

Partners Group Private Equity

Strong exits may trigger sizeable buybacks

Partners Group Private Equity Limited (PEY) continues its strong exit activity with €65.4m in distributions in the first nine months of 2025 (9M25) and a further 22% of its end-September 2025 NAV in agreed sales processes. Another 11% of NAV is in listed holdings, which gradually will be sold off. Overall, PEY's manager expects c €200m in proceeds in both FY25 and FY26, which would bring its exit activity closer to the historical average of 21% of opening NAV per year and which bodes well for its share buybacks. PEY posted a 2.1% NAV total return (TR) in Q325 (supported by a 2.6pp impact from changes in portfolio value), which partly offset the (largely fx-driven) 5.7% NAV TR decline in H125. On a constant currency basis, PEY's portfolio value was up 10.6% in the 12 months to end-Q325, with two of its three holdings that floated last year (Vishal Mega Mart and Galderma) being important drivers. EBITDA growth and higher multiples contributed 7.0pp and 3.0pp, respectively, to this increase, partly offset by a 4.5pp impact of higher net debt (amid refinancing in late 2024 and early 2025 on improved terms to drive growth).

PEY has already carried out its first buybacks under its capital allocation framework introduced in 2024, with 150k shares repurchased in October and further purchases in November. Assuming PEY's discount to NAV remains above 20% until the end of 2025, the significant contracted exit proceeds (c €214m), coupled with potential further realisations of PEY's listed holdings, may lead to further buybacks in early 2026. However, the volume of these share repurchases is difficult to estimate at this stage, as some of these exits were agreed after reporting date, and as PEY's free cash flow will be influenced by its new investments in Q425. Meanwhile, PEY announced its second interim dividend of €0.375 per share, in line with its policy of paying out 5% of opening NAV per year. This implies a 7.5% dividend yield based on the current share price.

PEY invested €41.6m in 9M25, of which €23.3m was in Q325, mostly into six new investments, including MPM Products, a global premium pet food company, and Restor3d, a medtech company providing patient-specific 3D-printed musculoskeletal implants. Its near-term pipeline (transactions expected to close in Q425) includes Infinity Fincorp Solutions, an Indian non-bank lender serving under-banked small business owners, as well as two undisclosed companies – a provider of hospice care and a provider of business decisioning data and analytics. PEY's manager believes that its current investment pipeline should allow it to reach an investment pace closer to the historical c 10–15% of NAV per year.

PEY's liquidity position at end-September 2025 consisted of €2.1m in cash and equivalents and a €111m undrawn credit facility. We note that PEY recently announced an early renewal of the facility at a lower commitment fee (80bp vs 100bp previously) and margin on drawn amounts (270bp vs 295–325bp previously). The new facility matures in November 2029. It was upsized from €140m to €150m.

Investment companies Listed private equity

3 December 2025

Price	€10.70
Market cap	€740m
Shares in issue	69.2m
Code/ISIN	PEY/GG00B28C2R28
Primary exchange	LSE
AIC sector	Private equity
Financial year end	28 February
52-week high/low	€9.1 €11.2
Fund objective	

Partners Group Private Equity is an investment holding company domiciled in Guernsey that mainly provides equity capital to private companies in the middle and upper-middle market. Its portfolio consists mostly of direct investments, and it has a small portfolio of legacy third-party fund investments that is currently in run-off. It aims to provide shareholders with long-term capital growth and an attractive dividend yield.

Bull points

- Attractive dividend policy and a well-structured buyback framework.
- Focus on transformative trends in various 'foundational' subsectors of the real economy and an entrepreneurial governance approach.
- Strong exit pipeline and potential for substantial buybacks.

Bear points

- NAV total return below peer average in recent years.
- Interest rate normalisation may reduce prospective private equity returns, put pressure on interest coverage ratios and/or lead to refinancing issues across private equity-backed companies in the medium term.
- Portfolio exposed to a potential further depreciation of US dollar against euro.

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Strong return on PEY's investment in the PCI Pharma Services

PEY's agreed exits that were yet to close as of end-Q325 included the sale of PCI Pharma Services (closed in October 2025), Apex Logistics (minority stake sold to majority shareholder Kuehne+Nagel), Clario (sold to a strategic investor, Thermo Fisher Scientific), International Schools Partnerships (partial sale of a 20% stake to CVC Strategic Opportunities), as well as the remaining consideration for Techem. We calculate that the sales consideration for PCI Pharma Services implies a strong 4.8x multiple on invested capital (MOIC), the total proceeds from Apex Logistics (including dividends received earlier) imply a healthy c 3.3x MOIC since its investment in 2021 and the c €27.5m in proceeds from the Clario exit represent a robust c 2.0x MOIC over a roughly five-year holding period. After reporting date, PEY agreed the sale of Convex Group, a speciality property and casualty insurer and reinsurer, with the transaction valuing PEY's stake at €23m (11% above last carrying value).

Moreover, it expects to receive €3.8m proceeds in conjunction with Esentia's IPO, while retaining a stake of c €10.6m as of 21 November 2025. The combined value of €14.4m is below the end-September 2025 carrying value of €26.1m, which PEY considers a result of short-term market dynamics and liquidity considerations rather than a change in Esentia's fundamentals. Esentia, which became PEY's investment in 2014, is a developer, owner and operator of midstream natural gas infrastructure in Mexico. It is PEY's last remaining investment that is not a standard private equity buyout, as it was originally structured as a private infrastructure investment via a blend of equity and mezzanine debt.

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