The Pulse of Private Equity – 9/1/2014

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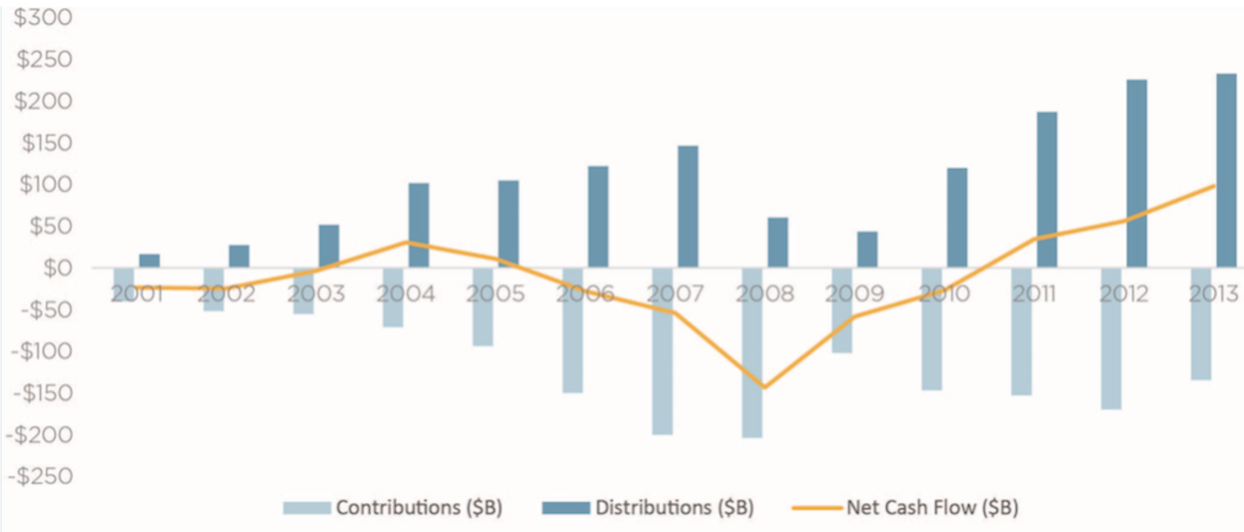
PE Firms Pumping out the Cash

U.S. PE firms distributed about $98 billion more back to investors than they called down in 2013. Total distributions amounted to $232.5 billion last year, a ten-year high and 3% increase over total distributions in 2012. While distributions increased in 2013, capital calls were down from 2012 levels, to $134.6 billion from $169.7 billion. Those aren’t surprising numbers, given the frothy exit environment we saw in the back half of 2013 and the slowdown in deal flow around the same time.



At least in the U.S., PE firms have taken full advantage of high markups in company valuations, and have focused mostly on exits (and fundraising) since 2013 and remained on the sidelines for new investments. As we’ve covered in previous 2014 reports, that approach didn’t change much this year, so it wouldn’t be surprising to see net cash flow continue its incline as early 2014 returns data begins to come in.