

STUDY

January
2026

European Private Equity Outlook 2026

From stabilization
to momentum



Roland
Berger

**The European Private Equity
Outlook 2026 is the 17th consecutive
publication in a series launched by
Roland Berger in 2010.**

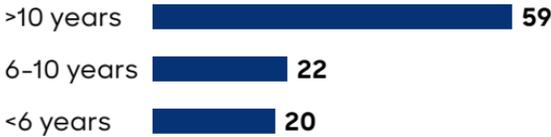
This year's key messages include

- 75% of surveyed professionals expect more M&A activity involving private equity (PE) in 2026 versus 2025. Optimism remains high, driven by postponed portfolio exits.
- Financing conditions are supportive across deal size segments. Respondents rate debt availability as neutral to good at year-end 2025 and expect further improvement in 2026, with higher pricing visibility.
- Sector outlook is largely positive. Technology and software, digital solutions, healthcare and infrastructure show the strongest appeal, while more cyclical sectors remain mixed.
- Mid-market is the engine of deal flow, while large-cap has turned net positive. Small- and mid-cap show the strongest growth expectations for 2026. Large-cap conditions are easing and activity is expected to pick up.
- Exit routes are normalizing. A backlog of deferred processes is coming to market. Sponsor-to-sponsor activity is strengthening, with strategic sales and IPOs also improving.
- Value creation priorities are sharpening, while add-ons and operational digitalization remain core. AI is penetrating fastest in due diligence and portfolio work.

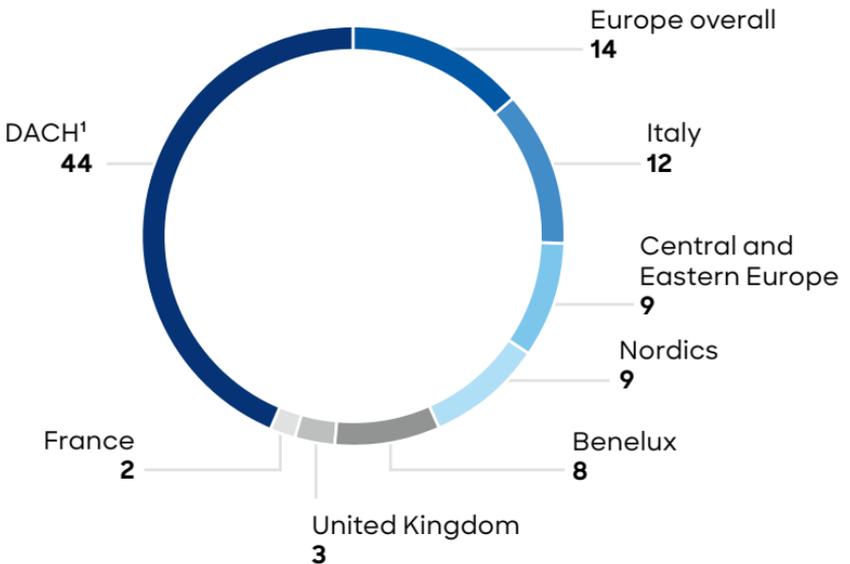
Exclusive survey of private equity professionals from leading PE firms across Europe

Methodology: Approximately 3,500 experts from private equity investment companies and M&A advisors across Europe were contacted for this year's PE Outlook. The results reflect market experts' expectations on key relevant investment topics for the private equity industry in 2026, covering various perspectives of the European investment landscape.

Industry experience [% of responses]



Participants' investment focus [% of responses]



¹ Germany, Austria and Switzerland

% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

Source: Roland Berger

Over 75% of respondents express a positive outlook, expecting increased PE-backed M&A activity in 2026

More than 75% of respondents anticipate an increase in M&A transactions with PE involvement in 2026 versus 2025. This is lower than last year's result of over 90%. The lower figure reflects a normalization of expectations after the 2025 rebound and continued caution on financing costs, leverage and seller readiness. Four key reasons are indicated for the positive outlook for 2026:

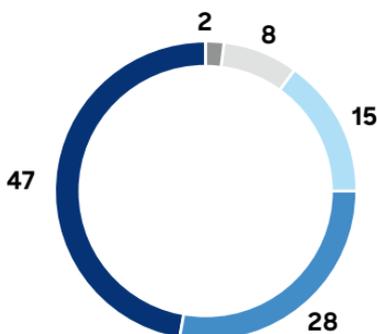
1. Financing has stabilized across deal sizes. Debt availability is already neutral to good for 2025 and is expected to improve further in 2026 with higher rate visibility.
2. A sizeable pipeline of exits and sell-side processes deferred in 2025 and 2024 is expected to reach the market in 2026
3. The valuation gap is narrowing as earnings consolidate and price expectations converge.
4. Add-ons, corporate carve-outs and continuation vehicles continue to support deal flow even while control buyouts remain selective.

What change do you expect to see in 2026 in the number of completed M&A transactions with PE involvement?

Expected change in M&A transactions with PE involvement, 2026 vs. 2025 [%]

75%

Expect an increase in the number of PE M&A transactions compared to 2025



■ Increase of 1% to 10% ■ Increase of more than 10% ■ -1% to 1%
■ Decrease of more than 10% ■ Decrease of 1% to 10%

% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

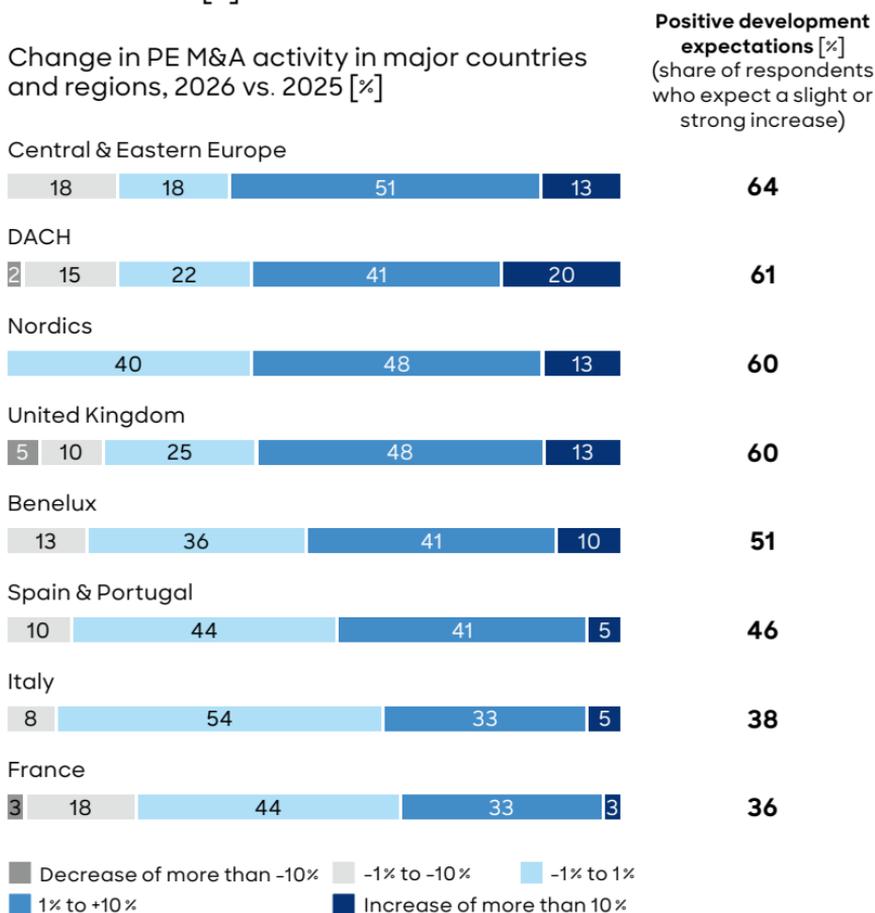
Source: Roland Berger

The deal flow outlook differs across major European countries and regions

The outlook for M&A transactions with PE involvement differs between major European countries and regions. Respondents expect the Central and Eastern Europe region to see the strongest momentum shift in 2026, followed by DACH, the Nordics and the United Kingdom. The growth expectations for France are also clearly positive, but compared to the other countries, participants appear to be slightly more conservative.

What change in PE M&A activity do you expect to see in the following countries in 2026?

Change in PE M&A activity in major countries and regions, 2026 vs. 2025 [%]



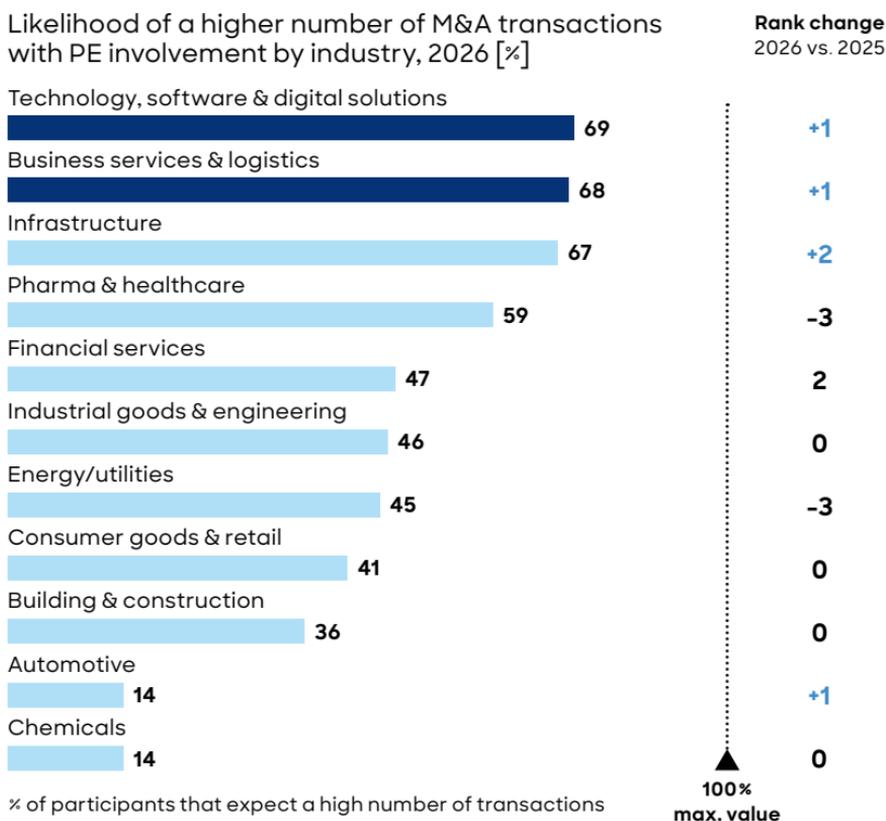
% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

Source: Roland Berger

Technology, software & digital solutions and business services & logistics drive PE-backed M&A

The outlook for M&A transactions with PE involvement varies across industries. As observed over the past years, technology, software & digital solutions and business services & logistics are anticipated to again lead M&A transactions with PE involvement in 2026. Within technology, software & digital solutions, software-as-a-service (SaaS) and digital transformation solutions (including data analytics, hyper-automation and artificial intelligence solutions) are key trends, while business services & logistics benefits from resilience against economic cycles. Infrastructure, meanwhile, benefits from planned public investment packages. These industries are of particular interest to PEs due to their fundamental growth characteristics, resilience and scalability.

What change do you expect to see in 2026 with respect to the number of completed M&A transactions with PE involvement?



All target size classes are expected to grow, with small- and mid-cap segments showing the most promising outlook

While respondents consider the small-cap segment (enterprise value [EV] estimations of less than EUR 150 m) and mid-cap segment (EUR 150 to <EUR 700 m) the most promising in 2026, PE professionals are divided with respect to the large-cap segment (\geq EUR 700 m) of the European M&A market. This is primarily due to the significantly higher debt tickets required for large-cap deals, which banks are still hesitant to provide.

The expected increase in deal activity is driven rather by supply normalization than by a step-up in average asset quality (see page 14)

Development of PE M&A transactions by size class, 2025 vs. 2024 [%]

Segment definition by EV

Small-cap



<EUR 150 m

Mid-cap

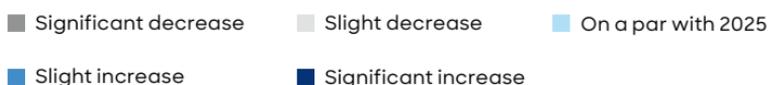


(EUR 150 to <EUR 700 m)

Large-cap



\geq EUR 700 m



% of responses [only one answer per category possible and excluding blank answers]
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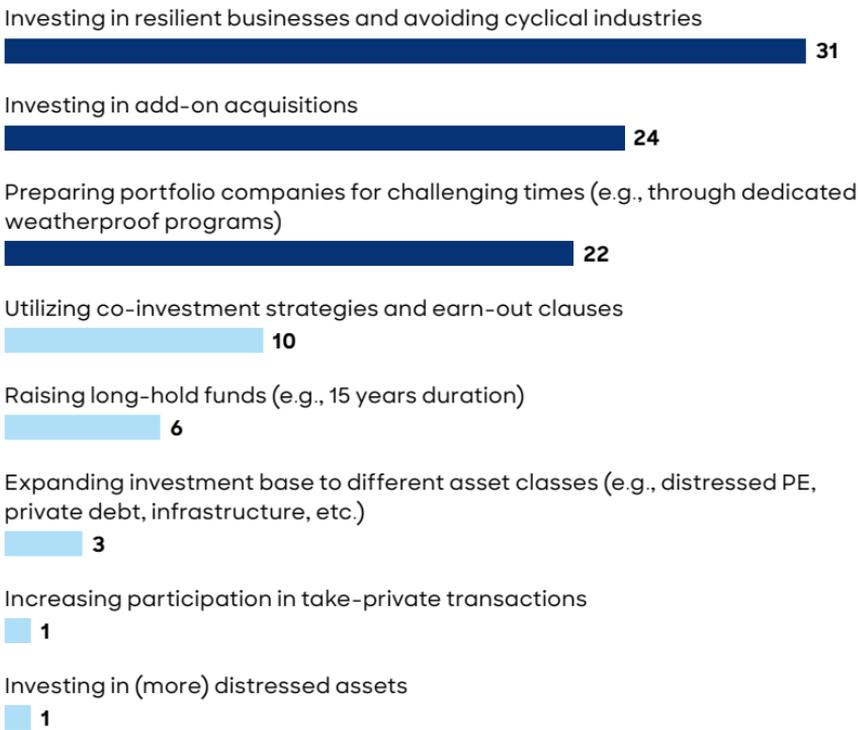
Source: Roland Berger

PE's top three measures against downturns are investing in resilient businesses, add-on acquisitions and weatherproofing

PE professionals believe that measures such as investing in resilient businesses and avoiding cyclical industries, making add-on acquisitions, and preparing portfolio companies for challenging times through dedicated weatherproof programs are the best protection against downturns. They think that increasing participation in take-private transactions and investing in more distressed assets are the least effective measures against a potential downturn.

Which measures do you consider to be most effective against a potential downturn?

Measures for downturn protection, 2026 [%]



% of responses (relative frequency)

Source: Roland Berger

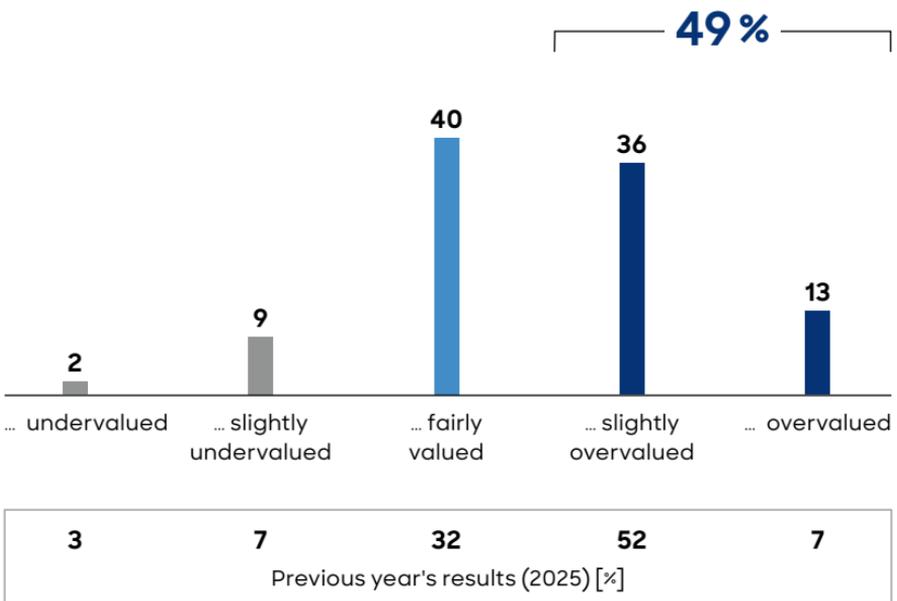
Around 50% of PE professionals think current valuation multiples are overvalued, a perspective change on previous years

In this year's survey, 49% of respondents indicated that valuation multiples were overvalued, a decrease from 59% at the end of 2024. The number considering assets to be overvalued rose slightly, at 13% this year compared to 7% previously, while those perceiving valuations to be slightly overvalued fell to 36% from 52% in the same period.

The proportion of respondents who believe valuations are fairly valued increased from 32% in 2024 to 40% at the end of 2025. Conversely, the number who perceive assets as undervalued increased slightly, with 11% of surveyed PE professionals considering valuations to be undervalued or slightly undervalued compared to 10% at the end of 2024.

What best describes the current status of valuation multiples paid during M&A transactions with PE involvement? Assets are ...

Current status of valuation multiples, end of 2025 [%]



% of responses (relative frequency)

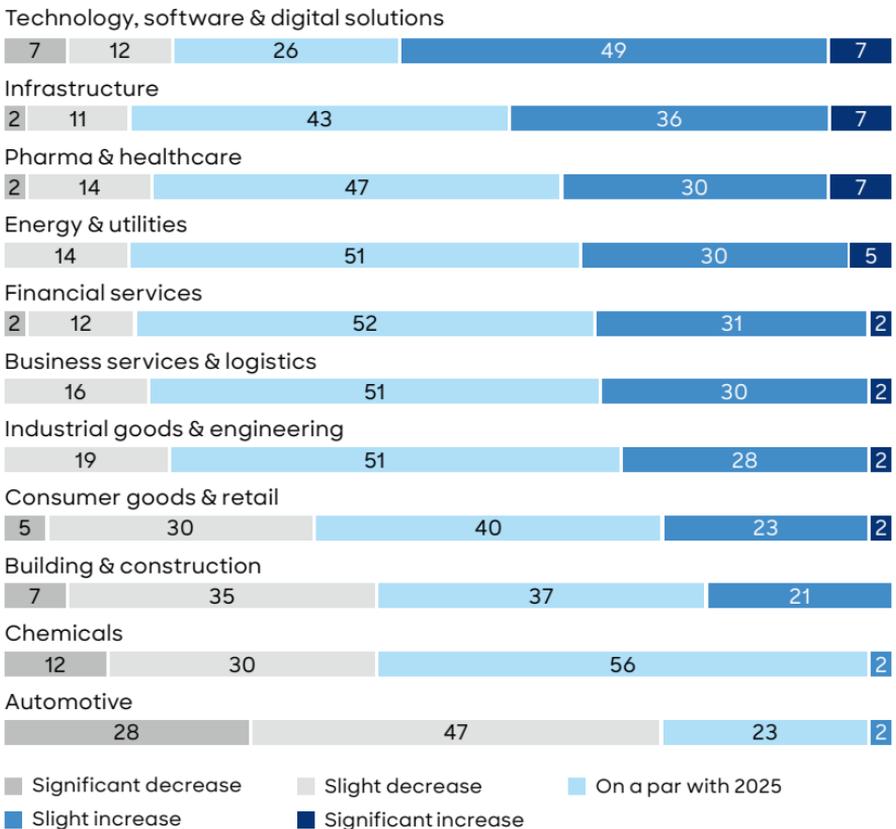
Source: Roland Berger

The majority of respondents expects increasing valuation multiples for technology, software and digital solutions

Looking at the expected development of valuation multiples by industry, technology, software & digital solutions is cited by the highest number of respondents (56 %) as likely to see an increase in 2026, followed by infrastructure (43 %) and pharma & healthcare (37 %). A majority of respondents expect valuation multiples to decrease for assets in automotive (75 %). Averaged across all industries, 28 % of respondents expect total multiples to increase.

How do you expect valuation multiples paid in M&A transactions with PE involvement to develop in 2026?

Expected development of valuation multiples by industry, 2026 [%]



% of responses [only one answer possible]

Source: Roland Berger

Primary buyouts, carve-outs and secondary buyouts are perceived to be the most important sources of targets in 2026

Majority investments in primary buyouts are perceived as the most important source of attractive targets in 2026, with 59% of survey participants citing them as relevant or highly relevant. Carve-outs achieved a similar score, as did secondary buyouts, which continue to be perceived as a key source for potential targets – as many PE exits were postponed in 2025, rebound effects are expected in 2026.

What will be the source of the most attractive targets in 2026?

Ranking of relevant sources for attractive targets, 2026 [%]

Primary buyouts



Parts of groups/carve-outs



Secondary buyouts



Insolvent companies/distressed deals



Listed companies (taking private)



Minority investments



■ 1 (Less relevant) ■ 2 ■ 3 ■ 4 ■ 5 (More relevant)

% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

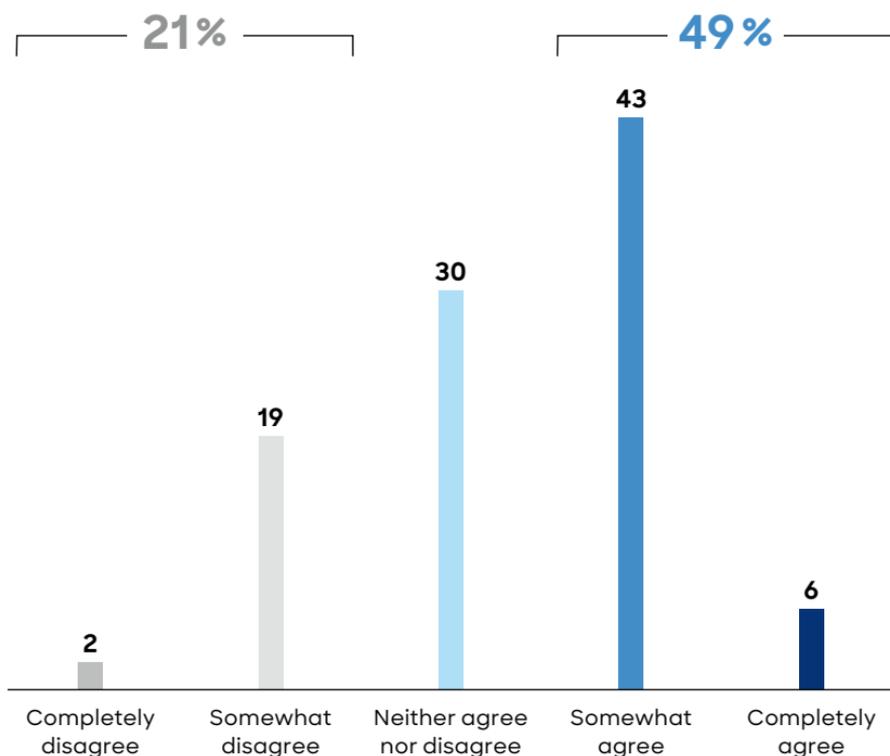
Source: Roland Berger

Almost 80% of PE professionals expect the targets available in 2026 to be as attractive as or more attractive than in 2025

A total of 79% of respondents expect the targets available in 2026 to be as attractive as or more attractive than the targets available in 2025, representing a fall of 19 percentage points compared to last year. In particular, the share of PE professionals expecting targets to be less attractive has increased, reaching 21% in 2026, compared to just 1% in 2025.

To what extent do you agree that targets available on the market in 2026 will be more attractive than in 2025?

Expected development of investment opportunities, 2026 vs. 2025 [%]



% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

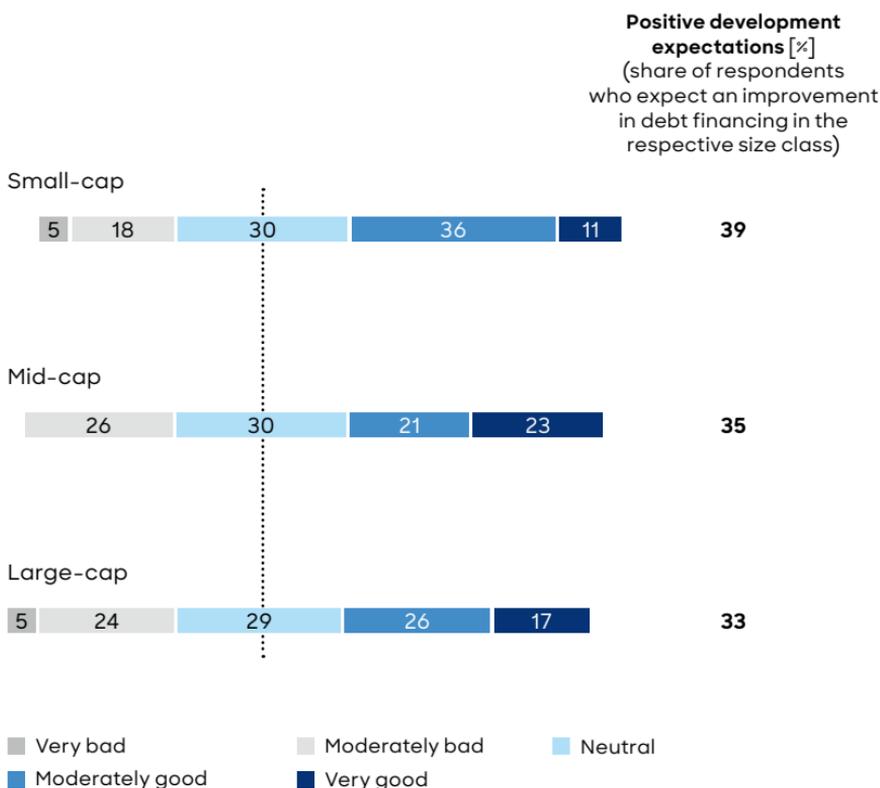
Source: Roland Berger

Debt financing conditions are expected to improve across all size classes in 2026, with small-caps particularly promising

A majority of respondents rate end-2025 debt availability as neutral to good across deal sizes. Small-cap received the most positive assessment, cited by 39% of respondents. Overall, debt financing for all size classes is expected to improve or remain on a par with the previous year, indicating an overall positive trend in debt financing.

What is the current situation of debt financing (end-2025) and how do you expect debt financing to develop in 2026 per deal size class?

Current situation of debt financing, end of 2025 [%]



% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

Source: Roland Berger

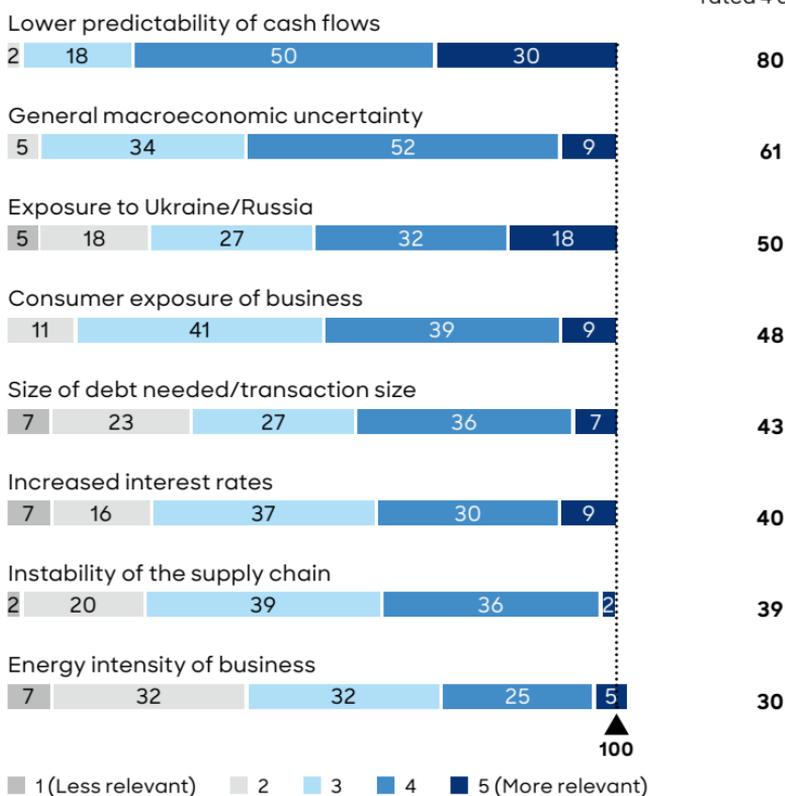
Once again, the main hurdle for the availability of debt financing is the low predictability of cash flows

PE professionals attribute the limited availability of debt financing primarily to factors such as less predictable cash flows, general macro-economic uncertainty and exposure to Ukraine and Russia. Additionally, the consumer exposure of business and the required amount of debt are seen as further constraints on debt availability.

What will be the most influential factors preventing debt financing for target companies in 2026?

Factors preventing debt financing – 2026 [%]

High relevance [%]
(sum of answers rated 4 and 5)



[% of responses [only one answer per category possible and excluding blank answers]
Total may not add up to 100% due to rounding

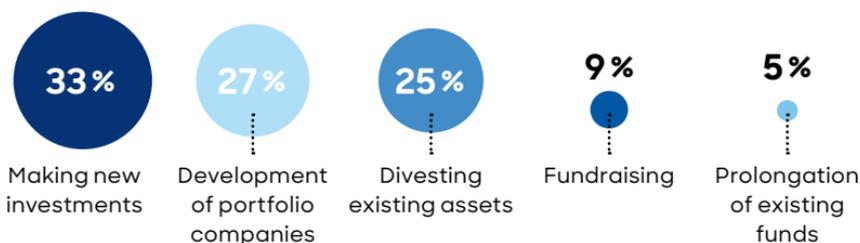
Source: Roland Berger

New investments, developing portfolio companies and divesting existing assets set to be key areas of PE activity in 2026

A third of respondents indicate that making new investments will be the focus of PE activities in 2026. Another key area is expected to be the development of portfolio companies, which has risen in prominence in the past year (27% in 2026 vs. 21% in 2025). Divestment has fallen slightly, while fundraising remains stable at 9%. Meanwhile, the competitiveness of fundraising is expected to remain at an intense level in 2026, although fewer respondents now think it will get more intense (35% in 2026 vs. 45% in 2025).

On which phase of the PE value chain will you focus most in 2026?

Focus of PE investors by value chain phase, 2026 [%]



% of responses that will place most of their focus on this phase of the PE value chain [multiple answers possible]

What degree of competitiveness do you expect in fundraising in Europe in 2026?

Expected level of competition for fundraising, 2026 [%]



% of responses [only one answer possible]

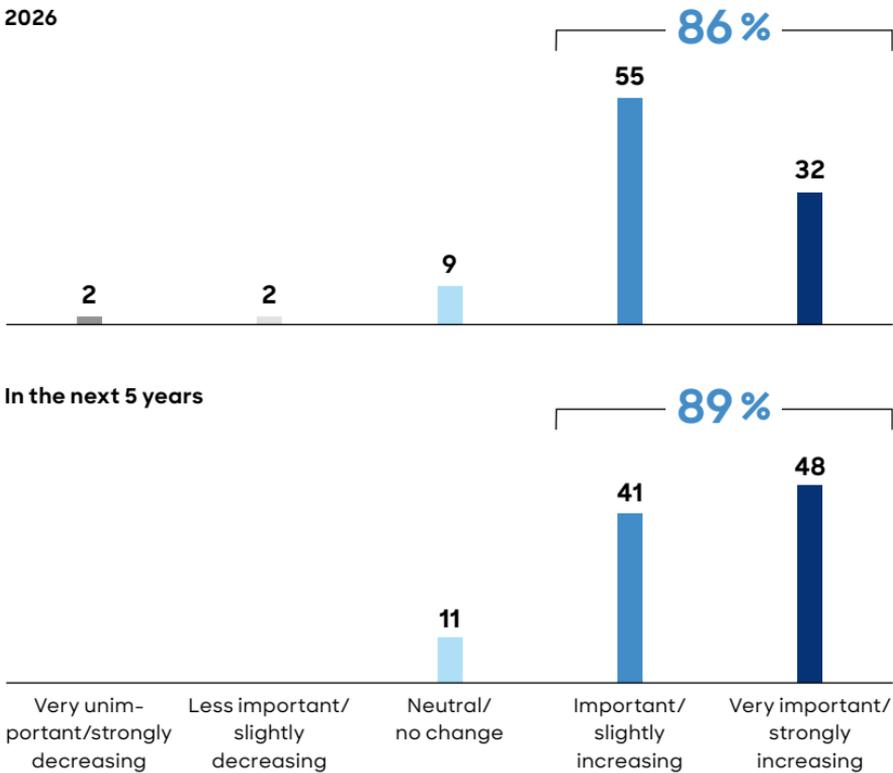
Source: Roland Berger

PE professionals expect value creation initiatives in the portfolio to remain highly important in 2026

A great majority of respondents believe value creation will play an important or very important role in 2026 (86%) and in the next 5 years (89%). This continues the trend seen in last year's survey, where very similar figures were recorded (87% and 92%, respectively). It reflects the fact that, especially in times of increased interest rates, investors are constantly looking to create additional value beyond mere capital gains. As interest rates are expected to normalize in the coming months, the focus on value creation becomes more diversified.

What role will value creation play in Europe in 2026 and in the next 5 years?

Role of value creation, 2026 vs. in the next 5 years [%]



% of responses [only one answer possible]

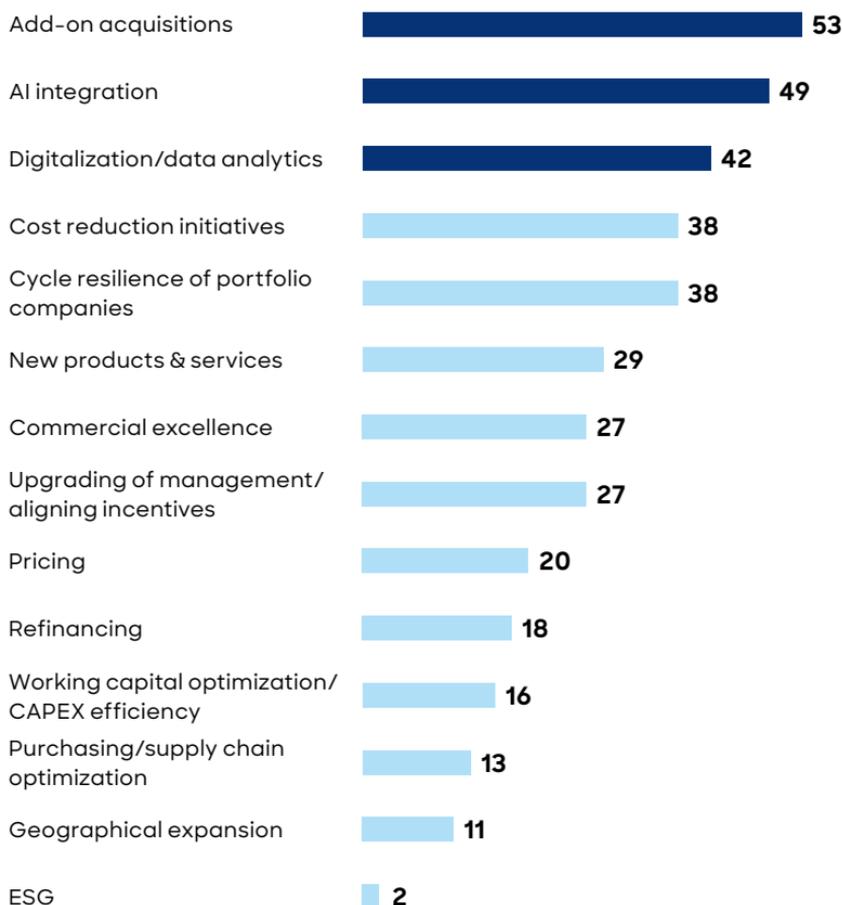
Source: Roland Berger

Add-on acquisitions, AI integration and digitalization/data analytics are seen as the key drivers of value creation

Respondents expect add-on acquisitions to be the top priority for portfolio management and value creation in 2026 (53% vs. 27% over the next 5 years). This is followed by AI integration (49% vs. 80%, respectively) and digitalization/data analytics (42% vs. 43%).

Which of the following portfolio management/value creation measures do you consider most important in Europe in 2026?

Importance of portfolio management/value creation measures, 2026 [%]



% of responses [maximum of four answers possible]

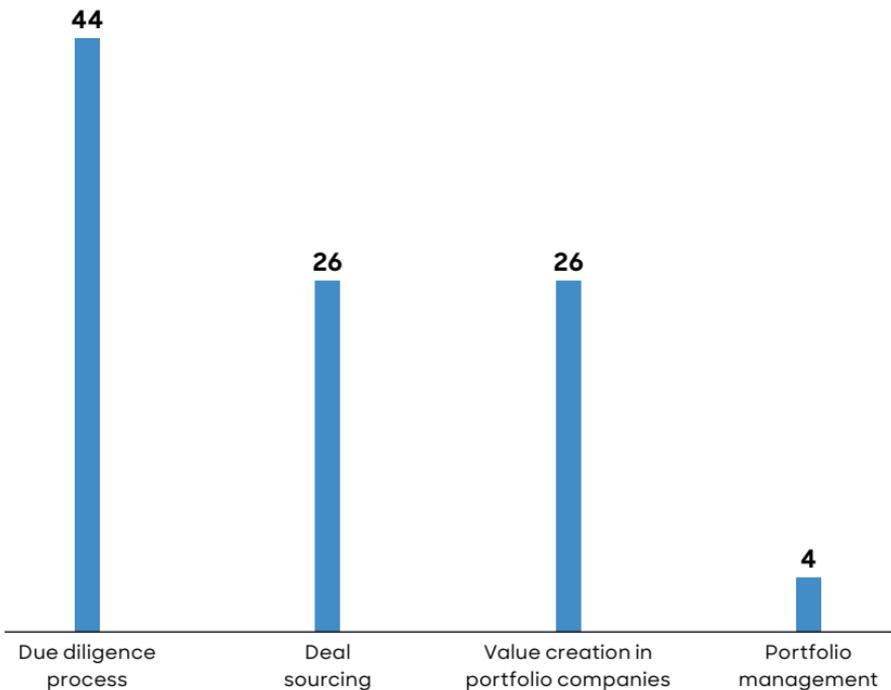
Source: Roland Berger

The future use of AI in PE is predicted to be most beneficial in supporting the due diligence process

Almost half (44%) of respondents expect artificial intelligence (AI) to enhance the due diligence process in the next five years, for example by providing unique insights from open-source market data. This is up from 29% last year. In addition, 26% of survey participants believe that AI will benefit deal sourcing, down from 33% last year, while 26% anticipate that the technology will create further value creation opportunities for portfolio companies by leveraging available data.

In which of the following parts of the private equity value chain do you expect AI deployment to provide the most benefits in the next 5 years?

Benefits of artificial intelligence, five years from 2026 [%]



% of responses [only one answer possible]
Total may not add up to 100% due to rounding

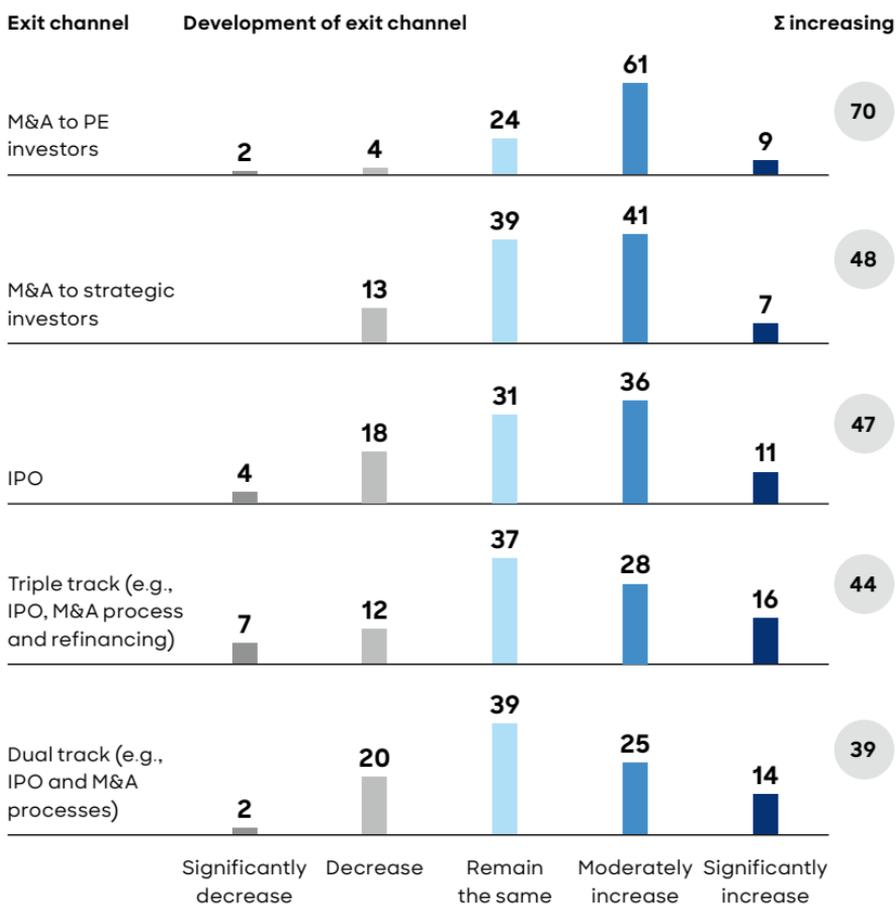
Source: Roland Berger

Sales to strategic or other PE investors remain the most promising exit channels in 2026

In 2026, respondents perceive sales to PE investors as the most promising exit channel, followed by sales to strategic investors. Compared to 2025, the expected level of sales to PE investors has increased. IPOs and dual/triple tracks are expected to rise as well, up from an expected decrease in 2025 due to more favorable market conditions.

How do you expect the individual exit channels in Europe to change in 2026 compared to 2025?

Change in exit channels, 2026 [%]



% of responses [only one answer possible]

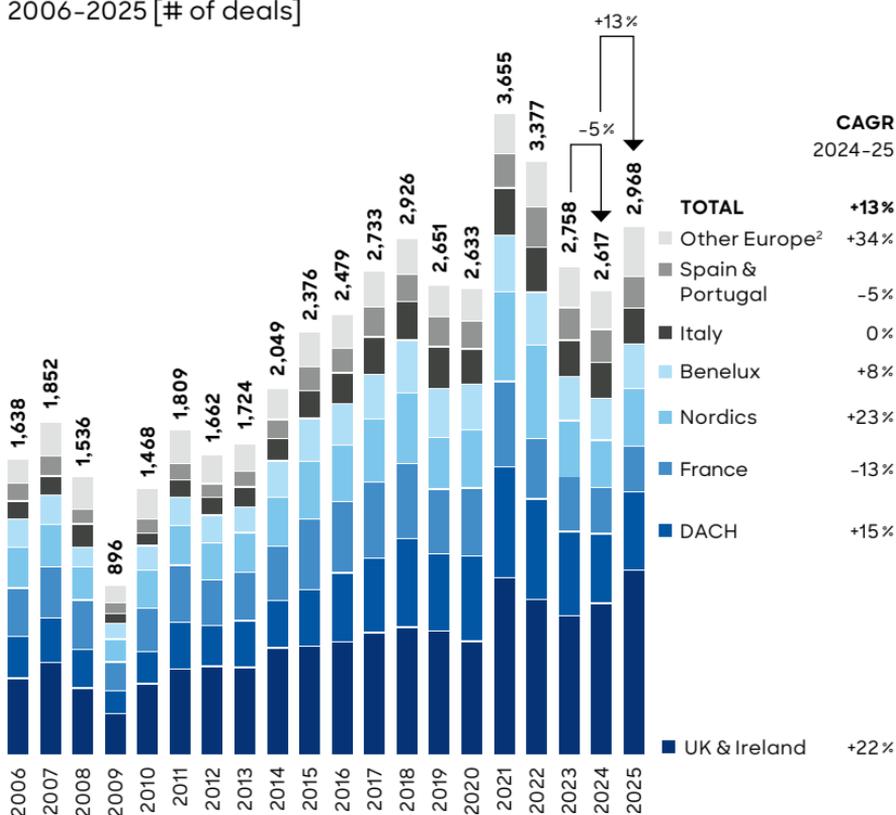
Source: Roland Berger

Between 2024 and 2025, deal volumes varied across Europe, with growth in some markets offset by declines in others

Deal volume development in individual European markets between 2024 and 2025 varies significantly. The Nordics (23%), the UK (22%) and the rest of Europe (34%) achieved solid growth rates, with DACH (15%) growing strongly as well. Other regions, however, faced difficulties in 2025. The biggest declines were observed in France (-13%) and Spain & Portugal (-5%). Overall, deal volume has rebounded with a year-on-year growth of 13% from 2024 to 2025.

European transaction volume by geography¹

2006–2025 [# of deals]



¹ Including all closed and announced buyout deals available on Preqin (incl. add-on acquisitions) ² Includes Eastern Europe and Southern European countries not covered individually

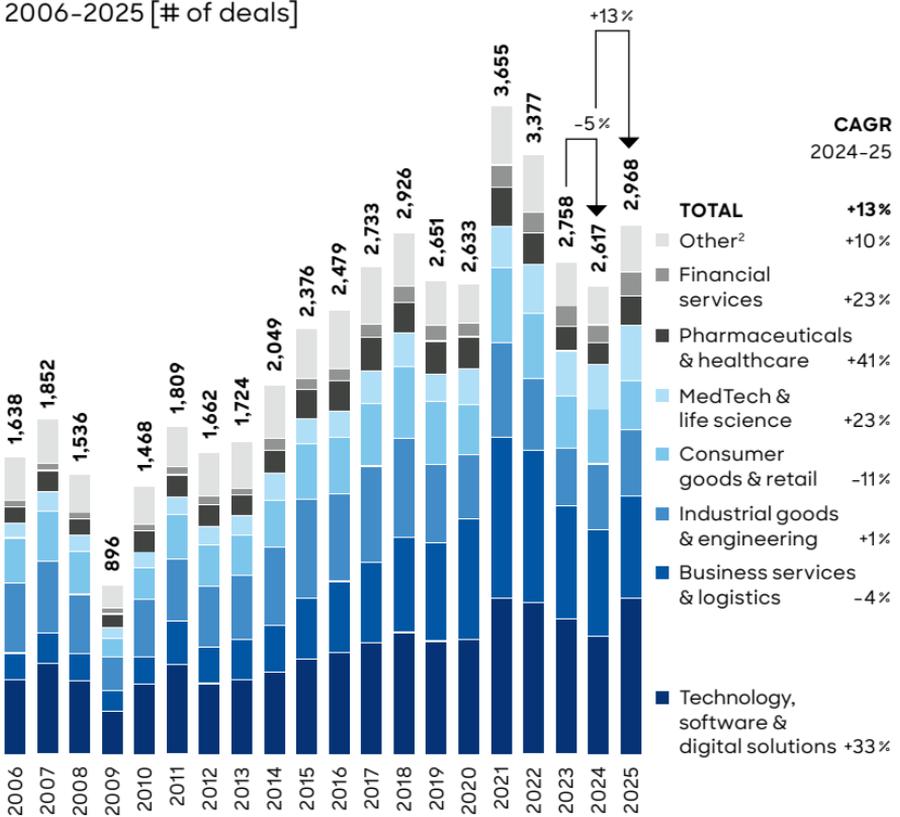
Source: Preqin (Nov. 2025 - latest data update)

Technology, software & digital solutions and business services & logistics dominated 2025 deal volumes

At the industry level, technology, software & digital solutions (~803 deals) and business services & logistics (~643) were the main contributors to deal flow in 2025. From 2024 to 2025, many sectors experienced a recovery in growth, while consumer goods (-11%) and business services & logistics (-4%) experienced a decline.

European transaction volume by industry¹

2006-2025 [# of deals]



¹ Including all closed and announced buyout deals available on Preqin (incl. add-on acquisitions) ² Includes energy & utilities, building & construction, automotive, chemicals and agriculture

Source: Preqin (Nov. 2025 - latest data update)

Germany's EUR 500 bn infrastructure package: What it means for Europe's largest economy and which markets will benefit

After a year of stagnant growth, Germany – Europe's largest economy and a core market for private equity – announced a EUR 500 billion infrastructure program aimed at modernizing key sectors. While the headline figure is substantial, detailed allocations and implementation plans are still being clarified, and disbursements have been gradual. For investors, this raises practical questions about the scope of the initiative, which segments are likely to benefit and the expected timeline for project execution.

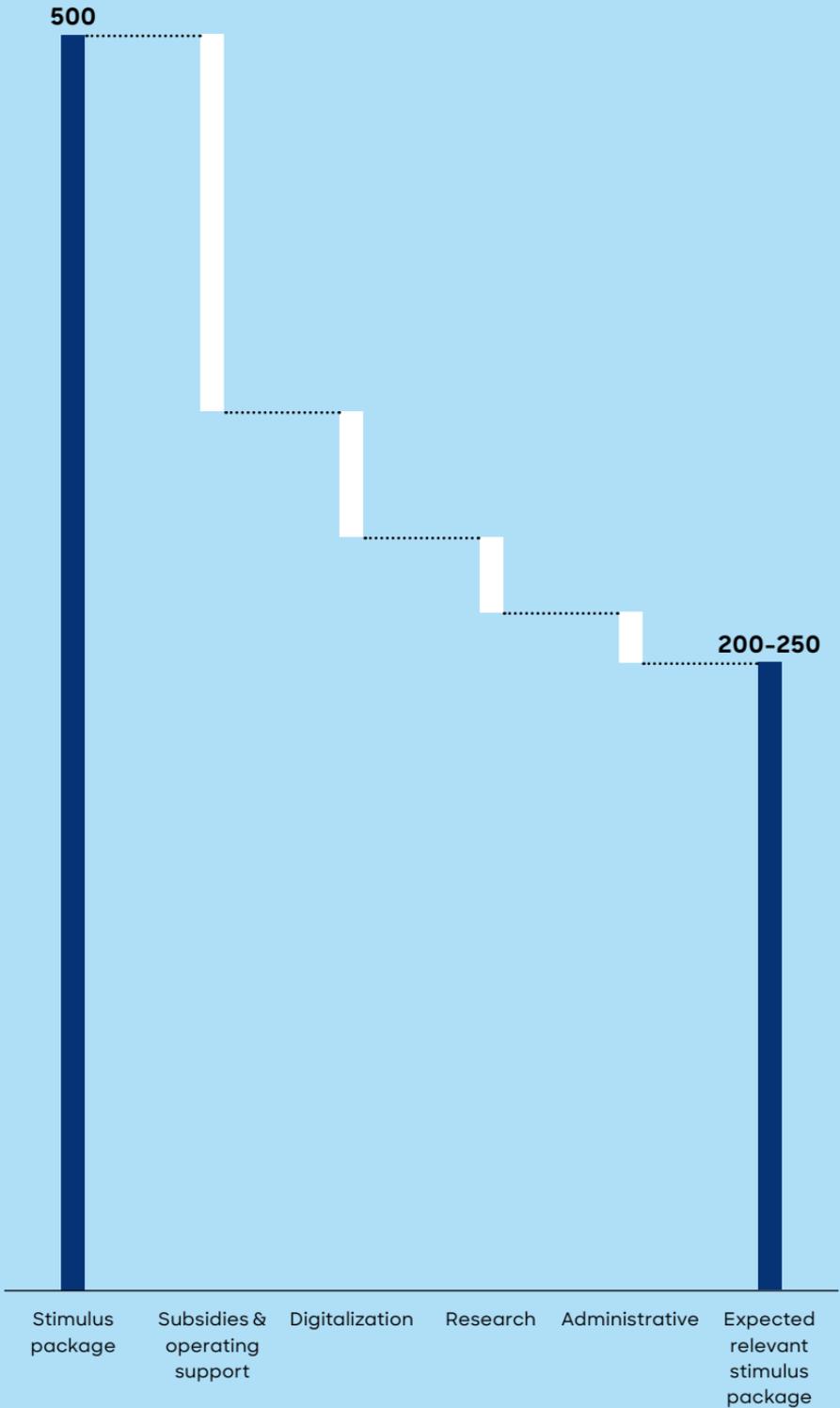
What is behind the EUR 500 bn infrastructure package and how is it structured?

The package is the most ambitious public investment program in decades. It aims to modernize mobility, energy and social infrastructure after years of underinvestment and marks a shift toward long term structural renewal. The 12-year program allocates EUR 300 bn to federal priorities and EUR 100 bn each to states & municipalities and the climate transformation fund. Positioned outside the core budget, it offers fiscal flexibility but adds political and administrative complexity due to its cross-governmental coordination.

Which end markets are expected to benefit most from the funding?

The EUR 500 bn package spans a broad mix of policy objectives, and only part of the funding results in tangible construction and infrastructure service activity. Spending directed toward rail, bridges, roads, grid expansion and municipal assets is largely infrastructure-relevant, whereas significant portions of the fund support digital systems, decarbonization incentives, EV subsidies, research programs or administrative measures. Because these categories do not translate into physical infrastructure or related service demand, only a subset of the total package is expected to materialize in the relevant markets for private equity. Applying realistic relevance assumptions across the major spending areas suggests that EUR 200–250 bn of the overall envelope is likely to drive demand for infrastructure-related services, with the remainder supporting broader policy and subsidy programs.

Expected infrastructure services-related share [EUR bn]



Source: Roland Berger

Germany's EUR 500 bn infrastructure package: Growth impact and what PE investors can expect

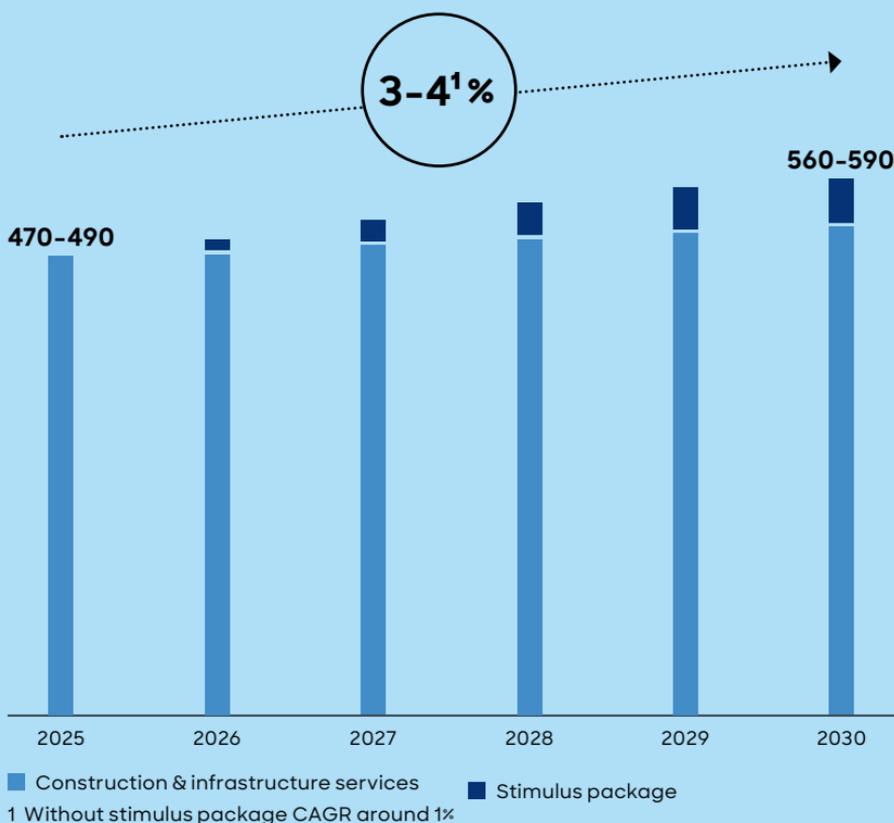
When will the funds reach the market and what impact will they have on growth?

Material spending is expected from 2026 or 2027, with momentum building into the late 2020s. Early progress will rely on permitting, administrative capacity and coordination across government levels, and timelines may extend beyond the planned 12 years. Political and budget-architecture risks add uncertainty, as the roles of a separate climate transformation fund, the federal budget and municipal budgets remain unsettled. Inflation and shifting priorities may further dilute real impact. Public institutions (incl. IMF, DIW, IfW) expect a moderate macro effect, with GDP contributions of around +0.3 to +0.5 percentage points per year, while selected end markets such as mobility and grid infrastructure could see up to 3 percentage points additional annual growth once execution accelerates. As major projects move into implementation, funding tends to become stable and multi-year, supporting predictable demand.

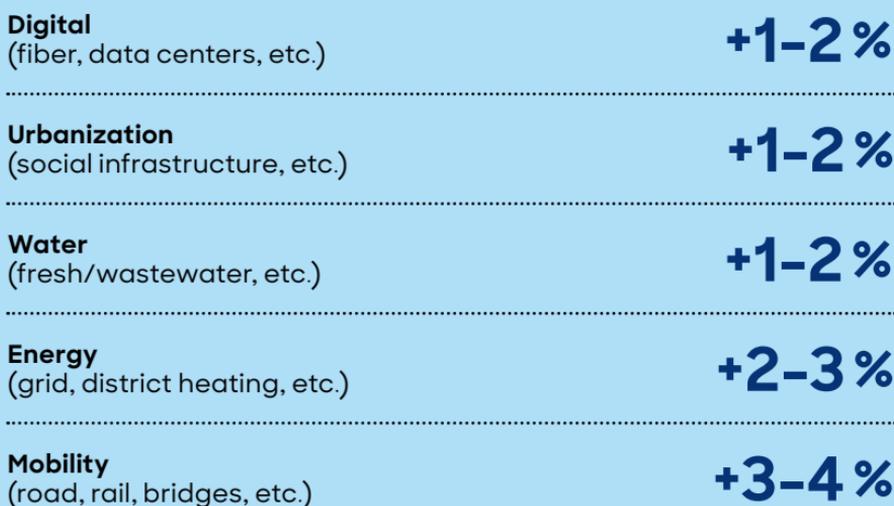
What does all this mean for private equity investors?

Value will concentrate in areas that are politically prioritized, execution-ready and structurally short of capacity. This applies above all to rail infrastructure, grid expansion and specialized civil engineering services, where public funding is most likely to convert into tangible projects and sustained demand. Execution capability rather than capital will determine who captures the upside. Platforms that deliver reliably, navigate public-sector processes and scale capacity are best positioned. Business models such as specialized civil engineering services, rail and energy infrastructure services, specialist installation and commissioning, long-cycle maintenance, and integrated project delivery offer the clearest path to value creation as activity accelerates from 2027 onward.

Expected construction & infrastructure services development [EUR bn]



Expected growth contribution of the infrastructure package by selected key end markets, 2025-20230 [%]



Source: Roland Berger

Overall, the following key trends are expected to characterize PE activity in 2026



Financing conditions improve

Debt financing is expected to improve slightly across all deal sizes in 2026, with sentiment strongest for small-cap.



Sector specialization continues

A strong majority of respondents expects European PE funds to further specialize their investment focus, underlining the growing complexity of industry specifics that need to be understood prior to an investment.



Pressure from LPs supports deal flow

With PE firms managing significant levels of dry powder, pressure from limited partners to deploy capital effectively and realize returns is expected to increase further. This will also accelerate exit activity in 2026, particularly following the postponements observed in prior years.



Mid-market leads, large-cap recovers

Small- and mid-cap transactions are expected to be slightly higher than 2025. Large-cap also points up, though the picture is more mixed.



Exit routes normalize

Sponsor-to-sponsor exits are expected to show the strongest increase, with strategic sales and IPO activity also ticking up. Dual and triple tracks will remain relevant.



Value creation focus, with AI rising

Making new investments and developing portfolio companies will be the main focus. Add-ons, digitalization and AI integration are already important, with AI seen as the fastest-growing lever in the next five years. Interest in ESG is expected to remain stable.

Your contacts at Roland Berger

Authors

Christof Huth

Senior Partner

christof.huth@rolandberger.com

+49 160 744 8291

Dr. Daniel Sommer

Senior Consultant

daniel.sommer@rolandberger.com

+49 160 744 7415

Björn Schubert

Principal

bjoern.schubert@rolandberger.com

+49 160 744 7334

European contacts

Sven Kleindienst

Partner, Germany

sven.kleindienst@rolandberger.com

+49 160 744 8539

Bieito Ledo

Partner, Spain

bieito.ledo@rolandberger.com

+34 915 900 250

David van der Does

Partner, Netherlands

david.vanderdoes@rolandberger.com

+31 20 7960 603

Nicola Morzenti

Partner, Italy

nicola.morzenti@rolandberger.com

+39 335 598 2676

Grégoire Tondreau

Senior Partner, Belgium

gregoire.tondreau@rolandberger.com

+32 478 97 97 25

Matthieu Simon

Partner, France

matthieu.simon@rolandberger.com

+33 6 71 37 49 45

Hrishikesh Potey

Partner, UK

hrishikesh.potey@rolandberger.com

+44 7880 20 2037

Pontus Mannberg

Partner, Sweden

pontus.mannberg@rolandberger.com

+46 733 172 712

Konrad Gruda

Partner, Poland

konrad.gruda@rolandberger.com

+48 22 323 7460

Szabolcs Nemes

Partner, Romania

szabolcs.nemes@rolandberger.com

+40 728 222 802

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Publisher

Roland Berger GmbH

Sederanger 1

80538 Munich

Germany

+49 89 9230-0