Annual report on the performance of portfolio companies, XVIII

18th edition

Reliance Restricted

10 December 2025

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Foreword

This is the 18th annual report on the performance of portfolio companies, a group of large, private equity (PE) owned UK businesses that met defined criteria at the time of acquisition. Its publication is one of the steps adopted by the PE industry following the publication of guidelines by Sir David Walker to improve transparency and disclosure, under the oversight of the Private Equity Reporting Group (PERG).

This report addresses many questions that various stakeholders may have on the impact of PE ownership on large UK businesses, by presenting facts and benchmarks to provide answers. The report is designed to be read stand-alone, summarising the accumulated data over the past 18 years of reporting; it also contains comparisons with last year's results and, for some measures, shows time series trends.

This year, the report considers 98 portfolio companies (as defined according to criteria set by the PERG) as at the 2024 financial reporting year (2023: 90), as well as a further 127 portfolio companies that have been owned and exited since 2005. The findings are based on aggregated information provided on the portfolio companies by the PE firms that own them — covering the entire period of PE ownership. This year, data was received covering 77 portfolio companies, four companies have provided an explanation for noncompliance, and five have been given a first-year exemption, resulting in a compliance rate of 88% (2023: 87%). On many measures of performance, the data on the current portfolio is combined with data from portfolio companies exited in 2024 and earlier, which provides over 100 data points, typically measuring performance over several years.

With a large number of portfolio companies, a high rate of compliance, and 18 years of information, this report provides detailed information on the effect of PE ownership on many measures of performance of an independently determined group of large UK businesses. The report comprises five sections:

Section 1: Introduction

Section 2: Summary findings

Section 3: Detailed findings

Section 4: Basis of findings

Section 5: Appendix A – sector comparison: consumer vs. other

Section 6: Appendix B – objective and fact base

This report has been prepared by Ernst & Young LLP (EY) teams at the request of the British Private Equity and Venture Capital Association (BVCA) and the PERG. The BVCA has supported EY in its work, particularly by encouraging compliance amongst its members and nonmembers. As in prior years, we welcome comments and suggestions on this report by contacting the members listed at the end of this report.

Yours faithfully

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Ongoing macroeconomic and geopolitical uncertainty

The 2020s continues to be characterised by ongoing geopolitical and macroeconomic uncertainty. 2024 did see some of the fundamentals improve; with inflation continuing to fall across the US, Europe and the UK, as supply chains normalised post-pandemic, and energy prices cooled following the volatility in 2022 and 2023. This helped bring inflation under control, which gave central banks the confidence to start reducing interest rates.

2024 was of course a year of significant political change. Some 50% of the global population went to the polls, with major elections taking place in India, Japan, South Africa, the European Union, and of course in the UK and the US. As a result, while economically we had more stability, politically it was all change; with the re-election of Donald Trump to the US Presidency the biggest political story of the year. From a deal's perspective, we continued to see a steady recovery in deal activity. Lower interest rates, and some more realistic expectations on value, has led to a steady recovery in volume through the second half of the year.

Strong performance on revenue and EBITDA over the long term …

As was the case in 2023, the private equity backed businesses in our sample achieved strong growth across various metrics despite the macroeconomic and political challenges noted above. Our analysis shows that aggregate revenue and EBITDA growth since acquisition for the portfolio companies is 5.0% and 3.8% CAGR respectively in 2024, compared with 5.8% and 3.3% respectively in 2023. Over a longer time period of nine years, YoY growth in reported revenue and reported EBITDA for current portfolio companies has been higher than the public company benchmark for five out of nine years and four out of nine years, respectively.

… but underperformance relative to benchmark on some metrics

Despite this sustained positive trading growth, similar to 2023, private equity backed companies performed below the public and private sector benchmark comparatives in 2024 across certain measures for growth in trading performance, employment, compensation and productivity.

2025 saw continued recovery in PE activity despite ongoing geopolitical uncertainty

Market and economic sentiment in 2025 has been shaped by the twin forces of the US government's imposition of tariffs, and the associated disruption to global trade systems, alongside investor excitement around the potential for adoption of AI to transform businesses. The global economy remained resilient in the face of tariffs, which meant that initial post-tariff announcement falls in equity markets quickly recovered, particularly for tech stocks, although investors are increasingly looking outside US markets for value. However, bond yields remained elevated even as central banks continued to bring down interest rates. The business environment remained a tough one to navigate, albeit offering plenty of opportunities to create value, particularly for privately backed businesses.

Peter Arnold

Partner, Economic Advisory, Ernst & Young LLP

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1 Introduction

What are the objectives of this report?

The objective of this annual report is to present independently prepared information on key stakeholder questions, to inform the broader business, regulatory and public debate on the impact of PE ownership on large UK businesses.

- This study by EY reports on the performance of the large UK businesses (the portfolio companies, referred to as 'PCs') owned by PE investors that meet the criteria determined by the PERG. It forms part of the actions implemented by the PE industry to enhance transparency and disclosure, as recommended in the guidelines proposed by Sir David Walker in November 2007.
- By aggregating information on the businesses that meet a defined set of criteria at the time of their acquisition, there is no selectivity or performance bias in the resulting data set. This is one of the most accurate way of understanding what happens to businesses under PE ownership.
- Key questions of interest to the many stakeholders in the portfolio companies that are addressed in this report include:
  - Do companies grow during PE ownership?
  - Do portfolio companies create jobs?
  - How is employee compensation affected by PE ownership, e.g., pay and pension benefits?
  - Do portfolio companies increase or decrease investment in capital expenditure, R&D and bolt-on acquisitions or partial disposals?
  - What are the levels of financial leverage in the portfolio companies, and how do they change over time?
  - How do labour and capital productivity change under PE ownership?
  - What is the level of gender diversity in the portfolio companies?
  - How do PE investors generate returns from their investments in the portfolio companies? How much is attributable to financial engineering, public stock market movement and strategic and operational improvement?
- The findings of this report constitute a source of information to inform the broader business, regulatory and public debate on the impact of PE ownership, by evidencing if its distinctive features affect the performance of large UK businesses.
- This is the 18th report covering performance data up to a latest date of June 2025. It is written to be read as a stand-alone report with comparisons with prior years' findings included for reference.
- The findings in this report are based on an aggregation of either i) current portfolio companies, and ii) current portfolio companies plus exits. Additional analysis between the consumer and nonconsumer sectors (i.e., "sectors other than consumer" aggregated) are included in Appendix A of the report. The basis of the measure being presented is indicated on the top right-hand corner of each respective page.

Introduction

Title		Page no.
What are the objectives of this report?	▪ The objective of this annual report is to present independently prepared information on key stakeholder questions, to inform the broader business, regulatory and public debate on the impact of PE ownership on large UK businesses.	6
What period does this report cover?	▪ Data presented in this report reflects results of companies with a financial year ending between 30 June 2024 and 30 June 2025. The comparative period relates to financial years ending between 30 June 2023 and 30 June 2024.	-
What factors does the reader need to consider?	▪ Significant dispersions can be seen across the results of portfolio companies, specifically in trading activities. In certain prior years presented in the YoY analysis (between 2020 and 2022), trading results were likely impacted due to the COVID-19 pandemic. ▪ Comparatives between the aggregated portfolio company performance and the public company benchmarks may be impacted by differences in the sector mix and company size (based on revenue) of the two populations. Additionally, the performance measures for the public company benchmark may benefit from a level of performance bias due to the methodology for calculating the benchmark each year. This is because underperforming companies fall out of the benchmark population if they reduce below the market capitalisation threshold or are delisted.	66-67 47-48
What are the distinctive features of the PE business model?	▪ The distinctive features of the PE business model include controlling ownership (typically active ownership) of its portfolio company investments, the use of financial leverage, and its long-term investing horizon.	68
What are the criteria used to identify portfolio companies, and how are they applied?	▪ Portfolio companies are identified at the time of their acquisition, based on criteria covering their size by market value, the scale of their UK activities and the remit of their investors. The criteria and their application are independently determined by the PERG.	69-70
How robust and representative is the data set used in this report?	▪ This year, data was received covering 77 portfolio companies. In addition, four companies have provided an explanation for noncompliance, and five companies have been given a first-year exemption, which results in a compliance rate of 88% (2023: 87%).	71-73
What are the time period and coverage of the measures used to evaluate performance?	▪ The two main measures used in this report cover i) the entire period of PE ownership of all the portfolio companies (including past exits), i.e., from initial acquisition to latest date or exit, and ii) the latest year and prior-year comparison of the current portfolio companies.	74
What performance measures are presented in this report, and how do they interrelate?	▪ This report presents a range of performance measures to test the impact of PE ownership on the portfolio companies' resources, productivity, trading, leverage and investor returns.	75
How accurate are the individual portfolio company submissions?	▪ The portfolio company submissions are mostly drawn from key figures disclosed in published, independently audited annual accounts. ▪ The data returned to the EY team is checked for completeness and iterated with the portfolio companies or PE firms as required.	76

How robust is the data set used in this report?

Portfolio companies (as at 30 June 2025)

Portfolio company	General partner (s)
Advanced Computer Systems	BC Partners
Alcumus Group Ltd	Apax Partners
Alexander Mann Solutions [1]	OMERS PE
Ambassador Theatre Group	Providence Equity Partners
Amey [3]	One Equity Partners (with Buckthorn Partners)
Ascot Lloyd	Nordic Capital
ASDA	TDR Capital
Automobile Association (AA)	Towerbrook Partners
Azets Group [2]	PAI Partners
Bourne Leisure	Blackstone
BPP	TDR Capital
CALA Group [2]	Sixth Street Partners
Center Parcs [3]	Brookfield
Chime Communications	Providence Equity Partners
Citation Limited	KKR
CityFibre	Goldman Sachs
Civica [2*]	Blackstone
Clarion Events	Blackstone
Cobham Limited	Advent International
Constellation Automotive Group	TDR Capital
Darktrace [1]	Thoma Bravo
David Lloyd Leisure	TDR Capital
Davies Group	BC Partners
Domestic and General Group	CVC Capital Partners
DWF Group	Inflexion Capital
energia group	iSquared Capital
ESP Utilities	3i
esure group	Bain Capital
Evri [2*]	Apollo Global Management
Farnborough Airport	Macquarie
Froneri (RR Ice-cream)	PAI Partners

Portfolio company	General partner (s)
Gresham House	Searchlight Capital Partners
HC-One	Safanad/Formation Capital
Homeserve	Brookfield
Huws Gray	Blackstone
Hyperoptic	KKR
Infinis	3i
Inizio [2]	Clayton Dubiler & Rice
Instavolt	EQT
IRIS Software Group	Hg Capital / ICG
JLA	Cinven Limited
K3 Capital	Sun Capital Partners/European Partners
Kantar plc	Bain Capital
KCOM	Macquarie
LGC	Cinven Limited
M Group Services [2*]	CVC Capital Partners
Medica Group	IK Partners
Medivet Group Ltd	CVC Capital Partners
Merlin Entertainments	Blackstone
Modulaire Group	Brookfield
Morrisons	Clayton Dubiler & Rice
Moto	CVC Capital Partners (with USS)
Motor Fuel Group / MFG	Clayton Dubiler & Rice
MyDentist	Palamon Partners
Network Plus Services [1]	OMERS PE
NewDay	Cinven Limited (with CVC)
OCS Facilities	Clayton Dubiler & Rice
Outcomes First Group [2]	TPG Capital (with Investcorp)
Parkdean Holidays	Onex
Peel Ports Group	Global Infrastructure Partners
PIB	Apax Partners
Premium Credit	Towerbrook Partners

1. Company provided an explanation for noncompliance.
2. Company is new to population (including re-entries).
3. First year exemption provided.

How robust is the data set used in this report?

Portfolio companies (as at 30 June 2025) (cont.)

Portfolio company	General partner (s)
QA Training	CVC Capital Partners
RAC	CVC Capital Partners
RoadChef Motorways	Macquarie
Rubix	Advent International
Scotia Gas Networks [3]	Brookfield
Shawbrook Bank	BC Partners
Smart Metering Systems [2]	KKR
Stagecoach Group	DWS Alternatives Global
Stonegate Pub	TDR Capital
Study Group International [1]	Ardian
Sykes Holiday Cottages	Vitruvian
The Restaurant Group [2]	Apollo Global Management
Ultra	Advent International
VetPartners	BC Partners
Village Hotels [2]*	Blackstone
Viridor Limited	KKR
W&G (Freightliner) [3]	Brookfield
WIG [3]	Brookfield
Witherslack	Mubadala Capital
Wolseley	Clayton Dubiler & Rice
WSH (Westbury Street Holdings)	Clayton Dubiler & Rice
Zellis [2]*	Apax Partners
Zenith	Bridgepoint
ZPG	Silver Lake

Note: 13 portfolio companies (and General partners) have not complied with the PERG reporting requirements for the financial year 2024 study. Refer to the 18th Annual PERG report for further details of the names of these portfolio companies.

Exits of portfolio companies during the year to 30 June 2025

Portfolio company	General partner (s)
Care UK [1]	Bridgepoint
Civica	Partners Group
Edinburgh Airport	Global Infrastructure Partners
Evri [1]	Advent International
M Group Services [1]	PAI Partners
Village Hotels [1]	KSL Capital
Williams Lea	Advent International
Zellis	Bain Capital

1. Company provided an explanation for noncompliance.
2. Company is new to population (including re-entries).
3. First year exemption provided.

2

Summary findings

Summary findings

Question	Key findings	Page no.
How long does PE invest in the portfolio companies?	▪ The average timeframe of PE investment in the portfolio companies is 6.1 years (2023: 6.0 years) for historical exits, i.e., from initial acquisition to exit. The current portfolio companies have been owned for an average of 4.9 years (2023: 5.0 years).	16
Do PE-owned companies grow?	▪ The portfolio companies have increased reported revenue at 5.0% CAGR since acquisition (2023: 5.8%) and EBITDA at 3.8% CAGR (2023: 3.3%); organic revenue and EBITDA has increased at 3.7% and 3.5% CAGR respectively since acquisition (2023: 4.3% and 2.6%). ▪ Revenue growth for the portfolio companies is 5.0%, which is slightly above the public company benchmark of 4.5%, whilst EBITDA growth of 3.8% compared with 7.2% for the public company benchmark. The revenue and EBITDA growth rates are materially impacted by two current portfolio companies (which also impact the weighting of the benchmark). Excluding these two portfolio companies, the revenue growth rate for the portfolio companies is 6.4% versus the weighted benchmark of 4.0% and the EBITDA growth rate is 5.0% versus 6.7% for the weighted benchmark. ▪ In 2024, portfolio companies reported YoY growth in organic revenue (0.1%) and EBITDA (6.9%) which, similar to 2023, is more closely in line with YoY growth levels in previous years of the study before 2020. YoY growth in reported revenue and reported EBITDA for current portfolio companies has been higher than the public company benchmark for five out of nine years and four out of nine years, respectively. ▪ There is a wide range of results in 2024 for long-term trading performance at a sector and company level. For portfolio companies, reported revenue growth for the sectors other than consumer was higher than both the consumer sector and the public company benchmark.	17-22
Do portfolio companies create jobs?	▪ Reported employment under PE ownership has increased by 1.6% (2023: 1.8%) per annum since acquisition. Underlying organic employment growth (removing the effects of bolt-on acquisitions and partial disposals) is 0.8% in 2024, in comparison with flat growth in 2023. ▪ Annual organic employment growth (CAGR) of the portfolio companies is 0.8% in 2024 (versus the private sector benchmark growth at 1.1%) and on a reported basis is lower than the public company benchmark (1.6% versus 3.0%). ▪ Organic YoY employment growth in the current portfolio companies is at 0.6%, which is lower than the ONS private sector benchmark of 1.3% for the same period. YoY growth in employment for current portfolio companies has been higher than the ONS private sector benchmark for four out of the last 10 years. ▪ At the sector and company level, there is a wide range of YoY growth in organic employment (-8.6% to 1.7%). The consumer sector was higher than the remaining sectors in terms of YoY organic employment growth and the consumer sector was higher than the ONS UK economy benchmark.	23 - 25

1. References to PE and PE-owned portfolio companies throughout this report refer to the PEs and PE-owned portfolio companies that have provided data for this report.

Summary findings (cont.)

Question	Key findings	Page no.
How is employee compensation affected by PE ownership: pay, terms and pension benefits?	▪ Average employment cost per head in the portfolio companies has increased by 2.9% per annum under PE ownership (2023: 2.4%). ▪ Average annual employee compensation growth under PE ownership of 2.9% is lower than the UK private sector benchmark of 5.1% CAGR. ▪ Average employment cost per head increased YoY by 4.0% in 2024 compared with 2023, which is lower than the UK private sector benchmark of 7.5% growth over the same period. ▪ YoY growth in average employment cost per head for current portfolio companies has been higher than the ONS private sector benchmark for four out of the last 10 years. ▪ Around 16% of jobs in the portfolio companies (which will include both part-time and full-time jobs) have annual compensation of less than £12,500, a similar proportion to the prior year (17%). This compensation band mix may be attributed to the mix of full-time versus part-time workers. ▪ There have been few changes in existing company defined benefit pension schemes under PE ownership. The aggregated value of liabilities of defined benefit schemes of current portfolio companies is lower than the value of assets; the average time to pay off the deficit is estimated as 2.6 years (2023: 3.5 years).	26-30
Do portfolio companies increase or decrease investment in capital expenditure, R&D and bolt-on acquisitions or disposals?	▪ There has been growth in investment at the portfolio companies whilst under PE ownership, albeit measures for total capital expenditure and R&D expenditure are showing a decrease compared with 2023 levels of growth. ▪ The YoY increase in operating capital employed for the portfolio companies was 3.2% in 2024, lower than the comparative 6.7% increase in 2023. ▪ Of the current portfolio companies, 65% have made net bolt-on acquisitions whilst 14% have made net partial disposals, showing investment in bolt-on acquisitions ahead of partial disposals (2023: 60% and 15% respectively). ▪ PE investors, in aggregate, have used free cash flow and additional third-party debt to increase investment in the current portfolio companies.	31-34

Summary findings (cont.)

Question	Key findings	Page no.
How does labour and capital productivity change under PE ownership?	▪ Labour productivity growth YoY for portfolio companies has increased slightly at (i) 4.5% (2023: 4.2%) as measured by growth in EBITDA per employee, and (ii) 3.4% (2023: 3.0%) as measured by growth in Gross Value Added (GVA) per employee. ▪ Annual increase in labour productivity in the portfolio companies is lower than i) the public benchmark for EBITDA per employee (at 4.5% versus 9.0%) and, ii) the UK private sector benchmark for GVA per employee (at 3.4% versus 3.9%). ▪ GVA per employee of portfolio companies increased YoY by 5.4% in 2024 (2023: 3.4%), which is lower than the UK private sector benchmark of 6.9% per annum (2023: 4.9%). ▪ Capital productivity growth in the portfolio companies exceeds public company benchmarks, at 9.0% versus 2.4% growth per annum (2023: 9.2% versus 5.0%). Capital productivity growth for portfolio companies was higher than the public company benchmark in every year of the study (from the time this metric has been reported on).	35-38
What are the levels of financial leverage in portfolio companies?	▪ In aggregate, combined current plus exited portfolio companies had an average leverage ratio of 6.5x gross debt to EBITDA at acquisition compared with an average leverage ratio of 6.8x at latest date or exit (2022: 6.5x and 6.8x respectively). ▪ The current portfolio companies show an increase in leverage under PE ownership, indicating that debt has grown at a slightly higher rate than the growth in profit. ▪ In aggregate, current portfolio companies had an average (net) leverage ratio of 5.9x net debt to EBITDA at acquisition compared with an average (net) leverage ratio of 6.7x at latest date or exit.	34, 39-40
What is the level of gender diversity in the portfolio companies?	▪ Female representation is 47% (2023: 47%) at an overall employee level across the current portfolio companies and 21% (2023: 22%) at the director level. 34% (2023: 34%) of FTSE 250 board positions are held by females (source: FTSE Women Leaders Review, Feb, 2025).	41

Summary findings (cont.)

Question	Key findings	Page no.
How do PE investors generate returns from their investments in the portfolio companies? How much is attributable to financial engineering, public stock market movement and strategic and operational improvement?	▪ The equity return from portfolio company exits is unchanged at 3.0x (2023: 3.0x) the public company benchmark; c.42% of the additional return is attributed to PE strategic and operational improvement, and the balance from additional financial leverage. ▪ Whilst the results vary over time, the component of the gross return from PE strategic and operational improvement has increased in recent years.	42-43

In aggregate, the portfolio companies under PE ownership have shown positive absolute growth in measures across trading performance (revenue and EBITDA), investment and productivity. The portfolio companies have also experienced YoY growth in trading, compensation, investment and productivity measures in the last financial year.

In 2024, long-term growth (since acquisition) performed higher than the public benchmark for revenue, but performed lower than the benchmark comparatives for EBITDA, employment, compensation and labour productivity. Year-on-year growth for EBITDA performed higher than the public benchmark, while revenue, employment, compensation and labour productivity performed lower than the benchmark comparatives.

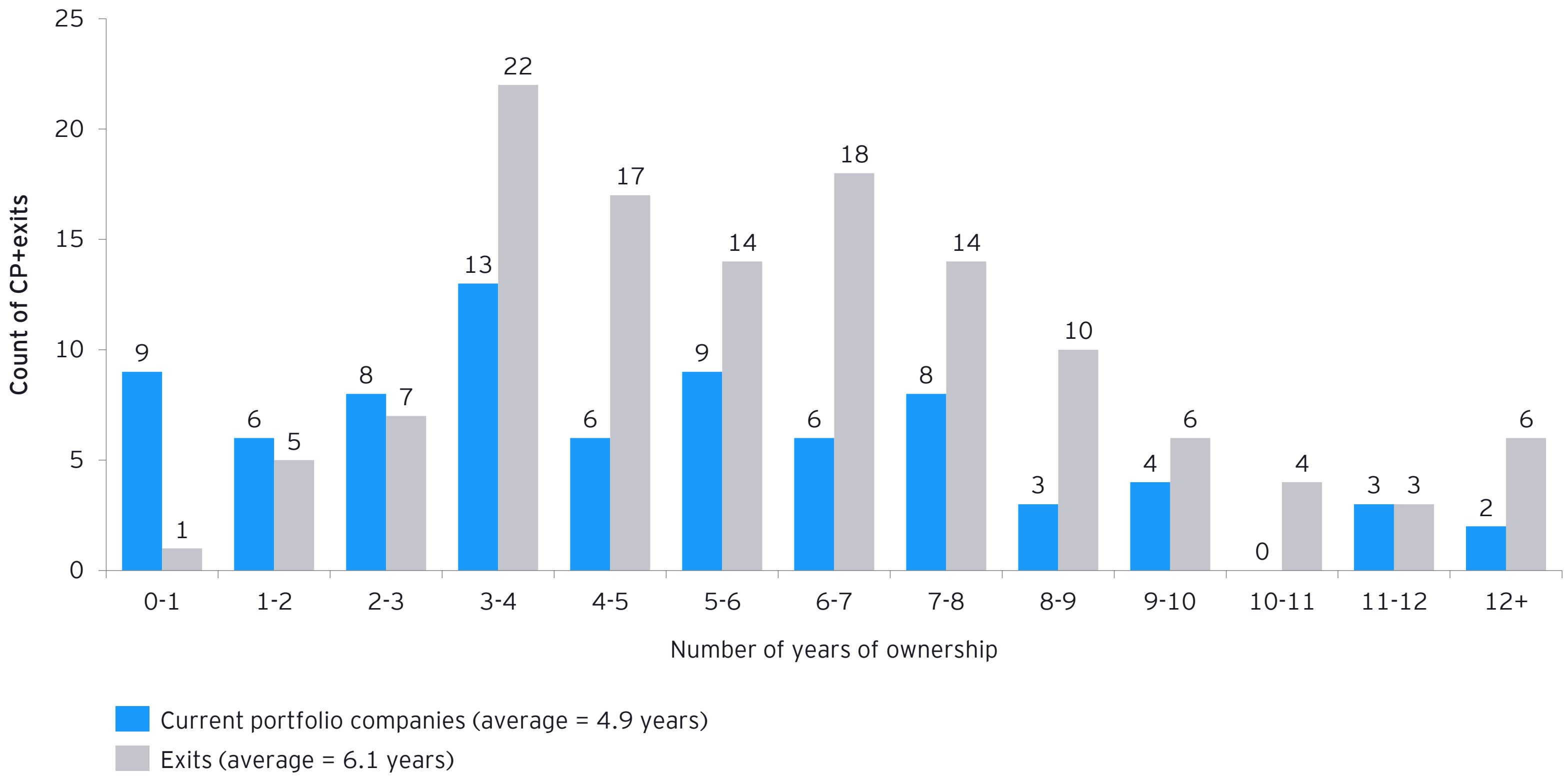
3

Detailed findings

How long does PE invest in the portfolio companies?

Average timeframe of PE investment in the portfolio companies which have exited is 6.1 years, i.e., from initial acquisition to exit. Current portfolio companies have been owned for an average of 4.9 years

Distribution of years of ownership of portfolio companies



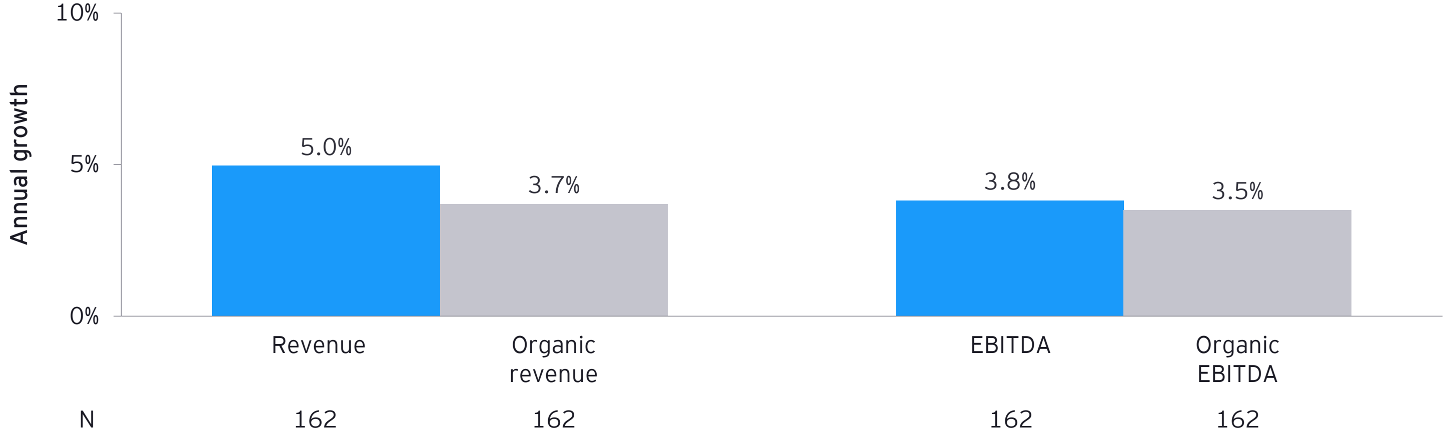
- The PE business model seeks to achieve an investment return to its investors (pension funds, insurance funds, etc.) by realising greater equity proceeds than its initial equity investment at the time of acquisition. This may come from (amongst other levers) increasing earnings through the investment hold period and achieving higher exit multiples.
- The PE business model is long term:
  - For the 127 portfolio companies that have been exited since 2005, the average length of ownership is 6.1 years.
  - For the current group of 77 portfolio companies, the average active length of PE ownership is 4.9 years at 30 June 2025.
  - For the portfolio companies exited in 2024, the average hold period was 8.3 years (2023: 8.1 years).
- Looking at the profile of the historical exits as the best measure of the length of PE ownership, of the 127 exits, 90% were owned for more than three years, and 59% were owned for more than five years.

Note: The data set for most metrics in this report begins in 2007. Additional data for portfolio company exits includes investments realised starting in 2005.

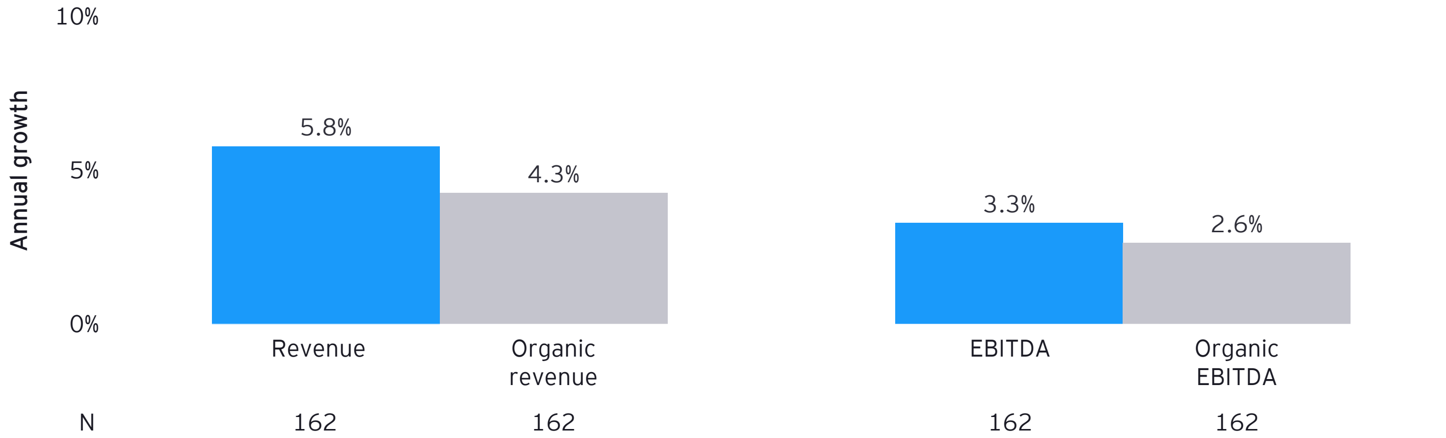
Do PE-owned companies grow?

Revenue growth since acquisition in the portfolio companies is 5.0% in 2024 (5.8% in 2023), whilst EBITDA since acquisition is looking slightly stronger than last year at 3.8% (3.3% in 2023)

Reported and organic revenue and EBITDA growth[1] since acquisition (CP+exits, 2024)



Reported and organic revenue and EBITDA growth since acquisition (CP+exits, 2023)



1. Throughout this report, the measure of growth since acquisition represents a compound annual growth rate.
Note: Refer to page 76. No changes have been made to underlying data for changes in accounting policies.

- Reported revenue and profit (EBITDA) CAGR growth over the entire period of private ownership to date is 5.0% for revenue and 3.8% for EBITDA.
- Organic revenue and profit (EBITDA) growth rates (excluding the effect of bolt-on acquisitions and partial disposals) is 3.7% and 3.5% CAGR respectively. As with other measures, there is variation by sector and within sectors, with the healthcare and other sectors showing the highest organic revenue growth rates of c7.4% and c7.0%, respectively.
- The trend differs slightly at a profit level, with the technology sector showing the highest organic EBITDA growth rate since acquisition of c8.7%, whilst the remaining sectors achieved organic EBITDA growth ranging between c.0.5% to c.6.0%.

Organic revenue and EBITDA growth[1] since acquisition by sector

Sector	Organic revenue growth (CP+exits)	Organic EBITDA growth (CP+exits)
Industrial	2.9%	3.5%
Consumer	3.1%	3.0%
Healthcare	7.4%	6.0%
Infrastructure	5.2%	0.5%
Technology	5.4%	8.7%
Other	7.0%	5.3%

Note: "Other" is largely comprised of financial sector companies.

Do PE-owned companies grow? (cont.)

At the individual portfolio company level, there is a wide range of performance in organic revenue and EBITDA growth

Organic revenue and EBITDA growth by portfolio company since acquisition

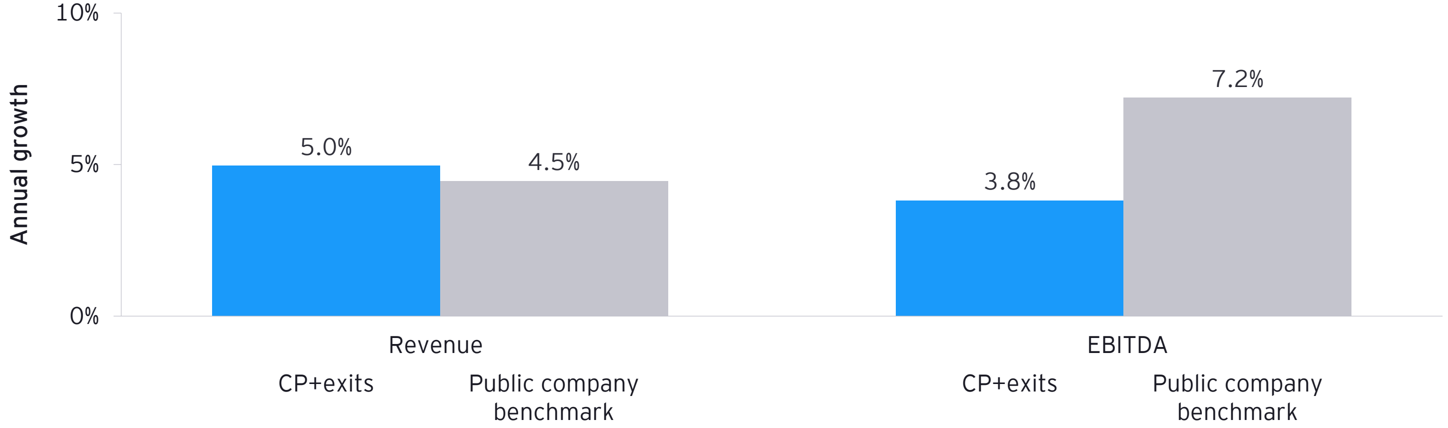
Absolute organic revenue and organic EBITDA growth are measured as the change in organic revenue (or organic EBITDA) from the time of investment to exit or latest date, divided by organic revenue (or organic EBITDA) at the time of investment.

- The chart shows the data points of organic revenue and EBITDA growth for each of the current portfolio companies and historical exits, measured as the CAGR from acquisition to latest date or exit. This shows a wide range of outcomes around the average results.
- There are 96 portfolio companies with both positive organic revenue and EBITDA growth and 18 portfolio companies with both negative organic revenue and EBITDA growth.
- Individual portfolio company performance is affected by many factors, external and internal to the business. Not all portfolio companies grow under PE ownership, but some grow very quickly. The findings in this report combine all the data to test aggregated results and to compare them with private and public sector benchmarks.

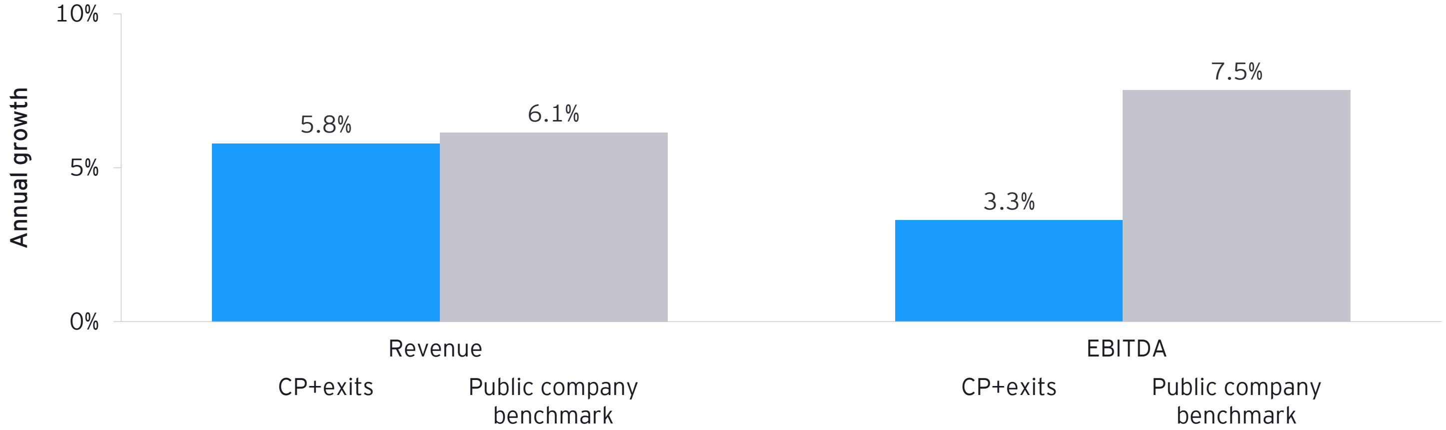
Do PE-owned companies grow? (cont.)

Revenue growth for the portfolio companies is 5.0%, which is higher than the public company benchmark[1] of 4.5%, whilst EBITDA growth of 3.8% is lower compared with 7.2% for the public company benchmark

Revenue and EBITDA growth since acquisition (2024)



Revenue and EBITDA growth since acquisition (2023)



- Reported revenue performance for the portfolio companies since acquisition is higher than the public company benchmark. The revenue growth rate of portfolio companies (5.0%) is materially impacted by two current portfolio companies. Excluding these two PCs, the growth rate is 6.4%, and the weighted benchmark would reduce to 4.0% (from 4.5%).
- The EBITDA growth rate of portfolio companies in 2024 (3.8%) is materially impacted by two current portfolio companies. Excluding these two PCs, the growth rate is 5.0%, and the weighted benchmark would reduce to 6.7% (from 7.2%).
- The long-term (since acquisition) growth rate of portfolio companies in 2024 is lower than the 2023 comparative for revenue (5.8%), but higher than the 2023 EBITDA growth (3.3%).

Revenue and EBITDA growth by sector

	Portfolio companies (CP + exits)		Public company benchmark	
Sector	Revenue	EBITDA	Revenue	EBITDA
Industrials	2.7%	(2.6%)	2.1%	3.5%
Consumer	4.6%	4.1%	4.6%	7.3%
Healthcare	10.5%	11.1%	6.0%	4.4%
Infrastructure	8.1%	0.9%	3.0%	5.9%
Technology	6.2%	11.9%	3.3%	5.9%
Other	7.5%	8.3%	8.0%	18.2%

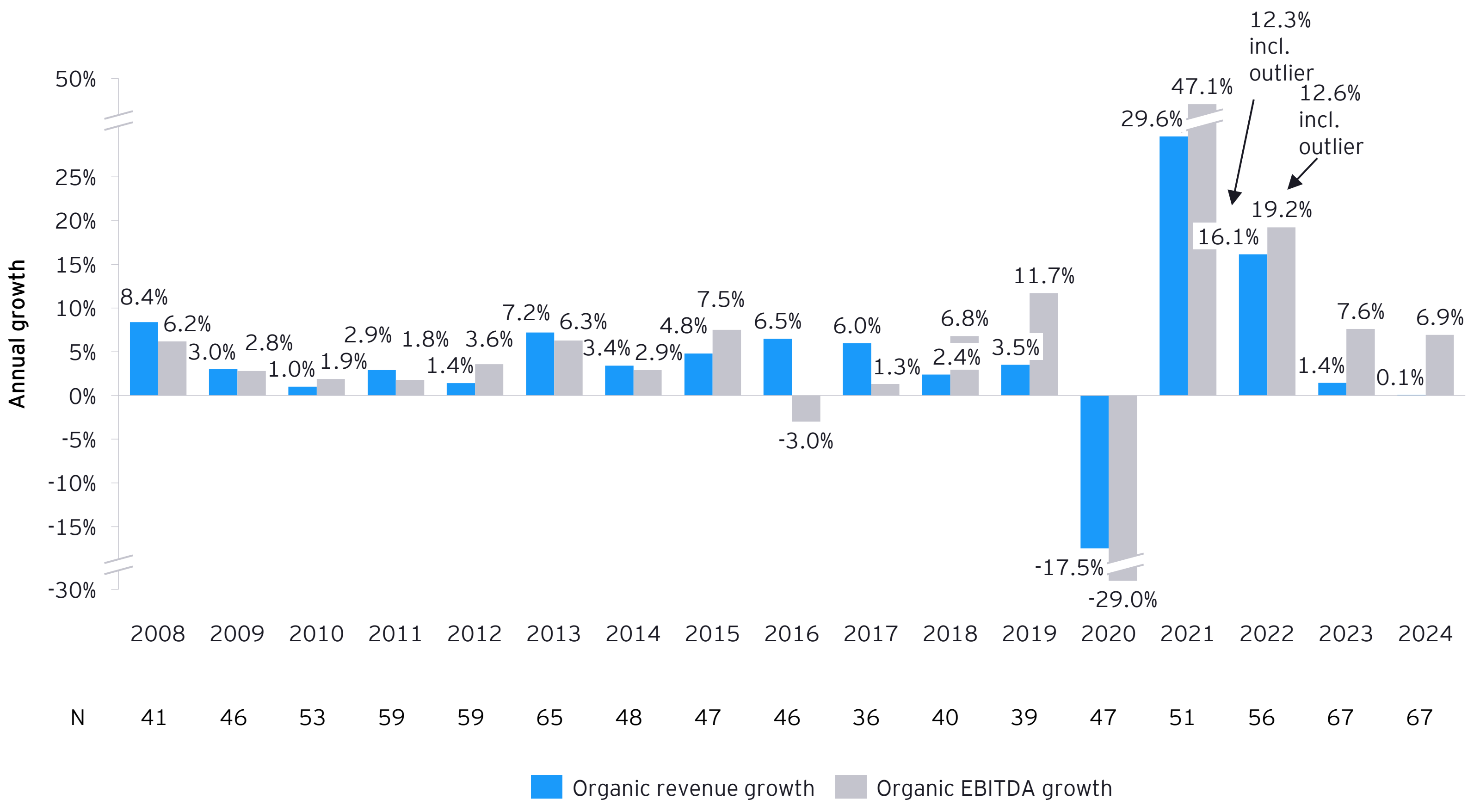
- The other sector within the public company benchmark reflects growth at 18.2%, which is primarily a factor of outperformance achieved by insurance companies included within it, noting the benchmark has a higher insurance sub-sector mix compared with the portfolio companies.

1. The public company benchmark is calculated on a weighted average basis with weighting based on pro forma EBITDA of the portfolio companies in the year of acquisition.

Do PE-owned companies grow? (cont.)

In 2024, current portfolio companies reported YoY growth in organic revenue (0.1%) and EBITDA (6.9%), with both lower than 2023 reported YoY growth

YoY organic revenue and EBITDA growth of current portfolio companies

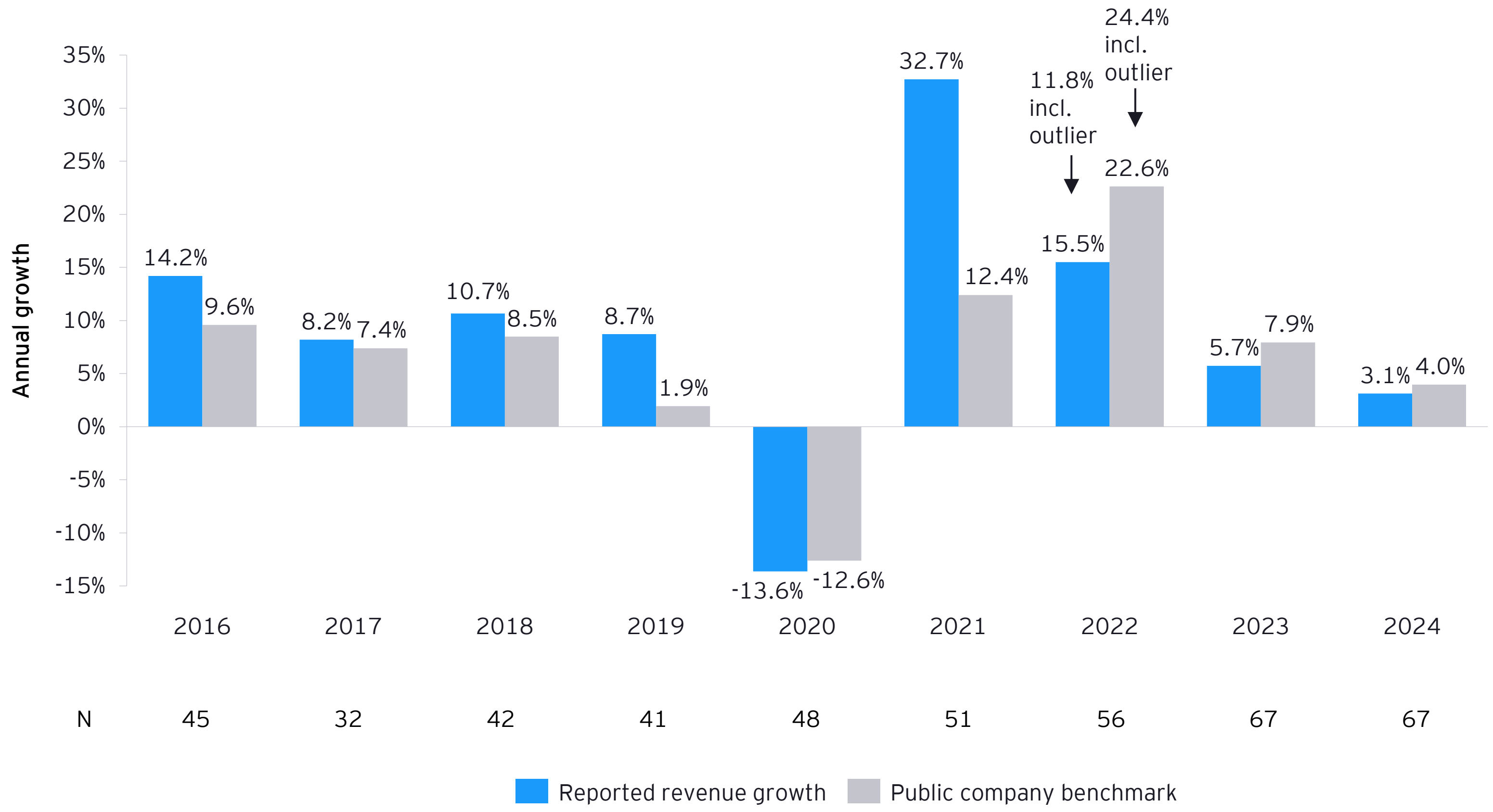


- YoY growth in organic revenue and profit for the current portfolio companies in 2024 is 0.1% and 6.9% respectively.
- 2021 and 2022 represent significant growth likely in part due to the reversal of the impact of the COVID-19 pandemic on businesses in 2020.

Do PE-owned companies grow? (cont.)

YoY reported revenue growth of the portfolio companies is slightly below the public company benchmark in 2024

YoY reported revenue growth of current portfolio companies versus PLC benchmarks, all sectors



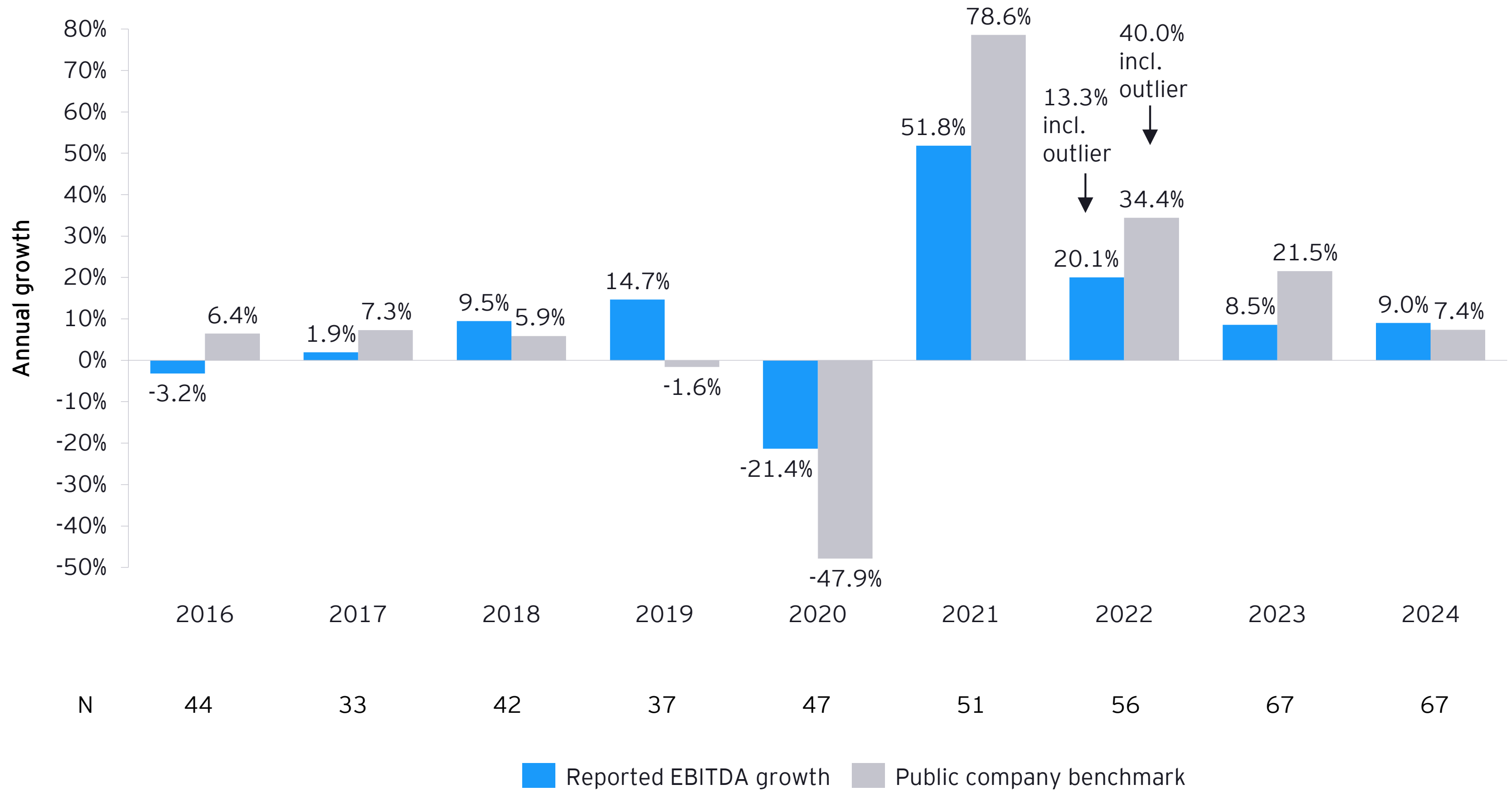
- YoY growth in reported revenue for the current portfolio companies is 3.1%, in 2024, which is slightly below the public company benchmark of 4.0%.
- 2021 and 2022 represent significant growth likely in part due to the reversal of the impact of the COVID-19 pandemic on businesses in 2020.
- YoY growth in reported revenue for current portfolio companies has been higher than the public company benchmark for five out of nine[1] years.

1. This analysis has only been prepared for the past nine years, hence we calculate the nine-year average. This is applicable throughout the report where we reference the nine-year average growth rate.

Do PE-owned companies grow? (cont.)

YoY reported EBITDA growth of the portfolio companies is higher than the public company benchmark in 2024

YoY reported EBITDA growth of current portfolio companies versus PLC benchmarks, all sectors

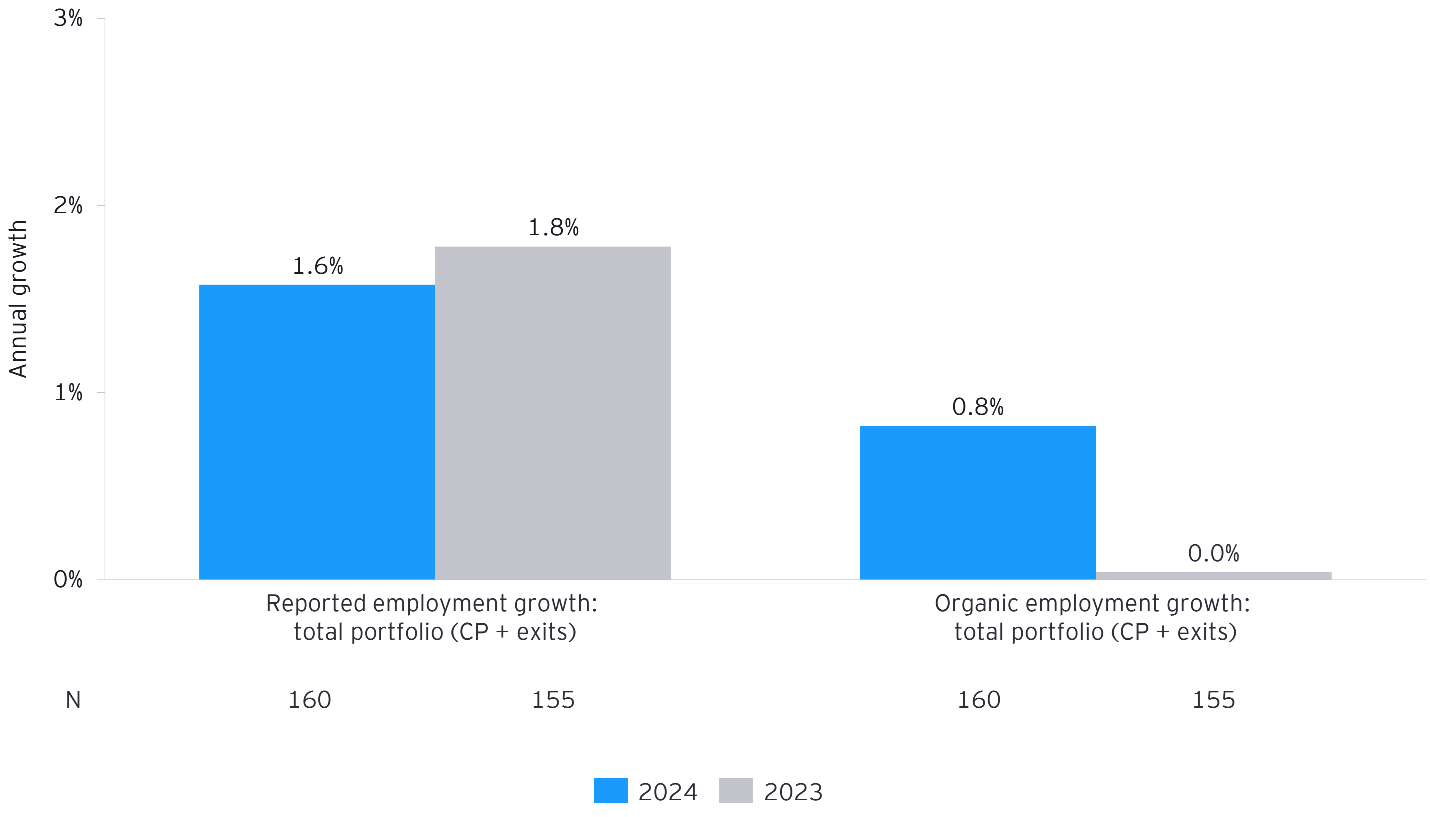


- YoY growth in reported EBITDA for the current portfolio companies is 9.0%, in 2024, which is higher than the public company benchmark of 7.4%.
- 2021 represents significant growth likely in part due to the reversal of the impact of the COVID-19 pandemic on businesses in 2020, and this recovery appears to have continued to some extent in 2022.
- YoY growth in reported EBITDA for current portfolio companies has been higher than the public company benchmark for four out of nine years.
- The other sectors in the public company benchmark achieved high growth in 2023 which is mainly attributable to insurance companies included in the benchmark. In 2024, most sectors saw a slow down in growth, with the other sectors decreasing significantly in growth this year.

Do portfolio companies create jobs?

Reported employment under PE ownership has increased by 1.6% per annum. Underlying organic employment growth (removing the effects of bolt-on acquisitions and partial disposals) is 0.8% in 2024 in comparison with flat growth in 2023

Reported employment growth and organic employment growth



- Reported growth of 1.6% reflects the cumulative CAGR of the portfolio companies from acquisition to the date of exit or latest year-end (i.e., latest year-end for current portfolio companies will be 2024).
- Additionally, private data has been obtained from each portfolio company to isolate the effect of bolt-on acquisitions and partial disposals that may distort reported employment trends. The underlying annual organic employment growth rate for 2024 is 0.8%, slightly higher than 2023.
- There are large movements at an individual portfolio company level.
- Organic employment growth differs across sectors, with consumer and infrastructure reflecting the highest long-term growth.

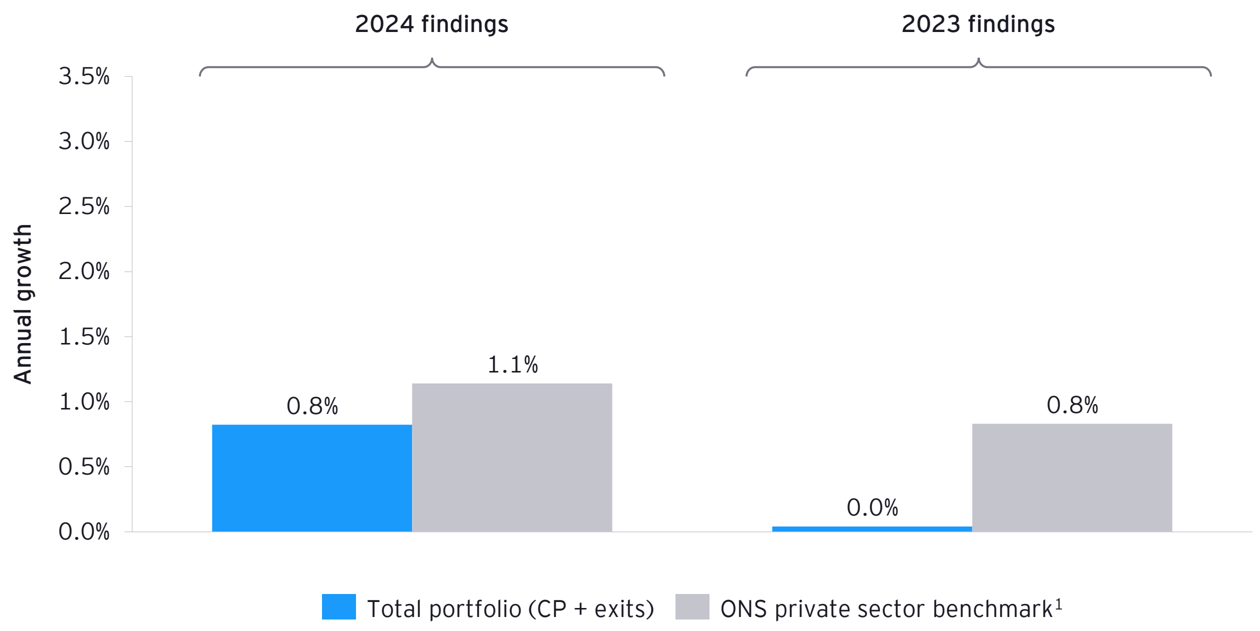
Reported and organic employment growth by sector

Sector	Reported employment growth	Organic employment growth
Industrial	(5.3%)	(1.2%)
Consumer	2.3%	1.3%
Healthcare	1.7%	0.0%
Infrastructure	1.9%	0.9%
Technology	2.9%	(0.6%)
Other	5.9%	0.8%

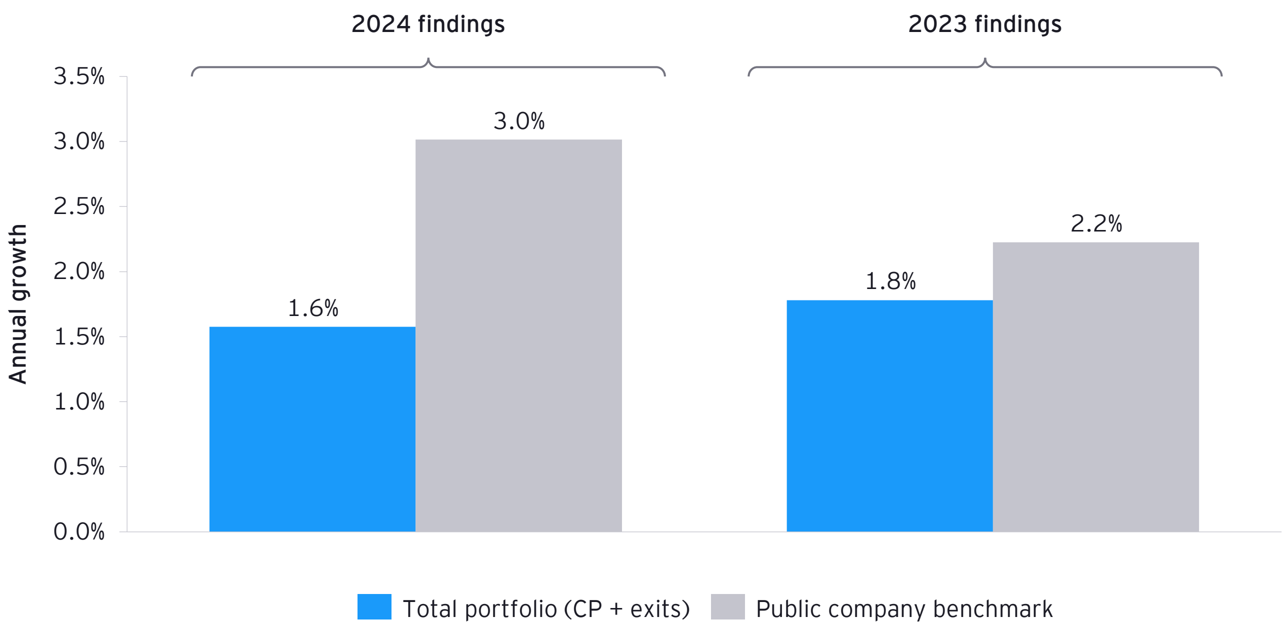
Do portfolio companies create jobs? (cont.)

Annual organic employment growth for the portfolio companies is below the private sector benchmark of 1.1%. On a reported basis, it is below the public company benchmark (1.6% versus 3.0%)

Organic employment growth versus UK private sector benchmarks



Reported employment growth versus public company benchmark



- Organic employment growth can be compared with ONS statistics which report on economy-wide employment trends for the UK private sector. The average annual organic employment growth rate of PE-owned companies is 0.8% in 2024 which is slightly below the UK private sector employment growth of 1.1%.

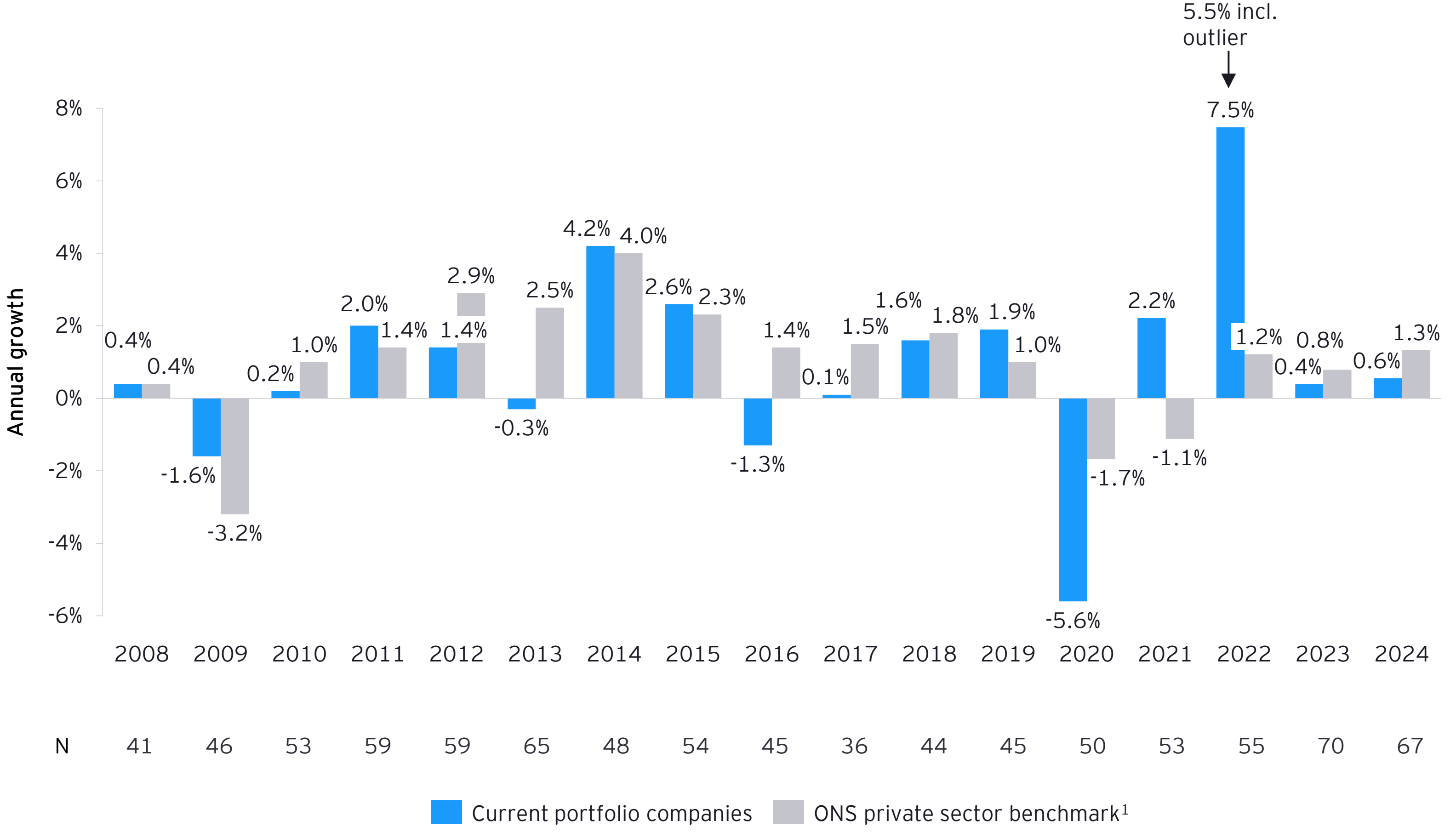
- Reported employment growth figures, as disclosed in annual reports by the portfolio companies and public companies, can also be compared. These figures include the effects of bolt-on acquisitions and partial disposals.
- The reported employment growth of the portfolio companies of 1.6% per annum is lower than the public company benchmark of 3.0% per annum.

1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in. Refer to page 46 for sector profile differences.

Do portfolio companies create jobs? (cont.)

In 2024, YoY organic employment growth in the current portfolio companies is lower than the private sector benchmark (0.6% versus 1.3%)

Organic employment growth, YoY versus UK private sector benchmark



- YoY organic employment growth in the current portfolio companies is lower than the ONS private sector benchmark in 2024 (0.6% versus 1.3%).
- YoY growth in organic employment for current portfolio companies has been higher than the ONS private sector benchmark for four out of the last 10 years.
- Organic employment growth differs across sectors, with the consumer sector reflecting the highest growth in 2024.

Organic employment growth (YoY) by sector

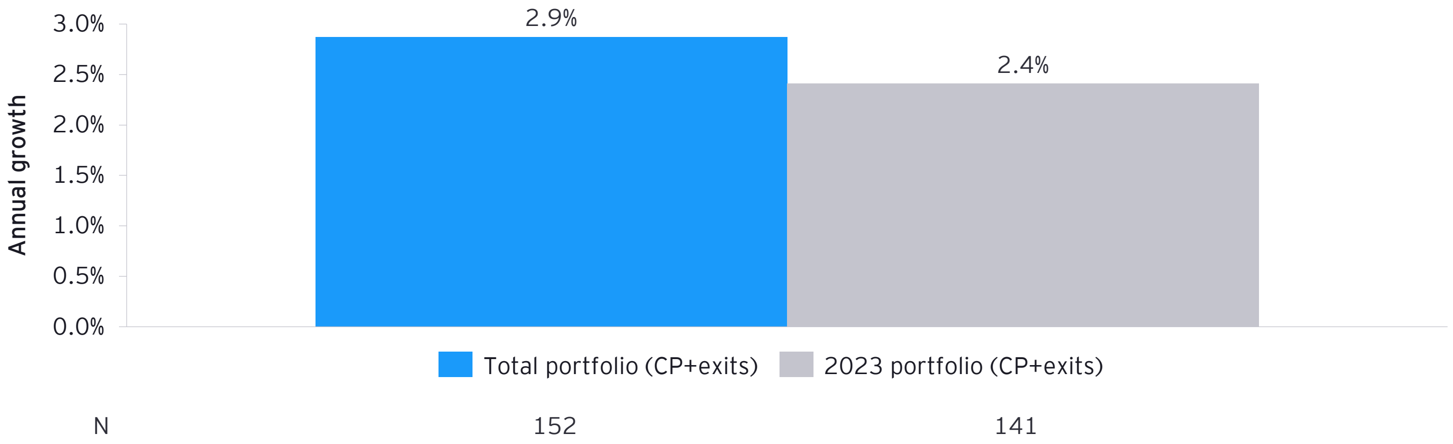
Sector	YoY organic employment growth (CPs)
Industrial	(1.0%)
Consumer	1.7%
Healthcare	(5.5%)
Infrastructure	(1.4%)
Technology	(8.6%)
Other	0.8%

1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in. Refer to page 47 for sector profile differences.

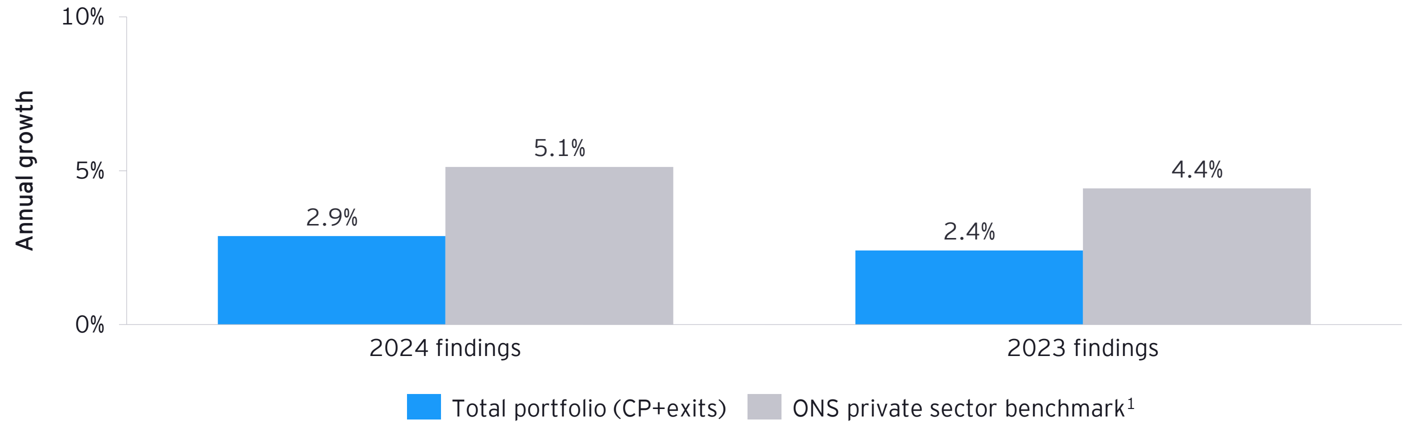
How is employee compensation affected by PE ownership?

Average employment cost per head in the portfolio companies has increased by 2.9% per annum under PE ownership, which is slightly higher than the comparative growth for portfolio companies in 2023 (2.4%) and lower than the UK private sector benchmark (5.1%)

Growth in average employment cost per head



Growth in average employment cost per head



- This report uses average employment cost per head as a measure of employee compensation. It is noted that this metric will not equate precisely to a like-for-like change in employee compensation, due to changes in the composition of companies, numbers of employees at differing pay levels and terms, changes in taxes, working hours, bonus schemes, overtime rates and annual base pay awards, etc.
- The average employment cost per head has increased by 2.9% per annum under the entire period of PE ownership, which reflects a slightly higher growth rate compared with the 2023 findings of (2.4%).
- The average annual employment cost per head increase of 2.9% in the portfolio companies is lower than the ONS private sector benchmark of 5.1% over comparable time periods.

Growth in average employment cost by sector

Sector	Growth in average employment cost (since acquisition)
Industrial	2.2%
Consumer	2.5%
Healthcare	5.4%
Infrastructure	4.0%
Technology	3.6%
Other	3.1%

1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in. Refer to page 46 for sector profile differences.

EY Parthenon

How is employee compensation affected by PE ownership? (cont.)

YoY growth in average employment cost per head for current portfolio companies is 4.0% in 2024, which is lower than the UK private sector benchmark of 7.5%

YoY average employment cost per head growth

- The YoY growth in average employment cost per head for the portfolio companies has exhibited some YoY variability, particularly when compared with the overall stable pattern of average compensation increases in the UK private sector (ONS) overall since 2009.
- Part of the variability in the portfolio company data in more recent years likely reflects the impact of the COVID-19 pandemic and subsequent recovery.
- YoY growth in average employment cost per head for current portfolio companies has been higher than the ONS private sector benchmark for four out of the last 10 years.
- As shown below, there is a wide range of results across the sectors in 2024 for the current portfolio companies, with all sectors reflecting growth in average compensation per head.

YoY average employment cost per head growth by sector

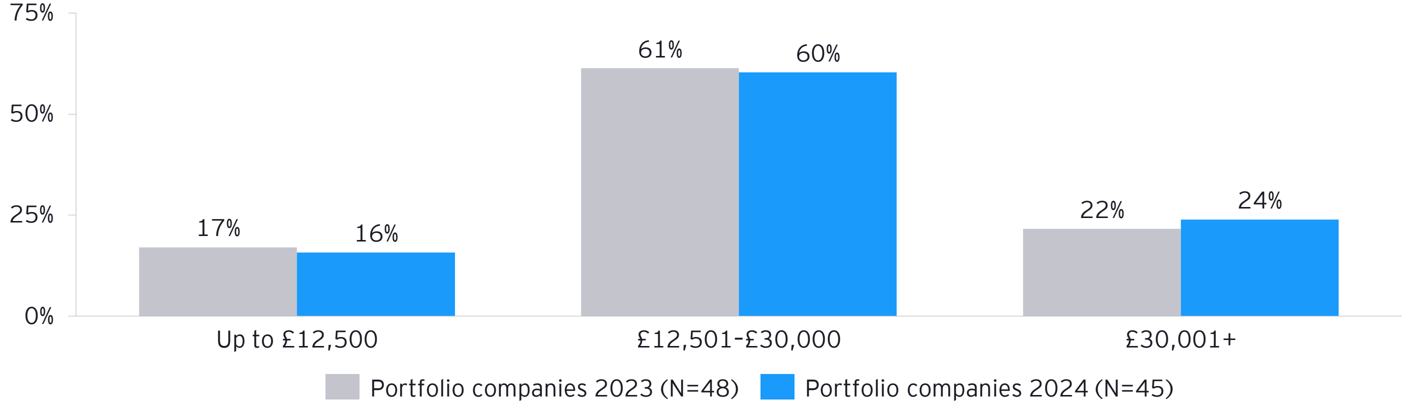
Sector	2023-24 growth in average employment cost per head
Industrial	3.1%
Consumer	4.0%
Healthcare	3.4%
Infrastructure	13.7%
Technology	9.6%
Other	8.6%

1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in. Refer to page 47 for sector profile differences.

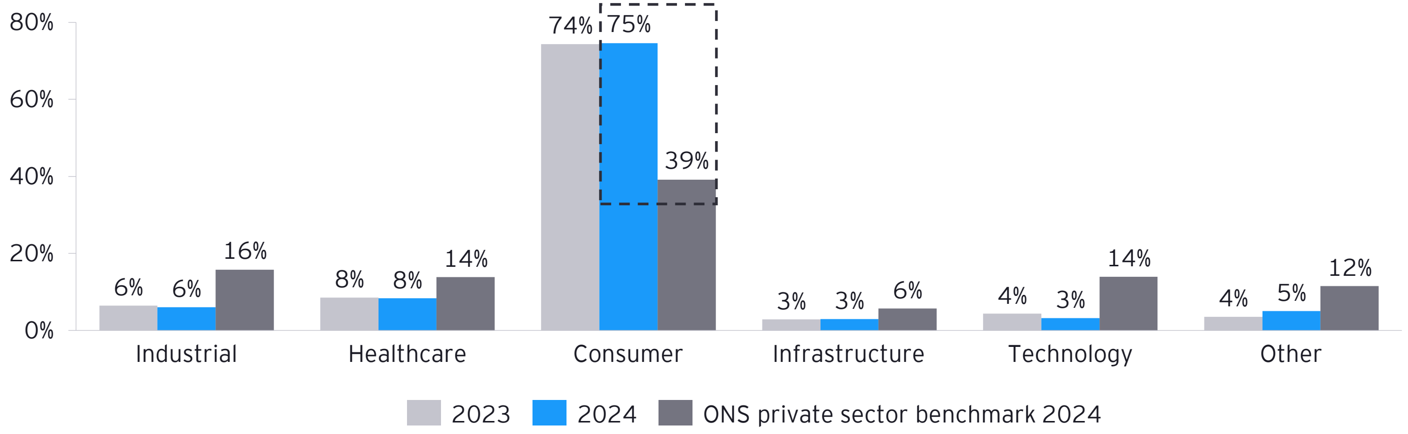
How is employee compensation affected by PE ownership? (cont.)

Around 16% of the jobs in the portfolio companies (which will include both part-time and full-time jobs) have an annual compensation of less than £12,500. This is impacted by a high proportion of workers in the consumer sector

Percentage of portfolio company UK jobs by annual compensation band[1]



Percentage of portfolio company jobs by sector

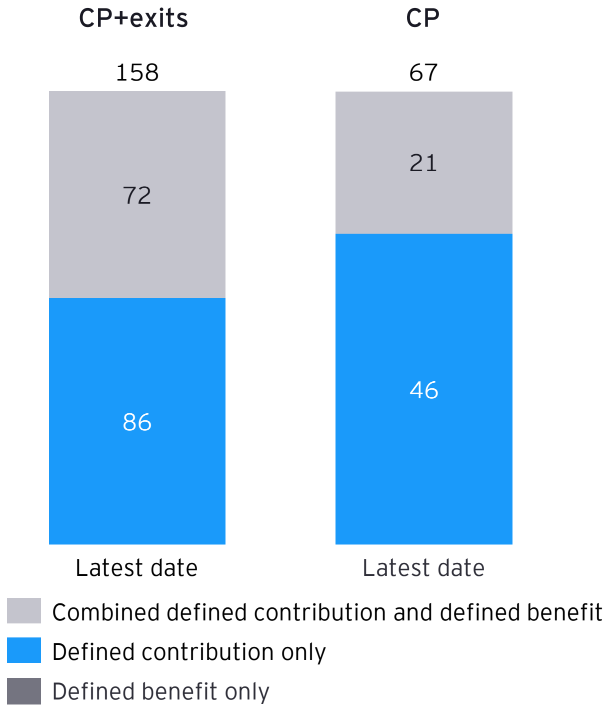


- Data on employment by annual compensation is requested from the portfolio companies, to understand employment trends and practices further.
- In 2024, the portfolio companies have a similar portion of jobs paying less than £12,500 per year compared with the level in 2023 (16% versus 17%).
- The compensation range amongst portfolio companies each year may be influenced by sector mix, with the portfolio companies weighted towards the consumer sector. Seventy-five percent of jobs in the portfolio companies are in the consumer sector (74% in 2023), in comparison with 39% in the UK private sector.
- Another factor driving the distribution of the compensation levels amongst portfolio companies may be attributed to the mix of full-time versus part-time and zero-contract workers, of which there are more in the consumer sector relative to other areas of the economy.
- For ease of comparison across datasets, we have retained the same salary bands as in previous years (up to £12,500, £12,501 to £30,000, £30,001 and above). However, we note that salaries, particularly for individuals earning the National Minimum Wage, have increased significantly since 2014, which is when we started collecting this data and presenting it using these thresholds.

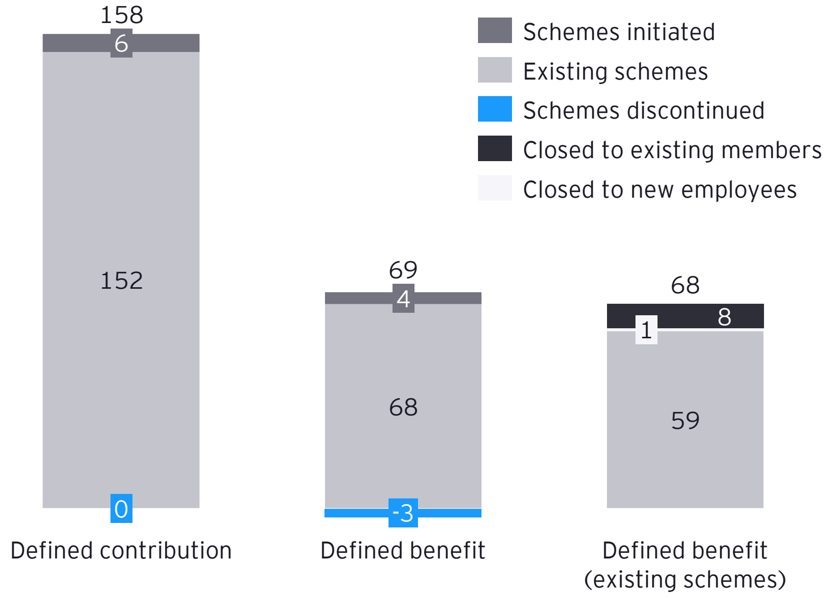
1. ONS benchmark data for the salary bands has been unavailable since 2022.

How is employee compensation affected by PE ownership? (cont.)

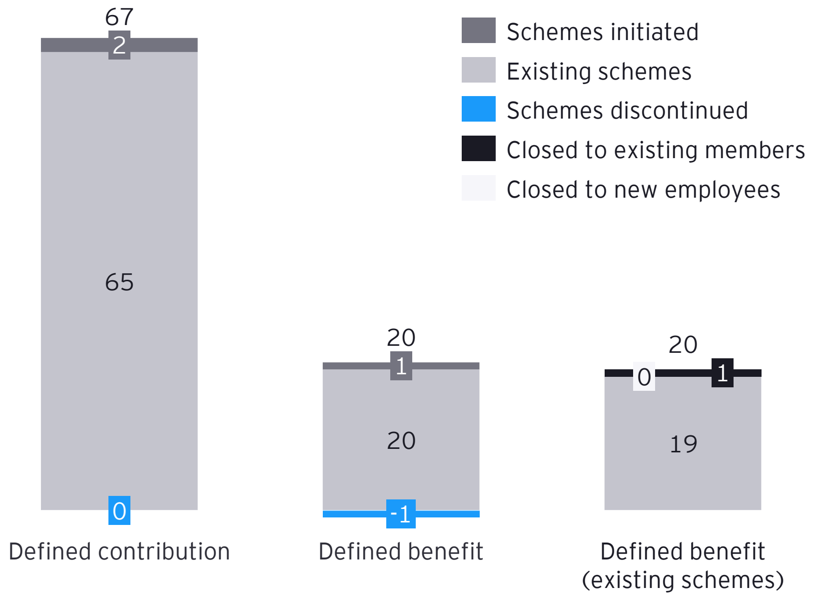
Distribution of companies by type of pension schemes



Changes to pension schemes under PE ownership (CP+exits)



Changes to pension schemes under PE ownership (CP)



- Of the 160 portfolio companies that have provided pension information (including exits), 158 reported that they offer pension schemes to their employees (86 offer defined contribution (DC) schemes only, 72 offer a combination of defined benefit (DB) and DC schemes, and none offer DB schemes only). Two historical exits reported that they did not provide any pension scheme to their employees.
- Of the 72 companies including both DC and DB, 68 companies had a DB scheme in place prior to acquisition, of which 14 sought approval from the regulator at the time of their investment.

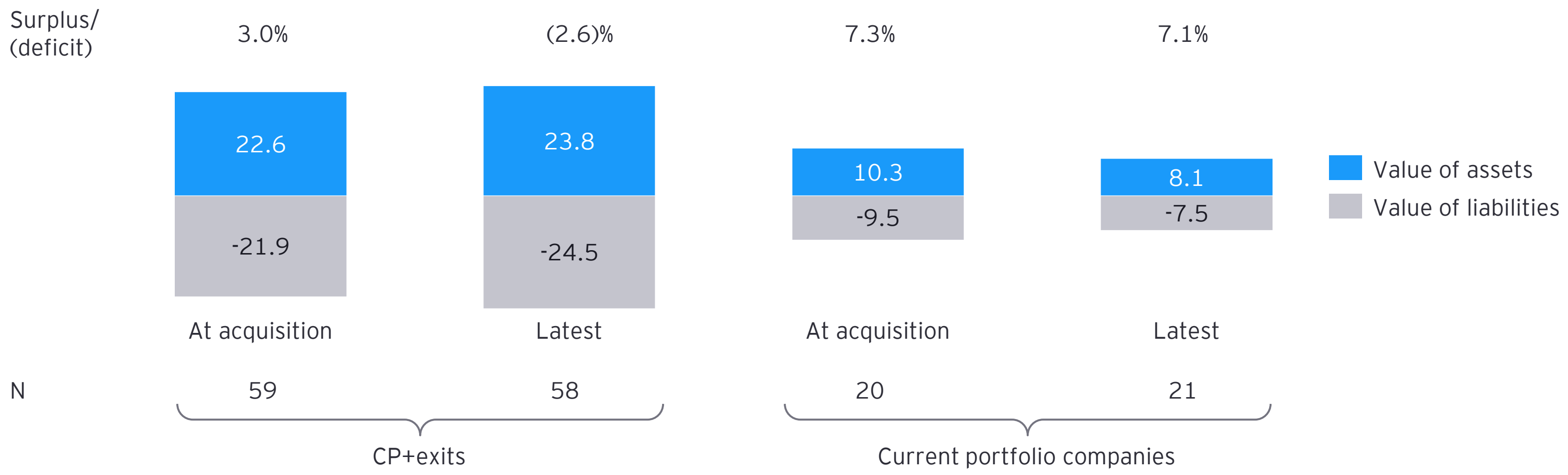
- Over the 18 years period of this study, there have been changes to portfolio company pension schemes (noting minimal changes in 2024):
  - At six portfolio companies, new DC schemes have been initiated, two of which only had a DB scheme at the time of acquisition and four of which had no pension scheme at the time of acquisition.
  - At four portfolio companies, new DB schemes have been initiated, and three schemes have been closed.
  - Also, eight DB schemes were closed to accruals for existing members and one for new members.

- Under PE ownership, there have been changes to current portfolio company pension schemes (noting minimal changes in 2024):
  - At one portfolio company, a new DB scheme has been initiated.
  - One DB scheme was discontinued.
  - One DB scheme was closed to accruals for existing members.

How is employee compensation affected by PE ownership? (cont.)

To date, the aggregated value of liabilities of defined benefit schemes of current portfolio companies is lower than the value of assets; the average time to pay off the deficit is estimated as 2.6 years, a slight decrease from 3.5 years in the 2023 report

Defined benefit pension schemes: liabilities and assets over time (£bn)



- The deficit at latest date of -2.6% is lower than the previous year (-2.8%) and reflects a slightly lower payoff timeline (2.6 years versus 3.5 years as per the 2023 report).

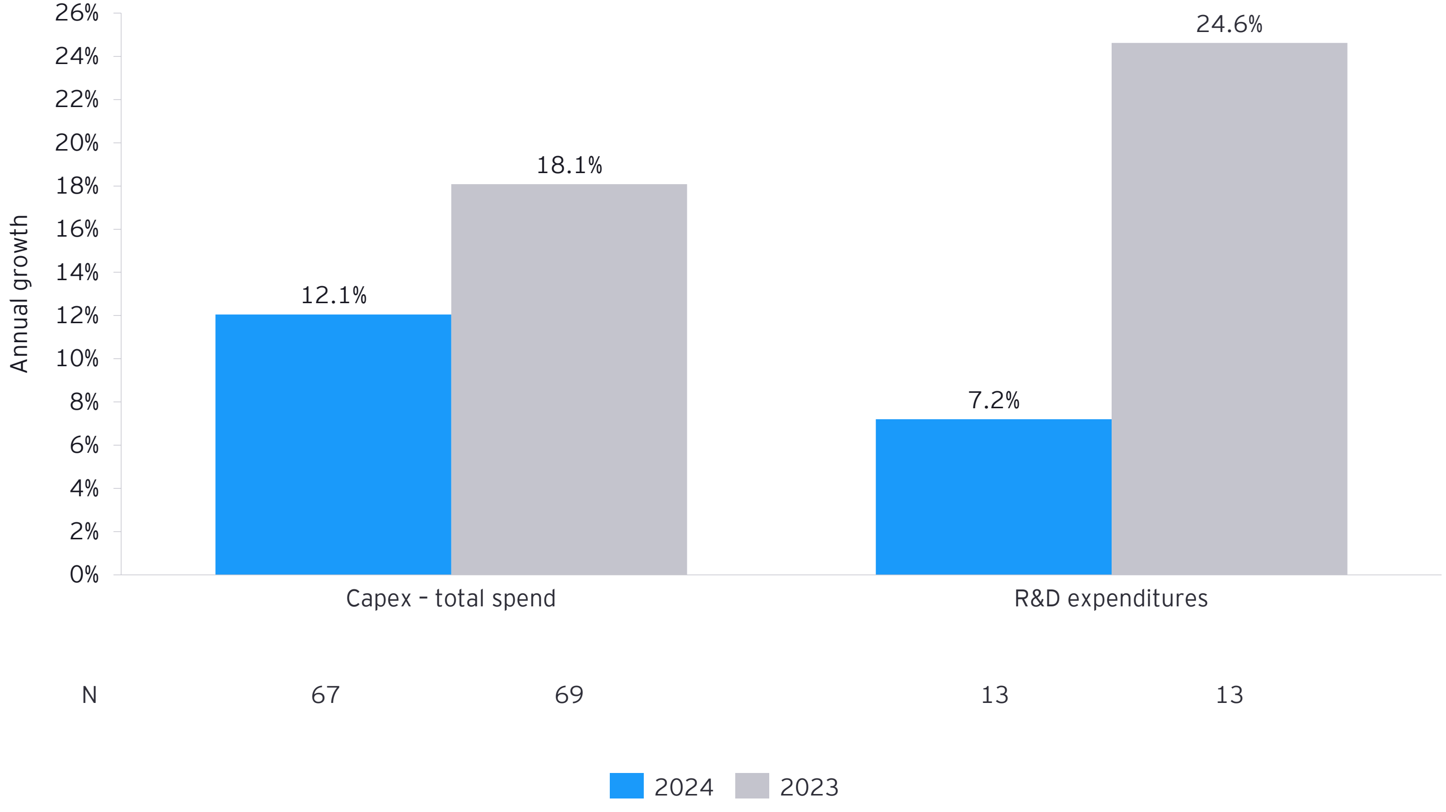
Defined benefit pension schemes: time to pay off deficit (CP)

- Of the 21 current portfolio companies offering defined benefit pension schemes, eight reported deficits:
  - Four companies reported the estimated time to pay off the deficit, which on average is 2.6 years.
  - Four did not provide detail on estimated time to pay off the deficit or reported that this was ‘under discussion’.

Do portfolio companies increase or decrease investment?

Total capital expenditure growth for current portfolio companies was 12.1% in 2024, lower than 18.1% in 2023

Growth in measures of investment since acquisition for current portfolio companies



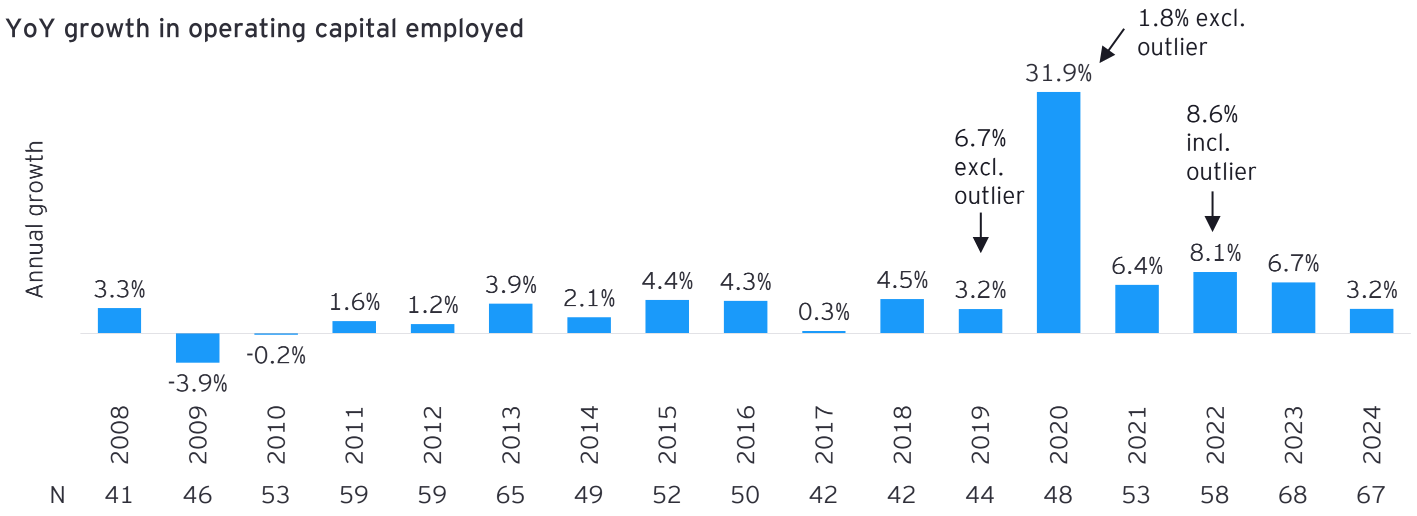
- There has been growth in total capital and R&D investment for the portfolio companies whilst under PE ownership.
- Total investing activities in current portfolio companies is 12.1%, below the level of growth in 2023 of 18.1%. This includes all tangible and intangible investments (some of which relate to bolt-on acquisitions).
- Total R&D expenditure increased by 7.2% per annum under PE ownership, though we note the small sample size.

Note: CAGR may appear elevated for recently acquired companies due to early investment spikes but will normalise as they remain in scope longer.

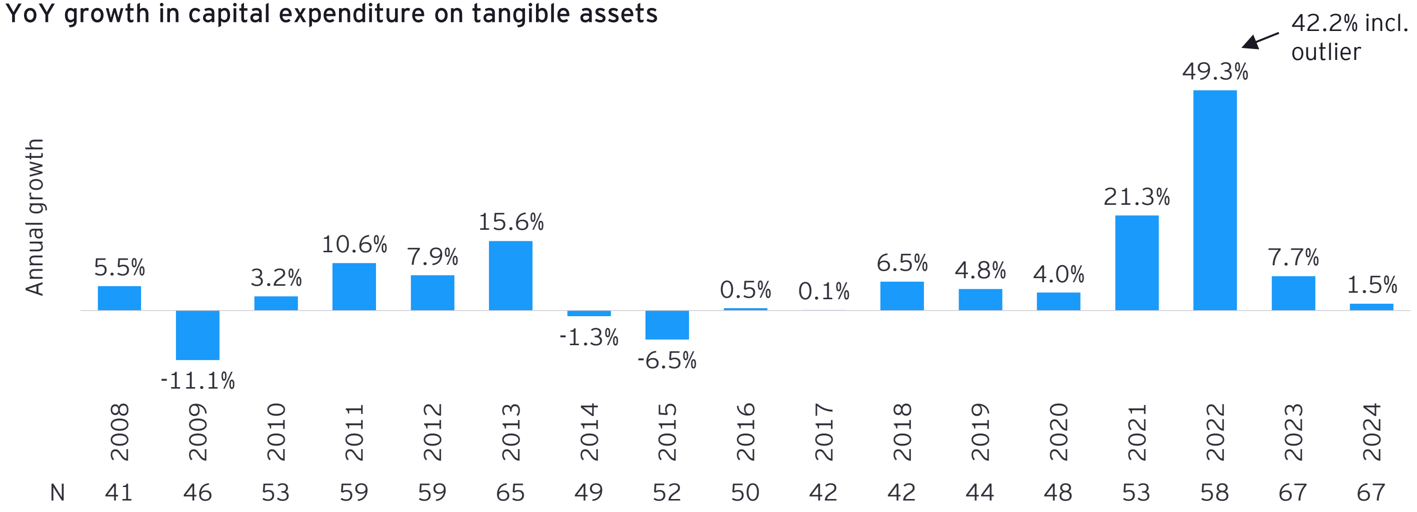
Do portfolio companies increase or decrease investment? (cont.)

YoY growth in operating capital employed for portfolio companies was 3.2% in 2024, lower than 6.7% in 2023

YoY growth in operating capital employed



YoY growth in capital expenditure on tangible assets

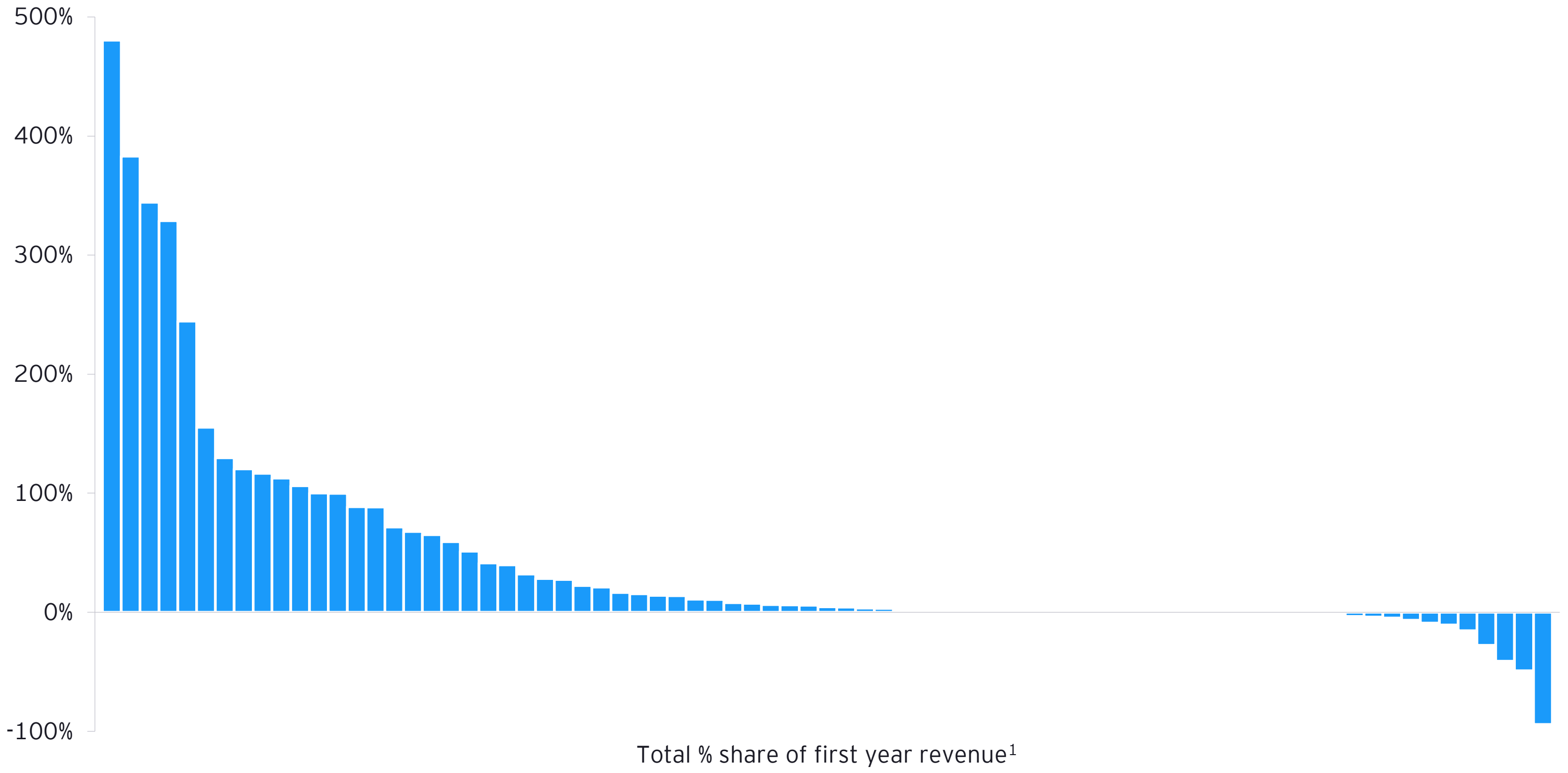


- YoY growth in operating capital employed in 2024 was 3.2%, a reduction from 6.7% in 2023. This measure comprises growth in tangible fixed assets (property, plant and equipment) and operating working capital (stock, trade debtors and creditors).
- In 2020, higher growth compared with 2019 is impacted by significant movements in fixed assets in two large portfolio companies. The growth in operating capital employed would be 1.8% when adjusted for these companies, which is more in line with growth observed over the historical period. In 2024, levels are back down to a similar level seen prior to COVID-19 impacts.
- YoY growth in tangible fixed assets capital expenditure in 2024 was 1.5%, a reduction from 7.7% in 2023. This relates to investments in property, plant and equipment. Significantly higher capex growth in 2021 and 2022 (compared with other periods) appears to be driven by post COVID-19 investments in tangible assets.

Do portfolio companies increase or decrease investment? (cont.)

65% of the current portfolio companies have made net bolt-on acquisitions, whilst 14% have made net partial disposals, showing investment in bolt-on acquisitions ahead of partial disposals

Revenue impact of bolt-on acquisitions and partial disposals, current portfolio companies



- In addition to investment in existing businesses, there has been investment in bolt-on acquisitions, as well as partial disposals. The chart shows an analysis of the relative significance of all bolt-on acquisitions and partial disposals by individual portfolio companies, by measuring the resulting net revenue growth or decline relative to the first year, or base figure.
- Revenue trends for 50 (65%) and 11 (14%) of the 77 portfolio companies under PE ownership include the impact of bolt-on acquisitions and partial disposals respectively. This is in line with the previous year, and thus there is a continued trend in more investment in bolt-on acquisitions than from partial disposals. 16 portfolio companies (21%) have reported no M&A activity under their current PE owners.
- There are some portfolio companies where bolt-on acquisitions or partial disposals are material in size relative to the original portfolio company. In the current population, 11 portfolio companies have made acquisitions that have increased revenue by more than 100%, and one portfolio company has disposed of more than 50% of revenue.

1.% on the Y-axis measures the net impact of acquisitions and disposals on revenue (since acquisition) as a % of revenue in Year 1 of the study for a given portfolio company.

Do portfolio companies increase or decrease investment? (cont.)

PE investors, in aggregate, have used free cash flow and additional third-party debt to increase investment in the current portfolio companies

Movements in net debt, acquisition to latest date (current portfolio companies)

	Net debt (£bn)	Net debt/ EBITDA
Net debt at acquisition	**57.8**	**5.9**
Operating cashflow post tax and interest payments, pre capex	(26.4)	
Net funds to equity investors	17.3	
Capex (organic plus bolt-on acquisitions net of disposals)	46.7	
Increase/(decrease) in net debt	**37.6**	
Net debt at latest date	**95.5**	**6.7**

Note: There are a few factors for consideration relating to net debt which represent an accounting measure and include:

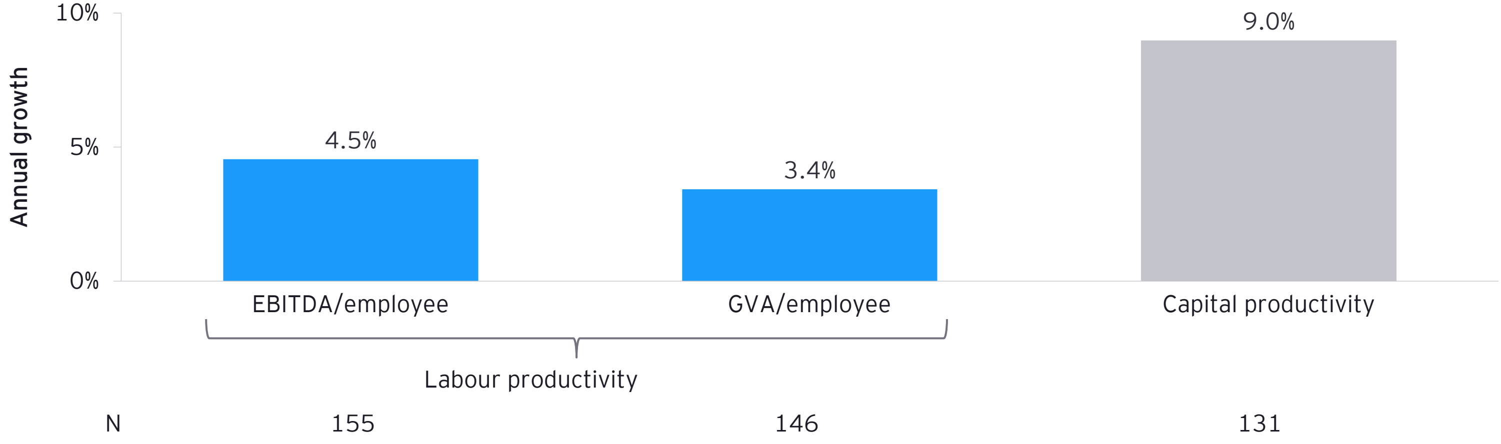
- *In some cases, lease liabilities, specifically financial leases recognised under IFRS 16, which became effective in January 2019.*
- *Debt obtained by consumer finance providers to fund their normal business of consumer lending, which is typically backed by the customer advances book (i.e., trade finance in nature).*

- Analysing the cash flows of the portfolio companies allows scrutiny of the sources and uses of funds during the period of PE ownership.
- Since acquisition, the current portfolio companies have generated £26.4bn of free cash flow, i.e., after most investing, financing and tax payments. These funds could have been returned to investors by paying dividends, or by paying off third-party debt. Whilst there have been payments to equity investors totalling £17.3bn, this has been more than offset by an aggregate additional investment of £46.7bn.
- To fund this investment in the portfolio companies, third-party debt (net debt) has increased by a net of £37.6bn. As profit (or EBITDA) has grown in line with net debt (albeit slower), the leverage ratio of net debt to EBITDA has increased from 5.9x at acquisition to 6.7x to date.
- 57 of 70 current portfolio companies generated positive free cash flow (before interest costs and after capex investment) in the current reporting year.

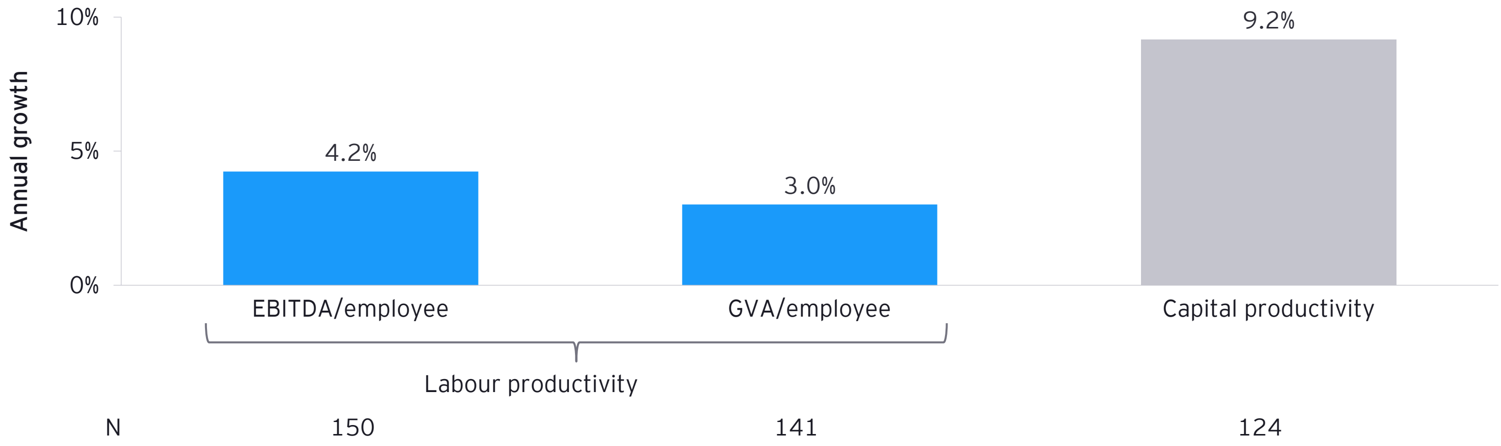
How does productivity change under PE ownership?

Labour productivity has increased under PE ownership by 4.5% and 3.4% as measured by EBITDA per employee and GVA per employee respectively; capital productivity has increased by 9.0% per annum

Growth in labour productivity and capital productivity since acquisition (CP+exits, 2024)



Growth in labour productivity and capital productivity since acquisition (CP+exits, 2023)

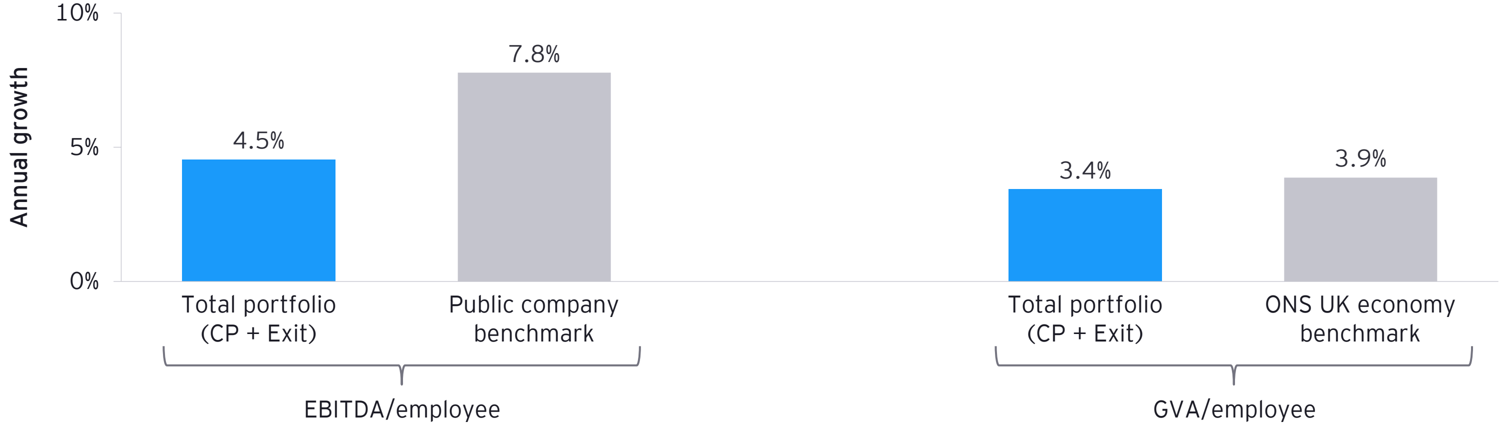


- Economic impact is a function of both changes in productivity and growth in resources. To assess the performance of the portfolio companies on labour productivity, two measures have been analysed:
  - Profit (or EBITDA) per employee, which can be benchmarked to public companies. On this measure, the portfolio companies have increased labour productivity by 4.5% per annum.
  - GVA per employee, which is often used by economists and can be benchmarked to the UK private sector. This is calculated as total EBITDA after adding back total employment cost divided by the number of employees (as reported by portfolio companies). On this measure, the portfolio companies have increased labour productivity by 3.4% per annum.
- Capital productivity is measured as revenue over operating capital employed. The portfolio companies have increased capital productivity by 9.0% per annum, slightly below 2023 figures.
- Part of the variability in the portfolio company data on a sector basis is due to changes taking place at one or more portfolio companies in a year that influence the overall result.

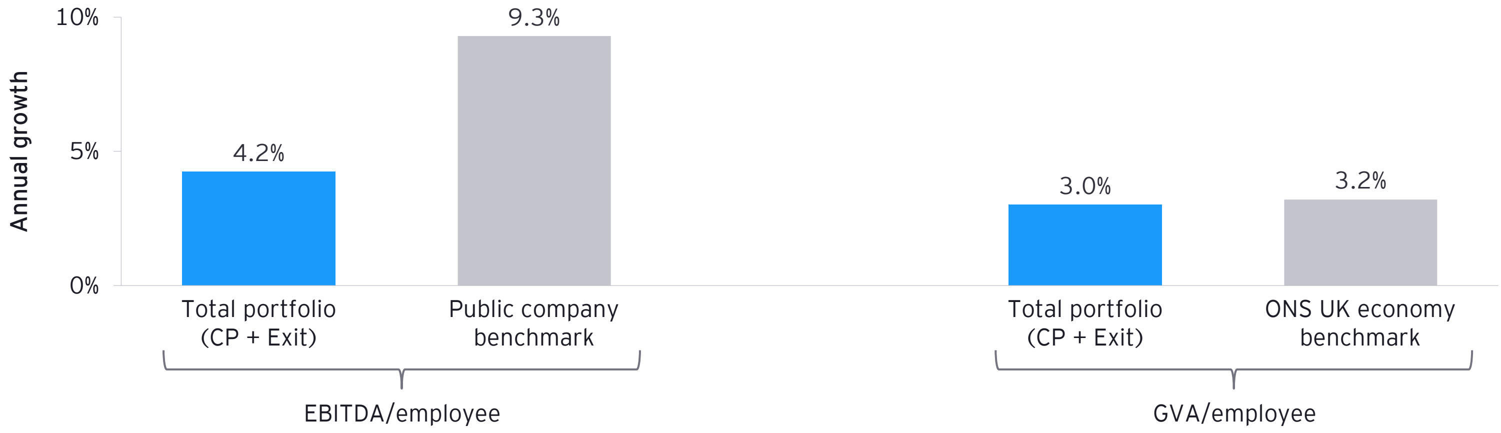
How does productivity change under PE ownership? (cont.)

The annual increase in labour productivity in the portfolio companies is between 3.4% and 4.5% in 2024, and is lower than the public benchmarks for EBITDA/employee and UK private sector benchmark for GVA/employee

Growth in EBITDA per employee and GVA per employee since acquisition (2024)



Growth in EBITDA per employee and GVA per employee since acquisition (2023)



- On the profit (EBITDA) per employee metric, the portfolio companies have seen a lower increase in labour productivity compared with the public company benchmark.
- GVA per employee has increased at a slightly lower rate compared with the ONS UK economy benchmark.
- It should be noted that, due to data availability, the current ONS UK economy benchmark is not weighted to reflect the business sectors the portfolio companies operate in. As per page 47, portfolio companies have a higher proportion of consumer sector companies. The two cohorts are not completely comparable, but it is still a helpful datapoint.

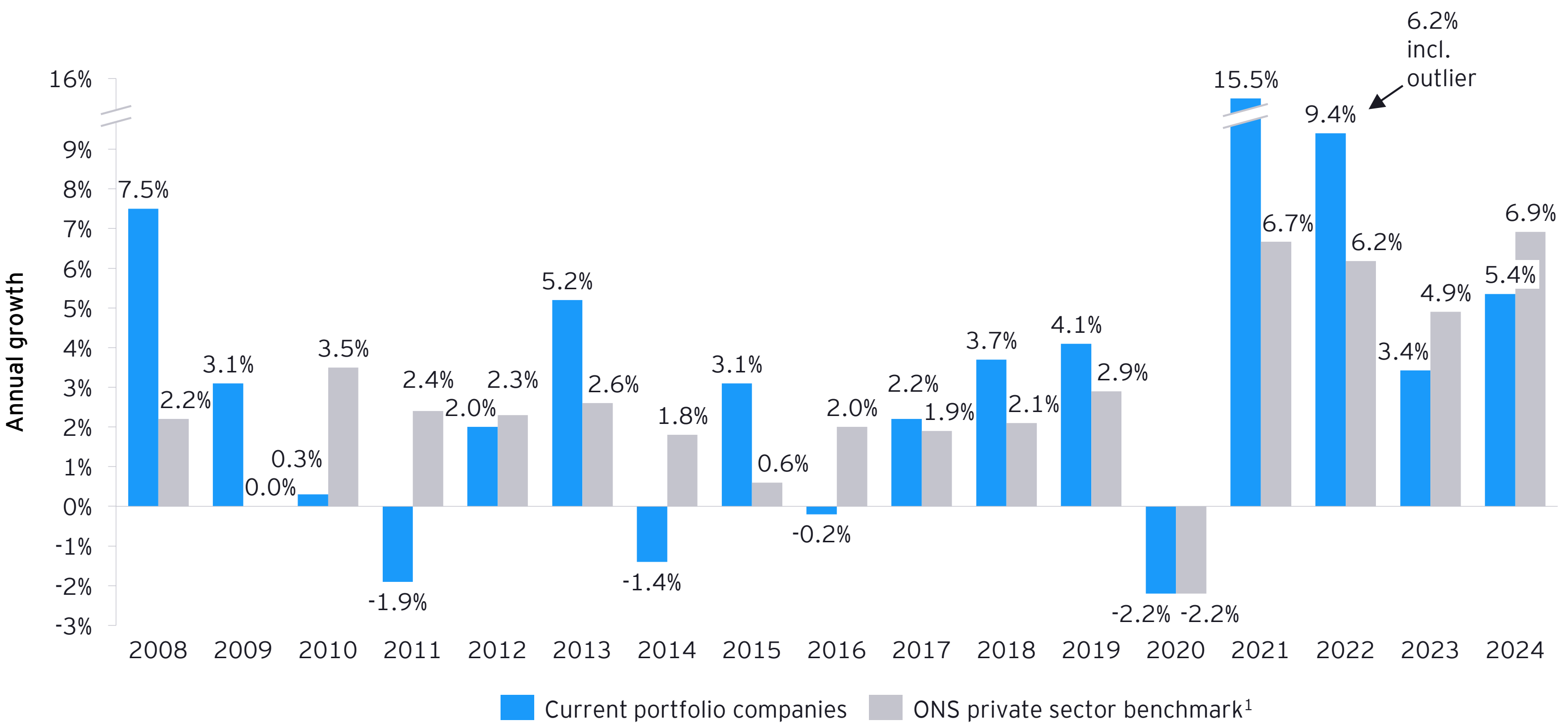
Growth in EBITDA per employee and GVA per employee by sector

Sector	Growth in EBITDA/employee	Growth in GVA/employee
Industrial	4.5%	2.6%
Consumer	5.9%	3.7%
Healthcare	7.0%	6.1%
Infrastructure	0.8%	2.0%
Technology	9.8%	4.5%
Other	(0.0%)	3.3%

How does productivity change under PE ownership? (cont.)

In 2024, GVA per employee of portfolio companies increased by 5.4% YoY versus 3.4% in 2023, and at a lower rate than the UK private sector benchmark (6.9%)

YoY growth in GVA per employee, portfolio companies versus private sector benchmark



N	41	46	53	59	59	65	48	39	47	36	34	36	50	49	49	63	60

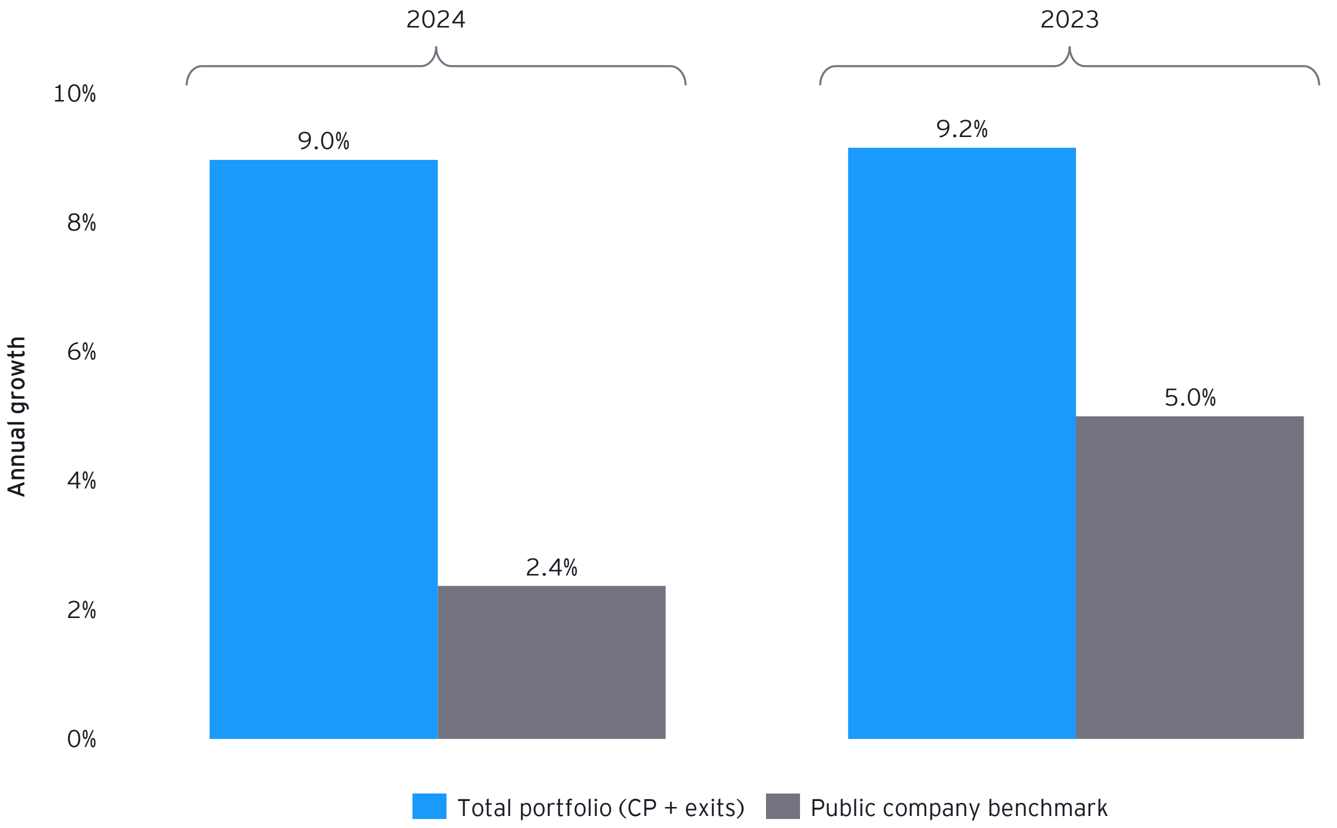
- Labour productivity in portfolio companies increased by 5.4% in 2024, lower than the private sector benchmark growth of 6.9%.
- This increase in labour productivity in 2022 was driven by the increase in portfolio companies' EBITDA and employment cost in 2022 compared with 2021.
- As with other measures in this report, the YoY growth in GVA per employee varies for the portfolio companies compared with a more consistent trend in the UK private sector benchmark (with the exception of 2020 to 2022).
- The CAGR for GVA per employee for total portfolio companies (CP+exits) since acquisition is 5.4%.
- YoY growth in GVA per employee for current portfolio companies has been equal to or higher than the private sector benchmark for seven out of the last 10 years.

1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in. Refer to page 47 for sector profile differences.

How does productivity change under PE ownership? (cont.)

Capital productivity growth in the portfolio companies exceeds the public company benchmark at 9.0% versus 2.4% per annum

Growth in capital productivity since acquisition



- There is no economy-wide data reported on capital productivity; hence capital productivity growth in the portfolio companies is compared with the public company benchmark. This shows that the portfolio companies have grown capital productivity faster, by 9.0% per annum in 2024 versus benchmark of 2.4% per annum.
- It seems most likely that the portfolio companies have been more effective in generating revenue growth from existing investments compared with the public company benchmark.

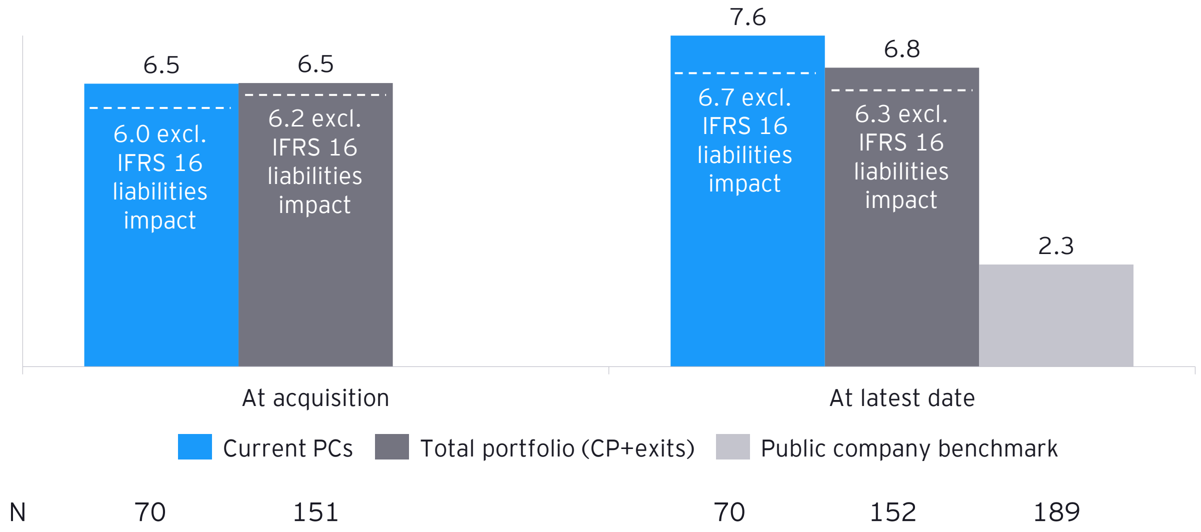
Growth in EBITDA per employee and GVA per employee by sector

Sector	Growth in capital productivity
Industrial	13.5%
Consumer	12.7%
Healthcare	5.2%
Infrastructure	(0.6%)
Technology	(9.3%)
Other	3.2%

What are the levels of financial leverage in the portfolio companies?

In aggregate total portfolio companies had an average leverage ratio of 6.5 gross debt to EBITDA at acquisition and 6.8 at latest date or exit

Debt to EBITDA ratio (at acquisition and latest date)



Debt to EBITDA ratio by sector

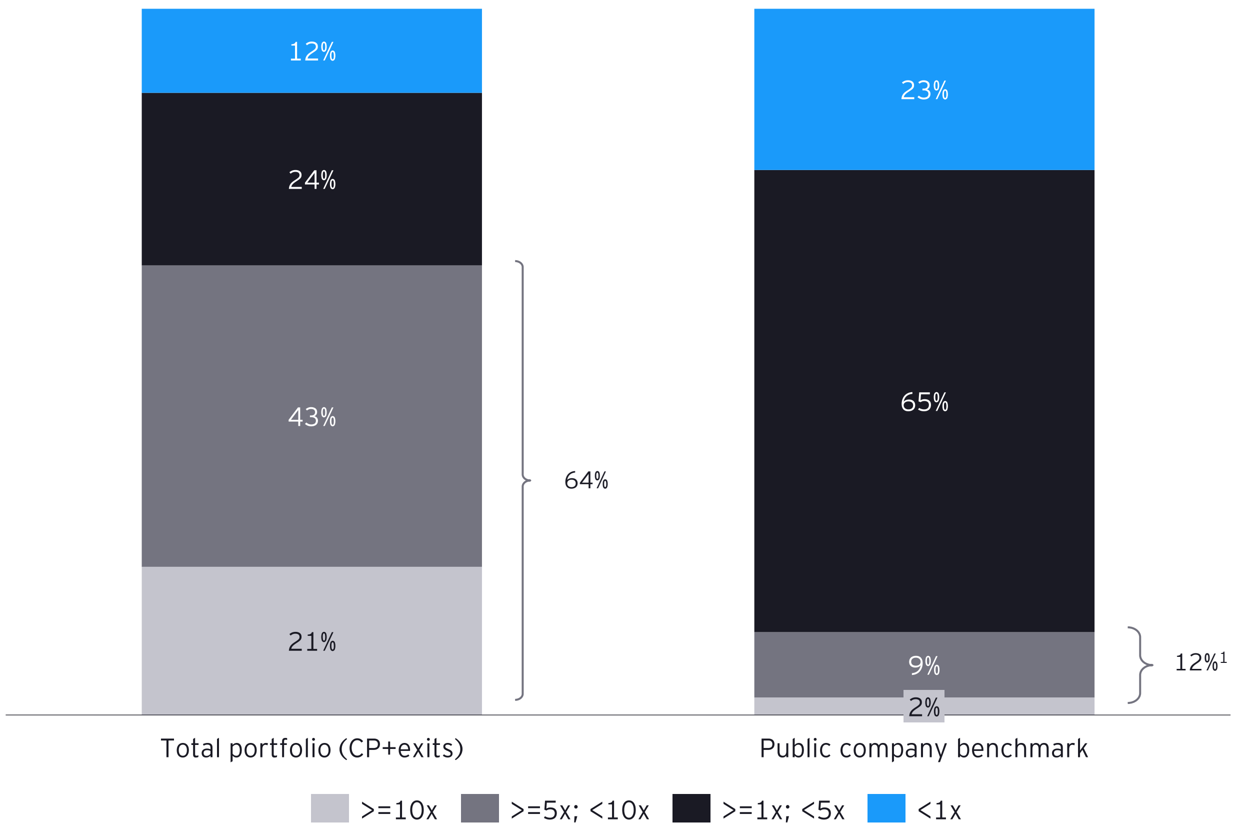
Sector (CP+exits)	Debt to EBITDA at acquisition	Debt to EBITDA at latest date/exit
Industrial	5.9	6.9
Consumer	6.4	6.0
Healthcare	8.9	7.1
Infrastructure	6.0	9.2
Technology	7.0	7.0
Other	7.2	8.5

- One measure of financial leverage is the ratio of gross debt to EBITDA.
- Across the current portfolio companies, gross debt has increased from 6.5x at acquisition to 7.6x at latest date, indicating that debt has grown but at a slightly higher rate to growth in profit.
- When interpreting this metric, there are a few factors for consideration relating to gross debt, which represents an accounting measure and include:
  - Lease liabilities, specifically financial leases recognised under IFRS 16 which became effective in January 2019. Excluding IFRS 16 liabilities impacts would result in gross debt to EBITDA 6.0x at acquisition to 6.7x at latest date for current portfolio companies.
  - Debt obtained by consumer finance providers to fund their normal business of consumer lending, which is typically backed by the customer advances book (i.e., trade finance in nature).
- This differs to the definition of leverage typically used in an M&A transaction context, which would likely exclude lease liabilities and include cash to calculate net debt.
- Other factors for consideration include:
  - For certain portfolio companies, a delayed financing occurred whereby equity finance was used at acquisition and debt was received shortly after acquisition.
  - EBITDA represents figures reported in the statutory accounts and is not presented pro forma for the part-year impact of acquisitions or disposal. When compared with debt on the balance sheet at the reporting date, this may overstate the leverage ratio for highly acquisitive portfolio companies.
- Across the total portfolio (CP plus exits), the leverage ratio averaged 6.5x at the time of initial investment by the PE owners and 6.8x at latest date or exit. Leverage trends from acquisition to latest or exit date have differed across sectors, with leverage decreasing under PE ownership in the healthcare and consumer sectors. The increase in the infrastructure is driven by one outlier historical exit PC. The increase in technology and other sectors are driven by two outlier current PCs.
- The public company benchmark does not represent a consistent portfolio of companies YoY (see page 47 for further details of criteria). YoY changes in the composition of benchmark companies did not have a material impact on leverage when comparing 2024 (2.3x) with 2023 (2.8x). The decrease in leverage was mainly driven by EBITDA growth in companies that are included in both the 2023 and 2024 benchmark.

What are the levels of financial leverage in the portfolio companies? (cont.)

Portfolio companies have much higher levels of financial leverage than public companies: 64% of portfolio companies have a debt-to-EBITDA ratio above 5x, versus 12% of publicly listed companies

Comparison of financial leverage (debt to EBITDA ratio at latest date)



N	Total portfolio (CP+exits)	Public company benchmark
N	143	162

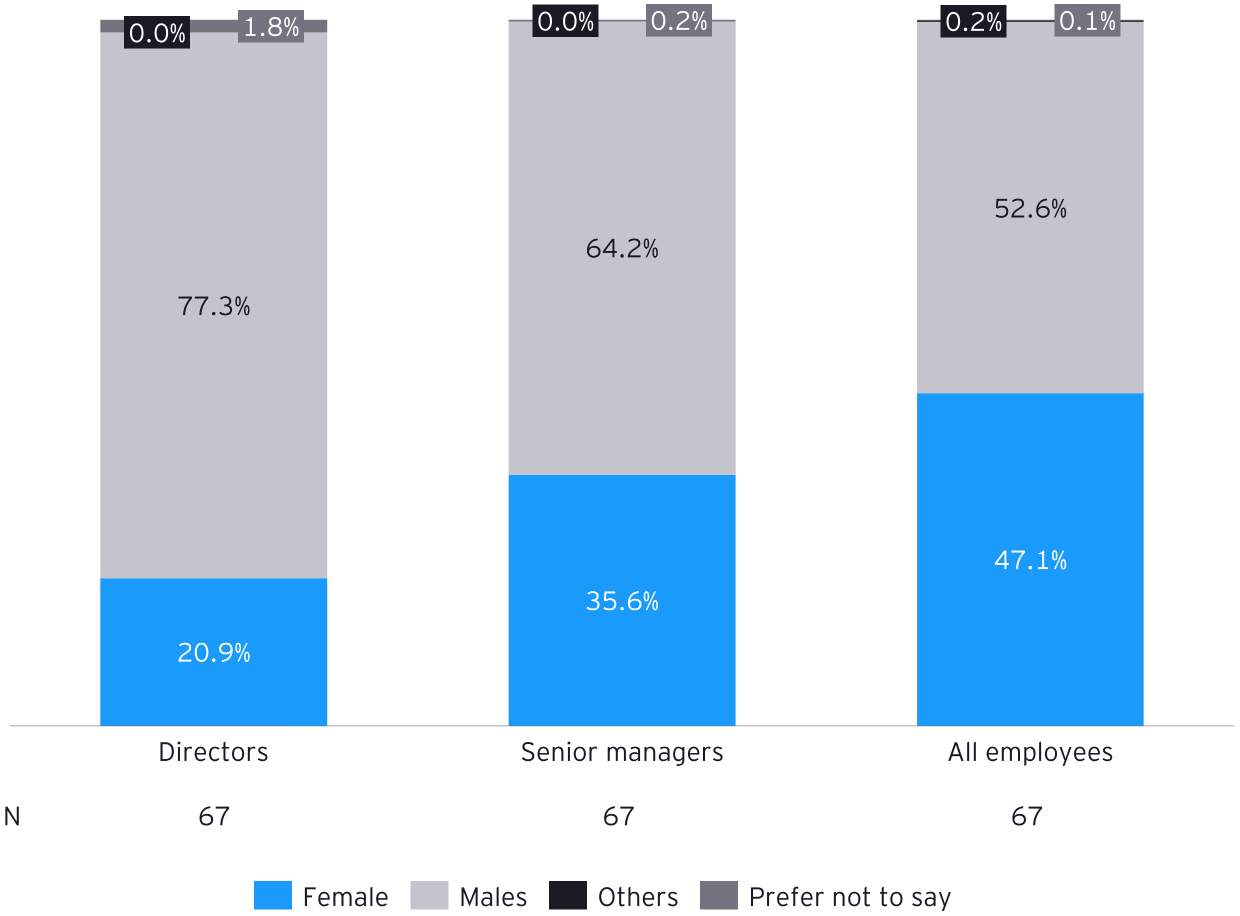
1. Rounded to 12%.

- One distinctive feature of the PE business model is that it typically uses greater financial leverage than most public companies. More debt and less equity at the time of investment increases the effect of change in enterprise value at exit on equity return, both up and down.
- On the metric of gross debt to EBITDA, the portfolio companies (CP+exits) averaged 6.8x compared with the public company benchmark of 2.3x, showing higher levels of financial leverage in the portfolio companies. Whilst 64% of portfolio companies have leverage ratios above 5x, this is true for only 12% of companies in the public company benchmark.

What is the level of gender diversity in the portfolio companies?

Female representation is 47% (47% in 2023) at an overall employee level across the current portfolio companies and 21% (22% in 2023) at the director level. 34% (34% in 2023) of FTSE 250 board positions are held by females (source: FTSE Women Leaders Review)

Gender diversity amongst portfolio companies by designations



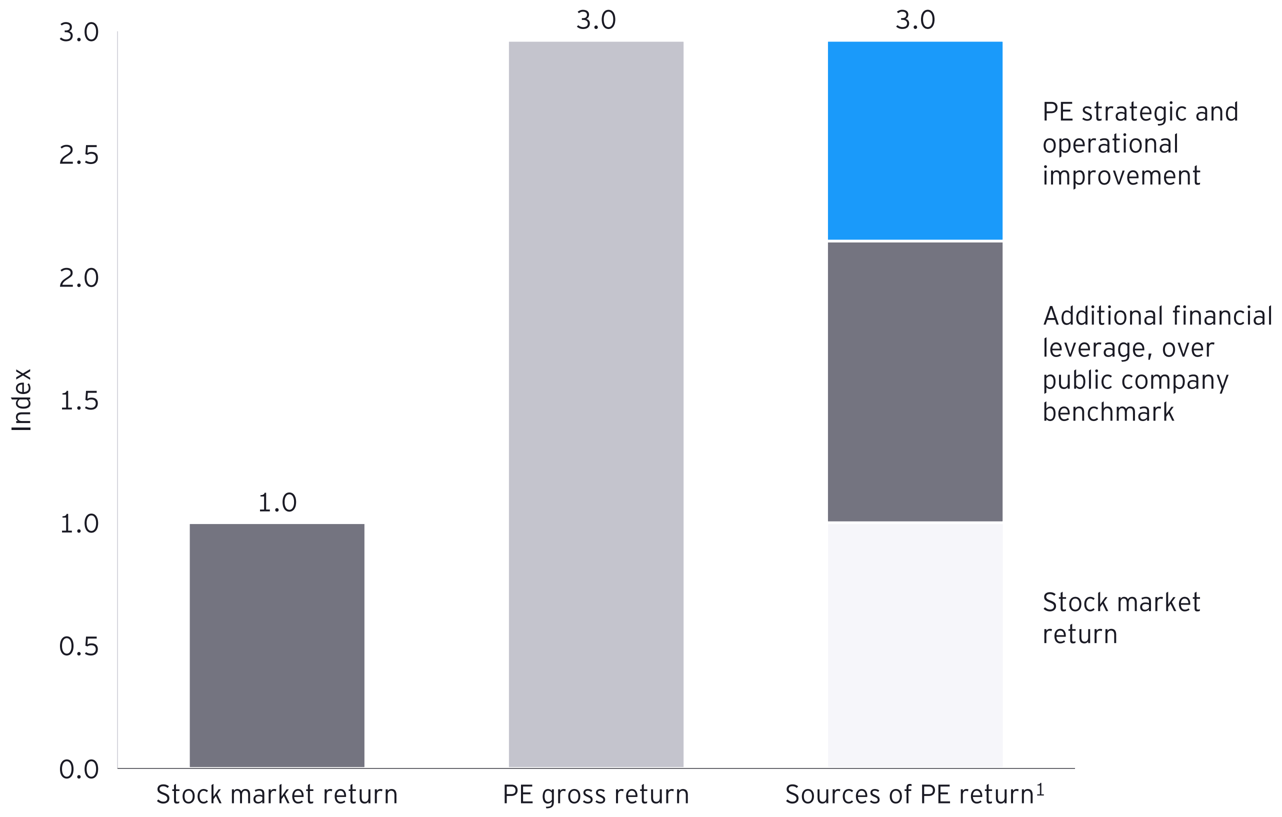
- Gender diversity may provide an additional lever for value creation within firms' portfolios.
- Female representation is 47% (2023: 47%) at an overall employee level across the current portfolio companies reporting the data, mostly driven by the healthcare sector (78% female), whilst all other sectors are male dominant, i.e., there is a skew when looked at on a sectoral basis.
- 21% (2023: 22%) of directors in the portfolio companies are females. This compares with 34% (2023: 34%) of FTSE 250 board positions held by females (source: FTSE Women Leaders Review, Feb, 2025[1]).

1. This includes nonexecutive positions, consistent with the measure used to represent gender diversity in the portfolio companies.

How do PE investors generate returns from their investments in the portfolio companies?

The equity return from portfolio company exits is 3.0x the public company benchmark; c.42% of the additional return is due to PE strategic and operational improvement, and the balance from additional financial leverage

Gross equity return and sources of return, portfolio company exits 2005–24



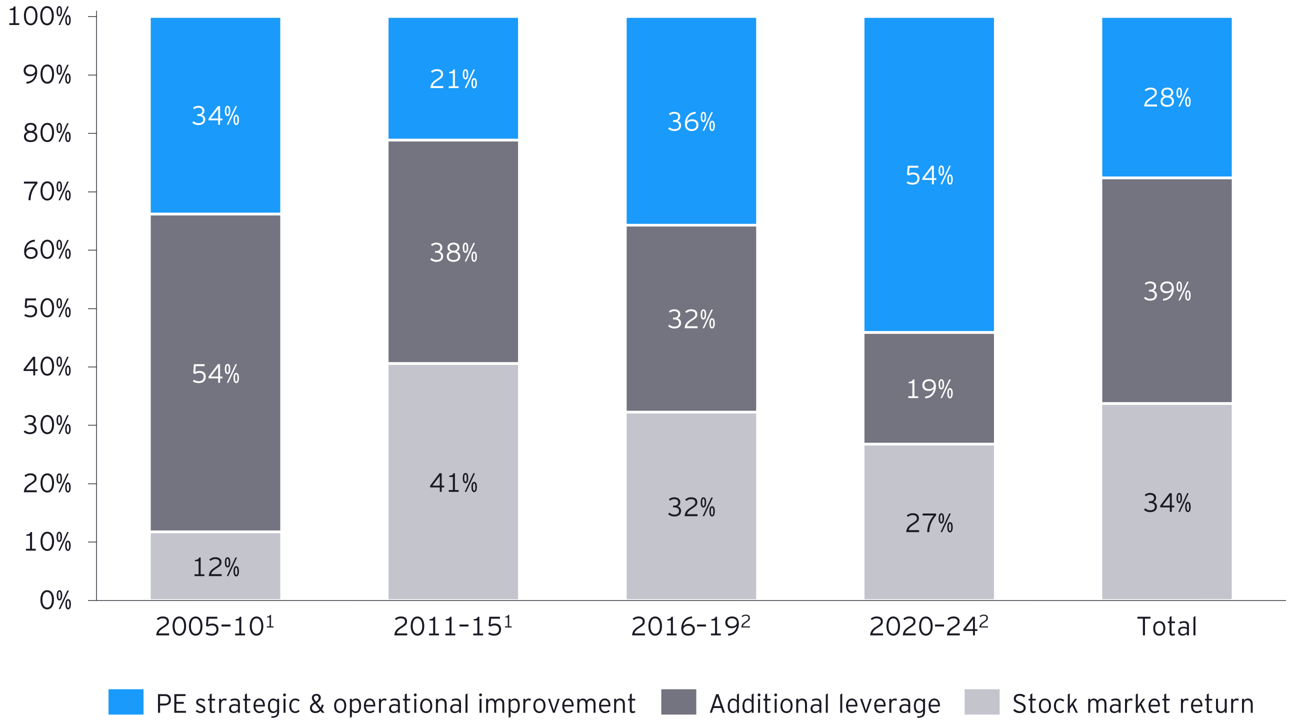
- This year, four PCs were added to the returns analysis, with one being excluded as an outlier.
- The portfolio companies owned and exited by their PE owners achieved an aggregate gross equity investment return significantly in excess of benchmarked public companies, by a factor of 3.0x (compared with the equity return from investment in public companies matched by the same timeframe as each portfolio company investment). This is consistent with the returns multiple in 2023 of 3.0x. There were no exits in 2023.
- For public and PE, the measure of gross return is before the fees and charges incurred by investors.
- The source of the PE return over and above public company return comprises the amount attributable to additional financial leverage and PE strategic and operational improvement.

1. This excludes two outliers that were extremely highly leveraged.

How do PE investors generate returns from their investments in the portfolio companies? (cont.)

Whilst the results vary over time, the component of the gross return from PE strategic and operational improvement has more than doubled in recent years compared with companies that exited between 2011 and 2015

Returns attribution, portfolio company exits 2005–24



	2005–10[1]	2011–15[1]	2016–19[2]	2020–24[2]	Total
N	19	47	25	11	102
Average hold time (years)	4.6	6.1	7.3	6.2	6.1

- Analysing the sources of PE returns over time, here expressed by year of exit of the portfolio companies, shows some variation but also a consistent element of PE strategic and operational improvement. Particularly in more recent years, PE strategic and operational improvement has made up more than half of the returns for companies exiting in years 2020 to 2024 (noting the smaller population size).

1. Consistent year groupings to previous reports.
2. Last year's "2016–23" year grouping has been split out to show trends for more recent portfolio company exits.

4

Basis of findings

Basis of findings

Question		Page no.
How is the portfolio company data aggregated?	▪ The findings in this report are aggregated across all portfolio company data points, to give insights into the systematic effects of PE ownership of the portfolio companies.	46
Is the profile of the portfolio companies skewed by sector or size?	▪ The portfolio companies are skewed towards the consumer sector, accounting for 75% of employment versus 39% in the UK private sector. The portfolio companies are typically smaller than the public companies that make up the public company benchmark used in this report. ▪ There is variation by sector across many of the performance measures in this report.	47
How are the benchmarks derived and calculated?	▪ The benchmarks used in this report are compiled from published information, matched by sector and timeframe to individual portfolio companies, and aggregated using the same methodology as portfolio company results.	48-49
What is the returns attribution methodology?	▪ The returns attribution methodology separates out the effects of additional financial leverage and public stock market performance to test for evidence of outperformance by PE investments in the portfolio companies.	50-53

How is the portfolio company data aggregated?

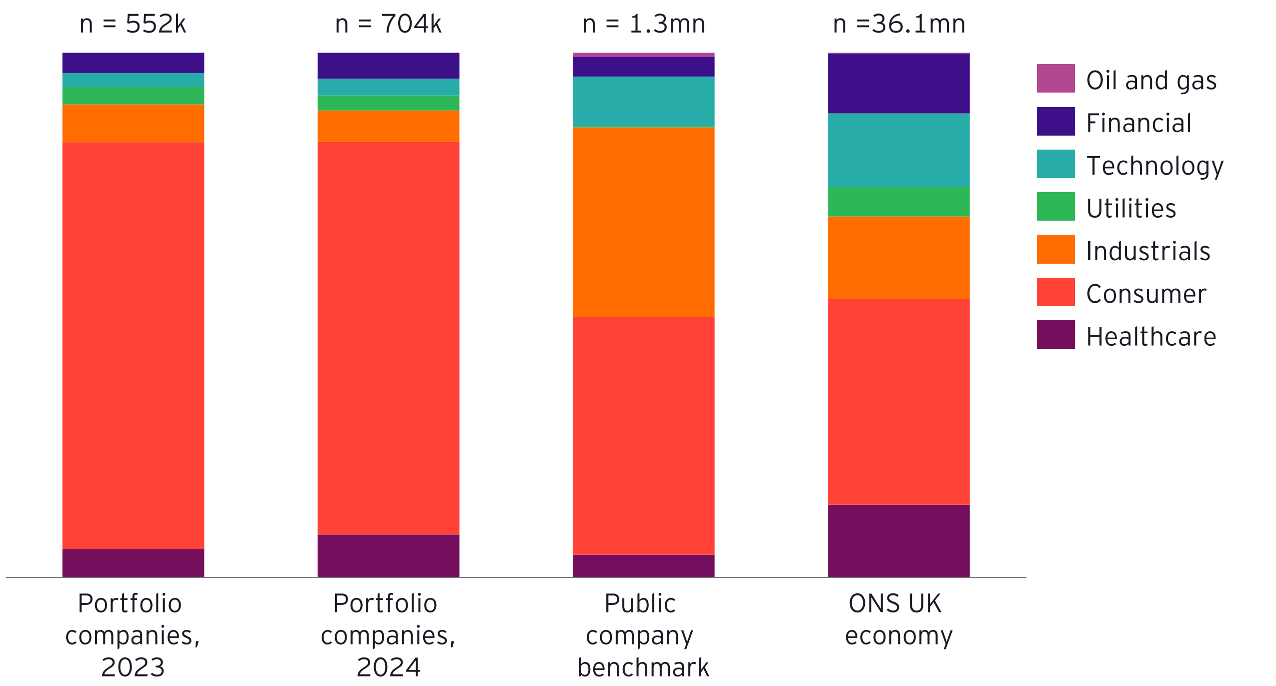
The findings in this report are aggregated across all portfolio company data points, to give insights into the systematic effects of PE ownership of the portfolio companies

- The most accurate way of assessing the effect of PE ownership on the portfolio companies is to aggregate all of the data to present a single, overall result. Given the independent control of portfolio company selection criteria by the PERG, the size of the population and the high degree of compliance, these aggregated findings provide insight into several key questions asked about the effect of PE ownership on large UK businesses.
- Aggregating the data across all of the portfolio company data points avoids the bias that originates from selective use of either the best or the worst on any measure - which may be correct individually but is not the right basis of a generalised view on the effect of PE ownership.
- There are two main average growth measures used in the report:
  - CP+exits: this measures the change from acquisition to the latest date or exit. As a result, it measures performance over the longest time period possible of PE ownership and includes the largest number of data points.
  - YoY: this measures the change in the current year from the prior year for current portfolio companies.
  - It should be noted that for the CP+exits measure, there is a calculation of average growth rates over different time periods across the portfolio companies, which creates some inherent inaccuracy. To avoid any significant distortion, the calculated average growth rate is tested against the simple check of percentage total change in factor or average length of holding period.
- Many growth measures including revenue, profit, organic employment, capital expenditure and cashflow require a comparison of full current year with full prior year to avoid the error inherent in annualising partial-year figures. This means that there is a delay from the time of acquisition by PE investors to when these YoY results can be incorporated in the analysis.
- In all findings, the figures presented include all the data points from the portfolio companies, except in specific situations where it is not possible to include individual companies, e.g., not provided in data template or a negative starting figure on growth rates, where this is noted on the chart. In some measures in some years, the calculated average is affected by the performance of one or two portfolio companies. In a few instances, this is deemed to distort the overall result, in which case either (i) the actual result is presented unchanged and a separate bar or line is added to show the result if the outlier(s) is excluded or (ii) the result is presented excluding the outlier(s) and a separate bar or line is added to show the result if the outlier(s) is included.
- Average growth rates, a frequent performance measure in this report, are weighted averages in order to best measure economic impact, e.g., employment growth rates are weighted on the number of employees at acquisition. If numerical averages are used, this is noted.

Is the profile of the portfolio companies skewed by sector or size?

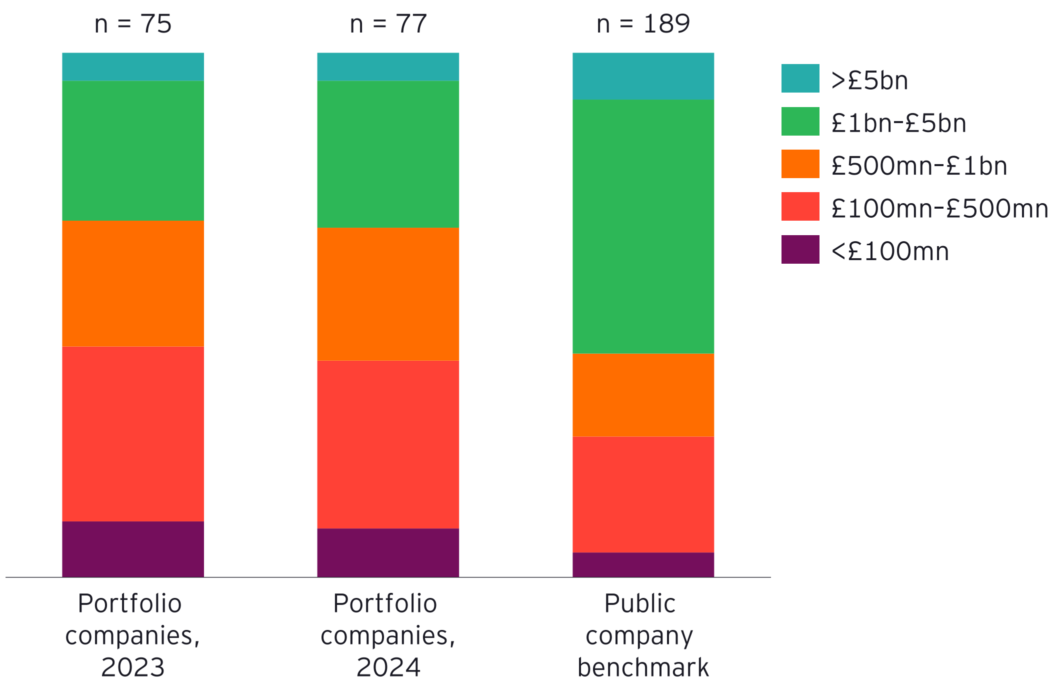
The portfolio companies are skewed towards the consumer sector, accounting for 75% of employment versus 39% in the UK economy as a whole; the portfolio companies are smaller than the public companies that make up the public company benchmark used in this report

Industry sector mix by employment: portfolio companies, public company benchmark and UK economy



- The portfolio companies are active across a wide range of industry sectors, the mix of which has changed as the composition of the portfolio companies evolves.
- Of the current portfolio companies, 75% of employment is in the consumer sector, compared with 39% in the UK private sector. Conversely, portfolio company employment in the financial sector is 5% of the total, compared with 11% for the UK economy as a whole.

Company size mix (based on revenue): portfolio companies and public company benchmark



- The public company benchmark group has been selected based on a size range set at the largest and smallest deal sizes in the entire portfolio company group (CP+exits) from all companies listed on the London Stock Exchange (LSE).
- Within this range, the population of portfolio companies is smaller in terms of revenue size, with a larger share of portfolio companies (versus the public company benchmark) below £500mn in annual revenues and relatively few above £1bn.

How are the benchmarks derived and calculated?

The benchmarks used in this report are compiled from published information, then matched by sector and timeframe to individual portfolio companies, and aggregated using the same methodology as aggregating portfolio company results

Sector	Current portfolio companies	Companies in public company benchmark
Consumer	38%	39%
Healthcare	10%	4%
Utilities	9%	3%
Industrials	12%	32%
Technology	13%	11%
Others	18%	12%
Total	**100%**	**100%**

% of total n counts of respective populations

Public company benchmark

- There are no readily available benchmarks on company performance to compare with the portfolio companies. Public company benchmarks are prepared as follows:
  - In August 2025, the listing was obtained (from the LSE website) for the FTSE All-Share Index at that point, which comprised 543 primary listed companies on the LSE.
  - The following are excluded on the basis of no sector overlap with the portfolio companies: 291 companies in basic materials and equity investment trusts, OEICs and other financial or noncomparable sector entities (e.g., real estate investment and services, real estate investment trusts, banks, equity and non-equity Investment instruments), 30 companies with market capitalisation less than £210mn, the size threshold for take-privates in the PERG criteria, 31 companies with market capitalisation greater than £11bn (the market capitalisation of the largest portfolio company over the period of this study).
  - Two PLCs are excluded - i) one due to inconsistent EBITDA reported between Capital IQ and its annual report, and ii) one due to significant YoY trading volatility based on fair value movements given the sector it operates in (diversified financial services). Note: We have only sample checked a selection of public companies' capital IQ data to their audited accounts. This sample includes 20 PLCs, representing 53% of the total EBITDA of the benchmark population.
  - This results in 189 public companies in the benchmark group, with a sector composition as shown in the above table. Refer to the next page for more details on the steps to derive the public companies that are included in the benchmark population used in this report.
- Public company data is sourced from Capital IQ (Calendar year data) and aggregated at the sector level to produce sector benchmarks for each measure over time. Sector benchmarks are matched to individual portfolio companies, by sector and also over the same timeframe. The overall public company benchmark result is then aggregated in the same way as for the portfolio companies, i.e., using the same weighting factors (for example, the public company benchmark for revenue growth is weighted based on the revenue at acquisition for each respective portfolio company).
- When calculating the sector benchmarks for growth between two periods, only companies with Capital IQ data consistently available across the two respective periods are considered in the aggregated growth rate. There are certain instances where Capital IQ data is not consistently available for companies across all years.

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How are the benchmarks derived and calculated? (cont.)

The benchmarks used in this report are compiled from published information, then matched by sector and timeframe to individual portfolio companies, and aggregated using the same methodology as aggregating portfolio company results

Public company benchmark (cont.)

	Numbers	Sub-sectors excluded in benchmark	Sub-sectors included in benchmark
PLC listing extracted from LSE | FTSE-All Share (A)	**543**		
Excluded based on sectors:			
Real estate	41	All sectors excluded	
Financials	224	a) Banks, b) Mortgages, c) Life and health insurance, and d) Financial exchange and data	a) Consumer finance, b) IB and brokerage, c) Property and casual Insurance, d) Specialised finance, and e) Transaction and payment processing services.
Materials	22	a) Diversified metals and mining, b) Copper, c) Gold, d) Steel, e) Silver and f) Chemicals	a) Construction materials, and b) Paper and plastic packaging products and materials
Agricultural products and services	2		
Marine transportation	2		
Excluded based on sectors – total (B)	**291**		
Further exclusions:			
Companies with market cap > £11bn	31		
Companies with market cap < £210mn	30		
Other	2		
Further exclusions – total (C)	**63**		
Companies Included in PLC benchmark (A-B-C)	**189**		

Note: There is no specific definition for sector exclusion, it is based on judgement using Capital IQ's primary industry and excluding sectors that are not comparable with the BVCA population.

UK private sector benchmark

- For the UK private sector benchmarks, data is sourced from ONS reports. Time periods are matched for each portfolio company and the result is aggregated - in the same way as for the portfolio companies, i.e., using the same weighting factors. In some cases, the sector breakdowns are not available in the ONS data, and in those cases, the benchmarks are weighted by timeframe only.

What is the returns attribution methodology?

The returns attribution methodology separates out the effects of additional financial leverage and public stock market performance to test for evidence of outperformance by PE investments in the portfolio companies

- One of the most common measures of investment return used by PE investors is equity multiple, i.e., equity realised divided by equity invested, before all fund-level fees and charges. This data, which is not typically disclosed, is provided on the portfolio company data templates.
- To analyse the sources of any investment return, the 'returns attribution' calculation analyses the gross equity multiple and attributes any equity gain (or loss) to three components:
  - Additional leverage: The effect on the equity multiple of the additional financial leverage PE firms place on a company above the average public company sector levels. To calculate this effect, the capital structure of each investment is adjusted to match the average financial leverage levels of public company sector benchmarks; typically, this reduces the amount of debt and increases the amount of equity thereby reducing the equity return. The adjusted capital structure also takes into account interest savings over the holding period as well as the changes in net debt that took place during ownership; any leveraged dividends received by equity investors are moved to the date of exit, and the exit capital structure is adjusted for dividends. The difference between the original investment equity multiple and the adjusted equity multiple is the effect of additional leverage.
  - Public stock market returns: The effect on the equity multiple of underlying gain in the sector that an investor could have achieved by investing in public stock markets. This effect is calculated by determining the total shareholder return (TSR) earned in the public company benchmark sector over the same timeframe as the PE investment. Both measures of equity return capture sector earnings growth, valuation multiple changes and dividend payments. The public stock market return TSR is converted into an equivalent equity multiple figure and then compared with the investment return after the adjustment for additional leverage, i.e., when both public and PE have the same capital structure.
  - PE strategic and operational improvement: This is the component of the equity multiple that is not explained by additional leverage or public stock market returns, so it captures all the incremental effects of PE ownership versus public company benchmark performance, i.e., in earnings growth, valuation multiple change and dividends. The component of the equity multiple for PE strategic and operational improvement is calculated by subtracting the market return from the equity multiple adjusted for additional leverage.
- Consistent with other analyses in this report, the benchmarks and calculations are applied at the individual portfolio company level and then aggregated to produce the overall findings presented in this report.
- It should be noted that there is no standard methodology for the returns attribution calculation. The methodology in this report has been discussed with the PERG and the Global Capital Forum of the BVCA, and their comments have been incorporated.

Returns attribution methodology – illustrative example

In the illustrative example presented below, we show the return (gross and by component) achieved by PE Fund X for its investment in portfolio company A, as calculated in accordance with the Returns Attribution methodology. The scenario assumes:

- Company A, operating in the consumer sector, was invested in by PE Fund X on 25 March 2013 at an enterprise value of £1.2bn (EV) and exited on 10 May 2017 at an EV of £3.0bn.
- PE Fund X funded the investment via cash equity of £500mn and received a gross equity cash return of £1.5bn on exit, achieving a gross equity multiple of 3x (no dividends were received over the investment period).

Note: This example represents dummy data and is not reflective of any return metrics received in respect of portfolio company exits included in this report.

Gross equity multiple achieved by PE Fund X (step 1)

All units in £mn				
	Date:	25-Mar-13	xx-xxx-xx	10-May-17
	Event:	**Acquisition**	**Dividends**	**Exit**
Enterprise value:		1,200		3,000
Capital structure:	Equity	500		1,500
	Debt	700		1,500
	EV	1,200		3,000
Equity returns:	Equity in	(500)	-	-
	Equity out	-	-	1,500
	Net equity flow	(500)	-	1,500
Deal returns:	Equity multiple			3x
Debt/EV		*58%*	A	*50%*

Key: Data provided by PE Fund X (illustrative)

A. **Equity multiple –** calculated as total equity in (£500mn) / total equity out (£1,500mn), reflects the gross equity multiple achieved (3x) by PE Fund X on its investment in portfolio company A.

Returns attribution methodology – illustrative example (cont.)

Impact of additional leverage (step 2)

All units in £mn			25-Mar-13		xx-xxx-xx		10-May-17
	Date:		25-Mar-13		xx-xxx-xx		10-May-17
	Event:		Acquisition		Dividends		Exit
Enterprise value:			1,200				3,000
Capital structure:	Equity	D	961			D	2,055
	Debt	C	239			E	945
	EV		1,200				3,000
Equity returns:	Equity in		(961)		-		-
	Equity out		-		-		2,055
	Net equity flow		(961)		-		2,055
Deal returns:	Equity multiple					F	2.1x
Debt/EV			*20%*				*32%*
Debt/EV (avg)						B	*26%*

B. **Benchmark debt/EV** – represents a benchmark calculated based on the weighted average debt to capital ratio (Debt/EV) for a group of PLC companies in the same sector and over the same investment period as portfolio company A In this example, the weighted average debt to capital ratio of the PLC companies is 20% at acquisition date and 32% at exit date, with an the average financial leverage level of 26%.

C. **Debt at acquisition** – calculates the value of debt funding (£239m) at acquisition required to match the average Debt/EV ratio (26%) of the benchmark.

D. **Equity investment** – derived based on the assumption that there is no change in enterprise value at acquisition or exit date, i.e., EV of £1,200m less £239m of debt funding.

E. **Debt at exit** – calculated as debt at acquisition in (C) at £239m plus the movement in debt in step 1 of £800m (between acquisition and exit date) less post-tax interest savings assumed on the differential between at acquisition debt in Step 1 (£700m) versus debt at acquisition calculated in (C) at £239m. This assumes an after tax cost of debt at c.5%.

F. **Impact of additional leverage** – an equity multiple of 2.1x was achieved assuming leverage in line with the public company benchmark, resulting in an incremental return of 0.9x (compared with Step 1) due to additional leverage.

Returns attribution methodology – illustrative example (cont.)

Public stock market return (step 3)

All units in £mn	Date:	25-Mar-13	xx-xxx-xx	10-May-17
	Event:	Acquisition	Dividends	Exit
Equity returns:	Equity in	(500)	-	-
	Equity out	-	-	H 679
	Net equity flow	(500)	-	679
Deal returns:	Equity multiple			1.4x
	IRR %			G *8%*

Components of return

Gross equity multiple (step 1)	3.0x
Less: impact of additional leverage (step 2)	(0.9)x
Less: public stock market return (step 3)	(1.4)x
PE strategic and operational improvement	I 0.7x

G. **Public stock market return** – represents a benchmark calculated based on the weighted average total shareholder return for a group of PLC companies in the same sector and over the same investment period as portfolio company A. This 8% includes both capital growth and dividend payments on PLC benchmark companies (source: S&P Capital IQ).

H. **Exit equity out** – calculated based on the assumption that the same level of equity is invested as that in Step 1 with growth over the investment period equal to the benchmark public stock market return.

I. **PE strategic and operational improvement** – calculated as the component of the gross return (3.0x) not explained by additional leverage (0.9x) in Step 2 or public stock market return (1.4x) in Step 3.

It should be noted that there is no standard methodology for the returns attribution calculation. The methodology in this report has been discussed with the PERG and the Global Capital Committee of the BVCA, and their comments have been incorporated.

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Methodology of performance measures

		Performance measure	Methodology
Resources	Labour	**Employment**	
		Reported	Reported employment is based on number of FTEs as reported by the portfolio companies
		Organic	Measures the number FTEs after excluding for impacts of M&A
		Employment cost	
		Avg. employment cost per head	Employment cost represents salary expense excluding pension
		Pension provision (surplus or deficit)	Percentage of net assets/market liability of the total market value of the pension scheme assets
		Gender diversity	Percentage of employees that are female versus male versus unspecified
	Capital	**Operating capital employed**	Operating capital employed is defined as the sum of fixed assets and working capital, where:
			▪ Tangible fixed assets is based on reported figures by the portfolio companies
			▪ Working capital is calculated as trade debtors + stock − trade creditors (as reported)
Productivity		**Labour productivity**	Calculated as the sum of EBITDA/employee and GVA/employee
		EBITDA/employee	EBITDA per employee as reported by the portfolio companies
		GVA/employee	GVA per employee calculated as total EBITDA + total employment cost (as reported by portfolio companies)
		Capital productivity	Calculated as revenue/operating capital employed, weighted by pro forma capital employed

Abbreviations

CAGR	Compound annual growth rate
Capex	Capital expenditure
CP	Current portfolio; represents a portfolio company still under ownership by the same PE fund in this year's study
DB	Defined benefit
DC	Defined contribution
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EV	Enterprise value
FTSE	Financial Times Stock Exchange
GVA	Gross value added
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
LSE	London Stock Exchange
M&A	Mergers and acquisitions
OEICs	Open-ended investment companies
ONS	Office for National Statistics (UK economy benchmark)
PC	Portfolio companies
PE	Private equity
PERG	Private Equity Reporting Group
PLC	Public limited company
R&D	Research and development
S&P	Standard & Poor's
TSR	Total shareholder return
YoY	Year over year

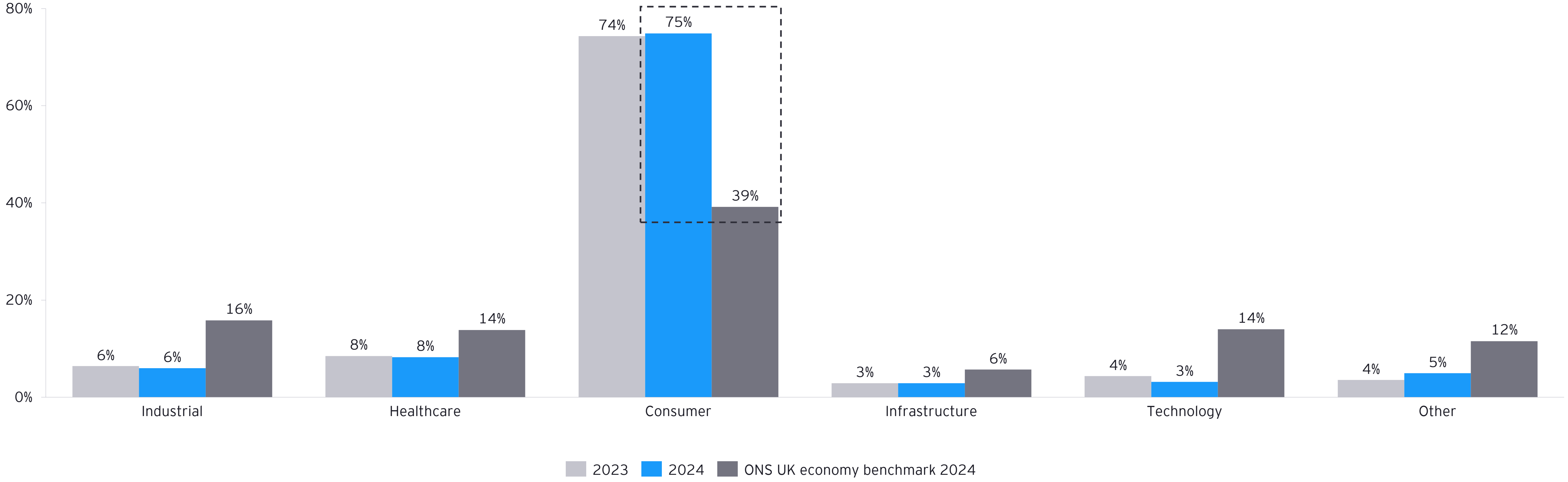
5

Appendix A – sector comparison: consumer vs. other

Is the profile of the portfolio companies skewed by sector?

The portfolio companies are skewed towards the consumer sector, accounting for 75% of employment versus 39% in the UK private sector. Results on the following slides split out the impact of the consumer sectors to the other sectors

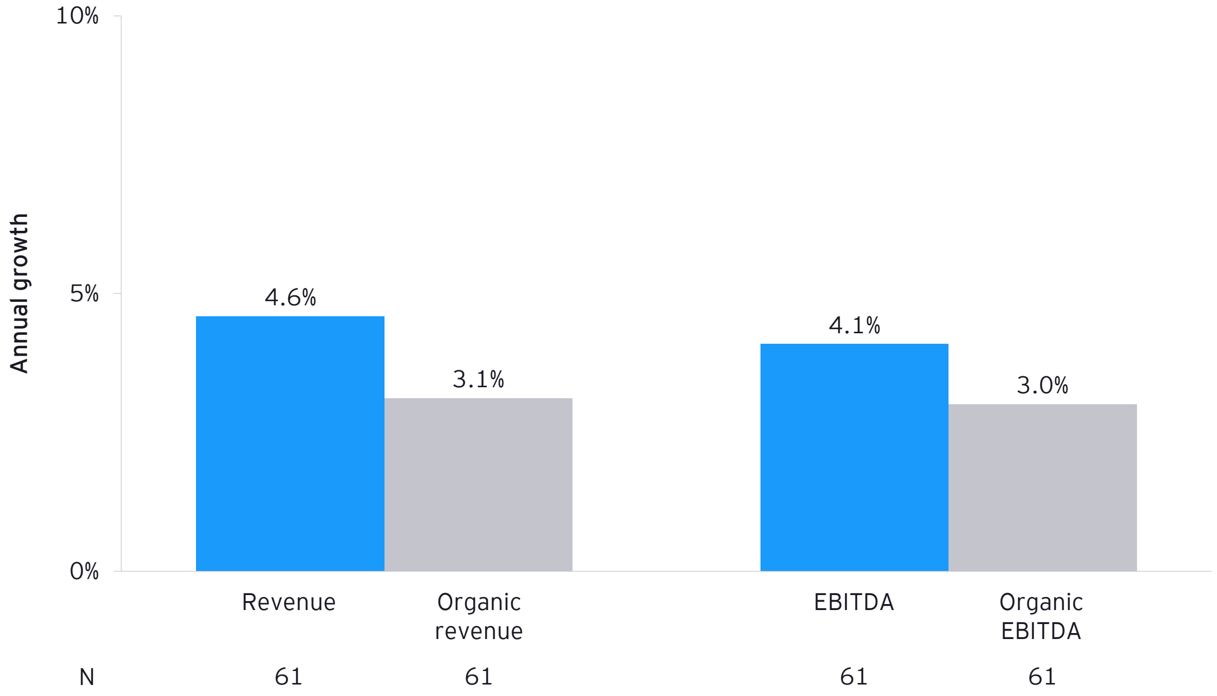
Percentage of portfolio company jobs by sector



Do PE-owned companies grow?

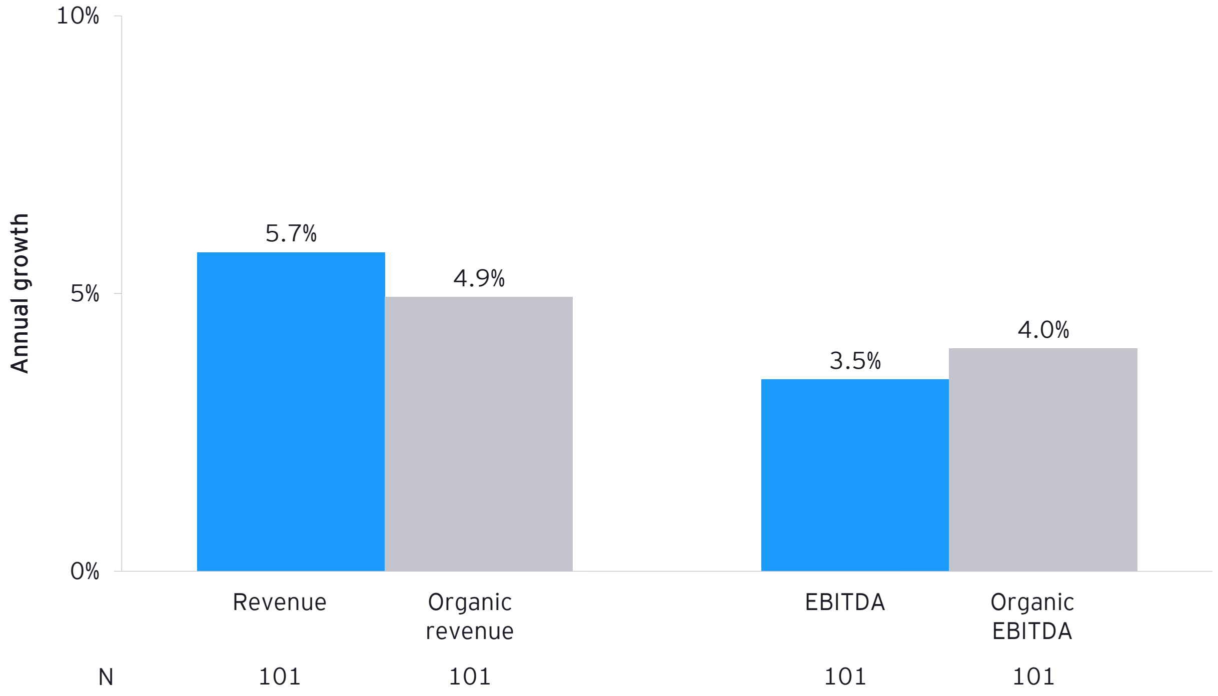
Sectors other than consumer (in aggregate) generated higher organic revenue and organic EBITDA growth than the consumer sector. Organic revenue growth was 4.9% versus 3.1% and organic EBITDA growth was 4.0% versus 3.0%, respectively

Reported and organic revenue and EBITDA growth since acquisition (CP+exits, consumer sector, 2024)



- The consumer sector reported revenue and EBITDA annual growth over the entire period of private ownership to date is 4.6% and 4.1% respectively.
- Organic revenue and EBITDA annual growth (excluding the effect of bolt-on acquisitions and partial disposals) is 3.1% and 3.0% respectively.

Reported and organic revenue and EBITDA growth since acquisition (CP+exits, sectors other than consumer, 2024)

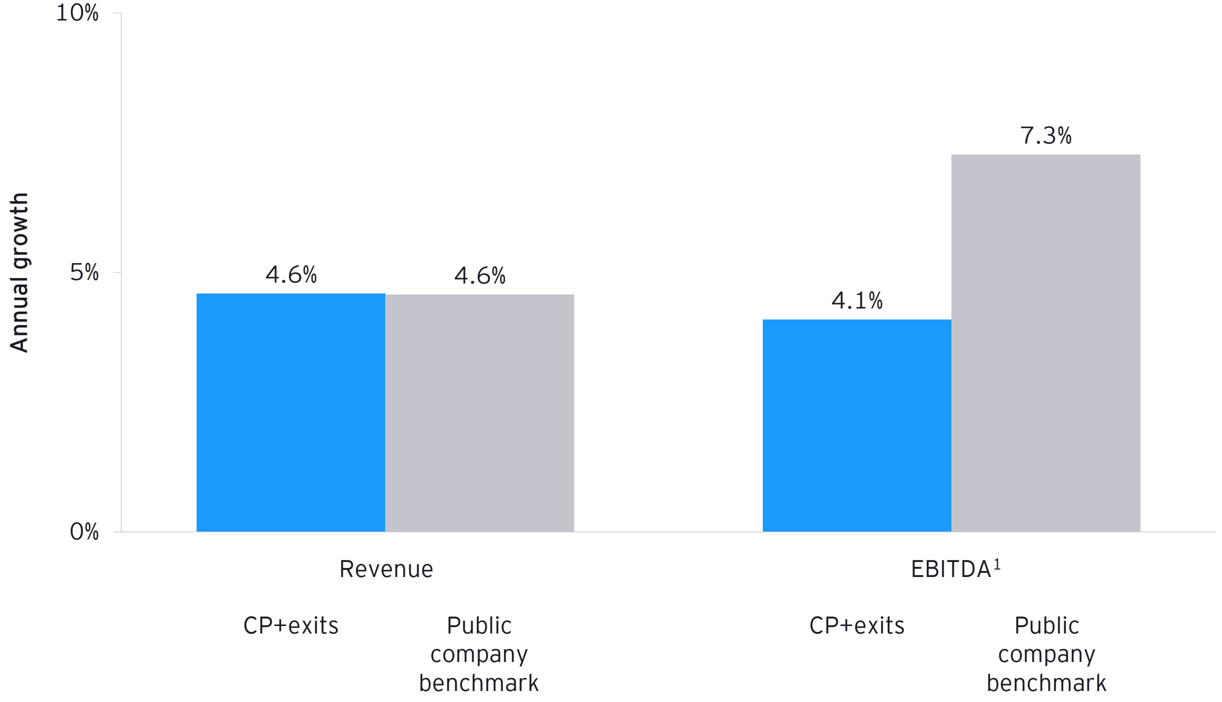


- Sectors other than consumer comprises industrials, healthcare, infrastructure, technology and other sector companies.
- Reported revenue and EBITDA annual growth over the entire period of private ownership to date is 5.7% and 3.5% respectively.
- Organic revenue and EBITDA annual growth is 4.9% and 4.0% respectively.

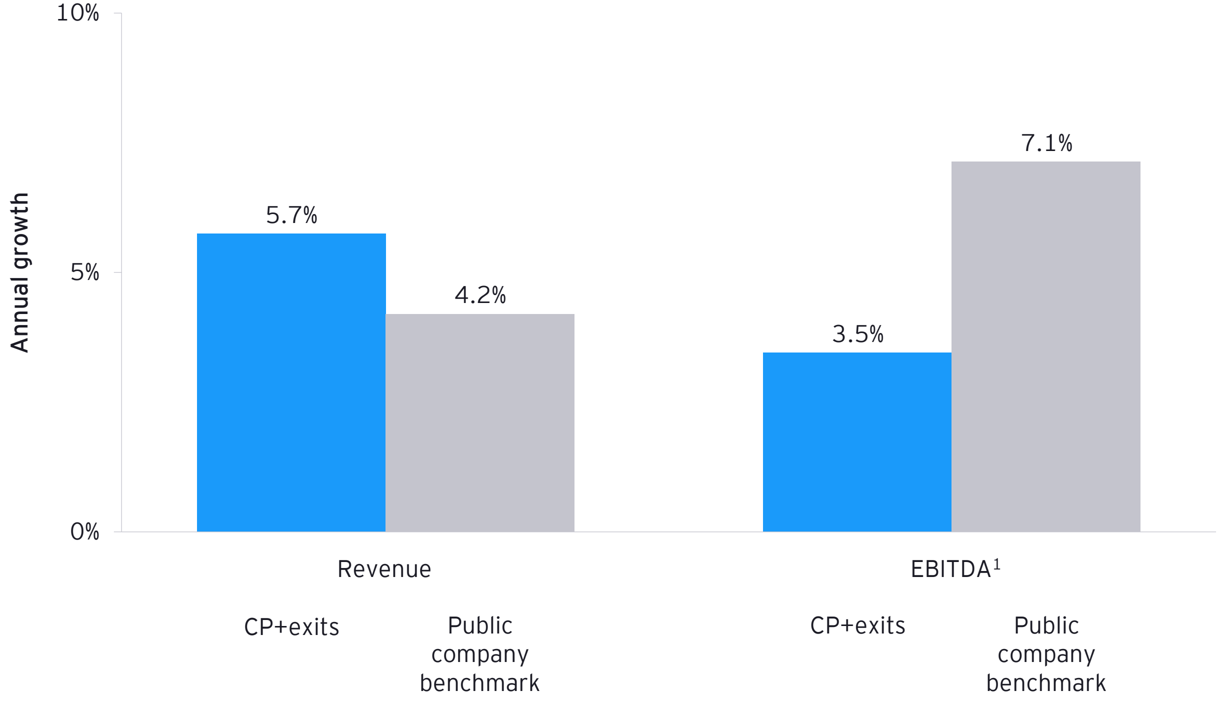
Do PE-owned companies grow? (cont.)

Revenue growth for the consumer sector is in line with the public company benchmark. For sectors other than consumer, revenue growth is higher than the public company benchmark. EBITDA growth is below the public company benchmark for both the consumer sector and sectors other than consumer

Revenue and EBITDA growth since acquisition (CP+exits, consumer sector, 2024)



Revenue and EBITDA growth since acquisition (CP+exits, sectors other than consumer, 2024)



- Reported revenue performance of the consumer sector portfolio companies (since acquisition) of 4.6% is in line with the public benchmark.
- Reported EBITDA performance of the consumer sector portfolio companies of 4.1% is below the public company benchmark of 7.3%.
- Benchmark data only includes consumer sector companies. This is consistent for all sector deep dive slides.

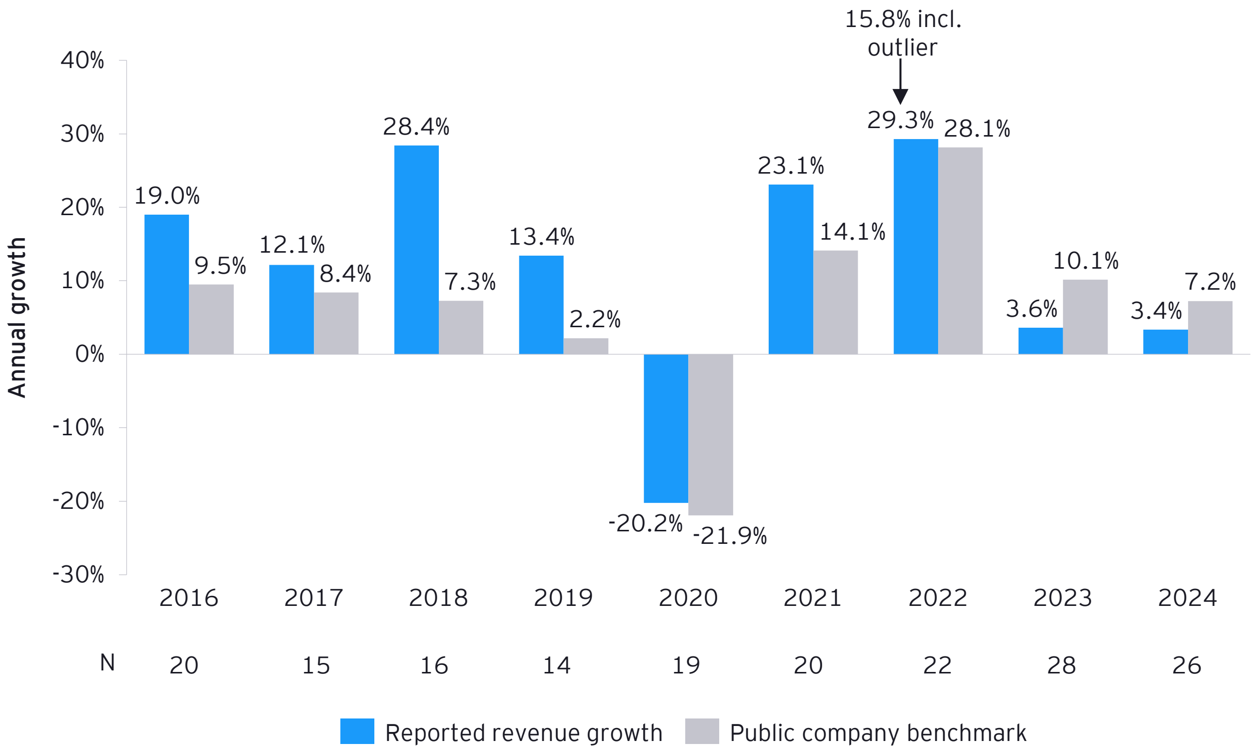
- Reported revenue performance of the portfolio companies within the sectors other than consumer of 5.7% is above the public company benchmarks of 4.2%.
- Reported EBITDA performance (since acquisition) of the portfolio companies within the sectors other than consumer of 3.5% is below the public company benchmark of 7.1%.
- Benchmark data includes all relevant sectors other than consumer.

Note: The overall public company benchmark result is aggregated in the same way as for the portfolio companies, i.e., using the same weighting factors. Refer to page 48 for the benchmark's basis of preparation.
Note: In prior years, the ONS benchmark has also been displayed for revenue. This year it has been excluded as the baseline data has changed, and it is no longer comparable. ONS does not track information on EBITDA.

Do PE-owned companies grow? (cont.)

YoY reported revenue growth of the portfolio companies in the consumer sector was lower than the public company benchmark. Sectors other than consumer revenue growth was higher than the public company benchmark

YoY reported revenue growth of current portfolio companies versus PLC benchmarks - consumer sector



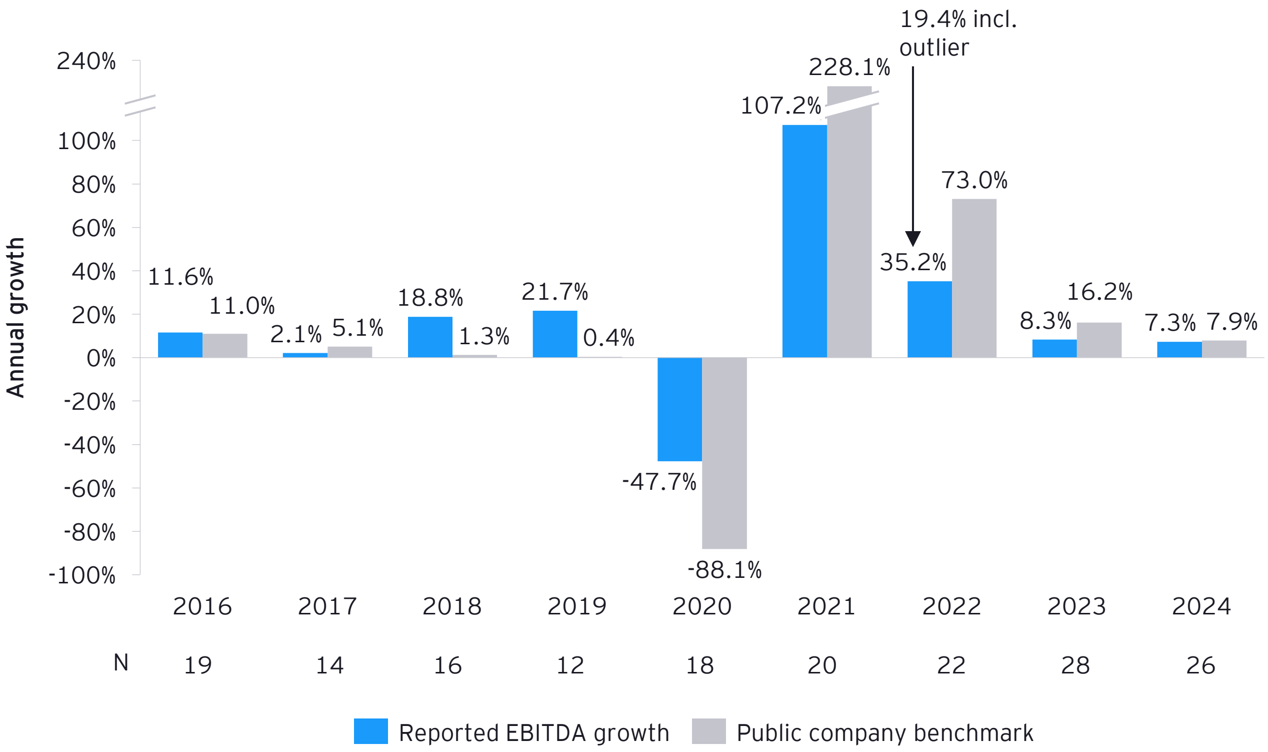
YoY reported revenue growth of current portfolio companies versus PLC benchmarks – sectors other than consumer

- YoY reported revenue growth of portfolio companies in the consumer sector for current portfolio companies has been higher than the public company benchmark for seven out of the last nine years.
- YoY reported revenue growth of portfolio companies in sectors other than consumer for current portfolio companies has been higher than the public company benchmark for five out of the last nine years.

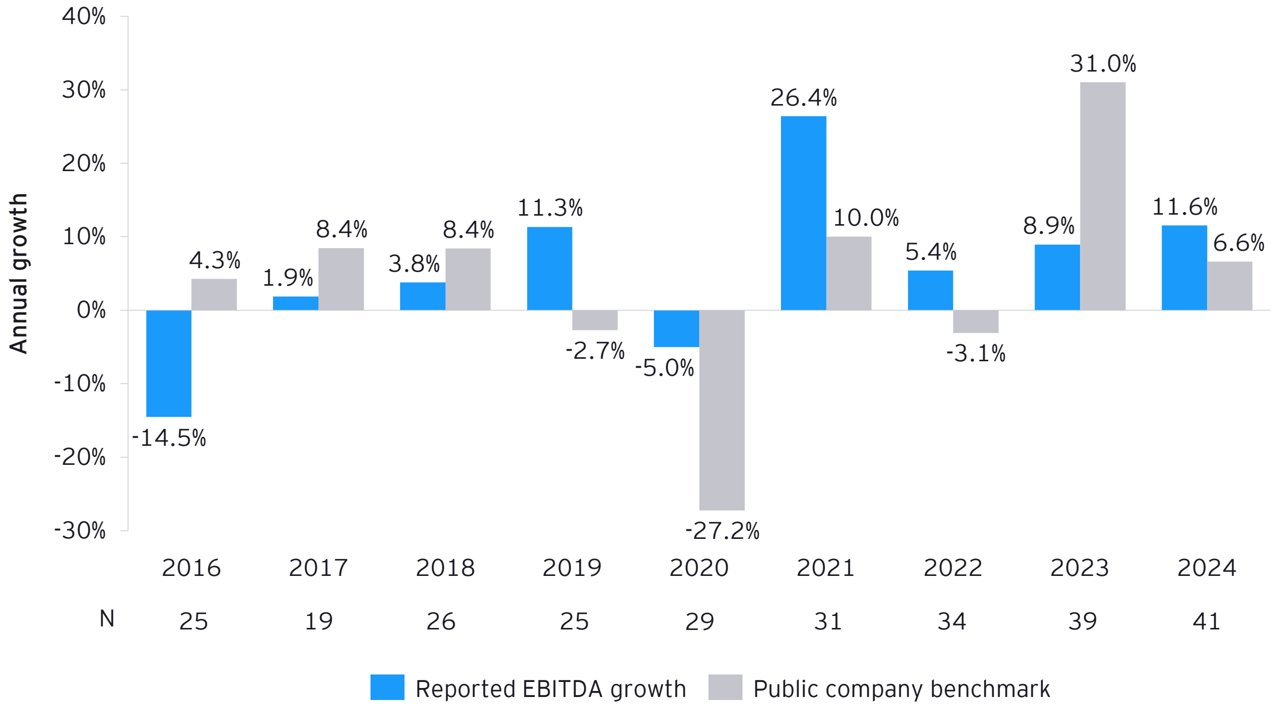
Do PE-owned companies grow? (cont.)

YoY reported EBITDA growth of the portfolio companies in the consumer sector was slightly lower than the public company benchmark in 2024, whereas sectors other than consumer was higher

YoY reported EBITDA growth of current portfolio companies versus PLC benchmarks – consumer sector



YoY reported EBITDA growth of current portfolio companies versus PLC benchmarks – sectors other than consumer

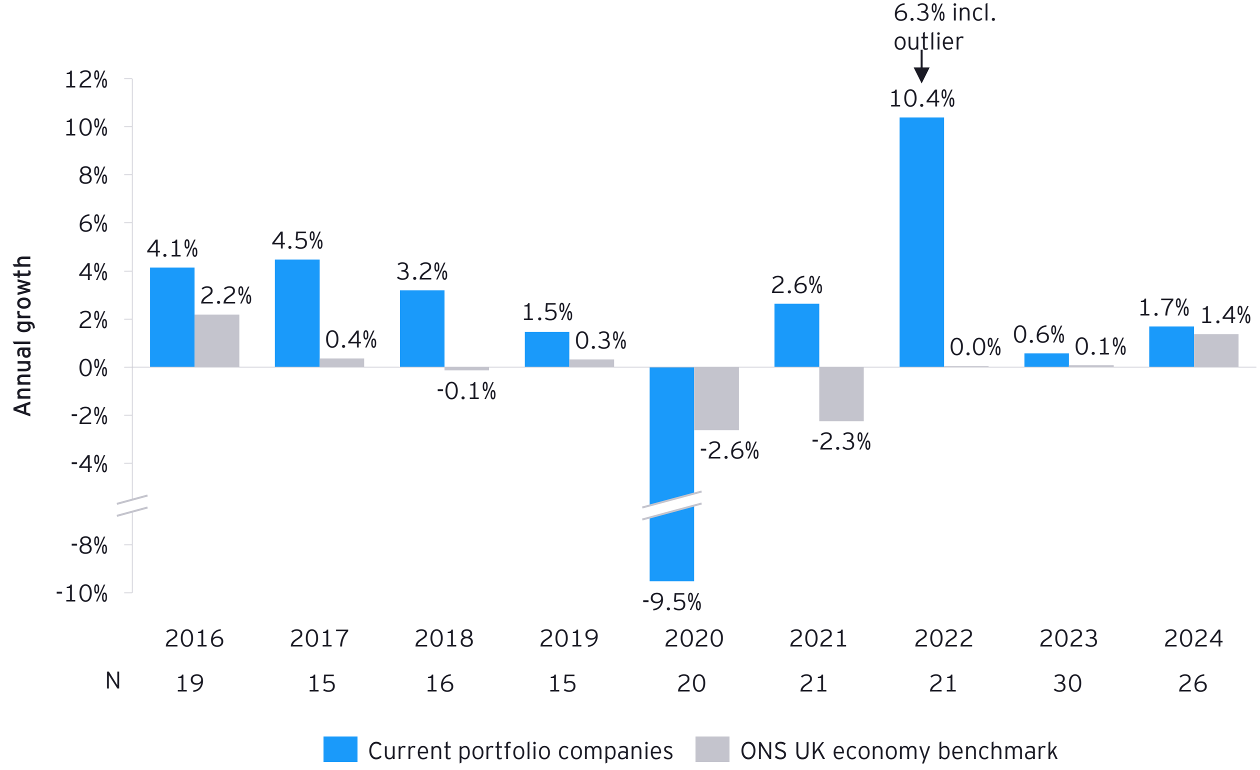


- YoY reported EBITDA growth of portfolio companies in the consumer sector for current portfolio companies has been higher than the public company benchmark for four out of the last nine years.
- YoY reported EBITDA growth of portfolio companies in sectors other than consumer for current portfolio companies has been higher than the public company benchmark for four out of the last nine years.

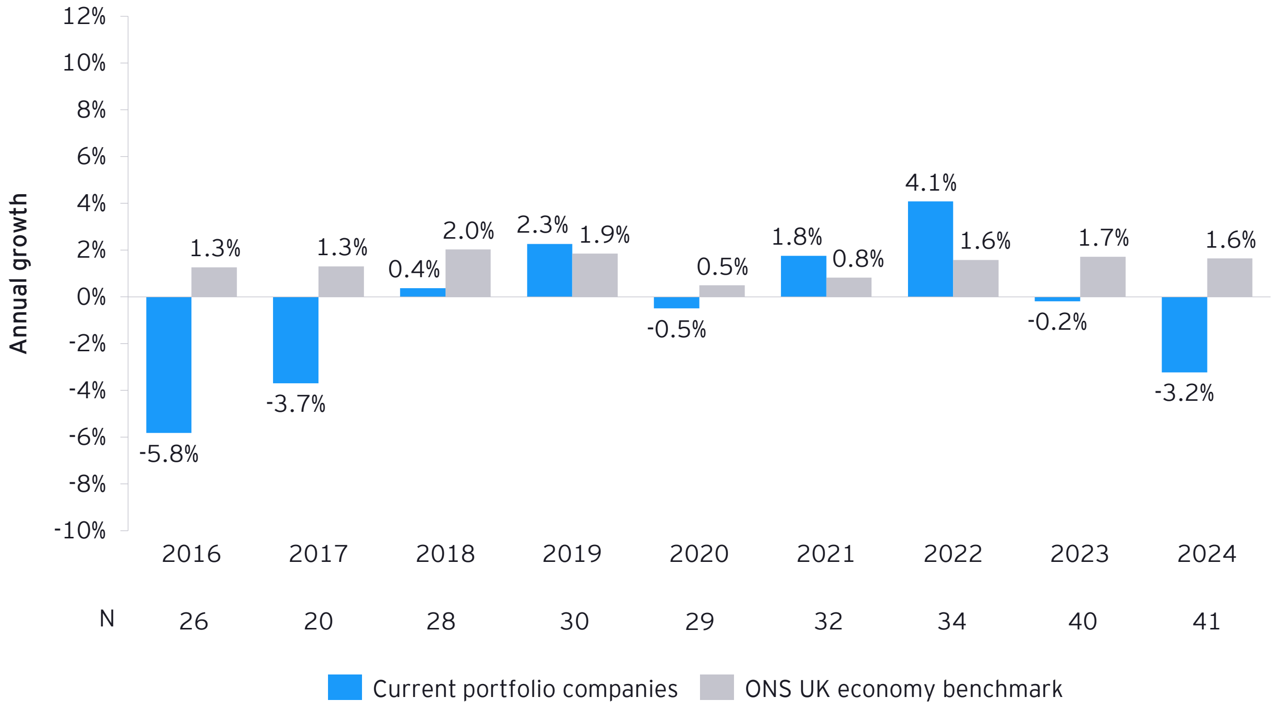
Do portfolio companies create jobs?

YoY organic employment growth in the current portfolio companies was higher than the private sector benchmark for the consumer sector, but was much lower for sectors other than consumer (in aggregate)

Organic employment growth, YoY versus UK economy benchmark (CP, consumer sector, 2024)



Organic employment growth, YoY versus UK economy benchmark (CP, sectors other than consumer, 2024)

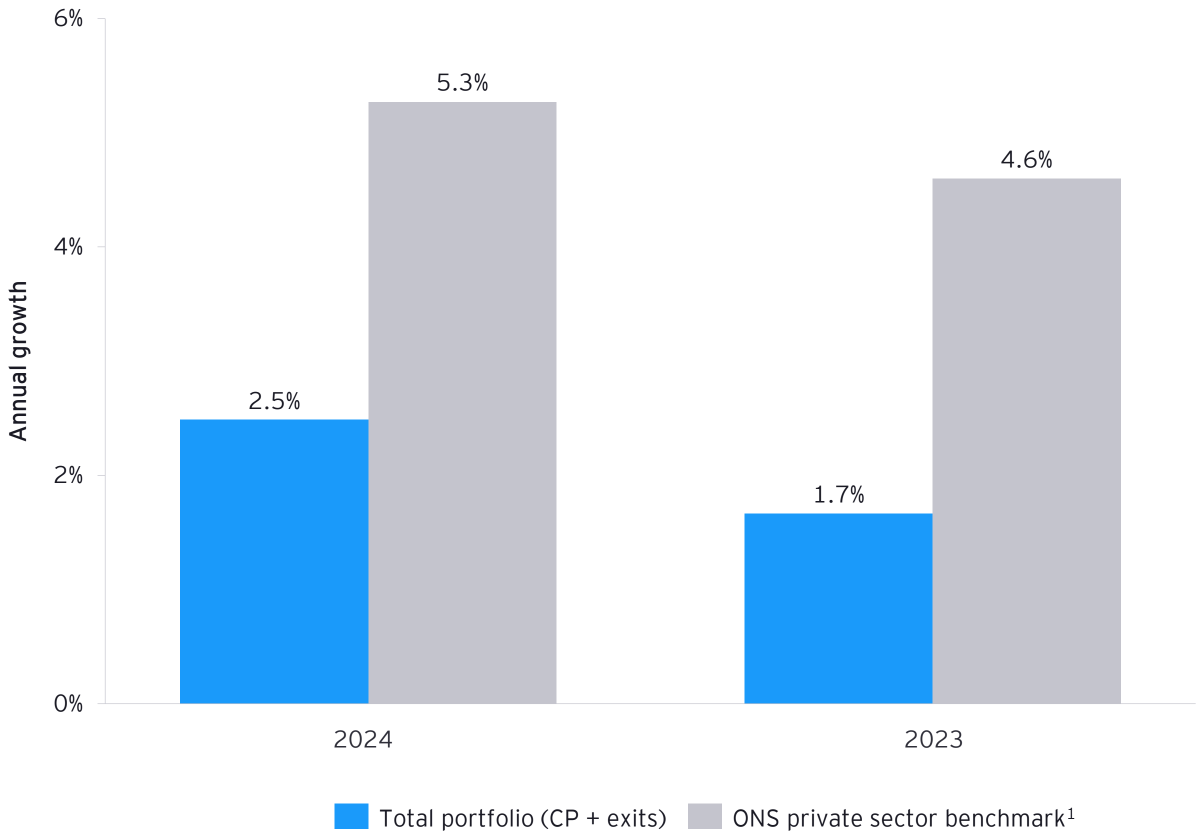


- The YoY trend in organic employment growth for the consumer sector in 2022 appears to reflect a recovery in organic employment growth after the decline in 2020, likely driven by the COVID-19 pandemic.
- The consumer sector growth was higher than the ONS UK economy benchmark in 2024, whereas growth for the sectors other than consumer was lower than the ONS UK economy benchmark. The drop in sectors other than consumer is largely driven by the industrial, healthcare, infrastructure and technology sectors, which all saw negative growth in 2024.
- YoY organic employment growth of portfolio companies in the consumer sector for current portfolio companies has been higher than the ONS private sector benchmark for eight out of the last nine years.
- YoY organic employment growth of portfolio companies in sectors other than consumer for current portfolio companies has been higher than the public company benchmark for three out of the last nine years.

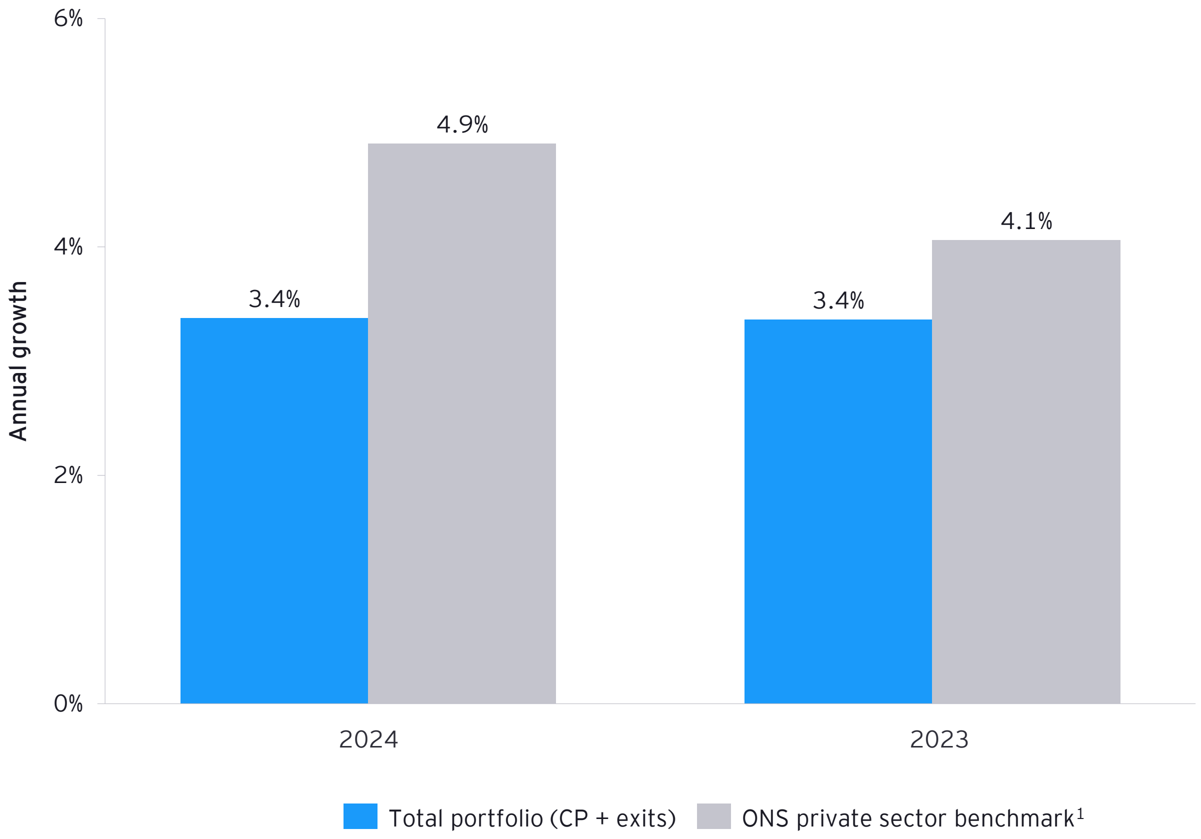
How is employee compensation affected by PE ownership?

Average employment cost per head for the consumer sector and sectors other than consumer is below the UK private sector benchmark - consumer sector (2.5% versus 5.3%) and sectors other than consumer (3.4% versus 4.9%)

Growth in average employment cost per head since acquisition (Consumer sector, 2024)



Growth in average employment cost per head since acquisition (Sectors other than consumer, 2024)

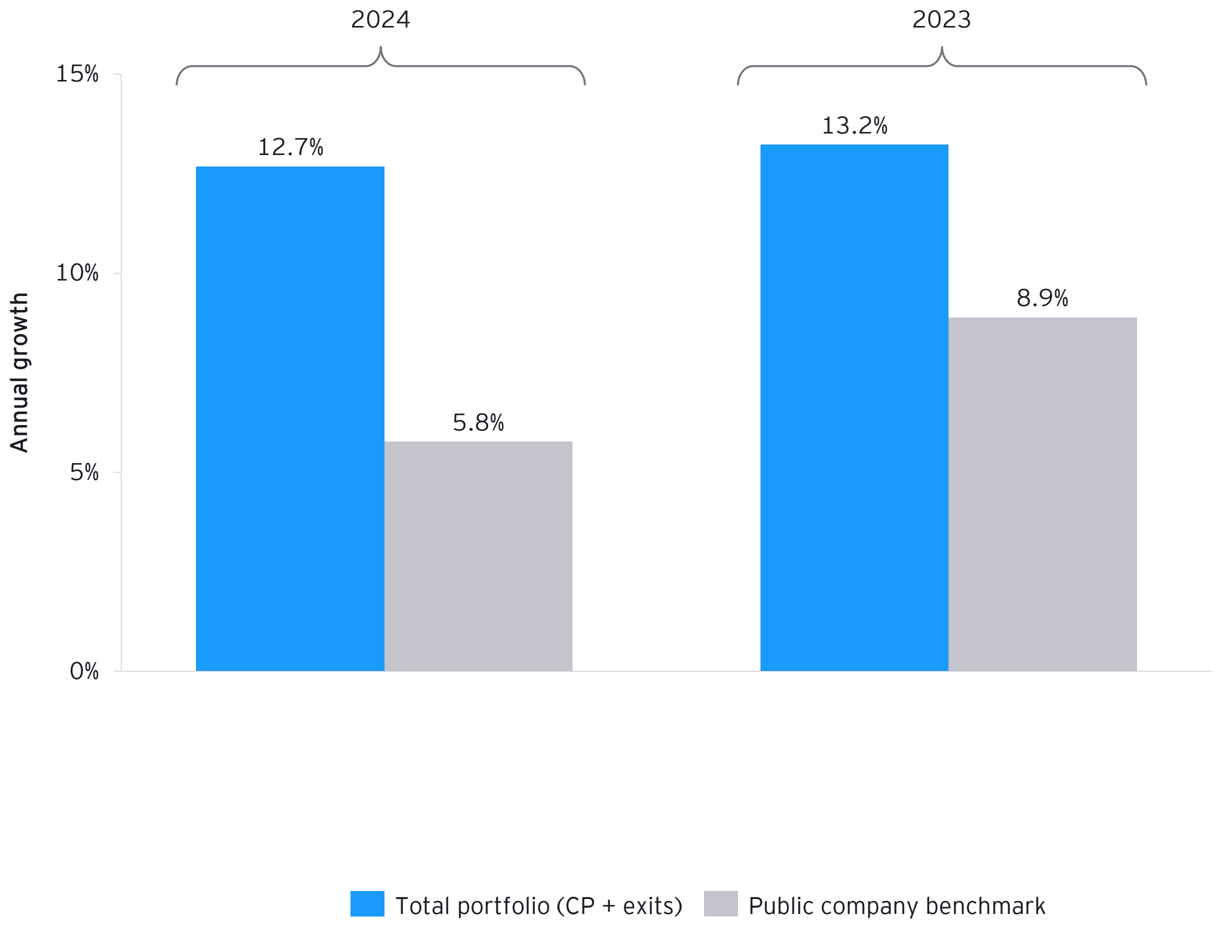


1. The ONS private sector benchmark on this slide reflects the whole economy and is not weighted to reflect the business sectors the portfolio companies operate in, just the timeframe.

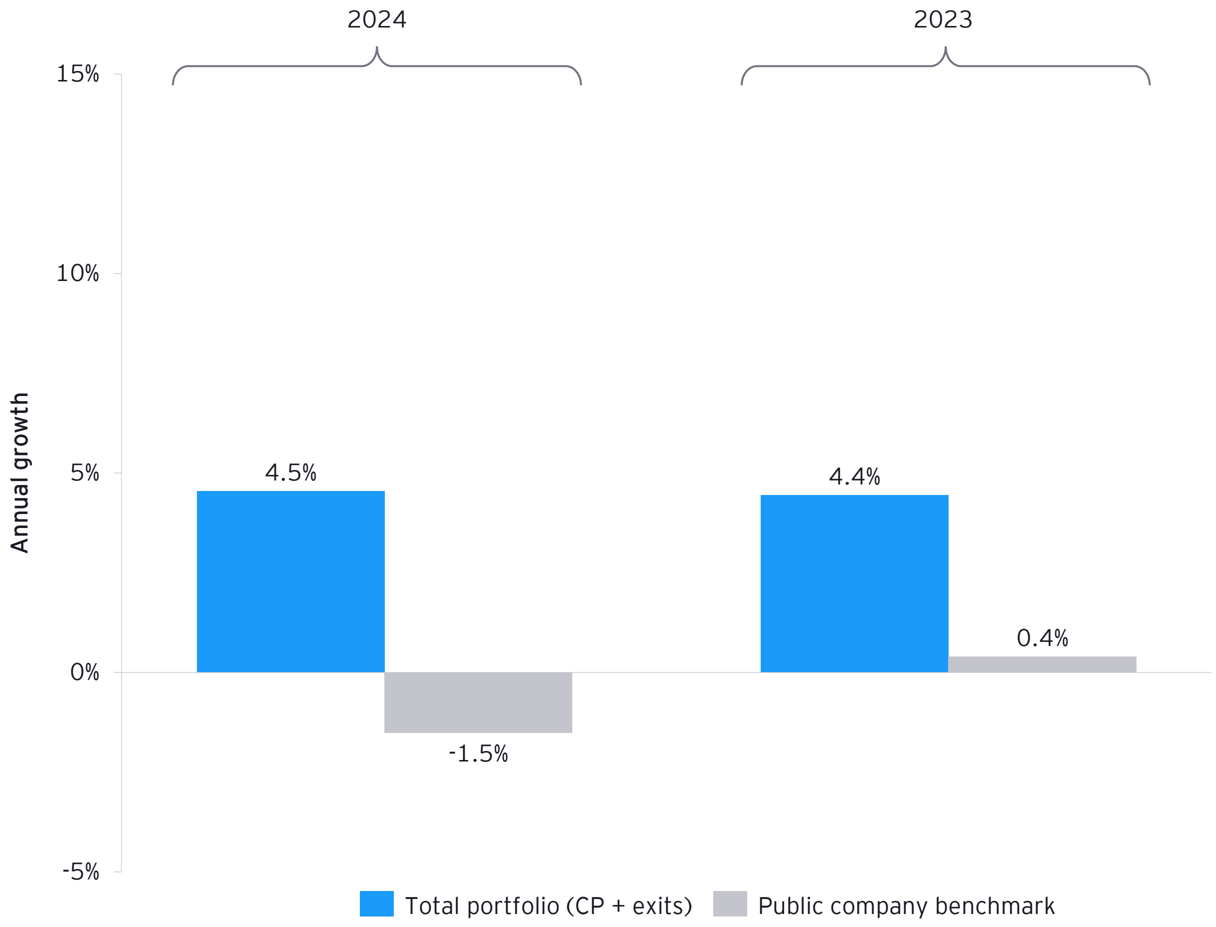
How does productivity change under PE ownership?

Capital productivity growth for both the consumer sector and sectors other than consumer (aggregated) was higher than the comparative public company benchmark in 2024

Growth in capital productivity since acquisition (Consumer sector, 2024)



Growth in capital productivity since acquisition (Sectors other than consumer, 2024)



6

Appendix B – objective and fact base

Key factors for consideration in this report

We highlight the following key factors that should be considered when reading this report:

- This report covers a YoY analysis (2022, 2021 and 2020) impacted by the social and economic effects of the COVID-19 pandemic and subsequent recovery. The specific impacts of the pandemic on individual companies (and the aggregate portfolio) cannot be robustly isolated, but we note:
  - A wide spread of trading results can be seen between 2020 and 2022 across the portfolio companies (both the long-term and current portfolio company cohorts), compared with pre-2020 results. This is evidenced in the table on the following page, which presents the average YoY growth rate and the standard deviation of results of the current portfolio (in each year) for 2018–2024.
  - This indicates a high standard deviation (an indication of higher deviation or dispersion in growth rates across the portfolio of companies) across the portfolio companies for revenue growth between 2020 to 2022.
  - EBITDA standard deviation growth was significantly high between 2020 and 2021 across the portfolio companies. However, it has returned to pre-2020 levels in 2023-24.
  - The distribution of employment growth results appears to have been less affected during the COVID-19 pandemic, likely due to the support of furlough schemes.
  - Capital employed shows a wide range of results across historical years, and 2024 shows a higher than usual standard deviation compared with years immediately prior.
  - Refer to the following page, where we disclose the average growth and standard deviation measure for the key measures, as an indicator of the dispersion of performance across the portfolio.
- As in any year of this study, there is a degree of skew (sector and size) in the portfolio companies when compared with the public benchmark. Additionally, the performance measures for the public company benchmark may benefit from a level of performance bias due to the methodology for calculating the benchmark each year. This is because underperforming companies fall out of the benchmark population if they reduce below the market capitalisation threshold or are delisted.
- The data tracks in-year performance and cumulative performance over time. The cumulative performance reflects each relevant portfolio company from date of entry in the study to date of exit (but clearly does not track performance after exit). In certain cases, the trends in the cumulative data appears to be impacted by the materiality of the in-year movement (e.g., employment) and so may be considered a cyclical rather than structural factor. Readers should look at the cumulative data and the longer time series of in-year data.
- Relative to the ONS UK economy benchmark for analysis of employee compensation, there is a skew in the current portfolio towards consumer jobs in the portfolio companies which impacts the analysis in the current year; however, the nature of the long-term study is that the mix of PE portfolios will evolve over time.
- The YoY employee cost per head analysis may be impacted by furlough receipts factored into the employment cost in 2020 reported by both the portfolio companies in their submissions and the companies included in the ONS UK economy benchmark. As for the wider economic impacts of the COVID-19 pandemic, this cannot be isolated.

Key factors for consideration in this report (cont.)

The table below shows the weighted average growth and standard deviation measure for the key metrics analysed, as an indicator of the dispersion of performance across the portfolio

	Average result (YoY)							Standard deviation (current PCs)						
	2018	2019	2020	2021	2022	2023	2024	2018	2019	2020	2021	2022	2023	2024
Revenue	2%	4%	(18%)	30%	15%	8%	4%	10%	6%	24%	24%	21%	16%	10%
EBITDA	7%	12%	(29%)	47%	7%	5%	1%	23%	17%	75%	48%	25%	21%	24%
Employment (# of jobs)	2%	2%	(6%)	2%	5%	2%	(0%)	8%	16%	13%	15%	15%	13%	10%
Employment cost per head	3%	4%	-	8%	5%	8%	5%	7%	9%	11%	11%	10%	12%	13%
Capital employed	5%	3%	32%	6%	2%	(2%)	4%	81%	377%	550%	82%	60%	57%	153%

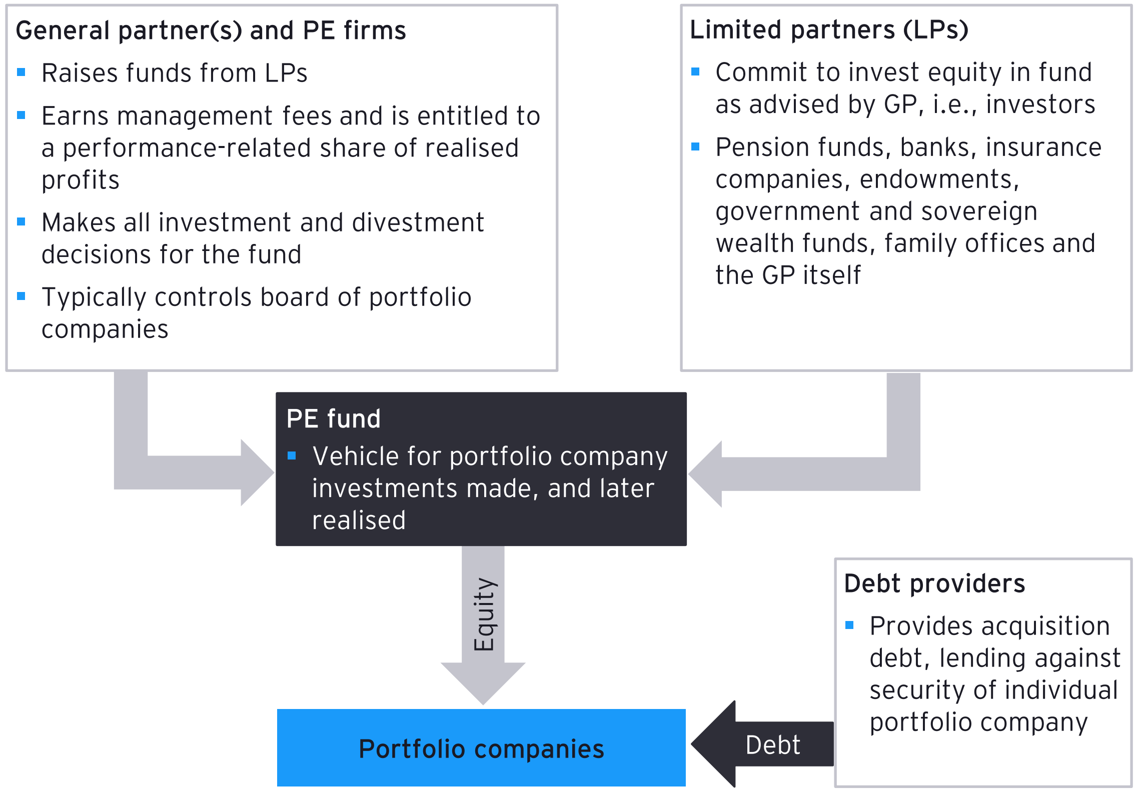
What are the distinctive features of the PE business model?

The distinctive features of the PE business model include ownership of its portfolio company investments, the use of financial leverage, and its long-term investing horizon

Distinctive features of the PE business model

- **Long term:**
  - Limited partners (LPs) make an investment commitment to a PE fund of c.10 years. LPs include public pensions, wealth funds and public and private companies.
  - Typically, equity capital is invested for the first five years and realised in the second five years with a typical investment horizon of three to seven years per portfolio company investment (average in this study is six years).
  - There are restrictions on withdrawing commitments from the fund, thereby allowing a long-term investment period. This is in contrast with many other financial investors (e.g., hedge funds, public equity funds) who invest in publicly traded shares that have few restrictions on buying or selling.
- **Ownership of portfolio companies:**
  - The PE fund typically acquires all or a majority of the equity in its portfolio companies giving it (as advised by the GP) control of the board, strategy, management and operations of the company.
  - Most other financial investors (e.g., hedge funds and public equity funds) acquire minority shareholdings with no direct influence over management or strategy.
- **Use of financial leverage:**
  - In acquiring portfolio companies, third-party debt is used, and this is secured on the portfolio company itself, alongside equity provided by the PE fund.
  - The leverage levels applied to portfolio company investments are typically higher than public company benchmarks.

Diagram of the illustrative PE structure



Note: Some PE-like investors (as defined by the PERG) have a different business model.

What are the criteria used to identify portfolio companies, and how are they applied?

Portfolio companies are identified at the time of their acquisition, based on criteria covering their size by market value, the scale of their UK activities and the remit of their investors. The criteria and their application are independently determined by the PERG

- The criteria for identifying portfolio companies, and their application, are determined by the PERG (see privateequityreportinggroup.co.uk for details of composition and remit).
- A portfolio company, at the time of its acquisition, was:
  - 'Acquired by one or more PE firms in a public-to-private transaction where the market capitalisation together with the premium for acquisition of control was in excess of £210mn, and either more than 50% of revenues were generated in the UK, or UK employees totalled in excess of 1,000 full-time equivalents'

  Or

  - 'Acquired by one or more PE firms in a secondary or other nonmarket transaction where enterprise value at the time of the transaction was in excess of £350mn, and either more than 50% of revenues were generated in the UK, or UK employees totalled in excess of 1,000 full-time equivalents'
  - And where PE firms are those that manage or advise funds that own or control portfolio companies or are deemed after consultation on individual cases by the PERG, to be PE-like in terms of their remit and operations
- The companies and their investors that met the criteria were identified by the BVCA and then approved by the PERG.
- As in prior years, the portfolio companies that volunteered to comply with the disclosure aspect of the Guidelines, but did not meet all of the criteria above at acquisition, are excluded from this report.

What are the criteria used to identify portfolio companies, and how are they applied? (cont.)

Movements in the number of portfolio companies included in the study

	Exits 2005-06	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At 1 July		37	42	47	43	64	73	72	70	61	59	50	55	55	61	64	73	81	90	
Portfolio companies introduced or excluded with changes in PERG criteria		-	-	-	12	4	-	(2)	-	-	(2)	-	(1)	-	-	-	-	-	-	11
Adjustments to prior years [1]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	(2)
Acquisitions of portfolio companies		10	5	-	11	8	7	10	7	11	5	13	10	10	8	16	10	12	17	170
Exits of portfolio companies	(9)	(5)	-	(4)	(2)	(3)	(8)	(10)	(16)	(13)	(12)	(8)	(9)	(4)	(5)	(6)	(2)	(3)	(8)	(127)
Portfolio companies at 30 Jun		**42**	**47**	**43**	**64**	**73**	**72**	**70**	**61**	**59**	**50**	**55**	**55**	**61**	**64**	**73**	**81**	**90**	**98**	
Exits and re-entrants		1	-	-	1	1	3	5	-	1	3	3	1	-	2	2	1	-	5	29
Number of exits by IPO		-	-	-	-	-	1	3	8	5	2	-	-	1	1	-	-	-	-	21

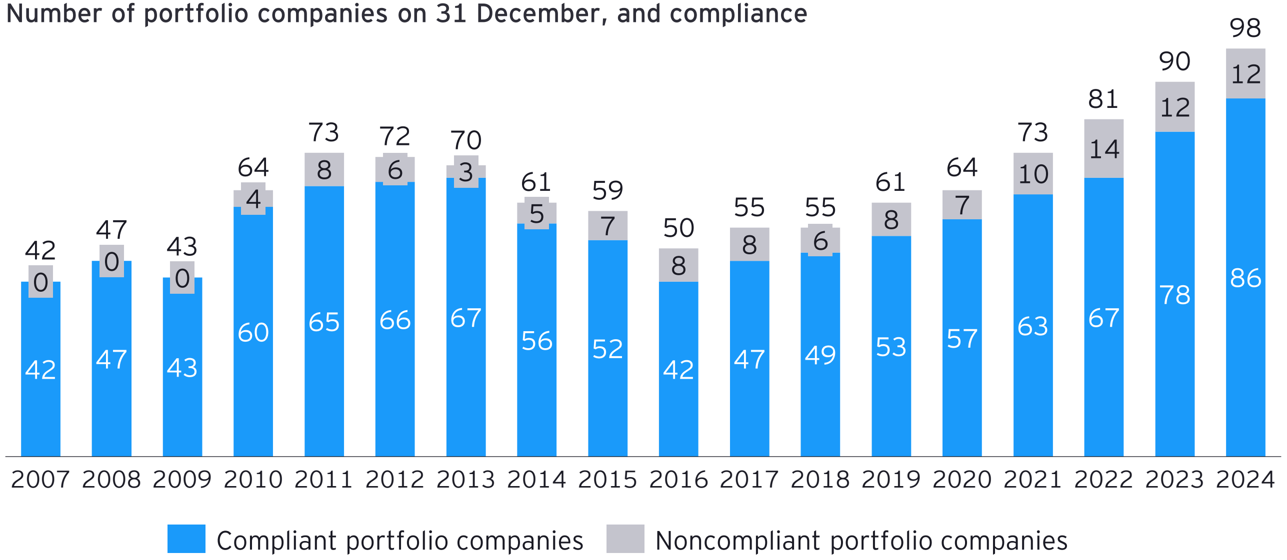
- In 2010, the criteria used to determine the portfolio companies were changed by the PERG, by lowering the entry enterprise value threshold. This brought in a total of 12 new portfolio companies. In 2013, the PERG decided that two portfolio companies that had made significant disposals and was as a result well below the size criterion, would be excluded from the population; a similar decision was taken for two portfolio companies in 2016. In 2018, one portfolio companies was removed due to restructuring, which diluted ownership below the threshold requirements for the population.
- In 2017, the PERG undertook a consultation process to establish which portfolio companies are 'Infrastructure'-like and, therefore, should be excluded from the list of portfolio companies. This resulted in Thames Water being excluded from the 2017 report onwards, Associated British Ports from the 2016 report onwards and Annington Homes from the 2013 report onwards.
- The effect of PE ownership on a business is evaluated from the date of acquisition to the date of exit. The date of exit is defined as the date of completion of a transfer of shares, which means that the PE fund no longer has control, or, in the case of IPO onto a public stock market, the date of the first trade.

1. Portfolio company excluded from scope.

How representative is the data set used in this report?

The aggregated data in this report covers 77% of the total population (including historical exits) and 79% of the current portfolio companies (as defined by the PERG). This year, compliance for the current portfolio companies was 86 of 98, or 88%

Number of portfolio companies on 31 December, and compliance



Data templates – Compliance and coverage %

Count	Current PC (2024)	Historical exits	Total (2024)
Total PCs (A)	98	127	225
Noncompliant PCs	(12)	(9)	(21)
Compliant PCs (B)	**86**	**118**	**204**
PCs not required to submit full data templates*	-	(21)	(21)
PCs provided explanation for non compliance	(4)	-	(4)
First year exemption	(5)	-	(5)
Templates received (C)	**77**	**97**	**174**
Compliance (%) - (B/A)	*88%*	*93%*	*91%*
Data coverage (%) - (C/A)	*79%*	*76%*	*77%*

Data templates

- Data template coverage: PE firms were requested to complete a data template for each of their portfolio companies, for the purposes of preparing this report. Individual portfolio company submissions were reviewed by EY and were accepted or rejected depending on their completeness. In certain analyses in this report, specific data from some portfolio companies has been excluded from our analysis (discussed further on page 76). The aggregated data in this report covers 77% of the total population (including historical exits) and 79% of the current portfolio companies.
- Data template compliance: Compliance by current portfolio companies is at 88% in 2024 and has ranged between 83%–90% historically since 2010.
- In many measures of performance, data covers both current portfolio companies as well as those owned and exited. The table opposite sets out the compliance status for both current PCs and historical exits.

Exit templates

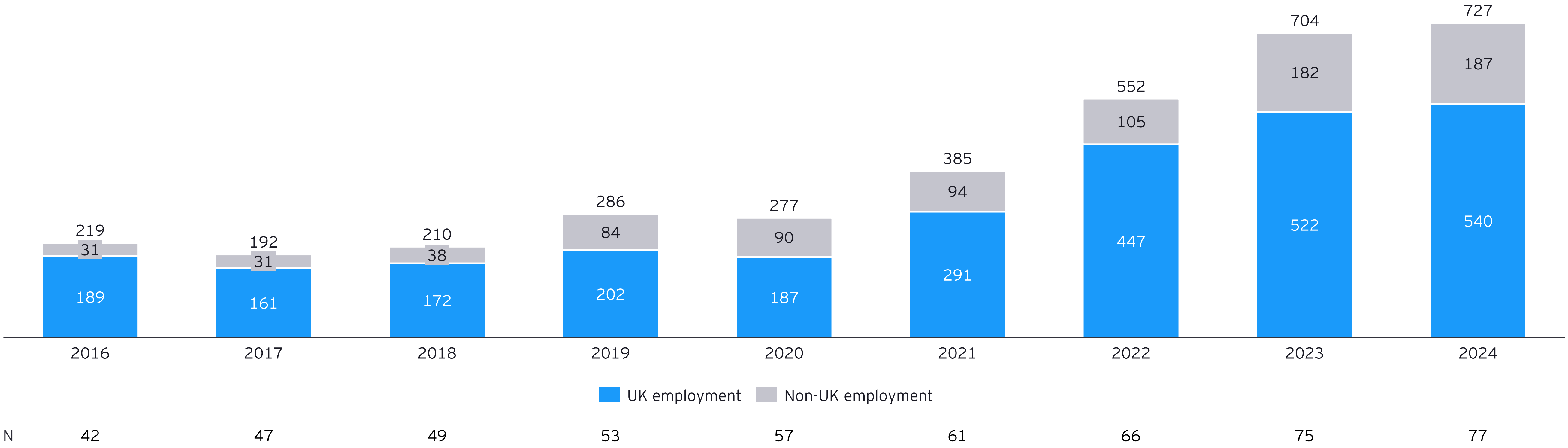
- Exit templates coverage (not shown in the table opposite): Exit templates are the key source of information for the returns attribution analysis, which is only measured on exits. Compliance for exit templates is 109 out of 127 or 86%. All of the eight exits in 2024 are compliant, with four exits having an explanation for noncompliance.

** 21 PCs were not required to submit full data templates, of which i) 14 relate to exits in the period 2005-07, and ii) seven relate to exits post 2007.*

How representative is the data set used in this report? (cont.)

Current portfolio companies in 2024 reported total employment of 727k (77 portfolio companies) including both UK and non-UK employees higher than the 704k in 2023

YoY employment for current PCs (represented by number of jobs)[1]



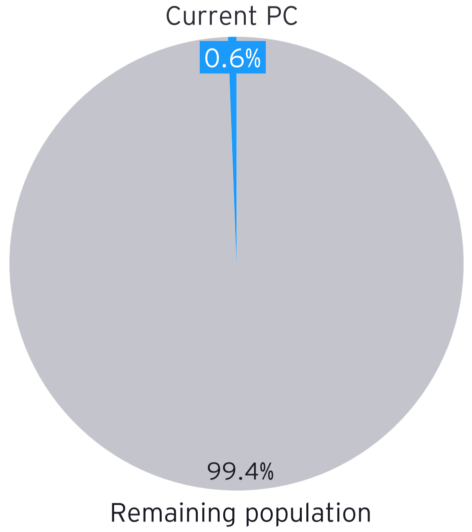
- The chart above shows total employment of the current portfolio companies in each respective year of the study.
- The 77 current portfolio companies in 2024 contributed 727k total number of jobs which compares with 704k total number of jobs contributed by the 75 current portfolio companies in the 2023 study.

1. Employment numbers represent average FTEs as reported by portfolio companies.

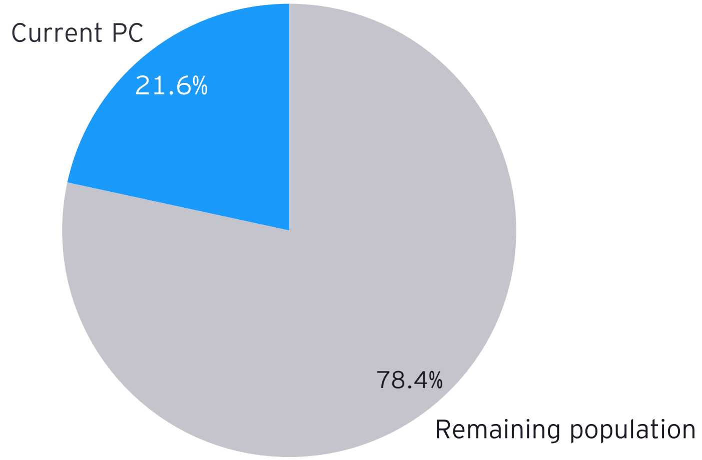
How representative is the data set used in this report? (cont.)

Current portfolio companies in this study represent c.1% of UK companies in PE and venture capital (VC) backed businesses and account for 22% of total employment of PE and VC backed businesses. (Source: Economic contribution of UK private equity and venture capital in 2025)

Total number of current portfolio companies as % of UK companies in PE and VC backed businesses



UK employment of current portfolio companies as % of UK PE and VC backed businesses

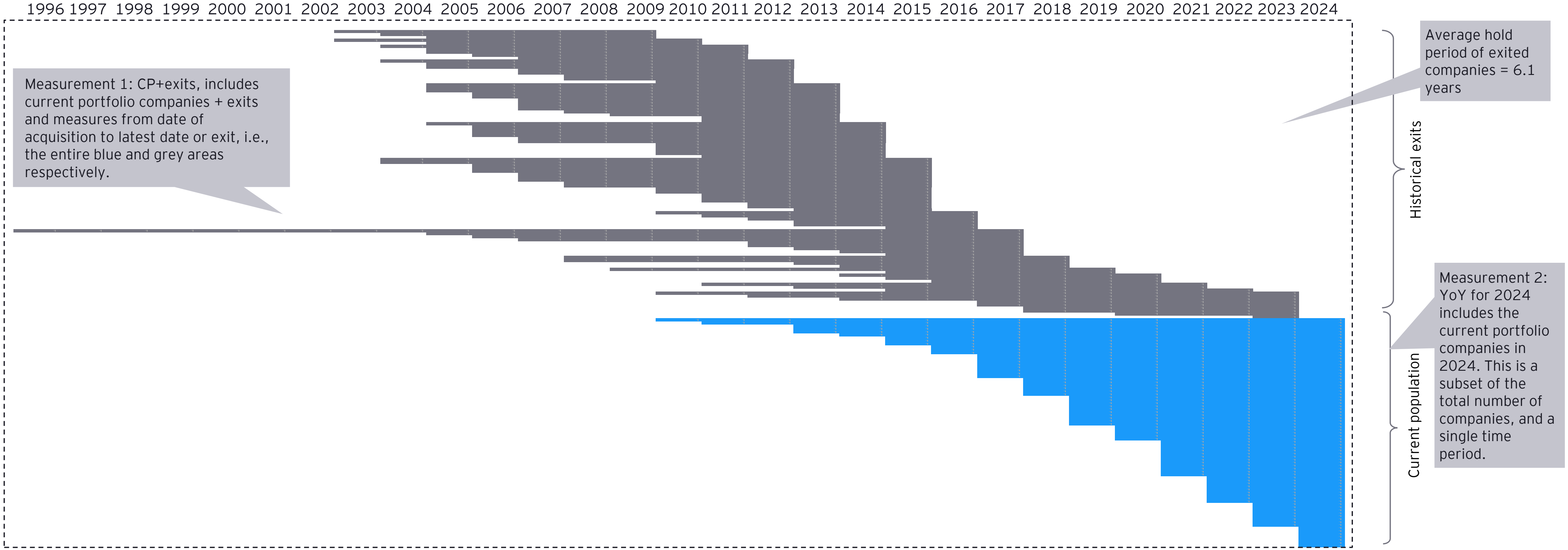


- The chart above represents the contribution of current portfolio companies to the UK PE and VC backed businesses in terms of, a) number current portfolio companies (77) in this report with the UK companies (12,900) in PE and VC backed businesses, and b) total number of UK employees (540k) in the current portfolio companies with the UK employees (2.5mn) of PE and VC backed businesses.
- Information on the number of UK PE and VC backed businesses and their UK employees is taken from an EY study commissioned by the BVCA (Economic contribution of UK private equity and venture capital in 2025), published May 2025.

What are the time period and coverage of the measures used to evaluate performance?

The two main measures used in this report cover a) the entire period of PE ownership of all the portfolio companies, i.e., from initial acquisition to latest date or exit, and b) the latest year-on-the-prior-year comparison of the current portfolio companies

Period of ownership of portfolio companies by PE investors
Note: The data set for company exits includes investments realised starting 2005 versus 2007 for the main data set.



What performance measures are presented in this report, and how do they interrelate?

This report presents a range of performance measures to test the impact of PE ownership on the portfolio companies' resources, productivity, trading, leverage and investor returns

Overview of performance measures in this report

Change in resources		Plus change in productivity	Leads to changes in trading outcomes	Plus change in financial leverage	Leads to equity returns to investors (at exit)
Labour	**Capital**				
Employment	Operating capital employed	Labour productivity	Revenue	Net debt	Returns attribution
▪ Reported	▪ Tangible fixed assets	Capital productivity	▪ Reported		
▪ Organic (excluding M&A)	▪ Operating working capital		▪ Organic (excluding M&A)		
Employment cost	▪ Capital expenditure		Profit, defined as earnings before interest, tax, depreciation and amortisation (EBITDA)		
▪ Average employment cost per head	▪ R&D		▪ Reported		
▪ Pension provision	M&A investment		▪ Organic (excluding M&A)		
▪ Gender diversity	Dividends (as alternative use of cash to investment)				

Refer to the *Basis of findings* section for further details on how the performance measures are calculated.

Notes:
Where the sample size permits, measures are reported by sector grouping as well as in aggregate.
Many measures are compared with benchmarks of the UK private sector economy and public companies. Refer to the Basis of findings section for further details of the methodology.

How accurate are the individual portfolio company submissions?

The portfolio company submissions are drawn from key figures disclosed in the published independently audited annual accounts

1. The BVCA and EY contacted the PE firms in June 2025 and requested a standard data template to be completed for each portfolio company. For exits, the data template required to complete the returns attribution analysis was requested.
2. Whilst it is the responsibility of the PE firm to ensure compliance, in many cases, the portfolio company submit the information directly.
3. The portfolio companies have annual accounts that have been independently audited (though we note a small number of companies provided data not yet signed off by auditors, e.g., due to delay in the audit process). Completion of the data template drew on information available in company accounts and further information that was prepared from portfolio company and PE firm sources. This data enabled analysis, amongst other things, of the impact of acquisitions and disposals, and movements in pension liabilities and assets. The data template incorporates several in-built consistency and reconciliation checks, and also requires key figures to be reconciled to figures in the annual accounts.
4. The data templates returned to EY were checked for completeness and iterated with the PE firms as required. EY undertook independent checks on a sample of the returns against published company accounts. This found no material discrepancies.
5. For some PCs, manual adjustments have been made to the data template to correct "At acquisition" data where the PC had reported "At acquisition" details incorrectly.
6. The data is not adjusted for any periodic changes in accounting policies. Thus, there may be YoY differences caused by changes in accounting policies.

Clarifications on the data used

Consistency with historical reporting: general

The data collection process, methodology of analysis, data sources and calculations in this report are materially consistent with historical reporting procedures. Where any deviations occur, this has been referred to as part of the analysis.

The figures presented throughout this report include all the data points provided by the portfolio companies for each analysis. There are instances where it is not possible to include individual companies on specific analysis, (e.g., not provided comparable data in the template, or a negative starting figure on growth rates, or negative EBITDA in leverage calculations (portfolio companies and public company benchmark)). In order to reflect this, we have presented the n counts in each analysis, where applicable. In some cases, the sign of the CAGR values were adjusted to correctly reflect negative growth on an already negative baseline.

For further information

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