Buyouts

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It's time 'to be an investor, not an observer,' says Brookfield's Anuj Ranjan

Ranjan shares his views with Buyouts on deal and exit markets, discusses why Brookfield has stuck to the same investment strategy for 25 years, and talks about why value creation is especially important today.

Private equity dealmaking, much of it paused in early 2025 due to tariff-induced uncertainty, appears to be gaining steam in the year's second half.

But Brookfield Asset Management's private equity group has not waited for market clarity before making new investments (since January, Antylia Scientific, Chemelex and First National Financial). This reflects a belief that "It's time to put capital to work," CEO Anuj Ranjan told Buyouts.

In an interview, Ranjan shares his perspective on deal and exit markets, discusses why Brookfield has stuck to the same investment strategy for 25 years, and talks about why value creation is more important to private equity today than it has been in many years.

Anuj Ranjan, Brookfield Asset Management

Is PE dealmaking starting to make a full recovery?

Deal activity is starting to pick up. We're continuing to do deals – you've seen us do three in 2025 alone. And our pipeline reflects being this active for the rest of the year and going forward.

We love periods of uncertainty, of volatility. Sometimes there's a real and a perceived risk premium. We love it when the perceived risk premium is much higher than the real risk premium, and we can buy businesses for better value. We're not sitting on the sidelines. This is the time to be an investor, not an observer. It's time to put capital to work.

For us, it's important to own resilient businesses. The point is not what causes inflation, a slowdown in GDP growth, a contraction in multiples or a disruption in supply chains. The point is can you withstand it? Are you a business that is a price setter, not a price taker? Do you produce an essential product or provide an essential service your customers can't live without?

We've always prided ourselves on going after true industrial champions forming the backbone of the global economy. We've never had a case like this, with tariffs causing us to stress-test this thesis. But if you look at the 45 odd companies we own today, we're happy and impressed with how we've managed.

Operations is key. We've been saying that for quite a while. But perhaps the operational improvements you made in a business were dwarfed by the top-line revenue growth in a very frothy market or the multiple expansion you'd see when capital markets were awash with capital.

What we're seeing today in an environment with tariffs – and possibly inflation – is when you have the ability to operate businesses better and increase EBITDA and margins, it gives you a lot of cushion to get through those situations.

We've read the headlines about this narrative that private equity can't get exits. And what we're seeing in our business is it's not the case.

We should see an uptick in exits for the whole private equity industry. For one, debt capital markets, which were shutdown for a period, have been back now for some time. Between bank and private credit financing, there's now ample debt financing available.

Also, people are accepting a new normal. They're accepting a new normal rate environment, a new normal growth environment. They're assuming a new normal in terms of what they think their exit multiple will be. And that is reducing the bid-ask spread.

When you take venture, tech, software, growth, consumer, healthcare – these are all business involving relatively high multiple entry and exit points. They probably make up 60-80 percent of all private equity. This space has been more challenging for exits.

We focus on industrial companies, which generate a lot of cashflow. You don't need to exit them at heroic multiples. We're able to do this because our profits were delivered through margin expansion, not multiple expansion, due to the operational improvements we made.

Has Brookfield done non-traditional exits to return capital?
A lot of continuation funds or NAV loans have been used to fund distributions. To be clear, we've done neither of those, which is just kicking the can down the road. There might be good reasons to do a continuation fund if there's a great business you want to compound and own forever. But that would be the exception, not the rule.

Most of our exits have been to strategics. Strategics are active and willing to buy businesses, but specific types of businesses – those providing an essential product or service, generating a lot of cashflow, and which fit naturally into a portfolio. For the last two years, we've seen strategics play a foot-forward role in our sell processes. They've been very strong bidders.

Brookfield's flagship strategy is mostly unchanged over time. Why?
Our strategy is simple, it's consistent and it has been successful. We are value investors, first and foremost. Our average entry multiple is about 9x. We're focused on operational transformation in the businesses we own. The sectors we like are industrials and services touching Brookfield's ecosystem, such as infrastructure services.

When you have something that works, and works really well, we think we should keep doing it.

When you want to buy for value – and if you want to be able to buy at sub-9x, even in frothy markets – you need to find the value somehow, somewhere. Often, it's by looking for things which are undeservedly unloved. Some businesses are unloved but deservedly so. We like businesses that are great but for some reason are not perceived the right way.

It could be because of a complex situation like Westinghouse [acquired in 2018]. Sometimes it's not even that complicated. It can be geopolitics. It can be a misperception in the market. It can be a lost and languishing public company or it can be an orphan part of a bigger conglomerate.

We don't shy away from complexity to get businesses for value. Chemelex [acquired this year] is an example. It was a carve-out of a carve-out, meaning the division was completely lost within a large organization.

The operational intensity, the knowledge of infrastructure, real estate and power markets, taking out a business that didn't even have a senior management team – we had to effectively build a company around the division – it was a heavy lift. It probably made other people shy away. But we dove in and were able to buy the business for about 8.7x.

Do you believe value creation is especially crucial in today's market?
Operations are critical to the future of our industry. You have to do more than roll the dice – you can't just bet on top-line growth and higher exit multiples. You have to improve the margins of businesses. You have to roll up your sleeves and run them better than the prior owners. This is key. It's going to drive the difference between winners and losers.

For us, it's in our DNA. We've created a playbook that is repeatable. What amazes me is how in every industrial or services business we buy, 90 percent of what we do is the same stuff, it's the same levers. Half of the value creation we provide affects the top line. And more than 50 percent of what we've delivered in returns has been from operational improvements.

How important has AI become to adding value?
We have always bought, remade, reshaped and transformed industrial businesses. AI as a tool dramatically increases the impact we can have on our businesses in a very short amount of time.

We're calling AI the fourth industrial revolution. The keyword is industrial. For all the investment in AI to be worth anything, trillions of dollars of productivity gains need to be seen in traditional industrial businesses. Manufacturing should see a 40x increase in spend on AI because it's going to see a far bigger increase in productivity.

We're using it already. We have an AI value creation office of 30 people that continuously works with our portfolio companies to not only implement an AI solution in a portfolio company but then takes the solution and rolls it out across our private equity portfolio and everything we do at Brookfield.

Brookfield's private equity strategy is growing. In what directions?
We've built a platform, an engine, which can deploy significant capital at scale and generate exceptional returns. With the platform we have, with 160 investment professionals and 40 operations people around the world, at our current pace and capability we can deploy up to $10 billion a year.

When I look forward, the engine is the same. We're not tinkering with the engine. All we're doing is changing and growing our sources of capital. That is coming from four areas. One is our flagship fund, which will provide one leg of growth.

At the same time, we've launched some complementary strategies like financial infrastructure and the Middle East, which are both smaller than the flagship, but still meaningful – dedicated to a sector or a region. Both were picked because we have already deployed significantly more capital in those areas than the funds we're raising.

The third area is wealth channels, for

which we're about to launch a strategy. Based on the feedback I'm getting from distributors, from actual end investors, there's an appeal in the type of bedrock-of-the-global-economy businesses we buy. There's not a lot of that available to the wealth market.

The fourth leg is our listed company, Brookfield Business Partners, or BBU, our balance-sheet investor alongside our funds. The stock price of BBU is up 120 percent in just the past two years.

If you look forward five years, given the success of these four legs underpinning our growth, I think the business can grow pretty dramatically.

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