

# CVC

CVC Capital Partners plc

## **2025 Full-Year Results**

Analyst call transcript

Wednesday 11 March 2026

## CVC Capital Partners plc 2025 Full-Year Results 2025 - Transcript

### Operator:

Good morning and welcome to the CVC Capital Partners plc 2025 Full-Year Results call. Please be aware that this call is being recorded and all participants are currently in listen only mode. I would like to hand over to Bruce Hamilton to begin the meeting. Bruce, please go ahead.

### Bruce Hamilton:

Thank you, operator, and good morning everyone. Today we'll update you on our performance for 2025. We have around 60 minutes for the call. We'll begin with a presentation and after that, we'll open the floor to questions. Presenting today are Rob Lucas, CEO, Fred Watt, CFO, Peter Rutland, President and Rob Squire, Head of Client and Product Solutions. Rob, over to you.

### Rob Lucas:

Thanks, Bruce, and good morning everyone. Welcome to our 2025 Full-Year Results, and thanks for joining the call.

2025 was another really strong year of delivery for CVC.

We achieved further great fundraising success with €23 billion of gross inflows and powerful contributions from Credit, Secondaries, and Infrastructure. Importantly, the pre-marketing of our latest Private Equity vehicle, Europe / America Fund X, is progressing well.

We're seeing very strong growth across the Private Wealth and Insurance channels. The aggregate value of our Private Wealth vehicles increased from approximately €800 million as of December 2024 to €3.6 billion as of December 2025. And our recently announced \$3.5 billion strategic partnership with AIG illustrates our compelling capabilities in the Insurance channel.

Our Fee-paying AUM increased to €148 billion. More than 50% of that now comes from Credit, Secondaries, and Infrastructure. These three platforms grew by 12% in 2025, demonstrating the benefits of our diversification of the Group. And we achieved record realisations of €21.9 billion in 2025 at highly attractive returns. Over the past four years, we have now returned 30% more capital to our clients than we've deployed. This is a key differentiator compared with our private market peers, which positions us extremely well as we look towards Fund X.

Our strong operating performance translated into record financial performance.

- Management fees increased by 9% to €1.45 billion
- Performance related earnings increased by 39% to 254 million euros;
- and, EBITDA increased by 13% to 1.1 billion euros.

But what is it that enables us to deliver such strong operational and financial performance with such an unstable macro? Not just this year, but consistently over time.

Well, as I say on this slide, it's the power of our platform, which underpins our consistent performance.

Firstly, the CVC Network. This is the most powerful origination engine within our industry.

Secondly, our disciplined focus on running highly diversified portfolios. Meaning, we're never overly exposed to any one sector, region, vintage year, or single investment.

Thirdly, our focus on active ownership and value creation over the life of each investment.

And then, if you look to the right of the slide, you can see the results over 30 years, all the way from Fund I, consistently outperforming across multiple economic cycles. And the outperformance over time is not just restricted to PE. You can see the exceptionally low loss and default rates in our Credit business since inception and the strength of return in Secondaries and Infra strategies. So, it's across the whole business.

It's this consistent investment track record that underpins our clients' trust and support for CVC and our competence in continuing to deliver strong returns and to grow.

Despite current events, looking out over the years ahead, we see a very exciting market opportunity, and it's one CVC is extremely well positioned to take advantage of. Let me explain.

Firstly, we see clients allocating ever more capital to fewer managers. Given current market volatility, we expect this trend to accelerate with clients allocating their capital to managers they trust, and CVC is and always has been a major beneficiary of this flight to quality.

Secondly, we see clients continuing to rebalance their portfolios towards Europe. Our leading position in Europe across Private Equity, Credit, Secondaries, and Infrastructure means we're extremely well placed to benefit from this ongoing shift.

Thirdly, we continue to see significant traction in the Private Wealth channel, where we believe we are at the early stages of a multi-year growth opportunity. Private Wealth clients are looking to increase their private market allocations, and we saw this trend in the very strong Private Wealth growth we delivered in 2025. CVC's track record, brand, and differentiated positioning places us very well in this channel.

Finally, we also see very strong growth in the Insurance channel as part of a long-term structural reallocation of capital towards private markets. Our partnership with AIG is a powerful endorsement of our ability to serve this channel at scale, and our capabilities will be further enhanced by the acquisition of Marathon.

We see all these four trends supporting a long-term and durable growth in our MFR.

We've been very clear about our strategic objectives, and we continue to deliver on these strongly. With €148 billion of Fee-paying AUM across Private Equity, Credit, Secondaries and Infrastructure, our business is stronger and more diversified than ever.

Over the past 24 months –

- We have grown our Fee-paying AUM by more than 50%, driving strong growth in our management fees.
- We have significantly scaled our Credit, Secondaries, and Infrastructure platforms, which now represent over 50% of our Fee-paying AUM.
- We've broadened our distribution and client channels across Insurance and Private Wealth, complementing our well-established institutional client base.
- And, as a result of this growth and our focus on cost discipline, we've grown management fee earnings by 50% and earnings per share by 43%.

Turning now to the operating highlights for 2025.

In fundraising, we saw €23 billion in gross inflows, with Credit, Secondaries and Infrastructure accounting for 80% of the total.

We delivered another year of record realisations, up 67% year-on-year, led by Private Equity with exits achieving 3.2x gross MOIC and 23% gross IRR, underpinning our confidence in fundraising, including Fund X.

Deployment rates remained strong, led by Credit, Secondaries, and Infrastructure, with Private Equity deployment consistent with our stated 3-to-4-year fund cycle.

We also continued to see strong investment performance across each of our strategies. Across our Private Equity and Infrastructure portfolios, we continue to deliver strong value creation of 11% pre-FX.

Let's move to our financial highlights.

We saw strong Fee-paying AUM growth of 6% in the second half, and in aggregate, Fee-paying AUM across Credit, Secondaries and Infrastructure grew 12% in 2025. You'll see the Private Equity Fee-paying AUM declined slightly in the year, and as Fred will discuss later, this is mainly a function of our record year in realisations. Importantly, those distributions back to our clients reinforce our confidence in our Private Equity fundraising over the next 12-24 months.

In financial terms, management fees grew 9%, we delivered a 39% increase in performance fee earnings, and overall, EBITDA increased 13% to €1.1 billion.

Given the highly cash generative nature of our operating model, we are announcing an aggregate dividend for 2025 of €500 million, and in addition, a share buyback program of up to €350 million. Fred will cover both of these in more detail later.

Everything I've been talking about means we are highly confident in growing our Fee-paying AUM at a compound annual growth rate over the next three years of 10% or more. This delivers €200 billion of Fee-paying AUM by the end of 2028. Given our highly diversified model, this growth will come from multiple drivers.

The €50 billion increase in Fee-paying AUM will be split roughly one third from Private Equity, one third from Credit, and one third from Secondaries and Infrastructure.

Over the next 36 months, Fund X and Asia VII will help deliver a step change in our Private Equity Fee-paying AUM. We see significant continued growth from our existing Credit platform, and growth across Secondaries and Infrastructure will come from existing funds in market on which we have good visibility.

These fundraisings are progressing well, and I'll now pass to Rob Squire for a more detailed update on fundraising and the strong momentum we take into 2026.

### **Rob Squire:**

Thank you, Rob, and good morning, everyone.

I'd like to start my section with an overview of the progress that we've made in scaling and diversifying our closed end funds across Private Equity, across Credit, across Secondaries, and across Infrastructure over the last three vintages.

Against a challenging market backdrop, slide 9 demonstrates that we have delivered on our growth objectives. As Rob referenced, Fee-paying AUM grew 50%. That's 50% in the two years from year-end '23 to year-end '25. Specific to full year '25, we achieved a record year for capital raising volumes for an off cycle year away from our Europe / America Private Equity fund.

Throughout the year, we also saw a real acceleration in clients repositioning portfolios with a greater weighting toward Europe, and this was especially the case in the second half of the year. Personally, I expect this trend to continue and in fact likely gain further momentum throughout '26 and into 2027, something that bodes well for CVC.

The right-hand side of page 9 sets out our forward pipeline of closed end funds for '26 and 2027. These strategies provide our clients with a series of well-established offerings with proven multi-vintage track records, alongside newer offerings in some of the more nascent growth areas of private markets, many of which are cross-over strategies say between Credit and Secondaries or Infrastructure and Secondaries.

Lastly, on the institutional capital side of things, just a few remarks on key areas of progress from our last call six months ago. Our Secondary raise, SOF VI, continues to progress well, with north of \$8.5 billion now aggregated for that program and a strong pipeline through to final close by the end of the summer.

CVC Catalyst, our newly launched European middle market Private Equity strategy has been very well received and is significantly oversubscribed for its \$2 billion target. That fund will also hit a final close later this summer. And on Catalyst, the reception that we've had there for that offering combined with this general increase in appetite for Europe provides me with confidence on our Fund X process, which I'll now cover.

So, if we turn to slide 10, as shown in this high level overview, we have a very well established process at CVC for raising our Europe / Americas funds, and many of you will have seen a more detailed version of this process ahead of us launching our Fund IX capital raising.

A key point to emphasize here is the highly iterative nature of our process. Our team is regularly assessing demand levels on a bottom-up, line-by-line basis from our clients around the world for the 18 months ahead of an expected closing. This process ensures greater visibility and confidence in our final outcome on what is an incredibly complex and scaled process. It's also important to note that this process has delivered for CVC repeatedly at times of significant market disruption and dislocation. For example, our Fund VIII was raised during the initial outbreak of the COVID pandemic in the first half of

2020, and our most recent raise, Fund IX, was executed in the first half of 2023 with markets recoiling from both the Ukraine war and the spike in interest rates that we experienced in '22.

In terms of Fund X specifically, we're now just under a year away from our expected launch in early 2027, and sitting here today, I can confirm that we're pleased with the initial feedback that we're receiving from our client base. We would expect to set the target fund size post the summer of this year, and our current expectation is that Fund X will be the same size or larger than its predecessor.

And lastly, from me, on page 11, we cover Private Wealth.

As a reminder, we have been consistent in viewing Private Wealth as a long-term structural growth opportunity for CVC as individual investors and savers allocate an increased share of their portfolios to private markets. We see these evergreen structures as part of a diversified funding base for CVC, and importantly, as a complement to our longstanding strength with pension, sovereign wealth funds, and other institutional investors.

In just over 18 months since the launch of CVC-CRED in Q2'24, we reached €3.6 billion of aggregate value at year-end '25 across our Credit and Private Equity evergreen products, approaching 5x what it was just 12 months ago.

Now, given some of the events over the last few weeks, I'm also pleased to report that these two vehicles have both had a very encouraging start to '26. Aggregate value now stands at €4.2 billion through the end of February, experiencing one of our largest ever monthly inflows. Q1 redemptions amounted to around €15 million, or approximately 0.6% of net asset value.

In terms of future Private Wealth offerings, there are two major updates to provide. Firstly, earlier in Q1, we commenced formal fundraising for CVC-PEF, our US based Private Equity evergreen structure dedicated to US domiciled individuals. Secondly, we're now well on track to launch our first evergreen secondary offering, CVC-PESEC, in the coming weeks, and Peter will cover this shortly, as part of the broader AIG partnership.

So in summary, despite some recent headlines, we continue to see substantial scaling potential as we roll out additional CVC offerings to individual investors and savers alongside a growing roster of distribution partners around the world.

The CVC brand, the CVC investment performance, and the CVC European heritage are each key differentiators to our larger and more established US peers within the Private Wealth channel.

So with that, thank you. And I'll hand over to my colleague, Peter, now to cover the building momentum that we're seeing in the Insurance channel.

**Peter Rutland:**

Thank you, Rob. As we discussed earlier, we see significant growth potential with our Insurance clients.

This is not a new area for us. In fact, we have raised over €15 billion from insurers over the past five years, mostly through our regular LP dialogue. But in 2025, we established a dedicated Insurance Solutions team, and we have seen significant progress on multiple fronts.

Our strategic partnership with AIG announced in January is a powerful endorsement of our ability to serve the evolving needs of global insurance institutions at scale. Our initial agreement with AIG sees us manage a \$2 billion credit SMA, and as Rob Squire just mentioned, AIG will also act as a cornerstone investor in our soon-to-launch Secondaries evergreen product, contributing up to \$1.5 billion from their existing Private Equity portfolio as a seed investor for that fund. We see this partnership evolving, and we're also engaged in discussions regarding SMAs and partnerships with other Insurance clients.

We have also seen increased engagement from insurers in our fundraisings. For example, approximately 25% of our commitments to EUDL IV have come from insurance companies. This is complemented with growing interest in dedicated structures from Insurance clients, such as the \$1 billion Collateralised Fund Obligation structure raised in the US for CVC Secondaries in the third quarter.

In each case, our breadth of credit capabilities and investment track record are key points of differentiation. The recently announced acquisition of Marathon Asset Management will further broaden our offering for Insurance clients, including

adding capabilities in US asset-backed finance, real estate, structured credit, and public credit, to complement the existing strengths of our European credit platform.

On the Marathon acquisition, US credit has been a key area of focus for expansion, but we have set a very high bar for any acquisition. Marathon ticks all the boxes.

We look to partner with businesses that have a culture focused on investment performance. Marathon has a market-leading track record in each of their business lines, and a culture that aligns closely to CVC.

Secondly, we looked for a business that was scalable within our platform. Marathon has complementary investment and geographical focus, and with limited client overlap. This creates the basis for us to significantly accelerate their growth as part of CVC.

And finally, Marathon's size means that it is meaningful to CVC, but still has substantial growth potential ahead of it. And at approximately 30% of the size of our existing credit business, the integration will be very manageable.

As such, pro forma for the transaction, which we expect to close in the third quarter, our Fee-paying AUM in Credit would have increased to over €60 billion as of December 2025. Marathon's strength across US credit, and in particular, in asset-backed lending and structured credit, is highly complementary to our existing European platform. Therefore, Marathon enhances CVC's ability to service Institutional, Private Wealth, and Insurance clients globally.

Its standalone growth outlook was already strong, thanks to its high standards of underwriting discipline, and investment performance. But combined with CVC's client relationships, we expect growth to accelerate.

To give some additional data regarding the combination with Marathon, you will recall that we indicated we expect the transaction to be broadly neutral to EPS in 2027, and low single-digit accretive for 2028.

In terms of Marathon's capabilities, this slide shows the breakdown of their approximately \$20 billion of Fee-paying AUM.

Given Marathon's business mix, we expect fee margins to be somewhere between CVC's existing credit business, and the rest of CVC Group, so approximately 75 basis points.

Given Marathon's current scale, run-rate MFE margin is approximately 20 to 25% with high single-digit euro million PRE contribution to CVC.

We expect management fee revenue growth to 2028 to be slightly ahead of CVC as a group at low-to-mid-teens, with substantial operating leverage driving much faster EBITDA growth.

The transaction consideration is met partly with cash of \$400 million upfront as part of the \$1.2 billion initial consideration, but there are significant performance criteria embedded in the transaction structure to ensure strong alignment.

With that, I'll hand back to Rob Lucas.

**Rob Lucas:**

Thanks very much indeed, Peter. Now let's turn to deployment.

As you can see on the left-hand side of this slide, deployment remains strong across Credit, Infrastructure, and Secondaries. In Private Equity, as with the rest of the market, we saw deployment impacted by the uncertainty following Liberation Day. But despite that, we remain on track for our normal 3-to-4-year fund cycle. We continue to deploy across a wide range of sectors and geographies with a clear focus on building portfolios that are highly diversified by asset, sector, region, and vintage year.

For example, within our Europe / Americas funds, we typically make 35 to 40 investments. This is more than double most of the market. This has enabled us to deliver consistent investment performance across three decades, and across multiple economic cycles.

As we set out on the right-hand side, we continue to invest on a highly diversified basis by sector and by region. This ability to invest across a range of sectors and regions underpins our ability to continue delivering great investment performance across economic and secular cycles.

Let me talk a little bit about AI.

Whilst this has attracted a lot of attention recently, we've taken a cautious and highly selective approach towards investing in software for many years. As a consequence, software only comprises 7% of our total Fee-paying AUM, well below industry averages, reflecting our disciplined approach to constructing broadly diversified portfolios. In Private Equity, most of these investments were made after the 2021 peak, and at average entry EBITDA multiples of 15 to 16 times, well below industry comparables.

A good early example of when we started using AI is in Zabka, our Polish convenience store investment which we acquired in 2017. Shortly after our investment, we began embedding AI into our value creation program to help generate dynamic pricing, and to improve the targeting of new stores.

Within CVC Operations, we've created a dedicated AI team to support our portfolio companies, as they look to mitigate AI risk, and embrace the significant opportunity provided by AI. The impact of all of this work is illustrated by a recent pulse survey. This survey was conducted across each of our Private Equity, Credit, Secondaries, and Infrastructure portfolios, and covered almost 1,600 investments. More than 90% of the companies surveyed said they expected the impact of AI to be positive or neutral over the next two years. However, there is no complacency, and our teams remain highly focused on embedding AI across everything we do to ensure our portfolio remains well-positioned as we go through the next few years of substantial change.

Moving on to value creation, I have already mentioned the healthy performance we delivered this year across our Private Equity and Infrastructure portfolios, which is shown again on the left hand side of this page. Turning to the right hand side, momentum is even more pronounced when we look at LTM EBITDA growth across the Private Equity portfolio, 14% as of December 2025, up from 10% as of June. Specifically, Fund VIII continues to follow a similar evolution to Fund VI, and we have seen an even stronger acceleration in operating performance, with LTM EBITDA growth more than doubling during 2025, from 6% as of Q1 to 13% as of Q4.

I touched on realisations earlier, but I want to re-emphasise our proven ability to return capital at scale. In a market where LPs remain highly focused on liquidity and DPI, this is a huge competitive advantage in fundraising, and underpins our confidence in near-term fundraises such as Fund X. As I mentioned, realisations were up 67% in 2025, with Private Equity realisations up 77%.

As you can see on the right hand side of the page, we have now returned more than 1.3x the capital we've deployed over the past four years in Private Equity. In Europe, we've delivered a much larger number of Private Equity exits than any other firm in 2025.

Importantly, we remain highly flexible in our approach to realisations. This is the results of the number of investments we typically include in a fund, and therefore, their upper mid-market equity cheque sizes. Not being slaves to the mega market provides us with multiple exit pathways.

As a result, we are not reliant on IPOs, which accounted for only 5% of exit proceeds in 2025, and we are instead far more focused on cash exits through sales to strategic buyers, which accounted for 35%, and sponsors, which accounted for 46% of total gross proceeds in 2025. This is another reason why we are able to deliver DPI at times when others are struggling.

With that, I'll hand to Fred to go through the financials in more detail.

**Fred Watt:**

Thank you Rob, and good morning, everyone.

First, looking at Fee-paying AUM evolution, and a reminder that the first half of '25 was affected by FX, strong exits that Rob referenced, and step-down impacts, which more than offset strong gross inflows in that half. However, the second half showed broad-based positive momentum, with Fee-paying AUM increasing from €140 billion at June '25 to €148 billion at December, up 6% in the half.

As Rob mentioned, Credit, Secondaries, and Infrastructure together saw strong growth year-on-year, up 12%, and now represent just over 50% of Fee-paying AUM, demonstrating the benefits of our efforts to diversify and broaden the group.

In terms of P&L evolution, management fees increased by 9%. This included revenues from our evergreen products for the first time, of around €10 million. Fee margins were stable at approximately 1% overall, and MFE margin remained strong at 58%. I will discuss costs and cost discipline shortly.

Strong growth in PRE, which was up by 39% year-on-year, and in line with previous guidance, drove EBITDA growth of 13%.

Profit after tax of €873 million also reflects the impact of a slightly higher tax rate, following the first year of implementation of Pillar 2 rules, in addition to the impact of tax on carry from the Credit vehicles. This year, the effective tax rate on profit before carried interest was approximately 20%. And we see the go forward rate also being the range of 19 to 21%.

Turning to operating expenses. Cost evolution was impacted by year-on-year FX translation, and as we indicated at the mid-year by growth investments linked to Private Wealth, which amounted to around €14 million or around 3% of our cost growth. As I said, this investment is already generating revenue, and I will talk more about the rapid payback on the investment in Private Wealth in a second.

Core cost growth, excluding those effects, was 7%, and remained consistent with our guidance from mid-to-high single-digit percentage growth.

Looking forward, we expect to deliver core cost growth at a similar level in 2026, and total cost growth below 10%, even including the full year effect of cost investments for Private Wealth. As a result, we're getting back to our mid-to-high single-digit percentage growth a year earlier than we previously indicated. Beyond 2026, we continue to expect total cost growth in the mid-to-high single-digit percentage range.

Moreover, the payback on these new investments is rapid. As we show on the right-hand chart, we expect that revenues from our fast-scaling Private Wealth business will cover the related cost base in 2026, and will deliver significant operating leverage thereafter as we scale the Private Wealth channel.

Turning to PRE. The first point to make is the substantial future carry value potential embedded in funds already raised, and that this is unchanged versus previous expectations at €5 billion euros. This will flow through our P&L over the coming years, and is based on achieving the midpoint of our target ranges.

Given our consistent and repeatable value creation process, we have high confidence in delivering this carry over time. There's €300 million left to come from funds currently in carry, and with the funds next to come into carry, including Asia V and Europe / Americas Fund VIII, a further €1.9 billion. The remainder of the €5 billion comes from funds more recently activated, such as Europe / Americas Fund IX and Asia VI.

The second point to make is that we will always run the business to deliver the best return outcomes for our fund investors. And while there's a high degree of alignment, PRE is more of an output than something we can closely control year by year, given multiple input factors. And I would like to spend some more time on this.

The first of these is what we call the perimeter effect. Whilst realisations have been strong, there is one technical factor which means that this hasn't yet fed into higher PRE numbers. This is the effect of the perimeter set at the time of the IPO, where no carry from Fund VI was contributed to the PLC perimeter and only half of the ongoing rate from Fund VII.

Indeed, if Funds VI and VII had delivered 30% of carry to the IPO perimeter as opposed to zero and 15% respectively, reported PRE would have been at over €400 million for each of the last three years, given the strong exit activity being driven by those funds. The key here is that achieving the medium-term target range is not dependent on a material step up in the realisation pace, but requires the next generation of funds which are harvesting to move into carry mode.

The second technical factor to consider is around the IFRS accounting rules and how these impact recognition of PRE.

To remind you, under IFRS, we apply a 40% haircut to unrealised positions in determining whether carry is receivable. Furthermore, no carry in a fund is recognised until the preferred return to fund holders has been delivered.

Therefore, carry recognition is materially delayed versus a more accrual-based approach like UK or US GAAP. Exits are therefore important, because it's only at the point of exit that this 40% discount is released.

In practice, this means carry recognition under IFRS will not typically occur until MOIC is approaching approximately 2x and DPI approximately 1x at the fund level. Then when you reach this point of recognition, you effectively see close to half

of the lifetime carry of a fund come in a single year, well into the life of a fund rather than accruing over time as it would under UK or US GAAP.

This slide shows that, unlike a more linear accrual space carry recognition approach, like the dark blue bars in the slide, under IFRS, no carry is recognized, in this example, until year seven, and almost half of the carry, or in this example, €250 million, in that single year.

Typically, we expect a range of five to eight years to reach this IFRS recognition point. Although relative to what we thought at IPO and similar to our peers, macro uncertainty, particularly around tariffs, has generated some slippage in the timeframe for carry recognition for some funds.

Therefore, PRE under IFRS is likely to be lumpy, not linear, some years being above the guidance range, some years below, and single-year outcomes being inherently difficult to predict.

So how to think about the coming years? A first step up from current PRE levels is dependent on Asia V, and therefore Asia exits. We are confident in delivering significant exits at strong returns in Asia V in 2026. An initial carry recognition could happen this year. However, on balance, we think guiding towards 2027 is more prudent given the current micro-conditions and the IFRS effects.

The initial contribution of Asia V is expected to be approximately €100 million. Without this being recognised until 2027, PRE in 2026 is likely to be at a similar level to 2025, but growing to around €400 million in 2027 based on best estimates of exit timings as we sit here today, with a total of between €600 and €700 million across these two years as shown on the slide.

Our current assumption is that initial carry recognition for Europe / Americas Fund VIII will not happen until after 2027, leading to an expectation of PRE of between €1.2 billion and €1.5 billion across the two years of 2028 and 2029.

As we move through perimeter effects, achieving these numbers would represent an aggregate of between €1.8 billion and €2.2 billion, or an average of between €450 million and €550 million per year over the next four years.

We also show on this slide what we think PRE would have looked like if we were operating under US GAAP. Across 2026 and 2027, a more accruals-based approach would double the level of PRE we would be disclosing. We recognise the US peers who report on an adjusted basis would likely sit somewhere between US GAAP and IFRS.

Lastly, turning to our balance sheet and cash generation.

As of 31 December 2025, we had a healthy balance sheet position with gross cash of around €700 million and long-term low cost debt of €1.45 billion.

Our first capital allocation priorities will always be to invest in the organic growth opportunities we see ahead of us and to deliver progressive growth and dividends, which our cash generative model clearly supports.

Given this cash generation, we will also consider ongoing capital returns, including via buybacks as we announced today, unless we see compelling inorganic growth opportunities that match our strict financial criteria.

As we've previously said, we're comfortable operating at up to 2x net debt/EBITDA leverage, and we expect to be well within this at the end of 2026 at approximately 1.5x. This is after taking into consideration €350 million of buyback and \$400 million of upfront cash consideration for Marathon.

In summary, the confidence in our growth prospects and our cash generation allows to return up to €850 million back to shareholders through our dividend program for 2025 and the buyback that we announced today.

With that, I'll hand back to Rob for concluding remarks. Thank you.

**Rob Lucas:**

In summary, 2025 was another strong year of delivery for CVC.

We've grown our Fee-paying AUM to €148 billion, and we're highly confident in 10% plus compound growth to €200 billion over the next three years. This will deliver substantial earnings growth by the end of 2028.

We've started 2026 with strong positive momentum. We remain absolutely focused on continuing to deliver outperformance for our clients, and we are very excited about the opportunities that lie ahead.

Thank you very much indeed for listening. Thank you.

**Bruce Hamilton:**

Thank you, Rob, Fred, Peter, and Rob. Now let's open it up for questions. If I could ask people to limit themselves to two questions, please, that'd be great. Over to you, operator.

**Operator:**

Thank you. If you would like to ask a question verbally, please either use the raise hand function at the bottom of your Zoom screen, or if you have dialed in, please press star five on your telephone keypad. If you wish to withdraw your question, simply lower your hand or press star five again to cancel.

Once your name has been announced, please unmute and ask your question. If you would like to ask a written question, please use the Q&A box on your Zoom screen. There will now be a brief pause whilst we register the questions.

Our first question comes from Hubert Lam with Bank of America. Please unmute your line and ask your question.

**Hubert Lam:**

Hi, good morning. Thanks for taking my questions. I've got two of them. Firstly, on performance fees, just a follow-up. So I know it's delayed now, our expectations of when it gets back to 400 million. So just wanted to go over this again. So what's changed now? Is it your expectations that exits are just taking longer? Because on the accounting side, we would've previously known that it'd be lumpy. And also you showed strong exits last year, so I probably would've thought that there'd be a bit more of a recovery this year. That's the first question.

And the second question is on evergreens. Just recently reading that you are possibly incentivising some of your distributors for your wealth product with performance fees to incentivise them to sell your products. Can you talk about this and also the margins you're receiving on these new products? Thank you.

**Rob Lucas:**

Great. Thanks very much indeed, Hubert. Fred, I don't know whether you'd like just to take the first part of that and Rob, the second element?

**Fred Watt:**

Sure. Hi, Hubert. It's Fred. On this performance fee timing point, if you like, as we highlighted back in September last year, this first step up from current level of PRE was heavily dependent on the Asia V first recognition of carry under the accounting rules. And as we sit here today, we just think it's prudent given market conditions that it's all dependent on timing of exits. Nothing more than that.

We still see the absolute value there that we saw before, but timing of exit is critical as I hopefully outlined on the slides about how it all works. And it may happen this year, but we're just sitting here thinking, "Look, with everything going on and the number of exits that will happen this year, it's probably prudent to assume that some could slip into next year." They may not, but we're assuming that they might. And that's the only cause of the delay.

**Rob Squire:**

And hey, Hubert, it's Rob. On your second question, look, I'm not going to comment on any specific contractual relationship. What I'd tell you is that every single bank has got a different arrangement based on where in the world they operate and other factors. What really matters here is the performance. And if you look at it, CVC-PE is taking it 20% north and CVC Credit is a 10% compound return. We've got over 15 distributors on the platform, and we feel very, very good about the trajectory that we're on within Private Wealth.

**Hubert Lam:**

Great. Thank you.

**Operator:**

Thank you. Our next question comes from Arnaud Giblat with BNP Paribas. Please unmute your line and ask your question.

**Arnaud Giblat:**

Good morning. I've got two questions, please. First, can I start with Fund X and the confidence you have there? You outlined that quite well in the presentation, and understood that you've been in front of LPs and they've given you a provisional commitment. I'm just wondering what LPs are looking at here for those provisional commitments to turn it into something more firm. Are they looking at DPIs? Are they looking at you delivering on performance? What is it that you feel will convert that provisional to an actual commitment?

My second question is on Marathon. You outlined that ABF is a part of the logic there. I'm wondering if the plan here with Marathon is to really turn out a bigger ABF business in insurance as some of the American peers have been doing. Thank you.

**Rob Lucas:**

Thanks, Arnaud. Well, let me just talk just high level about Fund X, and then Rob can just give some precise input regarding the feedback we've had.

We're following very much the same program with Fund X that we followed with previous funds, particularly Fund IX. And what we're doing at this stage is, of course, we have very, very close ongoing contact with our investors all the time. And we flag very, very long way in advance that fundraising such as Fund X is coming up so that they can factor it all into their allocations well, well ahead of time.

And so as we move through the first quarter of this year, Rob and his team are having those direct conversations with all of our key investors, pretty much every single one, just to understand exactly how they're sitting, how they're looking. And indeed, to your question, exactly what they'll be focusing on and looking at. And that feedback has been very encouraging indeed, very much in line with what we saw as we approached Fund IX, which of course, as we all know, is the largest private equity fund in the world. And the fact that we're looking in this current market at the same size or larger, I think is a real testament to the underlying strength and the relationships we have. But Rob, just take us through just a little bit more of the detail just to Arnaud's question.

**Rob Squire:**

Yeah, happy to. And I'll be concise. Hi, Arnaud. Look, I think a few additional points here, please. I mean, the first is that our average relationship with our largest clients in that strategy is now approaching two decades. And so we have to look at this as a very, very deep, very, very long-standing base of dialogue and of relationship with the clients. And that also spans to the cross-sell ratios that we've achieved over the last few years, which have really accelerated as well.

I think in terms of key metrics that I would suggest, there is no one single individual point. Again, people would look at it over a much longer time horizon. CVC's lowest ever performance over 40 years, approaching 40 years, is a 2.1x net. 2.1x net is the worst performer for the flagship fund. And so really in terms of economic, market, geopolitical cycles, this firm has proven it's been able to deliver.

The last few points that I would suggest would be the cash returns, to answer your question directly on DPI, have been exceptional. Over the last five years, the flagship fund has delivered over 4x money multiple on over €44 billion of cash distributions to clients in the Europe / Americas Funds.

And then the final point that I would suggest is very noteworthy is our relative position, and this will be my fifth fundraise here on the Europe / Americas side. Our relative position in the European context has never been stronger, both relative to peers, but also relative to appetite in the market. And so those would be the key additional factors in addition to what Rob referenced that give me confidence sitting here today.

**Rob Lucas:**

Great. Thanks very much indeed, Rob. And Peter, I don't know whether you'd just like to talk about Marathon and the asset-based lending aspects.

**Peter Rutland:**

Sure. Very happy to do so. And Arnaud, you're absolutely right to call out the asset-backed funding part of the Marathon capabilities as one of the areas that insurance clients particularly find attractive. We expect that business to grow substantially. And indeed, the asset-backed area is one area which emphasizes the importance of both being able to raise money through traditional fundraising as well as through SMA and strategic partnerships. And we think that combined with Marathon's excellent track record and CVC's leading position as an asset-light alternatives manager puts them in a position to grow this area substantially.

**Bruce Hamilton:**

Next question, please, operator.

**Operator:**

Thank you. Our next question comes from Nicholas Herman with Citi. Your line is now open. Please go ahead.

**Nicholas Herman:**

Yes. Good morning. Thanks for the presentation. Two from me as well, please. On costs, can I just, why the need to scale back the cost growth given really such strong momentum on the growth initiatives and the clear significant payback from those investments?

And then the second question on wealth, I appreciate that there's increasingly, I say, negative sentiment on the outlook of private markets, both the private credit and on the outlook on equity, on tech, and software. I appreciate that you guys are relatively better positioned in this context, but what are distributors telling you about their appetite for industry content in the wealth channel? Thank you.

**Rob Lucas:**

Fred, would you like just take the costs?

**Fred Watt:**

Yeah, let me just clarify what we're saying on costs, Nicholas. So we're not scaling back. We're operating effectively and efficiency within our core, the kind of mid-to-high single digits, and we're absolutely in line with our plan for investing to support the wealth product.

I think the only change that we're signaling here is that we're being more effective and efficient within the core. We're certainly not investing less in the growth areas. And you can see even with the investment we're putting into that wealth channel, we're very confident in that being covered by revenue this year and more than covered by revenue in the years ahead. So apologies if I signaled differently, but we're certainly not scaling back on the investment and the opportunities.

**Rob Lucas:**

Thanks, Fred. Rob, would you just take the wealth question?

**Rob Squire:**

Absolutely. Hey, Nicholas. Yeah, look, it's obviously very relevant. It's something that we are tracking incredibly closely, particularly in the media. In terms of CVC specifically though, as I said, over the first two months of this year, we've had record flows, and I think that's representative in my view of a differentiated offering. What we believe we have is a real strength in terms of our European narrative. We think that many of the alternatives that are out there, both globally and specifically within the large US wealth market are very US focused and are managed by US managers. And so we continue to sort of double down on our European heritage alongside the brand and the investment performance.

The second aspect that I think is really important, and you've been on many of these calls, so you'll understand this, is that we have got a very clear roadmap laid out in terms of product development, and that is an acknowledgement that having a diversified offering is going to be important.

There will be some market conditions that appeal to certain strategies and others that appeal to different ones. And that's why we started with CVC-CRED. We've then gone into Private Equity. And as I said, within the next few weeks now, we'll have our Secondary evergreen fund up and running with Infrastructure later in '26.

So we're really trying to build out a balanced portfolio where there is CVC products on the shelves of our distributors, whatever the prevailing market sentiment may be.

**Bruce Hamilton:**

Thanks. Next question, operator.

**Operator:**

Our next question comes from Oliver Carruthers with Goldman Sachs. Please unmute your line and ask your question.

**Oliver Carruthers:**

Hi there, Oliver Carruthers from Goldman Sachs. Can you hear me okay?

**Rob Lucas:**

Yep, we can hear you fine.

**Oliver Carruthers:**

Great. Apologies for the technical difficulties. So I've got two questions, please. So on slide 18, you show some operating KPIs for Europe VIII. It appears to be accelerating in terms of revenue and EBITDA growth. Could you talk to the breadth of the acceleration here? I think there's just a little bit of a market perception that this fund is not doing well. So any kind of commentary around that, I think we would be very, very helpful.

And then my second question, so I guess you talked to a slippage in the timeframe of carry being recognised, but you've kept the gross MOIC midpoint constant. To me, that suggests that that's dilutive to gross and net IRR over time. So I wonder if you could frame that slippage in the timeframe in the context of what you're seeing more broadly among your private equity competitors.

And then I think you made a comment as well that this slippage in the timeframe was relevant to IFRS carry because you made a comment about the pref return. But my understanding of IFRS carry was the pref return only becomes relevant for this calculation if the ongoing return of these funds is tracking at or below the pref return. So could you just confirm what those levels are? And if you're able to talk to which funds this is relevant for, that'd be very helpful. Thank you.

**Rob Lucas:**

Great. Thanks, Oliver. Let me take your first question and then Fred can talk about the IFRS point.

On page 18, I mean, I think this is really powerful information here. And as you say, we have seen, particularly in relation to Fund VIII, a strong acceleration in, most of all, the EBITDA performance of that fund. And so we feel very comfortable with where Fund VIII is. We take a very long-term perspective. We are prudent, we're cautious with our marks, and you'll see that relative to some of our peers, our funds tend therefore to develop over a slightly longer period, but they deliver very strong performance through the end. And what we are doing here with Fund VIII is we're very much tracking it alongside our other previous funds, and it is very much in the pack.

And so Fund VIII is a 2021 vintage. It's always going to be a more challenged vintage. That's a more challenged vintage across the whole of the market, but we have a very diversified portfolio, and this is where that diversification really, really comes into play. So I think seeing that performance in terms of the acceleration in EBITDA and in revenue across that fund is both encouraging but not unexpected. Fred.

**Fred Watt:**

I'll pick up the other two questions Oliver, two parts of the IFRS question, if you like. So you're correct in some respects in terms of delays of exits, and I think this is a market phenomenon, not CVC phenomenon, will result in this vintage, I think, being a lower IRR vintage than others. But we're very confident in our multiples of money that we will be generating for the clients. But I think that's just a general theme and we're not an outlier at all in that regard.

In terms of how IFRS works in terms of the hurdle, and if you recall, the whole *raison d'être* with IFRS is that you don't ever see a reversal of revenue that you accrue in the form of performance fees, such that if I explain the hurdle point as brief as I can, take Fund VIII for example, our hurdle rate there with our LPs is 6%, but for the next roughly 2%, we're in catch-up carry phase, which means that even under IFRS, you've got to get through about an 8% IRR hurdle to be clear of any reversal or potential reversal of revenue you've recognised as performance fee.

So it's that that delays the carry recognition under IFRS. Certainly that's our interpretation of it. So it's not so much you've got to be below or above a hurdle point. It's just that you've got to get through all of that to avoid any risk of reversing the accrual for revenue in the first place. So until you're through all of that, there's zero carry recognised. Then as I said on the earlier part of the call, a lot comes through in one go and then the rest thereafter.

**Bruce Hamilton:**

Thanks. I think we're nearly out of time. So operator is time for one more call, please.

**Operator:**

Thank you. Your final question comes from Haley Tam with UBS. Please unmute your line and ask your question.

**Haley Tam:**

Morning. Thanks very much for taking my questions. I'll give you just one then if I can. Can I ask you about the evergreen funds? Thank you very much for giving us that €15 million redemption figure. Could you clarify for us what proportion of your funds may be are still subject to soft and hard lockups and how that might change over the coming year? And is there any comment you can give us in terms of Marathon's experience, given some of the headlines we're seeing on credit evergreen fund redemptions in the US? Thank you.

**Rob Lucas:**

Thank you. Rob, would you like just to take the first part of that, Peter, maybe talk to the second part?

**Rob Squire:**

Yeah, sure. Hi, Haley. It's very easy. A very, very small part of our total now of €4.2 billion is subject to any form of soft lock whatsoever. So we're really through a lot of that. And so that's not something that certainly would be on my radar screen.

**Peter Rutland:**

And with regard to Marathon, Haley, Marathon doesn't have any evergreen products at this stage and its overall fundraising momentum remains extremely strong across its various different fundraises that are going on currently.

**Burce Hamilton:**

Great. Well, thanks for the questions. Handing back to the operator.

**Operator:**

Thank you. This concludes today's call. Thank you for your participation. You may now disconnect.