

A bundle of wooden pencils is shown in a holder, with a semi-transparent grey box overlaid in the center. The pencils are light-colored wood with silver erasers and blue markings. The text is centered within the grey box.

# **PUBLICATIONS METHODOLOGY & DEFINITIONS**

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September 2025

# What's inside?

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# Methodology & Glossary

## Dataset

### UNIVERSE ELIGIBILITY

This publication is based on data collected from firms managing investment vehicles or pools of capital (funds) and investing in companies not quoted on a stock market.

The inclusion of such firms in this analysis is decided at fund level.

Firms will be included in the analysis, as long as at least one of the funds they manage qualifies to the inclusion conditions; however, only the activity of the qualifying funds will be taken into consideration.

The eligibility criteria for firms are the following:

1. Have a fund structure or pool of capital (a collective investment scheme used for making private equity investments);
2. Invest in companies;
3. Have a medium- to long-term holding period for the companies;
4. Have an exit strategy.

### FUNDS INCLUDED IN THE STATISTICS

Private equity\* funds making direct private equity investments; cleantech (“energy” funds, as long as they invest in cleantech or energy related companies and not projects); continuation funds (of PE/VC funds); corporate venture structures (CVC); FoF co-Investment funds (dedicated direct co-investment funds of “Fund of Funds”); mezzanine funds; PE arms of banks (PE/VC arms/division of banks) - even if they do not invest from a pool of capital (usually invest from the bank’s balance), they follow the classic PE model; silent partnerships (mezzanine funds, specific to Germany); turnaround/rescue funds (as long as their investing model is PE/VC and they invest equity, for the purpose of company rescue, in order to divest it later at a profit).

### FUNDS EXCLUDED FROM THE STATISTICS

Accelerators, business angel activity, distressed debt funds, hedge funds, holding companies, incubators, participative loans, primary funds of funds, private debt funds, project financing, real estate funds, secondary funds of funds, venture credit.

### LISTED PRIVATE EQUITY

**Listed Private Equity Firms:** European direct private equity firms that are listed on stock exchanges as of year n. Firms that became inactive before year n are not included in the scope of this analysis.

**Listed Private Equity Funds:** European direct private equity funds listed on stock exchanges. Funds that were terminated before year n are not included in the scope of this analysis.

### EUROPEAN UNIVERSE

European figures included in this publication refer to Europe as a continent, not only to the European Union 27 countries.

**Europe includes:** Albania, 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.

\* Private equity in this presentation encompasses: Buyout, Generalist, Growth, Mezzanine, and Venture Capital

RESEARCH

# INVESTING IN EUROPE: PRIVATE EQUITY ACTIVITY 2024

Statistics on Fundraising, Investments, & Divestments

# Methodology & Glossary

## Fundraising

### FUNDRAISING STATISTICS EXPLAINED

Direct private equity investment funds that primarily focus on investments in Europe are monitored.

Funds raised are recorded in the country of the advisory team that is raising/managing the fund ('industry statistics'). This should not be confused with the legal domicile of the fund.

### INDEPENDENT AND CAPTIVE FUNDS

**Captive funds:** Funds that are 100% owned by the parent organisation.

**Independent funds:** Semi-captive funds (those in which the parent owns less than 100%) as well as wholly independent funds.

### FIRST TIME AND FOLLOW-ON FUNDS

**First time funds:** The first fund of a certain investment focus raised by a GP is considered the first time fund.

**Follow on funds:** Semi-captive funds (those in which the parent owns less than 100%) as well as wholly independent funds.

### INCREMENTAL AMOUNTS AND FINAL CLOSING

**Incremental amounts:** Incremental amounts represent the additional capital raised between two closings. These amounts reflect new commitments secured since the previous closing.

**Final closings:** Final closings in the year represent the cumulative amount raised since inception.

### FUND STAGE FOCUS

#### Venture Capital

**Early-stage fund:** Venture capital funds focused on investing in companies in the early stages of their lives.

**Later-stage fund:** Venture capital funds providing capital for an operating company which may or may not be profitable. Typically, in C or D rounds.

**Venture fund (all stages):** Venture capital funds focused on both early and later stage investments.

#### Other stages

**Buyout fund:** Funds acquiring companies by purchasing majority or controlling stakes, financing the transaction through a mix of equity and debt.

**Generalist fund:** Funds investing in all stages of private equity.

**Growth fund:** Funds that make 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.

**Mezzanine fund:** Funds using a hybrid of debt and equity financing, comprising equity-based options (such as warrants) and lower-priority (subordinated) debt.

# Methodology & Glossary

## Sources of funds

### SOURCES OF FUNDS STATISTICS EXPLAINED

The sources of funds statistics represent all investors' commitments. It follows the methodology of fundraising with the exclusion of capital gains, dividend income, loan interest received and available for reinvestment.

In publications, unclassified figures concerning the type of investor are usually extrapolated.

### GEOGRAPHICAL SOURCES OF FUNDS

Capital raised from an LP located in the same country as the fund it commits to is usually considered to be domestically raised according to the Invest Europe classification.

### TYPES OF INVESTORS

**Academic institutions:** Universities, colleges or schools.

**Banks (excl. feeder funds):** Capital committed by banks, excluding feeder funds (funds that invest in private equity funds on behalf of bank customers via private banking products). Capital from feeder funds is registered in the category corresponding to the type of investors investing into the bank's feeder fund.

**Capital markets:** A listed vehicle was used by the fund manager to raise capital.

**Corporate investor:** Corporations manufacturing products or delivering non-financial services.

**Endowment:** An investment fund established by a foundation, university or cultural institution providing capital donations for specific needs or to further a company's operating process. They are generally structured so that the principal amount invested remains intact (for perpetuity, for a defined period of time or until sufficient assets have been accumulated to achieve a designated purpose).

**Family office:** An entity that provides services to one or more affluent families, including investment management and other services (accounting, tax, financial and legal advice etc.).

**Fund of funds:** A private equity fund that primarily takes equity positions in other funds.

**Foundations:** A non-profit organisation through which private wealth is distributed for the public good. It can either donate funds and support other organisations or provide the sole source of funding for its own charitable activities.

**Government agencies:** Country, regional, governmental and European agencies or institutions for innovation and development.

**Insurance companies:** Financial intermediaries which offer direct insurance or reinsurance services, providing financial protection from possible hazards in the future.

**Other asset manager:** A financial institution (other than a bank, endowment, family office, foundation, insurance company or pension fund) managing a pool of capital by investing it across different asset classes with the purpose of generating financial returns. The category may include private equity direct funds that occasionally do indirect investments but excludes fund of funds that are a standalone option.

**Pension funds:** A pension fund that is regulated under private or public sector law.

**Private individuals:** People who acquire shares of private equity fund (including GP commitments as well).

**Sovereign wealth funds:** State-owned investment funds investing in foreign direct private equity funds to diversify their portfolio.

# Methodology & Glossary

## Investment

### INVESTMENT STATISTICS EXPLAINED

**Equity value:** The amount of capital invested to acquire shares in a company. The equity value includes equity, quasi-equity, mezzanine, unsecured debt and secured debt provided by the private equity firm.

**Industry statistics** are an aggregation of figures according to the country of the private equity firm's office in charge of the investment. At European level, this relates to investments made by European private equity firms regardless of the location of the portfolio company.

**Market statistics** are an aggregation of figures according to the location of the portfolio company. At European level, this relates to investments in European companies regardless of the location of the private equity firm.

### INVESTMENTS STAGES

**Seed:** Funding provided before the investee company has started mass production/distribution with the aim to complete research, product definition or product design, also including market tests and creating prototypes. This funding will not be used to start mass production/distribution.

**Start-up:** Funding provided to companies, once the product or service is fully developed, to start mass production/distribution and to cover initial marketing. 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 the capital would be mostly to cover capital expenditures and initial working capital. This stage contains also the investments reported as **"Other early stage"** which represents funding provided to companies that have initiated commercial manufacturing but require further funds to cover additional capital expenditures and working capital before they reach the break-even point. Such companies will not be generating a profit yet.

**Later-stage venture:** 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.

**Growth:** A type of private equity investment (often a minority investment) 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.

Within Growth, type of investment is further split into **"VC-backed growth"** & **"Non-VC-backed growth"**. The former refers to Growth investments made with either continued participation by at least one VC fund at the time of the investment round, or else full divestment by the involved VC fund(s) at the time of the Growth round. The latter refers to Growth investments where VC funds had either fully divested prior to the Growth round, or else had never backed the company in question before.

**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 majority or controlling stakes.

**Turnaround / Rescue:** Financing made available to an existing business, which has experienced financial distress, with a view to re-establishing prosperity.

**Replacement Capital:** Minority stake purchase from another private equity investment organisation or from another shareholder or shareholders.

# Methodology & Glossary

## Divestment

### DIVESTMENT STATISTICS EXPLAINED

**Divestment amounts** (including write-offs) are recorded at cost (i.e. the total amount divested is equal to the total amount invested before).

**Industry statistics** are an aggregation of figures according to the country of the private equity firm's office in charge of the divestment. At European level, this relates to divestments made by European private equity firms regardless of the location of the portfolio company.

**Market statistics** are an aggregation of figures according to the location of the portfolio company. At European level, this relates to divestments of European companies regardless of the location of the private equity firm.

**Holding period:** is the duration for which a private equity firm retains an investment in a portfolio company before exit.

Note: Recapitalisations are not considered in the divestment statistics.

### EXIT ROUTE

**Management / Owner buyback:** The buyer of the company is its management team.

#### Public offering:

- First divestment following flotation (IPO): The sale or distribution of a private company's shares to the public for the first time by listing the company on the stock exchange.
- Sale of quoted equity post flotation: It includes sale of quoted shares only if connected to a former private equity investment, e.g. sale of quoted shares after a lock-up period.

**Repayment of preference shares / loans or mezzanine:** If the private equity firm provided loans or bought preference shares in the company at the time of investment, then their repayment according to the amortisation schedule represents a decrease of the financial claim of the firm into the company, and hence a divestment.

**Sale to another private equity firm:** The buyer of the portfolio company is a private equity firm.

**Sale to financial institution:** A financial institution is an entity that provides financial services for its clients:

- Depository Institutions: deposit-taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies and mortgage loan companies.
- Contractual Institutions: Insurance companies and pension funds.
- Investment Institutions other than direct private equity firms.

**Trade sale:** The sale of a company's shares to industrial investors.

**Write-off:** The value of the investment is eliminated and the return to investors is zero or negative.

# Methodology & Glossary

## MARKET STATISTICS

**A** Domestic investments / divestments in European countries

**B** Cross-border investments / divestments within Europe

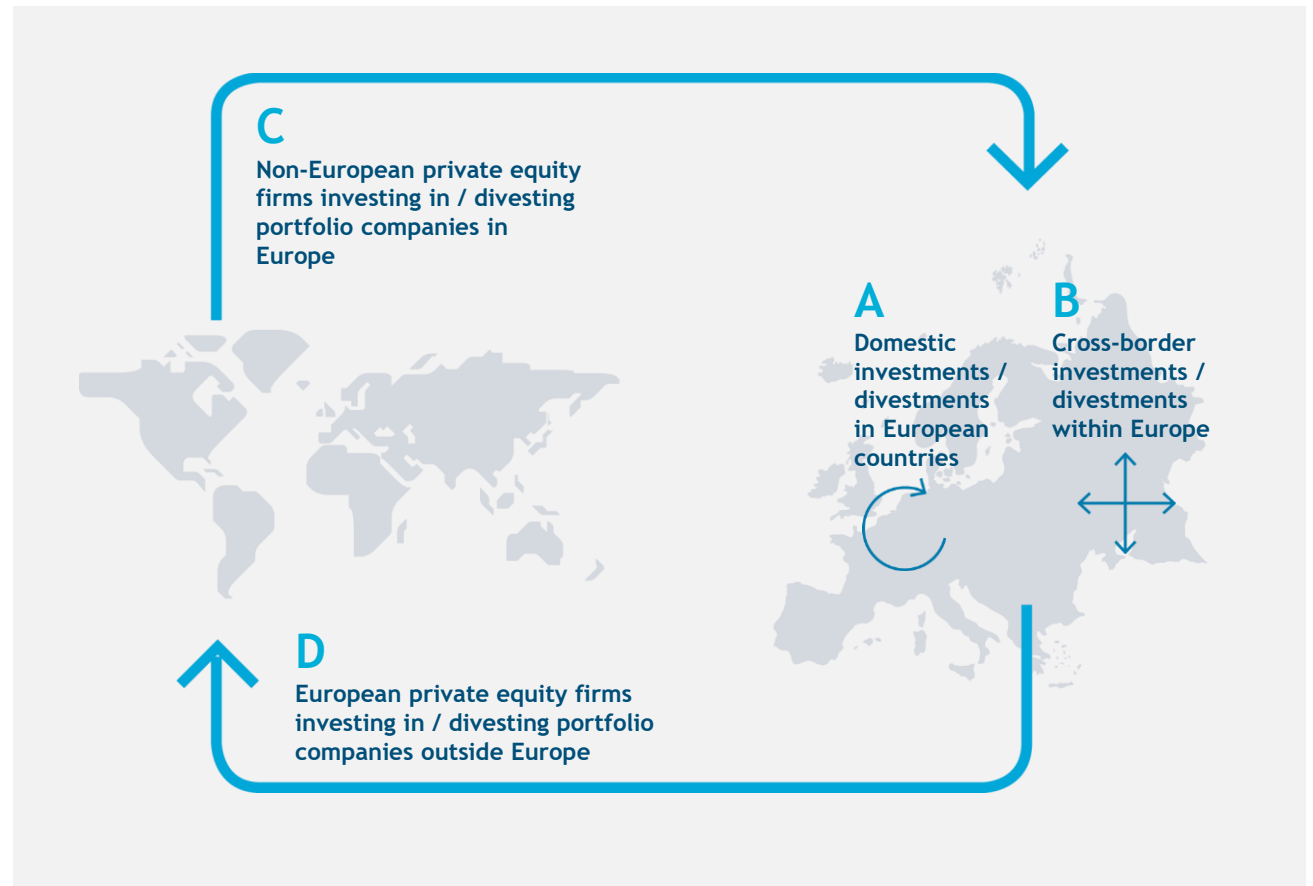
**C** Non-European private equity firms investing in / divesting portfolio companies in Europe

## INDUSTRY STATISTICS

**A** Domestic investments / divestments in European countries

**B** Cross-border investments / divestments within Europe

**D** European private equity firms investing in / divesting portfolio companies outside Europe



RESEARCH

# 2024 Central & Eastern Europe **PRIVATE EQUITY STATISTICS**

Statistics on Fundraising, Investments, & Divestments

June 2025

In partnership with

**GIDE**

GIDE LOYRETTE NOUËL

# Methodology & Glossary

## Central and Eastern Europe Private Equity Statistics

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

[Funds excluded from the statistics](#)

[European Universe](#)

[Listed Private Equity](#)

#### ACTIVITY DATA DEFINITIONS

[Fundraising](#)

[Sources of funds](#)

[Investment](#)

[Divestments](#)

[Reporting approaches](#)

### SPECIFIC DEFINITIONS:

#### CEE UNIVERSE

##### Central and Eastern Europe includes:

Albania, Bosnia - Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, North Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine.

#### FUNDRAISING IN CEE PUBLICATION

The vast majority of private equity funds raised for CEE to date were for the region as a whole rather than for any specific country. Therefore, fundraising is presented in this paper as a total pool of capital raised for the region. Moreover, fundraising is limited to capital raised by funds that have declared CEE to be their target region. The data does not include those funds that may allocate a portion of their capital to the CEE region but whose primary focus is elsewhere.

#### GEOGRAPHICAL SOURCES OF FUNDS IN CEE PUBLICATION

Capital raised from an LP located in the same country as the fund it commits to is usually considered to be domestically raised according to the Invest Europe classification. However, the CEE fundraising data includes private equity funds located outside of CEE but fully dedicated to the CEE region (e.g. a UK-based fund focused on the CEE region).

Thus, for the purpose of this publication, domestic fundraising ('Within CEE' category) includes capital raised from CEE-based LPs, regardless of the location of the CEE dedicated private equity fund itself. We believe this gives the most accurate picture of actual commitments made by CEE-based LPs to CEE-focused funds.

RESEARCH

## TRANSACTION VALUE: PRIVATE CAPITAL ANALYSIS

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Statistics on European investments 2015-2024

# Methodology & Glossary

## Transaction value

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

[Funds excluded from the statistics](#)

[European Universe](#)

[Listed Private Equity](#)

#### ACTIVITY DATA DEFINITIONS

[Fundraising](#)

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[Investment](#)

[Divestments](#)

[Reporting approaches](#)

### SPECIFIC DEFINITIONS:

#### TRANSACTION VALUE STATISTICS EXPLAINED

**Transaction value statistics** capture all capital that is allocated to a company via a private equity investment.

**Transaction value** is defined as the sum of the total amount invested by the fund, including the total amount invested by co-investors and leverage provided by banks or other sources, if applicable.

**Average equity ratio per transaction** is calculated per each transaction ID, and it includes equity, quasi-equity, mezzanine, unsecured and secured debt provided by the fund.

#### TRANSACTION VALUE DATA AUDIT

The audit process was built on verifying the outlier transactions at country level. The largest transactions according to transaction value amount have been identified for each European country and investment stage. Each of these transactions have been checked for consistency between transaction value amount, equity amount, investment stage, syndication information and leverage.

RESEARCH

# POSITIONED FOR THE CHALLENGE: Capital Under Management & Dry Powder 2024

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Statistics on European private equity funds

# Methodology & Glossary

## Capital under Management & Dry Powder

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

[Funds excluded from the statistics](#)

[European Universe](#)

[Listed Private Equity](#)

#### ACTIVITY DATA DEFINITIONS

[Fundraising](#)

[Sources of funds](#)

[Investment](#)

[Divestments](#)

[Reporting approaches](#)

### SPECIFIC DEFINITIONS:

#### CAPITAL UNDER MANAGEMENT STATISTICS EXPLAINED

Only direct private equity\* funds that primarily focus on investments in Europe are monitored.

**European focus:** this analysis considers all eligible funds of firms that are active on the European market. Only European capital under management has been considered. For private equity firms that are active globally or with offices outside Europe, only the capital under management related to their European activity has been taken into consideration.

**Note:** in publications, percentages concerning the type of investor are based on known figures, therefore the implicit assumption is that data from funds with no information provided follow the same split as that of funds with information submitted.

#### DEFINITIONS

**Capital under management** is defined as the total amount of funds available to fund managers for future investments plus the amount of funds already invested (at cost) and not yet divested. Fees already paid to managers are excluded. Any future management fees are included.

**Dry powder** is defined as total amount of funds available to fund managers for future investments, including future management fees.

**Portfolio at cost** is defined as the total amount invested and not yet divested recorded 'at cost' (total amount divested will be equal to the total amount invested before).

**Fund vintage year** is defined in this publication as the year of first closing of the fundraising process. If no record on fundraising, the year of first investment is considered.

\* Private equity in this presentation encompasses: Buyout, Generalist, Growth, Mezzanine, and Venture Capital

# Methodology & Glossary

## Capital under Management & Dry Powder

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

[Funds excluded from the statistics](#)

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#### ACTIVITY DATA DEFINITIONS

[Fundraising](#)

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[Investment](#)

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[Reporting approaches](#)

### SPECIFIC DEFINITIONS:

#### HISTORICAL DATA TREND RECONSTRUCTION

To preserve data consistency and a robust analysis over the years, we calculated or estimated data points when missing for certain funds and years following the below methodology.

##### Dry Powder - 3 scenarios

1. Without calculation if fully based on **submitted dry powder** data per fund.
2. With calculation based on **submitted fundraising and investment** data per fund. Dry Powder historical data is estimated by adjusting the fundraising data with the investment amounts fund by fund.
3. With calculation based on **investment patterns** established by vintage on funds from scenario 1.

##### Portfolio At Cost - 2 scenarios

1. With calculation based on **submitted investment and divestment** data per fund.
2. With calculation based on **estimated investment and/or divestment data**.  
Investment data being submitted or estimated thanks to the **dry powder sequence** (see above section) and divestment data being submitted or estimated thanks to an **average holding period per fund vintage year, fund stage focus and fund region** calculated on known transactions.

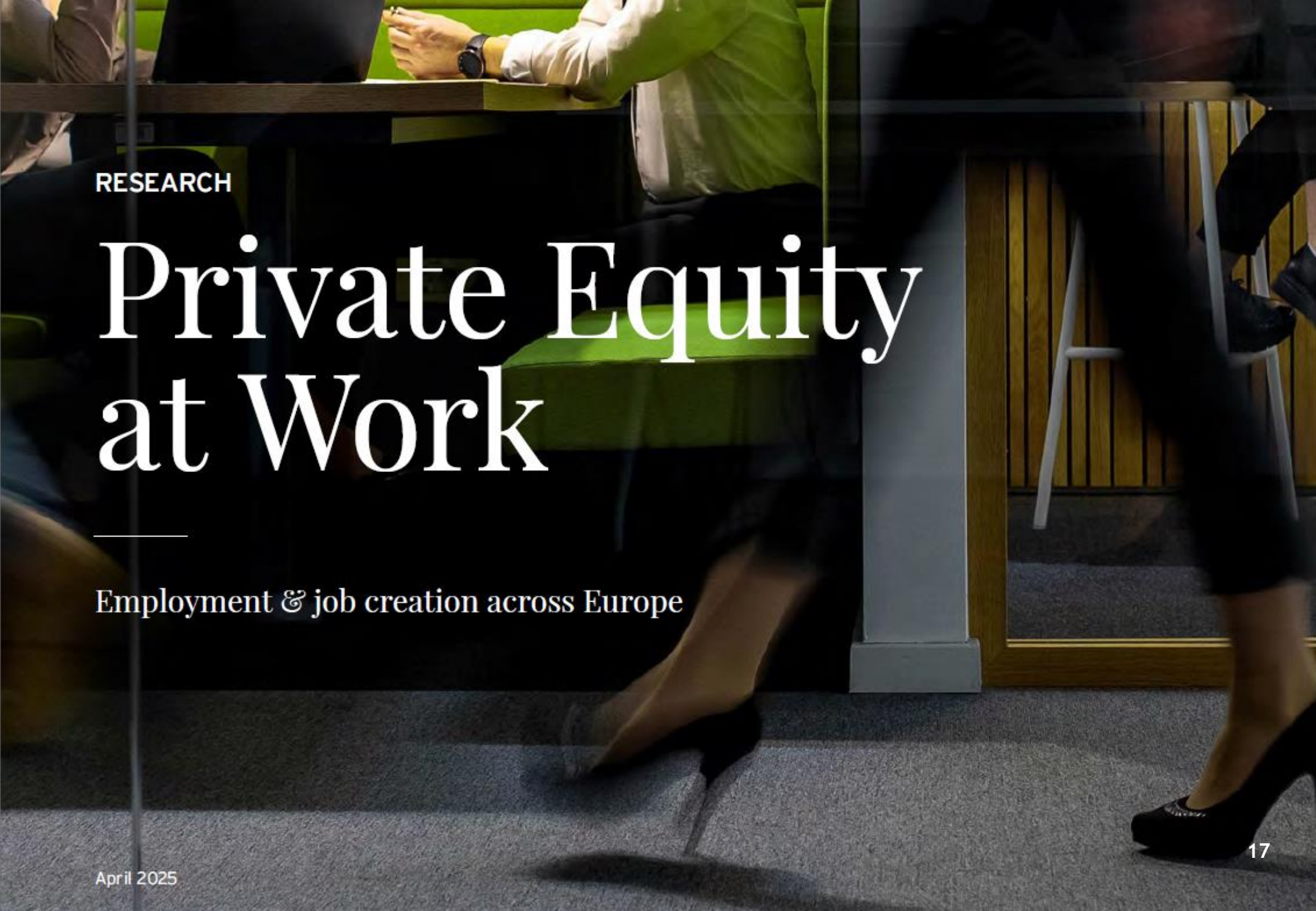
#### AUDIT AND CONSISTENCY CHECK

**Management fee:** data is submitted excluding management fees. To avoid any over-estimation of the dry powder, a 10% correction coefficient on the total fundraising is deducted from the amount of dry powder when estimated.

**Capital under management:** capital under management collected at firm level once a year by Invest Europe is used as audit metric to assess the accuracy of the dry powder and portfolio at cost data.

**Investment period:** funds with more than 10% of Dry Powder out their total fundraising after the usual 5- year investment period are audited manually.

**Outliers:** outlier values by country and by firm type are audited manually.



RESEARCH

# Private Equity at Work

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Employment & job creation across Europe

April 2025

# Glossary & Methodology

## Economic impact data

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

[Funds excluded from the statistics](#)

[European Universe](#)

[Listed Private Equity](#)

#### IMPORTANT NOTE

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

### SPECIFIC DEFINITIONS

**Employment:** The Employment universe is established to show total employment within included portfolio companies at a specific time: as of end of year n. It refers to companies where just year n data is known (including extrapolated figures).

**Job creation:** The Job creation universe is a sub-section of the Employment universe that shows the changes in employment levels from year n-1 to year n within included portfolio companies. It refers to companies where data for both year n and n-1 is known and it doesn't include extrapolated figures. The calculation of job growth excludes any additions to companies such as those resulting from M&A.

**Multi-year analysis:** The (n-6)-n multi-year analysis is based on a sample of portfolio companies that have an investment year in the EDC database  $\leq n-6$ , and an exit year in the same database that is  $\geq n$ . It refers to companies with known data during the entire period under study.

**Holding period analysis:** Compared to multi-year trend data, where the employment data is known for the full period under study, the holding period analysis includes the companies with known employment data for at least two consecutive years, out of the active universe. Outliers have been excluded using the Windsorization method. Windsorization is a statistical technique used to limit the influence of extreme outliers by capping values that fall outside a specified percentile range. Instead of removing these extreme values, Windsorization replaces them with the nearest value within the chosen percentile bounds. We applied the 5th-95th percentile Windsorization, and any values below the 5th percentile are replaced with the 5th percentile value, and any values above the 95th percentile are replaced with the 95th percentile value. This method helps reduce the impact of outliers without losing data, ensuring a more stable and reliable analysis.

# Glossary & Methodology

## Economic impact data

### ECONOMIC IMPACT STATISTICS EXPLAINED

**Economic impact statistics** only includes portfolio companies with European headquarters regardless of the location of the employee, and only European companies active during year n within the portfolio of a private equity investor (i.e. companies exited within year n-1 or backed post-year n were excluded).

#### 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 publications, Bureau van Dijk, and, when necessary, further sources such as company websites and press releases.

#### Criteria for counting employees working in portfolio companies are the following:

- i. the number of employees counted refers to figures as at year-end;
- ii. the number of employees counted refers to full-time equivalents (FTE). Part-time employees were counted as 0.5 FTE;
- iii. the number of employees counted only includes those employees that have an employment status with the company (i.e. the data exclude couriers and contractors).
- iv. the total number of employees for each company was registered in the country of the company headquarters.

### AUDITING CONSIDERATIONS FOR COLLECTED DATA

#### Add-on effect:

When considering growth of employment from year n-1 to year n, any change due to mergers & acquisitions during year n were excluded.

#### 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 'Sources of data' section) 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 publications / 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 year n-1 to year n of more than 20% was audited, particularly to establish that the add-on or carve-out effect was not being taken into account.

# Glossary & Methodology

## Economic impact data

### EXTRAPOLATION METHODOLOGY FOR THE EMPLOYMENT UNIVERSE

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

To estimate employment in European companies backed by all private equity firms in Europe, the European universe was defined. It is the sum of:

- I. portfolio companies headquartered in Europe that received any investments from private equity firms within the previous five years, and which had not been fully exited before end of year n;
- II. portfolio companies which had their latest investment before year n-5 but which had a partial exit reported in year n-1 or year n.

The extrapolation 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 category.

If a category in the unknown 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.

### 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 population. 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.

**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 publication,** 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.

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# Glossary & Methodology

## Economic impact data

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### VALIDATION OF 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.

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The percentage of the universe which is considered SME in this publication differs slightly to that seen in Invest Europe's annual activity publication. 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 year n out of the total active companies receiving investments in year n. The extrapolation process for this publication includes all companies with less than or equal to 250 employees in year n 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, and which had not been fully exited before end of year n; and portfolio companies which had their latest investment before year n-5 but which had a partial exit reported in year n-1 or year n).

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The extrapolation 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 category. If a category in the unknown 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.

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# ESG KPIs

March 2025



# Glossary & Methodology

## ESG KPIs: Managing what you measure

### CORE DEFINITIONS:

#### UNIVERSE DEFINITIONS

[Criteria for fund inclusion](#)

[Funds included in the statistics](#)

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[Listed Private Equity](#)

### SPECIFIC DEFINITIONS:

#### ESG KPI STATISTICS EXPLAINED

All data were collected from GPs through the European Data Cooperative. Figures presented throughout the publication are based on the responses received from those who answered the survey. Sample sizes are given throughout for clarity.

The publication includes data:

- I. only of portfolio companies with European headquarters and
- II. only European companies active during year n within the portfolio of a private equity investor had data collected (i.e., companies exited within year n-1 or backed post year n were excluded).

Similarly, the publication includes:

- I. only the funds with advisory teams located in Europe and
- II. funds active during year n (i.e., funds terminated within year n-1 or launched post year n were excluded).

To ensure data correctness, consistency checks were performed on the data. Inconsistent data reported by co-investors were confirmed with public sources, if possible. In the cases where public sources were not available, the reporting value was taken from the GP with the most complete set of answers, in all cases with information being reviewed manually by analysts.

To ensure the accuracy of Carbon emissions calculations, we conducted a statistical dispersion audit by employing the Interquartile Range (IQR) method, which effectively identified and excluded outliers from the analysis. For multiple answers submitted regarding the sustainable investment fund categorisation, the highest reported category was taken (for example, if a GP had answered their fund was Article 6 & 9, the fund was categorised as Article 9).

# Glossary & Methodology

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### SPECIFIC DEFINITIONS:

**Scope 1 (tCO<sub>2</sub>e):** Direct emissions due to owned, controlled sources. Preferably accounted for using the GHG Protocol.

Whilst use of the GHG protocol is encouraged, organisations may use national reporting methodologies if they are consistent with the GHG Protocol methodology.

Similarly, calculations using the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU are valid.

**Scope 2 (tCO<sub>2</sub>e):** Indirect emissions due to purchase of electricity, heat, steam, etc. preferably accounted for using the GHG Protocol.

Whilst use of the GHG protocol is encouraged, organisations may use national reporting methodologies if they are consistent with the GHG Protocol methodology.

Similarly, calculations using the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU are valid.

**Scope 3 (tCO<sub>2</sub>e):** All other indirect emissions. Preferably accounted for using the GHG Protocol.

Whilst use of the GHG protocol is encouraged, organisations may use national reporting methodologies if they are consistent with the GHG Protocol methodology.

Similarly, calculations using the Product and Organisation Environmental Footprint methods as defined in points (a) and (b) of point 2 of Commission Recommendation 2013/179/EU are valid.

**Renewable energy consumption (% of total consumption):** = Total renewable energy consumption / Total energy consumption \* 100.

The scope of energy consumption includes only energy directly consumed by the entity during the reporting period. The scope of energy consumption includes energy from all sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption.

Total renewable energy consumption is total renewable energy consumed from: geothermal, solar, sustainably sourced biomass (including biogas), hydropower and wind energy sources. Accounting should follow best practices outlined in RE100 and GHG Protocol Scope 2 Guidance.

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### SPECIFIC DEFINITIONS:

**Environmental Management System\*:** A means of ensuring effective implementation of an environmental management plan or procedures and compliance with environmental policy objectives and targets. A key feature on any effective environmental management system (EMS) is the preparation of documented system procedures and instructions to ensure effective communication and continuity of implementation. There are certification systems for EMS ISO 14001 and EC's EMAS scheme (EMAS is now compatible with ISO 14001) which demonstrate that a system is operated to an internationally recognised standard. Alternatively a customised system can be developed addressing the particular needs of the operation.

**External certification:** The environmental management system has been externally certified to ISO 14001 or equivalent standard.

**Net zero target:** Company has announced a net zero carbon target.

**Total Full Time Equivalent workers (FTEs):** Number of Full Time Equivalent workers at end of year.

**Female Full Time Equivalent workers (FTEs):** Number of Female Full Time Equivalent workers at end of year.

**Total number of board members:** 'Board' means the administrative, management or supervisory body of a company.

**Female board members:** Number of women on board of directors at end of year.

**Independent board members:** A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that may colour his or her judgment. Accordingly, an independent director is understood to be not only a non-executive director, i.e. one not performing management duties in the corporation or the group, but also one devoid of any particular bonds of interest (significant shareholder, employee, other) with them.

**Anti-corruption & bribery policy:** Company has a policy on anti-corruption and anti-bribery.

**Cyber security risks initiative:** Company has initiatives in place to protect against cyber security risks.

**Privacy of employees & customers policy:** Company has a policy protecting the privacy of their employees and customers.

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### SPECIFIC DEFINITIONS:

#### SFRD EXPLAINED

**SFRD (Sustainable Finance Disclosure Regulation):** is an EU legislation that provides for greater transparency concerning the degree of sustainability of financial products and asks financial market participants for detailed reporting on how they approach and mitigate the possible negative impacts that their assets and investments might have on the environment.

**Regulations:** are rules created, imposed, and maintained by a regulatory body or authority. These rules mandate the level of commitment and disclosure for firms that are within the regulatory purview of the authority.

**An Initiative or Coalition:** is a collection of players who self-assemble under an independent governing body and organize towards a shared objective. In the context of this guide, the highlighted initiatives promote or encourage signatories to perform according to the E, S, and G themes that have been mutually decided as most significant.

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### SPECIFIC DEFINITIONS:

The GRI (Global Reporting Initiative) distinguishes between standards and frameworks as follows:

**Standards:** are the agreed level of quality requirements, that people think is acceptable for reporting entities to meet.

- I. Standards provide specific, detailed, and replicable requirements for what should be reported for each topic, including metrics.
- II. The specificity of standards enables like-for-like comparison among reporting companies. Standards can also help yield information that can be assured by an independent third party.
- III. While standards focus on identifying what should be disclosed, they also allow a degree of flexibility for companies to identify the sustainability issues most appropriate for their business and then use the relevant standardized metrics to measure those issues.

**Frameworks:** provide the 'frame' to contextualise information. Frameworks are those that are normally put into practice in the absence of well-defined standards.

- I. Frameworks provide principles-based guidance on how information is structured, how it is prepared, and what broad topics are covered.
- II. Generally, frameworks help promote consistency of information, both between reporting entities and over time.
- III. Frameworks enable high-quality disclosure because they provide detailed guidance, which helps companies publication sustainability information with the same rigor as they publication financial information.

RESEARCH

# The Performance of European Private Equity

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Benchmark Report 2024

June 2025

# Glossary & Methodology

## Performance data with Cambridge Associates

### PERFORMANCE STATISTICS EXPLAINED

Data is only a proxy for investment strategies and does not claim to be representative, merely illustrative.

Data has been retrieved from Cambridge Associates' Optica Benchmarks.

The data source is of the highest quality available but may suffer from upward bias due to Cambridge Associates being involved in manager selection for some of its clients. Between 50-60% of funds in CA's benchmarks are in at least one client portfolio.

Listed market indexes chosen are the MSCI World, the MSCI Europe, the S&P 500, the NASDAQ Composite, the S&P Europe SmallCap, the FT Wilshire 5000, the S&P Global Infrastructure, the MSCI USA Infrastructure, and the MSCI Europe Infrastructure.

### DEFINITIONS

**Average returns:** simple average of the performance of individual funds in a sample

**Capital-weighted returns:** performance calculation in which each fund is weighted by its total capitalisation divided by the entire sample's total capitalisation.

**Capitalisation:** the capitalisation of funds is the sum of the size (total commitments) of all the funds in the sample.

**Core infrastructure investing:** long-duration investment in (usually monopolistic) assets with revenues largely based upon availability or regulation, with limited development or construction risks. Returns are largely driven by yields.

**Equally-weighted IRR:** IRR of the sum of all cash flows for a sample, with each fund's cash flows equally weighted by committed capital. Only provided for IRR calculations.

**Horizon returns:** horizon returns measure the return between two specific points in time. For example, 15-year Horizon returns as of December 31, 2023 calculates the pooled IRR of the sample over the trailing 15 years (2009-2023). In the case of reporting on 'All' funds, any fund active during this 15-year time frame is included: funds active during the entire period; funds beginning at any time during the period; funds active at the beginning of the period but liquidated during the period.

**Growth Capital:** funds finance profitable (or soon-to-be profitable) companies that exhibit organic revenue growth in excess of 10%, with no technology risk and limited market risk. Funds take a significant minority ownership stake and employ no leverage.

**Infrastructure:** infrastructure investing consists of acquiring or increasing the capital of companies and assets that provide an essential economic or social service enhancing collective productivity with real assets in the water, transportation, communication or social sector. Investments usually combine a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand; stable, predictable and long-term revenue

contracts; as well as inflation protection through adjustment mechanisms in underlying contracts. This excludes upstream, commodities-related midstream, and downstream energy (private equity energy).

**Internal rate of return (IRR):** the internal rate of return annualises the performance of private market investments, by processing the cash inflows and outflows of the fund. The formula is:  $((\text{distributed} / \text{paid-in})^{(1/\text{investment duration})}) - 1$ . This annualised return takes into account the impact of time on the fund performance. The IRR can be computed net or gross of management fees and carried interest. Standard practice is to use net IRRs. The residual value (sum of net asset values) is incorporated at its ending value. Transactions are accounted on a quarterly basis, and results are annualised. All transactions are recorded on the mid-period date (February 14, May 15, August 15, or November 15) of the quarter.

**Leveraged Buy-Out (LBO):** funds purchase a majority ownership and controlling stake in businesses by using a combination of equity and debt. Cambridge Associates ranks LBO funds by capitalisation as follows (figures in million USD):

1. Small Cap:

1986 - 94: Small Cap is < or = \$100

1995 - 96: Small Cap is < or = \$200

1997 - 99: Small Cap is < or = \$250

2000 - 04: Small Cap is < or = \$350

2005 - Present: Small Cap is < or = \$750

# Glossary & Methodology

## Performance data with Cambridge Associates

### 2. Mid Cap:

1986 - 94: Mid Cap is > \$100, < or = \$500

1995 - 96: Mid Cap is > \$200, < or = \$500

1997 - 99: Mid Cap is > \$250, < or = \$750

2000 - 04: Mid Cap is > \$350, < or = \$1000

2005 - Present: Mid Cap is > \$750, < or = \$2000

### 3. For the purpose of this publication, Large and Mega Cap were grouped as follows:

1986 - 94: Large and Mega Cap is > \$500

1995 - 96: Large Cap is > \$500

1997 - 99: Large Cap is > \$750

2000 - 04: Large Cap is > \$1000

2005 - Present: Large Cap is > \$2000

**Liquidated and active funds:** funds can be split between liquidated (realised) and active. Funds are considered as liquidated if Cambridge Associates considers that the funds have fully divested all investments and are no longer reporting. Otherwise, funds are considered as active.

**Modified Public Market Equivalent (mPME):** the modified Public Market Equivalent (mPME) method has been designed to compare the performance of private market funds with those of other assets, notably the listed ones. The mPME method replicates the cash-flows of private market funds by buying and selling indices of assets. The method addresses the issue of the unpredictability of the duration of private market investments. The mPME helps

investors to understand how the performance of private market funds has been generated, by separating the intrinsic performance of a fund manager from the general evolution of markets.

**New, emerging and established funds:** a fund is categorised as ‘new’ if it is the first or the second of a fund manager in the given strategy. It is ‘emerging’ when the fund is the third or the fourth. It is ‘established’ when the fund is the fifth or beyond.

**Total value to paid-in ratio (TVPI):** the performance of private market funds can be measured by dividing the distributed by the paid-in (the ‘distributed to paid-in’, or DPI). This is useful when funds are fully liquidated, as this is a cash-on-cash measure of performance. However, investors regularly want to check the progression of their active funds, which implies looking at the quarterly unrealised value (the ‘residual value’, also referred to as ‘net asset value’) of their funds. The residual value to paid-in (RVPI) can then be added to the distributed value to paid-in, resulting in the total value to paid-in (TVPI).

**Opportunistic infrastructure investing:** investments in assets or companies fully exposed to market or development risk factors, but also to emerging markets or commodity price changes. Returns are largely driven by capital growth.

**Pooled returns:** performance metric aggregating cash flows and NAV across a sample.

**Up round:** operation of capital increase during which a company sees its valuation increase when compared to the

previous operation.

**Value add investing:** investments in assets or companies that have full market risk factors and significant green or brownfield developments. An element of technological development in new-age infrastructure may also be prevalent with active operational management being required. Examples include significant aspects of telecom infrastructure, regional transportation assets, independent power companies and private healthcare. Returns are largely driven by capital growth.

**Venture Capital:** Venture Capital (VC) funds source, fund, and support young, innovative companies. Early-stage funds primarily invest in pre- or early-revenue companies where the initial product is under development. Late/ expansion/multi-stage funds primarily invest in established, growing, and often cash-flow positive or profitable companies. Capital is used to scale up.

**Vintage year:** the vintage year of a fund is determined on the basis of its first cash flow. publications published prior to the 2023 publication used legal inception date to define the vintage year.

# Glossary & Methodology

## Performance data with Cambridge Associates

### GEOGRAPHIC CLASSIFICATION

**North America:** it encompasses United States of America and Canada.

**Europe:** it encompasses Western Europe (developed Europe: Belgium, Luxembourg, the Netherlands, Austria, Germany, Switzerland, Denmark, Finland, Greenland, Iceland, Norway, Sweden, Andorra, the Channel Islands, Cyprus, France, Gibraltar, Greece, Ireland, Italy, Liechtenstein, Monaco, Portugal, San Marino, Spain, the United Kingdom, Vatican City and Western European intra-regional and cross-regions funds) and emerging Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Montenegro, Slovakia, Slovenia, Malta, and Emerging Europe intra-regional and cross-regions funds).

**Rest of the world:** it encompasses CIS countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan), Turkey, Asia/Pacific countries and Asia-Pacific intra-regional and cross-regions funds, Latin America and Caribbean countries and Latin America and Caribbean intraregional and cross-regions funds, African and Middle-Eastern countries, as well as intra-regional and cross-regions fund.

### PERFORMANCE ANALYSIS

For the purpose of this publication, three measures of performance are used:

- the net internal rate of return (IRR)
- the total value to paid-in (TVPI)
- and the modified public market equivalent (mPME), based on net cash-flows and NAVs.

We refer to Invest Europe's publication: 'Benchmarking Public & Private Markets with the Public Market Equivalent (PME)' for a detailed description and in-depth analysis, notably in their pros and cons, of these instruments.

### MATURITY ANALYSIS

The maturity of a set of funds is determined by the ratio between distributed and total value.

### TIME-TO-LIQUIDITY ANALYSIS

The time-to-liquidity measures the average time between a cash outflow from a fund and an equivalent cash inflow. It is a proxy for the holding period of funds, with the limitation that this measure does not differentiate an actual exit from a dividend recapitalisation. The latter consists in increasing the debt contracted for the acquisition of a company in an LBO and distributing the proceeds to the fund. A dividend recapitalisation is a cash inflow without an exit (the sale or IPO of the company). The formula is  $\ln(\text{TVPI})/\ln(1+\text{IRR})$ .

# Glossary & Methodology

## Performance data with Cambridge Associates

### INDEXES

**Cambridge Associates's Constructed Index UBS Global Infrastructure / UBS Global Infrastructure & Utilities 50/50 / S&P Global Infrastructure:** this constructed index combines different indexes (some of them discontinued) to support the benchmarking of private infrastructure investments since Q1 1990.

**MSCI Europe:** launched in Q1 1986, this index captures 399 large and mid-cap companies based in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK. It covers approximately 85% of the free float adjusted market capitalisation across the European Developed Markets equity universe.

**MSCI Europe Infrastructure:** launched in Q1 1999, this index is a subset of the MSCI Europe, and captures 37 owners or operators of infrastructure assets from the telecommunications, utilities, energy, transportation and social sectors and based in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

**MSCI USA Infrastructure:** launched in Q1 1999, this index is a subset of the MSCI USA, and captures 39 owners or operators of infrastructure assets from the telecommunications, utilities, energy, transportation and social sectors and based in the US.

**MSCI World:** launched in Q1 1986, this index captures 1,352 large and mid-cap companies based in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. It covers approximately 85% of the free float-adjusted market capitalisation in each country.

**NASDAQ Composite:** launched in Q1 1971, this index captures all the securities listed on the Nasdaq stock market (3,265 securities). It is capital weighted.

**S&P 500:** launched in Q1 1957, this index captures 500 large companies listed on stock exchanges in the US.

**S&P Europe Small Cap:** launched in Q3 1989, this index is a subset of the S&P Europe Broad Market Index (BMI). The S&P Europe SmallCap Index represents approximately 1,189 smallCap companies from Europe. The previous editions of this publication were using the S&P Europe Small Cap Growth Index, but it has been discontinued.

**S&P Global Infrastructure:** launched in Q1 2007, this global index represents 75 constituents of the utilities, industrials and energy sectors. It is capital-weighted.

**FT Wilshire 5000 Index (formerly Wilshire 5000 Total Market Index):** launched in Q1 1971, this index is a capital weighted index of the market value of all the stocks actively traded in the United States. As of March 31, 2025 it contained 3,346 constituents.

### LIST OF ABBREVIATIONS

**DPI** Distributed to Paid-In  
**GC** Growth capital  
**IRR** Internal Rate of Return  
**LBO** Leveraged Buy-Out  
**NAV** Net asset value  
**PME** Public Market Equivalent  
**RVPI** Residual Value to Paid-In  
**TVPI** Total Value to Paid-In  
**VC** Venture capital

**VENTURE CAPITAL  
PUBLICATION**

# Glossary & Methodology

## Venture Capital: Fuelling European Innovation

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### SPECIFIC DEFINITIONS:

#### **Private Equity**

According to Invest Europe categorisation, Private Equity (PE) is an alternative investment class under form of shares or interest representing ownership in an entity which is not listed on a stock exchange. PE includes Venture Capital (VC), Growth capital, Leveraged Buyout (LBO), Mezzanine and Turnaround/Rescue capital.

Most of the time, investors who decide to use this alternative investment class pool their money in a PE fund, which is a vehicle that collect money from multiple investors, and it is managed by a specialist fund manager. Most private equity funds are closed-ended or have a limited duration, and last for about 10 to 12 years.

#### **Venture Capital**

Following the same rationale, VC funds manage the money of investors who seek private equity stakes in startups and small- to medium-sized enterprises with strong growth potential. These investments are generally characterized as very high-risk/high-return opportunities and long investment horizon.

VC can be further split in seed capital, early-stage (start-up) and later-stage, depending on the maturity of the business at the time of the investment.

MID-MARKET PRIVATE EQUITY  
EUROPE'S ENGINE  
FOR GROWTH

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2024

# Glossary & Methodology

## Mid-market

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### SPECIFIC DEFINITIONS:

#### Scoping exercise & definitions used

From a scoping exercise on definitions of the Mid-Market (performed for Invest Europe's first version of this publication, published in February 2022), several methods of defining the segment arise. The most prevalent methods of definition use ticket value<sup>18</sup> or enterprise value (EV). Fund commitment is also used in several cases.

From the same scoping exercise, it can be said that often the Mid-Market is taken to mean purely Buyout funds. However, the data show that it is more diverse. There are a good number of both Generalist and Growth Capital funds acting in what can be considered 'Mid-Market territory'.

For the purposes<sup>19</sup> of this publication therefore, two definitions of the Mid-Market have been used:

- 1. For data proprietary to Invest Europe:** a fund is defined as Mid-Market if two conditions are met: 1) the focus of the fund is Buyout, Generalist, or Growth; and 2) at least 50% of the investments<sup>20</sup> made by the fund are within the ticket value<sup>21</sup> range of €15-€150m. Outliers, in terms of Fundraising amounts, are excluded from the final universe.
- 2. For performance data from Cambridge Associates:** Cambridge Associates categorises Mid Cap LBO funds by capitalisation as follows (figures in million USD, years refers to fund vintage year):
  - A. 1986-94: > \$100, < or = \$500
  - B. 1995-96: > \$200, < or = \$500
  - C. 1997-99: > \$250, < or = \$750
  - D. 2000-04: > \$350, < or = \$1000
  - E. 2005-Present: > \$750, < or = \$2000

This publication, having defined Mid-Market funds through the above methods, looks at the aggregate data of these funds.

<sup>18</sup> € value of equity investment made by a single fund into a portfolio company

<sup>19</sup> There will clearly be nuances in how the Mid-Market could be defined in terms of factors such as geography and vintage year

<sup>20</sup> 'Investment' here being the total amount of equity invested in one portfolio company by a fund, including initial and follow-on investments

<sup>21</sup> € value of equity investment made by a single firm/fund into a portfolio company