European Corporate Insights

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M&A AND PE IN EUROPE

Q2 RESULTS AND FORECASTS

Q2 25

M&A and PE in Europe

2025
Q2

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Introduction

Executive Summary

European M&A and Private Equity (PE) activity remained weaker in the second quarter of 2025, reflecting a market affected by high interest rates, limited financing, and ongoing geopolitical uncertainty. **M&A deals reached €168 billion across 3.838 transactions**, while **PE-backed transactions totaled €19 billion across 1.029 deals**, both below the levels seen earlier this year.

The UK, France, and Italy were the most active markets, though the number of deals fell and investors focused on fewer but more strategic transactions. Financial services, technology, and healthcare remained among the most attractive sectors. Private equity firms concentrated their efforts on solid, scalable companies, while exit activity stayed limited and IPOs faced further delays. In the mid-market, private credit continued to play an important role where traditional financing was less accessible.

Looking ahead, the market is expected to recover gradually in the second half of the year. Artificial intelligence, energy transition, and select regional markets like Ireland and Romania are likely to offer targeted opportunities, though caution will continue to shape dealmaking.

Executive Summary

This edition of *Andersen's European Corporate and M&A Insights* provides a detailed analysis of M&A and PE activity across Europe during Q2 2025. It focuses on the main developments in the market, including the **decline in transaction volume, the impact of economic and geopolitical uncertainty,** and the increasing interest in certain regions of Central and Eastern Europe.

The report also outlines **forecasts** for the coming quarters, addressing the **economic, regulatory, and technological factors** expected to influence dealmaking throughout 2025.

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€168b M&A

(3.838 deals)

€19b PE

(1.029 deals)

Q2 Results:
M&A and PE overview

M&A Market Overview

The European M&A market entered the second quarter of 2025 under increasing pressure. Although total deal value rose compared to the start of the year, the overall slowdown in transaction volume has become more pronounced, reflecting a market shaped by caution, stricter financing conditions and growing regulatory complexity. The ongoing macroeconomic backdrop — marked by high borrowing costs and subdued growth forecasts — continues to weigh on investor sentiment.

UK
40.255,47€
Rank Value (MM, EUR)

777
Number of Deals

Italy
22.103,27€
Rank Value (MM, EUR)

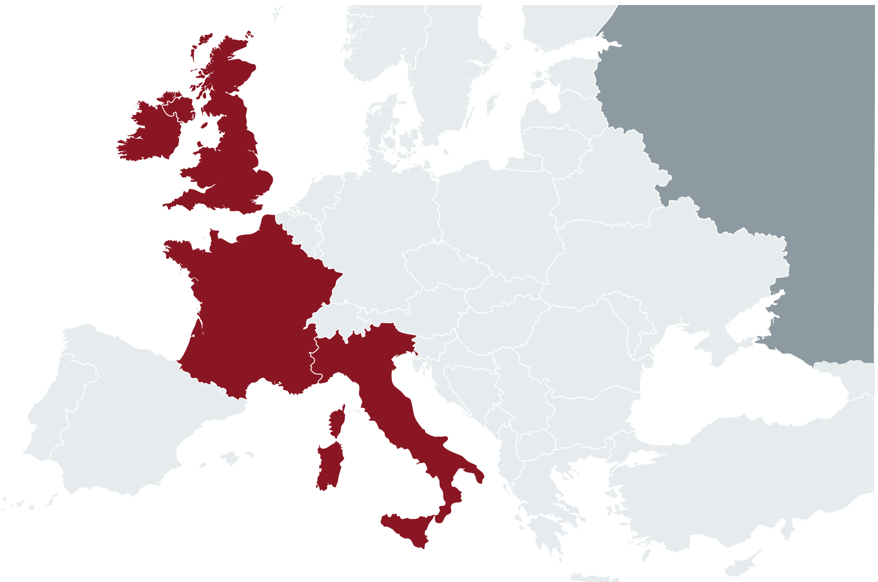
335
Number of Deals

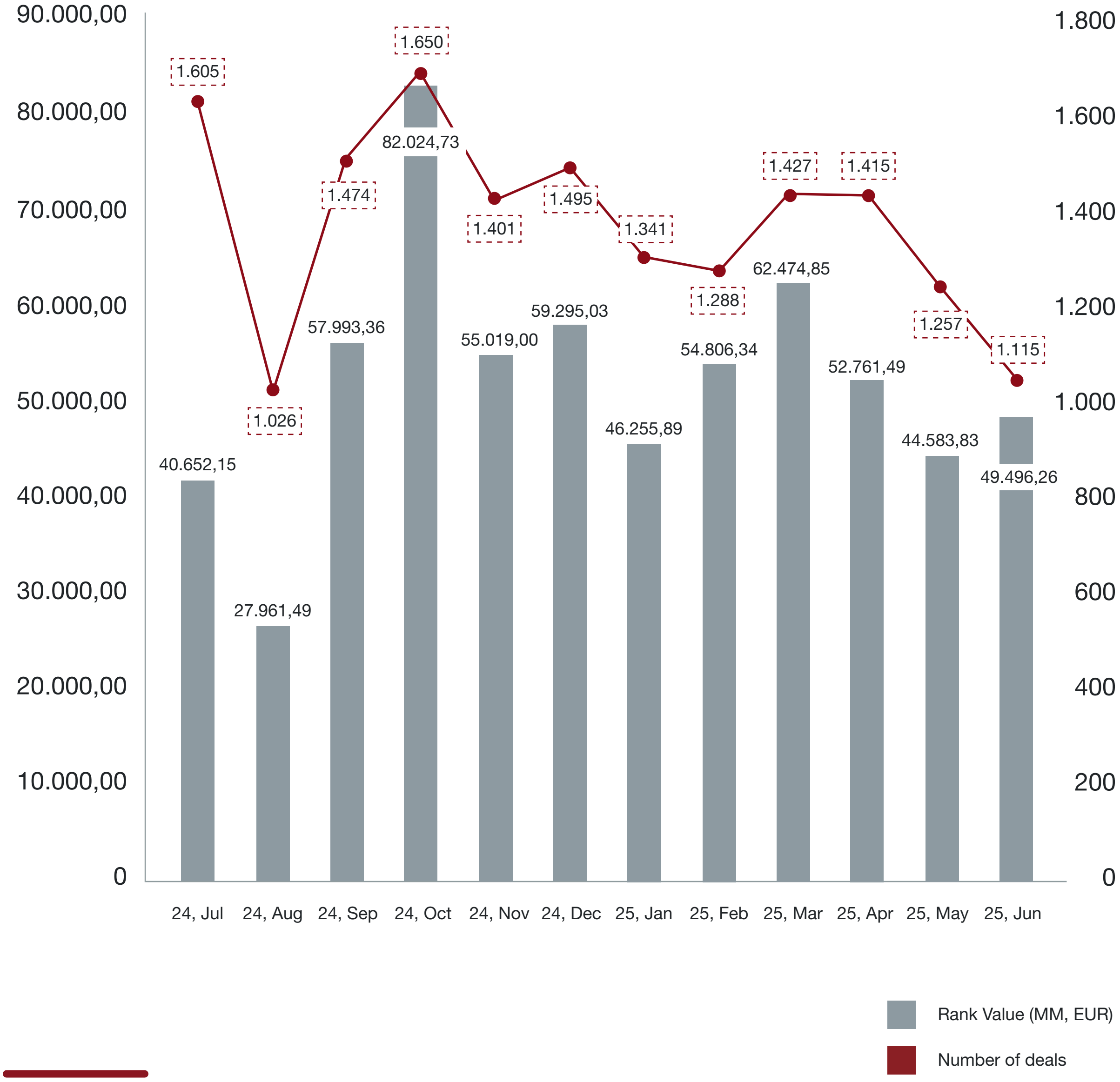
France
19.222,13€
Rank Value (MM, EUR)

417
Number of Deals

Activity remained concentrated in a handful of key markets, with the UK, Italy and France accounting for the largest share of capital deployed. However, even in these jurisdictions, dealmaking has shifted toward fewer but larger transactions, often involving highly strategic targets. Cross-border activity remains constrained, and mid-cap volumes are under clear pressure — a sign that **appetite for risk is being curbed in the current environment.**

While core sectors such as financial services, technology and energy continue to attract capital, the overall tone of the market has shifted. Compared to late 2024, Q2 data points to a more selective, fragmented and defensive investment climate, where caution increasingly overrides ambition.





M&A Deals
Summary (Last 12 Months)

Over the last 12 months, European M&A activity recorded €633.32 billion in total deal value across 16,494 transactions, showing a moderate year-on-year decline. October 2024 remained the most active month, with €82.02 billion in value and 1,650 transactions, while August marked the weakest, reflecting the typical seasonal dip.

Q2 2025 closed at €167.99 billion in total deal value — an increase compared to Q1 — **but the steady decline in transaction count continued**, dropping from 1.427 in March to just 1.115 in June, the second-lowest point in the past 12 months. This divergence between value and volume reinforces the current trend towards fewer but larger and more strategic deals, consistent with a more cautious investment environment.

Recent market commentary, including data from TTR and industry reports, highlights how buyers are prioritizing quality over quantity, focusing on assets with resilient fundamentals or clear synergies. Ongoing macroeconomic uncertainty, tighter financing conditions and regulatory pressure on high-profile deals are shaping a more selective and disciplined M&A landscape across Europe, particularly in mid-market activity and cross-border operations.

M&A Q2 Deals
Market Overview

The second quarter of 2025 saw continued M&A activity across Europe, **led once again by the United Kingdom** with €40.26 billion and 777 transactions. Italy climbed to second place by deal value (€22.10 billion), overtaking France (€19.22 billion), despite closing fewer transactions. France remained the most active in volume after the UK, with 417 deals.

Germany posted €13.19 billion from 371 deals, while Switzerland and Belgium stood out for high-value activity despite lower volumes. **Poland and Portugal performed above expectations**, recording €8.28 billion and €7.15 billion respectively. **Spain closed** with €6.79 billion and 310 deals — **its weakest quarter in the past year.**

The Netherlands and Ireland contributed steadily, while the Nordics showed mixed performance, with Sweden leading in deal count but modest in value. Overall, Q2 highlighted a shift toward selective capital deployment and a growing role for mid-sized markets in the European M&A landscape.

Selective M&A defines Q2 2025

Country	Rank Value (MM, EUR)	Number of Deals
United Kingdom	40.255,47 €	777
Italy	22.103,27 €	335
France	19.222,13 €	417
Germany	13.187,27 €	371
Switzerland	10.993,79 €	93
Belgium	9.815,52 €	77
Poland	8.276,86 €	129
Portugal	7.148,12 €	66
Spain	6.793,73 €	310
Netherlands	5.587,26 €	136

Country	Rank Value (MM, EUR)	Number of Deals
Ireland	5.015,39 €	68
Norway	4.299,43 €	130
Sweden	3.711,35 €	258
Denmark	2.775,65 €	84
Finland	2.754,29 €	95
Turkey	1.251,94 €	62
Russia	902,32 €	173
Greece	450,18 €	17
Latvia	310,19 €	15
Iceland	309,26 €	11

Top 20 countries ranked by total deal value (MM, EUR)

M&A Q2 Deals
Industry Segmentation

Financial services once again led the sector rankings in Q2 2025, **reaching €45.04 billion** across 365 transactions, consolidating its position as the main driver of deal value in Europe, particularly in banking platforms and insurance consolidation. Industrials followed in volume, with 652 transactions totaling €26.80 billion, reflecting continued momentum in manufacturing, logistics and capital goods.

High technology remained the most active sector by deal count, with 715 transactions and €13.76 billion in value, supported by sustained investor appetite in digital infrastructure, software and automation. Energy and power posted €18.60 billion across 219 deals, with ongoing focus on renewables, grid resilience and energy transition-related assets.

Real estate remained prominent with €15.97 billion from 191 transactions, while healthcare maintained stable performance with €11.30 billion and 250 deals. Retail and media & entertainment recorded €10.88 billion and €9.10 billion respectively, confirming continued activity in consumer-facing sectors, particularly around asset restructuring and brand repositioning.

While more defensive industries such as consumer staples and materials posted more moderate values, **the distribution of deal activity suggests a market environment** that remains selective but strategically focused — **with capital flowing toward sectors offering scale, technological advantage, or long-term resilience.**

Total Rank Value
167.989,55€

Number of Deals
3.838

1 **Financials**
45.044,84€
Rank Value (MM,EUR)
365
Number of Deals

2 **Industrials**
26.800,49€
Rank Value (MM,EUR)
652
Number of Deals

3 **Energy & Power**
18.598,73€
Rank Value (MM,EUR)
219
Number of Deals

	Industry	Rank Value (MM, EUR)	No. of Deals
#4	Real Estate	15.970,05 €	191
#5	High Technology	13.755,30 €	715
#6	Healthcare	11.301,43 €	250
#7	Retail	10.875,85 €	209
#8	Media & Entertainment	9.103,43 €	287
#9	Materials	5.761,82 €	192
#10	Consumer Staples	4.561,80 €	218
#11	Cosumer Prod. & Services	4.337,91 €	469
#12	Telecom.	1.445,07 €	49
#13	Government & Agencies	348,95 €	8
#14	Consumer Prod.	83,88 €	14

Q2 2025 Top Industries in M&A:
Q2 2025 vs Q2 2024

M&A	2025 Q2		2024 Q2		Evolution	
	Rank Value (MM, EUR)	#of Deals	Rank Value (MM, EUR)	#of Deals	Rank Value (MM, EUR)	#of Deals
UK Financials	8.898,63 €	107	16.285,21 €	140	-45%	-24%
Italy Energy & Power	9.754,09 €	20	8.440,17 €	32	16%	-38%
France Retails	9.342,05 €	42	17,15 €	20	54.373%	110%
Germany Energy & Power	3.368,11 €	29	3.582,00 €	21	-6%	38%
Switzerland Financials	8.633,12 €	6	1.955,56 €	13	341%	-54%
Belgium Real Estate	5.538,57 €	3	900,00 €	1	515%	200%
Poland Financials	7.410,97 €	20	4,15 €	6	178.478%	233%
Portugal Financials	6.600,00 €	7	0 €	2	-	250%
Spain Media & Entertainment	2.406,20 €	35	3.311,26 €	49	-27%	-29%
Netherlands Financials	2.705,59 €	11	2.505,00 €	20	8%	-45%

250%
Evolution of Deals
Portugal
Financials

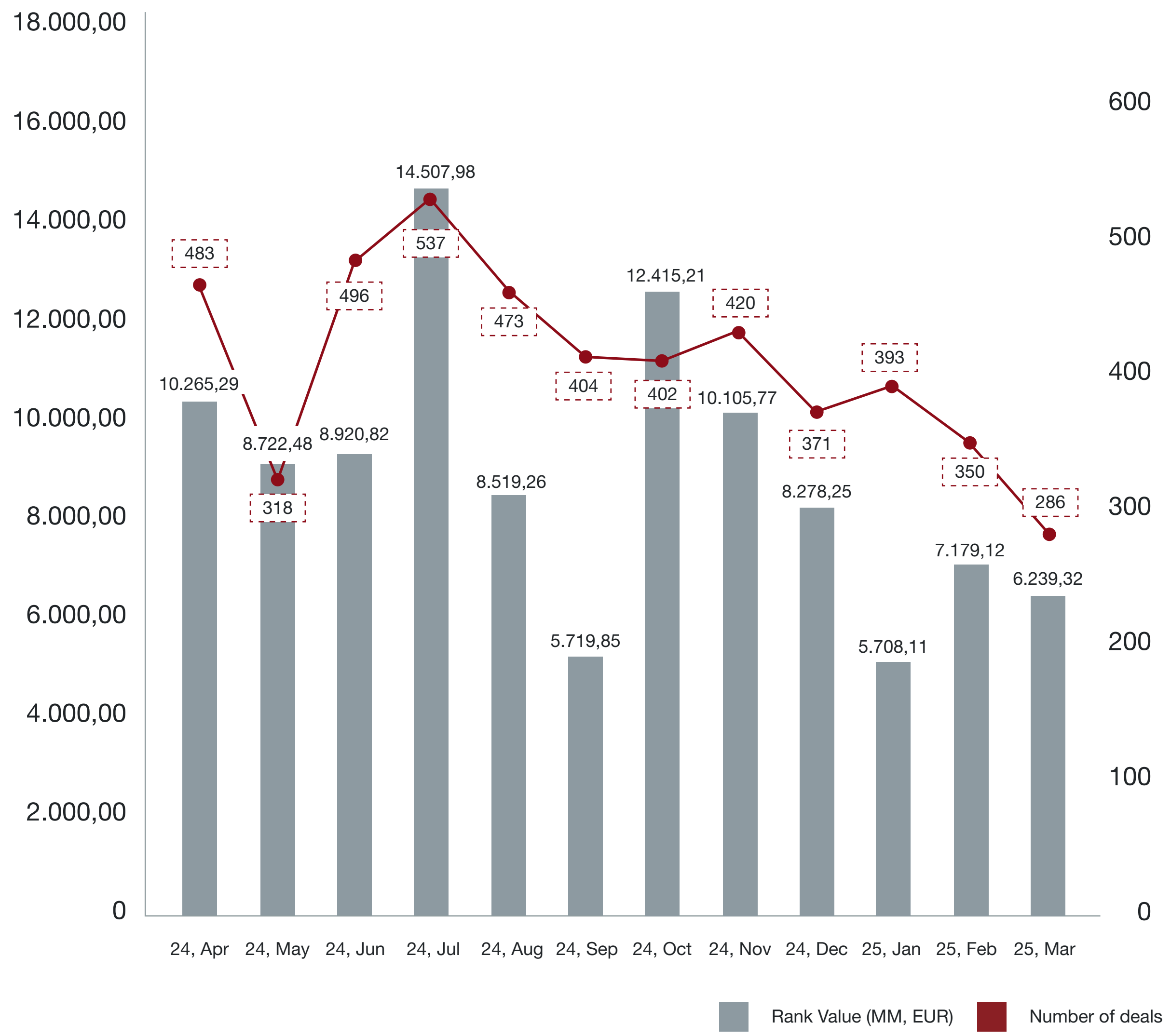
233%
Evolution of Deals
Poland
Financials

PE Market Overview

The European **private equity market slowed further in Q2 2025**, as investors continued to take a more cautious and selective approach. Although activity is well below the highs of 2021 and early 2022, capital remains available — but it is being deployed more slowly, with firms focusing on high-quality assets and fewer, larger deals.

Technology, healthcare and infrastructure-related sectors continued to attract strong interest, reflecting a clear shift toward areas seen as resilient and scalable. The UK remained the region's most active market, both in volume and value, followed by steady investment levels in Germany, Italy and France.

Overall, Q2 reflects a market that is still moving — but with more discipline. Investors are prioritising timing, strategic fit and value creation, rather than chasing volume. It's a quieter environment, but one where private equity remains focused on building long-term performance in a more challenging climate. **Exit activity remains limited**, with IPO and secondary sales facing timing challenges amid valuation mismatches and weak equity markets.



PE Deals
Summary (Last 12 Months)

Over the last 12 months, the European private equity market recorded €106.59 billion in total deal value across 4,933 transactions, confirming a gradual deceleration in activity. October 2024 remained the strongest month, reaching €14.51 billion across 537 transactions, while **June 2025 marked the lowest point in terms of deal count,** with just 286 transactions. In value terms, April recorded the weakest performance of the year, at €5.71 billion.

Q2 2025 closed with €19.13 billion across 1,029 transactions — down from €30.80 billion and 1,193 deals in Q1. After a slow start in April, the quarter saw a brief recovery in May, followed by a renewed drop in June. This downward trend reflects the broader cooling of private equity activity across Europe.

These figures reflect a more selective market, where investors are being more careful with how and when they invest. Although there is still capital available, deals are taking longer to close and investment decisions are more cautious. Private equity firms are focusing on strong, high-quality assets and working to create value in their existing portfolios, especially in a more uncertain economic environment.

PE Q2 Deals
Market Overview

The United Kingdom led the European private equity market in Q2 2025, with €7.36 billion in deal value across 318 transactions, **maintaining its position as the region's most active market by both volume and value.** Germany followed with €2.92 billion from 152 deals, ahead of Italy, which posted €2.39 billion despite a much lower transaction count, indicating a concentration of larger-sized transactions.

France ranked fourth with €1.53 billion and 125 transactions, while **Ireland stood out with** €1.41 billion from just 14 deals, suggesting **the presence of several large-cap investments.** Spain and the Netherlands remained active mid-sized markets, closing 69 and 63 deals respectively, with values just under the €1 billion mark.

Switzerland and Belgium contributed more modestly, while activity in the Nordics — led by Sweden, Finland and Denmark — remained subdued in value despite a steady flow of deals. Across Eastern and Southeastern Europe, markets such as Latvia, Croatia, and Poland registered low volumes, yet continued to show sporadic buyout activity.

Overall, Q2 data shows **that private equity investment remains highly concentrated in a few core markets**, with fewer but larger transactions driving value. Smaller jurisdictions continue to host opportunistic activity, but the bulk of capital remains anchored in Western Europe.

Country	Rank Value (MM, EUR)	Number of Deals
United Kingdom	7.364,20 €	318
Germany	2.916,25 €	152
Italy	2.390,08 €	48
France	1.533,81 €	125
Ireland	1.409,85 €	14
Spain	929,89 €	69
Netherlands	910,55 €	63
Switzerland	589,14 €	36
Belgium	305,49 €	17
Sweden	177,21 €	40

Country	Rank Value (MM, EUR)	Number of Deals
Finland	120,66 €	20
Turkey	110,31 €	18
Norway	82,13 €	18
Denmark	61,08 €	19
Latvia	59,03 €	3
Austria	44,42 €	14
Croatia	33,26 €	2
Luxembourg	20,60 €	6
Poland	15,56 €	11
Estonia	12,79 €	8

Top 20 countries ranked by total deal value (MM, EUR)

PE Q2 Deals
Industry Segmentation

Technology once again led the European private equity market in Q2 2025, recording €4.62 billion in deal value across 480 transactions. This strong performance confirms the sector's continued appeal, driven by investor focus on scalable, digital-first business models.

Consumer cyclicals ranked second in value with €2.93 billion from just 82 transactions, **pointing to a concentration of high-value deals in retail, automotive and leisure.** Healthcare followed with €2.72 billion and 141 transactions, maintaining a high level of activity and reflecting persistent interest in life sciences, care services and healthtech platforms.

Utilities and real estate also posted solid values, despite lower deal counts, suggesting selective but sizeable investments in capital-intensive assets. Energy activity remained modest in volume, but reached €1.86 billion in value, likely linked to infrastructure and transition-oriented assets.

Industrials recorded 158 transactions and €1.27 billion in value, confirming continued engagement with operationally intensive sectors. Meanwhile, other segments such as consumer non-cyclicals, financials and government-related activity saw more limited deployment, with a combined total under €1 billion.

Overall, Q2 data reflects a market highly focused on strategic sectors — particularly technology, healthcare and infrastructure-related verticals — while capital allocation remains disciplined and concentrated in fewer, high-conviction opportunities.

Total Rank Value
19.126,55€

Number of Deals
1.029

1 Technology
4.618,56€
Rank Value (MM,EUR)
480
Number of Deals

2 Consumer Cyclicals
2.925,77€
Rank Value (MM,EUR)
82
Number of Deals

3 Healthcare
2.717,80€
Rank Value (MM,EUR)
141
Number of Deals

	Industry	Rank Value (MM, EUR)	No. of Deals
#4	Utilities	2.416,35 €	26
#5	Real Estate	2.191,76 €	21
#6	Energy	1.861,91 €	10
#7	Industrials	1.273,36 €	158
#8	Consumer Non Cyclicals	526,28 €	41
#9	Goverment Act.	283,74 €	6
#10	Financials	222,81 €	31
#11	Basic Materials	57,02 €	18
#12	Acad. & Educ. Services	26,19 €	13
#13	Inst, Associations & Organizations	5,00 €	2

Q2 2025 Top Industries in PE:
Q2 2025 vs Q2 2024

PE	2025 Q2		2024 Q2		Evolution	
	Rank Value (MM, EUR)	#of Deals	Rank Value (MM, EUR)	#of Deals	Rank Value (MM, EUR)	#of Deals
UK Real Estate	2.130,86 €	4	5,59 €	8	38.019%	-50%
Germany Energy	1.546,99 €	2	3,08 €	2	50.127%	0
Italy Utilities	2.050,01 €	3	50,00 €	2	4.000%	50%
France Technology	479,18 €	50	2.571,62	112	-81%	-55%
Ireland Healthcare	1.225,43 €	1	88,88	9	1.279%	-89%
Spain Consumer Cyclicals	403,91 €	10	106,94	7	278%	43%
Netherlands Technology	315,87 €	29	129,07 €	24	145%	21%
Switzerland Healthcare	404,53 €	14	398,74	20	31%	-30%
Belgium Technology	241,27 €	7	63,41 €	12	33%	-42%
Sweden Technology	108,67 €	20	235,45 €	29	-68%	-31%

50%
Evolution of Deals
Italy
Utilities

43%
Evolution of Deals
Spain
Consumer Cyclicals

Financial Highlights

The second quarter of 2025 confirmed a slowdown in investment banking activity across Europe. While certain segments showed resilience, overall volumes declined, and the market remained cautious amid persistent macroeconomic and geopolitical uncertainty.

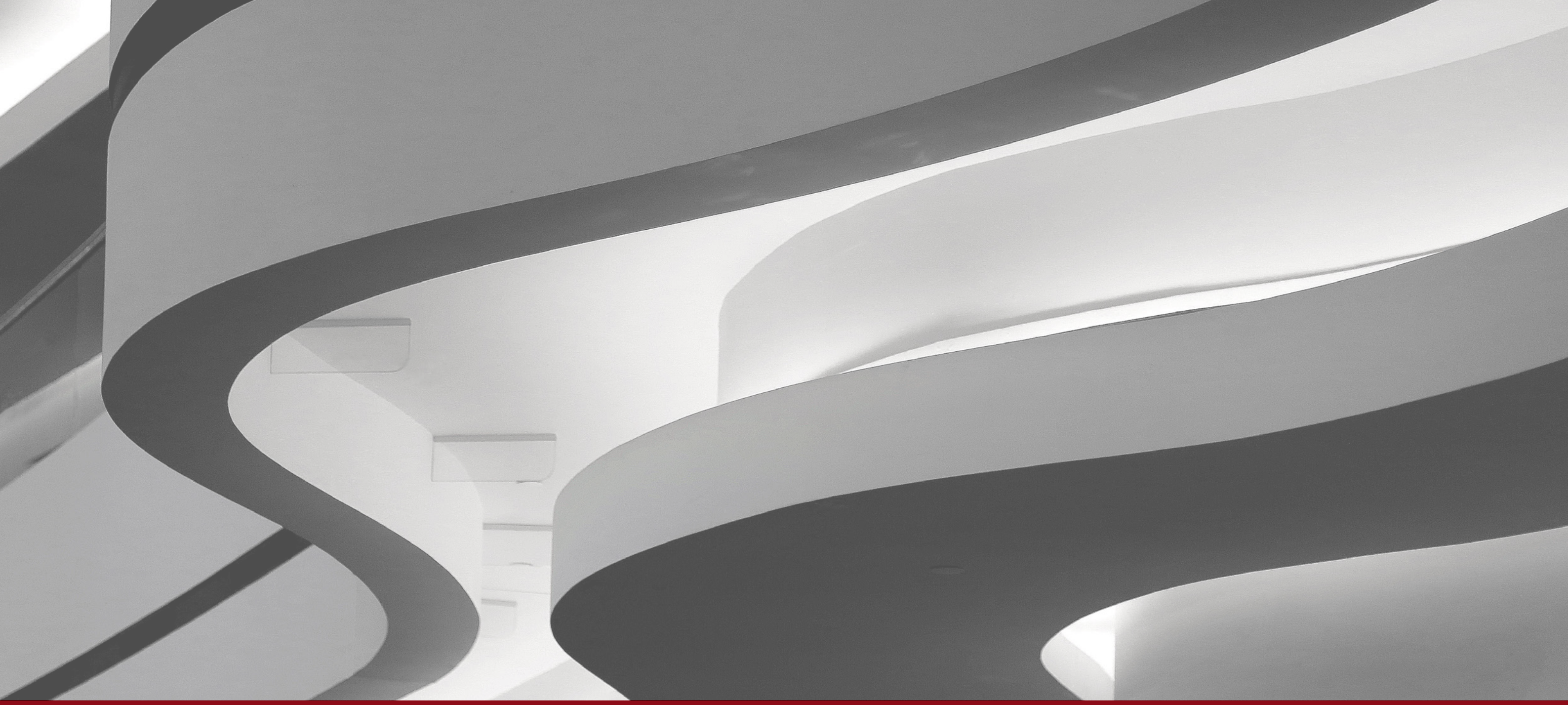
Debt capital markets remained the most active area, supported by sustained sovereign issuance. Governments such as Italy and Portugal continued to raise capital through bond syndications, and demand held up well — a reflection of investors seeking stability in uncertain conditions.

In contrast, equity capital markets weakened further. IPO activity slowed notably, with some high-profile listings postponed, and investor appetite stayed limited outside a few defensive or tech-oriented names. Volatility and weak visibility continued to weigh on issuance plans.

M&A advisory activity followed the broader trend: fewer transactions were announced or closed, though the average deal size increased in certain sectors, suggesting that only the most strategic or well-structured deals are moving forward.

Meanwhile, trading divisions provided relative stability. Strong performance in fixed income and credit trading helped offset weaker advisory revenues in several major banks, though this was not enough to lift overall fee generation meaningfully.

Taken together, Q2 paints the picture of a market that is still active, but with clear signs of cooling. Execution is slower, capital deployment is more selective, and confidence remains fragile. While there are pockets of opportunity, the general tone is one of restraint.



Challenges and Opportunities

As 2025 moves forward, the M&A and private equity market in Europe continues to face a slower and more cautious environment. **Activity has decreased in most areas, as investors deal with ongoing uncertainty and tighter conditions.**

One of the biggest challenges remains the economic backdrop. Inflation is no longer at its peak, but it hasn't fully settled, and interest rates are still high. This makes financing more expensive and slows decision-making, especially for smaller deals and international transactions.

There are also still differences in how buyers and sellers view company valuations. Many sellers are holding on to price expectations that reflect stronger markets from previous years, while buyers are being more careful — making it harder to close deals. In addition, while large companies and funds can still raise capital, access to financing remains difficult for smaller firms.

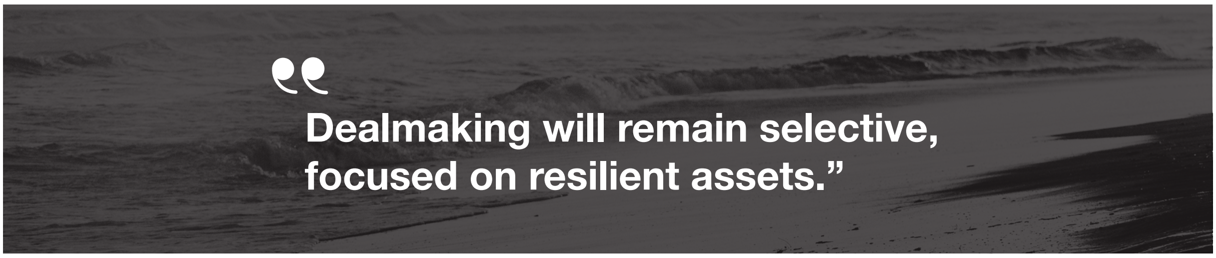
Despite these obstacles, there are also clear opportunities. Interest rates may begin to ease later this year, and **some sectors — like energy transition, technology infrastructure and healthcare — continue to attract interest and capital.** Investors are looking for companies with solid business models, room to grow, and a clear strategic fit.

While uncertainty is likely to persist in the coming months, **investors continue to focus on quality assets and long-term value creation.** Market activity remains concentrated around fewer, more strategic deals, with select sectors showing greater resilience despite the broader slowdown.

Forecasts for upcoming quarters

Market Predictions

The outlook for European M&A and private equity in the second half of 2025 remains cautious. While financing conditions have started to ease slightly, **market participants are not expecting a strong recovery in deal activity. Most forecasts now point to a slow and selective rebound**, shaped by persistent macroeconomic uncertainty, geopolitical instability, and tighter regulatory scrutiny.



Market Drivers

H2 2025 Drivers

- Macroeconomic uncertainty
- Geopolitical instability
- Tighter regulatory scrutiny

Investment Focus

Key Sectors

- Energy transition
- Infrastructure
- Artificial Intelligence
- Healthcare

Focused on well-prepared assets; large-scale momentum unlikely

Market Outlook

Q3–Q4 Outlook

- Slightly improved financing
- Slow, selective rebound
- Volume still below pre-2022
- Risk appetite remains cautious

Deal volume is expected to remain subdued compared to pre-2022 levels, with many companies and funds still adjusting to higher interest rates, slower growth, and shifting risk appetites.

Activity will likely concentrate around well-prepared assets **in** sectors such as **energy transition, infrastructure, AI, and healthcare** — but large-scale momentum remains unlikely for now.

Aspect	Summary
Financing	Slightly improving, still tight
Deal Activity	Slow, selective rebound
Volume	Below pre-2022 levels
Pressures	Rates, low growth, global uncertainty
Opportunity	Energy, infrastructure, AI, healthcare

Influencing Factors

Interest rates and inflation

The ECB may deliver one or two small rate cuts before year-end, but funding costs are expected to stay significantly above the ultra-low levels of 2021. This limits leverage and keeps pressure on valuations.

Geopolitical tensions

Cross-border M&A and private equity activity remains under pressure due to multiple sources of global instability. The ongoing war in Ukraine continues to disrupt energy markets, supply chains, and investor confidence across Europe, particularly in Central and Eastern regions. At the same time, persistent conflict in the Middle East is contributing to volatility in commodities and transport routes, with knock-on effects for strategic planning and pricing.

Adding to these challenges, in July 2025, President Trump announced a new 30% tariff on EU industrial goods, set to take effect on August 1. This move follows existing 25% duties on automobiles and parts, and directly impacts critical European exports such as machinery, semiconductors, and electric vehicles. Countries like Germany, France, and Italy are especially exposed due to their industrial strength and export focus. As a result, investors are adopting a more cautious stance on cross-border industrial deals, with rising costs, regulatory barriers, and heightened uncertainty complicating deal execution and suppressing valuations.

Regulatory complexity

The implementation of the EU AI Act and the CSRD (Corporate Sustainability Reporting Directive) is adding new layers to due diligence and compliance. While these frameworks reward well-governed companies, they also raise the bar for execution.

Private credit resilience

Direct-lending funds continue to grow and are playing a key role in keeping mid-market deals alive, especially where traditional bank financing remains limited.

Main Trends

AI-driven platforms will remain top targets: Investors will continue to prioritize scalable businesses offering automation, data insights, or operational efficiency — especially those positioned in vertical SaaS, cybersecurity and enterprise solutions.

Larger, fewer transactions: Amid greater scrutiny and capital discipline, dealmakers are expected to focus on fewer but higher-value transactions, concentrating resources on strong, high-conviction bets.

Shift toward resilient sectors and supply chain independence: Ongoing instability is accelerating investment in local manufacturing, logistics tech and defence-related carve-outs — particularly in CEE and Western Europe.

Emerging Countries

While overall M&A and private equity activity in Europe remains subdued, a few emerging markets have shown notable momentum in Q2 2025, driven by strategic positioning, sector-specific opportunities, and investor reallocation trends:

ROMANIA

Has continued to attract attention as a Southeast European **hub for infrastructure and energy investment.** The planned merger between UniCredit and Alpha Bank Romania has reinforced the country's growing role in regional banking consolidation. Meanwhile, international funds are exploring Romanian renewable energy and logistics assets, supported by EU financing frameworks and cost-competitive operations.

IRELAND

Has re-emerged as a hotspot for large-cap private equity and strategic acquisitions, especially in tech-enabled and life sciences sectors. A number of high-value deals in Q2 2025 have highlighted investor confidence in Ireland's innovation ecosystem, stable regulatory environment, and continued attractiveness post-Brexit as a European gateway for international capital.

POLAND REMAINS A STANDOUT IN CENTRAL AND EASTERN EUROPE

Despite a general cooling in deal volume. The country's appeal lies in nearshoring dynamics, EU-backed manufacturing expansion, and ongoing digital infrastructure upgrades. Strategic buyers and private equity firms continue to view Poland as a key entry point for scalable platforms in the region.

These markets are not immune to broader macroeconomic uncertainty, but their relative resilience, sector focus, and regional positioning are positioning them as key targets for selective, forward-looking investors in the current cycle.

Qualified profesionals

Highly Recognized

Chambers Global 2025

Practice Areas

17 Recognized in Corporate and M&A

Individuals

21 Recognized in Corporate and M&A

Chambers Europe 2025

Practice Areas

23 Recognized in Corporate and M&A

Individuals

37 Recognized in Corporate and M&A

The Legal 500

Practice Areas

40 Recognized in Corporate and M&A

Individuals

48 Recognized in Corporate and M&A

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