

Trends and Developments in European Mergers & Acquisitions

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Abstract

The European mergers and acquisitions market has undergone a significant transformation, influenced by economic, political and technological factors, becoming a means of adapting to new economic and geopolitical circumstances. Digitalization, sustainability and the energy transition have redefined the motives for transactions as well as the selection of target companies. The war in Ukraine and the general economic and political instability have affected the business environment through small value acquisitions to recover certain industries and strengthen technology, healthcare and renewable energy.

Since 2024, the volume of European deals has declined but the total value has increased by 31% as investor confidence has returned. The market has been dominated by deals in the technology sector, namely IT and telecoms amid accelerating digitization growth and the adoption of emerging technologies such as cloud computing or big data. The gradual stability of the macroeconomic backdrop is narrowing the buyer-seller valuation gap. Strategic investors were in the majority as both buyers and sellers.

The study aims to highlight developments and trends in M&A transactions at the European level, over the period 2017-2025, depending on the source and frequency of data reporting. The evolution of economic activity has a cyclical character, where periods of intense activity are followed by stagnation, with an impact on investor behavior. Trading dynamics highlight global declines in values but in terms of numbers, European trading has been boosted by the strategic opportunities created by Brexit and the depreciation of sterling. The crisis generated by the Covid-19 pandemic has reduced investor interest in European assets, necessitating a strategic reorientation. Deal structures indicated increased confidence in the stability of target companies, reflected in a reduction in the use of price adjustment mechanisms and earn-out clauses.

Keywords: Mergers and Acquisitions, European Transactions, Economic Uncertainty, M&A Sectors

1. Introduction

More and more companies are redefining their strategic, economic and social motives, shifting from the need for long-term survival to rapidly maximizing profits and sustainable competitive advantage. The complex economic environment drives companies to adopt

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effective strategies to maintain and strengthen their position in the market. One of the most common methods of expansion implemented in collaboration with other entities is external growth. The expansion of companies through external growth consists in the development of companies by taking over their means of production from external players.

Mergers and acquisitions (M&A) are a key external growth mechanism through which the consolidation and strategic expansion of companies in various industries is achieved. In today's context of energy transition and environmental concerns, M&A is of increasing interest to investors.

The first transactions took place in the 18th century in the U.S.A., and a century later they were also completed in Europe (Focarelli *et al.*, 2002). The evolution and development of mergers and acquisitions can be delineated into six waves (Meier & Schier, 2012). The first, between 1897- 1904 saw the onset of transactions for railroads, lighting and electricity. Although the purpose of the transactions was to gain profits from production, the outcome did not achieve the intended goal, most of them were failed transactions (Fatima & Shehzad, 2014).

The second wave, which took place between 1916-1929, concerned transactions to form oligopoly in the markets, a wave considered horizontal or conglomerate (Golubov & Petmezas, 2013). The main companies in the market included producers of ore and minerals, oil and fuel, chemicals, transportation and food. Transactions were also supported by investment banks through easy installment loans to investors.

The third wave of mergers and acquisitions, between 1965-1969, materialized the majority of conglomerate transactions, backed by owners' equity. These operations ended with the registration of unsatisfactory results (Fatima & Shehzad, 2014).

The fourth stage, which took place between 1981-1989, was characterized by the completed hostile mergers. Their categorization was based on the reaction of the target firm's management. In case of a takeover approval the transaction was considered amicable and hostile otherwise (Golubov & Petmezas, 2013). Mainly transactions were realized in the oil, pharmaceutical, natural gas, banking and airline industries.

The fifth wave, between 1992-2000, was characterized by transactions in banking and telecommunications, backed by corporate equity (Kouser & Saba, 2011). The sixth wave, between 2003-2007, saw M&A transactions in banking, telecommunications, metals, oil, gas, utilities and healthcare. The important role in this period was played by private equity buyers (Alexandridis, 2012).

The aim of this article is to analyse the dynamics of European M&A transactions by examining the evolution over time of the number and value of transactions, their distribution by industry and a comparative analysis of the most active advisors. The study identifies trends in frequently used contractual terms in M&A, such as price adjustment mechanisms and limitation periods. The research also provides an integrated perspective on current practices and regional differences between Western and Eastern Europe.

The paper is structured as follows: the first theoretical part develops the concept of mergers and acquisitions (M&A) and the main characteristics of transactions. This is followed by an analysis of their impact as discussed in the specialist literature. The second part analyses M&A market developments in Europe, with a focus on the differences between Western and Eastern Europe.

This study contributes to the specialized literature on M&A in Europe by providing a comparative analysis between Eastern and Western regions, incorporating advisor rankings and dominant industry patterns, until July 2025. Such a distinction is largely missing in current empirical research, which tends to treat Europe as a homogeneous market.

2. External growth through mergers and acquisitions reflected in the literature

External growth, as an increasingly used strategy for growing companies, involves rapidly expanding market share and maximizing shareholder value. The attractiveness of economic entities to investors occurs especially when transactions are accompanied by a clear vision and effective integration.

However, external growth should be analysed by companies both from the perspective of the favourable aspects achieved and the disadvantages involved (Meier & Schier, 2012). The main advantages of external growth are the international development of the company, accessing new business areas, achieving synergy effects and cost complementarity, reducing competition and increasing market power. Less favourable aspects of external growth are high capital requirements, possible coordination, integration and post-transaction control problems, high integration and reorganization costs, psychological impact of M&A.

The most common types of external growth are acquisitions and mergers (M&A). They represent a complex process of integrating different economic entities and aggregating market position through which businesses acquire the possibility to expand into different countries (Goyal & Joshi, 2011).

M&A are the main practices of external growth carried out through purchase or exchange of shares. M&As are not a strategy but only practices to implement external growth strategies or a means of company growth. However, they are not practices exclusively dedicated to external growth, and are also used for internal reorganizations such as mergers of companies within the same group (Meier & Schier, 2012).

Although mergers and acquisitions differ, in practice the terms are interchangeable. In essence, acquisition is carried out by a large company on a small firm (Georgios, 2011). From a legal perspective, acquisition is considered the activity where at least two organizations combine to form another legal entity (Horne & John, 2004), involving the purchase of an organization or part of an organization. Merger operations differ by the formation of a new entity from several organizations (Alao, 2010), with several firms merging into a single firm (Georgios, 2011; Khan, 2011).

As types of transactions, the main criteria for classifying mergers and acquisitions consider (Meier & Schier, 2012):

- 100%, 70% or 51% ownership level;
- concentrated or dispersed nature of control of the acquired entity;
- strategic objectives of the merger, i.e. defensive, offensive, political, opportunistic, personal;
- The relationship between the entities prior to the M&A, which may be hostile, friendly or unfriendly;

- The relationship in negotiations of the originator with the target, i.e. negotiation collaboration, confrontation or circumvention;

- The size of the transaction, industry sector and degree of internationalization targeted.

Often, as a common categorization, the analysis of the degree of professional proximity of the firms involved is used (Meier & Schier, 2012), which classifies transactions into:

- Horizontal mergers and acquisitions, i.e. between competing firms in similar industries;

- Vertical M&A, for the upstream or downstream integration of firms in the same sector;

- Concentric mergers and acquisitions for transactions between complementary firms;

- Conglomerate M&A for firms in unrelated industries.

The literature focuses on different aspects of M&A transactions, ranging from strategic and organizational fit to the actual M&A process and post-transaction impact (Cartwright & Schoenberg, 2006). The onset of transactions in the US and Europe (Focarelli *et al.*, 2002) has directed most research towards analysing the US and European markets (Malik *et al.*, 2014).

A number of key reasons underlie transactions of this type, among which the following can be listed:

- Obtaining synergy and superior gains, defined as an equation where $1 + 1 = 3$ (Malik *et al.*, 2014). Synergy leads to operational or financial gains in the context of reducing companies' costs (Fatima & Shehzad, 2014) or increasing revenues (Krishnakumar & Sethi, 2012) by acquiring product complementarity and improving distribution.

- The agency motive drives M&A closings by managers, without the attention of shareholders. The aim is business diversification and with the prospect of higher remuneration (Malik *et al.*, 2014).

- Excessive managerial overconfidence, generated by managers' belief that they possess superior skills to other members of management, believing themselves capable of controlling and supervising other companies. Self-attribution biases lead managers to associate the previous success of corporate decisions with their own abilities, which may subsequently lead to worse deals. In contrast, acquisitions initiated by less confident managers tend to be undervalued, although they may have better outcomes (Doukas & Petmezas, 2007; Billet & Qian, 2008; Malik *et al.*, 2014).

- Efficiency improvement, when changes in the combined production potential occur (Farrell & Shapiro, 2001).

The complexity of the M&A process starts with market and competitive research. The second step is the identification of possible synergy opportunities. After assessing whether the companies fit the criteria of strategic, financial and operational compatibility, the target company is selected. Company valuations tend to be influenced by periods of economic growth and recession. In conditions of financial stability, company valuations are higher, also driving up purchase prices, and increases in M&A activity. Economic stability gives companies confidence in integration with a higher willingness to merge and acquire. In this way, the risks associated with integration and synergy are more manageable. On the other hand, economic downturns limit access to finance, making it more difficult and costly to raise the necessary resources for M&A. The market values of companies are also decreasing, making them more attractive for acquisitions, but at the same time creating uncertainty about performance.

Due diligence, as the next step in the transaction, involves a detailed assessment of the target company from a financial, legal, and financial point of view, with particular importance in analysing tax implications such as tax savings. This procedure aims to clarify the impact of the new circumstances by analysing the performance indicators in detail from a qualitative and sustainable point of view. In that way, it is determined how the past trends will manifest themselves in the future (Ulian, 2024). The procedure thoroughly assesses both the risks and benefits resulting from the transaction, with the M&A decision being made in an informed manner in favour of the success of the initiating company.

The importance of the due diligence stage is due to the clear outcome of whether or not a transaction should be finalized, highlighting the best negotiating parameters and the appropriate level of the offer price (Bhagwan *et al.*, 2018).

In situations of competitive pressures, the existence of short-term financial reporting incentives, and the existence of various agency issues, reduced due diligence is applied. This affects post-M&A performance, through lower profitability, likelihood of goodwill impairment, and lower quality of acquired assets and liabilities (Wangerin, 2019).

The time required for due diligence needs to be extended as much as necessary to analyse operational data and develop it appropriately, as the cost of M&A failure is very high (Ceil, 2013; Gada *et al.*, 2021). High costs come from the services of teams of professionals in the financial, operational, environmental, human resources, legal fields. Failure to implement this stage for this reason can lead to a precarious situation of the acquired company, affected by tasks and liabilities automatically transferred to the acquirer (Perry & Herd, 2004). A complete picture and high accuracy require visits and interviews with members of the organization (Warter & Warter, 2015; Honcharenko, 2024).

Once within established standards, the parties involved negotiate the terms and conditions of the target acquisition, such as the purchase price or contractual terms. Acquisitions of large companies deteriorate shareholders' wealth, with a higher degree of uncertainty, and lead to lower long-term performance. On the other hand, acquisitions of small firms generate positive returns for shareholders (Alexandridis *et al.*, 2013). The amount paid by the acquirer is a sign of its intentions, with small amounts designating interest in its own earnings, while large amounts pursue growth over time and increasing market importance (Maha *et al.*, 2023).

After the transaction is completed, begin the process of integrating the operations, cultures, and systems of the companies involve. The purpose is to achieve planned synergies, optimize operations, and maximize added value.

But the results of operations do not always match the expected results. The failure rates of M&A transactions are consistently high, for various reasons. The most common are inadequate company valuation (Perry & Herd, 2004; Ceil, 2013; Gada *et al.*, 2021); corporate governance of the company (Levi *et al.*, 2014; El-Khatib *et al.*, 2015; Gomez-Mejia *et al.*, 2018; Li *et al.*, 2021); cultural differences between companies (Schoenberg, 2000; Gates & Very, 2003; Cartwright, 2005; Dauber, 2012; Ahern *et al.*, 2015).

The impact on company performance post-M&A can be both positive and negative. The stagnation in companies' financial performance is driven by the purpose executives had in mind at the time of the deal other than : value maximization; lack of investor familiarization with academic research findings; incomplete research in areas and findings (Cartwright & Schoenberg, 2006).

Declines are observed in post-merger profitability and efficiency (Kaur, 2002; Borodin *et al.*, 2020); shareholder returns (Agrawal & Jaffe, 2000; King *et al.*, 2004; Alexandridis *et al.*, 2013); return on invested capital (Dhinaiya, 2006; Verma & Kumar, 2024); return on assets (Verma & Kumar, 2024); long-term performance (Tuch & O'Sullivan, 2007); return on sales (Borodin *et al.*, 2020).

Post-M&A improvements have been found on operational performance (Andrade *et al.*, 2001; Kayser & Zülch, 2024); economic performance (Andreu & Sarto, 2013; Uhlenbruck *et al.*, 2016); financial performance (Burlea & Popa, 2013; Kinateder *et al.*, 2017; Maha *et al.*, 2023). The impact manifested on companies depends on the industry (Dhinaiya, 2006), the economic period of the transaction (Tuch & O'Sullivan, 2007); company size (Alexandridis *et al.*, 2013); the volatility of legislation and the characteristics of the political environment (Aevoae, 2024).

With the evolution of society and its increasing legalization, researchers are also concerned about investigating the effects of technology on the occurrence of mergers and acquisitions. It has been found that the use of artificial intelligence accelerates the conclusion of mergers and acquisitions transactions and reduces the probability of failure (Cazzaro, 2024; Chen *et al.*, 2024). Depending on the particularities of companies, AI can also identify successful synergistic combinations (Zhang *et al.*, 2024)

However, the use of AI technologies predisposes companies to more aggressive investment policies (Gounopoulos *et al.* 2023). The integration of digitalization also requires strong leadership along with the professional development of employees (Kraievskiy *et al.*, 2024).

In terms of sustainability, the literature highlights concerns related to green investments and sustainable M&A. A company's sustainability can be amplified following mergers and acquisitions, but it takes time to develop synergies and ESG performance. The estimated term for performance recognition is at least one year (Barros *et al.*, 2022).

At the results level, it was found that the ESG score favors financial performance and contributes to the sustainability of emerging profitability of companies (Burlea & Popa, 2013; Hoskisson *et al.*, 2013). In turn, the available resources and the size of the company directly influence ESG scores proportionally. An important role is also played by green government subsidies that can stimulate green M&A of corporations (Li, Zhao, & Ren, 2025).

In contrast, the literature also highlights that ESG concerns can create additional cost (Halbritter & Dorfleitner, 2015) and transactions carried out in contexts characterized by large discrepancies in ESG ratings are associated with lower performance of the acquiring firm and with a poorer quality of green innovation (Gaoli *et al.*, 2025).

3. Analysis of M&A transactions on the European market

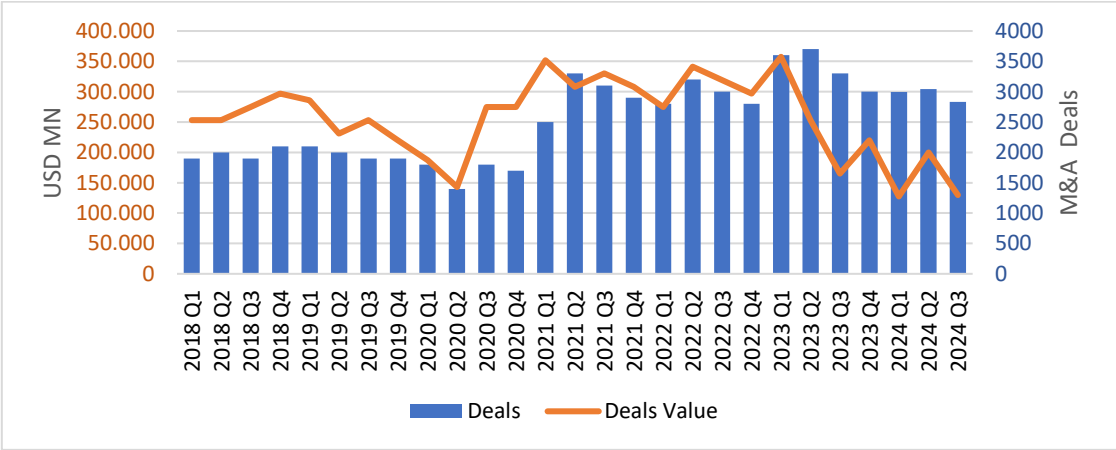
The European mergers and acquisitions market is highly sensitive to external contexts such as health and geopolitical crises. European M&A trends reflect increases in activity during the pandemic crisis, i.e. from Q1 2021 onwards, remaining at high levels until 2024. The significant rise in number begins in Q1 2021, while the increase in value begins as early as Q3 2020. The gap between the timing of the increase in volume and that of value can be explained by the fact that the upward evolution of value starting with Q3 2020 may be a first sign of investor recovery after the initial shock of the pandemic. The timing

coincides with the purchase of undervalued assets by large and well-capitalized companies. Low interest rates, massive central bank interventions and the gradual return of confidence facilitated the emergence of large transactions, even at a time when the total number of deals had not yet increased.

In contrast, the increase in deal volume since Q1 2021 reflects a broader market normalization, with the stabilization of the macroeconomic outlook, the resumption of expansion plans postponed in 2020, and access to capital and high liquidity. Overall, the increases since Q3 2020 - Q1 2021 highlight a phenomenon typical of recovering markets: first large deals and value increase, then the entire M&A ecosystem and the number of deals reactivate. The evolution confirms the improvement in investor sentiment and the adjustment of corporate strategies to the new economic context. The regaining of investor confidence is leading to increasing waves of M&A.

If a maximum of 2100 deals were completed by 2021 (Q4 2018- Q1 2019), between 2021-2024, the peak reached 3700 deals (Q2 2023). The minimum of completed transactions also differs considerably, from a low of 1400 transactions between 2018-2020 to a low of 2500 between 2021-2024. The steepest declines in the value of European M&A occurred in 2020 and 2024 (Figure 1). The value of deals is more volatile than the number of deals, suggesting the market's reliance on large, highly value-concentrated deals. This development is typical of markets in transition or consolidation and requires careful analysis from both a quantitative and qualitative perspective. Geopolitical uncertainty and the high cost of capital reduce large transactions, but do not eliminate small, tactical and operational transactions.

Figure 1. Evolution of European M&A (2018-2024)



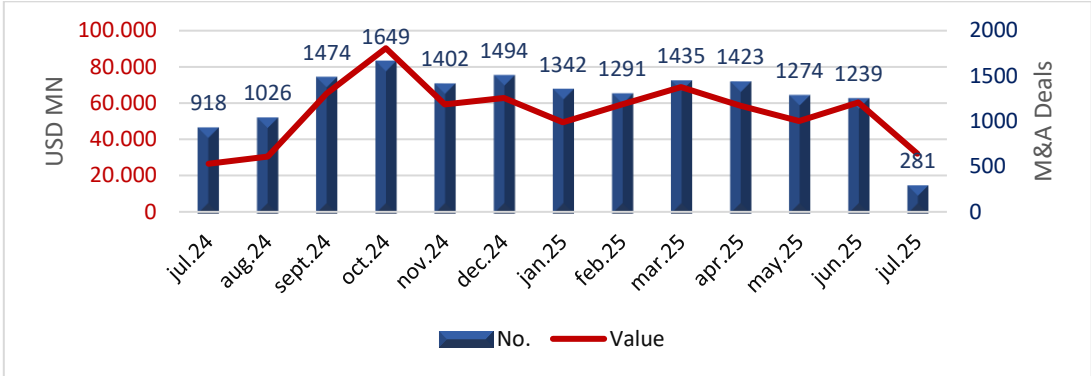
* M&A value is more volatile suggesting high value concentration
 Source: Processing based on data provided by CMS (2024)

The monthly evolution of European M&A (Figure 2) shows the number and value of deals intensifying up to October 2024, with a peak of 1,649 deals worth USD 90.3 billion. The peak of transactions, in October 2024, can be attributed to the return of activity after the summer period, the pressure of the fiscal year closure, or the seasonal dynamics of the relevant industries. The highest valued deal was the acquisition of Nord Anglia Education Ltd. by EQT Consortium, worth USD 14.5 billion.

The low number of transactions in July 2025 includes transactions completed in the first part of the month, respectively until July 14, 2025.

The European M&A market is sensitive to the economic and geopolitical context, but sectors related to technology, green energy and financial infrastructure demonstrate resilience and growth potential in the medium term.

Figure 2. Monthly evolution in number and value of M&A in Europe

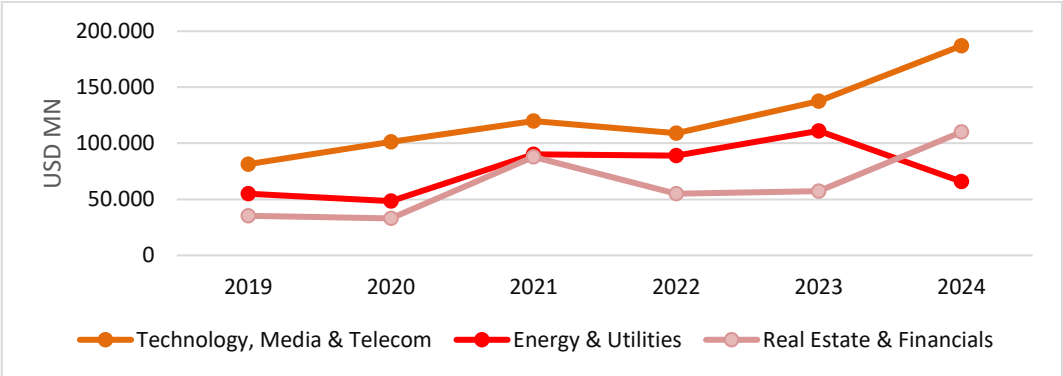


* M&A increase in October due to return of activity and the pressure of the fiscal year closure
 Source: Processing based on data provided by LSEG (2025)

The comparative analysis of the sectors (Figure 3) shows a relatively synchronized evolution, with close variations in deal value and strong correlation across sectors. Convergence can be explained by common influencing factors such as general market dynamics, access to capital, regulatory changes or global macroeconomic influences. Transactions are thus influenced by systemic factors rather than industry-specific conditions. The highest value of the period, from October 2024, is due to Brookfield Infrastructure Fund V's acquisition of a 12.45% ownership interest in 4 UK wind firms of Danish company Ørsted A/S, in the UK. The value of the transaction is USD 2.27 billion, and the adviser closing the deal was Morgan Stanley.

However, in 2024, Technology, Media & Telecom sector deals see significant growth, driven by accelerated digital transformation and the strategic need for companies to acquire innovative technologies to remain competitive.

Figure 3. European M&A developments by sector (2019-2024)



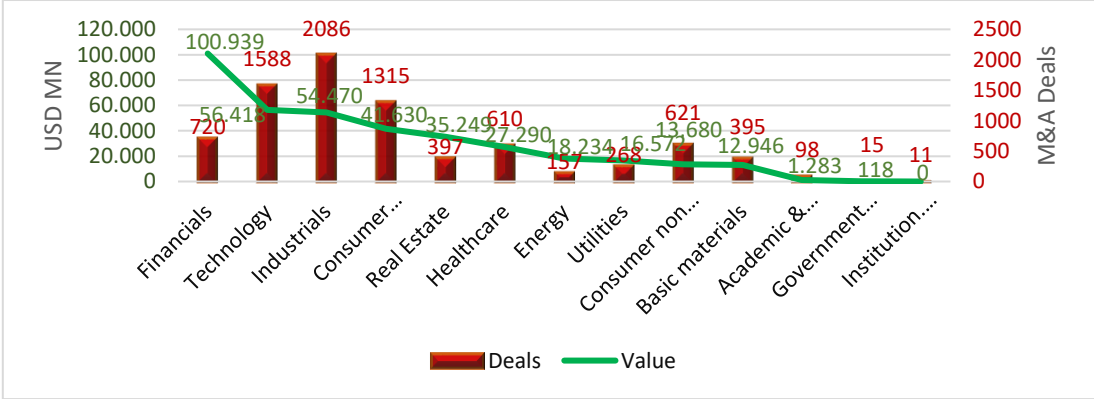
* sectors evolve similarly, except in 2024, when the energy sector declines amid political risk and the green transition
 Source: Processing based on data provided by CMS (2024)

In 2025, the highest values are for M&As in the financial sector (\$100.9 billion), the technology sector (\$56.4 billion) and the industrial sector (\$54.4 billion). In terms of number of deals, the order of sectors is reversed, with 2,086 deals in the industrial sector, 1,588 M&As in the technology sector and 720 M&As in the financial sector.

The financial sector, along with the technological and industrial sectors, dominates in terms of total value, due to characteristics such as large companies with high capitalizations, complex strategic transactions, premium valuations. A single transaction in these sectors can exceed ten transactions in smaller sectors in value. Thus, even if their number is not very large, the total value is high. Technology and finance managers are focused on rapid growth and high-priced deals.

The inverted ranking of industries, with a large number of transactions in the industrial sector, along with the technological and financial sectors, indicates many acquisitions of capacities, technologies, production units, a more fragmented activity in the industrial sector, but also smaller but much more frequent transactions. In industry, management seeks to optimize capabilities through many small deals that improve operational efficiency.

Figure 4. Distribution of European M&A value and number by industry in 2025



* The financial sector is concentrated, with the highest M&A value and low number of M&A
 Source: Processing based on data provided by LSEG (2025)

The ranking of financial advisors in Europe positions as the top financial advisors based on the total value of M&A deals completed in 2025 the advisory firm Goldman Sachs & Co. with \$103.9 billion. This is followed by JP Morgan with USD 95.3 billion and Morgan Stanley with deals worth USD 68.1 billion.

Goldman Sachs & Co’s dominant position is due to its ability to handle complex transactions, its extensive global network and its access to a large client portfolio. The firm is recognized for its expertise in cross-border transactions and its ability to structure high-value deals. J.P. Morgan, in second place, stands out for its strong presence in Europe, especially in strategic transactions in the financial and industrial sectors. While the total number of transactions may be similar to other competitors, their value and role as lead advisor in complex operations reinforce its position at the top of the ranking.

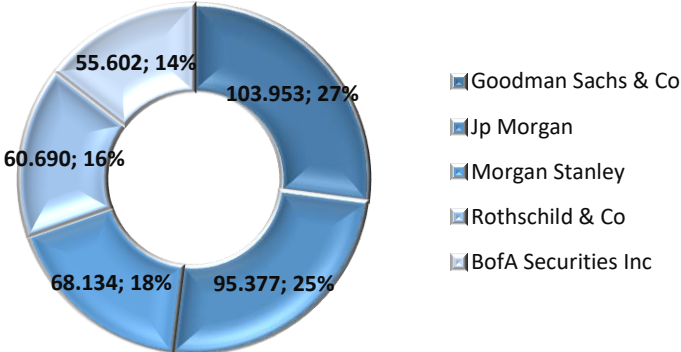
Morgan Stanley’s third position is due to its quality as a leader in transactions in the technology sector and involving capital markets. Rothschild & Co reaches the top of the final

advisor due to its strong presence in the European market and its client portfolio. The company excels in terms of transaction volume, but with an average value lower than its competitors.

BofA Securities closes the top, but maintains a solid position thanks to its large portfolio of global corporate clients and expertise in multidisciplinary transactions, especially in the energy, financial and technology sectors.

The top reflects a market dominated by large American investment banks, the only European exception being Rothschild & Co, with a stable and influential presence. The success of advisors is based on their diversified expertise, covering a wide range of industries and transaction types such as financial, technology, industrial, but also on clients' confidence in their expertise and ability to handle complex strategic mandates.

Figure 5. Ranking of European financial advisors by deal value in 2025



*Goldman Sachs & Co has a dominant position due to its ability to handle complex transactions, its extensive global network and its access to a large client portfolio
 Source: Processing based on data provided by LSEG (2025)

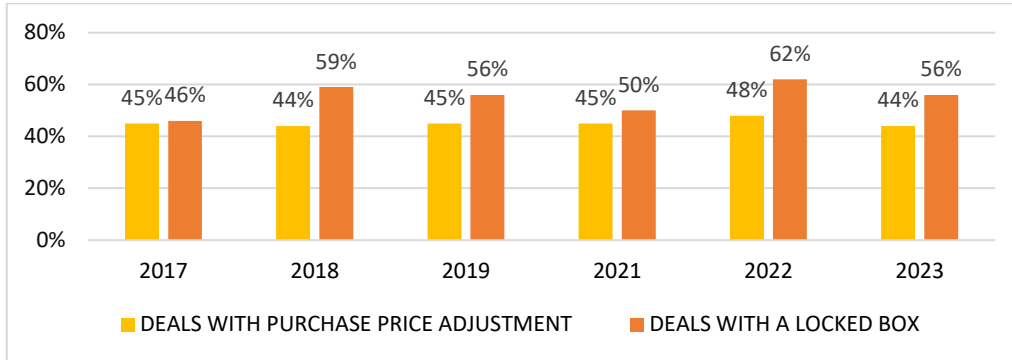
Transactions with purchase price adjustments, where the price is adjusted after the contract is signed based on financial indicators such as working capital, net debt or cash at closing, are outperformed over the entire period analysed (Figure 6).

Most transactions opted for fixed price, "locked box" based on a financial statement as of a date prior to the contract signing ("locked box date"), without subsequent price adjustments. The risk is assumed by the seller from the contract signing date. "Locked box" trades are used more frequently in medium-sized (69%) and large-sized (63%) trades compared to small-sized (52%) trades.

Although in the period 2017–2023, most M&A transactions started to use the locked box mechanism, this dominance was not as strong as at the beginning of the interval.

In 2017, the difference between purchase price adjustment transactions and deals with locked box was 1%, a sign of a relative balance between the preferences of the parties and a market still uneven in terms of contractual standards. After 2017, the share of deals with locked box increased considerably, exceeding the alternatives by 14 percentage points in the following years. The clear shift in investor preferences is due to the increase in market predictability becoming favourable to sellers. They prefer deals with locked box to secure the price and reduce uncertainties related to the balance sheet.

Figure 6. Evolution of transactions with purchase price adjustments (2017-2023)



*Most transactions opted for fixed price, "locked box" based on a financial statement as of a date prior to the contract signing

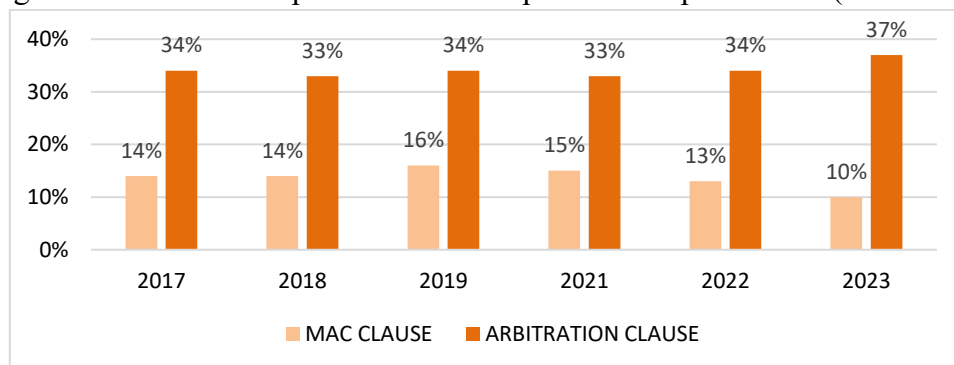
Source: Processing based on data provided by CMS (2024)

Locked box reduces due diligence costs and price adjustment disputes, being also preferred for robust and auditable accounting regulations. For managers, it provides certainty and reduces the risk of personal exposure.

The difference between transactions suggests an increase in price uncertainty in small transactions. The gradual decline in the use of purchase price adjustment clauses, coupled with the increasing popularity of locked-box mechanisms, reflects a continuing need on the part of sellers and even buyers to obtain certainty about the value of the purchase price from the moment the transaction documents are signed.

In M&A negotiations, disputes may be settled by a public court or by private arbitration. The choice of arbitration is often motivated by the desire to avoid courts in jurisdictions where proceedings are lengthy and the outcome unpredictable, as well as by the need to preserve confidentiality.

Figure 7. Evolution of special clauses adopted in European M&A (2017-2023)



*The approximately constant percentage for Arbitration clauses indicates Institutional stability in contractual preferences.

Source: Processing based on data provided by CMS (2024)

The clauses included in the contracts, namely the Significant Adverse Change Clause (MAC Clause) allow the buyer to withdraw from the transaction if a significant adverse event affects the target company between the signing and the M&A closing. Most contracts however

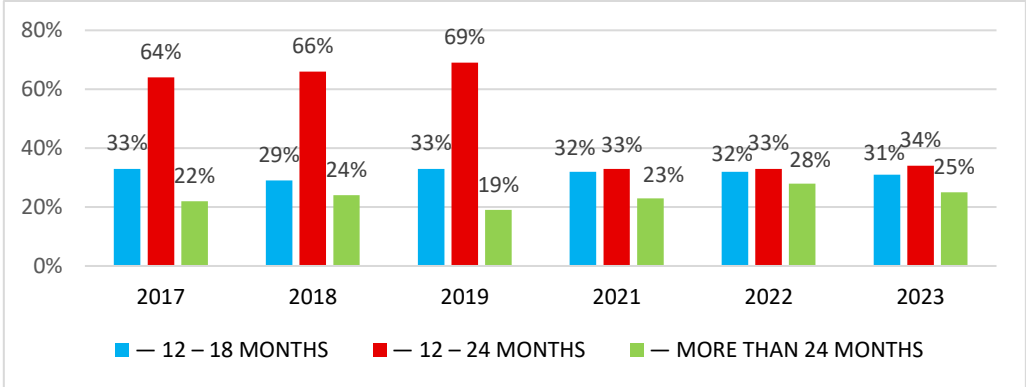
include Arbitration clauses, whereby disputes are settled through arbitration rather than national courts. In M&A transactions from 2017–2023, a stable evolution is observed, with arbitration clauses being present in the majority of contracts. MAC clauses, although appearing constantly, have a lower percentage of use (10-16%).

Most M&A transactions include arbitration clauses for reasons of confidentiality, specialized expertise, legal neutrality and international applicability, becoming an industry standard. Arbitration is considered more neutral and faster in international jurisdictions. From a managerial perspective, the risk of costly litigation and post-closing uncertainty is minimized. In return, cost predictability is maximized. In contrast, MAC Clauses have a more limited function and are intensively negotiated, allowing the buyer to withdraw from the transaction.

The steepest increase in arbitration occurs in 2023, when Central and Eastern Europe saw an increase in the use of arbitration by 4% to 76%, especially in large transactions. In the Nordic countries, the increase was from 51% in 2022 to 74% in 2023, while in Southern Europe the increase was 8% in the UK by 4% and in France by 9%. The only decrease in the use of arbitrage was in German-speaking countries from 49% to 41%.

The high success rate demonstrates the strong commercial position, particularly in tender-type processes. The popularity of arbitration is high in the Nordic countries, German-speaking countries, Central, Eastern and Southern Europe, while it is lower in the UK, France and Benelux.

Figure 8. Evolution of limitation periods in M&A (2017-2023)



* Between 2017–2019, the market was stable and used a dominant standard of 12–24 months, with equalizations following economic shocks
 Source: Processing based on data provided by CMS (2024)

Limitation periods, during which the buyer can file warranty or indemnity claims, are commonly used in the first, most flexible 12 to 24 months. The upward trend in limitation periods has begun to level off since 2021, a shift that reflects the market's clear orientation towards more seller-friendly terms. After the uncertainties generated by the COVID-19 pandemic, the gradual economic recovery has contributed to reduced risk perceptions and amplified sellers' negotiations. For medium-sized transactions, periods of 18 to 24 months remain the most common. Limitation periods of 12 to 18 months are common in general guarantees, while fewer contracts include limitation periods of more than 24 months, often applied to tax or environmental guarantees.

In Western Europe, the M&A transaction market is characterized by a high degree of maturity, a steady volume and high transaction values for consolidation among large companies.

Figure 9. M&A trends in number and value in Western Europe

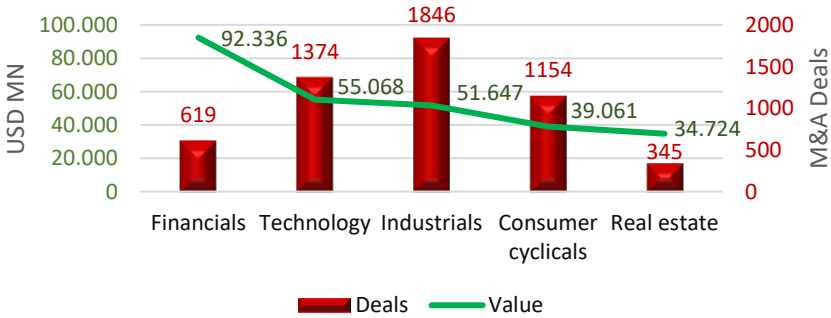


* The strong increase in transactions in October 2024 can be explained by the resumption of transactions and the year-end assumptions.
 Source: Processing based on data provided by LSEG (2025)

M&A transactions in Western Europe showed steady increases until October 2024, after which the increases alternated with decreases (Figure 9). The strong increase in transactions in September–October 2024 can be explained by the resumption of transactions after the summer period and the formation of an annual peak in M&A activity. The highest value of M&A deals as of October 2024 is also due to the acquisition of the German company Techem GmbH by TPG Rise Climate & GIC for USD 7 billion.

Between November 2024 and April 2025, regular variations are observed, explained by the slower end and beginning of the year. The stronger decrease in July 2025 is caused by taking into account transactions concluded in the first part of the month.

Figure 10. Distribution of M&A value and number in Western Europe by industry in 2025



* The financial sector is concentrated, with few transactions but of the highest values
 Source: Processing based on data provided by LSEG (2025)

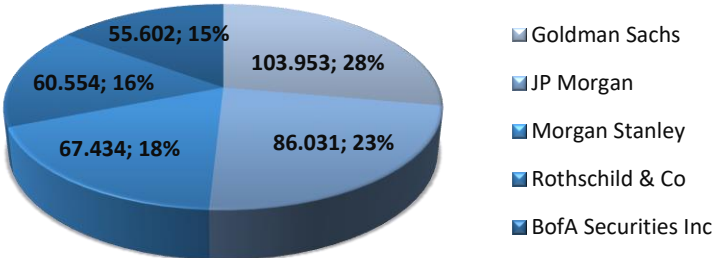
Distribution of M&A value and number in Western Europe shows a visible discrepancy between the number and value of transactions by sector. This highlights the distinct nature of companies, varying in size, risk and particularities. The industrial sector has the most transactions (1846), but of moderate value (USD 51.6 billion). In this sector, medium-sized deals predominate, often operational acquisitions or consolidations between manufacturing

companies. The technology sector is in second place in terms of number of transactions (1374), with a higher value than industrial transactions (USD 55 billion).

The highest value of M&A transactions is recorded in the financial sector, with USD 92.3 billion (Figure 10). The low number of transactions, 619, indicates a concentrated market where large companies are taking major strategic decisions rather than a high volume of smaller acquisitions. Large companies are consolidating and expanding their market share by taking over rivals and increasingly reducing competition.

Consumer cyclicals records average transactions in number and value, being a sector sensitive to economic cycles. Investors enter with caution, and transactions are moderate. Real estate records the fewest transactions (345) and the lowest value, being affected by the high cost of financing, decreases in market values.

Figure 11. Ranking of Western European financial advisors by deal value in 2025



*Goldman Sachs is the financial advisor with the highest values of completed deals due to its extensive global network
 Source: Processing based on data provided by LSEG (2025)

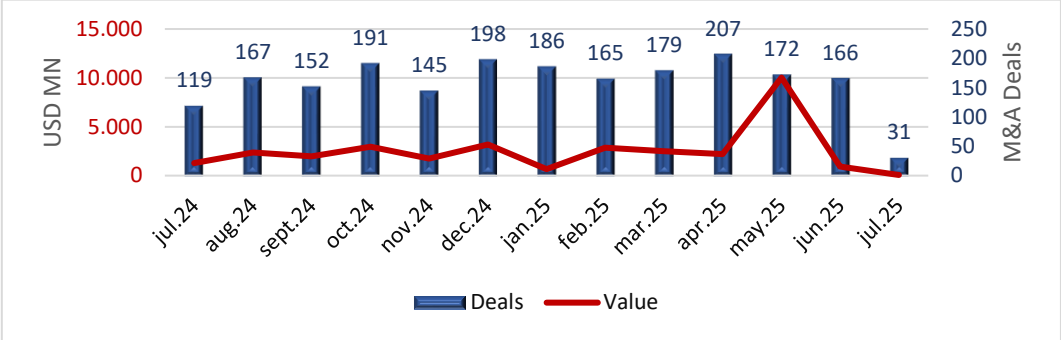
In terms of financial advisors in Western Europe, Goldman Sachs is the financial advisor with the highest values of completed deals (\$103.9 billion). JP Morgan and Morgan Stanley completed M&A worth \$86 billion and \$67.4 billion respectively. In Western Europe, financial advisors close complex transactions, with a reputation and an extensive global network.

In Eastern Europe, the M&A market is consolidating, with predominantly medium to small deals, but with an upward trend in investor interest, especially in industries with accelerated growth potential. Although the volume of transactions is lower compared to Western Europe, there is a gradual evolution, influenced by isolated acquisitions with more simplified contractual clauses.

M&A activity in Eastern Europe is evolving relatively steadily, with increases and decreases in transactions and their values not very sharp, a sign of relative stability in the market and the maintenance of investment strategies. The value of transactions remains relatively constant until May 2025, a stability that suggests a moderate pace of investments and a cautious economic environment. The only accentuated M&A value in Eastern Europe is recorded in May, 2025. At the highest value of the contributing period on May 5, 2025, Erste Group which bought 49% of the shares of Santander Bank Polska SA and 50% of the asset management division TFI, for USD 7.74 billion in a privately negotiated transaction. As advisor the target company consulted with Centerview Partners LLC, financial co-advisor Citigroup Global Markets Inc. and in-house advisor Santander Corporate & Investment Banking. The acquirer relied on the advice of JP Morgan SE. Another transaction is the acquisition of the Regina Maria

Private Health Network by the Finnish Mehiläinen Group, a USD 1.4 billion transaction (Figure 12). The low number of transactions in the last month analysed is due to the inclusion of transactions realized in half of the month.

Figure 12. Evolution in number and value of M&A in Eastern Europe

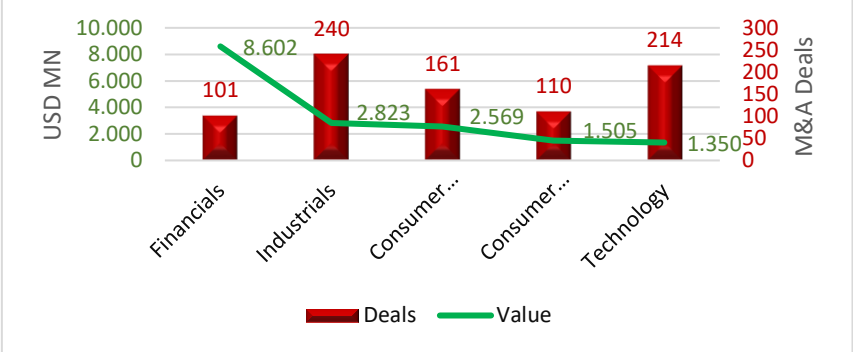


*The increase in M&A value in May 2025 is due to the acquisitions of Santander Bank Polska SA and Regina Maria Private Health Network
 Source: Processing based on data provided by LSEG (2025)

Analysed by industry (Figure 13), the industry with the highest values of M&A transactions is the financial industry, with a cumulative value of USD 8.6 billion. At a considerable distance are the industrial sector with USD 2.8 billion and Consumer cyclical goods with USD 2.5 billion. In the financial sector, transactions were numerically lower (101), but of higher values than in the other sectors.

The evolution of M&A in Eastern Europe highlights a discrepancy between transactions in Eastern and Western Europe. The values are relatively low and much more volatile than in Western Europe. If in Western Europe, the financial sector has the most transactions, in Eastern Europe this sector records the fewest transactions, but of the highest value (USD 8.6 billion). In Eastern Europe, the banking market is much more concentrated, with fewer but more complex transactions. In the industrial sector, the most transactions are recorded (240), but of lower value, specific to emerging economies. The second position in terms of number of transactions is recorded in the Technology sector (214). However, the value of transactions is the lowest, due to the dominance of early-stage startups.

Figure 13. Distribution of M&A value and number in Eastern Europe by industry in 2025



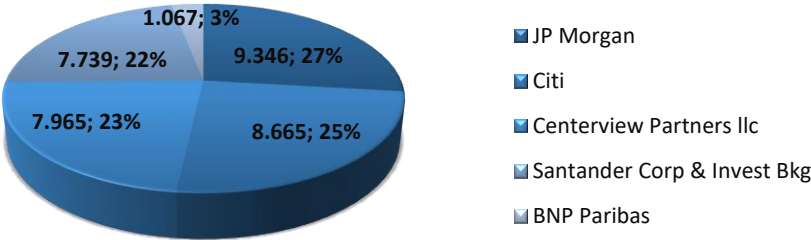
*The financial sector concludes the fewest M&As, but with the highest value
 Source: Processing based on data provided by LSEG (2025)

The advisors with the highest cumulative deal values in Eastern Europe are JP Morgan with \$9.3 billion, Citi with deals worth \$8.6 billion and Centerview Partners Ilc with M&A worth \$7.9 billion (Figure 14). In Eastern Europe, the M&A market is smaller, with moderate transactions, often cross-border. JP Morgan, as the leading advisor, is active in emerging markets and government transactions. The second position, held by Citi, is due to its dominance in emerging markets and cross-border deals. Centerview Partners, an elite advisor, is very selective, being involved in strategic transactions with governments or critical industries, on a specialized advisory basis. Santander Corporate has a strong presence in emerging banking markets, especially in Poland and Romania.

BNP Paribas is influential in Eastern Europe due to regional relationships, with strong local networks. The tight ranking of the top advisors reflects the high competition in the Eastern European M&A market, and positioning can vary rapidly depending on market dynamics.

The different order of advisors between Eastern and Western Europe is given by the discrepancies between the economic structure, the typology of transactions and the strategies adopted.

Figure 14. Ranking of financial advisors in Eastern Europe by transaction value in 2025



* JP Morgan is the lead consultant, active in emerging markets and government transactions
 Source: Processing based on data provided by LSEG (2025)

In both Western and Eastern Europe the highest value of transactions was in the financial sector, USD 92.3 billion in Western Europe and USD 8.6 billion in Eastern Europe. In terms of volume, the highest number of transactions was in the industrial sector, with 1846 transactions in Western Europe and 240 in Eastern Europe. As far as financial advisors are concerned, only JP Morgan ranks in both Eastern Europe (first place) and Western Europe (second place).

Conclusions

The complex economic environment drives companies to adopt effective strategies to maintain and strengthen their position in the market, one of the most common methods of expansion implemented in collaboration with other entities being external growth. Company expansion through external growth is the development of companies by taking over their means of production from external actors. More and more companies are redefining their strategic, economic and social motives, shifting from the need for long-term survival to the need to quickly maximize profits and gain a sustainable competitive advantage. Mergers and acquisitions offer consolidation and strategic expansion of companies in various industries, with managers and investors driven by synergy and higher earnings, business diversification with

the prospect of higher remuneration, efficiency improvements when changes in combined production potential occur.

The European M&A market has proved sensitive to external contexts such as health and geopolitical crises. The sharpest declines in the value of European mergers and acquisitions occurred in 2020 and 2024, with the volatility in deal value more pronounced than the number of deals, a development that is typical of markets in transition or consolidation.

The comparative analysis of sectors shows a relatively synchronized evolution, with close variations in transaction values and strong correlation between sectors, with technology, green energy and financial infrastructure showing resilience and medium-term growth potential. Convergence can be explained by common drivers such as general market dynamics, access to capital, regulatory changes or global macroeconomic influences. Transactions are thus influenced by systemic factors rather than industry-specific conditions.

Characteristic of European trades is the fixed-price option without subsequent price adjustments. The popularity of arbitration is high in the Nordic, German-speaking, Central, Eastern and Southern European countries, while it is lower in the UK, France and the Benelux countries. The dominance of locked-box and arbitration clauses reflects a systemic market trend and the orientation towards maximizing transactional certainty and reducing transactional risk. Thus, contractual structures become a tool through which parties manage risk in an increasingly volatile economic environment.

In Western Europe, the M&A transaction market is characterized by a high degree of maturity, a steady volume and high transaction values aimed at consolidations between large companies. In Eastern Europe, on the other hand, the M&A market is consolidating, with transactions predominantly medium-sized or small, but with an upward trend in investor interest, particularly in industries with potential for accelerated growth. Although transaction volumes are lower compared to Western Europe, a gradual evolution can be observed, influenced by isolated acquisitions with more simplified contractual clauses

Differences can also be observed in the cumulative maximum deal value of USD 92.3 billion in the financial sector in Western Europe, while in Eastern Europe the same industry reaches a maximum of USD 8.6 billion.

In terms of financial advisors in Western Europe, Goldman Sachs is the financial advisor with the highest values of completed transactions (\$103.9 billion) and JP Morgan ranks second with \$86 billion, while in Eastern Europe, the leading advisor is JP Morgan with \$9.3 billion.

The European M&A market is demonstrating resilience and adaptability, while sector-specific trends provide valuable insights into the strategic directions companies are taking in an evolving environment. Given the positive impact of technology overlaps on deal success, companies should focus on those technologically similar and compatible companies with which they have interacted through various connections in the past. For a sound business strategy in the context of engaging in M&A transactions, companies need to be clear about the strategic objectives pursued and the consistency with the company's long-term vision.

The identified developments may have relevant implications for competition policies, as the intensification of M&A activity can increase the degree of concentration in some sectors. At the same time, regional differences highlight the effects of economic integration processes, while the role of intermediaries raises questions related to the transparency and regulation of the financial advisory market.

The limitations of the study are the analysis of European M&A transactions and the time period limited in some cases to the year 2023. Future research could extend the dataset beyond 2025 and use econometric models to assess whether geopolitical indicators, policy uncertainty, or technological change significantly predict variations in the number and value of deals.

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