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**ELPMI**  
EUROPEAN LINCOLN  
PRIVATE MARKET INDEX™

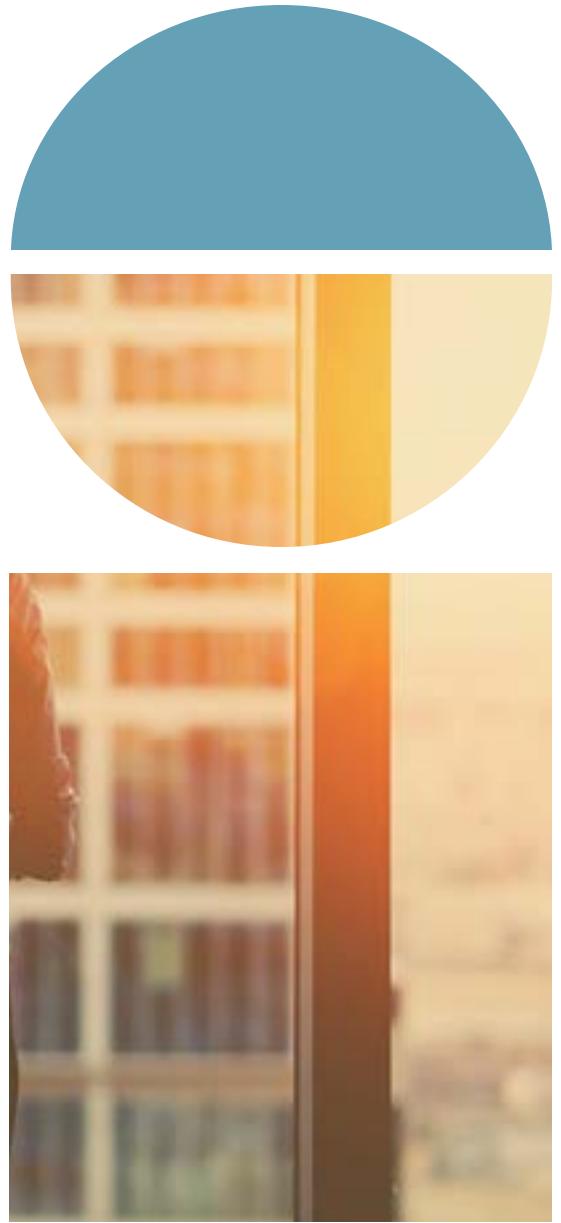
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## EUROPEAN LINCOLN PMI ENDED 2025 WITH ANOTHER QUARTER OF POSITIVE GROWTH, SUPPORTED BY FUNDAMENTALS AMID GREATER MULTIPLE VOLATILITY

The European Lincoln Private Market Index (PMI) is the only index that tracks changes in the enterprise value (EV) of Europe's privately held companies. Starting at a value of 10,000 as of December 31, 2020, the PMI grew to 15,546, representing an increase of +1.4% in Q4 2025. Positive trading performance continued to be the growth driver in the PMI in Q4 2025, rather than enterprise value multiples.

### ABOUT THE EUROPEAN LINCOLN PMI

The Lincoln PMI is a first-of-its-kind index measuring changes in the enterprise values of European private companies over time and a barometer of private company performance. The PMI enables private equity firms and other investors to benchmark how private company investments are performing against peers and how this performance compares to the STOXX 600 and FTSE 250 public indices.

To review the results of an independent study on the quality and breadth of Lincoln's private market database, [click here](#).

### INDEX OVERVIEW

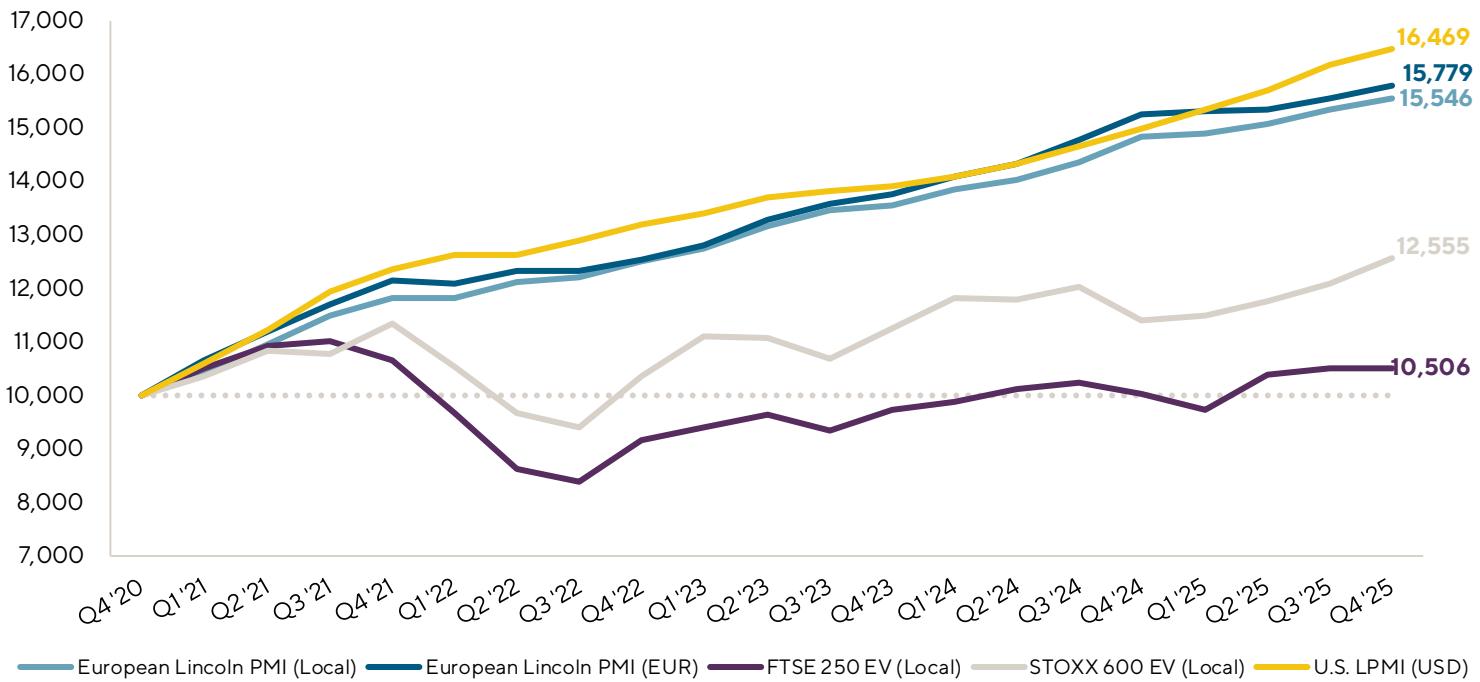
- Fifth Edition: Covers Q4 2025.
- Measures quarterly changes in the EVs of more than 300 European private companies with a median EBITDA of ~€30 million
- Analyses the impact of earnings and multiples on the Index's performance
- Assesses the change in value for five broad industries

RESULTS:

## Private companies' enterprise values had decelerated from Q3

**Q4**

2025



**(NOTE:** The Lincoln PMI, STOXX 600 and FTSE 250 EV returns above reflect enterprise values)

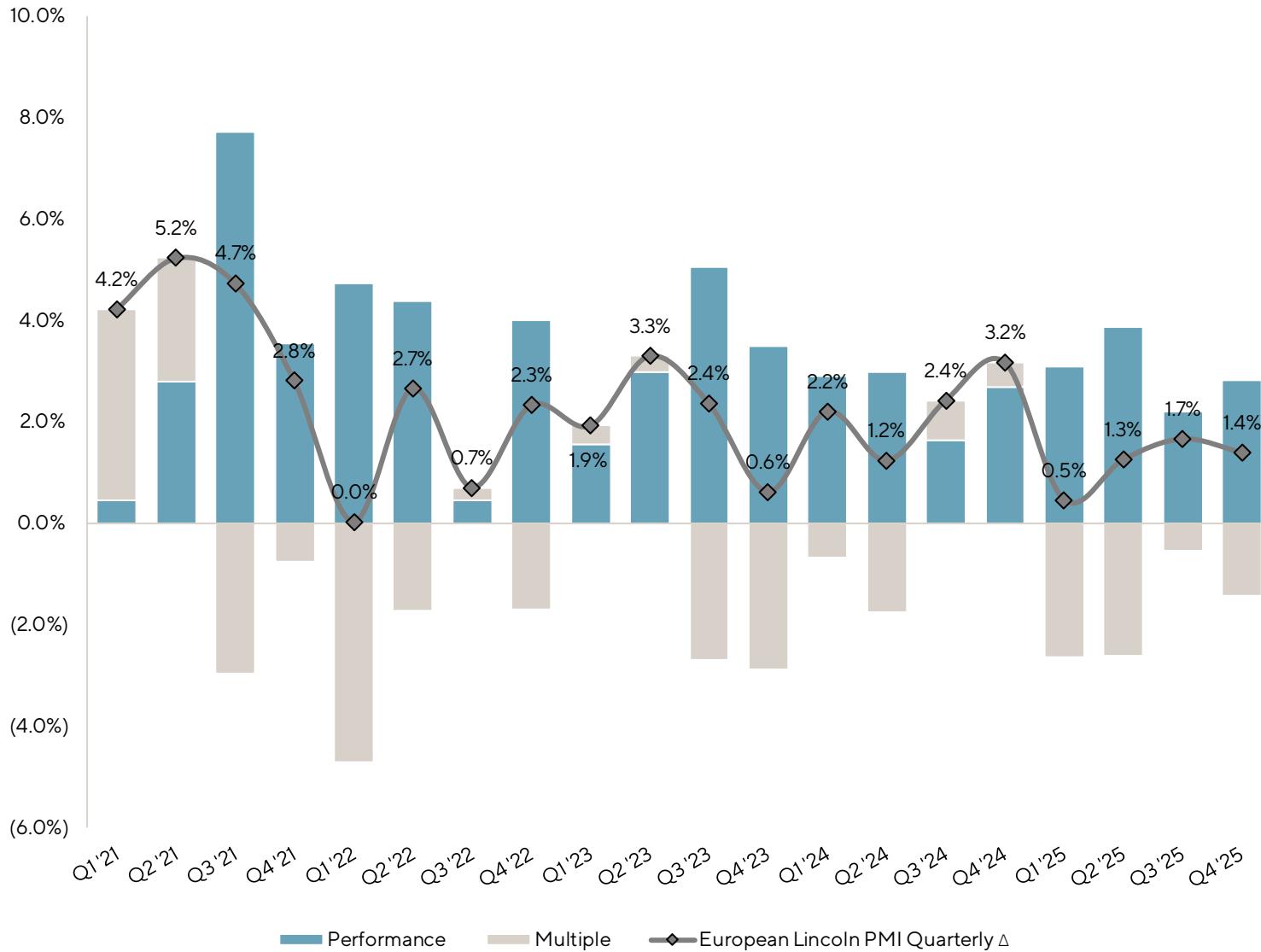
(Index EVs exclude financial institutions and real estate for which enterprise value is generally not meaningful; however, including such companies produces similar results)

Index	Q4 '25	LTM	CAGR since Inception
European Lincoln PMI (Local)	<b>1.4%</b>	<b>4.9%</b>	<b>9.2%</b>
European Lincoln PMI (EUR)	<b>1.6%</b>	<b>3.5%</b>	<b>9.6%</b>
FTSE 250 EV (Local)	<b>0.1%</b>	<b>4.8%</b>	<b>1.0%</b>
STOXX 600 EV (Local)	<b>4.0%</b>	<b>10.0%</b>	<b>4.7%</b>
U.S. Lincoln PMI	<b>1.9%</b>	<b>9.9%</b>	<b>10.5%</b>

The European Lincoln PMI's quarter-over-quarter EV increase of +1.4% trailed the STOXX 600's increase of +4.0% but outperformed the FTSE 250, which remained relatively flat at +0.1%. However, for both the STOXX and FTSE, the return was almost entirely attributed to the impact of multiple expansion and contraction. Since the inception of the European PMI, it has consistently outperformed public markets while also demonstrating lower volatility. The outperformance of the European Lincoln PMI can be partly attributed to an industry composition with a greater concentration in higher-margin sectors, such as business services, whereas the public indices have a greater concentration in lower-margin sectors, such as consumer and industrials.

# EXAMINING THE LPMI: EBITDA multiples versus earnings

**Q4**  
2025

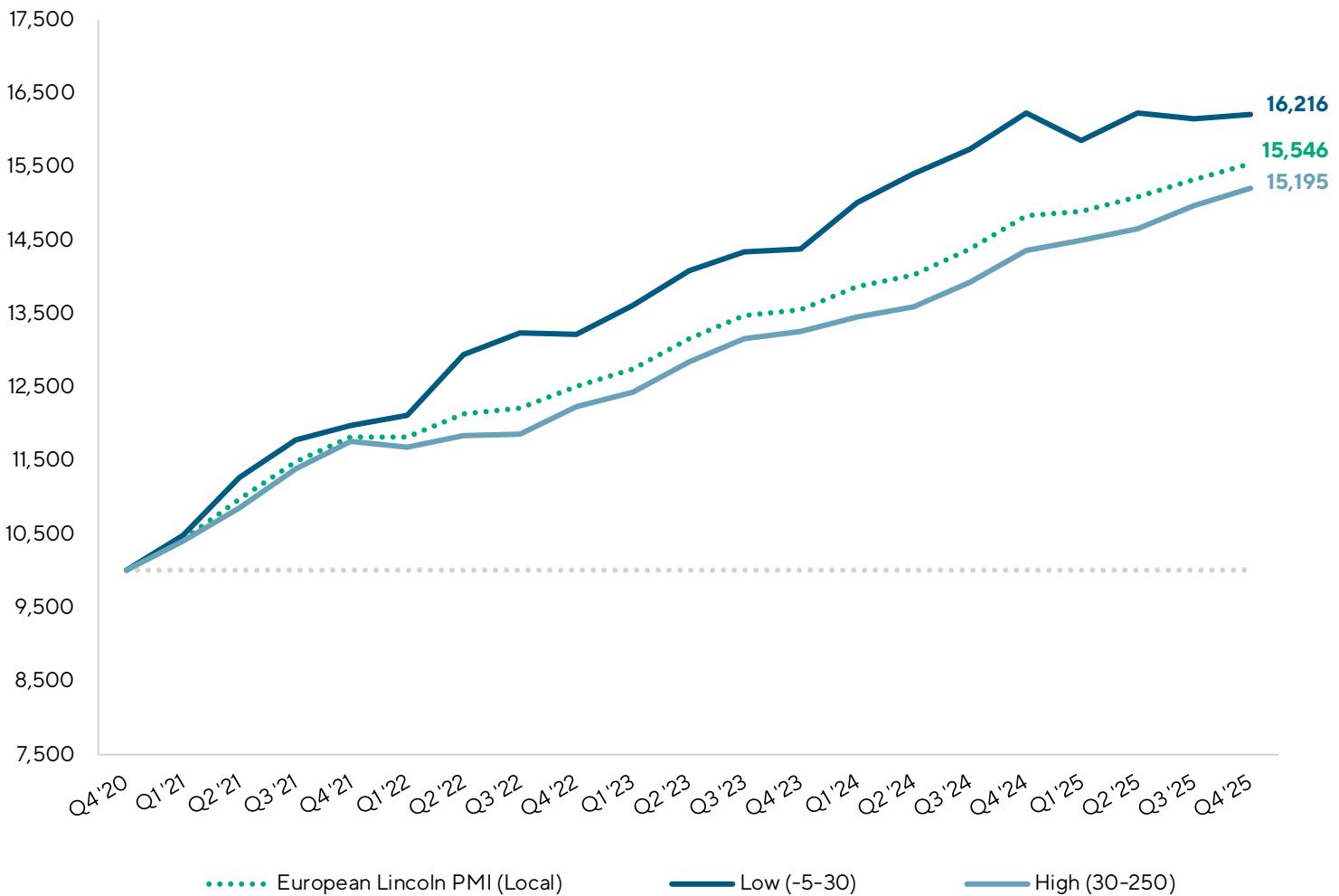


Consistent with trends since the inception of the European Lincoln PMI, earnings growth continued to be the main growth driver in Q4 2025. Multiples continued to have a negative impact in Q4, though the impact was lower than the levels seen earlier in the year following “Liberation Day.” Multiple contraction was observed across all company sizes, with the median EV multiple for the PMI constituents down from 12.0x in Q3 to 11.7x in Q4.

Steven Kaplan, Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business, commented, “Private company enterprise value growth in Q4 was consistent with the rest of 2025 in that the growth was driven by an increase in earnings. Although the private market enterprise value growth trailed the performance of the STOXX, that growth was almost entirely on the back of earnings growth, whereas the STOXX had a larger degree of multiple volatility driving its performance.”

# EXAMINING THE LPMI: Considering the impacts of Small and Large<sup>1</sup> Businesses

**Q4**  
2025



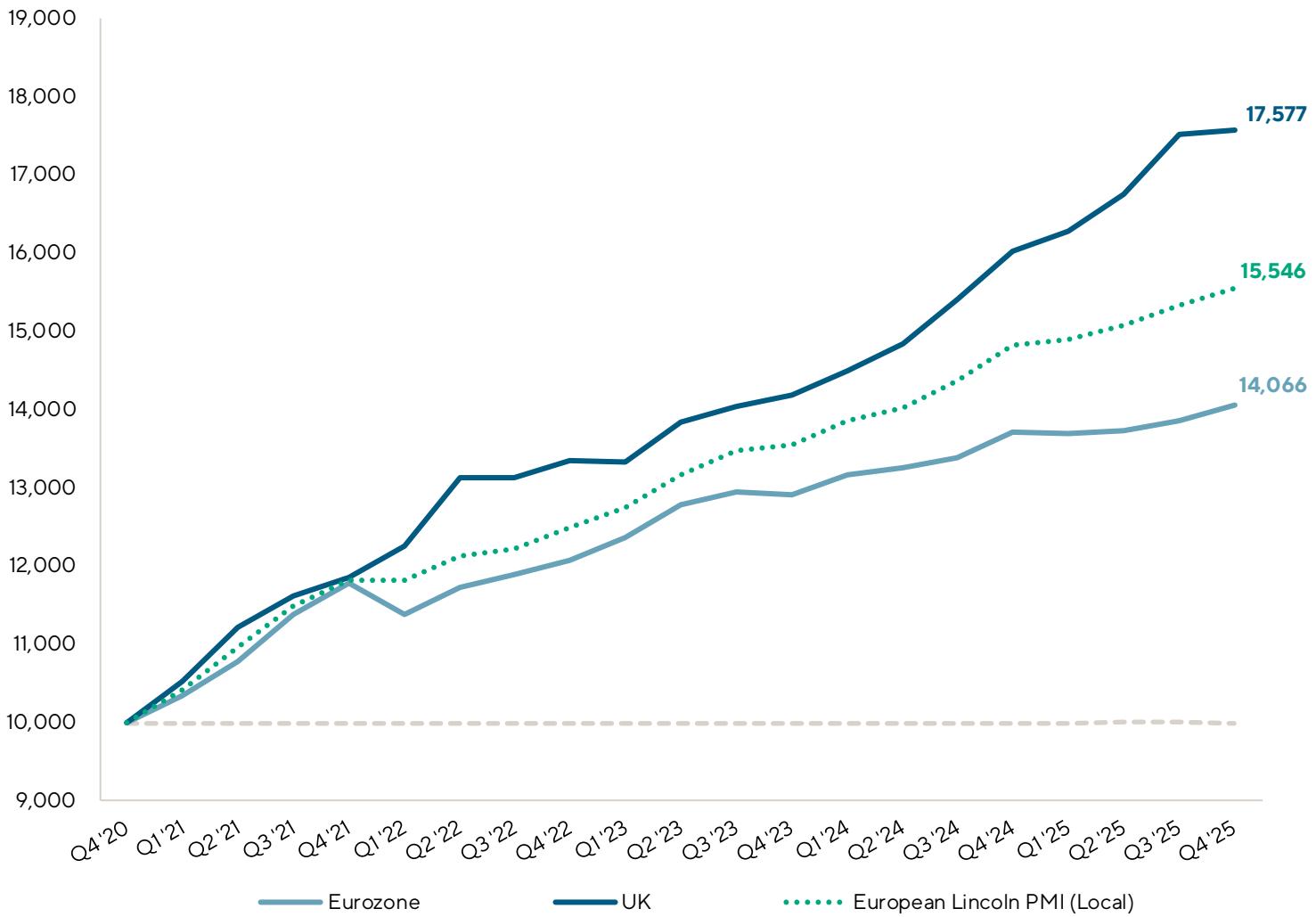
1. Small and large businesses were defined as having an EBITDA of -€5.0 to €30.0 million and greater than €30.0, respectively

Index by EBITDA	Q4 '25	2025	CAGR since Inception
Small (Local)	<b>0.4%</b>	<b>(0.1%)</b>	<b>10.2%</b>
Large (Local)	<b>1.6%</b>	<b>5.8%</b>	<b>8.7%</b>
European Lincoln PMI (Local)	<b>1.4%</b>	<b>4.9%</b>	<b>9.2%</b>

In Q4 and 2025 overall, the EVs of larger, sponsor-backed companies grew at a faster rate, reflecting the greater resilience of larger companies to macroeconomic shocks. However, since inception, larger, sponsor-backed businesses trailed the EV growth of smaller businesses given the greater earnings growth potential of smaller businesses.

# EXAMINING THE LPMI: Comparing the UK and the Eurozone

**Q4**  
2025

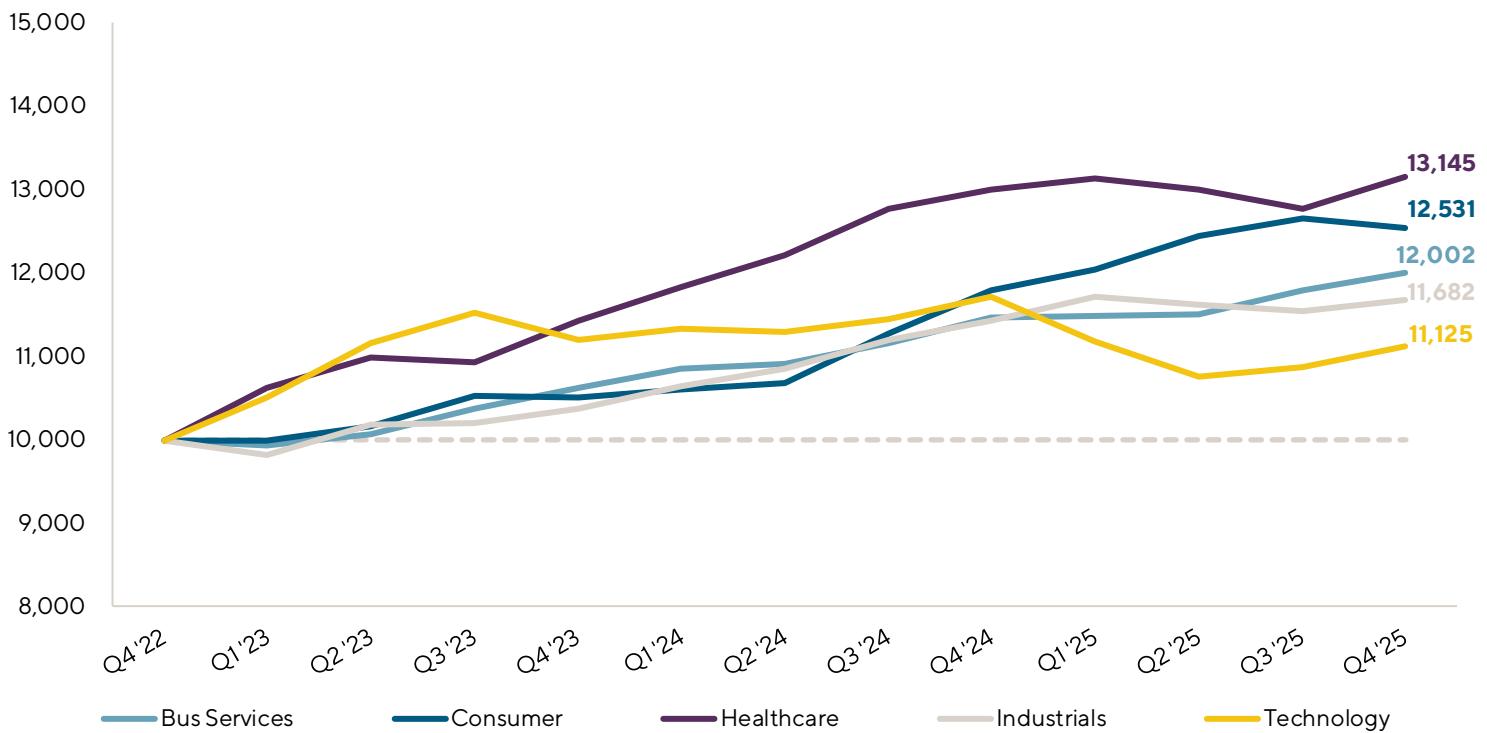


Geography	Q4 '25	LTM
European Lincoln PMI (Local)	<b>1.4%</b>	<b>4.9%</b>
Eurozone	<b>1.5%</b>	<b>2.6%</b>
UK	<b>0.4%</b>	<b>9.7%</b>

UK sponsor-backed companies have outperformed the Eurozone since inception; however, there was a reversal of previously observed trends in Q4 2025. Eurozone growth was higher than the UK in Q4 2025, which was driven by higher exposure to the healthcare sector, which had the highest earnings growth, and lower exposure to the consumer sector, which declined in the quarter.

# EXAMINING THE LPMI: European Lincoln PMI by sector

**Q4**  
2025



Industry	Q4'25	LTM
Business Services	<b>1.8%</b>	<b>4.6%</b>
Consumer	<b>(0.9%)</b>	<b>6.2%</b>
Healthcare	<b>3.0%</b>	<b>1.1%</b>
Industrials	<b>1.2%</b>	<b>2.3%</b>
Technology	<b>2.4%</b>	<b>(5.0%)</b>
European Lincoln PMI (Local)	<b>1.4%</b>	<b>4.9%</b>

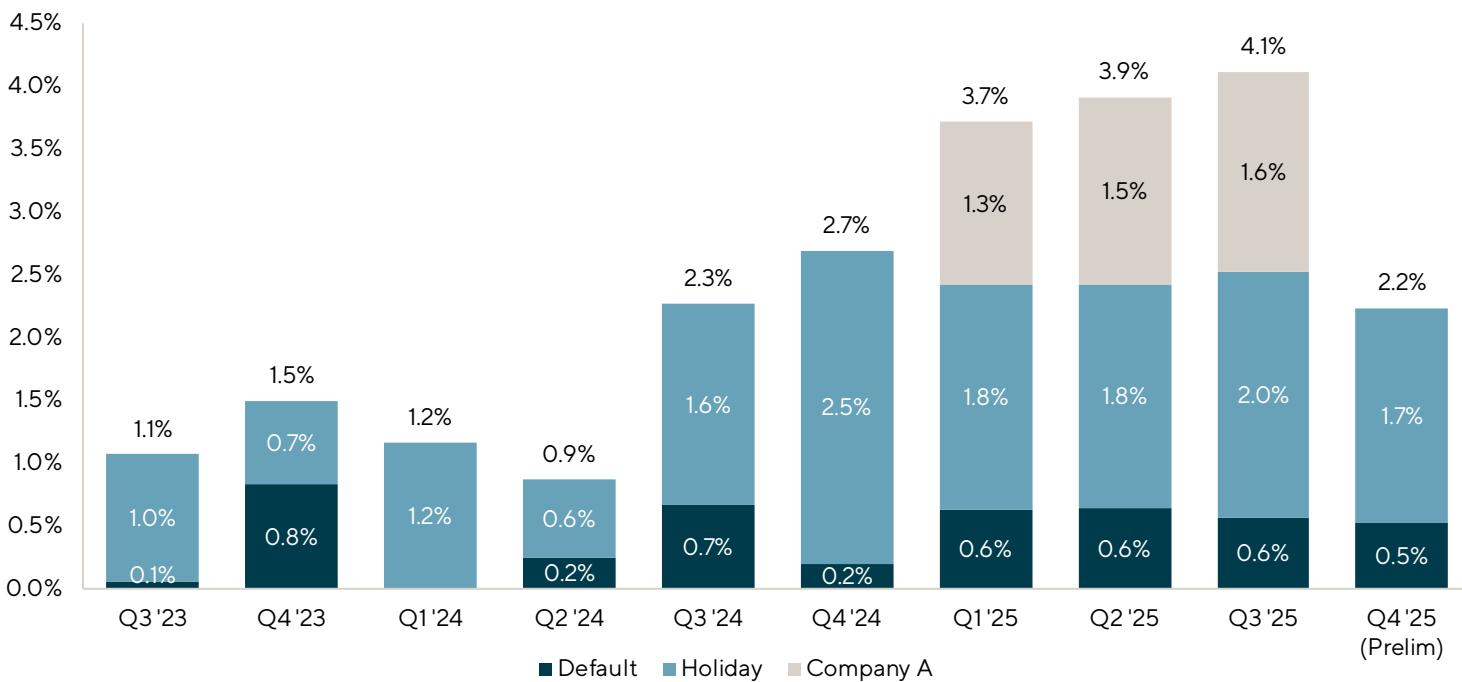
European healthcare company EVs experienced a rebound in Q4 2025 after two successive quarters of decline, driven by positive trading performance and margin expansion for the larger companies within the sector. In terms of subsectors, pharmaceutical manufacturers and life sciences tools increased due to earnings growth, while animal health, healthcare IT and outsourced pharmaceutical services all benefited from multiple expansion.

Meanwhile, consumer returns declined in Q4 2025 following strong performance in the first three quarters of the year. All consumer subsectors experienced multiple contraction, especially e-commerce. Earnings growth was more mixed across subsectors, with consumer services and lifestyle & leisure driving the overall decline in earnings within the sector.

Technology continued its rebound, with larger companies continuing to drive performance. Data and technology services subsectors led the earnings growth for the sector, while digital media posted the largest decline in earnings.

# EXAMINING THE LPMI: Credit conditions remain mixed

Q4  
2025



While the covenant default rate reduced materially this quarter, this is driven by one large issuer (Company A) that is no longer in default after a restructuring was agreed to in Q4. Eight additional companies are no longer in default following amendments agreements. This was offset by six new companies defaulting in the last quarter. In addition, the percentage of companies with tight covenant headroom (i.e., <10%) increased from 10% in 2024 to 15% of the portfolio in 2025. And lastly, while the proportion of companies with payment-in-kind (PIK) interest stabilized at 17%, there were also mixed trends here. Some companies showed better performance and reverted to cash-pay, but this was offset by new companies with PIK across their senior debt facilities.

Nick Baldwin, Managing Director in Lincoln International's European Valuations and Opinions Group, commented, "Q4 performance in the European Lincoln PMI remained grounded in underlying company fundamentals, even as multiple contraction tempered overall performance. In an environment where public market returns can be driven by shifting sentiment, private market outcomes continue to be more closely tied to operating performance. Credit conditions remain mixed, and disciplined underwriting remains critical as some pockets of stress persist."

## IN SUMMARY, WE BELIEVE THE LINCOLN PMI:

- Enables investors in private companies, including private equity firms, to benchmark their investments against their peers and European public indices on both enterprise value and equity value bases;
- Offers many unique valuation insights into the fair value of private companies for a wide array of stakeholders and investors; and
- Represents a significant enhancement to the information available to investors in private companies.

# METHODOLOGY:

## Data collection and academic advisors

### METHODOLOGY

The Index is calculated using anonymized data on an aggregated basis by Lincoln's Valuations & Opinions Group, which has unique insights into the financial performance of thousands of portfolio investments across a variety of investment vehicles, including private equity and private debt funds.

All figures are quoted in and based on calculations in local currencies, however Lincoln also prepares the index on a single-currency basis to account for FX impacts. Lincoln applied the same methodology to public indices to allow a like-for-like enterprise value comparison between the Index, the FTSE 250 and the STOXX 600.

### PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is a Senior Advisor to Lincoln's Valuations & Opinions Group. He is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance and Kessenich E.P. Faculty Director at the Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School of Business. Among other courses, Professor Kaplan teaches advanced Master of Business Administration and executive courses in entrepreneurial finance and private equity, corporate finance, corporate governance and wealth management. Professor Kaplan conducts research on a wide array of issues in private equity, venture capital, corporate governance, boards of directors, mergers and acquisitions and corporate finance. He has been a member of the Chicago Booth faculty since 1988.

Professor Kaplan serves on the board of Morningstar and several fund and company advisory boards. He is also a Research Associate at the National Bureau of Economic Research.

Professor Kaplan received a Bachelor of Arts, summa cum laude, in applied mathematics and economics from Harvard College and earned a Doctor of Philosophy in business economics from Harvard University.

### PROFESSOR MICHAEL MINNIS

Professor Michael Minnis is a Senior Advisor to Lincoln's Valuations & Opinions Group. He is the Deputy Dean for Faculty and Fuji Bank and Heller Professor of Accounting at the University of Chicago Booth School of Business, where he researches the role of accounting information in allocating investment efficiently by both managers and capital providers. His recent research focuses on understanding the role of privately held companies in the U.S. economy and how these firms use financial reporting to access, deploy and manage capital. He particularly enjoys identifying unique data and methods to empirically examine issues in a novel way.

In January 2018, Professor Minnis became a member of the Private Company Council, the primary advisory council to the Financial Accounting Standards Board (FASB) on private company issues. Professor Minnis holds a doctorate from the University of Michigan and his a Bachelor of Science from the University of Illinois, where he graduated with Highest Honors.

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