J.P.Morgan

2025 M&A Outlook

Opportunities are on the horizon

INTRODUCTION

Driving M&A growth in a dynamic landscape

Poised for opportunities, the M&A market is set to thrive on innovation and global opportunities

As we start 2025, the M&A landscape is set to build on the momentum experienced in 2024. Last year saw an increase in M&A volume and deal sizes across all regions, creating a strong foundation for further expansion. The outlook for 2025 remains positive, driven by several key factors, including de-globalization, de-dollarization, de-regulation, decoupling, and de-population.

A potentially more favorable U.S. regulatory environment is expected to encourage M&A activity, while sector-specific growth in technology, healthcare, and diversified industries should be fueled by ongoing innovation and strategic realignments. Private equity firms are expected to increase activity, through monetizations and deployment of capital. Additionally, infrastructure and impact investments continue to attract interest, particularly from private equity and infrastructure funds.

Cross-border M&A is expected to be fueled by meaningful valuation differentials across the globe, a positive U.S. growth outlook relative to Europe, and U.S. exceptionalism. However, geopolitical risk, inflationary economic policy, the potential for "higher for longer" interest rates, concerns about the U.S. deficit, and China's economic influence may present challenges to sustained growth.

As we navigate these dynamics, the emphasis on agility, proactivity, and creativity will be crucial. Overall, 2025 offers significant opportunities for growth and value enhancements through innovative M&A.

> “**Animal spirits** are back, with high optimism in the business community. The 2025 **outlook** for debt, equity, and M&A markets is **positive**, driven by expected declining interest rates, a more favorable IPO market, and a potentially easier to navigate regulatory framework. However, businesses must remain cognizant of geopolitical risks, inflationary pressures, and economic policy that could impact the markets."

Anu Aiyengar
Global Head of Advisory and Mergers & Acquisitions
J.P. Morgan

REFLECTING ON 2024

M&A volumes increased year-over-year, yet lag historical averages

In 2024, global M&A volumes reached $3.5 trillion, marking a 12% year-over-year increase, with strategic deals comprising 71% of the total. Despite this growth, volumes remain below historical averages, indicating room for further growth.

The second half of 2024 saw a 12% increase over the first half, with a 24% YoY rise in $2-10 billion deals, reflecting strong mid-market activity. North America was the largest contributor with a 25% increase in cross-border volumes, underscoring its strategic importance.

Strategic and sponsor mix has returned to historical levels, as shown in the global M&A volume by deal type, with market conditions setting the stage for further sponsor activity.

FY2024 GLOBAL HIGHLIGHTS & KEY STATS[1]

$3.5T Total volume (up 12% YoY)

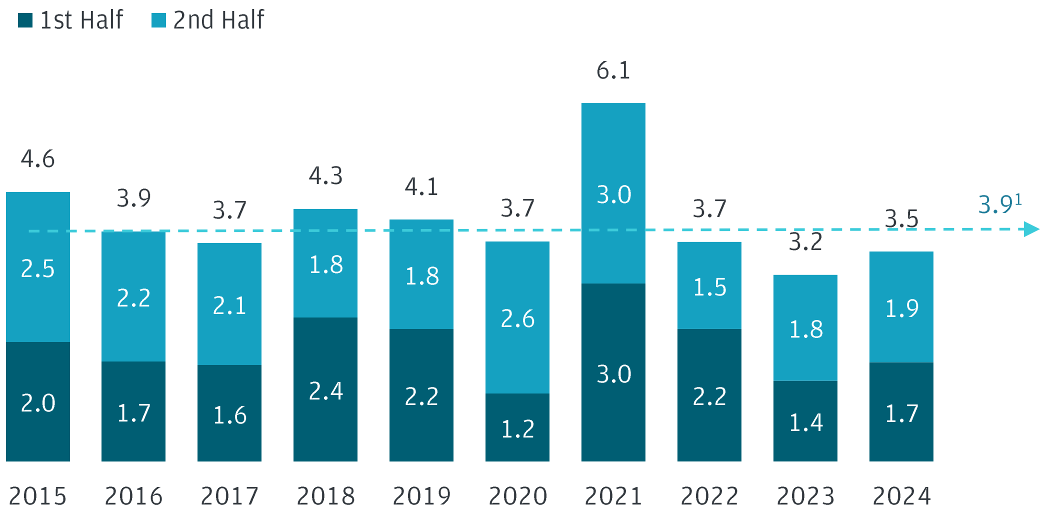
71% of volume saw Strategic involvement

~12% Increase in H2 volume over H1

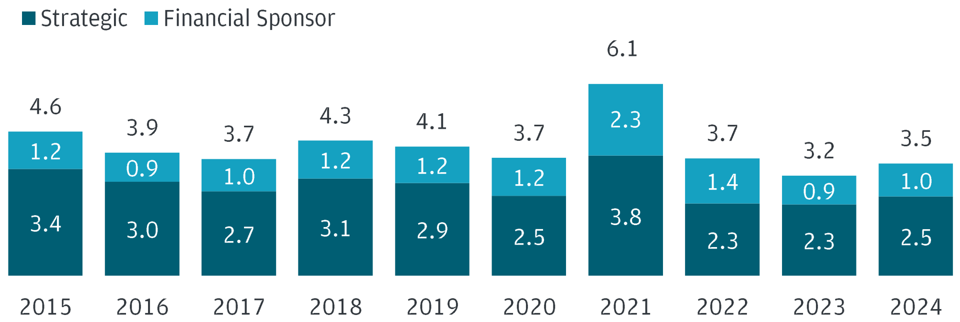
24% YoY increase in $2-10bn deals

25% Increase in North America cross-border volume

GLOBAL M&A VOLUME ($T)[1]



GLOBAL M&A VOLUME BY DEAL TYPE, 2015-2024 ($T)[1]



% of Global Volume	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Strategic	74%	76%	72%	72%	72%	68%	63%	62%	72%	71%
Sponsor	26%	24%	28%	28%	28%	32%	37%	38%	28%	29%

REFLECTING ON 2024

United States, United Kingdom, and Japan drove activity in their respective regions

United States

The U.S. M&A market rebounded modestly from 2023 lows, with an increase in volume of 6% YoY driven by a mix of Sponsor (up 10%) and Strategic (up 4%) activity. The 2nd half of 2024 saw a slow down in M&A volumes, down 13% from the first half, primarily driven by election uncertainty in Q3 and into Q4. With the presidential election behind us, we have seen an uptick in activity that, we believe, will continue into 2025.

Overall, Strategic and Sponsor mix remained relatively static YoY comprising of 68% and 32% of market volumes, respectively. Technology was the largest contributor to volumes with 24% of total market. Corporate clarity continues to be front of mind for companies in diversified industries, while a focus on US listing and domicile rose in importance. Sponsor M&A lagged versus prior years, leaving room for growth in 2025.

United Kingdom

In 2024, M&A volumes and deal sizes saw significant growth. UK M&A volumes increased by 47% from 2023, with the number of deals above $1bn increasing by 73%, to 52. Sponsor activity grew due to available debt and equity funding, with a 70% year-over-year increase in volumes, 32% of which involved non-UK acquirers. Foreign acquirers leveraged discounts in UK public valuations, boosting foreign inbound activity by ~1.7x, especially in public deals. The strong USD also drove $46 billion in North American acquirer activity.[3]

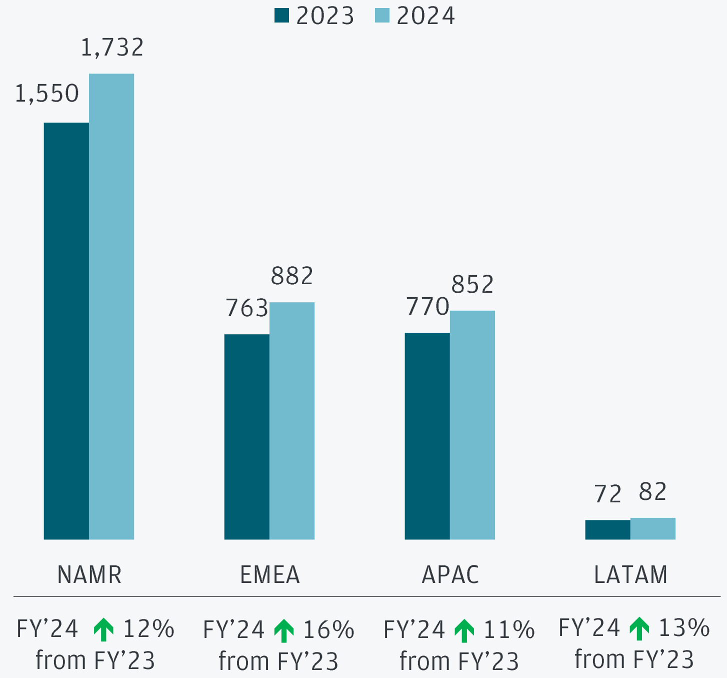
Japan

Japan's outbound M&A strategy has historically been driven by challenging domestic demographics, prompting companies in financial services, healthcare, and consumer sectors to seek growth through overseas acquisitions. Recently, however, domestic M&A activity has surged. Activists have established influential positions in several companies, seeking to unlock value through carve-outs or complete sales. Regulatory guidelines now require Boards to give due consideration to "bona fide" offers, spurring takeover interest in a market where over 40% of TSE Prime companies still trade below book value. On the buy-side, financial sponsors have been active participants, focusing on businesses with scale, technology, and opportunities for capital or operational efficiencies. Additionally, corporate Japan is experiencing a shift in mindset with Boards and management more open to domestic combinations, go-privates, and evaluating options for non-core holdings. These trends are expected to accelerate in 2025.[4]

> "The confidence and risk appetite is increasing in European boardrooms, resulting in larger strategic transactions YoY. Sponsor dynamics with pressure to deliver DPI, massive dry powder, reduced rates, and historic low monetization should make for a buoyant sponsor M&A market."

Cassander Verwey
Co-Head of EMEA M&A

M&A VOLUME BY TARGETED REGION ($BN)[2]
With all regions seeing double digit growth

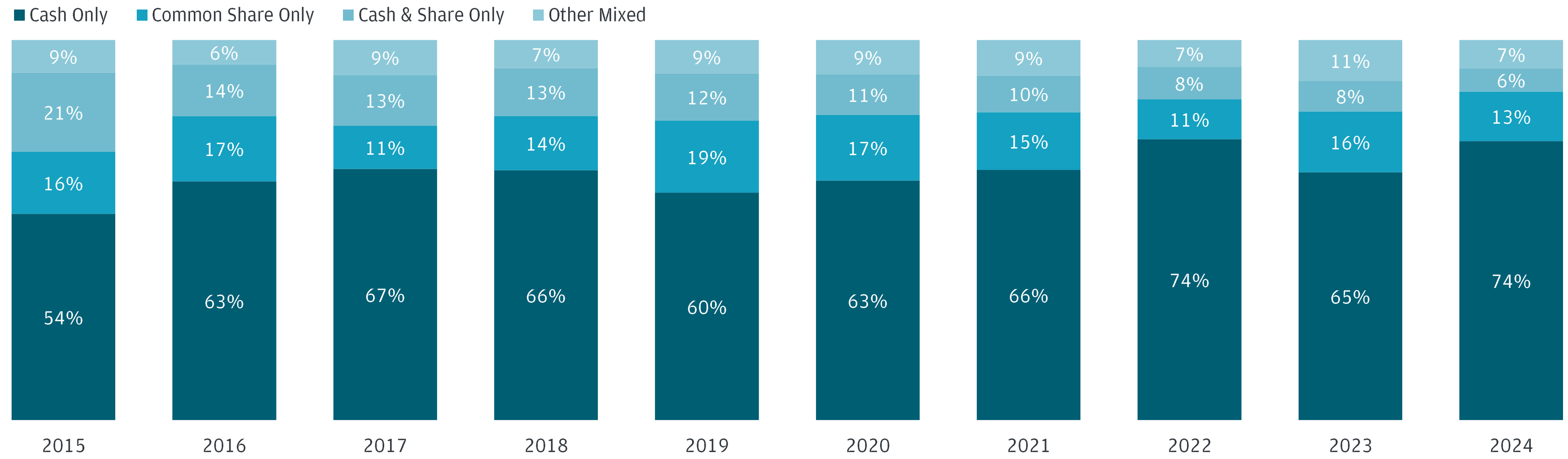


- US: Accounts for 89% of NA volume
- UK: Contributed 30% of total EMEA volume
- Japan: Contributed 24% of total APAC volume
- Brazil: Contributed 60% of total LATAM volume

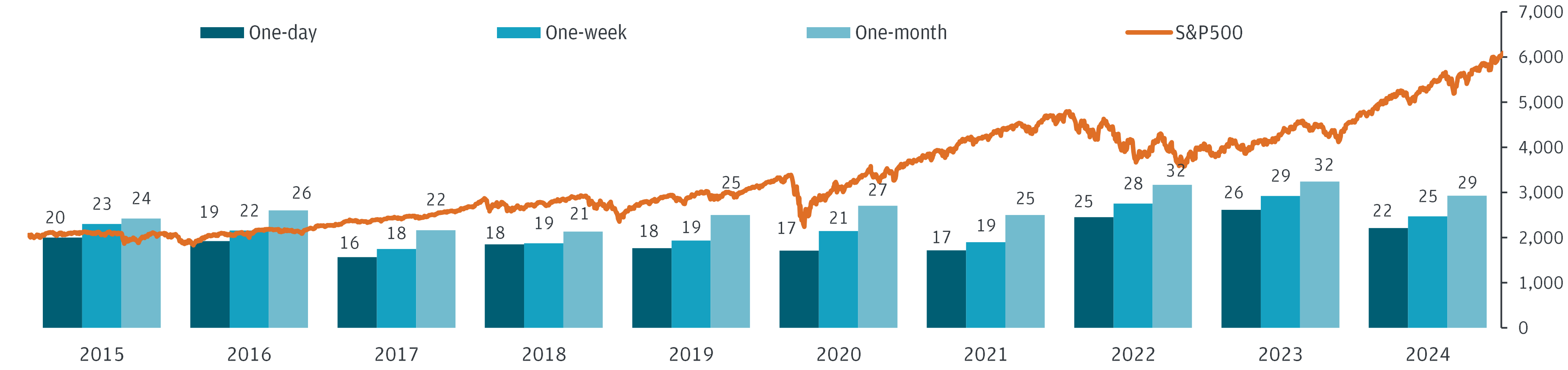
REFLECTING ON 2024

2024 consideration mix saw all cash transactions reach 10-year highs as rising equity markets caused premiums to compress

CONSIDERATION MIX: COMMON SHARE TRANSACTIONS DECREASED, CASH ONLY TRANSACTIONS INCREASED[5]



GLOBAL CONTROL PREMIUM

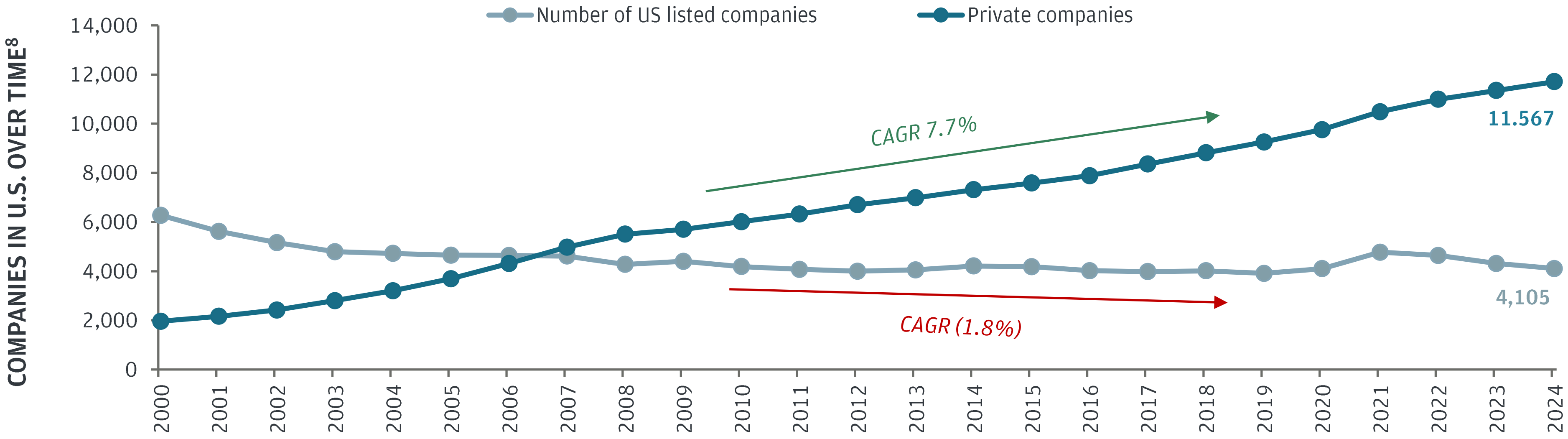


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
All Cash[6]	22%	22%	17%	20%	21%	24%	20%	30%	32%	26%
All Stock[6]	23%	14%	19%	17%	16%	13%	15%	20%	17%	17%

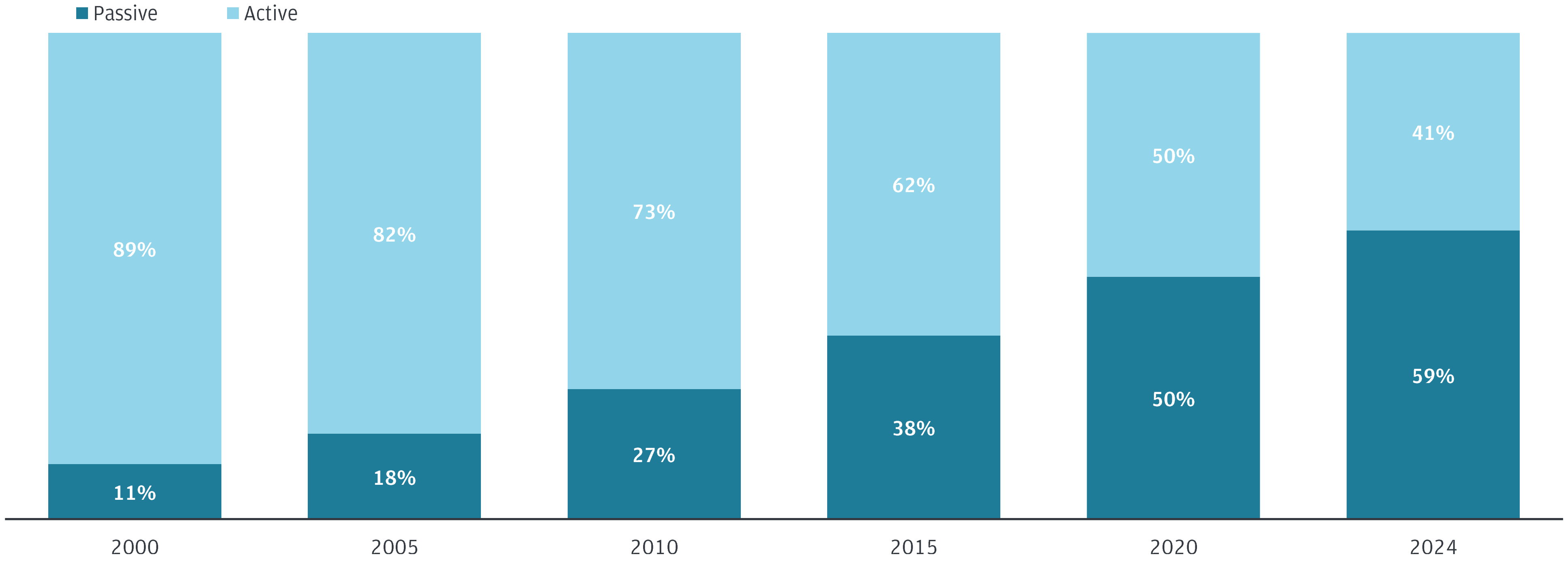
REFLECTING ON 2024

Shifting public-private mix shaped by slow IPO markets, increased regulations, passive asset management, and prolonged private equity holdings

NUMBER OF U.S. LISTED COMPANIES VS. PRIVATE COMPANIES FROM 2000-2024[7]



U.S. ACTIVE VS. PASSIVE REPORTED AUM[9]



Double-digit year-over-year growth in volume seen across majority of sectors

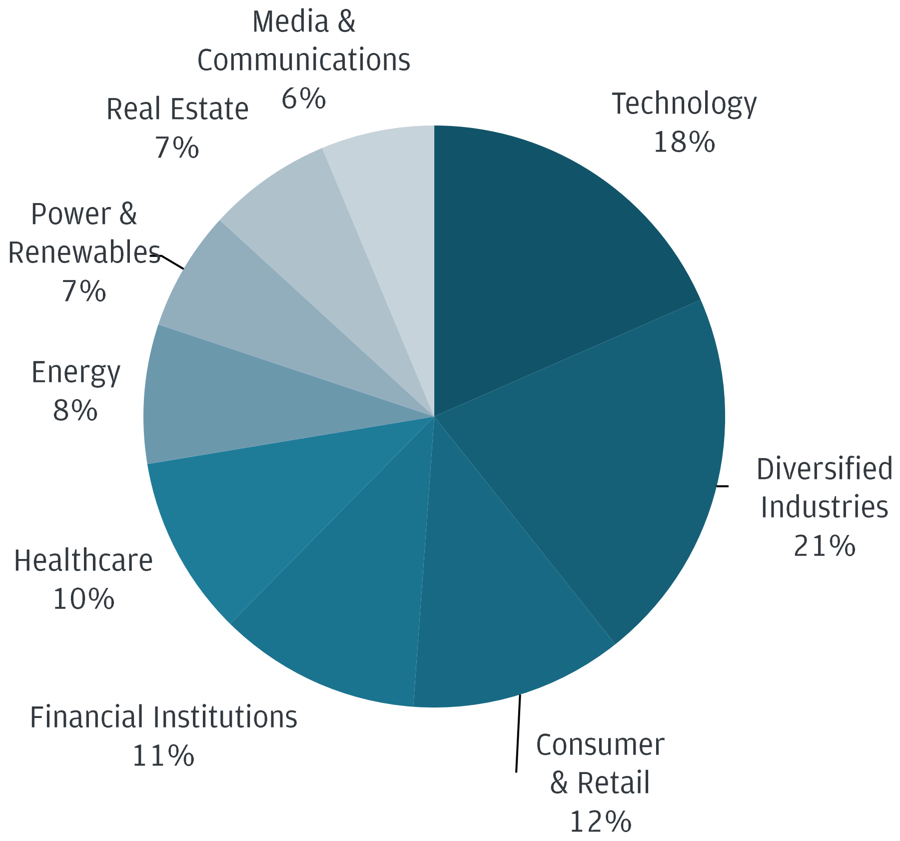
> "The stars have aligned for what should be a banner year of deal-making in North America in 2025. Strategics and financial sponsors are energized to deploy capital across sectors."

Jay Hofmann
Head of NAMR M&A

7 OF 9 SECTORS SAW GROWTH YEAR-OVER-YEAR

↑ 10%	Diversified Industries
↑ 25%	Technology
↑ 8%	Consumer & Retail
↑ 54%	Financial Institutions
↓ 25%	Healthcare
↓ 18%	Energy
↑ 41%	Power & Renewables
↑ 35%	Real Estate
↑ 44%	Media & Communications

M&A VOLUME BY TARGETED SECTOR[10]



GROWTH IN 2025

Expectations for 2025 in M&A

The 2025 M&A landscape is poised for growth, driven by increased cross-border activity and strong sponsor engagement due to a robust U.S. economy.

The stabilization of the interest rate environment is expected to enhance investor confidence, while global activists should refine strategies with a focus on capital allocation and governance. An easier-to-navigate regulatory environment should provide clarity around approvals, and the acquisition of AI startups will boost technological competitiveness.

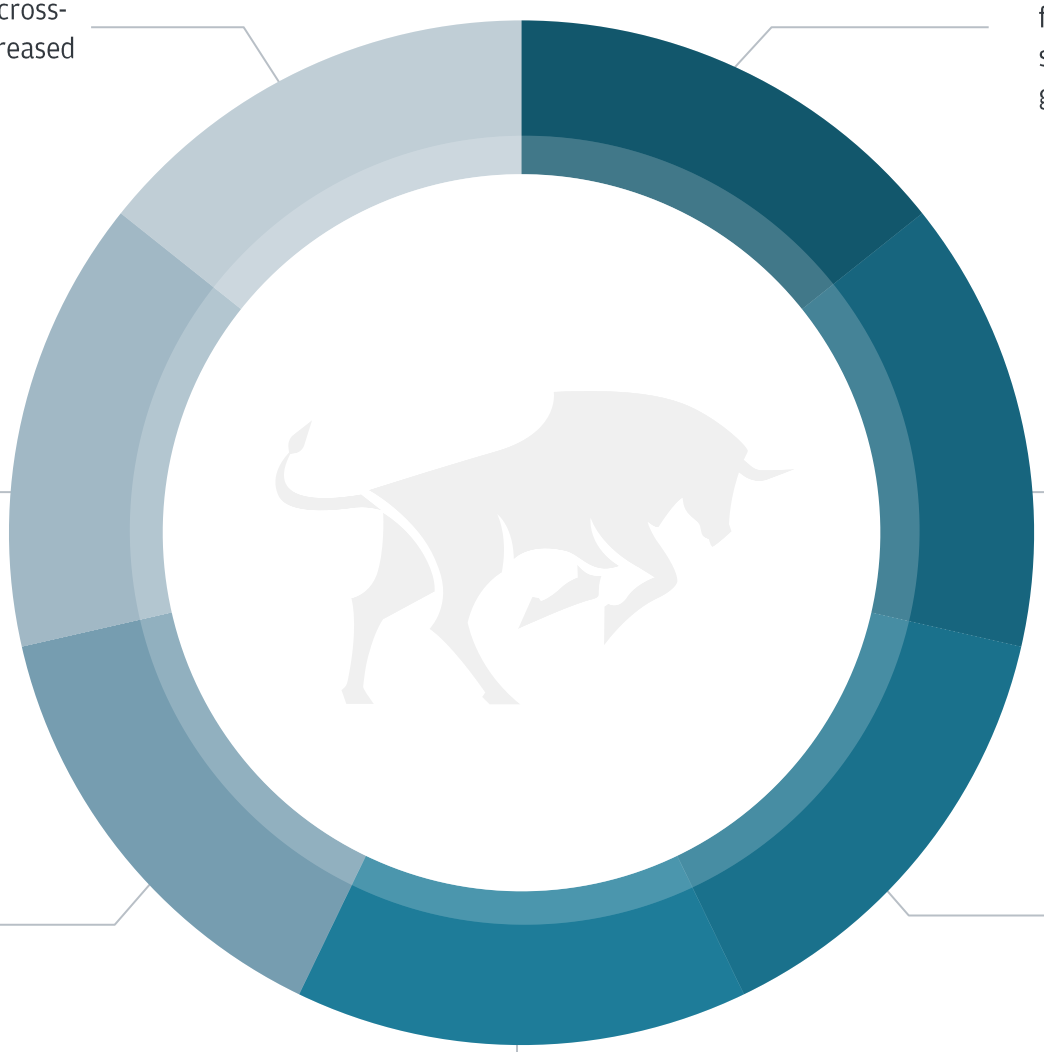
Additionally, clearer economic policies from global elections should provide a stable macroeconomic foundation, supporting sustained M&A activity.

Cross-Border

U.S. cross-border activity and growth in historically lower cross-border countries driving increased activity

Activism

Globalization of activists with a focus on valuation, corporate structure, capital allocation and governance



Sponsors

Capital recycling, strength in the U.S. economy, and certainty around financing markets set stage for increase in sponsor M&A volumes

Regulatory Environment

Expectation of a more streamlined regulatory framework leading to a more predictable, truncated, approval process

Rates

Certainty of rates impact on valuations, financing markets, LBOs, and investor sentiment

AI & Technology

Established companies seek to acquire AI startups to enhance their technological capabilities and remain competitive

Macroeconomic Outlook

50% of the global population held major elections with results providing clarity on economic policy

Optimism persists while headwinds linger

The global economic landscape is being shaped by several key factors, including expected U.S. tax cuts, tariffs, and deregulatory policies, which impact international corporations by altering investment dynamics. An unexpected U.S. Jobs Report has raised inflation concerns, potentially leading to higher interest rates, increased borrowing costs, and a stronger U.S. dollar. While this may reduce U.S. import costs, it could also dampen multinational companies' export demand and affect global valuations.

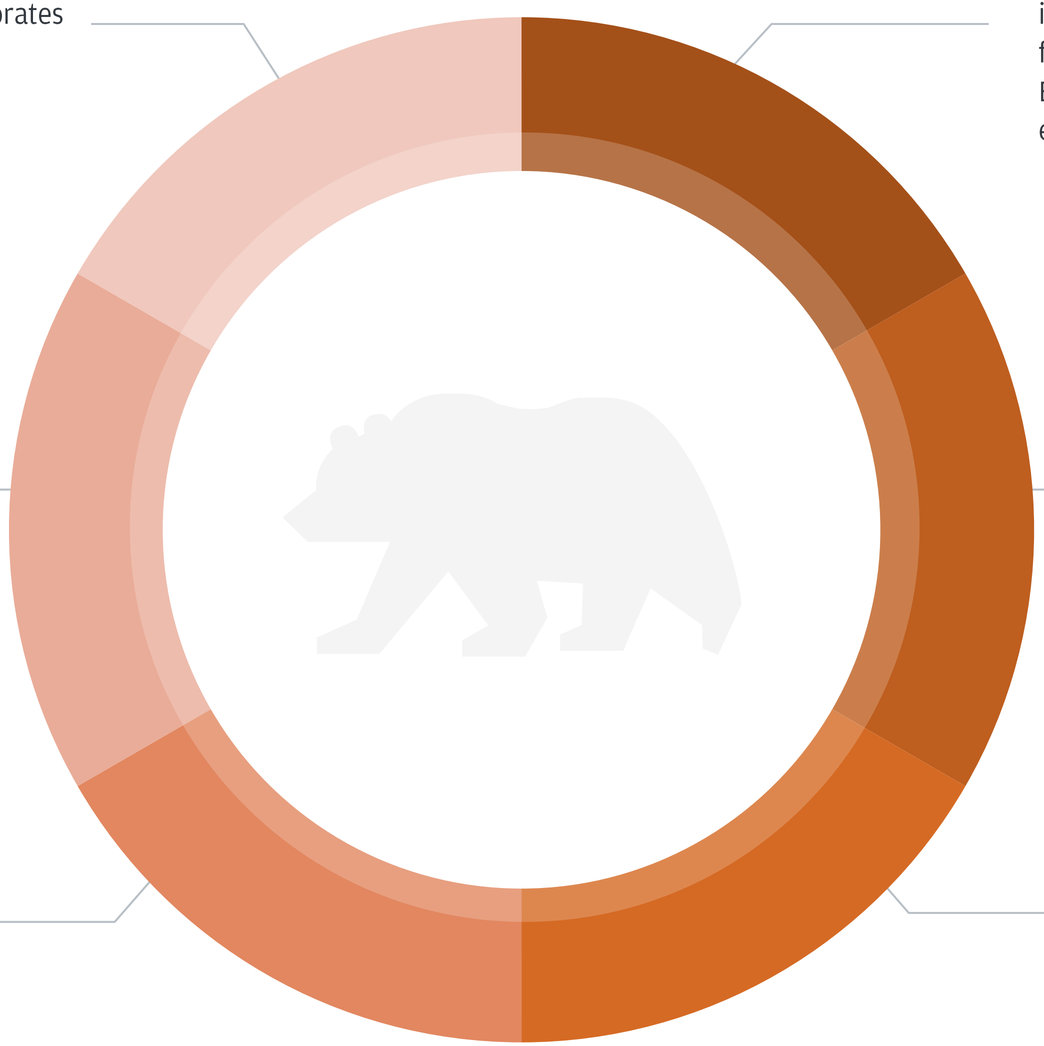
Geopolitical events threaten market stability and investor confidence, while uncertainty about growth outside major tech companies adds to market volatility. The growing U.S. deficit raises concerns about fiscal sustainability, and changes in China's consumer behavior have significant implications for global business, particularly in EMEA. These interconnected factors highlight the complexity of navigating the current global economic environment.

Trade, Tariffs & Taxes

Impact of U.S. tax, tariff, and deregulatory policies on corporates across the globe

Strengthening USD

Though strengthening USD lowers U.S. import costs, it may dampen outlook for multinational companies impacting EMEA, APAC, and LATAM by reducing export demand and valuations



Broadening Growth

Geopolitical events threaten market stability and investor confidence, while uncertainty of growth outside of "Magnificent 7" companies remains

Fiscal Concerns

U.S. deficit raises concerns about fiscal sustainability and economic health

Rates & Inflation

Impacted by the recent U.S. Jobs Report, potential for rates to be "higher for longer"

Global Changes

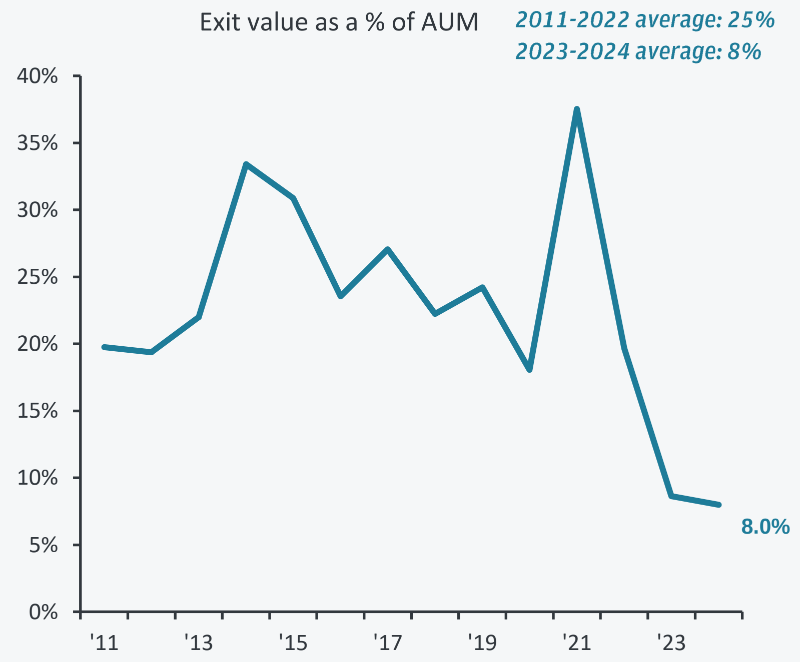
China's consumer behavior and policy changes have implications for global business and the economy, specifically in EMEA

Sponsor monetizations are due as they accumulate substantial capital and pressure to return DPI mounts

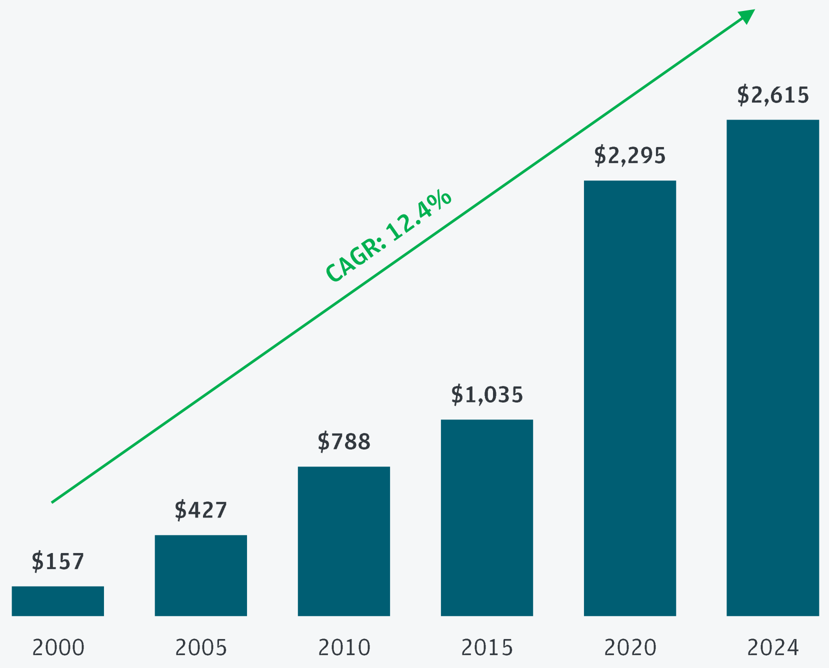
The pipeline for sponsor monetizations is at the highest level in 10+ years

From mid-2020 to 2022, a significant amount of portfolios were monetized, yet there has been a shortage of monetization since. A long pipeline of portfolio companies is seeking monetization as the pressure to return Distributions to Paid-In Capital (DPI) mounts, while sponsors continue to accumulate capital. The strong macroeconomic and financing environment is expected to fuel the monetization of existing portfolio companies and deployment of new capital.

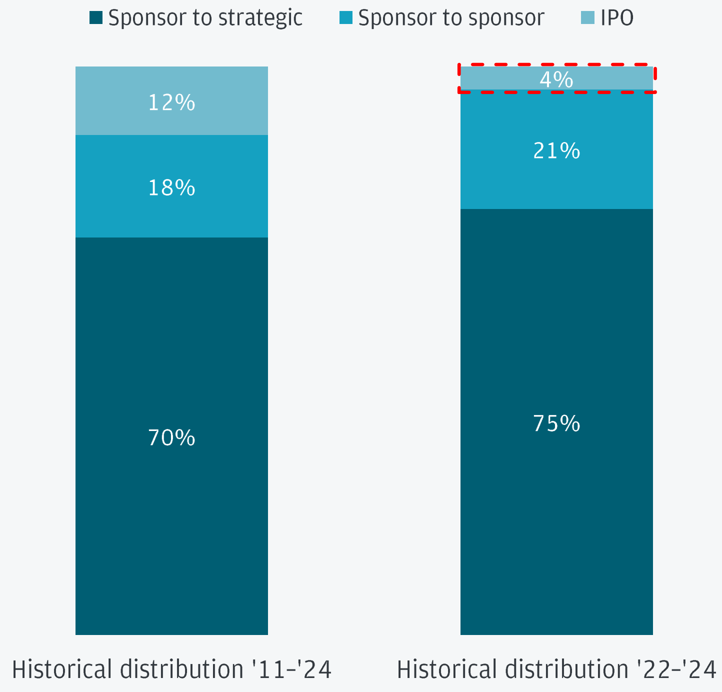
ANNUAL PRIVATE EQUITY EXIT VALUE AS A % OF AUM[11,12]



GLOBAL PRIVATE EQUITY DRY POWDER ($BN)[13]



PRIVATE EQUITY EXITS BY DEAL VALUE OVER TIME ($BN)[14]



As sponsor activity continues to build momentum, expectations for 2025 rise

Trophy assets and mid-cap at the center of sponsor exit activity

01

- Well-run businesses with strong fundamentals across the size spectrum are likely to be the focus of sponsor exits
- Large cap sponsors are expected to be willing to look at smaller assets and pursue a buy-and-build strategy
- Sponsors are expected to continue prioritizing trophy assets for exits, with focus on GPs that are still in fundraising or actively looking to raise a fund in 2025

Dual track processes should be a credible threat to drive process discipline

02

- Given improvement in public markets, dual track is likely once again a viable option for assets of scale
- IPO alternatives should drive competitive tension, even with fewer buyers in the sale process
- More upfront preparation will be critical

Strategic exits should continue to be the highest priority for sponsors

03

- Greater strategic involvement in processes, with ability to move quickly towards the back end
- Strategic-only processes or strategic-heavy pre-marketing for desired assets
- Sponsors should attribute a premium for assets that would attract strategic buyers at the next exit

Infrastructure and impact funds should continue to be active

04

- As the market improves, Core+ infra type investors and ESG focused funds are becoming more active in what they look at
- Positioning of businesses can start early and be tailored towards key elements of an investment case these investors look for
- Lower cost of capital and need to deploy can make them quite differentiated as bidders in a process, but needs to be managed carefully

Continued focus on P2Ps

05

- Take-private activity should continue to be strong for both large-cap and mid-cap companies as take-private volume rose 19% year-over-year in 2024
- Boards / management teams are increasingly more willing to become private
- Leverage finance markets remain open and strong with multiple options across direct lending and the institutional market

Alternative deal structuring and monetization paths

06

- Sponsors should continue to find ways of getting deals to the finish line: flexible approaches to deal making including earn-outs, partnerships, or other structured solutions
- Co-control, minority, and continuation funds should continue to be attractive alternative monetization paths
- Ability to innovatively use structure to de-leverage ahead of the IPO market opening, and ensure greater secondary on listing for the GP

Increasing momentum building into 2025, with several key catalysts

07

- Vast capital and assets held for multi-year periods, combined with strong macro & financing environment should drive sponsor volumes
- DPI pressure and record amounts of dry powder are likely to drive activity
- Creative structuring / monetization solutions can be implemented to get deals done
- More direct dialogue with co-investors for increasing equity checks

MID-CAP

Mid-cap comes into focus as sponsors gear up for exits

> "Demand for middle market companies should rise this year, whether driven by large cap strategic acquirers seeking growth, middle market sponsors looking to put equity to work, or large cap sponsor portfolio companies reigniting add-on M&A strategies. The middle market is expected to be a 'sweet spot' for North American M&A activity."

Andrew Castaldo
Co-Head of
Mid-Cap NAMR M&A

Andrew Martin
Co-Head of
Mid-Cap NAMR M&A

What will drive activity in the mid-cap M&A market?

Sponsor Activity and Capital Deployment

- Sponsors are set to be highly active in 2025, driven by the need to deploy significant levels of built-up "dry powder"
- There is a focus on strategic value creation, moving away from traditional buy-and-sell models
- Sponsors are expected to capitalize on favorable market conditions for exits, including IPOs and sales, driving increased M&A activity

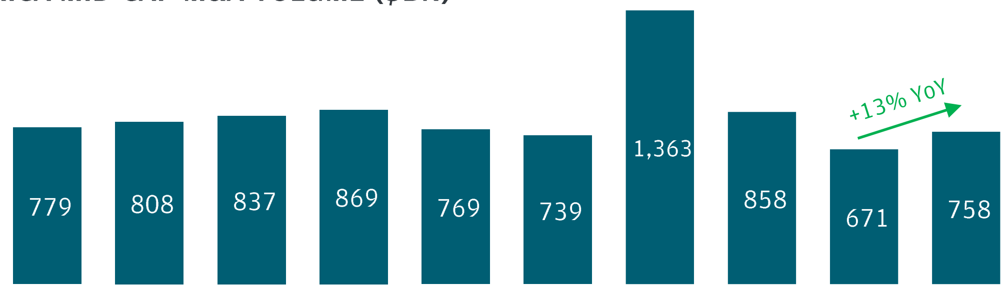
Expansion Strategies by Strategic and Sponsor Buyers

- Movement towards corporate clarity is expected to benefit the mid-cap buyer universe
- As larger companies divest assets, both sponsors and strategic buyers will have opportunities to acquire these assets, offering significant growth potential
- The macroeconomic environment in the U.S., including tax considerations, is expected to reduce pressure on founder-owned companies to sell, potentially impacting asset supply

Financing Stability and Deal Structures

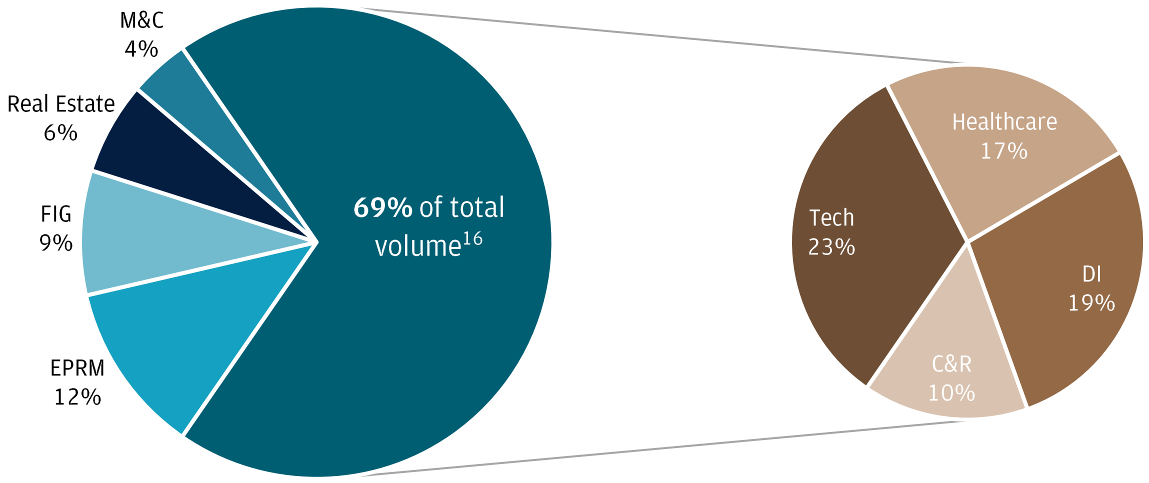
- More stable financing conditions in 2025 are expected to motivate M&A activity, including a resurgence in add-on acquisitions
- Cash deals are becoming more predominant, especially in smaller transactions involving sponsors
- Sub-scale and undervalued mid-market companies, including former de-SPACs, are attractive targets for both strategic and sponsor buyers

NORTH AMERICA MID-CAP M&A VOLUME ($BN)[15]



% of Total Vol	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mid Cap	31%	37%	45%	38%	34%	38%	38%	45%	37%	37%

TECHNOLOGY, DIVERSIFIED INDUSTRIES, HEALTHCARE, AND CONSUMER & RETAIL EXPECTED TO DRIVE VOLUME IN THE MID-CAP MARKET



CROSS-BORDER

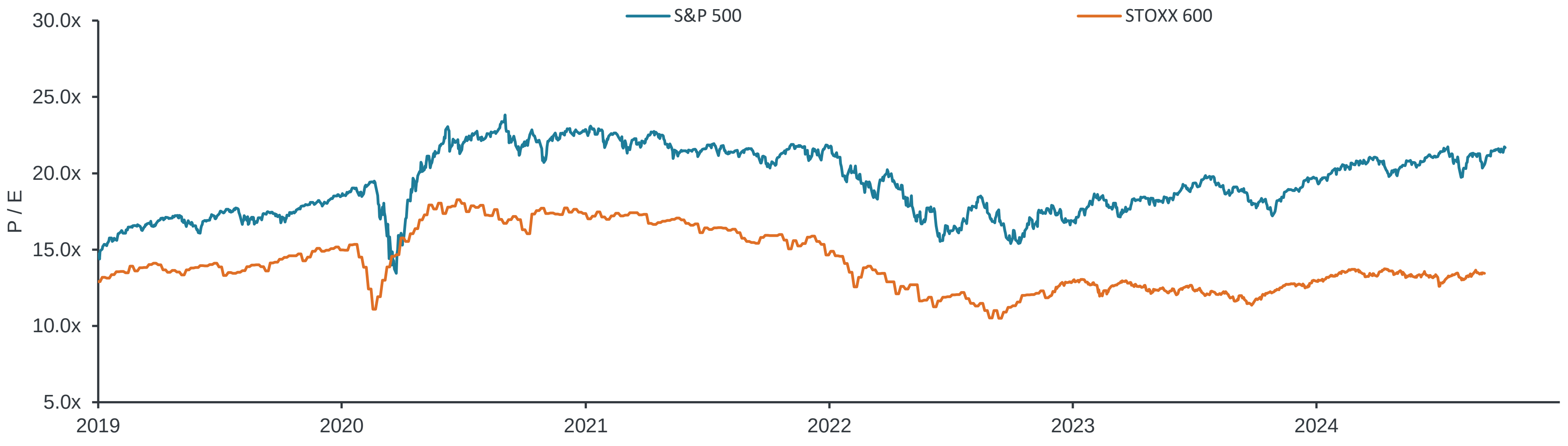
Valuation differential between regions provides cross-border opportunities

Company re-listings into the U.S. are likely to continue due to higher U.S valuations, a broad investor base, and growth-oriented investors. Firms may also carve out U.S. operations as investors reward corporate clarity and focus.

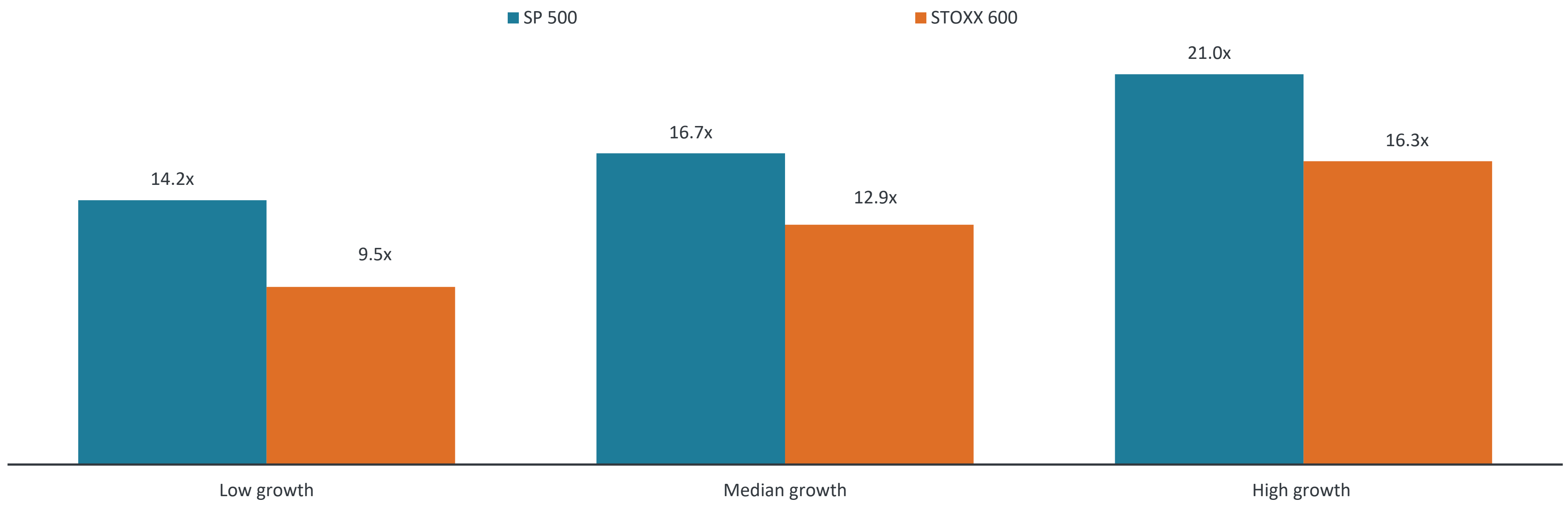
In the UK in 2024, the FTSE 100 index reached record highs but trades at a discount compared to U.S. markets, presenting opportunities to acquire high-quality assets at lower multiples. Typically, U.S. firms trade at a 30%+ premium compared to European firms.

In Japan, 43% of TSE Prime companies have a PBR (price-to-book equity ratio) below 1.0x (TSE, 2024).

INDEX LEVEL NTM P/E OVER TIME

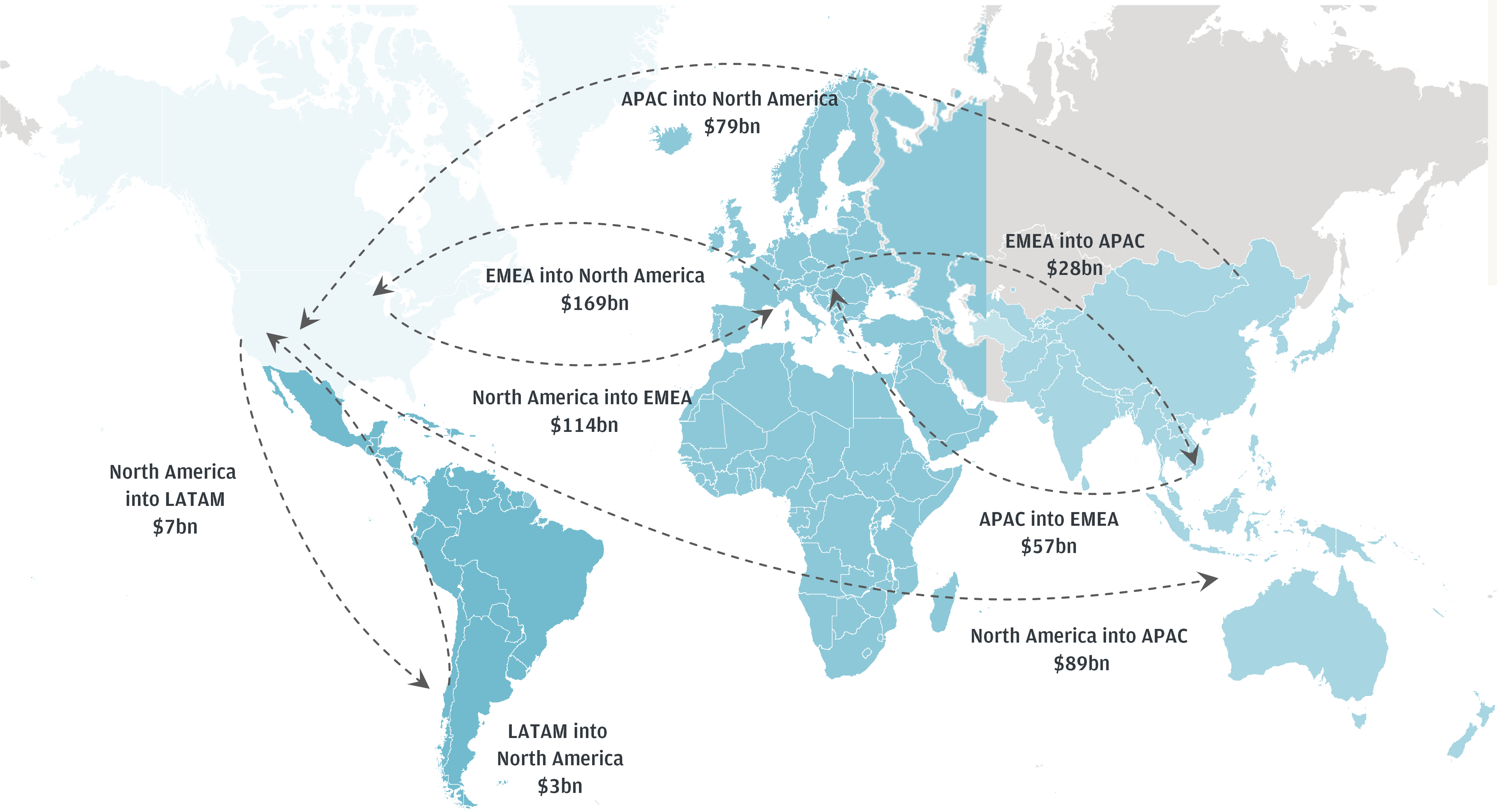


MEDIAN NTM P/E BY REVENUE GROWTH[17]



CROSS-BORDER

Cross-border M&A volume driven by United States, United Kingdom and Japan targets



> "Cross-border activity should continue to be one of the main drivers of activity in LATAM with increased participation by locals as buyers, optimism in Mexico, and resurgence of Argentina."

Rafael Munoz
Head of LATAM M&A

CROSS-BORDER M&A VOLUME BY COUNTRY ($BN)

Top 5 Target Country[18]	FY2024	FY2023	YoY %
United States	260	230	13%
United Kingdom	98	57	72%
Japan	66	29	125%
Germany	61	57	8%
Canada	52	45	17%

REGIONAL

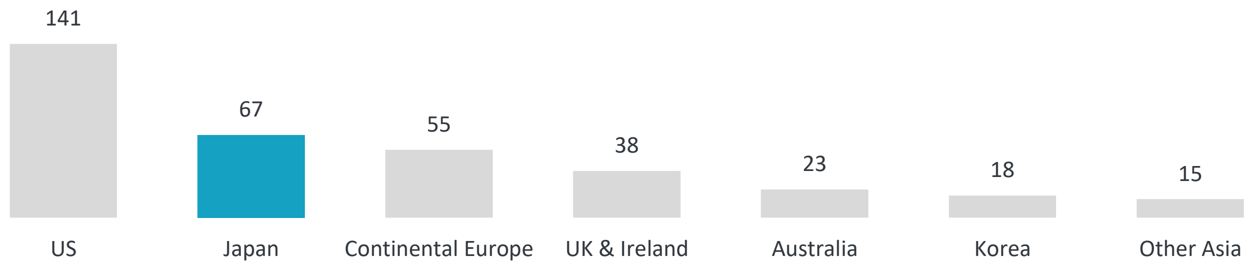
Growth in M&A volumes in Japan expected to be fueled by domestic and inbound activity

> "One of the most promising aspects of the outlook for next year is the opportunity in Japan. This includes both onshore activities, such as carve-outs, take-privates, and activism, as well as outbound opportunities, particularly in healthcare, financial institutions, and industrials."

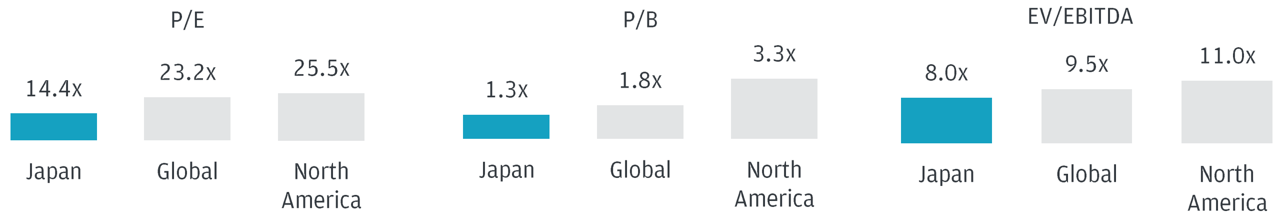
Rohit Chatterji
Head of APAC M&A

- **Attractive deal opportunity in the domestic market**
  - Undervalued targets, offering scale, technology/brand, and opportunity to improve margins and capital efficiency
  - Few blocking ownerships
  - Regulatory impetus to consider genuine take-over offers
- **Activists helping drive focus on corporate clarity through carve-outs, and full sales**
  - Activists are teaming up in the same registers for greater influence
  - Mid-cap companies are attractive targets for financial sponsors
  - Low cost of debt in the domestic market supports buy-outs
- **Changing mindset among domestic corporates**
  - Receptivity to portfolio restructuring, driven by value unlocking, capital allocation, or ESG considerations
  - Evaluating domestic consolidation in sectors subject to global competition and need for scale
  - Pre-emptive take-privates of affiliates deemed core
- **Outbound cross-border acquisitions expected to continue**
  - Insurance and financial services companies seeking large opportunities, backed by strong capital base
  - Healthcare companies facing patent expiries need to replenish their pipelines
  - Technology and industrial companies seeking new growth vectors as some of the traditional businesses mature

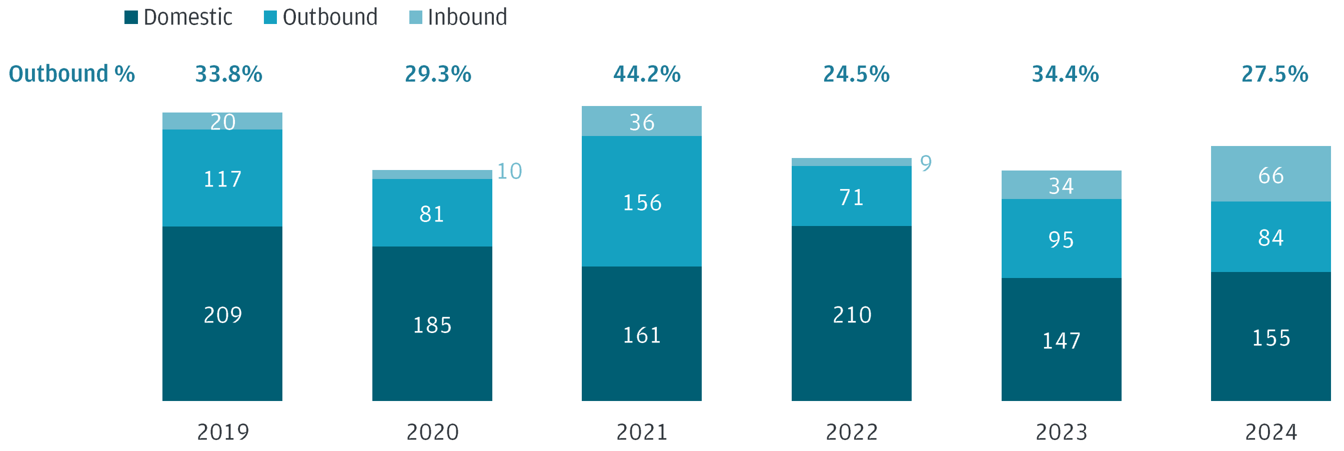
OF PUBLIC ACTIVISM CAMPAIGNS, 2024[19]



MEDIAN MULTIPLE COMPARISON[19]



HISTORICAL M&A TREND (BY INBOUND/OUTBOUND/DOMESTIC, $BN)[19]



Assisted by cross-border, UK momentum expected to carry into 2025

"We're looking forward to continued M&A growth in EMEA in 2025, driven by consolidation and the pursuit of scale in diversified industries, energy transition efforts, getting ahead of activist trade and financial institutions, and mixture of bank and asset management consolidation."

Dwayne Lysaght
Co-Head of EMEA M&A

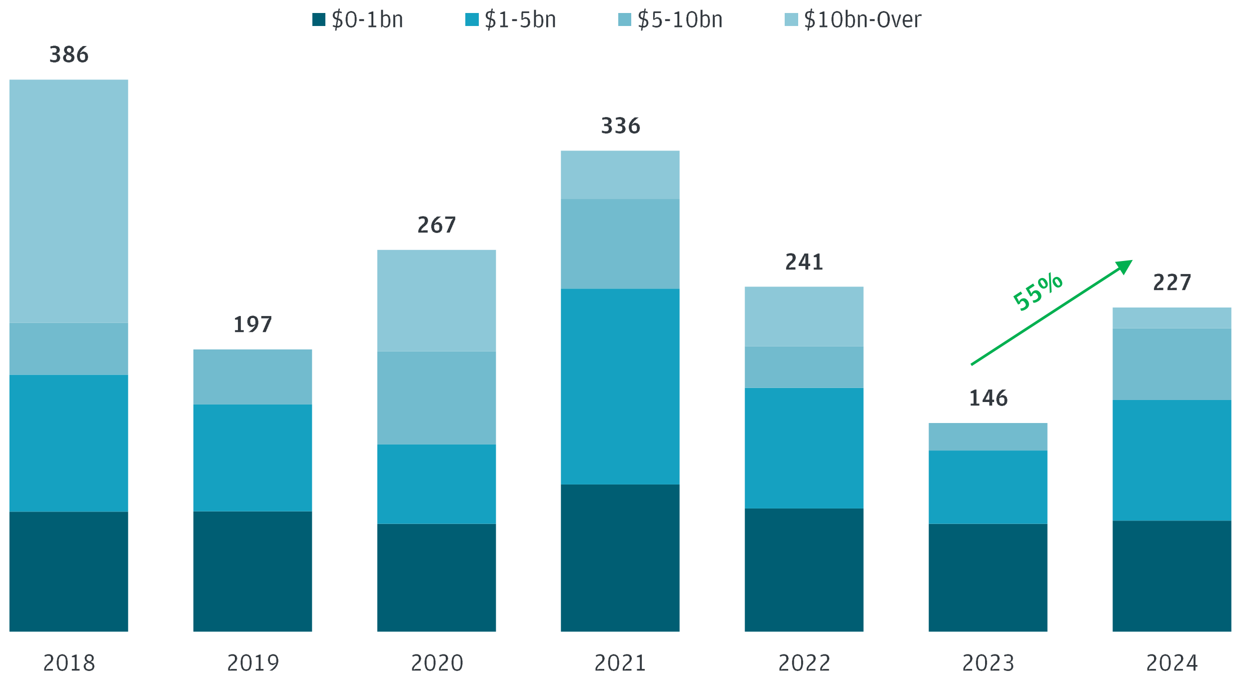
What will be the key drivers in 2025?

- Anticipated BoE interest rate cuts coupled with stabilizing inflation are expected to enhance financing conditions, fueling transaction momentum
- Continued use of alternative sources of capital, expanding buyer universe and increasing competitive tension
- Creative deal structures like earnouts and contingent payments should enhance reconciling bid-ask spreads, supporting volumes
- Larger equity checks expected to be deployed for top-tier businesses
- More "growth-friendly" approach to merger control by regulators, particularly where national security concerns are absent
- Increased focus on ESG-driven M&A

Potential Headwinds

- Uncertainty around the net impact of geopolitical change on the UK including the potential of U.S. tariffs
- Concerns around possible increased fiscal pressure on UK corporates as the government looks to address a rising deficit

UK M&A VOLUME BY DEAL VALUE, 2018–2024($BN)[20]
 # total value of deals in $bn



Increased activist appetite should continue to drive activity, as investors reward corporate focus

1 Increased activist collaboration and competition

Activists are increasingly investing in each other's targets and competing for settlements with an increasing shift towards public campaigns before private talks in the U.S

2 Corporate focus, capital allocation, and operational improvement

Driven by expectations of higher M&A volumes, there is a strong emphasis on sales, and achieving corporate focus through break-ups, and divestitures. There is a continued emphasis on rigorous capital allocation and operational efficiencies particularly at large caps in the U.S.

3 Institutional shareholder influence

Institutional investors playing a crucial role behind the scenes, advocating for change, often inviting activists to act as catalysts, particularly in Europe where they push for structural and governance changes

4 Board composition and governance challenges

Activists are challenging board compositions globally, notably in Europe and Japan, with former executives enhancing activist credibility and serving as potential board candidates

5 Integration of financial strategies

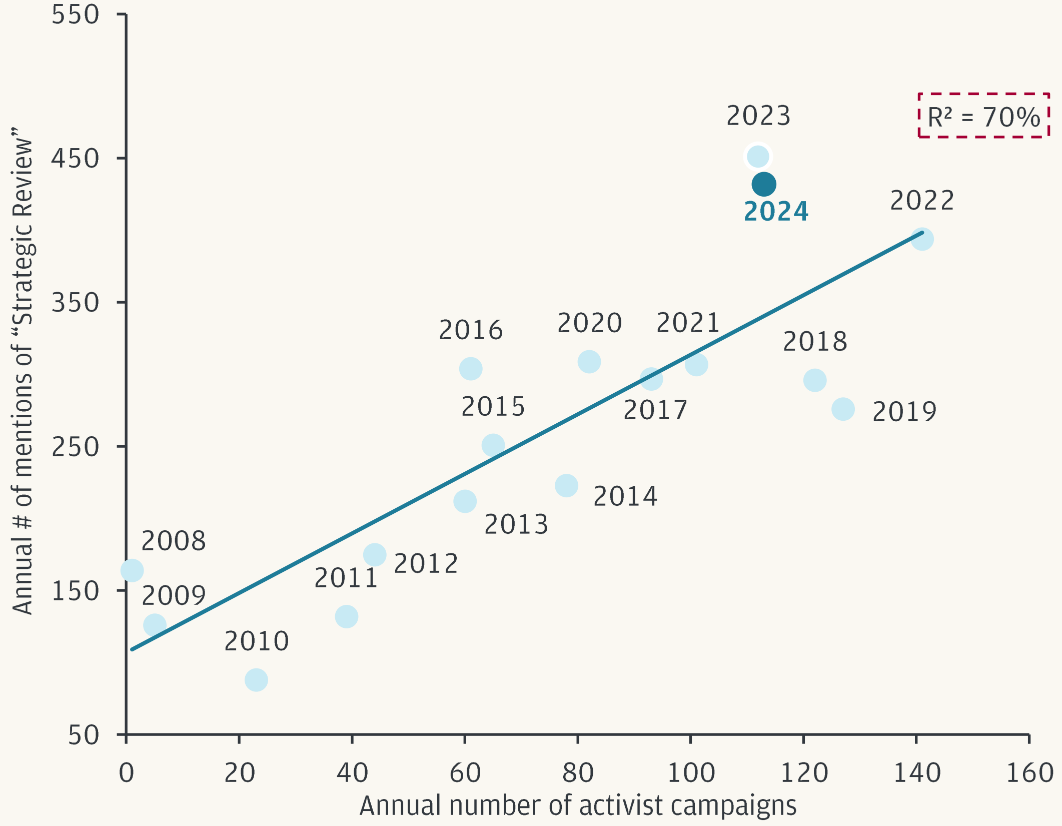
Activists are increasingly coordinating with private equity and other financial buyers, leveraging financial strategies to enhance their influence and achieve desired outcomes, particularly in markets like Europe and Japan where such collaborations are becoming more common which is already the case in the U.S.

> "Market conditions are ripe for a significant uptick in global activist campaigns in 2025, as activists seek to capitalize on robust M&A expectations, with M&A remaining the preferred solution to undervaluation. This is coupled with significant levels of activist dry powder and an increasing number of activist funds and investors willing to use activist tools to achieve their objectives."

Darren Novak
Co-Head of Shareholder Engagement and M&A Capital Markets (SEAMAC)

RELATIONSHIP BETWEEN ACTIVISM AND STRATEGIC REVIEWS[21,22]

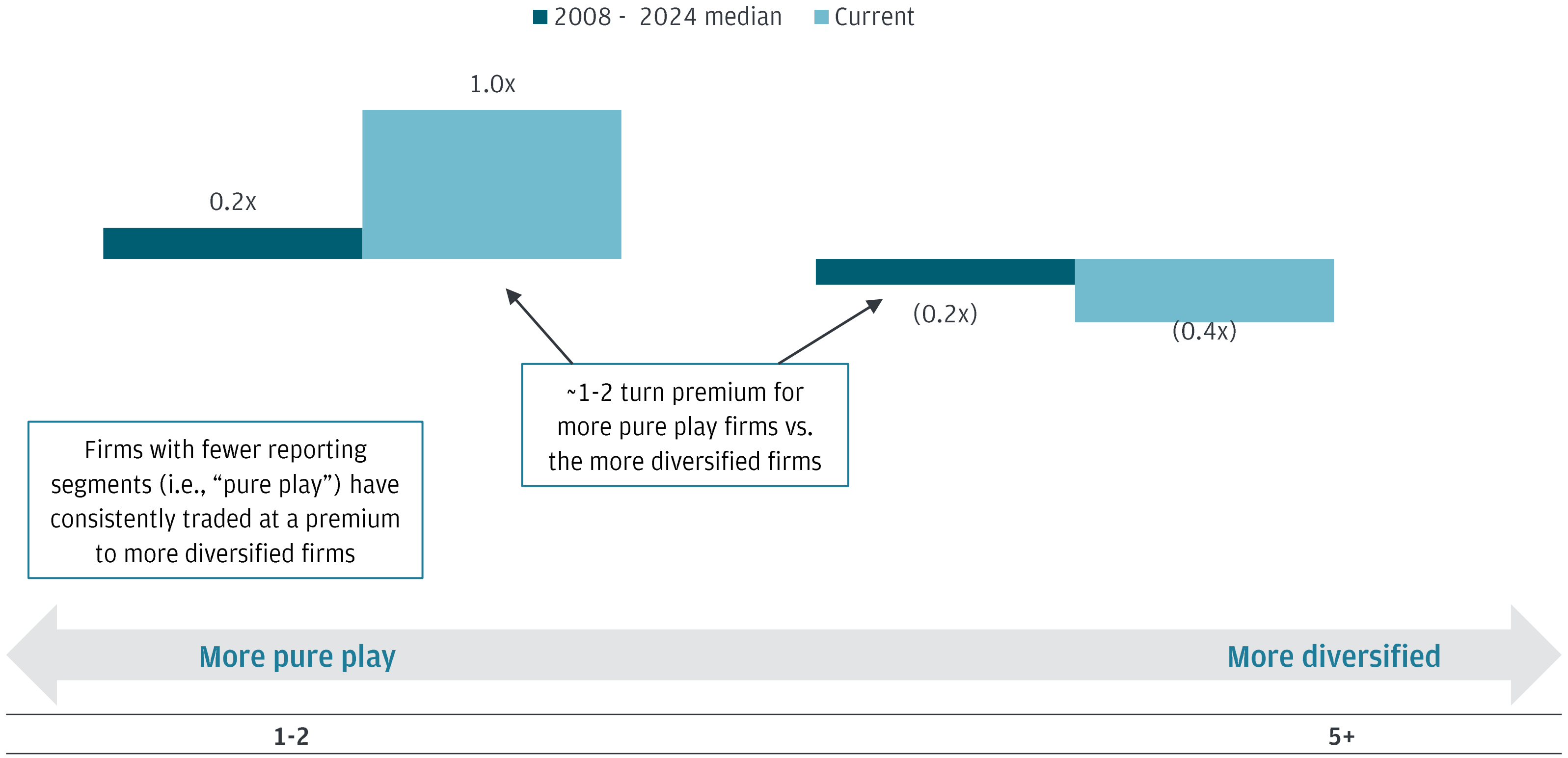
Direct correlation between increase of activist campaigns and mentions of strategic reviews



Markets continue to focus on corporate clarity as creation of "pure play" entities typically creates value for shareholders

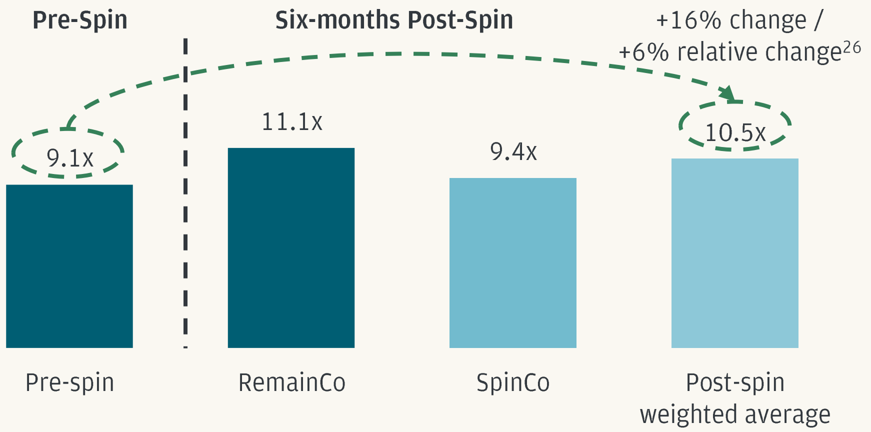
While investors generally prefer transparency, there may be a valuation overhang when operating an overly diversified set of businesses. Over the last approximately 14 years, the median of pure-play firms has traded about one Price-to-Earnings (P/E) turn higher than the median of more diversified firms. Companies with five or more reported segments typically trade at significant discounts relative to the market throughout the economic cycle, even during downturns.

NTM P/E MULTIPLE DIFFERENTIAL VS. S&P 500 BY REPORTING SEGMENTS[23]

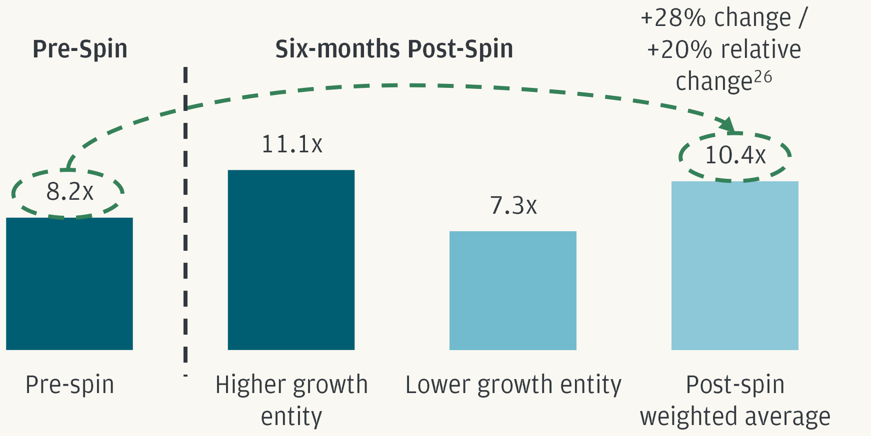


2024 was second highest for Debt Capital Market volumes indicating Corporate balance sheets are ready to deploy capital

VALUATION MULTIPLES PRE- AND POST-SPIN[24,25]



MULTIPLES FOR TRANSACTIONS THAT HIGHLIGHT HIGHER GROWTH SEGMENTS[24,27,28]



2025 has potential for regulatory easing, with idiosyncratic risks remaining

The timeline for closing deals has significantly lengthened due to increased regulatory scrutiny, often extending from several months to up to two years. In 2024, regulatory scrutiny posed significant hurdles for M&A activity, with at least $361 billion in announced deals facing challenges globally. Of these, $255 billion eventually closed, often requiring extensive litigation and some remedies to address regulatory concerns.[29]

The anticipated shift in U.S. antitrust policy under the Trump administration is expected to create a more favorable environment for deal-making.

EVOLUTION OF REGULATORY CONTRACTUAL REMEDIES

Reverse termination fees → Litigation → Pre-agreed/Negotiated settlement

LIKELY DIRECTION OF FTC UNDER TRUMP'S ADMINISTRATION

01

Leadership Transition; Pro-Deregulation FTC

Trump has announced Andrew Ferguson as FTC chair, with focus on mergers and Big Tech

02

Shift in Policy Priorities

FTC will pivot to Republican majority if Trump nominee Mark Meador is confirmed as new Commissioner

03

Selective Enforcement

Future antitrust enforcement may be more targeted

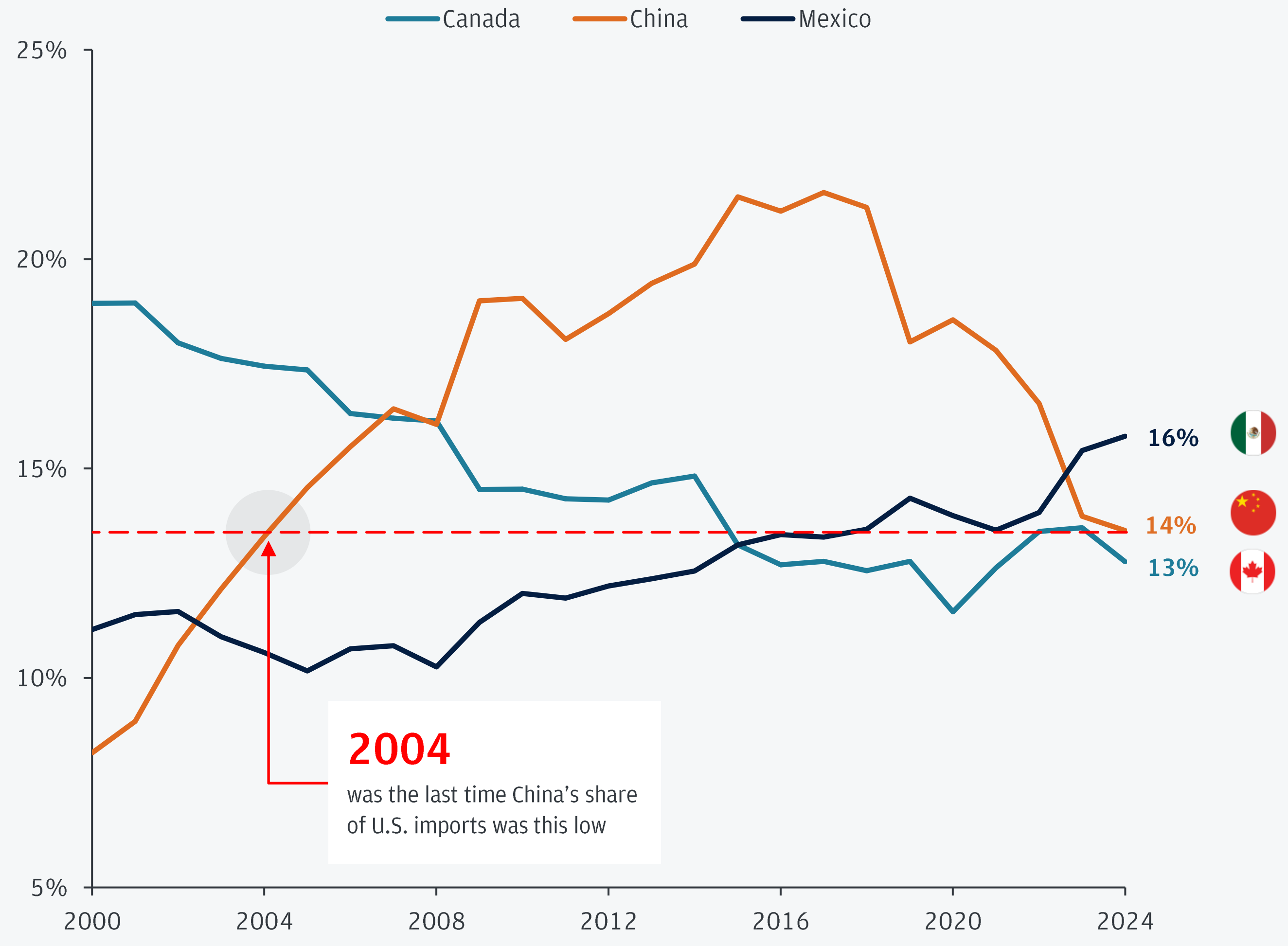
KEY TAKEAWAYS

- Market expectation of shorter review time-period
- "National security" may increasingly be an additional factor in cross-border M&A transactions
- Enhanced clarity on criteria applied
- U.S. domestic M&A transactions likely to be viewed more favorably (i.e., U.S. target and acquirer)

REGULATORY

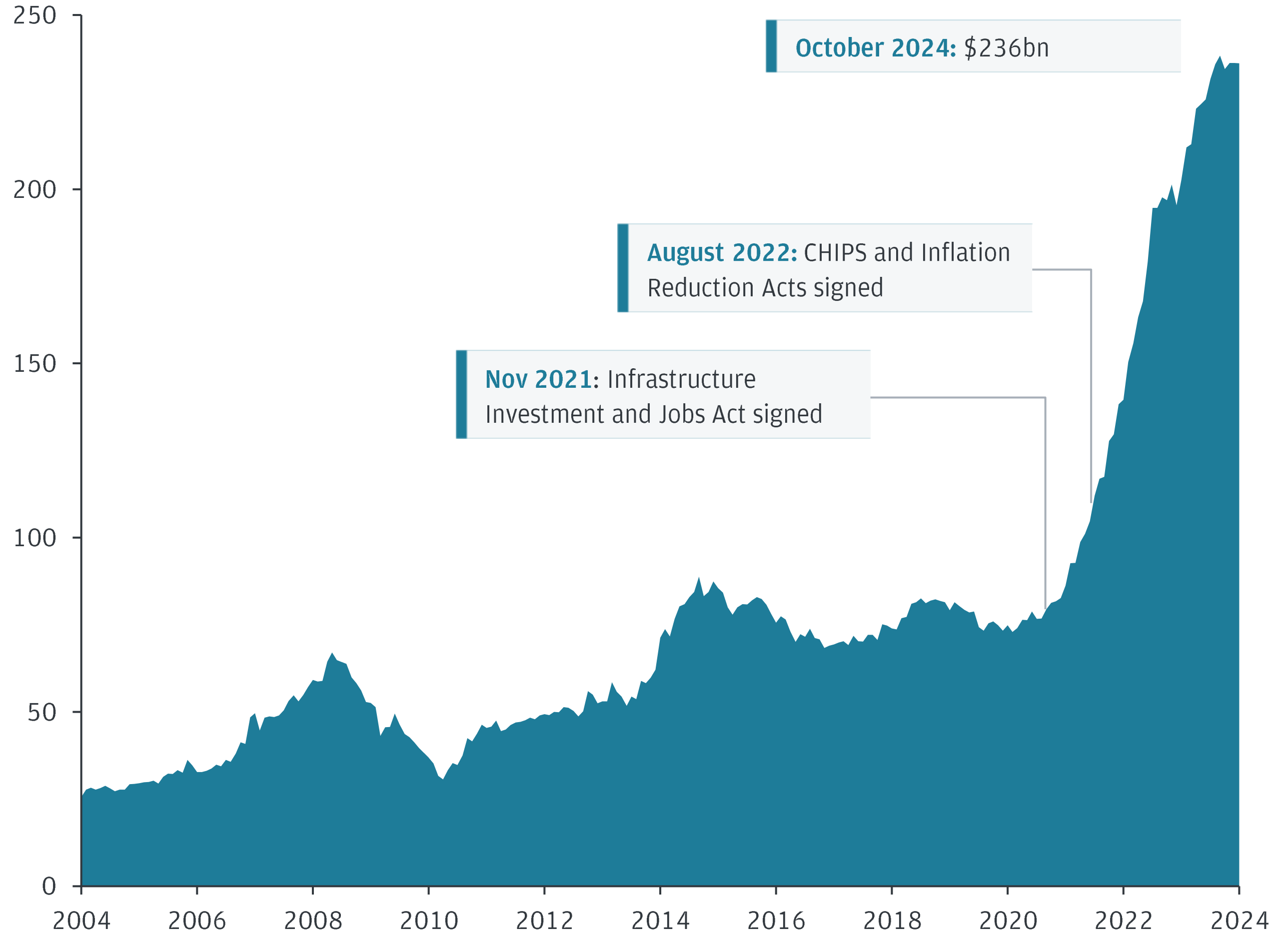
Regulatory and geopolitical environment is leading to reshoring and reindustrialization in the U.S.

SHARE OF TOTAL U.S. IMPORTS[30]



INDUSTRIAL TRANSITION

U.S. total construction on manufacturing ($bn)[30]



Industrial policy and a focus on "Just In Time" to "Just In Case" supply chains is spurring U.S. reshoring

With regulations, among other drivers, spurring investment in infrastructure

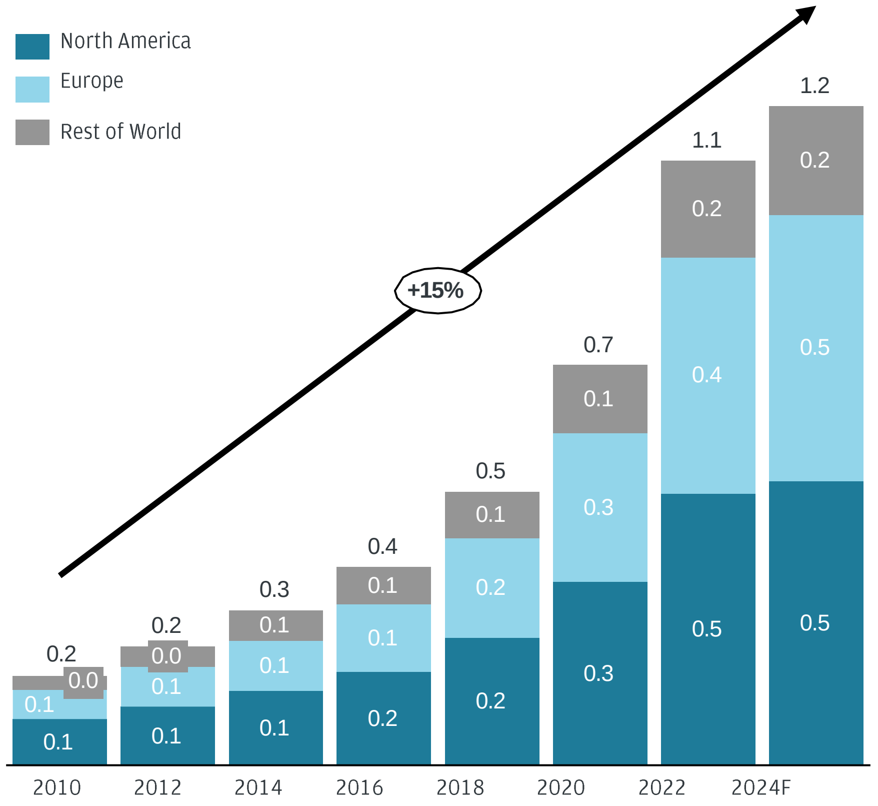
The infrastructure sector is poised for significant growth, driven by urbanization, AI & data centers, and smart infrastructure. Global infrastructure assets under management are expected to grow at a 13% CAGR, surpassing $1.5 trillion by 2028, fueled by large infrastructure fund raising and increased institutional allocations. In the M&A space, the focus is on high-quality assets, with a selective approach that emphasizes strong pre-marketing and targeted processes. Key M&A themes include public-to-private transactions, innovative deals, minority deals, continuation fund transactions, and structured equity, all aimed at navigating the complex deal-making environment and capitalizing on high price expectations.

WHAT WILL DRIVE NEAR TERM INFRASTRUCTURE M&A

Pressure to deploy record high capital	• $330bn+ of dry powder supports valuations
Partnerships with corporates	• Increase in partnerships between infrastructure funds and corporates that require capital to support growth plans or deleveraging ambitions
Increased P2P transaction activity	• Dislocation of public vs. private valuations has created increased focus on take privates • Opportunity to deploy large equity tickets
Robust M&A pipeline	• Strong cash flow generating assets paired with a reasonably supportive financing bank market has created a strong pipeline for infrastructure M&A

INFRA AUM HAS GROWN RAPIDLY OVER THE LAST DECADE

Private Infra AUM by geography ($T)[31]



- Above chart excludes Infra pockets of institutional clients (e.g., insurance)
- Allocation to Infra by institutional players expected to grow from 4% to 6% of AUM on average

SECTOR INSIGHTS

AI expected to drive M&A activity with companies seeking to acquire AI startups to enhance tech capabilities and remain competitive

1 Investment in AI remains strong and focus is on later stage companies

- Over $20bn invested in AI quarterly by VCs, accounting for approximately 30% of all VC investments
- Early-stage investments are trending down, while Series D and later-stage investments are trending up

2 AI continues gaining broader adoption

- AI market estimated to grow to $1 trillion by 2027
- Companies at the forefront of AI adoption projected to grow 4.7x faster than peers

3 Large enterprises continue to invest into AI capabilities

- Organic investments into development of in-house tools
- Partnerships, minority stakes and outright acquisition of AI capabilities

4 AI drives activity in other sectors beyond tech

- AI enablers show strong interest in energy and water resources
- Companies at risk of AI disruption are likely to continue to consolidate and become actionable targets

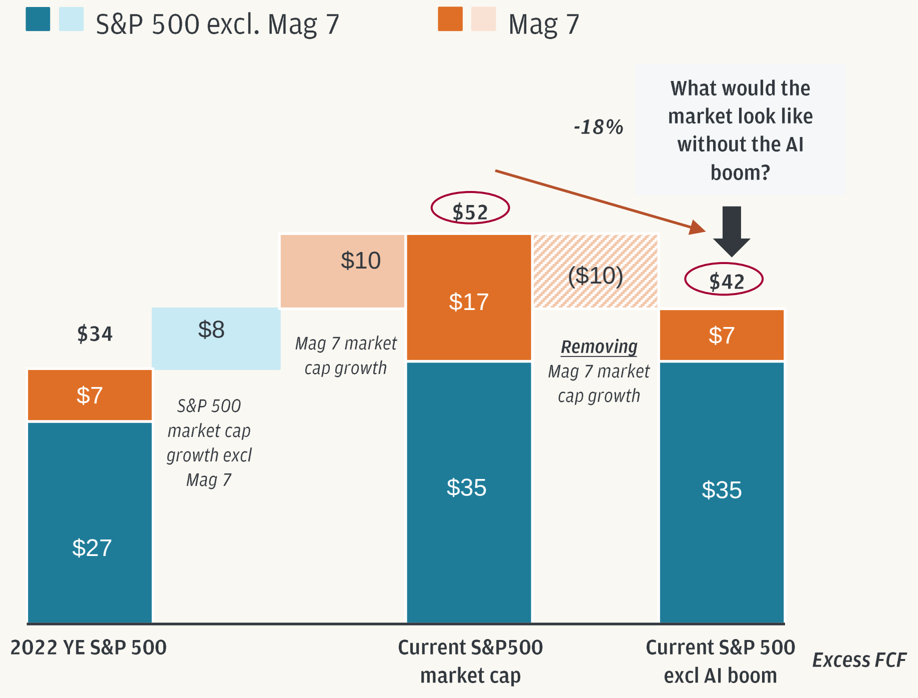
5 AI is gaining usage in M&A processes, speeding up deal making

- Financial and legal advisors actively releasing new tools
- Primarily used in deal sourcing, screening and diligence

6 AI regulation and competition in focus

- Big Tech to continue to face scrutiny from regulators
- Development of AI regulatory frameworks and AI safety remain top global priorities

QUANTIFYING IMPACT OF THE AI BOOM – S&P 500 MARKET CAP[32]

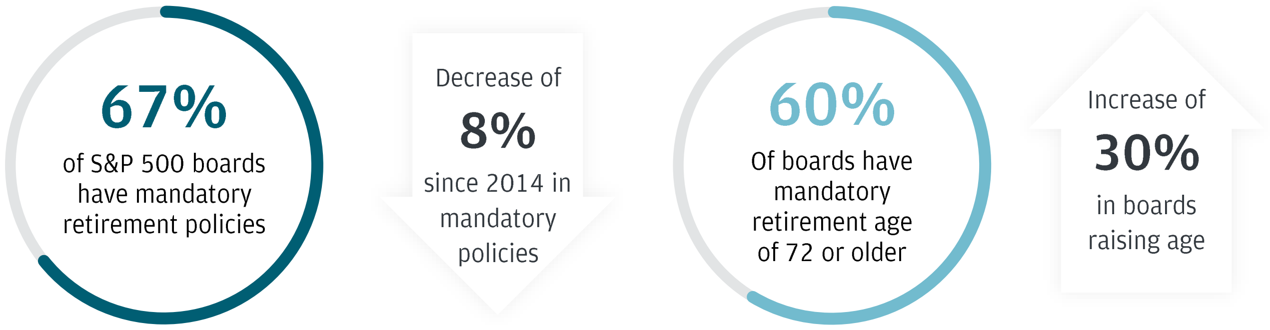


The potential AI opportunity has contributed meaningfully to S&P 500 growth and valuation

Evolving board composition with need for tech expertise and succession planning to address the “age cliff”

The impending "age cliff" of board directors presents a significant challenge for companies. In the next three years, approximately 27.1% or 1,318, of the current S&P 500 independent directors will surpass the age of 72. These figures underscore the urgency for companies to address the age cliff and proactively plan for board succession. Without proper planning, sudden vacancies can disrupt strategic decision-making and jeopardize an organization's stability. As experienced board members approach retirement age, organizations face the risk of losing valuable expertise and institutional knowledge. To navigate this transition successfully, companies must prioritize board succession planning.

BOARDS REFRESHMENT NEEDS TO CONTINUE[33]

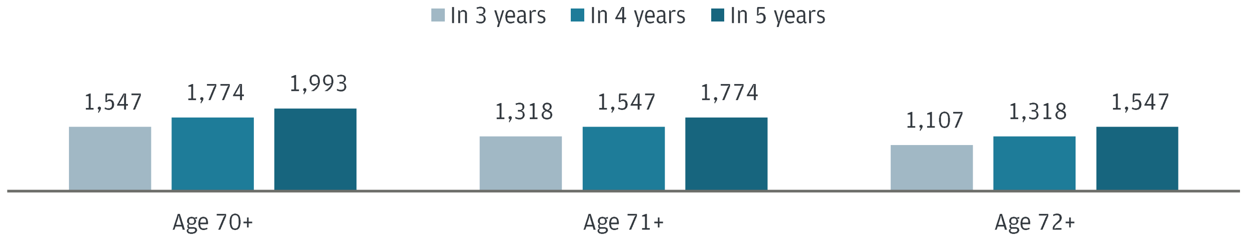


NEW DIRECTORS ARE MOST LIKELY TO HAVE A TECHNOLOGY BACKGROUND[33]

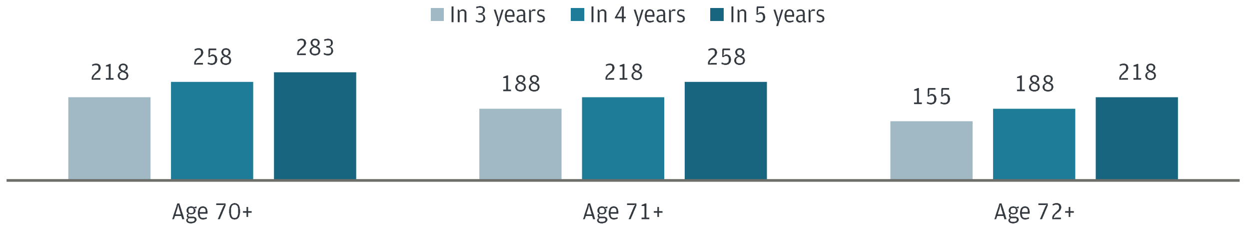
Top industry backgrounds of new directors

Next-gen director appointments’ top industry backgrounds

OF S&P 500 DIRECTORS AGING OUT IN 3-5 YEARS[34]



OF AUDIT COMMITTEE CHAIRS AGING OUT IN 3-5 YEARS[34]



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#1 J.P. Morgan leads globally across all banks, products, and regions[35]

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- Healthcare
- Consumer & Retail
- Diversified Industries
- Real Estate
- Financial Institutions Group (FIG)
- Energy, Power & Renewables, & Mining (EPRM)

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Global Head of
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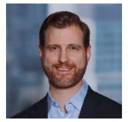
& Sustainable Solutions



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ENDNOTES

[1] Dealogic as of 12/31/24, 10-year average excl. 2021

[2] Dealogic as of 12/31/24, based on Any Involvement

[3] Ministry of Economy, Trade and Industry

[4] Ministry of Internal Affairs and Communications

[5] Source: Dealogic as of 12/31/2024; Consideration mix based on Global transactions; Other includes assumption of debt, assets, notes. Premiums includes only deals for which Dealogic data is available. Includes public deals where initial stake is <50% and final stake is >51%; Note: S&P 500 index from 1/1/2015 to 11/30/2024.

[6] Reflects one-week premium

[7] Pitchbook as of 9/30/2024

[8] World Federation of Exchanges as of September 2024; Includes NYSE and Nasdaq; reflects number of public and private equity backed private companies at respective year-end

[9] Pitchbook as of 9/30/2024

[10] Dealogic as of 12/31/24

[11] AUM includes buyout strategy only

[12] Annual exit value divided by beginning of year AUM

[13] S&P global as of Dec 7, 2024; Analysis includes aggregate dry powder of global private equity funds with vintage year between 2000 and 2024

[14] Dealogic, Prequin; Includes partial and full exits, bankruptcies excluded; IPO value represents offer amount, not the market value of the company. 2024 exit figures annualized.

[15] Dealogic as of 12/31/24; Includes sub $2bn value deals based on any region involvement

[16] Dealogic; Based on target sector

[17] FactSet as of 12/31/2024. Growth defined as 2-yr revenue forecast CAGR; low growth defined as bottom quartile; high growth defined as top quartile

[18] Dealogic as of 12/31/2024; Includes volume between different target and acquiror countries

[19] Factset, SPEEDA, Dealogic

[20] Dealogic as of 12/10/2024

[21] Campaigns for U.S. companies with market cap >$1bn

[22] Based on S&P 500 constituents as of 12/31/2024 and excluding non-public constituents as of 01/01/2008, mentions of “strategic review” in transcripts, press releases, investor slides and news

[23] Bloomberg, FactSet as of 12/31/2024; Note: S&P 500 data excludes Financials and Real Estate; Y-axis is the difference between the median multiple of all firms in the S&P 500 and the median multiple of firms with certain number of segments

[24] Based on next-twelve-month multiples based on IBES consensus estimates; Post-spin weighted average based on EBITDA weightings 6-months post completion of spin

[25] Includes 85 transactions

[26] Relative to change in S&P 500 EV/EBITDA over the same time periods

[27] Defined as separations where the absolute value of the absolute LTG differential (RemainCo – SpinCo post-separation) > 5%

[28] Includes 28 transactions

[29] Bain Global M&A Report 2024

[30] US Census Bureau, FRED latest data as of Dec 2024; % of total U.S. imports and construction spending are seasonally adjusted

[31] Preqin

[32] Bloomberg, FactSet as of 12/31/2024; 1 S&P 500 constituents as of 1/1 each year, as of 12/31 for 2024; Magnificent 7 includes Apple, Microsoft, Alphabet (Google parent), Amazon, Nvidia, Meta and Tesla

[33] 2024 Spencer Stuart Board Index

[34] 2023 BoardEx

[35] Dealogic as of 1/3/2025; Based on Addressable Market

[36] Excluding Chinese A-shares

[37] Dealogic as of 1/3/2025; Based on # of $100mm+ transactions completed in 2024, Based on # of completed deals in 2024,

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