SLAUGHTER AND MAY

Takeover trends in 2026

Strategic M&A Series

Horizon Scanning
Capital Flows

Takeovers in 2026

2026 is proving to be a remarkable year for UK public M&A

The value of firm offers made in the first eight months of 2026 has already far outstripped total takeover value recorded in 2025, as UK public companies prove increasingly attractive targets.

Activity has been notably more selective year-on-year, but deal volumes have strengthened through the year, notwithstanding the conflict in the Middle East.

Quest for scale

Scale has been the dominant theme of 2026 – despite Rio Tinto and Glencore abandoning plans for a mega-merger at the start of the year – with a return of large-cap deals.

High-profile offers for FTSE 100 constituents have occupied headlines, reflecting the pursuit of transformational strategic combinations and echoing the wider M&A market.

Tactics in focus

Hostile tactics have been prominent, with bidders increasingly appealing directly to target shareholders as differences in valuation expectations remain pervasive.

In turn, target boards and shareholders are leveraging pre-offer processes to improve terms and maximise value.

£65bn aggregate value of UK takeovers in 2026 YTD

▲ 97% YoY

In this latest edition of our Strategic M&A Series, we explore the key takeover trends and developments so far this year, with insights from our extensive experience on the leading deals in the market.

We have advised on two thirds of all firm offers made so far in 2026 valued over £1bn, and on the four largest deals to date this year.

We are widely regarded as the pre-eminent law firm for UK takeovers, advising on more deals valued over £500mn in the last decade than any other firm. We advise on deals across the value spectrum for targets and bidders, and specialise in takeover defence as well as unlocking complex and contested situations for bidders.

Key takeaways

01 Scale has been the dominant theme of 2026, driven by a return of larger-cap transactions.

02 International interest in UK-listed targets has led activity, accounting for 92% of YTD deal value.

03 Bidders are engaging target shareholders at an early stage in the process, with bear hug tactics back in focus.

The players

Strategics aim high

Strategic bidders have recently been the cornerstone of the UK public M&A market, in both value and volume terms.

Well-capitalised corporates are adapting to market volatility in pursuit of scale, resilience and transformational transactions – leading the majority of deals at the top-end of the market, including bids for **SEGRO**, **Schroders**, **Beazley**, **Rotork** and **Tate & Lyle**.

Strategics have demonstrated their willingness to make bold moves for sought-after assets, evidenced by bear hugs for **SEGRO** (**Prologis**) and **Beazley** (**Zurich**).

Activity in the lower- and mid-markets – which continues to be anchored by UK corporates – has been more cautious, however, reflecting wider market trends, albeit the pipeline appears robust amidst increasing activity levels.

P2Ps in the spotlight

Sponsor interest in public targets (including through portfolio companies) remains firmly on the agenda this year, as UK public market valuations have made listed targets attractive relative to comparable private assets.

Sponsors have been active across the value spectrum, but the return to scale is notable, with sponsors willing to pursue larger-cap, high-conviction public deals. **EQT's** offer for **Intertek** is set to become the UK's second largest sponsor-led take-private on record.

The equity funding available to sponsors – through growing fund sizes and levels of dry powder, co-investment from Limited Partners (LPs) and the increasing use of syndication and consortium structures – is facilitating the resurgent deal sizes – as seen in **Castlelake** and **Apollo's** interest in **easyJet**.

London calling

International bidders accounted for almost two thirds of firm offers, and 92% of deal value in the first eight months of the year.

Persistent perceptions that UK equities are undervalued, combined with favourable exchange rates and international market volatility, continue to contribute to the appeal of UK targets.

Interest in large-cap targets has been driven by international purchasers – accounting for all bar one of the £1bn+ offers. US bidders have been a dominant – but not a predominant – force.

92%

proportion of 2026 YTD deal value attributable to international bidders

Target mix

Bidder interest in FTSE 100 targets has been the focus of attention. And whilst most of the volume remains directed at the sub-£500mn level, the proportion of deals at the upper end of the market has increased – almost a quarter of firm offers YTD valued the target at over £1bn. Five of those were offers over £5bn (vs. none in 2025).

Financial services has been the standout sector – with bidders increasingly willing to attempt transactions despite regulatory complexity. Activity has otherwise been spread across a broad range of sectors, driven by individual bidder appetite rather than sector trends.

Whilst there are signs of investor concerns about the outflows of equities, deal flow looks set to remain brisk, and listed companies across markets are increasingly actively preparing for a potential approach.

Trends in focus

Return of the bear hug

2026 has seen a return of more aggressive bidder tactics, with bear hugs – where a bidder publishes an indicative offer, typically including its terms, without the target board's consent – an increasingly prominent feature of the playbook as bidders seek to shift valuation debates into the public domain.

Through a bear hug, a bidder aims to encourage target shareholders to pressure the target board to engage, grant access to diligence, explore a transaction and, ultimately, recommend the proposal.

Why are bear hugs gaining prominence?

Valuation gaps

Differences in valuation expectations between bidders and target boards remain pervasive in UK public M&A, with target boards focused on standalone value and the potential for future upside amidst persistent perceptions of undervaluation.

As a result, where private engagement on terms fails to secure a recommendation, bidders are increasingly putting their proposals directly to shareholders. This enables a bidder to test shareholder appetite broadly and publicly (which could not be achieved by wall-crossing a select few) and encourage them to influence the target board.

Target engagement

Bear hugs can be a helpful tactic for bidders struggling to gain traction with a target board, as any resulting shareholder pressure will create momentum and make it harder for a target board to resist engagement.

It can also be useful where the bidder has already been identified publicly, and the clock is ticking on its 28-day "put up or shut up" (PUSU) deadline to announce either a firm intention to make an offer or that it does not intend to make an offer.

Public narrative

A bear hug allows a bidder to frame its proposed premium, strategic rationale and the deliverability of the transaction, and can shift the burden of rebuttal onto the target. This can be particularly effective where the bear hug reveals the bidder for the first time, allowing the bidder to set the tone – at least initially – before the target has publicly established its own narrative.

SEGRO

Prologis made its proposal to SEGRO shareholders early – just over a week after submitting a proposal to SEGRO's board (although it had made a previous private approach in March 2024). Following a series of revised proposals, the SEGRO board announced it was minded to recommend Prologis' best and final offer.

ip group

Railpen made a voluntary bear hug for IP Group in June 2026, having sought to privately explore a possible offer since late 2025, but it later announced that it does not intend to make an offer.

easyJet

Castlelake made a bear hug for easyJet later in its PUSU period. Shortly before the PUSU deadline, the easyJet board gave Castlelake an extension before jointly announcing an agreement in principle. Apollo later made a competing offer for easyJet.

intertek

EQT adopted a bear hug approach by publishing its "final" proposal for Intertek two days before its PUSU deadline, following weeks of public speculation. Intertek announced that it was minded to recommend the final proposal.

beazley

Zurich chose to publicly announce its possible offer for Beazley, commencing its offer period, having made a number of private proposals to Beazley's board since mid-2025. The two boards later announced an agreement in principle.

Trends in focus

Return of the bear hug

A well-executed bear hug allows a bidder to frame the valuation debate, demonstrate the credibility and deliverability of its proposal and build momentum towards diligence access and, ultimately, a recommended offer – but the strategy is not without risk.

Poking the bear: what's the risk?

PUSU deadline

As an extension to the 28-day PUSU deadline is, in practice, only granted at the target board's request, a bear hug raises the stakes. The bidder takes the risk as to whether the target board will be sufficiently persuaded within the PUSU period to recommend or extend the deadline. If not, it will be timed out and its only options are to walk away or make a hostile offer, which remains very rare in the UK (although this year, **Helios** has made one for **CAB Payments**, and **Peel** made a firm offer for **Harworth** without a prior bear hug approach).

A bidder should consider from the outset whether it is prepared to go fully hostile. If the target does not agree to a PUSU extension, the implications of proceeding with a hostile bid need careful assessment – including a lack of access to diligence materials, shorter timelines and limited assistance with regulatory filings absent target board co-operation.

The timing is key – shareholder availability needs to be considered as well as whether the bid is likely to be perceived as opportunistic.

Price floor and flexibility

Public statements – including on price, finality, conditions and consideration – need careful consideration as they may limit the bidder's ability to change tack as the process develops.

The price announced will generally set a floor, in the eyes of the market and under the Takeover Code. Once public, shareholders can be expected to treat the proposal as the starting point for negotiations rather than the end point, even if it represents an increase on private proposals. A bidder may want to declare its proposal "final" at some stage to limit further bumps.

Letting the genie out

Once a bear hug has been made, subsequent engagements with shareholders and other stakeholders will play out in public, alongside scrutiny of the bidder and its proposal. This may well unsettle the target workforce or even draw in another bidder.

Can targets bite back?

A successful outcome for a target is not necessarily the outright defeat of an approach, but may lie in an improvement of the terms – including on price and on deliverability – such that the board considers the revised terms to be recommendable.

Strategic moves – including dictating the timetable through a target's control over PUSU extensions as well as the timing and extent of any information-sharing – are key tools in the target's arsenal. These continue to be deployed to drive improved proposals or force a decision from the bidder. Seeking a white knight to make a competing offer is less typical, but can be an effective strategy.

A critical element of a target's defence is a compelling public narrative. Ultimately, effective preparation for an approach – and cultivation of shareholder, analyst and media relations well in advance – are key to a target's ability to react to a bear hug quickly and effectively and to help control the story.

In rare cases, a target may even consider voluntarily announcing an approach before the bidder does – putting itself in play but the bidder on the back foot and on the 28-day clock.

Trends in focus

Consideration

Cash extends its reign

Cash has further strengthened its position as the predominant currency of UK takeovers in 2026, with listed equity featuring in fewer offers than in recent years.

Against a backdrop of market volatility and sustained international interest in UK targets, the certainty of value offered by cash, the availability of financing for high-quality assets and the flexibility to allow target shareholders to retain specified dividends without reducing the offer consideration have reinforced its appeal to bidders, target boards and shareholders.

Certainty of value

A fixed cash price provides target shareholders with a settled amount to assess. In contrast, the value of listed share consideration is vulnerable to movements in the bidder's share price and, potentially, fluctuating exchange ratios up to completion. In the current period of macro volatility, this can make it challenging for the target board and shareholders to assess an offer's value. Share consideration also requires target shareholders to evaluate the equity story of the combined group.

Availability of financing

The size of the cash offers announced in 2026 demonstrates that committed debt and equity financing remains available for high-quality assets – **Zurich's** $5bn equity raising to partly finance its acquisition of **Beazley** and **Nuveen's** £3.1bn committed debt facility to acquire **Schroders** are good examples.

For sponsor-backed public-to-private deals, there has been plenty of dry powder, investment from LPs and/or syndication, consortium structures, and equity cheques reduced by stub equity rollover.

69% of firm offers were cash-only in 2026 YTD

vs. 66% YoY

Dividends

A related feature of several of the largest transactions announced in 2026 has been the ability for target shareholders to retain specified dividends without a corresponding reduction in the offer consideration.

In some cases, this has extended beyond the next scheduled dividend to include future ordinary-course dividends arising during an extended transaction timetable.

Nuveen's offer for **Schroders** permits shareholders to retain dividends of up to a defined aggregate amount, covering the FY2025 final dividend and expected 2026 interim dividend, while **Ingredion's** offer for **Tate & Lyle** permits shareholders to retain the final dividend for the financial year ended 31 March 2026 and the interim dividend for the six months ending 30 September 2026.

Trends in focus

Consideration

Listed stock: a harder sell?

Share consideration remains an important acquisition currency – giving target shareholders continued exposure to the combined business and reducing a bidder's cash funding requirement. But 2026 has demonstrated some of the commercial and practical challenges of persuading target shareholders to accept listed stock.

Complexity and procedural hurdles

The Takeover Code imposes additional constraints on share bids – including in relation to profit forecasts – which add complexity and can put bidders off.

Procedurally, there are limited constraints on putting cash into the hands of target shareholders, whereas applicable securities law will impose obligations for share offers.

In addition, investment mandates, index eligibility, custody arrangements, tax treatment and overseas securities law issues can make bidder equity unattractive or impracticable for some shareholders, or they may be restricted from receiving or retaining bidder shares where they are listed overseas. The current level of interest from international strategics has brought this issue into focus.

Prologis' offer for **SEGRO** was initially proposed as a share offer and, alongside valuation, the attractiveness of an all-US paper offer was questioned in the market. A 25% cash "sweetener" was subsequently introduced as well as a commitment to establish a secondary listing of Prologis shares on the London Stock Exchange.

18% of firm offers included a listed securities element in 2026 YTD

vs. 24% YoY

Stub equity

For sponsor-backed bids, unlisted or "stub" equity can allow shareholders to remain invested following the takeover, while lowering execution risk for bidders and potentially helping to bridge valuation gaps.

Apollo's recommended offer for **easyJet** includes an alternative under which eligible shareholders may elect to receive unlisted rollover shares in place of cash. The Haji-Ioannou family has undertaken to elect for the rollover in respect of approximately 15.3% of easyJet's existing share capital, illustrating how rollover equity can also help secure the support of a significant existing shareholder.

The investment proposition differs materially from listed equity: unlisted securities will typically have more limited liquidity and transferability, and different governance, information and exit rights. Structure, eligibility and terms therefore require careful consideration and this will often become a key upfront negotiation point on a stub equity deal (i.e. as between bidder and major shareholder).

Trends in focus

Consideration

Listed stock: mixed outcomes?

Share consideration leaves target shareholders exposed to subsequent movements in a bidder's share price.

Recent transactions illustrate a range of outcomes: across the selected deals on this page, bidder share-price performance since announcement has varied materially.

Aviva / Direct Line

2.7 published on 23 December 2024

Bidder share price at 2.7 date	Share price at 31 Aug 2026	Change
£4.62	£7.30	▲ 58.0%

Dauch / Dowlais

2.7 published on 29 January 2025

Bidder share price at 2.7 date	Share price at 31 Aug 2026	Change
$5.24	$6.32	▲ 20.6%

International Paper / DS Smith

2.7 published on 16 April 2024

Bidder share price at 2.7 date	Share price at 31 Aug 2026	Change
$35.91	$39.31	▲ 9.5%

Sintana Energy / Challenger Energy Group

2.7 published on 9 October 2025

Bidder share price at 2.7 date	Share price at 31 Aug 2026	Change
£0.29	£0.21	▼ 27.6%

Quanex Building Products / Tyman

2.7 published on 22 April 2024

Bidder share price at 2.7 date	Share price at 31 Aug 2026	Change
$33.69	$19.42	▼ 42.4%

Trends in focus

Structured sale processes

Formal sale process

An FSP allows a board to run a formal, public process. It can broaden the bidder universe and create competitive tension through a structured comparison of proposals. **Checkit** commenced an FSP after receiving six unsolicited expressions of interest from credible international parties.

The Panel will normally grant certain Code dispensations. Participating potential offerors may remain unnamed and outside the 28-day PUSU timetable while they remain in the process.

What are the trade-offs?

- **Market perception of FSPs:** announcing an FSP publicly signals that the company is available for sale and can be perceived as reflecting strategic or financial pressure, even where the process is launched proactively.
- **Management distraction:** bidder engagement, management presentations and due diligence can place significant demands on management and the board.
- **Execution risk:** an FSP is often a prolonged public process without necessarily producing an acceptable proposal or firm offer.

Private sale process

A PSP allows a board to engage confidentially with a restricted group of potential offerors and test value and deliverability without immediately commencing an offer period. It can be particularly effective where credible bidders are identified.

Senior's PSP illustrates the potential benefit: following an unsolicited approach, the board initiated discussions with a limited number of third parties, creating competitive tension and securing a recommended offer.

What are the trade-offs?

- **A narrower bidder universe:** targeted outreach may not identify an unknown buyer willing to offer superior terms.
- **Fewer Code dispensations:** a PSP may allow participants to remain unnamed, but does not provide the full package of FSP dispensations, including blanket relief from the PUSU regime.
- **Public dynamics:** an announced PSP becomes a public search. Any potential offeror specifically identified ordinarily needs to be named and become subject to the PUSU deadline, although other participants may remain confidential.

In 2026, targets (particularly smaller ones) have increasingly used sale processes and strategic reviews to respond to unsolicited interest, test public market valuations and identify the best route to shareholder value.

A properly conducted review may support a transaction, an alternative strategic action or a decision to remain listed.

Strategic reviews

A strategic review allows a board to assess a potential sale alongside other strategic alternatives and may ultimately lead to an FSP, a non-Code transaction or no transaction. It offers flexibility but can be resource-intensive and attracts shareholder scrutiny if it does not produce a transaction or identify a clear route to value.

A board may also invite approaches publicly without commencing an FSP. Any potential offeror specifically identified will ordinarily become subject to the 28-day PUSU timetable, increasing the pressure to determine quickly whether a firm offer is achievable.

Our experience in 2026 to date

We are regularly the most active law firm in the takeover arena – *we have advised on more takeover offers valued over £500 million in the last decade than any other law firm.*

In 2026 to date, we have advised on:

Two thirds of takeover offers valued at £1bn+

The four highest value takeover offers

SEGRO
on its recommended acquisition by Prologis for £14.3 billion

Schroders
on its combination with Nuveen, valuing Schroders at £9.9 billion

Intertek
on its recommended acquisition by EQT and certain minority shareholders for £9.5 billion

Zurich
on its recommended cash acquisition of Beazley for £8.2 billion

Castlelake
on its possible cash offer for easyJet valuing it at up to £5.5 billion

Rotork
on its recommended acquisition by ABB for £4.1 billion

Just
on its recommended cash acquisition by Brookfield for £2.4 billion

Senior
on its recommended acquisition by Tinicum and Blackstone for £1.3 billion

Greencore
on its recommended cash and share acquisition of Bakkavor for £1.2 billion

Dowlais
on its recommended cash and share combination with AAM for £1.2 billion

Railpen
on its possible offer for IP Group, valuing it at up to £730 million

Wood
on its recommended offer by Sidara, for £216 million, its associated financial restructuring and $450 million capital injection from Sidara

Serica Energy
on its competing offer for Pharos Energy for £146 million

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