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PROFESSIONALI PER LE IMPRESE

# The revenge of M&A

## Preserving and creating value in a new, challenging world

Milan, 12 November 2025

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Senior Executive Fellow SDA Bocconi

Senior Partner | Private Equity, Infrastructure & Real Estate Leader

Deloitte Central Mediterranean

# The death of M&A

As an art and a process?

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# The death of M&A

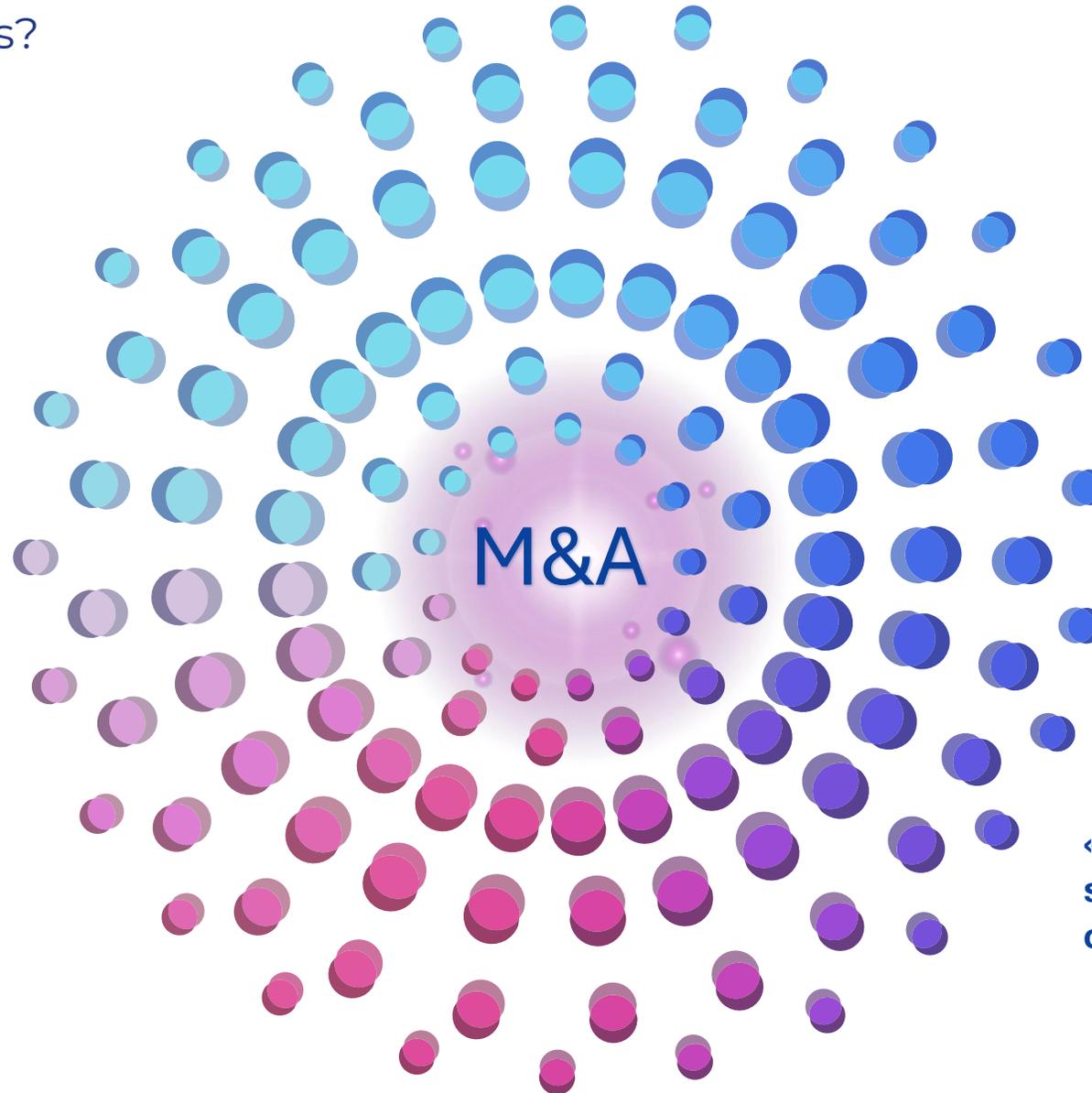
As an art and a process?

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«Most of M&A deals do not create value»  
(at least for the buyer)

«M&A is brokers-based  
(advisors as real estate agents on steroids)

«Financial M&A as a relict of the turbo-capitalism of a by-gone era»



«It's a purely a relationship play – you gain a mandate on the greenfield of golf»

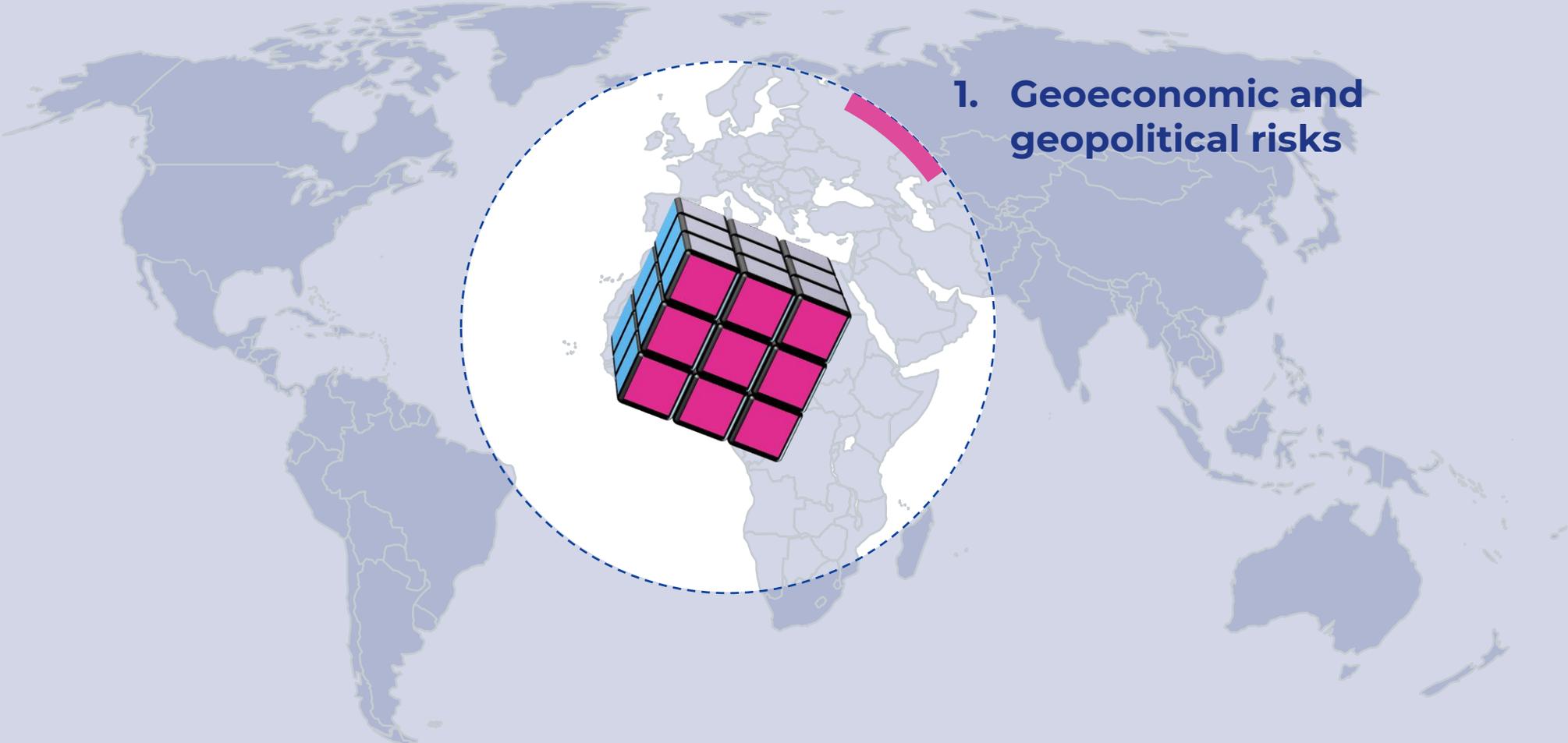
«AI will do most of the process: from targeting to matching to negotiation»

«Personal agendas (power plays, stock options, M&A fees are all out – not much else remains»

# A new, challenging global order

Or disorder?

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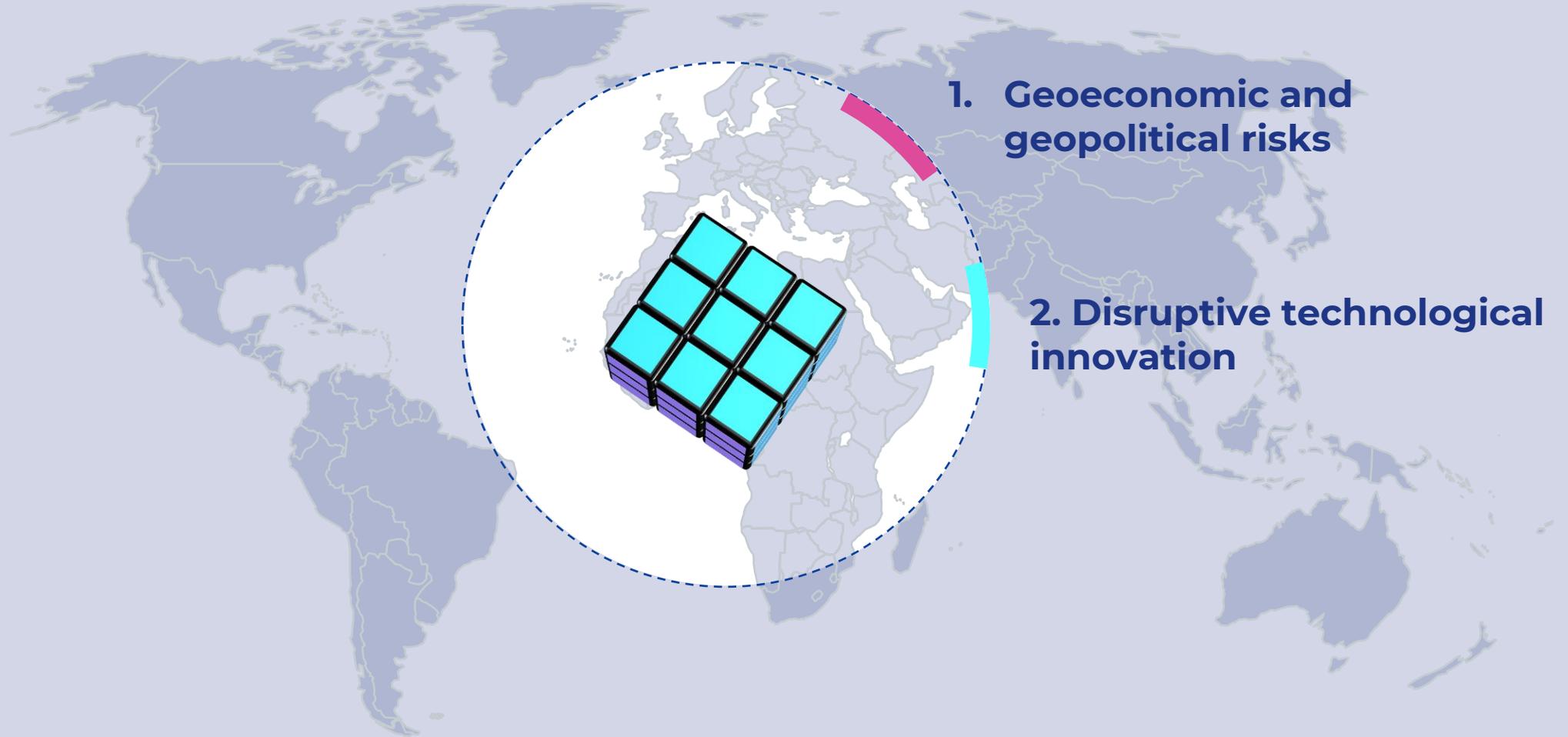


**1. Geoeconomic and geopolitical risks**

# A new, challenging global order

Or disorder?

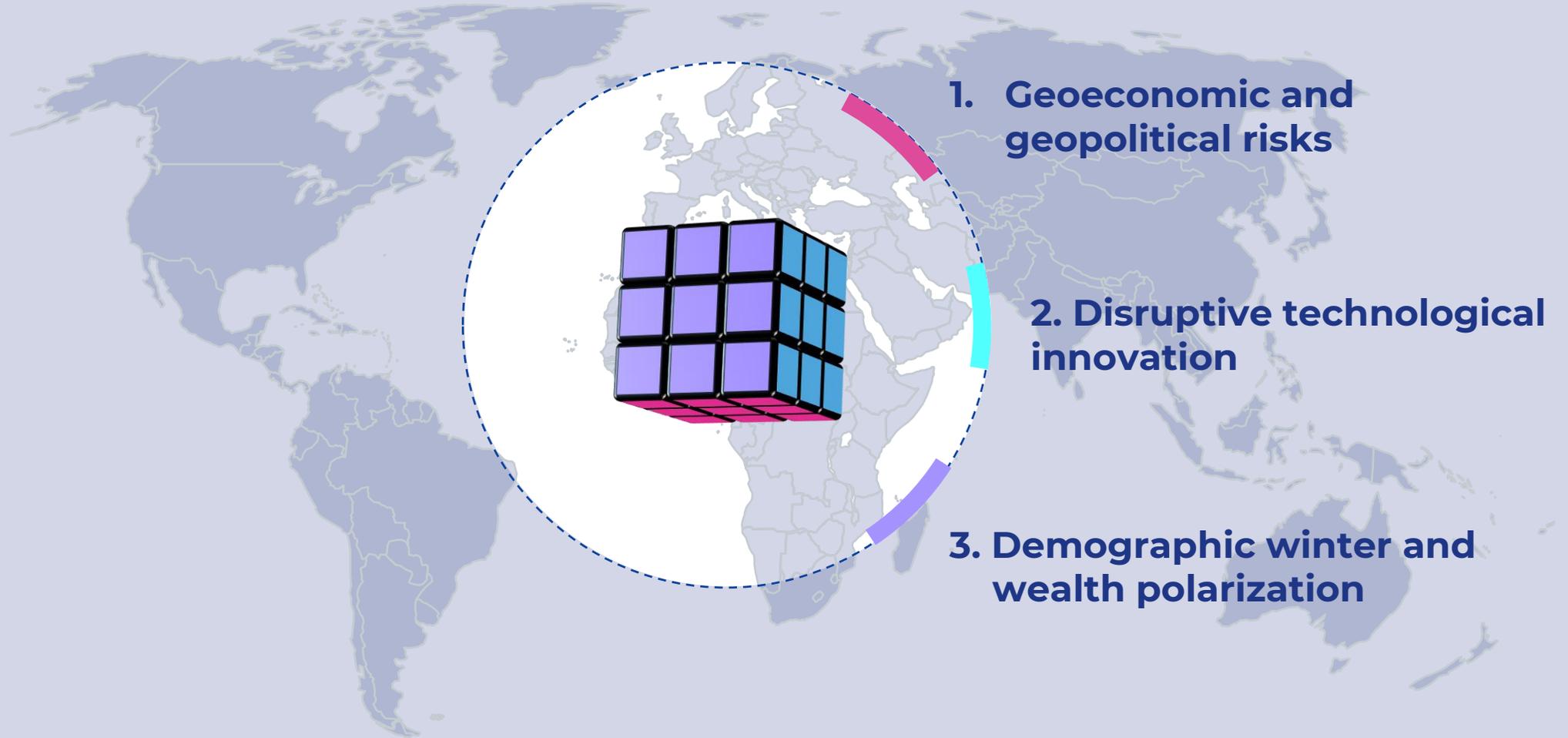
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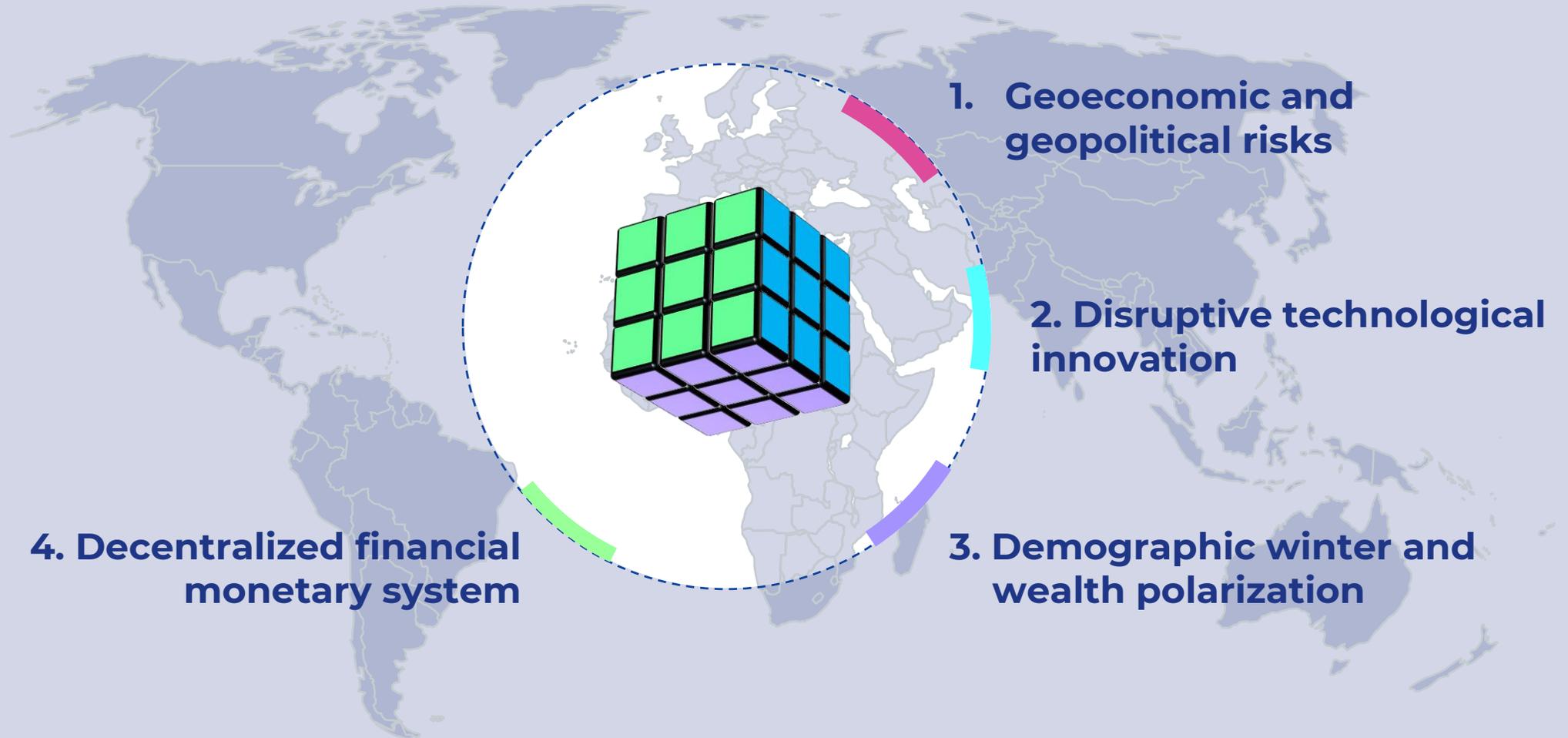
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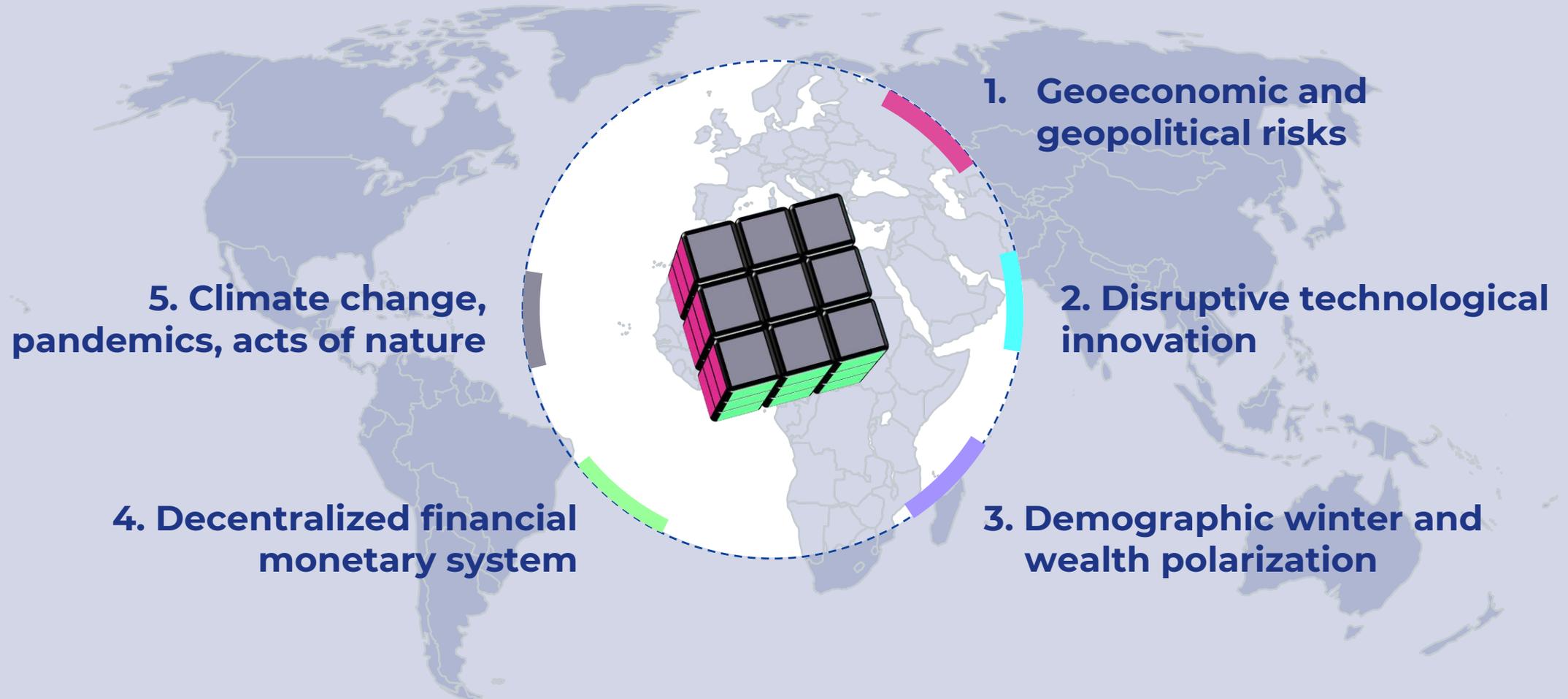
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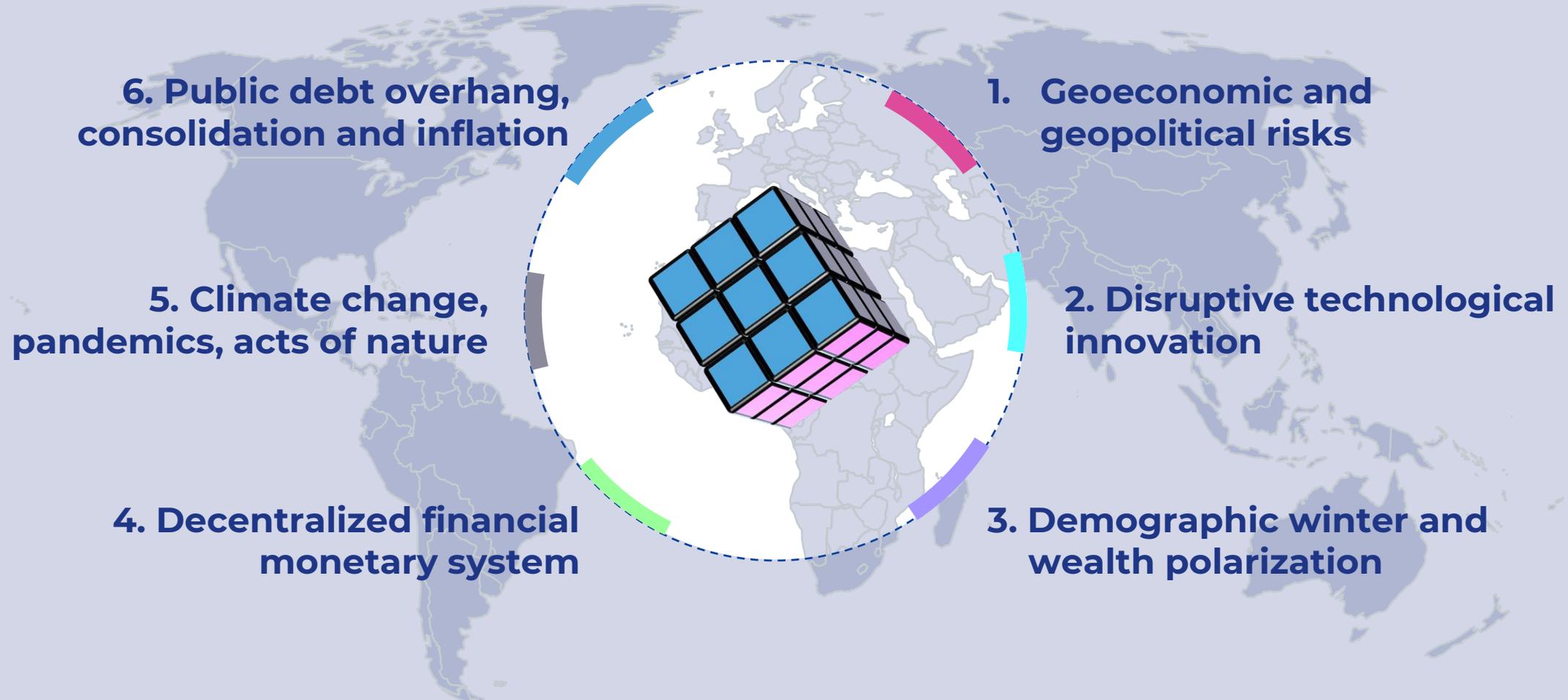
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# A new, challenging global order

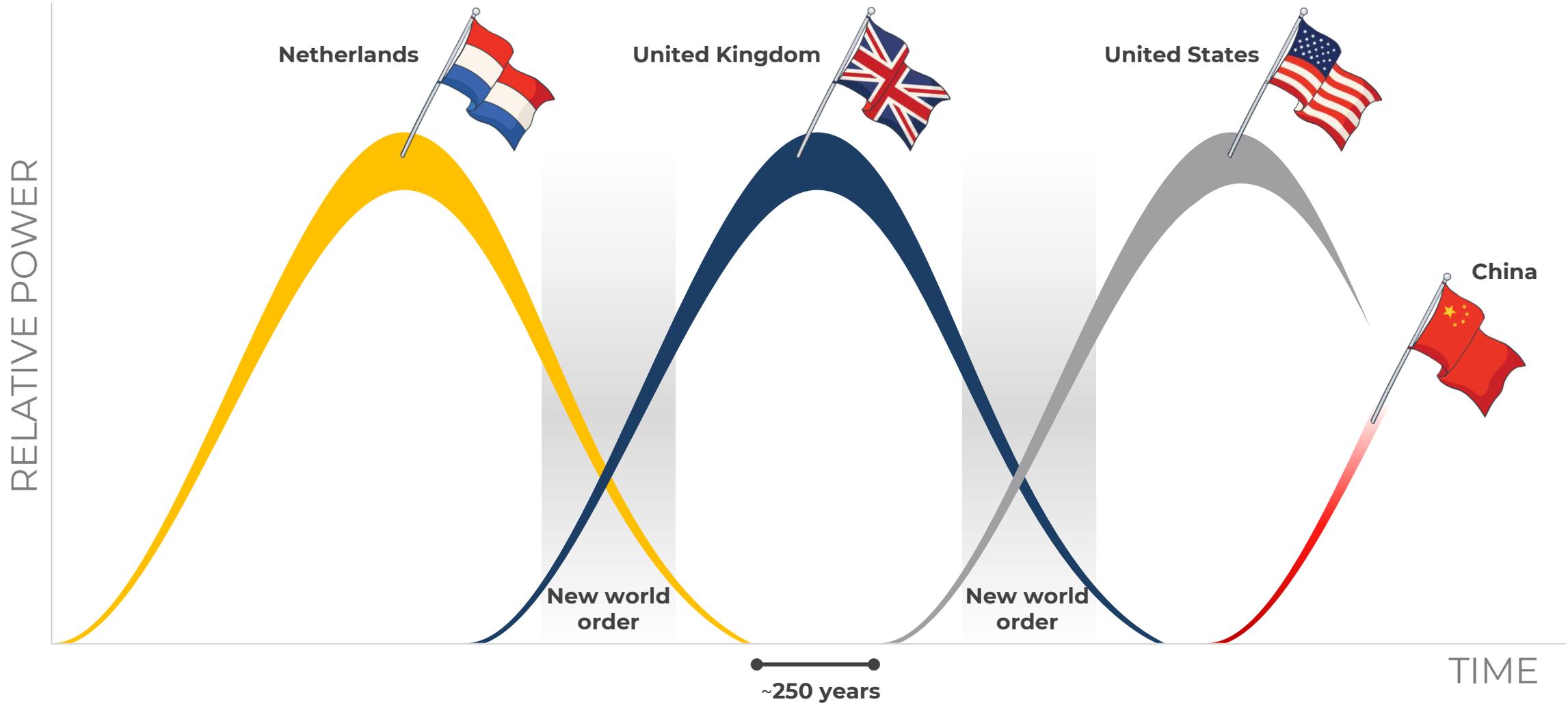
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# 1. Geoeconomic and geopolitical risks

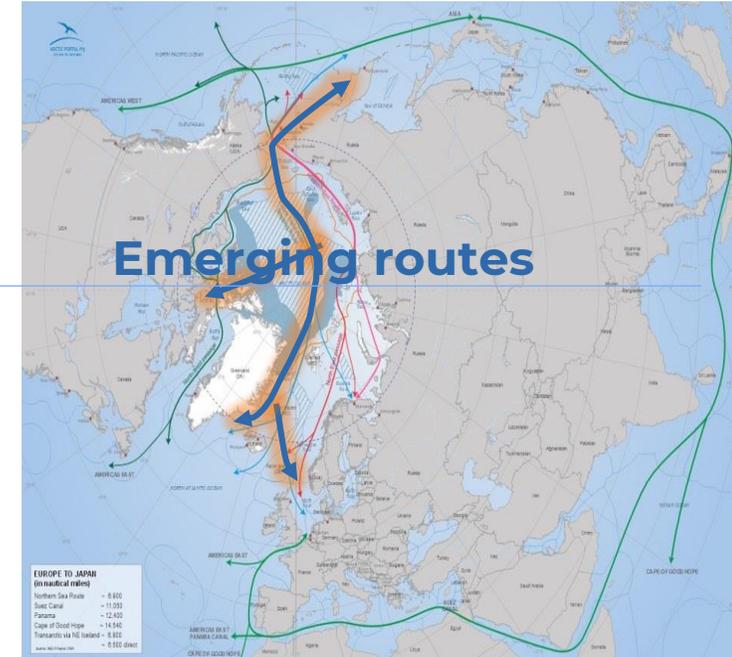
## Empires' cycle



Source: Rai Dalio, The Changing World Order

# 1. Geoeconomic and geopolitical risks

The meaning of war: this time is different



- ❖ As of today 90% of transportation of traded goods goes on water
- ❖ Climate change is melting ices at the north pole and will make this sailable
- ❖ So it is the Chinese sea and the Pacific Rim
- ❖ NATO's 5% GDP investment in defense will result in an additional 132 million tons of CO<sub>2</sub> emissions annually

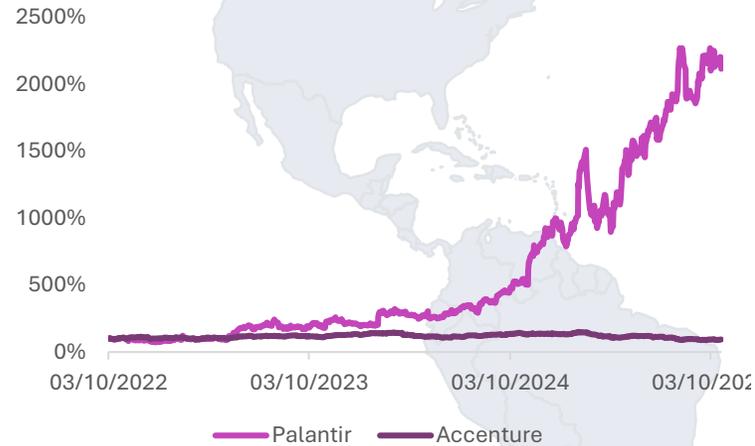
## 2. Disruptive technological innovation

Old vs new economy: a head-to-head stock comparison



AI disruption in consulting...

AI-native software vs legacy consulting:  
Palantir vs Accenture (2022-2025)



... and technology

legacy chipmaker vs ai powerhouse:  
Intel vs Nvidia (2022-2025)



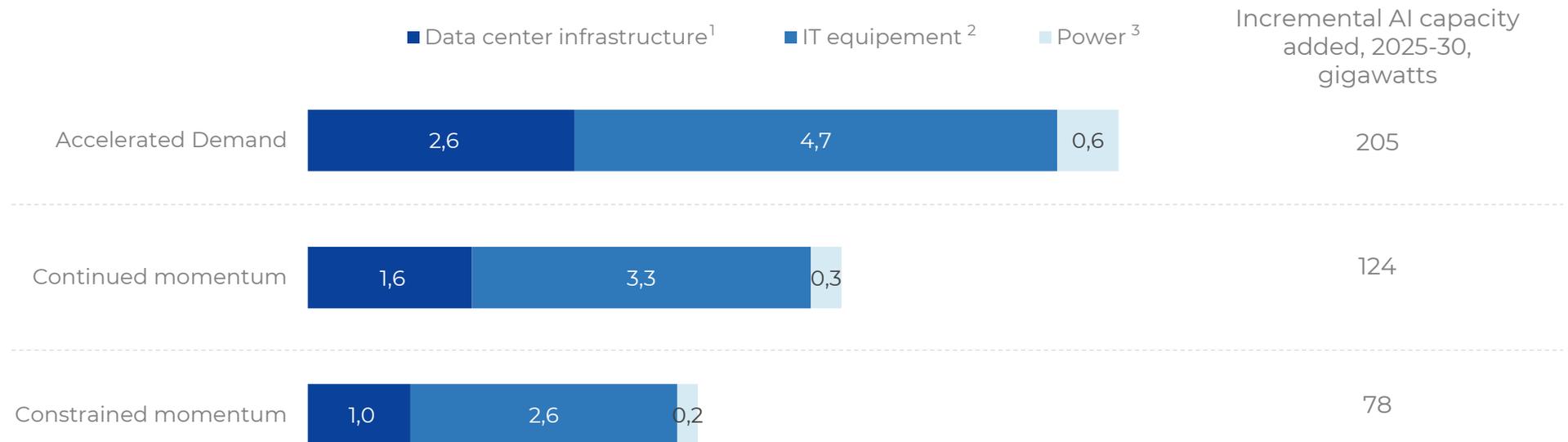
## 2. Disruptive technological innovation



Increasing investments on and energy demand from AI infrastructure

### Global data center capital expenditures driven by AI, 2025-30 projections

(\$ trillion)



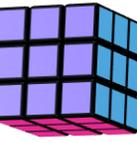
<sup>1</sup>Excludes IT services and software (eg, operating system, data center infrastructure management), since they require relatively low capex compared with other components

<sup>2</sup>Includes server, storage, and network infrastructure. IT capex also accounts for replacing AI accelerators every 4 years.

<sup>3</sup>Assumes \$2.2 billion - \$3.2 billion/gigawatt (including power generation and transmission cost) to account for a range of power generation scenarios (eg, fully powered by gas, a combination of gas power and storage, and solar) and regional cost differences. Distribution cost is neglected, as most AI centers are expected to be >50 megawatt scale and connected to a transmission grid.

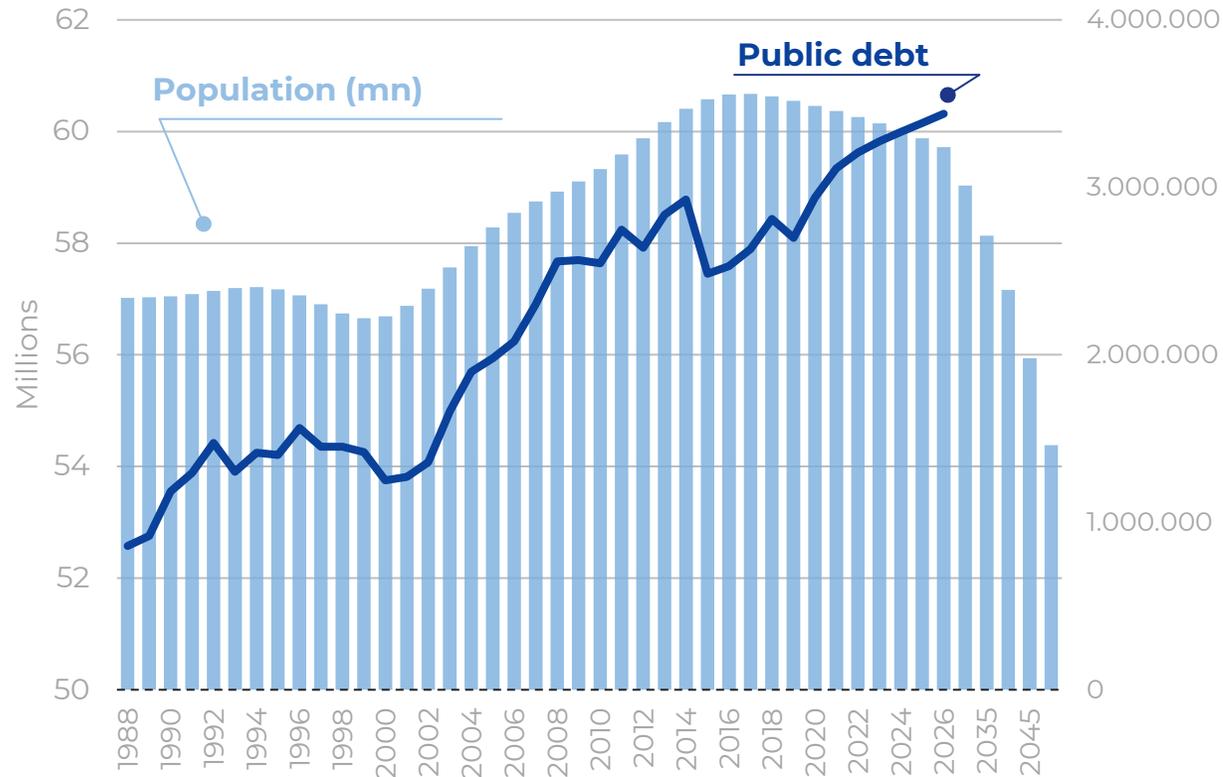
Source: McKinsey

# 3. Demographic winter and wealth polarization

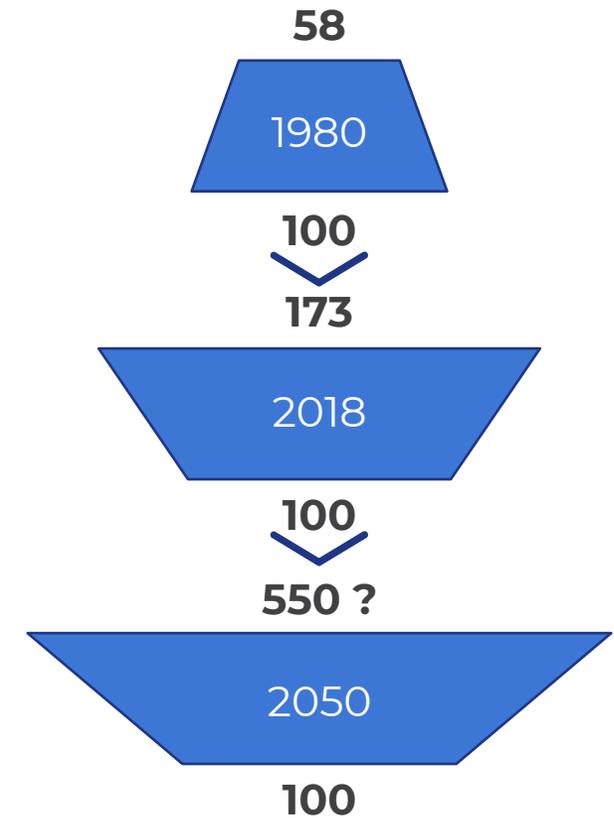


## Demographic winter in developed countries

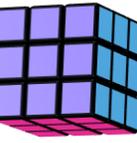
Public debt and median age (1988-2050) - Italy



Pensioner-to-worker ratio - Italy



Source: United Nations – World Population Prospects; Global Debt Database – International Monetary Fund; Pensions at a Glance 2021: OECD and G20 indicators; ISTAT – demographic indicators



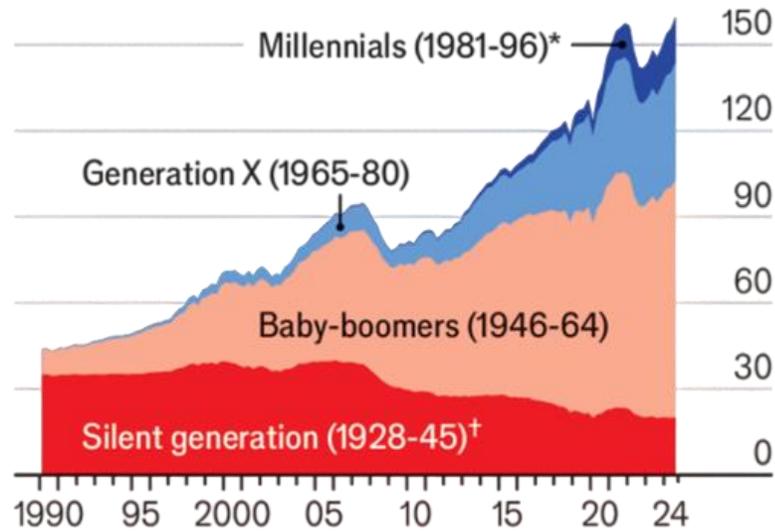
# 3. Demographic winter and wealth polarization

## The rise of inheritocracy

### Baby boomers control most of wealth...

#### Booming boomers

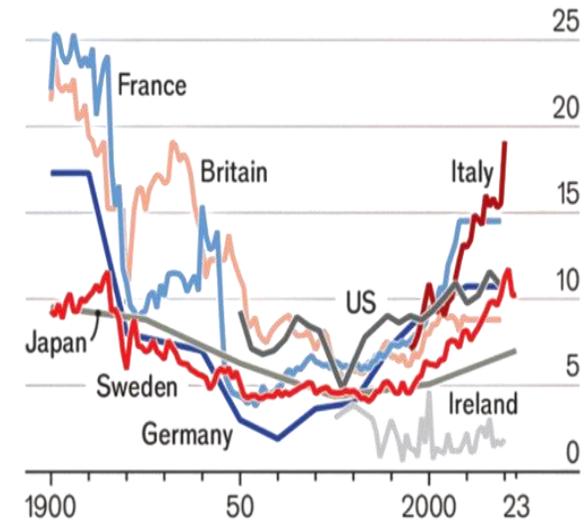
United States, net wealth, \$trn 2024 prices



### ... leaving large estates to their heirs

#### Rise of the rentiers

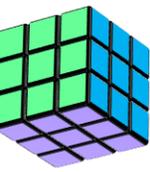
Inheritance flow as % of national output\*



**Slow-growing** countries **accumulate more wealth** as savings outpace GDP  
**Weak population** and **productivity** growth have **slowed rich-world economies**  
**Faster-growing places** like US and Ireland **are less affected by inheritocracy** than slower ones such as Germany and Italy  
Growing inheritances are **widening inequality**

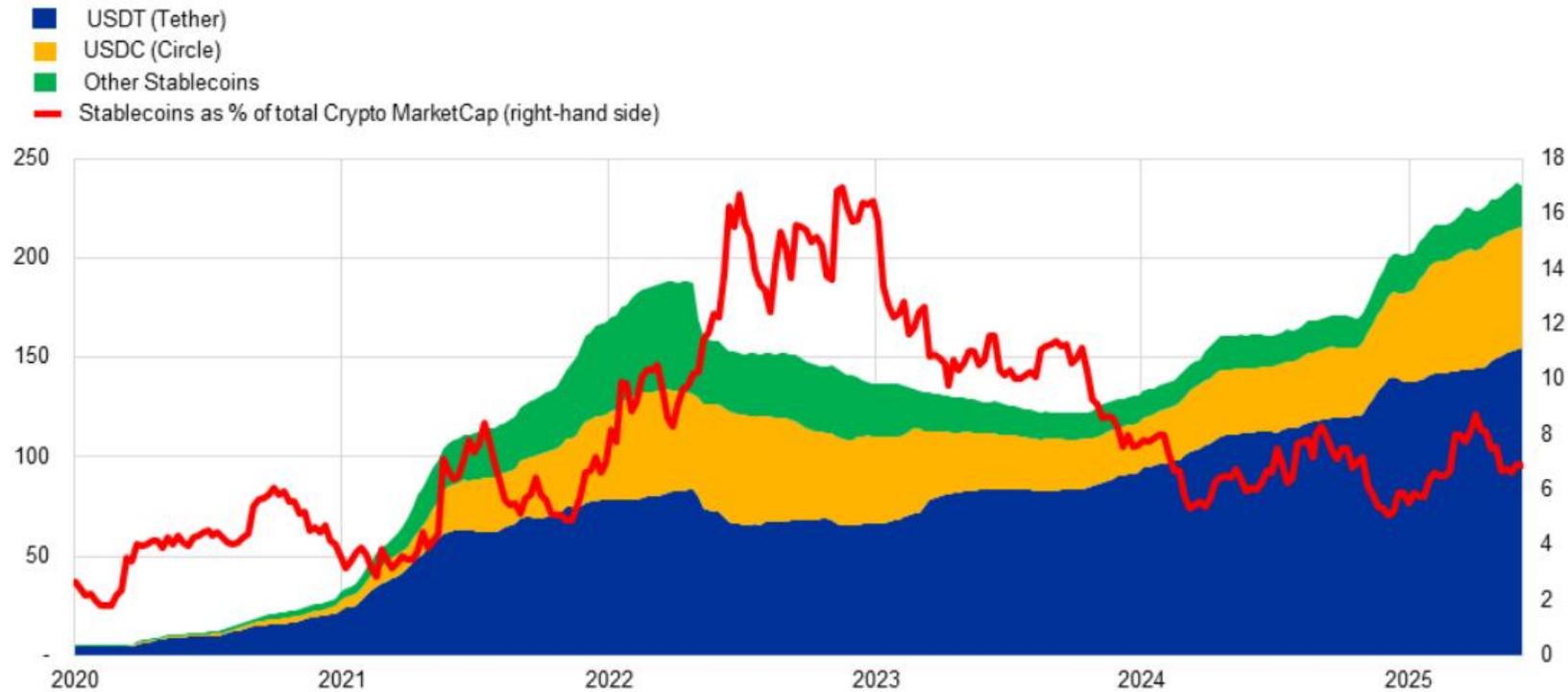
Source: The Economist

# 4. Decentralized financial monetary system

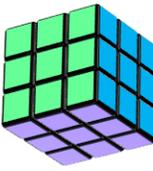


## Stablecoin rise

**Size of stablecoins in the crypto-asset ecosystem, January 2020-June 2025**  
(left-hand scale: USD billions; right-hand scale: percentages)



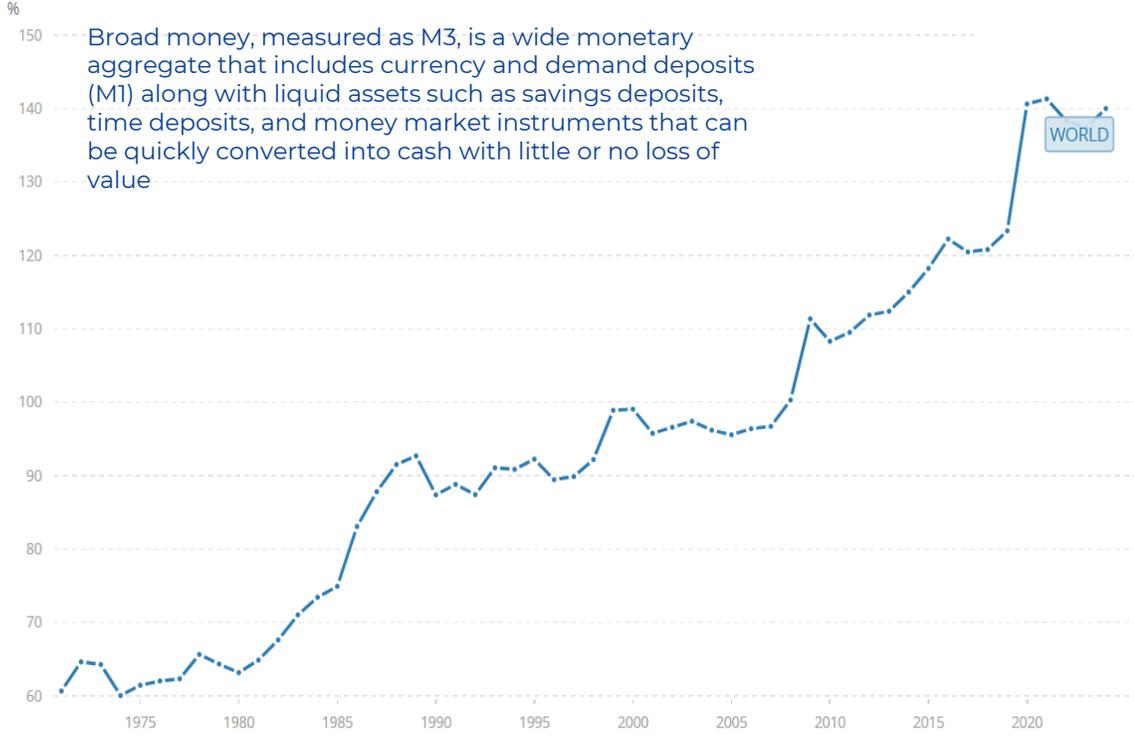
Source: IntoTheBlock, CoinGecko, CoinMarketCap and ECB staff calculations



# 4. Decentralized financial monetary system

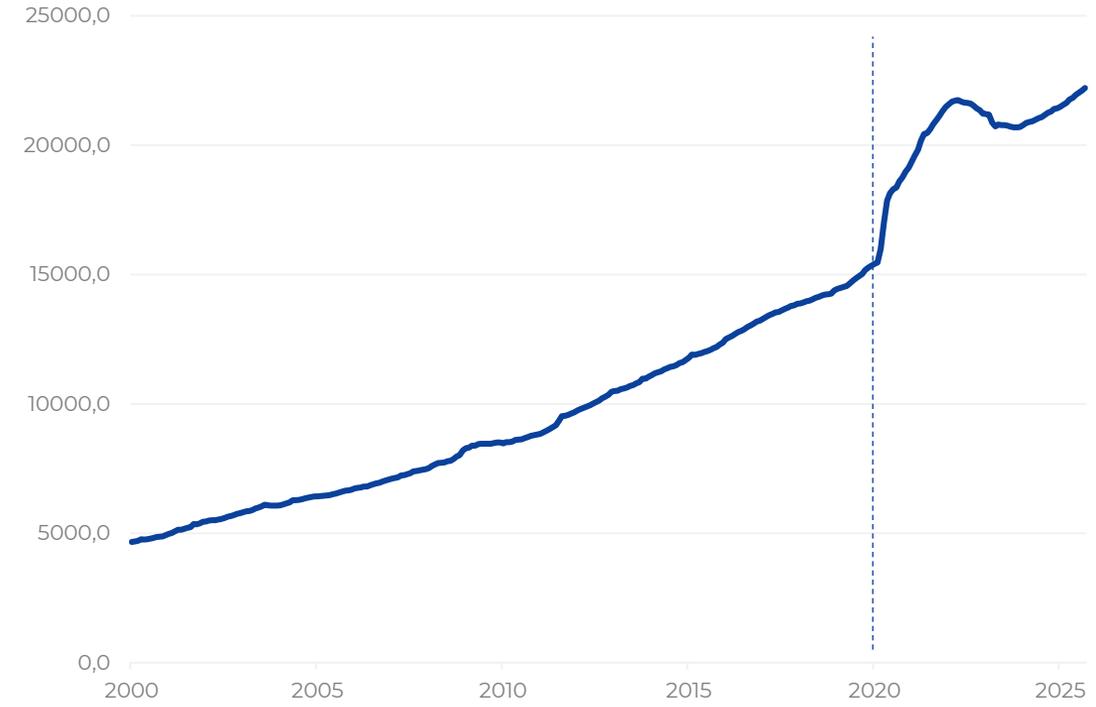
## Money stock reserve

### Broad money (% of GDP)



Source: World Bank Group

### Post-pandemic trends in U.S. money supply (M2) (Monthly, billions of dollars, seasonally adjusted)



Note: Before May 2020, M2 included M1 plus savings deposits, small-denomination time deposits (<\$100,000) and retail money market funds. Since May 2020, savings deposits were reclassified into M1, so M2 now includes M1 plus small time deposits and retail money market funds

Source: Board of Governors of the Federal Reserve System (US) via FRED®

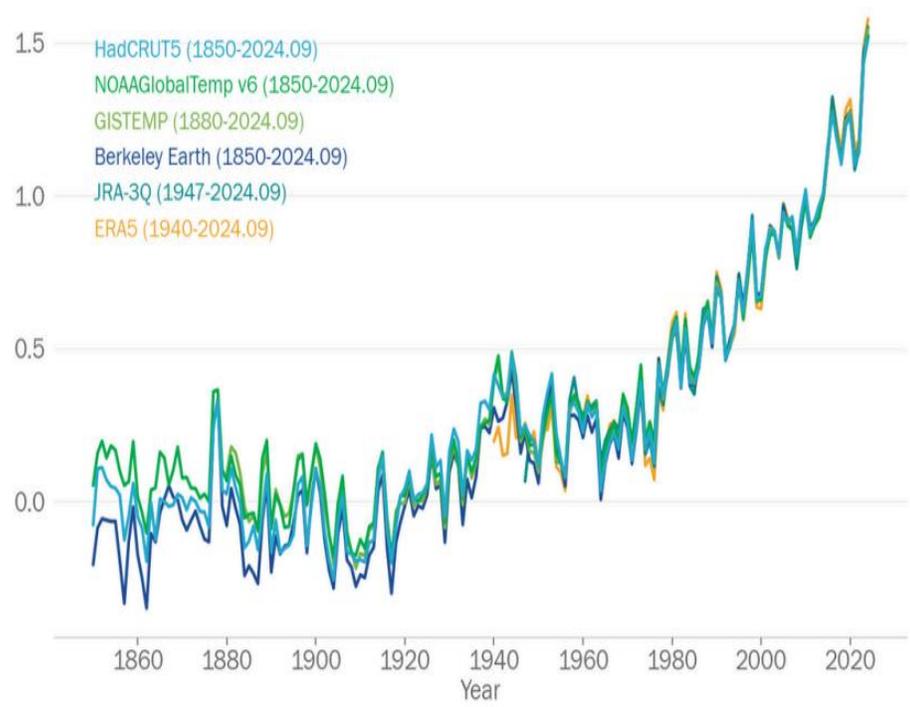
# 5. Climate change, pandemics, acts of nature



## Climate anomalies and extreme events

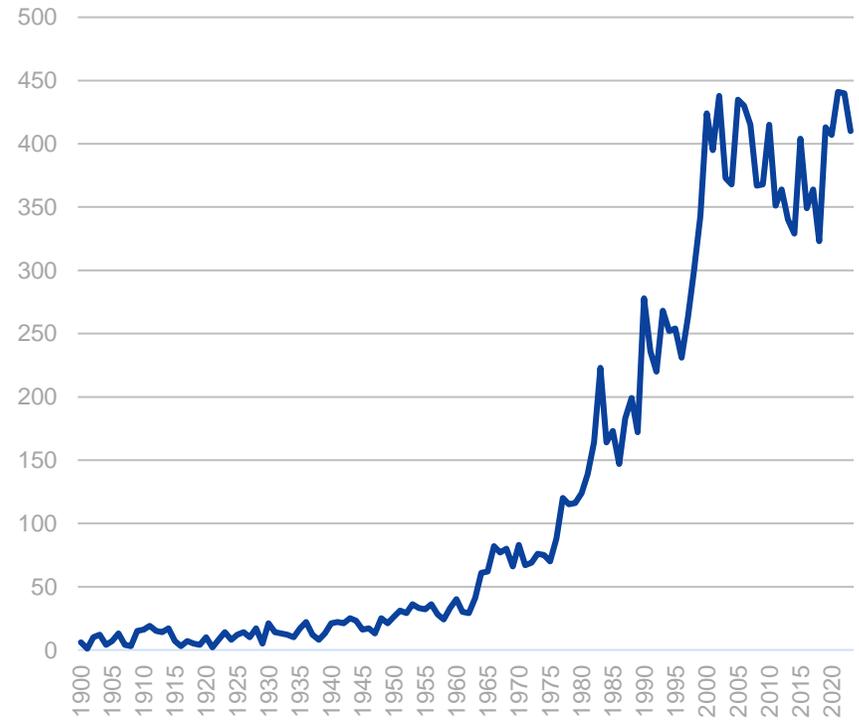
### Annual global mean temperature anomalies relative to a pre-industrial (1850–1900) baseline

°C anomalies shown from 1850 to 2024



### Climate change progressing uncontrolled with acceleration of extreme events

Number of recorded natural disaster events

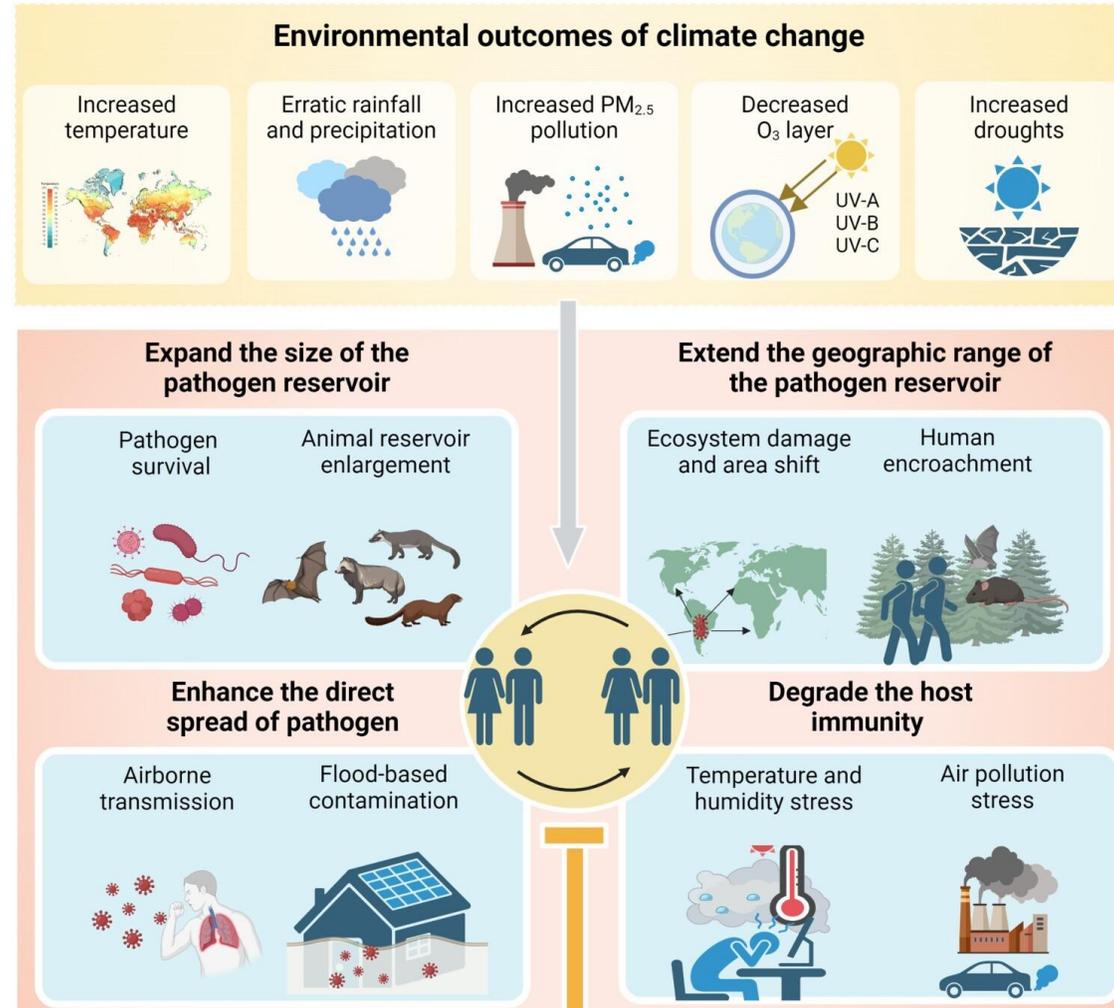


Source: State of the Global Climate 2024, Update for COP29, WMO



# 5. Climate change, pandemics, acts of nature

Increased pandemics and of other acts of nature as anthropic phenomena



Source: Liao, H., Lyon, C. J., Ying, B., & Hu, T. (2024). Climate change, its impact on emerging infectious diseases and new technologies to combat the challenge. *Emerging Microbes & Infections*, 13(1).



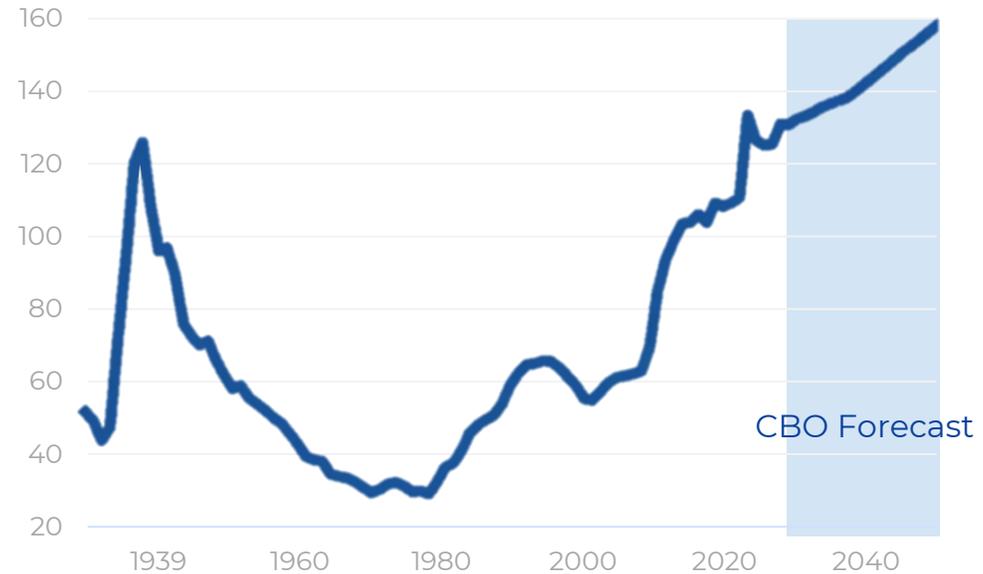
# 6. Public debt overhang, consolidation and inflation

US government debt

**US government debt relative to GDP is higher than it was after the second world war**



### US gross federal debt, as a % of GDP



Includes all Federal government liabilities, debt held by the public and intragovernmental debt  
Source: Financial Times

# 6. Public debt overhang, consolidation and inflation

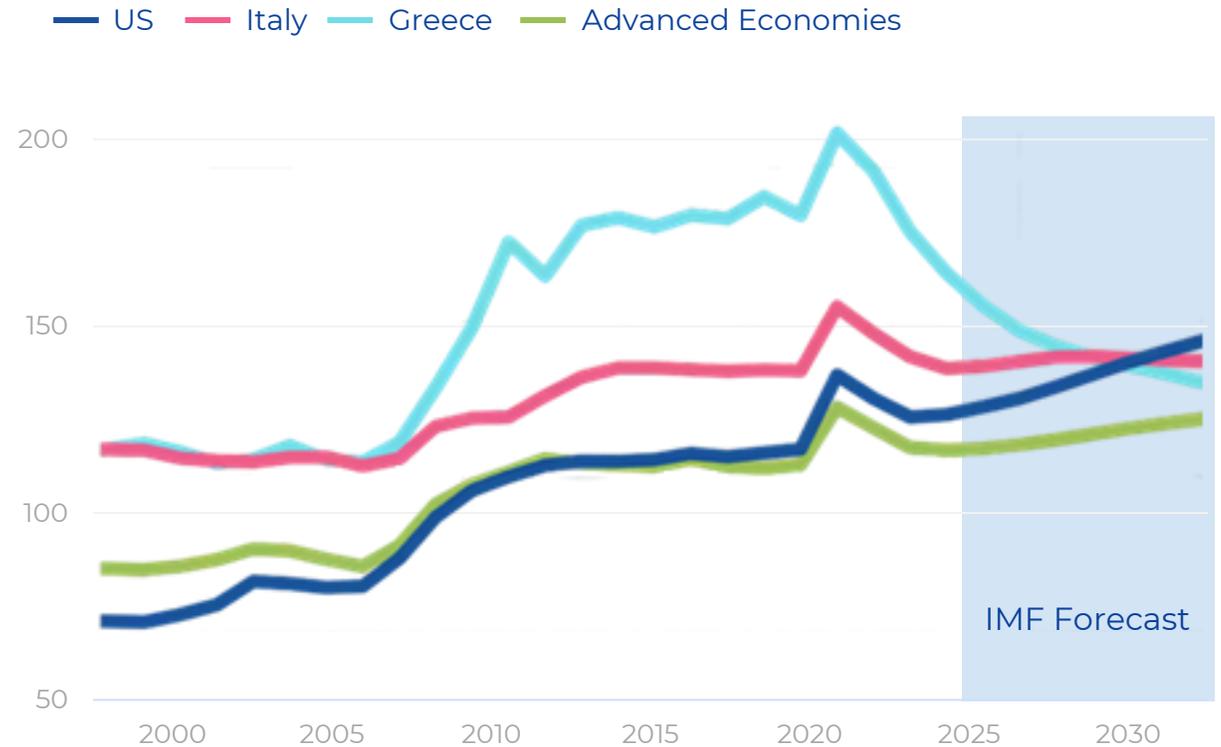


US government debt

The US debt to GDP ratio is set to overtake Greece and Italy for the first time this century



### General government gross debt as a % of GDP

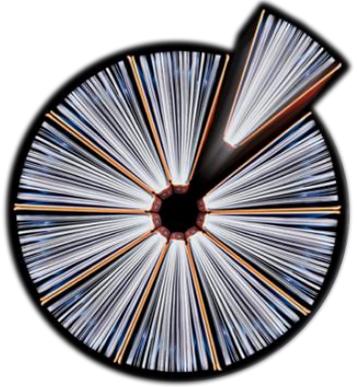


Source: Financial Times

# Academic theory is always right

But the real world works differently

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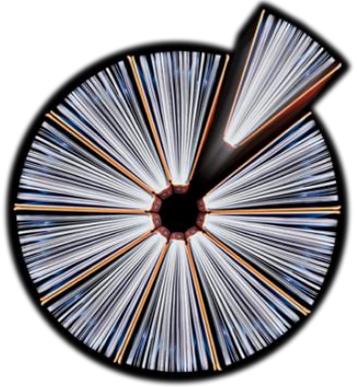
**The theory**  
(Modigliani – Miller)

- ❖ The job of a CEO or CFO is to manage the core business at its best — investors will always be better at diversifying their portfolios

# Academic theory is almost right

But the real world works differently

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**The theory**  
(Modigliani –Miller)

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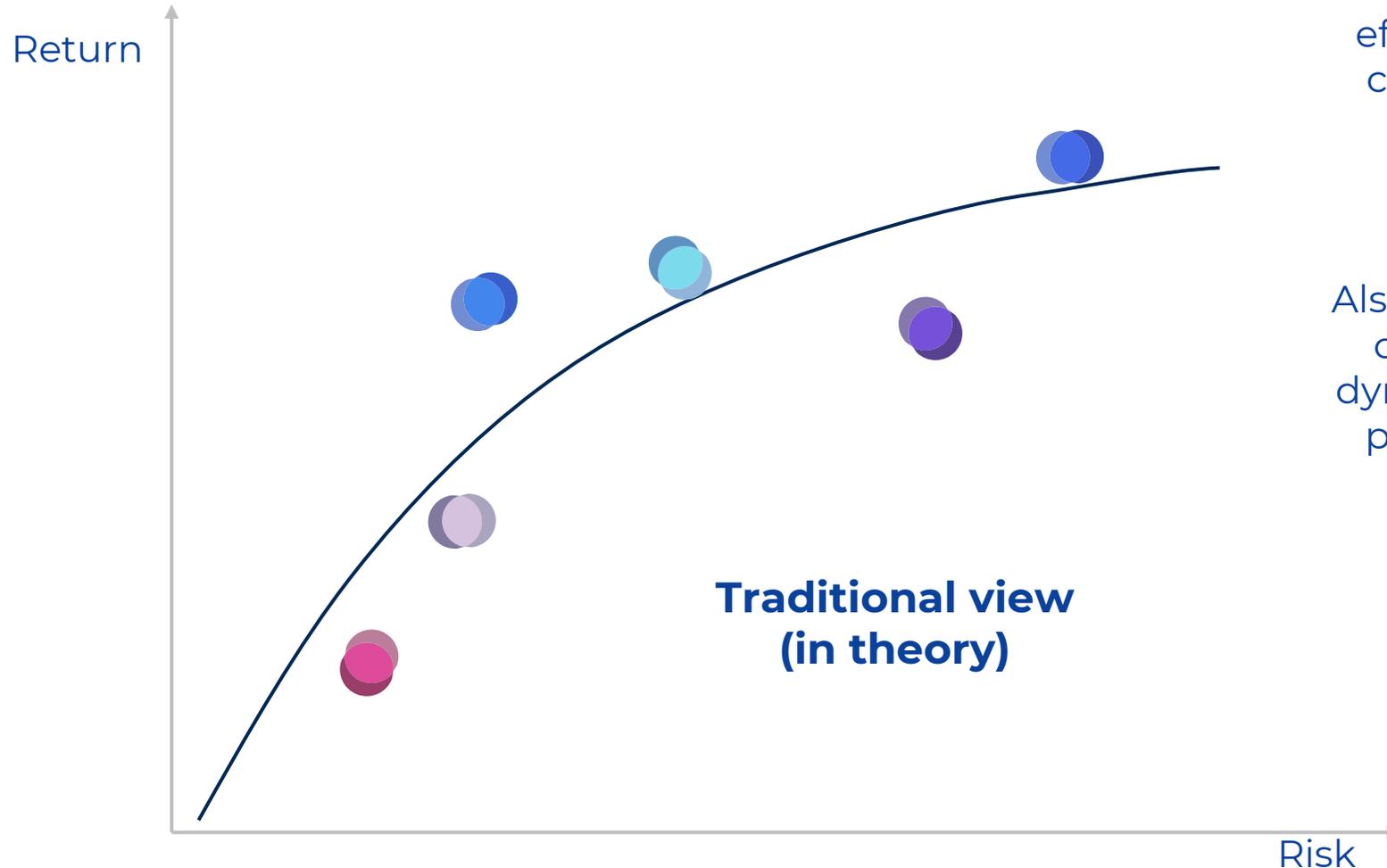


**The real world**  
(How it works)

- ❖ More stable, diversified businesses can earn a lower cost of capital
- ❖ Companies paying predictable/ stable dividend yields have (ceteris paribus) a higher Price/ Earnings and Price/ EBITDA
- ❖ When a CEO/ CFO beat competitors or the market 9 out of 10 times they are rewarded, but could lose their job in the Black Swan year
- ❖ Capital markets (stocks & bonds) are not efficient because of tax, transaction costs and asymmetric risk/ regret functions

# A moving efficient frontier

At the hedge

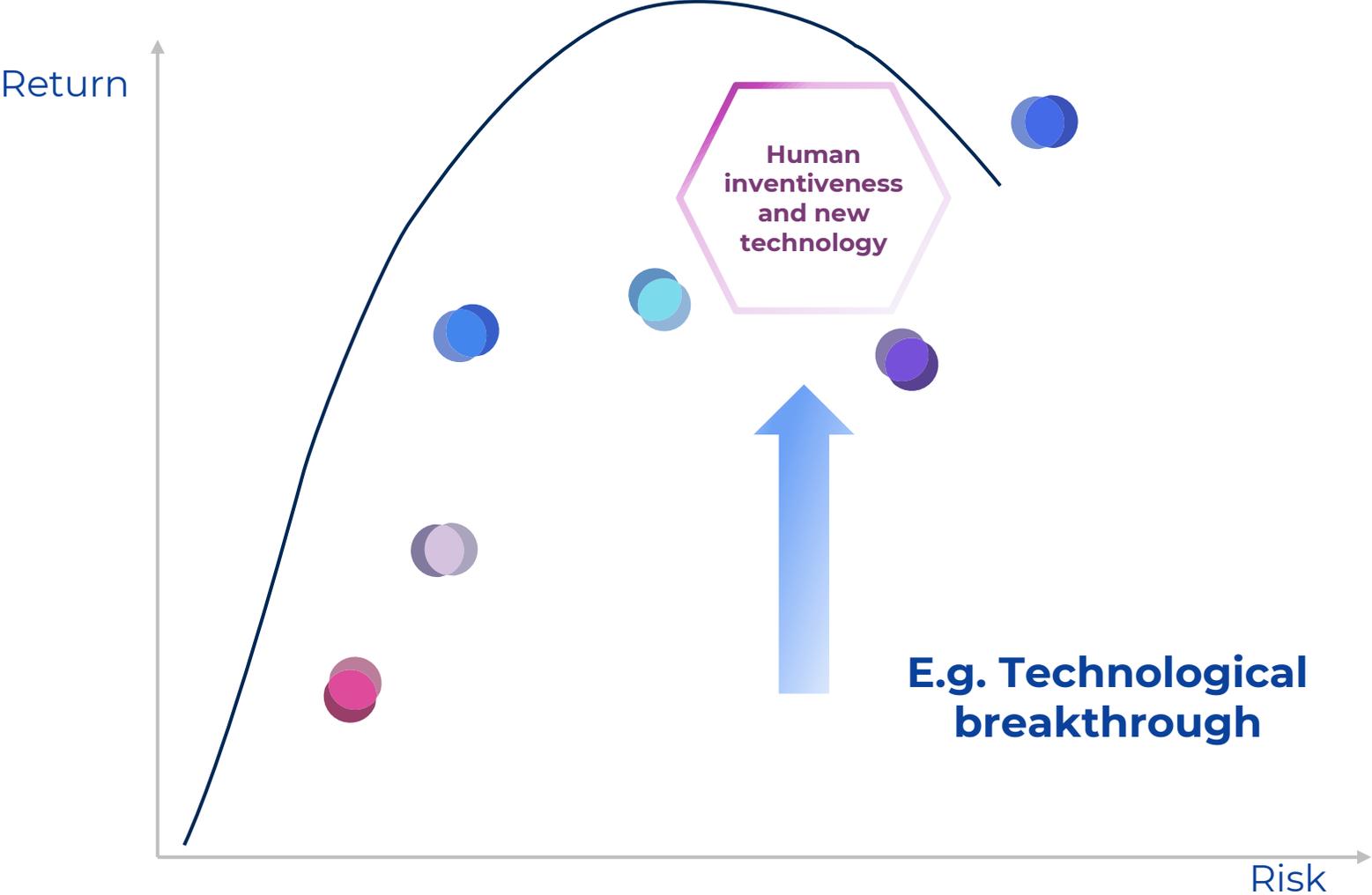


Because of asymmetric investors' regret functions, market animal spirits and their tendency at over/ under shooting and other frictions, the efficient frontier theory is not always consistent with the real-world view

Also, because of changes in key drivers of economic growth, its shape can dynamically evolve through time, with parallel shifts and/ or changes in its slope gradient and convexity

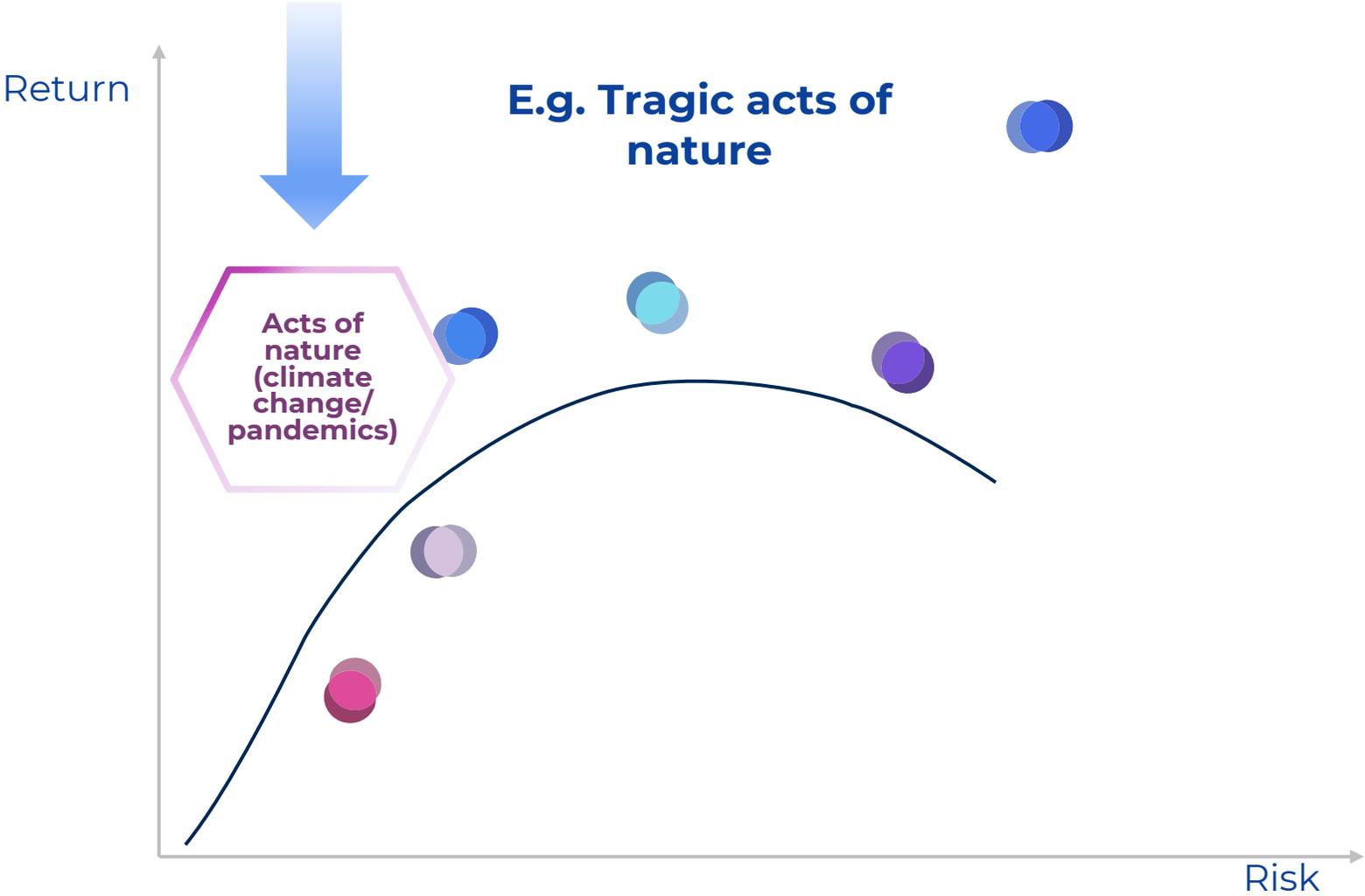
# A moving efficient frontier

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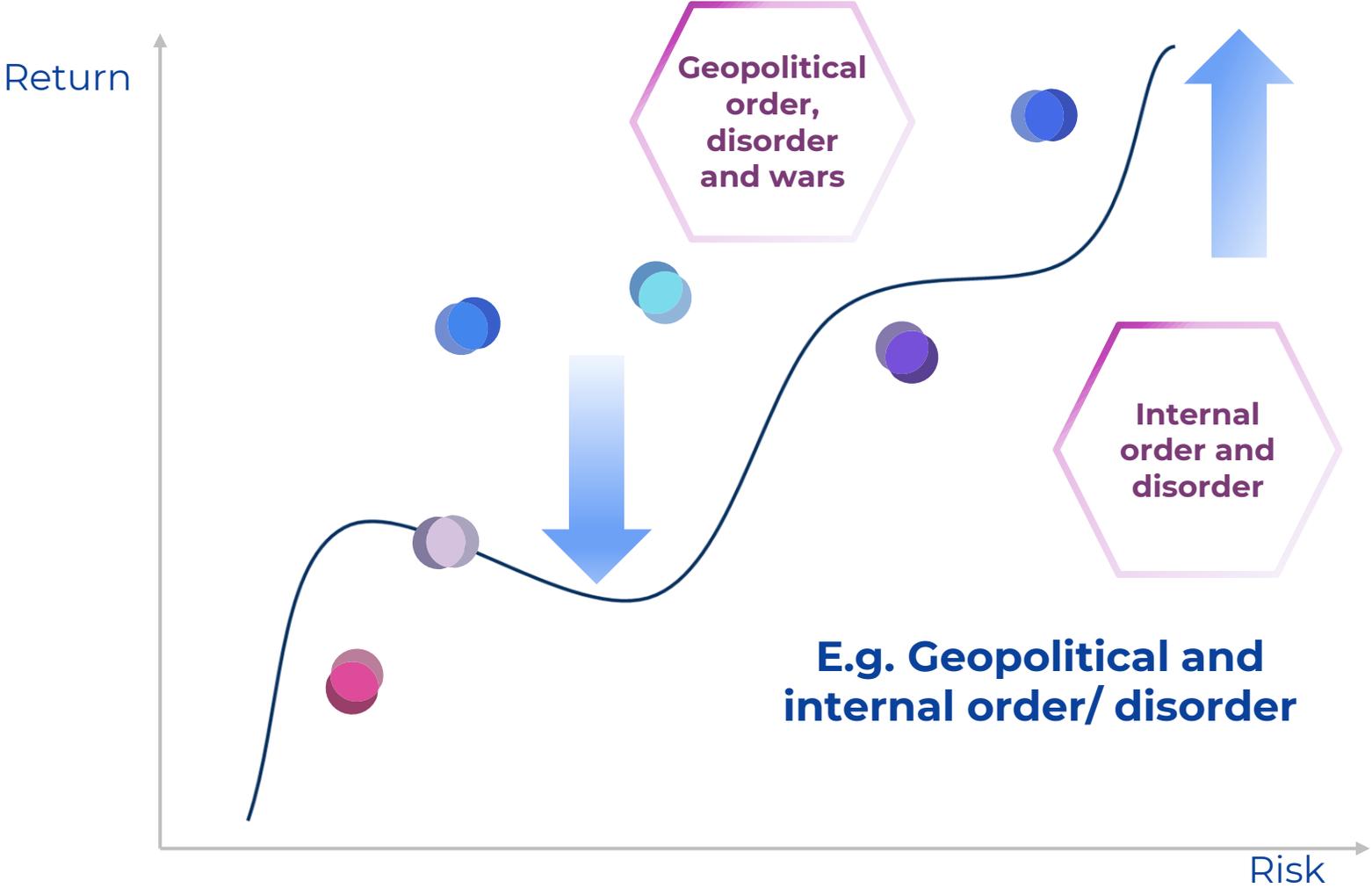
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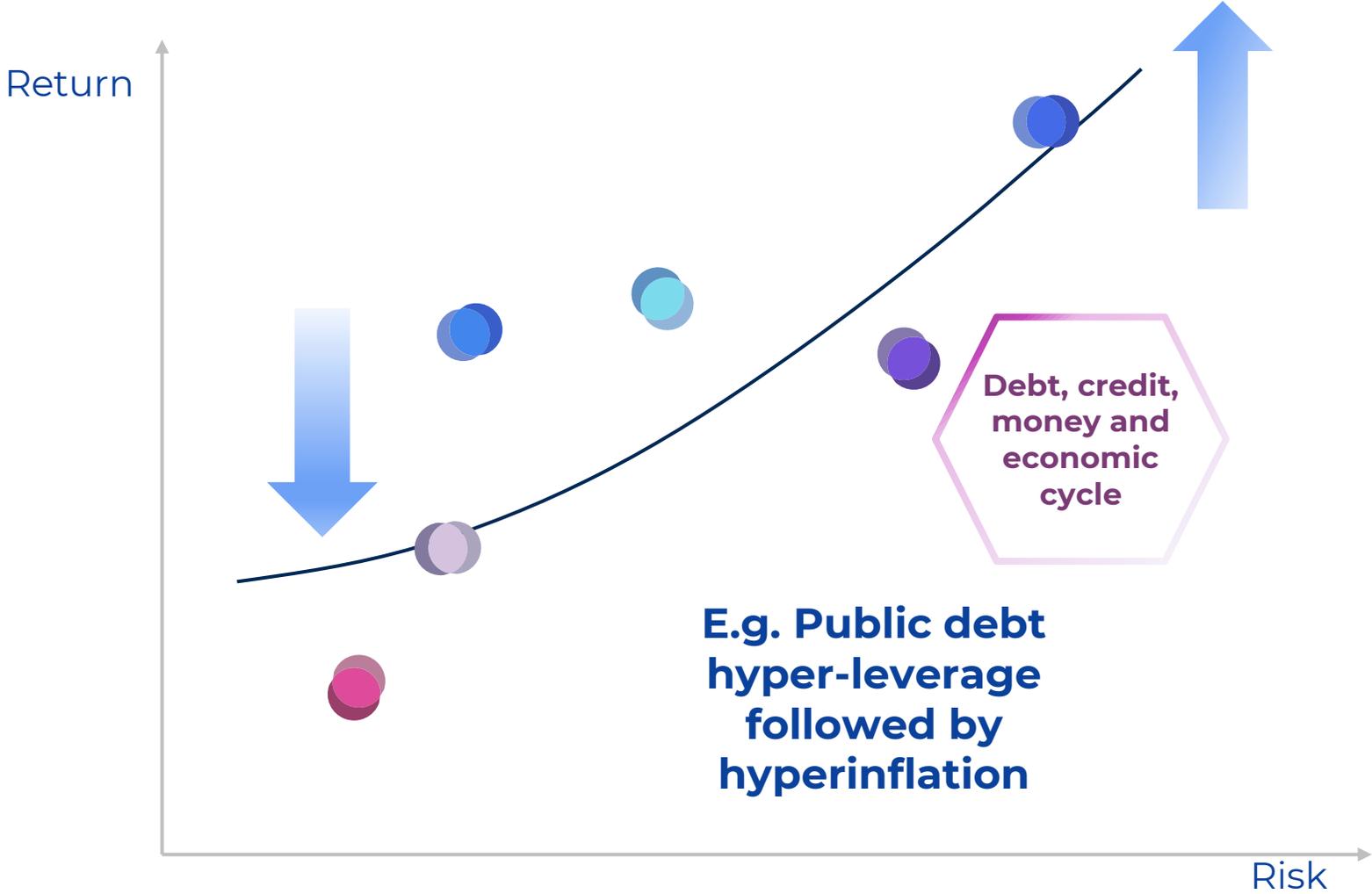
# A moving efficient frontier

At the hedge



# A moving efficient frontier

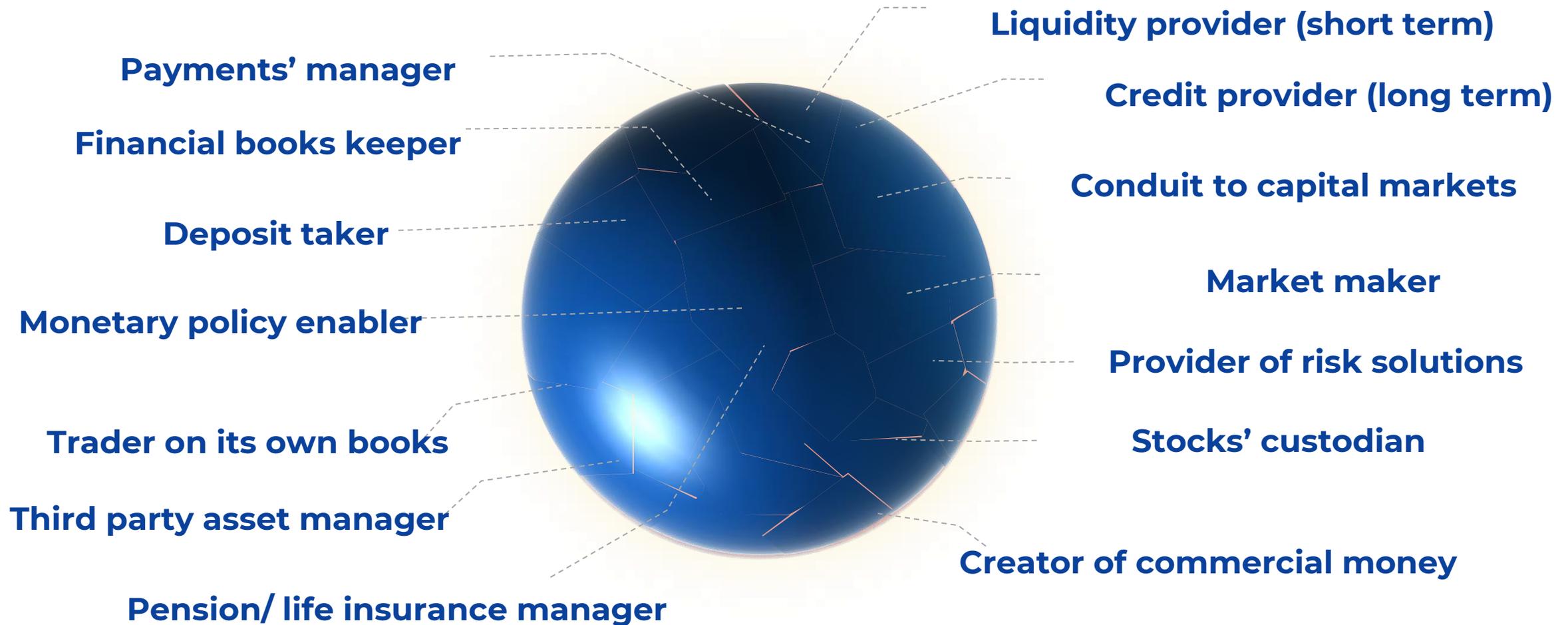
At the hedge



# From macro to microeconomics - Fast future forward?

Case study – Banking sector

Banking has been in the last three years most successful as value creation and driven by M&A



# From macro to microeconomics – Blown to bits?

Case study – Banking sector

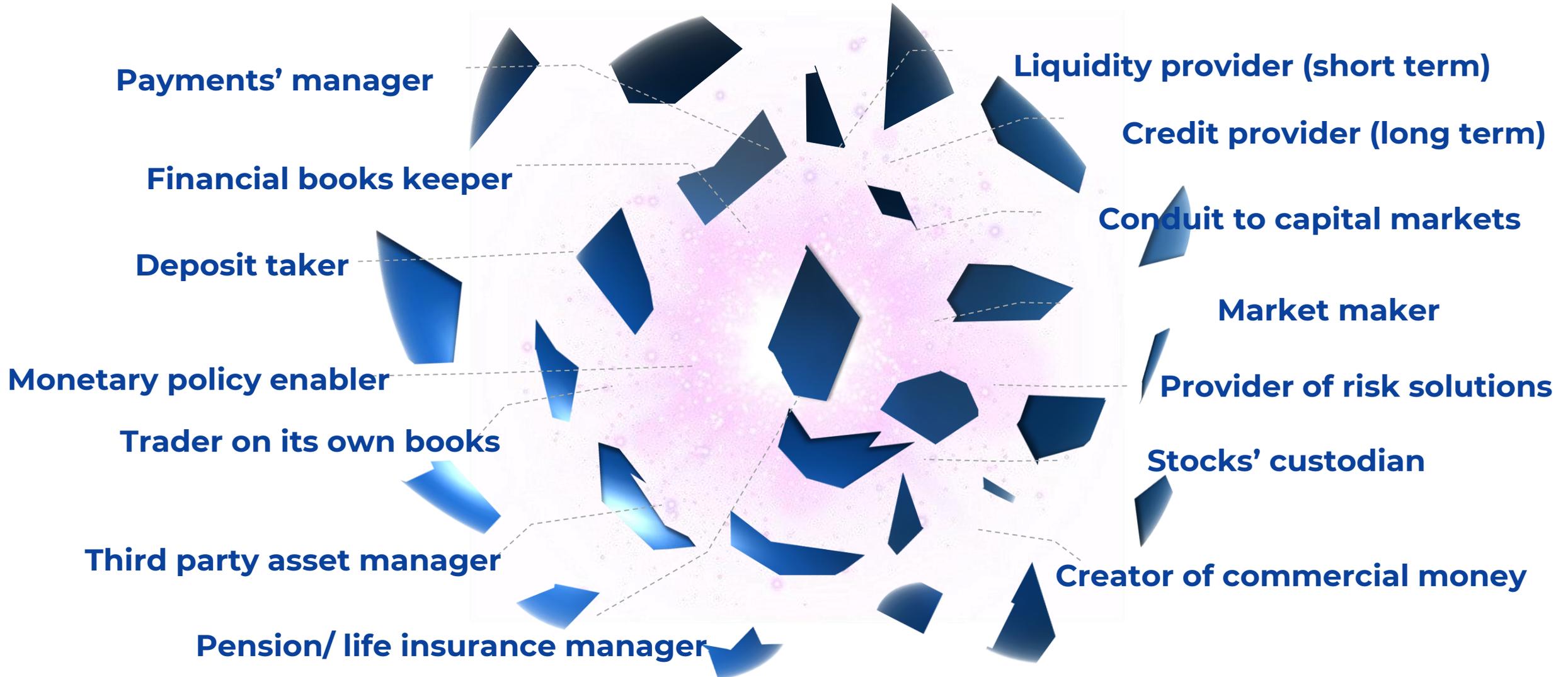
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Innovative technologies, new players, changing needs and new money and monetary system?



# Fast future forward?

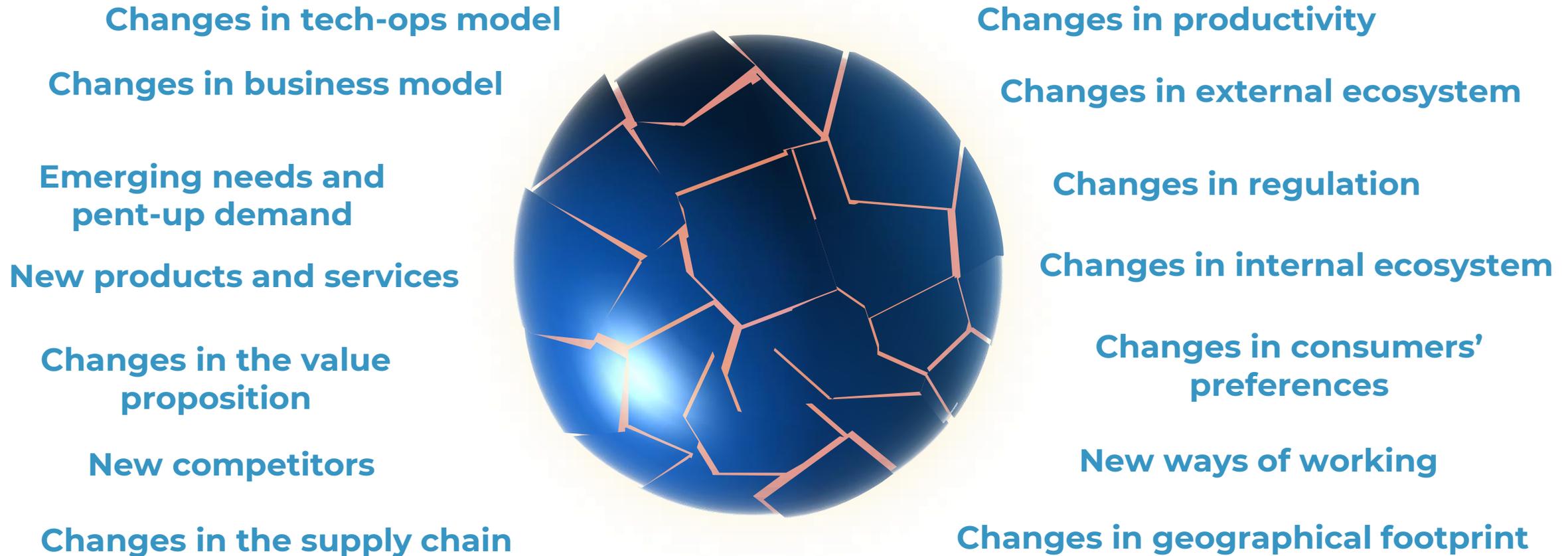
Case study – Banking sector



# The revenge of M&A

Driven by strategy, focussed on the art of execution

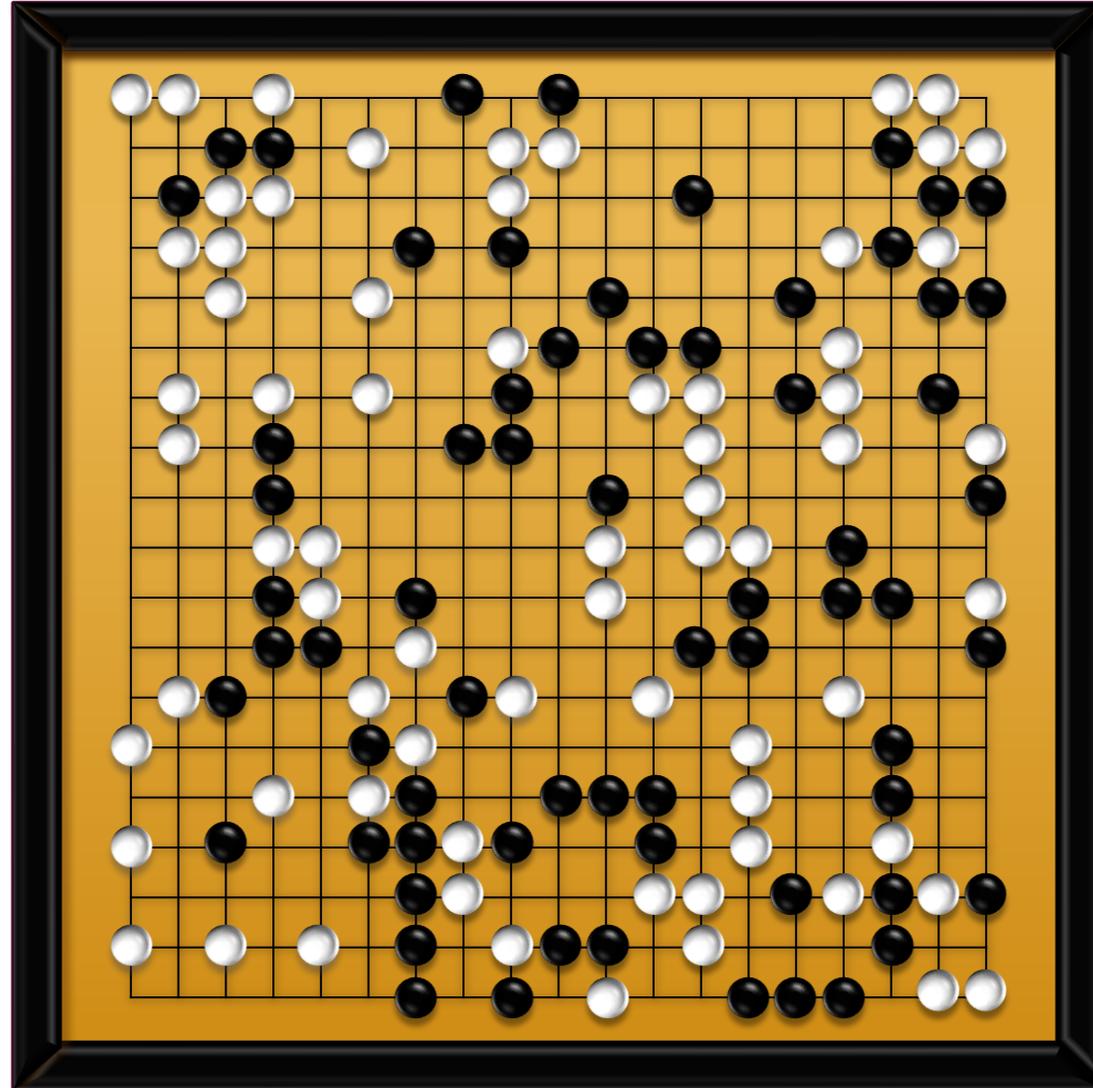
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# Solving the M&A conundrum? Go!

A strategic abstract game to surround and capture competitive territory and **drive your M&A strategy...**

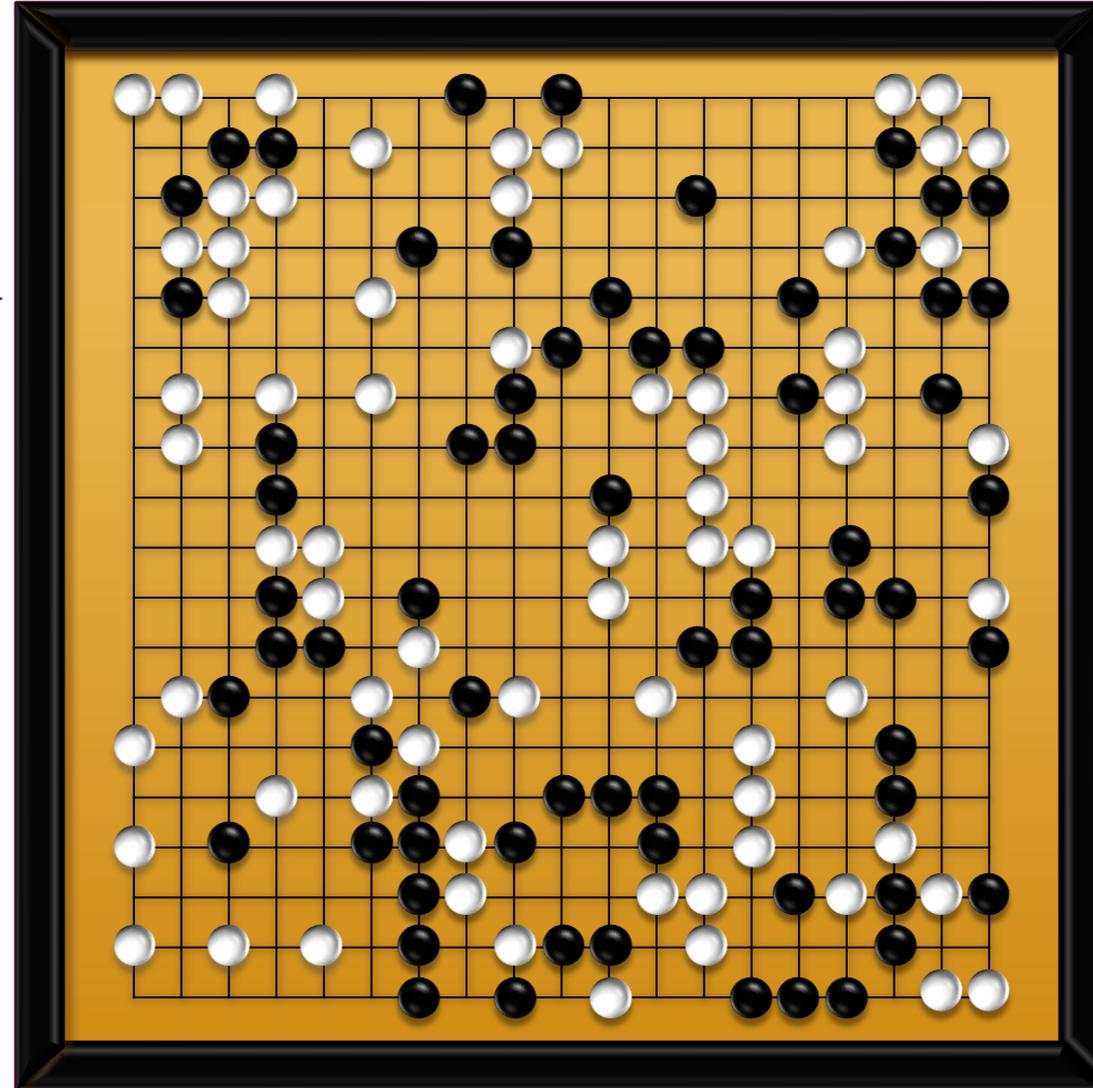
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# Solving the M&A conundrum? Go!

A strategic abstract game to surround and capture competitive territory and **drive your M&A strategy...**

M&A to capture best sources and owners of capital in best markets



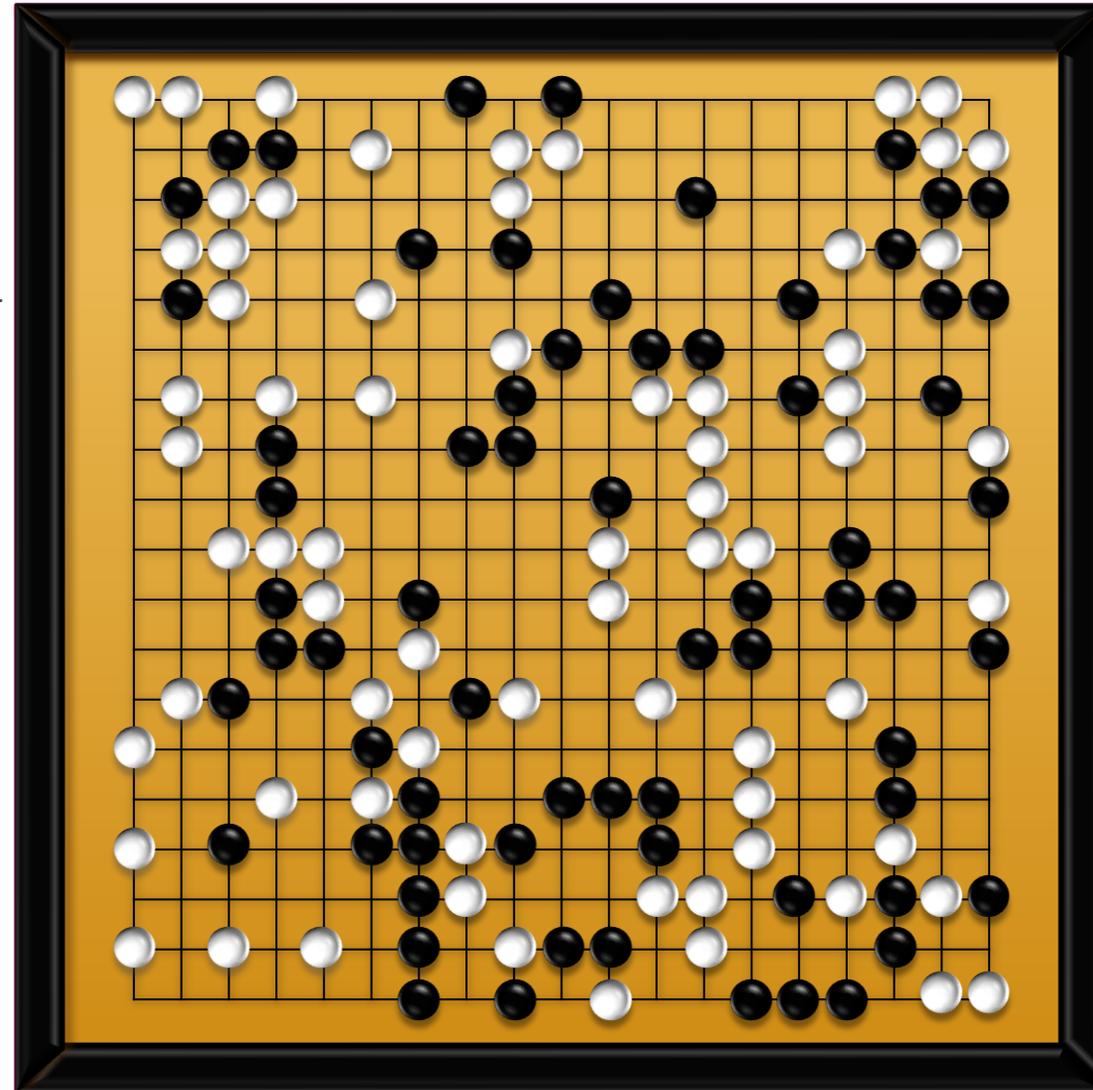
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M&A to capture best sources and owners of capital in best markets



M&A to ensure strategic sourcing of best production factors



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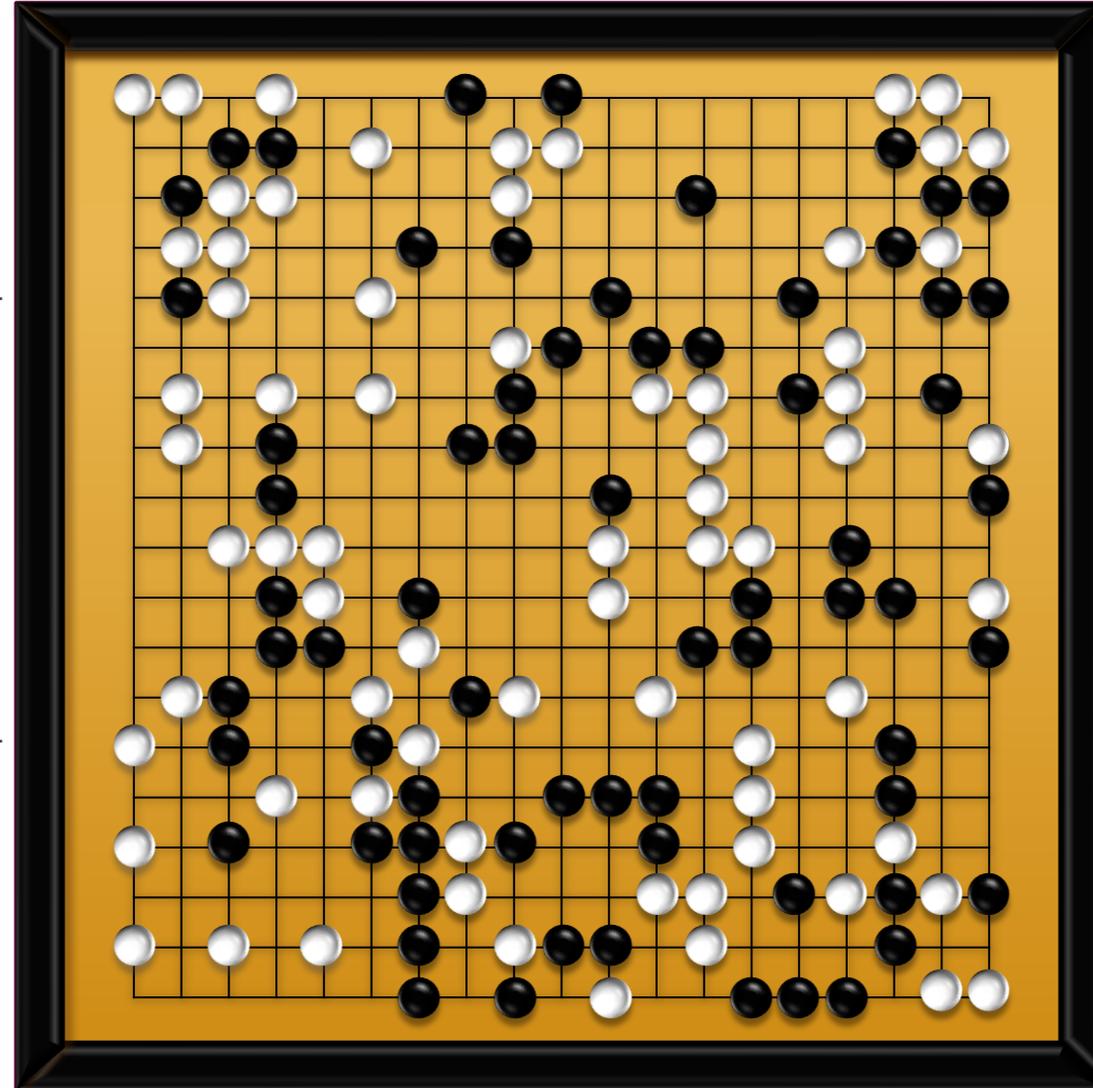
M&A to capture best sources and owners of capital in best markets



M&A to ensure strategic sourcing of best production factors



M&A to anticipate/address changing demographic and consumer preferences



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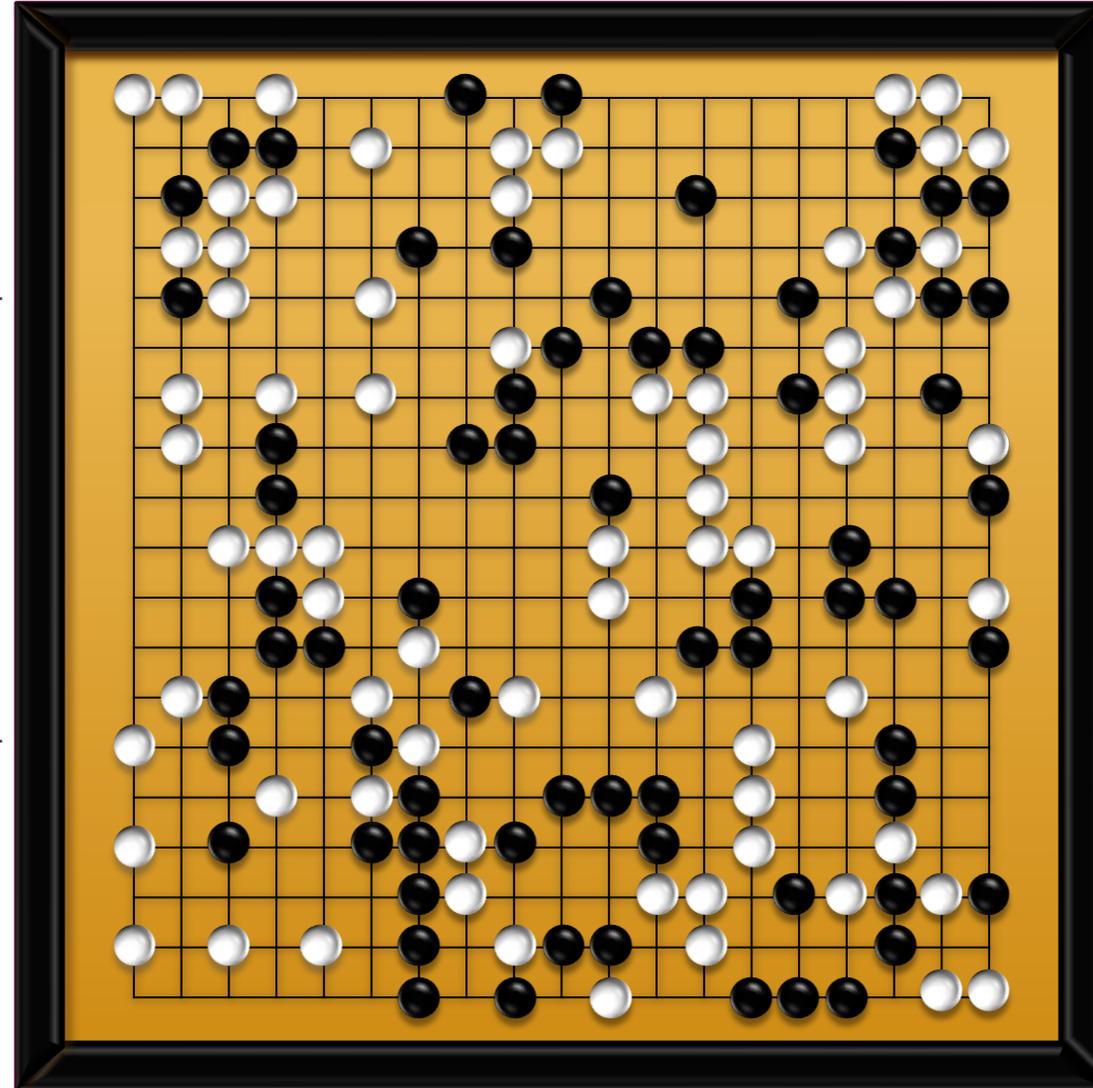
M&A to capture best sources and owners of capital in best markets



M&A to ensure strategic sourcing of best production factors



M&A to anticipate/address changing demographic and consumer preferences



M&A to position on new anthropic-driven ecosystem and societal changes



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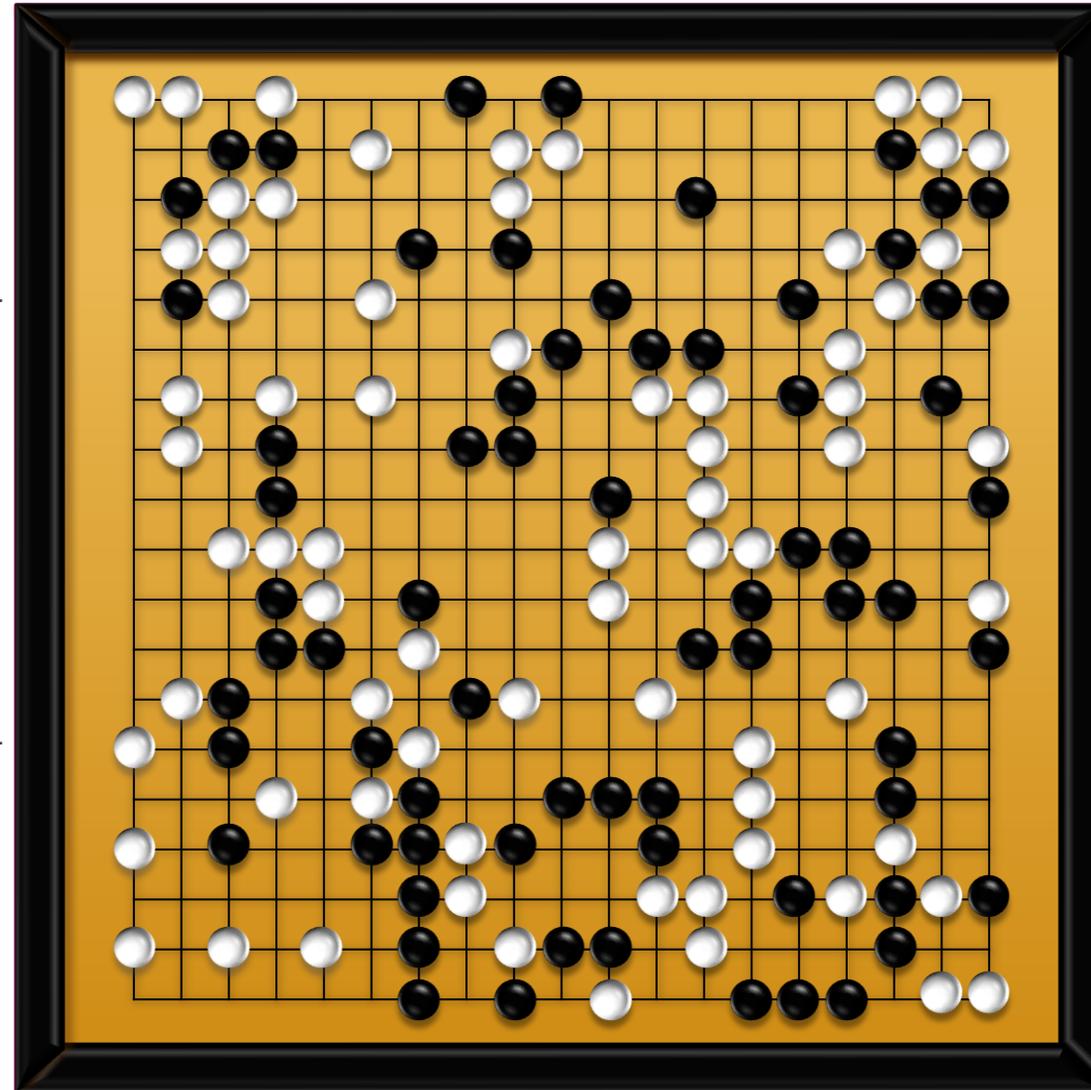
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M&A to capture and embed best innovative technologies



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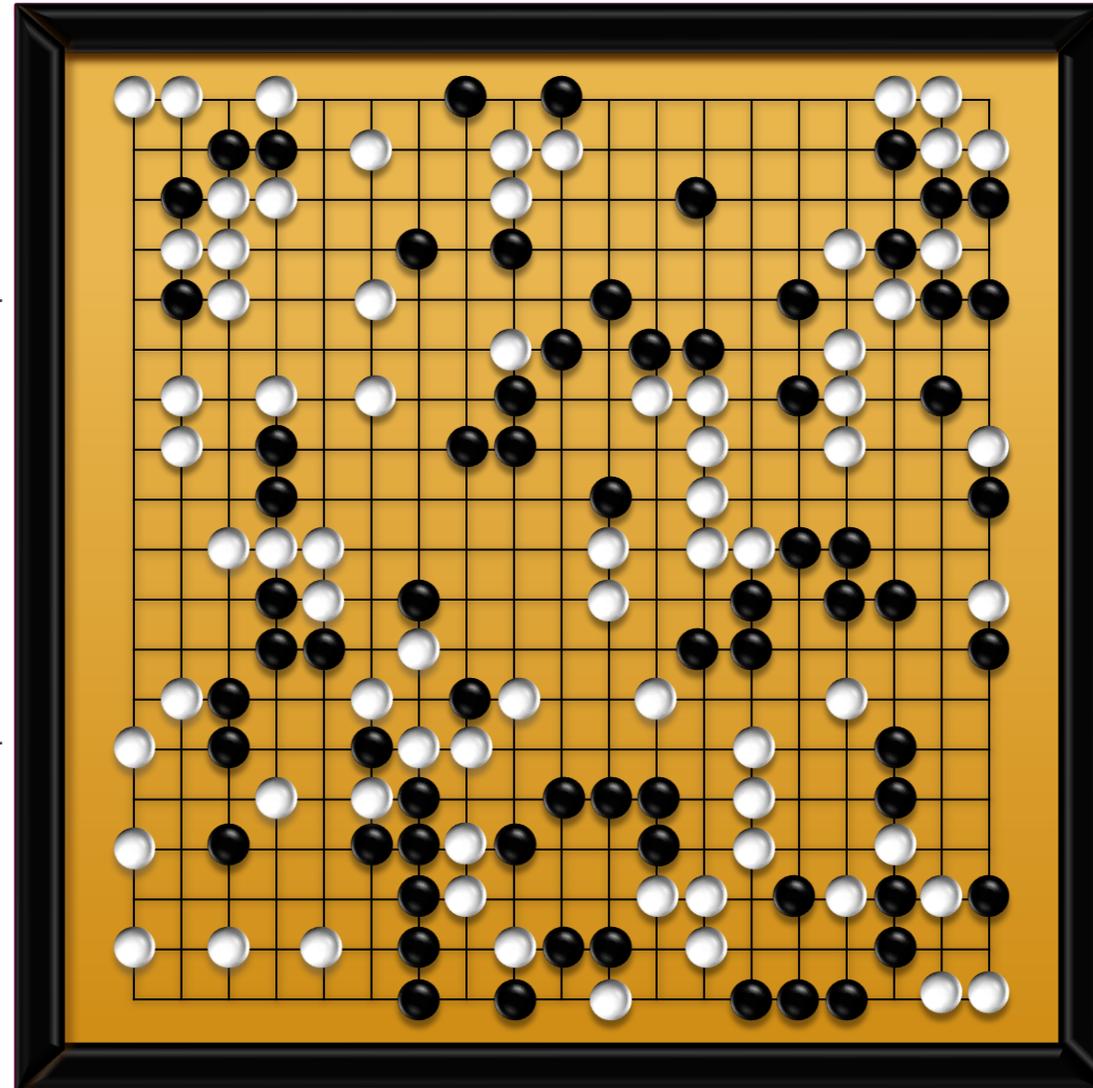
M&A to capture best sources and owners of capital in best markets



M&A to ensure strategic sourcing of best production factors



M&A to anticipate/address changing demographic and consumer preferences



M&A to position on new anthropic-driven ecosystem and societal changes



M&A to capture and embed best innovative technologies



M&A to dynamically manage geoeconomic/ geopolitical risks



**...as both buy and sell**

# Driving scale

Current M&A boom isn't just about more deal – but on bigger, bolder, strategic transactions

**LOWER COST OF CAPITAL/ LESS VOLATILITY**

**HIGHER LOBBYING CAPACITY/GOVERNMENT PROTECTION**

**ABILITY TO HAVE HIGHER CAPEX AND R&D**

## United States, large M&A and investment deals



\*Announced or completed deals above \$10bn involving an American firm \*To October 13th  
Source: Bloomberg

**GREATER SCARCITY OF CRITICAL RESOURCING**

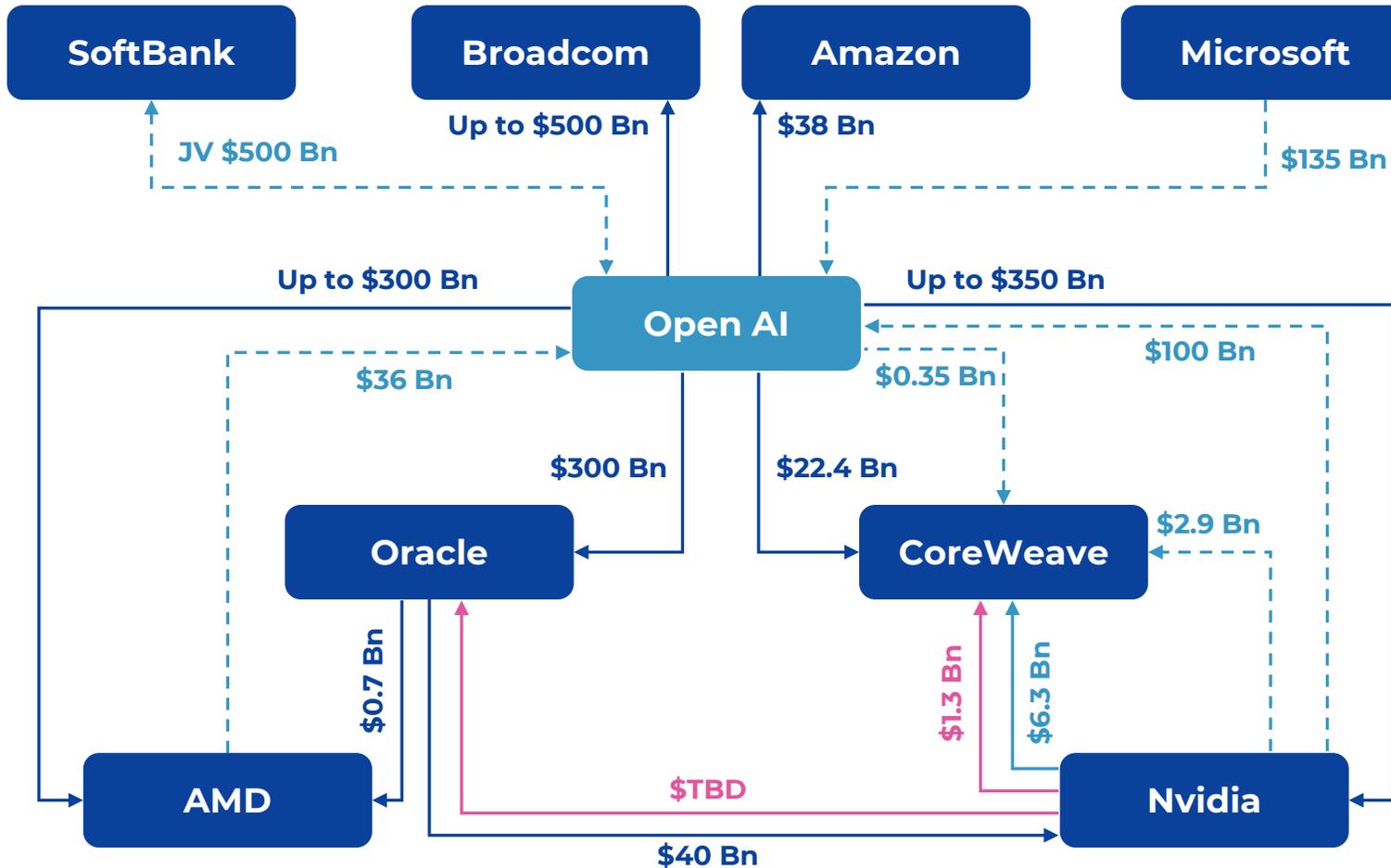
**GREATER ATTRACTIVENESS FOR TALENTS**

**SURVIVAL OF THE BIGGEST (NOT NECESSARELY FITTEST)**

Source: The Economist

# Achieving dominance

Case study: OpenAI and the (maybe) the biggest M&A play yet, to achieve dominance



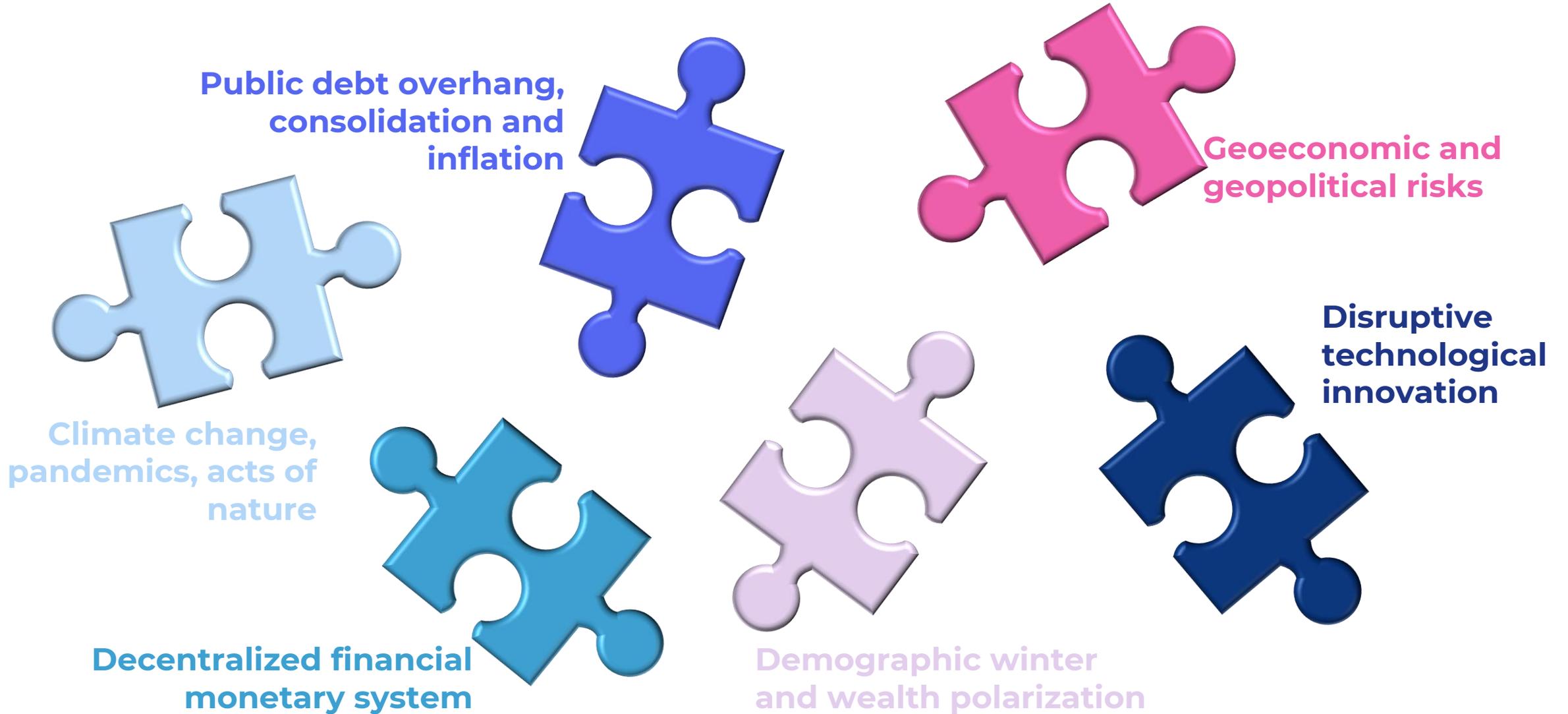
Customer → Repurchase agreement →  
 Investor - - - Vendor financing/favourable terms →

OpenAI sits at the center of a highly **interconnected ecosystem**, linking major tech firms through massive commercial and financial agreements. This network fuels rapid growth but also amplifies systemic risk—if **AI demand falters**, the close ties could accelerate a sector-wide correction **reminiscent of past tech bubbles**

“We have decided that it is time to go make a **very aggressive infrastructure bet**, to make the bet at this scale, we kind of need the **whole industry**, or a big chunk of the industry, to support it”

Sam Altman

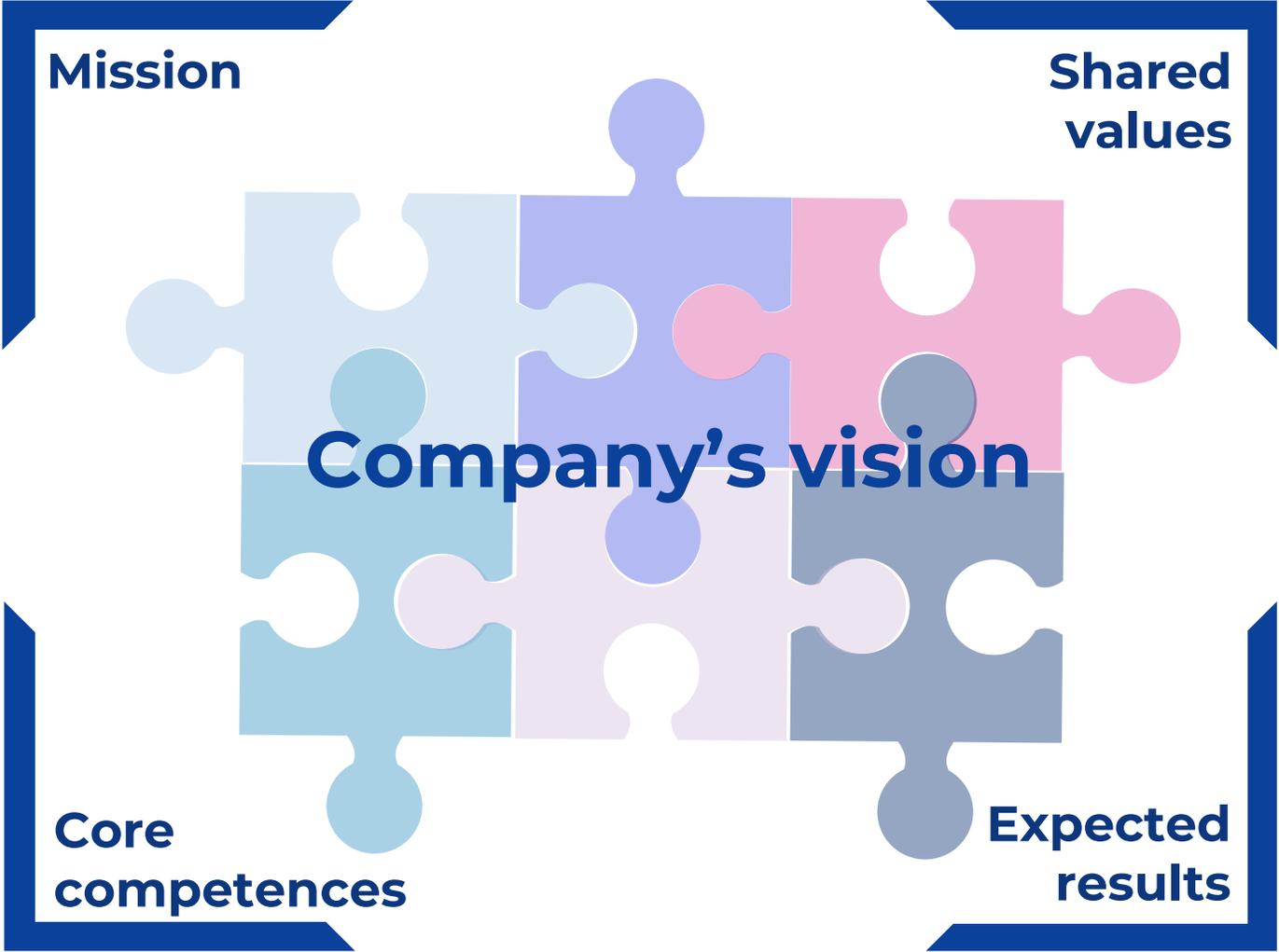
# Solving the M&A conundrum



# Solving the M&A conundrum



# Solving the M&A conundrum – Strategy should drive finance



# Thank you for your attention !!!

