Burness Paull

M&A Deal Insight Report

3rd EDITION - NOVEMBER 2026





Contents

Introduction 2
Transaction Highlights 3
Market Overview 4
Report Snapshot 5
Consideration Structures 6
Warranties 8
Pricing Mechanism 9
Completion Mechanics 10
Restrictive Covenants 12
Our Team 13



Introduction

Our 2026 M&A deal insight report looks at the key trends and terms shaping transactions, drawing on the experience of our 18-partner corporate team advising buyers and sellers across the UK and beyond.

The report uses data from a sample of 32 eligible M&A deals spanning multiple sectors. It includes completed M&A transactions where we have acted buy-side or sell-side for UK corporates or private equity funds, or which involved UK target businesses. We have excluded low-value transactions and other anomalous transactions to ensure the sample provides a useful picture of UK lower- and mid-market deal terms.

Looking ahead to 2027, buyers remain disciplined, but competition for the best assets is strong. This report explores what that means for the terms and dynamics shaping the market.



Daniela Pallucci
PARTNER
daniela.pallucci@burnesspaull.com
+44 (0)131 473 5550



Colin Smith
PARTNER
colin.smith@burnesspaull.com
+44 (0)141 273 6799

Transaction Highlights

The shareholders of DAMM Environmental Holdings Limited on its sale to Swiss-based KanalService Gruppe

Ecobat Solutions Holdings, LLC on the sale of its UK subsidiary Ecobat Solutions UK Limited

FE fundinfo on its acquisition of Contengo Limited

Higgs LLP on its acquisition of Vialex Limited and Navigator Employment Law Limited

Graham + Sibbald on the sale to a new vehicle backed by the Foresight Group

Harbro Group Ltd on its acquisition of Almins Limited

The shareholders of Strathberry Group on the sale of its entire issued share capital to a new company funded by Soho Square

Zoetis on acquiring Veterinary Pathology Group from JAB Pet Labs

Market Overview

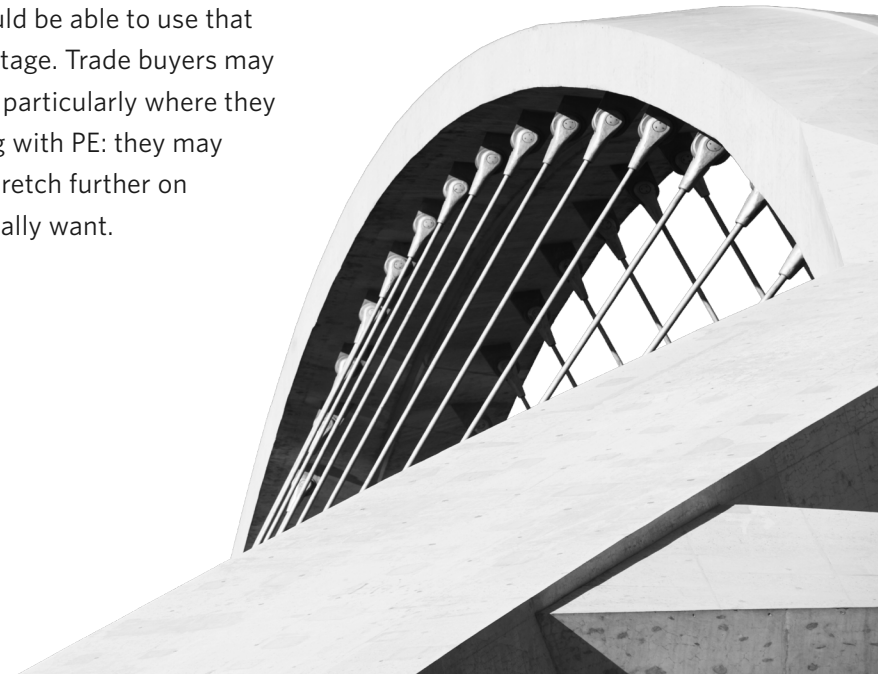
2026 has not been an easy market, but it has been an active one. Buyers have had to get used to making decisions against a background of economic and geopolitical uncertainty rather than waiting for it to clear. That has made them more selective, particularly on price, but it has not taken good businesses off the table. Capital is there and, where buyers see quality and a clear opportunity, they are prepared to compete for it.

Technology remained our most active sector, although its share of the transactions surveyed fell from 33% in 2025 to 25% this year. By contrast, energy and infrastructure increased from 12% to 19%. AI is having an increasing impact on both, although in quite different ways. It is creating opportunities for technology businesses while also driving demand for the energy and infrastructure required to support data centres and computing capacity.

We are also seeing investors look much more closely at the risk AI poses to individual technology businesses, rather than simply viewing AI as a driver of growth. That is having an impact on where PE is investing. Traditional businesses with resilient earnings and less direct exposure to technological disruption are attracting interest, particularly from funds that have built up significant technology exposure in recent years. There is an obvious attraction where technology and AI can be used to improve productivity, margins or growth, rather than presenting a threat to the underlying business.

Private equity increased its share of the deals in our sample from 40% in 2025 to 47% this year, while its share of aggregate value rose from 52% to 69%. That increased presence is being felt by trade buyers, who are finding themselves up against PE more often for attractive businesses. The amount of PE capital chasing those businesses is also putting upward pressure on prices.

We are optimistic about the market going into 2027. Buyers will remain disciplined and businesses coming to market will need to stand up to robust diligence, but competition for the best assets remains strong. Well-prepared sellers should be able to use that competition to their advantage. Trade buyers may have a different challenge, particularly where they find themselves competing with PE: they may need to move faster and stretch further on price for the assets they really want.

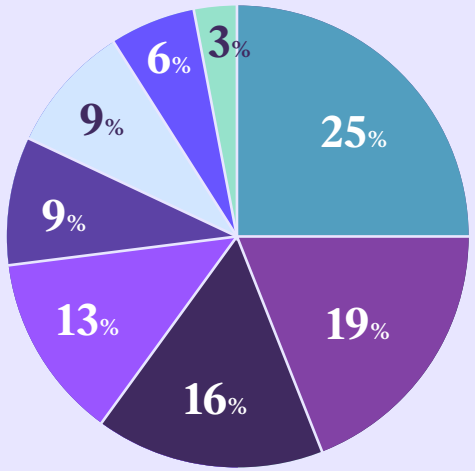




Report Snapshot

AGGREGATE DEAL VALUE	DEAL SAMPLE	AVERAGE DEAL VALUE	BUY SIDE v SELL SIDE
£512m	32	£16m	53% / 47%

TRANSACTIONS BY SECTOR:



- TECHNOLOGY
- ENERGY & INFRASTRUCTURE
- REAL ESTATE & PROPERTY SERVICES
- LEISURE, FOOD & DRINK
- CONSUMER & RETAIL
- HEALTHCARE & LIFE SCIENCES
- MANUFACTURING
- FINANCIAL SERVICES

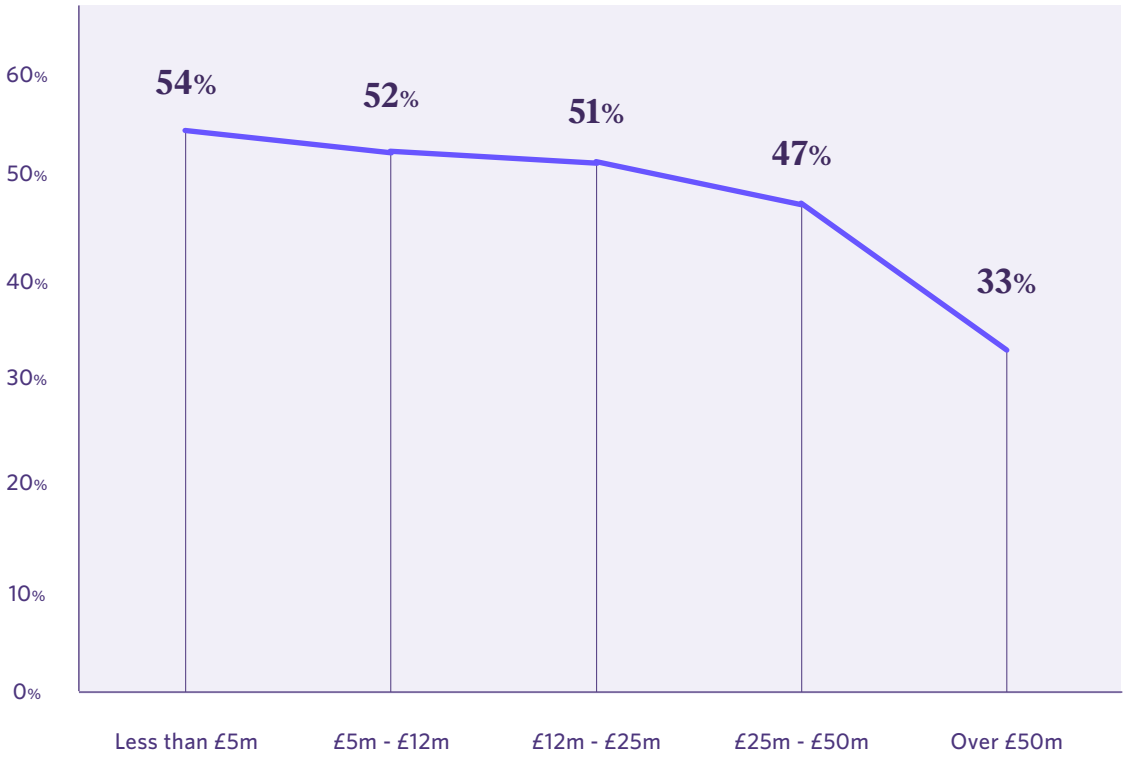
PE was particularly prominent among the larger transactions in our sample, accounting for 69% of value despite only representing 47% of deal volume.

Consideration Structures

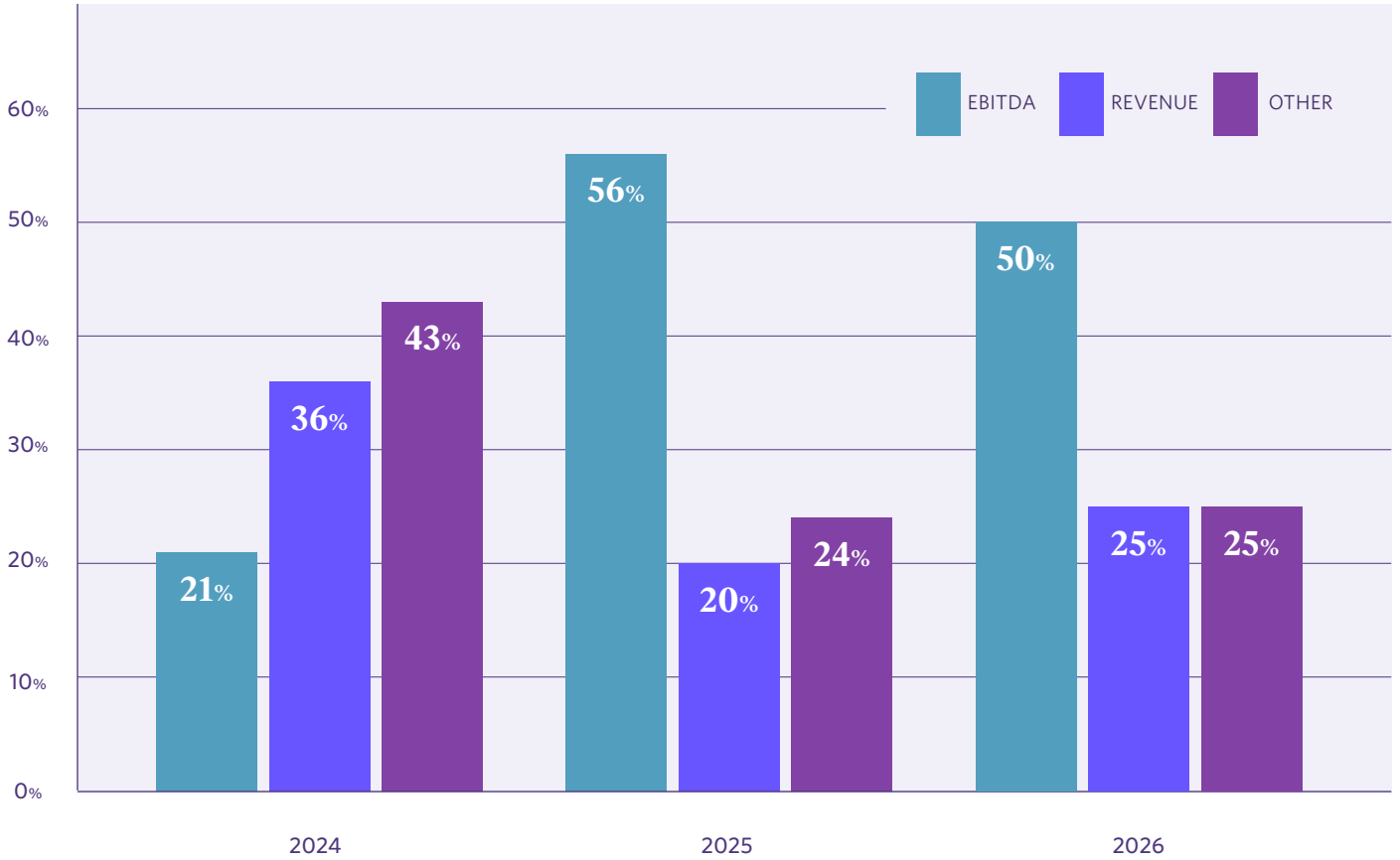
For the third consecutive year, exactly half of the transactions in our sample included a deferred consideration component, typically structured as an earnout. Three years at exactly 50% supports our view that deferred consideration is now an established feature of M&A, rather than simply a response to market conditions.

Deferred consideration was more prevalent among the smaller transactions in our sample, falling from 54% of deals below £5m to 33% of those above £50m. In our experience, smaller deals are more likely to involve owner-managed businesses where the sellers remain important to the business after completion, making an earnout a natural part of both the valuation discussion and the transition to new ownership. On larger deals, sellers are generally more reluctant to leave a significant part of the price dependent on performance after they have given up control or are rolling into the equity.

DEFERRED CONSIDERATION USAGE BY DEAL VALUE:



BASIS FOR THE CALCULATION OF DEFERRED CONSIDERATION:



There is much less consistency over how much consideration is deferred. The appropriate level will depend on the circumstances of the deal, including the degree of uncertainty over future performance, how the acquisition is being financed and whether the seller will remain involved after completion. Across our sample, the amount deferred varied from 15% to 100% of consideration.

EBITDA remained the most commonly used metric, accounting for half of the deals with deferred consideration. Its continued prevalence suggests that buyers and sellers still favour measures linked to profitability, although revenue and bespoke targets remain important where EBITDA is less suited to measuring the performance of the business. The 'Other' category comprised a range of company-specific and non-financial targets.

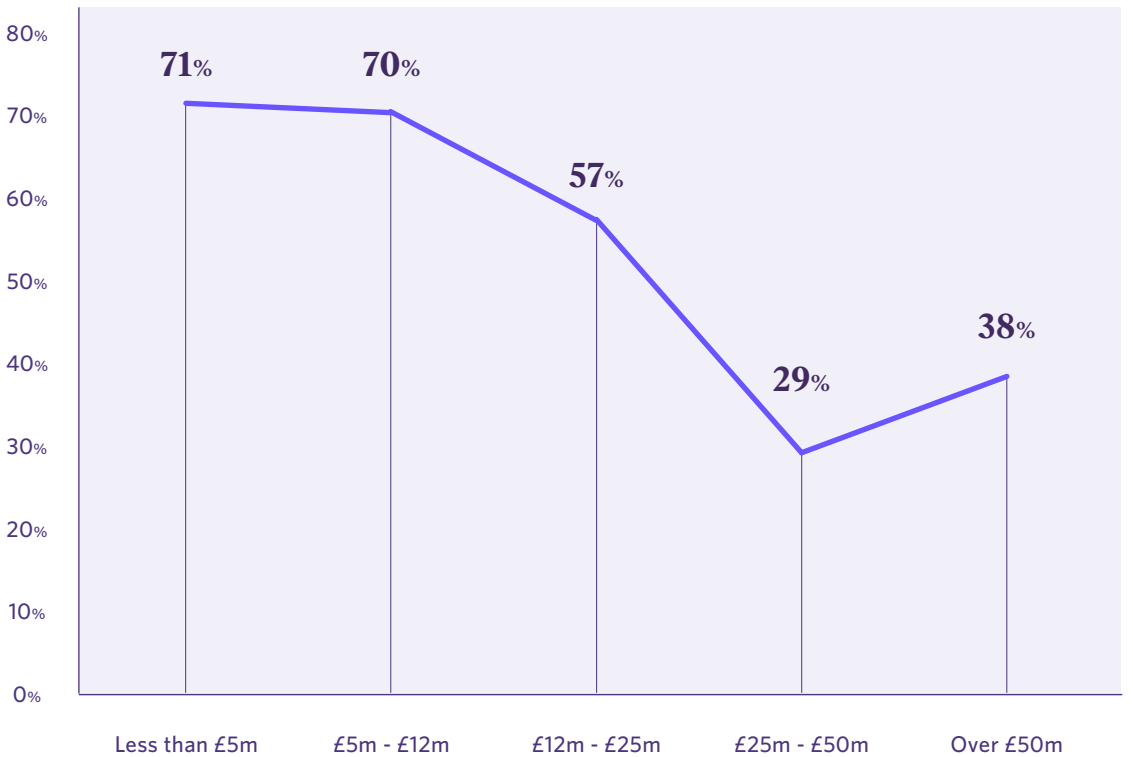
Warranties

Where deals featured a split exchange and completion mechanism, warranties were repeated at completion in 75% of cases (up from 52% in 2025 and 47% in 2024). Repetition is substantially more common in lower and mid-value transactions, and less common among the larger deals in our sample.

In smaller transactions, buyers typically expect warranties to be repeated at completion, providing protection against changes in the business between signing and completion. On larger transactions, sellers may have greater negotiating leverage to resist repeating warranties, particularly where W&I provides the buyer with an alternative route to recovery for a breach of warranty.

W&I usage increased in 2026 following last year's modest decline, featuring in 38% of the deals in our sample. Its use was evenly spread between trade and private equity deals, underlining that W&I is no longer predominantly a PE tool. The £1 cap on seller liability also continued to dominate, allowing sellers to achieve a clean exit without having to bear any initial loss before the insurance responds.

WARRANTIES REPEATED AT COMPLETION:

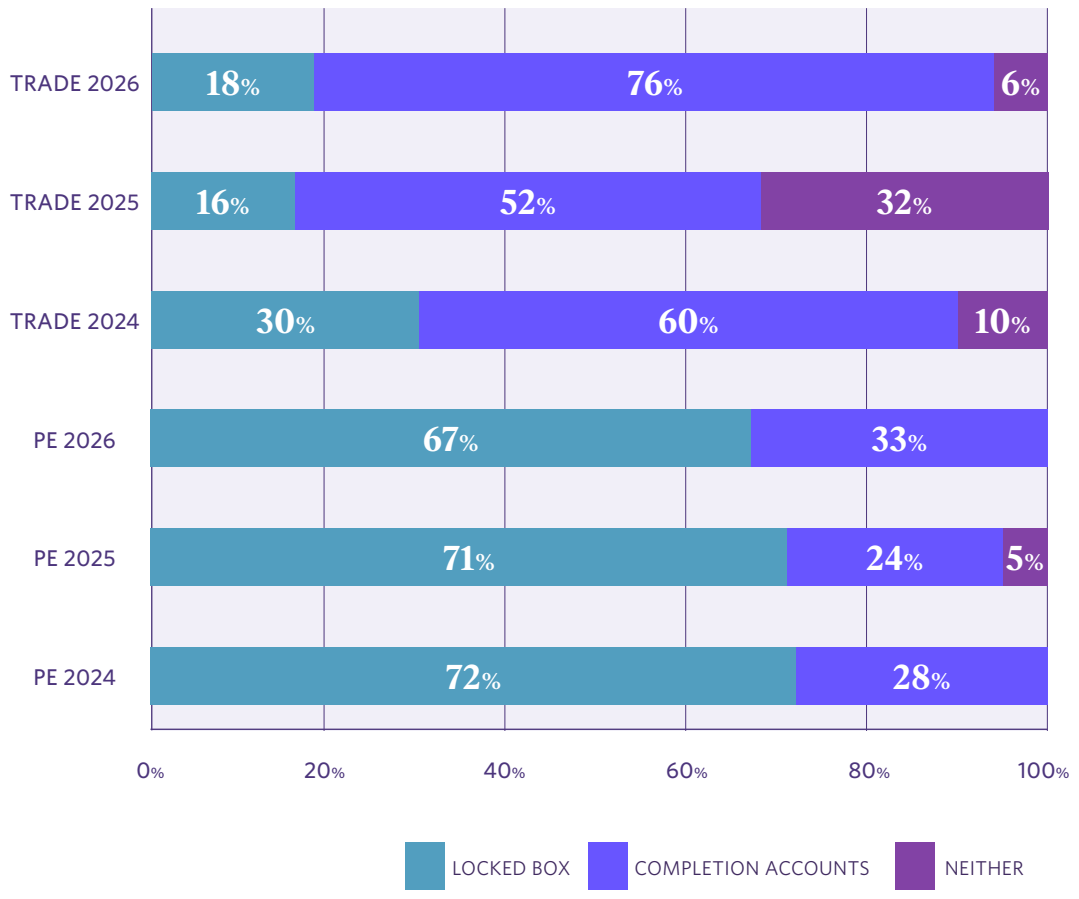


Pricing Mechanism

Locked box and completion accounts continue to divide along familiar lines. Locked box remains the clear preference on PE deals, while completion accounts became even more prevalent on trade deals in this year's sample.

The distinction reflects the different dynamics of the transactions. Trade buyers are often more inclined to establish the target's actual cash, debt and working capital position at completion, particularly where the business is being integrated into an existing group. On PE deals, extensive financial due diligence ahead of signing can provide comfort around the locked-box accounts, while the resulting price certainty allows sale proceeds to be distributed to investors promptly after completion without retaining funds against the risk of a subsequent downward price adjustment.

PRICING MECHANISM:



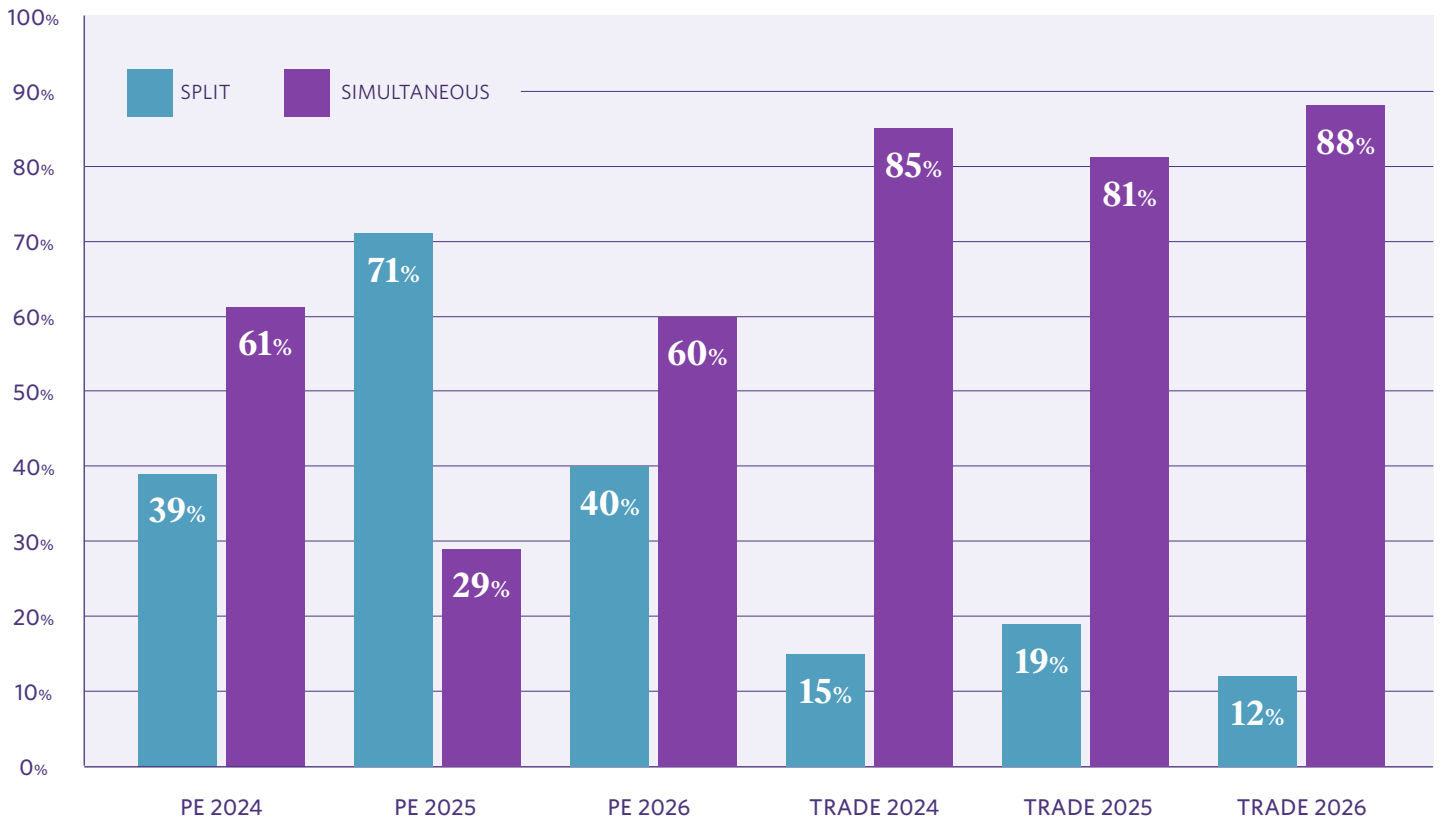
Completion Mechanics

PE and trade deals continue to look very different when it comes to signing and completion. In our 2026 sample, 40% of PE transactions involved a split between signing and completion, compared with just 12% of trade transactions.

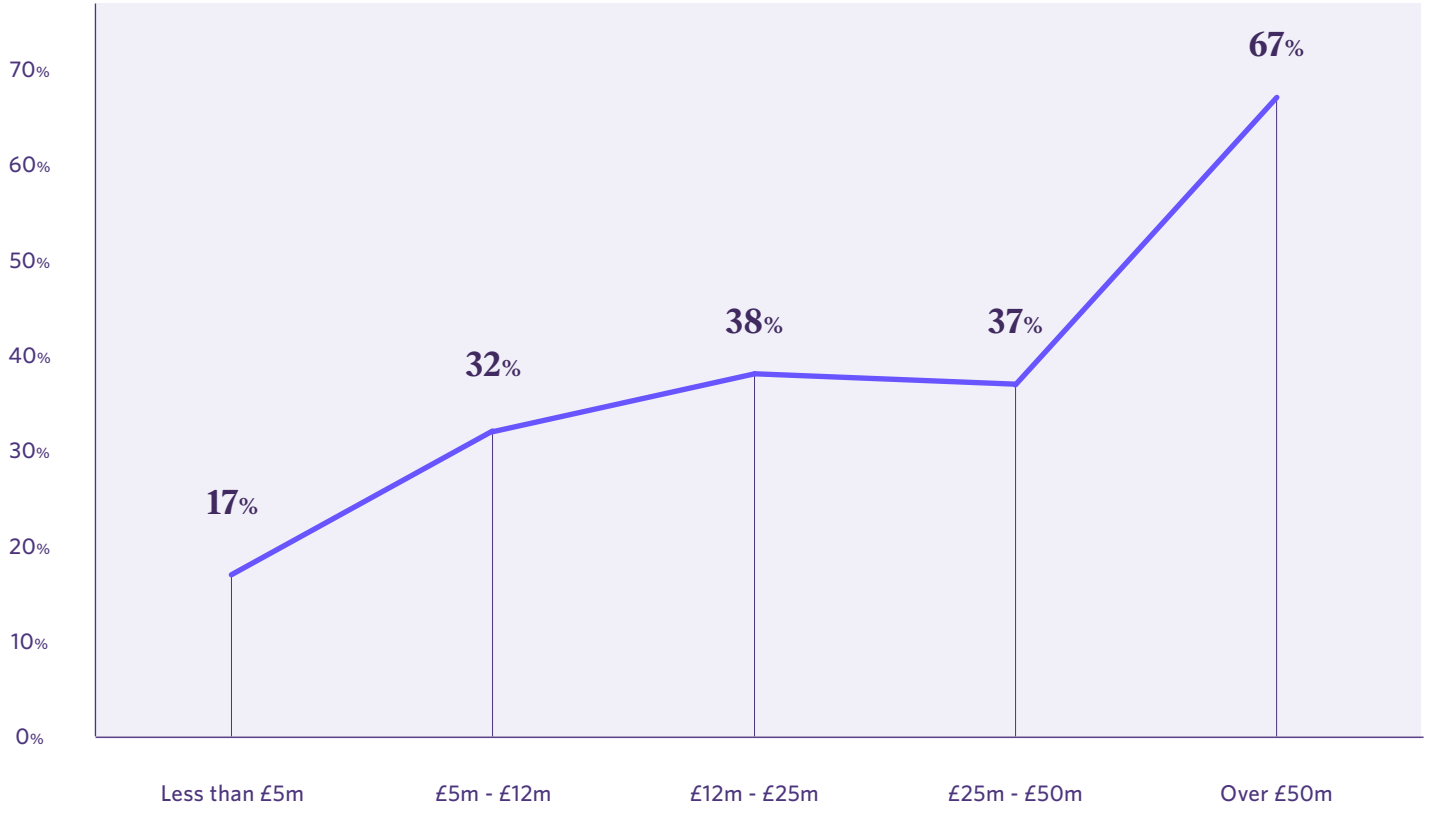
For PE transactions, this represents a return to the levels seen in 2024. The spike in our 2025 sample appears to have been an outlier, reflecting the higher proportion of deals requiring regulatory consents or approvals, including from the FCA, merger control authorities and under the National Security and Investment Act 2021.

Trade deals have been much more consistent, with simultaneous signing and completion remaining the norm.

SPLIT BETWEEN EXCHANGE AND COMPLETION:



SPLIT SIGNING AND COMPLETION BY DEAL VALUE:



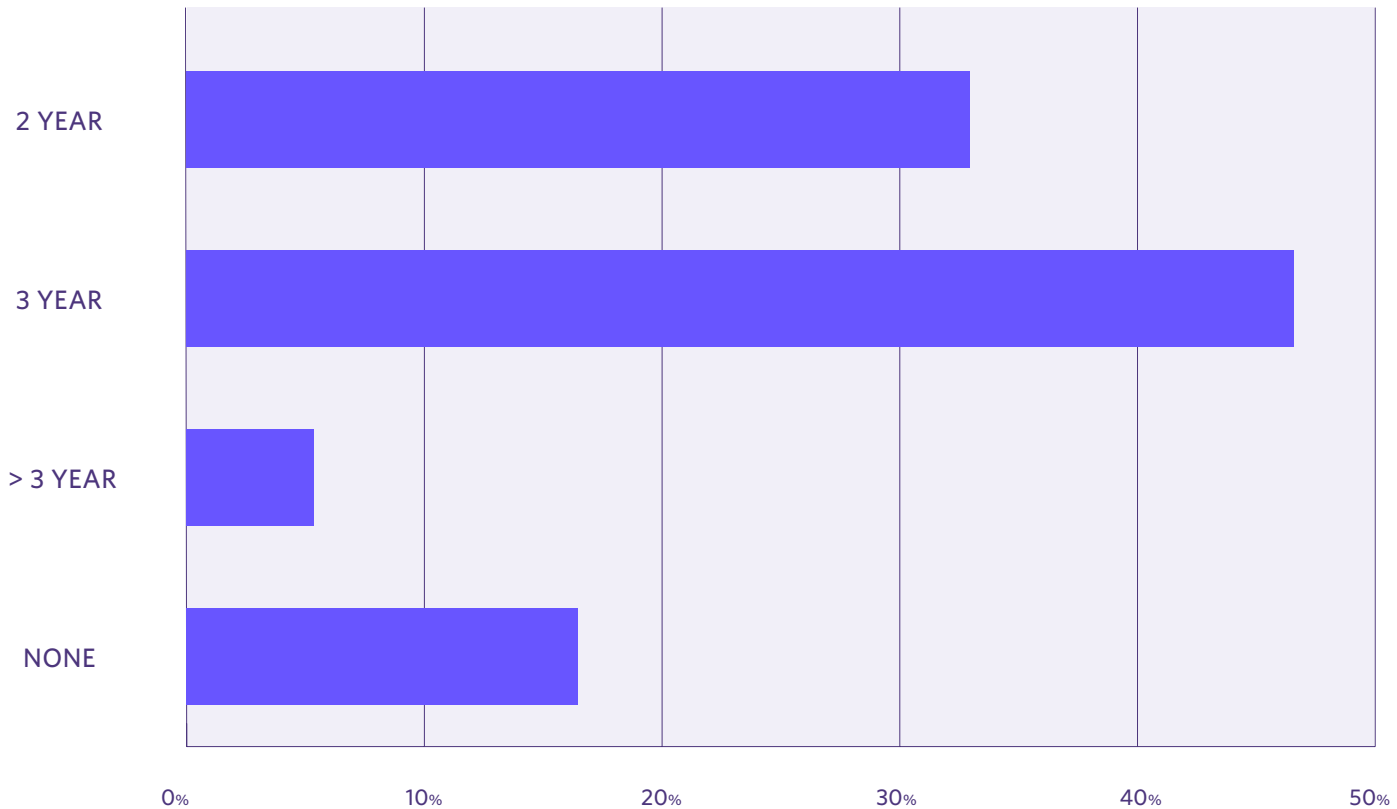
Our 2026 sample also shows a clear correlation between deal value and completion mechanics. In our experience, this reflects the greater complexity typically associated with larger transactions, which are more likely to require conditions to be satisfied between signing and completion, including regulatory or third-party approvals. Financing arrangements may also necessitate a split, particularly on PE transactions where funding and other completion conditions need to be put in place.

Restrictive Covenants

Three years remains the most common restrictive covenant period, reflecting buyers' focus on protecting the goodwill and value acquired as part of a transaction, particularly where a seller has established significant customer, supplier or employee relationships within the business.

Buyers may seek longer restrictions where particular individuals are important to preserving the value acquired. They must, however, balance greater protection against enforceability. In our experience, that is leading to the scope and duration of the restrictions needing to be tailored more closely to the particular transaction and the interests being protected.

RESTRICTIVE COVENANT PERIOD:



Our partner team:



Alasdair Freeman

alasdair.freeman
@burnesspaull.com
+44 (0)1224 618537



Bob Ruddiman

bob.ruddiman
@burnesspaull.com
+44 (0)1224 261212



Catriona Macallan

catriona.macallan
@burnesspaull.com
+44 (0)131 473 6134



Chris Gotts

chris.gotts
@burnesspaull.com
+44 (0)131 473 6020



Christine Yuill

christine.yuill
@burnesspaull.com
+44 (0)141 273 6934



Colin Smith

colin.smith
@burnesspaull.com
+44 (0)141 273 6799



Daniela Pallucci

daniela.pallucci
@burnesspaull.com
+44 (0)131 473 5550



David Davidson

david.davidson
@burnesspaull.com
+44 (0)131 473 6025



Edward Hunter

edward.hunter
@burnesspaull.com
+44 (0)131 473 6030



Helen Dickson

helen.dickson
@burnesspaull.com
+44 (0)1224 618520



Mark Ellis

mark.ellis
@burnesspaull.com
+44 (0)131 473 6189



Paul Scullion

paul.scullion
@burnesspaull.com
+44 (0)141 273 6703



Peter Lawson

peter.lawson
@burnesspaull.com
+44 (0)131 473 6108



Peter Ward

peter.ward
@burnesspaull.com
+44 (0)131 473 6131



Rachel MacArthur

rachel.macarthur
@burnesspaull.com
+44 (0)141 273 6748



Robert Burns

robert.burns
@burnesspaull.com
+44 (0)141 273 6975



Sarah Vass

sarah.vass
@burnesspaull.com
+44 (0)1224 261230



Victoria Tweed

victoria.tweed
@burnesspaull.com
+44 (0)131 370 8963

Burness Paull