



Q4 2025

Global M&A Insights

DEALMAKING MOMENTUM ON THE RISE

This PDF contains interactive elements.

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Introduction

Welcome to the latest edition of M&A insights, where we explore the forces shaping transactional activity and predict what will drive dealmaking in the year to come.

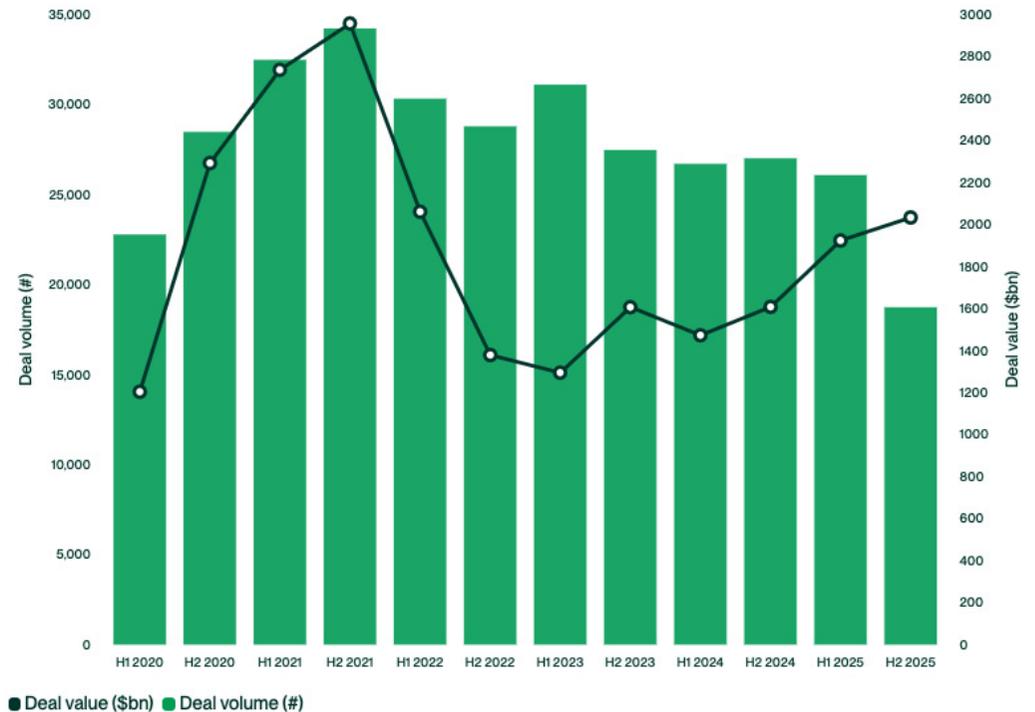
M&A data for 2025 reveals more confidence among market participants to execute big-ticket transactions in the second half of the year, including the [battle to acquire one of the biggest names in Hollywood](#), which if approved will be one of the biggest M&A transactions in history.

Deal count for the first six months of 2025 was the lowest H1 total since 2020. However, deal value remained robust at USD1.93 trillion, up 20% on H2 2024 and the highest H1 figure for three years.

M&A values performed even better in H2 2025 at USD2.03tn, with a marked uptick in larger transactions. The rally was led by a Q3 surge in the U.S., where M&A by value more than doubled year-on-year in October on the back of interest rate cuts by the Federal Reserve.

Europe's M&A landscape followed a similar pattern; aggregate values rose by 23% in H2 2025 compared to H1, particularly in markets including the Netherlands and Germany. We saw a number of significant deals between July and December, while ongoing regulatory reforms across the EU are expected to maintain this momentum as we head into 2026.

Megadeals return as global M&A hits four-year high
Aggregate deal value rises sharply to levels not seen since 2021



Source: LSEG • Data generated on December 1



Dealmaking in the Middle East was strong throughout the year, driven by the region's sovereign wealth funds in particular. Aggregate M&A by value to December 1 was 170% higher than the total for 2024. Here, U.S. policy shifts facilitated access to advanced semiconductors, while regional governments continued to leverage their strategic neutrality to invest in both U.S. and Chinese assets. The region's IPO markets, particularly in Saudi Arabia, performed well, with good pipelines for the year ahead.

Activity in Asia Pacific was buoyed by record inbound investment into Japan and regulatory reforms in China, which spurred domestic consolidation deals and higher outbound investment. We expect heightened interest in Australian critical minerals assets following the recent framework deal with the U.S., although a recent case raises new M&A execution risks linked to the country's foreign investment screening regime.

Looking ahead, stabilizing interest rates, regulatory reforms, and sectoral innovation are set to underpin continued growth in global M&A activity in the months to come.

Global themes in M&A

- Policy and regulatory shifts are shaping dealmaking timelines and strategies globally.
 - AI, life sciences and energy transition assets are in buyers' sights.
 - Private capital, particularly sovereign wealth, is increasingly influential.
 - The boards best positioned for success are those aligned with management teams on deal strategy, enabling confident decisions under pressure.
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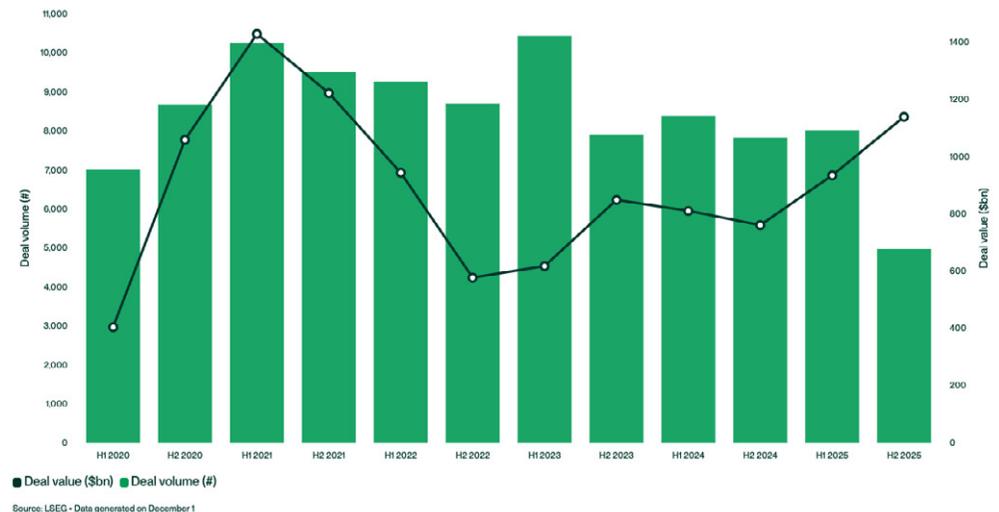
U.S. M&A rises sharply as big-ticket transactions return amid favorable policy developments

Following a surge in U.S. M&A in the second half of 2025, hope for heightened activity in 2026 are high—even with the midterm elections on the horizon. Here we explore the forces we expect to drive markets in the month to come, from the AI boom to shifts in energy policy.

North American M&A activity mirrored the prevailing global trend in 2025, with an uptick in deal value in the second half of the year to USD1.1tn, despite M&A volumes falling.

In the U.S., the surge in H2 was dramatic: aggregate transaction value was 24% up on H1 following a wave of megadeals, the most headline-grabbing of which involved rival bids from Netflix and Paramount to acquire one of the biggest names in filmmaking. If the deal is approved, it would be among the largest transactions in history.

North America: deal value surges in H2 2025
Renewed confidence for big-ticket transactions despite macro uncertainty





The average transaction size between October and December 1, (USD400.1 million) was more than three times higher than in Q1 (USD121m). Q3 alone saw USD578 billion in deal value, the highest quarterly total since 2021. The rise was fueled in part by a series of rate cuts from the Fed.

Private equity investors played an important role as they shifted their focus to mid-market deals while retaining appetite for large transactions. Meanwhile, corporates actively rebalanced their portfolios through divestitures and carve-outs to fund strategic acquisitions.

MIDTERMS NOT EXPECTED TO IMPACT REGULATORY ENFORCEMENT

Looking ahead, the U.S. midterm elections are not expected to have a major impact on deal activity, even if the Democrats win control of one or both houses of Congress. Enforcement by important agencies such as the Department of Justice (DOJ), Federal Trade Commission (FTC) and Committee on Foreign Investment in the United States (CFIUS) has not been a major focus under the current administration, and we expect that to continue whatever the outcome in November. Indeed the U.S. antitrust agencies have sought to litigate just a handful of transactions since President Trump entered office in January.

FOCUS ON ARTIFICIAL INTELLIGENCE

Artificial intelligence was one of the overriding M&A drivers of 2025, with deals in every sector targeting AI systems, the data required to develop and fine-tune models, and people with AI expertise.

Perhaps the highest-profile transaction of the year came in September with the announcement of a [strategic partnership between Nvidia and OpenAI](#). The letter of intent set out Nvidia's plan to invest USD100bn in the creator of ChatGPT, while ten gigawatts of Nvidia systems would be deployed to support OpenAI's next generation infrastructure. (At the time of writing, [the deal was yet to be finalized](#)).

The partnership was one of a string of similar investments involving the world's biggest tech companies. In the same month as the OpenAI deal, Nvidia unveiled a [USD5bn agreement with Intel to co-build data centers and chips](#).

In November it pledged to invest up to USD10bn in Anthropic, which secured a further USD5bn from Microsoft. OpenAI has itself committed to spending USD1.4tn on AI infrastructure as it bids to create artificial general intelligence, which includes a strategic partnership with AMD to deploy six gigawatts of AMD graphics processing units (GPUs).

But AI investments are not just multibillion-dollar tie-ups between chipmakers and the developers of foundational models and agentic technologies.

Corporates and financial sponsors are also [pursuing acquisitions of proprietary data on which to develop specialized AI systems](#). Meanwhile, companies in data-rich sectors such as healthcare and financial services are looking to buy AI capabilities that can improve their decision quality and [accelerate the timeline for developing new drugs](#).

From a process perspective, AI acquisitions raise a range of unique legal, regulatory and commercial risks that relate to everything from IP infringement and ownership to data privacy and cybersecurity. Addressing these risks in an M&A context requires a strategic, forward-looking approach to diligence.

The nature and scope of AI-related risks depend on a variety of factors, including the type of AI technology being acquired, how it has been trained, and the intended future use cases.

Even where AI is not the primary value driver for a deal, AI-related issues need to be considered on every M&A transaction given that almost any target will be deploying and/or building AI systems in some form.

All this must take place in a rapidly evolving and increasingly fragmented regulatory landscape, as countries across the world legislate to meet their objectives.

At the same time, the risks relating to practices such as data scraping, model training and retrieval augmented generation (RAG) are being reshaped by data authorities, policymakers and the courts on an almost daily basis.



POLICY LANDSCAPE POINTS TO INCREASED OIL AND GAS M&A

We anticipate an increase in M&A in the North American oil and gas sector throughout 2026 and beyond following favorable policy developments in both the U.S. and Canada.

The U.S. government's [Unleashing American Energy](#) executive order and [One Big Beautiful Bill Act](#) roll back a host of federal sustainability and decarbonization policies and introduce new tax incentives for oil and gas producers.

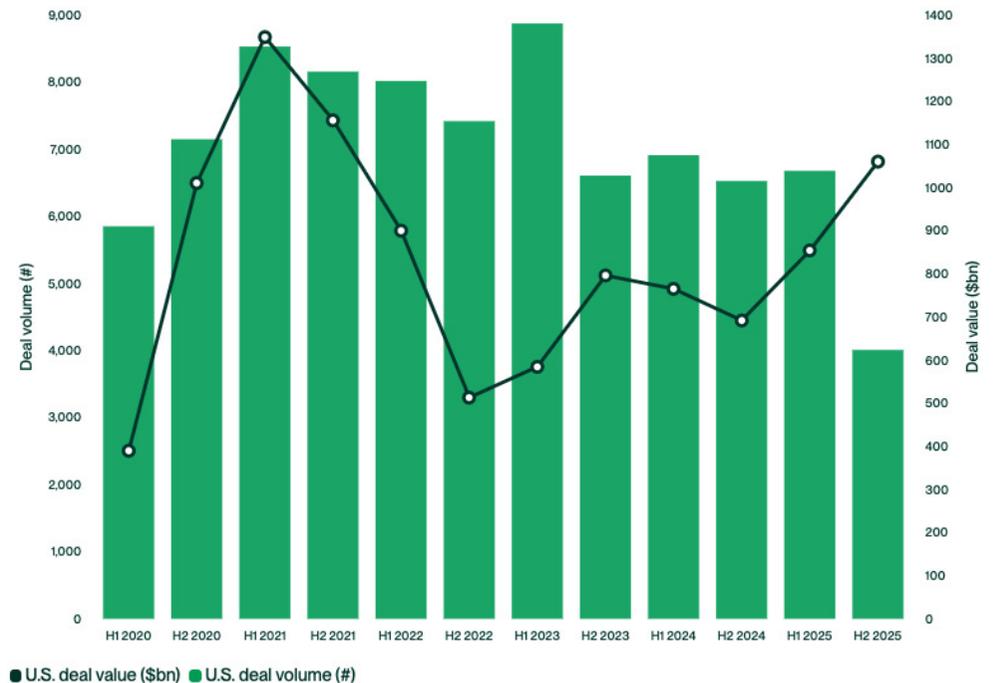
North of the border, Canadian Prime Minister Mark Carney has recently signed a memorandum of understanding with Alberta's premier to facilitate construction of a 1,100km pipeline connecting the province's oil sands to Canada's Pacific coast. The proposed pipeline, which will be privately constructed and financed, is one of a [series of infrastructure projects](#) backed by the Canadian federal government under its 2025 Budget, which aims to reduce Canada's economic reliance on the U.S. as tensions between the two countries run hot.

The deal exempts the proposed pipeline, which is expected to have a capacity of one million barrels of oil a day, from certain federal environmental regulations as well as the existing ban on oil tankers off the coast of British Columbia. To offset the rise in emissions, Alberta has agreed to build a USD11.7bn carbon capture and storage facility.

The project will boost exports to Asia and marks a significant shift in policy direction for the Canadian government. The previous federal government had for over a decade resisted calls from Alberta for new infrastructure to support the energy industry.

The announcement is expected to generate interest in Canada's oil and gas sector from foreign investors; Canada has [the world's fourth largest proven oil reserves](#) after Saudi Arabia, Venezuela and Iran, but its lack of infrastructure to transport crude oil has limited its ability to exploit its natural resources.

United States: momentum builds on strong year-end run Market shaped by bigger transactions in second half of 2025



Source: LSEG • Data generated on December 1



TRANSACTION TIMELINES EXTENDED IN RESPONSE TO HSR REFORMS

As far as deal practice is concerned, we are seeing transaction timelines extended following reforms to the Hart-Scott-Rodino (HSR) pre-merger reporting regime.

The changes increase the information burden imposed on merging parties by requiring additional transaction-related (f/k/a/ 4(c)/4(d)) and ordinary course documents; narrative descriptions of competitive overlaps, supply relationships, transaction rationale and prior transactions; and information on buy-side structures, minority shareholders, officers and directors, foreign subsidies and defense and intelligence contracts.

Following the reforms, transaction agreements have been updated to account for the increased time needed to prepare HSR filings. Traditionally, purchase agreements have stipulated that the HSR filing would be submitted within five to ten business days of the deal being signed; 20 business days is now the norm, with longer timeframes (up to 30 business days) if the transaction involves competitive overlaps. Filers are increasingly adopting document protocols early, beginning document collection and information-gathering processes in advance of signing or filing under non-definitive agreements to reduce time between signing and closing. The legal and other costs that parties incur making HSR filings have increased significantly in line with the enhanced information requirements.

However, the possibility for parties to seek and obtain early termination of the waiting period under the HSR Act for transactions that do not post competition issues has returned after having been suspended since February 2021. Both the U.S. Federal Trade Commission (FTC) and the Department of Justice (DOJ) can now grant requests for early termination of the HSR waiting period in cases that do not raise substantive antitrust concerns, allowing deals that do not require other regulatory approvals to close earlier than upon expiry of the statutory 30 day waiting period.

The agencies have also generally been willing to accept minor corrections, where submitted filings do not conform to a requirement, without delaying the start of the waiting period or “bouncing” filers for deficient filings.





FEDERAL GOVERNMENT BRINGS NOTABLE CHANGES TO CFIUS PROCESS

The Committee on Foreign Investment in the United States (CFIUS) national security screening process has undergone some notable changes under the current U.S. administration whose policy program pursues multiple, often competing, goals in relation to foreign investment.

The Trump administration's **America First Investment Policy**—introduced via Executive Order in February—reframes U.S. investment policy by inviting inbound investment from the United States' traditional allies while seeking to disadvantage China, particularly in relation to technologies such as artificial intelligence and semiconductors, through heightened scrutiny of China-related transactions.

Under previous administrations, CFIUS sometimes required parties to enter into national security agreements or provide letters of assurance to mitigate long-term national security risks presented by proposed transactions. However, the current administration has stated that it intends for CFIUS to pull back from this practice, and instead simply approve or reject transactions. We are still seeing these agreements being negotiated, so it remains to be seen how aggressively this policy will be implemented in the coming year(s).

The Department of Defense (DOD, renamed by President Trump as the Department of War) is also playing an increasingly important role in the review of transactions by CFIUS. DOD views the economic sphere as a key part of its remit and is more closely involved in deal reviews than in the past.

Under the current administration, CFIUS has shown its desire to scrutinize any connection a foreign acquiror might have with China, as well inbound investors' capacity to thwart cyber attacks and prevent U.S. tech from being accessed by threat actors (especially China). Meanwhile, it is also focused on assessing potential acquirors' long-term strategy for growth in the U.S.; any dealings with sanctioned parties (including by or through affiliates or joint ventures); and is conducting thorough reviews of purchasers' ownership structures, all the way up to ultimate beneficial owners.

BUYERS ADVISED TO REVIEW OTHER DEALS THAT COULD DELAY M&A TRANSACTIONS

As far as deal practice is concerned, in an environment where transactions are facing enhanced regulatory scrutiny in the U.S. and elsewhere, when negotiating a purchase or merger agreement for a particular acquisition, it is critical for buyers to carefully review other pending or potential transactions under consideration that could potentially impede or delay the timely receipt of the required approvals.

Regulatory efforts covenants in purchase and merger agreements will typically restrict purchasers from taking actions that may impede or delay the receipt of required regulatory approvals, and as a result buyers should look to build sufficient flexibility into any such covenants so as not to curtail their ability to pursue other M&A opportunities while the transaction at hand is pending.

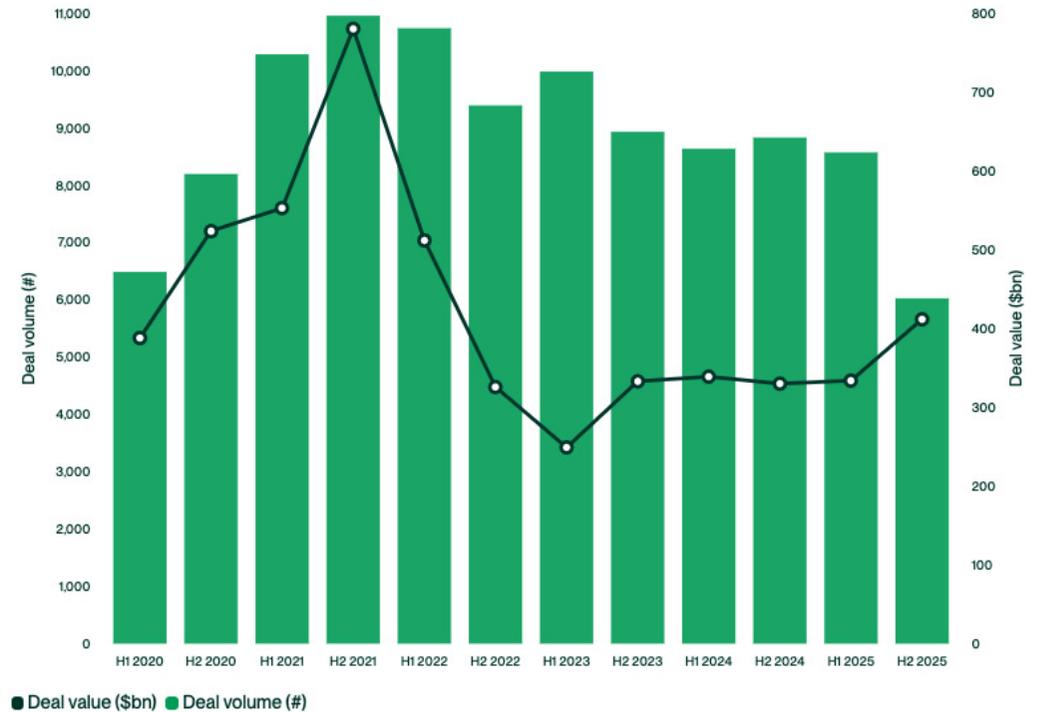
Filing parties, especially private equity and investment funds, must also consider how responses provided in one regulatory filing could affect future filings made to the same regulator.



Transactional activity in Europe gains momentum heading into 2026

European M&A markets are showing signs of renewed vigor, with growth in deal values despite ongoing macroeconomic and regulatory challenges. Here we explore shifting dynamics across three of Europe's most active markets, and outline the themes we expect to shape dealmaking in the year ahead.

Europe: deal activity rallies after flat start to 2025
M&A value between July and December is highest since 2022



Source: LSEG • Data generated on December 1

At USD746bn, European M&A to the beginning of December was 12% higher than the total for the whole of 2024. While deal volumes fell between H1 and H2, activity rose sharply in the post-summer months as dealmakers acclimatized to an increasingly uncertain macro environment.

Deal value was up 23% in H2 to December 1 compared with the first six months of the year on the back of a series of big-ticket strategic transactions. The average European M&A deal in the fourth quarter was more than twice as big as in Q1. Private equity mirrored this trend, with fewer buyouts but a significant increase in deal size, reflecting a disciplined focus on quality assets and operational transformation.



The UK was Europe's largest M&A market by value to December 1, with USD181.3bn of deals—slightly higher than 2024's total of USD179.7bn. Deal value also rose in other major EU economies including Italy (up 4.3% on 2024), France (up 4.8%), Germany (up 17.8%), Belgium (up 57%) and Spain (up 63%). The Netherlands shows the highest percentage rise at 171.6% following a series of major public M&A transactions.

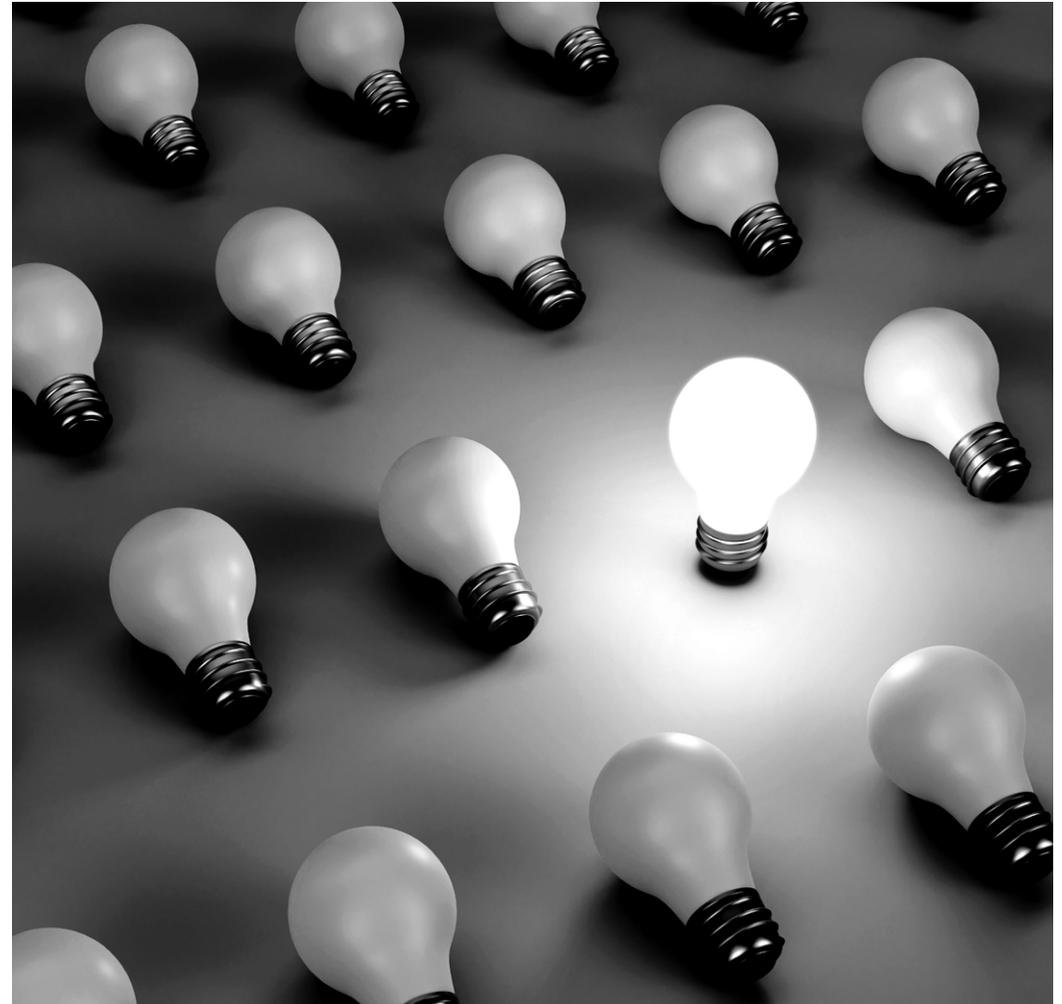
Technology was the leading sector by deal count, as buyers targeted digital capabilities and assets (technology, data and/or people) to support their AI transformation. Energy transition and infrastructure transactions have also been prominent.

EU REGULATORY REFORMS PROVIDE CAUSE FOR OPTIMISM

As far as 2026 is concerned, the European Union's ongoing regulatory reform program is expected to create momentum for deals. Europe's sustainability and AI regulatory framework have been eased in a bid to improve competitiveness and innovation, while the European Commission has also [launched a public consultation](#) on potential revisions to the guidance around the application of the EU Merger Regulation.

Further developments are expected in March, when Executive Vice-President Teresa Ribera will host an expert summit to discuss challenges with the current competition regime. The conference is designed to ensure the EU's merger control framework "remains effective and fit for purpose in the context of evolving market realities."

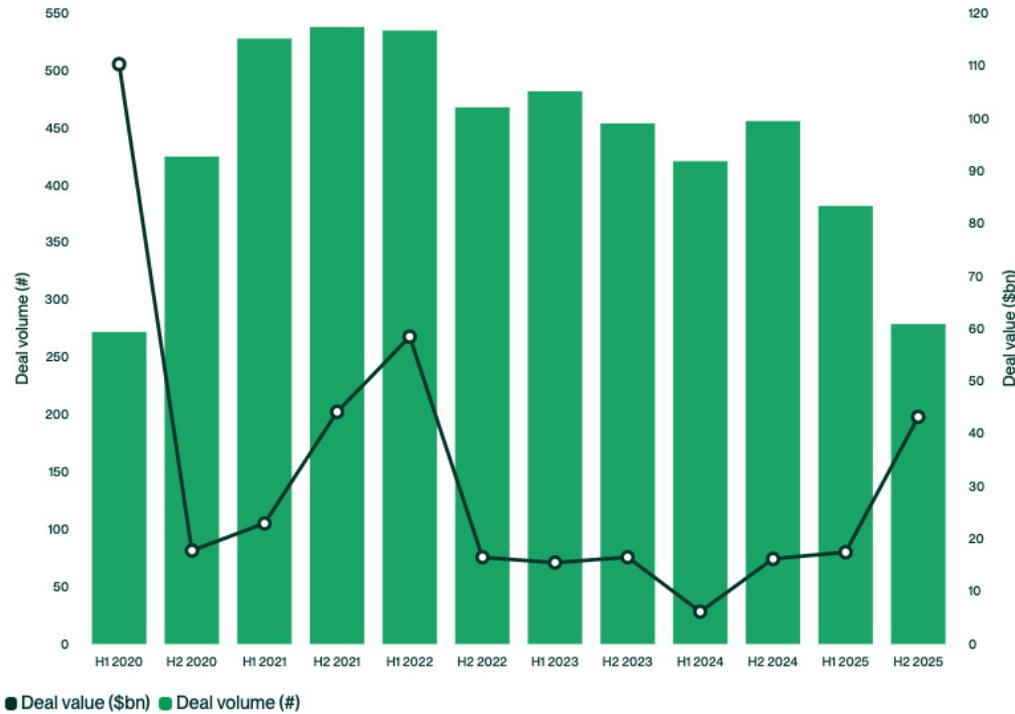
We expect stabilizing interest rates, large volumes of private equity dry powder, and a focus on technology and ESG-driven assets to drive dealmaking in the first half of 2026. To succeed, buyers will require organizational agility, strategic alignment between boards and management teams, and the ability to navigate ongoing market volatility and regulatory complexity.





Netherlands: major public deals drive value higher

Significant public takeovers push M&A activity to highest level since 2022



Source: LSEG • Data generated on December 1

THE NETHERLANDS: CONFIDENCE GROWS FOLLOWING STRING OF BIG-TICKET M&A DEALS

The Netherlands was one of Europe's most active M&A destinations by value in 2025, with a series of significant transactions signed during the second half of the year. At the start of December, overall dealmaking by value had reached USD60.7bn across 661 deals, with strong activity in consumer, technology and energy transition opportunities.

A number of significant deals were executed on accelerated timeframes in the period to September amid a pause in trade tensions between the EU and Washington. Here, due diligence efforts were targeted on key value drivers to shorten the path to completion.

As confidence grew through H2 and deal pipelines strengthened, more structured processes returned, with an increase in preparations for sell-side auctions and vendor due diligence (VDD) reports.

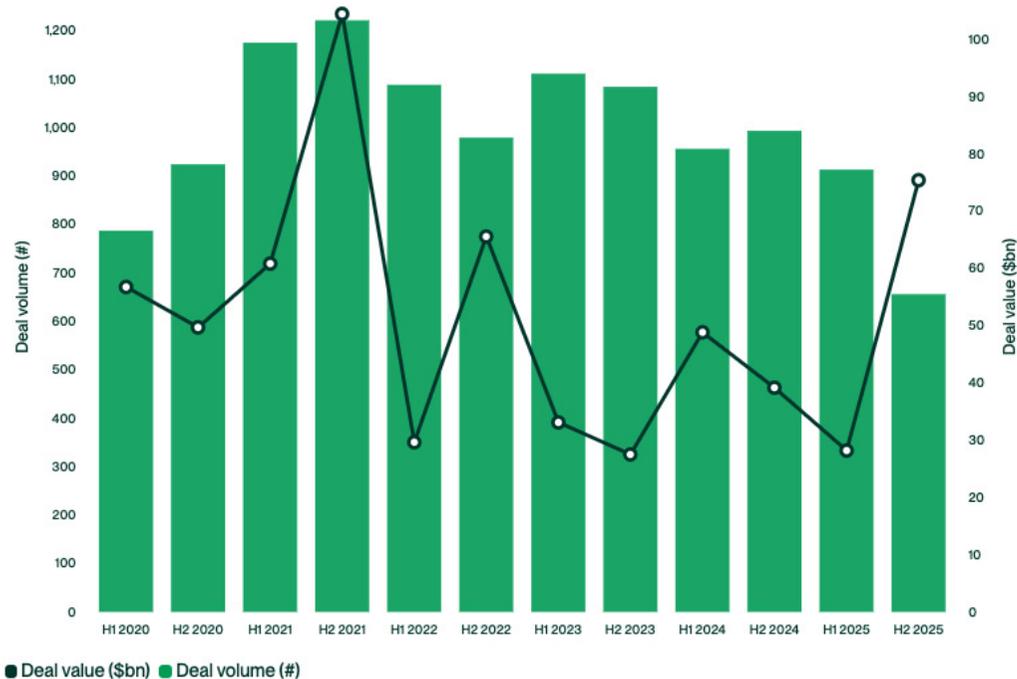
In an economy where volatility and uncertainty are constants, we are seeing regular dealmakers better positioned to execute strategic investments. These investors have adapted their M&A strategies around market shifts, for example by favoring joint ventures over acquisitions and using earn-outs to bridge valuation gaps.

The most successful dealmakers in periods of rapid change are those that are M&A ready, with a well-defined rationale for transactions that is supported by their boards and management teams. Those whose key decision-makers understand and buy into M&A strategy are better able to make quick, confident decisions when opportunities arise.



Germany: uptick in value amid renewed confidence

Decisive response to defense challenges among drivers for higher H2 M&A activity



Source: LSEG • Data generated on December 1

GERMANY: DECISIVE MOVES ON DEFENSE BOLSTER MARKET CERTAINTY

German M&A also rose sharply during the second half of 2025, reaching USD75.4bn between October and December 1—167% up on the aggregate total for H1. Strategic buyers with a clear focus were increasingly prepared to pay large premiums for targets, helping to neutralize potential competition from financial sponsors.

These transactions were the result of a range of factors, including increased trade with India and constitutional reforms introduced to facilitate higher defense investment.

By 2029, it is expected that Germany will be spending more than EUR150bn annually (3.5% of GDP) on defense. Analysis of procurement plans suggests the majority of these contracts will go to European suppliers—particularly domestic ones—rather than U.S. manufacturers who have historically had strong ties with Berlin.



INVESTMENT TO BENEFIT HOMEGROWN PRIMES AND UNICORNS

This investment will benefit both homegrown prime contractors such as Rheinmetall as well as unicorns such as Helsing, which makes drones and other AI-enabled weapons systems. The European Commission has also indicated its willingness to take a more lenient approach to merger reviews in the sector, which is set to provide further momentum for transactions.

Elsewhere, more consolidation is anticipated among Germany's financial institutions, where the impact of Europe's regulatory framework on profitability has created an impetus to build scale. We are also seeing growing interest from Indian investors in Germany and Europe more broadly, with **inbound M&A by value the highest in five years**.

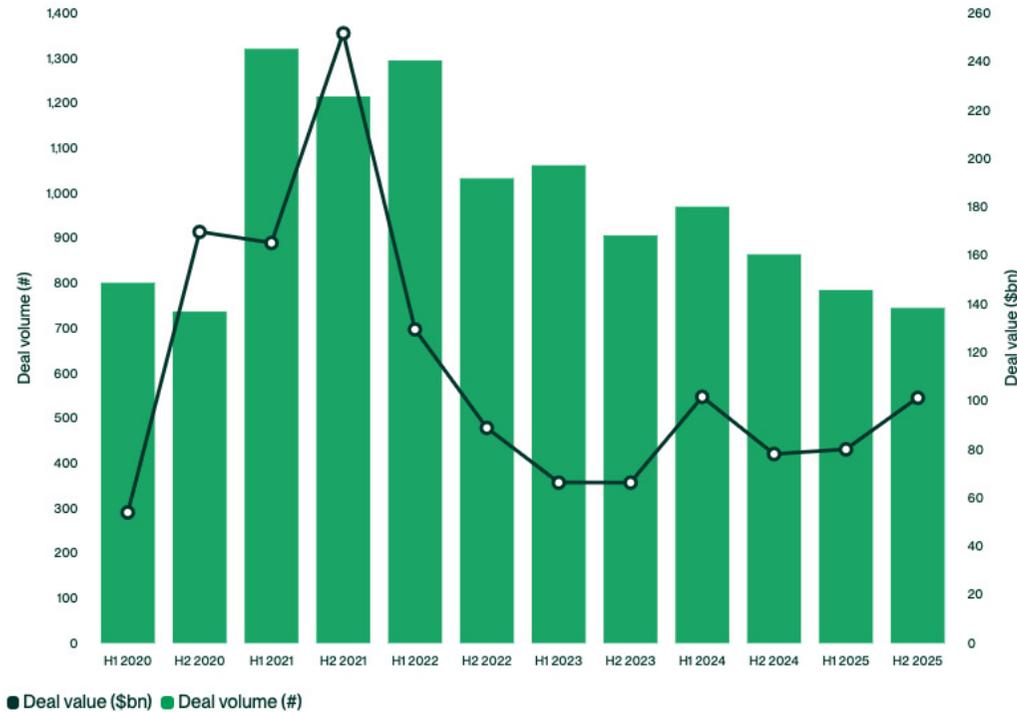
India has been maneuvering to usurp China as a manufacturing hub—and a source of highly skilled human capital—amid heightened tensions between Washington and Beijing. At the same time, Indian demand for European products is on the rise. In October, **Indian airline Indigo agreed to purchase 30 planes from Airbus** in response to higher demand for domestic flights, while **Mercedes is benefiting from greater spending power among India's increasingly affluent middle class**.





UK: fewer, bigger deals in H2 2025

M&A rises by value amid slight fall in deal volume in second half of year



Source: LSEG • Data generated on December 1

UK: CURRENCY WEAKNESS AND INDUSTRIAL POLICY POINT TO INCREASED DEAL ACTIVITY

UK M&A volume was down 16% in Q3 2025 compared with Q2, but aggregate deal value rose 38% over the same period. As a result, the average transaction was 63% larger, as financing conditions improved on the back of more stable interest rates and inflation.

This momentum is expected to carry over into 2026—we are seeing more processes kicking off and greater optimism among banks and private equity firms, pointing to signs that the struggles that marked the early months of 2025 will not be repeated in the period ahead.



POUND'S SLIDE IN H2 2025 ATTRACTS PUBLIC COMPANY INTEREST FROM FOREIGN BUYERS

After the pound's strong performance against the dollar between January and June it began to slide in Q3 and Q4. At the same time, UK equities are trending well, with the FTSE 100 hitting new highs at various points throughout the year.

This dynamic—strong performance among public companies while their stocks are relatively cheaper for foreign acquirors—has increased interest in UK assets from corporates and investors in the U.S., Middle East and APAC. The UK authorities continue to welcome foreign acquisitions, and while regulatory scrutiny from agencies such as the Competition and Markets Authority and the financial services regulators (the Prudential Regulatory Authority and the Financial Conduct Authority) can be intense, the Labour government continues to give authorities a **strategic steer to favor economic growth in their decision-making.**

FINANCIAL INSTITUTIONS, TECH AND LIFE SCIENCES ARE LEADING SECTORS

Financial services, tech and life sciences were among the leading sectors for activity by value. As far as the latter is concerned, strategic buyers continue to pursue **acquisitions to replenish their product pipelines as patents expire**, with both U.S. and UK companies looking at targets in the UK and Europe.

We are also seeing more activist investment, especially in companies with diverse business lines, funds trading at a discount to net asset value (NAV) and corporates whose boards resist mergers.

The UK is **Europe's top target for shareholder activism**, with a 44% year-on-year increase between September 2024 (36 companies) and September 2025 (52 companies). The targets of their campaigns range from board changes to break-up value plays.

Prominent U.S. firms such as Elliott Management, Triam Partners, Third Point and Engine Capital are targeting the UK, as are **homegrown activists** such as Palliser Capital, Harwood Capital, Gresham House, Gatemore, Metage, Sparta Capital, and Finch Bay Capital.

NOTABLE IPOs GIVE OPTIMISM FOR PE EXITS

Sponsor-led M&A is rising, particularly in the secondary and buyout markets, though the long-anticipated surge in dry powder deployment has not fully materialized. Conditions may also be aligning for more financial sponsor exits via the public markets in 2026.

H2 2025 saw some notable London IPOs, including food producer Princes' **GBP1.16bn listing on the LSE's main market** and **Beauty Tech Group's flotation** which valued the company at GBP300m.

The Princes deal was described as a **"huge vote of confidence in this government's reforms to capital markets"** by Business Secretary Peter Kyle. In July the Financial Conduct Authority **published new rules for the public offers and admissions to trading regime**, as part of its pro-growth agenda, with moves to simplify capital raising, reduce costs for issuers, enhance market competitiveness and broaden retail investor participation.



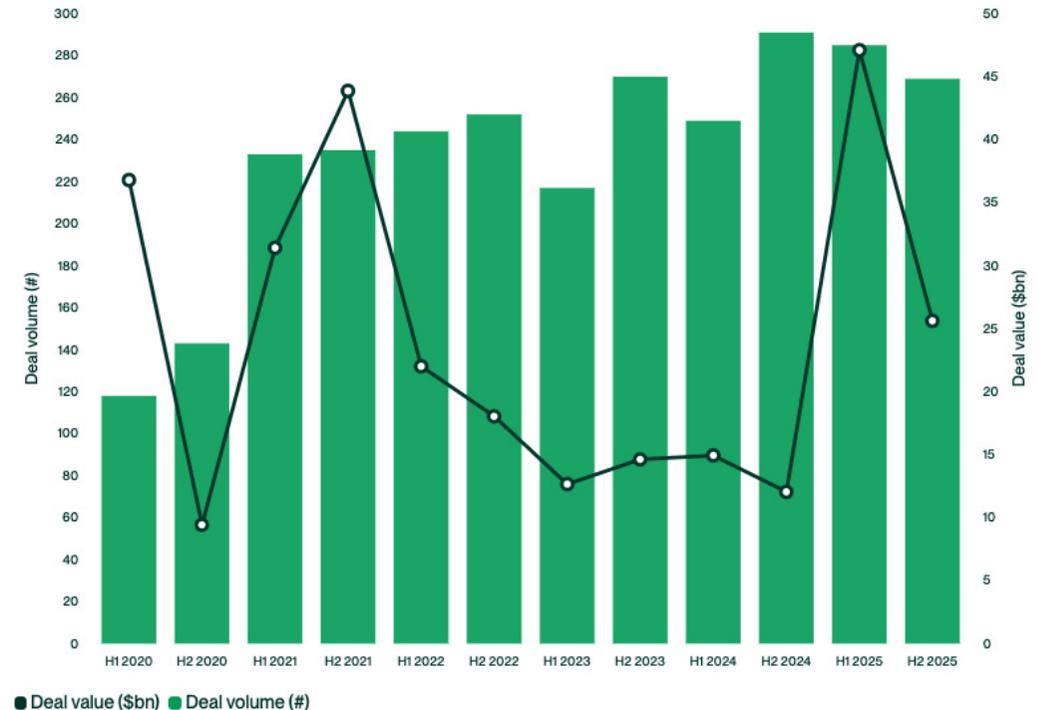
Middle Eastern sovereign wealth funds boost regional M&A

While global M&A volumes fell in 2025, in the Middle East they rose sharply. Many of the biggest investments involved the region's sovereign wealth funds, which pursued strategic transactions in AI, semiconductors and data centers amid closer ties with the U.S.

M&A activity within the Gulf Cooperation Council (GCC, which comprises Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain and Oman) defied the global trend in 2025 as both deal value and deal transaction count to December 1, were higher than the totals for 2024 (USD72.7 billion over 554 transactions, up 170% and 2.6% respectively).

Middle East: M&A in 2025 hits three-year high

Overall deal value is highest since 2022 after record H1 performance



Source: LSEG - Data generated on December 1 (figures are for GCC countries only - Saudi Arabia, UAE, Kuwait, Bahrain and Oman)

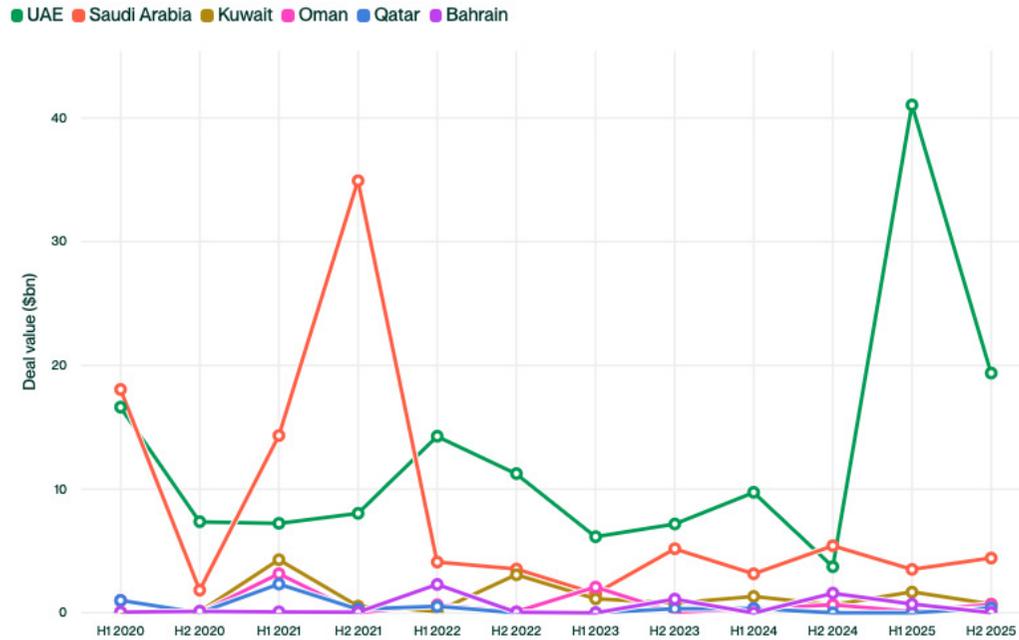
The UAE (USD60.4bn) and Saudi Arabia (USD8bn) were the two biggest markets, with both recording higher deal value in Q4 2025 compared with the previous quarter.

Some of the biggest transactions were inbound acquisitions in the energy and infrastructure sectors, including Aramco's USD11bn lease and leaseback of its Jafurah gas processing business to a consortium of investors led by Global Infrastructure Partners. The region's financial services sector has also seen number of in-market mergers, including Gulf Bank and Warba Bank (Kuwait), and other ongoing transactions across countries in the GCC.



UAE dealmaking hits new heights

Emirates and Saudi Arabia dominate GCC M&A markets



Source: LSEG • Data generated on December 1

OUTBOUND M&A FOLLOWS NATIONAL OBJECTIVES

Outbound M&A activity was high, with Middle Eastern sovereign wealth funds among the world's most active cross-border investors. Their deals are driven by national governments' desire to transition their economies away from fossil fuels, execute their policy objectives (for example by using acquisitions to scale domestic or regional champions, or consolidate companies in strategic sectors); strengthen ties with international allies; boost their soft power; and/or invest in the industries of the future.



SWFS PURSUE CONTROL POSITIONS

As their influence grows, SWFs are taking more control positions over minority stakes or passive investments. We are also seeing a marked uptick in international private equity and private credit funds investing in the region. These transactions often have a dual purpose, with the largest private capital firms increasingly looking to the Middle East for capital including anchor investments from SWFs.

The highest-profile SWF transaction of 2025 was the Saudi Public Investment Fund's (PIF) USD55bn acquisition of videogame developer Electronic Arts alongside Silver Lake and Affinity Partners, the investment company founded by Jared Kushner, President Trump's son-in-law.

U.S. POLICY SHIFTS AND ACCESS TO TECHNOLOGY

Since entering office, the Trump administration has sought to partner with governments in the region on a range of initiatives, from real estate projects to M&A transactions.

These deals have given Middle Eastern governments access to U.S. technologies such as AI and semiconductors in exchange for investments into "America First" priority sectors including data centers, energy and manufacturing. Recent sales of advanced U.S. chips to the Middle East are the result of a significant policy shift in Washington. The U.S. government has rescinded the Biden government's AI Diffusion Rule, under which licensing requirements were imposed on technology transactions with a broad swathe of countries.

In November [Saudi Prime Minister Mohammed bin Salman \(MBS\)](#) visited the White House, where President Trump agreed to sell F35 fighter jets and tanks to the kingdom. MBS also pledged an additional USD400bn of investment into American technology and infrastructure, on top of the USD600bn promised earlier in the year. The two leaders also signed a [nuclear energy partnership, critical minerals framework and AI memorandum of understanding](#). In May, President Trump signed similar deals with the [UAE](#) and [Qatar](#).



GOVERNMENTS USE STRATEGIC NEUTRALITY AS TECHNOLOGICAL HEDGE

While relations with the U.S. have grown closer under President Trump, Middle Eastern governments are also leveraging their strategic neutrality to pursue M&A opportunities in the PRC (including through co-investments between regional SWFs and [Asia Pacific asset managers](#)).

China has been building relationships across the Middle East for many years, and as early as 2020 had replaced the European Union as the GCC's largest trading partner. China's investments into the region span infrastructure (through its Belt and Road initiative and financial cooperation arrangements), while its [Digital Silk Road](#) program—as well as its national champions—have led the charge in the tech space.

Elsewhere, investment flows with India and Africa are strong, especially in sectors such as energy and minerals. India in particular has close social ties with the region thanks to the significant movement of human capital across the Arabian Sea.

DOMESTIC AND REGIONAL OPPORTUNITIES IN FOCUS

Middle Eastern SWFs are also investing heavily in digital infrastructure and AI capacity closer to home through state-affiliated investment vehicles such as Saudi Arabia's Humain (backed by PIF), and MGX, the UAE's dedicated AI fund. Humain, launched in May 2025 as a national champion for the Saudi Arabian tech sector, plans [to build up to 6GW in data center capability](#) across the country by 2034, working with partners including Nvidia, AMD, Qualcomm and Cisco. In November, it announced a [USD3bn domestic data center deal](#) with Blackstone.

The emergence of regional venture capital aims to cultivate early-stage companies that will eventually deliver new services, create jobs, and further support government diversification plans.

Saudi Arabia is home to Aramco Ventures and Neom Investment Fund, while Qatar has signaled plans to invest more than USD1bn in local VCs. The UAE for its part backs accelerator initiatives such as Dubai's DIFC Innovation Hub and Abu Dhabi's Hub71.

IPO MARKETS PERFORM STRONGLY

Middle Eastern IPO markets have continued to perform well over the past 12 months. In Q3 2025 there were 11 listings in the region which raised USD1.21tn.

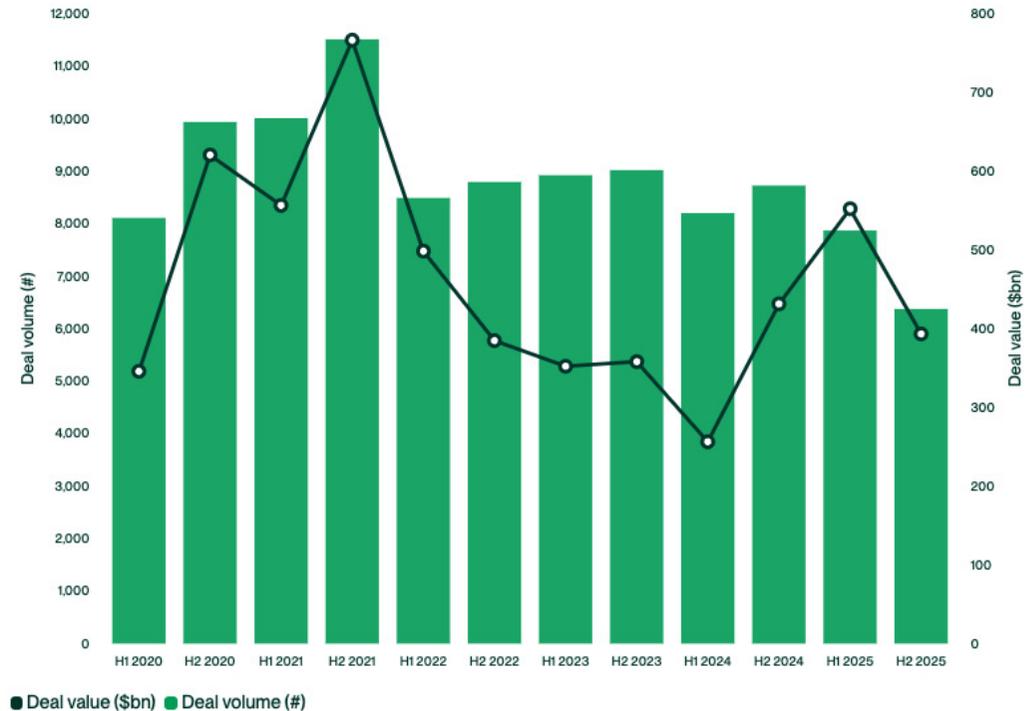
Eight of those were on Saudi Arabia's Tadawul Stock Exchange, raising USD637m. Looking ahead we expect another strong year in 2026 driven by a steady flow of exits by the Saudi Public Investment Fund (PIF), scaled private companies coming to market and further flotations of family-owned businesses.



Asia Pacific dealmaking fueled by strong activity in Japan and China

Japan and China were the mainstays of M&A across Asia Pacific in 2025, with regulatory reforms and restructurings in China, and a sustained run of take-privates in Japan, driving a significant proportion of regional deal activity. Here we explore transaction dynamics across key Asia Pacific markets.

Asia-Pacific: activity down in H2, but up year-on-year
Japan and Greater China are primary drivers of regional M&A activity



Source: LSEG • Data generated on December 1



GREATER CHINA: EXPECTED UPTICK IN PRIVATE CAPITAL AND STRATEGIC INVESTMENT

Asia Pacific including Japan recorded USD946bn of deals in the year to December 1, 2025, surpassing 2024's total deal value of USD687.7bn. The region recorded fewer deals over the same period in 2025 compared to 2024 (14,257 vs 16,944).

Greater China M&A by value in the year to December 1, was 46% higher than 2024's total at USD399bn following a series of large-cap transactions, with deal volumes slightly down.

China inbound deal volumes have declined in recent years, driven by a combination of geopolitical tensions and the country's economic challenges (particularly the collapse of its real estate sector, which hit consumer confidence hard).

Western private capital investment fell as many of the biggest international firms reduced their exposure to the market. Strong returns from U.S. assets in particular, including private credit, made persuading investment committees to allocate capital to Chinese opportunities a difficult task.

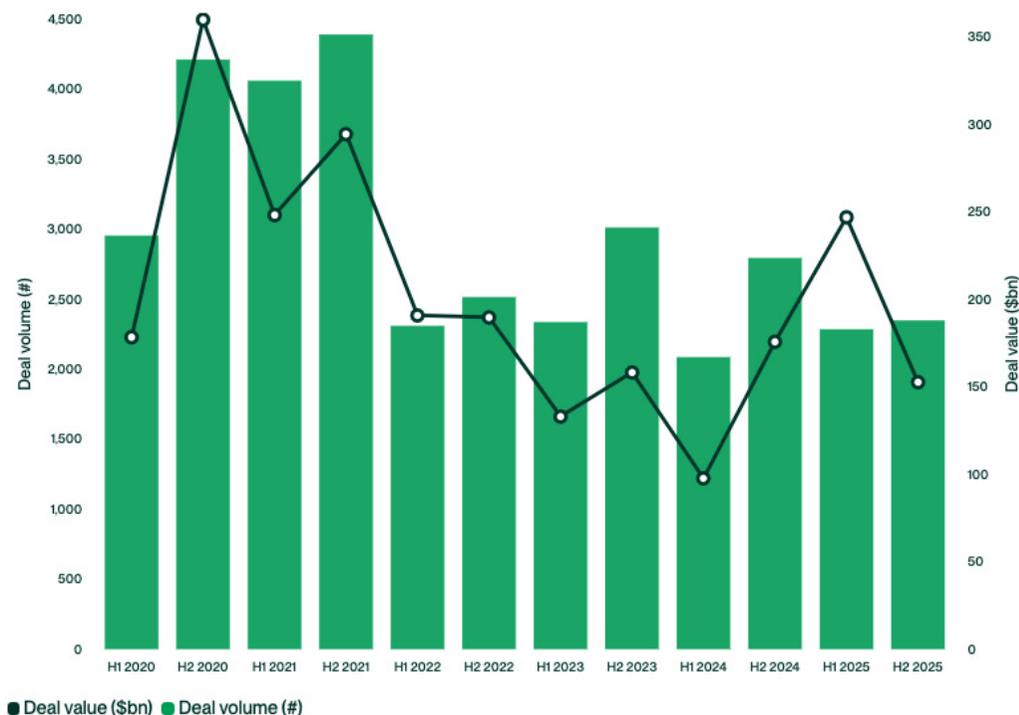
However, during H2 2025 there were signs that sentiment was turning. Chinese real estate appears to have nearly hit the bottom, and while asset values are not yet rising the market has gradually stabilized.

At the same time **equity valuations in China and Hong Kong are robust**, while there are hopes that **extensive layoffs in a range of industries** will put Chinese businesses on a sounder footing for expansion. These factors, alongside central government policies to boost domestic consumption and wages, have sparked cautious optimism for **faster economic growth in 2026 and beyond**.

The more positive outlook, combined with lower valuations compared to similar companies in other developed markets, is prompting private capital investors to look again at China opportunities, including in the venture capital and high growth space which had not been a major feature of the prior inbound market.

Greater China: policy reforms provide dealmaking boost

Transaction value in the year to December 1 is 46% higher than FY 2024 total



Source: LSEG • Data generated on December 1



Alongside this there is significant interest in special situations/capital solutions deals from many of the world's largest funds, who are keen to source credit opportunities that sit between equity and debt (we explored how some of these deals are structured in the [last edition of M&A Insights](#)).

Multinational corporations (MNCs) are also reassessing their China ambitions having moved past the tariff-induced paralysis that defined the first three quarters of 2025, with some players moving decisively to implement new strategies, including exits.

Here they are taking advantage of strong interest from domestic and regional asset managers in Chinese assets in certain sectors that may now look undervalued, such as consumer. In recent months both [Starbucks](#) and [Burger King](#) have sold controlling stakes in their Chinese operations to local private capital providers as a way to access investment and market know-how for expansion.

One notable feature of these deals, at least in less sensitive sectors, is an increased participation by large Middle Eastern sovereign wealth investors. These funds are less constrained by geopolitical concerns and more willing (or able) to take a macro-fundamental view on the value of Chinese assets. They are eager to increase their exposure to China as they rebalance their portfolios, partly as a hedge against U.S. policy volatility, pursuing co-investment opportunities with local fund managers in control deals involving PRC businesses.

Another sector that is likely to see increased activity is financial services, with banks, investment funds and insurers all exploring deals for Chinese financial institutions following central government reforms that open the sector to foreign capital. China's citizens remain underserved with sophisticated investment products and are subject to cross-border capital controls, which is one of the reasons why its real estate market was so heavily subscribed.





GREATER CHINA: INCREASED LEVELS OF OUTBOUND M&A INTO ASEAN, INDIA AND EUROPE

The central government's "Made in China 2025" strategy has created a cohort of technologically advanced businesses in sectors from electric vehicles to batteries, solar photovoltaics, AI and pharmaceuticals. However, China's managed economy approach also creates overcapacity in some sectors that puts pressure on margins.

These companies are increasingly looking to use their efficient domestic platforms to expand internationally, with a particular focus on investments into ASEAN and other countries involved in the Belt and Road Initiative (BRI). Chinese innovators are restructuring their companies into offshore holding entities to raise foreign capital to fund offshore bolt-on acquisitions and joint ventures that can support higher international sales of high-tech products, with components produced in China and finished goods assembled overseas for export. Consumer companies are also exploring JVs in ASEAN and beyond to boost their addressable markets.

India and Europe meanwhile are attractive destinations for outbound investment, although geopolitical tensions continue to challenge cross-border relationships in strategic industries.

In October, the Dutch government invoked emergency powers to take over Netherlands-based chipmaker Nexperia, a key supplier to the auto industry, following concerns that its Chinese owner Wingtech was moving important technology out of Europe.

The Chinese government responded by imposing export restrictions on Nexperia's Chinese plant, which is responsible for around 50% of its production. In November the Netherlands announced it had suspended the seizure; the dispute, which at the time of writing was yet to be resolved, caused [a major headache for Europe's automotive sector](#).

With that said, foreign governments are increasingly open to Chinese investment in sectors such as green energy, where China's intellectual property is highly prized. Outbound deals are generally structured as joint ventures, requiring foreign businesses to carefully navigate China's technology export controls to ensure they can benefit from their partners' innovations.

In 2025, the Central Committee of the Chinese Communist Party adopted recommendations for the country's 15th five-year plan, which will be reviewed and approved in March 2026. They include the *Guiding Opinions on Further Improving the Comprehensive Overseas Service System*, which signals more extensive policy support for domestic businesses to expand internationally.

As well as a source of inbound investment the Middle East has emerged as another active destination for Chinese investors, especially in AI and the energy transition. Middle Eastern governments are seeking to diversify their economies away from oil and gas and balance their reliance on U.S. technology.



HONG KONG EQUITY MARKETS ARE THE MOST ACTIVE IN THE WORLD

Hong Kong's equity markets are on a strong run, with more capital raised in 2025 than even the NASDAQ and the New York Stock Exchange. Chinese issuers dominate, with domestic investors leveraging regulatory pathways like Stock Connect (which links the Hong Kong exchange with those in Shenzhen and Shanghai) to access dollar-denominated assets, one of the few avenues available to sidestep China's capital controls.

Foreign capital flows into Hong Kong are on the rise with Chinese listed corporates keenly priced compared to U.S. equivalents on an Earnings before interest, taxes, and amortization (EBITDA) multiple basis. We expect this dynamic to drive more private equity exits in the months to come.



REGULATORY REFORMS UNDERPIN DOMESTIC CHINESE M&A

Mainland Chinese M&A had reached USD335bn by December 1 (47% higher than full year 2024), underpinned by a suite of regulatory measures introduced in late 2024 to support strategic dealmaking and curtail speculative investments.

The reforms included the State Council's "National Nine" guidelines, which were introduced to strengthen supervision and promote the development of China's capital markets. Among the guidelines were calls for listed businesses to "focus on their main business and comprehensively use M&A and restructuring ... to improve development", and encouragement for market leaders to pursue consolidation deals, particularly within their supply chains.

With domestic dealmaking in China largely driven by public companies under the supervision of the China Securities Regulatory Commission (CSRC), the CSRC's "M&A Six", which followed the National Nine, were equally significant.

The measures are designed, among other things, to channel investment into emerging technologies, promote cross-sector M&A by high-quality listed companies, and simplify deal approval processes for certain transactions.

The overall aim of these and other reforms is to enhance competitiveness and innovation among Chinese SOEs, create national champions that can be internationally competitive, and reduce China's reliance on foreign technologies.

STATE INFLUENCE VISIBLE IN BIG-TICKET DEALS

The influence of state policy is visible in a series of recent big-ticket transactions, including AI chipmaker Hygon's USD16bn mega-merger with supercomputer manufacturer Sugon and the creation of the world's largest shipmaker via the combination of China State Shipbuilding Corporation and China Shipbuilding Industry Company.

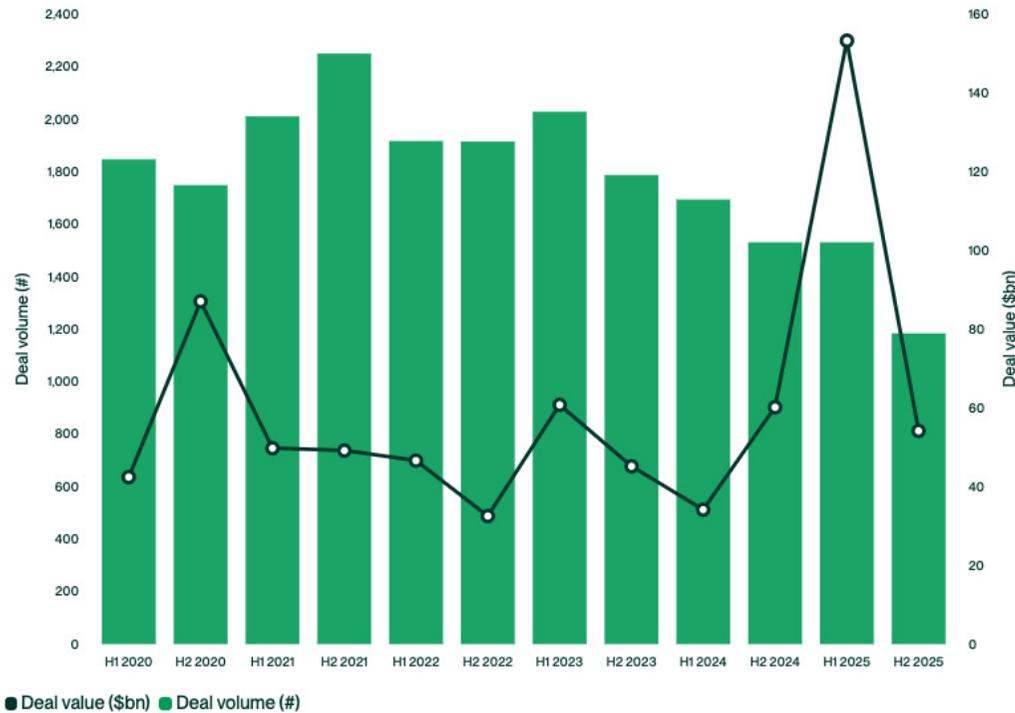
During the past year, major corporate restructurings have also been announced in the automotive sector, while the Beijing government continues to inject funds into state-owned banks (alongside private placements) to ensure they can further support domestic businesses. At the same time, the government has launched significant monetary and fiscal stimulus packages, which include measures to boost share buybacks that have driven Chinese equities higher.

China's biotech sector continues to be a nexus of dealmaking, with companies pursuing bolt-on acquisitions, strategic mergers and cross-border transactions. Later-stage biotechs with products in advanced clinical trials or near-commercial assets are seeking exits through sales to foreign buyers or IPOs in Hong Kong as they look for capital to commercialize their therapies. One notable model we are seeing to access foreign investment involves the creation of a NewCo outside China into which pipeline assets are licensed.



Japan: M&A value in 2025 is highest for five years

Deal activity in year to December 1 was more than double 2024's total



Source: LSEG • Data generated on December 1

JAPAN: INBOUND INVESTMENT REACHES 18-YEAR HIGH

Japan was one of the most active APAC M&A markets in 2025, with take-private transactions and inbound acquisitions both hitting multi-year highs. M&A by value to December 1, rose to USD207.5bn, more than double the total for 2024.

In a period of heightened volatility, Japan's political stability and legal certainty continue to make it an important destination for investment. While a new prime minister, Sanae Takaichi, took office in October, the governing party's continuity underpins a settled policy environment. The yen's pronounced depreciation in recent years has also made yen denominated assets, including listed equities, relatively cheaper for foreign acquirers, particularly relative to the elevated valuations of U.S. public companies amid the boom in AI investment. In 2022 Japan's currency traded at around 110-120 to the dollar and 140-150 to the pound; those rates are now above 150 and 200 respectively.

The weaker yen is the result of several forces, not least the new administration's pro-growth stance. Markets expect further fiscal support in an effort to boost demand after years of stagnation, with economic expansion set to be prioritized over currency strength in the near term.

At the same time, demographics are exerting structural pressure on Japanese companies: with a shrinking population, management teams are focused on top line growth, which increasingly must be sourced through acquisitions at home or expansion overseas. Japan's strong inbound and outbound capital flows—particularly with the U.S.—position the market for sustained M&A activity into 2026 and beyond, although the global economic outlook remains unpredictable.

These dynamics, alongside significant corporate governance reforms, drove inbound investment to levels not seen since 2007.

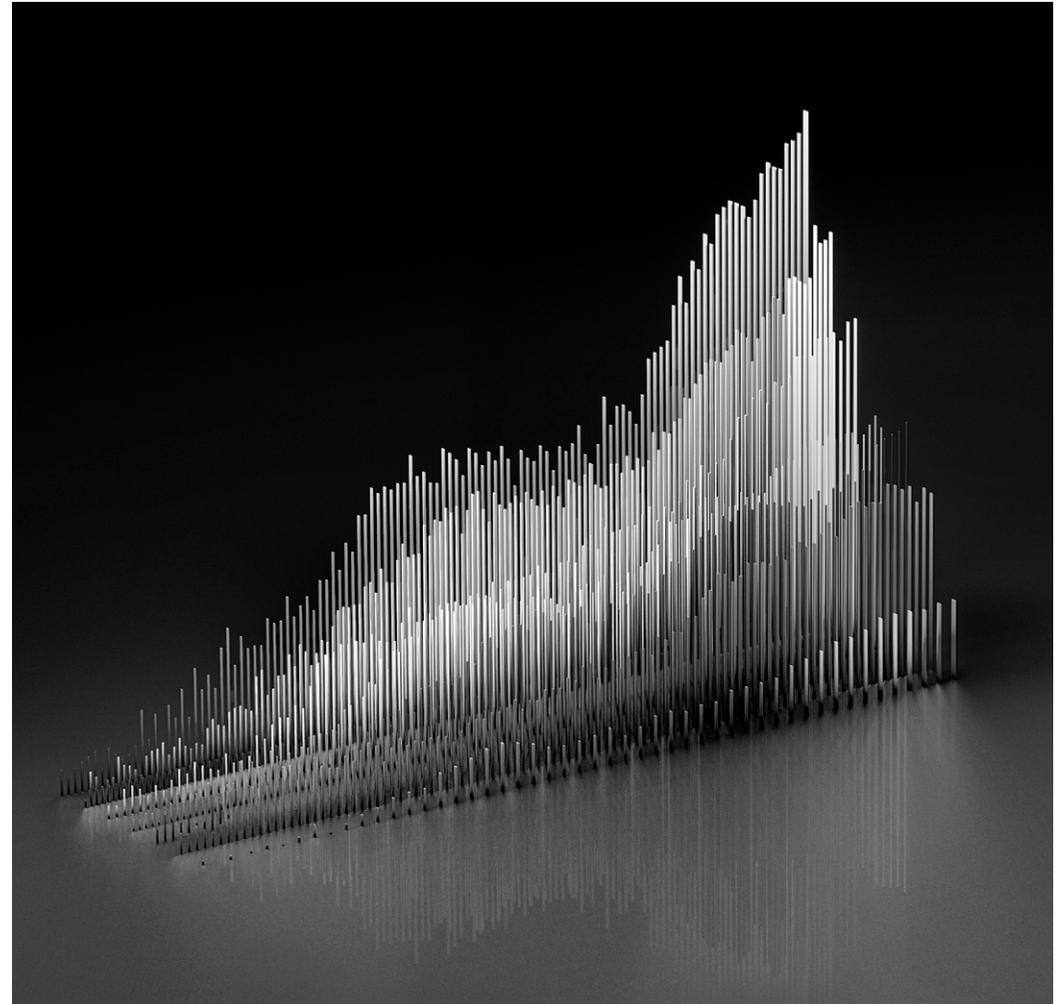


CORPORATE GOVERNANCE REFORMS GATHER MOMENTUM

Japan's revised Corporate Governance Code was introduced in 2022, with the reforms gathering momentum late in 2024 in combination with initiatives launched by the Tokyo Stock Exchange (TSE) and Japanese Ministry of Economy, Trade and Industry (METI).

The TSE program encouraged management teams to implement measures to improve capital efficiency as a route to higher equity valuations, including by unwinding complex cross-shareholding structures. Meanwhile, guidelines from METI urged boards to consider credible takeover bids as a way to enhance shareholder value.

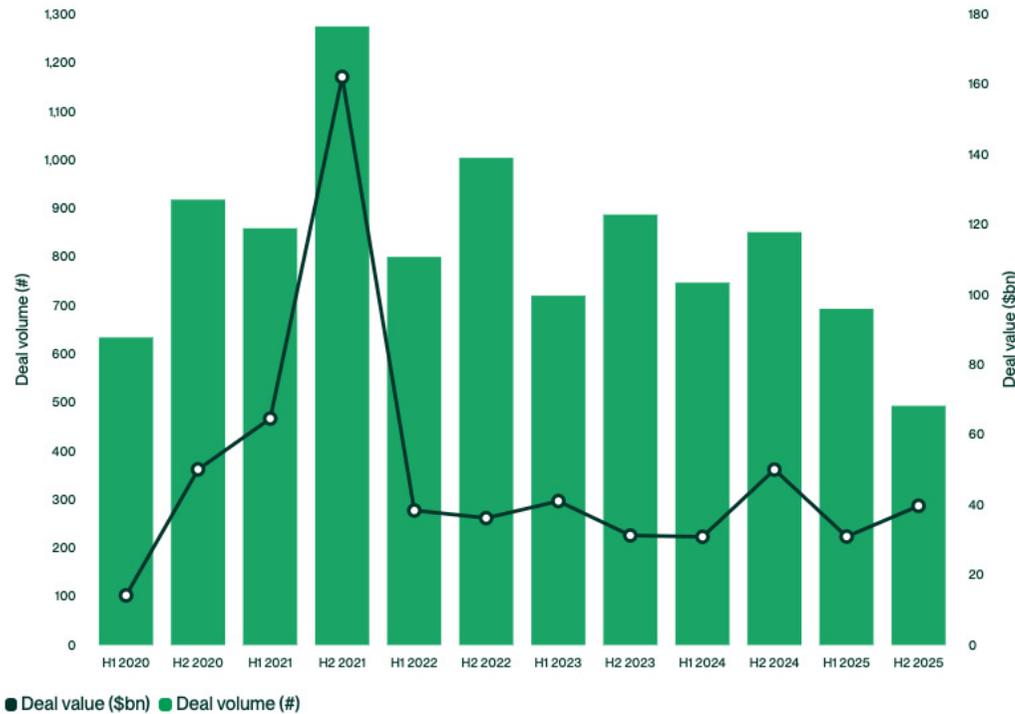
These moves have seen an uptick in carve-outs as companies reshape their portfolios in search of efficiencies, with international private equity investors particularly active in acquiring divested assets as well as pursuing take-privates of listed companies. At the same time, the measures have driven cash-rich Japanese corporates to more actively manage their balance sheets through M&A, with activist investors targeting boards they perceive as failing to put their companies on a sounder footing.





Australia: steady growth heading into 2026

Deal value 28% higher in H2 2025 compared with six months to June



Source: LSEG • Data generated on December 1

AUSTRALIA: CRITICAL MINERALS DEALS AND THE MOST TALKED-ABOUT SCHEME OF ARRANGEMENT IN AUSTRALIAN PUBLIC M&A HISTORY

Australian M&A by value to December 1, reached USD70.7bn, slightly down on the full year total for 2024. However, deal value was 28% higher in H2 2025 compared with H1, and showed a significant upswing in Q4 versus Q3 (+27%).

The signing of the **U.S./Australia critical minerals framework** is expected to drive dealmaking in the Australian mining and metals sector in the year ahead. The framework sets the intention of the parties to use “economic policy tools and coordinated investment to accelerate development of diversified, liquid, fair markets for critical minerals and rare earths” in support of both countries’ technology and defense industries.

The framework is driven by the geopolitical rivalry between the U.S. and China. According to the International Energy Agency, China holds an average market share of 70% for 19 of the 20 most strategic critical minerals, and has an arguably unrivalled position when it comes to separation and refining capabilities.

With relations between Washington and Beijing volatile, the U.S. is turning to its allies to build more resilient and secure critical minerals and rare earths supply chains, from extraction through to processing.

We anticipate increased deal flows in the space in Australia, with the framework setting the stage for government and private sector support to provide at least USD1bn in projects located in both countries.

We also expect a smooth Australian foreign investment approval process for any U.S. parties investing into critical minerals in Australia to facilitate the framework.



THE MOST TALKED-ABOUT SCHEME OF ARRANGEMENT IN AUSTRALIA

This is in contrast to the recent experience of U.S.-based, PE owned pharmaceuticals group Cosette Pharmaceuticals, whose proposed scheme of arrangement to acquire Mayne Pharma Group ultimately failed because the transaction was blocked on national interest grounds under Australia's foreign investment regime. In this unique scenario, this facilitated an “out” for Cosette in circumstances where its attempt to terminate the transaction on other grounds had failed.

The Australian Treasurer blocking a proposed acquisition, especially by a U.S. buyer, is in itself a relatively unusual event. However, it is the circumstances leading up to the Treasurer's decision that highlights a potential new dimension of deal execution risk.

The deal valued Mayne at AUD7.40 per share—an enterprise value of AUD672m—and among other conditions, was subject to a no material adverse change (MAC) condition precedent (CP) as well as an Australian foreign investment approval CP.

When Mayne announced a profit downgrade two months after signing, Cosette claimed a MAC in an attempt to pull out based on this ground and potential U.S. regulatory issues facing Mayne. Mayne disputed that a MAC had occurred, and the parties ultimately took the dispute to the New South Wales Supreme Court.

The Court ruled in Mayne's favor, finding that the facts did not constitute a MAC on the terms of the scheme implementation deed, and that Cosette had affirmed the contract by its actions.

TRANSACTION BLOCKED AFTER PE BUYER THREATENS FACTORY CLOSURE

Cosette then pursued a different tactic, stating the intention that if the deal went through it would have to shutter a factory in South Australia that employed 200 people, a politically sensitive move in a South Australian election year. This was despite the potential closure not having been in the scheme of arrangement booklet presented to Mayne's shareholders.

Using the agility of the Australian Takeovers Panel to full effect, Mayne then took the matter to the Panel. The Panel granted orders that Cosette would be required to accept any conditions reasonably required by the Australian Treasurer as a condition of any foreign investment approval granted, provided those conditions were not inconsistent with Cosette's intention for the business as disclosed to Mayne's shareholders in the scheme booklet. Specifically, the Panel contemplated that such conditions may include reasonably restraining the closure of the South Australia facility.

The Panel's rationale for making the orders included that Cosette's change of intention in relation to the Adelaide site meant that the market for control of Mayne was contrary to an efficient competitive and informed market.

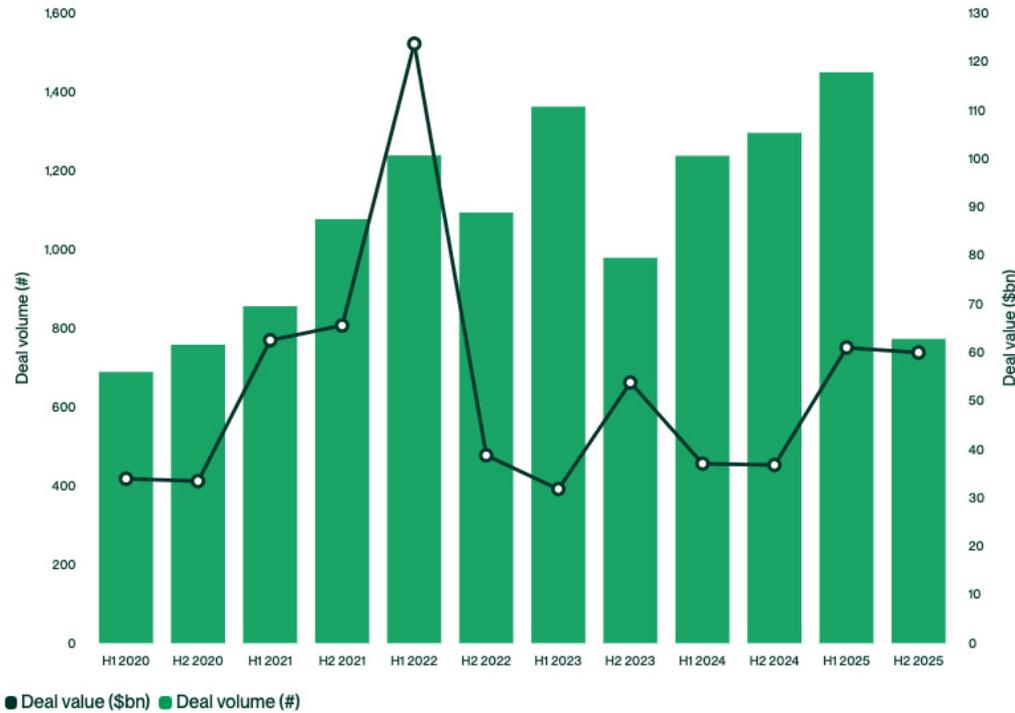
In a final plot twist, the Australian Treasurer blocked the deal outright based on national interest concerns, including the security of Australia's critical medical supply chains, local jobs and the local community. This allowed Cosette to exit the deal for non-satisfaction of the foreign investment CP.

The transaction highlights a potential new dimension of deal execution risk: the possibility that bidders might leverage foreign investment approval processes to withdraw from transactions. This is a strategy that could have implications for M&A far beyond Australia's shores. In Australia, we expect to see target companies on high-value M&A transactions seeking contractual protections to ward off this risk, for example reverse break fees if the bidder changes its publicly stated intentions as regards the future operations of the target business.



India: deal activity robust as economy evolves

Trade deals with West and R&D skills base create momentum for M&A



Source: LSEG • Data generated on December 1

INDIA: LONG-TERM TRENDS FEED INTO SIGNIFICANT PICK-UP IN DEAL ACTIVITY

M&A by value in India in Q4 to December 1 (USD60bn) was consistent with H1 2025 (USD61bn). Activity across the year was strong relative to the recent past, with higher transaction value in H1 and H2 2025 than any half-year period since 2022.

Global financial sponsors and infrastructure funds continue to invest heavily across sectors, with private equity activity having picked up significantly in 2025 after a brief downturn. Strategic acquisitions and joint ventures have also gathered pace, with energy, healthcare, financial services and consumer standing out. As in other major markets, India is also seeing a substantial amount of capital allocated towards the build-out of AI capacity.

Buoyant capital markets have injected further confidence into investors' calculus regarding exits down the road. While it has spurred deal activity on the whole, a (hyper)active IPO pipeline has dampened M&A in certain sectors such as technology, even in cases where there is a strong case for consolidation. Looking ahead, this is likely to manifest in higher levels of public company M&A.

While Indian conglomerates have strong balance sheets and access to capital, their priorities for deploying their financial resources continue to evolve. The cycle of spinning non-core or mature assets to private capital will speed up with time.



Meanwhile, Indian corporate groups have stepped up their international investments and partnerships in their quest to gain technology and move up the value chain. Recent geopolitical turbulence (e.g., tariffs) is also prompting them to look again at resilience and diversification in their global manufacturing footprint for exports.

A trade agreement with the U.S. is yet to be sealed but might materialize in the first half of 2026 (even if only to lower tariffs). Elsewhere the Indian government has been engaging with other trading counterparties to secure long-term, mutually beneficial deals, including the UK, Scandinavia and Australia. Progress is also being made towards similar agreements with Europe, Canada and the UAE; over the long term, this geopolitical alignment will accelerate India's development as a manufacturing partner for advanced goods.

On the services side, "Global Capability Centers" (or GCCs) continue to sprout in cities including Bangalore, Hyderabad and Chennai, and are developing into hubs for advanced R&D and engineering given the robust protection for intellectual property in India.

In short, deepening international integration, a maturing domestic industrial base and a large pool of skilled talent create the conditions for strong M&A growth in the years to come.



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