



M&A Activity Remains Cool Despite Megadeals

Trends in Oil & Gas Series: Part 2 of 5

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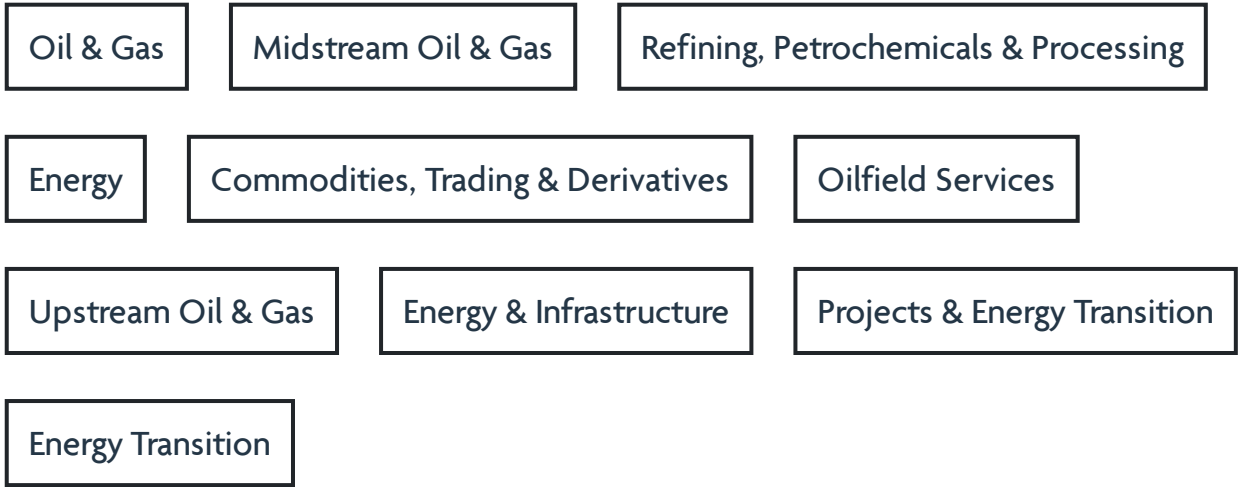
It seems likely the year ahead will see only a modest rebound in mergers & acquisitions (M&A) activity. Among the challenges that remain for 2024, one challenge to further deal activity is the potential shortage of attractive assets coming to market. Another hindrance to the depth of the M&A markets is the ongoing—and widening—valuation gap between the big energy giants and the smaller producers that is now reaching historic levels.

Overall, we expect 2024 to be another year of consolidation, with the large public exploration & production (E&P) companies striving to grow and the mid-market players pursuing different strategies in a bid to gain scale and continue to compete.

A huge factor for all will be the political backdrop, particularly at the federal level, where the outcome of the presidential election has the potential to create either more momentum for energy transition or some significant unravelling of the policy objectives that have made headway in the past few years.

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