PE Hub

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Apollo's David Sambur: 'We have not seen the floodgates open just yet'

'What comes next requires more price discipline, a focus on operational value creation and a back-to-basics mindset for the private equity industry,' Sambur told PE Hub.

David Sambur, partner and co-head of equity at Apollo Global Management, weighs in with his outlook for dealmaking in H2, as PE Hub's ongoing series of thought leader Q&As continues below.

Sambur co-leads Apollo's private equity franchise and oversees the firm's impact and real estate equity strategies. He is also a member of the firm's leadership team. Sambur has led numerous investments across technology, media, gaming, hospitality and travel, and currently serves on the board of directors for Hilton Grand Vacations, Invited, Lottomatica, Shutterfly, the Venetian Resort and Yahoo. Prior to joining Apollo in 2004, he was a member of the leveraged finance group of Salomon Smith Barney.

David Sambur, Apollo, onstage at PEI Group's NEXUS 2025

What's your outlook for dealmaking in the second half of the year? Are you expecting more certainty to return to the market, and what would certainty look like at this point? What leading indicators are you tracking and how might they affect dealmaking?

Coming into 2025, there was a lot of optimism about dealmaking. I think part of that was driven by people letting what they want to happen, or need to happen, influence their views of what was likely to happen. As you know, deal activity in the first half of the year dramatically underperformed consensus expectations. We have seen a modest pick-up in capital market discussions in Q2 but we at Apollo have remained active throughout 2025 year to date. Policy certainty around tariffs, taxes and deregulation would provide a more constructive backdrop for the second half of the year, but experience thus far has demonstrated you need to remain nimble in this environment.

What we do know is there remains a significant backlog of private equity assets bought during a different interest rate and valuation environment that remain unsold today, resulting in high valuation expectations and a persistent bid-ask spread. This condition was only exacerbated by the tremendous uncertainty in the first half of the year.

As we see a growing private equity maturity wall of older funds, eventually expectations will have to meet reality. Thankfully, we have been less affected by this bid-ask issue when monetizing existing investments because our funds acquired assets at lower prices than the prevailing market and with less leverage, giving us more flexibility to exit businesses even in a tough environment for exits.

How are tariffs affecting your deals and portfolio?

We have intentionally constructed a portfolio that we believe can withstand policy and macroeconomic volatility, particularly important today given it is still far from certain where trade policy will end up. We generally expect impacts to EBITDA and liquidity in our funds' portfolio to be modest. There is also a lot we can do to limit these impacts, including evaluating supply chains, producer costs and various other mitigation strategies. These periods of uncertainty are also a source of opportunity for Apollo. We have spent a lot of time considering both the potential positive and negative risk implications to new deals in this environment. In the aftermath of the tariff announcement, we were one of the most active sponsors across M&A, IPOs, debt financing and exits.

Deals take six to nine months to complete. What are you seeing in the pipeline and what does that tell you about deal volume in H2?

Average hold periods are expanding, which naturally puts increasing pressure on sponsors looking for exits. But we have not seen the floodgates open just yet. So far, we have seen the most pristine assets begin to trade. What comes next requires more price discipline, a focus on operational value creation and a back-to-basics mindset for the private equity industry. Fortunately, this approach is fundamental to how Apollo invests, and we have never deviated. For us, that means the opportunity set is expanding. Our pipeline remains deep and active.

Please tell us about the deals Apollo has completed in 2025 and how they embody today's trends.

Apollo consistently leans in during periods of dislocation when others may take a step back, and 2025 has been no different. We have been one of the most active sponsors since the tariff announcements in early April across M&A, exits and other capital markets activity. Our funds have committed more than $2 billion across four transactions since early April, we contributed to reopening IPO and international debt markets, and we've been among the most active in leveraged loan and high-yield debt issuance over the past few months. Aspen went public through an upsized IPO and our funds fully exited Lottomatica through two secondary stock sales, which contributed in part to the ~$3 billion in distributable proceeds we generated since April.

In many ways, this year has been emblematic of our drive to deliver alpha to our investors on the buy, build and exit. We do not follow the crowd; we invest, optimize and realize assets consistently across market cycles. We are able to lean in when market conditions feel less certain because we have found these are often the best times to do so. I've been very proud of our team's resilience and ability to execute in a challenging market environment in 2025 – and that is exactly what our investors expect us to do.

Which sectors/companies/types of deals are facing obstacles, and which are benefiting from the current market?

High-multiple, growth-oriented businesses are likely to continue to face headwinds in the current rate and pricing environment from a combination of value compression and declining interest coverage ratios. Certain areas of the technology sector previously thought to be both fast growing and stable may also be exposed to AI disruption in unpredictable ways in the coming years.

In contrast, real economy sectors like industrials and manufacturing are seeing renewed appreciation. Our platform and areas of sector expertise are structurally aligned to these dynamics given our focus on operational value add, investing with low leverage and in assets that generate high free cash flow.

How do you view the exit market in 2025?

The exit market remains bifurcated. As I mentioned earlier, a bid-ask spread pervades in the market today because many assets were acquired at inflated valuations during a highly accommodative rate environment. As a result, owners are incented to hold on and wait as long as possible for their assets to grow or valuations to come back up to their needs or expectations. At some point, sponsors faced with this issue will have to come to terms with the fact that they will need to bend on price to get capital back to their investors.

Survey data tells us this is what LPs want. But when this will happen remains a question. By contrast, for firms that entered investments at reasonable valuations with conservative capital structures, liquidity is available in the market. Our funds that invested straddling the interest rate reset have returned almost three times as much capital as the industry average over the last five years.

How are valuations and expectations between buyers and sellers?

The most persistent friction point remains valuation expectations. Assets acquired in an era of low rates and aggressive underwriting are often misaligned with today's financing and return thresholds. While capital and debt financing is available, the market requires realistic pricing to drive more activity. Our discipline on the buy makes us less dependent on generating the huge exit multiples that have powered returns for much of the industry over the past decade. We are not immune to market conditions, but our returns are less dependent on them given our focus on returning capital via free cash flow, operational improvements and prudent deleveraging – which we believe we can control – rather than betting on market growth and multiples, both things which we cannot control.

How do you expect the growth of the retail channel to affect private equity, and what's Apollo's approach?

If you look at how markets have evolved, retail investors are under-allocated to private markets in general. As we sit here today, the majority of companies are private but the majority of investor capital is public.

A related question is how to balance traditional closed-end drawdown private equity funds with the growing market for evergreen and semi-liquid offerings.

Our view is that there is room – and a use case – for both. The key question is how to thoughtfully design evergreen vehicles to avoid simply being the 'semi-liquid' version of the closed-end fund. Careful consideration should be given to what investment strategies and assets make sense in vehicles which do not match the typical 10-year time horizon of private equity investing. I think the structure of your liabilities should naturally match the term structure of the corresponding assets.

What are you hearing from your limited partners?

We recently held our annual meeting for our equity funds, and it was great to speak with so many of our clients and provide an update on our strong momentum across private equity and hybrid equity. What we consistently heard from our investors is they appreciate the fact that we have stuck to our knitting. We never deviated from our core philosophy of value-oriented and value-added investing at scale. As a result, we have served as an important source of diversification and liquidity in their portfolios as we have delivered distributions over paid-in capital at well above industry averages. In these uncertain times, our approach resonates even more with our investors who see now as Apollo's time to shine.

For more of PE Hub's recent thought leader Q&As, see:

- Altus's Thomas Groh: 'We remain confident in the long-term attractiveness of the US manufacturing sector'
- Consumer sector M&A will be a lot busier in 2025, predicts TSG's Michael Layman
- AIP Management's Greg Falzon: Opportunities in European mid-sized, bilateral deals