EXECUTIVE INSIGHTS

# PE Pulse 2026: AI and Value Creation Lead in Weak Market

Private equity (PE) firms aren't waiting passively for markets to improve. In an environment defined by delayed exits and selective dealmaking, investors are leaning into operational improvement, alternative liquidity solutions and AI-driven efficiency.

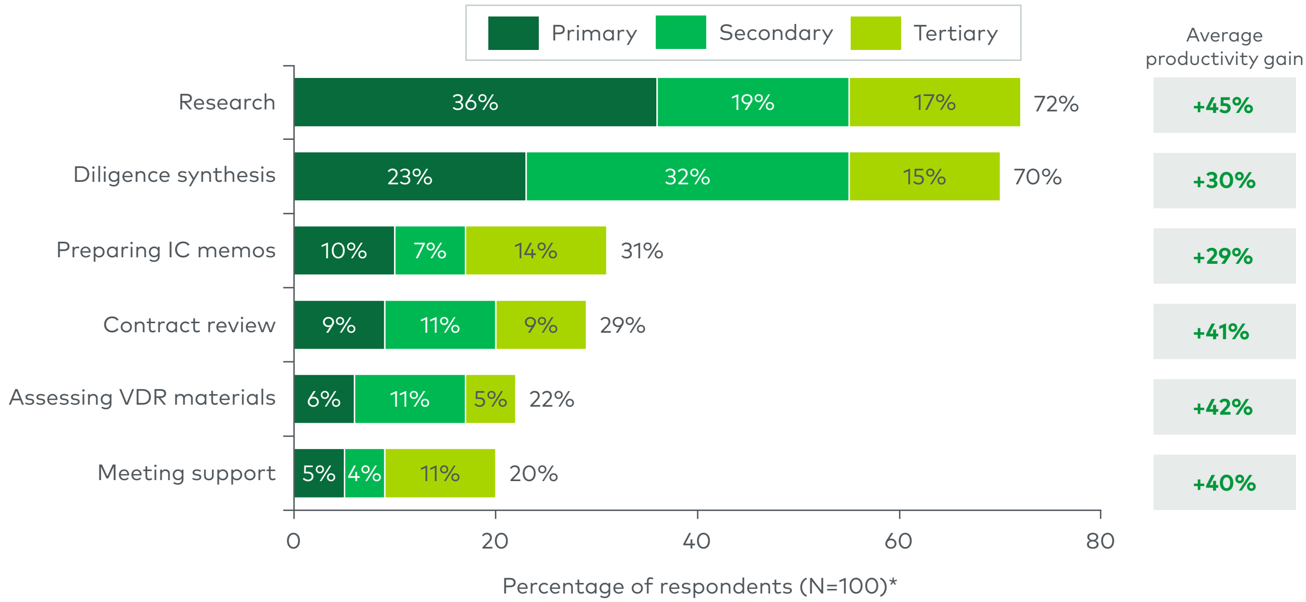
## 1. AI is at an inflection point, delivering measurable productivity gains but not yet deployed at scale

Artificial intelligence (AI) has moved beyond experimentation and is starting to generate meaningful productivity gains across PE organizations. Survey respondents report an average 28% productivity improvement from AI use, with many users saving multiple hours per week through AI-enabled workflows. Claude is the most used tool (by 57% of respondents).

Investment teams primarily use AI for research and diligence synthesis (see Figure 1), while portfolio companies most often deploy AI for customer support and software engineering. However, only 21% of survey respondents consider their personal AI expertise to be advanced or leading edge. Those same respondents believe their investment teams and portfolio companies lag further behind in AI use.

**Figure 1**

Areas where AI is delivering impact for investment teams




*Survey questions: Where is AI delivering the most tangible productivity impact for you today? (Select up to three in order of impact) What is the estimated productivity gain for each selected area? What is the typical estimated productivity impact (time saved) when AI is used in your day-to-day work?
Note: AI=artificial intelligence; IC=investment committee; VDR=virtual data room
Source: L.E.K. 2026 Private Equity Pulse Survey

**Implication for investors:** Many firms have already proven AI's value, but relatively few have scaled it across their portfolios. As a result, AI may be one of the largest untapped value creation opportunities that investors have today.

## 2. Confidence varies across sectors, but investors remain cautious overall

Most respondents continue to view the deal environment as challenging, with 61% describing current conditions as weak and 72% taking a selective approach to capital deployment.

Behind those headline figures, however, sector sentiment is diverging. Healthcare investors report relatively favorable market conditions, supported by stronger debt availability and more resilient deal flow. Investors in technology, media and telecommunications (TMT), by contrast, report the sharpest deterioration in financing conditions and deal quality (see Figure 2).

**Figure 2**

Net improvement score* by deal condition dimension, by industry

| | Deal flow quality | Valuation realism | Debt availability |
|---|---|---|---|
| Healthcare | +6 | +22 | +28 |
| Consumer | +10 | +19 | 0 |
| Industrials | -34 | +17 | -7 |
| TMT | -47 | +32 | -74 |
| Generalist | -30 | 0 | -35 |

**Key:** Sharp deterioration — Strong improvement

*Survey question: As a [insert sector] investor, how have the following changed vs. 12 months ago? Net improvement score is calculated as: (% selecting "somewhat improved" + % selecting "significantly improved") – (% selecting "somewhat deteriorated" + % selecting "significantly deteriorated")
Note: TMT=technology, media and telecommunications
Source: L.E.K. 2026 Private Equity Pulse Survey

**Implication for investors:** As deal quality becomes harder to find, investors have less room for error, making rigorous diligence and conviction-building capabilities more valuable than ever.

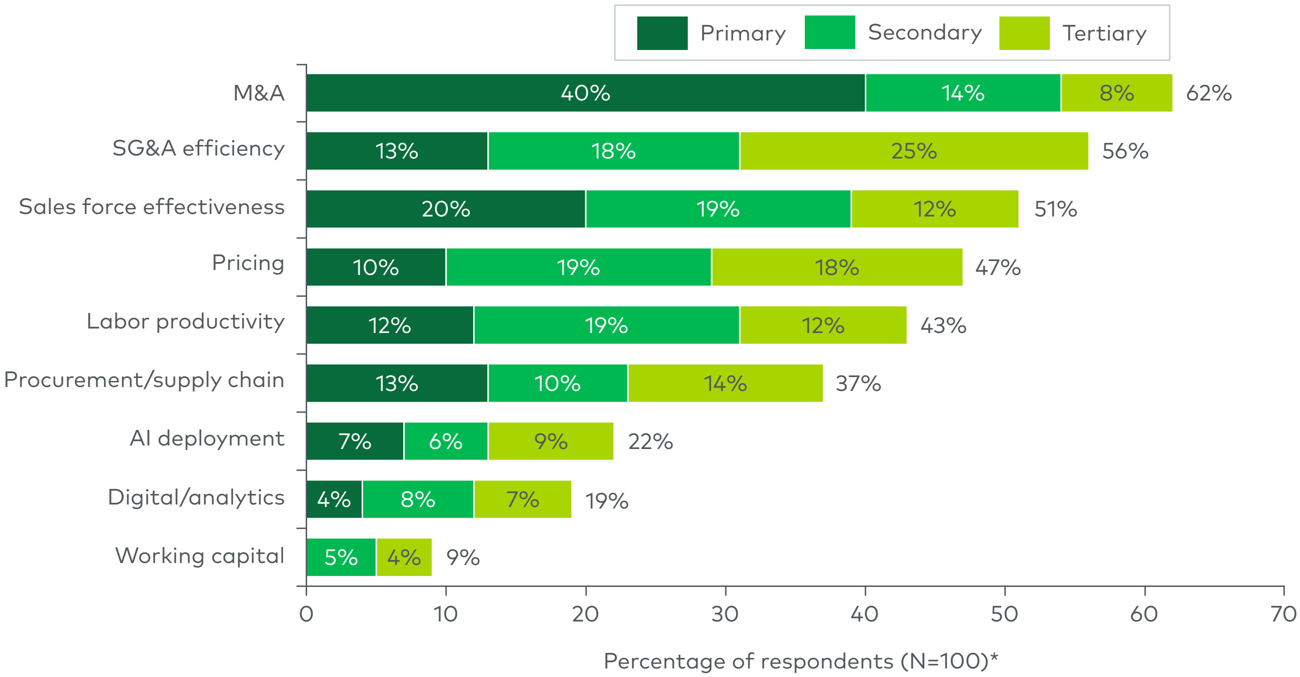
## 3. Investors are turning to operational value creation to drive returns

PE firms are putting in the resources to make their broader value creation ambitions a reality. Nearly half of respondents expanded internal operations capabilities during the past year, and 68% rely on external advisors to support value creation initiatives.

Add-on acquisitions remain the most effective value creation lever, cited by 40% of respondents as the leading driver of earnings before interest, taxes, depreciation and amortization (EBITDA) improvement. But firms are also enhancing EBITDA via selling, general and administrative (SG&A) efficiency, sales force effectiveness, pricing and procurement (see Figure 3).

**Figure 3**

Value creation levers delivering EBITDA impact over the past 12 months




*Survey question: In the past 12 months, which value creation levers have actually delivered EBITDA impact in your [insert sector] portfolio companies? (Select up to three in order of impact)

Note: EBITDA=earnings before interest, taxes, depreciation and amortization; SG&A=selling, general and administrative; AI=artificial intelligence

Source: L.E.K. 2026 Private Equity Pulse Survey

**Implication for investors:** Amid suboptimal market conditions, operational excellence is becoming increasingly important for value creation.

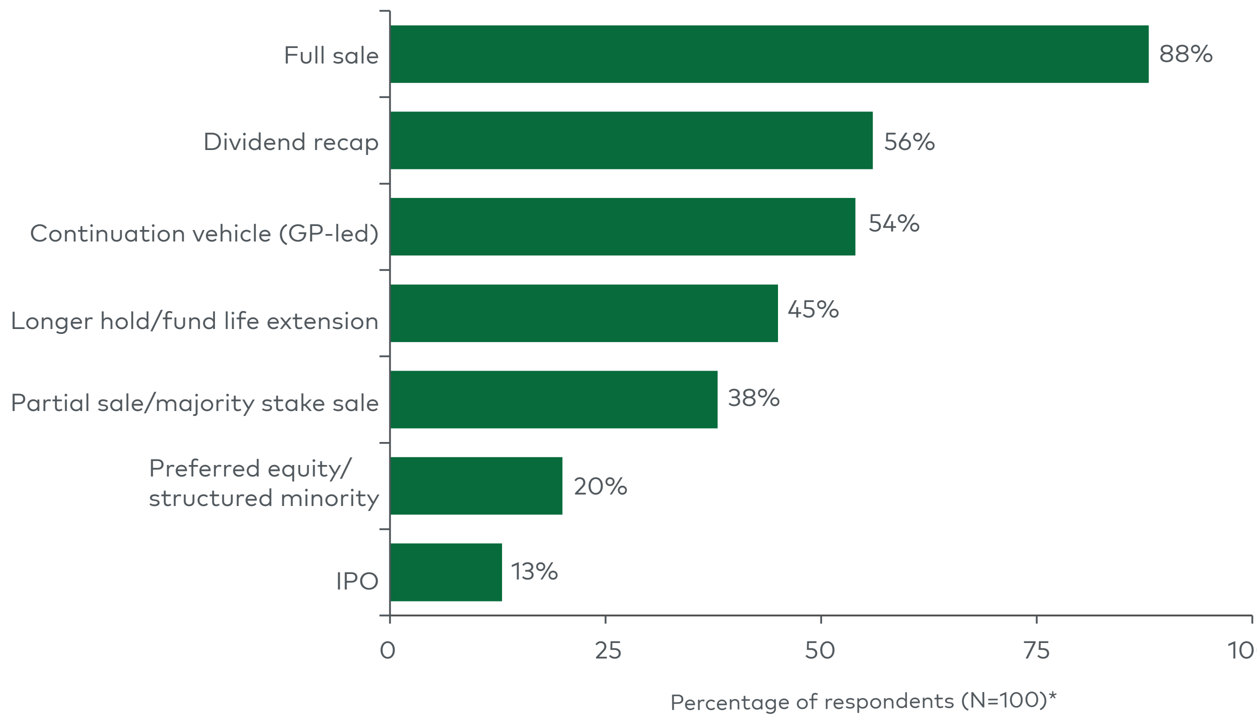
## 4. Investors are holding assets longer and embracing alternative liquidity solutions

Exit activity remains muted across the industry. Seventy percent of respondents expect to exit less than 20% of their portfolio companies during the next 12 months, creating a growing backlog of unrealized investments.

Rather than accepting discounted outcomes, firms are increasingly evaluating alternative liquidity tools. More than half of respondents considered dividend recapitalizations or continuation vehicles during the past year to generate liquidity while preserving additional value creation upside (see Figure 4).

**Figure 4**

Liquidity tools considered in the past 12 months




*Survey question: Which liquidity tools has your firm used or seriously evaluated in the past 12 months?
Note: EBITDA=earnings before interest, taxes, depreciation and amortization; GP=general partner; IPO=initial public offering
Source: L.E.K. 2026 Private Equity Pulse Survey

**Implication for investors:** It's becoming more important to prepare assets for multiple potential liquidity paths. Firms that can clearly articulate growth opportunities and value creation progress will have the advantage when exit windows reopen.

## About the survey

L.E.K. Consulting's inaugural Private Equity Pulse Survey was conducted in April 2026 among 100 U.S. PE buyout professionals in consumer, industrial, healthcare, TMT and other industries. The survey explores investor perspectives on market conditions, exit activity, value creation priorities and AI adoption, providing a benchmark for how PE firms are responding to today's market environment.

## How L.E.K. helps

L.E.K. Consulting partners with PE investors throughout the investment life cycle, helping firms identify attractive opportunities, make better-informed investment decisions and accelerate value creation across their portfolios. From commercial due diligence and growth strategy to operational improvement, digital transformation and exit preparation, we help investors navigate changing market conditions and maximize value creation outcomes.

For more information, please **contact us**.

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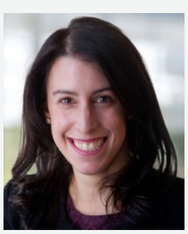

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L.E.K. Consulting is a premier global strategy consulting firm that partners with clients to solve their most critical business challenges and deliver high-impact outcomes. We bring deep industry expertise and rigorous, evidence-based insight to global corporations, growth companies, and private equity investors, helping them turn strategy into action. Founded more than 40 years ago, L.E.K. now operates across 27 offices worldwide. Learn more at **www.lek.com**.