

Private Equity International

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Apollo set to expand 'dominant presence' in Europe

The firm is bullish on Germany and the UK, and sees energy transition, direct lending and long-term capital via its insurance business as major growth drivers.

Apollo Global Management expects to ramp up origination and investment activity in Europe and the UK over the coming years, senior executives at the firm said on its latest quarterly earnings results call.

"Europe is an area we are investing significant time and resources [in] to expand our dominant presence," said Apollo president Jim Zelter on the Tuesday call. "Over the coming years, we see substantial origination opportunity as the region commits [to] infrastructure, investments, defence, reindustrialisation and power generation."

Zelter added that the firm sees opportunities in energy, infrastructure and direct lending. In Germany, Apollo will invest as much as \$100 billion over the next decade to support the country's growth initiatives, he added.

With the "unprecedented capex needs" in the region, the investment giant expects to provide long-term flexible capital and asset-based financing, especially through

backing AI projects, Zelter noted on the call.

Similarly, the firm is bullish on the UK following the recent acquisition of the Pension Insurance Corporation by Athora, an Apollo-backed European retirement insurer. Chief executive Marc Rowan noted on the call that the pending takeover will "open up a significant amount of client base in the UK market".

Rowan added: "The most interesting thing for me [is that the takeover is] coming at a moment of regulatory introspection and political introspection in the UK, which has made – from my point of view – the UK one of the most dynamic and exciting markets, potentially, for capital formation in private markets."

He also noted that the UK government has recognised the need for private capital to exist alongside public capital to finance its projects. "We feel quite welcome there, and we intend to make a significant contribution build to our resources in the UK."

The firm's AUM rose 21 percent to \$840 billion at the end of the quarter. Private equity AUM reached \$150 billion as of quarter-end, with inflows of about \$8.8 billion from April to June. The PE giant expects that figure to reach \$270 billion by 2029, private equity co-heads David Sambur and Matt Nord said at the firm's investor day last year.

The firm's latest flagship PE fund, the \$21.4 billion Apollo Investment Fund X, was generating a 40 percent gross internal rate of return and a 20 percent net IRR as of 30 June, according to earnings materials.

Apollo gathered \$61 billion of inflows across private equity, credit and retirement services in the second quarter and \$179 billion over the last 12 months. Its global wealth platform collected \$4 billion. According to earnings materials, this figure was "driven by continued expansion in signature semi-liquid products and continued education and momentum surrounding fixed income replacement-focused products".