Europe's Succession Wave Is Finally Here. Investors Risk Missing It.

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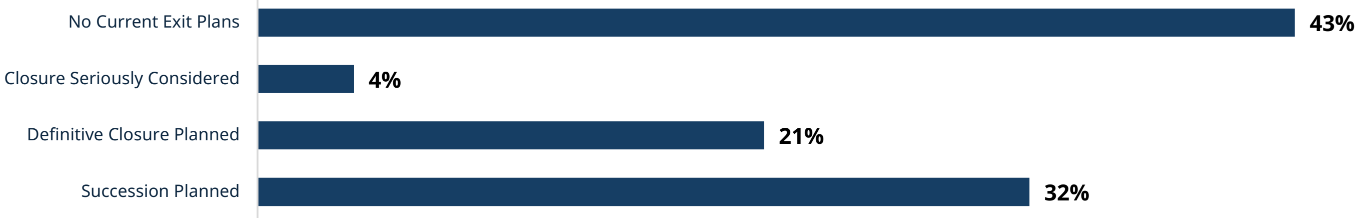
One of the most compelling investment opportunities in decades is currently unfolding, yet it remains overlooked and underappreciated by far too many investors.

The baby boomers are retiring, and the long-forecast wave of European family businesses seeking a generational transfer of ownership has finally arrived. And as the figures below illustrate, the scale of the opportunity is extraordinary.

Baby Boomer to Bust?

In Germany, more than two million owners of "Mittelstand" companies are aged 55 or older, with roughly 109,000 businesses annually estimated to be seeking a successor through 2029, with one in four companies currently planning to close their doors permanently.

Germany: SME Owners' Succession Plans[1]



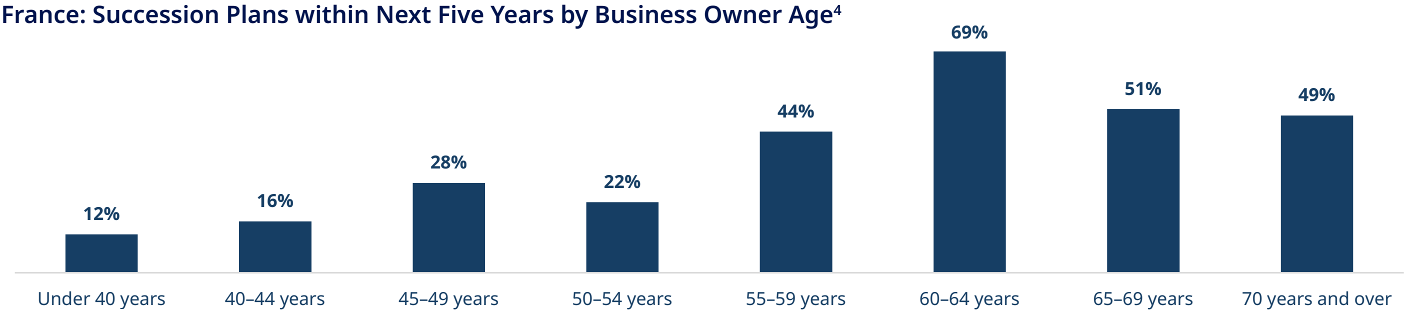
Source: KfW-Mittestandspanel 2017-2025

SMEs are Italy's economic engine, with small to medium-sized companies constituting 99% of all Italian businesses and employing 78% of the workforce. Yet by 2035, more than one million of these businesses will face the challenge of a generational transfer, a challenge compounded by the fact that historically only half of Italian family businesses survive the handover to the second generation, and only 10% make it to the third.[2]

Similarly to Italy, 85% of Spanish companies are family-owned, with an estimated 540,000 owners seeking to retire before 2030. Despite the dominance of family-owned businesses, fewer than 30% have any formal succession plan in place.[3]

In France, 40% of mid-sized companies known as "Entreprises de Taille Intermédiaire", intend to transfer ownership of their businesses by 2030, placing approximately 370,000 companies in the transition pipeline. The current pace of acquisitions, however, suggests only about 130,000 will successfully change hands.

France: Succession Plans within Next Five Years by Business Owner Age[4]



Source: Enquête auprès des PME sur la transmission-reprise, May-June 2025; Bpifrance Le Lab

The succession wave is not confined to western Europe. While Germany, France, Italy and Spain represent the largest pools of family-owned SMEs, central and eastern Europe is entering its first generation of business transfers following the post-1989 entrepreneurial boom. For example, in Poland, 40% of family business owners over the age of 65 are currently planning a succession, but only 8% have identified a successor within the family. Given that there are approximately 1.7 million family businesses accounting for around 40% of Polish GDP, the scale of the challenge is vast.[5]

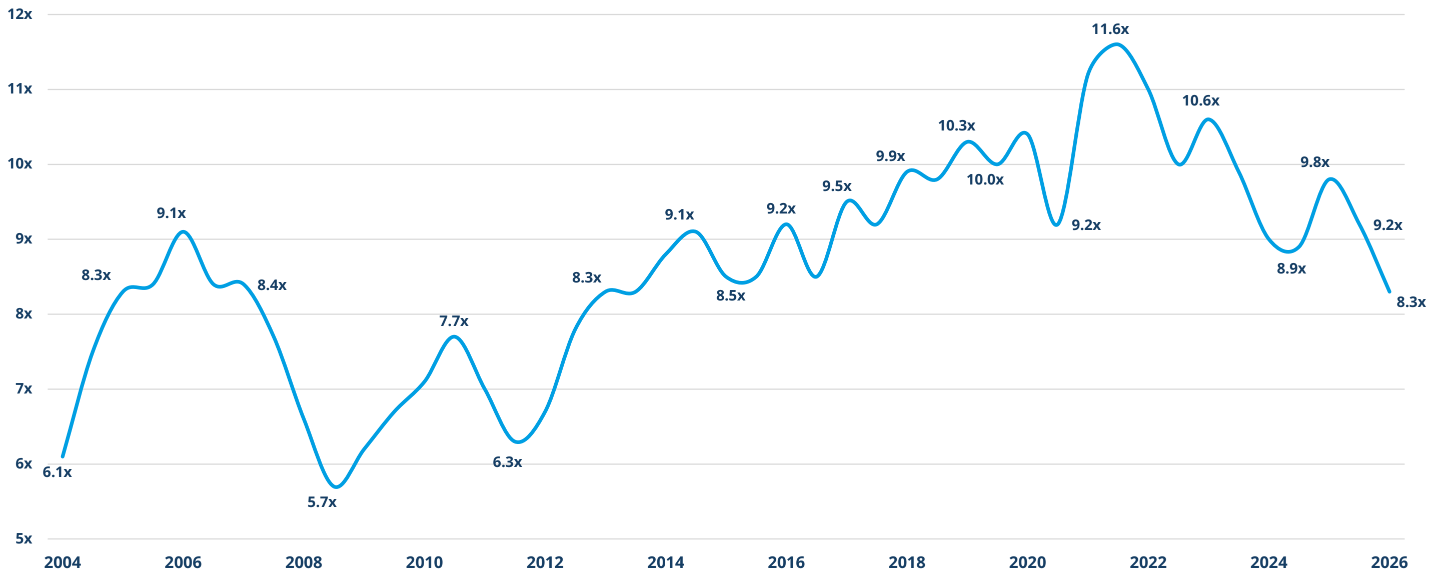
The Opportunity within the Crisis

All across Europe, the traditional model, in which businesses are generational inheritances to be transferred within the family, most often to the children of the owner, is breaking down. Demographics, cultural changes and bureaucratic pressures are creating an event horizon for European SMEs, with consequences that extend to the continent's wider economy, given Europe's reliance on family businesses for growth and competitiveness.

Europe's succession crisis is real, substantial, and immediate. It presents a profound challenge for business owners, local communities, and the European economy. And it creates a major opportunity for private capital.

To put it simply, an unprecedented wave of companies are seeking succession financing at a time where there are more sellers than qualified buyers. This buyer's market is already driving heavy discounts and enabling acquisitions at extremely attractive prices, with entry multiples for European SMEs falling in Q4 2025 to 8.3x EBITDA, their lowest level since 2014.[6]

Acquisition multiples for unlisted European SMEs



Median EV/EBITDA multiple on a six-month rolling basis; Source: mid-market Argos Index /Epsilon Research

A buyer's market not only supports attractive entry valuations but also gives prospective buyers greater negotiating leverage. With few or zero other buyers competing for a business, an acquirer can strike more favourable terms, further reducing transaction risk.

But it's not just pricing and terms. Europe's succession crisis presents a unique environment for fund managers to execute buy-and-build strategies. With a plentiful supply of high-quality companies in fragmented industries available at attractive prices, GPs have the opportunity to create pan-European platforms from disparate, family-owned businesses.

From Succession to Industry Leader: The CTAIMA Story

A proof of concept has emerged recently in Spain, which is fast becoming Europe's most fertile ground for small-cap buy-and-build platforms. CTAIMA, a Spanish software company with approximately EUR 7.5m of revenue, was acquired in 2020 by a small investment vehicle known as a "search fund," an entity which is structured exclusively to focus on succession transactions. In 2024, the fund sold a near 50% stake in the company to a major European private equity house for a reported 11x return on invested capital. The private equity fund subsequently merged CTAIMA with another portfolio company to create an Iberian software platform.

Rather than merely preserving a family business, the CTAIMA transaction demonstrates how succession capital can be the starting point for creating an industry leader.

The succession landscape is ripe for consolidation, and importantly, this is not the end of a cycle where consolidation across industry sectors is more difficult. This is only the very beginning. There will be many more CTAIMA-style regional and even pan-European roll-up stories in the years ahead.

And the creation of these stories will be made easier by the proprietary deal flow inherent to the small and mid-cap market in Europe. Over 60% of European small buyouts are sourced directly from families, bypassing highly competitive, intermediated auction processes, enabling greater pricing discipline and stronger alignment with owners.[7]

The succession opportunity is also being supported by policy shifts, with the European Commission recently recommending that all member states modernise legal, tax and inheritance frameworks, and reduce administrative barriers to ownership transitions.[8]

Execution is the Big Challenge

The succession market is primed and ready for investment. But successful investment requires far more than capital alone.

Ownership transitions are complex. From succession plans to governance, investment in systems and technology to the professionalising of operations, the challenge is identifying managers with the proven ability to navigate these complexities and successfully execute.

Family-owned businesses seeking succession capital are often at a pivotal stage in their development and don't have the scale, financially or institutionally, to absorb costly mistakes. There is little room for error, which means leadership changes, operational improvements and strategic decisions regarding the future of the company all need to be executed well, and only once. There are no second chances. Getting the transition right the first time is critical, and this makes GP selection absolutely critical to success.

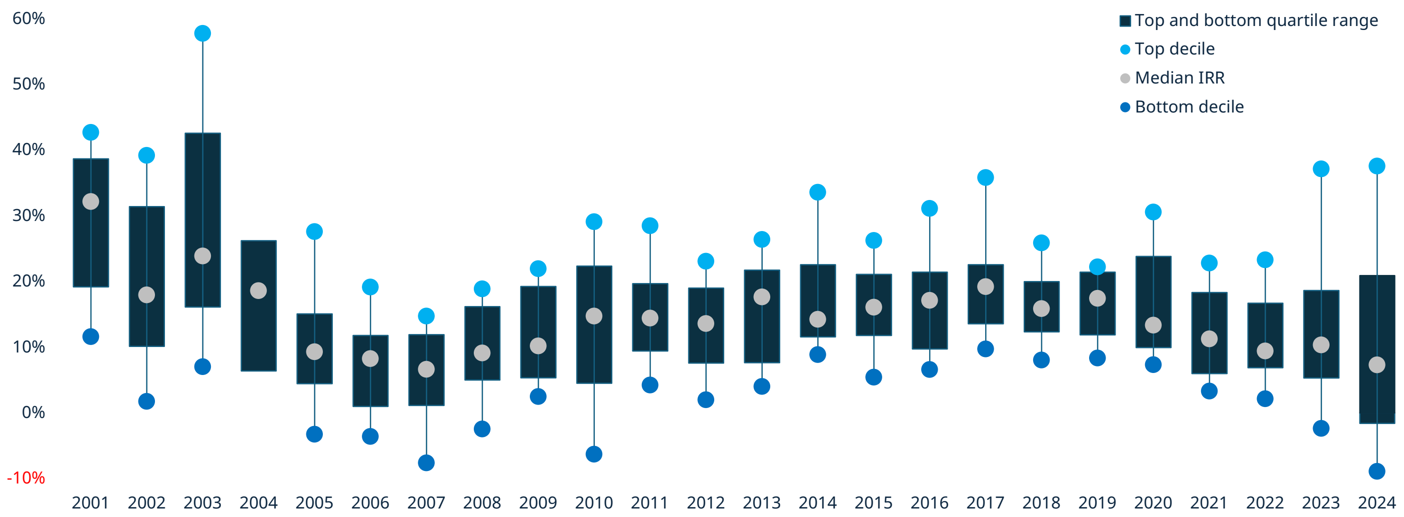
GP selection is also central to sourcing the best deals. Picking winners requires a manager with deep local networks, rigorous due diligence capabilities, and seasoned operational personnel. And finding these managers requires the ability to thoroughly map the European market and identify GPs within local niches and geographies. Having this ability, however, provides no guarantee of success, or access. Performance metrics alone cannot reliably identify the GPs most skilled at succession deals, and the strongest managers and search funds are often closed to new or direct relationships.

When it comes to the succession opportunity, manager selection matters more than thematic exposure, and this is where a multi-manager approach can add material value for an investor.

Manager Selection as the Defining Factor

A multi-manager can draw on proprietary networks to secure allocations in funds with the operational capabilities needed to guide businesses through their first experience of private ownership. The transition period can be a tricky time, and GPs with a track-record in this area can ensure the transition goes smoothly and the company is positioned properly for the next phase of growth. Operational experience is equally important when identifying, acquiring, and integrating businesses. Successful buy-and-build strategies require more than capital - they depend on the ability to execute acquisitions that meaningfully complement each other, strengthen the platform and create genuine long-term value.

European Buyout Fund IRR Dispersion by Vintage Year[9]



Note: All private capital returns are net of fees and accrued carry. Source: PitchBook, as of December 31, 2025

A multi-manager approach also delivers diversification by mitigating single-manager risk, vintage year concentration, and geographic risk. Geographic diversification is particularly important because the succession opportunity is European, not national. Investors who confine their approach to a single country risk linking portfolio outcomes to local economic conditions, regulatory frameworks and deal cycles. Given that different countries are at different stages of the succession cycle, a manager with insight into local cycles is a vital component of building a balanced portfolio which spreads risk across regulatory frameworks and captures exposure to distinct growth stories. Investing across multiple markets requires deep local networks and knowledge that few investors possess internally, but which the right managers have in abundance.

Finally, a diversified multi-manager approach can offer investors direct co-investment rights to the strongest succession stories where the opportunities for creating market leaders through strategic buy-and-build programmes are most compelling.

A New Era of Growth

The European succession opportunity is vast, but the window to capture it is finite. Investors who approach it too narrowly, underestimate its complexity, or fail to look beyond familiar managers will watch as others capture the rewards.

Success will belong to those who back specialist managers with the sourcing networks, operational expertise and buy-and-build capabilities to create lasting value.

The choice facing investors is simple: position for Europe's generational transfer of ownership or risk being a spectator to one of the defining investment opportunities of the decade.

About Amundi Alpha Associates

Amundi Alpha Associates is the private markets multi-manager business line of Amundi Alternative & Real Assets, a trusted European partner with over 40 years of investment experience. Amundi Alpha Associates manages over EUR 23b in AuM across private equity, private debt, and infrastructure funds-of-funds and segregated accounts, primarily on behalf of a global, institutional client base. The business line employs over 80 professionals across its offices in Zurich, Paris, and Barcelona.

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Amundi's private market multi-management business, based in Paris, was launched in 1998 under the legal entity Amundi Private Equity Funds (PEF). Zurich-based Alpha Associates AG was founded in 2004 as a spin-off from Swiss Life. These two entities have been working together since 2024 to create the Amundi Alpha Associates platform.

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