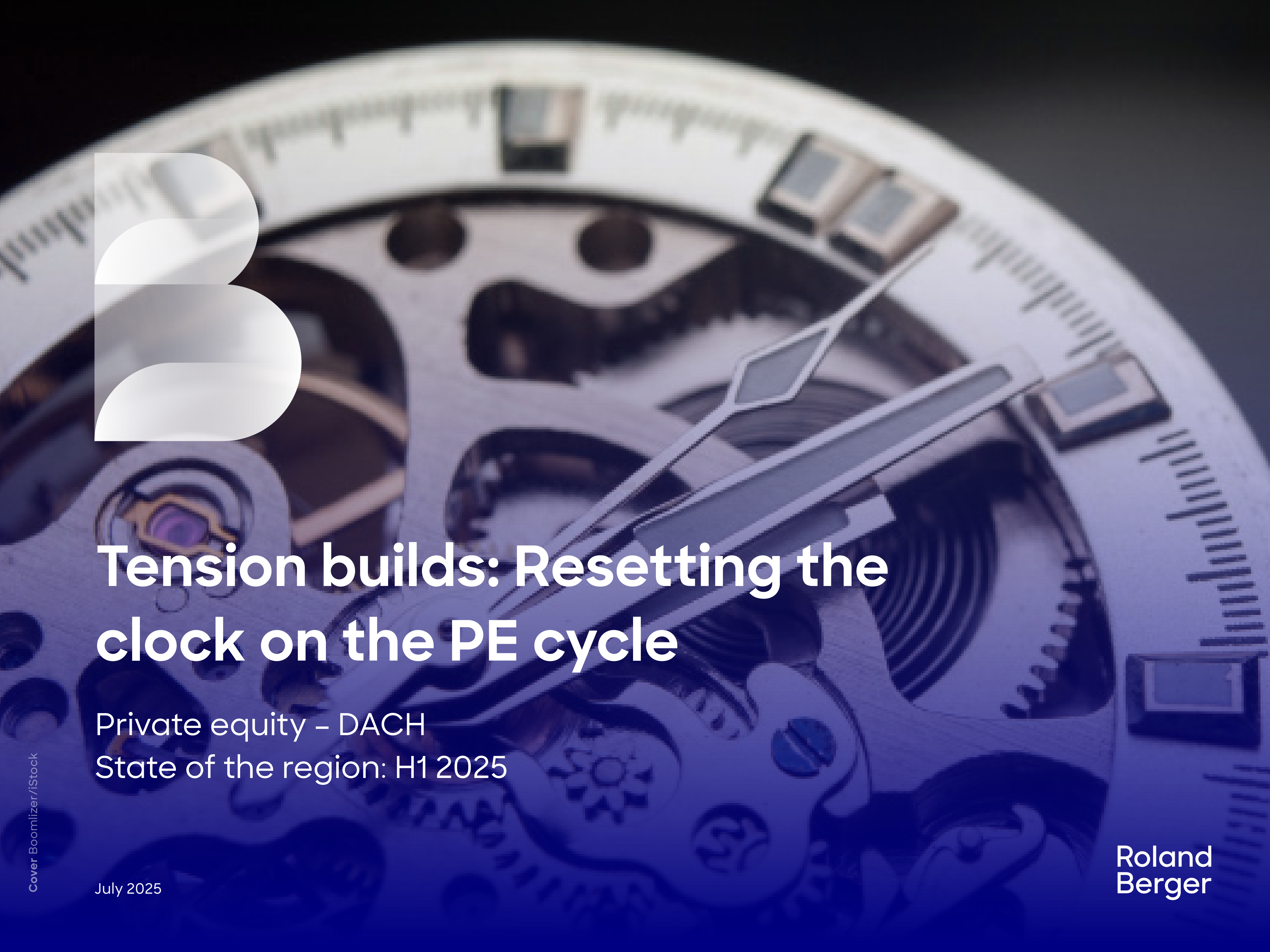


Tension builds: Resetting the clock on the PE cycle

Private equity – DACH
State of the region: H1 2025

July 2025

Roland Berger

"Private equity – DACH: State of the region" is one of numerous publications in a series launched by Roland Berger in 2011

Key messages

Most European countries recorded a decline in transactions in 2024 compared to 2023. We see a decline in European transactions of ~5% in 2024 vs. 2023 (compared to -24% in 2023 vs. 2022) across all geographic regions, including DACH.

In the DACH region, total deal volume declined by ~18% from 482 deals in 2023 to 393 in 2024. However, H1 2025 (as of June 24th 2025) recorded an increase of +6% compared to H1 2024. Especially the first quarter in 2025 was strong (+40% vs. Q1 2024), indicating a promising upswing.

To navigate a challenging market, PE funds are rethinking their strategy by

1. Adapting capital structures through increasing use of equity tickets, private credit and co-investments
2. Focusing on proprietary deal sourcing and corporate carve-outs to mitigate competitive processes
3. Investing in alternative asset classes (such as infrastructure)
4. Shifting towards systematic post-merger integration to implement platform strategies
5. Holding assets longer through continuous funds and focusing on value creation to support exit management

Furthermore, international investors are increasingly shifting capital allocations to Europe due to geopolitical tensions and U.S. uncertainty.

The DACH PE market ranks second in Europe after the UK and Ireland in terms of total transaction volume, followed by France and the Nordics

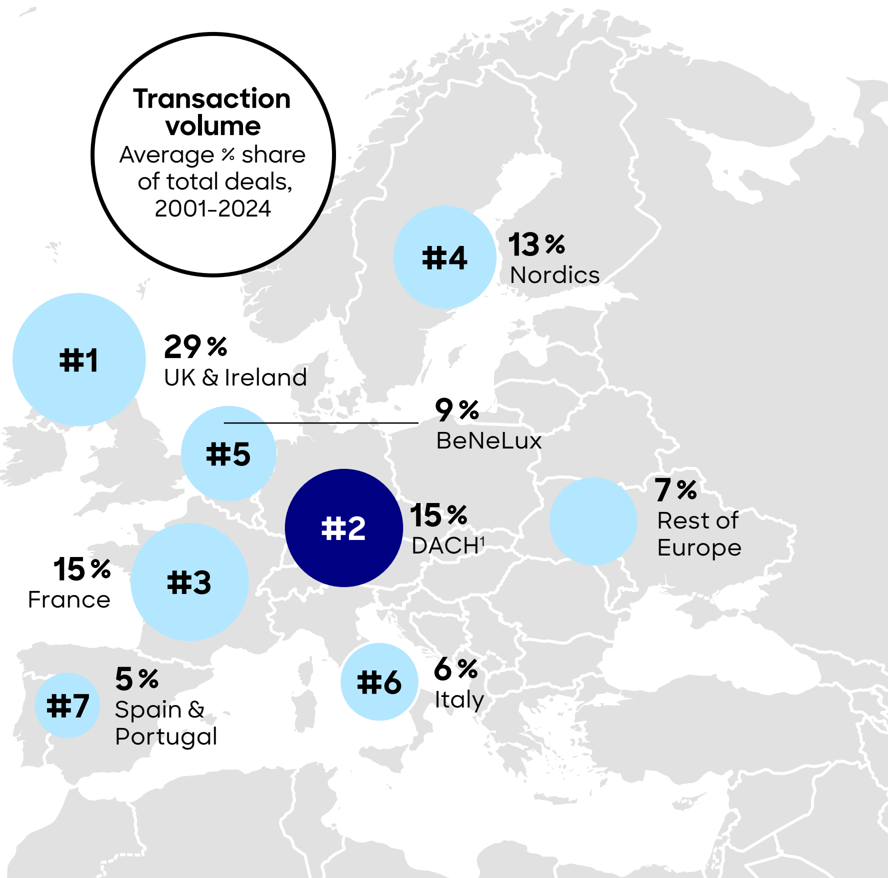
With +400 active PE funds and 393 transactions in 2024, the DACH region is one of the key centers of gravity for private capital deployment in Europe.

Key facts and figures (DACH)

+400 active **PE funds** located in the DACH region

393 transactions in 2024 versus **482 transactions** in 2023, indicating a **YoY decline of 18 % – H1 2025 with 215 transactions in DACH**

In 2024, PE firms in DACH **accumulated "dry powder" of EUR >65 bn ready to be deployed**



1 DACH = Germany, Austria and Switzerland
Note: Including completed buyout transactions (incl. add-on acquisitions) available in Preqin. Figures might include historic adjustments and reclassification.

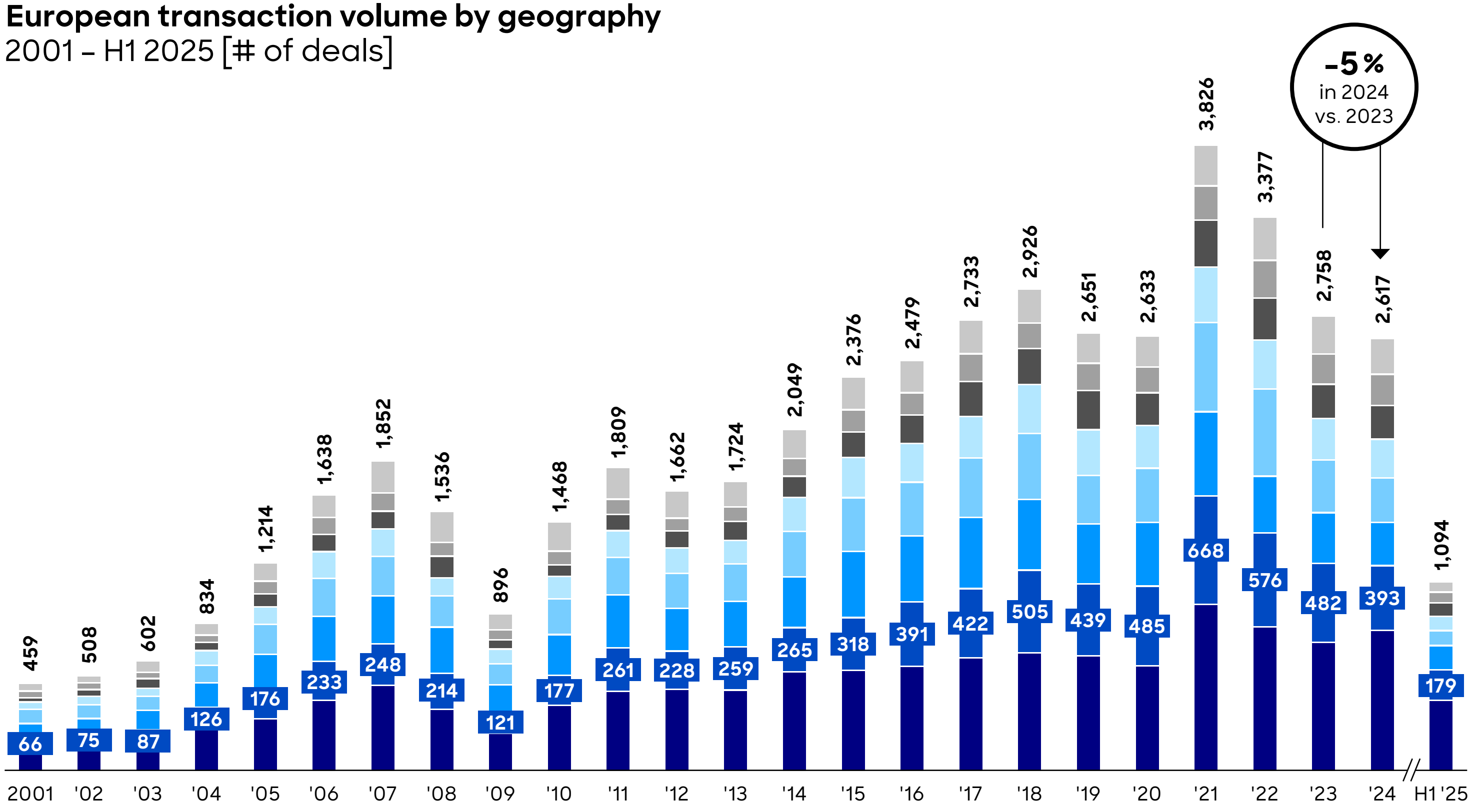
Source: PitchBook, Preqin (as of June 2025 – Latest data available)

The year-over-year transaction volume decline in Europe slowed down – In 2024, deal volume decreased by 5%, having previously decreased by 24% in 2022 to 2023

Overall, Europe recorded a decline in transaction volume in 2024 compared to 2023 (-5%). While the UK and Ireland (9%) as well as Spain and Portugal (3%) were able to grow their transaction volumes respectively, DACH (-18%), Nordics (-16%) and France (-15%) experienced the strongest YoY declines. Primary reasons for the general decline were continued financial uncertainty hampering debt financing paired with comparatively high valuations specifically in the technology, software & digital solutions industry.

European transaction volume by geography

2001 – H1 2025 [# of deals]



	CAGR 2014-24	YoY 2023-24
Rest of Europe	2%	-6%
Spain and Portugal	6%	3%
Italy	5%	-1%
BeNeLux	1%	-6%
Nordics	0%	-16%
France	-2%	-15%
DACH region	4%	-18%
UK and Ireland	4%	9%
Europe total	2%	-5%

Zoom-in on following pages

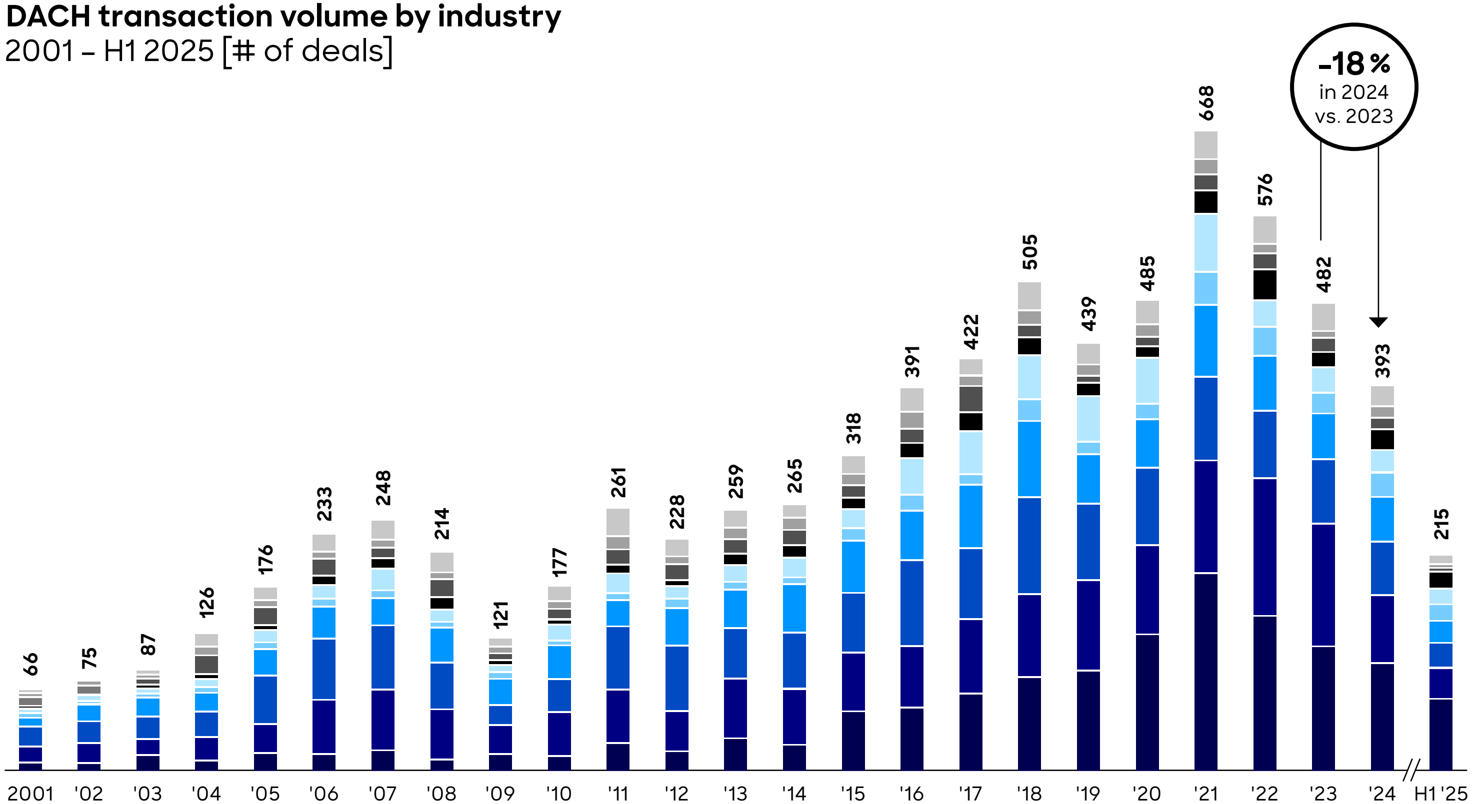
Note: Including completed buyout transactions (incl. add-on acquisitions) available in Preqin.
Figures might include historic adjustments and reclassification.

Source: Preqin (as of June 2025 – Latest data available)

Technology, software & digital solutions and business services & logistics recorded the highest number of deals in DACH in 2024 – Similar pattern in H1 2025

At the industry level, technology, software & digital solutions (115 deals) and business services & logistics (71 deals) were the main contributors to deal flow in 2024. From 2023 to 2024, most sectors experienced declines apart from MedTech & life science, financial services, consumer goods & retail and chemicals. Business services & logistics was affected the worst. The strongest long-term growth was seen in MedTech & life sciences and technology, software & digital solutions since 2014.

DACH transaction volume by industry
2001 – H1 2025 [# of deals]



	CAGR 2014-24	YoY 2023-24
Others (e.g., energy & utilities, construction)	5 %	-29 %
Chemicals	-1 %	100 %
Automotive	-3 %	-23 %
Financial services	6 %	43 %
Pharma & healthcare	1 %	-12 %
MedTech & life science	17 %	20 %
Consumer goods & retail	-1 %	2 %
Industrial goods & engineering	-1 %	-18 %
Business services & logistics	2 %	-45 %
Technology, software & digital solutions	16 %	-14 %
DACH region total	4 %	-18 %

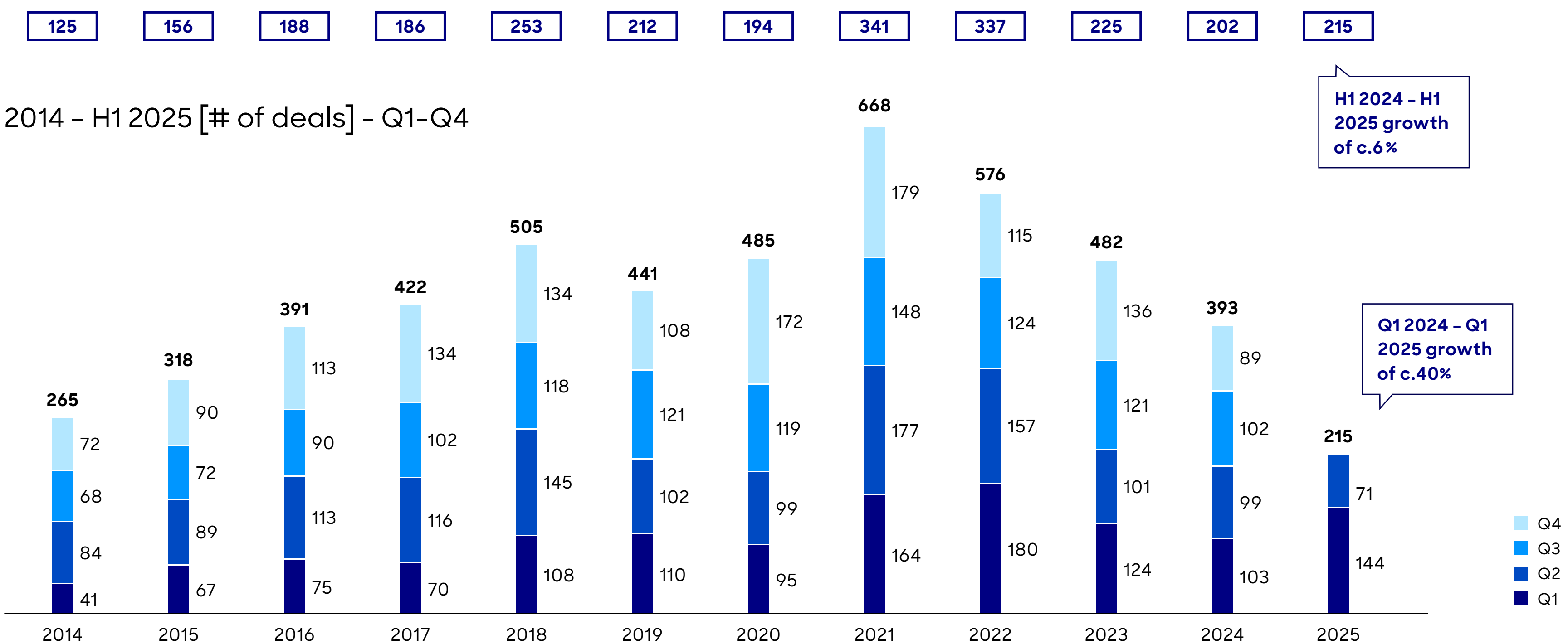
Note: Including completed buyout transactions (incl. add-on acquisitions) available in Preqin.
Figures might include historic adjustments and reclassification.

Source: Preqin (as of June 2025 – Latest data available)

Deal activity appears to have reached the trough in 2024 – 2025 saw 6% higher deal volume in H1 driven by a strong first quarter (+40%)

Deal activity in DACH rebounded sharply in Q1 2025, which marked the third-strongest Q1 since 2014. In Q2, momentum slowed down slightly, resulting in 215 transactions in H1 (as of June 24, 2025), which marks an improvement vs. H1 2024 of +6%. Investor caution driven by high valuation expectations and ongoing interest rate uncertainty continues to weigh on market momentum in Q2.

DACH transaction volume by quarter
2014 – H1 2025 [# of deals] – Q1-Q2



Note: Including completed buyout transactions (incl. add-on acquisitions) available in Preqin.
Figures might include historic adjustments and reclassification.

Source: Preqin (as of June 2025 – Latest data available)

PE firms are rethinking strategy, capital structure and deal sourcing to navigate a challenging and fragmented market in the DACH region

In 2025, private equity in the DACH region is undergoing a strategic realignment – driven by macroeconomic headwinds, digital disruption and evolving investor expectations around performance and flexibility.

Key market dynamics in H1 2025

1 Equity up, debt down

Leverage remains below historical levels, reflecting continued lender selectivity and more cautious underwriting

Sponsors increasingly rely on co-investments, minority positions and flexible equity structures to get deals done

Private capital solutions – including private credit and structured equity – are becoming a strategic toolkit, not just a fallback

Capital structure

2 Rethinking deal origination

PE investors are moving away from competitive auction processes towards bilateral and proprietary deal sourcing

Corporate carve-outs are a growing source of opportunity as conglomerates streamline

Trusted founder relationships and early screening capabilities are the key to success

Deal sourcing

3 Infra is the new black

Infrastructure and real asset plays are attracting increased capital, including from generalist PE funds

German and EU stimulus programs, especially in energy, transport and digital infrastructure, are creating long-term investment tailwinds

Despite rising interest, many GPs still lack the teams or track record for core infra plays

Thematic investing

4 Buy-&-build 2.0: integration is king

PE firms are shifting focus from acquisition pace to successful post-merger integration

Buyers now demand evidence of synergy realization and platform consolidation

Commercial synergies like cross-selling and integrated offerings are increasingly critical to justify valuations and drive top-line growth

Integration of tech, teams and processes is essential for exit readiness

Platform strategy

5 Holding longer, exiting smarter

Uncertain IPO and M&A markets are encouraging longer holding periods and delayed exits

Continuation funds are becoming a mainstream tool to unlock liquidity and retain strong assets

Value creation efforts are evolving to support longer, more flexible ownership models

Exit management

6 Shifting capital flows: Europe in the global Spotlight

Geopolitical tensions and U.S. uncertainty are redirecting global capital towards Europe

DACH's industrial base, public investment and macro stability attract Middle Eastern and other international LPs

Local GPs with strong sector focus are best positioned to absorb and deploy these flows

However, European risks remain: the Ukraine war, slow growth and political uncertainty may delay decisions

Investor sentiment

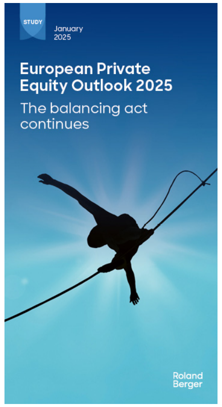
We regularly provide studies, articles and reports on private equity trends, different investor classes and the macroeconomic environment

The current financial, economic and political environment has undoubtedly dampened the PE industry in the recent past. However, our outlook for H2 2025 is optimistic, as the PE market in DACH and Europe has bottomed out and is poised for growth. We regularly publish studies, articles and reports covering private equity trends and the macroeconomic environment. Our aim is to furnish decision-makers with reliable information to inform their strategic decisions.

Latest Roland Berger publications

European Private Equity Outlook 2025

Europe-wide exclusive survey of leading PE firms indicates **positive expectations on M&A deal activity** in 2025 fueled by improved financing conditions, including **stabilized interest rates** and **better debt financing** availability.



Family Office Study 2024
(Feb 2025)

The study identifies shifts in family office attitudes. Overall, family offices have increasingly **learned to cope with challenges** (e.g., interest rates or geopolitical upheavals) by **readjusting their asset allocation and diversifying** their investments through internationalization.

The German Economy in 2025
Muted momentum

In 2024, the German economy shrank by 0.2%. However, the expected **decline in inflation** and further **interest rate cuts** by the ECB give hope for improvement in 2025. These are likely to lead to a renewed **increase in construction investment** and **further growth in consumer spending.**

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About us

ROLAND BERGER is one of the world's leading strategy consultancies with a wide-ranging service portfolio for all relevant industries and business functions. Founded in 1967, Roland Berger is headquartered in Munich. Renowned for its expertise in transformation, innovation across all industries and performance improvement, the consultancy has set itself the goal of embedding sustainability in all its projects. Roland Berger generated revenues of around 1 billion euros in 2024.

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