PitchBook

Q2 2025

EUROPEAN PE Breakdown

![PitchBook]

Contents

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Introduction

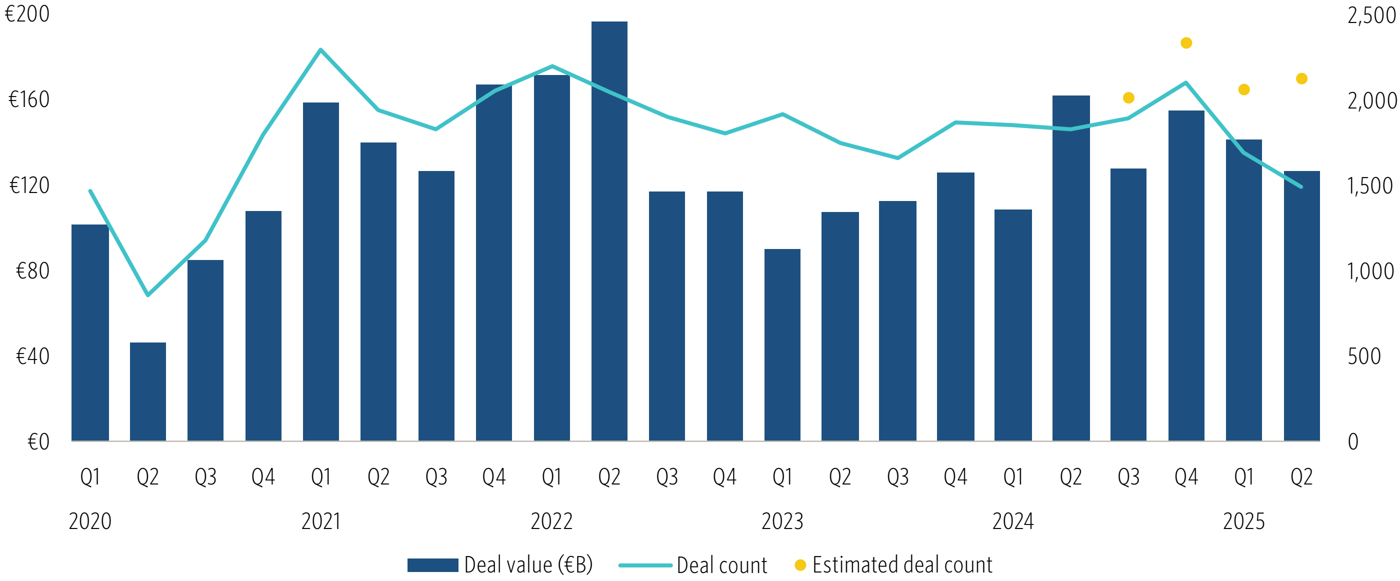
European PE deal value slowed in Q2 as sponsors worldwide hit the pause button in April, following US President Donald Trump's tariff announcements. Deal value dropped 10.5% QoQ, but deal count was more resilient, up 3.1% QoQ, thanks to a pickup in activity towards the end of the quarter boosted by European central banks staying on trajectory regarding monetary easing. Given the increased volatility, sponsors continued to target smaller add-on deals, which represented one in every two deals. Dealmaking in the UK saw a sequential bounce back, which was further enhanced by strong US investor participation. Europe is home to more than 13,000 PE-backed companies, with 42% having been held for over five years. In today's environment, marked by the threat of new trade tariffs, pricing volatility, and growing LP pressure for distribution, these mature portfolio companies have become a key focus for GPs seeking timely and strategic exit opportunities.

European PE exit activity further dropped for a second consecutive quarter, with exit value down 22.9% QoQ and exit count down 11.5% QoQ. Increased volatility in Q2 translated into more uncertainty for sponsors who adopted a wait-and-see approach. If exits did materialise, they were often small, as mega-exit activity is pacing for its worst year since 2019. Exits continued to slow more than deals in Q2, and as a result we saw the deal/exit ratio further increase to 2.8x, up from 2.2x in 2024. Q2 saw just one major PE-backed IPO, underscoring the continued weakness in public exit markets. The list of companies postponing their IPOs continued to increase in Q2, now including AUTODOC, Stada, Brainlab, and Klarna. Instead, sponsor-to-sponsor exits have become the dominant exit route in Europe YTD. Sponsors offer greater deal speed and certainty, with dedicated M&A teams and streamlined processes that can outpace the slower, committee-heavy decision-making of corporates.

As of mid-2025, PE fundraising remains well balanced in Europe among the underlying countries: Middle-market funds have closed in the Netherlands, Switzerland, Sweden, and Spain in addition to the larger markets (the UK, France, and Germany). The year has been marked by a recovery in middle-market funds, as they have already raised 75% of the 2024 total. The largest fund YTD raised "only" €5.3 billion, which suggests a tapering of the large megafunds raising capital in the double-digit billions. Since 2017, each year saw at least one fund close of over €10 billion, but 2025 may break this trend, as the year's fundraising has been concentrated in the middle market. In H1 2025, the UK accounted for nearly 50% of all private capital raised across Europe—a notable increase compared with its share over the previous two years. Furthermore, Inflexion closed the largest multi-asset continuation vehicle in Europe, raising €2.7 billion across four assets.

Deals

PE deal activity by quarter



Source: PitchBook • Geography: Europe • As of 30 June 2025

Q2 was marked by potential tariffs, but markets moved on

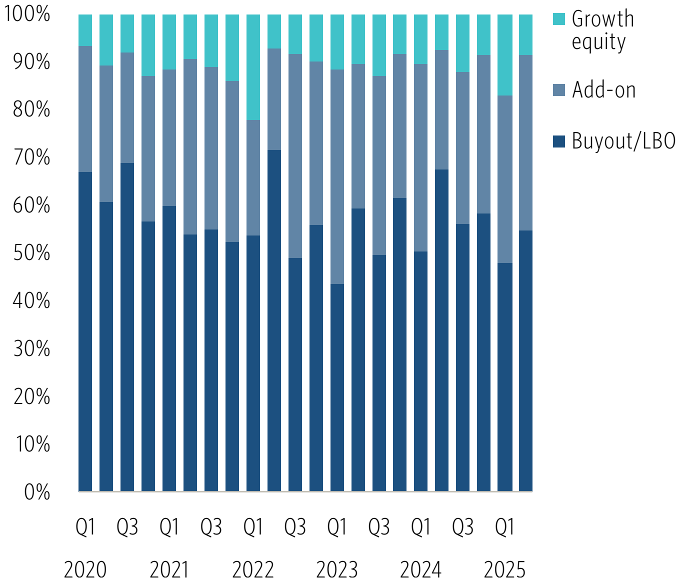
European PE deal value decreased in Q2 as sponsors worldwide hit the pause button in April following US President Trump's tariff announcement. The weeks following "Liberation Day" were marked by uncertainty around whether the US would follow through with sweeping tariffs or whether this was merely a negotiation tactic. Regardless, dealmaking slowed in Q2, dropping 10.5% QoQ in terms of deal value. Deal count was more resilient, up 3.1% QoQ, thanks to a pickup in activity towards the end of the quarter, with several large deals announced, such as the take-private of London-listed Spectris for more than €4.5 billion. European central banks continued loosening their monetary policies with two rate cuts by the European Central Bank, one by the Bank of England, two by the Swiss National Bank, and one by Sweden's Sveriges Riksbank. While the beginning of the quarter was very much marked by a wait-and-see attitude, it seems that the end of the quarter signaled a back-to-business attitude backed by monetary expansion in Europe. In our Spotlight section, we highlight our analyst note The Impact of Tariffs on European PE and how Europe currently has over 13,000 PE-backed companies, of which 42% are over five years old. These companies are shifting the focus of PE firms from deployment to exits, as there has been pressure on GPs to return capital to LPs in recent months. We continue to expect a strong pipeline of dealmaking in H2 as markets rapidly recover from the volatility caused by Liberation Day. Looking at public market indexes, we see the recovery has already happened and markets have priced in tariffs, with the S&P 500 returning 10% in Q2 and the STOXX Europe 600 returning 2%.[1] This will be a positive signal of confidence for dealmakers moving into H2.

Add-ons illustrate investor cautiousness

Given the geopolitical uncertainty in Q2, deals continued to be small as sponsors remained cautious. We continued to see add-ons make up a higher share of total deal activity. Since mid-2021, add-ons have represented, on average, one in every two deals made in PE. However, in terms of deal value, the share of add-ons increased from 25% of total deal value in Q2 2024 to 36.7% in Q2 2025. Historically, add-ons tend to be smaller and complementary to the platform company making the acquisition. However, add-ons can also be large megadeals as we have seen in Q2 with the acquisition of Hornetsecurity by Proofpoint for €1.8 billion. Proofpoint is owned by the US PE firm Thoma Bravo, which specialises in software. Hornetsecurity represents a horizontal add-on acquisition that will strengthen Proofpoint's European footprint.

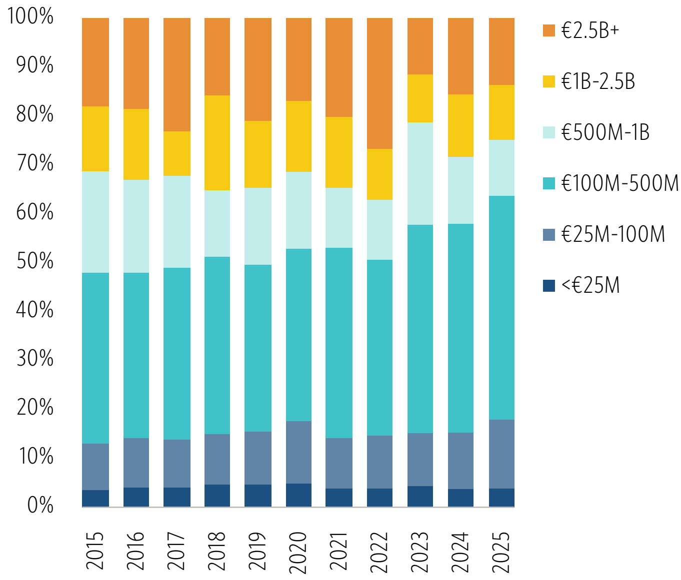
1: "US Stock Market Comeback Tests Investor Faith in Rotation to Europe," Financial Times, Ian Smith, Emily Herbert, and George Steer, 29 June 2025.

Share of quarterly PE deal value by type



Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE deal value by size bucket



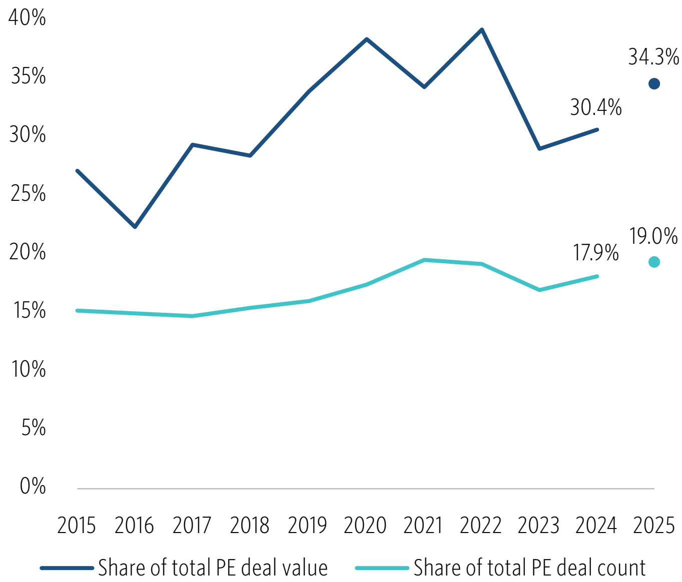
Source: PitchBook • Geography: Europe • As of 30 June 2025

US investor participation keeps European dealmaking hot

US investors have increased their participation in European dealmaking in 2025, from 16.8% of deal count in 2023 to 19% in 2025. We saw a retraction of US investor participation in 2023 and 2024, but the uptick YTD has been pronounced, especially with megadeals. Eight out of the top 10 deals in Q2 involved at least one US sponsor. US investors participated in over one-third of deal value in European PE, the highest share since 2022. We note that TA Associates, KKR, and Silver Lake lead the ranks for the most deals in Europe YTD. We are seeing US GPs either open new offices in Europe to expand their deal activity in the region or even set up regional funds dedicated to the region (for example, Thoma Bravo's European fund). A recent survey conducted by the European Investment Fund found that "almost 1 in 3 surveyed GPs expect more companies to relocate from the US to Europe in 2025."[2] One possible reason for this is that European companies have historically traded at lower multiples than their US counterparts. The trailing 12-month median EV/EBITDA multiple for the US is 12.8x compared with 11.2x for Europe. A further reason is that the market for PE in Europe remains fairly nascent compared with the more mature US market, which is almost double in terms of AUM.

US investors have been crucial to European PE deal activity, and the resilience in dealmaking YTD can be partly attributed to this cross-border activity. Trade tariffs remain an overhanging risk to this increasing trend if larger-than-expected tariffs on Europe materialise and relationships with the US sour as a result. We could also expect inflation and lower growth in the medium term if tariffs materialise, which would lead to a decrease in US investor participation, as we saw in the last cycle of monetary tightening from mid-2022 to mid-2024.

Share of PE deal activity with US investor participation



Source: PitchBook • Geography: Europe • As of 30 June 2025

2: "EIF VC/PE Barometer Survey," European Investment Fund, March 2025.

Top 10 US investors in European PE by deal count in 2025

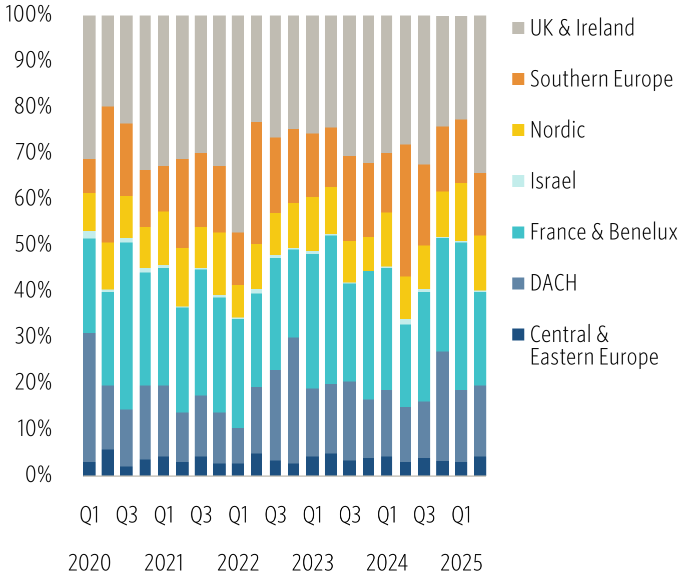
Investor	Deal count	Exit count	HQ location
TA Associates Management	25	1	Boston, MA
Kohlberg Kravis Roberts	21	0	New York, NY
Silver Lake	19	0	Menlo Park, CA
The Carlyle Group	18	1	Washington, DC
Warburg Pincus	18	0	New York, NY
HarbourVest Partners	15	2	Boston, MA
Bain Capital	14	1	Boston, MA
Berkshire Partners	12	0	Boston, MA
Charlesbank Capital Partners	12	0	Boston, MA
J.C. Flowers & Co.	12	1	New York, NY

Source: PitchBook • Geography: US • As of 30 June 2025

UK & Ireland regain market share while DACH dealmaking slows

In a complete reversal from Q1, deal value increased 21.9% QoQ in the UK & Ireland with deal count also edging slightly higher QoQ. Q2 was busy for the UK, as it marked the start of a new tax year and with it a regime change in the way carried interest is taxed, increasing from a rate of 28% to 32%. The UK was also first to the table to negotiate its bilateral trade tariffs with US President Trump in early May before the deal was finalised in June. This has given some stability to the UK, which is Europe's largest PE market. The UK continues to attract deals, most notably from US investors. UK take-privates are the most publicised form of acquisition, given that we have seen a number of publicly listed UK companies taken private or delisting from the London Stock Exchange, such as Deliveroo, which was acquired by US company DoorDash in Q2. The latest take-private saw London-listed Spectris bought out for over €4.5 billion at the end of June.

Share of quarterly PE deal value by region

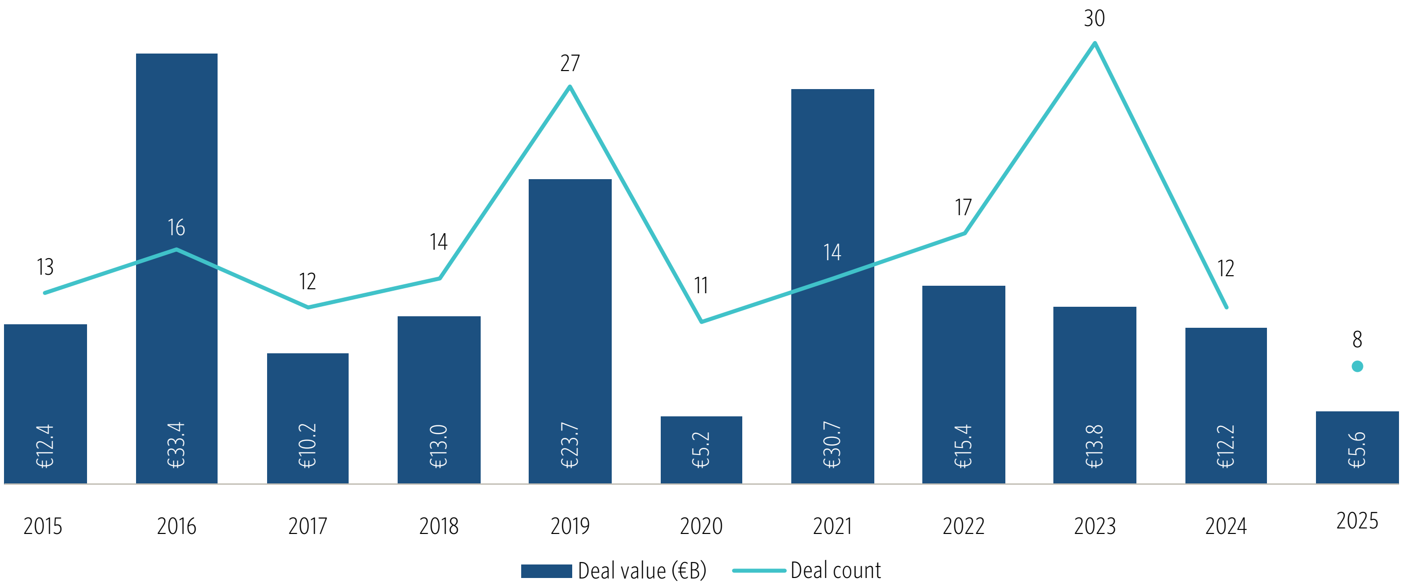


Source: PitchBook • Geography: Europe • As of 30 June 2025

DACH deal activity was down over 20% both QoQ and YoY in terms of both value and count. While part of the decline is a natural comedown following a record-breaking Q4 2024—the strongest quarter on record for the region—other headwinds have also weighed on momentum. The broader macroeconomic environment remains cautious, with lingering uncertainty around interest rate trajectories, particularly in Germany and Austria where financing markets have been slower to thaw. While inflation has moderated, elevated rates continue to impact debt-funded transactions, which are core to middle-market and large buyouts. Additionally, the DACH region is disproportionately exposed to industrials and manufacturing—sectors still contending with margin pressures, sluggish demand from China, and the potential of high US trade tariffs. Germany exports 10% of its goods to the US with over €250 billion of goods traded between Germany and the US in 2024.[3] This would make it one of the hardest hit countries in Europe by trade tariffs as noted in The Impact of Tariffs on European PE. Furthermore, political instability—including looming elections in Austria and ongoing fiscal debates in Germany—has made some GPs more selective, especially in cross-border transactions.

3: "The United States is Germany's Main Trading Partner," Destatis, n.d., accessed July 2, 2025.

UK take-private deal activity

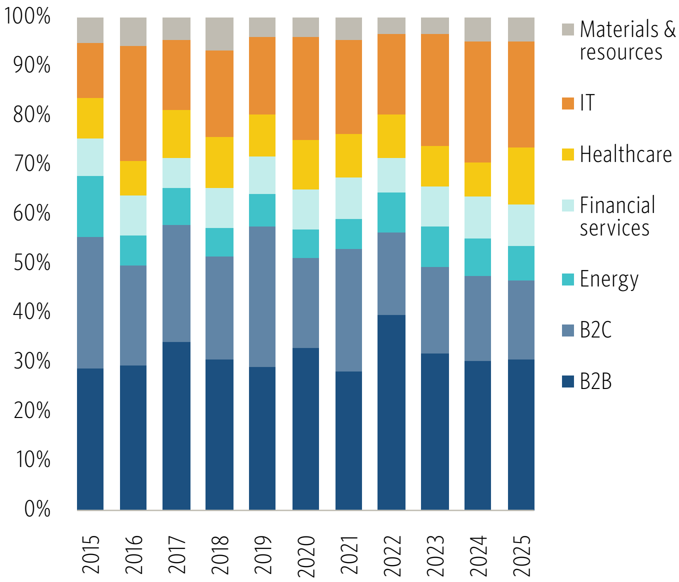


Source: PitchBook • Geography: UK • As of 30 June 2025

Healthcare dealmaking is on the rise

Healthcare remains one of the most resilient and dynamic sectors in European PE in 2025. Bolstered by structural tailwinds such as demographic shifts, rising healthcare spending, and continued investor appetite for stable cash-generative assets, the sector is on track for one of its strongest years in terms of deal value. In H1 2025, healthcare PE deal value surged 40.8% YoY compared with H1 2024, driven by a wave of large transactions and renewed activity from both strategics and sponsors. Q2 alone saw a flurry of high-profile buyouts, including KKR's €2.6 billion acquisition of Karo Healthcare from EQT, Investindustrial's €1.1 billion purchase of HBI Health & Beauty Innovations, the €1.1 billion deal for Romanian healthcare provider Regina Maria, and the €680 million acquisition of Italian lab testing group Genetic. These sizeable transactions highlight investors' conviction in the sector's long-term fundamentals and its ability to deliver through macroeconomic uncertainty.

Share of PE deal value by sector



Source: PitchBook • Geography: Europe • As of 30 June 2025

Karo Healthcare is a good case study, as the company was purchased in 2019 for €1.4 billion by EQT when it bought out Karo's minority shareholders.[4] Under EQT's tenure, the Swedish consumer health company made eight acquisitions, including the acquisition of the E45 skincare brand, expanding into new markets and products. Through a classic buy-and-build model, EQT transformed Karo from a specialty pharmaceutical company focused on the Nordics into a pan-European pure-play consumer healthcare platform.[5]

4: "KKR Agrees to Acquire €45 Billion Maker Karo Healthcare From EQT," Bloomberg, Dinesh Nair and Swetha Gopinath, April 9, 2025.
5: "EQT to Sell Karo Healthcare, a Leading Pan-European Consumer Health Platform, to KKR," EQT, April 9, 2025.

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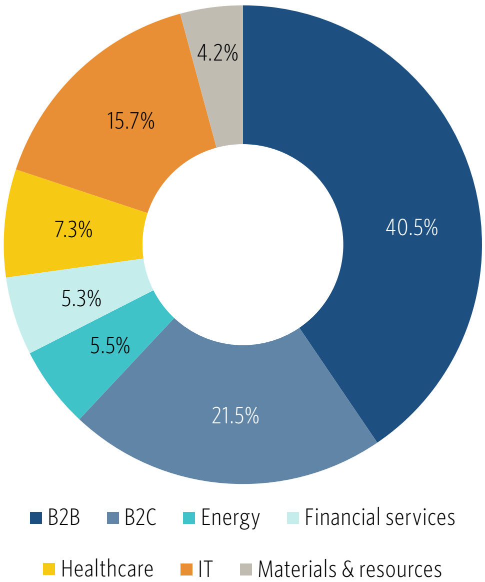
SPOTLIGHT

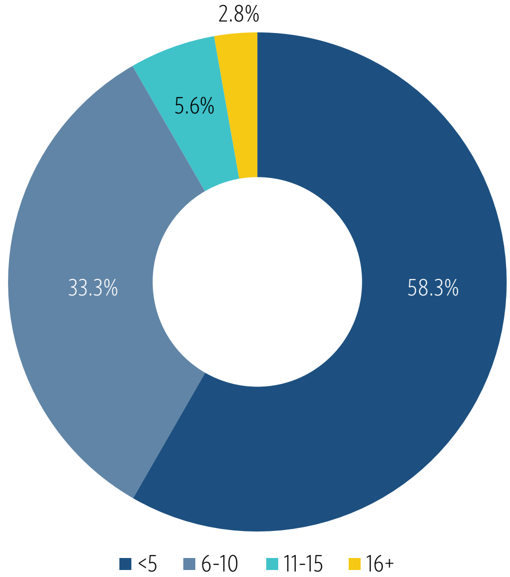
The Impact of Tariffs on European PE

Share of PE-backed company count by sector



Source: PitchBook • Geography: Europe • As of 31 March 2025

Share of PE-backed company count by holding period (years)



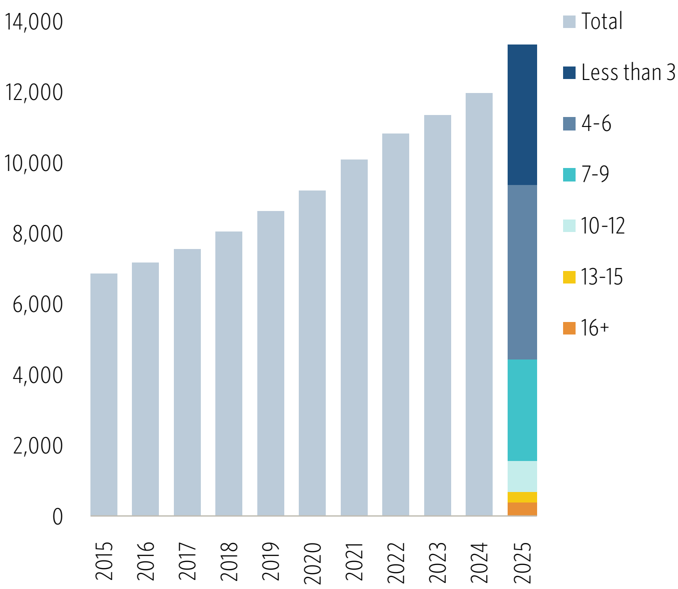
Source: PitchBook • Geography: Europe • As of 31 March 2025

This spotlight is abridged from our analyst note [The Impact of Tariffs on European PE] published on 15 April 2025.

In this spotlight, we highlight the inventory of PE companies in Europe and analyse which sectors are most vulnerable to US tariffs. See the full analyst note for more coverage, including a traffic light system ranking the severity of the tariffs on individual European countries and sectors as well as a comprehensive map of all the individual tariffs imposed on Liberation Day.

Looking at the current inventory of over 13,000 European PE-backed companies, the highest exposures to US tariffs are within the B2B and B2C sectors, which together account for almost two-thirds of European portfolio companies. B2B includes subsectors like construction, engineering, machinery, logistics, and industrials, which may all suffer from tariffs. B2C includes mostly consumer discretionary subsectors such as retail, clothing, food & beverage, and automobiles. Sponsors will be particularly concerned with the 42% of portfolio companies that have been held for over five years by GPs and are most likely looking to exit. The exit market has been muted for over three years now, and this exogenous geopolitical shock will only deepen wounds as

PE-backed company count by holding period (years)

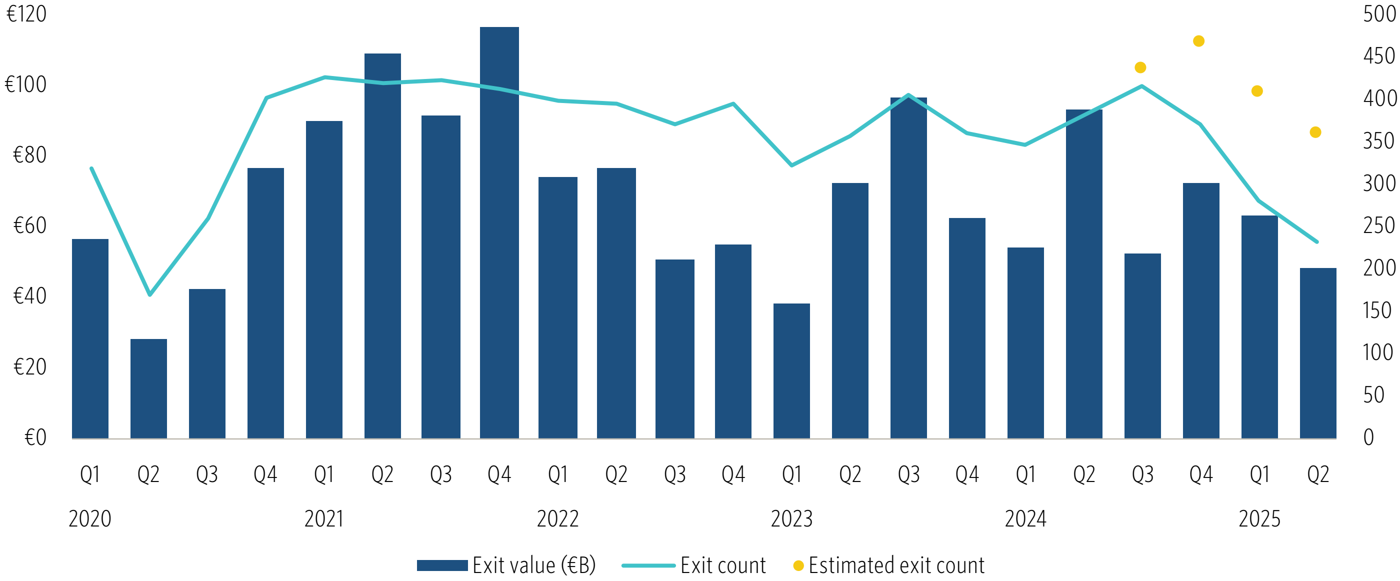


Source: PitchBook • Geography: Europe • As of 31 March 2025

we experience a bifurcation in pricing between buyers and sellers. Having said this, it is also an opportunity for GPs with nascent funds and high dry powder.

Exits

PE exit activity by quarter

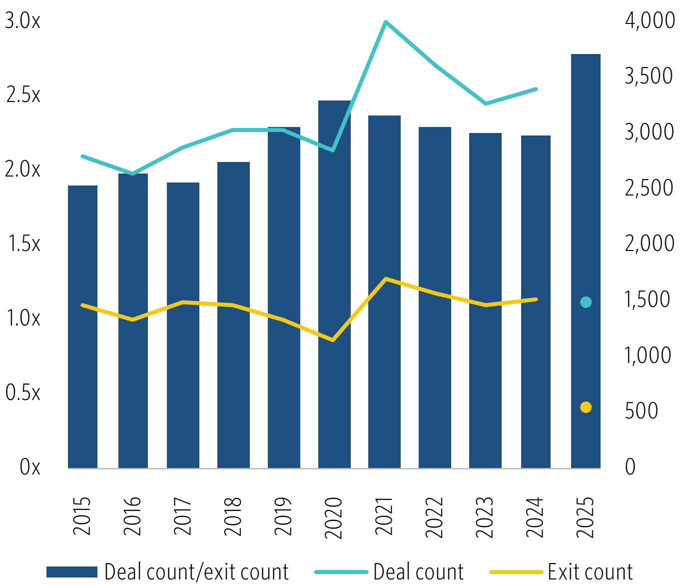


Source: PitchBook • Geography: Europe • As of 30 June 2025

Exits slow further amidst tariff volatility

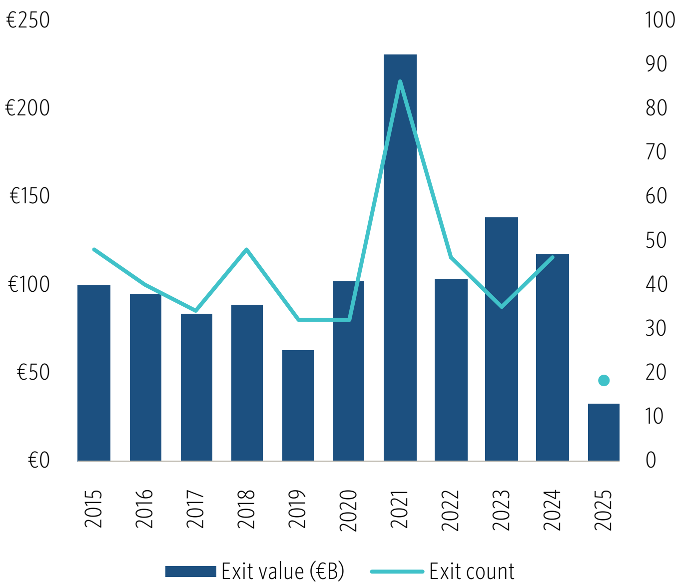
European PE exit activity dropped for a second consecutive quarter, with exit value down 22.9% QoQ and exit count down 11.5% QoQ. Increased volatility in Q2 translated into more uncertainty for sponsors that adopted a wait-and-see approach as valuation multiples swung in both directions. If exits did materialise, they were often small, as mega-exit activity is pacing for its worst year since 2019. In fact, exits slowed at a faster pace than deals did in Q2, and as a result we saw the deal/exit ratio further increase to 2.8x, up from 2.2x in 2024. The current inventory of European PE-backed companies continues to increase, as shown in our Spotlight section. This is a result of more companies staying private for longer but also a byproduct of the lack of exits in the market. The median holding times for European PE-backed companies have edged higher, from 2.7 years in 2018 to 3.6 years in 2025.

PE deal/exit ratio



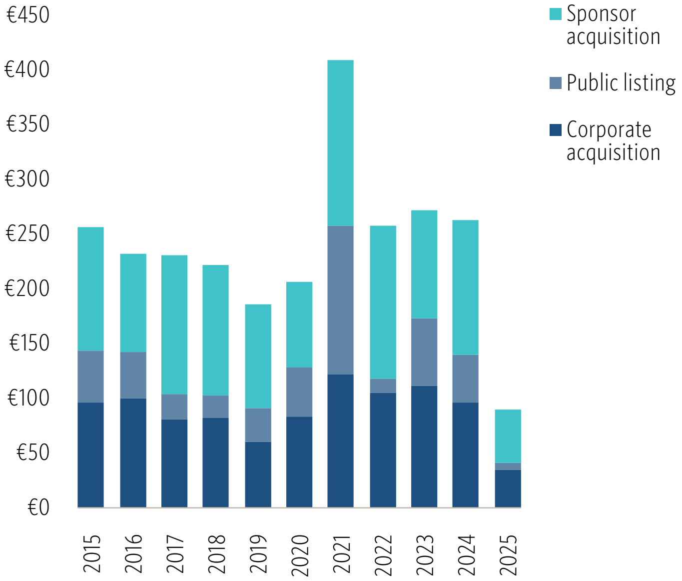
Source: PitchBook • Geography: Europe • As of 30 June 2025
Note: Deal count excludes bolt-on transactions.

PE mega-exit activity



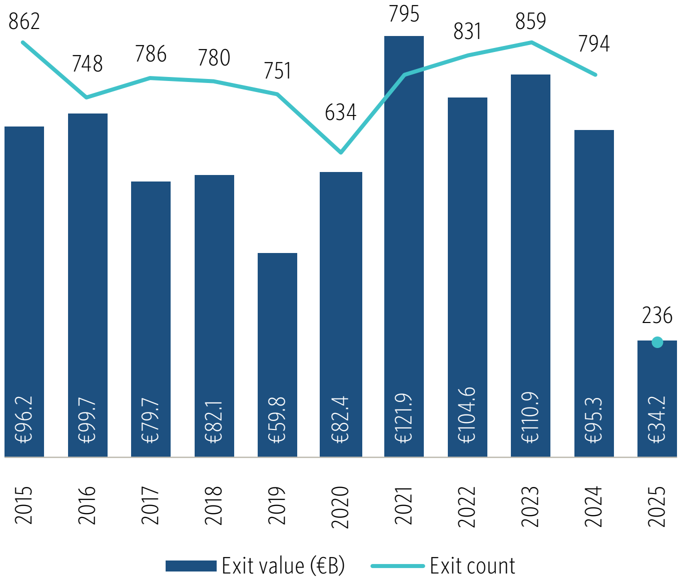
Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE exit value by type



Source: PitchBook • Geography: Europe • As of 30 June 2025

PE corporate acquisition activity



Source: PitchBook • Geography: Europe • As of 30 June 2025

IPO drought enables sponsors to sell to each other

Q2 saw just one major PE-backed IPO: innoscripta's €1.2 billion listing on the Frankfurt Stock Exchange. Only three smaller listings occurred during the quarter, bringing total IPO volume below Q1 levels and underscoring the continued weakness in public exit markets. In fact, the list of companies postponing their IPOs continues to increase in Q2, including AUTODOC, owned by Apollo Global Management; Stada, majority owned by Bain Capital; Brainlab, owned by several PE growth investors; and Klarna, which has postponed its IPO several times already.

Sponsor-to-sponsor exits have become the dominant exit route in Europe YTD, both in terms of count and value, reversing a historical trend where corporate acquisitions accounted for an average of 54.4% of exit value. This shift reflects several underlying dynamics. PE firms continue to sit on record levels of dry powder and are under pressure to deploy capital, often finding the most viable opportunities among sponsor-owned assets that have already undergone professionalisation and operational upgrades. This was the case for six out of the top 10 exits in Q2. Corporates, by contrast, have adopted a more cautious stance amidst macroeconomic uncertainty, elevated financing costs, and a renewed focus on internal cost discipline and integration efforts. Sponsors also offer greater deal speed and certainty, with dedicated M&A teams and streamlined processes that can outpace the slower, committee-heavy decision-making of strategic buyers. With IPO markets still largely shut, sponsors are stepping in as the most reliable source of liquidity for maturing assets. Additionally, GP-led secondaries have added to sponsor-driven activity as firms seek creative solutions to extend holds and realise value in a constrained exit environment.

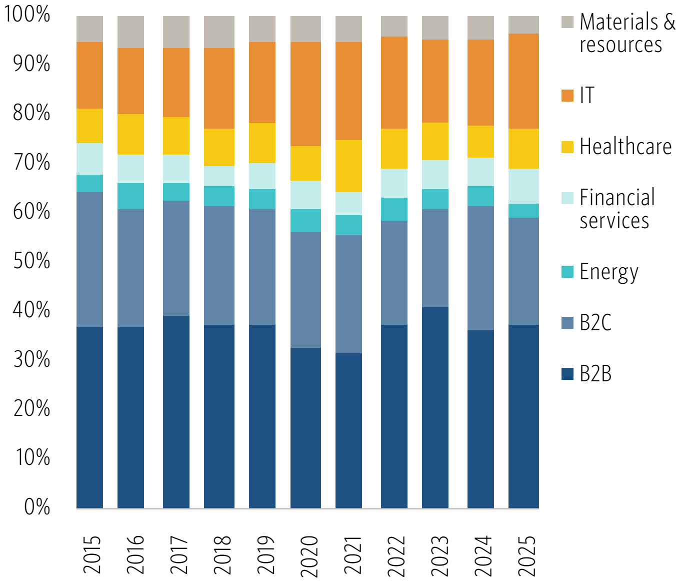
A surge in financial services exits

We have previously analysed consolidation trends within financial services, but in Q2 we saw a flurry of exits within the insurance subsegment. Two of the largest three exits in Q2 were within the insurance sector: Kereis was sold by Advent International to Bridgepoint for €2 billion and Esure Group was sold by a consortium of PE firms to UK insurer Ageas. Q2 also saw UK insurance broker JMG Group sold to GTCR by Synova Capital for an undisclosed amount. At the time of writing, early in Q3, UK-based Pension Insurance Corporation is set to be acquired by European insurer Athora—which itself is backed by US PE giant Apollo—for €6.7 billion. The sector's stable regulatory framework combined with attractive margins and strong customer retention make insurance assets particularly appealing in a higher-rate environment. Moreover, years of PE ownership have often modernised these platforms through tech enablement, bolt-on growth, and product diversification—making them a sought-after asset for sponsors.

DACH exit value leads European regional dynamics in H1

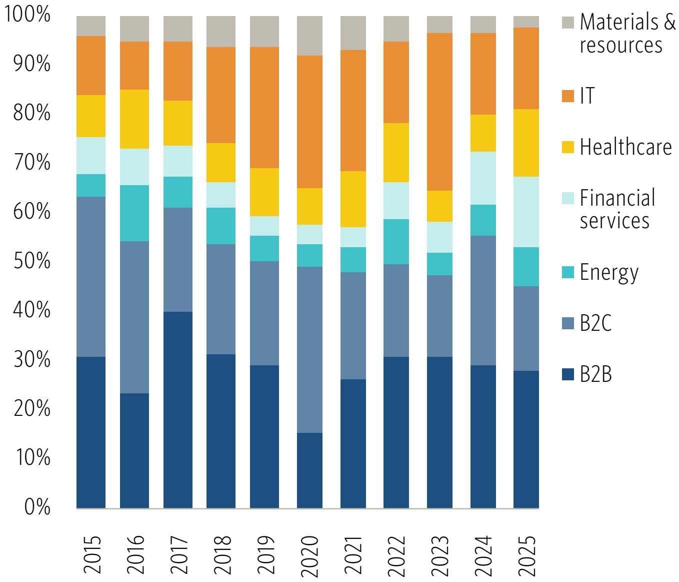
DACH exit activity declined sharply in Q2, mirroring the slowdown in dealmaking. Exit value fell 53.9% QoQ and 30.9% YoY. However, thanks to a strong start to the year,

Share of PE exit count by sector



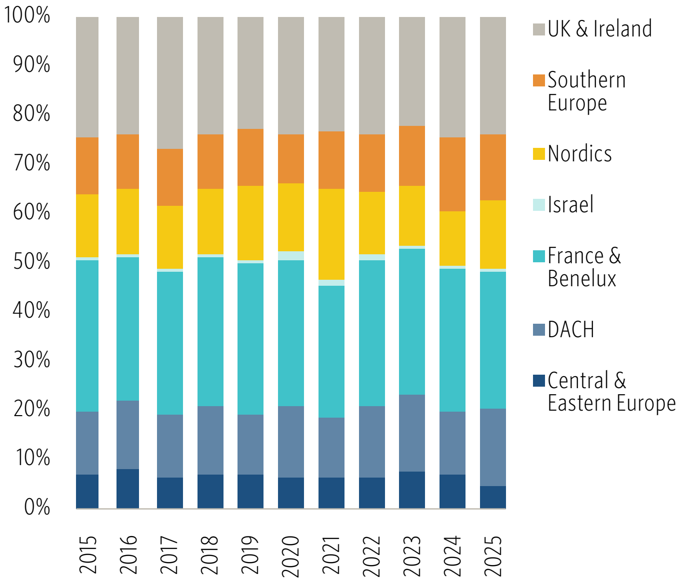
Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE exit value by sector



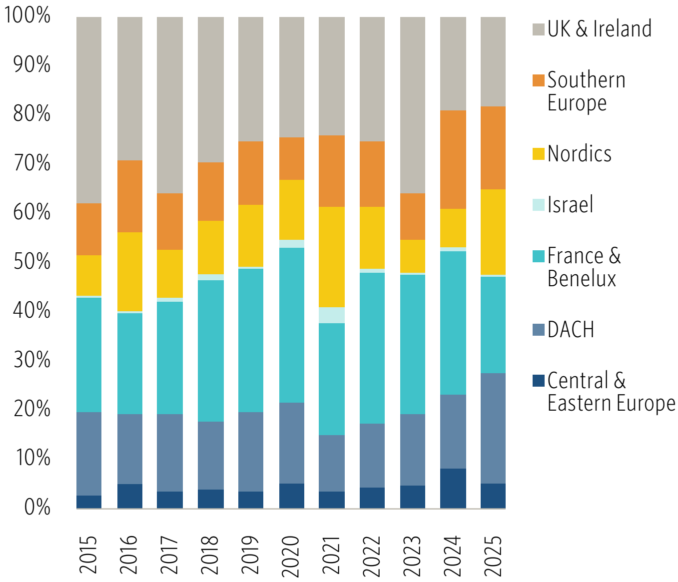
Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE exit count by region



Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE exit value by region

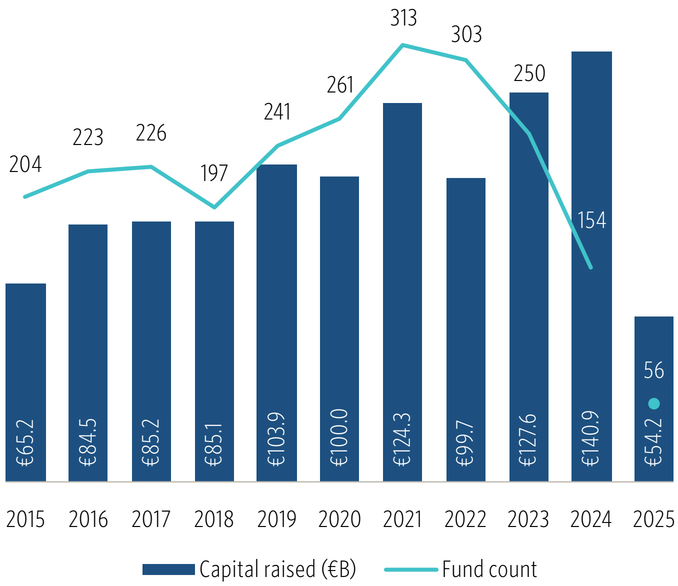


Source: PitchBook • Geography: Europe • As of 30 June 2025

DACH still led all European regions in exit value for H1 2025, reaching nearly €20 billion. Historically, the region averages around €38 billion in annual exits, and despite the political and economic volatility in H1, including new governments in Austria and Germany as well as trade tensions stemming from US tariffs, we remain optimistic that exit activity could accelerate meaningfully in H2 under a more stable macro regime. Interestingly, the DACH region did not lead in exit count in H1 2025, trailing both France & Benelux and the UK & Ireland, each of which recorded at least 50% more exits. This suggests that DACH's exit activity has been driven by significantly larger deal values, underscoring the region's concentration in upper-middle and large transactions.

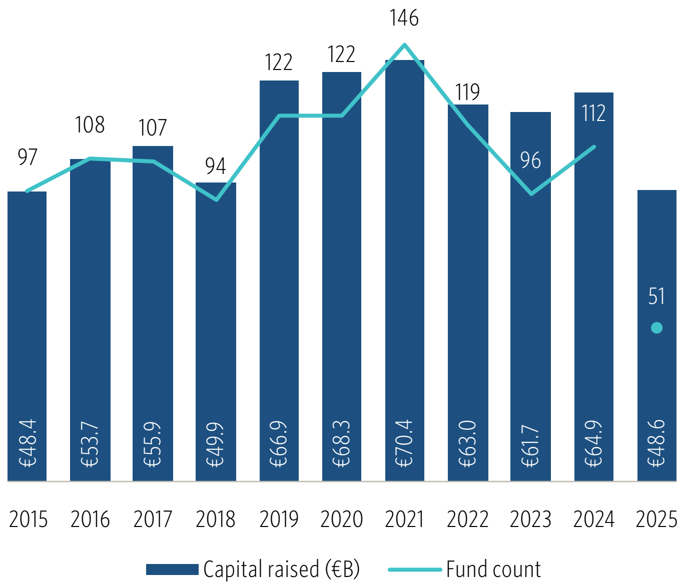
Fundraising

PE fundraising activity



Source: PitchBook • Geography: Europe • As of 30 June 2025

PE middle-market fundraising activity



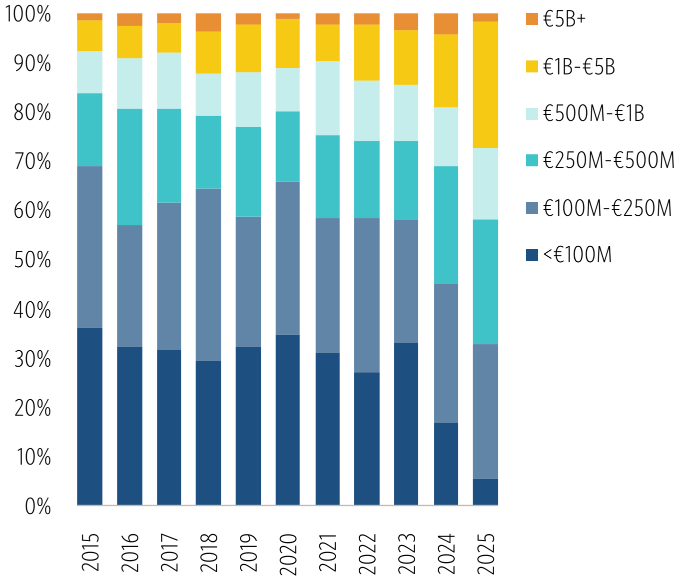
Source: PitchBook • Geography: Europe • As of 30 June 2025

The middle market leads European fundraising

As of mid-2025, PE fundraising remains well balanced in Europe among the underlying countries: Middle-market funds have closed in the Netherlands, Switzerland, Sweden, and Spain in addition to the larger markets (the UK, France, and Germany). The year has been marked by a recovery in middle-market funds, as they have already raised 75% of the total amount of capital raised in 2024. This was highlighted in our 2025 EMEA Private Capital Outlook: Midyear Update, as we correctly predicted a return to growth for European middle-market funds at the end of last year. Furthermore, middle-market funds are getting larger because they are often follow-on funds raising at higher step-ups. For example, Intermediate Capital Group's Europe Mid-Market Fund II closed at €3 billion in March 2025, while its first fund raised €1 billion in 2020. Follow-on funds closed by experienced buyout managers in Q2 included Investindustrial VIII for €4 billion, Ufenau VIII for €2.1 billion, Egeria Private Equity Fund VI for €1.3 billion, Marlin Heritage Europe III for €1 billion, Aurelius Opportunities Fund V for €830 million, and Impilo Fund II for €700 million; all of which raised more than the previous fund in their respective fund families.

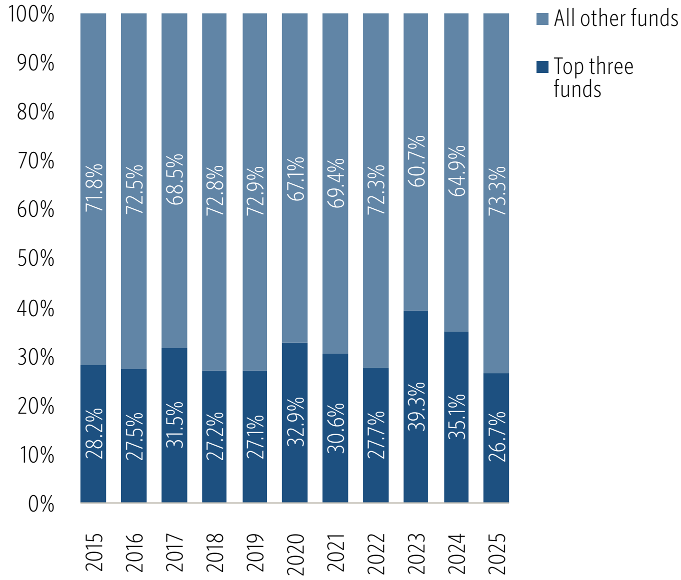
The largest fund YTD raised "only" €5.3 billion, which suggests a tapering of the large megafunds raising capital in the double-digit billions. Since 2017, each year saw at least one fund close of over €10 billion, but 2025 may break this trend, as the fundraising has been focused on the middle market with no large fund in sight. European PE fundraising has been fuelled by some of the largest PE firms raising very large amounts in recent years, such as EQT, Partners Group, and CVC Capital Partners. However, those very large funds must also put all that capital to work before coming back to market to fundraise again.

Share of PE fund count by size bucket



Source: PitchBook • Geography: Europe • As of 30 June 2025

Top three PE funds by total value as share of all PE fundraising

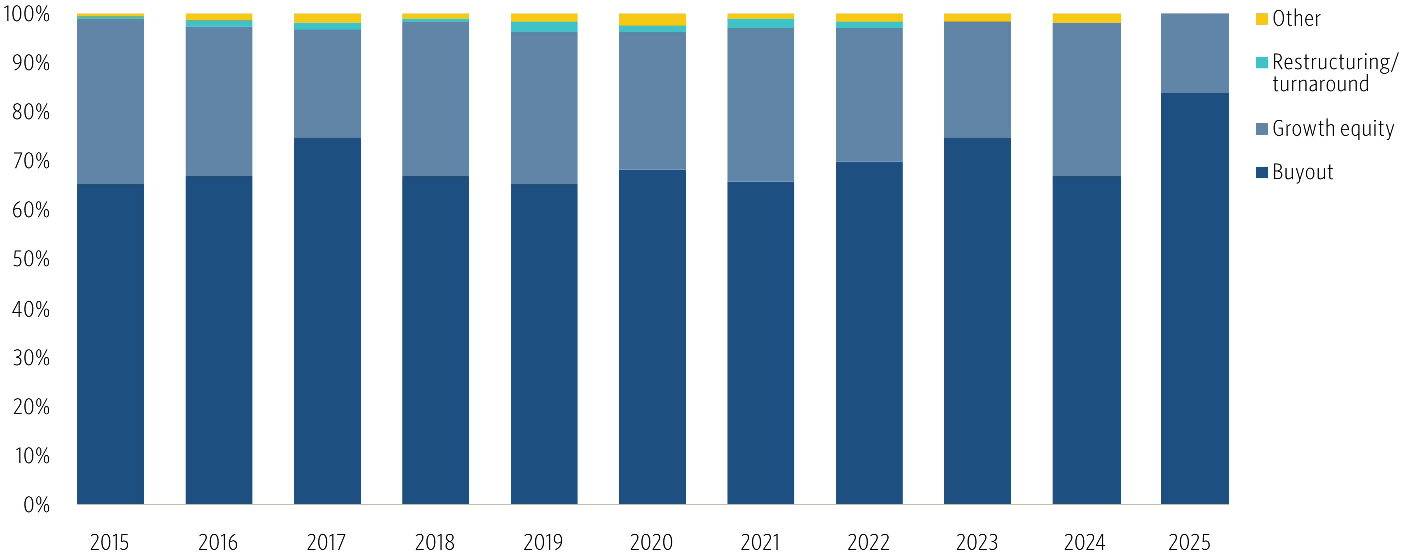


Source: PitchBook • Geography: Europe • As of 30 June 2025

Buyout funds dominate

In our Q1 2025 European PE Breakdown, we highlighted a notable uptick in growth equity fund activity, which accounted for 25% of fund count at the time. However, by the end of H1, that share declined to just 18.5%, with only two additional growth equity funds closing in Q2. In contrast, buyout funds dominated the fundraising landscape, representing 81.5% of fund count and 86% of total capital raised. Persistently elevated interest rates, well above the levels seen during the era of near-zero borrowing costs, have continued to favour buyout strategies, which are generally better suited to leveraged environments with a focus on value creation through operational improvement. Since the end of the bull market in 2021, LPs have steadily shifted their preferences away from "growth at all costs" and towards strategies rooted in operational discipline and margin expansion, hallmarks of traditional buyout approaches.

Share of PE fund count by type



Source: PitchBook • Geography: Europe • As of 30 June 2025

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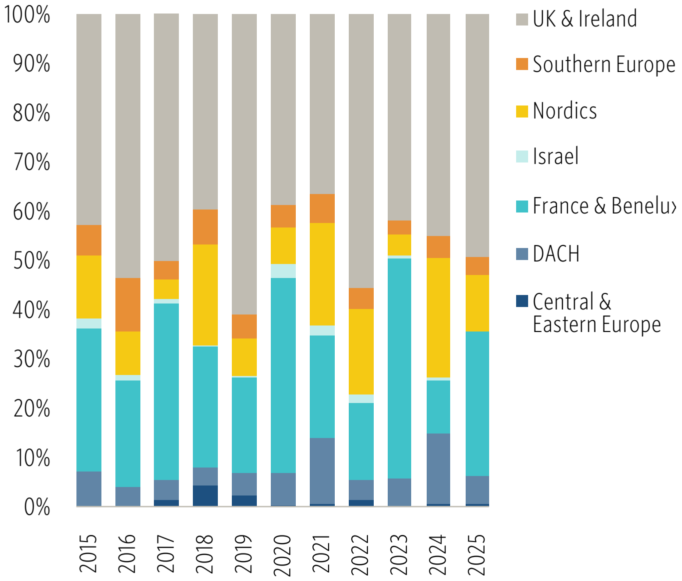
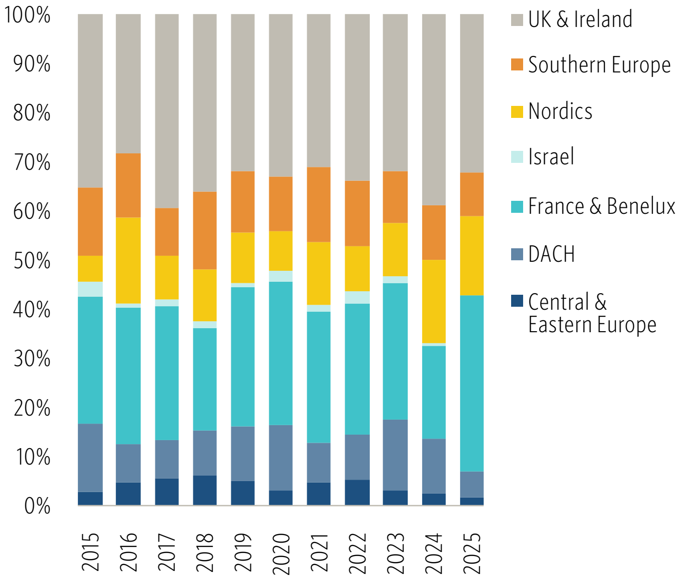
Share of PE capital raised by region



Source: PitchBook • Geography: Europe • As of 30 June 2025

Share of PE fund count by region



Source: PitchBook • Geography: Europe • As of 30 June 2025

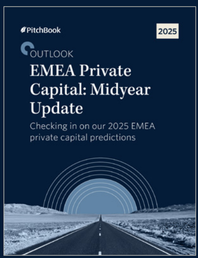
Fundraising in DACH is weak as the UK dominates

The DACH region has raised only three funds YTD, accumulating just over €3 billion in capital raised. This is well below the €20 billion the region raised in 2024 across 17 funds. Of course, fundraising is not a yearly phenomenon for most firms and thus fundraising tends to be cyclical in certain regions with fewer PE firms.

In H1 2025, the UK accounted for nearly 50% of all PE capital raised across Europe, a notable increase compared to its share over the previous two years. It also closed one in every three funds, broadly in line with long-term historical averages. London continues to anchor Europe's private markets ecosystem, reaffirming its resilience despite ongoing concerns around post-Brexit regulatory divergence, rising taxation on carried interest, and renewed trade frictions. The UK's strong legal infrastructure, deep capital markets, and concentration of global LPs and GP talent have helped maintain its dominance as a fundraising hub, even amidst shifting macro and political dynamics. Furthermore, Inflexion, the British PE firm, closed the largest multi-asset continuation vehicle in Europe in Q2, raising €2.7 billion across four assets.

Additional research

Private markets



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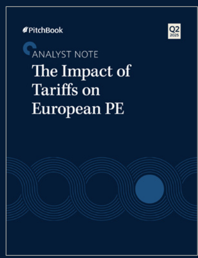

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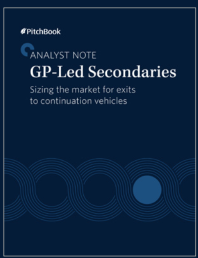

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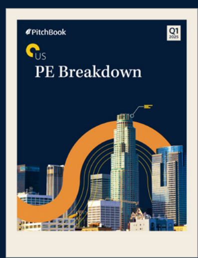

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