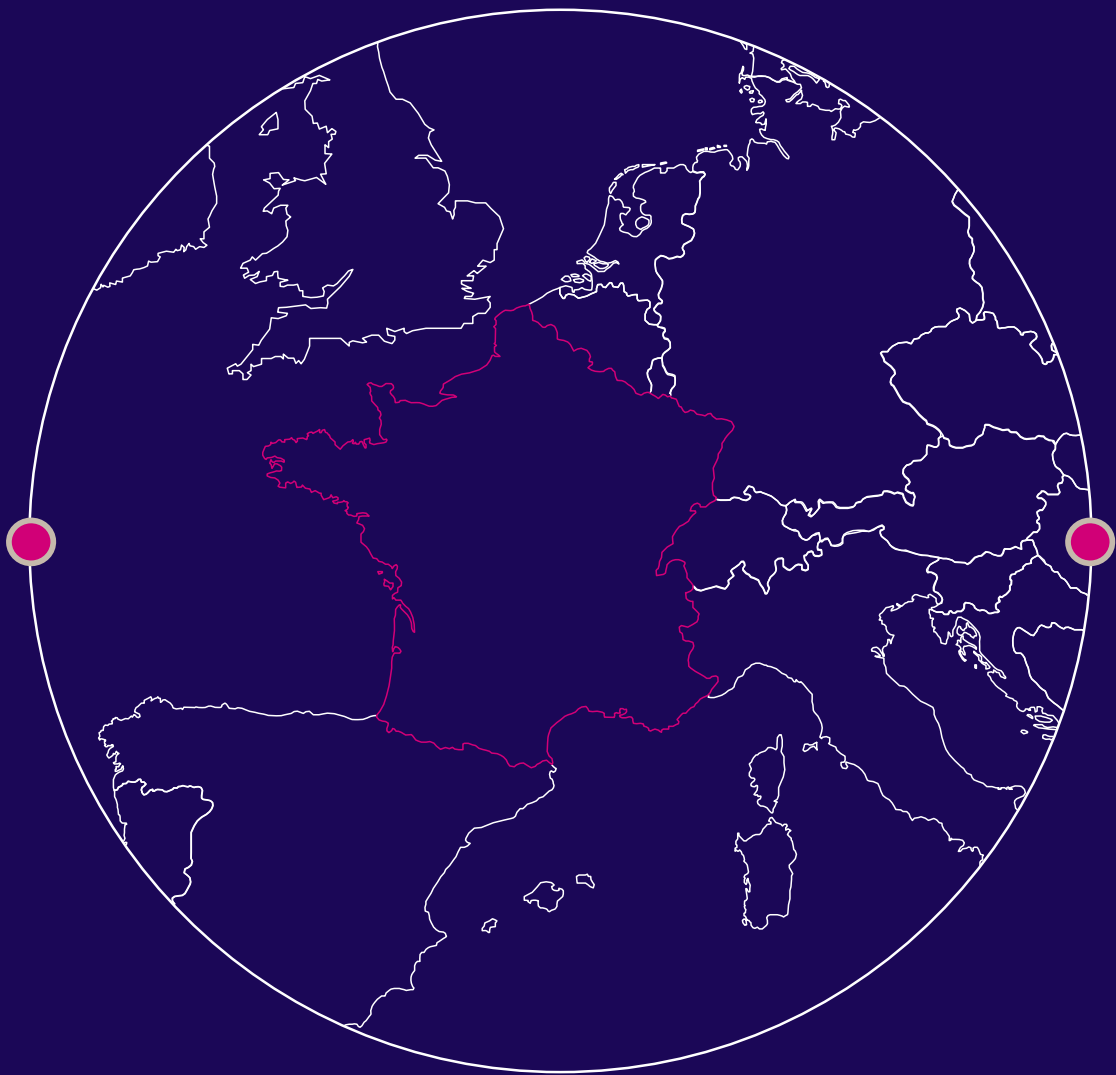


Preqin Territory Guide

Private Equity in France 2023



Private equity in France

France has a handful of private equity heavyweights, with Ardian, PAI Partners, and Astorg having raised more than €10bn of funds. But away from the spotlight, Europe's third largest economy is home to a steady and deep private equity market, with 134 active fund managers and an average of more than 300 deals a year.

Despite the solid foundations, 2022 was a slow year for both fundraising and investments, though performance has so far held up better than the global averages. With Preqin currently tracking 108 France-based private equity funds in market seeking to raise a total of \$64.0bn, activity is set for a rebound despite the challenging macro environment.

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Private equity in France 2023: key figures

36

Number of new private equity fund managers established since 2018, taking the total in France to 134

20%

Average ESG transparency metric of France-based fund managers, higher than the Europe average (14%)

€17.1bn

Capital raised for Ardian Secondaries Fund VIII (2020), the largest ever private equity fund in France

327

Average annual number of private equity deals in France over the past five years

19.2%

Five-year rolling horizon IRR of France-based private equity funds to June 2022

Private equity in France: strength in depth

Known for its exceptional cuisine, effortless chic, endless summer holiday, and worker-friendly employment laws, France is an unlikely champion of private equity. But that's exactly what Europe's third largest economy is becoming.

In 2020, France's sovereign wealth fund launched Bpifrance Enterprises 1 to open up access to its portfolio of partner private equity funds to retail investors with a minimum commitment of €5,000. Enterprises 1 raised €95mn, with a successor fund launched last year that will close in July 2023. The funds sit within Bpifrance's dual commitment to 'direct savings towards long-term investments and business financing, and give individuals access to an investment opportunity that was traditionally reserved for professional investors'.¹

Bpifrance's €32bn fund of funds, Bpifrance Investissement, invests primarily in France-based private equity and venture capital funds, though also has exposure to private debt and natural resources.² Founded in 2013, it is France's most active private equity investor, with 75 transactions in the past five years (Fig. 19). The sovereign fund sits at the heart of a thriving private equity industry that has seen assets under management (AUM) grow from \$12.3bn to \$164.2bn over the past 20 years, a compound annual growth rate (CAGR) of 13.8% (Fig. 1). Growth over the past five years has been at a higher CAGR of 14.6%.

Fund managers: strong and stable

France is currently home to 134 active fund managers, with 36 new firms joining the established players over the past five years (Fig. 2), and 12 ceasing to be active (defined as having not raised a fund for 10 years). By far the largest player is Ardian, which has raised \$66.9bn over the past 10 years, has AUM of \$108.0bn, and is sitting on an estimated \$18.2bn of dry powder.³ The firm has raised the three largest France-based funds closed since 2020: ASF VIII (€17.1bn), Ardian Buyout VII (€6.5bn), and Ardian Expansion Fund V (€2.0bn). It is not, however, the only member of the billion-euro fund club, with Committed Advisors, Apax Partners France, Eurazeo, Astorg, Tikehau Capital, Five Arrows Multi Strategies, and ArchiMed all passing that milestone in recent years (Fig. 7).

There has been a big increase in the number of France-based institutions tracked by Preqin that are investing in private equity, up from 119 in 2018 to 224 today (Fig. 3). The largest increases are at asset and wealth managers, family offices, corporate investors, government agencies, and banks/investment banks.

In fundraising terms, France's private equity market has been relatively stable in recent years, with between 30 and 47 funds closing in each of the past five years, and an average of €17.5bn raised. The market is small enough that individual

¹ <https://fonds-bpifrance.123-im.com/origine/>

² <https://pro.preqin.com/fundManager/117426>

³ <https://pro.preqin.com/fundManager/77>

funds, such as Ardian's €17.1bn secondaries fund in 2020, can skew the numbers. Last year saw the smallest total raised in the past five years, with just €8.9bn across 34 funds (Fig. 4). Despite the challenging market, there is likely to be a jump in fundraising this year, with Prequin currently tracking 108 France-based private equity funds in market, seeking to raise a total of \$64.0bn.

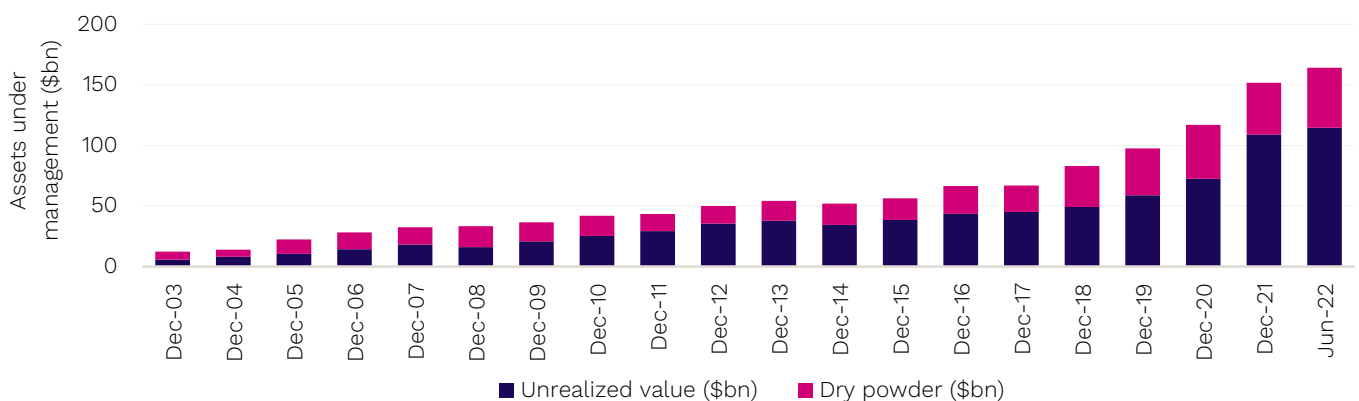
The dominant strategies are buyouts, with €43.0bn raised in the past five years, followed by secondaries at €21.7bn, and growth at €12.5bn (Fig. 6). There are currently 48 France-based growth capital funds in market, with an aggregate target size of \$18.2bn.

France is a leader in environmental, social, and governance (ESG) investing. The average ESG transparency metric of France-based managers is 20%, ahead of the European average of 14% and considerably higher than North America (9%) and APAC (5%), as shown in Fig. 9.⁴

The country's largest private equity manager, Ardian, issues disclosures under Articles 3 and 4 of the Sustainable Finance Disclosure Regulation (SFDR), was a founding member of Initiative Climat International, scores highly on UN PRI, and is extending its ESG monitoring of portfolio companies to include the

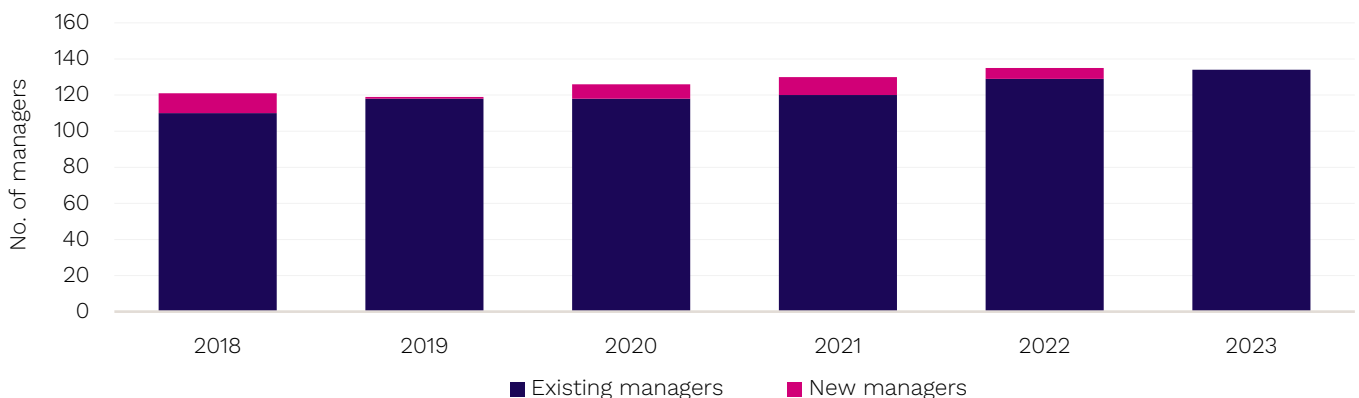
⁴ <https://docs.prequin.com/pro/Prequin-ESG-Transparency-and-Risk-Methodology.pdf>

Fig 1: Assets under management at France-based private equity firms (\$bn), 2003 – June 2022



Source: Prequin Pro

Fig. 2: Number of active private equity fund managers in France, 2018 – 2023



Source: Prequin Pro

UN's Sustainable Development Goals (SDGs). It has 11 professionals dedicated to sustainability issues.⁵ It is a top performer on Prequin's metrics, with a 78% score for transparency of ESG KPIs.⁶

Deals: an engine of SME growth

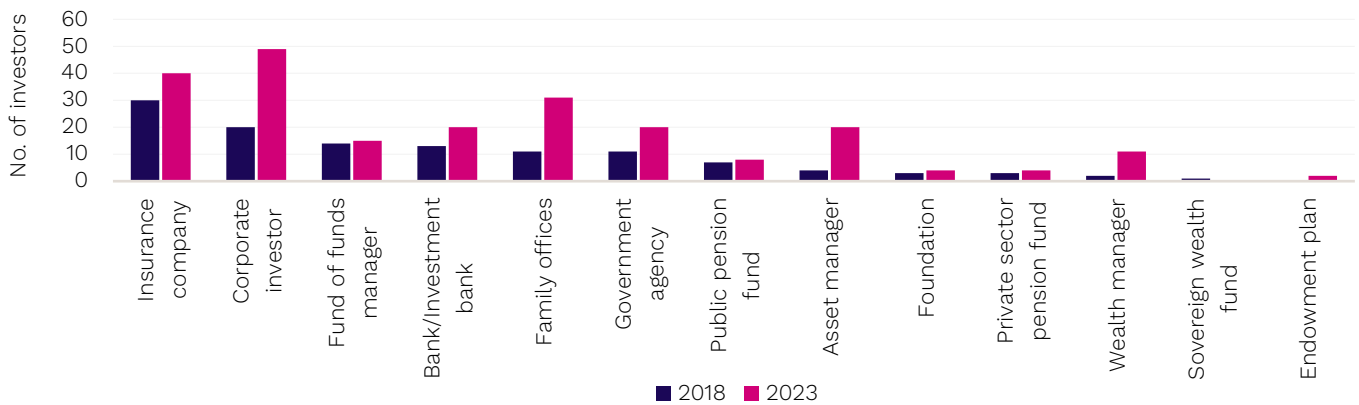
On the deals side, France has a particularly active mid-market, a sign of maturity in the private equity ecosystem. Over the past five years, there has been an average of 327 deals with an average aggregate deal value of €9.6bn, giving an average deal size of €29mn (Fig. 9). The peak year for transactions was 2021, when 430 deals were completed with a total value of €11.8bn. Activity slowed in 2022, when 223 deals at a value of €5.4bn were completed. Foreign investors play a significant role, having accounted for 26% of the number of deals completed in the past five years and 44% of their value (Fig. 10).

The three biggest sectors by deal value over the past five years have been consumer discretionary, with 355 deals worth a combined €13.5bn, and healthcare, which has seen 152 deals with an aggregate value of €8.7bn, followed

⁵ <https://www.ardian.com/sustainability>

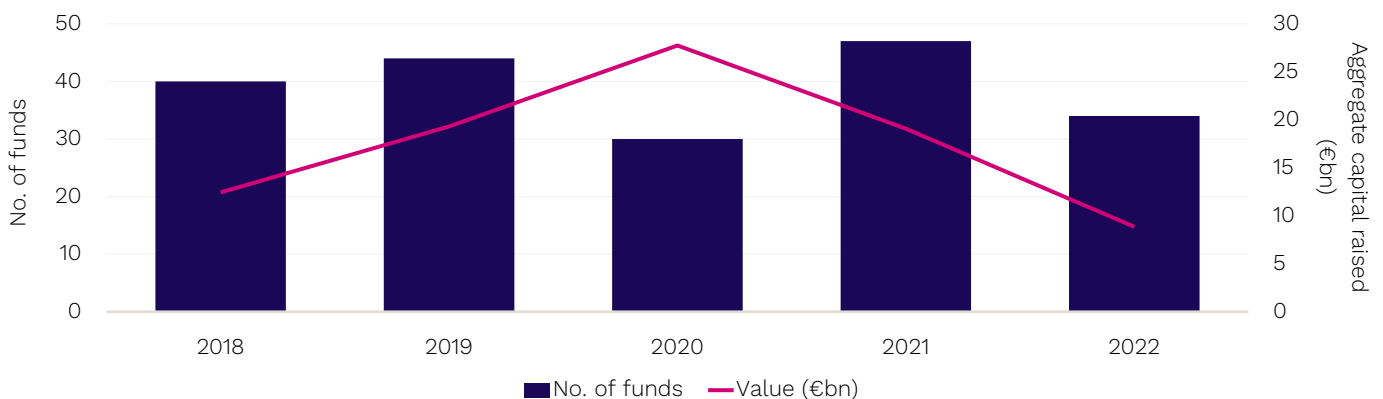
⁶ <https://pro.prequin.com/fundmanager/77/environmentalSocialGovernance>

Fig. 3: Number of active France-based investors by type, 2018 vs. 2023



Source: Prequin Pro

Fig. 4: Number and value of France-based private equity funds raised (€bn), 2018 – 2022



Source: Prequin Pro

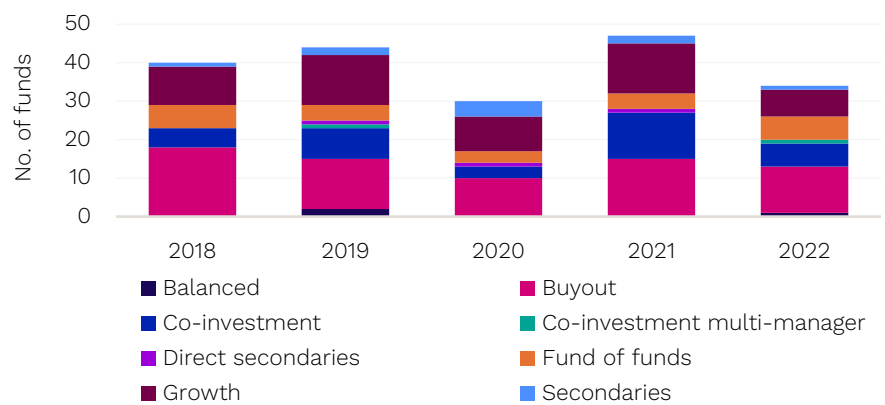
by industrials, with 239 deals and a value of €6.7bn (Figs. 11 and 12). The biggest deal last year was CVC's €1.5bn investment in Ligue de Football Professionnel, operator of France's premier football league (Fig. 13). CVC is a prominent investor in sports and entertainment, with other holdings including LaLiga (Spain), Premiership Rugby (UK), Six Nations (UK), United Rugby Championship (UK), Volleyball World (Switzerland), the Gujarat Titans cricket franchise (India), and sports holding company Bruin Capital (US).⁷

Performance: delivering double-digit returns

The performance of France-based private equity funds has been in line with the global pool. The five-year horizon IRR of 19.2% trails global private equity (20.8%), but the one-year return of 24.8% is some way above the 14.4% for private equity globally (Fig. 15). Median net IRRs have been in the mid-to-high teens for funds raised since the Global Financial Crisis, though are at 21.6% for 2009 vintage funds (Fig. 16).

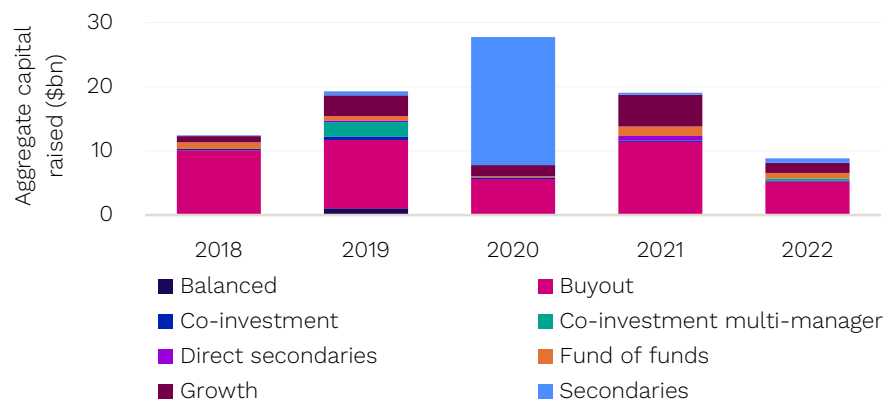
⁷ <https://pro.preqin.com/fundmanager/94970/dealsAssets>

Fig. 5: Number of France-based private equity funds by strategy, 2018 – 2022



Source: Prequin Pro

Fig. 6: Aggregate capital raised by France-based private equity funds, by strategy (€bn), 2018 – 2022



Source: Prequin Pro

The best-performing fund manager has been ArchiMed, whose three funds top the table of fund performance (Fig. 17). The Lyon-headquartered firm is a healthcare specialist, with a particular focus on supporting companies in internationalization, capacity increase, product range expansion, and acquisitions. ArchiMed aims to be among the most sustainable of investors, with all funds compliant with Article 8 or 9 under SFDR, depending on their vintage.

In the world of global private equity, France may not have attracted the attention or column inches of its larger neighbor Germany and its fabled Mittelstand, but the country's private equity industry has pursued a steady growth path toward maturity. With some of the world's top-performing fund managers in niche markets and a supportive ecosystem, the prospects for future growth are strong.

Fig. 7: Largest France-based private equity funds (€bn), 2020 – 2022

Fund	Fund manager	Fund size (€bn)	Final close date
ASF VIII	Ardian	17.1	June 2020
Ardian Buyout VII	Ardian	6.5	April 2021
Ardian Expansion Fund V	Ardian	2.0	September 2020
Committed Advisors Secondary Fund IV	Committed Advisors	1.6	November 2020
Apax France X	Apax Partners France	1.6	July 2021
Eurazeo Growth III	Eurazeo	1.6	July 2021
Astorg IQ-EQ Continuation Fund	Astorg	1.3	January 2022
Astorg Mid-Cap	Astorg	1.3	February 2022
T2 Energy Transition Fund	Tikehau Capital	1.1	February 2021
Five Arrows Secondary Opportunities V	Five Arrows Multi Strategies	1.0	January 2020
MED Platform I	ArchiMed	1.0	August 2020
Eurazeo PME IV	Eurazeo	1.0	July 2022

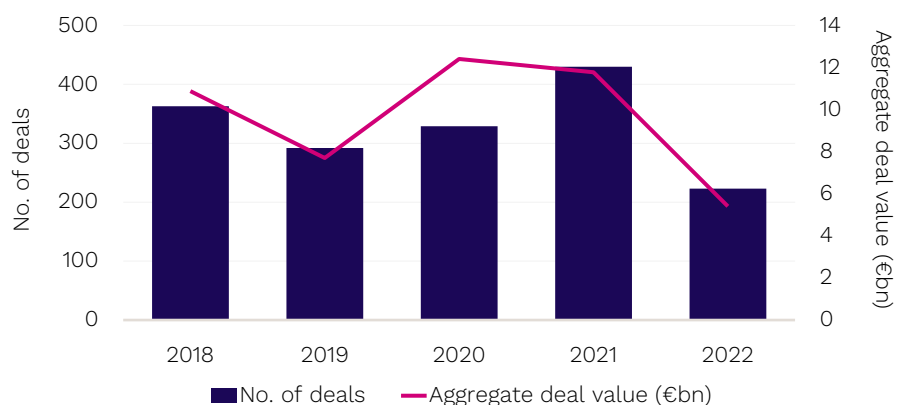
Source: Preqin Pro

Fig. 8: Average ESG transparency metric, by location

	Average ESG transparency metric
France	20%
Europe	14%
North America	9%
APAC	5%

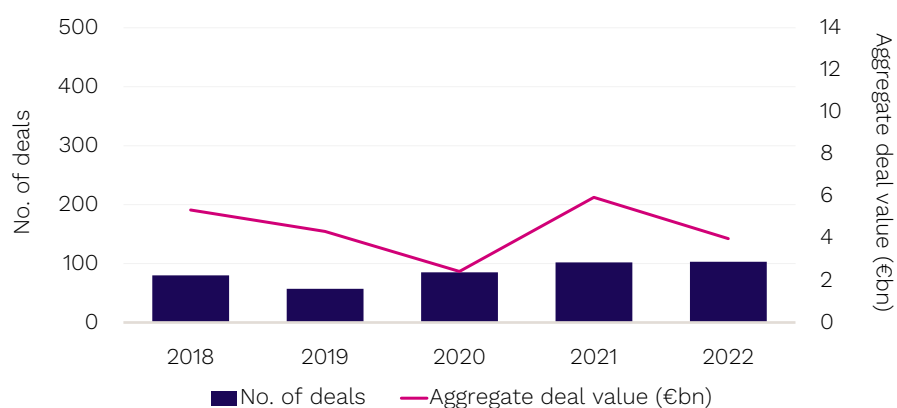
Source: Preqin ESG Solutions

Fig. 9: Annual number and value (€bn) of private equity deals in France, 2018 – 2022



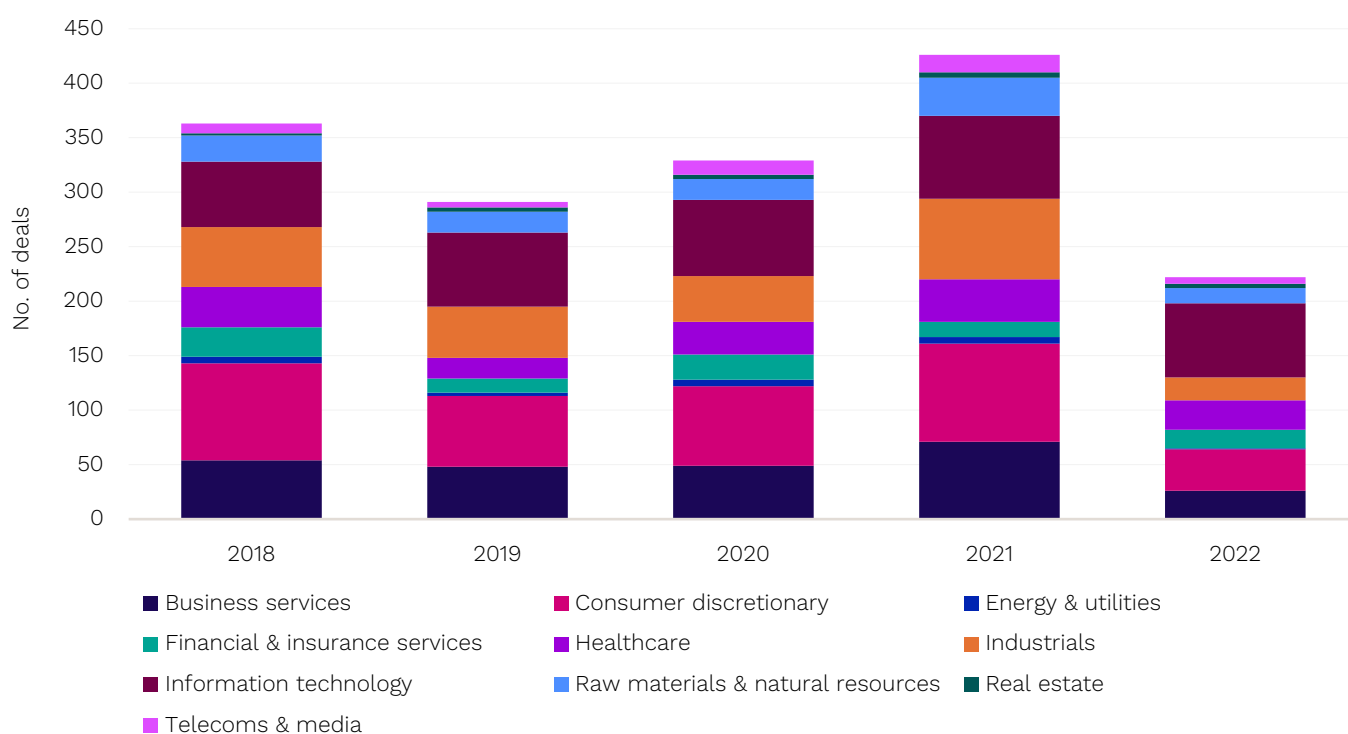
Source: Preqin Company Intelligence

Fig. 10: Annual number and value (€bn) of France-based deals with a foreign buyer, 2018 – 2022



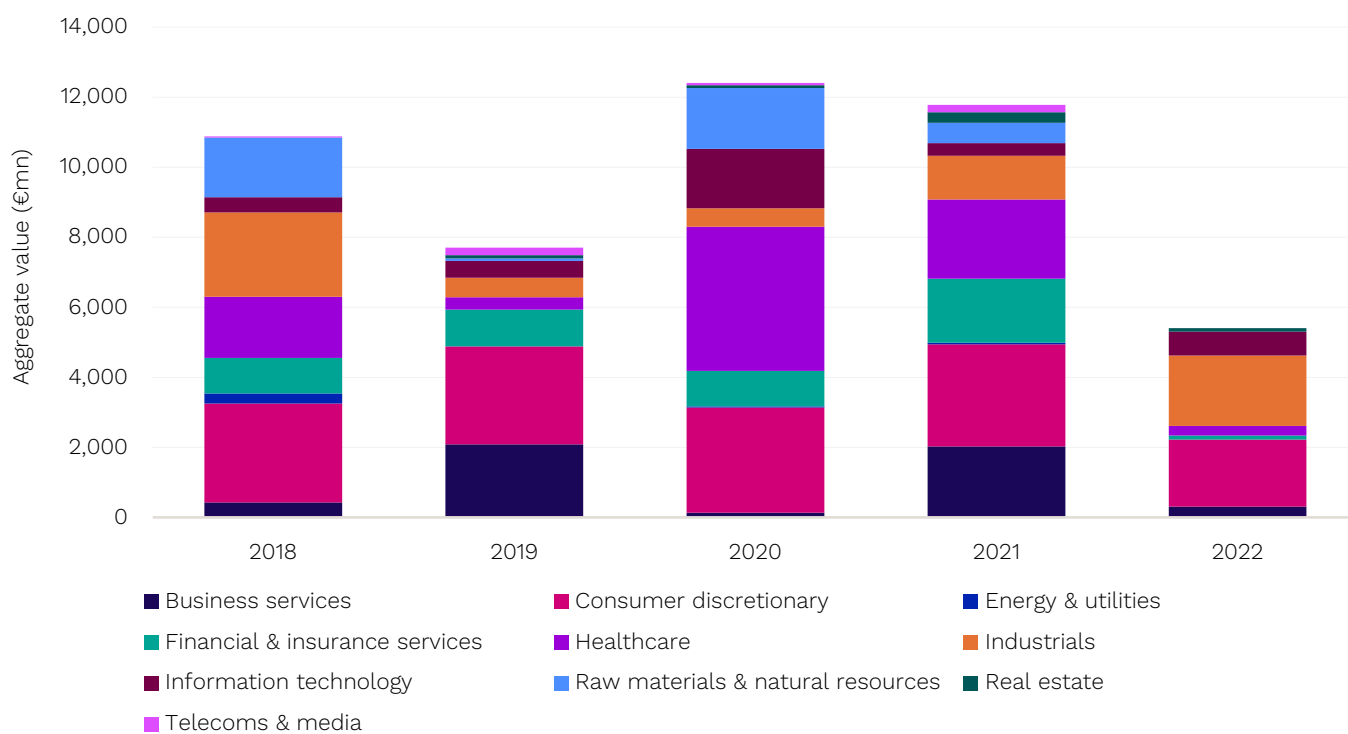
Source: Preqin Company Intelligence

Fig. 11: Annual number of private equity deals in France by industry/sector, 2018 – 2022



Source: Preqin Company Intelligence

Fig. 12: Aggregate value (€mn) of private equity deals in France by industry/sector, 2018 – 2022



Source: Preqin Company Intelligence

Fig. 13: 10 largest private equity-backed deals in France, 2020 – 2022

Target company	Deal type	Investors	Deal size (€bn)	Deal status	Industry classification	Deal date
Ligue de Football Professionnel	LBO	CVC Capital Partners	1.50	Completed	Consumer discretionary	24-Mar-22
A2MAC1	LBO	Providence Equity Partners	1.40	Announced	Industrials	08-Nov-22
Parts Holding Europe SAS	LBO	The D'leteren Group	0.54	Completed	Industrials	17-Mar-22
CS Group SA	Public To Private	Sopra Steria	0.28	Announced	Information technology	21-Nov-22
HR Path SAS	LBO	Andera Partners, Société Générale Corporate & Investment Banking, Caisse d'Épargne de Bourgogne Franche-Comté, BNP Paribas, Banque Palatine, LCL, Crédit Agricole Centre France, Societe Generale Capital Partenaires	0.23	Completed	Business services	11-May-22
Oktogone Group	Add-on & Merger	AD Education Group	0.18	Completed	Consumer discretionary	21-Jun-22
OL Groupe	Add-on & Merger	Eagle Football Holdings LLC	0.12	Completed	Consumer discretionary	20-Jun-22
Cenexi Services S.A.S.A.U.	LBO	Gland Pharma Limited	0.12	Announced	Healthcare	29-Nov-22
SAS Proprietes-Privees	Growth Capital	Tikehau Investment Management, Sparring Capital, ABÉNEX Capital	0.10	Completed	Real estate	11-Jan-22
NeoXam Services SAS	LBO	Eurazeo	0.10	Announced	Information technology	21-Nov-22

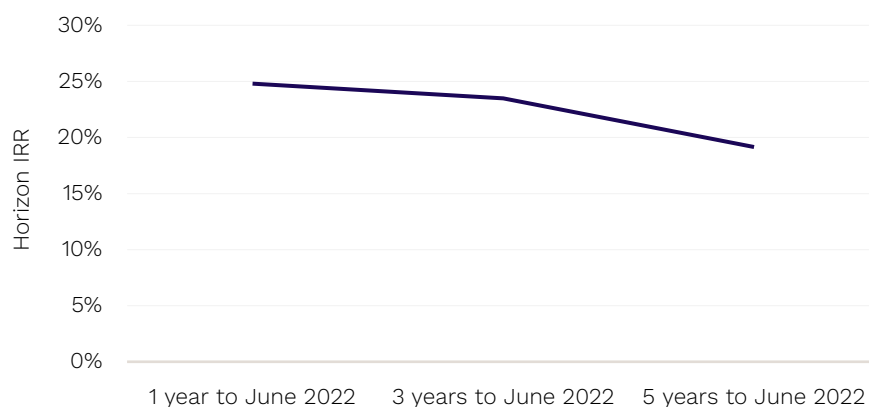
Source: Preqin Company Intelligence

Fig. 14: Annual number of private equity exits in France by type, 2018 – 2022



Source: Preqin Company Intelligence

Fig. 15: Rolling one-, three- and five-year horizon IRRs of France-based private equity funds, to June 2022



Source: Prequin Pro

Fig. 16: Net IRRs of France-based private equity funds by quartile and vintage year, 2009 – 2019

Vintage	Q3 of net IRR (%)	Median of net IRR (%)	Q1 of net IRR (%)
2009	10.3%	21.6%	23.3%
2010	7.8%	15.7%	20.2%
2011	10.6%	14.8%	16.5%
2012	12.1%	13.4%	16.0%
2013	8.9%	12.5%	17.0%
2014	13.5%	17.3%	19.0%
2015	12.6%	16.1%	17.5%
2016	13.6%	22.7%	25.6%
2017	12.0%	13.3%	17.5%
2018	14.9%	20.7%	24.1%
2019	14.0%	23.6%	32.0%

Source: Prequin Company Intelligence

Fig. 17: Top-performing private equity funds based in France by net IRR, vintages 2009 – 2019

Rank	Fund	Firm	Vintage	Fund size (€mn)	Geographic focus	Strategy	Net IRR (%)
1	MED Platform I	ArchiMed	2019	1,000	Europe	Buyout	59.0
2	MED I	ArchiMed	2014	150	Europe	Buyout	50.3
3	MED II	ArchiMed	2018	315	Europe	Buyout	38.1
4	Keensight V	Keensight Capital	2019	1,000	Europe	Growth	32.8
5	Sparring Capital Fund 1	Sparring Capital	2015	110	Europe	Buyout	32.0
6	Ardian Expansion Fund IV	Ardian	2016	1,000	West Europe	Buyout	30.0
7	Latour Capital I	Latour Capital	2011	115	France	Buyout	28.7
8	Latour Capital III	Latour Capital	2019	827	Europe	Buyout	28.0
9	Private Equity U.S. Opportunities III	Flexstone Partners	2016	273	US	Co-Investment	27.0
10	Oddo BHF Secondaries Fund	Oddo BHF Private Assets	2018	240	Europe	Secondaries	26.7

Source: Preqin Company Intelligence

Fig. 18: Most consistent top-performing France-based private equity fund managers

Firm	Headquarters	Overall no. of funds with quartile ranking	No. of funds in top quartile	No. of funds in second quartile	Average quartile ranking
ArchiMed	France	3	3	-	1.00
Montefiore Investment	France	4	1	3	1.75
PAI Partners	France	5	2	2	1.80
Astorg	France	5	2	2	1.80
Latour Capital	France	6	1	4	2.00
Keensight Capital	France	5	1	3	2.00
Idinvest Partners	France	6	1	3	2.17
Flexstone Partners	France	11	4	3	2.18
Chequers Capital	France	4	1	2	2.25
Ardian	France	38	6	14	2.53

Source: Preqin Company Intelligence

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