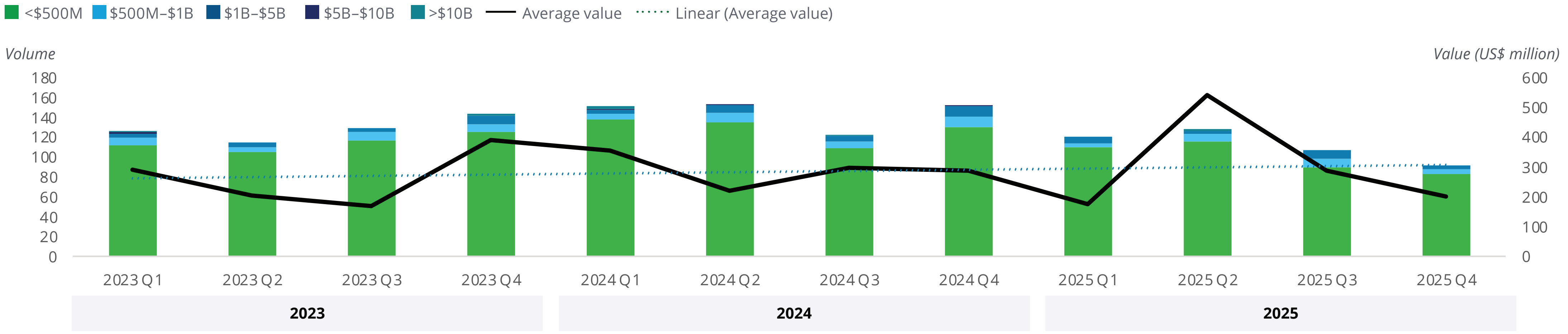
Divestiture trends across Europe

European divestitures: Strong 2024 momentum, selective reset in 2025

European divestiture activity expanded rapidly from 2023 to 2024 (17% growth), reflecting portfolio reshaping and non-core asset rationalization.[11] In 2025, however, rising macro uncertainty drove a 15% decline in volumes versus 2024. The market now resembles a "selective reset," with activity consolidating around higher-conviction moves aligned to long-term priorities.

Survey responses indicate that activity in the United Kingdom was a significant driver of divestiture activity and a notable outlier, with 57% of participants completing three or more divestitures—more than double global respondents (25%) and well above Europe overall (24%). Deal values climbed from 2023 to 2025 (7% CAGR). In spite of eased deal volumes in 2025, this trend continued, driven by two transactions above $10 billion in value. This reinforces Europe's shift toward fewer, but more transformational, separations designed to materially reshape portfolios and support long-term strategic repositioning.

Figure 12: Europe quarterly divestiture volume and value, 3 years



Source: S&P Global Market Intelligence LLC - S&P Capital IQ, accessed January 8, 2026, data as of December 31, 2025. All transactions closed since January 1, 2023

Challenges to value creation in 2026: Shifting landscape will require agility and early planning

Roughly half of European sellers assess their portfolios once a year or less–too infrequently for a market in which timing and certainty to close heavily influence buyer selection. More frequent reviews are critical to identify divestiture opportunities earlier and prepare for time-intensive activities such as tax and legal entity optimization, which remain major contributors to longer sign-to-close timelines and elevated cost-to-achieve for European sellers.

The delivery of promised deal returns hinges on disciplined preparation. Sellers that clearly define value-creation potential, establish a robust separation plan, and fine-tune their tax positions are more likely to secure above-expected valuations. Conversely, regulatory approvals and tax-related (one-time) execution costs frequently exceed expectations and erode deal value. Early regulatory planning, proactive tax structuring, and built-in execution contingencies will be essential to mitigate these risks.

Figure 13: Top factors negatively impacting cost-to-achieve

Global sellers	European sellers
Tax-related execution costs	Regulatory approvals
Preparation of carve-out financials	Tax-related execution costs
Regulatory approvals	Performance of the divested business
Time to separate the divested business	Buyer arranging financing
Buyer arranging financing	Global footprint of divested business

Source: Deloitte 2026 Global Divestiture Survey; global sellers n=981, European sellers n=416; top 5 only

European sellers remain focused on divesting to reinvest in their core businesses, mirroring global trends, while placing greater emphasis on bolstering cash reserves and funding R&D to support future growth. Stranded cost mitigation remains one of Europe's most persistent barriers to value realization. Early cost visibility, explicit stranded cost planning, and disciplined post-close execution are essential to protecting deal economics.

Figure 14: Top continuing challenges post-deal close (Weighted rank score)

Global sellers	European sellers
(0.83) Dis-synergies or stranded costs	Tax and legal entity complexities (0.92)
(0.77) Tax and legal entity complexities	Dis-synergies or stranded costs (0.77)
(0.70) Transition service agreements	Transition service agreements (0.72)
(0.62) Talent retention and morale	Retained contingencies or exposures (0.58)
(0.60) Accounting and financial reporting	Accounting and financial reporting (0.54)

Source: Deloitte 2026 Global Divestiture Survey; global sellers n=981, European sellers n=246; top 5 only

Regional nuances: Navigating external pressures

In the current European deal environment, M&A is shaped by a uniquely complex mix of structural and short-term pressures that force companies to balance near-term resilience with long-term strategic repositioning:

- **Heightened exposure to macroeconomic factors.** Economic uncertainty, higher debt-servicing costs, inflationary pressures, and currency fluctuations are driving companies to rethink their portfolios, pushing them to preserve cash while maintaining a strategic focus on their core businesses.
- **Technological disruption.** Advancements in technology and the AI revolution are forcing companies to pivot their operating models and their strategic blueprints for enhanced profitability.
- **Geopolitical uncertainty.** Europe's heightened exposure to geopolitical and supply chain shocks continues to compress decision windows for portfolio moves. Nearshoring, derisking, and compliance with national-security-driven regulatory regimes increasingly shape transaction timing and feasibility, narrowing the windows.

Outlook for 2026: Divesting to navigate volatility and fuel growth

Looking ahead, Europe appears to be entering a period of selective but steady divestiture activity. Three in four organizations expect at least one separation in the next 12 to 18 months, consistent with recent levels, though activity varies meaningfully across markets such as the Nordics, United Kingdom, Germany, France, and Southern Europe. Rising capital needs and persistent activist scrutiny are pushing more companies toward liquidity-driven divestitures and toward cleaner, "pure-play" portfolio structures.[12]

At the same time, Europe continues to operate within one of the most volatile geopolitical and macroeconomic environments globally. Energy price shocks, inflationary pressure, tariff uncertainty, and ongoing conflicts have narrowed execution windows and elevated the importance of timing. These pressures are leading organizations to accelerate portfolio decisions when market stability allows and rely more heavily on divestitures to reinforce resilience and strengthen balance sheets.

Structural forces, including sustainability commitments, supply chain redesign, and rapid advances in AI and automation, are reshaping cost structures and investment priorities. As organizations reallocate capital toward digital modernization and decarbonization, divestitures are increasingly being used to release capacity for those long-term commitments.

Overall, Europe's divestiture landscape is defined less by broad-based volume growth and more by strategic prioritization. Organizations are using targeted, higher-impact separations to fund transformation, streamline portfolios, and respond to geopolitical and regulatory pressures. For regional leaders, the imperatives are clear: Anticipate condensed execution windows, align portfolio moves with regulatory and activist expectations, and use divestitures to free up capital for technology-enabled, future-focused growth.[13]