

STUDY

2026 Water M&A Report

Turning the corner



Roland
Berger

The global water sector's M&A market rebounded in 2025, posting its first year-on-year growth since the post-pandemic peak of 2021. With 436 completed transactions – an 8% increase from 2024 – the sector demonstrated renewed investor interest despite persistent macroeconomic headwinds.

The recovery was welcome following three years of decline. Deal counts had fallen from 760 transactions in 2021 to just 403 in 2024, while deal values dropped from USD 92.8 billion to USD 10.6 billion. This downturn reflected rising interest rates, inflationary pressures, and geopolitical uncertainty that kept capital on the sidelines.

Yet conditions remained challenging in 2025: Global trade tensions, ongoing geopolitical conflicts, and regulatory uncertainty kept both financial and strategic investors cautious. The fact that activity recovered at all signals water's strategic relevance: water's strategic relevance is becoming impossible to ignore.

The fundamentals driving long-term investment remain compelling. Aging infrastructure, increasing regulatory scrutiny around water quality and PFAS contamination, climate-driven water stress, and accelerating demand for water-efficient and AI-related technologies all point to sustained capital requirements. As these pressures intensify, investors appear increasingly willing to look past near-term volatility to position themselves in a sector where scarcity creates value and necessity drives demand.

Whether this marks sustained recovery or temporary reprieve will become clear in 2026.

Deal activity returns as investors back water's core strengths

While the 8% increase in transaction count marks a welcome reversal, the scale of recovery remains modest when viewed against the sector's recent history. The 436 deals completed in 2025 represent just 57% of the 2021 peak of 760 transactions. More striking is the divergence between volume and value: Disclosed deal value of USD 26 billion, while up from 2024's USD 10.6 billion, still sits at roughly a quarter of the USD 92.8 billion recorded in 2021.

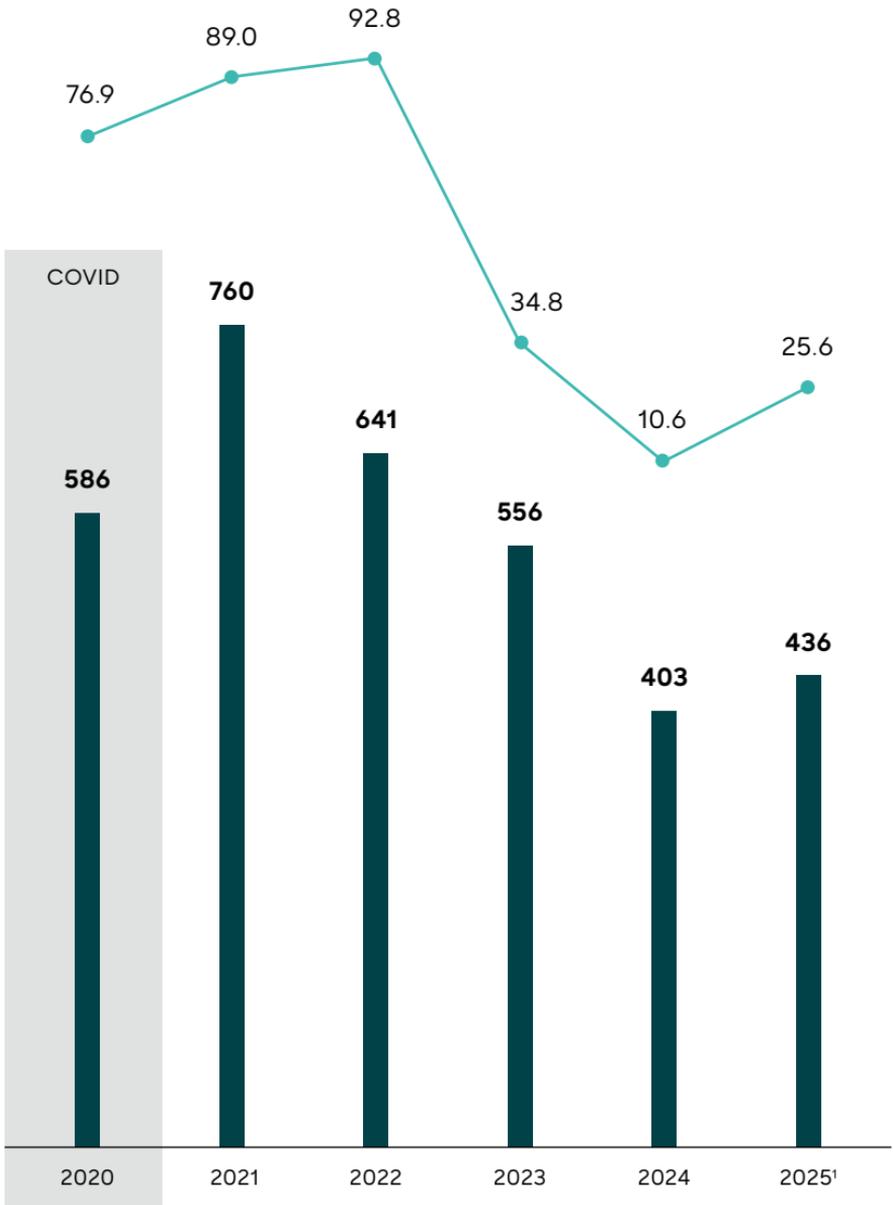
This disconnect suggests the 2025 recovery was driven more by a return of mid-market activity than by the mega-deals that characterized the immediate post-pandemic period. Smaller, strategic transactions and technology-focused acquisitions appear to have dominated the landscape, with buyers prioritizing operational capabilities and platform building over transformative scale.

Several factors converged to support this rebound:

- **Legislative momentum from earlier policy frameworks** continued to provide tailwinds, including in the UK where the AMP8 framework is expected to nearly double water utility investment over the next five years. In the United States, the Infrastructure Investment and Jobs Act's authorization of approximately USD 50 billion in water infrastructure spending through 2026 kept project pipelines active. However, regulatory environments remain subject to political shifts.
- **Technology integration and digital transformation** emerged as a major theme, with AI-driven water efficiency solutions commanding premium valuations. Predictive analytics, advanced sensors, and leakage detection technologies drove several headline transactions, including Ecolab's USD 1.8 billion acquisition of Ovivo's Electronics business and Veolia's acquisition of the remaining stake in its WTS business for approximately USD 1.75 billion.
- **Interest rate stabilization** also played a role, providing greater debt availability and financing clarity compared to the volatile conditions of 2023 and early 2024. While rates remain elevated by historical standards, the stabilization allowed deal structures to pencil more predictably.

Deal volume: A modest recovery with room to grow

Total number and value of water M&A transactions (2020 – 2025)



■ Deal Count [# of transactions]² ● Deal Value [USD bn]³

- 1 2025 includes four transactions involving the privatization of infra-assets in Brazil (Piauí, Sanepar, Sergipe, and Pernambuco)
- 2 Annual deal count accounts for transactions including both companies and infrastructure assets
- 3 Total includes only deal value for transactions with public data available

Source: Roland Berger Analysis, Capital IQ, GWI Water Data

Regional dynamics: Familiar leaders, emerging opportunity

North America and Europe continue to account for nearly 90% of total deal count, maintaining the geographical patterns that have characterized water M&A for years. These regions benefit from established regulatory frameworks, macroeconomic stability, and public funding mechanisms that foster investor confidence and enable innovation.

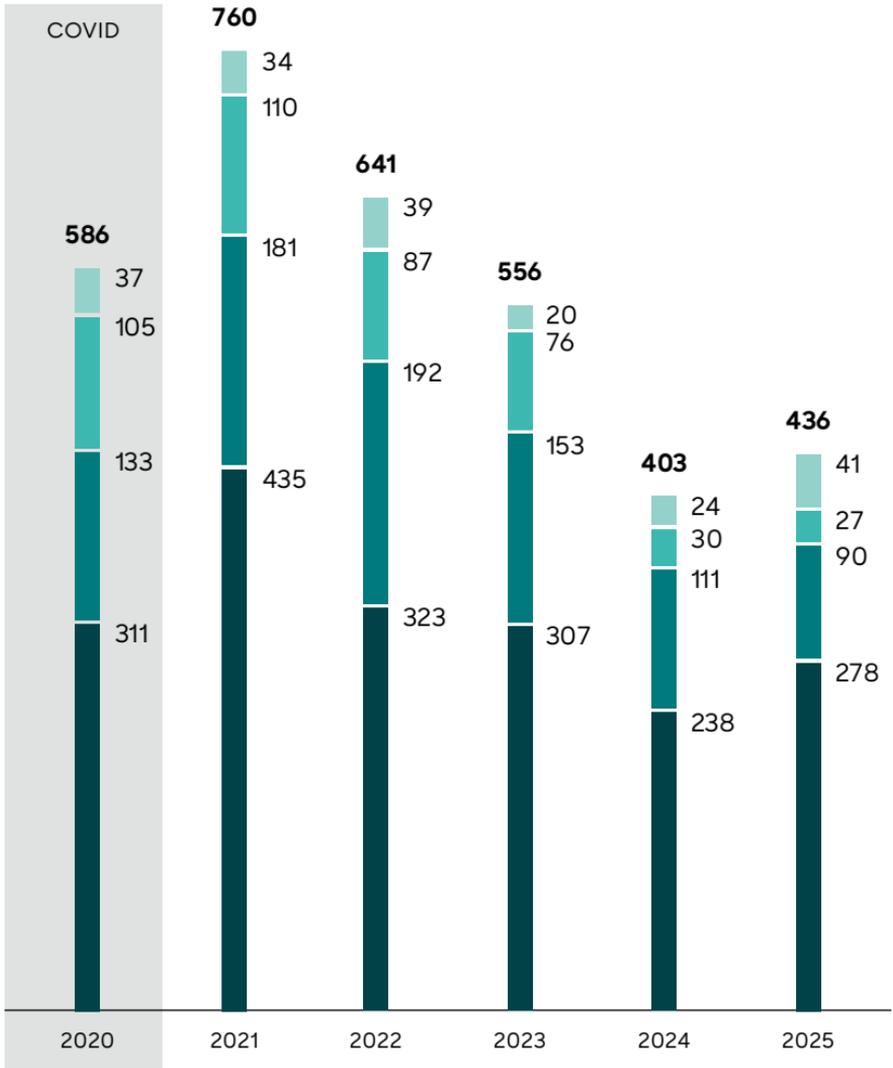
However, Brazil deserves particular attention. Building on momentum we flagged in our previous reports, the country advanced several significant water infrastructure projects over the past six months, demonstrating sustained private sector participation:

- **Piauí concession:** A 35-year full-service concession awarded to Aegea Saneamento for USD 175 million, with investment commitments exceeding USD 1.5 billion
- **Sanepar:** A 24-year wastewater treatment PPP program involving three concession lots awarded to Acciona, Iguá, and Saneamento consortium, totaling over USD 500 million in investments
- **Sergipe concession:** A 35-year water and sewage services concession awarded to Iguá Saneamento for USD 815 million, with total commitments exceeding USD 1.1 billion
- **Pernambuco:** A 35-year concession for water and sewerage services awarded to a BRK-Acciona consortium, involving approximately USD 2.8 billion in investments to serve roughly million people across 151 municipalities

These developments underscore Brazil's trajectory as one of the sector's most relevant growth markets.

North America, Europe, and Asia continue to lead in deal volume but Brazil is one of the sector's most relevant growing markets

Water M&A transactions by region (2020 – 2025)



■ North America
 ■ Europe
 ■ Asia
 ■ Rest of the World¹

¹ Rest of the World includes Africa, Middle East, Oceania, and LatAm & The Caribbean

Note: Count of transactions listed includes transactions where deal value was not available and not reflected in total deal value

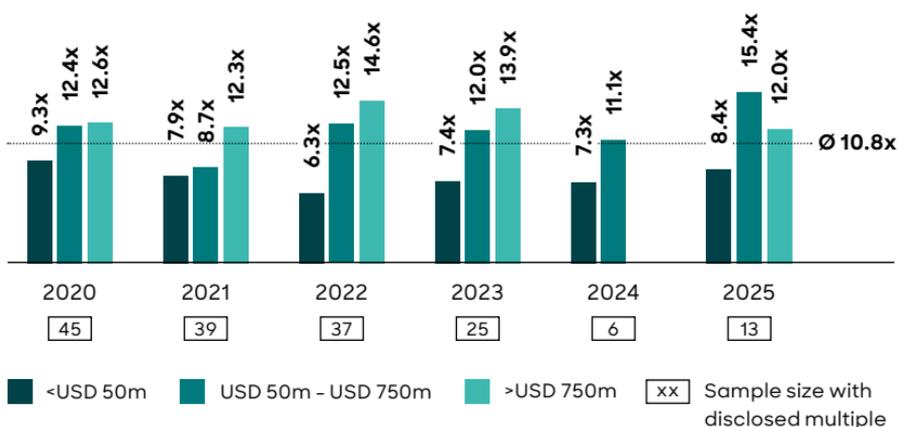
Source: Roland Berger Analysis, Capital IQ, GWI Water Data

A 'scarcity premium' may continue to drive water valuations upwards

Water assets continued to command premium valuations in 2025, albeit from a limited sample of transactions with disclosed multiples. The average transaction multiple held around 10.8x EBITDA, consistent with the "scarcity premium" that has characterized quality water assets in recent years.

Valuation trends: The scarcity premium persists

Water industry average transaction multiples - xEBITDA (2020 - 2025)



Note: Some yearly data is significantly skewed due to smaller sample size available

Source: Roland Berger Analysis, Capital IQ, GWI Water Data

Several key 2025 transactions, including those supported by Roland Berger, pointed to a "best bid wins" environment where heightened competition influenced market outcomes:

- **EQT's acquisition of Seven Seas** showcased private equity's continued role in the sector, particularly in decentralized water treatment segments where traditional infrastructure is lacking or aging.
- **TAQA's acquisition of GS Inima** underlined Middle Eastern players' ambitions to expand internationally and build platforms for developing desalination and wastewater treatment capabilities.
- **Ecolab's acquisition of Ovivo Electronics** represented a major move in the semiconductor sector, with the USD 1.8 billion deal positioning Ecolab to enable circular water management for high-tech clients.

Looking forward

For investors and strategic players looking to capitalize on the next phase of growth, three themes warrant particular attention as the market evolves.

- 1. Build or acquire digital capabilities now, before the premium widens further.** AI-driven efficiency, predictive analytics, and advanced monitoring systems are becoming core competitive advantages. Companies that can demonstrate measurable water savings, operational optimization, or compliance solutions through digital tools are commanding significant premiums. For buyers without these capabilities in-house, the window to acquire them at reasonable multiples may be narrowing.
- 2. Don't overlook emerging markets where regulatory reform is creating opportunity at scale.** While North America and Europe continue to dominate transaction volumes, Brazil demonstrates how policy shifts can rapidly unlock investable opportunities. In other markets where governments are opening water infrastructure to private investment or implementing new regulatory frameworks, early movers can establish platforms before competition drives up entry costs, though success requires understanding local regulatory nuances and maintaining flexibility as frameworks evolve.
- 3. Prepare for larger transactions by strengthening due diligence and financing relationships.** Larger transactions require more sophisticated due diligence - particularly around non-revenue water reduction capabilities, regulatory compliance, and climate resilience - and will likely attract competitive bidding from both strategic players and financial sponsors. Buyers who have pre-positioned financing relationships and built internal expertise in rapid, thorough asset evaluation will be better positioned to move decisively when the right opportunities emerge.

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