



2025 M&A Outlook

Ireland
February 2025



In **2024**, Ireland's M&A landscape was characterised by cautious optimism and strategic consolidation. Deal volume declined as dealmakers adopted a measured approach amid macroeconomic volatility and geopolitical tensions. Transactions involving Irish businesses fell by 14%, hitting their lowest level since 2020. Higher interest rates made financing more challenging, leading to more conservative deal structures. Despite this, deals involving Irish targets reached €27.7bn, a remarkable 4x growth in value compared to 2023 and a three-year high. The technology sector accounted for over half of this activity, while private equity investments continued to grow. We have observed that deals are taking longer, with more intensive due diligence from buyers who are exercising additional caution. This has driven some unpredictable behaviours and deal outcomes.

Looking forward into **2025**, we expect M&A activity to tick up and remain robust across major high-growth sectors, fueled by positive macroeconomic conditions and rising investor confidence. Private equity firms will remain active buyers and sellers, while mid-market transactions which have consistently led M&A activity in Ireland, are likely to sustain their momentum throughout 2025.

While the M&A outlook remains optimistic, the due diligence process is expected to continue to be intensive with sellers focusing early on exit preparation.



MACRO-ECONOMIC FACTORS

- Ireland has demonstrated resilience in navigating recent economic challenges, outperforming several European counterparts, thus bolstering investor confidence. **A well-received national budget, combined with strategic government investments in infrastructure, innovation, and talent development, has fostered a stable and dynamic environment for deal-making.**
- In contrast to other nations grappling with economic stagnation, Ireland's economic outlook is favourable. Recent forecasts indicate **GDP growth of 4.2% and 4.5% in 2025 and 2026 respectively.** Underpinning this growth is a record number of persons employed, favourable demographic trends, falling inflation, real income growth, robust consumer spending and a record volume of savings by households. External macro-risks remain, however a downward path for interest rates further upholds the positive outlook.
- **International acquirers increasingly view Ireland as a strategic gateway to both the EU and UK.** Private equity thrives on favourable market conditions as already detailed, while other key attributes noted are; English as our primary language, euro currency, availability of talent, amongst much more. These positive variables, along with an expectation of further interest rate cuts by the ECB in 2024 should be a positive for M&A activity in Ireland.



EVOLVING INDUSTRY DYNAMICS

Private Equity to lead the charge, complemented by steady activity in IPOs, divestitures and outbound M&A

- PE continues to be a major driver of M&A activity in Ireland with the market experiencing remarkable growth in the past 15 years. **Despite an overall decline in deal volume, the volume of PE transactions increased 124%, reaching 74 deals in 2024, compared to 33 in 2023.** A key factor in this transformation is the increasing willingness of Irish businesses, including family-owned enterprises, to consider external investment, creating new avenues for growth and expansion – as well as a growing private equity secondary market, with private equity owned businesses transacting again with larger funds.
- PE activity in 2025 is expected to remain robust, supported by lower interest rates, stronger portfolio performance, substantial dry powder awaiting deployment, and a growing number of participants in the Irish market. **Exits from Private Equity investors are also expected to drive deal activity in the Irish market;** and we anticipate seeing more upper mid market and large cap deals, alongside strong mid-market activity.
- IPO markets are expected to start gaining renewed momentum as interest rates normalise and market conditions stabilise. Companies are likely to begin early planning to capitalise on favourable listing windows and **we anticipate a higher level of IPO readiness assessments** as clients start to consider their future plans.
- While Irish companies continue to actively pursue outbound M&A to enhance capabilities and expand international presence, **we expect carve-outs to continue as a part of the Irish M&A landscape** as businesses look to divest non-core assets and focus on high-growth and core areas.





EVOLVING INDUSTRY DYNAMICS (CONT'D)

Technology sector dominates the M&A spotlight



- Ireland is poised to remain a key European hub for tech companies, driven by investments in Software as a Service (SaaS), AI, cybersecurity, datasecurity, and cloud computing. **Companies within these subsectors, especially with niche tech capabilities, present significant growth potential and recurring revenue opportunities for both strategic and PE investors** and are key drivers of growth and investment activity in the Irish market.
- **Technology was the most-targeted sector in Ireland during 2024**, accounting for 52% of overall activity by value. There has been strong interest in companies within the fintech and software development space, often with an AI component, as companies seek to enhance their capabilities in this area.
- Through the lens of both our clients and our Fast 50 programme we have seen how the domestic Irish technology sector has grown and positioned itself on a global scale **making these companies and their management teams very attractive M&A propositions** and very backable for PE and private investors.

Renewables reign supreme



- Ireland's Climate Action Plan has set ambitious targets to increase the share of electricity generated from renewable sources up to 80% in 2030. Additionally, Ireland has committed to halving its greenhouse gas emissions by 2030 and reaching net zero by 2050 at the latest. To achieve these targets, the Government needs to work with enterprises and consumers, as well as **requires significant investments from both the public and private sector**.
- These ambitious energy transition plans, proactive policy settings and infrastructure projects, together with focus on sustainability and decarbonization are expected to fuel activity in the renewable sector.

Consolidation of regulated markets



- The Irish financial services sector is **undergoing significant structural transformation, with notable M&A activity across various sub-segments**, from insurance to banking and the broader non-bank sector. Consolidation is being driven by a push for scale, cost efficiencies, regulatory resilience, technological demands, and the need to compete globally and reflects Ireland's growing importance as a financial hub and its adaptability in a rapidly evolving market landscape.
- An anticipated decline in interest rates and a secular trend towards consolidation of regulated market operators as well as continued consolidation of larger players with significant Irish footprints or who see the Irish market as an attractive expansion opportunity **should see dealmaking continue in 2025**.

Life sciences / Medtech M&A likely to stay resilient amidst regulatory shifts



- Ireland has solidified its **position as a global hub for life sciences, attracting top-tier pharmaceutical, medical device, and biotechnology firms**. The country's rich history of innovation, vibrant ecosystem, and highly skilled workforce have made it a leading destination for life sciences and medtech businesses.
- In recent years, M&A activity has surged, with international pharma giants and PE firms viewing Ireland as a gateway to the European market. We have seen very **strong investment levels into a range of sub-sectors including pharma services, Medtech and the CDMO sector**.

ESG considerations taking center stage



- ESG considerations are gaining prominence among stakeholders and shareholders, presenting both financial and reputational risks in M&A transactions. **Investors are increasingly focused on monitoring and enhancing ESG metrics to unlock their value**.
- The shifting regulatory landscape, including EU directives such as the Corporate Sustainability Due Diligence Directive, is driving Irish businesses to embed ESG principles into their operations and investment strategies. **Compliance with these regulations is now a key factor in M&A transactions, significantly impacting buyer evaluations and deal valuations**.



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