



INVEST
EUROPE

40
YEARS

Building
better
businesses

RESEARCH

Private Equity at Work

Employment & job creation across Europe

April 2023

Contents

02 Overview

- 04 The facts
- 06 The impact
- 08 About this report

10 Employment & job creation

- 12 By type of private equity firm
- 16 By portfolio company stage
- 18 By portfolio company sector
- 22 By portfolio company geography
- 30 By portfolio company size
- 32 A focus on SMEs
- 40 Multi-year trend

46 Methodology

52 About us

- 54 About private equity
- 56 About Invest Europe
- 57 Acknowledgements

10.5 million

Employees worked in private equity backed European companies in 2021.

More than the populations of

 Sweden 10.4 million

 Portugal 10.3 million

Source: EDC / Eurostat

4.5%

of the 235 million people in Europe's workforce were employed by private equity backed European companies in 2021.

Source: EDC / Eurostat / UK ONS

Note

Private equity in this report encompasses: Buyout, Generalist, Growth, Mezzanine, and Venture Capital.

From the CEO



Eric de Montgolfier Chief Executive Officer

The positive impact of private equity and venture capital on employment and job creation is becoming clearer and more indisputable with each passing year.

Invest Europe's Private Equity at Work report, now in its fourth year, paints a compelling picture of the industry's record in supporting workers and companies that are at the heart of the communities, countries and continent they serve. Since we created our ground-breaking employment study, Europe has been through periods of economic growth, sharp contraction, and recovery – and through it all private equity has delivered consistent positive job creation.

Not only that, but it has consistently generated jobs far ahead of the levels achieved by the average European business. From multinationals backed by large buyout firms that are hiring more people as they open new markets and develop new products, to high-growth SMEs using venture and growth investment to develop technology and healthcare solutions that are changing lives, our know-how is the catalyst that takes businesses to a whole new level. And when that happens, people and the economy benefit.

In 2021, private equity and venture capital stepped up to the mark once again, creating 6.5% more jobs to help drive Europe's recovery from the effects of the COVID pandemic, more than five times the level of all European companies at 1.2%. This equates to 341,910 net new jobs across the continent – roughly the population of Bilbao, Spain – while the number of people employed by private equity and venture capital-backed companies reached 10.5 million, or 4.5% of Europe's total workforce.

Our research illustrates how European private equity and venture capital is a driving force behind European innovation, competitiveness, and growth. The large ICT and Biotech & Healthcare sectors, both of which employ well over 1 million people, hired 13.6% and 7.2% more workers respectively in 2021, well above the European average. Many are high-value jobs that showcase the talent and skills being found and nurtured in Europe.

That dynamism in sectors and segments that can lead to a brighter and better future for Europe is equally clear when looking at job creation by investment stage – companies with venture capital investment increased employment by a staggering 25%, while those backed by growth funds employed 14% more people. Buyout-stage companies showed both scale and job creation powers, employing around 6.5 million people, and adding 5% more jobs in 2021.

We have long argued that private equity and venture capital support leads to investment that drives job creation. Invest Europe's research helps connect those dots. Funds invested €490 billion in companies between 2017 and 2021, and in turn companies benefiting from industry backing created 431,156 more jobs and saw an average yearly job creation of 4.4% during this same period. The industry continued to create jobs in the midst of the pandemic and, in just one year, the level of job creation returned to pre-pandemic levels in 2020–2021 at 5% or +135,220. Employment is not only flowing into cities like Berlin, Paris and Stockholm, but also regions including Groningen, Connacht and Östergötland.

As we progress through 2023, the threat of market turmoil and economic downturn is never far away. European private equity and venture capital are not immune, but there is certainty and transparency that our industry is supporting employment and driving job creation when and where companies and communities need them most.

Eric de Montgolfier
Chief Executive Officer

Overview

Private equity is present in every region and major business sector across Europe. This is an industry that is woven into the economic and social fabric of Europe, producing the goods and services that people demand – and driving the creation of high-value jobs, prosperity and sustainable growth in the process.

In this section, you can read about the industry's real contribution to employment and job creation, and the far-reaching impact this has on the people, societies and economies of Europe.

In this section

- 04 The facts
- 06 The impact
- 08 About this report





The facts

Employment

Private equity is a cornerstone of the European economy present in every region and every major business sector across the continent.

From technology and life sciences start-ups to manufacturing small and medium-sized enterprises (SMEs) and large consumer-focused multinationals, private equity backed companies create and support millions of high-value jobs driving prosperity and growth in the process.

Private equity supports 10.5 million jobs in European companies, making it a major employer in most industry sectors.

26,157

companies in Europe backed by private equity in 2021 across all industry sectors and all regions

18,851

of which were **SMEs employing 874,785 people**

Note
Employment data is based on an extrapolation of a sample of 14,641 portfolio companies

Employment 2021

10.5 million

Employees worked in private equity backed European companies

4.5%

of Europe's total 235 million workforce

Source: EDC / Eurostat / UK ONS

Employment by portfolio company stage



Jobs in Buyout stage companies

6,519,716

Jobs in Growth stage companies

3,044,947

Jobs in Venture stage companies

581,720

Other*

335,847

+ See page 16 for full analysis

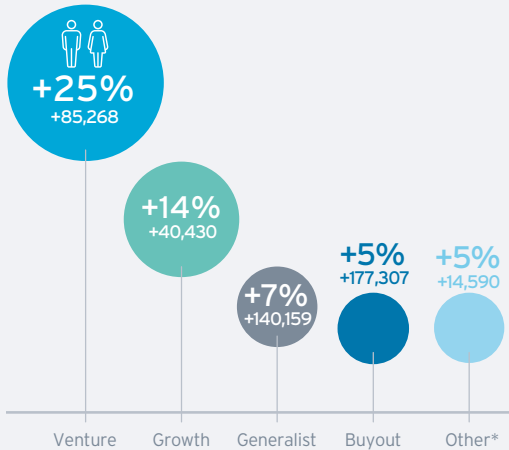
* Other includes Turnaround/Rescue and Replacement capital

Job creation

Private equity builds successful businesses. Successful businesses invest more in growth. And growth leads to job creation.

Job creation by type of private equity firm

All stages of private equity are contributing to job creation. During what was a rather uncertain period, Venture firms particularly managed to grow significantly the workforces in their portfolio companies: +85,268 (+25%). Typically backing larger companies, Buyout firms increased employment in theirs by +177,307 (+5%).



* Other includes Mezzanine & Turnaround/Rescue

[+ See page 14 for full analysis](#)

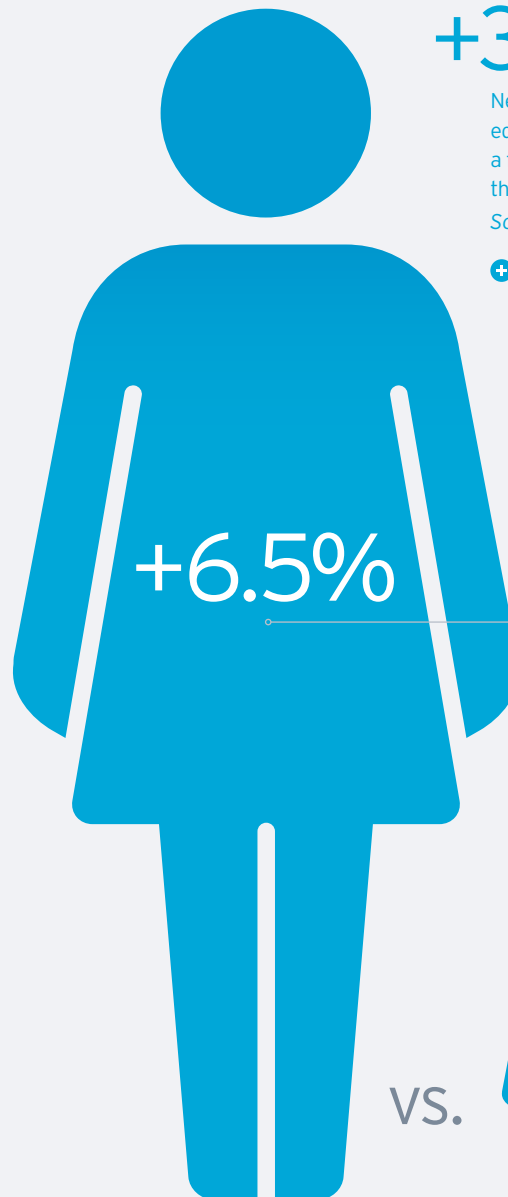
+12%

more new jobs created by SMEs in 2021

[+ See page 31 for full analysis](#)

Note

Job creation data is based on portfolio companies in Europe active and backed by private equity as of end of 2021

Job creation 2020-21

+341,910

Net jobs were created by private equity backed companies in 2021, a figure roughly comparable to the population of Bilbao, Spain
Source: EDC / Eurostat

[+ See page 14 for full analysis](#)

Job creation of **+6.5%** in private equity backed companies in 2021

+1.2%

This compares to the +1.2% seen in European companies overall

VS.



The impact

Private equity isn't niche, it is a cornerstone of the European economy and an integral part of its society.

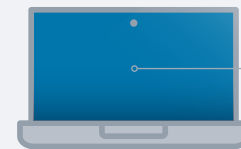
It touches and supports the daily lives of workers, consumers and savers. It reflects the way we all live, work and prepare for the future.

Successful businesses create new jobs. In doing so, they put money in employees' pockets. Those employees spend their money on goods and services, fuelling more business growth. Those businesses become more successful, creating even greater numbers of new jobs.

Job creation also leads to more savings. New employees entrust money for their future to pension funds and insurers. Those pension funds and insurers commit a portion of that money to private equity. And private equity ensures that money grows by investing it to building successful businesses.

Employment is the glue that holds economies together. And private equity has an essential role – and a keen interest – in ensuring that it sticks.

Sector highlights

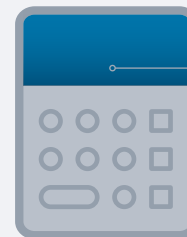


Information Communications Technology (ICT)

1,436,143 employees

+87,708
new jobs

+13.6%



Financial & Insurance Activities

325,559 employees

+13,131
new jobs

+8.3%



Biotech & Healthcare

1,229,342 employees

+46,785
new jobs

+7.2%



This is Invest Europe's fourth yearly report providing detailed evidence and analysis of private equity's positive contribution to employment and job creation in European companies.

Fuelling innovation

Private equity invests in innovation and innovation drives the creation of new jobs. Start-ups and SMEs of today will become the international success stories of tomorrow, employing thousands of workers across Europe and beyond.

Building successful businesses

Private equity creates successful companies by delivering the goods and services that consumers and other businesses want. The money customers spend supports future investment in growth and employment.

Supporting savers

Private equity invests money on behalf of pension funds and insurers. The profits the industry makes from growing businesses is shared with pensioners and savers, providing them with the means to support themselves in old age.

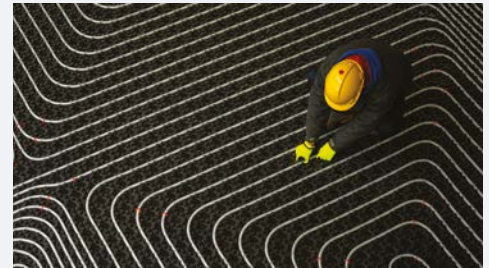
Contributing to society

Private equity backs businesses in cities, towns and regions across Europe. When turned into success stories, those companies sustain employment directly and indirectly in local communities.

Elevating sustainability standards

Private equity focuses on sustainability to make companies more valuable over the long term.

See our exclusive [Climate Change Guide](#) on our website >



€490 billion

invested by private equity in companies
located in Europe from 2017 to 2021

€172 billion

committed directly by pension funds and
insurance companies to European private equity
from 2017 to 2021

About this report

This fourth edition of our Private Equity at Work report continues to improve data coverage on employment in European portfolio companies backed by private equity firms. The report draws data from all European portfolio companies backed by any private equity firm. Information was either collected directly from GPs through the European Data Cooperative, or via trusted third-party sources.

The result is a job creation universe of 12,164 portfolio companies this year, as well as employment data drawing from a sample of 14,641 (allowing for extrapolation to a full universe of 26,157 companies).

As Invest Europe continues to collect data on a yearly basis, the longitudinal aspects of the work begin to bear more fruit. For this reason, in the final section the team splits out the study of job creation in European portfolio companies from the end of 2017 to the end of 2021. This section provides more context to the shorter timeframe job creation study found in the main body of the report, and allows for a more nuanced view of the effect of private equity ownership over time.

As we continue – year-on-year – to improve data coverage, we advise readers not to compare data points in this report with previous reports. Additionally, we always encourage use of data points found in the latest available version of the report in this series.

The team at Invest Europe prides itself on being transparent about how it reaches its conclusions. We invite all readers to consult our methodology at the end of this report and encourage further queries or feedback on our work to the Research team.

Sample, universe & methodology

Private Equity at Work aims to replace anecdote and rumour with verified facts and data. And broaden isolated examples of employment activity at companies into an industry and Europe-wide story.

This report is based on data collected via the European Data Cooperative directly from 284 GP data contributors based in 27 European countries and active across the continent. Our researchers supplemented those figures with information from annual reports, Bureau van Dijk and a variety of other sources, including websites and press releases. The data was collected and reviewed by Invest Europe and PEREP Analytics.

The research focuses on the number of people employed by private equity backed companies in Europe and how many jobs these companies have created in 2021. The goal is to create as accurate a picture as possible of private equity's role as an employer and job creator across Europe.

Employment sample size

14,641

portfolio companies studied
of which

11,987

SMEs

34%

of data came from third parties (annual reports, Bureau van Dijk, other public sources)

➤ See [page 46](#) for full methodology



Notes

- 1 Through segregation of the known sample into 624 categories based on location of portfolio company, sector, and latest stage of investment. See full methodology for details.
- 2 Involving application of corrected average (excluding maximum employment value in a category from calculated average if value represents more than 60% of the corresponding category total) of known sample (once segregated into 624 categories) to unknown European universe portfolio companies. See full methodology for explanation of all scenarios.
- 3 See full methodology for explanation of all scenarios.
- 4 As a result an increase of 179,822 jobs from 2020-2021 was excluded from the analysis.

Employment

Employment figures refer to the number of employees at private equity backed companies at the end of 2021. It comprises full-time equivalents, including only those working full or part-time and who have an employment status with the company.

The employment data is drawn from a sample of 14,641 portfolio companies headquartered within Europe (11,987 of which are SMEs). To estimate employment at the European level for this report, we extrapolated¹ the sample to cover the 26,157 private equity backed portfolio companies considered active in 2021 in Europe. Three extrapolation scenarios were produced. We selected scenario two² as being a conservative enough, sensible and reasonable approach to fairly estimate employment figures at a European level. Figures based on that second scenario are the ones shown throughout this report.

Job creation

Job creation figures³ were produced using a sample including only those portfolio companies headquartered in Europe active and backed by GPs as of the end of 2021. This sample includes 12,164 portfolio companies (9,782 of which were categorised as SMEs in 2021) backed by 2,003 firms.

No extrapolation was performed to the European universe level for the job creation figures.

The data is presented in 'net' form, including both job losses and job creation.

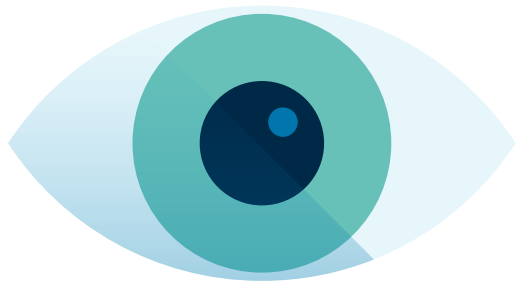
To most accurately represent job creation in 2021, inorganic growth – employment increases coming from add-on transactions, or decreases coming from carve-out transactions – was disregarded⁴. Further, we conducted extensive auditing which resulted in the addition of 604,087 employees but also removed 297,083 employees from the data. As with employment figures, data was reported at year end. The data includes only those who work full or part-time and have an employment status with the company, and excludes jobs as couriers or contractors.

Job creation sample size

12,164
portfolio companies studied
of which
9,782
were SMEs
(2021 categorisation)

38%
of data came from third parties (annual reports, Bureau van Dijk, other public sources)

+ See [page 46](#) for full methodology



284

submissions from GP data contributors

Based in

27

European countries

Members active between

2020-2021

Employment & job creation

Most people come into contact with a product or service from a company backed by private equity every single day. From food and clothing to apps and computer software, private equity is more ingrained in the European economy than people tend to realise.

All those goods and services are the direct result of investment by private equity in companies, and hard work by people employed by those companies. Private equity's contribution to the European economy and society is a story of supporting innovation, growth and job creation.

In this section, you can read about private equity's role in employment around Europe, its performance across different business sectors and stages of company development.

In this section

- 12 By type of private equity firm
- 16 By portfolio company stage
- 18 By portfolio company sector
- 22 By portfolio company geography
- 30 By portfolio company size
- 32 A focus on SMEs
- 40 Multi-year trend



Employment & job creation

By type of private equity firm

How many people do private equity backed businesses employ?

Private equity firms investing in companies around Europe employed **10.5 million people in 2021**. That's 4.5% of the continent's entire active workforce*, or to look at it another way, **more than the entire population of Sweden**.

Our study found that over 26,157 companies across Europe are backed or owned by private equity, and that **employment in the studied companies for job creation increased by 6.5%** in 2021 – outperforming the wider market's growth of +1.2%. This highlights the ability of private equity firms to grow businesses even under difficult market conditions.

Private equity backed businesses span all sectors, from agriculture and biotech to communications, technology and transportation. Private equity is deeply rooted in every region and every industry in Europe. It is a cornerstone of the European economy.

10.5 million

Employees worked in private equity backed European companies in 2021

4.5%

of Europe's total 235 million workforce work in private equity backed European companies
Source: EDC / Eurostat / UK ONS

* EDC / Eurostat / UK ONS

Employment

In 2021 private equity firms employed 10.5 million staff. This is more than 1.6 times the total number of people working in the entire "Food and beverage service activities" industry in the EU (6.4 million).

Buyout

Buyout firms supported **5.5 million jobs** at 4,242 companies in Europe. In other words, **almost half of all jobs** supported by the private equity industry and about three times the working population of Berlin.

Generalist

Generalist firms backed 11,100 active portfolio companies, more than twice as many as buyout firms, and supported **4.5 million jobs**.

Venture capital

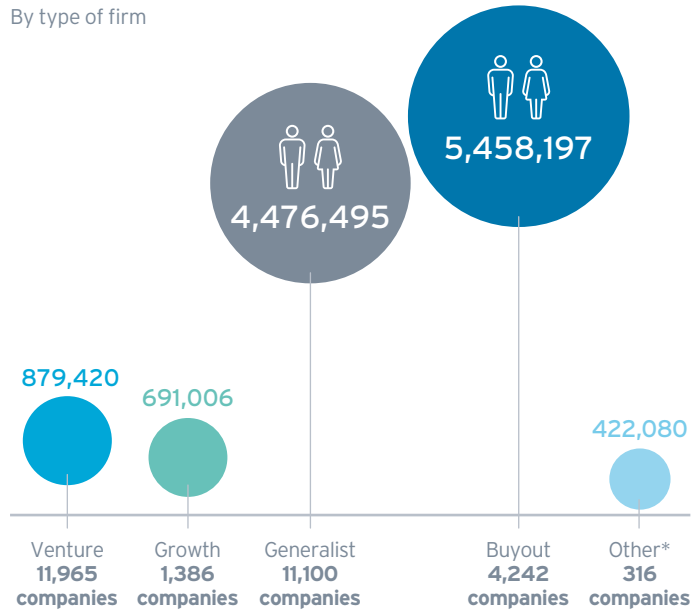
Venture capital firms supported **879,420 jobs** at more than 11,965 mainly SMEs in Europe. This is around 8% of private equity employment, but **venture capital supports around 46% (11,965) of the total number of companies backed by the industry**.

26,157

Companies in Europe backed by private equity in 2021, across all industry sectors, and all regions.

Total employees working in private equity backed European companies 2021

By type of firm

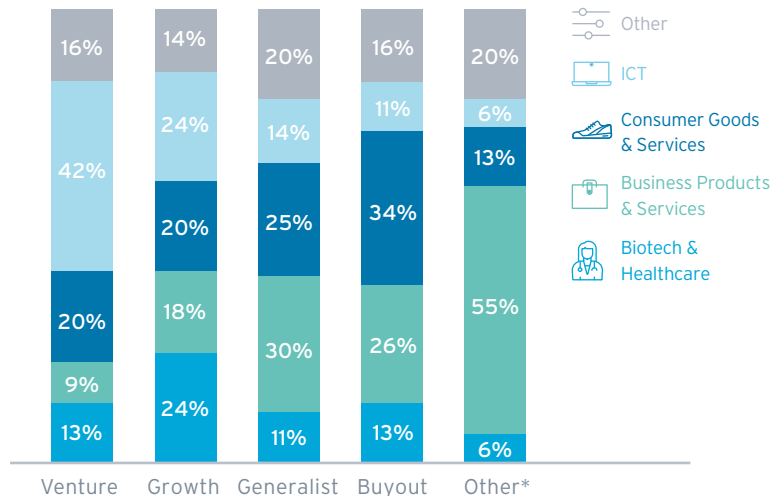


* Other includes Mezzanine & Turnaround/Rescue

Total sums to more than 10.5 million jobs since a company can be backed by multiple firms with different investment strategies.

Sector split, total employees working in private equity backed European companies 2021

By type of firm



* Other includes Mezzanine & Turnaround/Rescue

Note

In this analysis, the Venture, Growth, Generalist and Buyout categories refer to the type of private equity firm. In the next analysis, the categories Venture, Growth and Buyout refer to the portfolio company stage. Although the category names are the same, the underlying data points are not comparable.

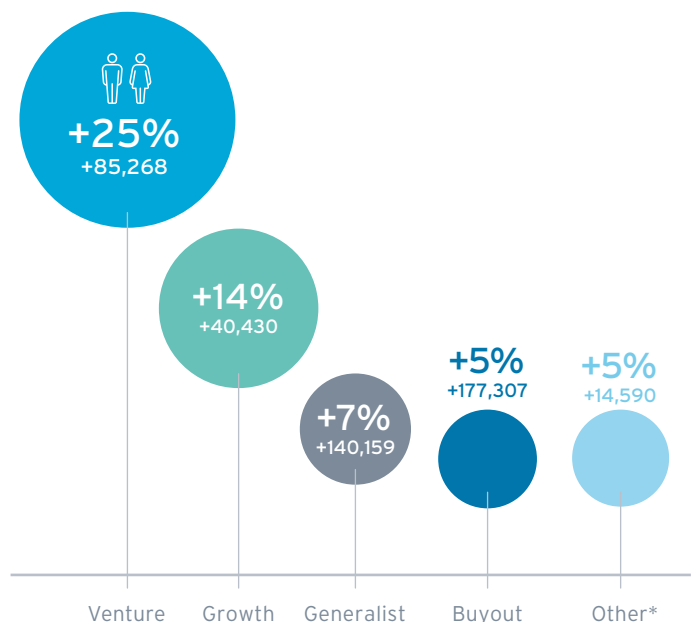
When split by sector of employment, it can be seen that ICT is by far the most important sector for Venture firms (42% of total), whereas for Buyout firms there is increased importance of companies in the Consumer goods and services sector (34%).

Employment & job creation

By type of private equity firm continued

Job creation 2020-21

By type of firm



* Other includes Mezzanine & Turnaround/Rescue

+6.5% vs. **+1.2%**

Net job creation in private equity backed companies in 2021

Overall European market's growth in 2021
Source: Eurostat / UK ONS

Note

In this analysis, the Venture, Growth, Generalist and Buyout categories refer to the type of private equity firm. In the next analysis, the categories Venture, Growth and Buyout refer to the portfolio company stage. Although the category names are the same, the underlying data points are not comparable.

Job creation

Private equity backed companies increased employment by 6.5% in 2021. That is impressive considering uncertainty during the year, and compares well to the +1.2% job growth seen in businesses overall across Europe.

Venture

Out of the 12,164 portfolio companies of our study, 5,624 were backed by Venture Capital firms and they experienced the highest overall growth rate: a **25% increase** in employment between 2020 and 2021, representing a net creation of **85,268 jobs**. Companies in the consumer goods and services sector backed by Venture Capital experienced the highest total growth rate (37%).

Growth

With a relatively small sample of 646 portfolio companies, Growth firms backed the creation of **40,430 jobs**, representing a **14% growth rate**. For Growth backed companies, those in the energy & environment sector experienced the highest growth rate (33%).

Buyout & Generalist

Typically backing larger companies, Buyout and Generalist firms both saw **job growth rates of +5% and +7% respectively**. From 2020-2021 these two backers saw net increases in employment of **+177,307 and +140,159** respectively. Those companies in the ICT sector backed by Buyout and Generalist firms experienced the highest growth rates (**11% and 14%** respectively).

+341,910

Jobs created by private equity and venture capital backed companies in 2021

A figure roughly comparable to the working population of Bilbao, Spain
Source: EDC / Eurostat



Employment & job creation

By portfolio company stage⁵

Note

In this analysis, the Venture, Growth and Buyout categories refer to the portfolio company stage. In the previous analysis, the categories Venture, Growth, Generalist and Buyout refer to the type of private equity firm. Although the category names are the same, the underlying data points are not comparable.



6.5 million

People employed by private equity backed companies that are at a **Buyout** investment stage

3 million

People employed by private equity backed companies that are at a **Growth** investment stage

Note

⁵ According to the latest investment stage into the portfolio company

How does private equity support jobs at different stages of a portfolio company's growth?

Private equity invests in businesses of all different shapes and sizes, from the smallest seeds of an idea to the largest multinational corporations.

Employment

Private equity not only selects the companies most likely to grow and succeed, but also gives them the investment, support, business contacts and tools they need to achieve their full potential at all stages. This active investment management by private equity firms supercharges job creation as the portfolio company grows.

Venture stage portfolio companies

There were 14,082 venture capital backed portfolio companies in Europe in 2021, employing roughly 582,000 staff. That's 54% of all companies backed by private equity, and about 6% of the private equity backed workforce in European companies.

Growth stage portfolio companies

There were 6,422 portfolio companies in a Growth stage backed by private equity, with a total of 3 million employees. That's 25% of all companies backed by private equity in Europe and 29% of the overall private equity backed workforce.

Buyout stage portfolio companies

We studied employment at 5,166 portfolio companies at the Buyout stage of investment, which is 20% of the total number of European companies backed by private equity. These businesses employed 6.5 million staff, which is 62% of all jobs supported by private equity in Europe.

Job creation

The overall **job creation trend by portfolio company stage broadly follows the same pattern seen in the previous analysis by type of private equity firm** – companies at the Venture stage experienced a higher employment growth rate than the later stage companies in the sample.

Venture stage portfolio companies

Seed, start-ups and later stage venture companies (almost exclusively SMEs by size), experienced the highest level of growth. During 2021, these **6,021 venture stage portfolio companies created 46,977 jobs**, accounting for a 21.5% job creation rate.

Growth stage portfolio companies

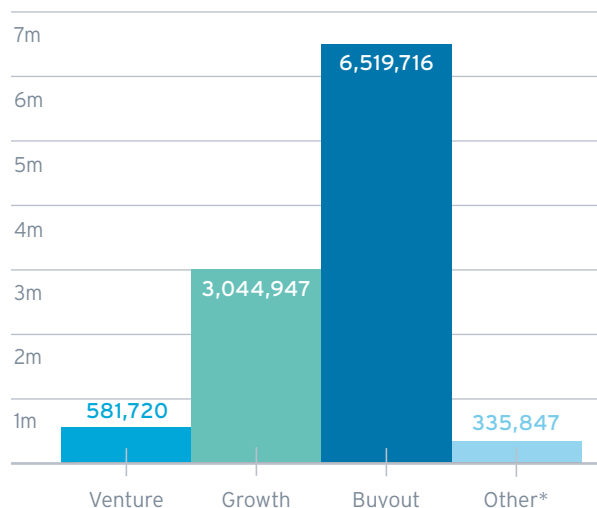
Growth companies experienced a 9% job creation rate, adding **120,879 new jobs**, 35% of the total jobs created by private equity.

Buyout stage portfolio companies

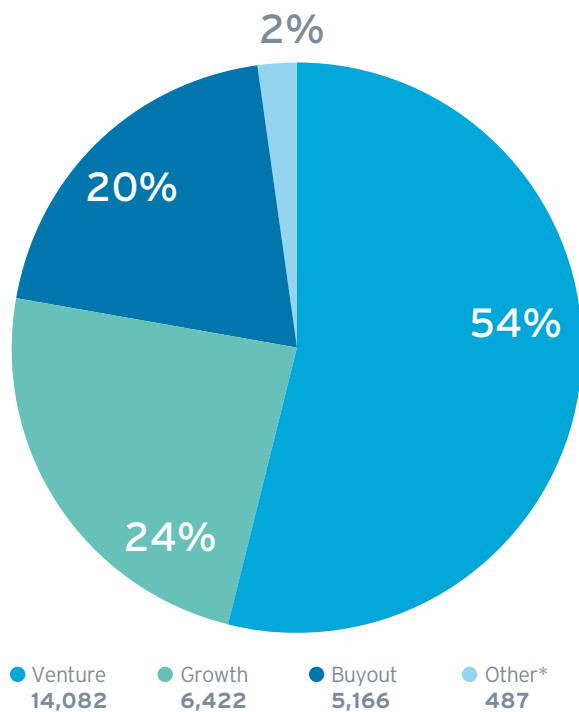
Portfolio companies in a Buyout investment stage created a total of **160,925 new jobs**, a 5% job creation rate, and representing **47% of the total** new jobs created by private equity across European companies.

Employment 2021

By portfolio company stage



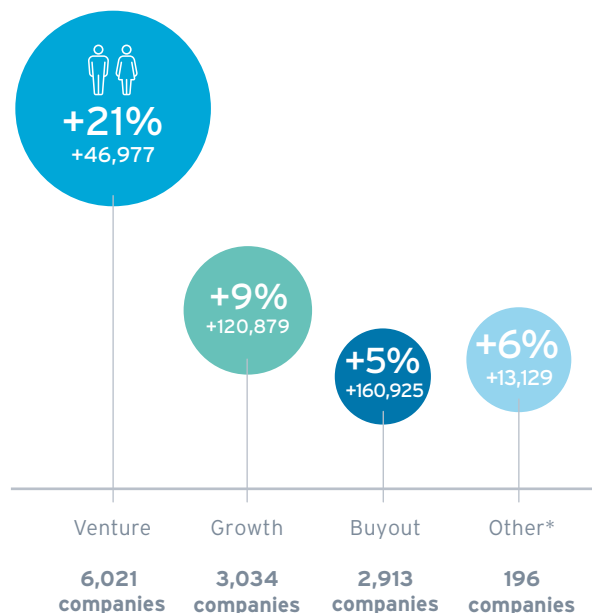
Number of portfolio companies in sample



Job creation 2020-21

By latest investment stage

Companies backed by private equity as of end of 2021



Venture

+21%

+46,977 new jobs

Note

* Other includes Turnaround/Rescue and Replacement capital

Employment & job creation

By portfolio company sector

How does private equity support jobs across industry sectors?

When companies with growth potential need investment and expertise to enable them to expand or develop, private equity is almost always on hand. That’s why private equity is found investing in every major industry and business sector across Europe.

In addition to financial backing, private equity helps its portfolio companies to improve operations, upgrade their offer, boost sales and drive profits – all of which fuel company growth and job creation.

Our study shows that four industry sectors represent more than 80% of all private equity backed employment in European companies.

Employment

Private equity backed companies in the **Consumer Goods & Services** sector employ about 3.07 million people, which is 29% of total private equity backed European company employment.

This is closely followed by private equity backed **Business Products & Services** companies, employing 2.98 million people (28%).

Following that are **Information Communications Technology (ICT)** which employs 1.43 million people or 13%, and **Biotech & Healthcare** which employs 1.23 million people or 11.7%.

Our research shows that companies backed by private equity in these four sectors employed almost 8.7 million people in 2021, across more than 21,700 companies in Europe.



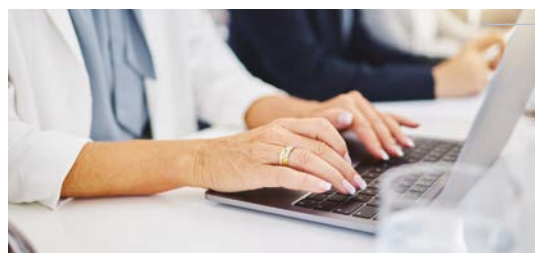
Top 4 sectors for European private equity backed employment



Consumer Goods & Services

29%

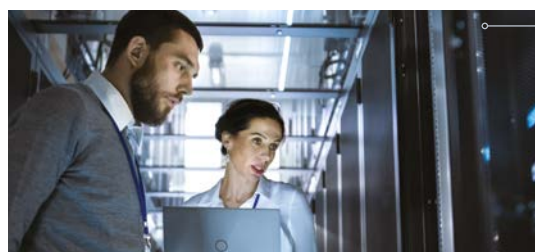
3,066,645 employees
4,947 companies



Business Products & Services

28%

2,979,536 employees
4,289 companies



Information Communications Technology (ICT)

13%

1,436,143 employees
9,174 companies



Biotech & Healthcare

12%

1,229,342 employees
3,369 companies

Private equity backed company employment 2021

By sector

	Number of companies	Number of employees		Number of companies	Number of employees
Consumer Goods & Services	4,947	3,066,645	Financial & Insurance Activities	1,025	325,559
Business Products & Services	4,289	2,979,536	Construction	559	299,909
Information Communications Technology (ICT)	9,174	1,436,143	Agriculture	279	187,507
Biotech & Healthcare	3,369	1,229,342	Chemicals & Materials	424	150,764
Energy & Environment	1,128	343,194	Real Estate	274	100,769
Transportation	519	337,149	Other	170	25,713



Oxford Immunotec is a world-leading diagnostics company focused on providing single-visit blood tests for tuberculosis, one of the most common infectious diseases which kills over 1.5 million people a year in developed and emerging markets alike¹.

Quick and accurate testing is crucial to identifying the disease and allowing timely, life-saving treatment. However, many latent infections can go unnoticed and develop in tuberculosis at a later stage, causing complications particularly among the immuno-compromised.



500

employees in 2017
- up from just 1 at spin out

1. www.who.int/news-room/fact-sheets/detail/tuberculosis

Employment & job creation

By portfolio company sector continued

Note

In this analysis, we excluded sectors for which the number of portfolio companies was low (under 100 companies)

Job creation

This year saw positive job growth in all sectors, in a range of 3.2%–13.6%. This year companies in the ICT sector saw significant growth levels, 13.6%. The next closest sector to this were those in the Financial & Insurance Activities sector, which saw overall growth of 8.3%.

Whatever the economic backdrop and whatever the sector, private equity’s focus remains the same – making stronger, more profitable and more successful businesses.

And, as a result, those businesses invariably need more employees.

Across all sectors, private equity’s job creation rate of +6.5% stacks up very well against the +1.2% in the wider European market (Source: EDC / Eurostat / UK ONS).

Net job creation

Three sectors stand out as having been able to grow net jobs in their portfolio companies from 2020–2021 at relatively high rates and under difficult conditions. These are ICT, Financial & Insurance Activities, and Biotech & Healthcare, which saw growth rates of 13.6%, 8.3%, and 7.2% respectively. It can be noted that, across the board, growth rates were positive regardless of sector in 2021.



Top 3 sectors for European private equity backed job creation (in terms of growth rate)

Information
Communications
Technology (ICT)

+13.6%

+87,708 new jobs



Financial & Insurance
Activities

+8.3%

+13,131 new jobs



Biotech &
Healthcare

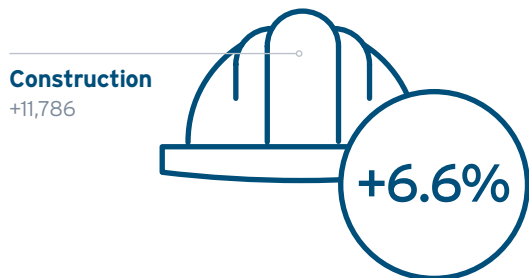
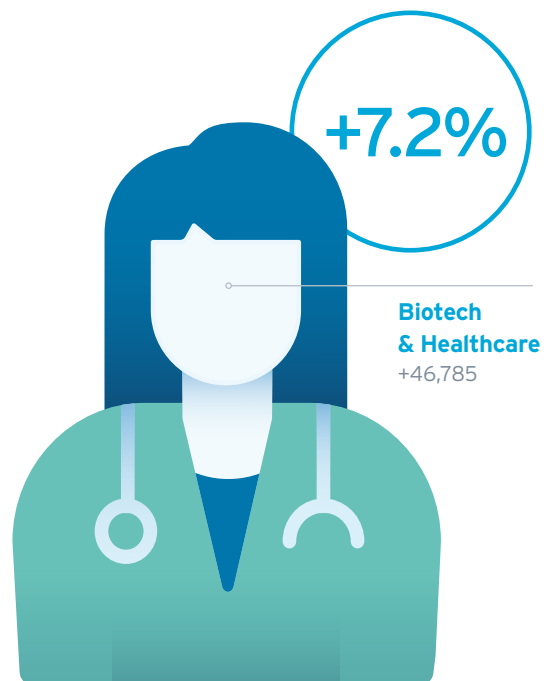
+7.2%

+46,785 new jobs

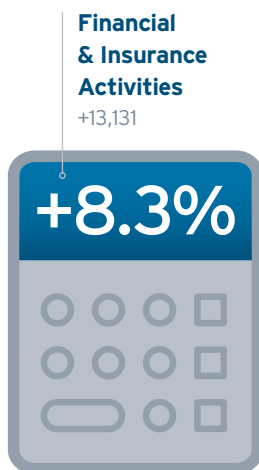
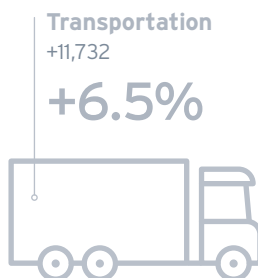


Private equity backed job creation 2020-21

New jobs by portfolio company sector



Information Communications Technology (ICT)
+87,708



Consumer Goods & Services
+72,230

+5.1%

Chemicals & Materials
+2,605

+3.2%

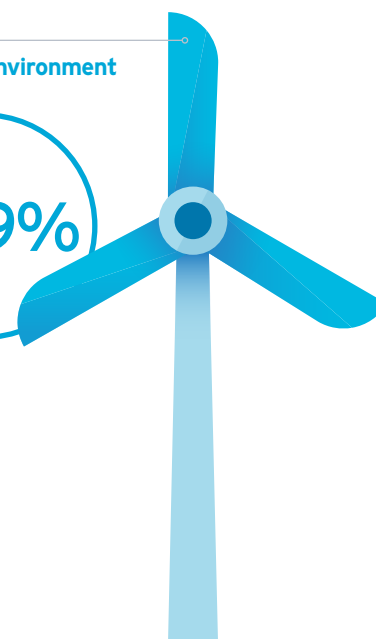


Agriculture
+7,448

+6.0%

Energy & Environment
+5,936

+3.9%



Employment & job creation

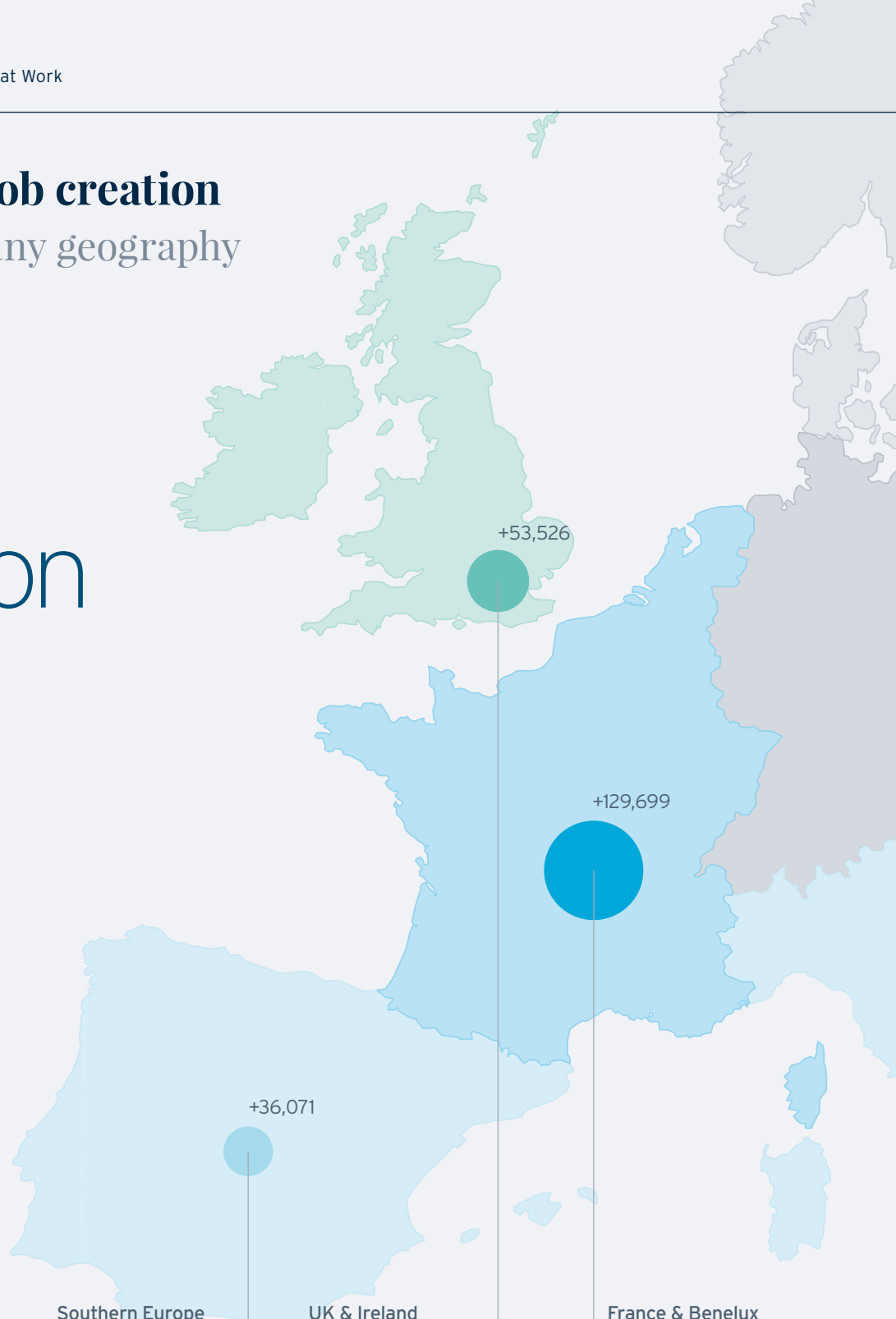
By portfolio company geography

10.5 million

Employees working in private equity backed European companies in 2021

+341,910

new jobs created in private equity backed European companies in 2021



Region

Private equity job growth

341,910 total new private equity backed jobs

Average market job growth (Source: Eurostat / UK ONS)

Private equity employment 2021

Total employment (Source: Eurostat / UK ONS)

Southern Europe

+6.1%

36,071 new private equity backed jobs

+2.0%

Average market growth

1,378,588

Private equity employment

49,788,000

Total employment

UK & Ireland

+4.9%

53,526 new private equity backed jobs

+0.1%

Average market growth

2,507,659

Private equity employment

34,696,000

Total employment

France & Benelux

+6.2%

129,699 new private equity backed jobs

+1.6%

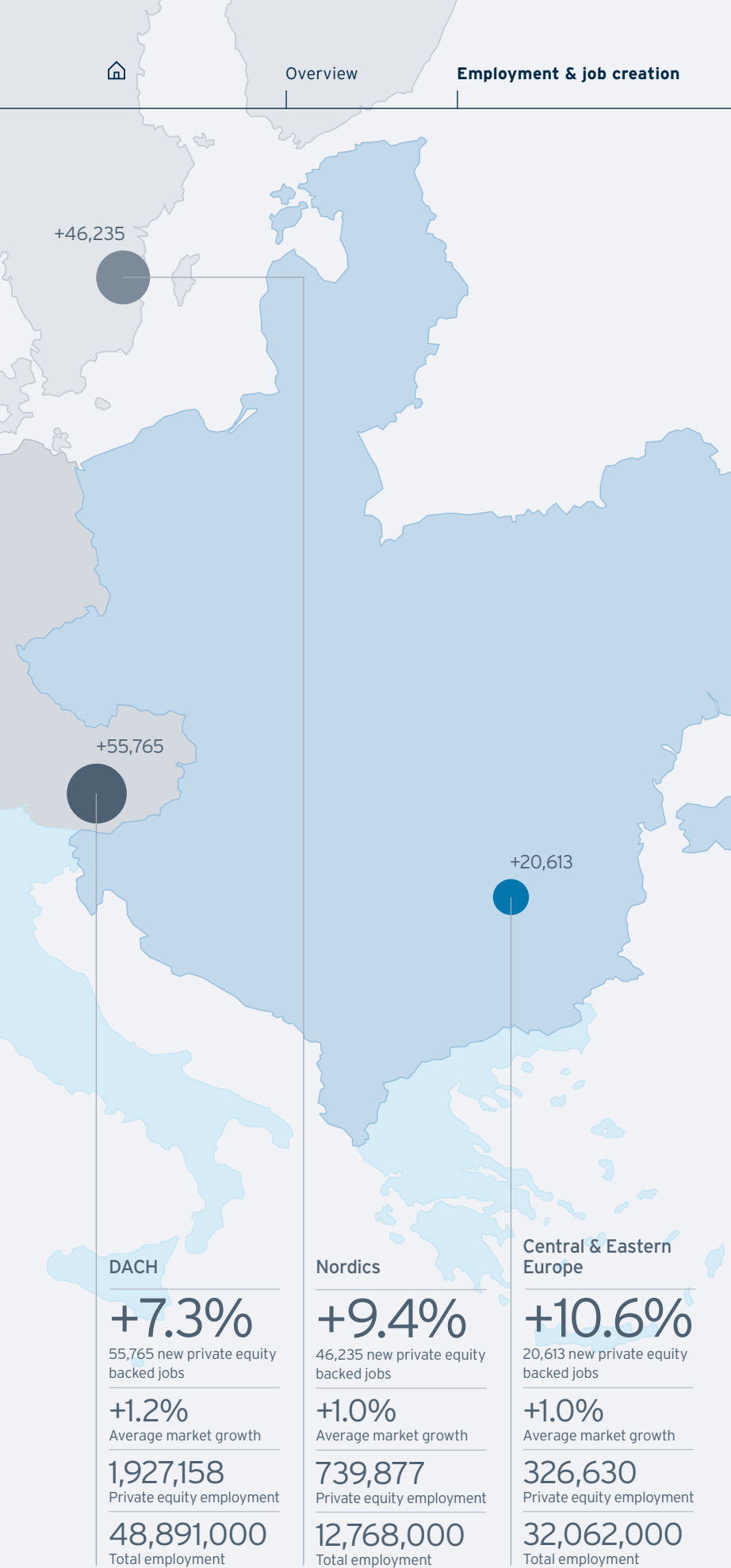
Average market growth

3,602,318

Private equity employment

41,347,000

Total employment



European job creation 2020-21

Central & Eastern Europe		●
	Baltics	+17.7%
	Bulgaria	+13.9%
	Czech Republic	+7.5%
	Hungary	+12.2%
	Poland	+12.0%
	Romania	-5.6%
	Ukraine	+31.5%
	Other CEE*	+6.1%
DACH		●
	Austria	+17.5%
	Germany	+7.6%
	Switzerland	+4.9%
France & Benelux		●
	Belgium	+6.1%
	France	+5.6%
	Luxembourg	+6.1%
	Netherlands	+8.8%
Nordics		●
	Denmark	+8.9%
	Finland	+7.0%
	Norway	+4.4%
	Sweden	+15.0%
Southern Europe		●
	Greece	+4.5%
	Italy	+5.4%
	Portugal	+4.8%
	Spain	+7.1%
UK & Ireland		●
	Ireland	+8.4%
	United Kingdom	+4.6%
	Other Europe**	+43.3%

* Bosnia - Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia, Slovakia, Slovenia

** Cyprus, Iceland, Liechtenstein, Malta, San Marino, Vatican City

Employment & job creation

By portfolio company geography continued

How does private equity support jobs across regional areas?

Wherever companies have potential, private equity can help supercharge their growth. As our research shows, private equity fuels expansion and employment in large, developed metropolitan areas, and in emerging cities and regions alike.

Employment

France & Benelux was the largest region for private equity backed jobs. With 3.6 million people employed, the region accounts for about 34% of all private equity backed jobs in European companies.

The Île-de-France region accounts for just over 1.2 million private equity backed jobs, making it the largest region in terms of private equity backed company employment.

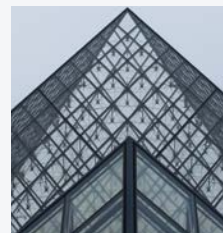
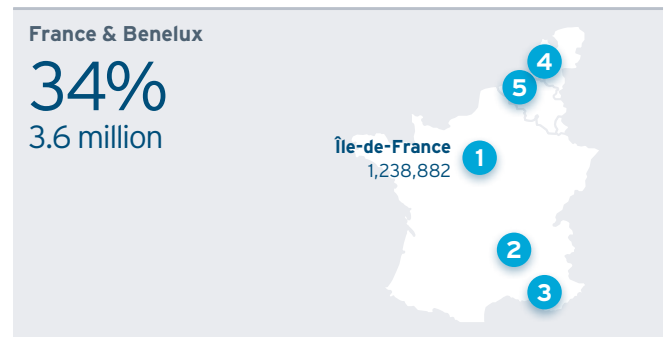
With 2.5 million people employed by private equity backed companies, **the UK & Ireland was the second most important region.**

The region accounts for 24% of private equity backed European company jobs.

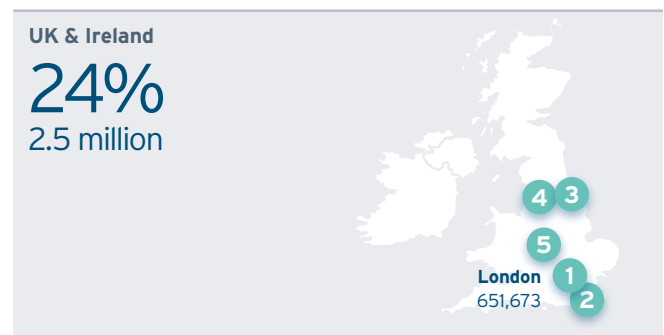
The DACH region follows with 1.9 million jobs, representing 18% of the total.

Top regional employment 2021

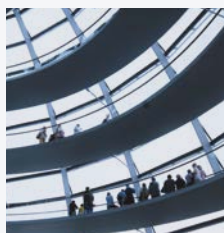
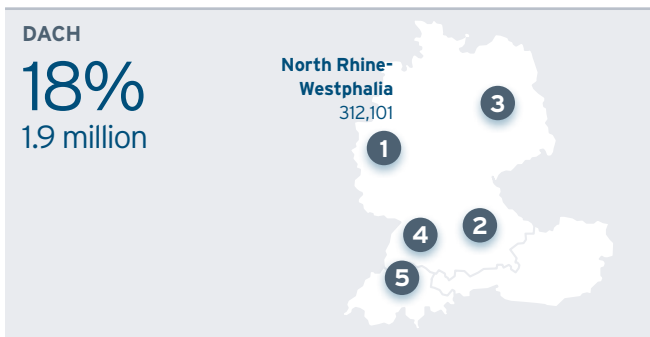
By region and sub-region



1. Île-de-France	1,238,882
2. Rhône-Alpes	270,711
3. Provence-Alpes-Côte d'Azur	253,557
4. North Holland	237,174
5. Flemish Region	161,372



1. London	651,673
2. South East	343,891
3. Yorkshire and The Humber	300,786
4. North West	265,550
5. West Midlands	169,586



1. North Rhine-Westphalia	312,101
2. Bavaria	281,699
3. Berlin	262,971
4. Baden-Württemberg	210,896
5. Zurich	132,809



1. Community of Madrid	224,980
2. Lombardy	191,016
3. Catalonia	129,217
4. Piedmont	103,215
5. Porto and North	87,452



1. Stockholm	166,762
2. Oslo	105,893
3. Uusimaa	93,948
4. Capital Region of Denmark	72,316
5. Rogaland	30,228



1. Mazowieckie	40,076
2. Central Hungary	26,529
3. Kiev Region	20,683
4. Transylvania	18,720
5. Prague	17,016

Employment & job creation

By portfolio company geography continued

Job creation

Private equity supports job creation in all areas of Europe. This analysis identifies Europe's job creation hotspots, where private equity backed companies achieved the most growth.

By location of portfolio companies, CEE was the top region with a growth rate of 10.6% in 2021. This was followed by the Nordics with 9.4%.

France & Benelux saw the highest net job creation in terms of totals. This analysis reveals that private equity support is continuing to drive job creation growth at businesses across Europe, with some regions seeing significant levels of employment increases during the year.

➤ See page 40 for our new multi-year trend section for more context on job growth over longer periods of time per region.

+6.5% vs. **+1.2%**

Private equity job creation for all regions in 2021

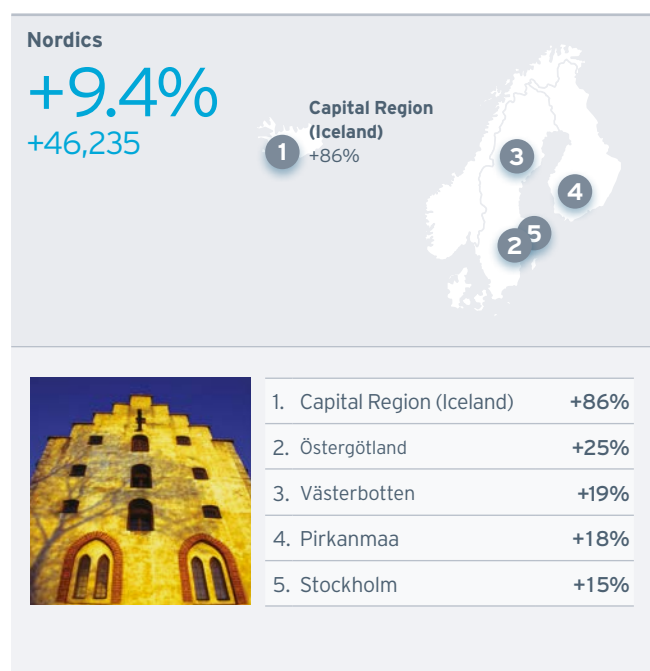
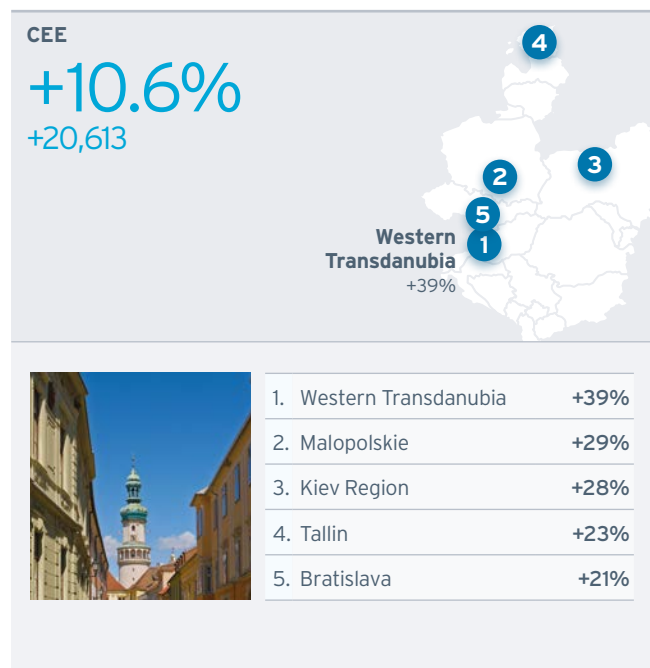
Overall European market's growth in 2021

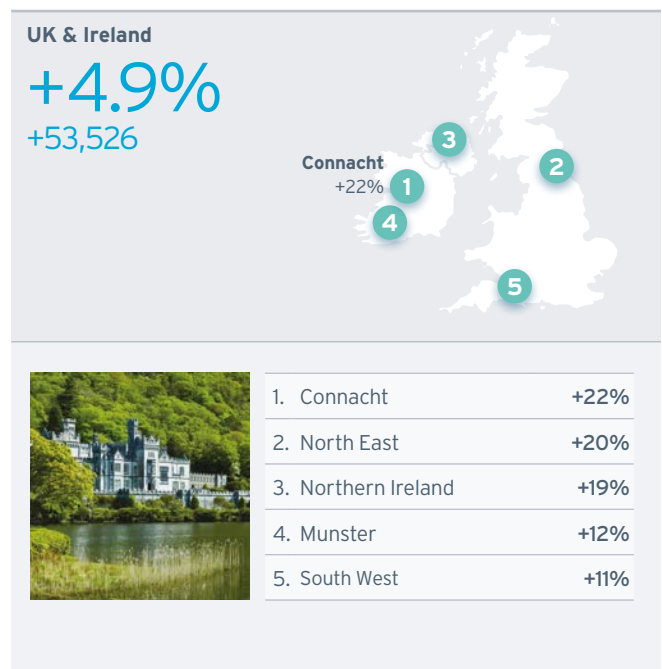
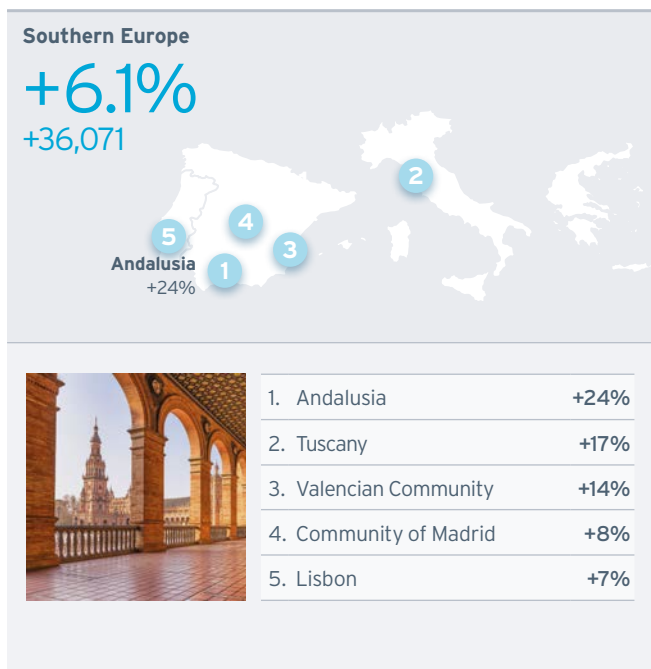
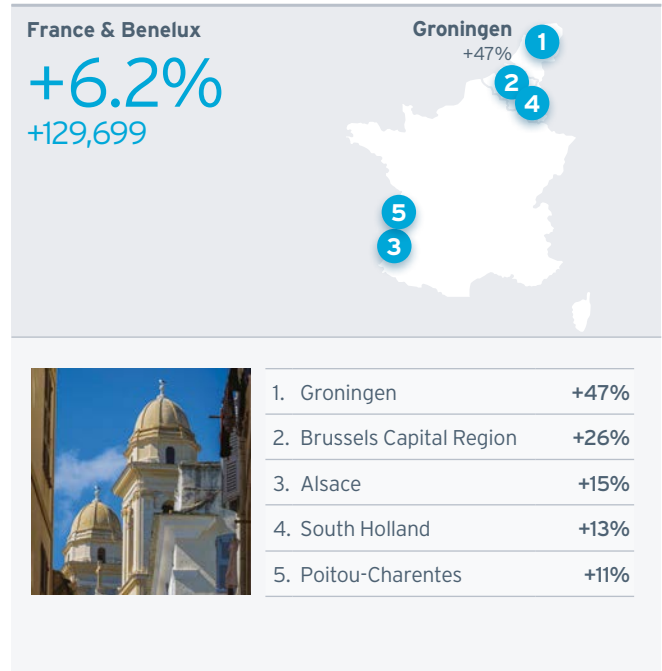
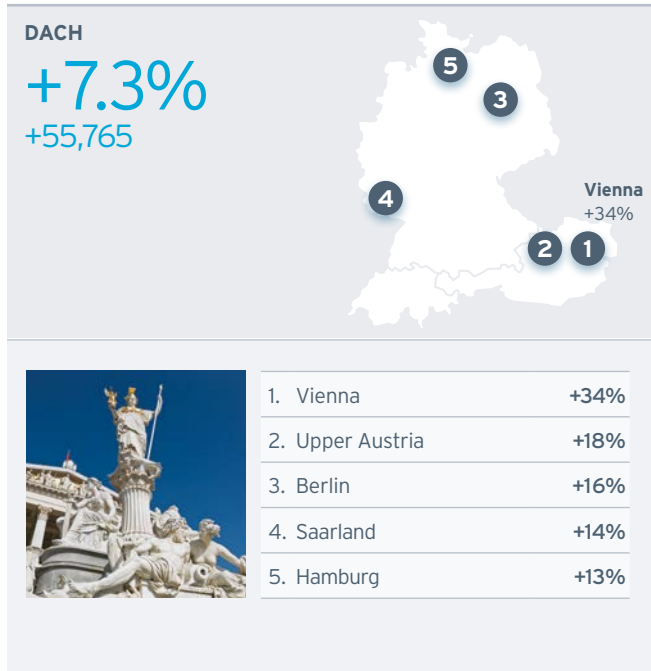
Source: Eurostat / UK ONS

Note
Analysis excludes those sub-regions with less than 10 companies and less than 100 employees in 2021.

Top regional job creation 2020-21

By region and sub-region

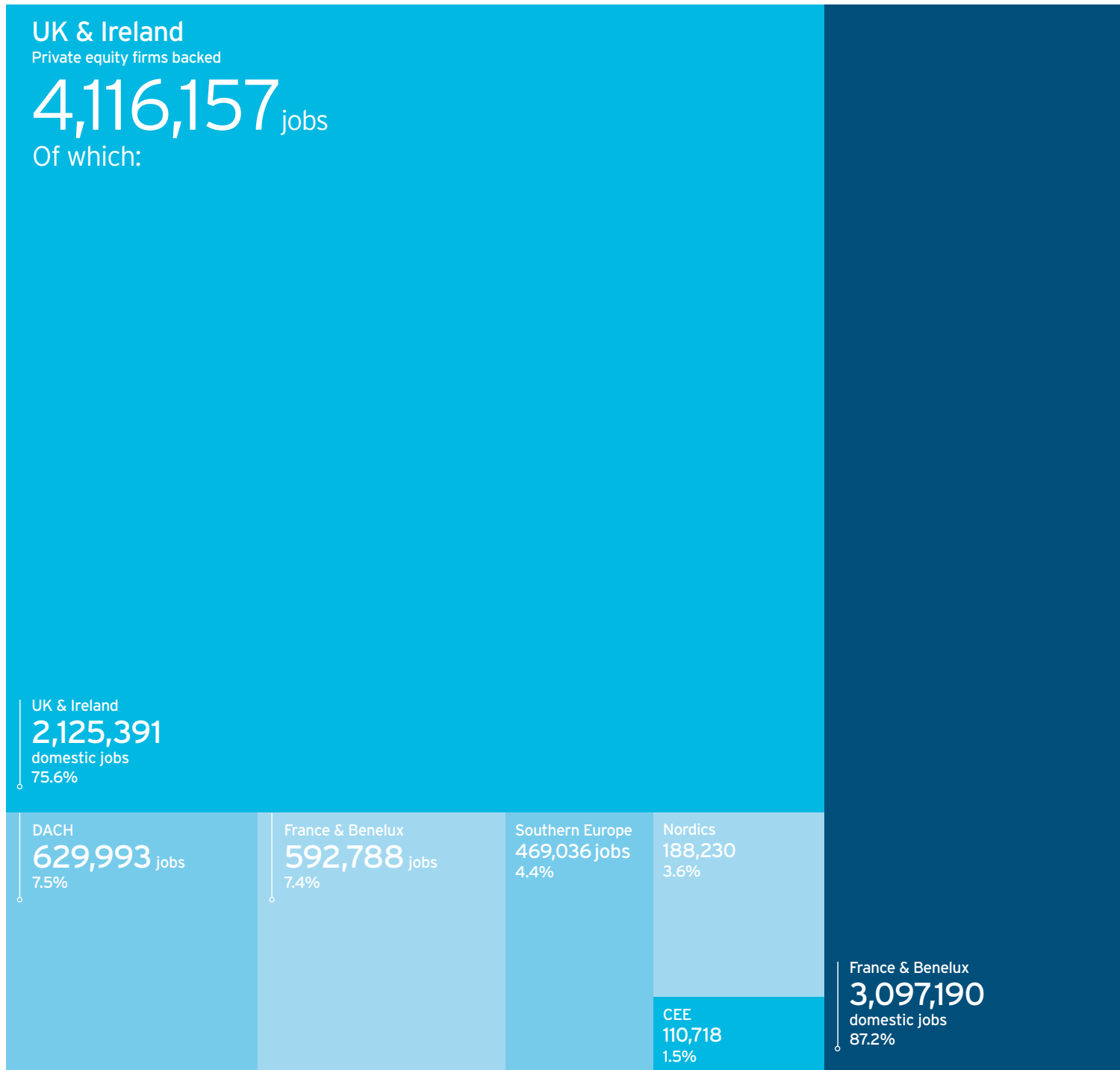




Employment & job creation – cross border

By investment firm and portfolio company geography

In the graphic below, we proportionally display cross border employment by location of private equity firms and portfolio companies. This demonstrates the jobs backed by private equity in a specific region, **domestically** and **abroad**.



CEE - Central & Eastern Europe
 F&B - France & Benelux
 UK&I - UK & Ireland
 SE - Southern Europe

France & Benelux

Private equity firms backed

3,943,885 jobs

Of which:

DACH

Private equity firms backed

1,361,245 jobs

Of which:

DACH

981,314

domestic jobs

73.6%

UK & Ireland
139,199 jobs
8.7%

France & Benelux
108,324 jobs
7.2%

Nordics
48,770
4.0%

Southern Europe
55,609
3.5%

CEE
28,029
3.1%

Southern Europe

Private equity firms backed

811,889 jobs

Of which:

Southern Europe

772,352

domestic jobs

90.5%

UK&I
14,060
4.0%

F&B
10,235
2.2%

DACH
9,761
1.8%

CEE
4,320
0.9%

Nordics
1,160
0.8%

DACH

313,527 jobs

4.8%

UK & Ireland

309,672 jobs

3.4%

Southern Europe
148,228 jobs
2.8%

Nordics
62,239
1.4%

CEE
13,028
0.4%

Nordics

Private equity firms backed

793,112 jobs

Of which:

Nordics

519,921

domestic jobs

84.9%

DACH
156,076 jobs
5.3%

UK&I
54,914
4.7%

F&B
34,094
2.3%

CEE
8,485
2.0%

SE
19,622
0.8%

CEE
Private equity firms backed
214,549 jobs
Of which:

CEE
194,711 domestic jobs
89.7%

UK & Ireland 3,628 jobs 2.9%

Nordics 6,199 jobs 2.4%

DACH 4,756 jobs 2.2%

Southern Europe 4,379 jobs 1.9%

France & Benelux 877 jobs 1.0%

Employment & job creation

By portfolio company size

How is employment and job creation affected by company size?

In general, smaller companies achieve faster growth. But although larger companies grow at slower rates, the number of net jobs they create is far greater.

Of course job creation isn't only about size. It also requires the right product or service for the market, scalability, skilled management and suitable investment.

Employment

Private equity specialises in active portfolio management, enabling companies to grow and create jobs, whatever their size. Once a portfolio company's market and growth potential are identified, private equity provides the support and investment to drive growth. When private equity, together with management teams and entrepreneurs get this right, companies of all sizes increase employment.

874,785

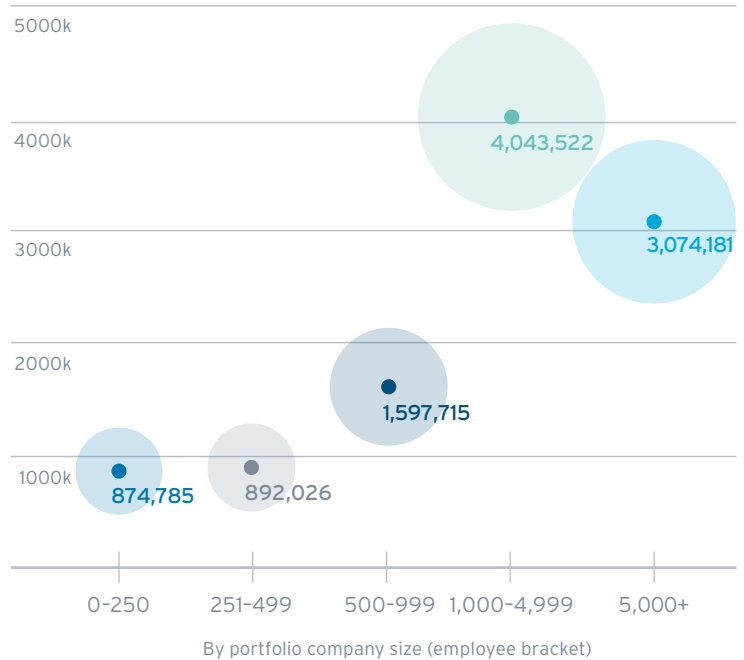
people were employed in roughly

18,851

SMEs backed by private equity in 2021

Employment 2021

By portfolio company size



1.8 million

Employees in 2021 working in private equity backed companies with <500 employees.

17% of all private equity backed jobs, in 82% of portfolio companies.

8.7 million

Employees in 2021 working in private equity backed companies with >500 employees.

83% of all private equity backed jobs, in 18% of portfolio companies.

Job creation

Companies with 251–499 employees experienced the highest employment growth rates between 2020–2021 (+14.3%). They were followed by companies with 500–999 employees & SMEs (up to 250 employees), which saw growth rates of 13.8% & 11.6% respectively.

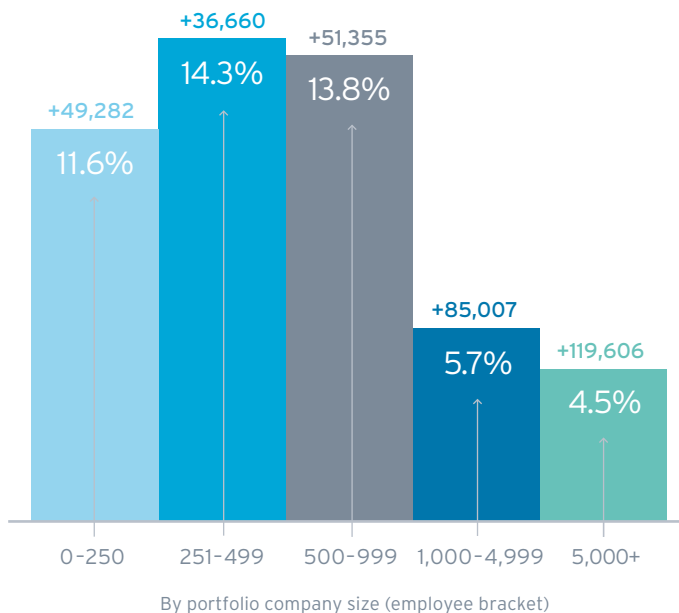
In absolute numbers, the very large (with 5,000+ employees) companies created the most jobs: +119,606.

+11.6%

more new jobs created by SMEs in 2021

Job creation 2020–21

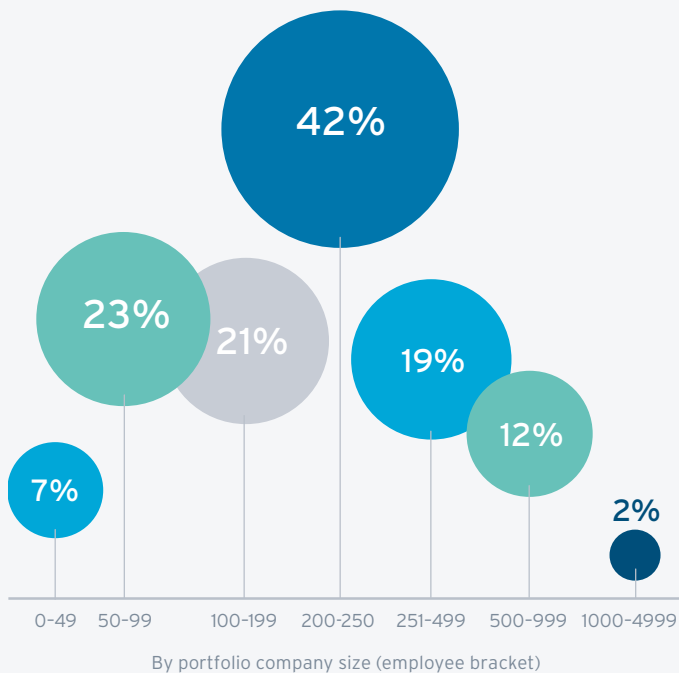
By portfolio company size

**'Graduation' to higher size category**

We estimate that overall, **11% of portfolio companies 'graduated' to a higher category** based on the number of employees during 2021. This is slightly higher than levels seen in previous years. A significant proportion of SMEs in our sample saw year-on-year growth and job creation, fuelled by investment and management support from their private equity backers. The highest proportion was seen in the 200–250 employee category, with 42% of these companies moving up to a higher size category in 2021.

➕ See [page 40](#) for our multi-year trend section for details on graduation in companies from 2017–2021.

By portfolio companies that moved to higher employment size category



A focus on SMEs

By portfolio company size

What is private equity's role in supporting SME employment?

SMEs are the backbone of the European economy. Its growth engine. Most small companies aspire to grow and private equity helps them graduate to the next level. Ambitious local businesses with a handful of staff and a bright idea can become multinational corporations employing thousands. Private equity can identify the best and help them achieve their ambitions.

Employment

There are 2,010 companies in the 100-199 employees size category, which is 11% of all SMEs backed by private equity. This group contributes the most to total SME employment with 281,836 employees, or 32% of total SME employment.

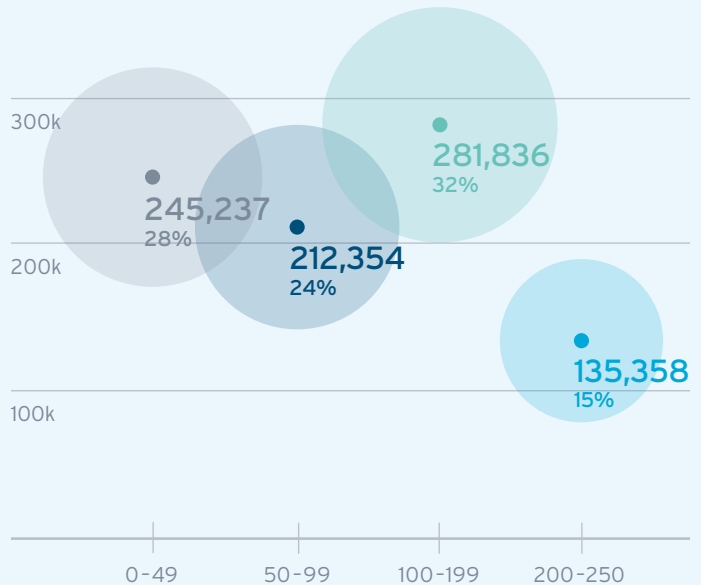
The 0-49 employee size category contributes the second most to total SME employment: 245,237, or 28% of the total. Additionally, the 0-49 employee size category includes 13,199 companies - 70% of the total - making it the largest by number of businesses.

Note

SMEs are categorised as companies with up to 250 employees.

SME employment 2021

By company size



Key to employment by company size

● 0-49 245,237 employees

28%

13,199 portfolio companies

● 50-99 212,354 employees

24%

3,034 portfolio companies

● 100-199 281,836 employees

32%

2,010 portfolio companies

● 200-250 135,358 employees

15%

608 portfolio companies

874,785

people were employed in roughly

18,851

SMEs backed by private equity in 2021

Job creation

Private equity is a major driver of business and job creation among European SMEs. Many companies depend on investment and support to realise their growth potential, and they achieve it faster with private equity backing.

When analysing the job creation rates revealed by this research, they should always be compared to average market growth rates.

In Europe in 2021, the overall net change in employment was +1.2%, and the employment growth rates supported by private equity outstrip this by every measure (Source: EDC / Eurostat / UK ONS).

Job creation by company size

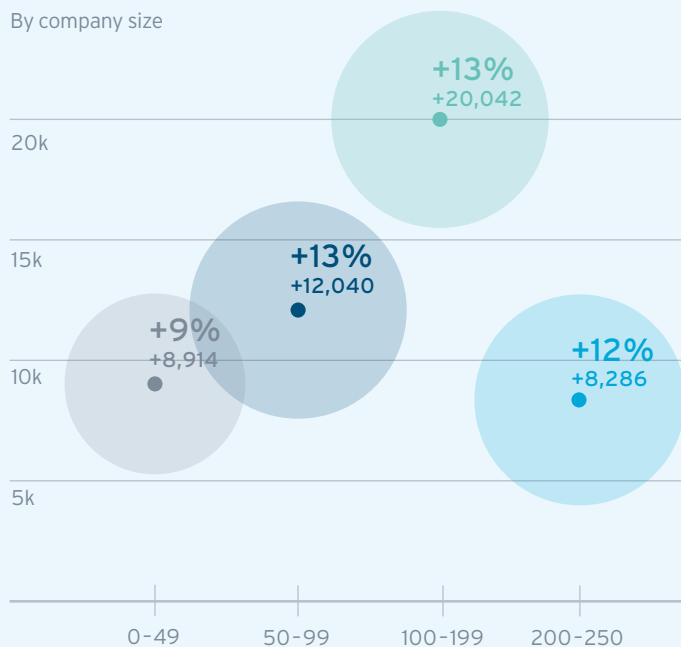
Across SME categories from 2020–2021 job creation rates were in a range of 8–13%.

Leading the pack in job creation was the 100–199 employee SME category (+13% job creation).

The most net jobs created from 2020–2021 were in this same category: +20,042 jobs created, or 41% of the SME category total.

SME job creation 2020–21

By company size



Key to employee growth by company size

● 0–49 +8,914 employees

+9%

6,680 portfolio companies

● 50–99 +12,040 employees

+13%

1,515 portfolio companies

● 100–199 +20,042 employees

+13%

1,236 portfolio companies

● 200–250 +8,286 employees

+12%

351 portfolio companies

80%

of the studied sample were SMEs

+49,282

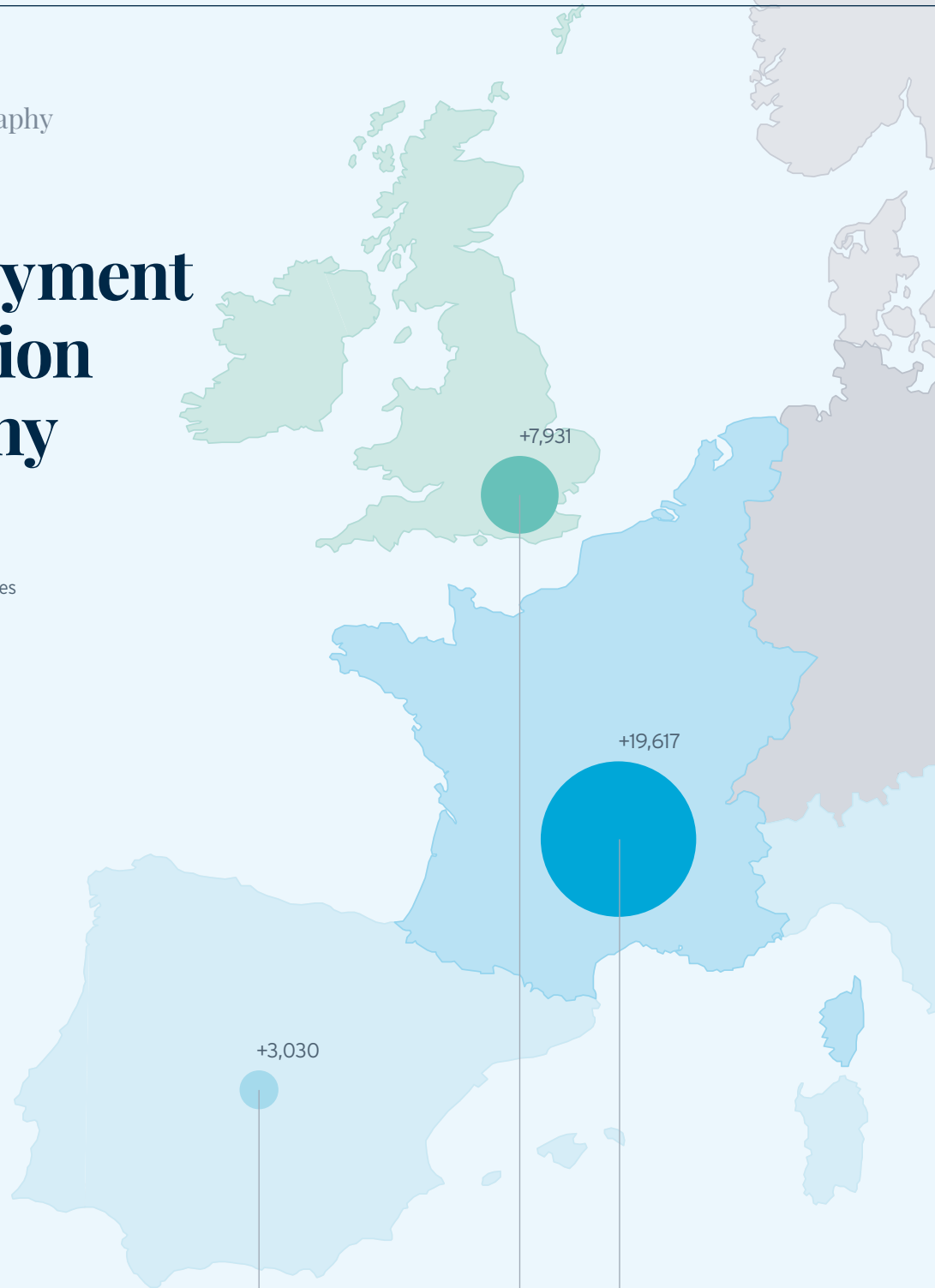
new jobs created in private equity backed European SMEs in 2021

A focus on SMEs

By portfolio company geography

SME employment & job creation by geography in 2021

By geographic location of portfolio companies



Region

SME job creation

49,282 total new private equity backed SME jobs

Private equity (PE) backed SME employment

Percentage of total SME employment

Southern Europe

+9%

3,030 new private equity backed SME jobs

93,706
PE SME employment

10.7%
of total SME employment

UK & Ireland

+11%

7,931 new private equity backed SME jobs

180,602
PE SME employment

20.6%
of total SME employment

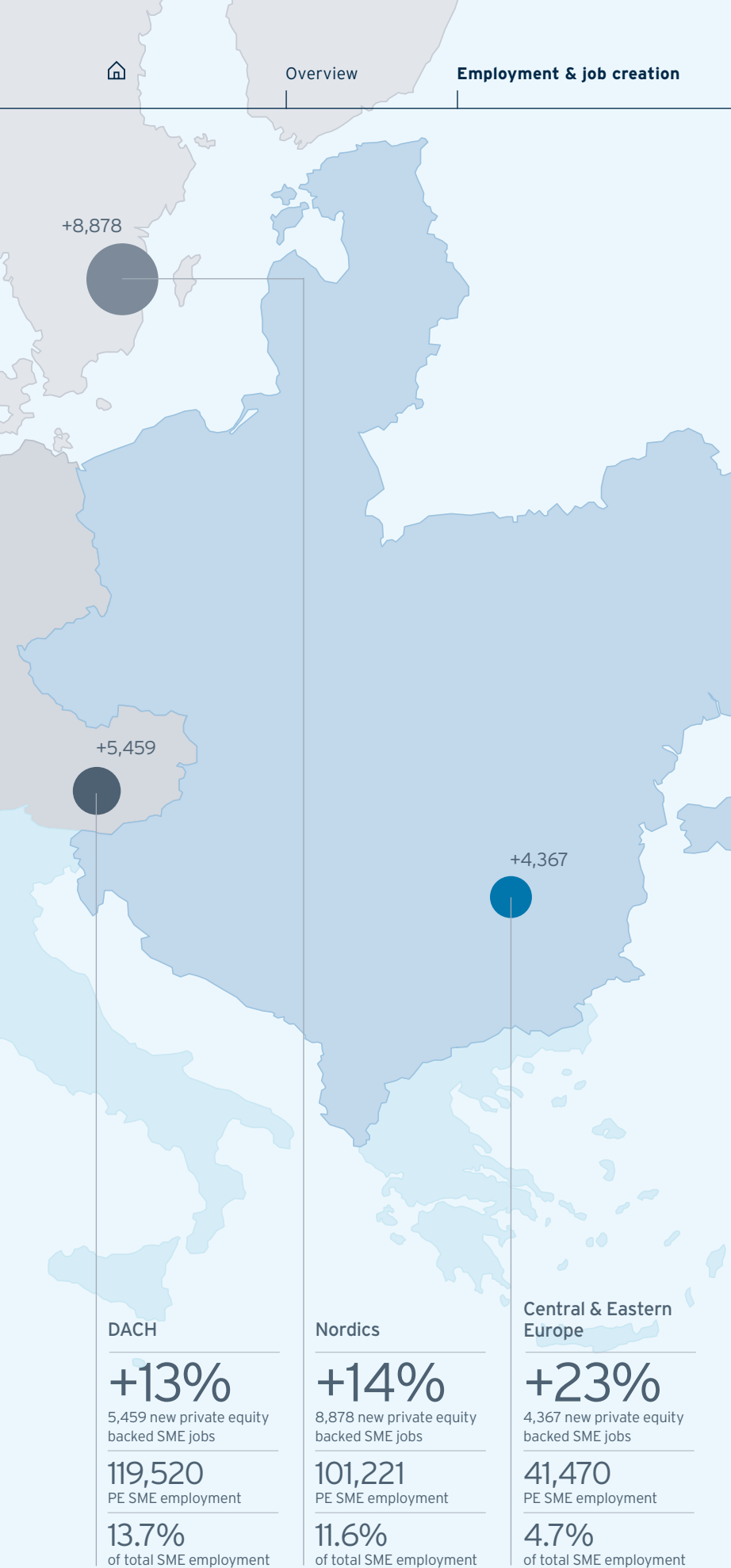
France & Benelux

+10%

19,617 new private equity backed SME jobs

338,266
PE SME employment

38.7%
of total SME employment



+49,282

new jobs created in private equity backed European SMEs in 2021

+11.6%

growth rate

The top 3 countries which saw the largest increases in number of employees within the SME universe in 2021 were:

+50%

Bulgaria

+33%

Poland

+28%

Baltic countries (combined)

A focus on SMEs

By portfolio company geography continued

SME employment by geography

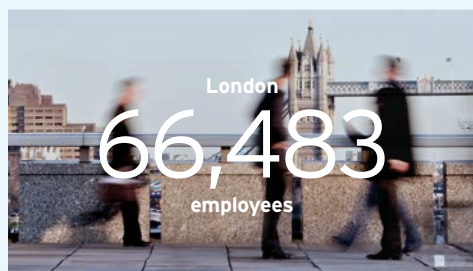
As early stage investors in innovative, start-up and seed stage companies, private equity plays an important role in SMEs.

SME employment by region

Companies based in France & Benelux were the largest group of private equity backed SME employers in Europe, with a total of 338,266 employees in 2021.

SME employment by top sub-region

SMEs backed by private equity in European sub-regions (areas within countries) were significant employers in 2021.



SME employment in 2021

By region, and top five sub-regions



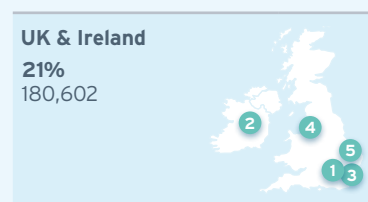
1. Île-de-France	96,806
2. Rhône-Alpes	26,305
3. Flemish Region	17,481
4. Provence-Alpes-Côte d'Azur	16,537
5. North Holland	16,234



1. Berlin	30,272
2. Bavaria	18,434
3. North Rhine-Westphalia	13,201
4. Baden-Württemberg	8,867
5. Zurich	7,189



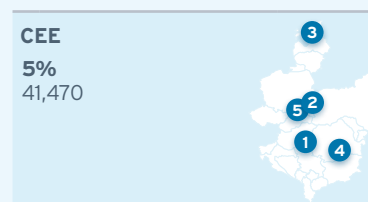
1. Catalonia	13,874
2. Community of Madrid	13,442
3. Lombardy	12,345
4. Basque Country	5,607
5. Valencian Community	5,013



1. London	66,483
2. Leinster	18,709
3. South East	16,618
4. North West	11,184
5. East of England	9,212



1. Stockholm	16,945
2. Uusimaa	15,505
3. Capital Region of Denmark	12,852
4. Oslo	7,864
5. Västra Götaland	4,546



1. Central Hungary	6,206
2. Mazowieckie	3,731
3. Tallin	3,014
4. Muntenia	2,384
5. Malopolskie	2,108

SME job creation by geography

With the right support and investment SMEs can grow fast, and create jobs fast. As we see from the data in our study, the fastest growing areas are seeing rises in private equity backed jobs of up to 41%.

Overall employment in private equity backed SMEs increased 49,282 (+11.6%) in 2021.

SME job creation by region

The top three regions for job creation in 2021 were CEE (+23%), Nordics (+14%) and DACH (+13%).

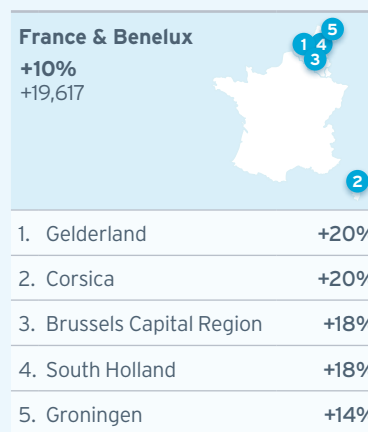
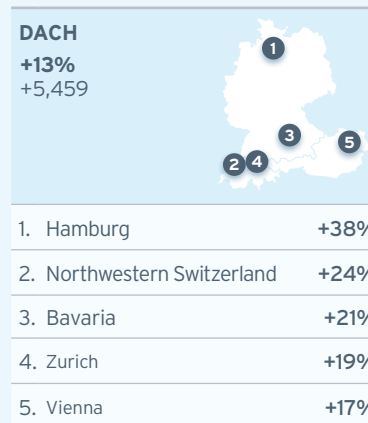
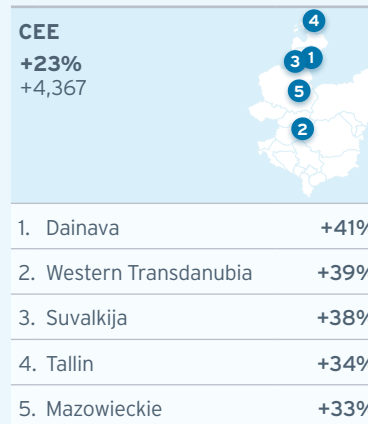
SME job creation by top growth per sub-region

Many private equity backed SMEs in European sub-regions (areas within countries) grew employment at significant rates in 2021, despite uncertainty during the year.



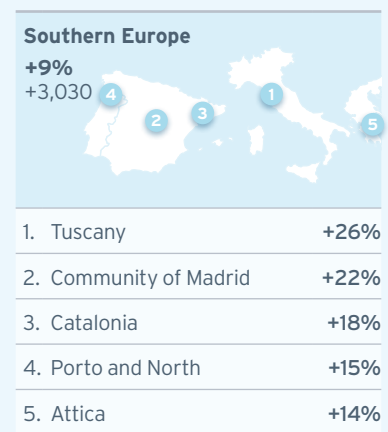
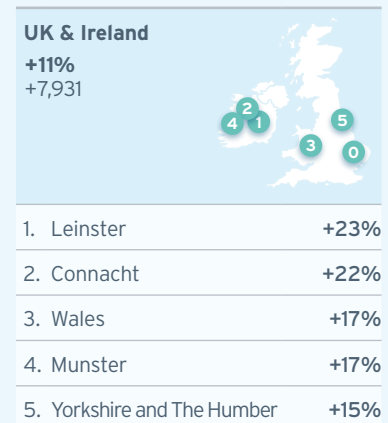
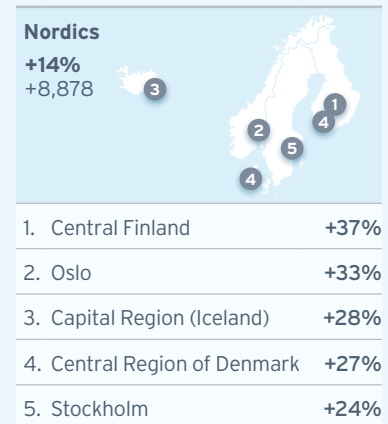
SME job creation in 2020-21

By region, and top five sub-regions



Note

Analysis excludes those sub-regions with less than 10 companies and less than 100 employees in 2021.



A focus on SMEs

By portfolio company sector

SME employment by company sector

Private equity is a natural partner for companies driven by innovation, R&D or technology.

With private equity investment and expertise, companies can get to market quicker or expand market share more rapidly. These are crucial factors for business success and job creation.

Largest SME employment sectors

Information Communications Technology (ICT) was a key sector for European SME jobs in 2021, accounting for 36% of all private equity backed SME employment in Europe.

Business Products & Services and **Consumer Goods & Services** were also important sectors, representing 17% and 16% of SME employment respectively.

Additionally, **Biotech & Healthcare** represents a significant proportion of private equity backed SME jobs.

SME employment 2021

By portfolio company sector



Top SME sectors for European private equity backed employment



Information Communications Technology (ICT)

36%

317,489 employees
7,612 companies



Business Products & Services

17%

144,448 employees
2,543 companies

SME employment 2021

By portfolio company sector

	Number of employees	%		Number of employees	%
Information Communications Technology (ICT)	317,489	36%	Construction	28,652	3%
Business Products & Services	144,448	17%	Real Estate	17,519	2%
Consumer Goods & Services	142,907	16%	Chemicals & Materials	17,350	2%
Biotech & Healthcare	85,456	10%	Transportation	13,700	2%
Financial & Insurance Activities	46,392	5%	Other	11,483	1%
Energy & Environment	41,507	5%	Agriculture	7,884	1%

**Important note**

In this analysis, we excluded sectors for which the number of portfolio companies was low (under 100).

SME job creation by company sector

When the right investment partner gets involved with the right company, chemistry happens.

Private equity firms bring together experience from entrepreneurs, management consultants and financial experts to really drive growth at the companies they back. The result can be job creation that far outpaces the averages for companies and sectors across Europe.

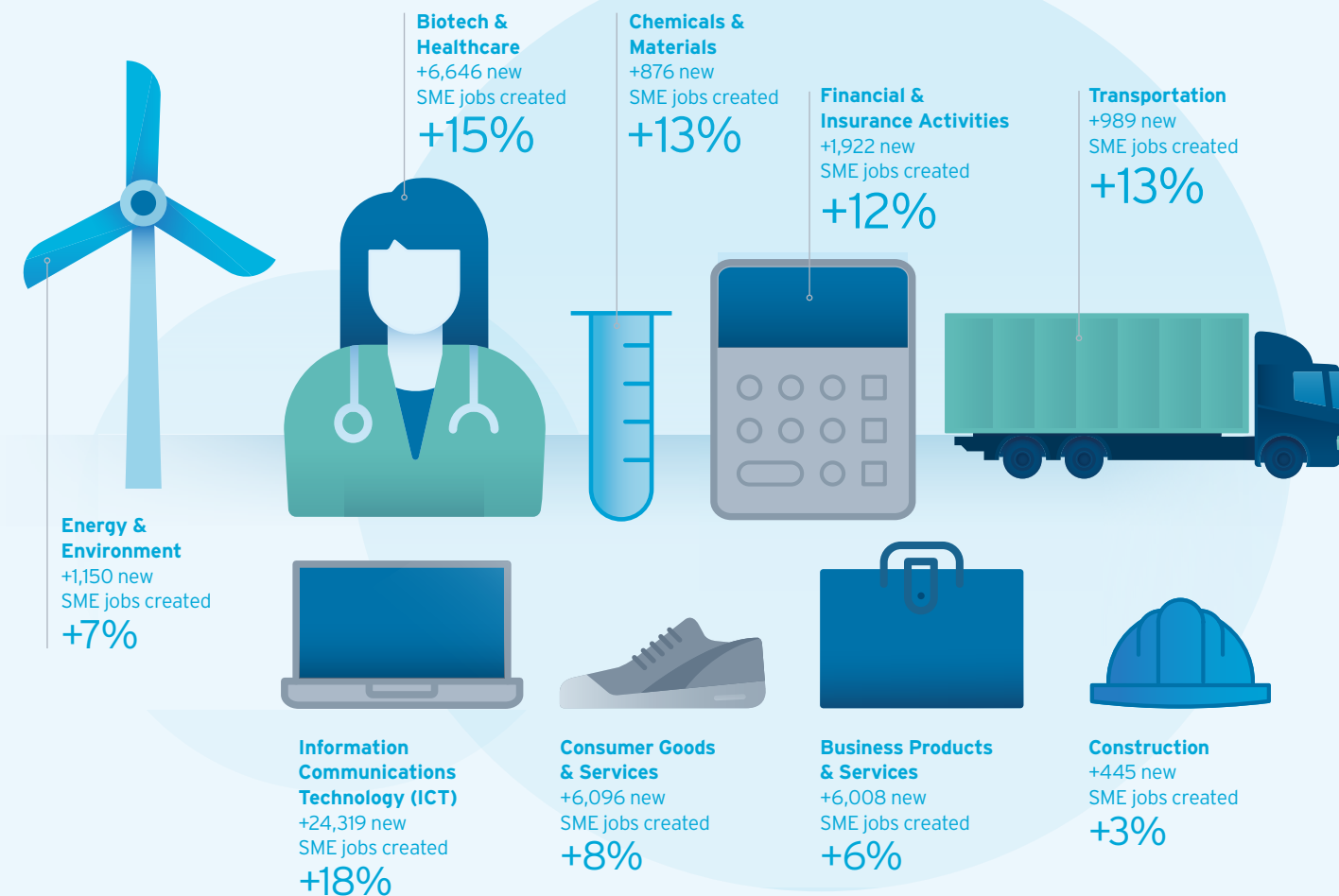
Top SME job creation sectors

With 18% growth in employment, Information Communications Technology (ICT) remains the largest and most important sector for private equity backed SME jobs.

SMEs in the Biotech & Healthcare sector created 6,646 jobs in 2021, the second largest increase in absolute job numbers after ICT.

SME job creation 2020-21

By portfolio company sector



Multi-year trend

2017-21

It is strikingly clear that over time the net effect on jobs of private equity ownership is overwhelmingly positive.

The observed net positive effect is consistently larger than that seen in the wider European economy. This is the case even though during specific years – the COVID-19 pandemic being a notable example – there may be understandable difficulties in growing overall employment levels across portfolio companies.

This section provides further context to the two-year job creation trend shown throughout the main body of this report. It provides a vision of job growth in private equity backed European portfolio companies from 2017-2021.



Important note

In this section, the sample of portfolio companies is different to that seen in the main body of the report.

Here, 4,338 European portfolio companies are under study.

+ See [page 46](#) for methodology section

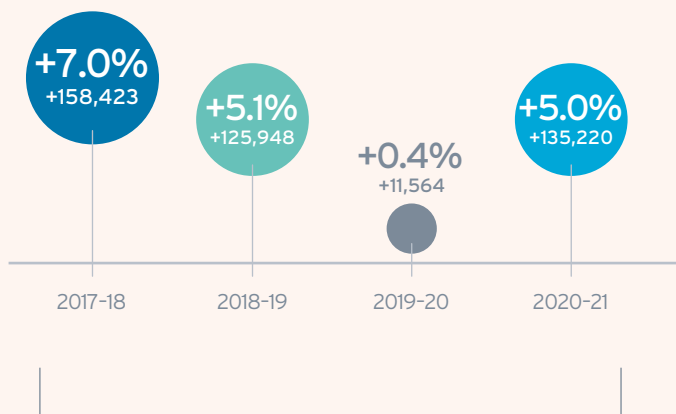
Following understandable difficulties – due to the COVID-19 pandemic – in developing companies during 2019-2020, total growth in portfolio companies backed throughout the period reached 5% from 2020-2021 (a net total of 135,220 jobs were created that year).

From the end of 2017 to the end of 2021 Venture firms’ average yearly job creation rate was 18%. In terms of raw totals, Buyout firms added the most jobs in the same period, over 230,000.

The takeaway for job creation by portfolio company stage is similar to that seen by type of firm: companies at a Venture stage of investment see the highest average yearly job creation rate during the period studied, while companies at a Buyout stage witness the largest increase in terms of number of people.

Job creation 2017-21

Individual years



+431,156

net jobs created 2017-2021

+4.4%

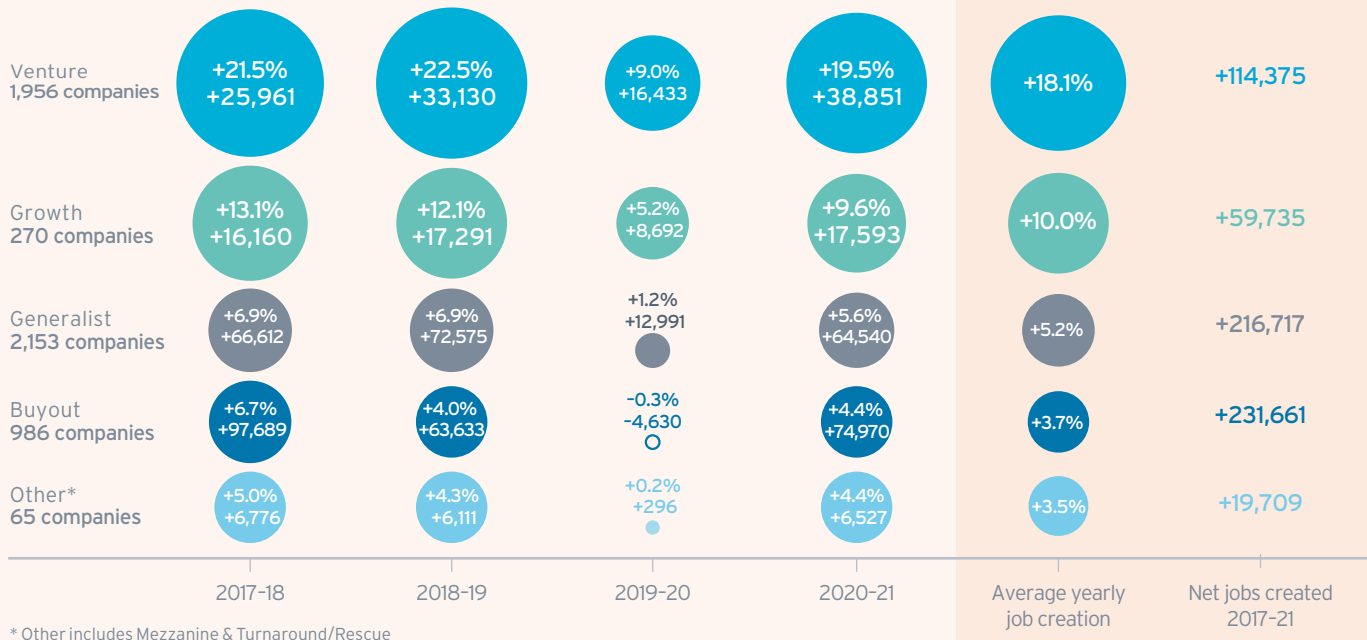
average yearly job creation

Note

In the 'By type of firm' analysis, the Venture, Growth, Generalist and Buyout categories refer to the type of private equity firm. In the 'By portfolio company stage' analysis, the categories Venture, Growth and Buyout refer to the portfolio company stage. Although the category names are the same, the underlying data points are not comparable.

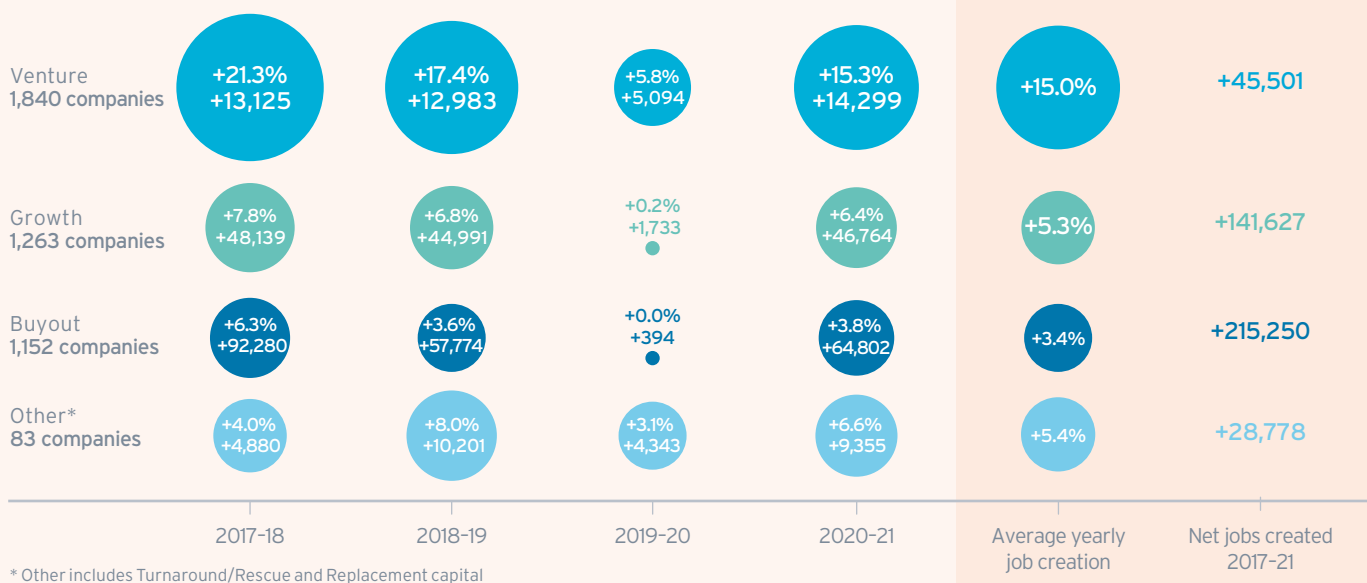
Job creation 2017-21

By type of firm



Job creation 2017-21

By portfolio company stage

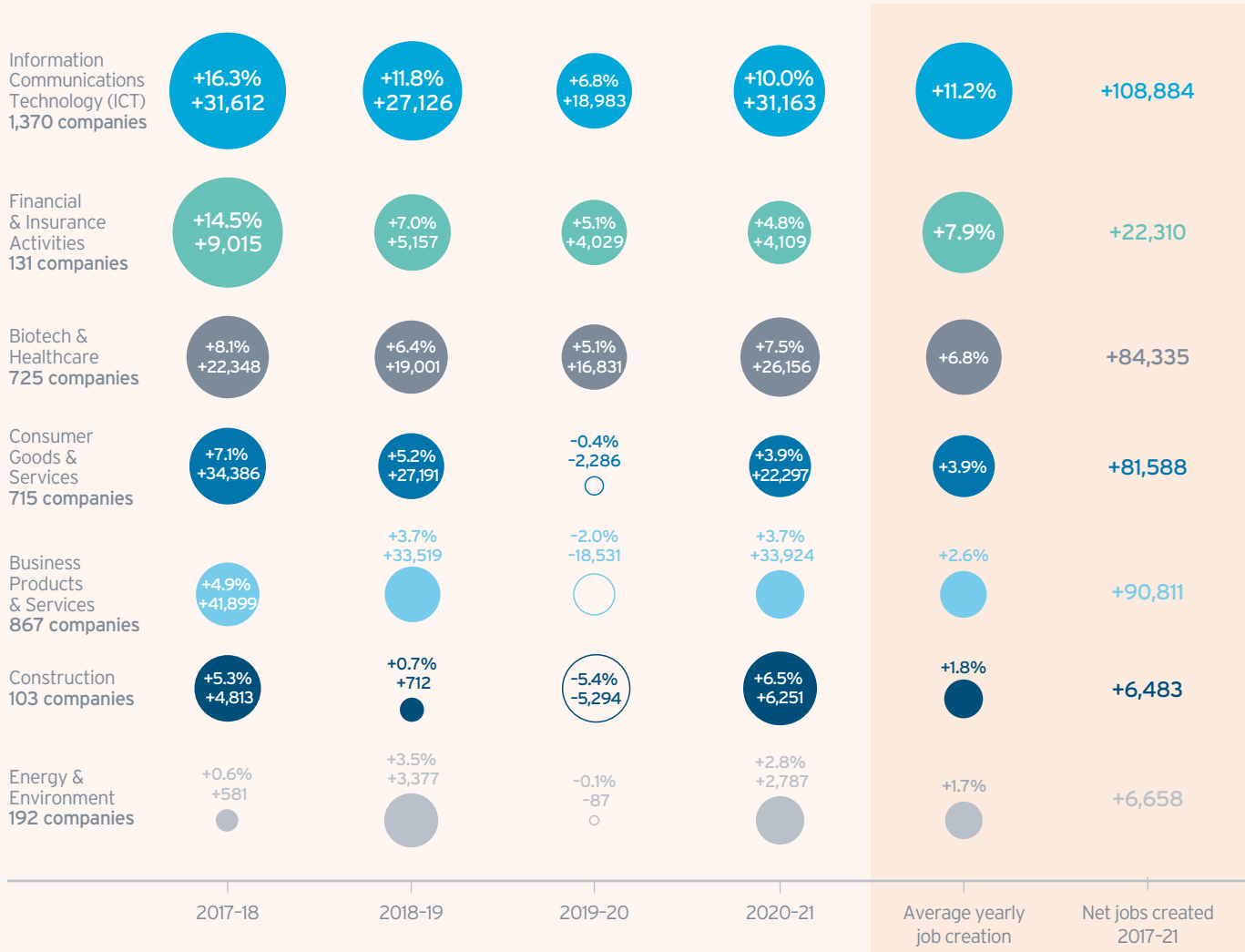


Multi-year trend

2017-21

Job creation 2017-21

By portfolio company sector

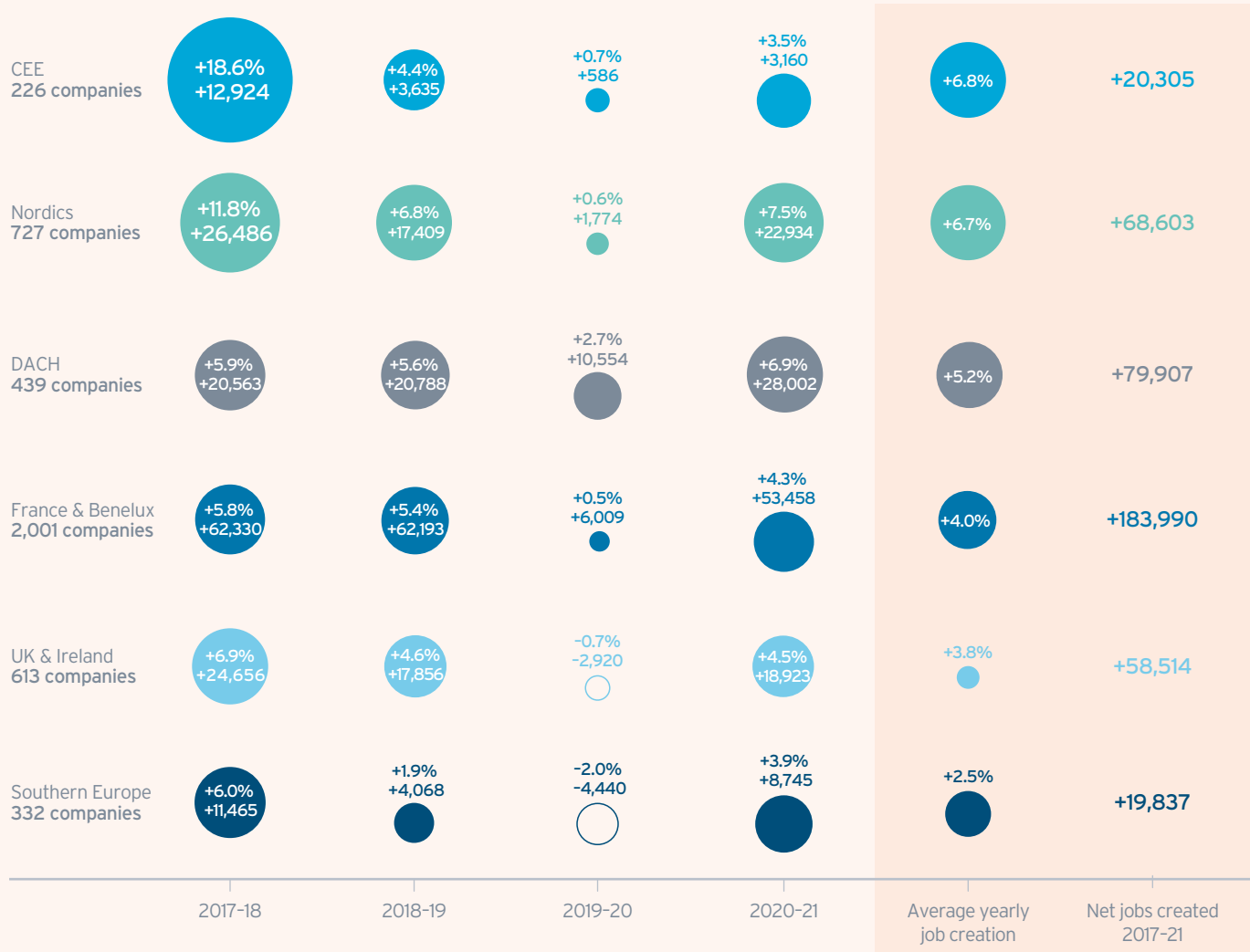


From the end of 2017 to the end of 2021, companies in all sectors recorded net employment growth. During this period the highest average yearly job creation rate was in ICT (+11%), which also saw the largest change in terms of totals (+108,884 net jobs created in the period).

Note: In this analysis, we excluded sectors for which the number of portfolio companies was low (under 100 companies)

Job creation 2017-21

By portfolio company region



Throughout the period CEE has seen the highest average yearly job creation rate (+6.8%). France & Benelux saw the highest number of total net jobs created (almost 184,000).

Multi-year trend

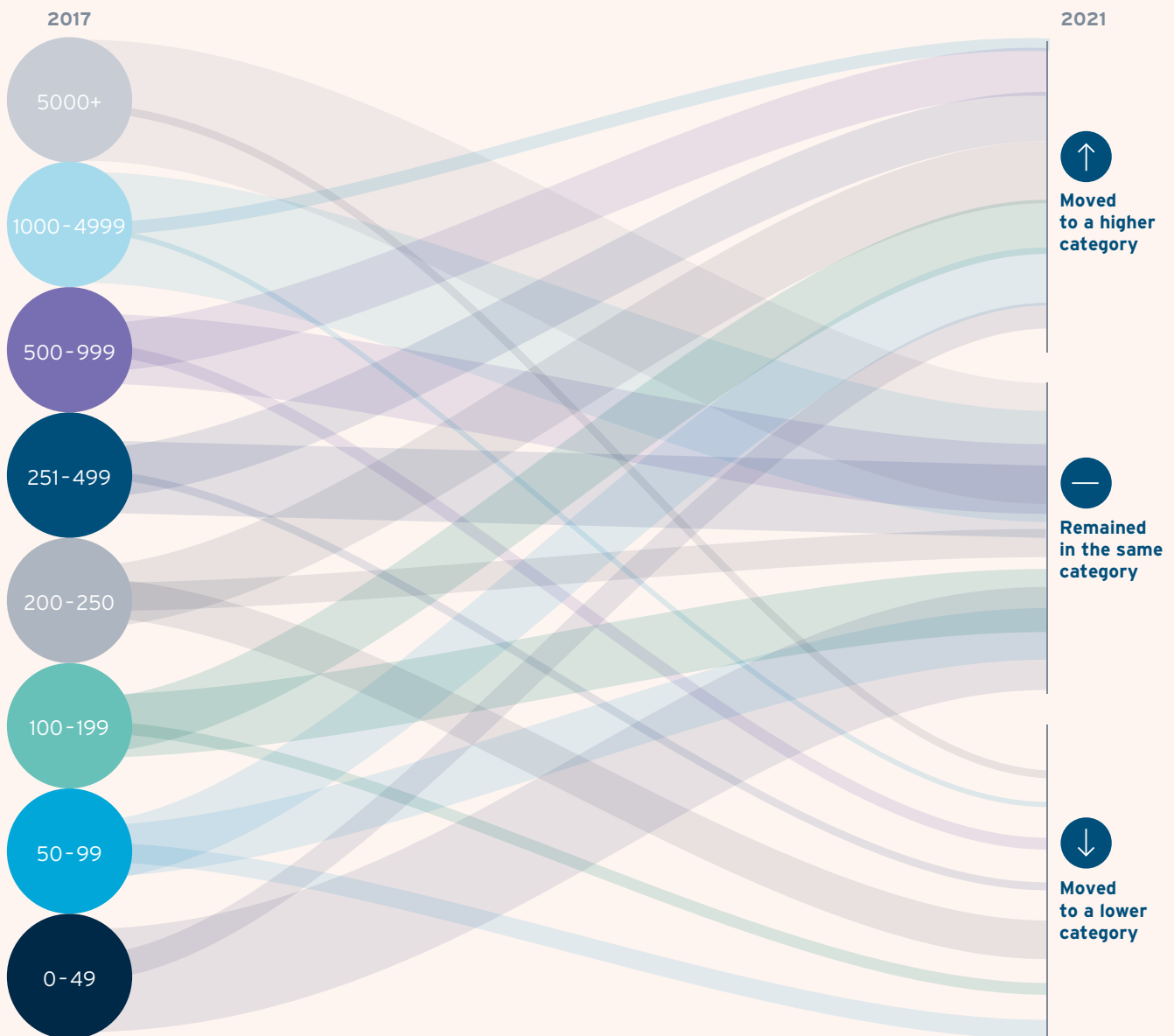
2017-21

It is clear that the majority of companies remained in the same size category over the time period. However, it is also notable that more companies moved into a higher size category than moved down to a lower one.

Specifically, 27% of companies went up to a higher category from 2017-2021, while only 5% went to a lower category.

Change in size category 2017-21

By size category in 2017*



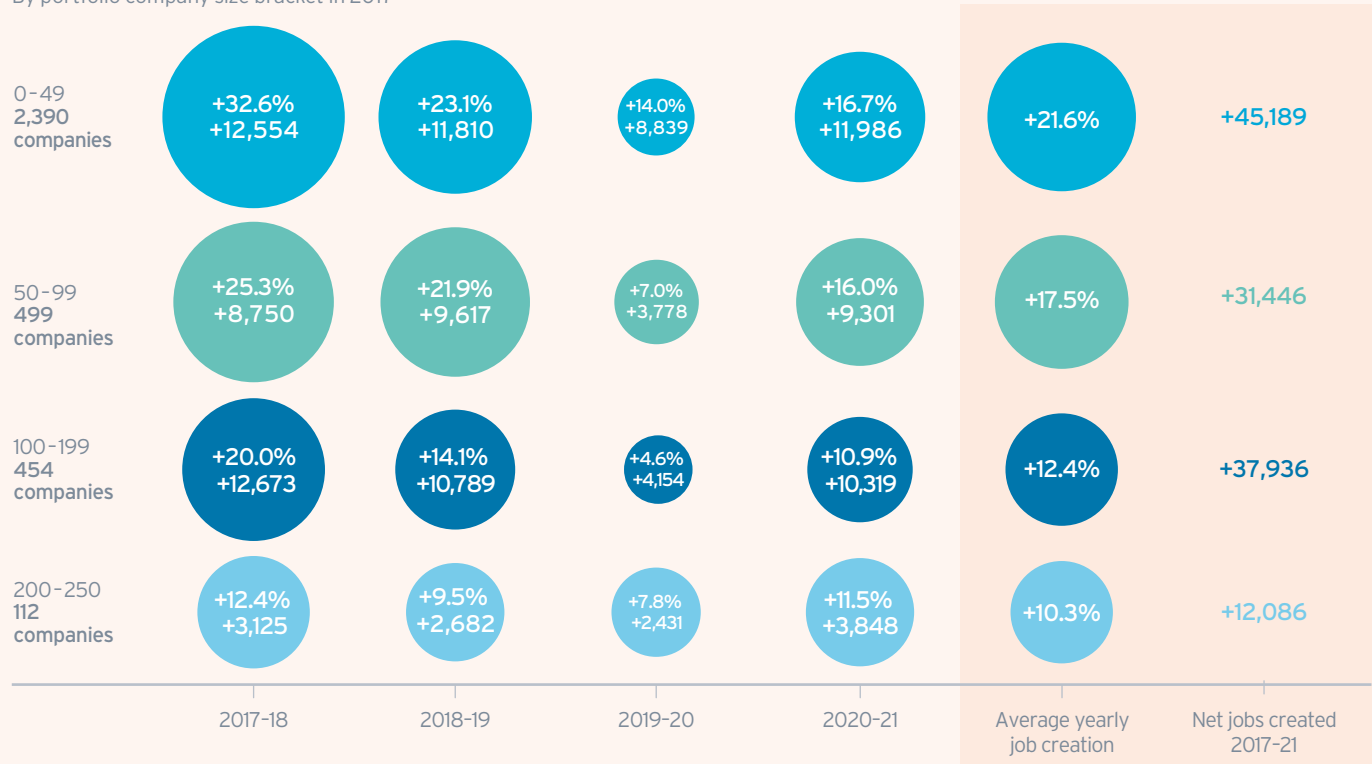
* Size of bars represents percentage of companies within each size bracket

Multi-year trend data

A focus on SMEs

SME job creation 2017-2021

By portfolio company size bracket in 2017



From the end of 2017 to the end of 2021 all size brackets saw quite significant levels of average yearly job creation rates, the highest being seen in the 0-49 size category (+22%). The highest total job creation was seen also in this category.



CASE STUDY

La Compagnie des Desserts

La Compagnie des Desserts is one of the leading European producers of frozen desserts and ice creams for the B2B channel (restaurants, cafés, hotels) and food service market.



+350
new jobs created

700
number of staff

+23,000
clients

Methodology

The aim of this report is to provide objective, evidence-based research and analysis on the vital role of private equity in employment and job creation across Europe.

This report is based on data collected from 284 Invest Europe GP data contributors, and their many thousands of portfolio companies which are active across the European continent.

This section details the methodology and data which were studied and used to draw the conclusions in this report.





Methodology



The analysis

only considers employees who have an employment status with the company, excluding self-employed workers and contractors.

The calculation of job growth excludes any add-ons to companies such as those resulting from M&A.

Notes

1 Europe includes: Austria, Andorra, Belgium, Bosnia - Herzegovina, Bulgaria, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, Ireland, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom, Vatican City.

2 This exclusion is performed despite riders in some countries legally gaining employee-status.

3 Includes exclusions performed by France Invest.

4 *Idem*.

Data collection & audit

Definition of portfolio companies to be included

Criteria for inclusion and exclusion

- Only data of portfolio companies with European¹ headquarters were collected.
- Only European companies active during 2021 within the portfolio of a private equity investor had data collected (i.e. companies exited within 2020 or backed post-2021 were excluded).

Collection of data for included portfolio companies

Sources of data

Data were collected through the European Data Cooperative platform, which is jointly owned and run by Invest Europe and other European private equity national associations. Data submitted (including that supplied by France Invest) was supplemented by information from: financial reports; Bureau van Dijk; and, when necessary, further sources such as company websites and press releases.

Criteria for counting of employees working in included portfolio companies

The following was applied for counting of employees:

- The number of employees counted refers to figures as at year-end.
- The number of employees counted refers to full-time equivalents (FTE). Part-time employees were counted as 0.5 FTE.
- The number of employees counted only includes those employees that have an employment status with the company (i.e. the data exclude² Glovo's estimated 75,000 couriers and Deliveroo's estimated 180,000 contractors).
- The total number of employees for each company was registered in the country of the company headquarters.

Auditing considerations for collected data

The net effect of the audit process was an addition of 307,003 jobs in the data considered for job creation analysis from 2020–2021 (addition of 604,087 and removal of 297,083 employees). In addition, net growth of 179,822³ jobs due to the add-on/carve-out effect was excluded. The main audit processes the data were subjected to were the following.

Add-on effect

When considering growth of employment from 2020–2021, any change due to mergers & acquisitions during 2021 were excluded. Whilst some of this effect was excluded prior to auditing, on audit an inorganic growth of 179,822⁴ jobs from 2020–2021 was further excluded from the analysis.

Review of different employment figures from multiple firms for same portfolio company

In the case of conflicting employment figures reported for the same portfolio company on the EDC platform, further sources (see above) were consulted to select the most likely figure. Further, checks were performed against what employment level is most likely given sector of activity, available financial indicators, and known investment levels in the company.

Review of most important contributors to the statistics

The portfolio companies with employment levels high enough to significantly influence the performed data aggregations were manually checked, with review of financial reports / other sources as necessary. These checks were also performed on companies receiving the highest levels of investment, and those representing a large percentage of employment at country level.

Review of significant growth reported year-on-year

Any company that had a reported change in employment from 2020–2021 of more than 20% was audited, particularly to establish that the add-on or carve-out effect was not being taken into account.

Definition of the universes

Employment universe

The Employment universe is established to show total employment within included portfolio companies at a specific time: as of end of 2021.

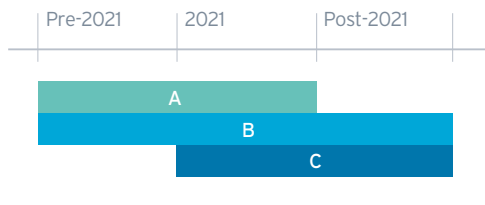
Definition of employment universe

$$(n = 14,641) = \text{A} + \text{B} + \text{C}$$

The Employment and Job creation universes refer to the same overall base of portfolio companies, the difference is the following: Employment refers to companies where just 2021 data is known (including extrapolated figures), whilst Job creation refers to companies where data for both 2020 & 2021 is known (and no extrapolation is applied).

Holding period scenario

Employment & Job creation



- + A. Companies exited within 2021
- + B. Companies active in portfolio in 2021
- + C. Companies entering the portfolio in 2021

2017-2021 job creation universe

n = 4,338

The 2017-2021 multi-year analysis is based on a sample of portfolio companies that have an investment year in the EDC database ≤ 2018 , and an exit year in the same database that is ≥ 2021 .



With exclusion of outlier data and with consideration of different case scenarios.



Due to changes in data coverage year-on-year, we advise readers not to compare data points in this report with previous reports.

Methodology continued

Extrapolation methodology for the Employment universe

Explanation of extrapolation universes

Data were collected on a sub-set of the population (the population being all portfolio companies active in 2021 and backed by private equity, as described in sections above).

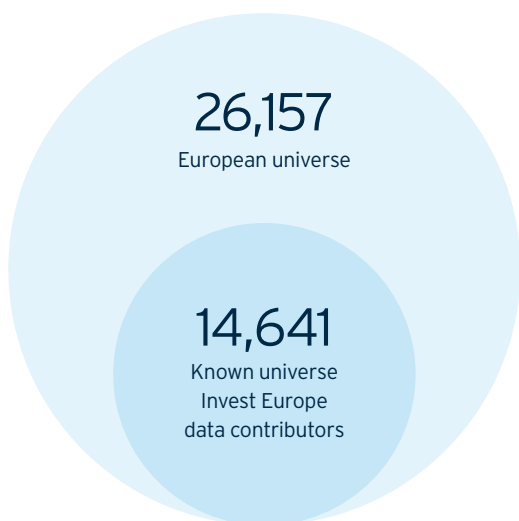
To estimate employment in European companies backed by all private equity firms in Europe, the following universe was defined:

- The European universe refers to the sum of: portfolio companies headquartered in Europe that received any investments from private equity firms within the previous five years (2017-2021), and which had not been fully exited before end 2021; portfolio companies which had their latest investment before 2017 but which had a partial exit reported in 2020 or 2021.

Adding the known universe (Invest Europe data contributors for which data were collected and treated as described in section one above), the overview numbers for the two universes are as follows:

The universe

Total number of portfolio companies



Extrapolation methodology

Data on employment in 2021 (excluding add-ons/ carve-outs during the year) for the known universe was used to extrapolate figures on employment for the European universe. The process was as follows:

Portfolio companies in both universes were categorised based on three variables: location (6 European regions); sector (13 categories); and latest stage of investment (8 stages). This led to segregation of the universes into 624 categories.

For each of the 624 categorisations, estimates of the number of employees in portfolio companies in the unknown population (full European universe) were made using the known employment figures of the known universe for that specific category⁴. The estimations were made using three scenarios:

Scenario one: This scenario took the average number of employees for the category in the known universe and assigned it to each portfolio company within the same category in the unknown population.

Scenario two: This scenario excluded any employment figure for a portfolio company in the known universe which accounted for more than 60% of the total number of employees within the category in question. The average employment per company was then calculated for the category after excluding this figure, and applied to each portfolio company in the unknown population⁵.

Scenario three: This scenario automatically excluded the figure of the portfolio company with the maximum employment in each category in the known universe. The average employment per company was then calculated after excluding this figure, and applied to the unknown population.

In the report, scenario two is presented, as it is considered conservative enough, as well as being a sensible and reasonable approach to fairly estimate employment figures at European headquartered companies.



Portfolio companies in both universes were categorised based on three variables:

Location
(6 European regions)

Sector
(13 categories)

Latest stage of investment
(8 stages).

This led to segregation of the universes into 624 categories.

Note

- 4 If a category in the known population was not present in the known universe, zero employees were considered to be in the unknown population, increasing the conservative nature of the estimation produced.
- 5 In order to account for differences in company size distribution between portfolios of Invest Europe & non-Invest Europe members, the process described in this scenario was adjusted as so: a) the unknown data for portfolio companies backed by Invest Europe members was estimated based on Invest Europe members' known employment information; b) the unknown data for portfolio companies backed by non-Invest Europe members was estimated based on all known employment data, regardless of Invest Europe membership status.

Validation of the extrapolation results

Comparisons of the splits within the extrapolated data to other Invest Europe figures helped understanding of the extent to which the extrapolated data are a likely representation of the full European population.

The percentage of the universe which is considered SME in this report differs slightly to that seen in Invest Europe's annual activity report 'Investing in Europe: private equity activity 2021'. An explanation for this difference is:

The 'Investing in Europe' publication calculates the percentage of SMEs using companies with less than or equal to 250 employees in 2021 out of the total active companies receiving investments in 2021. The extrapolation process for this report includes all companies with less than or equal to 250 employees in 2021 out of the total active European universe (considered as portfolio companies headquartered in Europe that received any investments from private equity firms within the previous five years (2017-2021), and which had not been fully exited before end 2021; and portfolio companies which had their latest investment before 2017 but which had a partial exit reported in 2020 or 2021).

Definitions**Venture**

Firms focused on one of three areas: Early-stage (focused on investing in companies in the early stages of their lives); Later-stage (providing capital for an operating company which may or may not be profitable. Typically in C or D rounds); and All-stage (focused on both early and later stage investments).

Growth

Firms focused on making private equity investments (often minority investments) in relatively mature companies that are looking for primary capital to expand and improve operations or enter new markets to accelerate the growth of the business.

Buyout

Firms focused on acquiring companies by purchasing majority or controlling stakes, financing the transaction through a mix of equity and debt.

Generalist

Firms focused on investing in all stages of private equity.

Other

Firms investing in turnaround situations, mezzanine and other entities complying with the private equity firm features.

- Mezzanine – Firms using a hybrid of debt and equity financing, comprising of equity-based options (such as warrants) and lower-priority (subordinated) debt.
- Turnaround/Rescue – Firms investing equity in companies that are in financial distress with the view to restoring the company to profitability.

Employment extrapolation**5,951,368**

people working for private equity backed companies within the sample (14,641)

+**4,630,861**

people working for other private equity backed European portfolio companies

=**10,482,229**

people working for private equity backed European portfolio companies

Sample: 26,157 companies

Employment quantification**284**

Invest Europe data contributors' portfolios studied

14,641

portfolio companies studied of which

11,987

SMEs

34%

of data came from third parties (annual reports, Bureau van Dijk, other public sources)

About us

In this section

- 52 About private equity
- 54 About Invest Europe
- 55 Acknowledgements



About private equity

What makes private equity¹ different?

From start-ups to well-established companies, most businesses in Europe are privately owned, and not listed on public markets.

Private equity investors support these businesses on their growth journey, and it's their combination of patient and active ownership that sets the private equity model apart from most other sources of funding. Combining finance with active management, private equity adds value to the companies in which it invests.

Clear alignment between private equity firms and their investors is also fundamental to how the industry operates. Long-term engagement delivers strong and sustainable growth, resulting in healthy returns for Europe's pension funds and insurers, benefiting millions of European citizens and their families.

This makes private equity an attractive investment opportunity and sets it apart from other asset classes.

The role of private equity in the economy

Delivering returns for savings and pensions

Most private equity funding comes from citizens' savings. Pension and insurance companies invest in private equity funds because they generate consistent returns over the long-term. This is important while interest rates continue to remain low.

Helping companies to grow

Private equity firms are actively involved in the running of the businesses they invest in, strengthening management, delivering operational improvements and helping them to expand into new markets. This active approach is also used to help underperforming companies survive, protecting jobs and creating successful businesses with a strong future.

Providing patient investment

Private equity funds make a long-term commitment to the companies they back, often investing for many years, and setting companies on a sustainable growth path. This helps businesses to plan for the future with the reassurance that comes from having a committed partner.

Creating value for investors and society

By building better businesses, private equity plays a vital role in Europe's prosperity – benefiting employees, pensioners, investors and the wider economy. Private equity fund managers also invest their own money, meaning they have a strong interest in the long-term success of the investments they have undertaken.

Note

¹ Private equity in this presentation encompasses: Buyout, Generalist, Growth, Mezzanine, and Venture Capital.

Investment stages

'Private equity' simply means that the portfolio company is owned privately – i.e. its shares are not listed on a public market. As an industry it encompasses all sizes of investor and business, at all stages, from fledgling start-ups through to global corporations. The broad investment stages of private equity are outlined below:

Venture - Seed

This is funding provided before the portfolio company has started mass production/distribution with the aim to complete research, product definition or product design, including market tests and prototypes. This funding is not used for mass production/distribution.

Venture - Start-up

This is funding for companies whose product or service is fully developed and starting mass production or distribution, and to cover initial marketing costs. Companies may be in the process of being set up or may have been in business for a shorter time, but have not sold their product commercially yet. The use of capital would be mostly to cover capital expenditures and initial working capital, and these companies would not usually be generating a profit yet.

Venture - Later stage

Financing provided for an operating company, which may or may not be profitable. Later-stage venture tends to involve financing into companies already backed by VCs, typically in C or D rounds of investment.

Growth

This is private equity investment (often a minority stake) in relatively mature companies that are looking for primary capital to expand and improve operations or enter new markets to accelerate the growth of an already successful business.

Buyout

Financing provided to acquire a company. It may use a significant amount of borrowed capital to meet the cost of acquisition. Typically involves purchasing a majority or controlling stake in the portfolio company.

Turnaround / Rescue

Financing made available to an existing business, which has experienced financial distress, with a view to re-establishing profitable trading.

Replacement Capital

Minority stake purchase from another private equity investment organisation or from another shareholder or shareholders.

Private equity: Impact in numbers

Over the past few years private equity has become an important source of funding for European businesses

Investing in Europe:

€490 billion

invested by private equity in European companies from 2017-2021

28,926

European companies benefited from PE investment over the 2017-2021 period

Attracting global investment into Europe:

36%

of the total amount raised by private equity in Europe between 2017-2021 came from outside the continent

About Invest Europe

Invest Europe is the voice of the private equity, venture capital and infrastructure industries in Europe. We are a non-profit organisation with 27 employees based in Brussels, Belgium.

Our members invest in privately held companies, from start-ups to established firms, injecting not only capital but also dynamism, innovation and expertise.

We are the guardian of our industry’s professional standards, demanding accountability, good governance and transparency from our members.

Through our research, we aim to play a constructive role in Europe's prosperity and policymaking, providing authoritative data on trends and developments in the industry, and communicating our members’ role in the economy.

6.4 million

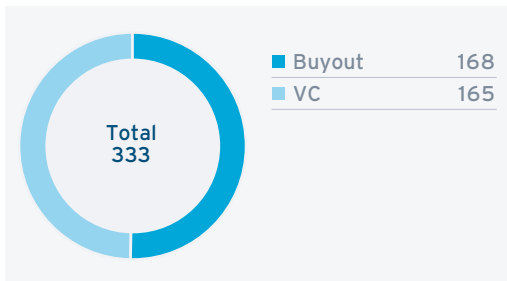
estimated number of people working for Invest Europe members' portfolio companies

9,890

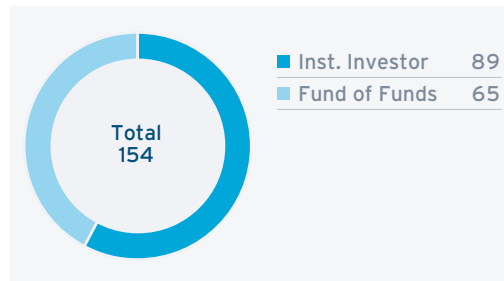
active Invest Europe member portfolio companies in 2021

Our members²²

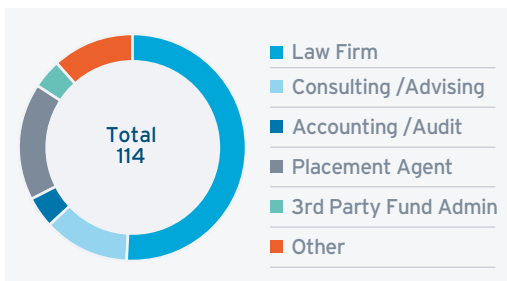
GP Members



LP Members



Associate Members



Member firms located in

42
countries across Europe

15
countries outside Europe

For more information

Please visit www.investeurope.eu



22 As at 14 December 2022

Acknowledgements

About Invest Europe Research

Invest Europe is recognised as the authoritative data source for European private equity by institutions including the European Commission and OECD (Organisation for Economic Co-operation and Development). Rigorous research has underpinned Invest Europe's work with policymakers, media, fund managers and other stakeholders since 1984. To deliver this trusted data and insight, Invest Europe collects data on more than 1,800 private equity firms.

The Invest Europe Research team is supported by PEREP Analytics.

Invest Europe Research team

Research Director

Julien Krantz

Research Manager

Dan Irwin-Brown

Research Officers

Lucrezia Lo Sordo

Francesco Lappano

research@investeurope.eu

PEREP ANALYTICS

Statistics Manager

Iuliana Furica

Statistics Leads

Adriana Suket (Craciun)

Alexandra Ehupov

Cristina Porumboiu, Report Dedicated Lead

Statistics Team

Alexandra Bogomazova

Alexandra Ionescu

Andreea Anca

Angela Sapun-Cucu

Bianca Ostropet

Drağos Tanasescu

George Radulescu, Report Dedicated Analyst

Luiza Dima

Renata Sandulache

Silvia Costea, Report Dedicated Analyst

Tiberiu Mihailescu

Valentin Lepadat

European Data Cooperative

What is the EDC?

The EDC is the **most comprehensive database** of European private equity statistics. The EDC replaces Invest Europe's previous database PEREP_Analytics. All relevant historical data from PEREP was migrated to the EDC system in 2016.

Basis of reporting

All data since 2007 was restated and complemented with additional information. Audit efforts are conducted in close coordination with data contributors and partnering national associations to ensure the best coverage and consistent application of methodology and definitions.

Invest Europe processes all information at the data cut-off time to produce its annual statistics. Any differences between Invest Europe's statistics and those of other associations in the EDC may be related to different reporting approaches, restatements and data cut-off timings.

The most recent data publications are always available on Invest Europe's website

www.investeurope.eu/research

or by contacting the research team

research@investeurope.eu

Invest Europe members and data contributors are eligible to receive dedicated research and data support from our research team.

Please contact us at **research@investeurope.eu** to find out more.



With data on more than 1,800 European private equity firms, the 2021 annual statistics covered 94% of the €846 billion in capital under management in Europe as of end of 2021

The European Data Cooperative database brings together:

4,000+
firms

10,900+
funds

86,700+
portfolio companies

330,900+
transactions

Disclaimer

The information contained in this report has been produced by Invest Europe, based on data collected as part of the European Data Cooperative (EDC) and other third-party information. While Invest Europe has made every effort to ensure the reliability of the data included in this report, Invest Europe cannot guarantee the accuracy of the information collected and presented. Therefore, Invest Europe cannot accept responsibility for any decision made or action taken based upon this report or the information provided herein.

This report is for the exclusive use of the persons to whom it is addressed and is intended for general information purposes only. It is not intended to constitute legal or other professional advice and should not be treated as such. Appropriate legal advice must be sought before making any decision, taking any action or refraining from taking any action in reliance on the information contained in this presentation. Invest Europe does not assume any responsibility for any person's reliance upon the information contained herein.

In furnishing this report, Invest Europe undertakes no obligation to provide any additional information or to update this presentation or any additional information or to correct any inaccuracies which may become apparent.

Copyright information

No part of this publication may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968. Copyright enquiries should be directed to Invest Europe.

Tel: + 32 2 715 00 20.

© Copyright Invest Europe April 2023