

# 2022 Europe and Africa Private Capital Compensation Survey

---





Contents

A message from the authors	4
Methodology	5
State of the private capital market 2022	6
Hiring trends	7
State of private capital professional compensation	8
Spotlight: Continental Europe	15

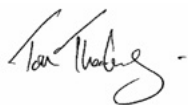
# A message from the authors

---

Welcome to the *2022 Europe and Africa Private Capital Compensation Survey*, the tenth annual edition. Our goal in producing this survey is to develop and share with the industry a comprehensive understanding of both compensation practices and backgrounds of investment, fundraising, and operating professionals at private capital firms across Europe and Africa.

This year's survey includes responses from 608 professionals working across Europe and Africa. Many thanks to all who have completed the survey, whether you have done so every year or participated for the first time this year. We appreciate your time and effort in contributing to the project. If you wish to discuss the survey in greater detail, please do not hesitate to contact us.

With warmest regards,



**Tom Thackeray**

Partner  
London

tthackeray@heidrick.com



**Henry Price-Haworth**

Senior Associate  
London

hpricehaworth@heidrick.com

---

## On confidentiality

The Europe and Africa private capital compensation survey, 2022, was conducted on an anonymous basis for individuals and their employers, and Heidrick & Struggles has removed any data relating to identity from reported compensation figures.

## Acknowledgments

The authors wish to thank **Mohd Arsalan** for his contributions to this report.

# Methodology

In an online survey, we asked participants to provide their compensation data from 2020, 2021, and 2022. All data collected was self-reported by private capital professionals and has been aggregated to evaluate trends in compensation packages, including base salary, bonus, and carried interest (carry). In addition to overall compensation data, we split responses by gender, level of seniority, fund size, and investment strategy across buyout, growth capital, distressed, credit, direct lending, secondaries, fund of funds, co-investment, and venture capital.

Responses from 608 participants are included in the survey results.

In some compensation charts, we report the mean, lower quartile (25th percentile), median, and upper quartile (75th percentile) responses. Please note that the mean can be influenced by particularly high or low data points, especially in small sample sizes. Many firms that use compensation surveys set their compensation targets around or above the upper quartile. Carried interest is calculated using “carry euros at work,” which is the expected return

on total carry participation across all vehicles, based on achieving a net 2x return (above hurdle and after fees) in a vehicle charging a 20% performance fee. For example, 7 points (700 bps) of carry (out of a possible 100) in a €500 million fund with 20% carry would result in €7 million of carry euros at work ( $500 \times 0.2 \times 0.07 = 7$ ).

All compensation figures in tables and charts are reported in EUR thousands unless otherwise noted.

## A note on titles

While title structures vary according to firm, we have divided respondents into three groups based on level and responsibility.

## Managing partner/partner

Experienced dealmakers and senior members of the firm who are responsible for sourcing and originating investments. Managing partners/ partners interact directly with management teams, lead negotiations, and are part of, or deal with, the firm’s investment committee.

## Principal

Considered “deal captains,” principals are accomplished executives who lead and manage deal teams. They also may be expected to originate their own investments and identify potential acquisitions.

## Associate

The entry-level role for investment professionals. Associates are responsible for analyzing companies and business plans, financial modeling, conducting due diligence, working with service providers, and assisting with the management and monitoring of portfolio companies under the direction of senior team members.

# State of the European private capital market 2022

This year's survey includes a review of private capital activity in Europe and Africa for 2021 and 2022 to date, our thoughts on the major hiring trends for private capital professionals, and a closer look into a comparison of compensation between continental Europe and the United Kingdom.

As it is around the globe, uncertainty is currently rife across Europe, with the United Kingdom feeling a particular lack of confidence after a fifth political leadership change in six years. Though the survey was in the field before the most recent UK financial crisis, rising interest rates and high inflation were already creating a relatively unfamiliar environment and an unpredictable future for businesses and consumers alike.

Nonetheless, in the first half of 2022 in Europe, 4,053 deals closed, worth €463.5 billion; these are year-over-year increases of 16.2% and 34.8%,

respectively.<sup>1</sup> According to Pitchbook, it is clear that deal size, not deal count, was behind the record deal value. At the other end of the deal cycle, in the first half of 2022, 739 PE-backed companies exited, for a cumulative value of €157.8 billion, marking a year-over-year decrease of 25.3% in exit value, while exit volume remained flat.<sup>2</sup> According to Pitchbook, the sharp decline in exit value is due to the risks that the European economy was already facing at the time, including geopolitical conflict in Ukraine and persistent inflation.

In Africa, according to the African Private Equity and Venture Capital Association, private capital fundraising reached record levels of \$4.4 billion in 2021; an increase which is 63% higher than the annual fundraising average of \$2.7 billion from 2016 to 2020.<sup>3</sup>

Looking ahead, after the boom private markets have experienced

over the last few years, many are anticipating a correction on valuations and capital raised and deployed, as the European exit data indicates.

Even though macro-economic factors are typically less of a concern given the sector's focus on relatively long-term investment returns, with institutional pension funds facing challenges due to high inflation that creates pressure to deleverage, private markets firms (particularly those in the United Kingdom) reliant on such LPs will likely find the already well-trod and rocky fundraising trail becoming even steeper.

In addition, a recession is also expected within the next year, or, in the very best case, continued stagnation of European economies. While some private capital firms are well-poised to take advantage of this scenario, others may be hit hard by the impact on portfolio company valuations.

<sup>1</sup> *European PE Breakdown, Q2 2022*, PitchBook, p. 4

<sup>2</sup> *European PE Breakdown, Q2 2022*, PitchBook, p. 11

<sup>3</sup> *2021 African Private Capital Activity Report*, African Private Equity and Venture Capital Association, April 2022, p. 3.

# Hiring and compensation trends

---

The incredibly heated hiring market of the past three or four years seems to be mature, though it is not yet clear whether hiring will drop off a cliff or slowly cool. As a result, we expect that the red-hot demand for talent at all levels and roles, which heavily favored employees, may lessen, if only slightly.

Cash compensation at the junior levels has been high, largely driven by the sources of talent for junior positions: as many private capital firms hire from investment banks, private capital firms are being forced to compete. Investment banks have significantly raised cash compensation for their 2021–2022 intake, and junior positions are always more net and gross cash-focused than their more senior peers. Thus, cash compensation increased a small amount for operating

professionals at the principal level and decreased a small amount for those at the managing partner/partner level, while compensation for fundraising and investor relations professionals decreased markedly at the managing partner/partner level and rose (less markedly) for those at the junior roles. However there have been signs of a decrease in compensation, notably for fundraising professionals. It is possible that some firms have not hit fundraising targets, leading to reduced bonuses, and some LPs have indicated there may be some big fundraising failures in 2023. We have seen that the demand for general fundraising talent has fallen off in parallel with an increase in demand for specialists who can expand or create new distribution channels in the wealth or insurance company spaces. Along with this, we have also seen that generalist

professionals are not, on the whole, able to sustain their demands for the largest compensation packages for their roles.

In terms of compensation by gender, the survey found, encouragingly, little disparity. Indeed, women in very senior roles are rare enough that firms are willing to increase compensation in order to retain them. However, firms can still do more to maintain pay equity at the junior level and, crucially, ensure that policies are in place to minimize the financial and career-building costs of taking parental leave.

Looking ahead, the horizon is more unclear. As inflation and geopolitical conflict continues to destabilize societies and interest rates rise, focus on compensation will rise, with a particular emphasis on base salaries in the United Kingdom.

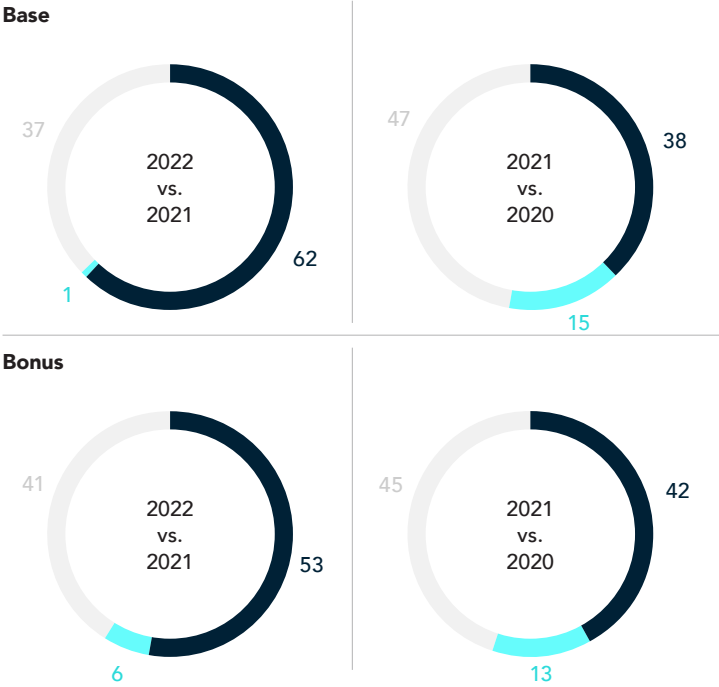
# State of private capital professional compensation

Compensation continues to rise for the majority of the professionals we surveyed, with only 1% seeing a decrease in compensation in 2022, compared to 15% between 2020 and 2021. Of the

62% reporting an increase in base salary in 2022, a majority report an increase of 21% or more, and plurality of those saw an increase between 21% and 40%. Associates continue to make strong gains.

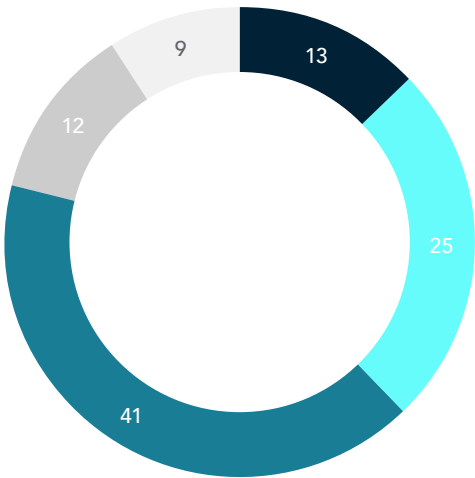
## General observations on compensation trends (%)

■ Increase ■ Decrease ■ No change



## Breakdown of respondents reporting an increase in 2022 base salaries (%)

■ 1–10% ■ 11–20% ■ 21–40% ■ 41–60% ■ More than 60%



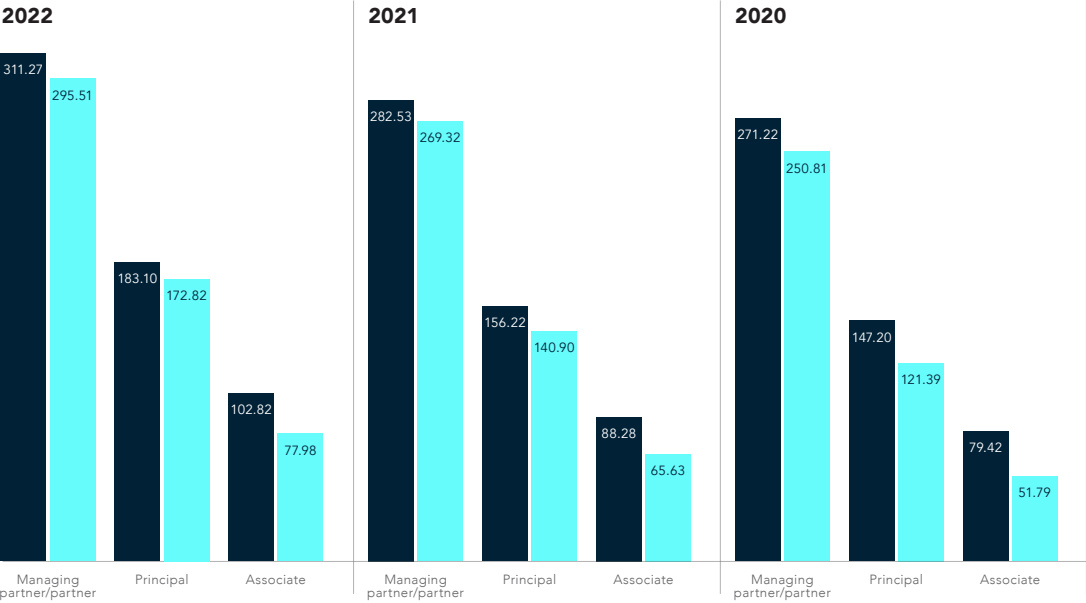
Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 608 respondents



General observations on compensation trends (EUR, thousands)

All professionals

Base Bonus



3-year CAGR of total cash compensation

Managing partner/partner



Principal



Associate



Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 608 respondents

## Movement in the gender balance

In contrast to last year’s survey, women at the most senior levels report out-earning their male colleagues. We believe that this is at least in part a reflection of the fact that there are relatively few women at senior levels at PE firms, leading to increased demand. Encouragingly,

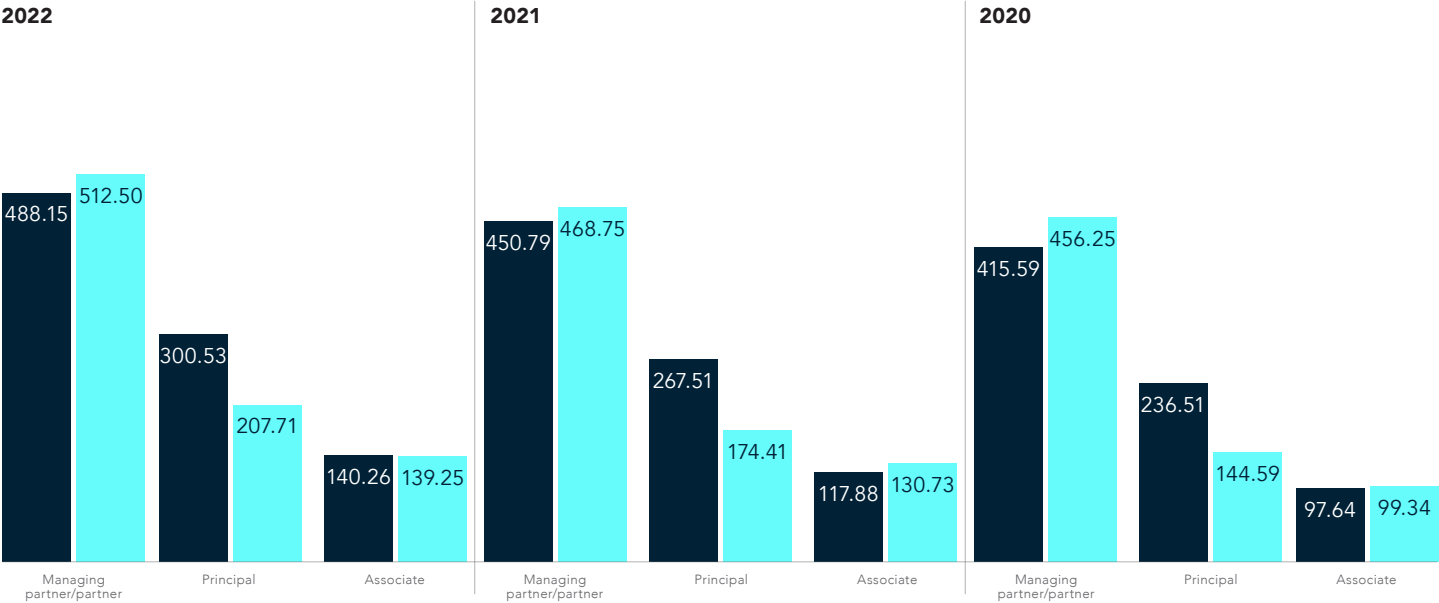
compensation at the junior levels remains almost equal between men and women. However, there continue to be significant disparities between men and women at the principal level, suggesting that, across the board, firms still have a great deal of work to do in

order to reach full gender equity. Given that compensation rises with years of experience, for example, firms should do more to ensure that those who need to take parental leave, more often women, do not suffer financial losses for doing so.

### General observations on total compensation trends, by gender (EUR, thousands)

All professionals

Men Women



Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 537 respondents

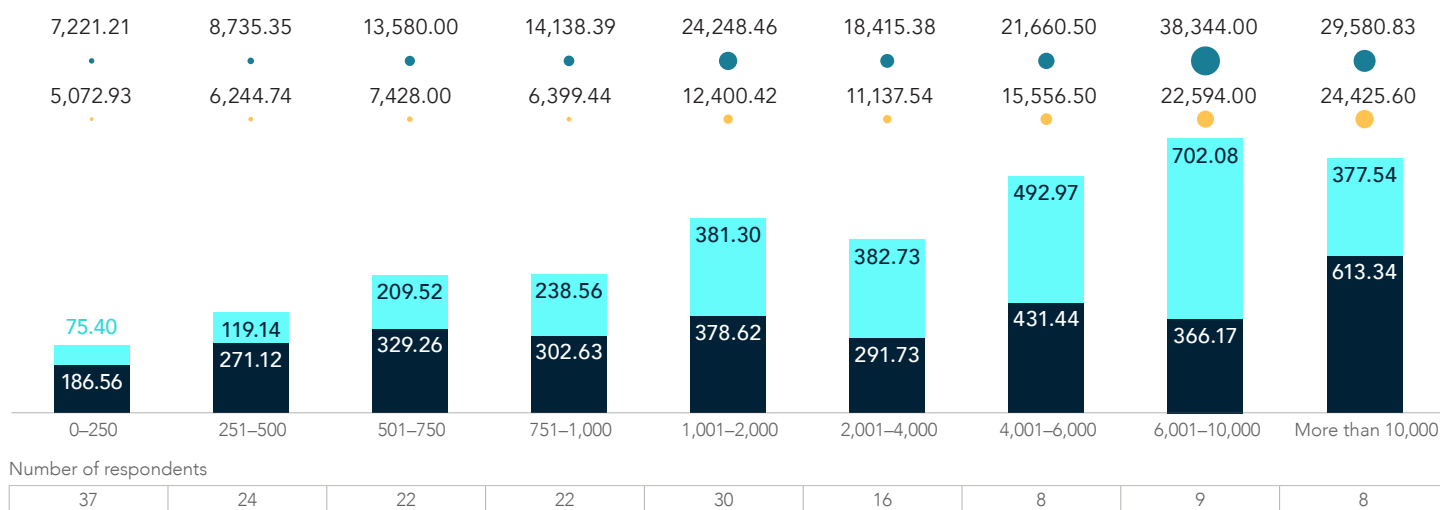
## Fund size

### Mean base, bonus, and carry by fund size, 2022

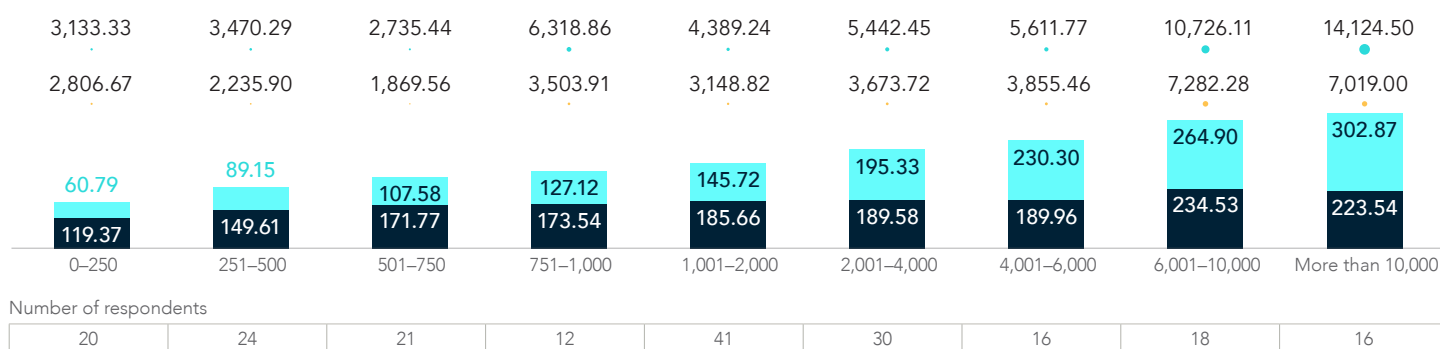
Investment professionals only

■ Mean base, 2022 (€k) ■ Mean bonus, 2022 (€k) ● Mean carry, all funds (€k) ● Mean carry, current fund (€k)

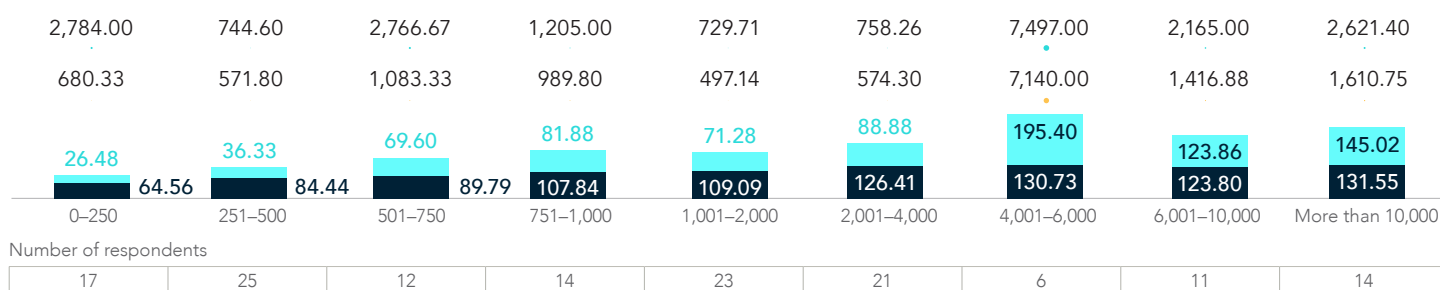
#### Managing partner/partner



#### Principal



#### Associate



Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 532 respondents

## Investment strategy

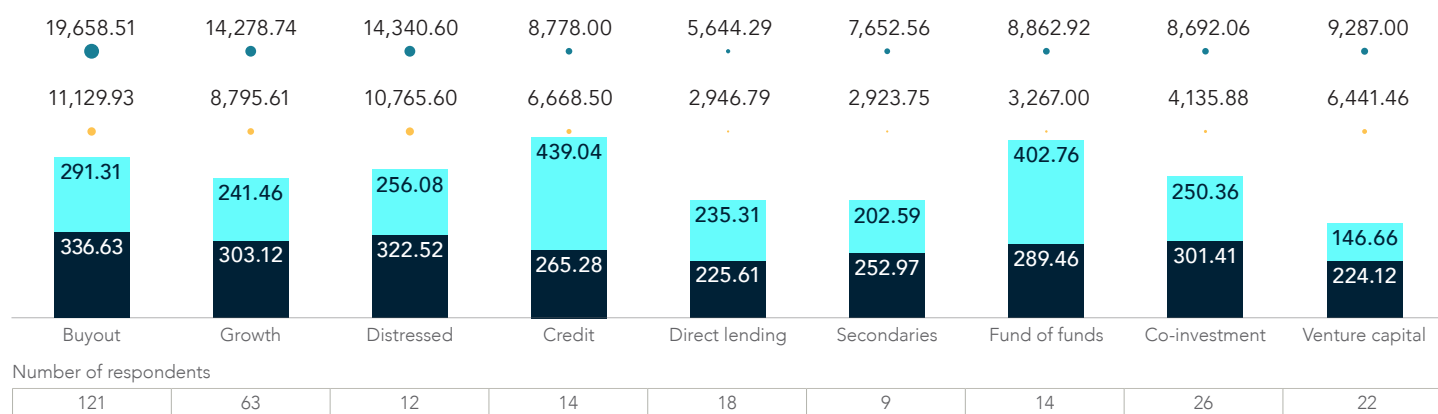
By investment strategy, credit and fund-of-funds investment professionals report the highest 2022 compensation.

### Mean base, bonus, and carry by investment strategy, 2022

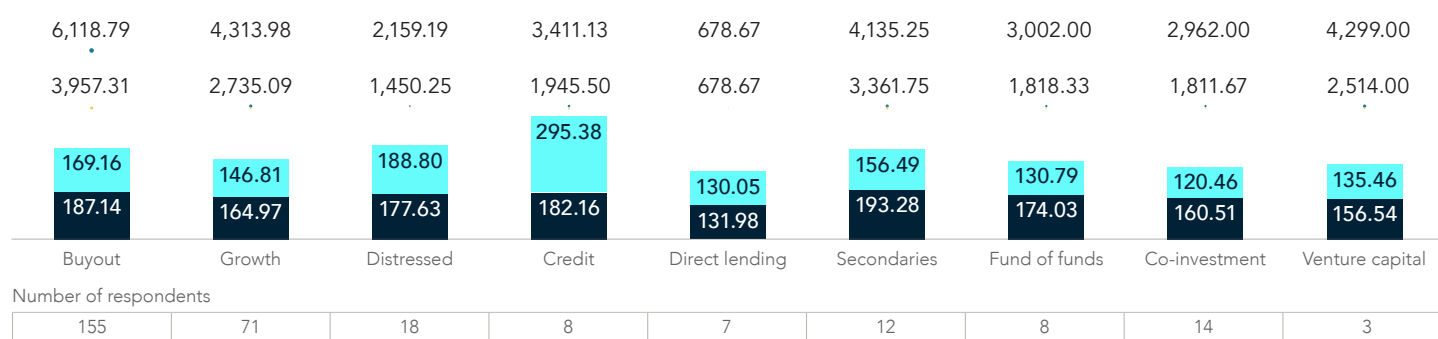
Investment professionals only

■ Mean base, 2022 (€k) ■ Mean bonus, 2022 (€k) ● Mean carry, all funds (€m) ● Mean carry, current fund (€m)

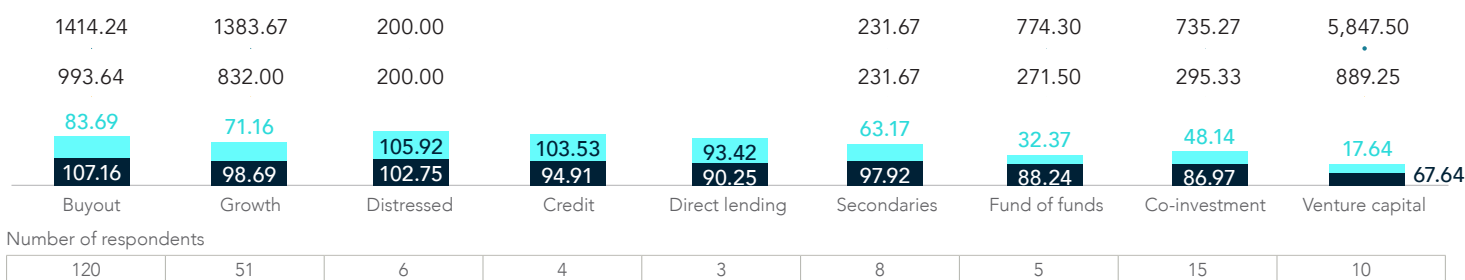
#### Managing partner/partner



#### Principal



#### Associate



Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 532 respondents

At the managing partner/partner level, fundraising and investor relations professionals saw a notable decrease in bonus size and carry.

## Mean base, bonus, and carry, 2020–2022

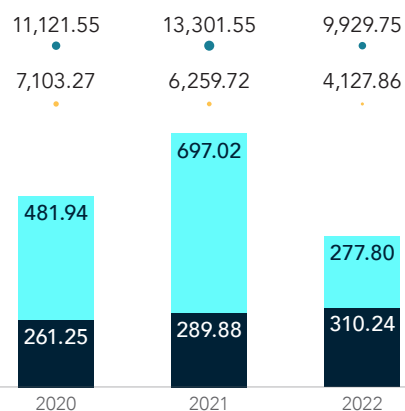
Fundraising and investor relations professionals only

■ Mean base (€k) ■ Mean bonus (€k)

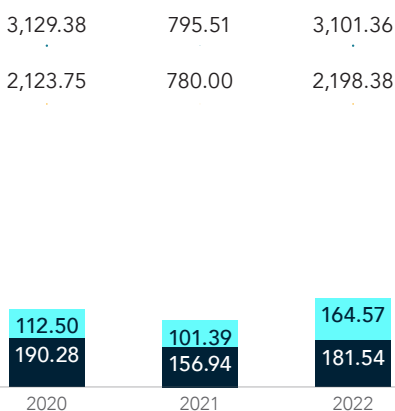
● Mean carry, all funds (€k)

● Mean carry, current fund (€k)

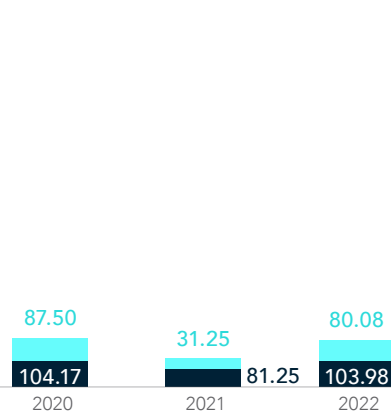
### Managing partner/partner



### Principal



### Associate



Number of respondents

14	22	8
----	----	---

\*The compensation figures for 2021 and 2020 are taken from last year's report.

Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 44 respondents

## Mean base, bonus, and carry, 2020–2022

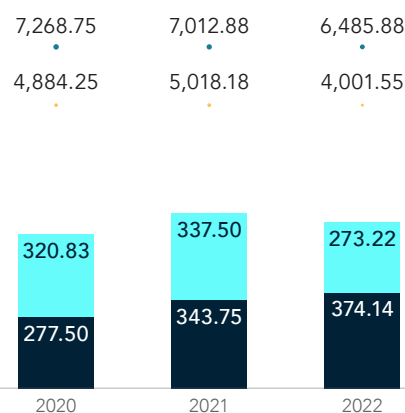
Operating partners only

■ Mean base (€k) ■ Mean bonus (€k)

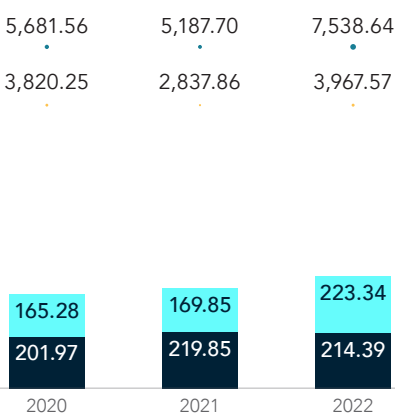
● Mean carry, all funds (€k)

● Mean carry, current fund (€k)

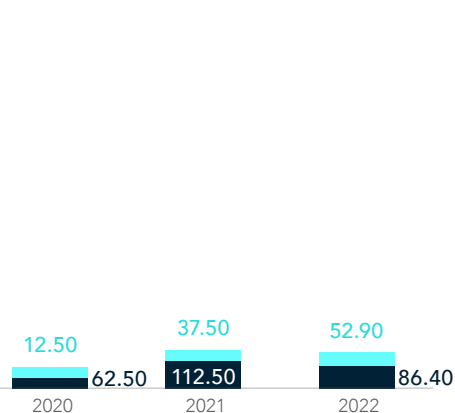
### Managing partner/partner



### Principal



### Associate



Number of respondents

17	19	2
----	----	---

\*The compensation figures for 2021 and 2020 are taken from last year's report.

Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 38 respondents

## Cash compensation by years of experience

Investment professionals only

Mean (€k)						
Years of PE experience	Base (2022)	Bonus (2022)	Total cash compensation (base + bonus 2022)	Total cash compensation (base + bonus 2021)	Total cash compensation (base + bonus 2020)	3-year CAGR total cash compensation (2022)
0–2	97.96	69.64	165.32	142.03	128.65	13.36%
2–4	120.74	91.59	210.51	173.37	148.39	19.10%
5–6	138.19	123.63	258.48	223.16	189.25	16.87%
7–8	194.29	173.01	367.29	297.93	272.47	16.10%
9–10	254.82	236.60	491.42	426.41	395.08	11.53%
11–12	261.78	224.73	486.51	428.60	394.28	11.08%
13–14	260.90	199.05	459.94	412.65	386.18	9.13%
15–16	333.71	316.22	649.93	562.43	553.07	8.40%
17+	326.20	314.54	636.65	609.74	582.60	4.54%

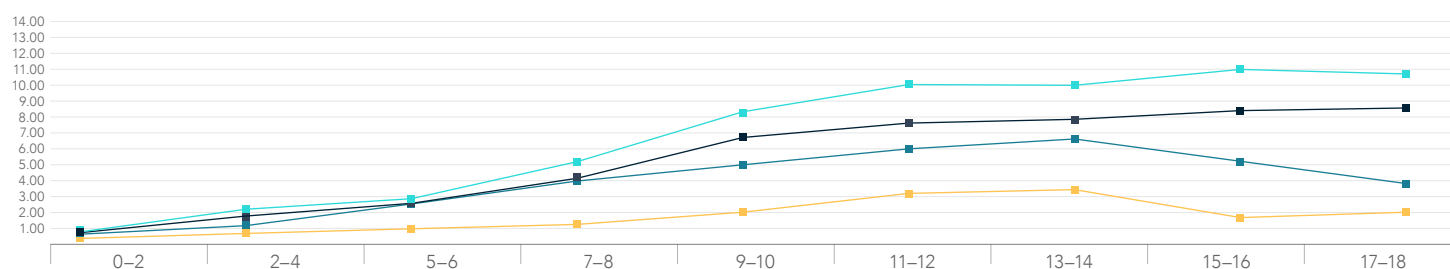
\*Total cash compensation is equal to the sum of reported mean base and bonus.

Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 532 respondents

## Years of PE experience and compensation

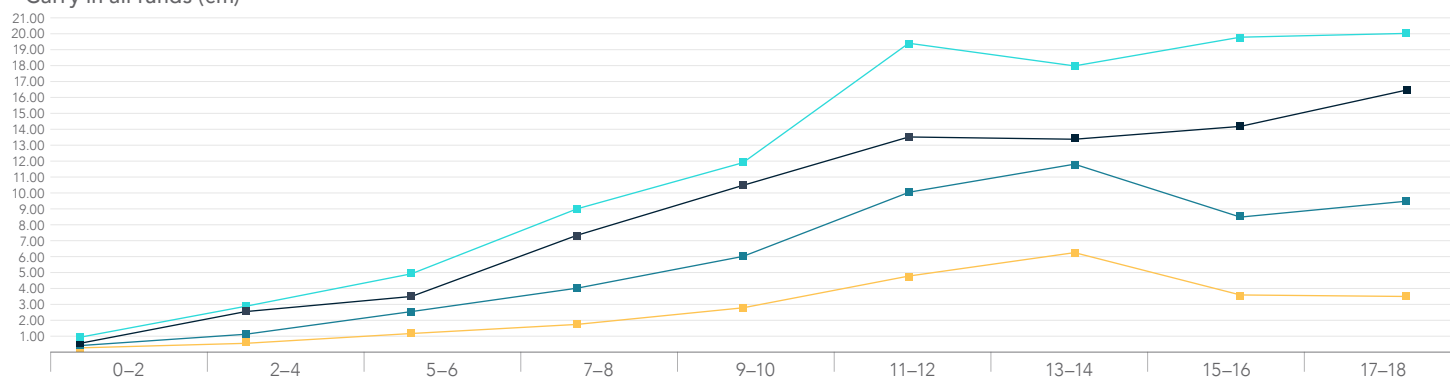
Investment professionals only

Carry in current fund (€m) ■ Mean ■ 25th percentile ■ Median ■ 75th percentile



## Years of PE experience

Carry in all funds (€m)



Note: The graphs above illustrate the relationship between carry development and experience, including percentile ranges

Note: Whilst we draw the data above into quartiles, we do not report of performance so cannot comment on whether there is a strong correlation between fund performance and compensation.

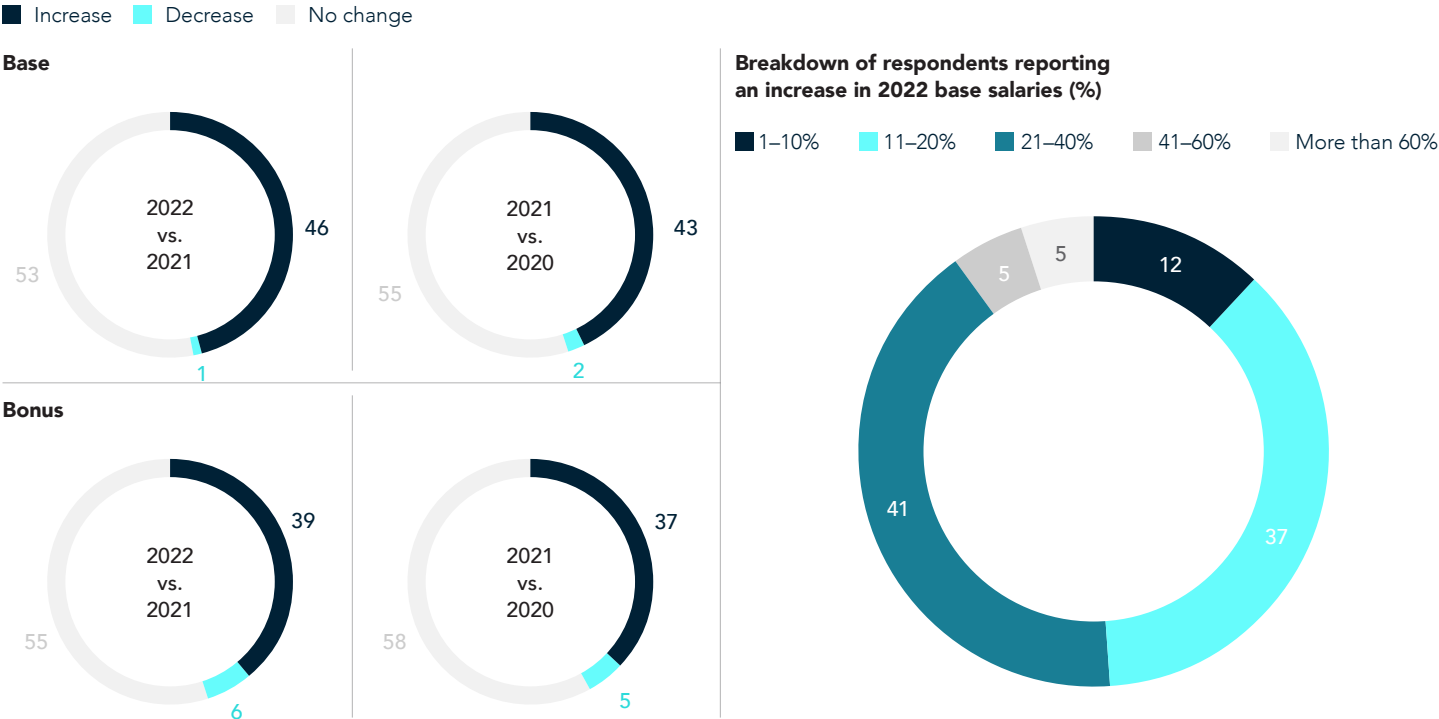
Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 362 respondents

# Spotlight: Continental Europe

We looked more deeply at compensation patterns in Continental Europe and how they compare to those in the United Kingdom. The majority of professionals in Continental Europe reported no change in compensation

in base or bonus, though average pay is up across the board. Of the 43% who did report an increase in 2022 base salary, the large majority reported increases between 21% and 60%.

## General observations on compensation trends in Continental Europe (%)

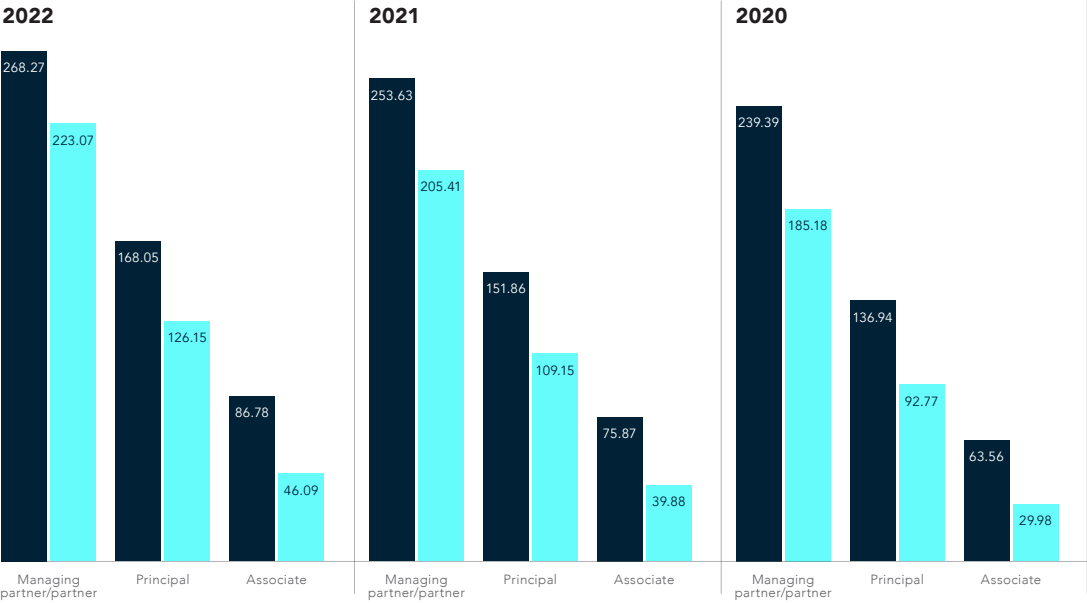


Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 342 respondents

General observations on compensation trends in Continental Europe

All professionals

Base Bonus



3-year CAGR of total cash compensation

Managing partner/partner



Principal



Associate



Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 342 respondents



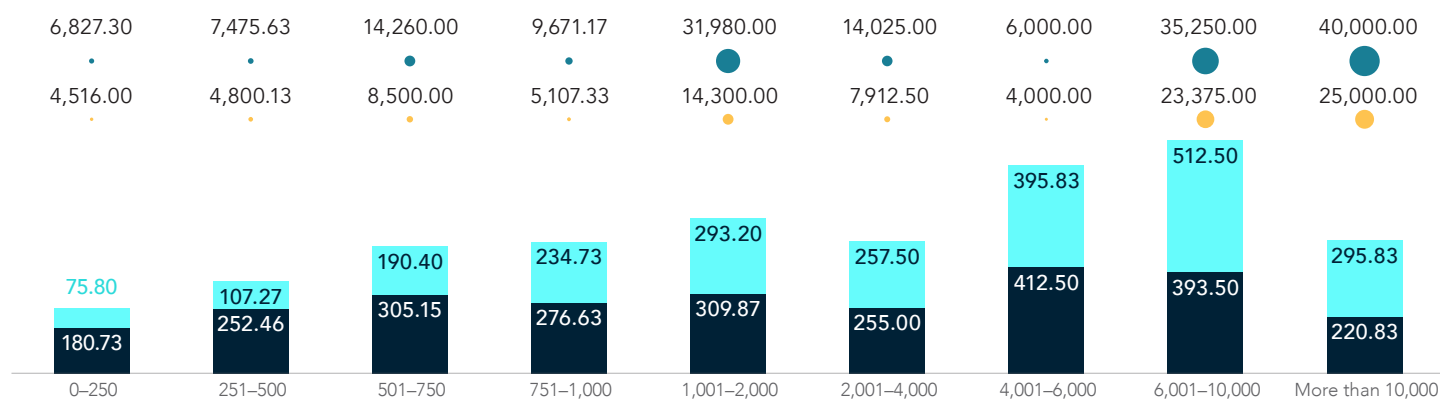
For investment professionals only, compensation was highest for those at funds between €6 billion and €10 billion.

## Mean base, bonus, and carry by fund size, 2022 (Continental Europe)

Investment professionals only

■ Mean base, 2022 (€k) ■ Mean bonus, 2022 (€k) ● Mean carry, all funds (€m) ● Mean carry, current fund (€m)

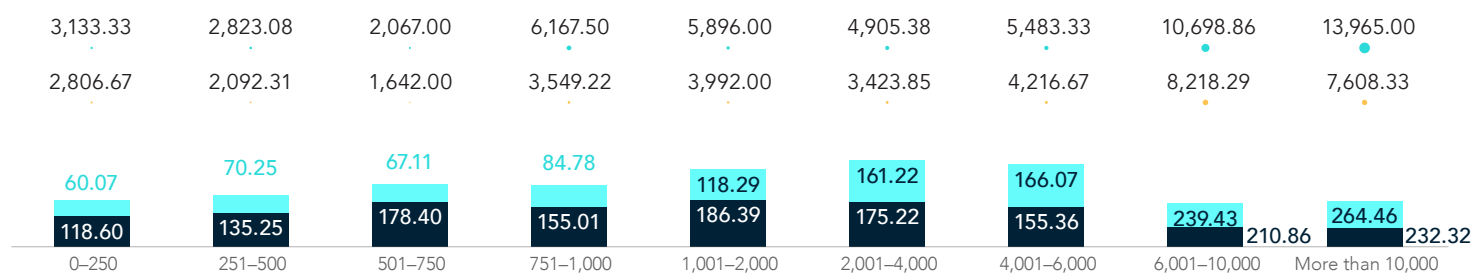
### Managing partner/partner



Number of respondents

30	20	17	16	15	10	3	4	3
----	----	----	----	----	----	---	---	---

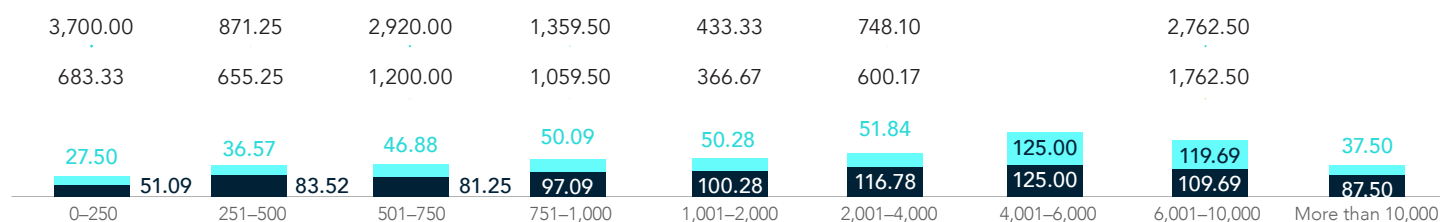
### Principal



Number of respondents

19	15	11	9	20	14	7	7	7
----	----	----	---	----	----	---	---	---

### Associate



Number of respondents

11	21	8	7	9	11	2	4	1
----	----	---	---	---	----	---	---	---

Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 309 respondents

Across all levels, compensation is generally higher in the United Kingdom than it is across continental Europe. However, the three-year CAGR is slightly higher in Europe for those at the associate and managing partner/partner levels.

### Total compensation (United Kingdom vs. Continental Europe)

Investment professionals only

	United Kingdom (€k)				Continental Europe (€k)			
Title	Total cash compensation (base + bonus 2022 )	Total cash compensation (base + bonus 2021)	Total cash compensation (base + bonus 2020)	3-year CAGR cash compensation	Total cash compensation (base + bonus 2022 )	Total cash compensation (base + bonus 2021)	Total cash compensation (base + bonus 2020)	3-year CAGR cash compensation
Associate	236.41	201.57	179.15	14.9%	134.33	116.60	94.86	19.0%
Principal	417.95	332.40	312.46	15.7%	283.61	254.77	223.48	12.7%
Managing partner/partner	809.35	713.57	703.29	7.3%	471.55	443.86	406.21	7.7%

\*Total cash compensation is equal to the sum of reported mean base and bonus.

Source: Heidrick & Struggles Europe and Africa private capital compensation survey, 2022, n = 309 respondents

# Private Equity Practice

**Heidrick & Struggles' global Private Equity Practice combines a deep understanding of private equity markets with world-class expertise across all major industries and functions to provide a broad range of value-adding services.**

With more than 80 consultants in 50 offices around the world, our expertise shadows the private equity life cycle from pre-deal due-diligence support to pre- and post-acquisition executive search, leadership assessment, proactive introductions, and the construction of advisory boards for both private equity firms and their portfolio companies.

We pride ourselves on our work with private equity-backed portfolio companies to secure the leadership needed to deliver on tomorrow's strategies. Our consulting services enable us to develop long-term strategic partnerships that build winning leadership teams and create substantial value.

In addition, we are the leader in finding top private equity management talent by recruiting investment professionals, operating partners, and other essential senior managers who support financial growth.

## Leaders of Heidrick & Struggles' Private Equity Practice

### Global

Todd Monti  
New York  
tmonti@heidrick.com

### Americas

Jonathan Goldstein  
New York  
jgoldstein@heidrick.com

### Europe and Africa

Will Moynahan  
London  
wmoynahan@heidrick.com

WE HELP OUR CLIENTS CHANGE THE WORLD,  
ONE LEADERSHIP TEAM AT A TIME®

Copyright © 2022 Heidrick & Struggles International, Inc.  
All rights reserved. Reproduction without permission is prohibited. Trademarks and logos are copyrights of their respective owners.