M&A surge – illusion or reality?

One can easily conclude that M&A has roared back and that this is a great time to sell and execute large deals. But the reality is far more complex

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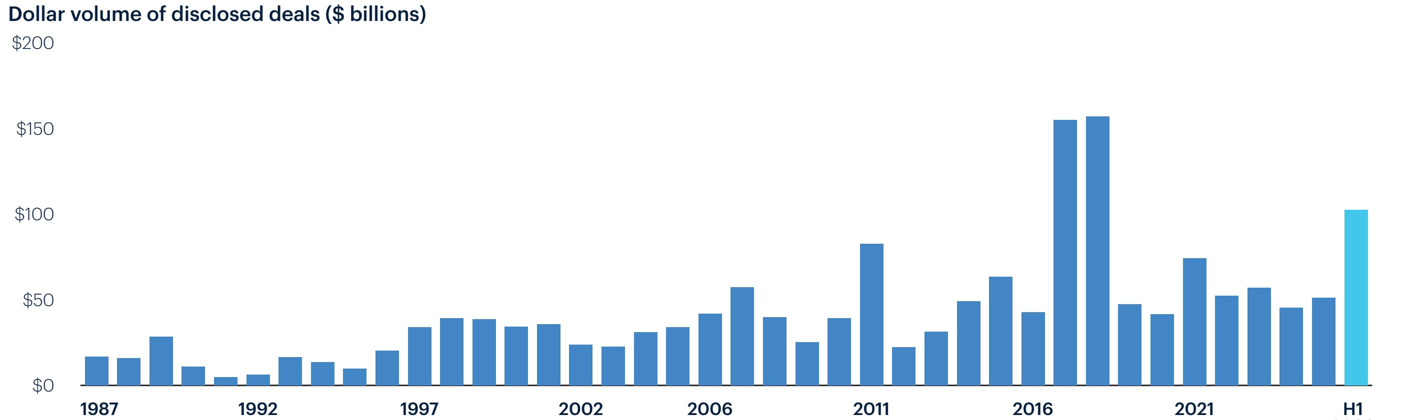
Global chemical M&A dollar volume surged in H1 2026 with $102.6 billion in deals closed – an annualized pace of $205.2 billion compared to just $51.1 billion for all of 2025.

This was matched by a major increase in the number of deals completed with 46 deals closed in H1 2026, an annualized pace of 92 deals compared to the 57 deals that closed in all of 2025. The global M&A market across all industries has also surged, so this is not just a chemical industry phenomenon.

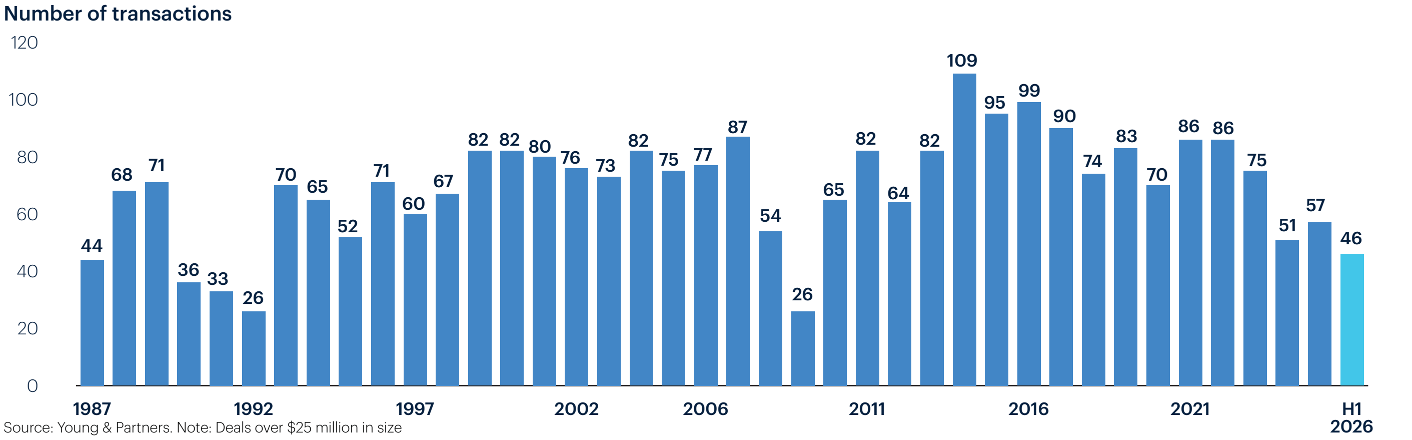
One can easily end up concluding that the chemical M&A market has roared back and

Acquisitions of worldwide chemical companies – equity value in dollars



Source: Young & Partners. Note: Deals over $25 million in size

Acquisitions of worldwide chemical companies – number of deals



Source: Young & Partners. Note: Deals over $25 million in size

that this is a great time to be a seller and to do large deals. But the reality is far more complex.

What each buyer and seller is experiencing and can expect is in fact quite different by industry sector, geographic region, and specific circumstances.

In addition, it is a bit odd that volume is so high given that the big picture factors that normally suppress M&A volume: high interest rates, weak and slowing global economic activity, structural challenges in sectors such as commodity chemicals, and the high levels of uncertainty around a wide range of issues. Normally, these factors slow M&A volume.

The explanation is interesting and driven by underlying and segmented trends. The high total number and dollar volume of M&A is in reality the sum of diverse M&A themes underneath.

DIVERSE M&A THEMES

First, there are a much greater number of sellers than there are buyers, especially of commodity chemicals and European chemical assets.

Second, valuations in the stock market and the M&A market have come down, allowing buyers and sellers to more frequently agree on price.

Third, a high percentage of the global deals are driven by the ongoing consolidation of China's chemical industry where the buyers and the sellers are Chinese companies. If you are not a Chinese company, this market really does not apply to you.

Fourth, there is a massive flood of European chemical assets that have been put on the market as the business position of European chemical companies has eroded. Most of those assets are being shut down after attempts to sell have failed, but the numbers are so large that the number of completed deals is still large.

Fifth, there are rationalizations of ownership and capacities in other countries such as Brazil that reflect a consolidation of large distressed petrochemical operations. This is also starting to happen in other countries such as Japan and South Korea.

Chinese companies will continue to consolidate, European chemical assets will find a home or will be shut down, regional restructurings will continue, and strategic buyers will push forward in a still uncertain environment

Sixth, many companies have postponed strategic acquisitions over the last two years because of the many uncertainties that have risen – tariffs, supply chain disruptions, volatile oil and natural gas prices.

But after two years of holding off and coming to the realization that the uncertainties may last for quite a while, companies have concluded they should go ahead with these strategic acquisitions, in spite of the uncertainties. This has been aided by the more relaxed anti-trust policies in countries such as the US.

All of these are distinct and somewhat independent trends. But each one is driving an increase in activity that, when totaled, results in a huge surge in M&A volume.

The three largest deals in H1 2026 reflect this story in that each one represents one of the above six sub trends: Borealis/Borouge, Borouge International/NOVA Chemicals, and China Shenhua Energy/China Shenhua Coal to Liquid & Chemical.

PREDICTIONS

Our prediction for chemical M&A for the rest of 2026 is for continuing high dollar volume and number of deals. Chinese companies will continue to consolidate, European chemical assets will find a home or will be shut down, regional restructurings will continue, and strategic buyers will push forward in a still uncertain environment.

A seventh sub trend may erupt. Private equity owners of a very large number of chemical businesses that they have not been willing to sell given the softening of M&A valuations, may decide to sell and either accept the lower valuations, restructure their chemical assets so that they are a better fit with the market, or find strategic buyers who have been on the sidelines.

Also, strategic buyers will continue to try to expand into the perceived lower risk geographies such as the US with its stronger economy and ample supply of oil and gas.

TIME TO BE A BUYER OR SELLER?

Whether this is a good time to sell depends on the answer to a few key questions about your situation:

- Is there a strategic imperative for you to pursue where M&A is a critical means to accomplish that imperative?
- Is your business a commodity or specialty chemical business?
- Where is it located? The US, Europe, Asia, Middle East, etc.
- What is the quality and strategic profile of your business, can it be reconfigured, and how attractive will it be to strategic buyers?
- Are the potential buyers for your business in good shape, in healthy industry sectors and geographies, and looking to expand?

Depending on the answers to these five questions, the answer could be "yes" or "no". ■

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