CVC

2024 Full-Year Results

Analyst call transcript

Thursday 20 March 2025

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Welcome

Walid Damou
Head of Business Development and Shareholder Relations

Thank you and good morning everyone. Thank you for joining us for our inaugural Full-Year Results. This is a significant milestone for CVC and we're very excited to share our progress with you. As with our last call in September, we have 60 minutes, and after our presentation we'll open the floor to questions. Presenting on this call today are Rob Lucas, our CEO, Fred Watt, our CFO, and Rob Squire, our Head of Client and Product Solutions. I will now hand over to Rob to begin the presentation.

FY 2024 update

Rob Lucas
CEO

Thanks, Walid, and thank you everyone for joining the call. Let's kick off on page 3, which underlines what a landmark year 2024 was in the history of CVC.

There was of course our IPO on Euronext Amsterdam in April. We are delighted with how this has gone and the position it places us in from which to continue our growth.

In May, we activated Europe/Americas Fund IX, the largest private equity fund ever raised globally, and also Asia VI. Both of these funds exceeded their hard caps and reinforced our leadership in private equity.

We saw a strong recovery in activity levels, with deployment up 71% and realisations more than doubling versus 2023. And importantly, we continued to deliver strong investment performance for our clients. Our exits in 2024 delivered 4x gross multiple of money and a 30% IRR.

In addition to this, we are building for the future. We completed the acquisition of our Infrastructure business and the remaining shareholding in our Secondaries business. On the client side, we took a major step forward in Private Wealth, launching CV-CRED, our first evergreen product focused on European private credit, followed by CVC-PE in January of this year.

Turning to slide 4, I would characterise 2024 as a year of strong growth, with total AUM reaching €200 billion as we continue to deliver on the strategic priorities set out at the time of the IPO.

We are pleased by our continued fundraising success, with approximately €16 billion of capital raised in 2024 across our highly diversified client base. This fundraising success is underpinned by our deep and longstanding client relationships and based upon our consistent investment performance.

And as I've mentioned, we saw a strong recovery in activity levels. The CVC Network, across more than 30 office locations globally, continues to enable us to identify a wide number of investment opportunities, allowing us to select the most compelling opportunities for each of our seven investment strategies.

Notwithstanding the current economic uncertainty, we have seen continued resilience across our investment portfolios, with strong realised returns for our clients supporting future fundraising.

Fundamentally, we are of course a people business, and as such, we place high priority on continuing to invest in our people and our Network. This is particularly important as we are accelerating investment into future growth, including Private Wealth, Insurance and AI.

From a financial perspective, our 40% increase in MFE drove a 31% increase in EBITDA, and delivered a 59% MFE margin in 2024. Not only ~~is~~ this is a strong result – in addition, our near term management fee earnings trajectory is highly predictable, given recent fundraising success.

Slide 5 shows how we continue to scale and diversify the business, as we've grown our fee-paying AUM by 50% from €98 billion to €147 billion. In addition to CVC being a global leader in private equity, we are rapidly scaling our Credit, Secondaries and Infrastructure businesses, which now represent €68 billion of fee-paying AUM and almost half of our overall fee-paying AUM.

With that, I'll now hand over to Rob. He'll take us through fundraising. Thanks, Rob.

Fundraising

Rob Squire
Head of Client and Product Solutions

Great, thanks Rob, and good morning everyone. Turning to fundraising and to page 6 of our presentation.

As shown on the left-hand side, CVC continued to execute on our capital raising objectives in 2024 with €16 billion of capital raised. Importantly, yet again the sources of this capital were well diversified by investment strategy, by client type, and indeed by the geographic source of the capital.

As stressed at the time of the IPO process, our ability to consistently access capital is underpinned by CVC's 40-year track record of delivering consistent investment performance for our clients across both economic and market cycles.

Today, our institutional client base exceeds 1,100 clients, with many relationships spanning over two decades in duration. We continue to believe that this installed client base is hugely powerful, looking forward for CVC – both when securing the success of funds of our existing strategies, but also in selectively considering product extensions such as Credit Secondaries, Infra Secondaries, or structured credit, to name but a few.

Now looking at 2024 specifically, and in addition to activating Europe/Americas Fund IX and Asia Fund VI, we also held final closings and activated our two infrastructure strategies as well as our Capital Solutions strategy within CVC Credit. Furthermore, in February of 2025, we held a final close and activated our third vintage StratOps fund, securing €4.6 billion. Each of these vehicles closed above the guidance provided at the time of the IPO process, and taken together demonstrate a 25% uplift on the Euro amounts closed in the prior vintage.

In terms of our ongoing campaigns, our flagship Private Credit strategy and our flagship Secondary strategy are both progressing well and showing good momentum. Both capital raisings were already substantially de-risked at the year-end 2024, with our fourth European Direct Lending vintage securing €7.6 billion against our €6 billion guidance, and our Secondary Fund VI closing on over $3.5 billion against its $7 billion target.

Lastly, on page 6, looking forward, we have a good pipeline of opportunities to bring to market. We touch here specifically upon our successor Infrastructure funds, which both launched in January and where we're targeting a cumulative €8 billion.

On the closed end funds, we made a lot of progress in 2024 after a record 2023, and I say that we're off to a strong start in the first few months of 2025. However, as I've referenced previously, it is important to note that while we remain confident in the current capital raising pipeline, we still expect fundraising processes to be more back-ended and longer compared to prior vintages.

Now, in talking about new initiatives, it is important to cover channels as well as products, and the next slide, slide 7, offers a deep dive into our approach to both the Wealth and the Insurance channels.

Private Wealth and Insurance

Rob Squire

So let's start with Private Wealth now on the left-hand side. As we referenced at the time of the IPO, and indeed on the Half-Year Results call in September, we have been very deliberate on how CVC will address the Wealth opportunity in private markets. To be clear, we continue to view Private Wealth as a structural and long-term opportunity for CVC.

As shown on the slide, we've seen encouraging early results. We now have two evergreen products launched and activated. We've seen a meaningful 200% year-on-year increase in capital flows. We have a clear rollout plan for comparable evergreen vehicles in our Secondary and our Infra strategies, and we have a growing list of distribution partners ready for onboarding.

As an update on our two existing evergreen structures, we ended February with just shy of €900 million in CVC-CRED, and I feel confident that we'll surpass €1 billion imminently, all within 12 months of our initial launch. On Private Equity, we were able to bring forward the launch of our maiden CVC-PE vehicle by several quarters, and within a matter of just a few weeks of launch, as at the end of February we had already aggregated almost a quarter of a billion euros.

We see CVC is clearly differentiated to many of our peers in the space, and the consistent feedback from our distribution partners is that CVC's offerings are separated by: (1) our returns, (2) our European nexus, and (3) a brand that has not previously been broadly available in the Wealth channel.

There is a lot of room to run for CVC in Private Wealth, and to support these efforts, we're focused on resourcing both the raising and the servicing of this channel. We are now well progressed with a material hiring plan dedicated to Wealth, which will result in a team of over 60 full-time professionals supporting the effort across Europe, Asia, the Middle East and the Americas. For reference, this was a team of 5 at our IPO.

Finally from my side, I did want to touch on our efforts to expand what we already have in the Insurance channel. As is evident on the right-hand side of slide 7, we have a good client base from Insurance, with over 170 clients committing in excess of €15 billion. However, a majority of this capital has historically come in the form of fund commitments, and as many of these institutions evolve their asset allocations, and indeed as regulatory frameworks evolve differently in different jurisdictions, we see a material opportunity for CVC to meaningfully increase both the number of partners as well as the volume of capital that we have in the space. I look forward to providing you with further updates in the months to come, so thank you and we'll hand back to Rob.

Deployment

Rob Lucas

Thanks Rob. Let's turn to slide 8 on deployment now.

The CVC Network continues to generate a strong pipeline of investment opportunities. As always, we remain disciplined and highly selective with an absolute focus on delivering consistent investment performance for our clients. Looking back over our 40-year history, our experience has been that periods of market dislocation are when the CVC Network generates some of the most interesting investment opportunities, allowing us to deliver consistent investment performance across cycles, as Rob has just mentioned, and we've never been better positioned to capture those opportunities than today.

As you can see, in 2024, we deployed €25.6 billion across our strategies, up 71% vs. 2023. This growth was primarily driven by a significant recovery in PE investing, where we've seen a strong recovery in activity driven by greater seller engagement, attractive opportunities in public markets, and an increase in corporate carve-outs.

Europe, in particular, remains an attractive market, offering investment opportunities across sectors where we have very strong expertise, such as financial services, healthcare, technology, sports and media, and aerospace. And of course, we're particularly well positioned in Europe and the UK, with over 40 years of experience and the deep local expertise that its fragmented markets demand. With valuations remaining attractive relative to the US, we see opportunities in public-to-private transactions, carve-outs and bilateral transactions where our strong local presence provides a real competitive edge.

In 2024, we made 23 investments from our Private Equity funds compared to just 10 investments in 2023, and as always, these investments were diversified across multiple countries and industries, including technology, healthcare, consumer products, financial services, gaming and entertainment.

Moving to Secondaries: 2024 was a record year. We continue to see strong secular growth in this space, allowing us to deploy capital very effectively. Investments were again well diversified, with a 50-50 split between GP- and LP-led transactions. We are already investing from SOF VI, for which fundraising is progressing well, and we expect to continue seeing attractive opportunities in 2025 and beyond.

In Credit, we also saw record levels of gross deployment, as the private markets become an ever more important funding source.

Finally, in Infrastructure, with DIF VII and Value-Add III almost fully committed, our focus in 2024 shifted to value creation and exits ahead of fundraising for their successor funds. With DIF VIII and Value-Add IV coming on line later this year, we are well positioned to execute on further investment opportunities.

Overall, our disciplined approach and strong origination capabilities position us well to capitalise on the recovery in investment activity across our strategies, and we expect the CVC Network to continue generating high-quality investment opportunities, allowing us to continue delivering consistent investment returns for our clients.

Realisations

Rob Lucas

Moving to slide 9, for 2024, our realisations across Private Equity, Infrastructure and Secondaries more than doubled vs. the prior year, reaching €13.1 billion vs. €6.1 billion in 2023. Whilst these realisations have been across a large number of investments, activity levels across 2024 were inconsistent, reflecting market uncertainty and the lumpiness inherent in realisations; and based on current market conditions, we anticipate realisations in 2025 at, or slightly above, 2024 levels.

Having said that, progress year-to-date has been encouraging, as we have achieved several successful realisations, including the recently announced sale of Ethniki Insurance to Piraeus Bank in Greece at an implied gross return of 3.2x multiple of money and a 35% IRR, and we have now generated over $1.2 billion in proceeds from three exits in India so far in 2025.

Turning to slide 10 and realisations by category, you can see that strategic buyers have yet to fully return, and the IPO market remains subdued. As a result, exits continue to be disproportionately driven by sponsors, and this accounted for 52% of realisations in 2024 vs. our historical average of approximately 40%.

Critically, we continue to deliver strong investment returns, with realised returns of 4x gross multiple of money, and 30% gross IRR across our four Private Equity strategies. Investment performance is at the heart of everything we do, and our ability to drive significant realisations at attractive returns underpins our confidence in future fundraising.

I'll now hand over to Fred to talk about fund performance and financials. Thanks, Fred.

Investment performance

Fred Watt
CFO

Thank you, Rob, and good morning, everyone. I will start with the performance of our funds on slide 11.

Overall, we continue to see positive performance, and with very few exceptions, the gross multiple of money of our main funds are in line or up compared to last year. The underlying operating performance of our portfolio companies remains resilient, with average EBITDA growth of approximately 10% in 2024 for our Private Equity portfolio, and this profit growth remains the key driver of value creation and multiple of money expansion.

Our commitment to building diversified portfolios is a key element in our consistent investment performance. For example, in Europe/Americas, we typically have more than 35 separate investments in each fund, with each fund being invested over three to four years, and with each fund maintaining significant geographic and sector diversification.
It's also important to highlight our investments are made across a broad size spectrum, giving us the ability to pivot to where we see best relative value and ensuring we're not dependent on large-cap buyouts. Ultimately, this disciplined and balanced approach ensures we continue to generate consistent investment performance for our clients across multiple economic and fund cycles.

FPAUM development

Fred Watt

Turning to slide 12, and looking in more detail at our fee-paying AUM development over the past year.

As Rob mentioned, our fee-paying AUM grew from €98 billion to €147 billion, or by 50% year-on-year. Excluding our move into Infrastructure, we still delivered 36% growth on an organic basis, driven by the recovery and deployment and our continued fundraising success.

Within Private Equity, the primary drivers of this growth were the activations of Fund IX and Asia VI in the first half of the year.

In Secondaries, we launched fundraising for SOF VI in June 2024, reaching $3.5 billion by the end of December, with more to come in 2025 as we move towards the $7 billion target.

In Infrastructure, the small decline in fee-paying AUM in 2024 reflects exits and step-downs, ahead of the launch of successor funds DIF VIII and Value-Add IV in January 2025.

In Credit, while the team achieved record levels of gross deployment at €8 billion, this was offset by some €6.6 billion of runoff, resulting in more muted year-on-year growth. However, Credit continues to benefit from strong tailwinds and we're well positioned in this market.

Key financials

Fred Watt

Turning now to slide 13 on our key financials. For comparability, 2023 and 2024 figures include a full-year contribution from CVC Infrastructure, despite its financial impact only beginning on 1st July 2024, following the closing of the acquisition. We'll cover this in more detail on the next slide.

Back to slide 13, the activation of Fund IX and Asia VI in May 2024 contributed approximately 8 months of management fees in 2024, as a result of which management fees grew by 23% on a like-for-like basis, with a strong expansion in MFE margin, reaching 59%, up from 52% last year, driven by the strong operational leverage our business model provides.

As a reminder, 2025 will be the first year of full contribution from Fund IX and Asia VI. And as I mentioned previously, these two funds add approximately €25-30 million per month in management fees, net of step-downs in Fund VIII and Asia V, with 4 additional months coming from those two strategies in 2025.

Finally, PRE was at €182 million in 2024, up 5% vs. 2023, resulting in EBITDA growth of 31% to €966 million.

Briefly, slide 14 provides further detail on the adjustments made for comparability in relation to the acquisition of CVC DIF. As mentioned on the previous slide, the figures presented for 2023 and 2024 include a full 12-month contribution from CVC Infrastructure to ensure a like-for-like comparison. Here on this slide we show the bridge between the 2024 figures presented on the previous slide and the actual contribution from CVC Infrastructure excluding the first half of 2024, as the acquisition closed on 1st July 2024.

People and the Network

Fred Watt

Turning now to people and the CVC Network on slide 15. Our focus remains on operational efficiency and targeted investments to support long-term growth. Whilst the Network is already well invested, we continue to selectively add talent to support growth and improve our investment and operational capabilities. As a result, on a like-for-like basis, FTEs increased by more than 100 over the period, or around 10%.

We continue to build best-in-class operational capabilities to support our investing activities and to service our clients. For instance, we are making a significant push into AI to drive knowledge sharing and operational efficiencies across CVC.

As Rob mentioned, we are extremely pleased with the integration of Secondaries and Infrastructure and we look forward to co-locating all of our teams in London and New York over the course of 2025. We believe this move will further support our ability to leverage the Network, our shared resources, and our global origination engine across our seven strategies.

We will continue to invest in growth, with FTE increases expected to accelerate in 2025, driven primarily by new growth initiatives.

In Wealth and Insurance, as Rob Squire mentioned earlier, we have taken a disciplined approach and we are now entering the next phase of growth given the very encouraging results so far. We are looking to expand our resources in these areas, with FTEs dedicated to Wealth expected to reach over 60 by year-end. Overall in 2024, year-on-year total costs increased by 5% on a like-for-like basis, with personnel costs increasing by 8%, while we achieved further efficiencies in non-staff costs.

Looking ahead, whilst we're accelerating investment into key growth areas such as Private Wealth, Insurance and AI, we remain cost-disciplined. And it's important to note that over time we expect these growth initiatives will accelerate revenue growth. Given the lower opex growth rate in 2024 and the acceleration of growth investments, we expect cost growth in 2025 to be higher than 2024. However, with strong top-line growth expected, we remain confident that MFE earnings will stay on plan.

Management fees, MFE margin, embedded carry potential and balance sheet

Fred Watt

On slide 16, we'll look at the evolution of management fees and MFE margin. This slide will be familiar from our IPO process and our Half-Year presentation. Starting with management fee revenues, these reached over €1.3 billion in 2024, and adding the contribution from Fund IX and Asia VI on a full-year basis, management fee revenue is already well within the range of €1.3-1.5 billion. Notwithstanding the investment discussed earlier, we expect high single-digit growth on a like-for-like basis in MFE in 2025, and our MFE margin to remain well within the 55%-60% range.

Turning to PRE, on slide 17. Based on our view that we do expect realisations to be at or slightly higher in 2025, we expect a material uplift to PRE this year. That said, we've indicated previously that reaching an accounting value for PRE in the range of €400-700 million would require time for recent funds such as Fund VIII and Asia V, which were only activated over 2020 and 2021, to mature, as well as seeing a sustained recovery and exit activity in the market – and we have yet to see that. As a result, while we expect PRE to be materially higher in 2025, we expect it to remain well below the medium-term range.

Importantly, our expectation for potential total carry from key funds is unchanged at between €4.0-7.5 billion. And as you can see on this slide, some €2.2-4.0 billion is from funds that are already in harvesting mode.

Lastly, regarding the balance sheet, we continue to operate a highly cash-generative, balance-sheet-light model. And, as announced at the time of the IPO, subject to the AGM vote in May, we will pay a €225 million dividend for H2 2024, in June this year. And from there, we expect to pay a growing dividend and distribute the majority of the cash profit generated by the business, starting with an interim distribution for 2025 to be paid in October later this year.
I will now hand back to Rob.

Conclusion

Rob Lucas

Thanks, Fred. In conclusion, 2024 was indeed a landmark year for CVC. We continue to benefit from the underlying structural tailwinds which are favouring scaled, global, multi-asset managers such as CVC. We continue to have significant fundraising success, underpinned by our long-term client relationships and our consistent investment performance over more than 40 years. And we have the opportunity to broaden our client base and diversify our sources of capital in Private Wealth and Insurance.

We saw strong financial growth in 2024, delivering a 50% increase in fee-paying AUM and a 31% uplift in EBITDA. In addition, we expect further strong EBITDA growth in 2025.

Looking ahead, while the geopolitical landscape remains uncertain, CVC is extremely well positioned. We are a global market leader with particular strength in Europe and the UK. We have a unique Network, with people on the ground across the globe. We have very deep and longstanding client relationships and we have an exceptional track record.

And as a result of our recent fundraising success, we have more than €40 billion of capital available to invest across our seven strategies. This at a time of uncertain markets, where, in our experience, we are able to make some of our best investments.

Based on all of this I hope you can see why we are so excited about the future. Thank you.

Q&A

Walid Damou:
Thank you, Rob, Fred, and Rob. Before we hand back to the operator, I want to mention that in the coming days and weeks we will be engaging with many of our shareholders and attending various events to connect with the broader investor and analyst community. We look forward to these discussions and to continuing the dialogue. Now, let's open it up for questions, please.

Arnaud Giblat, BNP Paribas Exane:
Good morning. I've got three questions please. One on Insurance, one on M&A, one on the current backdrop for investment.

Starting with the Insurance, could you talk a bit more about the products you currently sell in Insurance, the underlying insurance assets you market, how you're addressing it. I suppose there's quite a lot in general accounts, but are you trying to tap into the annuity market and whether you intend to address this market a bit more like your American peers through ABFs in the longer term?

My second question is on M&A. We've seen quite a number of transactions being announced out there and we've seen continued consolation flows. I wonder what your read is there, whether you're seeing a number of maybe interesting situations come across your desk?

My third question is on investment opportunities. Given the current volatility in the macro environment and quite a bit of uncertainty out there, I was just wondering how you're looking at investing? I hear today that this could be quite an interesting opportunity to lean in and do a bit more. Am I reading this right? Should we expect investment deployment to be up this year? Just wondering if we could give a bit more colour how much margin of safety you're taking, given the current market environment? Thank you.

Rob Lucas:
Brilliant. Thanks, Arnaud. That's great. Rob, I wonder whether you could take the first part and I'll take the second.

Rob Squire:
Absolutely. Good morning. On the Insurance side of things, we are very, very focused on the balance-sheet-light approach that we articulated throughout the IPO process. And so I'd encourage you to think around our endeavours to grow that from the current €15 billion across 170 insurers through more bespoke structures. Again, as we've covered previously, we've already got rated notes for various jurisdictions on the platform. We've got insurance-dedicated funds, ~~ICOLIs~~, which are very specific to the US insurer market. And what we're really trying to do there is to increase the number of solutions and structures that from a capital requirement perspective, as I reference with the way that people are evolving their asset allocations, that we can offer our insurance clients more capital effective structures. So I think that's the way to look at it and we are, as I referenced, building out a significant Insurance solutions team that will complement the existing coverage that we already have of the insurers.

Rob Lucas:
Thanks very much indeed, Rob. So in terms of M&A, I think the first thing to say there is that our primary focus is on the existing seven strategies. And I think we've got a huge opportunity to scale and build those, whether it's across the four Private Equity strategies or whether it's looking at Credit, Secondaries or Infrastructure. So that's our key focus at the moment. We've then got the ability to develop additional products within our current portfolio, for example, Infra Secondaries. And we're also clearly, as you've heard, very focused on the Wealth channel and the Insurance channel. So those are the prime focus at the moment.

Having said that, we have always said that if the right inorganic opportunities came along, then we would look very carefully at those. And we have highlighted in the past US private credit. That remains the case, but we would be very selective. There needs to be a really good cultural fit, there needs to be the ability to scale. We don't want something that's too big, and we don't want anything that's too small. So it is a question of being very selective there, and we're not in any rush.

In terms of the investment backdrop, the third part of your question, yes, we do see this as an interesting time to invest, but we have upped our investment level already considerably. We are currently running over the last 12 months at a deployment level which would see our existing– I'm talking primarily here about Fund IX - being invested over that three-to-four year period and we continue to hold to that. We very much like the diversification that that brings, we want to see full diversification across vintages, across sectors and across size of investment. And so we will be putting a large number of investments into that fund, as we do in all of our funds, because we see that as a particular strength of CVC. So I think yes, we do see it as an interesting time to invest, but I don't see us increasing our level of deployment above where we are currently. I think we're very comfortable that that is the rate that will allow us to deploy over the next three to four years.

Walid Damou:
Thank you, Rob, and thank you, Arnaud, for the question. Operator, next question please.

Haley Tam, UBS:
Morning, thank you very much for your presentation today and for taking my questions. If I can ask three as well please.

The first one on Private Wealth, the second one on exit solutions, and the third one to clarify your MFE margin guidance.

On Private Wealth Rob, you mentioned a growing list of distribution partners ready for onboarding. I just wondered if you could give us any more colour on perhaps the number and the characteristics of the existing partners versus the new ones coming online. And if I missed it, if there's any specific comment about a timeline for the Secondaries and Infra launches.

Secondly, in terms of exit solutions, we've seen one of your competitors embrace an innovative sort of private IPO structure today with an exit and I just wondered if there's anything that CVC is thinking along similar lines to help with the exit outlook or whether you are very much sticking to tried and tested approaches for exits.

And then the third and final question on MFE margin, thank you for the clear guidance that it will be coming in slightly year on year. If I'm looking at consensus, it looks like MFE revenue is 1457 million euros, which would be 10% higher than the pro forma number, you've given us for 2024, which would suggest perhaps therefore that cost growth is more than 10%. I just wanted to check that was the case given the 5% you did in 2024. And given we are not as a consensus group forecasting significant revenue growth in MFE earnings in 2026, whether you should very much encourage us to think about this as a one-time step-up in your investment spending in Wealth, Insurance and AI, etc. Thank you.

Rob Lucas:
Thanks very much indeed, Haley. Perhaps Rob you could take the first question. I'll take the second question and maybe Fred you could take the third question.

Rob Squire:
Happy to. Hi, Haley. Thanks for that. So in terms of the characteristics of our distribution, I'm not going to go through specific banks on specific products, As we've laid out previously, we tend to anchor these, the way we've looked it at least is anchoring these around a global bank initially. And we have tended to favour banks that have a comparable client footprint to where CVC's brand is strongest. And that has worked quite well for us with both of these products. Obviously, we’re at the earlier innings with CVC-PE, having just launched a few weeks ago. I think the key next step for us, where we are now with CVC-CRED and we're still inside of 12 months of launch, is now going plural. And I think the way that we would look at that really is trying to get regional- or country-specific distribution partners, and we already have quite a number lined up and several activated already.

So that's how I would look at our plan there. I would also note, because I think it's quite important, if you recall around the IPO process, we have been dealing with Wealth for quite a while, but it was always through the feeder funds, and I would note that we are continuing to see a strong amount of interest for the feeder funds, the more traditional avenue for Private Wealth into alternatives, as well as these evergreen structures. So that's how I'd frame your question 1(a). Your question 1(b), in terms of timing for the next wave of these products, again, I'm not going to get pinned into a specific quarter. I would say that over the course of the next 12 to 18 months that for both Secondaries and Infrastructure, we would anticipate bringing their evergreen products to the market. Rob.

Rob Lucas:
Okay, thanks very much indeed, Rob. So Haley, just on your second question in terms of solutions and your point about private IPOs in particular, private IPOs are an area that we are conscious of, and have looked at and continue to look at. So far they've made relatively little impact on our marketplace, I would say. So, if that changes, that's great. But at the moment, it's not clear that that's actually going to be the case. I think the point for us is that using, as you say, our tried and tested exit routes are delivering very strong outcomes for us. So the fact that we've delivered 4x multiple of money, 30% IRR in 2024, and that's against 3x multiple of money and 28% IRR, as we say in the presentation, across the Europe/Americas fund since inception. These are very strong returns, and I think the key for us is to be very open-minded and to use whatever exit routes are available at the time.

I think the key, in our view, it's all about generating alpha. And if we are adding real value and if we are really building better businesses under our ownership, we're very confident that then we will find successful exits and realisations for those investments. And if you look at the current year and the realisations that we've most recently achieved, if we take Ethniki Insurance, for example, as I mentioned, that is a strategic sale. It is a 3.2xmultiple of money, it's a 35% IRR, and it's a 45% uplift to our most recent December mark. These are the statistics that are really important to us. So we're not under any pressure from the point of view of realising. It's a very interesting period of time for us to invest, but we're always focused on realisations and using and building as much flexibility and optionality into those exit routes as we can. Fred, on the MFE guidance.

Fred Watt:
Yeah, so Haley, maybe starting with the baseline for expenses and looking at 2024 to begin with. So yes, expenses grew by 5%, as I've said, personnel expenses is 8% up and other expenses actually marginally down prior year. I would assume that our baseline without investing for growth would be around that 8-9% expense growth as we've said before. And on top of that, we do see the opportunity to invest for growth. So as Rob Squire was saying, and I think I said in my section, we are investing in the Wealth channel. That is obviously adding cost to our baseline cost growth, but more importantly it's adding revenue. And we do see strong revenue growth coming from that over the years and indeed some of that coming into 2025.

So the important thing for us is that we do see opportunities to invest where we see revenue growth and the real measure that we're on top of is what is the MFE outcome of all of that? And we've indicated that MFE, so the absolute level of management fee earnings, will be up in high single digits year on year on a like-for-like basis. And that's the way we're looking at it. And where we do see the opportunity to invest with growth, we will certainly take it and that's what we're doing right now.

Walid Damou:
Thank you, Fred. Operator, next question.

Haley Tam:
Very clear, Thank you.

Walid Damou:
Thank you, Haley.

Hubert Lam, Bank of America:
Hi, thank you for taking my questions. I've got three of them. Firstly, on the exit environment, I guess for your PRE guidance for this year, you're assuming a continued difficult to backdrop for exits. So just wondering in your view what's needed to bring the exit environment back. And do you see potential for the second half to be better than the first half for exits?

The second question is on private credit. As Rob mentioned, you said you had record deployment last year, so what do you think about deployment this year? Do you see more competition in the private credit space for deployment and possibly market conditions, meaning it could be a slower deployment pace this year?

And lastly, in terms of your fund performance, I saw that there's been some slippage in terms of one of your Asia funds and the Growth funds in terms of returns quarter on quarter. Just wondering what's driving this. Thank you.

Rob Lucas:
Okay, thanks very much Hubert. Fred, would you like to talk to the PRE point?

Fred Watt:
Sure. So in terms of exit environment and how do we see it – I guess that's your first point, Hubert. Yeah, we are seeing some pick up. In fact in the first quarter, we are quite pleased with the exit activity that we've undertaken so far. So in Q1 for example, we've announced exit activity in India where we've achieved more than a billion dollars of proceeds. We've announced transactions in Europe, most recently our exit of Ethniki, which not only produced some great returns, over 3.2x multiple of money for our investors, but obviously a mark higher than even the mark in December. So that's encouraging.

That said, we're not fully back, we don't think. And to get fully back, which I think was the heart of your question, what do we need to see? Well, the IPO market in a sentiment sense more than an execution sense for us is still patchy if not closed in certain markets – that could do with coming back a bit. And the other part of the ecosystem that we'd like to see back to fill out the exit opportunity set would be the strategic, the corporate M&A market, which you'll have heard and you'll be seeing is still very, very low compared to historic levels.

So we'd like to see all of that come back a bit more, which is why our prudent approach to predicting exit value for this year is, yes, at, or maybe slightly above, last year. Last year was strongly up in the prior year, remember. We were exiting very well compared to the prior year in 2023. So some of these other features, yeah, it would be good to see them coming, to see an even stronger growth in the exit plan. And your question of is H2 likely to be better than H1 – hard to say. These things are quite lumpy and it's hard to predict half on half, quarter by quarter. We tend to look at full year on full year rather than half on half or quarter by quarter. And we do feel that we certainly are capable of being at or slightly above last year's level. I don't know whether Rob, you want to talk about deployment in private credit?

Rob Lucas:
Well I was just wondering whether Ken can talk to that. Ken Young, our COO, who's very close to the Credit business.

Ken Young:
Yeah, I think if you look at private credit deployment – for CVC the bulk of our private credit deployments system is predominantly on the European direct lending side – I think the key point when you're looking at European direct lending in particular is two things. I think the first one is it is a more nascent marketplace relative to the states. So I think there's still a long way to go in terms of market penetration.

The second thing, which is really important is if you look at the way that we've tackled that market opportunity, we're really very much doing it through the CVC Network. We've embedded CVC Credit professionals working alongside the Private Equity teams in many of our European offices. And that just gives us an unbelievable advantage when it comes to originating investment opportunities. But this in terms of really leveraging the Network in order to make sure that we're selecting the right opportunity. So certainly when we look out into 2025, also given the strength of the current EUDL fundraise, we think there's a lot of opportunity coming through.

Rob Lucas:
Thanks very much indeed, Ken. And just a final point in terms of Asia, Fred.

Fred Watt:
Yeah, so Hubert, you mentioned Asia and you also touched on Growth. Asia Fund IV – actually the underlying performance of the portfolio is pretty strong in Asia, up double-digit EBITDA growth year-on-year. And the only issue we have in Asia is that we're investing a dollar fund into some local currencies and the strength of the dollar is actually not back the returns in this particular period. Whether that would reverse in this period, who knows? But that's really been the underlying or the overall effect on the mark that you can see coming down slightly in Asia IV from 2.3x to 2.2, but the underlying strength of the portfolio, very good.

And in terms of Growth, we are not immune completely from the tech sector in Growth. We're less focused on tech than others, but the adjustment downwards there is merely a small adjustment based on tech multiples in one or two specific situations. I wouldn't read too much into the Growth movement either.

Walid Damou:
Great. Thank you very much, Fred. Operator, next question please. Thank you Hubert.

Angeliki Bairaktari, JP Morgan:
Good morning and thank you for taking my questions. I also have three please. First of all, with regards to Private Wealth, we have seen some partnerships between public managers and also private markets managers. Is that something that could be of interest to you?

Secondly, with regards to the European Direct Lending IV Fund, you did mention that you are now materially above the target. How big could this fund get at final close and when should we expect the final close, please?

And third question: with regards to the carry, the PRE, is it realistic to expect the activation of carry for the Europe/Americas Fund VIII more likely in 2027, please? Thank you.

Rob Lucas:
Very good. Thanks very much indeed, Angeliki. Rob, would you like to take the first two?

Rob Squire:
Of course.

Rob Lucas:
Fred can take the next.

Rob Squire:
Hi Angeliki. Yeah, on Private Wealth, obviously we're very pleased with the initial endeavours. On the evergreen side of things, as a reference, we've always had the feeder funds. I think we see a lot of opportunity for partnership, I will say, in both the more traditional distributors, to an earlier question, but as well as partnering with other forms of asset management. That being said, at the moment we've got our game plan that we're executing as we go plural with CVC-CRED, as we go through that initial phase with CVC-PE, and certainly from our perspective for the rest of this year, that's how we'd encourage you to look at that. We think there's just a tonne of room for us to go and we've got a very, very encouraging reception. So that's how I'd address your first question.

On Direct Lending IV – yeah, really pleased with where we are for this vintage. I think we will conclude that process later in 2025. I wouldn't want to give you where we will end up because I think that it will be higher than where we're at now. But given that we've already surpassed the guidance, I think for now just that we're pleased with where we are and we've still got quite a bit of room to run in that raise as well, given the demand that we're seeing from the institutional client base for that product.

Rob Lucas:
Very good. Thanks very much indeed, Rob. And the carry PRE question, Fred?

Fred Watt:
Yeah. Angeliki, as you know on the phasing of carry if you like, in an accounting sense, it is quite dependent on two things, really. One, the maturity of the fund. Fund VIII, for example – I think the average holding period of the assets in Fund VIII is less than two and a half years. So it's quite a young fund, as we have it today. And so that will take time to mature to accrue carry. And of course the second aspect is the heavily discounting applied by IFRS, to the mark that we mark in our investment book. And the point of that is that because of the double discounting effectively in IFRS, we already are conservative, we think, in our mark, IFRS then takes a further discount to that. A lot of the carry only really comes when you exit transactions, and therefore some of the dependency of when Fund VIII will get into carry will also be reliant on the exit profile that we see ahead of us.

As we look forward today, we'd be hopeful that exit activity will pick up, and even for Fund VIII. Too early to say whether that means could it slip into 2027 instead of 2026? A little bit early to say. But we're pretty confident that the overall content of carry to come is still well within the range that we've indicated.

Walid Damou:
Great. Thank you very much. And Angeliki, thank you for your questions. Operator, next question please.

Oliver Carruthers, Goldman Sachs:

Hi there. Good morning. Oliver Carruthers from Goldman Sachs. I've just got one question left, on Wealth. So you've spoken about Wealth in a few of your other questions, but taking a step back, it seems like you're more optimistic on the evergreen structure channel relative to where you were a year ago. Is that fair? And then if so, what's driving it? Is it the appetite that you've seen post the launch of initial product? Is it what your distributors are telling you as you broaden the offering, or are there other factors at play here that are driving this confidence to commit to scaling the dedicated team from here? Thank you.

Rob Squire:
Yeah, happy to... Hi Oliver. I think, culturally, we are just a very prudent culture and a conservative culture and I think that we're very, very pleased with our initial foray into the evergreen area. But as I've said many times, I think this is a long-term opportunity and we want to get it right from day one. I would say that we have been pleasantly surprised by the reception that obviously CVC-CRED initially, and now CVC PE, have got. But again, I think that this is a long-term opportunity for us and we're just very, very focused on getting it right. And that's why I think as we've got more into the channel, we have been a little more confident perhaps, or optimistic I think was the word that you used, in terms of how we represent that. So hopefully that answers your question, but happy to dig deeper if you'd like.

Walid Damou:
Great, thank you very much.

Oliver Carruthers:
That's helpful. Thank you.

Walid Damou:
Thanks, Oliver and thanks, Rob. We'll probably take one last question, please, operator.

Nicholas Herman, Citi:
Yes, thank you. Thanks for the presentation and for taking my questions. Just one clarification and then two additional questions, please. The first, clarification on Wealth – can I just clarify you're still just targeting Europe and Asia wealth markets and there's no plan for a dedicated launch in the US? And I guess without getting you to commit to anything, what do you just need to deliver in order to do that? Assume that's of interest to you.

The second question is on Infrastructure. I appreciate it's only been a few weeks, but could you just share some reception from LPs since launching that fundraising process? And I guess historically you've activated your funds about six months or so after launching the fundraising process. Is there any reason to think that for Infrastructure this should be any different?

And then finally on Secondaries. The fee rate is below what we've seen in prior year, despite rate you raising $3.5 billion for SOF VI. So I'm wondering if you've been offering discounts, it'd be great just... I guess curious on the need to offer discounts because it seems like the demand for secondaries funds in general is also at record highs, given clearly a substantial and increasing opportunity set. So any thoughts around LP demand for Secondaries and volume-based discounted pricing would be helpful. Thank you.

Rob Squire:
Yeah, sure. Yeah, happy to take that, Rob. Hey, Nicholas. So in the US, I'm sure you can appreciate, I have to be a little bit careful because of the regulatory aspect of that, but as we have represented before, we were always doing this in a sequential way, Europe, Asia, the Middle East, and then, over time, the US. And I would assume that that is still certainly our plan. And so more to come on that.

Rob Lucas:
And on the Infrastructure side?

Rob Squire:
Yeah, of course. Infrastructure, yeah, I'd say encouraging early engagement. Obviously this is the first raise where we have had the CVC process and the CVC machine behind this raise. Obviously when we did the initial partnership with them, they were at the very, very back end of their processes. And so very, very early days. As I referenced, we just launched both products in January, but we see a lot of interest. I think the one thing that I'd be more positive on than perhaps we'd expected is interest out of the US for Infrastructure, again on the institutional client side. And so yeah, I think we're, again, very, very early days, but we're pleased with the progress that we've made to date and it certainly is resonating with the CVC client base. And so I think that's encouraging.

Rob Lucas:
And just your point about the length of time for the fundraising, I don't think you should extrapolate from the Europe/Americas experience in terms of six months. I think this is a different fundraising dynamic around Infrastructure, Nicholas, and so it will be considerably more extended than that. And Fred, just in terms of Secondaries and fee rates?

Fred Watt:
On Secondaries, Nicholas, I think 2023, which is the comparative period – and this is a feature of the secondaries fundraising – where you do the initial clause, then you do catch-up the year following. For example, in 2023 there was catch-up fees such that the total income looks higher because of that. And it's not a function of today's fundraising being at different rates – it's not, and we're not changing the fee basis of any of the fundraising in Secondaries – it's just the feature of catch-up fees in 2023, which just mathematically looks as though the fee rate per AUM is higher that year.

Nicholas Herman:
Understood. Thank you. That's helpful.

Walid Damou:
Okay, that's all for today. So thank you very much for your time and thank you for your questions. We look forward to speaking again very soon.

Rob Lucas:
Thanks very much indeed, everybody.

Fred Watt:
Thanks all.

Rob Squire:
Thank you.

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