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M&A Monitor February 2025

DATA & TRENDS IN THE CEE SME M&A MARKET



Introduction

Thank you for your interest in the second M&A Monitor for Central and Eastern Europe by Dealsuite. This report consolidates research performed by Dealsuite, the leading tool for M&A transactions. It contains statistics and trends for the CEE M&A mid-market (enterprises with a revenue between €1 million and €50 million) over the second half of 2024.

The aim of this study is to create periodic insights that improve the CEE market's transparency and to serve as a benchmark for M&A professionals. We are convinced that sharing information within our network leads to an improved quality and volume of deals.



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I Transactions

Increase reported in buy- and sell-side transactions

The advisors that took part in this research were involved in the following number of transactions in the second half of 2024:

Figure 1. Number of transactions in CEE

	H2-2024	Percentage*
Buy-side transactions	151	+3%
Sell-side transactions	197	+5%

**Based on the average number of transactions per advisor compared to H1-2024.*

Some of the businesses sold involved a respondent on both the sell- and buy- side. Therefore, we cannot sum up the sell- and buy-side transactions to get to a total number of transactions.

The number of buy-side transactions performed by the survey respondents is 151, the number of sell-side transactions is higher, at 197.

After a turbulent period of high interest rates and inflation, 2024 brought a welcome shift in the market. The interest rate cuts earlier in the year contributed to an improved economic climate. Already in H1-2024, we observed a significant level of activity in both buy-side and sell-side transactions, a trend that continued in the second half of the year. The gradual recovery of market confidence appears to be ongoing, laying the foundation for further growth in the region. In H2-2024, the number of buy-side transactions increased by 3%, while sell-side transactions rose by 5%.

I Transactions

51% of the transactions had a deal size above €7.5 million, and 49% were below this threshold.

The median transaction size in H2-2024 falls within the €5 to €7.5 million range. Transaction sizes in CEE are slightly increasing in H2-2024, the number of transactions in the segment below €2.5 million decreased from 23% (H1-2024) to 13% (H2-2024). The number of transactions above €10 million in deal size rose from 32% in H1-2024 to 41% in H2-2024, rising above the European average.

Figure 2. Transactions per deal size

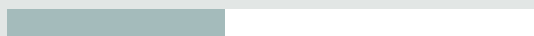
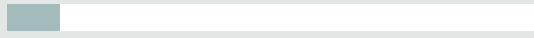



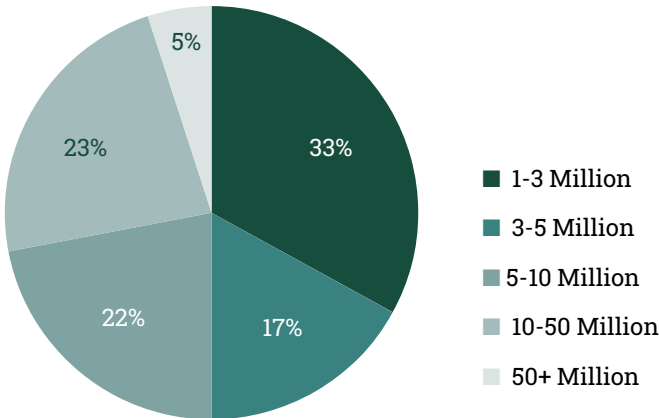
		H2-2024		H1-2024
€10 million or above		41%	↑ 9	32%
€7.5 to €10 million		10%	↓ -8	18%
€5 to €7.5 million		17%	↑ 4	13%
€2.5 to €5 million		19%	↑ 5	14%
< €2.5 million		13%	↓ -10	23%

Figure 3 shows the annual revenue of companies offered for sale on Dealsuite in H2-2024. Depending on the transaction timeline, some of these deals will either be completed or fall through in H1-2025. We can consider this data a tentative forecast of the size of companies likely to be sold in the coming quarters. The platform data for H2-2024 shows that 33% of the deals listed on Dealsuite have a turnover of between 1 and 3 million €. 28% of companies have a turnover of more than 10 million €. This data can be seen as a preliminary estimate of the size of companies that are likely to be sold in the coming quarters.

The revenue sizes posted on Dealsuite provide a fair representation of the market. Approximately 30% of companies in Europe have a revenue over €10 million, aligning closely with the 28% of companies listed on Dealsuite. This demonstrates that the M&A industry has fully embraced online deal sourcing via Dealsuite. In CEE specifically, we saw an even higher percentage of companies with a revenue of over €10 million being sold in H2-2024.

Figure 3. Revenue sizes of deals on Dealsuite in H2-2024.



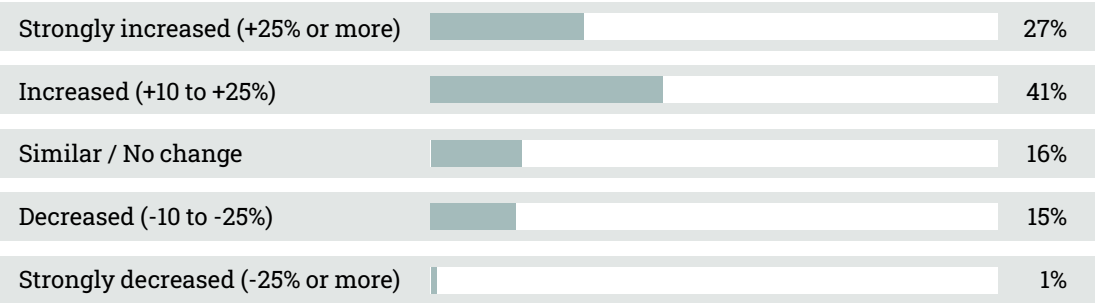
II Assignments

68% of CEE-advisors report an increase in the number of assignments in H2-2024

The results are explained in more detail in Figure 4 below. These are assignments received in H2-2024, some of which were also completed in H2-2024. However, some assignments may extend into a later period or be canceled before completion.

In H2-2024, 16% of advisors reported a similar number of transactions as in H1-2024, while 16% noticed a decline. Meanwhile, 68% of advisors reported an increase in the number of assignments, which can be seen as a strong indicator of growth in H1-2025.

Figure 4. Development in number of assignments



III EBITDA-multiples in CEE

The average EBITDA-multiple increased from 5.2 to 5.3

Sell-side advisors defined the average EBITDA multiple by industry. In this edition, the advisors were asked to revise the industry multiples from H1-2024. The results are shown in Figure 5.

The average EBITDA multiple increased in H2-2024, rising from 5.2 to 5.3. Most sector multiples followed this upward trend, while the Automotive, Transportation & Logistics sector remained stable at 4.3, and the Retail Trade sector at 4.2.

The results of this study provide a starting point for the applicable sector-multiples. They therefore offer a good benchmark for cross-checking company valuation in the near future.

Figure 5. Average EBITDA multiple per sector (EV/EBITDA)

	H2-2024	H1-2024	Difference
Healthcare & Pharmaceuticals	7.4	7.1	+0.3
Software Development	6.6	6.4	+0.2
IT services	6.2	6	+0.2
Agri & Food	5.6	5.5	+0.1
E-commerce & Webshops	5.6	5.5	+0.1
Business Services	5.3	5.1	+0.2
Industrial & Manufacturing	5.2	5.1	+0.1
Media & Communication	5.2	5	+0.2
Wholesale Trade	4.8	4.7	+0.1
Automotive, Transportation & Logistics	4.3	4.3	-
Retail Trade	4.2	4.2	-
Hospitality & Tourism	4.1	3.9	+0.2
Construction & Engineering	3.9	4.1	-0.2

The average EBITDA-multiple for the CEE mid-market was

5.3

III EBITDA-multiples in CEE

Largest spread reported in Healthcare & Pharmaceuticals and Agri & Food sectors

A sector can contain various types of companies with different characteristics. As a consequence, businesses in a specific sector may also vary in EBITDA multiple. Figure 6 shows the spread of EBITDA multiples per sector. For some sectors, a wider spread in EBITDA multiples is reported, compared to sectors that contain a higher proportion of similar companies. Based on the research data, it can be stated with 95% certainty that the true value of the parameter lies between the two boundaries of the confidence interval.

Figure 6. Standard deviation of EBITDA-multiples per sector

	Lowest	Average	Highest
Healthcare & Pharmaceuticals	6.7	7.4	8.1
Software Development	6.2	6.6	7.4
IT Services	5.8	6.2	7.0
Agri & Food	5.0	5.6	6.4
E-commerce & Webshops	4.8	5.6	6.1
Business Services	4.8	5.3	5.9
Industrial & Manufacturing	4.9	5.2	5.9
Media & Communication	4.6	5.2	5.9
Wholesale Trade	4.5	4.8	5.4
Automotive, Transportation & Logistics	3.9	4.3	5.0
Retail Trade	3.8	4.2	4.9
Hospitality & Tourism	3.8	4.1	4.8
Construction & Engineering	3.5	3.9	4.5

IV Multiples in Relation to Company Size

Big difference between multiples for large and small companies

The size of a company can influence the average paid EBITDA multiple. For the first time, the impact of the so-called Small Firm Premium on the average EBITDA multiples for SMEs in Central Eastern Europe (CEE) is being analyzed. Specifically, companies with an EBITDA ranging from €200,000 to €10,000,000 are considered. This EBITDA range is a realistic representation of SMEs in CEE and is therefore used to express the size of a company.

Research has shown that the smaller a company is, the greater the chance that the expected cash flows will not be realised (Damodaran, 2011; Grabowski and Pratt, 2013). Consider, for example, the dependency on certain customers or suppliers, or the dependency on specific technical know-how that can quickly diminish when staff leave. This can have a significant impact on the returns and thus on the value of a company. The higher risk premium that applies to smaller companies (the so-called Small Firm Premium) causes a value-reducing effect. As a result, the EBITDA multiples paid for larger companies are on average higher than the multiples paid for smaller companies.

The results of this monitor survey confirm that companies with a low EBITDA have a lower multiple than companies with a high EBITDA. The influence of company size on EBITDA multiples paid is presented in Figures 7A and 7B.

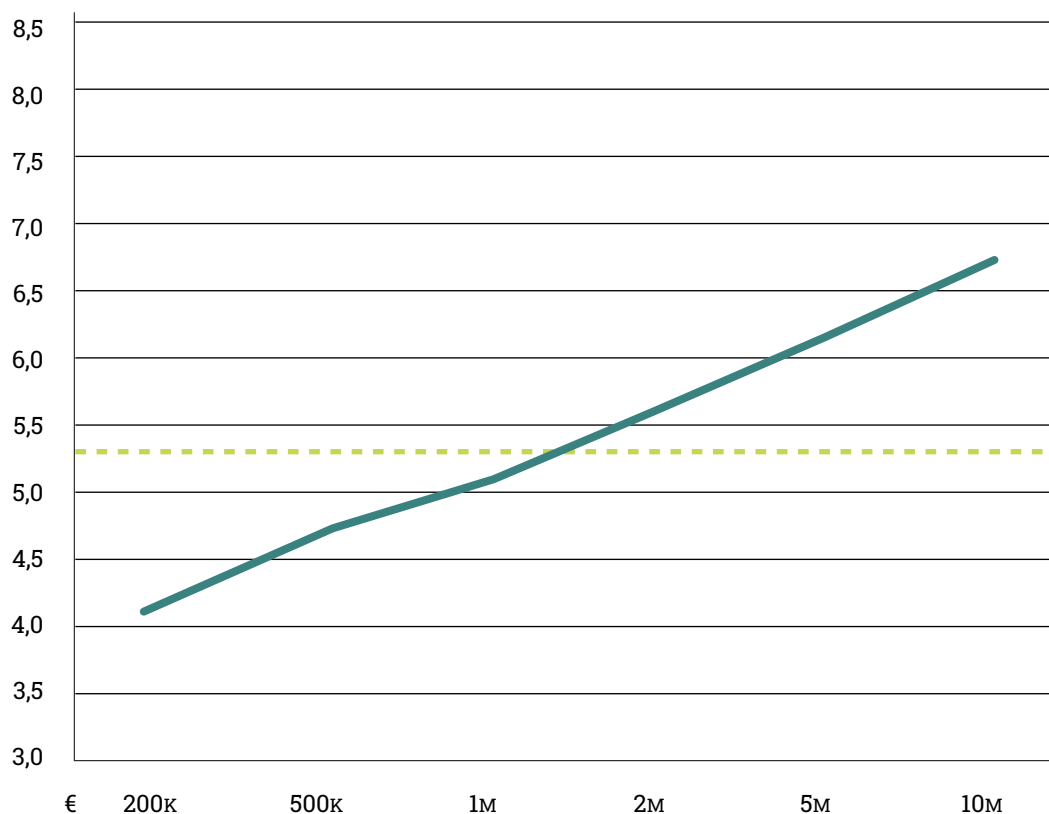
The difference in the EBITDA multiple between companies with a normalised EBITDA of €200,000 and €10,000,000 is 2.6 (4.1 compared to 6.7).

Figure 7A. Average EBITDA multiple in relation to company size

	H2-2024
Average EBITDA multiple for companies with an EBITDA of €200,000	4.1
Average EBITDA multiple for companies with an EBITDA of €500,000	4.7
Average EBITDA multiple for companies with an EBITDA of €1M	5.1
Average EBITDA multiple for companies with an EBITDA of €2M	5.6
Average EBITDA multiple for companies with an EBITDA of €5M	6.1
Average EBITDA multiple for companies with an EBITDA of €10M	6.7

IV Multiples in Relation to Company Size

Figure 7B. Average EBITDA multiple in relation to company size



■ Average EBITDA multiple across all sectors regardless of company size.

■ Average EBITDA multiple by company size H2-2024.

**Note: The scale of the 'Normalized EBITDA' in this graph is disproportionate.*

For companies with an EBITDA below €200,000, we do not determine a multiple for the following reasons:

- 1 For small companies, the risk premium is very case and company specific.
- 2 The normalised EBITDA of small companies is often unstable - it often fluctuates heavily in terms of percentages per year - and is therefore not a good unit of measurement on which to base the valuation.
- 3 The value of small companies is largely dependent on the (future) potential of the company. In a small company with a lot of potential, the EBITDA in absolute terms can be increased or even multiplied relatively easily.

V Cross-border Transactions

A comparison of EBITDA multiples between different countries highlights the advantages of cross-border deals. For example, it can be beneficial to buy a particular company abroad, or to sell a company to an international buyer. Figure 8 shows the differences in EBITDA multiples between European markets.

In CEE, companies in Healthcare & Pharmaceuticals are recognised with the highest sector multiple. In the Western European market the highest sector multiple is found in Software Development.

Figure 8. Comparison between average EBITDA-multiple by sector in CEE and neighbouring regions

	CEE	DACH	UK & Ireland	France	Netherlands
Healthcare & Pharmaceuticals	7.4	8.3	7.9	7.4	6.3
Software Development	6.6	8.7	8.2	7.5	7.3
IT Services	6.2	8.1	7.9	7.3	6.5
E-commerce & Webshops	5.6	6.4	6.6	5.0	5.2
Agri & Food	5.6	5.5	5.5	5.2	5.6
Business Services	5.3	5.8	5.7	5.4	4.9
Industrial & Manufacturing	5.2	5.4	5.1	4.9	5.0
Media & Communication	5.2	4.7	4.2	4.7	3.8
Wholesale Trade	4.8	4.6	3.8	4.2	5.4
Automotive, Transportation & Logistics	4.3	4.4	3.9	4.3	4.1
Retail Trade	4.2	2.9	3.5	4.7	2.4
Hospitality & Tourism	4.1	3.3	4.2	4.4	3.2
Construction & Engineering	3.9	4.9	3.7	3.8	4.4
Average EBITDA-multiple H2-2024	5.3	5.55	5.35	5.25	4.9

VI Deal Success Rates

59% of sell-side assignments result in a closed deal

In the current CEE market, there are an average of 5.7 buyers per company listed for sale ([Dealsuite Monitor, August 2024](#)). However, not every sell-side assignment results in a successful deal. Figure 9 shows the most common reasons why sales processes are prematurely terminated.

Figure 9. Most common reasons for terminated deals

1. Unrealistic valuation expectations from the seller
2. Failure to secure suitable financing options
3. Shifts in market conditions during the transaction process
4. Inefficient due diligence process
5. Inadequate communication and transparency between parties
6. Regulatory or compliance issues blocking the deal

68% of the advisors cite unrealistic valuation expectations from the seller as the main reason for deal terminations. 11% of advisors indicate that shifts in market conditions during the transaction process are the primary cause.



59% of sell-side assignments result in a closed deal.

On average, 59% of sell-side assignments result in a closed deal, while 41% of transactions are discontinued early. Compared to neighboring countries, this is a relatively low success rate. The success rate in the DACH region, for example, is slightly higher at 62%, while in the Benelux region, it stands at 78%. Recent findings indicate a shift in the success rates of M&A deals: of the 59% of sell-side assignments that ultimately result in a transaction, an increasing proportion is considered successful. Twenty years ago, 70% of closed deals failed because the outcomes did not meet expectations, whereas today, an average of 70% of closed deals are deemed successful (Bain & Company, 2023). Several factors contribute to this improvement, including the fact that mergers and acquisitions are now more frequently pursued for diverse strategic purposes rather than solely for scaling and cost savings. This demonstrates that M&A, in most cases, genuinely creates value ([Dealsuite Trends Report, 2024](#)).

VII Outlook

Vast majority of advisors positive about 2024 and optimistic for 2025

Assessing the performance of the CEE M&A mid-market is based on many factors, including the willingness of entrepreneurs to sell their businesses, funding availability, macroeconomic developments etc. An interpretation of these factors is needed to determine how the market will develop. The survey included both assessments of the M&A mid-market in H2-2024 (retrospective) and H1-2025 (projection).

The vast majority of advisors look back on H2-2024 with satisfaction (72%). The outlook for H1-2025 appears even more promising, with 75% of advisors expressing positive expectations.

Figure 10. Assessment CEE M&A mid-market H2-2024

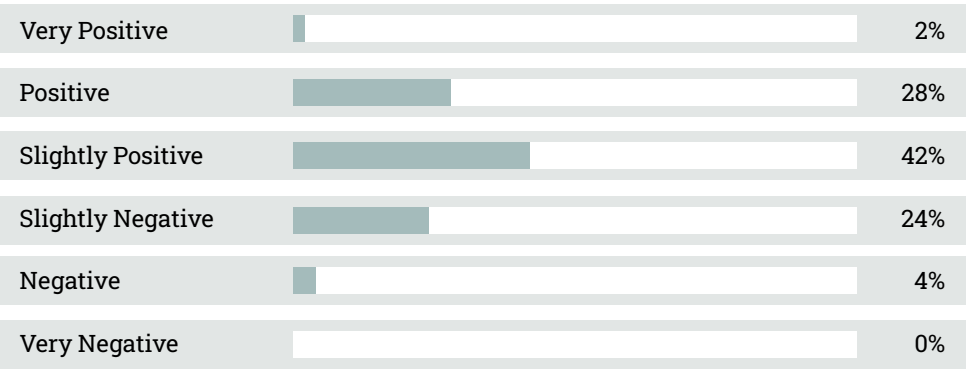
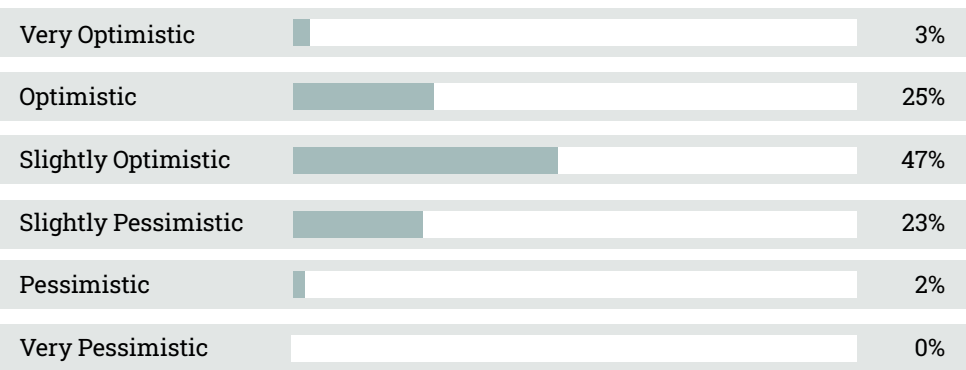


Figure 11. Expectations CEE M&A mid-market H1-2025



VIII References



"By using Dealsuite, Nexia Advicero can streamline its client acquisition process, stay ahead of market trends, and deliver exceptional service to businesses engaged in complex financial transactions."

Agnieszka Kosicka
Senior Manager
Nexia Advicero



"Dealsuite has become an important part of our process. We use the platform to present our sell-side mandates, prospect potential target companies for our buy-side mandates, share references, and generate new international leads and lines of communication."

Zdeněk Mikuláš
Founding Partner
Talers Advisory Group



"We really appreciate using Dealsuite, as a perfect tool for connecting with new business contacts in the Czech Republic and all over the world, as well as sourcing and finding new possibilities in our business sphere."

Julie Lehnertová
M&A Project Coordinator
ACG Prague



"We use Dealsuite to gain an overview of the M&A opportunities in Europe and contact deal-makers especially in the CEE-region. We particularly appreciate Dealsuite's personal client support and felt very welcome and well taken care of from the first day."

Jan Slabý
Managing Partner
ECOVIS Corporate Finance CZ

VIII References



"We deeply value our partnership with Dealsuite and are delighted to contribute to the growth and success of the platform. Dealsuite's support and dedication to the M&A community have been instrumental."

Michal Černý
Partner
Nexia One Corporate Finance CZ



"Dealsuite is enabling us to effectively connect with companies and investment funds that are actively engaging in the Polish market."

Sebastian Pogorzelski
Corporate Finance Manager
Baker Tilly TPA



"In the dynamic world of M&A advisory, we rely on cutting-edge tools to enhance our services and make them more robust and insightful. The Dealsuite platform not only broadens our horizons, but also lets us dive into a deeper understanding of the ever-evolving transaction landscape."

Piotr Kucharczyk
CFA, Partner
JP Weber



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Gábor Szendrői
Managing Partner
Concorde MB Partners

IX Method

The majority of M&A transactions take place in the mid-market. This report uses the definition of a mid-market company as having a revenue between €1 and €50 million. The survey was sent to 442 M&A advisory firms. Considering their combined input, they represent an essential part of the M&A mid-market in Central and Eastern Europe. Out of the total of 442 advisory firms, we received 105 respondents (24% response rate).

Sources used:

- 105 survey responses from key CEE M&A advisory firms
- Bain & Company. (2023, March 28). *How companies got so good at M&A*.
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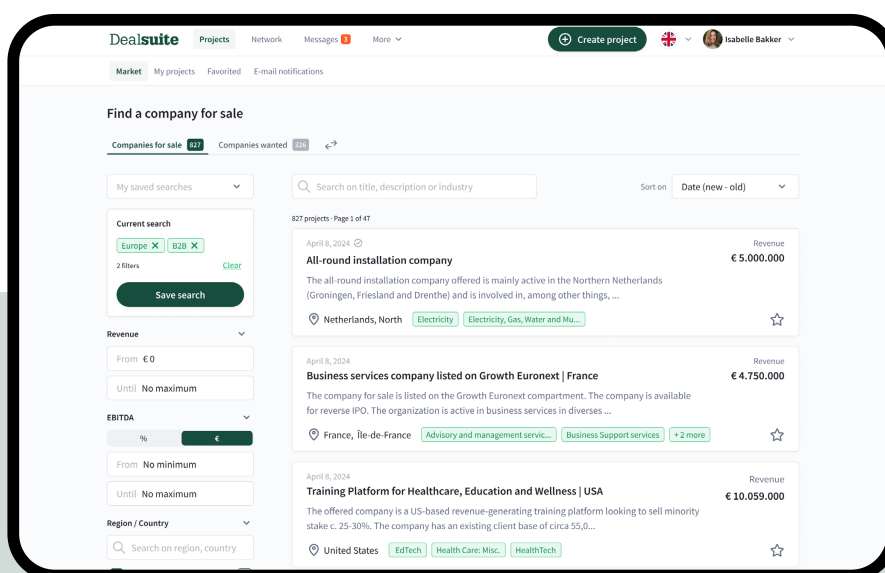
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X About Dealsuite in Central and Eastern Europe

Dealsuite is the largest European M&A network. Dealsuite was founded by and for M&A professionals. They realised that a lot of time and costs that are incurred during the process of finding the right buyer or seller can be saved by making use of online networks. Dealsuite enables M&A professionals to communicate with each other easily and securely via a state-of-the-art platform. Dealsuite is offered as a plug-and-play SaaS solution, making it very user-friendly. Thanks to the commitment of our renowned customers and our excellent reputation, the Dealsuite network is rapidly expanding. Currently, Dealsuite is active in over 60 countries.

Dealsuite launched its activities in Central and Eastern Europe and Southern-Eastern Europe in 2023 and is witnessing applications of the Dealsuite.com tool for both domestic and cross-border deal-making. Dealsuite is committed to further invest into the region.

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