

PRESS RELEASE

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CMS has announced the findings of the 16th edition of the CMS European M&A Study 2024, offering an in-depth analysis of the mergers and acquisitions landscape based on transactions CMS advised on. The Study analyses a record 559 deals throughout 2023, indicating the resilience and adaptability of the European M&A market amidst challenging global conditions. The high number of completed deals is testament to CMS's strength in the market, despite the well-documented general downturn in deal activity across the globe.

The 2024 Study reveals key trends in the M&A sector, including a notable shift in deal-making strategies, a rise in ESG due diligence and strategic investments outpacing financial investments. Despite a complex macroeconomic environment, the Study identifies a robust pipeline of deals for 2024, underpinned by a gradual stabilisation in the market, with lower interest rates and lower inflation.

Key findings and takeaways:

- **Sustained deal activity:** Despite geopolitical tensions and economic challenges, 2023 witnessed a resilient M&A market, with CMS advising on a record number of deals. This resilience signals a robust appetite for strategic acquisitions and a promising outlook for 2024.
 - **Pricing structures shift:** There was a notable decrease in purchase price adjustments (PPAs) and earn-outs, suggesting a move towards more stable and predictable deal structures. This trend suggests increasing confidence in valuation accuracy and financial stability. However, the reduced use of locked box structures in smaller transactions indicates lingering uncertainty regarding pricing.
 - **ESG still emerging in deal considerations:** While specific ESG due diligence has seen an uptick, rising to 47% from last year's 33%, the incorporation of ESG factors into deal structures remains modest. This area is expected to grow as regulatory and reputational pressures increase.
 - **Rise in strategic investments:** The study observed a significant presence of strategic investors both as buyers and sellers, indicating a strategic reshaping of business portfolios in response to evolving market conditions.
 - **Risk allocation:** The standard limitation period for operational warranties, although reducing, remains between 12 to 24 months across most transactions, with liability caps below 50% of the purchase price being seen in the majority of cases, maintaining consistency with previous years.
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- **W&I insurance stability:** The utilisation of Warranty & Indemnity insurance in European deals, particularly in the larger transactions, has stayed consistent with 2022 levels, with the UK leading in its use.
- **Geopolitical and economic factors:** The Study acknowledges the ongoing impact of geopolitical tensions and economic uncertainties on deal-making but also points to recovering confidence in the debt markets and potential boosts from election cycles.

Louise Wallace, Global Head of the CMS Corporate/M&A Group, said: *“The insights from this year’s Study not only highlight the resilience of the European M&A market but also point towards interesting and evolving trends that will shape the future of deal-making. Our dedication to providing unparalleled guidance has never been more relevant.”*

Vincent Dirckx, Head of the CMS Belgium Corporate/M&A Group, added: *“Our analysis reveals a market in transformation, adapting to global challenges while identifying new opportunities. This resilience and adaptability underline the strength of our M&A advisory services.”*

Conclusion:

The CMS European M&A Study 2024 underscores an optimistic outlook for M&A activity in Europe in 2024, highlighting resilience amid economic challenges. Key trends indicate a shift towards seller-friendly dynamics and robust deal flow, fuelled by improved market confidence and strategic entry into new markets.

Read the full **CMS European M&A Study 2024** here: [CMS European M&A Study 2024: Market Trends & Insights](#)

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Notes to editors:

About CMS

Founded in 1999, CMS is an integrated, multi-jurisdictional organisation of law firms that offers full-service legal and tax advice. With more than 80 offices across more than 47 countries and more than 5,800 lawyers, CMS has long-standing expertise both in advising in its local jurisdictions and across borders. From major multinationals and mid-caps to enterprising start-ups, CMS provides the technical rigour, strategic excellence and long-term partnership to keep each client ahead in its chosen markets.

The CMS member firms provide a wide range of expertise across 19 practice areas and sectors, including Corporate/M&A, Energy & Climate Change, Funds, Life Sciences & Healthcare, TMC, Tax, Banking & Finance, Commercial, Antitrust, Competition & Trade, Dispute Resolution, Employment & Pensions, Intellectual Property and Real Estate.

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