UK Public M&A

2025 Year End Review & 2026 Outlook

2025
Review

Following a relatively slow start to 2025, there was significant recovery in UK public M&A activity in Q2 and over the summer, only for activity to significantly decline in the latter part of Q3 and into Q4.

Overall, while deal volumes have held up well against a backdrop of ongoing geopolitical uncertainty and disruptive macroeconomic events, the number of high value bids in the UK public markets decreased compared to 2024 and both aggregate and average deal values were notably down.

Activity

Overall deal volume was stable and the number of firm offers was actually higher than 2024 but activity levels were mixed with a very busy Q2 and Q3, bracketed by a slower Q1 and Q4.

Both average and aggregate deal values were significantly lower - aggregate firm offer value declined by 30.5% to c. £38.22bn.

Deal volumes

63
2025

58
2024

Deal values

30.5%
Aggregate firm offer value declined to c.£38.22bn

Bidder Identity

Strategic bidders remained prevalent

The overall volume of firm offers involving strategic bidders remained higher than private equity or PE-backed (including portfolio companies) bidders (57% vs 43%).

Private equity bidders still active

Private equity bidders making firm offers continued to be a significant driver of activity including at the higher end of the market. Importantly, private equity bidders made up four (including the top two) of the top six deals in value.

International bidders lead

International bidders make up more than half of all firm offer bidders, driven by favourable exchange rates and the continuing perceived undervaluation of London-listed companies. While recent currency moves have made UK targets comparatively less attractive for US bidders than for much of 2024, UK targets remain appealing to international bidders seeking to capitalise on perceived valuation gaps.

US bidders remained dominant

US bidders remained dominant (54% of all international bidders), especially in higher-value deals. Six of the highest value deals (in excess of £1bn) involved US bidders.

Deal features

Forms of consideration

There was a marked decline in all-share offers compared to 2024, but an increase in offers with mixed forms of consideration with a number involving more than one different combinations of listed and unlisted share alternatives.

The use of stub equity (using unlisted share alternatives as a form of consideration) declined slightly from 2024 (8% of firm offers vs 10% in 2024) but is now fairly commonplace in private equity bids, giving target shareholders an opportunity to have ongoing exposure, and gain any potential upside, to the target's business. The Panel's publication of Practice Statement 36, clarifying how the Takeover Code applies to such alternatives, reflects the growing prevalence of stub equity in the market.

Smaller deal sizes

01

The number of deals in excess of £1bn declined (2025: 11; 2024: 17) with commensurately more activity within the mid-market space.

02

Average deal value was down approximately 36%, reflecting some bidder caution amidst an uncertain UK economic and fiscal environment pending the Budget.

03

Private equity was also active in the mid-market, where financing is more accessible and can often be supported (either wholly or partially) through LP equity commitments.

Financing

2025 saw record activity in the broadly syndicated loan (BSL) market leading to an increasingly competitive environment for bidders looking to support their UK offers with debt. Strong credits may benefit from lower pricing in the BSL market; however the private credit market remains a strong contender, particularly in the context of currencies like Sterling. To remain competitive with BSL offerings, large-cap private credit spreads as low as 4.50% (US Dollars) and 4.75% (Sterling and Euro), each over applicable base rate, were achieved in the UK public M&A market in 2025. Depending on the nature of the credit being explored, certain other benefits may be present in the private credit market such as pay-in-kind optionality for interest payments and a higher day-1 leverage on offer.

Large-cap private credit spreads

4.50%
US Dollar

4.75%
Sterling and Euro

Each over the applicable base rate, achieved in the UK public M&A market in 2025.

Structures

Scheme of arrangement remains the dominant structure (81% of firm offers) although the number of competitive situations meant more switches to offers coupled with stakebuilding, as competing bidders fight to thwart each other and obtain control.

81% Of firm offers implemented by scheme

More unusual structures and consideration options

A number of firm offers in 2025 involved unique structures or interesting features. In particular:

American Axle & Manufacturing Holdings, Inc.'s offer for Dowlais Group plc

American Axle & Manufacturing Holdings, Inc.'s offer for Dowlais Group plc included a mechanism in the mix and match facility to determine target shareholders' entitlement under the facility by reference to the 5-day average price of bidder shares (using a formula) at a record date near closing rather than (as is more usual) by reference to a fixed share price set at time of publication of the offer documentation. The effect of this approach was to preserve value and ensure some downside protection for target shareholders against drops in American Axle's share price.

Qualcomm Incorporated's offer for Alphawave IP Group plc

Qualcomm Incorporated's offer for Alphawave IP Group plc involved two share alternatives (a listed share alternative and an unlisted share alternative), giving target company shareholders multiple consideration structures to choose from.

Goldman Sachs Asset Management's offer for Petershill Partners plc

Goldman Sachs Asset Management's offer for Petershill Partners plc was nominally an "offer" governed by the Takeover Code, but was structured as a return of capital which resulted in the relevant funds of Goldman Sachs Asset Management (as existing controlling shareholders) consolidating their holdings to 100%.

Competing bids

2025 saw the continued trend of an increasing number of competing offers, with 28 (actual or potential) competitive situations (compared to 25 in 2024). There were instances of strategic bidders competing against private equity bidders, as well as (more unusually) private equity versus private equity bids, underscoring bidders' willingness to compete for the right quality UK listed assets. While a number of bids came close to being subject to a formal auction process run by the Takeover Panel, no competing offers ultimately culminated in the commencement of a formal auction process, showing that bidders are maintaining price discipline.

For deals involving significant holdings (for example, by founders/key management or key shareholders), "hard" irrevocable undertakings to vote in favour of or accept the first bidder's offer (which remain binding in the event of a competing offer) to mitigate interloper risk, as a condition to proceeding with a firm offer, continued to remain a feature. In addition, in some limited instances a stake-building exercise was conducted by the bidder post firm offer announcement to reduce (or in one case, eliminate) the possibility of a competing bidder's shareholder vote (or acceptance condition) being satisfied.

The current market dynamic means that interloper risk assessment, and how best to respond or mitigate the risk of a contested situation, should form part and parcel of a bidder's preparations in an increasingly competitive environment.

2026
Outlook

We expect a continuing focus on the mid-market and sectors such as technology, infrastructure and professional services. International and, in particular, US bidders will continue to feature heavily given the amount of capital available to both private equity and strategic bidders.

Many market practitioners report a busy 2026 M&A pipeline (the US in particular saw a flurry of megadeals as 2025 drew to a close) which should also translate into the UK public M&A space. With the Budget out of the way, the recent reductions in interest rates and the ability of bidders to adapt to the new paradigm where a level of disruptive macroeconomic events and geopolitical tension are the norm, we remain optimistic about an uptick in activity.

Market predictions for 2026

Private equity continues to deploy capital

Private equity will continue to feature heavily in UK public M&A. With levels of "dry powder" elevated, there will be considerable and ongoing pressure on private equity to usefully deploy capital. Bolt-on or "buy and build" acquisitions by private equity-backed portfolio companies may also be a feature, particularly in the business and financial services sectors, which are more likely to drive activity in the mid-market.

Creative consideration structures

While cash will likely remain dominant, we expect to see bidders continue to offer more creative consideration structures as they seek to bridge valuation gaps and win management and/or shareholder support — including selective use of contingent value rights and different combinations of listed and unlisted share alternatives in addition to cash.

Bid financing

Private equity bidders will likely retain a menu of optionality across debt products with private credit continuing to see strong market share, especially for mid-market financings or where borrowing in currencies other than US Dollars and Euro is required.

Regulatory easing?

With significant pressure put on the CMA by the UK government over the last 12 months to focus on UK growth and remove investment-dampening merger control intervention, all indications are that much is being done outside of formal merger control process (via informal non-public briefing papers) and that the CMA is stepping back in global deals where there is no specific UK nexus. The CMA's recently published remedies guidance also signals greater openness to more creative i.e. non divestment remedies. However, the global regulatory landscape remains complex and antitrust, foreign investment and at European level, foreign subsidies reviews will remain a key consideration for cross-border deals against a backdrop of geopolitical fragmentation.

Harder investor stances

Investors have become more willing, and will likely continue (with indications of such opposition already early in the year), to take robust stances in rejecting offers that they consider undervalue the company even where the offer is recommended — and in the face of "full and final" offers being tabled by the bidder.

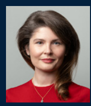
Your Key UK Public M&A Contacts

Public M&A

Dan Schuster-Woldan
Head of European Public M&A
+44-20-7601-8693
dschusterwoldan@paulweiss.com

Matthew Hearn
Co-Head of UK Public M&A
+44-20-7601-8739
mhearn@paulweiss.com

David Holdsworth
Partner
+44-20-7601-8728
dholdsworth@paulweiss.com

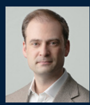


Francesca Storey-Harris
Partner
+44-20-7601-8857
fstoreyharris@paulweiss.com

Finance

Neel Sachdev
Global Co-Chair of Finance & Capital Markets and Co-Head of London Office
+44-20-7367-1607
nsachdev@paulweiss.com

Kanesh Balasubramaniam
Co-Head of European Sponsor Finance and Alternative Credit
Tel: +44-20-7367-1604
kbalas@paulweiss.com



Stefan Arnold-Soulby
Co-Head of European Sponsor Finance and Alternative Credit
Tel: +44 207-367-1613
sarnoldsoulby@paulweiss.com

Antitrust

Nicole Kar
Global Co-Chair of the Antitrust Practice
+44-20-7601-8657
nkar@paulweiss.com

Lauren O'Brien
Partner
+44-20-7601-8648
lobrien@paulweiss.com

Our Recent UK Public M&A Experience

- **Qualcomm, Inc.** on its c. $2.4bn recommended offer for Alphawave IP Group plc
- **General Atlantic** in connection with its c. £804m acquisition of Learning Technologies Group plc
- **EP Group** on the regulatory and financing aspects of its c. £5.2bn recommended offer for Royal Mail (IDS)
- **ABC Technologies** on the financing and regulatory aspects of its c. £1.8bn recommended offer for ABC Technologies' acquisition of TI Fluid Systems plc

Offices

London
20 Air Street
London W1B 5AN
United Kingdom
Tel: +44-20-7367-1600
Fax: +44-20-7367-1650

Brussels
Rue Montoyer 10
1000 Bruxelles
Belgium
Tel: +32-2-884-08-00
Fax: +32-2-706-58-81

New York
1285 Avenue of the Americas
New York, NY 10019-6064
United States
Tel: +1-212-373-3000
Fax: +1-212-757-3990

Los Angeles
2029 Century Park East
Suite 2000
Los Angeles, CA 90067-3006
United States
Tel: +1-310-982-4350
Fax: +1-310-943-1805

San Francisco
535 Mission Street, 24th Floor
San Francisco, CA 94105
United States
Tel: +1-628-432-5100
Fax: +1-628-232-3101

Toronto
Toronto Dominion Centre
77 King Street West, Suite 3100
P.O. Box 226
Toronto, Ontario M5K 1J3, Canada
Tel: +1-416-504-0520
Fax: +1-416-504-0530

Washington, DC
2001 K Street, NW
Washington, DC 20006-1047
United States
Tel: +1-202-223-7300
Fax: +1-202-223-7420

Wilmington
1313 North Market Street, Suite 806
Post Office Box 32
Wilmington, DE 19899-0032
United States
Tel: +1-302-655-4410
Fax: +1-302-655-4420

Hong Kong
Suites 3601 – 3606 & 3610
36/F, Gloucester Tower
The Landmark
15 Queen's Road, Central
Hong Kong
Tel: +852-2846-0300
Fax: +852-2840-4300

Tokyo
Fukoku Seimei Building 2F
2-2, Uchisaiwaicho 2-chome
Chiyoda-ku,
Tokyo 100-0011, Japan
Tel: +81-3-3597-8101
Fax: +81-3-3597-8120