



Global M&A Report 2026

How reinvention sparked the great M&A rebound

Acknowledgments

This report was prepared by the leadership team of Bain & Company's Global M&A and Divestitures practice, with special direction from Les Baird, partner; Suzanne Kumar, practice executive vice president; Dale Stafford, partner; Kai Grass, partner; David Harding, advisory partner; Kristen Stikeleather, associate partner; and an editorial team led by David Diamond. The authors wish to thank the many members of the Bain leadership team who contributed articles to this year's report.

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Letter from the Leaders of Bain's M&A Practice

Dear friends,

We publish our annual M&A report to help business leaders get better at M&A and divestitures.

In 2025, **deal value rose dramatically to deliver the second-highest year on record** in a broad-based rebound that spanned all industries. Behind this resurgence is the urgent need for companies to reinvent themselves to get out ahead of the big forces of technology disruption, a post-globalization economy, and shifting profit pools.

But whether companies are turning to M&A to gain capabilities that give them a competitive edge in the AI revolution, create the agility required to succeed in post-globalization's fragmented markets, or pursue new sources of growth in rapidly changing industries, they now can draw on new tools and approaches to hasten value creation.

Read on to learn how various industries are adapting to today's M&A market, deal trends by market, and how more companies are deploying AI to improve their M&A capabilities.



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Leader of Bain's M&A Practice



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State of the Market

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STATE OF THE MARKET

Looking Back at M&A in 2025: Behind the Great Rebound

What we can learn from the resurgence in M&A.

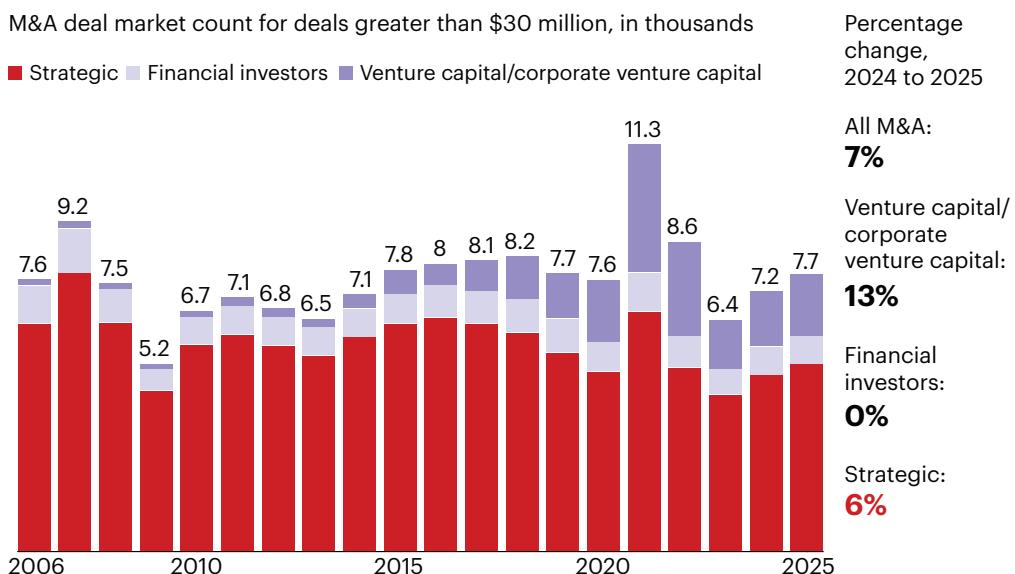
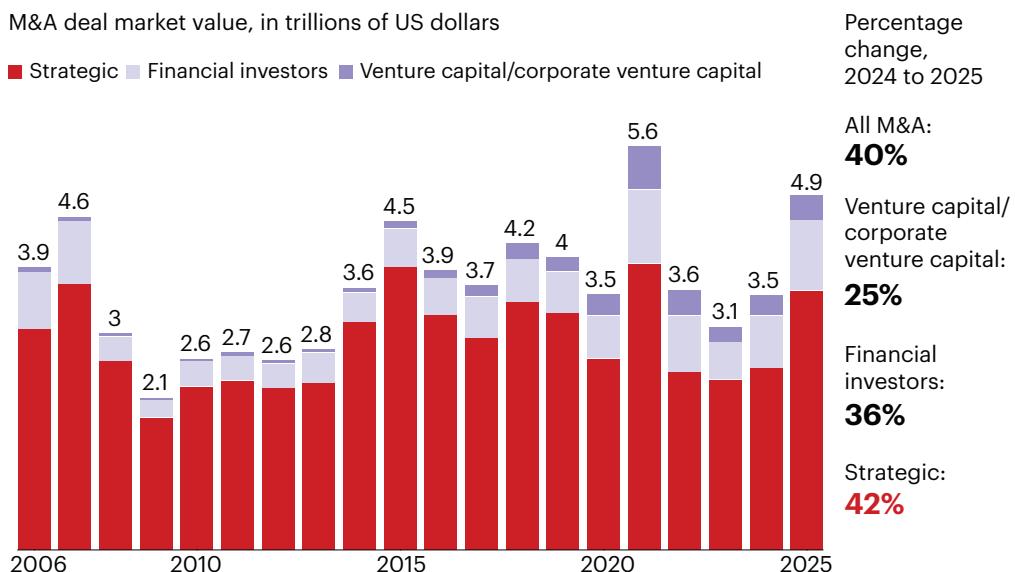
By Suzanne Kumar, Dale Stafford, Kai Grass, David Harding, and Kristen Stikeleather

At a Glance

- ▶ A broad-based rebound boosted deal value by 40%, led by resurgent tech M&A.
- ▶ Megadeals greater than \$5 billion represented more than 73% of incremental deal value as infrequent acquirers came off the sidelines.
- ▶ Despite the rebound in activity, the relative share of capital allocated to M&A is at a low of 7%.
- ▶ Scope deals accounted for 60% of big deals, making it the biggest year on record for deals driven by revenue growth.

In a year marked by artificial intelligence's rampant advancement, shifting trade policies, and tepid global volume growth, companies across industries saw the urgent need to reboot strategy. And for many, that meant a return to M&A. The year 2025 is on track to become the second-highest in deal activity: up 40% in value, to an estimated \$4.9 trillion, and 7% in volume (see *Figure 1*), with similar gains across strategic, private equity (PE), and venture capital (VC) acquirers.

Figure 1: After an extended downcycle, deal value surged 40% in 2025, with a shift toward larger deal sizes



Notes: Strategic M&A includes corporate M&A deals and private equity portfolio add-ons; some deals show as \$0T due to rounding; bar totals may not equal sum of segments due to rounding
Source: Dealogic

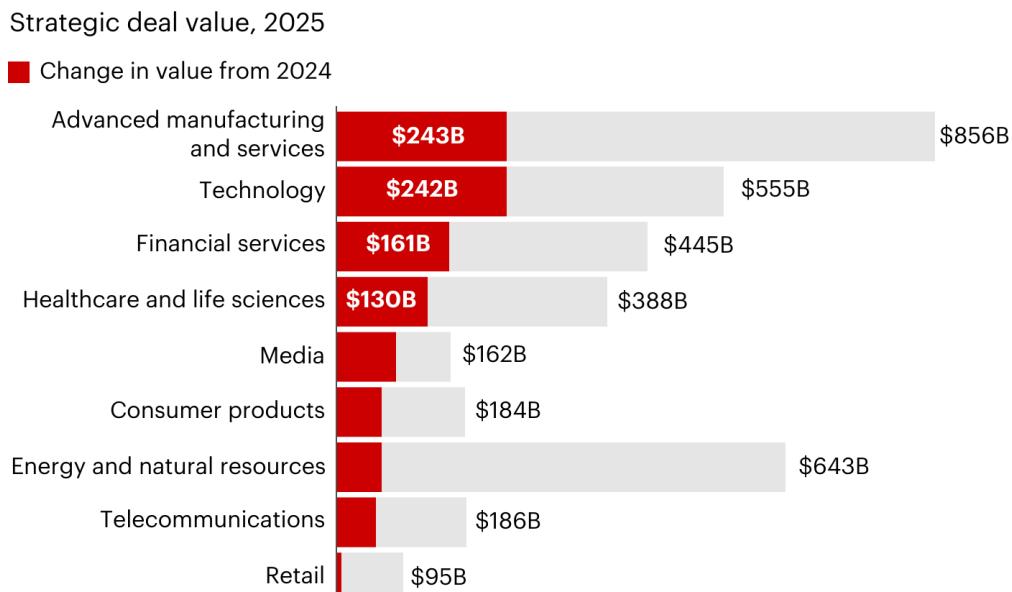
When we unpacked the rebound of 2025, we found two trends with particularly broad implications. First, it was a year of many big bets made by companies that traditionally make few deals. Will that lack of experience impede value creation? In addition, despite the overall robust market, M&A actually took a back seat to other investments in 2025. Companies devoted substantially less of their capital to M&A than they invested in other avenues for growth, namely capex and R&D. How do companies gain confidence in the value creation of any individual deal against an ever-rising bar and competing demands for capital?

What's behind the rebound?

The rebound of 2025 is notably broad-based across industries and geographies. All regions and industries grew by double digits. Tech M&A is back, up by 77%, propelled by deals for AI-related assets such as Alphabet's \$32 billion purchase of Wiz and Palo Alto Networks' \$25 billion acquisition of CyberArk, not to mention a variety of large-ticket minority investments such as Softbank's \$40 billion investment in OpenAI or Meta's \$14.3 billion investment in Scale AI. Almost half of strategic technology deal value for deals greater than \$500 million came from AI natives or deals that cited AI benefits in 2025.

The advanced manufacturing and services sector was also a major contributor to strategic M&A growth in 2025, with headline merger deals such as Union Pacific and Norfolk Southern's \$88 billion tie-up or Airbus, Leonardo, and Thales' three-way arrangement to create a scale player from the Europe, Middle East, and Africa region in the growing space sector (see *Figure 2*).

Figure 2: The broad-based rebound was led by advanced manufacturing and services and technology

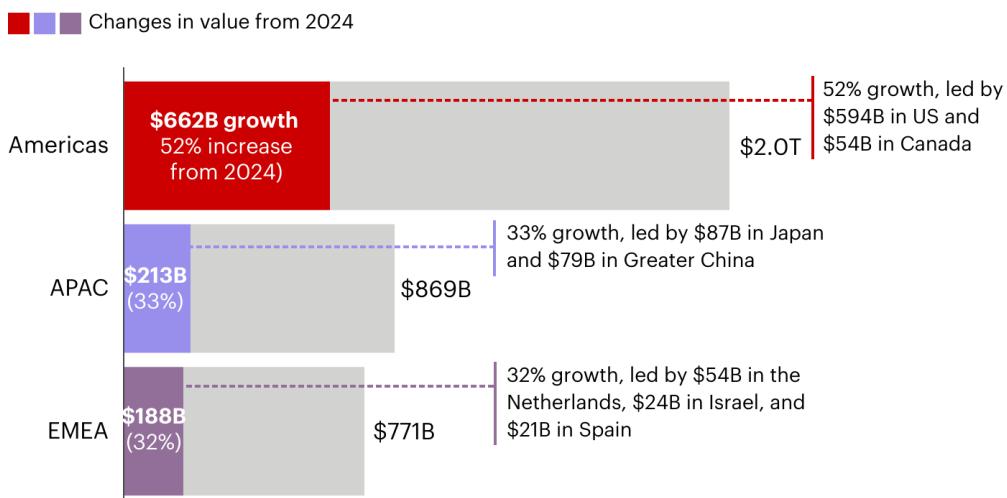


Note: Strategic M&A includes corporate M&A and private equity portfolio add-ons, excludes conglomerates and services

Source: Dealogic

Figure 3: Deal value grew across regions in 2025

Strategic deal value, 2025



Notes: Deals classified by target region and country; strategic M&A includes corporate M&A and private equity portfolio add-ons

Source: Dealogic

The rebound is global. Deals for US targets powered global growth and accounted for nearly half of total strategic deal value. Greater China, the second-largest market, led in deal count, driven by a robust domestic market that accounted for more than 80% of Greater China deal value. Meanwhile, Japan's M&A market doubled in value to become the third-largest globally while also increasing its number of deals by double digits. Europe, the Middle East, and Africa also experienced strong M&A value growth aided by megadeal activity, but the region's overall deal count remained flat (see *Figure 3*).

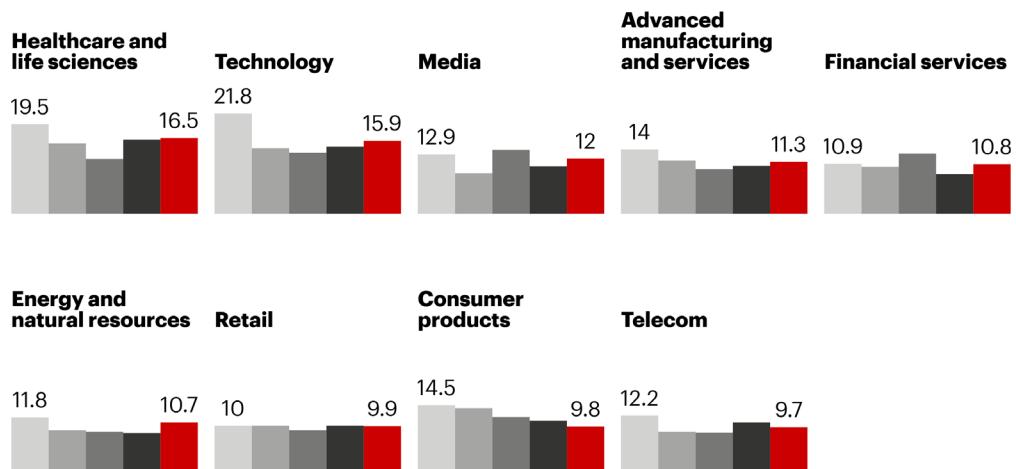
A host of factors influenced the decision to buy to grow and respond to changes in profit pools in 2025. Many of the headwinds of the post-pandemic years calmed down. Regulations are easing. The cost of capital is easing. The buyer-seller gap is easing, with valuations rising slightly and sellers perhaps less tied to 2021 peak valuations (see *Figure 4*). More executives realized that it no longer made sense to wait it out. For many, it was a decision made easier amid the key lesson of AI's disruption: You need to reinvent yourself or react to what's happening.

Indeed, AI's role in dealmaking is everywhere. According to our recent survey of more than 300 M&A executives, AI adoption for M&A more than doubled, to 45% of practitioners, and its usage is more widespread across company types and within the M&A value chain. While sourcing and screening still are AI's main uses, more dealmakers have begun relying on the technology for other functions—planning and executing integration, for example. And many more acquirers now view due diligence as an opportunity to scrutinize AI's potential risks and opportunities in a target. Indeed, one in five strategic dealmakers tell us that they have walked away from a deal because of the anticipated impact of AI on the target's business.

Figure 4: Valuations have ticked up but remain below 2021 peak levels for most industries

Median enterprise value-to-EBITDA multiples per industry (strategic deals)

■ 2021 ■ 2022 ■ 2023 ■ 2024 ■ 2025



Notes: Median deal multiples for announced strategic deals in which valuation data was available; strategic M&A includes corporate M&A and private equity portfolio add-ons

Source: Dealogic

M&A executives cited the central role of strategy as the No. 1 reason for sustaining or increasing their deal activity in 2025, and more than 85% said that they refreshed their M&A pipeline, pointing to shifts in technology and strategy. As an indication of the rapidly growing reliance on M&A for strategic shifts, 40% of megadeals valued at more than \$5 billion during the first 10 months of 2025 are categorized as transformative, meaning that they represent more than 50% of the acquirer's market cap.

That's not to say that there aren't competing forces at play. For example, PE and VC firms still have a lot of investments in their portfolios that they've yet to bring to market. Unrealized value in PE portfolios is at record highs. And lingering above everything, there remains the shadow of macroeconomic uncertainty.

What's not substantially influencing deal activity?

Early in the year, uncertainty in the wake of US tariff announcements in April slowed deal-making activity, but the pullback was short-lived. Momentum among both corporate and PE buyers and sellers steadily gained over the course of the year.

Likewise, there was concern that uncertainty on trade policies would encourage acquirers to adopt a domestic focus. But that, too, hasn't happened. The rate of cross-border deals hasn't substantially changed in 2025. When we polled M&A executives on the issue, less than half said that trade restrictions impacted their overall M&A plans, and 70% said that the policies would not affect their divestiture plans.

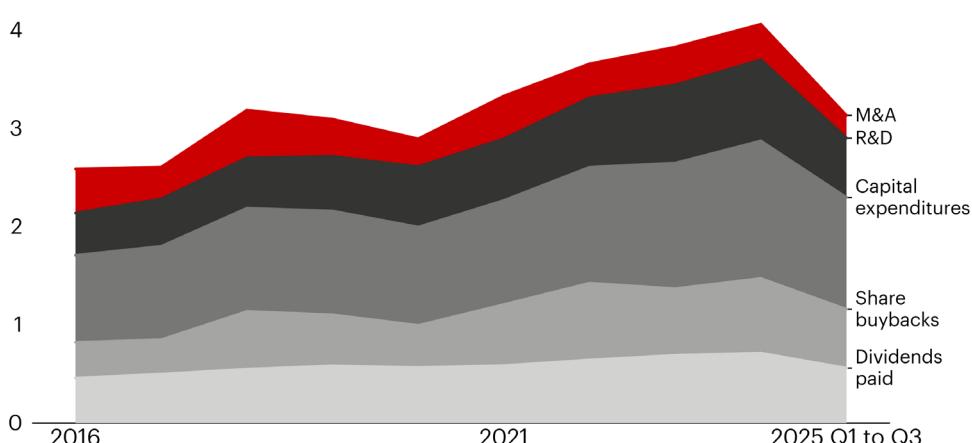
While post-globalization didn't have a big impact on M&A in 2025, we still think it will over time. We're already seeing the first hints. On balance, non-US companies now have lower appetite for US-based assets, according to our research, while US buyers are more likely to pursue a domestic deal because of tariffs.

M&A provides optionality and access to markets as global trade patterns fragment along regional lines. We're now seeing more arm's-length moves between the two biggest deal markets: US and China. For example, in 2025, Starbucks announced it would sell a controlling stake in its China retail operations to Boyu Capital, a Chinese investment firm, to create a joint venture better positioned to compete in the China market. At the same time, Western companies seeking to benefit from China's world-class pipeline of pharmaceutical therapies are pursuing creative partnership structures that enable access and learning if not control. China's share of global pharma licensing deals has doubled since 2020.

Meanwhile, there is the capital allocation issue. Over the past decade, M&A has lost share to other forms of cash expenditures by S&P World Index companies, reaching a low of 7% in 2025 (see *Figure 5*). As a percentage of gross domestic product, M&A has regained ground, but it still lags previous peaks. Our analysis of capital allocations made by nearly 700 companies shows that while there generally is ample cash on hand, more is being spent on capex or R&D than M&A as companies invest in everything from factories to robots to energy farms. Among the biggest non-M&A capital allocation: In the first three quarters, the Mag 7 combined to invest almost \$500 billion in capex and R&D through the third quarter of 2025.

Figure 5: Over the past decade, M&A has lost share to other forms of cash expenditures, reaching a low of 7% in 2025

Annual cash expenditures for S&P World Index companies by use of cash, in trillions of US dollars



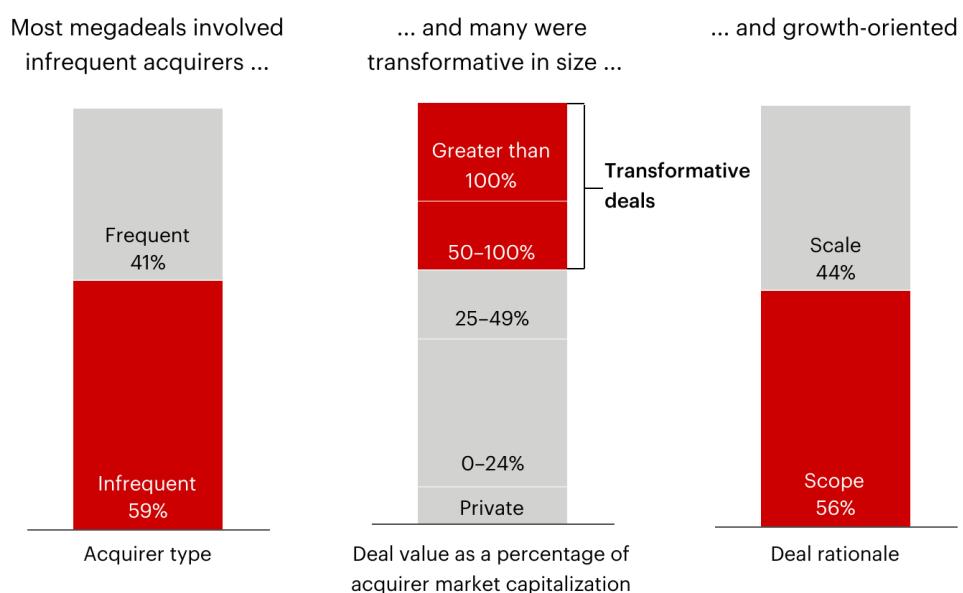
Note: Data is a subset of S&P World Index Companies (n=685)
Source: S&P World Index data from S&P Capital IQ

We predict that instead of fueling deals and influencing the types of deals getting done, the rise of protectionist measures will continue to have a greater impact on capital allocation. Building back resiliency into supply chains will be expensive as companies take on the incremental cost of not only moving but adding plants. More important, companies across sectors will need to invest in AI capabilities, physical automation, and modernizing their tech stack. What this means for M&A executives is even more scrutiny on regular capital allocations to M&A as well as a higher bar for the ROI of any potential deal. More boards will ask if they're getting the intended value out of deals. Companies will need robust diligence to build conviction in a deal and the confidence to execute.

Big bets

Megadeals valued at greater than \$5 billion are fueling the resurgence in M&A, representing more than 73% of the increase in deal value in 2025. But it gets more interesting when you dig down to see who is making them. Infrequent acquirers accounted for about 59% of megadeals. And many of those are big bets to transform the business, as evidenced by the deal value comprising 50% or more of the acquirer's market cap (see *Figure 6*). This gives us pause.

Figure 6: Many megadeals were big bets aimed at transforming the business



Notes: Megadeals include strategic acquisitions greater than \$5 billion in deal value announced between January 1, 2025, and November 15, 2025, exclude spin-offs (n=78); market capitalization determined 20 days prior to deal announcement; private acquirers include privately held and government-owned entities; frequent acquirers made 10 or more acquisitions over the past 10 years; strategic M&A includes corporate M&A and private equity portfolio add-ons

Sources: Dealogic; S&P Capital IQ

Often, big-bet deals turn out to become make-or-break moves. The last time global M&A deal value exceeded \$4 trillion, some of the biggest deals were outsized successes while others were massive failures, according to our analysis of top deals from 2021. We've had a front-row seat for enough megadeals to know that big bets grounded in sound strategy can transform the business and set a new growth trajectory. On the other hand, deals made for less-strategic reasons can become a recipe for value destruction.

Large-ticket deals are always risky. Absorbing a \$5 billion, \$10 billion, or \$50 billion business can be a challenge when it comes to preserving and amplifying value, even for mega-cap companies. And it can be even more difficult when the deal approaches being a merger of equals or any situation that can change the acquirer as much as the target. It's impossible to overstate the importance of getting the organization in order as a first giant step.

While diligence can help identify the risks as well as the value creation potential, ultimately, big bets are bold strategy moves by the CEO and board that require clear and early answers to fundamental questions that too often fail to get asked. What is our shared vision? What is our operating model? How will decisions get made? What kind of culture do we want? Can our enterprise technology infrastructure support the combined company? Are we truly prepared for the daunting change management at both companies? How do we execute?

Sure, frequent acquirers will have some edge in execution. But no experience curve will protect a company from bad outcomes if the strategic bet isn't right and these big, basic questions aren't asked and answered thoroughly and with urgency.

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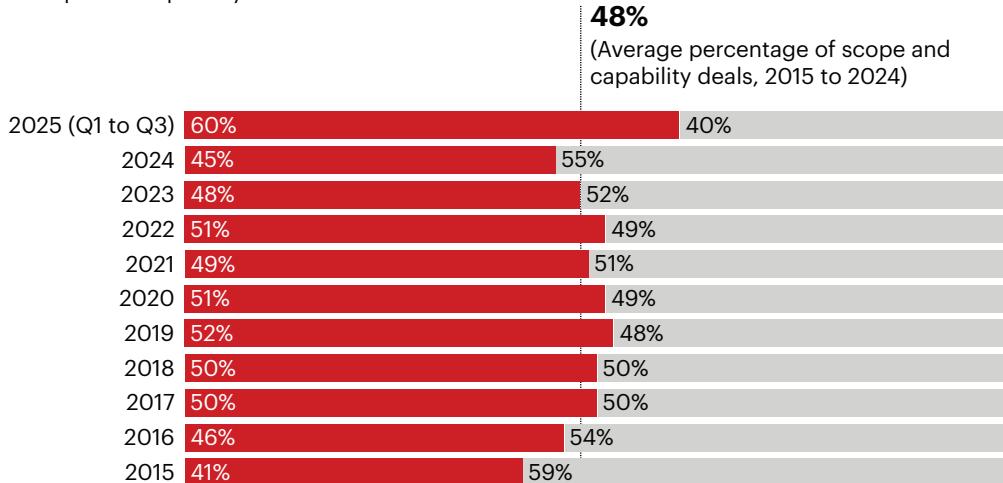
A swing toward scope deals

Another big theme of 2025 is the swing toward scope deals. In the first nine months of the year, 60% of the deals valued at greater than \$1 billion were scope, putting the year on track for the highest rate of scope dealmaking. Last year's swing to scale reflected a focus on near-term cost synergies by companies with high fixed costs amid high macroeconomic uncertainty. The dramatic shift toward scope deals, as evidenced by the rebound in tech deal volume as well as the strategic shifts experienced within industries, reflects more confidence in top-line-driven dealmaking (see *Figure 7*).

Figure 7: 60% of large deals were scope thus far in 2025, the highest rate of scope dealmaking observed

Breakdown of significant strategic deals

■ Scope and capability deals ■ Scale deals



Notes: Analysis includes strategic deals with value greater than \$1 billion, excludes real estate and services; strategic M&A includes corporate M&A and private equity portfolio add-ons

Source: Bain & Company

Financial services and the advanced manufacturing and services sectors, both traditionally scale-focused, have each revealed a growing appetite for new markets and customer segments through M&A (see *Figure 8*). For example, homeownership firm Rocket Companies pursued a vertical integration strategy through its acquisitions of mortgage servicer Mr. Cooper Group and home search platform Redfin. Active scope dealmaking in the building products sector also represents this use of M&A to access new categories, customers, and channels. James Hardie's acquisition of Azek opened up access to higher-margin segments in exterior and decking products, and Lowe's purchase of Foundation Building Materials expanded its access to professional customers and specialty distribution areas.

As we've seen from tracking M&A for more than two decades, each year brings with it different ways in which industries use deals to deliver on strategy and create value. In pharma, executives started turning to M&A to define their future less by size alone and more by identifying the parts of the value chain that they truly needed to own to stay ahead. For their part, oil and gas companies consolidated in record numbers, aiming to capture scale, cut unit costs, and further integrate value chains to get out ahead of everything from declining oil prices to all-time high demand for natural gas. In banking, companies are increasingly looking for deals with elements of both scale and scope—namely, deals with efficiencies and cost synergies as well as the benefits of complementary capabilities. And in consumer products, large players are taking a hard look at their portfolios and divesting assets that don't fit their desired strategy and growth profile.

In our full report, we take an industry-by-industry look at how companies are changing their approaches to dealmaking and report on the key trends that M&A practitioners are likely to experience.

Figure 8: Advanced manufacturing and services, telecommunications, and consumer products led the swing toward scope deals in 2025

Percentage of significant deals that were scale vs. scope, Q1 2025 to Q3 2025

■ Scope and capability deals ■ Scale deals ■ 2015 to 2024 average deal distribution percentage

Overall

60% ■ **40%**

Technology

94% ■ **6%**

Healthcare and life sciences

86% ■ **14%**

Consumer products

83% ■ **17%**

Advanced manufacturing and services

64% ■ **36%**

Telecommunications

54% ■ **46%**

Financial services

40% ■ **60%**

Media

33% ■ **67%**

Retail

31% ■ **69%**

Energy and natural resources

30% ■ **70%**

Notes: Analysis includes strategic deals with value greater than \$1 billion, excludes real estate and services; strategic M&A includes corporate M&A and private equity portfolio add-ons

Source: Bain & Company



STATE OF THE MARKET

Looking Ahead to 2026: Getting a Boost from the Great Rebound

Why more companies will move from awareness to action.

By **Dale Stafford, Kai Grass, Suzanne Kumar, and David Harding**

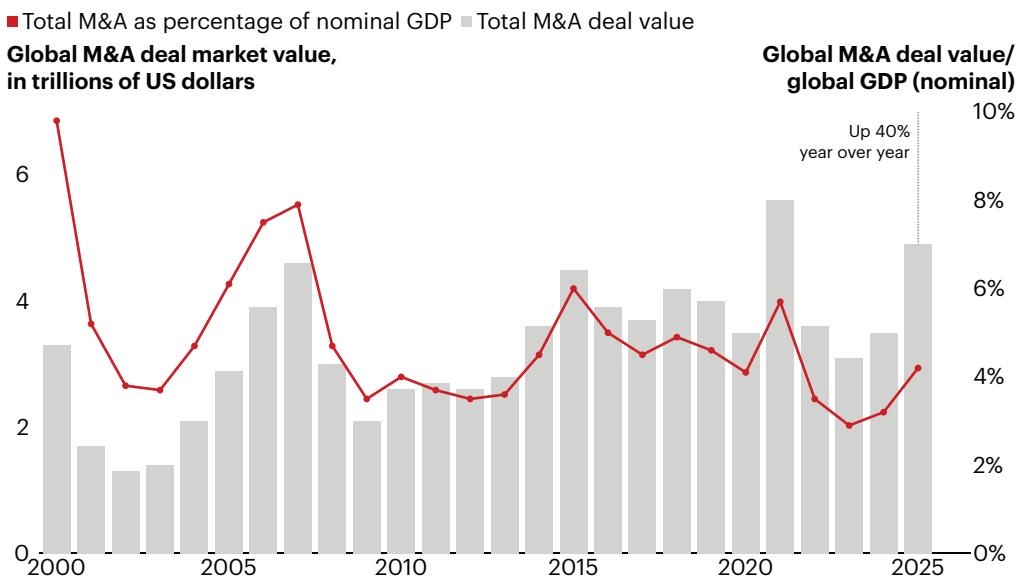
At a Glance

- ▶ 2025 marked a near-record rebound in M&A, with global deal value rising 40%, to \$4.9 trillion.
- ▶ In 2026, companies will shift from reacting to three powerful forces to proactively reshaping strategy and portfolios around them.
- ▶ Competing demands for capital are raising the bar for M&A, making disciplined reinvention and value creation essential.

The year 2025 marked a near-record rebound in M&A, with global deal value rising 40%, to \$4.9 trillion. Total M&A as a percentage of nominal GDP grew from 3.2% to 4.2% (see *Figure 1*). The rebound of 2025 was notably broad-based across industries and geographies, and it was fueled by a resurgence in megadeals valued at greater than \$5 billion (see “Looking Back at M&A in 2025: Behind the Great Rebound”). The wave may not have crested.

Our survey of more than 300 M&A executives found that 80% expect to sustain or increase deal activity in 2026. The ingredients are in place: improving macro conditions, a growing backlog of private equity and venture capital assets ready for exit, and a widespread recognition that many traditional business models—from media to consumer products to legacy manufacturing—have reached the limits of their historical growth engines.

Figure 1: The M&A market rebounded in 2025, growing 40% year over year, to \$4.9 trillion



Note: Total M&A deal value includes strategic M&A (which includes corporate buyers and private equity add-ons), financial investors, and venture capital/corporate venture capital

Sources: Dealogic; S&P Capital IQ

And 2025 was the year when the three great forces reshaping business—namely, technology disruption, post-globalization, and shifting profit pools—became impossible to ignore. AI's operational benefits began to materialize even as new models and chips extended the technological frontier. Tariff shocks gave way to a deeper understanding of how fragmentation will reshape flows of goods, capital, IP, and labor. And profit pools shifted in ways that pushed companies to question long-standing assumptions about where and how they compete.

In 2026, these forces will make companies move from awareness to action. Leaders will revisit foundational strategic assumptions, rethink portfolio boundaries, and make bigger, bolder decisions about what capabilities they must own vs. access. M&A will play a central role in this reinvention—but it will also have to work harder, and companies will have to work harder at it.

Among the big hurdles: Capital allocations to M&A hit a 30-year low through the third quarter of 2025 as more of the cash flowed toward dividends, buybacks, capex, and R&D. Interest rates remain relatively high, and any economic slowdown will intensify scrutiny on investment choices. The bar for M&A returns is rising, forcing companies to pursue only the deals that deliver concrete value creation.

How reinvention will spur M&A in 2026

In today's fast-changing world, companies need to adapt. As companies accept that technology disruption, post-globalization, and shifting profit pools are permanent features of the competitive landscape, the strategic question shifts from whether to reinvent to how quickly they can do so. M&A will be a critical tool for translating strategic shifts into action, enabling companies to reposition portfolios, access critical capabilities, and move ahead of structural changes that can no longer be deferred.

Let's step back and look at how the three great forces will shape M&A.

Technology disruption: The impact of technology advancements from AI to robotics to quantum computing are nascent, but the implications for firm strategies, product offerings, and operations are profound. Deals such as OpenAI's acquisition of io and its hardware platform and ServiceNow's purchase of Moveworks for its natural language platform will continue as technology companies race to strategically integrate AI into their products and workflows.

Almost half of all technology deals already have an AI angle, a trend that will accelerate as industry players pursue assets for AI talent and technology (see "M&A in Software: Five Secrets to Creating Real Value When Acquiring AI Assets"). Deals for technology will continue to flourish outside of tech. In machinery and equipment, for example, nearly one in five deals are for technology assets to build out hardware and software solutions (see "M&A in Machinery and Equipment: The Strategic Rise of Software").

Post-globalization: Growing constraints around the global movement of products, capital, and people are fragmenting markets. In 2026 and beyond, companies will make bolder moves to double down on some parts of their global footprint and minimize exposure to others. M&A and divestitures will be critical tools to rapidly execute that realignment. When opportunity and risk are in tension, companies turn to alternate deal structures such as joint ventures or minority investments to gain more optionality. It's a trend best illustrated by the pursuit of creative alliances between Western pharmaceuticals and Greater China's early-stage pharma companies in lieu of traditional acquisitions (see "M&A in Pharmaceuticals: Bigger, Bolder, and Far More Strategic").

Shifting profit pools: Industry evolution is an evergreen pressure on portfolio strategy. One example is how direct access to consumers via streaming and social media disintermediates traditional players and spurs M&A. Consider deals such as the pending sale of Warner Bros. Discovery to a Hollywood upstart announced late in 2025, or the increasing pace of insurgent brand acquisitions by large consumer products companies (see "M&A in Consumer Products: Searching for the Parenting Advantage"). Consumer products M&A highlights another key response to shifting profit pools: divestitures and spins. More than half of companies in our executive survey are prepping assets for sale within the next few years, driven by a desire to gain focus, free up cash, and capitalize on higher valuations in today's market.

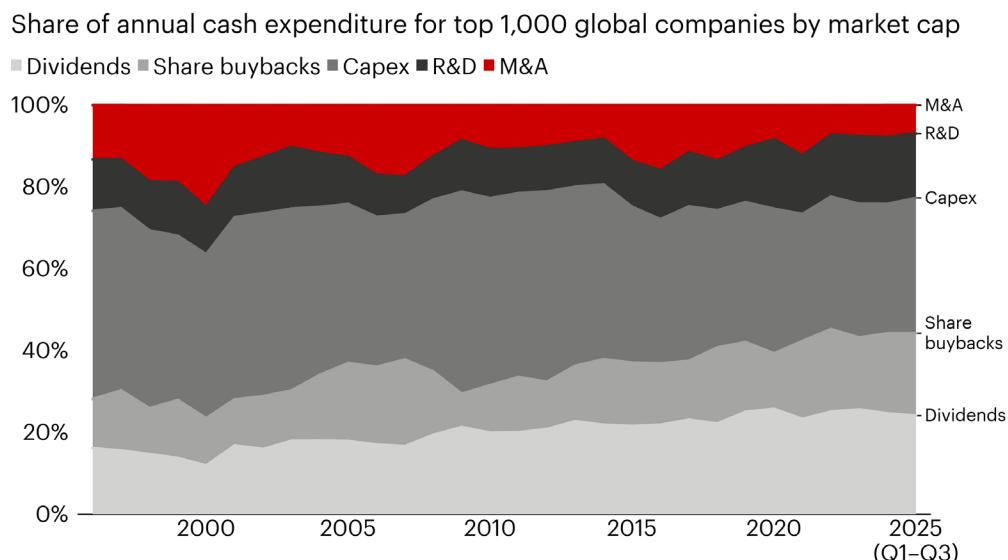
The capital constraint

All of this is happening at a time when there's never been as much demand for capital. In fact, despite the great rebound, the proportion of capital allocated to M&A hit a 30-year low in 2025 (see *Figure 2*). Company balance sheets are healthy, but there are competing demands for capital.

Companies face pressure to regularly return profits to shareholders through buybacks and dividends. Such distributions provide short-term earnings growth but create little to no long-term shareholder returns, except in very mature or declining sectors.

More recently, companies have increased reinvestment through capex and R&D. One big driver is the Mag 7's \$500 billion of investments amid an AI infrastructure build-out. For everyone else, there's a new urgency to modernize enterprise technology to better extract value from proprietary data assets through AI and automated labor-intensive processes. Many have revisited the calculus for lean supply chains and chosen to build multipolar manufacturing footprints and distribution networks, a more expensive if more resilient approach. These are important investments, but they don't need to preclude companies with healthy balance sheets from pursuing significant M&A.

Figure 2: 2025 marks a near-30-year historic low for the relative share of capital allocated to M&A



Notes: Group of companies analyzed for each year may vary because of changes in market cap; not all 1,000 companies analyzed reported data each year
Source: S&P Capital IQ

How to value M&A against competing uses of cash? Frequent acquirers benefit from a track record of performance and the ability to deliver on synergies. Our research confirms this: 75% of frequent acquirers meet or exceed synergy targets, according to our global survey of more than 300 M&A executives. Companies with less experience in M&A may find it hard to value assets, given uneven performance in completed deals. They will need to do more rigorous diligence to gain conviction and begin building their own repeatable models.

M&A agenda for 2026

Ground M&A in the new strategic context. The three big forces mean that the scope for transformation has never been more profound or necessary. Technology disruption is changing where and how work gets done, redefining the role of automation, data, and human talent across the value chain. Post-globalization is forcing companies to rethink proximity to customers, production footprints, and trade-offs between resiliency and efficiency. And shifting profit pools are challenging long-held assumptions about which businesses deserve capital, and which no longer do. In this environment, the M&A agenda must advance the transformation agenda. Executives need to pressure test whether M&A pathways and specific deals will help the company better compete in the most attractive markets, build capabilities more quickly, or even exit when they no longer are the best owner.

Make big bets pay off. Megadeals defined the market in 2025. In the year ahead, companies will face a series of make-or-break decisions to ensure value creation as a much larger combined company. According to our research, results from big deals are all over the map. What sets the winners apart? They deliver outsized returns by using the deal to transform. They don't get caught up in resolving internal complexity in the first wave of change. They focus the integration on the short list of key value drivers. In a world in which AI and automation are creating urgency to optimize business processes and evolve new customer value propositions, managing a massive integration raises the stakes further. Winning companies will use an integration thesis to set the appropriate order of operations—namely, where to stabilize and integrate, and where and when to transform—and be prepared to make difficult choices on what to tackle first. We explore this transformation-led approach in “M&A in Energy and Natural Resources: The Rise of the Oil and Gas Serial Acquirer.”

Take a full potential view in due diligence. As capital is constrained and the bar for M&A rises, diligence is no longer just about validating a deal; it's also about confirming that M&A is the best use of capital. Then, to compete for the best deals, companies can rapidly develop deep (outside-in) insights, guided by a clear deal thesis tied to strategy. They can go beyond high-level synergy assessments to define how cost and revenue synergies will be achieved and when. They can surface deal risks and opportunities and tee up how to own and integrate the asset for maximum value creation. In our experience, this rigorous, thesis-led approach to diligence is the best way for infrequent acquirers to bend the experience curve and compete with more seasoned buyers.

Build an M&A capability for the next chapter. A repeatable M&A model that drives outperformance requires intentional investment over time. After several years of muted deal activity, many acquirers (frequent and infrequent alike) find their M&A muscles underdeveloped: Teams have turned over, playbooks are outdated, and institutional memory has faded. At the same time, expectations for speed, insight, and execution quality are rising. Advances in AI are already allowing leading acquirers to move faster in screening, diligence, and integration planning, extracting deeper insights earlier in the deal process. Companies that invest now in end-to-end M&A capabilities will be better positioned to compete for assets, build conviction in value creation, and deliver synergies more quickly. See how AI is impacting M&A value creation today in “M&A Capability for a New Era: Five Ways That AI Is Boosting M&A Value Creation Right Now.”

Companies that invest now in end-to-end M&A capabilities will be better positioned to compete for assets, build conviction in value creation, and deliver synergies more quickly.

Refresh strategic capital allocation. CFOs have a few tools at their fingertips to navigate competing demands for capital. It’s critical to maintain a long-term, multiyear view of capital planning with clarity on big strategic investments in timing and size for capex, M&A, and R&D. The view needs to be regularly refreshed to stay relevant. Also important: clearly articulating to investors the strategic role of M&A in capital allocation. Make sure your investors understand your strategy. And when you are no longer the best parent for a given asset or business, free up capital through well-planned divestitures.



STATE OF THE MARKET

M&A Capability for a New Era: Five Ways AI Is Creating More Value in M&A Right Now

What companies are learning as they use AI across more of the M&A process.

By **Jeff Haxer, Benjamin Farmer, Brooke Houston, and Suzanne Kumar**

At a Glance

- ▶ About one-third of dealmakers systematically use AI in M&A or are redesigning processes for it.
- ▶ Early adopters are seeing concrete benefits that improve their M&A skills.
- ▶ Companies can forecast labor synergies to 90% accuracy.

Artificial intelligence is quickly becoming the lifeblood of M&A.

Adoption of AI tools more than doubled in 2025, according to our recent survey of more than 300 M&A executives, with 45% of respondents now relying on the technology. And they're now using it in tangible ways across more touchpoints in the M&A life cycle. Just a few years ago, AI was largely limited to sourcing, screening, and diligence. Those remain the highest areas of AI deployment, but more companies have begun relying on AI for later stages of the deal cycle—namely, transaction execution, integration, and learning.

About one-third of dealmakers say that they deploy AI systematically or are redesigning M&A processes to take advantage of AI, and more than half tell us that they expect AI to significantly impact how deals are done.

Companies on the leading edge are using AI in five ways to get more value out of M&A: dynamic pipeline, enhanced accuracy in outside-in intelligence, faster path to greater synergies, minimizing integration prep work, and earlier and deeper stakeholder insights.

Dynamic pipeline

When an India-based global healthcare company increased M&A's role in future growth, it knew it needed to update its screening capability. The company's traditional approach was to manually maintain a short list of high-potential targets, infrequently refreshing the list when capacity allowed. It evaluated new targets as they came to market, and many were not on the screened targets list.

The company converted to AI-enabled software that speedily tracks and develops a list of potential targets. The company now depends on the technology to continuously search a larger universe for potential targets, and it dynamically refreshes the list based on a broad set of data before the formal bidding process begins. It is now much better positioned to win priority assets.

Enhanced accuracy in outside-in diligence

With so much pressure to get the most out of every deal, acquirers can no longer settle only for confirmatory diligence aimed at finding the financial, legal, and regulatory red flags—nor can they take a seller's commercial and product assertions at face value. Savvy acquirers now use AI tools to quickly size up a target's cost base, scraping and analyzing public sources to map workforce structures and spending profiles well before any formal bid.

AI recently allowed a media acquirer to make an outside-in assessment of the target's cost base early in the process—for example, scraping publicly available sources such as LinkedIn to understand the workforce structure and spending profile. After the close, the forecast was within 90% of actuals. The new capability enabled the company to adjust its valuation based on the accurate anticipated cost synergies and gave it higher confidence in the deal.

Faster path to greater synergies

AI-enabled analytics allow companies to process raw data to design a better solution in less than 10% of the time it would take with a manual approach.

Two companies that buy significant amounts of commodities had complementary capabilities: One was best in class at sourcing and hedging; the other led the industry with its proprietary mix of commodities. A major goal of the integration was to quickly develop an optimized purchasing and product strategy for the combined entity.

Historically, companies in this situation relied on a sequential path of cleaning the data, identifying and sizing the opportunities, and building plans to realize the savings. This process would have taken more than 12 months to create the plans. In the merger, the companies fed procurement, hedging, and mixing data of all types (clean or uncleaned, formal or informal) into a third-party AI model to rapidly create an optimized purchasing, hedging, and product recipe model—all in about two months. The company now anticipates generating savings totaling \$100 million, an estimated 20% more than what it would have gained by taking a more sequential path.

Minimizing integration prep work

With AI, the best companies now have Day 1 plans and merger integrations that are faster, more efficient, and substantially better tailored to the specifics of the deal. When a leading European bank bought a challenger, it identified nearly €600 million in potential cost and revenue synergies. By relying on AI generative pretrained transformers (GPTs), the company refined synergies; built playbooks for IT, people, and customer integration; and mobilized teams—thus shaving 25% off the time it ordinarily would take while also creating massive credibility across the integration management office and teams.

Where did the time savings come from? Forty hours were saved by drafting an integration thesis and obtaining alignment in a single day. About 60 hours were saved from auto-generating and prioritizing pivotal decisions across work streams. Eighty hours were saved by auto-drafting 13 team charters with accelerated input. And another 60 hours were saved by rapidly producing structured, milestone-based work plans in two days to pressure test key activities and spot gaps.

Earlier and deeper stakeholder insights

A professional services company launched an integration under a compressed timeline and needed to ensure clear, productive communications to all stakeholders. It was a merger of equals, but each legacy organization had deeply rooted cultural norms and ways of working. The challenge was to align both companies with a unified mission, vision, and values.

Rather than only relying on focus groups, the company used AI to speedily build synthetic employee and customer profiles, drawing on surveys and publicly available information. It substantially upgraded and streamlined the process of testing integrated communications and refining the mission, vision, and values for the combined organization.

The result? The company got to a better answer on a clear joint mission faster, which helped people go through the change curve more quickly. It took the company only three months post-close to achieve alignment across the organizations, and the company was able to launch its campaign five months post-close. Critical to the deal's early success, the company reduced the risk of internal and external communications landing poorly with key stakeholders.

Global M&A Report 2026

While companies across industries redesign their end-to-end M&A processes to use AI to simplify, automate, and help them integrate, many are just now embarking on the longer task of implementation.

As companies embrace the future, it's important to pay attention to what AI *cannot* do for them.

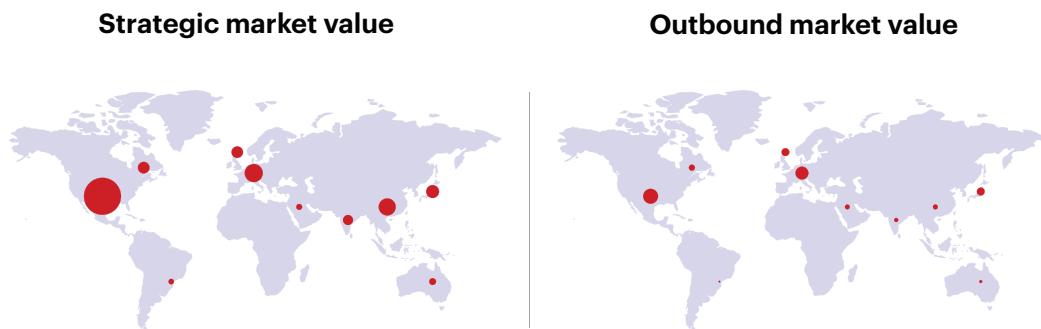
The reality is that as fast as AI can be, it still takes time and consideration to align stakeholders, make critical decisions, inspire an organization, and support sustained change management. People still need time to process, even if they're given perfect information.

STATE OF THE MARKET

Where the Deals Are: 2025's Top M&A Markets

Explore the strategic M&A data and key takeaways from selected markets around the world.

Strategic M&A market size (\$B) 1 ● 1,000



	Australia	Brazil	Canada	Greater China	Eurozone
Strategic Outbound	\$58.4B	\$42.5B	\$149.2B	\$395B	\$379B
	\$10.7B	\$3.5B	\$44.5B	\$31.8B	\$211B
	India	Japan	Middle East	UK	US
Strategic Outbound	\$113B	\$180B	\$39B	\$149B	\$1.7T
	\$24B	\$87B	\$27B	\$81B	\$237B

Insights from 10 selected markets

Australia	Strategic value: \$58.4 billion -2% year over year	Outbound value: \$10.7 billion -15% year over year
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- ▶ 52% of strategic deal activity was inbound, largely within the energy and natural resources, industrials, and technology sectors.
- ▶ Outside of strategic M&A, financial investors were the most active they have been over the past four years, accounting for just over one-third of total deal value.

By Mark Judah

Brazil

Strategic value:
\$42.5 billion
-1% year over year

Outbound value:
\$3.5 billion
29% year over year

- ▶ Market activity slowed, the result of tight macro conditions (high interest rates, closed equity markets), with compressed valuations and deal sizes (8.8 times enterprise value-to-EBITDA vs. 11.3 times in 2020), and an overall market below potential (strategic deal value -1%).
- ▶ Oil and gas, energy, and mining comprised the majority of deal activity, representing 52% of 2025 strategic deal value.
- ▶ The outlook for 2026 is more positive with expected rate declines and a potential equity market reopening, though the presidential election cycle may add second-half volatility, affecting deal timing and execution.

By Luis Frota and Felipe Cammarata

Canada

Strategic value:
\$149.2 billion
57% year over year

Outbound value:
\$44.5 billion
38% year over year

- ▶ Strategic deal value surged, led by megadeals; the number of deals valued at greater than \$5 billion almost tripled compared with 2024, and 52% of strategic deal value came from megadeals in 2025, up from 28% in 2024.
- ▶ Energy and natural resources, the largest industry by deal value over the past five years, more than doubled this year; 9 of the 10 largest deals were for targets in this industry.
- ▶ Outbound strategic deal value increased by 38%, to nearly \$45 billion, and the outbound industry mix was more evenly split vs. inbound and domestic, which largely skewed toward energy and natural resources targets.

By Robert Lauder, John Windover, and Andrew Edwards

Greater China

Strategic value:
\$395 billion
25% year over year

Outbound value:
\$31.8 billion
-18% year over year

- ▶ 2025 gave rise to domestic dealmaking (up 17% year over year) driven by several regulatory catalysts (e.g., simplified review process, continuous implementation of “Six M&A Measures”) and geopolitical dynamics.
- ▶ Surging consolidation in energy and natural resources and advanced manufacturing and services drove most of the domestic deal value growth as strategic buyers pursued scale, supply chain security, and technology upgrades for high-quality growth.
- ▶ Inbound deals made up only 9% of Greater China’s deal value, but these deals are up 231% from last year, with healthcare and life sciences and financial services sectors comprising 76% of 2025 inbound deal value.

By Nancy Zheng

Eurozone

Strategic value:
\$379 billion
50% year over year

Outbound value:
\$211 billion
61% year over year

- ▶ The rebound in strategic activity was driven by larger deals, while overall deal volumes declined; megadeals (deals valued at greater than \$5 billion) nearly tripled in volume and grew nearly 190% in value.
- ▶ Financial services, consumer products, and telecommunications are leading the surge, with more than double the strategic deal value vs. 2024, while last year’s largest sectors by deal value—namely, advanced manufacturing and services and energy and natural resources—remained flat or declined.
- ▶ Outbound strategic deal value increased by 61%, to nearly \$211 billion.
- ▶ Germany remains a steady industrial core market within the Eurozone, with active dealmaking in advanced manufacturing, mobility, energy transition, and industrial tech, as well as a solid pipeline of portfolio-reshaping, succession-driven midcap deals and a mix of cross-border transactions continuing into 2026.

By Tobias Umbeck, Kai Grass, Arnaud Leroi, and Emmanuel Coque

India

Strategic value:
\$113 billion
42% year over year

Outbound value:
\$24 billion
83% year over year

- ▶ Despite a dip in overall strategic deal volume, 2025 was marked by a rise in megadeals (deals valued at greater than \$5 billion), which doubled vs. the previous year in deal volume (up 100%) and value (up more than 150%) and drove the overall increase in M&A deal value.
- ▶ Advanced manufacturing systems and technology deals led deal activity, reflecting strong interest in manufacturing and technology-enabled products and services.
- ▶ India's macroeconomic fundamentals (stable growth, favorable demographics, and cost competitiveness) drove strong domestic M&A (60% of total deal value) and a surge of inbound activity (up more than 300% year over year) as foreign investors targeted financial services and technology assets.

By Vikram Chandrashekhar

Japan

Strategic value:
\$180 billion
93% year over year

Outbound value:
\$87 billion
31% year over year

- ▶ 2025 saw the largest M&A value over the past 20 years driven by outstanding growth in strategic deals (deal value up 93% year over year).
- ▶ Major deals include domestic consolidation deals as well as outbound deals mainly in tech areas with AI themes.
- ▶ There were early signs of a surge in "buy Japan" by overseas strategic dealmakers; representative deals include Pioneer and Shibaura Electronics, both acquired by Taiwanese companies.
- ▶ Key drivers for 2025 market growth will likely sustain, including the government push/enhanced corporate governance, a continuous need for Japanese conglomerates to reform their portfolios, and the continued engagement of activist investors and private equity funds.

By Takashi Ohara

Middle East

Strategic value:
\$39 billion
37% year over year

Outbound value:
\$27 billion
-24% year over year

- ▶ Following a soft deal market over the past few years, 2025 showed traction in strategic deal market growth (up 37% in value year over year), marking the highest in deal value since 2021.
- ▶ International expansion continues to be a focus as companies seek entry in neighboring markets. India is now the biggest outbound market for Middle East acquirers, surpassing the US and UK.
- ▶ Middle Eastern companies are increasingly focused on scope and capability deals to acquire AI solutions and digital capabilities while industries such as financial services continue to focus on scale and consolidation.

By George Keriakos and Tom de Waele

UK

Strategic value:
\$149 billion
5% year over year

Outbound value:
\$81 billion
78% year over year

- ▶ Stronger activity in 2025, particularly the second half, driven by easing interest rates, a strong stock market, continued private equity activity, and improving certainty of outlook.
- ▶ Inbound continues to grow strongly (52% per annum inbound growth since 2023), potentially based on the perception that UK-listed companies are undervalued.
- ▶ 2026 is likely to see a continuation of the overall robust performance absent of further shocks and if regulation delivers the promised greater accountability, consistency, and predictability.

By Peter Horsley

US

Strategic value:
\$1.7 trillion
54% year over year

Outbound value:
\$237 billion
94% year over year

- ▶ Strategic megadeals (deals valued at greater than \$5 billion) drove growth in the US, where megadeal value grew by 84% in 2025 vs. 2024 and the count of megadeals was up almost 80%, reflecting broader corporate transformations to accelerate tech and AI capabilities, evolve sourcing strategies, and sustain margins.
- ▶ The surge is broad-based across industries: Five industries were up more than 50% in deal value vs. 2024, including advanced manufacturing and services, media, tech, financial services, and telecommunications.
- ▶ For most industries, domestic deals made up more than 80% of deal value; healthcare and life sciences, retail, and services were exceptions, with 71%, 70%, and 62% of deal value, respectively, from inbound deals.

By Colleen von Eckartsberg

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INDUSTRIES

M&A in Automotive and Mobility: New Strategic Moves and Bold Bets

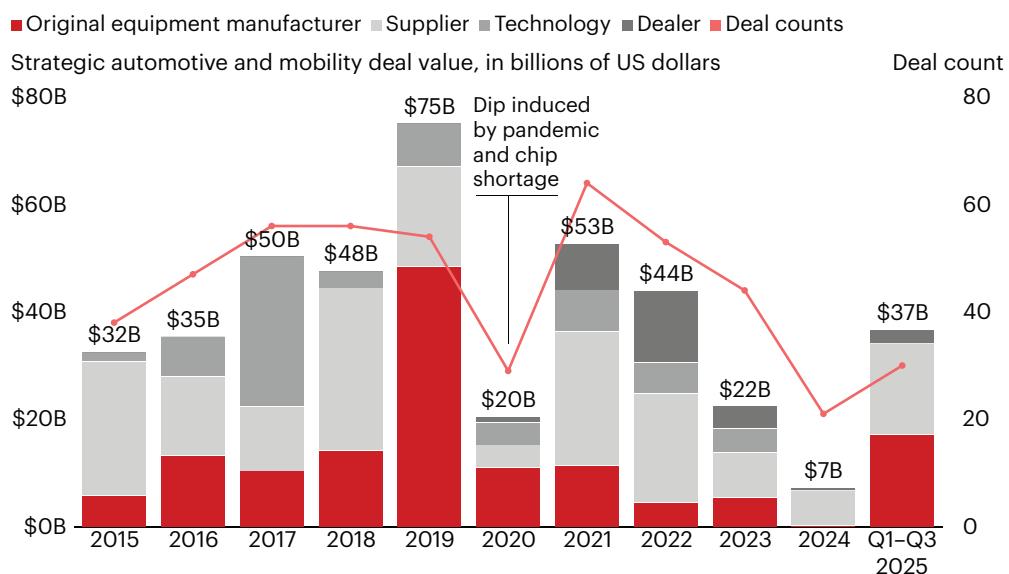
As pressure to scale mounts, leaders are consolidating and buying technology

By Dominik Foucar, Ingo Stein, Pedro Correa, and Mary Stroncek

At a Glance

- ▶ Automotive and mobility deal value rebounded sharply, reaching more than \$35 billion by third quarter.
- ▶ Average deal size more than doubled, to \$1.2 billion.
- ▶ Technology-based deals, including semiconductors, electronics, and software engineering capabilities, made up more than half of auto and mobility M&A in 2025.
- ▶ Automakers are urgently restructuring their portfolios to compete in a landscape of flat growth and intense margin pressure.

Stagnation in American and European markets, rising tariffs, and rapid technological changes have thrust the automotive industry into deal-making mode. Automakers and suppliers are grappling with an unprecedented period of soaring costs and margin pressure—all while needing to invest heavily in new capabilities. As companies reassess where they can compete, two things are clear: A leadership position is essential, and consolidation is the route forward. Mergers and acquisitions will enable companies to spread R&D costs, reduce overhead, and secure a stronger position in the contracting global supply chain.

Figure 1: Deal momentum surged in 2025 as pressure for consolidation grew

Notes: In 2024, economic uncertainty, geopolitical tensions, and inflation dampened deal activity; some deal values show as \$0B due to rounding; bar totals may not equal sum of segments due to rounding
 Sources: Dealogic; Bain analysis

After two years of muted M&A activity, global deal value rebounded, hitting more than \$35 billion during the first nine months of 2025 (see *Figure 1*). Strategic acquirers paired scale investments with bets on software, electronics, and artificial intelligence. OEMs and suppliers returned to the table with confidence, reigniting large-scale transactions not seen since the pre-pandemic era. Average deal value rose to \$1.2 billion during the first three quarters of 2025, more than double the level for 2023. Scope deals remained dominant at about 80% of volume in 2025, but scale deals rebounded (see *Figure 2*).

Amid the upheaval, winners are strategically using M&A as an engine to transform the business. That's a huge shift for an industry that didn't do a lot of dealmaking in the past.

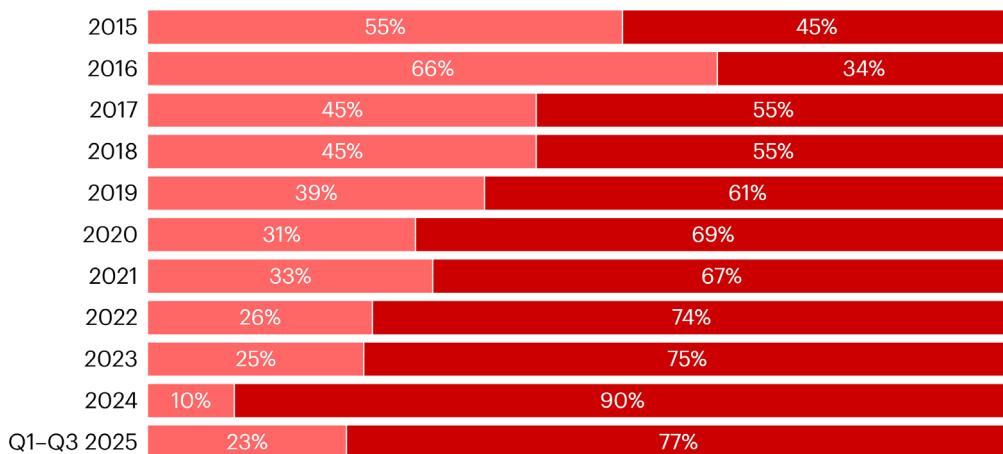
We see three key trends to watch: consolidation for scale and relevance; a focus on software, AI, and advanced driver assistance systems (ADAS); and tie-ups in automotive and defense.

Consolidation for scale and to maintain relevance: Consolidation will continue as automotive and mobility companies reorganize their portfolios to achieve leadership positions. High, ongoing margin pressure will force companies to rank among the top three in terms of relative market share or else divest those businesses that cannot clear that hurdle. Scale is particularly imperative for auto suppliers as they manage the transition from the internal combustion engine to electric vehicles, new electrical/electronic

Figure 2: The pressing need to expand capabilities has fueled strategic M&A deals in automotive and mobility

Strategic automotive and mobility deals valued at greater than \$100 million

■ Scale deals ■ Scope deals



Notes: Analysis only includes deals valued at greater than \$100 million and acquisitions involving stakes of more than 50%; deals are classified using a proprietary classification framework, as per stated strategic rationale at the time of deal announcement; deal value based on announcement year

Sources: Dealogic; Bain analysis

architectures, and software-defined vehicles (SDVs)—all while coping with stagnant growth and intense pressure on margins. One example of the trend is American Axle's \$1.44 billion bid to acquire Dowlaish Group to reinforce its competitiveness in driveline and powertrain components.

Auto dealers also face pressure to consolidate—in this case, to strengthen bargaining power and leverage scale advantages in an evolving distribution ecosystem. Asbury Automotive, an automotive retailer and services company, acquired Herb Chambers for \$1.3 billion to expand its geographic footprint. The move will help diversify Asbury's portfolio with more high-margin cost-efficient luxury stores; it will also continue to build scale to amortize fixed investments, though significant action will be needed to integrate the portfolio and achieve improved financial outcomes. Additionally, Eagers Automotive agreed to acquire a 65% stake in CanadaOne Auto Group for around \$700 million to expand further into Canada.

Meanwhile, with European and North American markets stagnant, India has become the only global market apart from Greater China offering substantial growth, and that is generating a rush for partnerships and joint ventures. Global OEMs and suppliers will need partners in India to obtain access to the market, localize offerings, capture cost advantages, and serve a rapidly expanding domestic market.

Increased focus on software, AI, and advanced driver assistance systems: Technology continued to reshape automotive M&A in 2025, with more than half of all deals involving semiconductors, electronics, sensors, and software engineering capabilities. Automakers and suppliers accelerated acquisitions that strengthen the digital and electronic foundations of next-generation vehicle architectures. Key transactions included NXP's \$625 million acquisition of TTTech Auto for SDV architecture and ADAS platforms as well as Infineon's \$2.5 billion purchase of Marvell's Automotive Ethernet unit, strengthening its connectivity and microcontroller portfolio.

These and other acquisitions illustrate a fundamental realignment. Traditional hardware companies are integrating digital capabilities to control the software layer that will define future vehicle functionality. Some companies will hedge their bets by pursuing partnerships for these capabilities.

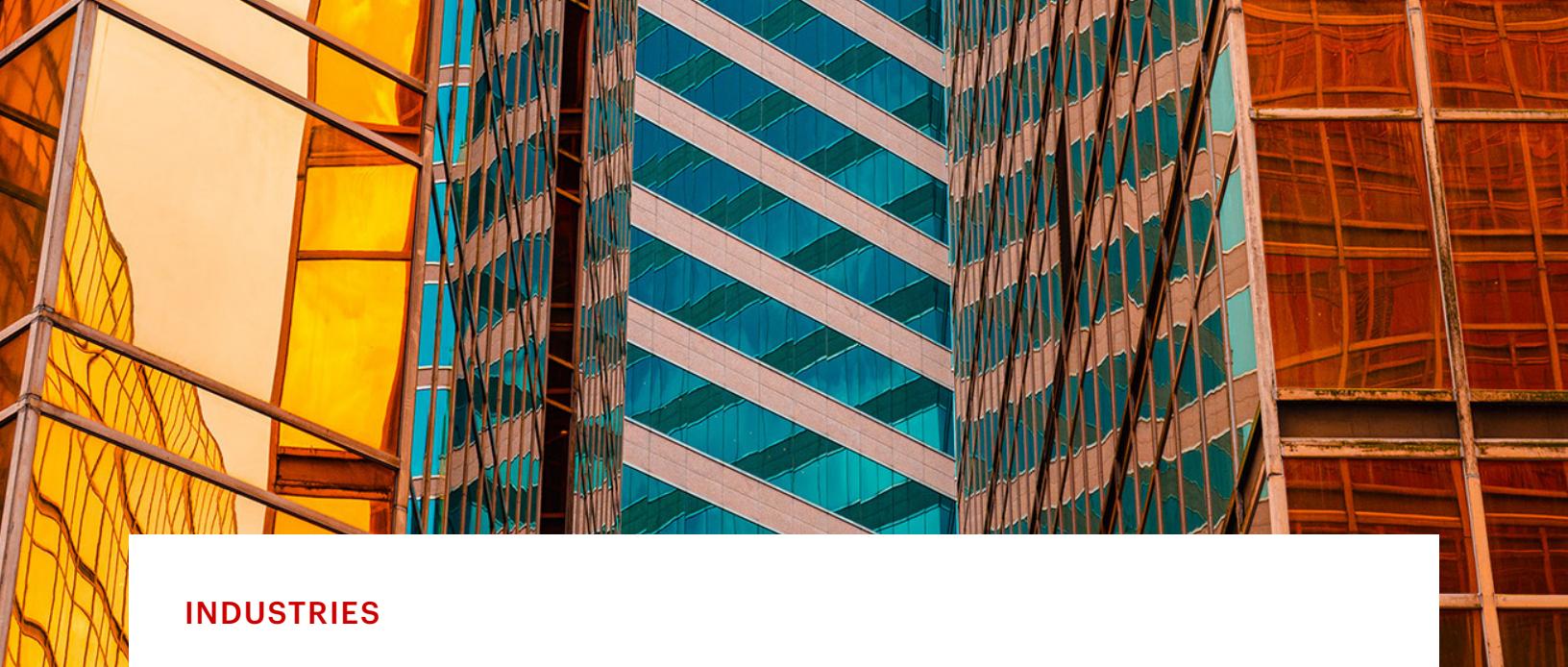
We expect alliances between automotive and software companies to grow in the years ahead. Consider how advanced driver assistance systems require software, AI, and hardware capabilities. Developing cockpit user interfaces and smart cabins will call for teams that understand consumer demands for connectivity features and seamless integration between driver devices and applications.

Tie-ups in automotive and defense: A few recent transactions, such as Leonardo's \$2 billion acquisition of Iveco's military business, highlight how defense players are selectively tapping into the automotive industry to enter or enhance their land defense systems. At the same time, some automotive OEMs are exploring adjacent opportunities in defense as a potential growth path to counter flat global vehicle sales.

Regional adaptation is also becoming increasingly important for automotive companies as product requirements diverge across markets. Leading OEMs are reconfiguring products and supply chains for regional needs to ensure resilience and competitiveness. The challenge is not only achieving scale but also determining where along the value chain scale creates significant competitive advantage. Key strategic decisions include the pursuit of regional vs. global scale and partnerships vs. acquisitions.

These trends will reshape the industry beyond 2026 as geopolitical flux, supply chain realignment, and technological disruption make M&A a vital tool to keep pace.

To ensure success, winning companies are investing to boost their capabilities in strategic planning, corporate venturing, and post-merger integration. As the pace of change intensifies, they're using AI-enhanced analytics and scenario planning to assess regionalization, technology markets, and geopolitical risks in real time.



INDUSTRIES

Banking M&A's Modernization Moment: A Double Helix of Scale and Scope

As conditions shift, leading banks are fusing scale with scope to create future-ready organizations.

By **Joe Fielding, Harshveer Singh, Giulio Naso, and Christy de Gooyer**

At a Glance

- ▶ Banking M&A is rebounding, with the landscape shifting from defensive plays to strategic growth.
- ▶ More banks are blending scale and scope plays to unlock both efficiency and innovation.
- ▶ 2025 bank acquisitions with substantive scale *and* scope components saw roughly 30% better gains in valuation than deals that were primarily only scale or scope.
- ▶ Diligence that includes robust technical assessments and a strong value thesis, not just financial scrutiny, is a key differentiator.

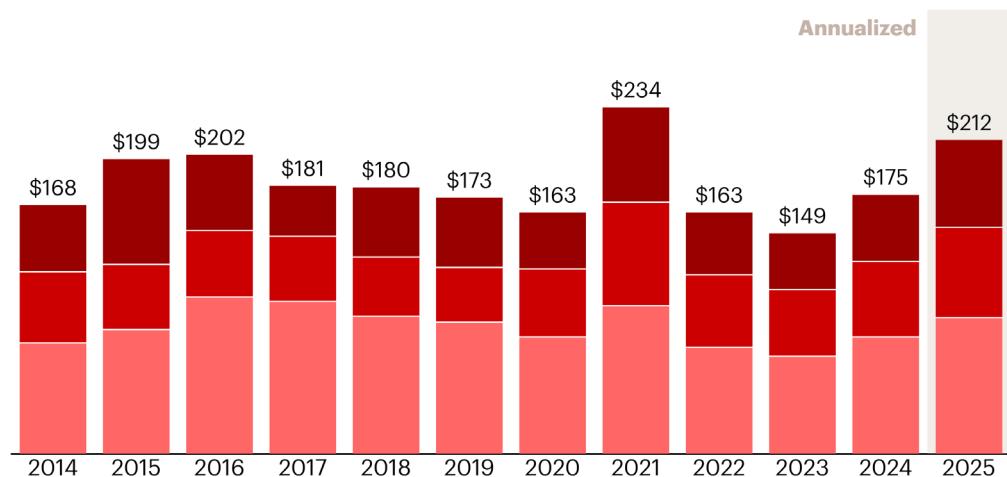
Several forces that held back banking mergers and acquisitions in recent years have eased of late. Regulators in the US and elsewhere are more favorable, monetary policy is more supportive, and the need for modernization to support continued growth is more acute. The confluence of these trends reopens the deal environment to strategic growth plays rather than defensive plays.

In sheer volume, M&A is solidly back. After the number of banking deals rebounded in 2024, it surged further in 2025 (see *Figure 1*). The deal playbook, however, has evolved. Acquirers will need to step up their diligence capabilities and develop a coherent, durable value thesis in order to realize strong returns.

Figure 1: Renewed midmarket activity has led the rebound in banking M&A

Global banking and finance M&A deals, in billions of US dollars

■ \$500 million to \$1 billion ■ \$1 billion to \$2 billion ■ More than \$2 billion



Note: 2025 deal data annualized based activity through October 2025

Sources: Dealogic; Bain analysis

And the nature of that value thesis is changing. Many past deals relied, in simplest terms, on a logic of either scale or scope. One path built size, efficiency, and market share through leadership economics in businesses, local markets, and specialized verticals. The other path sought fintechs or other companies to gain access to new technologies, capabilities, or talent.

Now, leading bank acquirers are exploring a new frontier in which scale and scope strategies intertwine to form a double helix of efficiency and innovation. Winning combinations blend scale economics with innovation in products, business processes, and customer experience, creating institutions that are both cheaper to run and set up for growth. New Bain & Company analysis finds that 2025 bank acquisitions with substantive scale *and* scope components saw roughly 30% better gains in valuation than deals that were primarily only scale or scope.

As Fifth Third CEO Timothy Spence noted about the bank's recent merger with Comerica, "the outcome must be a company that is better, not just bigger." A successful deal "has to be strength pairing strength or strength pairing opportunity."

How scale still matters for efficiency

To be sure, scale remains a winning logic in a capital- and compliance-heavy industry such as banking. Here, North American banks have a long way to go, lagging peers in European markets by more than 14 percentage points on average in their cost-to-income ratios. Recent US acquisitions such as Huntington-Cadence aim for cost efficiency in operations, infrastructure, and compliance; balance sheet strength; and distribution leverage.

But there are significant risks with poorly executed scale deals. Integration can drag on and hurt organizational cultures, as occurred after the 2019 merger of BB&T and SunTrust that produced Truist. Shifting customers onto a different digital system, rebranding branches, and sorting out where and how to cut costs took longer than anticipated. This contributed to significant customer-service problems, including delayed access to cash, issues with debit cards, and long wait times for service agents. Or the acquirer may fail to realize the hoped-for synergies. For instance, two banks that were subscale in their respective US local markets merged and got larger overall, but their footprints did not overlap much. As a result, the merger did not bring better scale in local markets, and the merged bank's relative market share declined.

Scale can help achieve greater efficiency when banks execute their synergies with precision and actively mitigate the key risks. CaixaBank in Spain, for instance, achieved cost savings synergies that were higher than initially planned from its acquisition of Bankia. After much strategic preparation, the combined banks accomplished a full technology integration over the course of one weekend, reducing the risk of integration drag. CaixaBank also negotiated a nationwide union agreement that cut 6,400 roles, but without forced layoffs.

How scope can accelerate capabilities and modernization

Most banks use scope M&A to move into adjacent offerings or capabilities, such as embedded payments solutions, artificial intelligence, or data analytics. Often, scope deals are a means to accelerate technology modernization instead of building it in-house. Succeeding with such deals requires strategic clarity and modern diligence and integration playbooks.

JPMorgan Chase's acquisition of payments company WePay exemplifies strategic clarity: It bought a modern payments gateway to penetrate and serve small businesses. Modern diligence was evident in the bank's scrutiny of WePay's robust application programming interface (API) and certification capabilities for software vendors. And the integration playbook took shape by folding WePay into JPMorgan Payments' embedded finance offerings.

A new frontier in which scale meets scope

A few recent deals illustrate how combining scale and scope can create even more value than either alone. Consider Capital One's acquisition of Discover, which combines banking and credit card scale with the addition of a major payments network that processes transactions globally. The merger gives Capital One direct ownership of a payments network, enabling it to capture full value across the payments stack. It also unlocks opportunities to develop broader connected-commerce and embedded-finance solutions that integrate banking, data, and merchant ecosystems.

In Europe, Societe Generale subsidiary ALD acquired LeasePlan to form a company now known as Avyens. The acquisition brought scale in the form of global multibrand, multichannel leasing. Complementary capabilities came with LeasePlan's telematics and connected fleet products and platform.

Many other banks will increasingly combine scale and scope in their pipelines. For one thing, more regulators are receptive to such strategies as a way to reduce vulnerabilities in a fragmented financial landscape. Research by the ECB and FDIC suggests that digital-banking models' lower profitability and higher level of uninsured deposits pose risks to financial stability; that pushes US and European banks toward M&A focused on scale and scope to offset costs and strengthen competitiveness.

For the banks themselves, empirical evidence points to several benefits. For instance, one academic study in the *Borsa Istanbul Review* found that fintech and bank mergers and acquisitions have a significant positive impact on the operating performance, liquidity, and financial leverage of the acquirer. The Bank of International Settlements notes that despite advances in technology, it's costly in time and effort for consumers to search for and assemble their relevant financial services. In turn, this dynamic encourages a rebundling of services and confers advantages to large multiproduct providers.

Quality of diligence makes or breaks the deal

Regardless of the deal logic, the complexity of banking today demands excellence in diligence, along with a contemporary value thesis. Indeed, mediocre diligence is one key reason why traditional playbooks fail. They often miss basic risks around digital integrity, such as a target's fake customer base. Or they go heavy on accounting issues but too light on strategic questions.

Further, legacy technology teams involved in diligence may not be equipped to assess API-driven or modern cloud-native models. Modern diligence, by contrast, goes beyond process checks to under-the-hood scrutiny of technologies and go-to-market motions, making sure they are resilient.

Winning in M&A isn't about buying the most or biggest targets but rather in the smartest choice of targets and speed in integration. That's essential for banks to create leadership economics and adapt to the next turn in their respective markets.



INDUSTRIES

M&A in Building Products: Making the Right Bets in a Cyclical Industry

Why more companies are acquiring for scope.

By Renato Jorio, Matthew McKenna, and Carla Schorpp

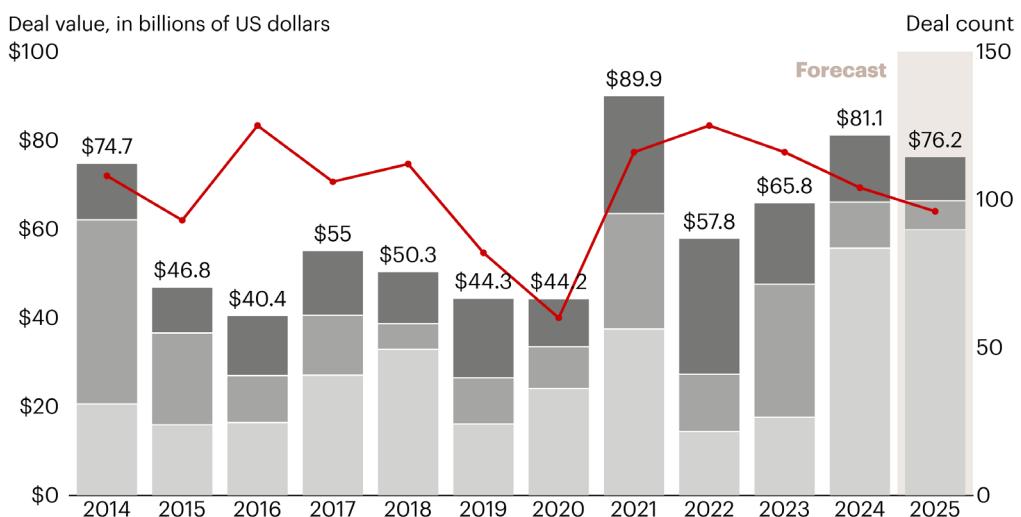
At a Glance

- ▶ Frequent acquirers outperformed inactive peers, even during uncertain times.
- ▶ With fewer options for consolidation in many segments, more deals are geared toward expanding product categories and capabilities.
- ▶ In scope deals, more due diligence activity will target revenue synergies.
- ▶ Winners use diligence to clearly separate temporary cyclical softness from structural weakness.

M&A activity in construction and building products remained mostly stable in 2025 after a brief rebound in 2024, underscoring still-fragile construction demand and an uncertain outlook. Over the first nine months of the year, North America saw positive deal momentum and the bulk of the largest deals, with a 33% increase in deal value (see *Figure 1*). Europe, the Middle East, and Africa and the Asia-Pacific regions saw drops in deal value of 48% and 44%, respectively.

Figure 1: M&A activity in construction and building products mostly remained stable in 2025 after a brief rebound in 2024

■ Deal count ■ Americas ■ Europe, the Middle East, and Africa ■ Asia-Pacific



Notes: 2025 forecast is 2025 year-to-date data through September 30, 2025, plus an extrapolation factor until end of year; excludes financial investor deals, spin-offs, share repurchase programs, etc.; only considers deals that have a deal value greater than \$50 million and that are a majority deal

Sources: Dealogic; Bain analysis

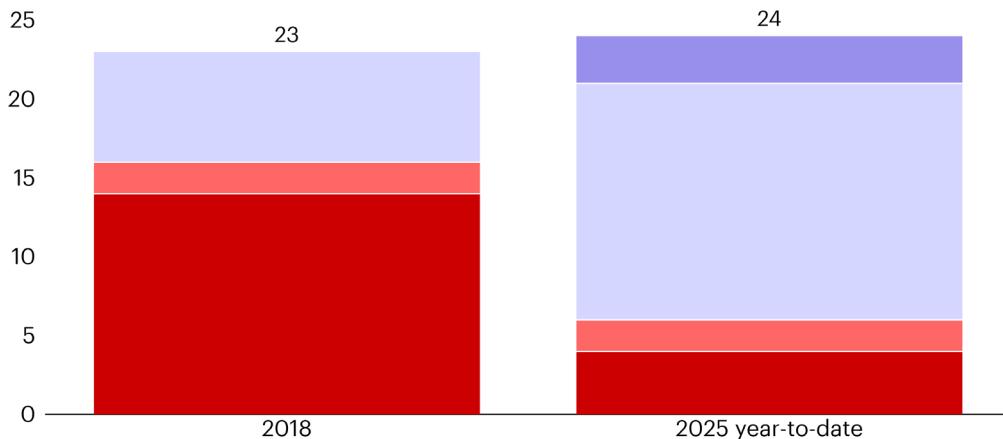
The center of gravity in building products M&A is continuing its shift from scale toward scope and capability plays (see *Figure 2*). It's a trend that's reflected in some of the largest deals in 2025. Lowe's acquired Foundation Building Materials for \$8.8 billion to extend its reach into professional customers and specialty distribution. Home Depot bought GMS to continue its expansion into the professional channel it made with its SRS acquisition in 2024. And CRH bought Eco Material Technologies for \$2.1 billion, giving it significantly more scale in fly ash and pozzolans.

Scope deals are not only strategic in building products but necessary given the levels of industry concentration. Consider the highly consolidated cement category, in which traditional scale plays have largely run their course. In the US, the top six players control about 65% to 70% of capacity, with Europe showing a similar picture. As a result, M&A among cement companies increasingly targets scope or capability expansion. Holcim's bid for Xella is aimed at helping expand into complementary building materials.

Figure 2: The center of gravity in building products M&A is continuing its shift from scale toward scope and capability plays

Building products corporate M&A deals valued at greater than \$500 million, majority deals only

■ Scale ■ Scale x scope growth ■ Scope growth ■ Scope capability



Notes: 2025 year-to-date considers deal data through September 30, 2025; excludes financial investor deals, spin-offs, share repurchase programs, etc.; only considers deals that have a deal value greater than \$500 million and that are a majority deal

Source: Dealogic

In the US, the top six players control about 65% to 70% of capacity, with Europe showing a similar picture.

Indeed, opportunities for scale deals are mixed. The sanitary and plumbing category remains fragmented. Even after the Georg Fischer-Uponor deal of 2023, the top five players in Europe hold only about 25% of market share. In Europe, the country-by-country competitive landscapes look largely different, making large M&A moves less likely across categories. The US is more concentrated, reflecting a broader trend across categories where North America is further along the consolidation curve than Europe.

For leaders, the imperative is to first understand where your core segment sits on the consolidation curve. Is there still room for scale deals or not? If not, pivot your M&A strategy toward adjacent categories or other scope moves such as capability acquisitions.

In addition, as deal activity shifts from traditional scale transactions toward scope and capability plays, the focus of due diligence is moving from primarily identifying cost levers to commercial levers aimed at boosting top-line growth, such as cross-selling and diversification. The emphasis on revenue synergies is especially critical in Europe, which is not expected to see high underlying market growth.

The building products industry is inherently cyclical, particularly in new construction-exposed categories. While a few markets, such as parts of Europe, show signs of stabilization, many corporate acquirers are sticking with their wait-and-see stance. But when we last analyzed long-term deal performance in building products in 2024, we found companies that make frequent and material acquisitions outpace inactive companies in total shareholder returns, 9.6% vs. 2.7%. That's why forward-looking companies are turning to M&A, even in a downcycle.

Winners invest through the cycle, which is why some are taking a long-term perspective and benefiting from lower multiples now. Be aware, however, that winning in today's environment requires a refined approach. In particular, that means using the due diligence process to clearly separate temporary cyclical softness from structural weakness—that is, identifying whether a target is underperforming because of market headwinds or because its setup is fundamentally flawed.

The building products industry is inherently cyclical, particularly in new construction-exposed categories. While a few markets, such as parts of Europe, show signs of stabilization, many corporate acquirers are sticking with their wait-and-see stance.

Comparing a target's performance to peers and the market is a good starting point. If results move in line with the market, softness is likely cyclical. However, in today's environment it is essential to dig deeper. Low Net Promoter System® scores, poor performance on key purchasing criteria, or repeated "missed moments of truth" with customers (e.g., failed deliveries) often point to company-level issues. If such issues exist, assess how easily they can be resolved. Depending on the answer, the asset may still be attractive and can be positioned to rebound with or even above the market as conditions improve.



INDUSTRIES

M&A in Consumer Products: Searching for the Parenting Advantage

In their quest for profitable growth, more companies are divesting brands or buying insurgents.

By Peter Horsley and Maria Kurenova

At a Glance

- ▶ Traditional consumer products companies are remaking their portfolios to boost volume growth.
- ▶ 42% of the industry's executives will prep an asset for sale over the next three years.
- ▶ Deals valued at less than \$2 billion represent more than a third of all M&A as insurgent brand acquisitions continue to rise.

Throughout 2025, we witnessed an ongoing evolution in dealmaking in the consumer products industry. Many large, branded companies shed brand assets or acquired insurgent brands to reposition their portfolios while at the same time private label manufacturers and new market entrants continued to attract capital and gain share. Amid falling total shareholder returns, most large consumer products company executives know that sustained profitable growth is needed to break this cycle. (Please see our *Consumer Products Report 2025: Reclaiming Relevance in the Gen AI Era*.)

However, getting back to growth for legacy brands is easier said than done. Although overall global consumer spending continues to rise, the rules of the game have changed. It is no longer enough to build broad scale across brands, go-to-market capabilities, and supply and reinvest in emerging markets or

growth categories. Instead, to get back to delivering value to consumers, category-specific growth models need to be revisited, continuous improvement needs to fund investment, and AI technology models need to be embraced.

Within this environment, the search for parenting advantage and the need to stay ahead of an ever-evolving landscape demands that executives look for ways to remake their portfolios. M&A is critical to enabling those bold portfolio moves. In 2025, we saw this come to life in two major themes:

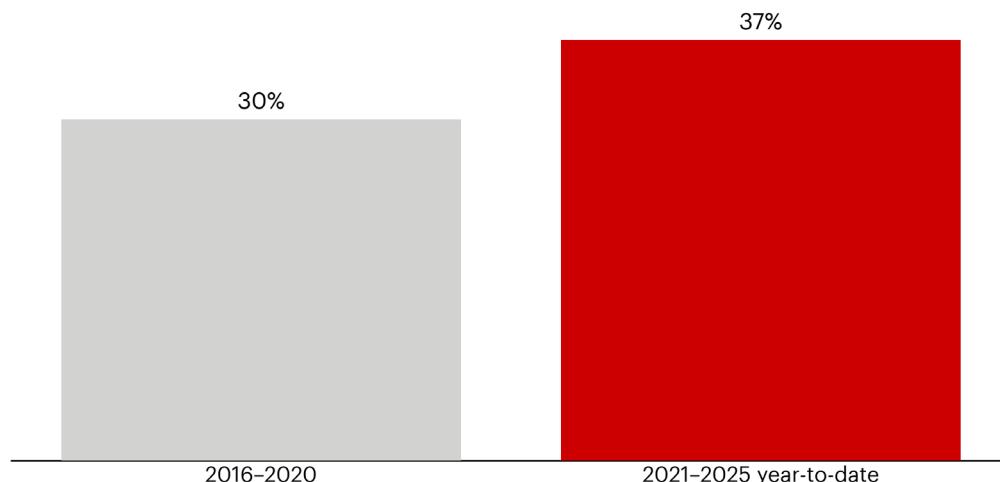
- divestitures to radically simplify the portfolio and enable increased management focus, closeness to consumers, and faster ways of working; and
- insurgent acquisitions to buy the growth as well as future capabilities to kick-start growth models.

Divestitures represented almost 50% of total consumer products M&A through 2024, and that share is expected to continue to rise, with 42% of M&A executives in the industry prepping an asset for sale over the next three years, according to Bain's recent survey. Kraft Heinz is splitting itself into two companies to better focus resources on the core brands that they both can grow. Keurig Dr Pepper is separating to become a North American refreshment beverage business and a global coffee company with its acquisition of JDE Peet's. Additionally, Unilever, Reckitt, and General Mills have all announced or completed major divestments.

In parallel, we continue to see increased interest in insurgent brands—that is, brands growing at 10 times their respective categories with more than \$25 million in revenue in tracked channels (see *Figure 1*).

Figure 1: Insurgent deals are critical to the consumer products deal market

Percentage of global consumer products' strategic deal value from deals between \$30 million and \$500 million



Note: 2025 year-to-date includes data through November 15, 2025
Source: Dealogic

Over the past five years, deals valued between \$30 million and \$500 million grew from 30% to 37% of global strategic deal value. Similarly, in the US (the market with the highest prevalence of insurgent brands), deals valued at less than \$2 billion represented 38% of total consumer products deals, up from about 16% over the prior five years, according to our analysis. Meanwhile, average US deal size fell from roughly \$900 million between 2014 and 2018 to about \$400 million between 2019 and 2024. While 2025 saw a number of headline-grabbing global deals—such as Kimberly-Clark’s \$51.4 billion purchase of Kenvue—smaller deals, such as PepsiCo’s acquisition of Poppi, Flowers Foods’ acquisition of Simple Mills, Unilever’s acquisitions of Dr. Squatch and Wild, and Ferrero’s acquisition of Power Crunch, continue to demonstrate incumbent consumer goods companies’ desire to enter new categories, new channels, or penetrate new consumer cohorts via insurgent brand M&A.

Successfully delivering on divestments and insurgent brands is different from scale acquisitions. Consumer products M&A teams need to develop new capabilities and repeatable models. We are privileged enough to have seen many up close. In our brief “Six Steps to Speed Insurgent Brand Growth Post-Acquisition,” we look at the best practices taken by companies such as L’Oréal and General Mills, which have turned insurgent acquisitions into billion-dollar brands. In “Five Steps for Successful Divestitures,” we describe how the best divestors use the occasion to strategically reset the base business and set the separated business up for success.



INDUSTRIES

M&A in Defense: Why All Eyes Are on Europe

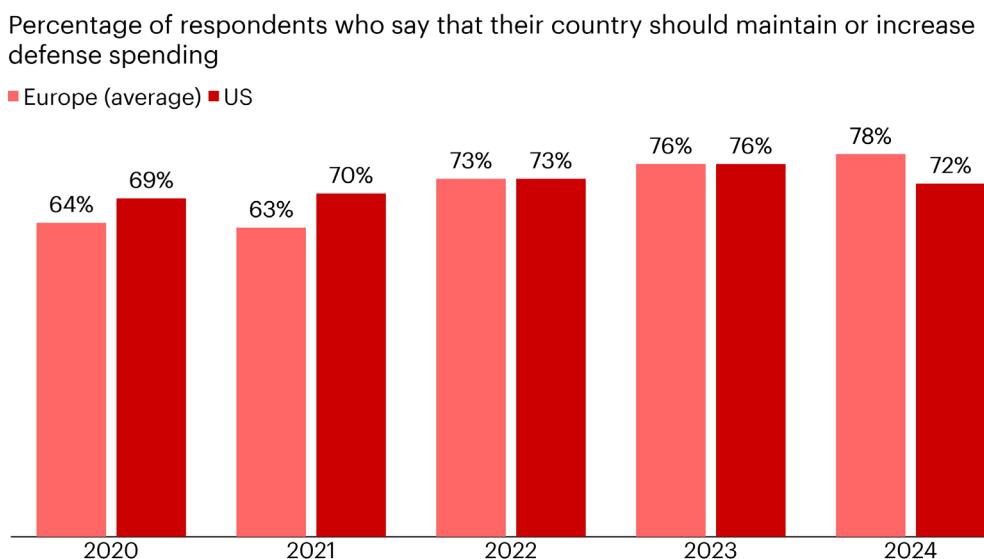
Bold moves will determine the winners as a continent rearms.

By **Michael Sion, Massimo Sabella, Andrea Pellegrini, and Jim Harris**

At a Glance

- ▶ European countries are increasing defense budgets to address threats, gaps in capability, and desire for increased sovereignty.
- ▶ Defense private equity is surging, with average deal volume during the past five years up nearly 100% vs. the prior five years.
- ▶ The average volume of venture deals in European defense during the past five years has nearly quadrupled vs. the prior five years.
- ▶ Prime contractors are scaling fast, with European primes leading cross-border M&A and US primes establishing partnerships.

Europe's defense industry is entering a decade of rising investment and robust M&A as the continent commits to greater self-sufficiency. Defense spending is up sharply across the continent, fueled by growing geopolitical threats, multinational initiatives such as ReArm Europe, and a 5%-of-GDP pledge at the Hague Summit. Also, European public sentiment toward defense spending, which has historically lagged the US, is now equally supportive (see *Figure 1*).

Figure 1: European public opinion increasingly favors greater defense spending

Notes: Survey question: "Which of the following best reflects your view on your nation's defense spending? a) country should spend more on defense, b) country should maintain current spending levels, c) country should spend less on defense, or d) don't know; figure shows the percentage of respondents selecting a or b

Source: NATO

Despite Europe's renewed commitment, achieving its ambitious goals will require major increases in industrial investment, scale, and productivity. Companies and private investors will have a major hand in shaping the continent's defense future—along with a new generation of industry leaders. The billions of euros they invest over the coming decade could produce the “Airbus of land systems” or the “MBDA of intelligence surveillance and reconnaissance.”

No question, European vows to raise defense spending over the past 30 years have routinely fallen short. Few countries met NATO's initial target of 2% of GDP following the Cold War. On average, EU nations spent only two-thirds of that target between 2010 and 2020. Strained budgets, mixed public sentiment on defense spending, and reliance on the US and NATO security guarantees deterred governments from spending more.

What's changed? Security threats are more urgent, most notably the war in Ukraine, which has exposed gaps in European industrial capacity and capability. There are also increasing concerns about the strength of international alliances and reliance on non-European equipment. European nations want greater control over their supply chains and defense platforms, especially in areas such as electronics, intelligence, and software. Finally, the accelerating pace of technological disruption has made innovation and capacity growth even more urgent.

Investments are no longer about patchwork procurement; they are about shaping the future industrial architecture of European defense. One example is the “drone wall” coalition of six eastern and northern European states developing a joint unmanned defense capability. Another is Project Bromo, a joint venture uniting Airbus, Thales, and Leonardo to create a European champion in the growing space sector. Europe is embarking on a once-in-a-generation military recapitalization, and companies that sit on the sidelines are likely to see their competitiveness erode.

Private equity is surging

After a decade of limited activity, private equity (PE) is investing more heavily in defense. Deal activity in Europe is up significantly, with many general partners (GPs) and limited partners (LPs) now considering defense as an attractive and viable investment compared with other industrial segments. PE deal activity in European defense over the past five years has increased nearly 100% on average when compared with the prior five years.

Several structural shifts are galvanizing renewed interest. The European Investment Bank, for example, has tripled its loan guarantee program. And the EU’s SAFE defense fund is offering long-term, low-cost financing. Governments are increasing their investments in core defense, targeting 3.5% of GDP, and supporting critical infrastructure, targeting an additional 1.5% of GDP. In this environment, LPs have shifted their views on defense investing. What was once a segment to be avoided is now becoming a financial and social imperative.

That shifting investment landscape plays to private equity’s strengths—increasing scale, improving productivity, and unlocking capacity. Promising areas for investment include carve-outs of noncore or orphaned defense businesses that require increased focus; midcap companies that need to scale; and infrastructure investments, including within the supply chain.

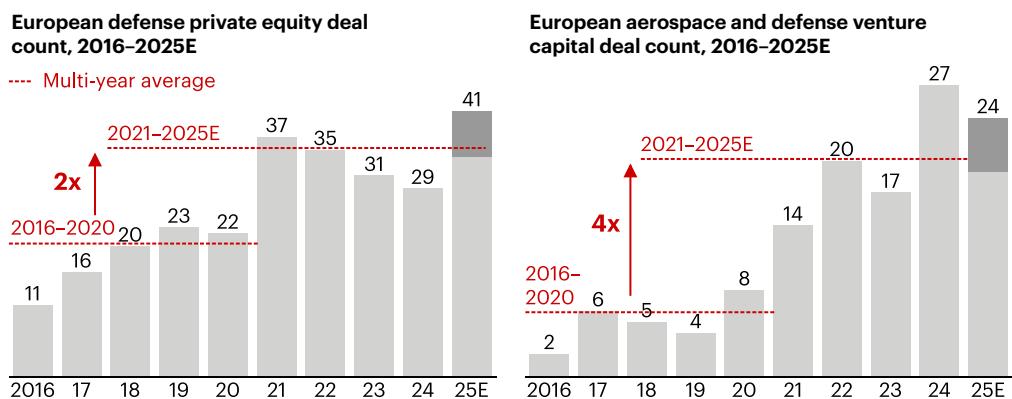
Europe’s Anduril moment?

In the US, venture-backed start-ups such as Anduril are beginning to disrupt the defense industry. Europe may be next.

In many ways, Europe has an even greater need for defense tech disruption than the US, which already has experienced a sharp rise in investments. Budget constraints across the continent and multiple border threats create an urgent demand for cheaper, better, faster military equipment. Europe’s defense needs skew more toward shorter-range and land-based systems. At the same time, most of Europe’s prime defense contractors are subscale, which creates an even bigger opportunity for low-cost, disruptive solutions. The war in Ukraine has provided a window into what some of these next-generation technologies will be.

Although US venture capital funding in defense outstrips Europe’s by nearly six to one, investment across the EU is growing fast, and average deal volume has nearly quadrupled over the past five years when compared with the prior five years (see *Figure 2*).

Figure 2: European private equity and venture capital activity in defense have increased sharply over the past five years



Notes: 2025 data estimated using the average number of deals from November–December through 2020–2024; year refers to deals announced—if no data given, uses deal close date; includes all venture capital deals valued at greater than \$10 million

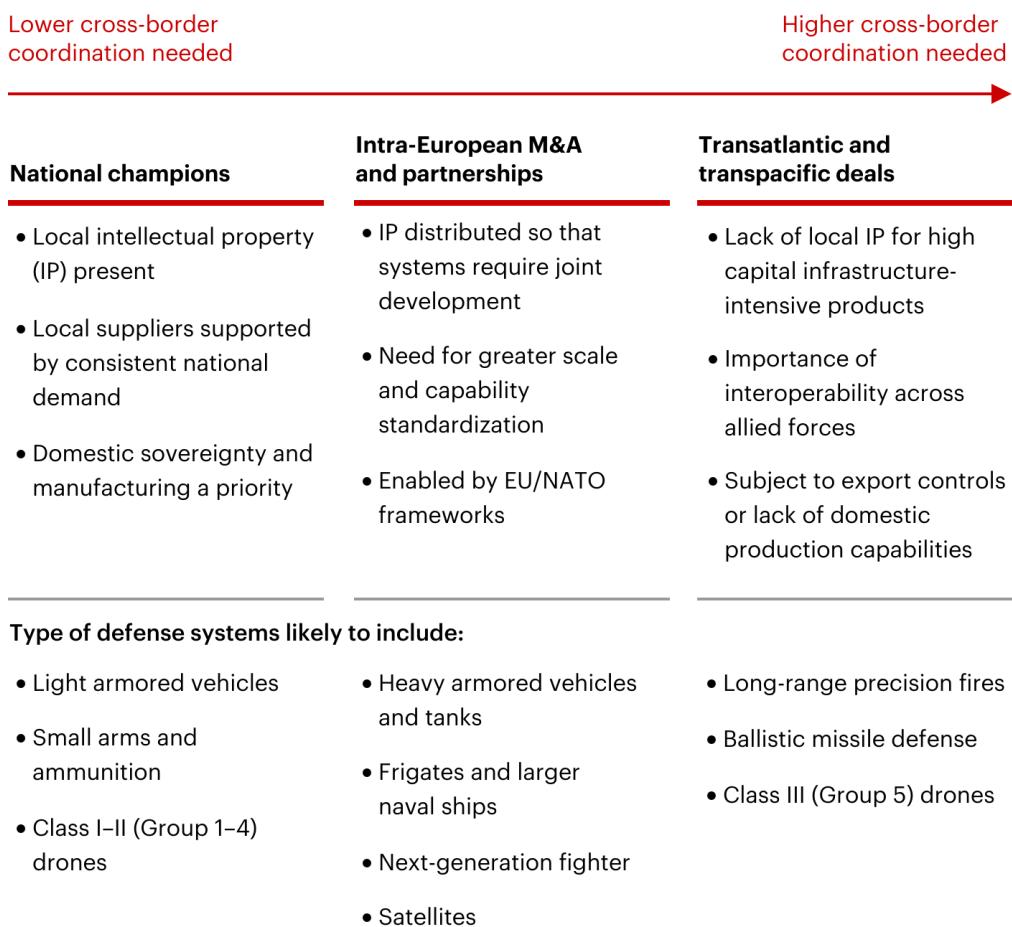
Sources: Dealogic; Pitchbook

A new cohort of well-capitalized start-ups includes Helsing in AI and autonomous hardware, Satlantis in space-based imaging and analytics, and Quantum Systems in drone-based aerial intelligence. As in the US, these companies face many challenges on the path to high-rate production and scale. The most successful will engage in partnerships with commercial companies, software providers, and, in some cases, traditional prime contractors that can better commercialize new technologies.

Corporate deals and partnerships

Corporate M&A is playing a central role in reshaping Europe's defense landscape—one that remains highly fragmented across borders, domains, and technologies. Europe's major primes are on the move. Companies such as Hensoldt, Rheinmetall, and Leonardo are using rising stock valuations to acquire capabilities and extend their reach. The STOXX European aerospace and defense index rose 74% in 2025, creating equity that could be used to fuel future deals.

Europe has several paths to building its defense capabilities: national champions; intra-European mergers and joint ventures such as KNDS, Iveco, Eutelsat, and Project Bromo; and transatlantic or transpacific purchasing and partnerships involving non-European primes. The path is likely to differ across market segments. Defense segments with limited existing infrastructure, high capital intensity, gaps in intellectual property, and a need for interoperability will likely require non-European partnerships. Other segments will be addressed by national or pan-European companies (see *Figure 3*).

Figure 3: Europe will rely on three distinct models to build defense capabilities

Source: Bain analysis

Strategic playbooks

Platform consolidation, joint ventures, and foreign alliances will be key to strengthening Europe's defense industrial base. M&A in defense electronics, naval systems, and missile propulsion will bring scale and improved profitability to these highly fragmented sectors. Joint ventures are likely to mature into deeper integrations or full mergers. Today's pan-European consortia will evolve into full corporate combinations. And partnerships with US and Asian primes that build a strong presence will enhance European access to emerging technologies and systems.

These powerful vectors for change—bold disrupters, sovereign capital, and scaled incumbents—will redefine the European defense landscape. Firms that compete effectively will follow key guidelines for success.

Private equity investors: Winning firms will invest in achieving scale, improving productivity, expanding capacity, and improving underperforming businesses. High-potential areas for investment include:

- Tier 2 and Tier 3 suppliers with underutilized capacity;
- infrastructure, including transportation, energy, defense installations, and cybersecurity;
- sustainment assets, including distribution and maintenance repair and overhaul; and
- defense electronics and space, especially sensors, radio frequency technology, and radar.

Venture capital firms and disrupters: Successful investors and start-ups will place bets in areas in which primes lack risk appetite or sufficient speed. They will be apt at identifying dual-use opportunities from off-the-shelf capabilities. High-potential areas for investment include:

- autonomous drone fleets and counter-drone systems;
- integrated air and missile defense;
- cyber capabilities across battlefield and infrastructure layers; and
- space capabilities (launch, Earth observation analytics, in-orbit services)—also mission software for intelligence, surveillance, and reconnaissance as well as autonomy.

Defense incumbents: Leaders will use disciplined M&A to build scale and volume, especially across borders. Strategic imperatives include:

- expanding systems integration capabilities to meet multidomain program requirements; and
- creating segment leaders that offer the best technologies at the lowest price, especially in land systems, air defense, and space.

As today's investments forge tomorrow's leaders, the strategic reshaping of the European security industry will favor the bold.



INDUSTRIES

M&A in Machinery and Equipment: The Strategic Rise of Software

As more companies discover software's value as a growth engine, more will need to hone their M&A skills.

By Michael Schertler, Scott Duncan, and Ines Rodrigues

At a Glance

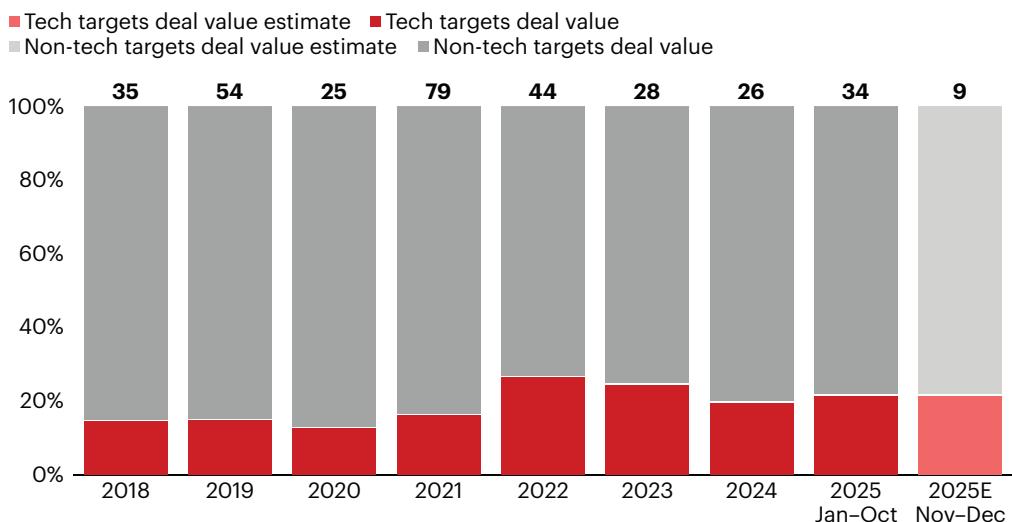
- ▶ More machinery and equipment companies are acquiring digital assets for access to IP, talent, and scalable platforms.
- ▶ Winners will start with a clear objective for how the deal will create value. Success can hinge on using integration to revisit go-to-market fundamentals.

It's no secret that industrial companies have elevated software from a chief information officer-led initiative aimed at improving efficiency to a CEO- and board-level opportunity to use digital capabilities to reinvent business models and generate long-term growth. Across the globe, machinery and equipment companies have increased their share of strategy-led software acquisitions at a greater rate than other industrial sectors, according to Bain analysis (see *Figures 1 and 2*).

The best companies are getting ahead of this curve by strategically acquiring digital assets that provide faster access to software IP, digital talent, and scalable platforms.

Figure 1: Tech acquisitions are comprising an increasing portion of deal value for machinery and equipment acquirers

Machinery and equipment acquirers' strategic M&A deal value, in billions of US dollars



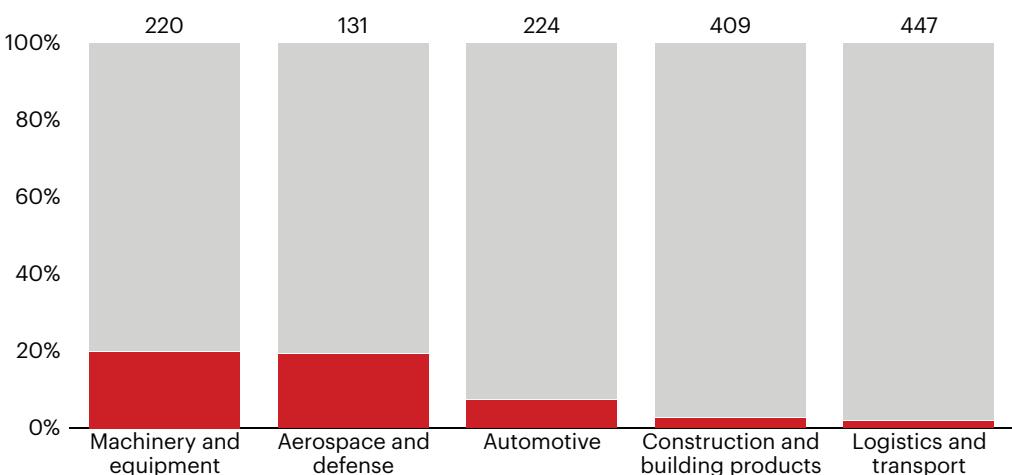
Notes: Strategic M&A includes corporate M&A and private equity portfolio add-ons; 2025 year-to-date includes January 1 to October 31; 2025 estimate includes November through December

Source: Dealogic

Figure 2: Since 2021, machinery and equipment acquirers lead in tech target acquisitions compared with other industrials sectors

2021 to 2025 year-to-date cumulative strategic deal value, in billions of US dollars

■ Tech targets ■ Non-tech targets



Notes: Strategic M&A includes corporate M&A and private equity portfolio add-ons; 2025 year-to-date includes January 1 to November 15

Source: Dealogic

Hilti first developed its in-house ON!Track solution, then acquired Fieldwire in 2021 and 4PS in 2023, deliberately building a software business that complements, but does not depend on, its tools and fastening and protection business. Hilti's new business unit, construction software, increases productivity, improves quality, and reduces risk for its customers.

When Emerson Electric bought AspenTech in 2022, it gained a leading position in industrial software by integrating AspenTech's process simulation, asset optimization, and AI-driven operational intelligence capabilities with its own hardware and software offerings, substantially expanding Emerson's offerings and market. The move has helped Emerson transition to a higher-growth, more diversified software portfolio.

The influx of AI and other digital capabilities has accelerated since 2022, and we are witnessing companies step up their strategic thinking and diligence in the use of M&A to incorporate the new technology.

But this is new territory. The most successful machinery and equipment companies pursuing M&A to create their digital future will focus on building new muscles in three key areas.

- **Start with a clear value objective—standalone or integrated.** Winners will define exactly how the acquisition will create value. Will it operate as a standalone software business sold to the same (or adjacent) customer base with its own brand, cadence, and profits and losses? Or will it be fully integrated to enhance and differentiate the core hardware or services offer? This choice should shape target selection—everything from product models to pricing and packaging fit—and predetermine the organizational changes required to make the deal successful, covering governance, operating rhythm, talent profiles, incentives, and key performance indicators.
- **Fortify diligence and strategic fit.** The best companies will run code and architecture reviews, conducting cloud scalability and security assessments, as well as IP/open-source scans. They'll pressure test strategic alignment to the defined software thesis, including roadmap fit, cross-sell logic, and unit economics, among other factors. If they lack the internal resources, they'll pull in specialists to help ensure that the appropriate targets are chosen and that diligence goes beyond EBITDA to validate the product, platform, and data assets they're actually buying.
- **Plan integration around go-to-market, talent, and incentives.** Success often hinges on an acquirer's ability to use integration as an opportunity to revisit the go-to-market fundamentals: routes to market, segmentation, who sells what, and the customer success/renewals motion. It's also critical to address compensation and career differences and to ensure that within the combined company, sales readiness requires a skill in selling subscriptions and outcomes, not just equipment. And acquirers that create the most value will balance software autonomy in areas such as release cadence, pricing, and roadmap with access to industrial channels. They'll address design enablement, territories, and quotas up front to de-risk the first year of integration and guarantee traction.

With technology advancing from an enabler to a growth engine for industrial companies, those that take a strategic approach to acquisitions and focus on these three areas will find themselves outpacing the competition.



INDUSTRIES

High-Fidelity Diligence Is Critical in Media's Hot M&A Market

AI and other tech tools can boost bidding confidence in this highly competitive environment.

By **Matt Keith and Alex Egan**

At a Glance

- ▶ A looser regulatory environment is fueling a new wave of bold, large-scale media deals in which speed and scale are redefining what's possible.
- ▶ Advanced diligence, powered by AI and data, gives acquirers sharper visibility into both cost and revenue synergies.
- ▶ Winning bidders go beyond integration, using diligence to uncover new growth paths, understand customer segments, and identify value creation opportunities from Day 1.

A shift in regulatory winds has ushered in a new wave of large-scale M&A in media. Media, tech, and private equity players are moving aggressively to take advantage of the change, competing to lock down iconic IP, attractive customer bases, and prized production capabilities. That's playing out in everything from the intense competition among major media players for Warner Bros. Discovery to Nexstar's \$6.2 billion acquisition of Tegna—a purchase that creates an even larger local broadcast media giant, with more than 250 stations in 44 states. Such deals might not have happened under previous guidelines that sought to limit concentration.

In this more competitive environment, the bar for diligence is rising fast. Winning bidders are grounded in a high-fidelity view of both cost and revenue synergies so that they can underwrite with confidence. Historically, media dealmaking was constrained by limited information and access. That era is over: Precision and rigor are now essential.

AI and data-driven tools are reshaping what's possible in diligence. Savvy acquirers are using them to size up a target's cost base, scraping and analyzing public sources such as LinkedIn to map workforce structures and spending profiles well before any formal bid. In one recent deal, a buyer deployed these tools to estimate labor costs with such accuracy that after the close, the forecast was within 90% of the actuals.

While cost synergies shape the bid, revenue synergies are increasingly the differentiator between winning and falling short. In media, they're often central to the growth and transformation story post-deal. Take streaming, for example: Merging services without understanding the overlap of customer segments risks missing opportunities. Advanced diligence can quantify the overlap, highlight Day 1 selling opportunities, and suggest where and how a combined service could outperform in the market. Detailed surveys can spotlight which customer segments have the most upside in a newly combined offering.

What does this mean for companies looking to tap into more advanced diligence to win in today's M&A landscape?

- **Invest early in advanced diligence capabilities.** If you're not using them, understand that others are and that they may be gaining a competitive edge with sharper, faster reads on a target's operations.
- **Balance cost and revenue rigor.** While cost synergies remain essential to shaping a competitive bid, a robust view of revenue synergies often determines who comes out ahead. In addition to understanding audience overlap, that means identifying new segments for growth and defining how a combined offering can outperform in the market.
- **Look beyond integration for value creation.** A broader diligence lens can uncover opportunities to capture standalone value through pricing strategies, margin improvements, or new products and services.

As deal competition intensifies, the ability to bid with conviction becomes a real advantage. Advanced diligence creates greater clarity, builds confidence, and positions acquirers to move decisively when it matters most.



INDUSTRIES

M&A in Medtech: The Boom in Portfolio Reshaping

As leaders refocus portfolios, dealmaking officially returns.

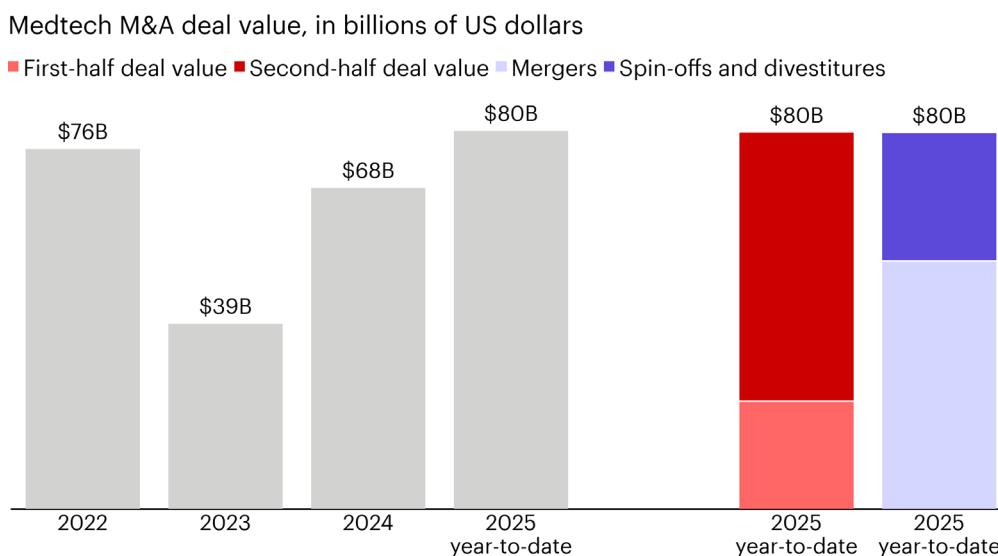
By **Allen Granzberg, Cate Miller Goldstein, Mattias C. Karlsson, and Kevin Chang**

At a Glance

- ▶ Spin-offs and divestitures now represent more than one-third of strategic deal value.
- ▶ Category leadership, not deal size, is defining winners.

Medtech deal value rose year over year and rebounded above pre-2023 levels, bolstered by renewed strategic confidence and several large transactions (see *Figure 1*). The second half of the year was particularly strong, nearly doubling first-half deal value as valuations continued to decline. Robust dealmaking is likely to continue into 2026.

While large deals such as Waters' acquisition of BD's biosciences and diagnostics businesses and Stryker's acquisition of Inari Medical grabbed the headlines, deal-making momentum continues to be dominated by smaller, targeted transactions. One standout trend was the rise in spin-offs and divestitures, which accounted for more than a third of strategic deal value in the first 11 months of 2025—a noticeable increase from the previous five-year average (see *Figure 2*). In 2026, the possibility of even softer valuations will intensify competition for quality assets, making speed, conviction, and disciplined execution essential to success.

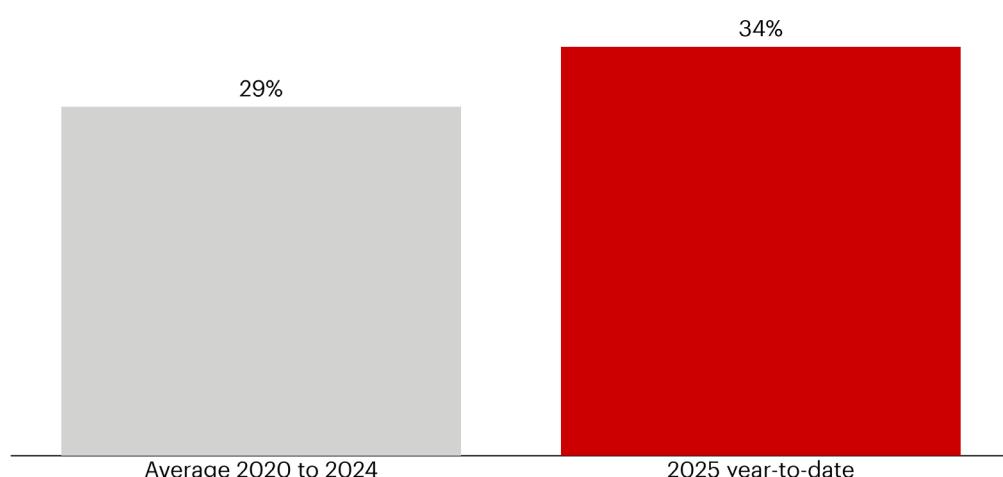
Figure 1: Momentum in medtech M&A rebounded in 2025

Notes: 2025 year-to-date includes data from January 1 to November 30; mean deal multiple is enterprise value to EBITDA

Source: Dealogic

Figure 2: Medtech spin-offs and divestitures surged in 2025 as companies refocused portfolios

Percentage of strategic deal value categorized as spin-off or divestiture



Notes: 2025 year-to-date includes data from January 1 to November 30

Source: Dealogic

Increasingly, leadership teams are revisiting key questions: Is this asset part of our core portfolio? Could a different owner create more value with it? Do we hold the investment, expertise, and scale needed to lead in this sector?

Carve-outs are likely to remain a substantial part of medtech M&A over the next few years as companies refocus their portfolios.

Recent carve-outs by BD and Solventum—along with announced activity from Medtronic and Johnson & Johnson—signal a broader shift toward portfolio focus and category leadership, creating momentum for continued spin-off activity in 2026. BD's separation of its biosciences and diagnostics solutions businesses reflects an intent to streamline the portfolio and accelerate performance in core markets by reducing adjacency complexity. Solventum's divestiture of its purification and filtration unit supported debt reduction, and it enabled a sharper focus on core operations.

What to keep in focus:

- **Softer valuations will heighten competition for high-quality assets.** Smart buyers will determine where they can outperform the next-best owner. That includes articulating how to create more value from the asset than another buyer—whether through scale advantages, a stronger go-to-market strategy, or a unique strategic fit.
- **Building carve-out muscle is no longer optional.** Carve-outs are likely to remain a substantial part of medtech M&A over the next few years as companies refocus their portfolios. Bain research finds that, across industries, 50% of companies pursuing a separation fail to create any new shareholder value after two years, and 25% destroy a significant amount of shareholder value in the process. Those top-quartile companies that succeed, however, substantially outperform by having a clear separation thesis and a sustainable roadmap to value creation. Medtech leaders will need to master the carve-out capability—being able to separate their manufacturing and supply chains, disentangling their quality systems, and minimizing the amount of stranded costs.
- **Headline acquisitions get attention, but most are not building category leaders.** Serial, targeted, capability-building deals that sharpen a company's edge—whether it be in robotics or diagnostics or imaging—can often be more effective in increasing category leadership. Medtech leaders will need to build on their sourcing capabilities to uncover assets before they hit the market. This will also call for even more discipline to pursue only the deals that strengthen their strategic spine.



INDUSTRIES

It's Time for Mining Companies to Get More Serious About M&A

The next frontier isn't about avoiding failure; it's about mastering repeatable success.

By **Chris Braun, Matthew Birch, and Rosey Kaur**

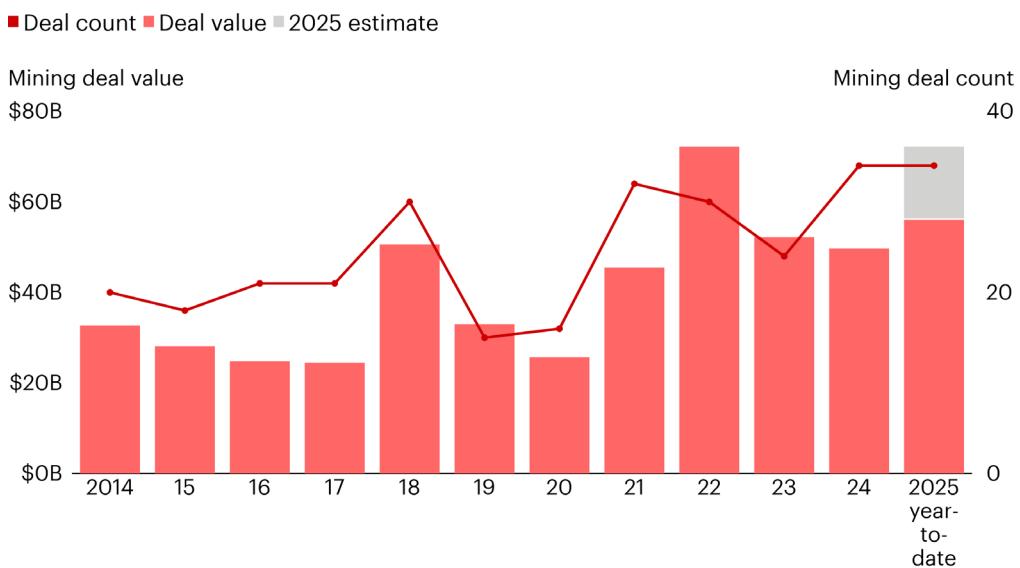
At a Glance

- ▶ With pressures ranging from supply and price issues to capital costs for expansion, more mining companies are opting to buy.
- ▶ Few mining companies have gained the expertise that comes with serial acquisitions.
- ▶ The best acquirers will improve their ability to value and buy the right ore bodies in which they're the natural owner.
- ▶ Also important: strengthening capabilities needed to integrate those businesses for operating leverage, not just general and administrative efficiencies.

As greenfield mining projects have grown more costly and difficult to execute, many industry executives have turned to mergers and acquisitions as critical sources of growth. But few mining organizations have the muscle to extract their full value.

M&A value for mining deals greater than \$500 million is expected to rise by 45% for full-year 2025 over 2024 as companies seek new sources of growth and resilience amid instability and evolving demand (see *Figure 1*).

Figure 1: Large mining deals in 2025 were on track to match historic highs in value and volume



Notes: Strategic M&A includes corporate M&A deals (which includes private equity exits) and add-ons and excludes deals having an acquirer in a second-level industry such as government/public banks as well as private equity acquisitions; all years show full-year data except 2025, which includes January through October and estimates November through December (shown as 2025 estimate)

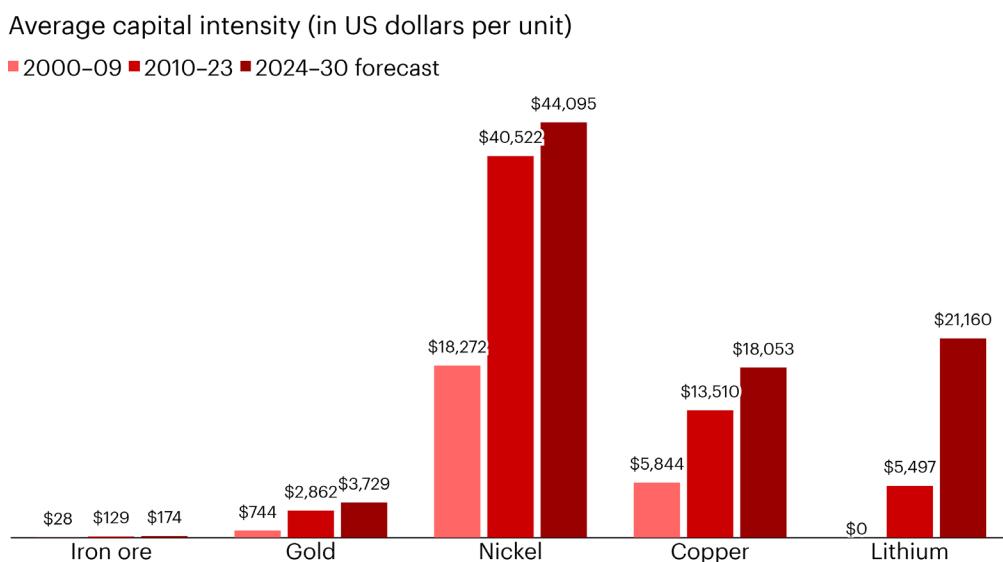
Sources: Dealogic as of November 7, 2025; Bain analysis

Portfolio diversification and gaining scale dominated deal rationales in recent years. Gold remained the most common target commodity as strategic investors moved to secure long-term access while others leveraged their own high valuations for share-based transactions. Meanwhile, interest in energy transition metals remained strong.

Developing a proactive M&A strategy has become imperative amid challenging dynamics. Rising demand for energy transition commodities is running up against supply constraints and climbing prices. Bain analysis projects that demand will outstrip committed supply by 2035 across several key transition minerals, including deficits of roughly 15% in copper, 10% in lithium, and 5% in nickel.

At the same time, capital project complexities are multiplying. Existing mine capacity and brownfield expansion potential are limited, pushing miners to pursue projects in more remote areas that often are difficult to mine, yield lower ore grades, or both. In addition, high capital costs and environmental, social, and corporate governance (ESG) pressures are making it more challenging to build new mines. This dynamic won't go away, even as political changes may make it easier to permit and finance new mines in some jurisdictions.

Figure 2: Capital requirements are increasing for new mine production across key commodities



Notes: Average capital intensity measured in US dollar per tonne for iron ore, nickel, copper, and lithium, and in US dollar per ounce for gold; 2000–2009 lithium projects data not available

Sources: S&P Pro Markets Intelligence; Bain analysis

The result? Capital requirements for new mines have dramatically increased (see *Figure 2*).

This pattern isn't unique to mining. For example, in global pharmaceuticals and telecommunications, the marginal greenfield bet (a novel therapy or new network construction) has become costlier and holds more uncertain outcomes amid heavy regulation and rising ESG expectations. As leaders have shifted toward M&A and partnerships to secure growth, early stage innovation has migrated to start-up ecosystems and lower cost hubs. Mining is undergoing a similar structural shift—not just a cyclical turn—making a repeatable M&A playbook essential.

Recent large moves such as Anglo American's proposed merger with Teck Resources—which values Teck at nearly \$24 billion (including debt) and would create a combined entity with a \$53 billion market value—underscore how strategic M&A is becoming a more important tool for competitiveness and capital efficiency. The next wave of dealmaking will be bigger, more complex, and far more decisive in determining who wins the forthcoming super cycle.

Ultimately, as the world faces shortages of critical minerals, the most successful companies will pursue a combination of new mine exploration and M&A—and they'll have to excel at both.

Still an underdeveloped muscle

Even for seasoned mining leaders, M&A remains an underdeveloped muscle. Few companies have gained the expertise that comes with serial acquisitions. For example, not many have developed repeatable post-merger integration models similar to those commonly seen in sectors such as manufacturing or financial services.

But mining executives aren't apologizing for that—the distinctive nature of mining M&A hasn't required it to date. Industry leaders recognize that their competitive advantage has come from adopting a portfolio-first mindset: gaining exposure to the right high-quality assets in desirable jurisdictions at the optimal time in the price cycle and maintaining the ideal balance of early-, peak-, and late-stage assets across the portfolio.

Hence, many haven't yet needed to focus on squeezing the full value from potential synergies and an optimal integration of the acquired target. But that calculus is changing.

Missed opportunities

As the industry enters a period of more frequent dealmaking, mining companies are starting to recognize that they have an opportunity to boost growth and create more value if they can become successful serial acquirers.

Bain analyzed 22 of the largest mining deals of the past decade and found that most delivered at least neutral or positive outcomes for shareholders. The few deal failures were largely because of bad timing (e.g., buying at commodity cycle peaks) or poor practices (e.g., inadequate diligence on the target's ore quality and ease of reaching and extracting the minerals).

The reality, however, is that too few deals—even the successful ones—have reached their full potential. In some cases, anticipated synergies and growth haven't fully materialized or have taken much longer than expected. Deals that closed near the peak of commodity cycles have carried inflated valuations and required the buyer to pay large price premiums, making it difficult to meet the resulting high expectations of value creation in post-acquisition execution. And in some cases, diversification outside the core portfolio brought significant risk because the buyer wasn't strategically positioned to achieve the deal's full potential.

The next frontier isn't avoiding failure; it's mastering repeatable success.

Capturing the full upside of each deal will require companies to build new capabilities and a repeatable M&A playbook that is supported by a diligence scorecard and a 100-day integration blueprint. The first part is about mastering what's in the ground: honing the skills needed to value and acquire the right ore bodies at the right time. The second is about mastering what's on the table: strengthening the more universal capabilities needed to integrate and operate those businesses to achieve their full potential. The best mining acquirers do both extremely well. Those who focus on only one tend to leave value in the ground or on the table.

The first half of the equation requires getting the geology and timing right as well as pursuing assets in which the acquirer is the natural owner. The second half requires running the business with discipline and thinking beyond cost synergies.

Getting the geology and timing right: Good mining dealmaking begins with a clear-eyed assessment of not just *what* you're buying, but *why now*. That means building repeatable diligence capabilities that combine geological assessment with commercial and policy foresight. Top acquirers are strengthening their ability to screen the market for exactly what they want, move quickly when they find it, and assess asset quality with the utmost technical precision. This discipline allows them to bid with confidence while avoiding the common trap of buying near the top of the commodity cycle or paying an excessive premium.

For example, Evolution Mining has consistently stepped in when major miners are divesting or refocusing, targeting deals with geological upside and motivated sellers. Their purchases of Cowal (2015), Red Lake (2020), Kundana (2021), and Ernest Henry (2022) all fit this mold.

Pursuing assets in which you're the natural owner: Even when the mineral looks attractive, not every buyer is the right one. Successful miners target assets in which they have a genuine competitive advantage that best positions them to extract full value—for instance, bringing deep-mining expertise to an operation in which the seller has struggled with yield, or leveraging existing infrastructure to unlock stranded ore.

Running the business with discipline: Mining firms often focus so intently on the ore deposit that they overlook the integration work aboveground and miss value-creating opportunities. Some synergy sources are obvious or straightforward—everything from consolidating overlapping functions and overhead to bundling energy and mining equipment procurement. Some opportunities might require a bit more imagination or foresight to unlock, such as better coordinating community and government engagement efforts. The best acquirers plan this integration early and avoid penny-wise, pound-foolish cost cutting. For instance, retaining experienced permitting staffers could easily pay dividends.

Thinking beyond cost synergies: Efficiency matters, but the most successful mining acquirers also think creatively about capability and growth synergies. Leading companies form regional clusters of mines or merge adjacent mines. For example, almost two-thirds of the projected \$2.2 billion in EBITDA synergies from Anglo American's proposed merger with Teck Resources would come from combining the Quebrada Blanca and Collahuasi operations in Chile into a major mining complex.

In another prominent example, Agnico Eagle's \$10.7 billion merger with Kirkland Lake Gold in 2022 created the world's second-largest gold producer, anchored in expanding the two companies' Abitibi gold belt presence. The deal initially targeted between \$800 million and \$2 billion in synergies over the first 5 to 10 years. Only about 15% to 20% of these synergies are related to general and administrative (G&A) expenses, with the real value generated from true operational and strategic synergies (e.g., unifying mining operations, consolidating infrastructure, gleaned procurement and warehousing savings, and redesigning

projects to leverage existing assets). By the second quarter of 2022, Agnico reported many quick-win synergies, suggesting it could exceed the \$2 billion synergy target. Although too early to evaluate, the commissioning of the Macassa mine's No. 4 shaft in 2023 and record gold production and free cash flow in 2024 signal strong momentum on operational and strategic synergies.

Evolution Mining sets a great example of how repeatable, strategic M&A can deliver real value for shareholders. Evolution uses M&A to build regional long-life hubs in which adjacent assets and shared know-how compound value. Synergies are pursued less as top-down cost reductions and more as operating leverage: shared infrastructure, mining method transfer, and portfolio mix (more copper) that strengthens margins through cycles.

The company's deal history highlights winning themes in the M&A strategy.

- **Capability fit:** With the 2023 acquisition of 80% of Northparkes in Australia, large-scale underground credentials (from Ernest Henry) unlocked mining method optionality and operational synergies rather than simple headline G&A cuts.
- **Adjacency:** The 2021 acquisition of Battle North Gold accelerated production at Evolution's Red Lake operation in Canada to more than 300,000 ounces per year via Battle North's adjacent Bateman mill. Similarly, the Northparkes acquisition's proximity to Evolution's Cowal asset supports shared regional teams and optionality for suppliers and haul logistics, reducing the capital intensity of near-term operations in the region.
- **Portfolio mix strategy:** The Northparkes acquisition lifted Evolution's copper exposure to 30% of revenue, strengthening the company's resilience to commodity cycles.

Mining has always been cyclical, but value creation doesn't have to be. That's why the best companies treat M&A as a core capability. The early movers who build deal discipline now will own this industry super cycle and control their own destiny, no matter what the market does next.



INDUSTRIES

M&A in Energy and Natural Resources: The Rise of the Oil and Gas Serial Acquirer

Why some companies are winning by a wider margin

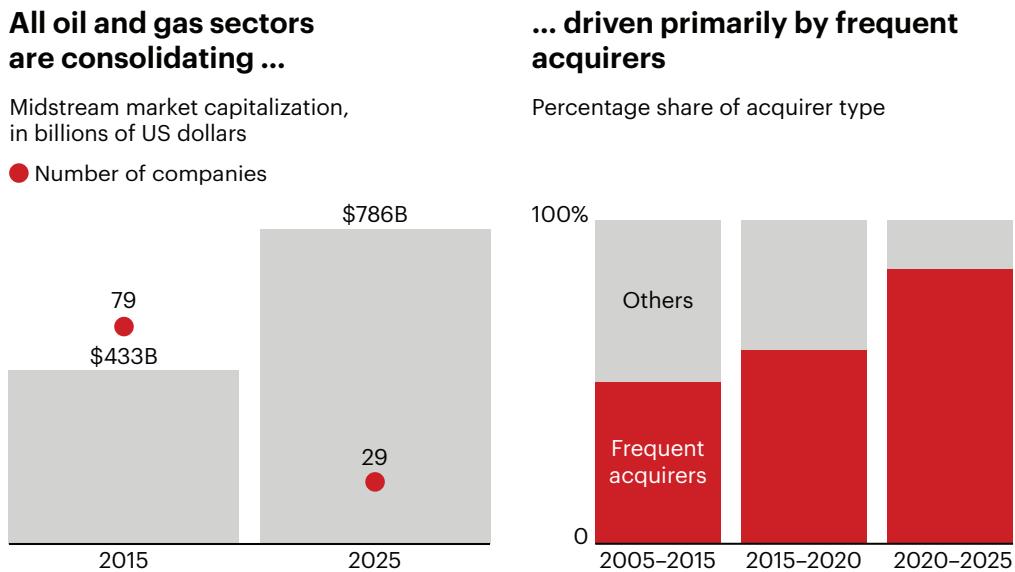
By Whit Keuer, Alexis de Meaux, and Sinead Mullen

At a Glance

- ▶ In oil and gas, fewer companies are doing more of the deals and creating more of the value.
- ▶ Frequent acquirers yielded total shareholder returns that are 130% higher than non-acquirers.
- ▶ The most successful companies use deals to launch cross-functional and broadscale efforts to alter the financial, operational, and strategic trajectory of the combined entity.
- ▶ Winners amplify synergies by following an accelerated stabilize-integrate-transform methodology.

A diverse set of M&A themes played out across the energy and natural resources landscape in 2025, reflecting the unique set of opportunities and challenges facing each sector. In chemicals, OMV and ADNOC combined their assets to create BGI, one of the largest players in the industry; meanwhile, the majority of chemicals companies, such as LyondellBasell and Dow, freed up cash to offset lower margins by pruning their portfolios through divestitures or selling large stakes in assets. Utilities companies, such as AEP and Sempra Energy, also divested and doubled down through organic investments on the parts of their business that could support the huge boom in electricity demand fueled by AI data centers.

Figure 1: Frequent acquirers are driving oil and gas consolidation, leaving few targets remaining



Note: Frequent acquirers perform one or more deals a year
 Sources: Dealogic; Bain analysis

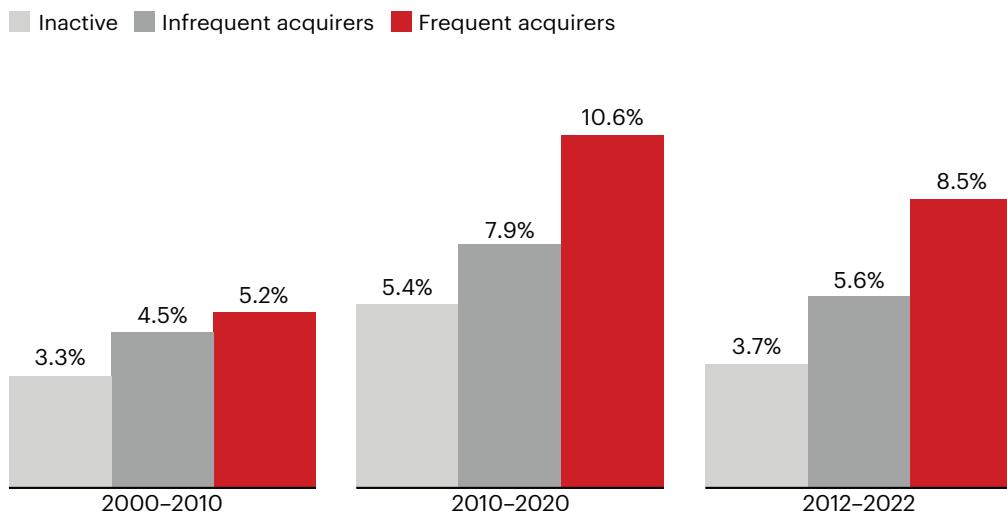
But the most compelling M&A moves across the energy and natural resources sectors took place in oil and gas, where large players and well-capitalized independents alike consolidated across upstream, midstream, and services (see *Figure 1*). They are aiming to capture scale, cut unit costs, and further integrate value chains to get out ahead of everything from declining oil prices to all-time high demand for natural gas—all while they evaluate the implications of the events in Venezuela on their business and M&A strategy. And it's not only the large supermajors but also independents such as Diamondback Energy and large midstream companies such as ONEOK and Energy Transfer.

Digging deep into the oil and gas deal activity, we've identified a theme with big implications across the industry. Our decades-long research has confirmed how frequent acquirers—namely, companies engaging in one or more deals each year—routinely outperform their less-active counterparts. And that gap is quickly widening among companies in oil and gas as fewer companies do a larger share of the deals and create increasingly more value. Over the past 10 years, the top 20 oil and gas acquirers accounted for 53% of deal value.

In short, there are fewer winners, and those precious few are outpacing the rest of the industry by a wider margin. The difference in total shareholder returns for frequent acquirers was 57% higher than inactive companies between 2000 and 2010. That jumped to 130% between 2012 and 2022 (see *Figure 2*). These serial acquirers offer invaluable lessons in how to sharpen M&A skills. They devote particular attention to two key areas: taking a more aggressive approach to finding deals and creating more value by strategically using deals as a catalyst for broad-scale transformation.

Figure 2: Frequent acquirers gain a performance advantage over time

10-year total shareholder returns



Notes: Total shareholder return is defined as stock price changes assuming reinvestment of cash dividends; frequent acquirers perform one or more deals a year, and infrequent acquirers perform less than one deal a year
 Sources: Dealogic; SPS; Bain M&A Value Creation Study 2023 (n=1,041 companies for 2000-2010 and 2010-2020, n=2,533 companies for 2012-2022 study)

Robust evergreen M&A pipeline management

Companies that are winning with M&A right now are not waiting on the sidelines; they are making the deals and shaping the market. They're developing their M&A strategy, creating opportunities by knocking on the doors of PE-owned companies, and using deals as an opening to transform. They're creating value by building platforms. Specifically, we see the leaders focusing on three areas: maintaining an industry gameboard, being proactive, and gaining more confidence.

- **Maintain an industry gameboard, including a view of disruptive moves.** The gameboard is a strategic map that displays all players in a market, where value flows, and the forces shaping competition. It also includes scenario planning for different M&A combinations, always preemptively evaluating strategic fit rather than waiting to react to shifting market dynamics. One CEO of a large midstream company commented on a recent earnings call that he and his leadership team “obsess over the industry gameboard and M&A opportunities.” Another CFO commented that if there were ever an opportunity to recreate an integrated oil company or fundamentally change your business model, now would be the time given the valuation dislocations that have emerged. For example, several midstream companies are well positioned to move downstream and acquire a company in the petrochemicals industry given how their multiples have declined. Or we could see an integration across midstream and utilities to create an integrated gas company.

- **Be proactive—initiate diligence and outreach early.** The serial M&A acquirers maintain a running list of their top (typically 15 to 20) targets. They use outside-in diligence and systematically create a deal thesis and detailed financial model for each potential deal, updating that view as market conditions change. They are more thoughtful and comprehensive in diligence than ever before. Further, they don't wait for investment banking-led bake-offs but rather are proactive and initiate conversations. We know several situations in which a CEO-to-CEO meeting initiated by the eventual acquirer ultimately led to the deal, which happened outside a formal investment banking-led bake-off. In our view, oil and gas executives who aren't knocking on the doors of PE-owned companies are missing opportunities.
- **Gain more confidence by leveraging AI in diligence.** Competition for deals is going up, and deal multiples are expanding from 4 times in 2022 to 6.9 times in 2025. Therefore, it is critical to have confidence in the key sources of deal synergies and to go beyond high-level benchmarks and historic examples. One acquirer used AI to better understand cost synergies by constructing a hypothetical model of the target's maintenance costs for a particular plant; it also used AI for commercial synergies by modeling how product flows to end markets could be better optimized.

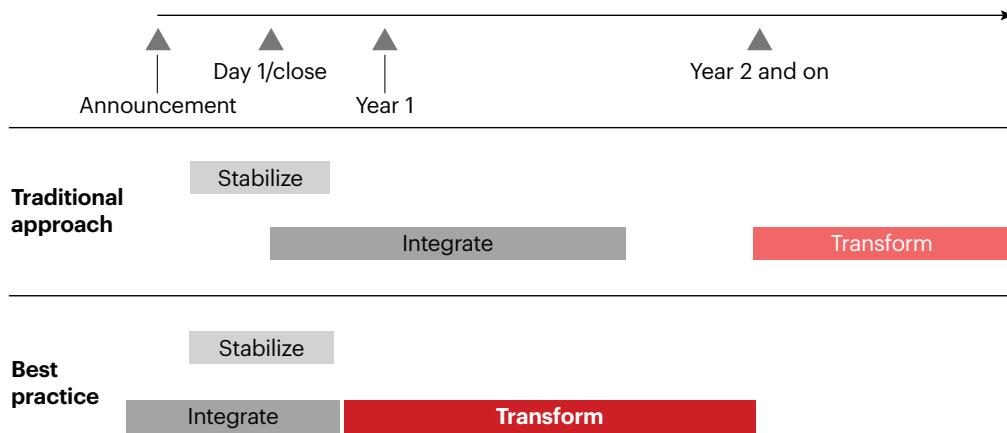
Amplifying synergies by following a stabilize-integrate-transform methodology

Traditional approaches to M&A focus primarily on *stabilize* and *integrate*. Then, integration teams move on to the next deal or get disbanded too quickly, and they aren't given the opportunity to define how the combined platform represents a transformational opportunity. When the acquisition is a tuck-in, that may be appropriate. However, when a deal or a series of deals represents a meaningful expansion, companies should rethink regional operations, cross-plant synergies, maintenance, and sourcing strategies to more fundamentally *transform* how work is done and ultimately the cost base (see *Figure 3*). In our experience, *transform* represents at least 50% of the deal synergies.

But before companies can transform their business, they need to first stabilize where the imperative is to ensure no operational disruption and deliver management's base business plan. The second step is to integrate. Serial acquirers have built-in integration capabilities and playbooks that have been deployed in multiple deals, which enable them to capture synergies faster. Integration planning can start early, ideally shortly after the deal is announced. This allows teams to move much more quickly after the transaction closes and often stand teams down within the same year of closing. What we often see missing is taking advantage of cross-functional opportunities and leveraging the power of AI to move faster.

At the same time, this then frees up resources to pursue transformation, which doesn't happen in most deals in our experience. Or if it does, it's two or more years after the transaction. The best M&A acquirers pivot to transformation often within the first year of integration.

Figure 3: An accelerated timeline speeds and amplifies value creation through transformation



Source: Bain & Company

Despite their success, our experience is that serial acquirers are still leaving significant value on the table by not leveraging large scale M&A to transform their business. Transformation can mean almost anything—from a quick-and-dirty restructuring to a full-scale corporate rescue. In the most literal sense, a full potential transformation is a cross-functional effort to alter the financial, operational, and strategic trajectory of a business, with the goal of producing game-changing results. For example, when Suncor took over operations of Syncrude in the Canadian oil sands, it used the integration to fundamentally review mutual operating philosophies, including maintenance strategies, how the companies shared people and equipment across sites, and what activities it wanted to insource vs. relying on contractors. This allowed Suncor to significantly exceed the synergy targets that were established during diligence.

In Bain's experience, three key areas that present transformation opportunities are procurement and sourcing strategies, commercial, and always thinking about the next deal.

Procurement and sourcing strategies: Many companies move to best pricing contracts and renegotiate with suppliers to leverage a greater spending base. However, there is an opportunity to go beyond that and more fundamentally evaluate both procurement-driven ("buying better") and operations-driven ("spending better") levers. Bain research shows that techniques for spending better, which focus on what companies are buying, not just what they pay for it, can produce 60% of total savings. For example, one company in the Canadian oil sands became such a large buyer of certain types of craft labor that it decided to insource a large number of roles rather than continuing to rely on contractors.

Commercial: In midstream, a larger footprint with expanded access to different end markets allows companies to reimagine how products could flow to take advantage of differences in regional pricing. For example, Keyera's acquisition of Plains' Canadian NGL business now gives the company access to both eastern Canada and international markets. In oil field services, acquirers have for decades bought companies for cross-selling opportunities, but they are now creating entirely new solutions through more integrated offerings.

Always thinking about the next deal: The leaders are thinking ahead by not only identifying the next deal but also the subsequent two to three deals that are then made possible. In some cases, the most aggressive companies even start to size the synergies from these potential future transactions when considering the deal economics of the first one. This is something we've seen from private equity companies for some time, and it's starting to be adopted by corporate acquirers.

Phillips 66 recently completed a three-step move that shows how creative M&A and project teams think multiple steps ahead. The first move took place in October 2024, when the company closed its Los Angeles refinery, which was a high cost burden and suffered from weak margins. The next move: Phillips spent \$1.4 billion to expand its ownership of two refineries in the Midwest and Texas. The final step took place in October 2025, when the company announced that it would build a new pipeline to connect those two new refineries to California. This series of moves allows Phillips 66 to continue participating in the large California market. But now, it has a more profitable business model.



INDUSTRIES

M&A in Pharmaceuticals: Bigger, Bolder, and Far More Strategic

Dealmaking in 2026 may redefine what it means to buy growth.

By **Saskia Carlebur, Kai Grass, and Fabio La Mola**

At a Glance

- ▶ Leading pharmaceuticals companies are acquiring the capabilities for end-to-end production as a hedge against bottlenecks.
- ▶ The search for GLP-1 obesity drug successors and antibody drug conjugates are shifting profit pools.
- ▶ Licensing agreements and partnerships to access Greater China's world-class pharma pipelines are on the rise.

Pharma M&A is no longer just about chasing the next blockbuster; it's about platforms, production, and strategic control across the value chain. The race to secure capacity is rapidly redefining what it means to buy growth. For industry executives, the urgent question in 2026 and beyond is, "What parts of the value chain must we own to stay ahead of the competition?"

Overall, strategic pharma deal value through November 15, 2025, jumped up by 79% compared with the same period in 2024, as the average deal size rose by more than 80%, signaling a decisive return of confidence in M&A. While healthcare and life sciences deal counts fell by 10% through November 15, 2025, pharma and biotech fueled a large portion of the sector's 29% surge in strategic deal value over

the same period. This also continues to be an area in which serial acquirers of smaller firms are earning higher total shareholder returns than infrequent and large-scale acquirers. Among the top 20 pharma companies, serial acquirers of smaller companies had an average total shareholder return of 24% for 2020 to 2025 vs. 6% (or less) for infrequent and large-scale acquirers. While other healthcare sectors are retrenching, pharma is leaning in with a sharper focus and a new rulebook.

Four key trends are reshaping strategic M&A in pharma.

- **The quest for vertical integration:** Smart leadership teams are using M&A to build capacity and secure scarce manufacturing and supply inputs from sterile fill-finish to isotope sourcing. Fragile supply chains, capacity constraints, and the growing complexity of biologics have made control over production vital to growth and speed to market.
- **A next-generation obesity treatment gold rush:** Although GLP-1 obesity drugs and incretins command record deal value, buyers' focus has moved from speed-to-market injectables toward next-generation delivery platforms, multi-agonist molecules, and control of manufacturing capacity. Instead of chasing the molecule, leaders are now aiming to own the platform and the associated profit pool along the value chain. Notably, this pivot continues even as US pricing pressure tightens, pushing acquirers toward platform control and efficiency. (Medicare's negotiated "maximum fair prices" begin in 2026, and the White House's November 2025 deal to cut GLP-1 prices and expand Medicare coverage signal further margin compression.)
- **The antibody-drug conjugates (ADCs) race:** These targeted therapies, which combine the precision of antibodies with the potency of cancer-killing agents, are fueling a surge in oncology dealmaking. Big pharma's appetite for more precisely targeted therapies has pushed ADC transactions to record levels, with smaller innovators generating much of the science and licensing activity.
- **Greater China's rise as a pharma powerhouse:** Greater China has developed a world-class pharma pipeline, setting up alluring M&A and partnership opportunities for global (excluding Greater China) biopharma companies. As geopolitics redraws the boundaries of global collaboration, a new cross-border dynamic is emerging in which Greater China's early-stage pharma assets flow west through creative alliances rather than outright takeovers. Greater China's biotech exporters are rewriting the rules of access, forcing global acquirers to rethink risk and control.

Together, these trends point to a more deliberate capability-led era in pharma M&A.

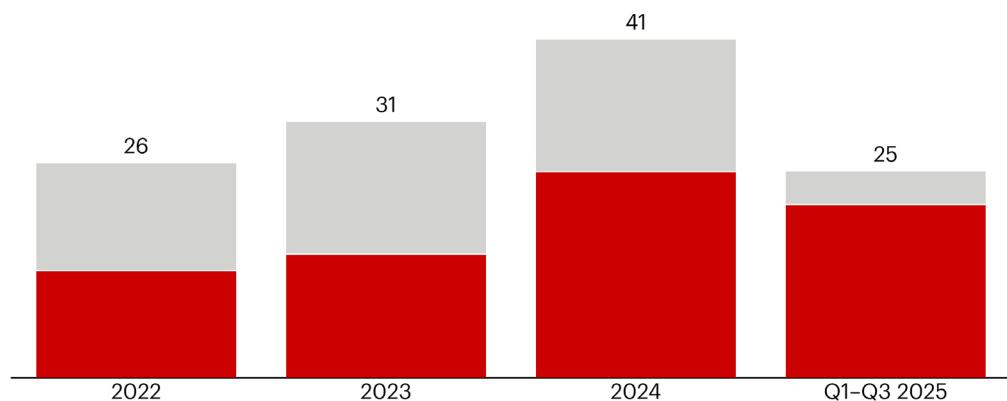
Radiopharma: Buy the Factory, Not Just the Drug

Leading pharma companies are acquiring the capabilities for end-to-end production. More than 80% of radiopharma deals in 2025 included manufacturing or isotope supply integration (see *Figure 1*). This marks a clear shift from pipeline expansion to capacity security—a hedge against bottlenecks in sterile fill-finish and isotopes. M&A in pharma isn't just about owning IP; it's about controlling the potential bottlenecks.

Figure 1: Most radiopharma deals integrate manufacturing or isotope supply, boosting vertical integration

Radiopharma deal count (includes undisclosed deal value and collaboration agreements)

■ Deals include capacity component ■ Drug asset-only deals



Notes: Percentage of deals with capacity component includes transactions focused on securing manufacturing, capacity, supply agreements, or other upstream capabilities (includes cases in which asset acquisition is combined with capability integration); drug asset-only deals include transactions focused exclusively on acquiring or licensing drug assets or platforms for pipeline or portfolio expansion

Sources: EvaluatePharma; Dealogic; S&P Capital IQ; Pitchbook; Bain analysis

- **Strategic advice for 2026:** Treat manufacturing and supply control as a core source of competitive advantage. Building or buying capacity is no longer operational insurance; it's a strategic move that can define future market leadership.

Next-gen obesity drugs

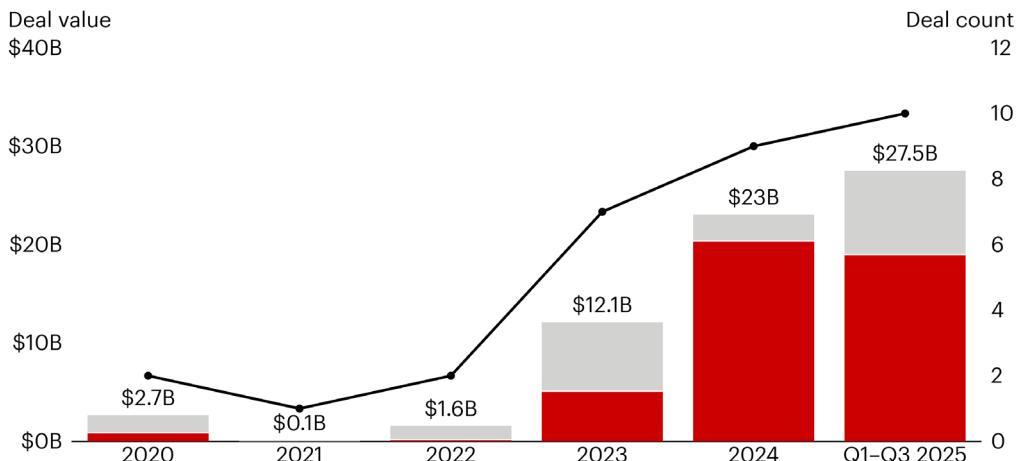
GLP-1 drugs still account for a significant part of deal value, but the next wave of investment is targeting drugs that work on multiple pathways to activate receptors, including oral, dual-, and triple-agonist platforms. Deals are growing in scale and technical sophistication and are starting to include manufacturing tie-ups (see *Figure 2*). The first obesity drug wave was about speed to market. Leaders are now out to own the platform—delivery technology, combinatorial mechanisms, and supply capacity.

- **Strategic advice for 2026:** Look beyond the molecule. The greatest value will accrue to those who integrate delivery innovation, build manufacturing scale, and market to patients as consumers.

Figure 2: GLP-1 deal activity is shifting to next-generation mechanisms to treat obesity, including dual and triple agonists

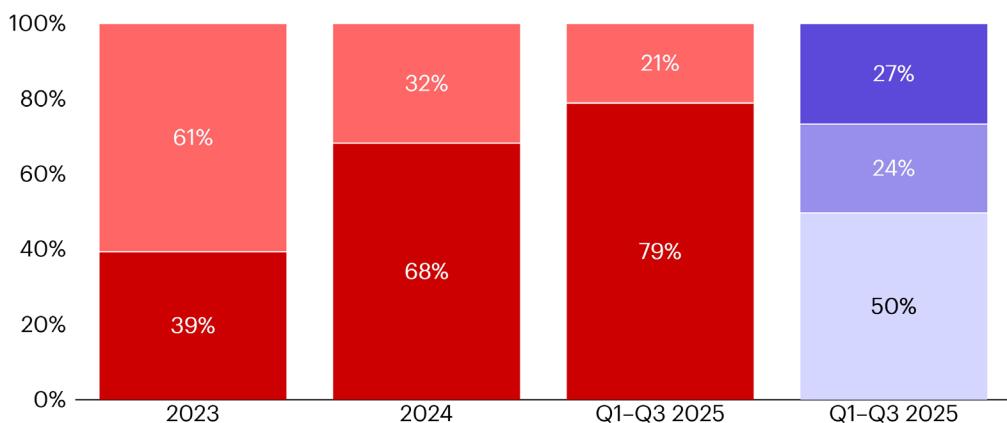
M&A and licensing obesity treatment deals, in billions of US dollars

■ Obesity treatment deal count ■ GLP-1 deal value ■ Non-GLP-1 deal value



Share of GLP-1 deals (excluding manufacturing deals) by type of delivery system and pharma mechanism

■ Next generation ■ Conventional injectables ■ GLP-1 ■ GLP-1 dual agonists
■ GLP-1 triple agonists



Notes: All deals included are greater than \$100 million; triple agonists include drugs targeting GLP-1/GIP/glucagon receptors; dual agonists include drugs targeting GLP/GIP, GLP/FGF-21, GLP/amylin receptors
Sources: EvaluatePharma; Dealogic, S&P Capital IQ; Pitchbook; Bain analysis

The antibody-drug conjugate race

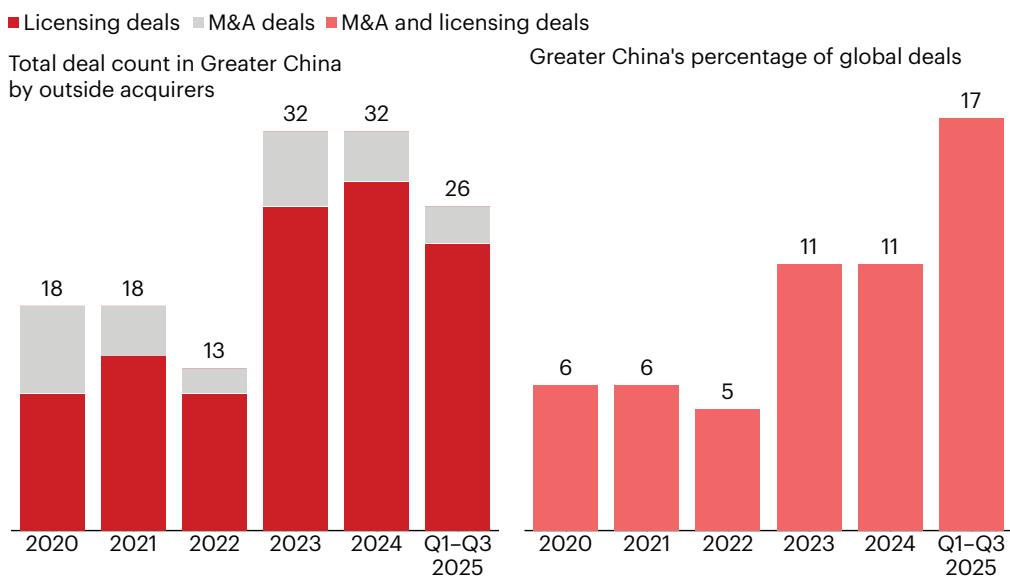
ADCs are back—smarter, more targeted, and safer. The science for these precision cancer therapy drugs is advancing rapidly, fueling M&A activity. ADCs represent around 40% of all antibody and recombinant antibody transactions. When big pharma shifted in 2023 toward licensing-led deal structures, ADCs went from niche modality to mainstream growth engine. As competition intensifies, the ability to identify differentiated assets and structure flexible partnerships is becoming a key advantage for dealmakers navigating this rapidly maturing field.

- **Strategic advice for 2026:** Prioritize differentiation over scale. Leaders are securing access to distinctive drug payloads, novel linker technologies that allow more precise control over how and when a drug is released, and selective indications—namely, targeted disease areas in which the drug's unique advantages are most likely to deliver impact. With valuations peaking and pharma pipelines full of ADCs, late entrants must ensure that they are buying for a long-term scientific edge, not just short-term growth.

Greater China's pharma pipeline

US and European companies remain selective about pharma M&A in Greater China, but licensing partnerships are up sharply, and dealmaking may increase given the region's world-class pipeline, particularly in oncology. The region's biopharma industry is exporting innovation, not just application programming interfaces. Global acquirers are navigating geopolitical challenges via creative partnership structures. Greater China's share of global licensing deals has doubled since 2020 (see *Figure 3*). M&A deal structure in Greater China is different, requiring more cash upfront as the region's pharma companies need to return money to venture capital firms faster and reinvest in new programs.

- **Strategic advice for 2026:** As Greater China's role in global biopharma innovation expands, US and European leaders are pursuing licensing and codevelopment models that enable access and learning while managing IP exposure and political visibility. The winning strategy will be to engage deeply enough to benefit from Greater China's scientific momentum while structuring partnerships to preserve control, compliance, and long-term options in markets outside Greater China.

Figure 3: Greater China's share of pharma licensing deals has doubled since 2020

Notes: All deals included have a value greater than \$100 million; Greater China's share of global deals only includes acquirers outside Greater China

Sources: EvaluatePharma; Dealogic; S&P Capital IQ; Pitchbook; Bain analysis



INDUSTRIES

M&A in Software: Five Secrets to Creating Real Value When Acquiring AI Assets

The good news: Most deal best practices still apply to AI acquisitions.

By **Adam Haller, Elizabeth Trenkle, and Erin Gillman**

At a Glance

- ▶ Software companies acquired a record number of AI assets in 2025, with almost half of tech deals having some AI component in 2025, up from one in four deals in 2024.
- ▶ Getting the most value out of AI acquisitions starts with scenario planning to ensure an asset is future-proof.
- ▶ Generating revenue synergies means preparing for one-directional cross-sales.
- ▶ Also critical: starting product innovation early

As artificial intelligence becomes an inevitable fact of life in every industry, the more visible its powers become to disrupt businesses. Nowhere is that more evident than in enterprise software. As a capability, the emerging technology now largely determines which players can compete in any given market.

It's natural, then, that software-as-a-service (SaaS) companies turning to M&A to navigate the disruption would assume that the deal playbook they've used so successfully in the past is out of date in the AI era. But that's not the case. The best practices honed over years of capability acquisitions still largely apply—albeit with some critical nuances that enable buyers to make the most of AI assets, including models, tooling, data sets, and talent.

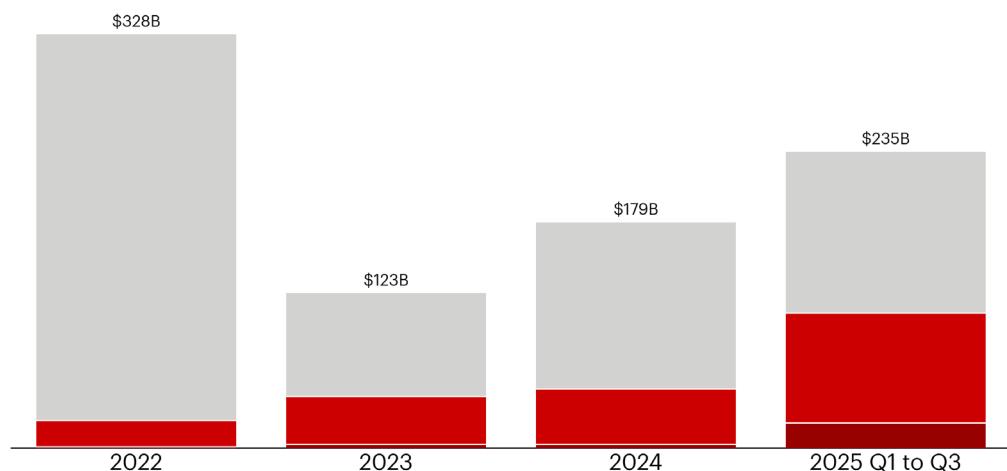
As artificial intelligence becomes an inevitable fact of life in every industry, the more visible its powers become to disrupt businesses. Nowhere is that more evident than in enterprise software.

In 2025, almost half of tech deals had some AI component, which was up from about one in four deals in 2024. The value of AI-related deals through the first three quarters of 2025 had more than doubled the total AI-related deal value for all of 2024, with companies such as Google and Palo Alto Networks turning to M&A to bolster product capabilities, access talent pools, and accelerate innovation (see *Figure 1*). Creating the most value from such deals now requires knowing what remains the same and what has changed in the M&A process.

Figure 1: Almost half of strategic tech deals involved an AI component

Strategic tech deal value for deals valued at greater than \$500 million

■ AI native ■ AI benefits in deal rationale ■ All other



Notes: A total of 324 deals considered for the analysis; 2022 through 2024 represent full-year data; 2025 represents deal activity as of September 30, 2025
Source: Bain & Company

Tie deals to overall strategy

As in any industry, M&A strategy should follow business strategy. But when it comes to AI, companies need to take a more agile, scenario-based approach. Model capabilities, user adoption patterns, and inference economics are shifting rapidly, requiring regular refreshes of the M&A roadmap. The best corporate development teams forecast two to three plausible AI futures, with a view of “own vs. rent” for each that is refreshed quarterly. This keeps M&A synchronized with the overall AI roadmap without over-betting on a single path.

Look for AI risks and opportunities in due diligence

In due diligence, all the typical rules remain relevant. But now, there’s also the need to evaluate AI’s impact on a target. In Bain’s recent article “New Diligence Challenge: Uncovering AI Risks and Opportunities,” the authors highlight five questions that can convince an acquirer to proceed with a deal or walk away. A target (or the business unit or even a particular product) falls into one of three categories based on the level of impact that AI could have on the business: revolution, transformation, or augmentation.

There’s also now more motivation to look beyond the commercial opportunities to determine if the company has real, differentiated IP that will aid an acquirer’s AI ambitions—with the appropriate data and workflows, for example.

Clio is a player in legal practice management, with broad applications that help solo practitioners and small law firms manage their practices. The company recently acquired vLex, a legal research specialist with a proprietary data moat as well as an AI capability that enables lawyers to more efficiently research and analyze legal documents and then operationalize their findings into action within the core legal workflow. A key diligence priority was to validate the end-to-end workflows and the differentiated data assets that Clio and vLex brought to the table. Clio had all the case context, documents, next steps, and deadlines a lawyer needs to *manage* work. Meanwhile, vLex had the case law, statutes, secondary opinions, and legal news required to *perform* the work. It was a good fit.

Rethink revenue synergies

When it comes to delivering value, revenue synergies have become an increasingly important part of the equation for software companies. AI assets raise a hurdle because they typically don’t come with a lot of customers, so cross-selling opportunities are likely to be one-directional. Instead of both companies selling into each other’s customer base, the challenge becomes one of creating a go-to-market strategy for bringing the acquired company’s assets to the acquirer’s existing customers, focusing on a few sales plays and tackling issues such as pricing, training sales reps, and onboarding customers. For example, an offering may be sold and priced similarly to SaaS, but launching new AI features may require new motions to ensure that customers use the product effectively. And all of this needs to scale in real time.

With speed being such a priority, the best companies will make full use of the pre-close period to develop revenue synergy plays, designing offerings, pricing, and incentives.

Be realistic about product integration

As in all product integrations, plans and priorities should be based on the potential value they would deliver. With AI acquisitions, it's important to realistically set the appropriate go-forward R&D envelope and one-time investments. Integration will typically require a significant and swift reprioritization of the roadmap as well as a reallocation of investments given that many AI acquisitions come with a small but rock-star technical team.

At Clio, the company developed a vision for the priority product workflows, naturally integrating vLex's AI capabilities into Clio's practice management platform. The company set a target to preview the integrated product at its customer conference about 100 days after signing the deal. To achieve this, Clio's and vLex's product and engineering teams went heads down from the day of signing, dynamically reallocating investments and resources to accelerate the effort.

Get serious about the talent factor

A well-developed integration thesis should spell out the combined company's operating model, specifying what teams will be integrated entirely, which ones will be partially integrated, and which ones will be kept separate and maintain autonomy from enterprise-level management. In some cases, reverse integration will be the right answer—namely, when the target's team is better skilled than the parent's team to lead a more scaled organization.

Acquiring AI talent is expensive, and the reality is that top performers, especially engineers, will have many opportunities to be poached by a competitor. Given their options, throwing money at these folks isn't enough. Invest in a compelling vision for the combined business and their role in it, making it clear that they now will be poised to become industry shapers.

"Settle people and power issues early" is a mantra for all of M&A. In the AI era, that still holds. There are going to be sensitive decisions about who's in charge and the fate of the acquired company's core product roadmap, among many others. Such decisions (and the decision rights behind them) need to be worked out quickly. Or flushed out quickly. In the end (and despite the debate about AI replacing humans), AI acquisitions are all about people. The age-old challenges associated with people and power in integration still apply.



INDUSTRIES

Telecom M&A: Here Are the Latest Deal Trends Worldwide

Deal activity slowed considerably in 2025 amid macroeconomic headwinds and strategic investments in areas such as AI and fiber networks.

By **Alex Bhak and Tomás Moreno**

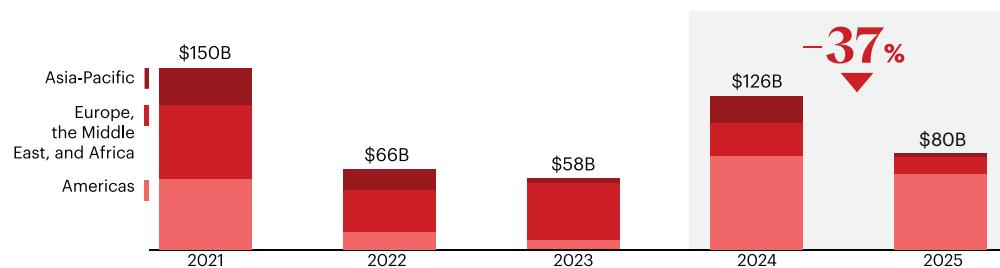
Facing unprecedented industry transformation and emerging competitive threats, many telecommunications companies are turning to mergers and acquisitions to add new capabilities and evolve their businesses for the next era. At the same time, in the biggest industry reset since deregulation, the integrated telco is giving way to more disaggregated, narrowly focused business models. We're tracking telecom M&A activity around the world, and we'll publish the latest developments in this dashboard each quarter.

Here are some of the key takeaways through the fourth quarter of 2025.

- **Deal value down:** After rebounding in 2024, global telecom M&A activity plunged last year. Total value sank 37% year over year, from \$126 billion to \$80 billion (see *Figure 1*). The last two quarters were particularly slow, totaling just \$7.9 billion and \$6.6 billion, respectively. Deal value decreased across all regions last year: by 83% in Asia-Pacific; by 47% in Europe, the Middle East, and Africa; and by 20% in the Americas. Still, the Americas accounted for 78% of the global total in 2025, led by Charter's \$34.5 billion acquisition of Cox Communications.
- **Trends to watch:** We anticipate M&A activity to remain stagnant. Macroeconomic uncertainty—including high interest rates, trade and tariff risks, and regulatory challenges—presents major headwinds. In addition, telcos are placing strategic emphasis on AI, fiber networks, software-as-a-service, and asset streamlining. That said, don't be surprised by a flurry of dealmaking in segments ripe for consolidation, such as fiber alternative networks in Europe.

Figure 1: Telecom M&A deal value fell 37% last year, with the Americas the most active

Global telecom M&A deal value by region

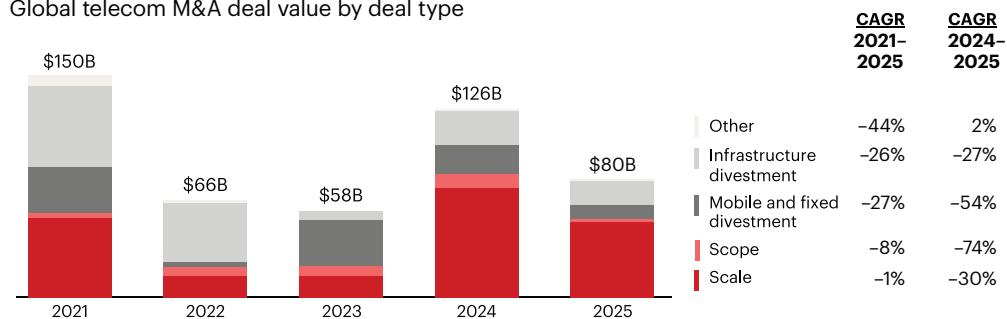


Notes: Deal value based on announcement year, excludes financial transactions, and includes debt if applicable; values are rounded; includes only deals where deal value is disclosed and acquirers have majority final stake; bars reflect Dealogic's data; in the case of joint ventures and mergers, the stated value is the enterprise value of combined entity (not the Dealogic-reported deal value)

Sources: Dealogic; RBC Capital; company publications; news articles; Bain analysis

Figure 2: Scale deals dominated in 2025, accounting for 64% of global deal value

Global telecom M&A deal value by deal type



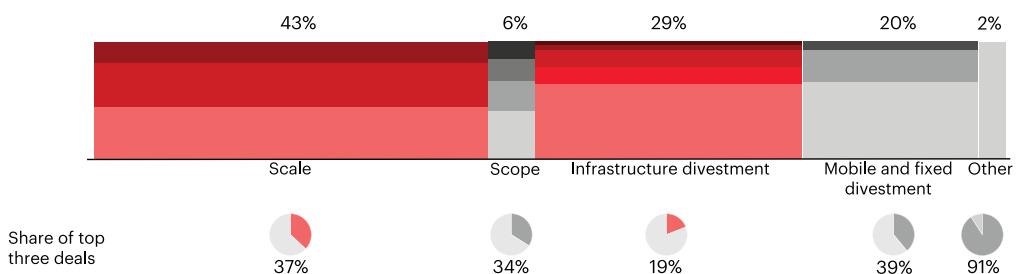
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Sources: Dealogic; RBC Capital; company publications; news articles; Bain analysis

- **Biggest deal:** The Charter-Cox transaction, a scale deal aimed at expanding reach and spurring competitive growth, accounted for about 43% of global value last year.
- **Scale deals lead the way:** It's no surprise, then, that scale deals represented nearly two-thirds of global deal value last year, up from 59% during the previous year. Infrastructure divestments followed, with 21% of the 2025 global total on par with 18% in 2024 (see Figure 2). Recent deals in this category, led by financial investors, signal continued confidence in the business fundamentals of digital infrastructure assets.

Figure 3: Scale deals and infrastructure divestments have accounted for 72% of deal value since 2021

Percentage of 2021–2025 total deal value (\$480B) and subdeal type



Notes: Deal value based on announcement year, excludes financial transactions, and includes debt if applicable; values are rounded; includes only deals where deal value is disclosed and acquirers have majority final stake; bars reflect Dealogic's data, which in the case of joint ventures and mergers only considers the minimum theoretical amount required to achieve asset or business control; Internet of Things and security extension deals included under "other scope deals" because of low deal values
Sources: Dealogic; company publications; news articles; Bain analysis

- **Long-term view:** Scale deals have accounted for about 43% of all deal value over the past five years, the largest share among deal types. Infrastructure divestments have the second-largest share at 29% during that same period (see *Figure 3*).

Methodology

State of the market M&A data

Deal details and aggregate statistics (such as value, volume, multiples) were sourced primarily from Dealogic's M&A database for this annual report. Q1-Q3 data in most figures includes the time period from January 1 to September 30. Year-to-date 2025 data in most figures includes the time period from January 1 to November 15.

This report's focus is on strategic M&A, which includes deals inked by corporate buyers (including via sponsor exits) or private equity add-on acquisitions, because both M&A types have fundamentally strategic objectives. All other types, including financial sponsors and venture capital, are classified as nonstrategic. Together, these two categories equal Dealogic's total M&A market. The region and industry of each deal is classified according to the target's region and industry unless an exception is noted.

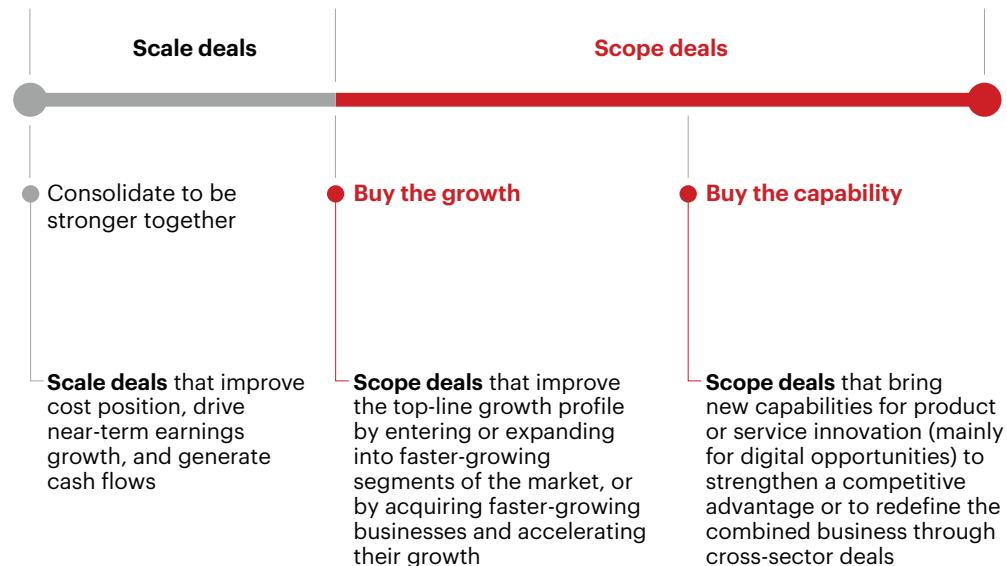
Scale vs. scope

The M&A report signifies scale and scope deals in our chapters' analyses to discern trends. Assessing deals through these lenses offers crucial insights into M&A market theses and themes.

To understand the nature of M&A activity, we first identified the top 250–300 strategic deals for each year. From the initial list of deals with values greater than \$1 billion, as reported by Dealogic, we excluded nonstrategic deals. These include asset or property acquisitions, financial investments, internal reorganizations, and minority stake acquisitions. This resulted in a total of 2,870 deals for the period between first quarter 2015 and third quarter 2025.

We then classified the strategic deals into scale or scope deals based on our proprietary database criteria applied consistently across the years. The proprietary criteria use the stated strategic rationale by the acquirer at the time of announcement to identify the key elements of the deal thesis. Based on these elements, the deals were categorized as scale or scope deals.

Scale deals are intended to strengthen market leadership and lower cost position through benefits of scale, such as cost synergies. Scope deals are intended to accelerate top-line growth by entering or expanding into faster-growing segments, or by bringing in new capabilities (see *Exhibit A*).

Exhibit A: About the methodology

Source: Bain & Company

The Practitioners' 2026 Outlook Survey

The Bain M&A Practitioners 2026 Outlook Survey (n=303) was conducted online by IncQuery in November 2025. The survey ran in Australia, Brazil, Canada, France, Germany, India, Italy, Japan, Singapore, Spain, the UK, and the US. Survey participants held senior executive roles with titles such as vice president, senior vice president/executive vice president, director, C-suite, or owner at companies with greater than \$100 million in annual revenue that closed at least one M&A deal per year over the past three years—and they were responsible for M&A decision-making processes at their company.

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