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Mergermarket

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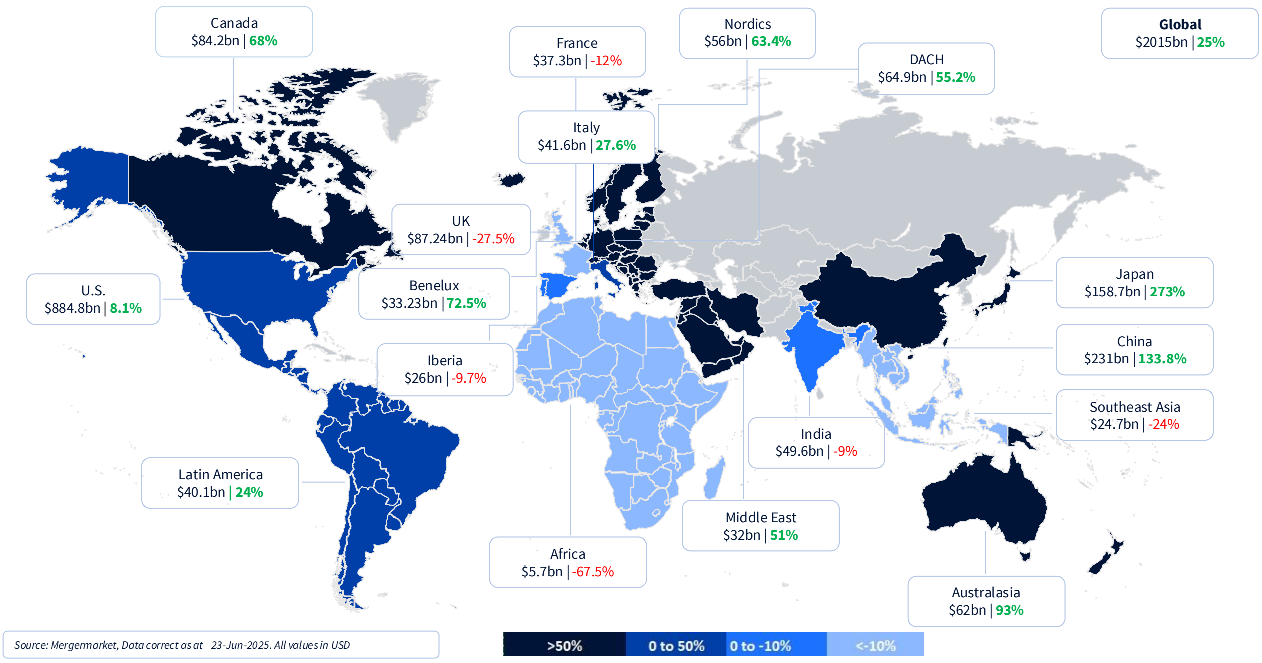
Written by the Insights team

M&A Highlights 1H25: Tempered expectations

Powered by Mergermarket data, M&A Highlights reviews M&A activity across North America, EMEA and APAC in 1H25. All data correct as of June 23,2025

Global M&A 1H25

Percentage change in deal volume year-on-year



Source: Mergermarket, Data correct as at 23-Jun-2025. All values in USD

Global M&A: Mega deals maintain M&A trajectory amid midmarket slowdown

KEY 1H25 TRENDS IN GLOBAL M&A

20-year low
16,663 deals announced in 1H25, lowest since 1H05

Volume rising
Deal volume rose 25% to USD 2tn

Mega mania
33 deals valued at over USD 10bn – strongest half since 2H20

Eyes on AI
OpenAI and Scale AI financings raise stakes

Banking on China
Chinese bank deals helped APAC deal volume jump 97%

Rising sun
Japan's M&A volume rose 273%, driven by Toyota deals

Source: Mergermarket, data correct as at 23-Jun-2025

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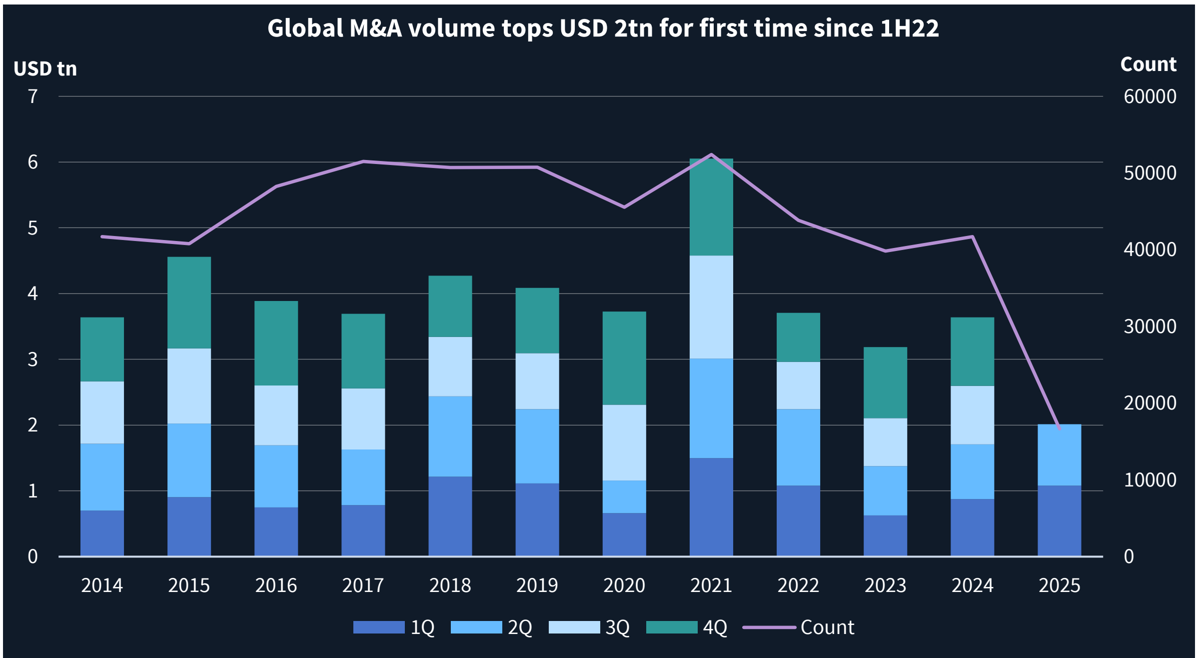
Global deal volume surged 25% year-over-year to USD 2tn in the first half of 2025, buoyed by a flurry of mega deals across US technology, Chinese banking, and Japan's automotive industry, according to *Mergermarket* data.

But beneath the headline figures, dealmaking has slowed to a crawl. The number of transactions has plummeted to a two-decade low, down 16% to 16,663 deals as of 23 June.



Source: Mergermarket, data correct as at 23-Jun-2025

The optimism that greeted the start of the year – driven by hopes of a more business-friendly White House – has faded. Instead, dealmakers are grappling with a Trump administration that has introduced policy unpredictability, undermining confidence even when the deal logic remains intact.

A significant number of deals, particularly in the middle market, are on pause as dealmakers figure out the impact of tariffs on their financial models.

"There's an uptick in mega deals. Larger companies can absorb some of the uncertainty and keep pressing the 'go' button," said Liz Crego, PwC's US Deals Clients and Markets leader. "Many mid-cap, smaller companies have paused dealmaking – due to this uncertainty right now – just to see what those impacts might be over the next 60 to 90 days as policy uncertainty hopefully solidifies."

Provided the Trump administration resolves key tariff issues and pushes through a proposed corporate tax cut to 15%, the stage could be set for a fourth quarter rebound and a "symphonic" 2026, said Bill Curtin, global head of M&A at Hogan Lovells. With strong balance sheets, ample dry powder, and a backlog of deals "queued on the taxiway," the ingredients for a robust M&A cycle are in place — pending policy clarity, he said.

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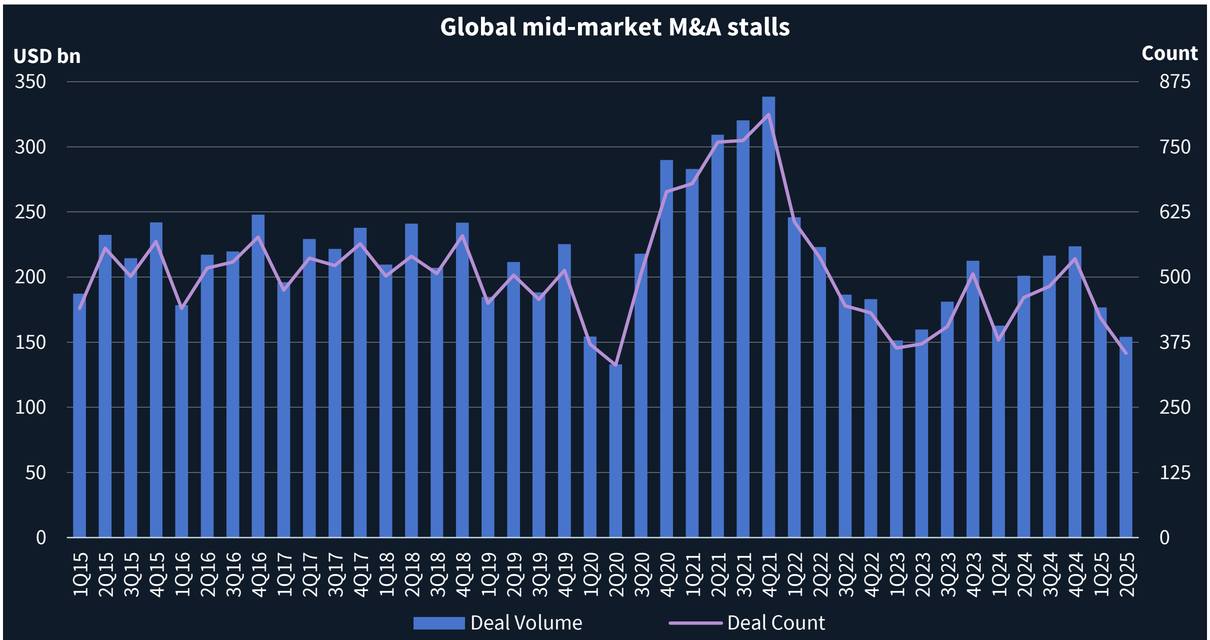
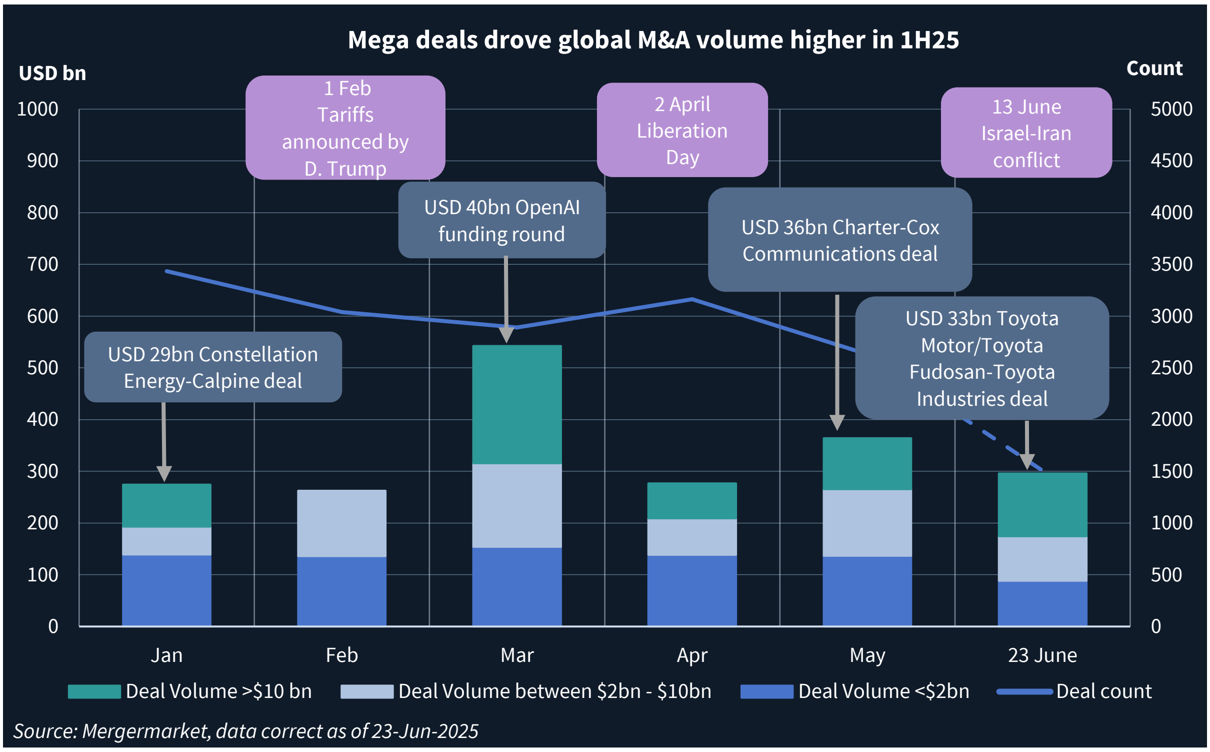


Source: Mergermarket, data correct as at 23-Jun-2025
Mid-market refers to deals valued between USD 200m and USD 1bn

Middle market transactions — those valued between USD 200m and USD 1bn — continued to decline. Their need for swift integration and clear performance metrics makes them especially vulnerable to instability. Year-to-date, the segment has recorded USD 330.8bn across 776 deals, marking a 3.2% drop in deal volume and a 1.4% dip in deal count compared to the same period in 2024.

By contrast, mega deals — those valued at USD 10bn or more — have flourished. Their long-term strategic rationale allows them to weather short-term volatility. Thirty-three such deals were announced in 1H25, marking the strongest half since 2H20.

The largest was OpenAI's USD 40bn funding round in March. Charter Communications' USD 36bn bid for Cox Communications followed in May. Google's USD 32bn acquisition of cybersecurity company Wiz in March and the USD 33bn take-private of forklift maker Toyota Industries rounded out the top tier.

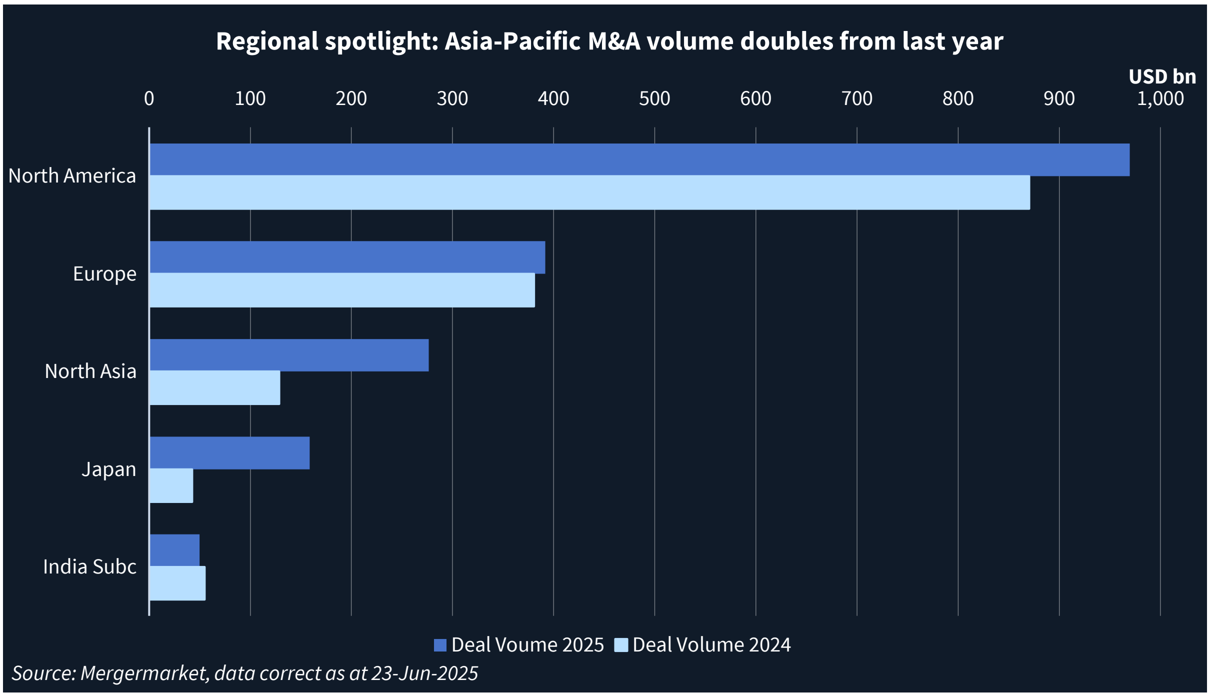


Regional divergence

North America accounted for nearly half of global deal volume, rising 11% to USD 969.8bn.

Europe, the Middle East and Africa (EMEA) saw a modest 2.3% uptick to USD 430.5bn, following a slowdown in the second quarter. The region accounted for 21% of global deal volume, down from 25% in 1H24.

Asia Pacific posted the strongest growth – up 97% to USD 572bn – driven by the unwinding of several Japanese cross-shareholdings in Toyota affiliates and injections of capital into four Chinese banks.

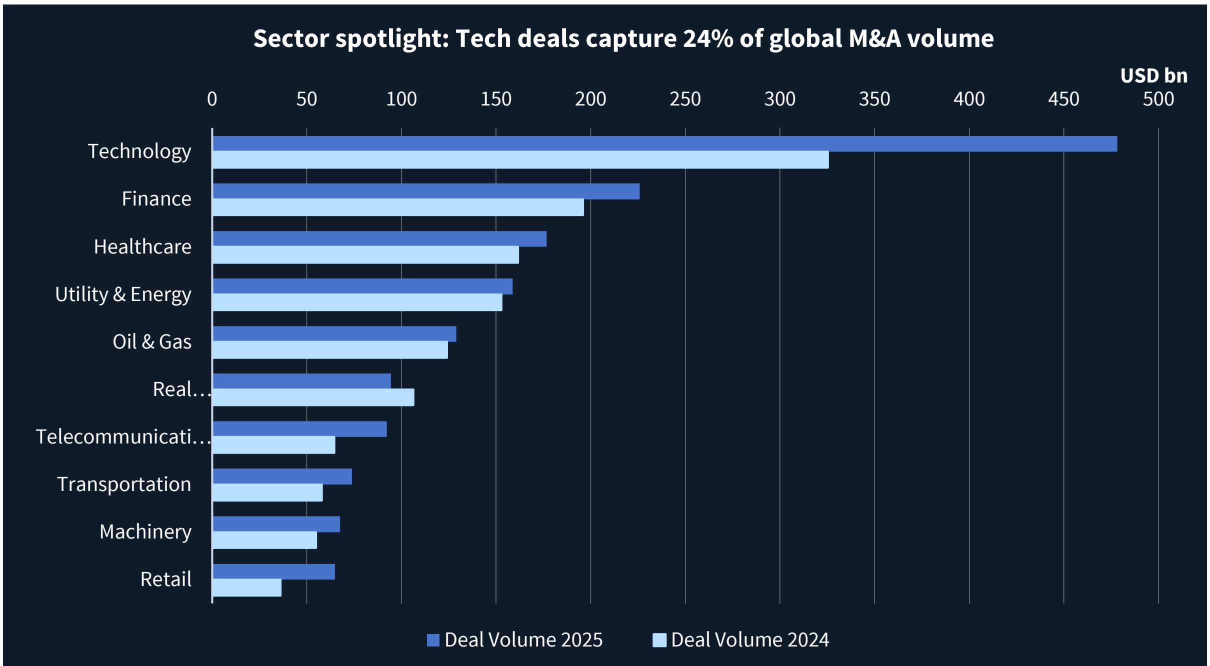


Sectors in focus

The technology sector led the charge with USD 478bn in deal volume, representing 24% of the global total, up from 19% in 1H24. A string of large deals in artificial intelligence raised the stakes in what has become an arms race: Besides OpenAI's massive funding round, Scale AI attracted a USD 14.3bn investment from Meta Platforms in June, and Salesforce agreed to pay USD 9.3bn for Informatica, which will help the customer service giant ingest the data on which to train large language models.

Financial services came second with USD 225.9bn or 11% of global volume, bolstered by China's Ministry of Finance-led share subscriptions in four banks, including a USD 22.7bn placement in Bank of China and a USD 17.9bn placement in Postal Savings Bank of China.

Healthcare ranked third with USD 176.6bn in deals, or 9% of the total.



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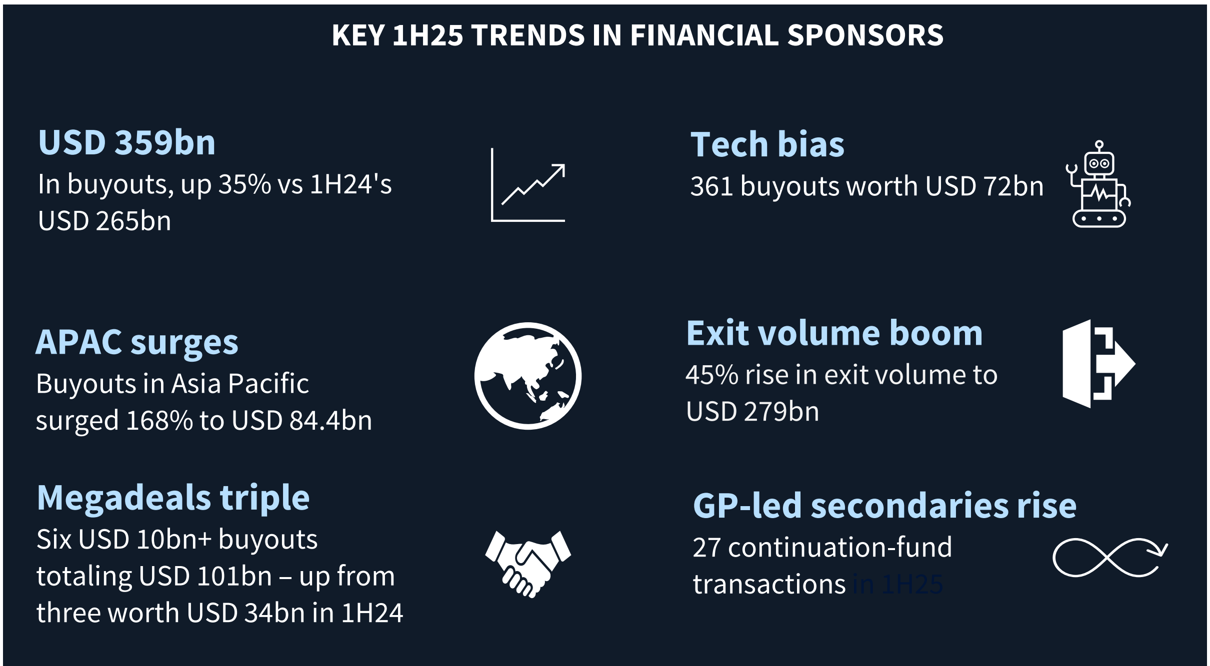
Financial sponsors: Bigger bets, fewer deals



Source: Mergermarket, data correct as at 23-Jun-2025

Financial sponsors leaned into larger transactions in the first half, even as overall activity softened. Global buyout volume surged 35% year-over-year to USD 359bn, despite a 7% decline in deal count to 1,398.

The skew toward scale was underscored by the six buyouts valued at over USD 10bn agreed in the first half, four of which were signed in 2Q25. The largest was the USD 24bn acquisition of Australia-based Santos, led by a consortium comprising XRG, Abu Dhabi Developmental Holding, and Carlyle, announced on 16 June.

Asia Pacific and North America led the charge. APAC posted a 168% increase in buyout volume to USD 84.4bn, while North America's buyout volume rose 37% to USD 181.3bn. Both regions, however, saw a decline in deal count – APAC's fell 7% to 185 buyouts and North America's sank 3% to 566 – underscoring the growing concentration of capital in fewer, larger deals.

Europe, by contrast, saw a broad-based pullback. Buyout volume dropped 15% to USD 82bn, while deal count fell 11% to 608.

Technology remained the most active sector globally, capturing 20% or USD 72.3bn of total buyout volume.

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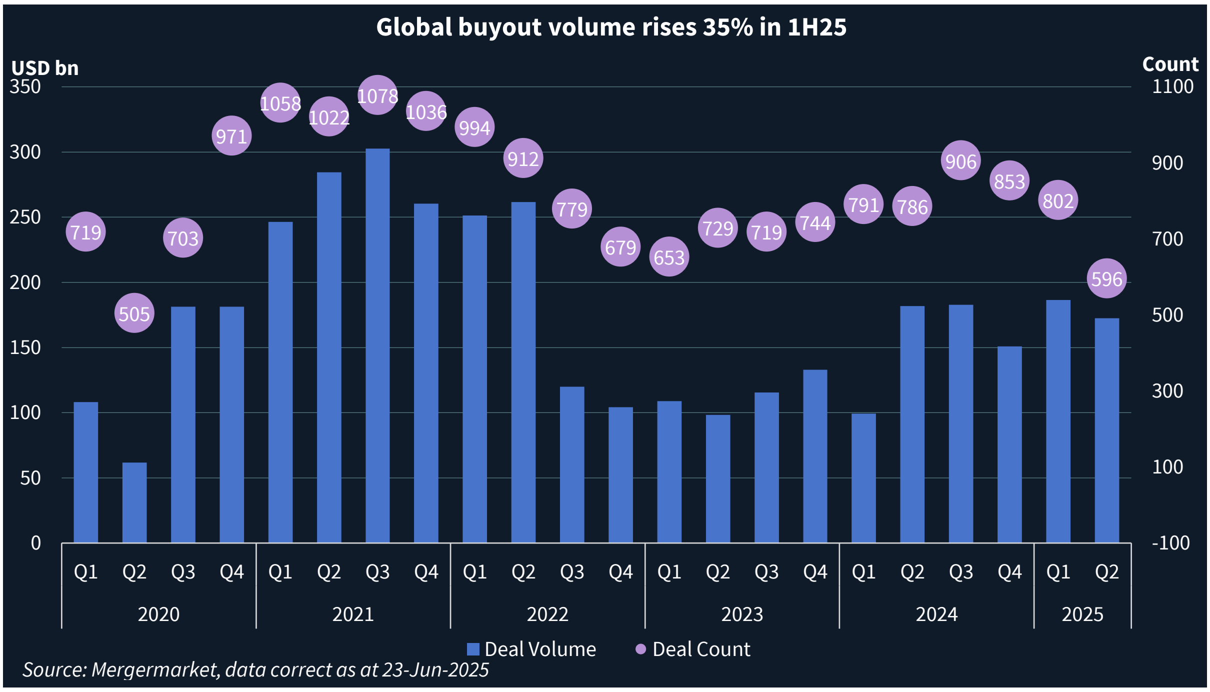


Mega exits

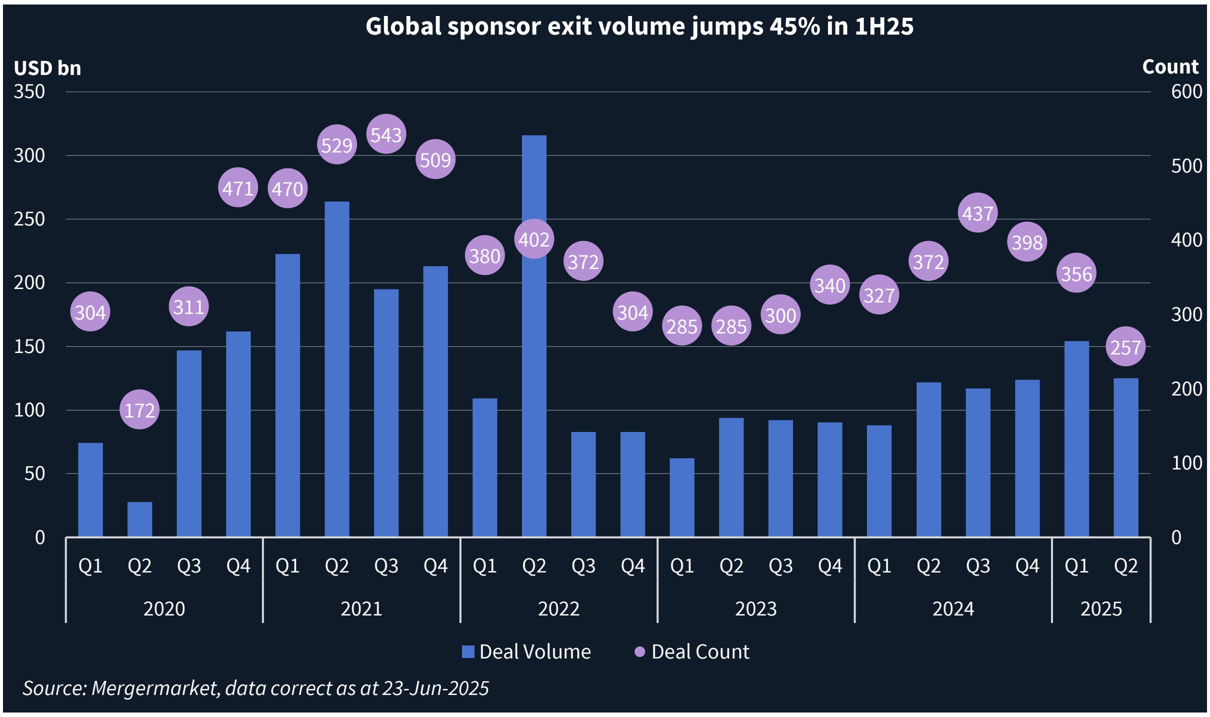
Sponsor exits rose 45% in volume to USD 279bn in the first half, although the number of exits declined 7% to 613.

Constellation Energy's USD 29.4bn acquisition of Calpine in January – enabling Energy Capital Partners to return capital to its limited partners – highlights the rise of the mega exit. Another example came in April, when GTCR Golder Rauner agreed to sell its 55% stake in Worldpay to Global Payments for USD 17.6bn.

Rising trade barriers and policy uncertainty have narrowed the window for all but the biggest sponsor exits.

Trade sales remained the preferred exit route for financial sponsors, accounting for 64% of exit volume, while secondary buyouts accounted for 33%.

An initial public offering (IPO) remains a muted exit route for financial sponsors. Only 19 IPOs took place in 1H25, with 18 seen in the same period last year. Just nine IPOs priced in 2Q25, down from 11 in 2Q24.



Continuation funds gain traction

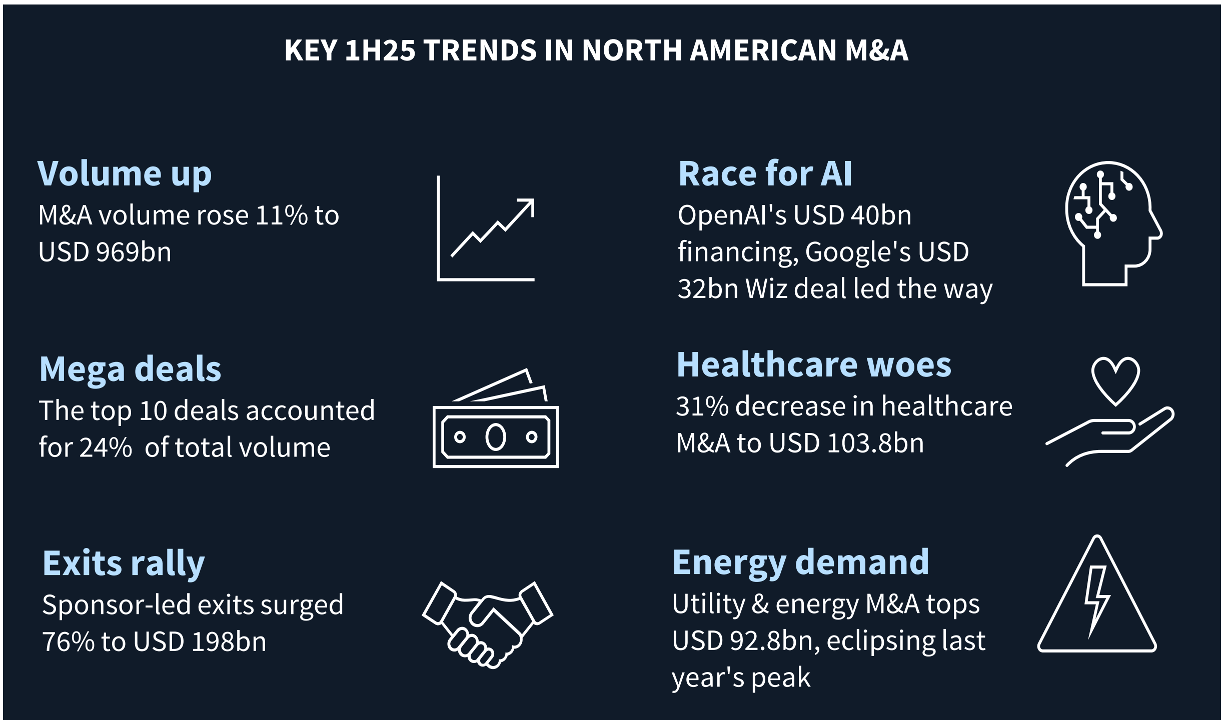
With limited partners (LPs) pressing for distributions and sponsors sitting on substantial levels of dry powder, continuation funds are gaining momentum as way to manage aging assets and unlock liquidity.

The number of continuation funds globally has grown rapidly since they started gaining in popularity in 2018. *Mergermarket* data shows 27 companies were sold to continuation funds in the year to date, up from 26 in the same period last year.

In a notable example, Inflexion closed its GBP 2.3bn Inflexion Continuation Fund I in May, into which it rolled over four portfolio companies: Aspen Pumps, Rosemont Pharmaceuticals, Ocorian, and CNX Therapeutics.

The trend is expected to continue through 2H25 as sponsors seek flexible liquidity options amid a still challenging exit environment.

North America: Big-ticket deals sustain M&A momentum despite trade tensions



Source: Mergermarket, data correct as at 23-Jun-2025

North American M&A volume increased 11% year-over-year to USD 969.8bn in the first half, despite a 17% drop in deal count to 5,038—the lowest since 2009.

The uptick in volume was largely driven by a handful of mega deals, with the continent’s 10 largest transactions accounting for 24% of total volume. The biggest was OpenAI’s USD 40bn funding round in March, followed by Charter Communications’ USD 36bn bid for Cox Communications in May, and Alphabet’s USD 32bn offer for Wiz in March.

Dealmakers entered 2025 with optimism, buoyed by 2024’s modest rebound and expectations of a more business-friendly White House. However, sentiment deteriorated quickly as the reinstated Trump administration unveiled its tariff measures, while geopolitical tensions, market volatility, and downgraded global growth forecasts dampened deal activity.

North America’s M&A volume fell 20% month-on-month in February to USD 118bn, before rebounding in March to USD 255.8bn. April’s volume declined following President Donald Trump’s ‘Liberation Day’ announcement on tariffs, but it recovered in May, rising 46% month-on-month to USD 207.2bn.

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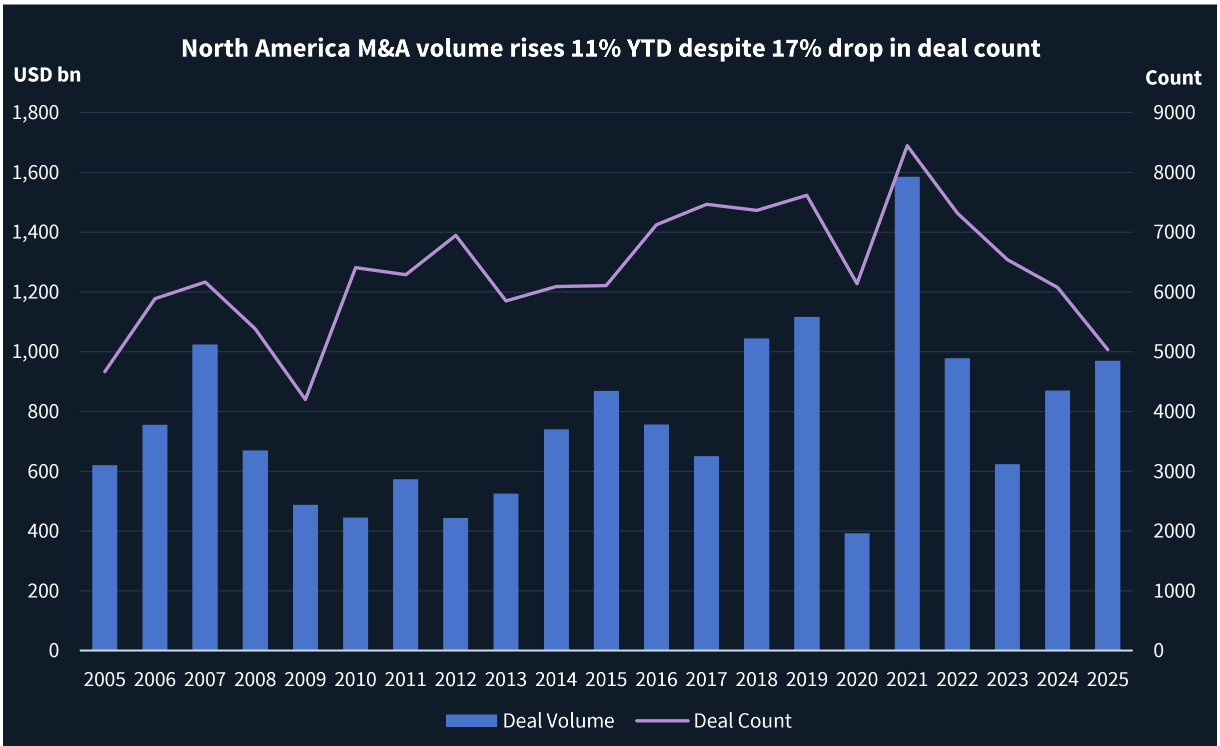


Source: Mergermarket, data correct as at 23-Jun-2025 . YTD through 23 June for each year shown.

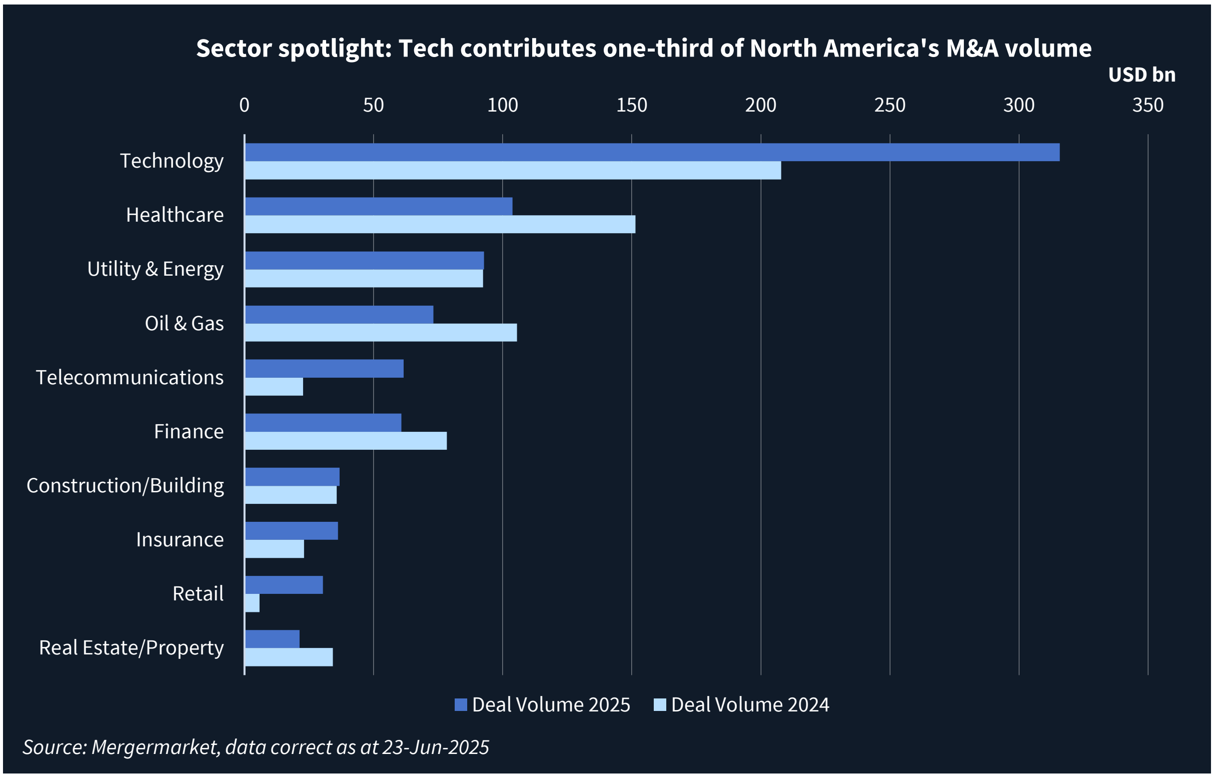
Technology and AI infrastructure drives dealmaking

Technology remained North America's most active sector for M&A in 1H25, recording USD 315.7bn across 1,449 transactions—accounting for one-third of total regional volume and marking a significant increase from 1H24's USD 207.8bn.

The year's largest transaction to date was OpenAI's financing, followed by Cox Communications' acquisition by Charter in May and Google's purchase of Wiz in March. Artificial intelligence (AI) is emerging as a key driver of technology M&A, with buyers targeting firms that offer automation, analytics, and cybersecurity capabilities. In June, Scale AI, a data labelling solutions provider, secured USD 14.3bn in funding from Meta Platforms.

Healthcare recorded USD 103.8bn across 521 deals, a 31% decline compared to the same period last year. The sector's only USD 10bn-plus transaction was Johnson & Johnson's USD 15.5bn acquisition of Intra-Cellular Therapies. Tariff tensions and policy uncertainty under the Trump administration have weighed on investor confidence and extended transaction timelines.

Rising electricity demand to power AI infrastructure has boosted M&A activity in the utilities and energy sector. The sector recorded USD 92.8bn in 1H25, slightly up from USD 92.4bn in the same period last year. Calpine's USD 29.4bn sale to Constellation Energy accounted for 32% of total volume.



Sponsor activity remains strong despite uncertainty

A rebound in sponsor sentiment and pent-up demand from a sluggish 2023–24 contributed to a strong start to the year for sponsor-led activity. However, valuation challenges exacerbated by tariff and policy uncertainty have led many sponsors to scrutinize potential investments and delay exits in recent months. Sponsor-led buyouts reached USD 83.6bn in 2Q25, down 14% from 1Q25. Sponsor-led exits declined 12% sequentially in 2Q25 to USD 92.4bn.

Still, buyout volume for the year to date rose 37% year-over-year to USD 181.2bn, driven by Sycamore's USD 23.7bn acquisition of Walgreens Boots Alliance in March and Blackstone's USD 11.8bn buyout of TXNM Energy in May.

Exit volume surged 76% year-over-year to USD 197.9bn across 240 deals. The largest exit was CPPIB and Energy Partners' sale of Calpine to Constellation Energy in January. The second largest was GTCR Golder Rauner's USD 17.5bn sale of a 55% stake in Worldpay to Global Payments in April.

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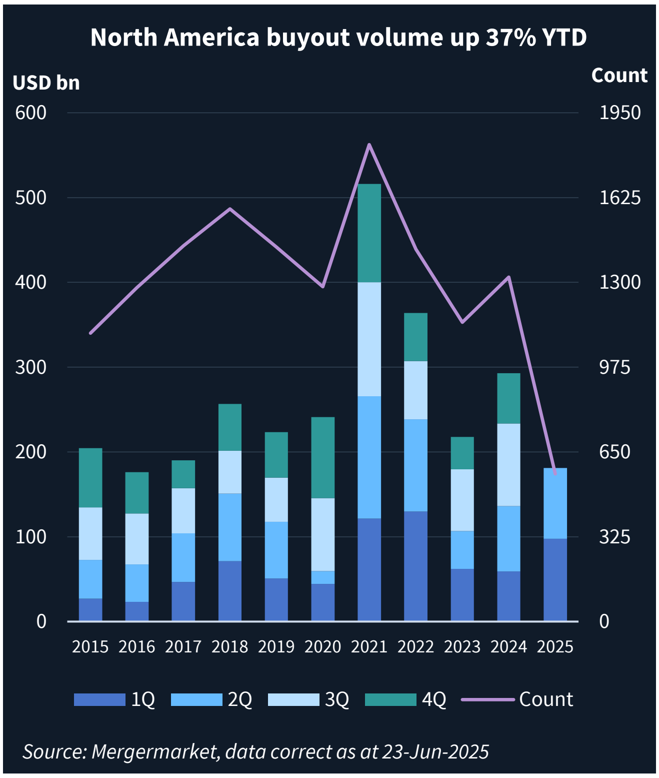
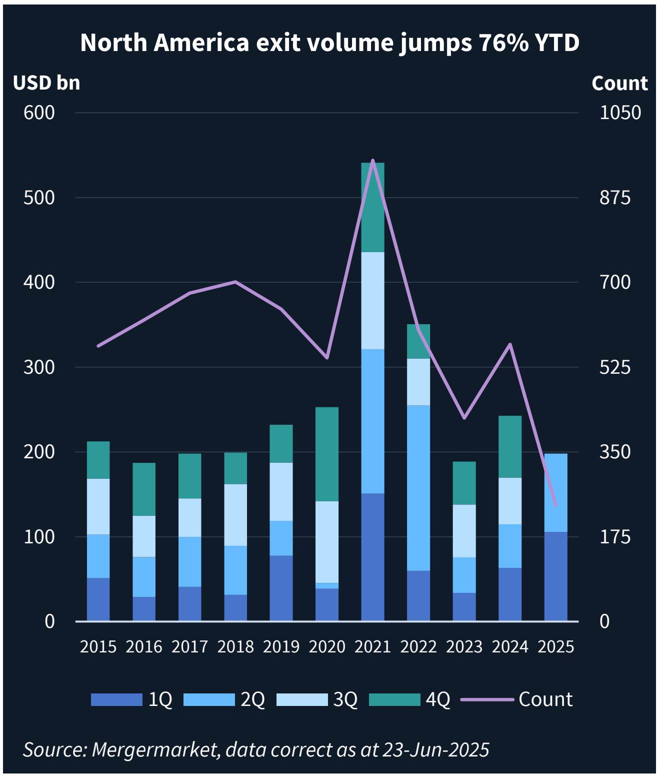




Deal pipeline

Several companies could transact in the next quarter. GA Telesis, an aviation services company with over USD 1bn in revenue, was exploring a sale with Goldman Sachs, as reported on 18 June. Service Logic, an HVAC business backed by Leonard Green & Partners, was in the early stages of exploring a sale, marketing off around USD 300m in EBITDA, according to a 14 June report. Thermo Fisher Scientific, a life sciences and clinical research company, was looking to divest parts of its diagnostics business at a valuation of about USD 4bn, per a 13 June report.

EMEA: M&A rebound falters amid private equity caution

KEY 1H25 TRENDS IN EMEA

Miserable spring
2Q25 deal volume down 24% on 1Q25

Tech slowdown
Tech sector records lowest number of deals in 10 years

Middle East boost
Deal volume up 51% YoY to USD 32bn in 1H25

Buyout fatigue
Buyouts down 14% YoY to USD 85.5bn

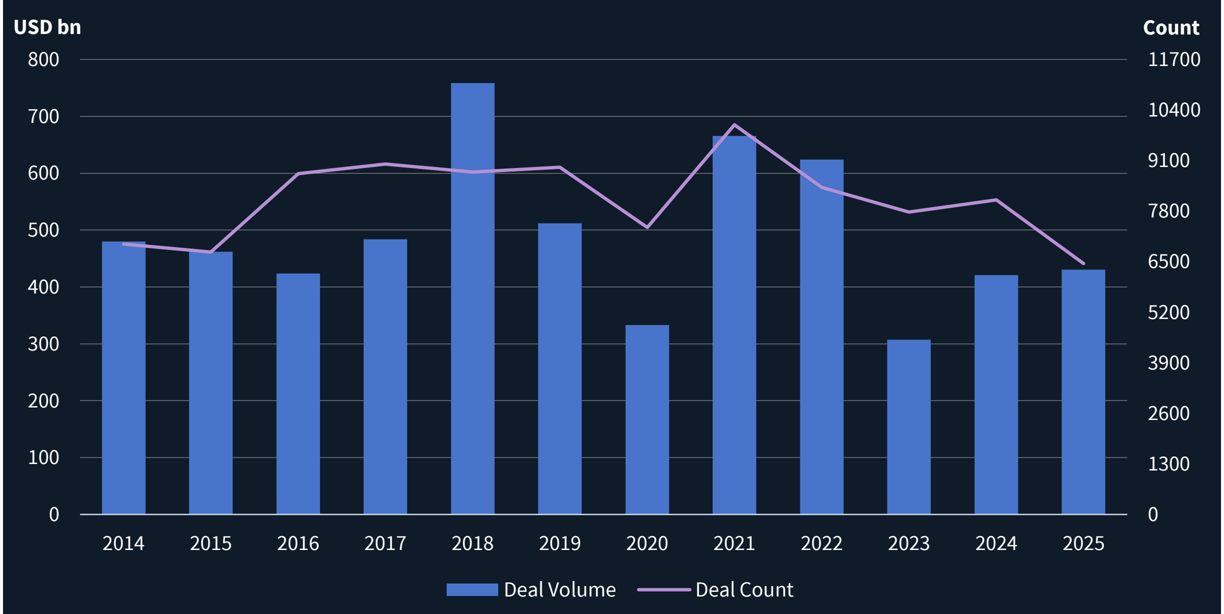
UK lull
Deal volume in the UK down 27% YTD to USD 87.2bn

Flat exits
Sponsor-led exits remain flat YoY at USD 63bn

Source: Mergermarket, data correct as at 23-Jun-2025

After a promising start to 2025, M&A activity in Europe, the Middle East and Africa (EMEA) lost momentum in the second quarter, as subdued private equity activity and geopolitical headwinds weighed on dealmaking. Volume in the region rose a modest 2.3% to USD 430.5bn in 1H25. The number of transactions fell to 6,451 deals, the lowest deal count in 12 years.

EMEA M&A volume sees modest 2.3% increase in YTD



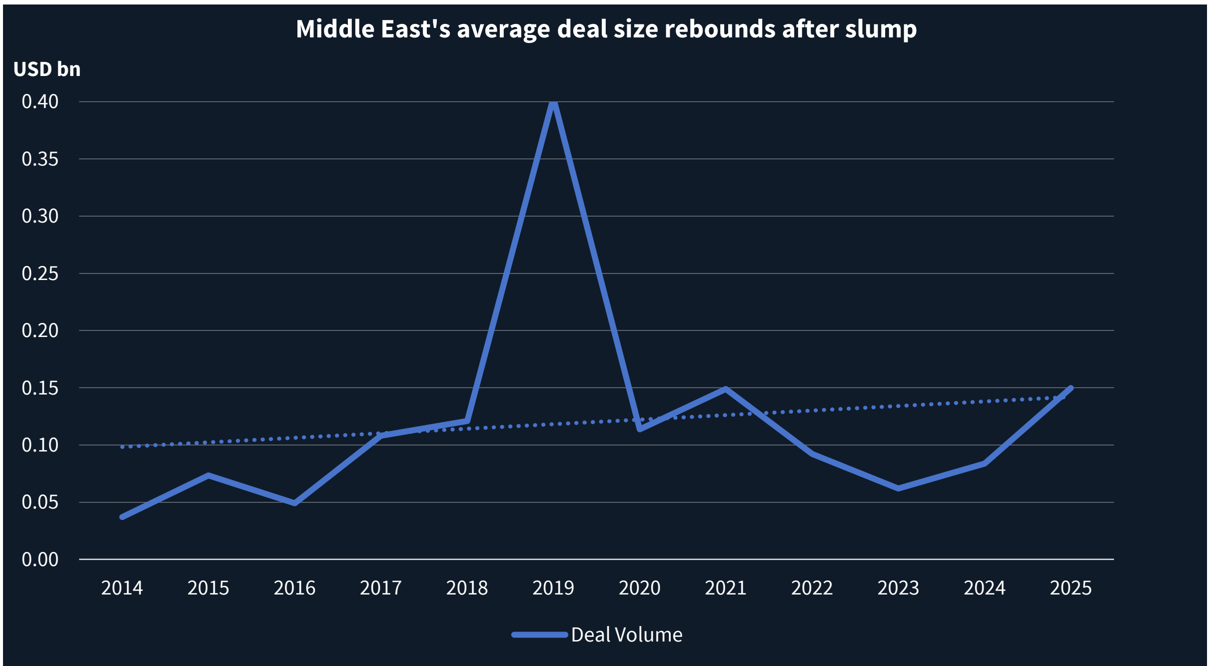
Source: Mergermarket, data correct as at 23-Jun-2025. YTD through 23 June for each year shown.

Second-quarter deal volume fell to USD 186.1bn, down 24% from 1Q25, marking the weakest second quarter since 2020's USD 187.7bn. March briefly lifted sentiment with USD 104.7bn in announced deals, the third highest monthly total since July 2022. But following President Trump's 'Liberation Day' speech on 2 April, when the US government announced a wave of tariff hikes that rattled markets, deal volume in April slumped 39% month-on-month to USD 64.2bn. Overall, deal volume in 1H25 remains 31% below 2022's peak.

Middle East outperforms

EMEA's standout transaction came in March, when Abu Dhabi National Oil Company (ADNOC) and Austria's OMV Aktiengesellschaft agreed to combine Abu Dhabi-based petrochemicals company Borouge with Austrian plastics manufacturer Borealis. The deal will see OMV's subsidiary Borealis acquire a 64% stake in ADNOC's Borouge for USD 16.5bn (EUR 15.7bn).

The Middle East's push to diversify away from oil amid the rising adoption of electric vehicles and the global energy transition has helped fuel M&A. Dealmaking in the Middle East outperformed the rest of EMEA, with volume surging 51% year-over-year to USD 31.7bn in 1H25 – nearly double the 1H23 total. The region also posted an average deal size of USD 150m, the biggest in five years.



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Sector highlights

The other four deals in EMEA's top five in 1H25 were all in financial services. In April, Swiss insurers Helvetia and Baloise announced an all-share merger, valuing Baloise at CHF 5.7bn (USD 10.77bn). If completed, it would be the largest European insurance deal since Allianz's USD 10.8bn acquisition in 2007 of the 42% it did not already own in Assurances Generales de France (AGF).

The insurance sector remains a hotbed of likely M&A, with mid-cap acquirors and private equity firms looking to consolidate a fragmented Continental European market.

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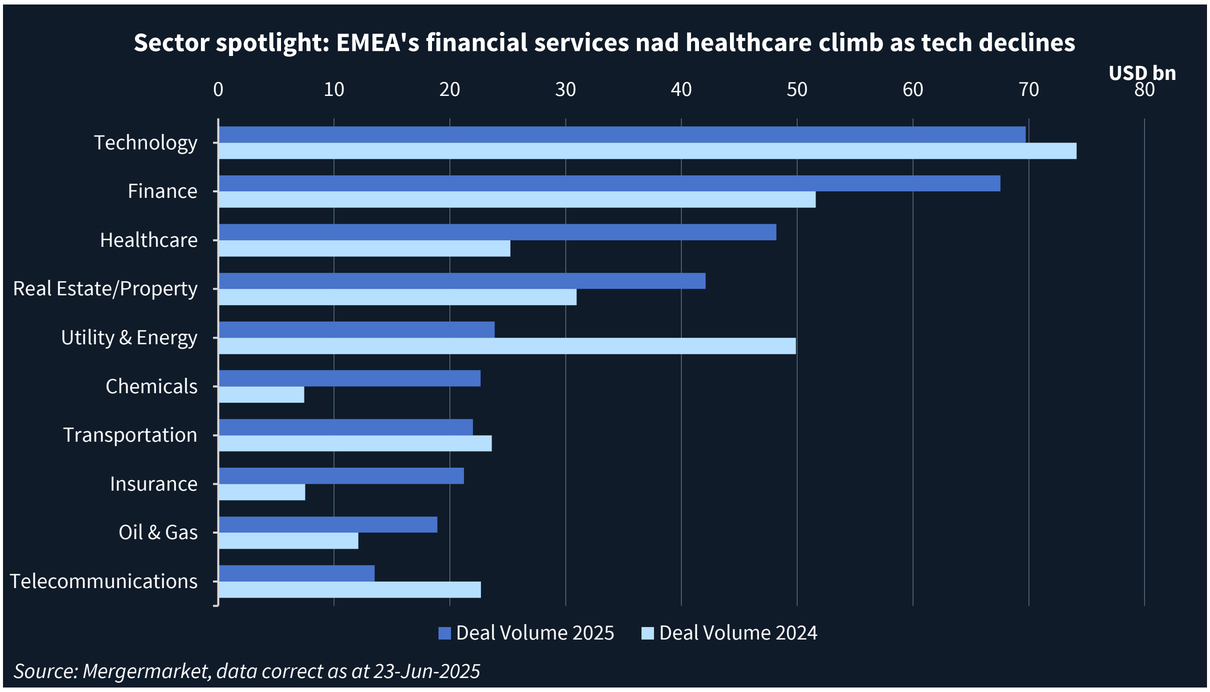

The technology sector retained its top ranking by volume, despite experiencing a 6% year-over-year decline to USD 69.7bn and recording just 1,484 transactions – the lowest half-year total since 2015.

Financial Services followed closely with USD 67.6bn in announced deal volume, up 31% year over year. Some transactions – such as Banca Monte dei Paschi di Siena's (MPS) USD 13.8bn public offer for Mediobanca in January – face a tough path to completion. MPS's move is part of a wider consolidation wave hitting the Italian financial services sector. Healthcare ranked third with USD 48.2bn in deals, nearly doubling year-over-year.

Buyouts lag despite rate cuts

Buyout activity remains muted – despite attractive valuations of European assets, North American LPs' willingness to diversify away from the US, and eight consecutive interest rate cuts by the European Central Bank (ECB) since June 2024 – bringing rates from 4% to 2%.

Buyout volume fell 14% to USD 85.5bn across 621 deals, down from 697 year-on-year.

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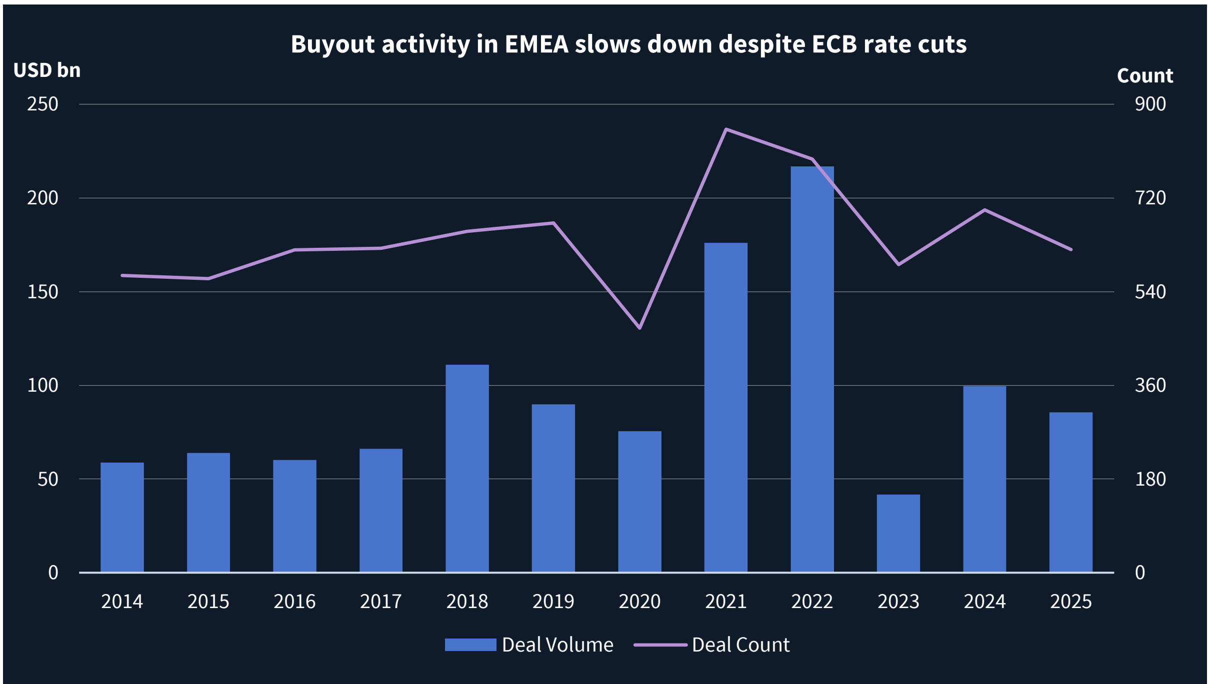

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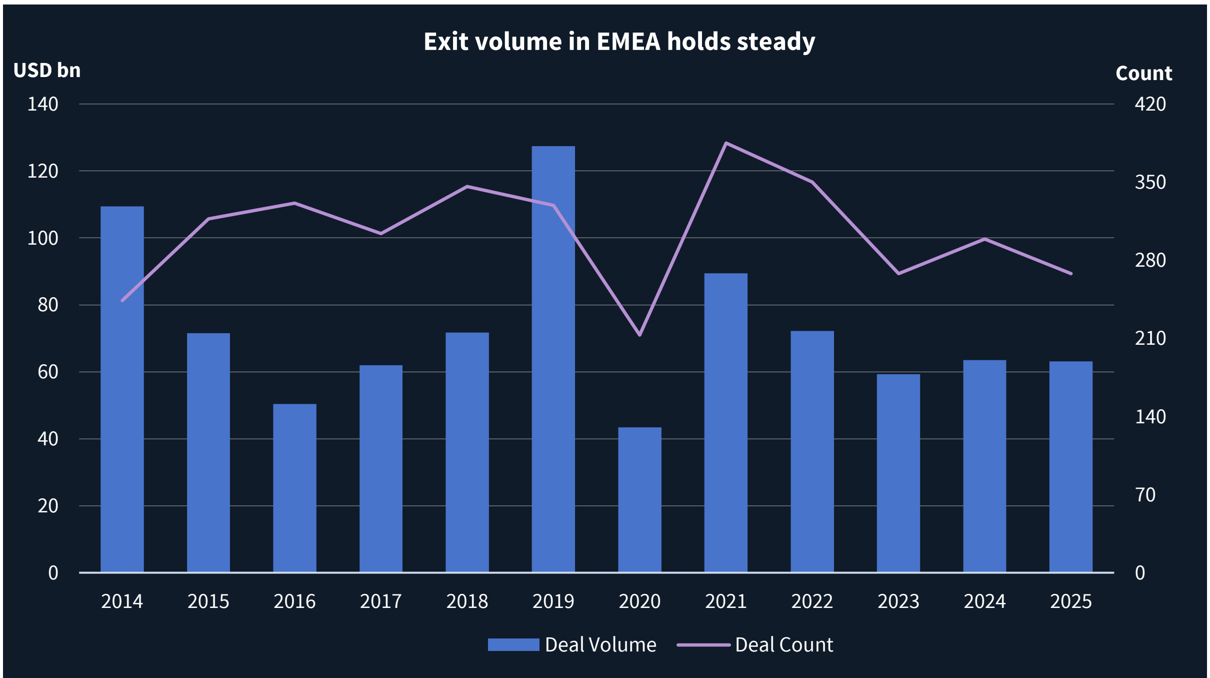
Exit activity was nearly flat, with USD 63.1bn in announced deals – down just 0.7%. The number of exits dropped to 268 in 1H25 from 299 a year earlier. However, the exit pipeline is expected to build in 2H25 as GPs consider options for assets acquired during the 2021-22 buyout boom.

With pressure mounting to deploy capital and deliver returns to their LPs, sellers may be forced to compromise on valuations to get deals done, while buyers may be able to use the current uncertainty to find bargains.



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APAC: China, Japan and Australia lead surge

KEY 1H25 TRENDS IN APAC

Buyout strength
Transactions surge 2.7x to USD 84.4bn

Australian growth
Deal volume up 88.4% to USD 59bn

Greater China grows
China and Hong Kong account for 45% of total APAC volume

Chinese tech
USD 16.1bn Hygon-Sugon deal is largest in China's computing sector

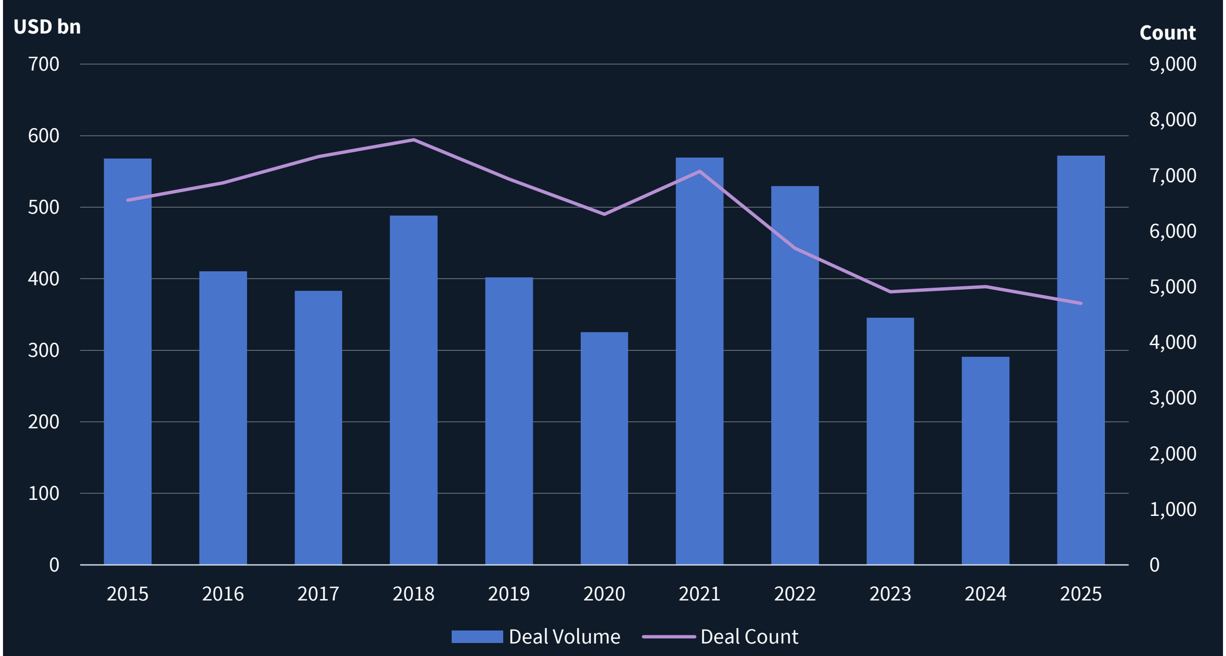
Japan corporate shake up
USD 33bn Toyota Industries take-private strengthens founding family's grip

Policy risk
Investors eye Asia amid softer demand for US dollar assets

Source: Mergermarket, data correct as at 23-Jun-25

Asia-Pacific dealmaking almost doubled to USD 572bn in 1H25, the highest first half on *Mergermarket* record. This growth came despite a 6% decrease in the number of transactions and lifted Asia's share of global M&A volume to 28.4%, up from 18% in 1H24.

APAC M&A volume in YTD reached a decade high



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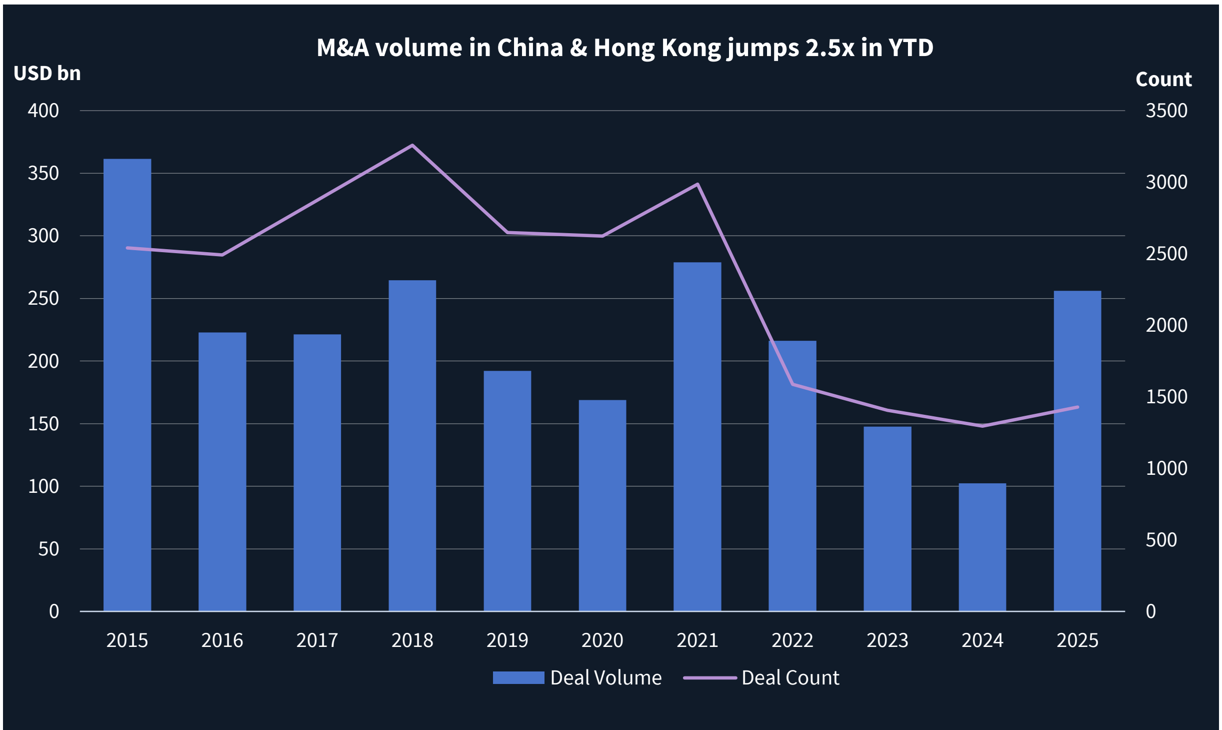
Weaker demand for US dollar assets, driven by tariff uncertainty under the Trump administration, helped redirect capital flows into Asia, particularly Greater China, Japan and Australia.

Tech, finance and SOE reforms drive M&A in China

Mainland China's M&A volume jumped 2.3x year-on-year to USD 231.1bn, while Hong Kong's deal volume soared sevenfold to USD 25bn, driven by Hutchinson Port's USD 19.2bn transaction, though the deal faces completion uncertainty amid geopolitical and regulatory headwinds.

Combined, China and Hong Kong accounted for 44.8% of APAC deal volume, up from 35.2% a year earlier. Deal count also rose to 1,428 from 1,295.



Source: Mergermarket, data correct as at 23-Jun-2025. YTD through 23 June for each year shown

Domestic activity in China was buoyed by government policies aimed at creating national champions, enhancing profitability and strengthening supply chains, particularly in high-tech and manufacturing.

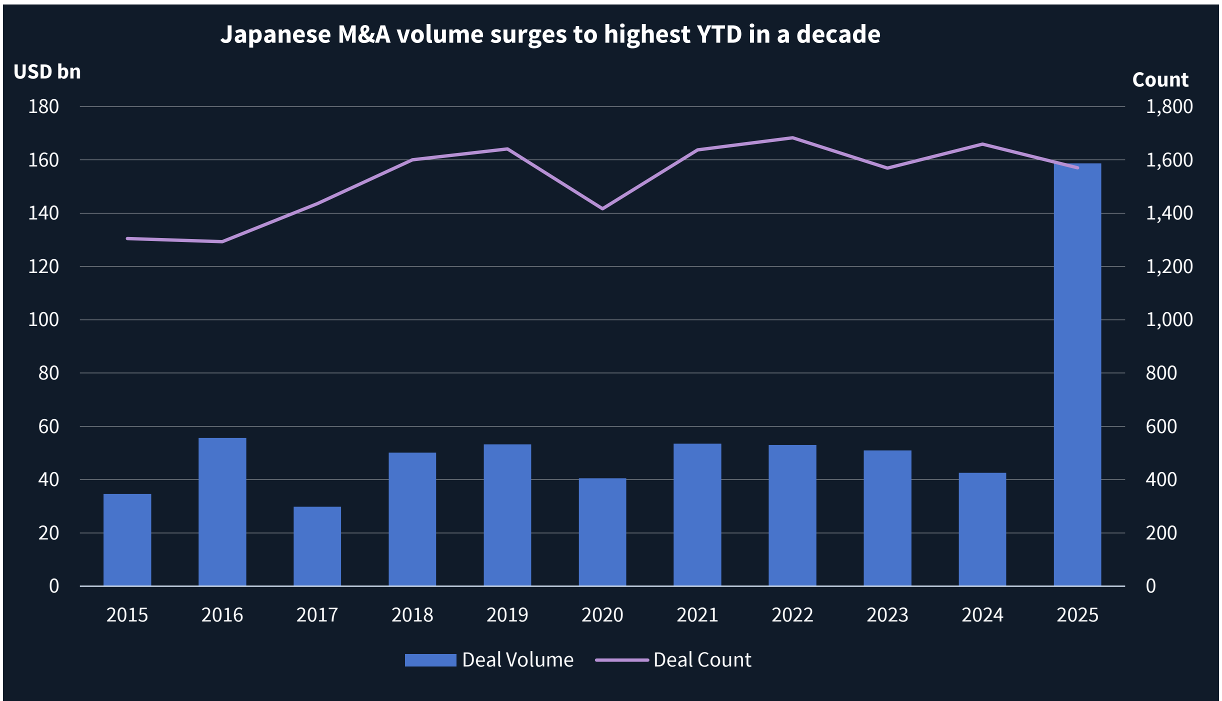
The proposed USD 16.1bn merger between chip designer Hygon Information Technology and supercomputer maker Sugon – announced in June – would be the largest in China's computing sector.

In March, China's finance ministry injected USD 69bn into four state lenders – Bank of Communications, Bank of China, Postal Savings Bank of China and China Construction Bank – via share placements to support industrial modernization and reduce systemic risk.

State-Owned Enterprise (SOE) reforms are another major driver for dealmaking in China, though the path for restructuring state assets remains bumpy. A planned merger between Dongfeng Motor Group and Chongqing Changan Automobile was recently suspended due to governance disputes, job cuts and local government disagreements.

Japan sees M&A surge amid corporate shake-up

Japan's M&A volume soared 3.7x year-on-year to USD 158.7bn in 1H25 – the second highest first-half total on record – driven by a series of policy initiatives and pressure from activist investors.



Source: Mergermarket, data correct as at 23-Jun-2025. YTD through 23 June for each year shown.

The push for corporate reforms has led to the decline of cross-shareholdings in Japan, which had long served as a defense tool against foreign takeovers. Activist investors have targeted at least 50 Japanese companies with shareholder proposals so far in 2025, a record high, according to Mitsubishi UFJ Trust and Banking.

The region's largest deal was the USD 33bn take-private bid for forklift maker Toyota Industries, announced in June, aimed at consolidating control within the founding Toyoda family.

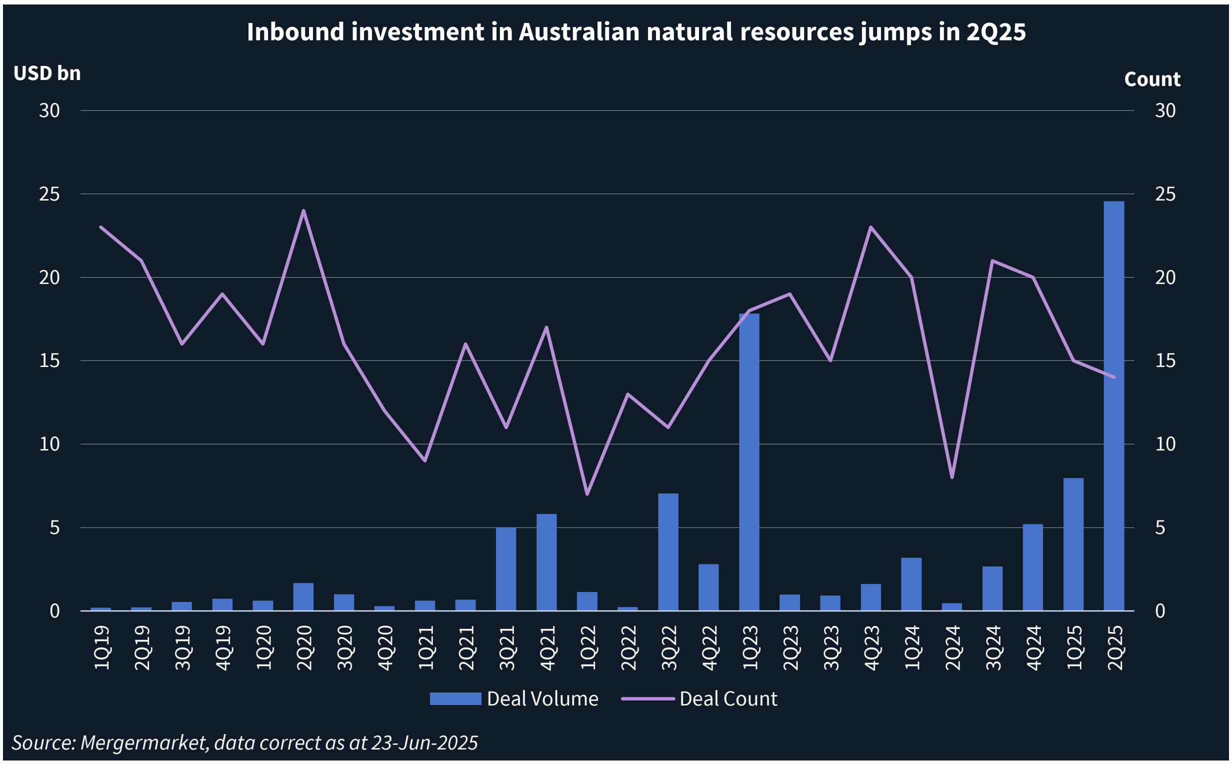
Another prominent deal was Nippon Telegraph and Telephone's proposed USD 16.4bn acquisition of the 42.3% stake it does not own in NTT Data Group, part of its transition from telecommunications to technology.

Japan's automotive sector remains under great pressure to consolidate amid Trump's tariffs and increasing competition from Chinese players. In early June, Toyota's Hino Motors and Daimler Truck's Mitsubishi Fuso announced plans to merge their Japanese truck operations under a new holding company in a transaction valued at USD 5.4bn.

Australia's natural resources, India's banks draw foreign investors

Foreign investors are increasingly drawn to Australia's mining and energy assets, driving an 88% increase in Australia's M&A volume to USD 58.8bn.

In June, Australian oil and gas company Santos received a USD 24bn takeover offer from a consortium led by a subsidiary of Abu Dhabi's ADNOC. In February, Japan's Mitsui & Co. agreed to pay USD 5.3bn for a 40% interest in the Rhodes Ridge iron ore project in Australia from VOC Group Limited and AMB Holding.



India also drew foreign attention, particularly in financial services. The Reserve Bank of India (RBI) is considering easing foreign ownership rules for banks to attract long-term capital and support the country's rapid economic growth. It comes after RBI's approval of Sumitomo Mitsui's 20% stake in Yes Bank and growing foreign interest in IDBI Bank. The Indian government is planning to sell up to 20% of its stake in five public sector banks over the next four years to meet public shareholding norms.

Meanwhile, the Modi administration continues efforts to attract foreign investors by proposing to remove curbs on foreign direct investment in the insurance sector.

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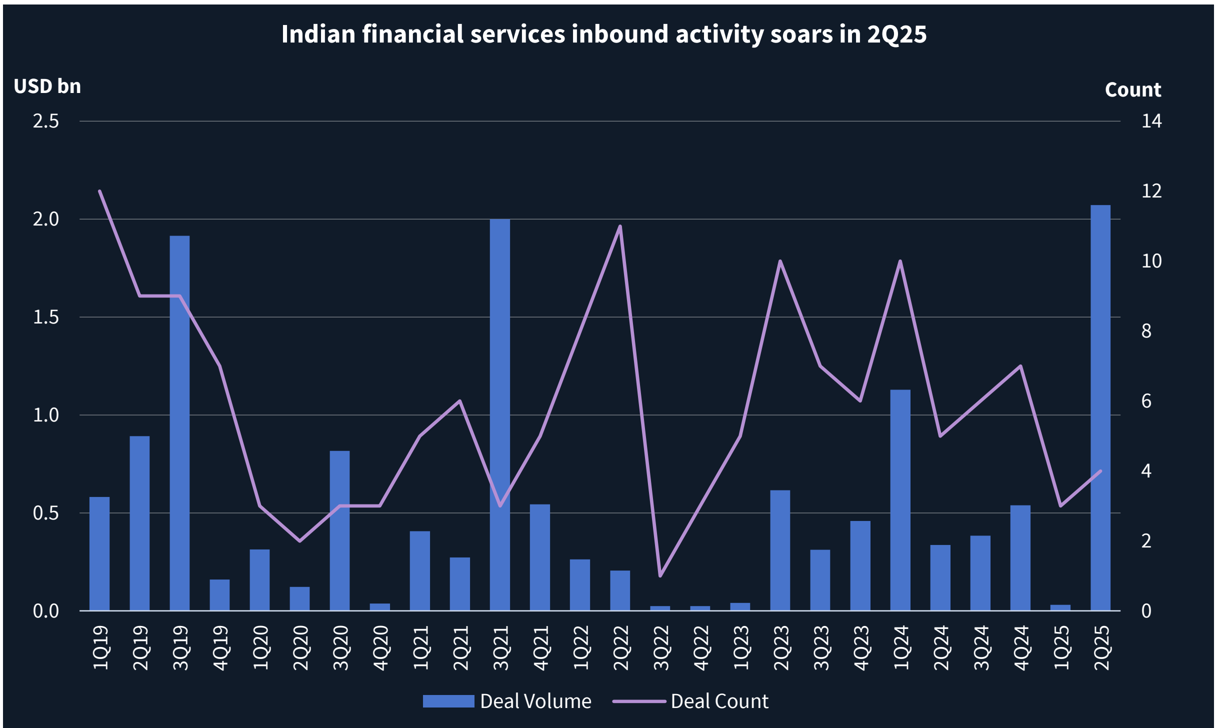

Source: Mergermarket, data correct as at 23-Jun-2025