

2025 M&A Report

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Introduction

The 2025 M&A Report begins by examining current M&A activity—globally and regionally. It then explores how periods of uncertainty present opportunities for dealmakers who possess the capabilities to pursue targeted acquisitions and disciplined geographic expansions. The report also considers how companies can create value from cross-border transactions by skillfully navigating regional complexities, regulatory challenges, and cultural integration.

This year's report has four parts:

- **The Brave New World of Dealmaking.** In the first nine months of 2025, the global M&A market demonstrated resilience, steadily recovering despite ongoing challenges reshaping market dynamics. Seasoned dealmakers view today's volatility as an opening not merely to grow or to shrink, but to transform. Amid the prevailing uncertainty, the investment community now expects portfolio moves and growth pivots that it once viewed as optional. At the same time, AI is helping to streamline deal processes and surface hidden value, making transactions faster and smarter. In this new world, the mandate for dealmakers is clear: make selective bold moves, embrace emerging technology, and play for long-term advantage.
- **Regional Perspectives.** Despite persistent uncertainty, many dealmakers are moving forward, anchoring deals in clearer theses and distinctive capabilities. Often, this includes adopting a sharper regional focus that provides some insulation from global volatility. To better understand these dynamics, we asked BCG experts in ten regions to describe the current state of their M&A markets and share insights on recent trends and near-term drivers of deal activity.
- **The Upside of Uncertainty.** Periods of uncertainty offer exceptional opportunities for companies that are prepared to act with strategic precision. Successful M&A during uncertainty hinges on consolidating your core market position through targeted acquisitions, carefully expanding geographically within your comfort zone, and avoiding overly complex or transformative moves. This disciplined, strategic approach not only mitigates risk but can also unlock significant long-term value, even when markets are at their most volatile.
- **Capturing the Value of Cross-Border Deals.** Cross-border M&A activity has declined from 50% of global deal value at its peak in 2007 to approximately 30% today. Even so, BCG research reveals that cross-border deals, when pursued strategically, can create significant value. Transactions within the same geographic region typically outperform deals within the same country or farther afield, as they enable companies to achieve international growth while addressing manageable integration complexity. To succeed, companies must navigate regulatory hurdles, geopolitical volatility, and the more subtle challenges of cultural integration.

By prioritizing these insights in their M&A strategy and carefully managing the complexities of planning and execution, proactive dealmakers can position themselves for success.



The Brave New World of Dealmaking

By Jens Kengelbach, Daniel Friedman, Dominik Degen, and Christoph Schweizer

In October 2025, the global M&A market's volatile recovery continues, marked by renewed optimism. After navigating significant turbulence earlier this year, the market has shown its resilience, driven by strategic adaptability among experienced dealmakers.

The trend in **BCG's M&A Sentiment Index**, a leading indicator of future deal activity, has been increasingly positive across all sectors recently, with particularly strong confidence in the technology and energy industries going forward. Yet this recovery unfolds amid persistent geopolitical tensions, regulatory shifts, and economic uncertainties, all of which continue to affect market dynamics.

Rather than being deterred, successful dealmakers are strategically harnessing these uncertainties. Forward-looking executives are transforming their business portfolios through targeted acquisitions and divestitures. They are also applying AI and advanced analytics to accelerate and enhance dealmaking—from identifying high-potential targets and conducting deeper due diligence to streamlining integration. For these leaders, **M&A** is no longer merely opportunistic; it has become an indispensable strategic tool for shaping the future of their organizations.

The M&A Market Defies Headwinds

The global M&A market continues to demonstrate resilience, steadily recovering despite ongoing challenges. In the first nine months of 2025, aggregate deal value rose by 10% compared with the same period last year. (See **Exhibit 1**.)

While headwinds such as geopolitical tensions and changing tariff policies have caused some dealmakers to pause, many others have pressed forward strategically. Transactions with a regional focus, particularly in the small- and mid-cap market sectors, have proven to be more insulated from geopolitical and tariff disruptions. Similarly, deals driven by strategic growth, capability enhancement, or improving resilience continue to advance. North America has been the most active region for acquisitions in terms of value, while the technology sector has led among industries. (See “**Region and Sector Insights**.”)

Large-scale M&A activity continues to rebound. During the first nine months of this year, the number of megadeals—those valued at \$10 billion or more—reached 27, up from 21 over the first nine months of 2024. While still below the record 40 megadeals in the frenzy of 2021, this uptick signals growing optimism in the market.

Notably, most of the year’s largest transactions have been US-focused:

- Union Pacific announced its \$71.5 billion acquisition of railroad operator Norfolk Southern, marking a major consolidation in US freight transportation.

- A consortium comprising by Silver Lake Group, Saudi Arabia’s Public Investment Fund, and Affinity Partners acquired gaming company Electronic Arts in a deal that values the company at approximately \$55 billion. If completed, it will be the largest leveraged buyout ever (not adjusting for inflation).
- Tech giant Alphabet pursued strategic growth in cloud security by acquiring software company Wiz for \$32 billion.
- Electric utility Constellation Energy expanded its footprint through a \$26.9 billion deal for power generator Calpine.
- Palo Alto Networks reinforced its competitive position by acquiring CyberArk for \$25.1 billion, with the aim of creating an end-to-end security platform tailored for AI.

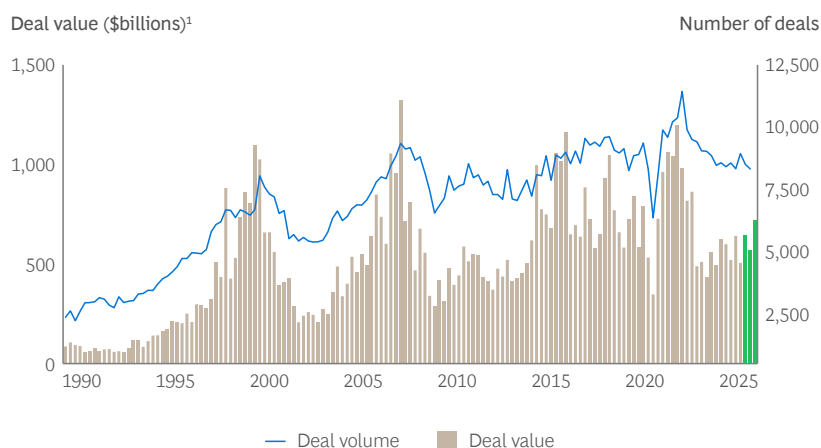
Despite this positive momentum, the number of large M&A deals (those valued at \$500 million or more) remains near the low end of historical averages. (See **Exhibit 2**.) This is consistent with broader market sentiment and aligns closely with the BCG M&A Sentiment Index. Meanwhile, SPAC mergers, prominent from 2020 to 2022, have largely reverted to a peripheral role in the broader M&A landscape.

Private equity (PE) and venture capital (VC) activity is trending higher. Global PE deal value rose 38% year-to-date through the first three quarters of 2025 compared with the same period last year, driven by large deal activity such as the mega buyout of Electronic Arts. Similar to the overall M&A market, PE deal volume was broadly on the same level as last year. Technology, media, and telecommunications, industrials, and energy were the three most attractive sectors for financial sponsors.

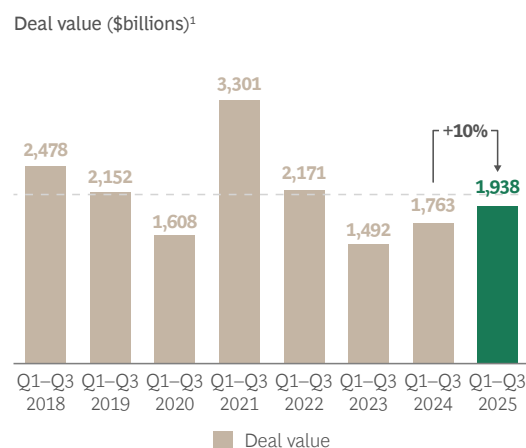
EXHIBIT 1

Global M&A Activity Continues to Slowly Recover

Global M&A activity has recovered from 2021 lows ...



... and momentum is building despite economic and political uncertainty



Sources: Refinitiv; BCG analysis.

Note: Announced M&A transactions comprise pending, partly completed, completed, unconditional, and withdrawn deals, with no transaction size threshold. Self-tenders, recapitalizations, exchange offers, repurchases, acquisitions of remaining interest, minority stake purchases, privatizations, and spinoffs are excluded.
¹Deal value includes assumed liabilities.

Region and Sector Insights

The Americas have led global M&A activity over the past nine months, showing significant year-to-date gains, while activity in Europe and Asia-Pacific experienced declines. (See [the exhibit](#).)

The data for 2025 reveals several key developments:

- Deals involving targets in the Americas had a total value of \$1.26 trillion, an increase of approximately 26% versus the first nine months of 2024. The vast majority of these deals (worth \$1.20 trillion) involved targets in North America, which accounted for 62% of overall global M&A activity. US companies acquired most of these targets. Canada saw an uptick of 96%, returning to above-average levels, and South and Central America grew by 47%.
- The value of European M&A totaled \$375 billion, a 5% decline against the first nine months of 2024. The UK remained the largest M&A market in Europe, although deal value there decreased by 35%. Deal value also declined strongly in Spain (–58%) and France (–29%). In contrast, aggregate deal value was significantly higher in the Netherlands (263%), Switzerland (109%), Italy (28%), Germany (45%), and the Nordics (31%), the last mostly driven by upticks in Norway (61%) and Sweden (36%).

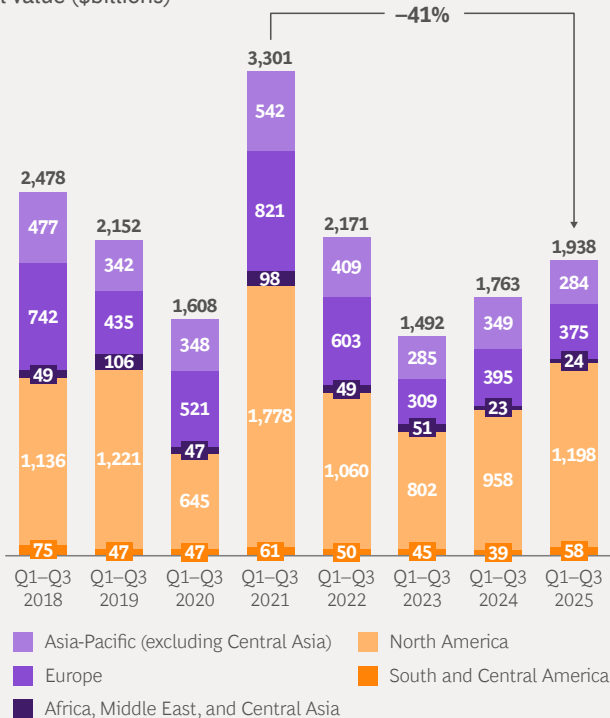
- In Africa, the Middle East, and Central Asia, M&A activity—in terms of aggregate deal value—increased slightly (6%) but remains significantly below the average level of the past ten years.
- Deal value in Asia-Pacific declined by 19% to a ten-year low of \$284 billion. Bright spots included Singapore (38%), mainland China (11%), and Australia (1%). However, the rise in aggregate deal value in these areas did not counter downward trends in other places, such as South Korea (–13%), India (–20%), and Hong Kong (–73%).

The sectors demonstrating the most significant increases in M&A deal value compared with the same period last year were industrials (77%); technology, media, and telecommunications (10%); energy (20%); and health care (20%). Large transactions involving transportation and infrastructure companies were primarily responsible for the industrials sector’s strong gains, indicating heightened activity and strategic investment. Conversely, the materials (–16%) and consumer (–17%) sectors saw substantial declines in deal value during the same period, owing mainly to a slowdown in large-scale transactions in these sectors.

In the First Nine Months of 2025, North America and the Tech Sector Led in M&A Value

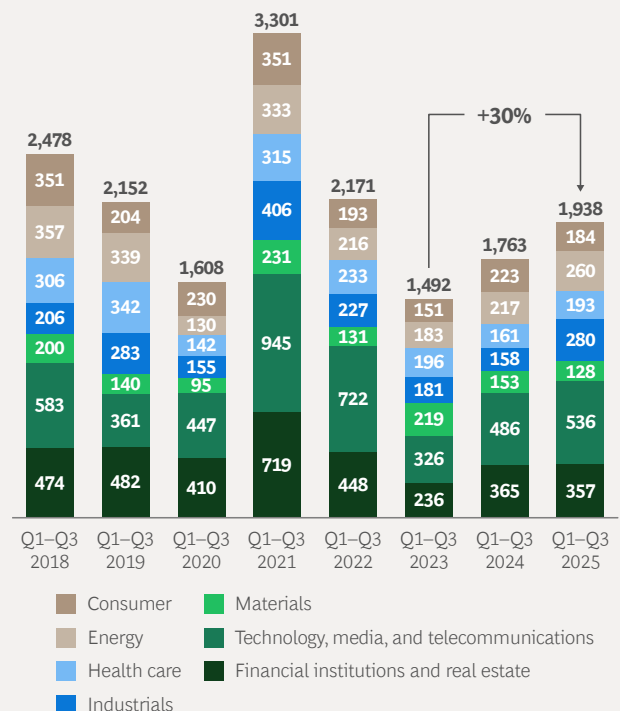
M&A value by acquisition target’s region

Deal value (\$billions)



M&A value by acquisition target’s sector

Deal value (\$billions)

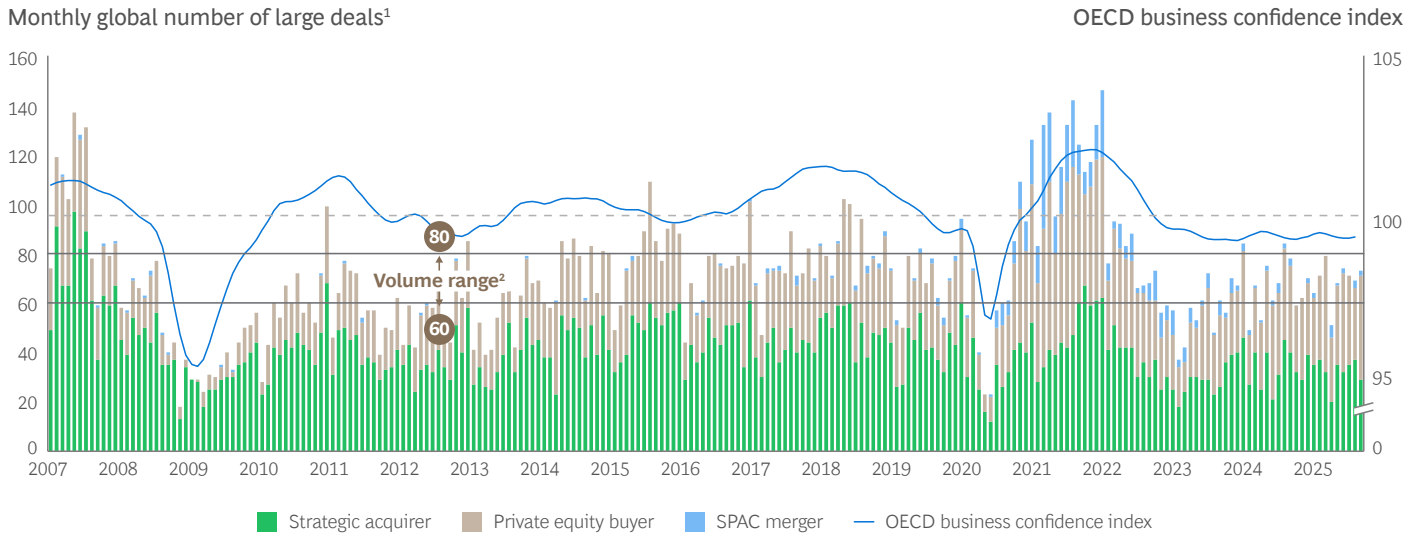


Sources: Refinitiv; OECD; BCG analysis.

Note: Announced M&A transactions comprise pending, partly completed, completed, unconditional, and withdrawn deals. Because of rounding, not all bar segment values add up to the total given above each bar.

EXHIBIT 2

The Volume of Large Deals Remains Near the Low End of the Average Range



Sources: Refinitiv; OECD; BCG analysis.

Note: Announced M&A transactions comprise pending, partly completed, completed, unconditional, and withdrawn deals, with deal values greater than or equal to \$500 million. SPAC = special-purpose acquisition company.

¹Large deals have values greater than or equal to \$500 million. Deal values include assumed liabilities.

²Volume range is an estimate of the normal range of M&A activity across the entire period tracked in this exhibit.

PE firms continue to sit on substantial dry powder—approximately \$2 trillion in undeployed capital as of early October 2025—maintaining pressure on investors to invest these resources strategically. However, global fundraising for PE has notably slowed since the 2021 peak, evidence of a more challenging environment for attracting fresh capital.

In the VC landscape, funding levels climbed by approximately 36% globally during the first nine months of 2025 compared with the previous year, according to Crunchbase data. Nevertheless, the current level remains below the highs recorded in 2021 and 2022. AI companies continue to be a primary focus for VC investment, especially mega funding rounds, despite ongoing market concerns about high valuations, market saturation, and less certain growth trajectories.

Improving Sentiment and a Positive Outlook

BCG's M&A Sentiment Index suggests a mixed picture of deal activity across sectors over the next six months. Sentiment is particularly optimistic in the technology and energy sectors, with industrials and consumer showing weaker momentum.

Substantial capital for investment comes not only from PE funds but also from many companies worldwide with robust balance sheets, providing ample resources for strategic acquisitions. Adding impetus, interest rates have generally stabilized or even declined, while valuation levels have recovered.

The market currently reflects substantial pent-up supply and demand. On the sell side, divestiture activity has been modest, as many PE and corporate sellers have strategically delayed asset sales and carve-outs as they await more favorable conditions. On the buy side, many large-scale and cross-border transactions remain temporarily on hold, pending greater clarity for business planning. A similar situation exists for IPOs, with a healthy pipeline of companies ready to go public when the market environment turns more favorable.

Sector-specific trends highlight areas of strong activity: technology remains a key focus that is especially attractive to PE investors. Europe has seen persistent dealmaking activity and rumors involving media companies and financial institutions, including banks, asset managers, and insurers. The energy and utilities sectors are similarly positioned for robust dealmaking activity. The materials, metals, and mining sectors are expected to remain active, too, as certain critical materials gain importance and global supply chains continue to realign. These dynamics are driving large-scale transactions, such as the recently announced merger of two mining giants, the UK's Anglo American and Canada's Teck Resources—a \$20.1 billion transaction to form a copper and critical minerals powerhouse. Meanwhile, thanks to high valuations and sustained business momentum, the defense sector presents notable opportunities, particularly for capital raising and IPO activities.

Despite numerous positive fundamental factors, volatility remains a persistent challenge. Political tensions, geopolitical shifts, economic policy uncertainties, regulatory complexities, and rapid technological developments—especially advances in AI and computing—continue to generate market volatility, reinforcing the importance of strategic flexibility and resilience in M&A planning.

Get Ready for the Brave New World

Amid the uncertainty and complexity, executives must prepare to pursue deals in a landscape that differs in critical aspects from the environment they have been accustomed to. To succeed in this new world, dealmakers need to address several imperatives.

Learn to cope with uncertainties beyond your control.

Seasoned dealmakers view uncertainty not as an obstacle, but as an environment in which strategic opportunities emerge. Although recent market disruptions have led to postponed or restructured deals, most transactions ultimately return to the table once conditions stabilize.

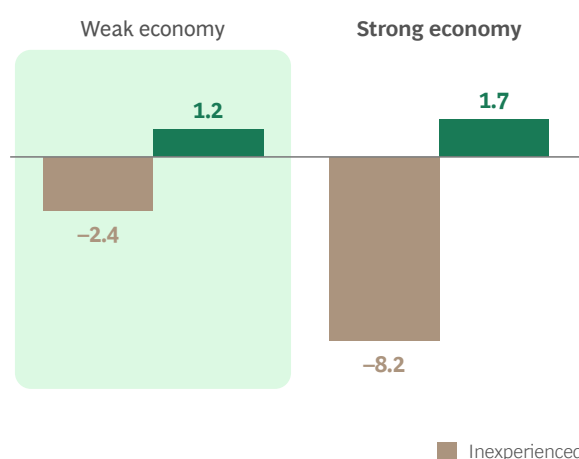
Indeed, history shows that periods of turbulence often have the greatest potential for value creation. BCG's analysis highlights that experienced dealmakers consistently outperform peers during downturns or volatile periods. (See [Exhibit 3](#).)

EXHIBIT 3

Experienced Dealmakers Generate Value Even Amid Adversity

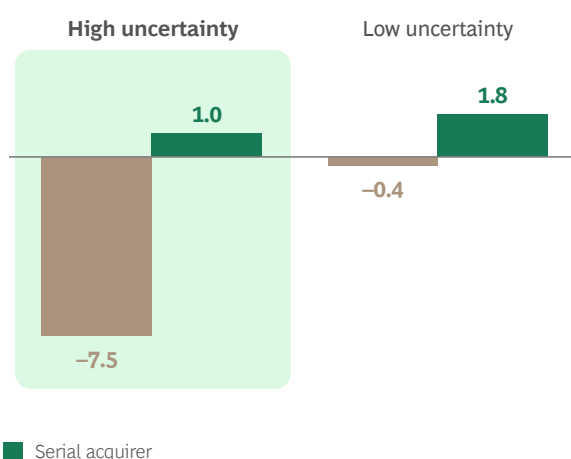
Serial acquirers outperform in every stage of the business cycle ...

Acquirer returns (2-year relative TSR, %)



... and in times of increased uncertainty

Acquirer returns (2-year relative TSR, %)



Sources: BCG/Paderborn University M&A study 2025; BCG analysis.

Note: Strong-economy (weak-economy) years are those in which the respective global real GDP growth rate is in the top (bottom) third. High (low) uncertainty periods are those in which market volatility is in the top (bottom) third based on the semi-standard deviation of global equity returns (Semi-SDRET). Experienced acquirers conducted five or more deals in the past 3 years prior to the observed acquisition; inexperienced acquirers conducted no deals in the past 3 years.

To manage risk and enhance flexibility, expert dealmakers employ alternative, collaborative structures—such as joint ventures and alliances—and embed optionality through seller financing, material adverse change clauses, and purchase price adjustments. They also rely on rigorous scenario planning during due diligence to stress-test the deal thesis and ensure value creation across a range of outcomes. Above all, they stay anchored in a rock-solid business case, ensuring that every move aligns with strategic intent and delivers upside potential with downside protection.

By acting decisively and strategically, these masters of M&A demonstrate that adversity can provide fertile ground for transformative deals, sometimes outperforming those made under calmer conditions.

Integrate M&A into your strategic toolkit. Today, mergers, acquisitions, and divestitures have become essential components of corporate strategy. Corporations use such transactions alongside organic growth initiatives, and deals are foundational to PE firms' business models. Strategic M&A is no longer seen as risky or optional—it is critical for executing business transformations and achieving ambitious growth objectives. To succeed, companies must build an always-on M&A capability that is tightly integrated into corporate strategy, owned and led by senior leadership, and enabled by a best-in-class corporate development function.

In an era marked by technological disruption, geopolitical risks, and evolving regulatory environments, maintaining the status quo is rarely a viable option. Companies face challenges ranging from shifting customer behaviors and fragile supply chains to the demands posed by the energy transition and evolving regulations. In this environment, acquisitions and divestitures are essential for resilience and competitive advantage, and their importance will only increase. We expect a surge in transformational deals, including those targeting assets adjacent to or outside a company's traditional core.

Acquisitions offer pathways to secure growth, gain efficiencies, access new technologies, and attract talent. Conversely, divestitures allow companies to shed noncore or underperforming assets, refining their strategic focus and unlocking capital for reinvestment. **Investors increasingly expect corporate leaders** to proactively reshape portfolios, leveraging M&A not merely to expand but to drive sustainable value creation. Leaders must position their company to capitalize on emerging opportunities, ensuring that every transaction strengthens their market standing and ultimately enhances shareholder value.

Apply game-changing AI and advanced analytics capabilities. AI and advanced analytics have shifted from theoretical concepts to operational realities, transforming the M&A landscape. AI-driven innovations are reshaping deal processes, streamlining due diligence, and enhancing

transaction efficiency. The question facing dealmakers is no longer whether AI will impact their operations, but how quickly and effectively they can integrate these tools into their daily workflows.

Already, GenAI capabilities are accelerating the review of thousands of documents in virtual data rooms, and advanced analytics are supporting rigorous due diligence, uncovering risks, and revealing hidden value drivers. Early adopters are piloting AI agents for routine tasks such as drafting documents and monitoring compliance, freeing professionals to focus on strategic decisions and negotiations.

Although many AI applications in M&A remain in the exploratory phase, their growing importance is undeniable. PE firms may lead adoption owing to their frequent dealmaking cycles, but corporates should prioritize integrating AI into their strategies as well. To remain fast and competitive in deal situations, organizations must leverage AI to unlock tangible advantages in their M&A execution.

Maintain a long-term perspective. M&A is fundamentally about long-term strategic positioning rather than short-term gains or adjustments. Successful deals must align closely with a company's broader strategic vision, purpose, and culture. Without clear cultural alignment and shared goals, even strategically compelling and financially sound deals can falter during integration.

Moreover, for many companies, long-term considerations such as technological improvement and sustainability are essential aspects of dealmaking strategy. Global CEOs continue to prioritize digitization and AI. For many, ensuring access to resources (including strategic materials and energy) and, more broadly, securing supply chains remain central to the M&A agenda.

Companies leverage M&A to acquire sustainable capabilities, enter new environmentally focused markets, or divest assets misaligned with future sustainability goals. Evidence across industries shows that **capital markets reward green growth** and that well-executed **sustainability-focused deals can generate significant long-term value**.

M&A has returned to the forefront—and it is more essential than ever. Seasoned dealmakers view today's volatility as an opening not merely to grow or to shrink, but to transform. Amid the prevailing uncertainty, the investment community now expects portfolio moves and growth pivots that it once viewed as optional. At the same time, AI is streamlining deal processes and surfacing hidden value, making transactions faster and smarter. In this new world, the mandate for dealmakers is clear: make selective bold moves, embrace emerging technology, and play for long-term advantage.



Regional Perspectives

By Seddik El Fihri, Jared Feiger, Lucas Garrido, Jens Kengelbach, Dhruv Shah, Takashi Yokotaki, Samuele Bellani, Anant Shivraj, Edward Gore-Randall, and Lianne Pot

The global M&A market remained volatile during the first nine months of 2025, with recovery progressing unevenly across regions.

While BCG's M&A Sentiment Index has recently trended upward in most sectors, ongoing geopolitical tensions, shifting regulations, and macroeconomic uncertainty continue to influence dealmaking conditions.

Some dealmakers have hit pause in response. But many others are moving forward, anchoring deals in clearer theses and distinctive capabilities. Often, this includes a sharper regional focus, which provides some insulation from global volatility.

To better understand these dynamics, BCG asked experts in ten regions to describe the current state of their M&A markets and share insights on recent trends and near-term drivers of deal activity. Here are their perspectives:

The Africa Perspective

The Australia and New Zealand Perspective

The Brazil Perspective

The Germany Perspective

The India Perspective

The Japan Perspective

The Middle East Perspective

The Southeast Asia Perspective

The UK Perspective

The US Perspective



The Africa Perspective

By Seddik El Fihri

Africa's M&A market has struggled to maintain momentum in 2025 against a backdrop of global volatility and domestic challenges. Despite a modest recovery from the COVID-19 pandemic shock, deal activity has continued to trend downward. Both deal volume and deal value declined during the first nine months of the year, diverging from the modest rebound seen globally. Limited large-scale transactions, dependence on resource-linked sectors, and cautious foreign investor sentiment have weighed on the market.

Increased caution has translated into subdued activity rather than a shift toward smaller deals. Africa's total deal value fell by approximately 24% compared with the same period in 2024, while M&A transactions targeting African companies dropped by nearly 46%. This stands in sharp contrast to a 10% increase in global deal value over the same period, underscoring Africa's relative underperformance. Deal volume in Africa also continued its downward trajectory, reflecting persistent investor hesitancy.

However, the picture is far from uniform across the continent, as country-level dynamics matter. Markets showing resilience include Morocco, buoyed by robust private equity activity, and Egypt, benefiting from recent regulatory reforms and large deals, such as the MaxAB–Wasoko merger. Amid the diversity, selective opportunities exist in areas where structural reforms, local investor engagement, or sector-specific momentum provide support.

Several sectors led activity involving large deals in Africa:

Resource-linked industries dominated transactions, continuing the pattern seen in 2024. Thus far in 2025, the largest deal with African involvement was Gold Fields' acquisition of Australian Gold Road Resources for \$1.8 billion—a rare large African outbound deal. The second largest transaction was another mining-related deal, Harmony Gold Mining's acquisition of MAC Copper for \$1 billion. Other notable recent examples include Gold Fields' \$1.4 billion acquisition of Osisko Mining, Zijin Mining's \$1 billion purchase of Newmont Golden Ridge—the owner of

the Akyem Gold Mine project—in Ghana, and Huaxin Cement's \$838 million takeover of Lafarge Africa. These transactions underscore Africa's continued reliance on mining and construction as main sources of deal activity.

Energy was another cornerstone of African M&A, as transactions involving hydrocarbon players dominated large-scale activity. This year, Gabon Oil Company acquired Tullow Oil Gabon from Tullow Oil for \$300 million. Other recent standout deals include Renaissance SPV's \$2.4 billion acquisition of Shell Petroleum Development Company of Nigeria (announced in 2024) and Carlyle's intended \$945 million purchase of Energean's Egyptian, Italian, and Croatian portfolio, which was recently canceled after failing to clear regulatory approvals in the agreed time. These deals reflect both brownfield consolidation and private equity firms' appetite for cash-generating upstream assets. Investors have also been selectively moving into renewables, highlighting Africa's dual role in supplying conventional energy while positioning itself as a critical player in the global energy transition.

Telecommunications and media continued to attract significant investor interest, reflecting Africa's rapid digital adoption. Infrastructure-related telecom deals—including mast and tower carve-outs—continue to draw attention, evidence of the sector's role as a gateway to Africa's growing consumer and digital economy. A notable deal in 2025 was Newday Group's acquisition of Swiftnet's towers business for \$371 million. This followed Vivendi's \$1.8 billion bid in 2024 for MultiChoice Group, a South African pay-TV and streaming leader, underscoring the strategic value of Africa's media platforms and the broader opportunity in digital connectivity.

Private capital has played a selective but quite visible role in 2024 and 2025. This year, for instance, Development Partners International acquired a majority stake in Compagnie de Produits Chimiques du Maroc, a Casablanca-based manufacturer of agricultural chemicals, from ABC Holding for \$110 million. Hennessy Capital's \$530 million investment in Namib Minerals in 2024 reflected the international appetite for Africa's resources, while Investec's \$447 million acquisition of TalkMed Group signaled interest in scalable health care platforms. These transactions suggest that, even amid a broader downturn in deal volume, Africa continues to attract international private capital in sectors where fundamentals align with long-term growth themes.

We anticipate that African sovereign funds will increasingly drive M&A activity by catalyzing investment and partnering with international investors. Morocco's sovereign fund, for instance, attracted more international private capital in the first nine months of 2025 than in the previous two decades combined.

BCG's M&A Sentiment Index points to the technology and energy sectors as drivers of momentum for the rest of the year, aligning with Africa's structural strengths in renewables, digital adoption, and energy transition

investments. The continent's startup and fintech ecosystem continues to expand, supported by rising digital penetration and growing investor interest in scalable tech-driven business models. Even so, sentiment in Africa has been volatile, reflecting macroeconomic uncertainty, interest rate pressures, and inconsistent confidence levels across industries.

The medium-term outlook remains cautiously positive. Structural drivers such as Africa's demographic growth, rapid urbanization, and accelerating digital adoption continue to underpin investor interest. Additionally, energy transition dynamics should sustain activity in renewables, mining, and adjacent infrastructure. Moreover, if macro and policy uncertainties ease, Africa will benefit from the ample levels of private capital available globally.

Against this backdrop, we expect dealmakers to adopt a selectively opportunistic stance: focusing on future-ready businesses—particularly in technology, energy, and financial services—while carefully managing geopolitical and market risks.

Africa's 2025 M&A story is one of contrasts: declining deal values and volumes, yet sectoral resilience in materials and pockets of growth potential in energy, telecommunications, and media. For investors with long-term horizons, Africa remains a market of opportunity—albeit one requiring careful navigation.

The author is grateful to Ouassima El Bouri of BCG's Transaction Center for her valuable insights and support in the preparation of this article.



The Australia and New Zealand Perspective

By Jared Feiger

Despite geopolitical turbulence and tariff uncertainty, the M&A market in Australia and New Zealand (ANZ) has remained relatively resilient in 2025. Robust inbound activity from both strategic and financial investors reflected global demand for scale and stability. Outbound M&A was more selective, led by companies diversifying into Southeast Asia and North America.

In the first nine months of 2025, ANZ M&A activity broadly mirrored the slowdown across the Asia-Pacific region, albeit with somewhat steeper declines. Total deal value appeared flat year-on-year, but excluding the now-canceled \$18.7 billion ADNOC–Santos transaction, it was down 31%. This was worse than the 19% decline seen regionally and in contrast to a 10% rise globally. Deal volume fell 18%, exceeding the 3% contraction across Asia-Pacific and diverging sharply from the 4% decrease worldwide.

Several sectors stand out for large-deal activity:

- **Energy and natural resources remained at the forefront of M&A activity, as cross-border investors targeted large-scale natural resource assets.**

Foreign buyers, particularly from the Middle East and Japan, pursued marquee acquisitions to secure supply chains, while domestic players sought consolidation in renewables and infrastructure. Abu Dhabi's ADNOC-led consortium made headlines with an \$18.7 billion bid for Santos, which would have marked Australia's largest-ever energy deal had it been completed. Although the proposal was later withdrawn, it highlighted the strong global appetite for Australian liquefied natural gas and upstream resources. Meanwhile, Japan's Mitsui & Co. invested \$5.3 billion to acquire a 40% stake in Rio Tinto's Rhodes Ridge iron ore project in Australia, underscoring Japan's strategic intent to secure critical mineral supplies amid ongoing supply chain realignments.

- **The industrials and materials sectors remained active, with consolidation across mining and building products shaping the deal landscape.**

A highlight was South Africa's Gold Fields' \$2.2 billion acquisition of Gold Road Resources. The deal strengthened Gold Fields' production profile in Australia and underscored the appeal of scale and cost efficiency in precious metals. Diversification was another prominent theme. For example, Washington H. Soul Pattinson & Co. deepened its long-standing partnership with Brickworks Ltd. by increasing its equity stake. The rationale was to streamline group structures, enhance capital flexibility, and unlock synergies between the two conglomerates' industrial and investment portfolios.

- **The technology, media, and telecommunications sector has remained a focus for M&A, accounting for more than 15% of deal value since 2022.** Global strategic acquirers and financial sponsors targeted high-growth digital assets, drawn by their recurring revenues, scalability, and potential for international expansion. In one of the year's highest-profile technology transactions, private equity firm Lance Capital acquired VGW Holdings, a leading online social gaming company. The deal provided VGW with a deep-pocketed sponsor to back its global expansion ambitions and navigate tightening regulatory oversight, while giving Lance exposure to one of Australia's most successful digital entertainment exports. US-based CoStar Group acquired Domain Holdings Australia Ltd, one of the country's leading real estate digital platforms. The deal strengthens CoStar's Asia-Pacific presence by leveraging Domain's strong market position and property data assets, while giving Domain access to CoStar's global technology and client base.

A defining theme of 2025 was the resurgence of take-private transactions. Sponsors and strategic acquirers increasingly targeted companies listed on the Australian Securities Exchange, drawn by reasonable public market valuations and the relative weakness of the Australian dollar. For many mid-cap firms, heightened regulatory and compliance burdens in public markets further tilted the balance toward private ownership, making sponsor-led buyouts and strategic take-private transactions a compelling path.

The ANZ deal environment is also being shaped by significant regulatory reform:

- Australia's competition regime is being overhauled, with a new mandatory merger control framework set to take effect in 2026. This has prompted bidders to move early to secure certainty ahead of tighter scrutiny. At the same time, the Foreign Investment Review Board has stepped up its review of assets that have national security implications. The potentially protracted approval process, combined with oversight by the Australian Competition and Consumer Commission, is likely to make transactions more challenging to execute.

- New Zealand's reforms to its Overseas Investment Act aim to streamline approvals for lower-risk foreign investments while maintaining strict oversight of sensitive assets. We expect this shift to ease friction for inbound investors, improve deal certainty, and support M&A in infrastructure, resources, and high-growth sectors.

Regionally, **BCG's M&A Sentiment Index** for Asia-Pacific suggests subdued sentiment among dealmakers. M&A activity in Asia-Pacific continues to trail M&A activity in North America and Europe, impacted by geopolitical tensions, policy uncertainty, and tighter regulations.

Looking ahead, ANZ is positioned to remain a resilient and appealing market for M&A. As regulatory frameworks evolve to balance national security and market openness, strategic and financial acquirers are likely to identify attractive and executable deals, particularly in technology, energy transition assets, and infrastructure.

The author is grateful to Ashish Baid of BCG's Transaction Center for his valuable insights and support in the preparation of this article.



The Brazil Perspective

By Lucas Garrido

Brazil's M&A landscape showed early signs of stabilization in 2025 after three years of sharp decline. While global M&A activity regained modest momentum, Brazil experienced a slower recovery owing to cautious investor sentiment and tighter financial conditions.

Aggregate deal value in Brazil declined by 5% in the first nine months of 2025 compared with the same period in 2024, contrasting with a 10% increase in global dealmaking and a 14% surge across South America. Total disclosed values are still substantially below 2021 levels. However, transaction volume rose modestly by 4% year on year, diverging from a 4% global decline but still trailing the 5% increase in South America. Overall, smaller strategic deals and a limited pipeline of large-scale transactions characterized Brazil's deal activity. Foreign investors

continued to play a significant role, accounting for slightly more than half of the total deal value for Brazilian targets.

Several sectors led large deal activity in Brazil:

- **Energy remained Brazil's most active sector, accounting for roughly one-third of disclosed deal values.** The standout transaction was BlackRock's acquisition of a 70% majority stake in Aliança Geração de Energia from Vale for approximately \$1 billion, forming a significant joint venture in hydroelectric generation. In an earlier transaction in 2024, Vale had acquired the remaining 45% in Aliança Geração de Energia for \$542 million from its former JV partner Cemig Geracao e Transmissao, a unit of Companhia Energética de Minas Gerais (CEMIG). Other notable deals in the energy space included Verene Energia's acquisition of Equatorial Transmissão for \$921 million and China Merchants Port Holdings' purchase of a majority stake in Vast Infraestrutura, a deal valued at \$665 million. These deals reflect investors' preference for stable, predictable-return assets and reinforce the energy sector as a cornerstone of Brazilian M&A.
- **The materials sector recorded one of the strongest recoveries across Brazilian M&A in 2025.** It accounted for roughly one-quarter of total disclosed year-to-date deal value, representing approximately a sixfold increase over the same period in 2024. Several large portfolio realignments led the activity, including Sherwin-Williams do Brasil's acquisition of BASF Coatings for approximately \$1.15 billion, one of the country's largest transactions of the year. This is followed by MMG's purchase of Anglo American Níquel Brasil for \$500 million and Corex Holding's acquisition of a group of zinc and lead ore mining operators from BHP Group for approximately \$465 million.
- **The consumer sector, spanning personal care to agribusiness, was the largest target area for Brazilian acquirers.** The year's largest transaction was Suzano's acquisition of a 51% stake in Kimberly-Clark IFP Newco for approximately \$1.73 billion, expanding its presence in hygiene and household products. Other notable deals included Global Eggs' \$1.1 billion acquisition of Hillandale Farms East and Cocal's purchase of two sugarcane mills from Raízen for \$285 million.

Private equity activity remained subdued in 2025 due to high financing costs. The largest transaction, noted above, was BlackRock's \$1 billion acquisition of the hydroelectric generation company, Aliança Geração de Energia. Another significant deal was CVC Capital Partners' acquisition of GSH Corp Participações in the health care sector.

In contrast, venture capital funds showed greater risk appetite, especially for scalable technology businesses. Investors demonstrated a willingness to pursue larger transactions, including Partners Group's \$150 million investment in cloud-software developer Omiexperience; Orion Mine Finance's \$120 million funding in New Wave

Tech, a developer of mining and steel technology; and General Atlantic's \$117 million growth investment in software platform Starian.

BCG's M&A Sentiment Index for the Americas shows a positive trend for the final months of 2025, though still trailing Europe and the historical average. Geopolitical tensions, policy uncertainty, and evolving regulatory frameworks continue to be major discussion points among dealmakers.

The outlook for Brazil's M&A is cautiously positive for the remainder of 2025. Deal activity is expected to remain stable through the end of the year as fiscal caution and tighter financial conditions continue to temper investors' risk appetite. Energy and materials sectors should continue to attract strategic and cross-border interest, while private equity funds are likely to remain selective until monetary conditions ease.

Looking ahead to 2026, deal momentum may slow as Brazil's election cycle introduces policy uncertainty. However, activity could rebound strongly later in the year depending on the political outcome. The election results and ensuing policy shifts will play a key role in shaping market conditions, investor sentiment, and strategic priorities.

The author is grateful to Francesca Pietrogrande of BCG's Transaction Center for her valuable insights and support in the preparation of this article.



The Germany Perspective

By Jens Kengelbach

Germany's M&A market stabilized in 2025 despite changing tariff policies and economic and political uncertainty. Deal values were low but steady, consistent with positive global trends. Several key industries notably diverged from the overall market pattern, showing significant dealmaking activity.

Acquirers in Germany shifted toward larger, more transformative transactions, and as a result, aggregate deal values rose even as deal volumes declined. In the first nine months of 2025, Germany's total deal value increased by 45% compared with the same period in 2024, contrasting with a global increase of only 10% and a 5% decline across Europe. Deal volume in Germany fell by 10%, slightly worse than the global decline of 4% and Europe's overall 4% decrease.

Several sectors saw significant activity involving large deals in Germany:

- **Telecommunications, media, and technology acquisitions were particularly notable this year.**

Acquisitions of technology companies played an important role in Germany's M&A landscape during the first nine months of 2025. In one of the year's largest German deals, Siemens acquired Dotmatics for \$5.1 billion, strengthening its position in industrial software. Additionally, Infineon Technologies bought Marvell Technology's automotive ethernet business in a deal valued at \$2.5 billion. In the media industry, MFE secured a majority stake in publicly listed ProSiebenSat.1 in a deal that valued the company at \$3.4 billion.

- **Germany's health care companies remain an important driver for M&A activity, with targets accounting for roughly one-third of total deal value in the first nine months of 2025.** In a standout transaction, Merck KGaA, a German pharmaceuticals and health care company, acquired SpringWorks Therapeutics for \$3.9 billion. Also noteworthy was private equity firm CapVest's bid to acquire biosimilars and generics player Stada, previously considered an IPO candidate.

- **Despite sluggish consumer sentiment, M&A deals in the consumer and travel industry have also been prominent.** In July, China-based JD.com launched a takeover offer to acquire Germany-based electronics retailer Ceconomy in a deal that values the company at \$4.5 billion. Additionally, private equity firm PAI Partners acquired hotel chain Motel One for \$1.9 billion, and a consortium led by Stonepeak Partners acquired the JET gas station chain for \$1.7 billion.
- **Private equity activity remained resilient in 2025.** Marquee transactions included the above-mentioned deals by PAI Partners and Stada's acquisition by CapVest for a valuation rumored to exceed \$10 billion. Early signs of recovery emerged in the IPO market as well, with listings from companies such as Pfisterer and Ottobock. The pipeline of German IPO candidates is robust, suggesting additional listings are likely in 2026.

Regionally, **BCG's M&A Sentiment Index** for Europe indicates generally improving sentiment among dealmakers over the past three years. Although M&A sentiment in Europe has experienced some volatility, it remains more positive than that in North America and Asia-Pacific, reflecting the continent's relative stability in the increasingly volatile global environment.

The outlook for German M&A remains selectively positive for the remainder of 2025. Although global tariff and policy uncertainties cloud the picture, government infrastructure investments, strong corporate balance sheets, abundant private equity funding, and ongoing business model innovations will likely support deal momentum. Dealmakers are expected to prioritize future-ready businesses, particularly within the telecommunications, media, technology, and health care sectors.

The author is grateful to Daniel Kim and Duc Loc Nguyen of BCG's Transaction Center for their valuable insights and support in the preparation of this article.



The India Perspective

By Dhruv Shah

India's M&A market has shown resilience in 2025 amid continued global volatility. Despite changing tariff policies and economic uncertainty, India's deal volumes remained stable, mirroring broader global trends. Domestic consolidations, strong foreign investment inflows, and robust private equity participation underpinned this stability.

However, increased caution is evident. Acquirers have shifted toward smaller, more targeted transactions to mitigate risk, resulting in lower aggregate deal values. In the first nine months of 2025, India's total deal value fell by 20% compared with the same period in 2024. This contrasted with a global increase of 10%, although the Asia-Pacific region experienced a similar 19% decline. Despite this reduction in value, India's deal volume rose by 12%, sharply diverging from the 5% decline globally and the 3% decline across Asia-Pacific.

Activity involving large deals in India was broad-based, led by five sectors:

- **Acquisitions of technology, media, and telecommunications companies continued to dominate India's M&A landscape.** These transactions accounted for more than 15% of total deal value in India during the first nine months of 2025. Private equity funds, flush with dry powder, remain drawn to India's high-margin tech businesses. In one of the year's largest deals, France-based Capgemini agreed to acquire India-based WNS for \$3.5 billion. The deal creates a global leader in agentic AI for business process management. Additionally, New Mountain Capital acquired a majority stake in Access Healthcare Services, reflecting continued investor interest in specialized tech services such as revenue cycle management.
- **The health care sector saw significant activity driven by consolidation and scale-building strategies.** Advent International's merger of Suven Pharma with Cohance Lifesciences highlighted ongoing pharma sector consolidation. Additionally, nonpharma

health care segments attracted significant interest, including KKR's majority stake acquisition in oncology provider Healthcare Global Enterprises. A consortium of Faering Capital, General Catalyst Partners, Think Investments, and Avataar acquired a majority stake in multispecialty hospital chain PB Healthcare Services.

- **Energy continued to draw strong investor interest in 2025, with activity spanning traditional renewables and emerging technologies.** Notable transactions included a TPG-led consortium's \$500 million acquisition of Siemens Gamesa's wind energy portfolio and Actis's estimated \$163 million purchase of solar player Stride Climate Investments. Venture capital also showed growing interest in emerging themes such as electric-vehicle battery infrastructure—including battery swapping and charging networks—as well as the broader battery manufacturing value chain.
- **India's financial services sector attracted greater attention from foreign investors.** Notably, in May, Japan's Sumitomo Mitsui Financial Group acquired a 20% stake in Yes Bank for \$1.6 billion, one of the largest cross-border commercial banking deals. In another recent landmark transaction, Emirates NBD is buying a \$3.1 billion majority stake in RBL Bank. Private equity interest surged in nonbank financial companies, exemplified by Bain Capital's acquisition of an 18% stake in Manappuram Finance. Meanwhile, the Indian government has invited bids for its 61% stake in IDBI Bank, a transaction valued at approximately \$5 billion, which is expected to draw strong participation by foreign investors. The government is also expected to fast-track stake sales in public sector banks to raise capital and comply with the Securities and Exchange Board of India's mandate for a minimum 25% public shareholding by August 2026.
- **The number of deals with industrial targets increased significantly in the first nine months of 2025, despite global economic uncertainty.** In a standout transaction, Akzo Nobel, a Dutch company specializing in paints and coatings, divested its entire India business to JSW Group for \$1.1 billion. The acquisition significantly strengthens the position of JSW, which entered the paints business in 2019, in a highly competitive market.

Aside from an approximately \$750 million investment in Haldiram Snacks Food by Temasek, investor interest in other sectors, including consumer segments, was cautious.

Regionally, **BCG's M&A Sentiment Index** for Asia-Pacific indicates subdued sentiment among dealmakers. Asia-Pacific M&A activity continues to trail North America and Europe, weighed down by geopolitical tensions, policy uncertainty, and tighter regulations.

For India specifically, the M&A outlook for the remainder of 2025 is selectively positive. Although tariff uncertainty clouds the picture, robust corporate balance sheets, government-led reforms, heightened foreign investor

interest, and the availability of substantial private equity funds will likely support deal momentum.

We expect dealmakers to focus on future-ready businesses, including renewables, fintech, digital technologies, and health technologies.

The author is grateful to Ashish Baid and Francesca Pietrogrande of BCG's Transaction Center for their valuable insights and support in the preparation of this article.



The Japan Perspective

By Takashi Yokotaki

Japan has been one of Asia's most dynamic M&A markets in 2025. The number of M&A transactions involving Japanese companies increased by 6.3% in the first nine months of 2025 compared with the same period in 2024, reaching an all-time high.¹ Total deal value nearly doubled year-over-year, also marking a record for January through September.

The robust performance in 2025 builds on the momentum of historic highs in 2024, driven by sweeping corporate governance reforms, activist investor pressure, and an acceleration of portfolio restructuring among conglomerates. The Tokyo Stock Exchange's 2023 directive on capital efficiency forced companies to reassess business portfolios, leading to a wave of divestitures and take-private transactions. Meanwhile, shareholder activism has hit record levels, eroding traditional cross-shareholdings and opening the door to more contested transactions.

Although many sectors have contributed to the sharp rise in Japan's M&A activity, two stand out as the most active:

- **The technology, media, and telecommunications sector saw robust activity.** Dealmaking was motivated by digital and AI transformation and corporate restructuring as companies repositioned their portfolios to capture emerging opportunities. Telecom

operators diversified beyond traditional connectivity into financial services, retail, and data analytics, aiming to build comprehensive digital ecosystems. Notable deals included NTT Docomo's acquisition of SBI Sumishin Net Bank, marking its strategic entry into banking and financial technology. Similarly, KDDI strengthened its consumer presence by taking a management role in convenience store chain Lawson, while Docomo's acquisition of marketing research firm Intage highlighted growing interest in data-driven service businesses. These transactions underscore the sector's strategic shift toward broader digital economy opportunities.

- **The automotive industry is experiencing accelerated consolidation.** Companies seek to maintain competitiveness amid shifting global supply chains, trade uncertainties, and the transition toward electric and connected vehicles. The industry's survival instincts are prompting alliances and integrations among long-standing rivals. The marquee transaction was the merger of Hino Motors and Mitsubishi Fuso, aimed at combining resources to boost scale, technological innovation, and cost efficiency in the commercial vehicle sector. Likewise, the partnership between Niterra (formerly NGK Spark Plug) and Denso reflects the growing drive among component manufacturers to pool R&D capabilities and prepare for next-generation mobility solutions. These moves illustrate how Japan's automakers and suppliers are reshaping their business models to adapt to decarbonization, digitization, and intensifying global competition.

Japanese corporations continued to pursue acquisition opportunities abroad in 2025, with financial institutions and large conglomerates leading the charge. Backed by strong balance sheets and access to low-cost capital at home, Japanese megabanks and insurers are seeking higher-yield opportunities in the US and Europe. Recent landmark transactions include Meiji Yasuda Life's \$2.3 billion acquisition of LG's US protection business and Mizuho Financial Group's expansion in the European investment banking space through the acquisition of Augusta & Co. These deals underscore Japanese companies' growing appetite for stable, cash-generating assets in developed markets, as they seek to diversify geographically and capture value in sectors such as financial services, insurance, and technology infrastructure.

More broadly, **BCG's M&A Sentiment Index** for the Asia-Pacific region indicates subdued sentiment among dealmakers. M&A activity in Asia-Pacific continues to trail that in North America and Europe, weighed down by geopolitical tensions, policy uncertainty, and tighter regulations.

Looking ahead in Japan, corporate restructuring should remain a dominant theme as conglomerates streamline operations and sharpen their focus on capital efficiency. We also expect outbound acquisitions to stay strong, with

1. This article uses data from RECOFDATA's M&A Research Report (MARR) database for Japan's deal value and deal volume.

Japanese corporations pursuing diversification in Europe and North America. Supported by record liquidity, mounting activist pressure, and favorable policy reforms, Japan is likely to remain one of the world's most dynamic dealmaking environments into 2026.

The author is grateful to Ashish Baid of BCG's Transaction Center for his valuable insights and support in the preparation of this article.



The Middle East Perspective

By Samuele Bellani

The Middle East's M&A market displayed strong momentum in the first nine months of 2025, overcoming global headwinds and market volatility. Deal volume exceeded historical averages, growing by 13%, versus flat or declining activity observed in many other regions. Aggregate deal value rose dramatically, increasing 58% year over year, in sharp contrast to the 10% increase globally. This resilience was largely driven by sovereign wealth funds, strategic diversification beyond hydrocarbons, and targeted inbound investments.

Several sectors led activity involving large deals in the Middle East:

- **Energy remained at the core of the region's M&A activity in 2025, as state-backed players pursued both domestic consolidation and outbound acquisitions to secure strategic assets.** Notably, ADNOC, the state-owned oil company of the Emirate of Abu Dhabi, acquired Nova Chemicals Corp for \$13.4 billion. This was one of the year's largest transactions and reinforced the UAE's international expansion in chemicals. On the domestic front, ACWA Power's \$693 million purchase of Al Ezzel O&M Company highlighted consolidation in power generation and utilities. These moves reflect the resilience of hydrocarbons and the region's gradual pivot toward renewables, as national champions position themselves for the global energy transition.

- **Industrials played a central role in the Middle East's diversification strategy, as governments and sovereign wealth funds continued to build capabilities beyond hydrocarbons.** A notable example was ADQ's \$925 million acquisition of logistics company Aramex, underscoring the consolidation of critical supply chain infrastructure. Such moves reflect a long-term push to establish the Middle East as a hub for industrial and logistics services, reducing dependency on energy revenues while enhancing global competitiveness.
- **Technology, media, and telecommunications (TMT) gained momentum in 2025, positioning the sector as a new pillar of regional deal activity.** A standout deal was Saudi Arabia's Savvy Games Group acquisition of Niantic's games business for \$3.5 billion, one of the largest digital transactions globally and an indication of the region's ambitions to become a leader in gaming and digital entertainment. Emirates Telecommunications Group's \$855 million acquisition of Serbia Broadband expanded the region's influence into the European telecom market. These transactions signal that Middle Eastern acquirers are deploying capital to capture growth in digital platforms, connectivity, and entertainment, consistent with broader national digital transformation agendas.

The Middle East continues to attract global and domestic private capital, with sovereign wealth funds acting as key engines of deal flow. Mubadala's \$3.3 billion acquisition of CI Financial Corp—announced in November 2024 and closed in August 2025—illustrates how sovereign wealth funds have expanded beyond the region into financial services. At the same time, international investors have pursued midsize opportunities in sectors such as environmental services and real estate.

Entering the final months of 2025, the Middle East stands out as one of the most active global M&A markets. Sovereign wealth funds provide a deep pool of liquidity that can sustain deal flow regardless of global cycles. Government-led strategies continue to channel capital into the industrials and technology sectors, providing a counterweight to the region's traditional reliance on hydrocarbons. Meanwhile, selective but persistent foreign interest across TMT, financial services, and health care demonstrates the region's dual appeal as a market supporting growth and diversification.

Resilient capital flows and strategic repositioning are driving the Middle East's 2025 M&A performance. With deal values surging even as global activity remains muted, the region stands out as a relative outperformer. Energy and industrials dominate, but rising activity in TMT and renewables signals a gradual shift in portfolio composition. For global investors, the region remains a market of scale and liquidity; for local champions, it is a launching pad for global expansion.

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The Southeast Asia Perspective

By Anant Shrivastava

Dealmaking in Southeast Asia remained subdued in 2025 amid shifting tariff policies and geopolitical uncertainty. However, the region showed greater resilience than the broader Asia-Pacific market. Deal value declined 7% year-over-year in the first nine months, significantly less than the 19% drop across Asia-Pacific. Deal volume in Southeast Asia ticked up 2%, outperforming Asia-Pacific's 3% decline and signaling steady investor confidence and deal activity despite macroeconomic headwinds.

The pullback in deal value reflects ongoing caution among dealmakers, particularly around large-scale transactions. Even so, optimism is building, driven by a strong pipeline, more realistic valuations, and rising domestic consolidation.

Industrials, consumer, and technology sectors are among the most active and resilient segments:

- **Industrial and material targets remained important acquisition opportunities in 2025, accounting for a third of the region's total deal value.** Abbot Point Port in Australia, owned and run by Carmichael Rail and Port Singapore Holdings, was acquired by Adani Ports, India's largest integrated transport utility, in a landmark all-share transaction valued at \$2 billion. The deal strengthens Adani's international strategy by opening new export markets in Singapore and Australia and securing long-term contracts with strategic customers.
- **Food and agribusiness transactions have been prominent in 2025 as companies sought scale and supply-chain resilience.** A standout deal was the Saudi Agricultural and Livestock Investment Company's \$1.8 billion acquisition of Olam Agri Holdings, a Singapore-based food and agriculture giant. The deal underscores ongoing strategic interest from Middle Eastern investors in securing long-term food security and capitalizing on Asia's consumption growth. Alongside such large-ticket activity, consumer-facing businesses

across Southeast Asia continue to attract strategic and financial sponsors, with cross-border inflows expected to remain strong through 2026.

- **Technology remained the leading driver of M&A, buoyed by the region's rapid digital adoption, the growth of AI-driven solutions, and continued demand for digital infrastructure.** One marquee transaction was Diginex's \$2 billion acquisition of Singapore-based Resulticks, a provider of AI-powered real-time audience engagement tools. This landmark deal highlighted international appetite for the region's fast-scaling digital firms. Beyond headline transactions, smaller investments in e-commerce, fintech, and software-as-a-service companies signaled that technology remains central to corporate growth strategies and cross-border expansion in the region.

Singapore remains the region's M&A hub, accounting for more than 60% of deals in the first nine months of 2025. Vietnam ranked second, as investors selectively pursued opportunities in the automotive, technology, and health care sectors, despite tariff-related uncertainty. Indonesia also showed signs of renewed momentum, highlighted by activity in natural resources and consumer businesses. Its newly launched sovereign wealth fund, Danantara, is expected to catalyze transactions in the coming years. Taken together, these markets underscore the diversity of deal drivers across the region, from Singapore's cross-border hub status to Vietnam's supply-chain appeal and Indonesia's resource-led growth.

In the broader Asia-Pacific region, **BCG's M&A Sentiment Index** indicates subdued sentiment among dealmakers. Asia-Pacific M&A activity continues to trail North America and Europe, weighed down by geopolitical tensions, policy uncertainty, and tighter regulations.

Although Southeast Asia's M&A market slowed in 2025, conditions are aligning for a recovery. With valuations normalizing, financial sponsors and sovereign wealth funds are expected to re-engage, driving consolidation across digital infrastructure, renewable energy, and health care. GDP is projected to expand by 4.3% in 2026, underscoring the region's strong fundamentals. Coupled with a maturing regulatory environment and sustained cross-border interest, Southeast Asia remains well-positioned to attract mid-market M&A globally.

The author is grateful to Ashish Baid and Duc Loc Nguyen of BCG's Transaction Center for their valuable insights and support in the preparation of this article.



The UK Perspective

By Edward Gore-Randall

The UK's M&A market experienced another pause in momentum in 2025. Amid ongoing uncertainty, acquirers have pursued smaller, targeted transactions to mitigate risk, causing aggregate deal value to fall more sharply than deal volume. During the first nine months of 2025, UK deal value declined by 35% compared with the same period in 2024, sharply contrasting with a 10% increase globally and a 5% decline in Europe. Concurrently, deal volume in the UK fell by 11%, a steeper decline than the global average of 4% and Europe's overall 4% reduction.

Several key industries bucked the overall market trend with noteworthy large deals:

- **In materials and mining, the \$20.1 billion combination of UK-based Anglo American and Canada-based Teck Resources was among the year's largest transactions.** The merger created a global mining and natural resources leader and a top-five copper producer worldwide. This strategic move followed Anglo American's substantial portfolio restructuring after the previous year's attempted takeover by BHP.
- **Dealmaking in the financial services and insurance industries remained active, mirroring broader European trends, especially in Italy and France.** Notable transactions included the acquisition by Spain's Banco Santander of UK-based TSB Banking Group for \$3.9 billion, and the entry of Canada's Brookfield into the UK pension risk market through its \$3.0 billion takeover of Just Group. In another major move, Athora Holding acquired Pension Insurance Corporation (PIC Group) in a deal valued at \$7.8 billion, establishing PIC as its core UK insurance platform.
- **Despite tepid consumer sentiment, dealmakers pursued consumer product and services targets, which accounted for roughly one-fifth of total deal value in the first nine months of 2025.** In a standout transaction, Deliveroo, the UK food delivery company,

was acquired by its US peer DoorDash for \$3.6 billion. Private equity firm Advent's bid to acquire Reckitt Benckiser's Essential Home business for \$4.8 billion was another notable deal. Although consumer remains the UK's second most active sector by target volume and by acquirer activity, overall deal value in the category is only around 10% of what it was during the peak year of 2018 and continues to make up for years of very low activity following COVID-19.

Private equity activity remained robust. KKR and an Advent-led consortium engaged in competitive bidding for precision instrumentation company Spectris, ultimately valuing the business at more than \$5.5 billion. KKR also participated in a significant deal involving OSTTRA Group, valued at \$3.1 billion.

Regionally, **BCG's M&A Sentiment Index** for Europe indicates generally improving sentiment among dealmakers over the past three years. Although Europe's M&A sentiment has experienced some volatility, it remains more positive than that in North America and Asia-Pacific, reflecting the continent's relative stability in an increasingly uncertain global environment.

The UK's M&A outlook for the remainder of 2025 is cautiously optimistic. Strong corporate financial positions, abundant private equity capital, and the need for innovative business models should promote deal momentum. Dealmakers are expected to focus on future-ready businesses, with materials and financial institutions ranking among the most attractive sectors.

The author is grateful to Daniel Kim and Francesca Pietrogrande of BCG's Transaction Center for their valuable insights and support in the preparation of this article.



The US Perspective

By Lianne Pot

US M&A activity in 2025 has shown signs of recovering, with deal value increasing amid market volatility and uncertainty. Despite optimism at the end of 2024, a full recovery has not yet materialized, as geopolitical instability and shifting tariff policies stalled many deals. An improving interest rate environment could boost M&A activity toward the end of the year and into early 2026.

Although larger deals have returned across sectors, overall transaction volume has declined in 2025. During the first nine months of the year, US deal value rose by 21% compared with the same period in 2024, outpacing the global increase of 10%. However, US deal volume fell by 6%, in line with the global decline of 4%.

Several sectors led large deal activity in the US:

- **Industrials targets accounted for approximately one-fifth of total US deal value in the first nine months of 2025, despite global economic uncertainty.** Notable transactions included the railway merger between Union Pacific and Norfolk Southern, valued at \$71.5 billion, and the acquisition of Chart Industries by Baker Hughes for \$9.6 billion, which followed Flowserve's \$7.3 billion bid two months earlier.
- **The technology, media, and telecommunications sector accounted for more than one-quarter of total US deal value, registering increased M&A activity for the second consecutive year.** Key deals included Alphabet's \$32 billion acquisition of software company Wiz and Palo Alto Networks' \$25.1 billion acquisition of CyberArk. In addition, Charter Communications acquired Cox Communications for \$24.1 billion, with an estimated enterprise value of \$34.5 billion.
- **The consumer sector saw noteworthy large deals, even as new tariff announcements in the second quarter of 2025 created significant uncertainty.** An example is Keurig Dr Pepper's \$18.1 billion acquisition of JDE Peet's, followed by a restructuring into separate

beverage and coffee businesses. Additionally, Lowe's acquired Foundation Building Materials for \$8.8 billion, marking notable retail activity.

- **Energy sector transactions continued to reshape the market, with substantial deals in both power utilities and oil and gas.** Large acquisitions included Constellation Energy's \$26.9 billion acquisition of Calpine and NRG Energy's \$12.5 billion purchase of LS Power's energy portfolio.

Private equity firms executed several significant take-private transactions. In September, an investor group comprising Silver Lake Group, Saudi Arabia's Public Investment Fund, and Affinity Partners announced a \$55 billion agreement to acquire Electronic Arts. If completed, it will be the largest take-private transaction ever. Other significant de-listing deals included Sycamore Partners' \$12.8 billion acquisition of Walgreens and Thoma Bravo's \$11.6 billion purchase of Dayforce.

Regionally, **BCG's M&A Sentiment Index** for the Americas shows a positive trend for the final months of 2025, though still trailing Europe and the historical average. Geopolitical tensions, policy uncertainty, and evolving regulatory frameworks remain key considerations for dealmakers. For the US specifically, the M&A outlook remains more positive than earlier in the year, despite near-term policy uncertainty and the federal government shutdown in October. Companies hold substantial cash reserves and robust balance sheets, and private equity investors have considerable funds ready to deploy. These factors are expected to support continued deal momentum. Dealmakers are likely to pursue transformative deals and strategic acquisitions to restructure and expand their portfolios.

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The Upside of Uncertainty

By Jens Kengelbach, Daniel Friedman, Tobias Soellner, Sönke Sievers, Reeyarn Li, and Dominik Degen

Uncertainty is often seen as the enemy of dealmaking—but it doesn't have to be. Although volatility has dominated global markets since the shocks of 2020, savvy executives have found ways not only to navigate turbulent conditions but to thrive in them.

After a bullish wave of optimism at the end of 2024, renewed geopolitical and economic jitters quickly stalled momentum, leaving dealmakers hesitant. Today, even as activity recovers, especially in the US, caution remains widespread. Indicators such as **BCG's M&A Sentiment Index** signal that subdued confidence persists in most regions.

Yet BCG's latest research reveals that uncertain times can yield exceptional opportunities for dealmakers who take the right approach. Analyzing global deal activity through mid-2025, we found that while uncertainty dampens overall deal values, it drives a surge in smaller, strategically targeted acquisitions. In an environment where average returns on deals turn negative, experienced players capture outsized value by shifting to de-risking strategies—favoring same-industry deals close to home, capitalizing on reduced valuations, and emphasizing stock-based financing.

For CEOs, the imperative is clear: rather than retreating from uncertainty, embrace it by systematically considering it as part of due diligence, knowing where to focus, and building institutional M&A capabilities.

Gauging Uncertainty

Uncertainty has become the new normal since 2020, reshaping the global economic landscape. Geopolitical tensions, shifting trade policies, and ongoing supply chain disruptions now regularly amplify market volatility. Traditional measures of volatility, such as the VIX index, offer insights primarily into US markets. To understand global volatility, we focus on a more precise measure: the bottom semi-standard deviation of stock returns (Semi-SDRET). This indicator correlates strongly with VIX while providing global coverage and granular detail on regional disruptions. (See “[Understanding Semi-SDRET](#).”)

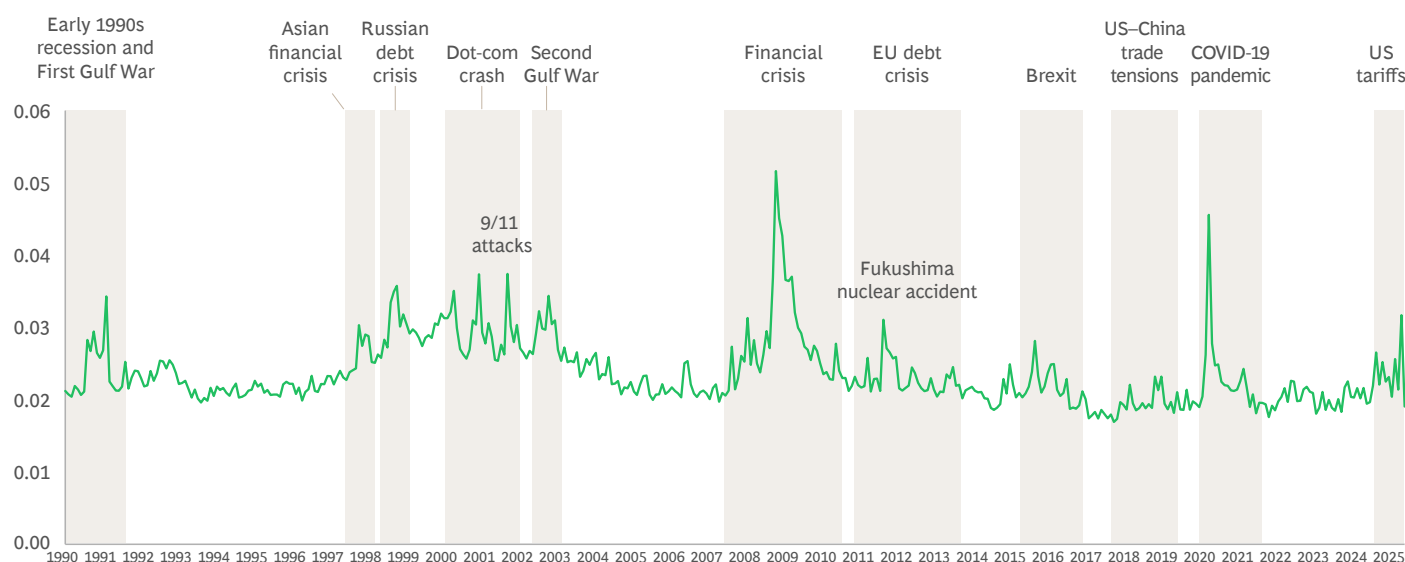
Although these periods complicate M&A decision making and negatively affect overall average returns from deals, historical evidence shows that times of uncertainty offer prime opportunities for value creation—if acquirers adopt disciplined approaches.

Over the past 25 years, Semi-SDRET has consistently spotlighted critical periods of uncertainty. (See [Exhibit 1](#).) These have included both regionally concentrated events, such as Brexit’s European shakeup and the US–China trade tensions affecting Asia-Pacific markets, and global crises, such as the 2008–2009 financial crisis and the COVID-19 pandemic. In 2024–2025, global markets experienced another spike in uncertainty, driven by escalating tariff conflicts and heightened geopolitical risks, with Semi-SDRET exceeding long-term medians by 20% to 30% in key regions.

EXHIBIT 1

Pinpointing Recent Periods of Uncertainty

Bottom semi-standard deviation of stock returns (Semi-SDRET) and major periods of uncertainty, 1990–2025



Sources: LSEG DataStream; BCG analysis.

Note: The bottom semi-standard deviation is the monthly standard deviation of daily returns below the monthly average. Data through May 2025.

Understanding Semi-SDRET



Semi-SDRET is the semi-standard deviation of global equity returns, sourced from LSEG Datastream. This downside-only volatility metric uses negative returns to capture market turbulence.

It is calculated as the square root of the semi-variance of returns falling below a defined threshold. In our implementation, we apply a stricter cutoff at zero rather than the mean return, which sharpens the focus on material downside events: $\sigma^- = \sqrt{[(1/(n-1)) \sum \min(r_t - r^-, 0)^2]}$, where r^- is the mean return and n counts negative deviations.

Semi-SDRET effectively maps periods of uncertainty, highlighting asymmetric risk in downturns, such as in 2008 and 2020. It outperforms the full standard deviation by excluding upside volatility, which is less relevant for risk-aware decision making.

Unlike the VIX index, which reflects implied volatility on the US-centric S&P 500, Semi-SDRET is globally applicable. A validity check shows a strong correlation (approximately 0.80) with VIX.

To use Semi-SDRET for M&A analysis, we calculate the metric over the 12 months preceding each deal announcement. We aggregate results at the region–industry–year level, using four regions and industry classifications based on four-digit SIC codes. Across the 1990-to-2025 sample studied, we sort values into terciles: normal, medium, and turbulent periods. This enables us to compare deal attributes—such as valuation multiples, deal volume, transaction size, and shareholder returns—across differing levels of macroeconomic uncertainty.

How Does Uncertainty Affect Dealmaking?

When uncertainty spikes, M&A strategies shift decisively toward risk mitigation. Executives instinctively grow cautious—but the nuances of their responses reveal that savvy dealmakers recognize these occasions as strategic opportunities. (See **Exhibit 2.**)

Smaller Deals, Higher Volumes. In turbulent times, average deal values plunge dramatically—down more than 34%, from \$280 million to \$186 million. This reflects caution amid an uncertain outlook, as few CEOs dare to embark on a headline-making deal when dark clouds are on the horizon.

Conversely, overall deal volume jumps by 27%, fueled primarily by a 70% surge in smaller transactions (less than \$50 million). Adopting this “string-of-pearls” strategy of multiple small deals allows executives to deploy capital with reduced exposure.

Sector differences are pronounced. Cyclical sectors such as materials and technology see marked increases in deal activity as companies consolidate to manage volatility and seize opportunities, whereas more stable industries such as health care and consumer experience minimal change.

Familiarity Before Ambition. As uncertainty rises, deal makers prioritize risk avoidance over strategic diversification. Large and midsize cross-border and cross-industry deals plummet by 31% and 70%, respectively, while domestic, same-industry acquisitions surge by nearly 200%.

Elevated Valuations and Higher Premiums for Smaller Targets. Economic turbulence drives up average deal valuations significantly. Average enterprise value/sales multiples increase by almost 16%, from 1.36x to 1.58x. This reflects, in part, a selection effect as fewer lower-quality assets come to market. But targets also become more expensive: as competition for smaller assets escalates, deal premiums for small and midsize public-to-public transactions rise by around 59% (from a low level) and 28%, respectively, even as premiums on large deals remain broadly stable.

Stocks Over Cash. During uncertain periods, acquirers increasingly favor stock-based financing to preserve liquidity. Approximately 79% of equity value is paid in cash under normal economic conditions, but this figure drops to 64% during turbulent times. This trend is especially pronounced for large deals, which tend to be financed more with stocks than cash. The shift toward stock-based compensation drags down relative total shareholder return (rTSR), on average, as cash deals typically outperform stock-based transactions—a finding in line with our previous research.

The use of debt also increases, as acquirers’ leverage ratios as a percentage of total assets rise by 22 percentage points overall. The most pronounced increase is for smaller transactions. Dealmakers shore up their liquidity with the help of external financing, particularly in smaller deals for which it is often not possible to use stock as an alternative means of payment.

Longer Times to Deal Closure. Heightened risk aversion and the complexity of diligence and negotiations under uncertainty extend deal timelines. Using the average period between announcement and closing as a proxy, deals during volatile periods take, on average, from 20% (small deals) to 4% (large deals) longer to close. Although the increase for large deals may appear modest, they already take substantially more time to complete—typically three times as much as small deals. Overall, the average increase across all deal sizes is just 3% (or roughly one to two days). This reflects a negative mix effect from the strong growth in small deals and the decline in the number of large deals—with their much longer closing times.

Clearly, dealmakers naturally gravitate toward safer strategies during storms. But does playing it safe create value?

Experienced Acquirers Outperform—Again

Across deal sizes, sectors, and regions, two-year rTSRs of M&A transactions drop sharply during periods of uncertainty—falling into negative territory with a median of –0.4%. This stands in contrast to rTSR performance during **actual downturns**, when returns on deals tend to rise.

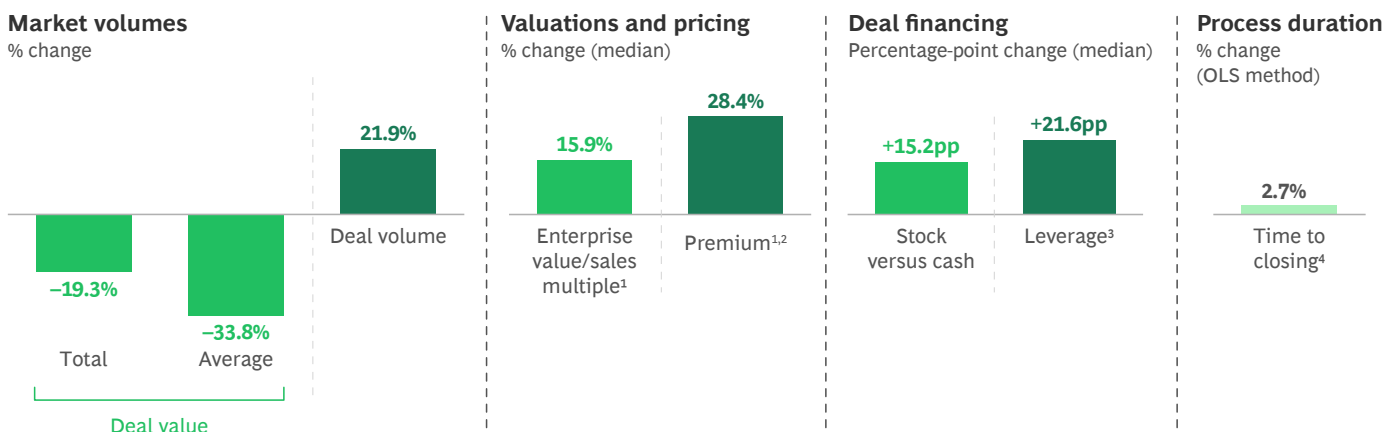
The ambiguous outlook during volatile times explains the differences in performance. Unlike clear-cut downturns—during which depressed valuations and expectations offer attractive buying opportunities—periods of uncertainty leave the market in limbo. Future conditions could improve rapidly or deteriorate into recession, making accurate forecasting extremely challenging. This ambiguity deters many companies from pursuing acquisitions, and it significantly depresses returns for acquirers that proceed without a clear strategy.

Yet within this ambiguity, a clear pattern emerges: companies with deep, institutionalized M&A experience dramatically outperform their less seasoned counterparts during periods of uncertainty. **In line with our previous findings**, our latest research indicates that experienced acquirers generate positive returns that are substantially higher than the negative returns realized by inexperienced acquirers. For example, in deals valued at more than \$100 million, two-year rTSR is approximately 1% for experienced acquirers versus –7.5% for inexperienced acquirers. The advantage of experience is evident across all major metrics. (See **Exhibit 3.**)

EXHIBIT 2

Deal Characteristics in Periods of Uncertainty

Change in key deal characteristics—periods of uncertainty versus normal times



Sources: LSEG SDC; LSEG WorldScope; BCG analysis.

Note: The dataset includes 203,808 M&A transactions announced between February 1990 and April 3, 2025, covering pending, partly completed, completed, unconditional, and withdrawn deals. Self-tenders, recapitalizations, and self-repurchases are excluded. OLS = ordinary least squares.

¹Elevated valuations/sales multiple and premium data from LSEG SDC.

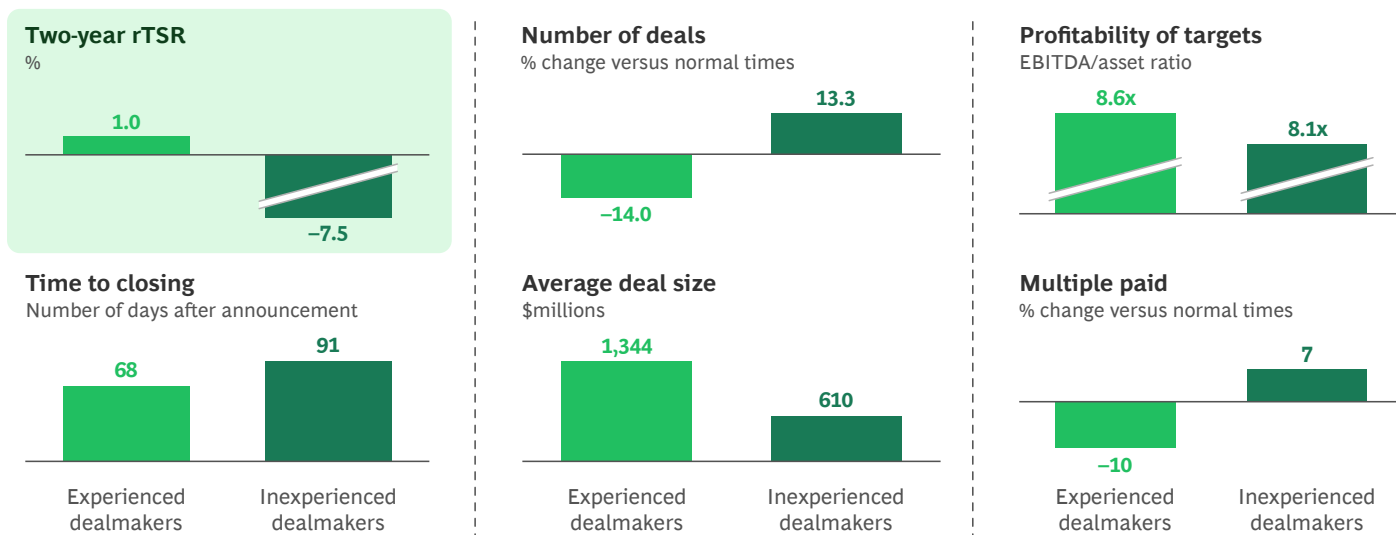
²Premium is defined as the ratio of offer price to target stock price four weeks prior to announcement.

³Leverage is measured as the ratio of liabilities to assets, using LSEG WorldScope data.

⁴Time to closing is measured as the number of days between deal announcement and effective date, using LSEG SDC data; changes calculated using the OLS regression method.

EXHIBIT 3

Experienced Dealmakers Outperform in Periods of Uncertainty



Sources: LSEG SDC; LSEG WorldScope; LSEG Datastream; BCG analysis.

Note: The dataset covers 25,922 majority M&A transactions announced between February 1990 and April 3, 2025, with deal values greater than \$100 million. Pending, partly completed, completed, unconditional, and withdrawn deals are included; self-tenders, recapitalizations, and self-repurchases are excluded.

The number of deals may vary by analysis due to missing data. “Experienced” dealmakers completed five or more deals in the past three years;

“inexperienced” dealmakers completed none in the past three years. Target profitability data are from LSEG WorldScope. The multiple is EV/EBIT, using SDC data. All figures except average deal size are median values.

Why the stark difference? A key success factor is the institutional muscle—within both dedicated M&A teams and the broader organization—that seasoned acquirers build over time. This embedded experience accelerates decision making, sharpens due diligence, and enables focused post-merger integration, all of which are critical to maximizing value from each transaction. Experienced companies also approach M&A with some distinctive capabilities:

- **Disciplined Patience.** They strategically reduce activity during uncertainty.
- **Contrarian Thinking.** Experienced firms pursue larger, high-quality deals when others retreat to smaller, safer acquisitions.
- **Selective Targeting.** They avoid weaker targets, instead focusing predominantly on robust businesses with resilient EBITDA.
- **Negotiation Strength.** In an environment characterized by higher prices, they can secure high-quality assets at discounted valuations.
- **Efficient Execution.** Their institutional expertise and streamlined processes enable them to close deals faster, despite doing larger and more complex deals.
- **Clear Value Thesis.** Experienced acquirers apply a disciplined approach that links corporate strategy to M&A strategy, and then to the deal-specific investment thesis and synergy potential.
- **Always-on M&A Capability.** They systematically review targets, build deal sourcing networks, and embed M&A into their core strategy. This permits superior deal sourcing, exclusive access to deals, and timely execution.

Replicating this success is not easy. The secret sauce of experienced acquirers is their accumulated organizational knowledge—developed deliberately over years through disciplined execution and investment in dedicated M&A capabilities. Even so, our analysis identifies specific M&A strategies or archetypes that consistently create value in uncertain environments, offering a playbook for executives seeking to confidently navigate the fog of market volatility.

The Most Effective M&A Strategies in Uncertain Times

M&A serves diverse strategic purposes: accelerating growth, diversifying portfolios, acquiring capabilities, and driving transformative change. During periods of significant uncertainty, however, not all approaches are equally effective or advisable. (See **Exhibit 4**.)

Transformative deals may offer appealing long-term opportunities, but our research consistently shows that these transactions are particularly risky during turbulent periods. Consequently, when visibility is limited, companies should prioritize strategies that leverage their core strengths and minimize complexity. We find that three growth strategies are especially effective:

- **Roll-ups and Consolidation Plays.** One of the most successful approaches involves executing roll-ups—acquiring smaller, closely related companies to boost market share, realize scale efficiencies, and reduce industry overcapacity. These smaller “tuck-in” acquisitions, representing up to 1% of the acquirer’s total assets, typically generate positive median two-year rTSRs of 2.5% in uncertain times. In contrast, rTSRs on large deals representing more than 30% of the acquirer’s assets turn sharply negative. Although small deals may not dramatically shift the acquirer’s overall financial performance, they send an important qualitative signal to investors that a company is executing its M&A strategy consistently. Importantly, they also normally require only minimal integration effort and can be executed rapidly, making them accessible even to companies with limited M&A experience.
- **Staying in or Near Your Core.** In times of heightened uncertainty, companies should resist the allure of diversification into unfamiliar industries. Instead, staying within or adjacent to core business areas allows more effective due diligence and integration, maximizing operational synergies. Historical performance data underscores this: diversification moves often result in negative returns in periods of uncertainty, with a median rTSR of –2.8%, whereas same-industry acquisitions consistently deliver superior performance, at a median rTSR of 0.9%.
- **Targeting Cross-Border Deals Close to Home.** Although caution is advisable, uncertainty should not prevent companies from pursuing strategic international opportunities. Cross-border deals, particularly within familiar industries and geographic regions, consistently outperform purely domestic acquisitions. Deals within the same region (for example, Europe or Asia-Pacific) are especially attractive due to the more manageable regulatory, cultural, and operational differences involved. These targeted international acquisitions enable firms to quickly penetrate new markets—growth that would take substantially longer to achieve organically.

EXHIBIT 4

Several Strategic Archetypes are More Effective in Uncertainty

M&A intent	Strategic archetype	Value creation objective
Support and grow existing business	1 Roll up	Acquire direct competitors to build competitive advantage through scale and scope.
	2 Consolidate	Acquire direct competitors in an overcapacity market to consolidate companies and reduce costs.
	3 Leverage operational excellence	Acquire companies in the same or similar industries to deploy superior operational capabilities.
	4 Feed the R&D pipeline	Acquire small, early-stage companies to turn an R&D pipeline into an advantaged distribution network.
	5 Accelerate access	Acquire strong companies in the same segment to access attractive geographic regions or customer segments where the acquirer currently has no position.
Extend business by adding to the portfolio	6 Enter an adjacent area	Acquire companies with adjacent products, capabilities, or customer base to diversify the portfolio in related markets
	7 Create a new leg	Acquire companies to diversify into new businesses with attractive margins and growth potential.
Transform business	8 Change an existing leg	Acquire unrelated companies to shift the business portfolio by exiting one market in order to enter another with better growth potential.

 Winning strategies in periods of uncertainty

Source: BCG analysis.

Five Imperatives for Dealmakers

Taken together, our analyses point to the five imperatives for navigating uncertainty effectively:

- **Enhance your due diligence.** Incorporate scenario planning into your diligence process to distinguish short-term volatility from long-term value drivers. De-average the target's performance to distinguish its underlying business health and resilience from its current market position.
- **Be bold—within reason.** To avoid introducing unnecessary complexity, consider expanding into new markets cautiously. Stick to familiar business models to simplify integration and capitalize on operational synergies.
- **Seek inherent value.** Prioritize substance over appearance. Focus on solid EBITDA and resilient business models. Volatility can provide opportunities to secure premium assets at discounted valuations—capitalize on these windows.

- **De-risk your financing.** Lean toward equity financing, conserving cash reserves for flexibility—though potentially reducing returns. Where debt is appropriate, apply it prudently to maintain a strong, stable balance sheet capable of absorbing further shocks.
- **Build institutional expertise.** Experience pays off, so develop your organization's M&A muscle early. Companies newer to M&A should **explore partnerships, joint ventures, or strategic alliances** as initial forays into dealmaking, reducing risk while building internal skills.

Periods of uncertainty can seem daunting, but they also offer exceptional opportunities for companies prepared to act with strategic precision. In short, successful M&A during uncertainty hinges on executing a clear strategy: consolidate your core market position through targeted acquisitions, carefully expand geographically within your comfort zone, and steer clear of overly complex or transformative moves. This disciplined, strategic approach not only mitigates risk but also can unlock significant long-term value, even when markets are at their most volatile.



Capturing the Value of Cross-Border Deals

By Jens Kengelbach, Daniel Friedman, Anant Shivraj, Tobias Söllner, and Dominik Degen

Once a hallmark of globalization, cross-border M&A activity has diminished considerably—declining from 50% of global deal value at its peak in 2007 to approximately 30% today.

(See **“A Downward Trajectory in Cross-Border M&A.”**) Despite this decline, BCG research reveals that cross-border deals, when pursued strategically, can create significant value. Cross-border transactions within the same geographic region typically outperform deals within the same country or farther afield as they enable companies to achieve international growth while addressing manageable integration complexity.

Yet success in cross-border M&A is far from guaranteed. Companies must navigate not only regulatory complexity and geopolitical volatility but also the more subtle—and often underestimated—challenges of cultural integration. As the barriers to cross-border transactions rise, so too does the importance of disciplined strategy and execution, marking a landscape where only the most skilled and informed acquirers will thrive.

A Downward Trajectory in Cross-Border M&A

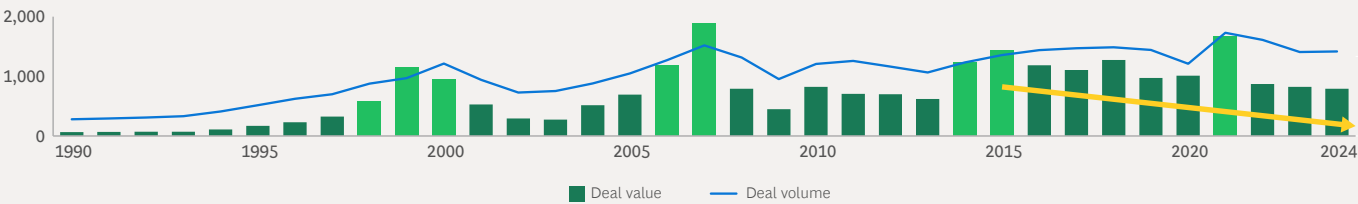
Cross-border M&A has historically moved in distinct waves, closely tied to broader global economic cycles. (See [the exhibit](#).) Spurred by rapid globalization and booming markets, international dealmaking surged dramatically in the late 1990s and again in the mid-2000s, reaching a peak in 2007 when cross-border deals comprised nearly half of global M&A value. Another strong upturn occurred in the mid-2010s, driven by corporate ambitions to capitalize on international growth opportunities.

The overall decline in cross-border M&A is especially clear when viewed in relation to global economic output. In 2024, cross-border deal values represented only 0.7% of global GDP, well below the long-term average of 1.3% and a low not reached since 2009.

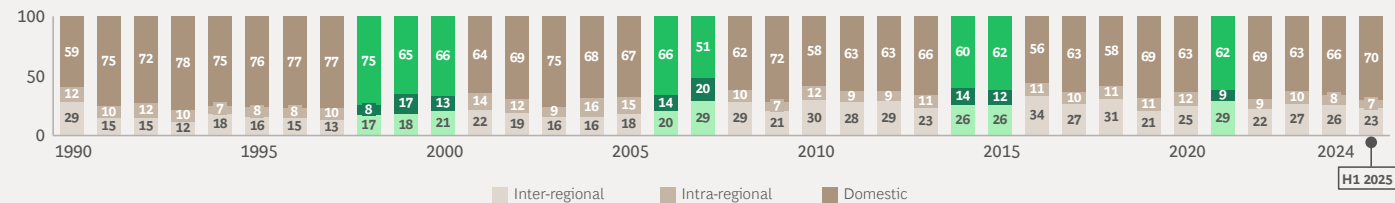
This upward trajectory began to reverse in the mid-2010s, as heightened geopolitical tensions, growing regulatory scrutiny, and a sharpening focus on domestic markets made international acquisitions less attractive or harder to justify from a value perspective. The COVID-19 pandemic accelerated the downward trend, reinforcing corporate tendencies toward domestic consolidation and supply-chain regionalization. In 2024, cross-border M&A accounted for approximately 30% of global dealmaking value.

Cross-Border M&A Has Trended Downward Since 2015

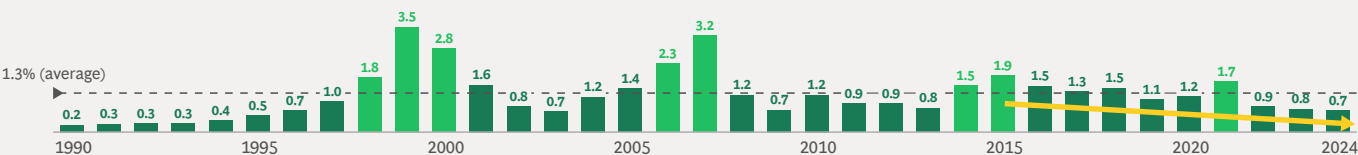
Global cross-border M&A value (\$billions)



Global M&A value (% of total)



Cross-border M&A deal value as % of global GDP



Sources: LSEG; World Bank; BCG analysis.

Revealing the Hidden Value

Despite the current downward trend in international deals, cross-border M&A continues to offer substantial value creation opportunities, particularly when executed strategically. To understand why, it is important to distinguish between intra-regional deals, involving buyers and targets in the same geographic region (for example, Western Europe or North Africa), and inter-regional deals, involving parties in different global regions. Historically, inter-regional acquisitions have constituted the larger share of cross-border activity.

BCG's analysis reveals clear performance differences among the three deal types. (See **Exhibit 1**.) Domestic deals generally underperform, with acquirers seeing an average two-year relative total shareholder return (rTSR) of approximately -0.9%. In stark contrast, intra-regional deals significantly outperform the market, delivering an average two-year rTSR of 1.2%. These deals allow companies to capitalize on cross-border synergies while navigating familiar cultural landscapes and regulatory environments. Inter-regional transactions yield a more modest positive return of about 0.6%, demonstrating that while global diversification holds promise, it often entails greater complexity and execution risk.

Regional patterns provide further insights. European companies notably excel at cross-border dealmaking, frequently achieving superior outcomes compared with their counterparts in other regions. Conversely, Asia-Pacific and North American companies—particularly the latter—typically face greater challenges in realizing value from cross-border acquisitions.

Sector-specific dynamics reinforce the necessity of tailoring acquisition strategies. Financial services and consumer sectors often achieve strong results from ambitious inter-regional expansions, capitalizing on global market reach and customer bases. In contrast, energy and industrial sectors tend to generate greater value through intra-regional consolidation, leveraging operational efficiencies and regional market familiarity. Health care and technology sectors present notably higher risks, especially in domestic deals, where overlooked integration complexities often lead to value-destroying transactions.

EXHIBIT 1

Intra-Regional Deals Outperform the Market

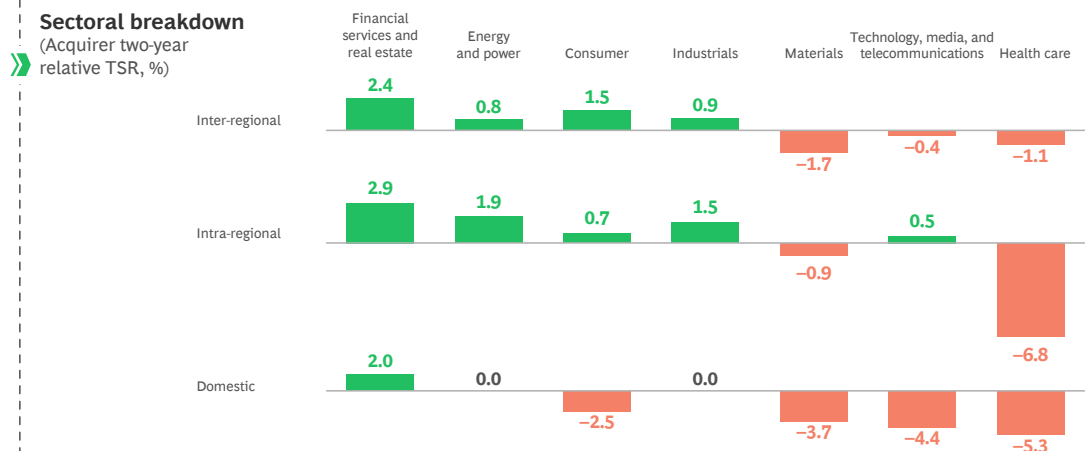
Acquirer two-year relative TSR (%)



Regional breakdown (Acquirer two-year relative TSR, %)

Acquirer region	Target company region					
	North America	Europe	Asia-Pacific	Africa	Middle East	South and Central America
North America	-2.2	-0.1	-1.2	-5.8	-3.7	-2.7
Europe	1.9	2.2	2.7	2.5	1.8	2.8
Asia-Pacific	-0.1	0.8	-1.6	-2.8	-1.0	-1.1
Africa	0.2 ¹	0.7	0.2	4.4	0.7 ¹	0.7 ¹
Middle East	1.0	0.9	0.8	2.5	5.1	2.8 ¹
South and Central America	-0.1	1.0	-0.4	-7.9 ¹	-8.0 ¹	0.7

Sectoral breakdown (Acquirer two-year relative TSR, %)



Sources: LSEG; BCG analysis.

Note: Analysis includes deals from 2010 through the first nine months of 2025. TSR = total shareholder return.

¹Sample size is less than 30.

Deal Strategy: Actionable Insights from Research and Experience

To navigate the complexities of cross-border M&A, companies must define deal strategies that apply lessons learned from past experiences. Our research and experience point to five actionable insights for companies to maximize value from cross-border deals.

Embrace cross-border opportunities, especially close to home. Despite current market hesitancy, cross-border transactions typically outperform purely domestic deals. Expanding internationally—particularly to nearby countries with similar cultural and economic profiles—can unlock valuable synergies and access new markets. Intra-regional deals have consistently emerged as the optimal “sweet spot,” providing companies with meaningful international growth opportunities combined with manageable integration complexities.

Tailor your approach to sector-specific dynamics. Understanding the historical performance and unique challenges of your industry should inform your cross-border acquisition strategy. Financial services and energy sectors, for example, have historically benefited from ambitious global expansions, pointing to the potential for

transformative deals. Conversely, companies in technology and health care face greater integration hurdles and value creation challenges, making a clearly articulated value thesis and integration plan indispensable in these sectors.

Seize opportunities amid adversity. Downturn periods present strategic opportunities for bold, well-prepared acquirers. With reduced competition and potentially attractive valuations, acquisitions completed during downturns have historically yielded superior returns. (See **Exhibit 2**.) Companies with robust balance sheets and risk appetites should consider adopting contrarian acquisition strategies during these slower phases.

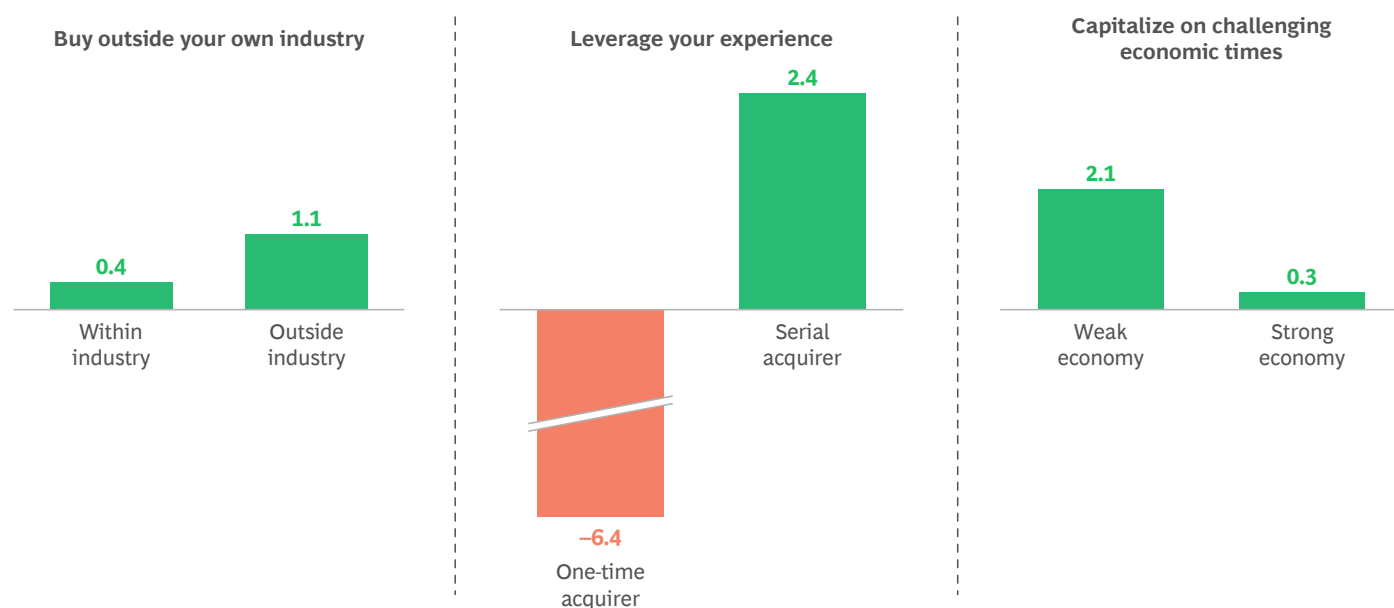
Explore opportunities beyond your core industry. Successful cross-border acquisitions often extend beyond a company’s traditional industry, targeting adjacent or entirely new sectors. This strategic diversification allows companies to acquire innovative capabilities and technologies, enhancing their competitive edge and driving new revenue streams.

Develop an early view on the operating model and culture. Invest time in understanding the target company’s geographic footprint and culture. Develop initial hypotheses about the future operating model and cultural design to inform integration planning from the outset.

EXHIBIT 2

Success Factors for Cross-Border Deals

Acquirer two-year relative TSR (%)



Sources: LSEG; BCG analysis.

Note: Analysis includes cross-border deals from 2010 through the first nine months of 2025. Industry classification follows four-digit SIC codes. Serial acquirers are buyers with more than three deals in the preceding five years. Economic context is based on global GDP growth rates. TSR = total shareholder return.

How to Incorporate Cultural Dynamics into Deal Strategy

Cultural dynamics are critical considerations in defining a cross-border M&A strategy. Three insights stand out.

Leverage regional and cultural familiarity. Acquiring targets within the same geographic region allows companies to benefit from shared cultural characteristics. In combination with regional trade agreements, similar consumer behaviors, and aligned regulatory frameworks, cultural familiarity contributes to intra-regional deals' higher average two-year rTSR of approximately 1.2%. Conducting rigorous cultural due diligence early in the process helps identify potential integration challenges.

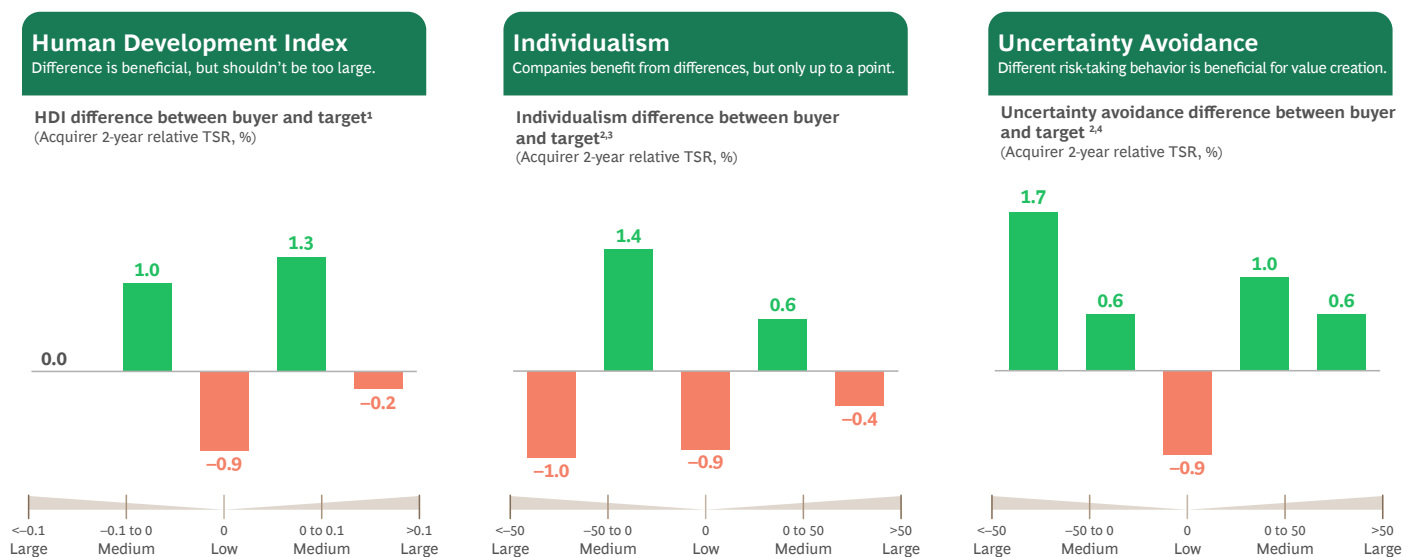
Prioritize strategic fit and manageable differences.

Selecting acquisition targets requires thoughtful consideration of strategic alignment and cultural distance. Ideal targets provide complementary capabilities while maintaining manageable differences in development levels, cultural norms, or business practices. Moderate differences can stimulate new ideas and foster market diversification, promoting higher two-year rTSR. (See **Exhibit 3**.) However, acquisitions involving substantial disparities—especially stark differences in regulatory environments, organizational structures, or fundamental cultural norms—significantly elevate integration risks and can erode potential value.

Utilize existing regional, customer, and channel relationships. Companies can improve integration outcomes by leveraging existing relationships, whether regional, customer-based, or maintained via established distribution channels. For example, following existing customers into new markets can offer natural synergies, accelerating market entry and reducing integration friction. Using these established connections helps mitigate cultural barriers, providing familiar reference points that facilitate smoother transitions and faster realization of synergies.

EXHIBIT 3

Moderate Differences Between Acquirers and Targets Generally Promote Higher Returns



Sources: United Nations Development Programme; Geert Hofstede; LSEG; BCG analysis.

Note: Analysis includes deals from 2010 through the first nine months of 2025. HDI = Human Development Index.

¹United Nations Development Programme's Human Development Index.

²Based on Geert Hofstede's six-dimensional model of national culture, where each dimension is scaled from 0 to 100.

³Individualism is the extent to which people feel independent, rather than interdependent as members of larger groups.

⁴Uncertainty avoidance relates to a society's tolerance for uncertainty and ambiguity.

Deal Execution: Core Principles for Success

Achieving consistent success in cross-border M&A requires disciplined execution and integration guided by several core principles.

Focus on fundamentals. Don't overlook **the basics**.

Align every acquisition rigorously with your overarching strategic objectives—such as market entry, operational scale, or new capabilities. Successful deals demand clarity of purpose, as transactions more often fail due to weak strategic alignment or unclear logic than because of excessive valuations.

Develop robust M&A and integration capabilities.

Experience dramatically improves outcomes in cross-border deals, with seasoned acquirers consistently outperforming novices by approximately 7 percentage points in TSR. Building a repeatable internal M&A capability or engaging skilled external advisors is crucial. Successful cross-border deals require specialized skills across deal sourcing, comprehensive due diligence, cultural integration, and meticulous post-merger integration planning. Treat M&A as a skill to be honed, not a one-off gamble.

Invest heavily in comprehensive due diligence. Cross-border acquisitions add significant complexity through differing accounting standards, less transparent local data, divergent business practices, and cultural or language barriers. To mitigate these challenges, allocate additional time and local expertise to thoroughly understand the target's financials, operational environment, and market position. Tailor due diligence processes to reflect local realities rather than relying on standard assumptions. Early and thorough due diligence sets a strong foundation for informed decision making.

Prepare for geopolitical and market uncertainties.

Build flexibility into your deal structure to withstand geopolitical shifts, regulatory changes, and market volatility. Scenario planning, covering best-case and worst-case outcomes, provides strategic agility. Employ flexible deal structures—such as phased acquisitions or earn-outs—to accommodate changing conditions, enabling agile integration pacing and risk mitigation.

Evaluate strategic alternatives. M&A is one of several options for achieving international growth. Carefully evaluate alternatives, including **joint ventures**, alliances, and foreign direct investment. Often, combining approaches—using foreign direct investment to establish an initial market presence before scaling with strategic acquisitions—can enhance outcomes. Strategic partnerships and alliances also offer valuable alternatives, particularly when market uncertainty is high or integration complexities appear daunting.

Proactively manage legal and regulatory risks. Cross-border deals inevitably face complex regulatory, antitrust, and compliance challenges. Anticipate these hurdles by thoroughly researching approval processes, engaging local counsel early, and proactively addressing potential national security or foreign investment concerns. **Planning for extended timelines** ensures that regulatory processes do not derail deal timelines.

Communicate transparently and consistently. Clear and frequent communication with employees, customers, investors, and regulators is essential. Given today's extended deal timelines and heightened uncertainty, prolonged silence can undermine trust, triggering anxiety among employees and customers. A consistent, transparent narrative about the deal's benefits and integration progress builds confidence, mitigates rumors, and maintains stakeholder engagement throughout the transition.

Begin integration planning early. Start planning post-merger integration well before the deal closes. Effective integration requires clearly identified integration teams, well-defined synergy targets, and critical early decisions, all determined during the diligence phase. While rapid and structured integration is often ideal, some scenarios may call for a more measured approach. Nonetheless, preparing integration plans early creates confidence among stakeholders and ensures swift realization of anticipated synergies after closing.

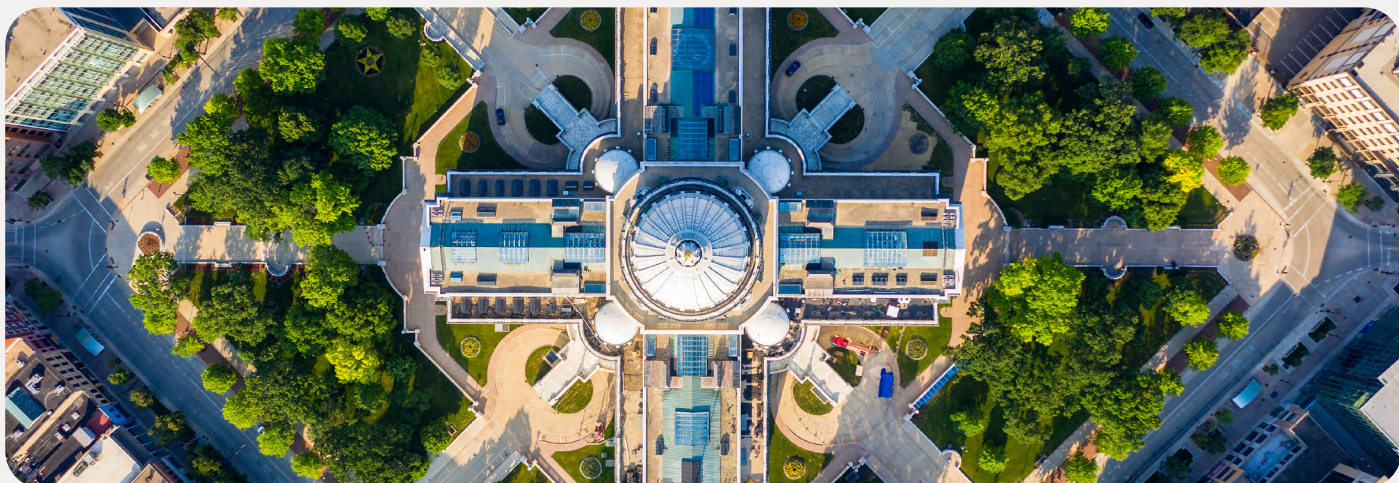
Prioritize cultural alignment and leadership stability.

Proactively manage cultural integration by understanding and reconciling differences in leadership styles, decision-making processes, and workplace norms. (See "**Navigating Cultural Integration in Cross-Border M&A**.") Develop comprehensive cultural integration plans featuring transparent dialogue, joint team-building activities, and clear guidelines for the new organizational norms to prevent "us versus them" dynamics.

Establishing unified leadership structures swiftly is critical. Rapidly identify and appoint top talent from both entities who align with the combined organization's vision. Quickly filling key roles reduces uncertainty, preventing competitors from exploiting instability to lure away valuable employees and customers. Establishing retention programs for critical talent and clearly communicating their roles will further enhance stability.

Although cross-border deals undeniably present challenges, the data reveals a clear opportunity: when executed thoughtfully, international acquisitions can deliver significant value and position a company for global growth. Indeed, today's environment of lower deal activity and heightened selectivity presents favorable conditions for well-prepared and visionary companies that are ready to capitalize on them. For dealmakers that are prepared to act strategically and decisively, now could be precisely the right moment to cross borders and capture lasting value.

Navigating Cultural Integration in Cross-Border M&A



“Culture eats strategy for breakfast,” is a common refrain among management gurus. Cross-border M&A brings a unique set of cultural challenges that can hinder integration if left unaddressed. Major friction points include the following:

- **Decision-Making Differences.** Decision-making styles vary across cultures, creating potential for misunderstanding and frustration. Some organizations emphasize decentralized, consensus-driven approaches, while others rely on centralized, hierarchical decision making. Additionally, the pace at which decisions are made can vary widely—some cultures prioritize quick, decisive actions and risk-taking, while others prefer thorough analysis and deliberate evaluation. Recognizing these differences and bridging them are essential for aligning teams effectively.
- **Diverse Meeting Styles.** Meeting practices also differ markedly from culture to culture. In certain organizations, meetings are formal, structured, and hierarchical, with top-down decision making. Elsewhere, meetings may be informal, collaborative spaces where decisions evolve organically through open debate. When these styles clash, one side may perceive the other as either overly rigid or inefficiently informal.
- **Communication Challenges.** Differences in communication approaches further complicate cross-border integration. Some cultures favor direct, transparent, and frequent interactions, while others adopt more reserved, diplomatic, or nuanced methods. Language barriers amplify these challenges, often leading to misunderstandings that can erode trust and delay progress.

Explicitly addressing culture during integration is critical. A dedicated culture team can help diagnose both organizations’ cultures and support senior leadership in defining the desired “to-be” culture—whether adopting the acquirer’s preferences or creating a “best of both” model. A practical culture integration plan, incorporating deliberate strategies that go beyond traditional financial or operational synergies, can promote behavioral alignment. Concrete initiatives may include the following:

- **Prioritize face-to-face meetings.** In-person interactions foster openness, clarify and help resolve misunderstandings quickly, and capture nonverbal communication cues that digital exchanges might miss.
- **Cross-pollinate teams.** Integrating team members from both organizations into joint leadership roles and key committees accelerates cultural alignment and encourages mutual understanding.
- **Clarify accountability and decision rights.** Creating transparent frameworks for defining decision-making authority, required inputs, and escalation processes significantly reduces ambiguity and conflict.
- **Apply change management tools.** Structured workshops, collaborative problem-solving sessions, and informal team-building activities help bridge cultural divides and foster stronger interpersonal relationships.
- **Agree on shared meeting protocols.** Establishing meeting norms—including expectations for participation, documentation, and follow-up—ensures smoother collaboration and consistent interactions across diverse teams.

By proactively deploying these structured practices, organizations can minimize friction and unlock the full potential of their international combinations.

How We Track M&A Activity by Year

During the first nine months of 2025, BCG's Transaction Center conducted the research that underpins *The 2025 M&A Report*, our latest edition of BCG's annual publication.

Data Sets

BCG's M&A research data set (the "M&A database"), which we used as the basis of our analyses, comprises approximately 1,033,000 M&A deals covering the period from January 1980 through September 2025. For our assessment of general market trends, we analyzed reported M&A transactions from 1990 through the first nine months of 2025. For our analysis of deal values and volumes, we excluded transactions marked as self-tenders, recapitalizations, exchange offers, repurchases, privatizations, and spinoffs.

In addition to using our proprietary data and analytics, we collected and collated financial data and relied on information from various data providers, including LSEG Workspace, LSEG DataStream, and S&P Capital IQ.

Short-Term and Long-Term Value Creation

Short-Term Value Creation

Although analyzing different issues required us to use distinct samples, we employed the same econometric methodology to all return analyses.

To determine the "announcement return," we derived the cumulative abnormal return (CAR), by taking the difference between the actual return on the acquirer's stock () and the return realized in the sector index () as an approximation for expected returns, starting three days before the announcement date (–3d) and ending three days after it (3d). (See Equation 1.)

EQUATION 1

$$CAR_{acq} = P_{3d,acq} / P_{-3d,acq} - P_{3d,index} / P_{-3d,index}$$

Long-Term Value Creation

For M&A deals, we tracked the stock market performance of the acquirers or the sellers over periods of different length following the acquisition announcement. We could not track the targets because, in most cases, they are delisted from the public equity markets.

First, we measured the total shareholder return (TSR) generated by the acquirer or seller over a time period of length t . (See Equation 2.)

EQUATION 2

$$TSR_{t,acq} = (P_{t,acq} / P_{-3d,acq})^{1/t} - 1$$

$$TSR_{t,index} = (P_{t,index} / P_{-3d,index})^{1/t} - 1$$

Second, we subtracted from the TSR the return that a benchmark index delivered over the same period, in order to find the relative total shareholder return (rTSR) that the acquirer or the seller generated—in other words, the return in excess of the benchmark return.² (See Equation 3.)

EQUATION 3

$$RTSR_{t,acq} = (1 + TSR_{t,acq}) / (1 + TSR_{t,index}) - 1$$

We could not include all deals in this analysis because, for some deals, the time elapsed since the announcement was too short to allow us to calculate the returns.

Statistical Significance of the Results

We applied common-practice statistical significance tests to all of our quantitative results in this report. To assess whether means differed statistically from zero, we used one-sample t-tests; where appropriate, we used two-sample t-tests to determine whether the difference between means differed significantly from zero—that is, whether two groups did in fact have different means.

Generally, for longer-term analyses (such as for one- and two-year rTSR) and for the short-term analysis (that is, for CAR), we used relative measures of size impact (such as deal value compared to the enterprise value of the acquirer) as well as absolute measures of size (such as deal value) to determine whether a transaction was sufficiently material to have had an impact on overall performance.

2. The benchmark indexes we applied are the relevant worldwide Refinitiv (formerly Thomson Reuters) indexes.

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