State of Private Equity (PE) Report Europe Q2 2025

September 2025

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Foreword

Dear Reader,

Private equity stands at an exciting and transformative moment. The conclusion of the low-interest rate period has ushered in a new chapter – one that requires a focus on genuine operational excellence and a long-term vision for sustainable value creation over traditional financial engineering. While exit activity may be more subdued and holding periods extended, this evolution offers a unique opportunity to reimagine value creation and build stronger, more resilient businesses.

Simultaneously, we are seeing encouraging shifts in global capital flows. Europe is increasingly capturing investor attention, with growing capital deployment – particularly in Germany. This renewed focus reflects evolving geopolitical dynamics and a rising confidence in Europe's innovation, infrastructure, and reform progress.

In today's environment, success is defined not by speed, but by strategic foresight – by investing in transformation, embracing innovation, and creating long-term, sustainable impact. Winning the long game has never been more relevant, or more achievable.

We hope this State of Private Equity Report serves as a valuable guide through this period of opportunity and change – and as a catalyst for continued dialogue, collaboration, and bold strategic thinking.

Best wishes,

Cord Stümke
EY Europe West Private Equity Industry Leader

Executive summary

Investment landscape

- European PE deal volume came below the five-year average and fell by 13.0% year-over-year in H1 2025, with 708 transactions recorded versus 814 in H1 2024.
- The sharpest declines were seen in Iberia (-31.6%), CEE (-25.8%), BeNeLux (-21.0%) and France (-20.1%).
- DACH (-0.8%) and Nordics (-0.9%) remained stable, while Italy, despite a 10.8% year over year drop, continued to outperform its five-year average.
- Capital allocation is pivoting: after years of US dominance, Europe is regaining prominence, particularly in Germany, supported by renewed investor confidence in innovation, infrastructure and reform momentum.
- With financing still costly despite easing rates, PE firms are doubling down on operational value creation over financial engineering, marking a deeper shift in strategy.

Sector activity

- The technology and telecommunications (T&T) sector remained the most active, accounting for the largest share of deals despite a 16% sequential decline.
- The consumer sector recorded the sharpest contraction, falling 33% year-over-year and exiting the top three sectors by deal volume.
- The materials sector saw a 23% year-over-year increase, becoming a relative outperformer.

Exits

- Total exits declined by 9% in H1 2025, with 319 transactions recorded – falling below both H1 2024 levels and the five-year average.
- Strategic exits and secondary buyouts weakened further, with the latter dropping 19% year-over-year to 100 deals.
- The initial public offering (IPO) market remained weak, with just six listings in H1 2025 – 41% below the five-year average.
- Traditional five-year cycles are breaking down, and holding periods are lengthening away from the typical five-year range, reflecting a move toward patient, long-term strategies.

1

Investment landscape

By region

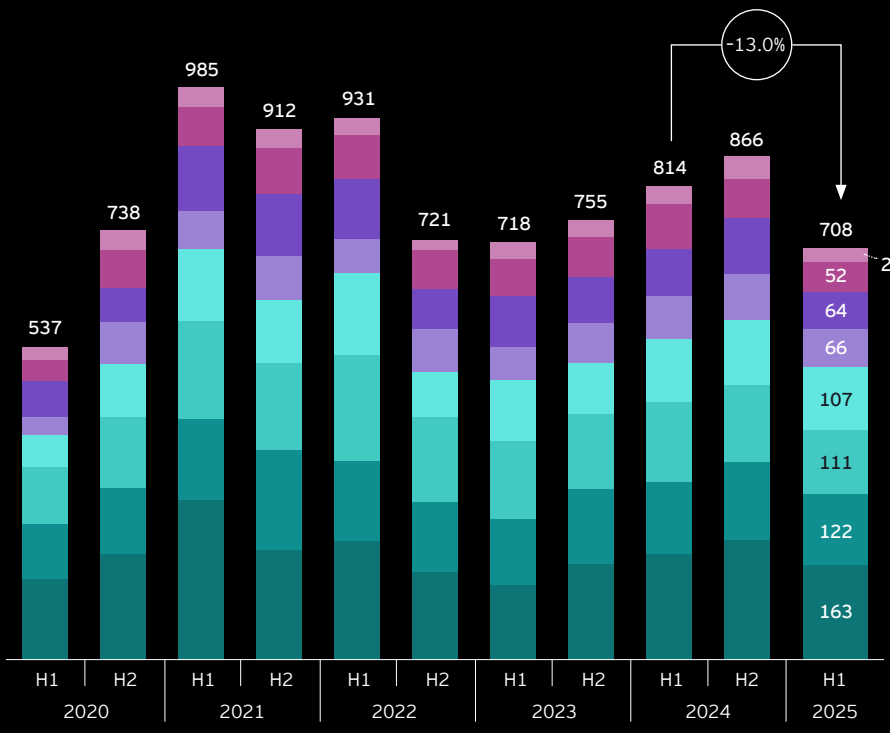
PE activity across Europe weakened in the first half of 2025, reflecting ongoing macroeconomic challenges and cautious investor sentiment. Even though interest rates continue to decrease, factors such as supply chain disruptions resulting from tariffs or geopolitical tensions have weighed on dealmaking momentum, prompting general partners (GPs) to adopt a more selective stance when deploying capital.

Despite the continued presence of substantial dry powder across the PE landscape, deal volume receded notably in H1 2025. A total of 708 transactions were recorded across the regions – a 13.0% decline compared with H1 2024, and well below the five-year average. The downturn was spread across nearly all major European markets.

Some of the most pronounced contractions were seen in Iberia (-31.6%), BeNeLux (-21.0%) and France (-20.1%), with all three markets recording double-digit declines compared with H1 2024. In Central and Eastern Europe (CEE), activity also dipped sharply, falling by 25.8% relative to the same period last year. Meanwhile, Italy saw a more moderate decline of 10.8% and was one of the few markets outperforming its five-year average.

The UK&I region – traditionally one of the largest contributors to European PE activity – posted a 10.4% decrease in H1 2025, reversing some of the gains seen in late 2024. The DACH region remained relatively stable, declining by just 0.8% and the Nordics were steady as well with a marginal drop of 0.9%, reflecting continued resilience in the face of broader market headwinds.

PE deal activity by region



	H1-25 vs. H1-24	H1-25 vs. 5-year average
CESA	-25.8%	-20.1%
Iberia	-31.6%	-18.2%
BeNeLux	-21.0%	-27.9%
Italy	-10.8%	14.6%
Nordics	-0.9%	0.8%
France	-20.1%	-23.1%
DACH	-0.8%	0.2%
UK&I	-10.4%	-12.3%

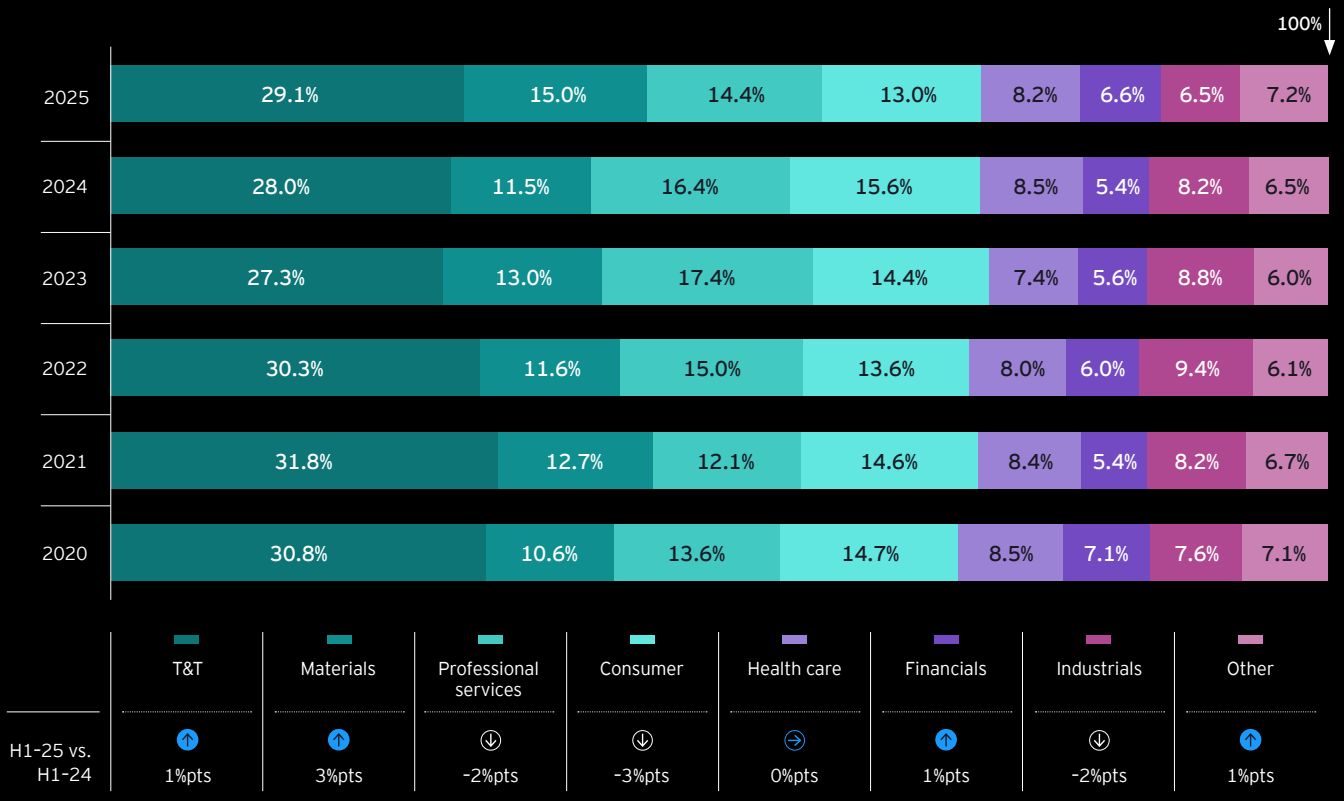
By sector

H1 2025 marked a clear turning point in the sectoral dynamics of European PE. While overall deal volumes fell sharply, sector-specific shifts offer deeper insights into evolving investor priorities. The T&T sector, although posting a 16% drop relative to H2 2024, remained the largest contributor to deal activity – with deals like the US$3.5b acquisition of Hotwire by Brookfield – demonstrating resilience amid broader declines and reflecting continued strategic interest in artificial intelligence (AI), software and data infrastructure.

More striking was the ongoing contraction in the professional services and consumer sectors, with the latter recording a 33% year-over-year decline, the steepest across all sectors. This abrupt drop saw the consumer sector fall out of the top three "most active" sectors, overtaken by the materials sector, which bucked the downward trend with a 23% increase vs. H1 2024. The growing prominence of the materials sector could be linked to a pivot toward defensive assets – particularly those linked to sustainability, resource efficiency and long-term industrial transformation.

Meanwhile, the industrials sector experienced a sharp 35% decline compared with the second half of 2024 and a 31% contraction on a year-over-year basis, highlighting its sensitivity to macroeconomic volatility and capital expenditure cycles. The health care sector saw a 27% sequential decline but remains a structurally relevant sector. In contrast, the financials sector and other sectors showed relative stability, with a flat performance or only modest declines.

European PE deals by type



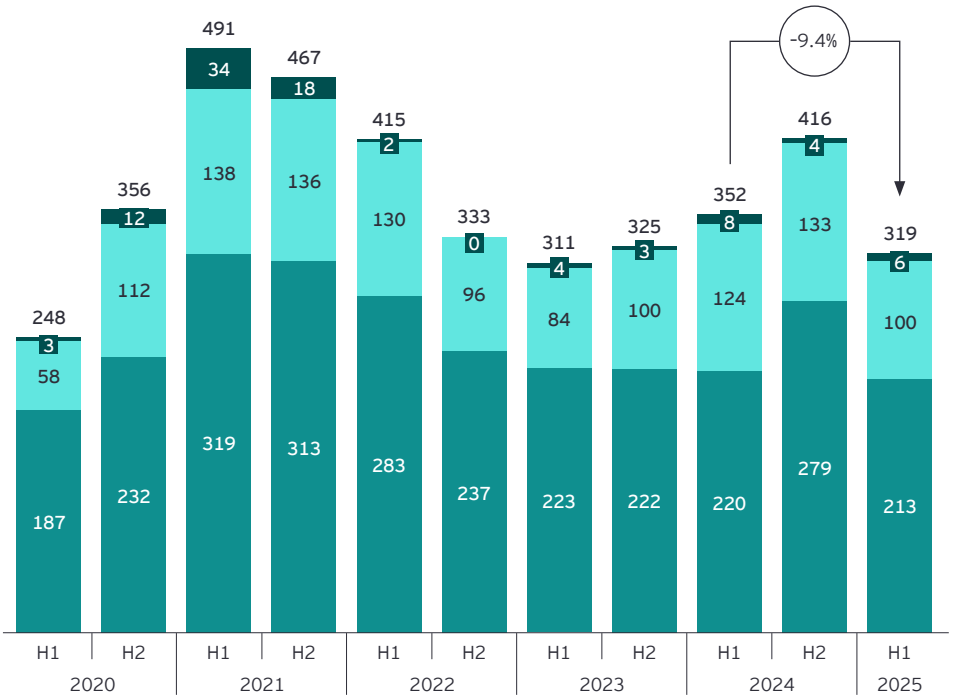
2

Exits

PE exits in Europe remained subdued in the first half of 2025, with total exits declining to 319 – a 9% drop from 352 deals in H1 2024. While there have been pockets of resilience, overall exit activity continues to fall short of the post-pandemic peak seen in 2021. Strategic exits, historically the primary route for PE firms to realize value, declined further. A total of 213 strategic exits were recorded in H1 2025, representing a 3% year-over-year decline. This figure falls 14% short of the five-year H1 average. Secondary exits also weakened significantly, falling to 100 transactions – a sharp 19% decline from 124 in H1 2024. Although H2 2024 saw a temporary rebound to 133 deals, the renewed downturn in early 2025 suggests this was not the start of a sustained recovery. The IPO market, despite showing a slight improvement compared with H2 2024, remains largely inactive. Only six IPO exits were recorded in H1 2025, up marginally from four in the previous half-year, but 41% below the five-year H1 average.

The slowdown in exit activity is primarily driven by ongoing macroeconomic uncertainty and shifting market dynamics. Although interest rates in Europe have recently begun to decline, the macroeconomic environment remains challenging due to persistent geopolitical tensions, including the continued impact of regional wars, global supply chain disruptions and tariff decisions. These factors have dampened corporate confidence and reduced the strategic buyers' willingness to engage in merger and acquisition (M&A) activity. The resulting decline in strategic deal flow reflects not a lack of capital, but hesitation to commit in a climate marked by unpredictable risks and fragile sentiment. The sponsor-to-sponsor transactions in Europe have become increasingly difficult, with sales of PE-backed companies attracting fewer bidders and sale processes taking longer. As some assets are seen as too large to sell outright, sponsors are exploring partial divestitures or stake sales to facilitate exits in a challenging market environment. Meanwhile, the IPO market continues to show clear signs of weakness. Geopolitical uncertainty and market volatility in the first half of the year discouraged large-scale listings, limiting exit opportunities for PE firms. Total exit value in Q1 remained subdued at under €5b, and momentum did not improve in Q2. The period's only notable offerings, standing out in an otherwise quiet market, were the €1.2b non-PE innoscripta listing in Frankfurt and – the quarter's largest transaction – HBX Group's €2.1b IPO. Several high-profile companies, including Autodoc, Stada, Brainlab and Klarna, have delayed their IPO plans, highlighting ongoing investor caution and the persistent sensitivity of equity markets to political and macroeconomic instability.

European PE exits by type



	H1-25 vs. H1-24	H1-25 vs. five-year average
Strategic	↓ -3.2%	↓ -13.6%
Secondary	↓ -19.4%	↓ -6.4%
IPO	↓ -25.0%	↓ -41.2%

3

Value creation interview

Cord Stümke

EY Europe West Private Equity Industry Leader

Cord leads the EY Private Equity Industry in the Europe West Region, comprised of PE professionals across 26 countries in Europe, North and Central Africa. He has over 25 years' experience advising financial and strategic investors on complex transactions and restructuring engagements, specializing in financial due diligence on both the buy-side and sell-side. Cord brings deep industry expertise across retail and consumer products, manufacturing, engineering, chemicals, pharmaceuticals, and healthcare, collaborating closely with large-cap and mid-market investors across the private equity landscape.

Q1: Given the shift from financial engineering to operational value creation, how are due diligence priorities evolving in today's European PE landscape?

Over the past decades, private equity has undergone a continuous shift – towards the increasing importance of operational value creation. This evolution, driven by greater costs of capital, longer holding periods, volatile macro conditions, and geopolitical uncertainty, has elevated the role of comprehensive diligence. As a result, priorities have evolved:

- **Operational due diligence** has become one of the central pillars of the diligence process. It has evolved from red-flag reviews towards examining whether core processes can scale, testing supply chain resilience (among others, considering tariff pressures), evaluating workforce capacity, and identifying working capital release opportunities. Crucially, each insight is tied to a quantified value-creation plan.
- **Technology diligence** is increasingly proactive and comprehensive. It probes cloud architecture, existing tech debt, AI usage and governance, and software licensing exposure. Cybersecurity is a particular priority, moving from value protection to value creation. Our latest EY PE Pulse survey of over 130 PE operating partners confirmed that the likelihood of prioritizing cybersecurity in diligence has doubled compared to two years ago.
- **Sustainability and regulatory diligence** are increasingly integrated, reflecting a broader regulatory focus on ecosystem risk, not just target-level compliance. This shift has implications for supplier remediation, warranties, KPIs, and exit narratives.

Q2: How do you ensure short-term financial gains reinforce – rather than compromise – long-term strategic growth?

Balancing near-term returns with sustainable growth requires embedding long-term value creation into every tactical decision and its prioritization. The PE model considers the alignment of interests across GPs, LPs, and management. Short-term actions need to be aligned to the broader strategic narrative; immediate EBITDA uplift – whether through cost optimization, pricing initiatives, or working-capital release, among others – should be evaluated not only for its immediate financial impact, but also for its role in strengthening the business model and mid- to long-term implications.

Measures that erode customer relationships, stifle innovation, or compromise talent retention should be deprioritized in favor of actions that reinforce the long-term sustainable growth and resilience of the operating model. Portfolio companies can create a virtuous cycle by reinvesting savings into growth – whether through digital transformation, customer experience, or AI-driven productivity. This ensures financial headroom translates into lasting capability-building rather than one-off savings.

Q3: What are the top three indicators that suggest a business may struggle with long-term sustainability and post-deal value creation?

In today's fast-moving environment, early warning signs of post-deal underperformance are critical to detect. While a holistic view is essential, three red flags often stand out:

- **Finance function not fit for purpose** – when typical reporting and control requirements for a PE portfolio company are not fully met, including organizational clarity, automation, timely analytics, or leadership capability, performance tracking and liquidity management may suffer, and ultimately lead to lower investor returns.
- **Ineffective working capital and liquidity management** – structural weaknesses can constrain a company's ability to fund growth, stabilize operations, and maintain strategic agility.
- **Limited management alignment and accountability** – even the most well-crafted 100-day plans can falter without leadership buy-in. If strategic initiatives do not align with management's priorities, lack clear ownership, or miss key KPIs, execution tends to stall.

An integrated and proactive diligence approach – combined with early investment in these areas – can turn potential liabilities into competitive strengths over the long-term and trigger transformational processes.

Jon Morris

EY-Parthenon UK&I Lead Partner, Private Equity Value Creation and Liquidity

Jon leads the EY Private Equity Value Creation practice across UK&I. He has over 30 years' experience of helping businesses and private equity funds to drive sustainable improvements across working capital management, cash flow forecasting, and treasury. He has successfully collaborated with private equity firms across diverse sectors, including consumer products, retail, technology and industrial products, delivering impactful results that drive cash performance at speed.

Q1: In your view, how does PE think about liquidity today, and how has this evolved?

PE houses have always regarded working capital improvement as a fundamental lever for value creation, but the way they think about liquidity has shifted significantly in recent years. Historically, PE owners have tended to focus on liquidity initiatives later in the ownership cycle, often post-integration, during the value creation phase, or because the asset has run out of cash!

Today, however, liquidity risk is being assessed much earlier in the deal cycle. We increasingly see PE investors spending more time on cash and working capital topics during the diligence stage, not only to identify opportunities for value creation, but also to assess resilience under different scenarios.

Q2: What are the typical execution challenges that portfolio companies face?

When driving cash improvement, portfolio companies often focus first on working capital optimization, but this is only one piece of a broader liquidity puzzle. We typically group liquidity management into three interconnected areas:

1. **Working capital improvement** – identifying and optimizing the potential to release cash tied up in receivables, payables and inventory. Establishing a cash culture within a business is key to making working capital improvements sustainable, getting buy-in across commercial and operational teams, and avoiding working capital being viewed as just a "finance driven topic."
2. **Cash flow forecasting** – developing robust, dynamic forecasting tools that provide transparency at local, regional and group levels. Businesses that lack the systems and processes to forecast accurately across jurisdictions, often face surprise shortages in some areas and under-deployed cash in others. Effective forecasting helps get the right cash to jurisdictions when they need it, returning excess cash back to the group.
3. **Treasury and financing** – ensuring cash is managed efficiently through mechanisms such as repatriation, cash pooling and FX or interest rate risk management.

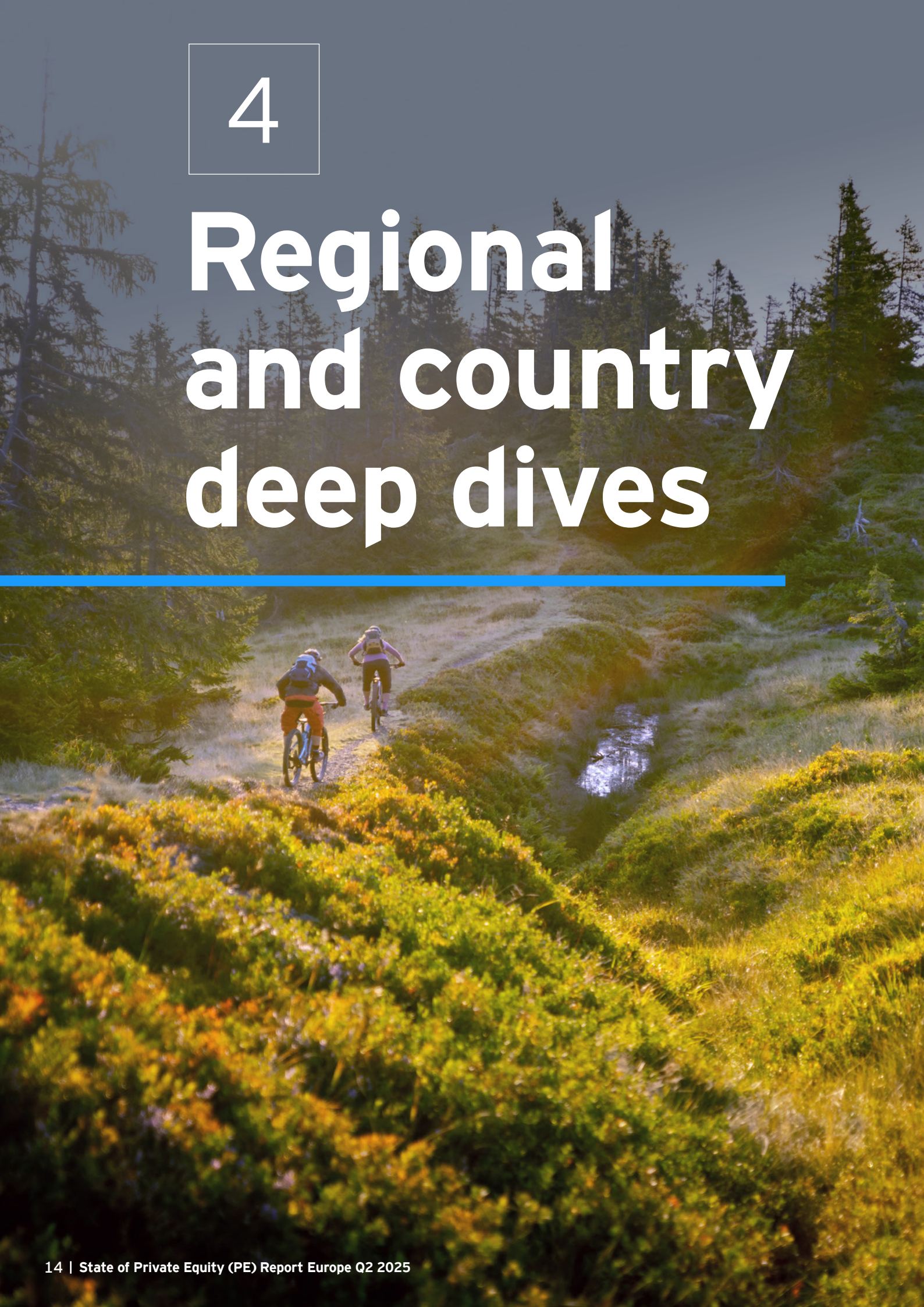
Q3: Which sectors do you expect will face the greatest working capital pressure over the next 12-18 months, and what underlying dynamics are driving this?

The potential diversion of assets and inventory into Europe as a result of evolving global trading tariffs will amplify existing challenges of supply chain and inventory management over the next 12 to 18 months. Sectors with complex global supply chains, and particularly high inventory intensity such as automative, industrials, defense, consumer and retail, will feel the sharpest working capital pressures. In parallel, businesses in these sectors are grappling with extended lead times, fragmented supply chains and higher financing costs as interest rates remain elevated. All this stretches cash conversion cycles and makes liquidity forecasting more difficult.

Management teams will therefore need to build greater resilience into their balance sheets, focusing on tighter forecasting, smarter inventory management and more active treasury disciplines to weather potential liquidity strains.

4

Regional and country deep dives



Belgium, Netherlands, Luxembourg (BeNeLux)

Contact

Maurice van den Hoek

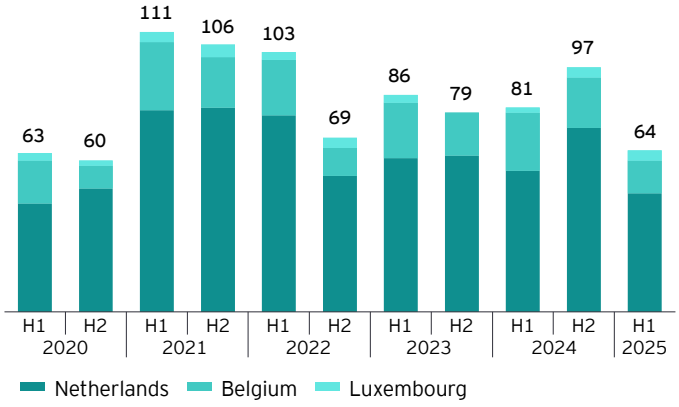
Mark Reich

M&A market dynamics in the BeNeLux region during the first half of 2025 remained broadly in line with previous periods in terms of overall deal interest and early-stage activity. However, the number of completed transactions remained relatively low. The market remains characterized by a degree of hesitancy and limited momentum, with many initiated processes either paused or delayed due to valuation gaps and a more selective and risk-averse buyer landscape. This was further compounded by broader geopolitical uncertainty, including the introduction of new international trade tariffs in early April 2025, which impacted cross-border M&A activity and increased caution in global dealmaking, particularly for companies with significant US exposure.

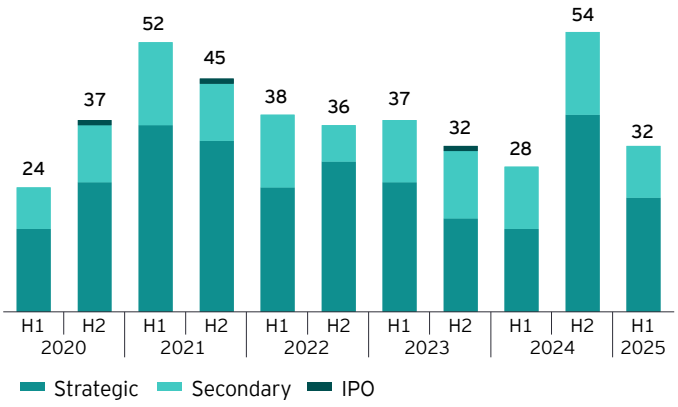
While deal activity remains high, particularly in sectors such as software and IT (T&T) and professional services (including a wave of consolidation among accounting firms), this has not yet translated into a corresponding increase in closed transactions. We continue to observe sellers launching processes, but often being unable to close at target valuations, leading to deferrals or revised timelines. Nonetheless, we have seen some early signs of improvement in Q2. There has been an uptick in the quality and competitiveness of sell-side processes, with transactions such as the sale of NMi Group to Bridgepoint and Alpine Hearing Protection to Gimv standing out as examples of exits in the mid-market segment that attracted strong buyer interest.

Looking ahead, the summer period is being used to actively prepare for a busier dealmaking season in autumn. Several larger and more competitive processes are reportedly in advanced stages of preparation, with formal launches anticipated in September 2025.

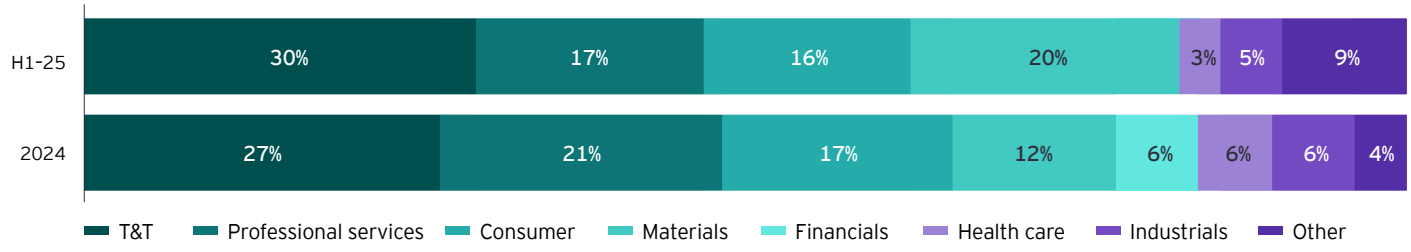
PE deal activity in the BeNeLux 2020–2025 H1 (in numbers)



PE exits in the BeNeLux 2020–2025 H1 (in numbers)



PE deal activity by sector BeNeLux 2024 vs. 25-H1 (in %)



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

Central and Eastern Europe (CEE)

Contact

Ronald A. Attard

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Compared with the same period in 2024, the PE landscape in CEE experienced a notable slowdown in both new deal flow and exit activity in the first half of 2025. The volume of PE transactions in the CEE region declined by 26%, falling to 23 deals in H1 2025. Divestment activity saw an even more pronounced downturn, with only eight exits recorded, representing a 47% drop year-over-year.

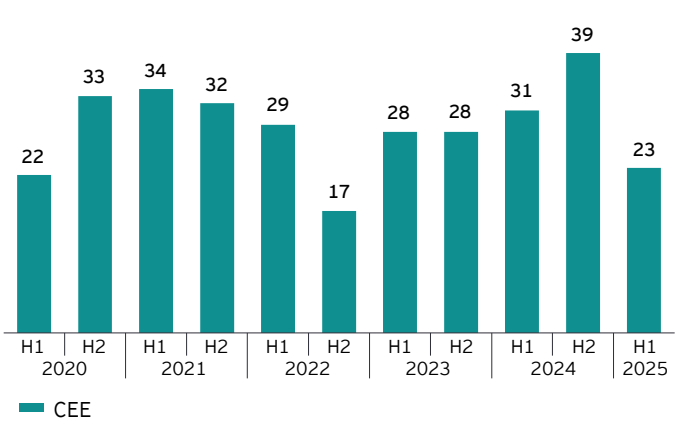
The T&T, consumer and health care sectors continue to dominate market activity.

However, while the broader market is experiencing a slowdown, select geographies are exhibiting green shoots of recovery, offering a promising outlook for the forthcoming quarters. Foreign investment and a growing startup ecosystem remain key drivers of market activity in Greece. Romania is experiencing notable momentum in inbound transactions. In Czechia, PE firms are adapting to current market volatility with resilient strategies and digital transformation initiatives. Despite global fundraising challenges, confidence in the Czech PE sector remains strong, with firms optimistic about growth opportunities. Similarly, in Poland, the key market participants are signaling a resurgence in the M&A landscape.

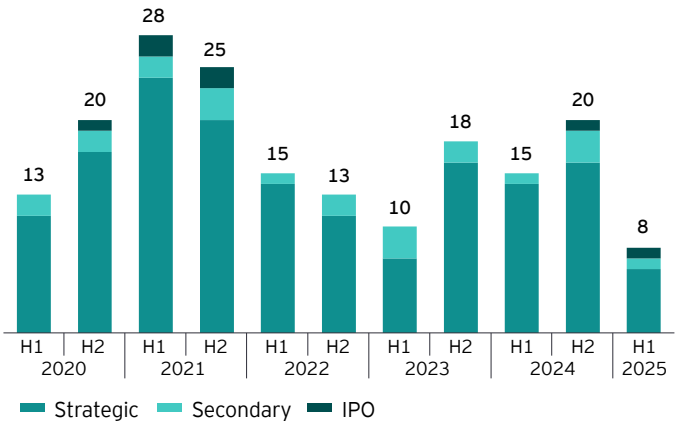
Several underlying trends are shaping the market. For one, institutional confidence in the region remains robust. Large-scale international funds, particularly CVC Capital Partners, are deploying substantial capital, executing both multibillion-euro platform investments in Romania and landmark exits in Greece. Concurrently, government and EU-level initiatives, such as the Recovery & Resilience Facility (RRF), are creating new investment opportunities that are less risky, particularly for SMEs.

Although it is premature to definitively state that the market is on a recovery trajectory, there are tangible signs of improving investor sentiment.

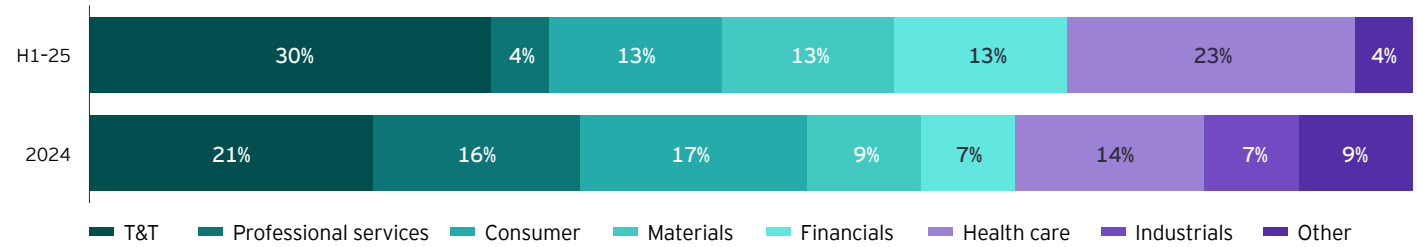
PE deal activity in the CEE 2020–2025 H1 (in numbers)



PE exits in the CEE 2020–2025 H1 (in numbers)



PE deal activity by sector CEE 2024 vs. 25-H1 (in %)



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

Germany, Austria, Switzerland (DACH)

Contact

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Dr. Johannes Zuberer
Georg Hochleitner
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Dr. Ralph Niederdrenk
Dirk Schmalzing

The German PE market experienced a slight, but noticeable improvement in the second quarter of 2025, and, even more positive, the development was accompanied by a marked increase in optimism among PE professionals. This reversal of last year's sentiment was likely fueled by a mix of tangible improvements and anticipated developments.

Fundraising conditions improved notably in Q2 2025, reflecting growing optimism about capital availability. The European Central Bank's recent interest rate cuts have enhanced the attractiveness of acquisition financing, creating more favorable conditions for dealmaking. Additionally, PE professionals appear to be increasingly confident that international investors, responding to shifting global economic dynamics, are turning their attention to Europe. However, this trend may disproportionately benefit larger funds, which are typically better positioned to attract cross-border capital.

Macroeconomic indicators – such as the anticipated upswing of the German economy in the coming months – are reinforcing the more positive sentiment within the PE industry.

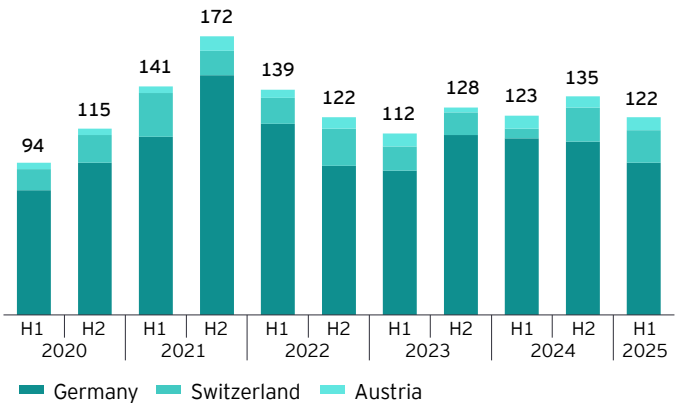
As a result, investment appetite increased, while entry valuations remained relatively stable. Together, these factors contributed to a rise in transaction activity. The upbeat mood was evident at industry gatherings such as the SuperReturn International conference held in Berlin in June 2025, where market participants expressed cautious optimism about the months ahead.

Overall, operational improvements have become an important driver for value creation in the PE industry. One example of this development is the growing application of AI across all types of businesses.

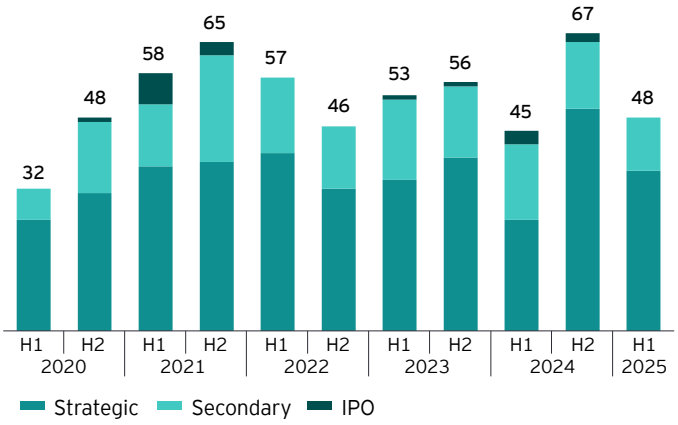
Secondaries are increasingly recognized as a core pillar of liquidity strategy within the PE landscape.

Whether the optimistic expectations of the second quarter of 2025 will materialize to such a strong degree as current sentiment suggests, remains to be seen. Nonetheless, it is clear that the second quarter marked a turning point, breaking the negative trend in how the PE community has perceived the market over the past year.

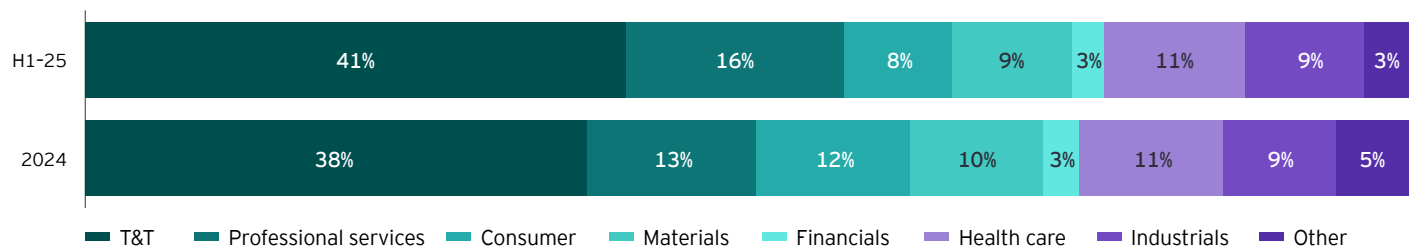
PE deal activity in the DACH 2020–2025 H1 (in numbers)



PE exits in the DACH 2020–2025 H1 (in numbers)



PE deal activity by sector DACH 2024 vs. 25-H1 (in %)



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

France

Contact

Stéphane Vignals

Gianluigi Indino

Deal activity remained subdued in H1 2025 amid continued geopolitical uncertainty.

Ongoing tariff negotiations between the EU and the US administration, stock market volatility, and an uncertain overall macroeconomic outlook – both in Europe and globally – have led to increased caution among GPs. In addition, the political situation in France, marked by mounting pressure to reduce public spending, has added another layer of uncertainty for companies with significant exposure to the French domestic market.

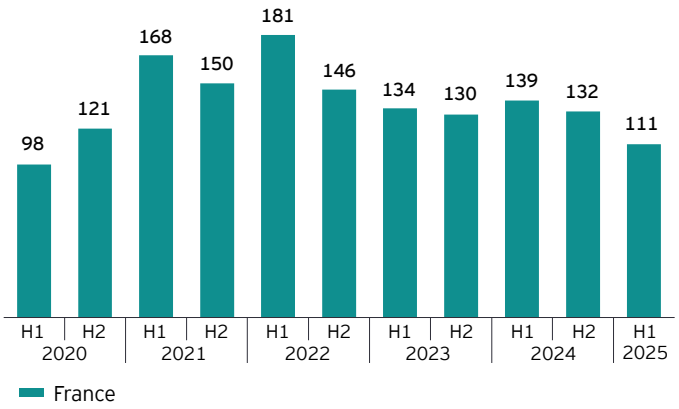
Despite these turbulences, positive signals can be observed.

Several processes were launched in the spring and others are anticipated to kick off after the summer break, indicating that confidence remains for high-quality assets. The financing market has also shown strong momentum in recent months, which is expected to support a rebound in deal volume in H2 2025. Notably, several high-profile transactions with valuations above €1b were announced in H1, e.g., Alvest, Kereis, Solabia and Softway, demonstrating GPs' ability to navigate and execute deals despite a challenging environment.

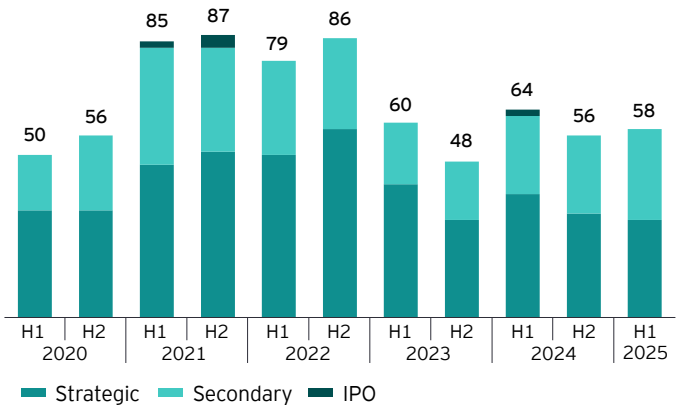
In parallel with deal activity, GPs are placing greater emphasis on value creation within their portfolios.

They are actively supporting their portfolio companies in adapting to tougher market conditions – such as increased tariffs – and preparing for potential disruptions from AI. These efforts not only strengthen current operations but also lay the groundwork for successful future exits, with more resilient and competitive companies expected to come to market in the months ahead.

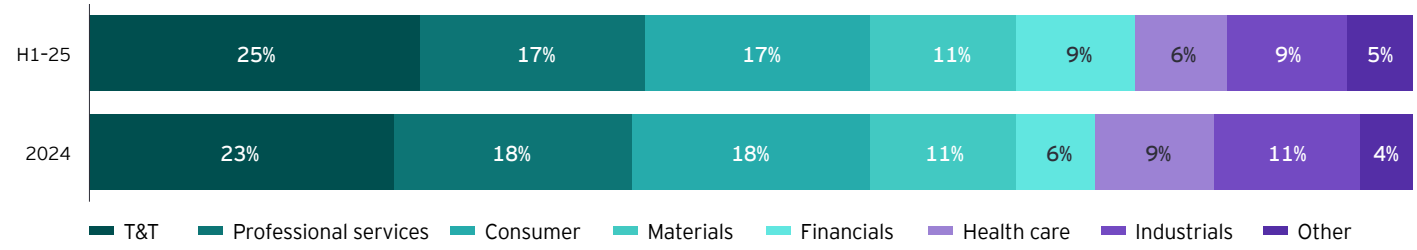
PE deal activity in the France 2020–2025 H1 (in numbers)



PE exits in the France 2020–2025 H1 (in numbers)



PE deal activity by sector France 2024 vs. 25-H1 (in %)



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

Italy

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In Italy, deal activity decreased by ~11% in H1 2025, with 66 deals recorded vs. 74 deals in H1 2024.

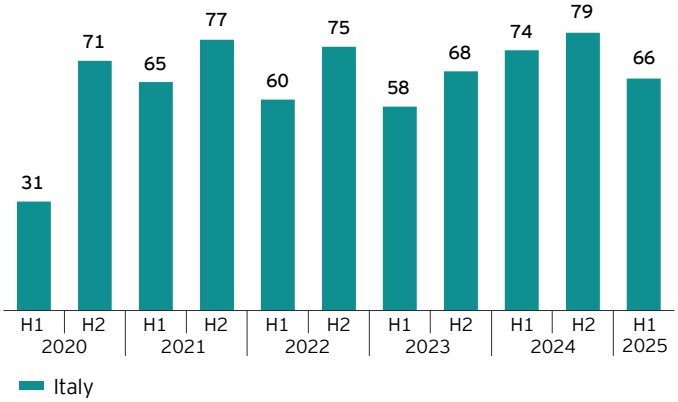
Exits recorded in H1 2025 decreased by three deals compared with the same period last year but still came in above historical lows seen in H1 2023 and during the pandemic. Strategic exits went down from 22 in H1 2024 to 18 in H1 2025, while the secondary PE market rebounded slightly, with exits increasing from 11 in H1 2024 to 12 in H1 2025. Owing to volatile stock market conditions, IPOs remain an untapped exit opportunity in Italy.

Compared with 2024, the first half of 2025 has seen a shift in sector dynamics: professional services, health care and materials sectors are now attracting most investments and exhibit heightened activity, whereas sectors like industrials, consumer and T&T are gradually losing momentum.

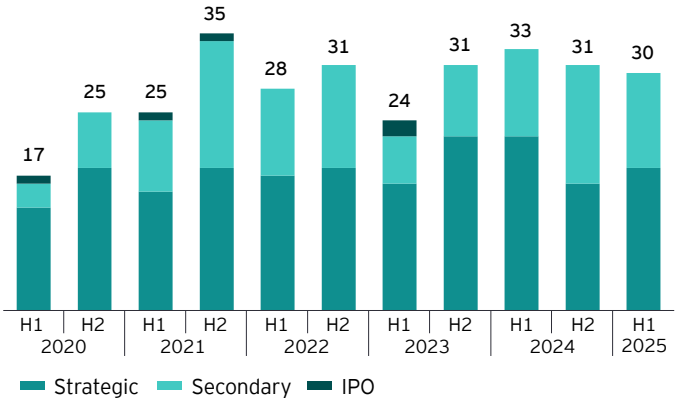
Looking ahead to the remainder of 2025, the Italian M&A market is expected to see an uptick in deal activity. Notably, the extended delay in exit processes by PE firms – largely due to macroeconomic uncertainty and some underperformance in 2024 – is likely to give way, as the pressure to return capital to limited partners mounts, particularly in H2 2025 and into early 2026.

Moreover, the steadily improving interest rate environment, coupled with the substantial availability of dry powder, is set to fuel increased investment activity by PE funds in the Italian market.

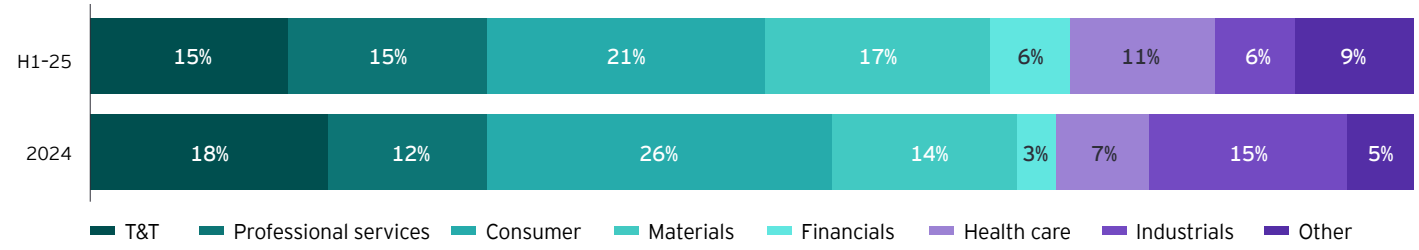
PE deal activity in the Italy 2020–2025 H1 (in numbers)



PE exits in the Italy 2020–2025 H1 (in numbers)



PE deal activity by sector Italy 2024 vs. 25-H1 (in %)



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

Nordics

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Nordic PE deal activity showed resilience in H1 2025, with deal volume remaining almost the same on a year-over-year basis, while deal value witnessed an increase of 178% compared with H1 2024. This resilience can be attributed to the stability of regional economies, supported by consistent monetary policies. Political developments, such as Finland's NATO membership and new presidents in Finland and Iceland, have also contributed to investor confidence.

Investors are increasingly focusing on sectors with stable cash flows and lower sensitivity to economic cycles, while appetite for more cyclical or discretionary industries remains limited due to continued macroeconomic uncertainty.

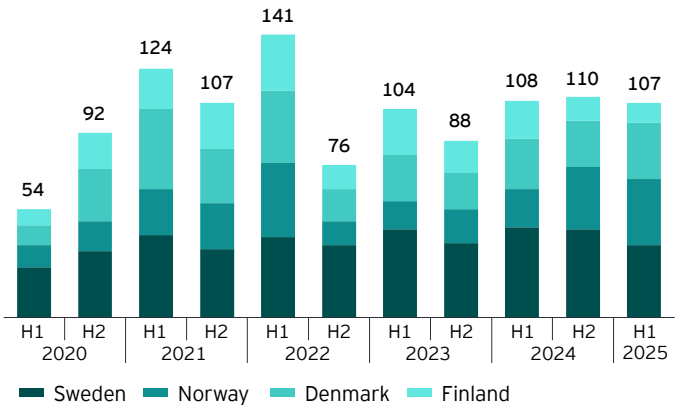
The T&T sector continues to maintain its dominant position, comprising 34% of deals, highlighting the tech industry's growing influence and attractiveness to both investors and strategic buyers.

PE exits saw a 13% increase in deal volume in H1 2025, with the region recording a 312% increase in exit value year-on-year. The significant rise in exit value was driven by a few large-ticket exits, including Ontario Teachers' Pension Plan (OTPPs) US$3.5b exit from Copenhagen Airports.

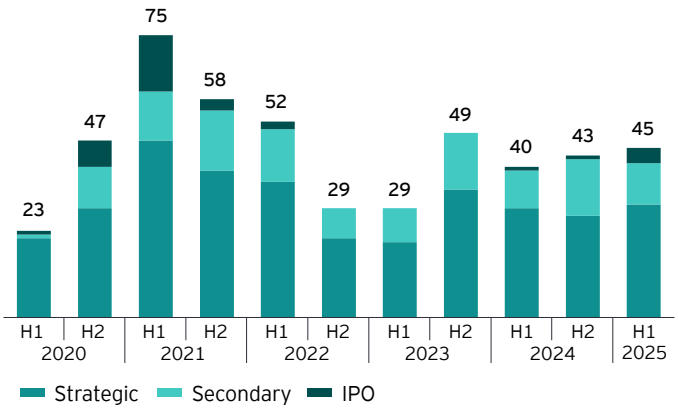
With the IPO market being virtually shut, sponsors face challenges in exiting investments through public listings and have increasingly turned to corporates and other PE firms as alternative exit routes. Sweden led exit activity in the region, accounting for 65% of total exit value.

PE exit outlook for the second half of 2025 is characterized by continued caution and constrained exit opportunities, with a gradual and selective rebound anticipated as market volatility eases and financing improves.

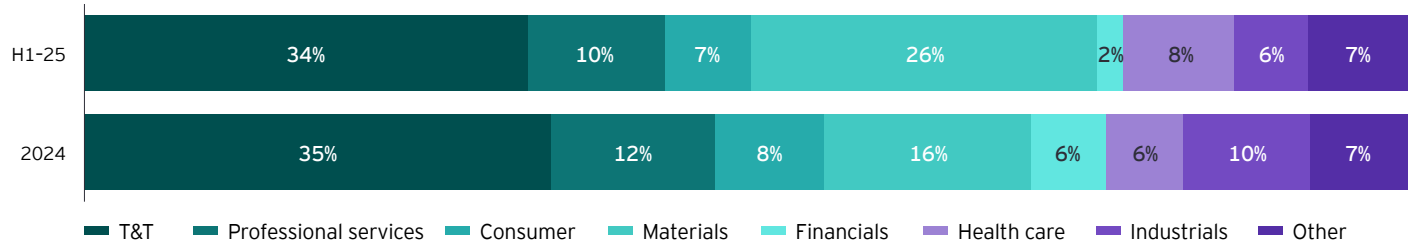
PE deal activity in the Nordics 2020–2025 H1 (in numbers)



PE exits in the Nordics 2020–2025 H1 (in numbers)



PE deal activity by sector Nordics 2024 vs. 25-H1 (in %)



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

Spain

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In Spain, PE activity started into 2025 with momentum from 2024, aligning with overall M&A trends. January 2025 presented a favorable environment: open credit markets, cheaper debt, controlled inflation and declining interest rates. Exits increased, particularly through sales to strategic buyers.

However, this positive trend was disrupted at the beginning of the second quarter. Tariff announcements on 2 April 2025 led to significant market volatility and a near-total shutdown of the IPO market, with HBX Group being the only scheduled operation.

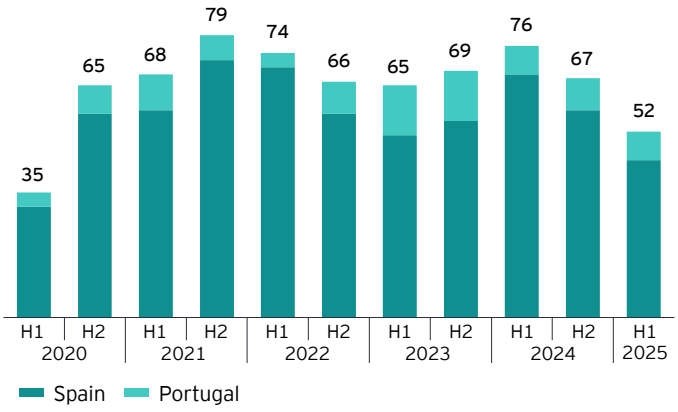
This slowdown highlights a major issue of the sector: liquidity. Limited partner (LP) dissatisfaction with partial exits is evident, prompting many to turn to the secondary market to rebalance portfolios or generate liquidity.

As a result, activity declined by approximately 25% compared with the previous half year, affecting both investments and exits. Most relevant transactions: Eysa (infrastructure), Tendam (retail), HBX (IPO), Livensa (hospitality), Vlex (T&T) and Nuzoa (consumer and health).

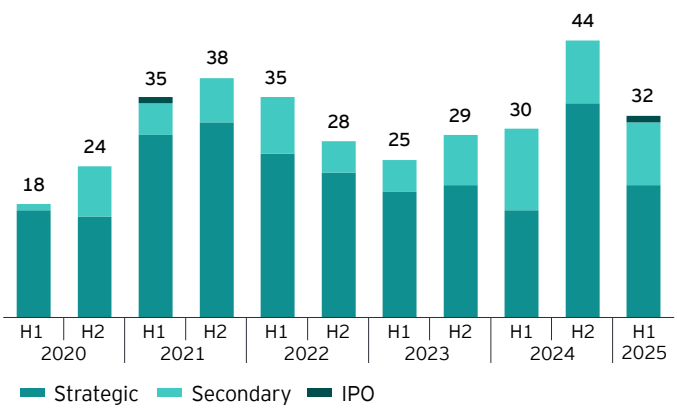
Looking ahead, the outlook for the second half of the year is positive, with many transactions in progress. The sector is learning to coexist with volatility.

Good opportunities can also emerge from uncertainty if one is proactive. Value creation is key, especially in situations of extended exit timelines, where an update of business plans is also required.

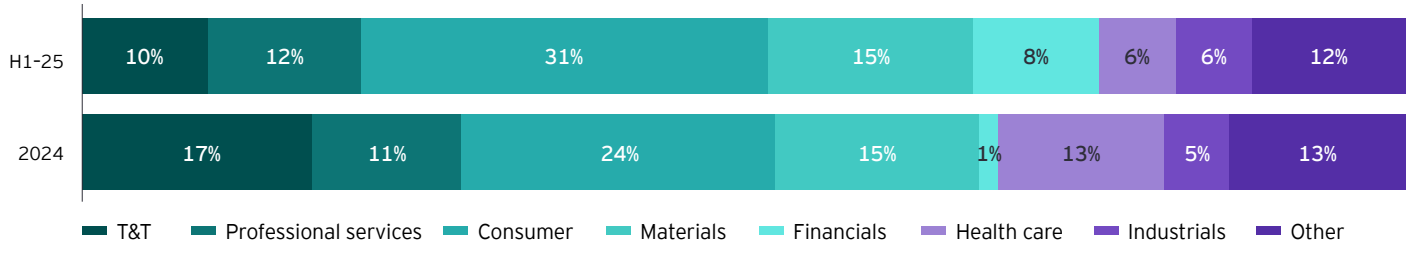
PE deal activity in Iberia 2020–2025 H1 (in numbers)



PE exits in Iberia 2020–2025 H1 (in numbers)



PE deal activity by sector Iberia 2024 vs. 25-H1 (in %)



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

UK and Ireland (UK&I)

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In Q2 2025, the UK&I region experienced a significant 15% rise in deal volume, demonstrating a boost in investor confidence. This was partly due to the UK agreeing for a trade deal with the US and the ensuing increase in tariff visibility.

Take-private transactions have continued into Q2, with several public companies delisting from the London Stock Exchange. Some notable transactions include the delisting of Deliveroo, which was acquired by DoorDash, and TA Associates management's acquisition of FD Technologies.

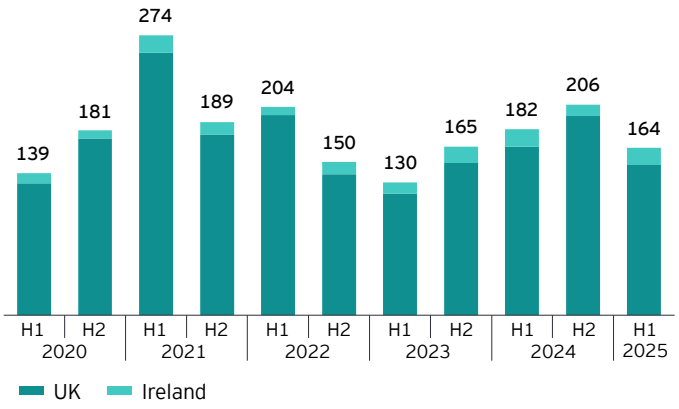
In exit activity held steady in the second quarter of 2025, with the number of exits increasing by around 3% quarter-over-quarter. Strategic sales continued to be the predominant exit route, contributing 79% of total exits, followed by secondary transactions, while IPO activity in the region stayed muted.

Some GPs are increasingly using structured solutions and continuation vehicles to create liquidity, particularly for high-performing assets. However, LP pressure to return capital may ease as the market evaluates the implications of US tariff policies.

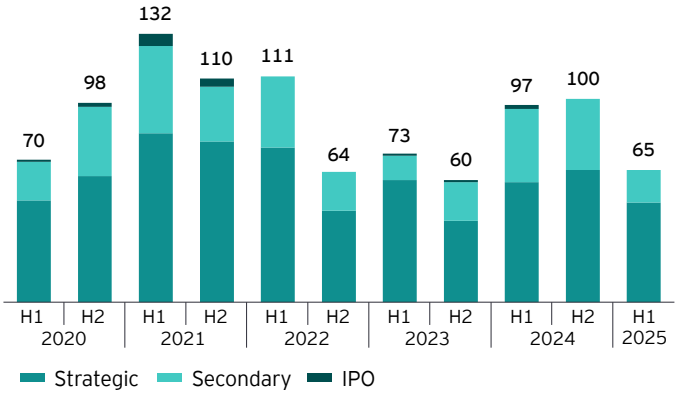
Despite the slow start, the UK IPO market is expected to improve in H2 2025 as equity indices stabilize and volatility eases. The London market remains competitive globally due to its strong financial expertise, governance and legal framework, which are advantages for PE-backed companies considering public listings.

In Q2 2025, UK PE fundraising saw a 57% quarter-over-quarter drop in fund size and a ~50% decline in the number of funds, due to a lack of mega funds. However, in the first half of 2025, the UK still contributed nearly 50% of all PE capital raised in Europe and accounted for one-third of fund closures, broadly in line with historical trends.

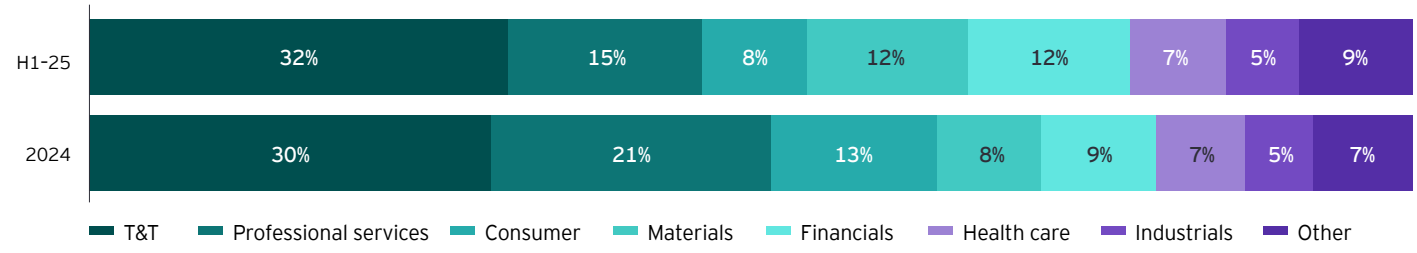
PE deal activity in the UK&I 2020–2025 H1 (in numbers)



PE exits in the UK&I 2020–2025 H1 (in numbers)



PE deal activity by sector UK&I 2024 vs. 25-H1 (in %)



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

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