

# Private Equity's Footprint in the Netherlands: Expanding domestic and foreign presence

Including Latest Update on Dutch Add-ons and Acquisition Financing:  
A Favorable Climate for Private Equity

Update report - December 2024

# Preface

Dear relation,

We are pleased to present our Private Equity update report. It provides our insights and analyses on private equity related market trends, M&A transactions over the last 24 months up until 1st September 2024 and developments in debt financing.

In short, the number of Dutch M&A transactions, in which Private Equity (hereafter "PE") was involved, was substantial and the number of PE-owned companies in the Netherlands continued to increase. Interestingly, foreign PE was again responsible for a significant percentage of transactions and involved in many of the larger deals. Domestic players have in turn been very active in expanding their portfolio companies through buy-and-build transactions. Noteworthy in this respect were the efforts of Main Capital, Holland Capital, Waterland, Fields Group, and Vortex, among others.

In sum, Private Equity continues to shape, consolidate, internationalize and generally strengthen our domestic middle market to the benefit of its investors and our national economy as a whole.

If you are interested in a further explanation, have questions or are looking for support with a potential transaction, please contact us for a personal meeting. You can contact us directly by email or telephone or for more information, check out our website:

Yours sincerely,

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# The total number of PE owned portfolio companies increased, albeit at a slower pace than last year

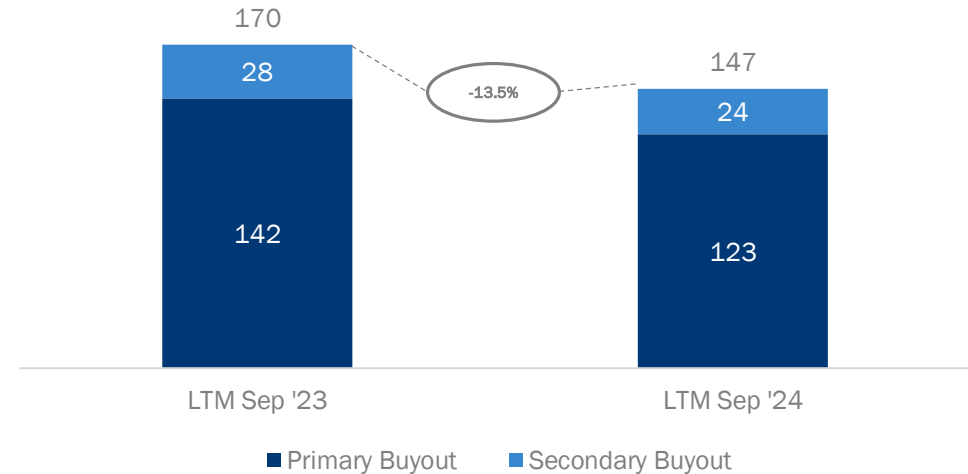
## Introduction

- This report intends to provide an indicative overview of PE-involved M&A transactions in the last 24 months up until September 1st, 2024
- Please note that this report is prepared based on public sources. The contents of these sources have, however, not been verified
- This rapport is provided for information and discussion purposes only and solely on the condition that no reliance whatsoever may be placed on it

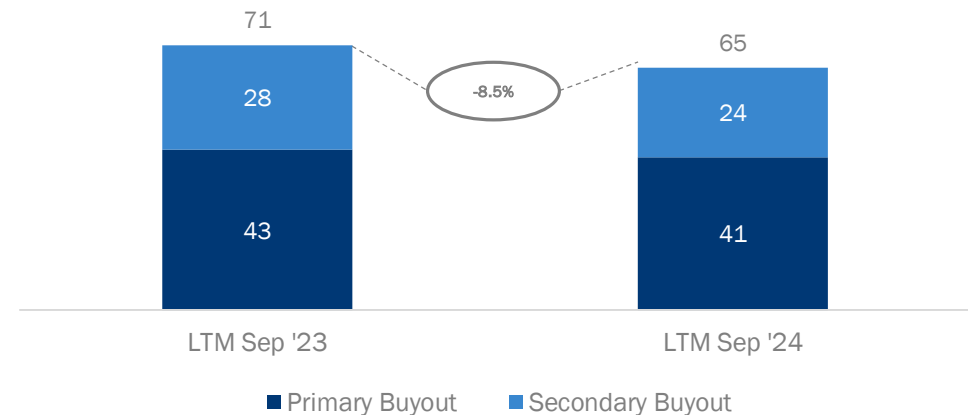
## Total number of acquisitions and divestments

- In the last 12 months a decline was observable for both the number of acquisitions and divestments (resp. -13.5% and -8.5%; excl. secondaries -13.4% and -4.7%)
- Similar to last year, the number of acquisitions significantly outweighed the number of divestments and consequently the number of Dutch companies owned by PE increased again
- The number of primary acquisitions amounted to 123 (vs 142 last year). The number of portfolio companies sold to non-PE buyers amounted to 41 (vs 43 last year)
- The number of PE-to-PE (“Secondary”) deals amounted to 24, which was slightly lower in absolute terms (-4) and in relative terms (16.3% of acquisitions and 36.9% of divestments versus 16.5% and 39.4% last year)
- Add-on acquisitions are not included in the numbers above and are presented on page 6. Venture capital transactions are also not included

Dutch companies acquired by PE in the 24 months up until September 1st, 2024



Dutch PE-owned companies sold in the 24 months up until September 1st, 2024



Source: Mergermarket, YES CF Research, acquisitions exclude add-ons

# 40% of all acquisitions (and close to 70% of secondaries) were realized by foreign PE. Most active have been US, UK, Belgian and French PE

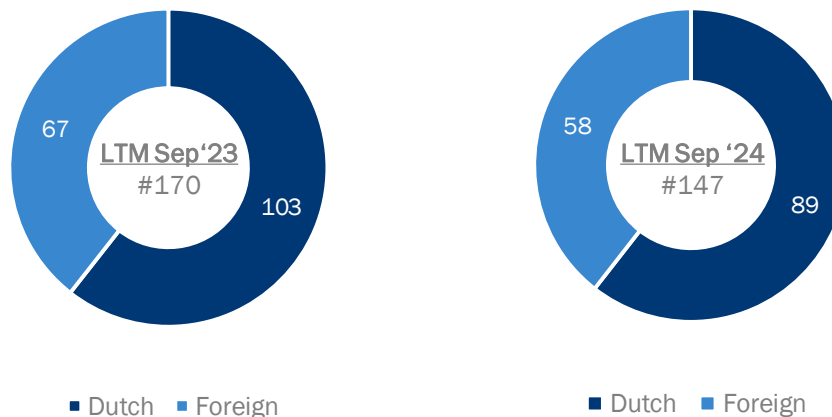
## Domestic vs foreign PE acquisitions

- Similar to last year the number of acquisitions realized by foreign PE amounted to roughly 40% of all acquisitions
- When adjusted for secondaries the relative number is slightly lower ( $\pm 33\%$ ), as foreign PE is relatively more involved in secondaries (compared to domestic PE)
- In the 24 months under review close to 8% of all acquisitions completed by Dutch PE were secondaries; close to 29% of all acquisitions by foreign PE were secondaries. Foreign PE realized more than two-thirds ( $\pm 69.2\%$ ) of all secondaries
- The above confirms the general idea that it would be harder and/or less efficient for foreign PE to source primary deals

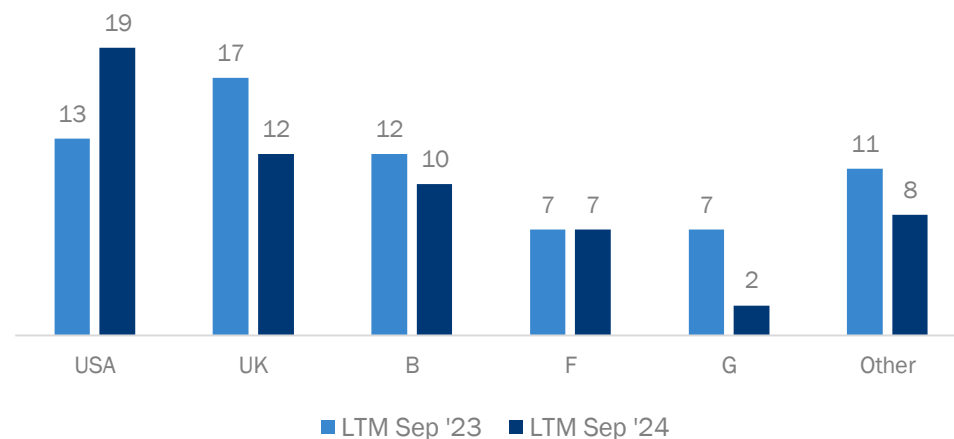
## Foreign PE acquisitions

- US-, UK-, Belgium, France- and Germany-based PE have been the most active in the last 24 months as they were responsible for about 85% of the acquisitions by foreign PE
- First ranked are US-based and UK-based private equity firms being responsible for close to 50% of the acquisitions by foreign PE. Belgian-based PE come in third with roughly 18% of foreign acquisitions
- Generally speaking, French and German PE seem to do slightly less secondaries ( $\pm 22\%$  of their acquisitions in the last 24 months), while US, UK and Belgian PE are close to the overall average ( $\pm 28\%$ ). PE firms based in “Other” countries have done relatively more secondaries ( $\pm 40\%$ )
- Most active foreign PE in the last 24 months have been among others: IK Partners, General Atlantic, CVC, Battery Ventures, M&O Partners and Vendis

## Number of acquisitions split by domestic and foreign PE



## Number of acquisitions by foreign PE split per country



Source: Mergermarket, YES CF Research, acquisitions exclude add-ons

# Although significantly less than last year, TMT and Business Services deals made up 40% of all PE transactions. Construction seems the domain of domestic PE

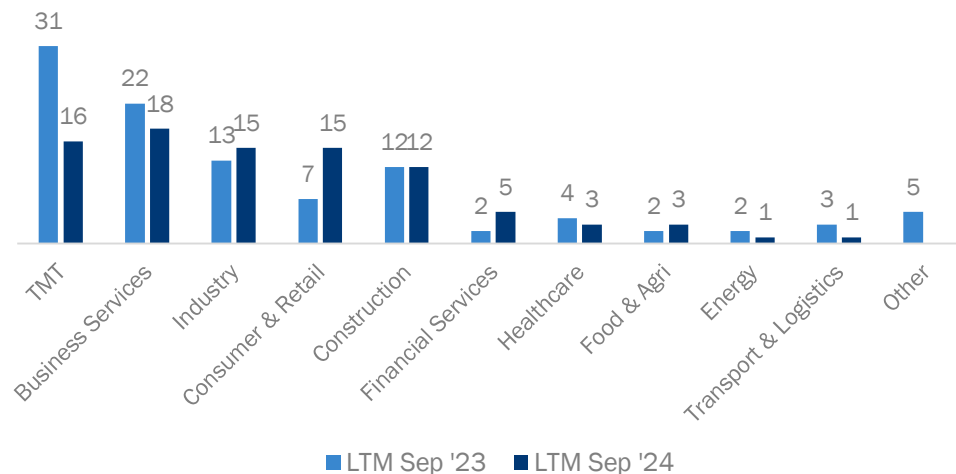
## Sector focus

- Overall, more than 70% of PE transactions in the last 24 months were in TMT, Business Services, Industry and Consumer & Retail
- During the last 12 months a significant drop (more than the overall average of +/-13.5%) was observed in all sectors, except those that experienced growth (Industrial, Consumer, Financial Services and Healthcare)
- Nevertheless, still approximately 40% (last year 52%) of all PE transactions were in the two most prominent sectors, TMT and Business services
- Remarkable is the significant increase in the number of Consumer & Retail transactions ( $\pm 145\%$ ) in the last twelve months compared to the twelve months before

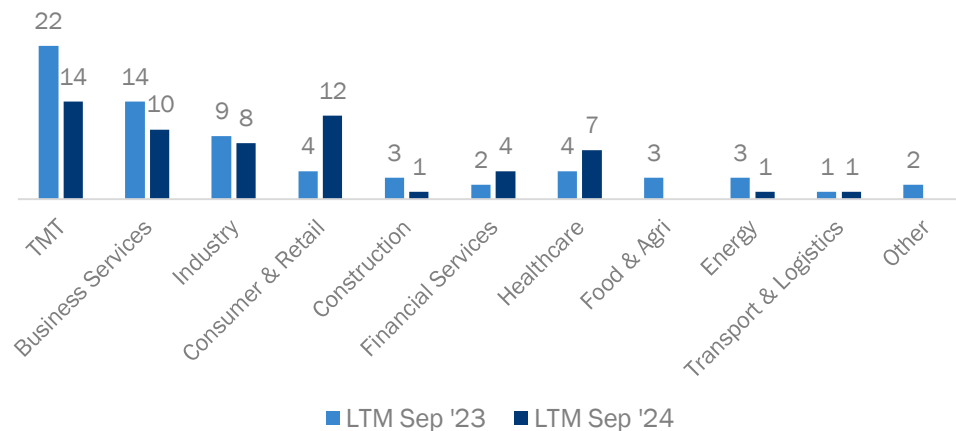
## Difference between domestic vs foreign PE

- Generally speaking, all sectors attracted similar interest from domestic and foreign PE, except for:
  - Construction, which experienced clearly more interest from domestic PE
  - Healthcare, where more deals were done by foreign PE than by domestic PE

Number of Dutch private equity acquisition, split per sector



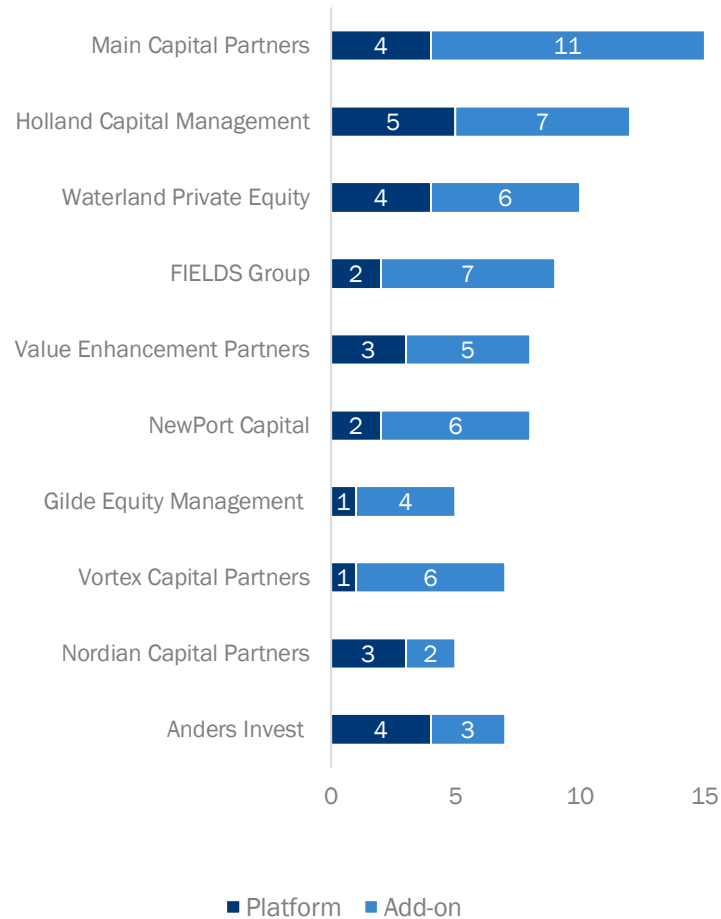
Number of foreign private equity acquisition, split per sector



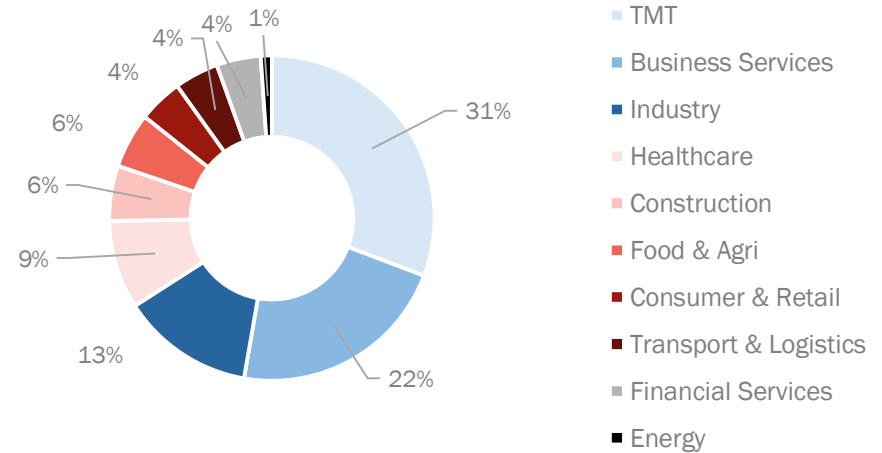
Source: Mergermarket, YES CF Research, acquisitions exclude add-ons

# Add-on acquisitions add another and significant layer to the total number of PE transactions, as many PE actively buy-and-build their portfolio companies

Most active Dutch private equity in the NL in the last 12 months



Add-on acquisitions per sector (LTM Sep 2024)



Add-on acquisitions by Dutch private equity

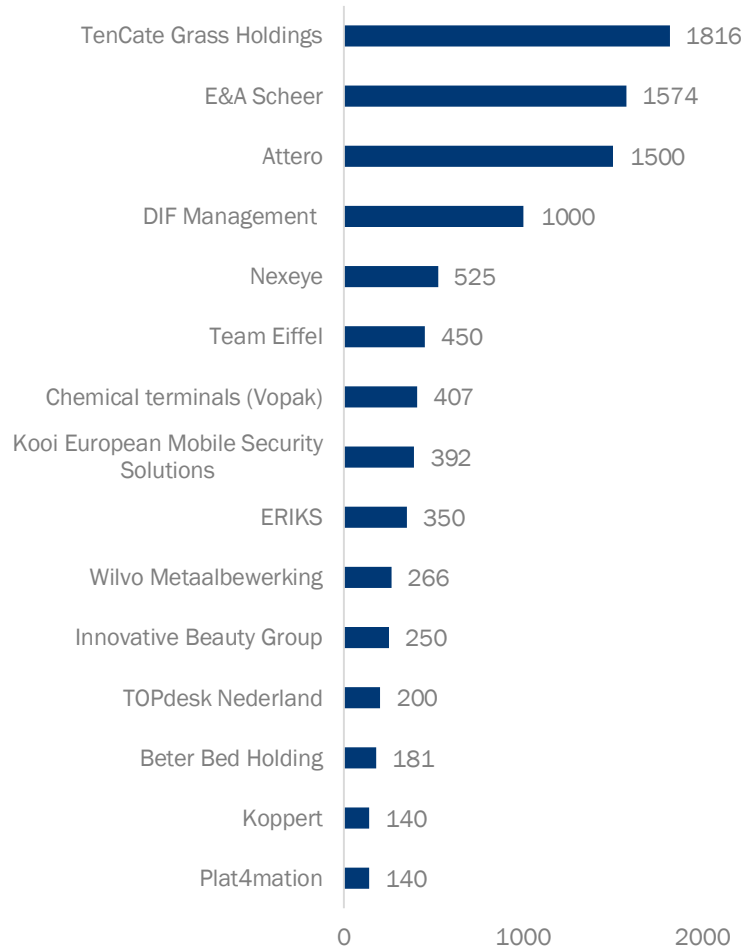
- As shown in the adjacent graph significant M&A efforts by PE firms have been focused on strengthening portfolio companies through buy-and-build transactions
- Roughly half of these transactions involved companies active in TMT and Business services. Overall, add-on acquisitions reflected the overall sectoral division in M&A transactions
- Main Capital was the most active player in TMT with 11 add-on transactions
- In Business Services (BS) Fields and Newport Capital were very active players. The first completing four BS add-ons out of its seven add-ons. The latter completing three BS add-ons out of its six add-ons
- Holland Capital was responsible for many of the add-ons in the Healthcare sector

\* Based on the add-on activity between September 1<sup>st</sup> 2023 and September 1<sup>st</sup> 2024 of the top 40 most active Dutch PEs in the last 24 months

Source: Mergermarket, YES CF Research

# Many of the largest transactions were executed by foreign private equity firms, often with the goal of (further) internationalizing the companies they acquired

Largest LTM PE transactions in the Netherlands (in EUR mln)



Industry	Leonard Green & Partners	
Consumer & Retail	Platinum Equity	
Industry	Ardian	
Financial Services	CVC Advisers	
Consumer & Retail	KKR & Co	
Business services	TowerBrook Capital Partners	
Transport & Logistics	Infracapital Partners	
Industry	IK Investment Partners	
Industry	Lone Star Capital Acquisitions	
Industry	Rivean Capital	
Industry	Fremman	
TMT	CVC Advisers	
Consumer & Retail	Torqx Capital Partners	
Food & Agri	HAL Investments	
TMT	Keensight Capital and ServiceNow Ventures	

\*The selection is based on the disclosed deal values in Mergermarket

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# The Acquisition Financing Market



# Debt funds continue to take market share from traditional banks, with the offering of competitive terms, faster execution and higher leverage

## Banks

- Dutch banks have maintained competitive pricing in the mid-markets, often undercutting non-bank lenders on margins, providing leverage up to 3-3,5x
- Despite this advantage, it is increasingly insufficient to offset their structural limitations, such as slower execution times and more stringent credit assessments. This is due to increased scrutiny from the European Central Bank (ECB), which has intensified oversight to mitigate systemic risks
- Banks in the Netherlands do however continue to play a pivotal role in acquisition financing, serving as a primary source of debt capital for PE transactions. With smaller deals remaining, the rise of alternative debt providers has resulted in banks losing market share in the European mid-markets (> 30 mln deal size)

## Debt Funds

- A notable trend in the Dutch debt financing landscape is the growing presence of alternative lenders, particularly private debt funds. These funds have emerged as key players in acquisition financing, offering competitive terms, faster execution, and higher leverage
- As pricing converges across lending platforms, PE sponsors are favoring financing partners that provide greater flexibility and faster decision-making, which has contributed to debt funds now accounting for over 55% of the market share in the European mid-markets
- Alternative lenders' coupons are higher, but structured all bullet, making cash-out comparable with traditional banks, yet often providing more flexibility

## Traditional banks



## Debt Funds



## Mezzanine lenders



Source: YES CF research,

# In the last ~2 years, rising leverage ratios and declining Term Loan B Spreads signal the return of a more favorable investing climate for (Dutch) private equity

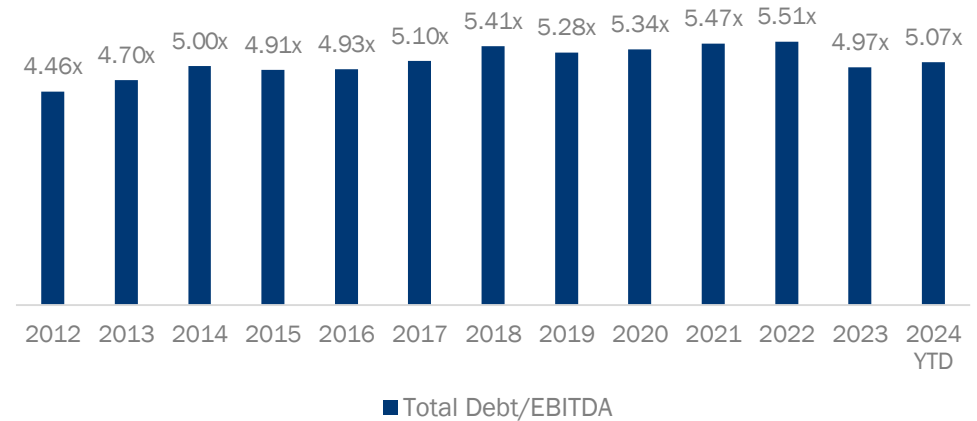
## Leverage ratio's

- The total debt-to-EBITDA ratio has shown clear cyclical trends over the past decade, peaking during periods of low interest rates and declining recently as borrowing costs rise
- From 2012 to 2022, leverage ratios steadily increased, reaching a high of 5.51x in 2022. This rise was driven by historically low base rates, which enabled companies to sustain higher debt levels
- However, by 2023, the ratio declined to 4.97x, reflecting a response to elevated interest rates and tightening credit conditions. As of 2024 YTD, the ratio has partially rebounded to 5.07x, signaling a cautious return to modestly higher leverage levels amid ongoing market adjustments

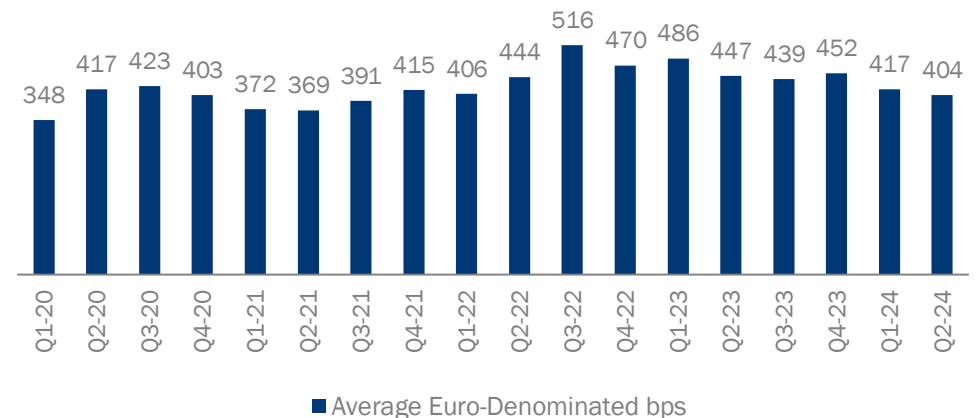
## Average TLB spreads

- After peaking at 516bps in Q3-22, Euro-denominated loan spreads have steadily tightened, reaching 404bps in Q2-24
- The continuation of an ongoing trend of falling new-issue spreads and lower all-in yields continues to create an environment of lower coupons that benefits M&A activity and private equity deals

Total Debt-to-EBITDA Leverage ratio rising since last year



Average EUR-denominated TLB spreads continue to decline since Q3-22



Source: Loan Connectors, S&P LCD

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**WATERLAND**  
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Advisor to Schotpoort

Attracted acquisition  
finance from  
**ABN-AMRO**

for the acquisition of  
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