

Private equity and venture capital 2023: large deals decline, fundraising halves, expansion doubles

- **Private equity and venture capital fundraising** of EUR 3,772 million, down 36% from the previous year (EUR 5,920 million);
- **Amount invested** (private equity, venture capital and infrastructure): EUR 8,162 million (EUR 23,659 million in 2022, -66%). Excluding infrastructure, amount of EUR 7,225 million, down 44% compared to 2022 (EUR 12,964 million);
- **Small and medium deals**: invested amount of EUR 5,235 million, second highest amount ever;
- **Number of deals** (private equity, venture capital and infrastructure): 750 compared to 848 in 2022 (-12%);
- **Early stage first by number of deals**: 458 (-16% compared to 2022);
- **Buy out first in terms of amount** (EUR 5,469 million), 67% of the total resources attracted in this type of deal; followed by the expansion segment with 12% (EUR 941 million);
- **Divestments**: 99 divestments (-15% compared to 2022) with a countervalue at cost of EUR 1,730 million (-61% compared to 2022).

Milan, 28 March 2023 - The results of the analysis conducted by **AIFI** (Italian Association of Private Equity, Venture Capital and Private Debt), in collaboration with **PwC Italia - Deals**, on the Italian venture capital market were presented today.

Fundraising

In 2023, private equity and venture capital fundraising amounted to €3,772m (of which €2,502m was raised on the market), down 36% from €5,920m the previous year. In 2023, 35 GPs carried out fundraising activities (49 the previous year). With reference to the geographical origin¹ of the funds raised on the market, the domestic component accounted for 83%, while the weight of the foreign component was 17%. In terms of sources², 21% of the funds raised came from pension funds and provident funds (EUR 522 million), followed by banks (13%, EUR 332 million) and private funds of funds (11%, EUR 270 million).

¹ The figure refers to the 75% of the collection for which data is available.

² For 25% of the collection, source of funds data are not available. The percentages are calculated on the overall total of market collection.

Investments

In 2023, the amount invested by private equity and venture capital GPs was EUR 8,162 million, down 66% from the previous year. 2022 had been characterised by the highest level ever recorded in the Italian market (EUR 23,659m), driven by a number of particularly large deals in both the buy-out and infrastructure segments.

In 2022, in fact, 7 deals³ were realised with equity paid in of between EUR 150 million and EUR 300 million (large deals) and 17 deals above EUR 300 million (mega deals), totalling EUR 17,890 million (76% of the total). By contrast, in 2023, 6 large deals and 4 mega deals were realised, which together accounted for 36% of the total amount invested in the year (EUR 2,927 million). It should be noted that deals characterised by an amount of less than EUR 150m (small and medium deals) attracted EUR 5,235m invested, representing the second highest value ever after 2022 (EUR 5,770m in 2022, -9%, and EUR 4,878m in 2021, +7%).

The number of deals decreased by 12% to 750, compared to 848 the previous year, driven again this year by venture capital activity.

In detail, in 2023, the early stage segment (seed, start-up and later stage), after a few years of significant growth, showed a 16% drop in the number of deals (547 in 2022, compared to 458 in 2023) and a 35% drop in the amount invested, which fell from €1,179m to €762m, again influenced by the lower weight of larger deals. Buy outs, with €5,469 million and 170 deals (€10,959 million and 185 investments in 2022), ranked first in terms of amount, accounting for 67% of the total. It should be noted that expansion deals ranked second in terms of amount invested, amounting to €941m, almost double the previous year's figure (€483m), spread over 68 deals (up 48% from 46 in 2022). Investments in infrastructure attracted an amount of EUR 937m, down 91% from the previous year, when EUR 10,695m was invested, thanks mainly to a few large deals. There were 44 deals (52 the previous year, -15%). Finally, the turnaround segment, dedicated to companies in difficulty, continued to play a niche role, with only 6 deals and EUR 30 million invested.

With reference to the geographical origin of the operators, the interest of international players in our market remains high: in 2023, 64% of the total amount was invested by foreign operators (EUR 5,248 million).

"After an exceptional two-year period in terms of the amount invested, especially in the infrastructure sector, in 2023 we are seeing a decline in large deals," says **Innocenzo Cipolletta, President of AIFI**. "However, Italy confirms its attractiveness in the mid-market segment, made up of excellent companies; expansion has almost doubled, +95%, a sign that companies can find in private equity a valid tool to grow and internationalise".

"In line with the international context, also the Italian market in 2023 shows a contraction of all main indicators," underlined **Francesco Giordano, Partner at PwC Italy and Private Equity Leader**. "The lack of large investments in infrastructure and the shortage of debt for large buy-out deals are the main factors that characterised the 2023 market. In recent months, a reversal trend can be seen, which bodes well for 2024. The interest of international operators, who continue to invest and have a stable presence in our country with dedicated teams, remains very strong".

³ Analysis by investment company

On a sectoral level, 2023 saw the ICT sector ranked first in terms of number of investments, with 27% of total deals, followed by industrial goods and services, 17%, and healthcare, 14%.

Geographically, the region with the largest number of deals is Lombardy with 45% of the number of investments in Italy, followed by Lazio (9%) and Tuscany (8%).

Disinvestments

In 2023, the amount divested at acquisition cost of participations amounted to EUR 1,730m, down 61% from EUR 4,398m in the previous year. The number of exits amounted to 99, down 15% from 117 in 2022.

The most frequently used channel for divestments in terms of number was the trade sale, with 37 exits (37% of the total), while in terms of amount, the sale to another private equity player was the preferred divestment channel (EUR 776 million), accounting for 45%.

Main indicators

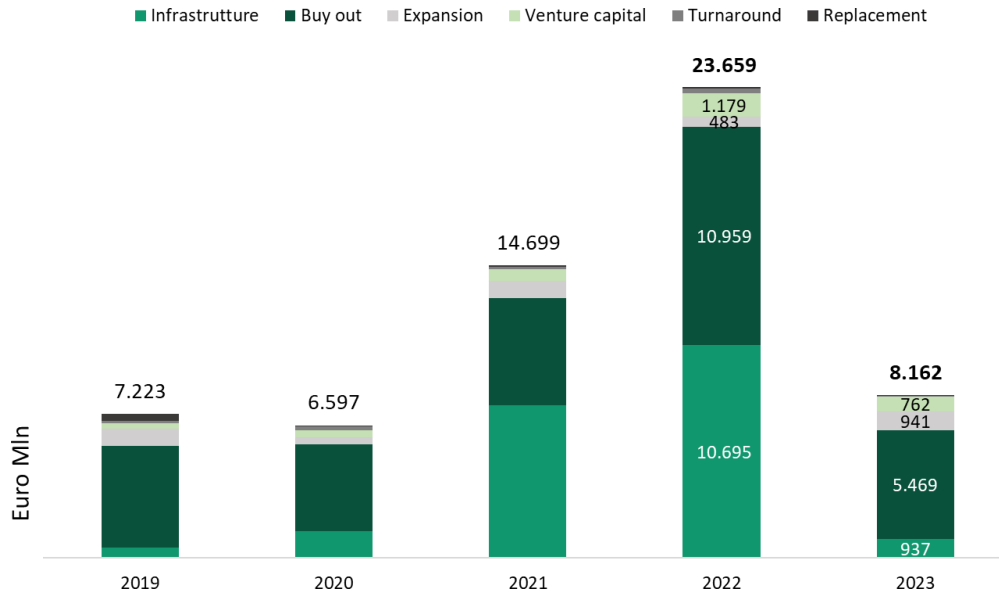
Amount (million euro)	2023	2022	Change %
Fundraising	3,772	5,920	-36%
Investments	8,162	23,659	-66%
Disinvestments	1,730	4,398	-61%

Source: AIFI - PwC

Number	2023	2022	Change %
GPs who raised in the market	33	49	-33%
Investments	750	848	-12%
Disinvestments	99	117	-15%

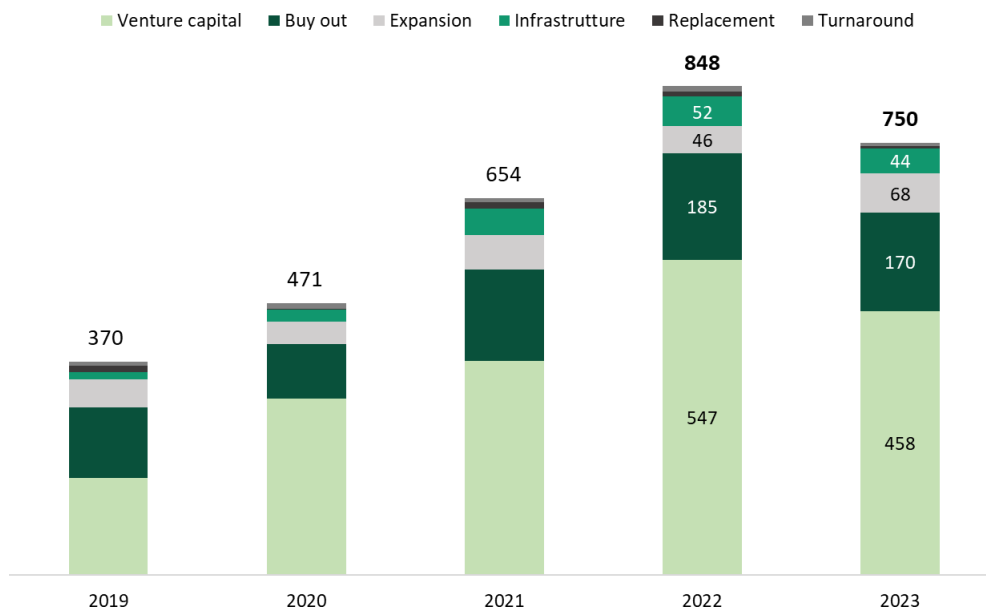
Source: AIFI - PwC

Changes in the amount invested (millions of euro) by type of asset



Source: AIFI - PwC

Changes in the number of investments by type of activity



Source: AIFI - PwC

Distribution of investments by type

Amount (million euro)	2023	2022	Change %
Early stage (seed, start-up and later stage)	762	1,179	-35%
Expansion	941	483	+95%
Turnaround	30	249	-88%
Replacement	23	94	-76%
Infrastructure	937	10,695	-91%
Buy out	5,469	10,959	-50%
Total	8,162	23,659	-66%

Source: AIFI - PwC

Number	2023	2022	Change %
Early stage (seed, start-up and later stage)	458	547	-16%
Expansion	68	46	+48%
Turnaround	6	9	-33%
Replacement	4	9	-56%
Infrastructure	44	52	-15%
Buy out	170	185	-8%
Total	750	848	-12%

Source: AIFI - PwC

Distribution of investments by sector - top 5 sectors

Amount (million euro)

Healthcare	1,806
Industrial goods and services	1,312
ICT (communications, computers and electronics)	1,003
Manufacturing - Fashion	861
Energy and environment	758

Source: AIFI - PwC

Number

ICT (communications, computers and electronics)	202
Industrial goods and services	131
Healthcare	108
Energy and the environment	58
Consumer Services	46

Source: AIFI - PwC

Distribution of Divestments by Type

Amount (million euro)	2023	2022	Change %
Trade sale	432	1.235	-65%
Sales to financial institutions/private individuals/family offices	234	189	+24%
Sale to another private equity	776	2.651	-71%
Other	288	323	-11%
Total	1.730	4.398	-61%

Source: AIFI - PwC

Note: the category other includes buy backs, IPOs/post IPOs/sales to SPACs and write-offs

AIFI

**Associazione Italiana del Private Equity,
Venture Capital e Private Debt**

Number	2023	2022	Change %
Trade sale	37	46	-20%
Sales to financial institutions/private individuals/family offices	11	8	+38%
Sale to another private equity operator	31	47	-34%
More	20	16	+25%
Total	99	117	-15%

Source: AIFI - PwC

Note: the category other includes buy backs, IPOs/post IPOs/sales to SPACs and write-offs

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