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Gigadeals drive record first half M&A volume

M&A Highlights 1H26

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ION ANALYTICS

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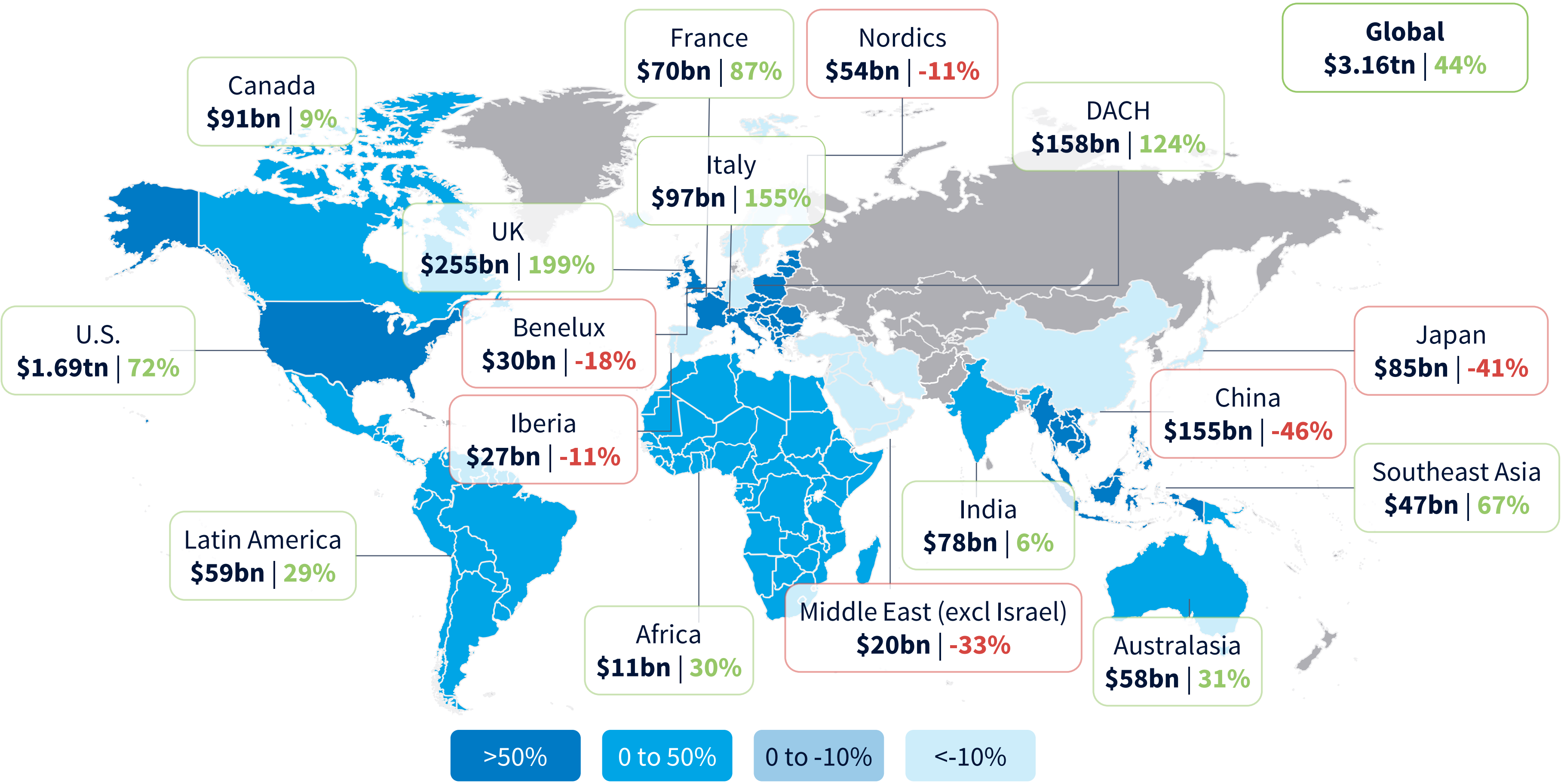
Percentage change in deal volume year-on-year



Source: Mergermarket, Data correct as of 2-Jul-2026; All figures in USD

Key trends

- Global M&A surged 44% YoY to USD 3.16tn, the highest first-half total ever
- Record 48 megadeals over USD 10bn totalled USD 1.32tn
- Utility and energy jumped 86% to a record USD 328bn driven by the Dominion-NextEra deal
- Four of the top five deals signal the boom in artificial intelligence

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Global M&A activity

1H26 global M&A surges 44% to record USD 3.16tn as megadeals mask fragile market

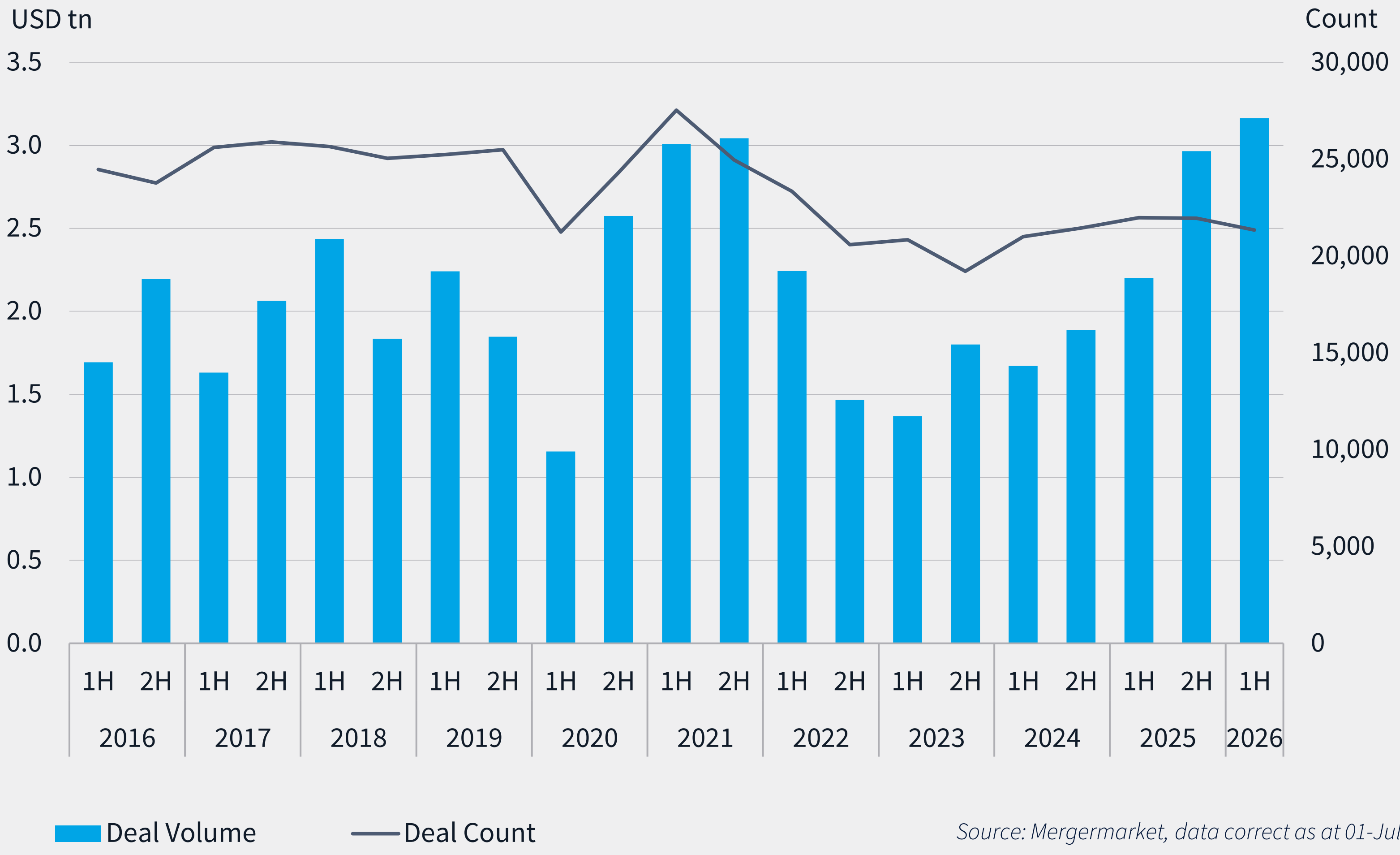
Global M&A activity in the first half of 2026 rose 44% year-over-year to USD 3.16tn, shrugging off war in the Middle East, volatile energy prices and rising financing costs.

The total marked the strongest first half on record.

Beneath the headline surge, however, the market remained polarized. While deal values rose sharply, deal count contracted 3%, with a small number of transformative transactions carrying an outsized share of activity.

Global M&A Activity

Global M&A volume surged 44% YoY to USD 3.16tn in 1H26, the highest half-yearly volume ever



Source: Mergermarket, data correct as at 01-Jul-26

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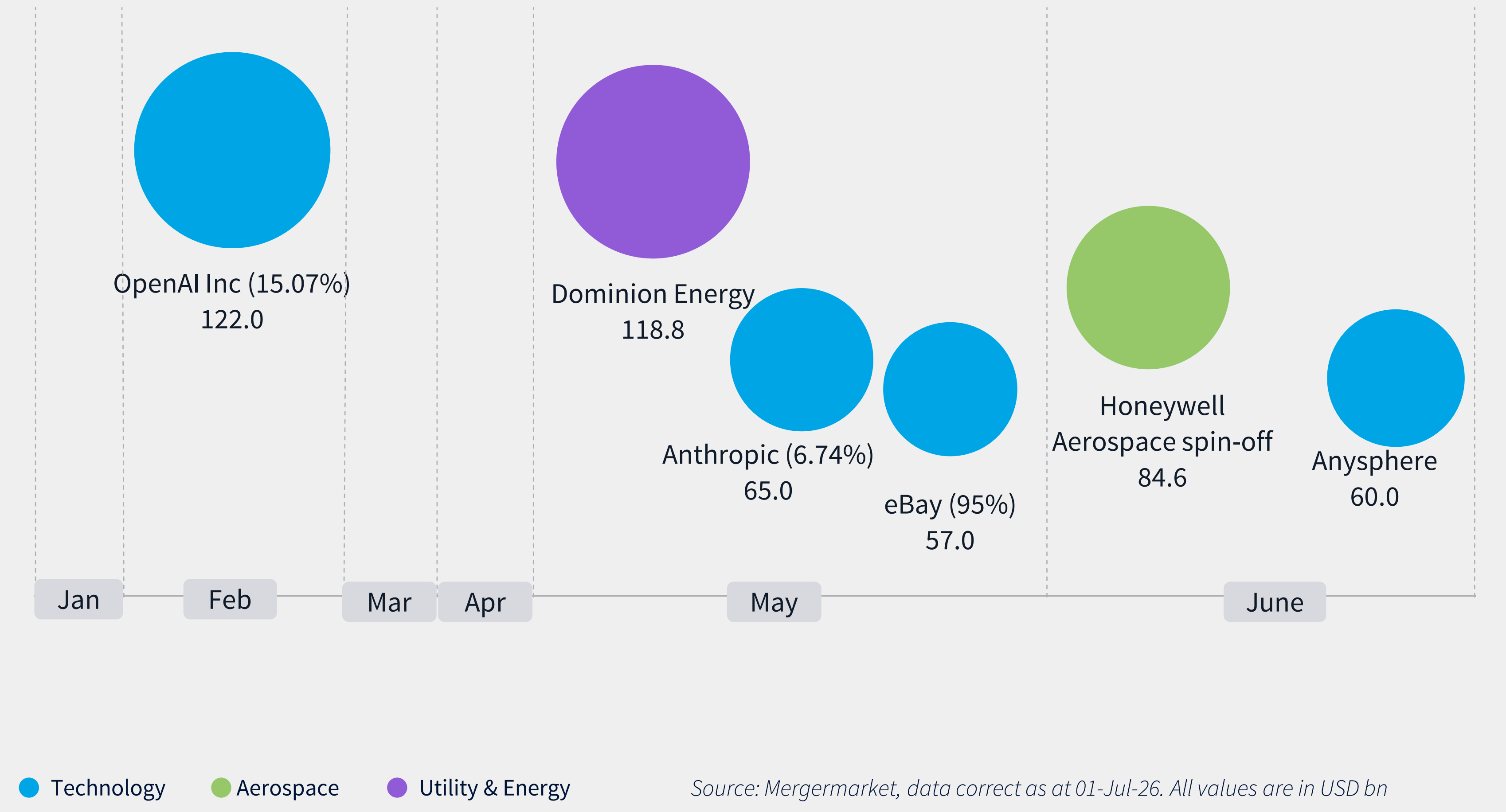
Gigadeals

Global gigadeals 1H26

Five of six gigadeals happened in May and June



Source: Mergermarket, data correct as at 01-Jul-26. All values are in USD bn

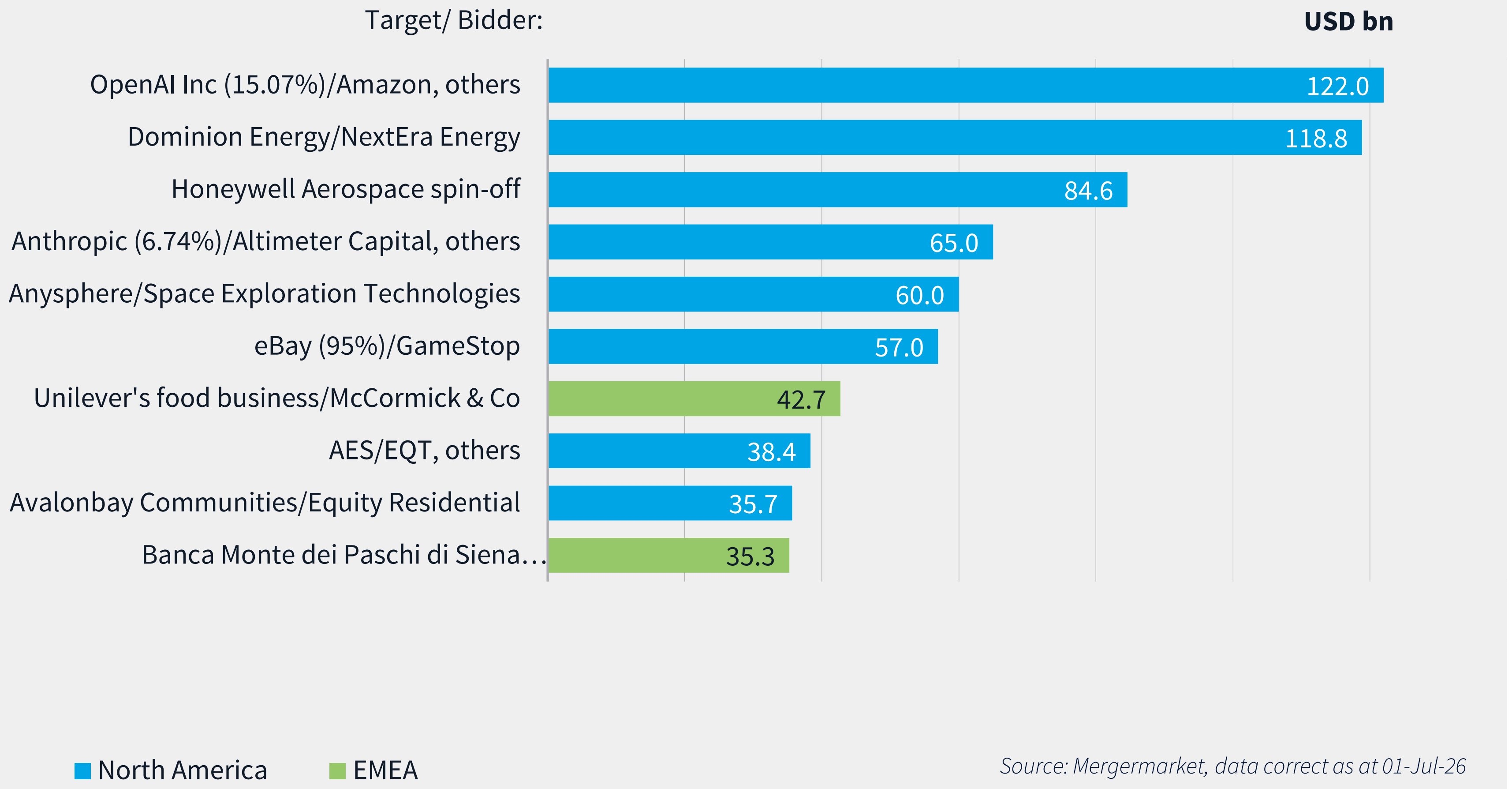
Megadeals valued at USD 10bn or more reached a record USD 1.32tn across 48 transactions, accounting for 42% of total global M&A volume. Turbo-charged AI-linked valuations drove a record six gigadeals – valued at USD 50bn-plus – in 1H26.

Global top deals

Four of the top five deals reflected the boom in artificial intelligence and its growing infrastructure demands: OpenAI's USD 122bn funding round in February, NextEra Energy's USD 118.8bn offer for Dominion Energy in May, Anthropic's USD 65bn funding round later that month, and SpaceX's USD 60bn acquisition of Anysphere, the startup behind AI coding agent Cursor, in June.

Top deals globally - 1H26

Eight of the top 10 deals featured US targets

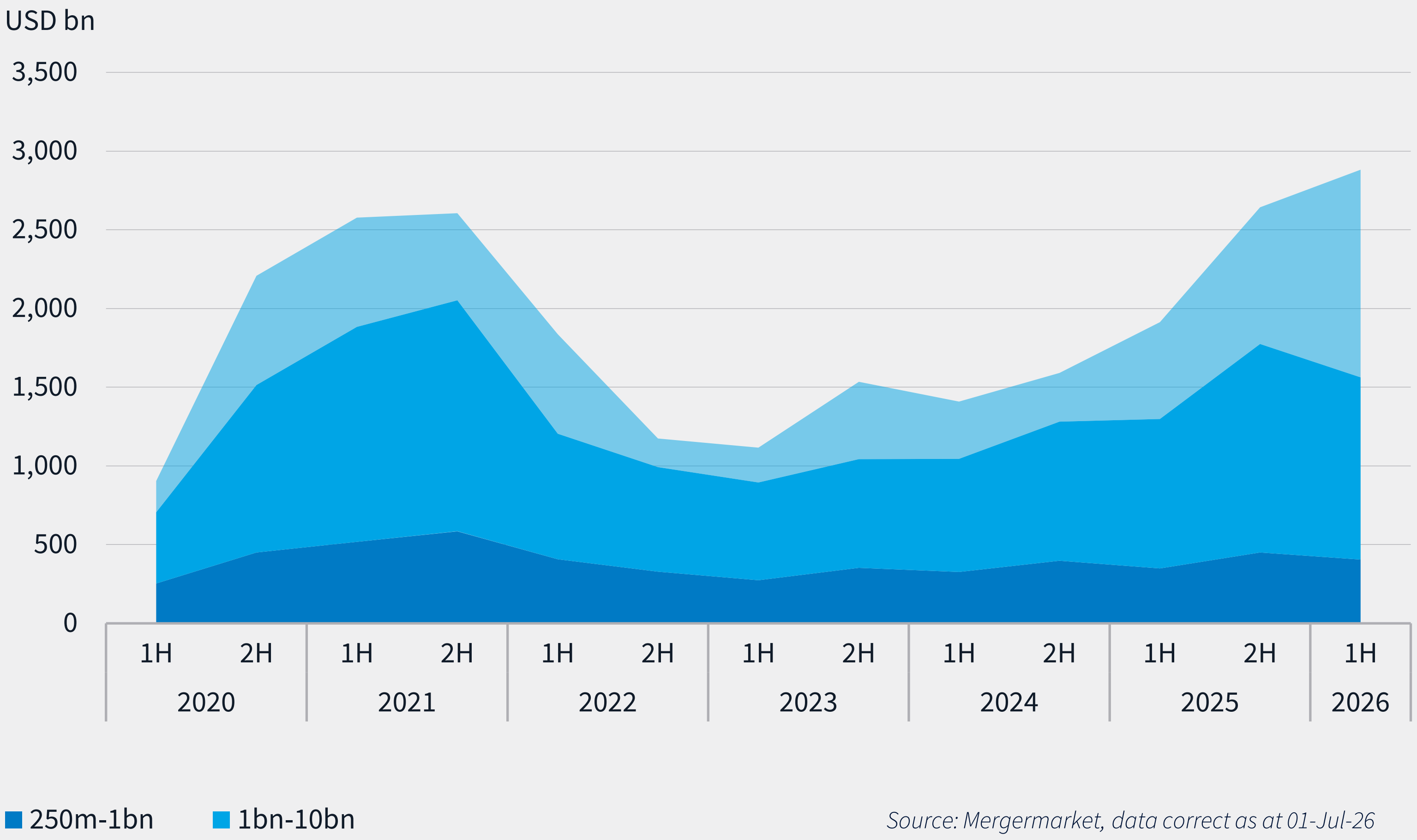


Source: Mergermarket, data correct as at 01-Jul-26

Deal size

Global M&A by deal size

Deals valued at USD 10bn-plus totaled USD 1.32tn, accounting for 42% of overall global M&A volume



Source: Mergermarket, data correct as at 01-Jul-26

Large-cap corporates, whose strong balance sheets make them less sensitive to market gyrations and rising borrowing costs, led the way. Executives are moving decisively to grow revenue, expand geographical footprints and add capabilities, before assets becomes scarcer and regulatory scrutiny increases, said Kevin Desai, US and Mexico deals leader at PwC. “This is a moment to redefine yourself globally.”

Paul Aversano, managing director at Alvarez & Marsal, said boards increasingly viewed transformational deals as a way to navigate uncertainty and accelerate growth.

"When growth is harder to come by organically, boards are more willing to pursue transformational transactions that can accelerate strategic objectives," Aversano said. “Companies are also looking to position themselves for long-term shifts, including AI, supply chain reconfiguration and demographic trends.”

By contrast, activity in the middle market – deals between USD 250m and USD 1bn – remained tepid. While megadeal volume more than doubled, mid-market volume rose just 16% to USD 404.5bn. “People are much more wary to make big bets in the middle market when we’re not sure what the direction of travel is globally,” Desai said.

Sector breakdown

Sector shifts

While technology remained the largest sector globally at USD 877bn, up 76% year-over-year, one of 2026's defining themes has been the shift in AI-related investment from software into the infrastructure needed to support it.

Utility and energy volumes jumped 86% to a record USD 328bn, driven by the Dominion-NextEra transaction and AES's USD 38.4bn buyout by BlackRock's Global Infrastructure Partners and EQT in March.

Dealmaking has pivoted from the software – or "digital layer" – of AI toward the physical infrastructure underpinning it, including power generation, data centers, real estate and cooling technologies, said Desai.

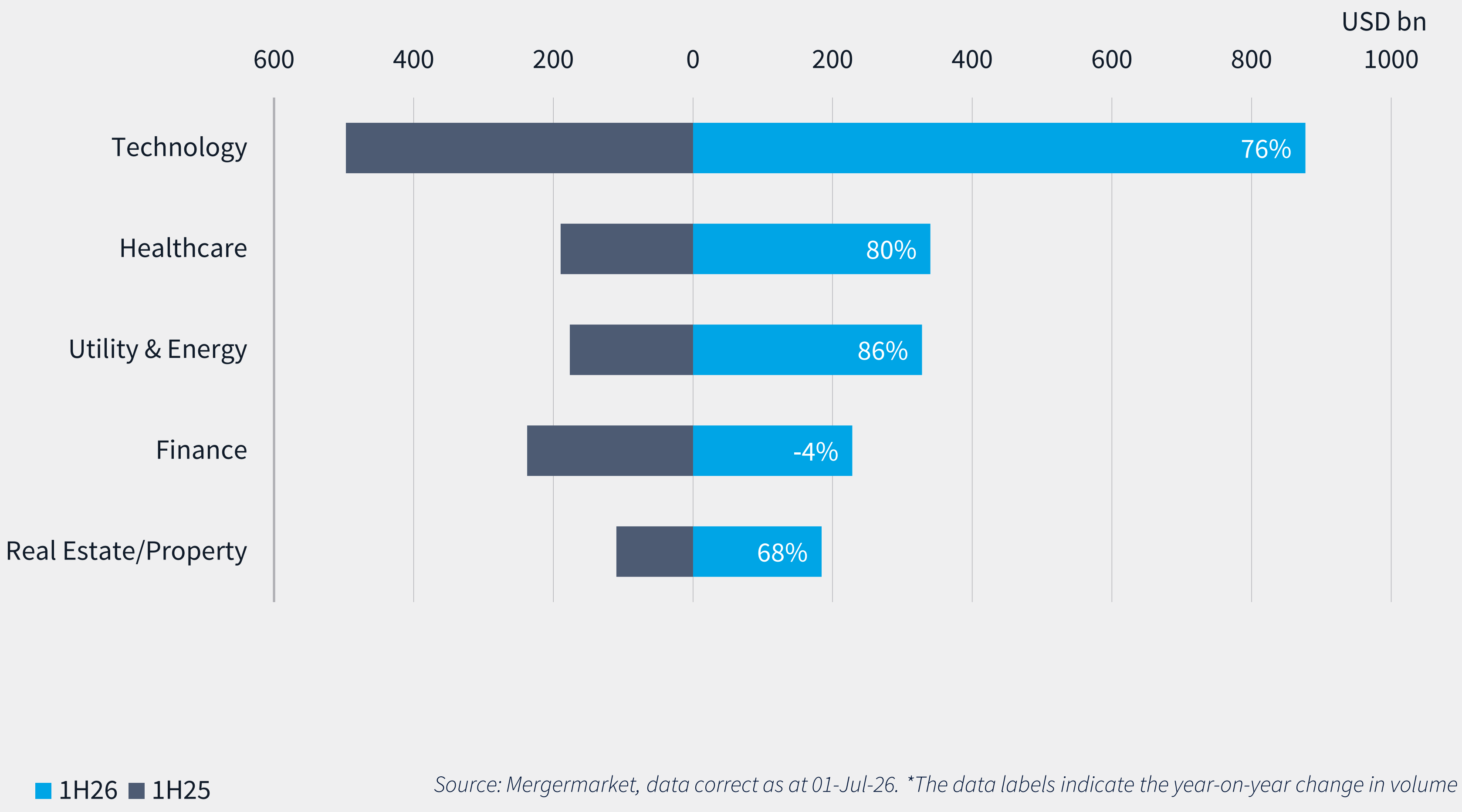
Much of that investment has occurred through greenfield projects and infrastructure buildouts rather than traditional M&A, he noted.

The shift also coincided with a reassessment of software valuations. AI disruption forced investors to scrutinize which software-as-a-service (SaaS) companies possessed durable competitive advantages and which risked being displaced.

"Buyers were really trying to reevaluate the legacy SaaS business model [and] understand who is most vulnerable to AI disruption and who's able to adapt, using AI as an enabler," said Dean Bell, US Deal Advisory & Strategy Leader at KPMG.

Global top performing sectors 1H26 vs 1H25

Technology M&A surged 76% YoY to USD 877bn, while healthcare jumped 80% to USD 340bn



*Source: Mergermarket, data correct as at 01-Jul-26. *The data labels indicate the year-on-year change in volume*

Sector breakdown

While global software dealmaking volume jumped 69% year-on-year to USD 641.6bn in 1H26 – thanks in large part to the OpenAI, Anthropic and Anysphere transactions – deal count contracted 11%.

Although the so-called “SaaSpocalypse” persists, sentiment is shifting from fear toward identifying likely winners, said Ian O’Neal, a partner in Solomon Partners’ technology practice. “Some companies that had valuations re-rated will come out the other side as very big winners.”

Outside technology, more traditional industries are also seeing renewed activity. Healthcare M&A rose 80% to USD 340.2bn, as pharmaceutical companies sought to rebuild pipelines and strengthen franchises after several years of subdued biotech funding and deal activity. Two June megadeals highlighted the shift: GSK’s USD 12.3bn offer for Nuvalent and AbbVie’s USD 11.2bn bid for Apogee Therapeutics.

Kevin Desai

US and Mexico deals leader at PwC

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Ian O’Neal

Partner in Solomon partners’ technology practice

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Financial sponsors

Strategic strength, sponsor caution

The dominance of strategic buyers was one of the first half's defining features. Strategics accounted for USD 2.5tn, or 76%, of total global M&A volume.

Private equity remained a relative laggard. Sponsor-backed buyouts fell 6% year-over-year to USD 333.2bn, while exits increased 7% to USD 386.7bn. However, excluding the USD 38bn TK Elevator exit, total exit activity would have fallen 3%.

Sponsors continued to face valuation gaps, tightening credit conditions, and inflation risks tied to energy volatility linked to the Iran conflict.

Holding periods have stretched to seven to eight years in many cases, compared with less than five years historically, Aversano noted. "Even if exit markets improve meaningfully, it will likely take years to work through the industry's existing backlog of assets," he said.

Globally, portfolio companies that were exited in 2Q26 had been held for six and a half years, compared with four years and four months in 2010-2020, according to Mergermarket data.

Despite abundant dry powder, the long-awaited sponsor surge has yet to materialize. A broader reopening of the IPO market across sectors could be the catalyst that unlocks exits and new deal activity, said Mahvesh Qureshi, Hogan Lovells' M&A partner and head of the corporate & finance practice group for the Americas.

"If the IPO market opens up and valuations can hold, I think that will have a different impact on the overall M&A market and how private equity may play in it," she said.

There are glimmers of hope after global IPO volumes reached USD 207bn in 1H26, the best half of a year since 2021, driven by SpaceX's historic IPO in June, and the pipeline for the second half remains strong.

Mahvesh Qureshi

Hogan Lovells' M&A partner and head of the corporate & finance practice group for the Americas

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Managing director at Alvarez & Marsal

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Dean Bell

US deal advisory & strategy leader at KPMG

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Outlook 2H26

Looking ahead

Despite concerns about rates and geopolitics, advisers remained broadly optimistic about the second half.

North America generated USD 1.78tn of deal value in 1H26, up 66%, while EMEA recorded USD 847.5bn, its strongest first-half on record. Asia-Pacific lagged, declining 24% to USD 474bn, although dealmakers point to Japan's promise.

"Japan is one of the most active – and competitive – private equity markets right now," Aversano said, citing governance reforms, succession-driven sales and currency tailwinds attracting inbound capital.

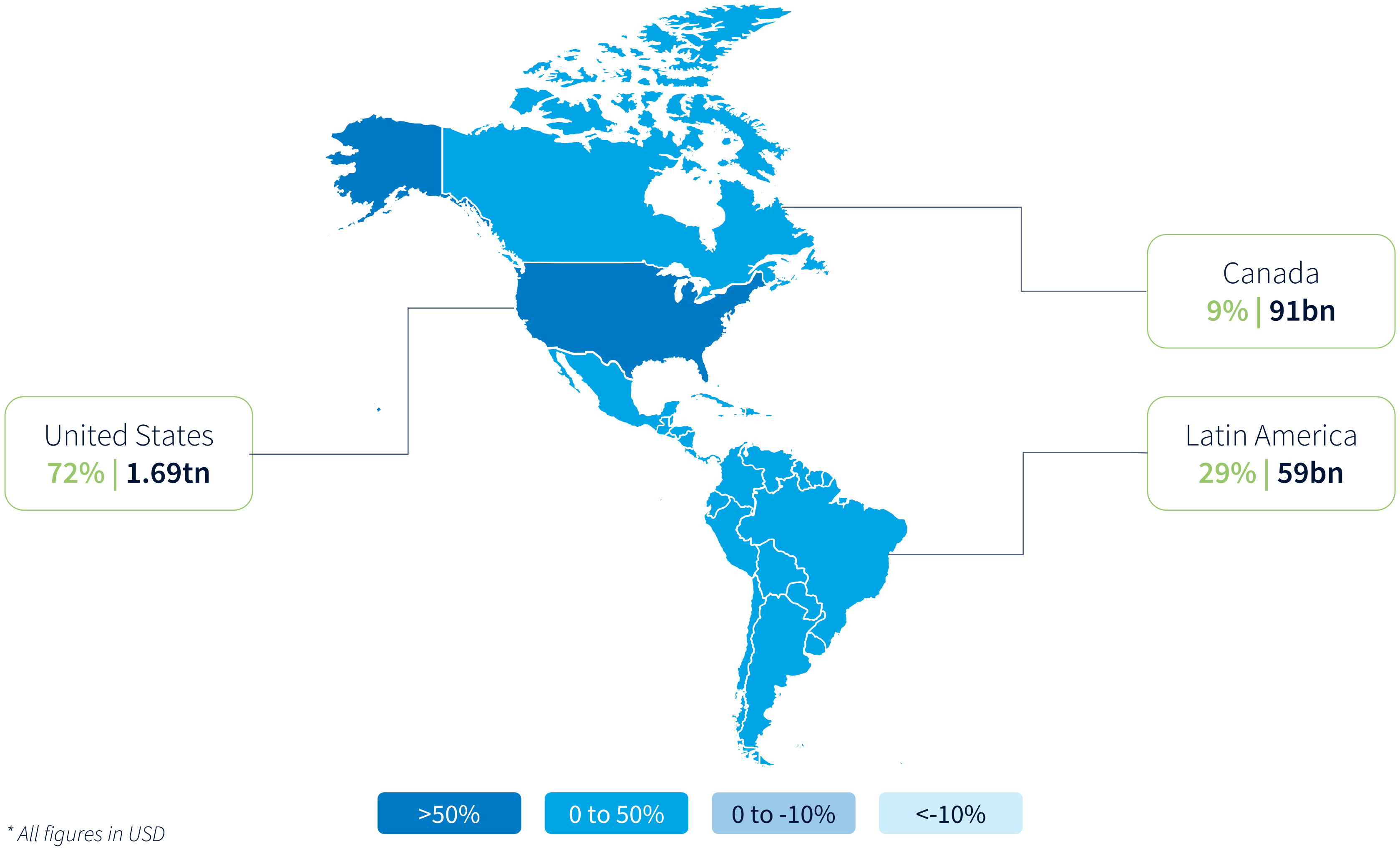
Desai expects portfolio reshaping, geographic expansion and capability-driven acquisitions to continue driving activity, particularly in AI infrastructure, healthcare, consumer, and enterprise software.

Bell predicted a late-2026 revival for private equity, with larger buyouts likely in infrastructure and technology, provided credit markets stabilize, energy costs subside, and a Middle East peace holds. "We are talking about a PE market that is ready to go rampant," said Bell.

Qureshi said dealmakers spent much of the second quarter practicing "restraint and recalibration" as conflict with Iran heightened inflation and uncertainty. Nonetheless she expects activity to accelerate as confidence returns. "The players that have the money and have the ability to transact will," she said. "And they may do it with a more accelerated pace than we've seen in the second quarter."

North America M&A 1H26

Percentage change in deal volume year-on-year



* All figures in USD

Key trends

Record dollar debut

North America M&A volume surged 66% to USD 1.78tn

Gigadeals sweep

North America home to all six global fifty-billion-plus deals

Blockbuster 2Q26

2Q26 recorded first trillion-dollar quarter ever

AI drives growth

Ai accounted for 63% of tech sector activity

Sponsor pullback

Buyouts dropped 26% and exits 36%

Homegrown deals success

Domestic M&A a high of USD 1.59tn

North American M&A activity

North American M&A hits record 1H26 as large-cap corporates outpace sponsors

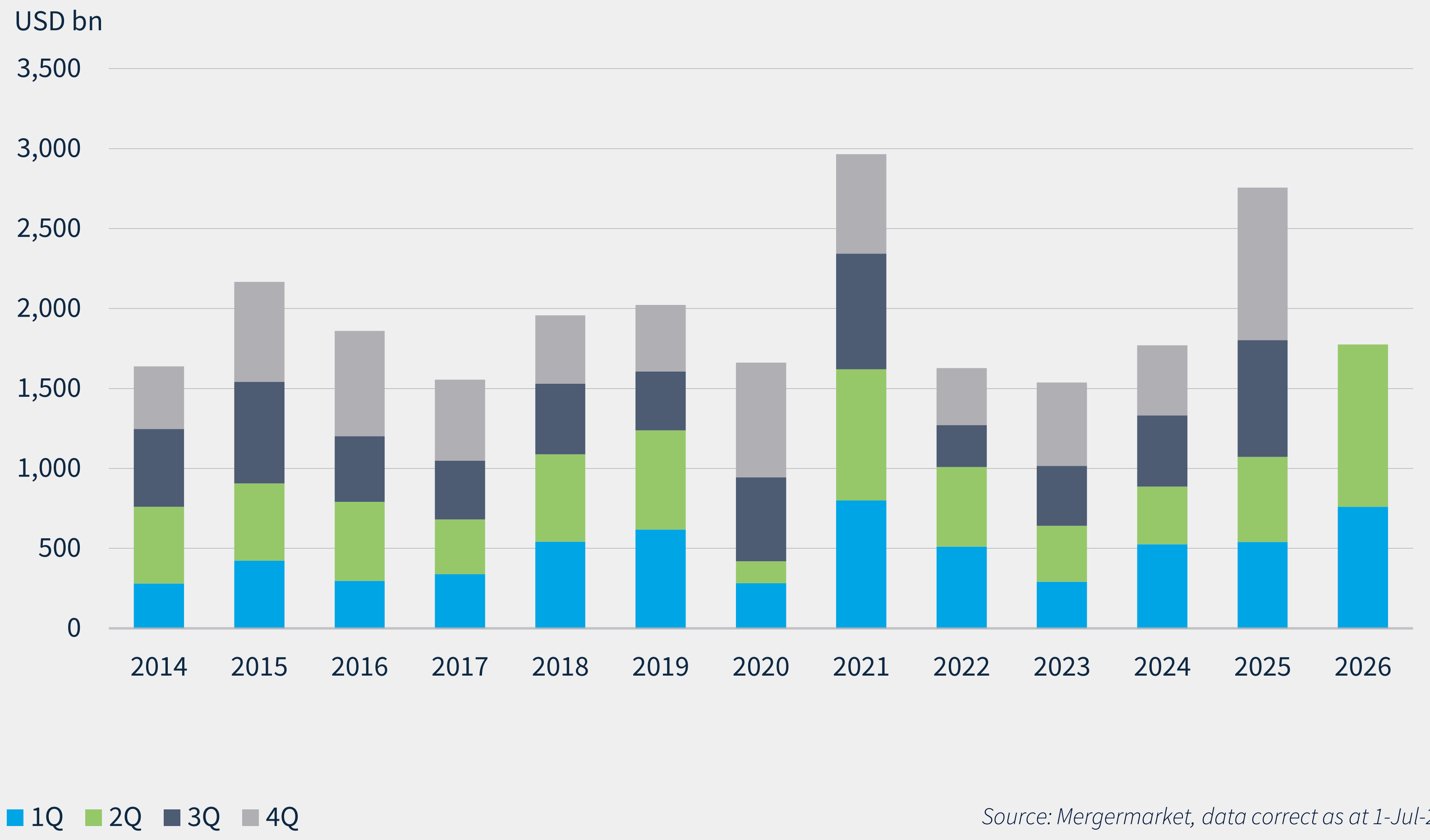
Corporate buyers drove North American M&A to a record first half in 2026, fueled by several large cap deals that continued 2025's strong momentum.

North American M&A volume surged 66% year-on-year to USD 1.78tn across 6,978 deals in 1H26, marking the strongest start to a year on *Mergermarket* record.

Markets are now pricing a prolonged 'higher-for-longer' environment with the Federal Reserve turning hawkish in the wake of volatile energy prices linked to the Iran war. Elevated financing costs for leveraged buyouts, combined with a persistent buyer-seller valuation gap, have weighed on sponsor-led M&A.

North America M&A, quarterly

2Q26 sets record as first trillion-dollar quarter



Source: Mergermarket, data correct as at 1-Jul-2026

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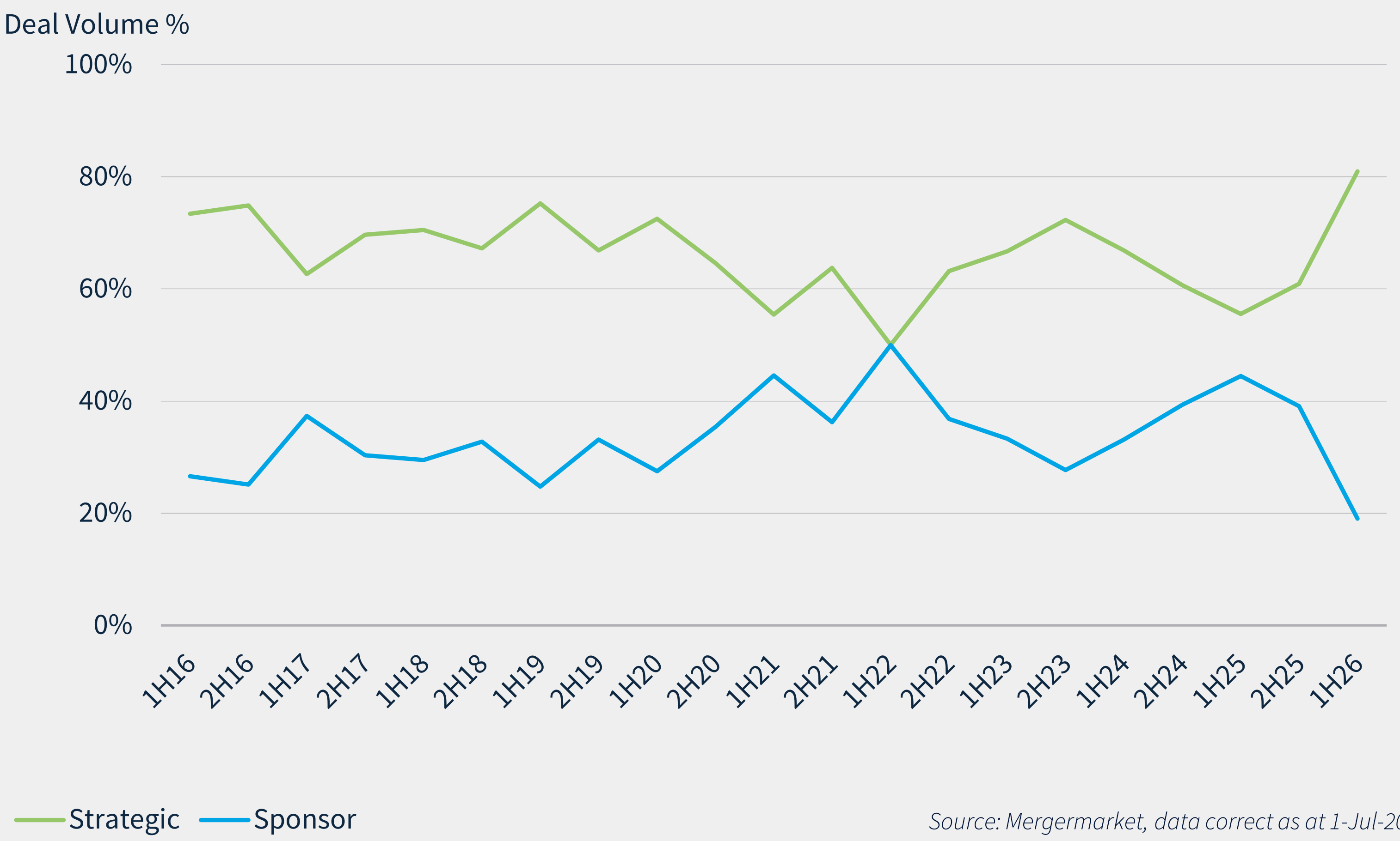
M&A deal type

Strategic vs Sponsor share of deal volume, North America

Strategics capture decade-high 80%+ share amid sponsor pullback



Source: Mergermarket, data correct as at 1-Jul-2026

Corporates – supported by strong balance sheets – have been better positioned to transact and outbid financial sponsors.

Strategic dealmaking activity surged 141% to USD 1.4tn – or 81% of total North American M&A in 1H26 – the biggest half-year total on *Mergermarket* record, driven largely by investment in artificial intelligence, adjacent technology, and the energy sector.

The largest deals included OpenAI's USD 122bn funding round, NextEra Energy's USD 118.8bn acquisition of Dominion Energy, and Anthropic's USD 65bn funding round.

Honeywell's blockbuster USD 84.6bn spinoff of its aerospace business also highlighted a rise in bigger corporate divestitures as strategics simplified portfolios to free up capital.

North America recorded six gigadeals – transactions valued at USD 50bn or more – led by OpenAI's February fundraise. Megadeals – those valued at USD 10bn-plus – totaled USD 957.6bn, accounting for 54% of volume.

May was the strongest month on record, with USD 451.2bn across 1,020 deals, including four of the top 10 transactions in 1H26.

Larger companies have moved quickly to acquire revenue growth, capabilities, geographic breadth, and reshape portfolios, seizing the opportunity to redefine their global position before assets become scarcer and regulatory winds change, said Desai, PwC's US and Mexico deals leader. "Companies are really in search of durable growth."

North America top deals

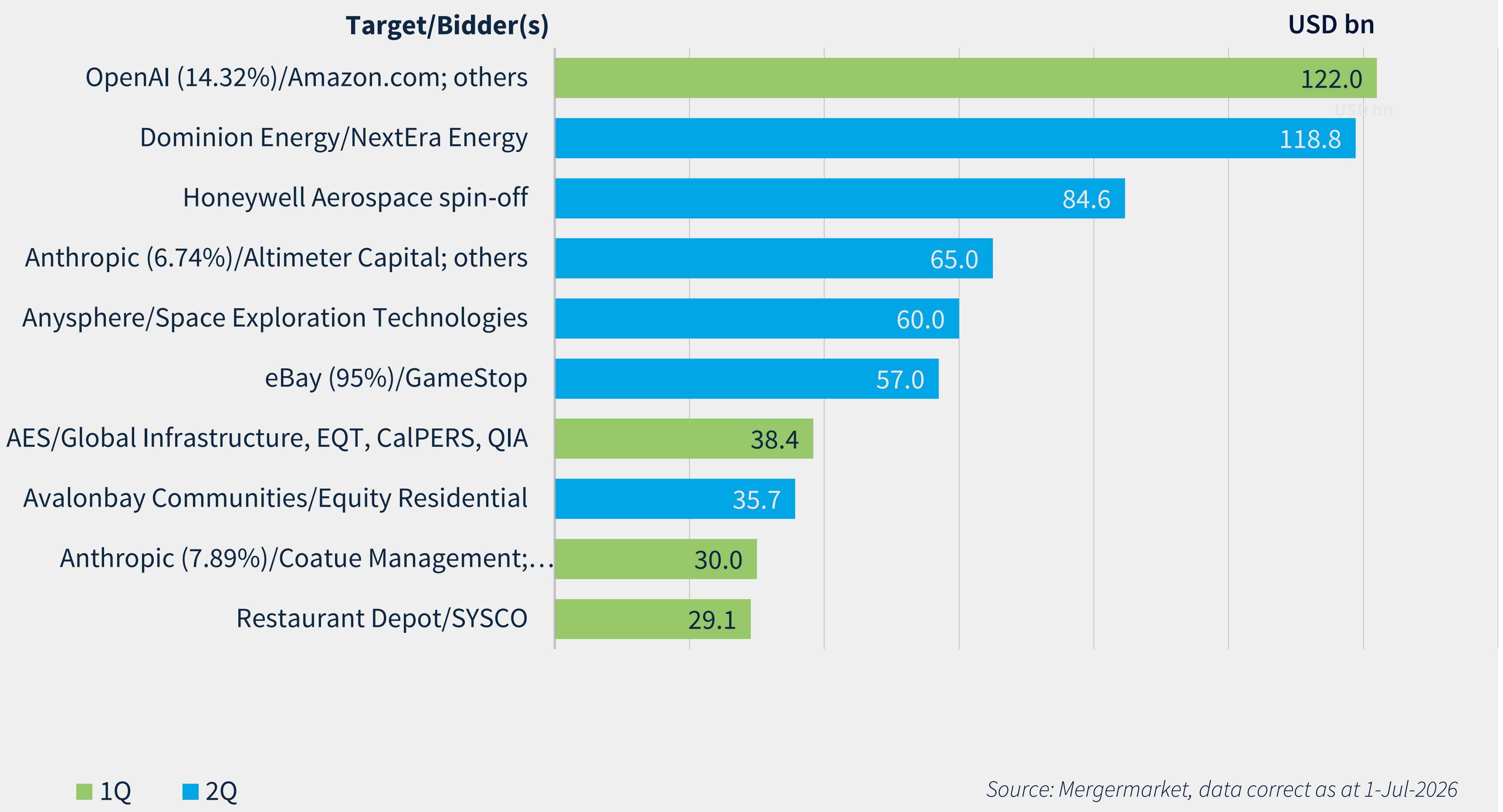
By contrast, a corresponding surge in the middle market has yet to materialize given CEOs of smaller companies are much more sensitive to macro-economic volatility, higher rates, and geopolitical uncertainty, he added.

While aggregate volume of sub-USD 1bn deals rose 22% year-on-year to USD 248bn in 1H26, deal count remained subdued at 2,089 transactions, well below the 1H21 peak of 3,288 and below the historical average.

Conversely, volume of deals valued at USD 1bn or more jumped 76% to USD 1.53tn across 241 transactions, as corporates pursued transformational acquisitions, particularly in the technology and energy sectors.

North America's top 10 deals in 1H26

May saw four megadeals, led by USD 118.8bn Dominion/NextEra Energy deal



Source: Mergermarket, data correct as at 1-Jul-2026

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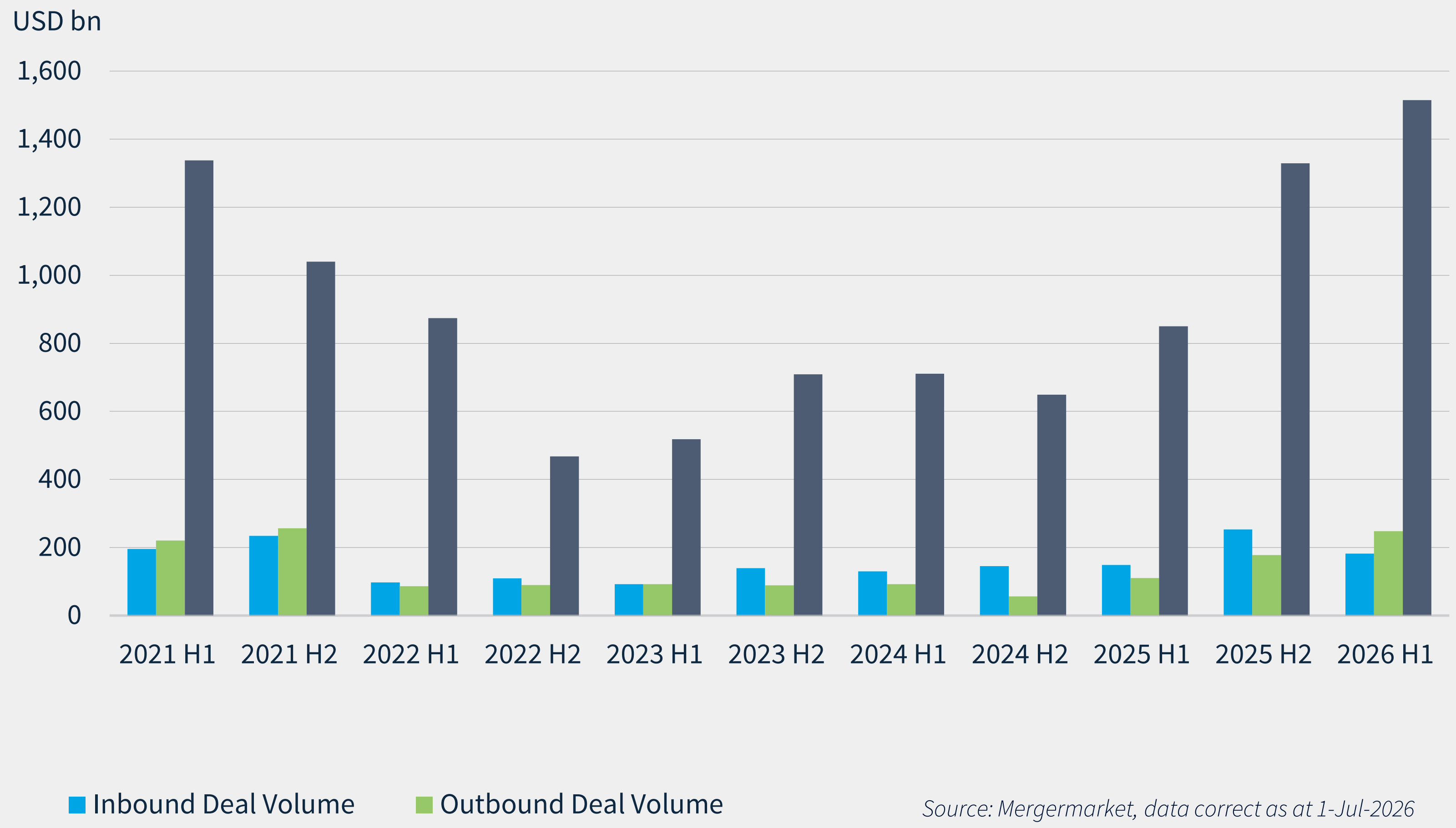
Cross-border activity

US cross-border and domestic M&A by half year

Domestic M&A surged to record USD 1.5tn, aided by President Trump's 'Made in America' push



Source: Mergermarket, data correct as at 1-Jul-2026

US relations in focus

Domestic M&A activity jumped 72% to USD 1.59tn in 1H26, linked to President Donald Trump's 2025 "Made in America" agenda.

Inbound activity increased 26% to USD 189.5bn in 1H26, with foreign buyers displaying greater caution amid policy uncertainty, valuation concerns and tighter cross-border scrutiny, while recognizing the need for on the ground facilities in the US.

Outbound M&A surged 146% to USD 253.9bn, the highest since 2H21 as cash-rich US corporates pursued growth, technology, and supply-chain diversification abroad.

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Sector breakdown

AI-led tech rally continues

AI continues to reshape deal priorities across all sectors, with software and energy emerging as core pillars of the disruptive technology.

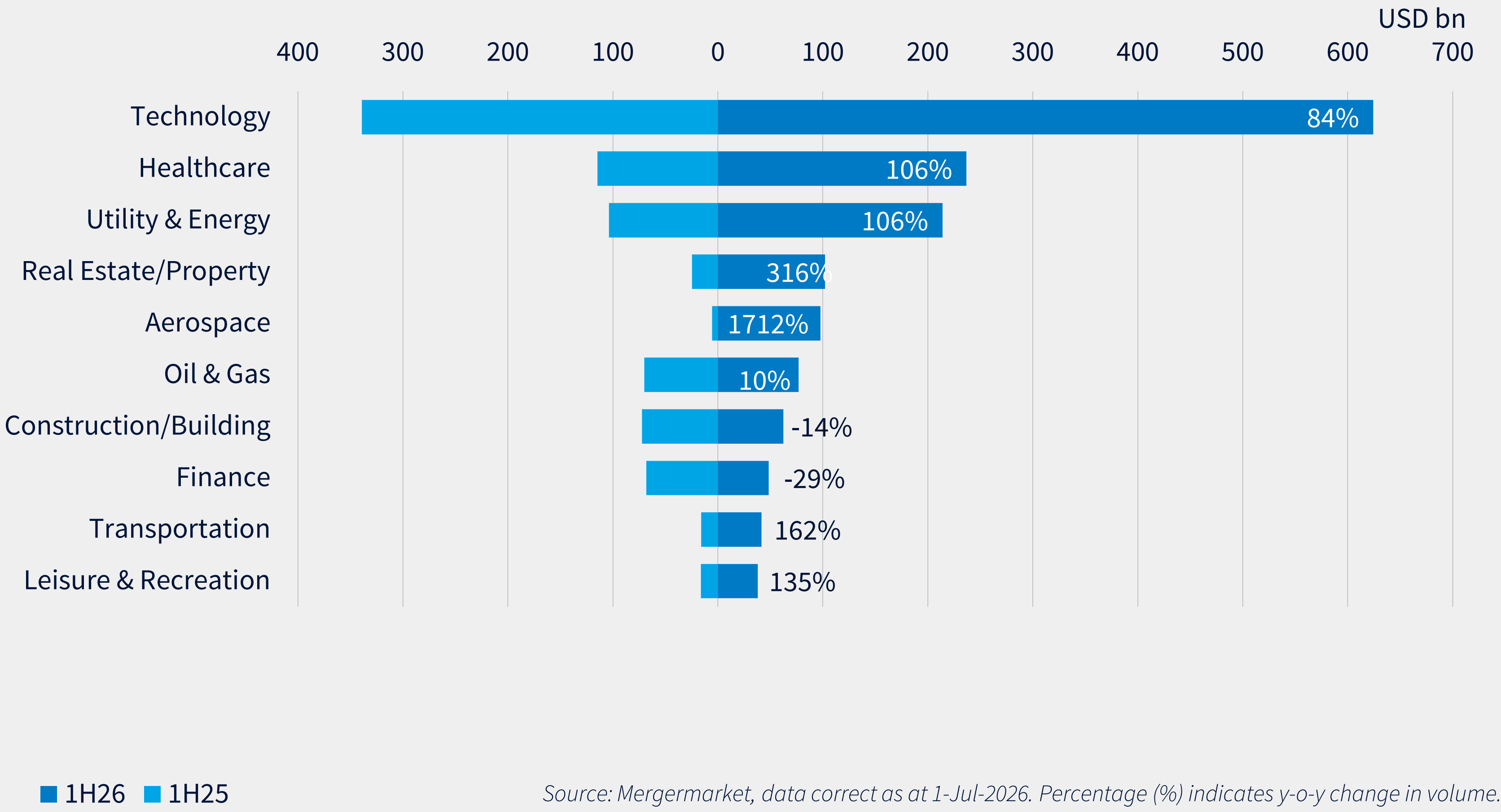
Technology M&A reached USD 624.3bn across 1,969 deals in 1H26, a record half-year. AI-related deals totaled USD 394.5bn across 727 deals, accounting for 63% of tech volume.

Major AI financings included OpenAI (USD 122bn), Anthropic (USD 65bn), xAI (USD 20bn) and Waymo (USD 16bn).

Rising power demand from AI also drove dealmaking, with utility and energy M&A reaching USD 213bn, up from USD 103.8bn a year earlier. Besides NextEra's USD 118.8bn acquisition of Dominion, another blockbuster energy deal was AES's USD 38.3bn take-private in March.

North America's top performing sectors, 1H26 vs 1H25

Technology saw record volume of USD 624bn, led by two giga AI fundraises



Source: Mergermarket, data correct as at 1-Jul-2026. Percentage (%) indicates y-o-y change in volume.

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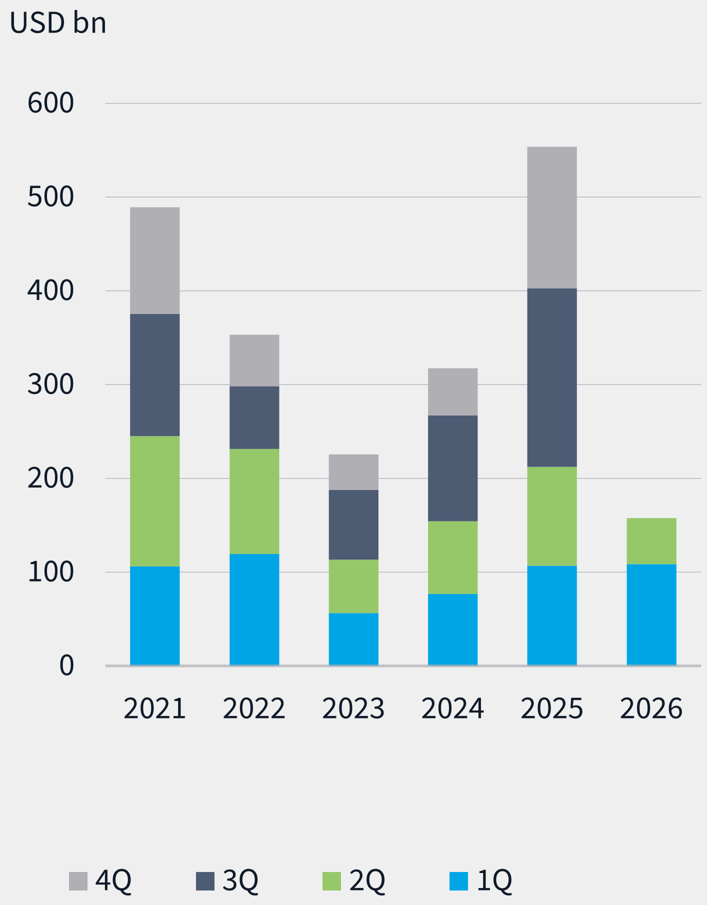
Financial sponsors

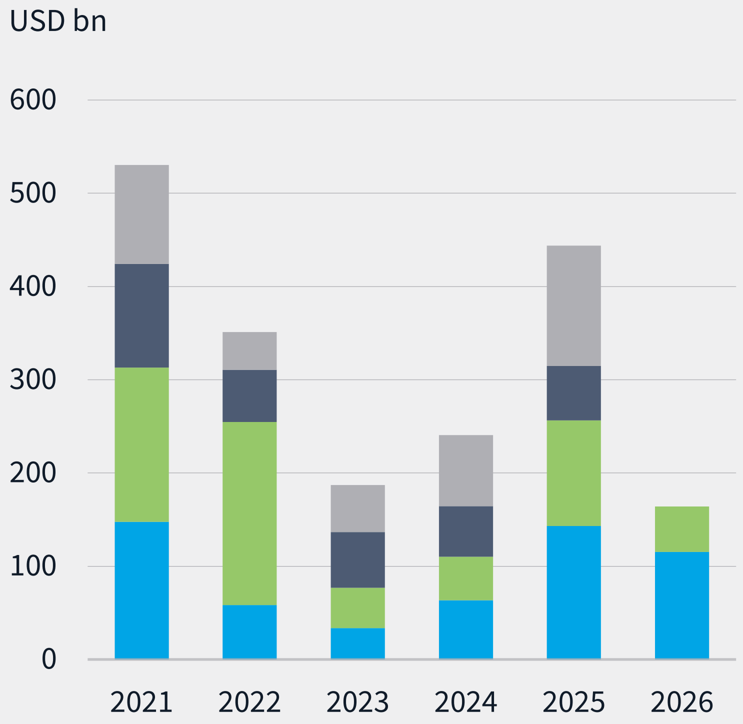
North American buyouts quarterly

Deal volume down 26% in 1H26



North American exits quarterly

Deal volume down 36% in 1H26



Source: Mergermarket, data correct as at 1-Jul-2026

Financial sponsors lag

Financial sponsor activity weakened in 1H26 as elevated entry valuations from the 2021 boom, wide bid-ask spreads, and rising financing costs made exits harder to execute. That in turn constrained capital recycling and new dealmaking.

Entry deals fell 26% year-on-year to USD 157.5bn, led by the AES take-private, followed by the USD 10bn acquisition of Yes Management by Mubadala Capital and Brookfield Asset Management in January.

Exits declined 36% to USD 164bn, led by Leonard Green's USD 29bn sale of Jetro Restaurant Depot to SYSCO, and GIC's sale of Yes.

The 1H26 pullback, following a strong 2H25, underscores continuing struggles by sponsors to exit aging portfolio assets.

Outlook 2H26

In 2H26, Desai expects M&A activity to pick up in enterprise software, consumer, healthcare technology, and the physical infrastructure needed for AI, including data centers, utilities, real estate, and cooling technologies. “We’re starting to see appetite – particularly from private equity investors – to reenter enterprise software,” he said. “Investors have a clearer view of which technologies will be sustainable and defensible.”

M&A remains active because companies can still borrow at reasonably attractive spreads, but if Treasury yields keep rising and lenders start demanding higher risk premiums, borrowing costs will rise enough to significantly slow merger and acquisition activity. “We are on this precipice,” warned Desai.

Despite recent volatility, a healthy backlog of deals is underpinning expectations for continued M&A activity across North America.

Kevin Desai

US and Mexico deals leader at PwC

We’re starting to see appetite – particularly from private equity investors – to reenter enterprise software;

Investors have a clearer view of which technologies will be sustainable and defensible.

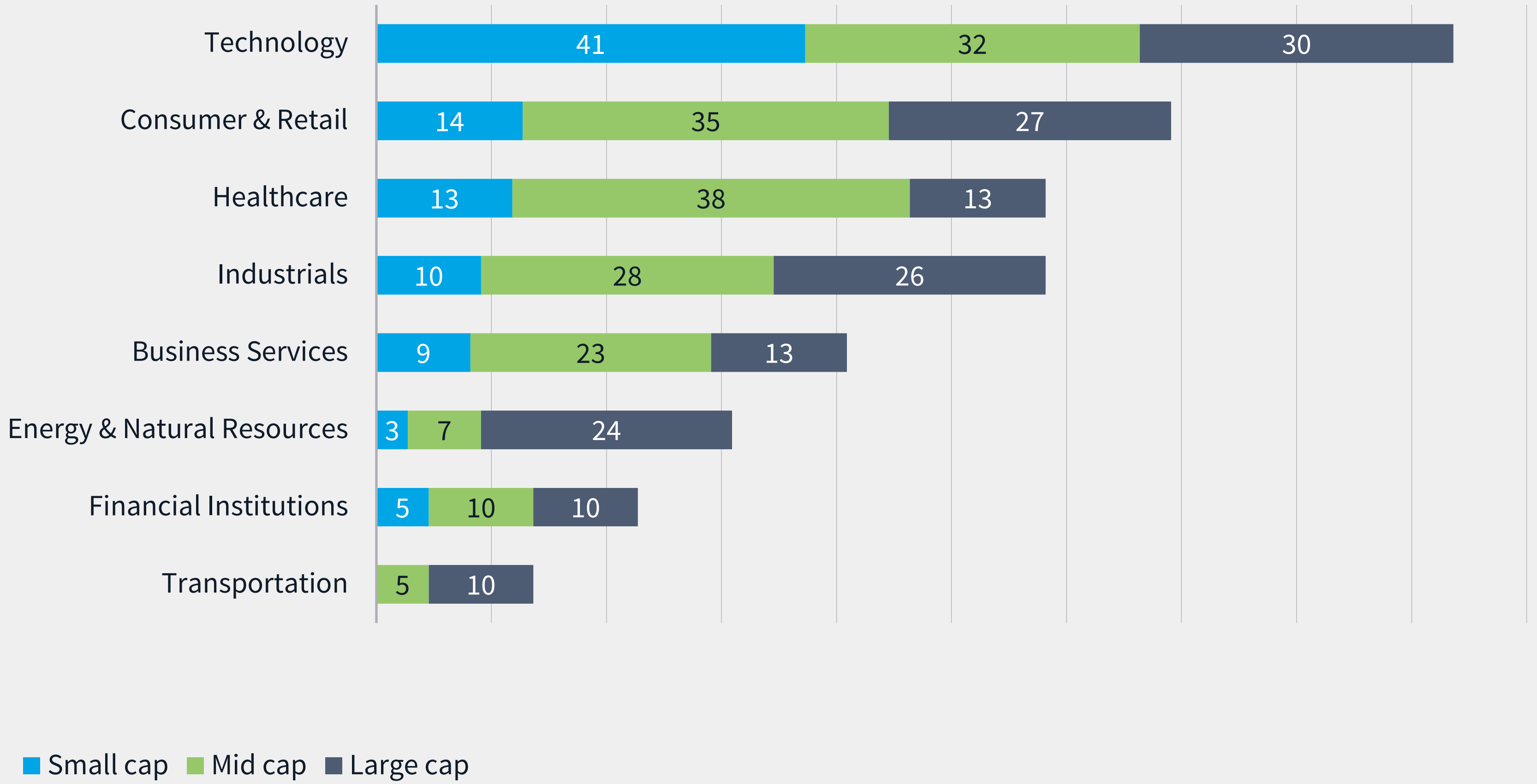
Deals pipeline

In North America, Mergermarket has identified a strong pipeline active auction processes led by technology, consumer and retail and healthcare sectors. They include:

- Stack Infrastructure's potential sale of its Asia-Pacific data centers, which could exceed USD 30bn, with interest from the Artificial Intelligence Infrastructure Partnership and Brookfield Asset Management;
- L Catterton's sale process for dietary supplement maker Thorne HealthTech, valued at up to USD 4bn;
- TPG and Leonard Green's potential sale of Troon Golf, valued above USD 2bn.

US active auctions pipeline

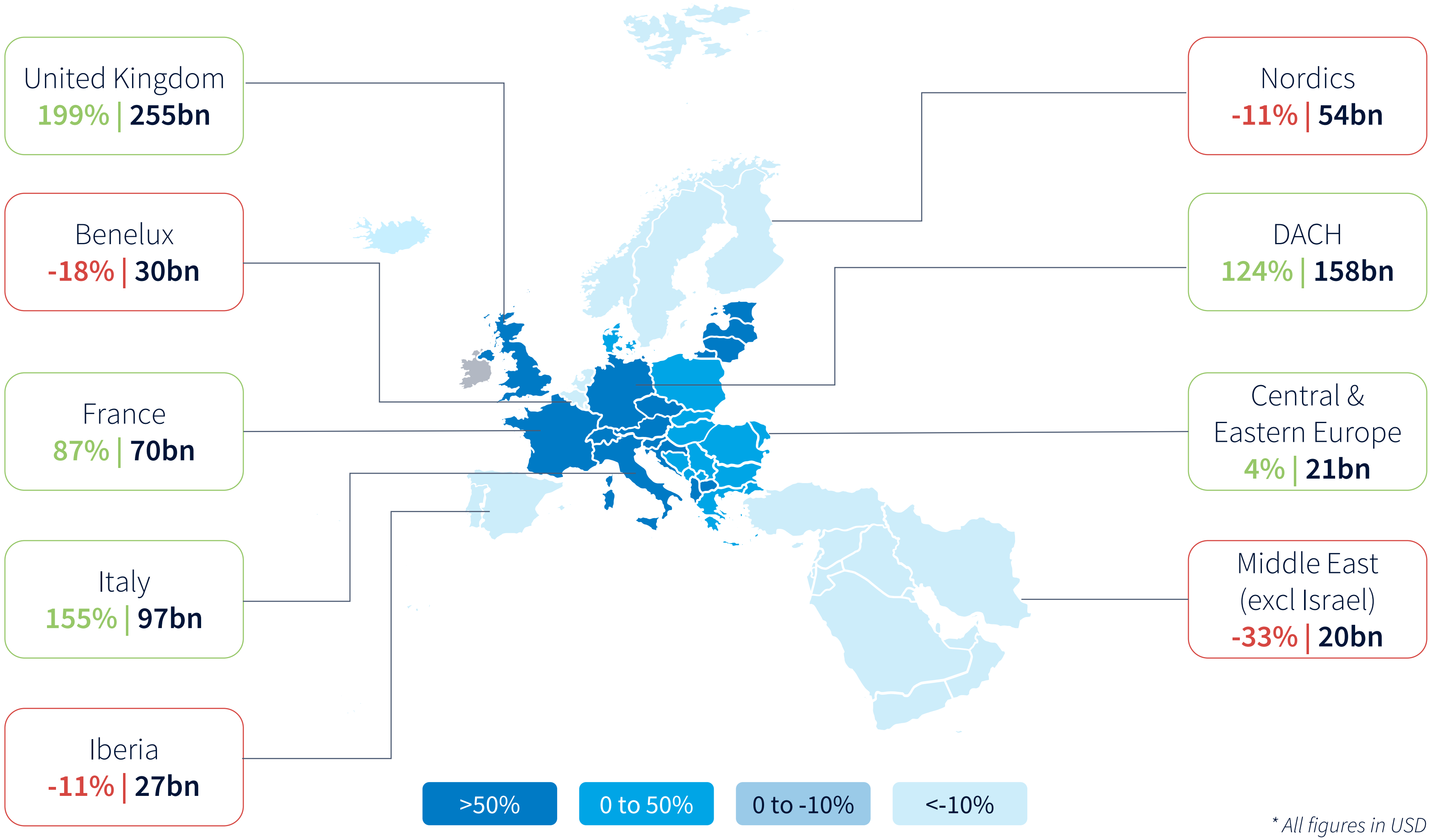
Small cap tech activity leads with most active situations



Source: Mergermarket, data correct as at 01-Jul-26; Figures represent number of situations based on target size

Europe and Middle East M&A 1H26

Percentage change in deal volume year-on-year



** All figures in USD*

Key trends

Market momentum

EMEA M&A up 87%, reached USD 847.5bn

Megadeal mania

The region witnessed 16 megadeals, highest count for half year period on record

Carve-out craze

Carve-out volumes doubled YOY, led by the USD 42.7bn carve - out of Unilever's food business

Bigger bets

Average deal size for buyouts and exits rose to USD lbn and USD 1.6bn respectively, setting new records

Sector spread

Eight sectors shaped the region's ten largest transactions

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EMEA top deals

EMEA has best 1H since 2007, driven by record megadeals

Corporates seeking resilience via scale, surging inbound interest, and momentum towards building European champions propelled EMEA M&A volumes in 1H26.

Driven by a record 16 megadeals, EMEA marked its best first half since 2007. Deal volume rose 87% year-on-year to USD 847.5bn across 8,594 deals, with 92% of that activity in Europe.

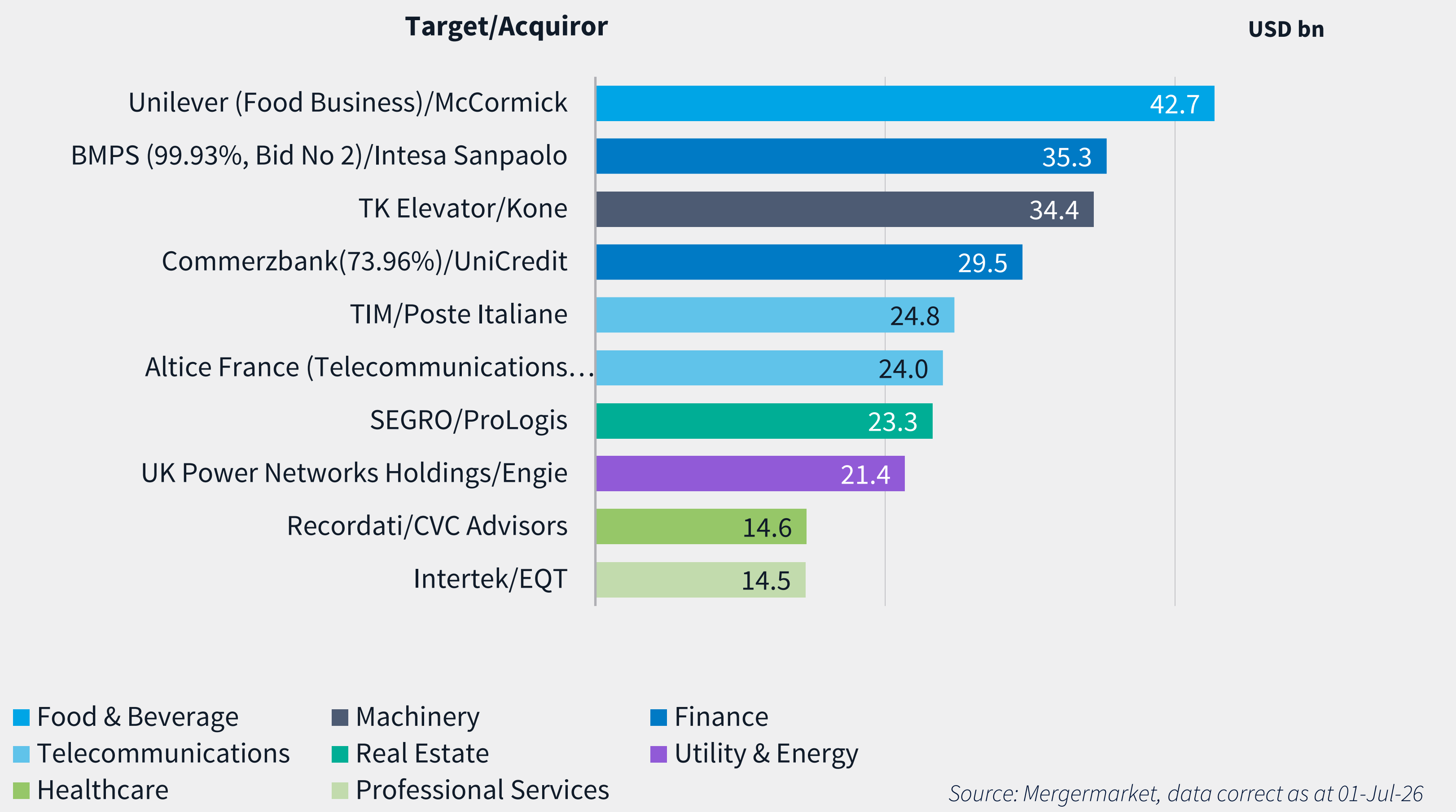
McCormick's USD 42.7bn acquisition of Unilever's food business was Europe's largest deal and also topped the global carve-out charts. It highlights a "right-scaling" trend that pushed EMEA carve-outs to USD 136.4bn across 649 deals – more than double the volume from 1H25.

"We're seeing a renewed focus on strategic portfolio optimisation as businesses look beyond inflation-driven operational challenges and reshape portfolios around their core growth priorities. That is creating a healthy pipeline of carve-outs and non-core disposals," said Nicola Longfield, partner, deal advisory, KPMG.

Meanwhile, the success of many long-incubated megadeals in the region – such as Kone's bid for TK Elevator, UniCredit's unsolicited grab for Commerzbank, and the French telco consortium offer for SFR – will rest on whether there is a genuine regulatory shift in mindset accommodating the development of continental champions as new European Commission merger guidelines come into force.

EMEA top deals for 1H26

Sector diversification shapes the region's 10 largest deals



Source: Mergermarket, data correct as at 01-Jul-26

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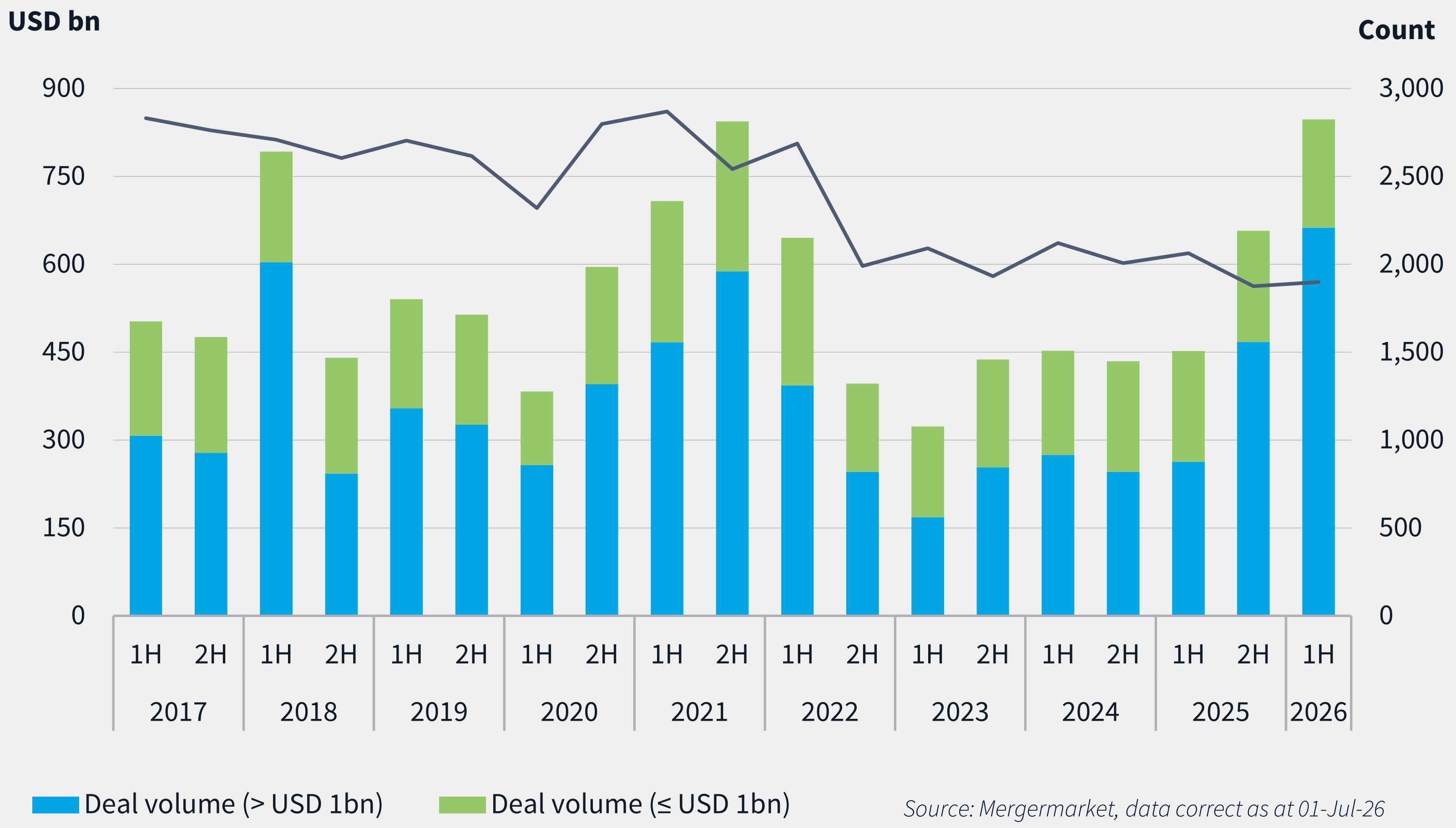
EMEA M&A activity

General M&A activity in EMEA

1H26 sees the highest volume of deals over USD 1bn since 1H07



Source: Mergermarket, data correct as at 01-Jul-26

Dr. Thomas Krecek, partner and co-regional practice area leader corporate for One Europe at Clifford Chance said: “The conversation around creating stronger, more competitive European champions is no longer theoretical; it is increasingly being reflected in transaction activity across sectors including financial services, telecoms and infrastructure.”

That drive for scale has a flipside. While the trend of fewer, larger transactions persisted – deals valued over USD 1bn were up 2.5x by volume (and 41% up by count) YoY at USD 662.5bn – activity among deals valued below USD 1bn was broadly flat YoY, with a total volume of USD 185bn and deal count fell 10%.

Nearly 70% of the deal volume in 1H26 came from strategics, announcing 5,939 deals worth USD 584bn. The remaining 30% came from sponsors with 2,655 deals worth USD 263.5bn.

Cross-border activity

US buyers dominate inbound European M&A

Drawn by Europe's relative stability and compelling valuations, inbound deal value surged 3x year on year to USD 245.9bn. US acquirors dominated activity, completing 522 deals worth USD 180.6bn, while buyers from Greater China ranked a distant second with 44 deals valued at USD 10.9bn. The UK and Germany were the leading target jurisdictions.

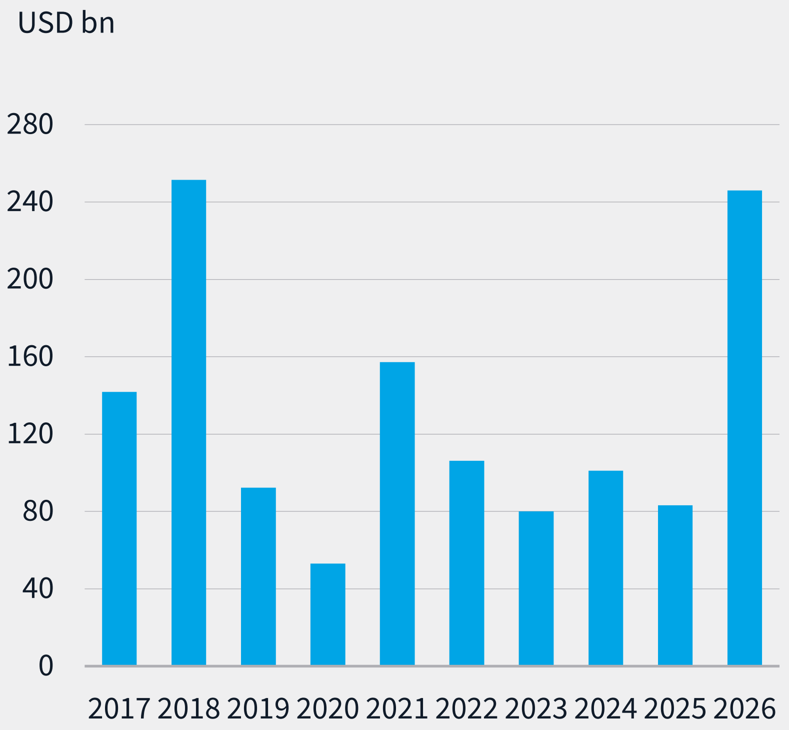
"US investors continue investment allocation to Europe given the perceived attractive value of assets in the region," Nigel Wellings, partner, co-regional practice area leader corporate for One Europe, Clifford Chance said.

Geopolitics and deglobalization themes are pushing corporates to think for the long term, said Raj Karia, global head of corporate, M&A and Securities at Norton Rose Fulbright, noting many corporates are looking to reengineer their supply chains.

EMEA outbound deal volume rose 65% from 1H25, notching 763 deals with a total volume of USD 170.4bn. The largest announced deal was the USD 16.6bn acquisition of ARC Resources, a Canadian upstream company, by Shell.

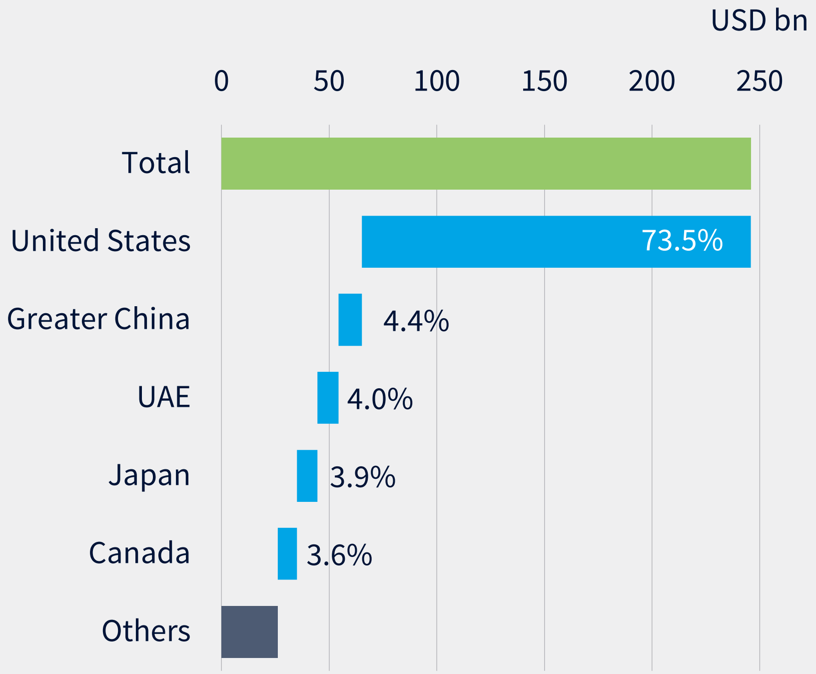
With the growing need for on-the-ground exposure to the United States, unsurprisingly it was the top target for EMEA nations, with 392 investments worth USD 112.5bn, followed by Canada with 68 investments worth USD 19.6bn.

Europe inbound M&A in 1H periods



Source: Mergermarket, data correct as at 01-Jul-26

Top acquirors in Europe - 1H26

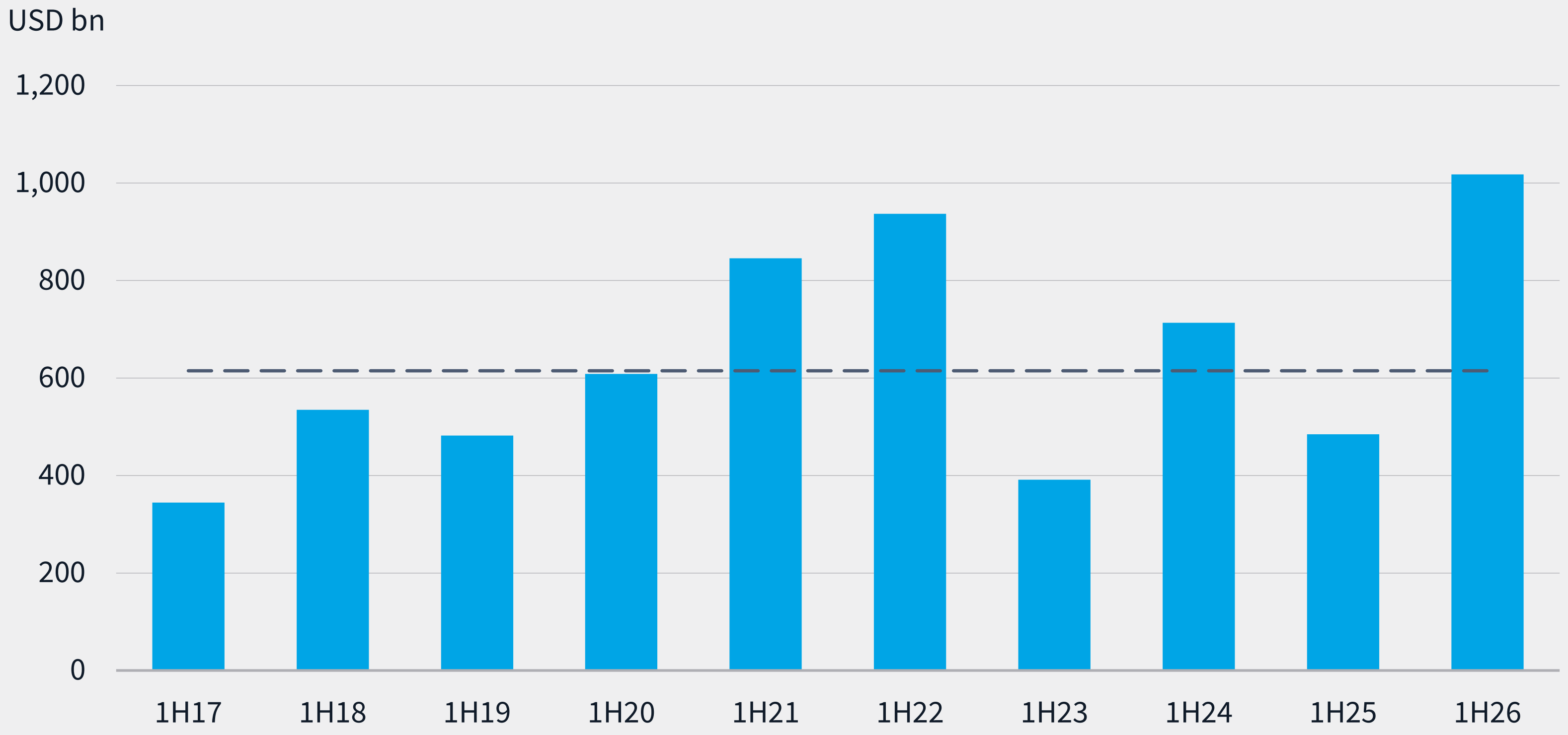


**Data labels indicate the share of total volume*

Financial sponsors

EMEA average financial sponsor entry deal size

1H26 marks the highest 1H average deal size on record



*Source: Mergermarket, data correct as at 01-Jul-26. *The dotted line indicates the overall average deal value from 2017 to date*

Fewer, larger buyouts boost PE

EMEA financial sponsor investment continued to be defined by fewer, bigger deals, with value surging nearly 90% year on year to USD 126.2bn despite just 639 buyouts. Average deal size reached USD 1bn, the second-highest half-year level on record.

However, as sponsors wrestle with the challenge of valuation gaps, add-on activity remained a critical part of the value creation playbook – 70% of the sponsor-backed investments in Europe have been add-on activity rather than new platform deals.

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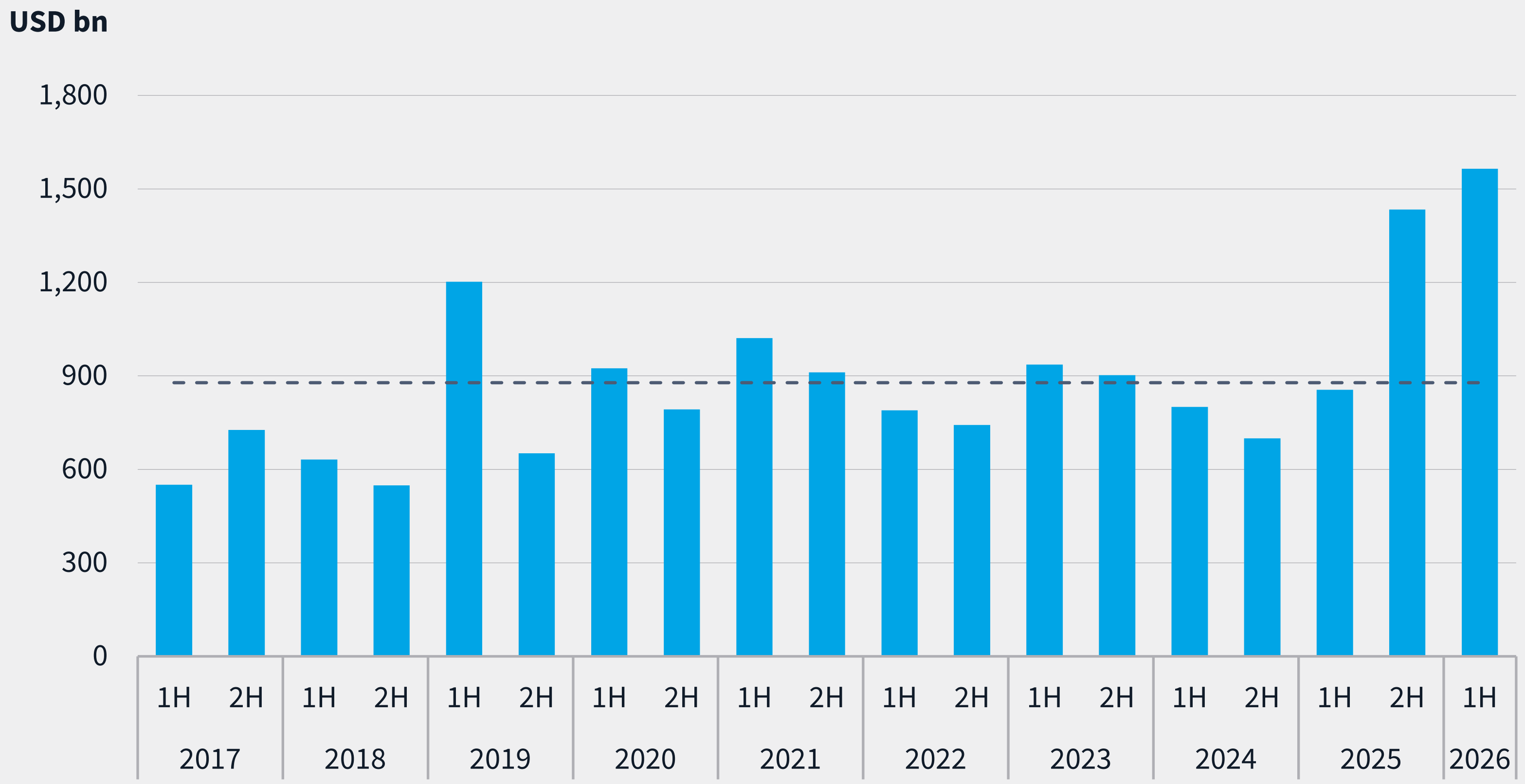
Financial sponsors

EMEA was a bright spot for financial sponsor exits, which more than doubled year-on-year in volume at USD 154.9bn. Around 70% of the total were full exits, the largest transaction being the Advent, Cinven, and ALAT exit from TK Elevators to Kone for USD 34.4bn. The average deal size for exits hit a record half-year high at USD 1.6bn.

EMEA average financial sponsor exit deal size

1H26 marks the highest half-year average deal size on record



*Source: Mergermarket, data correct as at 01-Jul-26. *The dotted line indicates the overall average deal value from 2017 to date*

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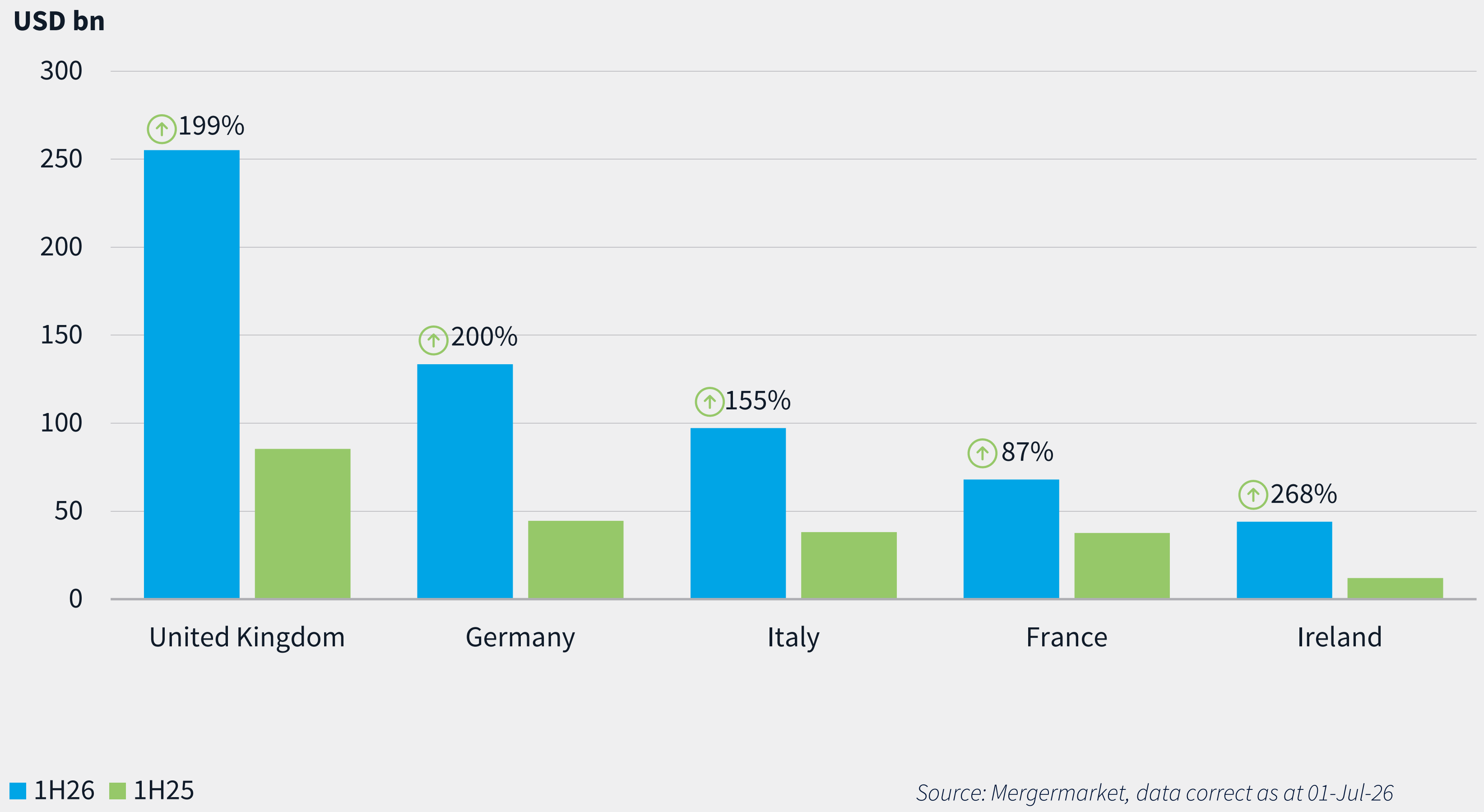
Regional breakdown

EMEA'S top performing nations by volume 1H26 v 1H25

UK drives EMEA volumes and marks a near 3x YoY rise



Source: Mergermarket, data correct as at 01-Jul-26

P2P activity sparks a near 3x rise in UK M&A

United Kingdom recorded the best half-year since 2018, with volume coming in at USD 255bn, a near 3x rise from 1H25, driven by strong interest in listed large-cap companies.

The EQT-led swoop for TICC player Intertek at an enterprise value of USD 14.5bn is one of the largest UK take-privates ever seen.

These are world class businesses, sometimes trading at a 20%-40% discount to US peers that are attracting strong interest from foreign acquirors – especially US investors, Dwayne Lysaght, co-head of EMEA M&A at J.P. Morgan told Mergermarket M&A Forum UK last month.

Boosted by megadeals, including Uber's swoop on Delivery Hero, Germany was the second most active market with 929 deals worth USD 133.5bn, followed by Italy's haul of 667 deals worth USD 97.2bn.

Sector breakdown

Finance for Europe

Finance was the top-performing sector, jumping from the second spot in 1H25, with 387 deals worth USD 134.1bn. Institutions are keen to explore "opportunities to build scale, expand capabilities and improve competitiveness in what remains a fragmented landscape," Krecek said.

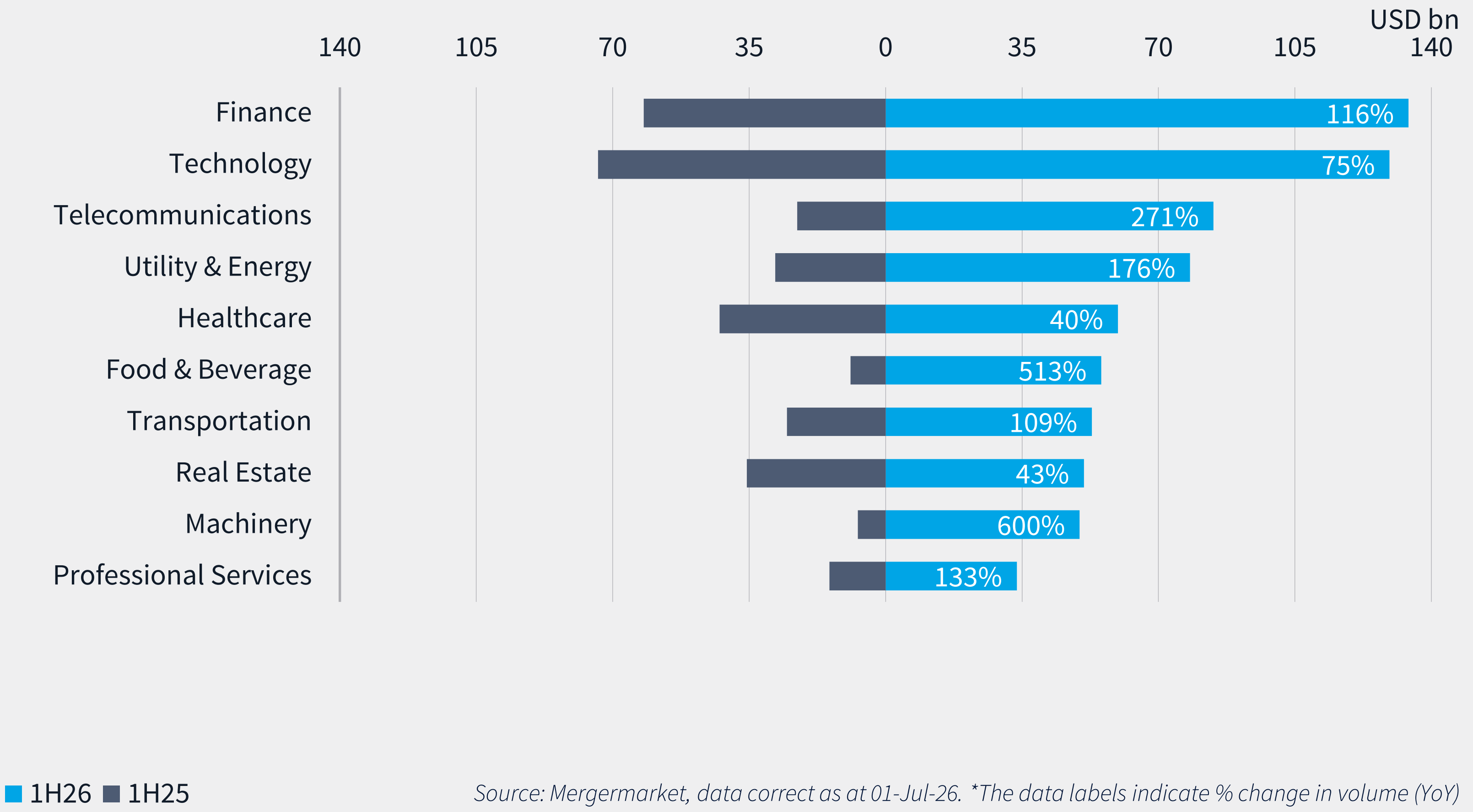
The next top sectors were driven by the region's push for AI sovereignty and related capabilities for its build-out. Technology stood second with 1,804 deals worth USD 129.3bn; within this, artificial intelligence recorded a half-year record at 322 deals worth USD 27.1bn in EMEA, a 3.5x rise in volume from 1H25. This was followed by telecom with 128 deals worth USD 84.1bn.

The Utility & Energy sector was the fourth most active sector in volume. Nearly 75% of the deal volume came from electric power's 248 deals worth USD 57.8bn in 1H26, a 3.3x rise in volume from 1H25. Waste management and water supply provided 17% of the sector's volume followed by diversified energy sources (5%) and nuclear energy (3%).

With European governments' heightening their focus on defence spending, EMEA recorded the highest half-year count of defence sector deals on record at 111 transactions, however, given the need for confidentiality as well as cross sector spending, the volume of disclosed deals was USD 7.7bn. Of these deals, 20 were sponsor-backed entry deals, with 11 being direct entry deals, and nine add-ons.

EMEA's top-performing sectors - 1H26 v 1H25

Finance emerges as the top sector for EMEA in 1H26, rising 2-folds YoY



*Source: Mergermarket, data correct as at 01-Jul-26. *The data labels indicate % change in volume (YoY)*

Outlook 2H26

Middle East & Africa (excl. Israel)

The war in the Middle East impacted overall activity across all fronts. Middle East & Africa recorded 276 deals worth USD 30.3bn in 1H26, a 19% decline in volume from 1H25.

Strategic acquirers took centre stage in 1H26, accounting for almost 94% of total deal value compared with just 6% for financial sponsors. Real estate led sector activity, followed by utility & energy, and mining.

Outlook

With boards driven to build resilience amid repeated geopolitical shocks, and private equity firms eager to execute the backlog of planned exits, EMEA's M&A pipeline looks well placed for 2H26.

"Corporates continue to pursue strategic portfolio reviews, acquisitions and divestments, while private equity firms remain under pressure to both deploy capital and realise investments. As long as those strategic imperatives remain, M&A activity should continue even against a backdrop of economic and geopolitical uncertainty," Longfield said.

Nicola-Longfield

Partner, deal advisory, KPMG

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Nigel Wellings

Partner, Co-regional practice area leader corporate for One Europe, Clifford Chance

US investors continue investment allocation to Europe given the perceived attractive value of assets in the region.

Raj Karia

Global Head of corporate, M&A and securities at Norton Rose Fulbright

Geopolitics and deglobalisation themes are pushing corporates to think for the long term.

Deals pipeline

Wellings predicted that the flow of public-to-private deals in EMEA would continue in the second half of the year.

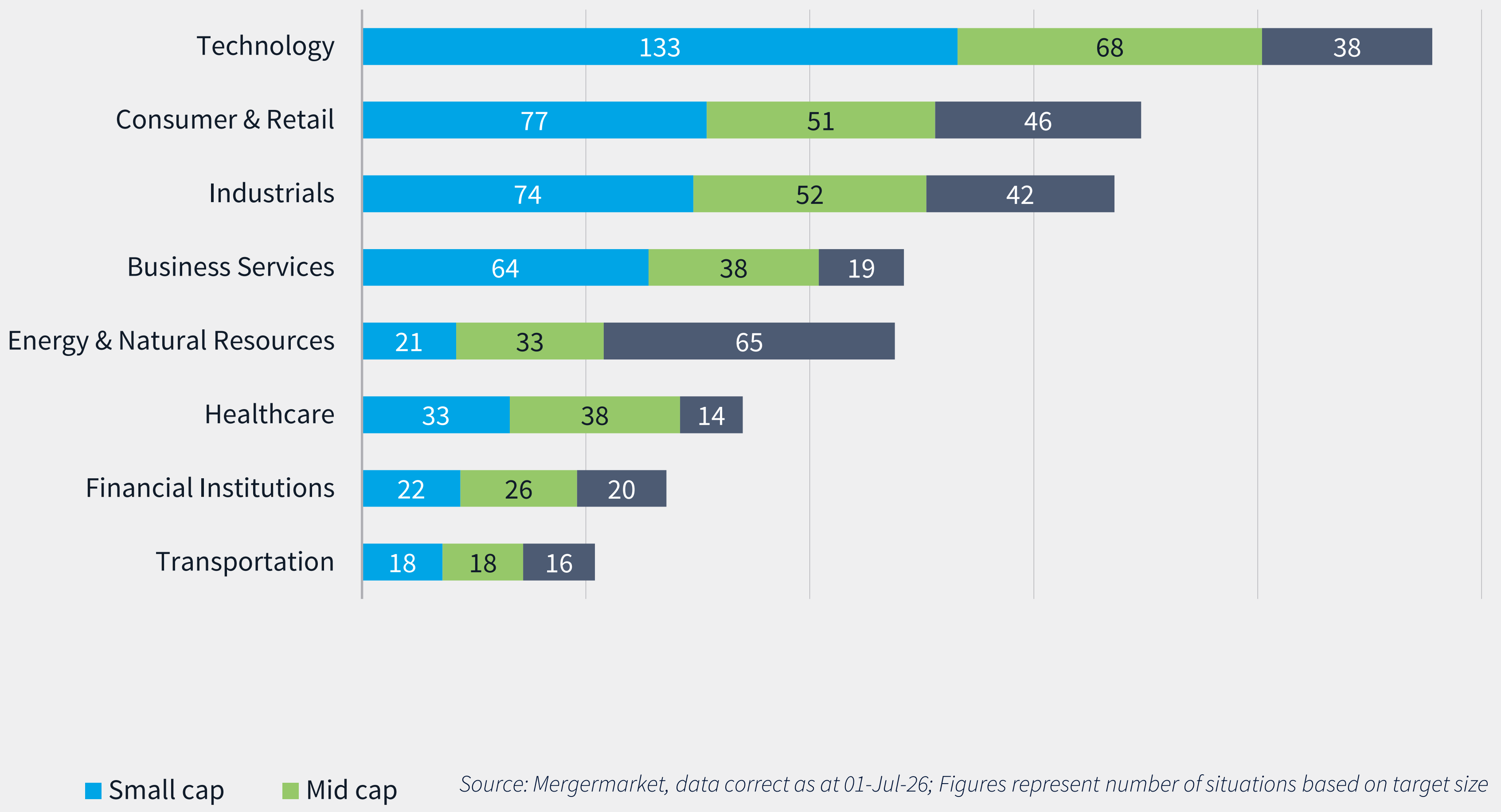
Still, fortunes may vary: France could see an uptick in activity as dealmakers may look to transact ahead of next year's presidential election; in the UK, small and mid-cap transactions may falter as boardrooms digest political headwinds.

Top auctions in EMEA include:

- Vattenfall's Swedish district heating business and its Nordic peer Solör Bioenergi, both of which are readying potential sale processes over summer.
- CVC is expected to launch a sale for its French healthcare asset Cooper Consumer Health in 2H.
- Bridgepoint has mandated JP Morgan and PwC to advise on its potential sale of the Danish drone detection and jamming company Mydefence.
- Founder-owned La Rosée is expected to distribute IMs for the upcoming sale of the French skincare brand towards the end of August.

Europe active auctions pipeline

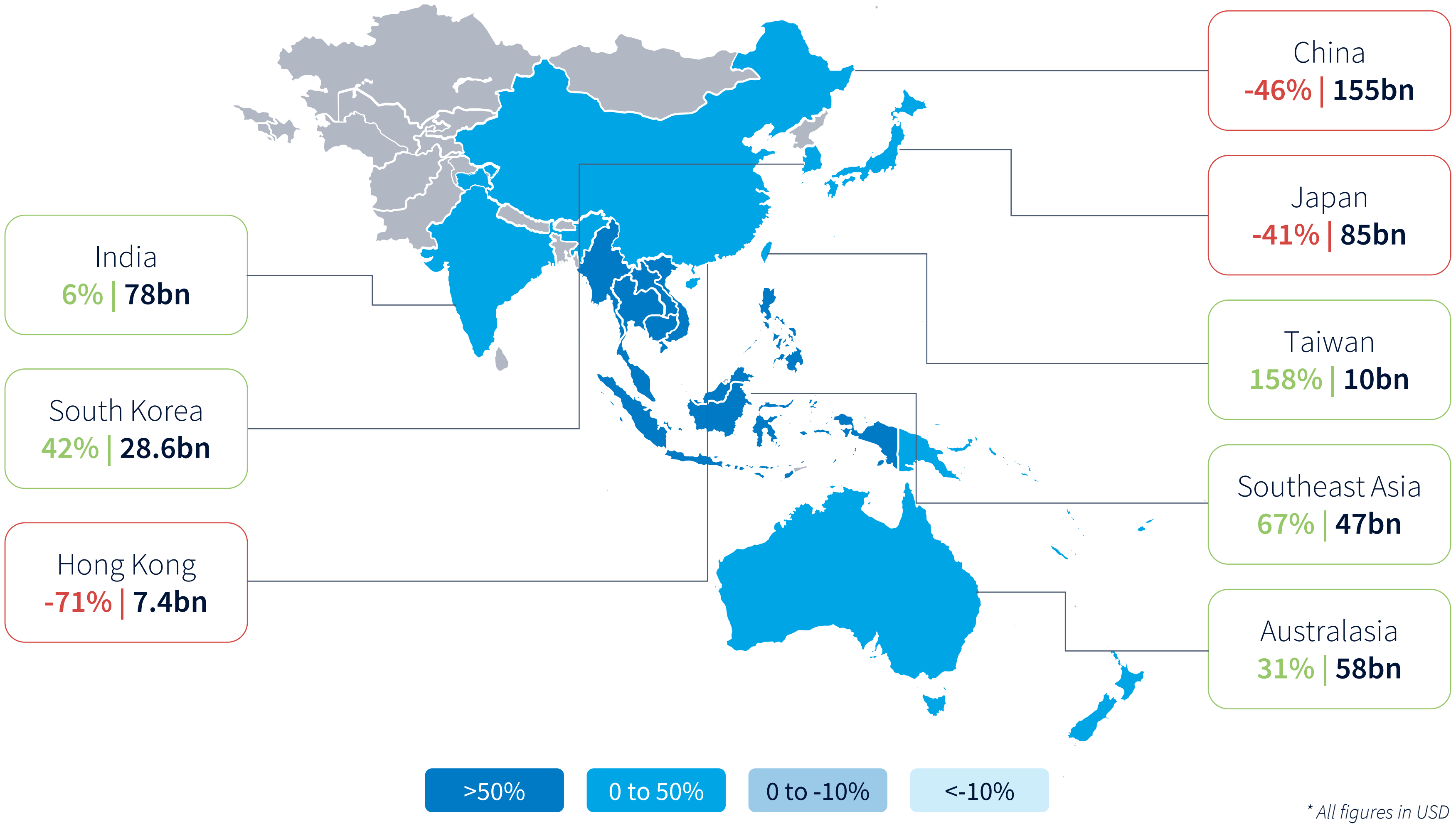
No change at the top, energy & natural resources leads large cap activity with most active situations



Source: Mergermarket, data correct as at 01-Jul-26; Figures represent number of situations based on target size

APAC M&A 1H26

Percentage change in deal volume year-on-year



* All figures in USD

Key trends

Muted volume

APAC M&A volume fell 24% as large-cap deal making slows

Technology gains

Tech M&A surged 41% YoY fueled by a rebound in Chinese tech deals

India breaks outbound M&A record

Outbound M&A hit a record soaring 245% to USD 21.4bn

Taiwan, Southeast Asia and South Korea lead the charge

M&A activity in traditional powerhouses China and Japan has contracted sharply, robust increases in Southeast Asia and
South Korea

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APAC M&A activity

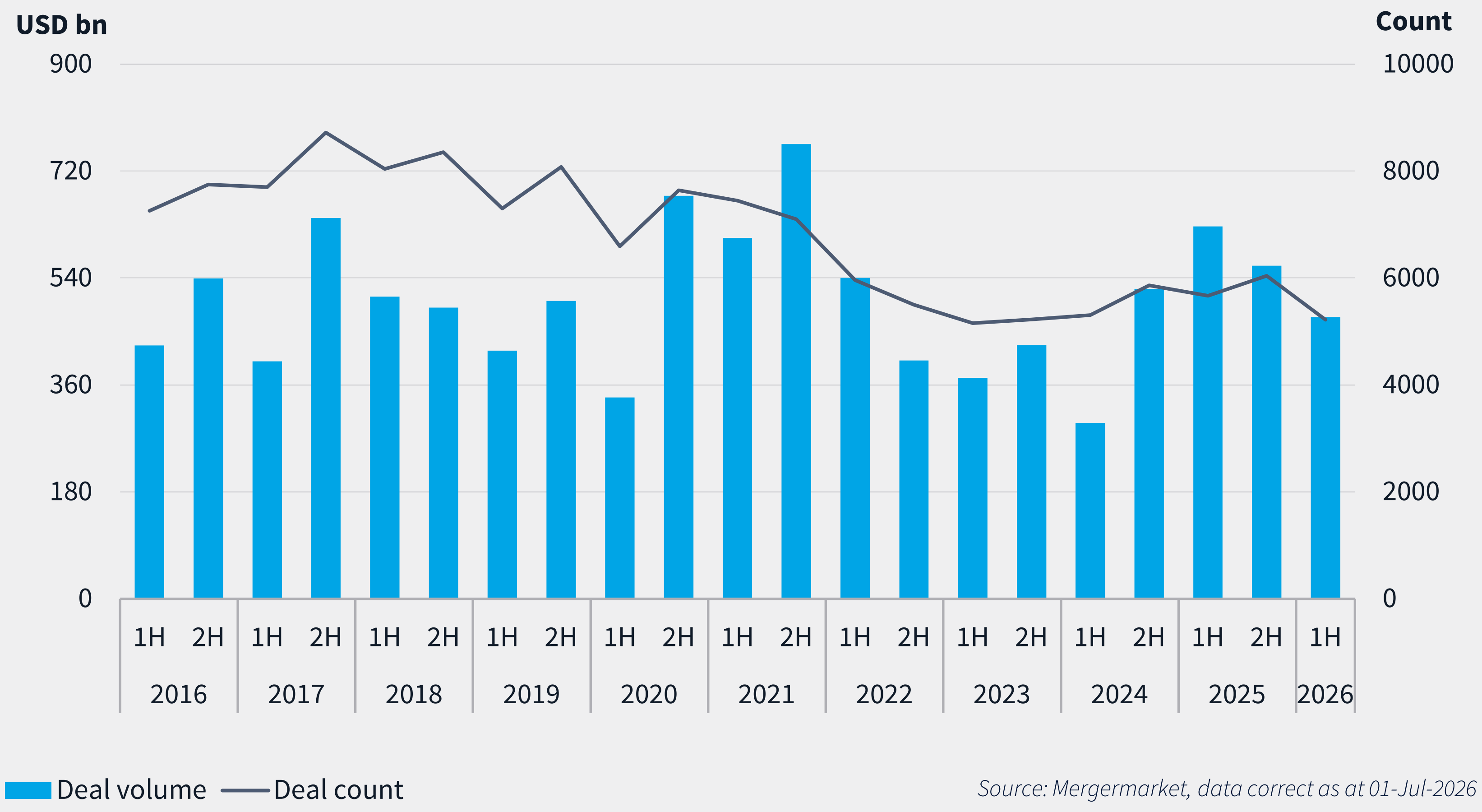
APAC M&A drops 24%, weighed by large cap and China declines

APAC M&A volume weakened year to date, defying global headline trends. But bankers say the picture is more nuanced, with underlying structural shifts continuing to underpin dealmaking resilience.

In 1H26, APAC M&A totaled USD 474.1bn, representing a 24% decline from 1H25. It marks the sixth-lowest half-year period in volume terms since 2020. The downturn is largely attributable to a sharp drop in large-cap (USD 1bn+) and China deal volume, which are down 43% and 46% from 1H25, respectively.

APAC M&A activity

Deal volume dropped 24% YoY to USD 474bn in 1H26 amid a sharp pullback in megadeals



Source: Mergermarket, data correct as at 01-Jul-2026

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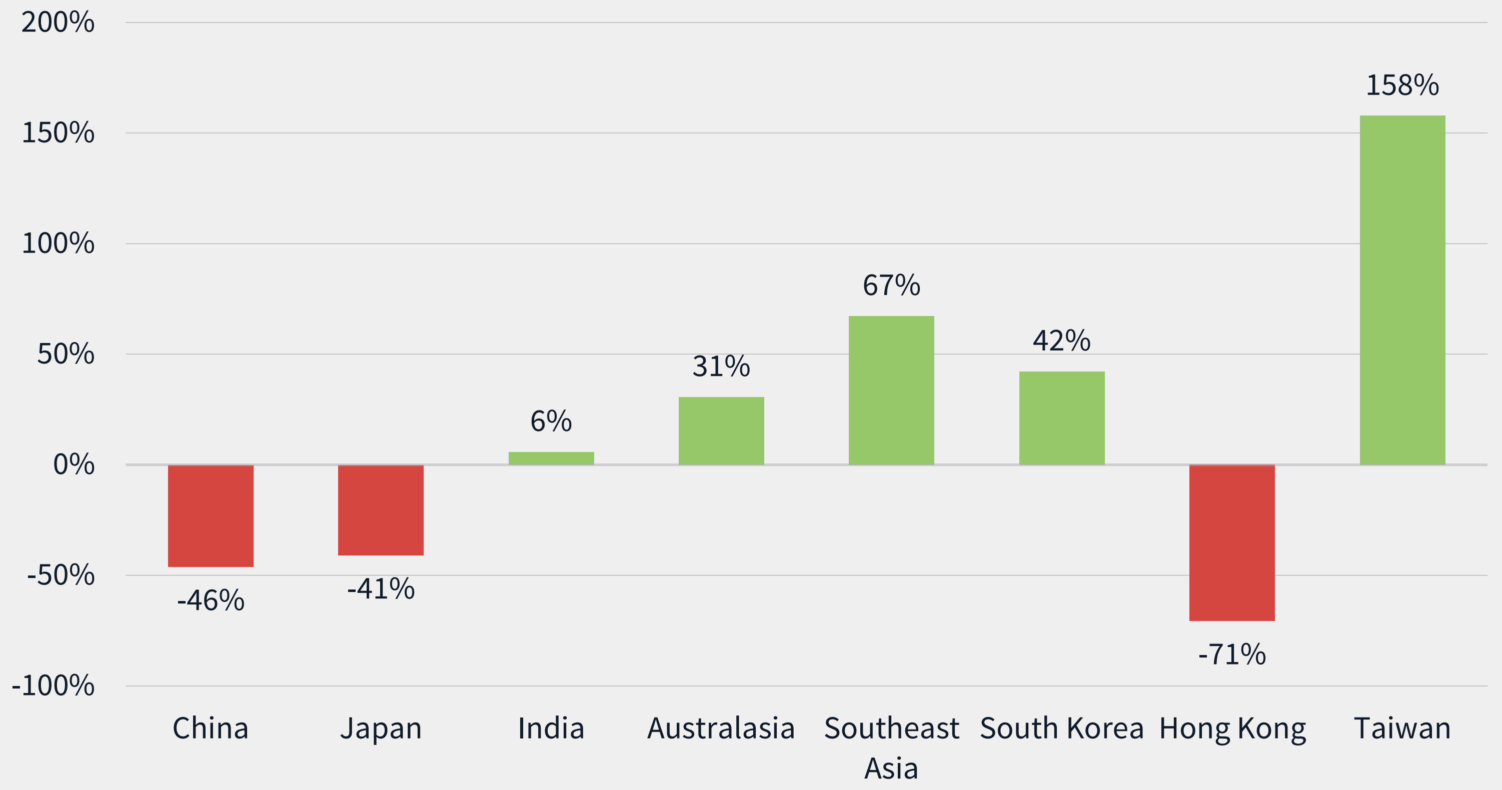
Regional breakdown

APAC general M&A by region 1H26 vs 1H25

Southeast Asia and South Korea recorded double digit growth, while Taiwan posted triple-digit growth



Source: Mergermarket, data correct as at 01-Jul-2026

"Despite a noticeable drop in the number of large deals, APAC M&A activity remains resilient with robust activity in certain pockets, such as Japan," added Tom Barsha, co-head of APAC investment banking coverage and head of APAC M&A at Bank of America.

While Japan's USD 85.3bn of M&A in 1H26 is down 41% on 1H25, it has held steady versus 2H25. This is partly due to increasingly emboldened shareholder activists, whose demands have shifted from balance-sheet efficiency "to more fundamental strategic agendas, such as demanding the sale of non-core businesses or even the whole company," said Akihiko Manaka, co-head of Japan Investment Banking and Japan M&A at BofA.

Solid 1H numbers came from APAC's other M&A powerhouse, India, which at USD 77.8bn is broadly in line with 1H25. Notably, Southeast Asia and Australasia are up 67% and 31% respectively on their 1H25 volumes.

Much of Southeast Asia's material increase in M&A activity this year can be attributed to data center and AI-related investments, said Barsha. "The region has become a focal point for AI companies and hyperscalers. We saw this focus develop in 2025 and it has accelerated further this year".

Australasian M&A activity has been supported by sustained demand for secure supplies of critical minerals to support the clean energy transition. The country's metals and mining sectors have seen multiple large cap deal announcements this year.

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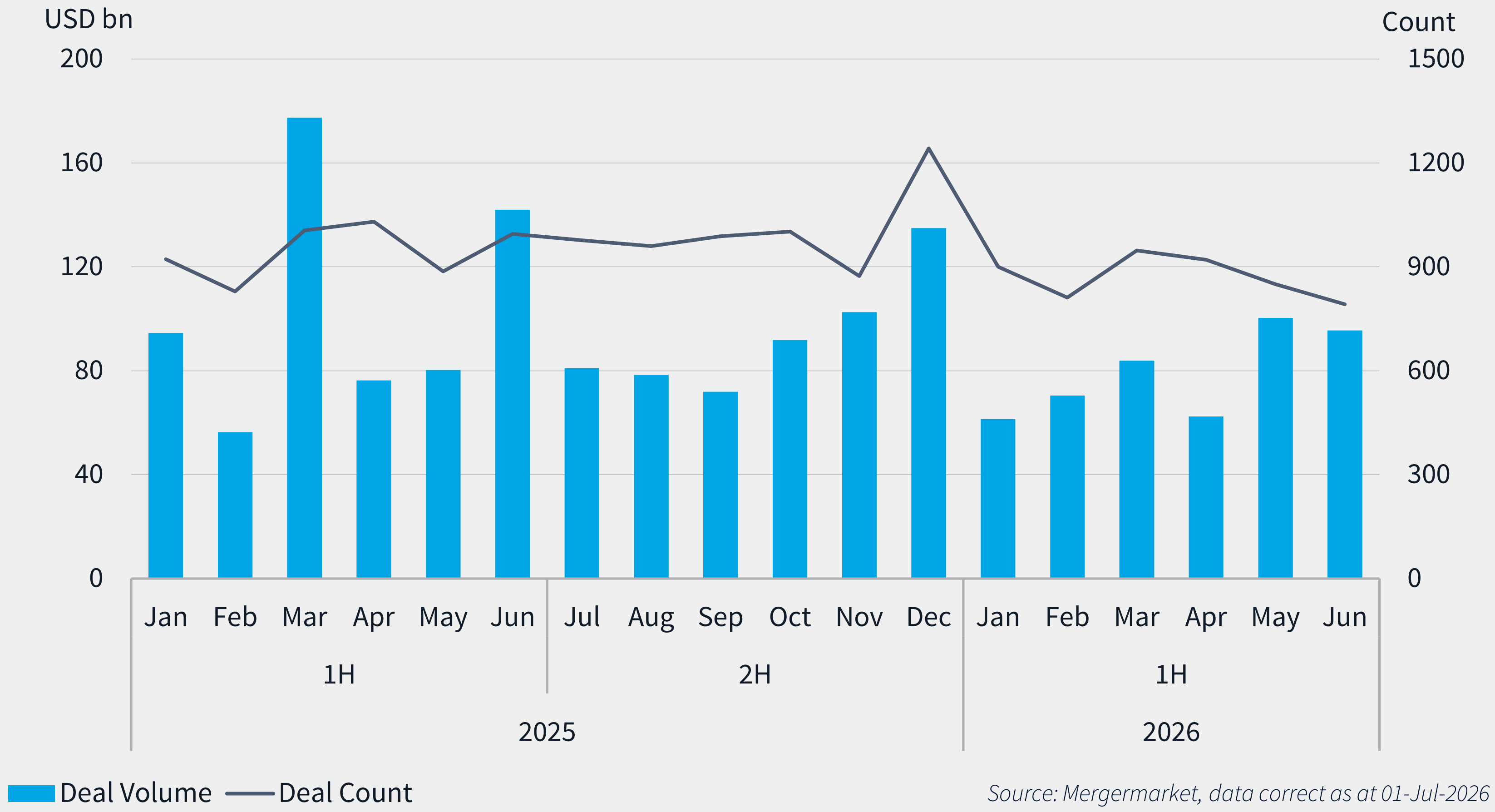
APAC M&A monthly activity

Raghu Narain, head of APAC investment banking at Natixis, said easing tensions in the Middle East, along with signs of a broader global recovery beyond mega-cap technology, provides grounds for optimism among APAC dealmakers. “Early-cycle indicators such as airlines and consumer discretionary are coming back,” Narain said.

Monthly data hints at a recovery. APAC M&A volume rose 61% month-on-month to USD 100bn in May, rebounding from USD 62.4 bn in April, which had marked the second-lowest monthly volume since February 2025 (USD 56.4 bn). This represents the second-strongest sequential increase in over a year.

APAC M&A - monthly activity

May marked the second-best MoM gain since June 2024, following April's second-worst monthly decline



Source: Mergermarket, data correct as at 01-Jul-2026

Financial sponsors

China and Japan boost APAC private equity

APAC private equity and venture capital investment has already surpassed USD 100bn in 1H26, exceeding 1H25's USD 85.3bn, with buyouts contributing USD 42.7bn.

While deal volume suggests a rapid readjustment after the conflict in the Middle East eased, deal count has not recovered. Three buyouts and four growth transactions – including a USD 7.4bn commitment to Chinese artificial intelligence start-up DeepSeek – account for one-quarter of all capital deployed.

Notably, China accounted for 39% of investment in 1H26 and much of that capital came from government-backed renminbi-denominated funds.

Japan is arguably the standout, noted Barsha: "Financial sponsor activity in the country is being driven by governance reforms, increased shareholder activism and a growing pipeline of carve-outs and take-privates that are expanding the opportunity set."

Across APAC exit proceeds in 1H26 stand at USD 29.6bn – 34% up from 1H25. Managers are exploring alternative sources of liquidity, including continuation vehicles, but these are few compared to North America and Europe.

The revival in private equity-backed IPOs that began last year continues, with Hong Kong and India's stock exchanges to the fore. However, there remains a huge backlog of still-to-be-exited minority equity positions in Chinese companies in many PE portfolios.

Tom Barsha

Co-head of APAC investment banking coverage and head of APAC M&A at Bank of America.

The region has become a focal point for AI companies and hyperscalers. We saw this focus develop in 2025 and it has accelerated further this year

Raghu Narain

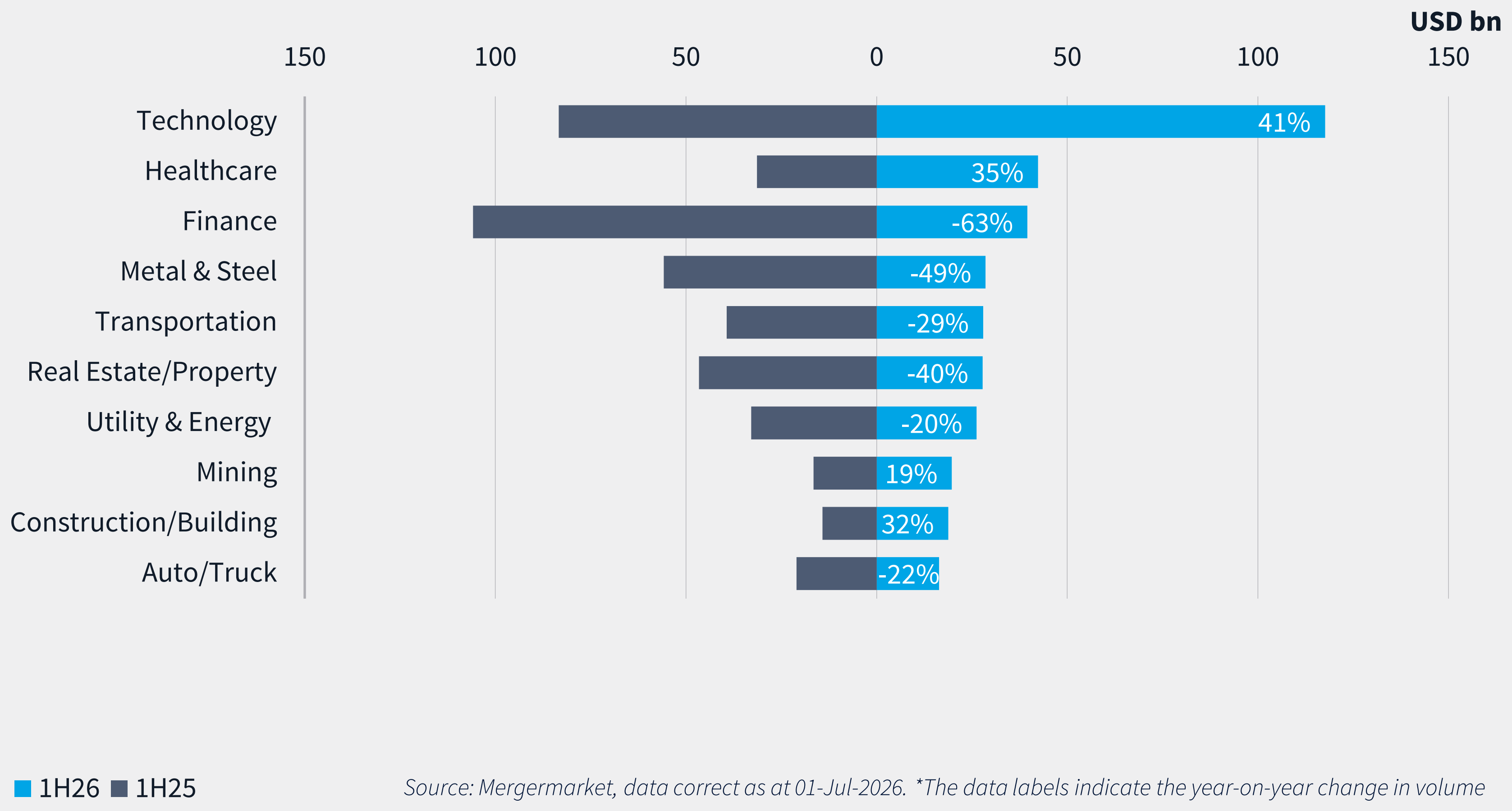
head of APAC investment banking at Natixis

Easing tensions in the Middle East, along with signs of a broader global recovery beyond mega-cap technology, provides grounds for optimism among APAC dealmakers.

Sector breakdown

APAC top performing sectors 1H26 vs 1H25

Chinese tech deal rally propels Technology to the top-performing sector in APAC



*Source: Mergermarket, data correct as at 01-Jul-2026. *The data labels indicate the year-on-year change in volume*

Race for AI shifts activity

APAC 1H26 M&A sector data show activity shifting toward AI and high-end, technology-led dealmaking. Volume in the technology sector has risen to USD 117.6bn, broadly matching the combined total of the next three largest sectors.

Nevertheless, the push to secure AI-linked assets is likely to create a “multiplier effect,” said Narain, noting the wider ecosystem, that includes constraints around land, power and water.

For example, Narain said, metals and mining has been “particularly active” on the back of demand for critical resources such as battery materials. Supply chain considerations, intensified by COVID, energy price shocks and US-China economic competition, continue to shape strategic decision-making, particularly in import-dependent markets, he added.

Healthcare, meanwhile, has continued to climb the league tables and places second in 1H26 with USD 42.3bn versus eighth in 1H25 with USD 31.4bn.

“Healthcare M&A remains robust, particularly biotech deals coming out of China,” said Barsha, noting the evolving structure of deals beyond straightforward licensing to asset and co-investment transactions.

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Cross-border activity

Japan and India drive outbound M&A

APAC's regional outbound volumes remain strong in 1H26 at USD 98.7bn. While this is down from USD 135.8bn in 2H25, it is well above the USD 87.8bn recorded in 1H25.

"Japanese outbound activity will continue at a steady pace," said Manaka. The country's cash rich buyers "will continue to seek growth outside of Japan's sluggish home market and their focus will remain on the US because it is the largest market and still growing."

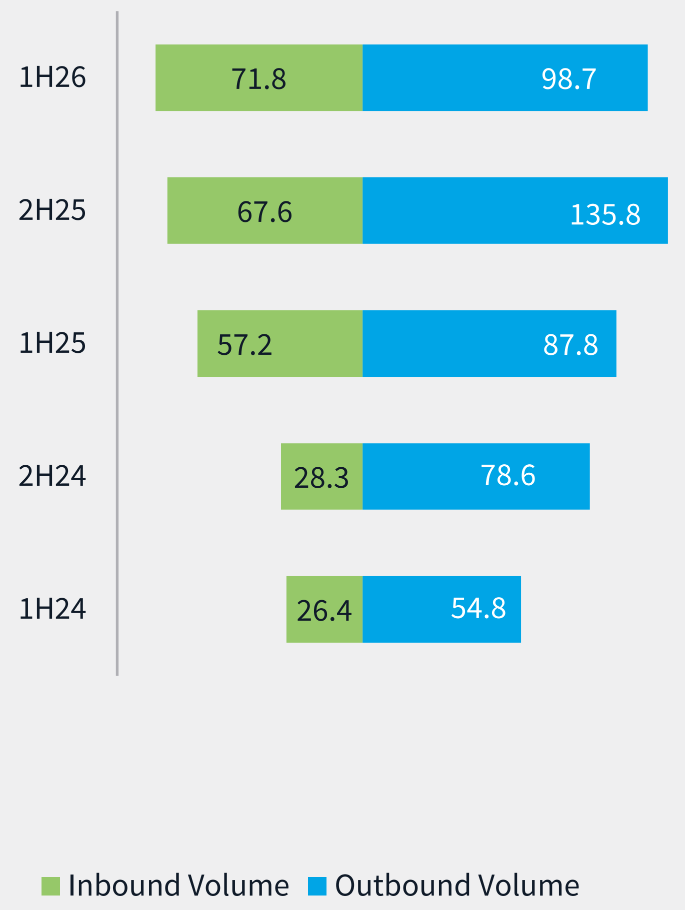
Indian investment into Europe and North America reached USD 18.9bn across 78 deals in 2H25, and momentum has carried into 1H26, with USD 20bn across 69 deals—setting a record, mostly focused on the US and the UK.

Depreciating foreign exchange "makes outbound difficult," Narain said. "But we're seeing larger outbound deals from India, particularly in healthcare, where domestic players have significant firepower."

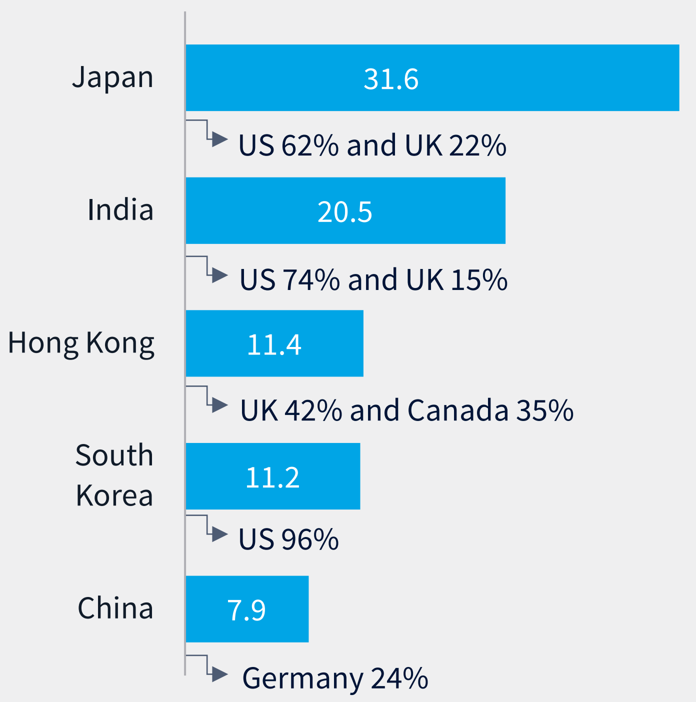
A notable example is India's Sun Pharmaceutical Industries USD 12bn enterprise value acquisition of US-listed Organon, a healthcare company focused on women's health, biosimilars and established brands.

While China is more subdued domestically, the country's outbound M&A is picking up again, especially in energy, mining and consumer sectors, said Jacky Scanlan-Dyas, partner and head of corporate & finance practice group Hogan Lovells Cadwalader.

APAC cross-border half-yearly M&A by volume



APAC regional outbound M&A 1H26



*Source: Mergermarket, data correct as at 01-Jul-2026. *All figures in USD bn*

Outlook 2H26

Outlook

APAC's auctions and divestment pipeline remain robust, with data centres, infrastructure and carve-outs continuing to drive activity.

"For confidence to return, you need greater alignment on pricing, more stable financing conditions and clearer exit routes," said Scanlan-Dyas. "As conditions improve, we would expect that deferred activity to come back through," she said.

Akihiko Manaka

Co-Head of Japan Investment Banking and Japan M&A at BofA.

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Deals pipeline

Mergermarket is tracking a strong pipeline of active auctions in APAC, led by large-cap Industrials, Technology and Consumer & Retail.

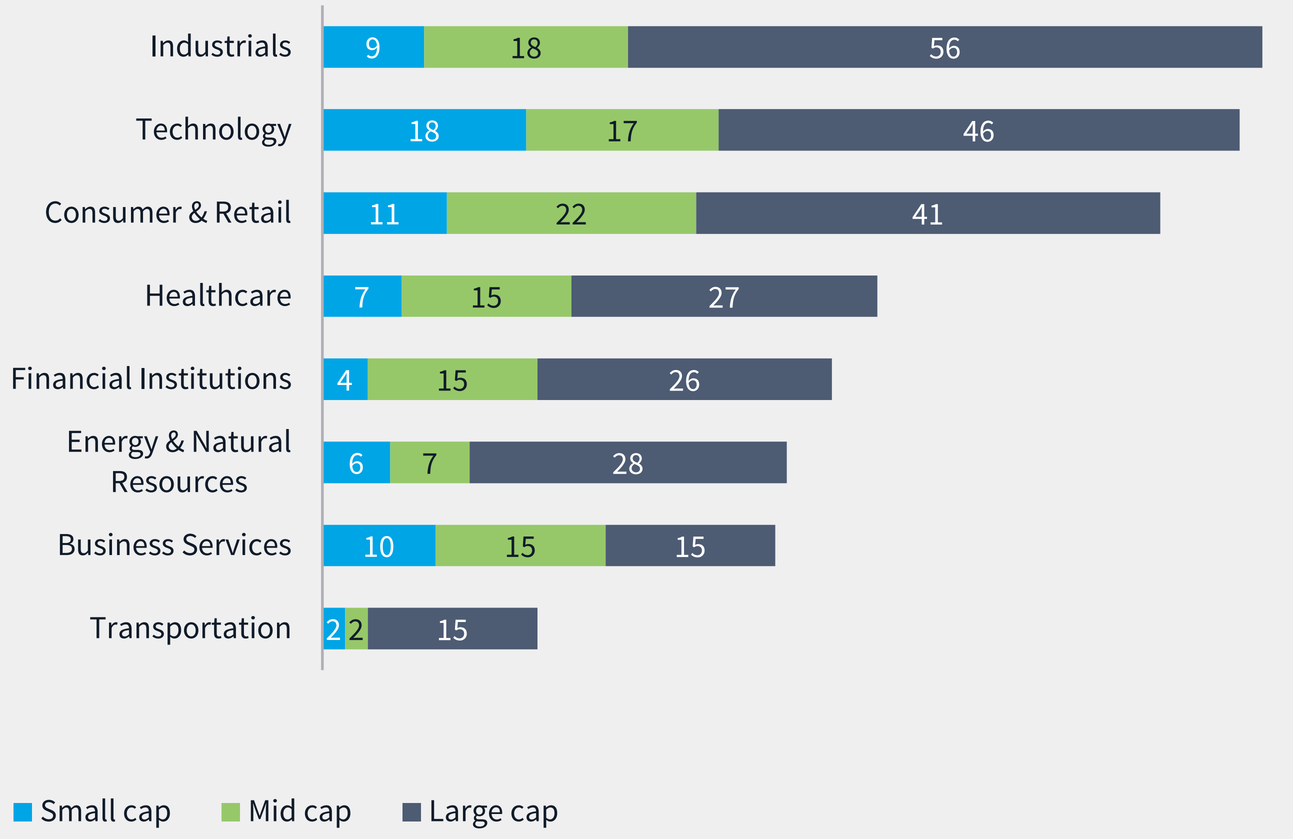
Digital infrastructure remains a standout theme, with over USD 50bn of assets being marketed in the space. Sale processes are concentrated in Australia, South Korea and Japan.

Other notable sale processes include:

- TEPCO weighs privatisation proposals and investor alliances, attracting domestic behemoths and international investors to power Japan's AI ambitions.
- Princeton Digital Group is pursuing a carve-out of its China data centre assets, while Stonepeak-backed Digital Edge weighs a partial or full sale.
- Rio Tinto is expected to launch a multi-billion-dollar carve-out of Australian and Canadian energy infrastructure assets in August.
- ExxonMobil is seeking binding bids for its Hong Kong service station assets while evaluating a potential exit from New Zealand, extending its Asia-Pacific portfolio rationalisation efforts.
- Starbucks exploring a USD 3bn-plus sale or IPO of its Japan business and TA Associates pursuing a USD 2bn exit from Gong Cha.

APAC active auctions pipeline

Large-cap industrials dominates the pipeline, accounting for the highest number of active situations



Source: Mergermarket, data correct as at 01-Jul-2026; Figures represent number of situations based on target size

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EMEA
10 Queen St Place
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London
EC4R 1BE
United Kingdom

Americas
1345 Sixth Avenue
49th floor
New York
NY 10105
USA

Asia
25th floor, The Center,
99 Queen's Road Central
Hong Kong
China

The following criteria are used to classify companies by size:

- Small Cap: EBITDA <20m, Enterprise Value <250m, Revenue <100m
- Mid Cap: EBITDA 20m–75m, Enterprise Value 250m–1bn, Revenue 100m–500m
- Large Cap: EBITDA >75m, Enterprise Value >1bn, Revenue >500m

We prioritize EBITDA as the primary metric for classification. If EBITDA is unavailable, we use Enterprise Value, and then Revenue as a fallback.

To ensure consistency across currencies, all localized currencies are converted to USD before applying the criteria.

ION ANALYTICS