



# SHAREHOLDER ACTIVISM IN EUROPE

## A&M ACTIVIST ALERT (“AAA”)

2025 INTERIM OUTLOOK

OBSERVATIONS AND PREDICTIONS FOR THE  
REMAINDER OF 2025 AND INTO 2026

JUNE 2025



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**“IN THE 9TH YEAR OF OUR A&M ACTIVIST ALERT AND ITS ASSOCIATED PREDICTIONS, MARKET VOLATILITY HAS AGAIN SURGED. AS WE EXPLAIN THROUGH THIS REPORT, SUCH VOLATILITY WILL SPUR SHAREHOLDER ACTIVISTS TO LAUNCH MORE CAMPAIGNS. THEY WILL CHOOSE THEIR TARGETS CAREFULLY, AND WE WOULD BE PLEASED TO DISCUSS HOW CORPORATES CAN AVOID BEING ONE OF THOSE CHOSEN.”**

**Malcolm McKenzie,**  
**Chair, Corporate Transformation Services, Europe**

# SUMMARY

## PRINCIPAL OBSERVATIONS ON THE YEAR SO FAR



### 01/ MARKET VOLATILITY HAS CAUSED A TEMPORARY LULL WHILE ACTIVISTS WATCH AND WAIT

There is a proven link between market volatility and an increase in investor activism. But in recent years that increase has followed only after an immediate decline. That is borne out in 2025 with campaigns down 20% year-to-date and 62% in May alone compared to the same periods in 2024.



### 02/ GERMANY TARGETED LESS, SCANDINAVIA TARGETED MORE

With its relatively larger base of Industrial corporates, Germany has seen a marked slowdown in activist campaigning. Scandinavia has seen the reverse, primarily driven by particularly poor equity performance in 2024.



### 03/ EUROPEAN VALUATIONS REMAIN LOW BUT EQUITIES ARE RECOVERING

Based on forward Price-to-Earnings ratios, European corporates are at an average c30% valuation discount<sup>1</sup> compared to their US peers even after sector adjusting. But European equity returns have outperformed in 2025, suggesting that a corner may have been turned.



### 04/ M&A APPETITE IS HIGH BUT DEAL LEVELS ARE LOW

M&A opportunities have always been a lever pulled by activist investors, but Q1 2025 has seen a recent-year low in deal volume. This has reduced the immediate options available to activist investors.



### 05/ INDUSTRIAL SECTOR PARTICULARLY EXPOSED TO UNCERTAINTIES

European Industrial corporates are particularly exposed to the international trade uncertainties created by recent geopolitical challenges. Activists are holding fire on targeting the sector pending greater visibility.

<sup>1</sup> Goldman Sachs Global Investment Research, M&G Investments

## KEY PREDICTIONS AND PRIORITIES FOR THE COMING 12 MONTHS



### 01/ VOLATILITY GENERATES ACTIVISM AND DEMANDS FROM INVESTORS WILL RETURN

Our analysis shows a clear link between higher market volatility and higher levels of investor activism. Since 2020 in Europe, there has been an average 5-month lag between heightened volatility and a rebound in investor activism. The current temporary lull will give way to a surge in campaigns.



### 02/ CORPORATES HAVE LIMITED TIME TO PREPARE

Given the above, we see that corporates will have some months to proactively enhance their competitive positioning and performance, and by doing so, avoid targeting by activist investors. We anticipate a rebound in activism in Europe after the 2025 summer break – this time should not be wasted.



### 03/ UK, GERMANY AND SWITZERLAND AS PREFERRED HUNTING GROUNDS

Our discussions with investors clearly indicate that the UK, Germany and Switzerland are seen as prime targets for activist intervention. Their campaigns will often be privately supported by long-only asset managers who are seeking higher yields.



### 04/ "FIX THEN SELL"

Pending the full return of M&A, investors will apply greater pressure on corporates to focus on operational transformation and drive enhanced earnings per share. This will also be combined with demands for improved capital allocation, and scrutiny of internal (CapEx, R&D, OpEx) versus external (M&A, dividends, buybacks) options.



### 05/ IMPORTANCE OF A COMPELLING EQUITY STORY

A focus on driving earnings per share is important but needs to be combined with a compelling and attractive equity story if valuations are to be maximised. Corporates need to ensure that their actions and delivery match their market messaging and wider communications.



# MARKET TURMOIL AND INVESTOR ACTIVISM

Market turmoil creates challenges for corporates. And those challenges, or rather, corporates' responses to them, will draw the attention of activist investors. But when?

## INTRODUCTION

The 2020s have seen periods of heightened market turmoil not seen since 2011 and 2008. The impacts of the Covid-19 pandemic, the war on Ukraine and now additional geopolitical events including trade and tariff wars, have presented significant challenges for corporates. How should they respond strategically and operationally? How should they best deploy their capital? Is now the time to seek acquisition opportunities? Or divestments?

The decisions made by corporates and their peers will set the path for a potential reset of their respective competitive positions. There will be winners and losers, with market valuations adjusting accordingly.

Anecdotally, it has always appeared to be the case that such market turmoil, and the emergence of winners and losers, can draw the attention of activist investors. Through our A&M Activist Alert ("AAA") early warning system, we can identify the likely challenges and work with our corporate clients to accelerate the generation of shareholder value and enhance the accompanying equity narrative. In doing so, the risk of activist shareholders descending and launching a campaign of demands can be avoided. But how can we turn anecdotes into statistical facts? How strong is the true link between market turmoil and increased investor activism? Do the activists pause to allow the turmoil to calm before launching their campaigns, and if so, how long do they wait?

## OUR APPROACH

Our approach to answering the questions posed above is to assess the correlation between the levels of market volatility in Europe and the US, and the number of campaigns launched in those markets by activist investors. We focused on the years from 2015 to 2025, and our definitions of "market volatility" and "activist investor campaigns" are as follows:

### Market Volatility

As measured by the VIX (for the US) and VSTOXX (for Europe) market volatility indices.

### Activist investor campaigns

We have focused on known campaigns by asset managers or focused funds seeking one or more of governance, operational, strategic or capital allocation changes.



## OUR FINDINGS

Our analysis and findings are summarised below. Notably, market volatility does have a significant impact on the levels of activist campaigning. However, there are clear differences in this impact between the pre-Covid years (2015 to 2019) and the post-Covid years (2020 to date). This is true for both the US and Europe. But then there are also clear differences between the US and Europe when looking at any delays in increased market volatility leading to increased investor activism. To be more specific, our analysis shows the following:



### For Europe

- **Pre-Covid** - increased market volatility was associated with *an immediate decrease in investor activism. That decrease in activism lasted for 4 months with a peak decline after 3 months. After the 4 months, there was then a positive increase in activism lasting for 5 months.* The strength of correlation (R Squared) suggests that **37.9% of the changing monthly levels of investor activism were due to the market volatility.**
- **Post-Covid** - increased market volatility was associated with *an immediate decrease in investor activism. That decrease in activism lasted for 5 months with a peak decline after 3 months. After the 5 months, there was then a positive increase in activism lasting for 6 months.* The strength of the correlation suggests that **40.8% of the changing monthly levels of investor activism were due to the market volatility.**



### For the US

- **Pre-Covid** - increased market volatility was associated with *an immediate increase in investor activism. That increase in activism lasted for 7 months with a peak in activity after 3 months.* The strength of the correlation suggests that **44.7% of the increase in the changing monthly levels of investor activism was due to the market volatility.**
- **Post-Covid** - increased market volatility was associated with *an immediate decrease in investor activism lasting for 4 months, with a peak decline after 3 months. After the 4 months, there was then a positive increase in activism lasting for 7 months.* The strength of the correlation suggests that **53.7% of the changing monthly levels of activism were due to market volatility.**

So why might the post-Covid years show a marked change in the behaviour of activist investors, particularly in the US? Our view is that this relates to the size of the market shocks being experienced. Between 2015 and 2019, market volatility in the US saw fewer shocks of a relatively lower level. Investors in the US reacted quickly as they identified likely targets and launched new campaigns. The shocks from Covid onward however have generally been bigger and longer lasting. Investors have been more inclined to wait for improved financial and operational visibility before identifying potential value-accretive opportunities and then making their moves. Corporates had some time to react before seeing activists arrive at their door.

Europe however has consistently seen market volatility being associated with an immediate decline in activism. This decline persisted for several months before activists made their moves and launched their campaigns. This delayed increase is true both pre- and post-Covid. Post-Covid matches the experience in the US, but given the marked difference pre-Covid, why might that be? Our view is that this is likely driven by two factors being (1) market volatility was generally higher in Europe than the US over the 2015-2019 period, giving investors greater pause for thought, and (2) Europe was a relatively nascent hunting ground for activists during those years, and as more opportunities would appear in the US, activist capital (particularly from US funds) would more likely be deployed locally.

## CONCLUSIONS

- 01** MARKET VOLATILITY IS MEANINGFULLY ASSOCIATED WITH INCREASING LEVELS OF INVESTOR ACTIVISM. THIS IS TRUE IN BOTH THE US AND EUROPE.
- 02** SINCE 2020, THE INCREASED LEVELS OF ACTIVISM HAVE LAGGED THE INCREASE IN MARKET VOLATILITY BY 5 MONTHS IN EUROPE AND 4 MONTHS IN THE US.

So how can corporates best respond to the current market turmoil? While it is unclear how long the ongoing volatility (in the US and Europe but also globally) will last, and therefore how and when the anticipated increase in investor activism will materialise, we anticipate a resurgence in late Q3/Q4 2025. Corporates may therefore have some months to respond to these market challenges and should pursue a particular focus on driving improvements in bottom-line results, value-maximised capital allocation and a truly compelling equity story. But that time should not be wasted. Standing still is not an option if activists are to be persuaded to look elsewhere.

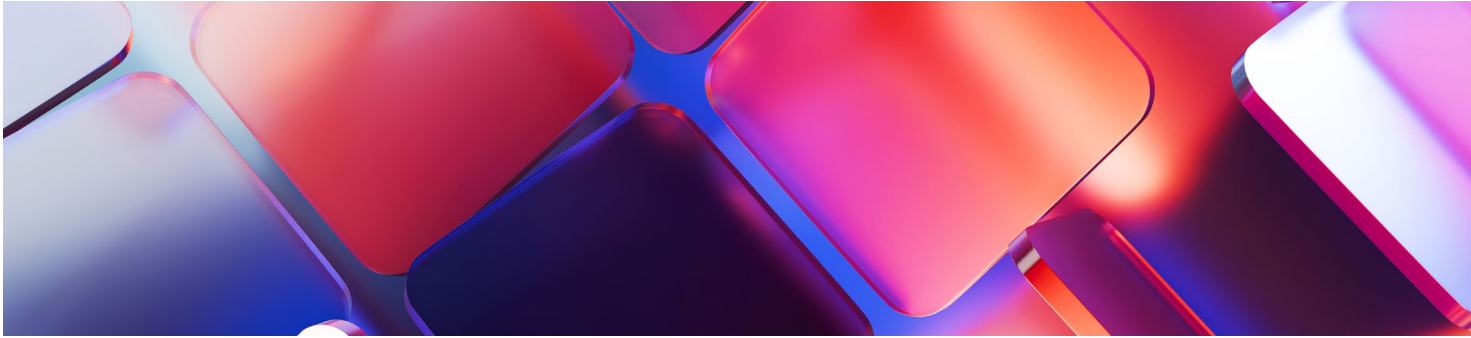


**"IT IS CLEAR FROM OUR ANALYSIS THAT MARKET VOLATILITY IS A CATALYST FOR SHAREHOLDER ACTIVISM. BEFORE THE ACTIVISTS START KNOCKING ON THE DOOR, EUROPEAN CORPORATES SHOULD TAKE THIS OPPORTUNITY TO CRITICALLY ASSESS HOW AND WHERE THEY TRULY CREATE VALUE, AND WHAT THEY COULD DO TO TRANSFORM THEIR BUSINESS. PUT SIMPLY, THE AIM SHOULD BE TO GENERATE MORE FROM LESS."**

**André Medeiros,**  
Managing Director, United Kingdom

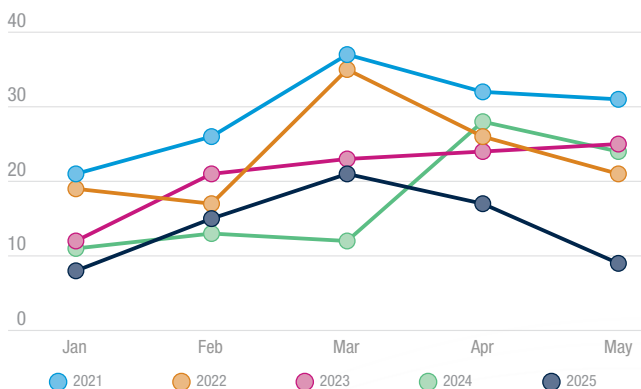
# THE SHAREHOLDER ACTIVISM YEAR TO DATE

## EUROPE 2025



### TRENDS BY COUNTRY, SECTOR AND TYPE OF DEMAND

**Number of shareholder activist campaigns launched in Europe – by month**

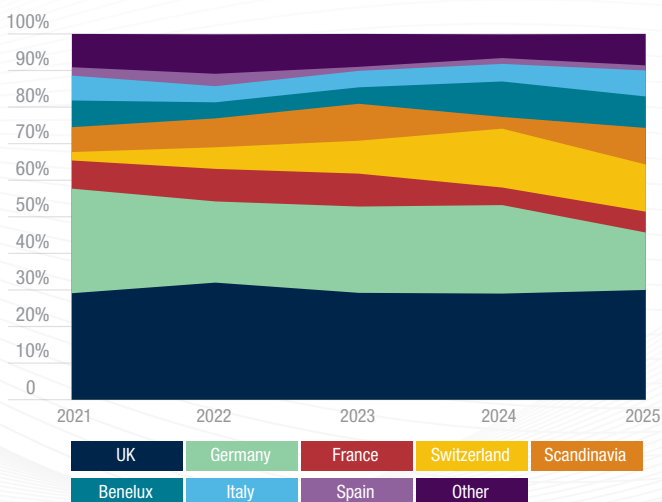


#### Europe Overview

The first quarter of 2025 saw building levels of investor activism in Europe. Corporates targeted include Smiths Group (by Engine Capital), Carrefour (by Whitelight Capital), RWE (by Elliott Management) and several closed-end funds by Saba Capital.

However, the market shocks and associated geopolitical turmoil have caused a marked pause in activist campaigning. This is the result of two challenges now facing activist investors: (1) judging when to buy-in to optimise the upside potential and avoid “catching a falling knife,” and (2) how to develop robust value-maximisation proposals when there is continuing uncertainty over future challenges and opportunities afforded by international trade negotiations.

**Profile of activist campaigns – Country**

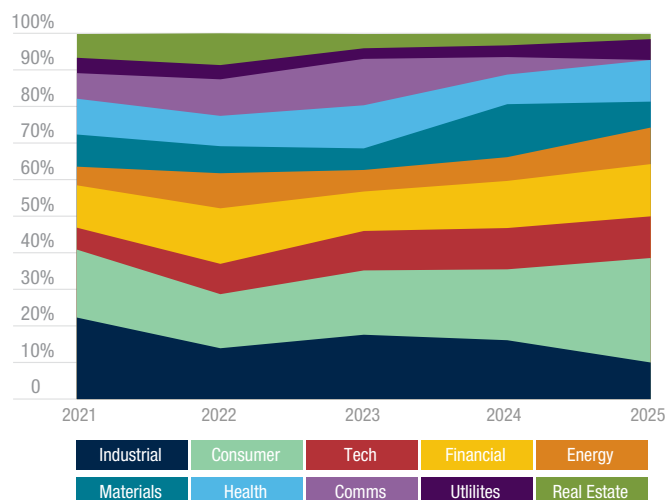


#### Evolving profile by country

The UK and Germany continue to be the largest markets for activism in Europe in 2025. However, Germany has become much less of a target and thus far in 2025 has accounted for 16% of all campaigns in Europe versus 24% in all of 2024. Our discussions with activist funds on behalf of our corporate clients suggest that this decline relates to the exposure of Germany to the Industrial sector and its sensitivity to potential tariffs and other international trade challenges.

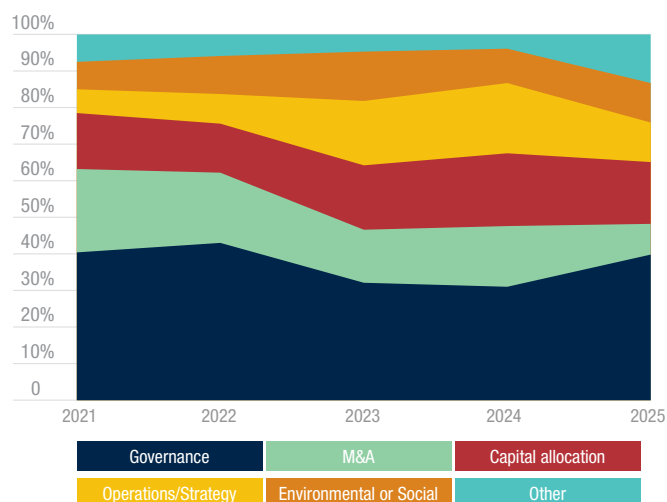
Conversely Scandinavia has been more of a target for activists relative to other European countries. Our market discussions suggest that this is driven by particularly poor shareholder returns in the region in 2024 and a resulting focus on Scandinavian targets in early 2025.



**Profile of activist campaigns – Sector****Evolving profile by sector**

As mentioned above, tariffs and other geopolitical challenges that have been the main driver of market volatility in 2025 have led to a marked reduction in activist targeting of the Industrial sector. From accounting for 16% of all European campaigns in 2024, they have accounted for 10% in 2025 to date.

Sectors that have seen relative increases in attention include Energy (where campaigns have included ones both for and against net zero ambitions) and particularly Consumer (where we have seen a greater number of socially focused campaigns).

**Changing profile of activist campaign demands****Evolving profile by type of demand**

2025 has seen campaigns seeking operational or capital allocation changes or M&A solutions being slowed by market volatility and associated uncertainties. However, Environmental and/or Social campaigns have continued at similar relative levels as seen in 2024, with a greater focus on the Consumer sector as mentioned above.

There has been a significant increase in the proportion of Governance-focused campaigns (up from 31% to 40%). Activists have been keen to gain a seat at the Board table to get a better firsthand view of the challenges being faced.



# PREDICTIONS FOR THE REST OF 2025 AND INTO 2026

## OUR METHODOLOGY

Whilst the recent market turmoil and wide fluctuations in stock prices have not provided sufficient confidence for us to predict which individual corporates will be targeted (which we are normally able to do with c45% predictive accuracy), we have been able to form broader predictions for the rest of 2025 and into 2026 through detailed corporate performance analysis, plus a focused review of the current activist landscape and their associated intentions.

Our corporate analysis assessed the performance (financial, equity story and shareholder returns) of 1,418 corporates headquartered in the UK, Germany, France, Switzerland, Scandinavia, Benelux, Italy and Spain (those with market capitalisation in excess of US\$200 million) and compared their individual performances to 4,586 of their global peers. Examples of the performance levels/opportunities identified include weakened returns on capital, operating margins/leverage, market share/revenue protection, cash generation and valuation multiples.

## OVERVIEW



### 01/ BIG PICTURE:

Activists will be more inclined to watch and wait, but they will return

- Market volatility and future visibility challenges will keep activist campaigning in Europe at lower levels for some months (all other things being equal, and absent additional major shocks, we estimate 5 months). However, the recent volatility will lay a foundation for increased activism which will be buoyed yet further as and when there is a return of the M&A market.
- Valuations across Europe remain relatively low and will therefore continue to attract activist attention. This is the time when the activists take a step back and survey the markets more generally to identify a long list of potential targets. As the visibility improves, they will narrow to a short list, and from there to actual targets.
- Return on capital, operational efficiencies and cash conversion will be prime areas of focus for the activists. Corporates that cannot justify their deployment of capital will face demands from investors for it to be returned.



### 02/ GEOGRAPHIC PERSPECTIVE:

A renewed focus all around, but particularly on Germany

- All countries can expect to see increased activist attention following the initial lull, but Germany should expect to see a large resurgence in activist campaigns. Our discussions with active/activist funds on behalf of our corporate clients clearly indicate that Germany is seen as offering many value-generative opportunities, particularly in the Industrial, Technology and Materials sectors.
- The UK will also see a rebound in activist campaigning. On average, UK corporates lag their global peers in generating returns on capital, operating margins and revenue growth. We anticipate that the Consumer sector in the UK will be a significant focus of attention.
- Switzerland will also attract increasing attention particularly in the Consumer, Healthcare and Technology sectors.
- France, Italy and Spain are also predicted to see increasing levels of activism albeit starting from lower levels and with a slower rate of increase.



### 03/ SECTOR PERSPECTIVE: Industrial, Consumer and Technology particularly exposed

- The Industrial, Consumer and Technology sectors are predicted to be the recipients of the greatest increases in activist campaigns. We anticipate that numerous performance measures will be targeted by activists with return on capital, operating margins, cash conversion, revenue per employee and asset turnover being prominent.
- The Energy sector will also see heightened levels of activism, and these campaigns will continue to include ones both pressing for, and arguing against, faster net zero ambition. Nevertheless, the balance of power will swing more towards near-term earnings generation and asset efficiency.

**“THE INDUSTRIAL SECTOR IN GERMANY HAS BEEN PARTICULARLY IMPACTED BY THE RECENT GEOPOLITICAL CHALLENGES AND IMPOSITION OF TARIFFS. OUR FOCUS IS ON SUPPORTING OUR CORPORATE CLIENTS AS TOGETHER WE ADDRESS THESE CHALLENGES AND SO MAXIMISE SHAREHOLDER VALUE.”**

**Patrick Siebert,**  
**Managing Director, Germany**

**“OPPORTUNITIES FOR ACTIVISTS ELSEWHERE IN EUROPE WILL LIKELY LIMIT THE GROWTH IN CAMPAIGNS AGAINST FRENCH CORPORATES OVER THE NEXT 12 MONTHS. NEVERTHELESS, EQUITY RETURNS FROM FRENCH CORPORATES HAVE BEEN RELATIVELY LOW AND, IF LEFT UNADDRESSED WITHOUT A COMPELLING EQUITY STORY, WILL ATTRACT INCREASED CRITICAL FOCUS FROM INVESTORS.”**

**Guillaume Martinez,**  
**Managing Director, France**



# HOW WE CAN HELP

The A&M Activist Alert has now been running for 8 years and is a valuable early warning system against 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.


**FERNANDO DE LA MORA**

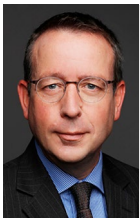
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