

# Private equity group Bridgepoint eyes £2 billion London IPO to fund expansion into property and infrastructure

Bridgepoint, the [UK](#) private equity group, today surprised the [City](#) with plans for a [London](#) IPO that could value the firm at around £2 billion.

The private equity group which backed the [likes](#) of Deliveroo and Itsu specialises in backing mid-market [investments](#) in fast-growing [companies](#) and has in recent years diversified into providing debt for companies as well as equity.

Bridgepoint said it wants to raise around £300 million through the IPO to keep growing in those areas and look to expand into real estate and [infrastructure](#) investments in the middle market.

It is likely to grow into those new areas through takeovers of other investment firms using the IPO proceeds as a warchest.

The float comes in what has been a boom for private equity takeovers of UK companies, with giant US funds in particular snapping up ever larger plcs.

Morrisons, the supermarket giant, is the latest to receive takeover interest, sparking growing concern in some quarters about Britain's "crown jewels" going under foreign private equity ownership.

Bridgepoint is better known for buying and building smaller, usually privately-owned firms and has avoided most such

controversy.

As well as raising money for new investments, the IPO would expand the ability of its 300 employees to get shares in the group, which is currently a partnership.

Bridgepoint has always had share ownership schemes for staff but a full flotation would allow all members to become shareholders – unusual in private equity firms.

Profits for its future shareholders would come from the fees Bridgepoint makes from investors in its funds and a share of the “carried interest” profit on its funds investments.

Carried interest, also known as “the carry” is shared between investors in private equity funds, the individual dealmakers and “the house” – in this case Bridgepoint itself.

The IPO plan follows that of another partnership, the law firm Mischcon de Reya, which is also plotting to raise new funds on the stock market for [expansion](#) and to give a wider range of staff the chance to own a share in the business.

Two years ago, Bridgepoint brought in a new outside shareholder in Dyal and raised capital, which it used to buy debt investor EQT Credit.

Currently 140 staff members own equity in the firm but they are expected only to sell down a small proportion of their stakes.

In the past 30 years, Bridgepoint has built up a reputation as a leading player in the European market for medium-sized deals, making consistently strong returns for investors in its funds, who are largely pension and insurance funds and other institutional investors.

Its flagship Bridgepoint Europe strategy has some 300 investors.

Its backers invest for an average of more than nine years, the company said.

In today's statement, it said total operating income rose from £144.8 million in 2018 to £191.8 million in 2020, with underlying profit measured as earnings before interest, tax, depreciation and amortisation of £66.1 million against £43.3 million before.

"Significant further profitable growth has been achieved in the first quarter of the financial year 2021," it said.

Executive chairman William Jackson said: "Over the last 30 years we've built the global leader in middle market growth investing, with strength and depth across two very complementary strategies in private equity and private credit."

He said the group had grown assets under management from €9 billion in 2011 to €27.1 billion this year.

"We expect this strong growth to continue in the near and longer term as we continue to develop our existing strategies and further broaden our platform."

If the float goes ahead, the shares would be listed on the main market of the London Stock Exchange and would target a free float of at least a quarter of the business.

JPMorgan and Morgan Stanley are acting as joint global coordinators, with JPMorgan as sole sponsor and BNP Paribas, Citi, and Merrill Lynch as joint bookrunners.

Moelis is acting as financial adviser to the firm.

Bridgepoint's relatively new private credit arm, providing debt to companies, is already in the top 10 of European firms, according to Prequin research.

The firm has 43 partners whose average time with the firm is

15 years.

Private equity and debt funds have boomed in popularity among investors in recent years as pension funds and other institutions seek better returns in the low interest rate environment.

Bridgepoint said demand is still growing rapidly as a “substantial majority” of institutions say they are looking to increase their investment allocations to private markets both in the short and long term.

Its current fund investors include 13 of the top 20 US state pension funds but is widely spread geographically, it said.

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While its assets under management have grown sharply in recent years, it predicted continued strong growth, citing its recent Bridgepoint Development Capital IV fund fund, which closed its £1.6 billion fundraiser last September.

Its Bridgepoint Credit Opportunities and Bridgepoint Direct Lending funds are currently raising new money while Bridgepoint Europe and Bridgepoint Growth are expecting to hit the road soon.