

Eversheds Sutherland

M&A Survey 2025

April 2025



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Summary

Greetings from the Team

The Nordic M&A market navigated through a challenging yet evolving landscape in 2024. Geopolitical uncertainties, inflationary pressure, rapid market changes, and initially high but later stabilizing interest rate environment kept M&A deal volumes moderate throughout the year. By the end of 2024, there was a slight increase in deal numbers and volumes in the Nordic region, which we believe contributed to growing confidence among professional buyers regarding the future outlook at the beginning of the year.

According to the results of our study, the market outlook is underpinned by a consensus among professional buyers anticipating a moderate uplift in valuation multiples accompanied by a continued compression in the valuation spread, making the M&A market slightly more attractive compared to last year. Simultaneously, easing interest rate pressure especially in Europe is expected to alleviate financing constraints, supporting a more favorable transactional environment.

Regarding the main drivers of company valuations amid the challenging market conditions of the past several years, buyers have continued to emphasize the same critical factors year after year: growth and profitability. In this year's edition of our survey the role of cash flow was also valued notably more compared to previous years' results.

As we move into 2025, the M&A market is marked by optimism despite the economic uncertainty with interest rates decreasing making a lot of deals more feasible. According to the answers, the most attractive sectors for professional buyers are software, energy, and professional services while the more capital intensive and consumer related ones attracted less interest. This survey examines these trends, now for the first time also looking at long-term changes, and their impact on the Nordic M&A market.

Finally, we want to acknowledge that majority of survey responses were collected prior to US President Trump's 'Liberation Day' on April 2, 2025, the effects of which on the broader M&A market remain uncertain and too early to evaluate amid ongoing trade negotiations.

We received well over 100 responses to the survey — thanks again to all participants!



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Chief Operating
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Director, M&A



**Max
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**Roope
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Analyst, M&A

Summary

Overview of the M&A market

The year 2025 has started with a positive outlook for Nordic M&A. The market activity is expected to grow both in terms of deal volume and transaction value

The M&A market remained characterized by persistent uncertainty throughout 2024, continuing the trends observed in preceding years. At the beginning of 2025, there was a positive development in transaction values, supporting the view that larger deals could be expected to take place again after a few years of lesser activity.

Relatively low valuation levels and deal volumes have encouraged US investors to continue pursuing transactions in Europe. Major investment banks, such as Goldman Sachs and Morgan Stanley, continue to view European valuations as particularly attractive for American buyers also in 2025 despite the recent turbulence. In addition to favorable valuation differences, the number of cross-border deals is also expected to increase because of the macroeconomic uncertainty, steering many deal-makers towards more risk diversification.

From the buyers' perspective, the market may appear more attractive e.g., supported by the stabilization of financing costs at comparatively low levels across Europe during H2 2024. The increase in valuation levels and the stabilization of economic uncertainty creates better conditions for e.g., private equity exits, which would, in turn, facilitate new activity into the M&A market.

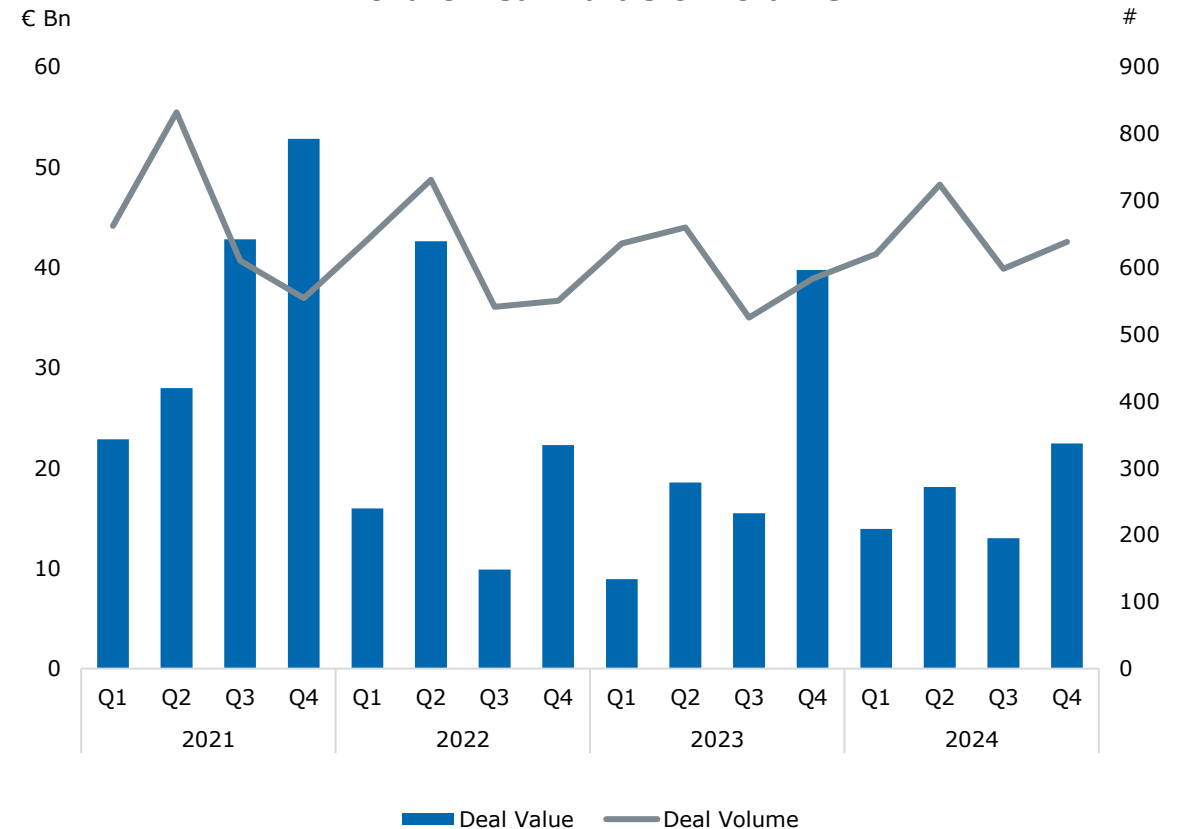
Data indicates a likely uptick in transaction volumes in the near to medium term, following a period of more muted activity. Currently, an increasing number of companies have raised their readiness to execute transactions, eyeing for deal activity to pick up again.



"The increase in buyer interest and transaction appetite suggests a shift toward a more optimistic outlook, where stabilized interest rates, clearer valuation expectations, and more accurate risk pricing enable a measured yet active deal environment."

- Antti Liimatainen, Chief operating officer

Nordic Deal Value & Volume¹



¹Source: Mergermarket 3/2025

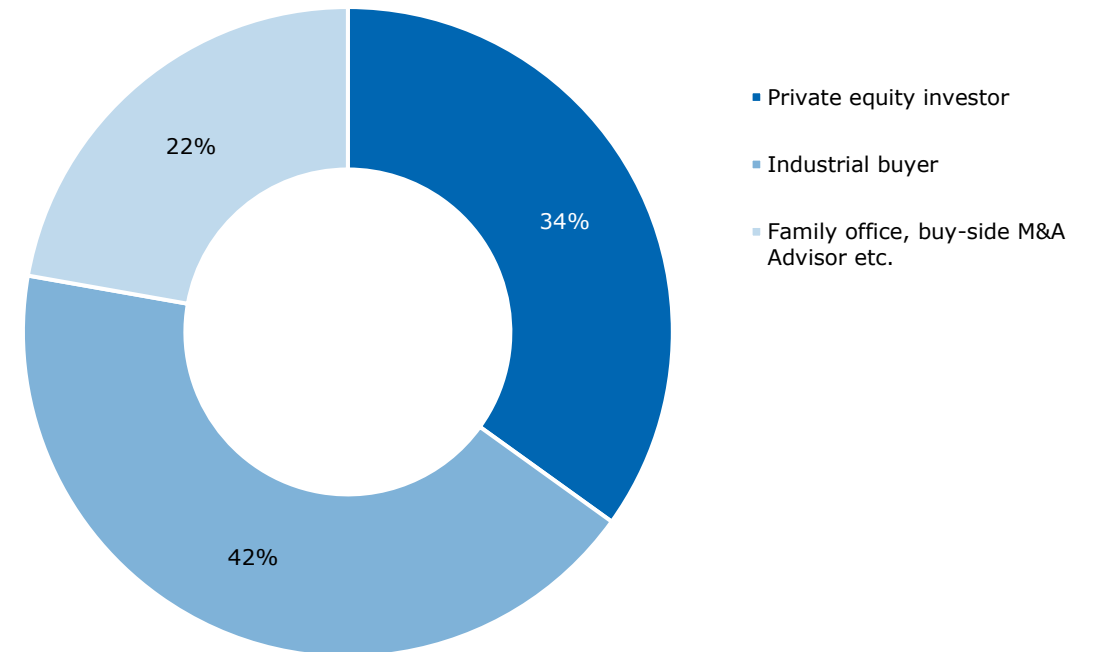
Summary

M&A Survey 2025 - Methodology

A total of 128 Nordic M&A professionals responded to the survey

- The target group of the survey consisted of Nordic M&A buy-side professionals who are actively working in the M&A market.
- A total of 128 professionals responded to the survey, including industrial buyers (42%), private equity and venture capital investors (34%), as well as other M&A professionals such as investment bankers, buy-side M&A advisors, and family office representatives.
- Approximately 40% of the respondents had more than 10 years of experience in professional M&A on the buy-side.
- The survey primarily focused on the Nordic countries, with the majority of respondents based in Finland.

Respondents role





M&A Market – Buyer's Perspective

M&A Market – Buyer’s Perspective

The current state of the M&A market in the Nordics

Buyers view the market as more attractive than last year

The M&A market has begun to show early signs of recovery following 2023. While deal volumes remained modest in 2024, transaction values increased, reflecting investor confidence and renewed interest in larger deals.

The stabilization of interest rates in Europe during 2024 has gradually reduced financing uncertainty and narrowing valuation gaps, which supports transaction execution. At the same time, ongoing geopolitical instability and the legacy of heightened interest rates have led buyers to prioritize stable cash flow alongside growth and profitability.

Compared to last year, M&A interest has increased with 63% of the respondents finding the M&A market as somewhat attractive (+8 %-points compared to 2024 Survey) and 35% of the respondents indicated it is somewhat likely they will transact in the next 12 months (+12 %-points compared to 2024 survey). As valuation expectations continue to align, conditions for successful deals are improving — particularly for targets with solid fundamentals and clear value creation potential.

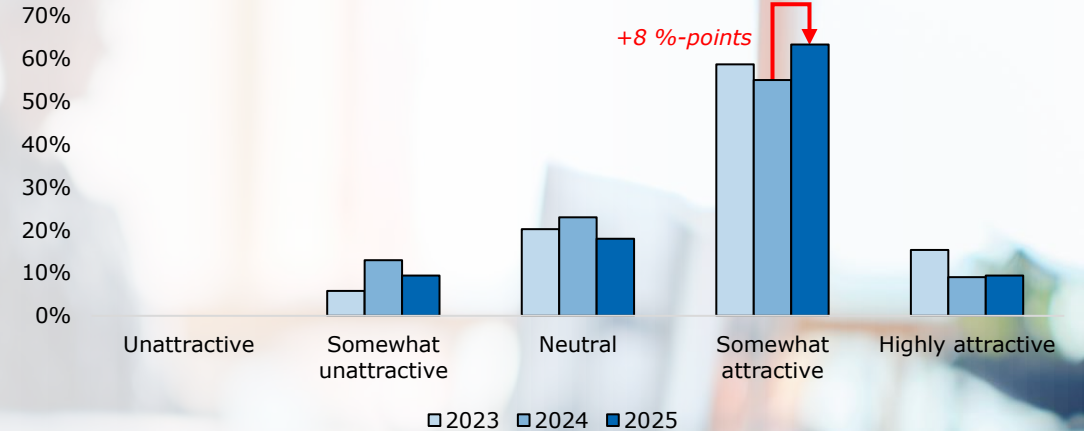
IPO activity is also recovering. In Finland, Nokian Panimo and GRK Infra were listed in April 2025, while Summa Defence’s reverse listing with Meriaura is progressing. Elsewhere in the Nordics, activity remained muted in early 2024 but gained momentum in the second half, especially in Sweden and Norway. A gradual rise in IPO volumes is expected as valuation levels improve.



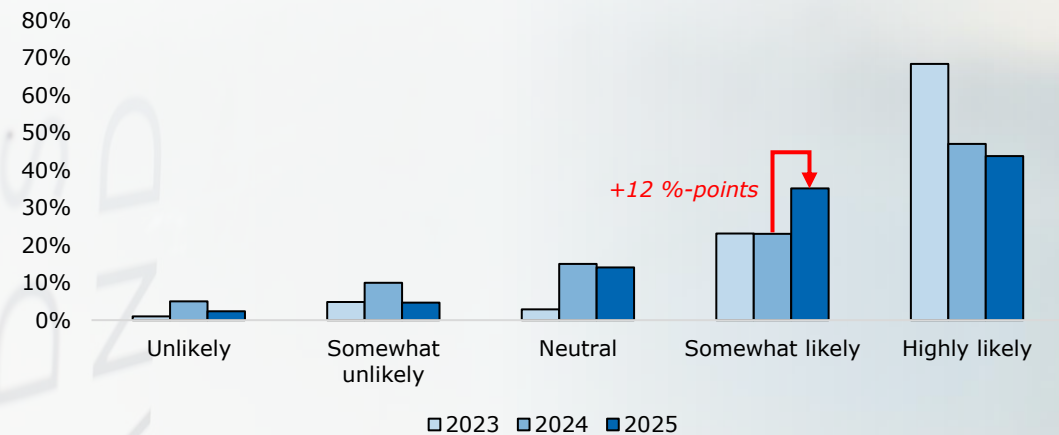
“A more positive outlook reflects stabilizing interest rates, more realistic valuations, and buyer adaptation to uncertainty.”

– Henrik Sandholm, Partner, Head of transaction services

How attractive do you currently find the M&A market from a buyer’s point of view? (%)



How likely are you to make transactions in the following 12 months? (%)



M&A Market – Buyer's Perspective

Most interesting industries at the moment

Technology, professional services and energy are emphasized in the responses

Technology/IT

Software Products, IT Services & IT Infrastructure

Service industries

Professional Services, B2B essential services

Energy

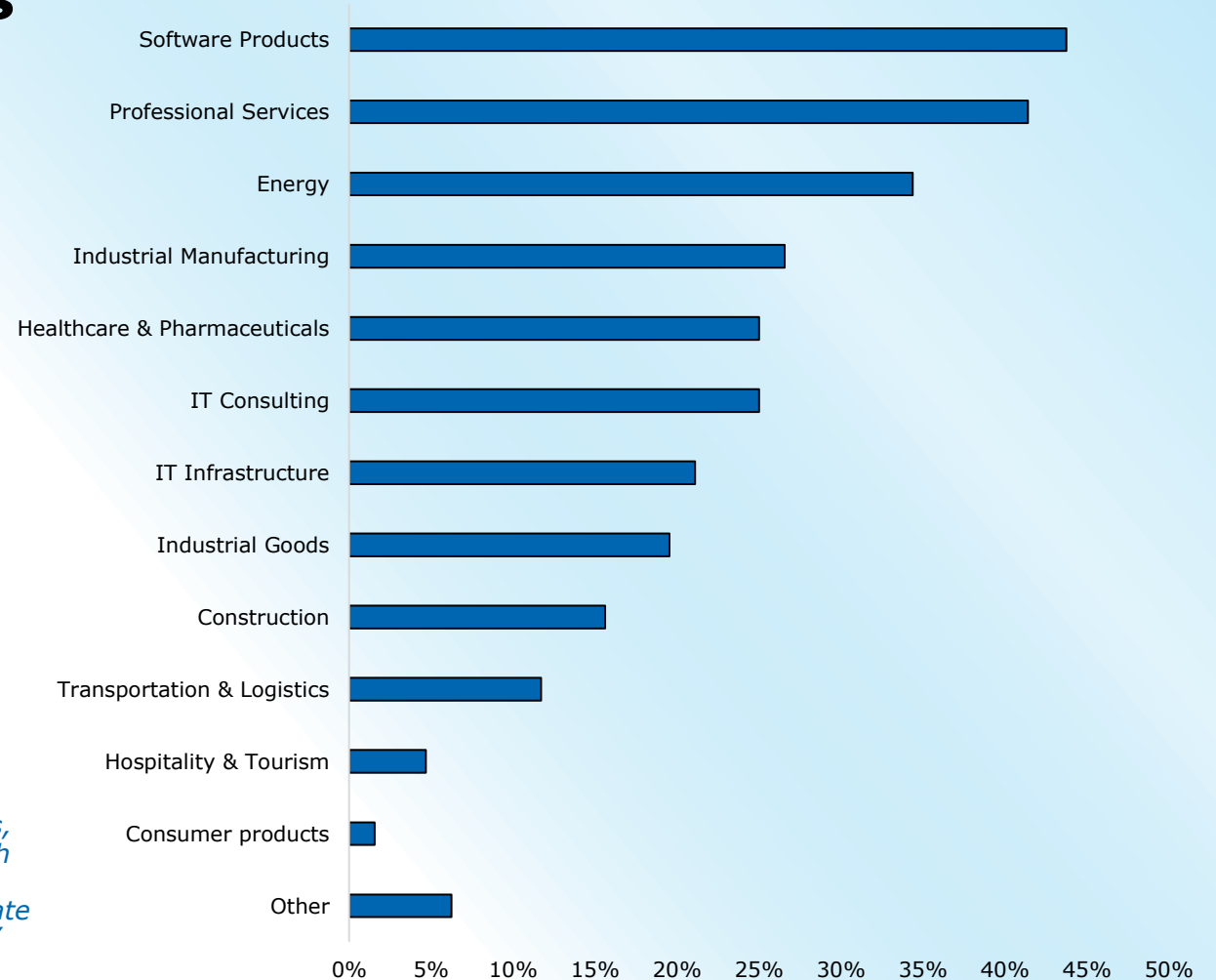
Green energy, Stable cash flow, Growing market, Energy Storage, Green Transition



"The appeal of technology, professional services, and energy stems not only from growth and cash flow, but also from their relative predictability, regulatory tailwinds, and the ability to differentiate through digitalization and sustainability drivers."

- Henri Falck, Director, M&A

Which industries do you see as the most interesting at the moment?¹



¹Option to choose more than one answer

M&A Market – Buyer's Perspective

Least interesting industries at the moment

Buyers tend to avoid cyclical and capital-intensive sectors

Construction

As in previous years, the construction sector remains the least attractive sector, according to the majority of respondents. The challenges in the construction industry, due to market instability and profitability pressures, are undermining the sector's attractiveness.

Consumer-related industries

Consumer goods and Hospitality & Tourism were also seen as less attractive sectors likely due to the uncertainty in the macroeconomic environment, inherent weaker margins of the sectors and lower levels of consumer confidence.

Capital-intensive industries

Transportation & Logistics and the Energy sector are challenging for buyers despite having more favorable traits, primarily due to high fixed investment requirements. The extended payback periods in capital-intensive industries, amidst growing uncertainty, are stalling investment into these sectors. The rapid advancement of technology and volatility in raw material prices are also diminishing interest in capital-intensive sectors.



"Investors remain cautious toward construction, consumer sectors, and capital-intensive industries due to profitability pressures and high uncertainty."

- Roope Grönholm, Analyst, M&A

Which industries do you see as the least interesting at the moment?¹



The most common deal types during the next 12 months

The responses largely remained consistent with previous years when respondents were asked about the types of deals they are most likely to be engaged with over the next 12 months

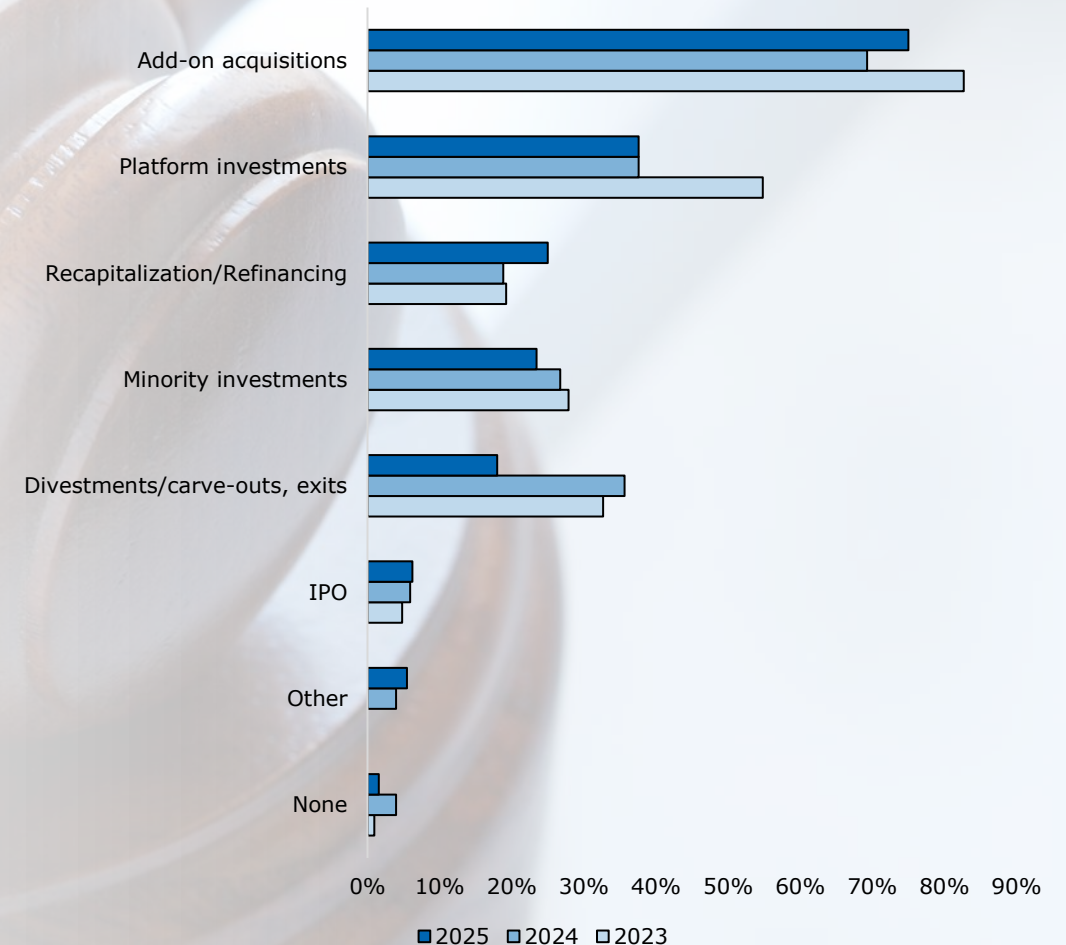
- The most common deal types that respondents expect to participate in are add-on acquisitions and platform investments.
- The only significant decrease from 2024 is in the proportion of potential divestitures/carve-outs or exits, which this year stands at 18% (down from 36% in 2024).
- The decreasing share of divestitures could be explained by a willingness to hold for a more pronounced uptick in valuations after earlier completed rounds of divestments, as there is naturally a higher threshold to consider divesting the more profitable although less critical parts of the business especially if other non-essential assets have already been divested.



"The dominance of add-on acquisitions coupled with the decline in divestitures, suggests that buyers are prioritizing the consolidation of existing platforms over shedding non-core assets—particularly in today's uncertain economic environment, where preserving cash flow takes precedence over strategic streamlining."

– Antti Husa, Partner

Which kinds of deals are you going to be involved with in the next 12 months?



¹Option to choose more than one answer

The underlying motivation for transactions

The prospect of new growth opportunities remains the primary driving factor behind transactions

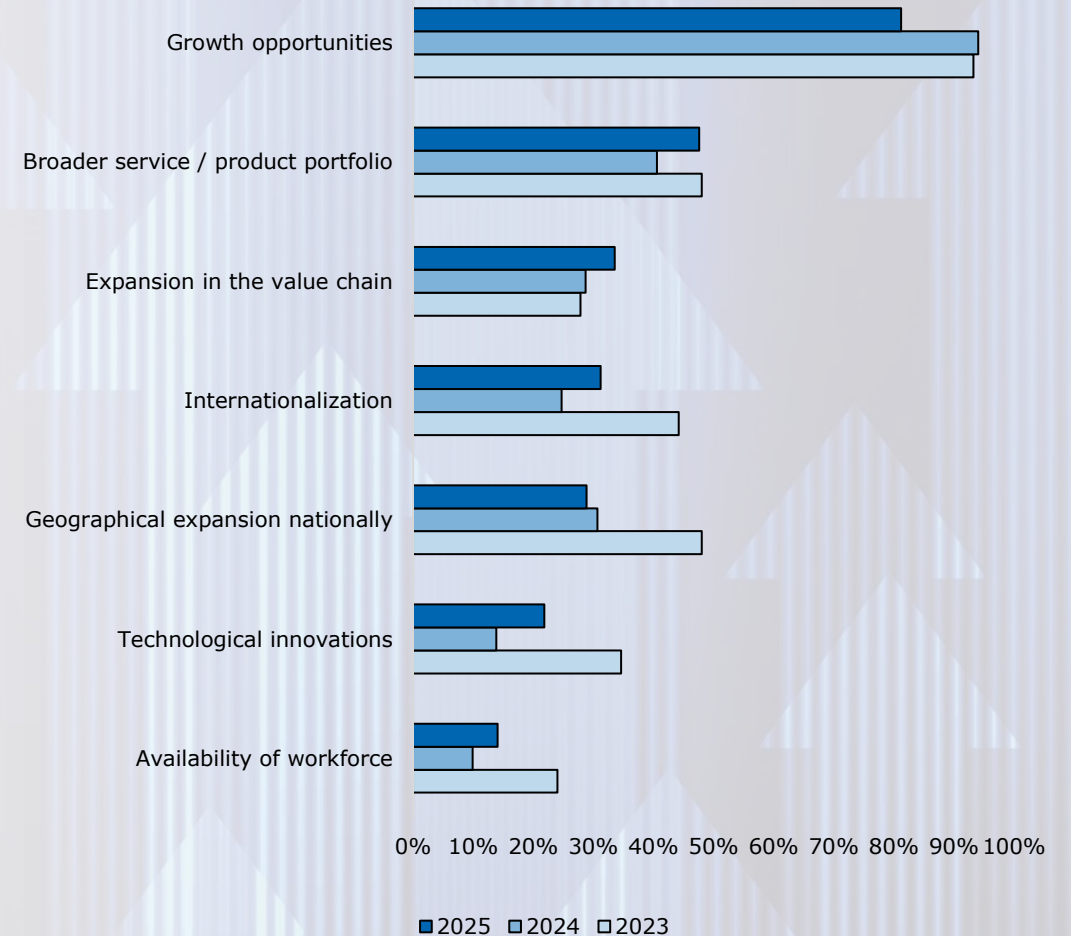
- Significant individual factors also include broadening the product portfolio and strengthening market position through value chain expansion.
- However, geographic expansion both domestically and internationally is no longer considered as attractive as it was in 2023.
- Overall, it can be observed that buyers appear to find greater strategic justification for strengthening their operations by expanding their product/service portfolio rather than pursuing geographic growth with a similar product or service mix.
- The improved availability of talent has reduced the enthusiasm for executing transactions aiming to acquire employees.



“ Growth-driven acquisitions are increasingly focused on expanding product portfolios and value chain positions within existing markets, reflecting buyers’ preference for controllable synergies and risk mitigation rather than less certain geographic territories.”

- Max Tarkkala, Manager, M&A

What is the rationale behind the transactions?¹



¹Option to choose more than one answer

M&A Market – Buyer's Perspective

Factors influencing the valuation of a target company

The importance of cash flow has increased compared to previous years

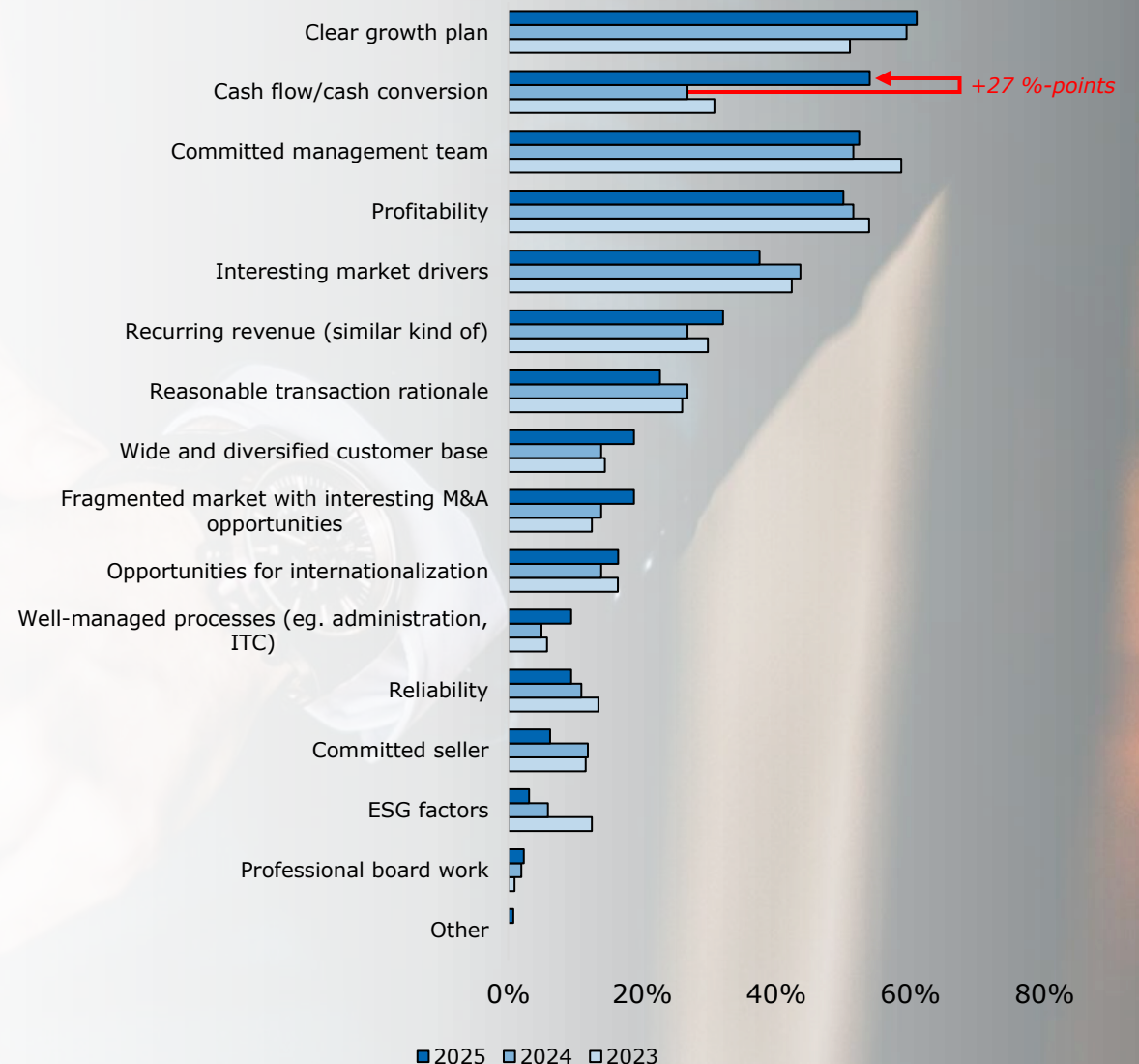
- A clear growth plan has remained the most important factor driving the valuation of a target company
- Additionally, a committed management has remained a key factor, while strong cash flow and high cash conversion have emerged as more important, slightly surpassing profitability alongside it
- The typical factors for technology and SaaS companies, such as recurring revenue and interesting market drivers, have remained at a high level



"The heightened importance of cash flow reflects a renewed focus on valuation fundamentals—as interest rates have normalized in Europe, investors are focusing more on near-term cash generation to manage uncertainty and maintain flexibility."

– Kirsi Karvonen, Partner

What are the most important factors when evaluating the value of a potential target company?¹



¹Option to choose more than one answer



Outlook of the Nordic M&A Market

The development of valuation levels over the next 12 months

Buyers expect valuation levels to rise notably, especially relative to turbulent environment of the past few years

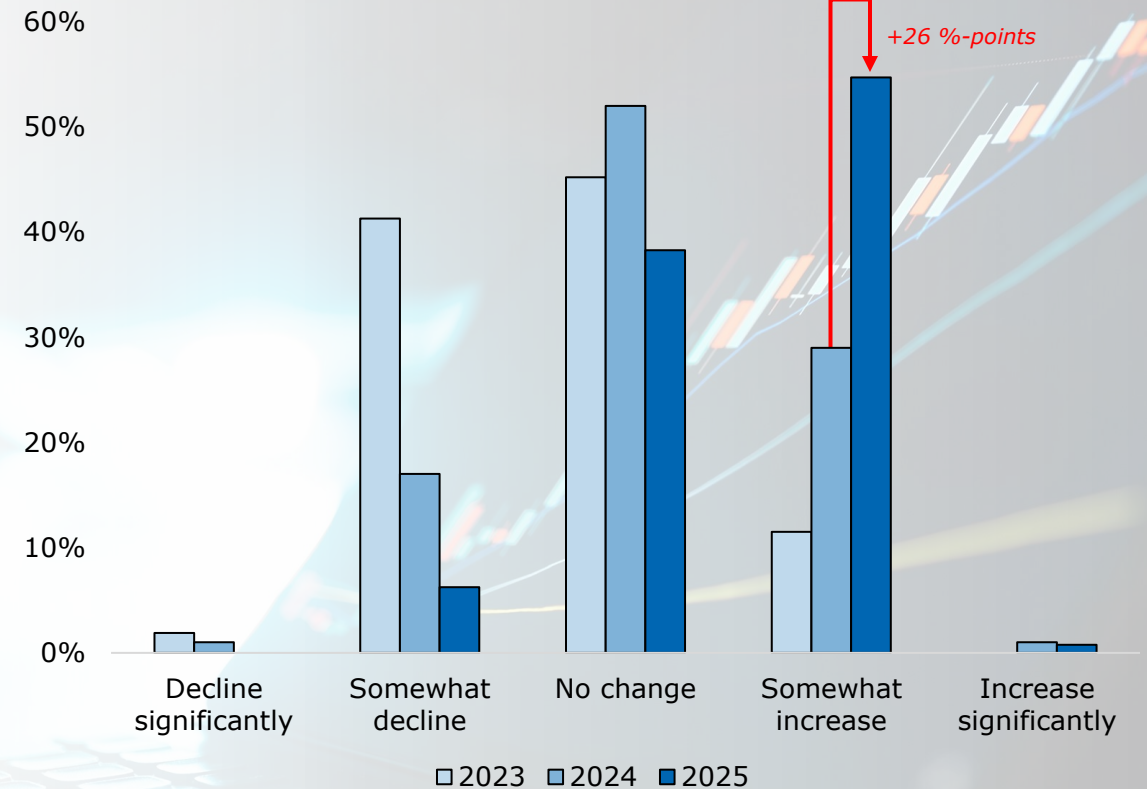
- According to the survey, 56% of respondents expect valuation levels to rise in the next 12 months, up from 30% in 2024 and just 12% in 2023.
- Key macroeconomic drivers behind this outlook are signs of early economic recovery, normalized interest rates in Europe, and increased market confidence at the time of the survey.
- The sentiment regarding valuation levels has changed significantly since 2023, with most respondents now expecting either stable or moderately increasing valuation levels.



"The sharp shift in valuation expectations signals a turning point in market sentiment at the outset of 2025 — where uncertainty dominated just a year ago, confidence in future growth and value appreciation now appears to be shaping the market appetite — despite lingering risks and headwinds."

- Santeri Vaattovaara, Manager, M&A

How do you expect the valuation levels to develop over the next 12 months? (%)



Outlook of the Nordic M&A market

Biggest challenges in the M&A market

The uncertainty of the economic situation is seen as the biggest challenge in the M&A market

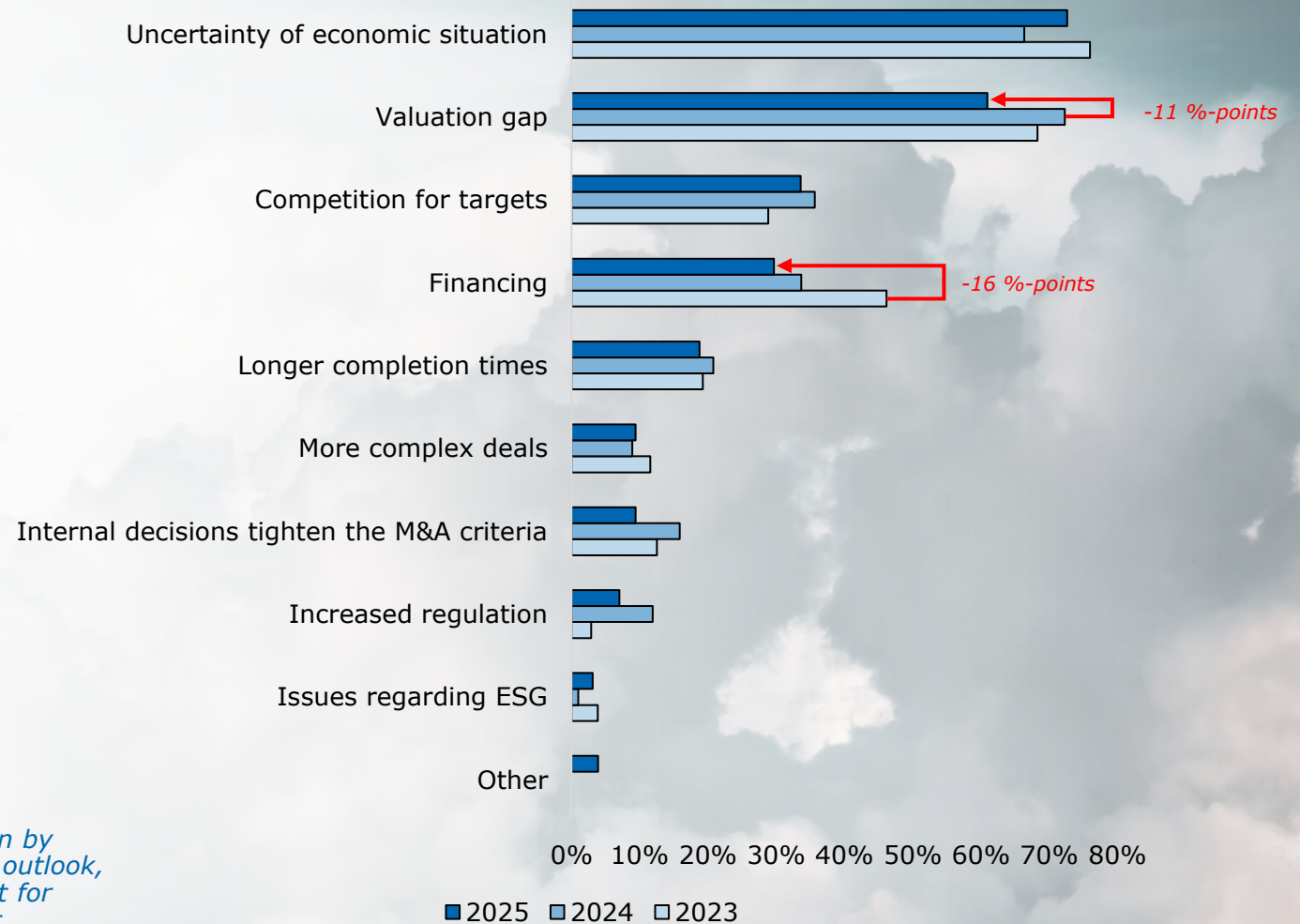
- Economic uncertainty was viewed as the most significant challenge for M&A following the trend in recent years following the Pandemic.
- A large share of respondents also continue to view the valuation gap as an obstacle to completing transactions. We would argue that the lowering interest rates around the second half of 2024 helped narrow the gap, leading to a downtick (-11 %-points) in the respective responses compared to last year's survey and indicating growing potential for deal execution.
- Additionally, owing to the declining interest rates, financing was not considered as significant a challenge compared to previous surveys' results that were underpinned by tighter monetary policy environments.



"The rise in valuation expectations is primarily driven by stabilized interest rates and an improving economic outlook, which together create a more favorable environment for both investors and strategic buyers to accept higher valuation levels."

– Johan Wesander, Managing Partner

What do you see as the biggest challenges in the M&A market in the next 12 months?¹



¹Option to choose more than one answer

Outlook of the Nordic M&A market

The outlook for the market in the upcoming 12 months

Buyers mainly anticipate the market to retain its structural characteristics

Earn-outs

Earn-outs are expected to continue growing their popularity, although at a more moderate pace compared to previous years. Buyers are increasingly focused on balancing incentives with structural simplicity in transactions, aiming to differentiate their offers more effectively.

W&I insurance

The use of W&I insurance is expected to remain stable, with little change in this outlook in the near term. The market for these products is already relatively mature, particularly among large and mid-sized players, and therefore no significant changes are expected.

Asset deals

Activity in asset deals are expected to remain in line with previous levels, with a generally modest increase compared to earlier periods. Although no major changes are occurring, buyers are showing a clear preference for more flexible deal structures and more precise risk allocation between parties.

Reinvestments

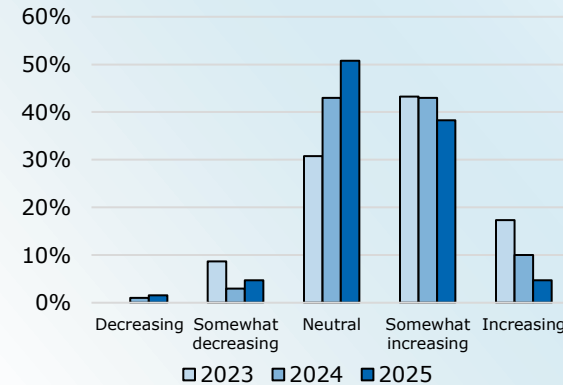
The trend in reinvestments over the next 12 months is expected to continue its upward trajectory. Buyers anticipate a reinvestment activity comparable to previous years. This trend is driven by a strong buyer preference to ensure post-transaction alignment and long-term commitment and to enable sellers to work toward joint success.



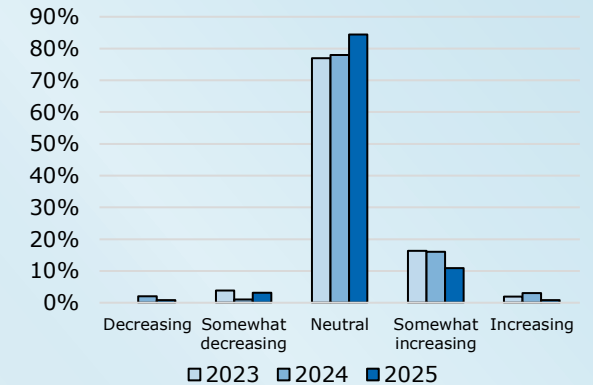
"Buyers are aiming to manage transaction risks more precisely while seeking competitive advantage through strategic structural choices such as earn-outs, sharing the risk in short run and rewarding sellers for growth and profitability during post-closing integration period."

- Antti Husa, Partner

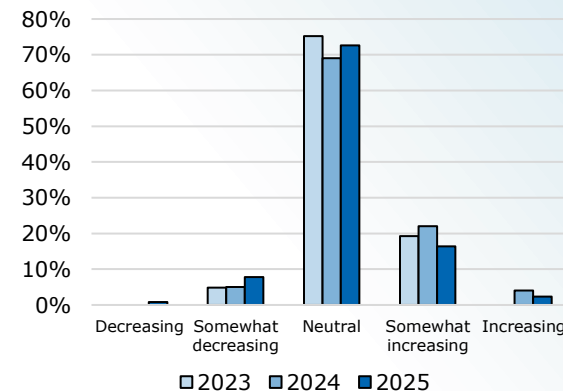
How do you see the role of earn-out over the next 12 months (%)?



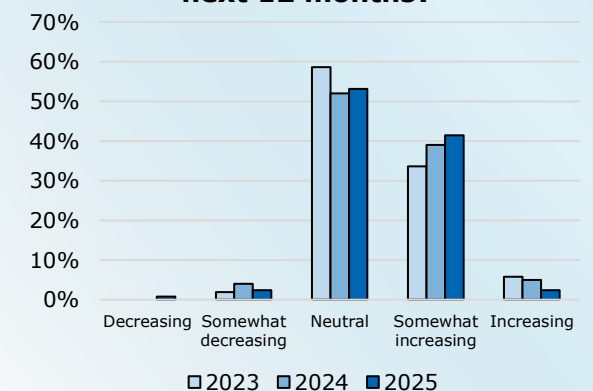
How do you see the use of W&I insurance in transactions over the next 12 months?



Do you see that asset deals will increase instead of share deals in the next 12 months?



Do you see that reinvestments as part of transactions will become more common in the next 12 months?





More information

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