

# Europe West Buy and Integrate M&A Barometer

Version 3.0

Main takeaways

February 2026



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# Agenda

- 1 Executive summary
- 2 M&A approach and post-deal relevance
- 3 Integration ideal timing and associated costs
- 4 Impact of artificial intelligence and ESG



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1

# Executive summary



# Europe West Buy and Integrate Barometer: overview

The EY-Parthenon Europe West B&I (Buy and Integrate) Barometer is an annual survey of senior executives at large corporates in Central Europe.

It explores how leaders shape M&A strategies to accelerate growth, the challenges they face, and how they deliver deal value.

The 2025 respondent community included senior executives drawn from diverse sectors across the business landscape.

## Author



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## The purpose

Aims to understand decision-making, growth-focused M&A strategies, and value realization challenges in Europe West

## Survey methodology

Conducted using a structured questionnaire to capture M&A priorities or sentiment and post-deal integration practices, challenges and value realization

## Target audience

The respondent community includes executives, EY clients and leaders from companies

300+  
Respondents

300+ senior executives participated in the survey over the past three years

9  
Countries

Austria		Netherlands	
Belgium		Portugal	
France		Spain	
Germany		Switzerland	
Italy			

Focus  
Areas

- Deal rationale and challenges
- Integration approach
- Impact of integration cost on target's EBITDA
- AI and ESG initiatives undertaken by companies

# Executive summary

## M&A approach and Post-deal priorities

Deal momentum is robust, with **51% of companies executed more than five acquisitions** in the past three years, with target selection now dominated by value creation (84%) and synergy potential (84%).



## Integration readiness and execution

Integration planning is moving earlier, with **40% designing integration during due diligence**, yet execution remains the top challenge (26%) highlighting persistent pre-close readiness gaps.



## Cost implications and synergy realization

Integration costs are substantial, with **56% of deals seeing  $\geq 6%$  Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) impact and 21% experiencing costs above 13%**, largely driven by duplicate cost elimination (79%) and process optimization efforts (60%).



## Environmental, social, and governance as an emerging but secondary driver

Environmental, Social, and Governance remains largely compliance-driven, with **67% focus on regulatory alignment**, while only 26% view it as a strategic driver, limiting its role in M&A value creation.



## AI accelerating diligence and integration

AI is moving from exploration to adoption, with **49% running pilots and 30% implementing**, driving gains in analytics (56%) and diligence efficiency (42%), though data privacy (53%) and talent gaps (51%) remain key constraints.



## Organizational readiness gaps

Talent and culture remain major friction points culture integration ranks among the top challenges, with companies relying heavily on **retention payouts (79%) and integration leadership roles (63%)** to stabilize key talent post-deal.

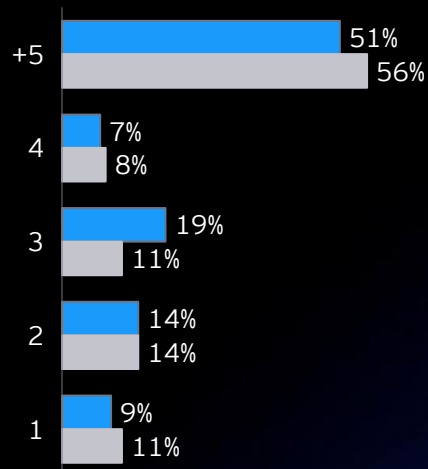


# Early, synergy-led M&A planning is considered key to deal success, spanning target selection, pre-deal integration, synergy identification, and advisor support

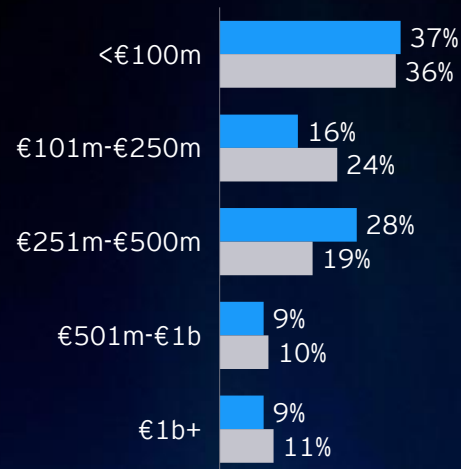


# Value creation emerges as the primary M&A driver as deal sizes and integration complexity increase

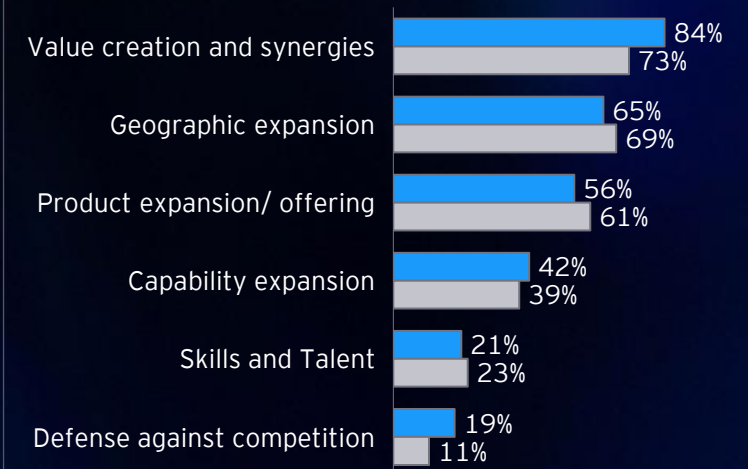
## Acquisitions in past 3 years



## Revenue from target companies



## Factors considered in target selection process



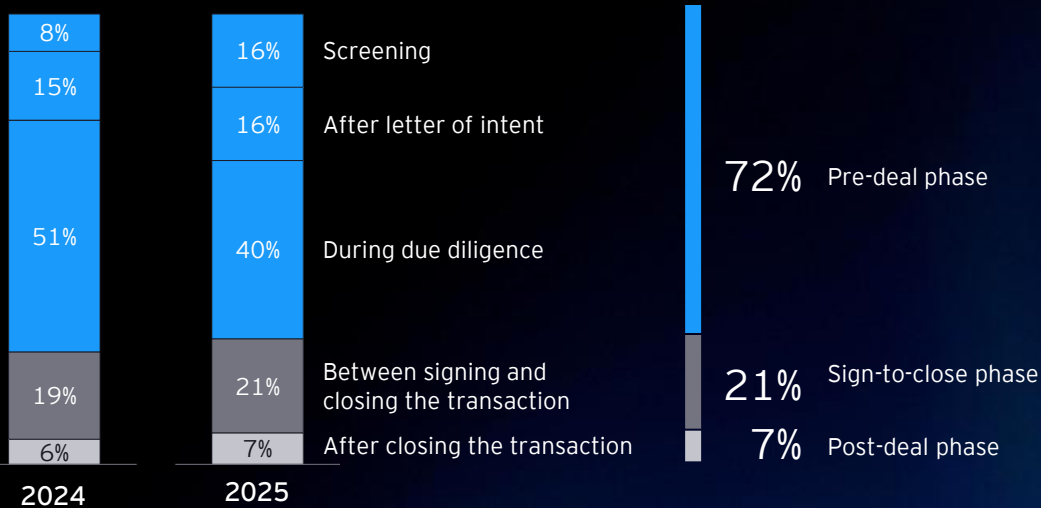
■ 2025 ■ 2024

## Key takeaways

- Deal activity remains led by frequent acquirers, with ~51% completing 4+ deals signaling, continued dependence on inorganic growth despite uncertainty.
- Shift toward larger mid-market targets: €251m-€500m revenue assets now ~28% (vs. 19% in FY'24), indicating rising deal complexity.
- Value creation and synergies dominate, increasing to ~84% in FY 25, showing stronger emphasis on measurable post-deal outcomes.
- Geographic and product expansion stay core priorities, underscoring M&A's role in scaling platforms, not just adding capabilities.

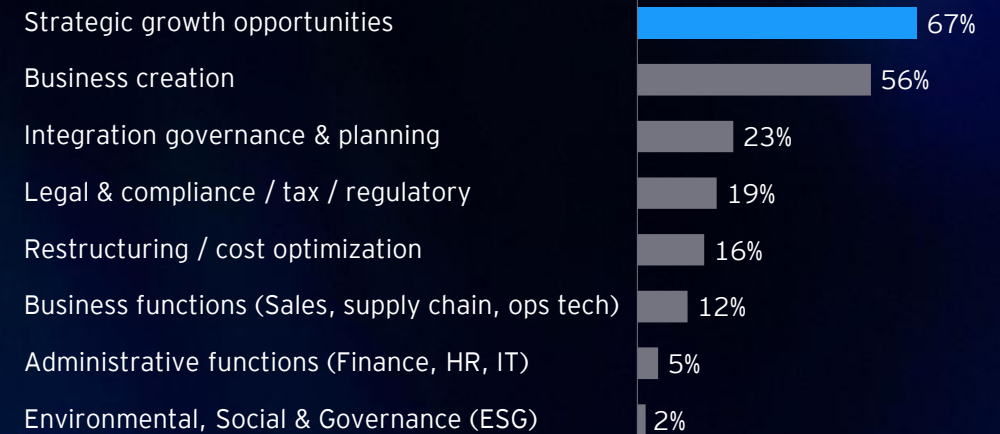
# Early-stage integration planning continues to dominate, reinforcing its role in de-risking transactions and accelerating value capture

## At what stage did you start planning the integration?



- Pre-deal integration planning leads, with **72%** starting before signing, reinforcing its importance for deal readiness.
- Due diligence planning remains strong (**40%**), reflecting continued focus on operational, financial, and organizational preparedness pre-commitment.
- Post-deal planning is still minimal (**7%**), indicating an ongoing shift from reactive integration to proactive value protection and execution certainty.

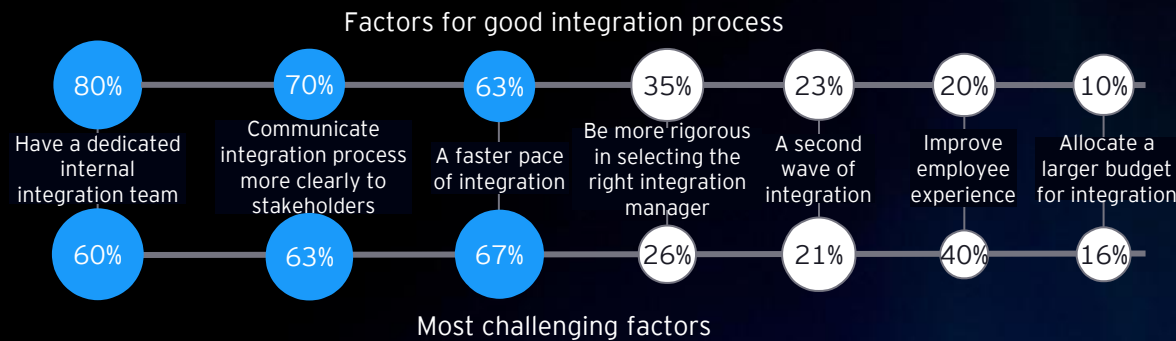
## Important aspects of diligence process in achieving deal value



- Strategic growth and new business creation are top priorities, signaling a shift toward long-term value creation over downside risk focus.
- Integration governance (23%)** remains a key deal-success driver, highlighting the need for early alignment on the operating model and execution roadmap.
- Compliance/functional diligence (legal, restructuring, ops, ESG) ranks lower, suggesting greater maturity in these areas and/or a pivot toward strategic upside.

# Integration priorities remain well understood across organizations, yet execution challenges continue to shape integration outcomes

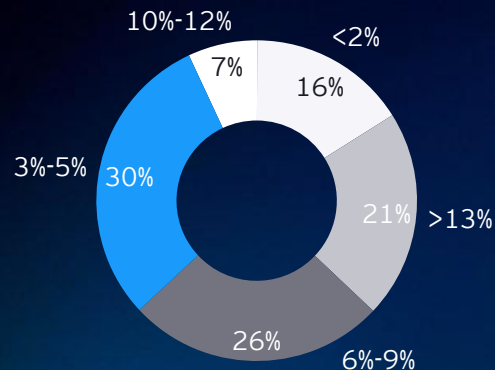
## Must have capabilities for successful integration process



## Key takeaways

- Core integration priorities are stable YoY—communication, skilled resourcing, and integration pace remain top in 2025, broadly in line with 2024, showing continued agreement on what drives success.
- Execution still lags: despite this clarity, ~60-70% of respondents continue to struggle with these same critical capabilities, indicating limited YoY improvement.
- Budget and employee experience remain lower priority ( $\leq 20\%$  both years), reinforcing that outcomes depend more on leadership focus and coordination than incremental spend.

## Impact of the integration costs on the target's EBITDA in %



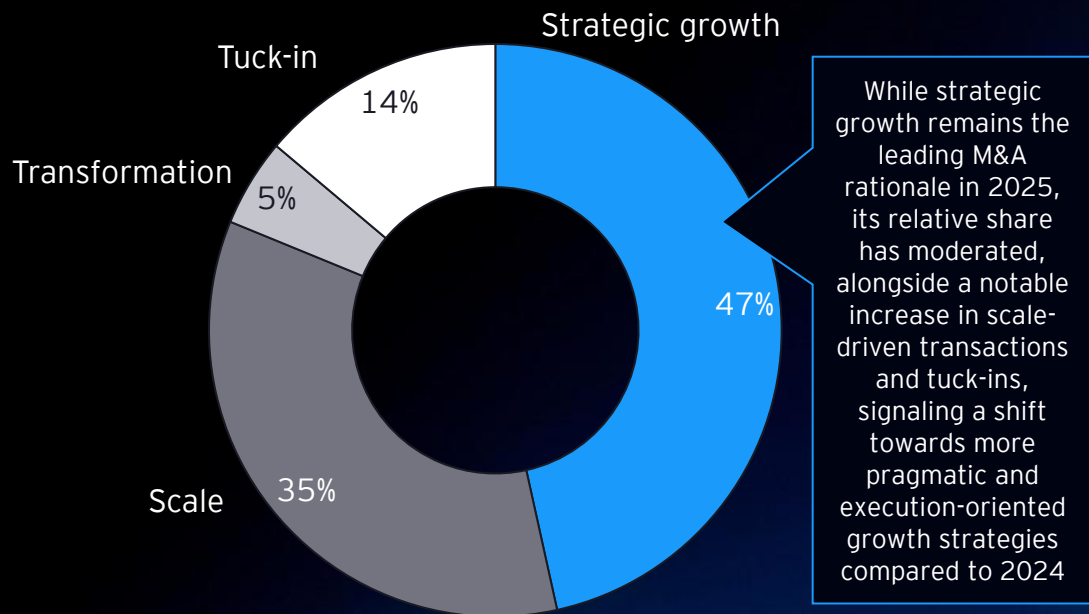
- Integration driven EBITDA impact is stable YoY, most deals in 2024 and 2025 see  $\geq 3\%$  impact, reinforcing integration as a value sensitive phase.
- Mid-single digit impact bands persist, indicating limited gains in integration efficiency; synergy capture delays still outweigh improvements in cost planning.
- Overall, the YoY stability suggests execution pace not cost control is the primary lever to protect post-close value.

# 2

## M&A approach and post-deal relevance

# Buyers continue to anchor M&A strategies on strategic growth and value creation, while increasingly prioritizing scale, tuck-in transactions and geo-offering expansion

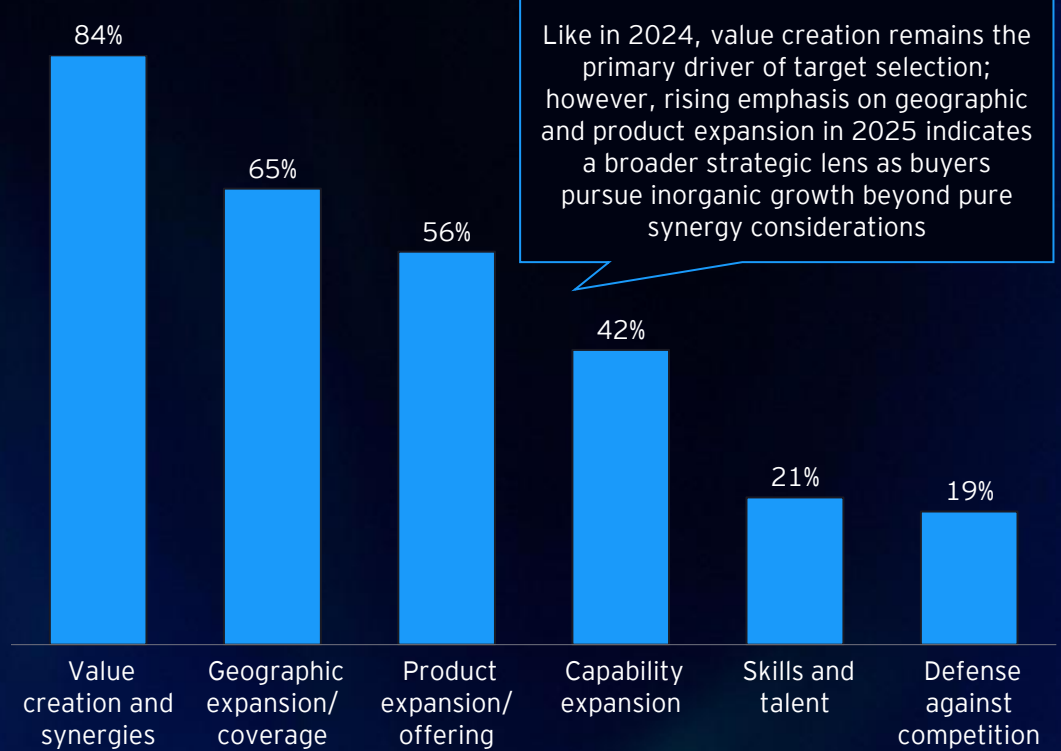
What was the primary strategic rationale for the significant M&A transaction completed by your company?



While strategic growth remains the leading M&A rationale in 2025, its relative share has moderated, alongside a notable increase in scale-driven transactions and tuck-ins, signaling a shift towards more pragmatic and execution-oriented growth strategies compared to 2024



What were the factors considered in the target selection process?

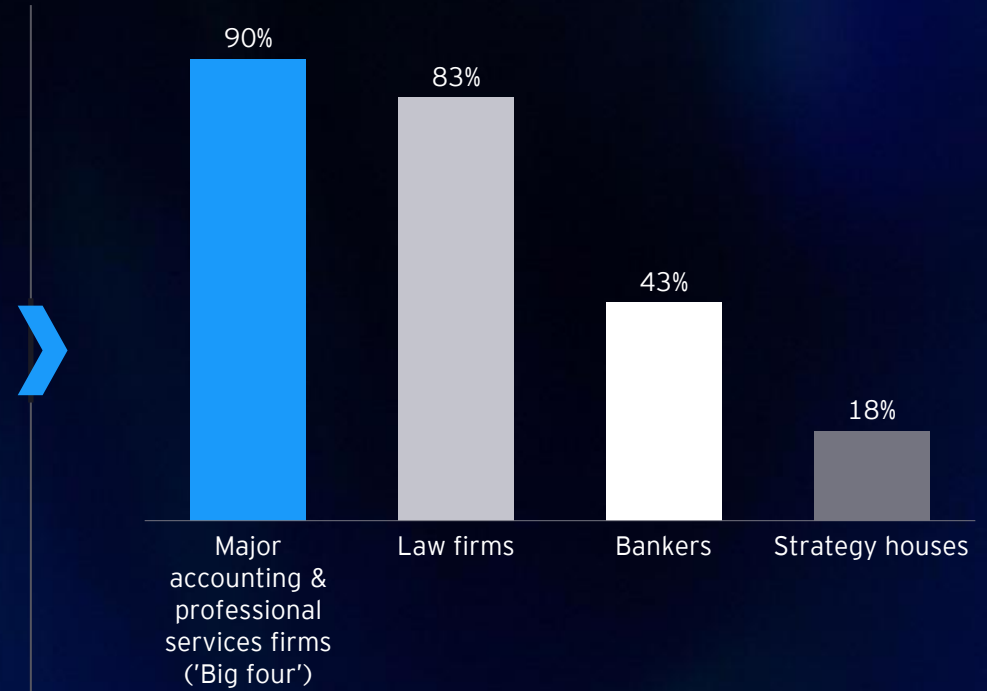
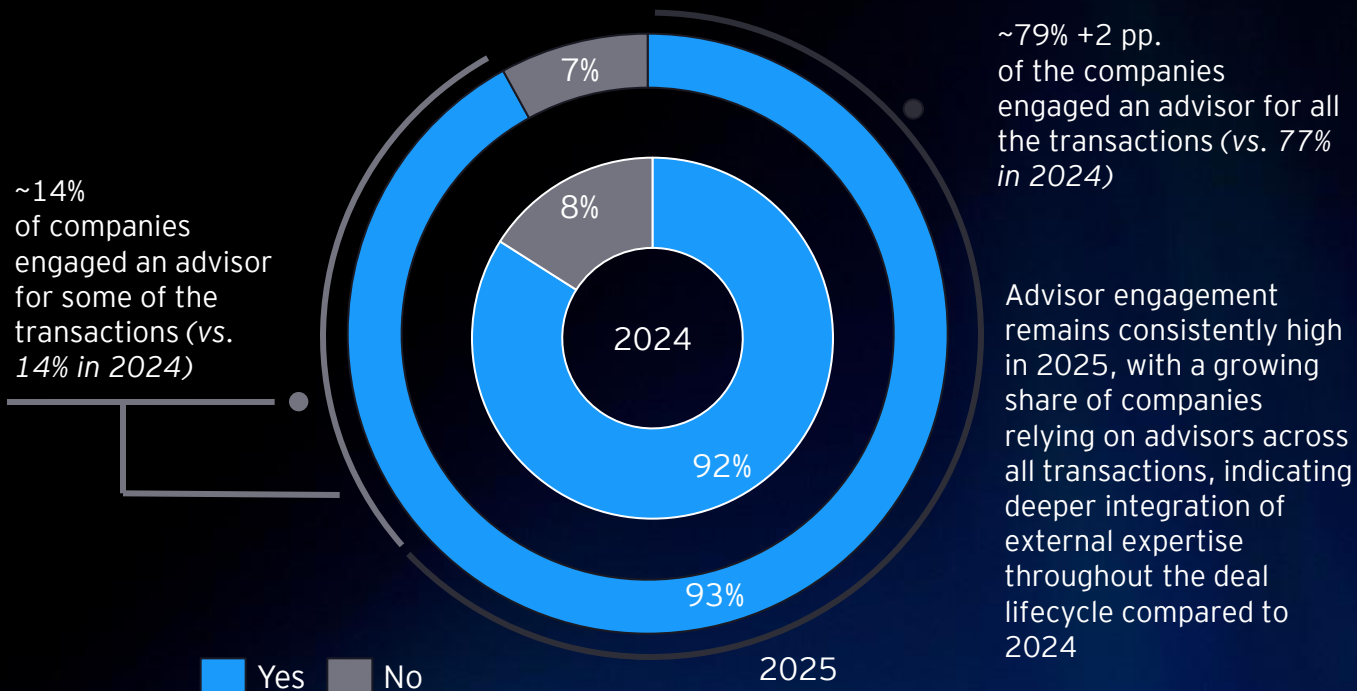


Like in 2024, value creation remains the primary driver of target selection; however, rising emphasis on geographic and product expansion in 2025 indicates a broader strategic lens as buyers pursue inorganic growth beyond pure synergy considerations

- Strategic growth (expansion of market offering and/or geographic reach, focus on revenue synergies)
- Scale (create economies of scale, expand market presence, focus on cost synergies)
- Transformation (enter new markets and transform the way the industry works)
- Tuck-in (increase revenue by leveraging brand strength, enhance or complement an existing product)

# Buyers continue to engage external advisors for transaction related services, with sustained preference for Big Four and law firms across M&A activities

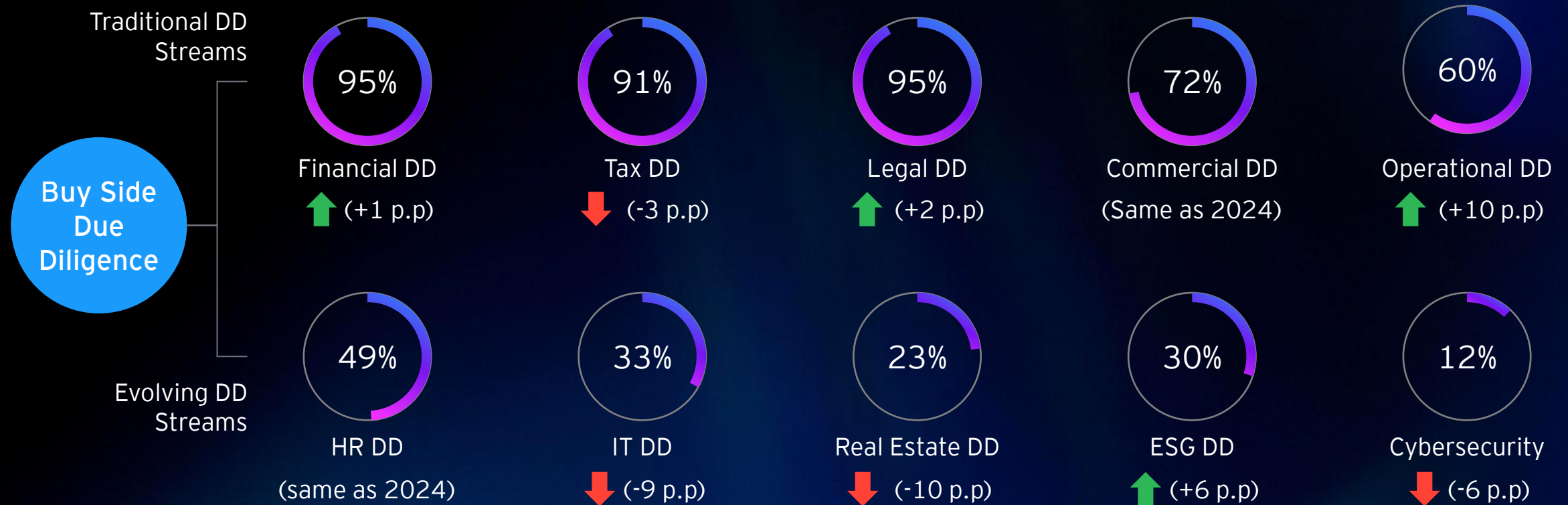
In the acquisitions you made, did you engage an advisor? If yes, what advisor did you engage in the past for Buy and Integrate services?



Big Four firms continue to dominate as the primary advisors for M&A transactions in 2025, while engagement with bankers and strategy houses remains selective, reinforcing the preference for end-to-end transaction and integration capabilities

# Executives increasingly combine traditional due diligence (DD) with selective innovative streams to address broader deal risks and value considerations

For the acquisition process, what type of due diligence (DD) have you dealt with?



Innovative due diligence adoption remains selective in 2025, with ESG gaining relevance while IT, real estate and cybersecurity DD show moderation, suggesting a more targeted and risk-driven application of non-traditional due diligence (DD) streams compared to 2024

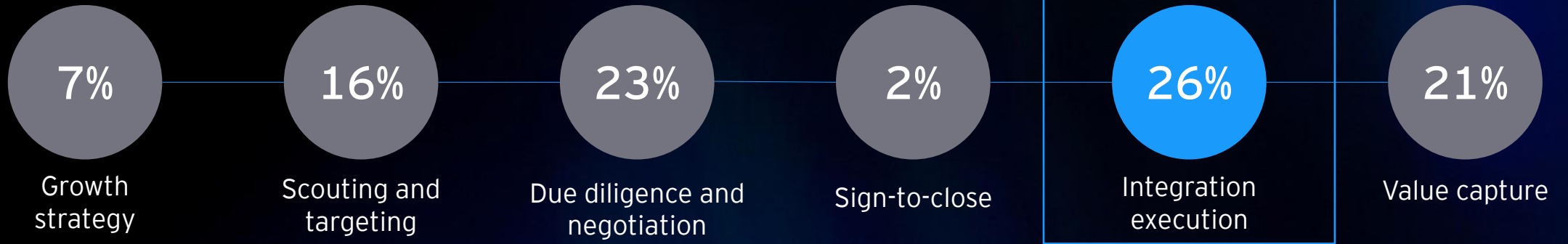
↑ Increased from 2024 survey

↓ Declined from 2024 survey

# Integration execution continues to emerge as the most critical challenge for buyers, reflecting the growing complexity of translating deal intent

What is the most challenging phase of the entire transaction process?

2025



The While integration execution remains the most challenging phase of the transaction process, its relative intensity has eased in 2025, suggesting early signs of improved preparedness, though post-deal execution continues to dominate buyer concerns compared to pre-deal phases

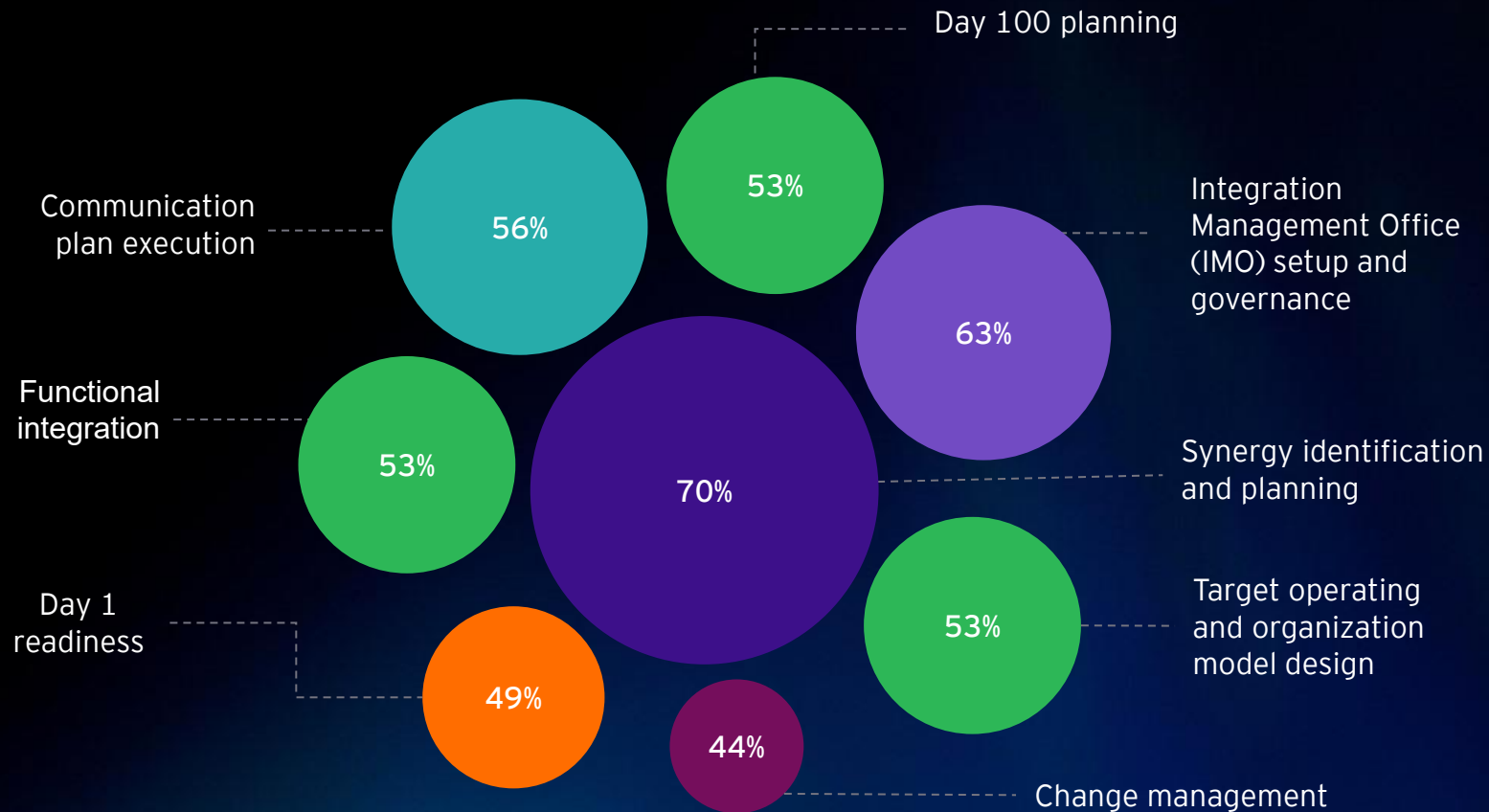
2024



The sustained prominence of integration challenges highlights the need to shift focus earlier in the transaction lifecycle, embedding integration thinking during due diligence to mitigate downstream execution risk and accelerate value capture

# Synergy identification and planning continue to anchor integration efforts, alongside growing focus on functional integration to enable effective post-deal execution

What kind of integration activities did you carry out?

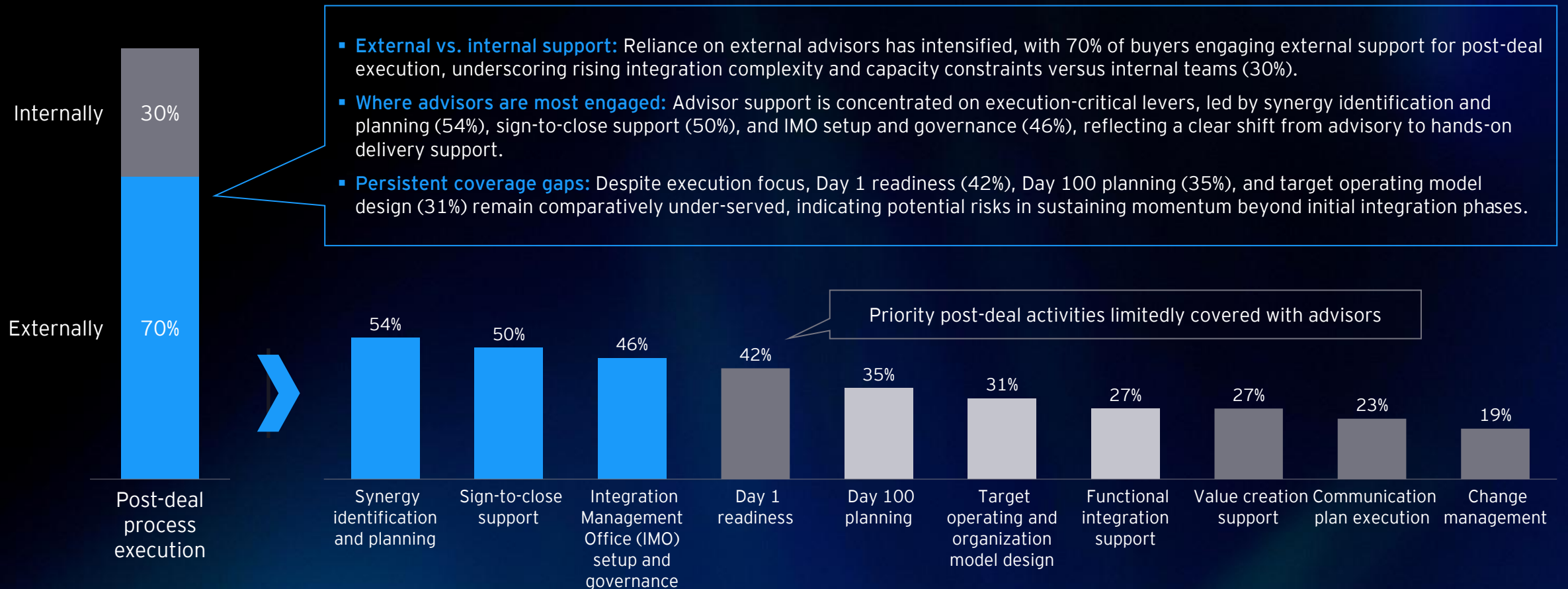


## Key takeaways

- Synergy identification remains the primary integration priority, continuing to attract the highest focus in 2025, reinforcing its central role in value realization post-deal.
- Functional integration has gained prominence, reflecting increased attention on aligning operating models and core functions to support execution readiness beyond Day 1.
- Practical execution enablers are increasingly emphasized, with higher focus on IMO setup, governance, and Day-100 planning, indicating a shift from purely transformational initiatives toward structured, execution-led integration.

# Post-deal excellence hinges on expert support for sign-to-close transition, synergy planning, and Integration Management Office (IMO) establishment

For the post-deal process, what kind of support did you get from the engaged advisor (PMI)



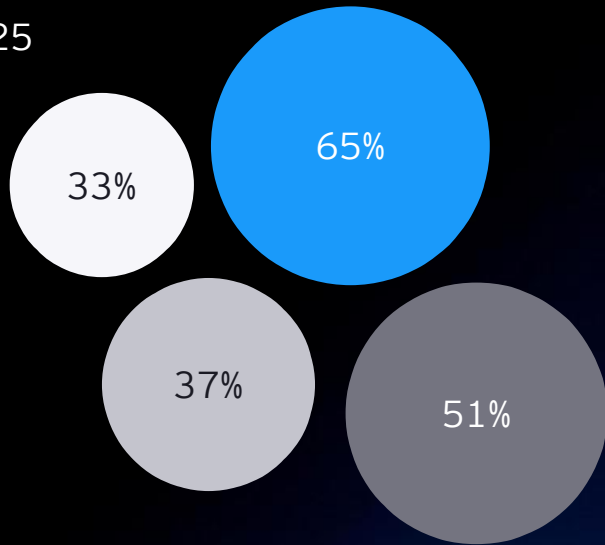
# 3

Integration ideal  
timing and  
associated costs

# Early integration initiation accelerates synergy realization, with cost reduction and process improvements as the primary value drivers

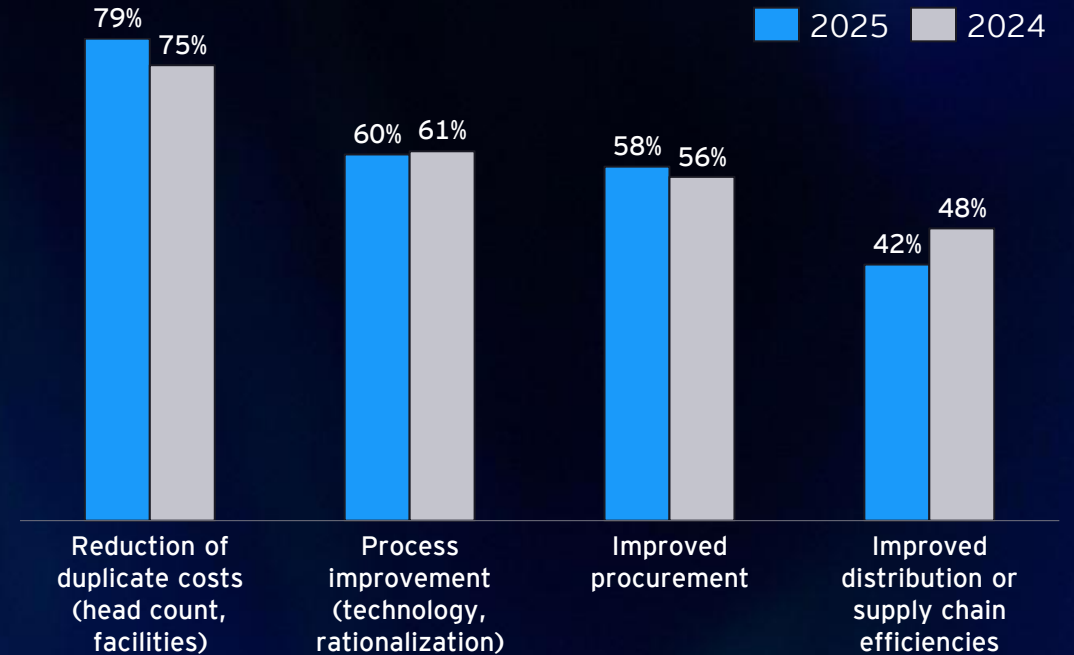
What actions did you take to increase your chances of achieving deal synergies?

2025



- Allocation of responsibilities to functional representatives
- Initiated integration earlier
- Utilized tools and technology for timeline management and synergy tracking
- Set more ambitious synergy targets

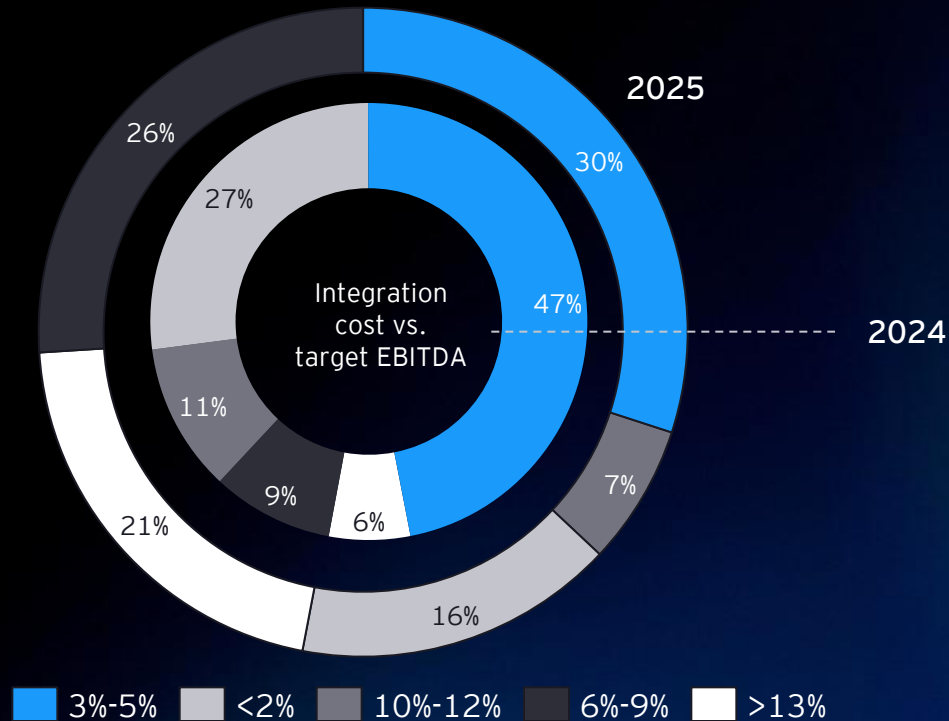
Which of the following were the main drivers to select the cost savings or synergy initiatives?



Starting integration early enables faster alignment of strategies and processes, reduces execution risks, and accelerates the realization of cost synergies – particularly through duplicate cost reduction and process improvements.

# Integration costs typically remain below 5% of target EBITDA, with supply chain and procurement and sales and marketing driving the highest impact

What was the impact of the integration costs on the target's EBITDA in percentage?



Which were the most impacted business areas by the integration costs?

Function	Highest	Moderate	Least
IT and systems	72%	28%	0%
Legal and regulatory	16%	70%	14%
Pension and benefits	21%	16%	63%
Real estate and facilities	26%	67%	7%
Research and development	33%	44%	23%
Sales and marketing	63%	35%	2%
Severance and retention	37%	56%	7%
Supply chain and procurement	60%	40%	0%
Environmental, Social, and Governance (ESG)	9%	16%	74%

While integration is critical to unlocking deal value, associated costs generally remain modest relative to target EBITDA. A disciplined and well-sequenced integration approach is essential to capture synergies without diluting EBITDA performance.

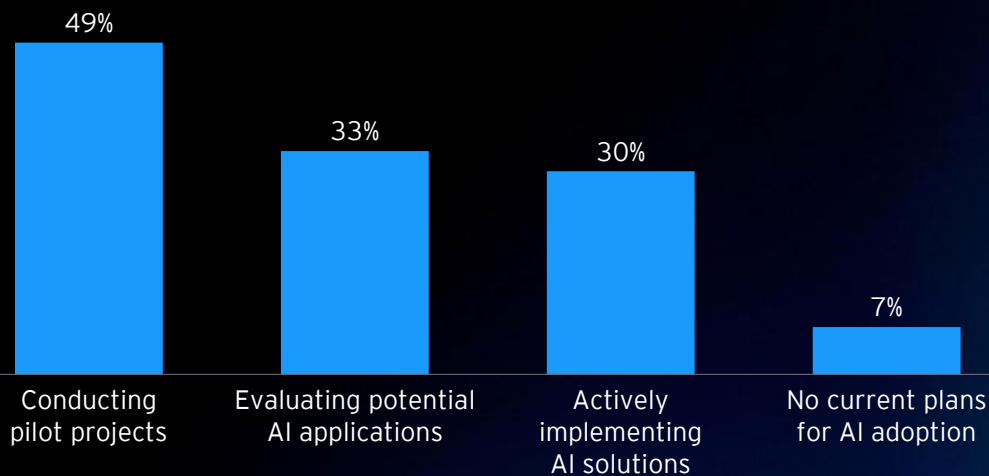
# 4

## Impact of AI and ESG



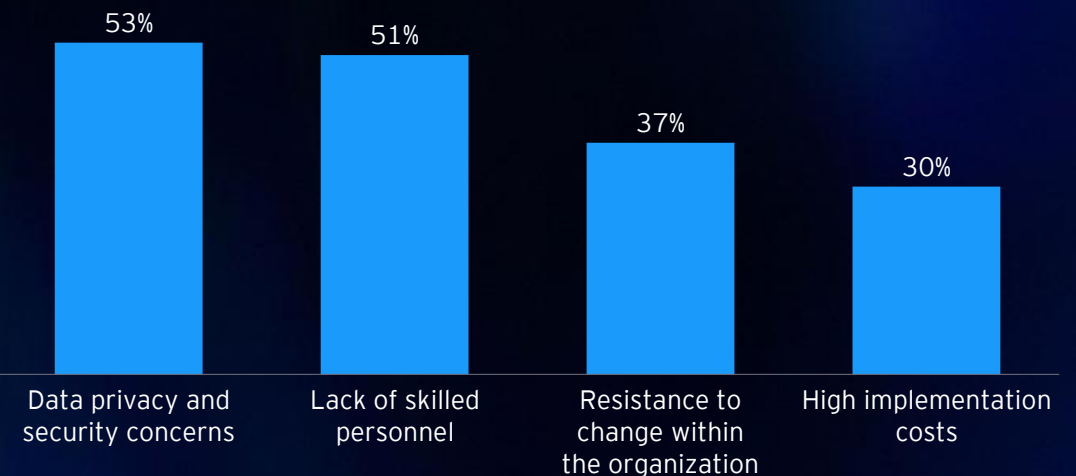
# AI adoption is gaining momentum, with companies moving beyond pilots, although data security, skill gap and change management remain key barriers to scale

## How is your company progressing in the adoption of AI Technologies?



- AI adoption is widespread but stalled, with most organizations stuck in pilots or evaluations and only ~30% achieving real implementation at scale.
- The minimal share with no AI plans confirms AI is strategically non-negotiable, yet execution capabilities lag ambition.
- Competitive advantage will shift to firms that move decisively from experimentation to enterprise-wide deployment of a few priority use cases.

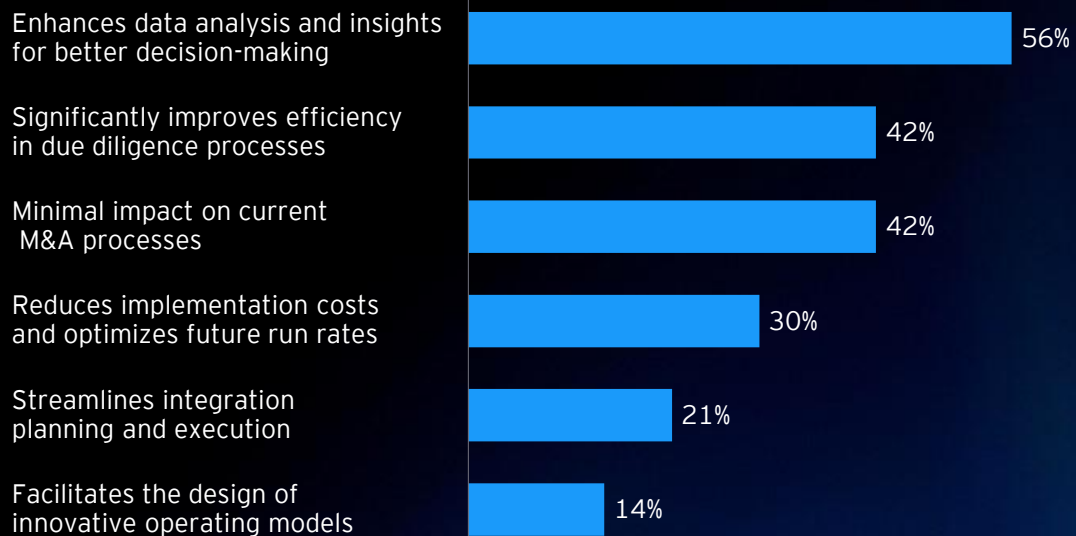
## What challenges do you face in integrating AI into your business processes?



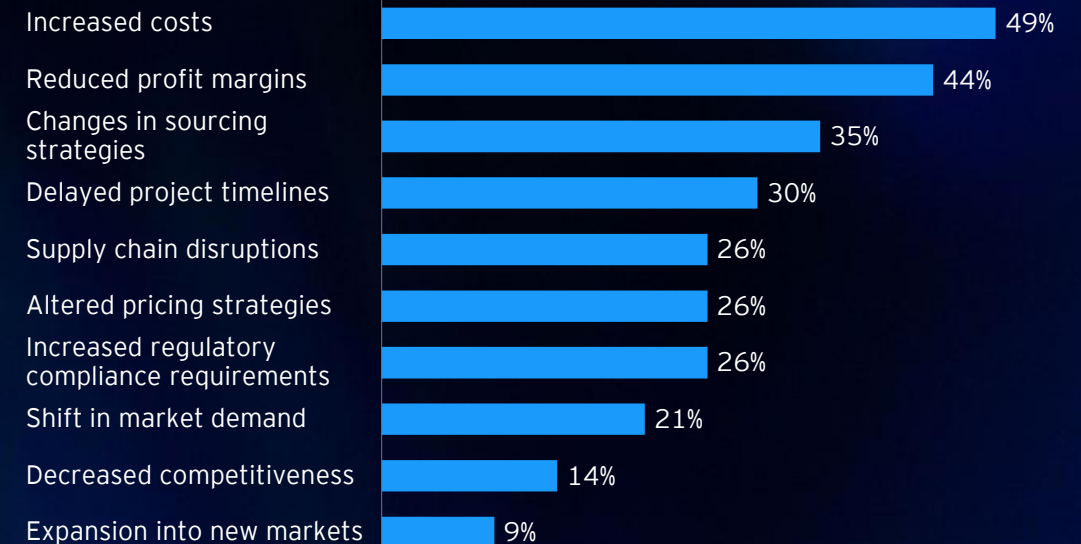
- The biggest constraints to AI scale are trust and capability, with data security and talent gaps outweighing cost concerns.
- Cultural resistance remains a material drag, signaling that AI is fundamentally a change and leadership challenge, not just a technology one.
- Winners will invest as much in governance, skills, and change management as they do in AI tools and platforms.

# While GenAI is increasingly seen as a value enabler in M&A processes, trade & tariff dynamics continue to exert significant cost and operational pressure on businesses

## How do you perceive the role of generative AI in enhancing your M&A processes, particularly in diligence, integration, and future operating model design?



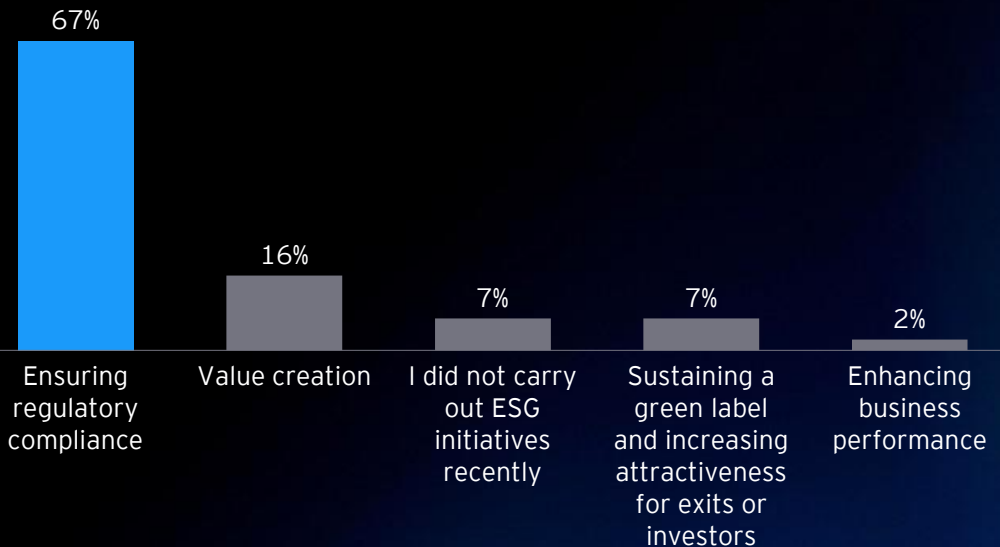
## What impact have trade and tariffs had on your business operations?



- GenAI is increasingly viewed as a **value enabler in M&A**, particularly in **data-driven decision-making and diligence efficiency**, signaling a shift from experimental use to targeted value creation. At the same time, **trade and tariff pressures are structurally raising costs and compressing margins**, forcing organizations to rethink sourcing, pricing, and execution timelines.
- Together, this creates a clear mandate: **use GenAI to offset external cost pressures by accelerating integration, improving deal quality, and designing leaner post-merger operating models.**

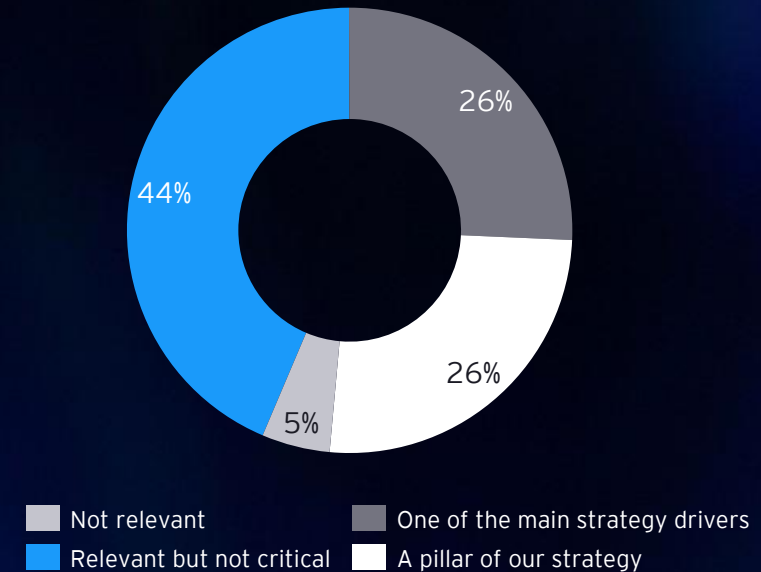
# Despite broad acknowledgment of ESG's importance, most companies continue to approach it as a compliance requirement rather than a core value-creation lever

What are the primary objectives of ESG initiatives you ran over the last 3 years?



- ESG initiatives have been largely compliance-driven, with **regulatory adherence** cited as the **primary objective** by a majority of companies.
- Value creation and performance** impact remain secondary, indicating limited integration of ESG into core business strategy.

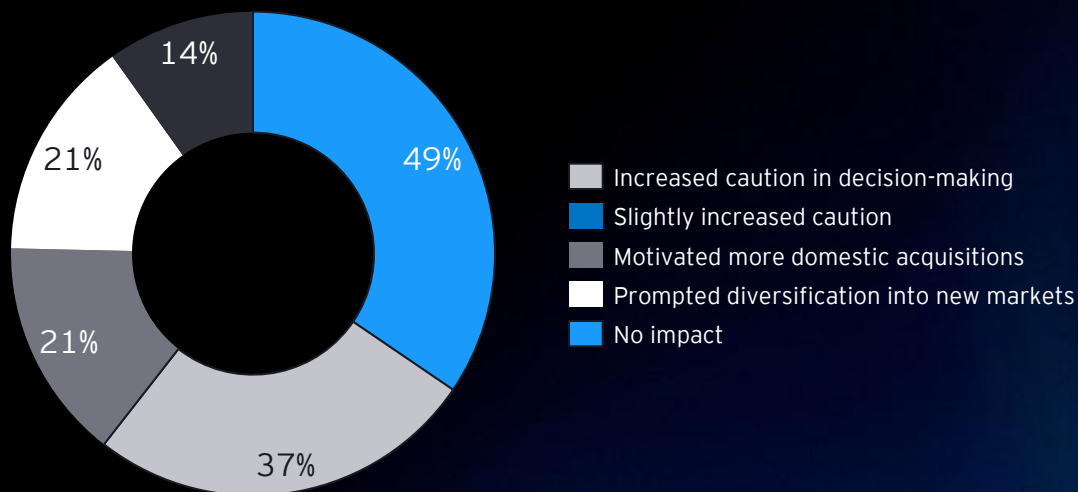
How would you rank the priority of ESG initiatives for your company?



- While ESG is considered relevant by most organizations, it is rarely viewed as a key strategic driver.
- A significant proportion still sees ESG as non-critical or low priority, reinforcing its treatment as a checkbox activity rather than a growth lever.

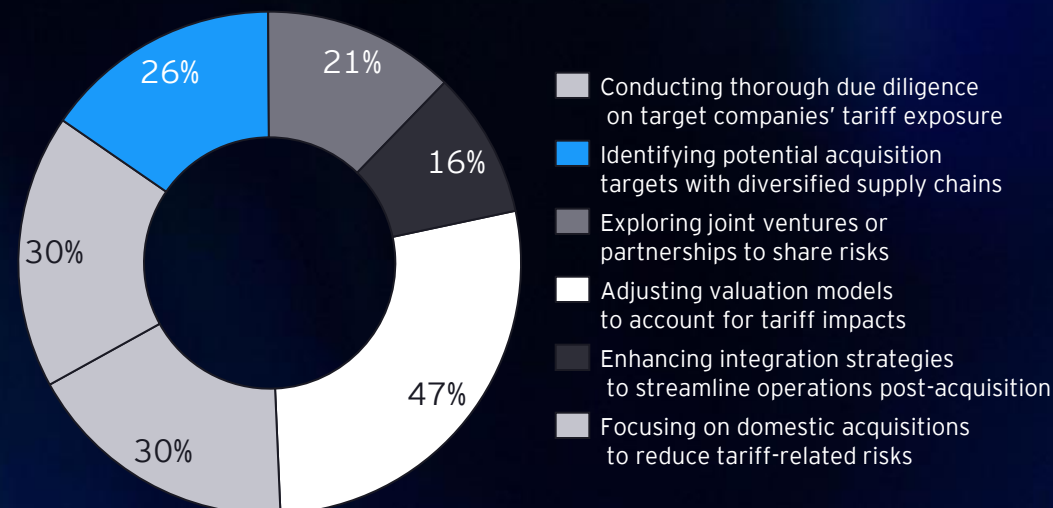
# Tariffs and supply chain disruptions are increasing caution in M&A, driving stronger diligence, supply chain diversification, and a focus on domestic deals

How have tariffs and supply chain challenges influenced your M&A strategy?



- Companies are becoming more cautious in M&A decision-making, reflecting heightened sensitivity to tariff and supply-chain risk rather than a pullback from deal activity.
- This caution is translating into a preference for domestic acquisitions and selective diversification, prioritizing predictability over cross-border expansion.

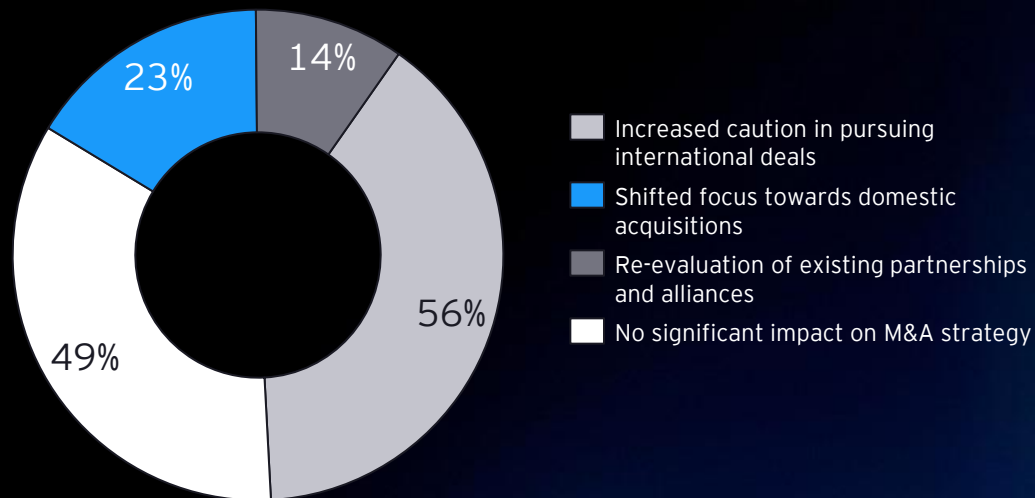
How do you plan to mitigate the potential impact of increased tariffs on your company operations and M&A activities in the next 12 months?



- Firms are focusing on deeper tariff-specific due diligence and acquiring targets with diversified supply chains, embedding risk assessment upfront.
- Fewer companies rely on post-deal levers, signaling a preference to avoid risk at entry rather than fix it after acquisition.
- Lower reliance on joint ventures and post-acquisition integration efficiencies suggests a preference for risk avoidance at entry, rather than complexity management after deal close.

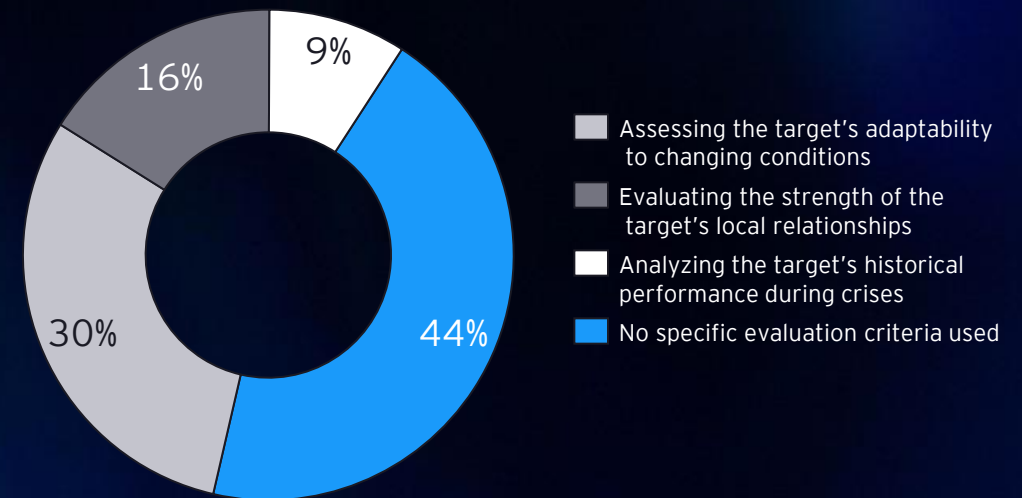
# Geopolitical uncertainty is reshaping M&A strategies, driving greater selectivity in international deals and deeper scrutiny of long-term target resilience

How have recent geopolitical tensions influenced your company's approach to M&A?



- Geopolitical uncertainty is **materially reshaping M&A behaviour**, with a majority of companies increasing caution on international deals and reassessing cross-border exposure.
- The shift toward **greater selectivity and domestic or lower-risk transactions** reflects a prioritization of deal certainty over scale or geographic expansion.
- This marks a structural change in M&A strategy, where **risk-adjusted returns and resilience** are becoming as important as growth potential.

How do you evaluate the long-term sustainability of an acquisition target in the context of geopolitical risks?



- Buyers are increasingly emphasizing **forward-looking resilience**, with the strongest focus on a target's adaptability and the robustness of local relationships.
- Traditional backward-looking metrics, such as historical performance, are playing a secondary role in investment decisions.
- The limited use of structured evaluation frameworks highlights an opportunity for acquirers to **institutionalize geopolitical and resilience due diligence**.

# Europe West Buy and Integrate community – Key contacts

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