

Oaklins

2025

M&A Market Report Germany

Transactions with
German Participation





Dr. Florian von Alten
Managing Partner

T: +49 40 349 14 -168
M: +49 152 091 929 49
E: f.vonalten@de.oaklins.com



Eddi Dudek
Associate

T: +49 40 34914 -130
M: +49 160 696 69 32
E: e.dudek@de.oaklins.com



Samuel Wallner
Analyst

T: +49 69 505029 -157
M: +49 1514 314 89 73
E: s.wallner@de.oaklins.com

Uncertainty brings the M&A market to a standstill – domestic German activity gains importance, financial investors expand market share

For the 2025 financial year, Oaklins Germany recorded a total of 2,586 reported transactions involving German parties as of the reporting date of 16 December 2025. Despite a persistently challenging macroeconomic environment, the German M&A market proved overall resilient, although transaction volumes declined slightly by 6.0% year-on-year (166 transactions). Compared with the long-term average of transactions recorded since 1998, market activity remained significantly elevated: the number of reported transactions exceeded the historical average by +45.3%.

The decline in transaction activity was primarily driven by a pronounced slowdown in the cross-border segment. While inbound transactions fell by 38.8% year-on-year to 555 deals, outbound activity also declined materially, with 522 transactions representing a decrease of 26.4%. In contrast, the domestic German M&A market strengthened considerably, with domestic transactions increasing by 32.8%. This development reflects, among other factors, geopolitical uncertainties, weak economic conditions, the impact of U.S. tariff policy, and the resulting more cautious stance adopted by international buyers.

Financial investors further expanded their market position in 2025, gaining significant market share. With 975 transactions, financial investors accounted for 38.0% of total deal activity. This trend was particularly pronounced in the Business Support Services sector, where financial investors represented 46.0% of all transactions. Declining financing costs and the continued availability of substantial fund capital acted as key drivers of this development, bringing asset-light business models increasingly into focus.

Over the course of 2025, a clear shift in transaction activity toward the second half of the year became evident. While the first half of 2025 recorded a decline of 12.7% compared with the prior-year period, the third quarter in particular emerged as the strongest driver of annual activity. Compared with the same quarter of the previous year, transaction volumes in the third quarter increased by +34.4%, making it by a clear margin the most active quarter of the year.

Activity in the large-cap segment also remained robust. In 2025, a total of 23 transactions with a deal value exceeding €1 billion each were recorded. The largest transaction of the year was the carve-out of BASF's Coatings division, with a transaction value of €7.7 billion. Financial investors acted as buyers in 9 of the top 30 transactions, while 5 of the top 30 deals were attributable to the healthcare sector.

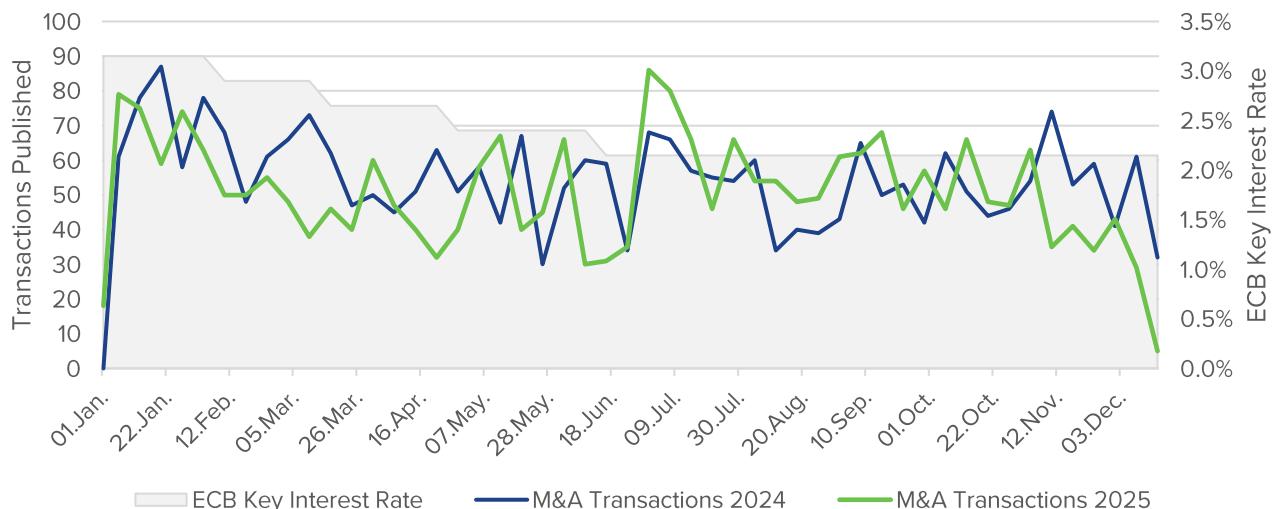
2,586 - 6.0%

**reported or completed
transactions in 2025**

**transaction activity
compared with 2024**

Based on published transactions from the deal databases Mergermarket, Majunke and S&P Capital IQ, as well as our own desktop research using press reports and publications of the German Federal Cartel Office, we analyzed the data for all announced and completed transactions between 1 January 2025 and 16 December 2025 involving a German target or buyer. An additional requirement was that at least 20% of the target's shares were transferred to the buyer.

Number of reported M&A deals and ECB key interest rate in Germany over time



Annual trend in M&A activity and macroeconomic influences

The macroeconomic environment in Germany remained challenging throughout 2025. Over the course of the year, the ECB's key interest rate largely fluctuated within a range of approximately 2.0% to 2.5%, bringing it closer to the ECB's medium-term target level of 2.0%, but still remaining above a clearly stimulative level. Accordingly, M&A transaction activity proved volatile, fluctuating throughout the year mainly between around 40 and 70 reported transactions per week. As in the previous year, no clear and sustained correlation could be observed between the key interest rate's convergence toward the target level and a material recovery in transaction activity, suggesting that the overall impact of monetary policy impulses remained limited.

Target	Buyer	2025	Share (in %)	2024	Share (in %)	Difference abs.	Difference (in %)
Germany	Germany	1,509	58.4%	1,136	41.3%	+373	▲ +32.8%
Germany	Abroad	555	21.5%	907	33.0%	-352	▼ -38.8%
Abroad	Germany	522	20.2%	709	25.8%	-187	▼ -26.4%
Sum		2,586		2,752		-166	▼ -6.0%

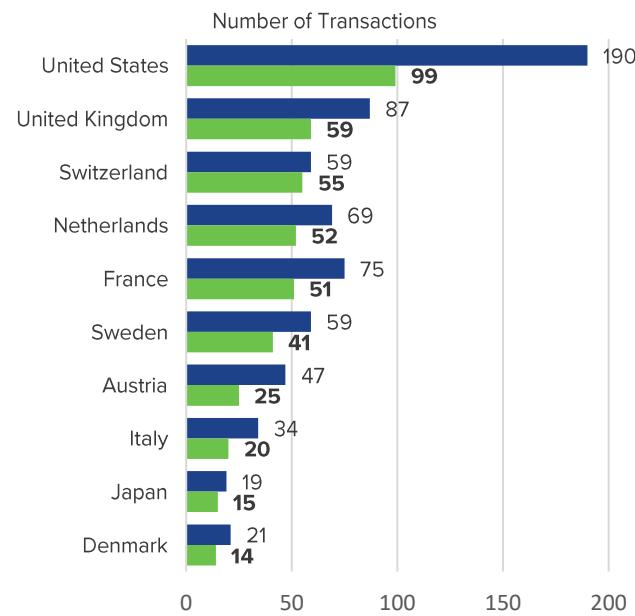
Decline in cross-border transactions – domestic German deals gain significant importance

In 2025, transaction activity shifted markedly toward domestic German deals. With 1,509 transactions, acquisitions between German market participants accounted for 58.4% of all reported M&A transactions, representing an increase of +32.8% compared with the prior year. In contrast, the downward trend in cross-border transactions continued: the number of inbound transactions declined by -38.8% to 555 deals, while outbound activity also fell by -26.4% to 522 transactions. Overall, the total number of reported M&A transactions in 2025 decreased to 2,586 deals, corresponding to a -6.0% decline year-on-year, with the market largely shaped by the reduced activity of foreign investors.

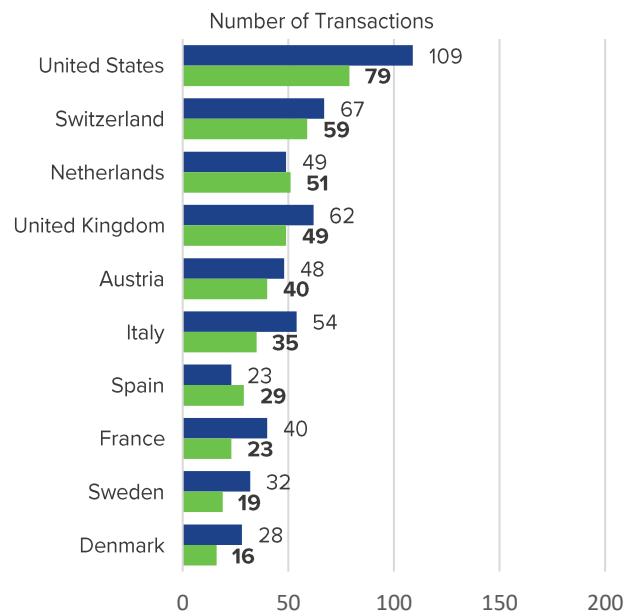
Cross-border activity collapses – revitalisation requires targeted impulses

The United States remained the most important international reference point for the German M&A market in 2025, albeit with a noticeable decline in activity. On the inbound side, it was evident that all top ten buyer countries were less acquisitive than in the previous year, with the United States in particular showing a significant pullback. On the outbound side, acquisitions by German companies in the United States remained broadly relevant, but were executed in a more selective and risk-conscious manner. Owing to weaker economic conditions in Germany, domestic market participants were generally less active in pursuing acquisitions abroad.

Top 10 buyer countries of origin (excl. Germany)



Top 10 target countries of origin (excl. Germany)



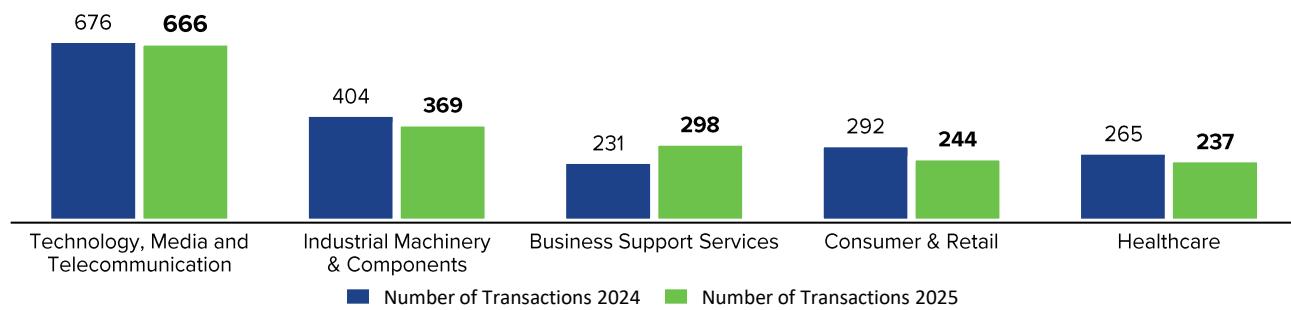
■ Number of Transactions 2024 ■ Number of Transactions 2025

■ Number of Transactions 2024 ■ Number of Transactions 2025

A comparison of sectors – winners and losers

As in the previous year, the majority of transactions took place in the TMT sector. At the same time, the strong increase in the Business Support Services sector of 29% underscores investors' continued interest in asset-light business models.

By contrast, established sectors such as Industrial Machinery & Components and Consumer & Retail recorded declines in transaction volumes of 35 deals (–8.7%) and 48 deals (–16.4%), respectively. The number of transactions in the Healthcare sector also decreased by 28 deals (–10.6%). Despite this decline, Healthcare maintained its fifth-place ranking, supported by structural demand and predictable, defensive cash flows.



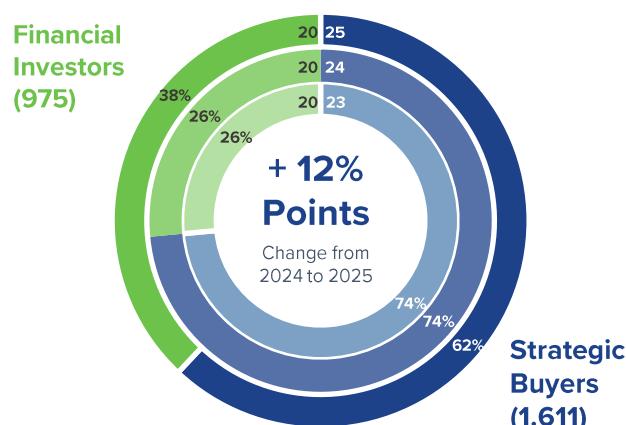


Private equity returns in 2025: significantly increasing activity among financial investors

In 2025, the number of transactions involving financial investors increased significantly. With 975 deals, financial investors recorded an increase of 258 transactions, or +36.0%, compared with 2024, reaching a market share of 38% – the highest level since 2022.

This development was supported by the declining interest-rate environment that began in 2024 and continued throughout 2025. In particular, the reduction of the ECB refinancing rate from 3.15% to 2.15% improved the financing conditions for transactions and coincided with rising investment pressure among fund managers. The most active financial investor was Warburg Pincus, with 20 transactions.

Activity of financial investors and strategic buyers



Top financial investors by number of completed transactions

#	Target	Number of deals
1	Warburg Pincus	20
2	AURELIUS Wachstumskapital	19
3	Greenpeak Partners	19
4	Ufenau Capital Partners	16
5	AUCTUS Capital Partners	14



Top 30 deals with German participation

In total, an aggregated deal volume of €68.4 billion was recorded for the top 30 transactions. Twenty-three of the top 30 deals had an individual transaction value exceeding €1 billion; however, there was not a single mega-deal with a value of more than €10 billion. Overall, 20 of the top 30 transactions took place in the first half of 2025.

23

30%

of the top 30 transactions had a deal volume of at least € 1 billion

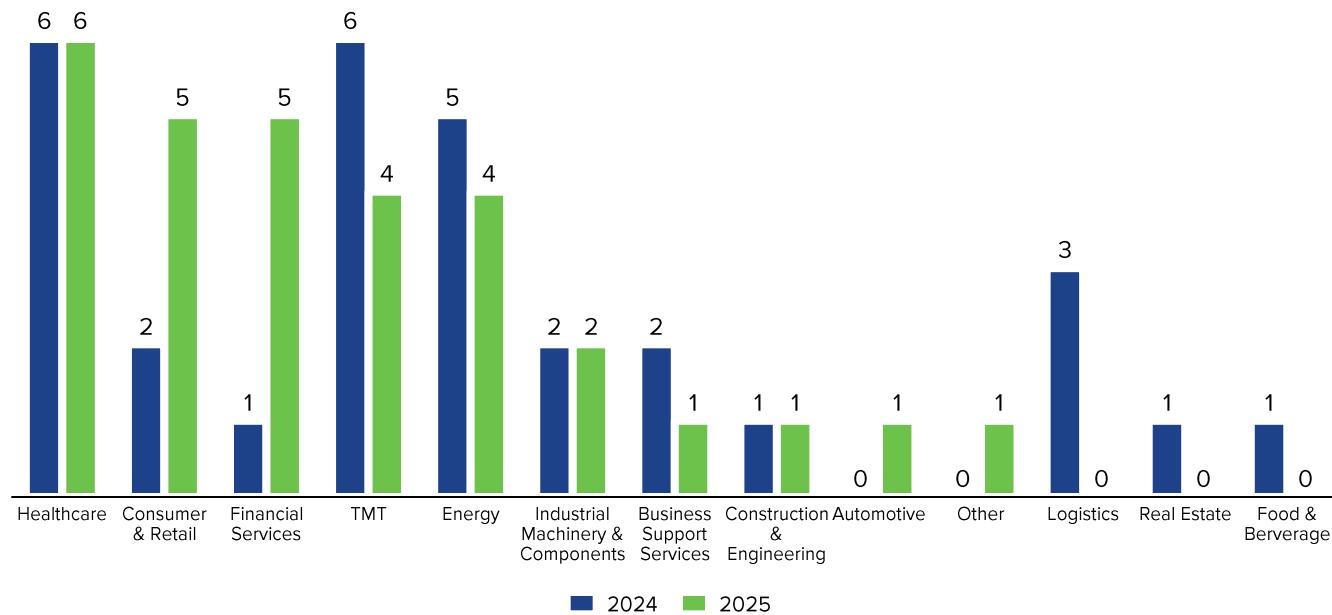
of the top 30 deals were carried out by financial investors

The largest transaction in 2025 was the carve-out of BASF's Coatings division, which was acquired by Carlyle and the Qatar Investment Authority for €7.7 billion. As a result, the largest deal of the year was executed by financial investors. Overall, a financial investor was involved in 9 of the top 30 deals, confirming the increasing engagement of financial investors in large-cap transactions.

In 22 of the top 30 deals, the buyer was based in Germany, while 14 of the top 30 transactions involved a German target company. With the acquisitions of Envalior GmbH and u-blox Holding GmbH, financial investor Advent International LP appeared twice as a buyer among the top 30 deals. In addition, Aurelius' investment in Teijin Automotive Technologies NA Holdings brought a transaction from the automotive sector into the top 30.

As in the previous year, the Healthcare sector accounted for the largest number of top 30 deals, with six transactions. Consumer & Retail and Financial Services jointly ranked second, with five transactions each.

Top 30 deals – sector breakdown





General market influences and trends (1/5)

Europe caught between moderate growth and geopolitical risks

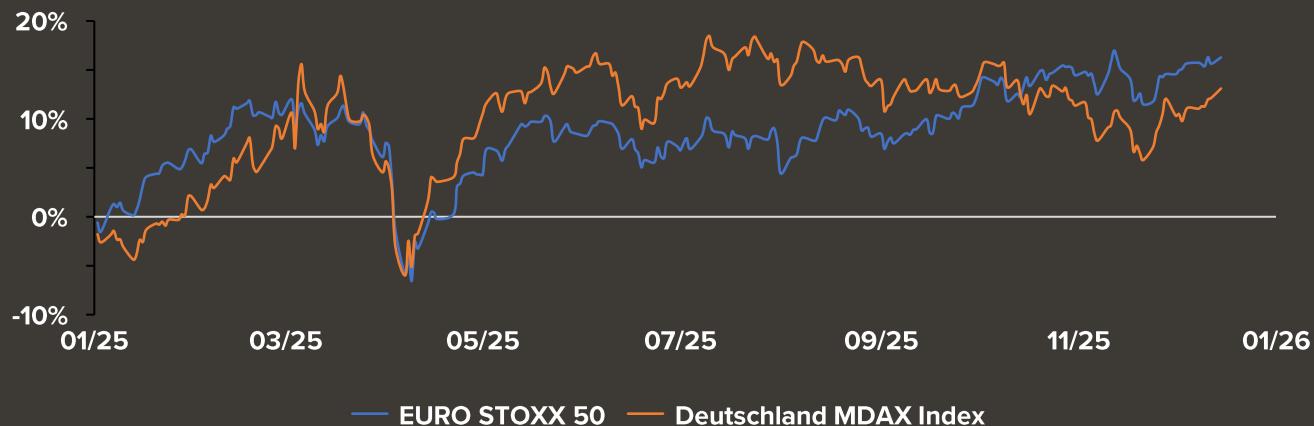
Despite moderate economic growth in the euro area, the overall macroeconomic environment remained fragile in 2025. Following a strong first quarter, economic momentum cooled markedly and stabilised at a low level over the remainder of the year. A key constraining factor was the high level of public debt in several European countries, which significantly limited fiscal policy flexibility and, in some cases, led to political instability.

Overall, the observed signs of recovery point to only limited domestic momentum. Economic activity continued to be weighed down by the lagged effects of previously tight monetary policy, as well as persistent uncertainties arising from geopolitical fragmentation, pronounced trade dependencies and a fragile security environment. These factors restrained investment and dampened confidence among both businesses and consumers.

Germany performed weaker than originally expected in 2025 and remained close to stagnation. In the ranking of leading industrialised nations, Germany occupied one of the lower positions. This was primarily driven by the continued weakness in the construction sector, a subdued export environment and delayed investment activity, exacerbated by the depreciation of the US dollar, increased imports from China and mounting transformation pressure in energy-intensive industries, particularly the automotive, steel and chemical sectors.

Although important stimulus measures were introduced with the €500 billion special fund for infrastructure and climate neutrality, their economic impact is expected to materialise largely from 2026 onwards. In the short term, the contribution to growth therefore remained limited.

Performance comparison: MDAX performance versus the EURO STOXX 50





General market influences and trends (2/5)

American dominance in AI: growing digital dependence of European companies

Europe is facing increasing uncertainty in the transatlantic relationship – not only in terms of trade policy, but in particular with regard to digital and strategic dependencies. Under a renewed “America First” agenda, the critical digital value creation of leading U.S. providers in areas such as cloud computing, artificial intelligence, data centres, the platform economy, social media and digital payments is gaining further importance. The three U.S. hyperscalers AWS, Microsoft and Google account for around 62% of the global cloud infrastructure market (Q3 2025), thereby controlling the backbone for data storage, AI training and scalable software production.

This concentration is also reflected in capital markets. By the end of 2025, the “Magnificent Seven” (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA and Tesla) represented around 34.3% of the market capitalisation of the S&P 500 and at times reached a combined market capitalisation of more than USD 22 trillion. This reinforces the structural advantage of U.S. players in AI investments, as high cash flows can be continuously reinvested into data centre capacity, GPUs and platform distribution.

Growing dependence is also evident in the payments landscape. In the EU, card payments have become the dominant form of cashless payment, accounting for around 70 billion transactions in 2023. At the same time, the ECB highlights the strong reliance of many EU countries on international card schemes, particularly Visa and Mastercard. According to the ECB, this concentration along critical digital infrastructure creates a strategic cluster risk.

Against this backdrop, it is imperative for Germany and Europe to build up their own capabilities and scalable infrastructures in these key areas and to reduce their dependence on U.S. providers. Otherwise, Europe risks long-term constraints on its strategic autonomy and a declining resilience of the European single market.

c. 62%

of the global cloud infrastructure market is accounted for by AWS, Microsoft and Google

c. 70%

of the European cloud market is controlled by U.S. providers



General market influences and trends (3/5)

Survival of the Fittest: Weak market dynamics drive insolvency numbers higher once again

The persistently weak economic environment, now continuing for eight consecutive quarters, also extended into 2025 and led to a further increase in corporate insolvencies in Germany. According to Creditreform, more than 23,900 companies filed for insolvency, representing an increase of 8.3% year-on-year and marking the highest level since 2014. The rise in insolvencies was also accompanied by the growing relevance of distressed M&A transactions.

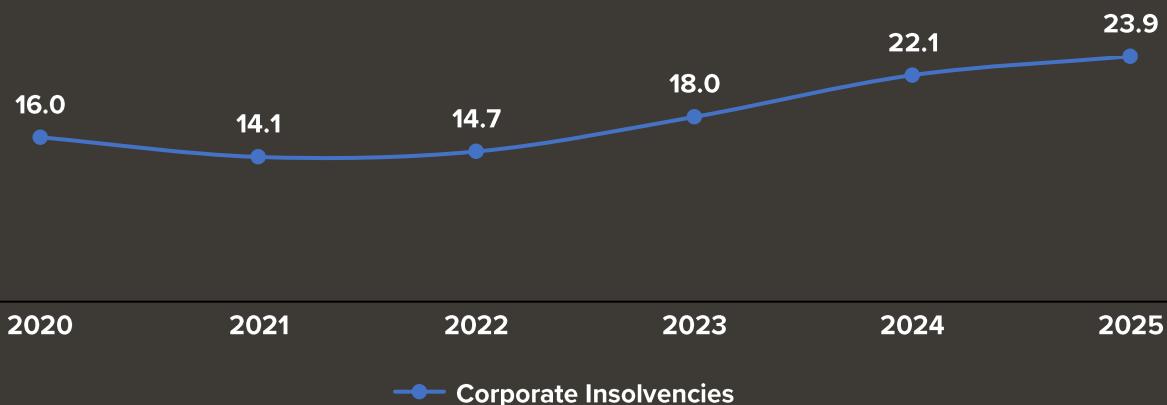
Reported claims resulting from corporate insolvencies amounted to approximately €40.1bn in 2025, down from €45.6bn in the prior year. This suggests that large-scale defaults associated with insolvencies were less pronounced than in 2024.

Short-term indicators further confirm the ongoing upward trend in insolvency figures. In November 2025, the number of filed standard insolvency proceedings was 5.7% higher than in the same month of the previous year, showing no signs of easing toward year-end.

At the sector level, insolvency rates were particularly high in transportation and warehousing, with 98.0 insolvencies per 10,000 companies, followed by accommodation and food services (79.7) and construction (79.4). These sectors were therefore well above the economy-wide average of 52.2.

Overall, these developments point to a continued normalization following the pandemic-related distortions. At the same time, cyclical and cost-intensive industries in particular are increasingly feeling the effects of weaker exports and consumption, as well as rising labor and energy costs.

Development of Insolvencies in Germany (in thousands)





General market influences and trends (4/5)

Fundraising in the DACH PE market under pressure in 2025 – except for top performers

In 2025, Germany recorded a significant increase in private-equity-backed transactions. In total, 258 additional PE deals were registered (+36% vs. 2024), driven primarily by declining financing costs.

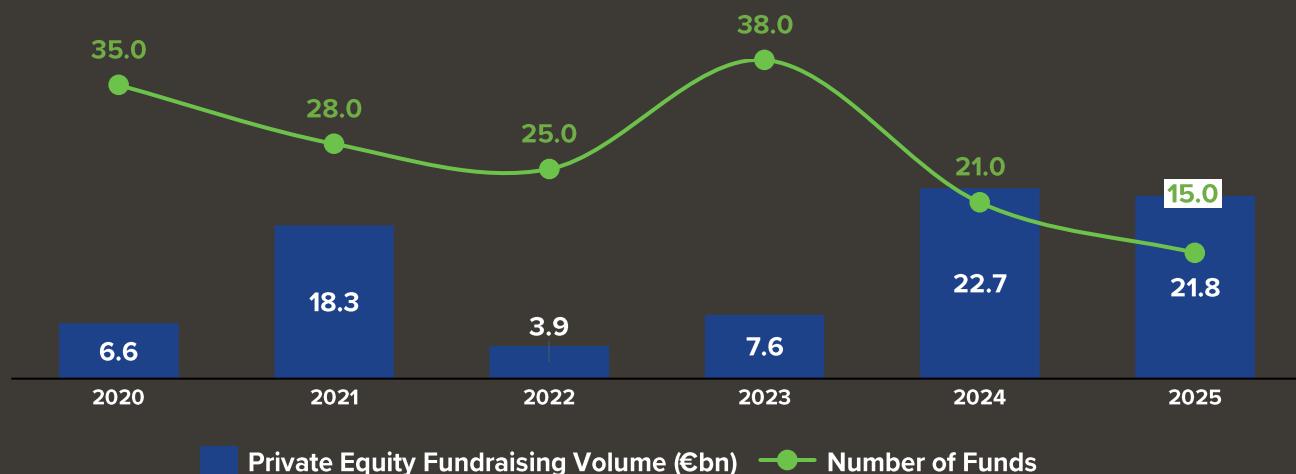
At the same time, limited fund lifetimes and increasing exit pressure raised transaction readiness among many GPs. As strategic buyers acted more cautiously in parts, financial sponsors were able to maintain their market share. In competitive processes, feasibility, cash-flow quality, and operational value creation – such as through platform and add-on strategies – were key decision factors. In parallel, a clear “focus on quality” emerged: capital providers increasingly backed established management teams with proven execution capabilities, consistent value creation, and attractive MOIC profiles.

Fundraising also gained momentum in 2025. Across the DACH region, a total of €21.8bn (forecast through December) was raised for 15 funds (prior year: €22.7bn). At the same time, fundraising durations lengthened significantly, with a median of 34 months (2024: 18 months), while step-ups were more modest.

The largest fund raisings in 2025 (YTD, closed) included Oakley Capital VI (€4.5bn), IK X Fund (€3.3bn), as well as Norvestor VIII and GHO Capital IV (each €2.5bn). In the mid-/small-cap segment, Armira (€1.0bn), Aurelius Opportunities V (€0.83bn), Bencis VII (€0.625bn), and the Main Capital Continuation Fund (€0.52bn) stood out.

Private equity capital raised in the DACH market in 2025 (€bn)

As of 30 September 2025





General market influences and trends (5/5)

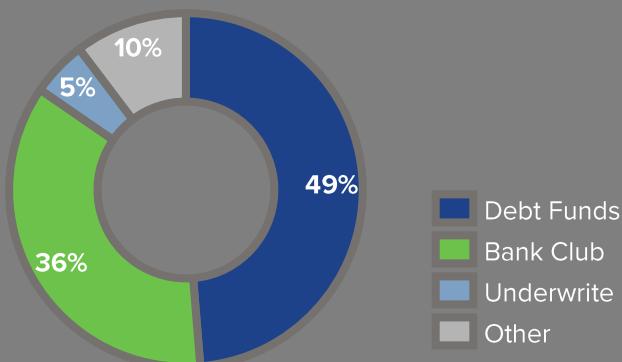
Rising refinancing pressure and the growing importance of specialized lenders in acquisition financing

The German debt market in 2025 was generally more receptive again to M&A transactions. Declining borrowing costs since the interest-rate peak at the end of 2023 improved the financing feasibility of acquisitions. At the same time, structural refinancing pressure remained high: refinancings, recapitalizations, and add-on transactions dominated financing activity, while financing volumes for new acquisitions fell short of expectations. Despite improved financing conditions, German banks continued to act selectively in certain sectors, focusing on resilient, cashflow-generative business models.

Against this backdrop, the lender mix in the German M&A market shifted noticeably. Banks increasingly concentrated on core clients and conservative, secured senior financings, while alternative lenders – particularly debt funds – gained importance as key financing partners for acquisition, LBO, and buy-and-build transactions. Around half of all LBO transactions in 2025 were financed by alternative lenders. While typically more expensive than bank financing, these lenders offer structural advantages, meaning that in highly competitive processes, speed, structural flexibility, and execution certainty often outweighed pure margin optimization.

In addition, asset-based financing solutions continued to gain relevance. Real estate-backed financings, borrowing-base structures, factoring, and sale-and-leaseback models were increasingly used to complement acquisition financings and create additional liquidity headroom. Overall, acquisition financing in Germany continued to shift away from standardized bank loans toward modular, multi-lender-capable financing solutions, where the targeted combination of banks, debt funds, and specialized financiers became a key success factor.

Breakdown of deal structure and financing



“Acquisition financing in Germany is shifting away from standardized bank loans toward modular, multi-lender-capable financing solutions.”

Torsten Aul
Head of Debt Advisory
Oaklins Germany

Summary of the results and outlook for 2025

Interest rates, geopolitics, and location factors shape M&A sentiment in 2025

Conclusion 2025

Despite a challenging macroeconomic and geopolitical environment, the German M&A market proved resilient in 2025. With a modest decline in transaction volume of 6%, overall activity remained broadly stable.

Cross-border transactions (both inbound and outbound) declined unexpectedly sharply, while purely domestic transactions increased significantly. From the perspective of international investors, Germany has lost attractiveness as a location – particularly due to high labor and energy costs, deficiencies in physical and digital infrastructure, bureaucracy, and weak economic growth.

As expected, ongoing interest rate cuts and a more attractive financing environment stimulated financial investor activity. The focus was on asset-light business models, with private equity increasingly prioritizing predictability, resilience, and low operational complexity.

Outlook for 2026

Oaklins Germany remains cautious regarding the development of the M&A market in 2026. While the low interest-rate environment is likely to continue supporting activity by financial investors, it will not be sufficient to fully offset Germany's structural headwinds.

Geopolitical uncertainty, a fragmented international trade environment, and regulatory intervention are expected to constrain a recovery in cross-border transactions in particular, while cyclical sectors are likely to remain under pressure.

Positive momentum is expected from the federal government and planned investment initiatives. The Germany Fund presented in December 2025 is intended to leverage around €30bn of public funds and guarantees to mobilize approximately €130bn of private investment and trigger a broader investment push.

“M&A transaction execution has become more demanding – for both buyers and sellers. Purchase price expectations continued to converge in 2025. Key success factors for an M&A process with strong competitive momentum include the quality of the target company and its management, the transparency of the business plan, the international growth potential of the business model, and the financing appetite of banks and debt funds in the relevant sector.”

Dr. Florian von Alten
Managing Partner, Oaklins Germany



Oaklins Germany

Our affiliation and expertise

Oaklins Germany (Oaklins Germany AG) is the German team of Oaklins International. Oaklins operates globally with around 850 professionals across 60 offices in 40 countries. Each year, we advise our clients on more than 300 successful projects, including sell-side and buy-side M&A transactions, succession planning, the execution of growth strategies, as well as business valuations and debt advisory mandates. Across all assignments, our professionals work in integrated international teams, ensuring a strong global presence for our clients at all times. In Germany, we support our clients with a team of 30 experts based in Hamburg and Frankfurt. Oaklins Germany AG has been active in the market for over 70 years, making it the most experienced M&A advisory firm in Germany.

Our services

Sell-side M&A

- Succession planning
- Corporate carve-outs
- Divestments of portfolio companies
- Minority stake disposals / block sales

Corporate Finance

- Business plan validation
- Business valuation
- Fairness opinions on purchase price offers

Buy-side M&A

- Strategic expansion (internationalization, market share growth)
- Diversification (horizontal, vertical, lateral)

Equity placement

- Equity capital placement
- Mezzanine capital placement

Debt Advisory

- Debt financing
- Balance sheet structuring
- Refinancing

Our global locations



Our locations in Germany



Hamburg office
ABC-Str. 35
20354 Hamburg
+49 40 349 14 189



Frankfurt office
Guillettstr. 48
60325 Frankfurt
+49 69 5050 291 52

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