

M&A Quarterly Update

Q2 2025




Advyce & Company

Global M&A activity remained steady in the second quarter of 2025 amid ongoing global tensions

Executive Summary



AGENDA

	1) Development of the M&A activity
	2) Focus on the defense industry
	3) Outlook for the M&A market

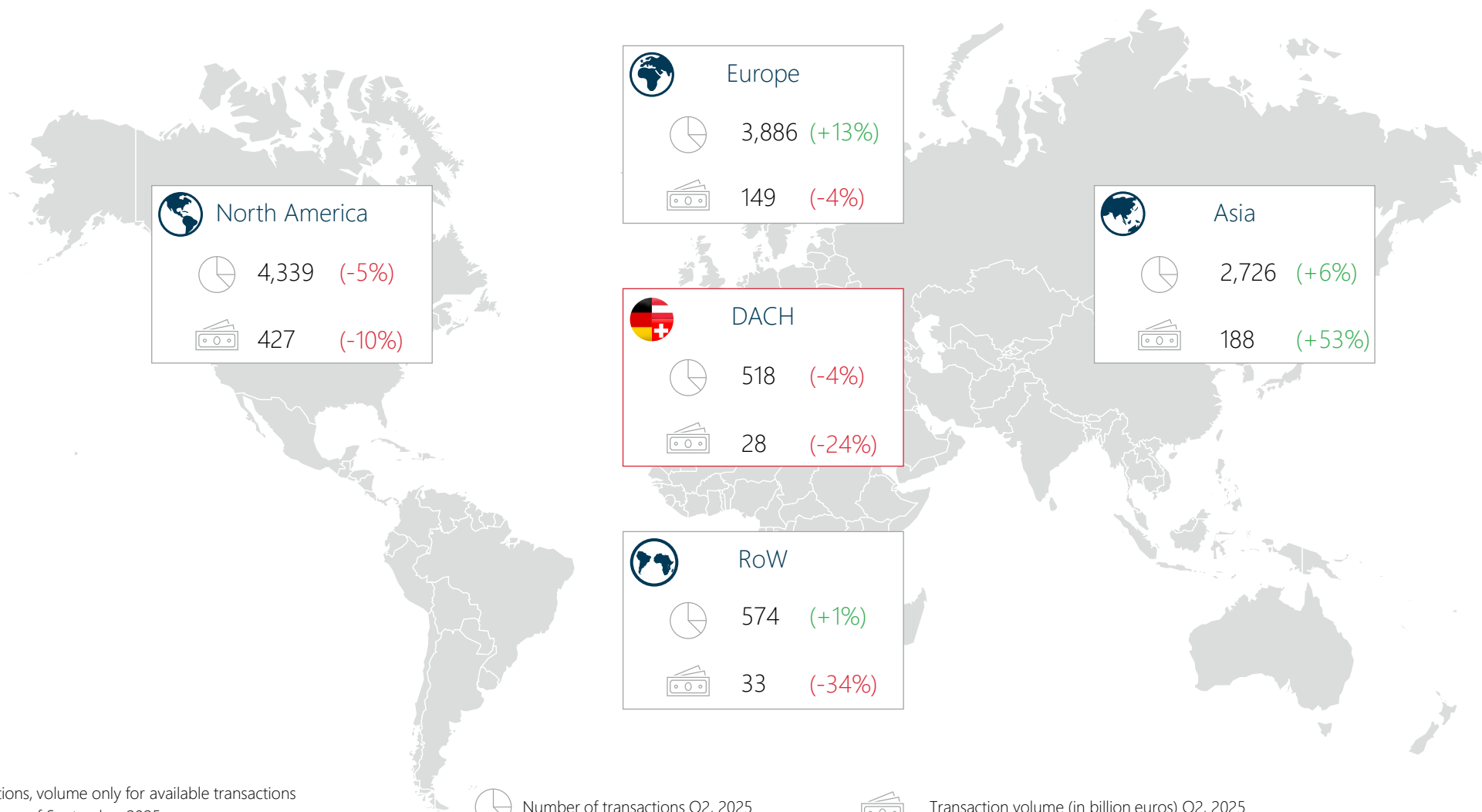
KEY TAKEAWAYS

1	Compared to the first quarter, there were only slight changes in M&A transactions and deal volume worldwide.
2	A decrease in M&A transactions has been observed in each segment analyzed individually.
3	Compared to Q1, valuation multiples are showing signs of recovery across all sectors, indicating a broad improvement in market sentiment.
4	The realignment of security policy in Europe is driving the defense sector forward and opening new M&A potential.
5	Transformative mergers and acquisitions push the automotive industry, which, due to the difficult situation, is trying to focus on the defense sector.
6	M&A sentiment is cautious, but high dry powder and improving appetite could support activity.



Compared to the first quarter, there were only slight changes in M&A transactions worldwide, with growth in Europe and Asia

Global vs. DACH¹



(1) Announced transactions, volume only for available transactions
Source: S&P Capital IQ, as of September 2025

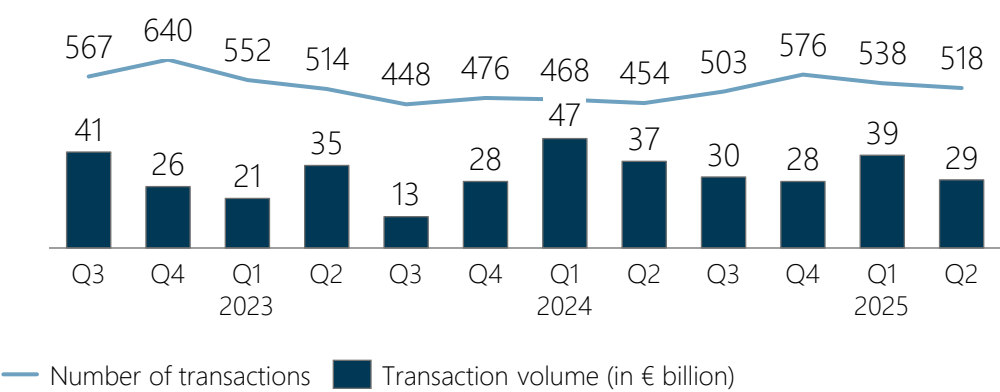
Number of transactions Q2, 2025 (change compared to previous quarter) Transaction volume (in billion euros) Q2, 2025 (change compared to previous quarter)

The transaction volume in the DACH region slightly decreased as a seasonal effect

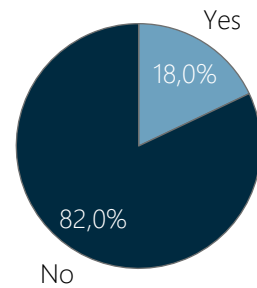
DACH overview



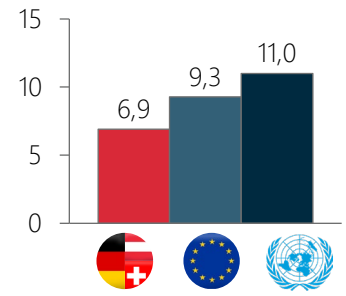
Development of M&A activity¹



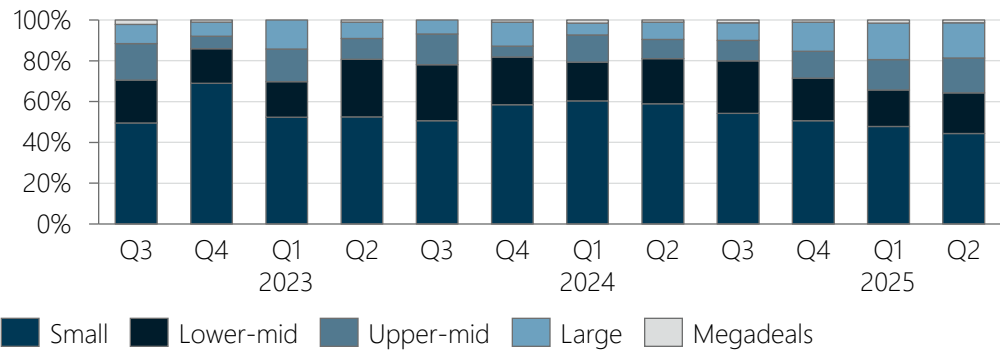
Private equity participation²



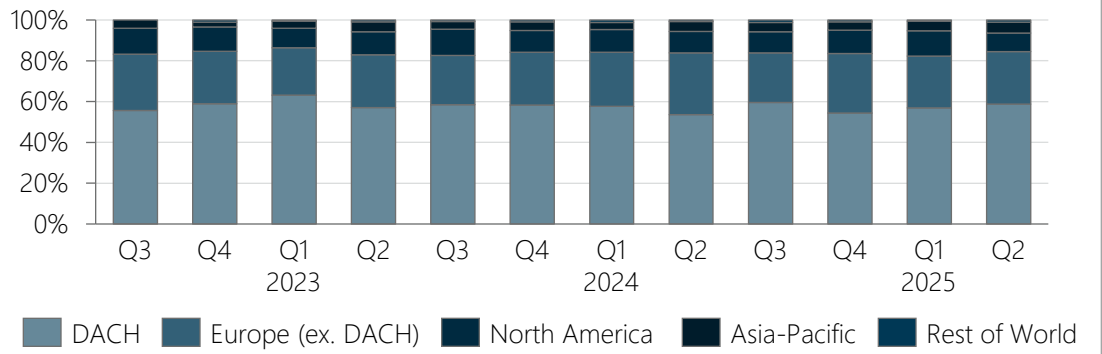
EBITDA-multiple comparison³



Number of transactions by size



Number of transactions by buyer origin



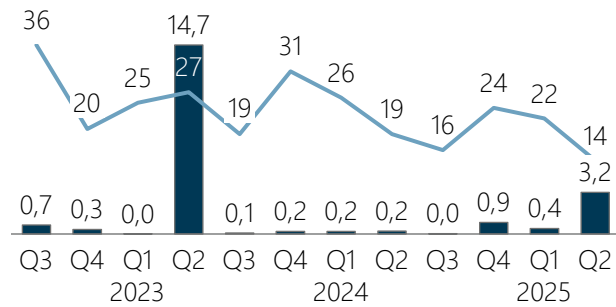
(1) Announced transactions in the respective quarter, (2) on the buyer or seller side; (3) Exclusively "developed" countries in Europe and worldwide. **Note:** The DACH region contains only 14 published transactions
Source: S&P Capital IQ, as of September 2025

Even though each segment analyzed separately records a decrease, this development is balanced to some extent by growth in unclassified transactions

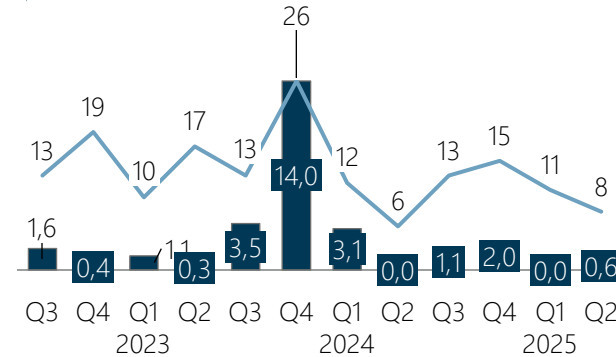
DACH transactions by sector¹



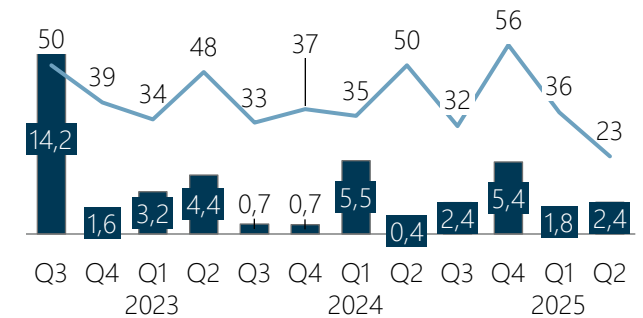
Mechanical and plant engineering



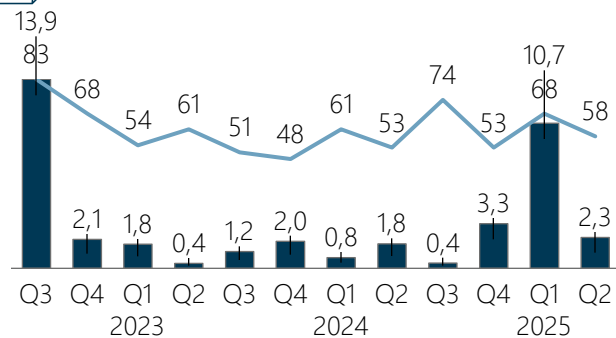
Energy & Utilities



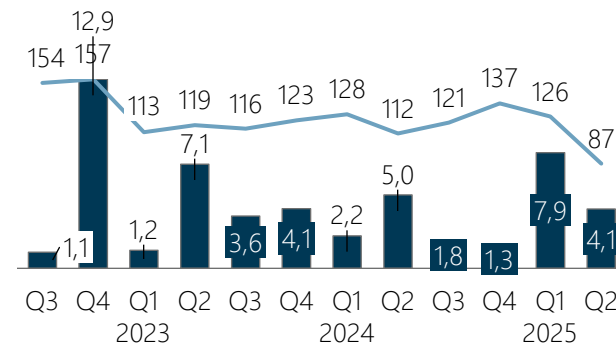
Health Care



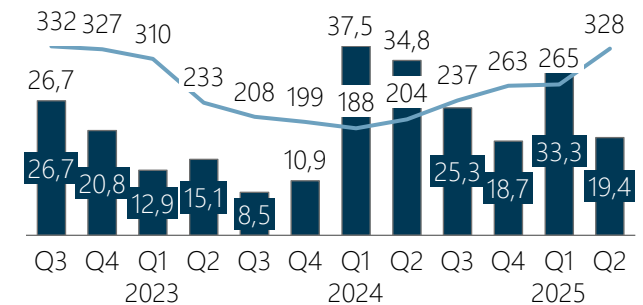
Consumer goods



TMT



Other

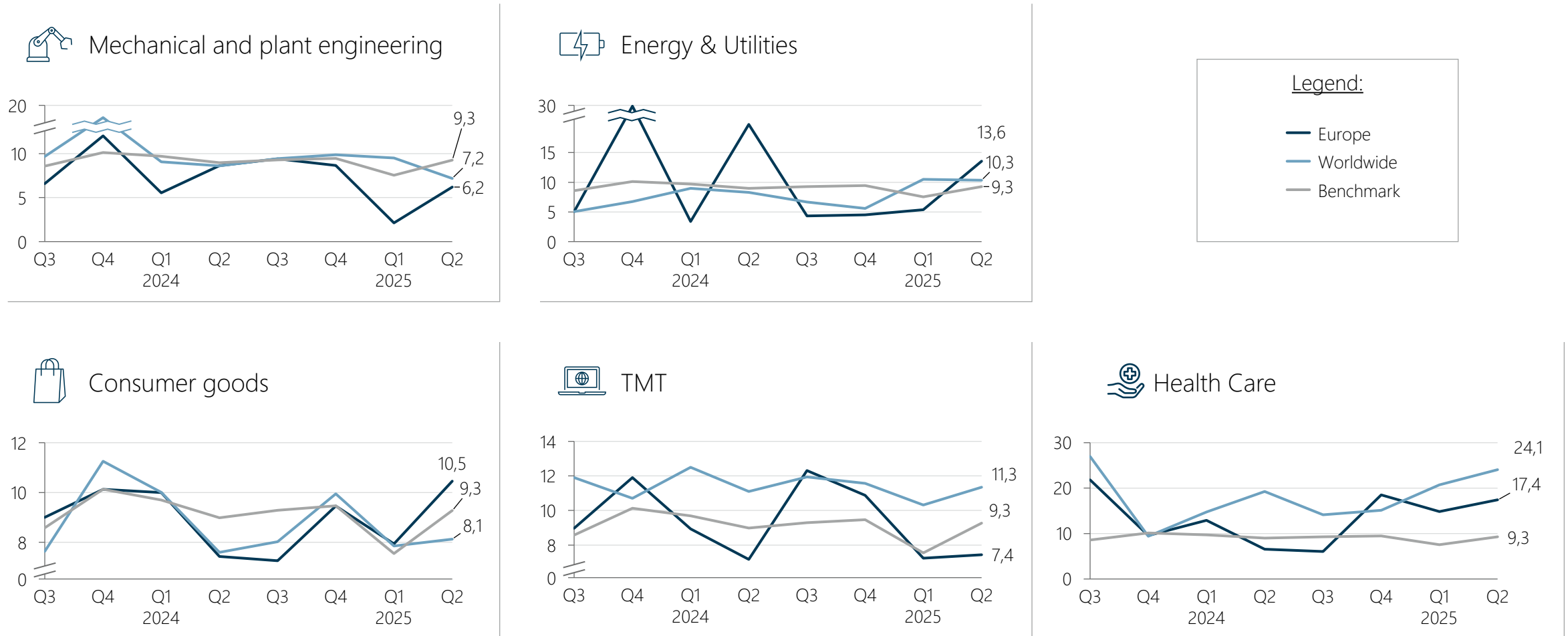


(1) Announced transactions, volume only for available transactions

Source: S&P Capital IQ, as of September 2025

Comparing the individual sectors, the highest multiples are recorded in the healthcare sector and the lowest in the mechanical and plant engineering sector

Transaction multiples (EBITDA) by sector¹



(1) Announced transactions, median values for multiples; (2) Benchmark across all industries in all "developed" countries in Europe; Note: Multiples for financial service providers cannot be presented on a quarterly basis.

Source: S&P Capital IQ, as of September 2025

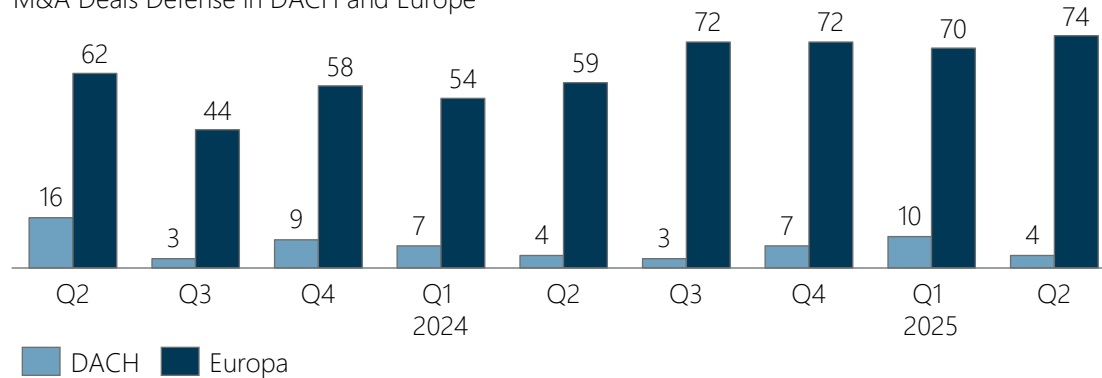
The realignment of security policy in Europe is driving the defense sector forward and opening new M&A potential for industry and automotive

Spotlight

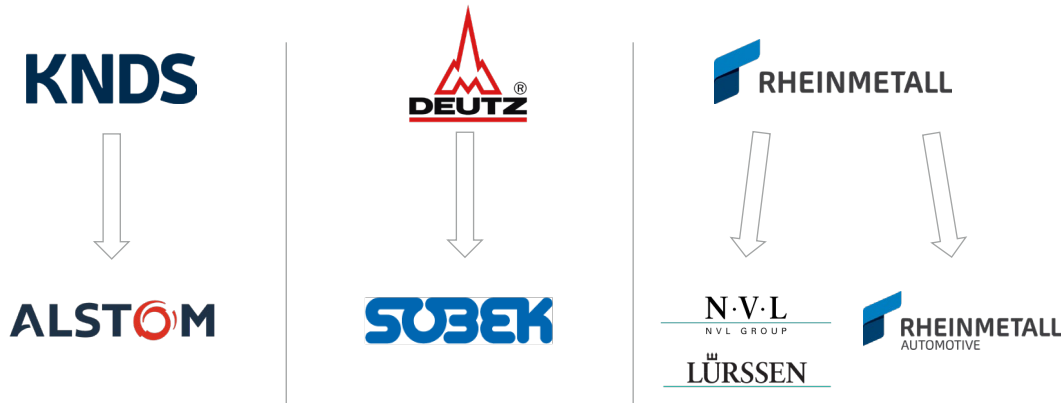


DEFENSE DEAL ACTIVITY

M&A Deals Defense in DACH and Europe¹



Defense Attracts Industrials and Automotive Players as Both Acquirers and Targets (examples)



(1) Transactions related to defense and aviation on the buyer side
Source: Statista, S&P Capital IQ, Reuters, as of September 2025

COMMENT

- The turning point in European security policy, triggered by the war in Ukraine and increased NATO commitments, is leading to massive government investment in defense technology and infrastructure.
- Despite declining M&A activity in many industries, the DACH region and Europe are seeing a noticeable number of transactions in the defense sector in the first half of 2025.
- Economically distressed automotive suppliers are strategically reorienting themselves through plant conversions, independent initiatives, or acquisitions by defense contractors.
- Rheinmetall and KNDS drive consolidation, while automotive suppliers like Deutz seek entry into the defense market:
 - Rheinmetall acquires NVL, the military division of Lürssen shipyard Group
 - Rheinmetall is also focusing on its core business by spinning off its automotive division and converting old plants to defense production.
 - KNDS acquires Alstom plant for the manufacture of tank components.
 - Deutz acquires Sobek, a specialist in electric motors for drones.
- The defense sector is establishing itself as a new growth area for transformational M&A – with **long-term potential** beyond 2025.

Key leading indicators remain at a stable level – global uncertainties and tariffs continue to prevent growth

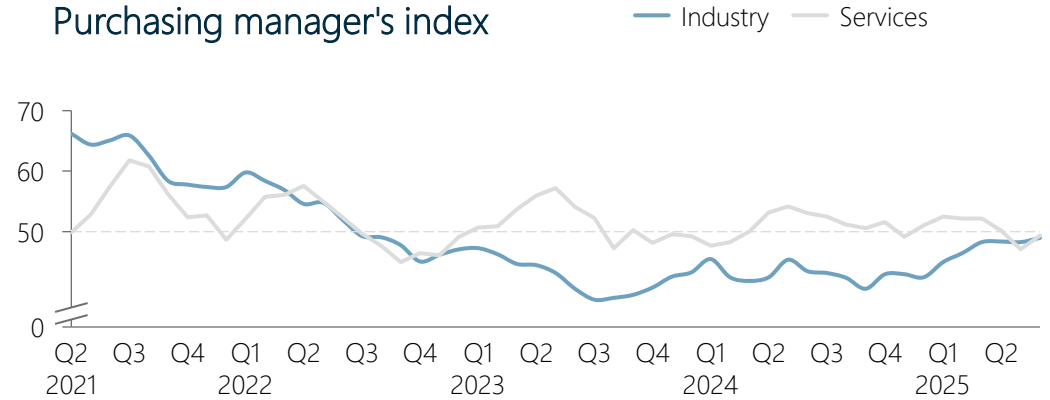
Leading indicators for future development (1/2)



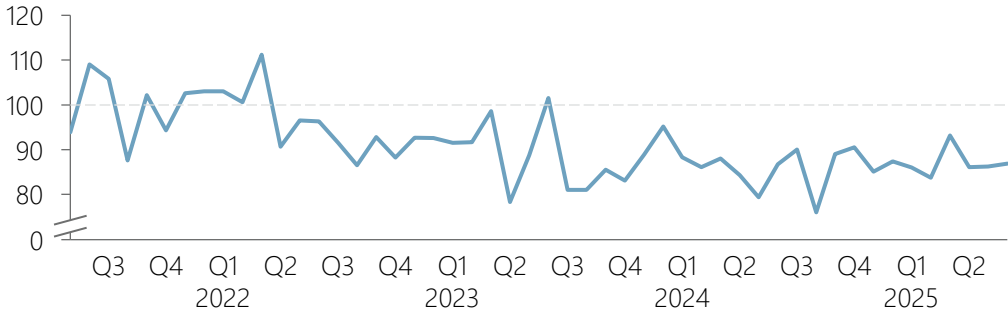
Ifo Business Climate Index



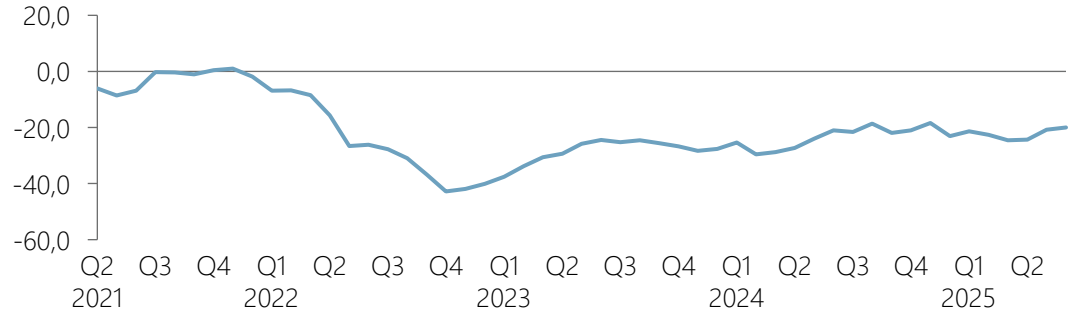
Purchasing manager's index



Volume index of incoming orders



GfK Consumer Climate Index



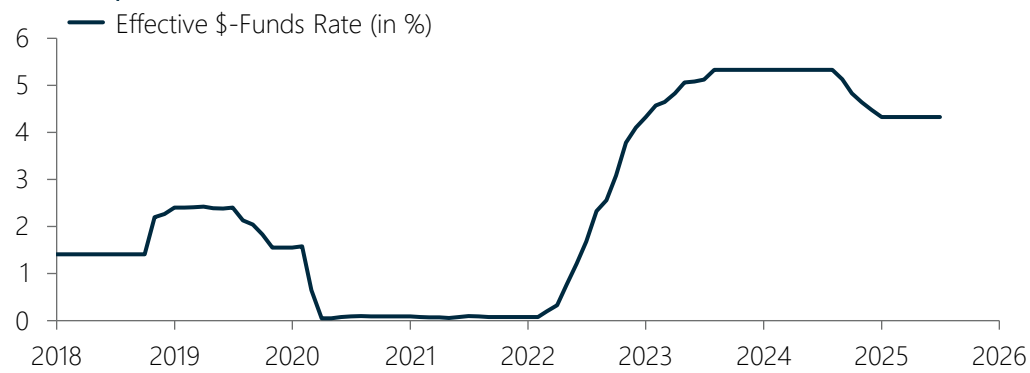
Sources: Federal Statistical Office (DESTATIS), Statista, as of September 2025
Note: Statistics for Germany

While global dry powder remains on a high level, acquisition appetite is showing signs of recovery

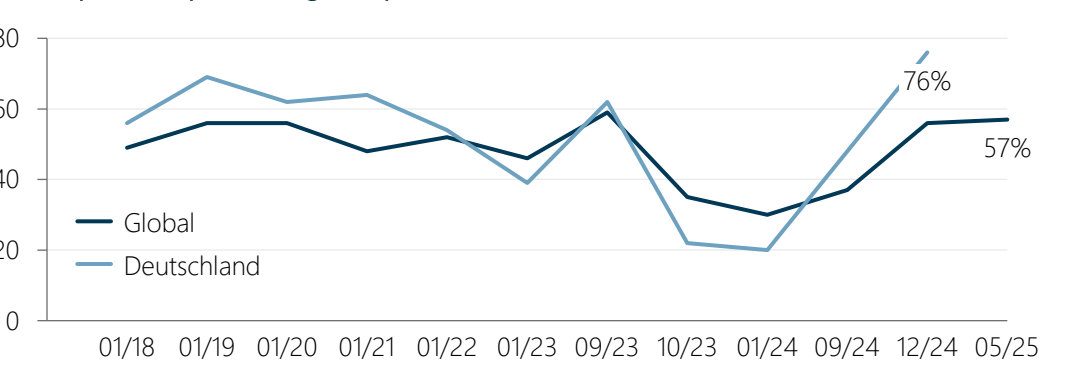
Leading indicators for future development (2/2)



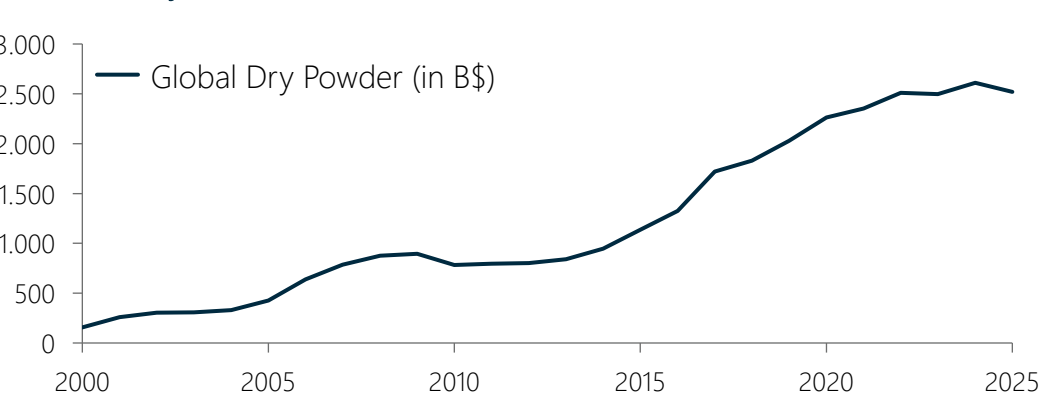
Development of the \$ interest rate



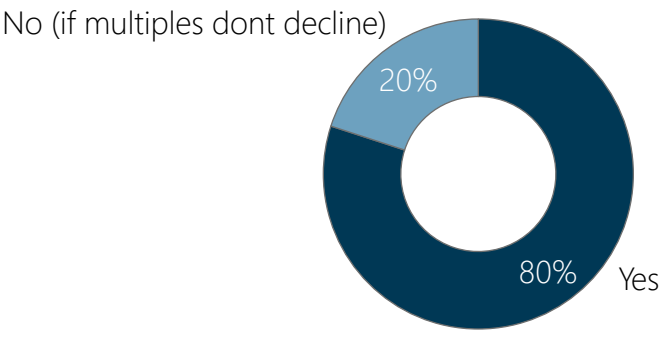
Companies planning acquisitions in the next 12 months



Global Dry Powder



Are PE funds planning to use their dry powder?



Sources: EY, KPMG, S&P Capital IQ, as of September 2025

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