LSEG Deals Intelligence presents

# The State of Global M&A: 2025

A shifting landscape

## Foreword

Early 2025 is presenting challenges for predictions markets globally. The number and scope of executive orders from the new US administration has, so far, created some market uncertainty, and the early signs indicate a knock-on impact for decision-making in M&A.

Thankfully, we are not in the business of making predictions – and instead rely on high quality data as a guide. Analysis of LSEG's data can help point towards emerging trends.

Matthew Toole Lucille Jones Elaine Tan

# Executive Summary

## Global M&A in 2024

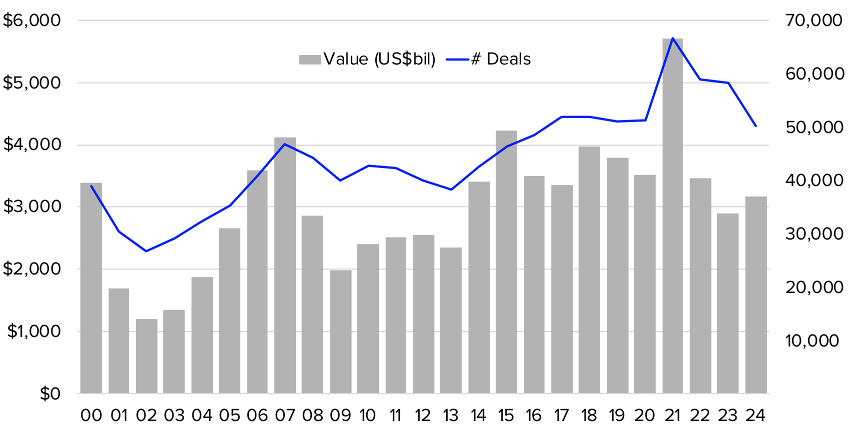
### Global M&A values tick up 10%

By value, global M&A in 2024 increased, year-on-year, by a tenth to $3.2trn, following two-years of decline.

### Number of deals drops

By contrast, the number of deals fell 14% to an 8-year low.

**Worldwide Announced M&A Volumes**




### Insights

- The US and the UK control more than half the global M&A.
- China's almost decade long retreat from international M&A continues, prompting our question 'Have we already reached "peak M&A"'?
- The largest deals ($5bn+) are driving the market, rising 33%, while the mid-market continues to fall, down 14%.

## M&A trends to watch in 2025

### "A shifting landscape"

After the 'new normal' of the Covid era, global elections led to new leadership in key markets, including the US, which has created a more uncertain environment. We suggest, however, that there is a difference between certainty and underlying volatility. Once markets get used to the changes in policies, fundamentals will take precedent.

### Macro-economics, geo-politics, regulation... and the mid-market

Compared with this time last year, the cost of capital is falling, and the new administration is trending towards de-regulation. As it is still early in President Trump's second term, full impacts of tariffs, trade policy, and government spending priorities are not fully realized, which creates uncertainties for investment-grade companies with significant government contract exposure.

But perhaps it's just a question of size: mid-market companies can be somewhat less exposed to geo-political shifts and can benefit from more favourable credit conditions and de-regulation policies.

### Japan's big deal

The biggest deal of the year, the acquisition of Japan's 7-eleven owner by a Canadian trade buyer, is yet to finalise. Whether or not it crystalises in the final data, it could prove a microcosm for the many structural changes in an economy and M&A market that has, to date, perennially under-performed.

### Exits and a dash for liquidity

Many private equity firms can't wait much longer. They will need to start selling their companies from their ageing portfolios, whether the valuation environment is favourable or not. Meanwhile, the banking sector is increasingly asking whether 2025 is the year of long-awaited consolidation, particularly in Europe.

### Looking ahead

Periods of radical uncertainty are unsettling, but change, can be a catalyst for the drivers of M&A. Advances in AI for deal-makers may also uncover new opportunities that could provide a dividend for the M&A and investment banking industry, irrespective of the wider market environment.

# The State of Global M&A

Part one

## Global M&A in 2024 – Geographic differences, peak M&A, and M&A for the middle market

## Developed economies dominate global M&A

In 2024, companies in the US and UK accounted for more than half the value of corporate acquisitions globally. More than 45% of corporate transactions world-wide involved US targets, while almost 6% were UK-based companies.

Some $1.4 trillion of US corporate value changed hands in 2024. All but one of the world's 10 largest M&A transactions were US based transactions – and these nine deals accounted for nearly a quarter of a trillion dollars.

Worldwide Announced M&A: Top Deals, 2024

| Date | Target Name | Target Nation | Target Macro Industry | Acquiror Name | Acquiror Nation | Value ($mil) |
|---|---|---|---|---|---|---|
| 09/06/24 | Seven & i Holdings Co Ltd | Japan | Retail | Alimentation Couche-Tard Inc | Canada | 58,892.22 |
| 03/27/24 | GE Vernova | United States | Energy and Power | Shareholders | United States | 37,046.70 |
| 02/19/24 | Discover Financial Services | United States | Financials | Capital One Financial Corp | United States | 35,302.48 |
| 08/14/24 | Kellanova | United States | Consumer Staples | Acquiror 10VB8 LLC | United States | 35,255.11 |
| 01/16/24 | ANSYS Inc | United States | High Technology | Synopsys Inc | United States | 32,359.64 |
| 02/12/24 | Endeavor Energy Resources LP | United States | Energy and Power | Diamondback Energy Inc | United States | 25,794.11 |
| 05/29/24 | Marathon Oil Corp | United States | Energy and Power | ConocoPhillips | United States | 22,542.03 |
| 07/07/24 | Paramount Global | United States | Media and Entertainment | Skydance Productions LLC | United States | 21,417.12 |
| 09/05/24 | Frontier Commun Parent Inc | United States | Telecommunications | Verizon Communications Inc | United States | 19,913.43 |
| 03/28/24 | SRS Distribution Inc | United States | Materials | Home Depot Inc | United States | 18,250.00 |

## Outbound activity

In 2024, the six most active cross-border acquirers were from the US ($301bn), Canada ($115bn), the UK ($76bn), Japan ($63bn), France ($49bn) and Germany ($48bn). Of these, the US, Canada and France were net acquirers.

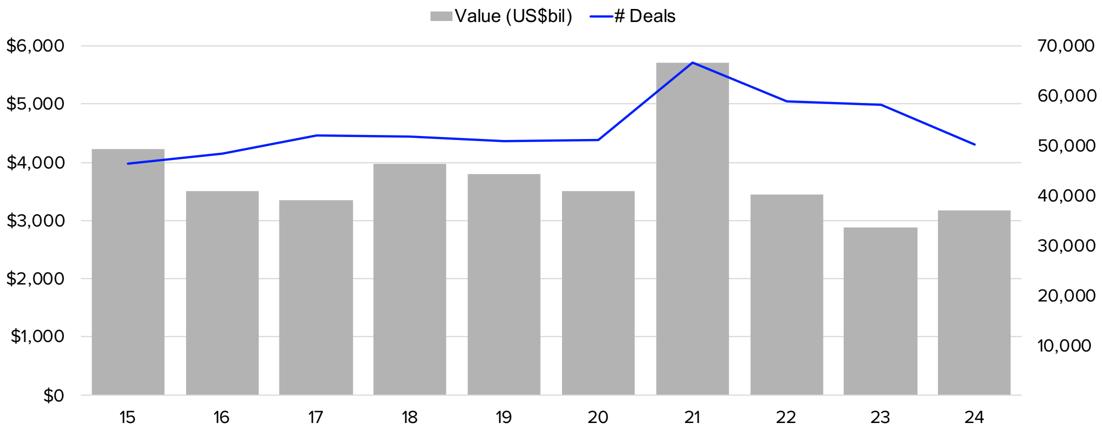
The largest net acquiring nations by corporate value were the US ($44bn), Denmark ($36bn), Switzerland ($34bn), UAE ($29bn), Canada ($56bn), and Luxembourg ($15bn).

## 'Peak M&A'? (The global all-time high may be historical)

In real terms, it is possible that we reached 'peak M&A' four years ago and may not again surpass this high water mark.

In 2021, during the Covid pandemic, worldwide M&A surged to almost $6trn. Last year, despite growing 10% on 2023, the global total was just $3.2trn. With China's decade-long withdrawal from international M&A activity, there is the real prospect that global M&A will never, in real terms, reach the $6trn mark it so nearly touched, so very recently.

**Worldwide Announced M&A Volumes**




## The UK accounted for nearly a quarter of European M&A

The UK was the most active M&A market in EMEA and the third most active in the world during 2024.

Some 3,700 UK companies were acquired in 2024 at an aggregate value of $184bn. This compares with $98bn-worth of M&A in Germany and $88bn in France.

The UK was also the most targeted nation in EMEA by foreign acquirers, and the second most targeted in the world.

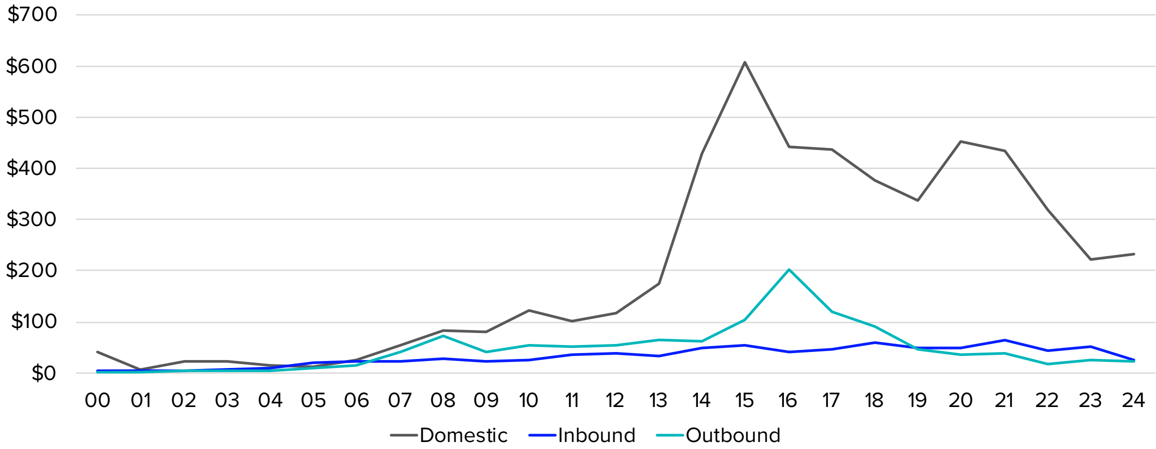
There were 1,516 cross-border acquisitions of UK companies in 2024, totalling $93bn. More than half of those acquirers were from the US, where buyers have been attracted by valuations differential. US acquirers spent $48bn buying 655 UK companies in 2024.

About a third of UK inbound deals were from private equity firms (again, mainly US), with deals such as the £5.3bn acquisition of Darktrace by Thoma Bravo. Meanwhile, other US corporates took the opportunity to make strategic combinations, such as International Paper's acquisition of UK packaging firm DS Smith in, quite fittingly, an all-paper transaction.

## China domestic deals stabilise

Overall, M&A in China fell 5% in 2024 to a decade low of $295bn, and there was an even sharper 15% drop in the number of deal announcements. Inbound M&A was down by half to $23bn, levels last seen in 2009, while outbound activity was down 12%, also at $23bn. On the flip-side, domestic China deals ticked up nearly 3% to $232bn.

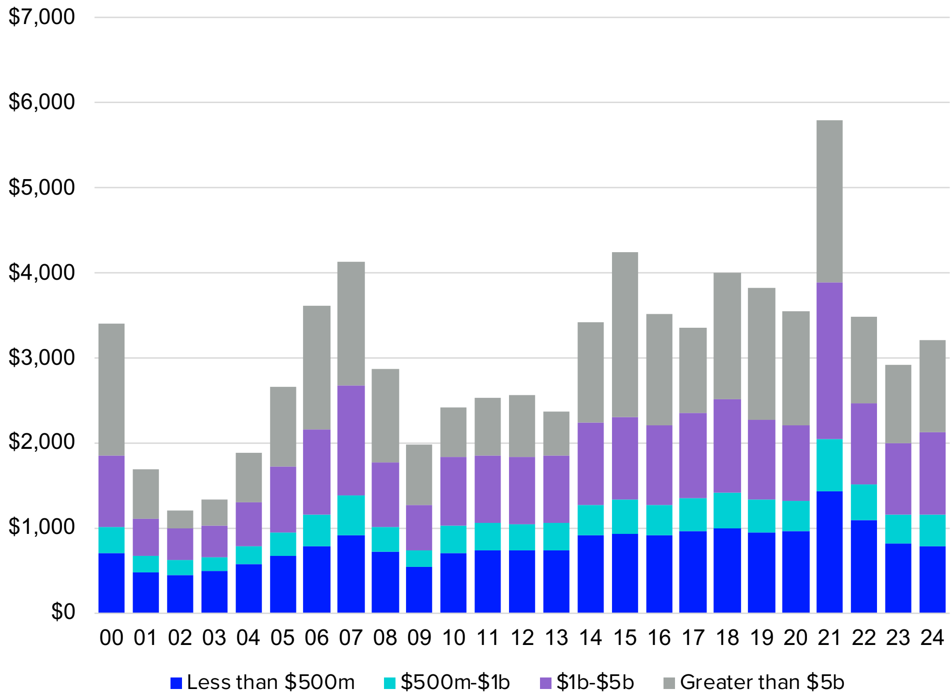
**Announced China M&A Volumes (US$ bil)**




## “Mega deal” activity fails to ‘trickle down’

Large deals signal a return of confidence that could trickle down into broader corporate activity. However, the data for 2024 shows an increasingly polarised market, with mega deals ($5bn or more) up 17%, while those under $500m fell 4%.

**M&A by Deal Size**



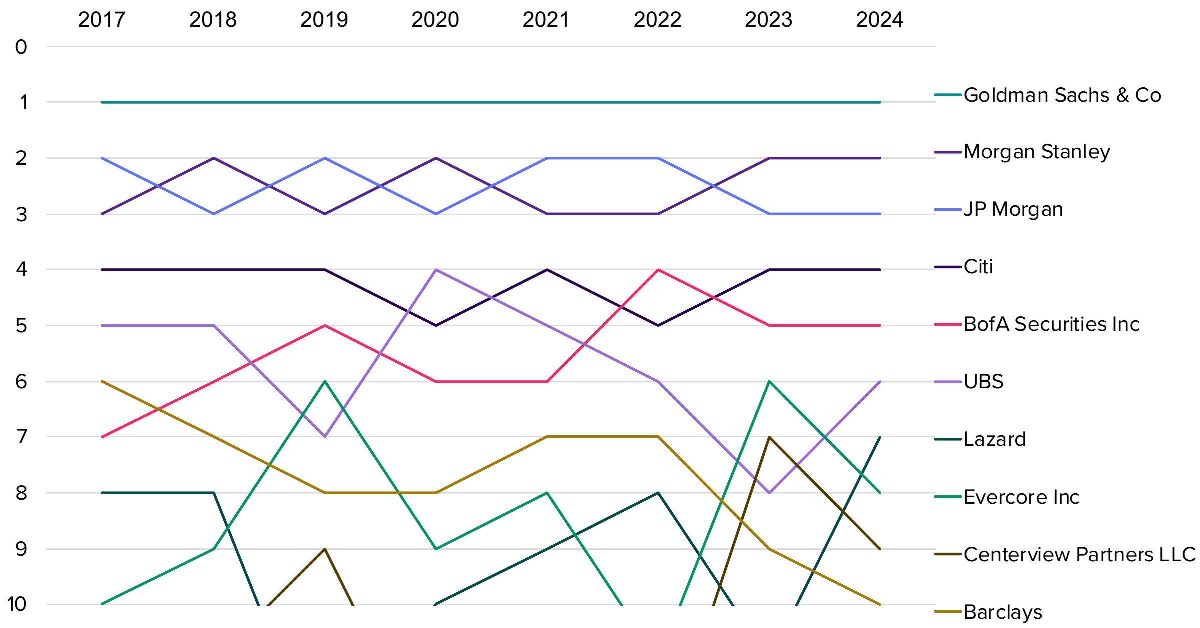
## Private equity M&A up by nearly a quarter

2024 ranks as the third largest year for private equity buyouts since records began, with $706bn of deals, an increase of 24% on last year.

## The world's nine most active M&A advisers are US-based

Goldman Sachs was the world's most active M&A adviser for the fourteenth year running since 2011, with a 30% market share. Of the ten busiest brokers in 2024, nine were based in the US, while UK-headquartered Barclays came in at 10th. The only new entrant to the top 10 was Lazard (straight in at 7).

**Global M&A Ranking**



Part two

# M&A trends to watch in 2025

## US deal-makers' may face both uncertainty and volatility

There is a difference between uncertainty and volatility. Last year had its share of uncertainty, with geo-political tensions and elections across half the world. But many measures of market volatility, such as the MOVE index of Treasuries, were relatively subdued, while M&A activity recovered somewhat from the 2023 levels. So what will 2025 look like?

"It's understandable if corporate decision-makers have become somewhat unsettled in early 2025."
Lucille Jones

## The regulatory and macro environment looks supportive for the mid-market

US interest rates are lower than a year ago, and the trajectory looks to be downward. This falling cost-of-capital, combined with a likely de-regulating US financial sector, could help spur mid-market M&A.

## M&A Outlook in the Trump Administration

It remains to be seen the full impacts of the policy agenda of the Trump Administration, as tariff policy is yet to be fully implemented. However, whatever tariff policy is decided-upon, it is possible it may have down-stream impacts on corporate affairs and increased M&A activity.

As a previous data point, in the first year of the first Trump administration, US M&A increased 18% against a global rise of just 7%.

Of course, there are many factors that impact corporate M&A activity, but the regulatory environment in which M&A occurs does have an impact. In the first year of the first Trump administration, the time-to-completion for "mega deals" fell from 199 days in 2016 to 169 days in 2017. The figure peaked again in 2022, in the Biden Administration, at 222 days to completion.

"In the first year of President Trump's first term, we saw mega deal time-to-completion fall by 30 days."
Matt Toole

## A Japanese M&A renaissance?

The largest announced M&A transaction of 2024 was Canada's Alimentation Couche-Tard's $59bn offer for Japan's 7-eleven. At the time of writing, the deal is unresolved, with Japan's economy minister suggesting the acquisition may pose a national security issue, while a member of the founding family is putting together a white-knight counter-offer that, if successful, would constitute the largest take-private buyout ever.

Whatever the outcome at 7-eleven, the process may signal a new chapter in Japanese M&A: new governance rules have increased the burden of being listed, while reforms aimed at addressing activist shareholders could result in many more family-led buyouts, possibly backed by domestic banks.

## European bank M&A

The European banking market is idiosyncratic and cross-border deals are complex and remain challenged. But there is renewed speculation about the prospect for domestic consolidation, sparked by the emergence of long-awaited “mega deals” such as BBVA’s bid for Sabadell and UniCredit’s Bid for Banco BPM. Seller motivations include privatisation of government stakes taken during the global financial crisis, financial sponsors seeking an exit for challenger banks, non-core spin-offs and independence for business lines such as asset management, and synergistic consolidation in a tougher net-margin environment.

## Private equity: more exits, bigger deals

Private equity portfolios are heavy with companies that need to be exited as the deadline on their ten-year closed-ended funds nears. Sentiment about valuations remains subdued but the market is rubbing up against a structural inevitability: as managers look to raise their next round of funds, they will have to realise their current portfolios, and sooner rather than later.

Meanwhile, the private markets asset haul is only growing, with a handful of US-listed alternatives players managing more than $1trn. As they grow in scale, these firms may pursue larger targets, which may also result in a trickle-down effect into mid-market M&A.

**“As private equity managers look to raise their next vintage of funds, they will have to realise their current portfolios, and sooner rather than later.” Elaine Tan**

## Conclusion

In the execution of a complex deal negotiation, the natural preference is for all else to remain stable. But change may, in the medium-term, be a catalyst for the creativity and ambition that drives M&A.

While we may not see the global M&A highs of recent times come again soon, the emergence of new technologies, new partnerships and new trade flows are bound to translate into opportunities for deal makers.

As AI evolves, it may become a key tool available to deal-makers, who are more than ever, empowered to connect dots and uncover patterns and opportunities that might otherwise have been missed.

As all this unfolds, the data will guide our understanding of the impacts on M&A and global markets.

Visit **lseg.com** | @LSEGplc LSEG



LSEG DATA & ANALYTICS

LDA4004631/2-25