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# Mergers & Acquisitions Special Report

The Irish Times

Insights from  
Key Capital **CEO Colin Morgan** on  
sector consolidation and cross-border M&A

# Mergers & Acquisitions

A Special Report

Friday, February 20th, 2026 Editor: Barry McCall

## Structural strengths drive Irish M&A success

Ireland recorded 524 deals last year, up 3% on 2024, even as global activity hit a low

SANDRA O'CONNELL

Merger and acquisitions activity in Ireland proved remarkably robust during 2025 against a backdrop of global economic uncertainty and geopolitical turbulence.

Law firm William Fry's full-year M&A review shows Ireland recorded 524 deals, a 3 per cent volume increase on 2024, even as global M&A activity hit a 20-year low in April following the USA's "Liberation Day" tariff shock.

"This relative outperformance highlights the strength of Ireland's economic base, including a diversified sector base and a consistently stable mid-market that proves less affected by short-term disruption," says Andrew McIntyre, head of corporate and M&A at William Fry.

Ireland's macroeconomic conditions also remained favourable, with the International Monetary Fund forecasting 9.1 per cent GDP growth for 2025, sustaining corporate con-

fidence and investment appetite.

"So, while the global environment might have suggested a slowdown, Ireland's structural strengths, especially its multinational footprint and high-performing domestic sectors, meant the conditions for sustained activity were firmly in place," says McIntyre.

A combination of structural and cyclical factors underpinned that strong performance. "The most significant was the continued dominance of inbound activity, with international acquirers responsible for 59 per cent of all transactions and 72 per cent of total deal value," says McIntyre.

"International bidders also led 15 of the 20 largest deals announced in 2025. Cross-border buyers, particularly from the US, UK, and Europe, remained active, drawn by Ireland's stable regulatory environment, skilled talent base, and strong industry clusters."

The mid-market continued to be the engine of Irish M&A,



■ M&A activity in Ireland held up well despite geopolitical turbulence and US tariff shocks. Above right: Katharine Byrne, head of deal advisory at BDO Ireland

PHOTOGRAPH: ISTOCK

accounting for 90 per cent of disclosed transactions and providing consistent deal flow even as overall large-cap activity moderated.

Sectoral strength in energy and utilities, pharmaceuticals and biotech, and financial services collectively accounted for many of the year's largest deals.

Technology, media and telecoms activity also remained resilient in volume terms, even though overall deal values contracted.

Large-cap deals still featured, with 12 deals worth €250 million or more, including the year's largest deal, Ardian's €2.5 billion acquisition of the Energia Group.

Private equity activity rose by 9 per cent, with sponsors participating in seven of the 20 largest deals.

"Total M&A value fell 35 per cent year on year, but this was primarily due to the absence of a 2024-style megadeal, namely

the €10.1 billion Fab 34/Apollo transaction, which skewed the prior year's numbers. When viewed over a longer period, total value and volume levels were higher than seven out of the last 10 years," says McIntyre.

**Cautiously optimistic**

At the same time, 2025 saw sustained activity in the midmarket, with 90 per cent of all deals valued at between €5 million and €250 million.

Looking ahead, the phrase du jour is "cautiously optimistic", with expected interest rate reductions likely to further ease

funding pressures and support both strategic and private equity-backed transactions.

Pressure to deploy "dry powder" and capitalise on stabilising valuations is also a feature.

"Ireland's status as a strategic gateway remained vital, with significant interest from US and European buyers," says Jennie Quirke, partner in A&L Goodbody's corporate transactions and M&A group.

"In addition, following ECB interest-rate cuts in mid-2025, financing conditions improved, helping to narrow the 'valuation gap' and improving access to financing for buyers."



“Solid businesses with strong management teams are very attractive to international buyers – private equity as well as trade

from geopolitical uncertainty to a sudden shift in interest rates. "There's a lot of scenario analysis being conducted by vendors to understand what the risks are, and to try and mitigate against them, before they go to market," says Byrne.

But what has been equally striking is how resilient Irish businesses have proved.

"Solid businesses with strong management teams are very attractive to international buyers – private equity as well as trade. You've also got so much private equity that needs to get deployed and is looking for opportunity."

The fact that Ireland remains a stable, pro-business environment, with access to the EU single market and a competitive tax regime, supported by a deep talent and innovation base, all helps, says Laura Gilbride, deals partner at PwC Ireland.

**Cross-border synergies**

"Our strong FDI base and Ireland's position as a stable, English-speaking EU gateway kept international buyers engaged, led by UK and US buyers seeking EU access and cross-border synergies," she adds.

This, in part, is why the outlook is indeed "cautiously optimistic", says her colleague James McMenamin, PwC Ireland's corporate finance partner, who expects cross-border appetite to remain strong, particularly from the UK and US.

"Valuation discipline is likely to persist, keeping activity centred on opportunities with durable earnings and clear value-creation plans, and competitive tension should remain strong-est in the midmarket," says McMenamin.

"The principal variables are geopolitical developments and evolving trade policies, which may influence deal structures and timelines, but Ireland's fundamentals point to a resilient deal-making environment."

## No 'one-size-fits-all' approach to mergers and acquisitions

DANIELLE BARRON

Notable features of many M&A transactions include earn-outs, part sales and deferred considerations. But different deal structures have their own advantages – and disadvantages.

Adrian Benson, partner and head of corporate and M&A with Dillon Eustace, says there is "no one-size-fits-all" when it comes to structuring a merger or acquisition. "Both buyers and sellers typically consider what type of structure would be most beneficial and would be acceptable to each counterparty," he says.

Every deal is different, agrees Mary Kiely, corporate partner with Eversheds Sutherland. "Whether you are sell side or buy side, understanding what the right deal structure is for you is key," she says.

"There are many different factors which influence deal structure, such as deal funding, the risk appetite of the parties and the regulatory landscape."

The most straightforward deal structure, Kiely says, is where 100 per cent of the purchase price is paid upfront and the transaction signs and completes on the same day.

"This is often regarded as seller-friendly because it delivers deal certainty and price certainty," she notes, however, that achieving this "simplistic" deal structure is often out of the hands of the parties to the transaction. "Regulatory approvals, such as merger control consent, will often dictate deal timing while the availability of deal funding will often dictate payment terms," she explains.

While sellers will typically want payment in full in cash on

completion, Benson points out that this may not be possible for several reasons. "The buyer may have insufficient funds, perhaps the buyer wants an escrow or retention arrangement to cover warranty and indemnity claims or else the parties can't agree on the target's value," he says.

In these circumstances the seller may agree to a deferred or earn-out consideration mechanism. These can include completion accounts, earn-outs and anti-embarrassment protection.

**Frequent feature**

Earn-outs and deferred consideration structures have become a frequent feature of deals in recent times.

"Such structures facilitate greater risk allocation between the seller and the buyer," says

Kiely. "In an earn-out structure, the seller will only be paid if the target achieves certain agreed financial milestones, such as a revenue target, during an agreed time period – for example, three years. Earn-outs provide the buyer with comfort on valuation and protection against economic and other factors, but this structure will not work if the seller requires a clean exit."

Sellers often favour the certainty of a deferred consideration structure over an earn-out structure – albeit provided the seller has confidence in the credit worthiness of the buyer, says Kiely.

"Under a deferred consideration structure, the payments will typically be fixed in quantum but staged, providing the buyer with greater flexibility for deal funding and comfort



■ Adrian Benson, partner and head of corporate and M&A with Dillon Eustace, and Mary Kiely, corporate partner with Eversheds Sutherland

that there is a 'pot' available for warranty claims." The sector of the target's business may also influence



date, say due to lack of a market in the shares in the case of a private company, or non-payment in the case of loan notes if the buyer's financial position deteriorates post completion," he notes.

**Added complexity**

A part sale structure is more commonly seen in management buyouts and private equity transactions, with private equity investment regularly structured as a part sale or roll-over.

"Therefore, in addition to agreeing the terms of the sale, such transactions have the added complexity of negotiating the terms of a shareholders' agreement," Kiely says.

Benson says companies must weigh up which structure suits their business best.

"They must consider whether the profile of the business being sold makes an earn-out appropriate, the tax implications for sellers of a particular deal structure, how a buyer can finance the purchase if it has insufficient cash of its own and, of course, the implications of financing with debt or equity – or both – for both buyer and seller," he says.

how the purchase price is paid. "For example, deferred consideration structures, based on achieving certain milestone events, are relatively common in the renewable energy sector whereas sales-based earn-out structures are much more common in the consumer and retail sector," Kiely explains.

Benson points out that one of

the cons associated with this type of deal structure is that if the seller doesn't receive the full amount upfront in cash, it may then need to fund its own transaction costs and potential tax liabilities out of its own resources.

"The seller also runs the risk of share value fluctuations or difficulty in exiting at a later

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# There's a consolidation happening in Ireland. But is bigger always better?

Private equity has had a major influence on the trend, particularly through 'roll-up' strategies

## DANIELLE BARRON

A notable feature of the Irish M&A market in recent years has been consolidation in a number of sectors including pharmacies, insurance brokerages and accountancy practices.

Indeed, in Ireland, sector consolidation has been a key theme in many recent major deals. But is bigger always better?

Companies that were once comfortable being mid-sized players are now asking themselves whether they can truly compete without scaling up, says Paddy Quinlan, corporate M&A partner at legal firm Taylor Wessing.

"Businesses in Ireland and elsewhere are increasingly recognising that scale matters," Quinlan says. "In today's competitive landscape, consolidation has become less of a strategic option and more of a survival imperative in many sectors."

Quinlan notes that private equity has had a major influence on this trend, particularly through so-called roll-up strategies, which involve acquiring multiple smaller companies in fragmented sectors and combining them into a single, more valuable platform. "We've seen this approach in areas such as financial services, healthcare, software and professional services," he says.

Domestic examples include big consolidators such as Fairstone, Arachas, Howden and Village Vets, while internationally, the likes of Grant Thornton and Azets continue to consolidate in the professional services sector.

"More broadly, we have seen large Irish companies such as Smurfit Kappa, Greencore, CRH and Flutter achieve scale, and new markets, through international strategic acquisitions," he adds.

## Professional services sector

In 2025, the professional services sector saw a consolidation approach driving activity, with legal, accountancy and consultancy firms generating the highest volume of merger notifications for the second consecutive year.



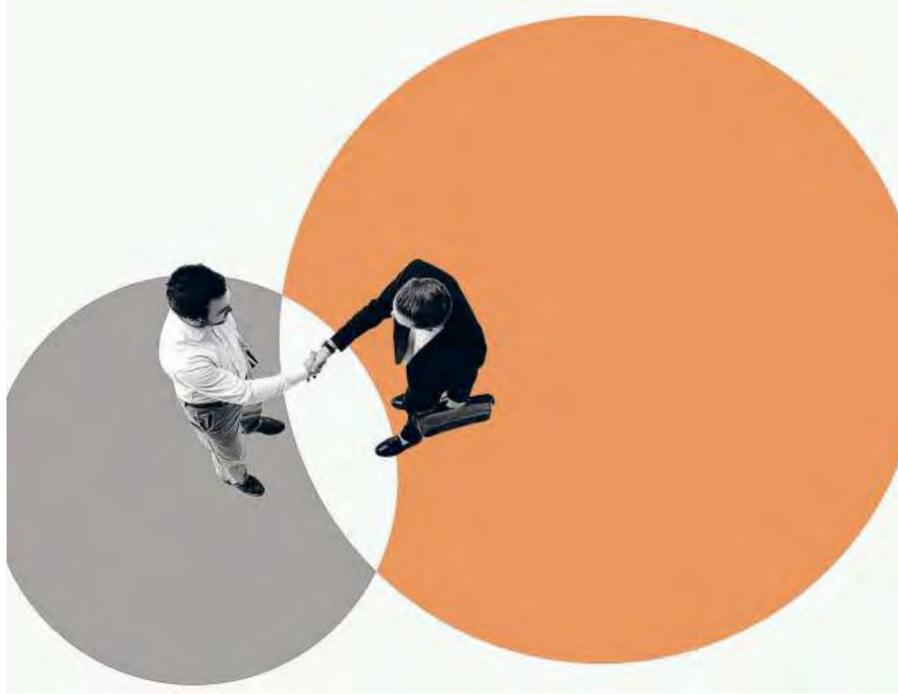
■ From top: Maria O'Brien, partner in William Fry's corporate/M&A department; Colin Morgan, chief executive of Key Capital

Quinlan also notes that consolidation in the engineering services sector continues apace, with consistent investor appetite for businesses servicing the likes of data centres and power infrastructure.

Colin Morgan, chief executive of Key Capital, says consolidation in sectors such as insurance broking and accountancy has been a key theme in recent years and is a trend he expects to see continue.

"However, other sectors we have seen heightened consolidation activity in recently include the independent financial adviser (IFA) and wealth management sector and the heating, ventilation, air-conditioning and refrigeration (HVACR) sector," he says.

In the IFA and wealth management sector, activity is strong, with more than 900 total deals completed across Britain and Ireland since 2020. While the vast majority



**Consolidation should deliver cost efficiencies, broader service offerings, enhanced bargaining power with suppliers and, often, access to, and capital for, better talent and technology** – Paddy Quinlan, corporate M&A partner at legal firm Taylor Wessing

of these deals were completed in the UK, the Republic is experiencing heightened levels of interest in the sector driven by UK private equity-backed platforms looking for further growth, as well as indigenous consolidators, Morgan says.

"For example, Key Capital advised Tara Financial on its sale to Gallivan Financial, an independent consolidator based in Kerry – this deal marked Gallivan's third acquisition in 2025 and its fifth deal to date."

Private equity-fuelled consolidation within the legal services sector in the UK has been accelerating and Morgan believes it is poised to be the next driver of professional services M&A activity in the Republic.

"Transactions involving private equity have risen sharply, climbing from nine deals in 2023 to 15 deals in 2025, reflecting an increasing willingness to deploy capital

in a sector that has been traditionally resistant to outside investment," he says.

Growth by acquisition is also highly evident in the healthcare sector, says Maria O'Brien, partner in William Fry's corporate/M&A department.

"Consolidation in the sector has accelerated year on year and, although in some of the subsectors consolidation is not at the levels previously seen, the wider sector continues to see a great deal of consolidation," she says. Pharmacy, medical and dental groups have been the drivers of this activity, with Centric Health, Dental Care Ireland and Uniphar being particularly active.

In all sectors, the strategic benefits of consolidation are driving the financial deals underpinning these transactions.

"These include additional services, product offerings and customer bases, in addition to scale and integration synergies, in terms of both cost and revenue opportunities arising from consolidation," says O'Brien.

Taylor Wessing's Quinlan agrees that

the logic for consolidation can be compelling. "Consolidation should deliver cost efficiencies, broader service offerings, enhanced bargaining power with suppliers and, often, access to, and capital for, better talent and technology – investment in generative AI tools being a good example of the latter," he says.

## Accelerating growth

For Irish family-owned businesses, particularly those facing succession challenges, being acquired as part of a roll-up can provide liquidity while also preserving employment and often accelerating growth.

Private-equity-backed roll-ups typically move quickly and decisively, Quinlan points out.

"They identify fragmented markets, establish a platform company, then rapidly acquire competitors or complementary businesses," he says.

"The Irish market's relatively small size means that achieving meaningful consolidation can happen faster than in larger jurisdictions and we expect this trend to con-

tinue. For Irish businesses, particularly in fragmented sectors, the consolidation wave presents both opportunity and urgency."

William Fry's O'Brien agrees, noting that the Competition and Consumer Protection Commission's latest M&A report points to continued momentum in deal-making and further consolidation across key sectors.

"We expect consolidation to remain buoyant in the sectors where it has been a feature, and in some cases ramp up, as the factors that have made these businesses attractive for investment and suitable for consolidation continue to be central to any growth strategy aligned with increasing regulatory and technology factors," she says.

"Substantial uninvested capital has resulted in private equity firms looking at the Irish mid-market and, while there remains a great deal of instability at a macroeconomic level, the microeconomic trends suggest that targets will remain keen to explore acquisition."

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## Growing the value of a business takes time

### SANDRA O'CONNELL

Typically, the prime motivation for an acquisition is to accelerate growth, but sometimes the whole is less than the sum of the parts. So how can buyers be sure the purchase will have the desired impact?

"Unfortunately, in some cases M&A transactions fail to deliver the expected value for the buyer in the long run," says Ken McAndrew of Camigo Consulting, an M&A advisory firm.

"This is sometimes down to cultural or strategic misalignment between the buyer and the seller, causing friction post-transaction and eroding value in the business. In other cases this is down to a lack of understanding of the complexity of the business being acquired and, as a consequence, underestimating the effort to realise the cost and revenue synergies."

It's why mature buyers take the time to look beyond the numbers and make sure they are aligned with the incoming leadership team, both culturally and strategically, before they make the decision to acquire.

### Creating long-term value

"They will also understand that creating long-term value post transaction takes time and requires collaboration with the senior stakeholders in the business. Trying to force home cost or revenue synergies that were identified in a report or spreadsheet, when the business isn't

ready to accept the change, rarely delivers a good outcome for all involved," says McAndrew.

James McMenamin, corporate finance partner at PwC Ireland, says most buyers are "trying to turbocharge growth with speed and certainty. That usually means getting into new markets, adding capabilities they do not have today or consolidating to build scale where industries are fragmented," he says.

"The smartest buyers keep coming back to the same basics – durable earnings, clear value creation levers and cultural fit."

When assessing the merits of any potential deal, start with the strategic fit.

"Does the target clearly advance the growth thesis and can value be realised within a reasonable time frame?" says Tom Noonan, corporate finance director at PwC Ireland.

Understand the fundamentals of a target, including the quality of revenues, margin resilience and the credibility of its growth story.

"It's critical to map out the integration requirements early, covering systems, processes, technology, people and culture, and stress test whether the combined business can unlock synergies without disrupting the base," says Noonan.

Before committing to a deal, buyers should confirm that regulatory, tax and legal considerations align with strategy and timetable.

"I encourage clients to invest properly in diligence with the right specialists, and to plan ahead for Irish FDI screening and merger control where they apply. At the same time, align tax and legal structuring early and keep a firm hand on valuation discipline. Finally, lock in funding certainty and agree clear decision gates, so the energy of the deal never gets ahead of the evidence."

### Due diligence

When it comes to due diligence, "do not stop at the financials", Noonan adds.

"I encourage teams to probe cybersecurity resilience, ESG practices and any geopolitical or supply chain exposures because these are now central to buyer decisions," he says.

"If the seller has strong vendor-style materials, use them, but still verify independently and triangulate across multiple data sources. Spend time with the target's management and identify potential integration leaders early. Understanding the talent, the culture and how decisions get made is often the difference between a deal that looks good on paper and one that delivers in practice."

Have the right people in place to deliver the integration. "Leadership teams are expected to design and deliver a new organisation while continuing to run the existing one, effectively 'building the plane while flying it,'" says Ian Whitefoot,

partner at Deloitte Advisory. "Deals tend to perform better when integration is assessed and planned for during due diligence, with early decisions on what should change, what should stay the same, and a clear plan in place to execute once the deal completes."

Once the deal is done, post-acquisition success hinges on more than just operational alignment – it's about creating a cohesive integration culture. "Start by crafting a clear integration strategy that aligns business operations, sets timelines and assigns roles. This is your roadmap to achieving the desired positive impact and synergies," says Stephen Walsh, advisory partner at PwC Ireland.

Successful integration lies in blending cultures. "When two organisations merge, differences in values and practices can cause friction. That's why fostering a shared identity is crucial."

"When employees are engaged and aligned, the acquisition is more likely to deliver long-term financial benefits. Embrace integration culture, and watch your acquisition thrive."

# Preparing a business for sale doesn't have to drag it down

Owners should make sure the business is in the best place for sale rather than fixating on when to sell

EMMETRYAN

There comes a time when after years of effort, you want to cash out on the work you have put into a business. In order for a sale to succeed there are several steps required.

As Roy Keane likes to say, fail to prepare, prepare to fail. Although he didn't originate the saying, the Corkman's wisdom should be observed when it comes to selling a business.

Owners looking to sell need to focus on making sure the business is in the best place for sale rather than overly fixating on when to sell. To do this, preparation is the true determinant of success irrespective of the when.

By focusing on where value is created and how your business can look best in that respect, timing won't disappear as a factor, but it will be reduced substantially in importance.

This is why getting the basics right is so important. Many deals falter due to mishaps with the core fundamentals that can reduce buyer confidence.

"The most damaging issues are often surprisingly basic," says Adam Griffiths, corporate M&A partner and head of the Taylor Wessing Dublin office. "Poor document management means contracts are scattered across email inboxes and local files and, when signed copies cannot be provided or inconsistencies emerge, buyer

confidence begins to erode. That often uncovers deeper risks, such as forgotten change-of-control clauses or poor IP [intellectual property] management that can directly impact value."

Showing that you are prepared sends clear positive signals to prospective buyers. The greater the foundation, the more a business appears scalable. Remember, the buyer will want to gain value after the sale and having the i's dotted and t's crossed will be viewed as a positive indicator for growth potential.

"Operational readiness is consistently underestimated. Businesses that invest in systems, data hygiene, cybersecurity and scalable processes send a clear signal that they can grow efficiently under new ownership," says Griffiths.

This isn't just about comfort for the buyer; it's about recognising value as they won't have to do as much work fixing things to run smoothly post-acquisition.

That's important when it comes to the 'when' of selling. The time you put into being ready to sell is far more important than the time you actually sell. You need to be realistic in this regard as matters such as regulatory approval or the views of other shareholders must be factored in.

"A 12-18 month runway is realistic. The most successful processes are those where the 'house is in order' well before engagement with potential bidders," says Griffiths. "Regulatory requirements are another common blind spot, with FDI [foreign direct investment] and competition regimes becoming more interventionist, transactions that once closed in weeks can now take months."

Preparation is crucial to the step that matters most to sellers, putting a price on the business. Put yourself in the shoes of the buyer, they are going to value certainty a lot higher than potential.

"The most common misconception is



■ Left: By focusing on where value is created and how your business can look best in that respect, timing will be reduced in importance. Below (from left): Eimear O'Hare, director of BDO Dublin; Adam Griffiths, head of Taylor Wessing's Dublin office; and Laura Gilbride, deals partner at PwC Ireland

ceed. Putting in the hard work helps them to think more like the buyer and adapt accordingly.

"Owners can overvalue product uniqueness while underestimating commercial 'stickiness'. Buyers are often less interested in how innovative a product is and more focused on high switching costs and overall customer retention," says Jan Fizzell, partner at Deloitte Advisory.

The preparation element isn't only about ensuring the valuation of the business is improved, it's also about reducing the stress on the seller during the sales process. While that process is underway, there's the not so insignificant matter of still having to run the company's day-to-day operation.

By having the due diligence process done over a manageable timeframe leading up to the sale, rather than once the sales process begins, it can ensure the leadership's bandwidth isn't overstretched.

**'Clear, reliable information'**

"Due diligence during a sale process can be time consuming for management who also importantly need to remain focused on running the business," says Colin Morgan, chief executive of Key Capital.

"Clear, reliable information that can readily be provided to buyers demonstrates confidence and enables transactions to be progressed more efficiently with greater certainty and fewer surprises."

Who you leave behind after the sale matters as much as the what. Your flexibility in exiting following a sale is impacted by how deep your leadership team is and how dependent the company is on ownership at an executive level.

"If the objective of a sale is retirement and wanting a clean exit, having a strong senior management team across all business areas is key," says Eimear O'Hare, director of BDO Dublin.

"If there is not a strong enough management team, the shareholders are limiting their choice of buyers, the valuation and the deal structure."

If all of this sounds like a lot of work for something that might not even happen, consider the following. You may not be considering a sale, but you may get a cold approach that merits your attention.

If you have put the requisite work in, then you will know how fair an approach that is and how best to consider it. Being prepared for sale is, even when not planning for one, a matter of good governance in its own right.

"Even if not actively in the market, you never know when an offer lands that you can't refuse. Being prepared is also good corporate governance for any business," says O'Hare.



that valuation is driven solely by headline financials. Buyers now place significant weight on revenue visibility, leadership depth, customer concentration, operational resilience and IP defensibility," he says.

**Payoff**

This is where all the preparation work truly begins to pay off as buyers will certainly find a seller that has done their homework more attractive.

"In my experience, the biggest uplift starts with clean, well-presented financials that make earnings quality and revenue visi-

ble easy to see," says Tom Noonan, corporate finance director at PwC Ireland.

This is the beauty of a lengthy preparation phase. You can get to know your own business more as an asset than as something you have worked on. Preparation becomes a value creation phase in its own right. The earlier you start, the more it pays off.

"In my experience, the honest answer is to start earlier than you think. Treat preparation as value creation; the work you do months in advance pays off in price, speed and certainty," says Laura Gilbride, deals partner at PwC Ireland.

This should paradoxically lead to the process itself feeling less exhausting on both sides of the deal.

"A clean, well-structured, efficiently run process is frequently as important as price when buyers decide whether to lean in."

All of this work is enabling you, as the seller, to lessen the worst impacts of your emotional attachment to a business. Nobody will ever know your business like you do and having that attachment is a good thing, it has likely contributed to its success.

It can, however, blind sellers to what is needed for the sale of the business to suc-

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# Management buyouts can offer continuity once financing hurdles are overcome

When an MBO works, it works very well but when it fails, it can be very difficult for all parties

## EDEL CORRIGAN

Selling a business to the people who know it best – the existing management team – can often be the quickest and smoothest option. Management buyouts can offer speed, continuity, and privacy but require careful planning, clear funding, and independent advice to succeed.

Management teams tend not to have access to vast amounts of cash and will generally need to fund the deal with debt and may require the support of a seller in the form of earn-out arrangements to complete the deal.

While MBOs can be attractive for both sellers and management teams, they are not without challenges. Aligning on valuation early is critical, as disagreements can derail the process before it starts. Funding certainty is equally essential: management teams may combine senior debt, mezzanine financing, or private equity to make a deal work. In addition, both parties must be aware of potential conflicts of interest and ensure robust governance structures are in place.

With careful planning, clear communication, and the right professional advice, an MBO can preserve business continuity, protect the seller's legacy, and provide management with the incentive to drive growth.

MBO transactions are a common feature of the M&A market in Ireland, says Mary Kiely, corporate partner, Eversheds Sutherland. "When an MBO works, it works very well but when it fails, it can be very difficult for all parties."

"The transaction structure will suit a seller who wants to take some cash off the table to retire in stages or reinvest in the business to enable growth."

### 'Minimal disruption'

MBOs generally bring the advantages of speed, privacy and cost efficiency when compared with other transaction structures, Kiely explains. "From a seller's perspective, they have deal certainty and avoid having to go to the open market and sharing commercially sensitive information about the business."

"The 'inside' knowledge of the MBO team generally means less diligence, fewer warranties and less disclosure. From the perspective of the business, an MBO often means 'business as usual' with minimal disruption."

There are some downsides, however. From a seller's perspective, you may get less value than in a trade sale, says Richard Duffy, director, BDO Dublin. "On the flip side, you are probably going to have to give something to incentivise management to stay on post the transaction from the sales proceeds."

"If an MBO is not successfully concluded for whatever reason, this potentially risks damaging the relationship between the owners and the management team – which may have a negative impact on the business going forward."



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**If the MBO is a strong team with a defined vision and can demonstrate to sellers that the business will be in safe hands and preserve the seller's legacy this can help drive success**

As such, it is important for both sides to engage the services of experienced professional advisors, who can bring objectivity, facilitate a smooth transaction process but above all will have the know-how to get the deal done for the benefit of all involved in a timely fashion, Duffy says.

Traditionally, one of the biggest deal risks of a sale to management has been the ability of management teams to source appropriate financing, says Jennie Quirke, corporate partner, A&L Goodbody. "Recent changes to funding structures have now made MBOs more attractive as more recently, there has been an increased uptake in the availability of private equity financing for these types of deals."

"While increased availability of private equity backing for MBOs can apply an efficient (and deleveraged) capital structure to a deal, it can also bring its own challenges to business stability in the context of culture and fund exit objectives."

In addition, Quirke says, management continue to rely on the more traditional finance option of a combination of senior debt and mezzanine financing. "Funding availability can be volatile at times of market and geopolitical upheaval and accordingly can present an execution risk for the deal. It can also come with onerous conditions and the subordination of vendor financing or deferred consideration to lender debt."

### 'Key aspect'

The success or failure of an MBO depends on a multitude of factors, says Philip Lea, corporate partner, Dillon Eustace. "The first key aspect is valuation – if an MBO team and sellers are not aligned then the deal will fail early. If valuations align then the MBO will need to ensure that their funding will support that valuation."

"Outside of those key aspects, if the MBO is a strong team with a defined vision and can demonstrate to sellers that the

business will be in safe hands and preserve the seller's legacy this can help drive success."

If valuation and financing hurdles cannot be overcome, an MBO deal will not be possible, continues Lea. "Outside of that if there is an inexperienced MBO team without clear leadership or the relationship between the sellers and the MBO team is poor then an MBO may not be the right option."

For a successful MBO, certainty on funding is crucial, says Kiely. "There are a variety of options open to the MBO team from pillar banks and alternative lenders to private equity firms and family offices. It all starts with valuation."

"Getting the valuation right will unlock funding. Onboarding an experienced corporate finance advisor early in the deal process is crucial to achieving certainty on valuation and certainty on funding."

Independent advisers are essential to managing conflicts of interest in MBO

■ **MBO transactions are a common feature of the M&A market in Ireland. From top: Mary Kiely, corporate partner, Eversheds Sutherland; Philip Lea, corporate partner, Dillon Eustace; Jennie Quirke, corporate partner, A&L Goodbody; Richard Duffy, director, BDO Dublin.** PHOTOGRAPH: ISTOCK

transactions, says Quirke. "Both the seller and the management team should have separate legal and financial advisers, with clear engagement terms and no overlapping relationships."

"The seller's advisers play a particularly important role in ensuring valuation fairness, protecting the seller's legal position, and providing objective challenge to management's representations. A robust governance framework, combined with genuinely independent advice, is the most effective means of ensuring that the transaction is conducted fairly and defensibly."

## Putting tangible value on intellectual property

### EMMET RYAN

Where value resides in a business depends on the buyer. It has become increasingly common for those seeking to acquire a company to place greater importance in the intellectual property (IP) of the asset they seek to acquire.

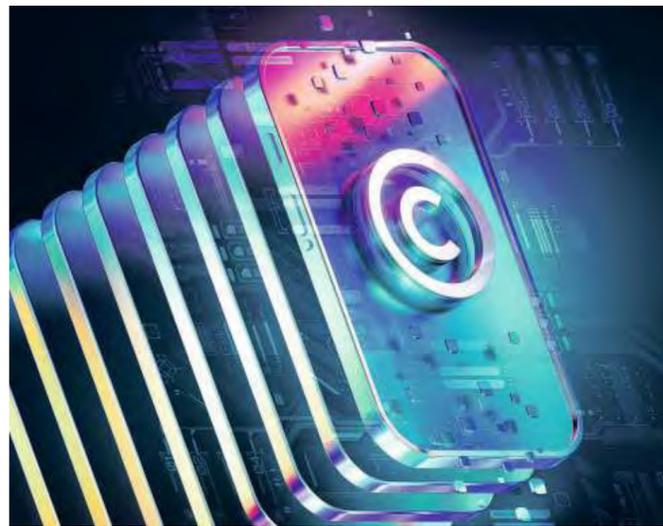
That is ostensibly good news for the seller, but it comes with problems, for both sides. Putting a value on something that is intangible can prove challenging. If you're buying a brewery, you can see the machinery and the beer it makes but how do you price the brainpower behind making it all work well and the creative effort that led to the brewery being worth buying?

Making that IP recognisable is the first step towards putting a value on it. The good news is that IP doesn't need to be valued in isolation. Much as light movement is used to identify distant exoplanets, the impact of IP can be derived in other aspects of an asset's performance.

"Understanding the key business drivers and associated future cash flows is the essential first step. Intangible assets such as brands, software, customer relationships and proprietary know-how increasingly drive deal value," says Paul Murray, head of valuations at Grant Thornton.

"Buyers need to distinguish between what is owned and what is licensed, assess how transferable those rights are, and understand the durability of economic benefits."

There is no single right way to value IP. Instead, buyers need to understand the type of asset they are buying and work out where the IP impacts the performance and overall success of that asset. This, naturally,



requires a great deal of research.

"Robust valuation depends on aligning financial analysis with due diligence, ensuring that assumptions on growth, margins, attrition and obsolescence reflect the specific risk profile of each asset," says Murray.

Due diligence really comes to the fore when working through how IP is managed. Better documented IP will automatically be easier to value as the seller will have made it clearer how it impacts asset performance. Those who haven't documented it well present challenges.

"The most common issues stem from a gap between how value is created and how IP is documented," says Murray. "This often includes unclear ownership of internally devel-

oped technology, unregistered brands, incomplete trademark coverage, or core IP that has not been properly protected."

Poor foundations can have an enormously detrimental impact on any deal. Any weaknesses in IP, be it on actual relevance or how clearly it is documented, can alter the value of a deal considerably.

### Clarity is vital

"These weaknesses typically lead to valuation discounts, elevated risk for the buyer and a need for additional legal protections or more conservative deal structures," says Murray.

"In some cases, they can delay or jeopardise the transaction entirely."

Clarity of IP is vital for a deal to succeed with a fair value. Our hypothetical brewery can put a

valuation on physical stock, machinery and infrastructure with ease, but the extra effort required in valuing and clarifying IP should not be a deterrent from putting the work in to ensure it is accurately accounted for.

"Intangible assets should be treated as a dedicated due diligence workload. Buyers should verify ownership, freedom to operate, the strength of registrations and contracts, and any dependence on key individuals or third-party platforms," says Murray. "Deal structuring should ensure that all necessary rights transfer cleanly at completion."

■ **Buyers need to distinguish between what is owned and what is licensed, assess how transferable those rights are, and understand the durability of economic benefits**

■ **Making IP recognisable is the first step towards putting a value on it.** PHOTOGRAPH: ISTOCK

value, particularly when it comes to the market knowledge of employees?

"Key risks include the loss of critical employees, disruption to licensing or customer arrangements, and failures to integrate systems, processes or governance," says Murray.

"Effective mitigation involves identifying these risks early, building protections into deal terms and integration plans, retaining key talent, formalising knowledge transfer and maintaining strong, ongoing oversight of the IP portfolio."

This is a process for bringing tangibility to the intangible and visibility to the invisible. Those involved in a deal, on both sides, who put the work in will be rewarded with clarity and a better outcome for all concerned.

**Dillon Eustace**

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# Reducing the time and risks when entering a new market

Other benefits of buying a business abroad include bypassing tricky regulatory hurdles that can delay the start of operations

**BARRY McCALL**

Entering overseas markets can be costly and fraught with difficulty and risk. Acquiring established businesses in a new territory can be an attractive market entry strategy, but there are pitfalls to be avoided.

"M&A is a well-established strategy for quick market entry and is particularly attractive in fast-moving industries where first-mover advantage can be critical," says Paddy Quinlan, corporate M&A partner at Taylor Wessing.

Acquisition can accelerate market entry dramatically, he adds. "Buying an established overseas business can provide immediate market presence, existing customer relationships, local expertise and credible scale. This may also provide access to new product or service offerings. However, acquisitions usually involve the need for significant up-front investment and, although multiples are coming down in certain sectors, remain an expensive strategy."

Enda Cullivan, partner, corporate with Eversheds Sutherland (Ireland) points to other benefits including bypassing tricky regulatory hurdles that can exist on the commencement of a business abroad. "In general, there are more barriers to entry abroad compared with in Ireland," he explains. "Given its history and the role of bodies like the IDA, Ireland has become extremely efficient in its approach to new business commencement. The same cannot be said for many other jurisdictions around the world which can lead to frustrations."

There is also the issue of local familiarity. "In some markets it can be an advantage to appear as a local entity rather than a foreign entrant," Cullivan points out.

"Entering new markets via acquisitions can significantly reduce the time and risk associated with establishing new operations and supply chains by providing immediate

access to an established brand, reputation and customer base," adds Key Capital CEO Colin Morgan.

There are downsides, of course. "While comprehensive due diligence is required for any transaction, it becomes even more critical when entering a new market, where differences in regulatory and economic environments, and even cultural factors can impact transaction outcomes and longer-term success of the business," Morgan notes.

"Engaging with an experienced, local advisor with an understanding of the target market is critical to increase the likelihood of a successful transaction for all parties," he adds. "Other items that are critical to obtain advice on when dealing with cross-border M&A include tax and structuring considerations, in addition to any regulatory or foreign investment approvals required in the jurisdiction."

Cultural integration can also present problems, according to Cullivan. "It is important to get to know and understand how business is done in the new jurisdiction," he advises. "Be sensitive to staff and try to ensure you work collaboratively with them as opposed to dictating to them from 'head office'."

**Cultural alignment**  
Quinlan also stresses the importance of cultural alignment: "Businesses should always conduct thorough cultural assessments and employee interviews along with the more routine due diligence investigations of the financial, legal, commercial, operational, tax, environmental and IT aspects of a target business."

Unfamiliar regulatory environments are another issue. "It is important to take local legal advice to ensure that all foreign direct investment and merger control rules are ad-

hered to," Cullivan advises. "This is an ever-expanding area and one that needs to be considered in every transaction."

Competition and FDI law regimes are more complex than ever and should be addressed early in any process, Quinlan cautions. "Other regulatory requirements may also be applicable, particularly in the financial and professional services sectors where there can, for example, be strict ownership rules. Sanctions and anti-bribery compliance are also increasingly in focus. In each case, sophisticated local advisers should be engaged early."

Cullivan agrees: "Using local legal, tax and accounting plus any other sector specialists that may be relevant is not something to be feared and should be embraced. There can be a tendency to be concerned about costs but used properly they significantly derisk transactions, discover issues that a foreign buyer would not spot and help to ensure a smooth completion process."

Finding the right company to acquire is critically important, of course. "The key consideration is strategic fit," says Quinlan. "Expansion must align with core capabilities and market opportunities. Companies should never expand for expansion's sake. The cost of failure can be enormous, and companies should only enter new markets where there is a compelling strategic reason, backed by a sensible plan for execution, to do so. Again, due diligence and

strong advisers, with knowledge of the local markets, are key to any process."

There are many ways of identifying suitable targets once a business has decided on a market that it wants to enter, according to Cullivan. "Firstly, most businesses will recognise similar businesses based on their own knowledge or market research. Some desktop analysis and detective work

such as discussing it with your suppliers and distributors could yield results."

Corporate finance advisors in those local markets would be very happy to assist, he adds. "Many corporate finance houses in Ireland have foreign offices so engaging with them may be of assistance."

"Once a target is identified, it is important to analyse it methodically," Cullivan

continues. "For example, is it a good fit based on personalities, approach to business etc. What are the management like? You will be relying on these people moving forward more than you would at home, so it is important to have a relationship built on trust."

Market familiarity helps. "In our experience, local knowledge and relationships are critical to identifying and successfully completing acquisitions overseas," says Morgan. "Key Capital is a member of the International Mergers & Acquisitions Partnership (IMAP), a leading mid-market M&A partnership of corporate finance advisors across 51 countries. Through this network, we regularly help clients identify suitable targets outside of the Irish market or identify international buyers who are looking to enter the Irish market."

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■ Above: Acquiring established businesses in a new territory can be an attractive market entry strategy. From far left: Paddy Quinlan, corporate M&A partner at Taylor Wessing; and Key Capital CEO Colin Morgan



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## Valuing a business requires art, science and good judgment

**EDEL CORRIGAN**

No one wants to overpay for an acquisition, and every business owner wants to achieve the highest price possible. But how should a buyer go about putting a fair and accurate valuation on a business without going in so low that the deal is scuppered?

Valuing a business comprises elements of art, science and judgment, says Stephen O'Flaherty, partner, corporate finance, BDO. "Professional business valuers firstly gain a thorough understanding of the target business and then leverage this knowledge with understanding the key value drivers of the business to determine market valuation metrics, for example, earnings before interest, taxes, depreciation, and amortisation (EBITDA), before determining an appropriate value for the business in question."

The valuer will typically apply a number of valuation approaches as part of their work, including the market approach or earnings method to arrive at his final position, he adds.

"By providing this knowledge to prospective buyers, they in turn are armed with up-to-date relevant information," says O'Flaherty.

Buyers usually anchor their valuations on common metrics used for similar businesses, says Grit Young, EY Ireland partner and technology, media and entertainment and tele-

communications leader. "An easy example where a complete rethink might be required, would be a software as a service (SaaS) business that often attracts valuations that assume that existing customers are locked in."

"Those businesses often attract multiples based on annual recurring revenue and many costs. If evidence comes to light that customers can switch easily, the valuation approach and the comparable/similar busi-

ness list drawn up by the buyer is called fundamentally into question."

The buyer may then draw up a different list of comparable companies and transactions to gather multiples or discount rates, IRRs (internal rates of return) and will probably base those multiples on historic or next 12 months EBITDA rather than revenue or annual recurring revenue (ARR), explains Young.

If there is a concern with regards to the achievability of projections, then earn-outs or deferred contingent considera-

tion can be effective, says O'Flaherty. "The use of such structures is applied to incentivise sellers to stay on with the business post-acquisition and reward strong post-deal performance, with payments becoming largely self-financing for the purchaser."

"However, caution must be applied when determining the level and terms of earn-outs and deferred consideration so as to ensure the terms agreed to are appropriate with advisors engaged to ensure requisite safeguards are in place to direct future payments."

External advisers can play a key role on both the buy and sell side of a deal, says Young. "Advisers are typically tasked with a certain set of diligence procedures which can entail financial, tax, HR, IT and commercial. The buyer will not always commission extensive procedures and might limit the diligence to red flag reports."

"It is always easier to stress-test assumptions—either internally or through an external advisor—when the scope of the diligence is comprehensive. Increasingly we are observing commercial diligence focus on the impact AI might have on the business."

As a valuations partner, Young says she would argue that buyers should obtain independent, professional advisers that have a formal role in stress-testing assumptions as

standard, but this is not always the case in Ireland.

"Buyside valuations, when the buyer is a trade buyer and there are no external debt providers, are often rushed and high level."

Valuation can be revisited at any stage, says O'Flaherty. "Obviously however, any unwarranted or unsubstantiated return to valuation post signing of HOTs (heads of terms) will jeopardise the deal but where warranted, perhaps due to the unearthing of risks or adverse findings during diligence, revisiting valuation can be appropriate."

"The key is to address this in the right way with the sellers. Strong communication and rationale are key along with adopting a commercial and sometimes innovative approach to finding workable solutions such that the deal can proceed. For example, deferred contingent consideration can often represent a workable solution for both parties."

Your advisers should be able to guide you through these negotiations whilst ensuring a strong working relationship between the buyer and seller is maintained."

Buyers usually anchor their valuations on common metrics. From top: Grit Young, EY Ireland partner; and Stephen O'Flaherty, partner, BDO

**66**  
In our experience, local knowledge and relationships are critical to identifying and successfully completing acquisitions overseas

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# Matching funding to risk makes for the right mix in a multitude of ways

When it comes to debt-based financing, taking on as much as possible is no longer the core goal

EMMETRYAN

No two M&A deals are the same, but they all require one common element: funding. Where that comes from and how it is structured can impact a deal in a multitude of ways.

A good deal can be helped or harmed depending on how it is funded. Financing options may well be plentiful in some cases but choosing the right approach requires discipline. There are trade-offs to be made no matter the option, be it cash, debt, equity or vendor finance. Each carries with it challenges to be managed.

That's why it's best to start by focusing on the risk involved so that the funding mix used offers control as well as a blend of flexibility and resilience.

"In my experience, the right balance starts with the growth plan and your tolerance for risk," says James McMenamin, corporate finance partner at PwC Ireland.

## “

**I advise calibrating the [funding] mix to the durability of earnings and keeping sensible headroom for shocks**

"Using your own cash can make execution simpler and keeps control firmly in your hands, but it concentrates risk and can leave you short when it comes to integration spend or the next opportunity."

When it comes to debt-based financing, taking on as much as possible is no longer the core goal. Instead, the focus is on a form of financing that is structured in a sustainable manner. Leaving yourself some headroom has become more en vogue in recent times, irrespective of lender limits.

"Private credit has been attractive because it provides certainty of funds and speed, which helps in competitive processes and lets you keep dry powder for post-close initiatives," says McMenamin.

"In today's environment of stabilised interest rates and tighter valuation discipline, I advise calibrating the mix to the durability of earnings and keeping sensible headroom for shocks."

This naturally leads to the question of how to identify a sustainable level of borrowing? Lender appetite doesn't directly equate to safe leverage. Rather, those borrowing should think about what is most manageable for them.

"A sustainable level of borrowing is one that the business can comfortably service across a full cycle, with room to absorb shocks, rather than simply the maximum

amount lenders are willing to provide," says McMenamin.

"Above all, the capital structure should allow management to deliver the value creation plan without being boxed in."

There are scenarios where borrowing isn't the right tool, not due to a lack of availability but as a matter of fit.

That's where bringing in an equity partner can prove attractive, particularly as they can help with both speed and scale.

"I lean towards an equity partner when the plan involves accelerated buy and build, cross-border expansion or a transformation that benefits from hands-on support and patient capital," says Freddie Saunders, corporate finance director at PwC Ireland.

"The trade-offs are mainly around governance and alignment."

For some, those trade-offs may be a bridge too far. This is where another option such as vendor finance comes into play. This is very much a situational option, one that can simplify a lot of the process for those involved.

"Vendor finance works best as a targeted tool to bridge valuation or timing gaps in midmarket or owner-managed deals," says Saunders.

"I like simple, time-bound structures, whether that is a short-dated seller note, deferred consideration or a well-defined earn out."

**'Significant financing'**

With the variety of options available, it's always worth taking a step back to get a better view of the broader funding environment to find your best fit.

"There is significant financing available for acquisitions, particularly with the influx of private credit providers keen to gain exposure to Irish deals," says Tanya Sexton, corporate finance partner at Deloitte.

"Careful consideration of the underlying cash generation of the business and stress testing its resilience to shocks is important when assessing appropriate leverage levels."

So far, all of these choices have assumed that a business is in position to access debt on acceptable terms. This won't always be the case. Be it cash-flow pressure, rising interest costs or some unexpected shock, options can narrow quickly. At that stage the goal is making sure the deal can proceed.

"When cash flow can't sustain additional debt or there has been a credit-deteriorating event that closes the debt markets to the business, an equity solution needs to be carefully considered only after all debt avenues have been exhausted," says Sexton.

In the end, the decision you make on funding will be felt long after a deal has been completed. Of course, what that impact looks like depends on the choices you make ahead of time.

Whatever structure you choose will impact the flexibility and resiliency of the business going forward. There is no one-size-fits-all answer, but it is important to do the work required to find the best mix that works for you.

For all the advantages and trade-offs, a good funding choice comes back to the core principle of discipline. If the funding structure reflects the decision-making process that led to it, then it will work to aid management going forward. With a smart strategy, the right funding mix can prove to be an enabler for both the deal and business going forward.



■ A good deal can be helped or harmed depending on how it is funded. Financing options may well be plentiful but choosing the right approach requires discipline



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Advised Cansel Group on its acquisition of the Korec Group



Advised Aurelius on the acquisition of Exertis Ireland from DCC plc



Advised Howden on the acquisition of a number of Irish insurance brokers



Advised Fortus Group on its acquisition of Security Supplies

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## Minority shareholders need strong protections

EDEL CORRIGAN

Minority shareholders in closely held companies are often at risk when trust and informal agreements replace formal protections.

John O'Riordan, partner in commercial litigation at Dillon Eustace, explains how shareholder oppression can arise, the forms it can take, and why careful planning at the outset is essential to avoid costly disputes.

O'Riordan emphasises that disputes often arise not from bad intent but from assumptions made at the formation of the company – assumptions that relationships will remain strong and that everyone will act fairly.

"Shareholder oppression occurs when the majority shareholder in a company uses their power and influence to the detriment of minority shareholders," says O'Riordan. He notes that it most frequently arises in closely held companies formed between friends or family, where trust and informal understandings about shared control are relied upon, rather than formal agreements. Even where written agreements exist, O'Riordan observes, they are often drafted without sufficient time or consideration, leaving minority shareholders vulnerable.

According to O'Riordan, oppressive conduct can take many forms. Majority shareholders may exploit their voting power to disadvantage minority investors, for example by passing resolutions to appoint sympathetic directors, approving share allotments that dilute minority stakes, or authorising related-party transactions that benefit companies they personally own.

"They may also block investigations into malpractice if the



■ Majority shareholders may exploit their voting power to disadvantage minority investors

wrongdoing serves their own interests," O'Riordan adds. He highlights that even subtle actions, such as diverting opportunities or resources away from the company, can constitute oppressive conduct.

O'Riordan stresses that minority shareholders should remain vigilant and document concerns, even if they are initially reluctant to challenge the majority.

O'Riordan explains that the risk of oppression increases when a shareholder also serves as a director involved in the day-to-day operations of the company. While directors owe extensive duties under the Companies Act 2014, particularly the duty to act in the company's best interests, these obligations can be compromised when per-

sonal interests take precedence.

According to O'Riordan, oppressive behaviour can be subtle at first, including slightly inflated remuneration, questionable expense claims, or diverting work to businesses in which the majority shareholder has an interest. He notes that minority shareholders may hesitate to challenge such conduct to preserve long-standing relationships, which can allow the damage to both the company and personal relationships to grow.

**Attention**

The concept of shareholder oppression gained public attention during the high-profile Web Summit litigation. O'Riordan's team acted for a shareholder in a series of High Court actions involving allegations of breach of fiduciary duty, minority shareholder oppression, and disputes over profit-sharing. "At its core, it was a familiar story: a successful company found-

ed by friends, whose relationships ultimately deteriorated," he says.

O'Riordan notes that the case highlights how even high-growth, successful companies are not immune to internal conflicts if protections are lacking. He explains that the litigation was lengthy and intense, with Judge Michael Twomey encouraging the parties to settle the "very personal" dispute outside court, noting that a three-month hearing and potential appeal would consume irreplaceable time. The parties ultimately settled after nearly four years of pre-trial litigation. O'Riordan emphasises that early intervention and open communication between shareholders can sometimes prevent disputes from escalating to court.

"Every business begins with a relationship of trust, but that trust can break down," O'Riordan says. He observes that over his two decades in commercial litigation, he has seen minori-



**“ Invest time and resources in a well-drafted, comprehensive shareholder agreement**  
– John O'Riordan, Dillon Eustace

ty shareholder oppression occur repeatedly, often where shareholder agreements are poorly drafted or absent. According to O'Riordan, the consequences can include lengthy litigation, financial and reputational damage, and even the collapse of otherwise valuable companies.

O'Riordan advises: "Invest time and resources in a well-drafted, comprehensive shareholder agreement from the outset. It may seem unnecessary at the time, but it can prevent significant future disputes, saving time, money, and heartache."

He also stresses that minority shareholders should regularly review agreements as the company grows and circumstances change, to ensure protections remain adequate.

"Maintaining clear records of board decisions and shareholder communications can provide vital evidence if disputes arise, helping to protect both individuals and the company itself," he advises.



## Closing the deal marks just the start of the value creation process

EMMET RYAN

Daimler and Chrysler, Microsoft and Nokia, and Google and Motorola are all examples of big names that thought they'd be stronger together. Instead, the mergers and acquisitions (M&A) involving these giants amounted to far less than the sum of their parts.

A successful M&A deal requires more than two good names or even just two strong businesses. The failure rate is high and almost invariably a result of poor integration. A litany of factors leads to this, but they essentially can be drilled down into poor preparation and poorer follow-through.

The post-acquisition phase is often the most crucial in ensuring such deals don't fall apart while the ink is still wet.

That phase is where the logic and theory that led to the deal meet practical reality. Failure often comes not from the deal itself being poorly thought out but rather from how the integration phase is approached.

"There are three key areas that can contribute to failure in the post-acquisition integration phase," says Ian Whitefoot, partner at Deloitte Advisory. "A lack of understanding of value levels of the business, losing momentum post-close, and approaching integration as a process rather than an opportunity. Integration is where deal strategy is put to the test and transformed into reality."

Preparation for integration needs to happen during the M&A process. If you wait for the deal to close legally, you are already fighting an uphill battle. The due diligence process is where those involved in the deal should identify integration risks and opportunities.

This gives the assorted stakeholders a chance to put together an integration plan before the two companies begin operating together formally.

"Ideally, integration planning should be a component of all stages of the M&A process from origination to deal close," says Whitefoot.

In reality, a buyer should be considering integration as a core element of the process before they even make the first approach.

"From the very outset and even before a target has been identified, a buyer should have integration in mind, how they would see that working and what their best strategy is to achieve that," says Adrian Benson, partner and head of corporate and M&A at Dillon Eustace.

The post-close period is easily the riskiest. The sheer amount of work put into closing the deal and the relief that comes with it can distract from the fragility of such a time. Risks like talent departing and uncertainty over the future can quickly result in a drop in value.

"Crucial" "When the deal is done and M&A and legal advisers have moved on, the proud new owners are left with their investment. A quick start is crucial so that each day value is being delivered and IRR [internal rate of return] isn't lost. The initial six months is the window where change friction is at its lowest," says Whitefoot.

"High performers need to be engaged, or you run the risk that they become disenfranchised."

This is where communication becomes vital in the process. Two different company cultures are being merged and that can get messy. The intangible nature of this can often lead to its importance being undervalued.

"Cultural and people-related factors, whilst intangible, are equally critical to the success of an integration and must be carefully assessed to understand the full risk and opportunity profile of the deal," says Whitefoot.

That's why it is critical that leadership from the top down takes a disciplined approach that engages the newly merged entity's staff.

"Having a strong leader with strong interpersonal and communication skills with overall responsibility for implementation, setting clear integration goals and deadlines, and keeping momentum are all critical to successful post-acquisition integration," says Benson.

Naturally, experience can play a big role in whether or not an integration is managed successfully. Those who have the battle scars of managing prior integrations are better prepared for the challenges ahead.

"Serial acquirers excel at tailoring their governance approach based on the nature and scale of the transaction. While every deal has its unique complexities, experienced acquirers develop robust frameworks and playbooks to manage M&A transactions effectively," says Whitefoot.

While everyone has their first time being involved in M&A activity, it doesn't need to end poorly. By learning from the mistakes of those that went before you and embracing the accountability required of leadership, integration can be a pillar on which the new business stands proudly.

# Entertainment, professional services and tech lead the way in M&A

Most commentators expect a strong Irish M&A market in 2026, with technology anticipated to be the most active sector

DANIELLE BARRON

When it comes to M&A activity, a number of clear, established trends have emerged in recent years and 2025 continued with those themes. Some big deals across different sectors kept the market buoyant, with the scale of some deals taking even seasoned observers by surprise.

"Ireland's M&A market proved resilient in 2025, despite a challenging global back-

drop," says Carol Eager, partner in William Fry's corporate/M&A department. "Over the full year, Ireland saw 524 deals totalling €19.5 billion, a 3 per cent rise in volume but value retrenchment saw a reduction in aggregate value."

The real story, Eager says, was the breadth of activity and the deep bench of international bidders: inbound transactions accounted for 59 per cent of volume and 72 per cent of aggregate value, and 15 of the top 20 transactions were cross-border.

"As with previous years, the midmarket did the heavy lifting, with 90 per cent of disclosed deals valued at €5 million-€250 million, while last year also saw 12 large-cap deals, those with valuations above €250 million," she says.

According to Paddy Quinlan, corporate M&A partner at Taylor Wessing, financial and professional services deals were very prominent in 2025, both in Ireland and internationally. Technology – including AI in particular – and software remained active, while energy and infrastructure were also noteworthy sectors. The areas of data infrastructure and payments business also saw heavy investment, he adds.

"Although there has been activity in these areas historical-

ly, AI and cybersecurity, energy transition and media consolidation, driven by streaming economics, saw particularly increased activity in 2025," Quinlan says.

A notable Irish-based deal last year was Dubai Aerospace Enterprise's €1.9 billion acquisition of Nordic Aviation Capital, one of the largest Irish-connected transactions in 2025. Quinlan says this served to further underline Ireland's position as a global hub for aircraft leasing. Investindustrial's €1,050 million purchase of DCC Healthcare was another big Irish deal, while other significant transactions included Wolters Kluwer's €425 million acquisition of Brightflag, and TA Associates' \$450 million takeover of Clanwilliam Group.

**All-cash acquisition** Globally, some huge deals are being wrapped up. "Google's \$32 billion proposed all-cash acquisition of cloud security start-up Wiz has received US government antitrust clearance and is expected to close this year," Quinlan says.

"Netflix also agreed an \$83 billion takeover of Warner Bros Discovery, transforming Netflix into a dominant player in Hollywood and adding coveted content including Game of



**Top: Netflix agreed an \$83bn takeover of Warner Bros Discovery, transforming Netflix into a dominant player in Hollywood. Above Paddy Quinlan, corporate M&A partner at Taylor Wessing. Below: Carol Eager, partner in William Fry's corporate/M&A department.**  
PHOTOGRAPH: ANNA BARCLAY/GETTY IMAGES

Thrones and Harry Potter; DC Comics' array of superheroes, including Batman and Superman; and HBO's premium programming," he adds, noting this transaction is subject to antitrust approval.

Other big deals included Global Payments' acquisition of Worldpay for over \$22 billion, a consortium acquisition of Electronic Arts for \$55 billion and Constellation's \$16.4 billion purchase of Calpine. "The scale of certain deals exceeded expectations, particularly given geopolitical and macroeconomic uncertainty," Quinlan says.

Jonathan Ennis, corporate partner with Eversheds Sutherland, agrees that 2025 delivered a "resurgence in mega-deals", particularly in the US. He cites the acquisition of Norfolk Southern by Union Pacific as one of the most surprising.

"In spite of all of the focus on technology and AI, the highest value deal of 2025 was a railway deal via the acquisition of Norfolk Southern by Union Pacific for a reported \$85 billion," he says.

"If all regulatory approvals are obtained, the merged entity will be the largest North American rail operator by market cap and will result in the first coast-to-coast freight rail operator." The complex transaction is not expected to complete until 2027.

Ennis says 2025 was another strong year for the Irish M&A market, with key sectors being pharmaceuticals, aviation and technology. "Notable deals in Ireland in 2025 include the proposed sale of Knight Frank Ireland to Sherry FitzGerald, which was announced in October 2025 and was subject to customary closing conditions. Once completed, the deal will represent a major development in the Irish property market."

But unsurprisingly, the technology, media and telecommunications, and IT sectors once again dominated M&A activity in 2025, with advancements in AI and cybersecurity continuing to result in strong valuations, which Ennis says "ignited acquirer appetite".

Financial services was a key driver of M&A in Ireland in 2025, with deals rising from 70 in 2024 to 79 in 2025. "This consolidation in insurance, wealth management and other financial services is expected to continue into 2026 due to the high levels of inbound interest and the number of 'aggregators' in that space," he notes.

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**66** January 2026 was off to a busy start for M&A in Ireland, including the sale of Vivasure Medical to Haemonetics Corporation, which is sure to be one of the most significant medtech M&A transactions in Ireland in 2026

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# Attrition during mergers: here's how to retain talent

High turnover of staff is something which a buyer will be wary of

SANDRA O'CONNELL

For many businesses their most valuable assets are their people, particularly in the services sector.

"When companies talk about 'talent risk' in mergers and acquisitions, the conversation usually gravitates towards the top table. Will the CEO stay? What about the CFO? That focus is understandable but it is also incomplete," says Lee Williams, director, organisation and workforce transformation at Deloitte.

In many deals the people who matter most to value creation sit well below senior management. "They are the account leads, product owners, plant managers, and team leaders who carry deep institutional knowledge, hold key relationships, and translate strategy into operational reality. Lose them, and the deal rationale quickly starts to wobble," he says.

Research shows that voluntary attrition spikes during M&A, with Deloitte's analysis suggesting it can increase by more than 30 per cent during transaction periods.

Part of the problem stems from perceived unfairness. "When senior leaders receive visible exit packages or enhanced rewards, and the people doing the heavy lifting feel overlooked, resentment can build quickly," warns Williams.

Managing workflow is critical throughout the integration process too. One of the most common reasons issues arise post integration is

overloading the very people you're trying to retain, he explains.

Enhanced employment terms help. "This can include salary increases and clear promotion roadmaps to help demonstrate the buyer's commitment to investing in talent on a long-term basis, as well as enhanced benefits packages such as upgraded pension contributions, health insurance and life assurance," says Adam Griffiths, corporate M&A partner at law firm Taylor Wessing.

"Professional development commitments, including enhanced training, particularly as part of the buyer's existing training programmes, if applicable, and qualifications, can also be offered. Additionally, improved work-life balance provisions such as enhanced annual leave, flexible working arrangements and remote working options may be implemented."

Equity incentive schemes and completion bonus structures are further options but all parties to a transaction will need to consider tax efficiency as part of their assessment of any incentive proposal, he cautions.

All buyers will look at the key people in any proposed target closely, ranging from key executives and founders to technical talent in knowledge or technology businesses, says Enda Cullivan, partner in Eversheds Sutherland's corporate and commercial departments.

"A buyer will want to know who the revenue generators are and what the retention rates are for staff. A high turnover of staff is something which a buyer will be wary of. Human capital is not something that you will find on a balance sheet but it will have an impact on the financial calculations of any business acquisition. This would in-



**"The due diligence process is as much about understanding, in a joint capacity, what is the future business plan, with the actual people being heavily involved - Katharine Byrne, head of deal advisory at BDO Ireland**

clude an assessment of any risks of attrition post-completion and how any M&A deal will be structured, such as, for example, the use of earn-outs, deferred consideration and management incentive programmes," explains Cullivan.

The most common mechanism used, where senior management are also sellers in the M&A deal is the earn-out.

For the next level down, depending on the situation, improved remuneration packages for middle management, which could include retention bonuses, can help. "Empowering staff to step up and take on more responsibility with a clear career path can also be a useful way of ensuring continuity," adds Cullivan.

After all, if the seller managers have exited the business, this opens up opportunities for the next layer of management to progress their careers unhindered.

Good communication is vital throughout.

"An acquisition process is a very disruptive and uncertain situation for staff in any business. Uncertainty tends to fill a vacuum that is left if communication is poor," he points out.

While golden handcuff arrangements have their place in any M&A leader's toolkit, reducing short-term disruption and providing stability during transition, they are also limited insofar as they are "retentive rather than motivational, rewarding tenure rather than value creation. They can also distort compensation structures and create internal tensions," cautions Phil Fogarty, partner in law firm A&L Goodbody's corporate department.

"As a result, we are increasingly seeing our clients use golden handcuffs as a transitional tool rather than a primary incentive. Longer-term alignment is more commonly achieved through value-based incentive models, which can extend beyond senior management and form part of a coherent groupwide framework. Consistency and clarity are key to minimising any discontent in the acquiring group."

In many private equity-backed

**■ In many deals the people who matter most to value creation sit well below senior management**

businesses, and increasingly in trade sales, his firm is seeing equity and equity-like programmes with much broader participation. "These extend to individuals whose continued involvement underpins the investment thesis, including functional leaders, technical specialists and long-tenured commercial managers," he explains.

Managing all of this is a vital part of the due diligence process.

"The due diligence process is as much about understanding, in a joint capacity, what is the future business plan, with the actual people being heavily involved. This isn't about accountants looking at numbers, it's about making sure that the management team on both sides of the transaction fully understand what that business plan looks like, and believes in it, and has sense checked it with all of the volatility of the markets that is ongoing," says Katharine Byrne, head of deal advisory at BDO Ireland.

Most vendors now have some continuing role in a business post transaction, whether that's purely to transition the business and the management team across, or some form of earn-out, so that it's in their interest to ensure that the business is actually going to perform post sale.

"That means that, if there are synergies and cost savings envisaged by the buyer, that they are realistic and can be delivered on," says Byrne. "These are the things that differentiate between a transaction that is successful and one that isn't - because the integration planning hasn't been done effectively."

## Artificial intelligence seals the deal

BARRY McCALL

Artificial intelligence (AI) has the potential to fundamentally alter the deal-making landscape and how target companies are evaluated.

The technology is being deployed by both buyers and sellers to enhance due diligence and drive greater efficiency across the transaction lifecycle, providing a competitive edge in tight processes, according to Freddie Saunders, corporate finance director with PwC Ireland.

"Teams are using AI to accelerate document review, surface issues earlier, and maintain momentum from initial preparation through signing and into day one, including streamlining execution and post-deal integration activities," he continues. "On the sell side, AI is improving data readiness and supporting vendor due-diligence, helping management present a cleaner, more robust narrative to buyers. Given the sensitivity of deal information, advisers that have invested in enterprise-grade AI solutions with strong governance and controls to protect confidential client and transaction data and ensure compliance are winning more of the market."

Deloitte Advisory transaction services partner George Byron says GenAI is changing how M&A professionals evaluate targets, conduct due diligence, and execute transactions. "Unlike traditional AI, GenAI's ability to synthesise huge datasets, identify hidden patterns, and generate implementable insights in real time is enabling M&A professionals to move faster, reduce risk and unlock value. For example, in private equity, where a firm evaluates 50 potential targets or conducts market mapping, GenAI can now screen and prioritise against predetermined criteria in days instead of weeks, resulting in a real competitive advantage."

**'Experimentation phase'**

Adoption is gathering pace, he adds. "Our 2025 M&A Generative AI report surveyed 1,000 senior corporate and PE M&A leaders on this and showed that the adoption curve is steep. Eighty-six per cent of responding organisations have integrated GenAI into their M&A workflows, with 65 per cent doing so within the past year. Some professionals are past the experimentation phase, with approximately 40 per cent saying they use GenAI in more than half of their deals."

Support with due diligence and contract document drafting are highlighted by BDO transaction services partner Rory O'Keeffe. "In due-diligence processes, AI tools can expedite the review of contracts, financial information and compliance records, accelerating risk assessment and the identification of potential deal issues or opportunities," he says. "By flagging irregularities in financial and operational data, AI directs human attention to areas requiring deeper investigation, thereby enhancing both efficiency and thoroughness."

The technology can also play a significant role when drafting legal and contractual documents and conducting negotiations as part of the M&A process, he adds. "AI-powered

tools can rapidly produce draft contracts by leveraging data from previous transactions, embedding standard clauses customised for the specific deal to address insights uncovered during due diligence."

Looking to the future, Byron says the Deloitte survey highlighted emerging use cases in valuation and deal structure, deal execution, and post-deal integration and value realisation.

"As tools are applied to post-deal integration and value realisation, GenAI could unlock even greater value by accelerating synergy identification, benchmarking and transformation planning," he says.

"The future of AI in M&A promises not only greater speed and accuracy, but also entirely new ways to create and protect deal value for business," O'Keeffe notes. "AI will provide real-time market sens-



**"By flagging irregularities in financial and operational data, AI directs human attention to areas requiring deeper investigation - Rory O'Keeffe, BDO transaction services partner**

ing and target identification, advanced forecast and scenario planning, deeper due-diligence insights, contracting drafting and negotiation capabilities and post-merger integration management support. All of which is transforming how companies and their professional advisers execute and deliver on transactions, enabling stakeholders to focus their efforts on the most strategic aspects of a transaction."

AI is likely to be embedded end-to-end across the M&A lifecycle, from early preparation and buyer outreach through diligence, execution and integration, says PwC Ireland deals partner Laura Gilbride. "Integration planning and tracking should become more systematic, with AI helping companies and their advisers to model and monitor synergy delivery and sustain deal value with greater predictability."

She also expects to see wider adoption by both buyers and sellers throughout the M&A process. "Buyers who can fully understand and leverage the impact of AI gain a critical edge in competitive processes, while sellers who deploy it effectively can materially improve the efficiency of their own deal preparation," she says.

"Data security in AI environments is critical, so companies and their advisers should ensure they have invested in enterprise-level AI solutions and controls to protect sensitive information," Gilbride concludes. "Equally, ensuring the broader complexities related to the human aspects of a transaction are considered and prioritised will be vital to success."

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