

APOLLO

# Private Equity Outlook for 2025

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**Apollo Global Management**

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Unless otherwise noted, information as of December 2024.

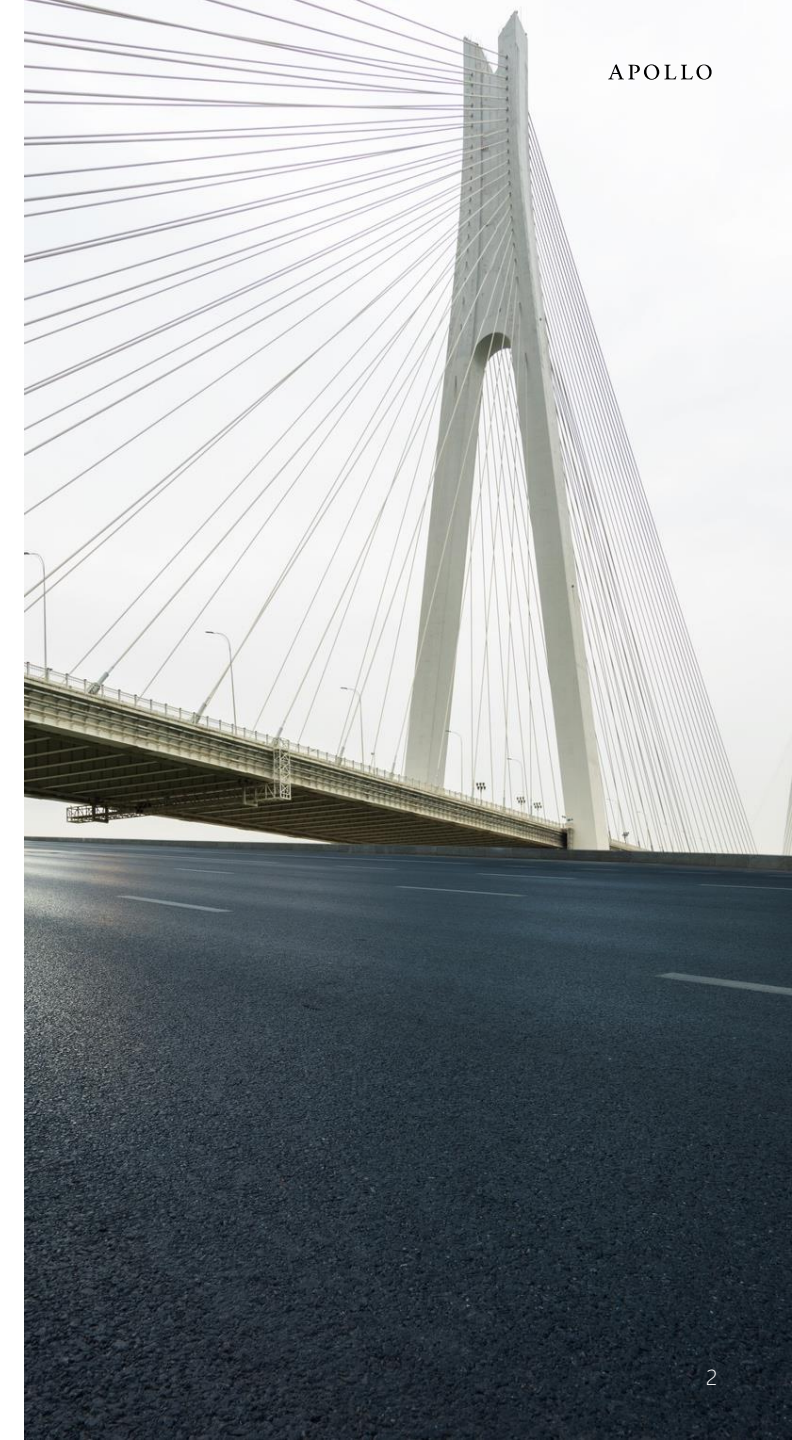
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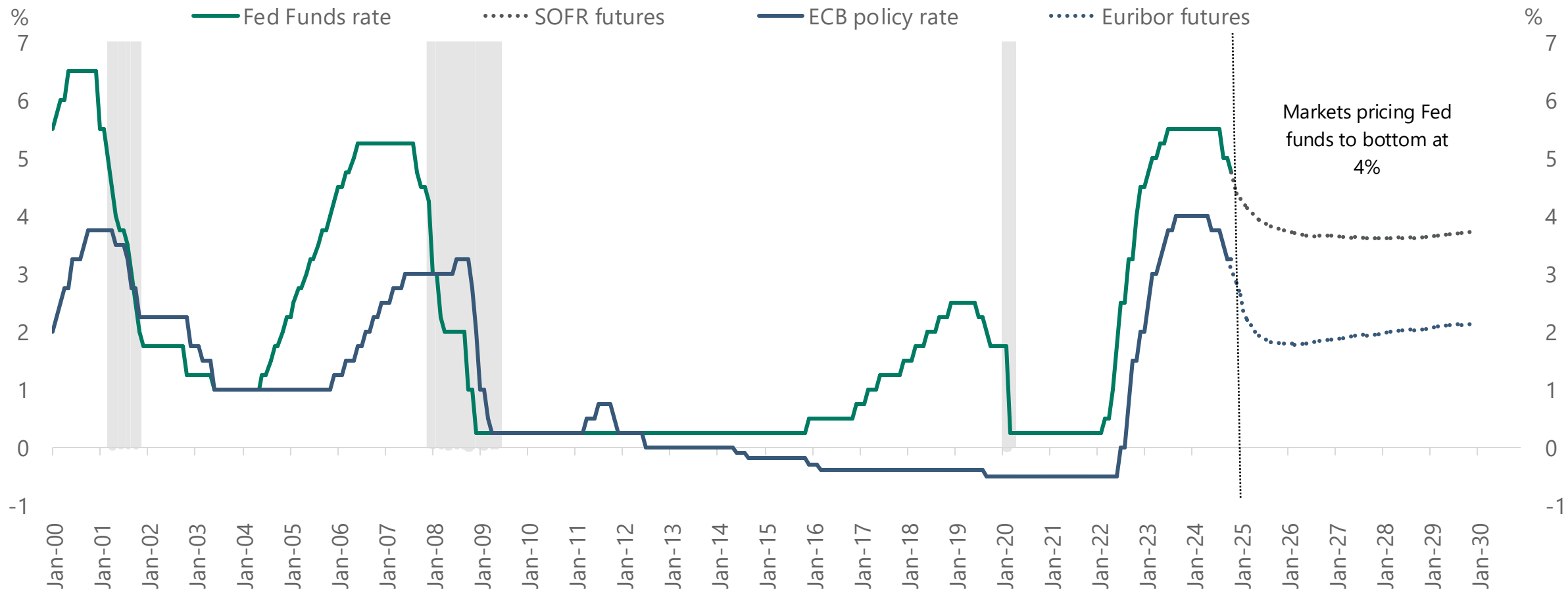


# Overview

1. Lower interest rates could spark a new wave of deals as, on one hand, sponsors seek to deploy capital raised in the past three years and, on the other, managers may be willing to part with existing investments as cheaper borrowing costs may bolster valuations.
2. We believe the secondaries market can offer excess return per unit of risk when compared to other private market strategies due to a variety of factors, including a rapidly evolving secondary investment landscape.
3. There is plentiful demand for hybrid solutions, including M&A financing and capital for growth, re-equitization of over-levered balance sheets, owner and sponsor liquidity solutions, and financing to support public company growth initiatives.

For more discussion, see here: <https://www.apolloacademy.com/2025-economic-outlook-firing-on-all-cylinders/>

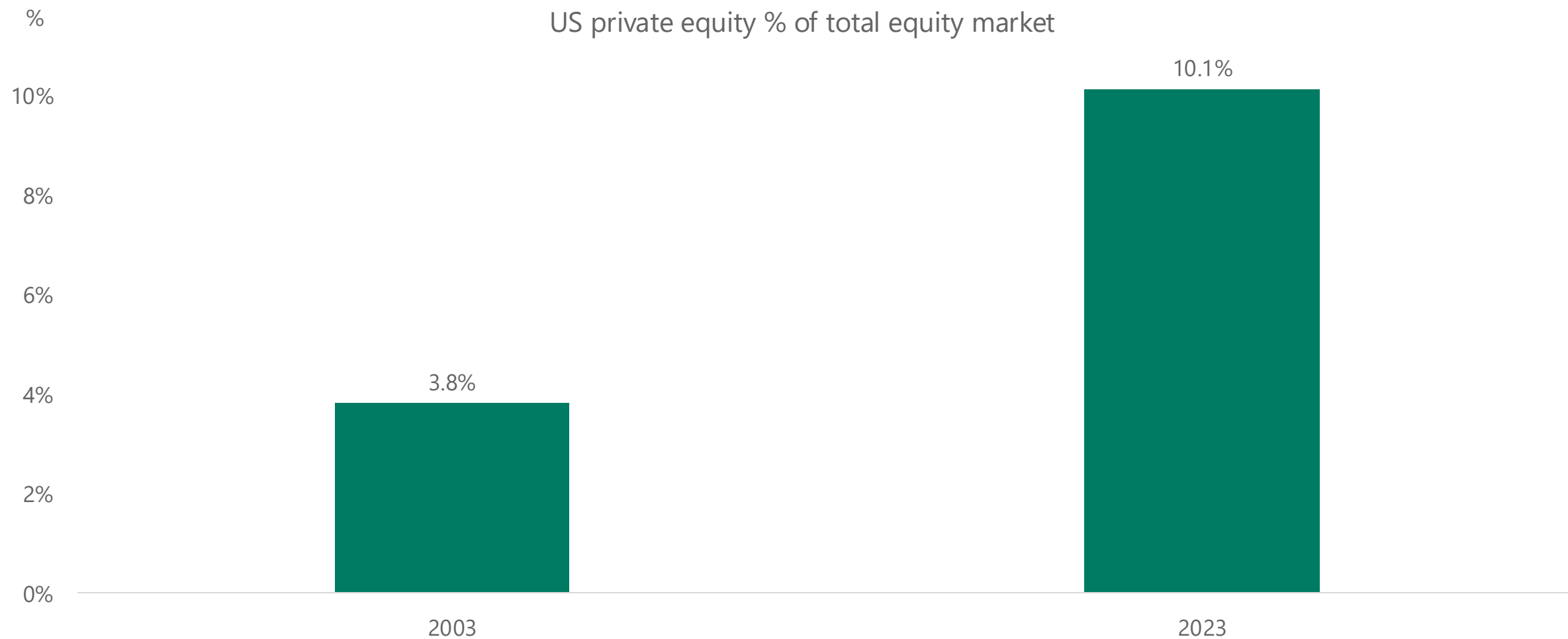
# Interest rates will remain higher for longer



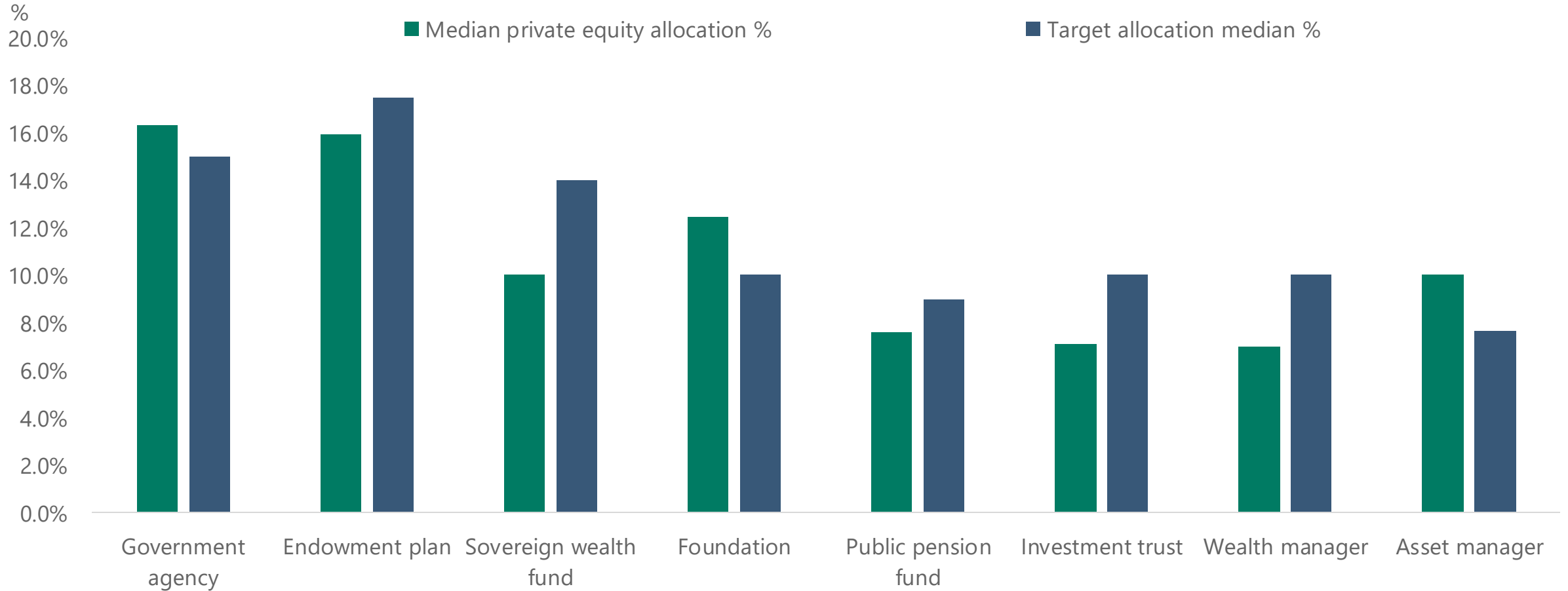
Source: Bloomberg, Apollo Chief Economist

# Overview

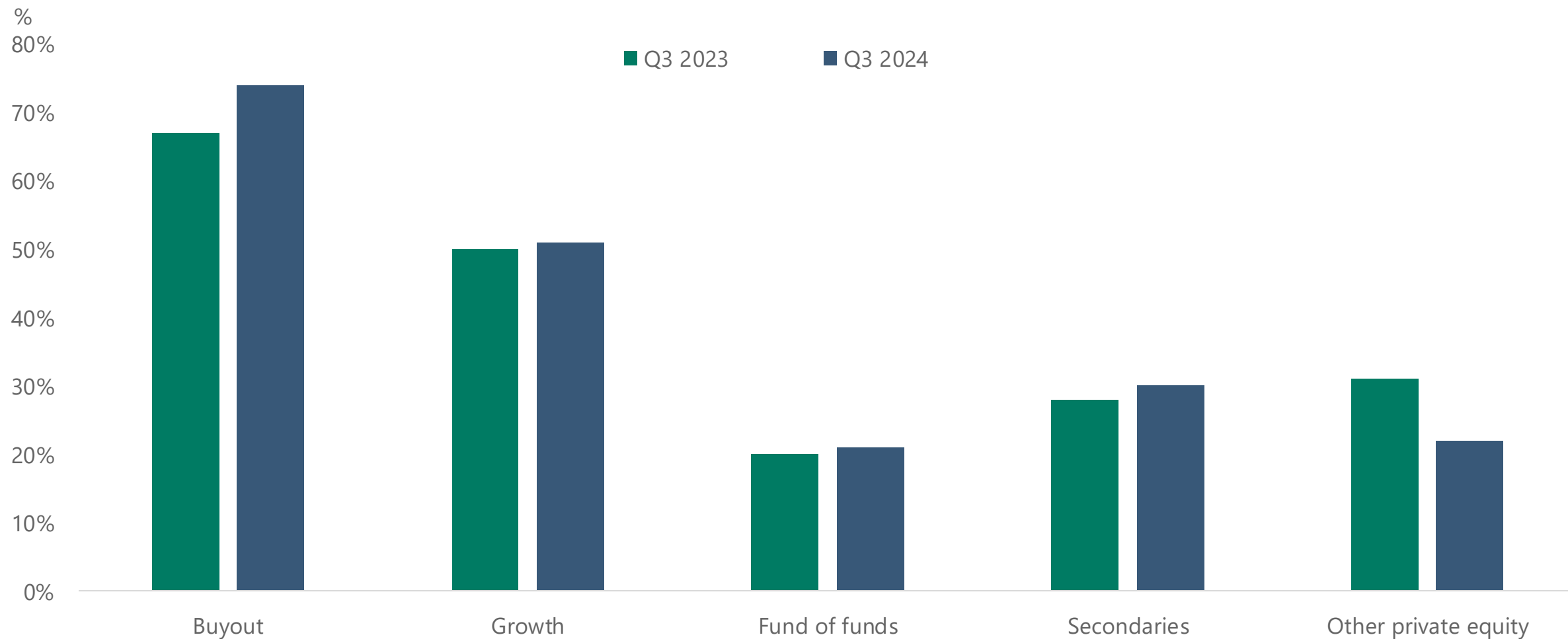
# Private equity as a percentage of the public equity market



# Median current and target private equity allocations by investor type, ranked by aggregate AUM of investors by type, Q3 2024

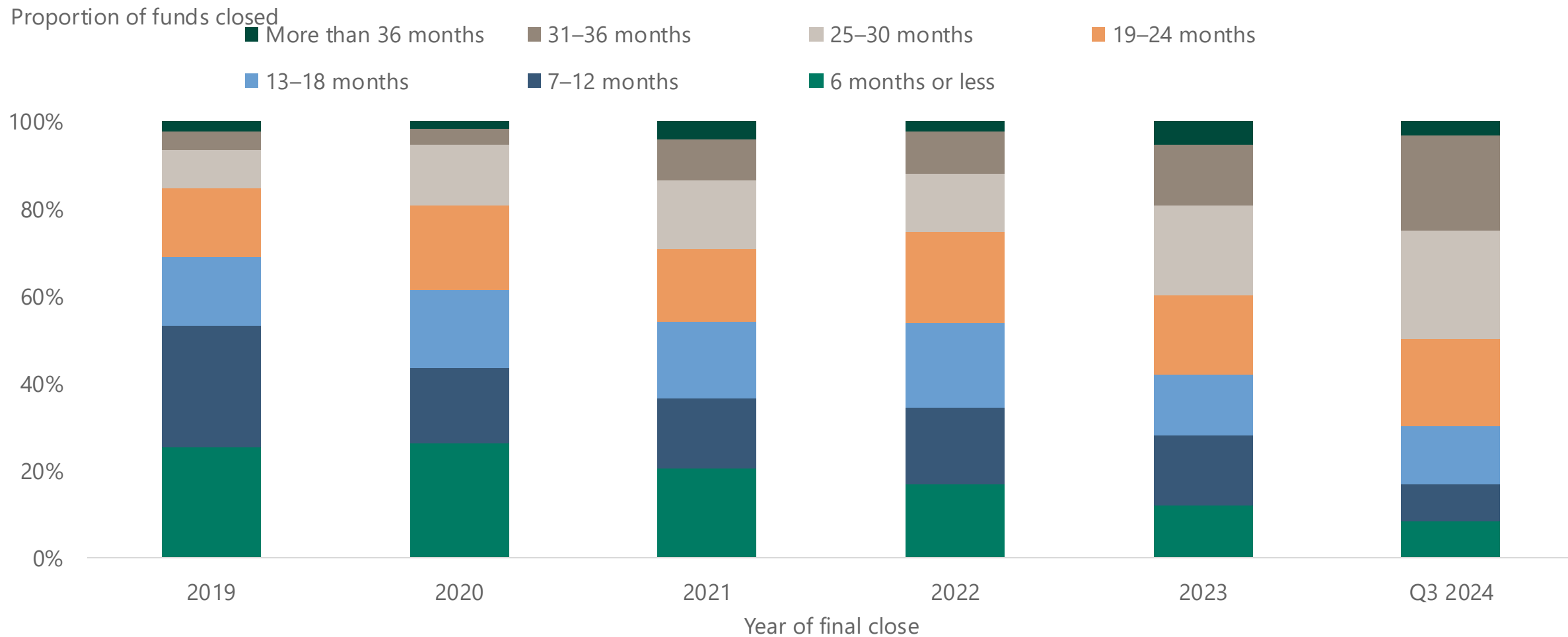


# Strategies targeted by investors over the next 12 months vs. Q3 2023

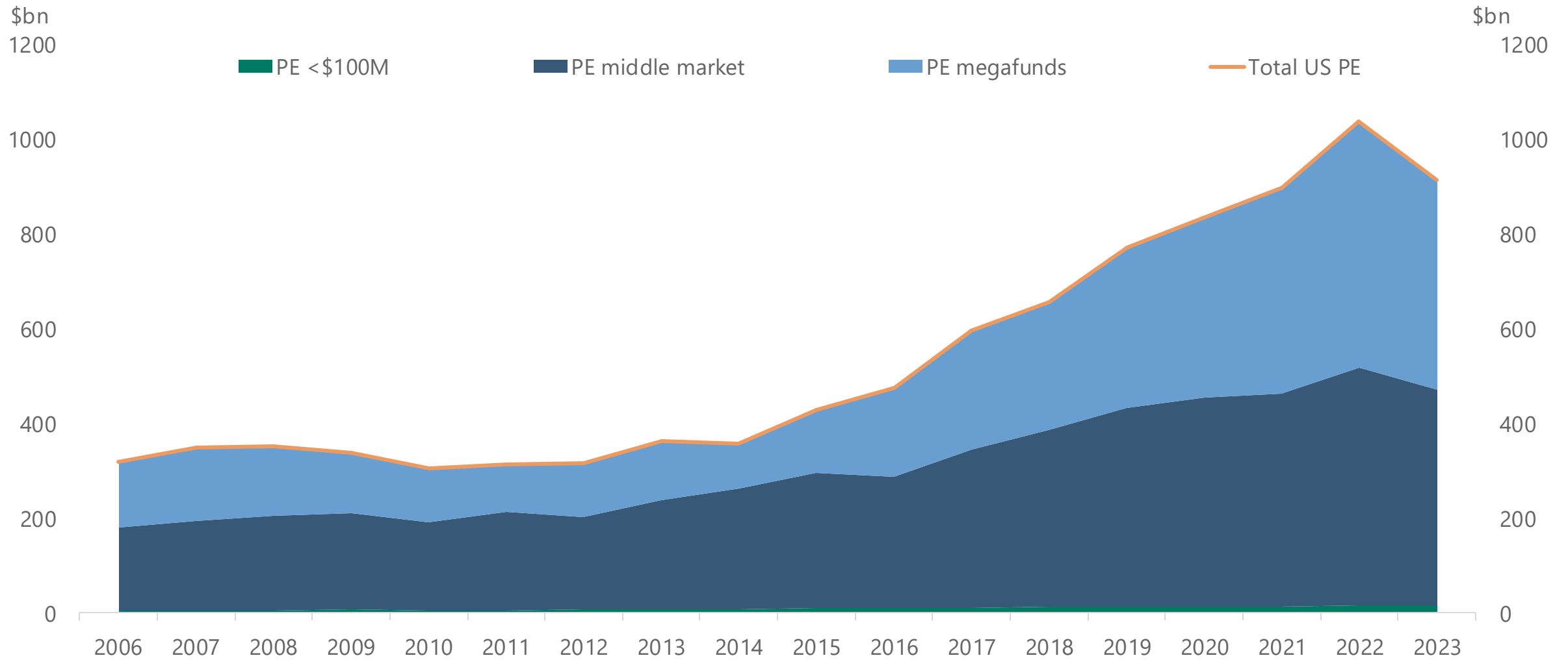




# Private equity funds closed, by time spent in market

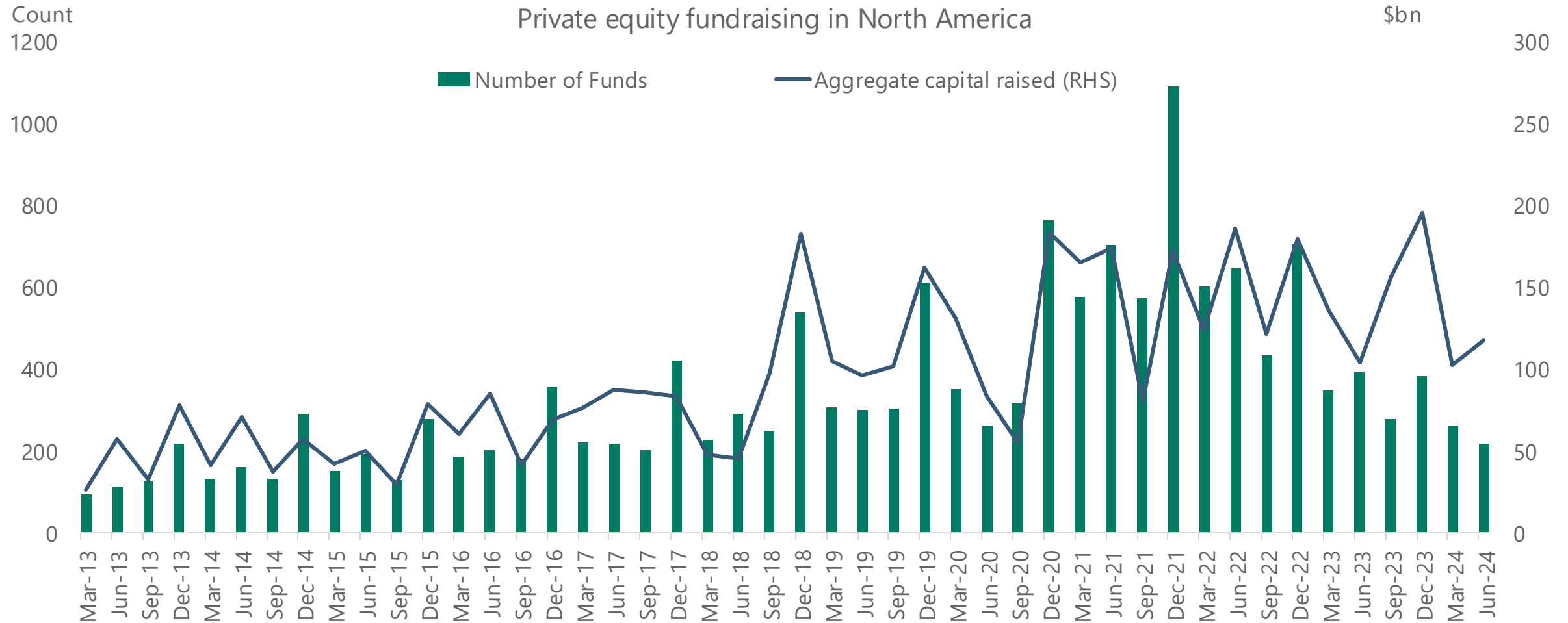


# The composition of PE dry powder



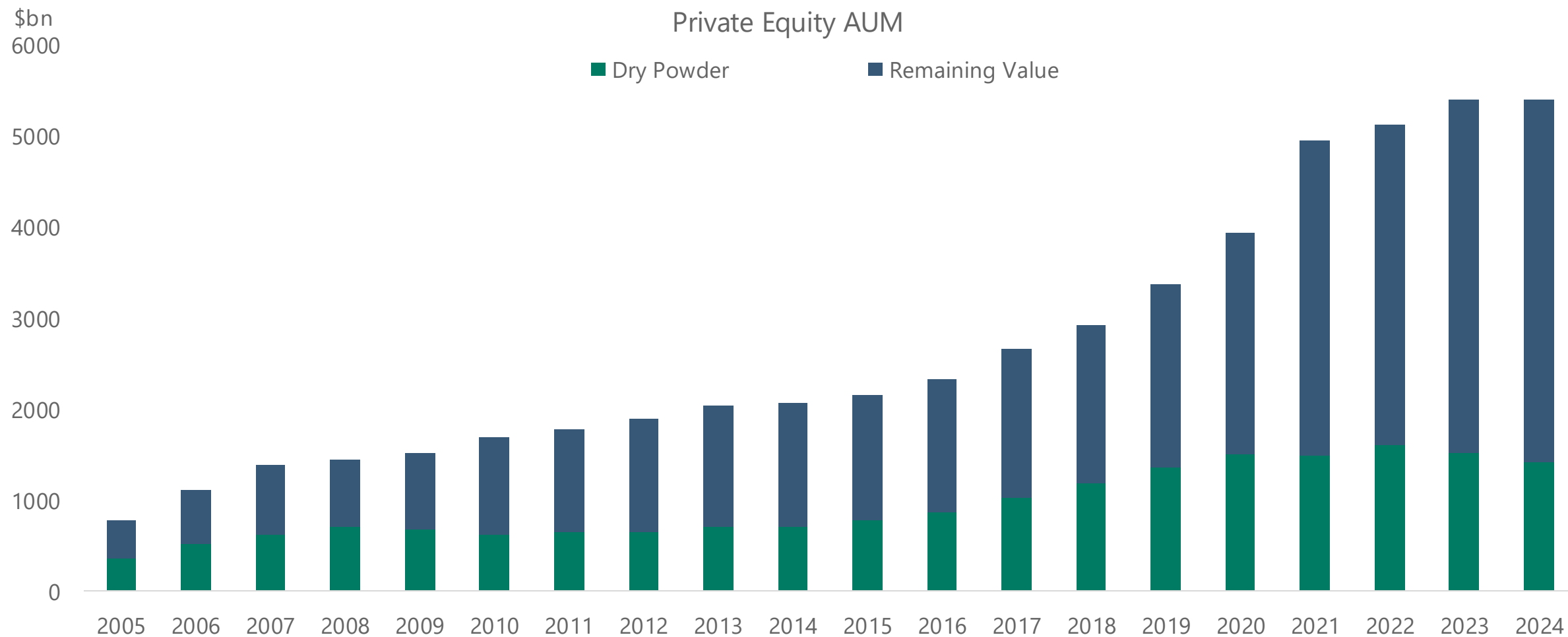
Source: PitchBook, Apollo Chief Economist. Note: Data as of 31st December 2023

# Private equity fundraising trending lower after the Fed started raising rates in 2022Q1

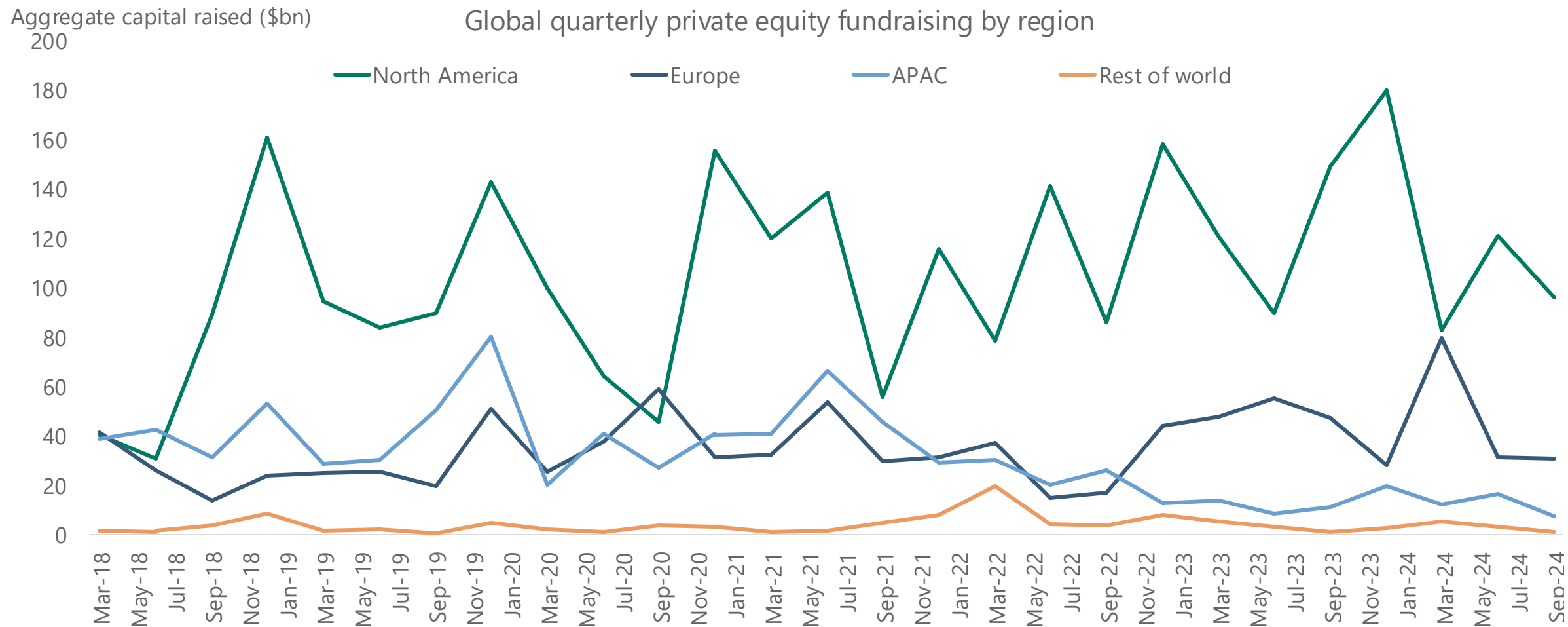


Source: Preqin, Apollo Chief Economist

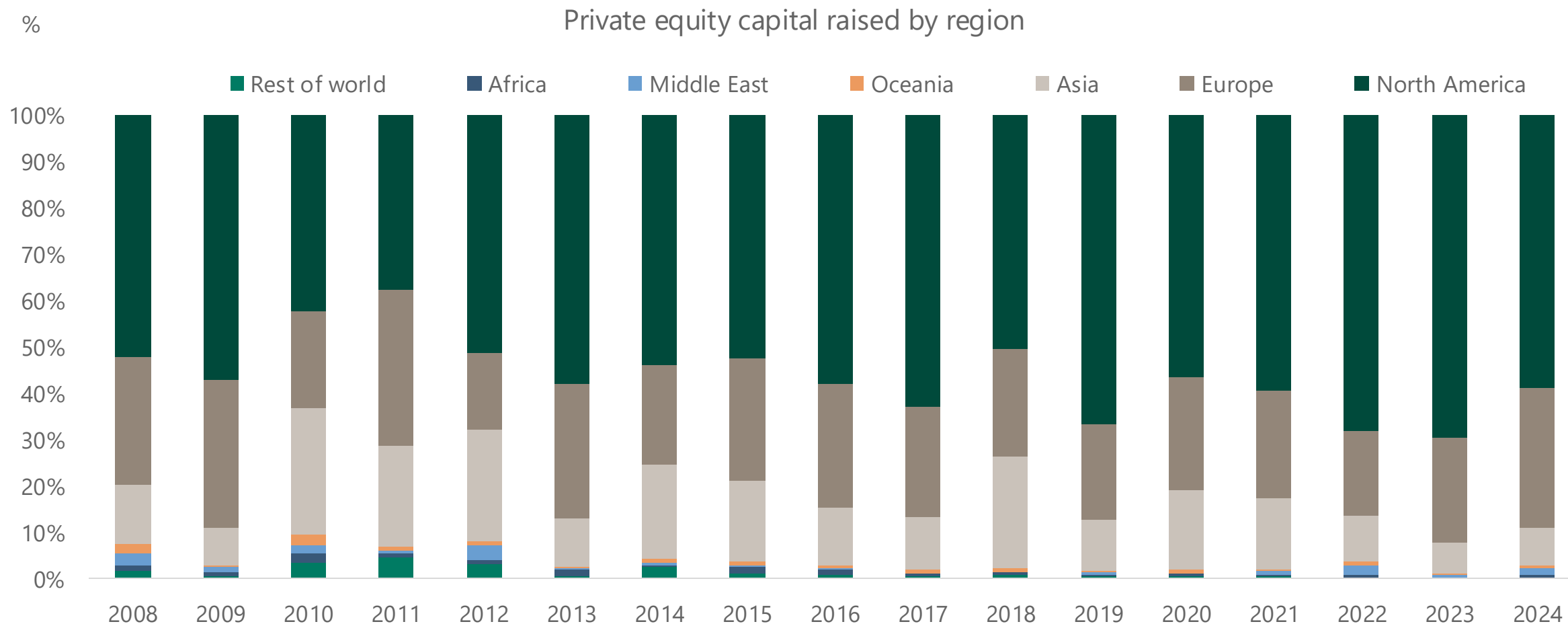
# Global private equity AUM is around \$5trn



# PE fundraising by region



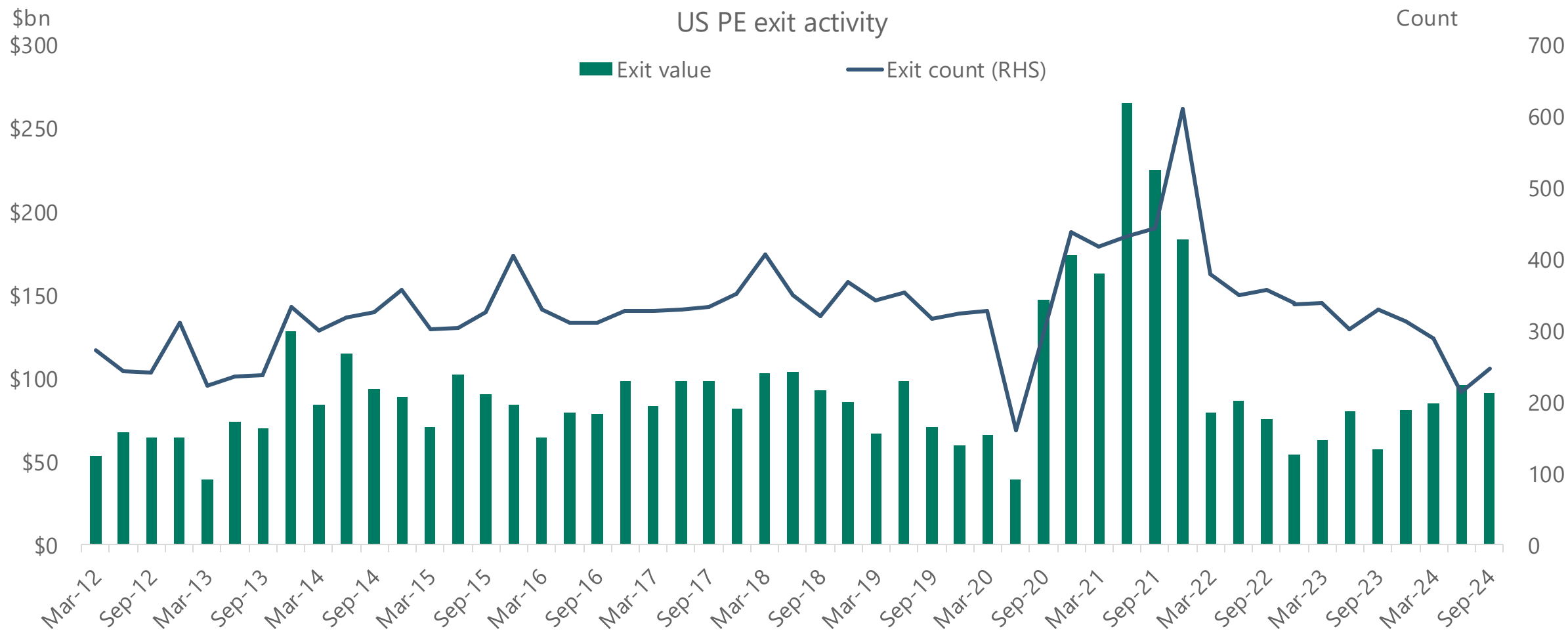
# 59% of global private equity capital is raised in North America



Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> September 2024

# Recent PE deal activity

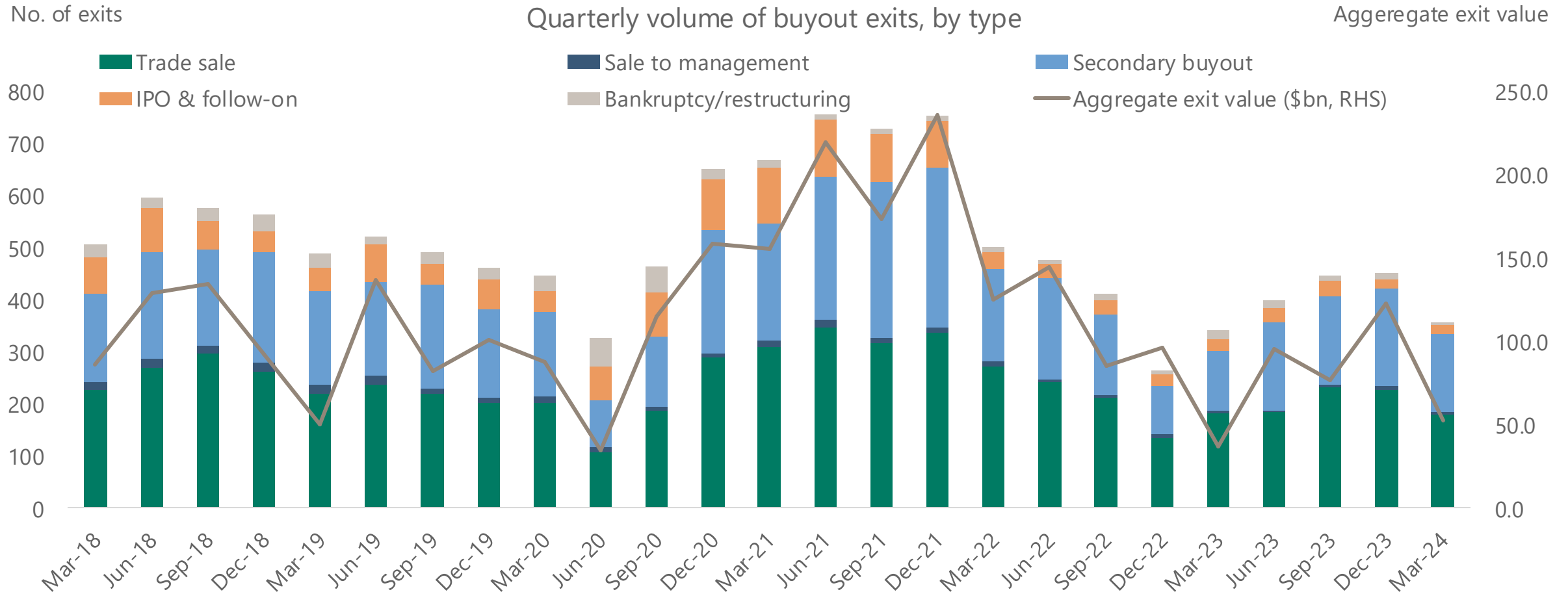
# PE exit activity falling after the Fed raised rates in 2022Q1



Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> September 2024

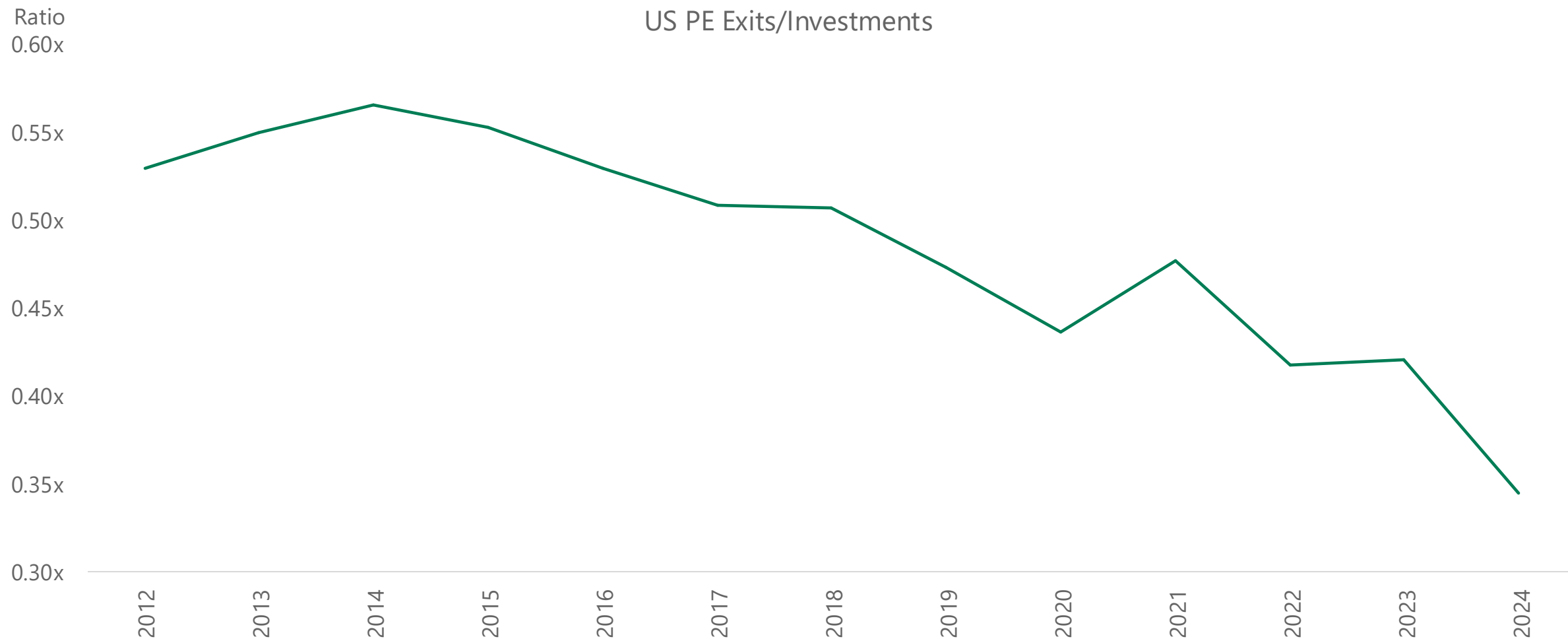


# Quarterly volume of buyout exits, by type

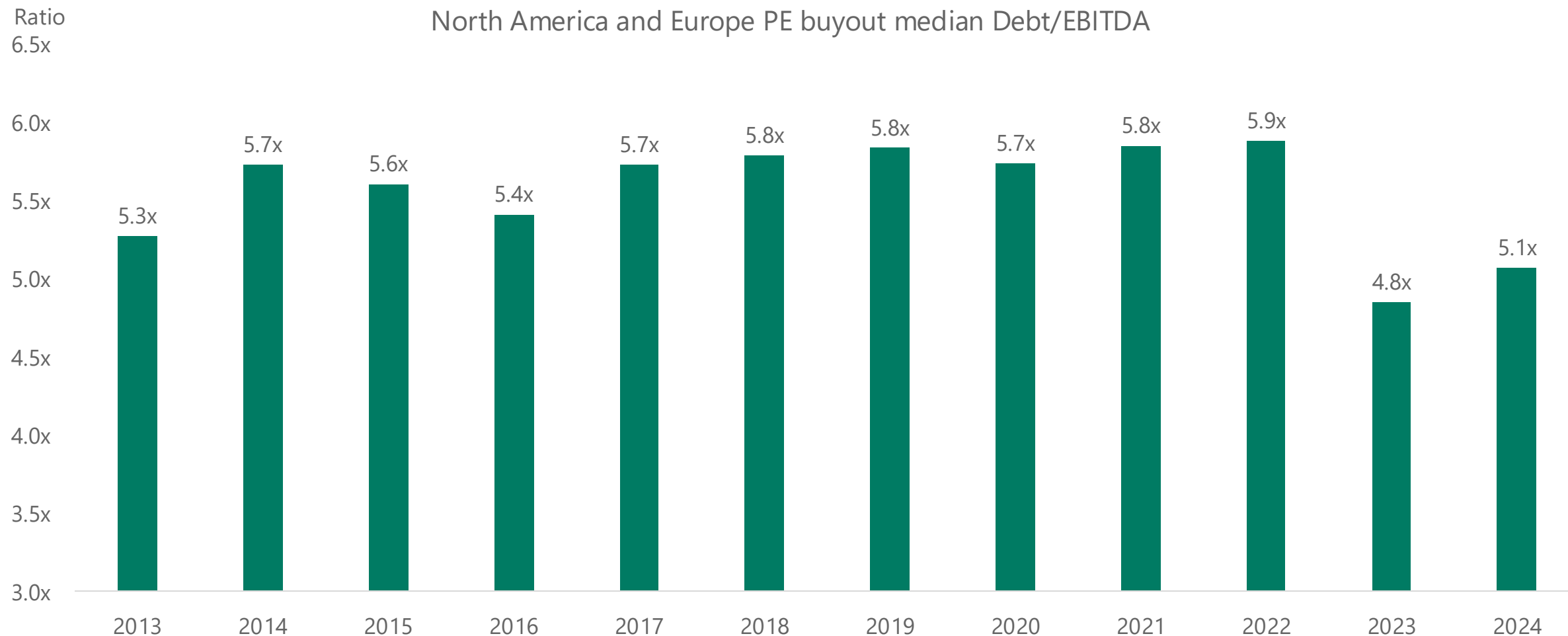


Source: Preqin Pro, Apollo Chief Economist

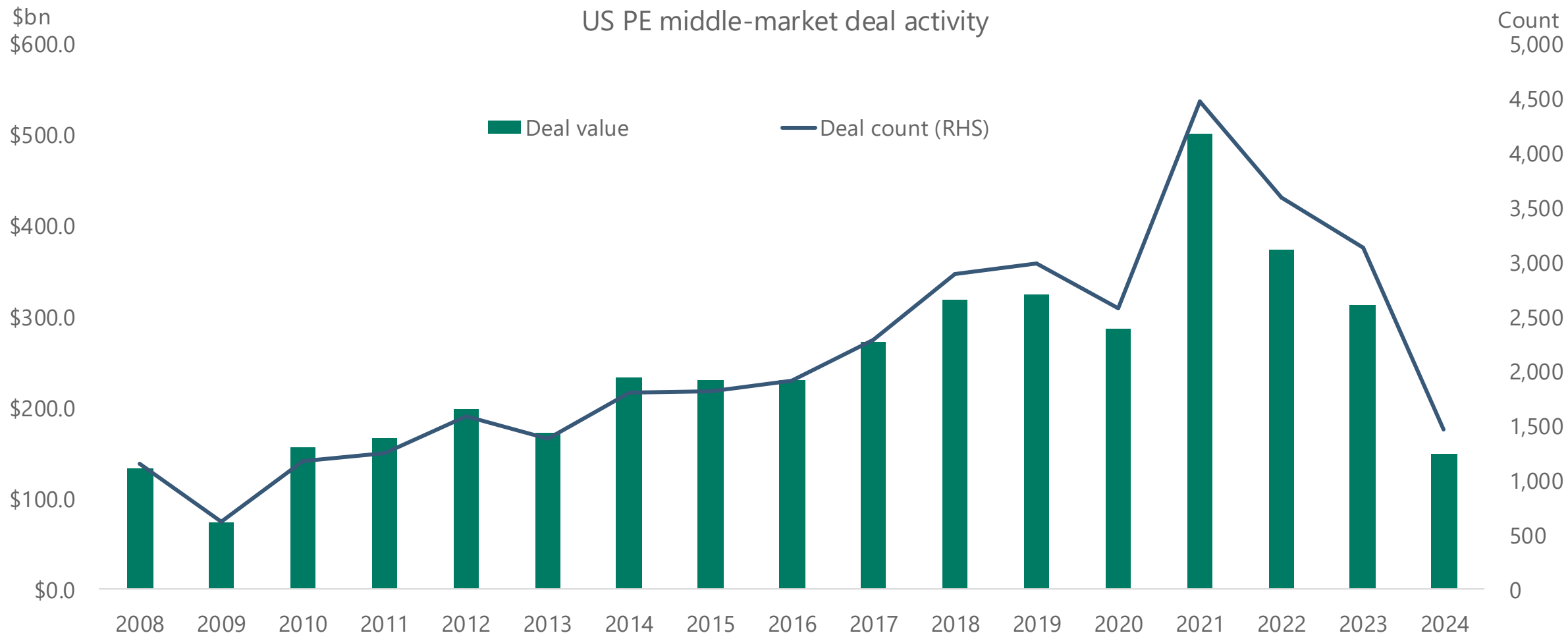
# The exits-to-investments-ratio is declining



# Median Debt/EBITDA declined after the Fed started raising rates in 2022

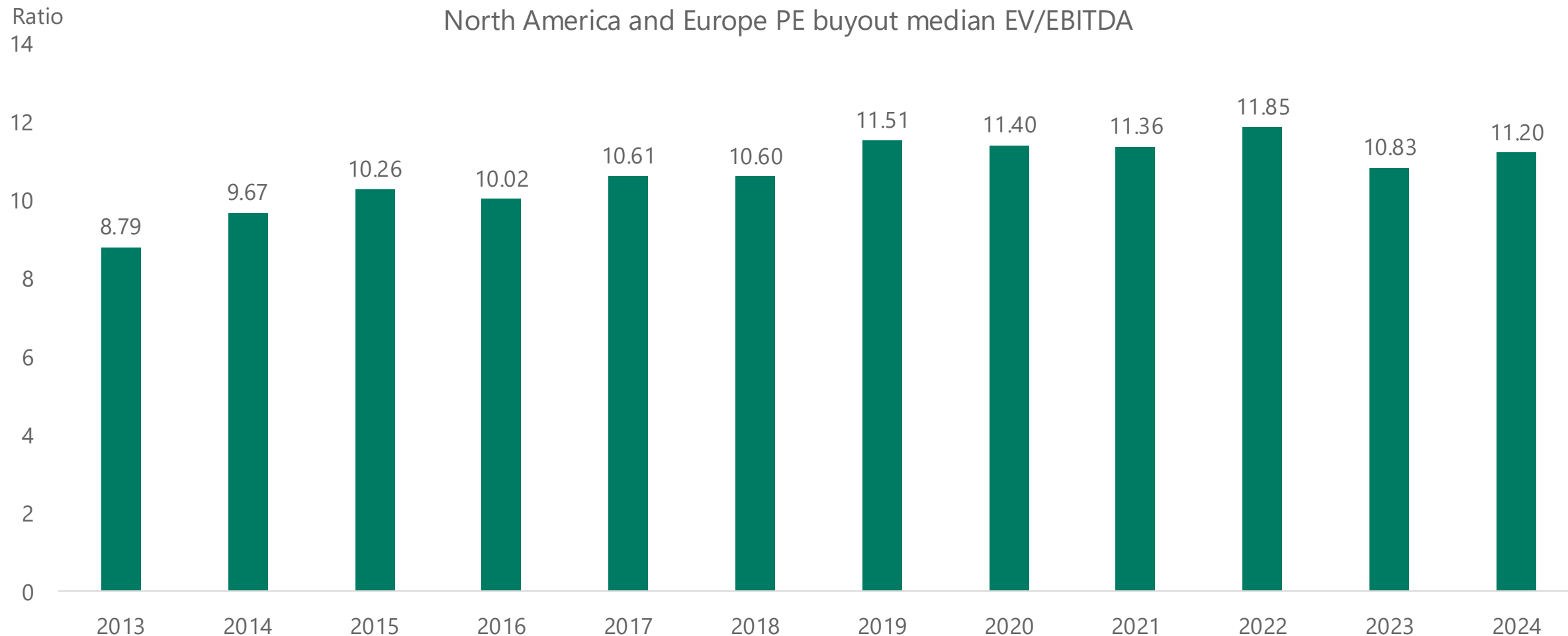


# US PE middle market deal activity



Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> June 2024

# Median North America and Europe PE middle-market EV/EBITDA multiples





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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist on the sell-side where his team was top ranked in the annual Institutional Investor survey for a decade. Mr. Slok has also worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and studied at the University of Copenhagen and Princeton University.