



MID-YEAR 2026

# EUROPEAN PRIVATE CREDIT

---

Views from the Ground



July 2026

Data as at 30/06/26

# CONTENTS

---

<b>Overview &amp; Key Takeaways</b>	<b>03</b>
<b>DACH &amp; The Nordics</b>	<b>04</b>
<b>France &amp; The Benelux</b>	<b>05</b>
<b>Iberia</b>	<b>06</b>
<b>Italy</b>	<b>07</b>
<b>UK &amp; Ireland</b>	<b>08</b>
<b>Contact</b>	<b>09</b>

# OVERVIEW

**Josh Shipley, Managing Director and Head of European Private Credit, shares his thoughts on the priorities, challenges and funding considerations facing borrowers across Europe in 2026.**

Given the ever-evolving geopolitical landscape, it's hardly surprising that activity across Europe has also been somewhat unpredictable, coming in waves across regions and strategies. After a strong start to the year, activity softened amid geopolitical uncertainty and rate volatility, before beginning to recover in Q2 as companies adapted to evolving market conditions.

Across the region, businesses continue to demonstrate resilience. Despite headwinds arising from geopolitical tensions, inflationary pressures, and supply chain disruptions, companies have largely been able to adapt, adjusting operating models and passing through costs where possible, while maintaining a focus on stability and long-term growth. Importantly, following the energy crisis at the onset of the Russia-Ukraine war, many EU countries and corporates are now better positioned to manage renewed energy price volatility, supporting continued resilience across the market.

In terms of broader trends, companies are increasingly prioritising funding diversification, longer-term capital solutions and trusted lending relationships. Infrastructure – particularly core infrastructure, energy transition and telecom/data related assets – continue to show strong momentum, while corporate M&A remains more subdued, with sponsors taking a more selective approach and corporates stepping in to capitalise on strategic opportunities.

Looking ahead, while visibility on pipelines may be less predictable than in previous years, underlying financing demand remains intact, supported by refinancing needs, capex investment and growing demand for private markets as a source of alternative capital. Overall, we remain cautiously optimistic, supported by our ability to tailor flexible capital solutions to companies' individual needs and to deploy capital across sectors, strategies and market conditions.

**“ In an uncertain market, access to flexible, long-term capital and trusted lending partners is becoming increasingly important for issuers.”**



**Josh Shipley**  
Managing Director,  
Head of European Private Credit

## KEY TAKEAWAYS

### 1 OPPORTUNITY IN COMPLEXITY

Despite a more complex macro backdrop, companies are continuing to invest, refinance, and pursue strategic opportunities.

### 2 IMPACT ON ENERGY

With energy prices likely to remain high in the coming months, companies must factor in the potential impact this could have on inflation, logistics costs, and more.

### 3 BROADER, FLEXIBLE FUNDING

Companies are expanding funding sources, structures and maturities, prioritising flexible, diversified solutions to adapt to evolving market conditions and financing needs.

# DACH & THE NORDICS



**Thomas Krausser, Executive Director, and Florian Seifert, Senior Director, based out of PGIM's Frankfurt office share their perspectives on the financing priorities, challenges and opportunities facing borrowers across the DACH and Nordics regions.**

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

**Florian Seifert:** Activity has been strong across both the corporate and infrastructure sectors. We're seeing demand for both diversification beyond traditional bank financing and access longer maturities.

In infrastructure, European and US institutions are seeking 10+ year maturities, often in the 15 to 25-year range, while corporates remain primarily focused on broadening funding bases and accessing 7-15 year tenors.

**Thomas Krausser:** We've seen strong activity, but the wider private placements market is more mixed. In the current environment, companies remain cautious, focused on cost control and assessing whether to commit to spending now, or waiting for markets to settle.

Family-owned businesses tend to be more conservative, typically with lower leverage, while sponsors are focused on stabilising portfolios.

That said, opportunities remain. Strong corporates may be in a position to pursue previously unfeasible M&A, while lenders remain focused on disciplined capital deployment.

## **Q: Are there any transactions or sectors that you'd like to highlight?**

**FS:** We invested across a range of sectors, including; food, core energy, infrastructure and rolling stock. We're really happy to be able to deliver financing solutions across sectors and uses of proceeds.

**TK:** While the market can sometimes take a black-and-white view of certain sectors, we remain open to working with companies across a broad range of industries, including those maybe less in favour. Where sectors show signs of pressure, however, we apply stringent controls and enhanced due diligence to ensure we're fully comfortable with the credit before proceeding.

## **Q: Have you seen any direct impact on your portfolio from the geopolitical backdrop?**

**TK:** We're seeing indirect rather than direct

effects. Many of our portfolio companies operate globally, so tariffs remain an ongoing consideration for investment decisions. Through 2025 and into this year, most companies have been able to pass higher costs on to end consumers. What this will mean for end-customer demand, though, remains to be seen.

The Iranian conflict has brought energy prices sharply into focus, particularly in Germany, where some of our portfolio companies are energy-intensive. While there's been no direct impact so far, sustained high prices could create headwinds. This same is true for logistics and supply chains, as disruption around the Strait of Hormuz affects far more than oil and ultimately feeds through into higher costs.

**FS:** So far, impacts have been limited and will likely depend on how long disruption in the Strait of Hormuz continues. A quick resolution would likely keep effects contained, while a prolonged closure could drive prices and inflation higher.

Overall, our portfolio companies are performing well, supported by strong management teams and owners. They have historically adapted well to these types of exogenous shocks, and we expect this to continue.

## **Q: Where do you see interest rates and inflation heading over the next 6-12 months?**

**FS:** If the current external pressures persist, inflation is likely to rise, although the outlook for interest rates remains uncertain.

**TK:** I'd agree, inflation is likely to stay elevated, with interest rates also likely higher than was anticipated at the start of the year. Energy prices are unlikely to fall meaningfully, feeding through to inflation, logistics costs, and more.

Ultimately, as Florian noted, the outlook remains uncertain - we don't have a crystal ball!

## **Q: What's your pipeline looking like for the rest of 2026?**

**FS:** We expect strong demand from both corporates and infrastructure companies, driven by the desire for funding diversification and

longer maturities financing capex and terming out short-term bank debt.

In a more uncertain environment, long-term and trusted relationships have become increasingly important in providing stability for issuers.

**TK:** Particularly in infrastructure, there's a tremendous funding need. More broadly, companies are continuing to diversify their funding bases, which should support market activity through the rest of the year.

Our focus remains on disciplined due diligence and selecting opportunities which align with our investment parameters. Ultimately, it comes back to backing strong businesses and building long-term relationships.

## **Q: What volunteering activities have you done, or have planned this year?**

**TK:** We participate in the PGIM "Social Day" in Frankfurt each September, where activities range from school clean-ups to painting kindergartens and gardening, - the team is looking forward to participating again this year.

## **Q: Any predictions for the World Cup?**

**TK:** Realistically, Germany's odds of winning are probably quite slim, but we'll come together to celebrate each result!

**FS:** I'd say it'll be one of the many countries where we have an office - perhaps France!



**Thomas Krausser**  
Executive Director  
Southern Germany & Switzerland  
+49 69 9552870  
[Thomas.Krausser@pgim.com](mailto:Thomas.Krausser@pgim.com)



**Florian Seifert**  
Senior Director  
Northern Germany, Austria,  
Eastern Europe & Nordics  
+49 69 95528717  
[Florian.Seifert@pgim.com](mailto:Florian.Seifert@pgim.com)

# FRANCE & THE BENELUX



Jennifer O'Neill Mardokh, Executive Director, and Max Boury, Senior Director, from PGIM's Paris office share their thoughts on the challenges, financing priorities and opportunities shaping decision-making for borrowers across France and the Benelux.

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

**Jennifer O'Neill Mardokh:** Activity has been relatively mixed. The year started quite strong before slowing down significantly from late February.

Economic uncertainty and rising interest rates have meant that many management teams have preferred not to commit to long term maturities, creating headwinds in terms of deal flow.

**Max Boury:** That said, companies are starting to return to the market, with activity picking up as we reach the mid-year point. This year feels very similar to last year in terms of the deal flow fluctuations: this year the Iran war has caused disruption in the first half, while last year was the tariff announcements.

## Q: Are there any transactions or sectors that you'd like to highlight?

**JON:** Aside from add-on financing for existing portfolio issuers, we worked on a unique transaction with our colleagues in the power sector, where we financed a large French company for renewable energy initiatives in Brazil; it was a fairly sizeable and widely documented transaction, and we were one of the many investors that contributed.

**MB:** In January, we also provided financing to [Groupe GPS](#), a global leader in reusable packaging solutions, to support the company's continued growth and fleet expansion. This is a great example of the capabilities of our Direct Lending platform.

And in June we participated in Groupe Petit Forestier's inaugural US Private Placement. Groupe Petit Forestier is a European leader in the full-service rental of refrigerated vehicles, containers, and display units.

## Q: Have you seen any direct impact on your portfolio from the geopolitical backdrop?

**JON:** Most companies in our portfolio have already adjusted to tariffs or had existing global operations, with established US manufacturing capabilities. In some cases, tariffs have created

upside for businesses able to support US demand.

More recently, disruptions in Middle East trade routes have made it harder, or more costly, to move goods from Asia, creating opportunities for local and regional suppliers in Europe.

Energy independence has become a greater priority in Europe, with corporates extending hedging strategies from around 12 months to around 18-24 months to improve resilience.

**MB:** On the Iran war, we haven't seen a material direct impact on our portfolio or the borrowers in our regions. Many are better positioned to navigate these dynamics, having already adapted to similar pressures, particularly rising energy costs, following the Ukraine-Russia War in 2022.

More broadly, companies are increasingly operating in what's often described as a "VUCA" environment – defined by volatility, uncertainty, complexity, and ambiguity. As a result, they are adjusting their business models to be more agile to respond to unexpected shocks.

## Q: Where do you see interest rates and inflation heading over the next 6-12 months?

**MB:** Every week that the conflict in the Middle East continues, inflation is likely to remain elevated, and interest rates are likely to increase in response, as we saw with the recent ECB announcement.

**JON:** The possibility of rising interest rates had contributed to companies choosing to delay financing or opt for shorter maturities in the hope that rates and spreads will drop in the near future. We've seen instances where businesses are coming to the private placement market looking for 2-3 year maturities, something that we wouldn't usually see. But with the increasing probability of rates going up (and no longer down), companies may choose to lock in financing now.

## Q: What's your pipeline looking like for the rest of 2026?

**JON:** Pipeline activity looks quite strong across Belgium and France. While many companies

delayed financing in the first half, M&A remained active, with some seizing the opportunities in the US, driven by lower valuations, limited competition, and a weaker dollar vs the euro.

As these deals clear regulatory processes, we expect some sizable refinancings to happen in the second half of the year.

**MB:** Overall, the outlook is positive, though conditions can shift quickly. As last year, we're feeling cautiously optimistic, as the French would say, on *verra* (we will see).

## Q: What volunteering activities have you done, or have planned this year?

**MB:** We have a day of beach cleaning planned in July, which should also be a great team building activity.

**JON:** And then we'll be looking to partner with La Chorba again later this year, to distribute meals to individuals facing hardship.

## Q: Any World Cup plans or winner predictions?

**JON:** We'll likely organise a team viewing of some of the games, where I'd imagine our French colleagues will be firmly backing France.

**MB:** I'll keep my predictions to myself to not upset my French colleagues. But it's going to be a hot topic in the kitchen over the next few weeks!



**Jennifer O'Neill Mardokh**  
Executive Director  
Belgium, Northern France,  
Western France, & Paris

+33 01 5795 3521  
[Jennifer.ONeillMardokh@pgim.com](mailto:Jennifer.ONeillMardokh@pgim.com)



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

+33 01 5795 3522  
[Max.Boury@pgim.com](mailto:Max.Boury@pgim.com)



## Jose Ortiz, Executive Director, based in PGIM's Madrid office discusses the trends, challenges and financing considerations shaping decision-making for borrowers across Spain and Portugal.

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

There's been solid activity across the region in the first half of the year, although it has varied by segment. We've been particularly active in infrastructure deals and have seen a steady pipeline in direct lending. A number of these opportunities originated late last year and into early 2026.

However, as geopolitical uncertainty increased in the first quarter, momentum slowed. Corporate issuers began to take a more cautious approach when it came to reassessing investment decisions, refinancing plans, and broader capital allocation.

As we've approached the mid-year point, sentiment has improved. Companies appear to be adapting to the environment, and transaction activity has started to pick up again as a result. We've completed several deals so far this year across IG, BIG, and direct lending

Overall, while uncertainty in the wider market remains, companies are adjusting and pipeline activity is rebuilding across key segments.

### Q: Are there any transactions or sectors that you'd like to highlight?

Most of the standout activity has been in infrastructure and real assets. Two transactions involved existing portfolio companies, where we increased our investment through re-leveraging in one case and supporting additional CapEx in the other.

We also participated in a significant telecom infrastructure deal in Spain. This is a particularly attractive growth segment within real assets, and the financing pool included both banks and other institutional investors. Given the number and differing types of participants, it was a complex process with extensive negotiation, but we were pleased to secure a meaningful position.

Looking ahead, we have a number of transactions close to completion. These include a corporate investment grade deal in the retail industry and a corporate below investment grade

deal in the logistics sector – our third investment in that space – as well as a non-sponsored direct lending refinancing transaction that we expect to close shortly.

### Q: Have you seen any direct impact on your portfolio from the geopolitical backdrop?

Overall, we haven't seen any material impact on our Iberian portfolio. While there has been some uncertainty and modest inflationary pressure due to macroeconomic factors across Europe, the effect on Spanish and Portuguese companies in particular has been relatively limited so far.

This is partly due to the region's lower exposure to certain external factors compared to other European markets. As a result, while the broader European backdrop remains relevant, we're not seeing significant stress or concern within the portfolio.

### Q: Where do you see interest rates and inflation heading over the next 6-12 months?

Inflation has increased across Iberia, but we expect this to be relatively contained, likely in the 2-3% range. That's higher than perhaps anticipated at the start of the year, but still manageable.

As a result, we've seen some upward pressure on base rates. At this stage though, we don't expect a sharp shift in the interest rate environment.

Importantly, macroeconomic conditions in Spain and Portugal remain relatively strong compared to some other parts of Europe. While the environment is somewhat more challenging than in recent years, it's still supportive overall, with inflation and rates at manageable levels.

### Q: What's your pipeline looking like for the rest of 2026?

The outlook for the remainder of the year is encouraging. We're seeing a healthy pipeline of opportunities, particularly within investment grade issuers, with a good balance between new names and existing portfolio borrowers, reflecting the importance of direct origination

and long-term relationships.

Alongside this, we're continuing to evaluate new opportunities across the market, looking to diversify the portfolio across sectors and funding types. Overall, we remain optimistic about production for the year and expect a solid level of activity across the region over the course of the second half of 2026.

### Q: Any World Cup plans or winner predictions?

We'll be getting together to watch some of the key games throughout the tournament and are looking forward to seeing how it plays out.

As for predictions, obviously Spain's our pick to win! They have a strong squad and every chance of going all the way.



**Jose Ortiz**  
Executive Director  
Spain & Portugal

+34 917 898 242  
[Jose.Ortiz@pgim.com](mailto:Jose.Ortiz@pgim.com)

# ITALY



**Francesco Ascoli, Managing Director in PGIM's Milan office discusses how companies are approaching funding, investment and growth in today's market environment in Italy.**

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

I'd liken it to surfing, with activity coming in waves. The year started strongly, before slowing in the latter half of Q1, likely due to the broader geopolitical backdrop. As companies adjusted to the "new normal," momentum has since picked up again, with a second wave of transactions completed in recent weeks

We expect production and the pipeline to broadly follow a similar pattern throughout the rest of the year, with macro trends playing a continued and important role in momentum.

**Q: Are there any transactions or sectors that you'd like to highlight?**

There have been a number of deals in Italy during the first half of the year.

We completed a direct lending transaction in the food sector, where we have extensive experience and confidence in the underlying fundamentals. The company has a high-quality management team, and the transaction was driven by a need to refinance upcoming maturities and provide cashflow for CapEx. We worked closely with the management team and ownership to deliver a tailored capital solution.

Among others, we also partnered with [Lario Reti](#), a municipality-owned operator of the Integrated Water Service for the Province of Lecco. We provided €65 million of Senior Unsecured Notes alongside a \$35 million PGIM Private Shelf facility, with the primary aim of refinancing the Company's existing capital structure and to support their plans for capital expenditure.

We were able to leverage our depth of expertise in the regulated utilities sector, and Lario Reti appreciated our flexible and pragmatic approach and speed of execution, alongside our ability to provide further strategic financial support in the future.

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

Companies are generally showing a good degree of resilience. Whilst the wider geopolitical backdrop has created some headwinds, these effects have tended to be relatively short-lived, with businesses broadly adapting quickly to changing conditions.

Cost pressures are largely being passed through to the end consumers, although the sustainability of this dynamic remains uncertain and is likely to depend more on global than domestic factors. For now, conditions appear relatively stable, but the key question is how consumer spending will evolve over the coming year.

**Q: Where do you see interest rates and inflation heading over the next 6-12 months?**

The key concern is that inflation could potentially keep interest rates elevated or push them even higher.

At present, inflation appears to be largely supply-driven, rather than demand-driven, with a few exceptions such as the AI sector, where demand is high. As a result, inflation may prove more persistent than expected. Combined with moderate growth, it can raise the risk of a stagflation-like environment.

**Q: What's your pipeline looking like for the rest of 2026?**

The pipeline appears solid, though, as mentioned before, we're still anticipating some waves. That said, we're seeing activity in the market, with corporate financing and infrastructure continuing to be core and consistent areas of focus.

Furthermore, our diversified strategy and ability to invest across corporates, infrastructure, power and energy, and increasingly in other areas like ABF, is allowing us access to a wider variety of opportunities across the market.

Infrastructure, in particular, is seeing strong momentum and continues to be one of the key

areas with sustained investment. Corporate activity is generally more cautious, with a "wait and see" approach and fewer larger M&A transactions, which are typically key drivers of long-term capital deployment.

Overall, we remain cautiously optimistic, supported by our ability to allocate capital across sectors, strategies, and in different market conditions.

**Q: Any predictions for the World Cup?**

I'm not a huge football follower, and with Italy not featuring, I'm not too sure.

That said, I do like the Tom Brady "Why not the US?" ad campaign, so I'd be inclined to back one of the host nations, Team USA, for that reason! Also having many colleagues in the US, I'd imagine it'll be a popular choice internally!



**Francesco Ascoli**  
Managing Director  
Italy

+39 02 3858 4345  
[Francesco.Ascoli@pgim.com](mailto:Francesco.Ascoli@pgim.com)

# UK & IRELAND

**Ed Jolly, Managing Director, based out of PGIM's London office reflects on the priorities, challenges and funding choices facing borrowers across the UK & Ireland.**

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

Following a strong end to 2025 in investment grade private placements, activity eased early in the year before regaining momentum later in the first half. Larger companies have generally taken a more cautious “wait and see” approach, supported by their ability to delay refinancing or funding. This is particularly evident in sterling issuance, where longer-dated pricing is driven by gilt rates.

As activity picked up into Q2, we've seen a shift to smaller, shorter-dated issuances as companies navigate rate dynamics and market volatility. This is resulting in more bilateral, smaller club-type issuances.

We've closed three new buyout transactions and completed one exit across direct lending and mezzanine. Sponsors remain active but selective, with continued opportunities for follow-on funding to portfolio companies. We're also seeing banks play an active role, creating opportunities to partner alongside them, particularly in non-sponsored transactions.

**Q: Are there any transactions or sectors that you'd like to highlight?**

One deal of note was [Kitwave](#), a sponsored direct lending transaction. We supported their take-private funding package and are now providing follow-on funding to enable the sponsor, One Equity Partners, and management to create a buy-and-build strategy.

We've known the business for around a decade, first supporting it in 2016 under our non-sponsored mezzanine mandate before exiting at IPO. Now, following its return to private ownership by One Equity Partners, Kitwave has re-entered our portfolio.

It's a company with strong fundamentals, a familiar management team, and strong sponsor. More broadly, it highlights our ability to support businesses at across their lifecycle in both public and private markets – something we're seeing increasingly often.

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

We're yet to see the full extent of the impact on some companies. Portfolio-wise, we have limited direct exposure to the Middle East, so any effects have been largely indirect.

Elevated interest rates continue to weigh on confidence and M&A activity, with sectors most sensitive to confidence and rates seeing a more immediate effect. For example, in the UK, residential construction has been a subdued sector for some time, and the broader backdrop is doing little to support a rebound.

The impact of inflation will take time to feed through. Companies with significant energy or fuel exposure tend to be hedged for a period of time, so the impact may only become visible once hedges roll off.

We take confidence from the portfolio's resilience through geopolitical shocks over the past decade and continue to be impressed by how management teams are responding.

**Q: Where do you see interest rates and inflation heading over the next 6-12 months?**

Our primary concern is persistent inflation, which is likely to keep pressure on interest rates. While this is broadly reflected in the forward curve, it's still expected to weigh on confidence and activity through 2026 and 2027.

Even so, smaller deal sizes and the right partners should support steady activity. From a portfolio perspective, focus remains on the most exposed sectors, though companies are increasingly responding proactively to inflationary pressures.

We're also seeing more sophisticated approaches to pricing, cost management, and tariff mitigation – capabilities far more embedded than even five years ago.

**Q: What's your pipeline looking like for the rest of 2026?**

The investment grade pipeline is building steadily. Activity can be lumpy, but underlying

financing needs continue to support transaction flow.

Private markets are well positioned in this environment of volatility and uncertainty. Companies place a premium on certainty of execution and direct relationship with funding partners. We're also seeing strong early-stage engagement, with many companies initiating dialogue well ahead of formal funding needs, underpinning a positive longer-term outlook and desire to diversify funding sources.

In the leveraged market, timing remains difficult to predict, but direct lending pipelines are relatively robust. We're seeing activity across both sponsored and non-sponsored markets, with the latter a key focus given the broader pool of companies.

While non-sponsored businesses tend to transact less frequently, their financing decisions are typically less tied to M&A cycles, and more often driven by factors such as shareholder liquidity needs.

**Q: What volunteering activities have you done this year?**

The London office volunteered at a local charity recently, supporting their kitchen initiative for the homeless. We spent the morning helping prepare the kitchen and serving guests.

**Q: Any predictions for the World Cup?**

I'm looking forward to the World Cup, but I'm no expert. Spain and France look like the favourites, with England just behind.

Hopefully, England can progress far, but that's as far as my predictions go!



**Edward Jolly**  
Managing Director  
UK & Ireland

+44 20 7621 8421  
[Edward.Jolly@pgim.com](mailto:Edward.Jolly@pgim.com)

# CONTACT



## FRANKFURT

Omniturm,  
Große Gallusstraße 18  
Frankfurt, Germany 60312  
+49 69 9552870



## LONDON

Level 32,  
8 Bishopsgate,  
London, UK, EC2N 4BQ  
+44 20 383 73405



## 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 BORROWERS OR PROSPECTIVE BORROWERS ONLY

The information contained herein is provided by PGIM, the principal asset management business of Prudential Financial, Inc. (PFI), and a trading name of PGIM, Inc. and its global subsidiaries and affiliates.

Please visit [Important Disclosures](#) for additional information, including details on non-U.S. jurisdictions.

This information is for informational purposes only and does not constitute investment advice, a recommendation, or a solicitation where prohibited. Certain information has been obtained from sources that PGIM believes to be reliable as of the date presented; however, PGIM does not guarantee its accuracy or completeness. Information may be changed without notice, and PGIM has no obligation to update it.

PGIM and its affiliates may develop and publish research that is independent of and different from the information contained herein.

Prudential Financial, Inc. 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.

© 2026 Prudential Financial, Inc. (PFI) and its related entities. All rights reserved.