

CONTINENTAL EUROPE

# HY 2025 ACTIVITY & OUTLOOK

Private Credit: Views  
from the ground

JULY 2025

# OVERVIEW:

**Josh Shipley, Executive Managing Director and Head of Private Credit for Europe, shares his views on activity in 2025 so far, and outlook for the rest of the year**

The first half of the year saw varied activity across strategies and regions, with some notable transactions across corporate financing, direct lending, and infrastructure. While private equity buyouts remain subdued, corporates are selectively stepping in, particularly where they see genuine opportunities.

Borrowers and sponsors are navigating a complex environment shaped by geopolitical tensions, inflation, and shifting supply chains. There's growing interest for local-for-local production models, diversified funding sources, and long-term partnerships with non-bank lenders.

While overall M&A activity remains constrained, there's cautious optimism for an uptick in the second half of 2025 and into 2026, particularly in refinancing, recapitalisations, and add-ons.



**Josh Shipley**

Executive Managing Director, Head of  
Private Credit for Europe

**“There’s growing interest for diversified funding sources and long-term partnerships with non-bank lenders”**

*Josh Shipley*

## KEY TAKEAWAYS

### 1 GLOBAL MACRO SHAPING OUTLOOK

Tariffs, inflation, and regional dynamics are key factors, causing corporates and sponsors to proceed with new opportunities cautiously

### 2 SHIFT TOWARDS RESILIENCE

Local production models to mitigate supply chain risks and diversified funding sources are key for businesses in the current environment

### 3 OPPORTUNITIES IN INFRASTRUCTURE

Aging traditional infrastructure, the green energy transition, and growing demand for digital infrastructure offers an opportunity to provide essential financing

# FRANCE & THE BENELUX

**Max Boury, Principal, based out of our Paris office shares his perspective on activity over the past 6 months and the outlook for the rest of 2025 in the France and the Benelux**

**Q: How would you describe activity during the first half of the year?**

In France, I would say activity has been relatively subdued. We've seen a lag effect from last year's elections, which created a degree of political uncertainty specific to the French market. This, coupled with the US elections at the end of 2024 and the impact of 'Liberation Day' in April, contributed to a noticeable slowdown in financing opportunities. Of the opportunities that we have seen, the quality hasn't necessarily met our preferred risk-return profile.

That said, there is a growing sense of optimism that conditions will improve. Discussions with advisors, sponsors, and companies all seem to imply that there should be an uptick in activity in the second half of this year.

In Benelux, while the market is naturally smaller than France, we're seeing similar trends across the region. However, activity in Benelux was comparatively stronger at the start of the year, but momentum has since tapered off. Nonetheless, expectations remain positive, with many anticipating a rebound in activity towards the end of the year.

**Q: What's the general feedback that you're hearing from potential borrowers, whether it be companies or sponsors?**

Across both France and the Benelux, the feedback has been that unless there's a pressing need for financing, companies are adopting more of a 'wait and see' approach. Unless they have an imminent refinancing need or a time-sensitive M&A opportunity, they'd rather delay the discussion until there's greater clarity on rates and macro conditions.

Equally for sponsors, activity has been relatively muted, with very few M&A opportunities coming to market. The majority of incoming

requests are related to refinancing, often due to limited support from banks or because businesses are facing operational challenges. In some cases, where businesses are performing well, it's to reprice debt.

Given the limited deal flow, particularly for high quality assets, lenders are increasingly willing to be more competitive on pricing, which is creating opportunities for well positioned borrowers.

**Q: Have you seen any direct impact on your portfolio from the tariffs?**

We haven't seen any direct impacts on the portfolio to date. That said, we've taken proactive steps to help ensure that we're ahead of any potential impacts by analysing each portfolio company's operations and identifying where they could be susceptible.

Ultimately, the broader impacts will likely be more indirect, so they're harder to quantify at this stage. Many of the companies that we work with are relatively diversified geographically, with operations globally and on both sides of the Atlantic. So, while there is still uncertainty around where the tariff levels will ultimately land, we feel that we should be somewhat insulated versus peers with more concentrated regional exposure.

**Q: Do you expect an uptick in M&A?**

There has been talk of an increase in M&A for the last year now and current conversations with advisors and sponsors suggest that the second half of the year could finally deliver on that expectation.

This rationale is driven by a few things. Firstly, LPs are applying increasing pressure on sponsors to return capital and provide liquidity. Secondly, interest rates are expected to remain stable or potentially decline, which would trigger

activity. And thirdly, advisors are reporting that their transaction services are fully booked with new mandates and are quite busy – typically a strong indicator of upcoming activity

**Q: What's your outlook for the rest of 2025?**

Our outlook aligns with the broader sentiment across Continental Europe, we're 'cautiously optimistic'. The pipeline is solid – perhaps not exceptional - but that there are a number of promising opportunities that we're actively working on. We're hoping to close a few transactions before the summer break, including deals with both new and existing clients.

It's difficult to predict how the rest of the year will unfold, other than observing that, right now, the pipeline feels like it's at a decent level.

**Q: Do you have a favorite summer holiday destination? Any good reads?**

A recent favourite was Brittany, in the west of France. It's a fantastic summer destination—cooler than the Mediterranean, which I find too hot during peak season. The coastal scenery is beautiful, and it's a great place to unwind.

As for reading, I just finished *A Death in Cornwall* by Daniel Silva. It's a real page-turner—perfect for a summer weekend on the beach. Highly recommended!



**Max Boury**  
Principal  
Netherlands, Denmark,  
Luxembourg, French-speaking  
Switzerland & France

+33 01 5795 3522  
Max.Boury@pgim.com



# IBERIA

**Jose Ortiz, Senior Principal, based out of our Madrid office remarks on activity over the past 6 months and the outlook for the rest of 2025 in the Iberia region**

**Q: How would you describe activity during the first half of the year?**

We had a strong 2024, which set a positive tone for early 2025. January and February were particularly active, with a robust pipeline and new opportunities across sectors.

From March onward, momentum slowed somewhat, largely due to uncertainties around tariffs, geopolitical tensions, and the broader macroeconomic environment. While opportunities haven't disappeared, transactions are progressing more cautiously as market participants take time to reassess risk and expectations.

That said, we closed three diverse deals – one investment grade, one below investment grade and one direct lending – demonstrating continued activity across the credit spectrum.

Now, with volatility easing and uncertainty becoming the new normal, our pipeline is regaining momentum. Given the challenging backdrop, we feel it's been a reasonably good start to the year.

**Q: What's the general feedback that you're hearing from potential borrowers, whether it be companies or sponsors?**

Companies began the year a little more optimistic, but the second quarter saw a more measured approach, as firms reassessed plans for capital expenditure, investment, or expansion into new markets.

Despite this, activity hasn't stalled. There's cautious optimism as firms adapt to ongoing uncertainty and background noise.

In Spain, where macro conditions and sentiment remain broadly quite positive, this is reflected in the feedback we're receiving from both companies and borrowers.

On the sponsor side, acquisition activity was

stronger in Q1 than Q2. That said, we're currently in the process of financing a sponsor-backed deal and have been actively reviewing new opportunities. So, whilst the pace has slowed, the market remains active and engaged.

**Q: Have you seen any direct impact on your portfolio from the tariffs?**

The direct impact on Iberian companies has been relatively limited as the US typically represents a smaller share of their revenue. For a few borrowers with greater exposure – around 20-30% of revenue – there has been some disruption, but they've largely offset costs by passing any increases on to end consumers.

The situation appears to be relatively stable amid ongoing political negotiations. However, our companies remain cautious, with many factoring in price adjustment mechanisms into their discussions and contract with U.S. customers to mitigate future volatility.

Overall while concerns around tariffs haven't caused widespread concern, it has prompted a more proactive approach to risk management and pricing strategy.

**Q: Do you expect an uptick in M&A?**

I'm optimistic. While M&A activity was slower last year, we saw encouraging signs of recovery in early 2025. Recent macro uncertainties have tempered that momentum slightly, but deals are still happening, - albeit with more rigorous due diligence and tougher value negotiations.

If interest rates remain stable or begin to decline, that could support a stronger rebound. Private equity firms have significant 'dry powder' that they're ready to deploy.

However, macro uncertainty – particularly in Spain – is prompting buyers to reassess timing and risk. Some are factoring in the possibility of a recession, which is slowing decision making.

Still, the market hasn't stalled completely, it's simply more cautious and selective.

**Q: What's your outlook for the rest of 2025?**

We're closely monitoring how shifting dynamics across asset classes are influencing corporate activity. Late last year, falling interest rates led to lower pricing, but recent volatility has reversed that trend. As a result, many corporates are delaying deals until there's more market clarity, pushing some transactions we expected in the first half, into the second half of the year.

If tariff-related uncertainty stabilises, we could see pricing soften again, which would likely support a pickup in activity. Our pipeline remains strong, and discussions with potential issuers are ongoing.

So, despite current pricing levels, we're optimistic that deals will continue to move forward. If conditions improve, 2025 could be a strong year for our offices across the region.

**Q: Do you have a favorite summer holiday destination? Any good reads?**

I highly recommend Cadiz in Southern Spain – it feels like a different world! The white sandy beaches are stunning and far less crowded than other parts of Spain. The fishing towns in the region are also well worth a visit.

For summer reading, one of our borrowers is a major Spanish publisher and home to one of the most prestigious literary prizes in the Spanish-speaking world. They sent me a book that was a finalist - I'm looking forward to reading that!



**Jose Ortiz**  
Senior Principal  
Spain & Portugal

+34 917 898 242  
Jose.Ortiz@pgim.com

# ITALY

**Francesco Ascoli, Managing Director, based out of our Milan office provides his insights on activity over the past 6 months and the outlook for the rest of 2025 in Italy**

**Q: How would you describe activity during the first half of the year?**

It's been a very active six months. Given macro concerns in late 2024, we expected Q2 to be soft. In reality, it was possibly the busiest quarter we've had in the past decade!

There's no single driver for this – that's the beauty of diversification. We engaged with a variety of companies; corporates, infrastructure firms, multi-utilities, and some very niche opportunities.

M&A activity remains fairly subdued, prompting companies to explore long-term financing.

Corporates with solid financials, operating in stable sectors, are better insulated from external factors, with many considering investments or smaller strategic acquisitions. Access to long-term capital to support new developments is crucial for these firms – scenarios where a Shelf Facility can offer an effective financing solution.

The green transition continues to gain momentum. Multi-utilities, a sector we've been particularly active in, are a primary driver behind the transition to sustainable energy. We're increasingly looking at infra and infra-related deals – building on a strong position that we've developed over the past year.

**Q: What's the general feedback that you're hearing from potential borrowers, whether it be companies or sponsors?**

Many companies are adopting a 'wait and see' approach. While they may not anticipate substantial impacts from the macro environment, they'd rather hold off on major investments until there's greater clarity.

Companies with solid fundamentals remain prudent, rather than reactive – they're committed to keeping their processes moving forward. Others, with less financial flexibility, may be more constrained in decision-making.

Generally, the banking system remains active and supportive. While this can occasionally result in us missing out on deals, a proactive banking environment is a win-win situation.

**Q: Have you seen any direct impact on your portfolio from the tariffs?**

The only noticeable effect has been a very short-term benefit. Some companies raised prices in anticipation of tariffs that didn't materialise, resulting in a temporary margin gain. This wasn't universal and remains a short-term advantage. There's a general sense of caution, but no signs of urgency or distress.

An example within our portfolio is a major API producer. It has no key competitors with U.S. operations. It's hard to imagine tariffs being imposed on a provider of life-saving treatments with no real domestic alternatives in the short and medium term.

For most portfolio companies, the U.S. accounts for less than c.20% of revenue, making them diversified – though some smaller firms may be an exception. Where they do serve the U.S., it's typically via operations in Canada or Mexico, where supply chains are established.

While we'd welcome more U.S. exposure, relocating thousands of suppliers isn't realistic. The only viable option, would be pass costs to consumers, though this could dampen demand. Fortunately, with c.80% of business conducted outside the U.S., impact would be limited.

A broader concern could be a global recession, which would have unpredictable consequences, and would affect everyone.

**Q: Do you expect an uptick in M&A?**

There's cautious optimism. Interestingly, we heard this in mid-2024 too, but activity ultimately remained soft. Expectations for the second half of 2025 feel more like hopeful anticipation than certainty.

Many investments made in recent years will eventually need financing or an exit. At some point, a company will act – triggering a chain reaction. Once a deal sets a new valuation benchmark, others will likely follow. This could be the catalyst that reopens the market. The longer the standstill continues, the more inevitable this turning point becomes – because the alternative is far less sustainable.

**Q: What's your outlook for the rest of 2025?**

We've made a concerted effort to close as many deals as possible in H1, knowing August often brings low liquidity and heightened sensitivity, where even minor news can move markets.

I've learned not to wait for the 'perfect' market, it rarely arrives. Opportunities still exist, even in challenging sectors like automotive, where strong companies will need long-term capital to support transitions. Utilities and infrastructure are even more resilient – Europe's aging infrastructure needs renovation and expansion. On top of the 'old economy' infra-world, new opportunities are coming in BES, datacentres, waste management, etc.

If we return in September without major shocks, I expect activity to remain strong.

**Q: Do you have a favorite summer holiday destination? Any good reads?**

I've been reading '*Resilience that Works*' from the Centre for Creative Leadership. Developing the ability to stay flexible and adaptive, yet strong, is a good way to manage life, not just work.

For a holiday, I'd choose the Alps – hiking and reconnecting with nature is always a pleasure!



**Francesco Ascoli**  
Managing Director  
Italy

+39 02 3858 4345  
Francesco.Ascoli@pgim.com



# DACH & THE NORDICS

**Thomas Krausser, Senior Principal, and Florian Seifert, Principal, based out of our Frankfurt office comment on activity over the past 6 months and the outlook for the rest of 2025 in the DACH and Nordics regions**

**Q: How would you describe activity during the first half of the year?**

**Florian Seifert:** We were busy across all strategies, including buyout, long-term corporate, and real asset transactions. For example, we financed a company in Germany where one family bought out a second family which owned part of the business. Another example is a transaction where we partnered with an infrastructure PE firm to finance a district heating business in the Nordics.

**Thomas Krausser:** Some corporates are now seeing opportunities where PE faces some challenges. In these instances, sellers rely more on corporates, particularly when interest is genuine. That said, many PE portfolios hold companies that aren't underperforming, but also aren't thriving, they're treading water - something will need to happen with these companies over the next 6-12 months. So, whilst activity was subdued in the first half of the year, we expect this to pick up in the second-half of the year and into 2026, with corporates likely to take their chances.

**Q: What's the general feedback that you're hearing from potential borrowers, whether it be companies or sponsors?**

**FS:** Sentiment is mixed – generally positive, but tempered by global uncertainty, particularly around outlook in the mid to long-term. Investment grade companies often have a global diversified footprint in terms of production and sales; this diversification helps them to be more resilient in times of uncertainty.

Generally, the trend has been to de-risk, looking at more local-for-local strategies, which mitigates supply chain risk to some extent and allows companies to align closer to customer trends.

There's also growing interest in diversifying funding sources, including non-bank lenders

and longer-term funding, beyond ten-years.

We're hearing varied feedback from sponsors; some are dealing with portfolio challenges, while others, facing fewer issues, are more active in pursuing new opportunities. Sponsors are generally being more selective and due-diligence focused compared to the peak, with processes taking longer and prices scrutinised more.

On the debt side, we hear a lot about bifurcation of the market, where a small number of deals generate outsized interest, whilst others get very limited traction.

In terms of funding, we see funds and banks looking to increase market share, which is great for issuers and sponsors, particularly with funds offering more flexibility and pragmatic processes. We've been seeing more transactions where we partner with banks in A/B/C structures or with other funds, rather than being a sole lender.

**TK:** Feedback is varied by industry. Some banks are exiting certain sectors, offering no support at all. Others are more opportunistic – actively stepping into those same sectors, seeing them as areas presenting a potential opportunity.

We've seen companies pausing M&A in the US due to uncertainty. Late last year, they were considering investing significantly in the US, and now they have stopped entirely.

Overall, investment activity is subdued, which in turn is likely to result in fewer financing opportunities as deal flow continues to slow.

**Q: Have you seen any direct impact on your portfolio from the tariffs?**

**TK:** This is top of mind across the industry, everyone is actively analysing the potential impact. In short, if a company supplies to the US and there is no real domestic competitor, they're less concerned. If a US-based competitor exists however, the dynamic would shift. That

said, it's still early days. Companies are preparing and doing what they can, but the situation changes regularly.

The bigger concern is what's happening on the consumer demand side. I think companies are concerned that, due to inflation and higher product and consumer costs, demand will fall.

**FS:** Impact varies, with some sectors feeling it more acutely than others – automotive for example is under notable pressure. Companies with local production and management, focused on serving local markets, are better positioned than those relying on a global production hub.

We've generally been selective in portfolio construction, focusing on identifying strong businesses and management teams that are well prepared to deal with different types of crises and external shocks. These companies are focused on working towards the best possible outcome for both their business and their stakeholders in light of these shifting scenarios.

The more critical, and less tangible, impact of tariffs are the potential second and third round effects. In the first round, companies are a 'target' of tariffs, either directly or indirectly. However, supply chain rerouting for example is harder to plan for and could put pressure on European pricing.

**Q: Do you expect an uptick in M&A?**

**TK:** I would not expect a significant uptick, but some movement is likely in PE over the next 3-4 months. Corporate M&A activity hinges on how companies interpret uncertainty – some may see this uncertainty as an opportunity, while others may prefer to wait.

**FS:** I agree. Based on recent discussions with German and Scandinavian based PEs and advisors, there's still optimism for a stronger second half of the year. That said, this has been the narrative for the past two years - it's the 'next quarter' when the uptick is expected.

Whether that materializes remains uncertain, but the overall sentiment in meetings and across the industry remains cautiously optimistic.

On the corporate side, activity seems more selective. The consensus from clients and prospects is that they continue to evaluate M&A opportunities against organic growth. Multiples are still felt to be high, particularly by more conservative buyers, who often feel priced out by PE firms that tend to bid more aggressively. So, while corporates are on the lookout for opportunities, the bar for pulling the trigger remains high given the ongoing uncertainty.

**Q: What's your outlook for the rest of 2025?**

**FS:** From a debt perspective and being probably more on the conservative side, I would say 'cautiously optimistic'. There's still uncertainty from shocks around the global economic outlook and international trade. However, we also see continued interest for our type of financing from portfolio companies and prospects, especially as we are a non-bank, conservative, largely insurance-based, long-term stable partner, which companies usually value in times of uncertainty.

On the sponsored side, it's more dependent on the overall M&A activity. But we're also looking

at more refinancings and recapitalisations right now, as well as add-ons, which I expect to continue in the second half of the year.

**TK:** I agree. Diversification should provide opportunities because we can access situations which would normally be covered by the banks. There could also be situations where we can offer financing, complementary to the banks, which borrowers will appreciate. A lot will depend on the uncertainty factor. The only concern is if parties will simply hold off and do nothing.

**Q: What differences are you seeing between each of the regions?**

**FS:** In terms of similarities across DACH and the Nordics, corporates are increasingly looking beyond traditional bank financing instruments like Schuldscheins. They're actively working to diversify their funding strategies and are becoming more open to non-bank lenders.

However, there are notable differences – in the Nordics, there tends to be less access to long-term fixed-rate capital for traditional corporates. The majority of term debt tends to be floating rate, with maturities typically capped at around 5 years.

**TK:** In Switzerland, the Swiss Franc is seen as a

'hard currency' and so tends to remain stable versus more volatile currencies, where political and economic shifts are at play. Swiss investors may consider more local financing for globally active companies, and potentially hedge against dollar risk if they have large operations in the US, Europe or other parts of the world.

In infrastructure, companies will likely be offered programs by governments, but we don't expect to see that unfold this year. Hopefully by next year, the details will be ironed out and we'll see movement on larger infrastructure projects.

**Q: Do you have a favorite summer holiday destination or a good Netflix series?**

**TK:** Given the recent warm weather, I'd head to northern Europe for a summer holiday as I travelled to the Baltics last year and loved it.. Northern Europe, Scandinavia, and the Baltics would be my suggestion - the Mediterranean is too hot now!

**FS:** I can recommend Southeast Mallorca, which is very fantastic, not too crowded with nice beaches and great food. And then I can also recommend Chef's Table and then Chef's Table Legends as a Netflix series. It's a series about famous chefs around the globe. Really interesting.



**Thomas Krausser**  
**Senior Principal**  
Southern Germany & Switzerland  
+49 69 9552870  
Thomas.Krausser@pgim.com



**Florian Seifert**  
**Principal**  
Northern Germany, Austria,  
Eastern Europe & Nordics  
+49 69 95528717  
Florian.Seifert@pgim.com

# H1 2025 ORIGINATION HIGHLIGHTS



Electric



Natural Gas



Consumer Products



Financial



Gaming



Transportation Services



Diversified Manufacturing



Transportation Services



Food & Beverage



# CONTINENTAL EUROPEAN OFFICES:



## FRANKFURT

Omniturn,  
Große Gallusstraße 18  
Frankfurt, Germany 60312

+49 69 9552870



## MADRID

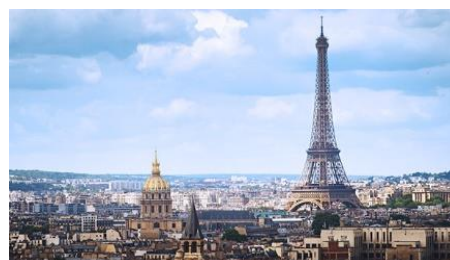
53, Paseo de la Castellana,  
4th Floor,  
Madrid, Spain 28046



## MILAN

38, Via Alessandro Manzoni  
Milan, Italy 20121

+39 02 3057 5055



## PARIS

36 Avenue Hoche  
Paris, France 75008

+33 01 5795 3528

FOR INTENDED AUDIENCES ONLY, NOT FOR WIDER DISTRIBUTION

The information presented herein, including any transaction information, is intended solely for portfolio companies and prospective portfolio companies, is provided for educational purposes only to show the scope of PGIM's investment capabilities. This information should not be construed as a recommendation, investment advice or an offer or solicitation to buy or sell any security or financial instrument or to enter into or arrange any type of transaction as a consequence of any information contained herein. Any transaction information shown is based on information available at the time each transaction was initiated, which may no longer be applicable. Depicted transactions were selected based solely on PGIM's receipt of the borrowers' prior approval and are not representative of all investments made by PGIM. Future transactions and other existing transactions may differ materially from those presented herein.

This information represents the views and opinions of the author(s) as of the date of issuance and may not necessarily represent the views of PGIM or its affiliates. The information contained herein has been obtained from sources that PGIM believes to be reliable as of the date of issuance but is not guaranteed and is subject to change without notice. Any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without PGIM's prior written consent, is prohibited.

© 2025 PFI and its related entities, registered in many jurisdictions worldwide. PGIM Private Capital is a trading name of PGIM, Inc. ("PGIM") and certain of its affiliates. PGIM is the principal asset management business of Prudential Financial, Inc. ("PFI"). PGIM, the PGIM logo and Rock design are service marks of PFI and its related entities, registered in many jurisdictions worldwide. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.