

# PRESS RELEASE

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## CMS European M&A Study 2024

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.
- **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.

**Peter Huber, Partner and Head of the regional CMS Corporate/M&A Group,** said: *“Environmental, Social, and Governance (ESG) considerations have become increasingly important in M&A transactions, with a noticeable rise in specific ESG due diligence efforts from 33% to 47% in the past year. This trend towards integrating ESG factors more fully into deal structures is expected to accelerate as regulatory frameworks evolve and the importance of corporate reputation grows.”*

**Alexander Rakosi, partner and leading expert in corporate law, M&A and private equity,** added: *“Despite the global challenges faced in 2023, including geopolitical tensions and economic uncertainties, the M&A market showcased remarkable strength, with CMS leading a record number of deals. This strong performance not only reflects the market's resilience but also signals a growing appetite for strategic acquisitions, hinting at a promising outlook for 2024 and beyond.”*

**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.

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**About CMS Reich-Rohrwig Hainz**

CMS Reich-Rohrwig Hainz is one of the leading law firms in Austria and South-Eastern Europe and has offices in Vienna, Belgrade, Bratislava, Istanbul, Kyiv, Ljubljana, Podgorica, Sarajevo, Skopje, Sofia and Zagreb. Thanks to their specialisation, around 200 lawyers and tax experts are able to advise clients efficiently and at the highest level in all matters of national and international business law.

CMS Reich-Rohrwig Hainz is also a founding member of CMS, an international organisation of law firms. With around 5,800 lawyers and 79 offices in 47 countries, CMS has many years of local expertise as well as a global network.

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