

PRESS RELEASE

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CMS European M&A Outlook 2025

European M&A activity shows signs of recovery

CMS is pleased to announce the release of the 2025 edition of the CMS European M&A Outlook, a comprehensive assessment of dealmaking sentiment in Europe's M&A market, published by CMS in association with Mergermarket.

Methodology

The study, now in its twelfth edition, examines the results of a survey conducted by Mergermarket in Q2 2024 of senior executives from 240 corporates and 90 PE firms based in Europe, in the Americas and in Asia-Pacific about their expectations for the European M&A market in the year ahead. Among the 330 executives interviewed, 70% are headquartered in Europe, while the remaining 30% are split equally between the Americas and Asia-Pacific. 92% of all respondents have been involved in an M&A transaction over the past two years and 95% plan to undertake an M&A transaction in the coming year.

Key findings and insights

- Nearly two-thirds of survey respondents expect European M&A to increase over the next 12 months, either somewhat (45%) or significantly (20%), a major reversal from last year's study when only 3% forecast a significant increase.
- Deal value in H1 2024 was €439 billion compared to €334 billion in H1 2023, representing a 31% year-on-year increase.
- Deal volume in H1 2024 was 7,868 compared to 8,579 deals in H1 2023, representing an 8% drop. Valuation gaps between buyers and sellers (24%) were identified as the single biggest obstacle to European dealmaking in the next 12 months, followed by inflation and interest rates (18%).
- Respondents are split about the UK & Ireland's M&A prospects for the year ahead, with 32%, the largest share, placing it in the top spot for anticipated M&A growth, but 31% saying it will see lowest growth.
- 55% expect to see increased appetite among Middle Eastern buyers for European assets.

Nearly all respondents (90%) describe a target company's diversity factor as an important consideration, including 29% who say it is crucial.

Peter Huber, Partner & Head of Corporate Transactions Team, CMS Vienna: *“Almost a fifth of respondents (17%) expect digitalisation transformation to be the number -one driver of buy-side M&A activity in Europe over the next 12 months, but it is by no means the only major factor propelling dealmaking. Dealmakers today are quick to identify several additional key drivers, such as distressed opportunities (14%) or mounting interest from overseas acquirers (also 14%).”*

Market Outlook

With deal values up in H1 2024, and a focus among dealmakers on larger transactions, our study paints a picture of more optimism about the prospects for 2025.

Alexander Rakosi & Radivoje Petrikić, Partners, CMS Vienna: *“We are pleased to see that after a challenging couple of years for European M&A activity, H1 2024 demonstrated signs of recovery. Aggregate M&A deal values in the region totalled EUR 439bn, up 31% compared to the first six months of 2023. A sign of confidence returning gradually to the market.”*

Conclusion

After a period of reflection in 2023, as European dealmakers absorbed the shocks of rapidly rising inflation and elevated interest rates, the signs for 2024 so far are that M&A activity across the region is shifting back into a higher gear.

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