



INTERVIEW

“Will you be able to harness everything remarkable that your country has, to become a global leader again ?” The founder of KKR’s message to the French

Anne Drif, Ingrid Feuerstein, Christophe Jakubyszyn
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Political and fiscal instability in France, the Federal Reserve’s independence in the United States, and the end of an era in private equity: in an exclusive interview with Les Echos, KKR co-founder Henry Kravis shares his views on the occasion of the firm’s 20th anniversary in France.

1. Twenty years after opening your Paris office, how do you assess your presence in France?

While our office opened 20 years ago, in fact, we’ve been investing in France for 23 years. Our arrival dates back to 2002, when we invested in a wonderful company, Legrand. Since then, I’ve come to Paris very regularly. At that time, we had never acquired a company in France before, and I was quite worried about whether KKR could succeed on its own. So we approached Wendel. I still remember Henri Lachmann, the CEO of Schneider who was selling Legrand, telling me back then: “You don’t need anyone, just do the deal yourself.” I replied, “Yes, but we’re not French.” And I wanted to make sure we had a good French partner. It was three years later that we opened our office in Paris.

2. How do you view the French economy, and do you want to continue investing here?

I’ve personally been an investor for 55 years. I’ve seen it all: inflation, deflation, growth, recession, financial crises, Covid... And we remain strong, we keep getting stronger. Our business isn’t to buy stocks, but to be a long-term investor. Whatever the economic situation, I can almost guarantee you that we’ll find companies whose performance can be improved.



One thing we repeat constantly—and which is very important to me—is not to congratulate ourselves when we make an investment. Any fool can invest. It’s easy. You just have to pay enough. The hard part is creating value in a company, making it better than it was when you found it. So we really act and think very much like industrialists, and that’s a difference.

Coming back to France: you have an issue with the weight of your public debt, and I’m not sure how you’ll resolve it. You’re on your fourth prime minister. But you have something that’s still extremely important through all of this, which is the foundation. You’ve got: incredible innovation, a highly educated workforce, a strong energy industry with your nuclear capabilities. So, it’s not all black or white.

“You’ve got so much going on, so the question is: Will you be

able to harness everything remarkable that your country has, to become a global leader again?”



3. Still, if you look at the technology gap with the United States and the industrial gap with China, why continue to invest in Europe and France?

I think there's a chance for a European renaissance. It's impressive to see how the Franco-German axis is being revitalized with Merz and Macron. And the amount that will be spent on infrastructure, defense, digitalization, renewables, etc. All of this represents opportunities for patient capital, which is what we bring... Governments won't be able to do this alone - they'll need private capital. We play that partnership role with governments often. If it's infrastructure for example, we own interests in 250 data centers worldwide, and believe digitalization will remain a strong trend, whether Macron is still president or not, that's not going to change.

4. If the far right or far left came to power in France, would that change your investment policy?

We've invested through lots of cycles, lots of governments, all shapes and forms. First, we'll have to see if that actually happens, because every time the far right has almost come to power in France, it hasn't succeeded. Maybe this time will be different, no one knows. If there are nationalizations, if they're really "anti-business," we'll assess the situation then. Today, your government is very "pro-business." Look at "Choose France"—it's incredible what your president has done. The same goes for the AI conference, or his support for "Station F" created by Xavier Niel.

5. What is your personal relationship with France?

I love France! I come to Paris maybe eight or nine times a year, and I spend my two summer months in Provence. It's a life-long goal to speak French one day—I'm learning. My wife is from Canada, so French is her first language. We've been friends with the Macrons for a long time, and with Bruno Le Maire too, your former finance minister. There's no country that has better food, you're got great wine and culture, incredible innovation and aerospace technology.

6. A year ago, the Draghi report pointed to a lack of private investment in Europe. What are the obstacles, in your view?

The Draghi report is excellent. It's a roadmap for what needs to be done. The problem is, we haven't seen much action yet. There's no question you need private capital. No country can make all the investments needed for the future on its own - they need capital, operational expertise and trusted partnerships. At some point, banks will face capital constraints, and they don't invest in everything. That's where private credit, or long-term infrastructure capital, or private equity can step in.

7. Some say Europe is becoming a financial colony of the United States. What do you say to that?

One thing that strikes me is that no European or Asian bank has really managed to become a major player in the United States. The truth is, the big international institutions come from the United States. The three largest private capital managers are Blackstone, KKR, and Apollo, and they invest globally. The money comes from the US because that's where the capital is. This is because financial markets in Europe aren't as robust or innovative. If you have really strong and deep and broad capital markets for credit and equity, you can do more at home. France doesn't have that capital market, nor does Germany. The UK comes closest, but it's only a fraction of the size of the US capital markets.

8. In which sectors or regions do you see opportunities in Europe?

KKR has four strategies in its asset management division: private equity, infrastructure, real estate, and private credit, in addition to an insurance business. We target many sectors, but specifically, digitalization is very big, as is energy including renewables, as well as media, defense, and healthcare.

9. Could you invest in nuclear, as Apollo did with EDF's reactors in the UK?

Absolutely, we provide private credit in the energy sector. France needs €130 billion a year in decarbonization investments to meet its goals, as well as €200 billion in digitalization— including AI. You also have major needs in transport infrastructure.

10. You mentioned the energy transition. Does this mean the new US administration hasn't changed your policy?

That question makes me smile, since I come from the oil industry. My father was an engineer in Oklahoma in hydrocarbons. I've heard so many times: "drill, drill, drill!" I remember talking to President Trump after his second election. He told me he was going to promote the energy industry, and that's what he's doing. But he'll be in office for three and a half years. What will the next administration do? Who knows if there won't be a reversal? It doesn't make sense economically either. At KKR, we invest with long term view. Our thesis is that renewables aren't going away.

11. Is it good news that Trump is forcing the Fed to cut rates?

I have a lot of admiration for Jerome Powell, who is under huge pressure from the administration. He will likely start cutting rates because there's an economic slowdown and job losses.

But in any country, the decision must be independent, based on data. I'm deeply convinced of that. It would be a huge mistake if a central bank became politicized. That's true everywhere. Take Turkey, where the government sets interest rates—it doesn't work.

12. Yet when Trump was re-elected, Wall Street was very enthusiastic?

You read the polls like I do, but these things change, it's politics. Was I surprised when he was elected? Yes, I was surprised by how Trump came back. Because of Biden's health issues, the Democrats had to turn to Kamala Harris, who wasn't a strong candidate. Think about it—Trump had everything against him: the January 6 Capitol attack, 91 lawsuits, the press in the US. And he won the election and the seven swing states. It's quite a feat.

13. As a private equity pioneer, would you say the industry is at the end of an era? Fundraising and exits are difficult...

Today's world is pure chaos. There are wars in the Middle East, Ukraine, clashes between Pakistan and India, etc. These chaotic times have always been the best time to invest—when everyone is looking down and saying, "It's the end of the world!". The world actually won't collapse. Think about the 2008 crisis. Portugal, Spain, Italy, Greece were overwhelmed. Where is the strongest growth in Europe today? In those four countries. Back then, I decided to find a European country where I could spend a lot of time, and I chose Spain.

We will always find places to put money to work. Since what has been called "liberation day," we've put over \$18 billion to work, because we saw opportunities. We have \$115 billion in dry powder to deploy worldwide. Meanwhile, our returns have stayed up in the top quartile in almost all our funds. All funds are not equal, but we're able to deliver to our limited partners. It's very simple; if we couldn't deliver to our partners, we wouldn't be able to continue to raise capital, because that's what it's all about. In the past eight years, we have returned more to our investors than we invested. That's what we've been doing since our inception.

When we started KKR in 1976, we were the only ones doing this—private equity wasn't even a term, we called it "bootstrap acquisitions." We wanted to raise \$25 million but couldn't, so we put in \$120,000 of our own money: \$10,000 each from me and my cousin George Roberts, \$100,000 from Jerry Kohlberg, who was 19 years older than us. Today, we have a company worth \$130 billion.

