

## Private debt, 2023: fundraising up, investments down slightly

- Amount raised: 1.1 billion euros (up 14% from 2022)
- Amount invested: 2.9 billion euros (-12%)
- Funded companies: 109 (-23%)

Milan, April 16, 2024 - AIFI presented, in collaboration with CDP and Deloitte, data on the private debt market in 2023. The **methodology** used in data collection is aligned with that for the private equity industry, which is in line with international methodology.

### Fundraising

In 2023, funding by private debt operators active in the Italian market grew by 14 percent over the previous year to 1,141 million euros (of which 1,100 million euros was raised on the market) compared to 1,001 million in 2022. This figure represents the highest value ever recorded. There were 13 **operators** who raised capital, up from 10 in 2022.

With reference to independent funding, looking at **geographical origin**, the domestic component accounted for 90 percent of the total. The first **source of** market funding was the public sector and institutional funds of funds (46 percent), followed by banks (19 percent) and pension funds (16 percent).

### Investments

A total of €2,854 million was invested in the Italian private debt market during 2023, down 12 percent from the previous year (€3,228 million), which had set record figures. The **number of deals totaled** 164 (down 37 percent from 262 in 2022), distributed among 109 companies (142 in 2022, down 23 percent).

There were 39 **players** who made at least one investment (35 in 2022), of which 20 were international. **Domestic players** made 70% of the number of deals, while 75% of the amount was invested by **international players**. In terms of the **size of investments, there were** 4 companies that received at least 100 million euros each in 2023, for a total amount of 1,504 million euros, down from 8 companies in the previous year, which raised 1,727 million.

Loans accounted for 55 percent of the cases, bond subscriptions for 38 percent, and hybrid instruments for the remaining 7 percent. In terms of **deals characteristics**, the average duration was 6 years and 1 month, while the average **interest rate**, relative to a sample of transactions with fixed rates for which data is available, was 6.84 percent.

With reference to the **objectives of** the deals, in 2023 75% of them were aimed at implementing programs directed at the development of the target companies, while at

<sup>1</sup> Data on geographic origin and sources refer to 71% of the independent collection for which data is available.

<sup>2</sup> For further processing, data calculated on the sample of information available.

<sup>3</sup> The figure for the average interest rate refers to 26 percent of the sample for which data is available.

amount level 61 percent of the total involved debt to support buy out deals.

**Geographically**, the top region remains Lombardy, where 33 percent of Italian companies targeted for investment are located, followed by Veneto (12 percent) and Emilia Romagna (11 percent).

With reference to **business sectors**, in first place with 19 percent of the number of companies are industrial goods and services, followed by energy and environment, with 15 percent. It is noted that 62% of the target companies have fewer than 250 employees.

"The private debt market has a now-recognized role, and this can be seen in the fundraising, which for the second year in a row exceeded 1 billion euros, with 14 percent growth over 2022. The role of institutions has been fundamental in a market that has seen difficulties during 2023," says **Innocenzo Cipolletta, AIFI president**. "This is also confirmed by the number of active players in the segment, which is growing year on year. The total amount invested has not contracted sharply and development debt has grown, by 24 percent."

## Repayments

In 2023, 82 companies made repayments (132 the previous year, down 38 percent), amounting to 645 million euros (double the previous year's figure of 317 million). Repayment as per the instrument's amortization schedule was the most used type in terms of number, with 59 repayments (66 percent of the total). There were 16 players who received repayments (including partial repayments), compared to 14 in the previous year.

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<sup>4</sup>Data on the activity provided by AIFI Members.

## Data summary 2019-2023

	2019	2020	2021	2022	2023
<b>Total fundrasing (mln euros)</b>	386	551	879	1.001	1.141
<b>No. investment</b>	195	215	283	262	164
<b>No. companies subject to investment</b>	155	127	140	142	109
<b>Amount invested (mln euros)</b>	1.244	1.256	2.262	3.228	2.854
<b>No. companies that made refunds</b>	106	138	177	132	82
<b>Amount of repayments (mln euros)</b>	325	403	365	317	645

### For more information

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