Oaklins

H1 2026

M&A Market Report Germany

Transactions with German Participation

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German M&A Market on Track for a Significant Recovery After a Weak 2025

The number of transactions with German participation showed a marked increase in the first half of 2026. With a total volume of 1,490 deals, this represents growth of 15.0% compared to the 1,296 deals recorded in the prior year period. Following the previous decline of 6.0% in 2025, the market moved back toward H1 2024 levels and is currently marginally below the 28 year annual average of 1,770 transactions.

The interest rate cuts implemented by the ECB in the prior year supported the financing environment for financial investors and, as in the previous year, drove increased activity among this group, which accounted for a 35.0% share of the total deal volume. In June 2026, the ECB raised interest rates for the first time since the easing cycle began in 2024, bringing the deposit rate to 2.25%. Following the significant decline in cross border activity in 2025 due to US tariff policy, its normalization in H1 2026 was a key contributor to overall market growth. The persistent weakness of German economic growth, geopolitical tensions in the Middle East, elevated energy prices resulting from the Iran conflict, and a multi year high in corporate insolvencies surprisingly did not dampen M&A appetite among market participants to the extent that many experts had anticipated.

At the same time, sector attractiveness shifted. TMT remained the most active sector but lost relative market share. The AI driven revaluation of software business models brought renewed investor focus to more conventional, asset heavy sectors such as Industrial Machinery & Components and Energy.

Aggregate deal volume also rose sharply in the first half of 2026. The 30 largest deals alone accounted for an aggregate volume of EUR 84.3 billion. Among the top 30 transactions, 16 had a volume of at least EUR 1.0 billion. The sale of TK Elevator GmbH to Finnish competitor Kone Oy for EUR 29.4 billion and the acquisition of Delivery Hero by Uber for EUR 10.7 billion were the two largest transactions of the first half of 2026, both of which remain subject to antitrust approval.

1,490

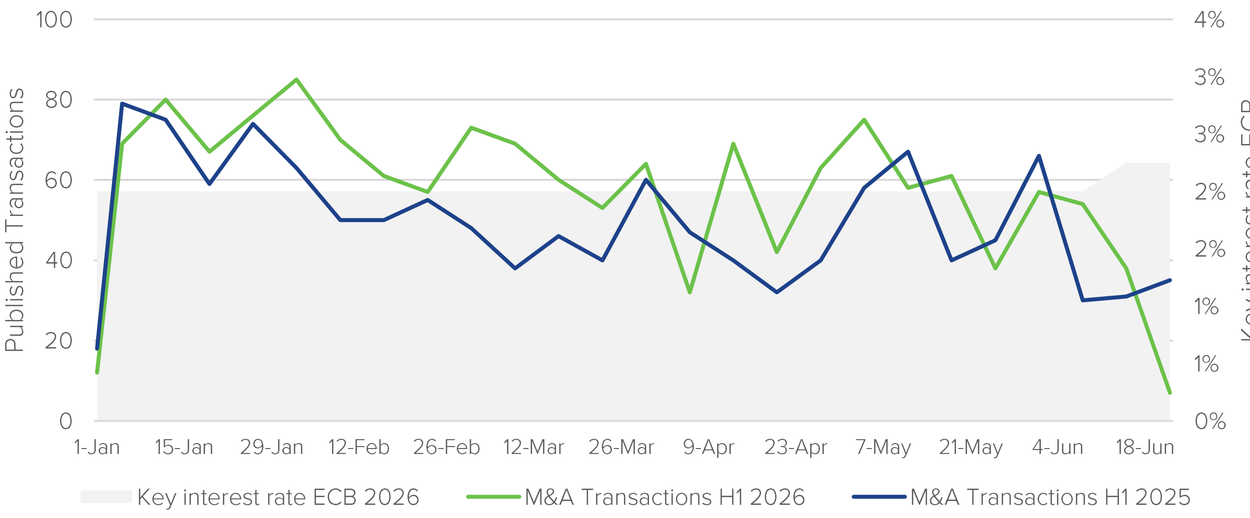
Transactions in the First Half of 2026

+ 15%

Transaction Activity Compared to the First Half of 2025

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 2026 and 24 June 2026 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



Yearly Trend in M&A Activity: Strong Q1 Overshadowed by Weaker Q2

The start of 2026 showed an increase in transaction numbers compared to the prior year. Q1 2026 recorded 857 transactions, up 20.9% year over year, while Q2 2026 recorded 633 transactions, up 7.8%. Monthly momentum varied, with increases of 22.8% in February, 51.6% in March, and 22.6% in April compared to the respective prior year months. June was the only month to fall below the prior year level, down 9.8%.

On June 11, 2026, the ECB raised the deposit rate by 25 basis points to 2.25%. Although the interest rate level remained low compared to the prior year, the rate increase will slightly raise the cost of leveraged acquisitions.

Target	Buyer	H1 2026	Share (in %)	H1 2025	Share (in %)	Difference abs.	Difference (in %)
Germany	Germany	635	42.6%	613	47.3%	+22	▲ +3.6%
Foreign Countries	Germany	319	21.4%	296	22.8%	+23	▲ +7.8%
Germany	Foreign Countries	536	36.0%	387	29.9%	+149	▲ +38.5%
Total		**1,490**		**1,296**		**+194**	▲ **+15.0%**

Return of Cross Border Transactions Drives the Recovery

The number of cross border transactions rose to 855 deals in H1 2026, with the development of inbound activity being the decisive factor. The decline in the prior year was largely attributable to US tariff policy, which had made cross border transactions more difficult. This trend was partially reversed in H1 2026. Foreign buyer interest in German targets rose by 38.5%, while outbound activity by German buyers abroad grew at a more moderate pace of 7.8%.

Domestic activity remained at a high level following the significant increase in the prior year, with 635 transactions representing growth of 3.6% in H1 2026. Domestic deals accounted for 42.6% of transactions.

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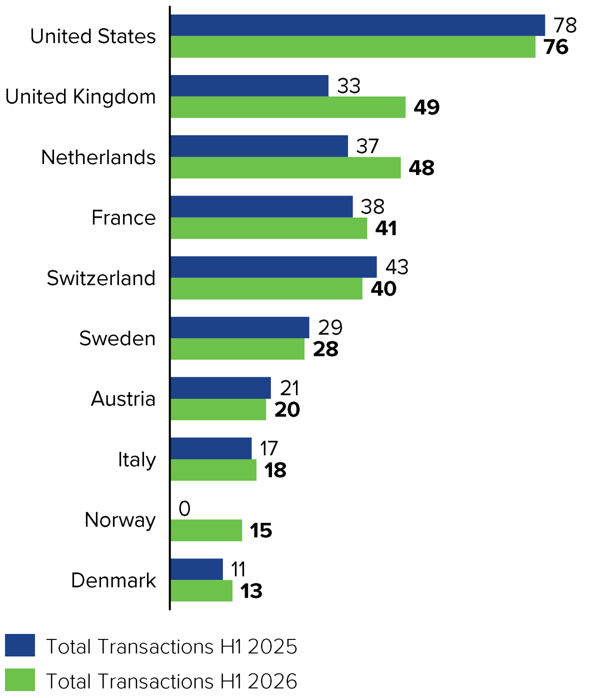
Renewed Interest from the United Kingdom and the Netherlands

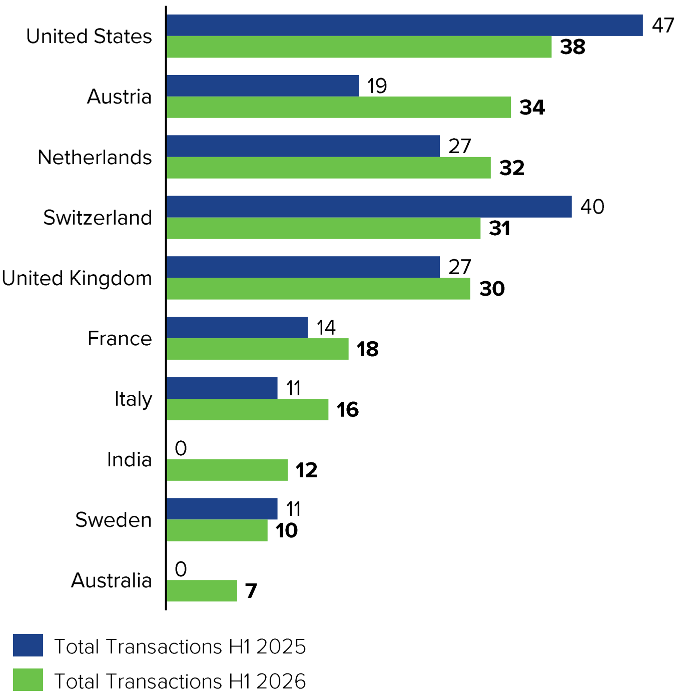
Among the buyer's countries of origin, the United States remained the most active acquirer nation with 76 transactions, despite a decline of 2.6% in H1 2026 compared to the prior year period. The United Kingdom and the Netherlands recorded the strongest increases, up 48.5% to 49 transactions and 29.7% to 48 transactions respectively. The distribution of buyer origin thus also reflects a broader trend toward geographic proximity in acquisitions.

On the target country side, the United States remained the most important destination for German buyers with 38 transactions, despite a decline of 19.1%. Austria recorded the strongest increase, up 78.9% to 34 transactions.

Top 10 Countries of Origin for Buyers (excl. Germany)

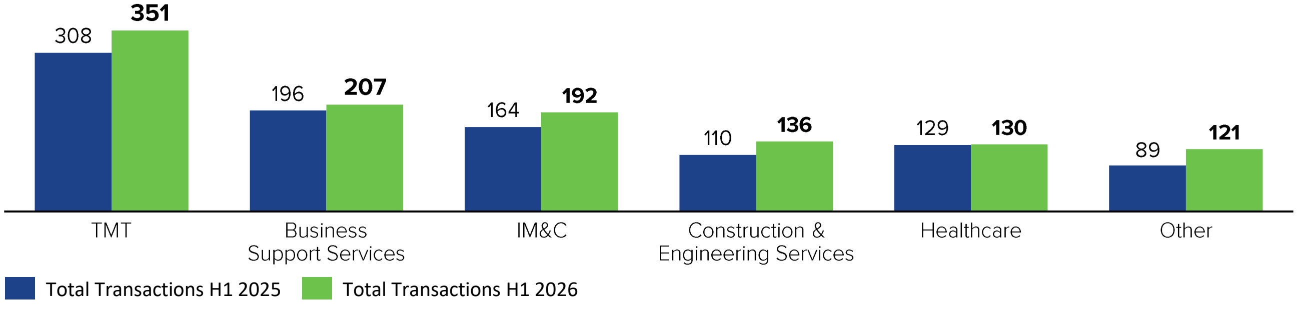


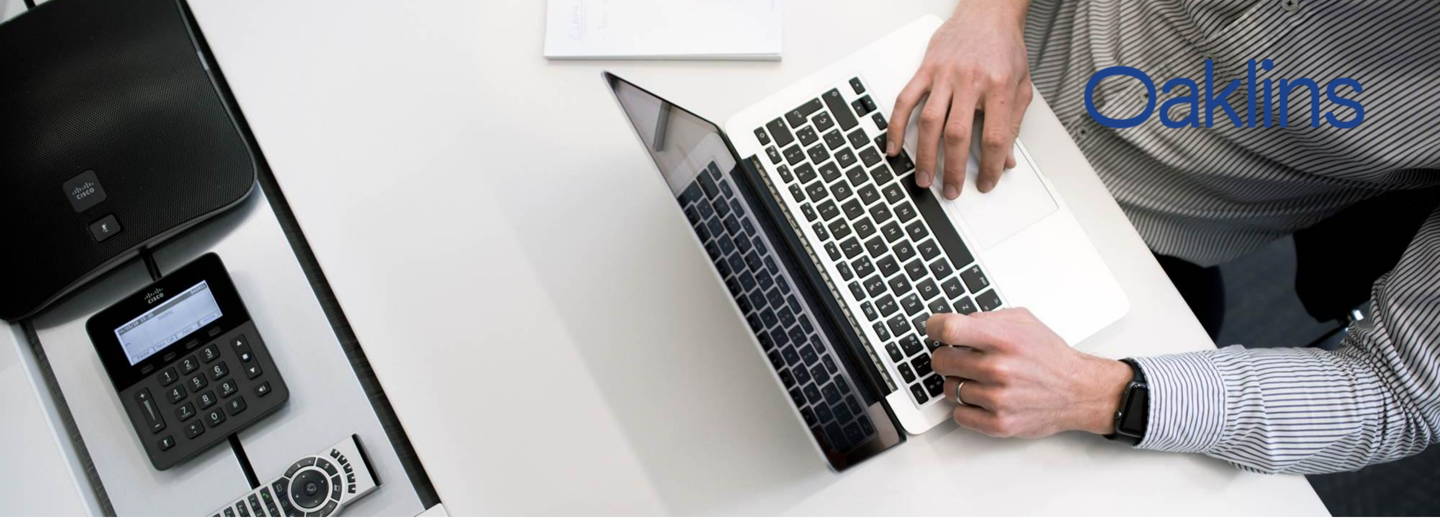
Top 10 Countries of Origin for Target Companies (excl. Germany)



Investor Interest Shifts Back Toward Asset Intensive Sectors

The top 10 sectors all recorded an increase in transaction numbers in H1 2026. TMT remained the most active sector with 351 deals but lost market share over the course of the quarters, while Industrial Machinery & Components and Energy, as asset intensive sectors, showed notable gains. This trend was driven by the AI related revaluation of software business models. With growth of 14.0%, TMT grew at a below average pace relative to the overall market, while investors' increased need for security shifted focus increasingly toward more asset intensive business models.

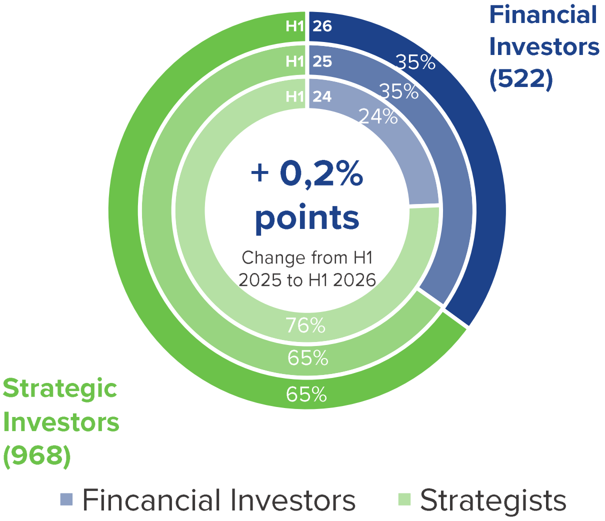




Interest Rate Environment Continues to Drive Financial Investor Participation in H1 2026

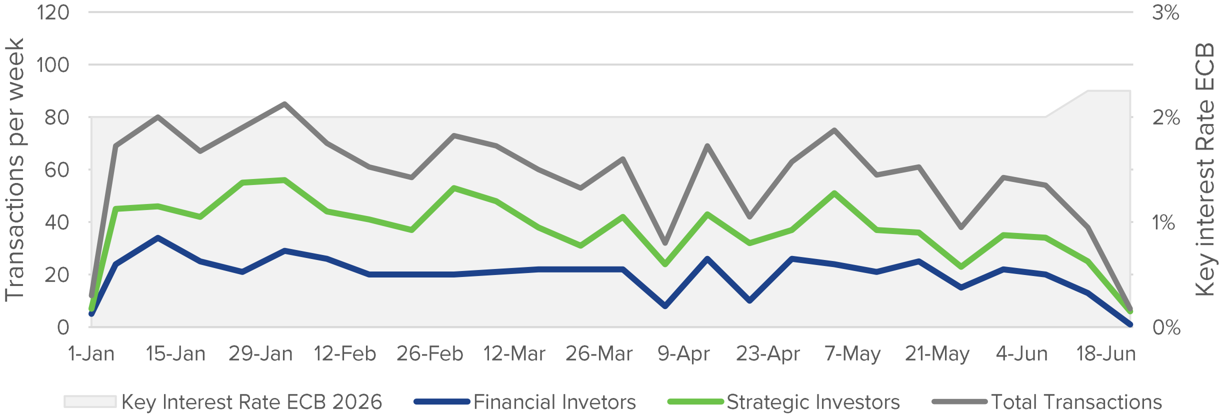
Financial investors remained a key factor in H1 2026. Their activity rose in line with the overall market, up 15.7% to 522 transactions, supported by the favorable financing environment during the reporting period resulting from the prior year's interest rate cuts, as well as the pressure to deploy committed fund capital and realize exits. Greenpeak Partners led with 22 acquisitions, followed by Triton with 15 and Warburg Pincus with 11, together accounting for 9.2% of financial investor activity. Strategic buyers remained the larger buyer group with 968 transactions. The sector focus shifted noticeably. In Industrial Machinery & Components, financial investors reached their highest share at 47.4%, up from 37.1% in the prior year. In Business Support Services, by contrast, their share fell to 28.5%.

Activity of Financial Investors and Strategic Investors



Top Financial Investors by Number of Transactions Completed

#	Target	Total Deals
1	Greenpeak Partners	22
2	Triton	15
3	Warburg Pincus	11
4	EQT	10
5	Bregal Unternehmerkapital	10



Top 30 Transaction Volume on Record Pace, Led by Two Mega Deals

The 30 largest transactions reached an aggregate volume of EUR 84.3 billion in H1 2026, of which 16 deals had a volume of at least EUR 1.0 billion. April was the strongest month with seven transactions and a combined volume of EUR 38.5 billion, while February recorded the highest number of transactions at nine. The largest transactions were led by the sale of TK Elevator GmbH to Kone for EUR 29.4 billion, which alone accounted for 35% of total volume, as well as the acquisition of Delivery Hero by Uber for EUR 10.7 billion. Both announced transactions remain subject to antitrust approval.

16

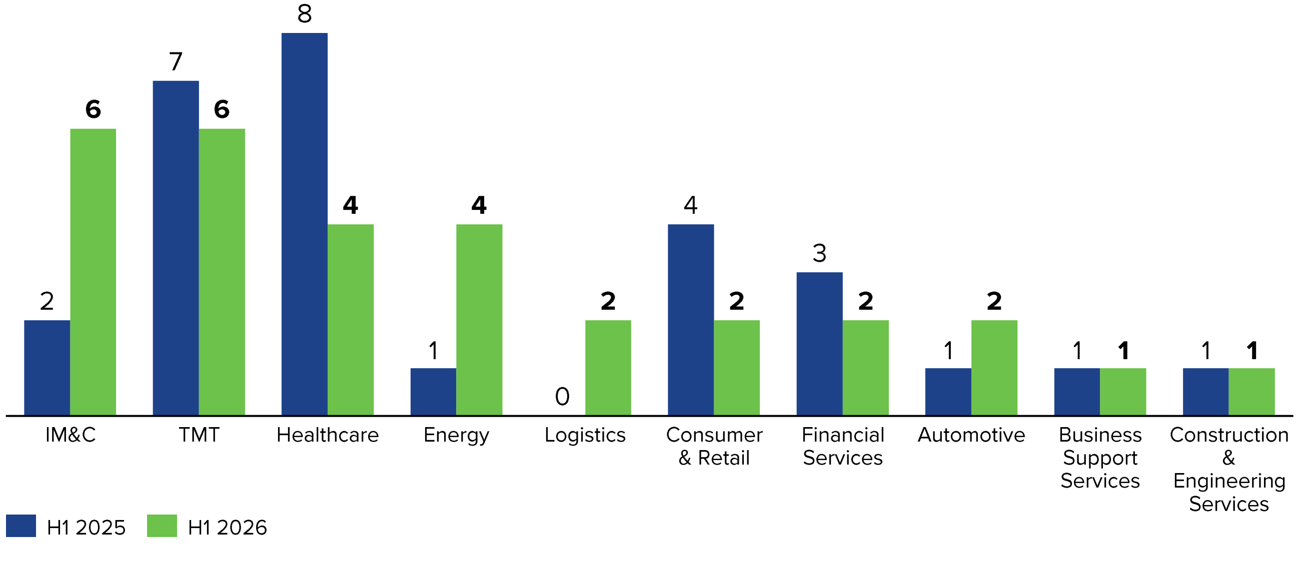
Of the top 30 transactions had a deal volume of at least €1 billion.

60%

Of the top 30 deals involved financial investors

At the sector level, IM&C and TMT were the sectors with the most deals under the top 30, with six transactions each. Energy recorded the strongest relative growth, rising from one to four deals. Logistics reemerged in H1 2026 with two transactions. A financial investor was the buyer in 20.0% of the top 30 deals, with a combined volume of EUR 7.0 billion. The largest of these transactions was the acquisition of Amprion GmbH by a joint venture between RWE and Apollo Global for EUR 3.6 billion. Despite an overall more selective approach among investors, the top 30 deals demonstrate that intense competition persists for target companies with a compelling growth profile, resulting in correspondingly high valuation levels.

Top 30 Deals – Industry Breakdown



General Market Influences and Trends (1/5)

Germany's Growth Weakness and ECB Rate Adjustment Make M&A More Selective

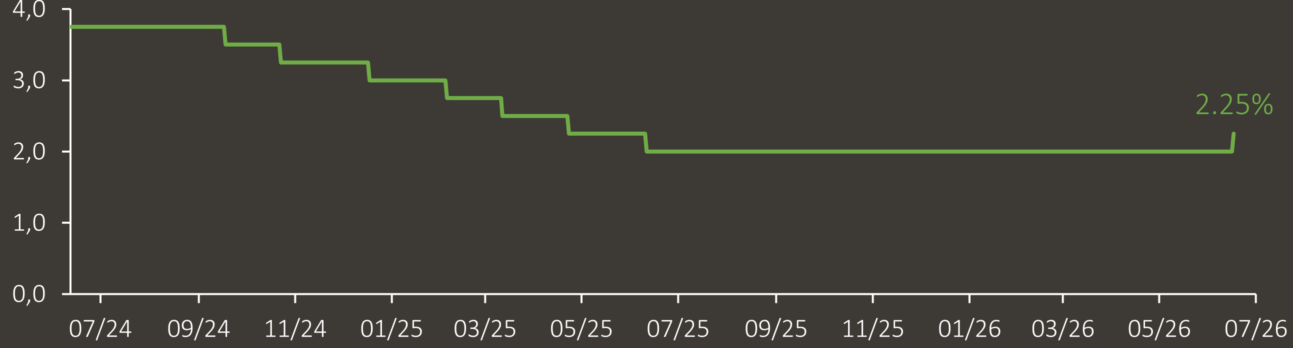
The first half of 2026 confirmed that Germany has still not regained its economic footing and has continued to lose competitiveness. Due to weak investment activity and increasing competition in relevant export markets, combined with structural challenges as a business location, Germany has now been in a phase of economic stagnation or recession for 16 consecutive quarters. Germany's open, strongly export oriented economic model is increasingly becoming a challenge, as weaker global demand, competition from China, higher energy costs, and trade policy uncertainty weigh particularly on industry, mechanical engineering, automotive, and energy intensive sectors.

Germany also stands out as a drag on growth in a European comparison. The federal government lowered its 2026 growth forecast to 1.0%, following growth of just 0.2% in the prior year and two preceding years of recession. While infrastructure and defense spending are expected to provide support over the medium term, the immediate effect remained limited in the first half of the year. The investment side is particularly critical, as companies continue to hold back in light of weak demand, high domestic cost levels, and geopolitical uncertainty.

Following the easing cycle of 2024/25 and an extended pause, the ECB raised the deposit rate by 25 basis points to 2.25% in June 2026. For M&A, this shift in direction is more significant than the absolute level of interest rates, as it worsens LBO financing conditions and thereby increases valuation discipline.

In a market that is more dependent than many of its European neighbors on industry, exports, and capex cycles, a more restrictive rate environment affects precisely the areas that would be decisive for market growth. As such, H1 2026 does not represent a turning point but rather a phase of selective activity, in which qualitatively strong assets remain tradable while cyclical, energy intensive, or export dependent business models continue to be viewed more critically relative to European peers.

Trends in the ECB's deposit rate since 2024



General Market Influences and Trends (2/5)

The United States Leads the Race for AI, With Germany and Europe as Second Row Beneficiaries

While the AI platform market is dominated by a small number of global providers from the United States and China, the largest M&A opportunities in Europe are increasingly emerging along the physical AI value chain.

Europe's dependence on US providers remains high. AWS, Microsoft Azure, and Google Cloud together account for approximately 63.0% of the global cloud infrastructure market and approximately 70.0% of the European market. At the same time, less than 15% of the European cloud market is served by European providers. As a result, Europe benefits less from the platform business itself than from the buildout of the infrastructure required to support it.

The increasing use of AI is driving investment in data centers, power supply, grid connections, cooling, and technical building equipment. In Europe, additional data center capacity in the double digit gigawatt range will be needed by 2030. A significant share of this capacity has already been built at the largest European locations, such as Frankfurt, London, Paris, Amsterdam, and Dublin. Industrial companies supplying critical components, energy infrastructure, or automation solutions stand to benefit from this development.

Standardizable services, such as call centers, tax advisory, legal services, media, and insurance, are becoming increasingly automated, making scale and size more important. In the fragmented European mid-market in particular, the consolidation wave for these services is likely to accelerate. For Germany, the greatest M&A opportunities therefore lie less with AI platforms themselves and more with industrial and infrastructure companies that enable the buildout of European AI value creation.

est. **62%**

AWS, Microsoft, and Google account for the global cloud infrastructure market

est. **70%**

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

AI Requires Physical Infrastructure
Data Centers, Electricity, Cooling, Automation

AI Increases Consolidation Pressure
Standardizable Services Being Automated, and Economies of Scale Gaining Importance

General Market Influences and Trends (3/5)

Insolvency Wave at Multi Year High Creates Opportunities for Distressed M&A

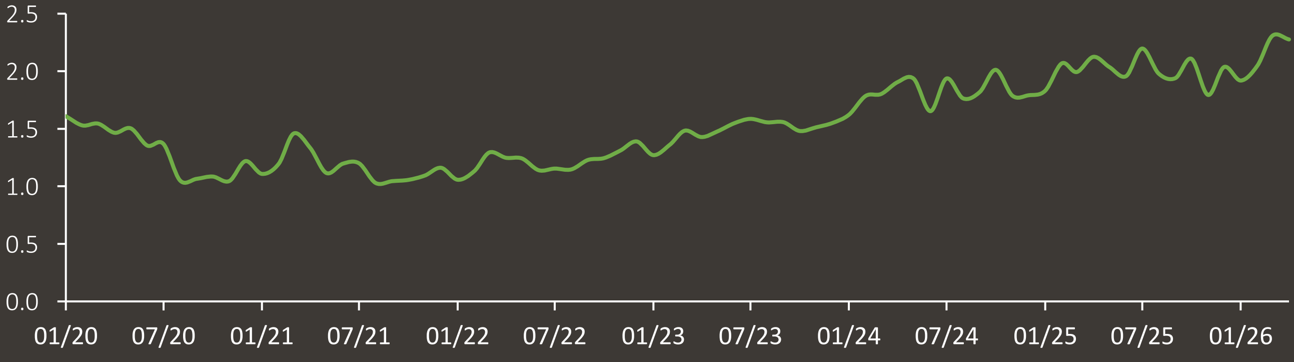
The high number of corporate insolvencies is keeping the German distressed M&A and restructuring market active. This creates attractive entry opportunities for well capitalized buyers, while more weakly financed companies continue to come under pressure from high financing costs, weak demand, and structural competitive pressure.

The wave of insolvencies continued into 2026. Following approximately 24,000 corporate insolvencies in 2025, the highest level in more than ten years, the number rose again in the first quarter of 2026, up 6.5% year over year to 6,275 cases. March stood out in particular, with 2,308 corporate insolvency filings, an increase of 15.8% compared to the same month in the prior year. At the same time, creditor claims filed in the first quarter of 2026 totaled approximately EUR 9.3 billion, well below the prior year figure, suggesting that the increase was driven more by a broad number of small and mid sized cases than by a small number of large insolvencies.

Cyclical and capital intensive business models remain particularly affected. High energy and financing costs, weak consumer demand, and structural challenges in industry, automotive supply, construction, transportation, and hospitality are increasing restructuring pressure. Currently, 10,000 industrial jobs are being permanently lost each month.

For the M&A market, this means that distressed M&A transactions, carve outs, refinancings, and asset deals will grow in importance. In addition, new tax requirements such as Pillar 2 are adding complexity, as potential minimum tax risks must be considered early in due diligence, valuation, and contract structuring. Strategic buyers and financial investors with available liquidity can selectively acquire assets out of special situations, while sellers are increasingly operating under time and financing pressure.

Trends in Insolvencies in Germany since 2020
(in thousands)



General Market Influences and Trends (4/5)

Energy Market Puts Pressure on Industry, While Structural Winners Remain in Demand

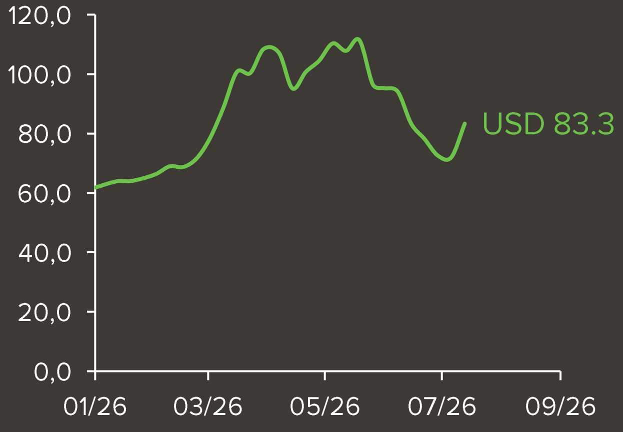
The energy market remains a key stress test for European industry in H1 2026. Although energy prices have eased somewhat, volatility, grid bottlenecks, and continued high location costs are weighing on energy intensive business models. In Germany, this particularly affects chemicals, metal processing, building materials, plastics, and parts of mechanical engineering. At the same time, European industrial production is nearly stagnant.

For the M&A environment, this creates a clear divergence. Industrials are not uniformly unattractive but are increasingly assessed based on their energy profile and sustainability. Targets with higher electricity, gas, or heat requirements face significantly more cautious scrutiny and are only acquired at higher valuation discounts. Capital, by contrast, is flowing toward structural winners, including automation, defense, infrastructure, electrification, and providers of energy supply, cooling, thermal management, and energy efficient products.

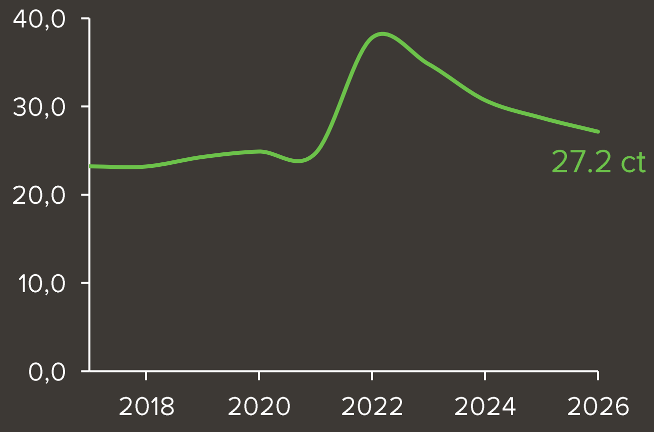
AI related infrastructure in particular is reinforcing this trend. According to the IEA, data center electricity consumption stood at approximately 415 TWh in 2024 and could more than double to approximately 945 TWh by 2030. As a result, demand and valuations are rising for providers of grid technology, power supply, liquid cooling, and thermal management.

The central M&A question is therefore no longer whether industry is attractive, but whether a given company is an energy loser or an energy winner. In H1 2026, industrials remain selectively investable, with cyclical and energy intensive assets under pressure while infrastructure and efficiency winners continue to hold high strategic relevance.

Brent Crude Oil Price Development in H1 2026 (in USD per Barrel)
As of July 20, 2026



Development of Average Commercial Electricity Prices Since 2017 (in ct/kWh)
As of July 20, 2026



General Market Factors and Trends (5/5)

Middle East Conflict Increases Execution Risk, While the Defense Sector Benefits

Geopolitical crises and the shifting balance of global economic power shaped the M&A environment in the first half of 2026 far more strongly than traditional valuation questions. The Middle East conflict primarily affected the market through higher execution risk, as energy prices, supply chains, payment flows, and sanctions risk became harder to plan around. The Strait of Hormuz remained particularly critical, given that approximately 20.0% of global LNG trade and approximately 25.0% of seaborne oil trade pass through it, resulting in significantly higher energy prices for Europe. At the same time, the two other major conflicts, the Russia Ukraine war and the Israel Palestine conflict, temporarily receded into the background.

February 28	April 8	April 17	April 24	June 9	June 17	July 8
Outbreak of a military conflict between the U.S., Israel, and Iran	The U.S. and Iran agree to a two-week ceasefire, brokered by Pakistan	Israel-Lebanon Ceasefire Takes Effect; Risk in the Strait of Hormuz Remains	The price of oil (Brent) jumps to around $107 as doubts arise about whether the ceasefire will hold	Israel and Iran are suspending their attacks on each other for the time being	The U.S. and Iran sign a memorandum of understanding (MoU) to end the war	Trump declares framework agreement ended after renewed mutual attacks

For buyers and financing parties, this raised the bar for due diligence and deal structuring. In H1 2026, cross border transactions were subject to closer scrutiny of beneficial ownership, energy dependency, transport routes, sanctions, and investment screening, while supply chain stability analysis also moved further into focus for investors and financing parties. As a result, transaction timelines lengthened, while an increase in deal closing conditions, higher purchase price holdbacks and earn outs, and more conservative financing assumptions became increasingly common. Processes were therefore more often narrowed in scope rather than fully cancelled or postponed.

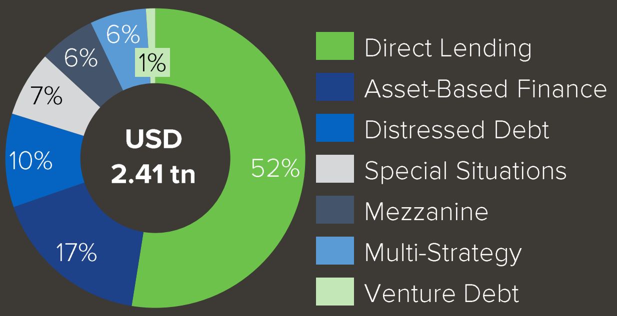
At the same time, sector attractiveness shifted. Defense, aerospace, cybersecurity, critical infrastructure, and security related technology gained ground in Europe, not only in public equity markets. Interest in the defense industry increased significantly and was increasingly viewed as a structural advantage. It is also notable that a number of mechanical engineering companies and automotive suppliers have begun producing defense goods or components in order to make better use of underutilized capacity. As a result, the M&A market in H1 2026 was attractive on a sector dependent basis, reflecting less of a broad based market recovery and more elevated activity in assets with resilience, security, or infrastructure relevance.

Excursus: Debt Advisory

Private Debt Continues to Gain Importance in the Mid Market - H1 2026

In the first half of 2026, private debt further established itself as a recognized complement to traditional bank financing in the German mid market. Companies are increasingly incorporating private debt solutions into financing and M&A processes at an early stage, particularly where flexible structures, greater financing headroom, or alternative lenders are required. What matters most here is not only access to capital, but above all identifying the appropriate sub strategy, structuring, and financing partner.

Global Private Debt AUM by Sub Strategy



Criteria	Bank Finance	Private Debt
Pricing	150-450 bps over EURIBOR	400-600 bps over EURIBOR
Maturity	3-5 yrs, Amortizing	3-7 yrs, Bullet
Leverage	2.5-3.5x Net Debt/EBITDA	3.5-5.0x Net Debt/EBITDA
Credit Covenants	Strict Maintenance Tests	Flexible and Tailored
Decision Speed	Several Weeks to Months	Often Within a Few Weeks

In the first half of 2026, demand for private debt financing in the German mid market remains high. Depending on the company's profile, cash flow quality, and available collateral, potential financing amounts frequently range from the low to mid double digit million range. Private debt solutions are particularly relevant where traditional bank financing reaches structural limits, as is often the case with acquisitions, growth projects, and complex refinancings.

Compared to traditional bank financing, private debt funds offer greater structural flexibility, larger financing headroom, and faster decision making processes. Banks, by contrast, act more selectively and place particular emphasis on stable cash flows, resilient capital structures, a clear repayment logic, and high quality collateral.

At the same time, pressure is increasing on private equity investors to continue developing portfolio companies, execute add on acquisitions, or refinance existing debt despite higher financing costs. As a result, tailored financing structures, a professionally managed process, and targeted access to suitable capital providers are becoming increasingly important.

Summary of the results and outlook for 2026

The first half of 2026 marks a clear recovery for the German M&A market compared to the weak first half of the prior year. Driven by returning cross border activity and a largely favorable interest rate environment for much of the period, transaction activity picked up, even though the broader macroeconomic environment remained challenging.

Conclusion H1 2026

The market thus grew from a decline of 6.0% in 2025 to an increase of 15.0% in the first half of 2026. Ongoing geopolitical tensions, rising energy prices, and a high number of corporate insolvencies continued to shape the environment and led to a more selective approach among investors. Asset intensive sectors moved more strongly into focus during this period. This development was driven by the AI related revaluation of software business models, through which TMT lost relative importance while Industrial Machinery & Components and Energy gained in attractiveness.

Outlook for H2 2026

Despite the interest rate increase implemented by the ECB on June 11, Oaklins Germany maintains a positive outlook for the second half of the year. Driven by continued dynamic cross border transaction activity, particularly inbound, and increased appetite among financial investors for both acquisitions and exits, we forecast continued market growth relative to 2025 through year end. Above average purchase prices will continue to be paid only for resilient business models with stable, predictable earnings. Bold investors are buying anti cyclically in sectors with significantly lower multiples. Foreign strategic buyers and financial investors are already seizing this opportunity. The energy policy environment will continue to keep pressure on consumption, inflation, and industry elevated. Rising insolvency numbers are expected to further fuel M&A activity. The key question will be how the ECB's future interest rate policy, the energy policy environment, and the course of the Middle East conflict develop going forward.

"Without the Iran war and the significant increase in energy prices, M&A transaction activity would have developed even more positively. Crisis is the new normal. Market participants have grown accustomed to it and are seizing the opportunities that arise, on one hand through inorganic growth, and on the other through succession planning, new technologies, exits, and a sharpening focus on core competencies. What matters for Germany as a business location, however, is that its underlying conditions improve significantly and that investment incentives are created, for the future of jobs and for the expansion of infrastructure.“

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 900 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

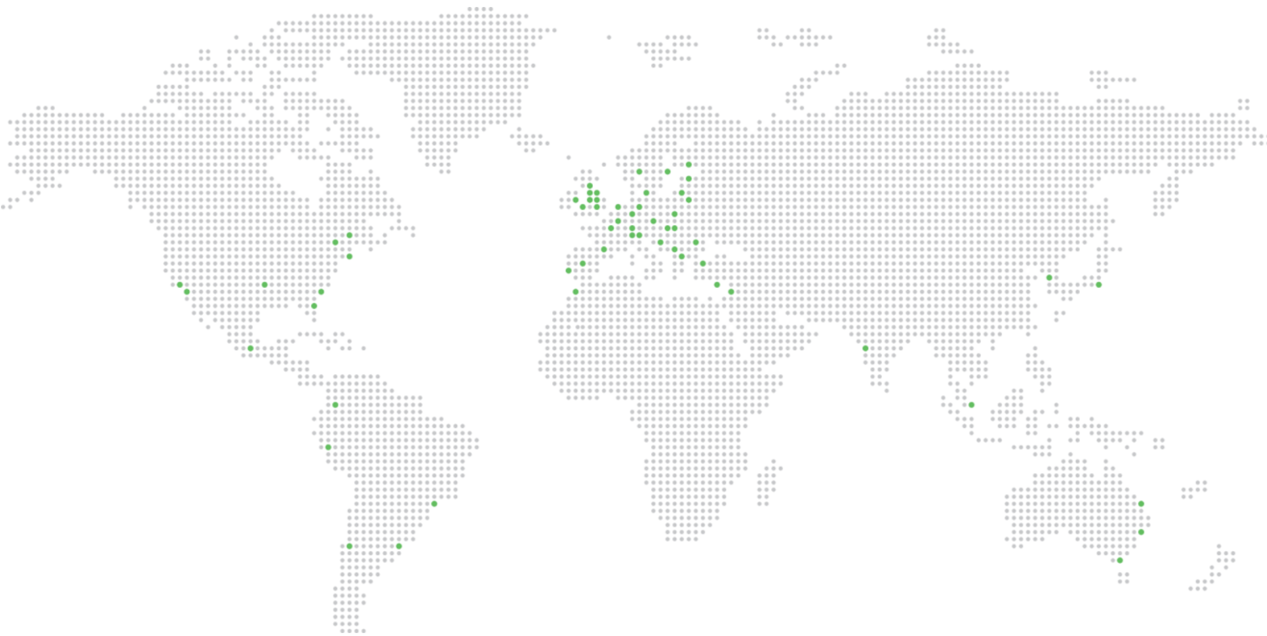
Corporate Finance
- Business plan validation
- Business valuation
- Fairness opinions on purchase price offers

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



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