



Ready for change

**M&A trends in energy, natural
resources and chemicals**

Q4'24

kpmg.com



Closing out a cautious year

Deal-making activity in the last quarter of 2024 aligned with the year's overall performance in the energy, natural resources, and chemicals (ENRC) sector. The sector experienced a 19 percent decrease in deal volume and a 31 percent drop in deal value quarter over quarter (QoQ). This decline was partly due to uncertainty surrounding the November elections.

For the entire year of 2024, the number of deals increased by only 3 percent year over year (YoY), while deal value significantly declined by 23 percent YoY.

The oil and gas (O&G) industry continued to lead in both the number and value of deals for the quarter and the year. The largest deal this quarter was the \$7.4 billion acquisition of Techem by TPG and GIC, which boasts one of the industry's largest digital energy services platforms. In the quarter, O&G accounted for 43 percent of deal volume and 72.8 percent of deal value. For the year, O&G represented 43 percent of deal volume and 73 percent of deal value. Much of the annual

activity was driven by consolidations and increased leasing in West Texas.

Meanwhile, the renewable energy industry continued to benefit from the tax credits offered by the Inflation Reduction Act (IRA). This included mergers and acquisitions (M&A) involving energy storage solutions and power generation to support electric vehicles (EVs) and data centers. The growing demand for electricity also spurred deal-making for power utilities. Many companies benefited from federal policies that encourage domestic manufacturing and production in the energy sector.

Chemical companies focused on divesting non-core segments and uncompetitive businesses to generate cash, reduce operating costs, and streamline their operations. At the same time, demand for specialty chemicals and polymers that are essential for advanced engineering and manufacturing—including products like fluorochemicals and fluoropolymers—increased.

 We've seen both investment opportunities and uncertainties this quarter."



Michael Harling
Partner,
Deal Advisory & Strategy
ENRC Leader

Rising demand for energy

Steady economic growth, power-hungry AI processing, and government incentives position the energy industry as an attractive target for investment.



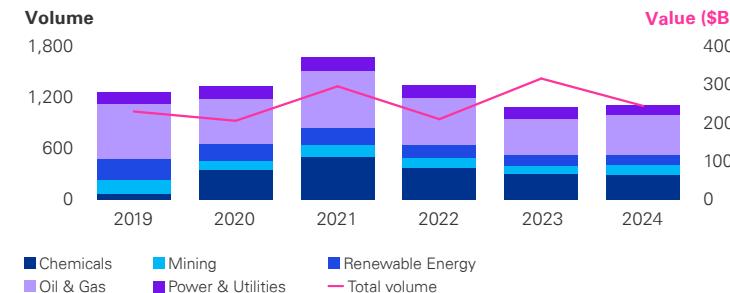
Q4'24 highlights

1,112 Δ **2.8%** **\$245.2** \downarrow **22.6%**

deals increase QoQ billion deal value decrease QoQ

Election uncertainty slowed deal making this quarter, but election results led to optimism for 2025.

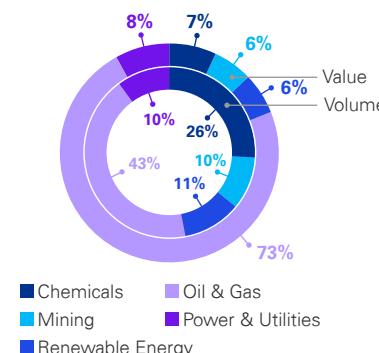
ENRC deal activity by sector



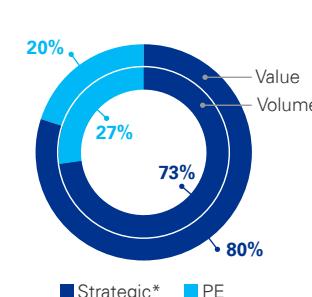
Q4'24 deal mix

Outer ring represents value. Inner ring represents volume.

Sector mix



PE/strategic mix



ENRC deal activity by type



*Includes special-purpose acquisition company (SPAC) deal activity

2024 deal size mix



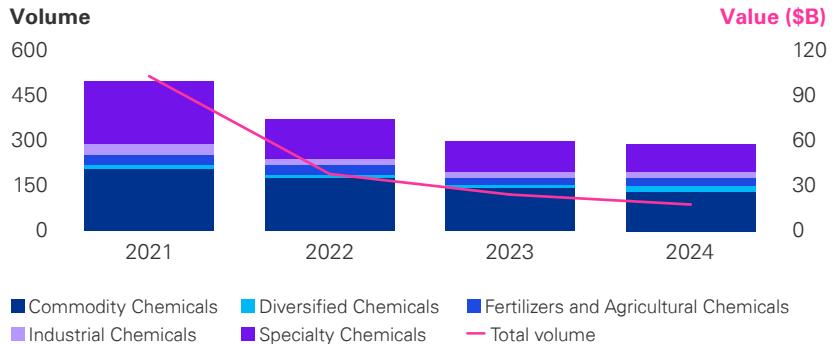
Deal data has been sourced from Capital IQ, Pitchbook, and KPMG analysis. The values and volumes data cited are for US deals announced between January 1, 2024 and December 31, 2024. Deal values are only presented based on publicly available deal data and are not exhaustive. Previously published statistics may be restated to incorporate new data and/or any change.

Deal activity by subsector

Oil and gas



Chemicals



Power and utilities

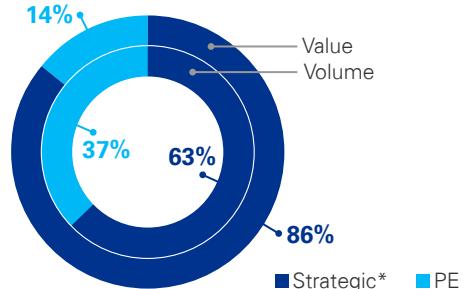


*Includes SPAC deal activity

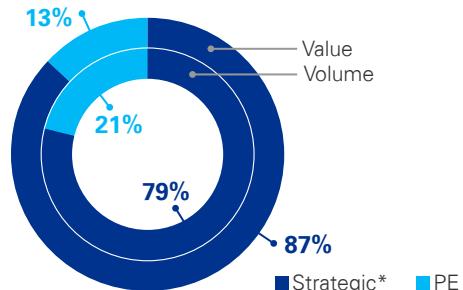
PE/strategic mix

Outer ring represents value. Inner ring represents volume.

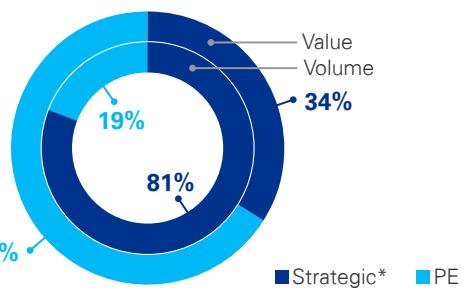
Oil and gas



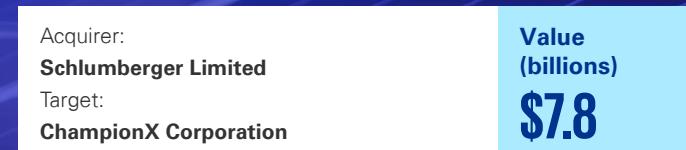
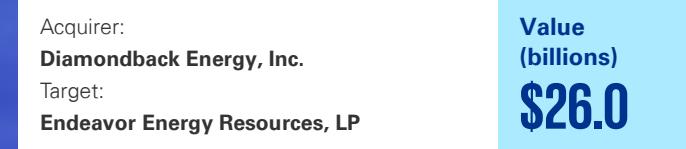
Chemicals



Power and utilities



Top deals



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Deal activity by subsector

Renewables



Mining

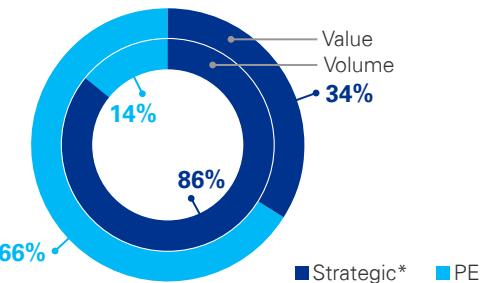


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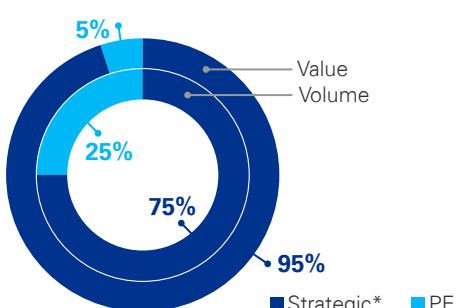
PE/strategic mix

Outer ring represents value. Inner ring represents volume.

Renewables



Mining



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Will regulatory changes create an O&G bump?



Will a new Trump administration in Washington, D.C. prompt a surge in business development, investment, profits, and deal making? Or will the threat or imposition of tariffs put a pause on investments? History suggests that this administration, like the ones before it, will likely achieve some of its objectives but certainly not all of them. And we can't know what all of the outcomes will be, we do expect to see efforts focused on the following initiatives and agendas:

Increased oil and gas production: The Trump administration is advocating for increased oil and gas drilling by pledging to expedite federal drilling permits, expand exploration on federal lands and offshore areas, and reverse all suspensions on LNG export permits. However, despite these efforts, the U.S. shale industry and Saudi Arabia are pushing back, focusing on financial stability and limiting additional production in the short term.¹

Reduced support for renewables: The Trump administration has expressed skepticism about renewable energy projects, particularly wind and solar—in late January, the Department of the Interior issued a temporary suspension of approvals for new energy development projects on federally-owned lands and waters. It's unclear whether this could lead to rollbacks or other changes to tax incentive programs. However, market forces coupled with state-level support are expected to drive continued growth in renewables on privately-held at a minimum due to investments that have already been made.

Stronger energy independence: The administration will focus on solidifying energy independence by increasing domestic production and reducing reliance on foreign energy sources.

Limiting the Inflation Reduction Act (IRA): At least a partial repeal of the IRA is possible, which could diminish support for solar and wind energy. However, a full repeal seems unlikely since most development funds have gone to Republican-led states where the act has supported green investments such as manufacturing for solar panels and wind turbines.²

Support for the chemicals industry: The chemicals industry is expected to receive support from the administration due to revisions in the EPA's chemical risk assessments and a stabilization of oil prices, thereby reducing the price of petrochemicals.

¹ Collin Eaton, Benoit Faucon and Benoît Morenne, "U.S. Frackers and Saudi Officials Tell Trump They Won't Drill More," Wall Street Journal, February 3, 2025

² "See how the Inflation Reduction Act is affecting your community," Washington Post, October 28, 2024

Potential changes on the horizon

As of January 2025, it is safe to say that the ENRC sector will be significantly impacted by the new Trump administration.

In a recent KPMG LLP survey of investors,³ 76 percent said they anticipated increased activity around M&As, 80 percent reported an increased appetite for more deals, and 79 percent expected an easier regulatory market for deal-

making. Over half (54 percent) expected their first new deal to occur in the first half of the year.

While it is too soon to predict the full extent of the new administration's effect on the ENRC sector, one thing is clear to many companies, analysts, consultants and industry observers across the ENRC sector: expectations for change are continuing to increase.

New policies boost O&G and chemicals, dampen renewables



The O&G industry is expected to benefit greatly under Trump's administration policies due to easier permitting, enhanced exploration policies, reduction in regulatory hurdles, and a revision of LNG export suspensions.



The industry is poised for positive developments under the Trump administration due to rising demand for electricity, which may shift the emphasis toward traditional energy sources.



Renewables

Investment in the renewable energy industry is likely to see a negative impact from cuts in federal incentives and subsidies.



Chemicals

The chemicals industry might benefit from the Trump administration's revisions in EPA risk assessments and stabilized oil prices, which could lower petrochemical costs. These factors are expected to drive ongoing M&A investment in advanced recycling and chemical assets in the US.

³ "KPMG 2024 M&A Deal Market Study," December 2024

Key considerations as we look ahead

The energy industry is accustomed to change, and each sector will have a part to play if they embrace the current changes with optimism and a commitment to sustainable innovation.

1 **Prepare** for possible increases in business activities across the ENRC sector.

2 **Remember** to balance economic predictions with political realities.

3 **Expect** the demand for energy—particularly electricity—to increase.



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How we can help you

KPMG helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value, leveraging its depth in the ENRC industry, data-supported and tool-led insights, and full M&A capabilities across the deal lifecycle.

With a ENRC specialization, our teams bring both transactional and operational experience, delivering rapid results and value creation.

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