Q3 2025
Issue #1

# Financial Sponsors

## Coverage Report



WARWICK M&A GROUP

# The Empire Strikes Back (with Bigger Cheques)

## Q3 entries in numbers

| $360.6bn | 2,043 | $1.24bn |
|---|---|---|
| Total disclosed deal value | No of deals closed | Average disclosed deal value |
| *55.3% (YoY)* | *5.4% (YoY)* | *55.7% (YoY)* |

| | | | |
|---|---|---|---|
| **Median EV/Revenue:** | 2.6x | **Asset Acquisition** | $54.7bn |
| **Median EV/EBITDA:** | 15.4x | **Take-Private** | $152.6bn |
| **Median EV/EBIT:** | 20.8x | **LBO** | $252.6bn |

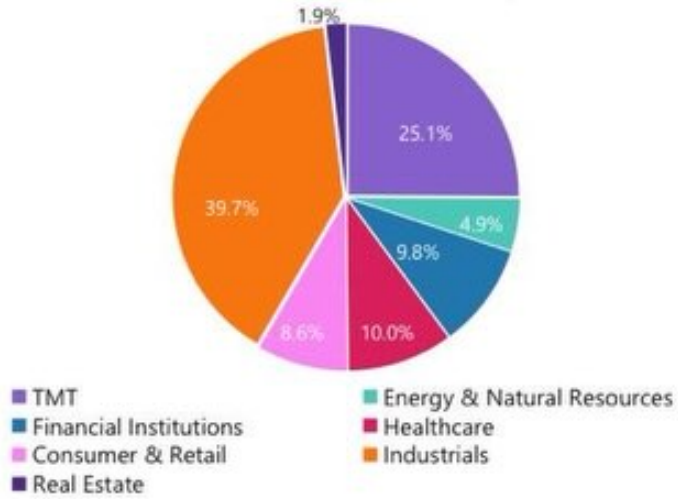
## Announced Deals




## Sectoral Insight

- The US leads in deal activity globally with $209.8bn of announced deal value in Q3 2025, where Commercial Services, Software and Commercial Products remain standout sectors for capital deployment.
- In the APAC region, Japan stands as the hottest PE market with $9bn in announced deals. Low LBO financing costs of 3-4% in Japan, relative to 8-9% in the US, and low levels of debt of Japanese companies allows PE investors to amplify returns by increasing borrowing. PE investors also stand to benefit from selective divestiture of highly-diversified Japanese conglomerates.
- Sponsors sit on $1.2T of dry powder, with ~25% of the cash pile being over 4 years old, suggesting that many firms are encountering difficulties in identifying desirable targets within their deployment ticket size.
- Carveout transactions account for 9.8% of all buyout deals in Q3 2025, above the five-year quarterly average of 8.6% and 9.5% in Q2. Amid elevated levels of volatility in the early half of the year, corporates delayed carveouts.
- With fading recession risks, corporate boards are expected to revisit strategic roadmaps and identify non-core or underperforming divisions that can be shed, to redeploy capital for high conviction initiatives.

## Deal Count by Industry




Sources: Capital IQ, Mergermarket, Pitchbook

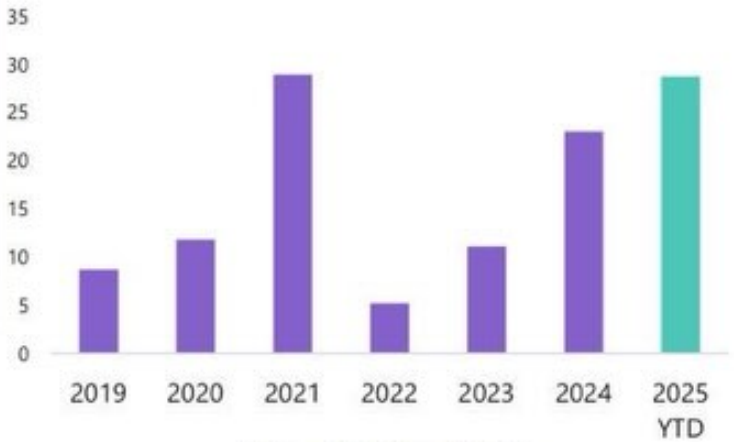
# The Exit Awakens (at a Discount)

## Q3 exits in numbers

| $78.7bn | 817 | $96.3m |
|---|---|---|
| Total disclosed deal value | No of deals | Average disclosed deal value |
| *5.2% (YoY)* | *5.6% (YoY)* | *0.3% (YoY)* |

| | | | |
|---|---|---|---|
| **Median EV/Revenue:** | 2.4x | **IPO** | $5.0bn |
| **Median EV/EBITDA:** | 12.8x | **Secondaries** | $45.2bn |
| **Median EV/EBIT:** | 18.4x | **Trade Sale** | $28.5bn |

## Dividend Recapitalization Loans ($bn)




## Sectoral Insight

- The slight uptick in exit volume and a significant decrease in exit value from 1H 2025 to Q3 2025 will yield a smaller return for private equity investors. This is particularly true of exits via trade sales, which have produced returns well below the prior four-year average, even as returns from IPOs and secondary sales increased over the prior four-year average.
- As interest rates follow a downward trajectory, with tightened credit spreads, and a subdued IPO and M&A market, the climate is ripe for **General Partners** to give out distributions to **Limited Partners** through **dividend recapitalizations**.
- From 2023 to 2025, the average holding periods of portfolio companies have increased to 6 years from 4 years. With the 12-13% of portfolios being harvested annually, down from ~25%.
- The slow exit environment has also weighed on fundraising efforts. Insight Partners XIII, a 2024 vintage buyout fund was initially targeting a $20bn capital raise, but trimmed ambitions to $12.5bn, and announced a final closed in January 2025 with $11.5bn in commitments.
- Fund managers who paid high valuations for acquisitions before the exit slowdown will continue to struggle in returning capital to Limited Partners, which adversely impacts their ability to raise future funds.

## Top 5 Exits of Q3

| Announced Date | Divestor | Portfolio Company | Deal Size |
|---|---|---|---|
| 20 Aug 2025 | CD&R | FBM | $8.8bn |
| 14 Jul 2025 | Ontario Teachers' Pension Plan | techem | $7.8bn |
| 11 Aug 2025 | THOMABRAVO | meridianlink | $2.5bn |
| 29 Jul 2025 | OneEquity | ECOMATERIAL | $2.1bn |
| 21 Aug 2025 | | SHERMCO | $1.6bn |

Sources: S&P Global, Mergermarket, Bloomberg

# Acquisition of Electronic Arts by PIF-led Consortium

Electronic Arts

## **Investors:** PIF (Lead), Silver Lake & Affinity Partners

PIF

Saudi Arabia's Public Investment Fund (PIF) manages ~$900bn, investing across technology, energy, infrastructure, and renewables through equity, loans, and strategic partnerships. It has $38b earmarked for video game investments, and will roll over its 9.9% stake in EA.

SILVER LAKE

Silver Lake is a private equity firm with $110bn in AUM. The firm is refocusing on big buyouts, away from minority growth investments. The latest 2023 vintage flagship fund Silver Lake Partners VII reached a final close of $20.5bn in 2024 and achieved 31% gross IRR through June 2025.

AFFINITY PARTNERS

Affinity Partners is an investment firm founded by Jared Kushner. It is backed by Qatar's QIA and Abu Dhabi-based Lunate and manages $4.8bn close to 99% of which are from non-US investors

## **Target:** Electronic Arts (NasdaqGS:EA)

Electronic Arts

Electronic Arts is a key developer and publisher of video games across console platforms, PCs and mobile devices. Its business model is centered on premium game sales, with subscription offerings and in-game monetization.

### Key Franchises and IPs

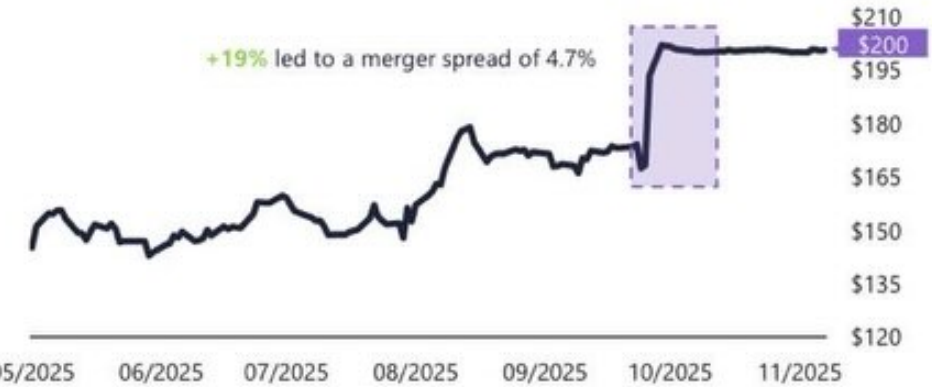
MADDEN NFL · FIFA · The SIMS · BATTLEFIELD

| | |
|---|---|
| **Market Cap:** | $50.5bn |
| **Net Debt:** | $939.0m |
| **LTM Revenue:** | $7.3bn |
| **EV/ LTM EBITDA** | 29.3x |

## Transaction Summary

- On the 29th of September 2025, Electronic Arts Inc (NasdaqGS:EA) announced that it it has entered into a definitive agreement to be acquired by an investor consortium comprised of PIF, Silver Lake, and Affinity Partners.
- The all-cash offer values EA at an enterprise value of $55.2bn with a price per share of $210 (25% premium over unaffected share price on last trading day). This represents the largest LBO on record.

### Electronic Arts (NasdaqGS:EA) Share Price




| | |
|---|---|
| **Equity Investment** | ~$36bn |
| **Proposed Debt Financing** | $8bn Term Loan<br>$5bn Secured bonds<br>$2.5bn Unsecured bonds<br>$2bn Liquidity Facility |
| **Acquirer adviser:** | JP Morgan |
| **Target adviser:** | Goldman Sachs |
| **Debt Underwriter:** | JP Morgan |

*Sources: PIF, Silver Lake, Capital IQ, EA, Mergermarket, Bloomberg*

# Private Ownership Supports Patient Capital Deployment in the Long Term

Electronic Arts

## Investment Theses

| | |
|---|---|
| **Strong Core Franchises & Market Leadership** | ▪ EA holds a highly defensible market leadership from its wide portfolio of AAA brands especially from the Sports franchises<br>▪ EA accounted for 4 of the top 10 best sellers in 2024. |
| **Predictable and Recurring Revenue** | ▪ Revenue from live services (extra content sales, certain licensing revenue, subscriptions and advertising) accounted for 73% of FY2025 sales.<br>▪ As gamer preferences shift away from splurging on expensive titles towards trusted evergreen franchises, EA's suite of annually refreshed IP is poised to succeed.<br>▪ 98% free cash flow conversion will facilitate debt repayment. |
| **Strategic Rationale for PIF** | ▪ Saudi Arabia seeks to become a hub for gamers as part of efforts to diversify the economy away from oil.<br>▪ Opportunity to incubate the country's gaming industry by making EA's expertise accessible to local game developers. |

BUY

### Risks

To Theses:

Video gaming activity has normalized after the end of pandemic-era restrictions along with the console market maturing, double-digit revenue growth is largely a fantasy. Revenue is likely to grow in line with inflation.

To Exit:

29.3x EBITDA could be a peak valuation given Gaming's slower expected growth. It is unlikely to achieve a multiple expansion even if profitability improves.

A sale to strategic buyers will face extensive regulatory scrutiny, and the benefits of a public listing is unclear.

## Value Creation

**MEDIA PARTNERSHIPS & LICENSING**

As film studios capitalize on the cultural relevance of games, EA can license IPs to boost reach and widen revenue streams.

**Successful Case-Studies:**

| 85% | 95% | 95% |
|---|---|---|
| Audience Score | Audience Score | Audience Score |
| 2025 | 2024 | 2023 |

**ESPORTS SCALE-UP**

EA has significantly underpenetrated Esports with few proleague-compatible titles.

The 2027 Riyadh Olympic Esports Games is an ideal springboard for EA Sports FC and Madden NFL to reach a global audience and reach mainstream status.

**EXPANSION OF MOBILE SEGMENT**

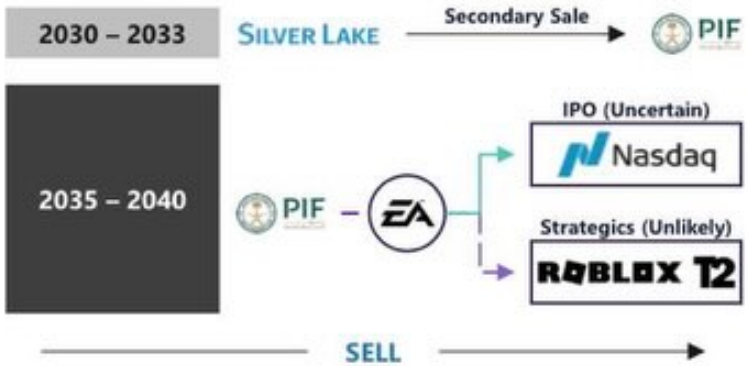
Despite Mobile's lower **ARPU**, it remains a more valuable longtail segment; expected to be worth $163bn by 2028, while PC and Console are expected to reach $48bn and $47bn respectively.

PIF's portfolio company Scopely can be integrated to complement EA's mobile suite.

FIX

## Exit

Given its sovereign strategy, PIF will likely face a longer investment horizon of over 10 years, compared to a typical private equity timeline of 5-7 years. Hence Silver Lake will likely exit earlier to PIF or new private investors.




*Sources: Annual Reports, Bloomberg, Capital IQ, Rotten Tomatoes, Statista*

# PIF's Strategic Vision Drives Premium

Electronic Arts

## Precedent Transactions

| Date | Target | Acquirer | Enterprise Value | EV/Revenue |
|---|---|---|---|---|
| 2022 | Zynga | Take-Two | $12.7bn | 4.5x |
| 2023 | Activision Blizzard | Microsoft | $68.7bn | 7.8x |
| 2023 | Scopely | Savvy Games Group | $4.9bn | Undisclosed |
| 2024 | Epic Games | The Walt Disney Company | $21.4bn | Undisclosed |
| 2024 | Keywords Studios | EQT | $2.7bn | 3.1x |
| 2025 | Electronic Arts | PIF / Silver Lake | $55.2bn | 7.6x |

Median: 4.5x

## Valuation Analysis

Deals involving companies in the video gaming software segment were chosen for analysis. Whilst similar companies traded hands at a median of 4.5x revenue, EA was acquired at 7.8x Revenue, very close to the revenue multiple at which Microsoft's acquired Activision-Blizzard.

Activision-Blizzard is a close direct competitor to EA, it owns the Call of Duty franchise, and other famous IPs including Overwatch, Candy Crush and World of Warcraft. The difference in market positioning lies in Activision-Blizzard's strong presence in Esports and Mobile, 2 segments that EA has historically struggled in.

The similarity in valuation multiples reflect the sustained premium in video gaming, and that both PIF and Microsoft paid strategic premiums for these 2 acquisitions.

Prior to takeover rumors, EA traded at 5.7x Revenue on 24th September 2025, up from 5.2x in the days leading up to the official reveal of Battlefield 6.

## Commentary

- Under the proposed financing structure, investors will acquire EA with a 35.7% LTV, lower than industry norms of 60-70%, signalling that PIF seeks stability and views EA as a defensive cash-flow compounder and that investors are betting on the long-term appreciation of EA's suite of IPs.
- Though the EA take-private is a sponsor-led transaction, PIF's strategic goals of strengthening the gaming ecosystem in Saudi Arabia and building the nation's soft power through cultural influence largely justifies the 7.6x revenue multiple.
- Key return metrics (IRR & MOIC) could be irrelevant in this investment as PIF seeks to fulfill a sovereign strategy.

*Sources: Capital IQ, Company Information*

# Acquisition of Hologic Inc by Blackstone & TPG-led consortium

HOLOGIC

## Investors: Blackstone, TPG (Leads) | ADIA, GIC (Minority)

Blackstone is the largest alternative asset manager with $1.2T in AUM. It invests across private equity, real estate, infrastructure, life sciences and credit.

The TPG Capital Platform manages $87bn in AUM, with a $8.3bn capital pool dedicated to large-scale healthcare buyouts under TPG Healthcare Partners

The Abu Dhabi Investment Authority invests funds on behalf of the Government of Abu Dhabi, allocating between 12-17% of AUM to Private Equity.

GIC manages the Singaporean government's foreign reserves, aiming to preserve and enhance the purchasing power of managed funds.

## Target: Hologic Inc (NasdaqGS:HOLX)

Hologic is a leading developer and manufacturer of diagnostics products, medical imaging systems and surgical products for women's health.

### Revenue Split Between Main Business Segments

| 44.6% | 36.2% | 16.6% | 2.7% |
|---|---|---|---|
| DIAGNOSTICS | BREAST HEALTH | GYN SURGICAL | SKELETAL HEALTH |

| | |
|---|---|
| **Market Cap:** | $16.7bn |
| **Net Debt:** | $420.9m |
| **LTM Revenue:** | $4.1bn |
| **EV/LTM EBITDA** | 13x |

## Transaction Summary

- On the 21st of October, Hologic announced that it has entered into a definitive agreement to be acquired by funds managed by Blackstone and TPG, valued at $79 a share with an enterprise value of $18.3bn.
- The buyers will acquire all outstanding shares for $76 a share in cash plus a non-tradable **Contingent Value Right** to receive up to $3 per share in two payments of up to $1.50 each, following achievement of global revenue goals for the Breast Health business in FY2026 & FY2027.




| | |
|---|---|
| **Equity Investment** | ~$6bn |
| **Proposed Debt Financing** | $9.5Bn First-Lien Term loans<br>$2bn Second-Lien Debt<br>$750m RCF |
| **Acquirer adviser:** | Citi |
| **Target adviser:** | Goldman Sachs |
| **Lead Debt Financiers:** | Citi, Bank of America, Barclays, RBC, SMBC |

*Sources: Capital IQ, Bloomberg, Blackstone, TPG, ADIA, GIC, Hologic*

# Private Ownership Supports Patient Capital Deployment in the Long Term

HOLOGIC

## Investment Theses

| | |
|---|---|
| **Market Leader in the Fast-growing Breast Health Segment** | ▪ Breast cancer was the most common cancer in women in 157 out of 185 countries in 2022, with incidence rates increasing 1% annually from 2012 to 2021.<br>▪ Hologic has one of the largest installed footprint of 3D mammography systems in the US.<br>▪ The CVR highlights investors' view of Breast Health as a crucial segment as it undergoes a turnaround in 2025. |
| **Rising Revenue Recurrence** | ▪ The Breast Health segment has seen rising revenue from repairs and routine services across a larger installed base.<br>▪ Rising adoption of the Panther Fusion system is expected to drive recurring sales of a wider range of diagnostic assays. |
| **Best-in-Class Operational Metrics** | ▪ With an LTM EBITDA margin of 32.9% and an LTM EBIT Margin of 25.9%, Hologic outperforms the 75th percentile of medical supplies and devices manufacturers. |

BUY

## Risks

To Theses:

As the largest business unit by revenue, sales from Diagnostics has fallen by 41% from FY2022 to FY2024, mainly due to the normalization of COVID-19 assay sales, which is barely offset by other segments.

To Value Creation:

Increasingly restrictive policies on trade, industry will impact competitiveness of products and lead to a reduction in Hologic's presence in key international markets (especially in China).

## Value Creation

**STREAMLINE & FOCUS BUSINESS LINES**

The Skeletal Health segment faces anemic performance.

Poor profitability was caused by falling prices of the Horizon **DXA** systems.

A divestment will free up capital to service LBO debt.

**GLOBAL EXPANSION**

75% of revenue is generated within the US market.

Key growing markets with rising affluence, health-consciousness and breast cancer awareness:



**BOLT-ON ACQUISITIONS**

M&A is proven to be replicable playbook following successful integrations of Gynesonics and Endomag.

**Potential M&A Targets:**

Inflammatix (Diagnostics)

Delphinus (Breast Health)

FIX

## Exit

Members of the consortium face similar investment horizons and appear aligned on the objective of financial returns. Hence, they will evaluate a range of exit pathways.

**Strategics (High Likelihood)**

GE HealthCare · SIEMENS Healthineers · Abbott

**IPO**

NYSE · Nasdaq

**Potential Sponsor Buyers**

EQT · CARLYLE · H&F

SELL

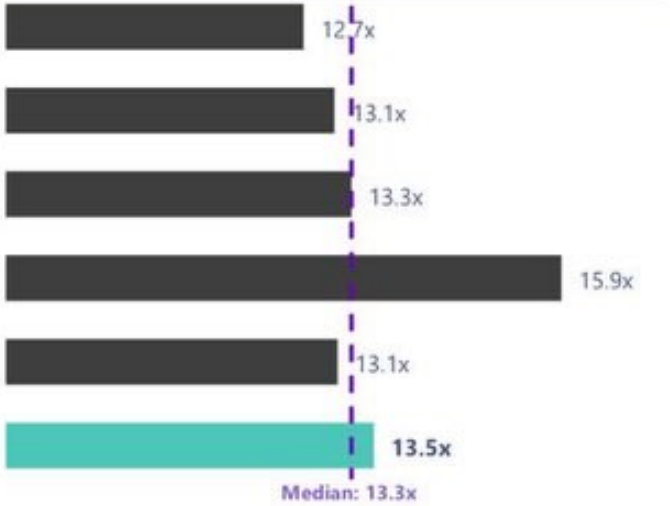
*Sources: Annual Reports, Bloomberg, Capital IQ, World Health Organization, American Cancer Society*

# Hologic's Underperforming Stock Creates a Compelling Opportunity

HOLOGIC

## Public Companies Operating in the Diagnostics and Medical Imaging

| Company | Market Cap | Enterprise Value | LTM EBITDA |
|---|---|---|---|
| Roche | $334.1bn | $367.4bn | $29.0bn |
| SIEMENS Healthineers | $53.5bn | $67.1bn | $5.1bn |
| GE HealthCare | $34.8bn | $41.8bn | $3.6bn |
| Medtronic | $129.8bn | $150.5bn | $9.5bn |
| BD | $55.2bn | $73.8bn | $5.6bn |
| **HOLOGIC** | **$16.6bn** | **$18.3bn** | **$1.4bn** |




## Valuation Analysis

Companies that operate in segments of Diagnostics and Medical Imaging were chosen for comparables analysis. Whilst competitors trade at a median of 13.3x EBTIDA, the investor consortium valued Hologic 13.5x (a small premium of 2.1%).

Prior to takeover rumors, Hologic traded at 10.1x EBITDA compared to the median competitor of 11.8x. This 16.3% discount was largely due to:

The Panther molecular diagnostics system was one of the largest winners from the pandemic, however the wind-down of COVID testing became a headwind and the stock languished due to a weak growth narrative in its largest segment.

Investors viewed diagnostics consumables as it is a high margin and recurring business. However, Hologic's capital equipment businesses introduced cyclicality, reduced blended gross margin and made the company appear unfocused.

## Commentary

- A debt to EBITDA ratio of 1.9x, strong free cash flow conversion of 83%, coupled with steady pricing power, makes Hologic an attractive target for an LBO.
- The strong value creation potential by Blackstone and TPG makes the 13.5x EBITDA multiple a highly attractive entry.
- Under proposed terms, investors will acquire Hologic with a 67% Loan-To-Value ratio, reflecting how sponsors are keen to deploy capital in major deals as financing markets open up.
- The deal structure with CVR mitigates the risk of overpaying for Hologic in the event of an incomplete turnaround of the breast health business unit.

*Sources: Capital IQ, Company Information*

# We selected 4 deals with potentially the biggest impact on the industry...

**October 13th, 2025** **$3.0bn**

**Brookfield**

Has made a tender offer to acquire:

OAKTREE

**Stage of the deal:** ○○●●○ **Chances of success:** High

**Comment:** Brookfield Asset Management and Brookfield Corporation have agreed to acquire the remaining 26% stake in Oaktree Capital Management

Brookfield is increasing its stake in Oaktree Capital Management to 100% to bolster credit strategies that complements alongside its real-asset franchise.

This deal solidifies Brookfield as one of the fastest growing alternative asset managers, driven by persistent demand for infrastructure, credit and energy transition investments.

**November 12th, 2025** **€2.5bn**

PERMIRA

In advanced talks to sell

GOLDEN GOOSE

**Stage of the deal:** ○○○○○ **Chances of success::** Low

**Comment:** Permira is rumoured to sell the Italian luxury sneaker brand Golden Goose to HongShan Capital Group

Permira previously acquired Golden Goose in 2020 for €1.3bn from the Carlyle Group. Golden Goose is currently valued at more than €2.5bn.

If successful, this signals the increasing presence of Chinese Private Equity firms in the European buyout space.

**November 20th, 2025** **€2.3bn**

EQT

Is finalizing an agreement to acquire a majority stake in:

DESOTEC

**Stage of the deal:** ○○○○○ **Chances of success:** High

**Comment:** EQT is nearing a deal to acquire a majority stake in Desotec, a Belgium based manufacturer of purification and filtration solutions from Blackstone.

EQT will be making this investment through EQT Future. It previously invested in Desotec through the EQT VII (2015 Vintage). The firm currently owns a 15% minority stake in the business through EQT Mid Market Europe.

Syndicate investors include German family offices Athos and Merckle. The deal is expected to close in H1 2026.

**November 17th, 2025** **$10.7bn**

CD&R

Reached an agreement to acquire:

Sealed Air®

**Stage of the deal:** ○○●○○ **Chances of success:** High

**Comment:** Sealed Air, a leading global provider of food and protective packaging solutions entered into a definitive agreement to be acquired by CD&R funds.

The transaction was unanimously approved by Sealed Air's Board of Directors, and is subject to stockholder approval, regulatory clearances and satisfaction of other customary closing conditions.

Sealed Air has a 30 day go-shop period to solicit a superior proposal.

*Sources: Capital IQ, Company Disclosures*

# Glossary

- **Dividend Recapitalization:** Practice of raising debt financing with the intent to issue a special one-time dividend
- **General Partner (GP):** Fund manager responsible for making acquisitions and managing portfolio companies
- **Limited Partner (LP):** Investors who contribute capital to funds; typically institutional investors, high-net-worth-individuals and sovereign wealth funds
- **Contingent Value Right (CVR):**. A right given to stockholders of a public target company in a merger transaction that entitles them to additional consideration after the closing, either in the form of cash or stock (or a combination of both), when certain payment triggers are met
- **DXA:** Dual-energy X-ray absorptiometry system used to assess bone density and body composition
- **ARPU:** Average Revenue Per User

## The Team



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