August Merger Monthly

The US mergers and acquisitions (M&A) market saw deal value rise in August 2025 compared to the same period last year, marked by fewer but larger transactions amid macroeconomic headwinds. Private equity (PE) took center stage in high-value August deals, a shift in transaction dynamics from July. Still, M&A deal volume in August was pressured by ongoing macroeconomic challenges, including slowing US growth, elevated interest rates and continued policy uncertainty. These conditions continue to contribute to a more cautious investment environment.

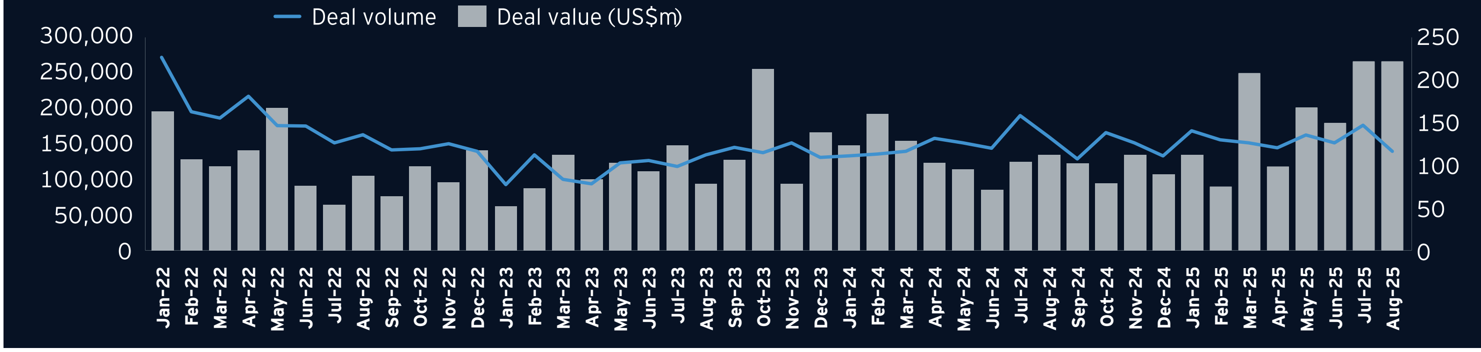
Despite the slowdown in major M&A deals, momentum persisted in certain sectors, notably technology, consumer products and retail as well as telecommunications, which saw continued activity through large-scale deals. This activity was fueled mainly by artificial intelligence (AI) innovations, portfolio refinements, PE interests and infrastructure investments.

Slowing growth amid headwinds and uncertainty

US economic activity is on a moderating path amid persistent policy uncertainty, elevated trade frictions and geopolitical tensions, notes EY-Parthenon Chief Economist, Gregory Daco. Real GDP expanded at a modest 1.4% annualized pace in the first half of the year, signaling a softening in private sector demand. Growth is expected to decelerate further with real GDP rising just 1.1% year over year (YoY) in Q4 2025 and gradually rebounding to 1.7% YoY in Q4 2026. This cooling momentum reflects a gradual easing in labor market dynamics and reemerging inflation pressures, partially offset by the near-term investment lift from generative AI adoption. Following the September rate cut, the Federal Reserve is expected to further ease monetary policy through 2026. Easing financial conditions should reduce valuation pressures on existing assets — especially in rate-sensitive segments — by narrowing discount rates and improving financing costs. However, elevated entry multiples and persistent uncertainty will continue to challenge new deal activity and broader repricing.

US M&A trend analysis
Monthly M&A trend (2022 onward)

Deal value (US$100m+); deal volume (US$100m+)



Source: EY Insights analysis and Dealogic

US sector breakdown for top deals (US$100m+) – August 2025

In August 2025, while the number of deals exceeding US$1b rose by 17.1% compared to the previous month, their total value declined by 28.2%. On a YoY basis compared to August 2024, overall deal activity strengthened, with deal value up 45.0% and volume increasing by 10.8% for deals exceeding US$1b.

Sectors that fueled this month's US M&A activity:

	Deal value (US$100m+)			Deal volume (US$100m+)		
Target sector	**Aug 2025 Value (US$b)**	**Aug 2024 Value (US$b)**	**% change in value**	**Aug 2025 Volume**	**Aug 2024 Volume**	**% change in volume**
Technology	55	28	99.7%	29	32	-9.4%
Consumer products and retail	35	48	-28.1%	8	8	0.0%
Telecommunications	24	0	–	3	0	–
Infrastructure	20	9	129.7%	9	9	0.0%
Power and utilities	18	4	304.5%	7	6	16.7%

Source: EY Insights analysis and Dealogic

Sector highlights

August's M&A trends reveal a blend of high-value transactions and portfolio enhancement efforts across sectors:

Technology

In August 2025, technology deals of $100m and above doubled in value compared to August 2024. Despite the surge in deal value, volumes fell compared to last year, indicating larger deal sizes are driving activity. M&A activity was shaped by AI-driven innovations, including advancements in hardware and semiconductors, intelligent customer engagement, workforce analytics in human capital management systems and energy dedicated to SaaS and data analytics.

Consumer products and retail

On a YoY basis, deal value declined by 28% despite flat volume, suggesting a shift toward smaller-sized transactions and more conservative valuations. Transactions were driven by companies selling off divisions or brands to streamline their portfolios and expanding into adjacent segments. Nevertheless, there was improvement month-over-month.

Telecommunications

The sector saw an upswing in M&A activity, with aggregate deal value for deals over US$100m reaching approximately US$24.4b across three transactions. This marked a stark contrast to August 2024, which saw no deals in a similar range in the sector. The month's activity highlights a focus on infrastructure expansion, rising PE interest in digital assets and strategic exits from noncore markets.

Infrastructure

The sector saw aggregate deal value more than double compared to August 2024. Deal value increased despite flat YoY volume. The transactions reflect broader strategic themes such as portfolio realignment through divestitures and consolidation to expand product portfolio and geographic reach and brand consolidation.

Power and utilities

M&A activity for this sector saw deal value triple and volume increased in August on a YoY basis. Transactions were driven by energy infrastructure investments and clean energy transitions along with PE interest in utility infrastructure.

Rebound in PE M&A activity

PE played a significantly larger role in high-value transactions during August, reflecting a shift in deal dynamics compared to the previous month. For deals valued US$100m+, PE's share compared to corporate activity surged to approximately 47% in August, a significant jump from 8% in July[1]. PE participation was evident across multiple sectors, with notable deal value aggregates observed in technology, consumer products and retail, and infrastructure sectors.

Looking ahead

According to the EY US PE Pulse survey, firms are increasingly focused on exiting aging portfolio companies, holding over 12,000 assets, with nearly a third held for more than six years. With nearly half of PE firms willing to accept a 6 to 10% discount to facilitate exits, rate cuts could accelerate divestments and unlock deal flow in the second half of 2025.

However, a court ruling against tariffs imposed by the Trump administration has created trade uncertainty, while the removal of a de minimis exception on imports by the administration has brought up new compliance issues. Both actions could impact global trade and deal strategies.

While August's deal volume and value saw a dip, the US deal market to date remains strong, with year-to-date (YTD) value up 26% and deal count close to 3%, for deals $100m+.

Sudhanshu Wasan, Associate Director; **Karan Chowdhary,** Assistant Director; and **Runjhun Anurag,** Supervising Associate, from Ernst & Young LLP (India) contributed to this article.

[1]Source: EY Insights analysis and Dealogic

Mitch Berlin
EY Americas Vice Chair,
EY-Parthenon

Learn more about Better Deals at
ey.com/us/transactions

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

About EY-Parthenon

EY-Parthenon teams work with clients to navigate complexity by helping them to reimagine their ecosystems, reshape their portfolios and reinvent themselves for a better future. With global connectivity and scale, EY-Parthenon teams focus on Strategy Realized — helping CEOs design and deliver strategies to better manage challenges while maximizing opportunities as they look to transform their businesses. From idea to implementation, EY-Parthenon teams help organizations to build a better working world by fostering long-term value. EY-Parthenon is a brand under which a number of EY member firms across the globe provide strategy consulting services. For more information, please visit ey.com/parthenon.

US SCORE no. 28305-251US
2508-10369-CS
ED None

ey.com