



ACTIVIST SHAREHOLDERS IN EUROPE – “QUIETLY” SUCCESSFUL IN SEEING ENHANCED CORPORATE PERFORMANCE?

A&M ACTIVIST ALERT (“AAA”)

2026 INTERIM OUTLOOK

ANALYSIS, OBSERVATIONS AND PREDICTIONS FOR
THE REMAINDER OF 2026 AND INTO 2027

JUNE 2026



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SUMMARY

PRINCIPAL OBSERVATIONS ON THE YEAR SO FAR



01/ THE RISE AND SUCCESS OF “QUIET” ACTIVISM

Activist funds are increasingly seeking to engage with boards privately and avoid public campaigns. On average such private discussions are associated with higher returns, fewer acquisitions and more asset sales/disposals.



02/ EUROPEAN SHAREHOLDER ACTIVISM IS ON THE RISE WITH UK CORPORATES AT THE FORE

Campaigns in Europe were up 11% to the end of May 2026 compared to the same period in 2025. The UK, Nordics and Italy all saw an increased number of campaigns with the UK accounting for 42% of the total, up from 30% last year.



03/ THE CONSUMER SECTOR REMAINS THE MOST TARGETED WITH INDUSTRIALS ALSO REBOUNDED

Consumer corporates continue to attract the most activist attention accounting for 24% of campaigns. The focus on industrials has surged faster than we anticipated, from a recent year low of 11% in 2025 to 17% in 2026.



04/ GROWING DEMANDS RE CAPITAL ALLOCATION AND PARTICULARLY M&A

M&A demands have increased markedly from 8% in 2025 to 20% in 2026, buoyed by a 205% increase in the aggregate value of UK deals, and a 139% rise in the industrial sector.¹

1 Per S&P Global Market Intelligence – Europe M&A by the Numbers: Q1 2026

KEY PREDICTIONS AND PRIORITIES FOR THE COMING 12 MONTHS



01/ FLEXIBILITY AND STRONG COMMUNICATIONS REQUIRED IN THE FACE OF INVESTOR PRESSURE

As activism rises, whether public or private, it becomes even more of a priority to have a strong equity story based on precise communications and powerful delivery - all built on a foundation of operational and strategic excellence.



02/ GREATER FOCUS ON GERMANY

As we predicted, there has been a marked slowdown in shareholder activism in Germany this year as the multiple challenges facing the industrial base gave activists pause for thought. But these challenges lay a foundation for future activism which we predict will rebound by Q1 2027.



03/ CONGLOMERATES UNDER INCREASED SCRUTINY

As M&A demands grow, and capital allocation comes under greater scrutiny, conglomerates become an ever greater natural focus for investor activists. The greater the perceived “conglomerate discount”, the greater the likely interest.



04/ ARTIFICIAL INTELLIGENCE – RESULTS AND RETURNS INSTEAD OF HYPE AND HOPE

AI offers a world of opportunity for European corporates. True transformation means rewiring for AI and delivering operating models that deliver enhanced returns. Shareholder activists will demand nothing less.

“SPEAK SOFTLY AND CARRY A BIG STICK – YOU WILL GO FAR”. THEODORE ROOSEVELT’S FAMOUS QUOTE FROM 1913 IS BEING INCREASINGLY TAKEN TO HEART BY SHAREHOLDER ACTIVISTS IN EUROPE. BUT THIS HAS NOT SLOWED THE MORE TRADITIONAL PUBLIC ACTIVISM WHICH HAS INCREASED IN 2026 THUS FAR. WE PREDICT INCREASING PRESSURE ON EUROPEAN CORPORATES OVER THE COMING 12 MONTHS.”

Malcolm McKenzie, Chair, Corporate Transformation Services, Europe



SPEAKING SOFTLY (BUT CARRYING A BIG STICK)

THE PRIVATELY QUIET INFLUENCE OF ACTIVIST INVESTORS IN EUROPE

Activist shareholders in Europe have increasingly sought to operate under the radar – seeking private discussions rather than public campaigns to influence corporate decisions. Do such private discussions help generate stronger performance? We analyse the data.

INTRODUCTION

In our AAA report in June 2024, we first observed how activist investors were increasingly seeking to avoid the limelight of public campaigns and instead adopt a more constructive and private approach in their discussions with management. Over the following two years, this trend has grown stronger. Such “quiet” activism may take the form of friendly approaches that seek to gently influence, or be more pointed with focused challenges and demands. These more pointed “quiet” activists will push for change and can be persistently demanding as they pressure boards and executive teams, but even then the preference is to do so privately. That said, it is clear that whilst there may be a desire to avoid the big stick of a public campaign, activist investors will generally reserve the right to pursue one if they feel appropriate.

We have previously shown that public activist campaigns have been associated with higher shareholder returns, with an average outperformance versus market index over two years of 6.3% (see our January 2024 outlook). In this new analysis, we seek to identify whether the appearance of known activists as shareholders, but who remain private in their discussions with no public campaigns, is also associated with higher shareholder returns and stronger financial performance.

OUR APPROACH

Our analysis was based on four stages:

1. **Build a broad population** – we extracted shareholder return and financial performance data for 1,589 European corporates with a market capitalisation of at least €500 million (or equivalent).
2. **Include M&A activity** – for the full population of corporates we extracted the number and value of all major acquisitions or disposals (defined here as a deal value of at least €100 million).
3. **“Quiet” activist investments** – we then identified which corporates in the population had at least one shareholder with a meaningful holding (above 1%) who were known to have adopted publicly activist positions previously but had not pursued a public campaign in this instance. There were 413 such corporates.
4. **Overperformance** – we compared the relative performance of the 413 activist investments after two years relative to the remaining 1,176 corporates. The performance criteria chosen were total shareholder return, revenue growth, operating margin, return on invested capital, and the number and value of acquisitions and disposals.

OUR FINDINGS (BASED ON PERFORMANCE AFTER TWO YEARS)

PERFORMANCE CRITERIA	“QUIET” ACTIVIST HOLDINGS	ADDITIONAL INSIGHTS
Total shareholder return	Outperformed the wider population by an average of 7.3%	There was no significant difference in performance after one year
Acquisitions	Completed 21% fewer acquisitions on average	...and the average value of those acquisitions was 41% lower
Disposals	Completed 31% more disposals on average	...and the average value of those disposals was 56% higher
Revenue growth	Average growth of 13.6% versus 18.3% for the wider population	Lower revenue growth partly driven by fewer acquisitions and more disposals
Operating margin change	There was no significant difference between the two sets of corporates	There was a small outperformance of 0.3% after one year, but this faded over the following year
Return on invested capital	Outperformed the wider population by an average of 1.9%	The outperformance after one year was 0.6%

CONCLUSIONS

Our summary conclusion based on this analysis is that the appearance of known activist funds as shareholders is indeed associated with enhanced shareholder returns and increased return on capital over a two-year period. This is not driven by revenue growth or market share, but rather an increased focus on capital allocation, and making that capital work harder.

The outstanding question is whether that enhanced performance will subsist over the next two to three years, or will the lower number of acquisitions and higher number of disposals damage medium to longer-term shareholder returns. We will provide an update once that data is available.

“HIGHER RETURNS, FEWER ACQUISITIONS AND MORE DISPOSALS. THE IMPACT OF “QUIET” ACTIVISM OVER TWO YEARS APPEARS CLEAR, BUT IT REMAINS TO BE SEEN WHETHER THESE IMPACTS SUBSIST IN THE LONGER TERM.”

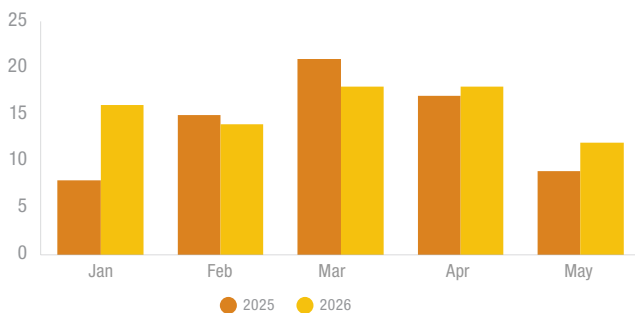
André Medeiros, Managing Director, United Kingdom

THE SHAREHOLDER ACTIVISM YEAR TO DATE

EUROPE 2026

CAMPAIGN PROFILE BY COUNTRY, SECTOR AND TYPE OF DEMAND

Activist campaigns in Europe January to May – 2025 and 2026

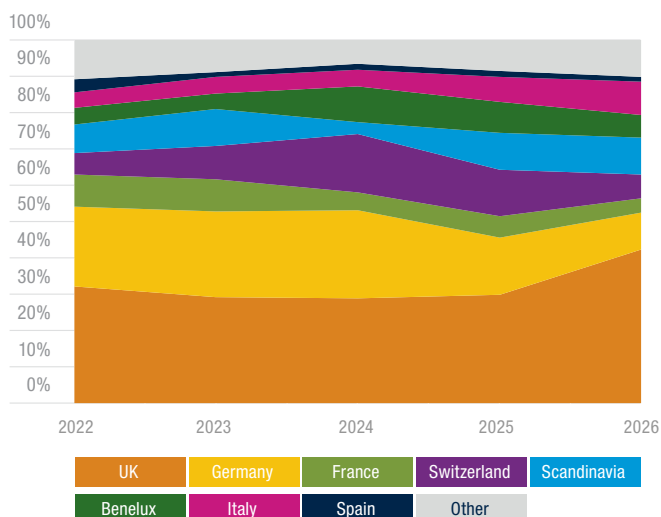


Europe Overview

We tracked 78 campaigns by activist shareholders in the first five months of 2026. This is an increase of 11% compared to the same period in 2025. Corporates targeted included BASF SE, Workspace Group plc, Intertek Group plc, Evotek SE and CVS Group plc.

The interest of US investors in European markets has continued to be evident. This is partly driven by the higher returns being seen in the European markets (Stoxx 600 Index increasing by 5% in the six months ended 31 March 2026 versus a 5% decrease in the S&P 500) plus perceived lower valuations. These combine to offer meaningful yield opportunities for investments in Europe.

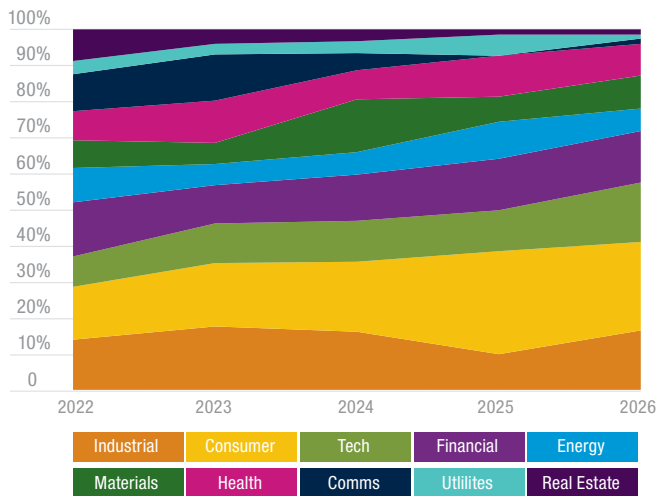
Profile of Activist Campaigns – Geography



Evolving profile by geography

We predicted in January 2026 that there would be a heightened focus on the UK and a reduced focus on Germany. These predictions have been proven accurate as UK targets have made up 42% of all European campaigns in the first five months of the year, up from 30% in the same period in 2025. Conversely, German targets have made up 10% of the total versus 16% last year. Our prediction that Switzerland would see a slowdown in shareholder activism has also been borne out. In contrast, we have continued to see a heightened focus on the Nordics and Italy, building on the previous increases seen in 2025.

Profile of Activist Campaigns – Sector

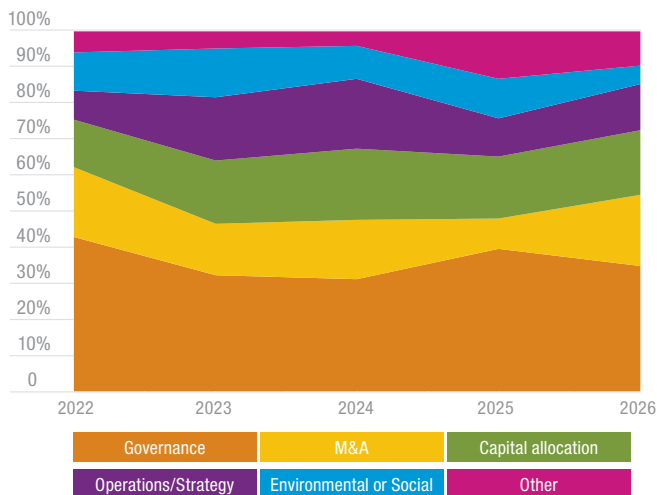


Evolving profile by sector

The consumer sector remains the major focus for activists, accounting for 24% of all public campaigns. One of the drivers for this is the heightened focus on the UK market, which is overweight with consumer corporates. In addition, such corporates continue to offer multiple levers for potential value accretion, including through portfolio capital allocation, brand strategies, operational excellence and enhanced equity stories.

Industrials are attracting increased attention faster than we had predicted in January and are now equal in focus for activists with the technology sector, which continues to increase in attraction.

Profile of Activist Campaigns - Type of Demand



Evolving profile by type of demand

Governance related demands continue to be the most common, albeit now accounting for 35% of all those seen versus 40% in 2025. M&A demands have increased markedly from 8% in 2025 to 20% in 2026. This is notwithstanding a reported 8% slowdown in Europe M&A activity in Q1 2026 versus Q1 2025. Two factors can help explain the increase in M&A demands notwithstanding the slower M&A market. Firstly, the UK M&A market bucked the trend and saw a 205% increase in deal values, and secondly so did the industrials sector with a 139% increase. As commented above, both the UK and the industrials sector have seen increased focus from activists this year.



PREDICTIONS FOR THE REST OF 2026 AND INTO 2027

OVERVIEW

Recent years have seen Europe becoming an increasingly attractive target market for shareholder activists. That is true for both public campaigns and the private discussions associated with “quiet” activism. Our AAA data shows that Europe accounted for 11% of all public activist campaigns globally in the first five months of 2024. That has risen to 12% in the same period in 2025, and to 15% this year. We think it likely that this trend will continue.

Outside the US (which sees by far the most activist campaigns), there are five other countries that are next in the activists’ sights: Japan, Canada, the UK, Australia and South Korea. Given the heightened focus on the UK seen this year thus far, we think it highly likely that UK corporates will continue to attract the attraction of activist investors based outside Europe.

FOCUSED PREDICTIONS

01/ “QUIET” ACTIVISM: THE TREND TOWARDS MORE PRIVATE CAMPAIGNING AND PRESSURE WILL CONTINUE

- Our analysis clearly shows that a more private approach to investor activism is associated with enhanced returns – at least over the following two years.
- When such enhanced returns can be generated without the heat and distraction that is often associated with more public campaigns, the arguments grow for maintaining a private approach.
- Nevertheless, there will inevitably be situations in which activists feel the need to wield the big stick and launch public campaigns. Corporates should be cognisant of this, but equally should not bow to untoward pressure. They should think like an owner, with a keen focus on enhanced returns and strengthened equity story.



02/ THE FOCUS ON THE UK WILL CONTINUE, WITH ACTIVISM IN GERMANY BUILDING

- The attractiveness of the UK will continue with more campaigns, both public and private, expected. UK corporates are prime M&A targets with prominent spin-off and take-private opportunities. Such opportunities will inevitably attract activist interest and campaigning, both for and against the proposed transactions.
- The slowdown in targeting German corporates has, as predicted, been stark. The multiple challenges facing the industrial sector generally, and high-end manufacturing in particular, have been key drivers of this slowdown. However, such challenges will also lay a foundation for future activism, and we anticipate a marked increase in Germany focused activism by Q1 2027.



03/ CONSUMER CONTINUING – INDUSTRIALS REBOUNING

- Consumer corporates will continue to draw attention across Europe. Consumers across the continent remain highly price-sensitive, and “trading down” behaviour has become more structural rather than temporary. Investors will scrutinise and, where thought appropriate, challenge management’s plans to address these challenges.
- From a relative low in 2025, we see the rebound of activism against industrial corporates this year continuing through 2026, and even more so in 2027 as the eyes refocus on Germany. Challenges facing industrial corporates include delayed capital expenditure by customers, high-end Chinese engineering competition and inventory destocking.



04/ CONGLOMERATES IN THE SPOTLIGHT

- Increased M&A-focused demands and a greater focus on capital allocation will make conglomerates more attractive to activist investors. Returns on the capital invested across portfolios of assets will be closely examined, with comparisons made to other allocation options. Such options will inevitably include potential divisional sales/spin-offs, with proceeds used to fund special dividends or buy-backs.
- In addition, the level of any perceived “conglomerate discount” in the valuation of a particular corporate will make the chances of activist pressure higher still.



05/ ARTIFICIAL INTELLIGENCE – MAKING THE RUBBER HIT THE ROAD

- There is much to get wrong and much to get right when deploying successful, sustainable AI to deliver operational and strategic goals and maximise the available returns.
- Pressure will only build on corporates to demonstrate how they are navigating the world of opportunities that AI presents. Pressure to do more, pressure to do differently, pressure when results are poor. Shareholder activists will be prominent in applying such pressure.



“CORPORATES ACROSS EUROPE ARE ADAPTING TO MYRIAD GLOBAL, DOMESTIC, SECTORAL AND FUNCTIONAL CHALLENGES. SUCH CHALLENGES ALSO PRESENT OPPORTUNITIES WITH AI BEING A PRIME EXAMPLE. INVESTORS ARE LOOKING TO CORPORATE BOARDS TO MAKE THE MOST OF THESE OPPORTUNITIES.”

Patrick Siebert, Managing Director, Germany

CONTACTS

The A&M Activist Alert has now been running for nine years and is a valuable early warning system against both private and public activist campaigns. Our model produces detailed results showing the actions individual companies should take to improve their performance and generate enhanced shareholder returns.

Please contact any of our team listed here, or indeed any team member in your local A&M office, to discuss how we can help in more detail. We would be delighted to hear from you.



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