

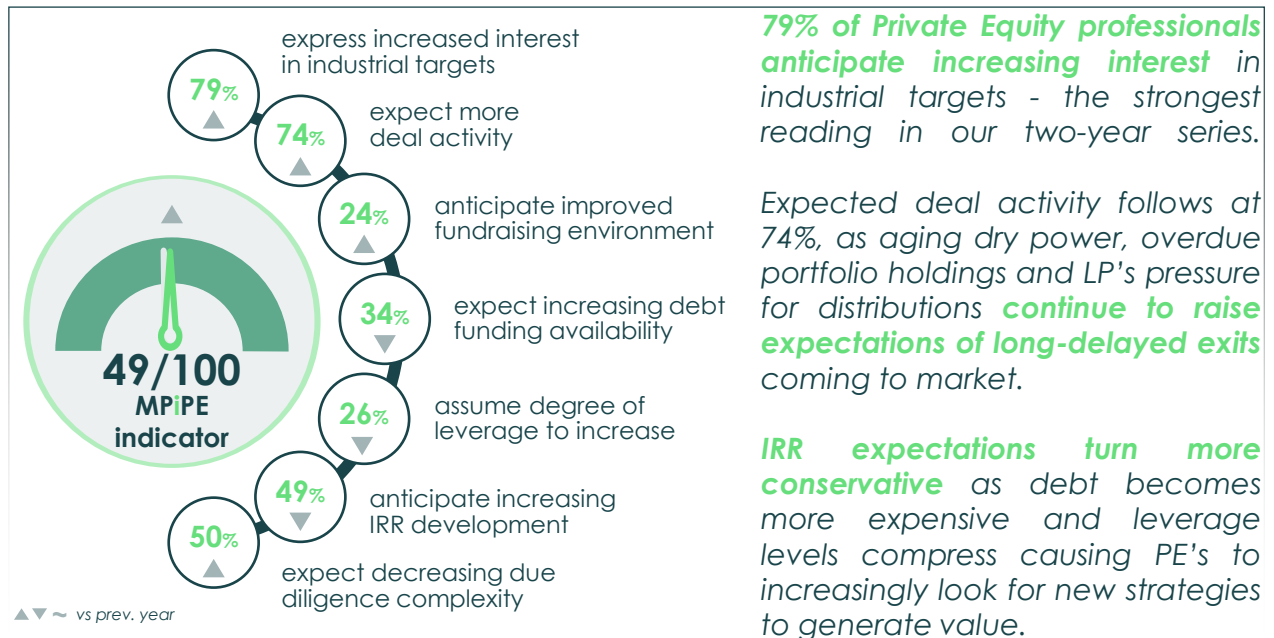
It's a big deal

MP industrial Private Equity (MPiPE) Indicator 1H26 Insights



Continued uptick in industrial appeal

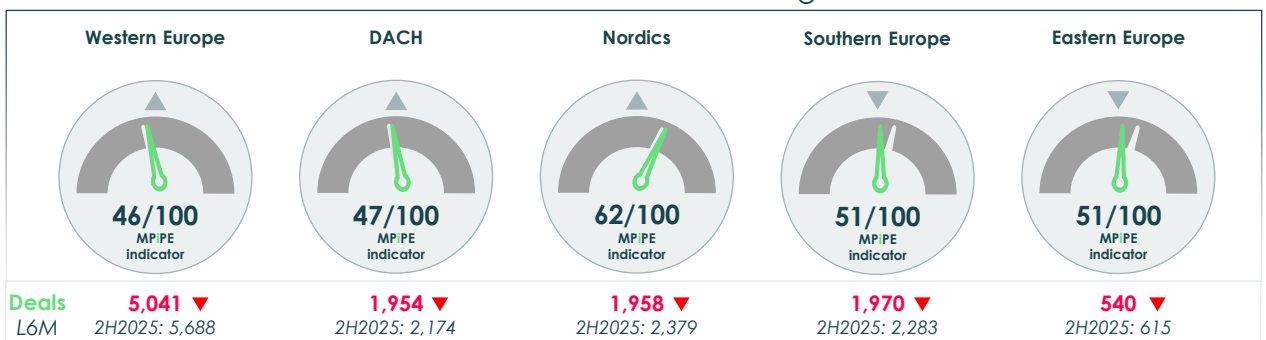
Uplift in deal activity expectations even as tighter capital reshapes the return playbook



79% of Private Equity professionals anticipate increasing interest in industrial targets - the strongest reading in our two-year series.

Expected deal activity follows at 74%, as aging dry power, overdue portfolio holdings and LP's pressure for distributions **continue to raise expectations of long-delayed exits** coming to market.

IRR expectations turn more conservative as debt becomes more expensive and leverage levels compress causing PE's to increasingly look for new strategies to generate value.



Key findings

- Industrial deal activity**
 European PE's sit on **>€1tn of dry powder**, much of it raised years ago and now sitting beyond the typical deployment horizon. Holding periods now near seven years and a backlog of unsold portfolio companies have built unprecedented pressure to transact, **lifting deal-activity expectations to a two-year high**
- Fundraising**
 Global PE fundraising fell to under €600bn in 2025, the lowest in five years, and only 24% of respondents expect conditions to improve. Capital consolidates toward **the largest, most established platforms**, while specialist mid-market managers raise selectively, leaning on a clear sector focus or operational track record
- Debt funding**
 Debt availability and leverage are expected to compress further, with 66% and 74% of respondents expecting further deterioration. **Private credit steps in** to fill the gap left by banks, selectively and at higher pricing, leaving overall debt liquidity constrained. Equity tickets rise correspondingly and novel payment structures increasingly bridge the gap
- Exit channels**
 Strategic buyers led the rebound, with European strategic exits up 82% in 2025, ahead of PE-to-PE at 56% as corporates moved decisively to absorb synergy-rich industrial assets

Buy intent rises despite headwinds

Sustained industrial interest partly driven by growing deployment urgency meet a tougher returns environment

Continued deployment pressure

Expectations on demand remain firmly positive. The interest and deal-activity indices sit **well above the neutral line**, supported by aging dry powder pressing for deployment. European PE firms are holding €1.1 trillion in uninvested capital, a significant portion of which was raised in 2022/23

AI revolutionizing Due Diligence

For the first time, more respondents expect due-diligence complexity to ease rather than to rise. The Scope keeps expanding (ESG, tariffs, supply chain) but **AI-augmented tools are materially compressing timelines**

Debt environment weakens IRR expectations

IRR expectations weaken as leverage compresses and multiple arbitrage fades. With borrowing costs now sitting above 8% and leverage capped, EBITDA growth now needs to reach ~10–12% to generate the returns of a few years ago

Breakdown of the MPiPE indicator

Expectation of **interest in industrial targets** to increase/decrease:



Expectation of **deal activity for industrials** to increase/decrease:



Expectation of **fundraising environment** to improve/deteriorate:



Expectation of **debt funding availability** to improve/deteriorate:



Expectation of **degree of leverage** to increase/decrease:



Expectation of **IRR development** to improve/deteriorate:



Expectation of **due diligence simplicity** to increase/decrease:



↑ Increase in MPiPE score

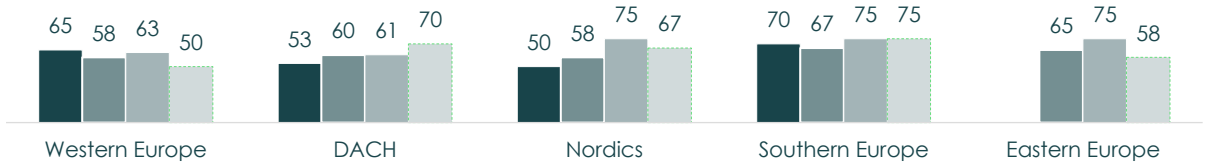
↓ Decrease in MPiPE score

Source: MP industrial PE indicator survey 05/26
Note: All numbers reflect MPiPE score (0-100)

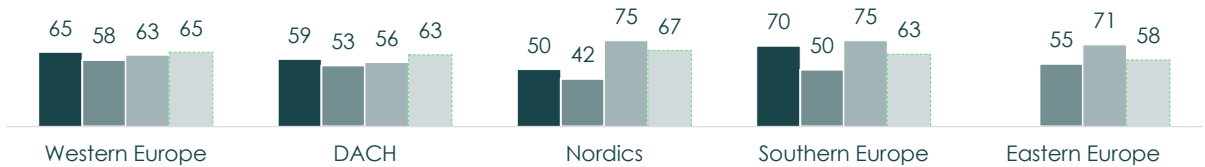
Growing optimism in DACH for M&A

DACH turns a corner off a multi-year low while Western Europe continues to struggle under tariffs and a weak macroeconomy

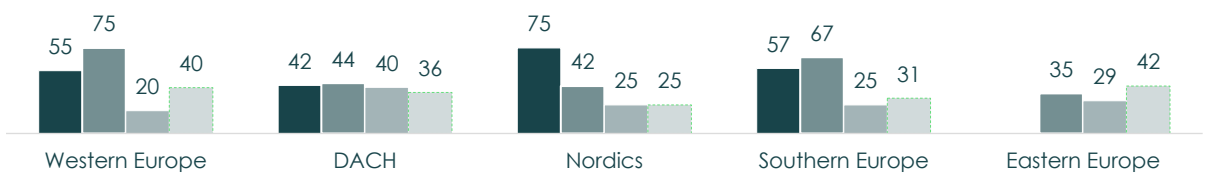
Expectation of interest in industrial targets to increase/decrease:



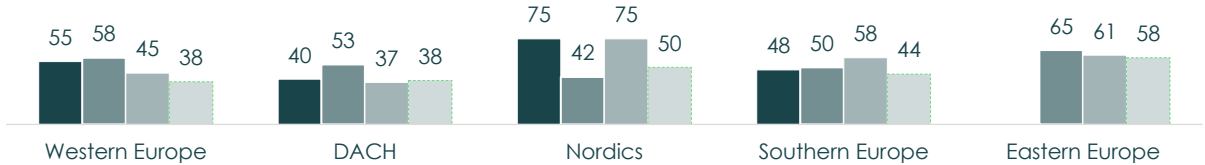
Expectation of deal activity for industrials to increase/decrease:



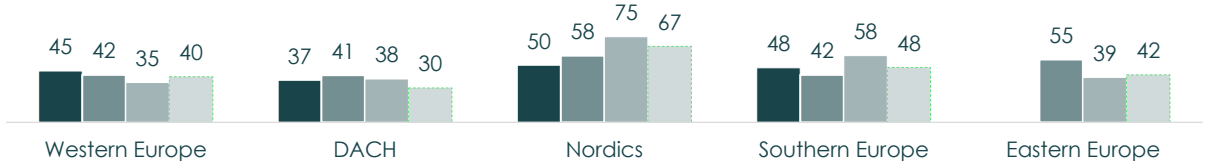
Expectation of fundraising environment to improve/deteriorate:



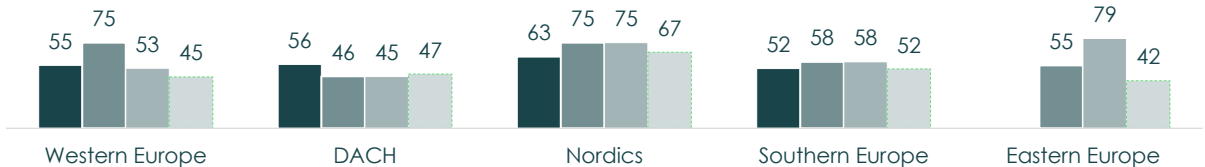
Expectation of debt funding availability to improve/deteriorate:



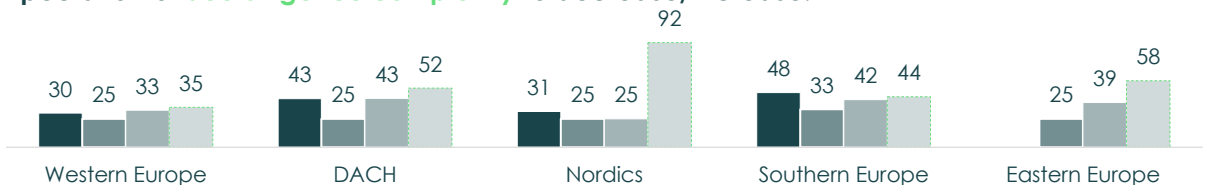
Expectation of degree of leverage to increase/decrease:



Expectation of IRR development to improve/deteriorate:



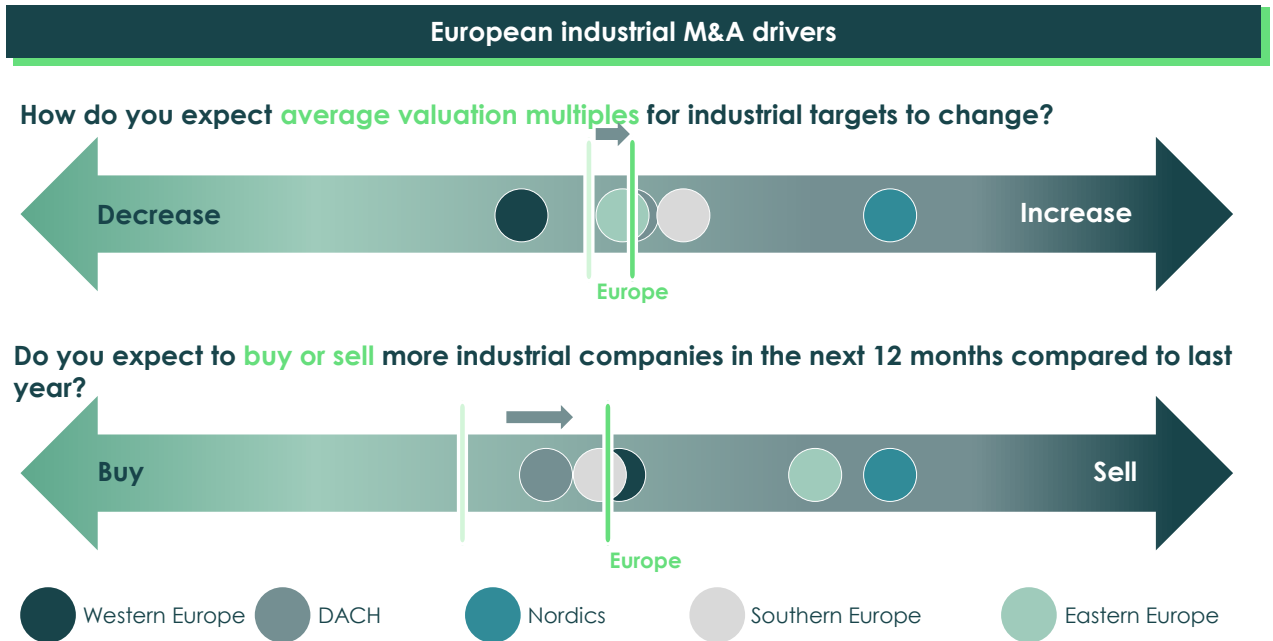
Expectation of due diligence complexity to decrease/increase:



2024H2 2025H1 2025H2 2026H1

Sellers re-emerge as multiples firm

Sell-side intent concentrates in the Nordics and Eastern Europe while the rest of Europe shifts toward balance



Dual-use industry uplifts the North

Nordic respondents expect industrial multiples to rise further as €50bn of regional defence and security spending attracts capital into dual-use platforms. Western Europe still sees a slight decline, weighed by tariff exposure and weak growth in France and Germany

Financing creativity bridges price expectations

Compressed leverage and larger equity tickets are pushing buyers and sellers to close the gap through financing structure rather than price. Dealmakers increasingly make use of earn-outs and convertibles as tools and longer earn-out tails and rollover equity are increasingly ubiquitous features in industrial transactions

Tariffs anchor West

Nordics are leading the sell side, taking resilient portfolios to market into a firming price environment. **Western Europe and DACH sit on the other side of the trade**, with German tariff exposure and French fiscal drag freezing buyer conviction even as entry prices soften. So far, the macro discount has not been deep enough to outweigh the risks buyers see ahead

Western strategics stay #1 exit channel

European strategic buyers anchor exits while North America remains the natural alternative exit channel

Europe remains most attractive exit destination

European industrial buyers rank first across every region as **mid-market roll-ups and capability consolidation remain the dominant** value-creation thesis for European sponsors. North American buyers rank a close second, with European multiple compression making cross-border bids more attractive

Non-Western buyers remain in the role of a supporting channel

While intra-European M&A remains the dominant channel, our survey points to a growing perception of non-European buyers as credible exit partners. North American acquirers lead this group, with selective bolt-ons driven by capability and market-access motives. Other regions remain marginal contributors at present

Strategic buyers trump secondary and continuation fund transactions

Overall exit activity stayed subdued, but European sub-€10bn exits picked up. **Sales to strategics grew 82% and PE-to-PE deals 56%** as corporates target synergistic industrial assets to offset slower organic growth. Continuation vehicles rose 62% globally and remain a useful liquidity tool, though at <10% of total exit value they complement rather than replace cash exits

Ranking of industrial M&A value drivers

	Western Europe	DACH	Nordics	Southern Europe	Eastern Europe
Expected buyer geography for industrial transactions	1. Europe	Europe	Europe	Europe	Europe
	2. North America	North America	North America	North America	North America
	3. Asia	Asia	Asia	Asia	Asia
	4. RoW ¹	RoW ¹	RoW ¹	RoW ¹	RoW ¹
Anticipated exit channels for industrial portfolio companies	1. Strategic buyer	Strategic buyer	Strategic buyer ↑+1	Private equity ↑+1	Strategic buyer
	2. Private equity	Private equity	Private equity ↓-1	Strategic buyer ↓-1	Private equity
	3. Contin. fund	Contin. fund	Contin. fund	Contin. fund ↑+1	Contin. fund ↑+1
	4. IPO	IPO	IPO	IPO ↓-1	IPO ↓-1

1. Rest of world
Source: MP industrial PE indicator survey 05/26

Our approach to maximising your value

At MP, we know the value drivers of your business. And we believe that only the highest amount of attention brings in the best results. MP is the undisputed market leader in industrial M&A, operating in dedicated sector teams to bring specialised experience and supreme market insights to each and every project.



Market leader in industrial M&A



Largest industrial M&A team



Adding credibility to your deal



Challenger mindset and drive to succeed

Supreme sector knowledge around the world

92 deals

in the last 36 months

700+ projects

in industrial M&A

€ 5.6bn deal value

in the last 36 months

25 years

in the market

640 site visits

in the last 36 months

90%+ cross-border

transactions

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