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The Pulse of Private Equity – 10/27/2014

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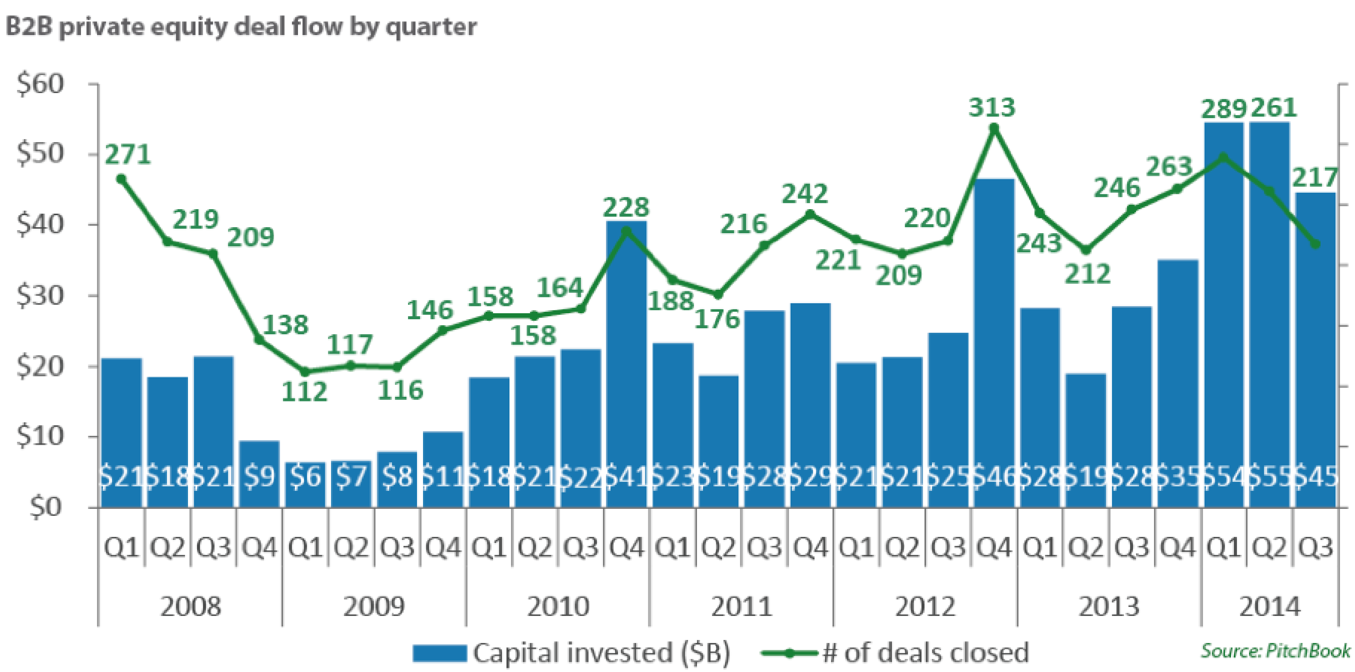
B2B is Booming

The U.S. B2B industry has seen some of the strongest and most consistent activity from PE investors over the past three quarters. About $153.6 billion has been invested through Q3 2014, including another $44.6 billion in the third quarter. 2014 has already seen over $40 billion more in capital invested than all of last year ($110.7 billion). Almost all of this year's investments are tied up in the commercial products and services sectors, at $72.1 billion and $76.4 billion, respectively. Transportation, pulled in $34.4 billion in 2007, has been all but forgotten by PE in recent years, with only $3.2 billion invested through Q3 2014.



PE firms are flocking to B2B companies today because they've right-sized their cost structures and are seeing revenues increase as a result. Energy costs are down and consumer spending, which often ends up impacting commercial products, has improved. Many B2B companies have also figured out their business models better, which is especially true for the ones that survived the recession. PE firms also don't need to commit as much capital in B2B companies to improve them. The fundamentals behind the current surge aren't expected to change much in the next few quarters, so look for B2B to finish 2014 strong and continue to boom in early 2015.

Download 4Q 2014 U.S. Private Equity Breakdown Report
Contact: Alex Lykken
alex.lykken@pitchbook.com