



INVEST
EUROPE

RESEARCH

Private Equity at Work

Employment & job creation across Europe

April 2024

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10.9 million

employees worked in private equity-backed European companies in 2022.

More than the populations of

 Czech Republic 10.5 million

 Sweden 10.5 million

Source: EDC / Eurostat

5%

of the 236 million people in Europe's workforce were employed by private equity-backed European companies in 2022.

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

Private equity and venture capital supports European employment and creates jobs year in, year out. Over longer time frames, that positive impact compounds, really moving the needle for companies and communities.

It is five years since Invest Europe's first Private Equity at Work report, tracking the industry's contribution to employment and job creation in Europe. That short period has been one of the most challenging in living memory, from the lockdowns of the pandemic and the human and economic cost of conflict in Ukraine, to intense supply chain disruption, rampant inflation, and rapidly increasing interest rates. This year's report follows the performance of European private equity and venture capital in 2022 – a year when the mood shifted from the ebullience of the post-COVID recovery to concern about rising prices and economic slowdown. And all against the background of the climate crisis.

Once again, the industry fuelled job growth far in excess of the European average. Private equity and venture capital added 451,511 new jobs in 2022 – more than the entire working population of Seville – a 7.2% increase compared with the 2% employment growth created across Europe. As a result, European private equity- and venture capital-backed companies employed 10.9 million people, representing 5% of the total workforce. That's more than the population of the Czech Republic!

Start-ups are, by their very nature, faster growing. Employment at venture capital-backed businesses increased by 18% in 2022, representing 83,966 net new jobs. At the same time, job creation driven by buyouts was strongest in absolute terms as these firms backed the creation of 242,334 new jobs, a 6% increase.

Zoom in and we see that Campania in Italy was the top region for growth adding 50% new jobs. Zoom out and we can view private equity and venture capital's influence across the map. The Nordics was the strongest region for job creation, adding 9.5% more workers, led by a 12.5% increase in Sweden.

Private Equity at Work not only gives the figures, but also the context to see them clearly. Private equity and venture capital firms created 6.6% more jobs in Central and Eastern Europe in 2022, over seven times regional growth of 0.9%, and the greatest outperformance of any region. Amidst an ongoing invasion, Ukraine contributed to job creation, as investors and managers backed companies with the resources to survive and grow.

Context also enables us to look at the long-term positive impact on employment. For the five years to the end of 2022, venture capital-backed companies in our sample added 18.8% more jobs on average annually. That effectively means twice as many people employed than five years earlier. We can also learn a lot about private equity and venture capital's long-term focus on companies that are making Europe a centre of technological innovation and excellence. Companies in the ICT sector consistently added jobs at double-digit rates over five years, and the most of any sector in absolute terms.

When we first published this report, our aim was to set the record straight and prove conclusively that European private equity and venture capital does not destroy jobs, but rather creates them. The data speaks for itself. More than that, it shows what private equity can do. Driving employment across countries and regions, fuelling innovation and the talent that supports it, and taking the lead in sectors that underpin a more sustainable and competitive Europe.

This is an industry that has created, and will continue to create, tremendous value for Europe and Europeans.

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 10.9 million jobs in European companies, making it a major employer in most industry sectors.

27,645

companies in Europe backed by private equity in 2022 across all industry sectors and all regions

20,349

of which were SMEs employing 938,496 people

Note
Employment data is based on an extrapolation of a sample of 16,567 portfolio companies

Employment 2022

10.9 million

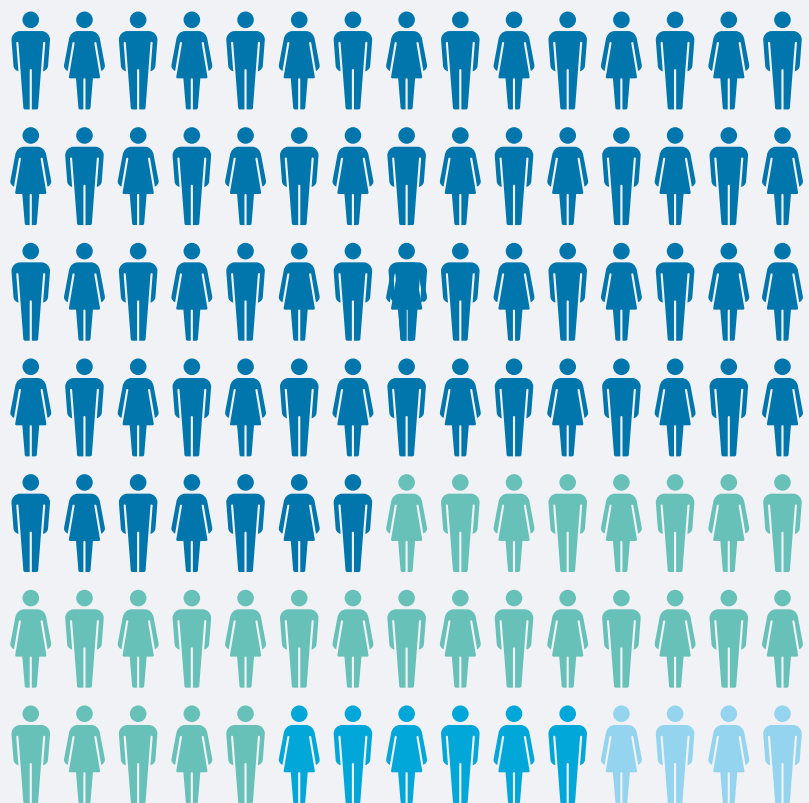
employees worked in private equity-backed European companies

5%

of Europe's total 236 million workforce

Source: EDC / Eurostat / UK ONS

Employment by portfolio company stage



Jobs in Buyout stage companies

6,652,487

Jobs in Growth stage companies

3,236,203

Jobs in Venture stage companies

603,518

Other*

403,216

+ See page 16 for full analysis

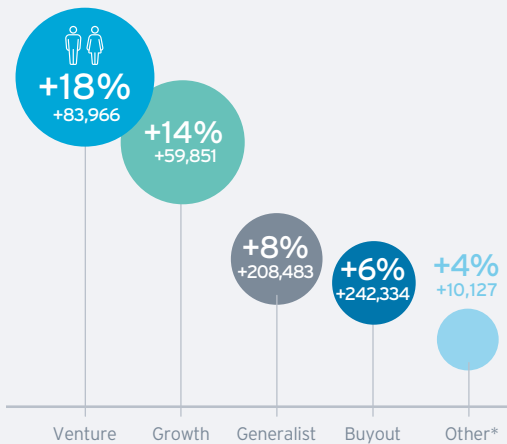
* Other includes Turnaround/Rescue and Replacement capital

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. In 2022, Venture firms particularly managed to grow significantly the workforces in their portfolio companies: +83,966 (+18%). Typically backing larger companies, Buyout firms increased employment in theirs by +242,334 (+6%).



* Other includes Mezzanine & Turnaround/Rescue

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

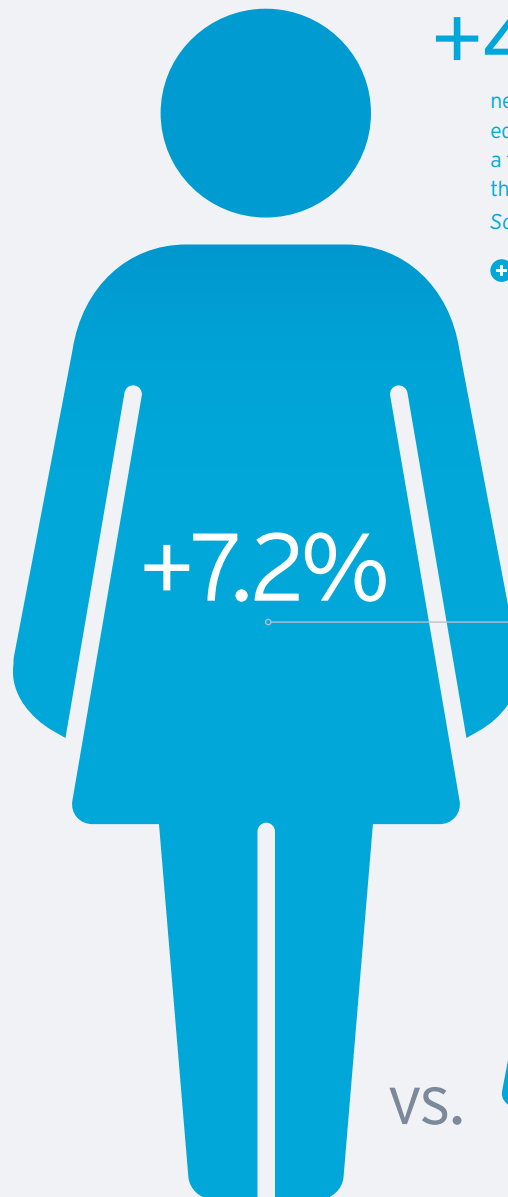
+12%

more new jobs created by SMEs in 2022

+ 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 2022

Job creation 2021-22

+451,511

net jobs were created by private equity-backed companies in 2022, a figure roughly comparable to the working population of Seville
Source: EDC / Eurostat

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

Job creation of +7.2% in private equity-backed companies in 2022

+2%

This compares to the +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.

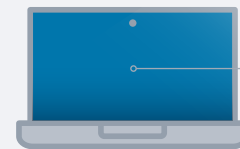
It touches and supports the daily lives of workers, consumers and savers. It reflects the way we all live, work and prepare for the future.

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

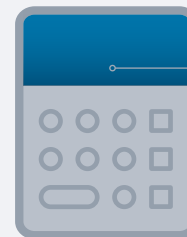


Information Communications Technology (ICT)

1,585,836 employees

+104,232
new jobs

+13.8%

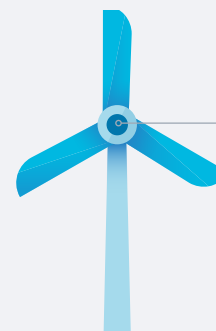


Financial & Insurance Activities

362,560 employees

+19,370
new jobs

+9.3%



Energy & Environment

373,030 employees

+17,508
new jobs

+8.2%



This is Invest Europe's fifth 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 >



€553 billion

invested by private equity in companies
located in Europe from 2018 to 2022

€206 billion

committed directly by pension funds and
insurance companies to European private equity
from 2018 to 2022

About this report

This fifth 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 13,916 portfolio companies this year, as well as employment data drawing from a sample of 16,567 (allowing for extrapolation to a full universe of 27,645 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, the final section features a splitting out of the study of job creation in European portfolio companies from the end of 2017 to the end of 2022. 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.

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 268 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 2022. 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

16,567

portfolio companies studied
of which

13,401

SMEs

32%

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

+ See [page 50](#) 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 143,119 jobs from 2021-2022 was excluded from the analysis.

Employment

Employment figures refer to the number of employees at private equity-backed companies at the end of 2022. 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 16,567 portfolio companies headquartered within Europe (13,401 of which are SMEs).

To estimate employment at the European level for this report, we extrapolated¹ the sample to cover the 27,645 private equity-backed portfolio companies considered active in 2022 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 2022.

This sample includes 13,916 portfolio companies (11,020 of which were categorised as SMEs in 2022) backed by 2,140 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 2022, 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 608,249 employees but also removed 315,412 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

13,916

portfolio companies studied of which

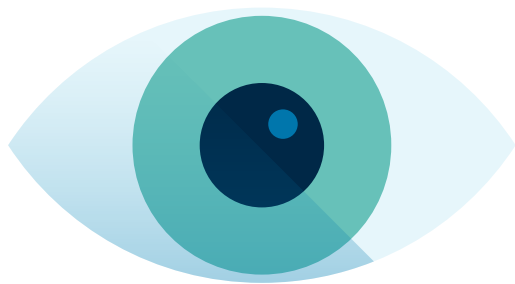
11,020

were SMEs (2022 categorisation)

34%

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

[+ See page 50 for full methodology](#)



268

submissions from GP data contributors

Based in

27

European countries

Members active between

2021-2022

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 may 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

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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 **10.9 million people in 2022**. That's 5% of the continent's entire active workforce*, or to look at it another way, **more than the entire population of the Czech Republic**.

Our study found that over 27,645 companies across Europe are backed or owned by private equity, and that **employment in the studied companies for job creation increased by 7.2%** in 2022 – outperforming the wider market's growth of 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.

10.9 million

employees worked in private equity-backed European companies in 2022

5%

of Europe's total 236 million workforce work in private equity-backed European companies
Source: EDC / Eurostat / UK ONS

* EDC / Eurostat / UK ONS

Employment

In 2022 private equity firms employed 10.9 million staff. This is roughly one third of the total employment in the UK (33.1 million).

Buyout

Buyout firms supported **5.5 million jobs** at 4,415 companies in Europe. In other words, **around half of all jobs** supported by the private equity industry and more than twice the working population of Madrid.

Generalist

Generalist firms backed 11,783 active portfolio companies, more than twice as many as buyout firms, and supported **4.9 million jobs**.

Venture capital

Venture capital firms supported **1 million jobs** at 12,909 mainly SMEs in Europe. This is around 8% of private equity employment, but **venture capital supports around 42% (12,909) of the total number of companies backed by the industry**.

27,645

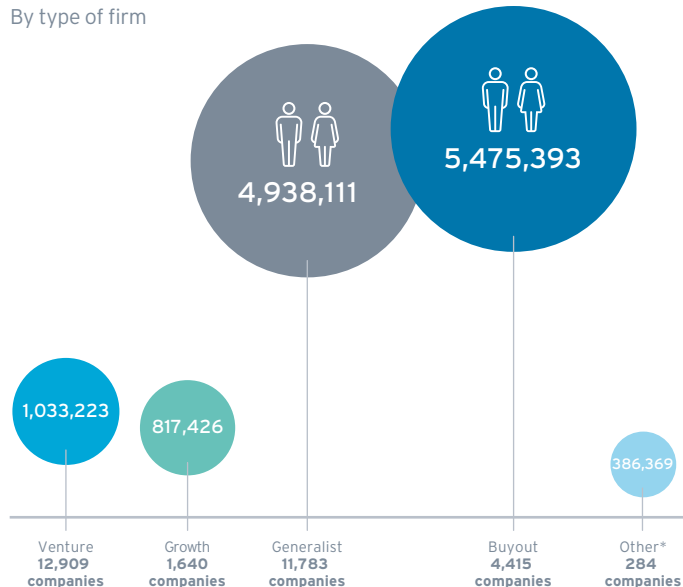
companies in Europe backed by private equity in 2022, across all industry sectors, and all regions.



10.9 million employees working in PE-backed companies: 5.5 million jobs supported by Buyout firms, 4.9 million by Generalist firms, 1 million by Venture capital firms.

Total employees working in private equity-backed European companies 2022

By type of firm

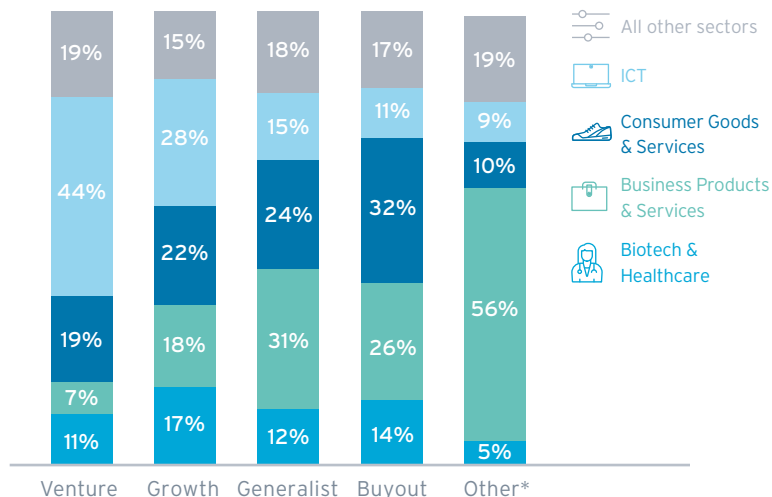


* Other includes Mezzanine & Turnaround/Rescue

Total sums to more than 10.9 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 2022

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.

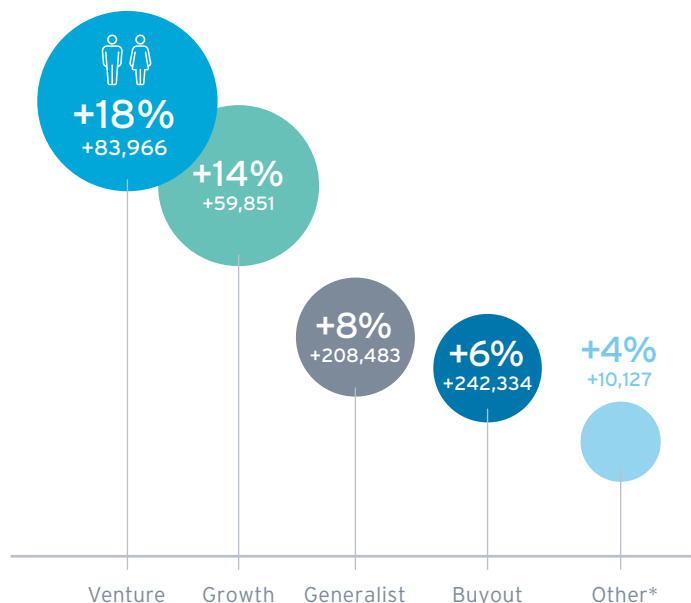
When split by sector of employment, it can be seen that there is increased importance of companies in ICT sector for Venture firms (44% of total), whereas for Buyout firms Consumer goods and services is by far the most important sector (32%).

Employment & job creation

By type of private equity firm continued

Job creation 2021-22

By type of firm



* Other includes Mezzanine & Turnaround/Rescue

+7.2%

net job creation in private equity-backed companies in 2022

vs.

+2%

overall European market's growth in 2022
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 7.2% in 2022. That is impressive considering uncertainty during the year, and compares well to the +2% job growth seen in businesses overall across Europe.

Venture

Out of the 13,916 portfolio companies of our study, 6,282 were backed by Venture Capital firms and they experienced the highest overall growth rate: almost **18% increase** in employment between 2021 and 2022, representing a net creation of **83,966 jobs**. Companies in the energy and environment sector backed by Venture Capital experienced the highest total growth rate (28%).

Growth

With a relatively small sample of 867 portfolio companies, Growth firms backed the creation of **59,851 jobs**, representing a **14% growth rate**. For Growth backed companies, those in the business products and services sector experienced the highest growth rate (32%).

Buyout & Generalist

Typically backing larger companies, Buyout and Generalist firms both saw **job growth rates of +6% and +8% respectively**. From 2021-2022 these two backers saw net increases in employment of **+242,334 and +208,483** respectively. Those companies in the ICT sector backed by Buyout and Generalist firms experienced the highest growth rates (**12% and 14%** respectively).

+451,511

jobs created by private equity and
venture capital-backed companies in 2022

A figure roughly comparable to the working population of Seville
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.



6.7 million

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

3.2 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 15,070 venture capital-backed portfolio companies in Europe in 2022, employing roughly 603,500 staff. That's 55% 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 6,690 portfolio companies in a Growth stage backed by private equity, with a total of 3.2 million employees. That's 24% of all companies backed by private equity in Europe and 30% of the overall private equity-backed workforce.

Buyout stage portfolio companies

We studied employment at 5,356 portfolio companies at the Buyout stage of investment, which is 19% of the total number of European companies backed by private equity. These businesses employed 6.7 million staff, which is 61% 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 2022, these **6,631 venture stage portfolio companies created 50,165 jobs**, accounting for almost 21% job creation rate.

Growth stage portfolio companies

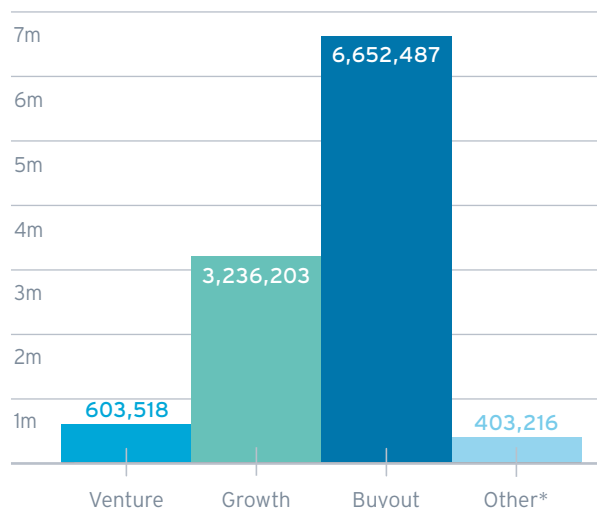
Growth companies experienced a 9% job creation rate, adding **149,785 new jobs**, 33% of the total jobs created by private equity.

Buyout stage portfolio companies

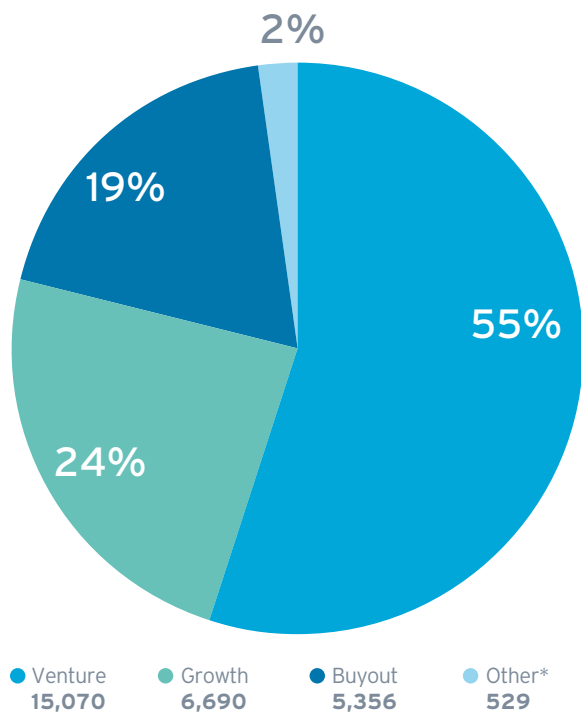
Portfolio companies in a Buyout investment stage created a total of **242,364 new jobs**, a 6% job creation rate, and representing **54% of the total** new jobs created by private equity across European companies.

Employment 2022

By portfolio company stage



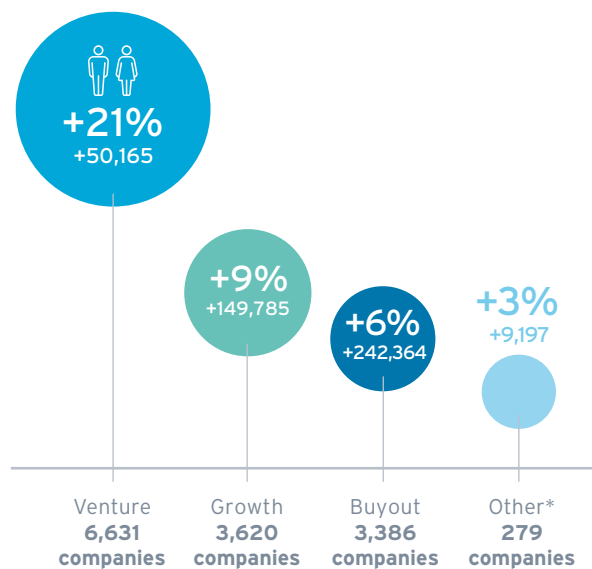
Number of portfolio companies in sample



Job creation 2021-22

By latest investment stage

Companies backed by private equity as of end of 2022



In terms of job creation between 2021 and 2022, buyout companies grew by 6% only, although they created the highest number of jobs in this period among all stages (242,364). Venture companies grew the most (+21%), creating 50,165 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 **Business Products & Services** sector employ about 3.1 million people, which is 29% of total private equity-backed European company employment.

This is closely followed by private equity-backed **Consumer Goods & Services** companies, employing 3 million people (28%).

Following that are **Information Communications Technology (ICT)** which employs almost 1.6 million people or 15%, and **Biotech & Healthcare** which employs 1.3 million people or 12%.

Our research shows that companies backed by private equity in these four sectors employed almost 9.1 million people in 2022, across more than 23,000 companies in Europe.



Top 4 sectors for European private equity-backed employment



Business Products & Services

29%

3,148,226 employees
4,497 companies



Consumer Goods & Services

28%

3,001,861 employees
5,216 companies



Information Communications Technology (ICT)

15%

1,585,836 employees
9,785 companies



Biotech & Healthcare

12%

1,329,210 employees
3,529 companies

Private equity-backed company employment 2022

By sector

	Number of companies	Number of employees		Number of companies	Number of employees
Business Products & Services	4,497	3,148,226	Construction	580	352,788
Consumer Goods & Services	5,216	3,001,861	Transportation	543	321,706
Information Communications Technology (ICT)	9,785	1,585,836	Agriculture	294	176,255
Biotech & Healthcare	3,529	1,329,210	Chemicals & Materials	431	134,196
Energy & Environment	1,202	373,030	Real Estate	296	91,399
Financial & Insurance Activities	1,117	362,560	Other	155	18,357



SUCCESS STORY

Unilabs

Unilabs is one of the largest diagnostic services providers in Europe, and the only provider to offer both laboratory, imaging, and pathology specialties at scale.

+6,700
new jobs created



SUCCESS STORY

Cohedron

With over 1,800 professionals and more than 30 years' experience, Cohedron supports and advises government authorities, non-profits, and the business world.

+900
new jobs created



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)



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

Information
Communications
Technology (ICT)

+13.8%

+104,232 new jobs



Financial & Insurance
Activities

+9.3%

+19,370 new jobs



Energy & Environment

+8.2%

+17,508 new jobs



Job creation

This year saw positive job growth in all sectors, in a range of 1.3%–13.8%. This year companies in the ICT sector saw significant growth levels, 13.8%. The next closest sector to this were those in the Financial & Insurance Activities sector, which saw overall growth of 9.3%. Energy & Environment, and Biotech & Healthcare also grew the net jobs in their portfolio companies at relatively high rates: 8.2% and 7.4% respectively. In absolute terms, Business Products & Services, Consumer Goods & Services and ICT created the most jobs: +112,749, +109,319 and 104,232 jobs respectively. Remarkable is also the number of jobs created by Biotech & Healthcare in 2022: +59,854 jobs.

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 +7.2% stacks up very well against the +2% in the wider European market

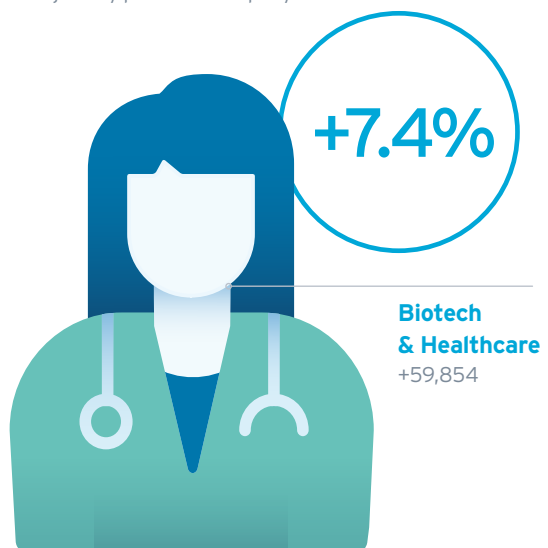
(Source: EDC / Eurostat / UK ONS).



In 2022 the 3 sectors that had the highest job growth rate were ICT (13.8%), Financial & Insurance activities (9.3%), and Energy & Environment (8.2%). However, the 3 sectors that created the most jobs in absolute terms were Business Products & Services (112,749 jobs), Consumer Good & Services (109,319 jobs), and ICT (104,232 jobs).

Private equity-backed job creation 2021-22

New jobs by portfolio company sector



Real Estate
+1,362
+3.6%



Construction
+9,679



Information Communications Technology (ICT)
+104,232

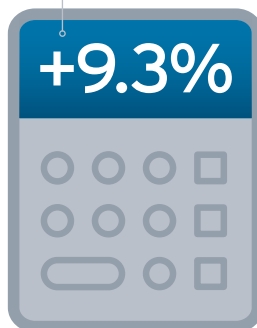


Transportation
+14,368
+7.0%



Consumer Goods & Services
+109,319
+6.7%

Financial & Insurance Activities
+19,370

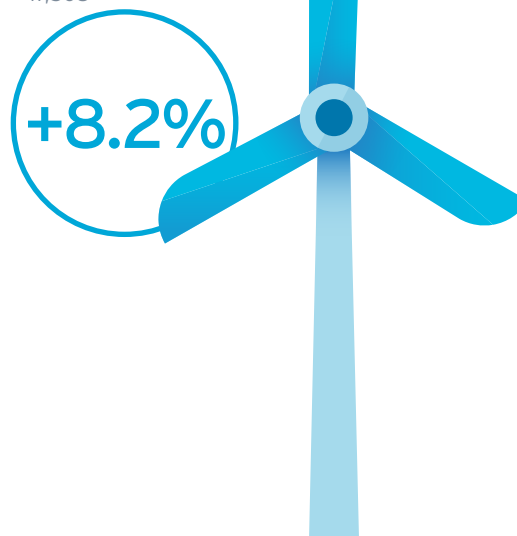


Chemicals & Materials
+2,611
+3.1%



Agriculture
+1,869
+1.3%

Energy & Environment
+17,508



Employment & job creation

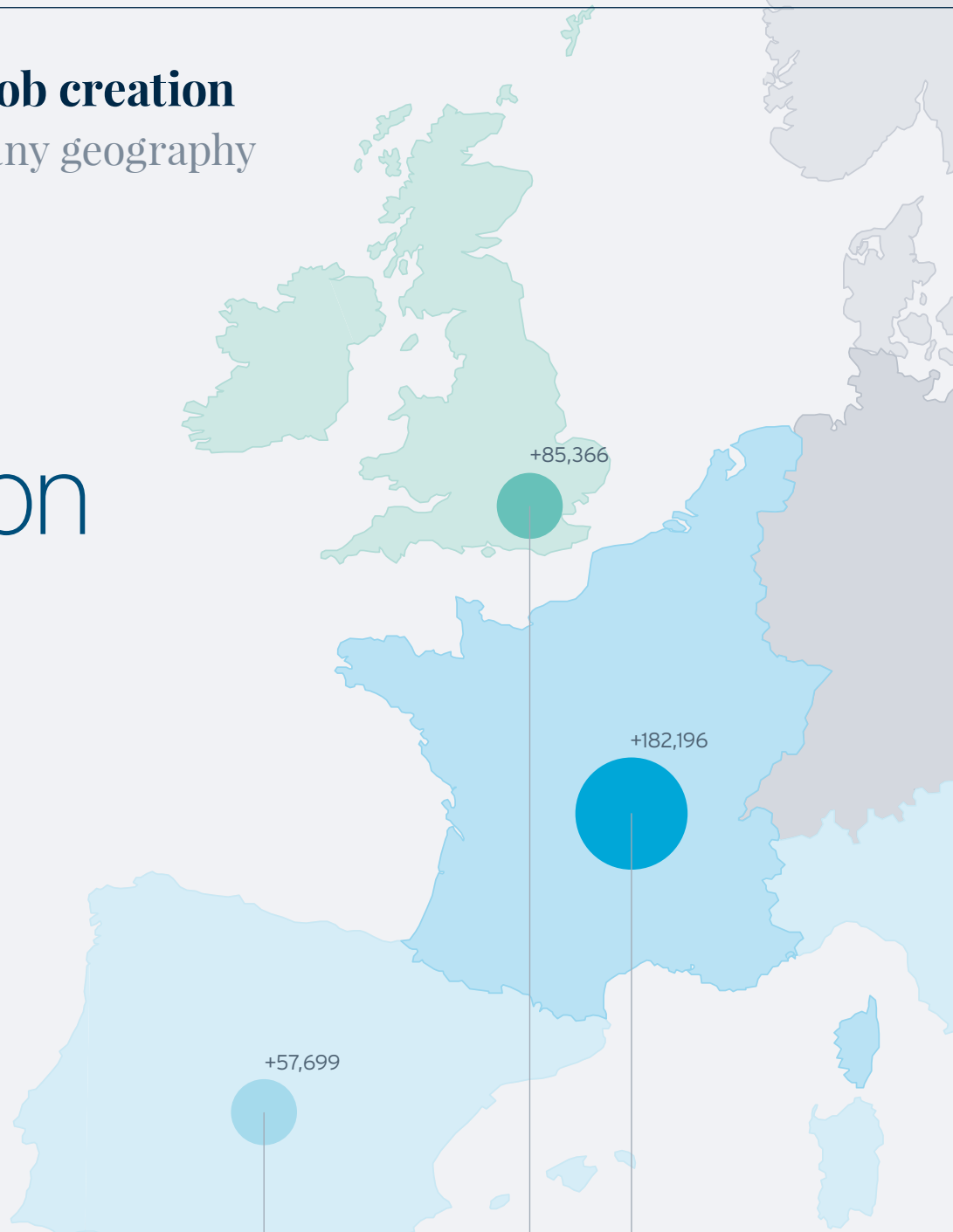
By portfolio company geography

10.9 million

employees working in private equity-backed European companies in 2022

+451,511

new jobs created in private equity-backed European companies in 2022



Region

Private equity job growth

451,511 total new private equity-backed jobs

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

Private equity employment 2022

Total employment (Source: Eurostat / UK ONS)

Southern Europe

+7.7%

57,699 new private equity-backed jobs

+2.9%

Average market growth

1,437,857

Private equity employment

51,203,000

Total employment

UK & Ireland

+6.5%

85,366 new private equity-backed jobs

+1.7%

Average market growth

2,557,289

Private equity employment

35,375,000

Total employment

France & Benelux

+7.1%

182,196 new private equity-backed jobs

+2.3%

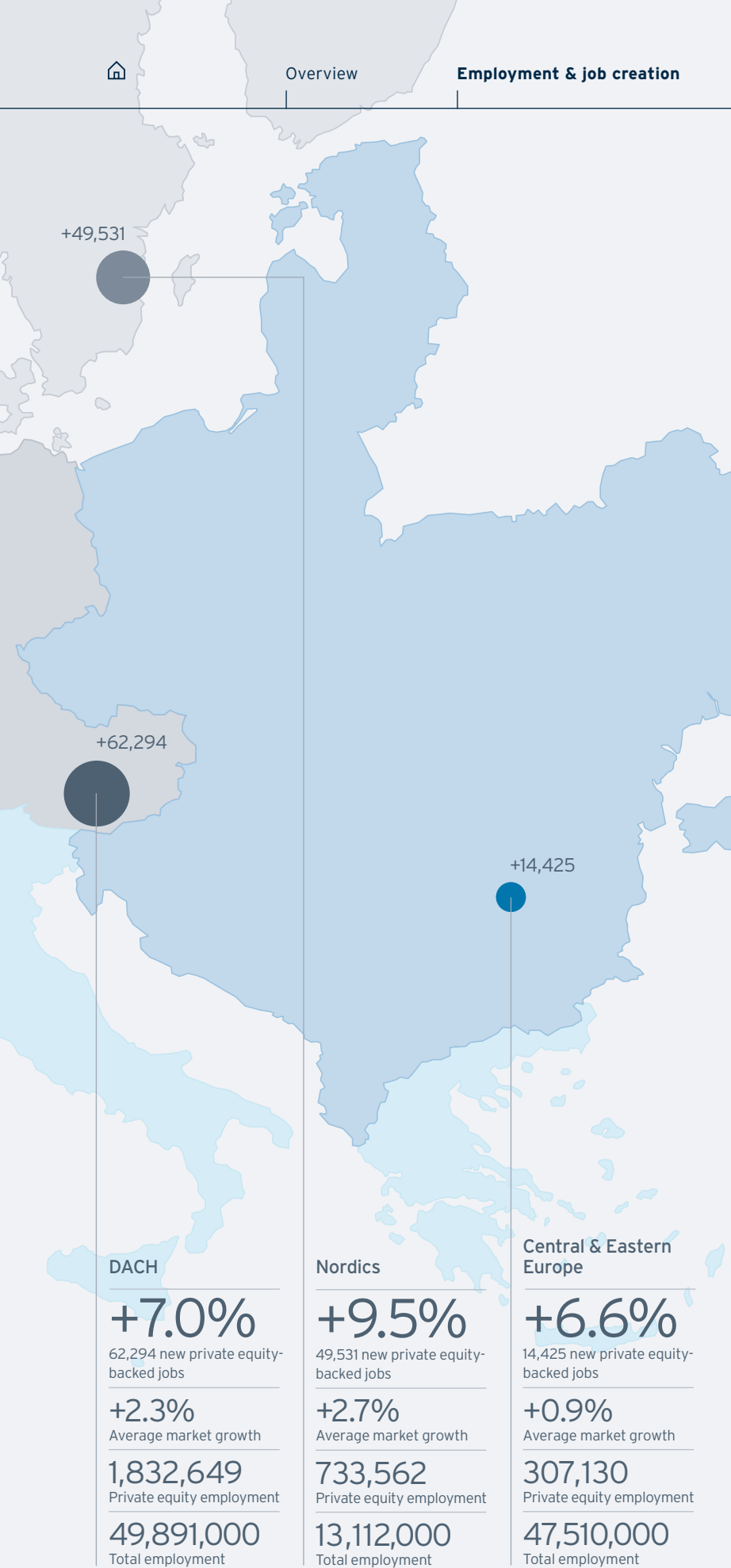
Average market growth

4,026,937

Private equity employment

42,280,000

Total employment



European job creation 2021-22

Region	Change (%)
Central & Eastern Europe	
Baltics	+6.4%
Bulgaria	+9.3%
Czech Republic	+14.4%
Hungary	+15.5%
Poland	+10.1%
Romania	-7.8%
Ukraine	+1.0%
Other CEE*	+7.5%
DACH	
Austria	+10.3%
Germany	+6.4%
Switzerland	+9.4%
France & Benelux	
Belgium	+12.9%
France	+6.4%
Luxembourg	+2.6%
Netherlands	+9.5%
Nordics	
Denmark	+6.5%
Finland	+9.1%
Norway	+7.6%
Sweden	+12.5%
Southern Europe	
Greece	+1.4%
Italy	+9.1%
Portugal	+5.9%
Spain	+7.1%
UK & Ireland	
Ireland	+2.6%
United Kingdom	+6.8%
Other Europe**	+12%

* 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 4 million people employed, the region accounts for about 37% of all private equity-backed jobs in European companies.

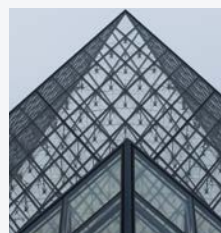
The Île-de-France region accounts for just over 1.5 million private equity-backed jobs, making it the largest region in terms of private equity-backed company employment.

With slightly more than 2.5 million people employed by private equity-backed companies, **the UK & Ireland was the second most important region.** The region accounts for 23% of private equity-backed European company jobs.

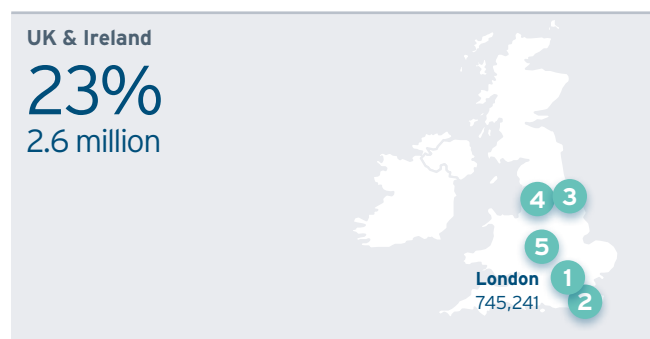
The DACH region follows with 1.8 million jobs, representing 17% of the total.

Top regional employment 2022

By region and sub-region



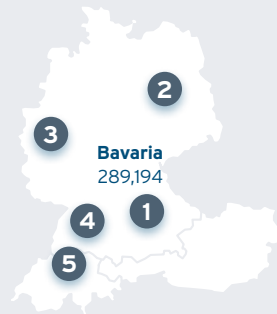
1. Île-de-France	1,563,701
2. North Holland	290,258
3. Rhône-Alpes	280,372
4. Provence-Alpes-Côte d'Azur	233,719
5. South Holland	163,548



1. London	745,241
2. South East	324,636
3. Yorkshire and The Humber	270,768
4. North West	256,053
5. West Midlands	156,022

DACH

17%
1.8 million



1. Bavaria	289,194
2. Berlin	281,947
3. North Rhine-Westphalia	245,835
4. Baden-Württemberg	197,813
5. Zurich	135,728

Southern Europe

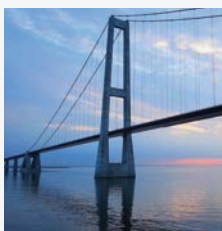
13%
1.4 million



1. Community of Madrid	267,216
2. Lombardy	225,248
3. Piedmont	108,881
4. Catalonia	106,771
5. Veneto	83,603

Nordics

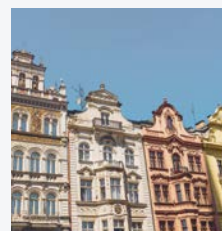
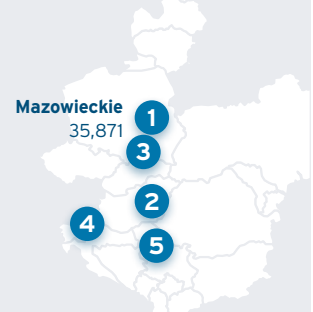
7%
733,562



1. Stockholm	179,130
2. Uusimaa	100,515
3. Oslo	89,782
4. Capital Region of Denmark	78,604
5. Zealand	28,922

CEE

3%
307,130



1. Mazowieckie	35,871
2. Central Hungary	24,799
3. Malopolskie	18,411
4. Muntenia	18,360
5. Belgrade	18,018

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, **the Nordic region was the one with the highest growth rate: 9.5% in 2022**. This was followed by Southern Europe, with 7.7%.

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.

+7.2% vs. **+2%**

private equity job creation for all regions in 2022

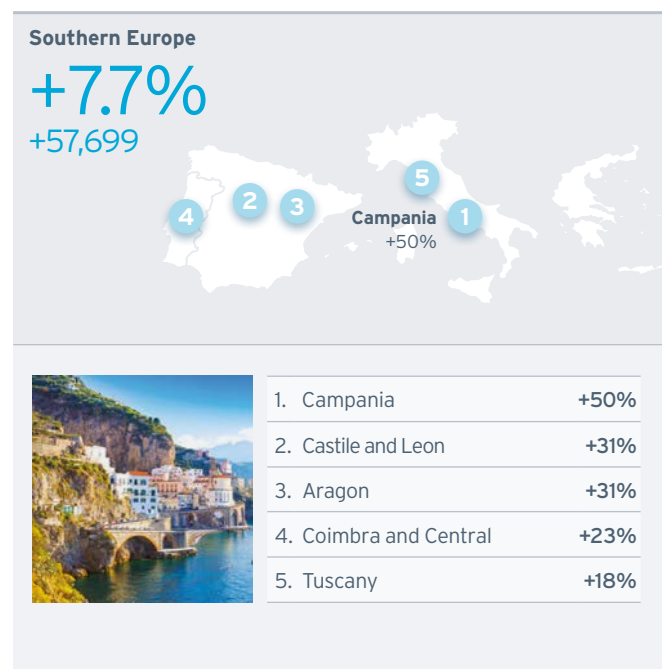
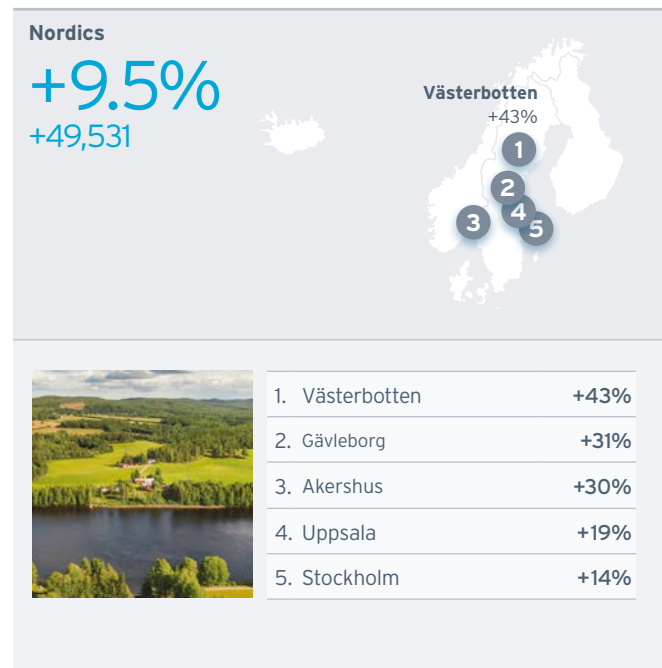
overall European market’s growth in 2022

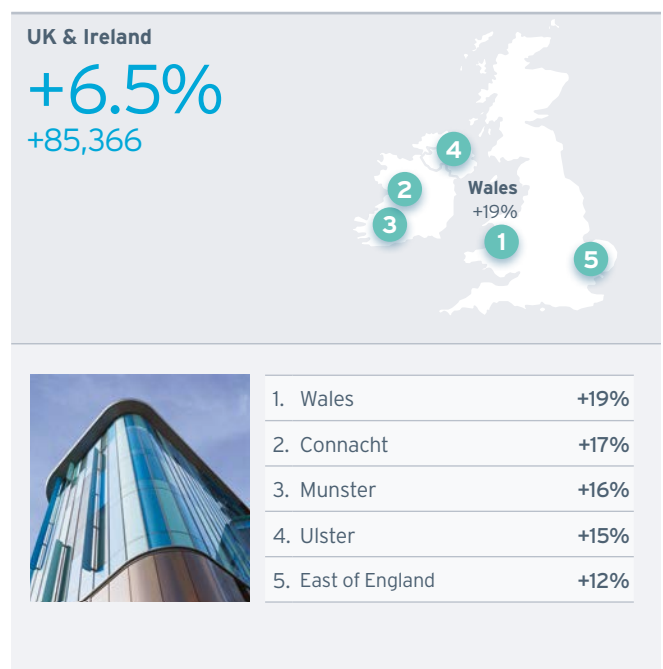
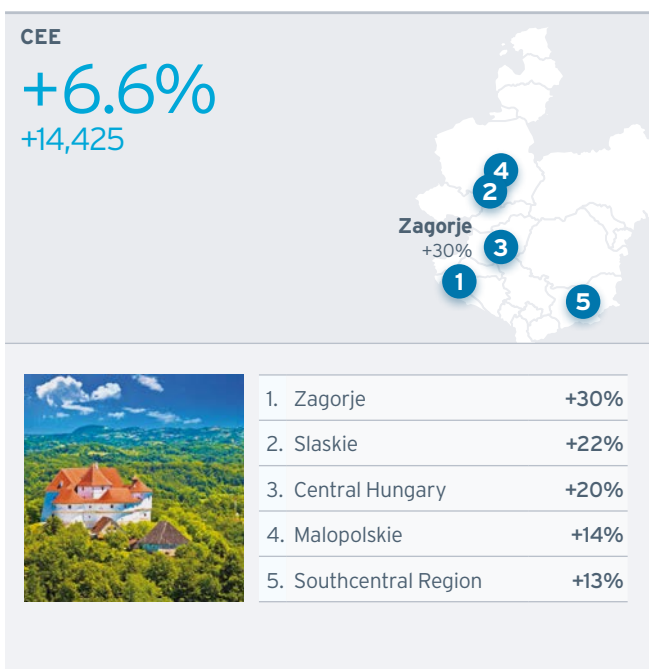
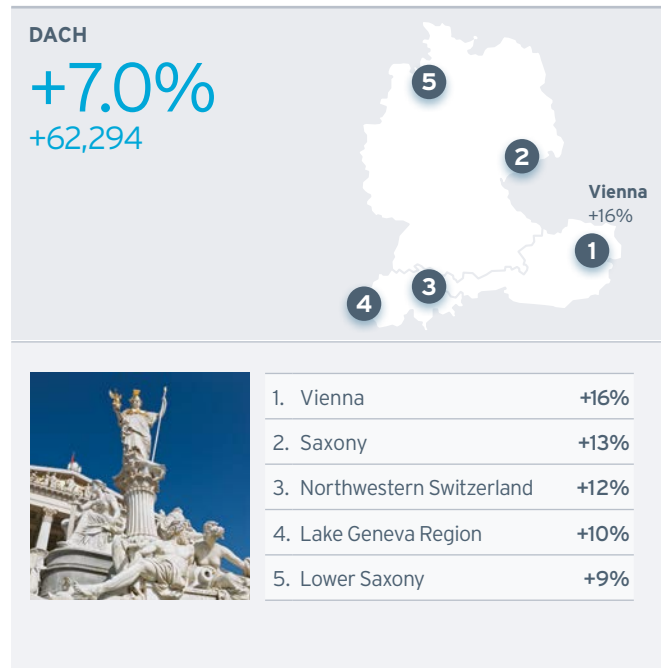
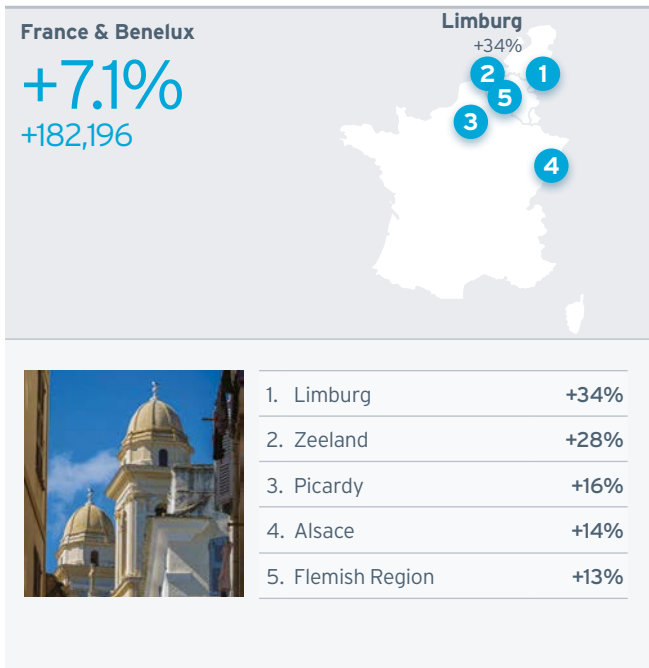
Source: Eurostat / UK ONS

Note
Analysis excludes those sub-regions with less than 10 companies and less than 100 employees in 2022.

Top regional job creation 2021-22

By region and sub-region

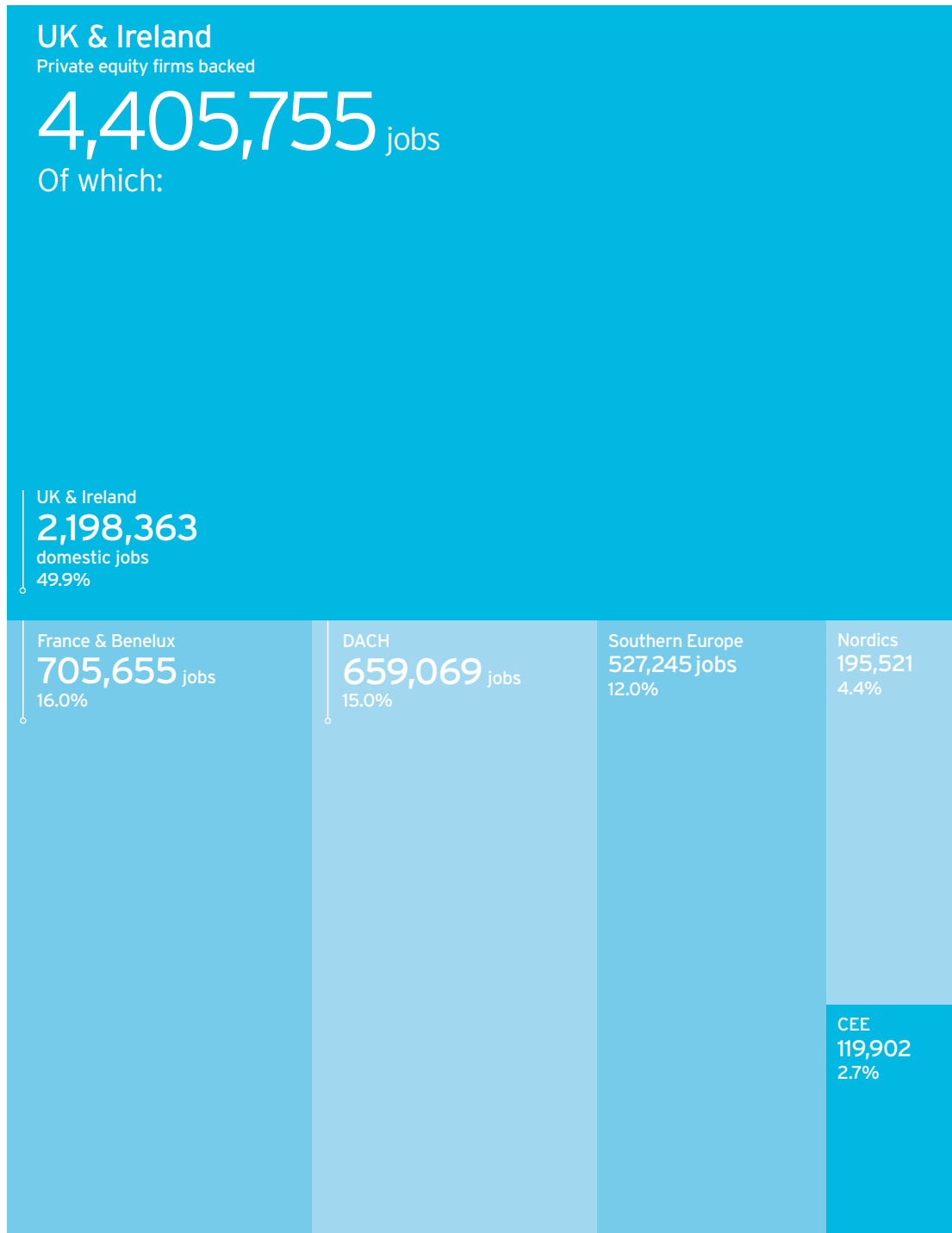




Employment & job creation – cross border

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

4,358,834 jobs

Of which:

France & Benelux

3,423,171

domestic jobs
78.5%

DACH

377,762 jobs

8.7%

UK & Ireland

290,985 jobs

6.7%

Southern Europe

172,372 jobs

4.0%

Nordics

78,046

1.8%

CEE

16,499

0.4%

DACH

Private equity firms backed

1,272,295 jobs

Of which:

DACH

842,216

domestic jobs
66.2%

UK & Ireland
157,494 jobs
12.4%

France & Benelux
93,290 jobs
7.3%

Southern Europe
73,655 jobs
5.8%

Nordics
54,761 jobs
4.3%

CEE
50,879 jobs
4.0%

Southern Europe

Private equity firms backed

846,385 jobs

Of which:

Southern Europe

802,054

domestic jobs
94.8%

DACH
15,045 jobs
1.8%

F&B
10,683 jobs
1.3%

UK&I
10,114 jobs
1.2%

CEE
5,239 jobs
0.6%

Nordics
3,250 jobs
0.4%

Nordics

Private equity firms backed

814,073 jobs

Of which:

DACH
165,813 jobs
20.4%

UK&I
60,998 jobs
7.5%

SE
16,435 jobs
2.0%

F&B
47,414 jobs
5.8%

CEE
9,903 jobs
1.2%

Nordics

513,510

domestic jobs
63.1%

CEE
Private equity firms backed
202,153 jobs
Of which:

CEE
164,350 domestic jobs
81.3%

Southern Europe
14,986 jobs
7.4%

DACH
11,914 jobs
5.9%

Nordics
5,017 jobs
2.5%

UK & Ireland
4,380 jobs
2.2%

France & Benelux
1,507 jobs
0.7%

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.

938,496

people were employed in roughly

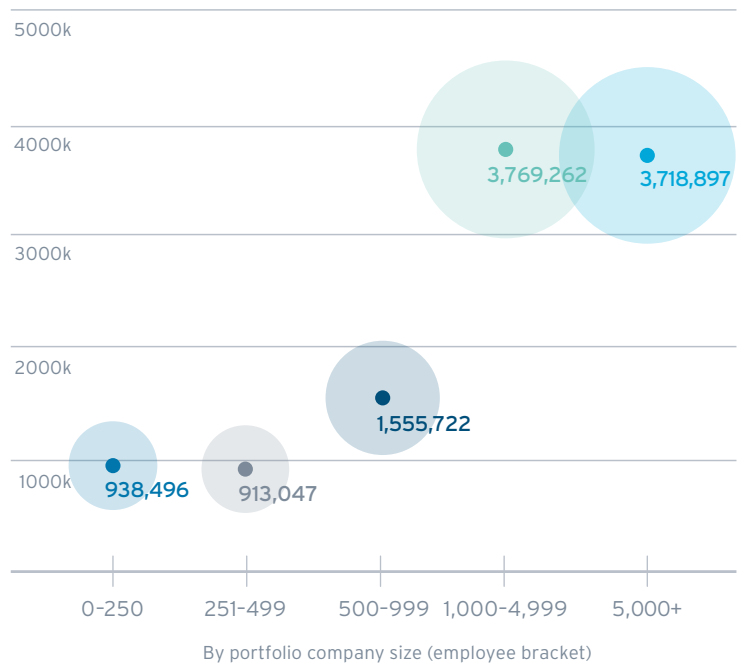
20,394

SMEs backed by private equity in 2022

➤ See page 32 for full SMEs analysis

Employment 2022

By portfolio company size



1.9 million

employees in 2022 working in private equity-backed companies with <500 employees.

17% of all private equity-backed jobs, in 83% of portfolio companies.

9 million

employees in 2022 working in private equity-backed companies with >500 employees.

83% of all private equity-backed jobs, in 17% of portfolio companies.

Job creation

Companies with 0–250 employees experienced the highest employment growth rates between 2021–2022 (+12.4%). They were closely followed by companies with 251–499 and 500–999 employees, which saw a growth rates of 12.2%.

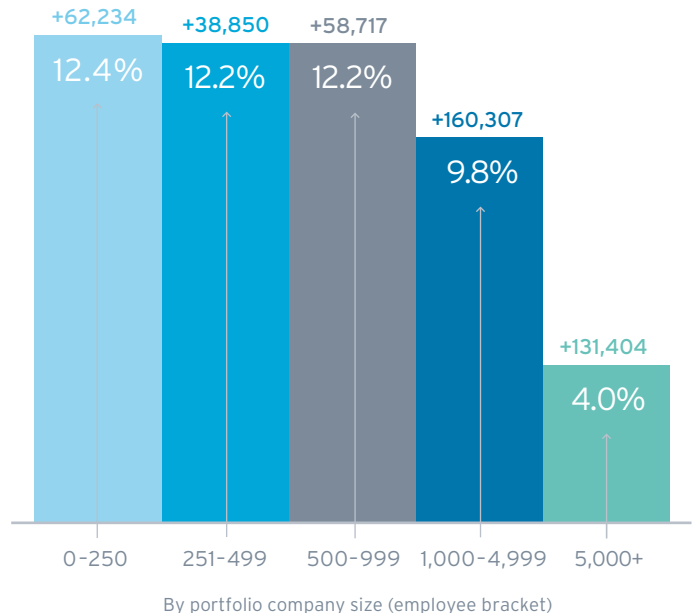
In absolute numbers, companies with 1,000–4,999 employees created the most jobs: +160,307, followed by companies with +5,000 employees, which created 131,404 jobs in 2022.

+12.4%

more new jobs created by SMEs in 2022

Job creation 2021–22

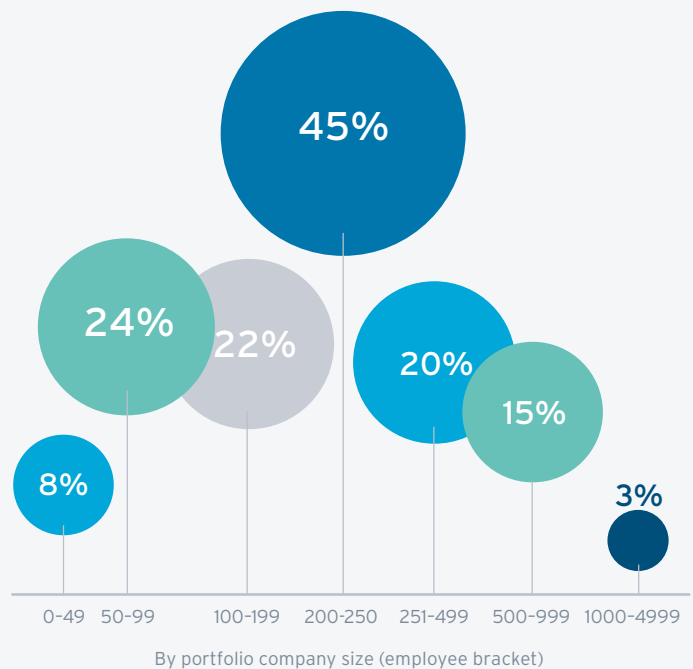
By portfolio company size

**'Graduation' to higher size category**

We estimate that overall, **12% of portfolio companies 'graduated' to a higher category** based on the number of employees during 2022. 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 45% of these companies moving up to a higher size category in 2022.

➕ See [page 40](#) for our multi-year trend section for details on graduation in companies from 2017–2022.

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 2,235 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 309,564 employees, or 33% of total SME employment.

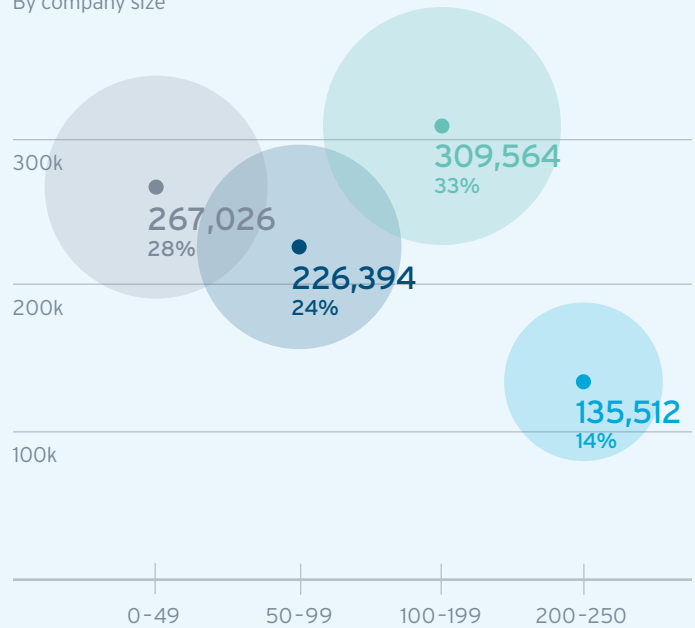
The 0–49 employee size category contributes the second most to total SME employment: 267,026, or 28% of the total. Additionally, the 0–49 employee size category includes 14,267 companies – 70% of the total – making it the largest by number of businesses.

Note

SMEs are categorised as companies with up to 250 employees.

SME employment 2022

By company size



Key to employment by company size

● 0–49 267,026 employees

28%

14,267 portfolio companies

● 50–99 226,394 employees

24%

3,239 portfolio companies

● 100–199 309,564 employees

33%

2,235 portfolio companies

● 200–250 135,512 employees

14%

608 portfolio companies

938,496

people were employed in

20,349

SMEs backed by private equity in 2022

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 2022, the overall net change in employment was +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

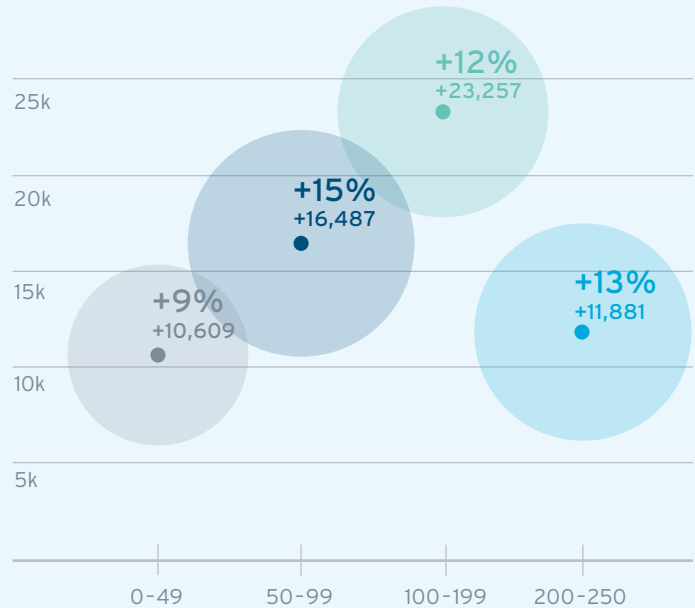
Across SME categories from 2021-2022 job creation rates were in a range of 9-15%.

Leading the pack in job creation was the 50-99 employee SME category (+15% job growth rate), creating 16,487 jobs.

The most net jobs created from 2021-2022 were in the 100-199 category: +23,257 jobs created, or 37% of the SME category total.

SME job creation 2021-22

By company size



Key to employee growth by company size

● 0-49 +10,609 employees

+9%

7,270 portfolio companies

● 50-99 +16,487 employees

+15%

1,774 portfolio companies

● 100-199 +23,257 employees

+12%

1,520 portfolio companies

● 200-250 +11,881 employees

+13%

456 portfolio companies

79%

of the studied sample were SMEs

+62,234

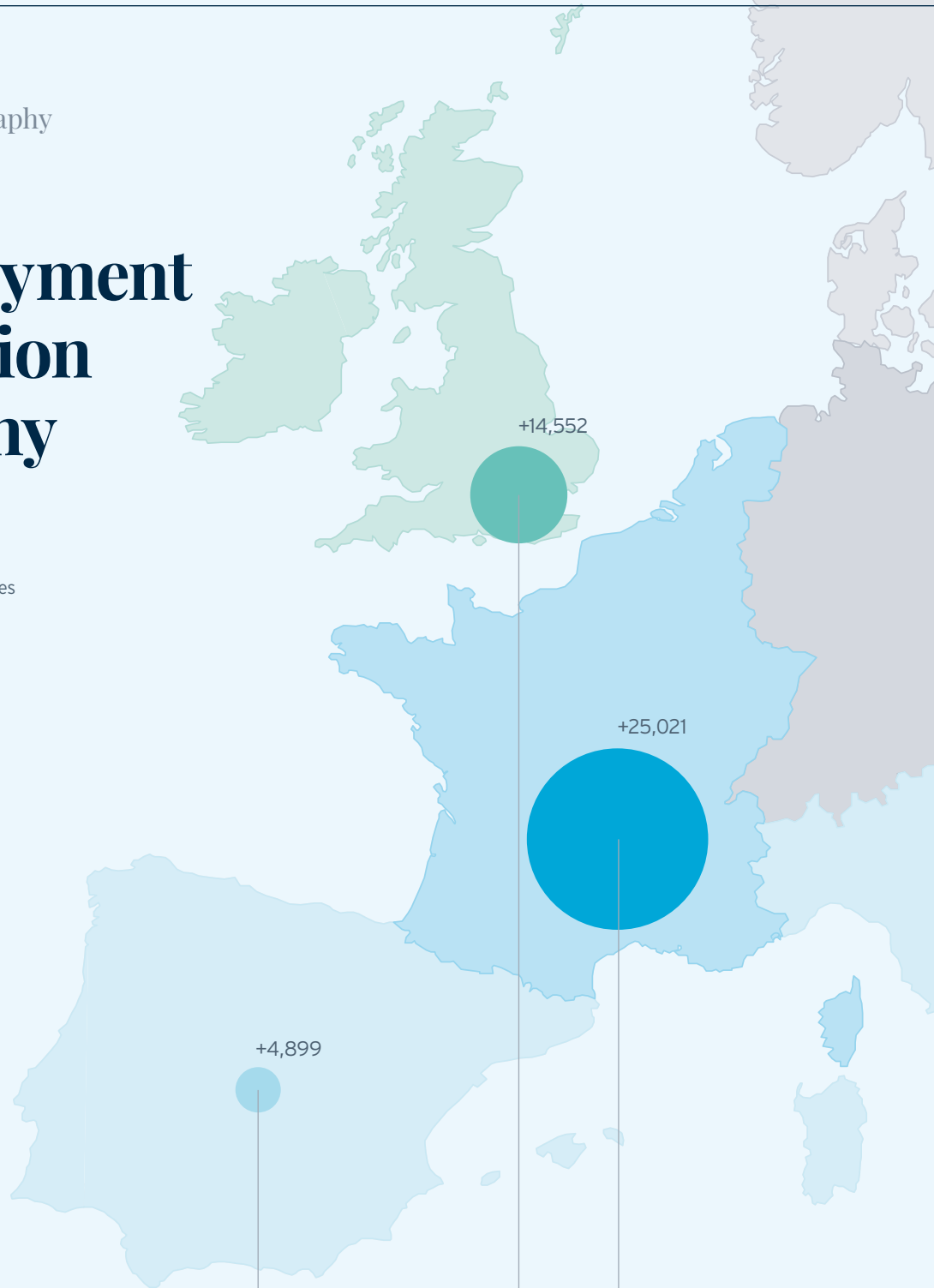
new jobs created in private equity-backed European SMEs in 2022

A focus on SMEs

By portfolio company geography

SME employment & job creation by geography in 2022

By geographic location of portfolio companies



Region

SME job creation

62,234 total new private equity-backed SME jobs

Private equity (PE) -backed SME employment

Percentage of total SME employment

Southern Europe

+11.0%

4,899 new private equity-backed SME jobs

104,927
PE SME employment

11.2%
of total SME employment

UK & Ireland

+17.0%

14,552 new private equity-backed SME jobs

198,314
PE SME employment

21.1%
of total SME employment

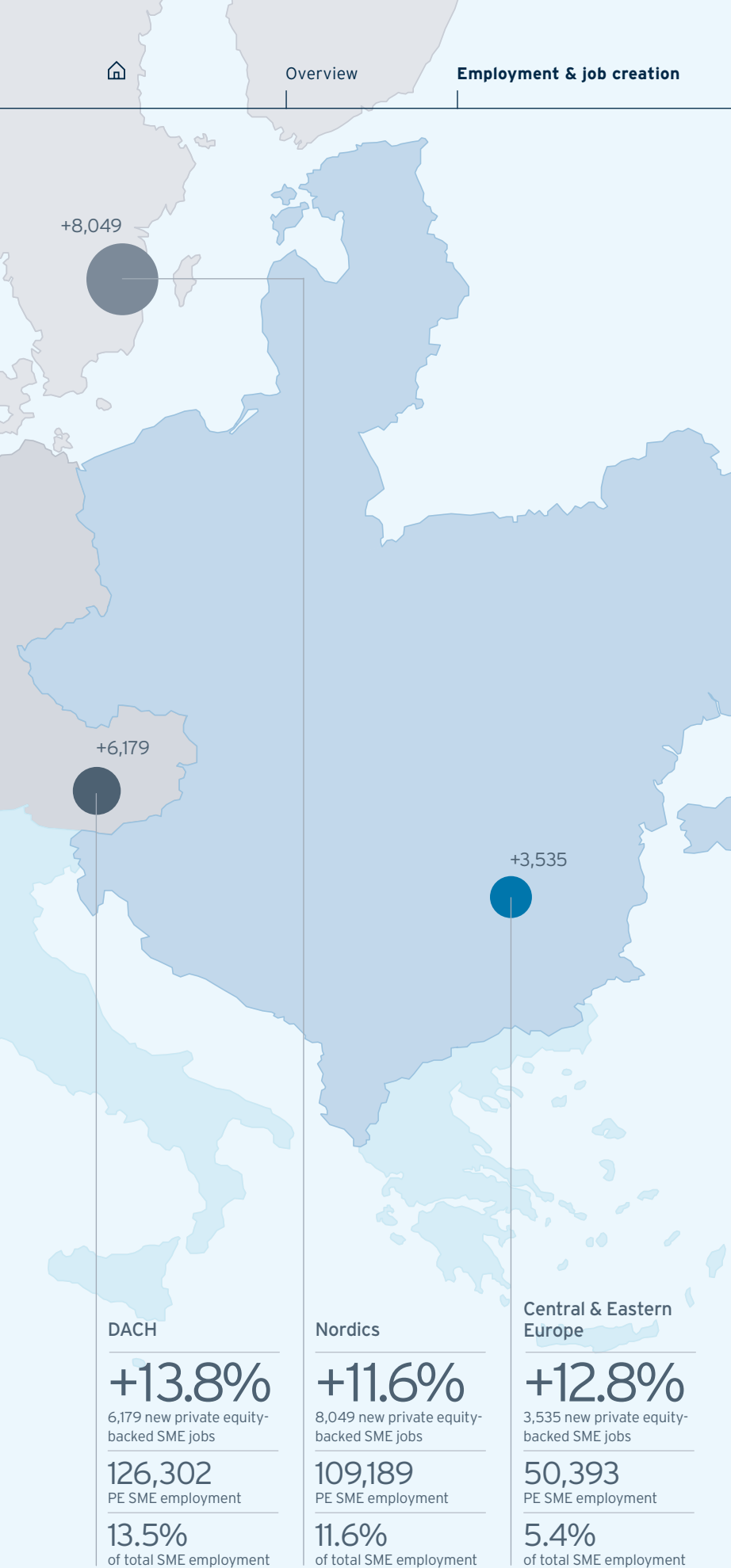
France & Benelux

+11.0%

25,021 new private equity-backed SME jobs

349,372
PE SME employment

37.2%
of total SME employment



+62,234

new jobs created in private equity-backed European SMEs in 2022

+12.4%

growth rate

The top 3 countries which saw the largest increases in number of employees within the SME universe in 2022 were:

+34%

Bulgaria

+17%

United Kingdom

+15%

Denmark

A focus on SMEs

By portfolio company geography continued

SME employment by geography

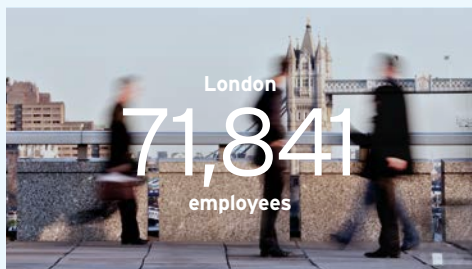
As early stage investors in innovative, start-up and seed stage companies, private equity plays an important role in SMEs.

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 349,372 employees in 2022.

SME employment by top sub-region

SMEs backed by private equity in European sub-regions (areas within countries) were significant employers in 2022.



SME employment in 2022

By region, and top five sub-regions



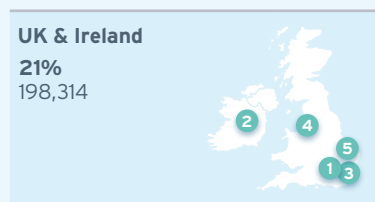
1. Île-de-France	105,775
2. Rhône-Alpes	28,859
3. North Holland	17,143
4. Provence-Alpes-Côte d'Azur	13,950
5. Flemish Region	13,526



1. Berlin	34,651
2. Bavaria	19,242
3. North Rhine-Westphalia	12,177
4. Baden-Württemberg	8,859
5. Zurich	8,201



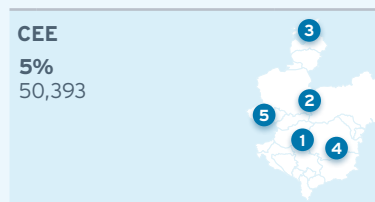
1. Catalonia	15,750
2. Community of Madrid	13,685
3. Lombardy	13,601
4. Basque Country	6,430
5. Valencian Community	5,534



1. London	71,841
2. Leinster	21,131
3. South East	17,961
4. North West	11,211
5. East of England	10,986



1. Stockholm	20,109
2. Uusimaa	17,033
3. Capital Region of Denmark	12,368
4. Oslo	8,509
5. Västra Götaland	4,921



1. Central Hungary	6,690
2. Mazowieckie	4,416
3. Tallin	3,736
4. Muntenia	2,922
5. Prague	2,874

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 53%.

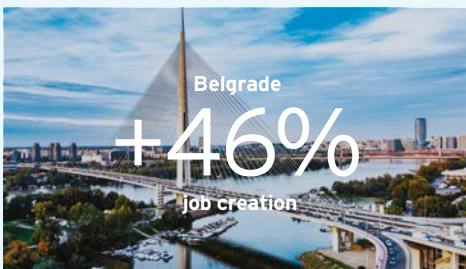
Overall employment in private equity-backed SMEs increased to 62,234 (+12.4%) in 2022.

SME job creation by region

The top three regions for job creation in 2022 were UK & Ireland (+17%), DACH (+14%) and CEE (+13%).

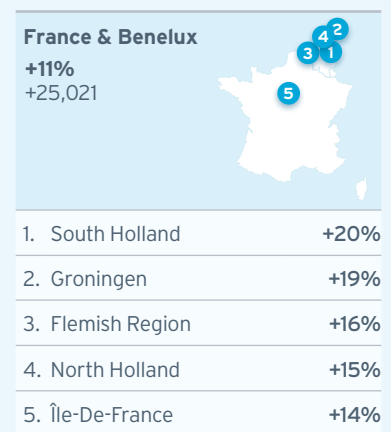
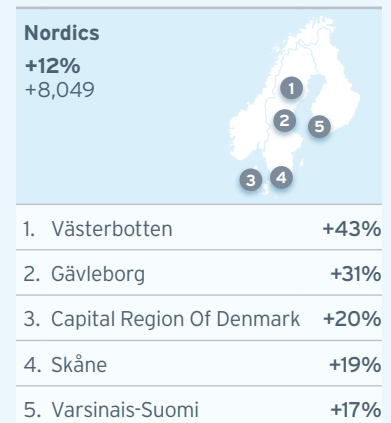
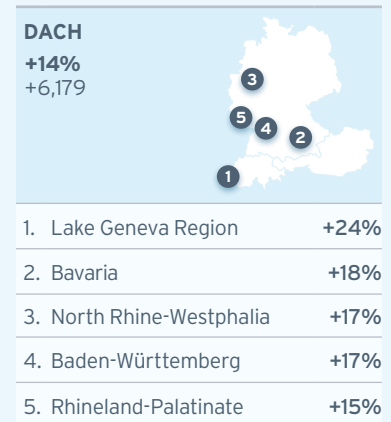
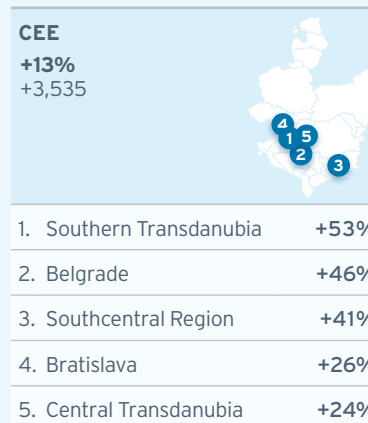
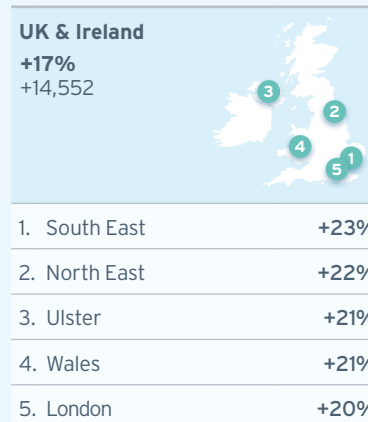
SME job creation by top growth per sub-region

Many private equity-backed SMEs in European sub-regions (areas within countries) grew employment at significant rates in 2022, despite macroeconomic uncertainty during the year.



SME job creation in 2021-22

By region, and top five sub-regions



Note

Analysis excludes those sub-regions with less than 10 companies and less than 100 employees in 2022.

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 2022, accounting for 37% of all private equity-backed SME employment in Europe.

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

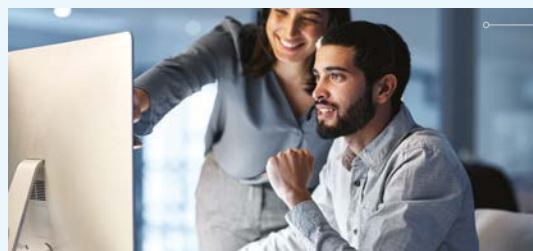
Additionally, **Biotech & Healthcare** represents a significant proportion of private equity-backed SME jobs (10%).

SME employment 2022

By portfolio company sector



Top SME sectors for European private equity-backed employment



Information Communications Technology (ICT)

37%

347,839 employees
8,144 companies



Consumer Goods & Services

18%

164,457 employees
3,281 companies

SME employment 2022

By portfolio company sector

	Number of employees	%		Number of employees	%
Information Communications Technology (ICT)	347,839	37%	Construction	22,308	2%
Consumer Goods & Services	164,457	18%	Transportation	18,416	2%
Business Products & Services	162,760	17%	Real Estate	16,778	2%
Biotech & Healthcare	95,051	10%	Chemicals & Materials	16,609	2%
Financial & Insurance Activities	44,576	5%	Agriculture	7,584	1%
Energy & Environment	35,331	4%	Other	6,788	1%

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.

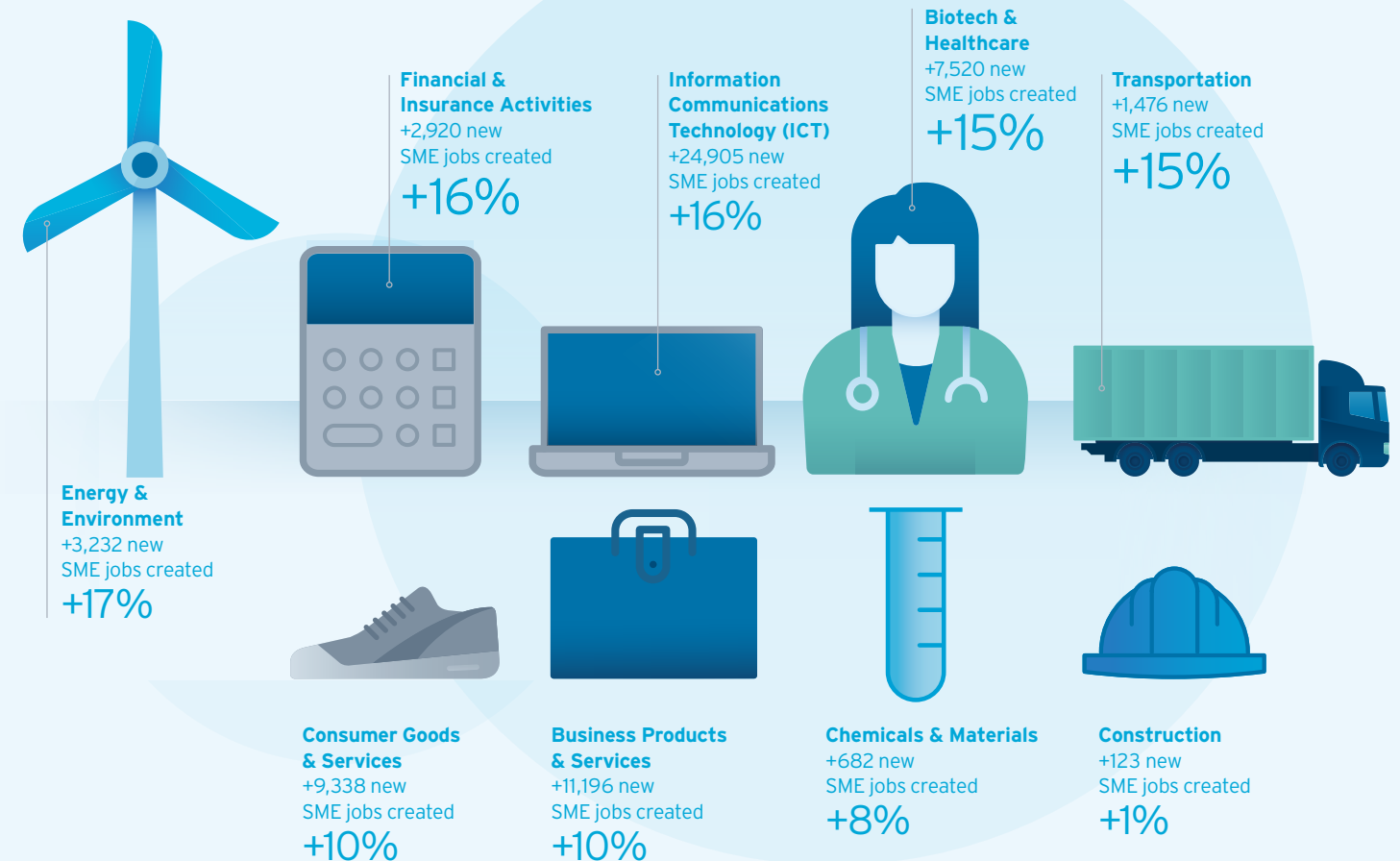
Top SME job creation sectors

Energy & Environment was the sector with the highest growth rate in employment in 2022 (+17%), followed by Financial & Insurance activities sector (+16%).

SMEs in ICT created 24,905 jobs, the highest sector in absolute numbers, with a growth rate of almost 16%.

SME job creation 2021–22

By portfolio company sector



Multi-year trend

2017-22

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, and the raising inflation being two notable examples – 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 2017-2022.

Note

In this section, the sample of portfolio companies is different to that seen in the main body of the report. Here, 3,739 European portfolio companies are under study.

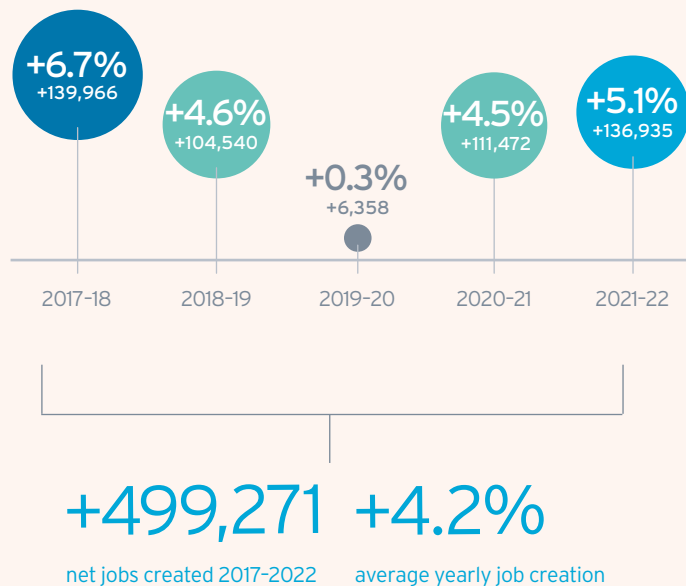
+ See page 50 for methodology section

Even during challenging years, the average growth in portfolio companies backed throughout the period reached 4%, i.e., a net total of 499,271 jobs were created by the companies under study.

In the chart below, the effect of COVID-19 is clearly visible: between 2019 and 2020, job growth was only 0.3%. However, in the following two years, job growth reached again a pre-pandemic level of about 5%.

Job creation 2017-22

By portfolio company stage - Individual years

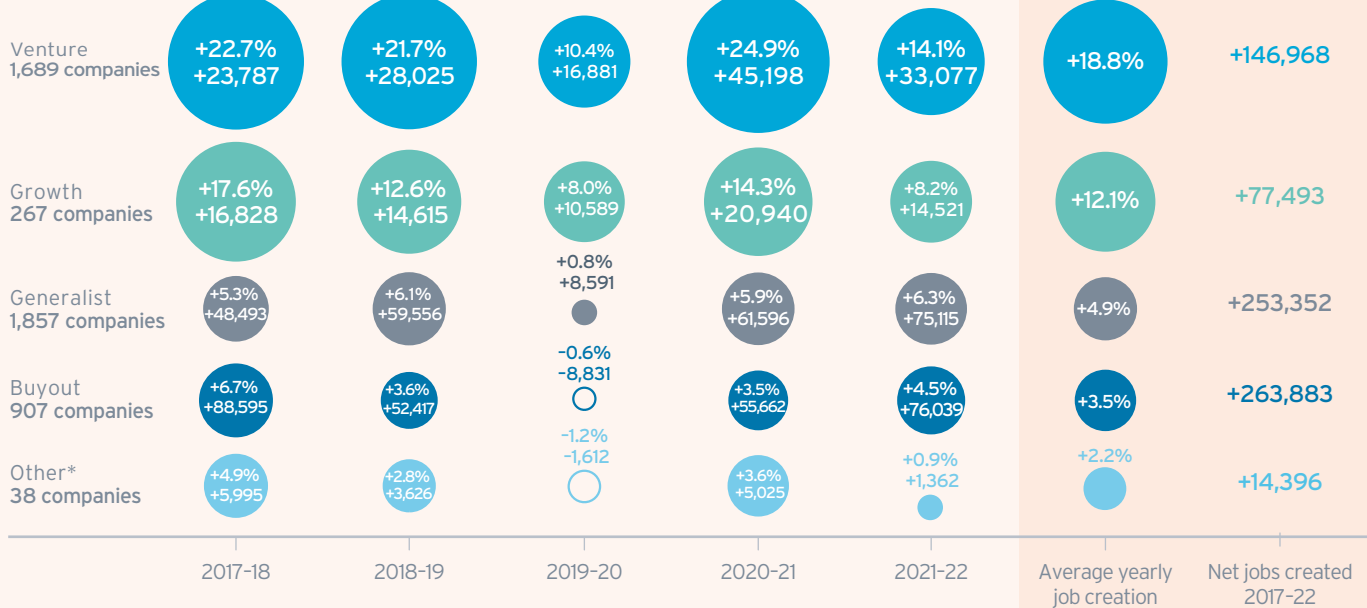


Note

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 2017-22

By type of firm



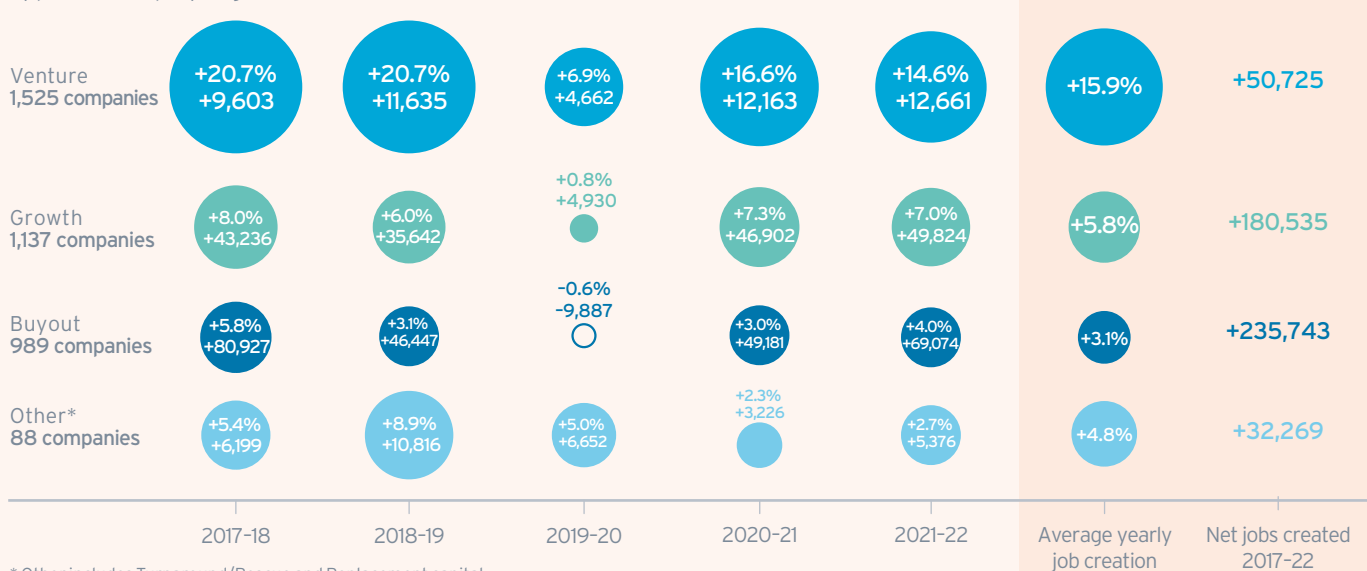
* Other includes Mezzanine & Turnaround/Rescue



By type of firm, Venture had the highest average yearly job creation rate between 2017-2022 (18.8%), although Buyout, followed by Generalist firms supported the highest number of jobs in absolute terms.

Job creation 2017-22

By portfolio company stage



* Other includes Turnaround/Rescue and Replacement capital



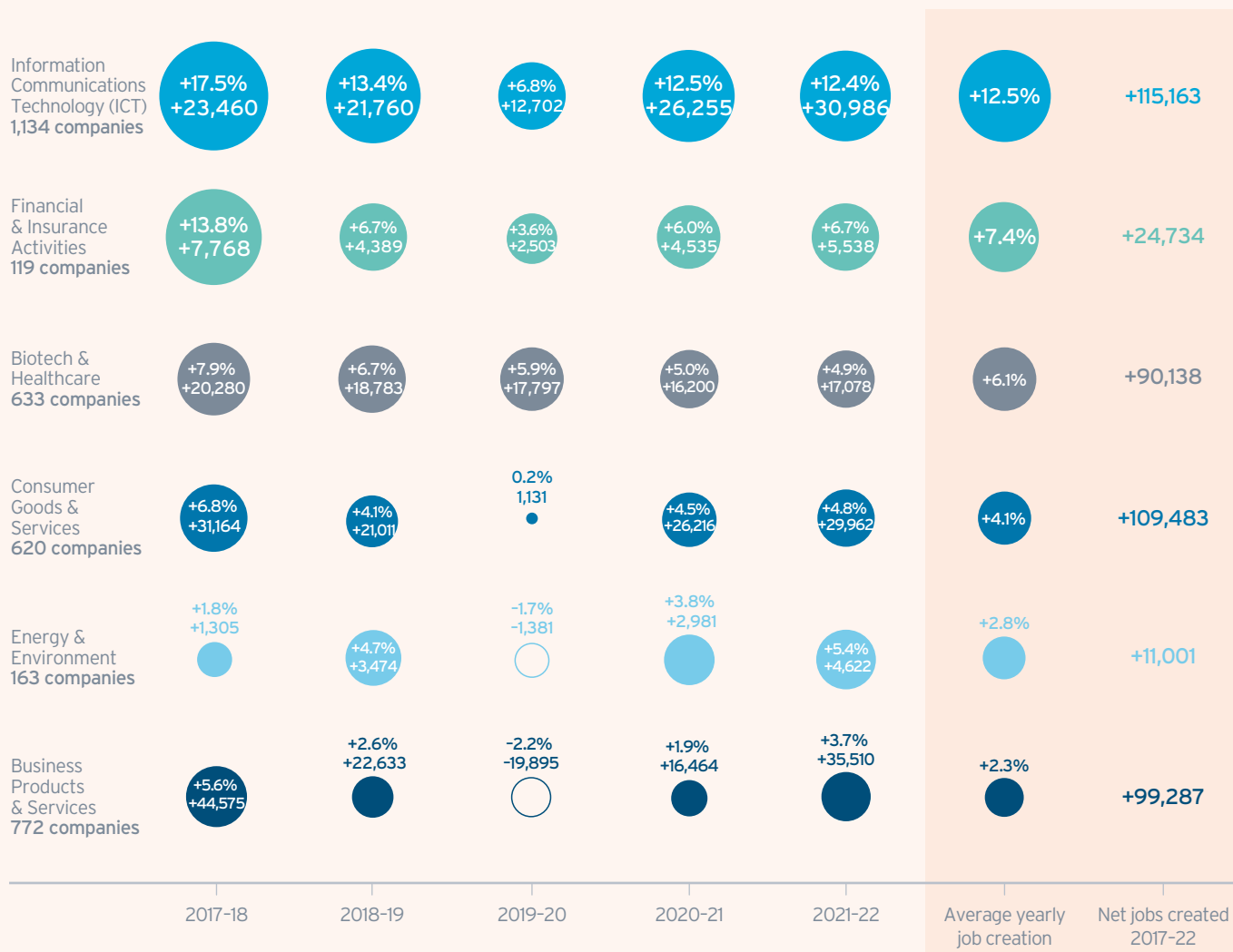
Average yearly job creation between 2017-2022 by portfolio company stage shows the same trend as the one by firm: venture was the stage that grew the most on average (15.9%), but buyout companies created the most jobs in absolute terms (235,743 jobs).

Multi-year trend

2017-22

Job creation 2017-22

By portfolio company sector



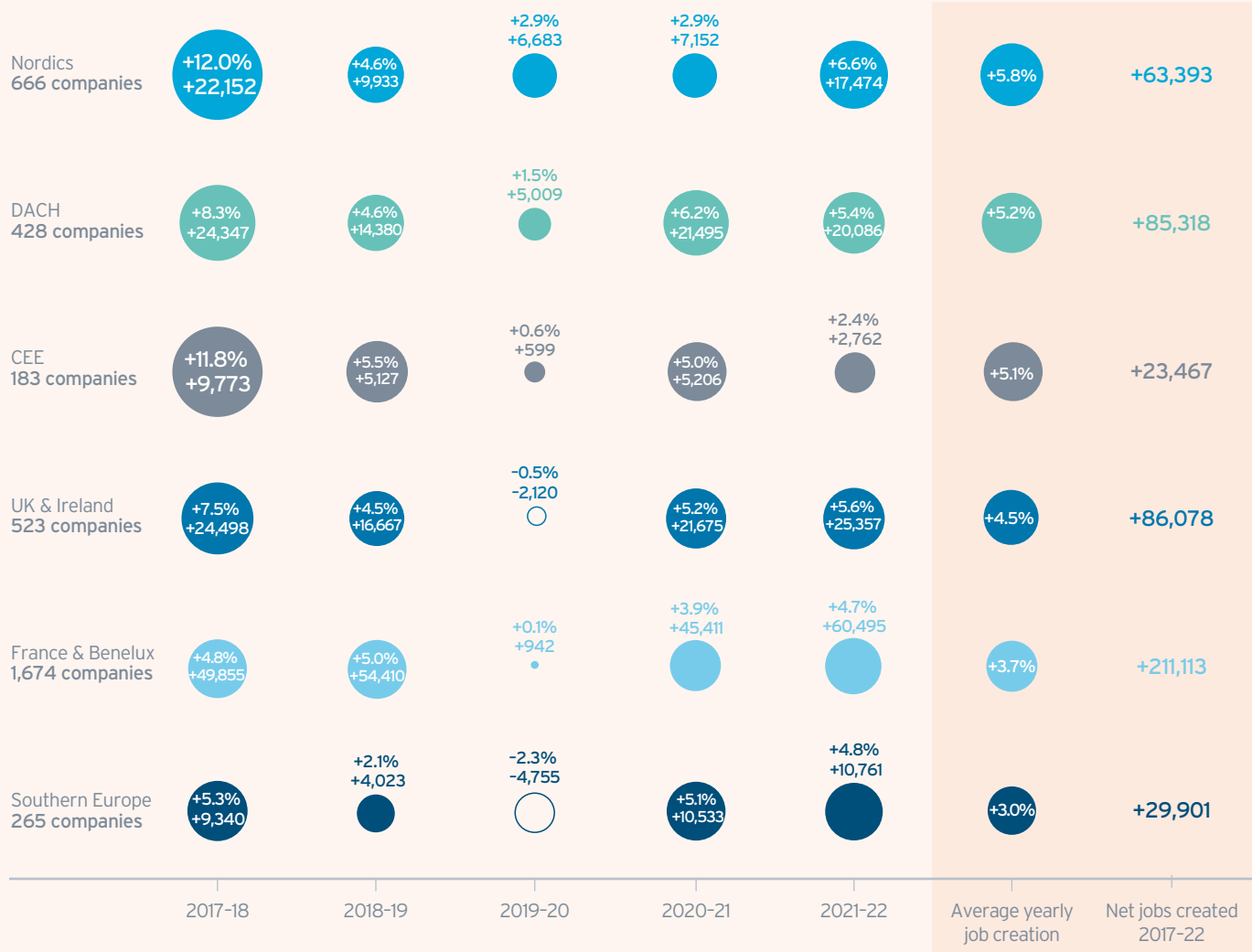
From the end of 2017 to the end of 2022, companies in all sectors recorded net employment growth. During this period the highest average yearly job creation rate was in ICT (+12.5%), which also saw the largest change in terms of totals (+115,163 net jobs created in the period).

Note

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

Job creation 2017-22

By portfolio company region



Throughout the period the Nordics have seen the highest average yearly job creation rate (+5.8%). DACH & CEE followed closely with 5.2% and 5.1% respectively. France & Benelux saw the highest number of total net jobs created (almost 211,113).

Multi-year trend

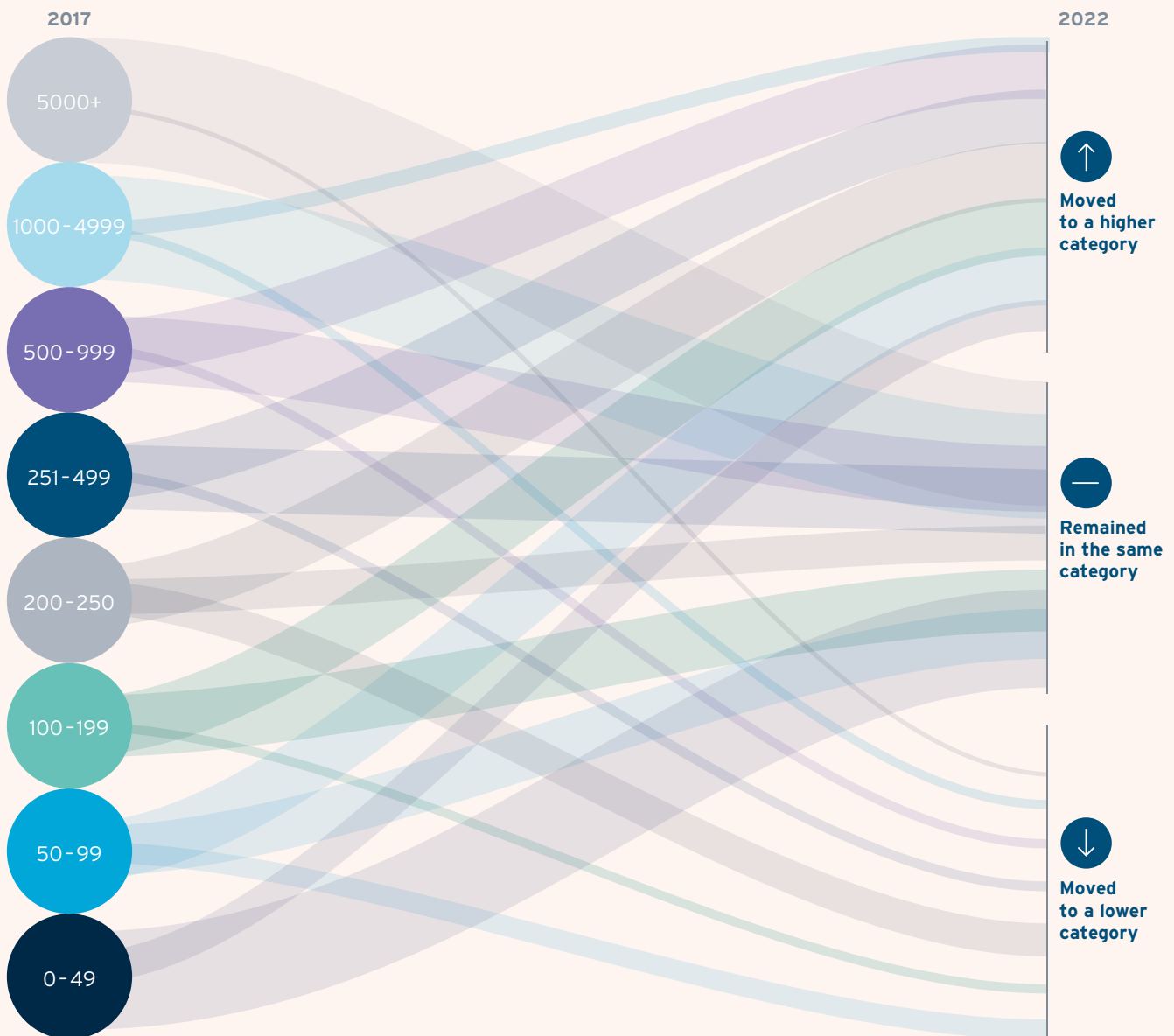
2017-22

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, 31% of companies went up to a higher category from 2017-2022, while only 5% went to a lower category.

Change in size category 2017-22

By size category in 2017*



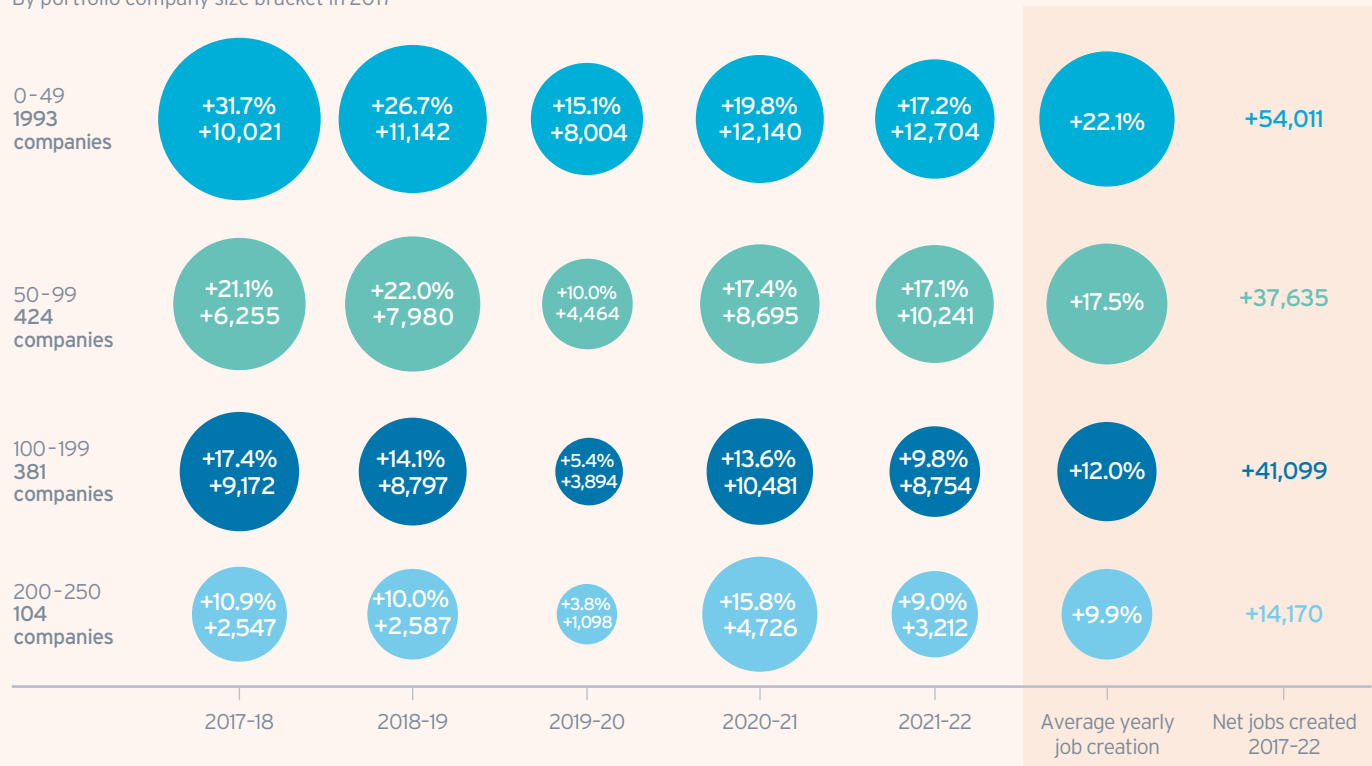
* Size of bars represents percentage of companies within each size bracket

Multi-year trend data

A focus on SMEs

SME job creation 2017-2022

By portfolio company size bracket in 2017



SUCCESS STORY

Golden Goose

Founded in 2000 by Alessandro Gallo and Francesca Rinaldo and headquartered in Venice (Italy), Golden Goose is a leading designer of contemporary high-end clothing, globally recognized for its sneakers. It has become one of the fastest growing and distinctive luxury brands in the global marketplace.

+540

new jobs created



From the end of 2017 to the end of 2022 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, with 54,011 net jobs created.

Note

In this section, the sample of SME portfolio companies is different to that seen in the main body of the report. Here, 2,902 European SMEs are under study.

Holding period analysis

A new dimension in our reporting

In this edition of the report, we introduce, for the first time, an analysis by holding period.

This new chapter signifies our commitment to providing comprehensive insights and further enriches our analysis by offering a fresh perspective on investment trends and outcomes.

The integration of the holding period analysis has been made possible by the enhanced response rate to our survey and the exceptional quality of data at our disposal. Our ability to delve into this new area of study underscores the value of the robust dataset we have cultivated, reflecting the industry's willingness to provide transparent and detailed information.

The holding period – the duration for which a private equity firm retains an investment in a portfolio company before exit – serves as a crucial metric. It illuminates investment strategies, market dynamics, and the lifecycle of private equity investments, while also revealing the impact of Private Equity on job creation and growth.

Our objective with this analysis is to highlight the dynamic relationship between the duration of investment and the expansion of employment, offering deeper insights into how holding periods correlate with job creation.

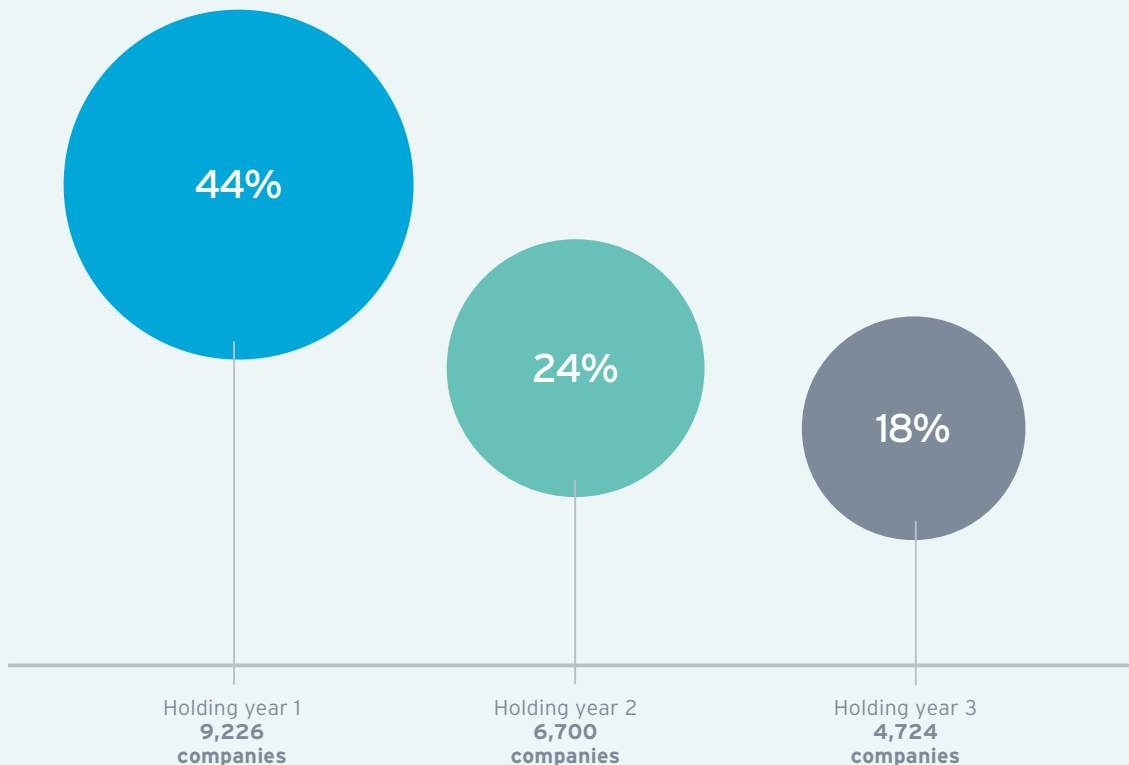
This section is still in its developmental stages. For now, we present a preliminary analysis focusing on the first three years of holding period. As we continue to collect and analyse data, we anticipate enriching this section further. Our stakeholders' continued support in providing us with high-quality data is invaluable and will enable us to refine and expand our analysis, offering more detailed insights into the nuanced impacts of holding periods on job growth.

Holding period analysis: results

Over the course of the first holding year, the average job creation increases by 44%, mostly driven by the high increase in employment in venture stage portfolio companies. As investments mature into their second year, there is a noticeable moderation in job creation rates, with the average year-on-year job creation declining to 24%. Lastly, during the third year of holding, job growth is 18%.

Average job creation by holding period 2017-2022

By portfolio company

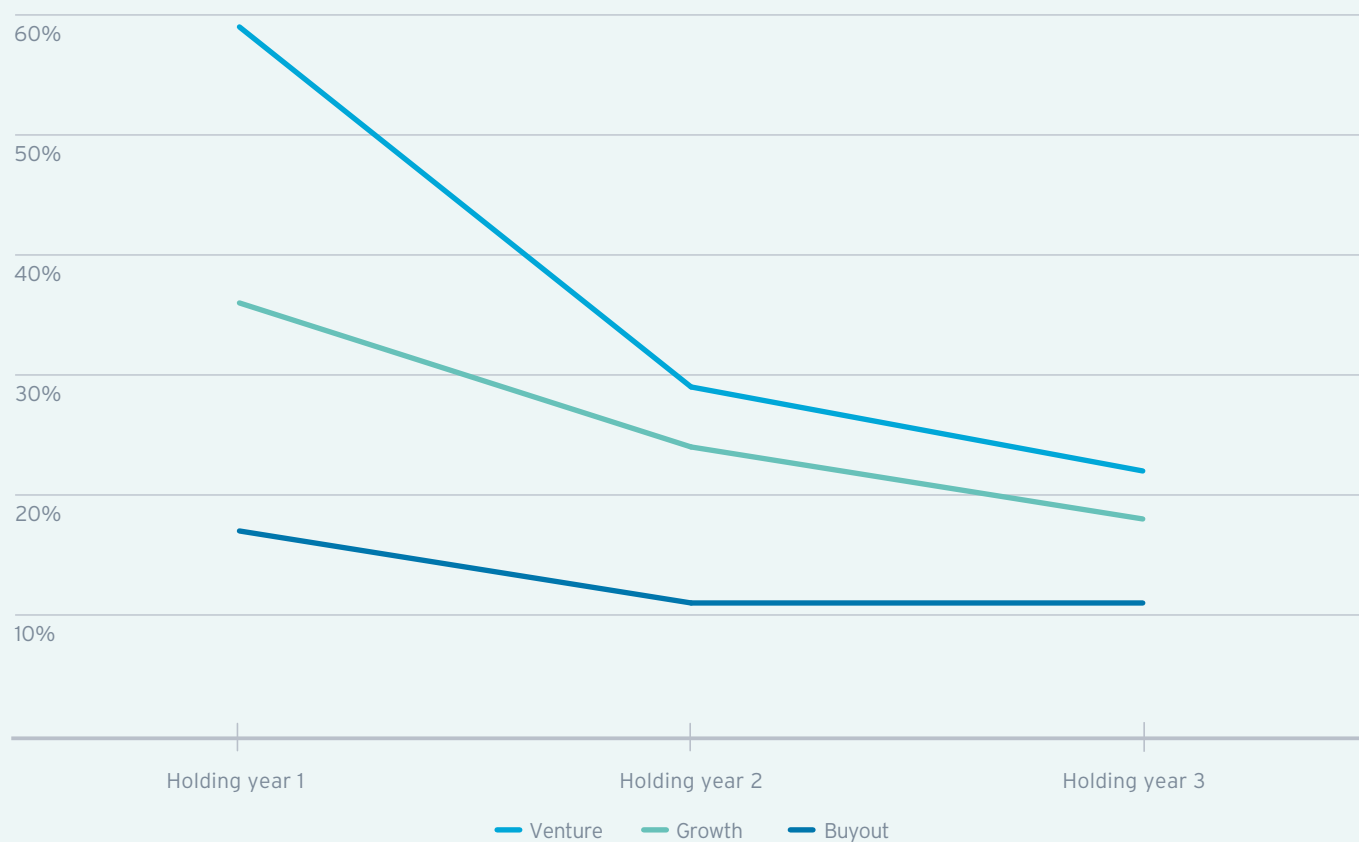


The trend of job creation differs considerably if we analyse it by stage. Younger companies present a steeper slope: venture stage companies show a 59% increase in job creation in the first holding period, and then 29% and 22% during the second and third year of holding. As opposite, portfolio companies at a buyout stage show a much flatter slope: job growth rises by 17% in the first holding year, and then 11% in the second and third year.

Moreover, we analysed the differences between regions and sectors. Regions do not differ significantly among each other, while the chart by sector shows that Business Products & Services and Consumer Goods & Services have a much flatter slope compared to the others. This difference seems due to the fact that there are more buyout stage companies than venture stage companies operating in these two sectors, while it is the opposite for the other 4 sectors, which present a high ratio of venture over buyout stage companies.

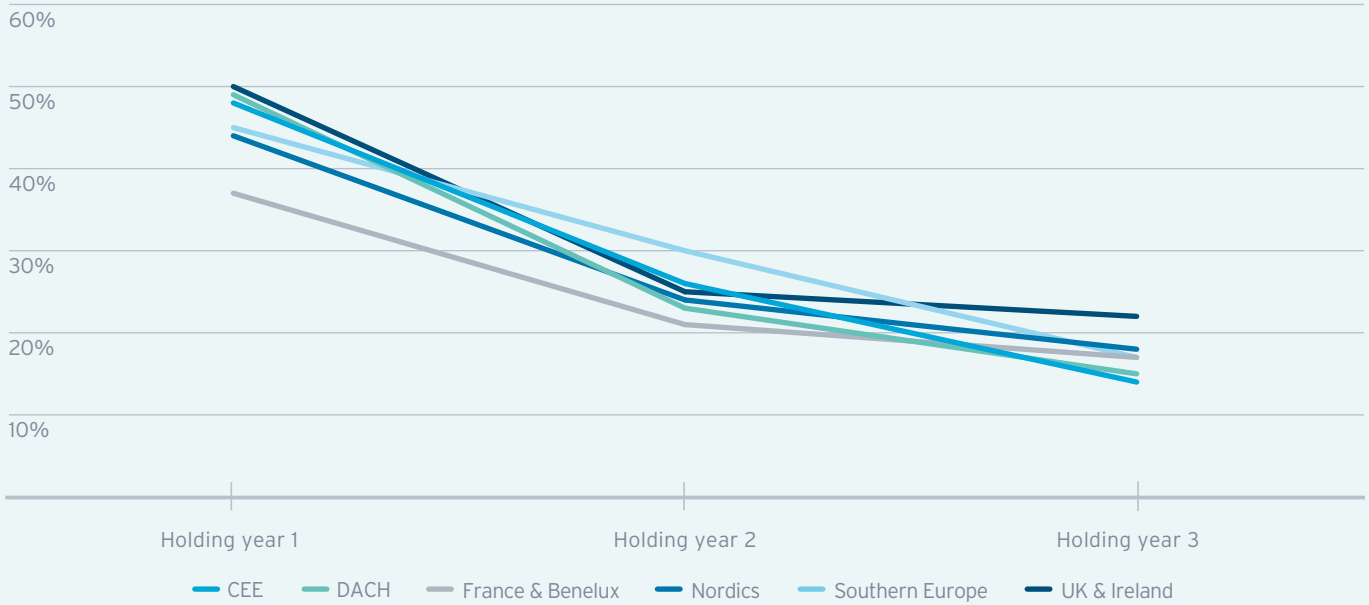
Average job creation by holding period 2017-2022

By portfolio company stage



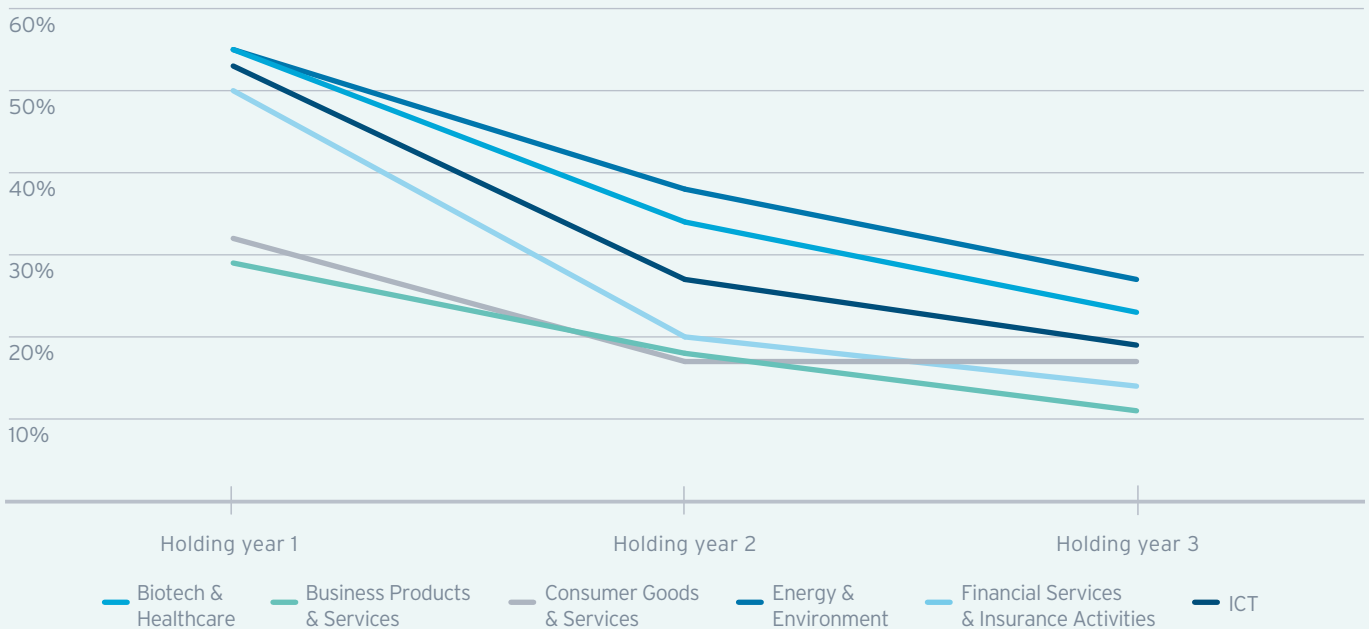
Average job creation by holding period 2017-2022

By portfolio company region



Average job creation by holding period 2017-2022

By portfolio company sector



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 268 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, regardless of the location of the employee.
- Only European companies active during 2022 within the portfolio of a private equity investor had data collected (i.e. companies exited within 2021 or backed post-2022 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 63,000 couriers and Deliveroo's estimated 150,000 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 292,836 jobs in the data considered for job creation analysis from 2021-2022 (addition of 608,249 and removal of 315,412 employees). In addition, net growth of 143,119 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 2021-2022, any change due to mergers & acquisitions during 2022 were excluded. Whilst some of this effect was excluded prior to auditing, on audit an inorganic growth of 143,119⁴ jobs from 2021-2022 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 2021-2022 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

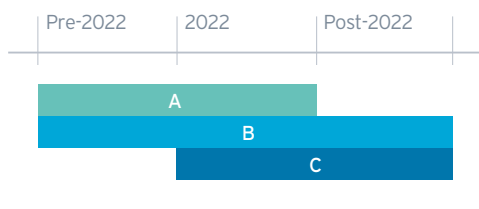
The Employment universe is established to show total employment within included portfolio companies at a specific time: as of end of 2022.

Definition of employment universe

$$(n = 16,567) = \text{A} + \text{B} + \text{C}$$

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 2022 data is known (including extrapolated figures), whilst Job creation refers to companies where data for both 2021 & 2022 is known (and no extrapolation is applied).

Employment & Job creation



- + A. Companies exited within 2022
- + B. Companies active in portfolio in 2022
- + C. Companies entering the portfolio in 2022

2017-2022 job creation universe

n = 3,739

The 2017-2022 multi-year analysis is based on a sample of portfolio companies that have an investment year in the EDC database \leq 2018, and an exit year in the same database that is \geq 2022.

Job creation universe

The Job creation universe is a sub-section of the Employment universe that shows the changes in employment levels from 2021 to 2022 within included portfolio companies.

Definition of job creation universe

$$(n = 13,916) = \text{A} + \text{B} + \text{C}$$



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

Note

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

Holding period analysis

Compared to multi-year trend data, where the employment data is known for the full period 2017-2022, the holding period analysis includes the companies with known employment data for at least two consecutive years, out of the active universe (2022: 27,645). Outliers have been excluded using the Interquartile Range (IQR) method.

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 2022 and backed by private equity, as described in sections above).

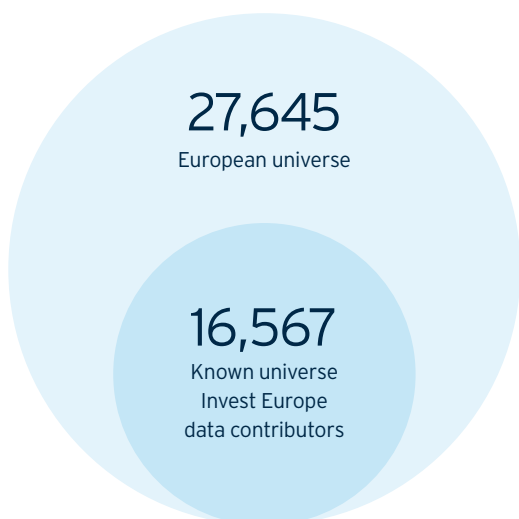
To estimate employment in European companies backed by all private equity firms in Europe, the following universe was defined:

- 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 (2018–2022), and which had not been fully exited before end 2022; portfolio companies which had their latest investment before 2018 but which had a partial exit reported in 2021 or 2022.

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 2022 (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 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.
- 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 2022'. 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 2022 out of the total active companies receiving investments in 2022. The extrapolation process for this report includes all companies with less than or equal to 250 employees in 2022 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 (2018-2022), and which had not been fully exited before end 2022; and portfolio companies which had their latest investment before 2018 but which had a partial exit reported in 2021 or 2022).

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.

Holding period

Is the duration for which a private equity firm retains an investment in a portfolio company before exit.

Employment extrapolation**6,709,975**

people working for private equity-backed companies within the sample (16,567)

+**4,185,449**

people working for other private equity-backed European portfolio companies

=**10,895,424**

people working for private equity-backed European portfolio companies

Sample: 27,654 companies

Employment quantification**268**

Invest Europe data contributors' portfolios studied

16,567

portfolio companies studied of which

13,401

SMEs

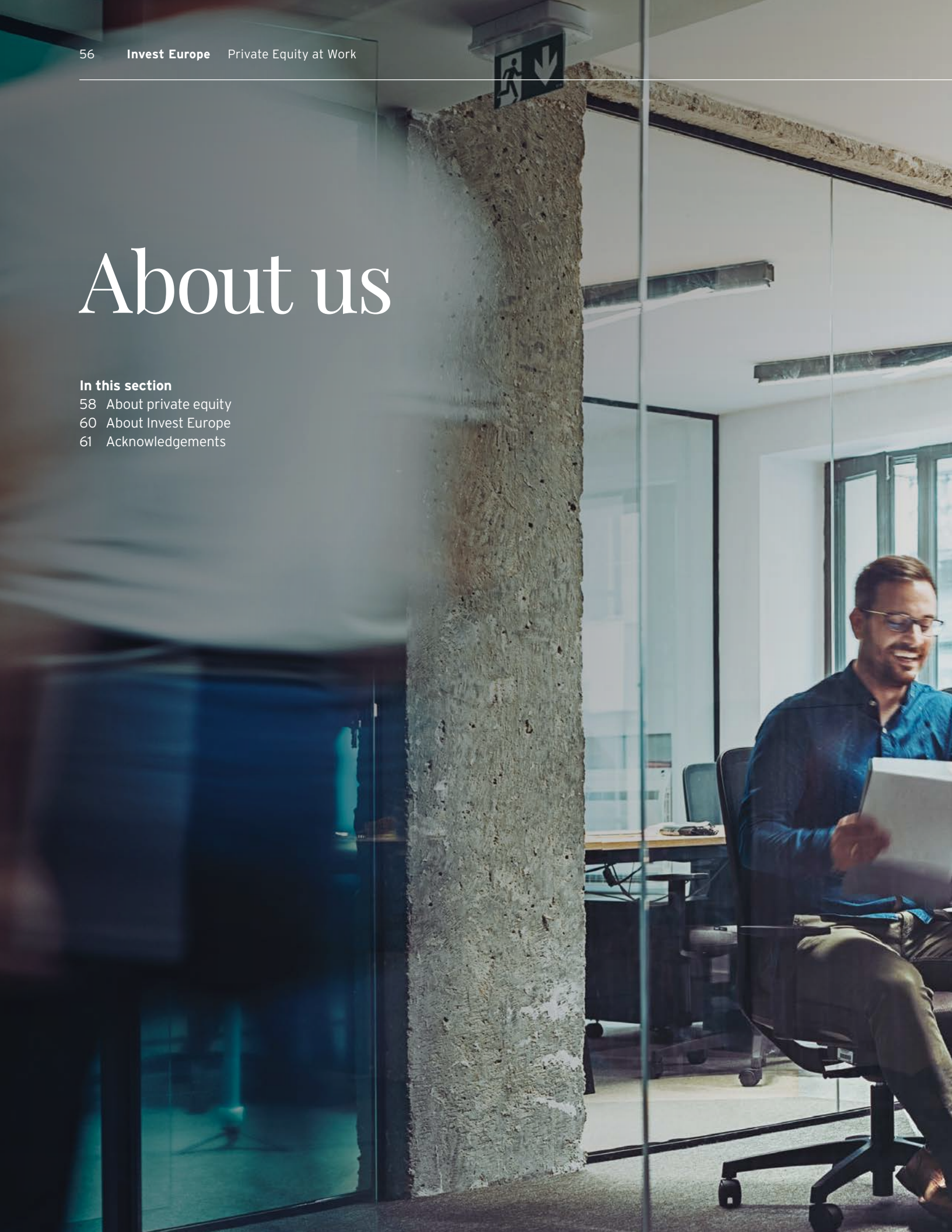
32%

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

About us

In this section

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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:

€553 billion

invested by private equity in European companies from 2018-2022

30,132

European companies benefited from PE investment over the 2018-2022 period

Attracting global investment into Europe:

38%

of the total amount raised by private equity in Europe between 2018-2022 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 31 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.

6.6 million

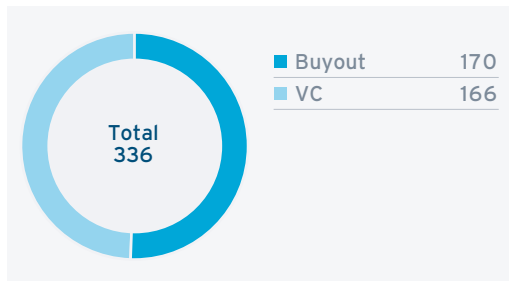
estimated number of people working for Invest Europe members' portfolio companies

10,316

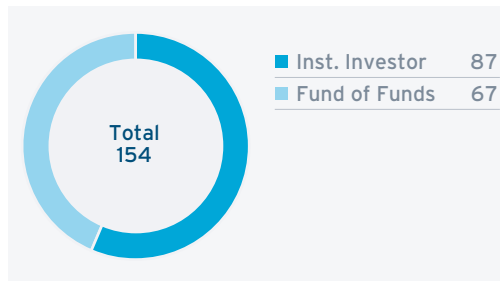
active Invest Europe member portfolio companies in 2022

Our members²²

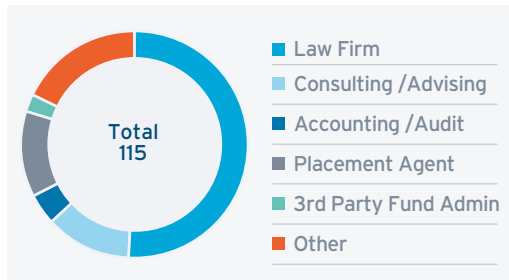
GP Members



LP Members



Associate Members



For more information

Please visit www.investeurope.eu



22 As at 14 December 2023

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 1,750 private equity firms.

The Invest Europe Research team is supported by PEREP Analytics.

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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 1,750 European private equity firms, the 2022 annual statistics covered 94% of the €1,004 billion in capital under management in Europe as of end of 2022

The European Data Cooperative database brings together:

4,200+
firms

11,700+
funds

94,800+
portfolio companies

359,000+
transactions

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