CVC

2026 Private Equity Outlook

Half-Year Review

Built for Performance

H1 2026: Resilient Fundamentals Amid Persistent Volatility

At The Start Of The Year

We expected:

- Momentum in deal activity to continue into 2026.
- Improving financing conditions, particularly in Europe, to support investment activity.
- Geopolitical volatility to remain a feature of markets, making selectivity increasingly important.

What Happened?

- Despite heightened geopolitical volatility during the first half of 2026, the core investment case for European private equity remained intact.
- Financing conditions remained constructive, deal activity proved resilient and Europe's structural advantages continued to support investment activity.

A Changing Rate Outlook, But A Supportive Financing Backdrop

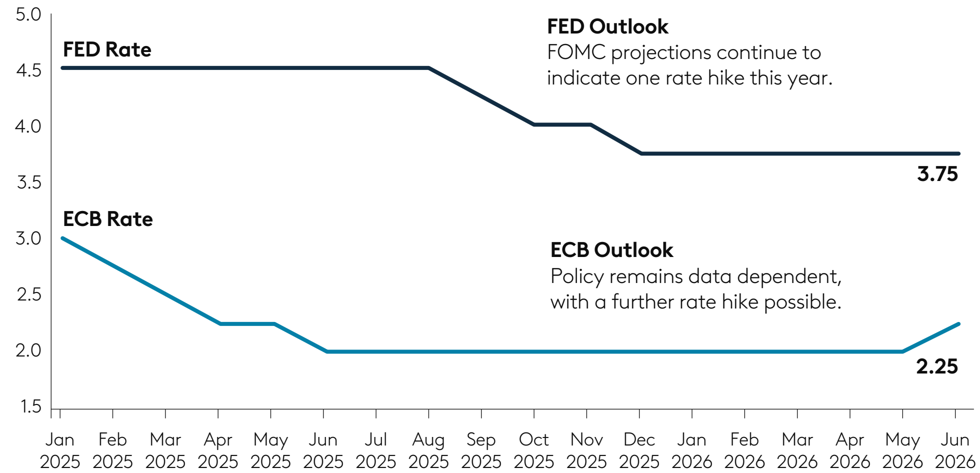
While geopolitical developments altered the expected path for interest rates, financing conditions remained broadly supportive.

The ECB increased rates in June following renewed inflation concerns, while the Fed maintained a wait-and-see approach, retaining a modest tightening bias.

Europe continues to benefit from lower policy rates than the US, supporting a more favourable financing backdrop.

ECB and FED Policy Rates (%)

Rates in Europe remain lower than in the US, supporting a more favourable financing backdrop.



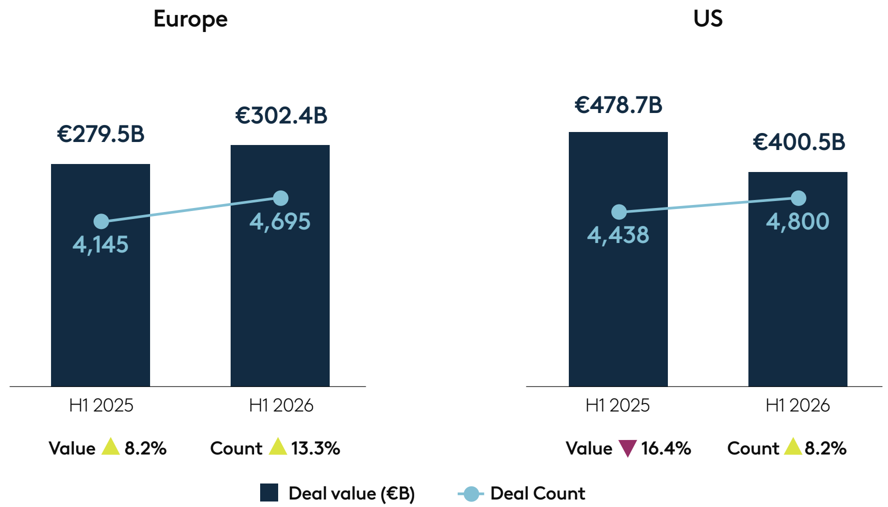
Source: CVC, Federal Reserve, European Central Bank. As of 30 June 2026.

European Deal Activity Remained Resilient

European private equity activity remained resilient amid heightened geopolitical uncertainty.

Deal value increased year on year, while deal count also strengthened, highlighting continued demand for high-quality, differentiated businesses.

Private Equity Deal Activity



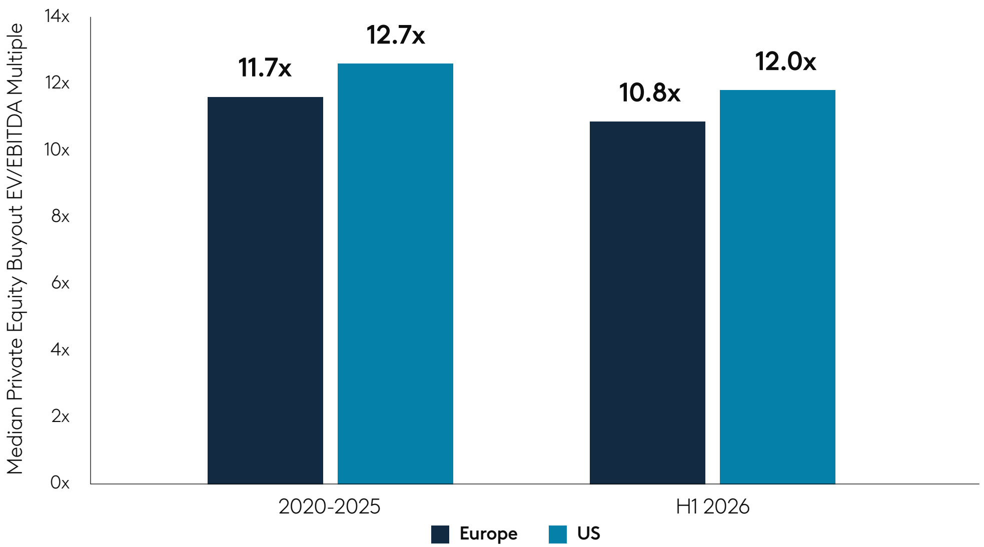
Source: CVC, Pitchbook "Q2 2026 European PE Breakdown Summary". As of 30 June 2026.

Disciplined Entry Pricing Was Maintained

Even as transaction activity gathered momentum, European buyout valuations remained below those in the US.

This suggests disciplined entry pricing has been maintained amid an active transaction environment, preserving one of Europe's longstanding structural advantages.

Trends in European and US Buyouts



Source: Pitchbook data as of 30 June 2026

H2 2026 Outlook

- Geopolitical volatility is likely to persist, reinforcing the importance of maintaining a disciplined, selective and long-term investment approach.

- Despite uncertainty around future policy decisions, financing conditions remain broadly supportive, providing a constructive backdrop for private equity activity.

- Europe's structural advantages remain intact, underpinned by fragmented markets, attractive valuation dynamics and a supportive fiscal backdrop.

- In this environment, long-term outcomes are likely to favour experienced managers with differentiated sourcing capabilities and proven value creation expertise.

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