KPMG

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

H2 2025 M&A trends report

Momentum and selectivity: Infrastructure-led dealmaking in ENRC M&A

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Value surges as volume steadies

Deal value surged in H2’25 even as volume stayed largely flat, underscoring a market that rewards reliability, scale, and cash-flow durability over activity for its own sake. The period was shaped by clearer policy signals, accelerating AI-driven load growth, and a decisive tilt toward natural-gas and grid-reliability assets. From a macroeconomic standpoint, AI-related capital spending has become a material contributor to US GDP growth, with software, data-center construction, and information-processing infrastructure accounting for a meaningful share of total expansion in 2025.

Unlike previous tech cycles, this investment wave is anchored in large-scale physical assets and national-competitiveness priorities, reinforcing long-dated demand for transmission capacity, dispatchable generation, and midstream connectivity. Strategic buyers used this backdrop to push forward larger, portfolio-defining transactions, while private capital concentrated on midstream, storage, and specialty-materials platforms that offer infrastructure-like stability.

ENRC dealmaking widened its value-volume divergence in 2025. Overall sector value rose 31.3 percent YoY—from $254.2 billion in 2024 to $333.7 billion in 2025—while deal volume fell 9.7 percent to 1,029 transactions. The second half of the year amplified this pattern: H2’25 deal value jumped 38.0 percent to $193.5 billion even as volumes slipped 1.0 percent to 512 deals.

Compared with H2’24, deal value more than doubled while volumes declined 10.0 percent, reinforcing a market where fewer transactions carried significantly larger check sizes.

Two dynamics drove the widening gap between rising deal value and falling volume. First, seller expectations—especially among financial sponsors with longer-than-planned hold periods—became more realistic late in the year, helping close valuation gaps that had stalled processes earlier in 2025. Second, buyer conviction strengthened in November and December as interest-rate outlooks stabilized, allowing larger, higher-priority transactions to move forward despite a highly selective market.

Deal structures evolved in H2’25 as buyers and sellers worked to bridge valuation gaps and align portfolio priorities. Majority-stake divestitures, structured minority rolls, and seller-supported separation frameworks became more common—especially in chemicals and downstream energy—giving sellers a way to unlock capital while keeping upside participation. For buyers, these approaches reduced execution and earnings risk in segments facing margin pressure, multi-year demand uncertainty, or longer hold periods. As a result, several transactions that would not have cleared under traditional full-ownership models were able to move forward by year-end.

This trend reflects what dealmakers emphasized in our H2’25 leadership discussions. Majority-interest sales, such as BP’s partial divestiture of Castrol and Albemarle’s sale of most of its catalyst business to KPS (51 percent of Ketjen’s refining-catalyst unit) and Axens (Albemarle’s 50 percent stake in Eurecat), are increasingly being used to bridge the gap between valuation expectations and buyer risk appetite.

Strategic and PE activity remained broadly stable in H2’25, but the mix of value shifted meaningfully. Strategic buyers completed 345 deals totaling $132.1 billion, up 23.6 percent from H1’25, as they continued to reshape portfolios through scale and platform consolidation. Private equity closed 167 deals worth $61.4 billion, an 83.9 percent increase in value, marking a decisive return to larger checks in infrastructure-adjacent segments after a cautious first half.

Subsector performance diverged sharply in H2’25. Chemicals led the market by deal value, propelled by specialty and coatings platforms, including Berkshire Hathaway’s $9.7 billion acquisition of OxyChem and Akzo Nobel’s $9.2 billion purchase of Axalta. Mining value also rose, supported by infrastructure-linked demand for critical minerals. Power and utilities (P&U) posted a strong rebound, with transactions being done to increase scale, focus on core business, and optimize capital spending. Renewable energy, by contrast, saw activity reset as financing conditions tightened and incentive deadlines compressed. Renewable energy, by contrast, saw activity reset as financing conditions tightened and incentive deadlines compressed. Oil and gas (O&G) transactions centered on gas-forward optionality and improved midstream connectivity.

From an operator’s vantage point, three themes defined H2’25. First, large-scale capital returned without a corresponding rise in volume, pointing to disciplined consolidation rather than broad-based expansion. Second, strategic portfolio reshaping and renewed PE participation converged, with platform builds and carveouts driving much of the value creation. Third, reliability-anchored assets dominated activity: P&U benefited from grid and storage-driven integration plays, O&G leaned into LNG and midstream connectivity for cash-flow resilience, and renewables transacted where storage economics and interconnection visibility were strongest.

H2 2025 highlights

Both deal volume and value declined.

512
deals

-1.0%
decrease in number of deals HoH

$193.5
deal value (in $US billions)

38.0%
increase in deal value HoH

2025 highlights

Both deal volume and value declined.

1029
deals

-9.7%
decrease in number of deals YoY

$333.7
deal value (in $US billions)

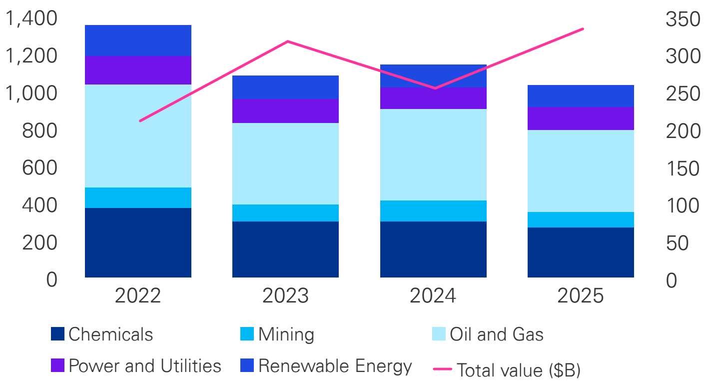
31.3%
increase in deal value YoY

Overall ENRC sector: Fewer deals, bigger bets

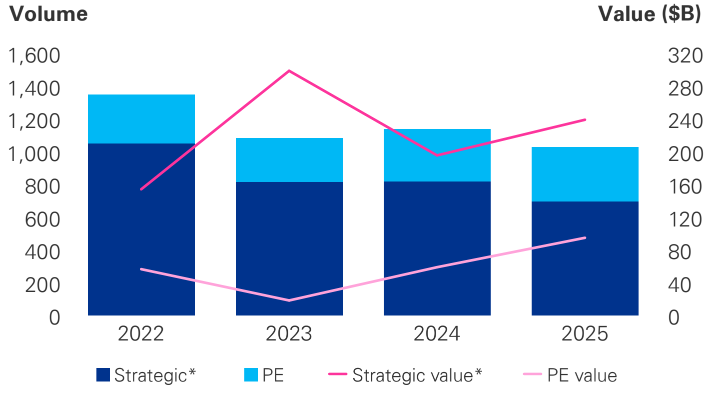
H2’25 saw an outsized rebound in deal value relative to volume. The ENRC sector generated $193.5 billion across 512 deals, with value up 38.0 percent from H1’25 even as volumes slipped 1.0 percent. For the full year, deal value rose 31.3 percent to $333.7 billion, while total deal count fell 9.7 percent to 1,029 compared with 2024. The shift toward fewer, larger transactions, most notably in P&U and chemicals, was the primary driver of H2’25 value growth despite steady overall activity levels.

Compared with H2’24, strategic deal value more than doubled, rising 103.5 percent even as volumes declined 16.3 percent. Private equity saw a similar rebound, with value up 95.5 percent and deal count increasing 6.4 percent. Together, these patterns highlight continued corporate portfolio reshaping and a clear return by private capital to larger, higher-conviction deployments.

Energy, natural resources, and chemicals deal volume and value

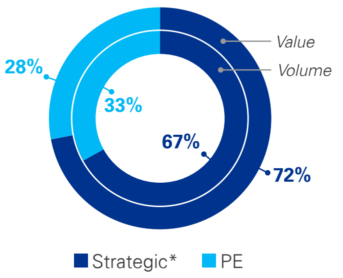


Energy, natural resources, and chemicals strategic/PE deal volume and value

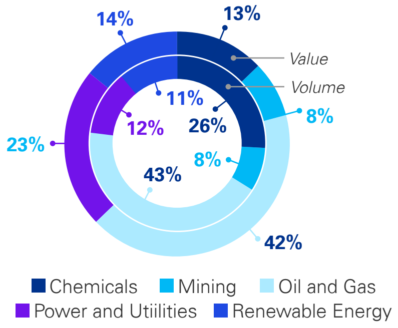


*Data also contains figures for SPAC deals.

Energy, natural resources, and chemicals strategic/PE mix - 2025

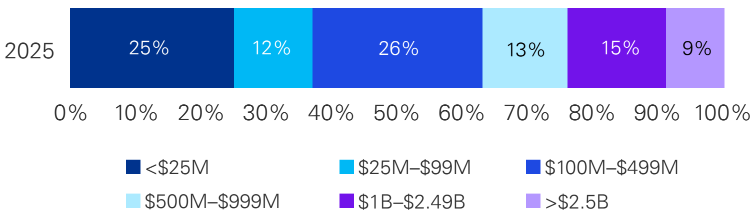


Energy, natural resources, and chemicals sector mix - 2025



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals

Energy, natural resources, and chemicals strategic/PE total deal size mix - 2025



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

Sector Data

Chemicals: Specialty chemicals lead the recovery

Operating fundamentals provide important context for chemicals M&A activity in H2'25. Recent earnings trends—particularly pricing pressure, uneven volume recovery, and widening subsector dispersion—help explain the market's increasing selectivity and emphasis on specialty assets.

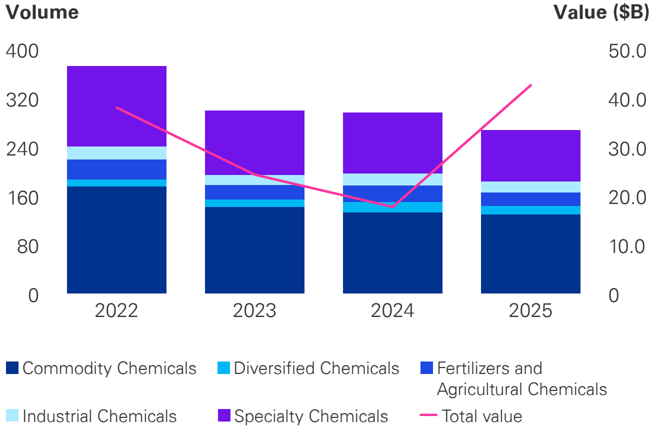
Chemicals saw a decisive rebound in H2'25, with deal value up 233.5 percent and volumes rising 8.6 percent compared with H1'25 as buyers concentrated on specialty and coatings platforms. For the full year, deal value increased 141.2 percent even as volumes fell 10.4 percent versus 2024, reflecting fewer but significantly larger and more intentional transactions. Major moves—including Berkshire Hathaway's $9.7 billion acquisition of OxyChem and Akzo Nobel's roughly $9.2 billion purchase of Axalta—highlight how brand strength, differentiated technology, and margin resilience continued to shape buyer priorities.

Macroeconomic undercurrents reinforce this divergence. Consumer-side demand remains highly split, with upper-income households driving a disproportionate share of spending while middle- and lower-income cohorts struggle to keep pace with inflation. Combined with muted organic growth and persistent pricing pressure, this operating backdrop is widening the performance gap between specialty portfolios with pricing power and commodity subsectors exposed to oversupply. That divergence is shaping both buyer selectivity and seller exit decisions.

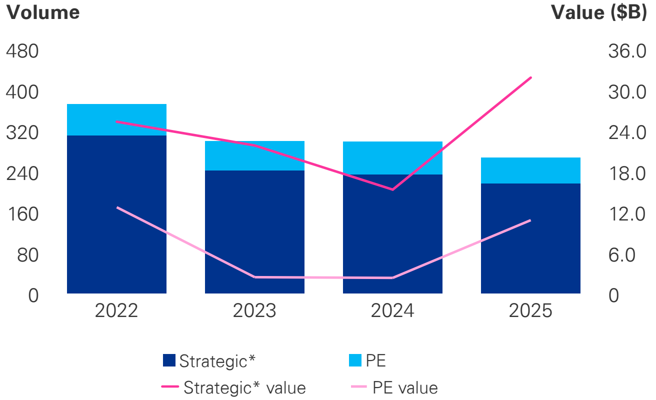
From an operating-performance standpoint (separate from M&A activity), organic growth in chemicals remained muted (1.5 percent YoY). Pricing pressure persisted across several subsectors, and shipment volumes showed only modest improvement. Performance dispersion widened, with agricultural chemicals, fertilizers, and minerals & inorganics outperforming, while commodity and diversified continued to weigh on overall momentum.

Deal structures in chemicals continued to evolve as sellers navigated valuation constraints and persistent earnings pressure stemming from weak pricing, uneven volumes, and limited near-term organic growth. Several multinationals pursued complex European exits that included seller-support mechanisms, such as structured financing or transitional backing, to make buyer economics workable for under-performing assets.

Chemicals deals by subsector

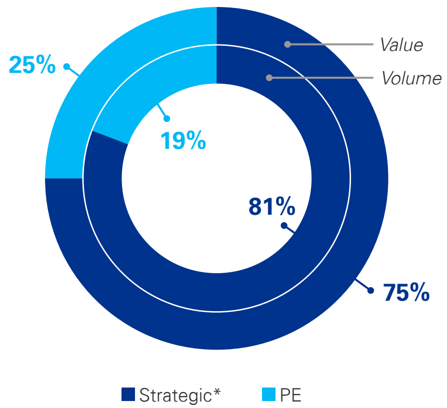


Chemicals strategic/PE deal volume and value



*Data also contains figures for SPAC deals

Chemicals strategic/PE mix - 2025

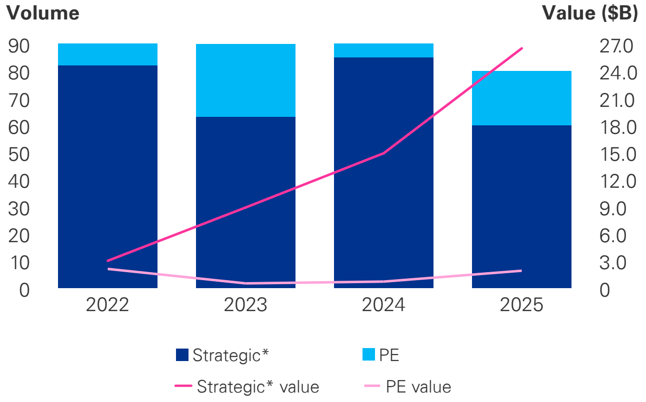


Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Mining: Bigger tickets, fewer prints

Critical minerals remain a small but strategically important part of the M&A landscape. Although deal volumes are constrained by the limited pool of investable assets, corporate and financial buyers are showing greater interest in securing long-term access to minerals tied to energy transition, advanced manufacturing, and national-security priorities. Recent US policy moves—most notably the recently announced Project Vault, a public-private initiative to purchase and store critical minerals and REE, as the Department of War's Office of Strategic Capital, which has begun issuing large loans and taking equity positions to accelerate domestic rare-earth magnet capacity—are materially reducing perceived geopolitical and counterparty risk. This deeper government involvement, reinforced by expanded support for recycling and processing capabilities, is prompting downstream manufacturers and select private-capital investors to revisit opportunities they previously viewed as too exposed to China-related supply-chain uncertainty, contributing to a modest rise in higher-value transactions despite structurally low deal counts.

Mining strategic/PE deal volume and value



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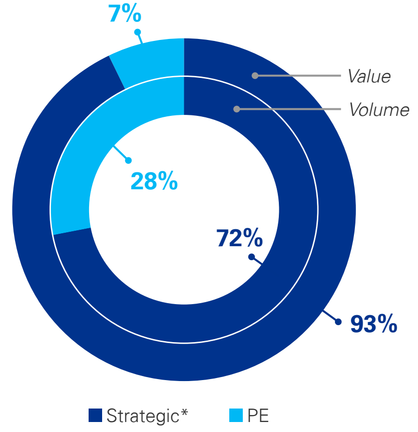
Mining strategy/PE mix - 2025



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

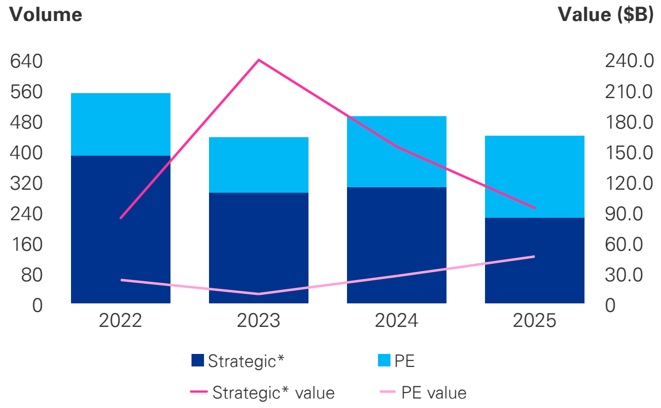
Oil & Gas: Gas-weighted portfolios and midstream build-outs

H2’25 in O&G favored infrastructure-linked assets and targeted consolidation, with deal value rising 38.3 percent to $81 billion and volumes edging up 0.5 percent versus H1’25. Year-over-year figures tell a different story, reflecting a rotation away from megamergers toward more disciplined platform consolidation: Deal value declined 22.7 percent and volumes fell 10.4 percent compared with 2024. Transactions such as SM Energy and Civitas Resources’ $8.2 billion combination and BP’s $6.0 billion sale of its Castrol stake to Stonepeak underscore the market’s focus on LNG-linked midstream connectivity and portfolio optimization around core assets.

Notably, the BP–Castrol transaction exemplifies a rising pattern of majority-interest deals, where sellers retain minority stakes to manage valuation gaps and preserve future upside—a structure our practitioners expect will become more prevalent across capital-intensive assets. This transaction also reflects the broader macro context: Oil-price volatility remains an upside risk to inflation forecasts, and geopolitical events have pushed Brent materially higher within short windows. Against this backdrop, majority-stake sales and partial monetizations allow corporates to rebalance portfolios while retaining exposure to long-cycle assets.

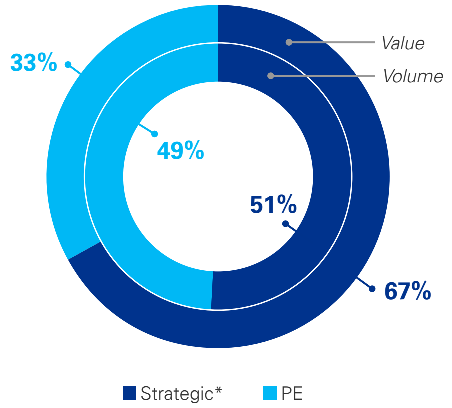
Two structural forces shaped O&G deal preferences in H2’25. First, gas-linked assets benefited from advantaged long-distance transport economics and strengthening global LNG flows, reinforcing the appeal of portfolios with integrated midstream optionality. Second, surging electricity demand from AI and large-scale data-center development sharpened investor focus on dispatchable generation and the infrastructure required to support it. Together, these dynamics encouraged acquirers to consolidate positions in gas-weighted platforms and the midstream networks that underpin them.

Oil and Gas strategic/PE deal volume and value



*Data also contains figures for SPAC deals

Oil and Gas strategic/PE mix - 2025



Values may not add to 100% due to rounding.
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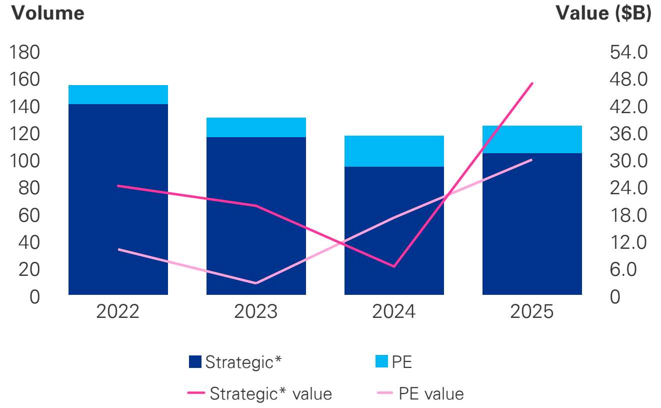
Power & Utilities: Reliability & platform scale drive value

In H2'25, the P&U sector saw deal volume rise 10.2 percent and deal value surge 65.3 percent compared with H1'25. Full-year 2025 results showed a similar rebound, with volumes up 6.0 percent and value up 229.0 percent versus 2024. Activity centered on portfolio realignment and grid-modernization priorities, highlighted by major transactions such as the $12 billion American Water Works–Essential Utilities deal, Sempra's $10 billion sale of a 45 percent stake in its infrastructure business to KKR and the Canada Pension Plan Investment Board, and the $3.6 billion merger between Black Hills Corporation and NorthWestern Energy Group.

Surging load requirements from large-scale data-center development are elevating the strategic importance of grid-reliability assets. Many proposed AI and high-density compute sites sit in regions where existing transmission and distribution capacity cannot accommodate incremental demand. As a result, buyers are prioritizing platforms with proven transmission and distribution capabilities, load-balancing infrastructure, and engineering expertise needed to connect new facilities to the grid. This has strengthened investor interest in assets positioned at the intersection of reliability, system flexibility, and long-term infrastructure expansion.

Power and Utilities strategic/PE deal volume and value



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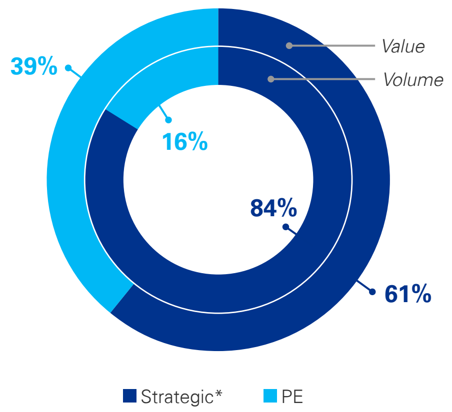
Power and Utilities strategic/PE mix - 2025



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

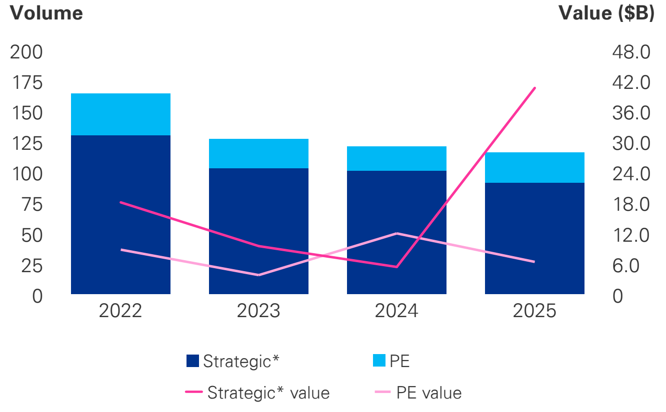
Renewable Energy: Solar-plus-storage normalizes after H1’25 spike

H2’25 cooled significantly from an exceptional first half, with deal value down 63.7 percent and volumes declining 12.9 percent as investors favored projects with existing grid access and long-term offtake contracts. Despite the slowdown, full-year 2025 performance remained strong: Renewable-energy deal value rose 173.3 percent while volumes fell 4.1 percent versus 2024, reflecting a shift toward fewer but larger and more selective transactions. Notable activity included Alphabet’s $4.75 billion acquisition of Intersect Power.

Near-term electricity demand growth, especially from AI and other high-density compute loads, continues to outpace the pace at which renewable generation and storage can be added. As a result, investors are evaluating renewables within a broader system-planning context that accounts for the need for complementary, dispatchable resources in the interim. While long-term fundamentals remain strong, this mismatch is reinforcing a “fewer but larger” pattern in which capital concentrates in contracted, grid-connected platforms that offer scale, visibility, and near-term revenue durability.

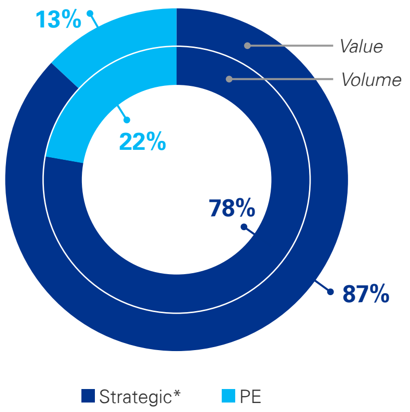
H2’25 highlighted the sector’s growing preference for scale, with deal value up 125.6 percent even as volumes fell 30.6 percent versus H1’25—a clear sign of capital consolidating into infrastructure-adjacent and critical-materials opportunities. Full-year 2025 trends showed the same pattern: Deal value increased 81.5 percent while volumes declined 26.5 percent compared with 2024. A notable example was Baker Hughes’ $13.6 billion acquisition of Chart Industries, reflecting tighter integration across services aligned with LNG expansion and clean-energy demand.

Renewable energy strategic/PE deal volume and value



*Data also contains figures for SPAC deals

Renewable energy strategic/PE mix - 2025



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals

Top deals for 2025

	Value (billions)
Acquirer: **Constellation Energy Corporation** Target: **Calpine Corporation**	$26.6
Acquirer: **Baker Hughes Company** Target: **Chart Industries, Inc.**	$13.6
Acquirer: **American Water Works Company, Inc.** Target: **Essential Utilities, Inc.**	$12.0
Acquirer: **Blackstone** Target: **TXNM Energy**	$11.5
Acquirer: **KKR & Co. Inc.; Canada Pension Plan Investment Board** Target: **Sempra Infrastructure Partners, LP**	$10.0

Deal data has been sourced from Capital IQ and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover inbound, domestic, and outbound US deals announced during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Previously published statistics may be revised to incorporate new data or changes.

Majority stakes, selective capital, and reliability plays

From a macroeconomic standpoint, 2026 enters with a firmer baseline than the prior year. Fiscal tailwinds, including tax refunds, which will be treated as windfall gains, are expected to lift consumption and support GDP growth closer to 3 percent. Inflation should moderate gradually despite trade-related noise, providing a more stable environment for high-conviction, infrastructure-linked acquisitions.

Dealmakers increasingly expect majority-stake acquisitions and structured minority rolls to continue into 2026, especially in chemicals, downstream energy, and capital-intensive O&G assets. These structures help sellers preserve upside and compress bid-ask spreads while giving buyers risk-managed control—a dynamic our practitioners called out as a defining structural shift rather than a temporary workaround.

Capital in 2026 will remain highly selective, concentrating on assets that provide system reliability, scale, and predictable cash flow. Across ENRC subsectors, buyers are prioritizing portfolio optimization over broad expansion, channeling capital toward infrastructure-linked platforms where integration, regulatory visibility, and earnings durability are clear. This is reinforcing a market defined less by deal count and more by targeted, high-conviction acquisitions.[1 2 3 4]

1 "Power & Energy Q3 2025," PCE Investment Bankers, October 13, 202

2 "2025 U.S. Energy & Utilities M&A Industry Report," Legacy Advisors.

3 Housely Carr, "Focus – Oil and Gas Producers Using M&A to Double Down on Primary Areas, Fine-Tune Portfolios," RBN Energy, December 29, 2025.

4 "U.S. oil and gas M&A slumps as low crude prices keep buyers in the dugout," PR Newswire.

Chemicals will prioritize high-margin specialty CASE portfolios—coatings, adhesives, sealants, elastomers, performance polymers, and advanced materials—supported by reshoring, automation, and circularity technologies that help stabilize margins and reduce earnings volatility. Renewables will tilt toward solar-plus-storage platforms, where scale, contracted offtake, and secure grid access help developers navigate incentive timing and supply-chain constraints. Mining activity will center on critical-minerals assets such as battery materials and rare earths, with buyers placing greater weight on supply-chain localization, permitting certainty, and geopolitical-risk underwriting.[5 6 7 8]

Chemicals: "Polymers with purpose"

Specialty chemicals will lead. Buyers want brands and technology in coatings, adhesives, and advanced materials. The aim is simpler product lines, smarter purchasing, and reliable pricing; cross border deals may add customers and cut costs.

Mining: "Critical minerals, critical moves"

Deals will target lithium, nickel, copper and REE that can reliably supply battery and electronics makers. Strong permits, stable power and water, and options to process or recycle materials will matter. Offtake agreements will support financing.

O&G: "Basins and barrels still rule"

Expect more midsize mergers and pipeline/storage deals. Companies will focus on strong gas assets and LNG links to secure steady cash flow and lower risk. Asset swaps and carve-outs will sharpen portfolios.

P&U: "From grid to gigawatts"

Utilities will invest in lines, substations, and backup power (gas/nuclear) to handle fast-growing demand from data centers and EVs. Deals will combine assets that improve reliability and keep costs predictable for customers.

Renewables: "Storage is the new solar"

Solar plus batteries will be the main theme. The best projects already have grid connections and long-term power contracts. Falling battery costs will help, but developers will still prefer sites with clear timelines and trusted partners.

[5] Gracie Matthews, "M&A Update," Everchem Specialty Chemicals, October 13, 2025.
[6] Pooja Menon and Sumit Saha, "Trump's energy pivot accelerates US solar and wind power mergers, asset sales," Reuters, September 26, 2025.
[7] Andrew Vitelli, "Gas-fired assets red hot, renewables shaky in 2025 M&A," ION Analytics, December 18, 2025.
[8] Tae-Yoon Kim, Shobhan Dhir, Amrita Dasgupta, and Alessio Scanziani, "With new export controls on critical minerals, supply concentration risks become reality," IEA, October 23, 2025.

Key considerations as we look ahead

01

Double down on LNG-linked optionality

Natural gas and LNG-adjacent midstream remain advantaged by flexible transport economics and rising AI-driven load; prioritize basin-specific economics and contracted offtake to stabilize returns.

02

Underwrite policy paths with precision

Model multiple regulatory outcomes—including trade policy, IRA incentives, and permitting variability—and favor jurisdictions with predictable interconnection and lower exposure to policy-sensitive cash flows.

03

Integrate across the grid stack

In utilities and midstream platforms, value hinges on coordination across generation, transmission, and distribution—build control towers early and standardize outage management and capex governance.

04

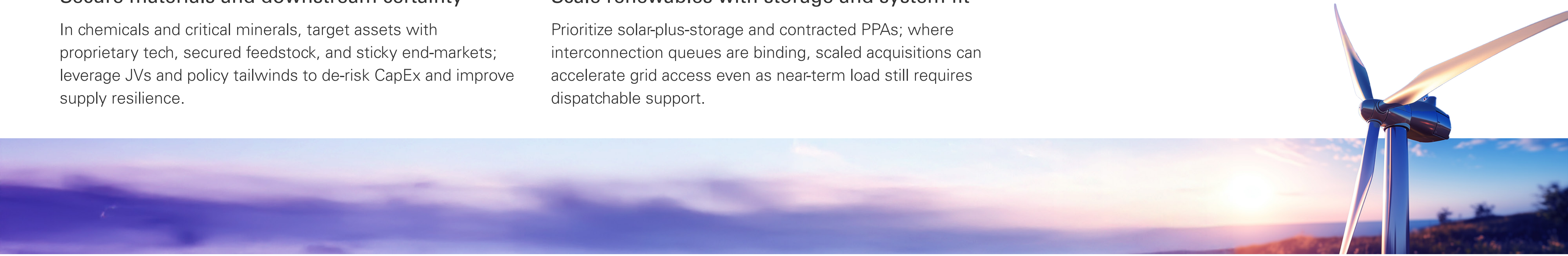
Secure materials and downstream certainty

In chemicals and critical minerals, target assets with proprietary tech, secured feedstock, and sticky end-markets; leverage JVs and policy tailwinds to de-risk CapEx and improve supply resilience.

05

Scale renewables with storage and system fit

Prioritize solar-plus-storage and contracted PPAs; where interconnection queues are binding, scaled acquisitions can accelerate grid access even as near-term load still requires dispatchable support.



How KPMG can help

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 tools-led insights, and full M&A capabilities across the deal lifecycle.

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

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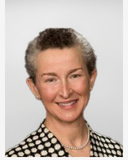
Our team

Experience wins the deal.

Each member of our deal team brings extensive industry experience and functional depth, working together to help you win the right deals, divest successfully and create long-term value.



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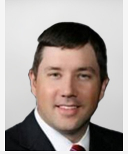

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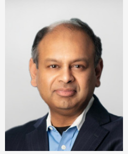

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