



Stability, scale and strategic positioning:

Energy sector M&A trends to watch in 2026

Key takeaways:

- Fewer companies are completing a larger share of the M&A deals across the energy sector
- Deal volume is down, but deal value is up
- There are five steps to building a sophisticated transaction risk strategy across pre-deal, transaction structuring, integration and post-close phases of an M&A transaction

COVID-19 has faded from the headlines, but the pandemic remains a landmark for merger and acquisition (M&A) activity globally. The impact of the pandemic drove deal volumes and values into the ground, and since 2020,

energy companies have endured continued disruption that has kept an M&A rebound at bay. As global financial, political and business leaders grappled with soaring interest rates in 2021, many transactions remained on hold while the global economy recalibrated. Russia's invasion of Ukraine, President Trump's [swathes of regulation and tariffs](#), and conflict in the Middle East have all added cumulative pressures that haven't yet delivered a window of opportunity for M&A deals to resurge. Corporate ambition has changed.

Whereas M&A was a key strategy pinned to bold growth targets, including decarbonization, energy sector leaders are now focusing on security, stability and strategic positioning.

Key issues tempering M&A deal volume:

Looming potential for oil price drops: Volatile commodity prices could tighten valuation models and shift focus to cost cutting and balance sheet strength.

Escalating operational costs: Pinched margins are putting cost discipline in focus, making energy companies more selective, slowing M&A momentum and pushing deals to focus on efficiency and resilience.

Supply chain volatility: In mobilizing alternative supply chains that are less reliant on politically-exposed countries, companies are reassessing supply dependencies and valuation models, making M&A more risk-adjusted and cautious.

Tariffs, trade and geopolitical tensions: Geopolitical events such as U.S. engagement in Venezuela or tensions in the Middle East affect asset valuation, risk adjusted returns, and timing of transactions.

The Energy Profits Levy and other windfall profits taxes: During periods of higher oil and gas prices, jurisdictions such as the U.K. introduced even higher taxes (even in circumstances where the energy had been forward sold at previously lower prices), impacting profitability.

Opportunities achievable through M&A

More control over integrated value chains: Acquirers can implement robust risk controls across several links of the chain, reducing the risk of disruption, alongside capturing more margin.

Operational efficiencies through consolidation: By combining assets, streamlining overlapping operations, standardizing processes, improving resource allocation and reducing duplication, M&A boosts operational efficiencies.

Technology-enabled operating models: Upgrades and investment in technologies improve reliability and enhance operational stability while accelerating innovation across the portfolio, enabling companies to remain competitive in a clean energy future.

Energy security: Geopolitical instability increases the premium on secure, reliable energy supply. Companies that pursue acquisitions to ensure access to resources, infrastructure, and strategic basins could mitigate geopolitical exposure.



M&A dealmakers across the energy sector are challenged with striking the critical balance:

hedging against the fallout from geopolitical unrest (volatile commodity prices, disrupted supply chains, soaring operating costs and capital pressures), while positioning for a new energy future.

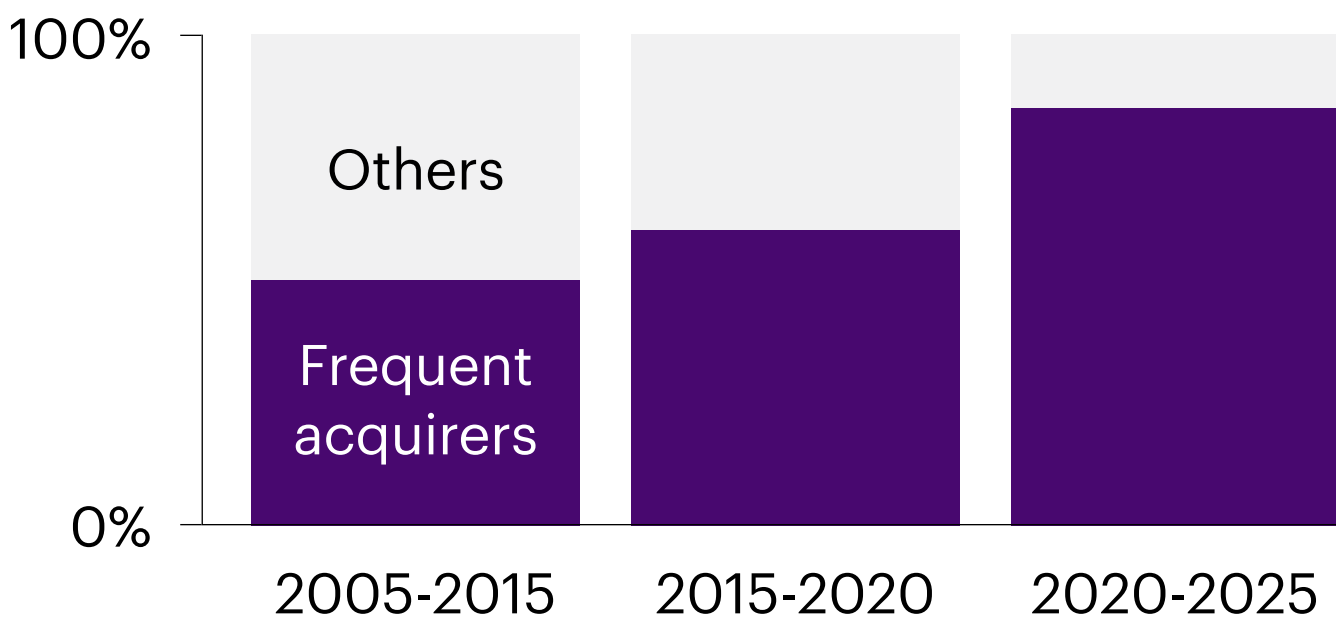
Midstream market capitalization, in billions of U.S. dollars

● Number of companies



Source: Bain & Company

Percentage share of acquirer type



Source: Bain & Company

The rise of the super-acquirer: A growing trend

Major players and well-capitalized independents across the energy sector have consolidated upstream, midstream, and downstream services. Frequent acquirers (which perform one or more deals each year) are dominating the sector’s M&A deals.

As fewer companies complete a larger share of the M&A deals across the sector, these super-acquirers are outperforming their sector peers, accounting for 53% of deal value. The asymmetrical trend is widening the gap between stock price, with super-acquirers adding more value year-on-year than less deal-hungry counterparts. “The difference in total shareholder returns for frequent acquirers was 57% higher than inactive companies between 2000 and 2010. That jumped to 130% between 2012 and 2022”, [according to Bain & Company](#).

The energy companies that are pulling ahead are watching and waiting for the most lucrative opportunities that have potential to bolster long-term business models and strategically using deals as a catalyst for broad-scale transformation.

Investment trends: Buyers are investing in key technologies

Dealmakers are focusing on acquiring assets with stable cash flows and strategic value to protect the value chain.

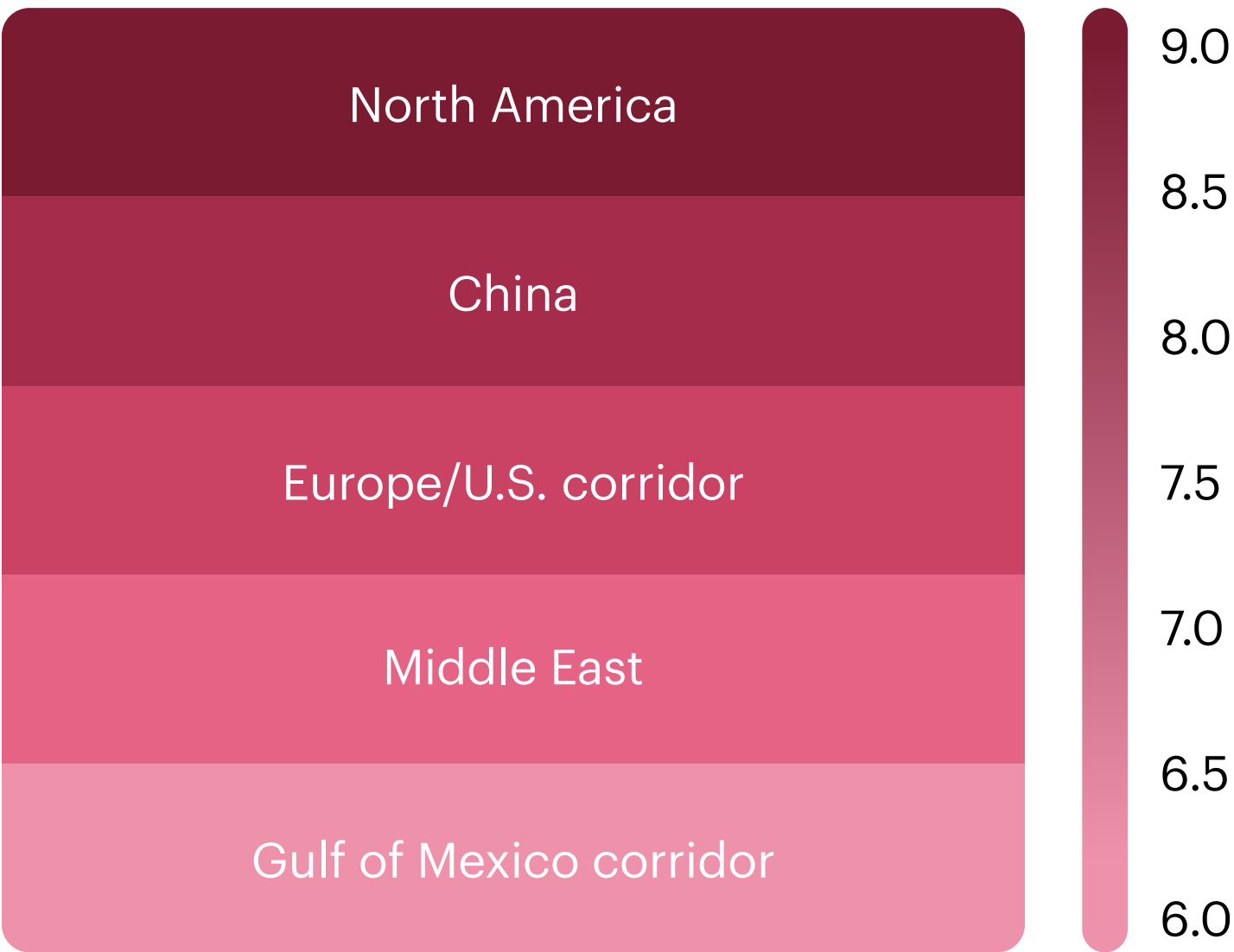
Sector	Technology targets
Upstream	Digital oilfield, automation, basin integration, emissions reduction
Midstream	Gas and liquified natural gas (LNG) technology, grid enabling assets, storage technologies
Downstream	Specialty chemicals, hydrogen and carbon capture, utilization and storage (CCUS), digital refining

Investment trends: Global hotspots for M&A in 2026

Regulation and geopolitics, while turbulent, can create attractive propositions for deals to flow, with cross-border investors targeting jurisdictions with regulatory clarity.

M&A hotspots: A forecast

Source: Willis



Region	Technology targets
North America	The U.S. is likely to remain the strongest hotspot for M&A in the coming years, driven by LNG permitting reforms and project acceleration, rapid growth in electricity demand from AI and data centers creating investment opportunities, as well as continued shale basin consolidation. The European corridor remains active. While domestic European volumes have softened, cross-border deal flow between Europe and the U.S. remains strong. European majors continue reshaping portfolios and the U.S. provides attractive valuations and growth exposure for strategic scale-up. LNG export terminals along the Gulf of Mexico are scaling rapidly and integration of upstream and midstream infrastructure is accelerating in parallel. The sub-region is emerging as a high-density M&A zone.
China	China stands out as the only region with increased deal volume during the most recent reporting period. The country’s ongoing industrial expansion will require stable energy supply chains, strategic focus on securing technology and critical energy assets, alongside building energy security through increased outbound investment.
Middle East	While not always high in volume, the Middle East remains a center of strategic, large-scale deals led by national oil companies (NOCs). Despite political headwinds, major megadeals involving Middle Eastern players are combining assets into large global chemical/ petrochemical entities as NOCs seek global expansion and vertical integration.

Why energy M&A transactions are at risk

Oil and gas M&A deals are exposed to a complex network of risks that have the potential to derail a transaction, including:

- **Commodity price volatility and valuation risk:** Volatility shrinks deal pipelines and increases uncertainty around future cashflows, making acquirers cautious. Deals may be timed poorly, overvalued/undervalued, or abandoned due to rapid price shifts
- **Tariffs, regulation, and geopolitical uncertainty:** Energy sector supply chains have faced disruptions due to tariffs, vessel fees, and global policy shifts, affecting operational assumptions in deals. Acquired assets may not deliver expected returns if supply chain constraints erode margins
- **Valuation uncertainty:** In many regions, valuations (especially in hotspots like the Permian Basin) have risen sharply, creating risk of overpayment. Volatile markets have made seller expectations inconsistent, contributing to valuation gaps that can stall deals
- **Integration risks:** Mismanaged integration leads to lost synergies, cultural conflict, and operational disruption

- **Tax risks:** Oil and gas M&A often involves a target business with significant deferred tax assets/carried forward losses (often into the billions of dollars). “These can be a huge driver of value if they are available to offset against future profits. We have frequently seen tax insurance being used to insure against the risk of the availability of those losses being challenged”, Stafan Farahani, International Head of Tax & Contingent Insurance, Mergers & Acquisitions, Transactional Risks, FINEX Global, Willis

Although deal volume in some oil and gas segments has fallen, overall deal value has surged, indicating fewer but much larger, more strategic transactions. With high values at stake, insulating the transaction from shocks will demand a sophisticated risk strategy.

Making strategic decisions: Five steps to build a sophisticated transaction risk strategy

Insurance and risk solutions can help manage valuation uncertainty, tax exposure, operational integration threats, and regulatory risks.



Pre-deal phase: Identify, quantify and allocate risks

1. Conduct enhanced due diligence, with a focus on tax positions, legacy liabilities, operational risks, and supply-chain exposures to uncover uncertainties early
2. Harness scenario-based tax modeling to understand deal-structuring impacts such as corporate rate changes to support smarter pricing decisions and prepare for legislative shifts
3. Deploy risk-allocation mechanisms such as contingent purchase price mechanisms or earnouts to share uncertainty around tax and regulatory changes, or contractual tools such as indemnities and specific liability carve-outs

Transaction structuring phase: Protect value and reduce exposure

1. Invest in transactional insurance, such as Representations and Warranties/Warranty and Indemnity to cover a broad range of historical exposures relating to the target including financial, legal, and operational matters

2. Consider tax insurance, which is designed to cover the availability of deferred tax assets/losses, uncertain tax positions, future tax authority challenges and penalties. Insurance removes the risk associated with tax uncertainty and guarantees the economic value of carried forward losses
3. Explore contingent liability insurance solutions which are effective for identified but unquantified legal, environmental, or contractual risks that could impede a deal

Integration phase: Manage operational, financial and compliance risks

1. Loss portfolio transfers (LPTs) and legacy liability solutions can be used to manage existing or historical casualty liabilities or legacy exposure from acquired entities. The solutions help to transfer long-tail risks (environmental, workers' compensation, liability claims) off the balance sheet
2. Ensure a tailored multinational risk program is in place to help avoid regulatory gaps in cross-border transactions

3. Protect digital infrastructure. As merged entities integrate technologies and digital systems, cyber insurance is a critical tool to protect the balance sheet from the far-reaching impacts of a cyber attack

4. Directors & Officers (D&O) Insurance protects executives from liabilities that may arise due to integration or legacy issues such as governance, fiduciary duties, or M&A decision-making

Continuous monitoring and adaptation

1. Regularly reassess post-deal tax exposure because tax risks arise throughout the tax year, not just at year-end, requiring ongoing monitoring
2. Monitor regulatory and policy shifts which mean companies must keep adjusting deal models and indemnity positions as rules evolve.
3. Keep risk advisors close to understand what insurers are asking of insureds, and how companies can present robust risk information to access optimal cost and coverage.

To find out how risk and insurance specialists can support you throughout the deal lifecycle, contact:



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This update analyses our observations of the current global market conditions for renewable energy insurance and the impact this has on insurance buyers. This update is based on our observations of the market for our WTW clients and is not a whole of market review.

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