PitchBook

Q1 2025

US PE Breakdown

PitchBook

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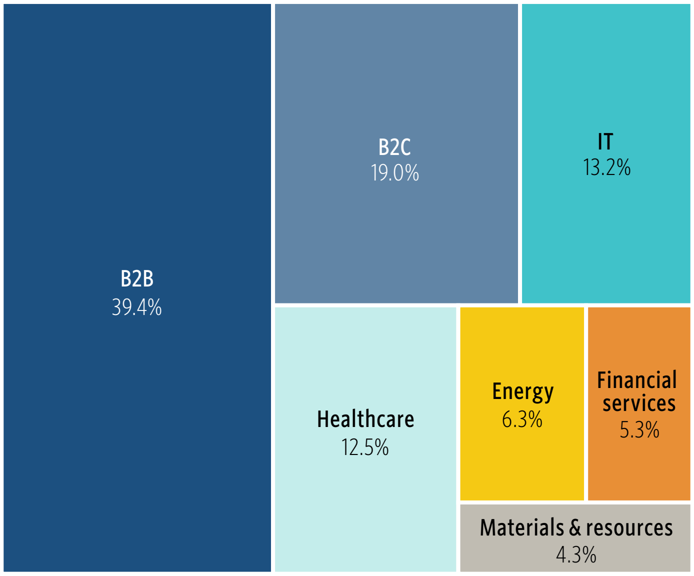
EXECUTIVE SUMMARY

Walking a fine line between greed and fear

Tariffs recently emerged as a critical factor in reducing overall risk appetite and driving volatility in public markets. Clearly, PE will also be impacted by these new policies, but we expect the ecosystem to be relatively well positioned to navigate this uncertain period, aided by ample dry powder in both the equity and credit strategies as well as longer investment horizons.

We see key near-term risks in exit activity. 3,800 US PE-backed portfolio companies have been held for five to 12 years, awaiting exit opportunities. Improving credit conditions for sponsor-to-sponsor transactions and renewed IPO activity have sustained growth in exit activity even through Q1 2025, but we could see a scenario where buyers and sellers have divergent value expectations and exit transaction momentum stalls later in 2025. Valuations may prove increasingly challenging, with potential for further net asset value (NAV) markdowns should portfolio companies face slowing sales amid GDP deceleration this year. Amid this backdrop, continuation vehicles are anticipated to grow more prominent as firms seek alternatives to selling into volatile markets.

Share of PE-backed companies held for five to 12 years by sector



Source: PitchBook • Geography: US • As of March 31, 2025

Among this group of 3,800 companies, 39.4% are in the B2B sector and another 19% are in the B2C sector, as shown in the accompanying chart. B2B and B2C firms will likely have the most exposure to imports. With increased import costs, we expect strategic responses from PE firms, such as price hikes, reduced marketing and sales spending, product range consolidation, and streamlined distribution channels. Transfer pricing and supply chain optimization strategies will become essential; the PE firms able to innovate in these areas can disseminate best practices across their portfolios and potentially gain a competitive advantage. Seeing the full impact of the tariffs could take time—they could be reduced or changed, so there may be a near-term air pocket for exits, capital returns, and fundraising.

Even if we see NAV markdowns in the short term, this year may offer attractive entry points for new capital, which could help fundraising dynamics. Potential market dislocations in certain sectors may create significant opportunities, especially when PE buyers are targeting companies needing material investment to stay competitive, nonbacked companies with aging founders, or companies ripe for substantial cost-cutting. The ample dry powder held by PE firms—approximately $1 trillion in corporate PE and $566.8 billion in private credit—positions them well to capitalize on opportunities presented by market dislocations. PE's impressive track record, marked by 10-year rolling IRRs of approximately 15%, demonstrates its operational acumen, particularly through periods of uncertainty.

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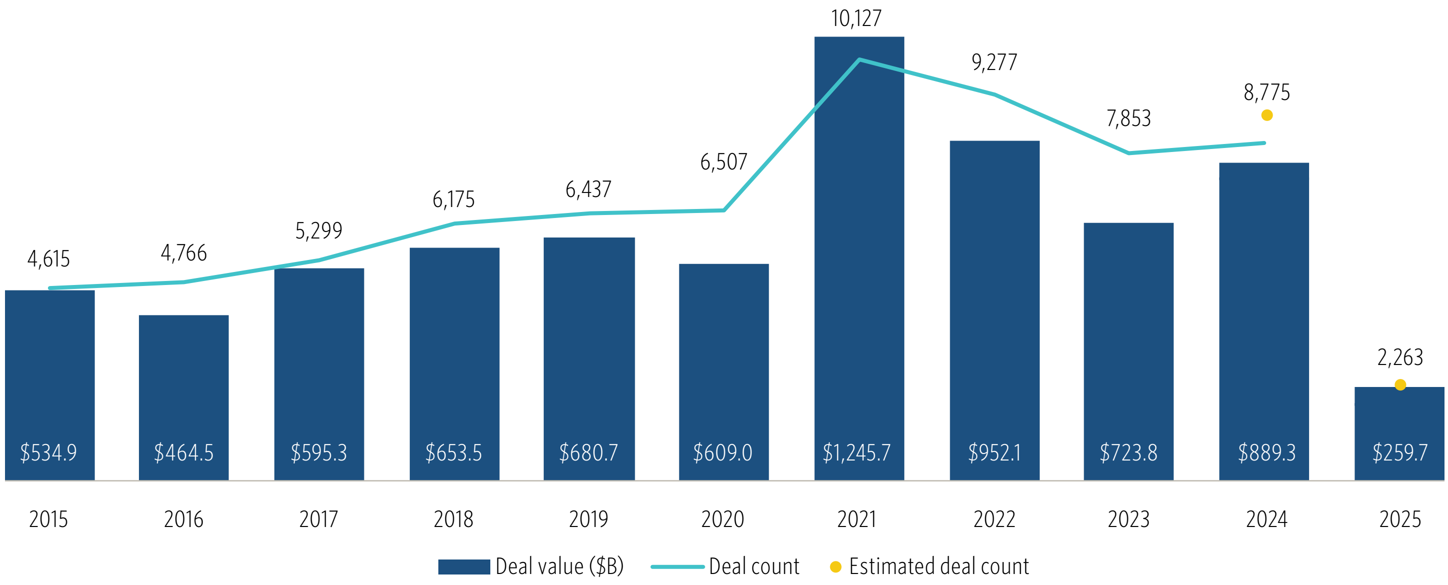
Deals

PE deal activity



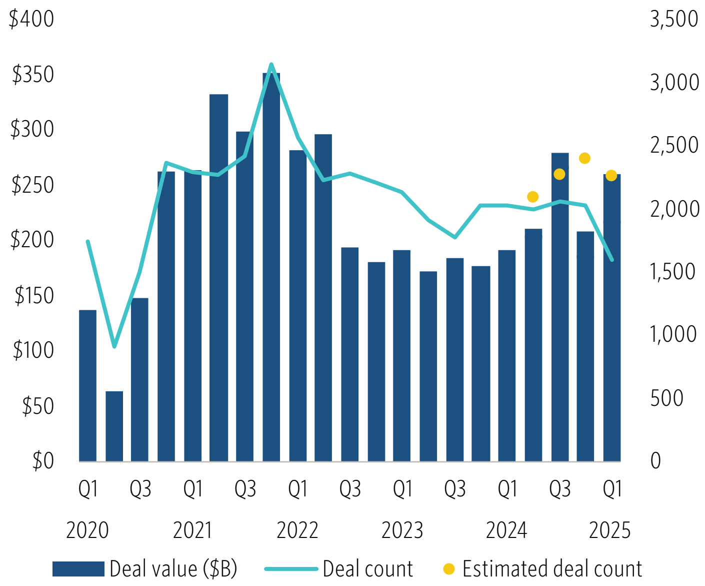
Source: PitchBook • Geography: US • As of March 31, 2025

Overview

PE dealmaking entered 2025 on a strong note. With ample credit availability and a substantial reservoir of dry powder, dealmakers stayed active, building on momentum from last year. Still, early signals suggest the macroeconomic landscape is shifting. Rising consumer and business loan delinquencies, potentially $1 trillion in federal spending cuts, and the implementation of new tariffs are all converging to create an atmosphere of uncertainty that could stall activity in the quarters ahead.

This emerging caution is reflected in sentiment indicators. CNBC's CFO Council survey reveals a striking shift: 60% of CFOs expect a recession in the second half of 2025, a sharp increase from just 7% last quarter.[1] Meanwhile, WTI oil—often a coincident proxy for demand—has declined 23.5% between the days leading up to the presidential inauguration and the second week of April. Optimism tied to the new administration has given way to a more reserved stance, as markets digest the implications of policy changes that may

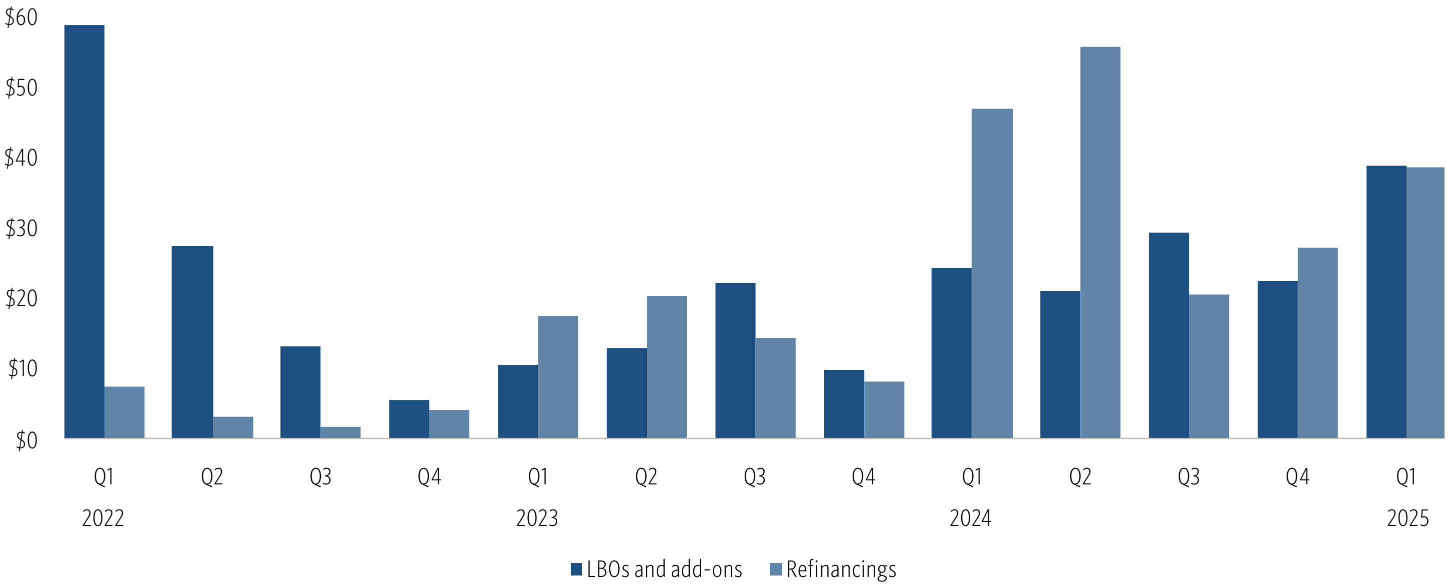
PE deal activity by quarter



Source: PitchBook • Geography: US • As of March 31, 2025

1: "Recession Is Coming Before End of 2025, Generally 'Pessimistic' Corporate CFOs Say: CNBC Survey," CNBC, Eric Rosenbaum, March 26, 2025.

Quarterly BSL-funded loan value ($B) to PE borrowers by type



Source: PitchBook | LCD • Geography: US • As of March 31, 2025
Note: This chart includes institutional capital only. Pro rata tranches are excluded.

form a stagflationary headwind. Over the long term, reforms aimed at a more efficient government and a rebalanced trade profile may yield benefits, but these are likely at least a year out. In the interim, volatility may be the norm.

From a transaction count perspective, Q1 2025 activity inclusive of estimates reached 2,263 deals, down 5.5% QoQ and up 11.8% YoY. Q1 deal value inclusive of estimates for late-reporting and nondisclosed-value deals totaled $259.7 billion, up 24.6% QoQ and 36.1% YoY. One category driving the growth in deal value is take-private activity. March featured the largest PE-backed take-private transaction in over two years: the $23.7 billion acquisition of Walgreens Boots Alliance (WBA) by Sycamore Partners. This single deal equates to 9.1% of Q1's total deal value, and more deals of this scale could position 2025 for a potentially blockbuster year. Large-cap deals like this have an outsized impact on aggregate figures and often serve as bellwethers for broader investor risk appetite.

Importantly, PE firms are not without options in this environment. Market dislocations create attractive entry points, while any macro improvement resulting from policy implementation would open the door for lucrative exits. Whether through contrarian deployment or strategic patience, PE is well positioned to navigate a choppy near-term outlook.

Looking back, 2024 marked a strong recovery: US PE deal value rose 22.9% YoY, while deal count increased 11.7% YoY. At year-end, expectations leaned toward continued momentum in 2025. However, the Q1 trajectory now paints a more nuanced picture.[2] The more cautious interpretation is that 2024 may prove to be a tough comp, as today's environment faces elevated uncertainty: escalating trade frictions, historic federal budget reductions, and the weakest consumer credit metrics in over a decade. The more optimistic take is that business-friendly policies and reduced antitrust scrutiny could catalyze a fresh wave of consolidation.

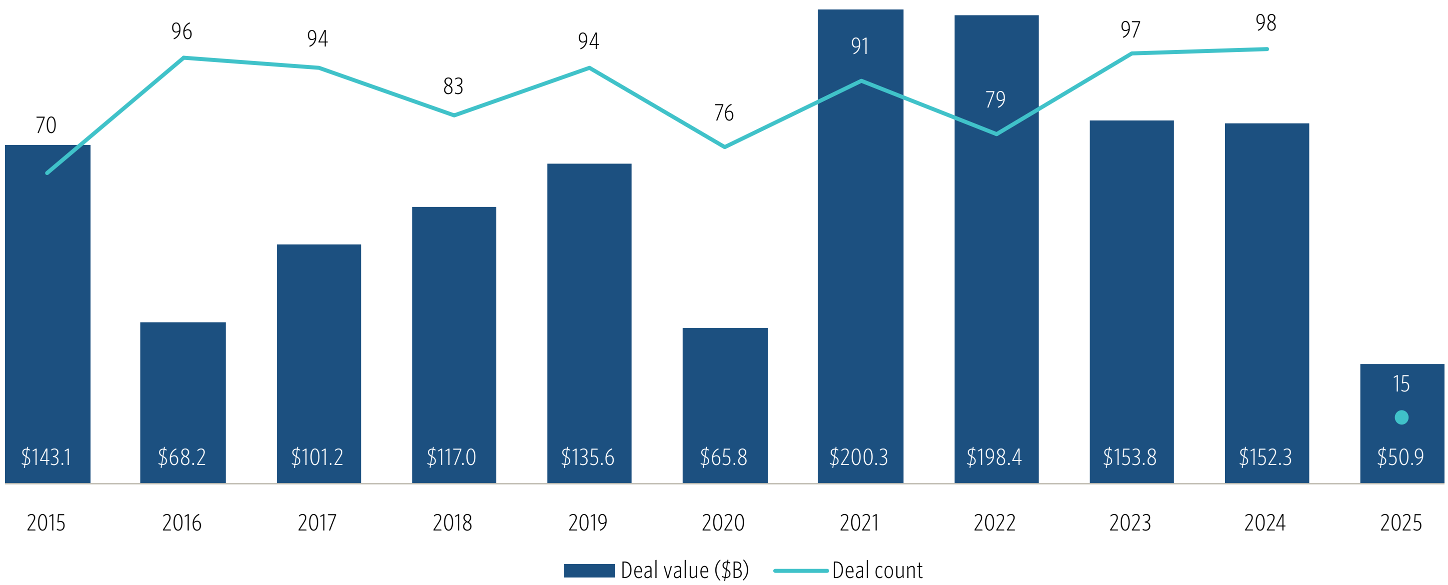
As Q1 2025 closes, the net result is a market moving largely sideways. In a year likely to be defined by policy volatility and strategic repositioning, PE continues to demonstrate its ability to adapt—whether by waiting for clarity or leaning into dislocation.

Take-privates

Q1 2025 has ushered in notable opportunities for PE, particularly with underwriting substantial deals in the current market environment. PE firms have notably increased their take-private activities, swiftly capitalizing on heightened volatility observed throughout Q1. This renewed interest follows the pronounced post-election valuation spikes witnessed in November and December 2024,

2: For further analysis, please refer to our Q1 2025 Analyst Note: US PE Pulse.

PE take-private deal activity



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

suggesting strategic opportunism from PE in response to market fluctuations.

Simultaneously, emerging economic risks—including potential tariffs driving inflationary pressures and early signs of deteriorating credit quality among banks—signal the possibility of tightening liquidity ahead. Given these circumstances, a timely strategic move for PE could involve acquiring robust, financially stable platform companies. This would strategically position them to capitalize on increased market volatility or potential recession scenarios, enabling the acquisition of struggling subscale entities at attractive valuations.

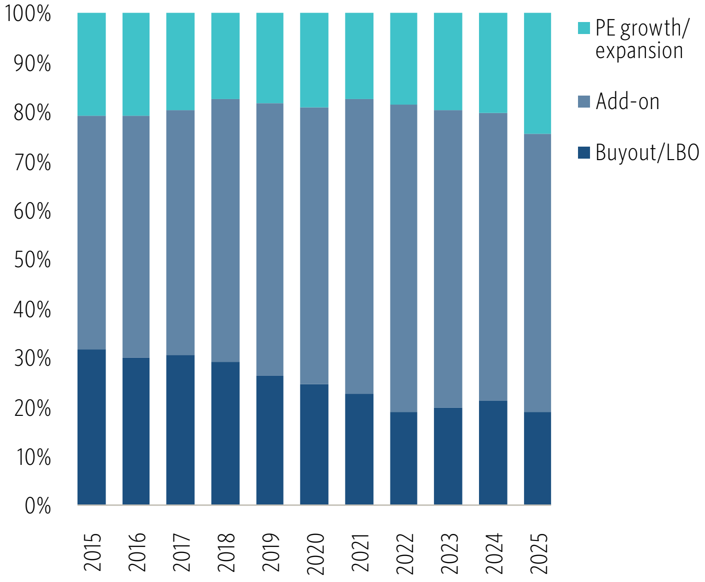
Credit conditions remained largely favorable in early 2025, characterized by tight credit spreads and technical imbalance in favor of borrowers. However, sentiment soured in February and March due to tariff concerns, capital markets volatility, and weakening consumer confidence. Although the syndicated loan market new-issue spreads were at multiyear lows for the quarter overall—creating an accommodating environment for sizable PE transactions—the cost of debt widened in March, especially for the riskiest borrowers. Volatile markets may have hobbled new-issue borrowing activity, but the leveraged loan market was far from shuttered as dealmaking continued, including a few large buyouts. Additionally, anticipated reductions in antitrust scrutiny may further bolster consolidation opportunities. This shift aligns perfectly with the classic PE playbook, particularly in pursuing larger-scale build-and-buy consolidation strategies.

Highlighting these dynamics, one of the quarter's marquee transactions involved WBA. Sycamore Partners agreed to acquire WBA, a global healthcare, pharmacy, and retail giant with over 12,500 locations, for a total consideration of $23.7 billion. WBA shareholders will receive $11.45 per share in cash with a nontransferable economic interest related to VillageMD, valued up to $3.00 depending on divestiture outcomes. This represents a substantial premium—29% based solely on cash consideration and 63% when including total consideration—compared with WBA's share price immediately preceding initial media coverage of the transaction.

This transaction marks the largest PE-backed healthcare take-private deal since the global financial crisis, underscoring PE's readiness to leverage abundant liquidity in pursuit of megadeals. Privatization enables WBA to execute critical long-term strategic transformations, free from the short-term pressures of public market scrutiny. Potential strategic initiatives include intensifying investment in core pharmacy operations and enhancing e-commerce capabilities while retreating from less profitable primary care segments.

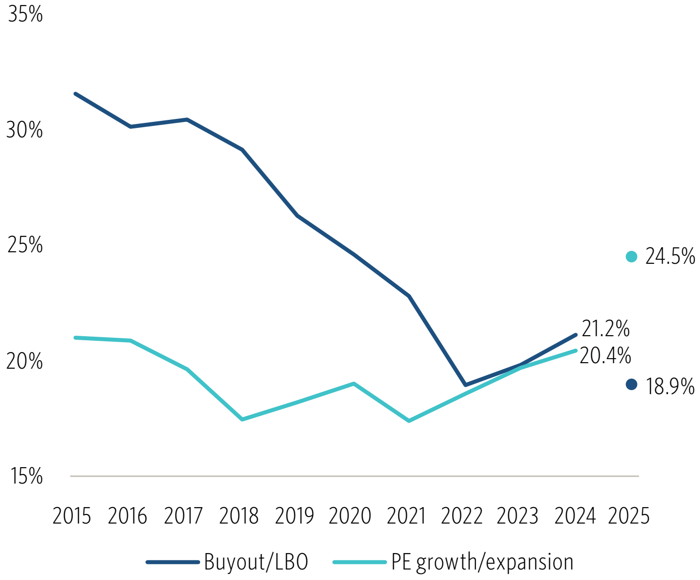
Furthermore, a possible breakup of WBA—such as separating its US retail operations from its UK-based Boots

Share of PE deal count by type



Source: PitchBook • Geography: US • As of March 31, 2025

Platform LBO and growth equity deals as a share of all PE deals



Source: PitchBook • Geography: US • As of March 31, 2025

segment—may be forthcoming. Sycamore Partners is expected to aggressively streamline operations by shuttering underperforming locations and engaging in sale-leaseback transactions to unlock value. Beyond this transaction, we are seeing a general uptick in PE interest within the consumer health sector.

Under PE ownership, WBA will likely prioritize rigorous cost management, accelerated store closures, and focused optimization of profitable locations to maximize cash flow generation.

Growth equity

Growth equity has been relatively strong lately. The strategy made up 24.5% of all PE deals in Q1, well above the five-year average of 19.2% and tracking above the recent high of 21.6% in Q1 2023. But because growth equity check sizes are much smaller than buyout check sizes, growth equity's share of overall PE deal value is always lower. In Q1, the share was 16.3%, 400 basis points above the five-year average of 12.3% yet below the recent high of 17.4% set in Q1 2024. Growth equity deal count overtook platform LBO deal count in Q1 2023 for the first time ever, and that trend has persisted ever since. Still, we see the potential for stronger buyout deal activity in 2025 as credit markets embrace large-scale deals.

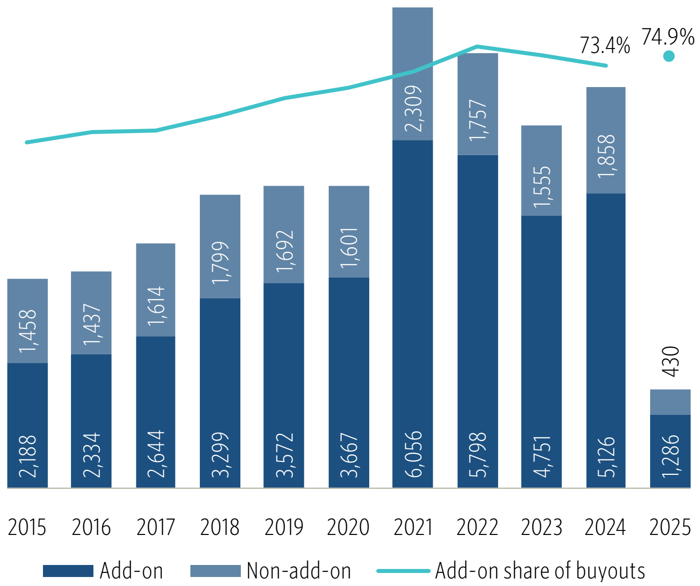
The distinct strategy of growth equity, eschewing the burden of costly debt by typically opting for all-equity deal structures, aligns well with its focus on rapidly expanding companies. By providing capital for expansion, growth equity aims to accelerate and scale growth, thereby enhancing unit economics through operational rather than financial leverage. This approach is particularly potent in the current economic climate, where value creation is realized by maximizing EBITDA margins and growth.

Add-ons

In our analysis, add-on transactions continue to have outsized prominence within the PE buyout landscape, representing 74.9% of all buyout activities in Q1 2025, an increase of 150 basis points from the 2024 average. The enduring strength underscores the strategic shift toward consolidation and operational synergies among PE investors. However, we expect a plateauing of this trend, with limited potential for further expansion as we advance into the latter half of 2025.

Since initiating the interest rate hike cycle in 2022, add-on acquisitions have emerged as a pivotal mechanism for sustaining the momentum of the PE sector amid the challenges of tightened credit conditions and market volatility. These strategic transactions enable PE sponsors

Add-ons as a share of all PE buyouts



Source: PitchBook • Geography: US • As of March 31, 2025

Carveouts/divestitures as a share of all PE buyouts by quarter

Source: PitchBook • Geography: US • As of March 31, 2025

to persistently deploy capital by focusing on smaller, more manageable deals, thereby navigating through a period where the lending environment constrains the execution of larger platform buyouts. Add-ons, traditionally favored for their financial accessibility due to their reduced scale and the leveraging capacity provided by their larger platform acquirers' existing credit facilities, have become even more integral.

Carveouts

2024 saw many large-scale companies hone their strategic plans and focus on the most attractive growth vectors, often identifying and divesting assets that no longer fit their growth strategies. This trend carried into the beginning of 2025. Additionally, these carveout deals are particularly attractive to GPs seeking platform acquisitions. This divestiture process is a strategic move for parent companies to improve financial performance by shedding underperforming or nonstrategic divisions, allowing for a clearer and more positive financial narrative for investors.

GPs view these transactions as attractive opportunities, benefiting from more accessible financing and applying PE turnaround acumen to maximize the value of these acquisitions. The acquired units can serve as platforms for new growth or act as synergistic additions to existing operations, enhancing scale and efficiency. This strategic approach allows GPs to navigate current market challenges effectively, making strategic expansions to bolster scale and performance amid a complex dealmaking landscape.

Carveouts accounted for a higher percentage of deals in 2024 than the asset class had grown used to. Carveout deal activity started 2025 right in line with activity in 2024, at 9.8% of all buyout deals, and remains elevated compared with 2022 and 2023. In the year ahead, we anticipate carveout activity to remain flat while more dealmaking options are at GPs' disposal as the cost of capital comes down. There will still be significant opportunities presented by the prospect of acquiring a divested asset, but if other deal types make up more of the mix, there could be a crowding-out effect for carveouts.

There were a few notable large carveout transactions in the first three months of 2025 as PE buyers in the consumer and energy sectors scooped up assets. REIT Sun Communities sold Safe Harbor Marinas, the largest marina- and superyacht-servicing business in the US, to Blackstone for $5.7 billion. The deal allows Sun to improve its leverage profile and refocus on its core segments while diversifying Blackstone's portfolio and benefiting from the long-term thematic tailwinds, including the growth of travel and leisure. In the energy sector, National Grid announced its agreement to sell its US onshore renewables business to Brookfield Asset Management for $1.7 billion. The sale allows National Grid to refocus its investments on its energy network business, while Brookfield shows growing interest in renewable assets.

Technology

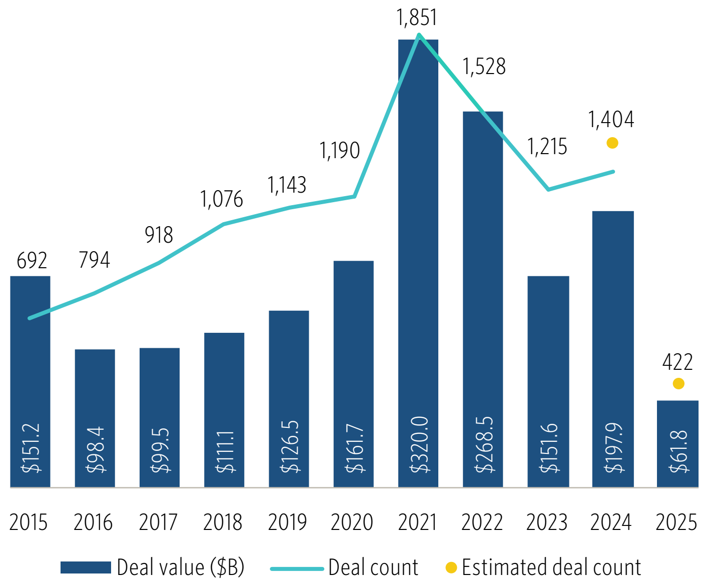
The technology PE deal landscape still shows steady activity, with an estimated 422 IT deals totaling $61.8 billion when including estimates for late-reporting deals. QoQ, this puts deal value higher by 63.9% and deal count higher by 10.6%. The sector is closely behind B2B in share of total US PE deal activity, accounting for 18.3% of total PE deal count and 24% of deal value. Despite the downward adjustment from the frenzied activity seen in 2021 and 2022, IT deal activity has remained ahead of the quarterly averages seen in the pre-pandemic years of 2017 to 2019. This demonstrates the sector's robust positioning for investment opportunities even in macroeconomic volatility. Major growth trends and disruptions in key technologies, such as AI, continue to create investment opportunities for PE firms ready with an ample supply of dry powder. As such, the largest Q1 IT deal was CenterSquare Investment Management's $12 billion growth equity investment in Aligned Data Centers with a partnership with Macquarie Asset Management. Aligned Data Centers is a tech infrastructure company providing datacenter and cooling infrastructure systems and will use the funding to capitalize on significant growth opportunities from the rising demand for AI and cloud applications.[3]

Healthcare

Q1 2025 healthcare PE deal activity sustained the rebound seen in 2024, with deal activity totaling $25 billion across 278 deals—excluding the $23.7 billion WBA acquisition, which falls under the retail industry in the B2C sector. Rising values with moderating volume indicate a shift toward larger strategic acquisitions. Moreover, the market continues to attract substantial capital despite valuation challenges, with firms prioritizing quality over quantity. This aligns with the post-2021 pattern of stable values and decreasing deal counts from the pandemic peak.

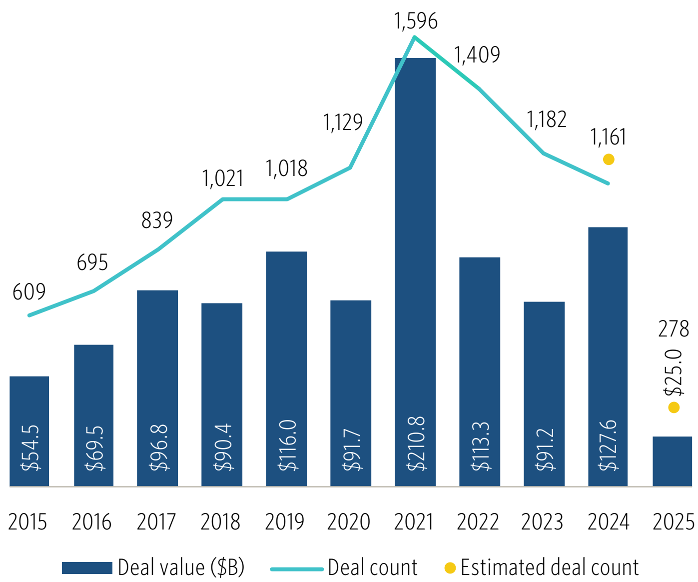
Key Q1 2025 deals include New Mountain Capital's $1.5 billion acquisition of Access Healthcare (revenue cycle management) at a $2 billion valuation; WindRose and Court Square's $1.1 billion acquisition of Soleo Health (specialty pharmacy); Rubicon Founders' $130 million acquisition of Horizon Infusions (outpatient centers); and Core Sound Imaging's Studycast platform securing $80 million in growth equity. These transactions reflect investor confidence in healthcare subsectors with strong technology components and value-based care delivery models.

Technology PE deal activity



Source: PitchBook • Geography: US • As of March 31, 2025

Healthcare PE deal activity

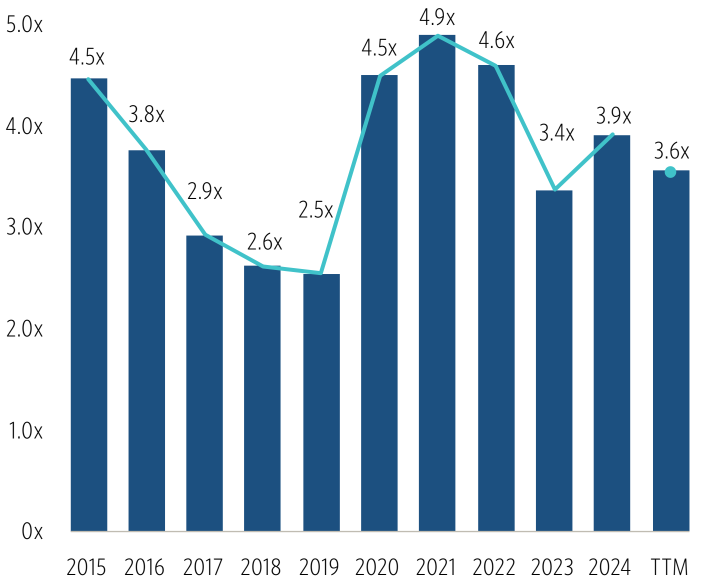


Source: PitchBook • Geography: US • As of March 31, 2025

Buyout/LBO transactions dominated Q1 with 138 of 179 completed deals, with PE growth investments at 43 deals. Healthcare services led with 116 deals, reflecting a focus on lower regulatory risk areas. The Department of Health and Human Services released a report in January identifying concerning trends in healthcare consolidation and PE

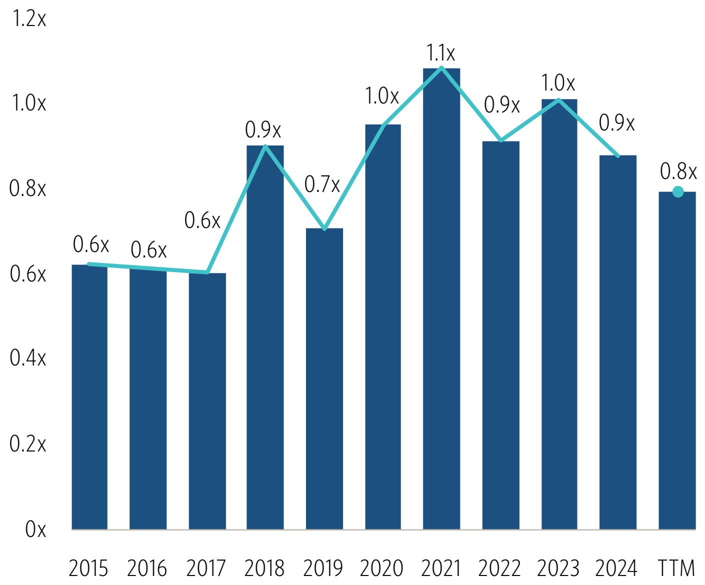
3: "Aligned Data Centers Completes $12+ Billion Capital Raise," Aligned Data Centers, January 15, 2025.

Median enterprise value (EV)/revenue multiples on PE deals of $2.5 billion or more



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

Median EV/revenue multiples on PE deals below $25 million



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

investment. The Federal Trade Commission's approach may shift following Andrew N. Ferguson's appointment as chair, replacing Lina Khan. However, effective July 1, 2025, Indiana's House Bill 1666 provides the attorney general a 45-day review of PE healthcare transactions, with the power to deny deals causing "adverse" financial impacts or healthcare outcomes. The bill builds on Governor Mike Braun's regulatory framework campaign. Growing state-level focus has prompted PE sponsors to re-evaluate Midwest investment strategies.

Q1 2025 macroeconomic stabilization is creating favorable PE conditions. Following rate cuts from the Federal Reserve (the Fed), financing for Access Healthcare and Soleo Health featured better debt terms than 2024 deals. The 2025 outlook is cautiously optimistic for healthcare technology, specialty pharmacy, and revenue cycle management. Though valuation challenges may limit large platform acquisitions, healthcare services will likely remain dominant for healthcare PE deals. Strategic buyers are providing exit opportunities, particularly in technology-enabled services. As current administration policies clarify, sponsors are positioned for more aggressive investment in value-based care, cost containment, and technology-driven improvements.

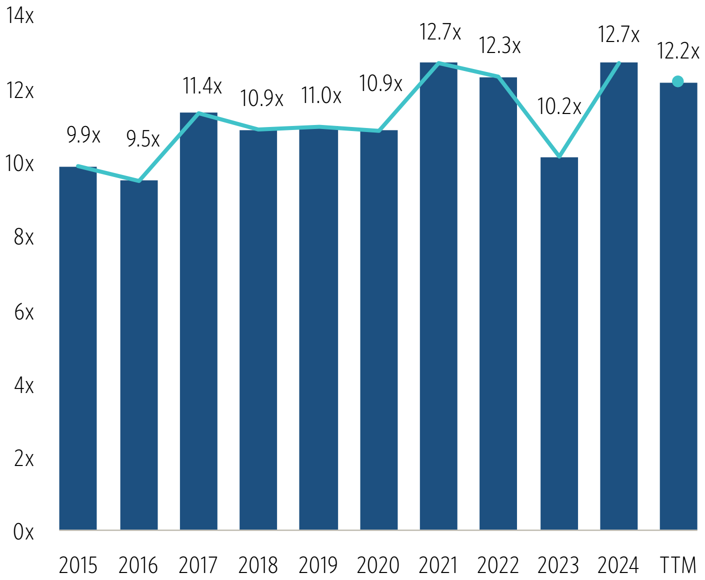
Valuations

PE valuations continue to gain their footing, adjusting slightly from the recovering valuation levels in 2024. After a two-year reset, EBITDA multiples saw a meaningful bounce, reaching 12.7x in 2024 and recouping much of their peak-to-trough losses. Trailing 12-month (TTM) multiples came down to 12.2x as Q1 buyout multiples trended lower, but they remain well above the pre-pandemic levels and higher than the last five-year average. Although it is too early to draw conclusions about valuation trends from this figure, we would not be surprised if EBITDA multiples flatten from the uptick in 2024. We anticipate EV/EBITDA multiples to level out as dealmaking activity broadens, as it will inevitably include lesser-quality companies that would put opposite pressure than the trend we observed of GPs bringing their best assets to market while holding on to the rest.

On an EV/revenue basis, TTM Q1 2025 multiples were flat from the 2x seen in 2024. US multiples adjusted upward in the first quarter, while their European counterparts remained steady. We look at the two regions on a combined basis for a better sample size and to remove the bias toward large take-privates from the US-only data; Europe has better disclosure requirements for private companies above a specific size. Despite the mixed bag, valuations have clearly bounced from their bottom and are now firmly on the mend.

Deal valuation metrics

Global PE EV/EBITDA multiples

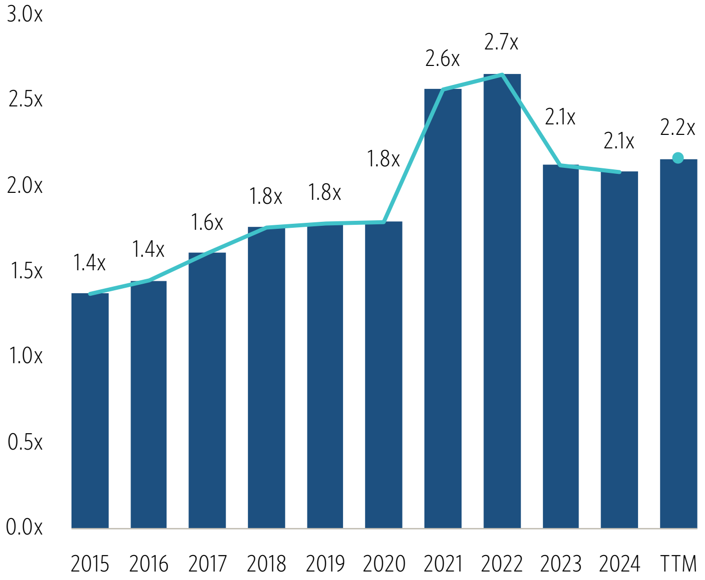


Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

US PE EV/EBITDA multiples

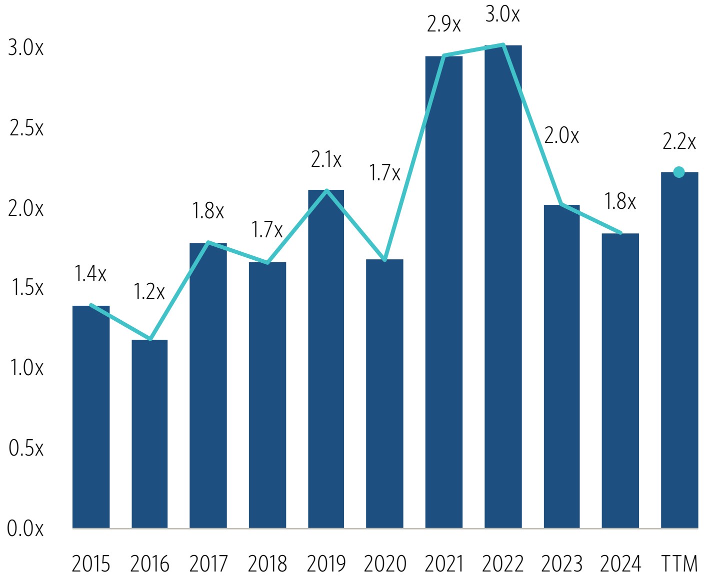
Source: PitchBook • Geography: US • As of March 31, 2025

Global PE EV/revenue multiples



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

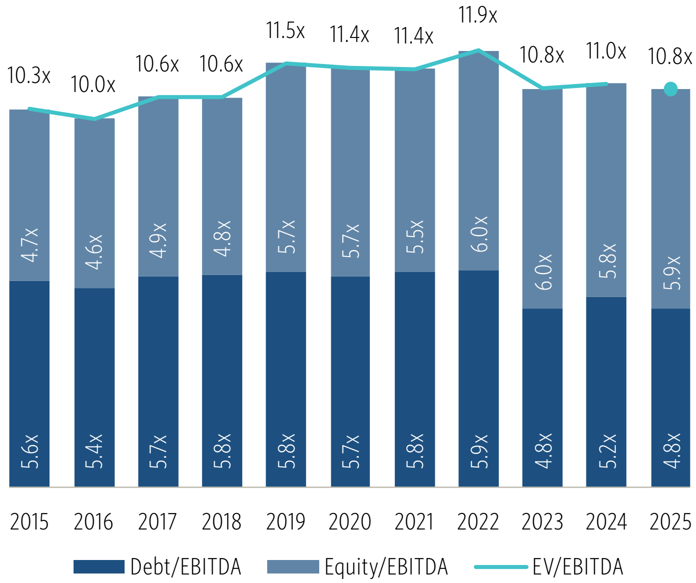
US PE EV/revenue multiples



Source: PitchBook • Geography: US • As of March 31, 2025

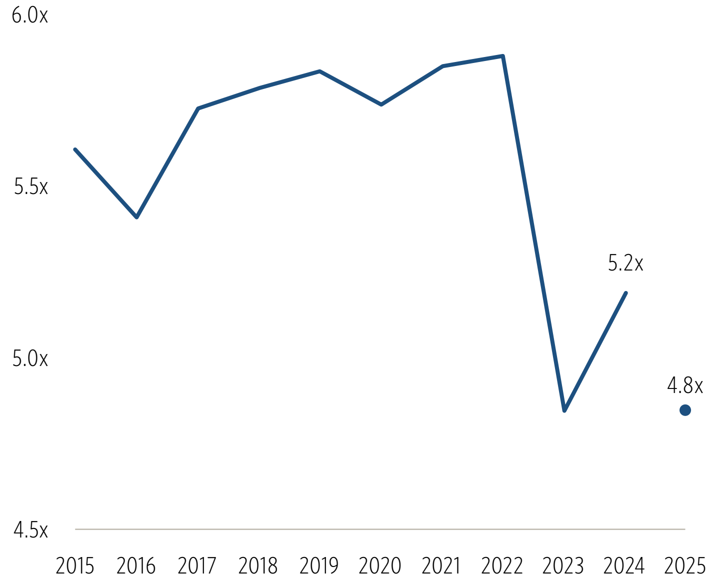
Deal financing metrics

Multiples on BSL-funded deals



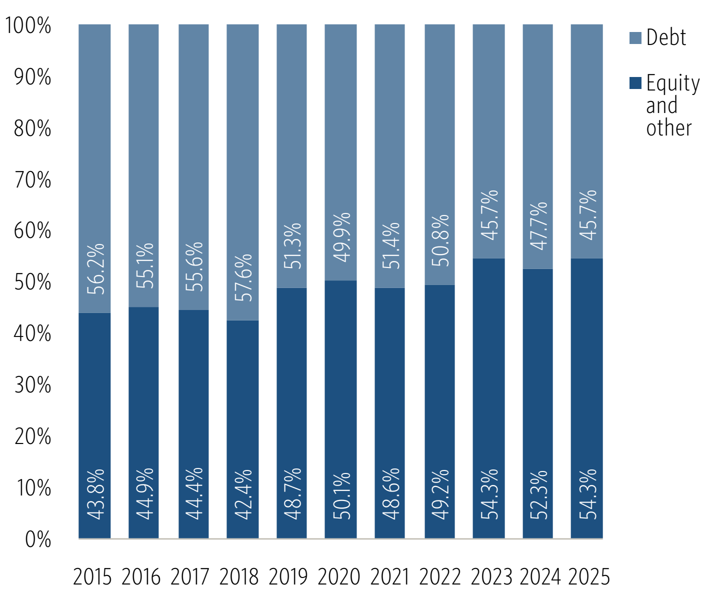
Source: PitchBook | LCD • Geography: US • As of March 31, 2025

Debt/EBITDA multiples on BSL-funded deals



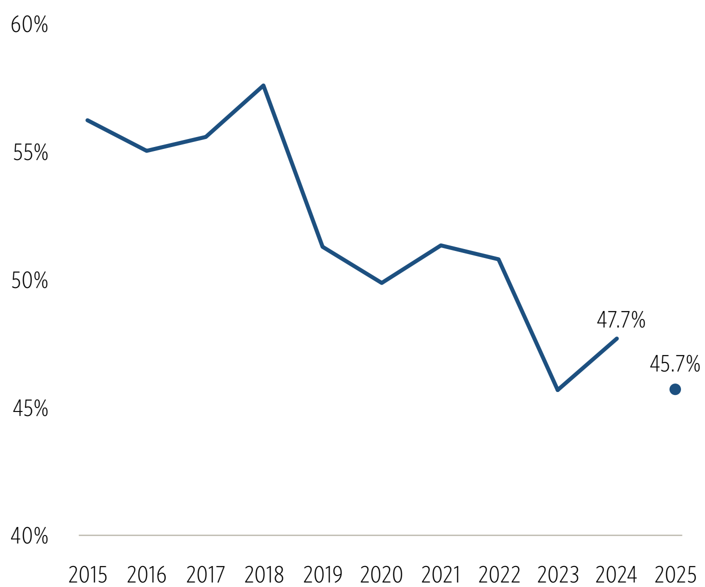
Source: PitchBook | LCD • Geography: US • As of March 31, 2025

Share of BSL-funded deal value by source



Source: PitchBook | LCD • Geography: US • As of March 31, 2025

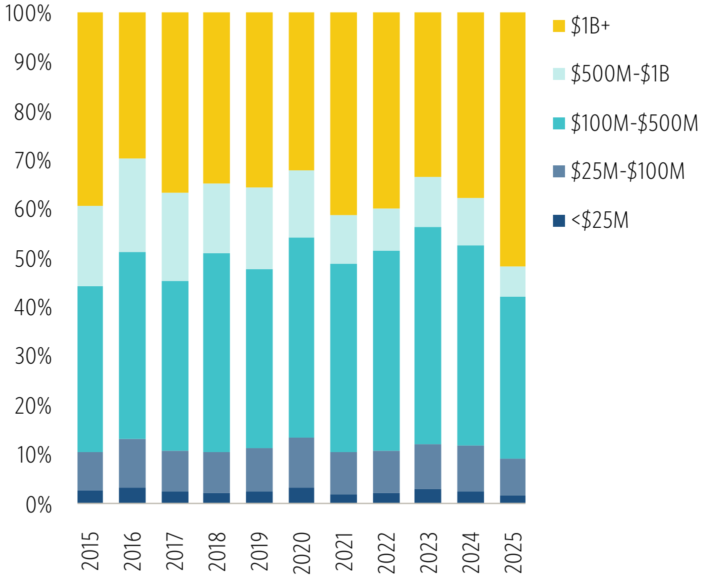
Debt/EV ratio on BSL-funded deals



Source: PitchBook | LCD • Geography: US • As of March 31, 2025

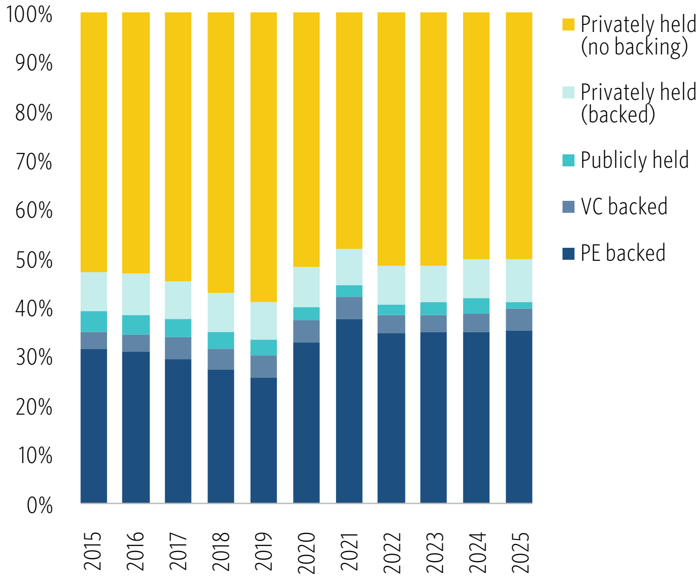
Deals by size, backing type, and sector

Share of PE deal value by size bucket



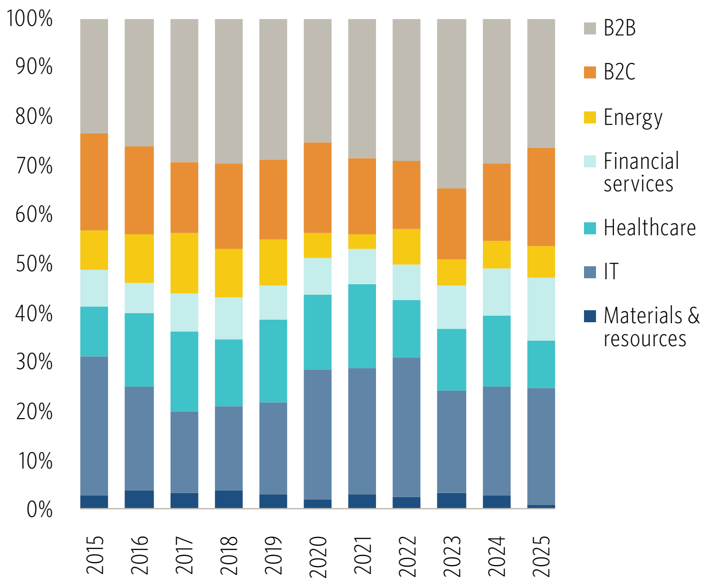
Source: PitchBook • Geography: US • As of March 31, 2025

Share of PE deal count by backing type



Source: PitchBook • Geography: US • As of March 31, 2025

Share of PE deal value by sector



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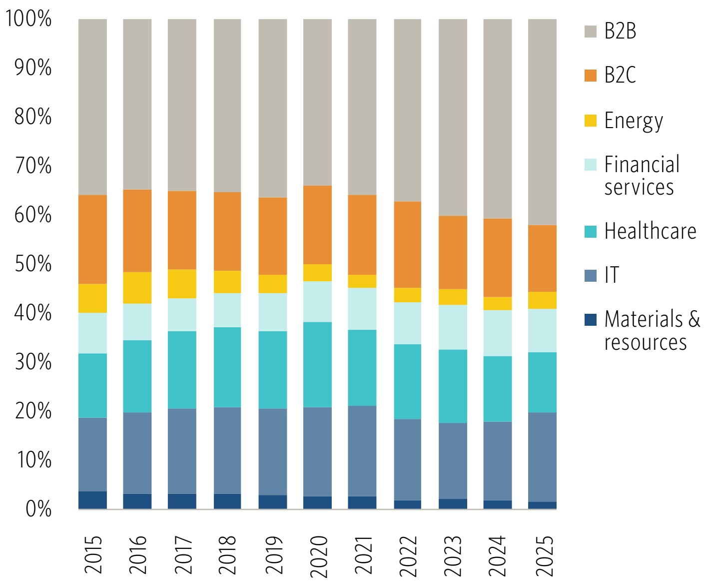
Share of PE deal count by sector



Source: PitchBook • Geography: US • As of March 31, 2025

SPOTLIGHT

Southeast Asia Private Capital Breakdown

Note: This spotlight is abridged from our 2025 Southeast Asia Private Capital Breakdown*. Please see the full report for additional analysis on the key PE and VC trends shaping the industry.*

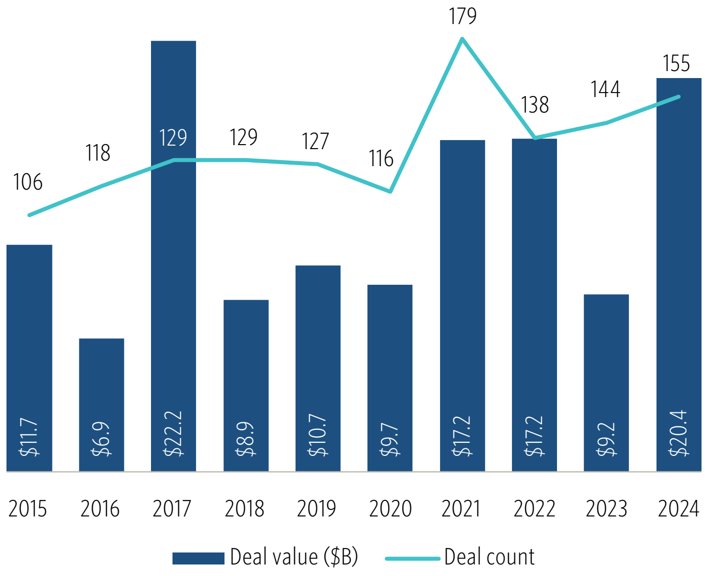
PE activity finds tailwinds

In 2024, private equity—buyouts and growth equity—activity in Southeast Asia saw a moderate rebound, marking the second-highest year for deal count and value, reaching $20.4 billion—more than double 2023's levels. This momentum was driven by easing interest rates, a positive economic outlook, and global supply chain shifts favoring the region. The year ended strong, with Q4 posting the highest deal count since early 2021, signaling positive momentum heading into 2025. Within Southeast Asia, the liquidity for PE investments has been relatively stronger than for the venture strategy, which will boost activity.

Interest rate movements played a key role in PE activity globally. As the Fed cut rates in 2024, PE markets worldwide responded with increased deal activity each quarter. Lower borrowing costs helped narrow the pricing gap between buyers and sellers, facilitating more transactions. Additionally, global PE/EBITDA multiples rebounded, reaching the second-highest premium in a decade. Capital supply expanded as central banks—particularly in the US—eased monetary policy, and the strong dollar encouraged nondomestic investments in emerging PE markets, including Southeast Asia.

Looking ahead, expected rate cuts in 2025 may further ease pricing pressures. However, geopolitical uncertainties—including ongoing wars, trade tensions, and potential US tariffs—could impact global markets. While supply chain disruptions may boost investment in regions like Southeast Asia, their broader effect on inflation and interest rates remains uncertain.

PE deal activity



Source: PitchBook • Geography: Southeast Asia • As of December 31, 2024

Sectors looking toward growth in PE activity

PE activity in Southeast Asia's healthcare sector remained robust in 2023 and 2024, despite an overall market slowdown. In 2024, 22 healthcare deals were completed, including the largest—a $1.1 billion buyout of Siloam International Hospitals. This sector's growth is driven by an aging population, with the proportion of individuals aged 60 and older expected to rise from 9.8% in 2017 to over 20% by 2050. Increasing economic wealth and growing government healthcare spending have also created more opportunities for private healthcare investment. Additionally, the expansion of telehealth services has improved access to care, particularly in rural areas, further boosting investment demand.

Another significant focus for PE has been datacenters, spurred by the rise of AI adoption and digital transformation.

Southeast Asia's datacenter market has experienced impressive growth, rising by 32% between 2019 and 2023.[4] Consequently, investment in infrastructure has surged, with the value of PE deals increasing from $100 million in 2017 to over $3.3 billion in 2023. As digitalization accelerates, the demand for datacenters and energy infrastructure is expected to grow, solidifying this sector as a key target for PE investment.

The region continues to see a lack of large exits

In 2024, PE exits totaled $7 billion, marking the lowest annual exit value in a decade, with just 27 deals completed—below the long-term average. A single $2 billion deal accounted for a significant share of exit value, and only one PE-backed company in the region went public, reflecting broader global challenges in the IPO market.

Largest PE deals in 2024

Company	Close date	Deal value ($M)	Deal type	Industry sector	Country
Malaysia Airports	May 15	$3,900.0	Buyout/LBO	B2B	Malaysia
DayOne Data Centers	December 2	$1,900.0	PE growth/expansion	IT	Singapore
ST Telemedia Global Data Centres	June 1	$1,295.5	PE growth/expansion	IT	Singapore
PropertyGuru	August 16	$1,100.0	Buyout/LBO	B2C	Singapore
Siloam International Hospitals	August 7	$1,050.0	Buyout/LBO	Healthcare	Indonesia
Ditrolic Energy	January 31	$673.0	PE growth/expansion	Energy	Malaysia
Freight Management Holdings	December 2	$665.9	Buyout/LBO	B2B	Malaysia
Dulwich College International	August 28	$600.0	Buyout/LBO	B2C	Singapore
Amret Microfinance Institution	May 4	$550.0	Buyout/LBO	Financial services	Cambodia
Philippine Coastal Storage and Pipeline	October 23	$346.0	Buyout/LBO	Energy	Philippines

Source: PitchBook • Geography: Southeast Asia • As of December 31, 2024

Largest PE exits in 2024

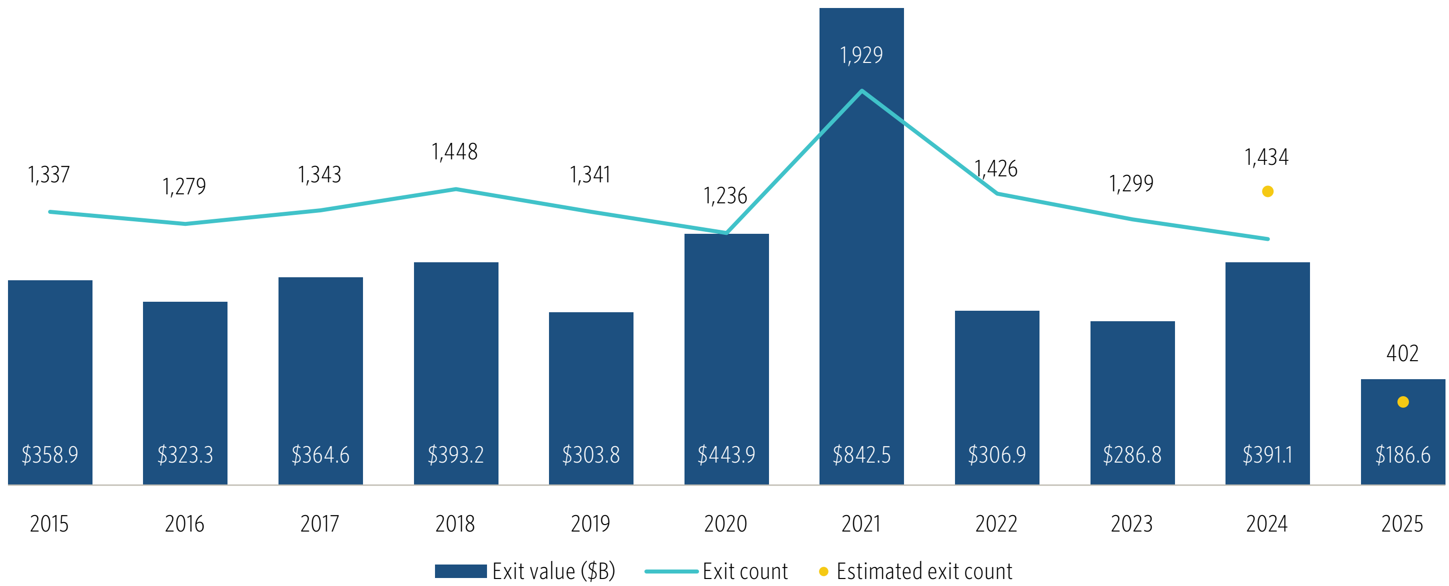
Company	Close date	Exit value ($M)	Exit type	Industry sector	Country
Pavilion Energy	June 18	$2,000.0	Acquisition	Energy	Singapore
Island Hospital	September 4	$885.9	Acquisition	Healthcare	Malaysia
Thai Credit Retail Bank	February 5	$723.3	Public listing	Financial services	Thailand
Dulwich College International	August 28	$600.0	Buyout	B2C	Singapore
Eu Yan Sang International	April 4	$517.7	Acquisition	Healthcare	Singapore
ECO Special Waste Management	June 17	$450.3	Acquisition	B2B	Singapore
Sembcorp Environment	November 8	$306.6	Buyout	B2B	Singapore
Hotel G Singapore	January 7	$180.6	Buyout	B2C	Singapore
Paiton Energy	May 1	$109.0	Acquisition	Energy	Indonesia
Nera Telecommunications	September 4	$11.0	Acquisition	Energy	Philippines

Source: PitchBook • Geography: Southeast Asia • As of December 31, 2024

4: "Rising Demand for Data Centers and Its Impact on Southeast Asia-5's Energy Landscape," Onyx Strategic Insights, October 17, 2024.

Exits

PE exit activity



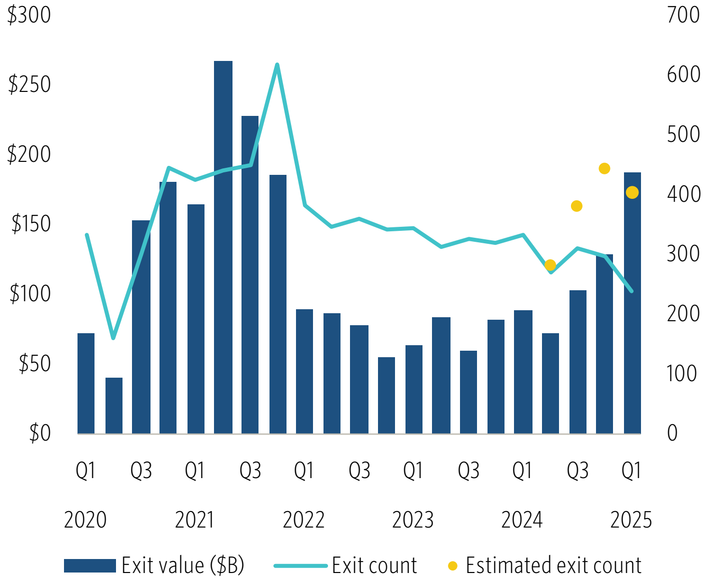
Source: PitchBook • Geography: US • As of March 31, 2025

Overview

2025 US PE exit activity is off to an encouraging start, although one mega IPO is making the quarter look even more impressive. With an estimated 402 exits for an aggregate of $186.6 billion, Q1 2025 activity appears stronger than the levels seen in the previous quarter, with exit value 44.9% greater than in Q4 2024. The largest exit during the year so far was the public listing of Venture Global LNG, which raised $1.8 billion in its IPO and was valued at a whopping $58.7 billion. Without this IPO, Q1 2025 exit value drops down to $127.9 billion, which represents a minuscule QoQ decline of 0.7%. Still, there are positive signals for the continuation of the upward trajectory in exit activity achieved in 2024. Both exit count and value remain 20% to 30% above pre-pandemic averages, even when excluding Venture Global LNG's IPO, demonstrating steady, albeit slow, recovery. Although it would be presumptuous to emphasize annualized exit activity based on just the first three months of the year, early indicators of another year of exit recovery exist without the outlier IPO. At the very least, it is a win for the still-early days of an IPO reopening.

With seven completed IPOs for $76.5 billion in the first three months of the year, 2025 is already ahead of full-year 2024 in terms of exit value through public listings and halfway in terms of exit count. Although this is driven by one giant exit, the bounce is a welcome sign of improving IPO markets and investor sentiment. Venture Global LNG closed below its IPO price—which was already adjusted down from its original target—but the IPO still marked the largest oil & gas IPO in the

PE exit activity by quarter



Source: PitchBook • Geography: US • As of March 31, 2025

US in nearly a decade. The large public listing also tests the pro-energy sentiments and the expected rise in commodities prices under the Trump administration, which could drive further growth and demand for energy companies. Similar blockbuster deals would encourage the growing pipeline of PE-backed companies looking to go public, but persistent public market volatility and uncertainty around regulatory risk are likely to prolong concerns about testing the market.

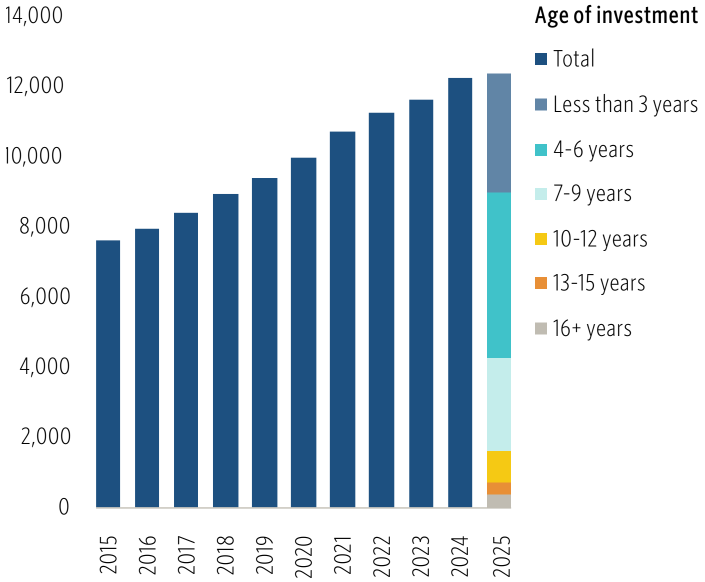
Still, we are wary that the growth in exit value continues to push ahead of exit count. Fewer of the highest-quality assets are fetching attractive prices, while the larger swath of PE portfolio companies have yet to secure exits. The median exit size increased through 2023 and 2024 despite a strained exit environment and jumped again in Q1 2025. At the same time, the US PE company inventory swelled to 12,379 companies through Q1 2025. This translates to a seven-to-eight-year inventory at the observed pace of exits in 2024 or the annualized pace of exits in Q1 2025. While the rebound in exit value is encouraging, significant acceleration is needed to make up for lost time. Improvement in exit markets must be sustained for the recovery to broaden to lesser-quality assets.

Exits to corporates

Exits to corporates continued to demonstrate relative strength over sponsor-to-sponsor exits but dipped QoQ on an absolute basis. There were 110 exits to corporates for an aggregate of $62.1 billion in Q1, marking QoQ declines of 21.4% and 14.6%, respectively. Exit value is firmly ahead of pre-pandemic quarterly averages while exit count lags by around 36%, again reflecting the need for a broader recovery in the exit market. Exits to corporates made up an impressive 68.3% of the quarter's exit value when excluding public listings. In exit count, corporates gave way to sponsor-to-sponsor exits, taking up 48% of PE exits when excluding public listings. Although M&A remains an important growth strategy for companies, corporations may wait for further clarity on how tariffs, policy changes, and inflation will impact their operations before signing off on acquiring PE-backed assets. The fruition of expected tax cuts and lowered antitrust regulations could spur investment activity for corporates with robust balance sheets.

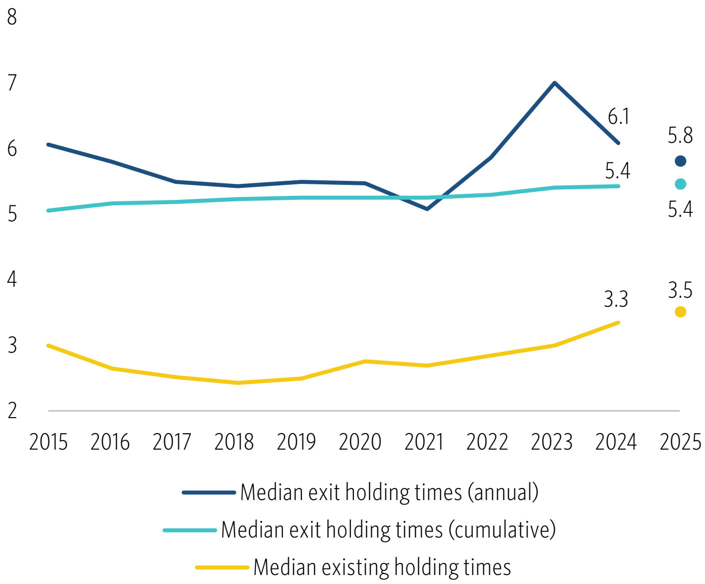
The largest exit to corporate in Q1 was Energy Capital Partners' sale of natural gas and geothermal provider Calpine to Constellation for a total value of $26.6 billion. With the acquisition, nuclear power provider Constellation will expand its position as a top clean energy producer in the US and strengthen its ability to address demand in fast-growing markets, such as the rising electricity need for AI datacenters. Another significant exit was the sale of Paycor to Paychex for $4.1 billion. Paycor was acquired by Apax Partners in 2018 before going public in 2021. Apax Partners exited its remaining ownership of the payroll processing company to Paychex, which complements its human resources management services and broadens its suite of AI capabilities.

PE-backed company inventory by deal year



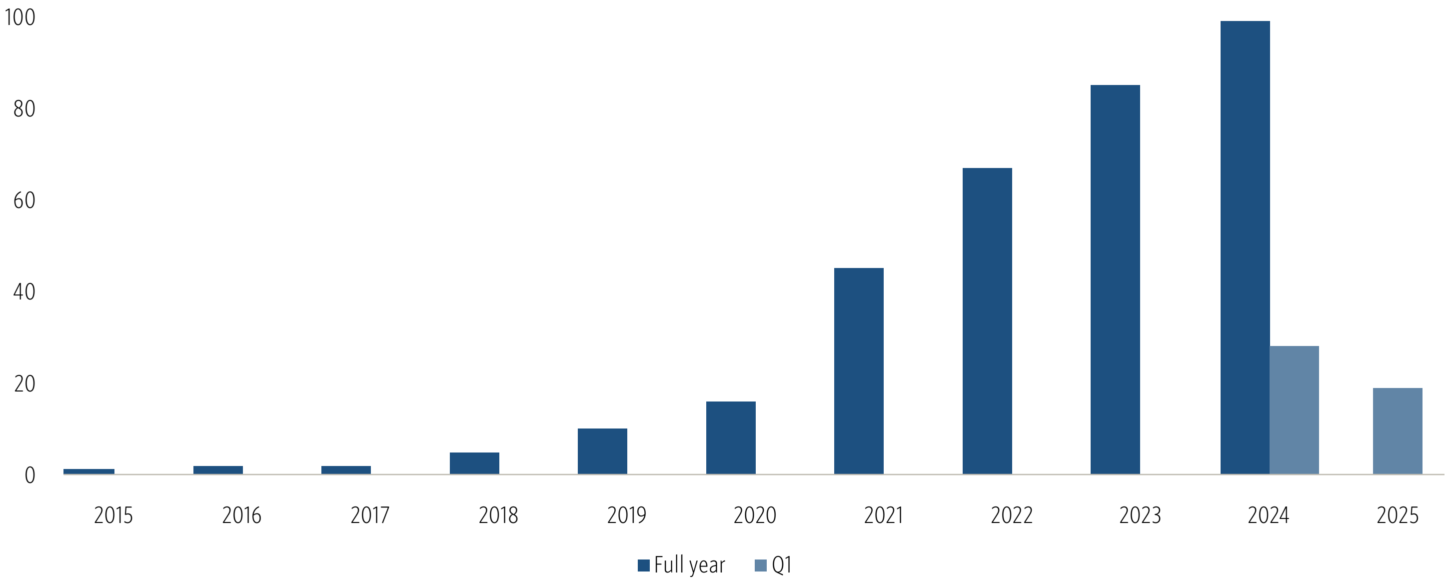
Source: PitchBook • Geography: US • As of March 31, 2025

Median PE company holding times (years)



Source: PitchBook • Geography: US • As of March 31, 2025

Notable continuation-fund-related exit count



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

Sponsor-to-sponsor exits

Sponsor-to-sponsor exit activity is off to a slower start with 21.7% less exits than in Q4 2024, but exit value managed to track 13.4% higher QoQ. There were 119 exits for an aggregate of $28.8 billion in the first quarter, which is still roughly 30% below pre-pandemic averages. Sponsor-to-sponsor exits accounted for 31.7% of Q1 PE exit value when excluding public listings, in line with the trend of exits to corporates driving chunkier exits. In exit count, however, the balance between sponsor-led and corporate-led exits is close to even. Sponsor-to-sponsor exits took up 52% of non-IPO exit count, just 400 basis points higher than the TTM average. Although there was a slight uptick in sponsor-to-sponsor exit activity in 2024, the quarterly volatility shows that recovery is nascent. While the rebound in platform LBO activity in Q3 2024 helped boost exits to other sponsors, it is too early to observe steady growth in sponsor-to-sponsor exit activity, especially in the face of persistent market uncertainty and high interest rates.

Only one sponsor-to-sponsor exit was in the top 10 largest exits in Q1. In February, it was announced that healthcare information management software company Edifecs would sell to PE-backed Cotiviti for $3.1 billion. Edifecs was initially acquired by Francisco Partners and TA Associates Management in 2020 for $724 million. The newly combined platform with Cotiviti plans to enhance connectivity in the healthcare system through efficient data access and improved quality of care.[5] There were also several opportunistic mega-exits in the B2B space, such as in the fire safety industry. For example, in January, Levine Leichtman Capital Partners (LLCP) exited Encore Fire Protection to Permira for $1.8 billion. Encore Fire Protection provides fire safety services like installing and maintaining alarms and sprinklers and has achieved geographic expansion and market density under LLCP's investment since 2021. In the same month, Ares Capital and TruArc Partners exited commercial fire safety provider AI Fire to Blackstone for $1.1 billion. The transactions reflect rising demand for more fire protection amid extreme weather conditions and wildfires. Investors are also attracted to the space's steady recurring revenue model from regular inspection and maintenance services.

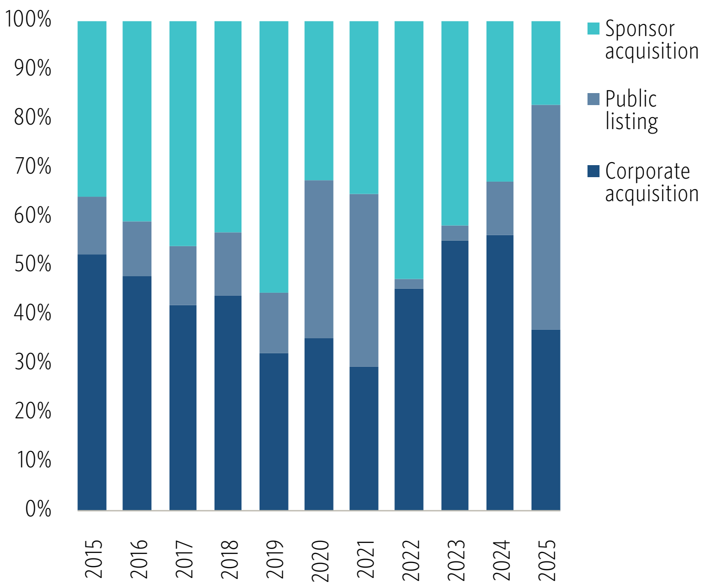
Exits to continuations funds

With US PE exits falling to unprecedented lows in 2023 and time running out for GPs to wind down their portfolios in an orderly fashion, we predicted that 2024 would be a tipping point for GP-led secondaries—otherwise known as continuation funds—because they offered the most scalable alternative to a traditional M&A and IPO process. LPs that need liquidity can choose to cash out, and GPs that need more

5: "Cotiviti Announces Agreement To Acquire Edifecs," Edifecs, February 10, 2025.

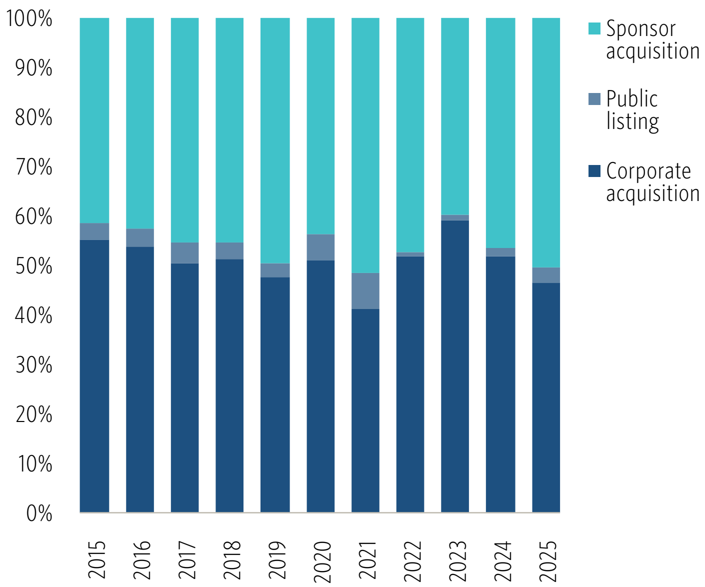
PitchBook

Share of PE exit value by type



Source: PitchBook • Geography: US • As of March 31, 2025

Share of PE exit count by type



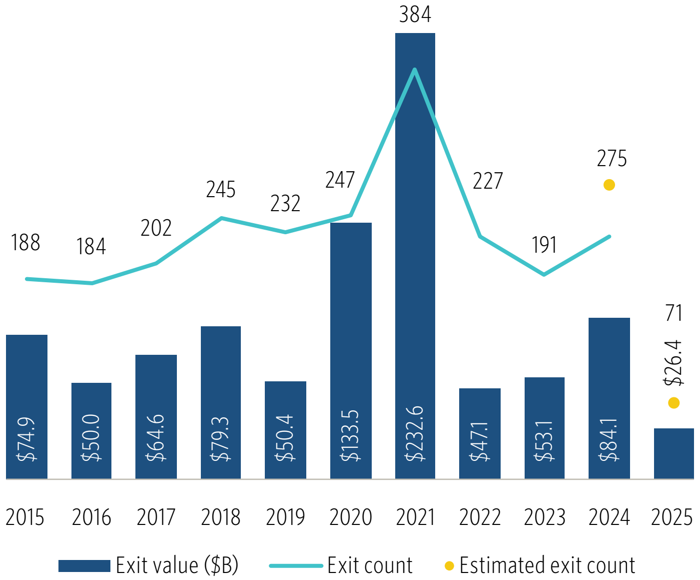
Source: PitchBook • Geography: US • As of March 31, 2025

time to work out of assets on a more profitable basis receive that as well. This prediction has played out as expected. In 2024, 99 exits were announced or completed in North America and Europe through a continuation fund process—a 16.5% increase from the 85 transactions we tracked in 2023.

PitchBook tracked 19 exits into continuation funds in Q1 2025, 13 of which were disclosed for an aggregate value of $3.9 billion. This is below the pace in Q1 2024, during which we tracked 28 continuation-related exits for $10.3 billion. European middle-market firm Inflexion announced the largest multiasset continuation vehicle of the quarter, which will raise over $2.6 billion for four UK-based assets. The largest single-asset continuation vehicle was Charlesbank Capital Partners' estimated $600 million rollover of autism therapy company Action Behavior Centers.

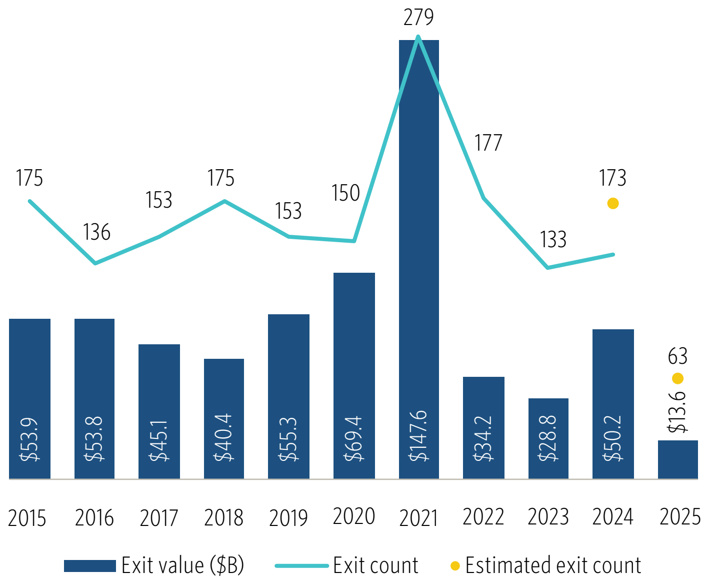
Exit activity has been recovering since mid-2024 but remains slow relative to the number of companies accumulated by PE funds in North America and Europe. At the same time, new money flowing to strategies that invest in LP- and GP-led secondaries, including continuation vehicles, continues to build. Total committed capital for funds closed in 2024 reached a record of $101.6 billion, achieving a 28.6% gain YoY and surpassing the previous record of $95.5 billion set in 2020. While some of the growth in fundraising can be attributed to the expected cyclicality of many big secondaries managers, there is also increasing demand to purchase interests in continuation vehicles.

Technology PE exit activity



Source: PitchBook • Geography: US • As of March 31, 2025

Healthcare PE exit activity



Source: PitchBook • Geography: US • As of March 31, 2025

Technology

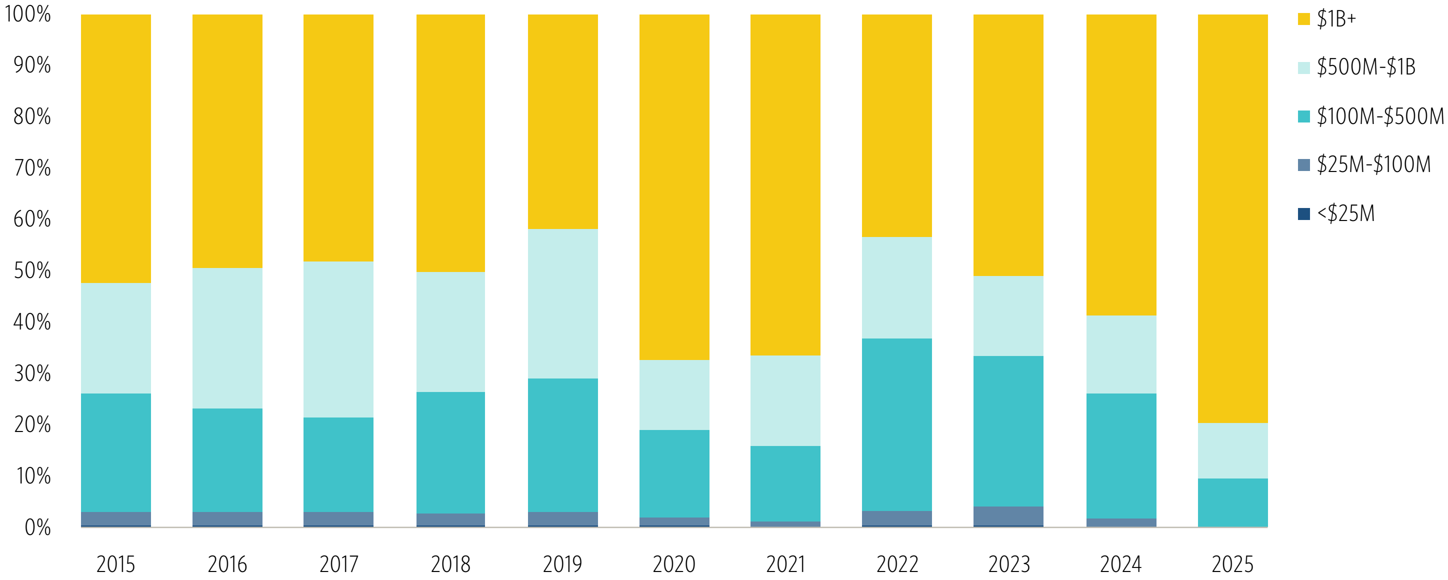
PE exits activity in the technology sector remained steady, with an estimated 71 exits for a total of $26.4 billion in Q1. Exit value was flat QoQ—less than 5% below the value in Q4 2024—while exit count fell by 17.4%. Both metrics remained aligned with the sector's TTM quarterly averages, but IT's share of total PE exit value dropped from first to third place, as megasized exits in the energy and B2B sectors occurred during the quarter. Still, growth trends in multiple technology areas led PE-backed IT companies to achieve attractive valuations. There was already an exit via public listings in the first quarter, which is a positive sign of a more confident IPO sentiment after just two IT public listings in 2024. SailPoint Technologies, a cybersecurity provider, was valued at $11.5 billion during its IPO in February. This is the company's second public listing after being acquired by Thoma Bravo, first in 2014 and again in 2022. SailPoint's stock price has fallen below its IPO price, and how the company fares in the market will gauge how investors proceed with their backlog of potential IPO candidates in the technology sector.

Healthcare

PE exits in healthcare are off to a better start than the sector saw in 2024, with an estimated 63 exits for an aggregate value of $13.6 billion through 2025's first three months. Q1 2025 has continued the trend seen in the second half of 2024, where the sector sees a higher exit count, showing that the improving exit environment benefits the space. Liquidity constraints in previous years deflated platform deals—especially sponsor-to-sponsor trades, which had declined in proportion to exits to corporates on both an exit count and value basis starting in 2022. The decline of sponsor-to-sponsor exits was concerning, given that a significant exit route for platform companies was to pass them up market to larger PE firms. That seems to be on the mend, and we expect more of these transactions to occur throughout the year despite the recent broader market uncertainty.

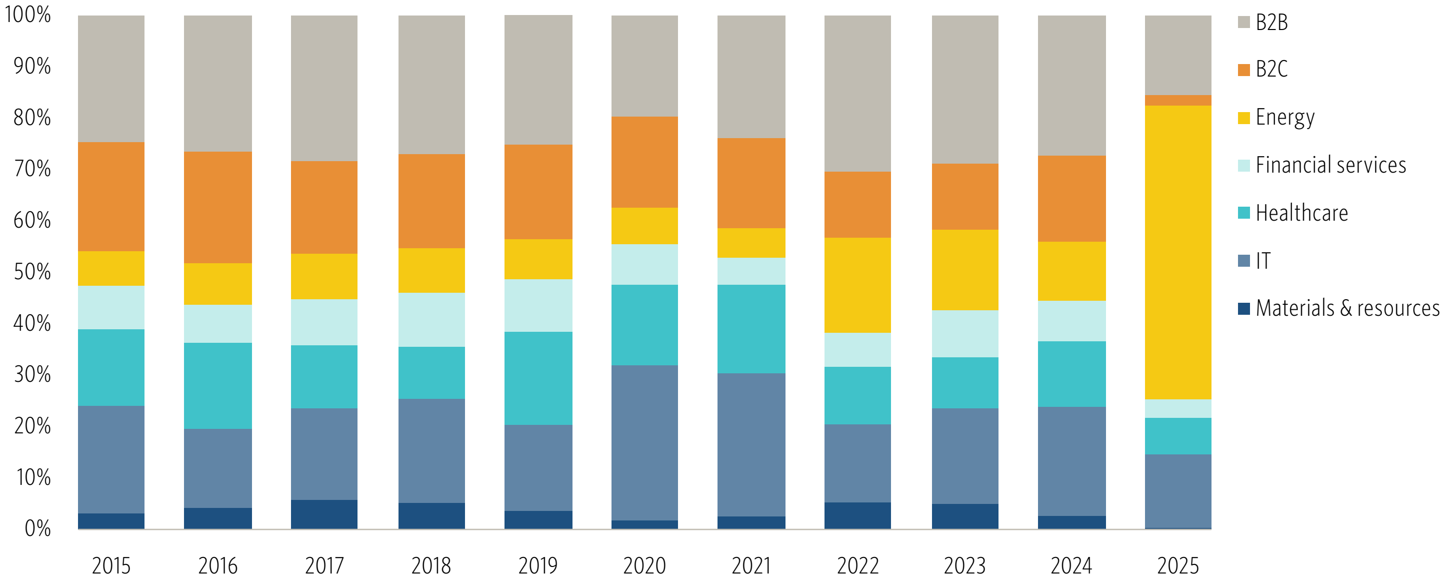
The healthcare services industry made up the bulk of healthcare sector exits in Q1, accounting for several sizable exits. Notable exits include H.I.G Capital's sale of Soleo Health to WindRose Health Investors and Court Square for $1.1 billion and Quad-C Management's sale of PRISM Vision Group to McKesson for $850 million. However, the largest exit of the year thus far came from the pharmaceuticals and biotechnology industry when Blackstone Life Sciences announced its sale of Anthos Therapeutics to drug developer and manufacturer Novartis for $3.1 billion.

Share of PE exit value by size bucket



Source: PitchBook • Geography: US • As of March 31, 2025

Share of PE exit value by sector



Source: PitchBook • Geography: US • As of March 31, 2025

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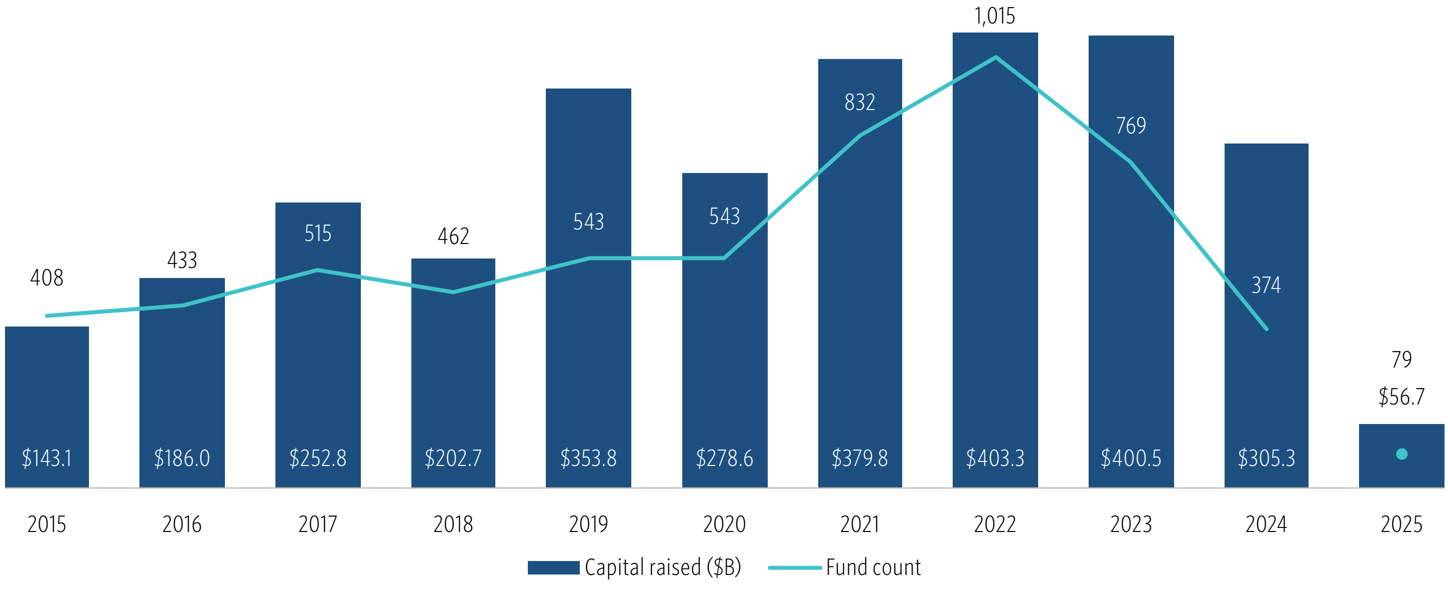
Fundraising

PE fundraising activity



Source: PitchBook • Geography: US • As of March 31, 2025

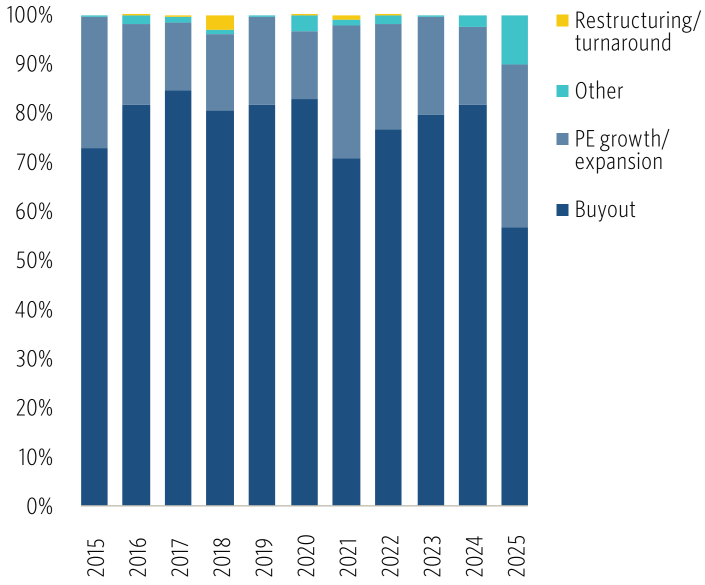
Overview

So far, private equity fundraising in 2025 has followed the trend seen in 2024: a slowdown. Through the first quarter, the asset class has raised $56.7 billion across 79 funds that held a final close. Furthermore, in comparison with the first quarter of last year, the total amount raised by closed funds slowed YoY, well below the $76.8 billion raised in Q1 2024. This is notable when considering 2024 was a weaker fundraising year than in years past. However, 2024 fundraising activity slowed throughout the year, and Q1 2025 continues that trend. While it is only Q1, the first three months align with our 2025 outlooks, where we expect fundraising activity to decline in the year ahead.

Regarding fundraising by strategy, buyout once again accounts for the majority of capital raised, at 56.8%. However, the first quarter saw growth equity's share of fundraising jump drastically to 33.4%, up from 15.8% in 2024. This increase is primarily thanks to the closing of PSG's $6 billion growth equity fund in February. As the year progresses, growth equity's slice of the fundraising pie will likely fall more in line with the strategy's five-year average of 19.4% of all capital raised.

A trend that has reversed and should now seemingly be working in fundraising's favor is the time to close a fund. Starting in 2022 and gradually extending to the end of

Share of PE capital raised by type



Source: PitchBook • Geography: US • As of March 31, 2025

2024, firms were taking longer to close a fund, and that further slowed as exits were on pause and LPs were capital-constrained due to the lack of distributions. The start of 2025 shows that funds have a median close time of 11.7 months, its lowest point since 2022. 2024 saw a significant rebound in exit activity, and the distributions back to LPs, as a result, have helped some GPs hold final closes in less time than in prior years. However, it is too early to tell if this downtrend is sustainable, especially as fundraising activity remains lower.

AUM and dry powder

US PE AUM pushed higher at the start of 2024 to reach $3.5 trillion, marking what would be the 16th straight year of AUM growth for the industry. However, growth slowed in 2024, following a moderated 2023 in terms of AUM growth. YoY AUM growth for the asset class slowed to 3.7% halfway through 2024, following 2023's growth of 8.1%—both falling short of its 10-year CAGR of 12.7%. AUM comprises invested assets and uncalled capital, also known as dry powder. Ongoing growth for the remaining value portion of AUM leaves dry powder as the main factor behind the slowdown in AUM growth.

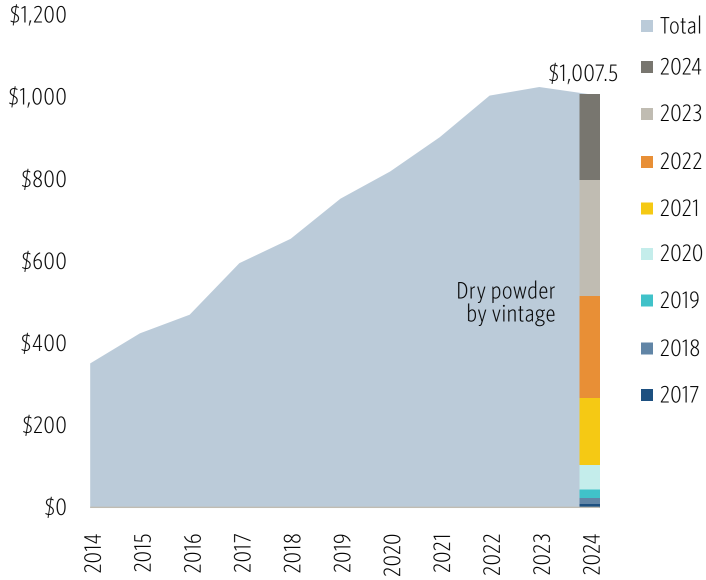
After pushing through the $1 trillion mark in 2022 and peaking in 2023, dry powder remains above the $1 trillion mark but has since started to decline. Dry powder's share of AUM now sits at 28.4%—its lowest reading ever—and sits below the 10-year average of 36%.

Dry powder is now declining, and asset appreciation is roughly equal to the distribution rate, leaving new commitments as the likely culprit. Furthermore, the roles have now switched: Deployment is outpacing fundraising, as fundraising has seemingly hit an air pocket, while deal activity continues to pick back up. As previously noted, total capital announced at the time of a fund's final closing can be a lagging indicator. In contrast, AUM methodology is based more on the timing of cash inflows and outflows on a quarterly basis. The decrease in dry powder is the clearest indicator yet that fundraising has slowed.

Megafunds

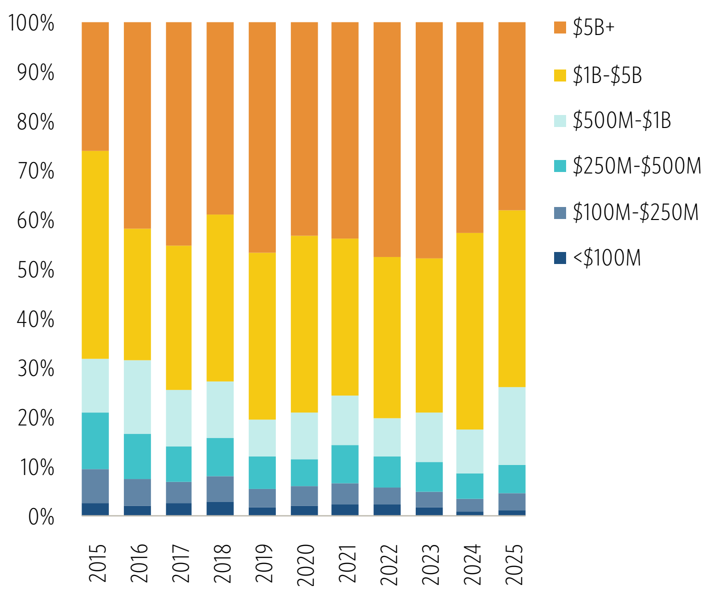
Q1 saw the closing of three megafunds—funds of $5 billion or more—raising a combined $21.6 billion, or 38.1% of total capital raised for the quarter. Insight Partners raised $10 billion for its eighth flagship buyout fund; PSG closed its sixth growth fund at $6 billion; and Blackstone raised $5.6 billion for its Blackstone Energy Transition Partners IV fund. Depending on the pace for megafund fundraising, these funds could maintain their high share of capital raised with a healthy list of megafunds actively raising. However, it is unclear if many will hold a final close in 2025 based on the raised-to-date figures for some of these funds.

PE dry powder ($B)



Source: PitchBook • Geography: US • As of June 30, 2024

Share of PE capital raised by size bucket



Source: PitchBook • Geography: US • As of March 31, 2025

Blackstone, KKR, and Clearlake Capital Group are headlining the list of open funds, having amassed a combined $42.4 billion. Moreover, the 10 largest open PE funds have amassed $58.4 billion in capital, with five having already raised $5 billion or more. In the past couple of years, several megafunds have faced a much more challenging market with fewer LPs available to commit the large check sizes needed to help close these funds. As a result, many of them have been open for two or more years, even longer than the rest of the PE ecosystem.

Middle-market funds

Middle-market fundraising followed the broader fundraising trend seen in PE last year and declined after three years of robust activity. Middle-market funds are those that raise between $100 million and $5 billion. Through the first quarter of 2025, middle-market managers closed 42 funds worth an aggregate value of $34.5 billion. Moreover, middle-market managers accounted for 60.8% of the total capital raised. This is well above the five-year average of 53.1% seen historically in the first three months of the year. In the past few years, with higher interest rates and other headwinds, GPs were forced down market to deploy capital; in turn, this allowed many middle-market GPs to see successful fundraises. Now that those headwinds are easing, it remains to be seen how middle-market managers will fare.

Notable open PE megafunds

Fund	Fund type	Open date	Fund target ($M)	Raised amount ($M)
Blackstone Capital Partners IX	Buyout	June 21, 2022	$20,000.0	$20,930.9
KKR North America Fund XIV	Buyout	June 24, 2024	$20,000.0	$14,000.0
Thoma Bravo Fund XVI	Buyout	April 5, 2024	$20,000.0	$1,600.0
Clearlake Capital Partners VIII	Buyout	June 20, 2023	$15,000.0	$7,500.0
Veritas Capital Fund IX	Buyout	May 13, 2024	$13,300.0	$1,005.0
Dyal Capital Partners VI	PE growth/expansion	June 16, 2023	$13,000.0	$6,393.0
Trident X Fund	Buyout	May 6, 2024	$9,000.0	$1,100.0
Thoma Bravo Discover Fund V	Buyout	April 5, 2024	$7,000.0	$663.0
L Catterton X	Buyout	December 7, 2021	$6,500.0	$5,001.0
Thomas H. Lee Equity Fund X	Buyout	August 19, 2024	$6,250.0	$200.0

Source: PitchBook • Geography: US • As of March 31, 2024

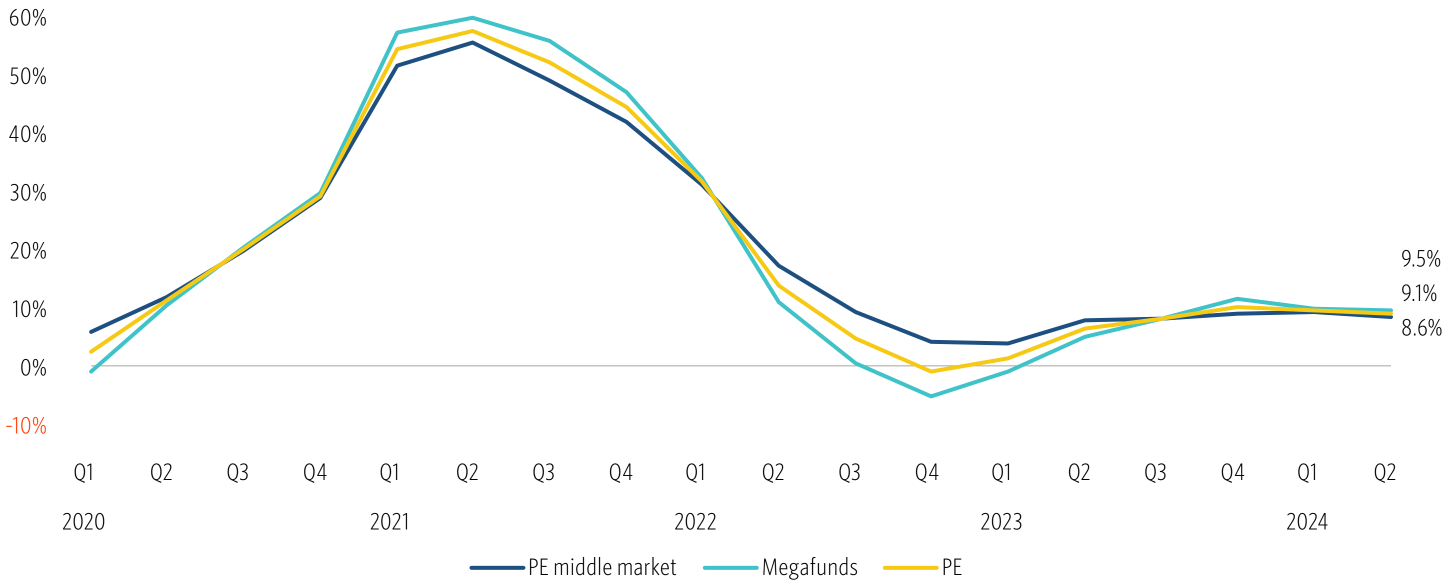
Notable closed PE funds YTD

Fund	Fund type	Close date	Fund target ($M)	Raised amount ($M)
Insight Partners XIII	Buyout	January 16	$12,500.0	$10,000.0
Providence Strategic Growth VI	PE growth/expansion	February 12	$6,500.0	$6,000.0
Blackstone Energy Transition Partners IV	Diversified PE	February 26	$5,600.0	$5,600.0
GTCR Strategic Growth Fund II	PE growth/expansion	February 20	$2,750.0	$3,600.0
FTV VIII	PE growth/expansion	January 8	N/A	$3,400.0
Vistria Fund V	Buyout	January 9	$4,000.0	$3,000.0
Pamlico Capital VI	Buyout	March 10	$1,500.0	$1,750.0
GSP 5.0 Fund	Buyout	March 3	$1,200.0	$1,200.0
Frontenac XIII Private Capital	Buyout	January 23	$700.0	$900.0
Hildred Equity Partners III	Buyout	January 13	$600.0	$800.0

Source: PitchBook • Geography: US • As of March 31, 2024

Performance

Quarterly rolling one-year PE fund performance by size

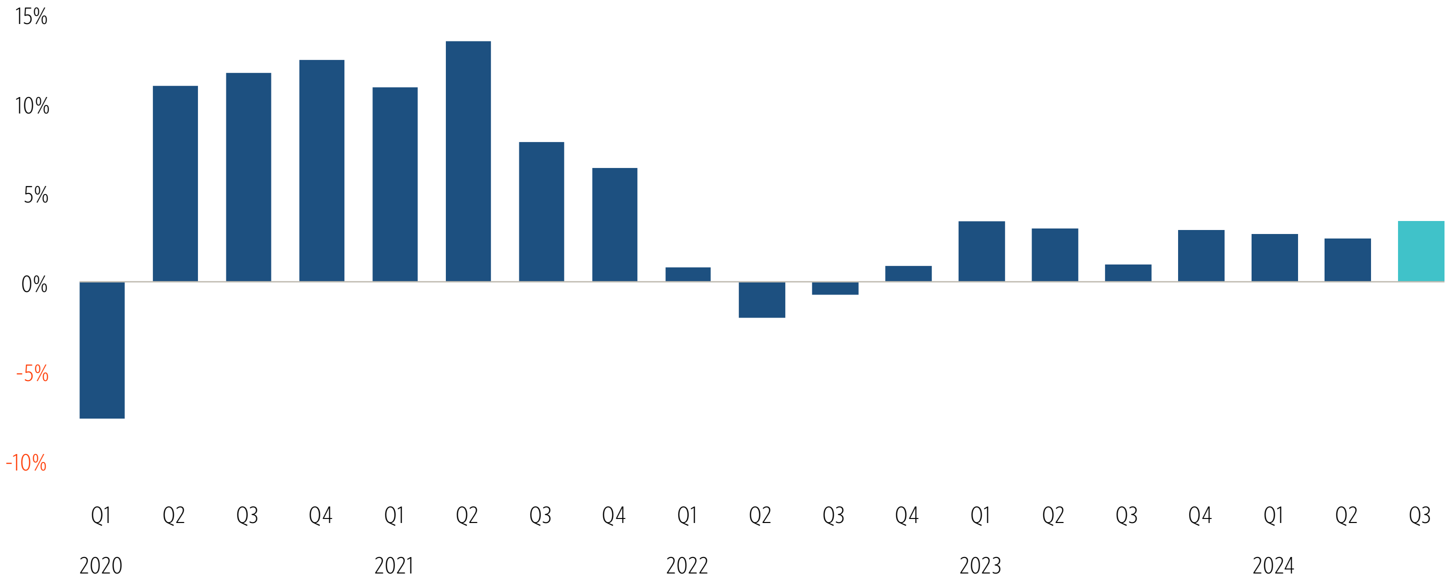


Source: PitchBook • Geography: US • As of June 30, 2024

Our analysis of recent fund performance suggests that the back half of 2024 and the start of 2025 will see the asset class regain double-digit returns—a benchmark PE became accustomed to achieving and a welcome sight after only recently stabilizing in the high single digits. The asset class dipped its toes back into double-digit territory in Q4 2023 but declined slightly in the following two quarters. While PE fund performance is seemingly on the mend, the asset class's returns remain well below that of the public markets, with the S&P 500 and Russell 2000 posting one-year returns of 36.4% and 27.8%, respectively, through June 30, 2024. This trend will likely persist in the quarters ahead as public equities continue trekking upward despite the recent volatility amid market uncertainty; meanwhile, PE only recently found its footing.

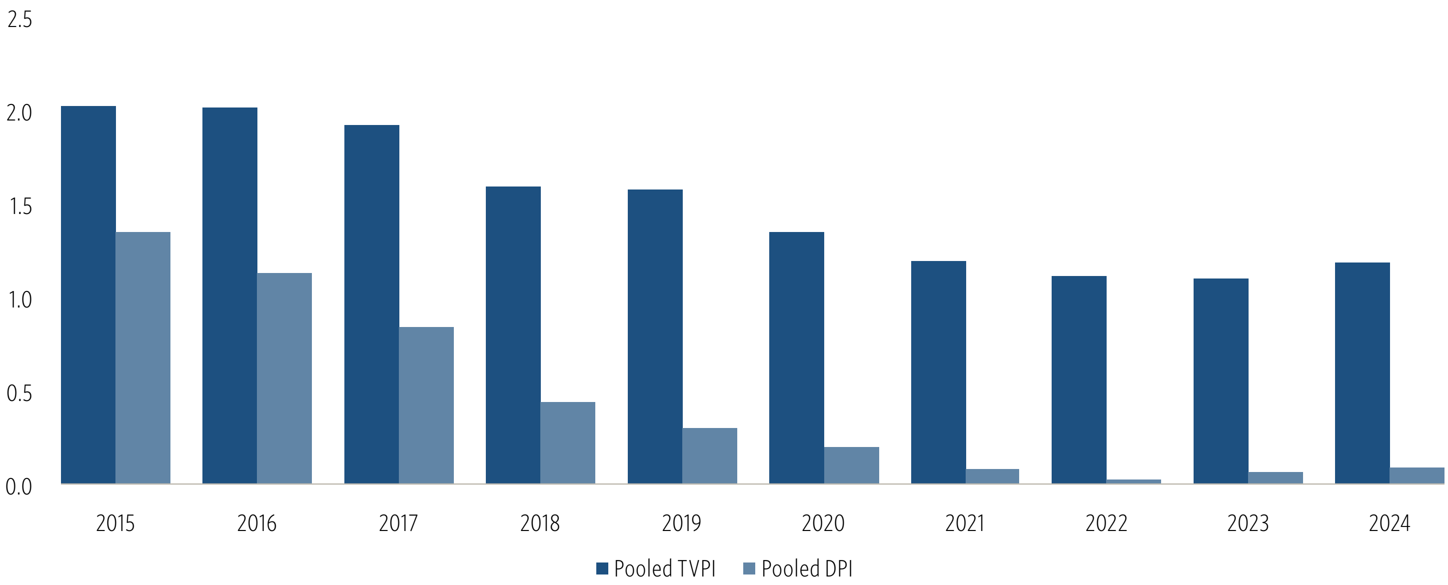
2024 exit activity saw significant improvements, and the robust activity carried into Q1 2025, as we anticipated heading into the new year. Supporting this has been the sustained success in public markets, providing a tailwind to managers. Moreover, the Fed's three rate cuts in 2024, alongside the anticipated cuts in 2025, have and will continue to lower the cost of capital. This allows managers to reopen the playbook to include larger LBOs that were previously deemed infeasible due to the higher cost of capital. The revival of these deals increases optimism for future returns and distributions. The same headwinds benefiting dealmaking have similar effects on exit activity and should strengthen exits in 2025, barring the recent market instability.

PE funds IRR by quarter



Source: PitchBook • Geography: US • As of June 30, 2024
Note: Q3 2024 data is preliminary.

Total value to paid-in (TVPI) and distributions to paid-in (DPI) capital returns by fund vintage

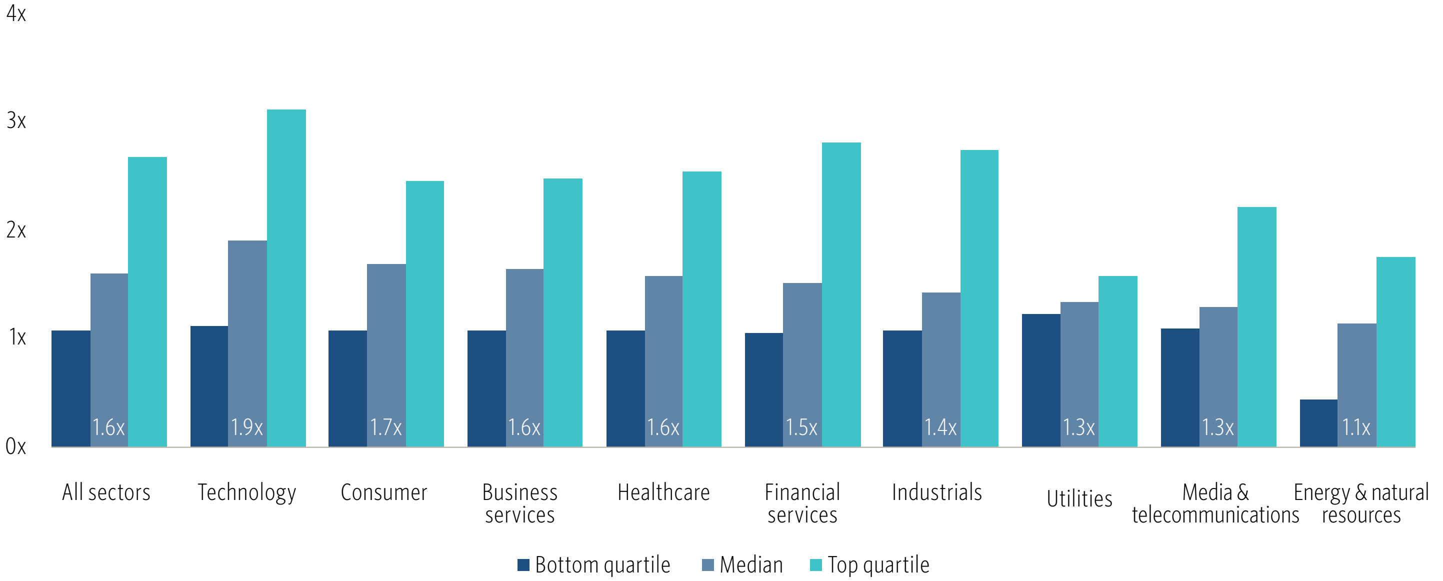


Source: PitchBook • Geography: US • As of June 30, 2024

Deal performance benchmarks from DealEdge

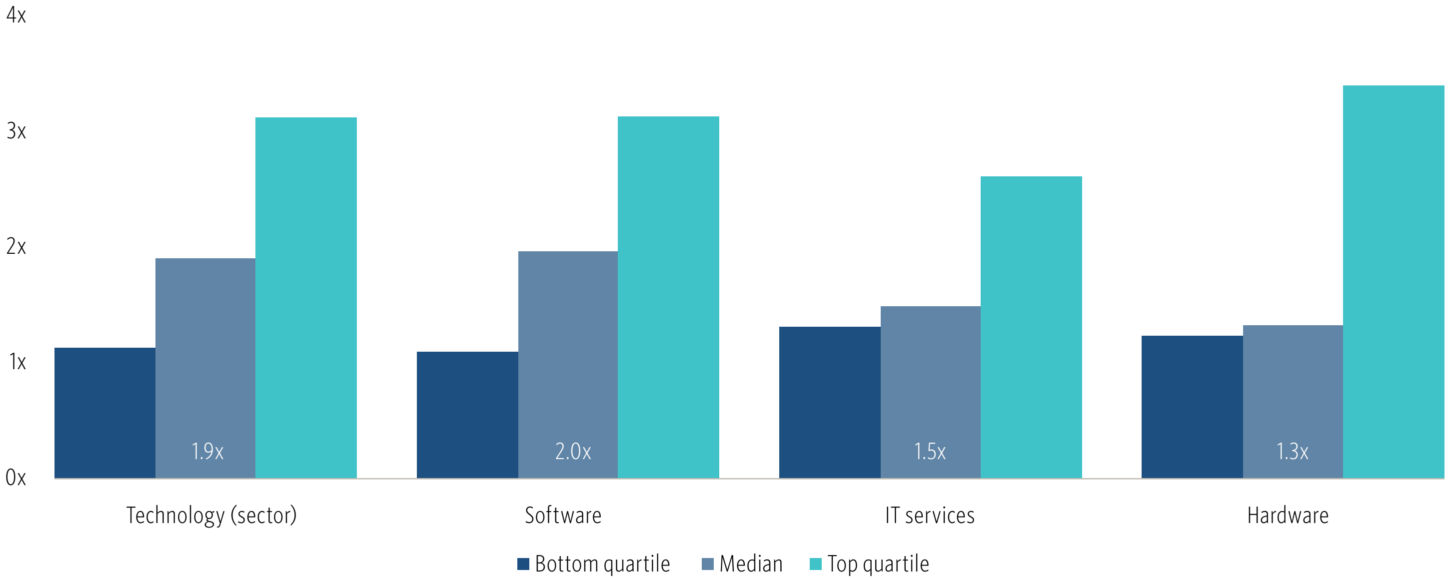
PitchBook has entered into a joint market report agreement with DealEdge and its partner owners Bain & Company and CEPRES, pursuant to which PitchBook and DealEdge will collaborate on certain reports and data initiatives. DealEdge is a private equity analytics platform for benchmarking sector performance and overall PE asset-class performance at the deal level. Please inquire at www.dealedge.com for more information on the DealEdge analytics platform.

Multiple on invested capital (MOIC) returned by sector (2018-2025)



Source: DealEdge • Geography: US • As of March 31, 2025
Note: Usage of DealEdge data outside this context, especially further publication or reprint, requires the permission of Bain & Company.

Technology MOIC by subsector (2018-2025)



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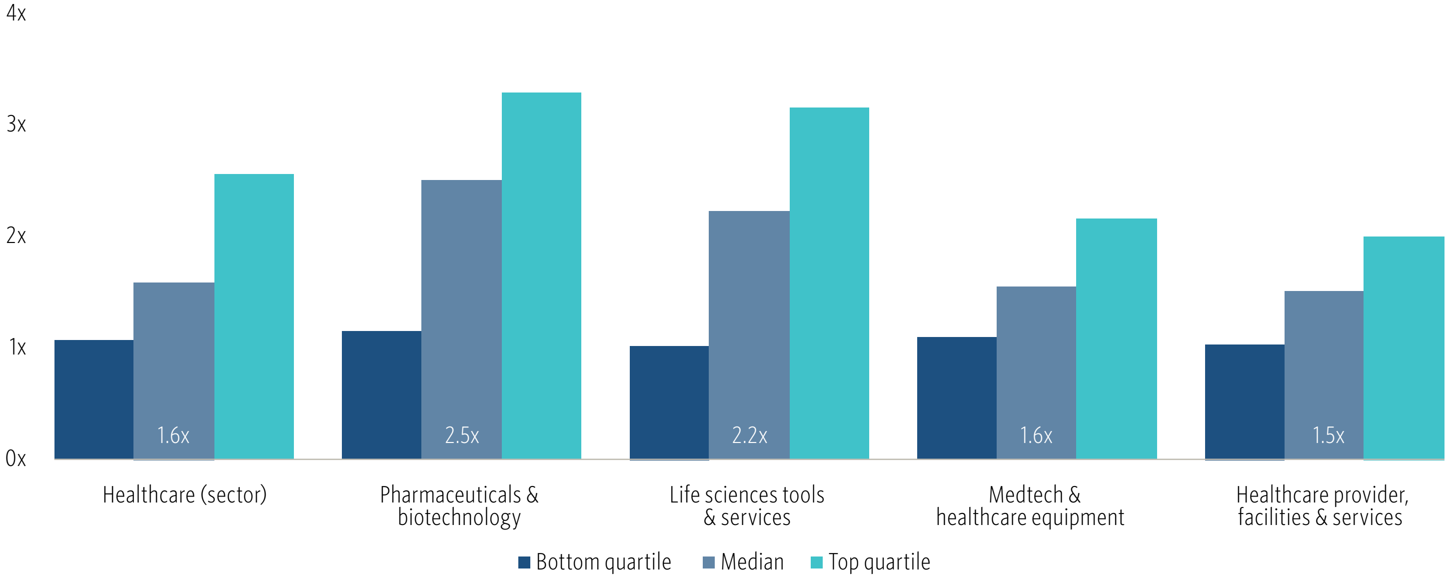
Healthcare MOIC by subsector (2018-2025)



Source: DealEdge • Geography: US • As of March 31, 2025

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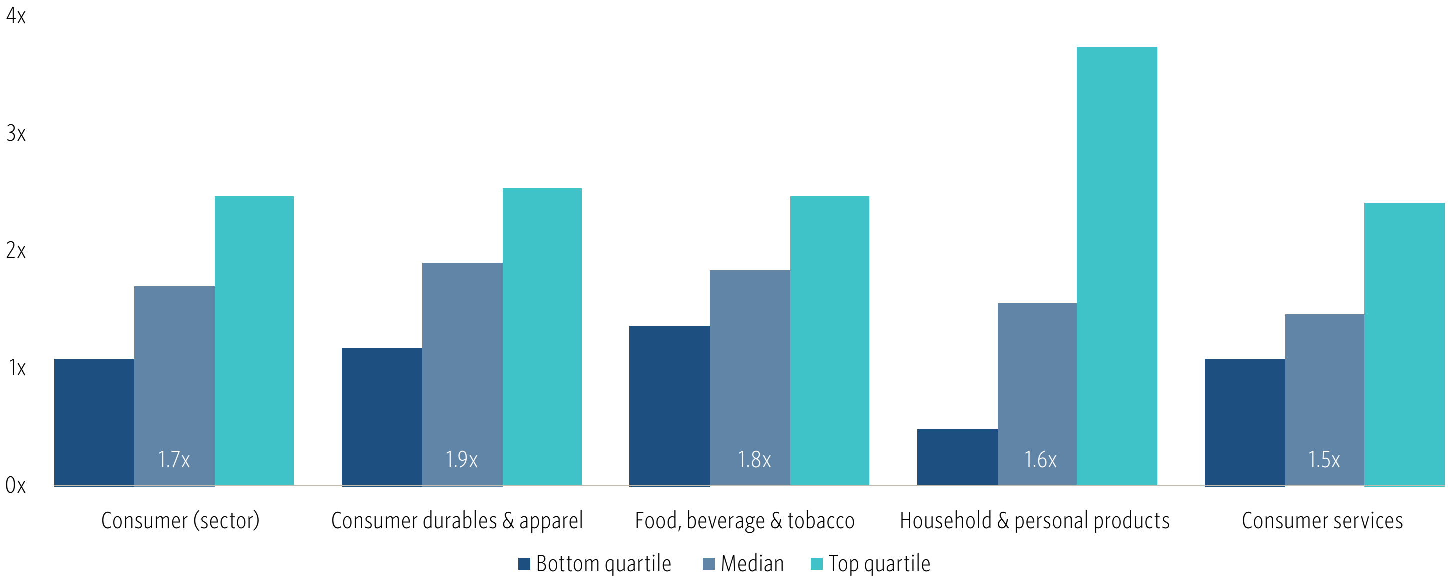
Consumer MOIC by subsector (2018-2025)



Source: DealEdge • Geography: US • As of March 31, 2025

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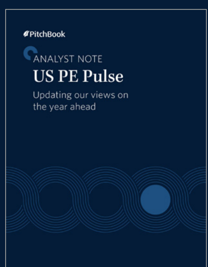
Additional research

Private markets



Q1 2025 Analyst Note: US PE Pulse

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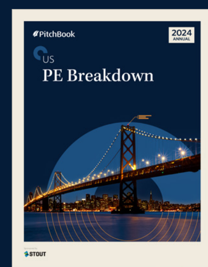

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