S&P Global Ratings

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Eurazeo SE And Its Proposed Debt Rated 'BBB'; Outlook Stable

April 8, 2026

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Overview

- Eurazeo SE is a French alternative asset manager focused on the European private mid-market through private equity, private debt, and real asset strategies.
- Our rating factors in the group's focus on the European mid-market private equity segment, as well as its minimal leverage and highly conservative financial policy.
- We assigned our 'BBB' long-term issuer credit rating to Eurazeo and our 'BBB' issue rating to its proposed senior unsecured debt issuance.
- The stable outlook indicates our expectation that the company will maintain its current financial policy, using part of the excess liquidity to further reduce debt, and will continue its sustained franchise growth.

Rating Action

On April 8, 2026, S&P Global Ratings assigned its 'BBB' long-term issuer credit rating to Eurazeo and its 'BBB' issue rating to the company's proposed debt issuance. The outlook on the issuer credit rating is stable.

Rationale

Our ratings on Eurazeo are driven by the company's limited balance sheet leverage and its financial policy to further reduce debt over the coming years. We consider Eurazeo to have a very low level of leverage. Its S&P Global Ratings-adjusted debt to adjusted total equity was about 0.2x at year-end 2025, reflecting a significant equity buffer on its balance sheet after a long track record of solid investment performance and material fair value gains. We use debt to equity as our main ratio to assess Eurazeo's financial risk, as the company's business model encompasses both traditional third-party asset management and a material portfolio of investment activities as principal. These investments totaled €6.8 billion at year-end 2025.

The group's 2024-2027 strategic plan envisions a material tapering in this investment portfolio, with excess cash proceeds after reinvestment used for shareholder returns and to pay down existing debt. We expect the group to repay drawings on its revolving credit and bilateral facilities, while building a strategic cash reserve that puts the company on a trajectory of net zero debt by year-end 2027. We therefore anticipate further reduction in leverage below the full-year 2025 position of 0.2x, although the timing may be impacted by private equity and general financial market conditions. Alongside this contained balance sheet leverage position, we forecast debt to EBITDA falling to below 1.5x over the next 24 months from 1.8x in 2025.

We assess that Eurazeo's deleveraging trajectory can withstand volatile macroeconomic conditions and turbulence in private capital markets. Eurazeo aims to realize about €4 billion of assets over 2026 and 2027 and reinvest about €1.3 billion. This leaves significant liquidity to meet announced distributions to shareholders (from both dividends and share buybacks, estimated at about €1.3 billion over 2026-2027), debt deleveraging, and other tactical opportunities. The group has demonstrated its ability to sell assets in its investment portfolio over the past decade, realizing about 20% of its investments per year, with average net money on invested capital of about 1.5x. Even with continued economic and geopolitical volatility, we believe that management will be able to achieve material asset sales to support its strategic objectives. However, our base case also has the headroom for potential delays in asset rotation or lower realized prices due to unfavorable market conditions.

Beyond economic and geopolitical stress, we acknowledge tension in private capital markets, with the exit environment remaining mixed for private equity and private debt coming under scrutiny for its exposure to sectors vulnerable to secular headwinds. In this regard, we understand that Eurazeo does not have outsized exposure to those parts of the private market experiencing the strongest headwinds, including software companies vulnerable to AI disruption and companies sensitive to energy prices. Eurazeo's investment portfolio is granular, with about 70 companies invested in and no single holding exceeding 8% of the portfolio.

We also take a positive view of the fact that all but three of Eurazeo's funds are close ended, supporting management fee resilience to adverse conditions and giving Eurazeo the flexibility to delay reinvestments in stressed conditions.

Eurazeo's growth objectives seek to cement its role as a leading alternative asset manager in the European mid-market. At year-end 2025, Eurazeo had about €39 billion of assets under management (AuM), including €30.1 billion from third parties, although only €20.7 billion of this is fee paying. About two-thirds of Eurazeo's total AuM is invested in private equity, while private debt represents 29% and real assets 5%. This higher proportion of private equity assets leads to higher fee margin than for private credit-oriented peers with a fee margin of about 155 basis points (bps) on third-party fee-paying AuM in 2025.

We believe the foundations of this mid-market franchise are sound, built on a deep network across Europe that allows Eurazeo to access mid-market opportunities that are not available to larger peers with more centralized origination models. In the medium term, we expect a gradual rise in private debt on the platform will reduce the average fee margin. At the same time, we see private debt as complementary to existing mid-market equity activities, leveraging on the current distribution platform to source mid-market investments while diversifying the group's AuM volume, market share, and relevance to its limited partners (LPs).

Eurazeo's fundraising has been solid as it looks to reduce its balance-sheet intensity. Eurazeo's third-party AuM comprises 81% from international LPs and 19% from wealth management clients. This wealth management AuM is distributed through a network of about 350 banks and family offices. Those two distribution channels complement each other and support Eurazeo's AuM inflow. The company has diversified its base of institutional LPs since 2020, with about 75% of 2025 inflows raised from outside France, with the share of European LPs increasing above 40% and international LPs increasing to above 30%. While wealth solutions are still mostly distributed to French clients, the share of other European clients is growing via distribution channels in the Benelux and positive momentum in Italy, Germany and Switzerland.

Eurazeo's steady market share gains and maturing platform in the European private mid-market will be central to its ability to reduce its investment portfolio in its own funds. While we expect the group to maintain significant skin in the game in its own strategies--especially where it is providing seed financing for newer opportunity strategies--we expect its progress toward an asset-lighter, albeit not an asset-light, business model will continue.

The announced bond issuance is positive for Eurazeo's liquidity management. Although it is not a key consideration for our ratings, we take a positive of the announced €500 million bond issuance maturing in 2031. Until now, we understand, Eurazeo used to finance its debt only through revolving credit facilities (RCF) and bilateral credit lines via long-standing banking relationships. We see the public placement of a five-year benchmark issuance as positive, spreading maturities and giving the group greater liquidity capacity. Increased liquidity reflects Eurazeo's intention to use bond proceeds to repay part of its drawn RCF. This will increase undrawn committed liquidity capacity to €1.3 billion, improving its already strong liquidity headroom.

Liquidity

Based on likely cash sources and uses over the next 12-24 months, we consider that Eurazeo has a strong liquidity profile and think it could withstand current adverse market circumstances while maintaining sufficient liquidity to service its obligations. We expect proceeds from proposed bond to be used to repay part of the drawn RCF, further enhancing liquidity reserve.

We expect principal liquidity sources over the 12 months from Dec. 31, 2025, will notably include:

- €90 million of cash and cash equivalents;
- €840 million of undrawn RCF and bilateral lines out of a total of €1.8 billion; and
- We expect cash flow from fees and investment income to comfortably cover operating and interest expenses.

We expect principal liquidity uses over the same period will include:

- No debt maturing and we expect distribution to shareholders and reinvestments needs to be covered by assets realization.

Outlook

The stable outlook reflects our expectation that, over the next two years, Eurazeo will continue to execute its current strategy of asset sales, excess liquidity generation, and deleveraging, while pursuing significant AuM growth. We factor in the company's debt to total adjusted equity staying comfortably below 0.4x, even if asset realizations are delayed due to an unfavorable market environment. Our stable outlook also encompasses our view that Eurazeo's strategic and financial strengths will be resilient to economic headwinds and broader industry pressures.

Downside scenario

We could lower our ratings on Eurazeo if its financial position deteriorated materially. This could be the case if it deviated materially from its current financial policy and leverage trajectory, its investment performance deteriorated substantially, or if its business franchise weakened materially versus peers, significantly eroding its earnings. These scenarios would translate into a materially weaker financial position as represented by debt to total adjusted equity above 0.4x.

Upside scenario

While not expected over the next 12 months, over the longer term rating upside on Eurazeo could be driven by a combination of successful delivery on its deleveraging policy and a stronger business position in line with higher-rated peers. Stronger business performance would be demonstrated by a material increase in third-party fee-paying AuM, strengthening and diversification of its business franchise with higher diversification, and the maintenance of high and resilient fee margins.

Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--
Business risk	Fair
Country risk	Low Risk
Industry risk	Intermediate Risk
Competitive position	Fair Risk
Financial risk	Minimal
Cash flow/leverage	Minimal
Anchor	bbb
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018

- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Global Asset Manager Sector View 2026: Partnerships Propel Growth While Adding Complexity, Jan. 20, 2026

Ratings List

Ratings List	
New Rating	
Eurazeo	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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