



# What can private equity do now to finish strong?

EY Private Equity Exit Readiness Study 2025



The better the question. The better the answer. The better the world works.



Shape the future  
with confidence

# Contents

## 1 Foreword and study overview

---

## 2 Key findings and market overview

---

## 3 Exited or held asset case studies

---

## 4 Selected additional analysis

---

## 5 Related viewpoints

### About the study

EY teams surveyed 100 PE professionals and held interviews from March to April 2025. Respondents\* were from firms headquartered in the Americas and EMEIA ranging from US\$5 billion to US\$100 billion+ AUM.

Survey questions focused on current exit readiness practices, key challenges to the exit process, and specific case studies for portfolio acquisitions made between 2018 and 2020, which have either since been exited or continue to be a held asset.

*\* Note: There were instances of more than one respondent from the same PE firm, with no more than two respondents from any one PE firm.*

01

# Foreword and study overview

# Foreword

Over the past twelve months, we have seen private equity exit readiness garner significant attention as firms seek to optimize their exit strategies in an evolving market landscape. With more than US\$1.6 trillion in assets held for four years or more, firms are laser-focused on returning capital to investors. In an uncertain market, firms must be flexible and able to respond quickly when the exit window opens. This means taking definitive steps today to develop and maintain a clear roadmap that leads to optimized valuations.

The EY Private Equity Exit Readiness Study 2025 explored key exit activities, their impact on exit valuation, execution speed and certainty of a transaction. The study focused on current exit readiness practices, key challenges to the exit process, and specific case studies of exited and held assets. With a strong imperative to return capital to investors and competition for quality assets intensified, the study highlighted three key exit challenges:

**Increased focus on operational capabilities and value creation:** Many reported that the longer holding periods of assets is due to not yet fully realizing their value creation initiatives and challenges with capturing the value creation initiatives in the exit EBITDA. This is often associated with companies having robust systems and reporting in place to enable detailed tracking of value creation initiatives (including their impact on EBTIDA). Related to this is quantifying the operational capabilities that led to the value creation during the current holding period and developing a next-owner playbook.

**Data readiness:** The due diligence process has evolved to become more rigorous, and with the abundance of data, firms are adopting advanced analytics and data-driven approaches to present financial, operational and commercial information to support their equity story. Buyers are expecting deeper levels of analysis and insights into a business such that they can confidently underwrite the forecast assumptions.

**Talent:** After years of talent shortages and cost-cutting initiatives, many organizations face bandwidth challenges. This becomes more pronounced during intense exit processes, when senior management is faced with challenging bidder questions and the finance function is stretched with data requests. Having the right leadership team well-versed in the equity story and a CFO with prior selling experience is a top challenge to address.

The landscape of private equity exits continues to rapidly evolve, and firms are adapting to remain competitive. Assessing exit strategies, particularly around operational capabilities/ value creation, data readiness and talent, will be critical to capturing targeted returns for investors. Firms that have applied a buyer lens to assets well in advance of an exit, and addressed any roadblocks prior to the sale process, will likely finish stronger.



Wishing you continued success,

Konstanze Nardi

EY Global Private Equity Exit Readiness Leader

# Study overview

## Study brief

EY conducted the Private Equity Exit Readiness Study to gain insights into PE firms' recent exits and underlying drivers for success in exit preparations. Case studies of exited assets and held assets were gathered to understand investment and deal strategies on portfolio company acquisitions made between 2018 and 2020.

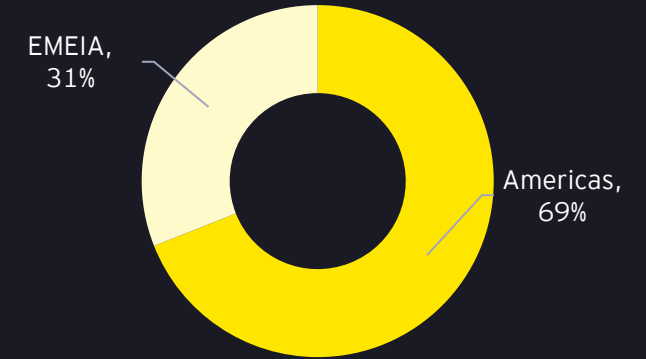
"Exit readiness" can mean different things to different people. For this study, exit readiness activities were defined as those that include, but are not limited to, considering potential exit routes, enhancing a company's equity story, bidder challenges and data support, data analytics/ cube, improved systems, processes, controls and governance. It did not include preparation by way of a vendor due diligence.

The report is based on 100 survey responses\* and selected interviews from global PE executives. The survey was conducted between March and April 2025.

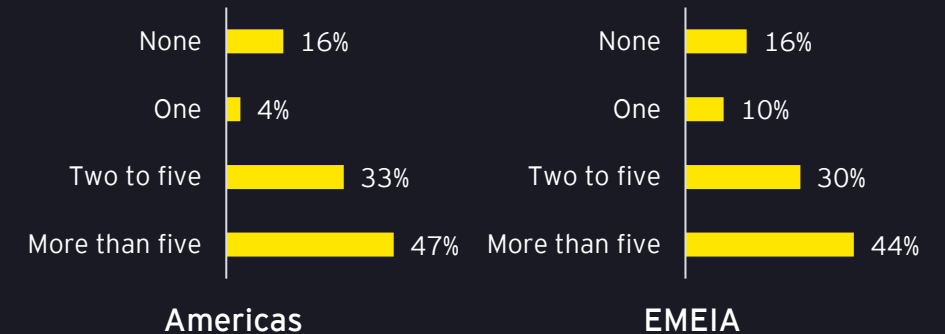
- Executives were from Private equity firms with headquarters in the Americas (69%) and EMEIA (31%).
- Respondents were deal professionals (VP: 47%, MD: 29%) and operating partners (24%).
- 17% of the PE professionals were from firms with greater than US\$100b in assets under management (AUM); 11% were from firms with US\$50b to US\$99b AUM; 35% from firms with US\$10b to US\$49b AUM; and 37% from firms with US\$5b to US\$9b AUM.
- 46% of respondents' firms had exited 5 or fewer assets since 2018; 14% had exited 6 to 7 assets; and 40% had exited 8 or more assets.

\* Note: There were instances of more than one respondent from the same PE firm, with no more than two respondents from any one PE firm.

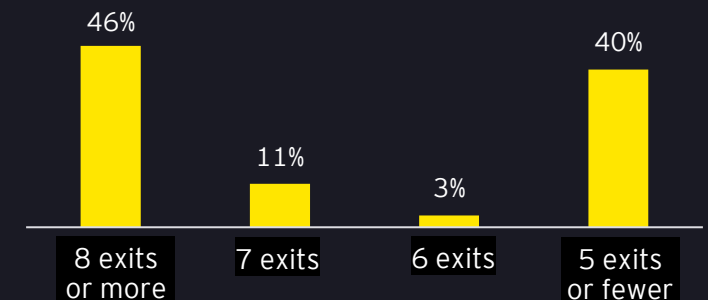
Survey respondents by HQ geography



Number of investments of \$100M+ from 2018-2020 by firm location



Number of exits firm has undertaken since 2018



02

# Key findings and market overview

# Key findings

## Current exits are at a low level

**46%** of respondents exited 5 or fewer assets since 2018.

**78%** of respondents report holding assets for more than five years.

**88%** of respondents aim to exit a given asset within a year (33%) or 1-2 years (55%).

## Reaching the growth targets set remains the key challenge

**72%** of respondents report the lack of robust data and KPIs to be the biggest issue with finance function exit readiness.

**65%** of respondents say capturing value creation initiatives in exit EBITDA is a challenge.

**63%** of respondents say that not having a CFO with prior exit experience to be a key challenge from a finance function perspective.

## Exit readiness preparations improve valuations

**93%** of respondents say exit readiness activities lead to some, much, or a great deal of valuation improvement.

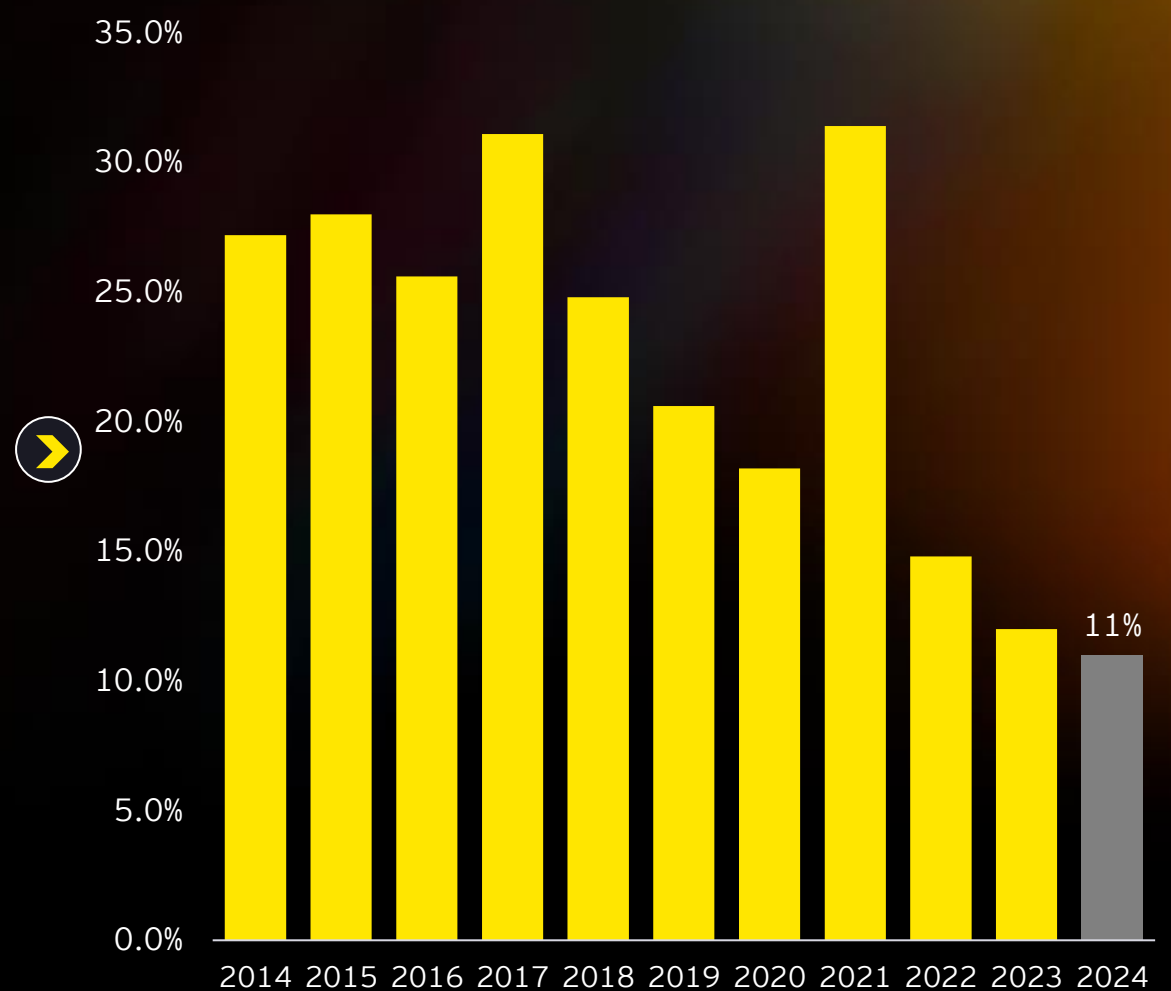
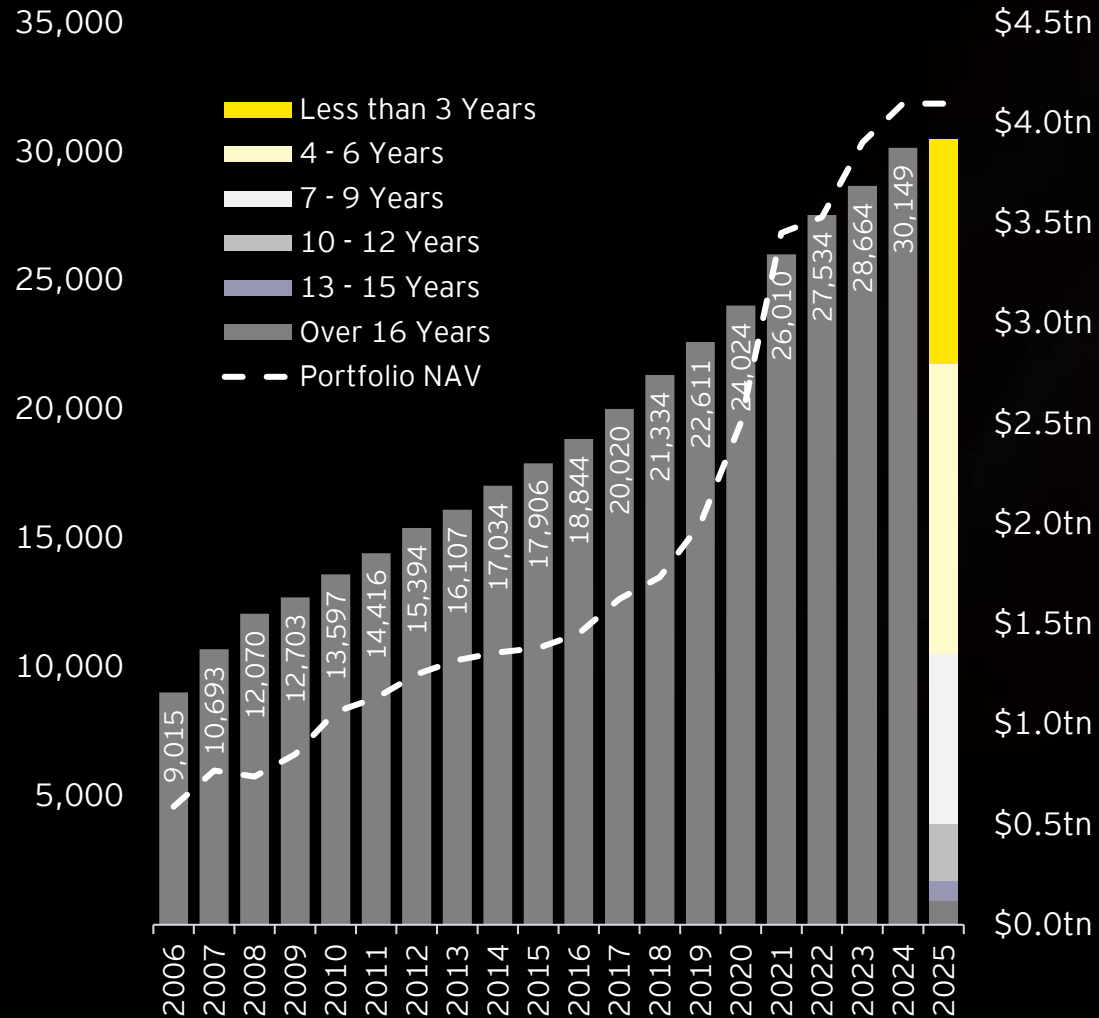
**88%** of respondents report undertaking planned exit readiness activities.

**58%** of respondents plan to conduct early diagnostics of exit/data readiness and work to close the gaps when preparing an asset for sale.

# The number and value of assets held are at a record level while distributions remain low

PE firms have amassed more than ~30,000 in assets waiting to be monetized, incl. 35% of assets that have been held > 6 years.

While portfolio NAV has tripled over the past decade, a slowdown in returned capital has seen distributions as a % of NAV fall to historic lows.



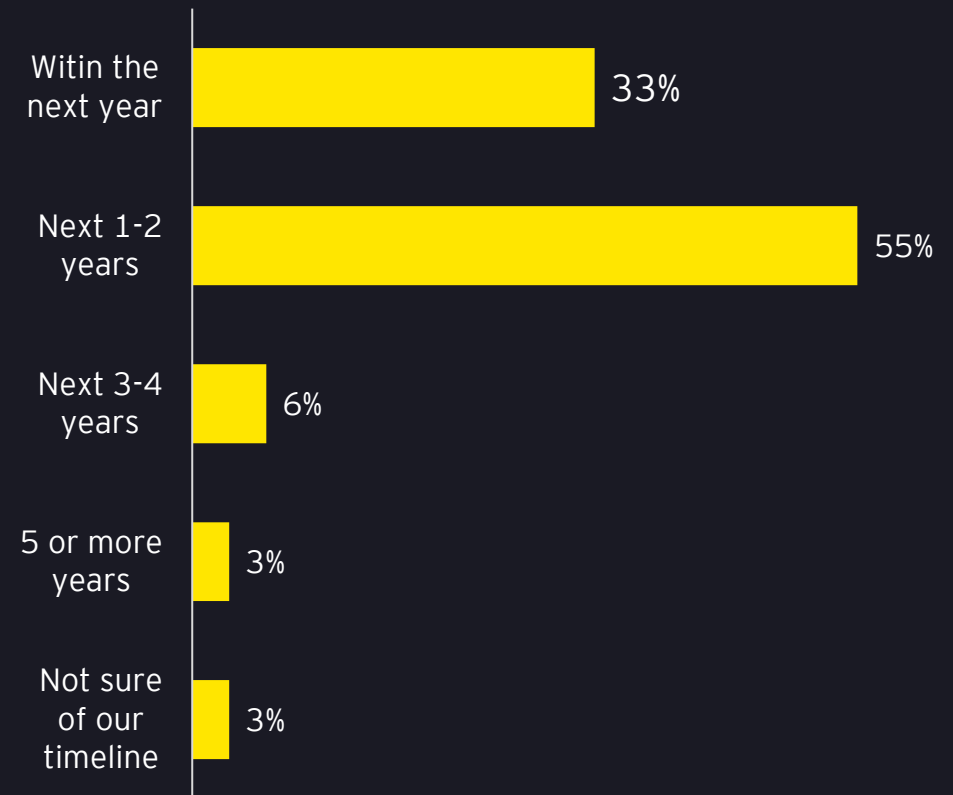
Sources: EY Insights analysis; Pitchbook; Preqin

Data as of March 31, 2025

# Almost 90% of respondents are getting ready for an exit in the next two years

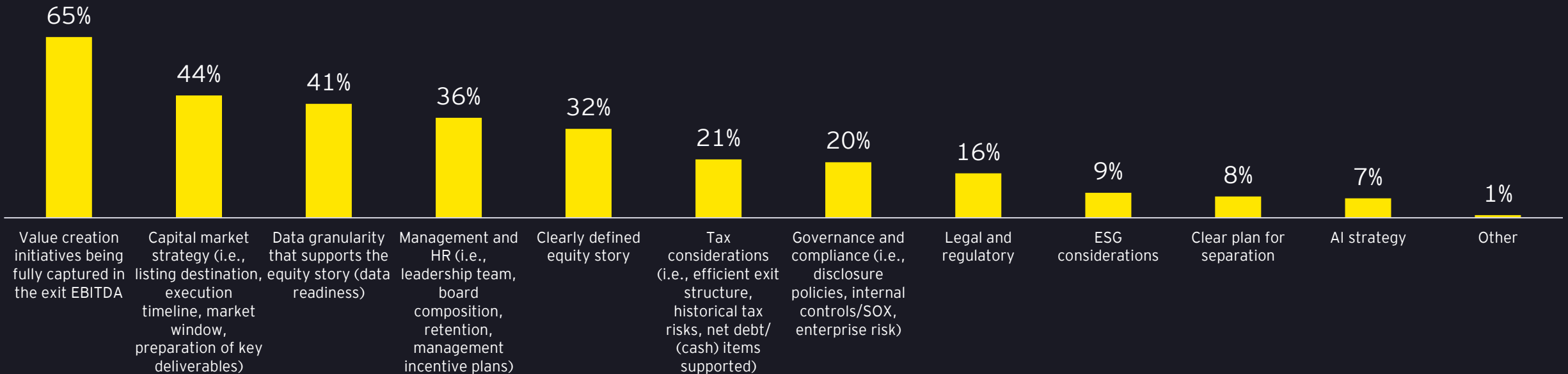
- 78% of respondents report holding assets beyond typical investment horizons (5+ years) creating a multi-year backlog of unsold assets, which increases pressure on PE professionals to realize exits as they aim to increase distributions.
- Respondents indicated that they expected to exit their asset within a year (33%) or in the next 1-2 years (55%).

Which of the following best align with where you are in the exit process (for a given asset)?



# Key exit challenges: capturing value creation in exit EBITDA, developing a capital markets strategy, data readiness and prepping management and HR

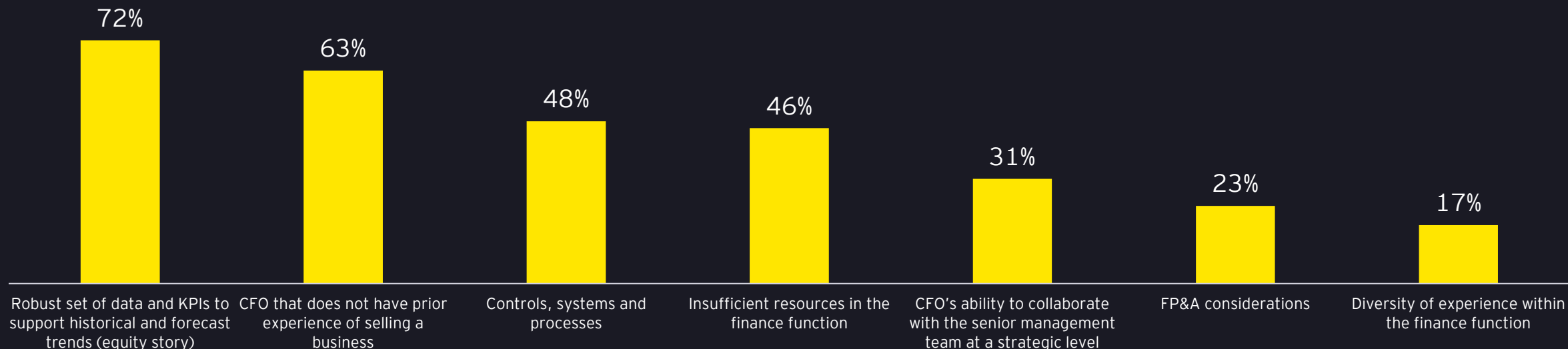
Areas respondents find most challenging in preparing portfolio companies for exit (ranked in top 3)



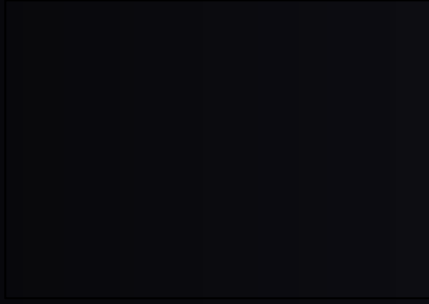
- Buyers have tightened diligence standards after sluggish exit years and a higher-rate environment, making the quantification of past value creation initiatives and future growth opportunities even more critical for driving valuations. We find companies do this well when they have robust systems and reporting in place to enable detailed tracking of value creation initiatives (including their impact on EBITDA), identifying quick wins achievable in the 12 month prior to exit.
- Having the right leadership talent in place with prior exit experience can be critical to a successful sale process. Early management rehearsals to stress test the equity story enhances the management halo, especially as buyers focus on the management bench and retention when evaluating top quality assets.

# Data readiness and CFO prior exit experience pose the greatest exit challenges from a finance perspective

Areas of the finance function respondents find most challenging to an efficient sales process (ranked in top 3)



- Lack of consistent data and reporting, particularly in connection with integration practices, can cause significant challenges during an exit. There is strong market demand for availability of consistent and detailed financial data and KPIs which will support a faster speed to close if readily available.
- Lack of CFO prior exit experience combined with lean finance functions with limited bandwidth to focus on consistent financial data and KPIs and strategic planning can cause roadblocks to either an efficient exit process and/ or higher exit valuations.



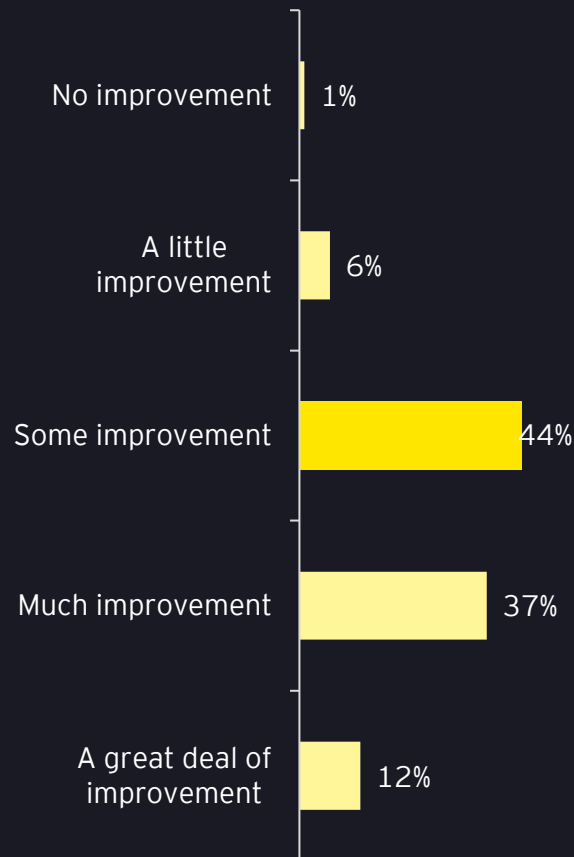
The challenge is usually that the quality of the data is not as good as it should be. That also depends on the maturity of the finance organization. The first step is making sure you have the right data, you have the right processes, you have the right people. Then, you can start preparing the actual material.

Interviewed deal professional (Managing Director)

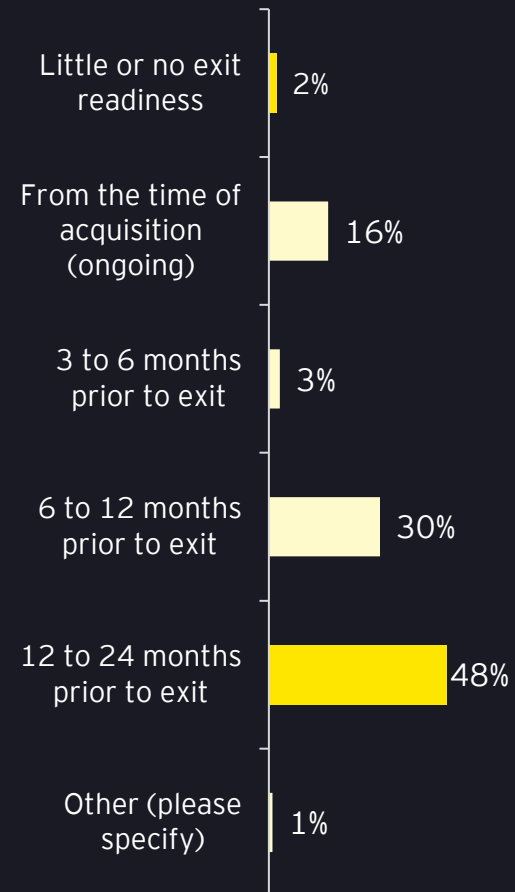
# Majority of respondents agree that exit preparation 1-2 years prior to exit leads to better valuations

- Firms attribute exit readiness initiatives to improve valuations - almost 50% say that exit preparations leads to a significantly improved exit valuation.
- Because of this, firms are engaging in exit readiness activities early with close to half (48%) beginning preparations 1 to 2 years prior to exit.
- Many firms use a house approach for these initiatives (42%) while others opt for bespoke exit readiness preparations depending on the asset (46%).

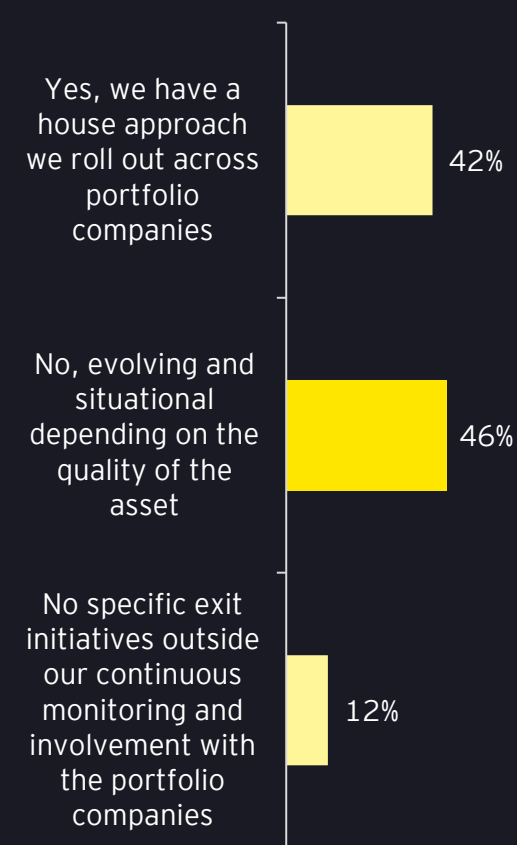
Extent to which exit preparation initiatives have improved exit valuations on average



When firms typically undertake any exit readiness or preparedness assessments



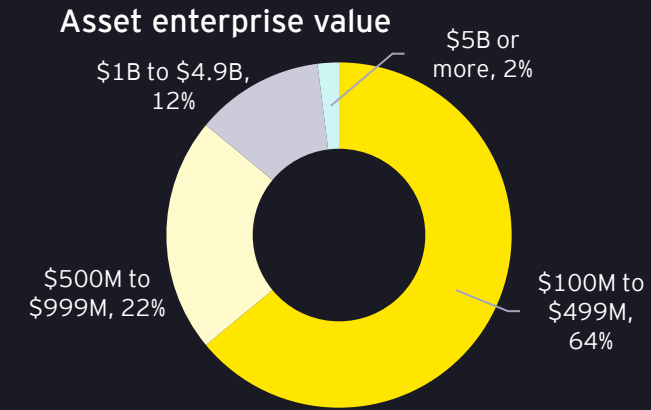
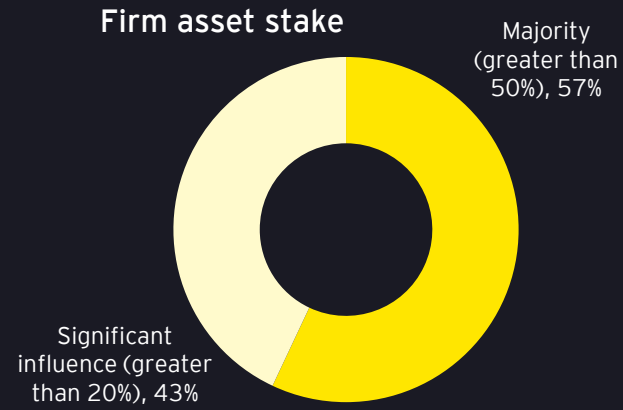
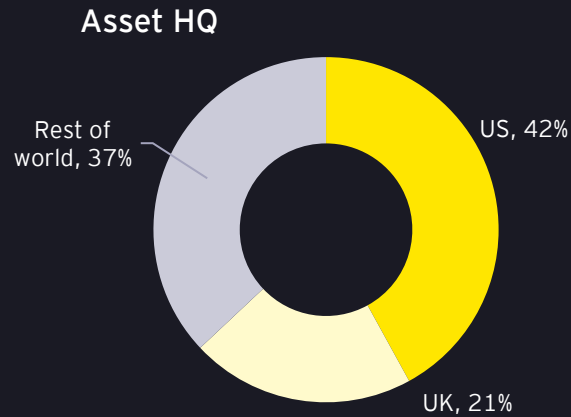
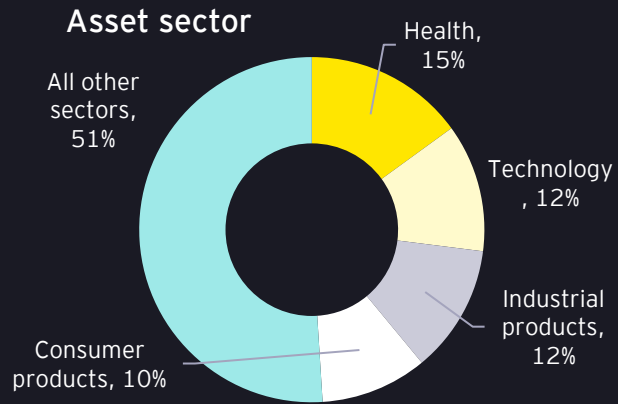
Do you use a firm house approach to exit readiness initiatives?



03

# Exited or held asset case studies

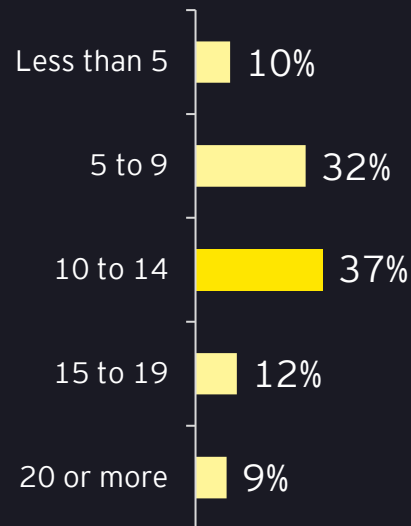
# Survey respondents provided an asset-specific example to highlight exit readiness processes and challenges



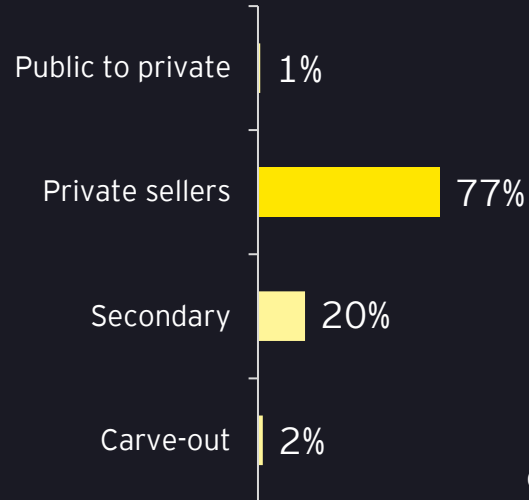
Respondents were asked to discuss a specific investment made between 2018 to 2020 to give insights into investment trends, acquisition and ownership methods, valuations and value creation initiatives. Of the 100 respondents:

- 33 gave an example of a held asset,
- 32 provided an example of an exited asset that met or exceeded targets.
- 35 gave an example of an exited asset that did not meet targets.

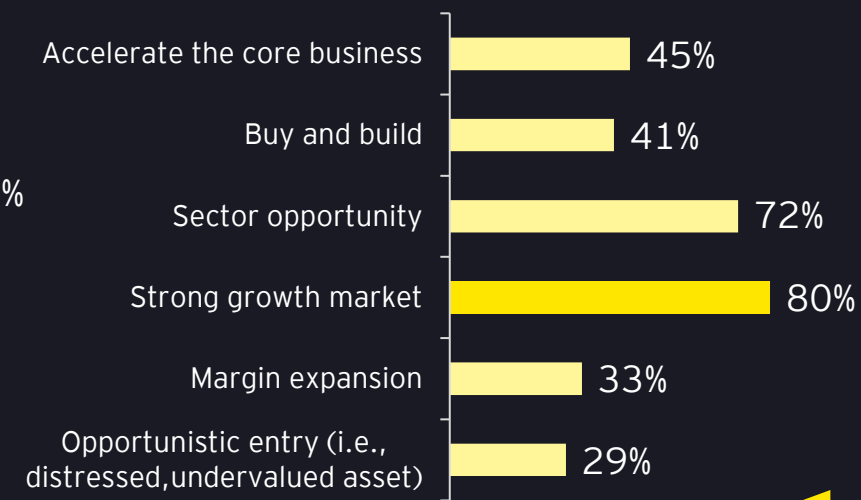
### EV/EBITDA multiple of the asset (on acquisition)



### Asset acquisition method



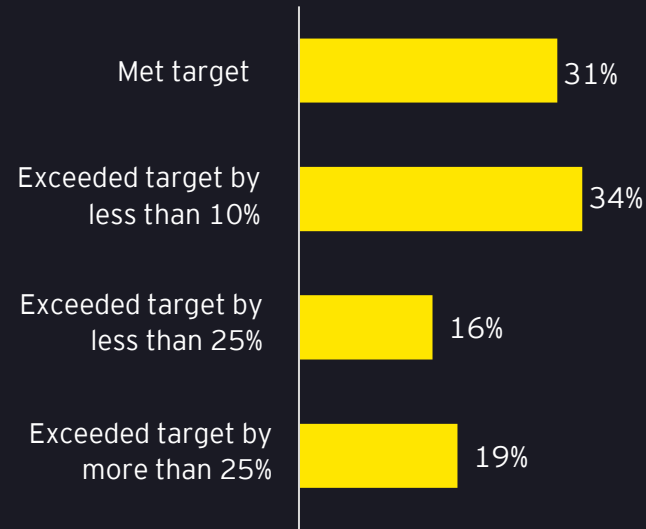
### Investment rationale for the asset (ranked in top 3)



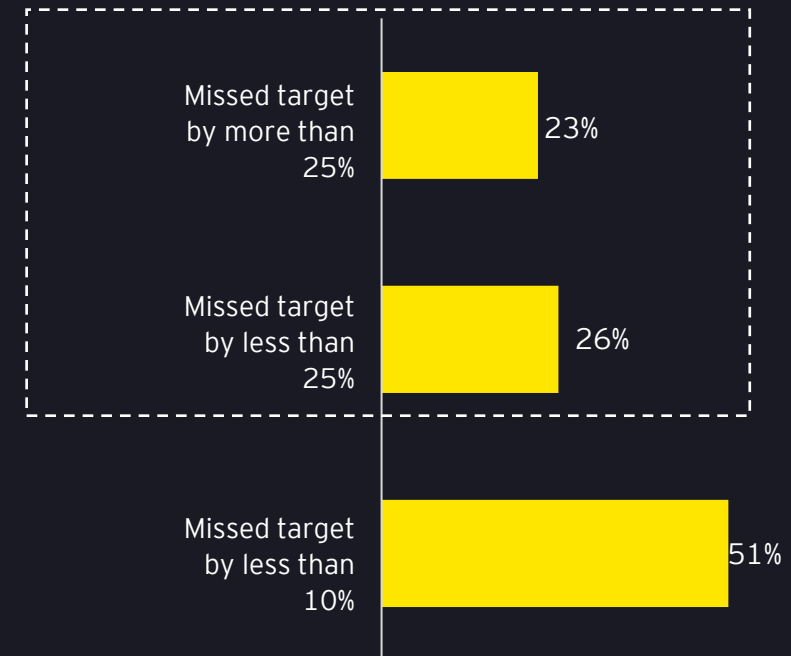
# Nearly half of the assets that missed exit expectations deviated from fund minimum targets by more than 10%

- Respondents who provided an exited asset case study were asked to provide details on the asset's IRR.
- 31% of exited assets met target, 34% exceeded target by less than 10%, and 35% exceed target by more than 10%.
- Exited assets that *did not* meet target typically deviated more, with 23% missing targets by more than 25% and 26% missing targets by less than 25% but more than 10%.

[Example asset that met or exceeded targets]  
By how much did the IRR exceed/meet the fund's minimum target?

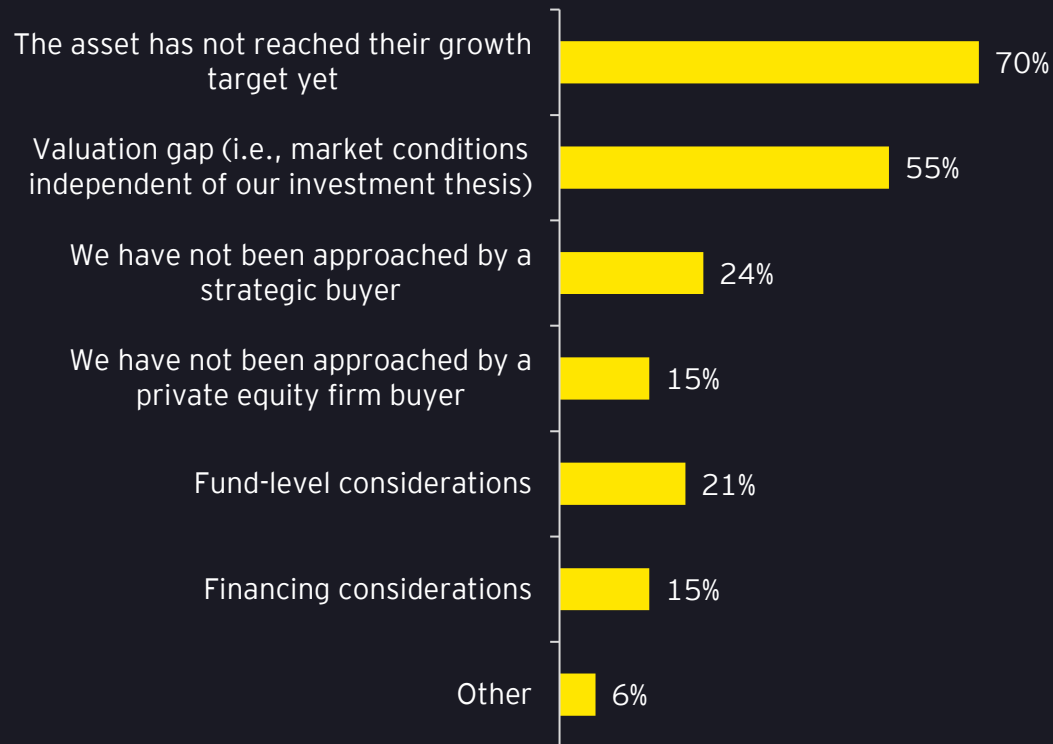


[Example asset that did not meet targets]  
By how much did the IRR miss the fund's minimum target?

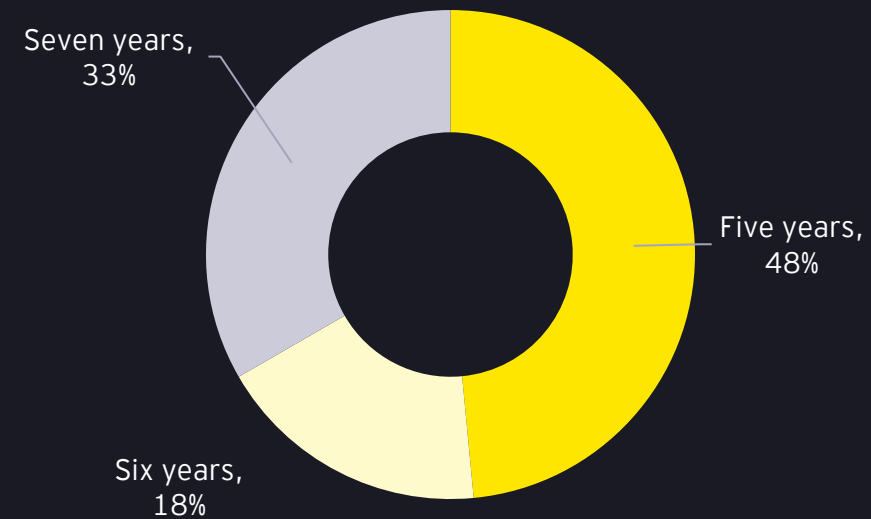


# 70% attributed assets still being held due to not yet reaching their growth targets despite being held for 5+ years

Which of the primary reasons explains why you have not yet exited the company?

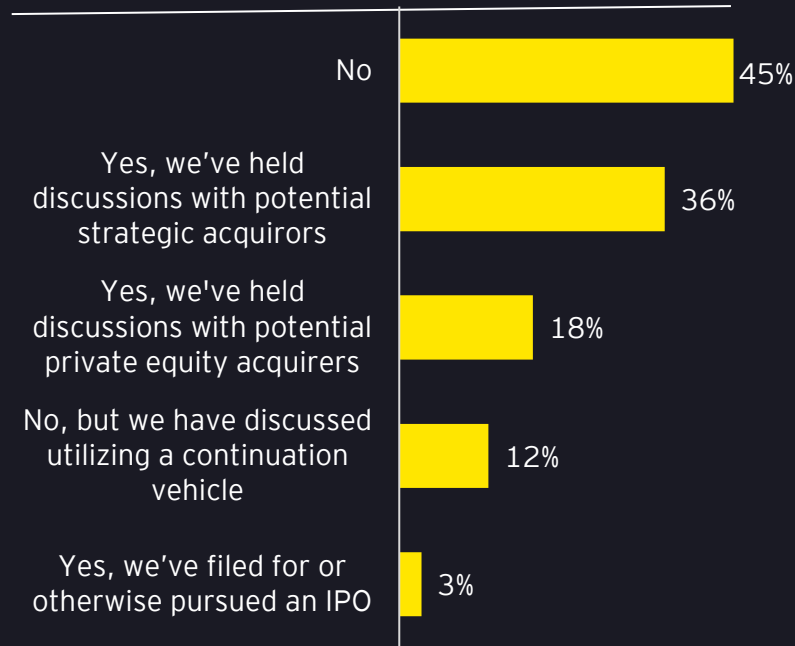


How long has your firm held this asset?

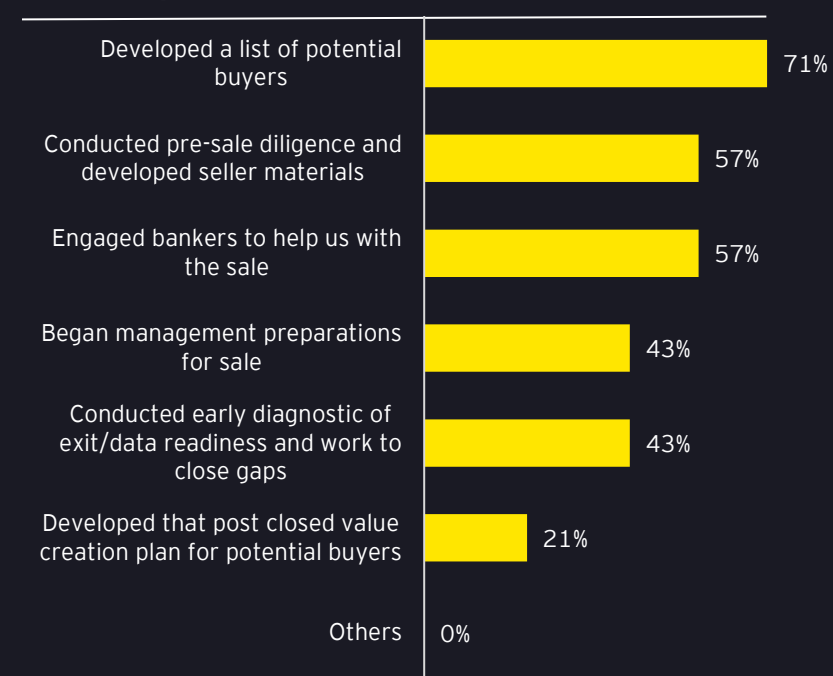


# Of the respondents that tried to exit an asset in the last two years, less than half focused on management preparation and data readiness

Over the last two years, have you attempted to exit the company?



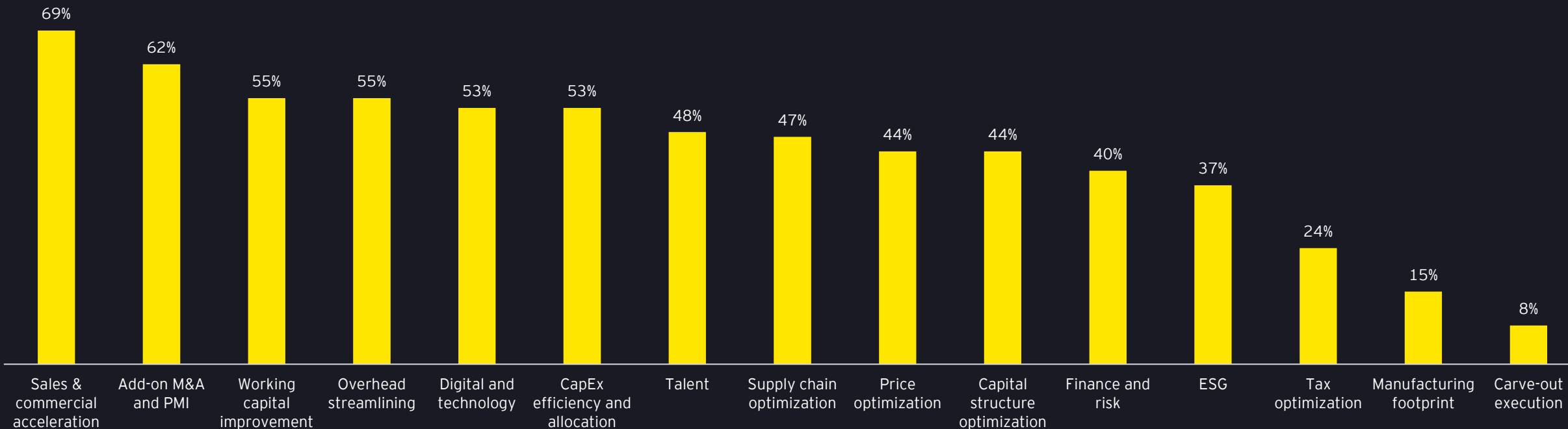
What actions did you take to prepare the company for sale in previous attempts to exit?



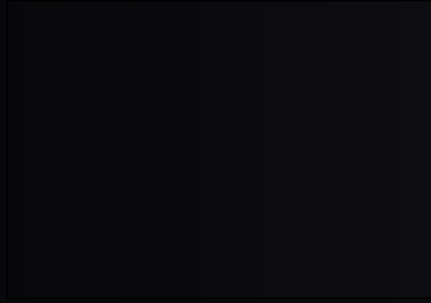
- For assets that firms tried to exit in the past, most respondents reported undertaking traditional preparations like developing a buyer list, seller materials and conducting pre-sale diligence. Despite the exit challenges reported earlier with data and talent readiness, less than half (43%) of respondents reported engaging in pre-sale management preparation and early diagnostic of exit/data readiness, indicating scope for better outcomes by earlier focus on these areas.

# Sales & commercial acceleration and add-ons are the top levers used to drive value creation

Value creation initiatives implemented during an example asset's hold period



- Growth is a paramount focus and reinforced by the heavy investment in sales and commercial PE firms make.
- Buy and build has also become an increasingly common value creation strategy and often there are questions around quantifying organic vs. inorganic growth, plus showing consistent KPIs, during the exit process.

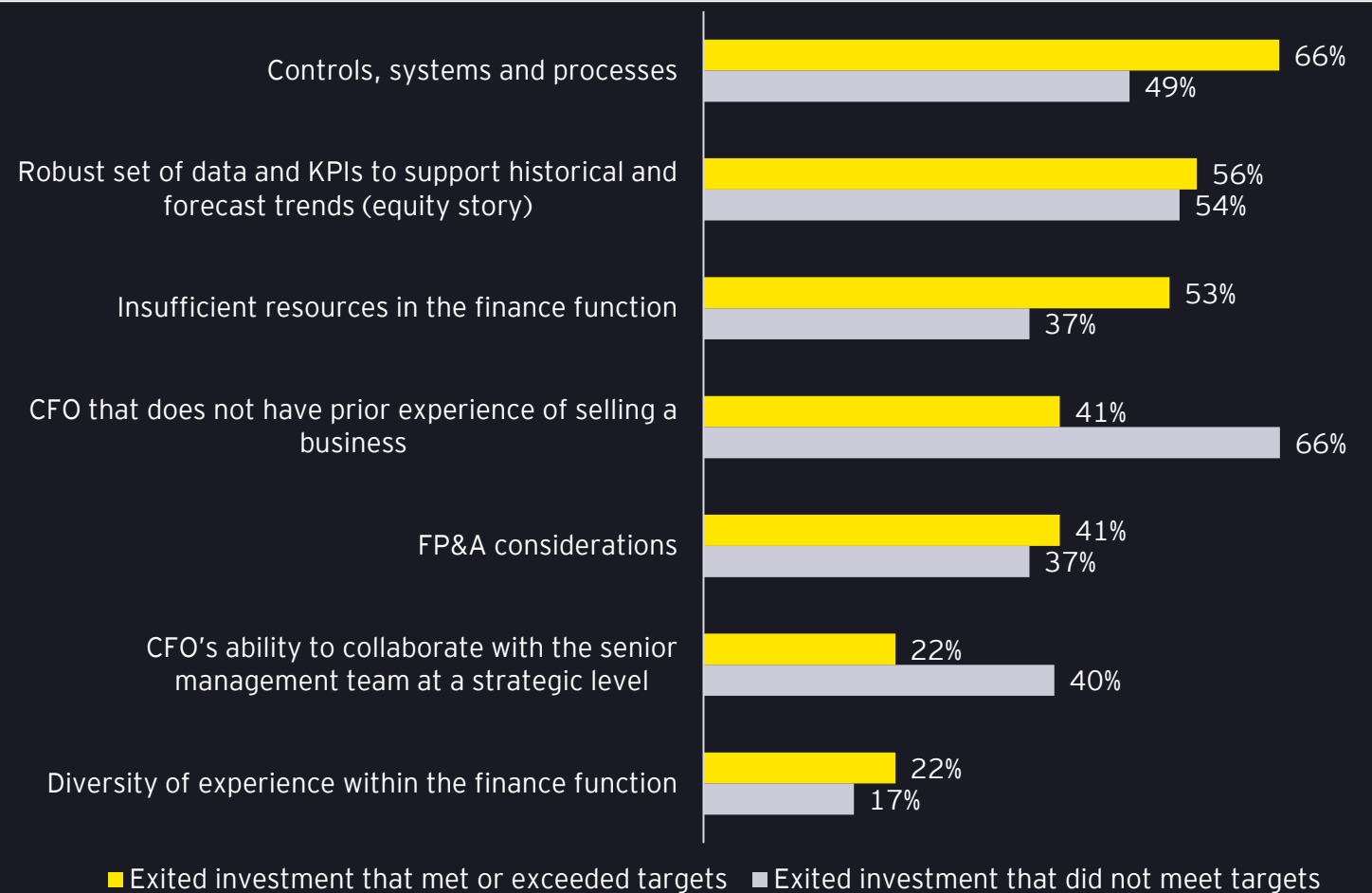


It is the strategic and most challenging [point] in having the right equity story, so what is the story you are ultimately selling? What is the strategy that the company is going to have and what the new buyer will buy into? That is the most critical [issue] that takes more time, needs to be more thoughtful.

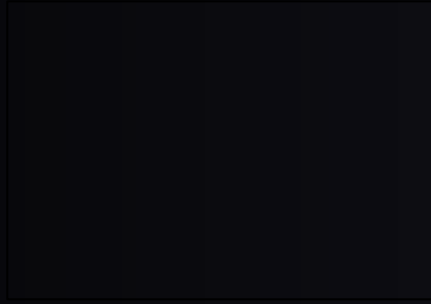
Interviewed deal professional (Managing Director)

# Top finance function sale process challenges are CFOs without exit experience and a lack of data/KPIs to drive the equity story

Areas of the finance function you found most challenging to an efficient sale process  
(Ranked in top 3)



- Finance functions' top challenges are the availability of a robust set of data and KPIs to support historical and forecast trends, as well as controls, systems and processes. But where exits that go well and exits that don't diverge is in the difference between the CFO's prior experience of selling businesses and ability to strategically partner with the management team.
- The heavy lifting of providing a robust data set typically resides with the finance function. We see clients who prepare earlier are able to articulate their equity story, with data support, with less scope for surprises during the diligence and fast responses to bidder questions.

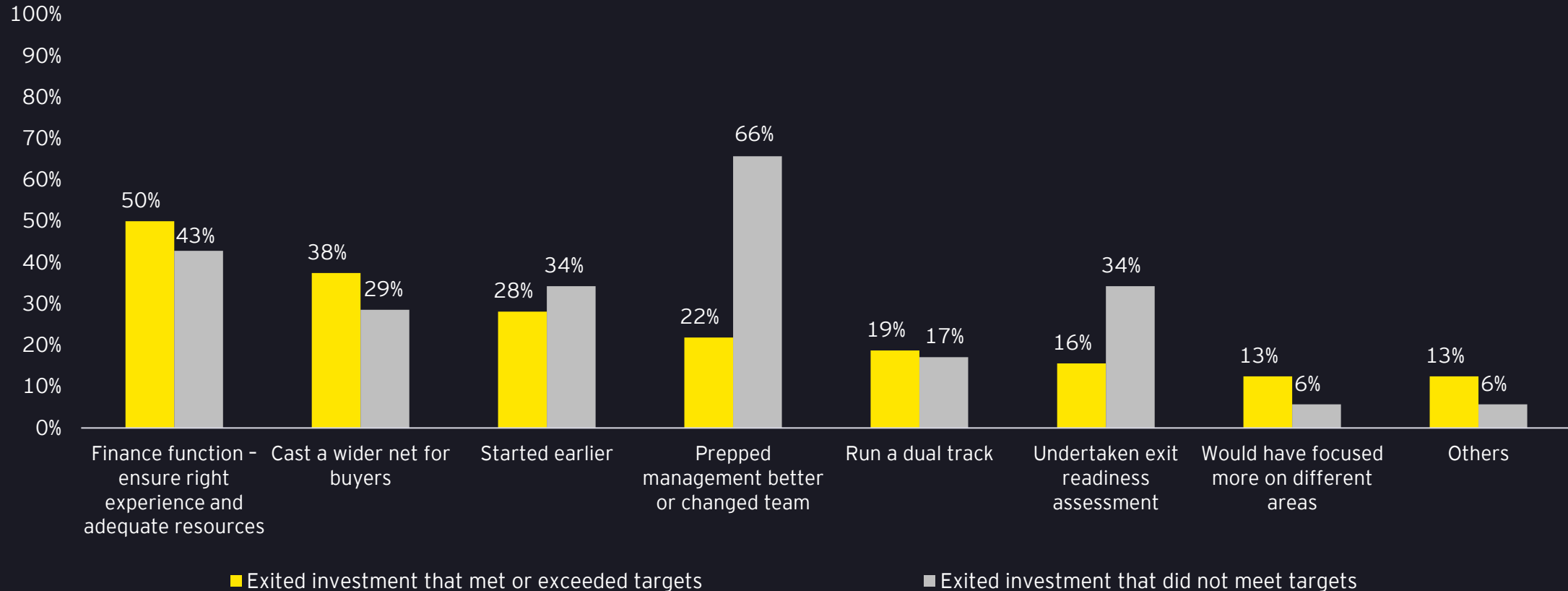


From a succession perspective, you really want to make sure that all of your top executive roles are filled and, ideally, have been in the seat for a little while. It's tougher to do an exit with...a new CFO. We'll generally try to avoid that.

Interviewed deal professional (Managing Director)

# Firms recognize the positive impact talent preparations and exit readiness assessments have on valuation

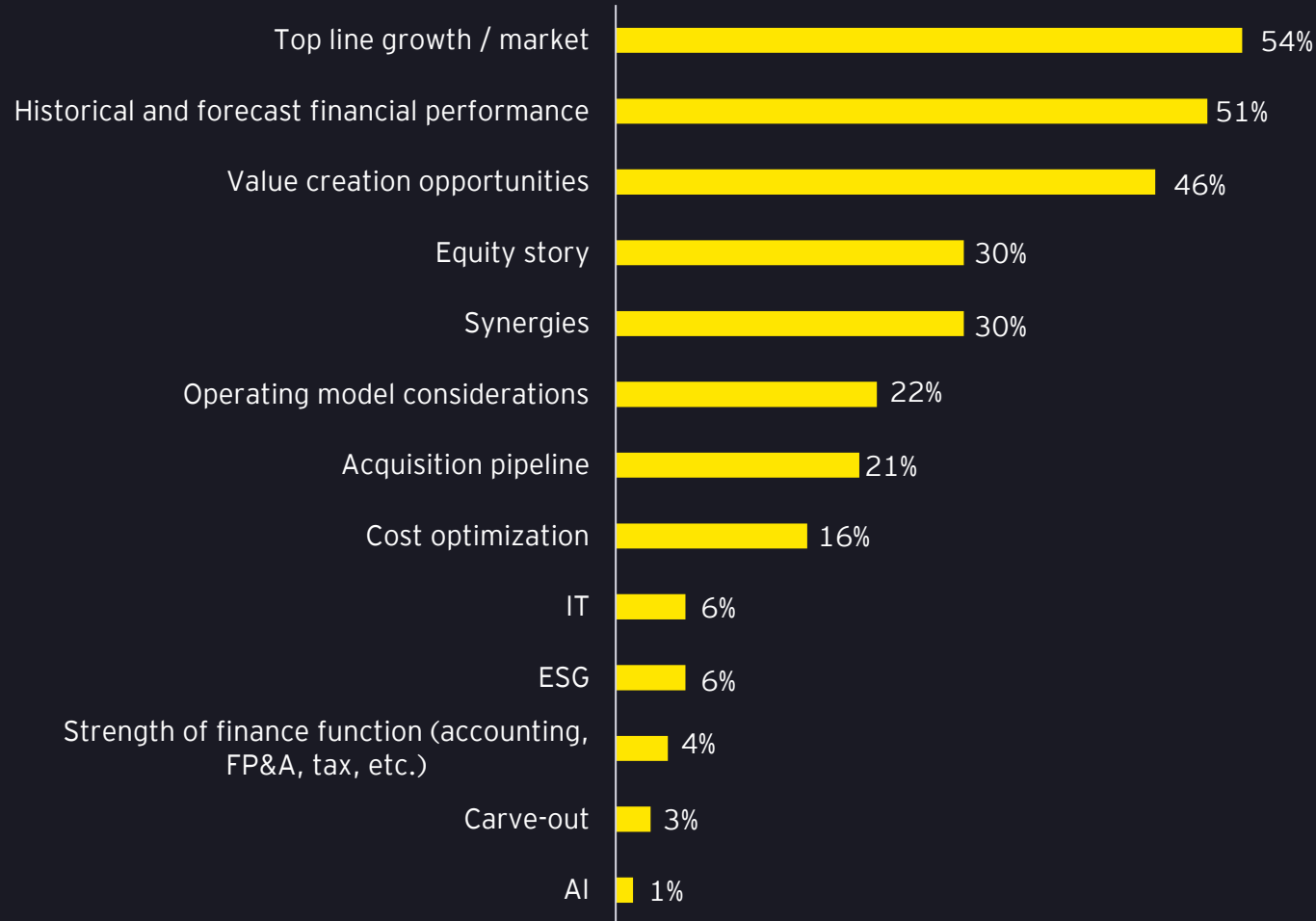
If you were running this process again, what are the top areas you would undertake differently?



- When the sale of an asset does not go well, respondents point to better preparation of management as the top issue they wish they had addressed (66%). Experience and resources in the finance function is also critical (43%), and over a third report that they should have started exit preparations earlier and undertaking an exit readiness assessment (34% respectively).

# What do buyers care about?

## What were the key focus areas from buyers during the diligence process?



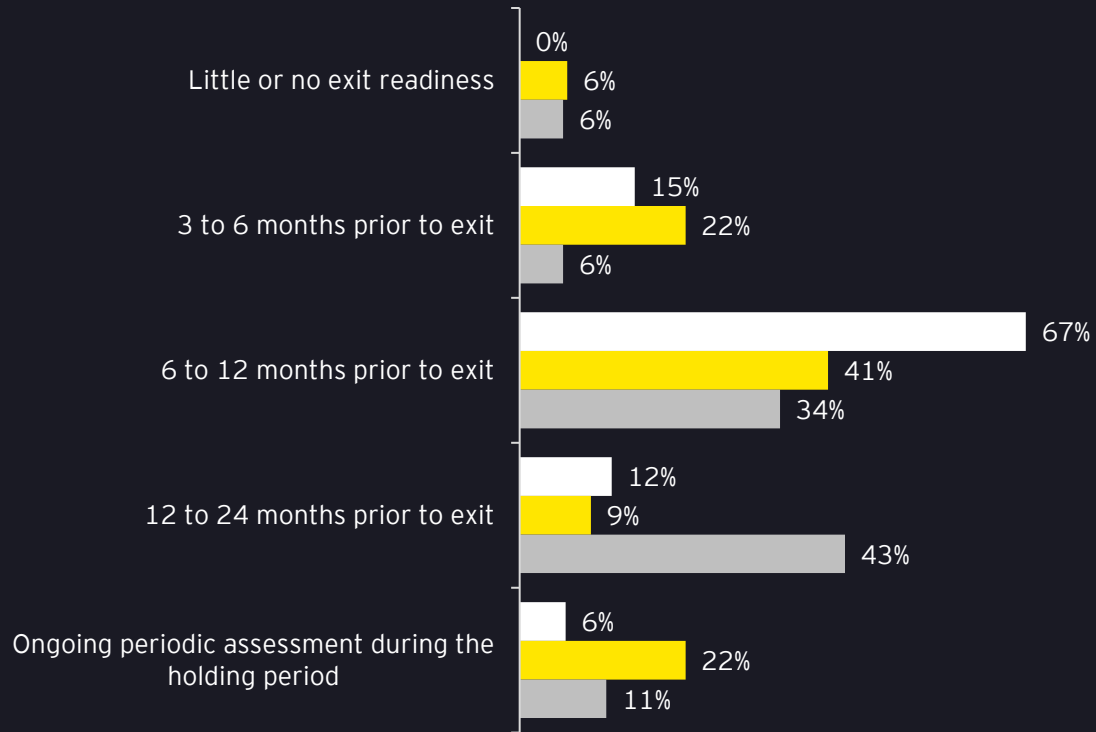
- Firms must clearly quantify and communicate an asset's competitive positioning and growth strategy, operational capabilities, financial impact, and management to promote a compelling equity story that will engage buyers.

04

# Selected additional analysis

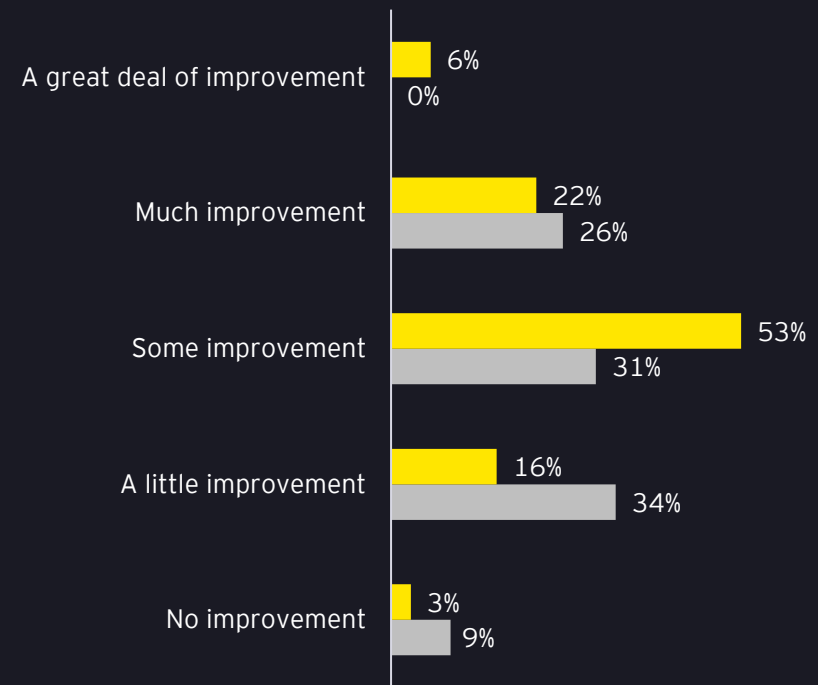
# When do firms begin exit readiness activities and how do they contribute to valuations?

How far ahead of sale did you/do you expect to undertake any exit readiness or preparation assessment for this asset?



■ Held Investment  
■ Exited investment that met or exceeded targets  
■ Exited investment that did not meet targets

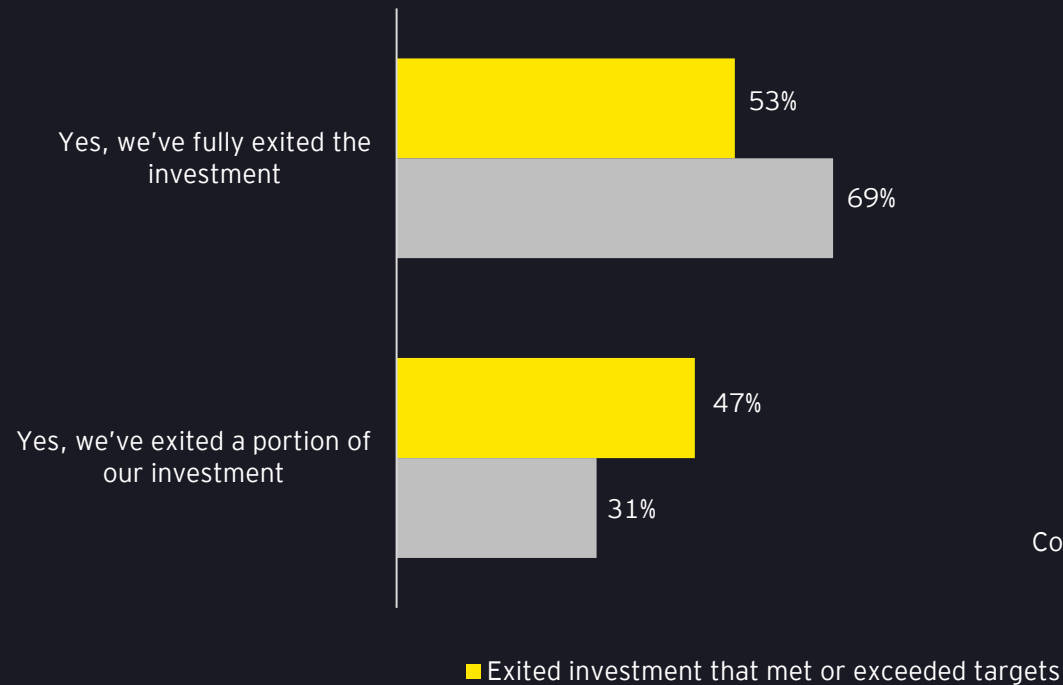
For this asset, to what extent did the exit preparation initiatives improve your exit valuation?



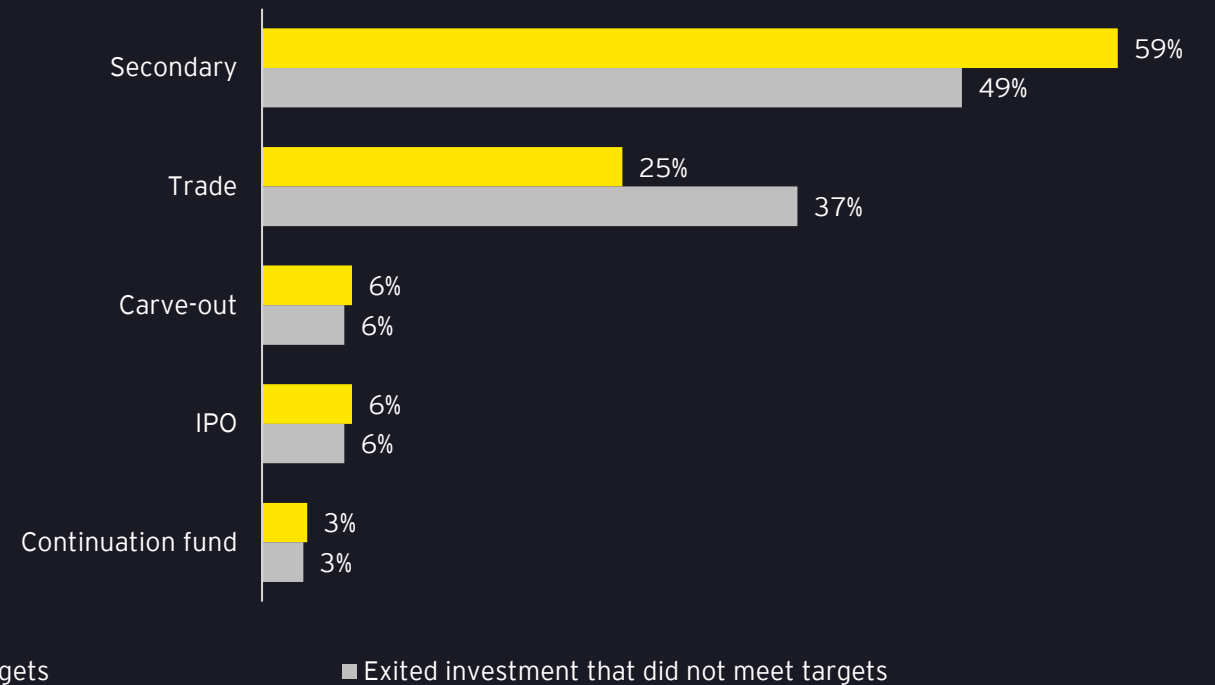
■ Exited investment that met or exceeded targets

# Exited asset | Example asset status and route

Have you fully exited this investment?

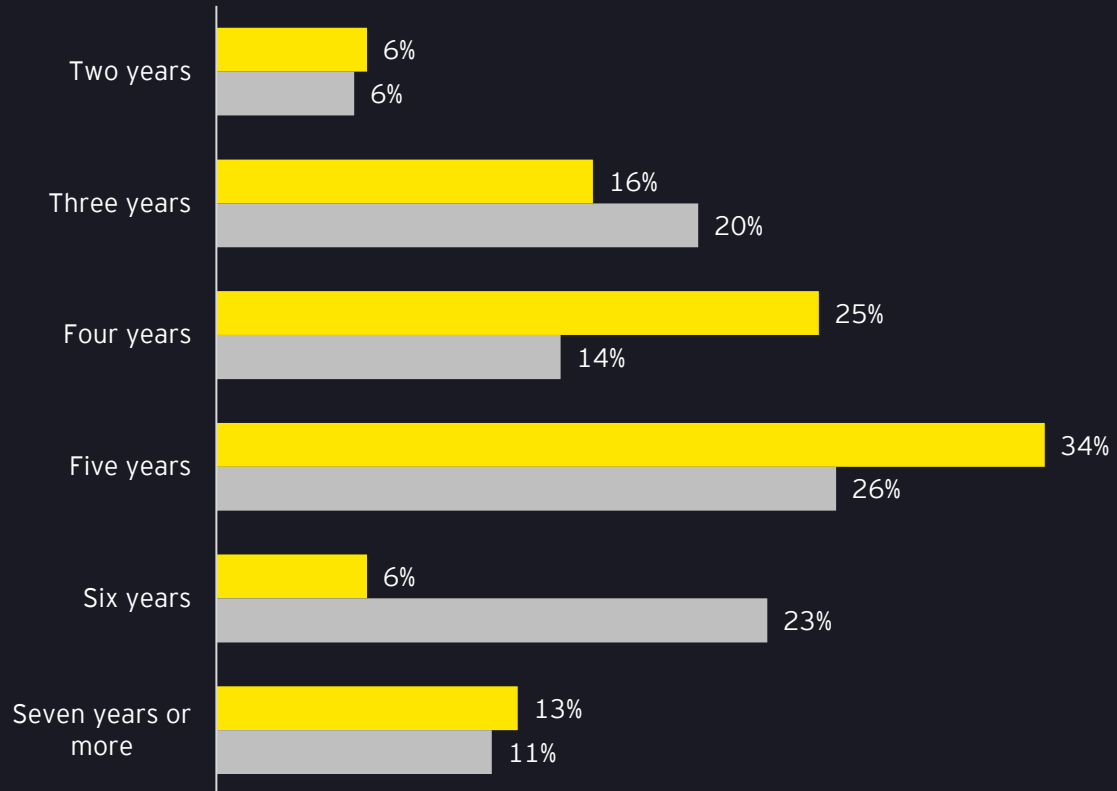


What exit route did your firm use for this asset?



# Exited asset | Hold periods and buyer types

How long did your firm hold this asset?



■ Exited investment that met or exceeded targets ■ Exited investment that did not meet targets

Did you sell the company to the type of seller that you expected when you first acquired it?

An investment that has been exited and generated returns that met or exceeded targets



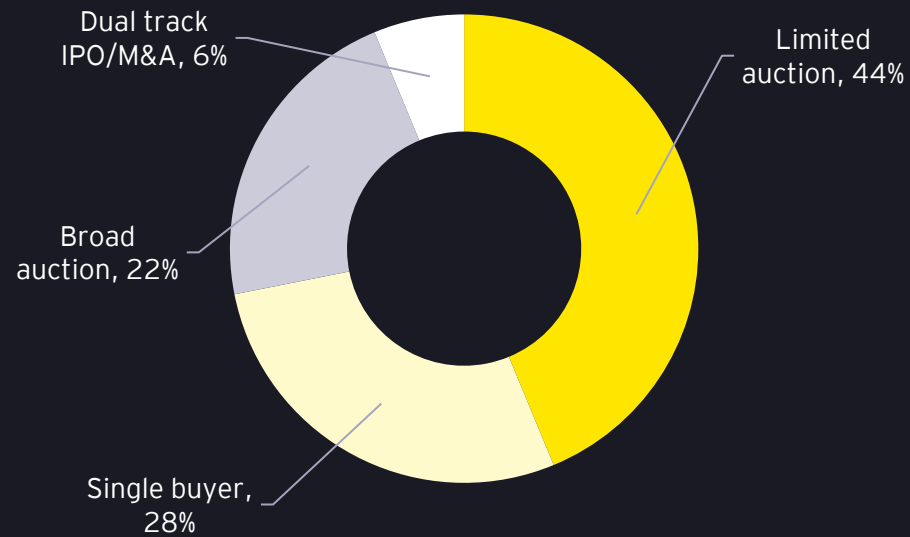
An investment that has been exited and generated returns that did not meet targets



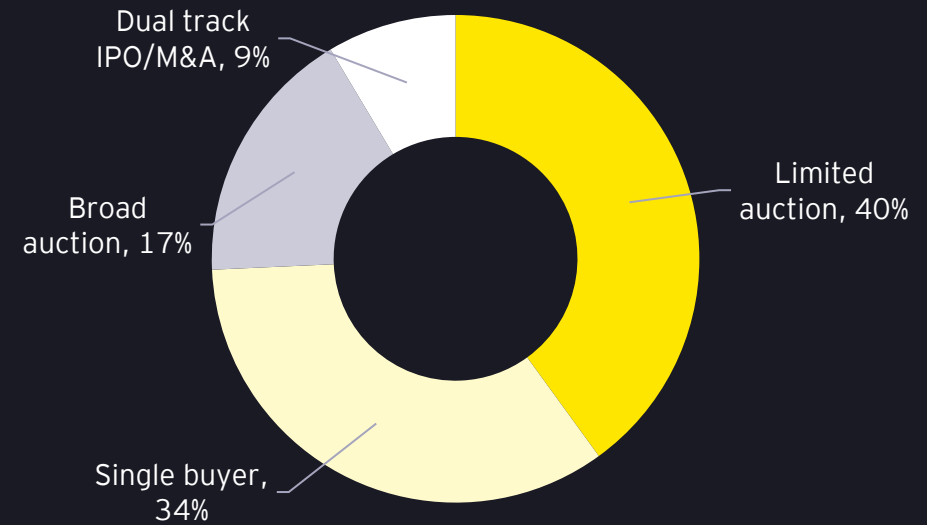
# Exited asset | Sales processes

What kind of sale process did you use?

Exited investment that met or exceeded targets

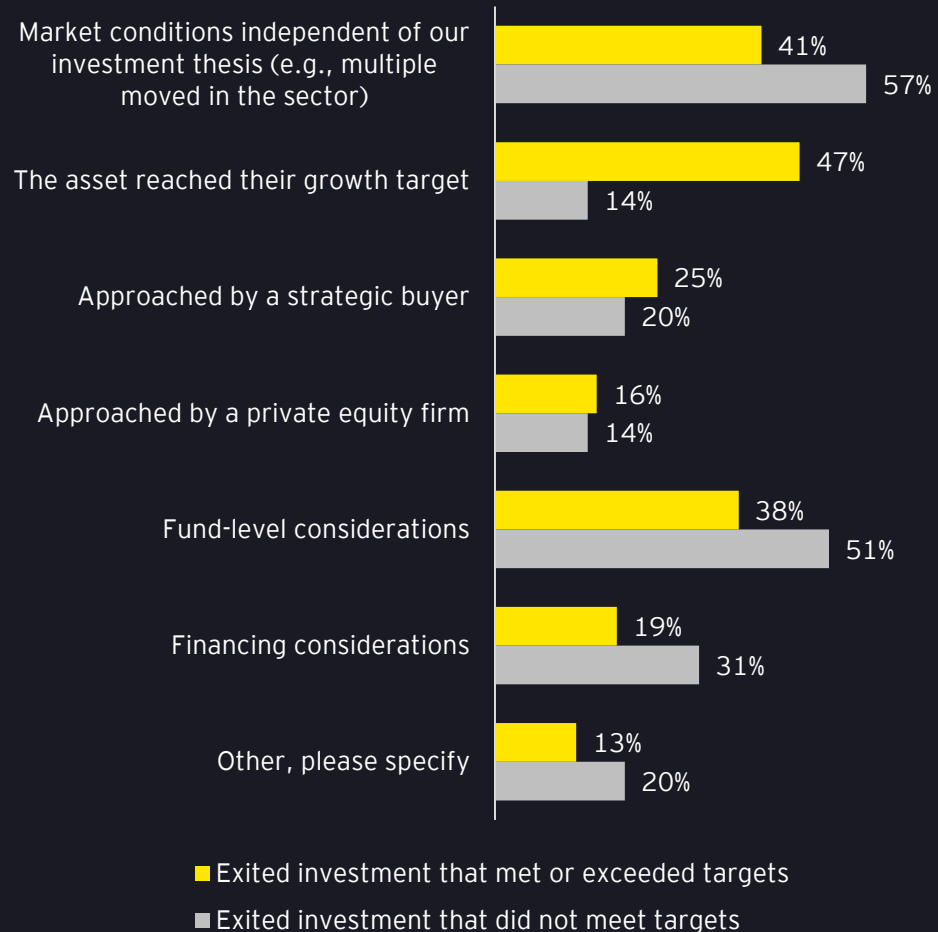


Exited investment that did not meet targets

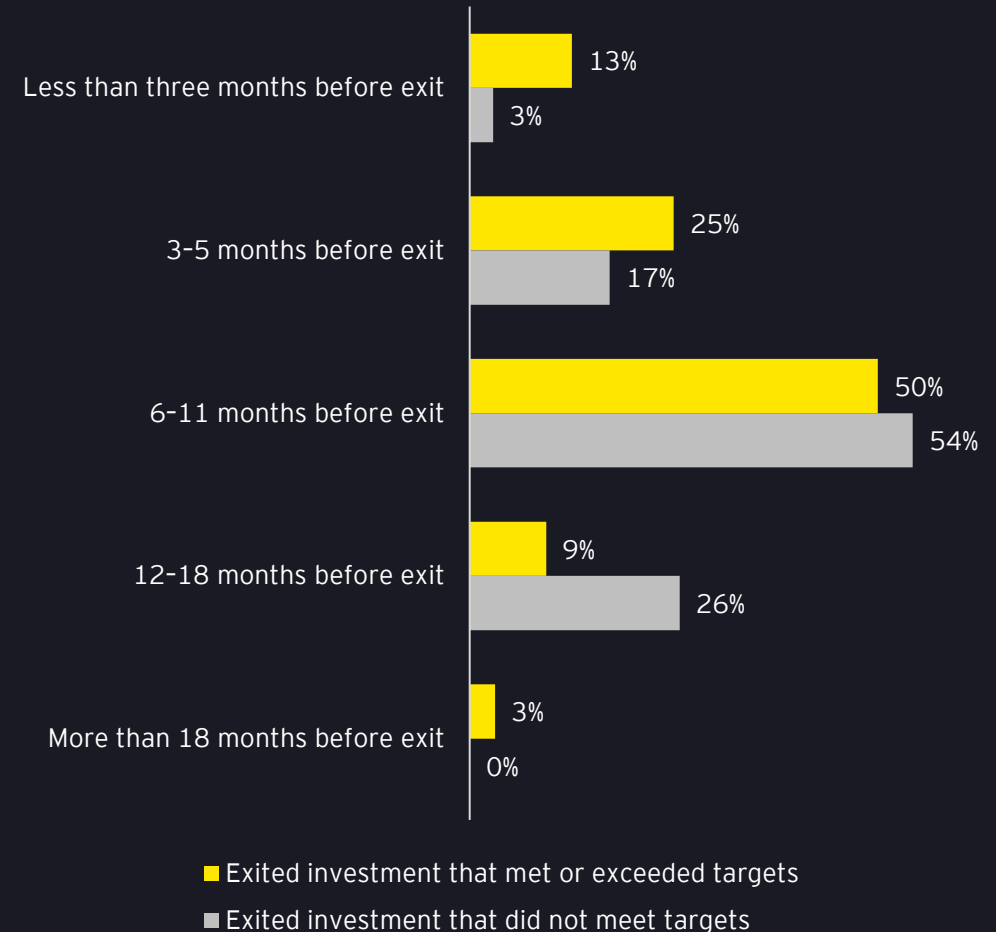


# Exited asset | Reasons for exiting and sales process timing

What were the primary reasons your firm decided to exit this asset?

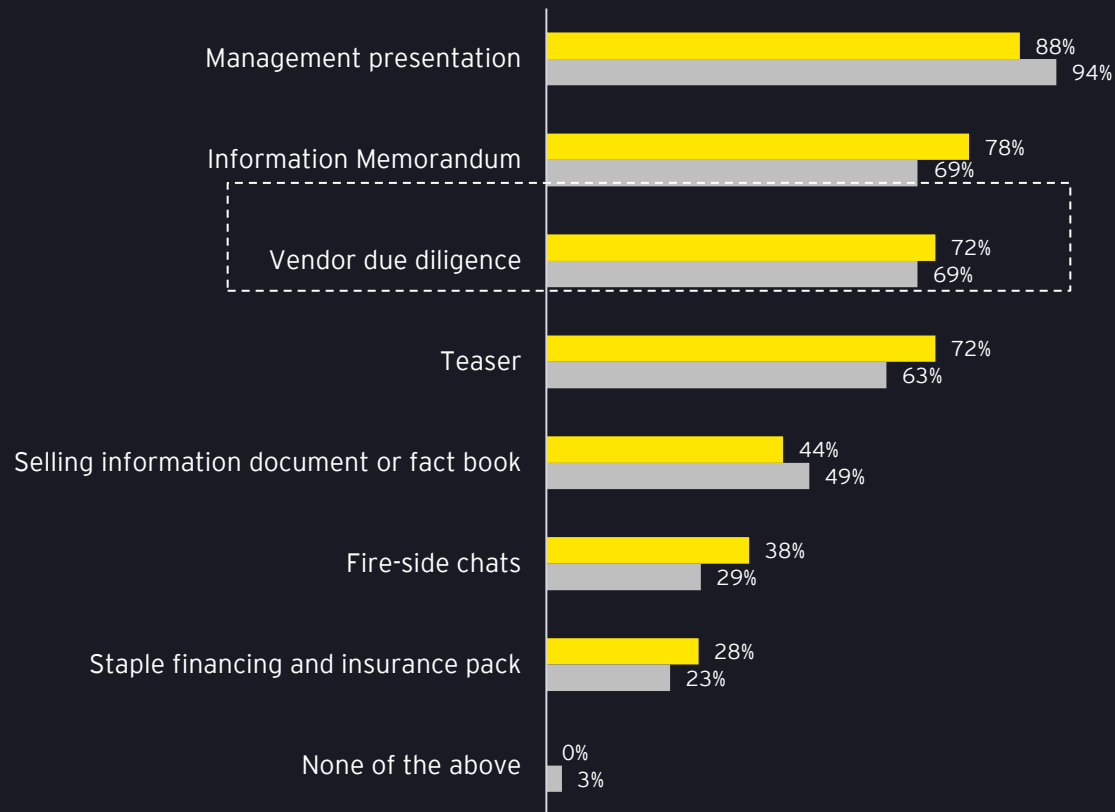


How long was the sale process?

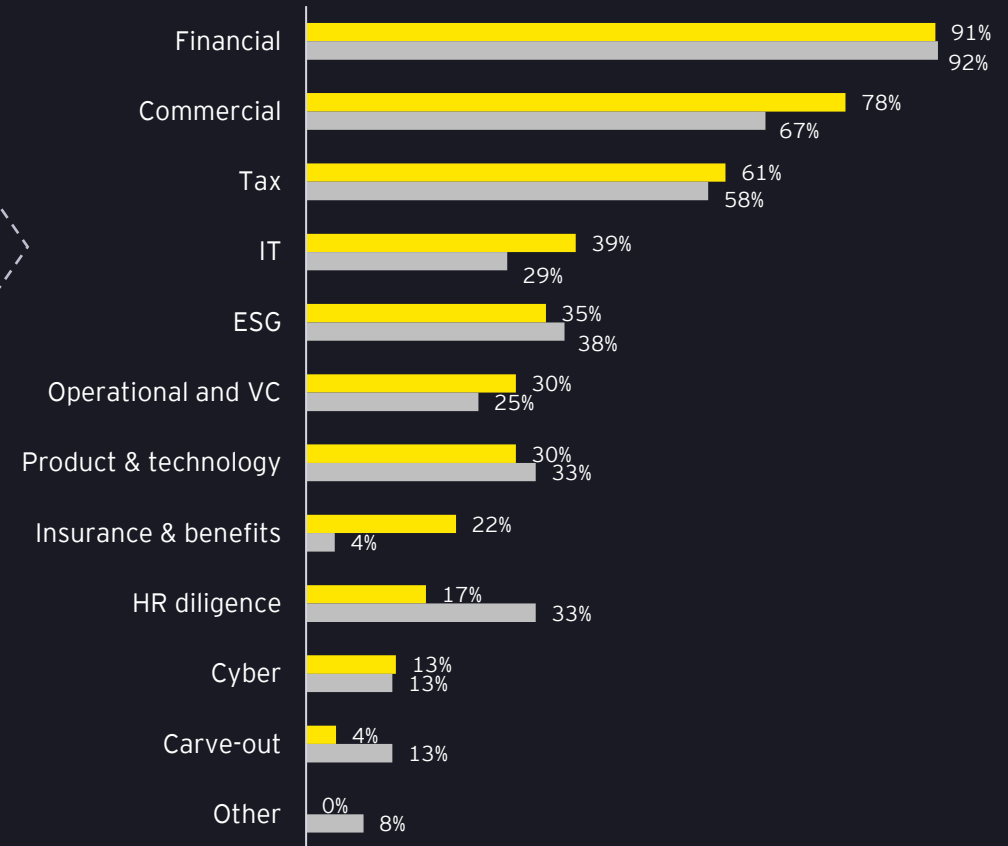


# Exited asset | Key seller information

What elements did you include in your seller materials?



What elements of vendor due diligence did you include in your seller materials?



■ Exited investment that met or exceeded targets

■ Exited investment that did not meet targets

# Exited asset | Exit readiness focus areas

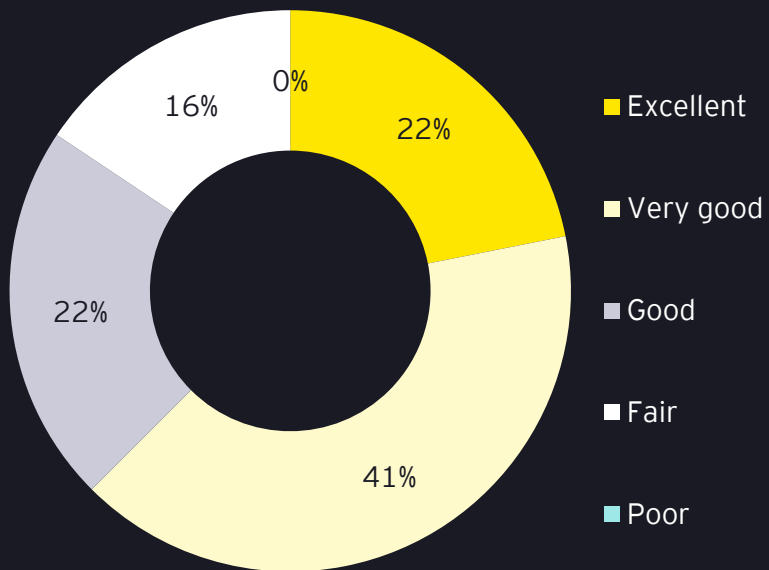
How important were each of the following actions to this exit and process?

Key exit readiness focus areas	Exited investment that met or exceeded targets				Exited investment that did not meet targets			
	Not important	Somewhat important	Extremely important	Not sure	Not important	Somewhat important	Extremely important	Not sure
Supported exit EBITDA encompassing value creation initiatives and transformation and clear plans for value creations initiatives in the forecast model	6%	16%	75%	3%	3%	23%	74%	0%
Management preparation	0%	25%	72%	3%	3%	9%	89%	0%
Early focus on the exit process	13%	38%	47%	3%	11%	49%	40%	0%
Provide supported value creation roadmap post-close	9%	31%	47%	13%	11%	49%	29%	11%
Early identification of potential buyers	22%	31%	44%	3%	9%	46%	46%	0%
Early diagnostic of exit/data readiness and work to close gaps	3%	53%	41%	3%	14%	51%	31%	3%
Pre-sale diligence	16%	41%	41%	3%	3%	46%	51%	0%
Tax optimization and structuring	16%	50%	34%	0%	29%	29%	40%	3%
Use of bankers	28%	41%	25%	6%	29%	46%	20%	6%

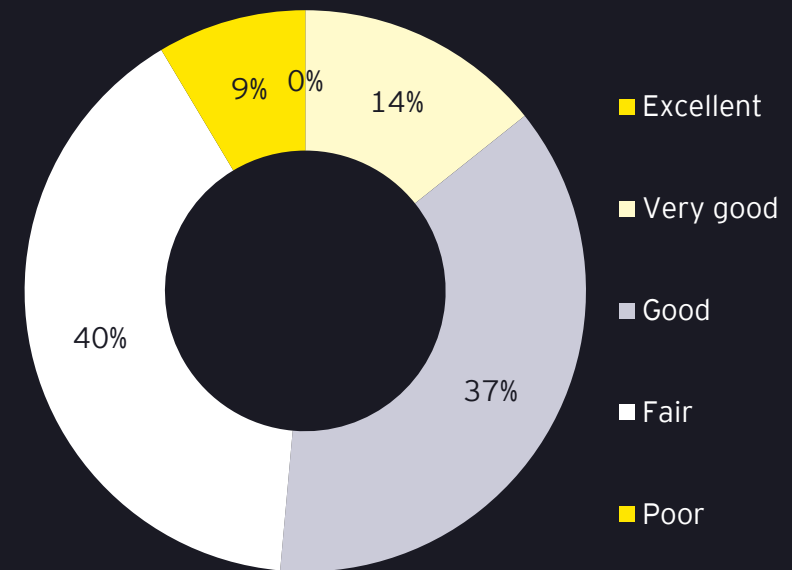
# Exited asset | Satisfaction with exit processes

Overall, how well would you say the exit process went for this asset?

Exited investment that met or exceeded targets

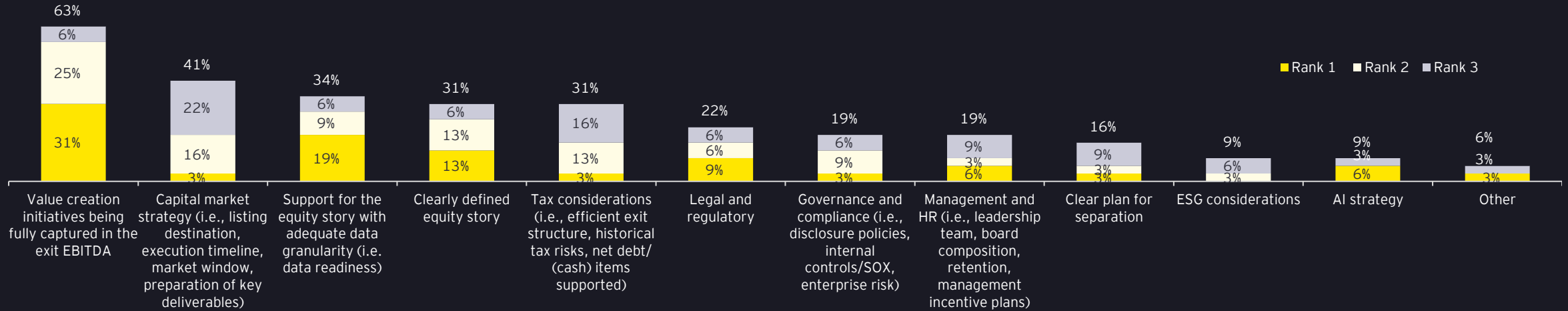


Exited investment that did not meet targets

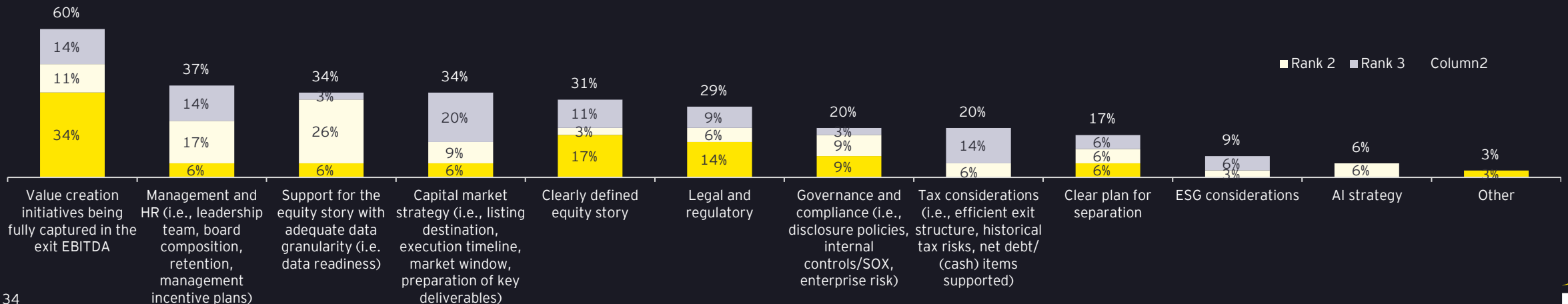


# Exited asset | Key challenges in preparing asset for exit

Most challenging areas in preparing portfolio companies for exit, an investment that has been exited and generated returns that met or exceeded targets (ranked top 3).

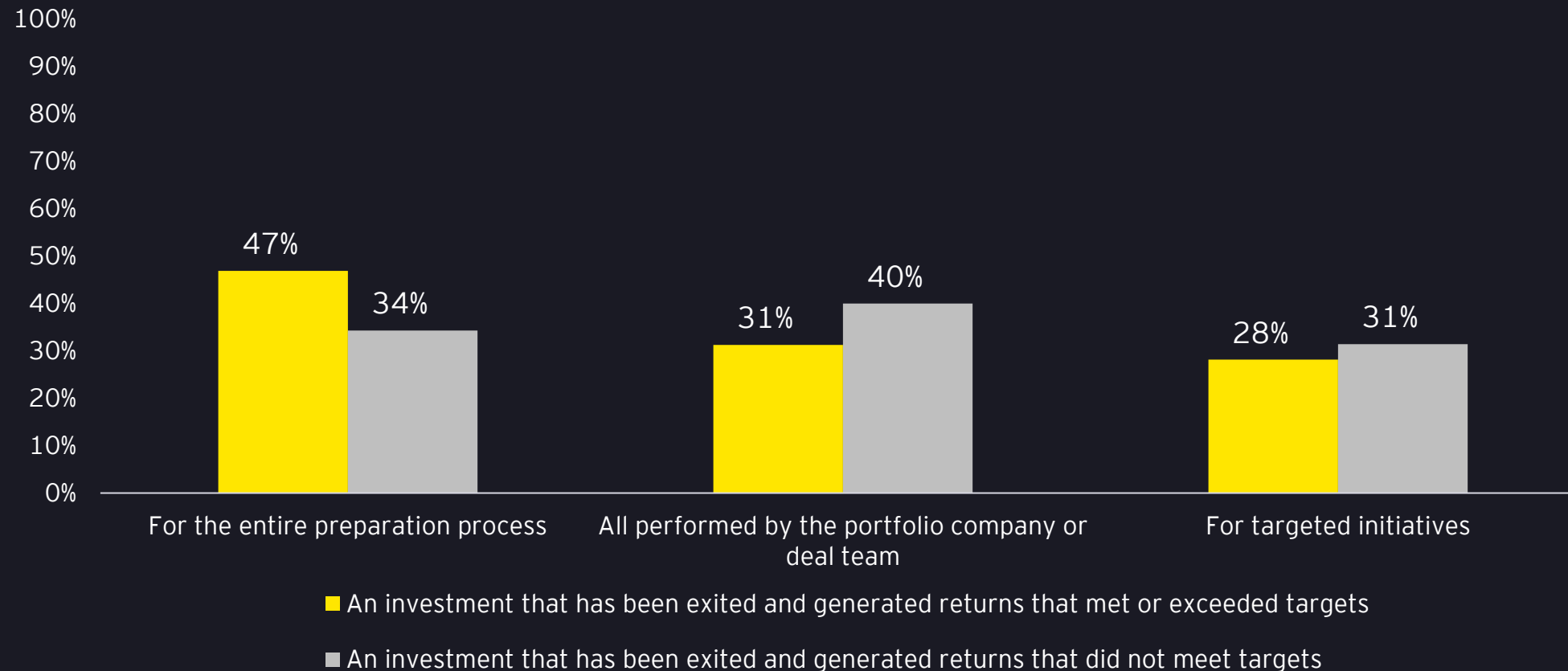


Most challenging areas in preparing portfolio companies for exit, an investment that has been exited and generated returns that did not meet targets (ranked top 3).



# Exited asset | Impact of advisors on exit readiness

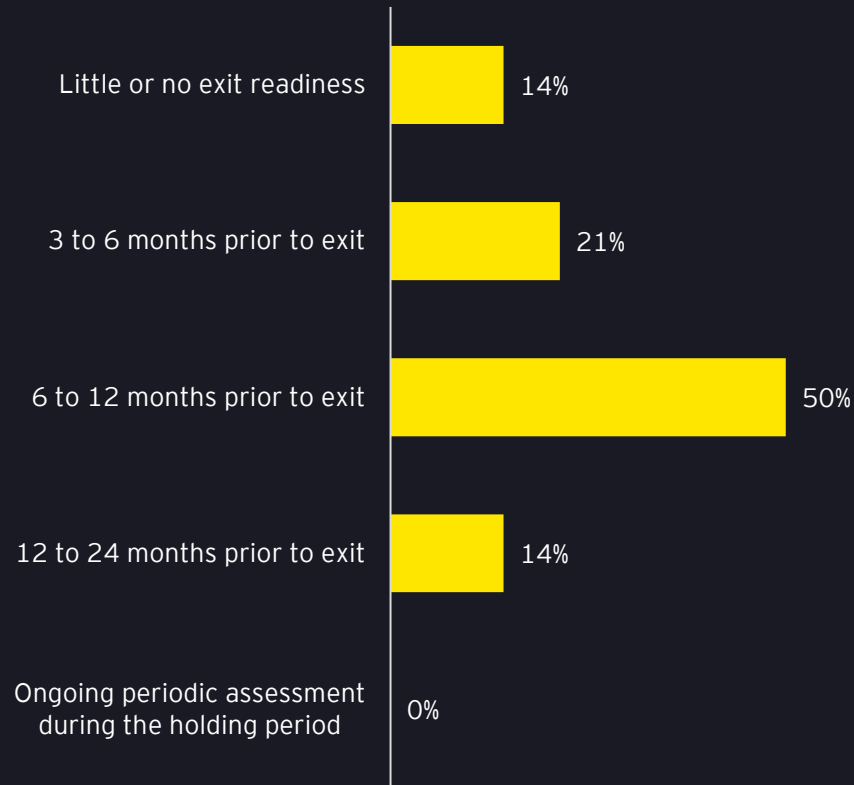
Did you use advisors for any of the following exit readiness activities?



# Held asset | Exit preparation timings and actions

[For assets previously attempted to exit]

How far ahead of the previous attempted exit did you undertake any exit readiness or preparation assessment?



When you are ready to sell the asset, what actions do you expect to take to prepare the company for sale?



05

# Related viewpoints

# Explore related viewpoints at [ey.com/PrivateEquity](https://ey.com/PrivateEquity)



What can private equity do now to finish strong? Key takeaways from the EY Private Equity Exit Readiness Study 2025 [Read article](#)



Three questions to help rethink your exit strategy now [Read article](#)



Private Equity Pulse: key takeaways from Q1 2025 [Read article](#)



How portfolio finance functions can drive more value in private equity [Read article](#)



Three cash disciplines to create value and resilience [Read article](#)

To learn more about EY Private Equity Exit Readiness, click [HERE](#).

**About EY**

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

**About EY Global Private Equity Sector**

Private equity firms, portfolio companies and investment funds face complex challenges. They are under pressure to deploy capital amid geopolitical uncertainty, increased competition, higher valuations and rising stakeholder expectations. Successful deals depend on the ability to move faster, drive rapid and strategic growth and create greater value throughout the transaction lifecycle. EY taps its global network to help source deal opportunities, and combines deep sector insights with the proven, innovative strategies that have guided the world's fastest growing companies. Our clients discover powerful new ways to create unexpected paths to value — generating positive economic benefits for both investors and society. That's the power of positive equity.

© 2025 EYGM Limited.  
All Rights Reserved.

Global SCORE pending

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

[ey.com](https://ey.com)