

**Deloitte.**



M&A Index 2026 Q1:  
Capture of Opportunity

# THE ECONOMIC REALITY IN 2025

The year 2025 brought new obstacles that challenged the renewed growth of Western economies and further tested their adaptability. Abrupt shifts in US foreign trade policies altered the structure of global exports, prompting a search for new trading partners. Russia's ongoing war in Ukraine was quietly growing in intensity with no end in sight, while security concerns continued to force circumvention of the Suez Canal trade route.

Amid these challenges, the economies were rising up from a long period of stagnation. Foreign trade remained resilient, and companies explored new distribution channels through which they will gradually enter new markets. Technological progress was faster than ever, as new advances in AI were quickly adopted across industries. With curtailed inflation, the central bank's interest rates were approaching their long-term equilibria, while unemployment was hovering around decades-long lows. Collectively, these indicators signal the potential of economies to thrive in the coming years.

The clash between enduring obstacles and positive economic trends led to overall year-on-year stagnation in M&A markets. The future of the European economic landscape will be defined by many factors, including developments in the energy sector, the pace of new technology adoption, the competitiveness of industry production, and, hopefully, the further dissolution of legislative and soft barriers within the EU.

Those who closely monitor such factors will gain an edge, as the rapid pace of today's world creates plentiful of opportunities ready to be captured.

# SHAPING ELEMENTS OF ECONOMIC REALITY IN 2025

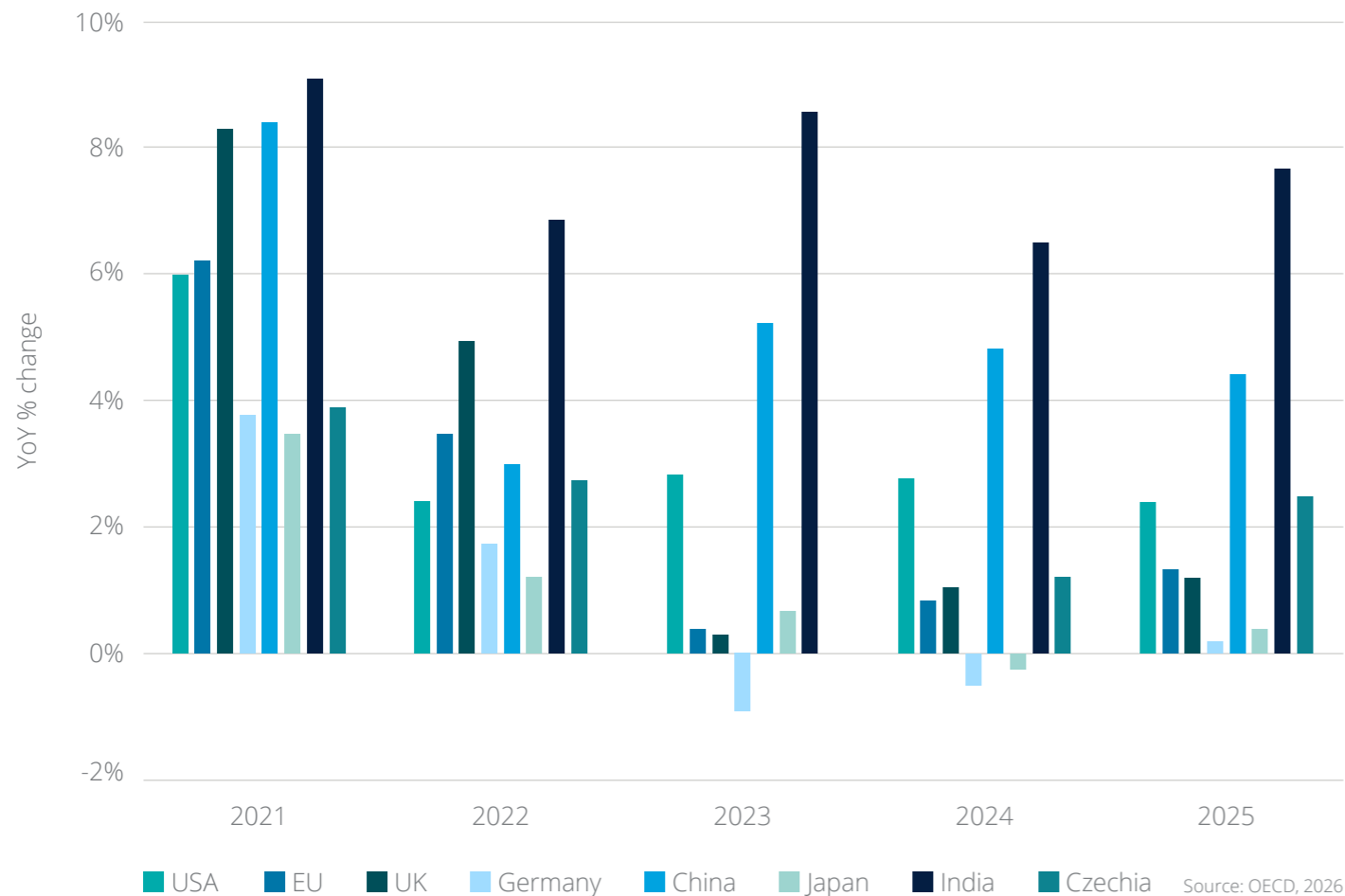
Economies across the EU gradually leave the period of stagnation and embark back on a growth trajectory as GDP growth in the European Union 1,6% with Czechia being one of the top performers with 2.5% growth. Notably for the CEE region, the German economy stagnated for the fourth consecutive year, but in recent months it has shown new signs of recovery. In the rest of the world, Chinese and Indian economies continue on their high-growth trajectories, while the US economy maintains long-term growth of 2-3%.

While countries continue to adapt to prevailing long-term challenges regarding Russia-Ukraine conflict and Red Sea trade routes, a new source of uncertainty arose due to significant shifts in US tariff policy. Pace of interest rate cuts slowed

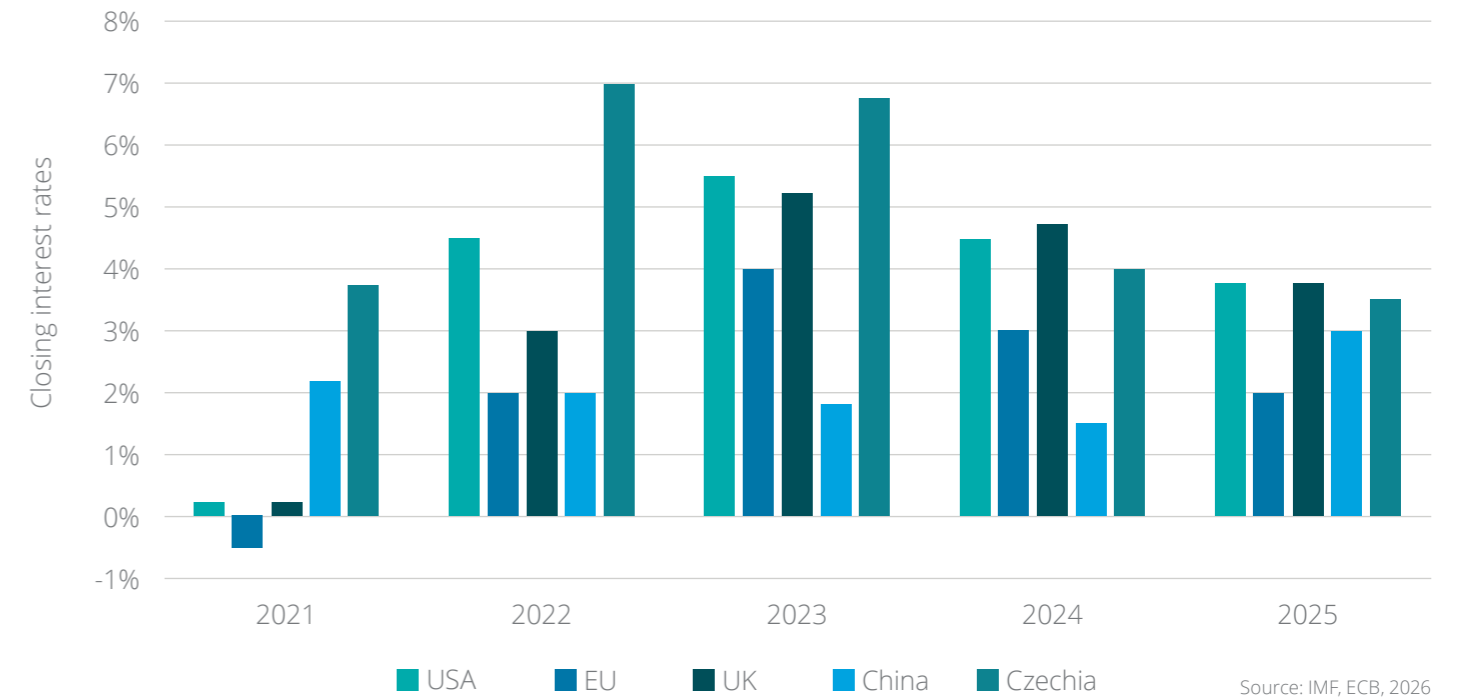
down during the year in both the USA and the EU. While the Fed faces external pressure to further cut down rates from current 3.75% level, the ECB's key interest rate firmly stands at 2%, mirroring its stated inflation target. This results in lower borrowing costs, which makes more potential investments profitable and fuel the reignited economic growth.

Another sign that economies are leaving behind turbulent yesteryears is the growth in real wages. They followed up on last year's increase, ending the four years of decline and stagnation. Last year resulted in a 1.8% increase in real wages in the EU and a 1.1% increase in the USA. This further eased the strain on household income and boosted household consumption—the principal driver of economic growth.

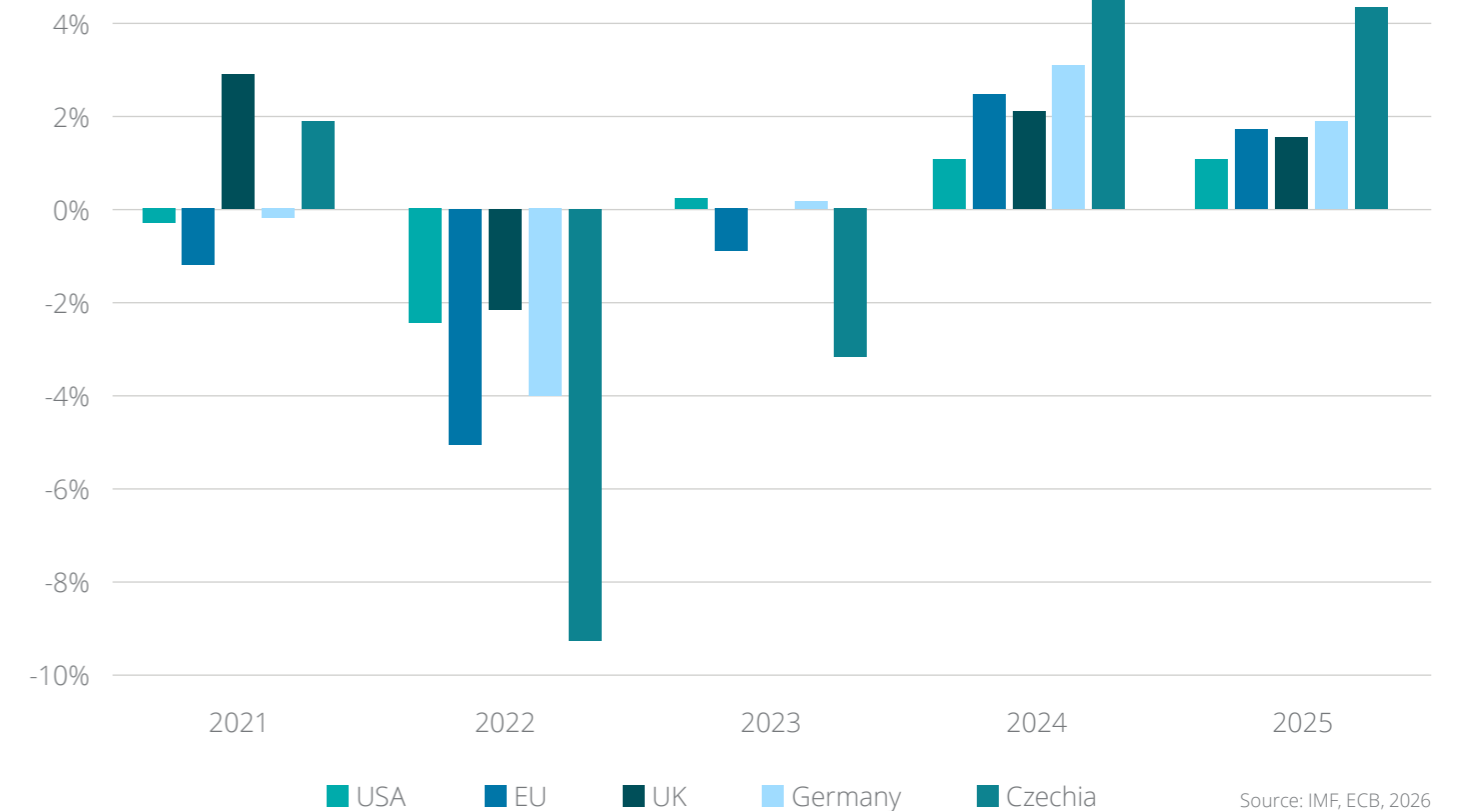
**RESTART OF GDP GROWTH**



**DECLINING INTEREST RATES**



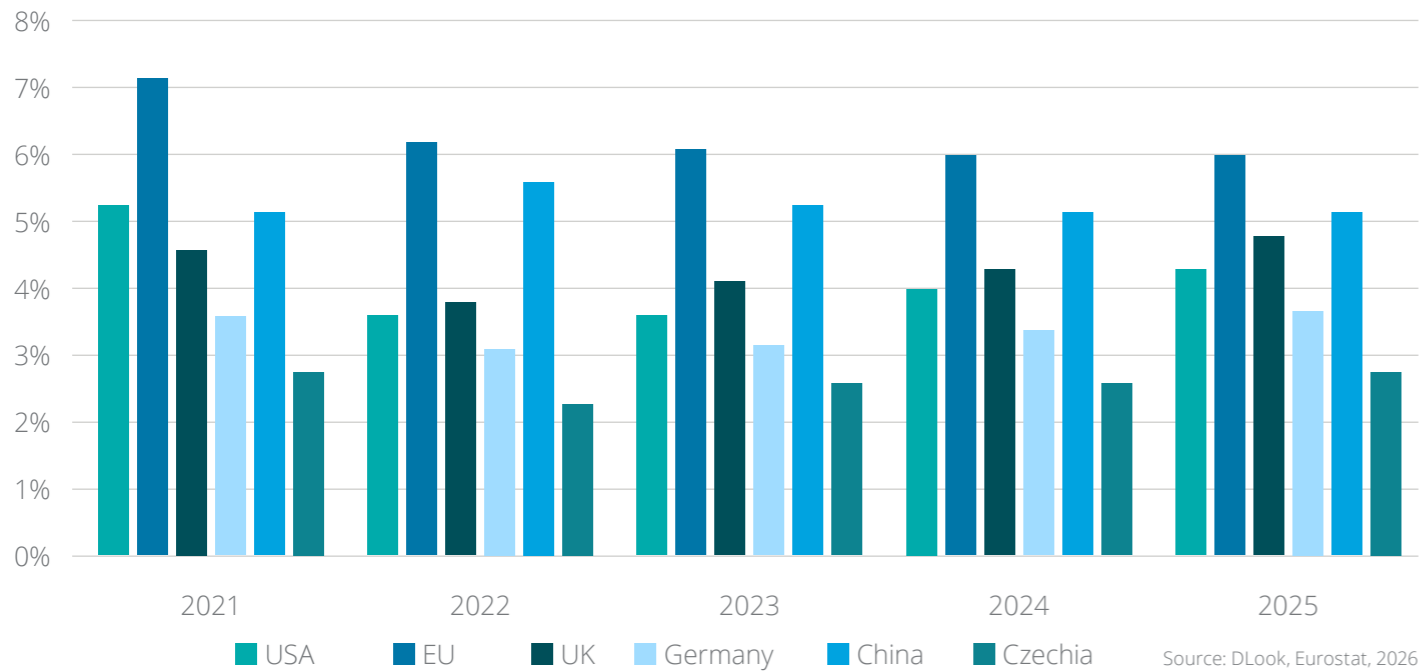
**REAL WAGE GROWTH**



Meanwhile, unemployment in the EU is nearing equilibrium levels consistent with the natural state of unemployment and stayed at a decades-long minimum of 6.1%. While demand for qualified labour remains high, the available workforce is expected to slowly shrink over the next few decades due to demographic changes as the population continues to age and fewer young people enter the workforce.

The slight 0.3% unemployment increases in the USA and Germany can be mostly attributed to sector-specific structural adjustments. As a result, there is an abundance of newly unemployed workers seeking to requalify or relocate to apply their expertise. This might temporarily slow down the rise in labour costs. Still, in the long term, companies should consider new challenges as adaptation to rapidly evolving AI systems that is expected to severely impact 1 out of 5 of jobs over the next 5 years.

**UNEMPLOYMENT**

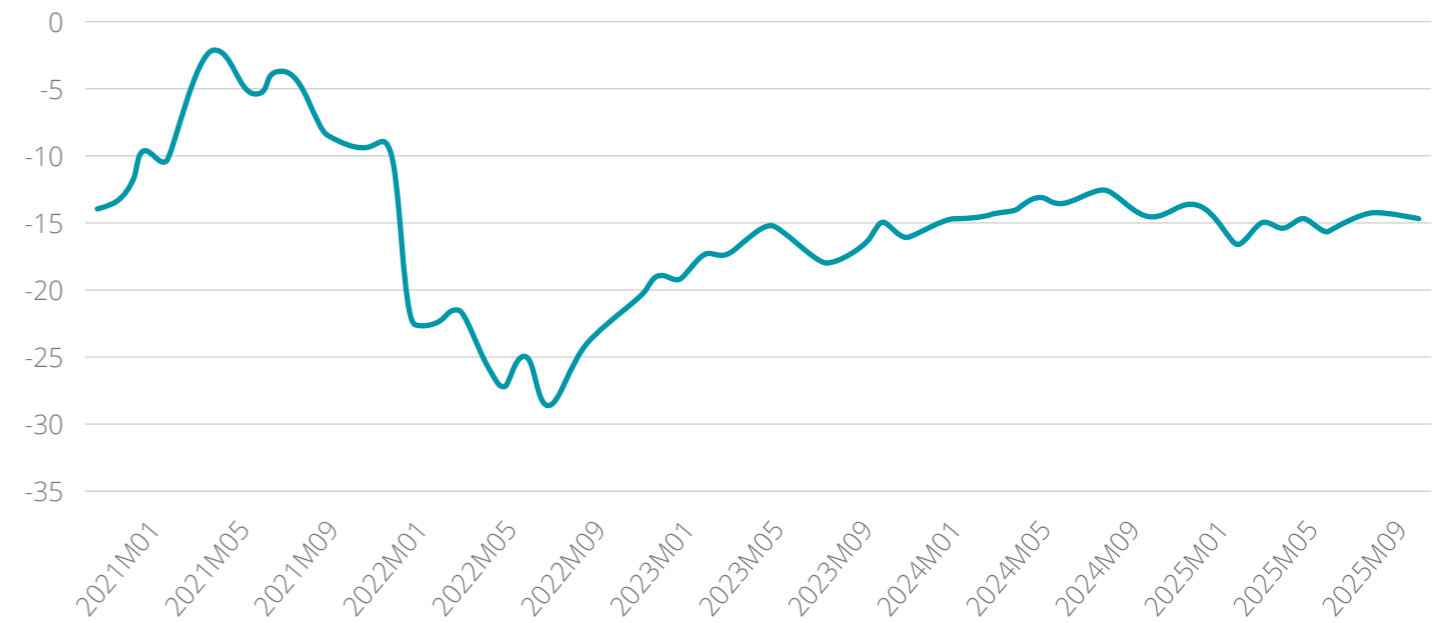


Inflation has completed its gradual decline from the 2022 peaks and now firmly resides within the target range of 1% to 3%. The easing of the energy crises, the resolution of supply chain issues, and thoughtful monetary policies have all contributed to the stabilization of inflation. While some inflationary pressures persist, the elevation of price levels is no longer expected to pose a significant challenge to global and regional economies.

Households' successful adjustments to new price levels, driven by the double-digit cumulative

inflation of recent years, have supported the stabilisation of consumer confidence. However, confidence remains slightly pessimistic and a few points below the long-term average. While there is a strong potential for further increase of confidence, an unending stream of new uncertainties continuously hampers any chance for its improvement. A lasting reduced consumer willingness to make significant purchases currently suppresses growth potential, but its long-term rebound may contribute to the realisation of economy's broader potential.

**CONSUMER CONFIDENCE INDICATOR (EURO AREA)**



Source: Eurostat, 2026



The United States, under the second Trump administration, adopted an increasingly confrontational stance in its trade policies. The most notable example was the announcement of “reciprocal tariffs” in early April, which proposed a significant increase in tariffs on exports of goods and services to the USA from almost every country worldwide. Their implementation was delayed until early August, and after multiple rounds of negotiations, many countries managed to reach agreements that lowered the tariffs. The European Union secured a deal on tariffs and trade with the USA at the end of August, setting a tariff ceiling of 15% for most EU exports and 0% tariffs for a number of important product groups.

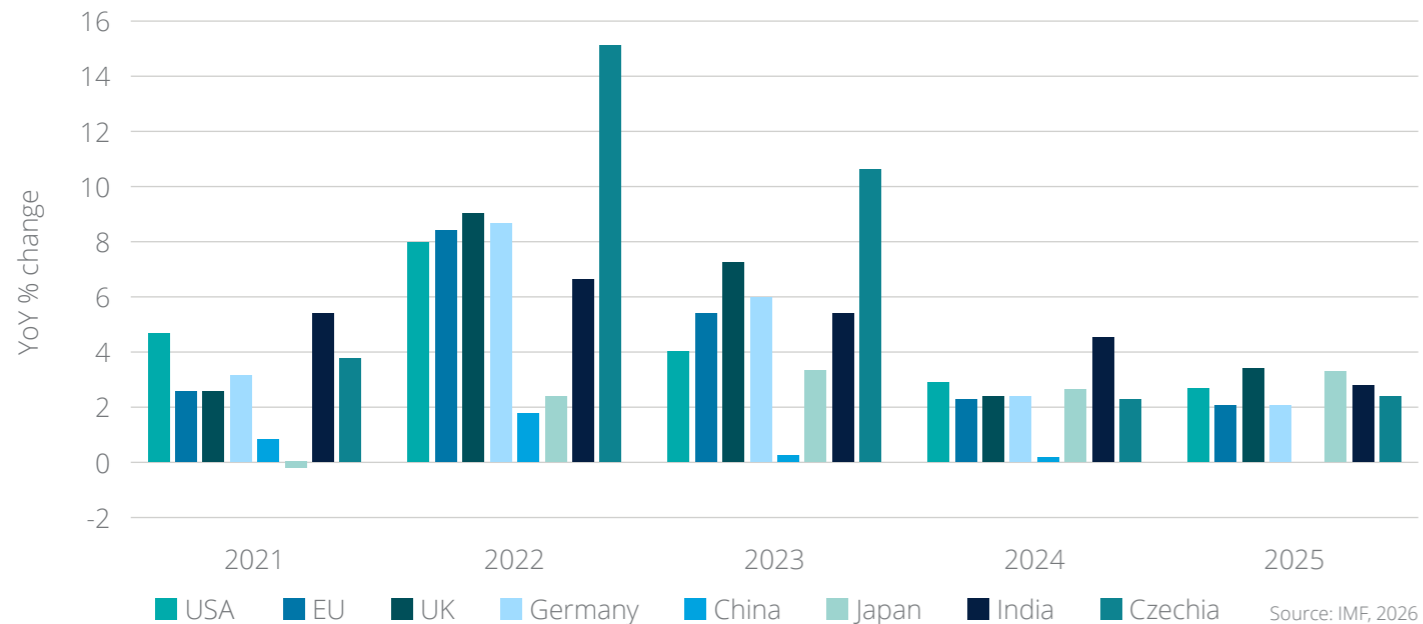
Other major changes included global tariffs of 100% on pharmaceuticals, 50% on steel, aluminium, and copper as well as 25% on automotive parts. However, certain companies might benefit from reduced final tariffs based on bilateral trade deals or various conditional exemptions.

For many (not only) Western countries, the USA remains a critical trade partner, but unclear and ever-changing trade policies have created

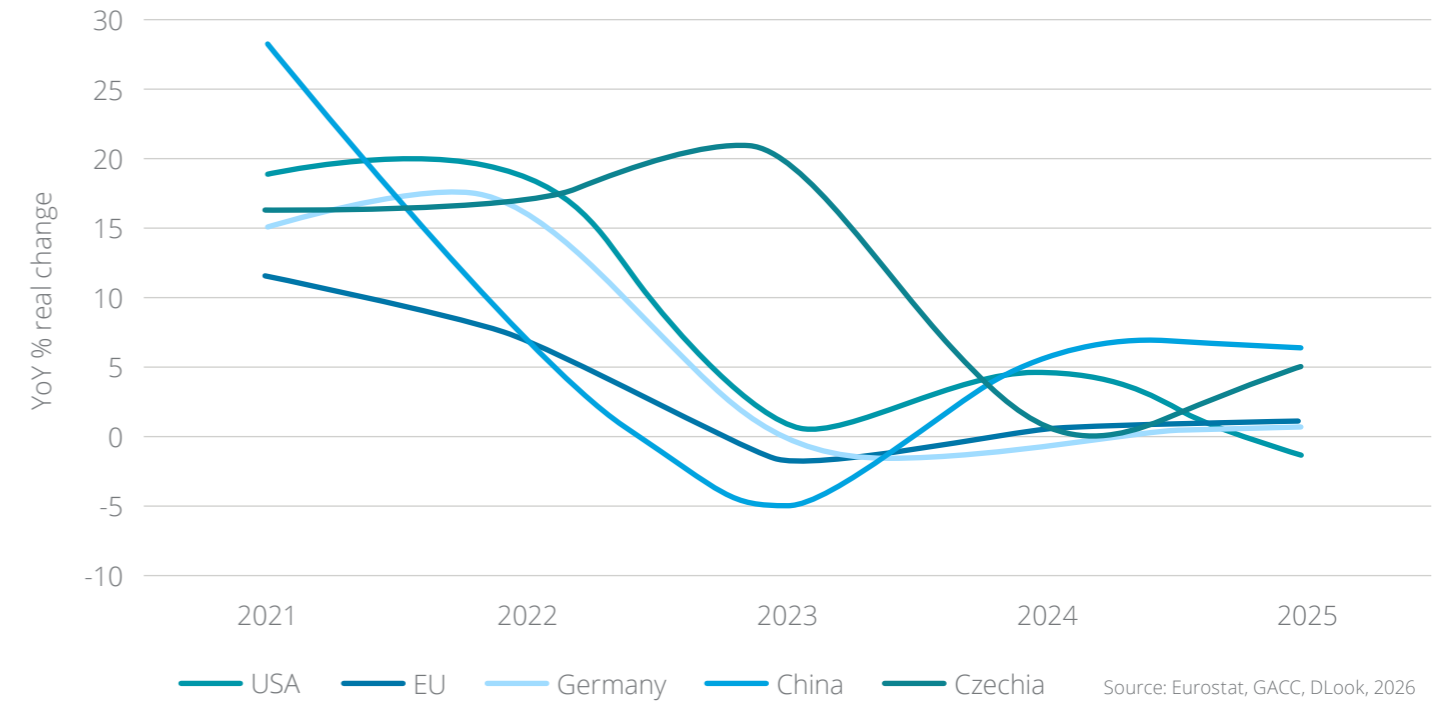
complications in financial planning and eroded trust between the US and its trading partners. As a result, global cooperation failed to reach its full potential, and thus the value of exported goods and services largely stagnated. On the other hand, the forced search for new markets spurred diversification, which may, in the long-term benefit global foreign trade as previously unexplored trading relationships will develop.

The economic dynamics of the CEE region are intricately linked to the German economy, which has been mired in a prolonged phase of stagnation. Export-oriented sectors faced increased competition throughout the year, especially in the automotive industry. Another challenge was the weakening of USD by 12 % in compression to euro, which negatively impacted the revenues of non-euro exporters. On a brighter note, an increase in industrial production at the end of the year, coupled with a shift to a more positive outlook suggests that the engine of the German economy might be poised for recovery and, once again, drive economic growth across Central Europe in the coming years.

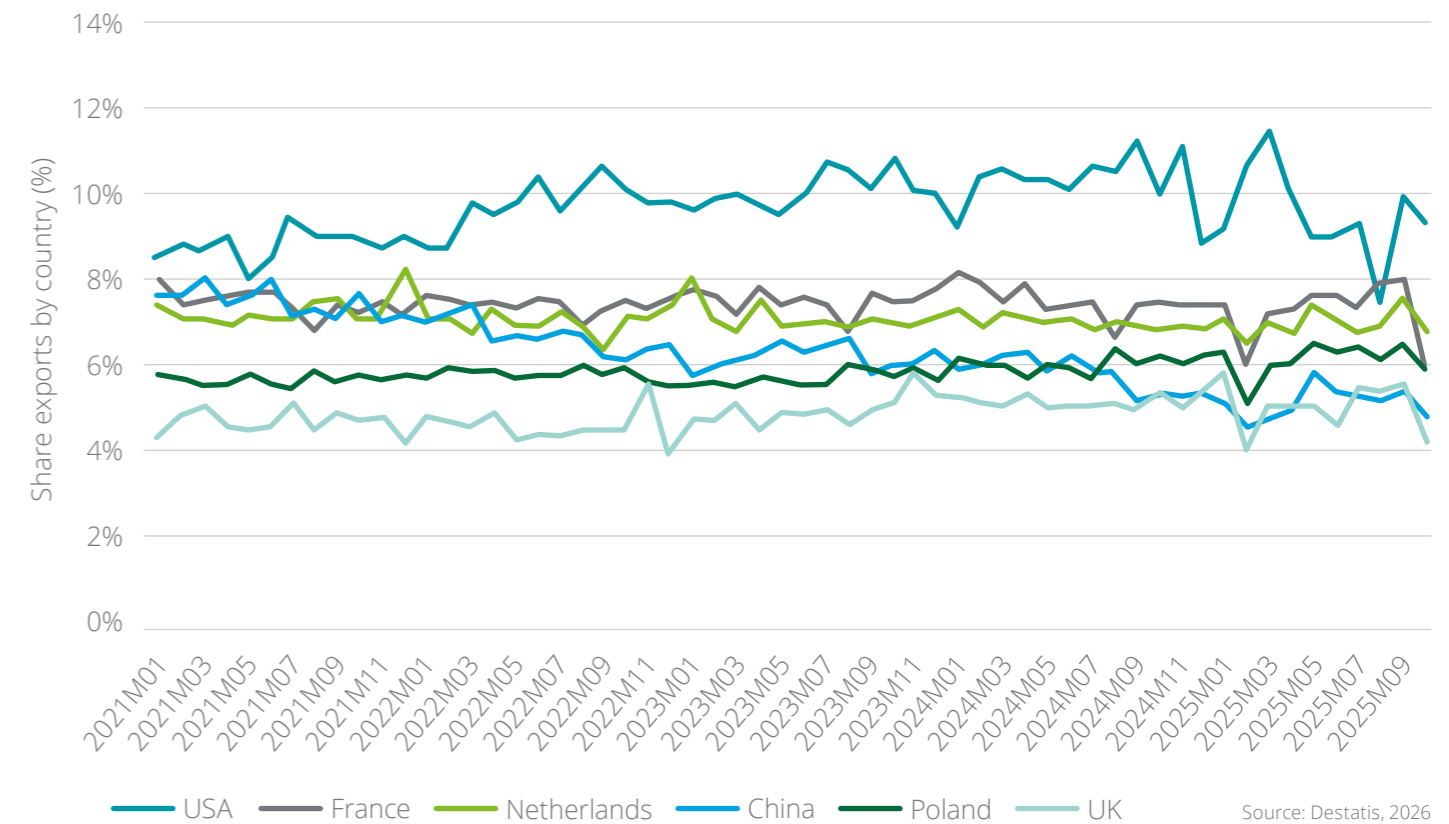
**INFLATION**



**GOODS & SERVICES EXPORTS**



**GERMAN TRADE PARTNERS**



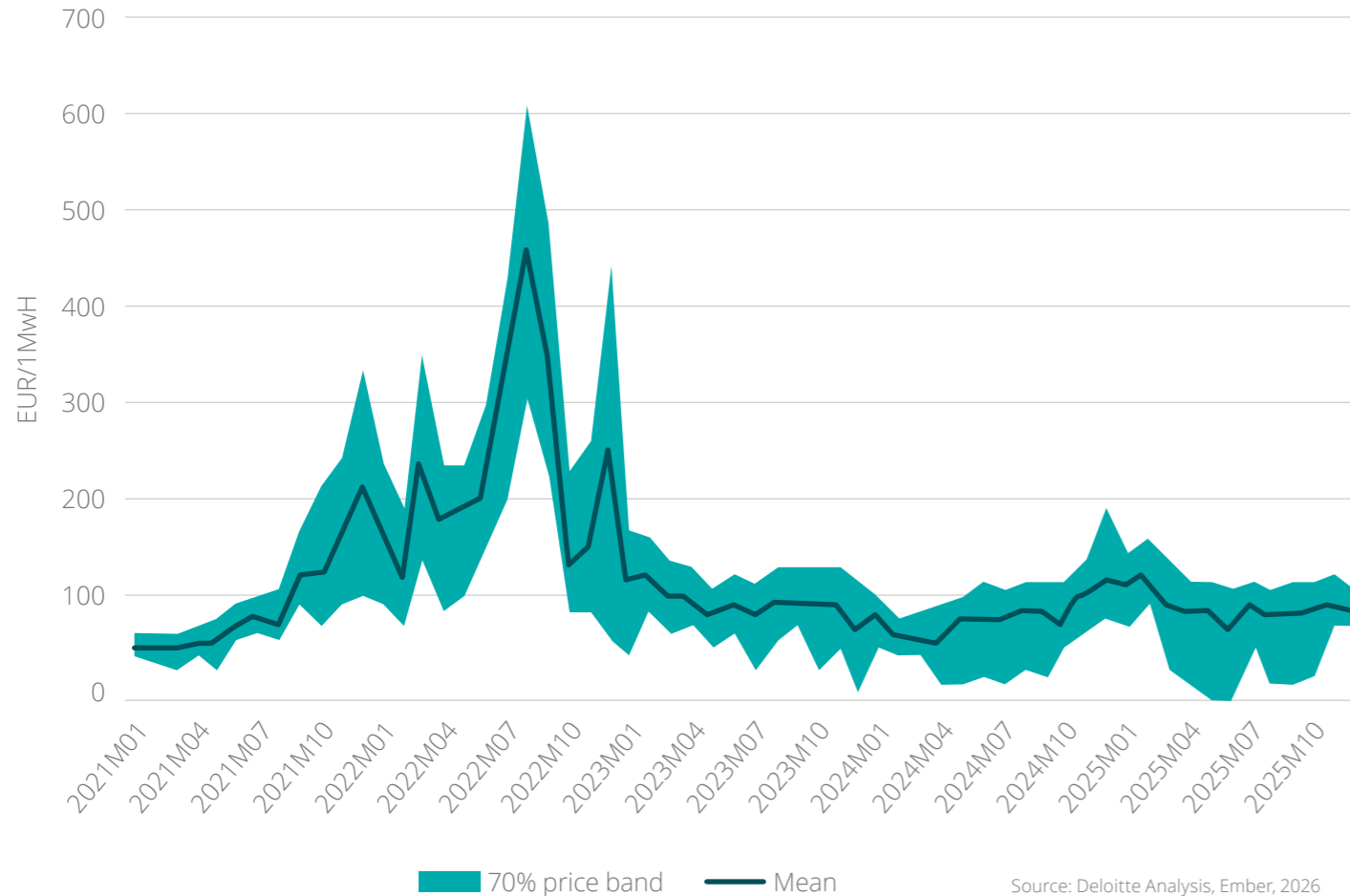
The European energy market extended period of relative stabilisation after the forced diversification of energy supply and Germany's nuclear phase-out. Average electricity prices remain stable or slowly increases. The current energy mix amplifies differences between power supply and demand and causes volatility in energy prices, creating risks for inflexible energy-intensive industries. Resolution of these problems will depend on improvements in battery storage and other technologies, along with their widespread adoption.

With the postponement of mandatory ESG reports for large companies and ETS2 for households to 2028, emission permit prices hovered for most of the year around €70 per tonne of carbon dioxide

equivalent. The latter half of the year brought new 2040 targets, talks about linking EU and UK carbon markets, and worries surrounding tightening of the supply of permits in 2026. These factors helped to push the price above the €80 threshold in November, and the last days of the year saw the price approaching €90 per permit.

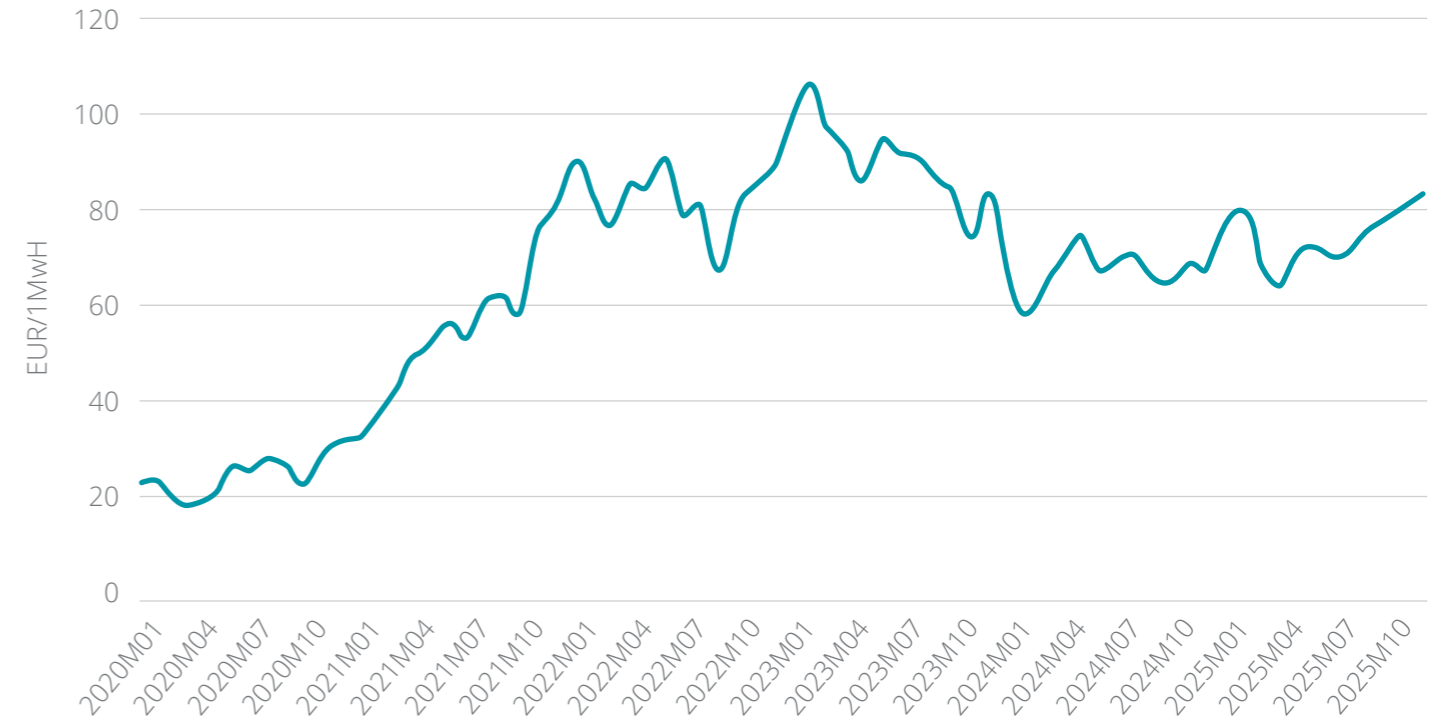
The gradual decline in crude oil prices continued during 2025, with prices reaching USD 62 per barrel by December. Throughout the year, the average price of oil was on average \$11 lower than the year before. This decline reflects a global increase in oil production, which is projected to persist into 2026 and beyond. All these factors create a steady outlook on energy prices in 2026.

**GERMAN ELECTRICITY PRICE**



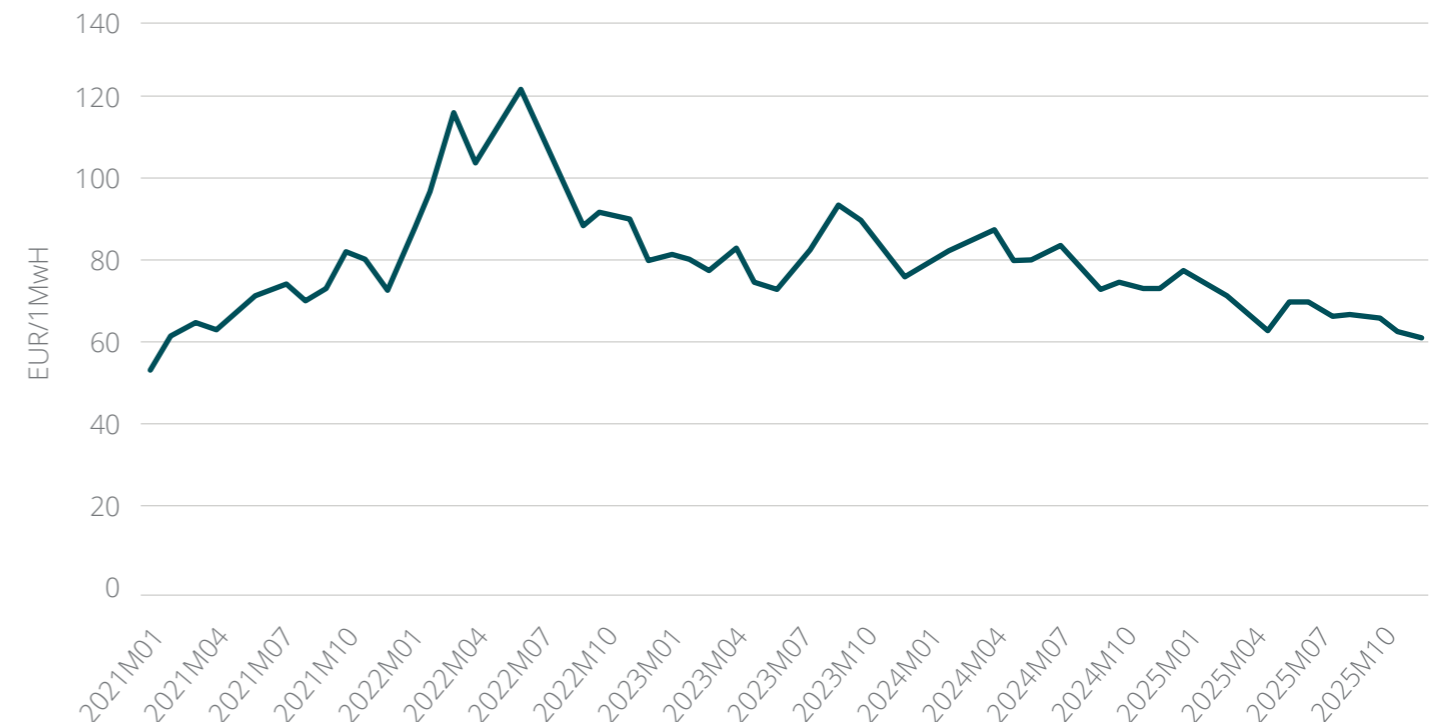
Source: Deloitte Analysis, Ember, 2026

**EU CARBON PERMIT PRICE**



Source: EEX, 2026

**BRENT CRUDE OIL**



Source: EIA, 2026

# STOCK MARKETS



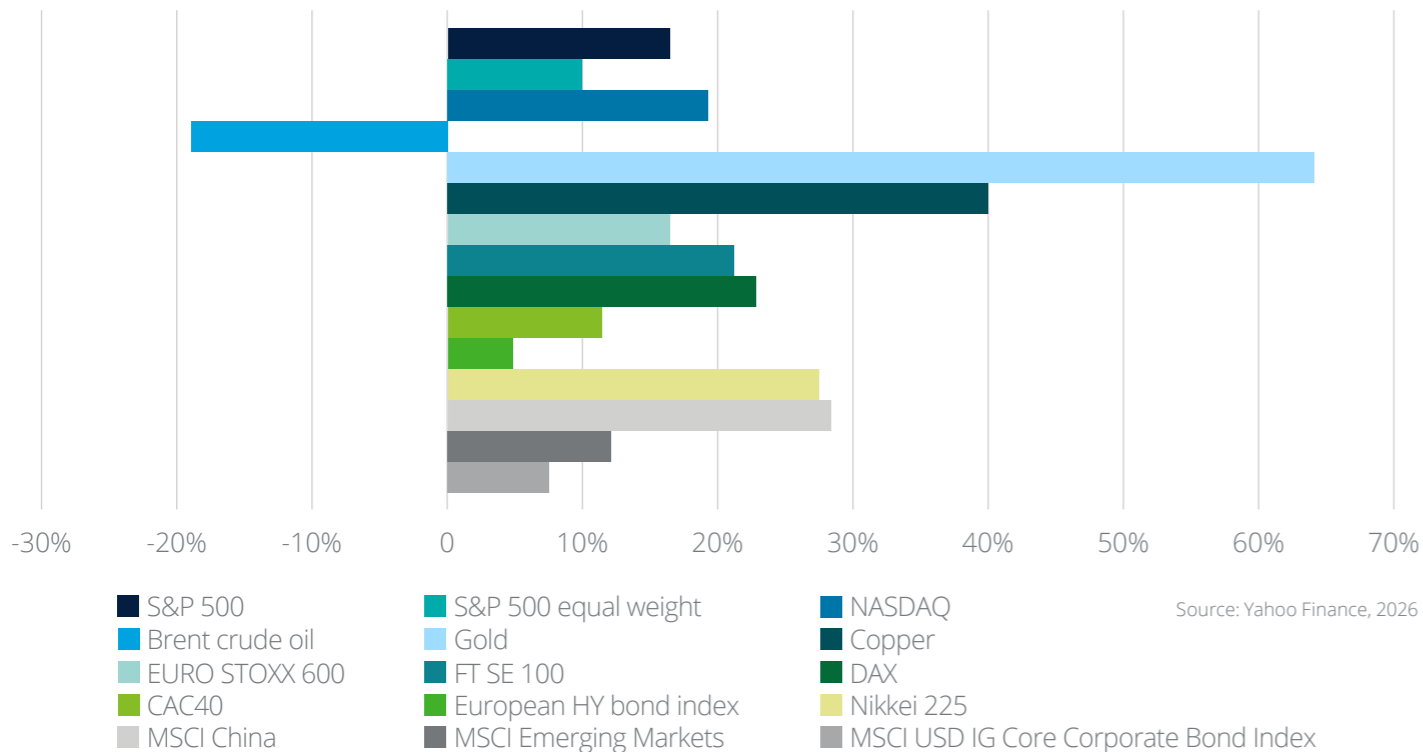
The first half of the year was marked by uncertainty and extensive reactions to the announcements of the new US administration, ranging from tariffs to shifts in foreign policy. However, as investors adjusted to this new rhetoric, the focus in the second half of the year shifted to technological advancements in AI technologies and their supporting infrastructure, including electronics, data centres, and power supplies. The Magnificent Seven - Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla- remained central to market dynamics, though their superstar status is increasingly being challenged by competitors. Their collective impact on the S&P 500's 16.5% gain in 2025 was still significant, albeit slightly reduced to approximately 49% of the total gains.

In the commodities market, gold and silver traded for \$2600 and \$30 per troy ounce in January. Their use in electronics, combined with global uncertainties, led to a significant surge in prices, with the metals trading around \$4,300 and \$70 per troy ounce, respectively, at the end of the year. A robust rise

in industrial demand for copper prompted a 40% surge in prices, while the increase in global oil production resulted in 19% price decline.

European indices exhibited strong performance, bolstered further by the strengthening euro. The 12% change in USD/EUR exchange rate left the S&P 500's performance on par with an EUR-denominated investment tracking the ECB's interest rate. The Euro Stoxx 600 posted a steadfast 16,6% nominal gain, shaken only by April's US tariffs announcement. Germany's DAX index once more outperformed its regional peers, gaining 23%, mostly due to improving sentiment in its industrial sector and a recovering domestic economy. The UK's FTSE 100 trailed behind the mainland market, achieving a 21.5% gain amid ongoing political and economic uncertainties. France's CAC 40 was the weakest regional performer but still achieved a respectable 11.6% gain as global demand for luxury goods renewed. The broader momentum was driven by strong results in the banking and defence sectors, although performance in the automotive sector lagged.

**WORLDWIDE STOCK MARKET RALLY**



Stock	This quarter	This year	5 years
Alphabet	+31.68%	+65.85%	+261.39%
Amazon	+6.43%	+4.19%	+41.49%
Apple	+6.75%	+9.37%	+103.91%
Meta	-8.14%	+12.38%	+141.45%
Microsoft	-5.91%	+13.83%	+117.67%
Nvidia	+2.48%	+39.59%	+1,349.16%
Tesla	+3.15%	+17.35%	+90.89%
Magnificent Seven	+5.45%	+23.51%	+164.69%
Rest of the S&P 500	+2.01%	+13.07%	+60.07%

Source: Yahoo Finance, 2026



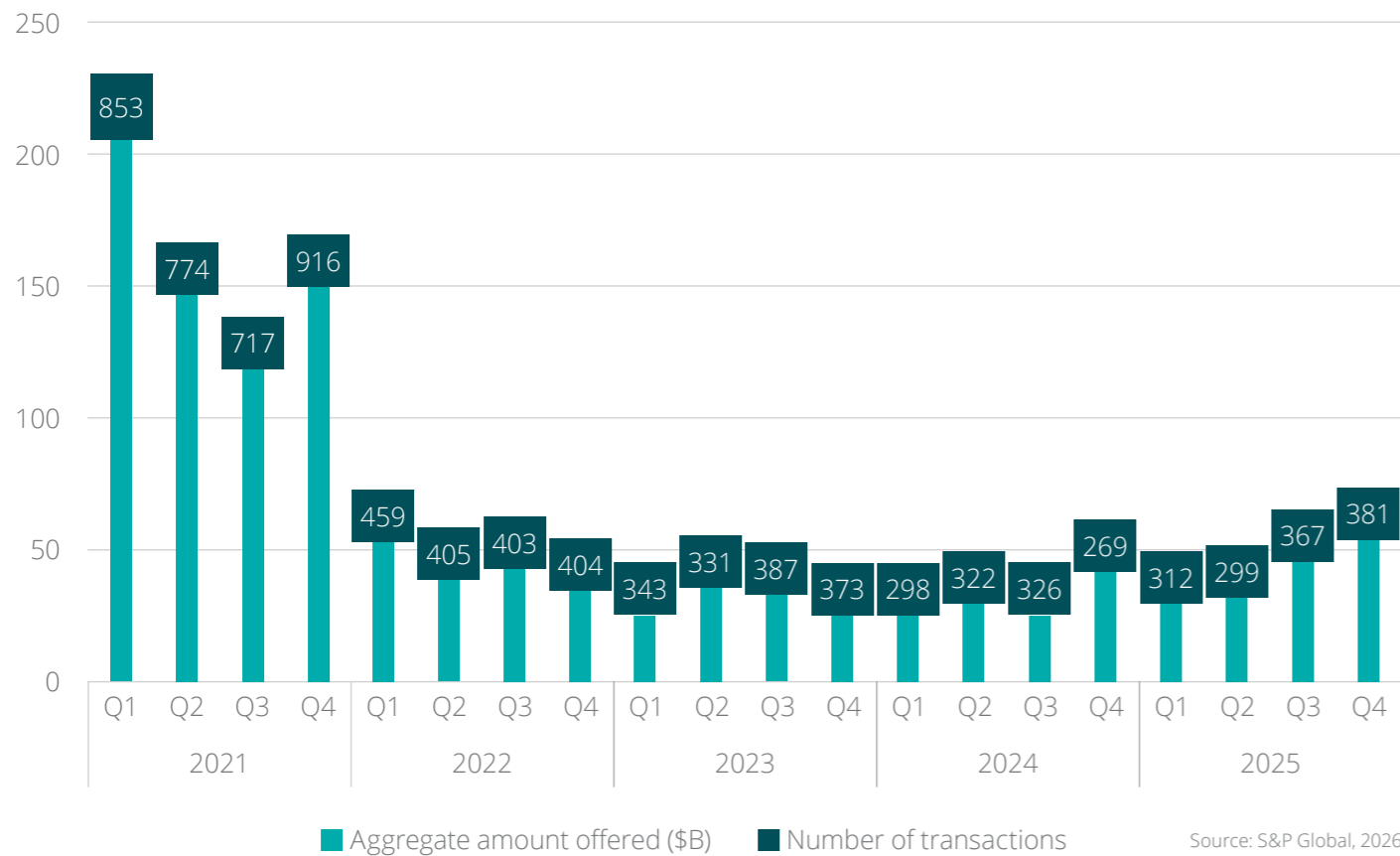
After years of underwhelming performance, global IPOs are on the rise. The Asia-Pacific region captures the largest share of proceeds, accounting for 43%, while the EMEIA region represents 42% of all IPOs. The United States remains the most active single location for initial public offerings, attracting foreign issuers and maintaining its position as a prominent player in the IPO landscape. Meanwhile, India's IPO market is cementing its position among IPO's major markets, with 367 IPOs after yesteryears of rapid growth.

Most newly public companies outperformed expectations, reflecting a more favourable valuation environment. This year's standout issuer was healthcare sector giant Medline, which, in a mid-December IPO, raised \$7.2 billion, marking the ninth-largest IPO ever made. In Czechia, 2 companies joined the Prague Stock Exchange: the manufacturer of gas turbines, Doosan Škoda Power, and facility management company M2C.

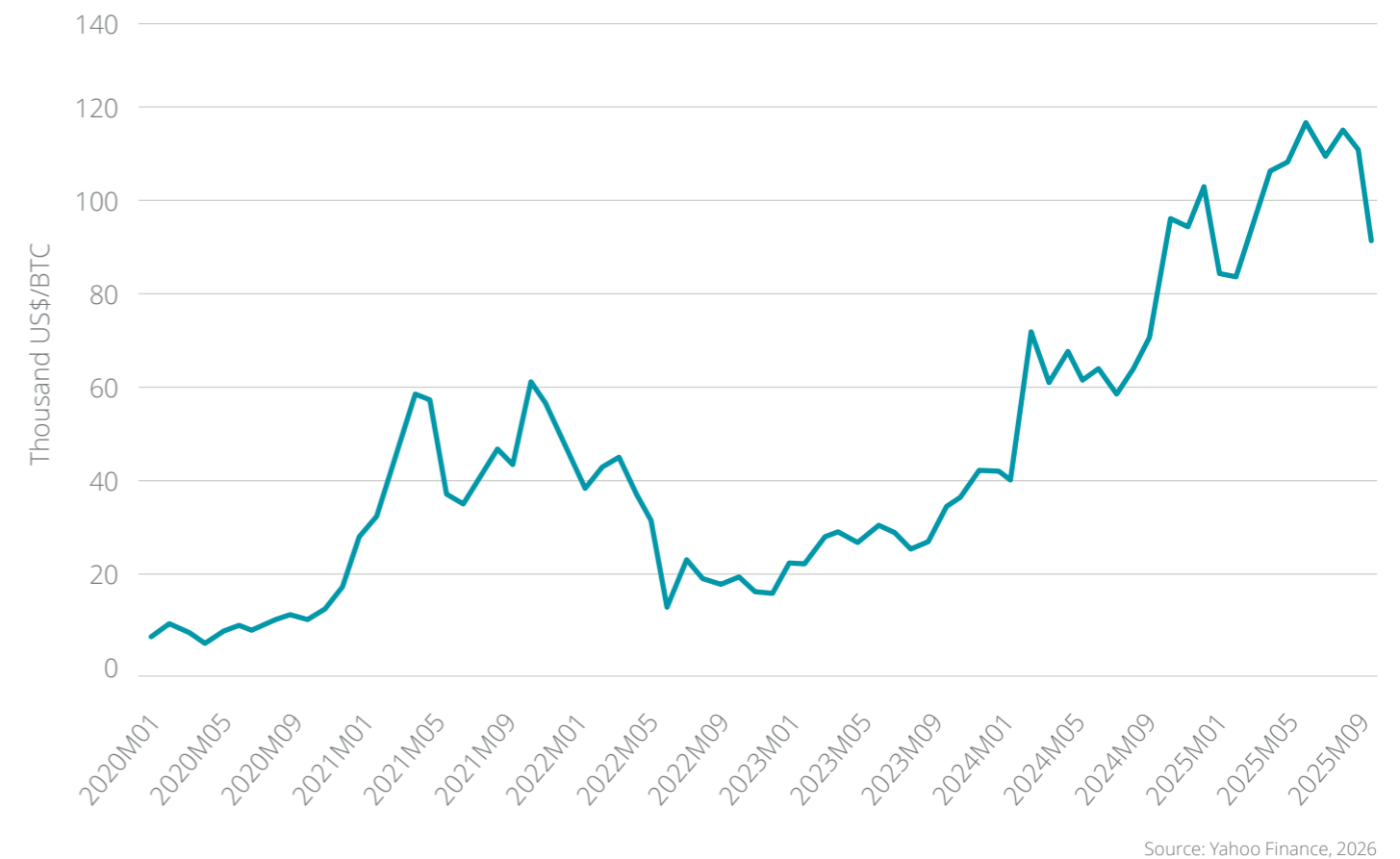
In the context of AI and technological advances, Bitcoin and other cryptocurrencies continue to be regarded more seriously by institutions and businesses alike. This year saw the introduction of new stablecoins and crypto-asset regulations in both the USA and the EU. Digital assets based on blockchain made their first appearance in the portfolios of national banks, as these institutions continue to evaluate their role in the modern monetary system. Amid an

AI market rally, Bitcoin reached a record high of \$126,000 before plummeting to its current level of \$90,000. Bitcoin's market capitalisation at the end of the year was \$1.4 trillion, placing it on a level comparable to Saudi Arabian Oil or Tesla. However, the recent decline in Bitcoin's price demonstrated its potential risks and high volatility, underscoring the importance of approaching cryptocurrencies with vigilance.

**GLOBAL IPO ACTIVITY SINCE 2021**



**BITCOIN PRIZE**



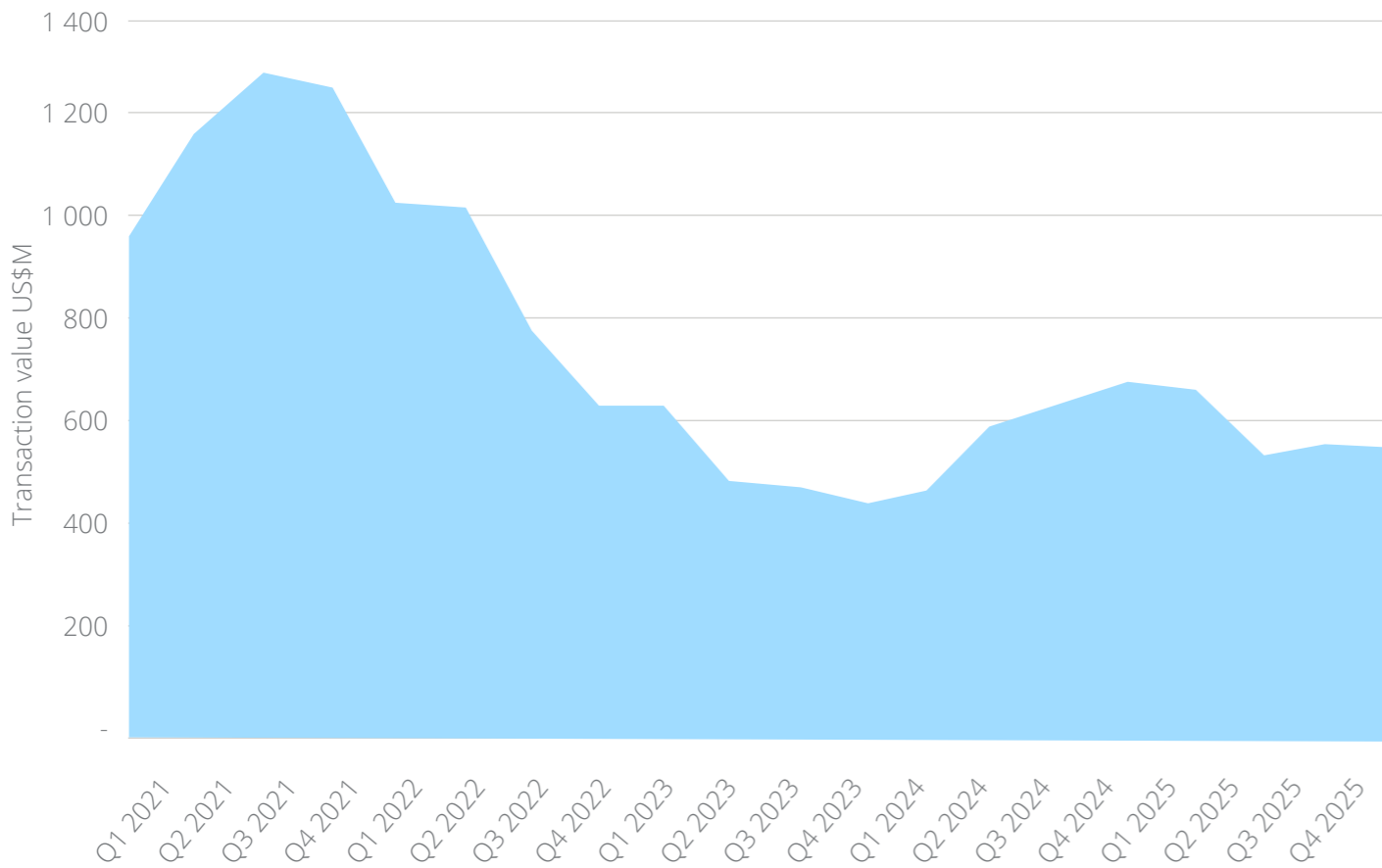
# M&A MARKETS

The year 2025 halted the recovery of the European M&A market. From 12 682 transactions in the year 2024 we saw a slight rise to 12,775 transactions, slowing the growth to 0.6% (y/y). This stagnation, combined with delays in large transactions, resulted in an overall transaction value decrease of 15,8% (y/y) in the same period. S&P Global's published data show that the number of transactions decreased from 3013 in Q3 to 2967 in Q4, a quarterly decline of 1.5% quarterly and an annual decline of 10.8%. The total value of transactions (measured as the sum of the value of transactions executed in the last twelve months) increased from \$568.8 billion to \$577.4 billion. The overall recovery in market activity can be attributed to interest rate cuts, adaptation

to ongoing geopolitical tensions, and a cautiously optimistic outlook in Europe.

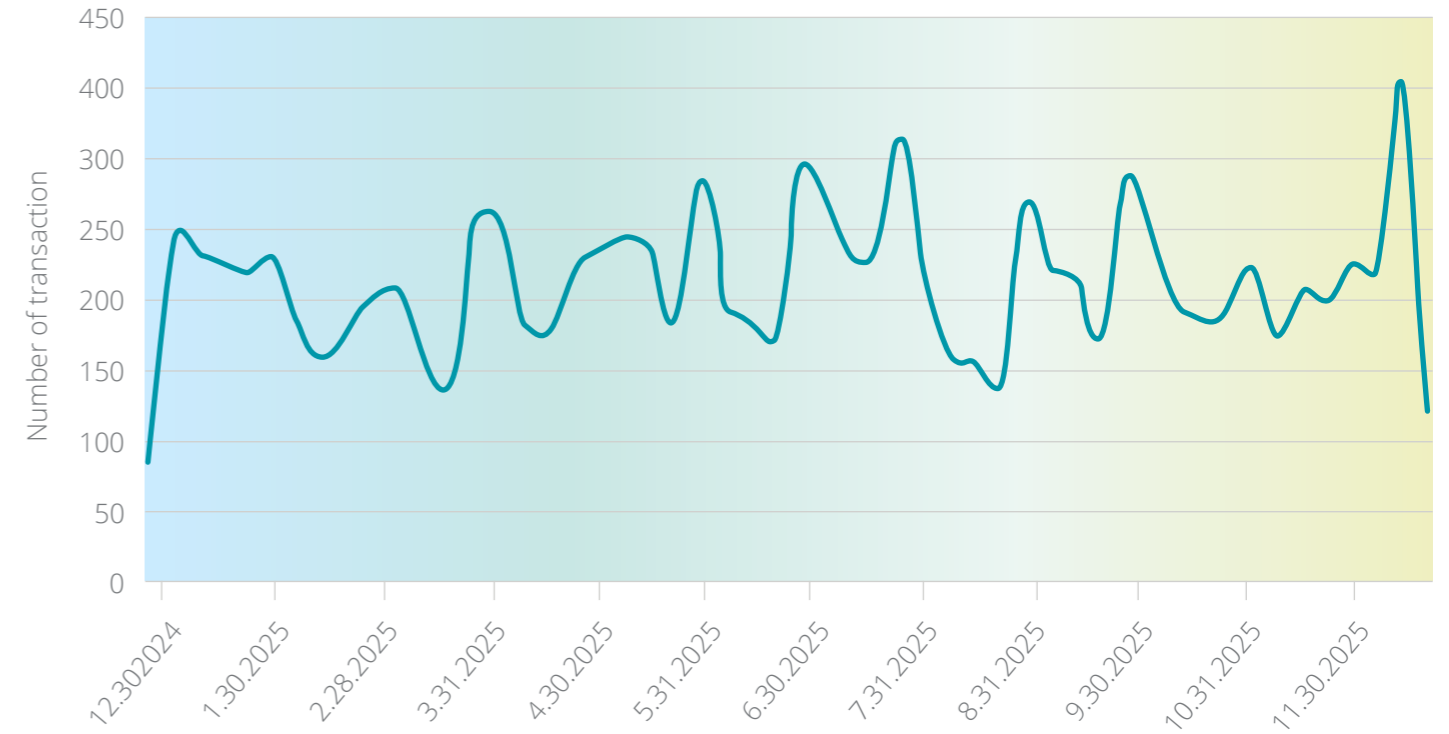
If we look closely, we see that after a strong start, the market halted for a few weeks when the US administration announced its new tariff policy. This also created long-term obstacles for M&A of US export-dependent businesses, as their ability to rely on reliable financial planning was hampered. Subsequent compensation of activity was followed by traditionally weak summer months, which this time proved to be exceptionally weak, causing a larger-than-expected slump in activity across western Europe. Despite strong finish in the final month of the year, activity in the last quarter underdelivered, contributing to overall year-on-year stagnation.

**TRANSACTION VALUE (LTM USD MLD.)**



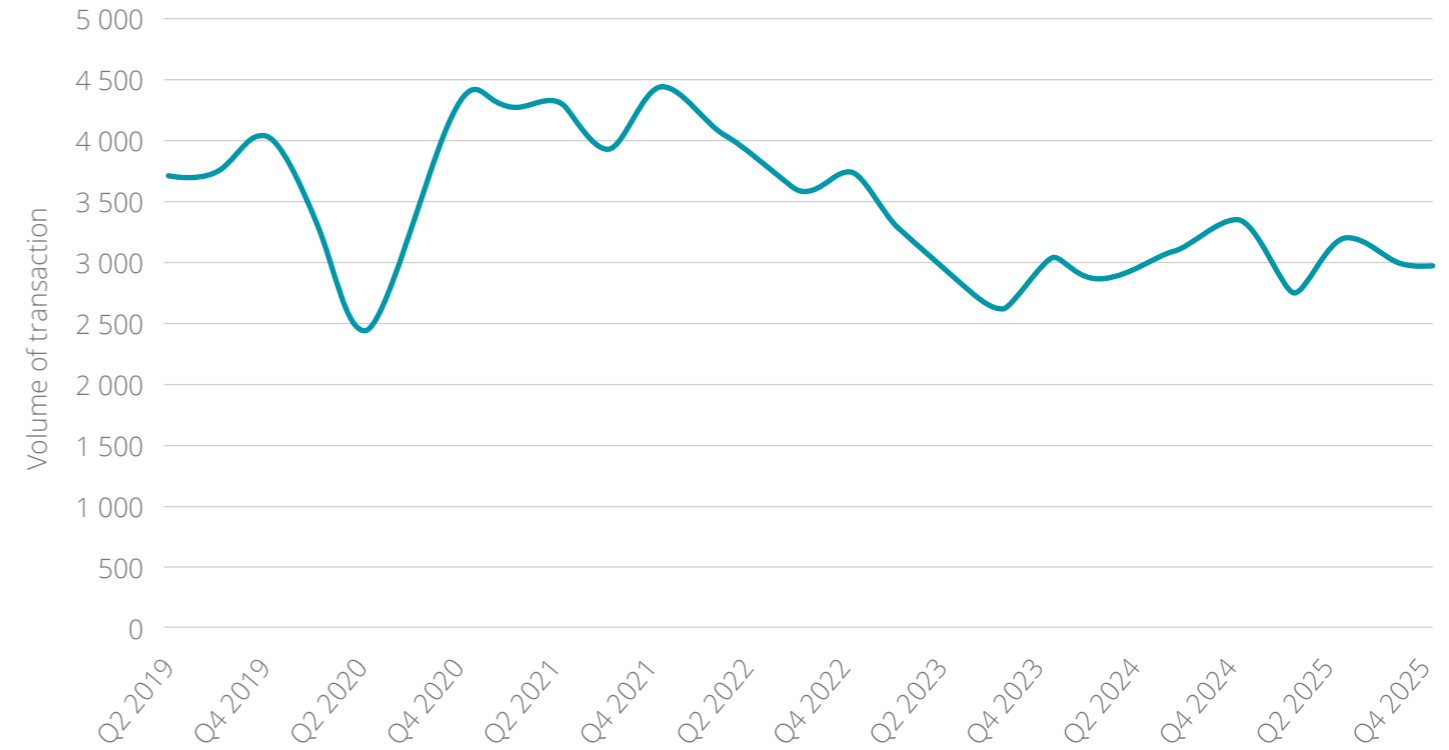
Source: S&P Global, 2026

**WEEKLY TRANSACTIONS IN EU+UK**



Source: Deloitte Analysis, S&P Global, 2026

**NUMBER OF TRANSACTIONS**



Source: S&P Global, 2026

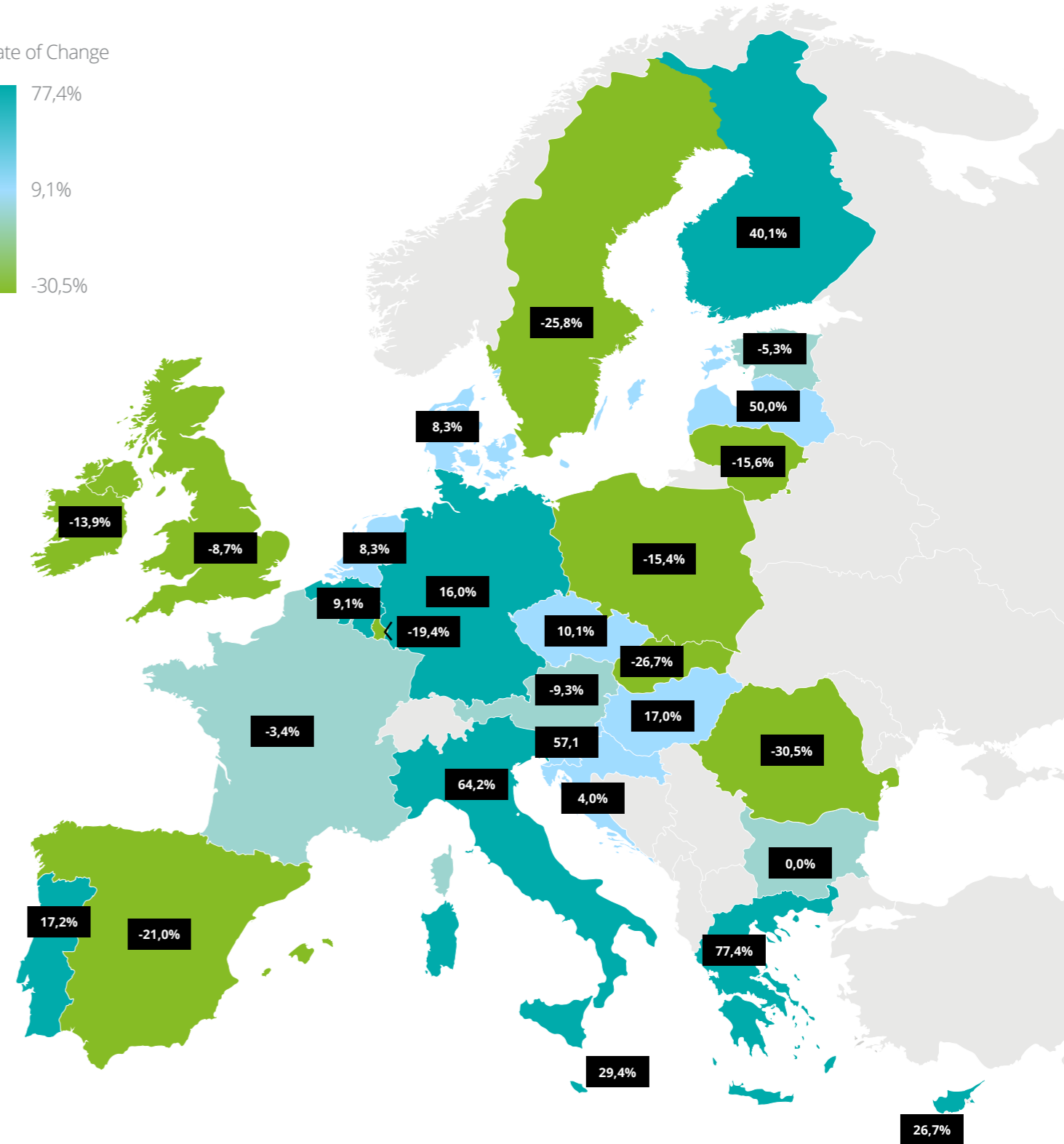
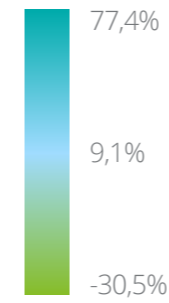
The European market can be broadly divided into two sectors. Traditionally, big markets of the UK (-8.7%), France (-3.4%), Spain (-21.0%), and Sweden (-25.8%), which collectively account for 50% of the European M&A market, experienced a correction in their activity levels after their

peak in 2024. At the same time, other countries demonstrated sustainable growth, while Italy (+64.2%) saw a sharp release of accumulated momentum, marking the culmination of a buildup since 2022. Overall, this suggests the potential for steadier growth in major markets by 2026.



**YOY CHANGE IN THE TRANSACTION VOLUME IN 2025**

Rate of Change



Source: S&P Global, Deloitte Analysis, 2026

The US market grew by 3.1% in transaction volume, slightly surpassing the global increase of 2.6% in 2025. At the same time, the Asia/Pacific market continued to grow at a steady 3.5%, and if this trajectory persists, it may rival the European market by the next decade.

REGION	2022	2023	2024	2025	Y/Y
World	49,923	39,959	42,348	43,441	2.6%
US	18,250	15,778	17,016	17,546	3.1%
Asia/Pacific	9,878	9,277	10,373	10,739	3.5%
Middle East/Africa	1,424	1,107	1,248	1,311	5.0%
Latin America	1,354	1,056	1,029	1,060	3.0%
EU 27 + UK	15,249	11,629	12,682	12,755	0.6%

The focus of foreign capital investment has shifted. In 2024, the spotlight was on Europe, with cross-regional transactions amounting to \$501 billion. This year it was only \$320 billion as attention turned toward technology and AI-related companies in the USA. The value of transactions targeting USA companies increased by 243% to \$684 billion, driven by a 3.5-fold

increase in acquisition investments from Europe and an eightfold increase from the Middle East and Africa. Meanwhile, the value of all Europe's outward cross-region transactions rose by 140% to \$353 billion, with Latin America as the second-largest region. Europe's investments in Latin America grew significantly from \$6 billion in 2022 and 2023 to \$46 billion.

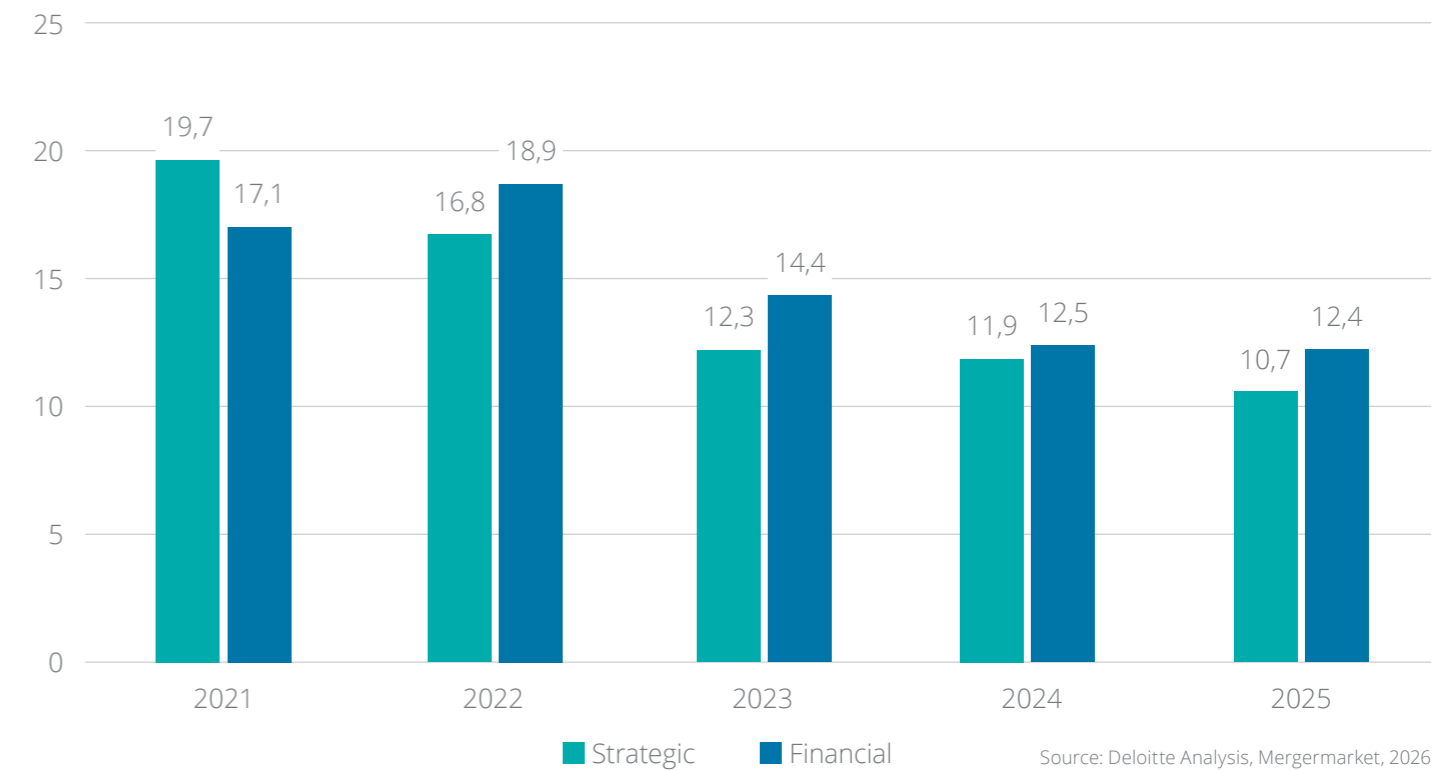
**CAPITAL FLOWS WITHIN REGIONS (USD BN.) IN 2025**

BUYER \ TARGET	US and Canada	Middle East/Africa	Asia-Pacific	Europe	Latin America
US and Canada	2,286.52	20.13	96.16	199.25	42.82
Middle East/Africa	247.21	75.11	32.05	31.80	3.32
Asia-Pacific	151.37	5.97	514.10	66.17	7.37
Europe	260.08	12.09	34.77	444.17	46.22
Latin America	25.59	0.31	6.03	23.35	46.62

Source: Deloitte Analysis, S&P Global, 2026

**VALUATION ANALYSIS**

EV/EBITDA MARKET MULTIPLES OF EU 27 + UK TRANSACTIONS, ADJ. MEAN

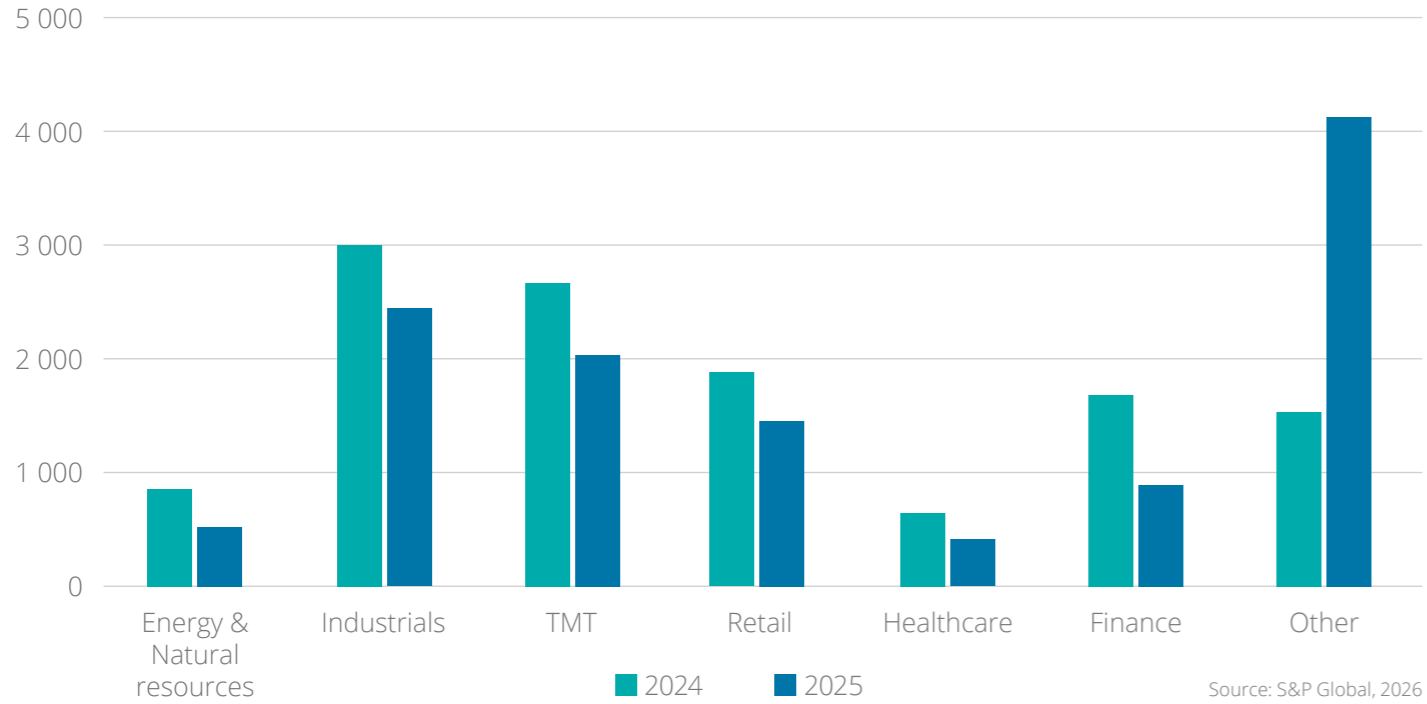


\* Adjusted Mean was calculated as the average of published EU 27+UK transactions, excluding the top and bottom 5%

Lower interest rates, coupled with the stabilisation of a volatile market, provided compelling reasons for investors to pursue acquisitions. Another clear indicator was the continuous downward trajectory in market EV/EBITDA multiples. While the financial EV/EBITDA multiplier has stagnated after two years of significant decline, the strategic multiplier is rapidly approaching the one-digit

territory. For companies and investors who can interpret these trends, the message is clear. Faster returns on investment offer a prime opportunity for M&A activity. Companies can leverage these developments to consolidate, diversify, and expand their portfolios through lucrative and well-aligned acquisitions.

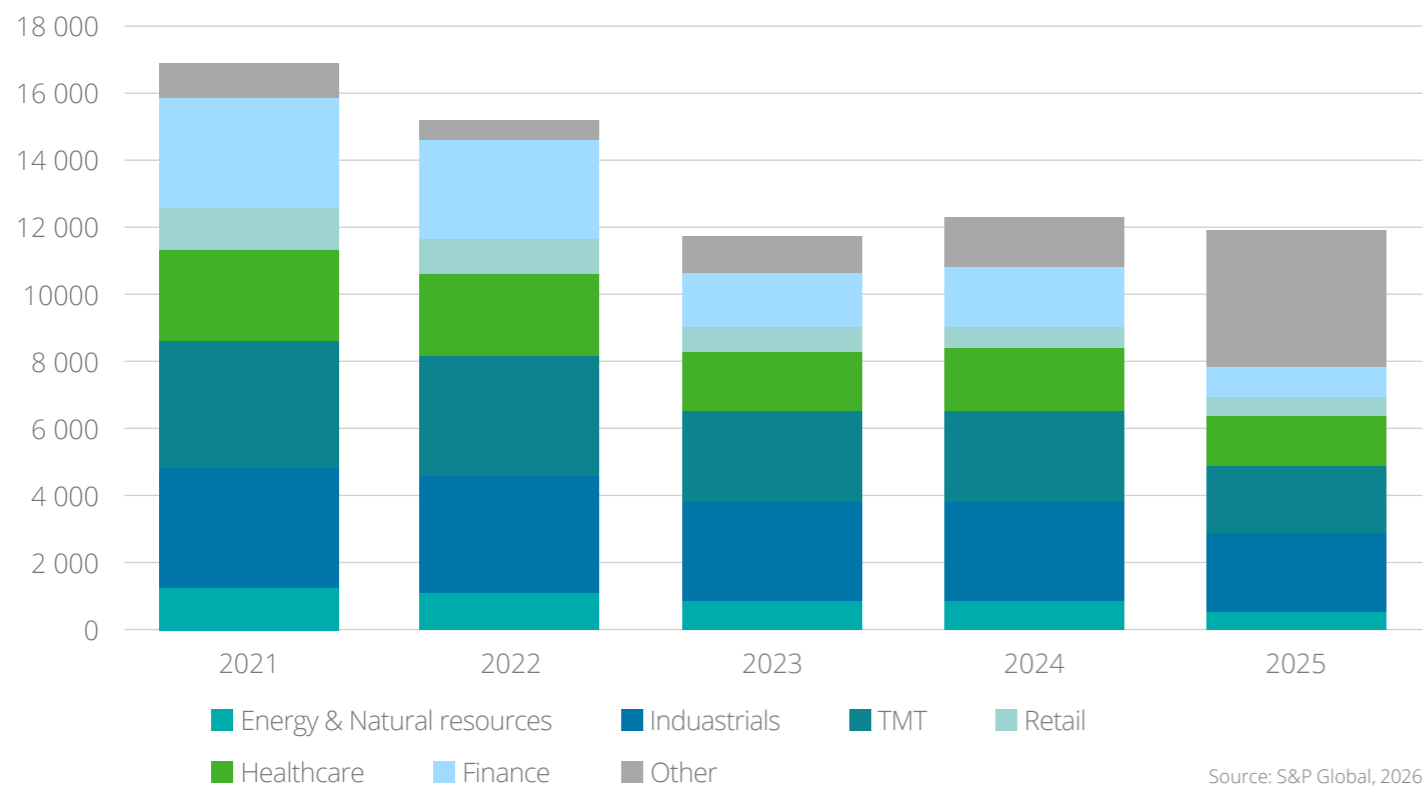
**NUMBER OF TRANSACTIONS BY INDUSTRY**



Manufacturing and TMT maintained their positions as dominant industries on the M&A landscape, accounting for 20% and 17% of total transactions last year, respectively. The financial sector saw a 45% decline, allowing Retail to become the 3rd-largest

category with a 12% share. In recent years, there has been a significant increase in “Other” transactions. While these totalled 643 in 2022, the figure increased to 1,555 last year and surged to 4,087 in 2025, representing 34% of all transactions.

**DEVELOPMENT OF NUMBER OF TRANSACTIONS BY THE INDUSTRY**



# CZECH MARK IN M&A MARKETS

Czechia's M&A market with middle-sized or larger companies continued its slow recovery, with all-year volume reaching 98 transactions, up from last year's 89. Starting in Q3, our experts from M&A Port began detailed tracking of market activity in the Czech Republic and recorded a 43% increase, from 51 transactions in Q3 to 73 in Q4. From these in 57 instances the investor was from the Czech Republic and in 16 cases from abroad.

Cross-border activity by Czech investors remained at 31 deals, in which they were on the buying side 25 times and exited 6 times. In total, Czech companies left their mark on 104 transactions in Q4 of 2025.

The biggest contributor in the last three months was commercial real estate with 37 cases. Notably, a batch of 8 office complexes was sold within 3 weeks in November and December. Their combined area of 290k m2 was equivalent to the total market activity in the last 18 months.

In a further 66 transactions, the most prevalent were Manufacturing (14), Software (9), Services (8), TMT (7), and Healthcare (6) sectors.

**NUMBER OF TRANSACTIONS IN CZECH REPUBLIC**



Target: OCI Ammonia Holding  
 Buyer: Agrofert  
 Seller: OCI Global

**290 million €**

The second-largest European manufacturer of nitrogen fertilizers, Agrofert, secured access to ammonia by acquiring a terminal in Rotterdam, which could become one of the largest in the EU with permitted capacity expansion from 30 to 90 thousand tons.



Target: Palladium Praha  
 Buyer: REICO NEMOVISTOSTNÍ  
 Seller: Union Investment

**High billions of €**

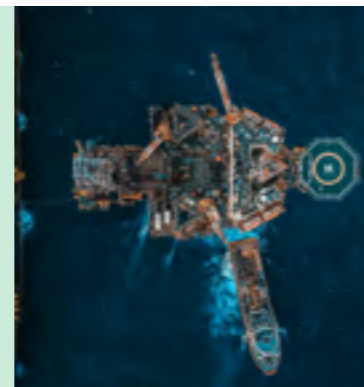
REICO NEMOVISTOSTNÍ, the real estate fund of Austrian Erste Group, bought the Palladium shopping center in Prague's historic center from the German asset manager Union Investment. Its total area of 60 km<sup>2</sup> includes over 180 shops, 20 restaurants, and 17.5k m<sup>2</sup> of offices.



Target: Joint Venture (unnamed)  
 Buyer: TotalEnergies  
 Seller: EPH

**10,6 billion €**

EPH establishes a 50/50 power joint venture with one of the world's biggest oil & gas companies. EPH will contribute over 20 of its gas and biomass power plants in Western Europe with a total capacity of 14 GW.



Target: Riverside Karlín  
 Buyer: Trinity Banking Group  
 Seller: CA Immobilien Anlagen

**300 million €**

Trinity Banking Group bought an office campus in Prague from the Austrian real estate company CA Immobilien Anlagen. The campus comprises 5 buildings, with a total office area of 81 thousand m<sup>2</sup>.



Target: Allwyn & OPAP  
 Buyer: KKGK

**16 billion €**

Lottery entertainment company Allwyn merges with Greek gambling company OPAP, in which it owned a majority stake. The combined company will retain the name Allwyn and continue to list on the Athens Stock Exchange.



Target: ČSA  
 Buyer: Pegasus Airlines  
 Seller: Prague City Air

**150 million €**

ČSA and its low-cost airline Smartwings were bought by Turkish Pegasus Airlines. With over 53 thousand flights spread across 49 planes and 600 pilots, they annually transported over 8.3 million passengers.



# YEAR OF DELOITTE DEALS

In 2025, Deloitte professionals supported numerous transactions in the Czech market. These transactions ranged from multi-national deals to collaborations with local companies. By leveraging our teams' knowledge and proficiency, we worked diligently to deliver outcomes aligned with our client's goals. This chapter highlights six select transactions that reflect the scope and diversity of Deloitte's work in the Czech market in 2025. Each collaboration represents a meaningful contribution by our teams, and we are privileged to have supported our clients in achieving their objectives.

### Adastra – Carlyle

Transaction services and Tax teams supported Carlyle in the acquisition of a majority stake in Adastra Group, a global provider of AI, cloud, and data-driven transformation solutions in one of the largest Czech transactions of 2025.



### IPRICE RECARE – JSK Investment

We led the rapid identification of an ideal investment partner for IPRICE RECARE, the largest refurbished-goods specialist in the Czech Republic. The new investor is JSK Investments, an investment group with extensive e-commerce expertise.



### Genesis Capital – Slevomat

Deloitte’s Transaction Services and Tax teams supported Genesis Private Equity Fund V with due diligence services in their acquisition of a majority stake in Slevomat, the leading travel and local experiences platform in the Czech Republic and Slovakia.



### Arete Group – Bio Term

Deloitte Poland assisted the Czech investment group Arete by providing financial and tax due diligence, as well as SPA advisory, in its acquisition of Bio Term, an operator of a modern cogeneration plant in Poland.



### AutoBinck – KBC Group

Deloitte supported AutoBinck with vendor due diligence services, including financial, tax, and IT due diligence, during its divestment of Business Lease’s car rental subsidiaries in the Czech Republic and Slovakia to ČSOB Leasing, a part of the KBC Group.



### Sweco Czech Republic – Starplan

We executed the sell mandate for Sweco Czech Republic (now renamed Starplan), the Czech branch of the international, publicly listed engineering group Sweco. We participated in the company’s return to Czech ownership. With 70 years of tradition, the company specializes in design and consulting for projects in water management, energy, transportation, and more.



# M&A INDEX 2026 PREDICTIONS

Given the stagnation of M&A activity during 2025 and the continued improvement of the economic environment, our model projects only a mild seasonal decline in transaction volumes in the EU-27 + UK. The forecast expects 2,765 transactions in the first quarter of 2026, consistent with lower activity variance compared with last year, and an optimistic prediction of 3,078 transactions.

The letter is linked to the easing of geopolitical tensions, which provides a more secure environment for companies to make strategic and financial acquisitions, as well as faster acceleration of economic growth and increased openness to cross-border cooperation and encourages smaller companies to enter new markets. However, while all these conditions may not fully materialize and additional challenges may arise, the overall economic outlook remains positive. It provides every reason

for the steady increase in transaction values throughout the year.

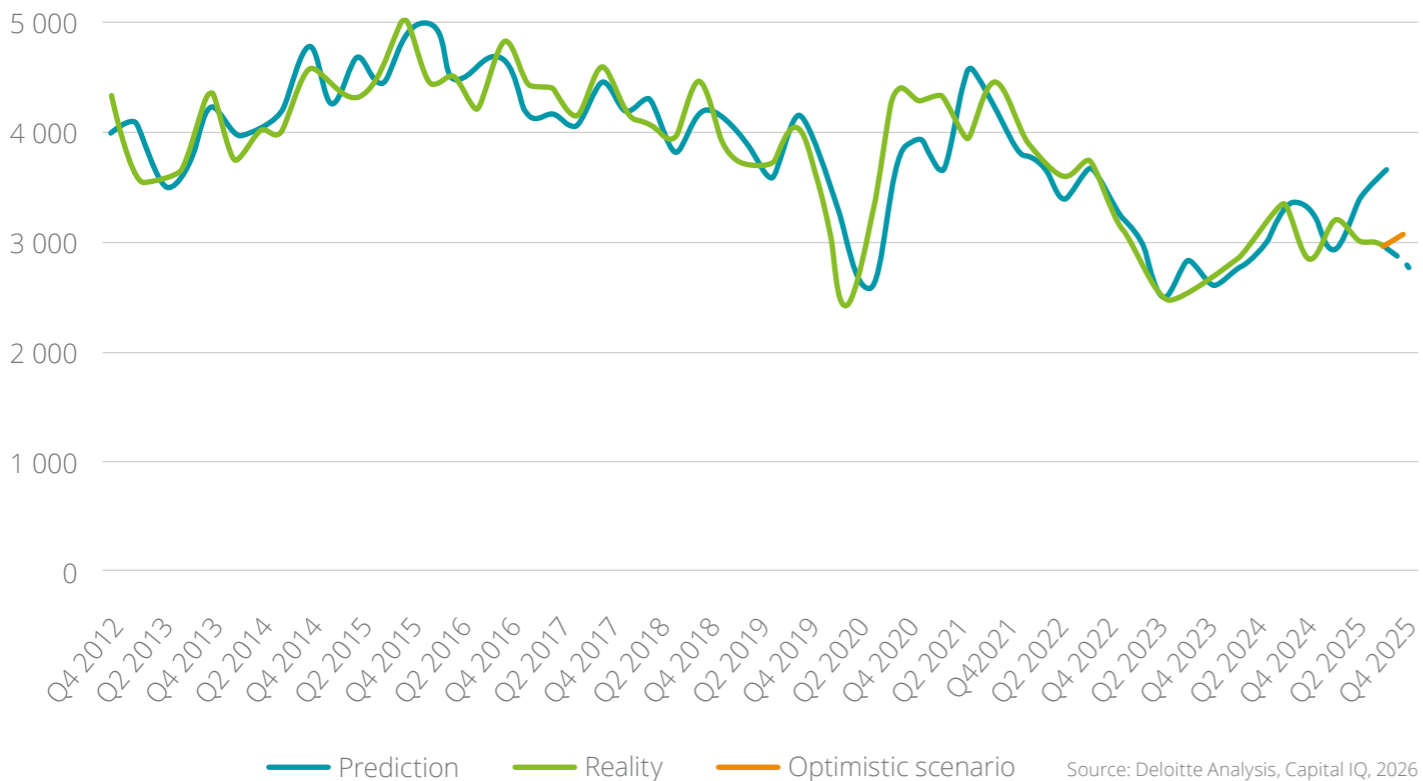
Active portfolio management remains central to refining business models and enhancing corporate strategies. Current market dynamics present opportunities to invest in mid-sized or smaller companies and to pursue long-term strategic acquisitions. A comprehensive assessment of the company's development plan, exploration of new opportunities, and sound decision-making will help companies adapt and succeed in an ever-evolving environment. Constant evaluation of portfolios that companies make to strengthen their core pillars and divest their non-core outliers will create a wide array of opportunities for adaptive and perceptive investors. Those who can provide the right fit or enhance the capabilities

of undervalued businesses might stand to benefit from a blossoming market emerging from a long period of hibernation.

Activity in M&A markets continues to benefit from the availability of unallocated private capital ("dry powder") held by private equity funds, which exceeded approximately \$2.18 trillion by

the end of last year. Both financial and strategic investors are expected to accelerate their market activities and, with the banking sector's strong position, focus on acquiring high-quality assets, such as companies with strong market positions, established histories, sound business strategies, and clear visions for the future.

**HISTORICAL PREDICTION AND SUBSEQUENT REAL STATE OF TRANSACTION VOLUMES + PREDICTION OF TRANSACTION VOLUME FOR Q1 2026**



# HEADWINDS AND TAILWINDS FOR 2026 ONWARD

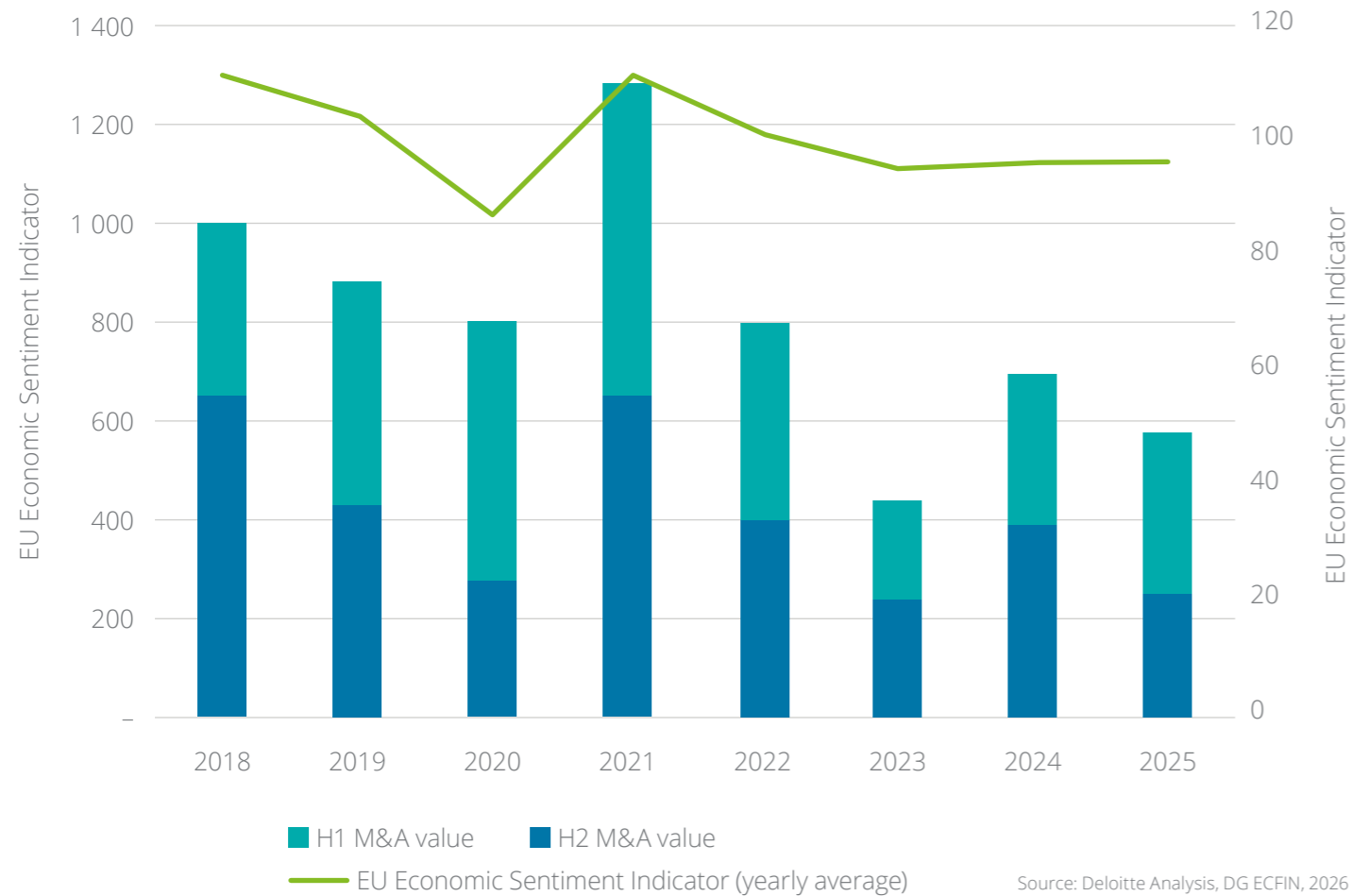
### Headwinds

- In 2025, global geopolitical tensions persisted. The ongoing Russia-Ukraine war continues to challenge European energy security, while the Israel-Hamas conflict exacerbates instability in the Middle East. Simultaneously, the United States' isolationist tendencies disrupt the central principles of the current market's status quo. These overlapping conflicts highlight the interconnected nature of global dynamics, necessitating sophisticated approaches to navigate their complexities.
- Dealmakers are adapting to a shifting landscape marked by heightened regulations, intensity, and longer timelines. Regulators in major jurisdictions, such as the USA, Europe, and the UK, have taken a more interventionist stance. Simultaneously, nations are introducing protectionist policies to safeguard strategic sectors.

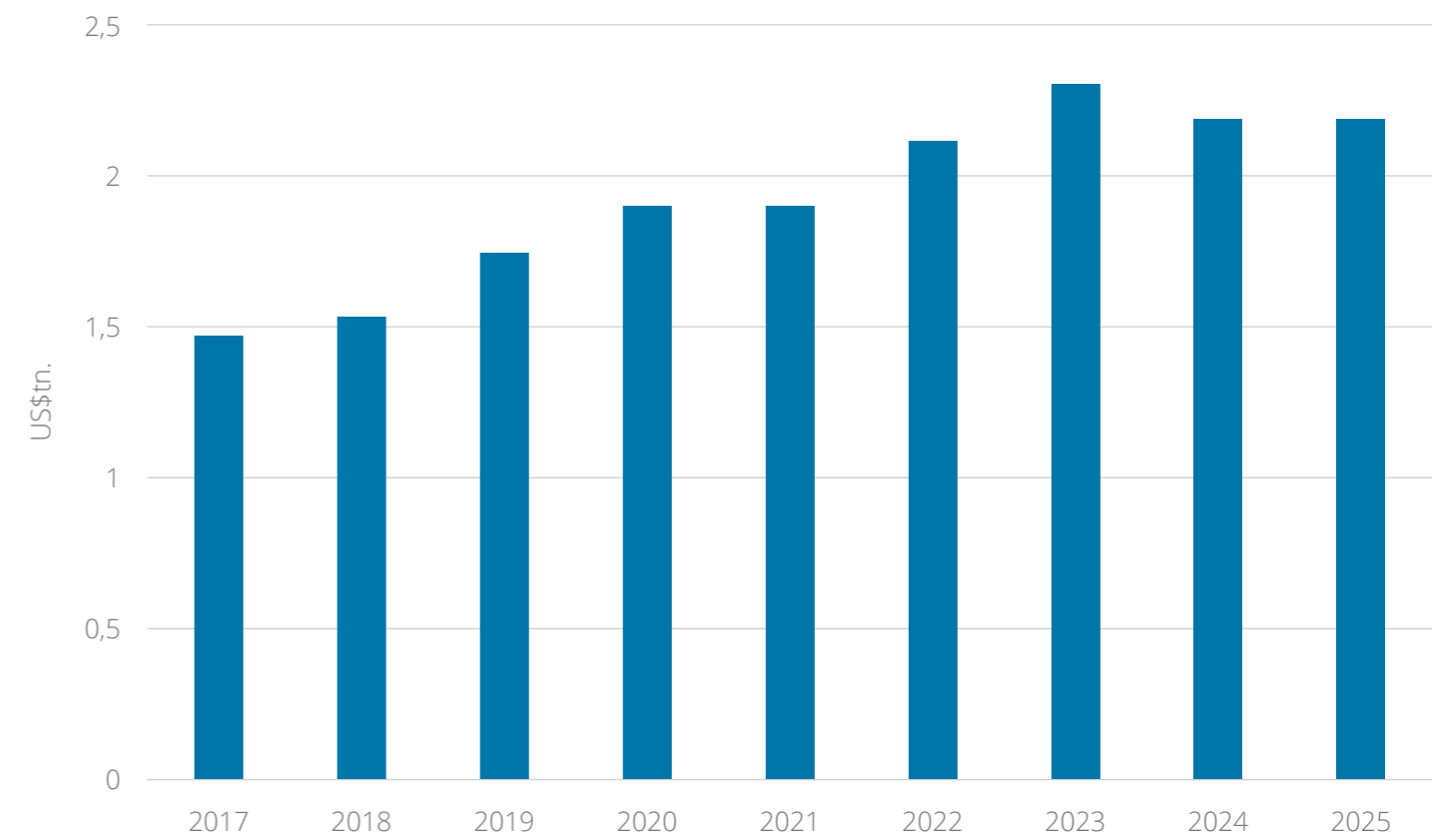
### Tailwinds

- The unallocated balances of PE firms ("dry powder") amount to approximately USD 2.18 trillion. Investors have begun deploying these substantial capital reserves, marking a shift toward pursuing acquisitions.
- The European Central Bank cut the interest rate by an additional 1 percentage point in the first half of the year to the current 2% level. This, in combination with a strong euro, expanded the realm of profitable investments and increased the appetite for mergers and acquisitions.
- Swift technological advancement and its widespread adoption will help companies to increase operational effectiveness and promise new opportunities in countless industries for start-ups and established firms alike.

#### M&A MARKETS REACT TO UNCERTAINTY



#### GLOBAL PRIVATE EQUITY DRY POWDER



Source: S&P Global Market Intelligence, 2026

# PATH FORWARD: NAVIGATING THE FUTURE LANDSCAPE OF MERGERS AND ACQUISITIONS

Key factors driving M&A activity have always been the macroeconomic conditions and market volatility. With continuous growth of European economies and more robust markets we are expecting further increase of the number of transactions in the forthcoming quarters as businesses pursue consolidation and expansion.

## Jan Vomáčka

Partner | Transaction Services  
Deloitte Czech republic

Renewed growth and optimistic outlook on the market combined with significant availability of funds results in increased appetite and need for expansion/acquisitions. In some CEE countries every second transactions involve a foreign entity as a target. These developments highlight the importance of experience and good cooperation between consulting teams, which enable fast and smooth execution of transactions.

## Petr Dědeček

Partner | Corporate Finance  
Deloitte Czech republic

In 2026, the mergers and acquisitions landscape is poised to benefit from improving economic conditions and evolving strategic priorities across industries. Technological innovations, particularly in artificial intelligence, green energy, and digital infrastructure, will remain at the forefront, encouraging companies to pursue transformative deals. These advancements will not only enhance efficiency and innovation but will also facilitate adaptability in an unpredictable global environment.

Economic conditions in 2026 have stabilised after years of uncertainty, providing a more favourable environment for dealmaking. Improved investor confidence and steady interest rates have rejuvenated activity in the M&A space. This stabilisation is encouraging firms to capitalise on emerging opportunities through strategic acquisitions, expansion into new markets or reevaluating growth strategies.

Acclimatisation to global tensions acknowledged the importance of diversification and the creation of more robust supply chains, which will help to soften the impacts of potential international disturbances that might arise in the future. Consequently, many companies broaden their perspective and search for solutions in previously unexplored sectors and regions. These cooperations will be eventually transferred into strategic partnerships and acquisitions which will boost the cross-border M&A market.

European M&A markets have throughout the year rectified their internal imbalances and are in a prime position to continue on their long-term upward trajectory. We should witness continuous

increase in the number of mid-market transactions, driven by industry consolidation across various sectors as companies are seeking to achieve scale, operational synergies, and market share by targeting smaller but strategically significant firms at home and abroad.

Private equity firms started to dissolve the first fragments of accumulated unallocated capital reserves. With the robustness of economic conditions their risk diminishes and appetite amplifies. As consolidations are becoming prominent even in highly centralized industries, we are witnessing return of M&A mega deals.

Amid an optimistic outlook, a pragmatic approach to valuations must remain central to any M&A strategy, as these transactions are inherently focusing on a long-term perspective. Investors should thoughtfully define their expectations and evaluate opportunities and risks connected each and every potential transaction. The path forward starts with analysing realistic scenarios and involves a nuanced approach to assessing valuation metrics, which should withstand scrutiny of the ever-evolving economic landscape.

In conclusion, the future of M&A calls for a deep understanding of evolving market dynamics. Investors are encouraged to draw on their knowledge to combine realistic valuations, strategic capital allocation, and awareness of emerging transaction opportunities. As the economy transforms, those who adapt flexibly will be better positioned to navigate the complexities of the M&A market and capture the opportunity for growth and value creation.



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# ABOUT M&A INDEX

The Deloitte M&A Index is a forward-looking indicator that forecasts future M&A deal volumes and the number of announced transactions over the observed period. It identifies the key factors influencing dealmaking conditions on the European Market (characterised as 27 EU member states plus the United Kingdom).

Compiling data from various global and internal databases, including S&P Global, Mergermarket, Pitchbook, Eurostat, and many more, the model utilises a combination of statistical and algorithmic tools to provide a comprehensive review of the M&A market activity. The Index is created from a composite of market indicators, specifically macroeconomic reality, liquidity, and general market dynamics. These variables are then tested for statistical and economic significance to M&A market volumes. The result is a dynamic, evolving, and up-to-date model that allows Deloitte professionals to accurately assess and analyse factors influencing M&A market activity and to predict market activity with a high degree of certainty in subsequent periods.

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