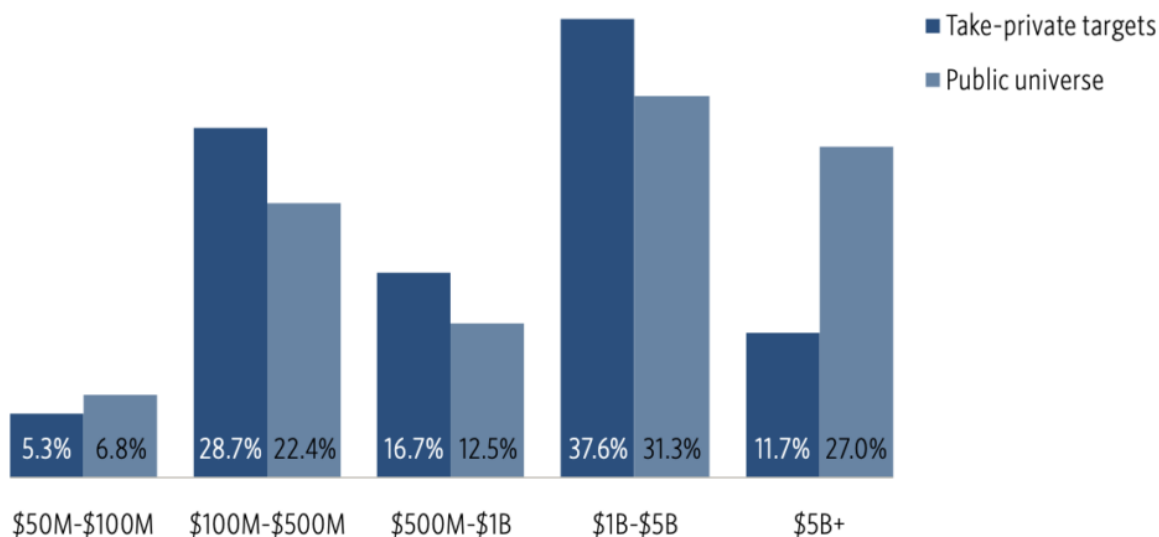


Identifying likely buyout take-private targets

PitchBook | March 19, 2025

Distribution of market capitalization



Sources: Morningstar and PitchBook • Geography: US • As of December 31, 2024

Note: This chart includes data from the beginning of 2000 for US public companies listed on the New York Stock Exchange (NYSE) and the Nasdaq, excluding commercial banks, holding companies, and investment trusts.

Download PitchBook's Report [here](#).

Since the inception of the buyout strategy in the 1980s, buyout managers have maintained a core playbook: At a reasonable price, invest in relatively small, underperforming companies that still generate enough free cash flow (FCF) to service an increased debt burden. Evidence from take-private transactions over the past 30 years confirms this playbook is being used. We found that take-private targets are more likely to be relatively cheap with respect to a variety of equity price ratios despite relatively neutral EBITDA and cash flow margins. Underperformance is apparent in both the trailing one-year stock return of these take-private targets as well as their operating efficiency in terms of revenue generated per employee.

(Past performance is no guarantee of future results.)