



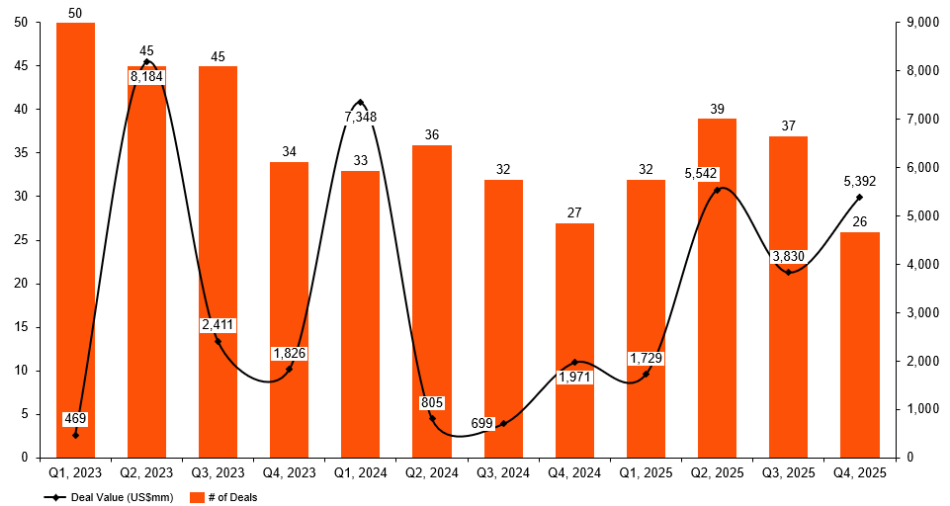
# M&A Activity in Mexico: 2025 and 2026-year Outlook



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During 2025, a total of 134 transactions were closed in Mexico, amounting to US\$16.5 billion. These figures reflect a 5% increase in transaction volume compared to the M&A activity in 2024, and a 52% increase in deal value concentrated mainly in Consumer Retail, Financial Services, Technology and Energy sectors. Although the total deal value in 2025 significantly surpassed that of the previous year with relevant transactions like the participation in Nordstrom by Liverpool and the sale of a 25% stake of Grupo Financiero Banamex, Mexico's M&A market has yet to reach its full potential.

## M&A activity by quarter (2023 –2025)



### M&A Activity in Mexico<sup>1</sup> (completed deals)

Number of transactions and deal value<sup>2</sup> in millions of USD from 2023 to 2025

Sources: Mergermarket and PwC research 2025

The evolution of Mexico's M&A landscape throughout 2025 was shaped by a combination of internal factors, ongoing global uncertainty and domestic economic pressures. While the increase in deal value pointed to specific interest in strategic assets, the market remained cautious, with dealmakers navigating volatility in regulation, industry outlooks and pricing, with direct implications for transaction performance.

Looking ahead, several key themes may be relevant in Mexico's M&A environment. These factors can represent both opportunities and challenges, reflecting structural

<sup>1</sup>Completed deals which include Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated. Data include offshore M&A activity of Mexican companies

<sup>2</sup>The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.

shifts in investor strategies, sectoral dynamics, and external market conditions. Companies and investors should closely monitor these evolving trends and proactively evaluate their strategic implications. The impact of these factors is expected to persist beyond 2026, influencing transaction activity, investment decisions, and market dynamics over the medium to long-term.

**Economic and Investment Uncertainty.** Throughout 2025 and into 2026, Mexico's macroeconomic environment has been shaped by elevated uncertainty, reflecting a moderation in economic growth and downward revisions to GDP expectations by multilateral institutions. According to the National Institute of Statistics and Geography (INEGI), Mexico's GDP grew by 0.7% compared to 2024, positioning the country among the slower-growing economies in Latin America and the Caribbean. This outlook is underpinned by a weak economic base in 2025, subdued investment levels, and a moderation in domestic demand. These factors, alongside ongoing trade policy uncertainty, including the review of the USMCA, have continued to influence investor sentiment and capital deployment decisions.

In this environment, transaction activity has increasingly emphasized valuation discipline, capital preservation, and a focus on high-quality assets and resilient business models. While Mexico continues to benefit from the relative strength of the U.S. economy and its strategic position within regional supply chains, macroeconomic uncertainty and tighter financial conditions have contributed to extended deal timelines and a greater concentration on transactions driven by consolidation, operational efficiency, and defensive growth strategies.

**Private Equity and Capital Availability.** Private equity dynamics in Mexico and the broader Latin American region during 2025 reflected a more deliberate approach to capital deployment in comparison to the history of the industry. While investment capacity remained present, sponsors increasingly aligned deployment decisions with stricter underwriting criteria and a reassessment of risk-adjusted returns. This shift translated into a more measured pace of execution, with investment strategies favoring opportunities supported by defensible fundamentals, visibility on cash flow generation and clearly identifiable value creation initiatives.

In Mexico, this environment reinforced a continued focus on mid-market transactions, where private equity investors concentrated on platforms with operational improvement potential and scalable business models. In connection with the environment, certain portfolio companies are reaching the high-end of their investment period and therefore, there is an expectation to pursue exit strategies. As a result, private equity activity remained selective.

**Large Strategic Transactions.** Strategic M&A activity in Mexico during the year was highlighted by notable headline transactions that contributed meaningfully to overall deal value and reflected evolving investor interest in transformational opportunities. Prominent examples in consumer and financial services underscore this trend, along with activity in other sectors like airport infrastructure with active Mexican buyers looking to consolidate their competitive position.

**Regional and Global Comparatives.** Mexico is frequently assessed by dealmakers as the second M&A platform in Latin America behind Brazil, particularly when evaluated alongside markets where transaction activity is more narrowly driven by sector-specific or country-specific dynamics. While several Latin American economies continue to attract investment based on specific sector themes, Mexico offers a broader transactional ecosystem, supported by deal scale, cross-border relevance, and the ability to serve as an anchor market within regional M&A strategies.

From a global perspective, Mexico is commonly positioned by international investors as a gateway market within Latin America, rather than as a standalone emerging market opportunity. In comparative assessments against other emerging economies, Mexico is typically associated with higher strategic relevance for regional consolidation and cross-border integration. This positioning has supported its inclusion in global M&A portfolios focused on long-term regional exposure, even as investors continue to differentiate carefully between country-specific risks and comparative regional advantages. Nonetheless, the realization of this potential will depend on continued progress in regulatory clarity, infrastructure development, and macroeconomic stability.

**Nearshoring Momentum Faces Policy-Driven Headwinds.** Mexico continued to be regarded by many market participants as a relevant destination to access or interact with the U.S. market, particularly across manufacturing and value chains. Structural advantages like geographic proximity, competitive labor costs, and a well-established manufacturing base supported the relocation of supply chains and production capacity. However, uncertainty surrounding evolving tariff policies was cited as a factor influencing investment planning, especially regarding key materials such as steel, aluminum, and automotive components.

While a large portion of Mexican exports to the U.S. remained tariff-exempt under current agreements, the renewed focus on trade protection measures generated caution across corporate planning and investment strategies. This environment was associated with some companies reassessing the timing or scope of expansion plans, incorporating more flexible operating models to accommodate trade policy shifts. Additionally, firms began placing greater emphasis on resilience and regional diversification within their nearshoring initiatives. Certain industries, such as automotive and U.S.-connected players, are specifically struggling to navigate these circumstances and to exit or enter assets with a clear long-term viability.

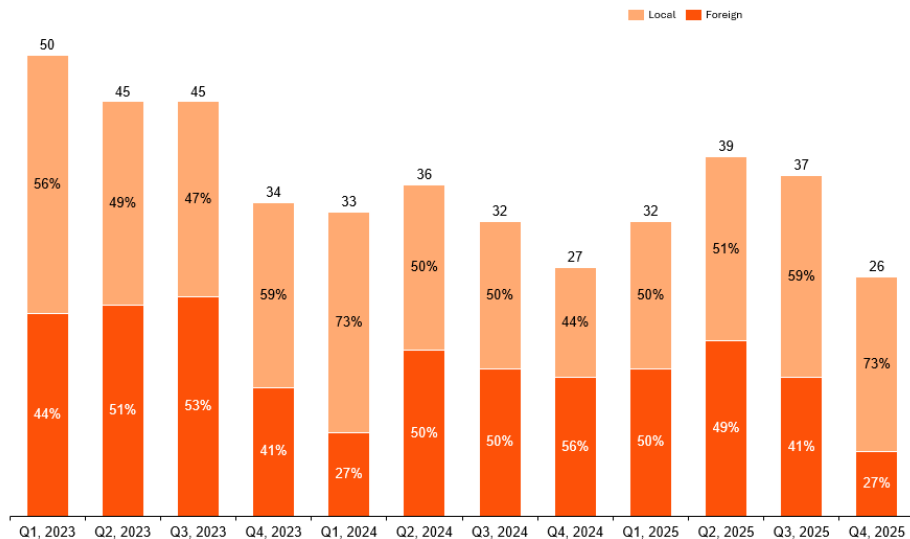


## M&A activity by geography of buyers (local and foreign)

From a geographical perspective, foreign buyers represented 42% of total M&A transactions in Mexico during 2025, confirming the historical trend of domestic predominance observed in prior years (with foreign buyers accounting for 45% in 2024 and 48% in 2023).

The United States maintained its position as the leading foreign acquirer, primarily focused on Technology sector with companies offering financial and management services through tech-enabled solutions. Trend confirms that Mexico remains as an attractive investment destination for U.S.-based investors thanks to its demographic potential, rising tech adoption and other factors contributing to expected risk-adjusted returns.

While Mexico's position as a nearshoring destination continues to attract foreign interest, factors such as infrastructure development and regulatory visibility remain important considerations for investors. As political and economic conditions evolve, progress in these areas could enhance broader cross-border participation and strengthen the country's long-term M&A potential.



### M&A Activity in Mexico<sup>3</sup> (completed deals)

Breakdown of Activity by Buyer Geography (Local and Foreign)

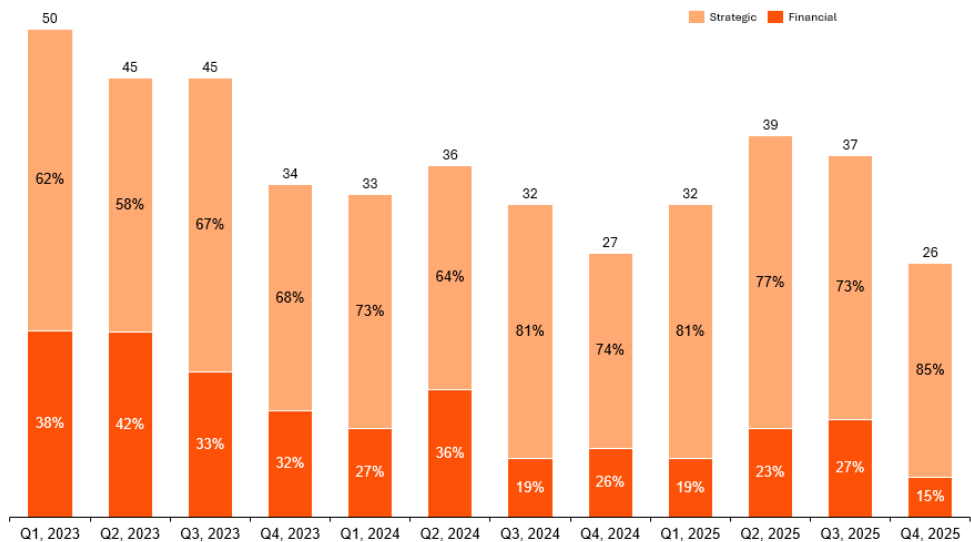
Sources: Mergermarket and PwC research 2025

<sup>3</sup>Completed deals which include Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated transactions. Data include offshore M&A activity of Mexican companies. The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.

## M&A activity by type of investor (Strategic vs Financial)

In 2025, strategic investors maintained an important role in Mexico's M&A activity, representing approximately 78% of the volume transactions, — a notable increase from 73% in 2024 and 63% in 2023, in line with the upward trend observed in recent years. This sustained leadership reflects the ongoing pursuit of operational synergies, geographic expansion, access to innovation, and vertical integration opportunities, particularly within sectors such as Consumer, Financial Services and Energy.

While financial investor participation remained relatively limited in 2025, accounting for 21% of total transactions, this reflects a decline from 27% in 2024. The modest increase observed in Q2 2025 (23%) and Q3 2025 (27%) may reflect improvements in financing availability and a selective focus on distressed or opportunistic assets.



M&A Activity in Mexico<sup>4</sup> (completed deals)  
 Activity breakdown by type of investor (strategic & financial)  
 Sources: Mergermarket and PwC research 2025

<sup>4</sup>Completed deals which include Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated transactions. Data include offshore M&A activity of Mexican companies. The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.

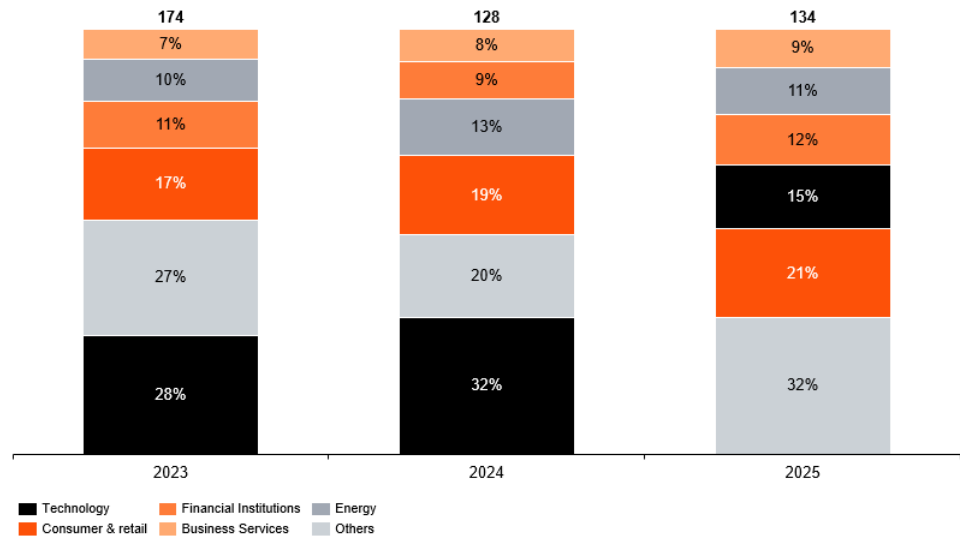
## M&A activity breakdown by industry

In terms of transaction volume by sector, Technology, which had dominated deal volume in prior years (32% in 2024, 28% in 2023), experienced a contraction in 2025, declining to 15% of total transactions. This shift may reflect more selective capital deployment strategies in the tech space.

Consumer & Retail represented 21% of deals in 2025, up from 19% in 2024 and 17% in 2023, indicating continued investor interest in essential goods, particularly within the food and beverage segment.

Business Services comprised 9% of deals in 2025, marking a slight increase from 8% in 2024. The sector continues to benefit from steady demand for outsourcing, logistics, and corporate support services, particularly in operational efficiency and back-office functions. Lastly, Energy accounted for 11% of total deal volume in 2025 — a slight decline from 13% in 2024, though still above its 10% share in 2023.

This reflects a modest cooling after a steady upward trend, potentially influenced by regulatory uncertainty, or delays in project execution, particularly in Oil, Gas, and Renewables.



### M&A Activity in Mexico<sup>5</sup> (completed deals)

Activity breakdown by sector

Sources: Mergermarket and PwC research 2025

<sup>5</sup>Completed deals which includes Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated. Data include offshore M&A activity of Mexican companies. The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.

## Key drivers and challenges for M&A activity in Mexico

### a) Opportunity in specific industries

M&A opportunities are increasingly concentrated in sectors exposed to supply-chain reconfiguration and the shift toward higher-value activities. Industrials particularly automotive, electronics, and advanced manufacturing remain core targets as companies seek proximity to the U.S., deeper supplier integration and operational resilience, while logistics costs, infrastructure gaps and energy constraints are accelerating consolidation and vertical integration. Logistics and infrastructure-related assets are gaining strategic relevance as efficiency, multimodal connectivity and digitalization become critical ahead of the 2026 USMCA review. Embedded finance is emerging as a selective consolidation theme as digital platforms mature and regulatory frameworks enable collaboration, with M&A increasingly used to balance long-term growth with structural challenges around infrastructure, energy and regulatory certainty.

### b) Other factors driving origination of investments are:

**Economic Growth Recovery.** Although Mexico's economic growth remains subdued in the near term, expectations of a gradual recovery are supporting investor interest and deal origination. Easing inflation and a more accommodative monetary environment are expected to provide incremental support to investment, while Mexico's strong trade integration with the United States continues to act as a stabilizing anchor amid global uncertainty. Despite ongoing constraints from fiscal consolidation and trade-related volatility, improving visibility toward 2026 and beyond is reinforcing confidence in selective investments, with M&A increasingly viewed as a strategic avenue to deploy capital ahead of a more sustained economic recovery.

**Trade & Tariff Risks.** Evolving trade and tariff policies are becoming a key driver of investment decisions in Mexico, particularly following higher import duties on products from countries without free trade agreements. These measures increase cost and execution risks for export-dependent sectors, while simultaneously accelerating localization, regional sourcing and import-substitution strategies ahead of the USMCA review. In this context, M&A is increasingly used to manage trade exposure, strengthen local supply chains and reposition businesses within a more policy-driven trade environment.

**Economic Dependence on External Demand.** Mexico's economic performance remains closely tied to external demand—particularly from the United States, which accounts for over 80% of its exports. In 2025 Mexico became the number one trade partner to the U.S. over China and any other global player — further reinforcing its strategic trade relationship. This high integration exposes the country to shifts in U.S. growth, global financial conditions, and trade policies. Bilateral trade flows represent 27% of Mexico's GDP, highlighting its vulnerability to global cycles. In 2025, export activity showed signs of front-loading especially in automotive and electronics amid anticipated tariff changes and growing trade policy uncertainty.

In M&A, this translated into greater deal scrutiny and delays, especially in sectors embedded in regional supply chains. Investment committees are revisiting assumptions, adjusting timelines, and emphasizing flexible structures such as phased investments and protective clauses to mitigate trade-related risks.

**Global Trends.** The M&A landscape is increasingly active marked by a resurgence of large-scale transactions centered on strategic reinvention and capability acquisition. Consolidation is accelerating in sectors tied to the energy transition, technology, infrastructure, and key minerals, reflecting long-term capital allocation shifts rather than short-term cyclical dynamics. At the same time, heightened regulatory scrutiny and geopolitical fragmentation are extending deal timelines and increasing execution complexity, reinforcing the importance of early risk planning, disciplined valuation, and structural flexibility in global transactions.



## Evolution of key economic indicators

	2026	2027	2028	2029	2030	2031	2032	2033
Real GDP (% change YoY)	1.00	1.43	1.87	2.04	1.96	1.98	2.25	2.32
Consumer price index (annual average, %)	3.90	4.27	4.13	3.66	3.49	3.34	3.29	3.32
Exchange rate (annual average, \$)	19.15	19.86	20.62	21.45	22.11	22.61	23.06	23.50
Policy Interest rate (year end) - Mexico	6.75	6.50	6.50	6.52	6.42	6.30	6.16	6.02
Policy Interest rate (year end) - USA	3.09	3.13	3.13	3.13	3.13	3.13	3.13	3.13

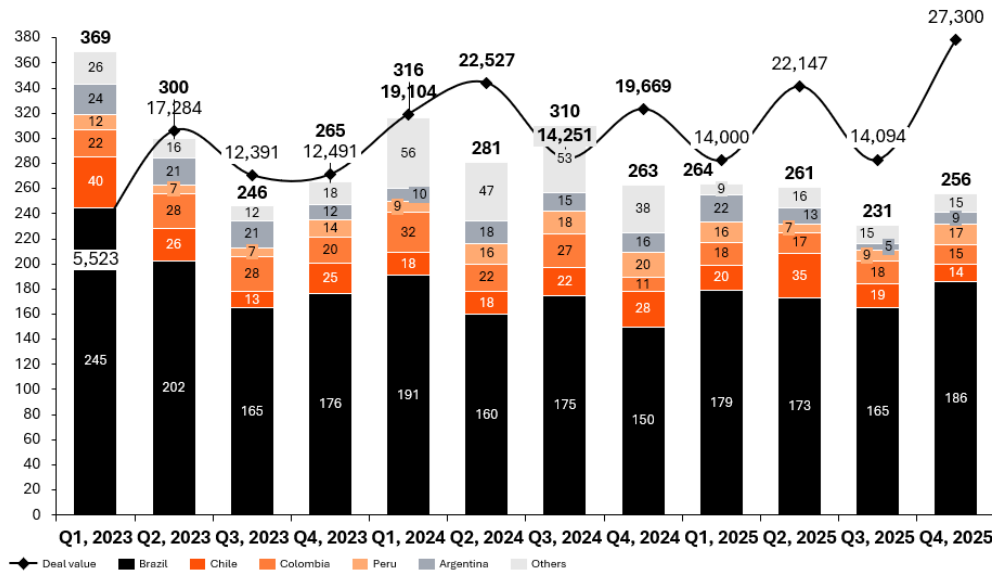
Source: S&P Global Market Intelligence, last updated December 2025

Mexico's economic recovery is expected to show signs of improvement starting in 2026, following a period of limited performance. Several factors can influence this outlook: (i) the impact of U.S. trade tariffs, which distorted industrial production; and (ii) heightened domestic uncertainty, including the upcoming judicial elections and the need to boost investment through public-private projects in strategic sectors. Meanwhile, U.S. interest rates are projected to stabilize around 3.1% from 2028 onward, after a gradual decline from 5.3% in 2024.

**Capital Markets Activity for Mexican Companies.** Mexico's capital markets have shown renewed momentum, with selective reactivation across both debt and equity segments. Debt issuance has increasingly supported refinancing, balance sheet optimization, and transaction readiness, helping mitigate financing-related execution risk in M&A. Improved access to bridge financing and refinancing options has strengthened buyer flexibility, while enhanced funding visibility has supported seller confidence. Equity markets are also evolving, with exchanges expanding product offerings and market infrastructure to broaden access for issuers. A more selective issuance environment has favored companies with well-articulated equity narratives, robust governance, and disciplined market-entry strategies reflecting a more mature and targeted approach to capital formation aligned with investor expectations.

## M&A Activity in Latin America

In 2025, M&A activity in Latin America, excluding Mexico, experienced a measurable slowdown in transaction volume, with 1,012 closed deals, down from 1,170 in 2024, marking a 14% year-over-year decline. Despite this reduction in deal count, the region recorded its highest annual aggregate deal value in recent years, totaling approximately US\$77.5 billion, mostly flat to the 2024 level of approximately US\$75.6 billion.



M&A Activity in Latin America, excluding Mexico<sup>6</sup> (completed deals)

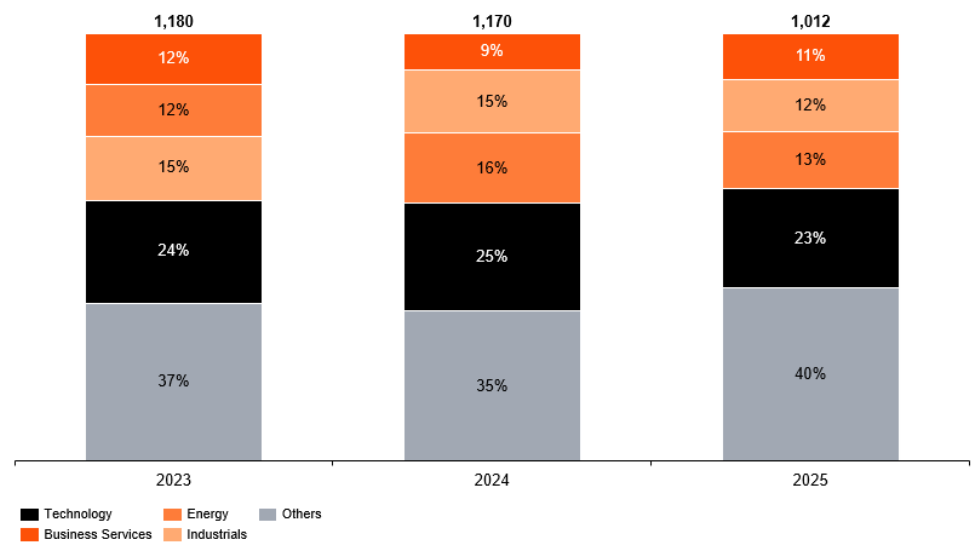
Activity breakdown by country

Sources: Mergermarket and PwC research 2025

Technology sector, lead the board with 23% of transactions, reflecting sustained interest in digital transformation, enterprise modernization, and innovation-driven growth.

Energy (13%), Industrials (12%), and Business Services (11%) also registered notable activity, underpinned by long-term investment themes such as energy transition, nearshoring, and operational efficiency.

<sup>6</sup>Completed deals which includes Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated. Data include offshore M&A activity of Mexican companies. The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.



M&A Activity in Latin America, excluding Mexico<sup>7</sup> (completed deals)

Activity breakdown by sector

Sources: Mergermarket and PwC research 2025

<sup>7</sup>Completed deals which includes Acquisition of Assets (Auction, Divestment, Privatization, Stock Swap), Divestment (Leveraged buyout, Secondary buyout, Public offer, Spin-off, Stock swap), Funding Round, Joint venture, Leveraged buyout, Privately negotiated. The reported amount reflects the equity value of the acquired stake involved in the transaction, based on the percentage of total ownership transferred. Transaction values of some transactions are not available.

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