Capital Markets Strategy

Essential inCights for the C-Suite

MUFG

Megadeals, Mergers & the Deal Economy

The Remarkable Rebound in Global Strategic Activity in 2025

OCT 2025

“You have every cause for anxiety. We are on the threshold of a more searching, more honest, more open society.”

László Krasznahorkai, Hungarian novelist and
winner of the 2025 Nobel Prize in Literature,
in his acclaimed novel *The Melancholy of Resistance* (1989)

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AUTHORS

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15 Notable M&A Themes in 2025

1. Global M&A recovery: Robust global rebound, with volumes up 32% y/y; strongest first 9 months since 2021

2. Record megadeals: 80% y/y increase in # of megadeals over $10bn (50 deals, accounting for $988bn of total M&A)

3. Deal count declines: Quarterly deal count below historic average; smaller companies more exposed to policy uncertainty still on sidelines

4. Regional improvement globally: All global regions recorded higher y/y deal volumes; US nearly 50% of YTD global activity

5. Resurgent cross-border activity: Highest cross-border activity since 2021, led by in-bound US deal activity

15 Notable M&A Themes in 2025

6. Strategic acquisitions: Approx 70% of global deal activity led by corporates with focus on quality vs. quantity in key sectors despite policy uncertainty

7. Tech sector leadership: Tech accounted for nearly 25% of YTD deal volume; AI power demands also a key driver for utility sector

8. "Scope" vs "scale" deal activity: Tech sector accounts for 6 of the 10 largest global deals YTD as companies seek to acquire new capabilities

9. AI as catalyst: AI funding rounds and landmark deals underscore its leadership role in 2025 deal resurgence

10. Resurgent PE Activity: Strong recovery in both PE volumes (~30% of global deal activity) and deal count

15 Notable M&A Themes in 2025

11. Acquisition currency: Cash-rich balance sheets and record stock valuations providing strong acquisition currency for deal activity

12. Tax changes fuel deal incentives: OBBBA driving permanent tax code change for planning purposes. Low US statutory rates, improved debt financing deductions and upfront depreciation on capex and R&D investments

13. Markets rewarding focus & growth: Markets rewarding divestitures & spin-offs of noncore assets to acquire businesses, streamline operations and unlock capital

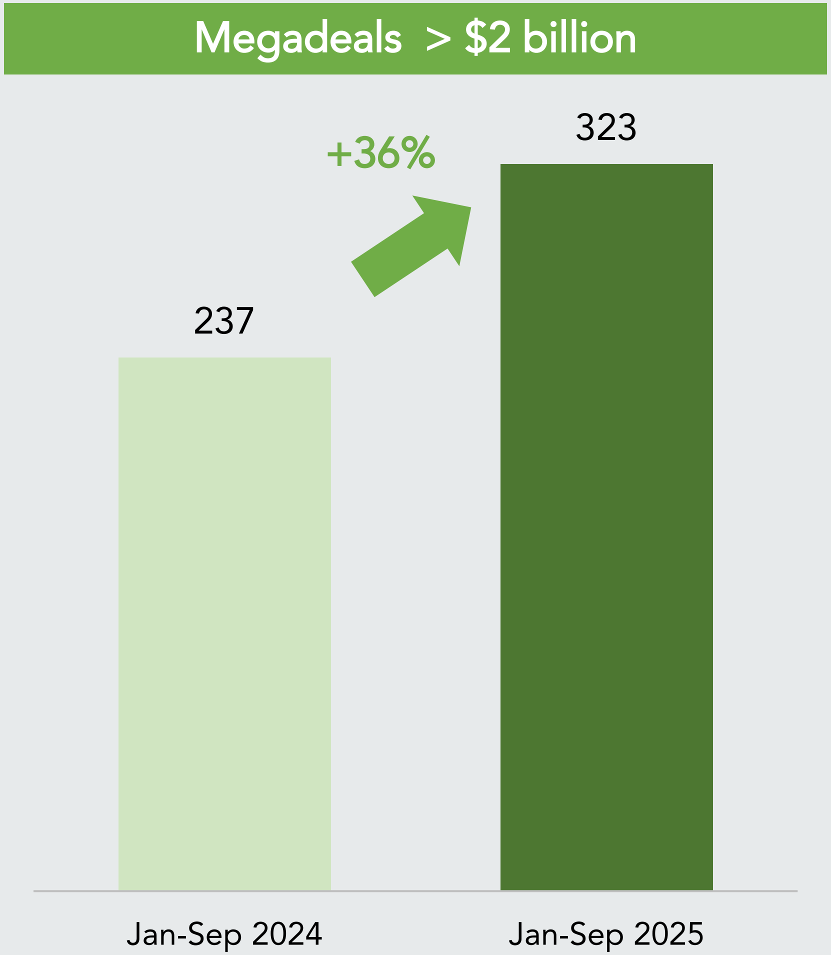
14. Deal valuations normalizing: Deal valuations have largely normalized from post pandemic volatility with some notable regional and sector (i.e., tech) divergences

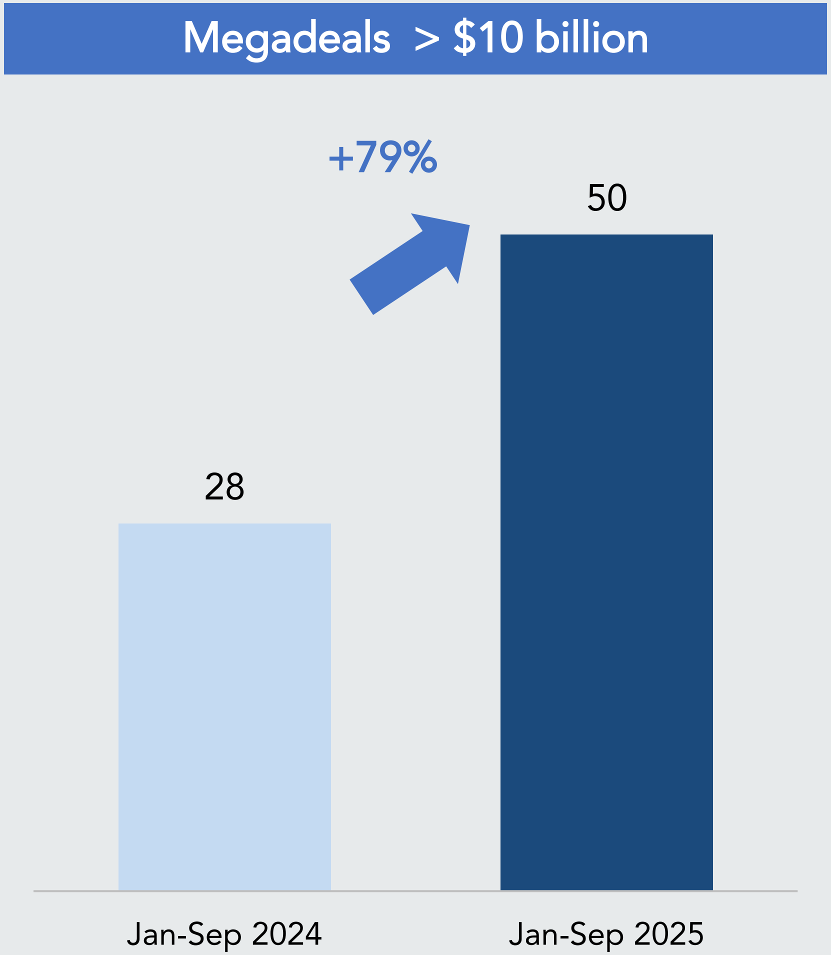
15. Deal-friendly regulatory tone: Deal friendly tone despite elevated policy uncertainty; idiosyncratic risk remains high; cross-border deals subject to detailed national security reviews

2 Megadeals Driving Resurgent Deal Economy

Megadeals Driving Resurgent Deal Activity

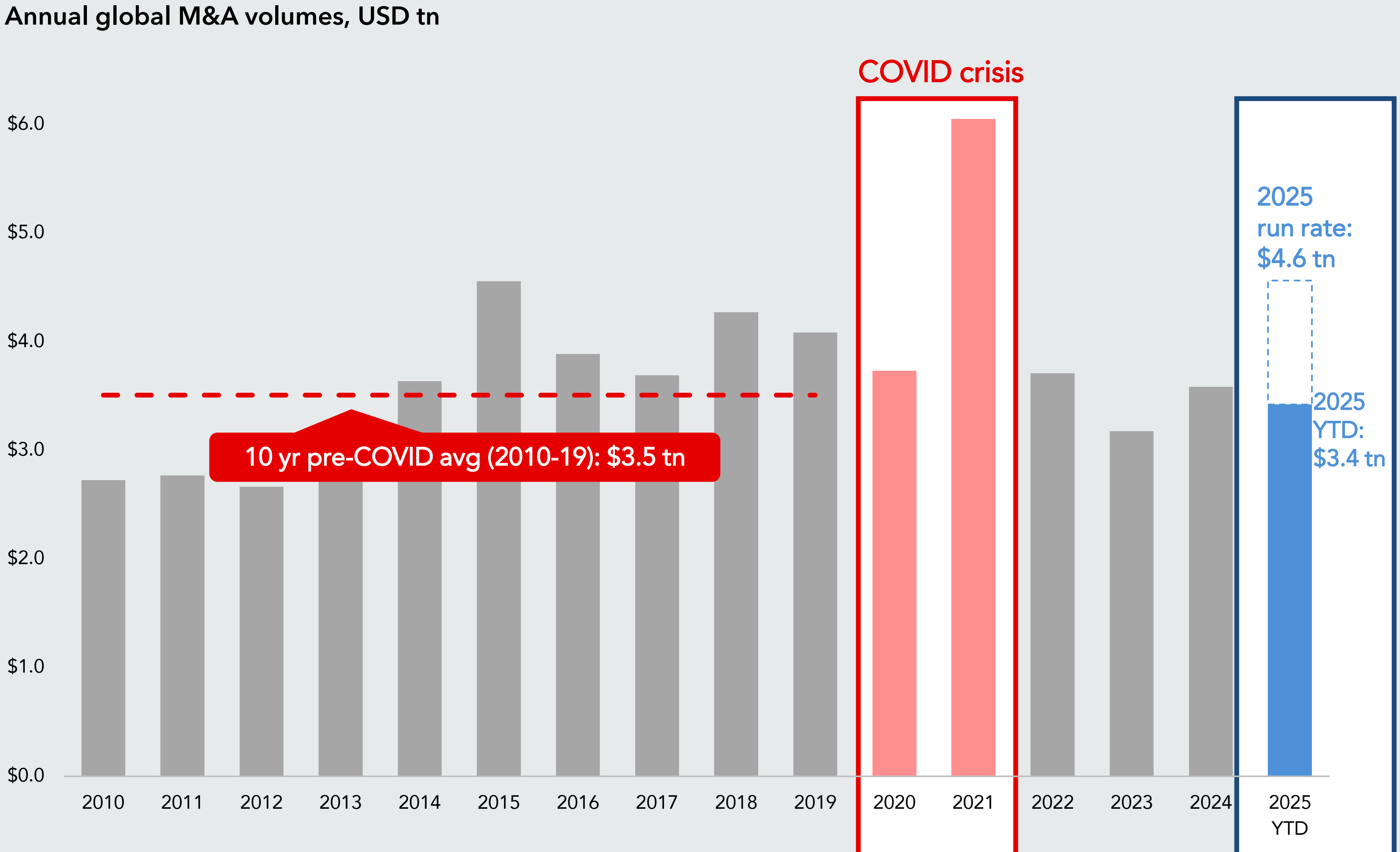
Global M&A Megadeals (Jan-Sep 2024 vs. Jan-Sep 2025)





Source: (1-2) Dealogic. Cortex. Data through September 30, 2025, accessed on October 7, 2025. Greater than or equal to $2bn and $10bn.

Global M&A Recovers Despite Uncertainty

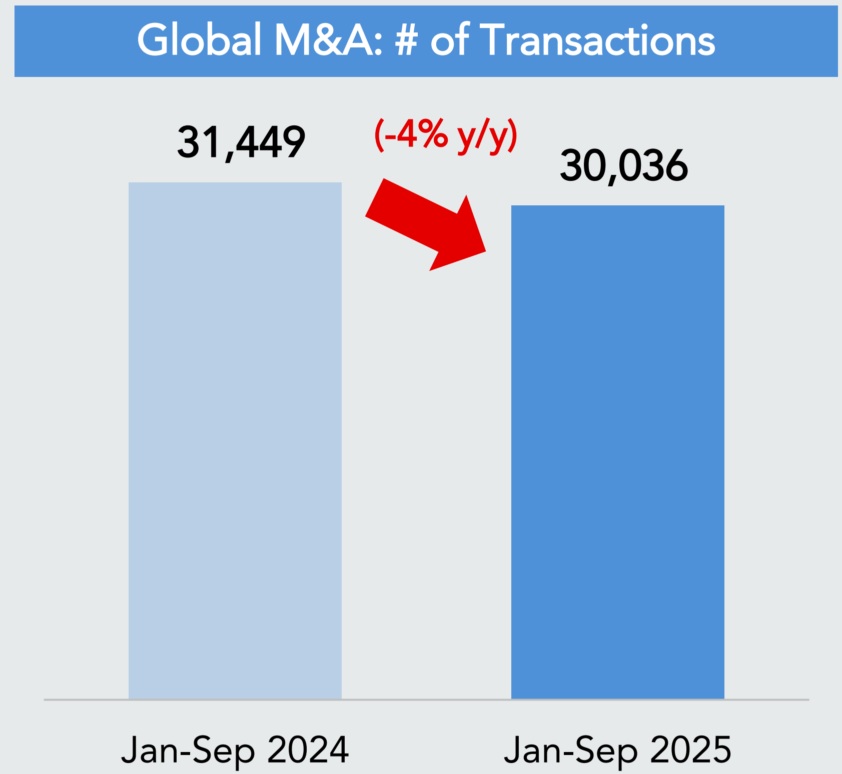


Source: (1) Dealogic. Cortex. Data through September 30, 2025, accessed on October 1, 2025.

Strongest Nine Months Since Record 2021

After a volatile start to the year, optimism rebounded in the summer as pent-up demand and strong equity markets helped push M&A volumes to near record levels. Megadeals dominated the headlines while at the same time smaller companies more exposed to policy volatility have largely stayed on the sidelines.

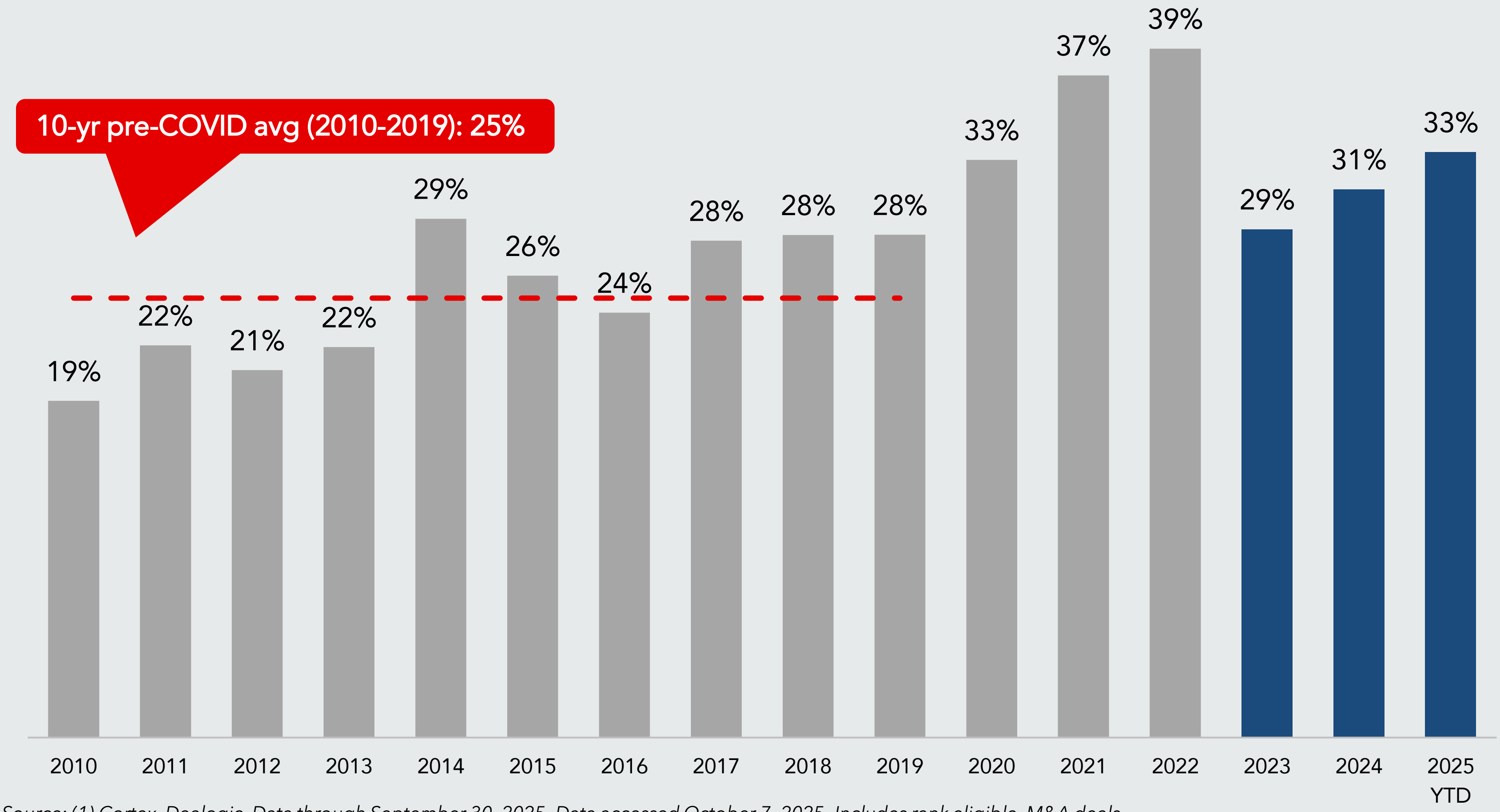
Global M&A Deal Activity (Jan-Sep 2024 and Jan-Sep 2025)



Source: (1) Cortex. Dealogic. Data is through September 30, 2025. Data accessed on October 7, 2025.. Includes rank eligible, M&A deals.

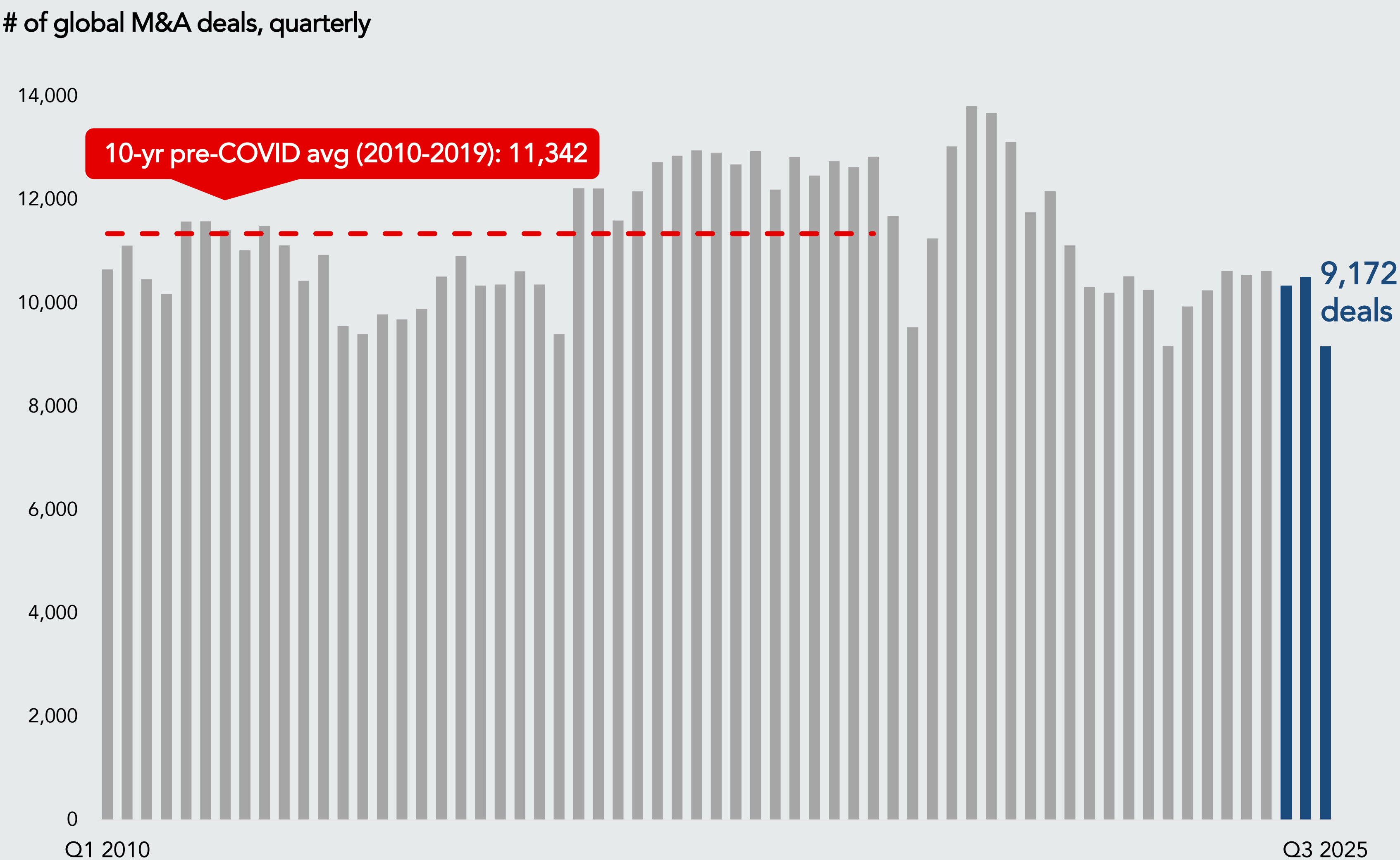
Private Equity Recovery Exceeds 30% of Global Deal Volumes

Sponsor-backed share of global M&A volumes



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed October 7, 2025. Includes rank eligible, M&A deals.

Quarterly Deal Count Below Historical Averages

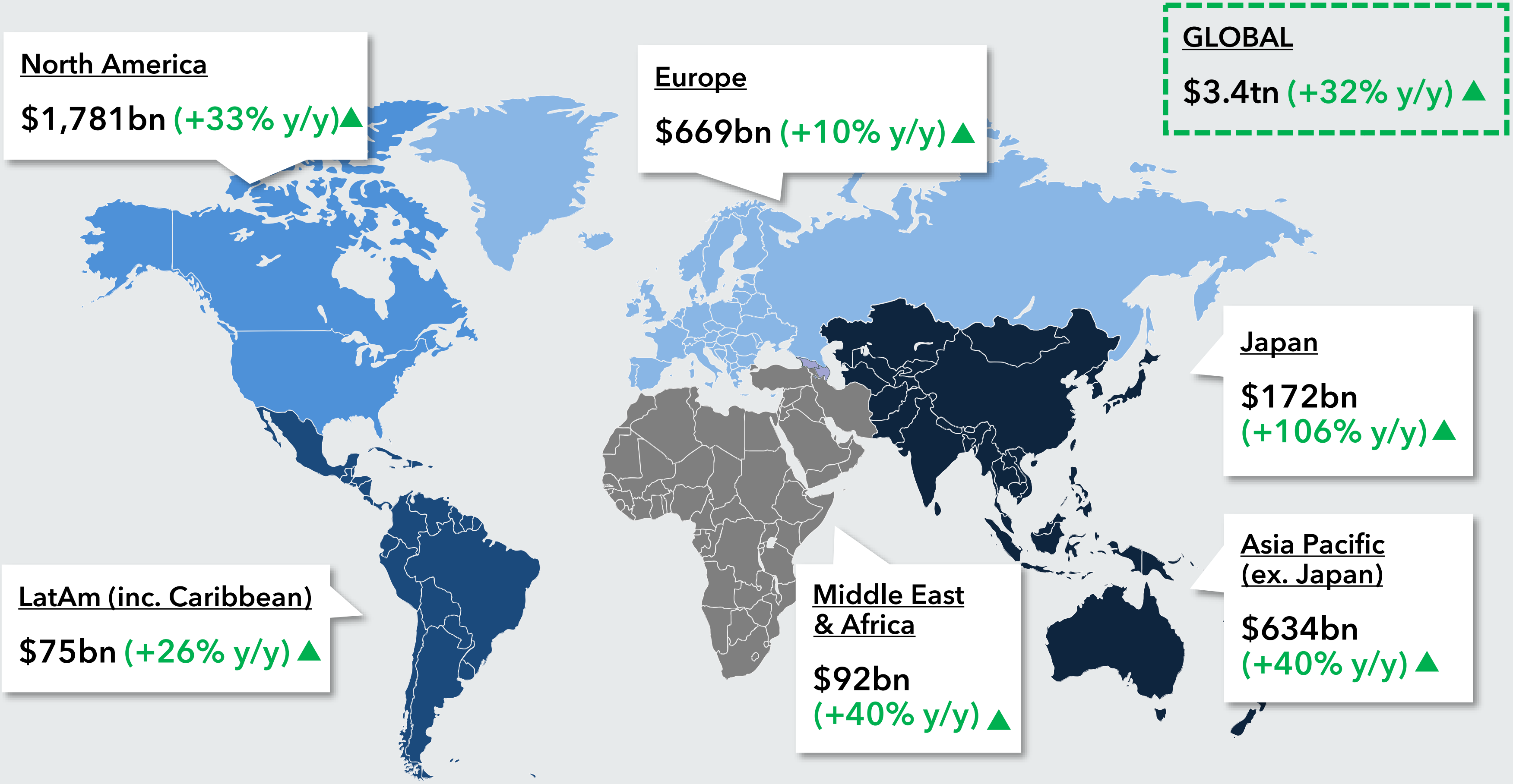


Source: (1) Dealogic. M&A volumes includes eligible deals, excluding carveouts. Data through September 30, 2025. Data accessed on October 7, 2025.

3 US Leading Regional Activity

M&A Volumes Up in All Regions Globally

M&A volumes in Jan-Sep 2025 vs. Jan-Sep 2024 and y/y increase (based on target region)

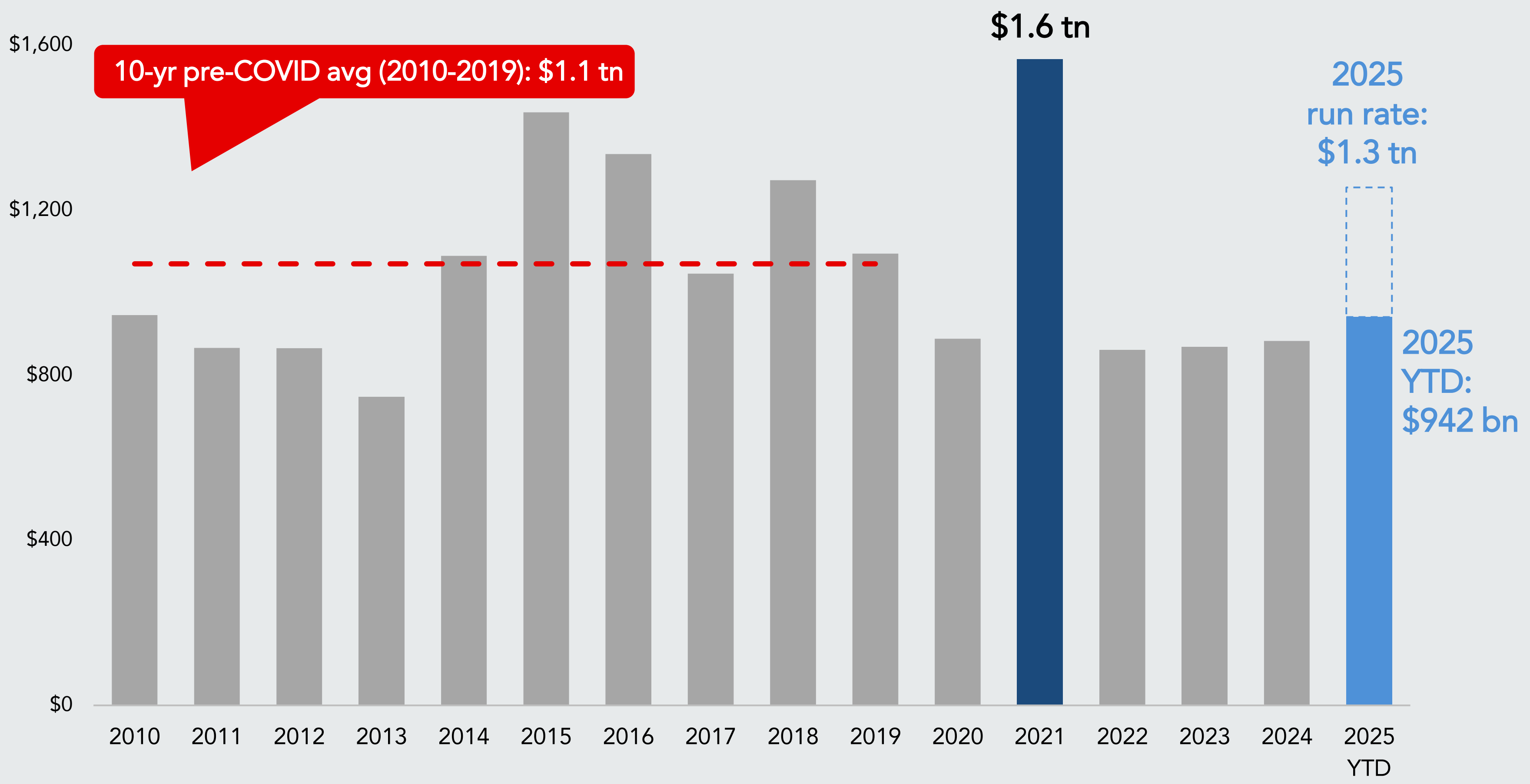


Source: (1) Dealogic. Cortex. Data through September 30, 2025, accessed on October 1, 2025. Region is by target.

Strongest Cross-Border M&A Since 2021

Cross-border M&A activity is at its strongest level since 2021 as President Trump's initiative to boost manufacturing and investment in the US spurred a wave of domestic and in-bound investment.

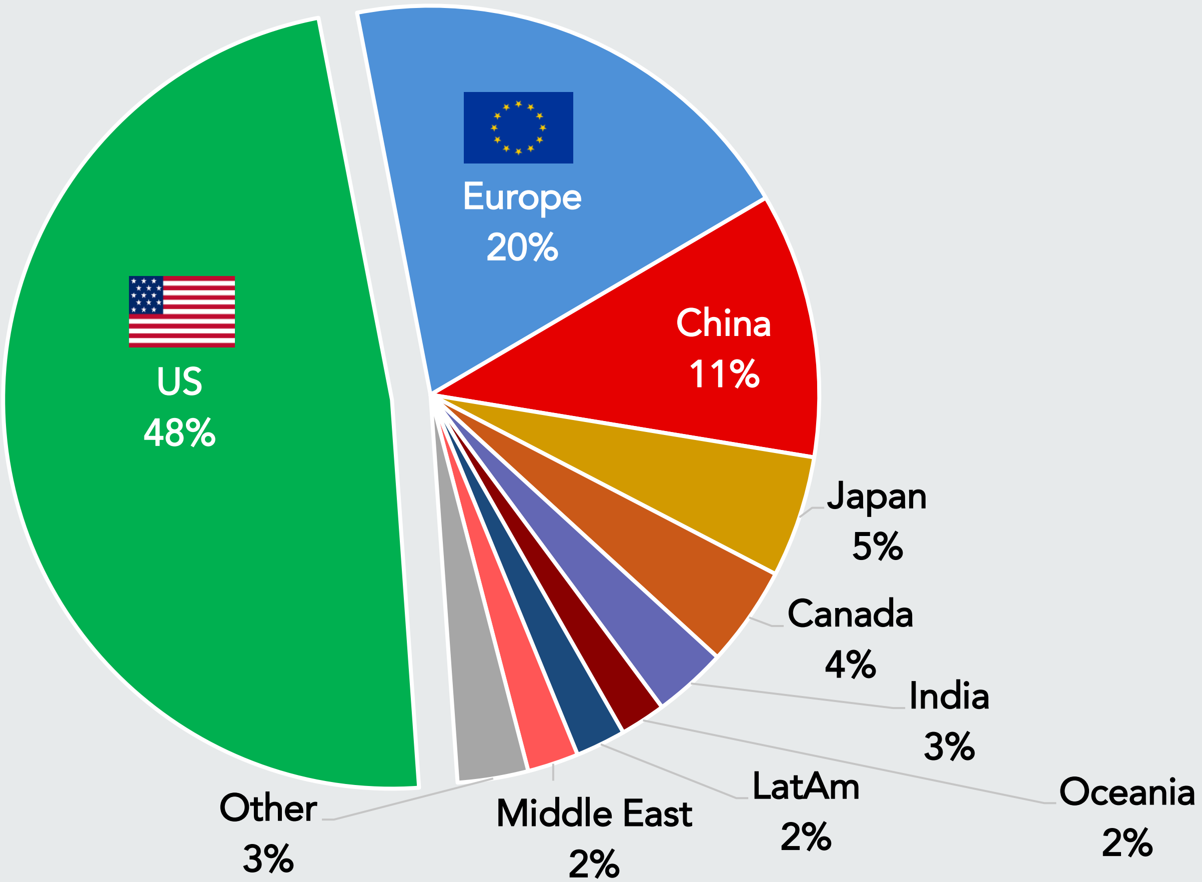
Global cross-border M&A volumes, USD bn



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed October 8, 2025. Includes rank eligible, M&A deals.

US Nearly 50% of YTD Deal Activity

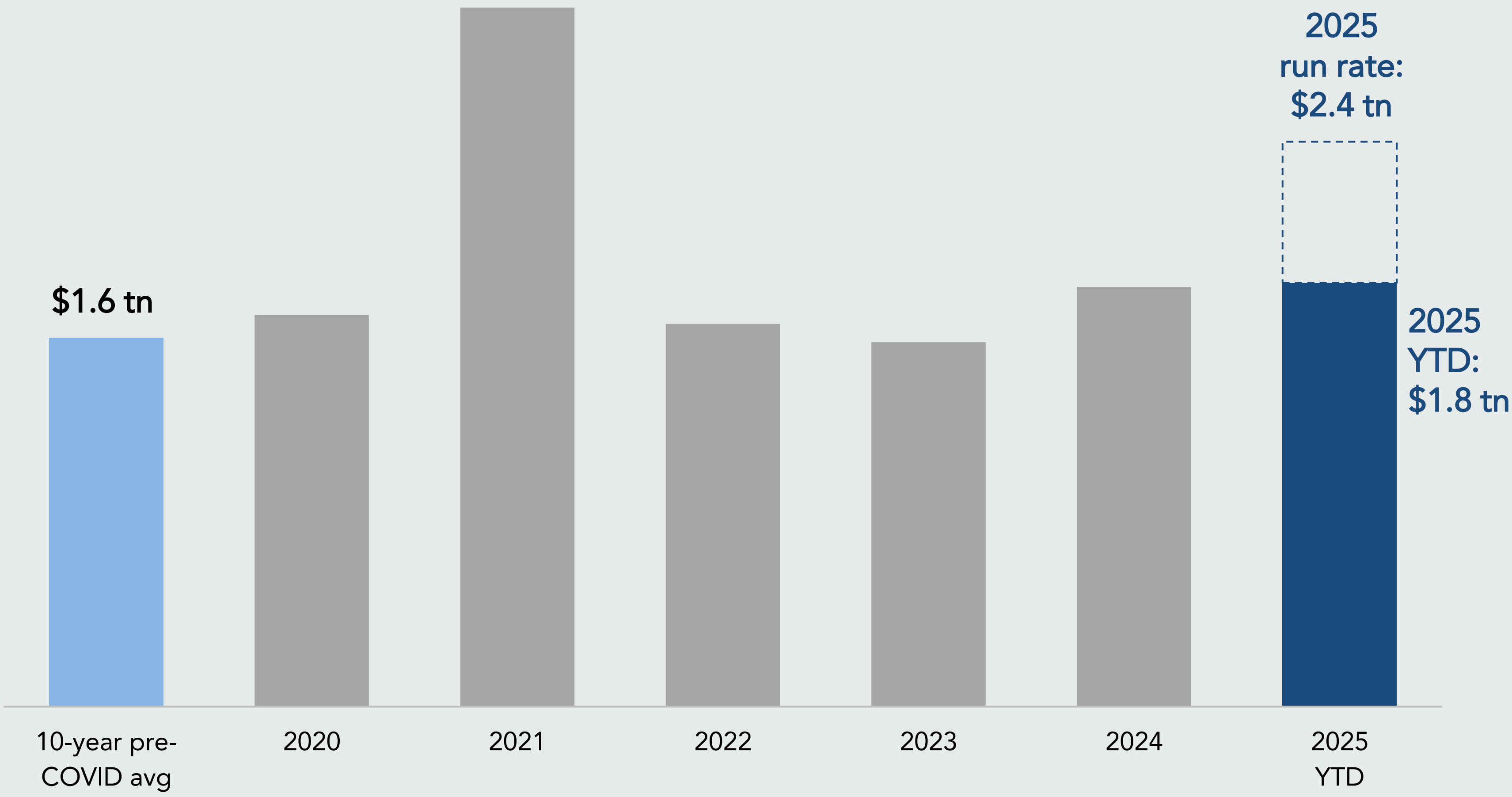
Global M&A activity, by region (Jan-Sep)



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed October 7, 2025. Includes rank eligible, M&A deals.

North America M&A on Pace for Best Year Since 2021

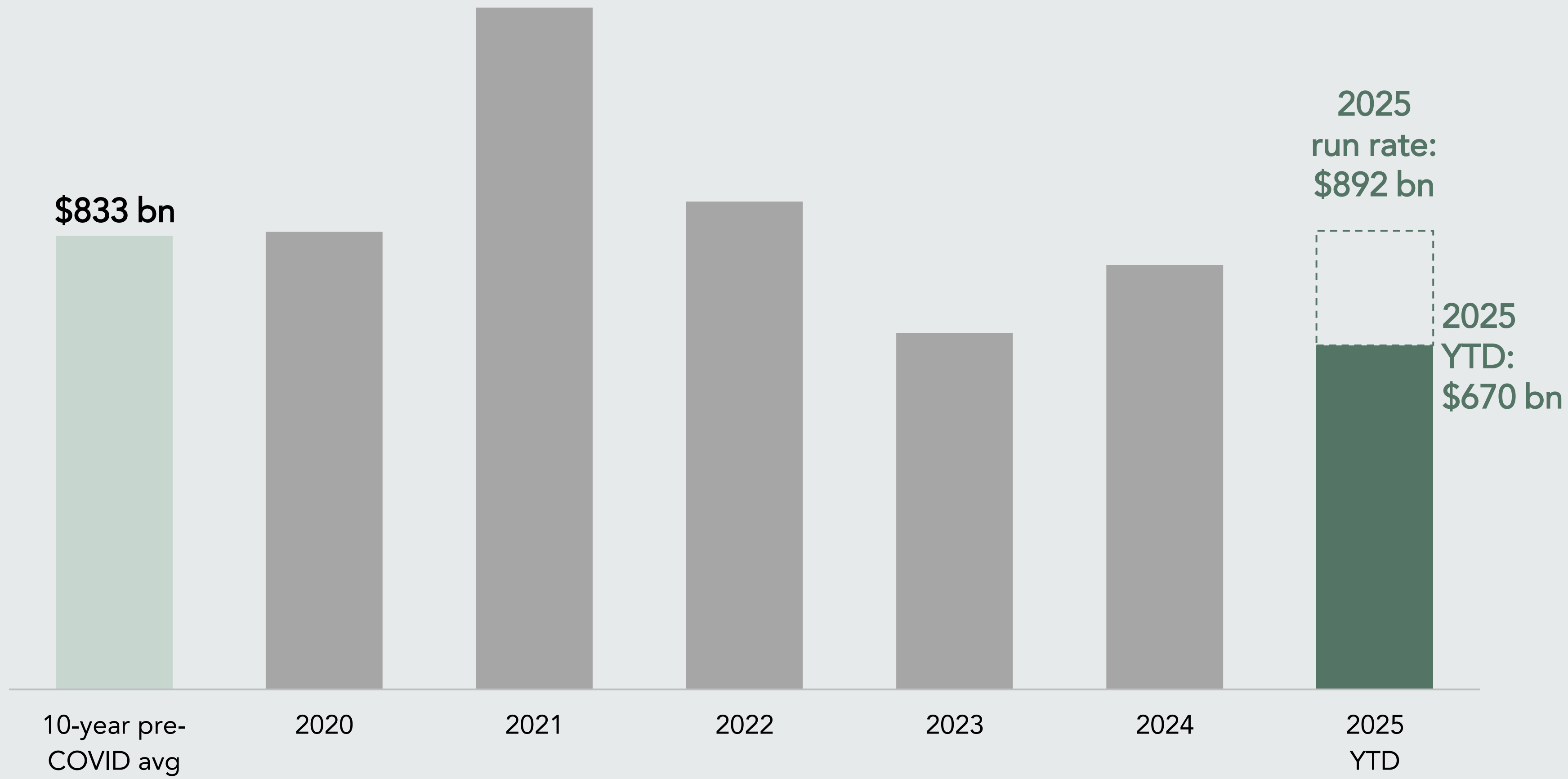
North America M&A volumes, USD tn



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed on October 7, 2025. Includes rank eligible, M&A deals. Regional breakdown by target.

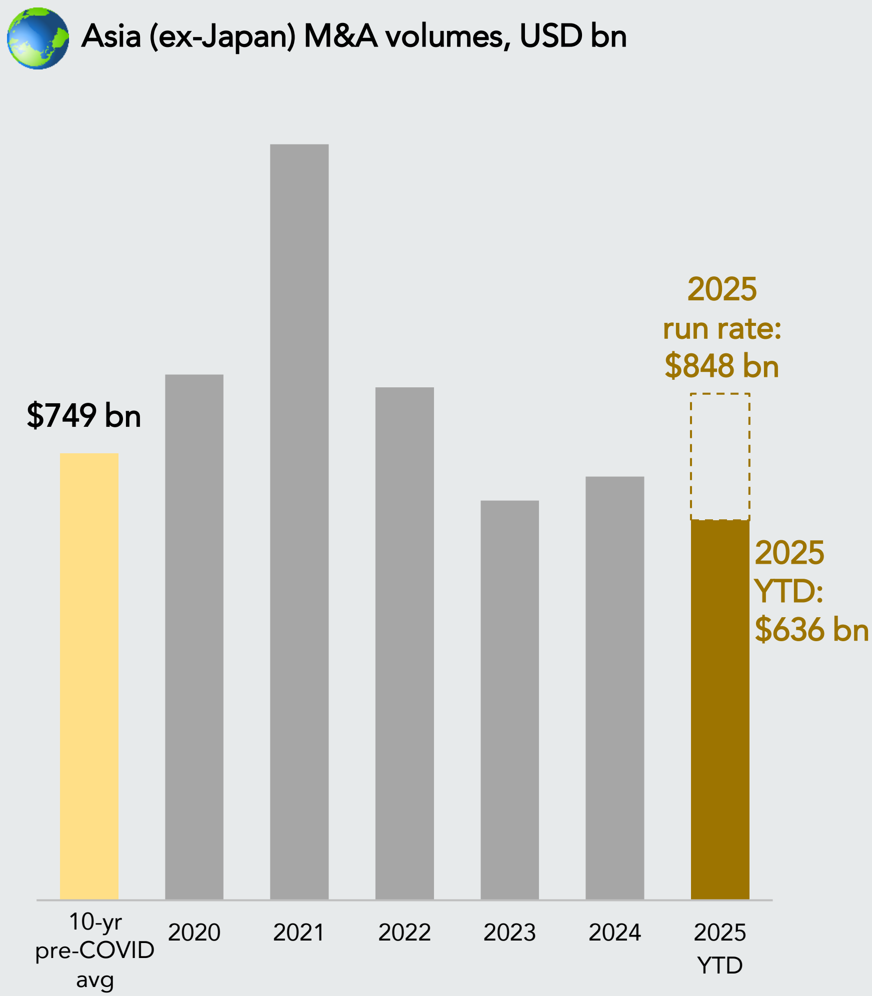
Europe M&A Volumes Poised to Recover

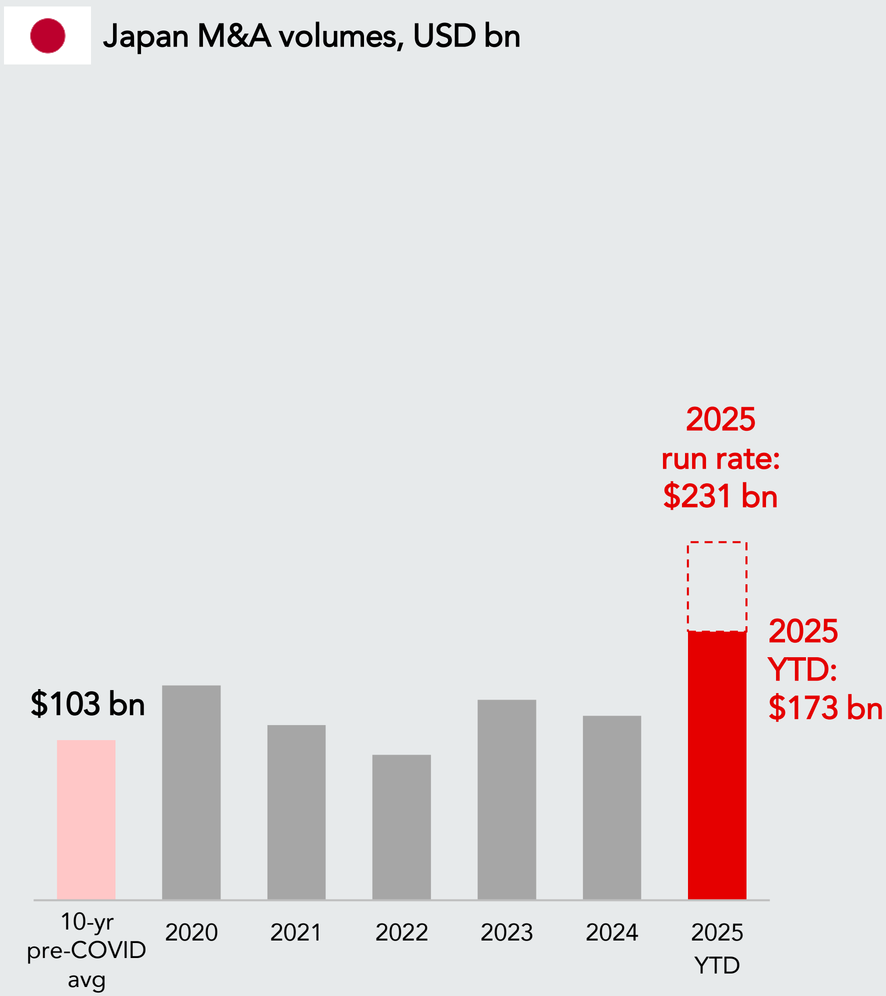
Europe M&A volumes, USD bn



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed on October 7, 2025. Includes rank eligible, M&A deals. Regional breakdown by target.

Asia M&A Activity Returns in 2025



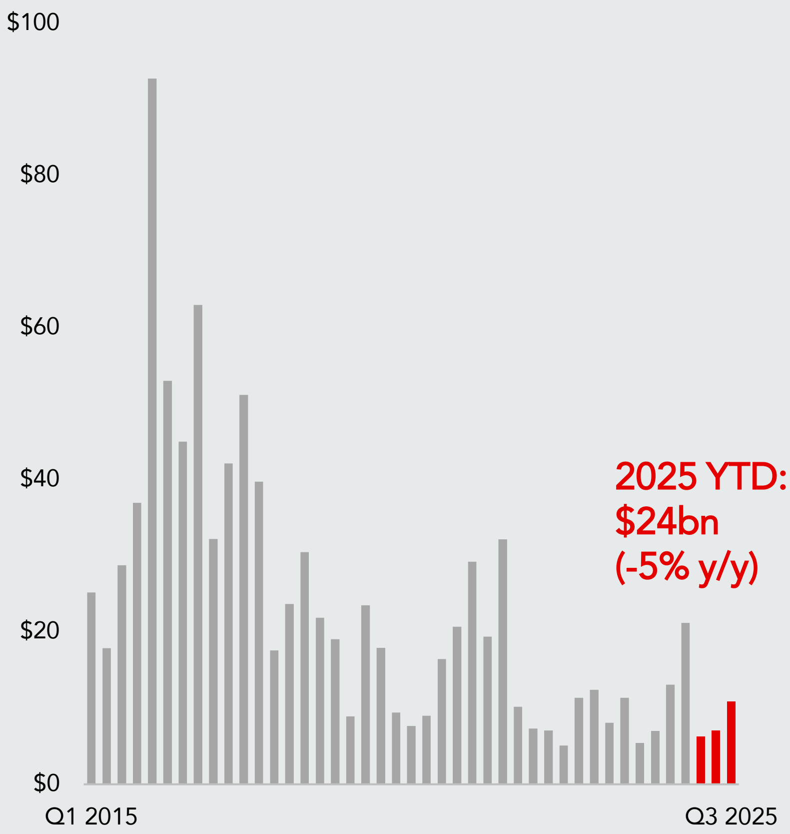


Source: (1-2) Cortex. Dealogic. Data through September 30, 2025. Data accessed on October 7, 2025. Includes rank eligible, M&A deals. Regional breakdown by target. Asia includes Central Asia and the Caucasus, North Asia, SE Asia, Australasia, and India Subcontinent.

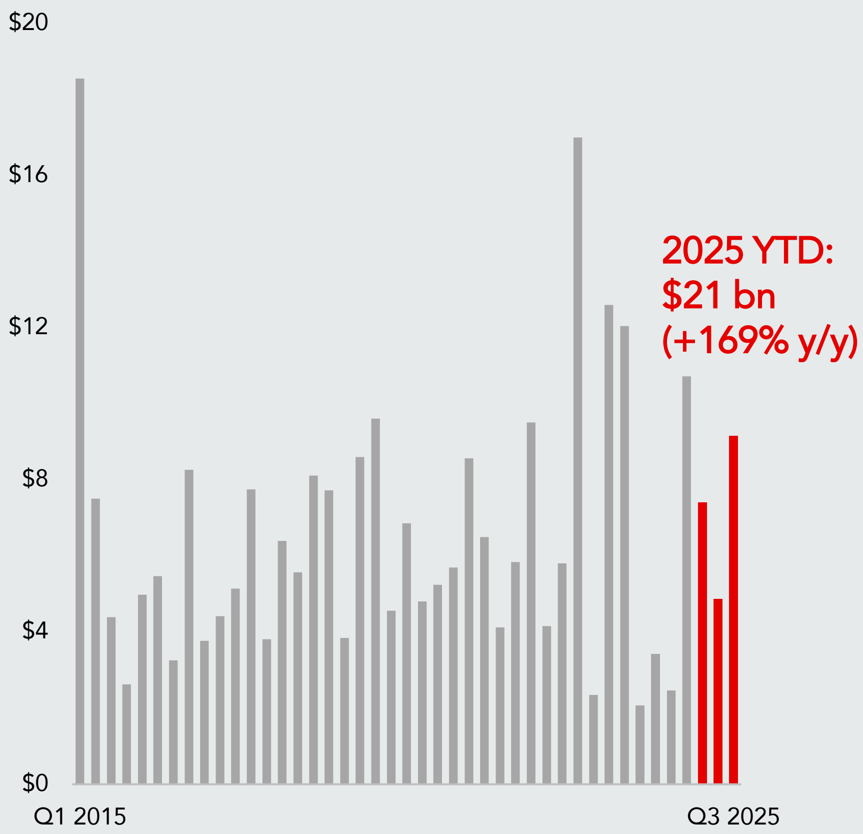
Higher China M&A Volumes in 2025 YTD

Total China M&A volumes are nearly 100% higher in YTD 2025 vs. 2024 driven by an increase in inbound cross-border deals. Chinese targets account for seven out of the top ten deals in APAC this year.

China outbound cross-border M&A, quarterly, USD bn



China inbound cross-border M&A, quarterly, USD bn

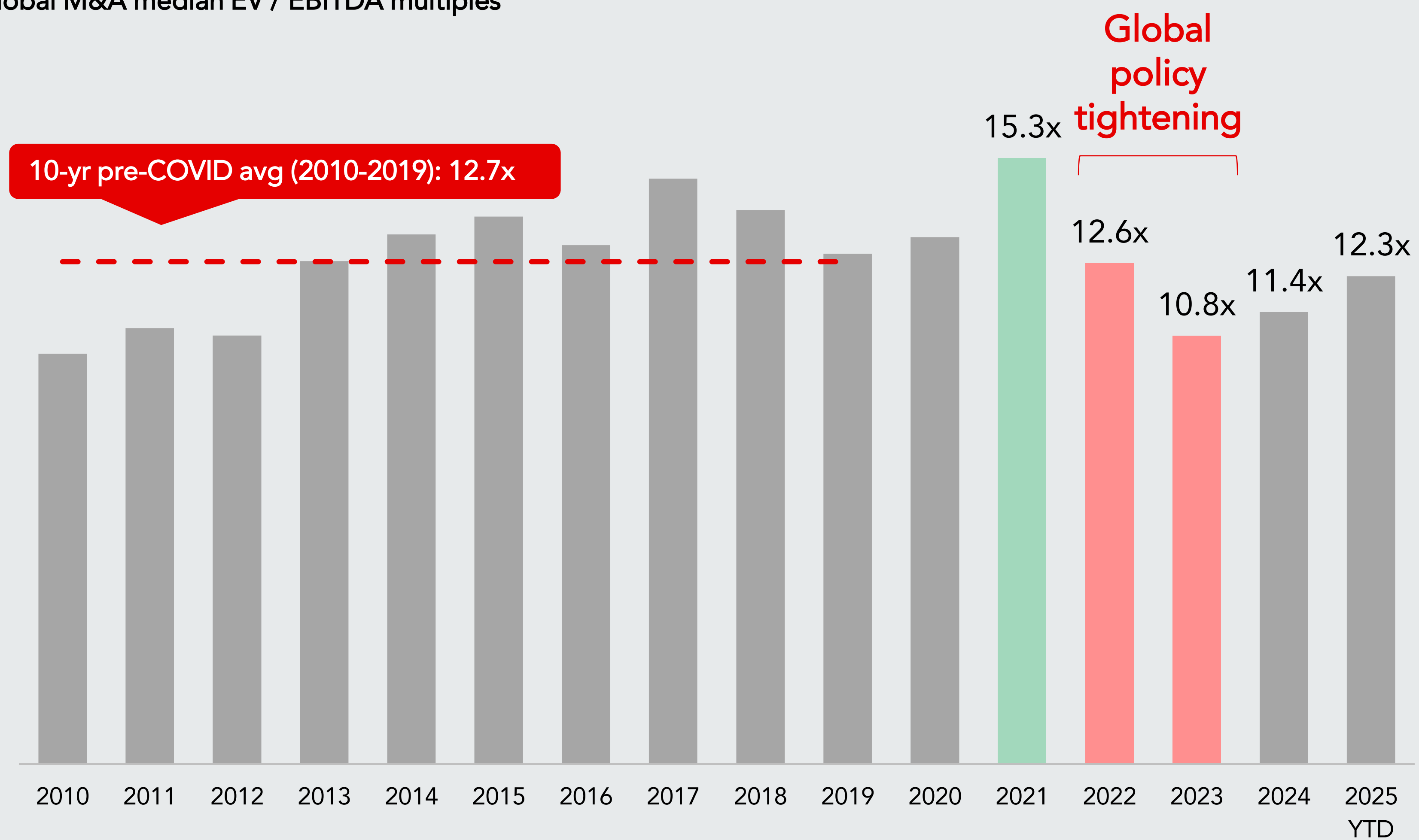


Source: (1-2) Cortex. Dealogic. M&A includes rank eligible. Data is through September 30, 2025. Accessed October 7, 2025.

4 Unlocking New Sources of Value

Strategic M&A Deal Valuations Normalizing from Post Pandemic & Inflation Volatility

Global M&A median EV / EBITDA multiples

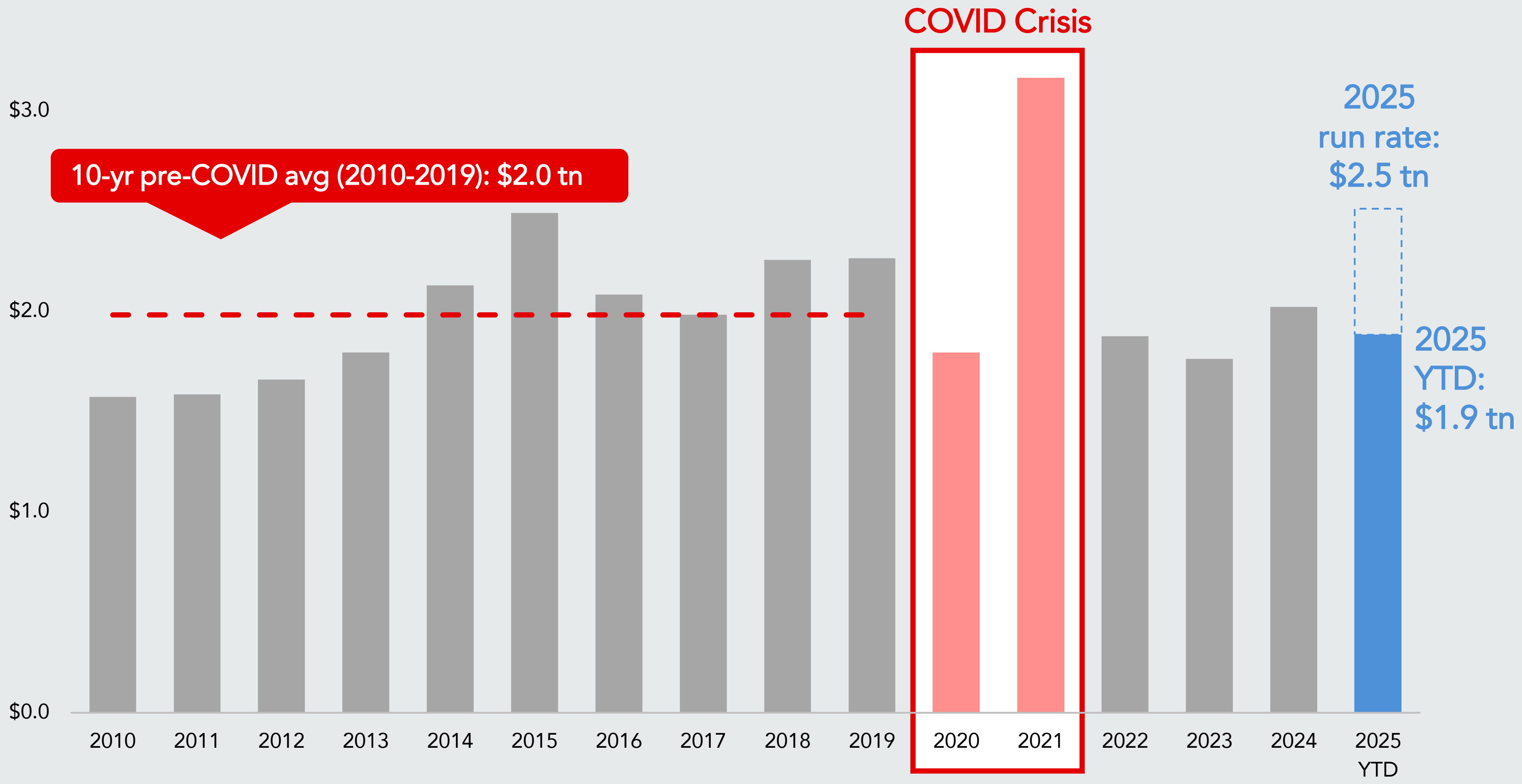


Source: (1) Cortex. Dealogic. 2025 YTD data is through September 30, 2025. Data as of October 8, 2025. Includes rank eligible, M&A deals.

Pace of Divestiture Activity Increases

As the pace of deal making accelerated in 2025, companies have increasingly used spin-offs and divestitures as strategic tools to streamline operations, enhance financial flexibility and boost shareholder value.

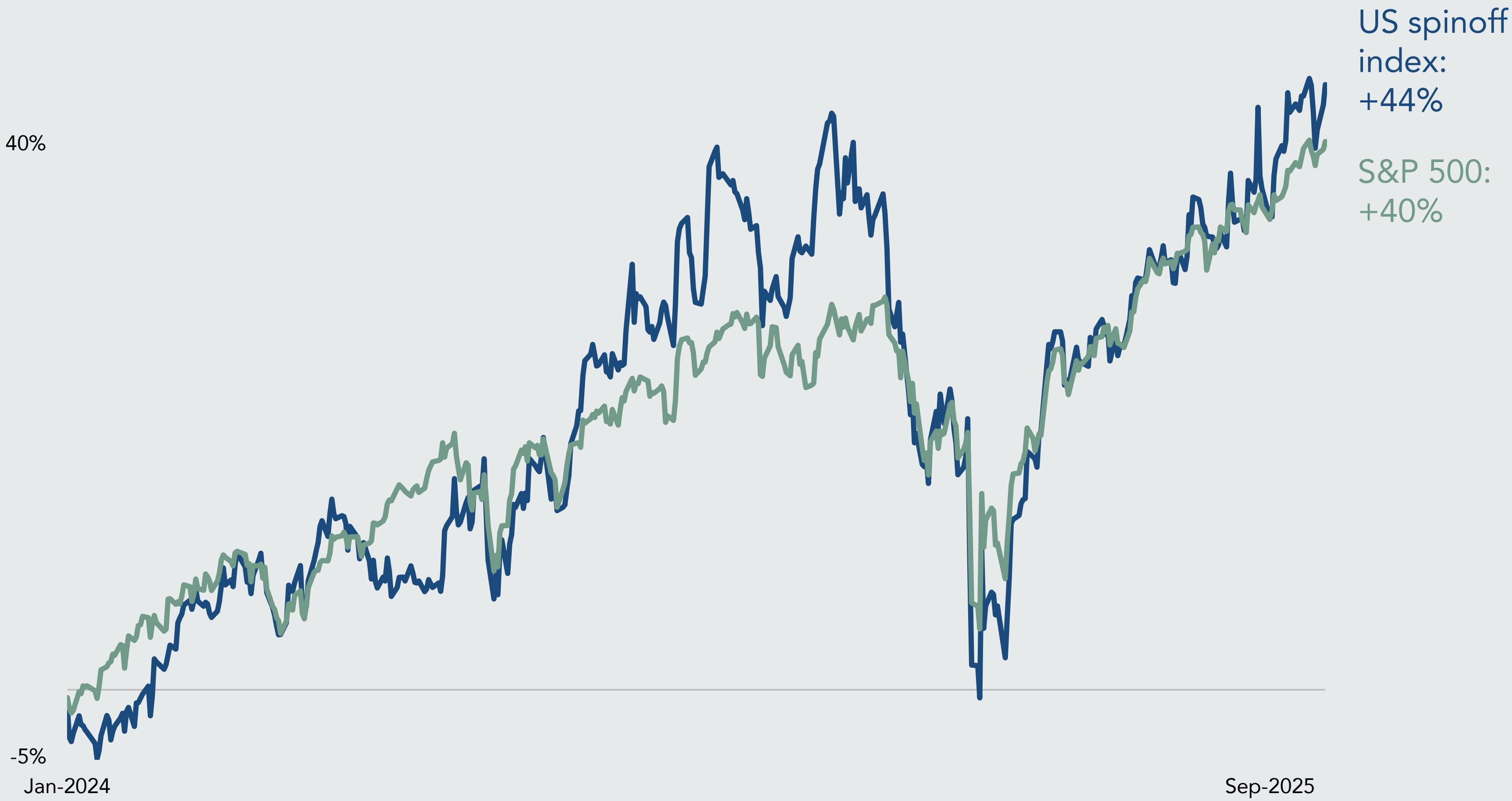
Global divestitures (including spin-offs), USD tn



Source: (1) Cortex. Dealogic. Data through September 30, 2025. Data accessed on October 7, 2025. Includes rank eligible, M&A deals.

US Equities Rewarding Spin-Offs

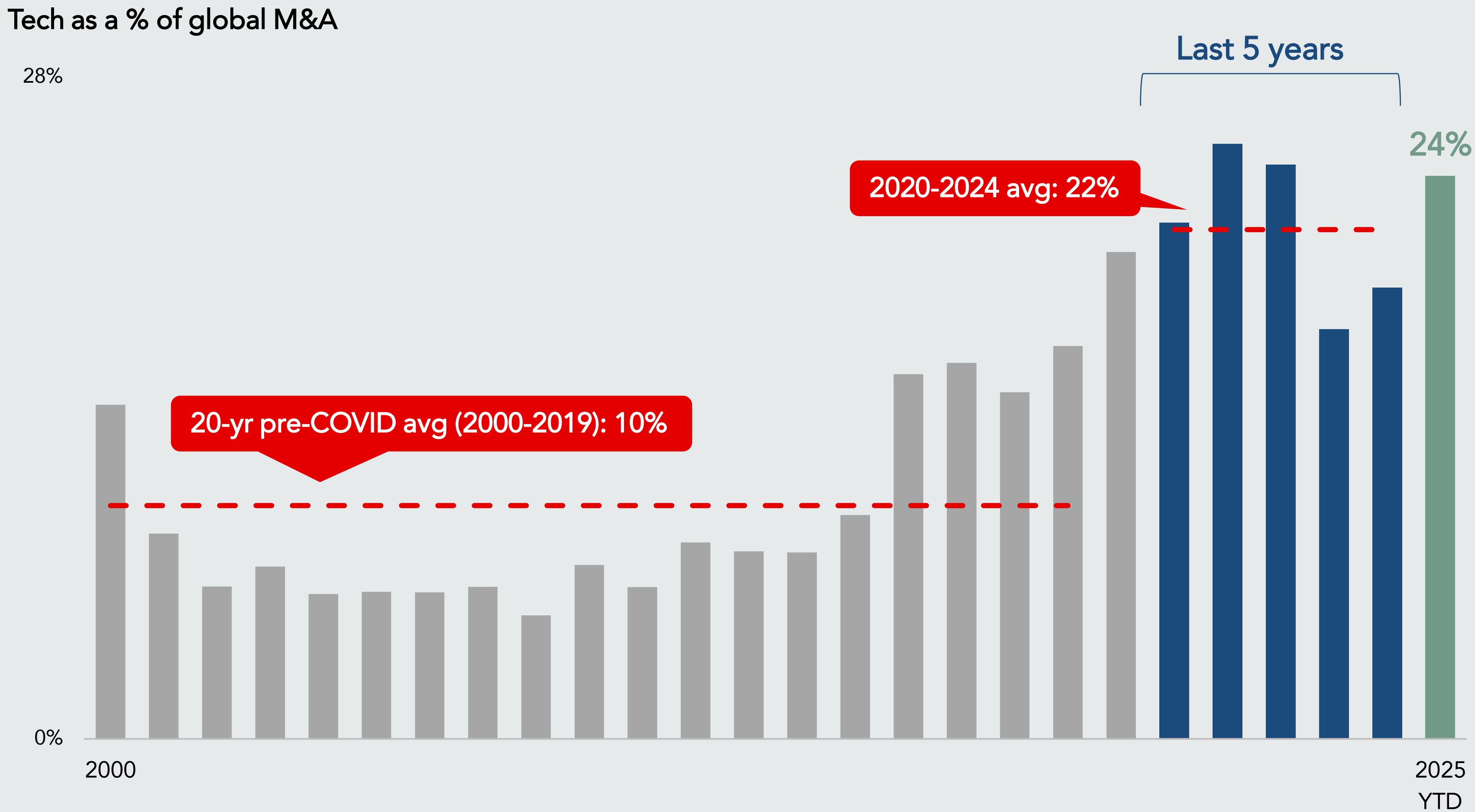
S&P 500 and US spinoff index



Source: (1) Bloomberg. Data as of October 7, 2025. Spinoff index is Invesco S&P Spinoff ETF.

Technology as Pervasive M&A Driver

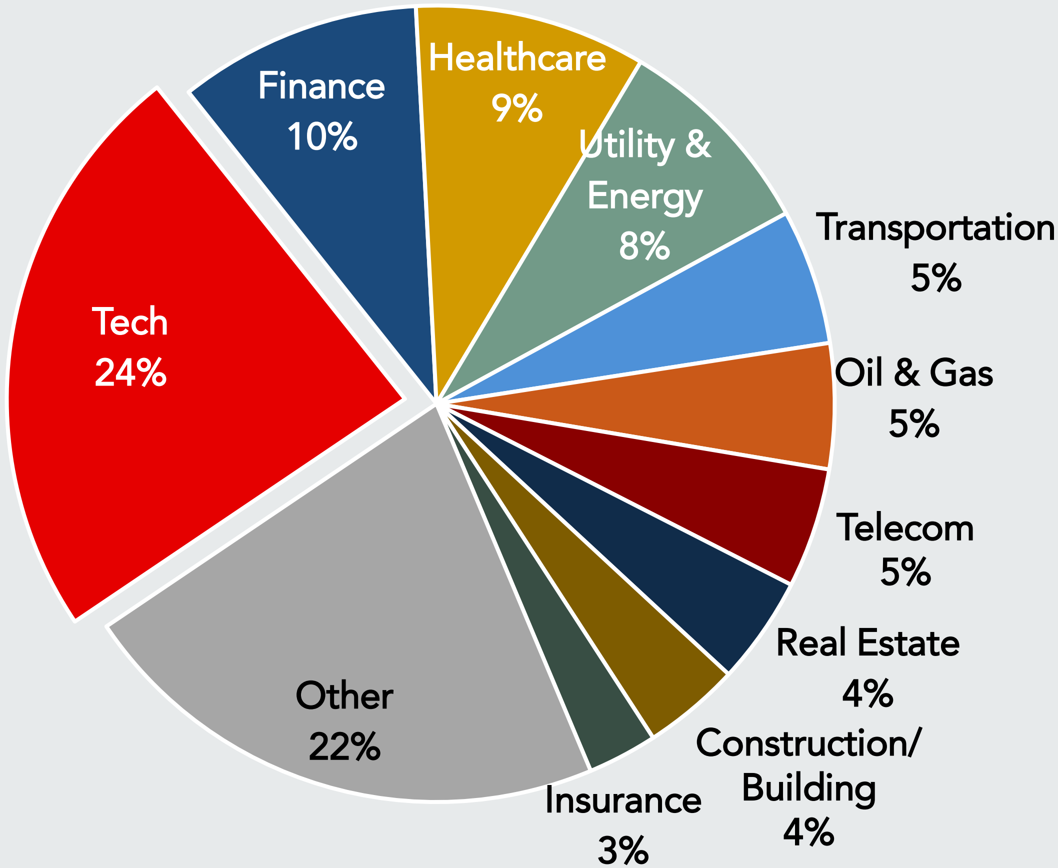
Technology continues to reshape the M&A landscape, accounting for 24% of global M&A volumes in 2025 YTD. The need for more AI data centers is fueling demand for electricity, driving activity in the utilities and energy space as well.



Source: (1) Cortex. Dealogic. Data is through September 30, 2025. Data accessed October 14, 2025. Includes rank eligible, M&A deals. Technology is computers and electronics as target sector.

Tech Sector Nearly 25% of YTD M&A

Global M&A activity, by sector (Jan-Sep)



Source: (1) Dealogic. Cortex. Data through September 30, 2025, accessed on October 7, 2025.

OBBBA Incentivizing CapEx Supercycle

If US tariffs are intended to be the "stick" to encourage US re-industrialization, the US tax reform is intended to be the "carrot". The 2025 OBBBA includes numerous tax credits and incentives that provide **permanent change** to the US tax code, **100% upfront expensing** and numerous **acceleration incentives** to expedite construction timetables.

Provision	One, Big, Beautiful Bill
Bonus depreciation (short-term investments)	100% depreciation *(permanent change)*
Domestic R&D expensing	100% upfront expensing restored *(permanent change)*
International R&D expensing	15-year amortization *(unchanged)*
Manufacturing structures	100% expensing for qualifying structures *(in year of service, if built 2025 -28)*
Semiconductor manufacturing	35% tax credit *(effective Jan 2026)*
Business net interest expense deduction	Capped at 30% EBITDA *(permanent change)*

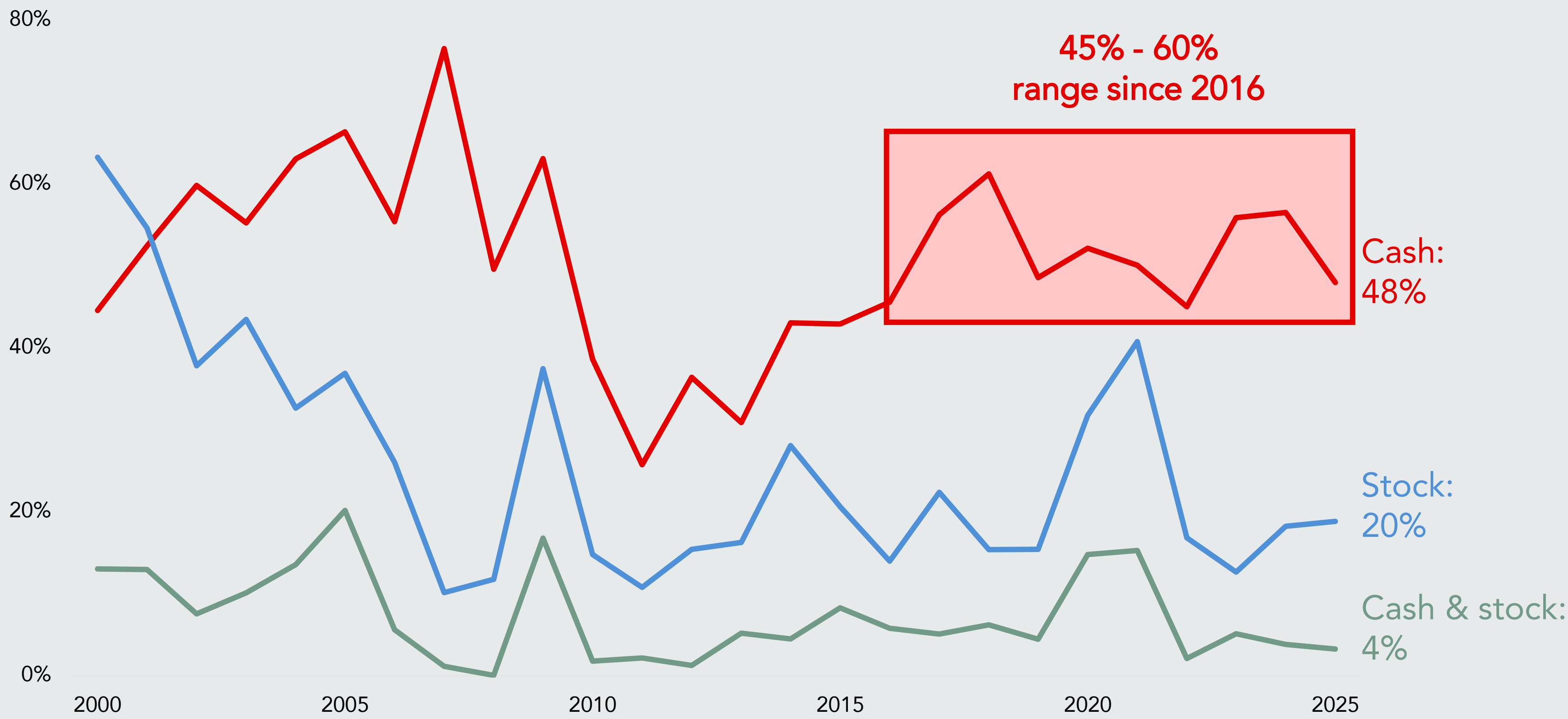
Source: (1) Bloomberg. EY. Senate Finance Committee. CBO.

5 Historic Strength of Acquisition Currencies

Abundant Cash as Critical Deal Currency

As companies fortified their balance sheets in recent years, and took advantage of attractive financing markets, cash has become a resilient source of “deal currency” for global M&A activity.

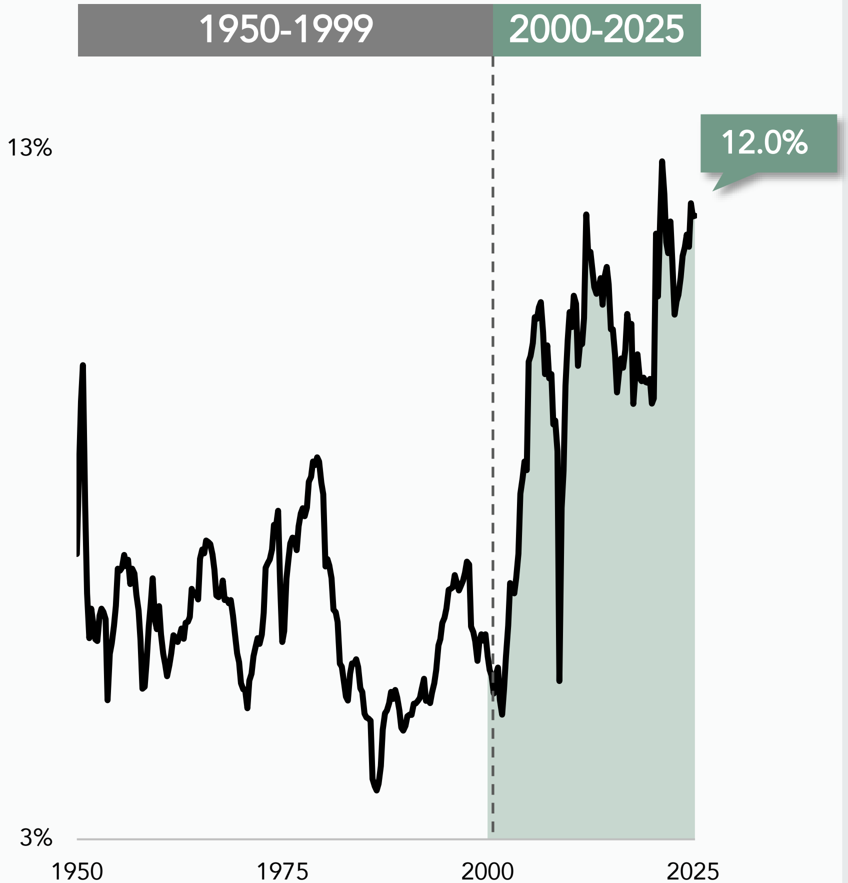
Global M&A form of consideration



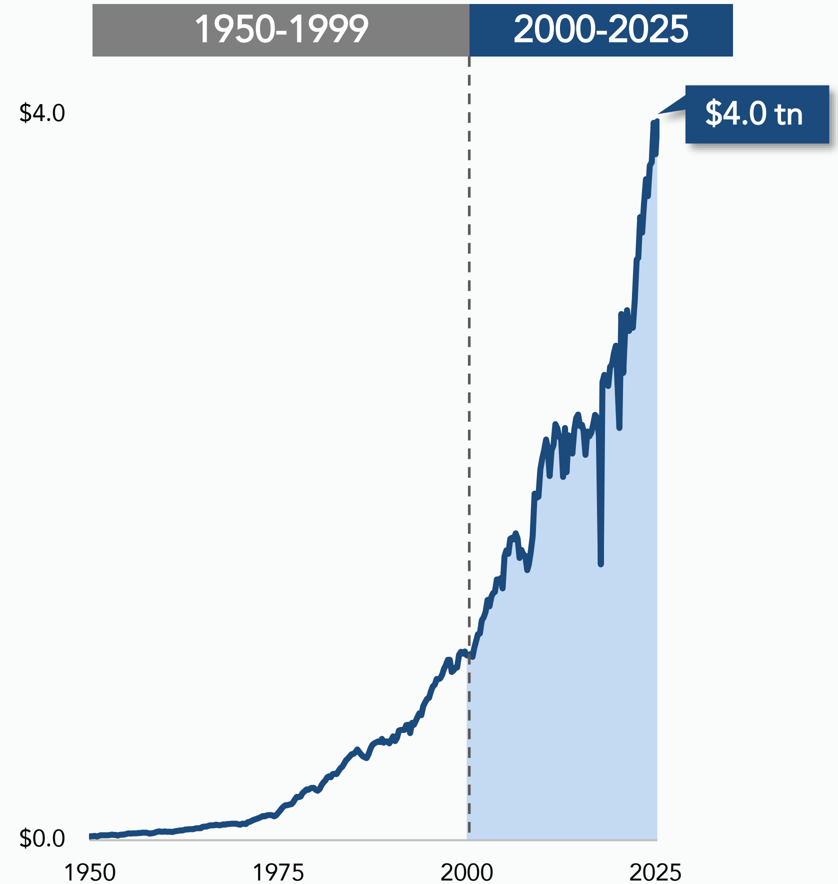
Source: (1) Cortex. Dealogic. 2025 YTD data is through September 30, 2025. Data as of October 9, 2025. Includes rank eligible, M&A deals. Cash includes cash and internal funds. Stock includes convertible preferred stock, preferred shares, shares and placing and open offer. Data excludes transactions where source of funds is unknown.

Cash Rich Balance Sheets Funding Deal Activity

Corporate profits, % of nominal GDP



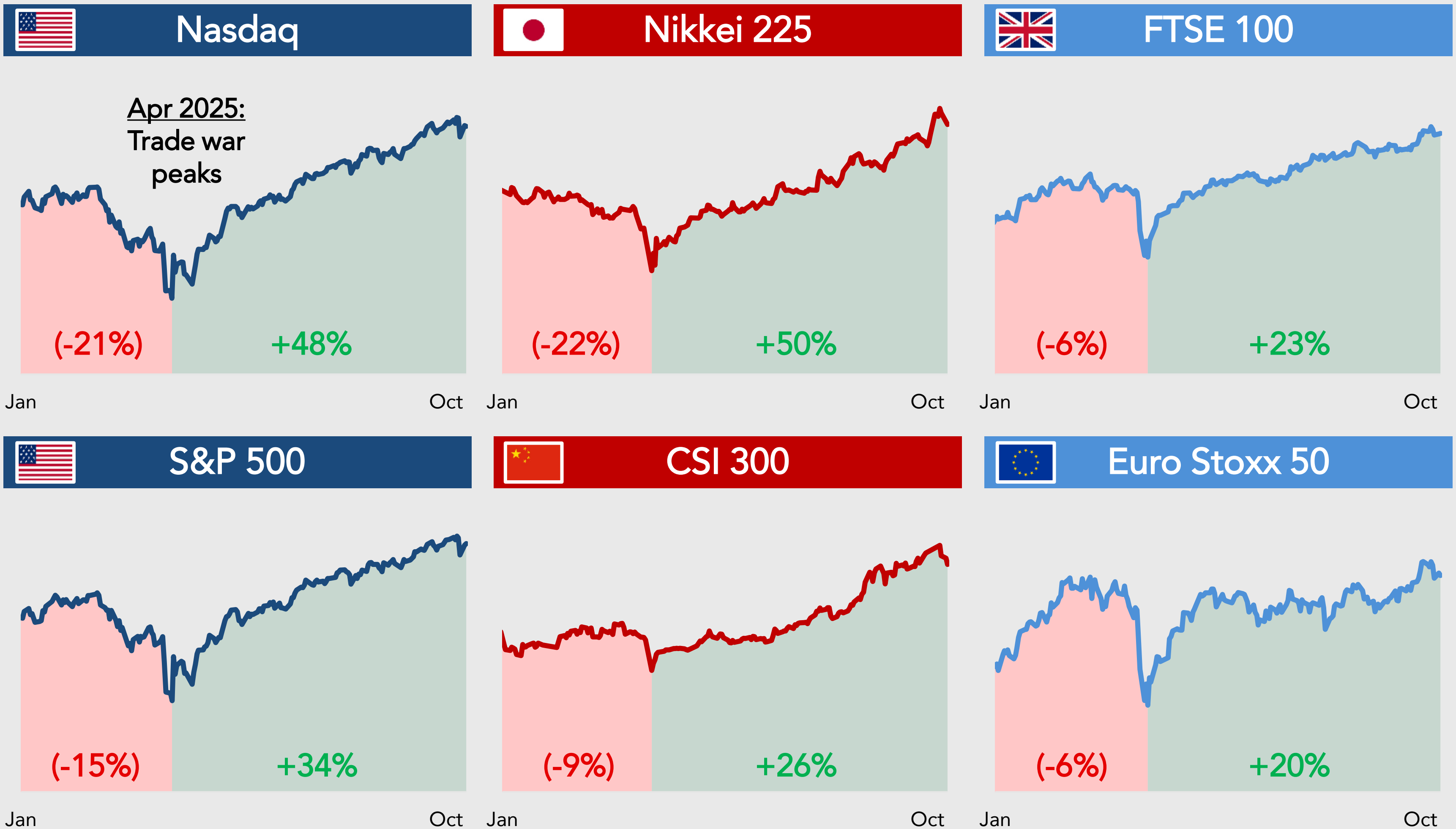
Corporate net cash flow, USD tn



Source: (1-2) Federal Reserve Economic Data (FRED). Data through Q2 2025.

Stock Rally Provides Formidable Acquisition Currency

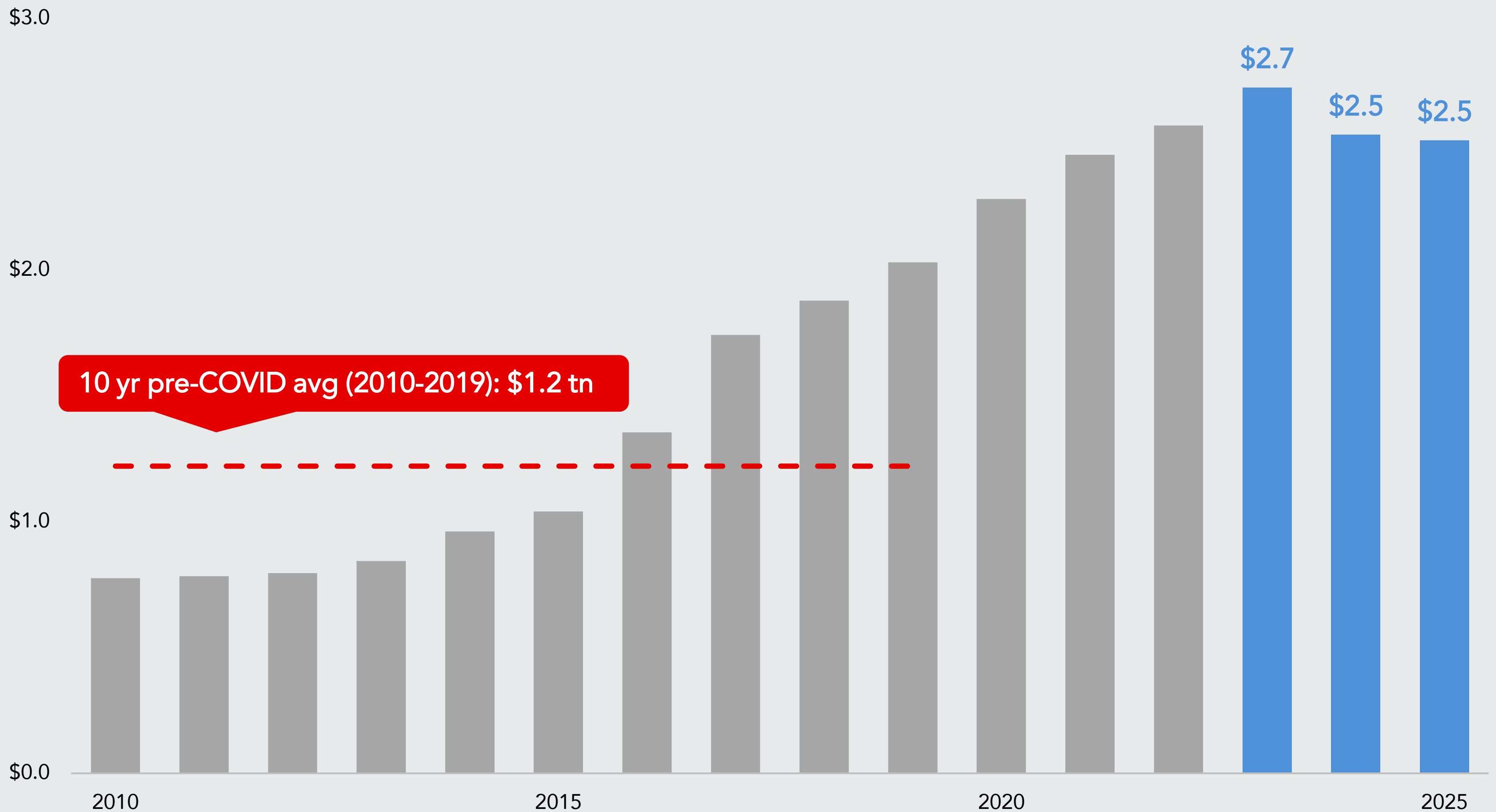
Equity market performance, 2025 YTD



Source: (1-6) Bloomberg. Data as of October 14, 2025.

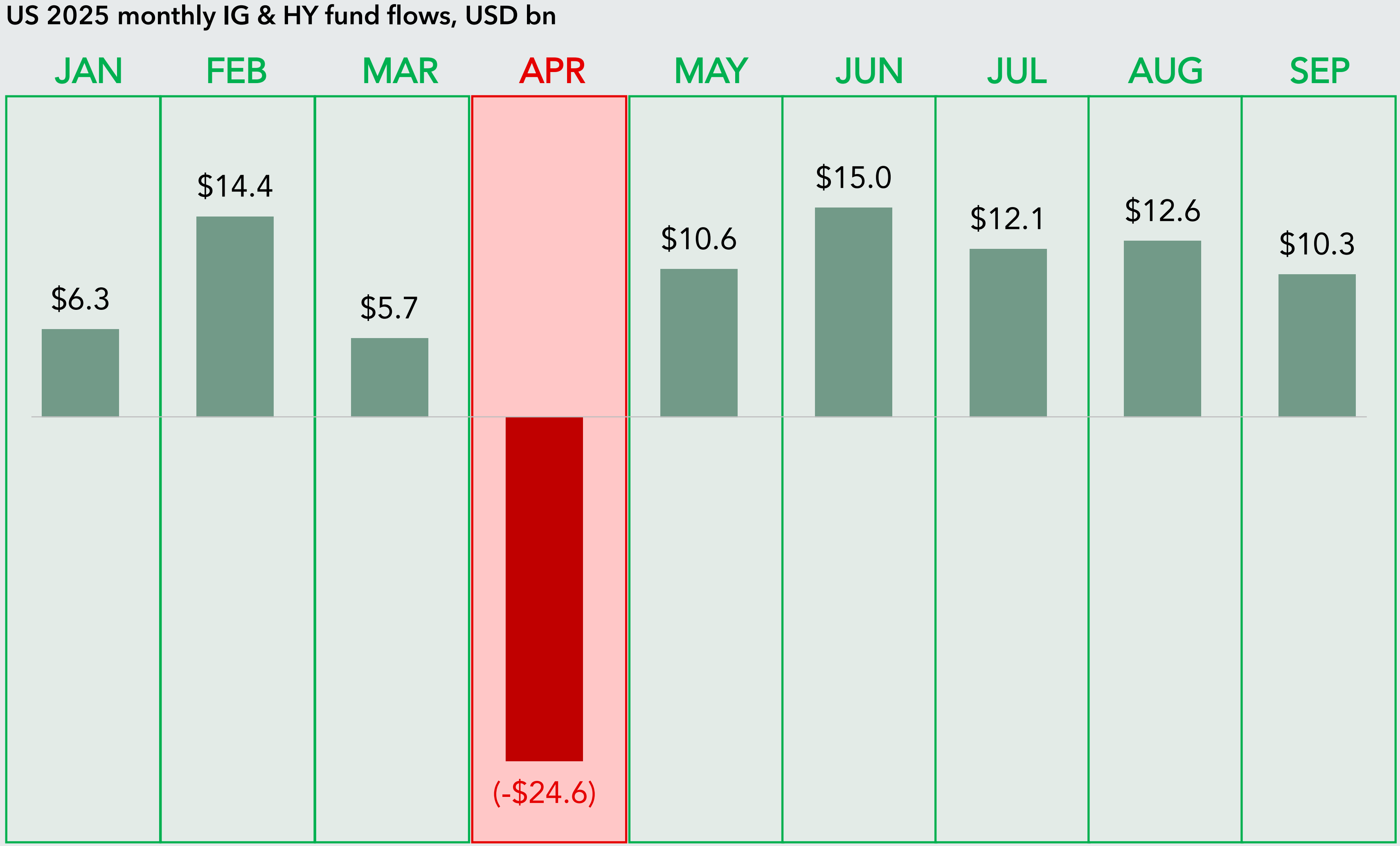
$2.5 Trillion of Private Equity Dry Powder

Global private equity dry powder, USD tn



Source: (1) S&P Global Market Intelligence. Data for 2025 is through June 2025.

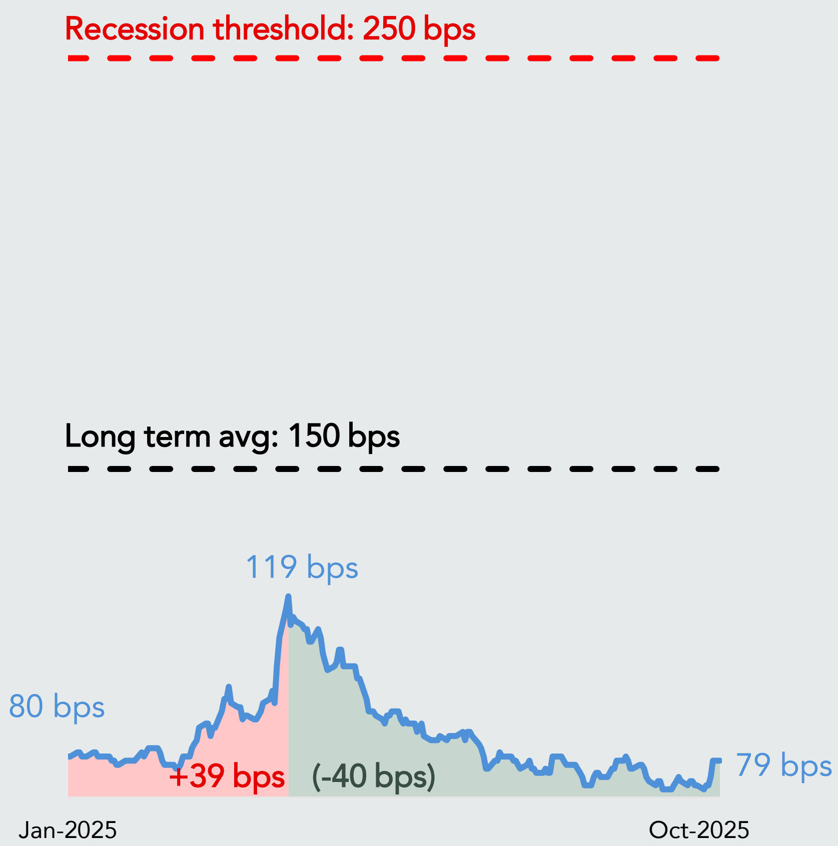
Resurgent USD Corporate Bond Flows



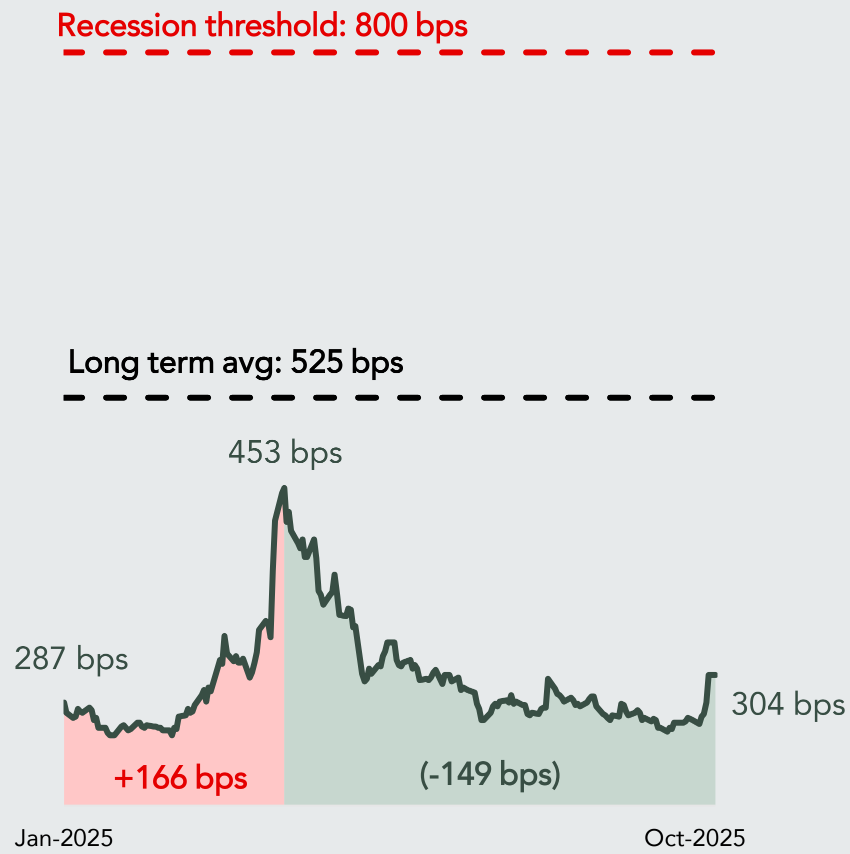
Source: (1) IFR. Data through the week ending September 24, 2025.

Spreads Below Historic & Recession Thresholds

USD investment grade
credit spreads 2025 YTD



USD high yield
credit spreads 2025 YTD

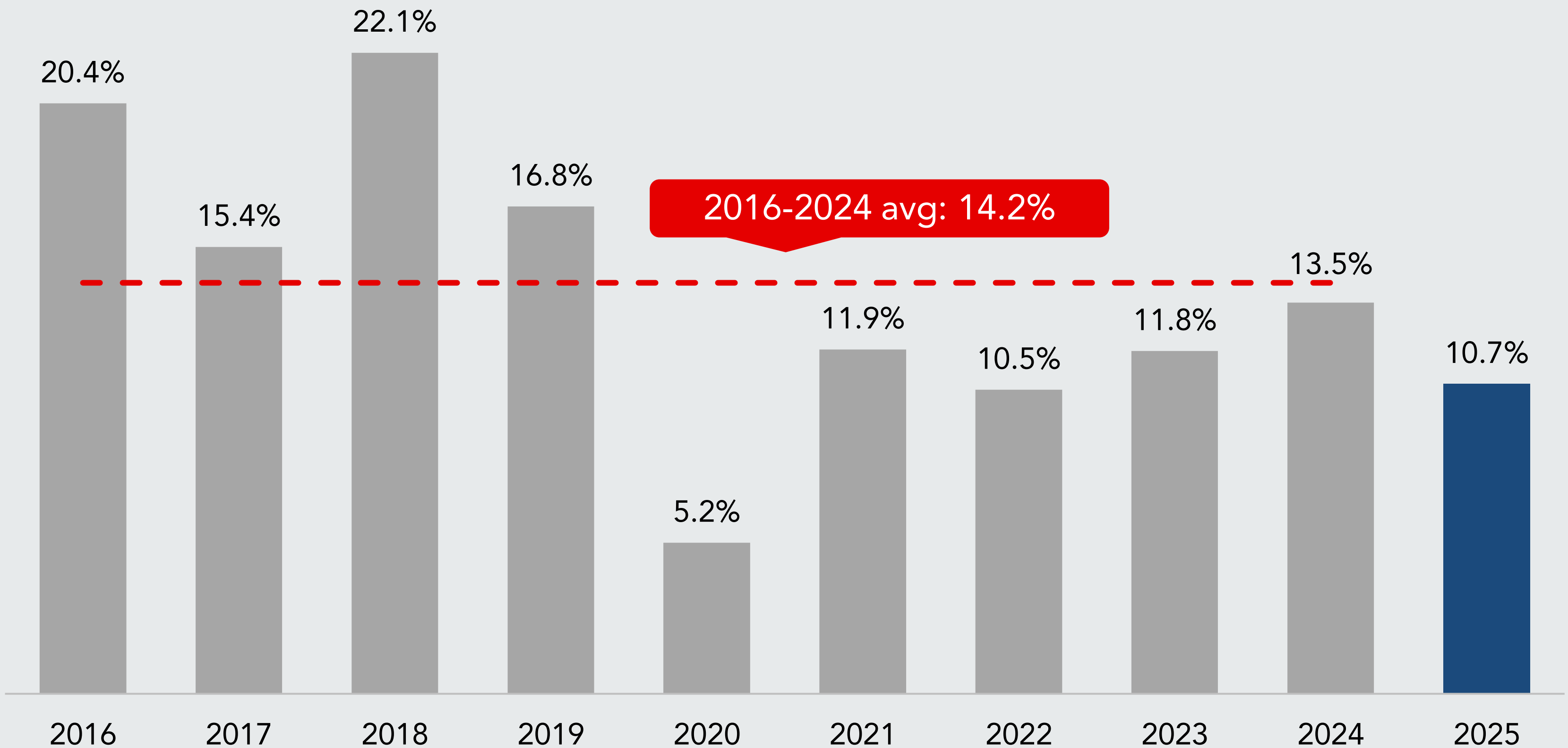


Source: (1-2) Bloomberg. Data as of October 14, 2025.

Refinancings Still Dominate IG Issuance Activity

While 2025 USD IG issuance is on track for a new record, only 11% of total supply has supported M&A this year. Refinancings are still dominating new issue activity as higher rates have continued to curtail new M&A deal origination.

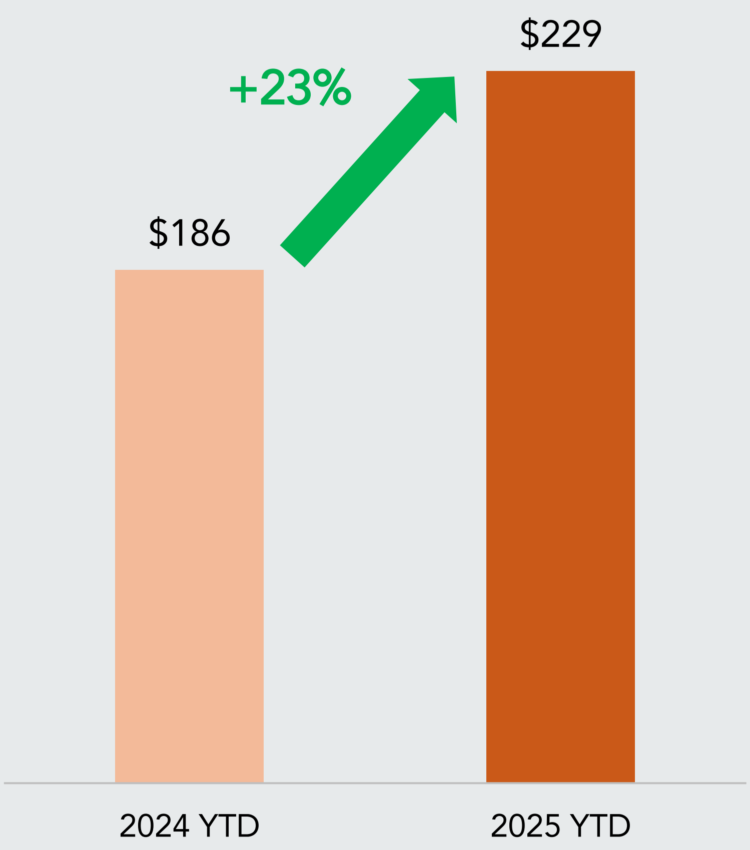
USD IG M&A issuance as a percent of total issuance



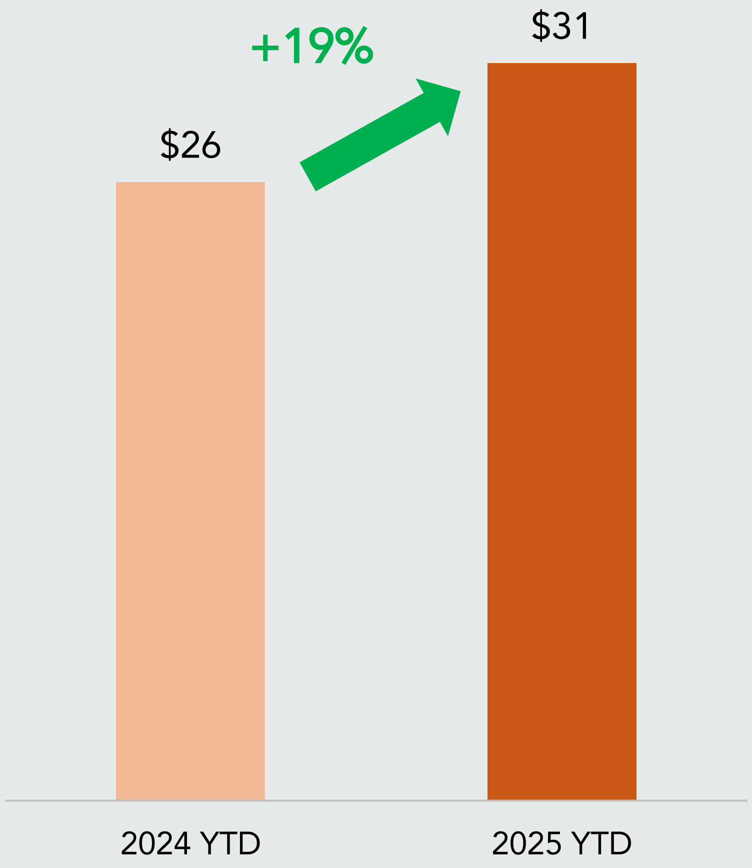
Source: (1) CFR. 2025 data through October 2, 2025.

Equity Issuance Often Correlates with M&A

USD ECM issuance, bn



USD IPO issuance, bn

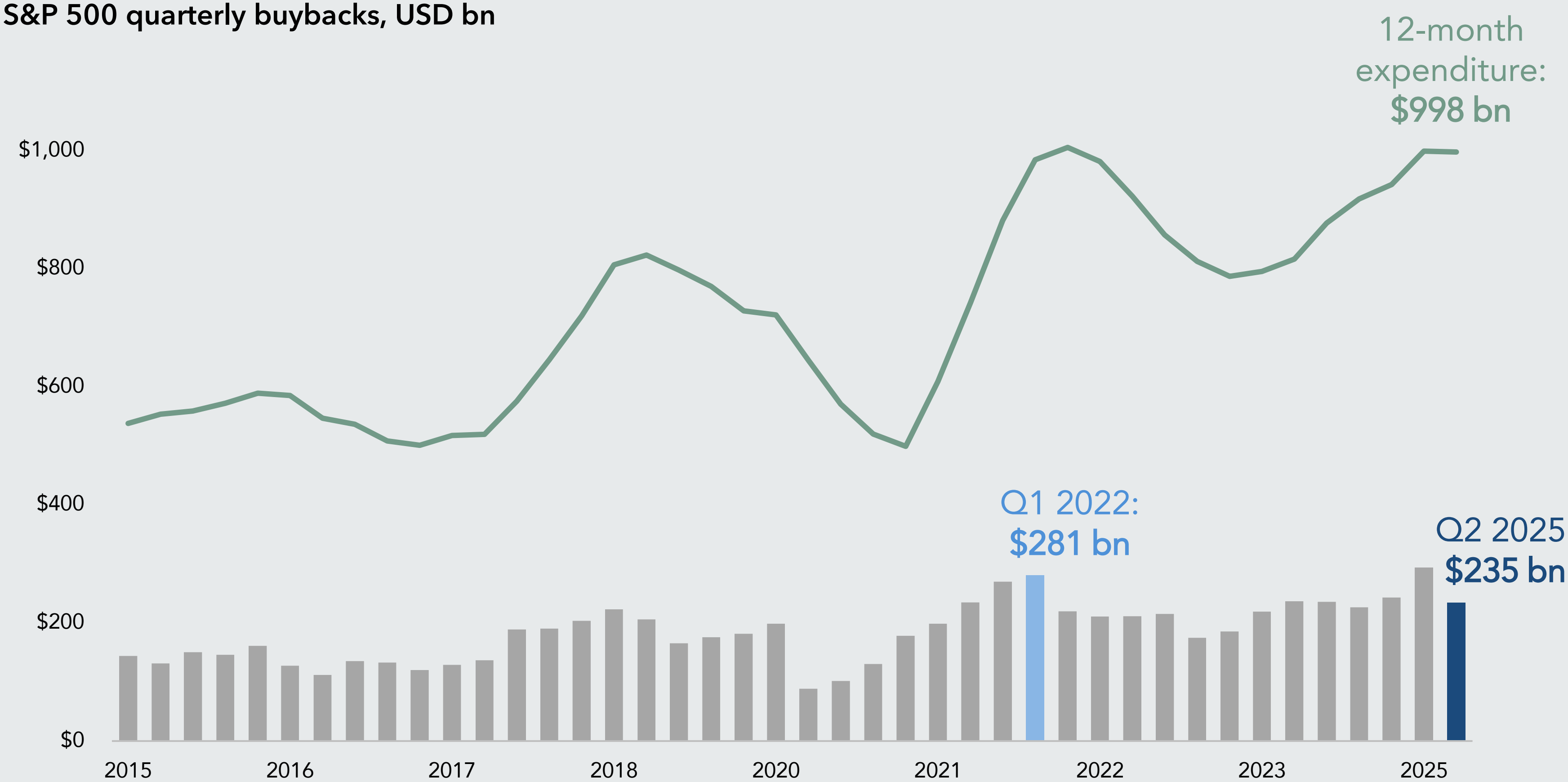


Source: (1-2) Dealogic. Excludes SPACs, close-end funds and deals less than $50mn. Data as of September 30, 2025.

Record Buyback Pace Close to $1 Trillion

Trade war and policy uncertainty dampened buyback volumes in Q2, down 20% from a record Q1. However, expect buybacks to return to closer to first quarter record levels in the 2H with full year 2025 expenditure expected to set a new record.

S&P 500 quarterly buybacks, USD bn



Source: (1) S&P Global. Data through Q2 2025. 12-month expenditure is rolling sum.

2025 Global Economic Forecasts

The global economy is expected to grow at about 2.8% in 2025, well below its long term 3.5% average

GDP growth forecasts, y/y

Region	2024	2025E	
North America			
US	2.8%	**2.1%**	↓
Canada	1.6%	**1.1%**	↓
Mexico	1.2%	**0.7%**	↓
Eurozone	0.8%	**1.3%**	
Ireland	2.6%	**11.4%**	↑
Spain	3.5%	**3.0%**	↓
Netherlands	1.1%	**1.4%**	↑
France	1.1%	**0.7%**	↓
Italy	0.5%	**0.6%**	↑
Finland	0.4%	**0.3%**	↓
Germany	(-0.5%)	**0.2%**	↑
Other Europe			
Türkiye	3.3%	**3.5%**	↑
Poland	2.9%	**3.4%**	↑
Czech Republic	1.1%	**2.2%**	↑
UK	1.1%	**1.5%**	↑
Denmark	3.5%	**1.2%**	↓
Sweden	0.8%	**1.2%**	↑
Switzerland	1.4%	**1.1%**	↓
Russia	4.3%	**0.9%**	↓
Norway	2.1%	**(-0.2%)**	↓

Region	2024	2025E	
APAC	4.1%	**4.1%**	
India	6.7%	**6.9%**	↑
Indonesia	5.0%	**5.0%**	↓
China	5.0%	**4.8%**	↓
Singapore	4.4%	**2.2%**	↓
Australia	1.0%	**1.7%**	↑
Japan	0.1%	**1.1%**	↑
South Korea	2.0%	**0.8%**	↓
New Zealand	(-0.4%)	**0.7%**	↑
LatAm	1.8%	**2.1%**	
Argentina	(-1.3%)	**4.3%**	↑
Colombia	1.6%	**2.5%**	↑
Chile	2.4%	**2.5%**	↑
Brazil	3.0%	**2.4%**	↓
MENA	2.0%	**3.3%**	
UAE	4.0%	**4.9%**	↑
Egypt	3.1%	**4.8%**	↑
Saudi Arabia	2.0%	**4.2%**	↑
Kuwait	(-2.6%)	**4.1%**	↑
Sub-Saharan Africa	3.8%	**3.8%**	↓
Qatar	2.6%	**2.6%**	↑
Oman	1.6%	**2.1%**	↑
South Africa	0.5%	**0.9%**	↑

Source: (1) Oxford Economics. Data as of October 14, 2025.

2025 Global Currency Forecasts

Currency pair	Spot (Oct 14)	Q4 2025	Q1 2026	Q2 2026	Q3 2026
EUR / USD	**1.16**	1.20	1.23	1.25	1.26
GBP / USD	**1.33**	1.36	1.38	1.39	1.40
USD / JPY	**152**	144	142	140	138
USD / CNY	**7.14**	7.10	7.05	7.00	6.95
AUD / USD	**0.65**	0.67	0.68	0.69	0.69
NZD / USD	**0.57**	0.59	0.60	0.62	0.62
USD / CAD	**1.40**	1.37	1.36	1.34	1.33
USD / NOK	**10.18**	9.75	9.51	9.28	9.13
USD / SEK	**9.55**	9.21	8.90	8.72	8.57
USD / CHF	**0.80**	0.78	0.77	0.77	0.76
USD / MXN	**18.52**	18.50	18.25	18.00	18.00
USD / BRL	**5.50**	5.35	5.30	5.25	5.20
USD / CLP	**964**	945	935	935	935

Source: (1) MUFG Annual Foreign Exchange Outlook – October 2025. (Derek Halpenny). Bloomberg.

2025 MUFG Global Rates Forecasts

	Spot (Oct 14)	Q4 2025		Q1 2026		Q2 2026		Q3 2026	
		MUFG	Consensus	MUFG	Consensus	MUFG	Consensus	MUFG	Consensus
Fed Funds	4.25%	3.75%	3.85%	3.50%	3.64%	3.25%	3.44%	3.00%	3.34%
2 yr UST	3.48%	3.38%	3.51%	3.25%	3.41%	3.13%	3.36%	3.00%	3.36%
5 yr UST	3.61%	3.50%	3.66%	3.38%	3.63%	3.25%	3.61%	3.13%	3.64%
10 yr UST	4.03%	**4.00%**	**4.15%**	**3.88%**	**4.10%**	**3.75%**	**4.09%**	**3.63%**	**4.08%**
30 yr UST	4.63%	4.63%	4.72%	4.50%	4.68%	4.38%	4.65%	4.25%	4.63%

Source: (1) MUFG Global Macro Research (George Goncalves). Bloomberg. Data as of October 14, 2025. Fed funds is upper bound.

2025 Commodities Forecasts

	Spot (Oct 14)	Q4 2025	Q1 2026	Q2 2026	Q3 2026
WTI	**$59**	$60	$58	$58	$59
Brent	**$62**	$63	$61	$62	$63
US Nat Gas	**$3.03**	$3.80	$4.15	$3.70	$3.85
Euro Nat Gas	**€32**	€36	€35	€29	€29

Source: (1) Bloomberg. Data as of October 14, 2025. Forecasts are Bloomberg Consensus.

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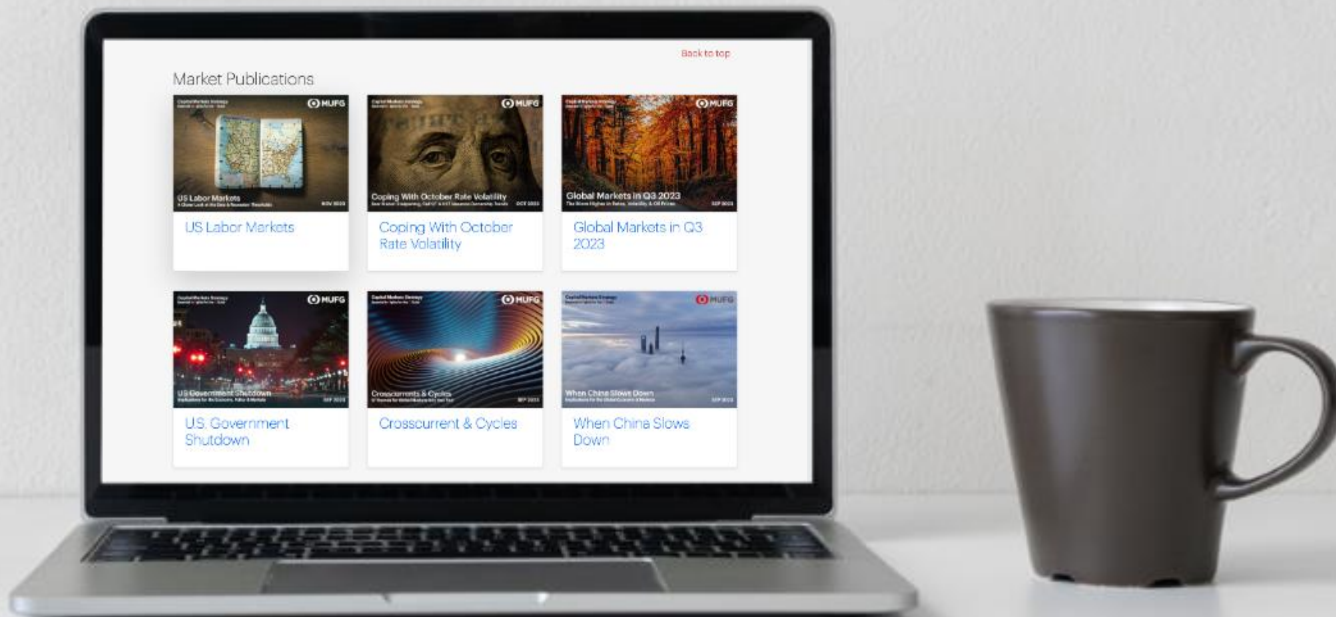

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Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

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Experience

Stephanie has spent nearly eight years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.

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Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.

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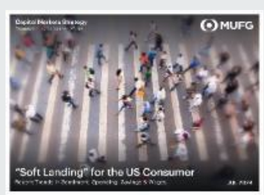

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