State of Private Equity (PE) Report Europe 2024 Review

March 2025

EY Parthenon

Shape the future with confidence

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Foreword

Dear reader,

Over the past couple of years, the European private equity (PE) landscape has been in constant flux. In 2024, as our report details, the European PE landscape experienced a very welcome resurgence, with deal activity rebounding after a period of relative quiet. This momentum, however, is unfolding against a backdrop of complex macroeconomic and geopolitical forces, demanding a nuanced and adaptable approach.

In Europe, we are seeing the first increase in deal activity since 2021. The UK and Ireland (UK&I) led the charge with an impressive 23% surge in activity. Our CEO Outlook Survey further reinforces this optimism, with an overwhelming 99% of European CEOs planning to pursue transactions in the approaching year. While this positive trend encompassed most of Europe, France and Iberia presented a contrasting picture, experiencing declines after their 2021 peaks.

Overall, the resurgence is not without its caveats and our optimism for 2025 remains cautious, given the need for ongoing agility in the face of rising populist policies, unpredictable regulatory pressures and a persistent valuation gap. Accordingly, our positive outlook is contingent upon several key factors, including increased certainty around interest rate movements and the potential for a more permissive regulatory environment.

The State of PE Report is more than just a collection of data points – it reflects the dynamic conversations and strategic thinking happening across the industry. We believe the perspectives shared here will be crucial tools, and we are committed to partnering with you to navigate the complexities and achieve sustained success in the years ahead. Consider this report as an invitation to continue our dialogue – we are eager to hear your perspectives and collaborate on solutions for the evolving challenges and opportunities.

Best wishes,

Sandra Krusch
EY Europe West Private Equity Leader

Executive summary

- Deal activity in Europe increased by 5% in 2024 compared with 2023.
- Sector split remained unchanged as the T&T sector stabilized with around 30% of the total number of deals.
- Holding periods continued to lengthen in 2024, averaging at 5.7 years, which is 21% longer than in 2020.
- European PE exits increased by 13% in 2024 as IPOs re-emerged and the number of secondary exits increased.

Update on European PE landscape

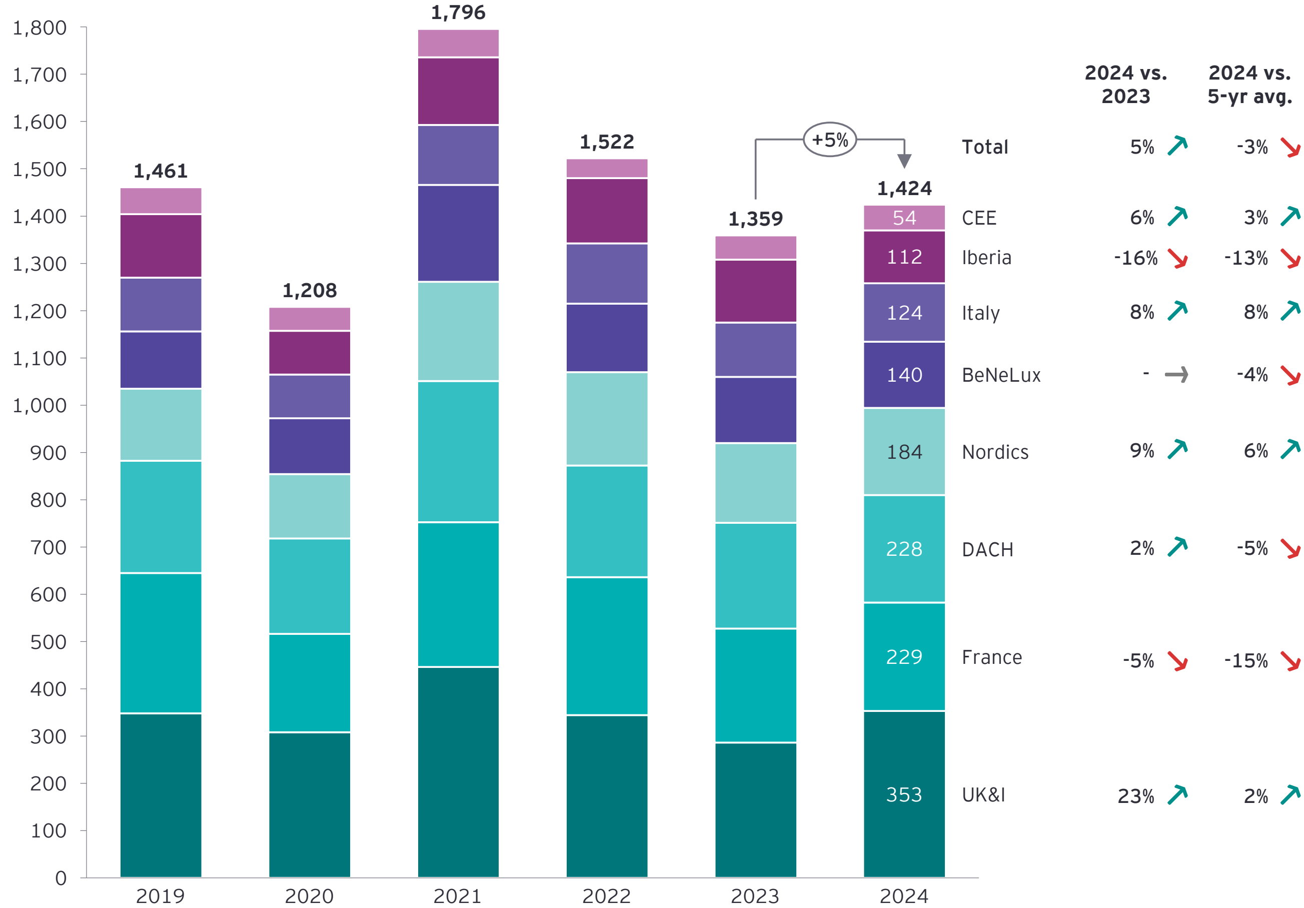
Investment landscape

The European PE deal activity experienced a resurgence in 2024, reaching 1,424 transactions and marking a 5% increase compared with 2024. This is the first increase since 2021. While encouraging, this recovery is still in its early stages with total deal volumes remaining 3% below the five-year average.

The UK&I region led this growth, experiencing a significant 23% increase in deal activity. Most other European markets also saw positive momentum. However, France and Iberia diverged from this trend, experiencing declines in deal volumes after they had reached record highs in 2021.

Deal activity in Europe increased by ~5% in 2024 compared with 2023

PE deal activity in key European regions 2019–24 (no. of deals)



Source: DealLogic; EY/EY-Parthenon analysis

Reflecting a broader rebound in the mergers and acquisitions (M&A) market, 2024 witnessed several high-profile European PE transactions, signaling renewed investment momentum across the region. Among the most significant, KKR's €22b acquisition of network infrastructure company NetCo stands out as one of the decade's largest deals in the sector. Partners Group's sale of digital building management provider Techem to TPG and GIC for €6.7b further exemplifies the trend. A consortium led by CVC and Nordic Capital also completed a notable transaction, acquiring UK-based financial services firm Hargreaves Lansdown for £5.4b.[1]

The positive momentum is further reflected by CEO sentiment. According to our CEO Outlook Survey, 99% of European CEOs plan to pursue transactions within the next year. M&A remains a key growth driver, with 33% of CEOs prioritizing acquisitions to expand their operations.[2]

Source: [1] Corporate announcements from respective companies
[2] EY CEO Outlook Pulse Survey, 2024, p.6

Q Do you expect to actively pursue any of the following transaction initiatives over the next 12 months?

The respondents were allowed to select multiple responses

	Europe	Global	Americas	Asia-Pacific
M&A	33%	37%	40%	39%
Divestments spin-offs or initial public offerings (IPOs)	45%	44%	45%	42%
Joint ventures or strategic alliances	50%	47%	41%	52%

Source: EY CEO Outlook Pulse Survey, 2024, p.6

However, rising populist policies and unpredictable regulatory pressures are forcing companies to remain agile in their approach.[1] In response, 67% of European CEOs are proactively reshaping their portfolios and are ready to shed non-core assets to maintain flexibility and safeguard long-term performance amid the rapidly changing economic and geopolitical landscape.[2]

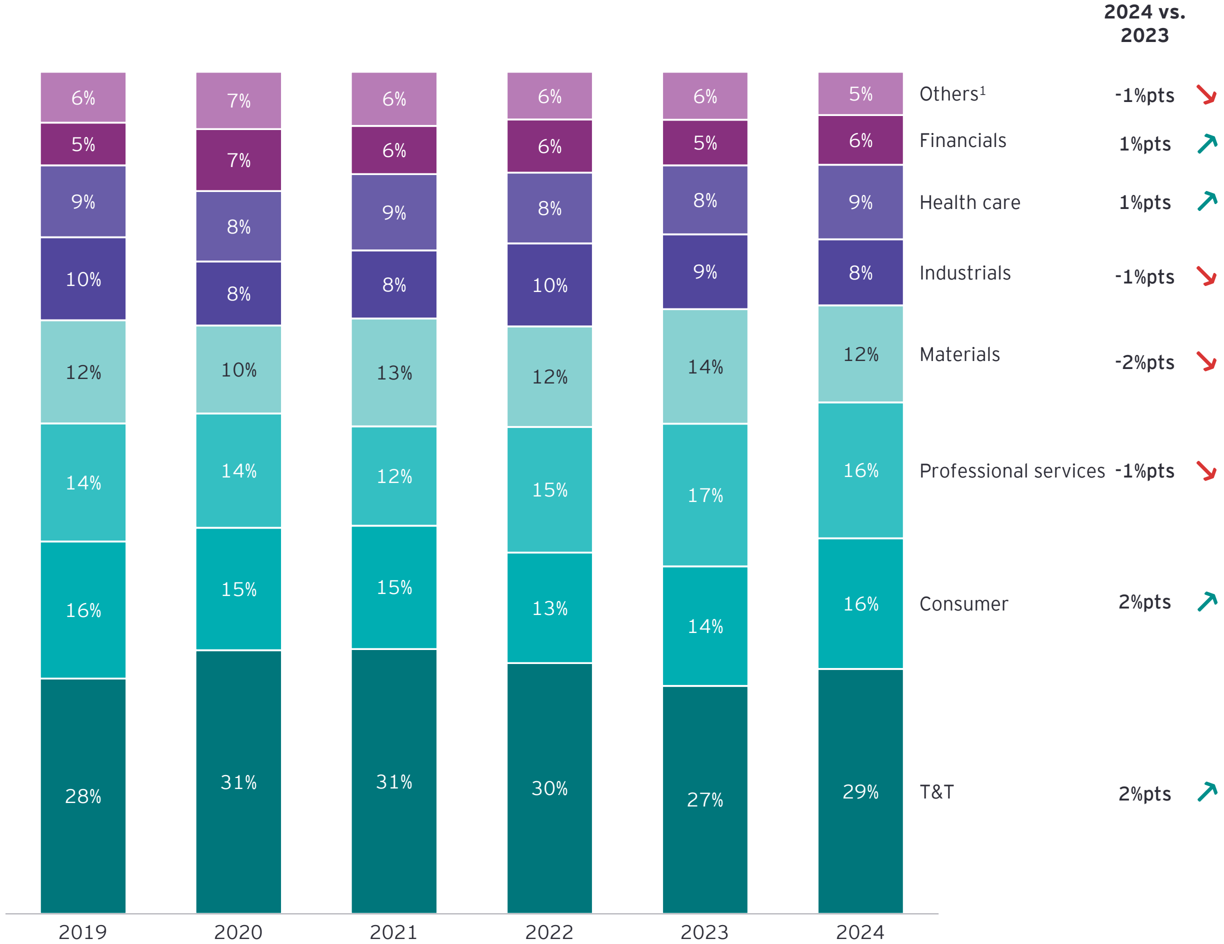
The sector composition of European PE activity remained largely consistent, with technology and telecommunications (T&T), consumer and professional services sectors continuing to dominate deal flow. The T&T and consumer sectors, after experiencing a period of diminished activity, have rebounded to represent 29% and 16% of total deals, respectively. In contrast, the industrials sector was the only one to experience a decline in absolute deal volume, decreasing from 121 deals in 2023 to 112 in 2024.

> “We entered the year with strong hopes for elevated activity, but the first quarter was relatively muted with respect to deployment. However, as conditions improved – as the lending environment became increasingly salutary, as public markets gained greater confidence – momentum built over the course of the year and PE firms gained confidence to transact.”
>
> Peter Witte
> Director, EY Global Private Equity Lead Analyst

Source: [1] EY 2025, geostrategic outlook
[2] EY CEO Outlook Pulse Survey, 2024, p.5

The sector split stays rather unchanged, as the T&T sector sees a stabilization around 30% of all deals

Share of PE deal activity, by sector 2019-24



[1]: Others include real estate and utilities
Source: DealLogic; EY/EY-Parthenon analysis

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While initial indicators of renewed deal-making are encouraging, sustained momentum hinges on increased certainty regarding the interest rate trajectory.

Anticipated rate declines would provide significant tailwinds for financing, bolstering deal activity. Furthermore, a potentially more permissive M&A regulatory environment under President Trump's new administration could act as a key catalyst in accelerating deal volumes.

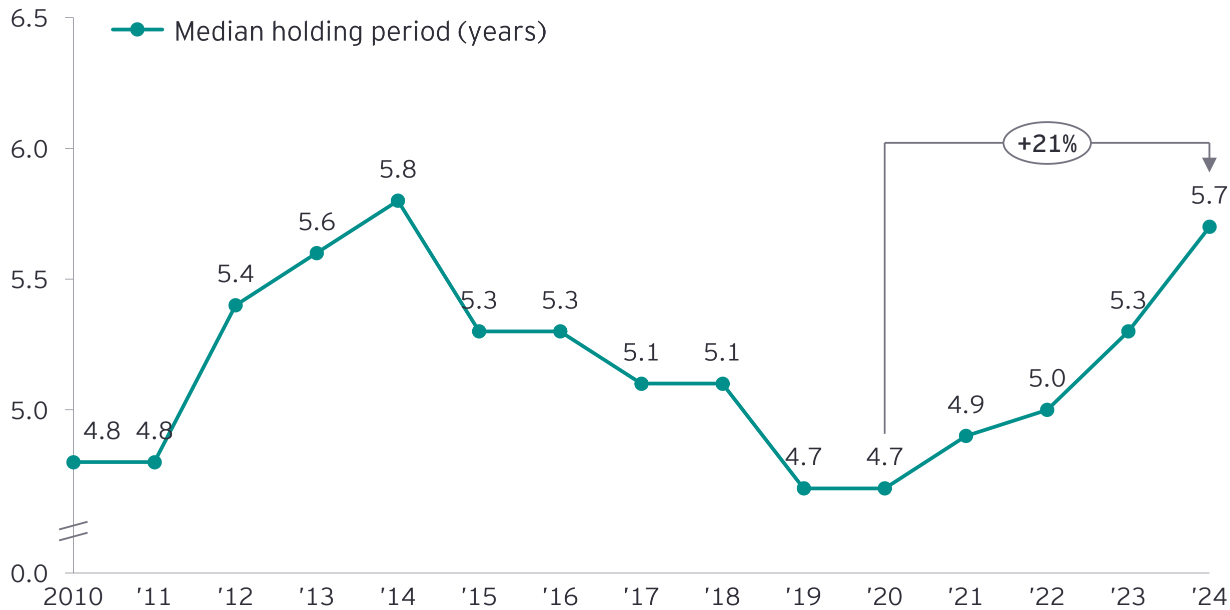
> "Broadly, we expect a more active year in 2025 as deal-making impediments continue to recede and the valuation gap continues to narrow. Currently, about three-fourth of PE GPs expect deployment activity to increase over the next six months."

Peter Witte
Director, EY Global Private Equity Lead Analyst

Holding periods

Holding periods continued to lengthen in 2024. Median PE holding periods reached a duration of 5.7 years and were ~21% longer than in 2020, when they had stood at 4.7 years. This trend reflects the lingering effects of high inflation and sustained pressure from elevated interest rates. At the same time, rising macroeconomic uncertainty and geopolitical tensions are prompting funds to adopt more cautious exit strategies, a trend that is likely to persist in 2025.

Median holding periods for PE assets



Source: Gain.pro (2024)

With traditional exit routes constrained, investors have increasingly turned to secondary markets to unlock liquidity from PE holdings. In 2024, secondary market transaction volumes surged to a record US$162b, driven by limited partners (LPs) offloading fund stakes and general partners (GPs) using continuation vehicles to extend ownership while returning capital to investors.[1]

Continuation vehicles have become a key tool for PE firms navigating prolonged holding periods. By creating a new fund and transferring ownership of the existing assets, GPs can retain high-potential companies while providing liquidity to investors. This approach allows firms to avoid forced exits at unfavorable valuations while still generating returns for LPs.

Exits

After a period of decline since 2021, PE exits rebounded in 2024, reaching a number of 674 – a 13% increase compared with the previous year. Growth was observed across all exit types, with secondary exits seeing a strong 32% year-over-year increase, totaling 214 transactions. IPOs saw a significant 67% increase, reaching 10 listings. However, despite this significant surge, the IPO market remained substantially below pre-COVID-19 levels.

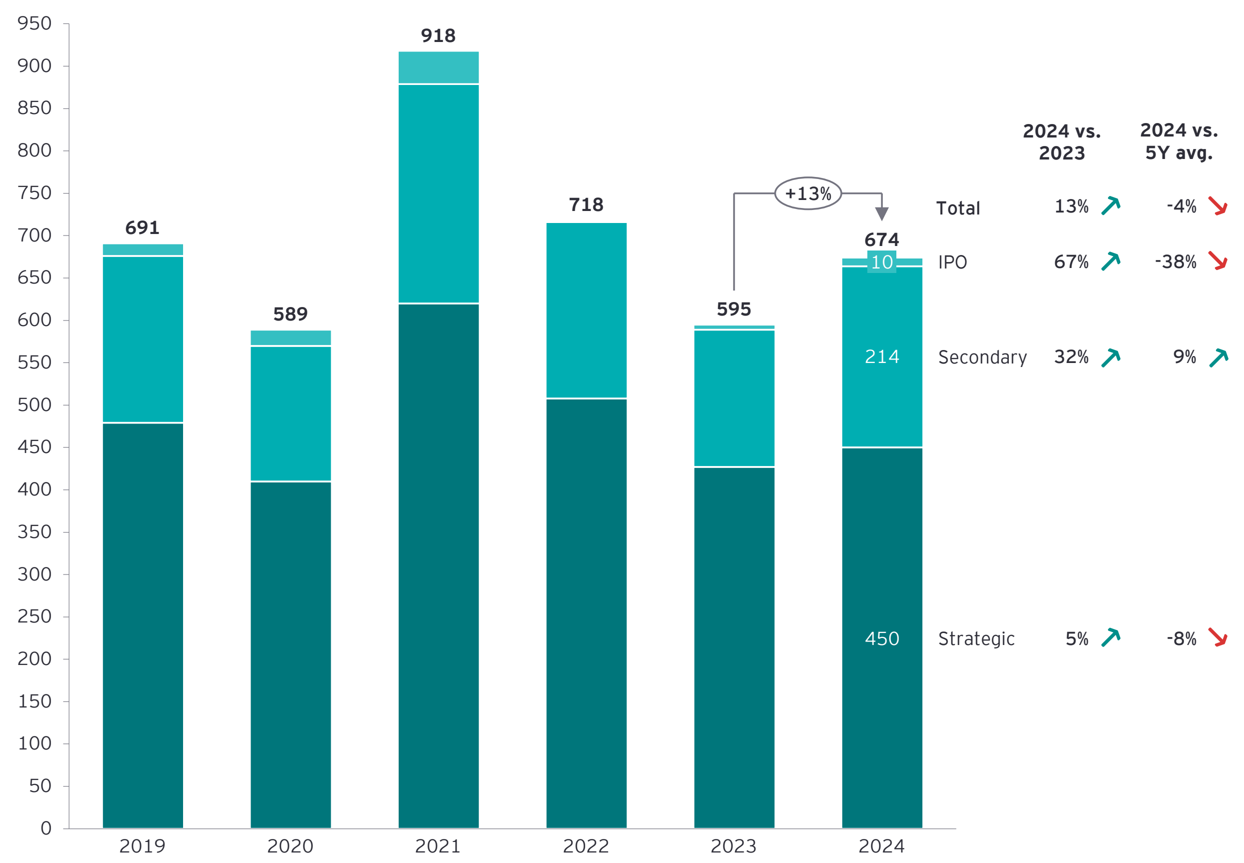
The lackluster IPO activity reflects broader challenges that continue to weigh on public market exits, including elevated interest rates, geopolitical uncertainty and fluctuating equity valuations. While IPO volumes surged by 67% year-over-year, the pipeline for new IPOs remains constrained, prompting PE firms to seek alternative exit routes.

Despite these headwinds, a few high-profile listings stood out. Galderma, a pharmaceutical company

Source: [1] Financial Times, "Investors offloaded record volume of PE stakes in 2024," January 2025 specializing in dermatological treatments and skincare products, went public at ~CHF14.5b, making it one of the largest IPOs of the year. Since the company had previously been owned by a consortium led by EQT, the listing marked a significant rebound in PE IPO exits. Another notable IPO was Douglas, the European perfumery and cosmetics retailer, which debuted at €0.9b under a consortium led by CVC. While these offerings provided some momentum, a broader IPO recovery will likely depend on improving financing conditions and renewed investor confidence.

PE exits in Europe increased by ~13% in 2024 compared with 2023

PE exits activity in key European regions, by exit type 2019-24 (no. of exits)



Source: DealLogic; EY/EY-Parthenon analysis

Valuation gap

Lower valuation multiples continue to weigh on European PE exits, creating a market that favors buyers over sellers. This valuation gap is primarily driven by the stronger growth prospects and deeper capital markets in the US, where companies command higher multiples. US companies also significantly outspend their European counterparts on capital expenditure and R&D as a share of cash flow, supporting their competitive advantage and more favorable growth outlook.

In contrast, European corporations face increased geopolitical uncertainty and potential trade tariffs, which could further dampen growth prospects. Despite these challenges, the outlook for M&A activity in Europe is improving and the valuation gap is anticipated to narrow. Consequently, an increase in PE exits is expected, especially as unusually long holding periods intensify pressure on funds to monetize their assets.

Special topic: Trump 2.0, geopolitics and the impact on PE

Trump 2.0: impact on policy and business

Donald Trump's second presidency is expected to bring about a significant reorientation in politics, with major changes both domestically and internationally. His administration will likely prioritize trade, taxes, immigration, energy policies and a reduction of trade deficits. New protectionist measures could provoke retaliation from US trade partners, including tariffs on American imports, while also pressurizing European firms to shift supply chains away from China. Domestically, lower corporate tax rates could boost US firms' competitiveness at the expense of EU businesses. In energy, Trump is expected to expand oil and gas production while curtailing investments in the energy transition.

These shifts in politics will have far-reaching consequences for businesses, particularly in technology, industrial products, consumer goods and energy. Trade disruptions and tariffs may cause global supply chain realignments, with some markets seeing an influx of Chinese goods. Meanwhile, Trump's efforts to de-risk supply chains will reinforce global technology blocs, impacting industries reliant on semiconductors, data centers and artificial intelligence (AI). These changes will reshape competitive dynamics, creating both risks and opportunities across industries.

The implications of Trump 2.0 on PE

The Trump presidency is expected to have a mixed impact on the PE sector, with deregulation and reduced antitrust scrutiny facilitating deal-making and acquisitions. However, heightened oversight of investment portfolios — especially those involving Chinese assets in strategic sectors like life sciences and biotechnology, could pose challenges for funds with global exposure. At the same time, policies incentivizing US PE firms to increase domestic investments may create new opportunities within the American market. Additionally, import tariffs, including a baseline tariff across sectors, could reshape investment strategies by affecting portfolio companies reliant on global supply chains and international trade.

In Europe, these shifts could lead US-based PE firms to reallocate investments, with some capital redirected away from the region. Global trade rebalancing may spur new M&A activity, as firms seek to optimize investments based on tariff arbitrage, benefiting assets in favorable jurisdictions while devaluing others. This could accelerate or delay sales processes and exit timelines as trade policies evolve. Meanwhile, deregulation and further interest rate cuts in the US may create a more attractive M&A environment, further diverting capital away from Europe. In addition, policies such as corporate tax cuts could make US-based investments more appealing, potentially reducing the competitiveness of European deals.

EY Geostrategic Outlook 2025 and PE implications

Based on the EY Geostrategic Outlook 2025, global geopolitics beyond the Trump presidency will be shaped by shifting governance priorities, increased trade protectionism and persistent rivalries this year. After the global elections super cycle in 2024, governments will move from election-focused strategies to implementing policies that reshape markets, particularly in critical sectors like digital and climate technologies. While these policies may diversify supply chains, they could also drive inflationary pressures due to investment duplication and shrinking commercial markets. Geopolitical tensions will further complicate globalization by increasing the risk of conflicts, influencing trade, investment and market access. These factors will contribute to a volatile and increasingly fragmented global economic landscape.

While much of PE firms' exposure to geopolitical considerations occurs at the portfolio company level, certain fund-level considerations exist across the PE lifecycle. Aging populations and fiscal pressures may push governments to rely more on private capital for funding retirements, reshaping fundraising dynamics. Meanwhile, digital sovereignty and energy security will create new opportunities, with PE firms playing a key role in onshoring sensitive industries like semiconductors and expanding AI-driven digital infrastructure. AI's growing energy demands could also drive new investments in power generation and distribution. Additionally, the trend toward nearshoring and friendshoring will require firms to reassess portfolio company vulnerabilities and create opportunities to build manufacturing capacity in emerging locations. However, as populist policies gain traction, regulatory scrutiny – particularly in antitrust – may introduce greater uncertainty, requiring PE firms to navigate an increasingly complex compliance environment.

Trump 2.0: critical considerations for PE funds

In the wake of Trump 2.0, PE funds face an urgent need for action – particularly if their portfolio companies tick any of the following boxes:

- **Manage global supply**
- **Maintain a significant US footprint chains**
- **High dependence on imports for production**
- **Export-driven business models**
- **Operate in strategic sectors**

Note: "Strategic" refers to government perceptions or designations of certain products or sectors deemed critical to national security and international competitiveness.

Interviews

Jan Kallmorgen

Partner, EY Strategy & Transactions GmbH

About me

An equity partner in Strategy & Transactions/EY-Parthenon based in Berlin, I help growing the Political Advisory business at EY, bundling the firm's global expertise on geopolitics, public policy, economics, trade and regulation in an extended offering working closely with colleagues in London, Paris and New York and Washington DC.

Our team works with multinational corporations, PE firms and investment funds as well as governments on on investment strategies, cross-boarder M&A, foreign direct investments and public private partnerships across the EMEIA region.

Prior to EY, I founded one of Germany's leading geopolitical and government affairs firms, Berlin Global Advisors, and held management positions at various public affairs firms and think tanks. I started my career at Goldman Sachs after graduating from Georgetown University's School of Foreign Service.

I publish and speak regularly at international conferences on the interconnection of geopolitics, business and capital markets.

What specific geopolitical and economic shifts should PE funds be prepared for under a second Trump administration?

PE funds must prepare for intensified trade protectionism under a second Trump presidency. Expanded tariffs and export controls will disrupt supply chains and cross-border M&A, with blanket tariffs in particular impacting portfolio companies reliant on global suppliers. Reshoring and nearshoring will accelerate as firms mitigate geopolitical risks. Meanwhile, stricter investment screening – especially on transactions related to China in semiconductors, biotech and other strategic industries – will constrain deal flow and complicate exits.

Geopolitically, Trump's transactional alliances will create uncertainty in Europe in terms of trade and security, pressurizing the DACH region's export-driven industries. Capital reallocation, particularly in industrials and automotive, could disadvantage European markets, while potential US interest rate cuts may further shift M&A activity to the US. To stay competitive, PE firms must proactively reassess risk exposure and focus on resilient sectors, such as digital infrastructure, energy security and localized manufacturing, ensuring that portfolios align with an increasingly protectionist and politically driven investment landscape.

How could a second Trump administration impact PE funds and portfolio companies regarding regulation, taxation and investment opportunities?

The Trump administration's focus on deregulation and corporate tax cuts is poised to strengthen US investment appeal, likely at Europe's expense. A more favorable tax and regulatory environment will accelerate deal-making in the US, drawing capital away from European markets. However, tighter scrutiny of foreign investments – particularly in tech, life sciences and energy – could create compliance challenges for globally active funds.

For European PE firms, US protectionism and trade barriers will force a reassessment of investment strategies. DACH-based portfolio companies reliant on exports or US market access may face rising costs, while those in strategic sectors like renewable energies and advanced manufacturing could benefit from reshoring trends. Increased transatlantic volatility may push private capital toward resilient, domestically anchored assets, such as infrastructure and health care. To navigate these shifts, investors must proactively adjust tax structures, optimize supply chains and prioritize jurisdictions with stable regulatory frameworks.

What is your approach to advising clients on political and geopolitical shifts, particularly in managing risks, shaping investment strategy and optimizing market positioning?

We offer a structured, forward-looking approach to navigating geopolitical risks. By stress-testing investment portfolios against policy shifts – such as tariffs or regulatory changes – we help identify vulnerabilities and mitigate exposure. Our scenario analysis services enable firms to dynamically adjust their strategies in response to evolving geopolitical conditions.

Our geostrategic advisory ensures that investments align with political and economic trends, while our political due diligence provides analysis critical for cross-border M&A, meaning of regulatory, policy and government actions that may impact operations or transactions. We also provide corporate diplomacy services to help firms mitigate risks by fostering relationships with policymakers and regulators, ensuring they can effectively navigate protectionist environments and political uncertainty.

We optimize market positioning by leveraging geostrategic expertise that is increasingly critical to identify investment opportunities. In the process, we collaborate with various EY teams for active regulatory monitoring, tax-efficient structuring and supply chain localization to enhance resilience. Ultimately, by integrating geopolitical intelligence and corporate diplomacy, we safeguard value and ensure agility in an increasingly complex global landscape.

Peter Witte

Director, EY Global Private Equity Lead Analyst

About me

EY Knowledge Strategic Analyst for PE.

I lead research and analysis initiatives for EY in the PE space, helping to produce insights and thought leadership designed to keep clients informed about topics and trends in the PE industry, including trends in fundraising, structuring, acquisitions, value creation, capital markets and divestments.

I joined EY in August 2008 from Morgan Stanley, where I was an equities trader in the firm's Venture Capital Services Group, working with VC funds and their limited partners to provide liquidity management for securities distributed in-kind. Prior to Morgan Stanley, I was an Associate at Deutsche Bank, where I managed the liquidation of over 1,000 VC and PE stock distributions valued at US $1.3b.

I am based in Chicago, IL, and am a CFA Charterholder.

Reflecting on 2024, what were the most significant challenges PE firms faced across the entire deal lifecycle – from sourcing and executing investments to driving portfolio value creation and securing successful exits?

2024 was really about bridging the gap between where the market wanted to be and where it was. We entered the year with strong hopes for elevated activity, but the first quarter was relatively muted with respect to deployment. However, as conditions improved – as the lending environment became increasingly salutary, as public markets gained greater confidence – momentum grew over the course of the year and PE firms built up trust to transact.

However, we didn't necessarily see that same momentum in exits – while we saw more secondaries as PE firms sought to acquire assets from one another, trade sales remained relatively muted as corporations focused on their core businesses. The challenge is that immense values have accumulated in PE portfolios, which need to be unlocked – globally, according to Pitchbook, PE firms have about 28,000 different assets valued at just under US$4t and 40% of those have been held in excess of four years.

Fortunately, we see sentiment increasing significantly with regard to exits and more processes spooling up. A year ago, only about one-third of investors we surveyed expected exits to increase, versus 57% today

— so transactors are more demonstrably optimistic than they were a year ago.

How have recent geopolitical developments— including Trump 2.0 — reshaped investment strategies and risk frameworks within European PE?

Geopolitical uncertainty was a major driver of some of the hesitation that we saw last year. Something like 60 different countries representing 70% of the world's population went to the polls. As we enter the new year, new political priorities will create both risks and opportunities for PE and firms are working to assess and understand rapidly changing dynamics. Global trade rebalancing, for example, has the potential to set off new M&A activity as PE firms and their portfolio companies seek to better position their investments amid new tariff regimes. Sale processes and exit timelines could be accelerated or delayed as tariffs begin to be implemented and specific portfolio companies are revalued based on their individual exposures. Lastly, firms are working to assess a wide range of issues including supply chain, tax and working capital. The most sophisticated firms will pursue a programmatic approach to tariff tracking and portfolio optimization.

In light of current economic and geopolitical uncertainties, what is your outlook for deal-making and exits in 2025?

Broadly, we expect a more active year in 2025 as deal-making impediments continue to recede and the valuation gap continues to narrow. Currently, about three-fourth of PE GPs expect deployment activity to increase over the next six months. As far as exits are concerned, secondaries should continue to be an active source of liquidity for longer-held assets, and an expected widening of the IPO window should provide further tailwinds for exit opportunities. In our recent survey, the number one thing that GPs expect for next year is an increase in IPOs — with many high-quality candidates in the pipeline, the industry is well positioned to capitalize on investor demand for new issues.

Regional deep dives

Belgium, Netherlands, Luxembourg (BeNeLux)

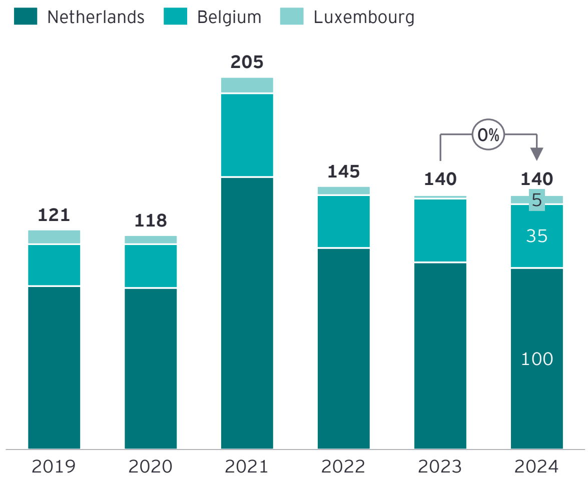
The 2024 BeNeLux M&A market remained stable in terms of closed deals compared with 2023. The lower number of deals closed in the beginning of the year was offset by a significant step-up in deal activity in the second half of 2024.

In H1 2024, lower deal activity was partly driven by longer lead times of running engagements, often resulting from valuation gaps, lower current trading performance and financing taking more time. In addition, following higher inflation, higher interest rates and geopolitical uncertainties, ~50% of the planned divestments in 2024 were postponed to the second half of 2024/2025.

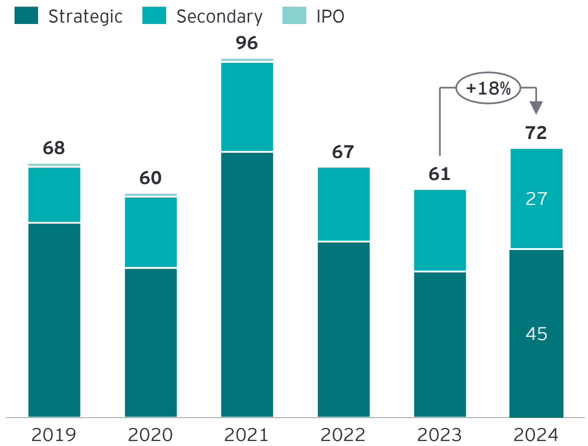
In the second half of 2024, we observed an increasing number of exit preparations for higher-quality assets and parties that started a sales process in a well-prepared and well-considered manner, driving an increase in deals closed, visible in the BeNeLux region.

The increased M&A activity in H2 2024 was a good proxy for the expected uplift in the M&A BeNeLux market for 2025. The postponement of exit processes by PE owners has resulted in a buildup of high-quality assets that are expected to come to market in 2025. Acquiring finance will remain a challenge in 2025. However, it is expected to improve driven by lower interest rates and PE firms' willingness to invest.

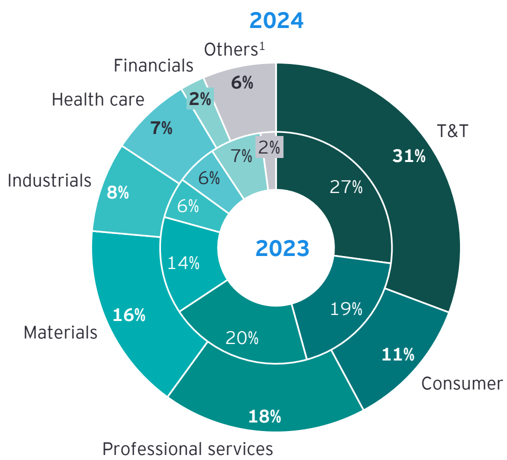
PE deal activity in the BeNeLux 2019-24 (no.)



PE exits in the BeNeLux 2019-24 (no.)



PE deal activity by sector BeNeLux 2023 vs. Q3 2024 YTD (%)



¹ Others include real estate and utilities

Contact

Maurice van den Hoek

Sievert Ver Eecke

Central and Eastern Europe (CEE)

PE activity in CEE region remained stable in 2024, with 54 deals recorded, slightly above 2023. Poland dominated with over half of the transactions, while Czechia and Greece maintained steady contributions of 13% and 11%, respectively.

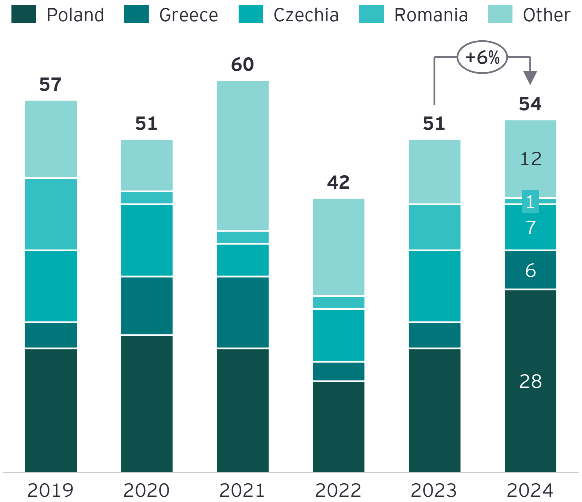
High-profile transactions reshaped the market, including CVC's acquisition of Partner in Pet Food Kft. and Cerberus Capital Management's €255m acquisition of VeloBank. PE exits increased by 20% in 2024, driven by strategic sales, while IPO activity remained subdued. At the same time, PE funds continued to hold record levels of dry powder, while many portfolio companies neared the end of their investment cycles, fueling a surge in exits. In markets such as Romania, exits remained subdued due to high interest rates and elevated borrowing costs, leading to extended holding periods as investors wait for more optimal conditions.

Technology and health care were top PE targets in 2024, with T&T shares increasing to 26% and health care rising to 15%. The consumer sector declined to 20%, while industrials and professional services dropped to 9%. In Czechia, renewable energy, software, and pharmaceuticals gained traction, aligning with European trends. ESG and digital strategies are increasingly shaping investments and value creation approaches.

The Romania Recovery Equity Fund (REF), part of the €29b EU-backed Recovery and Resilience Facility (PNRR), is expected to boost the PE ecosystem by supporting investments in technology, innovation and green economy sectors.

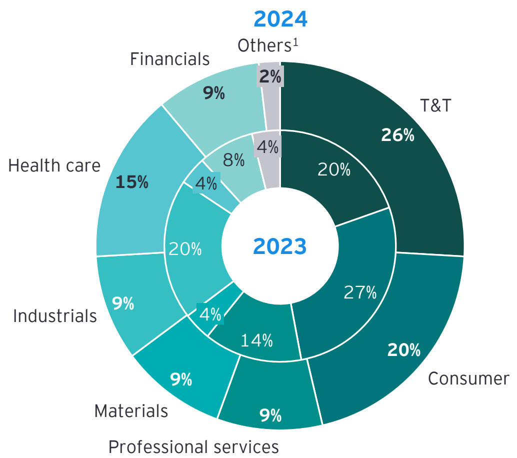
We note that PE firms are prioritizing resilience amid macroeconomic uncertainty, and adapting deal structures to mitigate risks. The role of generative AI (GenAI) is emerging, with firms assessing its portfolio value creation potential. With easing financing conditions, PE firms are poised to reignite M&A activity. Regulatory and geopolitics shifts, particularly in ESG, tariffs and taxation, will remain key considerations.

PE deal activity in CEE 2019-24 (no.)



PE exits in CEE 2019-24 (no.)

PE deal activity by sector CEE 2023 vs. 2024 (%)



¹ Others include real estate and utilities

Contact

Ronald A. Attard | Paweł Bukowiński | Jan-Willem Eykma

Germany, Austria, Switzerland (DACH)

While the reported number of PE deals in the Germany, Austria, Switzerland (DACH) region has slightly increased in 2024 compared with the previous year, the perceived PE climate and market expectations in Q4 2024 are at a low not seen since the COVID-19 crisis in 2020.

The sluggish economic environment and heightened uncertainty are putting significant pressure on the large SME market segment. The European Central Bank's (ECB) key interest rate cuts in September and December 2024 had only a marginally positive impact on the PE market. Sentiment regarding the availability and conditions of acquisition financing remains low. Additionally, the rate reductions have negatively affected entry multiples, which had been viewed positively in Q3 2024.

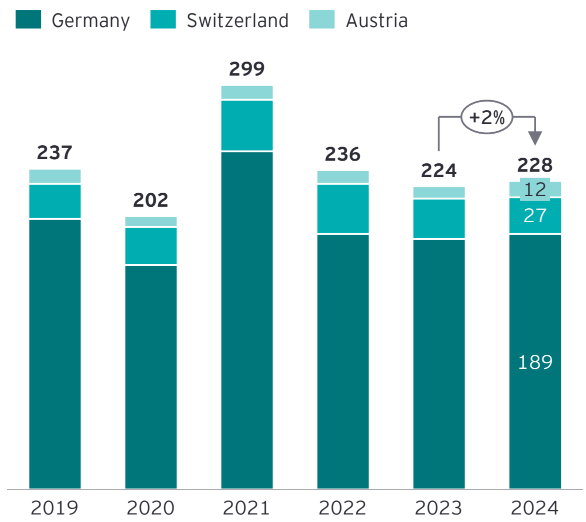
The quality and quantity of deal flow have improved slightly but remain unsatisfactory. On the other hand, finding suitable buyers for exits continues to be challenging.

The climate and expectations for new investments are, on a long-term average, indicating stagnant investment activity in the foreseeable future. T&T remains by far the largest sector in terms of deal volume in the DACH region, followed by health care, consumer, professional services, industrials and materials, each with nearly equal shares.

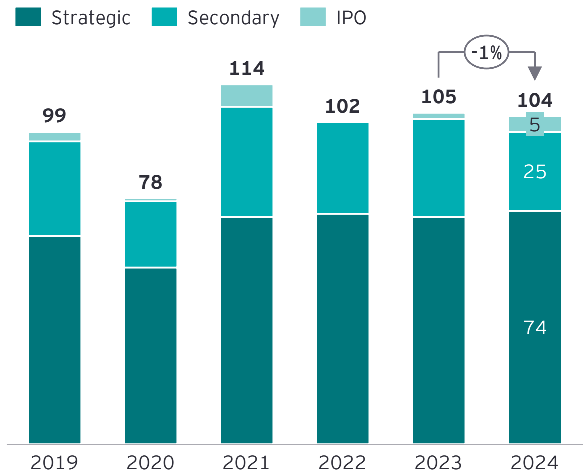
In the last quarter of 2024, we have been particularly active in the professional services sector with projects in building services and facility management, real estate services, health care services and gaming.

Going forward, we are well positioned to provide commercial insights, among others, on upcoming transactions in the sensor and robotics spaces, precision machinery, laser technology and semiconductor industries, as well as in the MedTech, life sciences and chemicals sectors.

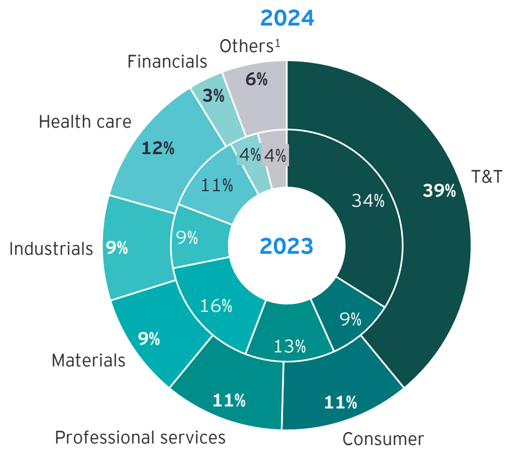
PE deal activity in DACH 2019-24 (no.)



PE exits in DACH 2019-24 (no.)



PE deal activity by sector DACH 2023 vs. 2024 (%)



[1] Others include real estate and utilities

Contact

Dr. Dierk Buss | Georg Hochleitner | Dr. Johannes Zuberer
Dirk Schmalzing | Dr. Ralph Niederdrenk | Raphael Maccagnan

France

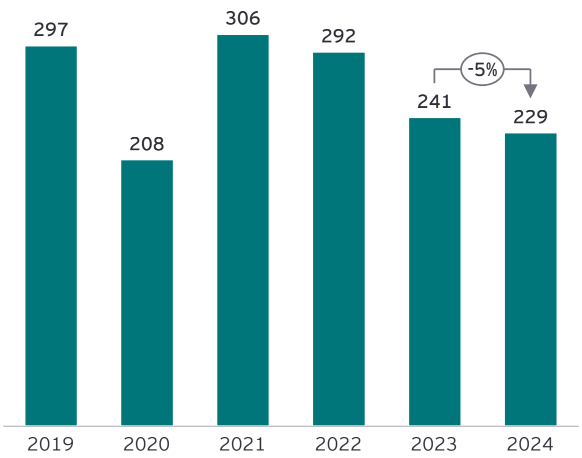
Deal flow declined in France due to continued financing challenges and persistent political and macroeconomic uncertainty. A key limiting factor remains the bid-ask spread between buyers and sellers, although the stabilization of interest rates has helped align expectations to some extent. However, the health care sector is regaining investor interest, particularly in MedTech and health care services, in line with trends observed across Europe.

Exit activity increased in response to growing pressure from LPs, with 101 exits recorded in 2024, marking an increase compared with 2023 when exit activity remained subdued. This trend was largely driven by an acceleration in secondary exits, as GPs actively adjusted their portfolios to meet the growing distribution expectations of LPs. However, IPOs remain marginal, constrained by an unfavorable stock market environment.

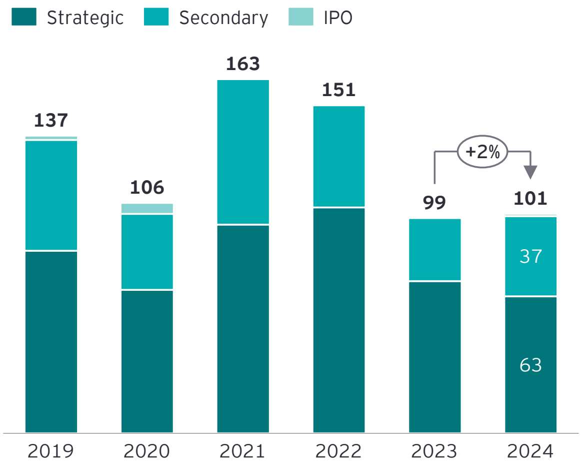
The trend of fund mergers continued in 2024, following the wave of GP consolidations observed in previous years. Given exit challenges for certain assets, continuation funds are increasingly being used as a viable alternative to extend the holding period of performing assets.

Looking ahead in 2025, several factors support a market rebound. Among them, the stabilization of valuations is expected to facilitate deal execution, while demand for high-potential assets, particularly in TMT and health care, remains strong. Additionally, the acceleration of strategic exits could be supported by an improving macroeconomic climate.

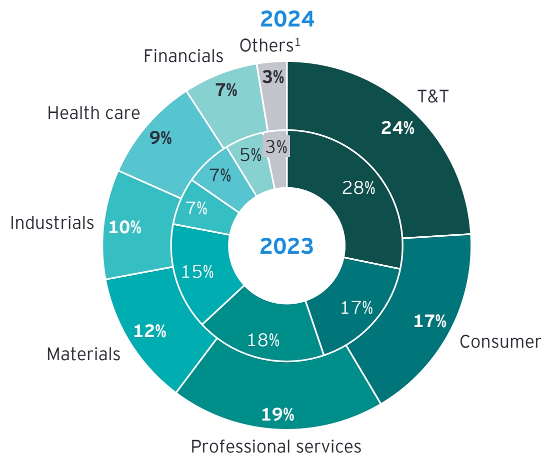
PE deal activity in France 2019-24 (no.)



PE exits in France 2019-24 (no.)



PE deal activity by sector France 2023 vs. 2024 (%)



[1] Others include real estate and utilities

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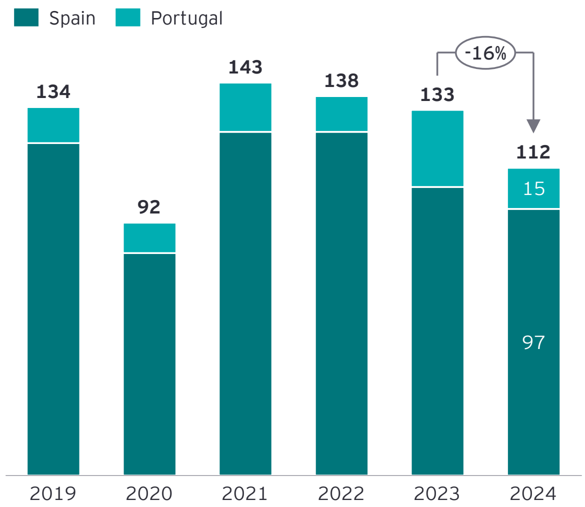
Spain and Portugal (Iberia)

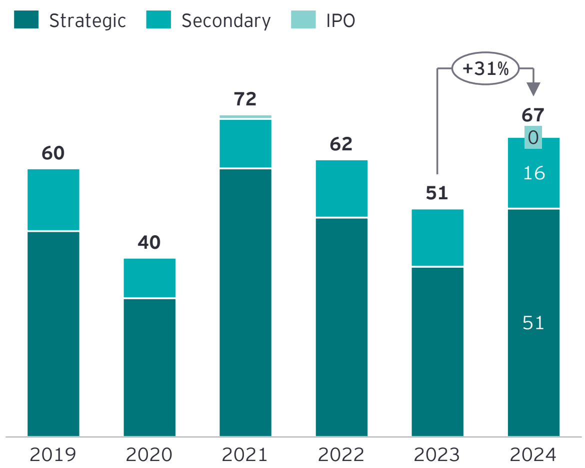
PE activity in Spain in 2024 was marked by a certain slowdown in the first and a timid recovery in the second half of the year, reflecting a gradual improvement in market conditions. In Spain, the decline in deal activity amounted to approximately 7% by numbers and 3% by volume. Investment volumes saw an increase in large-scale operations (over €500m), with international fund participation remaining steady in Spain. Notable transactions included the acquisitions of Idealista by Cinven, Monbake by CVC and Globeducate by Wendel, as well as the sale of Dorna by Bridgepoint. The most active sectors continued to be technology, health care and professional services , with a resurgence in the consumer sector at the beginning of the year, showing several operations in the pipeline. Fundraising recovered in the second half of the year, reaching €4b , and the recovery is expected to continue into 2025. We expect an increase in activity in 2025, likely to start from the second quarter of the year. Contributing factors include increased investment from private banking, rising investment flows from the MENA region to Europe, growth in secondary / continuation funds and improved macroeconomic conditions – although uncertainties remain regarding the potential impact of Trump 2.0.

In Portugal, 2024 was a year of contrasts. A decline in the number of PE investments was observed compared with the peak year of 2023. However, the trend of previous years continued and 2024 saw the highest number of PE exits since 2019. The decline in investments was primarily attributed to the lifecycle stages of major PE funds, with some concluding their investment periods and others entering fundraising phases. Additionally, there has been an increasing emphasis on portfolio management by PE firms. The notable rise in exits, predominantly to strategic international investors, underscores Portugal's economic resilience and stability on the global stage.

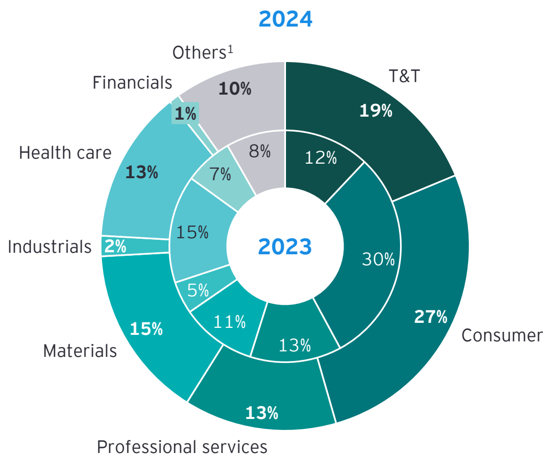
PE deal activity in Iberia 2019-24 (no.)



PE exits in Iberia 2019-24 (no.)



PE deal activity by sector Iberia 2023 vs. 2024 (%)



¹ Others include real estate and utilities

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Italy

In Italy, deal activity rose by ~8% in 2024 compared with 2023, with 124 deals recorded vs. 115 deals in 2023.

When comparing 2023 and 2024, some sectors – like technology and consumer – are still attracting the largest number of resources and showing more activity than the others. On the contrary, professional services, financial services and materials are losing ground.

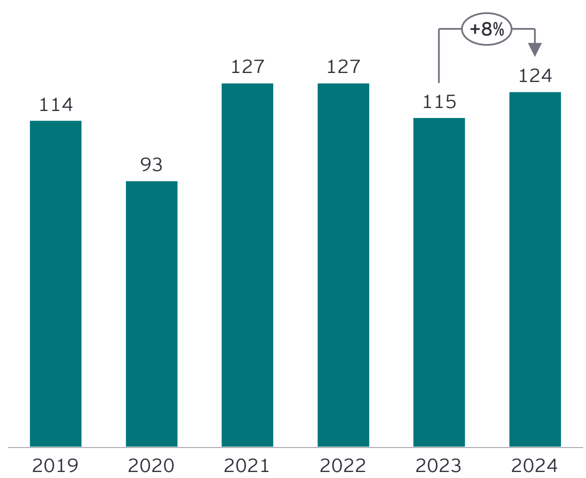
The period saw high quality assets as well as assets with good equity stories, emphasizing value creation and growth paths that presented a strong potential. Turnaround investments on low performing assets have been limited, considering current weak macro-economic outlook.

The number of exits recorded in 2024 has recovered, increasing by four deals when compared with the same period last year but still below historical peaks reached in 2021 and 2022: strategic exits went down from 37 in 2023 to 33 in 2024, while PE secondary market is gaining traction with exits increasing from 10 in 2023 to 20 in 2024. IPOs remain a very limited exit opportunity in Italy, considering the size of local financial markets and the volatile stock market conditions.

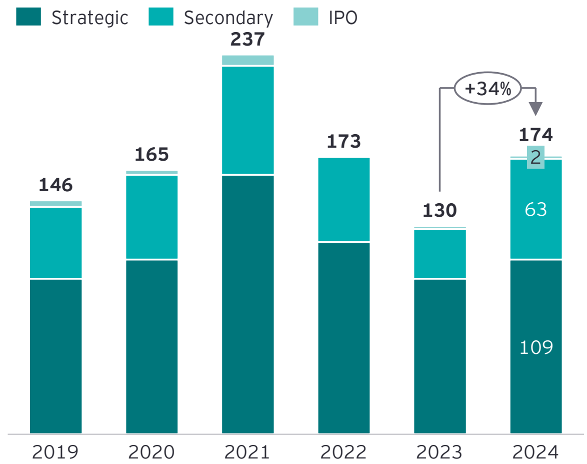
Looking ahead and considering initial months for 2025, we see reasons for more favoring market conditions. Market outlook seems more attractive with a gradual economic recovery facilitated by increasingly lower interest rates.

Moreover, there is a growing pressure to put the capital raised by PE funds at work: thus, for the approaching months, we believe that focus will remain primarily on business supported by strong tailwinds such as health care and technology – also supported by relevant market trends like increasing longevity and AI. These deals will require assets with resilient business model, operational excellence opportunity and multiple and viable growth avenues.

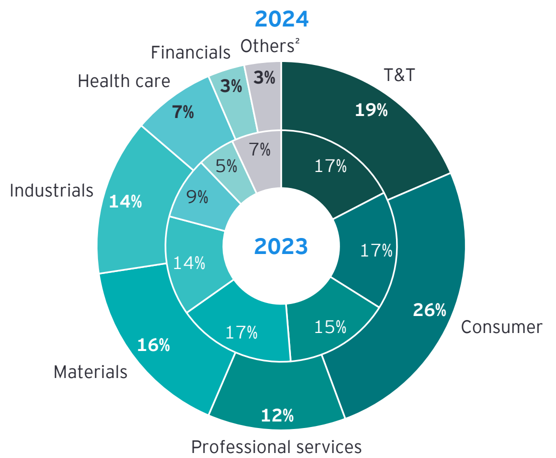
PE deal activity in Italy 2019-24 (no.)



PE exits in Italy 2019-24 (no.)



PE deal activity by sector Italy 2023 vs. 2024 (%)



¹ Others include real estate and utilities

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Nordics

In 2024, Nordic PE deal volume increased by 9% compared with the same period last year, driven by monetary policy easing. The European Central Bank (ECB) executed four rate cuts, bringing the deposit rate down to 3%, while the Riksbank's cumulative cuts of 1.75 percentage points led to a 2.5% policy rate by December 2024.

Despite the increase in deal volume, the Nordics region recorded a decline of 75% in deal value in 2024 on a Y-o-Y basis due to the absence of mega deals.

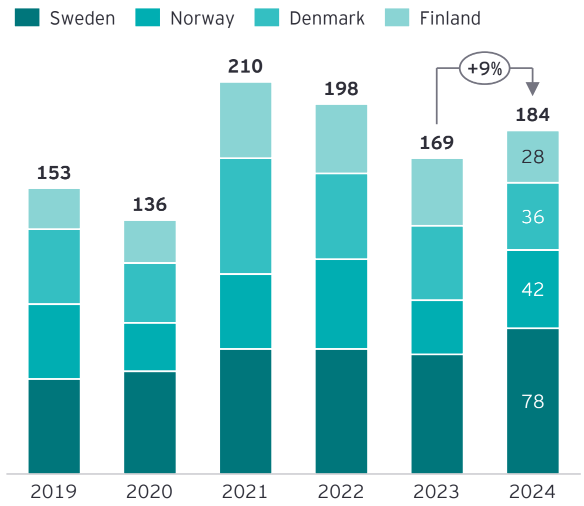
The industry distribution of deals in the Nordics remain consistent over the years. The T&T sector continues to dominate, contributing 41% of the announced deals, followed by financials (14%) and industrials (14%) in 2024.

The Nordics region is witnessing early signs of recovery in deal activity in 2025, with an anticipation of a positive outlook for the year. This optimism is bolstered by indicators including expectations of further interest rate reductions, increasing dry powder and a backlog of assets ready for realization.

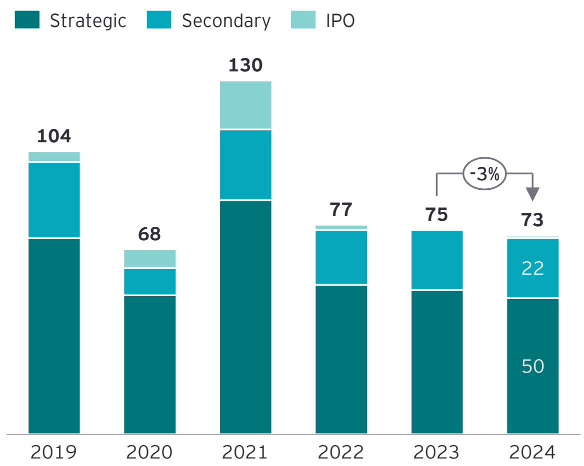
In 2024, PE exit activity saw a marginal decline in the number of exits by ~3% Y-o-Y. The valuation gap between buyers and sellers has decreased modestly but persists, leading to cautious behavior in the market.

Strategic exits continue to dominate the regional exit market, accounting for 69% of overall exits in 2024.

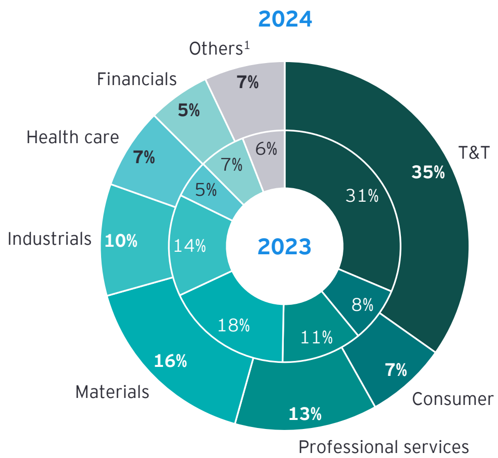
PE deal activity in Nordics 2019-24 (no.)



PE exits in Nordics 2019-24 (no.)



PE deal activity by sector Nordics 2023 vs. 2024 (%)



¹ Others include real estate and utilities

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United Kingdom and Ireland (UK&I)

In 2024, the UK&I region witnessed double digit Y-o-Y growth with a 23% increase in the number of deals.

During this period, the London Stock Exchange (LSE) faced its largest wave of de-listings, with 88 companies exiting the bourse. This trend created opportunities for PE firms, which significantly increased their take-private activities.

The rise of UK take-private deals is driven by undervalued companies and economic uncertainty. PE firms leveraged record dry powder and accessible leveraged buyout (LBO) financing to target high-quality assets with growth potential.

The UK recorded 14 take-private deals in 2024. Notable transactions included Thoma Bravo's £4.2b Darktrace acquisition, Hargreaves Lansdown's £5.4b takeover and other significant buyouts.

Resurgence in UK deal-making is expected to continue well into 2025.

The UK&I region experienced a recovery in exit activity in 2024, with the number of exits increasing by ~34% Y-o-Y.

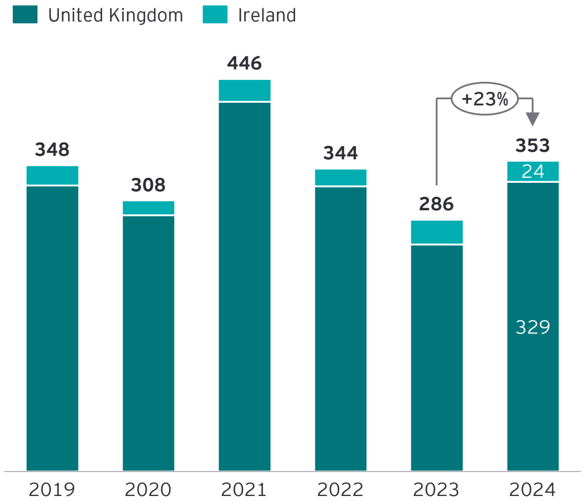
The IPO market remained stagnant in 2024, with expectations for a rebound in 2025: While PE firms are eager to pursue deals in the UK, including private, there remains a notable lack of enthusiasm for IPOs, due to a complex and costly regulatory framework.

The FCA is reforming UK listing rules to stimulate IPOs, removing some shareholder voting mandates and allowing more voting rights flexibility, with the goal of increased IPOs in 2025.

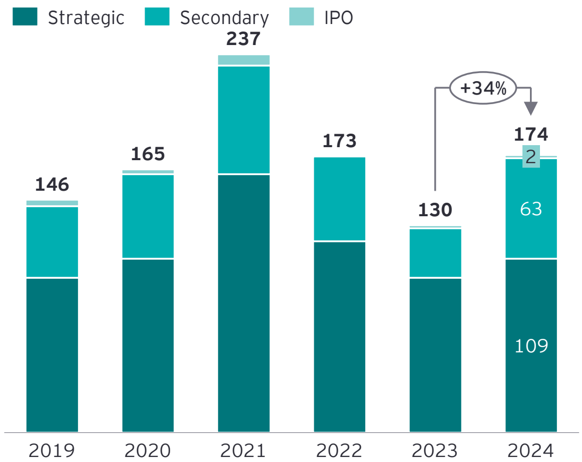
The region experienced a decline in PE fundraising during 2024, with volumes decreasing by ~25% Y-o-Y.

In 2024, 87% of the capital raised was allocated to buyout funds, while growth/expansion funds, which have seen a decline in market share since 2021, were less favored, a trend that aligns with the onset of monetary tightening.

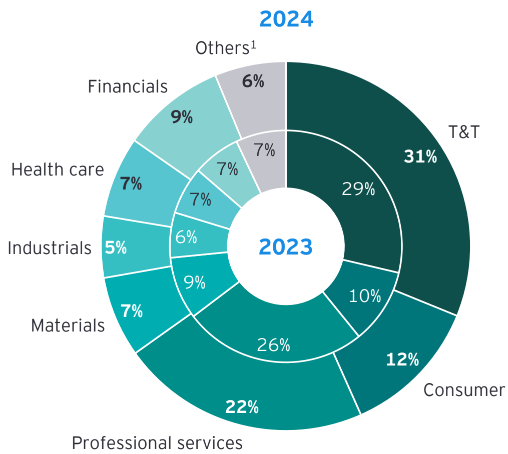
PE deal activity in UK&I 2019-24 (no.)



PE exits in UK&I 2019-24 (no.)



PE deal activity by sector UK&I 2023 vs. 2024 (%)



¹ Others include real estate and utilities

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