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Services Edition

The Europe 50

Ranking the most **active private investors** in the
European Services sector

The Europe 50: Services Edition - Ranking the most active private investors in the European Services sector

In this report, we rank the most active private market investors in the European Services sector. We take a novel approach to our ranking, which is based on the size of the underlying portfolio rather than the funds raised. In addition, we also share the latest trends and insights in the European Services sector.

The top 50 investors in the European Services sector manage a total estimated enterprise value of €110bn across their portfolios. CVC leads the pack with a total managed EV of €14.3bn, closely followed by EQT managing €13.1bn, and then Triton at €6.5bn. Notably, CVC was also the #1 ranked leader in our previous ranking reports, "The Europe 250" and "The Europe 50: Industrials Edition." Other investors in the top 5 include US-based KKR (€5.8bn) and Netherlands headquartered Waterland (€4.0bn).

Overview stats for The Europe 50: Services Edition

#1	Great Britain
#2	France
#3	Sweden

Dominant investors HQ's

#1	CVC	€14.3bn
#2	EQT	€13.1bn
#3	Triton	€6.5bn

Leading investors in European Services

€110 billion	Total managed EV
15 companies	Average # of portfolio companies
€31 million	Median EBITDA
635 entries	Platform deals (5y)
232 exits	Exits (5y)

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Overall, British investors are in the lead with a combined managed EV of €48.4bn, followed by French (€20.2bn) and Swedish (€14.0bn) investors. In addition to CVC (€14.3bn) and Triton (€6.5bn), other notable British sponsors in the top 10 are Permira (€3.6bn) and Apax Partners (€3.4bn). The top-3 position of Sweden is driven by only 2 investors - EQT (€14.3bn) and Altor (€0.9bn).

CVC is leading the pack of our **Top 50 Services** ranking

#1	CVC	€14.3bn
#2	EQT	€13.1bn
#3	Triton	€6.5bn
#4	KKR	€5.8bn
#5	WATERLAND PRIVATE EQUITY INVESTMENTS	€4.0bn
#6	PERMIRA	€3.6bn
#7	bpifrance	€3.5bn
#8	HLD	€3.4bn
#9	Apax	€3.4bn
#10	OMERS	€3.4bn

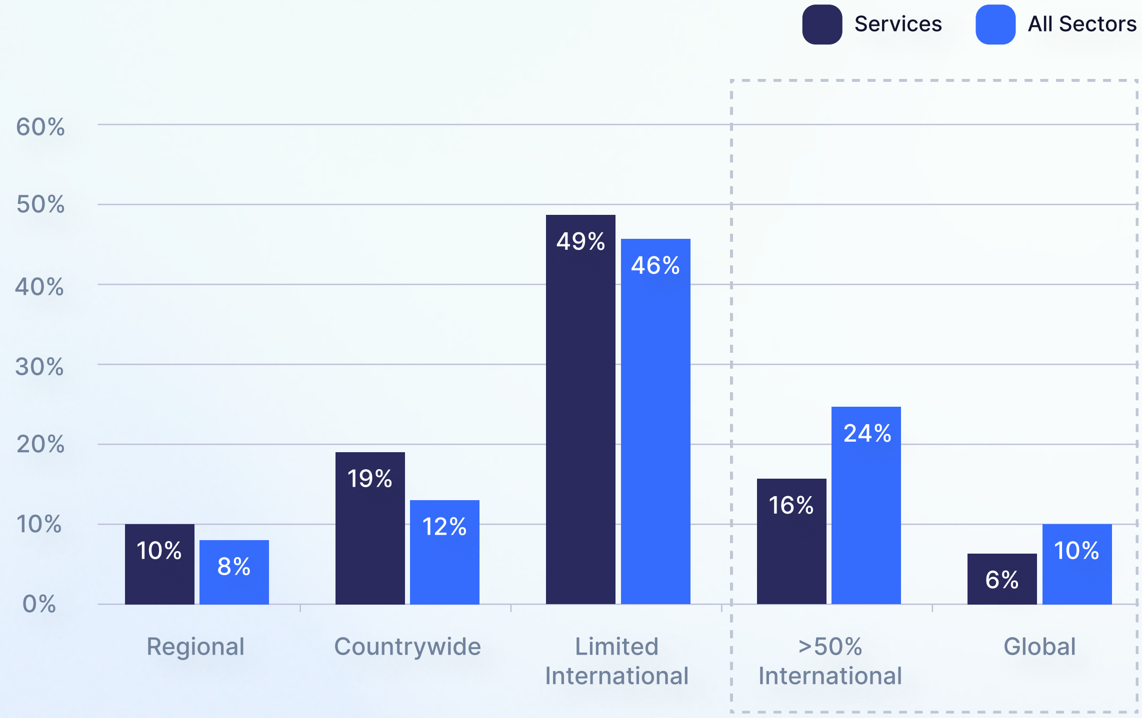
Leading investors in European Services (Managed EV)

Interestingly, American sponsors are lagging in our Top 50 Services ranking. Overall, they come in 4th place with a total managed EV of €11.3bn. This is in sharp contrast to our previous rankings (The Europe 250 and The Europe 50: Industrials Edition), where American investors topped the charts. The regional nature of the Services sector, smaller company sizes, localized regulatory regimes and often (cross-border) M&A value creation stories make it somewhat harder for US headquartered investors to execute many deals in this sector. As an investor, you ideally need a strong local network with multiple offices to be successful in the space (see e.g. Waterland). However, there are a few strong case studies of companies backed by US headquartered sponsors (e.g. KKR backed sustainability consultancy, ERM, with its EBITDA almost tripling in the last 6 years).

The Services sector is quite fragmented and local with only 22% of businesses generating >50% of sales internationally (vs. 34% of all sectors).

Only 22% of Services assets have meaningful (>50%) international exposure

% of assets that have regional or international sales exposure



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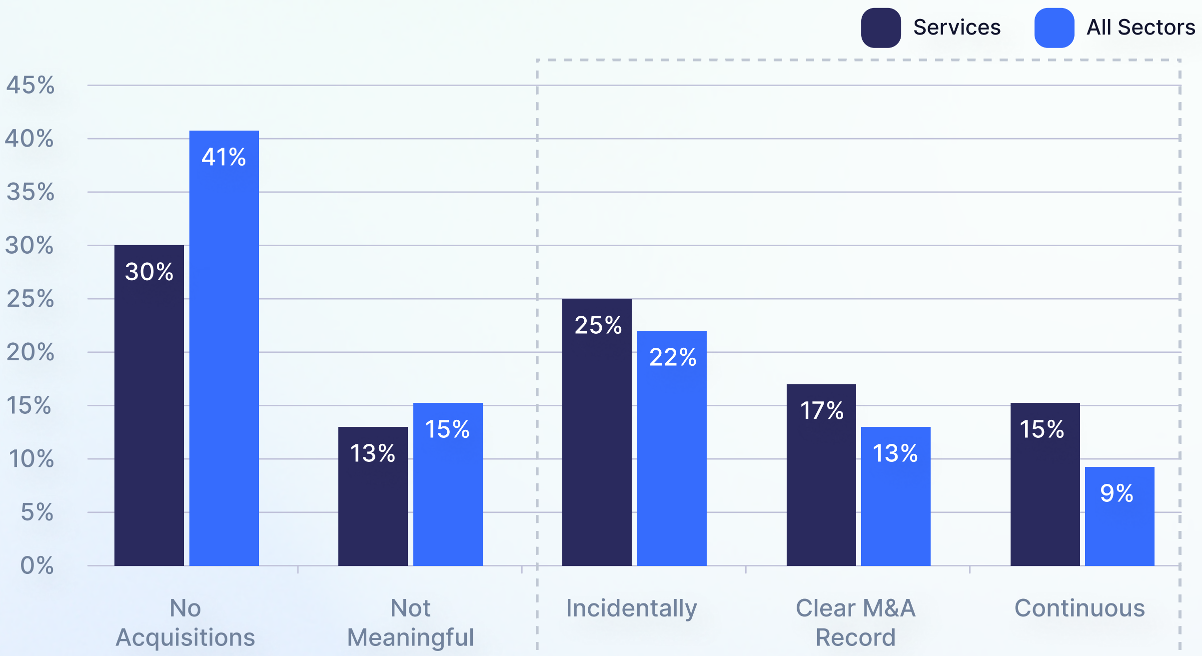
Given the high degree of fragmentation in the Services market, it is one of the most suitable sectors to execute a buy-and-build strategy and take advantage of multiple arbitrage. In our research, we found that 56% of platform assets in this sector pursue add-on acquisitions. These acquisitions help companies enter new geographical markets and diversify their offerings.

56% of platform assets in Services sector pursue a buy-and-build strategy

% of platform assets that pursue add-on acquisitions



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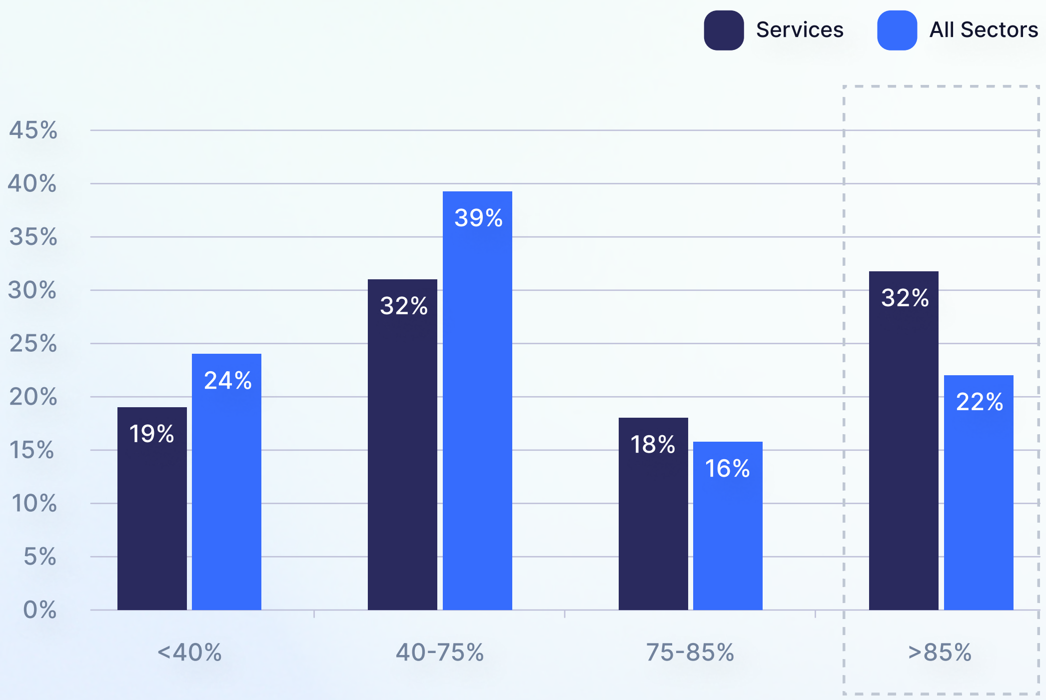
Note: Includes only majority PE owned assets

It's not uncommon to see exemplary consolidators in this sector. Triton-backed technical installation group Assemblin (SE) is one example. It consecutively acquires small Nordics specialist technical installers (~€1-10m revenue) with the goal of consolidating the fragmented Nordics market where 4 main players control only ~20% of the industry.

Charterhouse/Latour-backed Funecap Groupe (FR) is another example. It has completed ~200 acquisitions since 2010, with its M&A strategy aiming at targets across the whole value chain of the French Funeral market (funeral services, crematoria and funeral homes management, funeral software development, etc).

The Services sector has one of the highest PE penetration rates in Europe with ~34% of identified assets being majority-owned by PE funds (vs. 28% of all sectors). By subsector, penetration rates are highest in technical services (40.4%), followed by education (37.1%) and professional services (33.3%). Logistics has the lowest penetration with just 19.6% of identified assets being majority PE owned given the dominance of a few established players and the need for upfront CAPEX.

Sponsors are attracted to Services businesses for several reasons. One of them is its strong cash generation capabilities due to the low CAPEX requirements. ~32% of the identified Services companies have a cash conversion of >85% compared to 22% for all sectors.



32% of assets identified in Services sector have a cash conversions rate >85%

% of assets split by cash conversion rate

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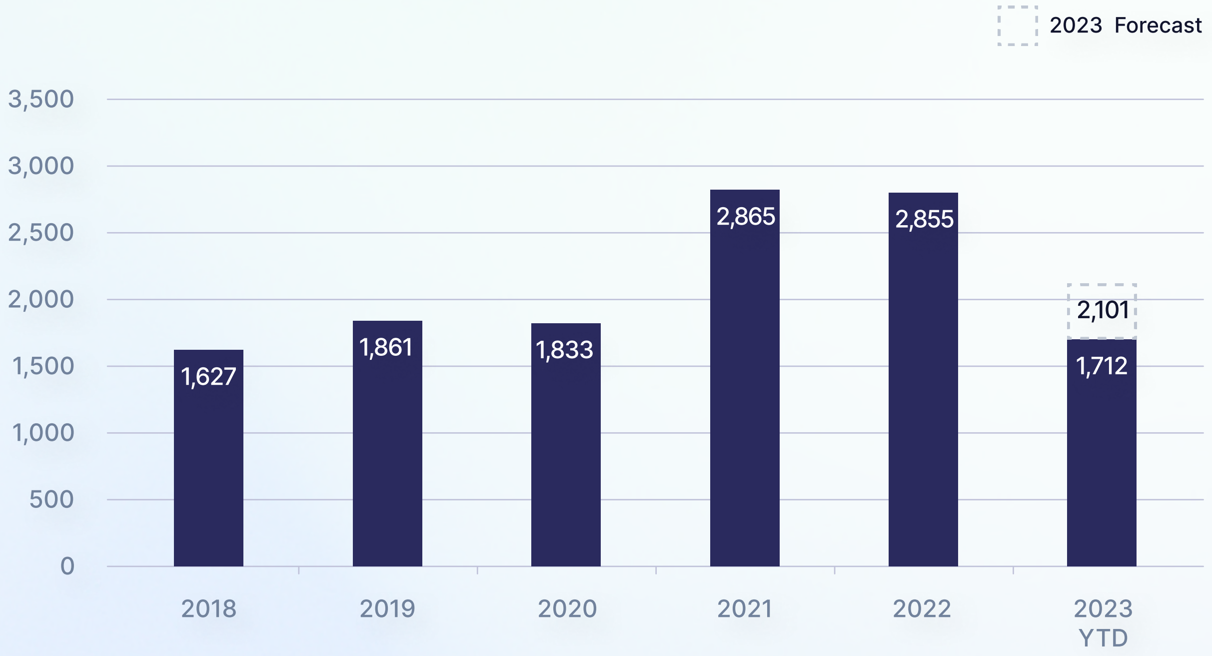
Although the median organic growth and EBITDA margin in Services is right in line with the overall market, there are still pockets of high growth opportunities within the sector. This is especially true as businesses become digitized. E-learning is a fast-growing industry within the education subsector, with a median growth rate exceeding 15%. Even industries such as TIC (testing, inspection and certification) have high-growth digital niches. Renewable energy services (e.g. Solar photovoltaic services) also offers stable growth given increased regulation and aggressive renewable energy targets in the EU with supportive regulatory frameworks.

The Services sector sees the largest number of deals of any sector (28% of all transactions in 2023). These businesses are resilient in nature and/or have recovered quickly in the aftermath of COVID-19 disruptions, with 2021/22 seeing record number of deals. Unlike Manufacturing businesses which often rely on complex global supply chains, Service businesses are mostly asset-light and leverage their skilled human workforce. This means that they were able to (at least partly) continue their operations during the pandemic. When not, they were at least able to recover quickly. Moreover, critical processes such as fire safety checks continued to be carried out even during the pandemic, underscoring the often essential nature of these businesses.

Year-to-date (YTD) in 2023, we have tracked 1,712 deals across the Service sector. Overall deal volume has been soft and is down 26% from the highs of 2021/22.

# of deals in Services sector are down 26% from the highs of 2022

# of Services deals by year including platform, IPO, divestitures, strategic-exit, public-to-private, VC and add-ons



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There have been some large deals in 2023. It is worth highlighting Luxembourg-based CX specialists, Majorel, being acquired by a BPO multinational, Teleperformance, for ~€3bn. Majority investor, Saham, is selling the business for 8x EBITDA. In the logistics subsector, CVC has acquired Danish end-to-end freight forwarder, Scan Global Logistics, for a rumoured ~$1.5bn. Here, CVC is betting on the market tailwinds including increasing supply chain complexity, which has the potential to boost the target's revenues from ~$3.5bn (2023) to >$5bn in the next few years.

As for notable live transactions in the sector, PAI Partners is exploring a sale of German facility manager, Apleona Group, that could value the business at ~€4bn (vs. ~€1.6bn PAI paid in 2020).

Overall, the current market sentiment has weighed on deal multiples this year. They are the lowest they have been in 5 years. To give an example, Groupe Bruxelles Lambert bought Webhelp in 2019 at 12x EBITDA, but recently, US-based Concertix paid Groupe Bruxelles Lambert an estimated multiple of just 9x (~€4.5bn price tag) for the same asset. Furthermore, Ardian is considering selling French 3PL provider, Staci Group, for ~$1bn at ~12.5x EBITDA down from ~16x the investor paid in 2019, wherein the multiple decrease can be attributed to the lowered parcel volumes.

EBITDA multiples in 2023 are the lowest they have been in 5 years

Median deal multiples for Services sector

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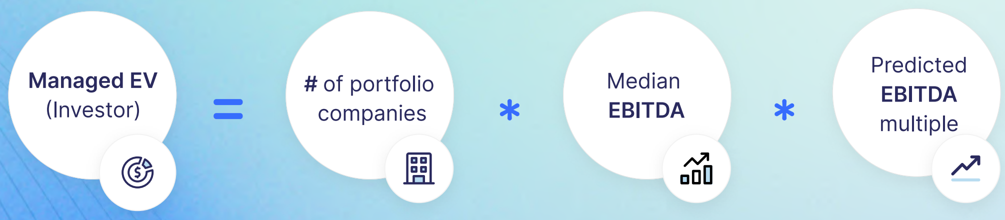
Methodology

We rank investors based on the total managed enterprise value (EV) in the European Services sector. We calculate the managed EV by multiplying the number of European Services portfolio companies by the median portfolio EBITDA and a predicted EBITDA multiple derived from a proprietary valuation algorithm developed by Gain.pro.

The median portfolio EBITDA calculation only includes companies with a positive EBITDA. While calculating managed EV, we also adjusted investor stakes for majority and minority investments.

We excluded investors who executed less than 3 investments in Europe between Jan ‘18 - Oct ‘23 or have less than 5 investments with positive EBITDA in their European portfolios. Given these filters, we believe that these rankings are focused more on traditional buyout investments vs. growth investments.

Fundraising data, investor entries and exits are from Jan ‘18 - Oct ‘23. Specifically, fundraising data includes investors’ global strategies and is not restricted to Europe only.



Gain.pro proprietary valuation algorithm (simplified)

The Europe 50: Services Edition

Rank	Investor	HQ	Portfolio Companies	Managed EV, €	Entries/Exits since '18	Median portfolio EBITDA , €	Funds raised since '18, €
1	**CVC**	GB	10	14.3bn	8/1	170.7m	69.3bn
2	**EQT**	SE	14	13.1bn	10/9	170.3m	112.5bn
3	**Triton**	GB	18	6.5bn	11/2	50.3m	8.4bn
4	**KKR**	US	9	5.8bn	7/3	90.6m	107.0bn
5	**Waterland**	NL	30	4.0bn	29/6	14.2m	6.5bn
6	**Permira**	GB	8	3.6bn	8/0	53.9m	33.1bn
7	**Bpifrance**	FR	98	3.5bn	92/19	13.1m	6.2bn
8	**Groupe HLD**	LU	7	3.4bn	5/0	60.0m	-
9	**Apax Partners**	GB	5	3.4bn	4/3	60.2m	13.1bn
10	**OMERS**	CA	8	3.4bn	4/2	77.2m	-
11	**Ardian**	FR	24	3.2bn	22/10	23.0m	34.8bn
12	**Montefiore Investment**	FR	9	2.7bn	6/1	40.0m	-
13	**PAI Partners**	FR	7	2.4bn	7/1	57.3m	8.7bn
14	**IK Partners**	GB	20	2.4bn	18/6	13.5m	4.9bn
15	**Inflexion**	GB	20	2.2bn	20/10	14.4m	6.0bn
16	**Equistone**	GB	12	1.9bn	12/5	22.5m	2.8bn
17	**TowerBrook**	US	9	1.9bn	7/2	52.6m	6.0bn
18	**Norvestor**	NO	13	1.6bn	9/2	13.2m	1.5bn
19	**H.I.G. Capital**	US	7	1.6bn	10/3	22.1m	16.6bn
20	**Oakley Capital**	GB	11	1.5bn	9/6	18.9m	4.8bn
21	**Bridgepoint**	GB	15	1.4bn	14/6	10.5m	9.4bn
22	**Exponent**	GB	6	1.3bn	5/0	33.0m	1.2bn
23	**Hg**	GB	5	1.2bn	4/4	39.2m	22.5bn
24	**Sun Capital Partners**	US	5	1.2bn	5/0	20.9m	3.5bn
25	**Stirling Square**	GB	6	1.1bn	4/2	22.7m	1.0bn

The Europe 50: Services Edition

Rank	Investor	HQ	Portfolio Companies	Managed EV, €	Entries/Exits since '18	Median portfolio EBITDA , €	Funds raised since '18, €
26	**Montagu**	GB	7	1.1bn	4/1	18.0m	3.3bn
27	**Vitruvian Partners**	GB	6	1.1bn	4/2	24.1m	4.0bn
28	**IDIA Capital Investissement**	FR	15	1.1bn	12/2	28.7m	-
29	**BNP Paribas Développement**	FR	42	1.1bn	34/10	10.0m	-
30	**Nordic Capital**	DK	7	1.0bn	5/2	21.3m	23.1bn
31	**ICG**	GB	11	1.0bn	8/3	14.7m	31.3bn
32	**Andera Partners**	FR	21	1.0bn	20/19	10.3m	2.7bn
33	**Altor**	SE	9	0.9bn	6/3	17.5m	2.5bn
34	**Charterhouse**	GB	7	0.9bn	7/1	16.0m	0.7bn
35	**Capza**	FR	15	0.9bn	18/9	15.1m	3.6bn
36	**Naxicap**	FR	15	0.9bn	8/11	10.7m	0.9bn
37	**Oaktree Capital Management**	US	7	0.8bn	4/3	28.3m	28.4bn
38	**RAISE**	FR	14	0.8bn	14/4	15.2m	0.3bn
39	**Axcel**	DK	8	0.8bn	10/3	14.4m	1.9bn
40	**Siparex**	FR	29	0.7bn	23/13	8.9m	2.0bn
41	**Deutsche Beteiligungs AG**	DE	6	0.7bn	7/1	13.9m	1.2bn
42	**Eurazeo**	FR	24	0.7bn	21/3	10.0m	11.6bn
43	**MML Capital Partners**	GB	14	0.7bn	12/5	10.1m	0.8bn
44	**Tikehau Capital**	FR	11	0.7bn	11/3	16.5m	8.4bn
45	**Horizon Capital**	GB	10	0.7bn	9/2	7.3m	0.2bn
46	**Endless**	GB	6	0.7bn	4/0	20.9m	0.6bn
47	**LDC**	GB	30	0.7bn	28/16	5.2m	-
48	**FSN Capital**	NO	8	0.6bn	7/2	10.7m	1.8bn
49	**Sovereign Capital Partners**	GB	10	0.6bn	9/5	6.6m	-
50	**Crédit Mutuel Equity**	FR	22	0.6bn	20/6	8.3m	-

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Unrivalled private market intelligence to **find, understand and track** the companies that matter to you

Why Gain.pro?

On a daily basis, investors, advisors and other business professionals experience a **lack of visibility and accurate information** when it comes to privately owned companies.

During our **own careers in Private Equity and M&A**, we had access to all tools and data providers out there but we needed deeper and higher quality insights. This resulted in tedious manual work to develop a view on potential opportunities.

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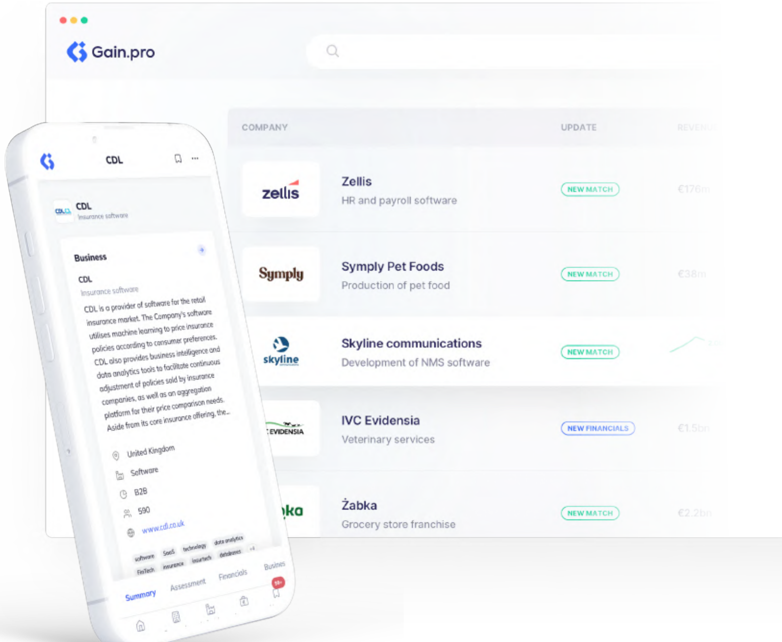
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COMPANY		UPDATE	REVENUE
zellis	Zellis HR and payroll software	NEW MATCH	€176m
Symply	Symply Pet Foods Production of pet food	NEW MATCH	€38m
skyline	Skyline communications Development of NMS software	NEW MATCH	
EVIDENSIA	IVC Evidensia Veterinary services	NEW FINANCIALS	€1.5bn
ka	Żabka Grocery store franchise	NEW MATCH	€2.2bn

CDL

CDL
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Business

CDL
Insurance software

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