2024/25
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M&A Fee Guide

Key Insights on M&A Advisory Fees in the Middle Market.

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Europe

Contents

This Year's Highlights

- Despite rising costs, middle-market merger advisors in Europe found it harder to raise fee levels in 2024 than in 2023.
- Only 39% of firms said they raised at least one type of fee last year, compared to 59% the prior year.
- More than half of all firms surveyed grew their revenue last year.
- Profitability levels remained roughly the same as last year, with about one-third reporting increases.
- Average engagement fee levels – both monthly and one-time – increased in 2024.
- The average success fee fell significantly, especially for smaller deals.
- More firms agreed to deduct work fees from success fees in 2024 than in 2023, and to delay fee payments when the seller is paid over time.

Overview

European middle-market merger advisors largely held off making significant changes in their fee structures in 2024. A number of major elections, including the U.S. presidential election, positioned 2024 as a transition year. While the firms were facing higher costs, especially for professional salaries, deal volume remained slow, so they didn't have much pricing power.

Moreover, many firms in Europe had restructured their fees in 2023, moving from one-time retainers to periodic engagement fees to help cover costs in a market where deals took longer to close.

The annual Firmex survey of merger advisors found that fewer European firms raised their fees in 2024 than in 2023. Those that adjusted their rate cards mainly imposed modest increases in their engagement fees to keep up with inflation while meeting client expectations.

When we surveyed advisors in December 2024, there was a noticeable thread of optimism in the advisors' comments, with client interest picking up as interest rates fell. Some sentiments may seem at odds with our knowledge of the macroeconomic uncertainty that has emerged in 2025, but the observations and data presented still reflect the position of many European firms in the middle market.

If we created an engagement letter based on the most common answers from this year's survey, we would include these terms:

- A monthly work fee of $5,000 to $10,000 that is in addition to any success fee.
- A success fee with a specified minimum and a commission rate that decreases as the sale price increases (the Lehman Formula).
- The overall success fee would depend on the deal size:
  - ▷ 4.3% for a $5 million deal.
  - ▷ 3.0% for a $20 million deal.
  - ▷ 1.7% for a $100 million deal.
- The success fee is payable at closing.
- The client reimburses the cost of travel and virtual data rooms.

Methodology

Since 2016, Firmex has monitored the world of merger advisory fees through regular surveys of middle-market investment bankers, brokers, and other advisors.

The results in this report are based on a global online survey that was completed by 456 middle-market M&A professionals in December 2024 and January 2025. The global report is available here.

This version of the study focuses on the 289 responses from merger advisors in Europe. The greatest representation is from merger advisors in Germany, the United Kingdom, and Switzerland.

Three-quarters of these respondents work as investment bankers or business brokers. Many of them are leaders at their firms. The vast bulk are chief executives or managing partners. Most of the rest are partners, managing directors, or other senior leaders.

Most respondents (64%) mainly represent sellers, with 19% focusing on buyers and 17% splitting their business evenly. They primarily come from firms with fewer than 20 employees that complete about five deals a year. One-fifth, however, work at firms with 50 or more employees.

Details of the respondents' demographics can be found in the appendix. Note that the figures in the charts may not add up to 100% because of rounding.

Firm Financial Performance

Revenue

For smaller firms, the essential function of fees is to cover the costs of their operations. Accordingly, the firm's level of revenue and expenses sets the essential context for any fee arrangement.

From that perspective, 2024 posed a challenging environment. Deal volume was slow, dragged down by high interest rates and political uncertainty. Many business owners and prospective acquirers were reluctant to commit to transactions.

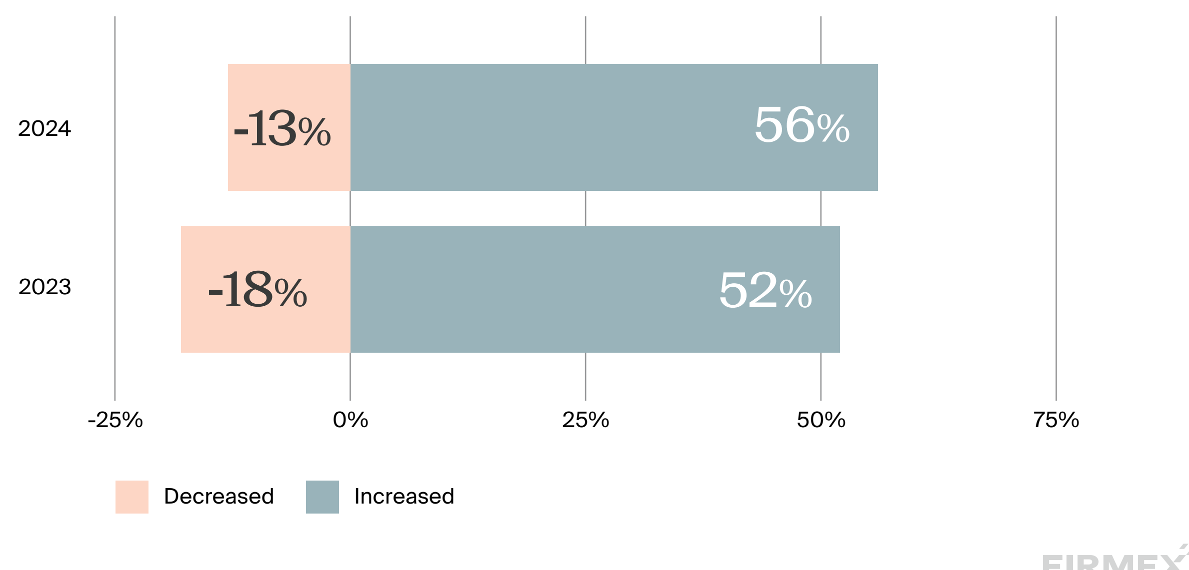
While the post-pandemic inflation slowed during the year, wages in the finance sector and business travel grew briskly, putting pressure on advisory firm margins.

Still, 56% of the firms in our survey reported that their revenue grew last year, and only 13% noted a decrease. This shows a slight increase from 2023, when 52% of firms reported revenue growth.

Advisors at firms with growing revenue attributed their success to more aggressive marketing, fee increases, and a focus on seeking larger deals.

Advisory Firm Revenue

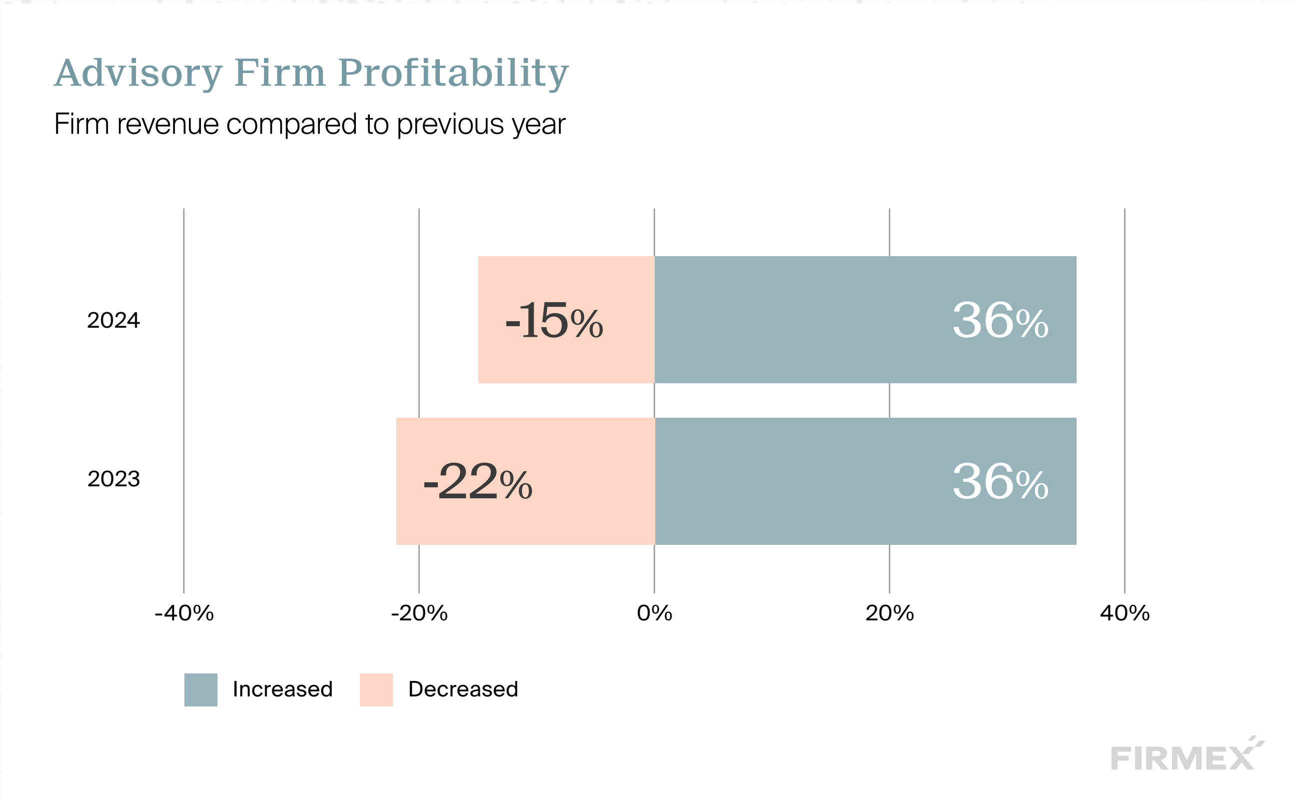
Firm revenue compared to previous year



Profitability

Growth in profits was slightly more challenging. Profitability levels remained roughly the same as in last year's survey. Just over one-third of the firms we surveyed increased their profitability, and one-sixth posted profit declines.

Larger firms performed a bit better, with 37% of firms that set a minimum deal size of $20 million or higher enjoying higher profits, compared to only 31% that handle smaller deals.



Observations

Finding growth in a tough market

> Despite the difficult environment, we received a few more projects and were therefore able to increase sales.
>
> JÖRG GEBAUER, OWNER/MANAGING DIRECTOR, SEVENREASONS CONSULTING, GERMANY

> By aligning with private equity firms, venture capital funds, and family offices – not merely as financial partners but as long-term strategic collaborators – we've catalysed a broader pipeline of high-quality transactions across Europe.
>
> CHRIS RAMAN, FOUNDER/MANAGING DIRECTOR, VENTURES4GROWTH, BELGIUM

> Our clear focus on German small and medium companies, in conjunction with consistently high quality standards, has led to significantly more word-of-mouth advertising.
>
> BJÖRN STÜBIGER, PARTNER, RÖDL & PARTNER, GERMANY

The challenge to profitability

> We faced lower transaction volume even as our costs, mostly labor, continued to increase.
>
> SENIOR MANAGER, GERMANY

> Negotiating deals was a prolonged process, followed by even more time-consuming due diligence.
>
> ATHANASIOS TSINAS, SENIOR MANAGER, M&A, COCA-COLA HBC, GREECE

Fee Level Changes

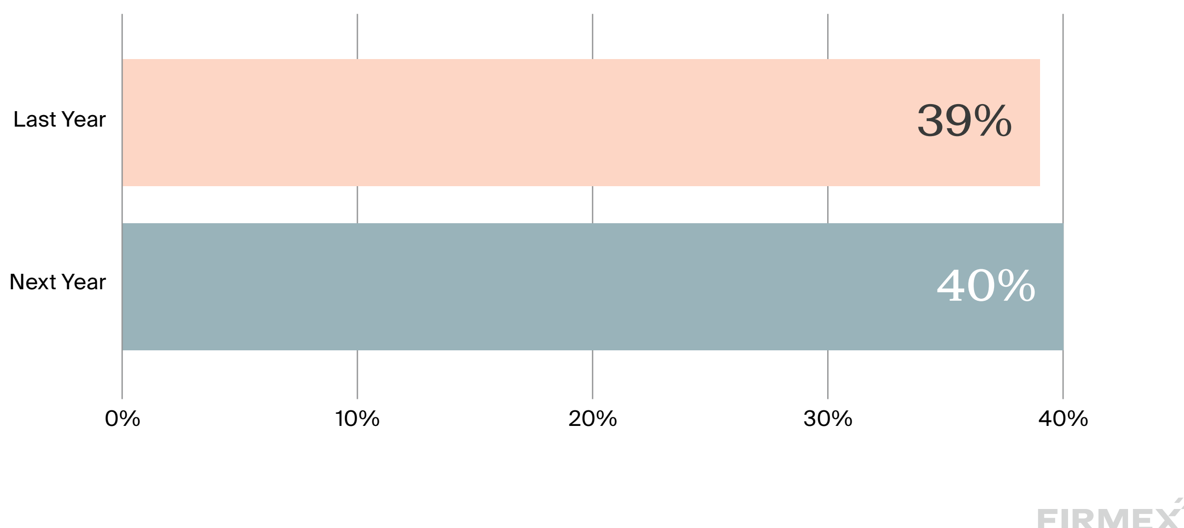
In 2023, many middle-market firms rethought their fee structures, raising rates and shifting from one-time retainers to periodic work fees. 2024 saw fewer changes. Last year, 39% of firms surveyed raised at least one fee, down from 59% in 2023. Larger firms were somewhat more likely to have raised their fees.

Looking at the types of fees, 67% of firms that charge hourly fees increased their rate in 2024, while only 26% of those with milestone fees did.

When we asked whether the advisors plan to raise fees in 2025, 40% said they will. Again, those with hourly fees were most likely to expect an increase.

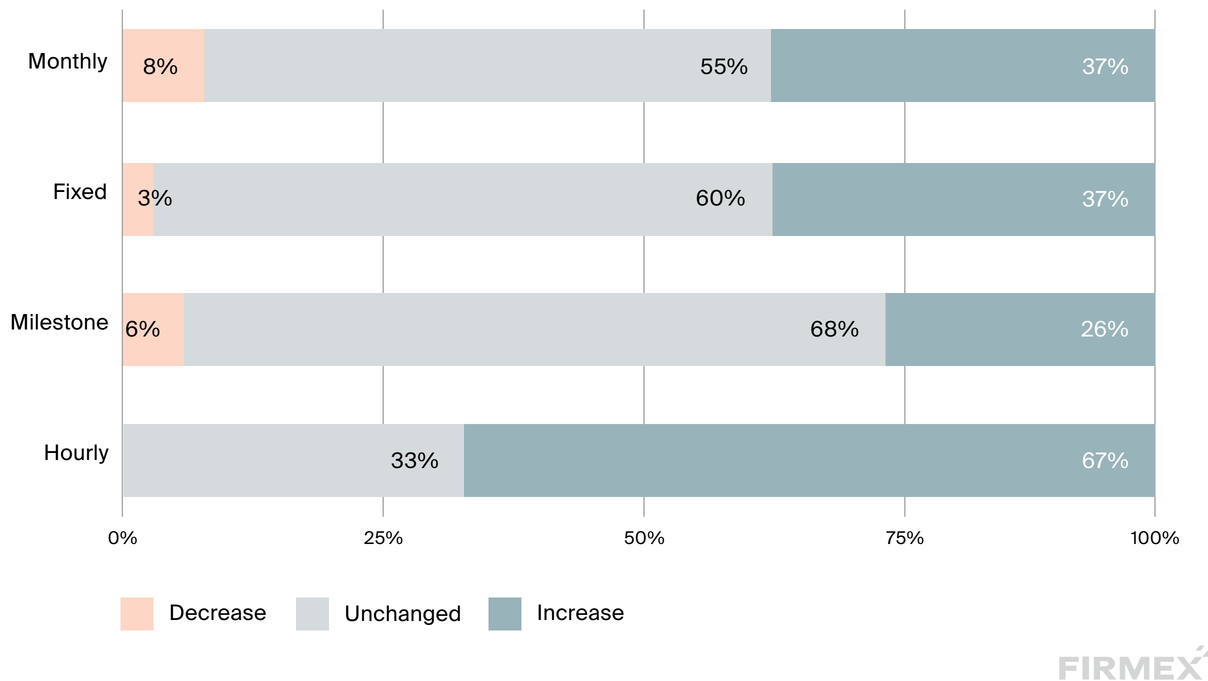
Raised Any Fee

If at least one type of fee was increased in 2024; If any type of fee will increase in 2025



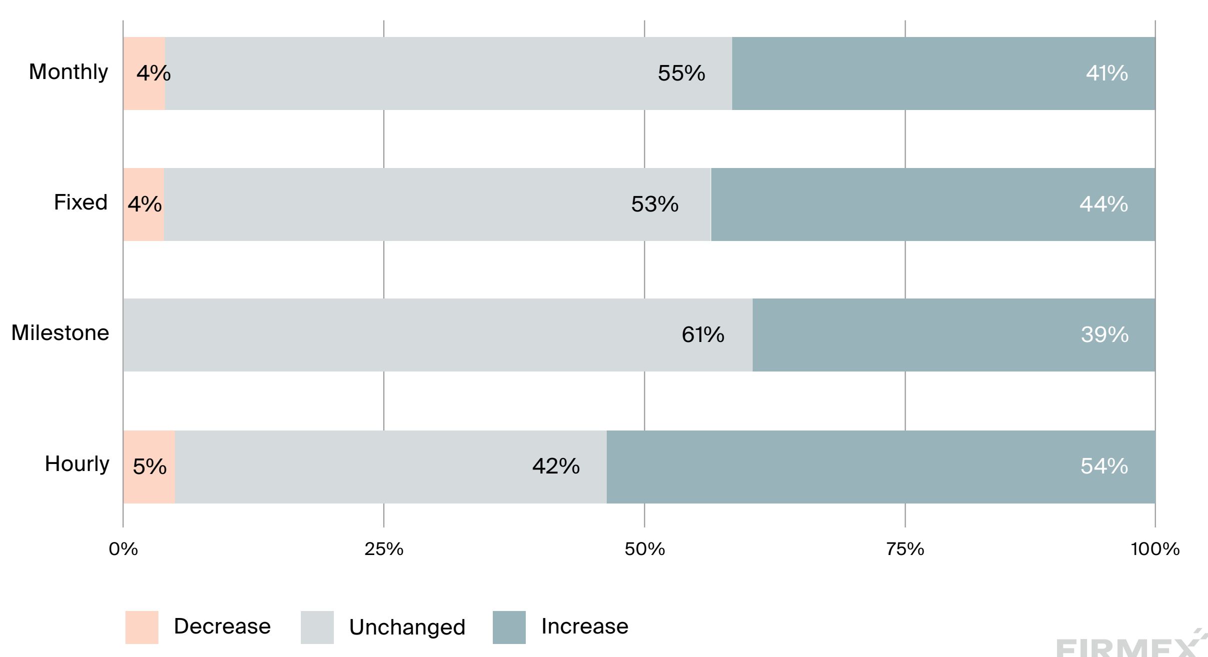
Engagement Fee Changes in 2024

How advisors changed levels of engagement fees



Expected Engagement Fee Changes in 2025

How advisors expect to change fee levels in the coming year



Pressure from clients to cut fees

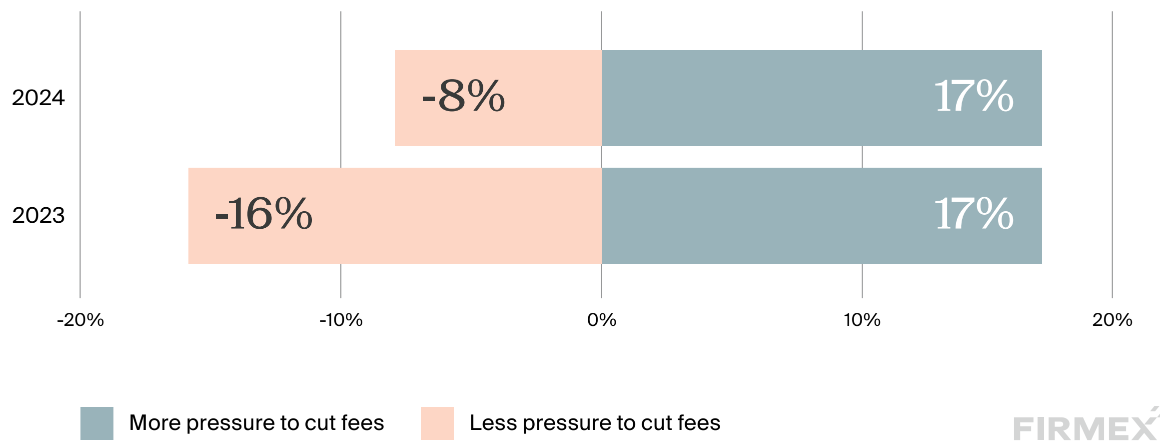
Advisors told us that, as much as they would have liked to increase their fees to cover their rising costs, they often faced pushback from clients, many of whom were confronting similar inflationary forces. Despite this, our survey respondents generally said that the pressure from clients to cut fees was about the same in 2024 as in 2023. The only discrepancy was firms that mainly serve buyers, where 31% reported an increase in fee pressure, up from 11% in 2023.

Handling fee negotiations

We asked advisors what adjustments, if any, they make to their fees when clients ask for a break. About half said their fees are non-negotiable. The rest described several approaches to accommodating the request. Some offer a relatively minor tweak to the rate or terms of engagement. Others will offer a choice of structures, such as a tradeoff between the levels of the success fee and the upfront work fees.

Pushback on Fee Levels

Whether there is more or less pressure from clients to cut M&A fees compared to a year ago



Observations

Raising fees

> We increased our retainer fees as our fixed costs increased. In addition, we want to work on larger deals that will enable us to charge a higher monthly retainer.
>
> ENRICO JAKOB, MANAGING PARTNER, ALPHABET PARTNERS, GERMANY

Willingness to pay higher fees

> Sellers of small businesses were prepared to pay higher success fees and retainers this year, because of the more challenging market conditions. However, overall profitability declined due to the higher workload and longer deal processing times. Clients were prepared to pay slightly higher fees this year due to the more demanding market situation.
>
> DR. MICHAEL HOPF, MANAGING DIRECTOR, SCS SUPPLYCHAINSUPPORT GMBH, GERMANY

Offering options to clients

> We are typically open to discussing the trade-off between a success fee and a retainer. We aim to structure a success fee formula that reflects the value, complexity, and risk we assume for a specific transaction and client. We are also open to accepting a fee cap, depending on the client's profile, preferences, and competitive offers.
>
> TOMAS KOZUBEK, PARTNER, TARPAN PARTNERS, CZECH REPUBLIC

> Our fee structure has been the same for the last 10 years, and it works.
>
> GREGOIRE BOUILLE, CO-FOUNDER/MANAGING PARTNER, A-NOVA LLC, SWITZERLAND

Reacting to client complaints about fees

> Instead of reducing fees, we now think about cutting off our relationship with the client. It's not a seller's market anymore.
>
> THORSTEN LEIDAG-HARTLMAIER, MANAGING DIRECTOR, SPARRINGSPARTNER GESELLSCHAFT MBH, GERMANY

Engagement Fees

Over the last two years, middle-market firms in Europe have been moving away from one-time fixed retainers to other structures that provide more consistent income while they are working on deals.

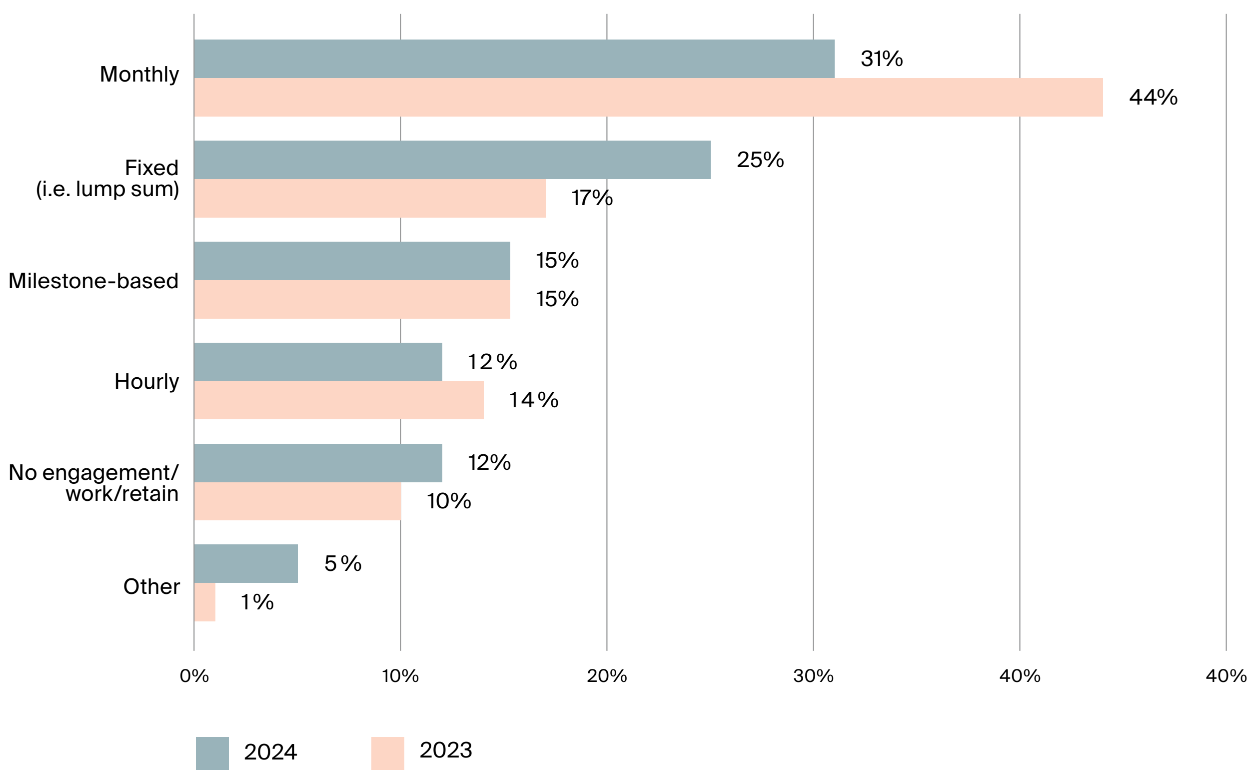
In 2024, as in 2023, the most common structure is monthly fees, used by 31% of the firms surveyed. Fixed fees come in second, used by 25%.

Milestone fees – where set amounts are paid at specified stages of a deal – are used by 15% of the firms surveyed, the same as last year.

In Europe, 12% of firms say they charge no work fees, instead depending solely on the success fee, or commission, on a completed transaction.

Engagement Fee Structure

The type of work fee charged, if any



How firms choose an engagement fee structure

We asked a series of questions to probe how middle-market merger advisors select the structure and levels of their engagement fees. The most common answers all revolve around the risks of small firms depending too much on the unpredictable stream of success fees:

- **To cover operating costs.** “Fees are compensation for the significant up-front and ongoing costs we incur in M&A transactions,” said the head of a German advisory firm.
- **To compensate for deals that are delayed or don’t close.** “At the lower transaction value end of the market, there is more risk that there will be no offers, so we charge as clients receive value for our work,” said Andrew Watkin, director of Assynt Corporate Finance Ltd. in Stevenage, United Kingdom.
- **To ensure the client is serious.** “It makes little sense for us to serve clients who do not invest in the sale of their own company,” said Markus Glasser, CEO of m+a expert in Munich, Germany.

Observations

Determining engagement fee levels

“ A reasonable fee is big enough so the client feels he has skin in the game, but not too large to scare him away.

DANIELA BUHUS, PARTNER, TS PARTNERS, ROMANIA

“ Our fees reflect the value we deliver rather than the time spent. This aligns our interests with our clients’ goals and emphasizes efficiency.

CHRIS RAMAN, FOUNDER/MANAGING DIRECTOR, VENTURES4GROWTH, BELGIUM

“ After 15 years in business, we have good know-how in the costs required for a client engagement. That being said, our costs have increased since the pandemic, and these are being translated into slightly higher fees for our clients.

JUSTIN LEVINE, MANAGING DIRECTOR, THENONEXEC LIMITED, UNITED KINGDOM

Benefits of monthly work fees

“ A monthly retainer recognizes the expertise required to deal effectively with professional challenges. Particularly in the case of protracted negotiations, a retainer helps to maintain the financial viability of the advisory service.

INVESTMENT BANKER, GERMANY

Benefits of hourly work fees

“ Hourly fees are the most acceptable form of retainer for clients and are easy to understand.

ARTUR SPRAUL, MANAGING DIRECTOR, ASG CONSULT GMBH, GERMANY

Benefits of milestone work fees

“ With milestone fees, you get paid only when you reach the milestone. On a retainer, M&A companies will work more slowly because they are not motivated to move the transaction ahead.

THORSTEN LEIDAG-HARTLMAIER, MANAGING DIRECTOR, SPARRINGSPARTNER GESELLSCHAFT MBH, GERMANY

“ Clients are reluctant to pay fees when they can’t see or touch the results.

DANIEL IONESCU, MANAGING PARTNER, LARIVE ROMANIA IBD SRL, ROMANIA

Engagement fee levels

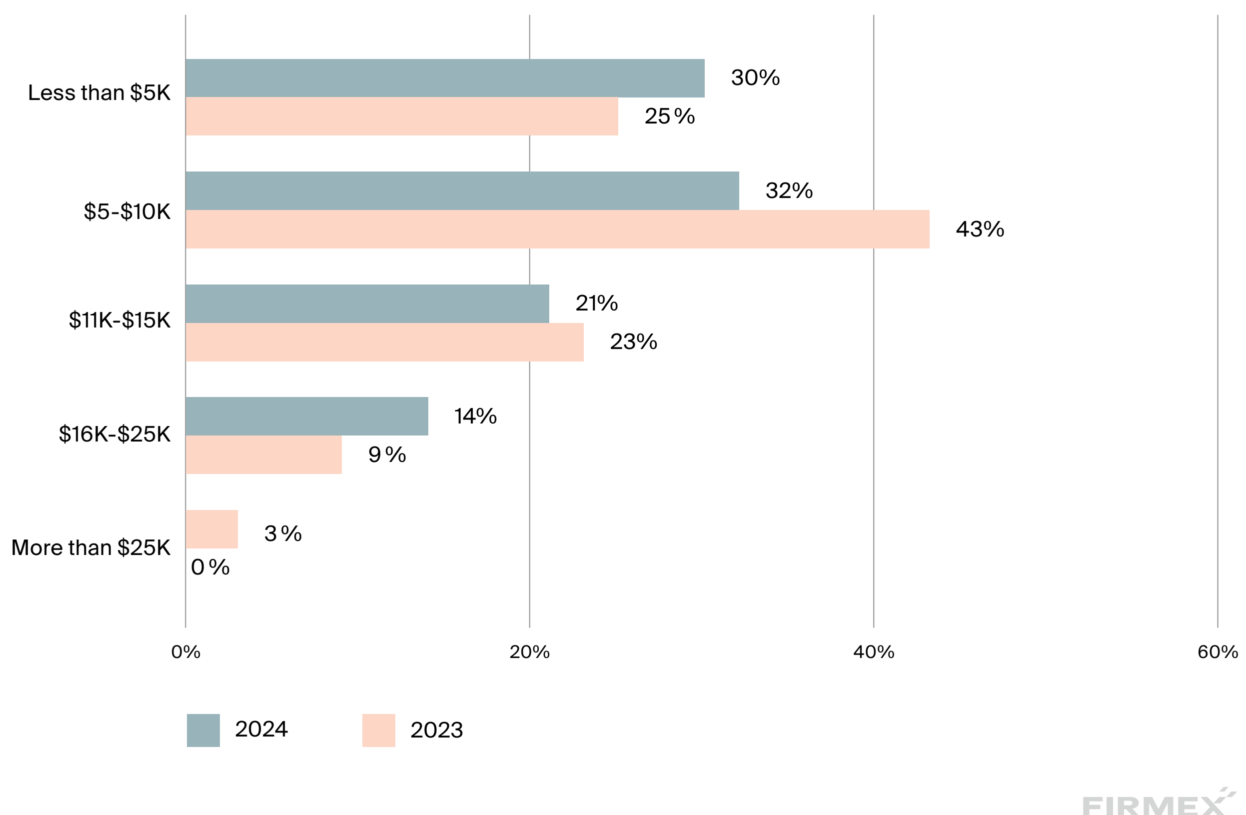
The typical amounts firms charge for both monthly and one-time fixed fees increased in 2024. While the most common monthly fee remained between $5,000 and $10,000, the number of firms charging $16,000 or more per month doubled to 17%.

Similarly, 31% of firms using fixed fees now charge more than $26,000, up from 21% last year. The most common fixed fee is between $5,000 and $10,000.

Larger firms and those with higher minimum transaction sizes also had higher-than-average fees.

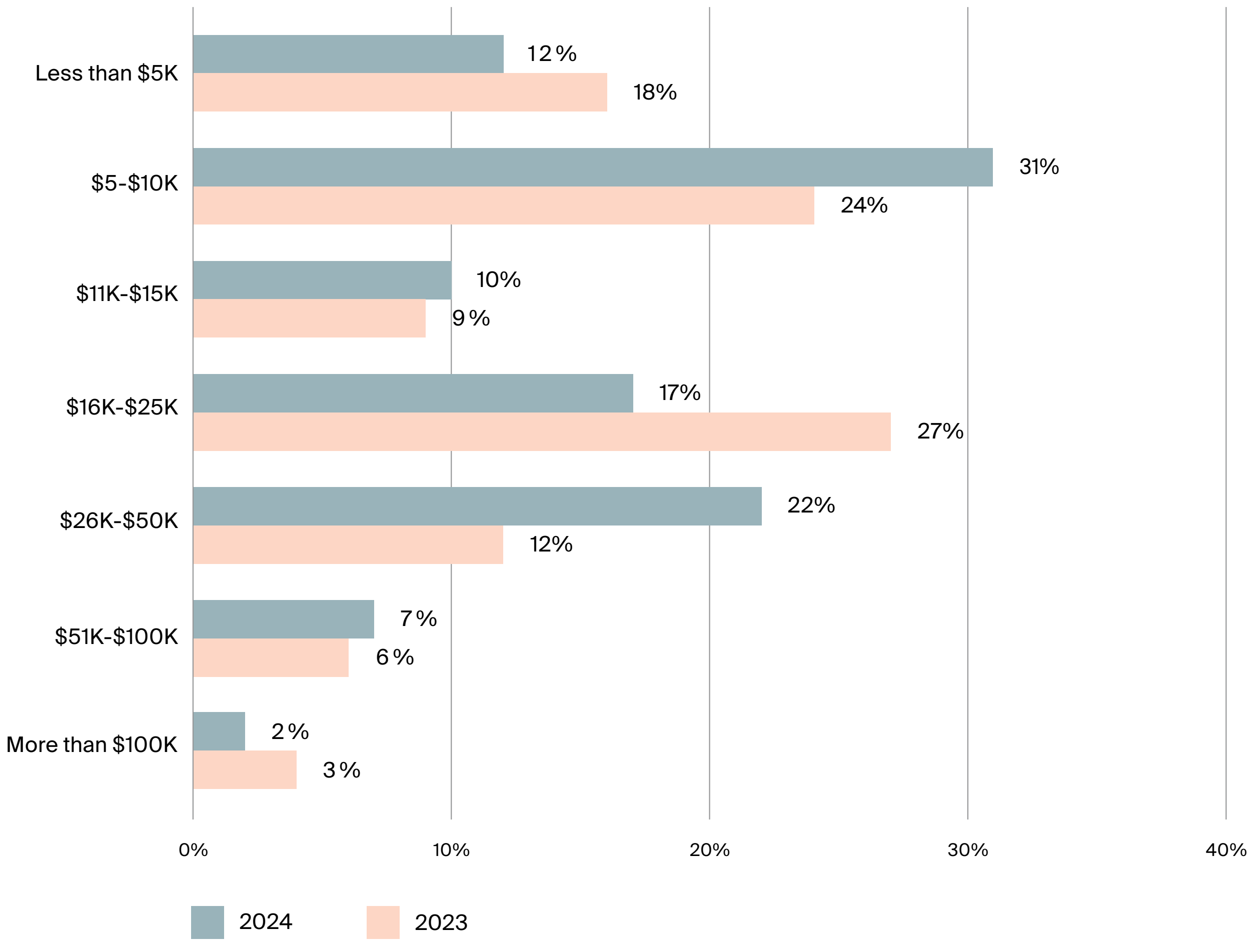
Monthly Fee Levels

Most common monthly fee



Fixed Fee Levels

Most common fixed engagement fee



Milestone fees

While milestone fees are too complicated to reduce to a single price level, we did ask advisors who use them to describe the structure they prefer. Most commonly, they said they identified three or four milestones that would trigger fees, although the examples provided showed a range between two and nine distinct milestones.

The most common milestones mentioned included starting the engagement, completing marketing materials, receiving indications of interest, signing letters of intent, and closing the transaction.

Observations

Examples of milestone structures

> Fees are charged when each of these milestones is passed: research, compiling the flyer, compiling the Information Memorandum, meetings, initial offer, heads of agreement, due diligence, completion, and post-completion.
>
> ANDREW WATKIN, DIRECTOR, ASSYNT CORPORATE FINANCE LTD., UNITED KINGDOM

> Milestone fees help ensure that sellers have the proper buy-in and aren't just testing the waters. They also help us mitigate our risk, especially with larger deals that take more time and effort.
>
> SEBASTIAN KOEPP-MEDINA, PARTNER AT MID-CAP M&A ADVISORY FIRM, SWITZERLAND

> Milestone fees are quite a logical pricing structure and are well accepted by clients.
>
> CHRISTOPHE BATAN-LAPEYRE, MANAGING DIRECTOR, ONIX ASSOCIATES, BELGIUM

Success Fees

Generally, firms earn the bulk of their revenue from success fees tied to the value of a completed transaction. The most common structure in the middle market, used by 40% of firms in our survey, is what is known as the "Lehman Formula," where the commission rate decreases as the deal size increases. In its classic version, the fee is 5% for the first $1 million, 4% for the second million, and so on, with a 1% rate for all amounts over $5 million.

Some advisors still use that exact version. Many say they use "Double Lehman," where the rates start at 10% and fall to 2%. And there are many variations.

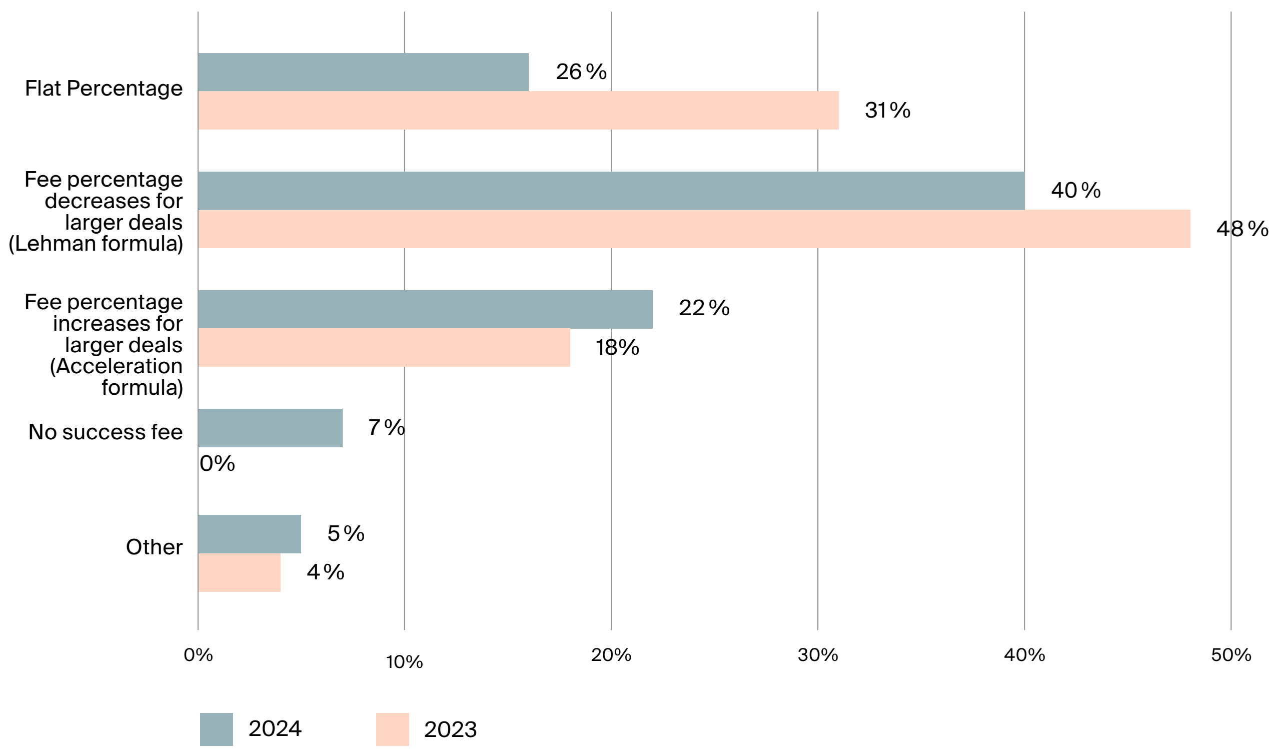
The converse – an accelerator formula where the commission increases when the deal size is over a set amount – is becoming more popular in the middle market. In 2024, 22% of the advisors surveyed used this approach, up from 16% the year before.

The most straightforward approach – a flat percentage regardless of deal size – was used by 26%.

Among firms that primarily serve the buy-side, 29% don't charge a success fee at all.

Success Fee Structure

The type of success fee charged, if any



Success fee levels

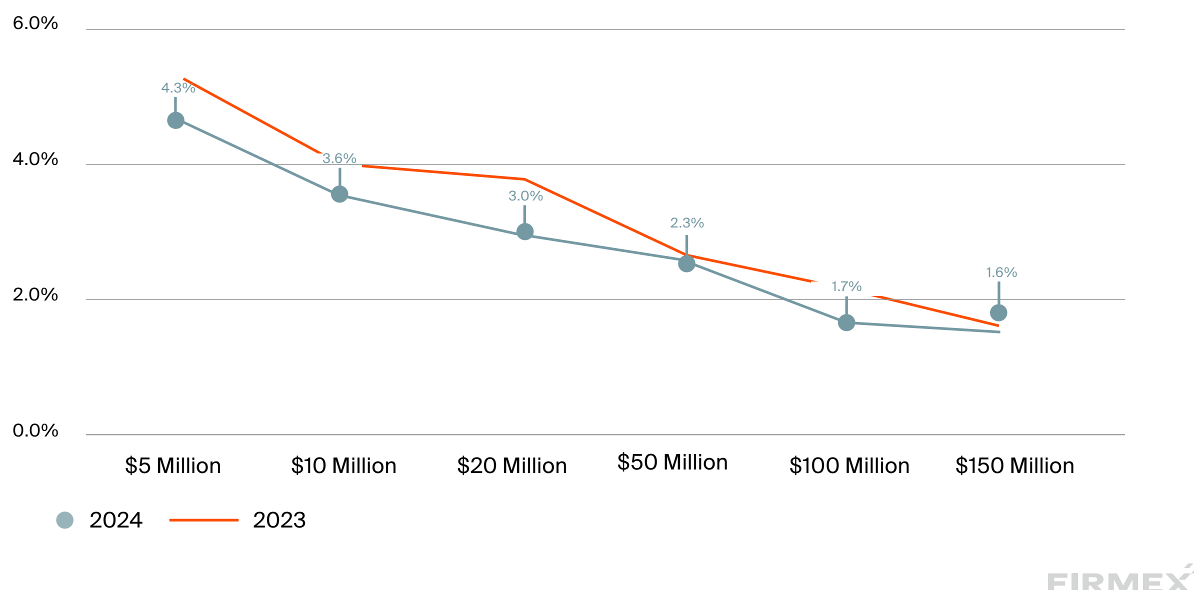
To understand the impact of the various formulas, we asked the advisors to estimate their effective success fees for deals of various sizes. The answers range from 4.3% for a $5 million deal to 1.6% for a $150 million transaction.

At nearly every deal size, fee levels were lower in 2024 than in 2023. The drop was most significant for smaller deals.

Interestingly, the formula used to calculate the success fee – Lehman, accelerator, or flat rate – had very little effect on the average effective fee level, regardless of the deal size.

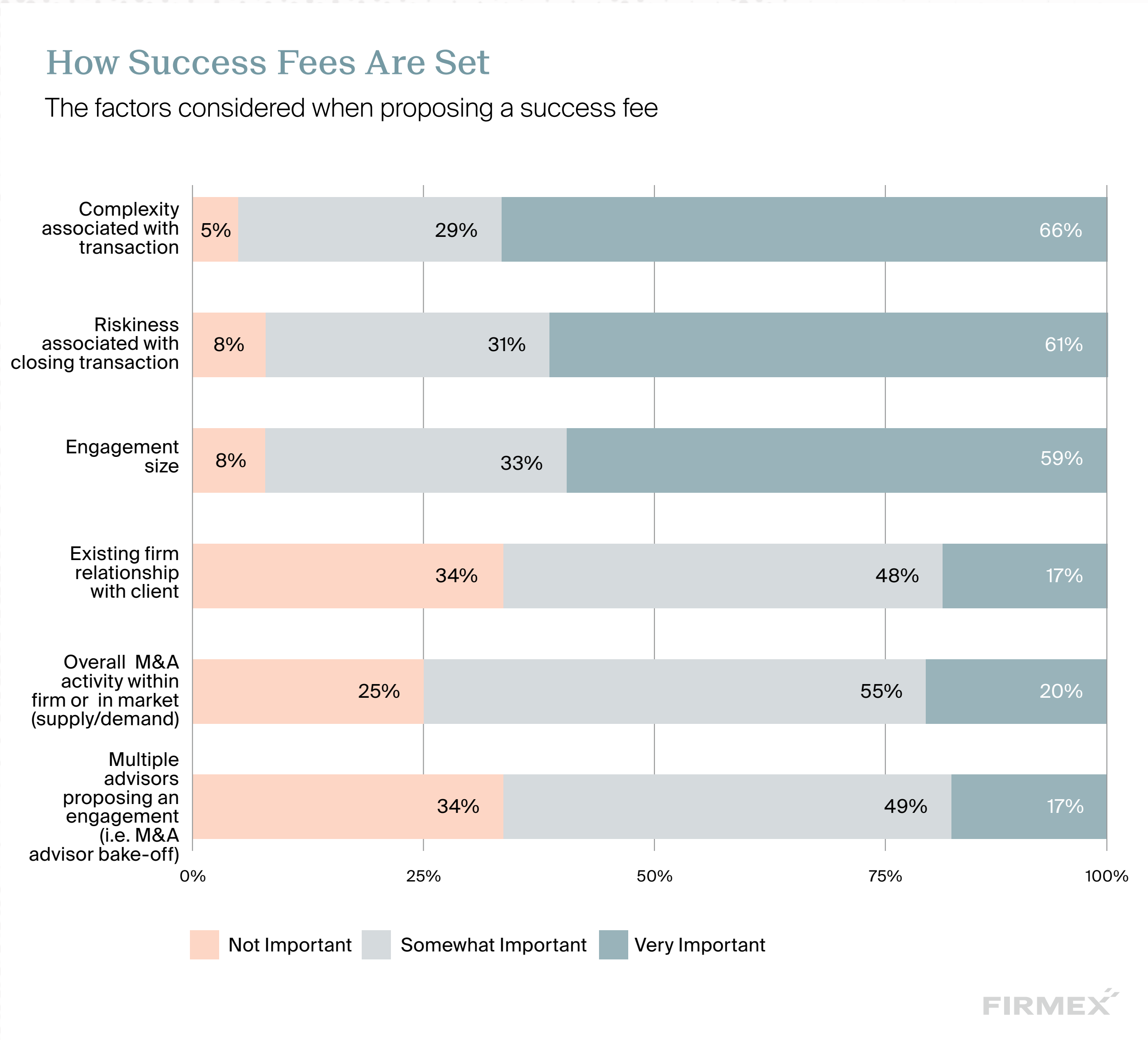
Success Fee Levels

Most common success fee for deals of each size



Factors considered when setting success fees

When setting their success fees, firms consider the following three factors the most important: the complexity of the transaction, the risk of it not closing, and the size of the deal. Far less important are the firm's relationship with its client, the level of M&A activity, and whether they are being asked to bid in competition with other firms.



Observations

Determining success fee levels

> We often customize fee structures to meet client needs, such as tiered percentages for different transaction values, ensuring fairness and incentive alignment. Regular feedback from clients may lead us to recalibrate fees to better match their expectations and perceived value.
>
> CHRIS RAMAN, FOUNDER/MANAGING DIRECTOR, VENTURES4GROWTH, BELGIUM

> We'll set our success fee based on our estimation of the enterprise value and the complexity of the transaction.
>
> TIM BIEDER, PROJECT MANAGER, WALTER FRIES CORPORATE FINANCE, GERMANY

Choosing a success fee formula

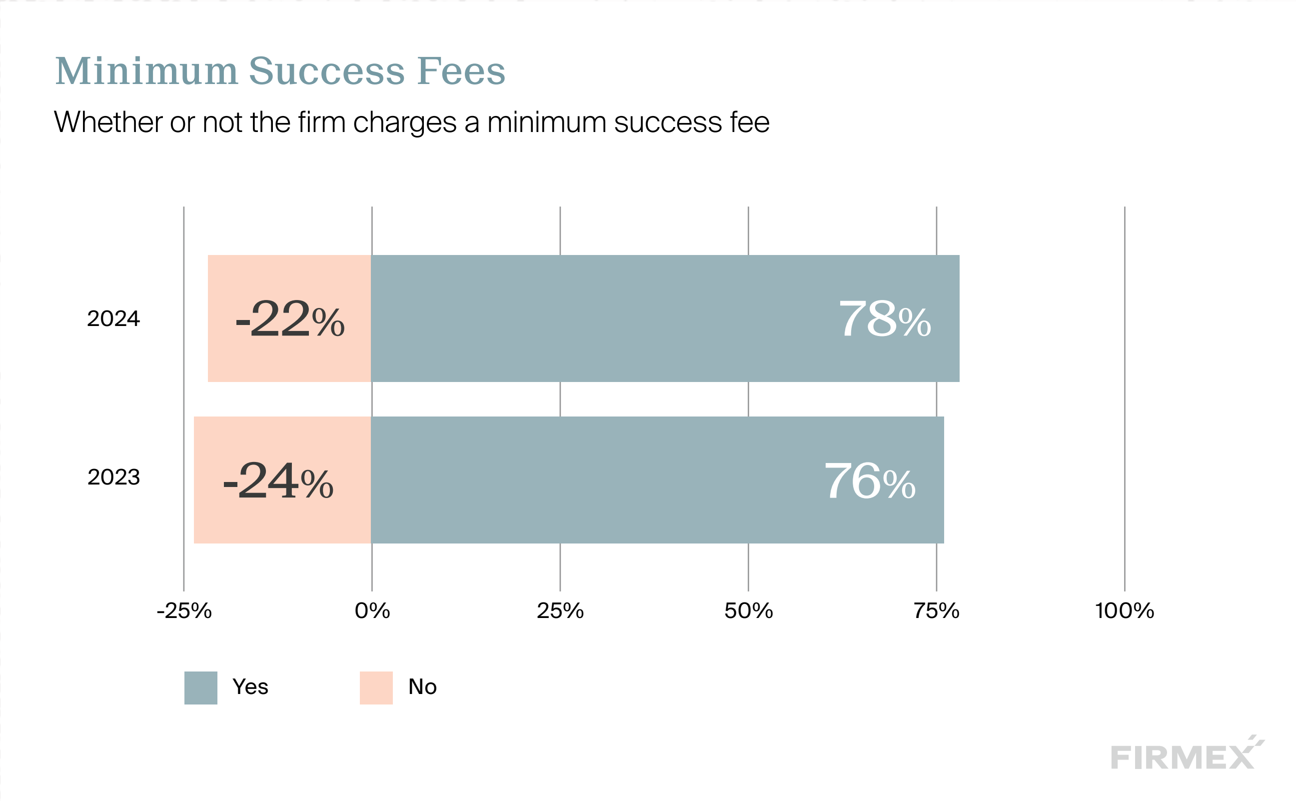
> We typically set a fixed fee with the occasional success fee based on a percentage accelerator. Whilst we target maximum EVs for our clients, we want them to select buyers (or sellers) with the best strategic and cultural fit – and hence, we align our interests such that we have no axe to grind on their final choice.
>
> JUSTIN LEVINE, MANAGING DIRECTOR, THENONEXEC LIMITED, UNITED KINGDOM

> Clients are increasingly open to a reverse Lehman formula. It reflects both our risk and the value we provide.
>
> BJÖRN STÜBIGER, PARTNER, RÖDL & PARTNER, GERMANY

> We charge a flat percentage until a certain amount, then we add a 10% kicker above that.
>
> BUSINESS BROKER, DENMARK

Minimum success fees

More than three-quarters of middle-market firms surveyed write a minimum success fee into their engagement agreements.



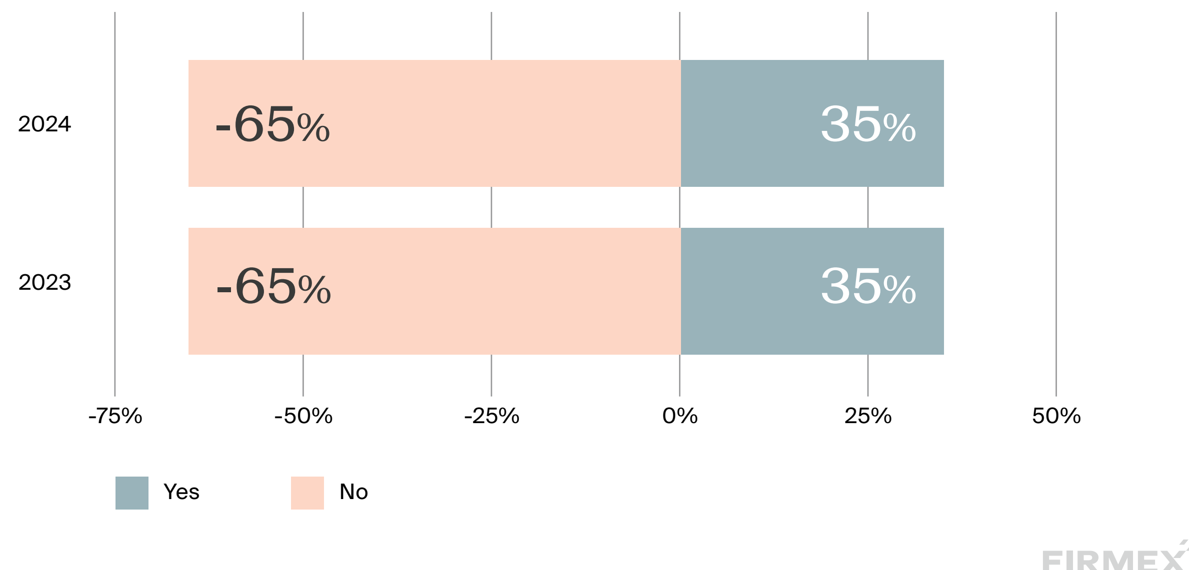
Additional Terms

Break-up fees

Among the most frustrating experiences for a merger advisor is having a client reject an offer that met their initial request. Of those we surveyed, 35% impose a break-up fee in those circumstances, about the same as the year before. The practice is more common at firms with 20 or fewer employees.

Break-Up Fees

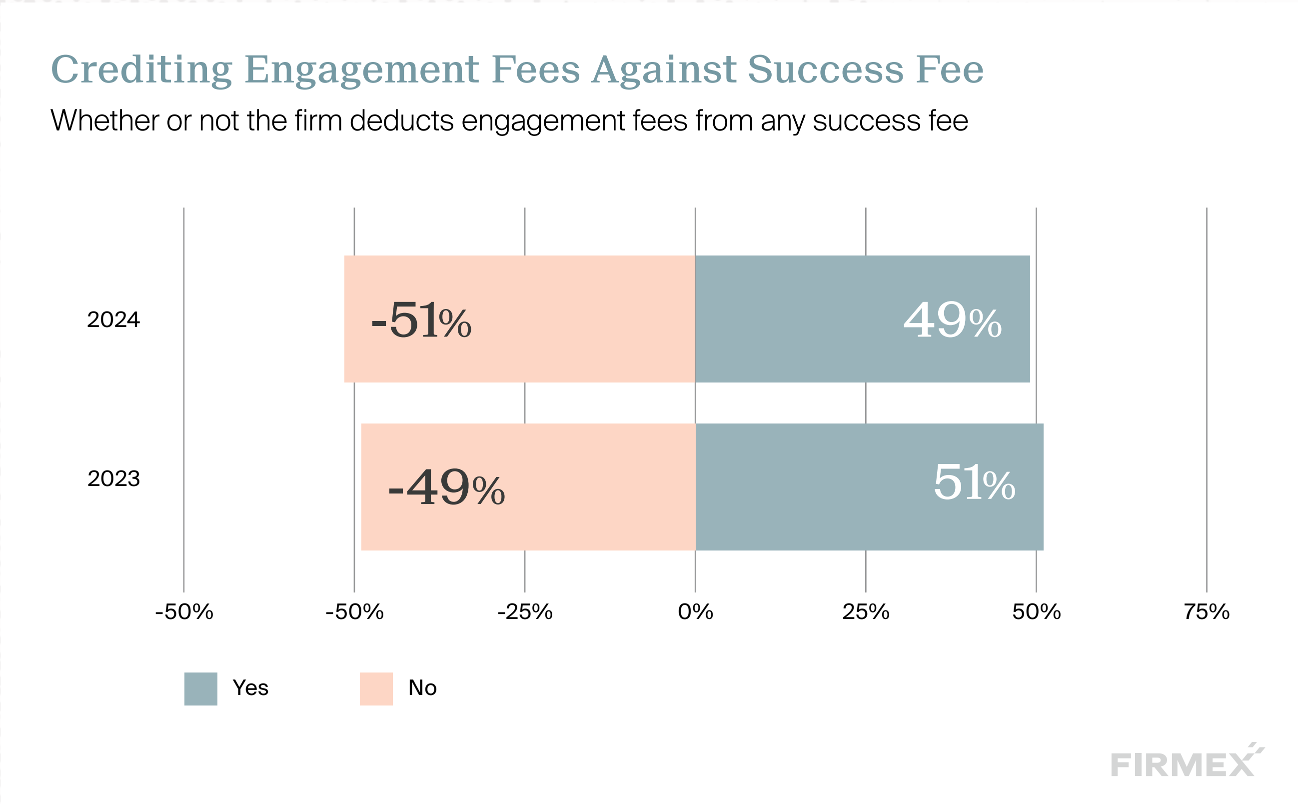
Whether or not the firm charges a break-up free when the client rejects a bona fide offer



Deducting engagement fees from success fees

As we mentioned, one of the more common ways advisors react to pushback from clients on fees is to deduct some or all of the work fees paid from the ultimate success fee if the transaction is completed.

In our 2024 survey, 49% of the firms said they make these deductions, slightly less than in 2023.



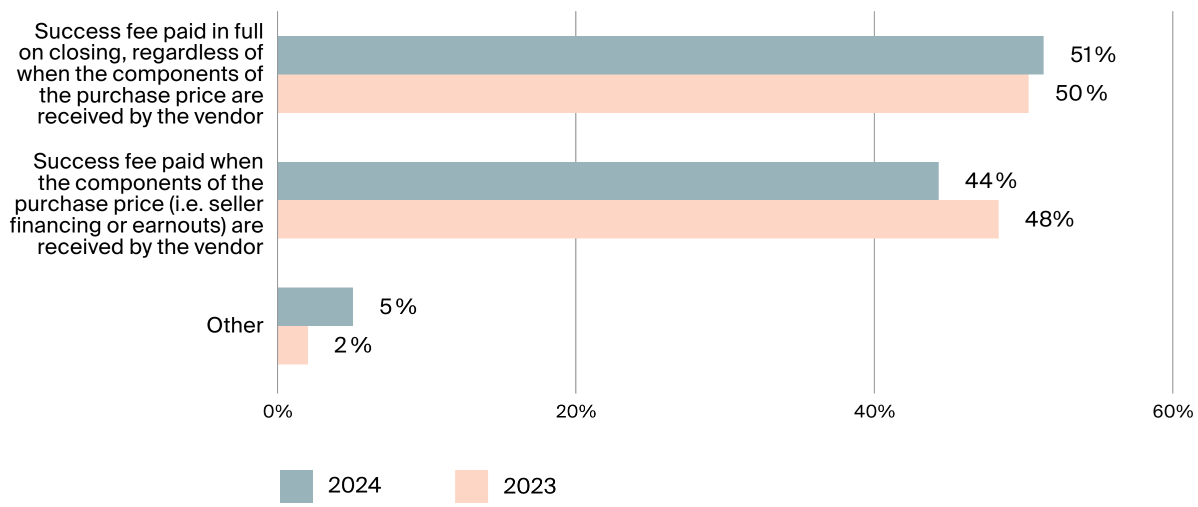
Timing of success fee payments

In slow times, one way to bridge the gap between the price sellers want and what cautious buyers are willing to pay is to negotiate an earn-out, where the payment is higher if the target company meets certain performance goals. Deals like this, and similarly phased purchase arrangements, raise the question of whether the advisor's success fee should also be spread out over time.

In 2024, 51% of advisors insisted that the full success fee is due at closing, regardless of when the seller is paid, about the same as last year.

Success Fee Timing

Whether or not success fees are delayed if the seller is paid out over time

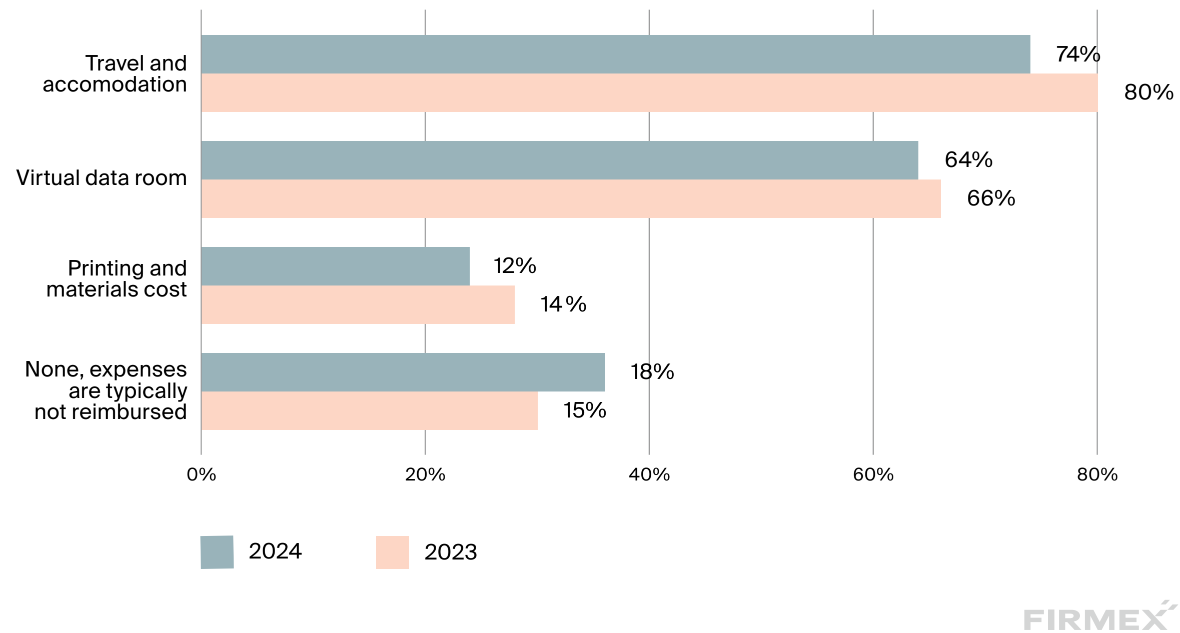


Charging for expenses

In Europe, more than four-fifths of firms said they are reimbursed for at least some of their expenses connected with transactions. Travel expenses were most commonly reimbursed, with 74% of firms passing these on to their clients. Second was virtual data rooms, which are expensed by 64% of firms.

Reimbursable Expenses

Types of expenses that are commonly reimbursed by clients



Observations

“We are considering putting a clause in our contracts to cover any bona fide offers that are rejected by a client. We have not had this issue historically, but we are thinking about the potential risk.

JUSTIN LEVINE, MANAGING DIRECTOR, THENONEXEC LIMITED, UNITED KINGDOM

“In general, our contracts have fixed durations of 12 months. In the future, we want our contract to automatically extend if there are non-binding offers submitted and the seller wants to accept these offers. In addition, we want to charge travel fees and increase the retainer.

ENRICO JAKOB, MANAGING PARTNER, ALPHABET PARTNERS, GERMANY

2025 Outlook

The economic and political questions that weighed on financial markets in 2024 were not resolved by the time this survey was completed. At the time, merger advisors were quite bullish about their prospects for the year, and while 2025 has brought in macroeconomic uncertainty, advisors are still planning to strategically meet market needs.

More than half (55%) said they intended to keep their fee levels steady, even those in markets still facing economic headwinds. "While we expect a decrease in volume due to a poor pipeline, we do not expect any significant change in fee level or structure," said Christophe Batan-Lapeyre, a managing director of ONIX Associates, in Brussels, Belgium.

For 40% of the advisors, the demand for their services has been so strong that they are preparing to increase their fee levels again this year.

"Our fees will increase, driven by a strong pipeline and our ability to negotiate terms in our favour," said Tomas Kozubek, a partner with TARPAN Partners in Prague, Czech Republic.

Observations

Planning to raise fees in 2025

> We are budgeting for around a 15% increase, mainly because our client book is already full for 2025.
>
> **JUSTIN LEVINE, MANAGING DIRECTOR, THENONEXEC LIMITED, UNITED KINGDOM**

> The more deals we close successfully that drive recommendation, the higher we will set our fees.
>
> **SEBASTIAN KOEPP-MEDINA, PARTNER AT MID-CAP M&A ADVISORY FIRM, SWITZERLAND**

> In 2026, we will increase our minimum fee and moderately adjust the monthly retainer.
>
> **MARKUS GLASSER, CEO, M+A EXPERT, GERMANY**

> We expect to raise fee levels for all transactions up to $20 million. We're going to avoid handling complex situations for low retainers and success fees.
>
> **STEFAN CONSTANTIN, PARTNER/MANAGING DIRECTOR, C.H. REYNOLDS CORPORATE FINANCE AG, GERMANY**

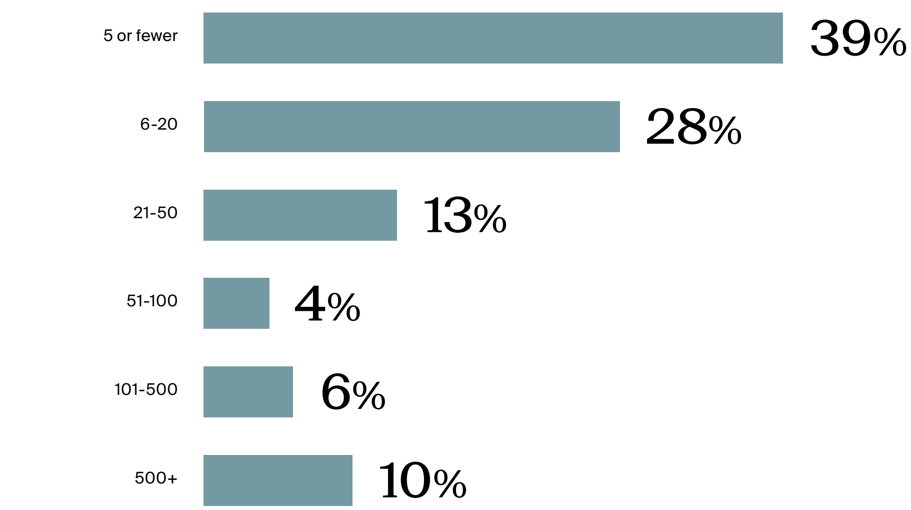
> We tend to win most pitches, so we will increase our pricing.
>
> **PARTNER, GERMANY**

Expecting fees to go down

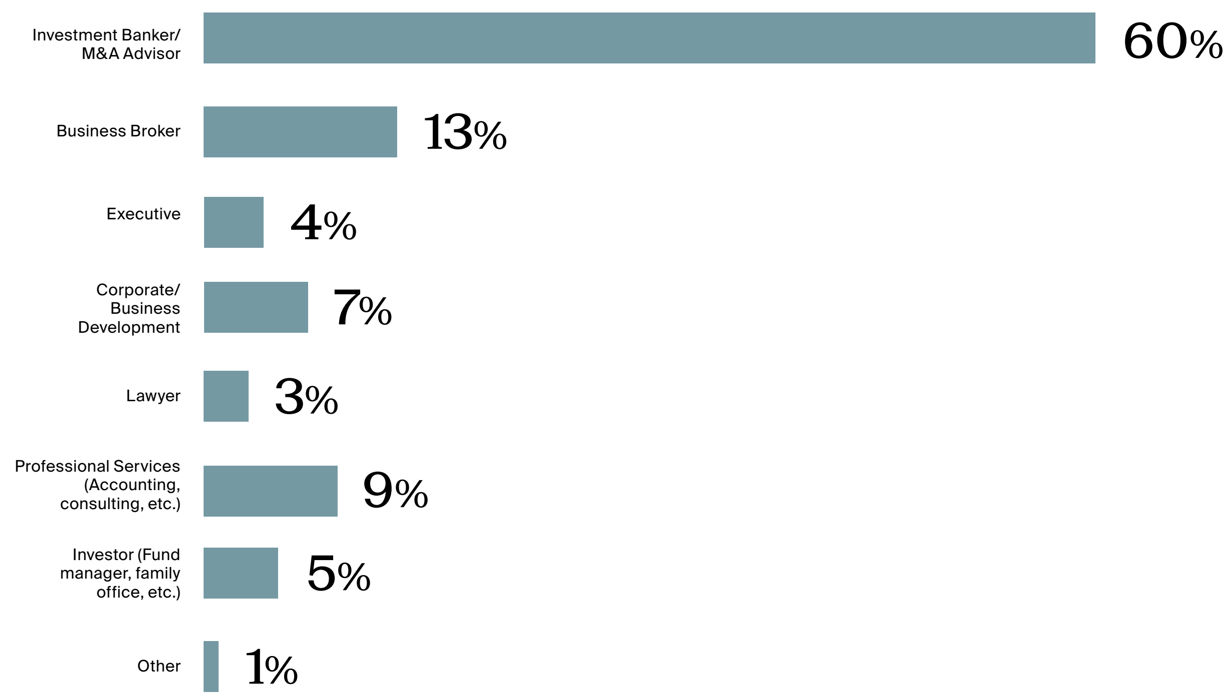
> Fees are falling because of the difficult economic situation.
>
> **ARTUR SPRAUL, MANAGING DIRECTOR, ASG CONSULT GMBH, GERMANY**

Appendix: Respondent Demographics

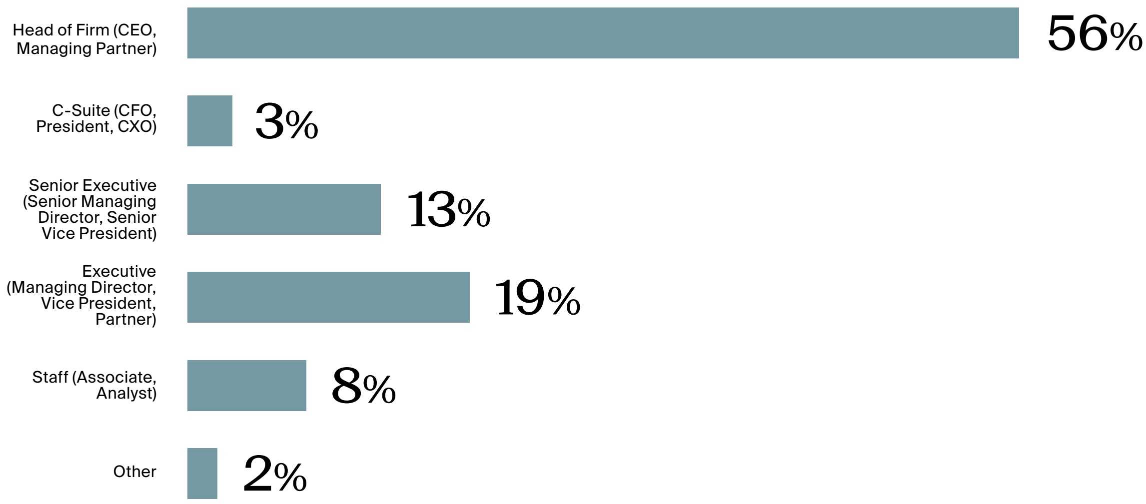
Firm Employees



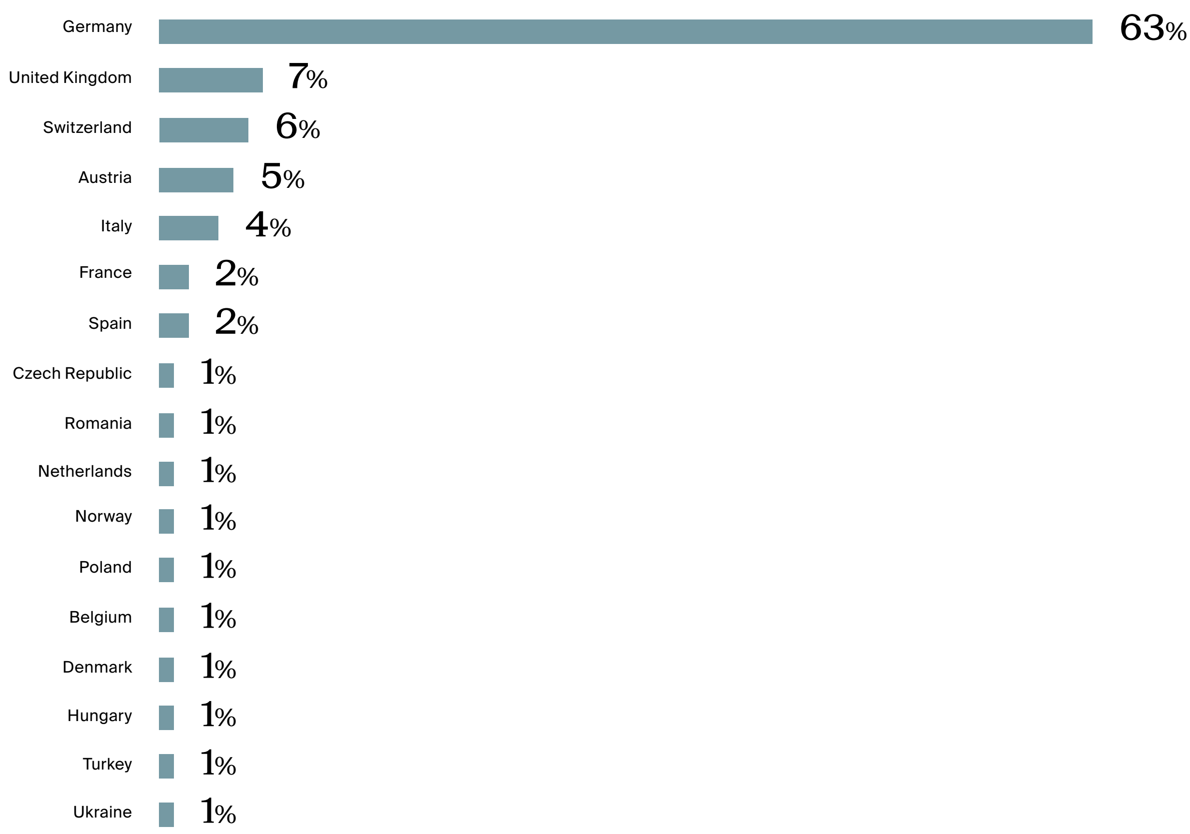
Occupation



Job Title

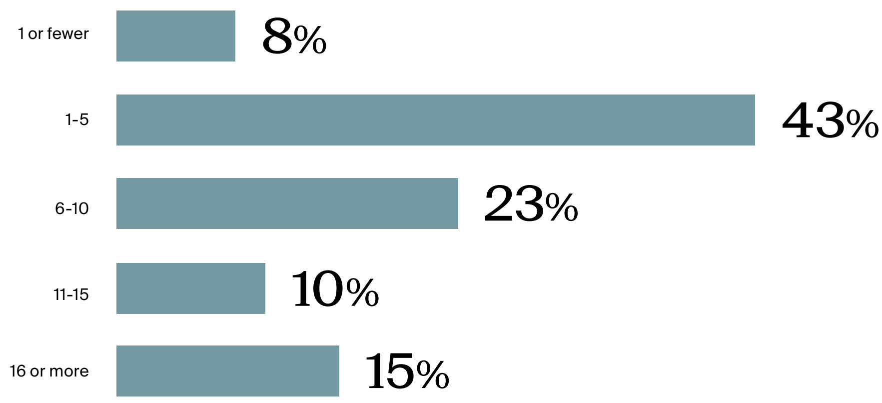


Country

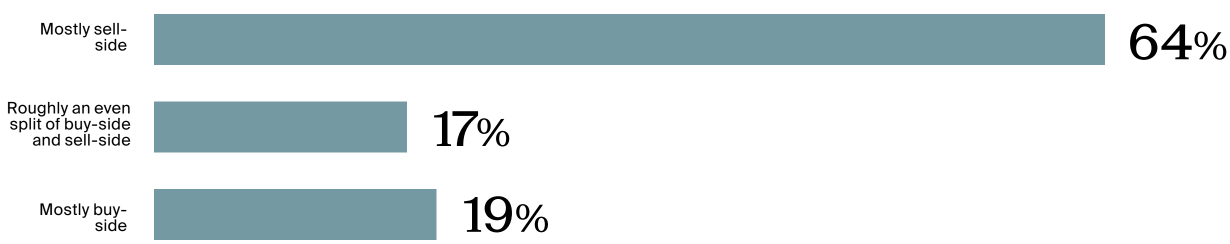


Appendix: Demographics

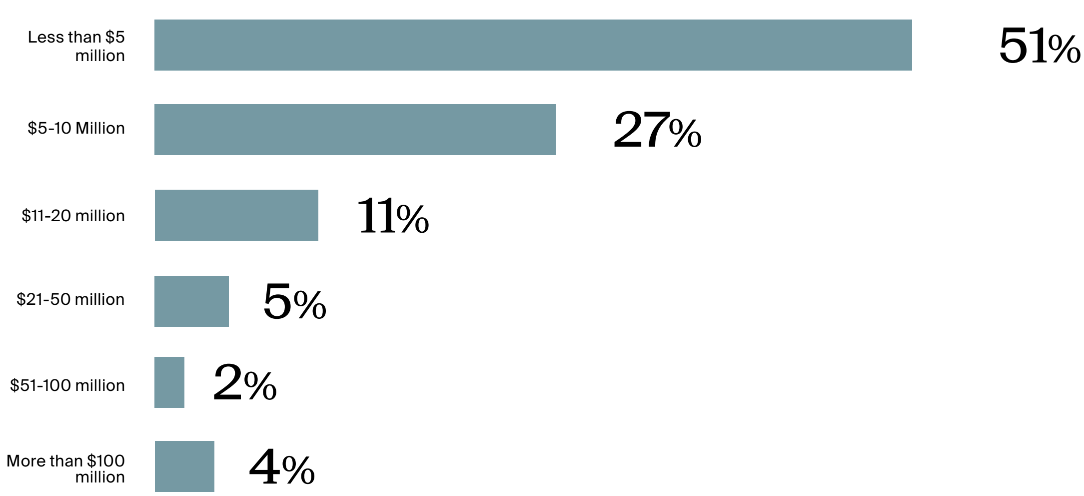
Annual Sell-Side Engagements



Client Type



Minimum Transactions 2024



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