A lackluster start for exits

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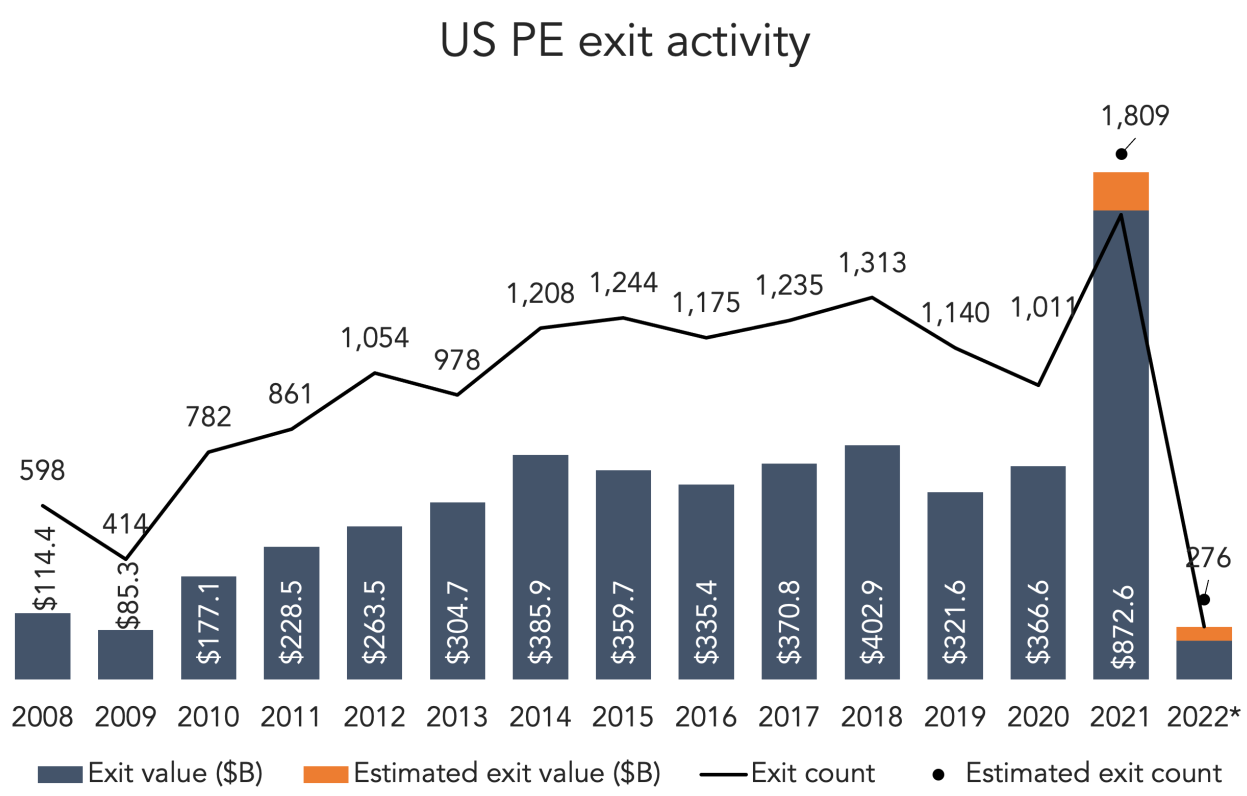

Download PitchBook's Report here.

PE exits came in lower in Q1 than what we've become accustomed to. PitchBook's Q1 US PE Breakdown Report found about $90 billion worth of sales, the slowest quarter since deal markets revved up in Q4 2020. $90 billion isn't low on a historical basis; it's in line with quarterly totals last seen 2018 and 2019. Even so, coming off a mammoth 2021, which more than doubled the previous record, Q1 2022 shrinks by comparison. The chart above suggests a rush to the exits across the industry, culminating in a giant wave of distributions back to LPs throughout the year.

PE firms appear to have timed things well. The 2021 IPO window was wide open, but market volatility in recent weeks is presenting a fresh headwind for sellers. M&A and secondary buyouts were steady by historical standards, and we'd expect SBOs to continue this year given dry powder levels on the buy side. It will be interesting to see how interest rate increases will affect SBO activity, while corporate buyers can pay in cash and stock. Finally, it's worth noting how prominent $1B+ sales were last year. Of the $872.6 billion listed above, about $506 billion of that was tied to $1B+ exits. Those sales accounted for 58% of all 2021 exit activity. It's not unusual to see $1B+ exits make up more than half of an annual total, but the sheer volume of mega-exits was abnormal last year. There were 173 of them in 2021, doubling the 2018 record of 86.

(Past performance is no guarantee of future results.)