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**“ Insider view**

Check out our interview with Gonzalo Sanchez-Arjona, Private Equity Investment Director at H.I.G Capital, who highlights some of the trends of the private equity sector and shares with us valuable insights for the remainder of 2023.

**Gonzalo Sanchez-Arjona**

Private Equity Investment Director  
H.I.G Capital



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**1 Looking ahead to 2024, what are your thoughts on the prevailing market conditions and potential opportunities within the private equity sector?**

We expect to see a reduced volume of transactions. However, once macroeconomic uncertainties are reduced and the upward interest rate cycle concludes, it is likely that there will be a significant rebound in opportunities. This will be also determined by the backlog that is being created by the current lack of activity. An example of this would be the investee companies that the funds have not wanted or have not been able to sell this year, due to the reluctance of potential buyers to invest at the valuations sought by the sellers.

**2 How have you navigated throughout 2023 challenges?**

In addition to the lack of new opportunities mentioned above, we have noticed that the environment in which the investee companies operate has not been as prosperous this year as the previous one. Luckily, we are talking about companies with a solid market position, and we believe that this general situation is due to a specific economic slowdown. This year our focus was once again entirely on monitoring profitability and a constant pursuit of operational optimization, helping companies be ready for the next wave of growth.

### **3 What advice would you offer your colleagues as a new year approaches?**

The periods of less transactional activity are ideal for putting more focus on portfolio companies, having more time available for it. My recommendation to private equity professionals is to dedicate as much as possible of their time and talent to investee companies. Interacting with so many companies in different sectors allows professionals to get a lot of knowledge in terms of best practices and this can be very valuable when looking for operational excellence in portfolio companies. For this reason, it is critical to maintain a constant interaction with the management teams, understanding the challenges they face and identifying the areas in which we can contribute as active shareholders.

### **4 How do you perceive your work impacting global or local prosperity?**

Although the perception of private equity in Spain is improving gradually, a certain part of the population still associates it with speculative and abusive practices (take for example, the concept of vulture funds). Nothing could be further from the truth; private equity has a fundamental role in the economic growth of a country, attracting both national and foreign investment to a segment of the business landscape that, unlike listed companies, has more difficulty accessing investment. Private equity covers a wide range of situations: from special ones in which it represents the only option to keep a company in difficulties floating and alive, to investments in high-quality companies whose growth can be favored and accelerated only thanks to the support of a private equity fund.