



# PRIVATE MARKETS | Q2-2023

Presented by: Brian D. Buehler



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**About:** Mr. Buehler has over 20 years of investment experience within financial services, commercial real estate, private equity, investment banking and alternative investments. Mr. Buehler has authored numerous white papers, is a frequent contributor to industry magazines and is a guest-lecturer at various universities throughout the U.S. Mr. Buehler currently sits on the FINRA West Committee, serves on various for-profit boards and consults with family offices and financial institutions.

**Education:** Mr. Buehler earned his B.A. from Chapman University where he was awarded the Bateman scholarship. Mr. Buehler holds FINRA Series 7, 24, 63 and 79 licenses and various state licenses.

**Interests:** Adventure-running, cycling, reading, fly-fishing, travel and philanthropy work.

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# DOES A SLOW START IN 2023 OFFER POTENTIAL BENEFITS?

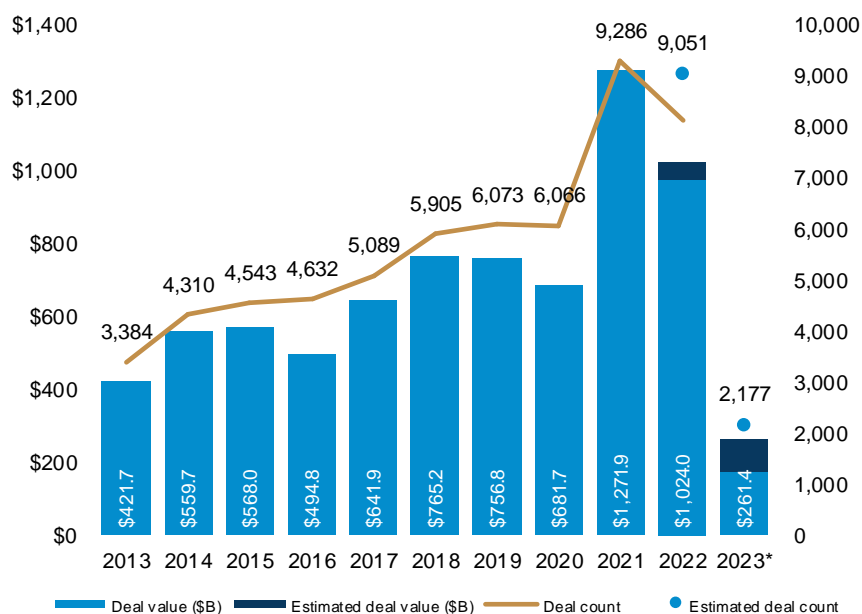


Deal count fell by 9.3% compared to Q4.<sup>1</sup>

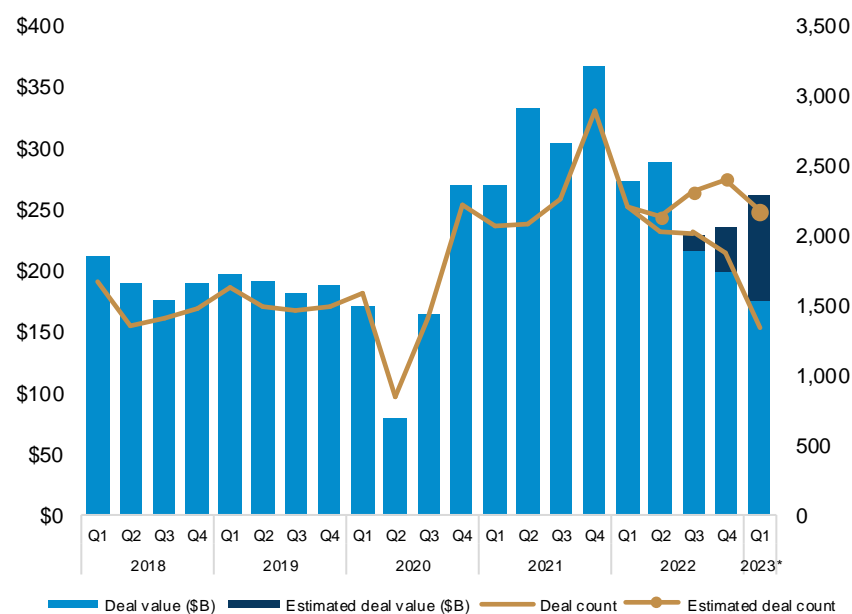


Deal value rose by 11.4% compared to Q4 2022.<sup>1</sup>

## U.S. PE DEAL ACTIVITY<sup>1</sup>



## U.S. PE DEAL ACTIVITY BY QUARTER<sup>1</sup>



1. U.S. PE Breakdown n: Q1 2023. PitchBook. 2023.

\*As of March 31, 2023

# 10 LARGEST DEALS WITH PRIVATE EQUITY INVOLVEMENT (2023)<sup>1</sup>

ANNOUNCED	TARGET	VALUE (US\$M)	SPONSOR	TYPE
3/23/23	Toshiba Corp.	\$16.2	Japan Industrial Partners Inc	Take-Private
3/6/23	Qualtrics International	\$11.9	CPP Investments Silver Lake	Take-Private
3/14/23	Univar Solutions Inc	\$8.2	Abu Dhabi Investment Authority Ltd-ADIA Apollo Asset Management Inc	Take-Private
2/2/23	Focus Financial Partners	\$7.1	Clayton Dubilier & Rice LLC	Take-Private
3/14/23	Cvent Holding Corp	\$4.6	Blackstone	Take-Private
3/8/23	Diversey Holdings Ltd	\$4.3	Bain Capital	Take-Private
3/27/23	Blackbaud Inc	\$4.2	ClearLake Capital Group LP	Take-Private
2/22/23	John Wood Group plc	\$4.0	Apollo Asset Management Inc	Take-Private
3/1/23	Radius Global Infrastructure Inc	\$3.0	EQT AB Public Sector Pension Investment Board – PSP INVESTMENTS	Take-Private
3/13/23	Synlab AG	\$2.8	Cinven Ltd	Take-Private

1. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023. [https://www.ey.com/en\\_us/private-equity/pulse](https://www.ey.com/en_us/private-equity/pulse)

# TAKE-PRIVATE DEALS DOMINATE PE IN 2023<sup>1</sup>



**20%**

Typical year take-private deal activity



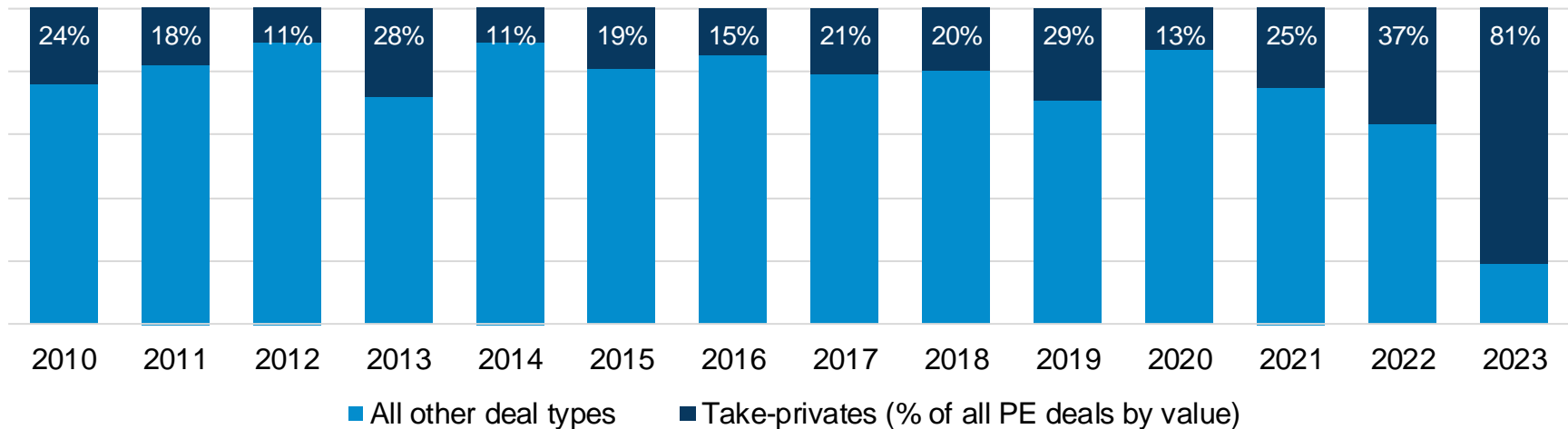
**40%**

2022 take-private deal activity



**81%**

Q1 2023 take-private deal activity



# 81%

take-private deal activity is by far a record and underscores the degree to which firms are looking to take advantage of reduced valuations and invest in high-quality assets they believe are temporarily mispriced.

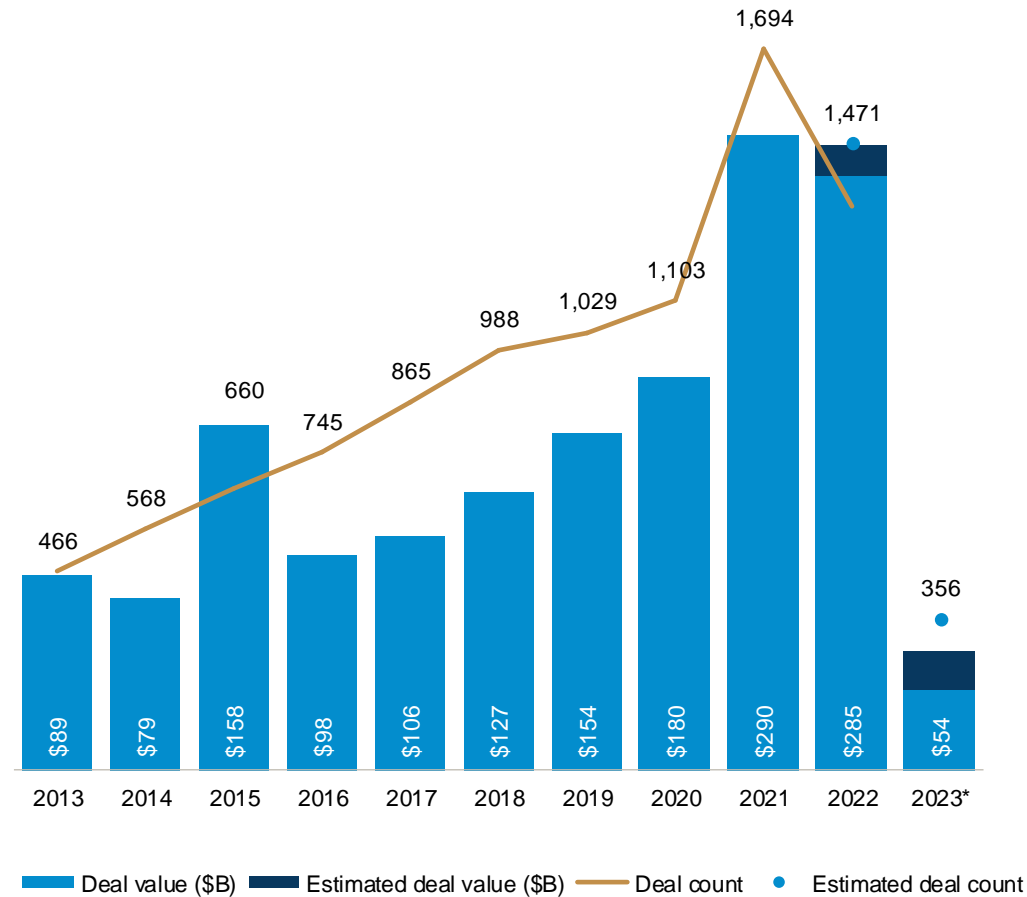
1. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023. [https://www.ey.com/en\\_us/private-equity/pulse](https://www.ey.com/en_us/private-equity/pulse)

## WHERE IS DEAL ACTIVITY?

### Technology (especially software)

- 2022 was the second-best year for the absolute value of PE deals in IT (\$285.3B).<sup>1</sup>
- In Q1 2023, 356 deals closed for \$54.2B in aggregate, accounting for 20.7% of total U.S. PE activity.<sup>1</sup>
- Accounted for 50% of significant (\$100M+) deals by value.<sup>2</sup>
- 80% of PE's tech deployment targeted toward software (AI/machine learning, cybersecurity, etc.).<sup>1</sup>

### Technology PE Deal Activity



1. U.S. PE Breakdown n: Q1 2023. PitchBook. 2023.

2. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023.  
[https://www.ey.com/en\\_us/private-equity/pulse](https://www.ey.com/en_us/private-equity/pulse)

\* As of March 31, 2023.

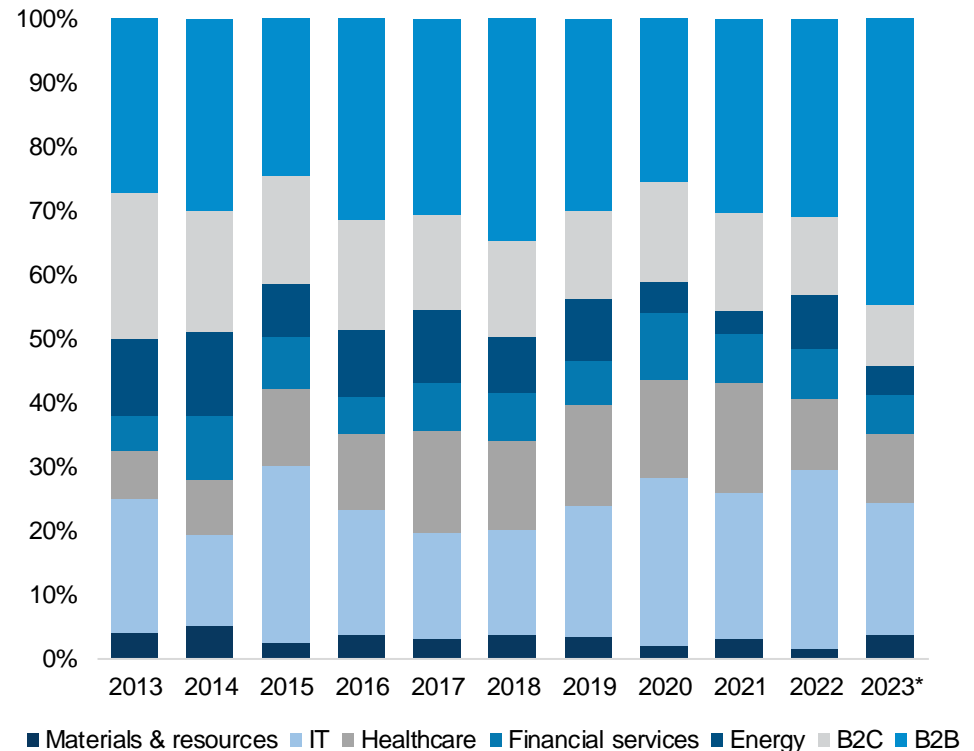


## WHERE IS DEAL ACTIVITY?

### Other Areas

- Healthcare
  - Accounted for 16% of PE deal flow in Q1 2023, especially medtech which may benefit from sticky business models, pricing power and an aging population.
- Business-to-Consumer (B2C)
  - Accounted for approximately 10% of PE deal flow in Q1 2023.

Share of PE Deal Value by Sector



1. U.S. PE Breakdown n: Q1 2023. PitchBook. 2023.

2. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023.  
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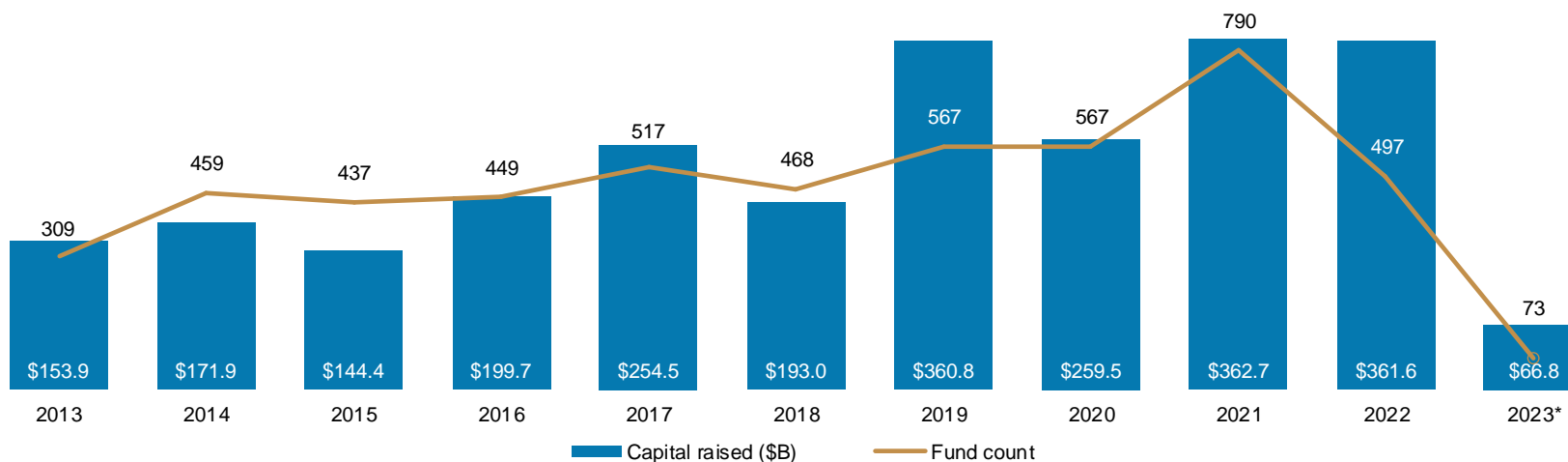
\* As of March 31, 2023.



# FUNDRAISING SLOW TO GET STARTED.<sup>1</sup>

- In Q1 2023, 73 funds closed for \$66.8 billion in total capital raised. Currently on pace for a 27% drop in PE funding – which would be the slowest year since 2018.<sup>2</sup>
- In 2022, total capital raised was nearly equal to 2021, but total fund count fell drastically from 790 to 497.

## PE Fundraising Activity



**This indicates LPs are moving commitments to larger, more experienced firms with a track record of survival through earlier downturns.**

**\$5B+**  
megafunds

1. U.S. PE Breakdown n: Q1 2023. PitchBook. 2023.

2. "The State of Private Equity in 2023." Juniper Square. [Webinar]. May 25, 2023.

\* As of March 31, 2023.

# EXIT ACTIVITY SEES A DISAPPOINTING Q1.<sup>1</sup>

- Firms announced exits valued at \$54.5B in Q1 2023.

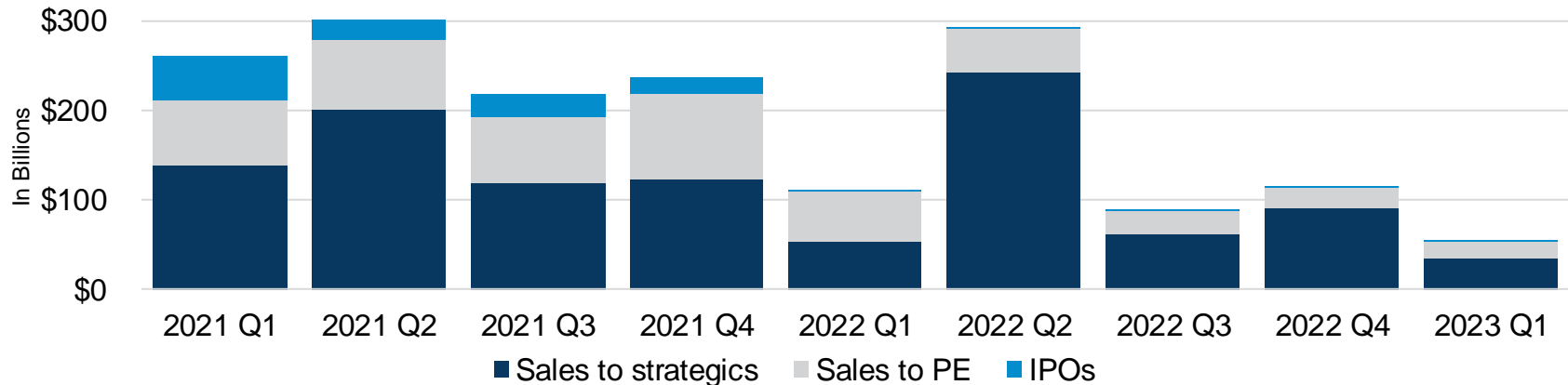


Down 77%  
compared to Q4 2021



Down 53%  
compared to Q4 2022

**Q1 2023 experienced the lowest levels of exit activity since the pandemic.**



## Why the Slow Start?

Limited appetite from  
corporate acquirers

Largely closed  
IPO window

Regional banking is  
tighter with balance sheets

General caution among  
potential PE buyers

1. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023. [https://www.ey.com/en\\_us/private-equity/pulse](https://www.ey.com/en_us/private-equity/pulse)

# KEY TAKEAWAYS

## POTENTIAL CHALLENGES

- 1 More limited financing environment
- 2 Banking instability
- 3 Macro risks (persistent inflation, potential recession)

## POTENTIAL OPPORTUNITIES

- 1 Private credit may step in as a source for alternative funding
- 2 With traditional exit routes constrained, PE secondaries may see growth potential
- 3 There may be an emergence of smaller deals with emerging managers and first-time funds.
- 4 New investors may seek out the PE asset class
- 5 PE may be able to acquire high-quality assets at compelling prices
  - In 2007, deals acquired at **8.6x** EBITDA median entry multiples returned **12.6%**<sup>1</sup>
  - In 2009, deals acquired at **6.5x** returned just over **30%**<sup>1</sup>

**While 2023 may be slow to get started for PE, a challenging macro environment offers the potential for some of private equity's best deals.**

1. Witte, Pete. "Private Equity Pulse: Takeaways from 1Q 2023." May 1, 2023. [https://www.ey.com/en\\_us/private-equity/pulse](https://www.ey.com/en_us/private-equity/pulse)



**THANK YOU**