



BANCA D'ITALIA
EUROSISTEMA

Questioni di Economia e Finanza

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Number

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CAPITAL FOR GROWTH: THE EVOLUTION, STRUCTURE AND ROLE OF PRIVATE EQUITY AND VENTURE CAPITAL IN ITALY

by Davide Arnaudo*, Vincenzo Cuciniello**, Giorgio Gobbi*, Federico Guerra**,
Federico Labianca*, Valentina Nigro**, Sara Pinoli*, Massimiliano Rigon*, Paola Rossi*,
Federico Maria Signoretti** and Pietro Tramontano***

Abstract

This paper analyses the Italian private equity and venture capital market. Although total investment more than doubled between 2015 and 2025, the Italian market remains less developed than those of the other main European economies. Private equity investment is strongly oriented towards technology- and knowledge-intensive sectors, with significant participation by foreign funds. The public sector plays a prominent role in fundraising by Italian operators, whereas the contribution of private institutional investors remains relatively limited. Compared with firms in the same sector, size class and geographical area, private equity target firms are larger, more profitable and better capitalized; after turning to private equity, they record faster growth in total assets, employment, and investment, particularly in intangible assets. The further development of private capital markets in Italy could be fostered by a greater involvement of private investors and a wider availability of patient capital to support firms' growth and innovation.

JEL Classification: G23, G24, L25.

Keywords: private equity, venture capital, firm growth.

DOI: 10.32057/0.QEF.2026.1061EN

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1 Introduction and main findings

Following the global financial crisis, firms in advanced economies gradually shifted their financing mix towards equity. Several factors contributed to this change. Regulatory reforms introduced after the crisis made the supply of credit more selective. The increasing importance of the service sector, which tends to rely less on bank financing, also played a role. The rapid pace of digitalisation was particularly significant, as it altered the nature of firms' productive capital and, consequently, their financing arrangements. The considerable uncertainty surrounding innovation-related investment increases the importance of equity capital, which can absorb losses and bear uncertainty while allowing investors to participate fully in successful projects. Moreover, innovative investment largely takes the form of intangible assets (such as software, licences and algorithms), which are difficult both to value and to pledge as collateral for loans.

These developments have increased the importance of intermediaries specialising in the provision of equity capital, such as private equity (PE) and venture capital (VC) funds. Given their close links with technological progress and intangible investment, the development of these markets is central to policies supporting innovation. These intermediaries contribute to firm growth not only by providing medium- to long-term financial resources, but also through their involvement in corporate management, which can bring technical expertise and facilitate access to wider commercial and financial networks.

This paper analyses the Italian private equity and venture capital fund market, focusing on its size, investment allocation, industry structure, investor composition and relationship to the growth of PE-backed firms. The paper has two main parts. The first part, based on aggregate data from Invest Europe, the European Central Bank (ECB) and the Banca d'Italia, documents developments in the Italian PE and VC markets from an international perspective, covering investment, divestment and fundraising. The second part, based on transaction-level data¹, examines the composition of PE investment in Italy and the characteristics of target firms, and compares them with a group of comparable companies that have not received PE funding.

The main findings can be summarised as follows.

Market size and investment. – The PE and VC markets in Italy have expanded rapidly in recent years. According to Invest Europe data, total investment more than doubled between 2015 and 2025, reaching €8 billion (0.4 per cent of GDP). Growth was even stronger in the VC segment alone, with investment rising from less than €100 million in 2015 to more than €1 billion in 2025.²

Both segments nevertheless remain less developed than their counterparts in the main European economies. In 2025, the investment-to-GDP ratio was 0.4 percentage points lower than in France and 0.6 percentage points lower than in the United Kingdom; in absolute terms, investment in Italy was approximately one-third of that in France and one-quarter of that in the United Kingdom.

The growth in investment was accompanied by an expansion in the number of beneficiary firms. For PE, the average annual numbers of transactions and target firms in 2021-25 were both three times those recorded in the first half of the previous decade. Firm selection is strongly oriented towards technology- or knowledge-intensive sectors: these sectors absorbed approximately 40 per cent of investment between 2023 and 2025, despite accounting for less than

¹ Transaction data are based on information from the PitchBook platform; data on firm characteristics are from Cerved and INPS.

² The strong growth of the segment is also confirmed when considering investment data reported by other sources, namely PitchBook, AIFI, the Private Equity Monitor (PEM) and the Venture Capital Monitor (VeM), whose methodologies and classification criteria differ from those of Invest Europe; see Appendix A.

10 per cent of value added. The share of transactions involving firms active in the thematic areas of artificial intelligence and defence also increased, although it remains limited.

A substantial share of investment is concentrated in corporate restructuring transactions and, in the case of VC, in support for start-ups at an early stage of development. By contrast, limited resources are devoted to supporting firms' expansion and strengthening their ability to compete in international markets. Divestments (exits) occur mainly through sales to other funds (approximately half of the total) or to non-financial corporations (approximately one-third). Initial public offerings (IPOs) are rarely used as an exit route and have declined sharply in recent years; their limited role is common to all the European countries considered.

Even before investment, PE target firms display distinctive characteristics: on average, they have higher total assets, employment, profitability and capitalisation than firms in a comparison group matched by geographical area, size class and sector. Over the three-year period comprising the transaction year and the following two years, they record stronger growth than comparison firms in terms of size, investment (especially in intangible assets) and employment.

Fundraising and market structure. – Gross fundraising by Italian PE and VC operators has almost doubled over the last decade but still accounts for only 5 per cent of the European Union total. Between 2021 and 2025, the public sector was the largest investor in Italian PE and VC funds, contributing 22 per cent of fundraising; pension funds and insurance companies accounted for 17 per cent, compared with 20 per cent in the European Union and 33 per cent in the United Kingdom.

Foreign investors also play a significant role in the Italian market. In 2021-25, 55 per cent of PE transactions, representing approximately three-quarters of investment volumes, involved exclusively foreign funds, predominantly from other European countries.

At the end of 2025, 398 Italian-law closed-end securities investment funds investing primarily in PE, VC or infrastructure were active. They were managed by 119 Italian and foreign management companies, more than twice the number recorded ten years earlier. The net asset value (NAV) of these funds was €32 billion, and their average size was €80 million. The market is highly concentrated: at the end of 2025, the three largest managers accounted for 31 per cent of the total NAV of specialised Italian-law funds, with the ten largest accounting for more than half. The sector is also highly concentrated geographically, with two-thirds of managers based in Lombardy.

Several initiatives are under way in Italy and Europe to strengthen the role of capital markets in financing innovative firms. Regulatory reforms are being accompanied by public-private instruments designed to channel savings and institutional capital towards growing firms. All these initiatives seek to build a more stable financial ecosystem capable of supporting the development of Europe's most promising firms.

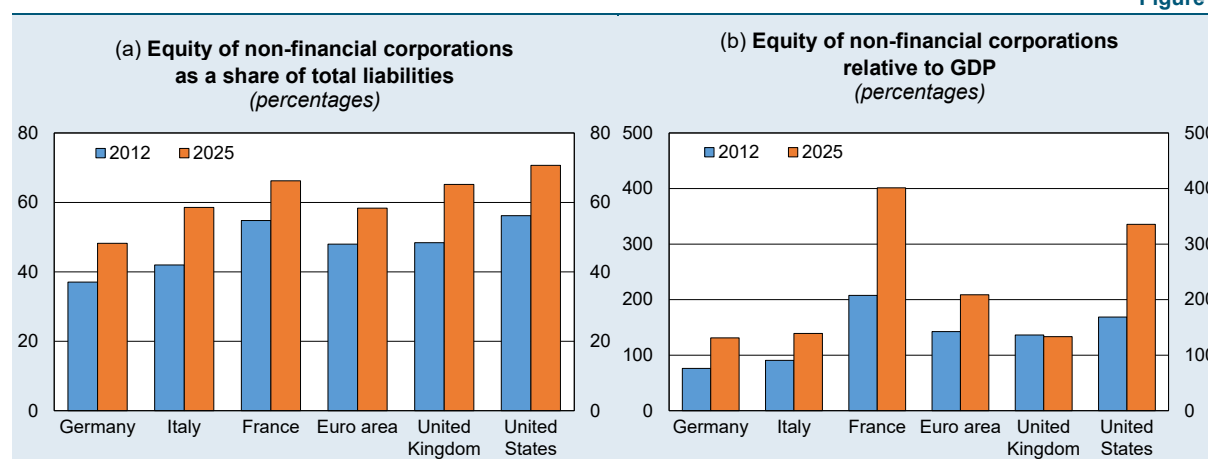
The remainder of the paper is organised as follows. Section 2 presents the main changes in corporate finance in advanced economies following the global financial crisis. Section 3 analyses developments in PE and VC investment in Italy from an international perspective, together with the characteristics of the Italian closed-end fund industry. Using granular data on individual transactions and the financial statements of target firms, Section 4 examines the Italian PE market and the firms receiving PE investment, comparing their development before and after investment with that of a group of comparable firms.

2 Changes in corporate finance in the twenty-first century³

Following the global financial crisis, non-financial corporations in advanced economies substantially reduced their leverage, particularly their reliance on intermediated debt, while increasing their use of equity financing. This shift occurred in all the main countries, irrespective of the structural characteristics of their financial systems. Between 2012 and 2025, the share of equity instruments in firms' total financial liabilities rose by approximately 15 percentage points in Italy, the United Kingdom and the United States, and by approximately 10 percentage points in France, Germany and the euro area as a whole (Fig. 1.a). Relative to GDP, the value of corporate equity increased by almost 50 percentage points in Italy, compared with more than 60 percentage points in the euro-area as a whole; it rose by 160 percentage points in the United States and remained broadly stable in the United Kingdom (Fig. 1.b).

Several factors explain the increase in the share of equity in corporate liabilities. Regulatory reforms introduced after the global financial crisis helped to reduce risk and leverage by raising banks' capital requirements. The growing importance of the private service sector, which generally has a lower credit intensity, contributed to a shift in the composition of corporate liabilities towards equity. Another highly significant factor is technological change associated with the digital revolution. Corporate finance tends to evolve in line with changes in technology and productive capital: changes in the composition of assets are reflected in the structure of liabilities.

Figure 1



Source: Financial accounts, ECB, Bank of England and US financial accounts.

Innovation is generally financed through internally generated resources or equity reserves accumulated by the firm in previous periods (Hall and Lerner, 2010; Kerr and Nanda, 2015). This reflects the high degree of risk involved: investors must be able to share in the profits of successful projects rather than being exposed solely to losses when projects fail. Innovative activities whose outcomes take a long time to materialise require not only equity instruments but also patient capital, that is, capital with a very long investment horizon (Ivashina and Lerner, 2019).

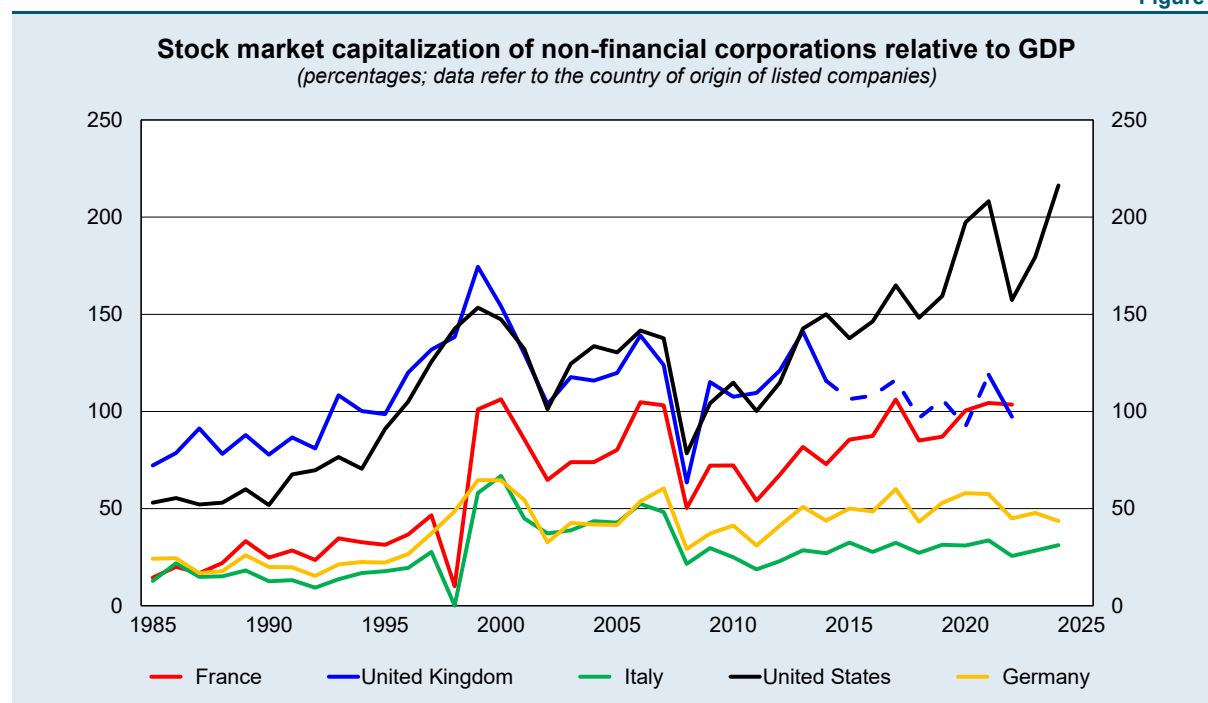
A distinctive feature of the technological transformations induced by digitalisation is the changing structure of productive capital. A growing share of investment, especially that undertaken by innovative firms, is directed towards intangible assets, such as patents, trademarks, software, licences, goodwill and capitalised research and development costs (Haskel and Westlake, 2018; Corrado et al., 2022; Crouzet et al., 2022). The value of these assets is uncertain, owing not only to

³ By Giorgio Gobbi.

the risk associated with the projects in which they are used, but also to the greater information asymmetries between entrepreneurs and financiers than for another types of investment, and to the absence of secondary markets, since these assets are specific to the firm's technology and organisation. Financing intangible investment with resources external to the firm, particularly intermediated debt, is therefore especially difficult (Demmou and Franco, 2021). Evidence indicates that almost half of the long-term decline in the share of US banks' portfolios represented by corporate lending in the United States can be attributed to the growth of investment in intangible assets (Dell'Ariccia et al., 2021).

Technological change is one factor underlying the limited role that stock markets have played in determining firms' degree of capitalisation. Relative to GDP, the market capitalisation of listed companies increased substantially in the United States and France (Fig. 2), but grew much less in the other advanced economies. In the United States, this increase mainly concerned large technology firms, although these companies were listed only after a period of growth supported by other sources of equity financing.

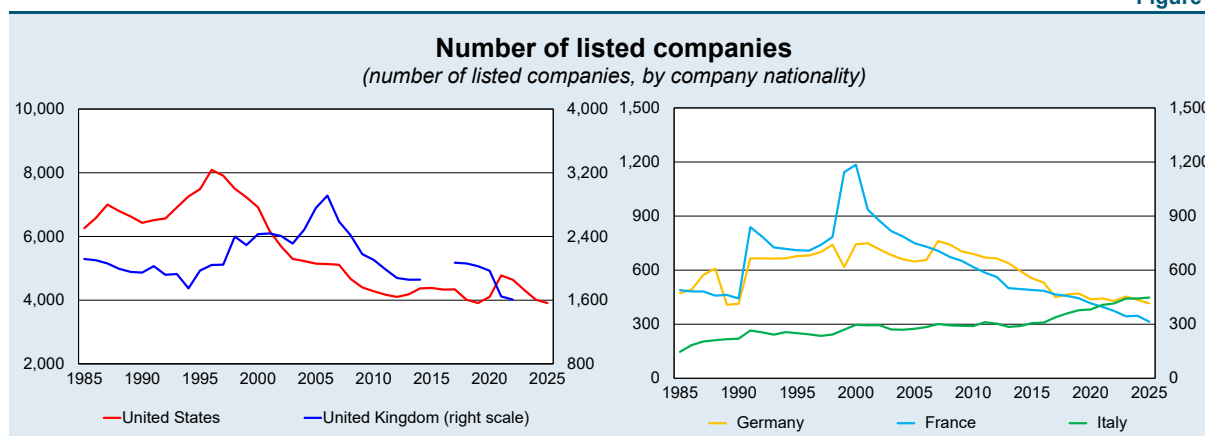
Figure 2



Source: World Bank, Euronext and CEIC. The dotted line for the United Kingdom is based on CEIC data.

In the main advanced economies, with the sole exception of Italy, the number of listed companies declined substantially: the decline began in the United States in the second half of the 1990s, and in the European countries, including the United Kingdom, in the 2000s (Fig. 3). The decline was particularly pronounced among smaller firms.

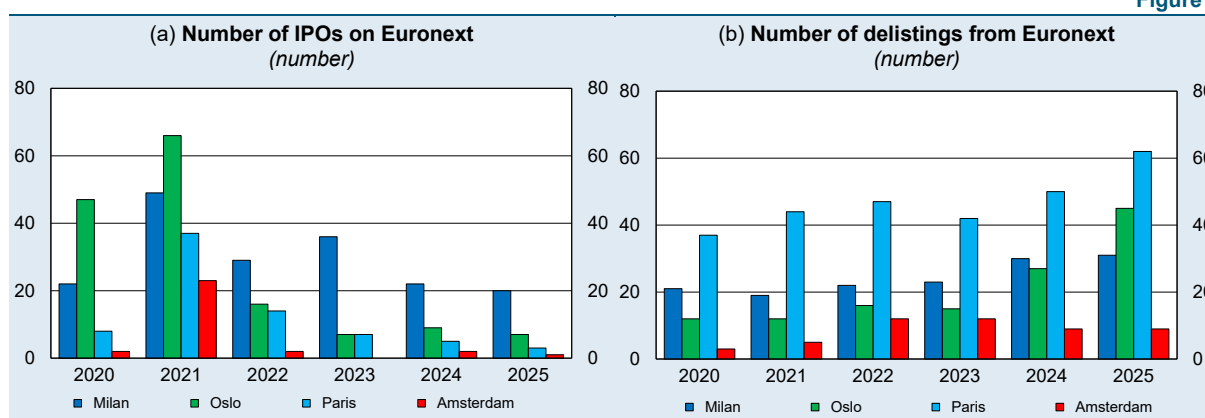
Figure 3



Source: World Bank.

In the European markets considered, new listings declined while delistings increased (Fig. 4). On Borsa Italiana, the increase in the number of listed companies was concentrated in Euronext Growth Milan, the segment for small and medium-sized enterprises, whereas the number of companies listed on the Euronext Milan regulated market fell to 199 at the end of 2025 (from 277 in 2010). The Italian equity market is highly concentrated and characterised by marked differences in liquidity: the ten largest companies on Euronext Milan account for 55 per cent of total market capitalisation, up from 37 per cent in 2015. The ratio of the annual value of shares traded to market capitalisation (turnover ratio) was 88 per cent on the main market and only 22 per cent on Euronext Growth Milan (Consob, 2026).

Figure 4



Source: Euronext.

The increase in firms' degree of capitalisation was supported to a significant extent by internally generated resources. The corporate sector's financial balance moved from a structurally negative to a structurally positive position from the 1990s onwards in the United States and, in the last fifteen years, in the euro area. The development of intermediaries specialising in the provision of equity capital, as part of the expansion of the so-called alternative markets, also made a substantial contribution. These intermediaries operate by establishing closed-end investment funds, whose units are generally purchased by institutional investors and non-financial corporations.

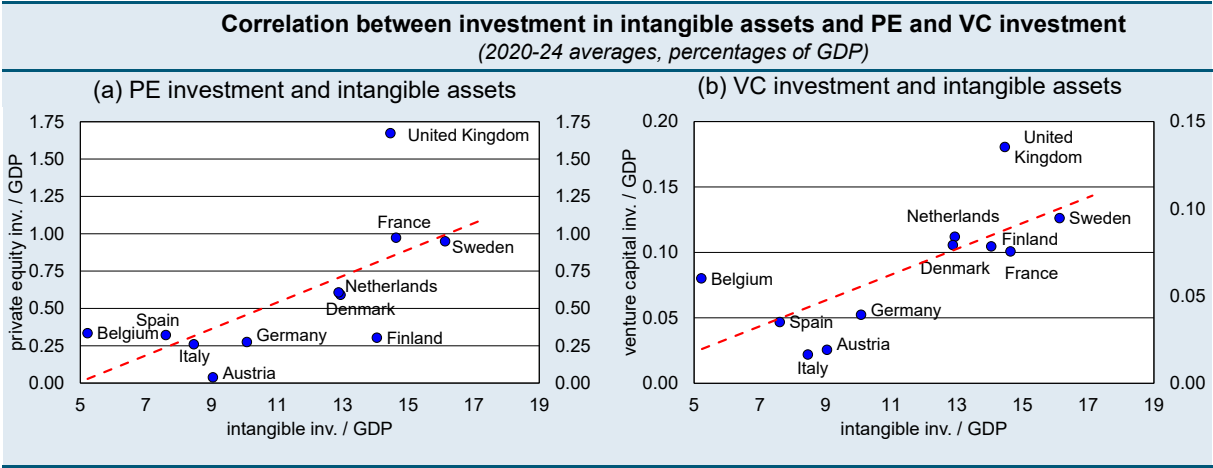
The equity intermediation market began to develop in the United States in the 1990s (Mauboussin and Callahan, 2020) and gradually expanded into Asia and Europe (Aramonte and Avalos, 2021). The original categories of VC funds, designed to finance entrepreneurial ventures in their start-up phase, and PE funds, aimed at mature firms, were gradually joined by other types,

such as funds specialising in infrastructure and construction companies. Between 2014 and 2025, the assets under management of these operators more than tripled worldwide, reaching \$10 trillion.

Several factors have fostered this rapid expansion: the pursuit of governance arrangements more strongly oriented towards efficiency than those of listed companies; the costs of regulation; and the prolonged period of low interest rates, which encouraged large institutional investors to seek higher returns from illiquid assets (Ivashina, 2021, 2025; Block et al., 2024). Digital innovation and the growing importance of intangible assets relative to tangible capital are likely to have facilitated the growth and globalisation of VC and PE markets (Leamon and Lerner, 2023; Lerner and Nanda, 2020). Across European countries, the share of investment in intangible assets is positively correlated with the size of the VC and PE markets (Gobbi, 2024; Fig. 5).

Given the close relationship between investment in intangible assets, technological innovation and productivity growth (Carpinelli et al., 2026; Gal et al., 2026), the development of VC and PE markets is central not only to the architecture of the financial system, but also to policies designed to foster economic growth.

Figure 5



Source: OECD for GDP; EUKLEMS & INTANProd for investment in intangible assets; Invest Europe for private equity and venture capital investment.

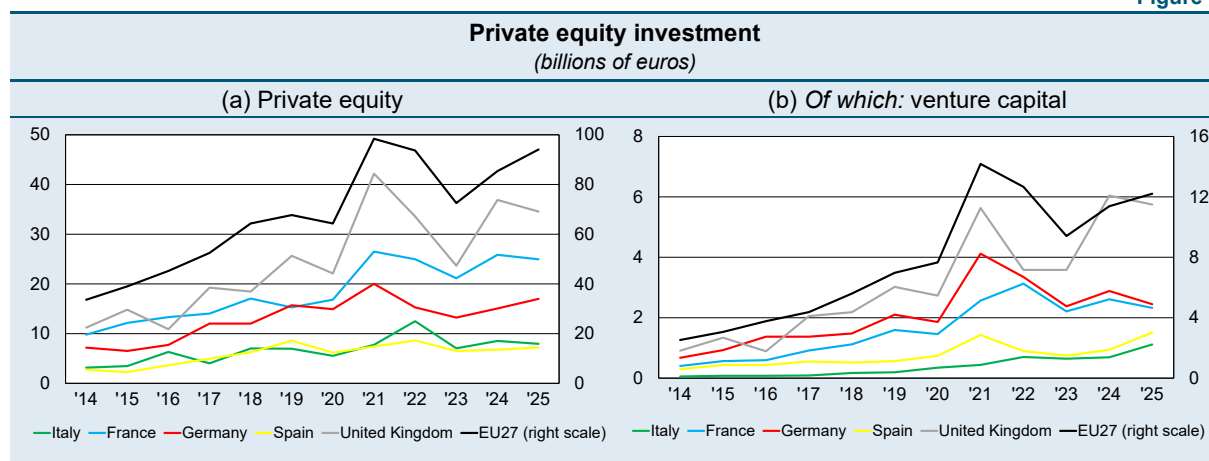
3 PE and VC in Italy: an international comparison⁴

3.1 PE and VC investment

According to Invest Europe data, in 2025 Italian and foreign PE operators invested approximately €8 billion in more than 400 Italian firms. Ten years earlier, investment amounted to just over €3 billion and involved 273 firms (Figs. 6.a and 7.a). Investment volumes in Italy were broadly similar to those for Spain (€7.2 billion), but substantially lower than those for France (€25 billion) and Germany (€17 billion). Relative to GDP, investment accounted for 0.4 per cent in Italy, a share similar to that recorded in Germany and Spain, but lower than the share recorded in France (0.8 per cent) and the United Kingdom (1 per cent).

⁴ By Giorgio Gobbi, Federico Labianca, Sara Pinoli, Massimiliano Rigon and Paola Rossi.

Figure 6

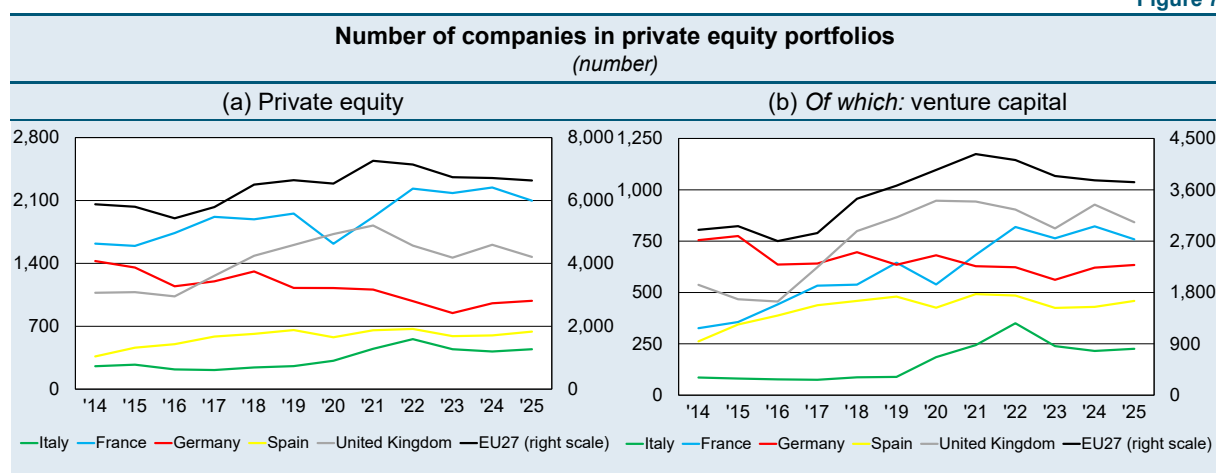


Source: Invest Europe

Despite the smaller size of the Italian market, average investment per transaction is relatively high in Italy. In 2025, it was approximately €18 million (€19 million on average over 2021-25), higher than in the other major European countries, and not far below the figure recorded in the United Kingdom (€21 million on average over 2021-25).

Part of PE investment is channelled to firms in the early stages of their life cycle through VC transactions. In Italy, VC investment accounted for 14 per cent of all resources invested by PE operators in 2025, up from 2 per cent in 2015. Growth in the VC segment was common to all the main countries considered (Fig. 6.b). In Italy, the value of VC investment increased more than tenfold between 2015 and 2025, from €76 million to €1.1 billion, while the number of firms financed rose from 81 to 226 (Fig. 7.b). Despite this favourable trend, the Italian market remains markedly less developed than in the other major European countries. In the United Kingdom, where the VC market is more mature, investment amounted to €5.7 billion in 2025 and was directed towards approximately 850 firms, with an average transaction size of approximately €6.8 million.

Figure 7

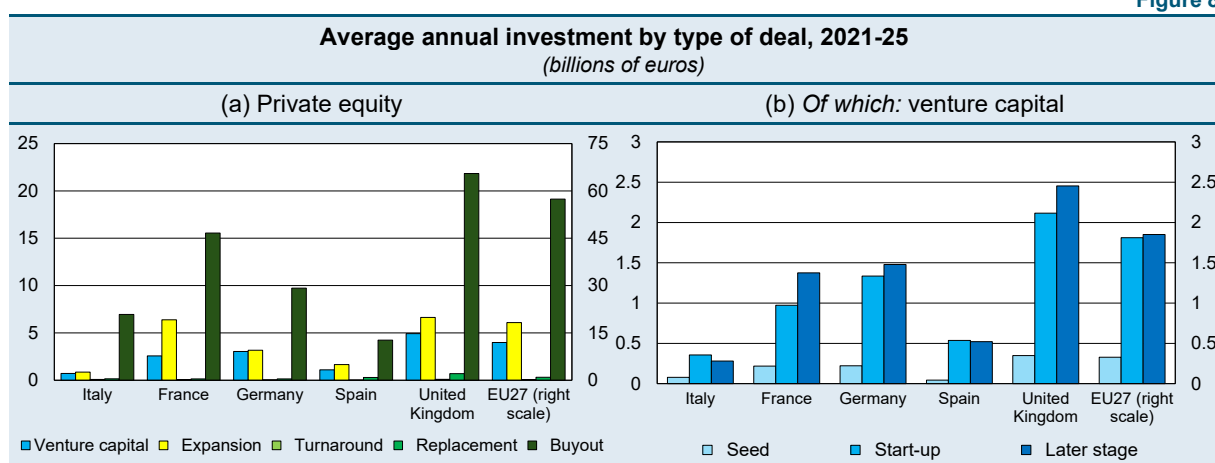


Source: Calculations based on Invest Europe data.

The Italian private equity market remains strongly oriented towards buyout transactions,⁵ which absorbed approximately 80 per cent of the resources invested in 2021-25, averaging almost €7 billion per year (Fig. 8.a). This share is higher than the averages for the EU27 and the United Kingdom, where buyouts account for approximately two-thirds of total investment. Buyouts also involve the largest amount of resources per target firm: over 2021-25, average investment per target firm was €48 million in Italy, in line with the European Union average (€47 million) but below the figure recorded in the United Kingdom (€95 million; Fig. 8.a). Expansion transactions, which are directed towards established firms pursuing growth, accounted for a much smaller share of total investment. In 2021-25, these transactions attracted less than €900 million per year, approximately 10 per cent of the resources invested. This was a much lower share than in the main European countries: 21 per cent for the EU average and 26 per cent in France (Fig. 8.a).

Venture capital continues to play a relatively limited role in the Italian market. Of total VC investment in 2021-25, approximately half went to start-ups and 11 per cent to seed-stage investment (Fig. 8.b);⁶ later-stage investment absorbed 39 per cent of the total, a lower share than both the European Union average (46 per cent) and the share recorded in France (more than 50 per cent). Investment directed towards firms at this stage of development amounted to less than €300 million per year, substantially less than in the other major European countries (Fig. 8.b). The average size of VC transactions increased markedly in all the countries considered over the decade, reaching €4.9 million in Italy in 2025, €3.1 million in France, €3.9 million in Germany, €3.3 million in Spain and €6.8 million in the United Kingdom (Fig. 8.b).

Figure 8



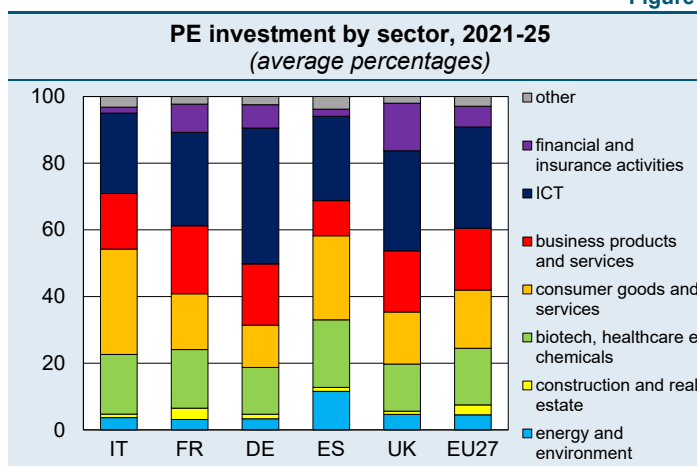
Source: Invest Europe.

⁵ Buyout transactions involve the acquisition of control of a firm, often with substantial use of debt financing (leveraged buyout). Expansion investment, by contrast, involve acquiring an equity stake in an established firm, generally a minority interest, with the aim of financing growth projects, commercial development or international expansion. Turnaround transactions involve the acquisition and restructuring of firms experiencing economic and financial difficulties, with the aim of restoring their profitability and value. Finally, replacement transactions involve the total or partial replacement of existing shareholders through the purchase of their stakes, without necessarily providing the firm with new financial resources.

⁶ Seed transactions finance firms at the embryonic stage, before full validation of the product and business model; start-up (or early-stage) investment supports the business launch and initial commercial growth, while later-stage investment concerns more mature firms that already generate revenue and have an established business model.

The sectors receiving the largest shares of private equity investment were consumer goods and services, information and communication technology (ICT), and chemical and pharmaceutical industries (Fig. 9). The ICT sector grew in importance in all the main European countries. In Italy, operators invested an annual average of €2 billion in ICT between 2021 and 2025, compared with approximately €800 million per year in 2016-20. Average investment per transaction remained broadly stable, rising from €16 million to €17 million. In 2021-25, annual investment in ICT amounted to €7.0 billion in France and €6.6 billion in Germany, with average investment per transaction of €12 million and €16 million, respectively. In the United Kingdom, the sector attracted approximately €10 billion per year, with average investment of €11 million per transaction; more than one-tenth of resources was directed towards financial and insurance activities, corresponding to an annual average of approximately €4.9 billion and an average investment per transaction of €41 million.

Figure 9



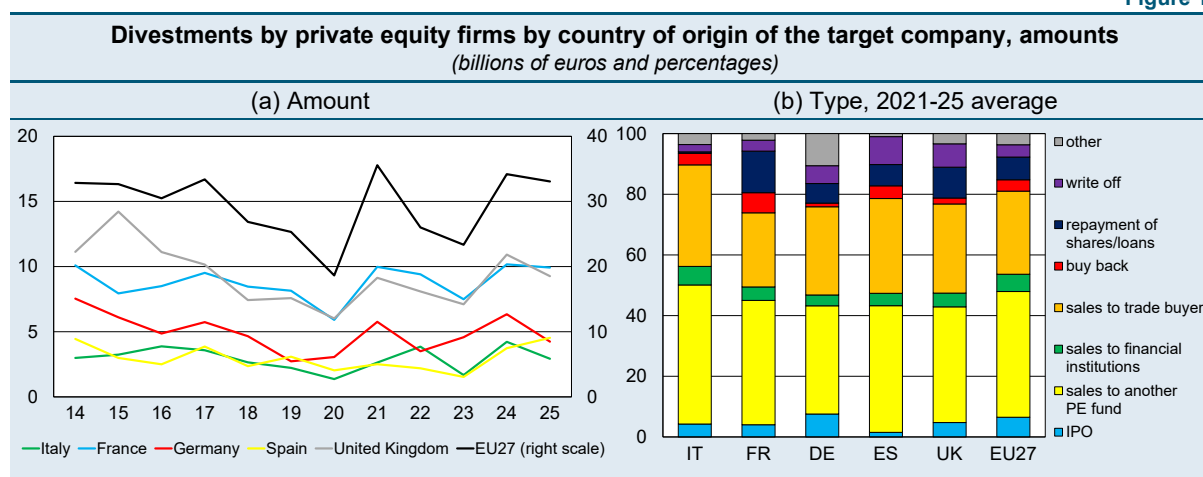
Source: Invest Europe.

3.2 Divestments by PE operators in Italy

PE investment typically lasts between three and seven years. At the end of the investment period, the exit may occur through a stock market listing, a sale to another private equity fund or another company, a repurchase by the entrepreneur or management, or, in less favourable cases, a complete write-off of the investment.

Over 2021-25, Italian operators made divestments averaging €3.1 billion per year, well below the figures for France and Germany (€9.4 billion and €4.9 billion, respectively), but

Figure 10



Source: Invest Europe.

Divestments are recorded at cost; that is, the divested amount corresponds to the amount previously invested.

consistent with the lower volume of investment in previous years (Fig. 10.a). Indeed, total divestments in 2021-25 were approximately half of the amount invested in 2016-20. This ratio is

similar to the European Union average and to those of Spain and the United Kingdom (52, 49 and 46 per cent, respectively), although it is markedly lower than the figure for France (61 per cent).

The composition of exit routes, examined in greater detail below using granular transaction-level data, confirms that sales to other PE operators predominate in Italy, accounting for almost half of divested amounts (Fig. 10.b). By contrast, IPOs play only a marginal role as an exit route at the aggregate level, a feature common to the main European countries.

3.3 The Italian closed-end fund industry: evolution, size and characteristics (by fund domicile)

3.3.1 Italian closed-end funds specialising in PE, VC and infrastructure

At the end of 2025, 398 closed-end securities investment funds under Italian law operating in PE, VC or infrastructure⁷ were active, managed by 119 Italian and foreign management companies; in 2015, there were 156 active funds.

The funds' total NAV amounted to €32 billion.⁸ The average size of an individual fund was approximately €80 million (the median was €30 million), rising to approximately €200 million for funds managed by the five largest managers.

Committed but undrawn capital (dry powder) amounted to €16 billion at the end of 2025, approximately 27 per cent of committed capital (€60 billion); the share rose to almost 50 per cent for funds no more than five years old.

In the euro area,⁹ the total value of PE funds was approximately €870 billion at the end of 2025, four times the level recorded ten years earlier; over the same period, the value in Italy tripled (Fig. 11.a). Luxembourg and Ireland play a leading role within the area as European hubs for the domiciliation of cross-border funds. This position is also associated with favourable tax regimes, flexible regulation and a developed professional ecosystem. The French fund industry accounts for a significant share (Fig. 11.b), whereas the shares of funds domiciled in Italy and Germany are smaller.

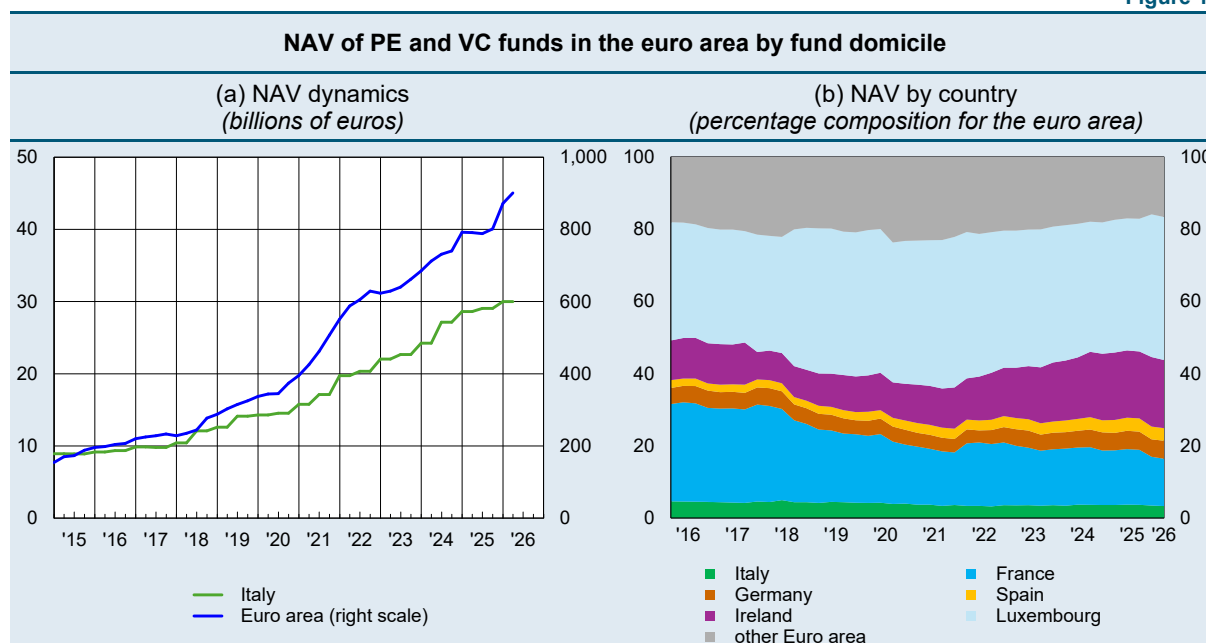
The industry is highly concentrated. At the end of 2025, the three largest managers held 31 per cent of the total NAV of specialised funds under Italian-law; the share rose to approximately 40 per cent for the five largest operators and 54 per cent for the ten largest. The industry is also strongly clustered geographically: 65 per cent of managers are based in Lombardy, and these intermediaries account for more than 50 per cent of the NAV of funds under Italian-law.

⁷ Number of closed-end funds and SICAFs investing predominantly in PE, VC and infrastructure; funds investing in private debt and credit claims are excluded from the scope of securities investment funds considered. Real estate funds are not included.

⁸ The total NAV of Italian-law closed-end funds managed by Italian intermediaries amounted to €142 billion at the end of 2025, approximately two-thirds of which was attributable to real estate funds. Funds with a direct focus on PE, VC and infrastructure accounted for more than 20 per cent of the total value; the other components include private debt and credit funds.

⁹ The data considered are those reported in the ECB, IVF - Investment Fund Statistics, IF shares/units issued, outstanding amounts at the end of the period. The international comparison is broken down by –fund domicile. To harmonise the definition of PE funds and make it comparable across countries, the reference scope defines them as ‘unleveraged investment funds that predominantly invest in equity instruments and instruments that are economically similar to equity instruments issued by unlisted companies’.

Figure 11

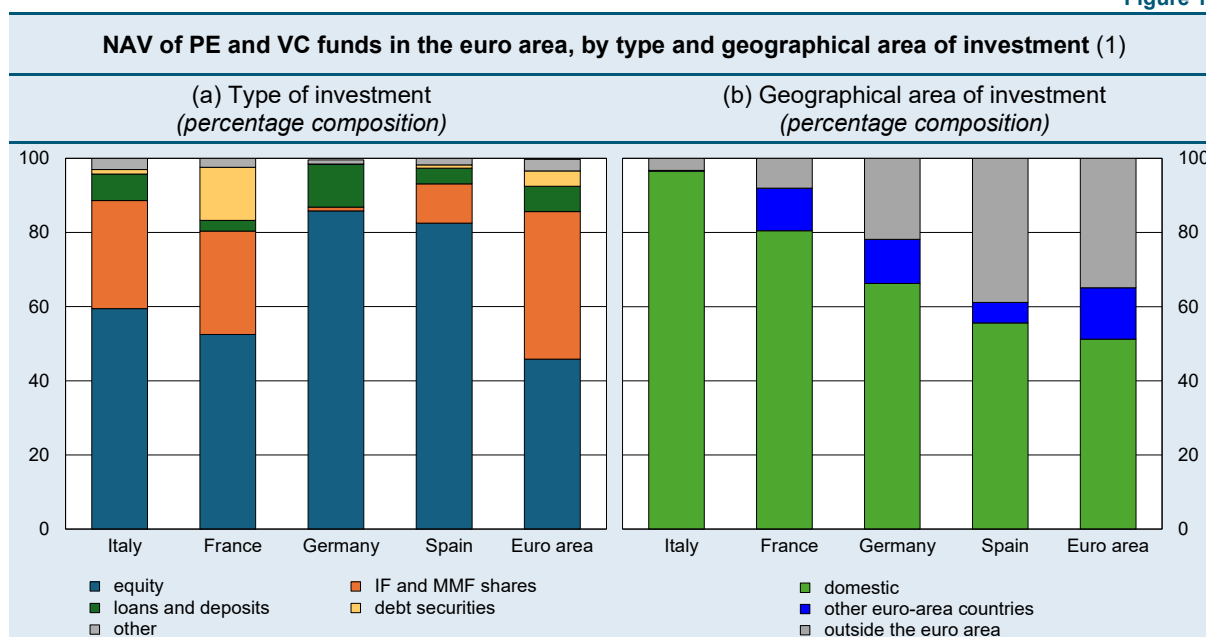


Source: ECB data portal - IVF - Investment Funds Statistics.

The assets of Italian PE funds consist predominantly of direct equity stakes in firms. Investment in other funds nevertheless represents a non-negligible component and mainly reflects the presence of institutional operators (Fig. 12.a). Direct equity investment is also the main asset class for funds domiciled in Germany, Spain and, to a slightly lesser extent, France. Portfolio composition is more diversified in the other euro-area countries.

As regards the geographical destination of equity investment, funds domiciled in Italy are oriented mainly towards the domestic market, consistent with the objectives of the institutional investors that support the sector. The situation is more heterogeneous in the other euro-area countries (Fig. 12.b).

Figure 12

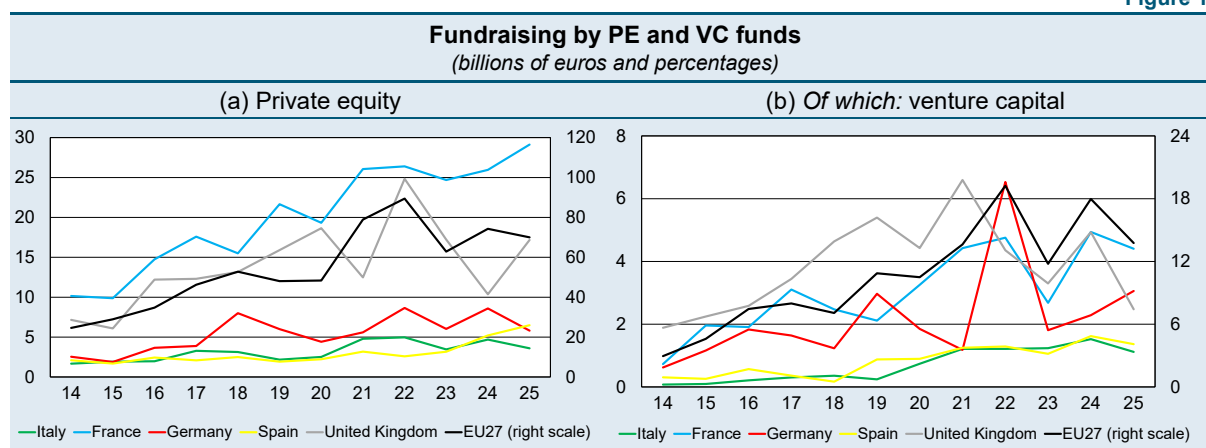


Source: ECB data portal - IVF - Investment Funds Statistics.
(1) Data refer to the end of 2025 and by fund domicile.

3.3.2 Fundraising by PE and VC operators

According to Invest Europe, gross fundraising in the sector in Italy amounted to €3.6 billion in 2025. Although it almost doubled over the last decade (from €1.9 billion in 2015), it still represents a small share of total fundraising by European Union operators (5 per cent in 2025; Fig. 13.a). Italy's lag is slightly less pronounced in the VC market. Over the last decade, fundraising increased from less than €100 million in 2015 (2 per cent of the total raised by European Union VC operators) to €1.1 billion in 2025, equal to 8 per cent of fundraising by European Union VC operators (Fig. 13.b).

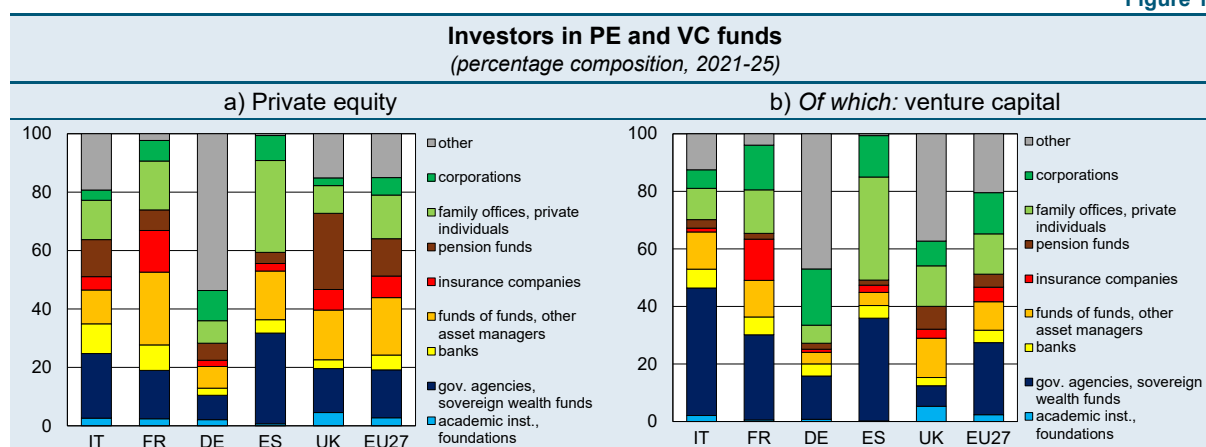
Figure 13



Source: Invest Europe.

On average over 2021-25, the public sector was the largest investor in Italian PE funds, providing 22 per cent of total fundraising; pension funds and insurance companies together contributed 17 per cent, funds of funds 12 per cent, banks 10 per cent, and companies and family offices 17 per cent (Fig. 14.a).

Figure 14



Source: Invest Europe.

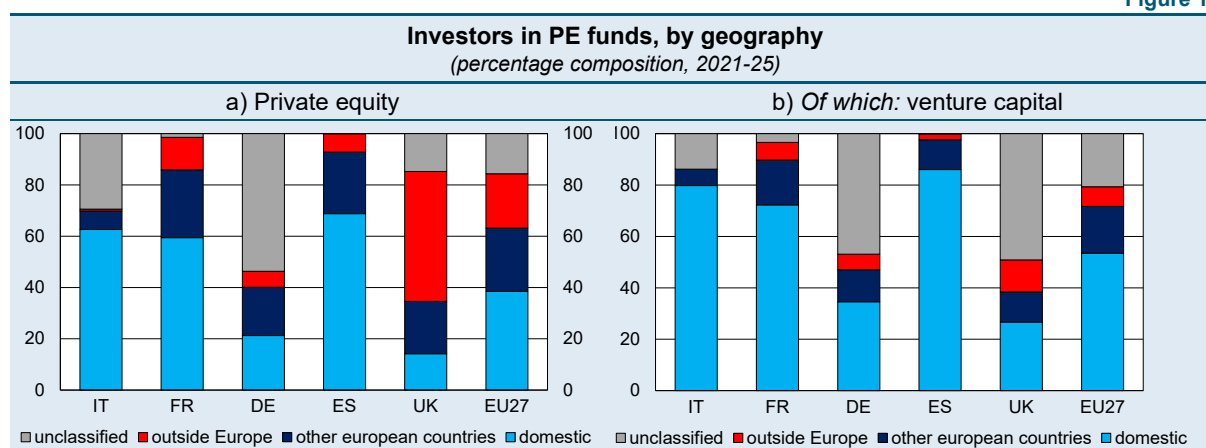
In an international comparison, the contribution of institutional investors is smaller in Italy: over the five-year period considered, pension funds and insurance companies contributed 20 per cent of fundraising in the European Union (33 per cent in the United Kingdom). The gap is particularly marked for insurance companies, which contributed 4.6 per cent of fundraising in Italy, compared with an EU average of 7.4 per cent and 14.3 per cent in France. Over the same period,

funds of funds and banks accounted for 19.7 and 5.1 per cent, respectively, of fundraising in the European Union. Government and local agencies contributed 16.4 per cent of total EU fundraising, while 21 per cent came from companies and family offices.

When only VC operators are considered, the share of public investors is higher in all the countries examined except the United Kingdom. In Italy, these investors account for 44 per cent of fundraising, compared with an EU average of 25 per cent (Fig. 14.b).

Investors in Italian PE funds are predominantly European: they provide almost 70 per cent of the capital raised, compared with 35 per cent in the United Kingdom (Fig. 15.a). The share is even higher in the VC segment, partly owing to the larger contribution of government and regional agencies: it is approximately 90 per cent in Italy and approximately 40 per cent in the United Kingdom (Fig. 15.b).

Figure 15



Source: Invest Europe.

4 Private equity in Italy: size and descriptive evidence¹⁰

4.1 The Italian PE market: a comparison of sources in aggregate statistics

The literature recognises that PE can play a significant role in firms' growth and investment decisions. From this perspective, PE is not simply a provider of capital, but an actor that can affect financial constraints, capital structure and the ability to pursue restructuring and growth projects. Microeconomic evidence suggests that PE creates value through multiple channels, extending beyond revenue growth and cost-cutting (Gompers et al., 2016).¹¹ PE may also act as an intermediary that accelerates technology adoption, especially when funds have specific digital expertise (Baik et al., 2024).¹² For the euro area, empirical evidence indicates an association between

¹⁰ By Davide Arnaudo, Vincenzo Cuciniello, Federico Guerra, Valentina Nigro, Federico M. Signoretti and Pietro Tramontano.

¹¹ Gompers et al. (2016) interview 79 fund managers and show that value drivers also include improvements in governance and incentives, significant changes in management structure, and a redefinition of corporate strategies. PE thus emerges as an 'active' investor capable of intervening in firms' decision-making mechanisms and improving the quality of management.

¹² Baik et al. (2024) document a significant increase in investment in digital technologies by private firms following PE investment, with a stronger effect for funds with greater digital expertise. This finding is consistent with a channel involving the transfer of expertise and management practices, in addition to the mere provision of financial resources.

PE and stronger real performance, but also a possible trade-off with some measures of financial soundness (Cera et al., 2025).¹³

The scope of transactions classified as PE varies across the available data sources. For the Italian market, three main sources are available: (i) data from the Italian Private Equity, Venture Capital and Private Debt Association (AIFI), which follow a classification shared at European level and feed into Invest Europe's harmonised database, thereby enabling consistent comparisons across European countries; (ii) information collected by the proprietary PitchBook Data platform, which is in principle available for all transactions globally;¹⁴ and (iii) data collected annually by the Private Equity Monitor (PEM), in cooperation with AIFI, and published by LIUC Business School. AIFI data are available in aggregate form by transaction type and destination region of the investment; in this database, direct or indirect equity stakes in target firms intended to be integrated with firms already held in private equity investors' portfolios (so-called add-ons) do not constitute a separate category. The PitchBook platform provides extensive granular coverage of individual transactions, including add-ons, investors and financed firms, making it possible to combine this information with financial statement data for target firms (see Section 4.3). However, transaction amounts are available only for a limited set of deals (approximately 20 per cent of transactions involving Italian firms), and coverage is likely to be skewed towards larger transactions. The PEM data are also granular; they cover only the Italian market and are collected using a methodology similar to AIFI's, but they also include add-on transactions.

The analysis in this section focuses on PE transactions targeting mature firms and excludes transactions classified as VC from total investment. For PitchBook data, it also excludes transactions that mainly reflect transfers of financial portfolios or real assets, especially real estate (see Section 4.2). After these adjustments, the different sources provide a broadly consistent picture of the size of the Italian PE market¹⁵ (see Appendix A for further details).

Overall, the different sources agree that the Italian private equity market has grown over the last decade (Fig. 16). In the post-pandemic period, investment averaged €8-10 billion per year (depending on the source considered), approximately twice the levels prevailing in the previous decade.¹⁶ Capital raised by Italian funds remains modest in absolute terms and highly variable over time, reflecting the market's limited depth and narrow investor base.

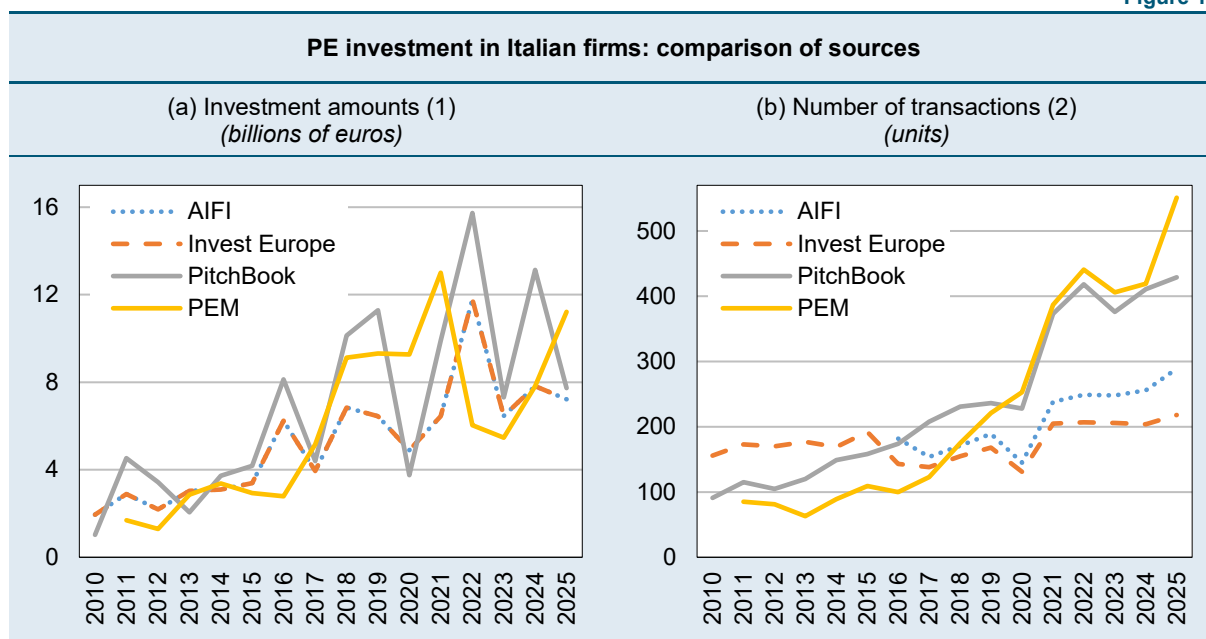
¹³ Cera et al. (2025) find that PE-financed firms have higher levels of total factor productivity than firms not financed by PE, irrespective of sector, and increase investment in intangible assets and long-term projects, which are typically associated with innovation and growth. At the same time, the study shows that PE investment may be accompanied by a deterioration in some indicators of financial soundness, with an increase in total debt and a decline in the capacity to cover financial expenses.

¹⁴ PitchBook Data is a proprietary information platform specialising in private-market financing that collects data on investment, PE-backed firms and investors. The database is constructed from a variety of public sources (such as press articles, transaction announcements and websites), supplemented by information provided directly by the entities covered. Data are typically gathered through automated processes and subsequently checked and, where necessary, supplemented, including through direct contact with firms or investors. Although the platform does not constitute an exhaustive census of private capital market activity, it makes it possible to track the development of individual transactions, the investors involved and the characteristics of firms receiving finance.

¹⁵ The PitchBook platform also provides users with pre-compiled aggregate values for the private equity market in different countries. According to these estimates, however, the size of the market is considerably larger than that indicated by Invest Europe for European countries and by PEM for Italy.

¹⁶ Investment data are based on AIFI (Invest Europe) statistics; they cover the 'all private equity' scope net of the venture capital component and refer to investment in Italian firms by both domestic and foreign funds.

Figure 16



Source: Based on Invest Europe, AIFI, PEM and PitchBook data.

(1) For Invest Europe, investment covers the 'all private equity' scope net of the venture capital component. For PEM and PitchBook, the information refers to transactions for which the investment amount is available. - (2) For Invest Europe, the figure refers to the number of portfolio companies.

4.2 Descriptive evidence on the Italian market based on granular data

To analyse the development of the Italian PE market, the remainder of this section uses granular information on individual transactions, target firms and investors obtained from the private data provider PitchBook Data. A sample of transactions completed in 2006-2025 and involving Italian firms was constructed by selecting transactions classified as private equity with the explicit participation of investors attributable to PE funds.

The scope of PE transactions considered in this analysis excludes venture capital transactions. More specifically, it includes investment in equity (or equity-like instruments) in unlisted non-financial firms by entities attributable to private equity funds, with a view to increasing the value of the investment and subsequently divesting it. In addition to transactions classified as venture capital (typically directed towards firms in the early stages of their activity), the analysis excludes transactions that mainly reflect transfers of financial portfolios or real assets (especially real estate), as these do not constitute investment in productive firms in the strict sense.

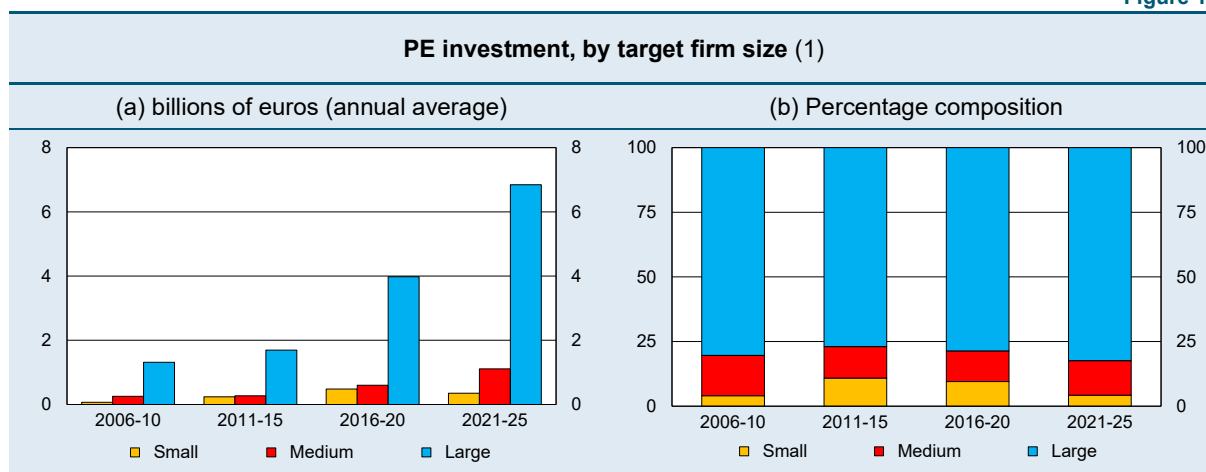
The selection process preserves broad coverage of the observed market while maintaining definitional consistency with the subject of the study. The initial extraction identifies 4,703 transactions (involving more than 4,000 firms; Table B1 in Appendix B). Transactions that were not completed (and therefore involved no actual investment), transactions involving listed companies or connected with delistings, transactions with targets in the financial sector, and transactions classified as venture capital or connected with transfers of portfolios of financial or real assets are then removed. After these exclusions, the sample comprises 4,256 completed transactions (90.5 per cent of the initial total) and 3,684 firms (90.9 per cent). In total, 447 transactions are excluded (9.5 per cent), across non-mutually exclusive categories (not completed, listed/delisting, financial targets, venture capital and portfolio/asset transfers).

In the selected sample, the growth of investment activity was accompanied by a marked expansion in the number of target firms. For PE, the annual average numbers of transactions and target firms in 2021-25 were both three times those recorded in the first half of the previous decade

(Fig. B1 in Appendix B). The increase in transactions was driven mainly by firms gaining access to equity capital from PE operators for the first time: taking the average for the latest five-year period, there were almost five PE-backed firms for every 10,000 limited companies in the non-financial sector, nearly three times the figure observed in 2011-15. The number of transactions increased almost continuously in the period following the sovereign debt crisis, with a slight decline during the pandemic, followed by a significant rebound the following year, and a further fall in 2023, coinciding with the tightening of monetary policy.

Investment growth involved both larger and smaller firms (Fig. 17).¹⁷ In both segments, average investment volumes in 2021-25 were about three times the levels prevailing ten years earlier. The share of investment directed towards larger firms remained broadly stable over time, at approximately three-quarters of the total. In terms of the number of transactions, the share directed towards small firms increased markedly, reaching approximately half in 2021-25 (up from just over one-third in 2011-15; Fig. B2 in Appendix B).

Figure 17



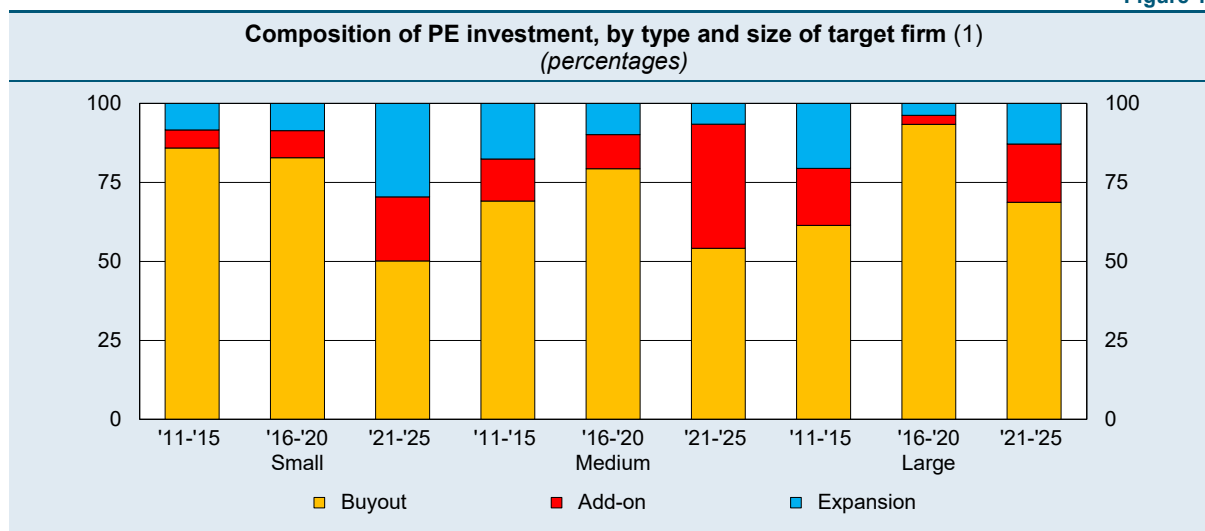
Source: Based on PitchBook, Cerved and INPS data.

(1) The information refers to the subset of transactions present in PitchBook and in both the Cerved and INPS databases.

The ‘traditional’ buyout remains the predominant type of transaction, especially for larger firms (Fig. 18). In such transactions, the investor normally acquires a controlling interest with the aim of restructuring the target firm and increasing its value. Growth/expansion investment – namely, acquisitions of minority stakes in established firms intended to support their expansion – averaged almost €1 billion per year over the latest five-year period and accounted for approximately 20 per cent of the number of transactions involving larger firms.

¹⁷ The size classification follows EC Recommendation 2003/361, which defines micro-enterprises as firms with fewer than 10 employees and turnover or total assets not exceeding €2 million; small enterprises as firms with fewer than 50 employees and turnover or total assets not exceeding €10 million, excluding micro enterprises; and medium-sized enterprises as firms with fewer than 250 employees and turnover or total assets not exceeding €50 million and €43 million, respectively, excluding micro and small enterprises. Large enterprises comprise the residual category. In this analysis, micro enterprises are included among small enterprises.

Figure 18



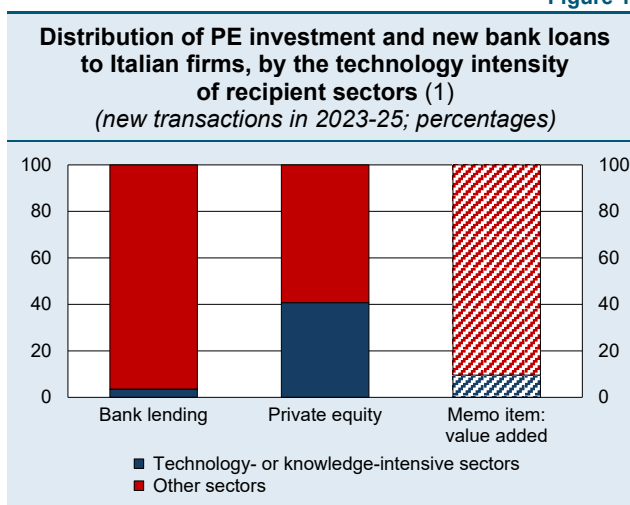
Source: Based on PitchBook, Cerved and INPS data.

(1) The information refers to the subset of transactions present in PitchBook and in both the Cerved and INPS databases.

Among small and medium-sized enterprises, the increase in the number of transactions was driven by buy-and-build strategies (Fig. B3 in Appendix B). These strategies involve the direct or indirect acquisition of firms operating in the same market (so-called add-on transactions), which are then integrated into a company already in the fund's portfolio (the so-called platform company), with the aim of building larger groups, increasing their value and subsequently divesting them. Add-on transactions can be financed either directly by the fund (through new capital injections) or indirectly using the platform company's resources (in the form of either equity or debt). These transactions therefore alter the size, production organisation and financial profile of the firms involved.

The selection of target firms is strongly oriented towards technology- or knowledge-intensive sectors (Fig. 19). Under the Eurostat/OECD definition,¹⁸ approximately 40 per cent of the amounts invested in 2023-25 went to technology-intensive sectors. This share is markedly higher than both these sectors' share of new bank lending (less than 5 per cent) and their weight in the economy (they account for less than 10 per cent of value added). Under an alternative sectoral classification used by the

Figure 19



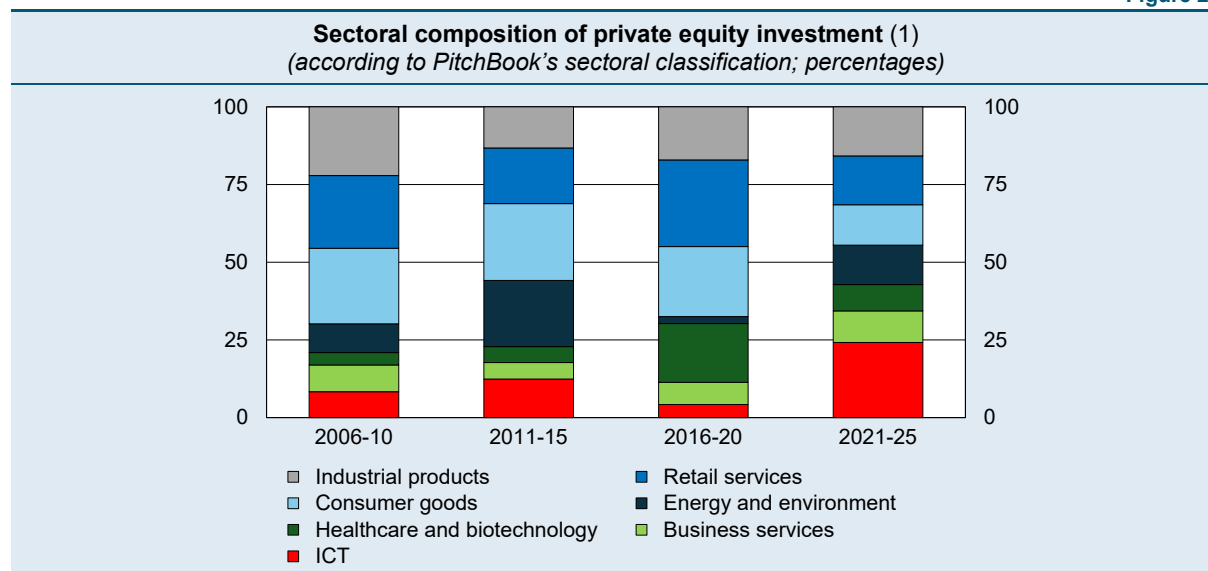
Source: Based on AnaCredit, PitchBook, Cerved and OECD data.

(1) Technology-intensive sectors are identified using the Eurostat/OECD classification (OECD, ISIC Rev. 3 Technology Intensity Definition, 2011). The chart reports the composition of private equity investment and new bank loans over 2023-25. The category labelled 'other sectors' includes medium- and low-technology manufacturing and service sectors, the extractive and energy industries, and construction. For private equity, the analysis is based on the subsample of new transactions for which the investment amount is available. For comparison, the last bar on the right reports the same breakdown for the value added of limited companies operating in the same sectors.

¹⁸ These are firms operating in high-technology manufacturing or knowledge-intensive services (KIS), according to the Eurostat/OECD classification (OECD, ISIC Rev. 3 Technology Intensity Definition, 2011).

PitchBook platform,¹⁹ the share of PE deals involving firms operating in ICT increased in the most recent period. Innovative projects are plausibly more prevalent in this sector; since 2021, investment in firms classified by PitchBook as ICT has accounted for approximately one quarter of the total (Fig. 20). Over the same period, the share of transactions in the thematic verticals ‘Artificial Intelligence’ and ‘Defence/Aerospace’ doubled compared with the previous five-year period, but remained limited at approximately 3 per cent.

Figure 20



Source: Based on PitchBook data.

(1) For further details on the sectoral classification, see footnote 19.

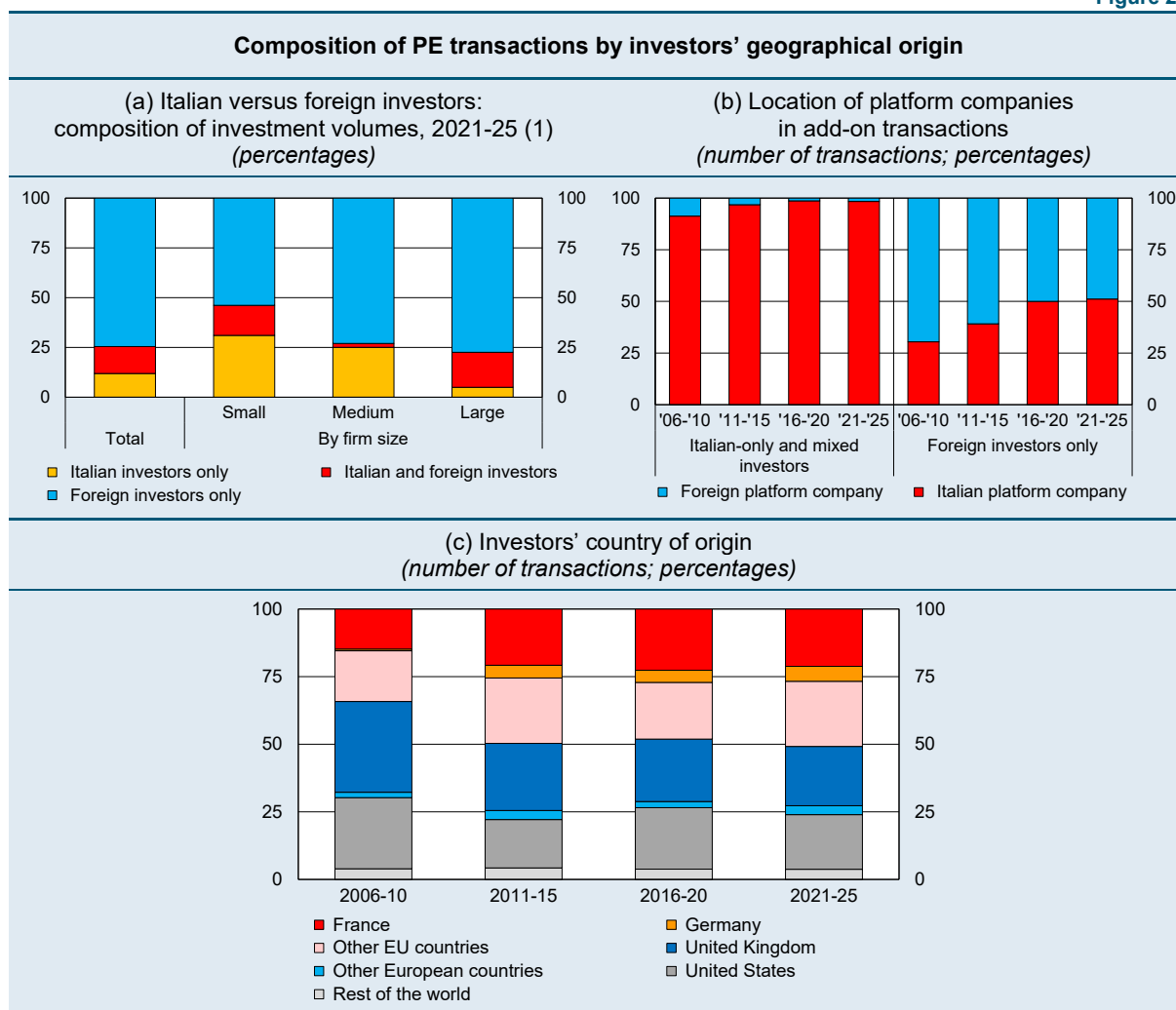
Foreign investors play a significant role in the Italian PE market. By number of transactions, their share increased over the latest five-year period, with greater involvement even in smaller deals. The share of transactions involving only foreign investors rose to approximately 55 per cent (60 per cent including transactions with the joint participation of Italian and foreign investors), from less than 40 per cent in 2006-10. By volume, approximately three-quarters of investment over the latest five-year period went to deals in which the pool of participating entities comprised only foreign funds (Fig. 21.a; almost 90 per cent when transactions with the joint participation of Italian and foreign investors are included). This indicates that the international component is central, especially in larger transactions..²⁰

Foreign investor participation is greater in deals involving larger firms, both by volume and by number of transactions. The share of investment value attributable to transactions involving only foreign funds exceeds 75 per cent for large and medium-sized firms and is approximately 50 per cent for small firms, indicating a size gradient in international participation.

¹⁹ PitchBook assigns firms a proprietary classification based on industries and more granular thematic categories (verticals). Thematic verticals identify niches or specialised markets that may span multiple industries (for example, ‘fintech’ may fall within different industries); consequently, they do not map uniquely onto the sectors in the ATECO administrative and statistical classification.

²⁰ The PitchBook platform reports the total investment amount, but not the allocation of the financial commitment among the entities involved in the transaction, which may include entities other than private equity funds. The analysis considers only the nationality of the private equity operators, and attributes the entire investment amount to them. The reported share of foreign-origin investment may therefore represent an upper bound. According to Invest Europe data, and considering private equity and venture capital together, more than 40 per cent of investment in Italian firms in 2021-25 was of foreign origin.

Figure 21



Source: Based on PitchBook, Cerved and INPS data.

(1) The information refers to the subset of transactions present in PitchBook and in both the Cerved and INPS databases.

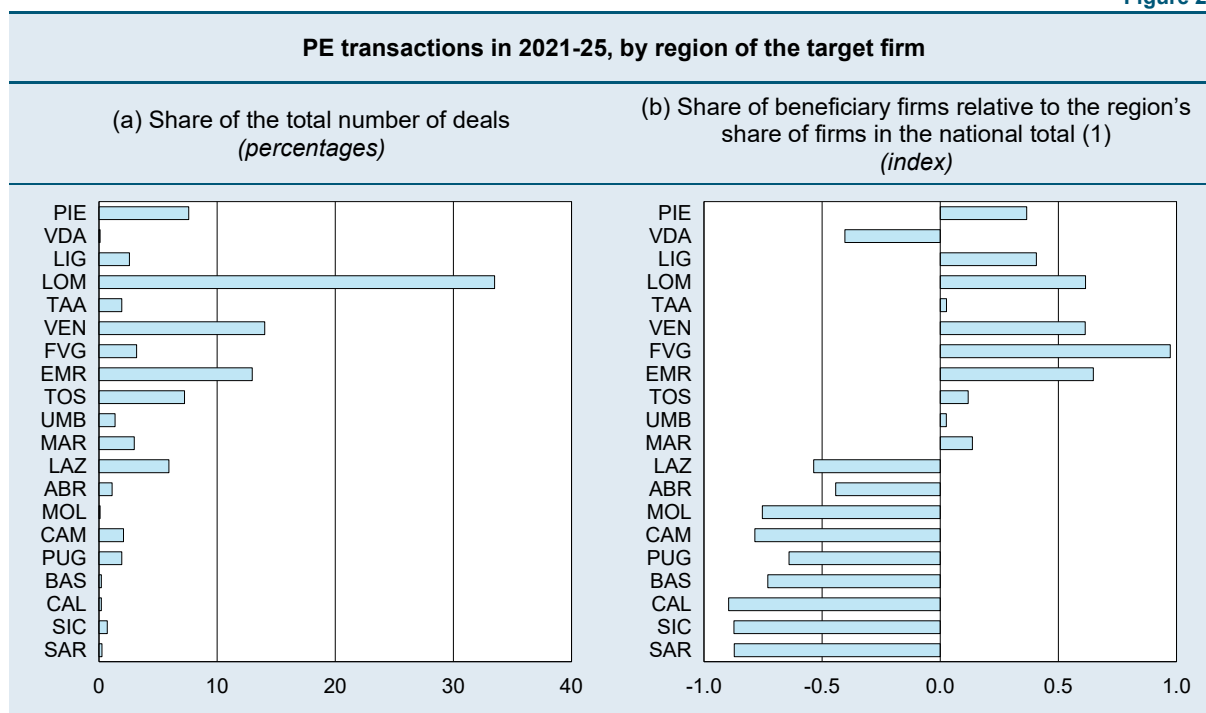
In terms of investment volumes, strategies do not differ substantially between foreign and domestic operators: buyouts predominate in both cases. The composition of investment volumes is similar for the two categories of investor, with transactions involving the acquisition of control accounting for a clear majority.

By number of transactions, however, the share of add-on acquisitions involving foreign investors increased markedly over the latest five-year period. The increase in buy-and-build transactions was accompanied by growth in deals aimed at integrating the acquired firms into a platform company located in Italy (Fig. 21.b). This suggests greater 'industrial' involvement by foreign investors, including in the small and medium-sized enterprise segment.

Foreign operators are predominantly European. Approximately three-quarters of transactions are accounted for by European Union funds (especially from France and Luxembourg) or UK operators; the remaining share is attributable mainly to US funds (Fig. 21.c).

Private equity transactions are also markedly concentrated geographically. Over the latest five-year period, more than 60 per cent of transactions (by number) involved firms located in Lombardy, Veneto and Emilia-Romagna, with just over one-third concentrated in Lombardy alone (Fig. 22).

Figure 22



Source: Based on PitchBook and Cerved data.

(1) The panel shows the ratio, rescaled around zero, between each region's share of firms benefiting from PE investment in the national total of target firms and the region's share of firms in the national total. Positive (negative) values indicate that the region's weight in the Italian private equity market (in terms of the number of transactions) is more (less) than proportional to the region's importance in the national economy (in terms of the number of non-financial limited companies).

The regional distribution of transactions remained broadly stable over time, with limited changes across the main areas. Compared with 2006-10, Lombardy's share declined by just under 5 percentage points, while those of Friuli-Venezia Giulia and Lazio fell by approximately 1.5 percentage points. By contrast, Veneto's share increased by approximately 3.5 percentage points, while those of Emilia-Romagna and Marche rose to a lesser extent, by just over 1 percentage point each.

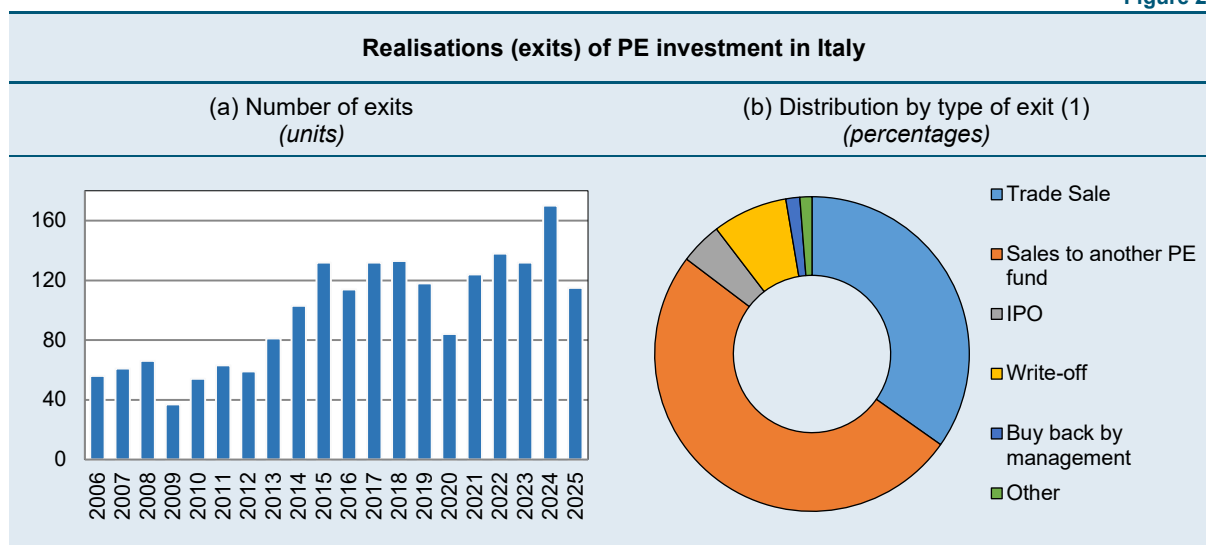
The geographical concentration of transactions is only partly explained by differences in the regions' weight in the national production structure. Even after accounting for the geographical distribution of firms, PE transactions are more prevalent in the Centre and North than in the South, indicating a persistent geographical asymmetry in access to private equity. More specifically, with the exceptions of Valle d'Aosta and Lazio, PE fund investment appears markedly more frequent in the central and northern regions than in the southern regions.

Except for 2020, the number of exits remained broadly unchanged over the last ten years (Fig. 23.a). A decline was also recorded in 2025, consistent with the slowdown in M&A transactions and the less favourable conditions in global financial markets.

The composition of exit routes points to structural difficulties in completing full exits, namely trade sales to industrial buyers or stock market listings. Sales to another private equity fund account for approximately half of transactions (Fig. 23.b) and approximately 40 per cent of volumes, including sales to continuation funds. The latter are vehicles established by the manager of a fund approaching maturity to transfer one or more assets that the manager was unable, or did not consider it appropriate, to divest within the fund's original life. The high share of such transactions is likely to indicate constraints on taking firms through to a full exit.

Trade sales to strategic or industrial buyers account for approximately one-third of exits by number of transactions, a share below international benchmarks. By volume, trade sales represent approximately 40 per cent of divestments, but remain less frequent than in other countries,

Figure 23



Source: Based on PitchBook data.
(1) Distribution by number of transactions.

consistent with the relative scarcity of large domestic corporate buyers and selective international industrial demand in the Italian market.

Stock market exits remain marginal. IPOs account for only a small share of exits (approximately 4 per cent), well below the European average (approximately 8 per cent), reflecting the structural limitations of the Italian equity market in terms of depth, liquidity and capacity to absorb private equity divestments.

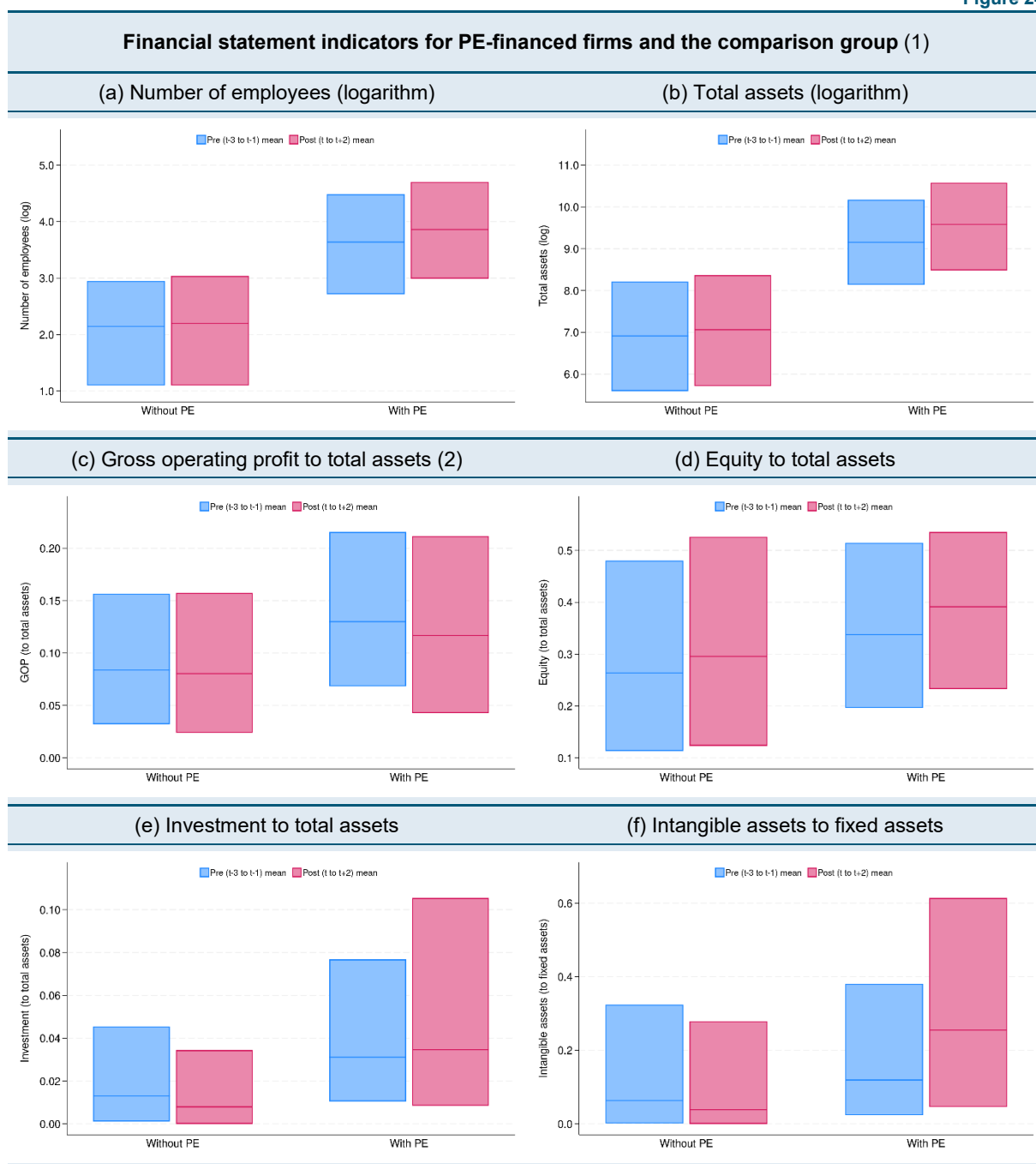
4.3 Characteristics of target firms and post-investment performance

To assess the characteristics of PE target firms and their subsequent performance, we compare them with a group of observably similar firms. Specifically, the comparison group consists of limited companies with available financial statements that, in the year preceding the PE transaction, were located in the same province, belonged to the same size class and operated in the same sector, defined at the 2-digit ATECO level, as the target firms. This approach provides a descriptive comparison between PE-backed firms and observably similar firms but does not identify a causal effect of PE investment.

The analysis compares outcomes before and after the transaction using three-year windows. For both PE-backed firms and firms in the comparison group, the mean values of selected indicators over the three years preceding the transaction are compared with their mean values over the transaction year and the following two years. The indicators cover firm size, measured by employment and total assets, operating profitability, capitalisation and investment, including the share of intangible assets in total fixed assets. Appendix B replicates the analysis separately by risk class, as defined by the Cerved score.

In the period following the transaction, target firms grow faster than those in the comparison group. During the investment year and the following two years, firms receiving PE investment record larger increases in both the number of employees and total assets than comparable firms (Fig. 24, panels a-b), signalling stronger expansion in real activity.

Figure 24



Source: Based on PitchBook, Cerved and INPS data.

(1) The label 'Without PE' refers to the comparison group comprising limited companies that, at the year of the transaction, were located in the same province, belonged to the same size class and operated in the same sector (2-digit ATECO classification) as the target firms ('With PE'); firms less than four years old (which are unlikely to fall within PE funds' target population) are excluded. Mean values over the three years preceding the transaction ('Pre (t-3 to t-1) mean') are compared with those for the three-year period comprising the transaction year and the following two years ('Post (t to t+2) mean'). The indicators are winsorised. - (2) For the indicator of gross operating profit-to-total assets, the ratio between mean gross operating profit and mean total assets over the corresponding three years is used.

Target firms have a greater capacity to generate operating profits, and this remains the case following PE investment (Fig. 24, panel c). However, their ratio of gross operating profit to total assets does not increase, suggesting that the rise in gross operating profit is mainly associated with the expansion of activity.

From a financial perspective, target firms are better capitalised even before the transaction and strengthen their capitalisation thereafter. Their equity-to-assets ratio is higher than that of the comparison firms and increases after the transaction (Fig. 24, panel d), consistent with the injection of equity capital, capitalisation policies and retained earnings.

PE-backed firms display greater investment intensity, especially in intangible investment. Panels e and f of Figure 24 show that PE investment is associated with greater investment intensity, measured as the ratio of investment to total assets, and with a higher share of intangible assets in total fixed assets. Intangible assets also increase in the period following the transaction.

Both low-risk and medium-to-high-risk target firms expand following PE investment. The breakdown by risk class confirms an increase in employment and total assets in the three years following investment for both types of firms (Fig. B4, panels a-b, in Appendix B).

However, increases in investment, particularly intangible investment, are observed more frequently among low-risk target firms, whose profitability also declines. By contrast, the strengthening of capitalisation appears more widespread across risk classes.

5 Conclusions

The analysis shows that the Italian PE and VC market has expanded considerably over the last decade but remains small relative to the markets of the main European economies. The gap is especially pronounced in the segments most directly associated with the expansion of innovative firms: expansion investment in PE and later-stage investment in VC account for smaller shares than in the other major European countries. On the fundraising side, too, resources are limited and the contribution of private institutional investors is smaller than in other European countries. The growth in investment was accompanied by an expansion in the number of PE-backed firms, with selection strongly oriented towards technology- and knowledge-intensive sectors.

Private capital markets and equity markets are complementary financing channels that support firms' capitalisation and growth. The exit stage of a PE investment, which is rarely completed through a stock market flotation, allows financiers to realise the return on their investment, release resources and reinvest them in new transactions.²¹ A stock market listing is, however, a complex and costly step that only a limited number of firms can undertake. At the same time, the ability to divest through sufficiently liquid capital markets is an important factor in attracting investors specialising in equity financing (Cumming, 2008).

The most recent initiatives in Italy and Europe aim to strengthen the role of capital markets in financing innovative firms and to increase the financial system's capacity to mobilise patient capital for growing firms by involving private investors.

Regulatory reforms, such as the European Listing Act and Italy's reform of the Consolidated Law on Finance (TUF), should facilitate access to stock market listings and widen the pool of firms that might consider it. In parallel, initiatives under the Savings and Investments Union are intended to channel more private savings towards productive investment. Alongside these measures, public-private instruments designed to mobilise institutional capital towards

²¹ According to Espenlaub et al. (2015), investment made in the United States by UK firms are realised more rapidly (both through IPOs and through M&A transactions) than investment in their domestic market, owing to higher valuations and the greater liquidity of US capital markets.

specialised funds are also important, as they foster the growth of funds of adequate size and the financing of technology firms, including at more advanced stages of development.²²

Taken together, the various measures seek to strengthen the private capital market through complementary instruments: more accessible markets, greater involvement of institutional investors and private savings, larger and more specialised funds, and capital with time horizons aligned with the growth trajectories of innovative firms. The availability of patient capital appears crucial if the sector's recent growth is to be translated into a lasting contribution to productivity, firms' capitalisation and the economy's innovative capacity.

²² Examples include the EIB's European Tech Champions Initiative, France's Tibi initiative, the WIN initiative in Germany and Italy's Fondo Nazionale Strategico Indiretto.

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Appendix A

Comparison of the main statistical sources of private equity data and integration of sample information

When comparing the main statistical sources on the Italian private equity market, it is essential to consider methodological and classification differences that may generate discrepancies in transaction counts. In particular, statistics from the Italian Private Equity, Venture Capital and Private Debt Association (AIFI) follow a classification shared at European level and based on the European Data Cooperative (EDC) platform, under which add-on transactions do not constitute a separate category. By contrast, the Private Equity Monitor (PEM) of LIUC Business School explicitly includes add-on transactions in its annual monitoring of the equity capital market. Differences in the number of transactions reported by AIFI, PEM and the PitchBook sample therefore reflect not only the different data sources, but also differences in information coverage and classification criteria that do not fully coincide (Table A1).

Table A1

Comparison between the analysis sample and public sources on the Italian private equity market. (amounts in € millions and units)							
YEAR	AIFI (1)		Private Equity Monitor, PEM		PitchBook analysis sample (2)		
	Amounts invested	Number of transactions	Number of transactions	Of which: <i>add-on</i>	Amounts invested	Number of transactions	Of which: <i>add-on</i>
2019	6,443	189	221	46	11,285	236	124
2020	4,897	145	253	97	3,753	228	124
2021	6,441	238	387	145	9,893	373	190
2022	11,785	249	441	210	15,733	418	252
2023	6,463	248	406	201	7,311	376	232
2024	7,814	256	419	215	13,127	411	240
2025	7,221	289	551	293	7,732	429	252

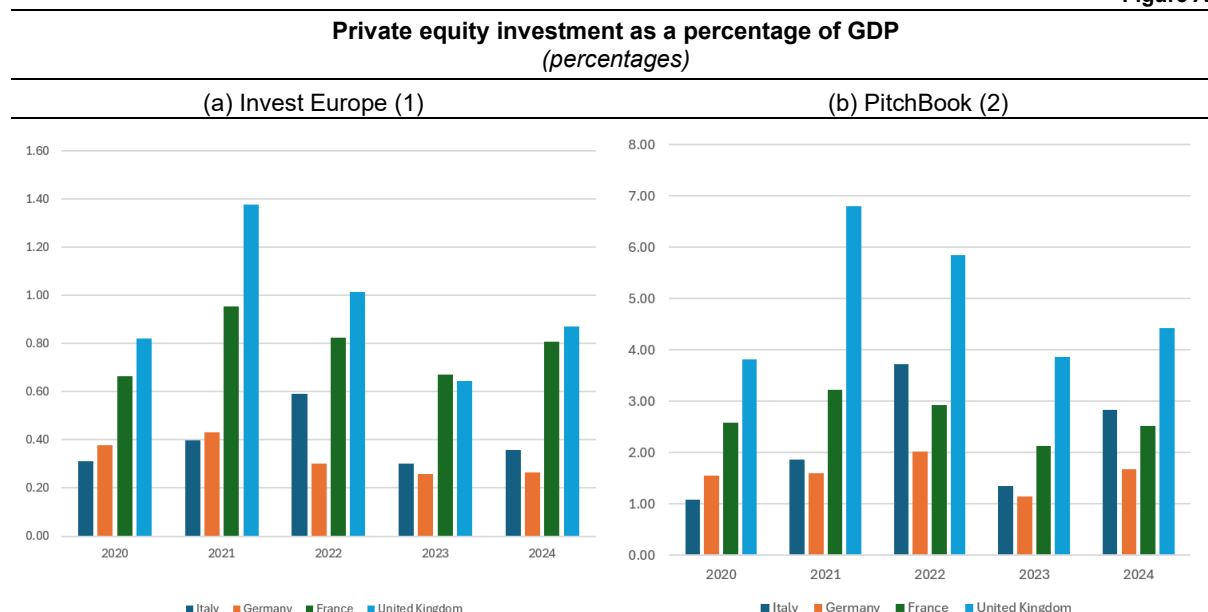
Source: AIFI, *Il mercato italiano del private equity e del venture capital* (various years); Osservatorio PEM, *Private equity monitor* (various years); and PitchBook.

(1) Only private equity transactions (broken down into expansion, buyout, turnaround and replacement) are considered; venture capital and infrastructure transactions are not included. The figures also include investment by domestic operators in non-Italian firms. - (2) Investment amounts are available for approximately 20 per cent of transactions.

The differences observed across sources should therefore be interpreted as the joint outcome of differences in information coverage and non-overlapping operational definitions of transactions. For example, in the most recent years reported in Table A1, the number of transactions recorded by PEM is consistently higher than the AIFI figure, in line with the inclusion of add-ons and a potentially broader reporting scope. Discrepancies may also arise with PitchBook: while the platform provides highly granular information on individual transactions, its taxonomy, which distinguishes among buyouts, expansion transactions and add-ons, may produce counts that are not directly comparable with classifications that aggregate these categories. Table A1 should therefore be interpreted as an ‘informed’ comparison rather than a formal consistency check, since the metrics do not measure exactly the same statistical object.

A significant limitation of PitchBook data for analysing investment amounts is the almost systematic absence of transaction-value information for most individual transactions. The PitchBook sample is therefore better suited to describing trends in the number and the type of transactions (including add-ons), and the characteristics of firms and investors than to comparing monetary aggregates. In other words, PitchBook is used here as the preferred source for the ‘micro’ analysis of transactions and the entities involved.

Figure A1



Source: Based on Invest Europe and PitchBook data.

(1) Private equity investment covers Invest Europe's 'all private equity' scope net of the venture capital component. The data refer to 'market statistics' and therefore use the location of portfolio companies rather than the origin of funds. - (2) Private equity investment net of the venture capital component.

This limitation is also apparent in Figure A1. PitchBook yields substantially higher investment-to-GDP ratios than Invest Europe, confirming that its investment amounts should not be interpreted as directly comparable market aggregates. Nevertheless, the two sources provide a broadly similar cross-country ranking, with the United Kingdom and France generally recording higher ratios than Italy and Germany. Figure A1 therefore supports the use of PitchBook primarily for comparative and micro-level analysis rather than for estimating the aggregate size of the market.

The principal strength of the PitchBook sample is that transactions can be integrated with firm-level information using target firms' tax identification numbers. These identifiers make it possible to link transactions to the corresponding company records and enrich the information set with financial and accounting data from Cerved and employment data from INPS. This integration moves the analysis from a market assessment based solely on deals to one linking transactions to firms' 'pre-investment' conditions, making it possible to study heterogeneity by size, profitability, leverage and internal financing capacity.

The extensive coverage of financial statement information permits a detailed analysis of the pre-investment characteristics of a large share of financed firms. Accounting information is available for firms involved in more than 3,000 transactions, approximately 71 per cent of the total; the share is similar when the sample is restricted to firms receiving their first investment during the period analysed. Table A2 summarises the main characteristics of firms for which financial statements are available for the three years preceding their first private equity investment (approximately 90 per cent of firms covered by both PitchBook and Cerved), providing a quantitative basis for describing the 'average profile' of target firms and the dispersion of their characteristics across the distribution (quartiles and standard deviation).

The descriptive statistics show that firms are profitable on average but display considerable heterogeneity across several economic and financial dimensions. In the three years preceding investment, the indicators of operating and overall profitability (gross operating profit/total assets and ROA) have positive mean values, while the measures of productivity (turnover/employees and

TFP) and investment intensity (investment/total assets) are consistent with the presence of a non-negligible group of firms capable of generating resources and sustaining growth. At the same time, the distributions of equity as a share of total assets and of the ratio of financial expenses to gross operating profit reveal wide variation, consistent with the notion that PE invests in a heterogeneous set of targets in which strong operating performance may coexist with varying degrees of financial vulnerability.

Table A2

Main financial statement characteristics of private equity beneficiary firms in the three years preceding the first investment between 2006 and 2025 (1) <i>(percentages unless otherwise specified)</i>						
	Number of observations	Mean	First quartile	Median	Third quartile	Standard deviation
Total assets (2)	2,079	52,255	3,543	9,662	26,624	507,996
Employees (3)	2,077	109.1	14.3	36.8	87.1	358.7
Turnover / employees (4)	2,033	5.6	5.1	5.5	6.1	0.8
Total factor productivity (4)	2,029	1.0	0.9	1.0	1.1	0.3
Gross operating profit / total assets	2,079	14.7	6.9	13.1	21.5	15.0
ROA	2,079	10.8	3.6	9.1	17.2	14.1
Investment / total assets	2,079	5.9	1.1	3.1	7.7	8.9
Intangible fixed assets / total fixed assets	2,076	24.4	2.3	11.9	38.0	28.1
Equity / total assets	2,079	35.5	19.7	33.8	51.4	22.9
Financial expenses / gross operating profit	2,079	31.3	0.8	4.0	20.4	63.2

Source: PitchBook, Cerved and INPS data.

(1) The variables are winsorised. - (2) Thousands of euros. - (3) Number of employees. - (4) On a logarithmic scale.

Appendix B - Additional tables and figures

Table B1

Selection of the sample of private equity transactions, 2006-25

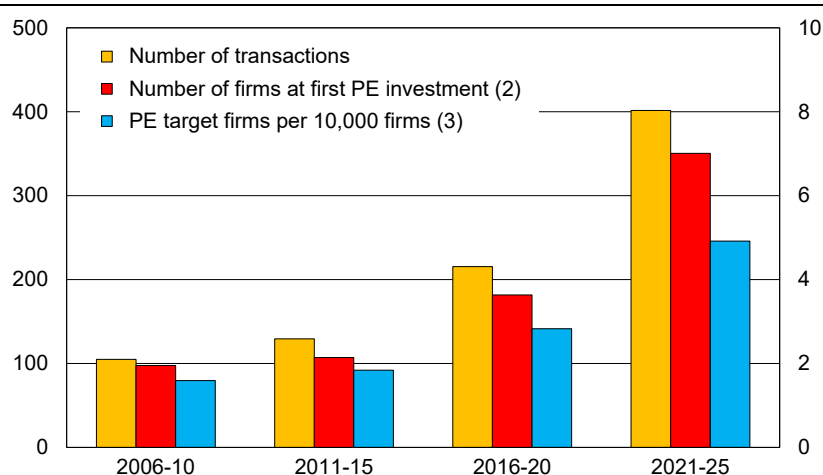
	Units	Share of initial extraction (percentages)
Initial extraction of private equity transactions		
number of transactions	4,703	
number of firms (1)	4,053	
Transactions excluded from the sample (2)	447	9.5
of which: not completed	43	0.9
involving listed companies or related to delistings	93	2.0
with target firms in the financial sector	202	4.3
within the scope of venture capital	2	0.0
transfers of portfolios of financial or real assets	133	2.8
Analysis sample		
number of transactions	4,256	90.5
number of firms (1)	3,684	90.9

Source: PitchBook data.

(1) Firms receiving their first private equity investment from 2004 onwards are considered. - (2) The individual exclusion conditions are not mutually exclusive; consequently, the sum of the 'of which' categories exceeds the total number of transactions excluded from the analysis sample.

Figure B1

Average annual number of PE investment and beneficiary firms (1)

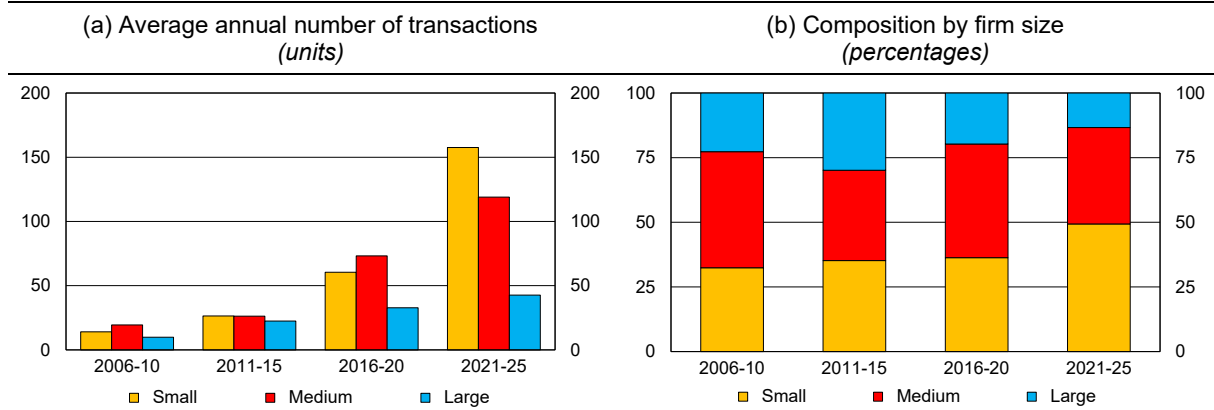


Source: Based on PitchBook and Cerved data.

(1) Annual average values in each period. - (2) Firms receiving their first private equity investment from 2006 onwards are considered. - (3) Number of firms receiving at least one private equity investment during the five-year period relative to the number of non-financial limited companies recorded in Cerved; for 2025, the number of limited companies recorded in Cerved in the previous year is used. Right-hand scale.

Figure B2

Number of PE transactions, by size of target firm (1)

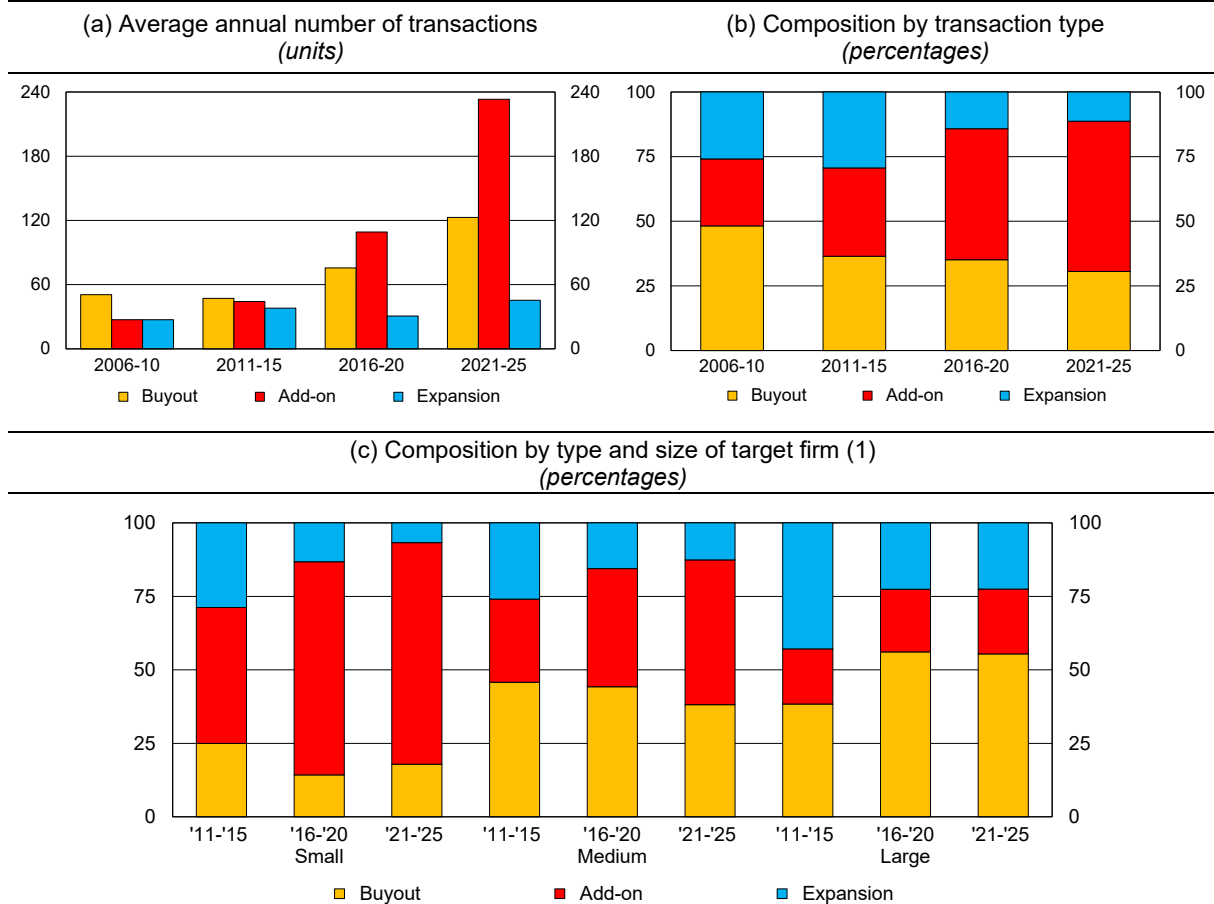


Source: Based on PitchBook, Cerved and INPS data.

(1) Information on firm size is not available for all PE target companies.

Figure B3

PE transactions by type

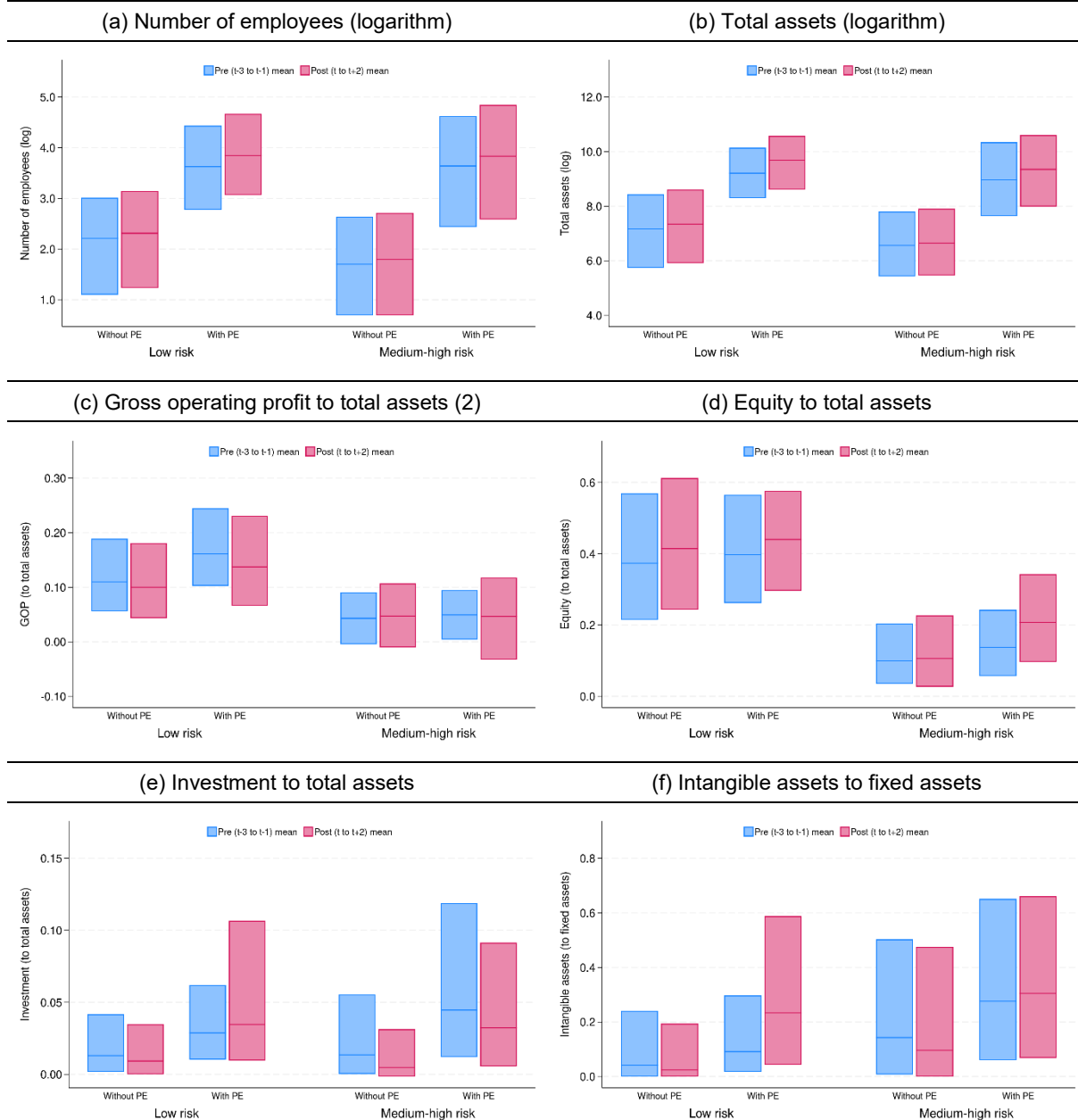


Source: Based on PitchBook, Cerved and INPS data.

(1) Information on firm size is not available for all PE target companies.

Figure B4

Financial statement indicators by risk class for PE-financed firms and the comparison group (1)



Source: Based on PitchBook, Cerved and INPS data.

(1) The label 'Without PE' refers to the comparison group comprising limited companies that, at the year of the transaction, were located in the same province, belonged to the same size class and operated in the same sector (2-digit ATECO classification) as the target firms ('With PE'); firms less than four years old (which are unlikely to fall within PE funds' target population) are excluded. Mean values over the three years preceding the transaction ('Pre (t-3 to t-1) mean') are compared with those for the three-year period comprising the transaction year and the following two years ('Post (t to t+2) mean'). The indicators are winsorised. - (2) For the gross operating profit-to-assets indicator, the ratio between mean gross operating profit and mean total assets over the corresponding three years is used.