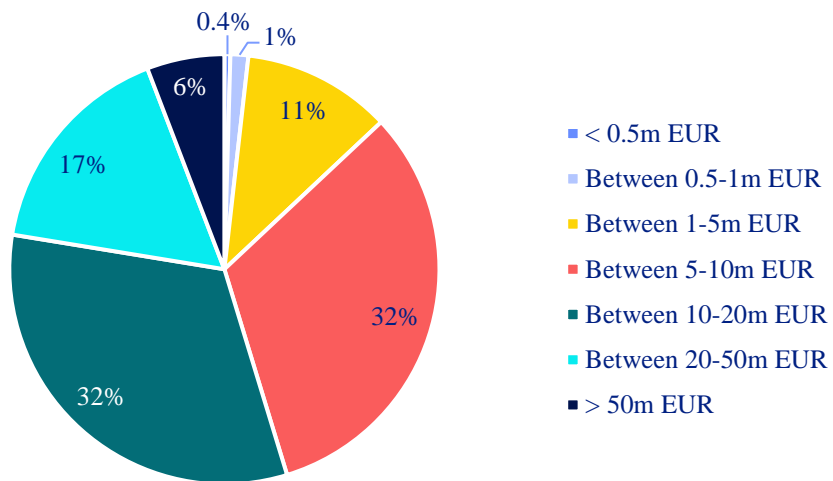
*Q: “Over the last 12 months, how has the number of investment proposals to your firm developed?”*

*Q: “Over the next 12 months, how do you expect the number of investment proposals to your firm to develop?”*

# In focus: Investment proposals and investment rate



Equity investment amount requested in proposals received

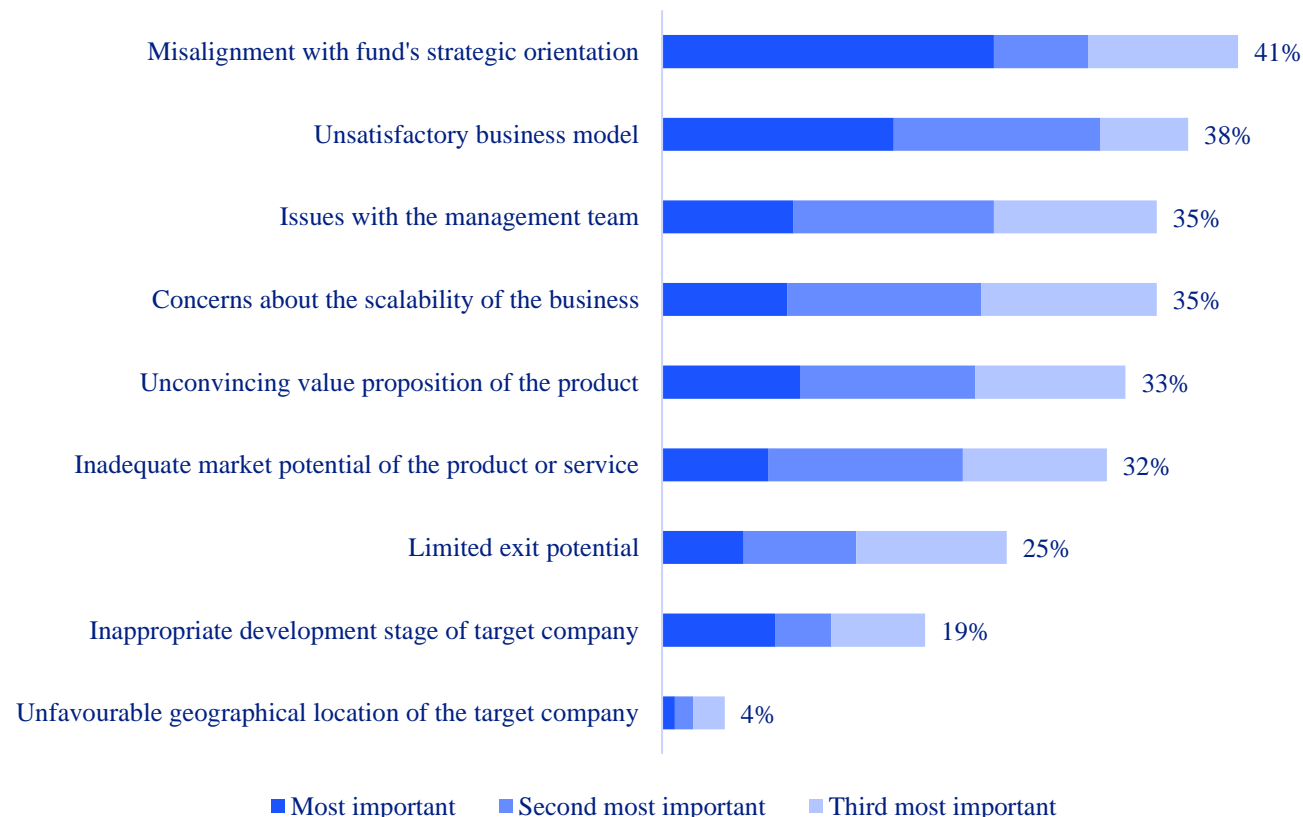


Q: “What was the most common equity investment amount requested in the proposals received over the last 12 months?”

Implicit average investment rate\* **8%**

\* Calculated as (Number of qualified investment proposals received during last 12 months / Number of investments undertaken); average percentage across respondents.

Reasons for not investing

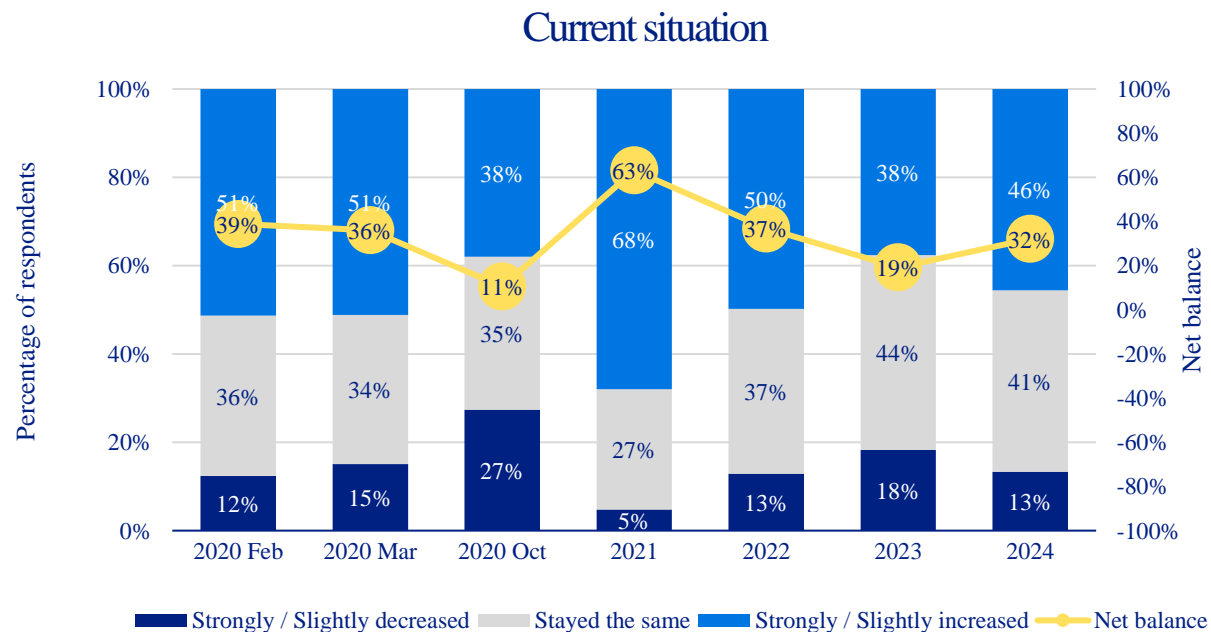


Q: “What were the primary reasons for not investing in some of the qualified investment proposals received over the last 12 months?” (multiple selection possible)

# Number of new investments



*The pace of new investing activity has accelerated, on balance – for the first time in three years, and this trend is expected to continue in the near future.*



Q: “Over the last 12 months, how has the number of your new investments developed?”

Q: “Over the next 12 months, how do you expect the number of your new investments to develop?”



# Investment strategy

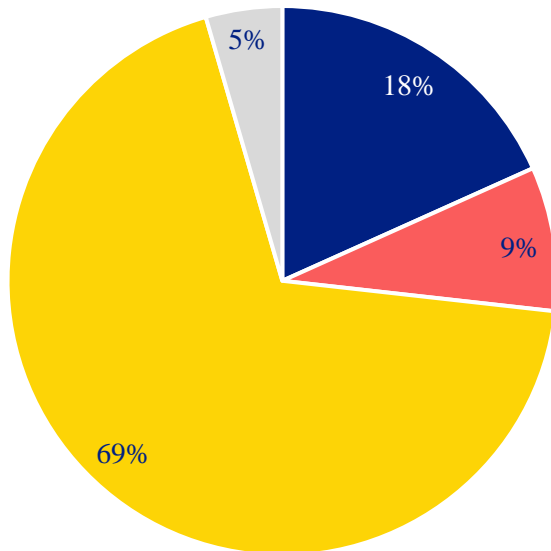


*PE Mid-Market fund managers continue to invest in both new deals and follow-ons in portfolio companies.*

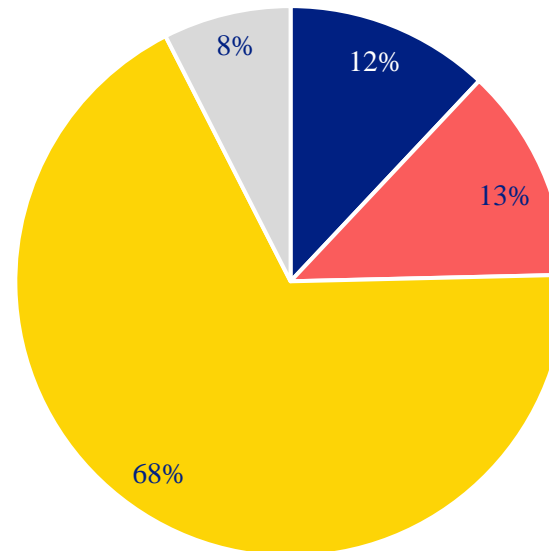
Over the last 12 months, have you...

■ ...invested in new deals only? ■ ...invested in follow-ons in portfolio companies only? ■ ...invested in both new deals and follow-ons in portfolio companies? ■ ...not invested?

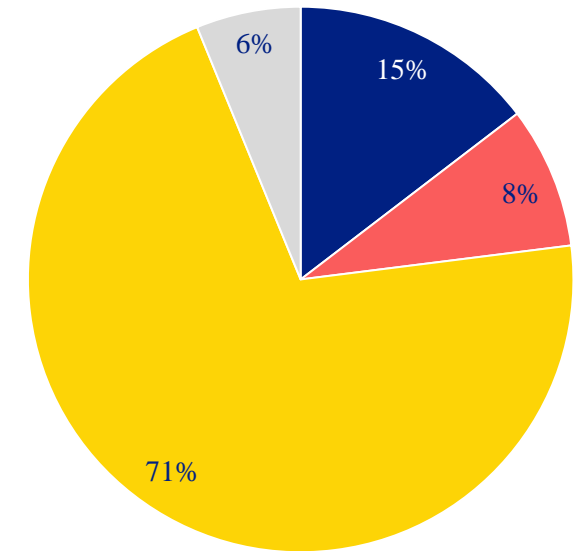
**2022**



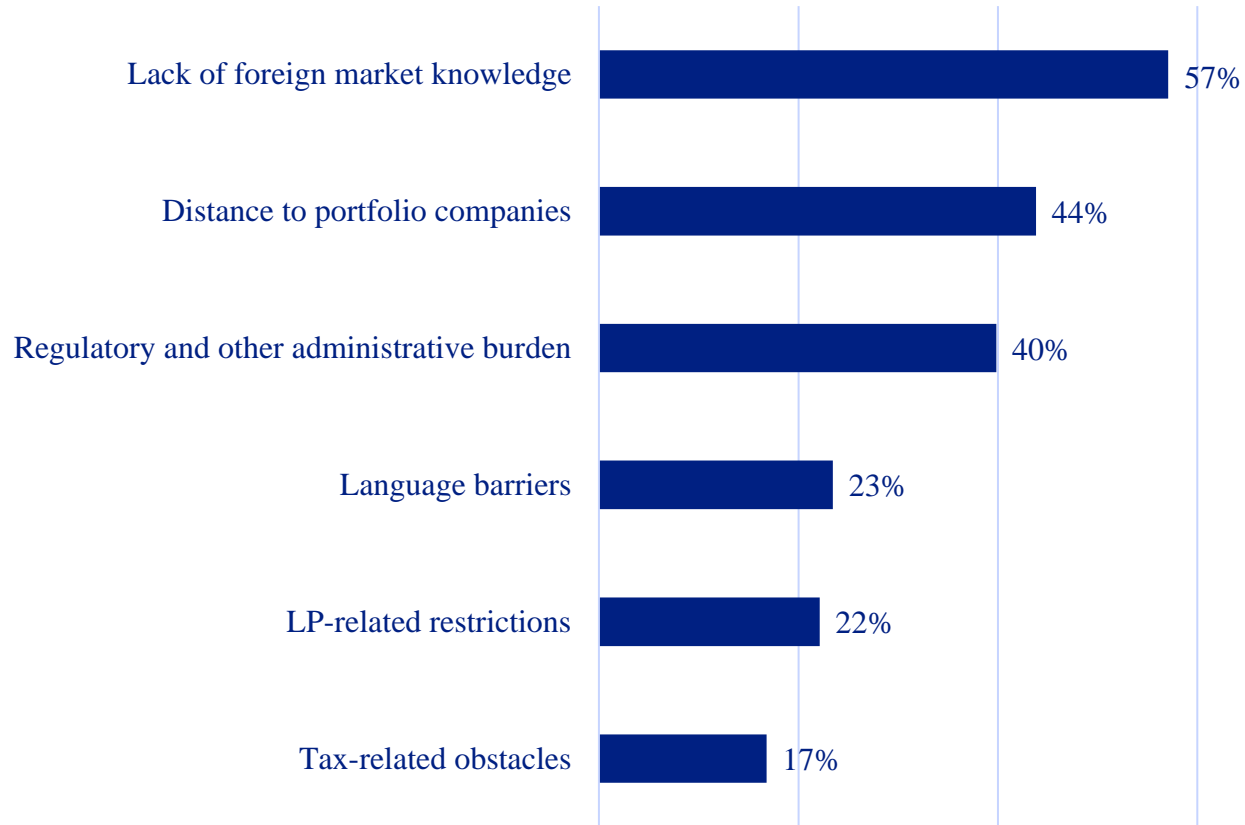
**2023**



**2024**



# Investment barriers



*PE Mid-Market fund managers state the lack of knowledge in foreign markets as well as geographical and regulatory considerations as the main reasons hindering cross-border investments within the EU.*

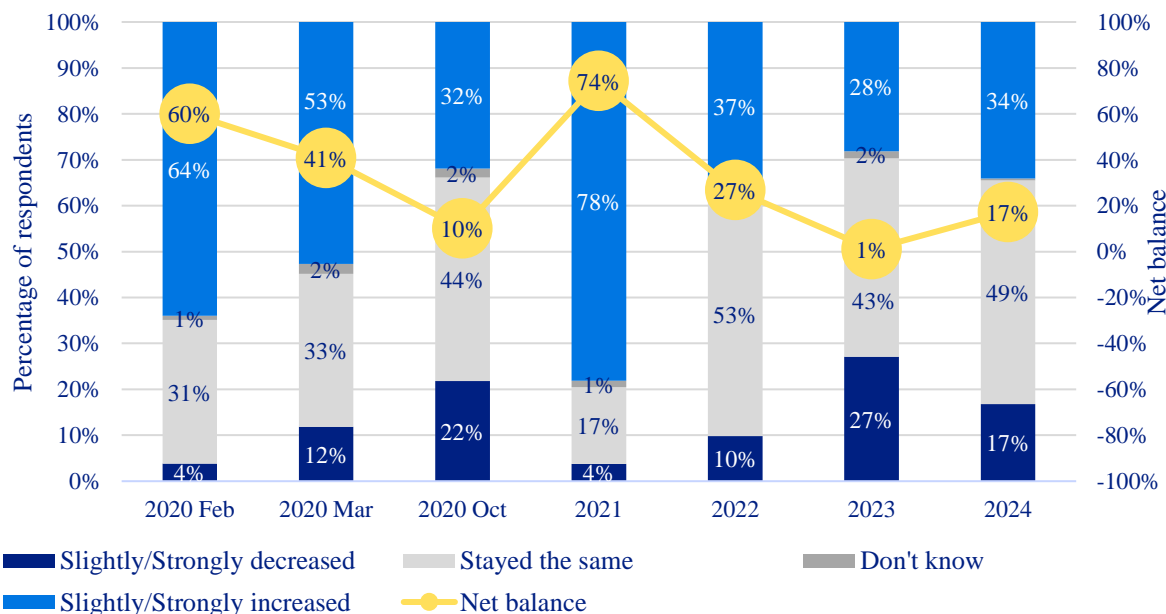
*Q: “In the context of your investment activity, what would you consider to be the main barriers that hinder cross-border investments within the EU?” (multiple selection possible)*

# Competition among investors for potential investees



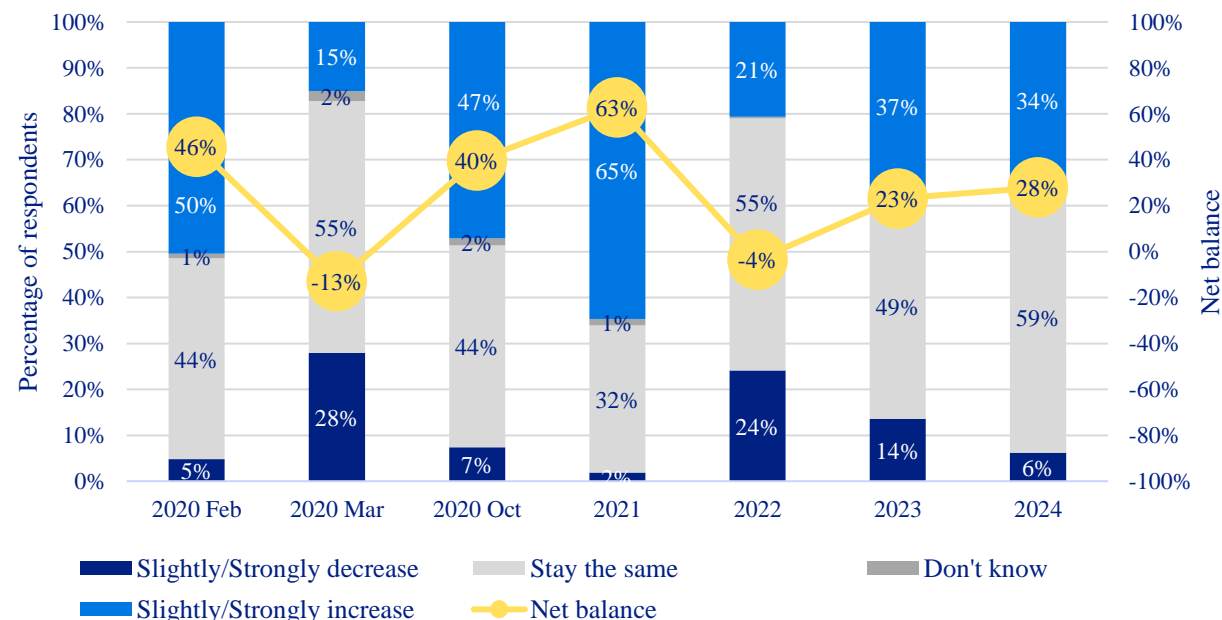
*Following last year's all-time low, competition for potential investees has increased again, on balance; looking ahead, most respondents expect no big change.*

Current situation



Q: “When you consider your market over the last 12 months, how have the following items developed?” Graph shows the responses for “Competition among investors for potential investee companies”.

Expectations for the next 12 months



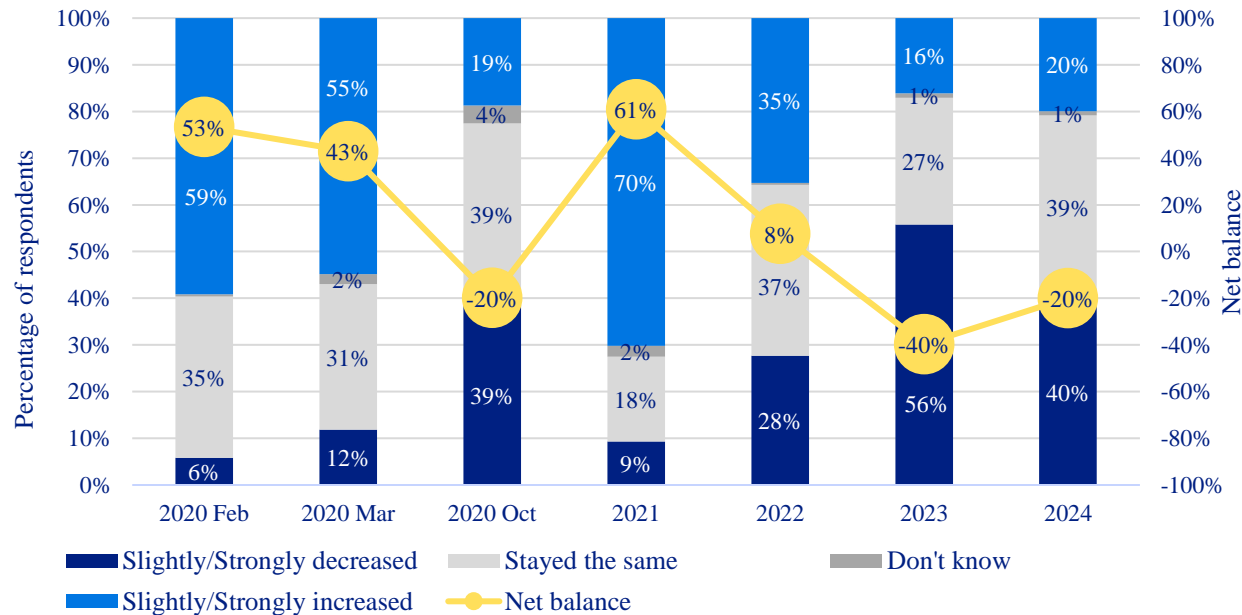
Q: “When you consider your market over the next 12 months, how do you expect the following items to develop?” Graph shows the responses for “Competition among investors for potential investee companies”.

# Transaction prices



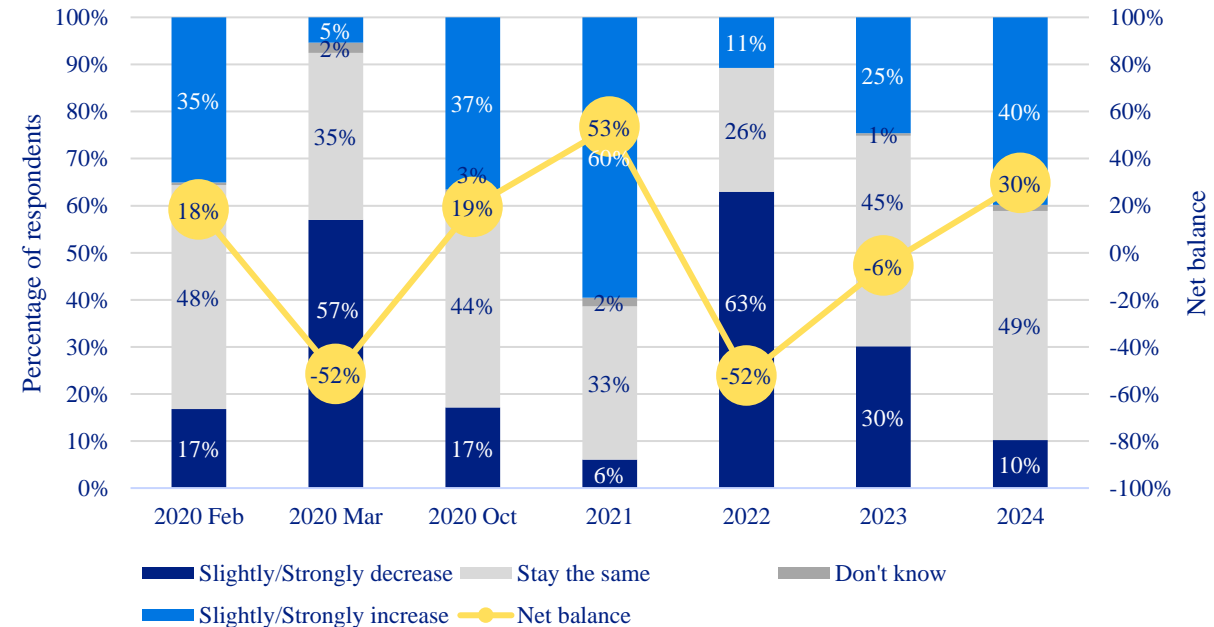
*While transaction prices have continued to decrease, on balance, for the second year in a row (albeit at a slower pace), an increase is expected for the first time since 2021.*

Current situation



Q: “When you consider your market over the last 12 months, how have the following items developed?” Graph shows the responses for “Transaction prices”.

Expectations for the next 12 months



Q: “When you consider your market over the next 12 months, how do you expect the following items to develop?” Graph shows the responses for “Transaction prices”.

## *Portfolio*

Despite fundraising challenges and a still difficult macroeconomic environment, the majority of PE Mid-Market fund managers report that their **portfolio companies performed in line with expectations**. **PE Mid-Market fund managers are optimistic about the future**, with the vast majority expecting positive NAV evolution in 2024 (in the range of 5 to 10%, according to two-fifth of respondents).

**Access to external finance of PE Mid-Market portfolio companies has remained good**, on average, and the majority of respondents expects this to stay the same in the coming months.

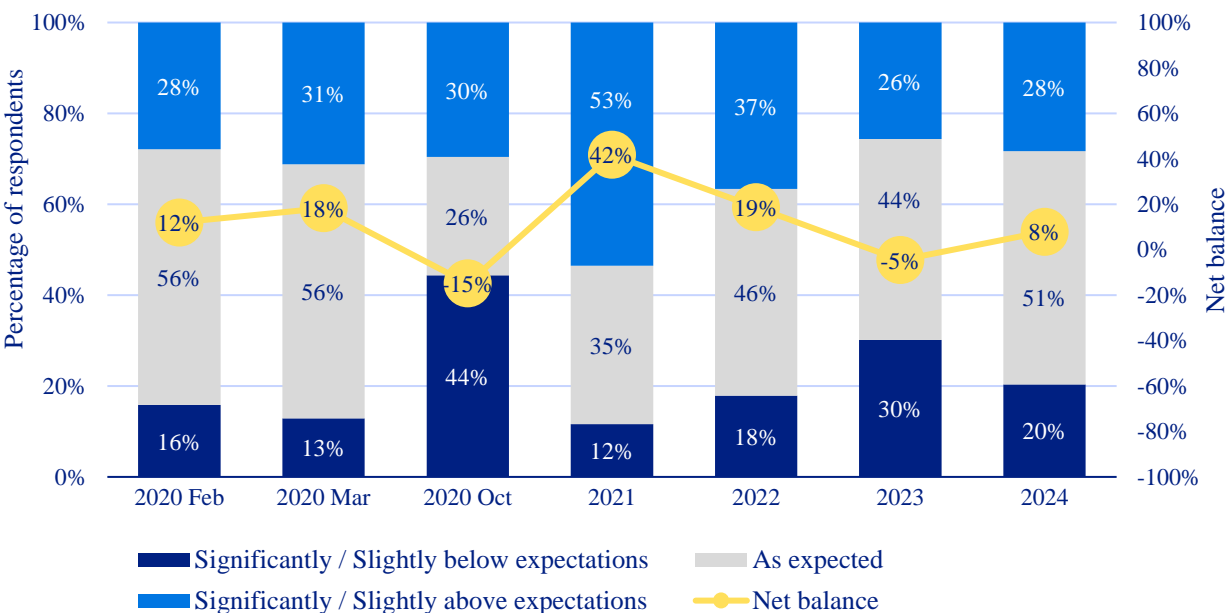
**Valuations of portfolio companies have increased**, on balance, and the outlook suggests that further increases should be expected in the next 12 months.

# Portfolio development

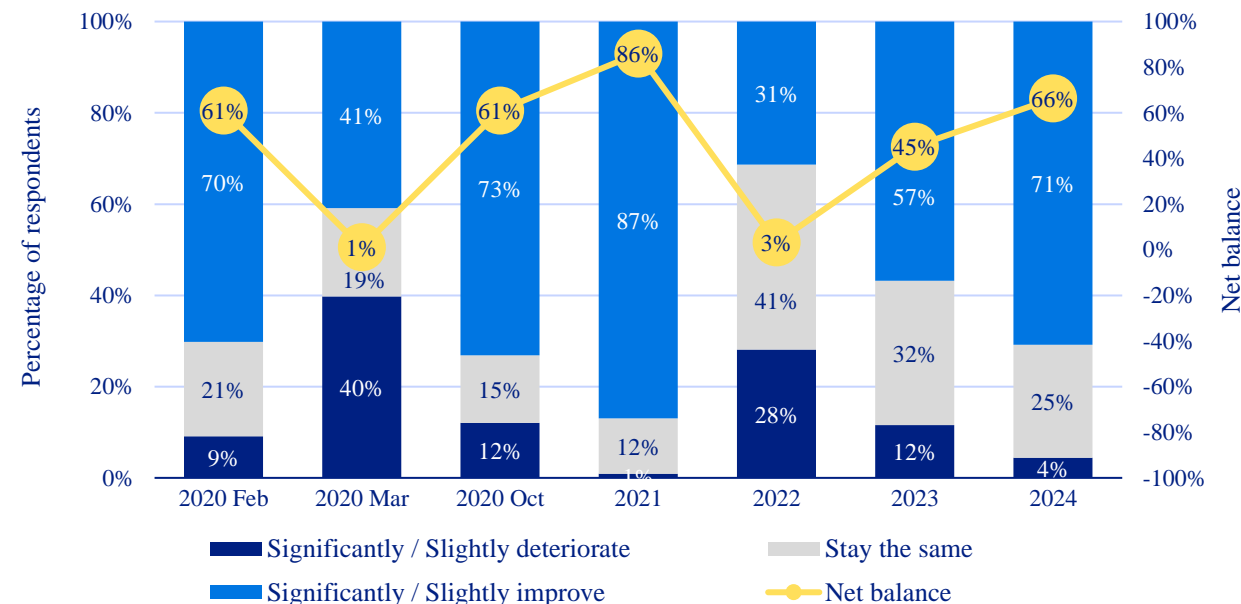


*Portfolio companies developed broadly in line with expectations, according to a majority of respondents; but PE Mid-Market fund managers are much more optimistic about the future.*

Current situation



Expectations for the next 12 months



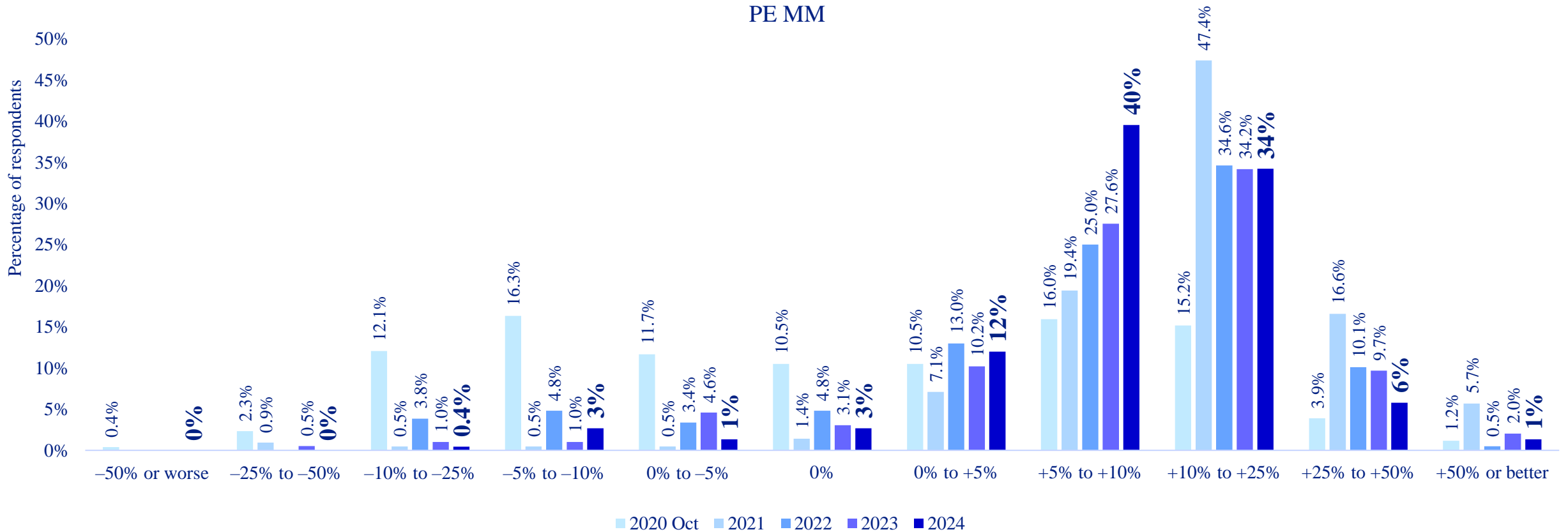
Q: “Over the last 12 months, how did your portfolio companies develop?”  
 Note: The October 2020 survey wave asked about developments since March 2020, while the other survey waves asked about developments over the last 12 months.

Q: “Over the next 12 months, how do you expect your overall portfolio to develop?”

# NAV of fund(s) / value of portfolio



*The vast majority of PE Mid-Market fund managers expect positive NAV evolution in 2024; 2 in 5 expects NAV development in the range of 5 to 10%.*

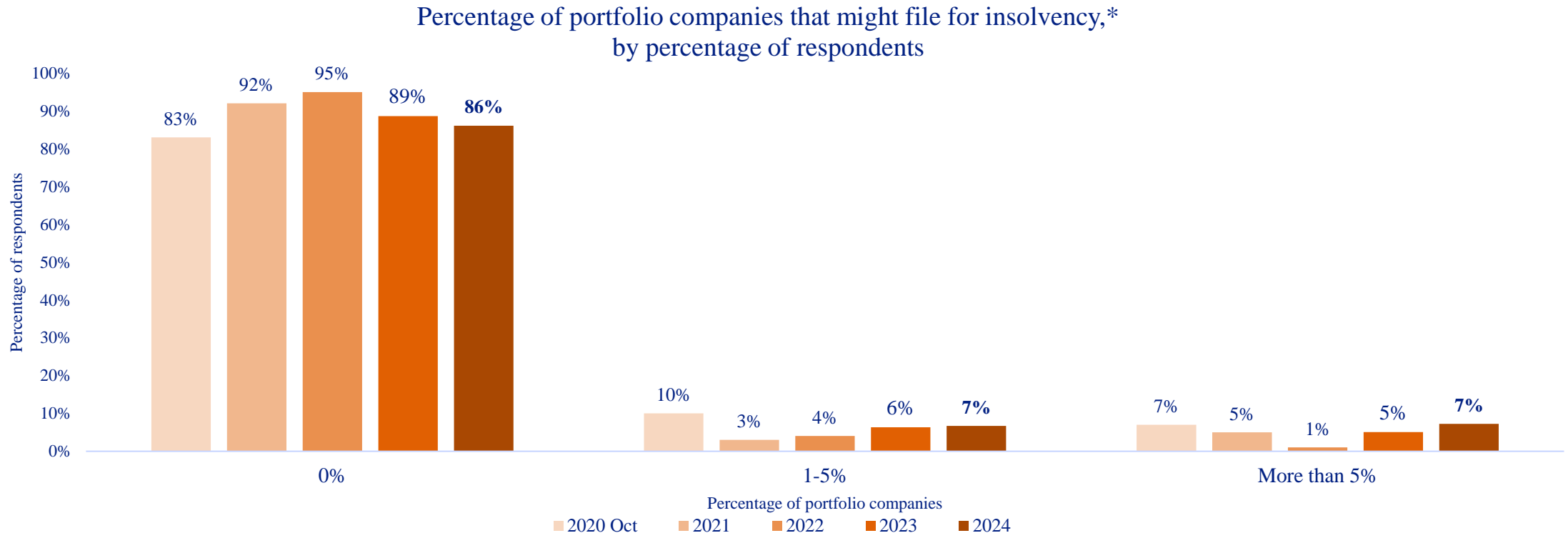


Q: “How do you expect the NAV (Net Asset Value) of your fund(s) to evolve until the end of Q4 202X compared to the NAV as of Q4 202X-1? (measured as % change from Q4 202X-1 to expected NAV in Q4 202X)”

# Insolvencies



*The share of respondents that expect none of their portfolio companies to file for insolvency in the current year has slightly decreased for the second year in a row.*



Q: “Please indicate the expected % of your active portfolio companies that might file for insolvency in 202X”.

\* In 2020 and 2021, the question read: “Please indicate the expected % of your active portfolio companies that might file for insolvency due to the impact of COVID-19.”

Percentages based on respondents that did not select the response option “I don’t know” (e.g. 26% of respondents in 2024).

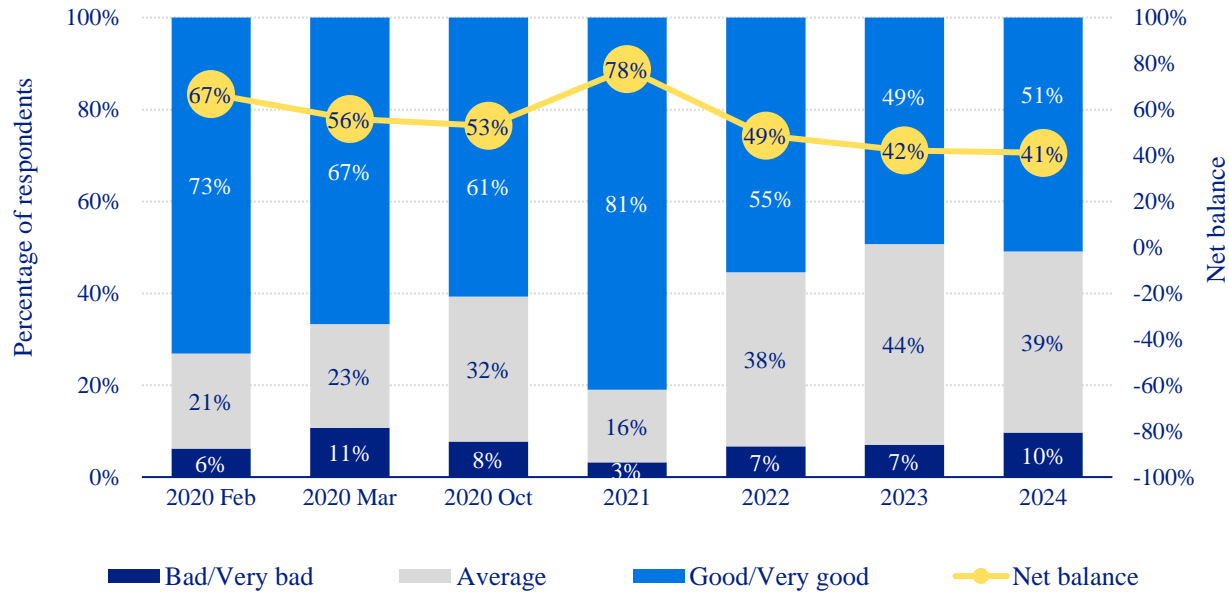


# Access to external finance of portfolio companies

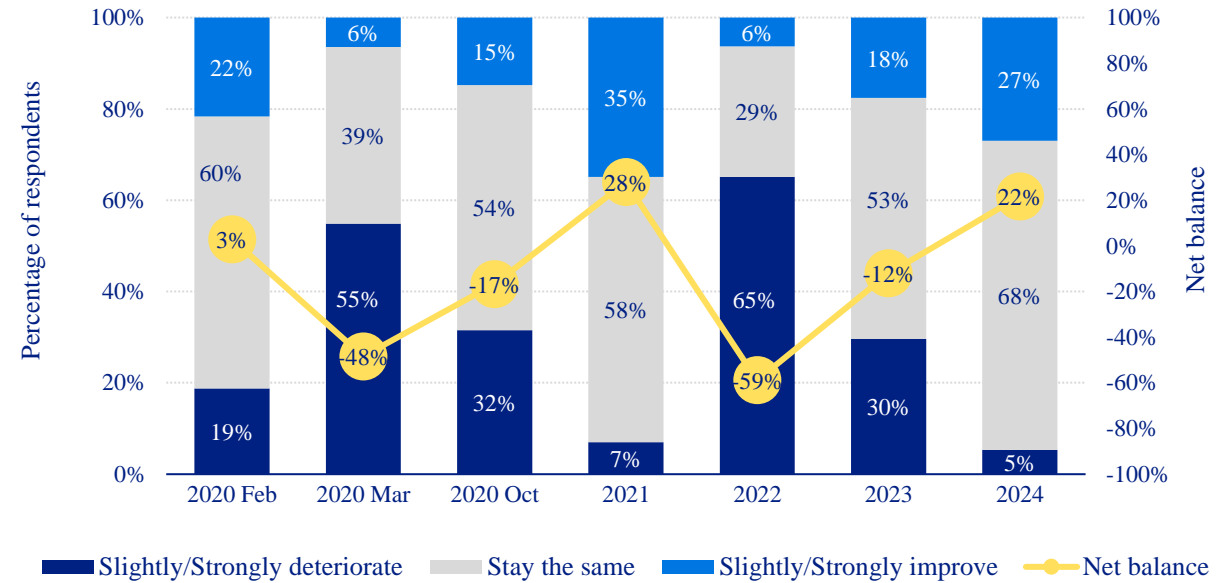


*Access to external finance of PE Mid-Market portfolio companies has remained good in 2024, and a large majority of respondents expects this to stay the same in the coming months.*

Current situation



Expectations for the next 12 months



Q: “How would you rate the access to external finance of your portfolio companies?”

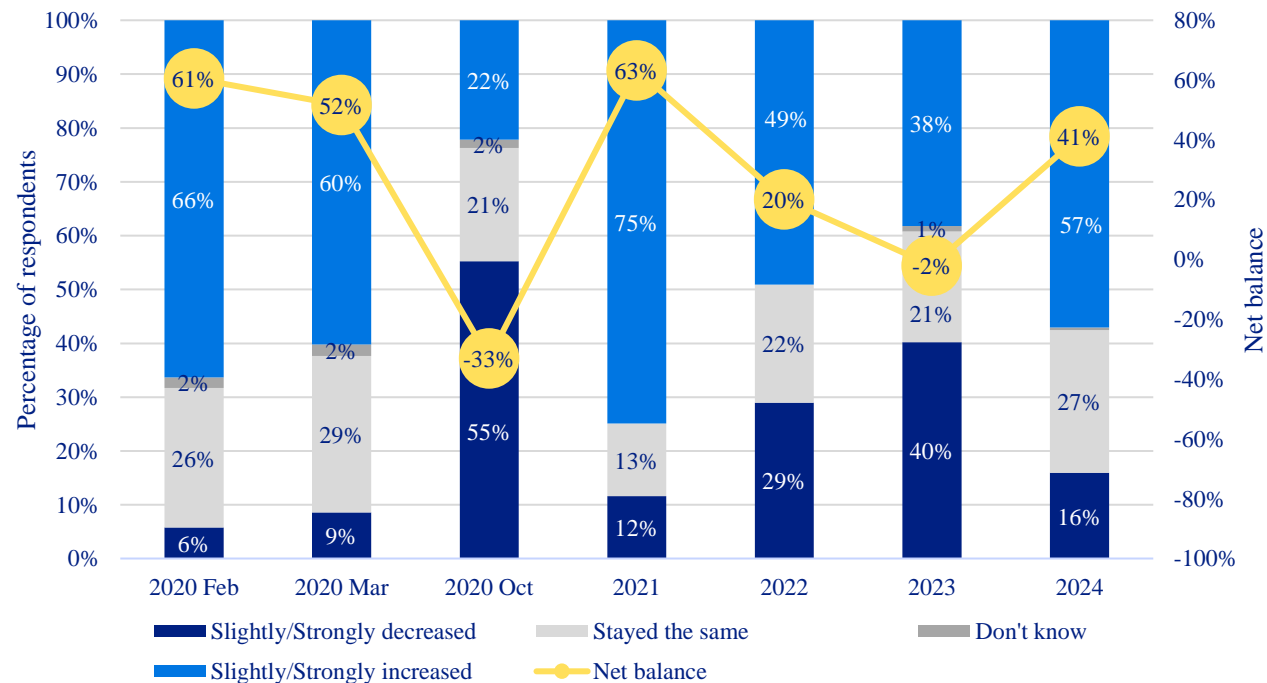
Q: “Over the next 12 months, how do you expect the access to external finance of your portfolio companies to develop?”

# Valuations of portfolio companies



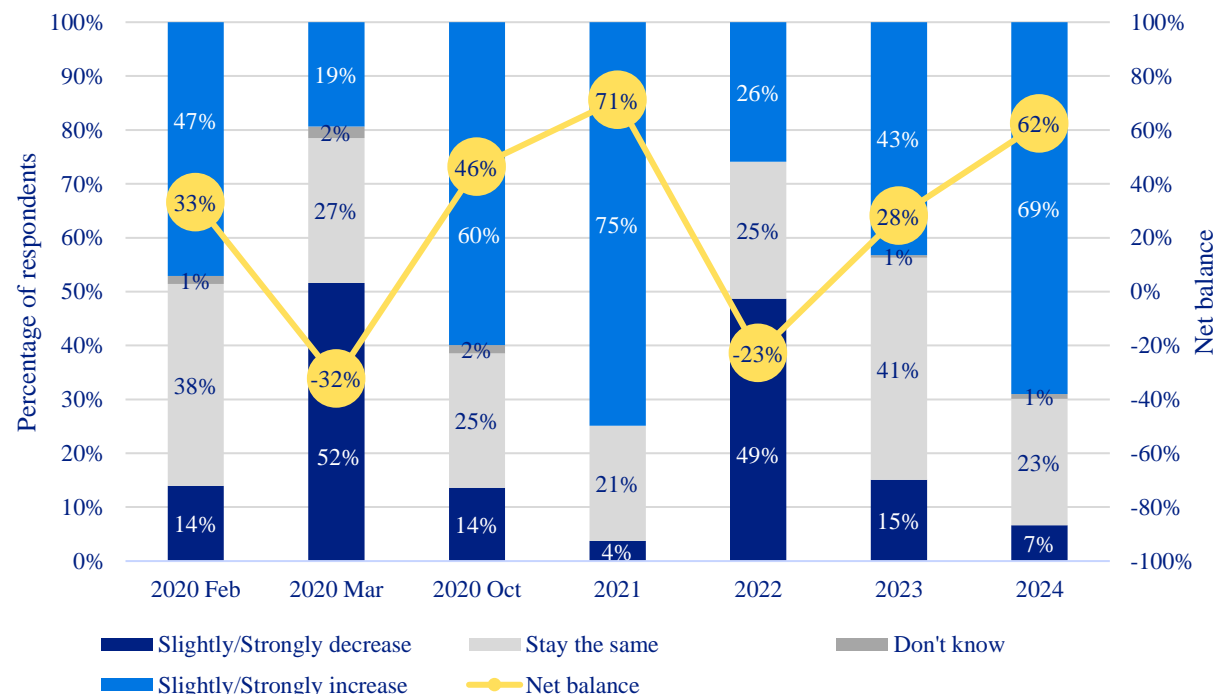
*Following last year's stabilisation, valuations of PE Mid-Market portfolio companies have increased again, on balance; while the outlook suggests that further upward pressure should be expected in the next 12 months.*

Current situation



Q: “When you consider your market over the last 12 months, how have the following items developed?” Graph shows the responses for “Current valuations of portfolio companies”.

Expectations for the next 12 months



Q: “When you consider your market over the next 12 months, how do you expect the following items to develop?” Graph shows the responses for “Current valuations of portfolio companies”.

# PE Mid-Market Survey 2024



## *Exits*

The exit environment is still perceived challenging by almost 2 in 5 of the surveyed PE Mid-Market fund managers, but an improvement is expected in the coming months.

Over the past 12 months, **insolvencies decreased** and came back to average levels in the time-series of the survey results. By contrast, **trade sales increased considerably**, compared to the all-time low (in the survey record of these data) that had been reached in 2023.

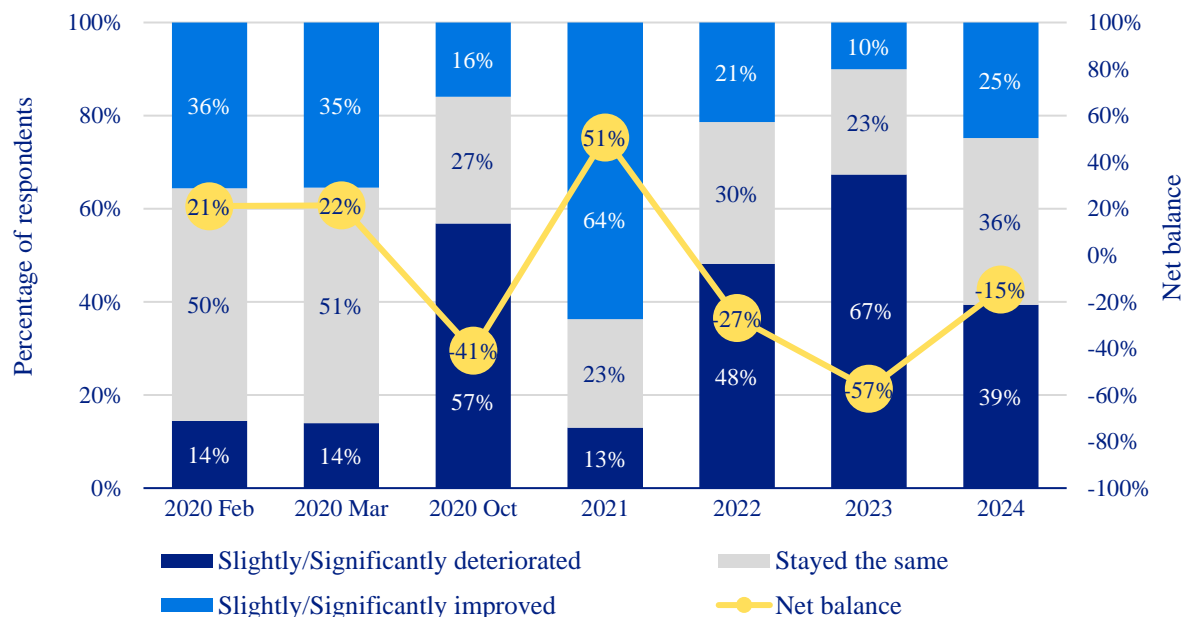
The **scale-up financing gap in Europe exacerbates the exit-related challenges**. Approximately 2 in 5 PE Mid-Market fund managers stated that the scale-up financing conditions have worsened in the last year.

# Exit environment



*The exit environment is still perceived challenging, but 6 in 10 PE Mid-Market fund managers expect the exit opportunities to improve. This level of optimism has not been observed since 2021.*

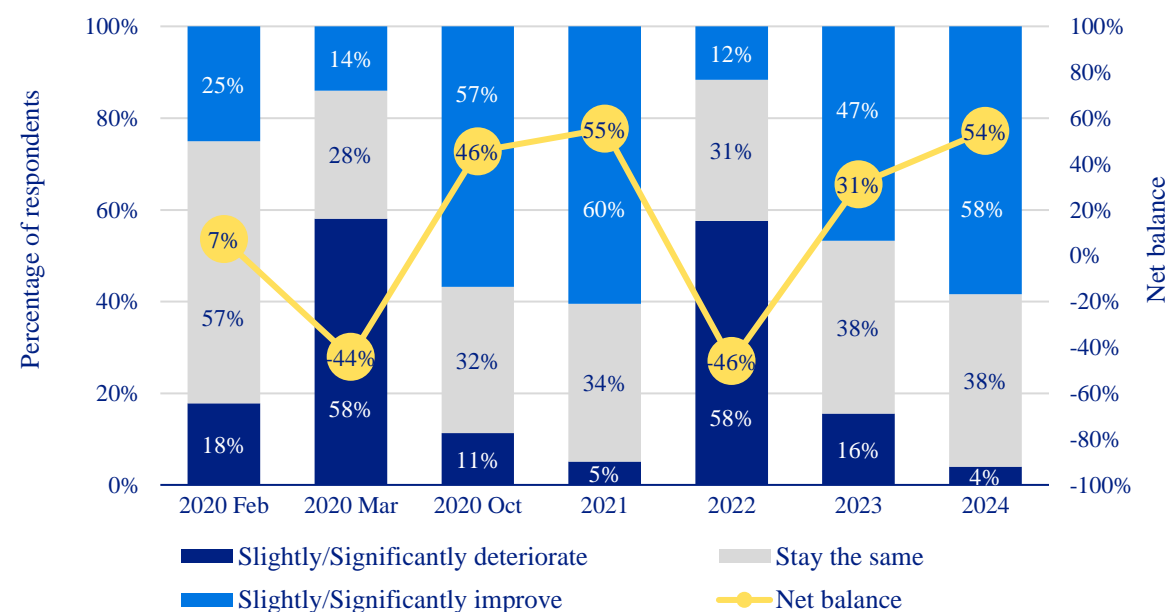
Current situation



Q: “Over the last 12 months, how has the exit environment for your portfolio companies developed?”

Note: The October 2020 survey wave asked about developments since March 2020, while the other survey waves asked about developments over the last 12 months.

Expectations for the next 12 months

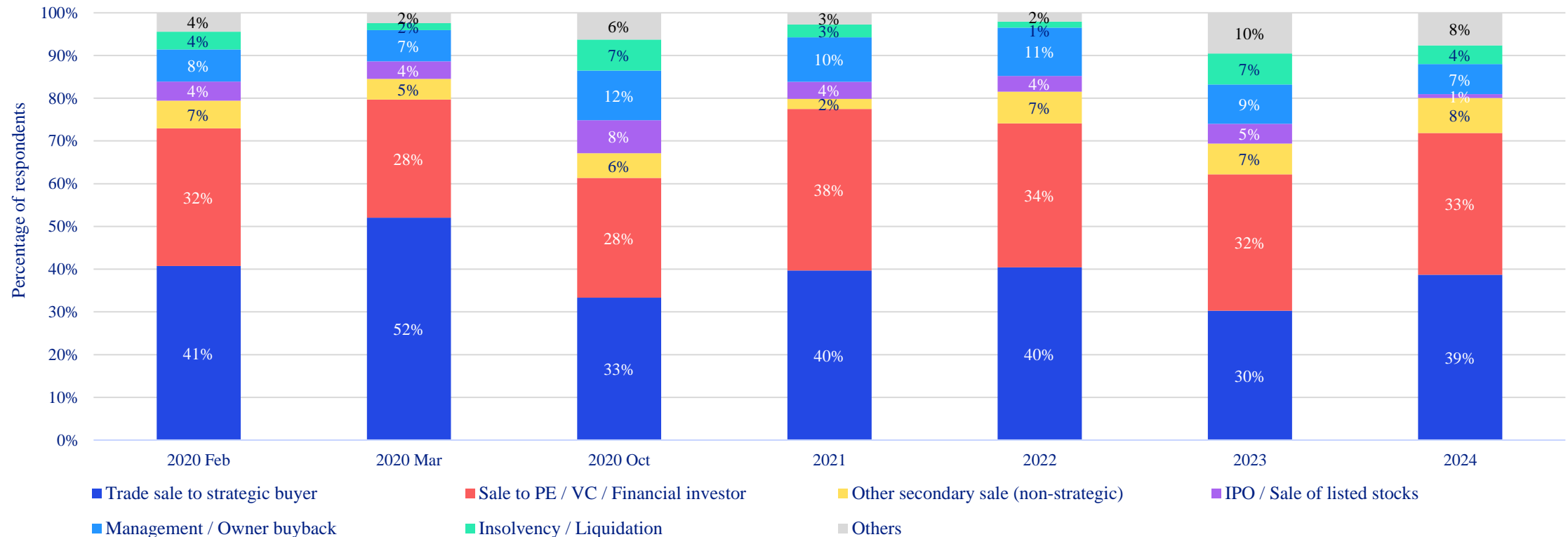


Q: “Over the next 12 months, how do you expect the exit opportunities of your portfolio companies to develop?”

# Exit routes



*Over the past 12 months, trade sales and sales to other firms/financial investors have increased, and remain the two dominant exit routes for PE MM portfolio companies. Insolvencies have decreased, but so have IPOs (falling to an all-time low in the time-series record of these data).*



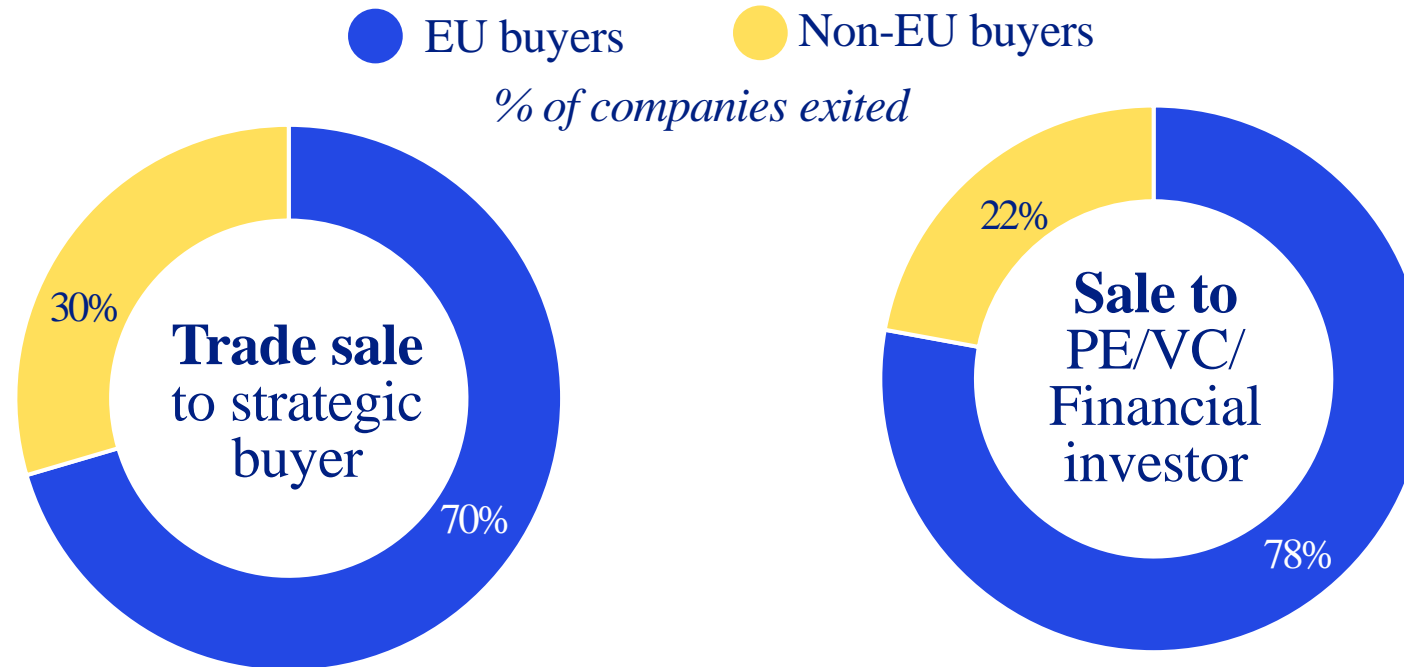
Q: “Over the last 12 months, how many of your portfolio companies exited via the following exit routes?”

Note: The graph reports the resulting percentages of the respective exit routes, excluding the “no exit” option. The October 2020 survey wave asked about developments since March 2020.

# In focus: Trade sales – Secondary sales



*In the last 12 months, both trade sales and sales to PE/VC/financial investors have predominantly been to EU buyers.*



Q: “Please tell us, if your trade sales have been to strategic buyers headquartered within or outside the EU.”

Q: “Please tell us, if your sales to other VC/PE firms have been to 3rd parties headquartered within or outside the EU.”

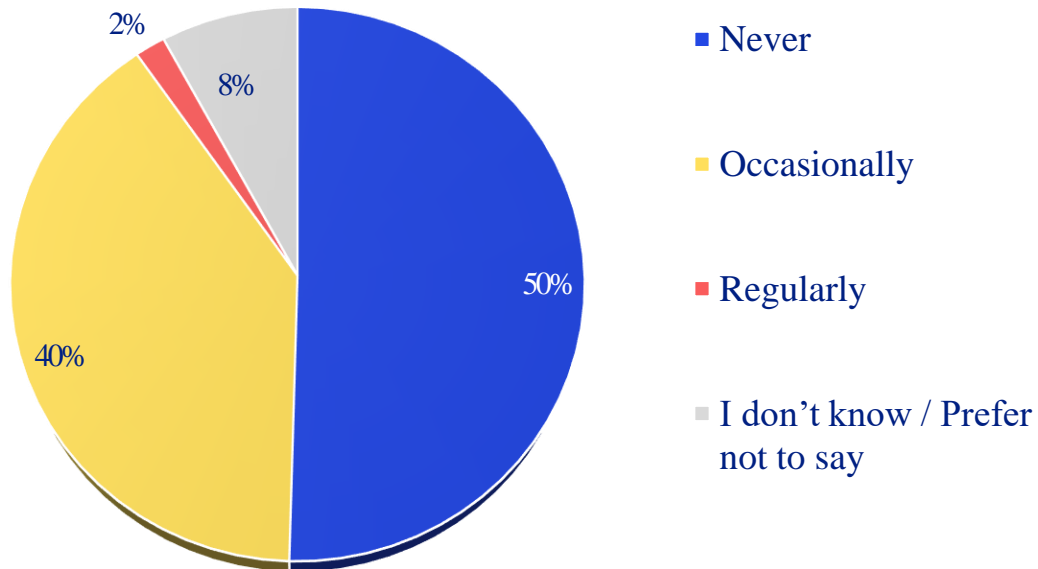
Q: “Please tell us, if your sales to financial institutions have been to investors headquartered within or outside the EU.”

Note: The results may include portfolio companies located outside the EU prior to exit.

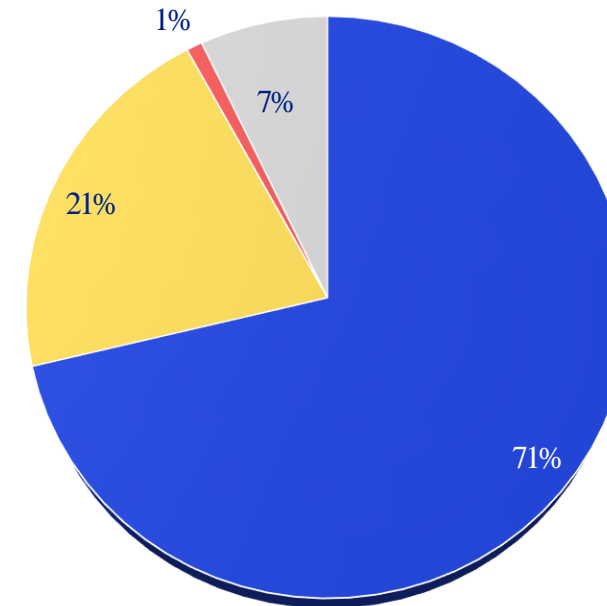
# In focus: Secondary sales

*The vast majority of PE MM fund managers have not experienced an LP- or GP-led secondary transaction.*

### LP-led transactions



### GP-led transactions



Q: “How often have LPs in your fund(s) sold their stake through a secondary transaction (i.e. commonly referred to as LP-led secondary transactions)?”

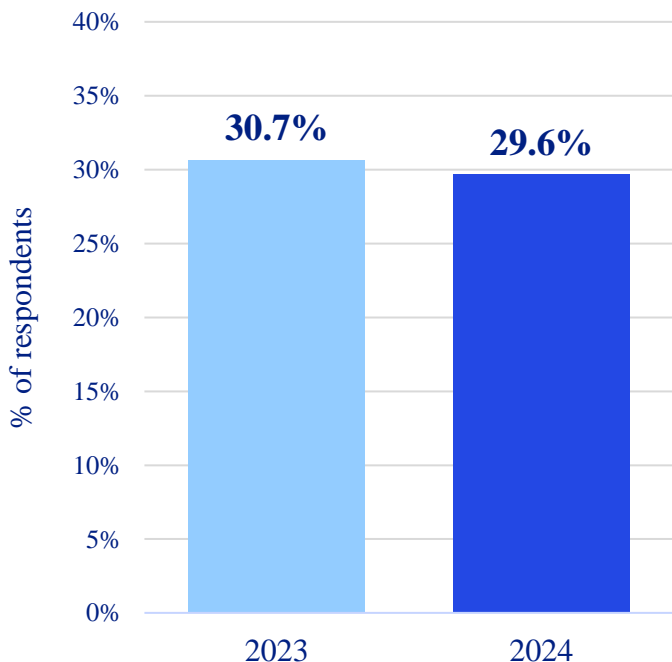
Q: “Have you already structured a GP-led secondary transaction (i.e. also referred to as a continuation fund) in the past?”

# In focus: Scale-up financing



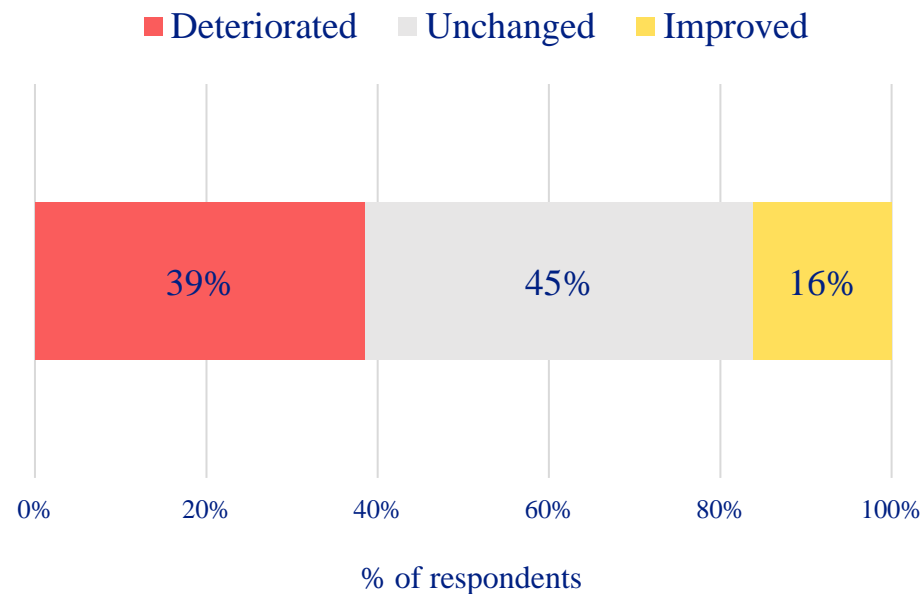
*About 1 in 3 PE MM fund managers perceives scale-up financing in Europe as insufficient, but 4 in 10 state that scale-up financing conditions have worsened in the last year.*

Respondents perceiving scale-up financing in Europe as insufficient



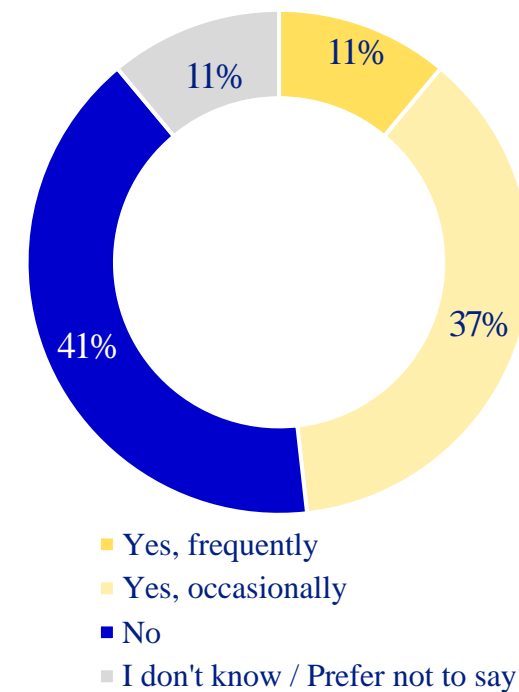
Q: “Do you think that there are sufficient financing opportunities for companies to scale up in Europe?”

Scale-up financing conditions in Europe (last 12 months)



Q: “How have the conditions for financing companies to scale up in Europe evolved over the last 12 months?”

Frequency of sales to scale-up funds



Q: “Have you ever sold any of your portfolio companies to funds that support companies to scale up in Europe?”



## Challenges

In 2024, “**Recruiting high-quality professionals**”, “**Costs of production and labour**” and “**Geopolitical uncertainty and related consequences**” have remained the three most important challenges of PE Mid-Market fund managers’ portfolio companies.

While “Costs of production and labour” has remained important, the share of respondents highlighting this category as the first most important challenge of their portfolio companies has declined over the last two years, reflecting disinflationary developments since inflation rates had peaked in 2022.

**Fundraising and geopolitical uncertainty** remained the two biggest challenges in PE mid-market business, followed by **portfolio company performance** and the **exit environment**. **General difficulties in finding potential buyers** and a **thin M&A market** are mentioned as key challenges for exits.

While “Geopolitical uncertainty and related consequences” has remained a very important challenge for the PE Mid-Market business, the share of respondents highlighting this category as their *first* most important challenge declined over the past two years. In parallel, the percentage of respondents highlighting “Portfolio company performance” as their *first* most important challenge increased. This reflects a normalisation away from the crisis mode seen in 2022, when PE Mid-Market fund managers’ main concerns had been geopolitical uncertainty and market volatility.

# Biggest challenges for *portfolio companies* in 2024



*“Recruiting high-quality professionals” has become the most important challenge for PE MM portfolio companies, followed by “Costs of production and labour” and “Geopolitical uncertainty”.*

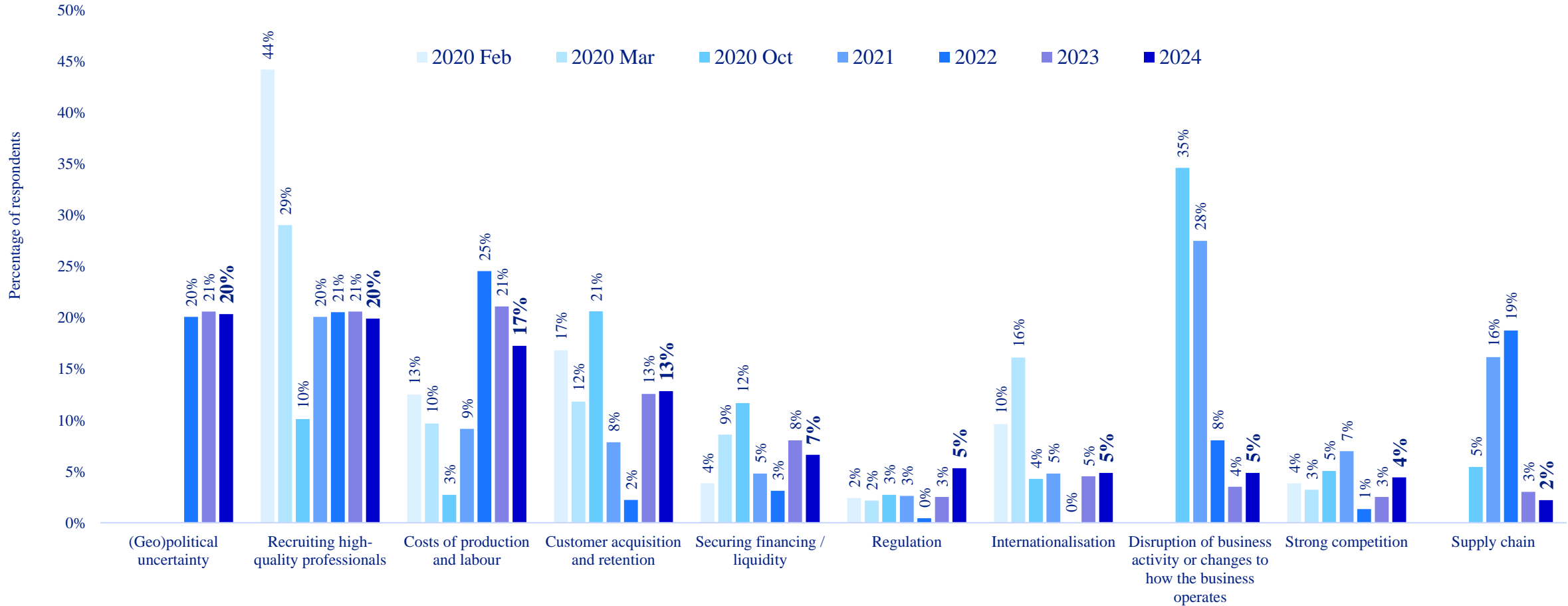
Note: The first number in brackets [a;b] corresponds to the ranking of the challenge in 2024, while the second number represents the respective ranking of the challenge in the *EIF PE MM Survey 2023*.

Q: *“Please select the biggest challenges you currently see for your portfolio companies” (multiple selection possible)*

Note 1: The graph shows the percentage of respondents that selected the respective item as their first, second or third most important challenge.

Note 2: This graph presents the results only for the year 2024.

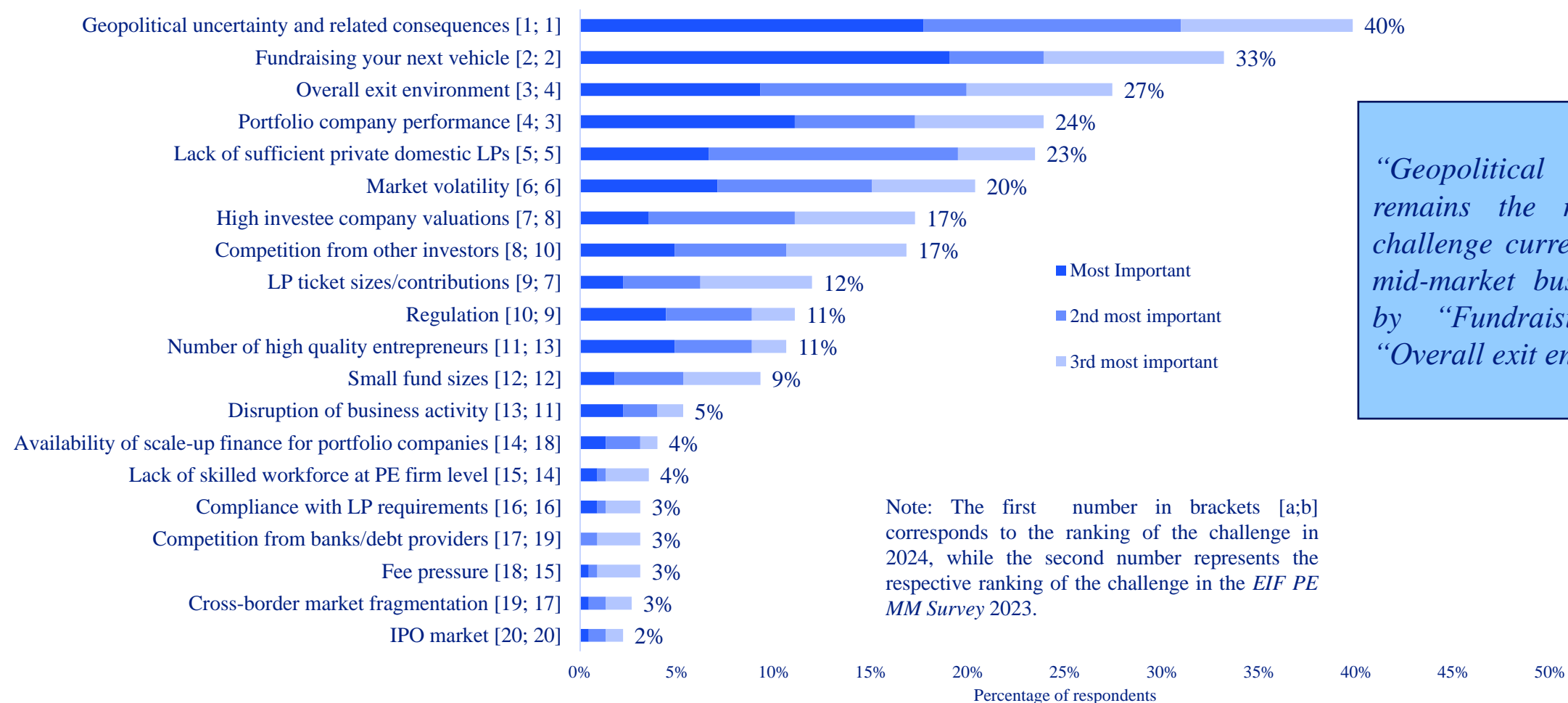
# Biggest challenges for *portfolio companies over time*



Q: “Please select the biggest challenges you currently see for your portfolio companies.”

Note: The graph shows the percentage of respondents that selected the respective challenge as the first most important in each survey wave. Some categories were not available each year.

# Biggest challenges *currently seen in PE MM business*



*“Geopolitical uncertainty” remains the most important challenge currently seen in PE mid-market business, followed by “Fundraising” and the “Overall exit environment”.*

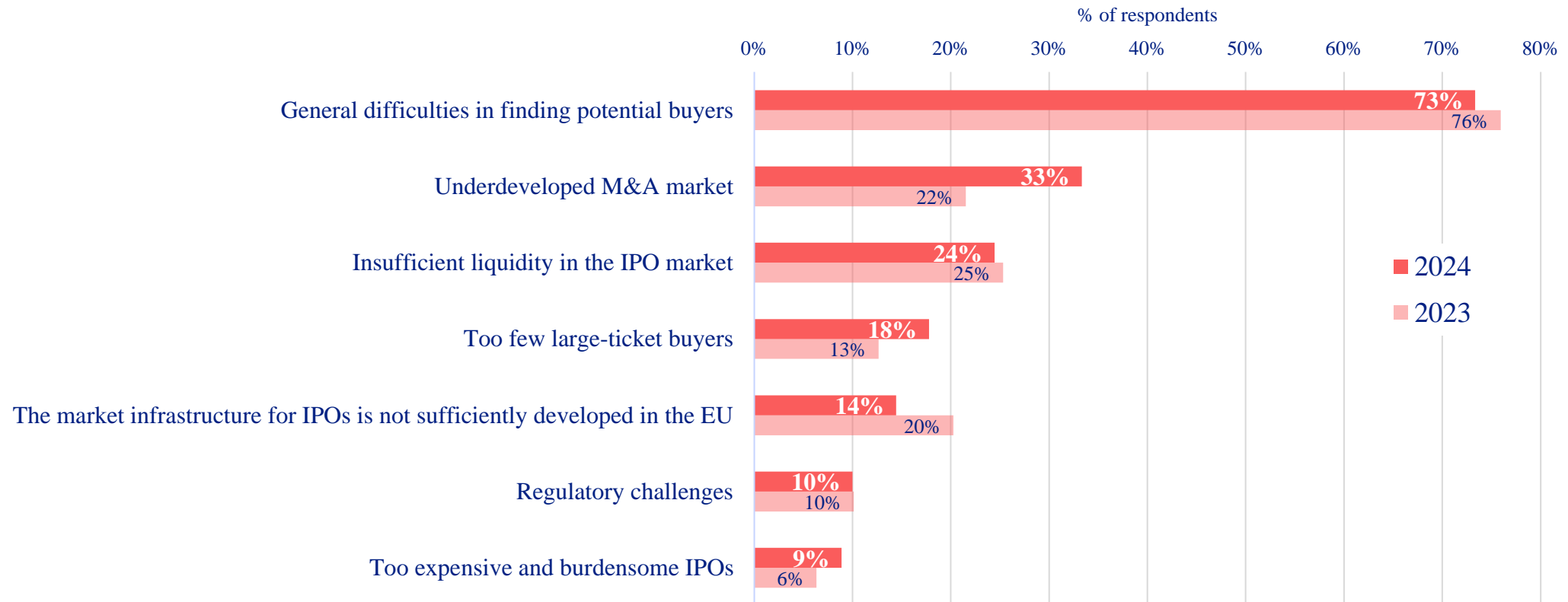
Q: *“Please select the biggest challenges you currently see in the PE mid-market business.” (multiple selection possible)*

Note 1: The graph shows the percentage of respondents that selected the respective item as their first, second or third most important challenge.

Note 2: This graph presents the results only for the year 2024.

# In focus: Exit-related challenges

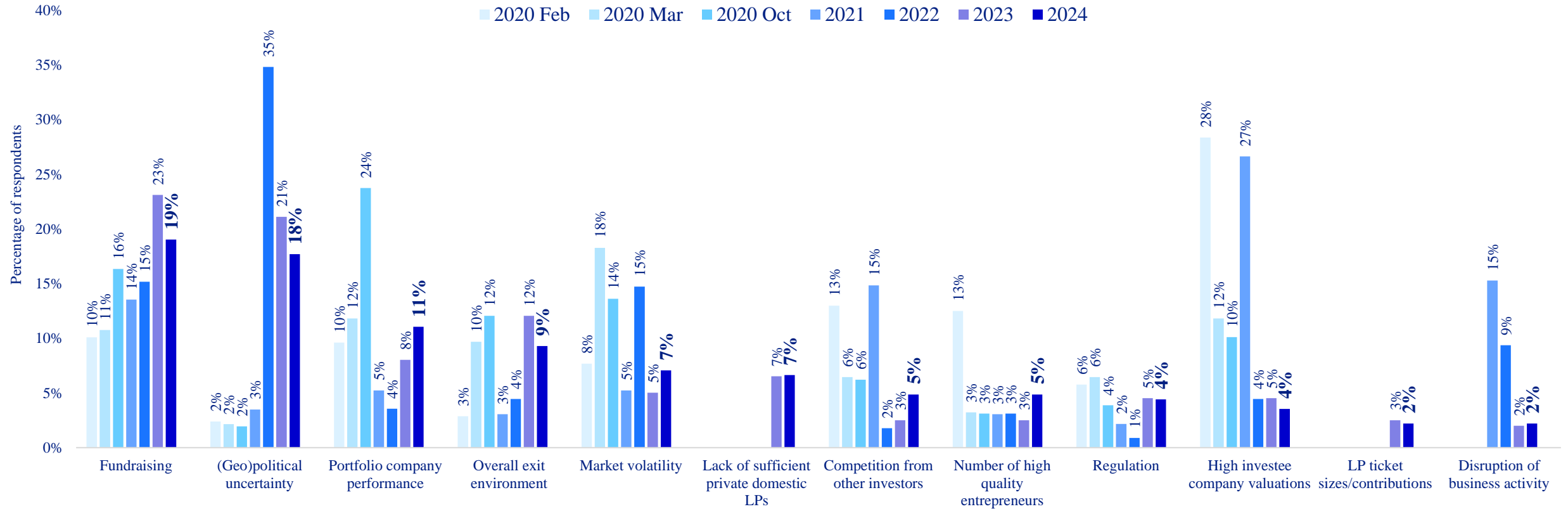
*Difficulties in finding potential buyers and an underdeveloped M&A market are mentioned as key challenges for exits.*



Q: “What are the current main challenges regarding the exit environment?” (multiple selection possible)

Note: This question was asked only to those respondents who selected the “Overall exit environment” among the biggest challenges in PE MM business in the preceding question.

# Biggest challenges *in PE MM business over time*



Q: “Please select the biggest challenges you currently see in the PE mid-market business.”

Note: The graph shows the percentage of respondents that selected the respective challenge as the *first* most important in each survey wave. Some categories were not available each year.

## *Prospects*

PE Mid-Market fund managers see promising investment opportunities in several sectors.

A large share of PE Mid-Market fund managers confirm to have companies active in the **Circular economy** and **Cleantech** in their portfolio; these investment themes are expected to remain important in fund managers' future portfolios.

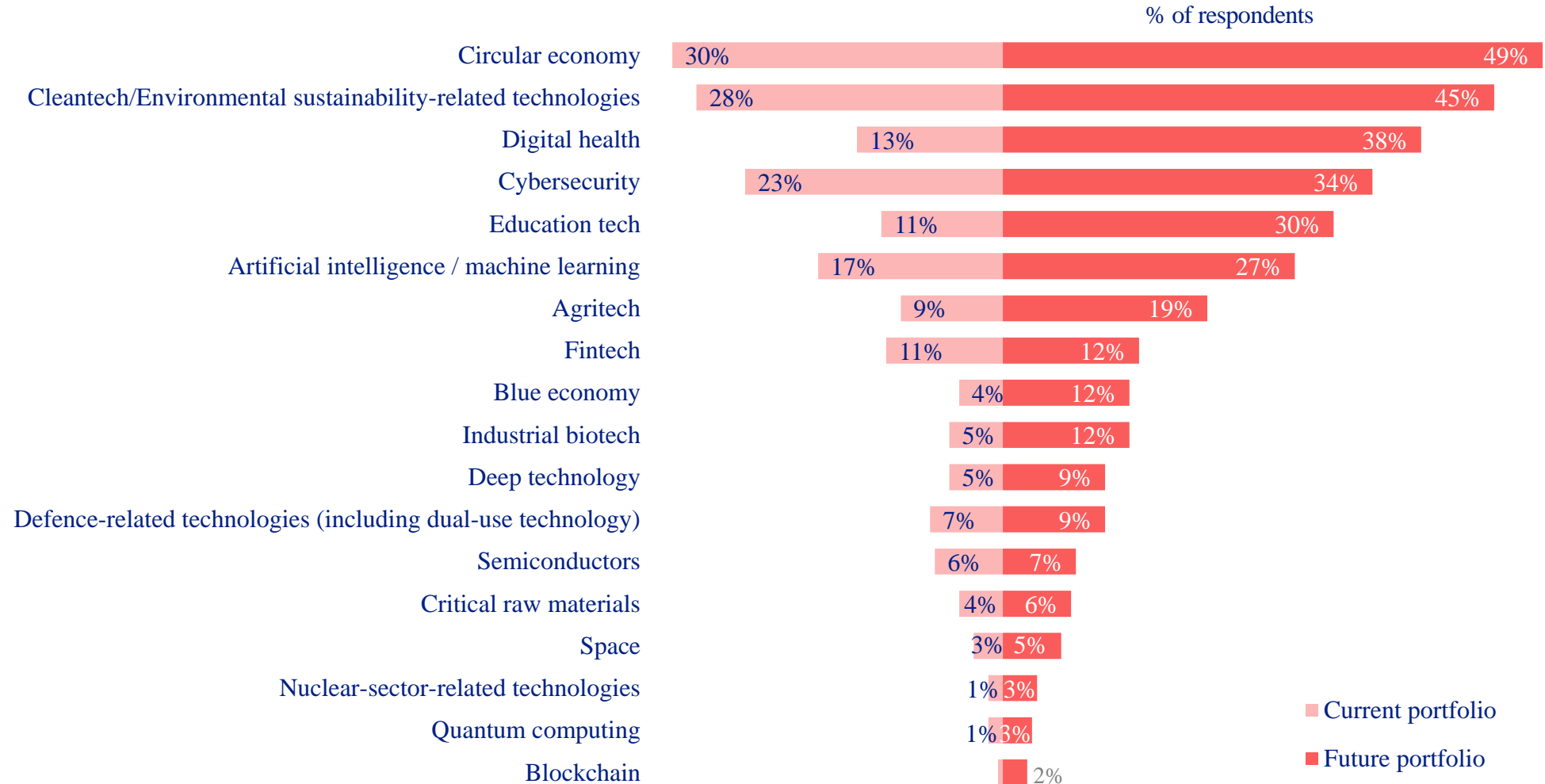
Furthermore, **Business Services**, **Healthcare**, and **Software/ICT** are perceived as the areas with the greatest investment potential over the next 3-5 years. **Energy & Environment**, in the context of the transition to greener and more efficient energy sources, also feature prominently.

Fund managers' expectations for their future state of business are optimistic. Their **confidence in the long-term growth prospects of the European PE Mid-Market industry picked up slightly** and reached a level above its long-term average. These results are in line with the remarkable resilience of the European PE ecosystem in the recent past.

# Current and future investment themes



*Circular economy and Cleantech are the most prevalent themes for current and future investments. Going forward, Digital health is expected to particularly gain in importance.*



Q: “Does your current investment portfolio include at present a company focusing on the following themes?” (multiple selection possible)

Q: “Does your investment portfolio aim to include in the future a company focusing on the following themes?” (multiple selection possible)



# Most promising sectors/industries in the near future



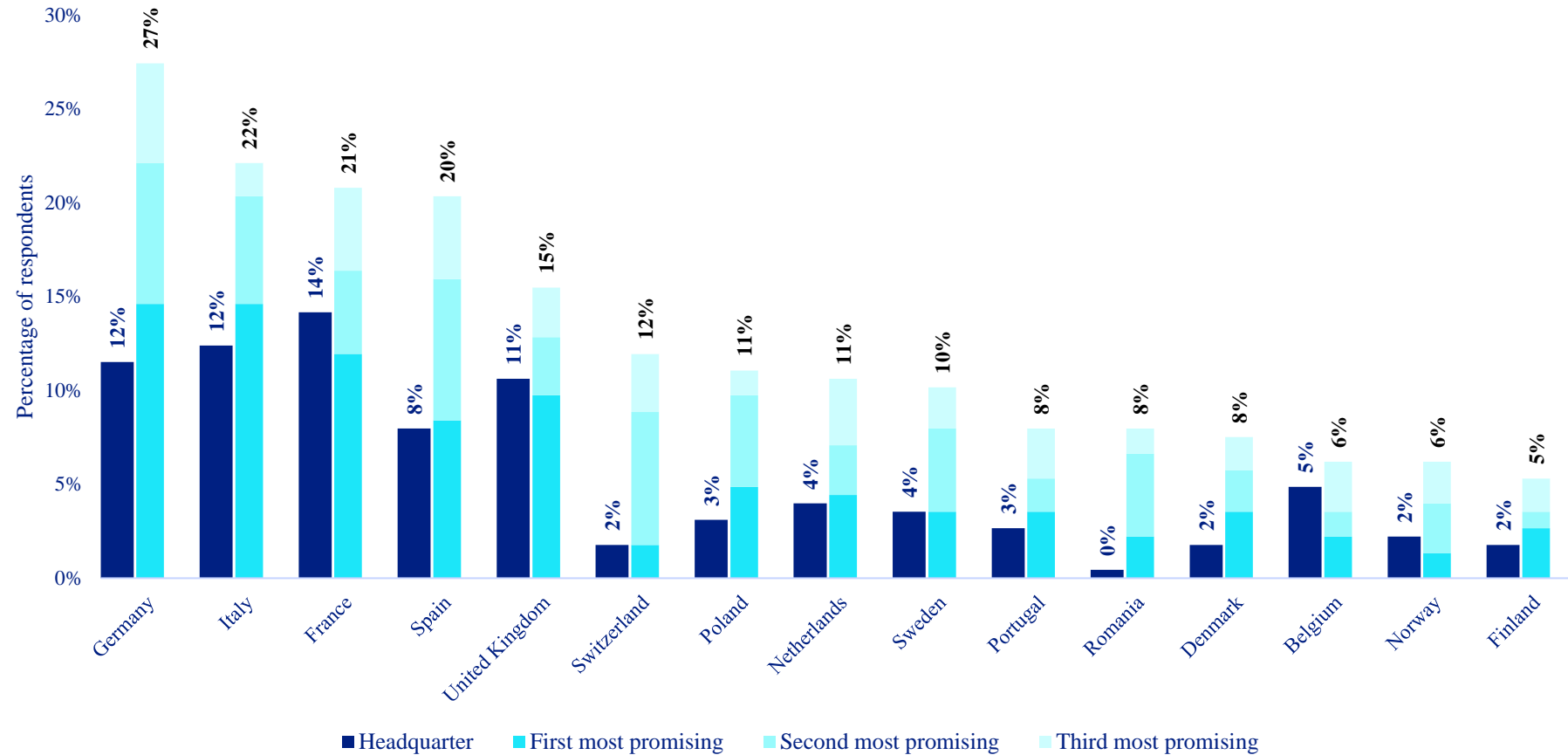
*Business Services, Healthcare, and Software/ICT are perceived as the areas with the greatest investment potential. Energy & Environment also feature prominently.*

*Key: ICT: Information and Communications Technologies; AI: Artificial Intelligence; B2B: Business-to-Business.*

Q: “Which sector/industry would you consider as the most promising for investments in the near future (3-5 years)?”

Note: The graph was generated using Wordcloud whereby the bigger the font size the more frequently the respective answer was mentioned in the free-text field.

# Most promising countries for PE Mid-Market investments



*Germany, Italy and France were ranked as the most promising European countries for PE Mid-Market investments over the next 12 months.*

Percentages in **black font** on top of the green bars show the aggregate percentage of respondents who have ranked the respective country in their top-3 choices.

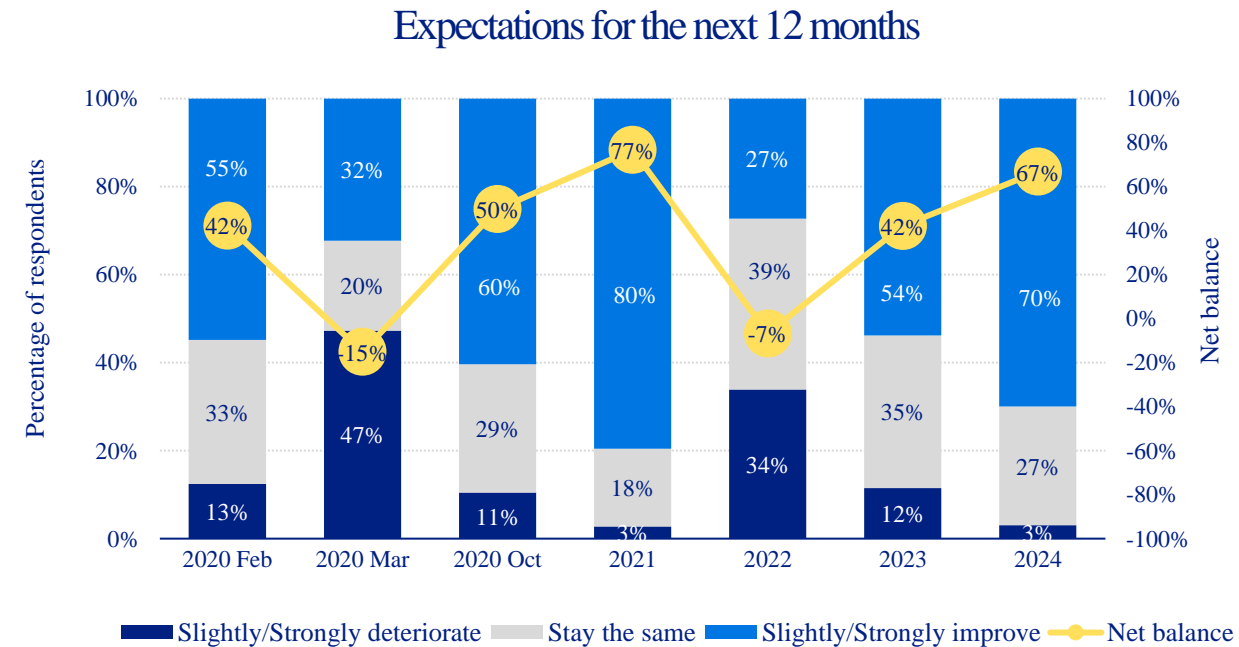
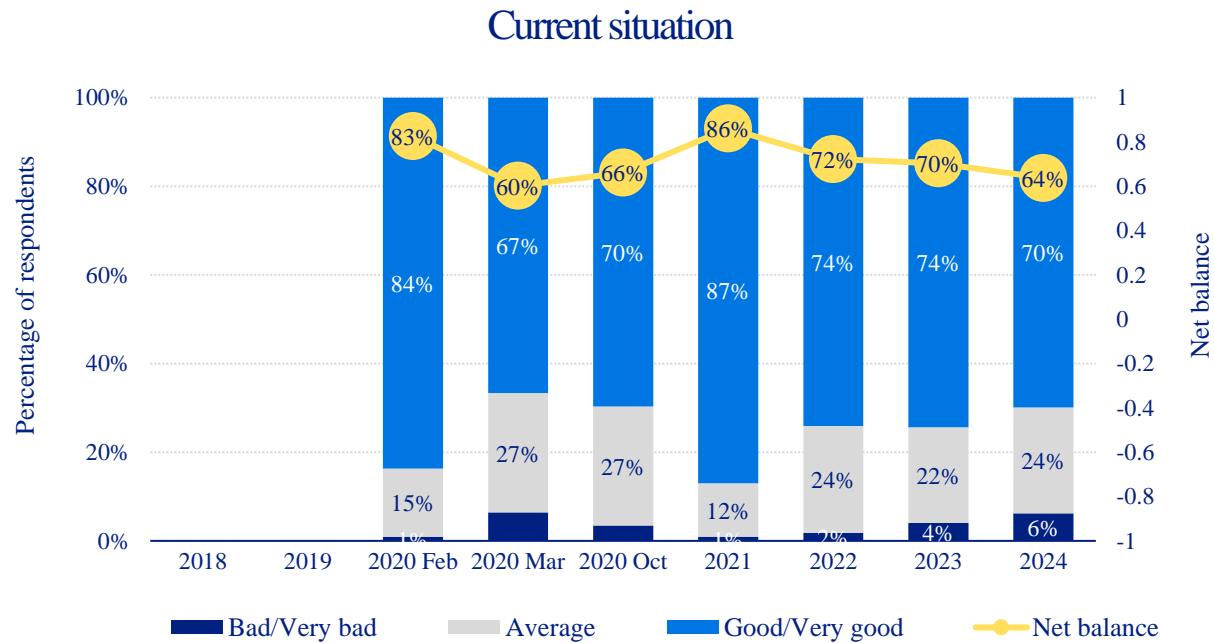
Q: “In which country/geography is your firm headquartered?”

Q: “According to your expectation, please select those European countries (up to 3) that will be the most promising for investments over the next 12 months.”

# State of business



*Despite a slight decrease year-on-year, respondents' perception of their current state of business has remained positive; and expectations are even more optimistic.*



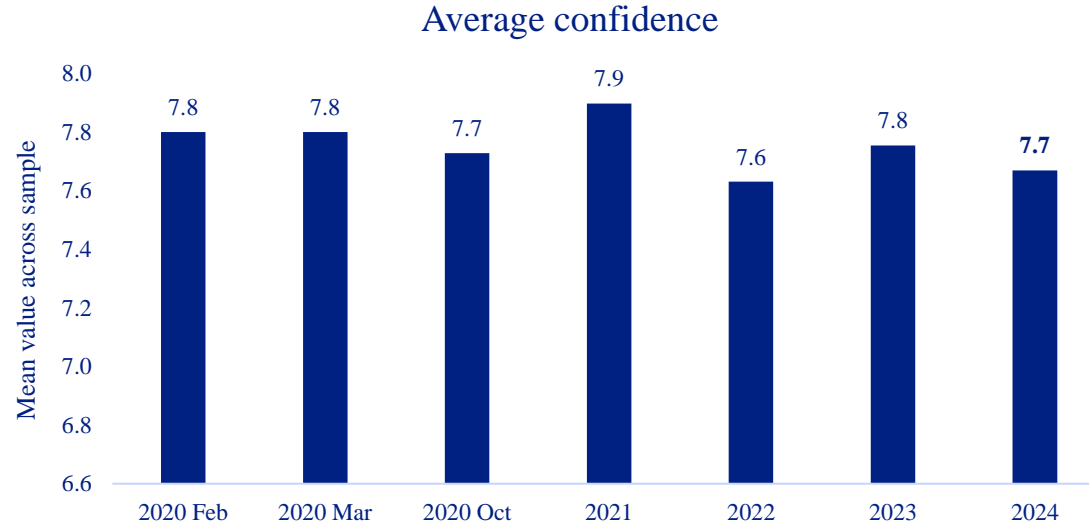
Q: "How would you assess the current state of your business?"

Q: "Over the next 12 months, how do you expect the state of your business to develop?"

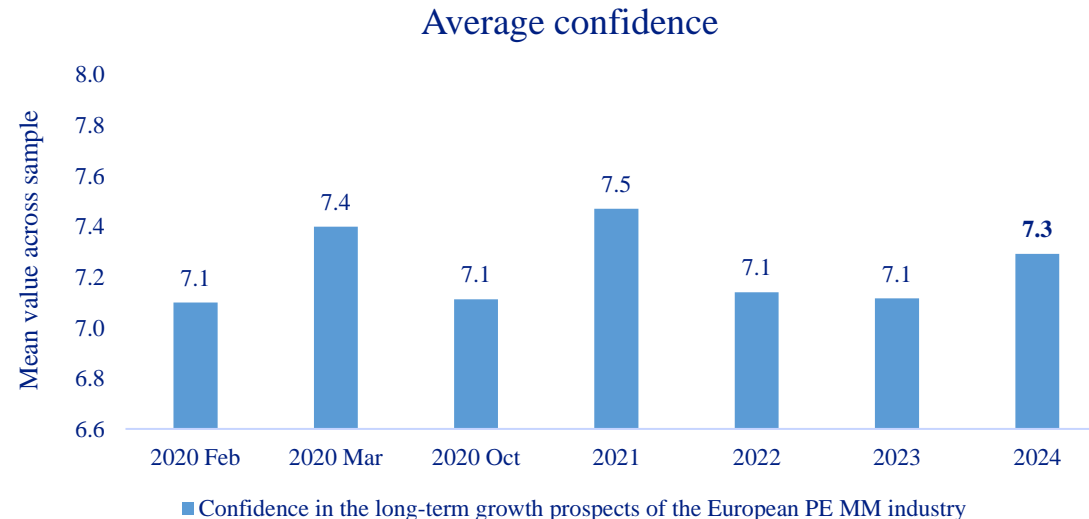
# PE Mid-Market industry growth prospects



On a scale of 1 to 10, how confident are you in the long-term growth prospects of the PE Mid-Market industry in **your market?**



On a scale of 1 to 10, how confident are you in the long-term growth prospects of the **European PE Mid-Market industry?**



*Fund managers' confidence in the long-term growth prospects of the European PE Mid-Market industry improved in 2024 and reached a level above its long-term average.*

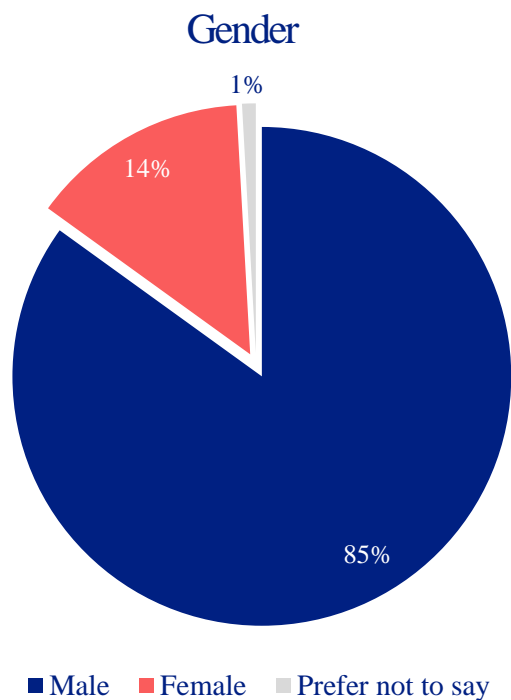
# PE Mid-Market Survey 2024

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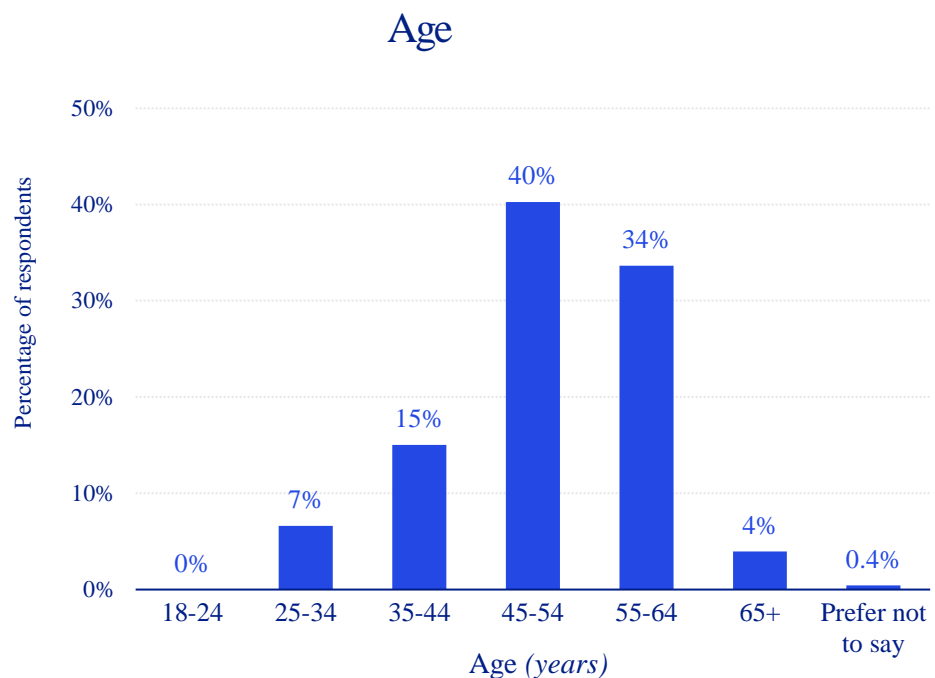
## *Sample demographics*

# PEs' human capital characteristics: *gender and age*



Q: "How do you identify?"

*More than 8 in 10 respondents are male.*

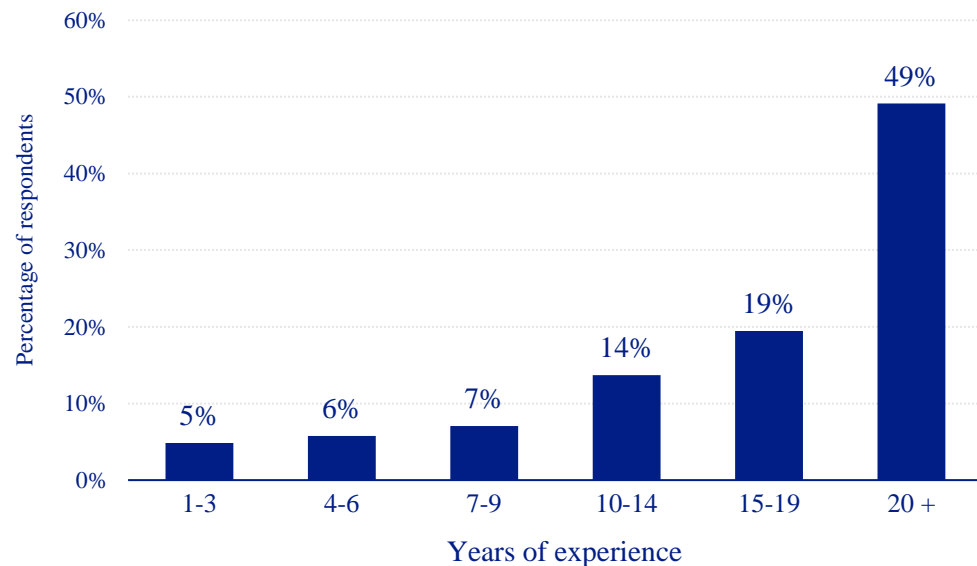


Q: "What is your age?"

*2 in 5 respondents are middle-aged, between 45 and 54 years of age. Only 7% are younger fund managers, below 35 years old.*

# PEs' human capital characteristics: *experience*

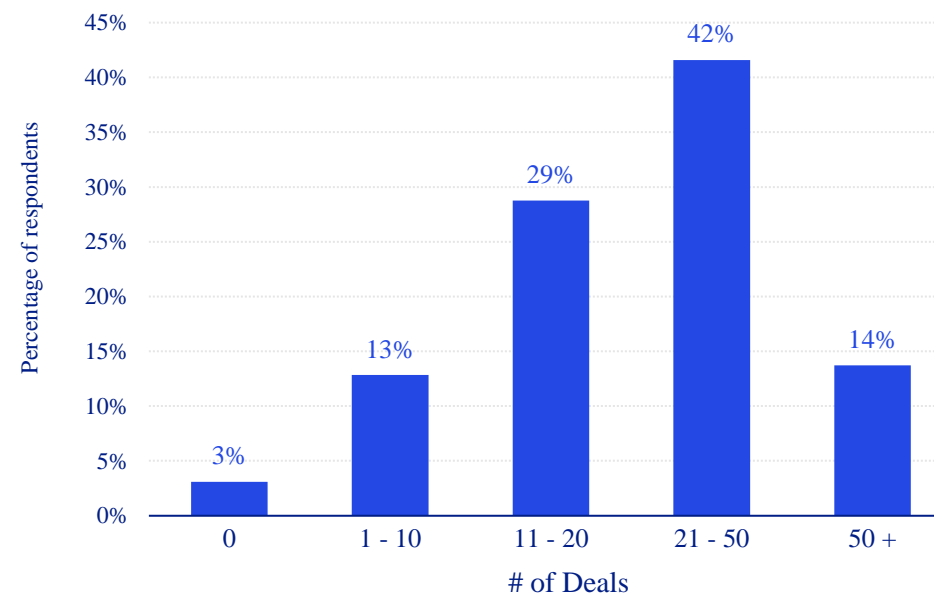
## Years of experience in PE



*Q: "In total, how many years of experience in investment-related activities in the PE industry do you have?"*

*The vast majority of the surveyed fund managers are experienced PE investors; 33% have between 10 and 19 years of experience, while 49% have 20 years of experience or even more.*

## Number of signed PE deals



*Q: "In total, in how many signed PE deals have you been involved in your career?"*

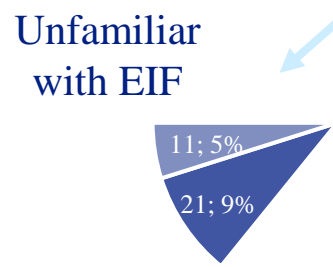
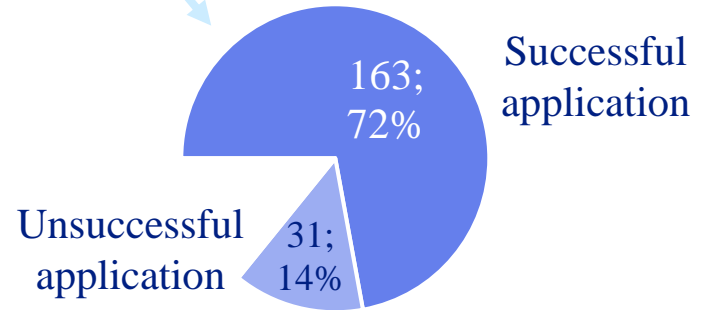
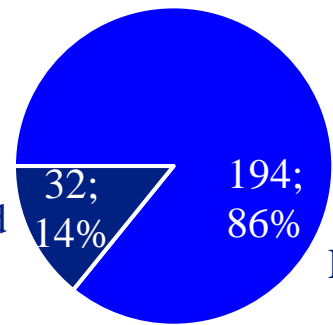
*Two-thirds of the respondents have been involved in more than 20 signed PE deals.*



# EIF relationship

Among respondents, 72% are EIF-supported, while 14% have never applied for EIF funding.

226 respondents



Q: "Has your firm ever applied to the EIF for funding for one of your PE Mid-Market funds?"

Q: "Did any of these applications result in EIF funding?"

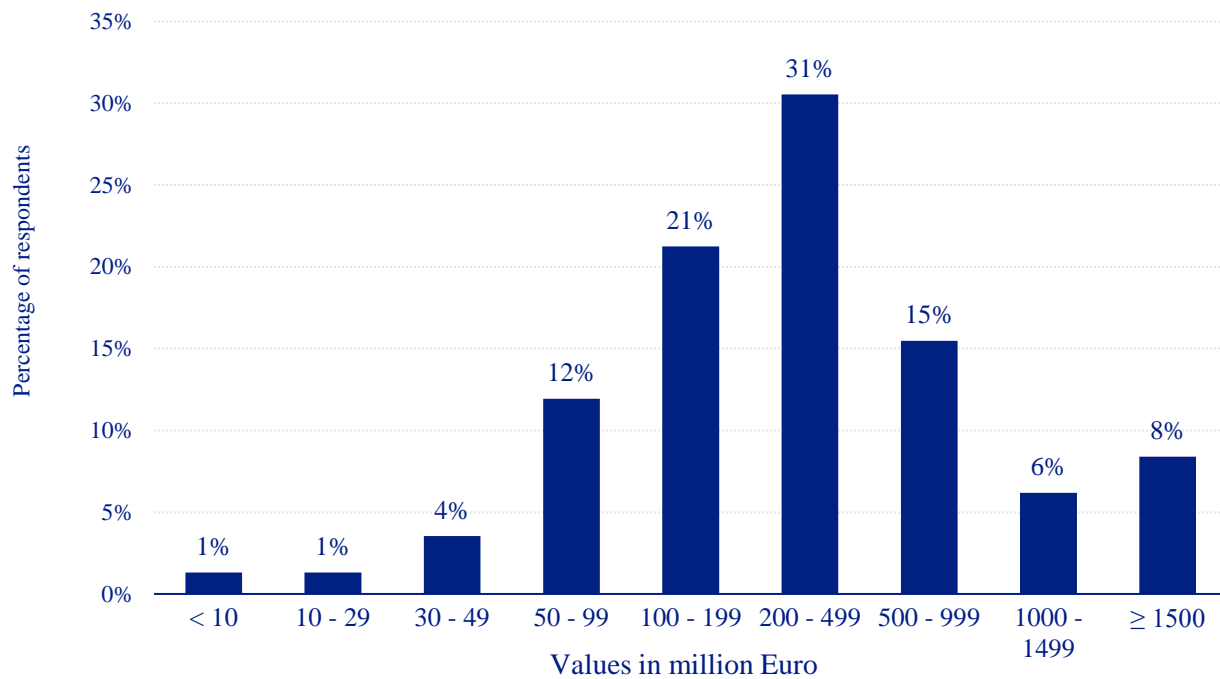
Q: "Are you familiar with the EIF and its activities?"





# PE firm characteristics

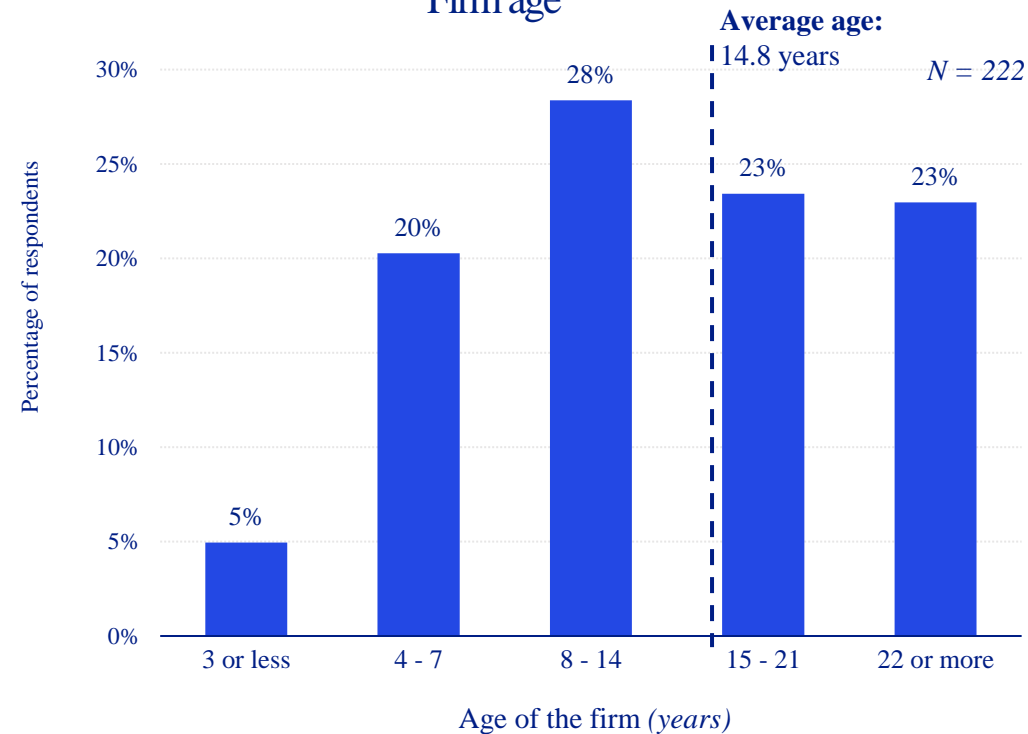
Assets under management



*More than half of the PE firms have assets under management between EUR 100m and EUR 500m.*

*Q: “What are your firm’s total approximate assets under management (defined as “the sum of capital committed in all active funds”)?”*

Firm age

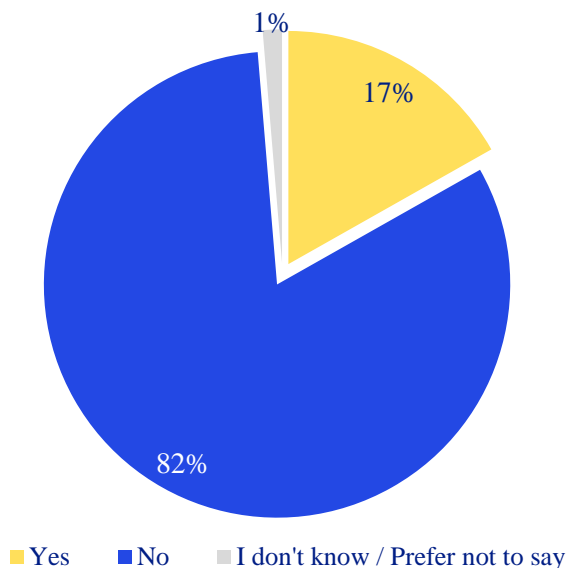


*The average PE firm in the survey was established in 2008/09, making it on average 15 years old.*

*Q: “In what year was your firm established?”*

# Fund-related characteristics

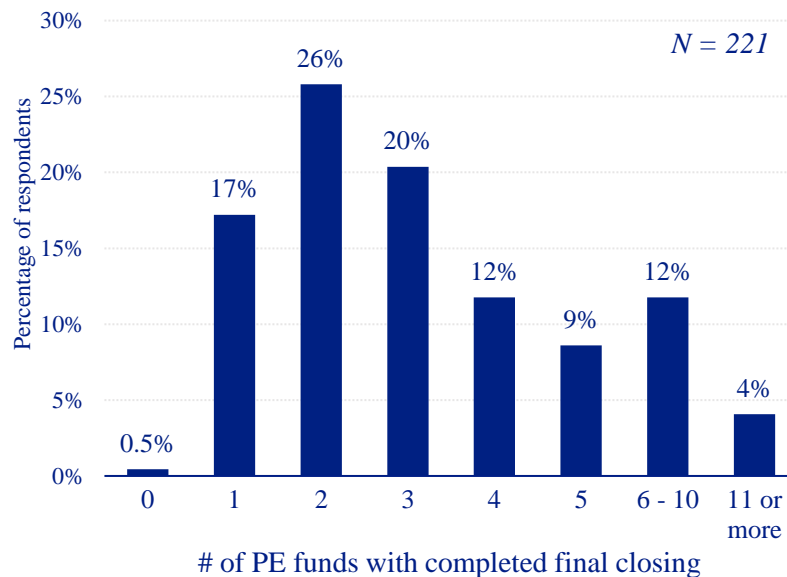
Team experience



Q: "Was the latest PE fund your firm raised also the first PE fund that your firm raised?"

For about 1 in 5 respondents, their most recent fund was also the only one raised.

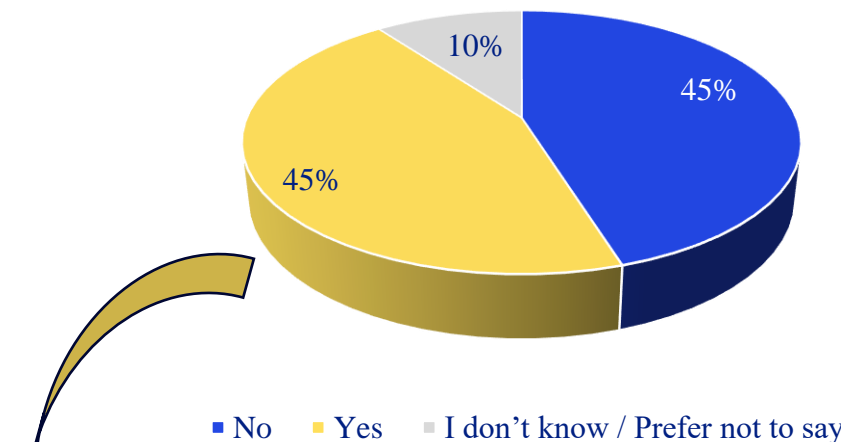
Number of PE funds with completed final closing



Q: "In total, for how many PE funds has your firm completed a final closing to date?"

Almost half of the surveyed PE firms have completed a final closing for two or three funds to date.

National or Regional Promotional Institutions as investors in PE Mid-Market funds



Q: "Do you have a national or regional promotional institution as an investor in any of your PE mid-market funds?"

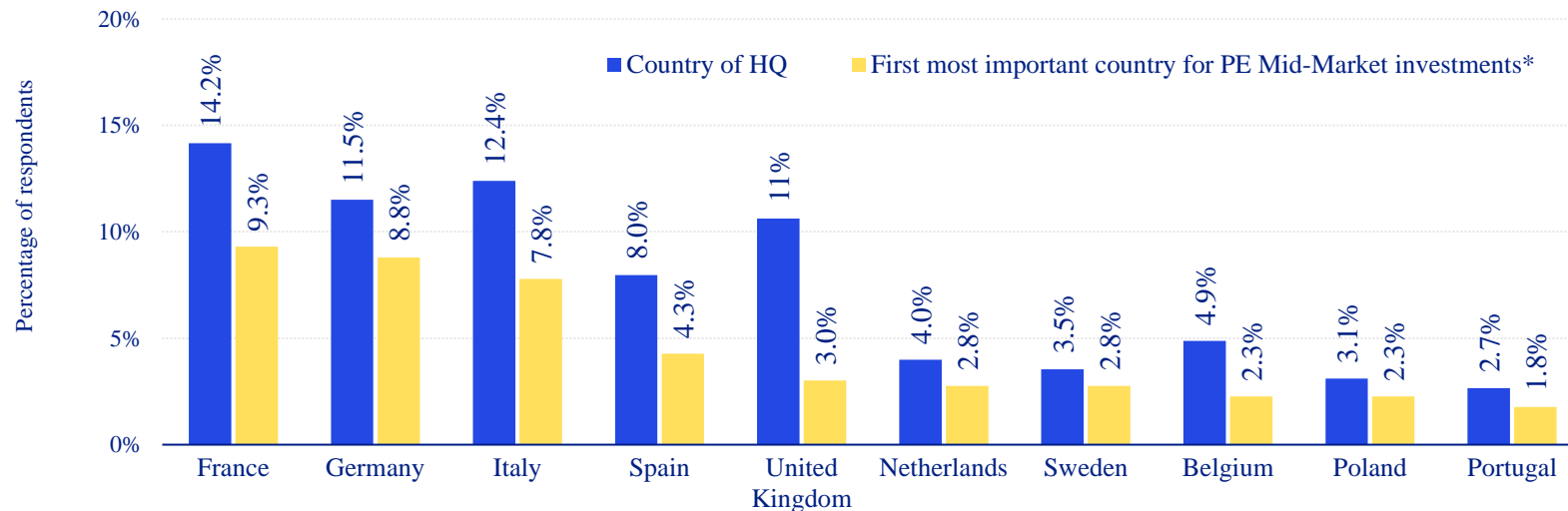
Average share held by NPIs: 20.1%

Q: "In those funds in which you do have a national or regional promotional institution ("NPI") as an investor, what is the average share that these NPIs hold (in percentage)?"

# HQ & investment location



## Distribution of respondents by HQ country of PE firm



*The frequency with which respondents select a country as their first most important country for investments is closely linked with their HQ country.*

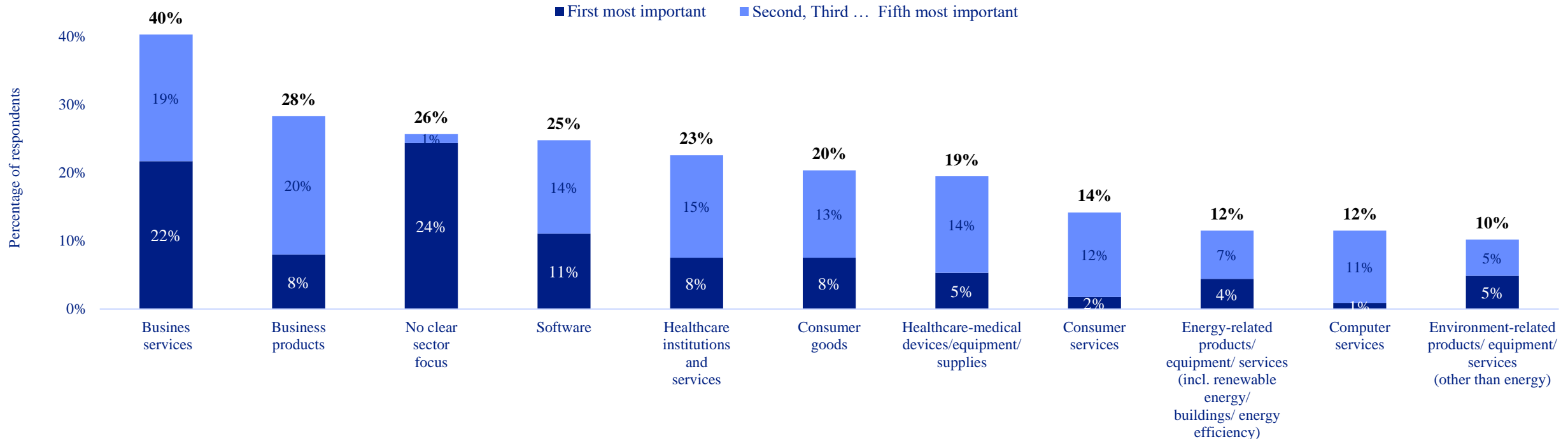
\*The graph shows only the top-10 countries in the sample. Please refer to the [Annex](#) for the full list of countries.

Q: “In which country/geography is your firm headquartered?”

Q: “Please select the most important countries in which your firm invests” (multiple selection possible); and then “rank them by importance.”

# Most important industry in which PE firms invest

*The most important industry in which respondents' PE firms invest is Business services, followed by Business products. A quarter of respondents' PE firms do not have a clear sector focus.*

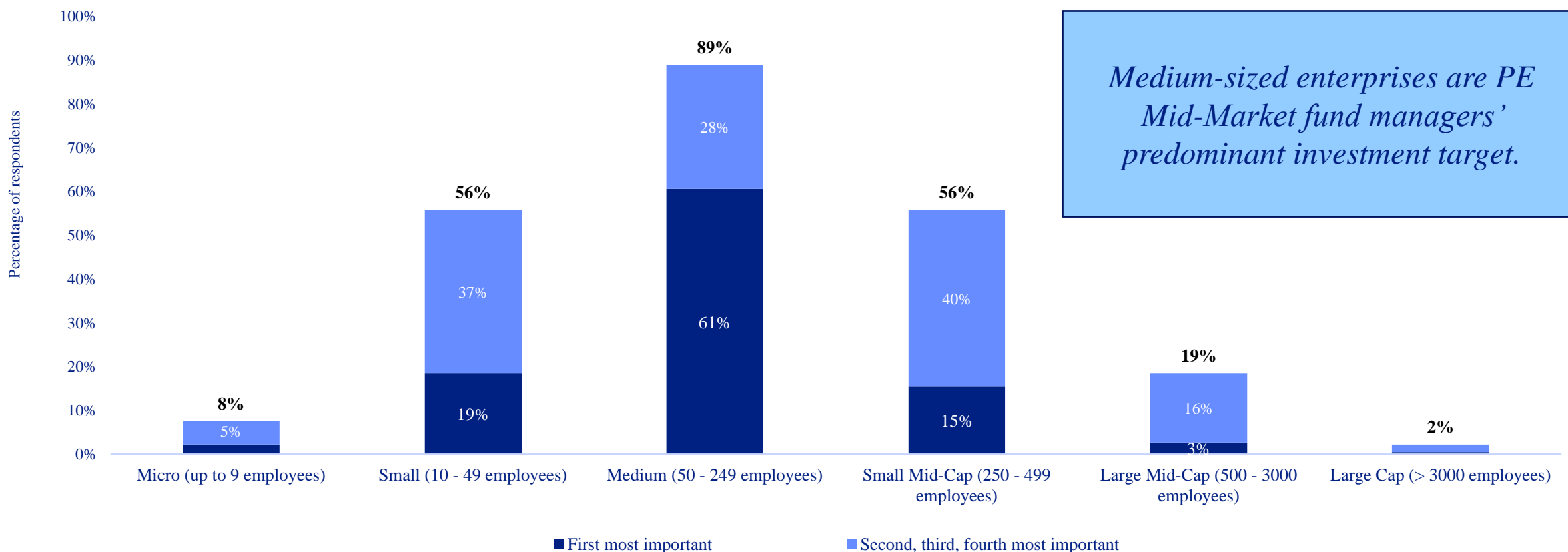


*Note: Percentages in **black font** on top of the bars show the aggregate percentage of respondents who have selected the respective industry. Reading example: 40% of respondents' PE firms invest in Business services; for 22%, it is even their first most important industry.*

The graph shows the 10 most important industries (plus "No clear sector focus"), as indicated by survey participants. Other response options included: Agriculture, Computer and telecom hardware, Chemicals and materials, Telecom services, Financial and insurance services, Biotech.

*Q: "Please select the most important industries in which your firm invests." (multiple selection possible); and then "rank them by importance."*

# Sizes of companies in which respondents prefer to invest



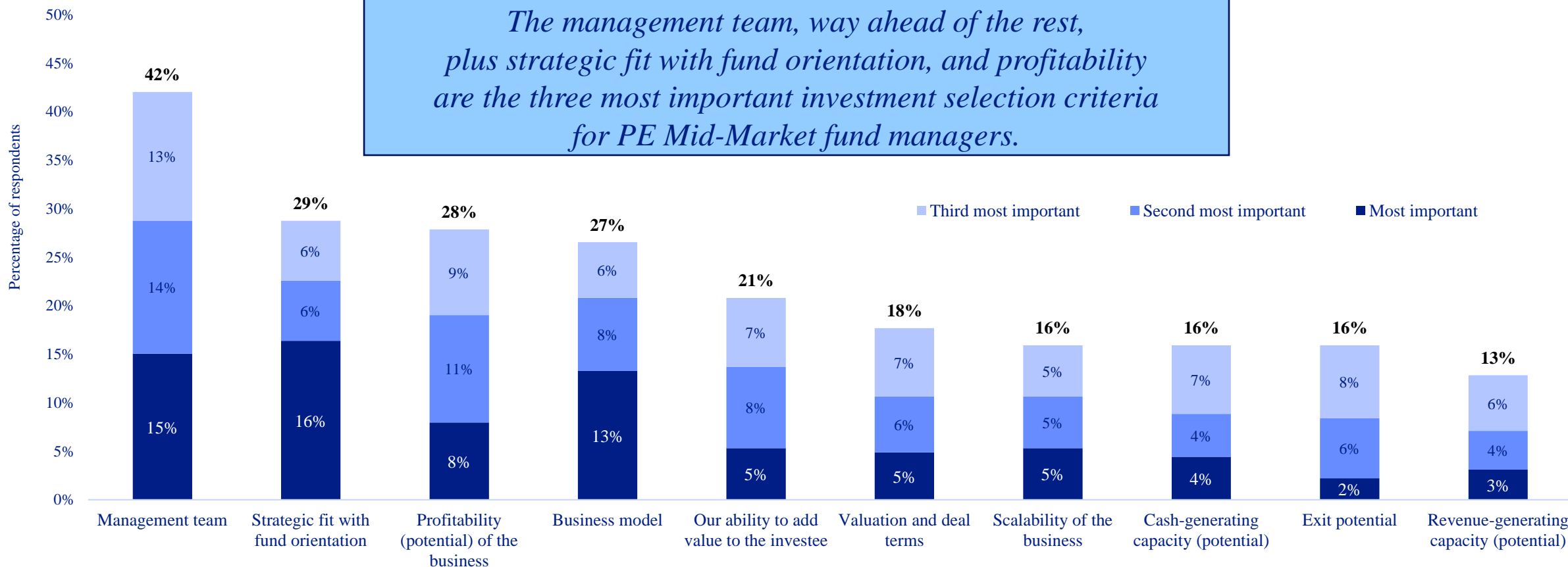
*Note: Percentages in **black font** on top of the bars show the aggregate percentage of respondents who have selected the respective market segment. Reading example: 89% of PE Mid-Market fund managers invest in Medium-Sized enterprises; for 61%, it is even their first most important investment target.*

*Q: "What are the sizes of companies in which your firm prefers to invest (enterprise sizes, by number of employees at the time of the first investment)?" (multiple selection possible); and then "rank them by importance."*

# Investment selection criteria



*The management team, way ahead of the rest, plus strategic fit with fund orientation, and profitability are the three most important investment selection criteria for PE Mid-Market fund managers.*



*Note: Percentages in **black font** on top of the bars show the aggregate percentage of respondents who have ranked the respective criterion in their top-3 selections. Reading example: For 42% of PE MM fund managers, “Management team” is among their top-3 criteria; for 15%, it is even the first most important criterion.*

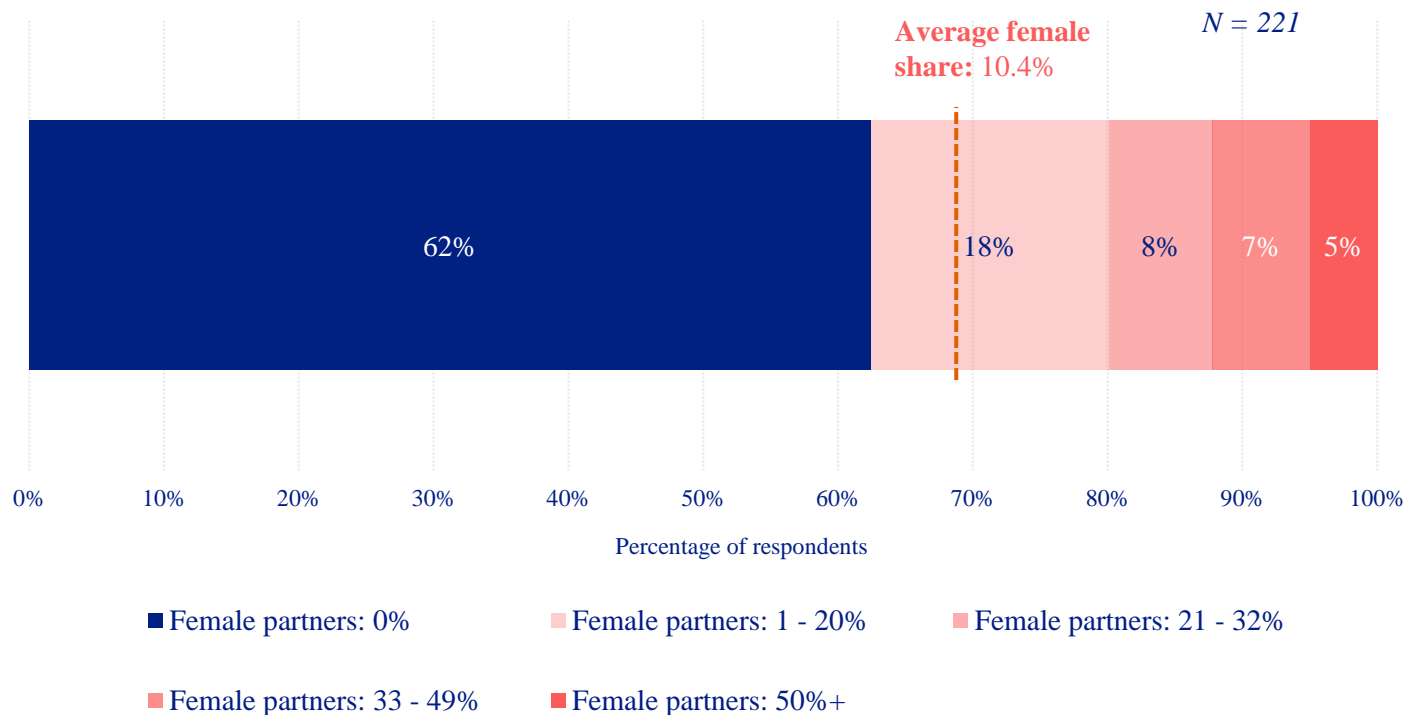
The graph presents the 10 most important investment selection criteria, as indicated by survey participants. Other response options included (as ranked by survey participants): Industry, Product’s value proposition, Geographical location of target company, Past performance/track record, Market leadership, ESG considerations, Total size of the addressable market, Technology, Development stage of target company, Diversity & inclusion considerations, and Referral by other GPs/investors.

Q: “What are your most important investment selection criteria?” (multiple selection possible); and then “rank them by importance.”

# Gender diversity: *at partner level*



Gender diversity at partner level



Q: "How many partners (all types) are there in your firm?"

Q: "How many female partners (all types) are there in your firm?"

*6 in 10 PE Mid-Market fund managers report no female partners at all in their respective firms.*

*In only 12% of the PE teams, female partners make up at least one-third of the total.*

*The average share of female partners across all surveyed PE firms is 10.4%.*

*This reflects a downward trend in recent survey waves (2023: 11.2%; 2022: 12.2%).*

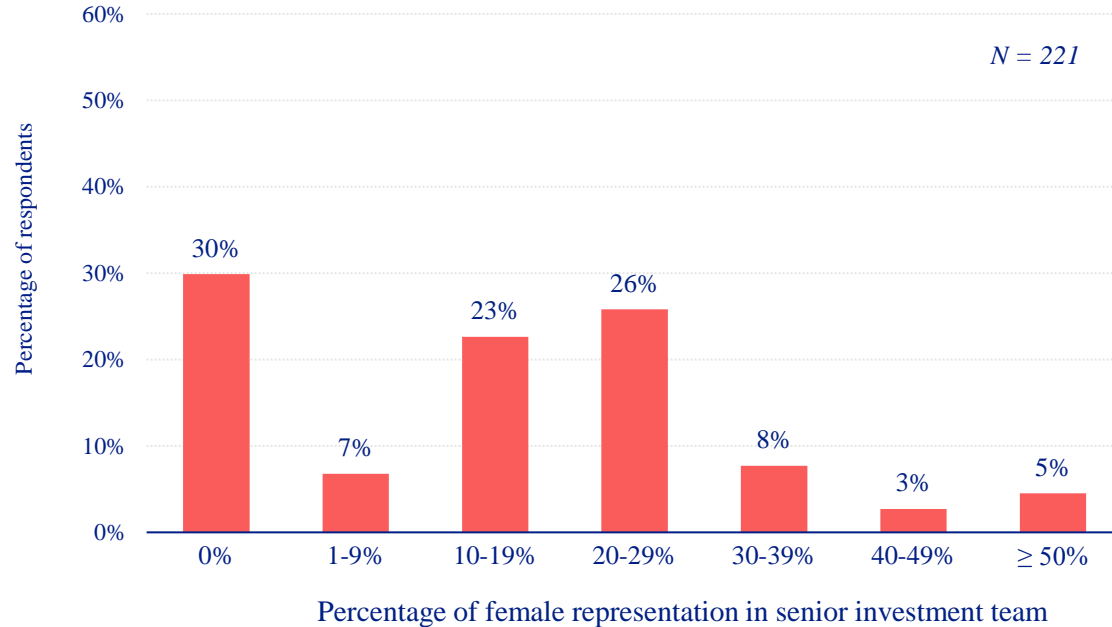
*It is also much lower than the average share of female partners documented for VC (2024: 18.2%).*

# Gender diversity: *in investment-decision bodies*



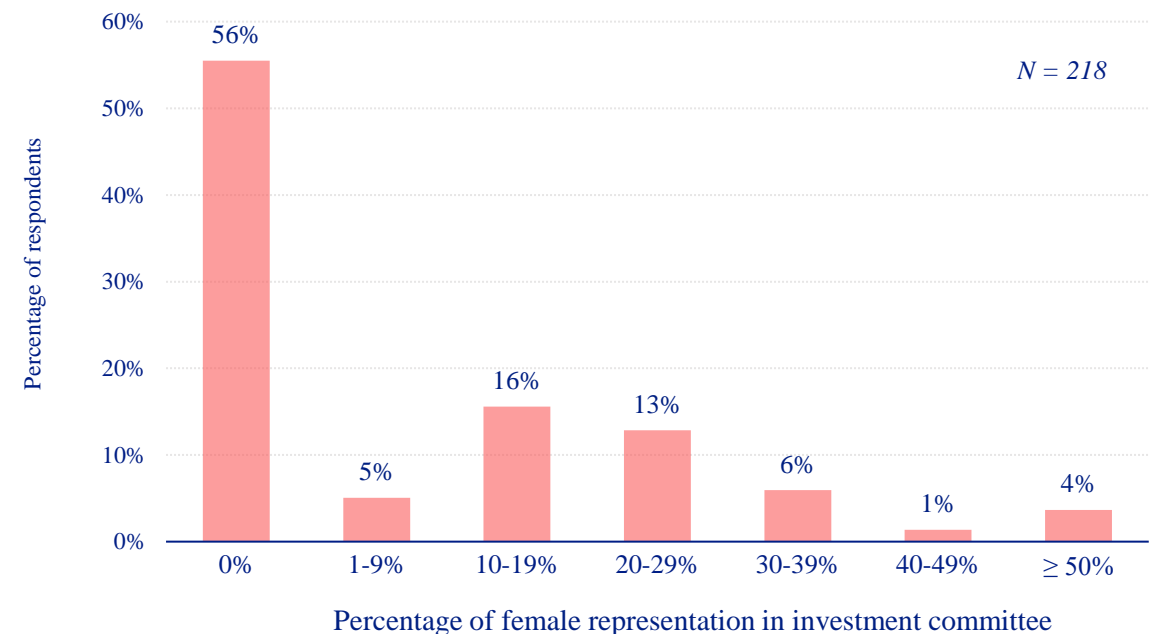
*3 in 10 respondents report no female representation at all in the senior investment team of their PE firm, while the percentage almost doubles, to 6 in 10 fund managers, for female representation in the investment committee. In this respect, no progress is observed vis-a-vis last year's survey results.*

### Gender diversity in **senior investment team**



Q: “Please indicate the percentage of female representation in your firm's senior investment team.”

### Gender diversity in **investment committee**



Q: “Please indicate the percentage of female representation in your firm's investment committee.”



# PE Mid-Market Survey 2024

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## *Concluding remarks*

## The worst seems to be over

- The difficult macroeconomic environment and the tightening monetary and financial conditions over the last two years still weigh to a certain extent on PE Mid-Market fund managers and their portfolio companies.
- In particular, fundraising and the exit environment are still perceived challenging.
- However, on the back of a mildly accelerating growth, decreasing inflationary pressures and normalising monetary policy, **PE Mid-Market fund managers express much more optimistic expectations going forward**, for all of the market sentiment indicators considered in the survey.
- As valuations pick up again and interest rates continue to decrease, the PE deal activity is expected to improve further. In parallel, the risk/return perspective should become more favourable for the PE asset class and result in an improved fundraising environment. In the meantime, increased investments are partly financed by relying on high dry powder levels.

## But structural weaknesses remain

- Across the survey results, there are indications that the European PE Mid-Market might be suffering from structural deficiencies of a more longer-term nature.
  - **Recruiting skilled professionals** has become once again the most important challenge facing portfolio companies, ahead of rising costs and other consequences of the recent geopolitical uncertainty. As highlighted in the recent Draghi report, such skills shortages are acting as a further barrier to innovation and technology adoption.
  - In addition, 4 in 10 PE Mid-Market fund managers state that the **scale-up financing conditions in Europe** have deteriorated in the last year, while the **lack of private domestic LPs** ranks in the top-5 challenges facing the PE Mid-Market business.
  - Even though over the years the PE ecosystem has improved significantly and has proven resilient amid the various crises, there is still a lot of room for development.
  - As the impact of cyclical factors is foreseen to gradually wane, greater emphasis should be placed at addressing structural needs and challenges.
  - **Improving the exit environment** and **encouraging the financing of European scale-ups** could be key targets of future policy solutions.
-

## How do PE Mid-Market fund managers differ in their perception of market conditions from VCs?\*

- A **more positive market sentiment** is documented for PE Mid-Market fund managers across a number of indicators.
- At the investor level, they express a more positive perception of their **overall state of business** and a greater easiness in **finding co-investors**.
- At the same time, based on the overall business challenges stated by fund managers, the geopolitical uncertainty continues to weigh more heavily on the PE Mid-Market segment.
- According to the surveyed fund managers, **PE Mid-Market portfolio companies have developed much better** than VC-backed ones in the course of the last year, and have benefited from a **much better access to external finance**.
- In addition, PE Mid-Market portfolio companies faced **more favourable exit options**, with an increased occurrence of trade and secondary sales, and a much lower incidence of insolvencies. Furthermore, contrary to VC, both types of exits have **predominantly been to EU buyers**.
- In the same vein, **VCS perceive even worse financing opportunities for scale-ups in Europe** than PE Mid-Market fund managers (reflecting also the different nature of underlying portfolios in terms of maturity, investment phase, and other characteristics), and report a much lower frequency of sales of portfolio companies to scale-up funds.
- PE Mid-Market portfolio companies are more impacted by structural challenges such as the availability of skilled professionals, while VC-backed companies struggle particularly with their access to equity financing.

*\*Based on the results of the “sister” EIF VC Survey, available [here](#).*

# PE Mid-Market Survey 2024

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*Information  
about this study*

# Exceptional times require unique market insight



## A unique source of information

The EIF concentrates on supporting the necessary private sector venture capital (VC) and private equity (PE) mid-market (MM) infrastructures to address market gaps and challenges as well as to support opportunities with the aim to further enhance the attractiveness of European VC and PE mid-market as an alternative asset class.

In order to improve the availability of information for evidence-based policy interventions, the EIF performs, on a regular basis, the *EIF Equity Survey*, consisting of the *EIF VC Survey* and the *EIF Private Equity Mid-Market Survey*. In addition, the *EIF Business Angels Survey* was performed in 2019, 2020 and 2021/22. An *EIF Private Debt Survey* was performed in 2021.

## Outreach and cooperation

The *EIF VC Survey* and the *EIF Private Equity Mid-Market Survey* – combined the **largest regular survey exercise among GPs in Europe** – provide the opportunity to retrieve unique market insight.

The already large outreach of the EIF surveys, which are **coordinated by EIF's Market Assessment & Research (MAR)**, and the high relevance of the questionnaire topics for both market participants and policy makers have further increased through cooperations, such as with Invest Europe for the *EIF VC Survey* since 2021.

# This study and beyond

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## Respondents and survey period

- This study is based on the *EIF PE Mid-Market Survey*.
- The 2024 wave of the *EIF PE Mid-Market Survey* includes anonymised responses from **226 PE Mid-Market fund managers**.
- The headquarters of the PE firms contacted were predominantly in the EU 27 countries. Firms with headquarters outside of Europe were still included in the sample if they had an office in Europe and were active in the European PE Mid-Market.
- Responses were received between 11 July and 26 August 2024.

## General survey approach

- The EIF equity surveys are **online surveys** of Private Equity (PE) Mid-Market (MM) and Venture Capital (VC) fund managers investing in Europe.
- Our surveys target **both EIF-supported as well as non-EIF supported** fund managers.
- All surveys are conducted on an **anonymous basis**.
- The vast majority of the respondents in the PE MM and VC surveys hold the position of CEO or Managing/General Partner, suggesting that their responses reflect the **views of the decision-makers** in the respective PE/VC firms.
- The surveys look at the **current market situation, developments in the recent past, and expectations for the future**. Where possible, the findings are also summarised and compared over time.

# How to read the results

## General information

- Some results shown in this publication (e.g., some results about human capital characteristics) are based on a number of respondents that is smaller than the overall number of *EIF PE Mid-Market Survey 2024* respondents. This is either because some respondents selected the “I don’t know / Prefer not to say” response option or because a filter question preceded the question under consideration. In these cases, the final number of respondents is indicated in the respective graphs. Further details are available upon request.
- Throughout the report, rounded percentages are shown and therefore, these may, for example, not always add up to 100%.

## Terminology: Survey waves

- Several analyses draw on the results of multiple *EIF PE Mid-Market Survey* waves, as outlined below:
  - “2024”: 11 July – 26 August 2024
  - “2023”: 25 July – 11 September 2023
  - “2022”: 14 July – 29 August 2022
  - “2021”: 7 July – 5 August 2021
  - “2020 Oct”: 8 October – 3 November 2020
  - “2020 Mar”: 1 March – 26 March 2020
  - “2020 Feb”: 13 February – 28 February 2020

Please note that the survey results for “2020 Feb” and “2020 Mar” are based on the first 2020 *EIF PE Mid-Market Survey* wave, which was performed between 13 February and 26 March 2020. To analyse the immediate effects of the COVID-19 crisis, the results of that survey wave were split into two response sets: (i) responses received in February, and (ii) responses received in March. See EIF Working Paper 2020/064 for details.

## Terminology: “net balances”

- The “**net balances**” shown in graphs refer to the percentage of respondents reporting a positive response minus the percentage of respondents reporting a negative response. (For example: In the question “Over the next 12 months, how do you expect the number of your new investments to develop?”, the net balance refers to the percentage of respondents expecting the number of their new investments to slightly/strongly increase minus the percentage of respondents expecting the number of their new investments to slightly/strongly decrease.)



# PE Mid-Market Survey 2024

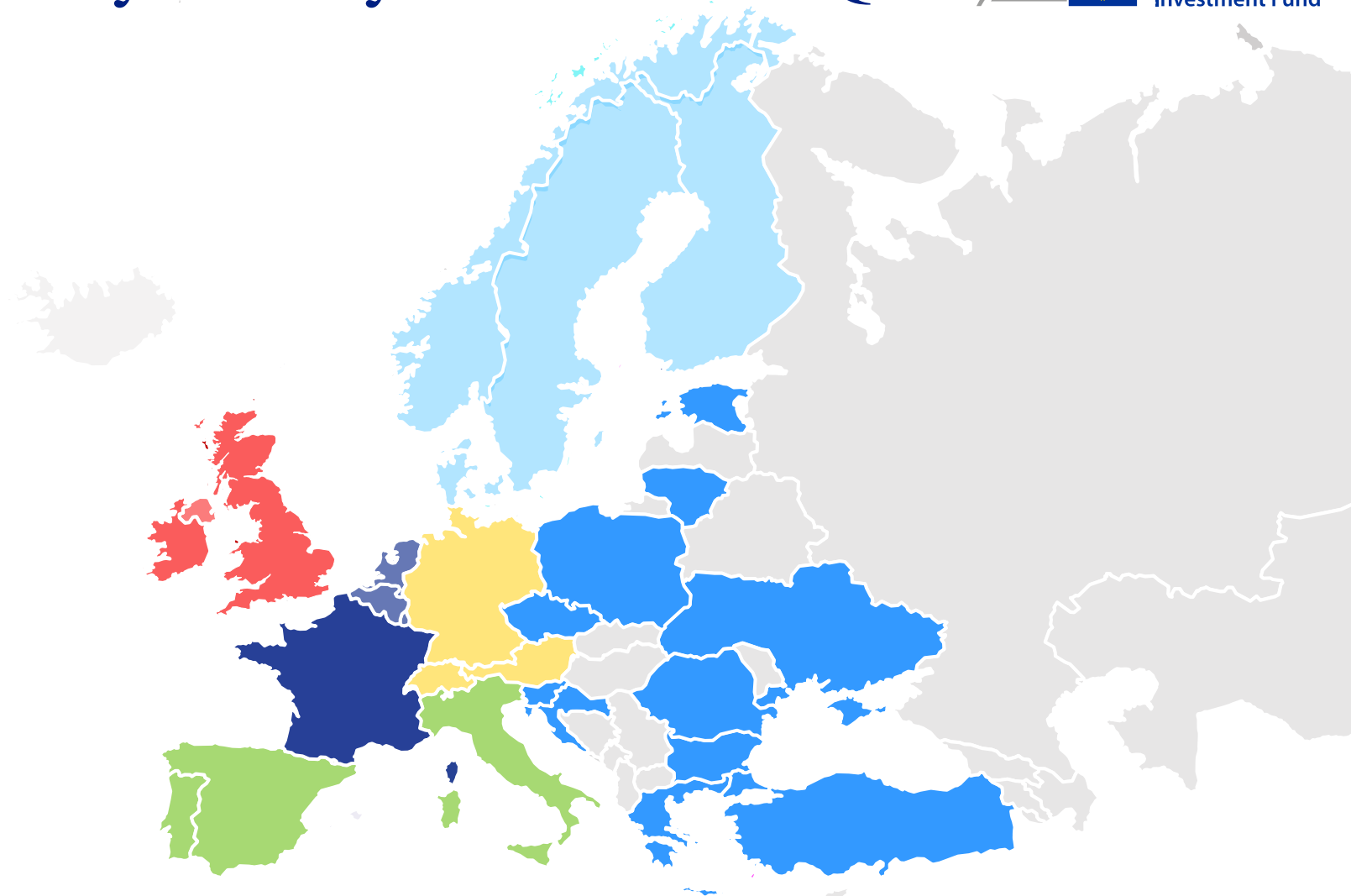
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## *Annex*

# Number of respondents by country of PE firm HQ

- **Benelux [24]**  
Belgium, Luxembourg, Netherlands
- **CESEE [32]**  
Bulgaria, Croatia, Czechia, Estonia, Greece,  
Lithuania, Poland, Romania, Slovenia,  
Türkiye, Ukraine
- **DACH [36]**  
Austria, Germany, Switzerland
- **France [32]**
- **Nordics [21]**  
Denmark, Finland, Norway, Sweden
- **South [52]**  
Italy, Portugal, Spain
- **UK & Ireland [27]**  
Ireland, United Kingdom
- **Others [2]**  
Israel, USA



Q: “In which country/geography is your firm headquartered?”

Note: The list only mentions the countries with at least 1 respondent to the *EIF PE Mid-Market Survey*.

# List of acronyms

- AI: Artificial Intelligence
- AUM: Assets Under Management
- BA(s): Business Angel(s)
- Benelux: (the countries of) Belgium, Netherlands, Luxembourg
- bn: billion
- CEO: Chief Executive Officer
- CESEE: (countries in) Central, Eastern, South-Eastern Europe
- COVID(-19): Coronavirus disease pandemic
- DACH: (the countries of) Germany, Austria, Switzerland
- EIB: European Investment Bank
- EIF: European Investment Fund
- ESG: Environmental, Social, Governance
- EU: European Union
- EUR: Euro
- Feb: February
- GP(s): General Partner(s)
- HQ: Headquarter
- ICT: Information and Communications Technologies
- IPO: Initial Public Offering
- LP(s): Limited Partner(s)
- m: million
- M&A: Mergers and acquisitions
- Mar: March
- MAR: Market Assessment & Research
- MBO: Management Buy-Out
- NAV: Net Asset Value
- NPI: National Promotional Institution
- Oct: October
- PE MM: Private Equity Mid-Market
- PEs: Private Equity (Mid-Market) fund managers
- Q: Question
- Q4: Fourth quarter of a year
- SME: Small and Medium-sized Enterprise
- UK: United Kingdom
- USA: United States of America
- VC: Venture Capital
- VCs: Venture Capital fund managers

# About ...

## ... the European Investment Fund

The European Investment Fund (EIF) is Europe's leading risk finance provider for small and medium sized enterprises (SMEs) and mid-caps, with a central mission to facilitate their access to finance. As part of the European Investment Bank (EIB) Group, the EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, the EIF fosters EU objectives in support of innovation, research and development, climate and environment, entrepreneurship, growth, and employment. The EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties. EIF support to enterprises is provided through a wide range of selected financial intermediaries across Europe. The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the European Union represented by the European Commission, and various public and private financial institutions from European Union Member States, the United Kingdom and Türkiye. For further information, please visit [www.eif.org](http://www.eif.org).

## ... EIF's Market Assessment & Research

Market Assessment & Research (MAR) supports EIF's strategic decision-making, product development and mandate management processes through applied research and market analyses. MAR works as internal advisor, participates in international fora and maintains liaison with many organisations and institutions.

## ... this Working Paper series

The EIF Working Papers are designed to make available to a wider readership selected topics and studies in relation to EIF's business. The Working Papers are edited by EIF's Market Assessment & Research and are typically authored or co-authored by EIF staff, or written in cooperation with EIF. The Working Papers are usually available only in English and distributed in electronic form (pdf).

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