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Corporate M&A 2026

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Trends and Developments
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CS'Associados has a highly experienced, market-leading team that provides companies with expert support in growing their businesses through M&A transactions involving complex and sophisticated legal structures. The firm also assists national and multinational corporate clients across all industrial sectors with the legal challenges facing their businesses. This support includes advising on organisational, corporate governance and general corporate matters, as well as new investments and their regulation, particularly in connection with third-party association agreements, including partnerships, joint ventures and shareholder arrangements.

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1. Trends

1.1 M&A Market

In 2025, Portugal's M&A market showed resilient momentum, driven by strong private equity and venture capital activity and cross-border investment. In the private equity and venture capital sectors, government incentive programmes played a role in energising the market and boosting deal activity, particularly the Banco de Fomento investment lines and the tax incentives for investment in R&D (SIFIDE). From a foreign investment perspective, there was a landmark transaction in the banking sector (still ongoing) with a foreign purchaser, as well as other significant acquisitions by foreign investors in sectors such as infrastructure, food industry, media, healthcare and construction materials.

The Portuguese M&A market is expected to remain active and resilient throughout 2026. The need for both international and domestic private equity funds to deploy significant liquidity, alongside the continuing impact of EU-backed initiatives such as the Recovery and Resilience Plans and the Portugal 2030 Plan, is expected to stimulate public investment and M&A activity.

1.2 Key Trends

Private equity firms remained key players in both international and domestic M&A throughout 2025 and are expected to continue driving the majority of transactions in 2026.

While many large-cap deals are led by international investors, strong Portuguese companies and groups are making significant and bold investments, particularly in the energy and technology sectors. In addition, the growing involvement of Portuguese companies in the venture capital space has energised the market, creating more opportunities for start-ups and early-stage companies to secure funding.

A notable trend has been the rise in transactions involving non-core business divestitures and carve-outs, alongside the increasing adoption of W&I insurance, in line with international market trends.

Looking ahead to 2026, technology, healthcare, energy, infrastructure and financial services are expected to be key sectors for M&A activity, reaffirming trends already observed in 2025.

1.3 Key Industries

The key industries for M&A activity in Portugal throughout 2025 were financial services, infrastructure, technology, healthcare and energy, with substantial deal flow expected to continue in these sectors, and beyond, in 2026.

2. Overview of Regulatory Field

2.1 Acquiring a Company

The acquisition of a company in Portugal may be achieved through different mechanisms.

Non-Listed Companies

The most common way to acquire a non-listed company is to enter into a share sale and purchase agreement with the existing shareholders, in order to acquire the entirety of the share capital or a controlling stake.

The acquisition of a company may also be achieved through the subscription of a share capital increase with a view to holding a controlling stake in a company; this has become particularly common for distressed companies seeking new investors, resulting in the simultaneous dilution of the stakes held by pre-existing shareholders. The latter is also the case with the conversion of credits held by third parties into equity contributions, thus entailing the acquisition by creditors of controlling stakes in distressed companies.

Mergers are another suitable mechanism for the acquisition of companies, allowing for a target company to be merged into the absorbing company, against the acquisition of a stake in the absorbing company by the shareholders of the absorbed company.

Listed Companies

The acquisition of a controlling stake in a listed company is normally implemented under the framework of a takeover offer (as further detailed in **4. Stakebuilding** and **6. Structuring**).

Business acquisitions may also take place in the form of asset deals, as opposed to share deals, although an asset deal structure is usually less straightforward from a continuity legal perspective.

2.2 Primary Regulators

In transactions involving listed companies, the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários* – CMVM) is a key regulator, and is responsible for the issuance of several soft law regulations that are relevant within a takeover scenario (eg, regulations on the contents of prospectuses and applicable takeover procedures). Depending on the business areas of the companies targeted by an M&A transaction, some sectoral regulators may also play an important role.

For instance, M&A deals involving credit or financial institutions will be supervised by the Portuguese Central Bank (*Banco de Portugal*), whereas transactions involving insurance companies will be monitored by the Portuguese Insurance Regulator (*Autoridade de Supervisão de Seguros e Fundos de Pensões*). M&A activity in Portugal is also primarily regulated by the European Commission or the Portuguese Competition Authority (*Autoridade da Concorrência*), depending on the applicable rules, in particular through the enforcement of the antitrust or merger control legal frameworks.

However, regardless of their powers to oversee their relevant activity sectors, the intervention of the sectoral regulators in any M&A transaction would not invalidate any input from the competent competition agency if the relevant deal were likely to create significant impediments to effective competition, nor would it affect the opinion of the Securities Commission if the transaction were to involve listed companies.

2.3 Restrictions on Foreign Investments

As a general rule, in Portugal there are no restrictions on foreign investment, which is granted the same level of protection as domestic investment, so no specific registration or legal or regulatory protection measures apply. Other than in the sectors mentioned below, there are no particular limitations on foreign investment, although a number of restrictions and/or consent requirements may apply to both foreign and domestic investments in regulated areas.

As a deviation from this general rule, the Safeguard of National Strategic Assets Regime (NSAR), adopted by Decree-Law No 138/2014 of 15 September, applies to acquisitions of control over the main infrastructure and assets pertaining to national defence and national security and/or the provision of essential services for the national interest in the areas of energy, transport and communications. Under the NSAR, the Portuguese government may scrutinise (and oppose) a transaction entailing a direct or indirect acquisition of control over an asset that qualifies as strategic if the acquirer is an entity from a country outside the European Union and the European Economic Area, provided that it may seriously and sufficiently jeopardise national defence and security or the security of supply in services that are fundamental to the national interest. The NSAR sets out the procedural steps and deadlines that apply to the government's assessment.

To give the parties legal certainty regarding the non-application of the opposition regime, the acquirer may request a decision of non-opposition to the relevant acquisition from the government; if the request remains unanswered or if no investigation is initiated within 30 working days of receipt of the request, confirmation is deemed to be tacitly granted.

2.4 Antitrust Regulations

Merger control provisions are highly relevant to M&A activity. A business combination or concentration that meets the following thresholds will become subject to prior control from the Portuguese Competition Authority (*Autoridade da Concorrência*):

- the acquisition, creation or reinforcement of a market share equal to or greater than 50% of the domestic market in a specified product or service, or in a substantial part of it;
- the acquisition, creation or reinforcement of a market share equal to or greater than 30% but smaller than 50% of the domestic market in a specified product or service, or in a substantial part of it, if the individual turnover in Portugal for at least two of the undertakings involved in the concentration exceeds EUR5 million (net of taxes directly related to such a turnover) in the previous financial year; or
- the undertakings involved in the concentration reach an aggregate turnover in Portugal in the previous financial year of more than EUR100 million, net of taxes directly related to such turnover, as long as the turnover in Portugal of at least two of these undertakings is above EUR5 million.

Required notifications may be submitted to the Portuguese Competition Authority at any time following an agreement on the concentration (there is no pre-determined deadline for the purpose), provided that the concentration is not implemented before clearance is granted by the Competition Authority. In certain instances, relevant undertakings may also voluntarily notify the proposed concentration before the triggering event. If the European Commission is competent to assess the projected concentration as per Council Regulation (EC) No 139/2004, of 20 January 2004, on the control of concentrations between undertakings (EU Merger Regulation), its competence prevails over that of the Portuguese Competition Authority.

2.5 Labour Law Regulations

Overall, employees' representatives and trade unions do not have any right to influence the conduct of an employer's business or its major business decisions, although they do have the right to be informed and consulted about specific material issues that affect employees (eg, the transfer of the employees' workplace) and, in certain cases, to offer an opinion on the matter (such as in the restructuring of companies).

Transfer of a Business or Undertaking

In the transfer of a business or undertaking, in whole or in part, all employees allocated thereto are automatically transferred to the acquirer of the business or undertaking, via the assignment by law to the latter of the employer's contractual position held by the transferor. This transfer entails the automatic acknowledgment of the rights acquired by the transferred employees under their employment relationship with the transferor, including those rights applicable to seniority and remuneration. The acquirer is liable for the payment of fines applied for labour misdemeanours as from the transfer date but connected to breaches of labour obligations occurring before such date, and the transferor is jointly and severally liable for all obligations that may become due up to the transfer date and for two years from that date.

Regarding the formalities to be complied with, the transferor and acquirer of a business or undertaking are required to inform the employees' representatives or, in their absence, the employees themselves of the dates and reasons for the transfer, and of the legal, economic and social consequences thereof, together with the proposed measures to be taken in respect of transferred employees, if any (the application of which is subject to an agreement). However, this requirement is deemed inapplicable in the total or partial transfer of the share capital of a company, as the target company remains the employer.

Merger and Demerger Proceedings

Within merger and demerger proceedings, employees' representatives are entitled to consult the relevant documentation (including the respective project, corporate accounts and reports), and to issue an opinion regarding the merger or demerger procedure.

In cross-border mergers comprising at least one Portuguese company and a company incorporated in accordance with the laws of another EU member state (which has registered offices, central management or its main establishment within the EU territory), Portuguese legal provisions are aligned with European standards concerning employees' participation in the company resulting from the merger. Therefore, if the headquarters of the merging companies is in Portugal, the employees' participation shall be ruled under Portuguese law, which sets forth that the employees' participation in the company resulting from the merger is not mandatory.

Nonetheless, if any of the merging companies has had an average of 500 employees in the six months prior to the cross-border merger and operates an employee participation system, the employees' participation may comprise their right to appoint or elect members of the corporate bodies or of committees thereof, or the right to recommend or oppose the appointment of members of the management or supervision bodies of the company. This participation right will also be applicable if the Portuguese regime does not provide for the same level of participation as the regime applicable to the merging companies.

2.6 National Security Review

A national security review of acquisitions may exist in certain inbound foreign investments; see **2.3 Restrictions on Foreign Investments**.

3. Recent Legal Developments

3.1 Significant Court Decisions or Legal Developments

Although court decisions and precedents in Portugal are not often relevant in M&A-related disputes (partly because of the increased use of arbitration arrangements, which do not permit decisions to be made public), a landmark ruling from the Supreme Court of Justice in 2016 established the view of the highest Portuguese court regarding the use of representations and warranties in business acquisition contracts.

The Supreme Court of Justice held that the representations and warranties given in two share purchase agreements constituted guarantee obligations (*obrigações de garantia*), whereby the sellers fully assumed the risk of non-verification of what was represented and warranted. It was further held that, under such clauses, the sellers shall be liable for the divergences between what was represented and warranted and the true state of the target company, regardless of their fault in such divergence. The Court deemed these clauses and the "automatic guaranteeing system" created by them to be valid under the parties' contractual freedom.

Under Portuguese civil law, objective liability (ie, liability independent of fault) is an exception, with the rule being that fault of the breaching party is a necessary prerequisite for liability. Therefore, one of the main points of dispute regarding representation and warranty clauses is whether there is an obligation to compensate in the absence of fault in the breach of representations and warranties.

In this ruling, the Supreme Court of Justice appears to answer such query positively, albeit with a significant technical distinction, holding that the breach of a representation or warranty should be understood not as a contractual breach triggering an indemnification obligation, but as a trigger of a contractual obligation to pay the purchaser (regardless of the existence or absence of fault on the part of the seller) the amount corresponding to the financial/economic difference between the value of the company as represented and warranted by the seller and its actual value.

Although a considerable number of questions remain unanswered, the singularity of the ruling should be considered as an important precedent related to M&A.

The following recent legal developments with relevance to M&A are worth highlighting.

- Decree-Law No 114-D/2023 of 5 December entered into force on 4 January 2024 and amended the existing regime for national and cross-border mergers, national demergers and national conversions, implementing Directive (EU) 2019/2121 and creating the legal framework for cross-border demergers and conversions. This regime is expected to add complexity to the acquisitions of com-

panies and to corporate reorganisations in general as, on the one hand, it has introduced additional formal requirements and, on the other hand, it has increased the deadlines to execute these operations (for example, the deadline for creditors to claim their credits on a merger was increased from one month to three months).
- Law No 21/2023 of 25 May created the legal regime applicable to start-ups, scale-ups and business angels. To attract investment to Portugal, this regime grants several tax benefits to companies that have obtained this legal status. Also, Ordinance No 49/2025/1 of 20 February approved the Specific Regulation of the System of Incentives for the Competitiveness of Startups, regulating incentives benefiting micro, small and medium companies, including those start-ups complying with the requirements in Law No 21/2023.

3.2 Significant Changes to Takeover Law

Law No 99–A/2021 of 31 December 2021 came into effect at the end of January 2022 and amended a number of Portuguese laws and regulations, including the Portuguese Securities Code. One of the most significant features of the law reform is that listed companies are now allowed to have multiple voting shares. Other significant amendments made to the Portuguese Securities Code include the following:

- open-ended companies (*sociedade aberta*) will no longer exist – Portuguese capital markets legislation now revolves solely around listed companies;
- Portuguese companies that issue shares admitted to trading on a regulated market or in a multilateral trading system are now allowed to issue multiple voting shares, up to a limit of five votes per share;
- the threshold of 2% of voting rights to disclose qualified shareholdings has been removed;
- the rules for taking part in shareholder meetings have been simplified;
- the minimum prospectus exemption threshold has been increased from EUR5 million to EUR8 million;
- underwriting by financial intermediaries is no longer mandatory in public offers;
- the requirement that a competing bid cannot be submitted "on less favourable terms" than a preceding offer has been removed;
- all shares subject to a takeover bid may now be acquired on a compulsory basis if the bidder and its associates hold at least 90% of the voting rights attaching to the company's share capital (a second threshold of 90% of the voting rights attaching to the shares that the bidder offered to acquire under the bid no longer needs to be met);
- the exemption from the duty to launch a mandatory offer where proof is provided that there is no control over the listed company will be admissible regardless of the percentage of voting rights held, and acquisitions made due to death (mortis causa) shall not trigger a duty to launch a mandatory offer if the articles of association set out which acquisitions are caught in this regard; and
- the rules on the amendment of bids will offer greater flexibility – the bidder may now amend the terms and conditions of the offer up to two days before the end of the offer period, provided that the revised offer is not less favourable overall for the addressees.

4. Stakebuilding

4.1 Principal Stakebuilding Strategies

Although this cannot be viewed as an absolute rule, it would be unusual for a bidder not to engage in some degree of stakebuilding prior to an offer aimed at acquiring a controlling stake in the target, either directly or through a vehicle or related company. In fact, in the Portuguese takeover market, most bidders are shareholders of the target for quite some time prior to launching a bid. This is true not only in the obvious case of mandatory takeovers, but also in the case of voluntary offers, and may be explained by the inclination of bidders to become acquainted with the target's business or their desire to consolidate their position as controlling shareholders.

The main stakebuilding strategies include the acquisition of minority stakes in the target through private deals and the execution of shareholders' agreements that initiate the aggregation of voting rights, both coupled with open market acquisitions of smaller stakes. Derivatives and other complex stakebuilding strategies are seldom used prior to launching an offer.

4.2 Material Shareholding Disclosure Threshold

Following the amendment of the Portuguese Securities Code (see **3.2 Significant Changes to Takeover Law**), the disclosure of material shareholdings in Portuguese companies listed in the EU or in EU and non-EU companies listed in Portugal is required whenever the voting rights thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% are reached or exceeded, or cease to be met.

Considering this, a shareholder reaching or crossing a relevant threshold must inform the company and the Portuguese Securities Commission of that fact and of any other events determining the attribution of voting rights attaching to securities held by third parties, in accordance with the vote aggregation rules set forth in the Portuguese Securities Code.

The above disclosure requirements must be met in accordance with the requirements set forth in CMVM Regulation No 1/2023, of 26 April, and complied with within four negotiation days following the occurrence of the events triggering disclosure or knowledge thereof (which is deemed to have occurred no later than two negotiation days following the occurrence of the relevant event).

Other disclosure and filing obligations are imposed by CMVM Regulation 1/2023, of 26 April, on directors' dealings, and by CMVM Regulation No 4/2013, of 18 July 2013, on corporate governance.

4.3 Hurdles to Stakebuilding

Although this practice is not common, companies may introduce more stringent reporting thresholds in their articles of incorporation or by-laws than those set forth in the Portuguese Companies Code. However, it is not possible to opt out of mandatory disclosure requirements.

Other significant hurdles to stakebuilding under Portuguese law include the mandatory takeover bids regime, under which the crossing of the 1/3 or 50% voting rights thresholds in a listed company precipitates the duty to launch a takeover offer for all shares in such a company, as well as restrictions imposed by market abuse and insider trading rules.

4.4 Dealings in Derivatives

Dealings in derivatives enabling stakebuilding are not prohibited as such. However, in accordance with Sections 16 (5) and 20 (1), paragraphs e) and i), of the Portuguese Securities Code, such dealings are subject to disclosure requirements identical to those applicable to actual stakebuilding.

4.5 Filing/Reporting Obligations

Apart from the filing/reporting obligations referred to in **4.4 Dealings in Derivatives**, securities disclosure laws applicable in Portugal (including Regulation (EU) No 236/2012 of the European Parliament and of the Council, of 14 March 2012, on short selling and certain aspects of credit default swaps, as amended) impose duties concerning the disclosure of short positions held in connection with derivatives trading.

4.6 Transparency

There are no provisions under Portuguese law requiring shareholders to disclose the purpose of any acquisitions and/or their intention regarding control of the company prior to the launch of a takeover offer. It should be noted, however, that the Portuguese Securities Commission may, and often does, request further information on any acquisitions and filings made by shareholders, including the intended purpose and the origin of proceeds.

5. Negotiation Phase

5.1 Requirement to Disclose a Deal

Information concerning a deal that is being negotiated is usually considered to be price-sensitive, confidential information.

As such, under the Portuguese Securities Code, information concerning a prospective deal must be immediately disclosed as soon as the target company becomes aware of the commencement of any negotiations or of their likely commencement, unless such disclosure might affect the disclosing party's legitimate interests (for instance, affecting the expected outcome of negotiations) or mislead investors. In the latter case, the target may withhold disclosure for the period required to complete the relevant negotiations, as long as it ensures the confidentiality of such information. The Portuguese Securities Commission has published detailed guidance relating to the disclosure of inside information and the extent to which withholding the disclosure of negotiations may be an acceptable market practice.

In light of the above, although the law is not clear, in certain cases (although not as a rule) market disclosure may only occur once a binding letter or definitive agreement has been signed, notwithstanding the need to disclose such information to the Portuguese Securities Commission on a strictly confidential basis.

In the event of a takeover offer, the Portuguese Securities Code obliges all parties involved (including the target, if applicable) not to disclose any information until the preliminary announcement of the offer has been published.

5.2 Market Practice on Timing

Market practice is substantially aligned with legal requirements, as the Portuguese Securities Commission may suspend trading of the relevant securities until the relevant information has been duly disclosed if it considers that material price-sensitive information relating thereto is being unreasonably withheld, or if it believes that such withholding is not compliant with the applicable legal requirements or is likely to impair the market's regular functioning.

5.3 Scope of Due Diligence

Negotiated Business Combinations

Negotiated business combinations are normally preceded by due diligence, mostly focused on legal, tax and financial aspects. With regard to legal due diligence specifically, the primary concern is to identify any contingencies or negative consequences that may be triggered by the business combination, particularly any change of control or ownership provisions that could motivate the termination of key agreements or the acceleration of debt due under credit facilities or loans. Legal due diligence also focuses on regulatory and licensing matters, particularly those regarding target businesses operating in highly regulated sectors (utilities, banking, insurance, etc), and on intellectual property issues, if the relevant businesses are technologically driven.

Compliance Levels

Similarly, great emphasis is placed on the analysis and assessment of compliance levels under material business agreements or other arrangements deemed critical to the activity of the target company (eg, concession agreements or arrangements with key clients). Labour matters are also a traditional concern in terms of assessing the legal framework applicable to the workforce allocated to the business, as well as the potential for employee restructuring and cost-saving measures in a post-transaction scenario.

ESG matters have increasingly gained attention among investors when reviewing potential business opportunities, justifying detailed legal and technical due diligence. An example of this is the new chapter on sustainability added to the IPCG Corporate Governance Code in 2023.

In addition, following the approval of the European General Data Protection Regulation (GDPR) in 2016, and particularly the material revision of the potential sanctions in case of infringement, due diligence on GDPR compliance has become one of the most critical and key sections in any target review.

Other Areas of Focus

Legal due diligence also traditionally centres on:

- corporate matters, regarding the adequate incorporation and registration status of the target company and ownership of its share capital;
- real estate, mostly regarding the ownership and licensing of relevant real estate assets and any existing encumbrances;
- financing matters, with particular attention paid to compliance levels and cross-default and acceleration clauses under financing arrangements;
- insurance, assessing the existence of adequate insurance coverage under the applicable legal provisions;
- information technology matters, with a focus on software licensing; and
- compliance and criminal matters, including internal policies on AML, anti-bribery and whistle-blowing.

5.4 Standstills or Exclusivity

Standstill provisions are not common in the context of negotiating possible business combinations, although they have been used in some more sophisticated M&A deals. In any event, these clauses are generally permitted under Portuguese law and, although there is no maximum permitted duration, according to the general principles of civil law, any "standstill period" that is unreasonably long could be deemed abusive and ultimately be reduced by a judicial decision at the request of any concerned party.

Exclusivity provisions are more common and are usually demanded for reasonable periods of time (normally from 60 to 120 days, although there is no standard rule on duration), particularly in transactions with several interested investors where one bidder seeks an exclusive negotiation period (in most instances combined with ongoing due diligence procedures).

In deals involving listed companies, due care should be placed on preliminary commitments such as standstills or exclusivity, in order to establish in advance that they will not cause the parties to be considered as acting in concert, thus possibly precipitating an aggregation of voting rights, which may be especially sensitive in cases where any relevant thresholds may be involved, particularly for the launch of a mandatory offer.

5.5 Definitive Agreements

Business proposals are commonly presented as non-binding or binding offers, depending on the status and progression of preliminary negotiations and due diligence efforts. Typically, binding offers set out the main terms and conditions under which the offering party would be willing to complete the envisaged transaction, or make completion thereof conditional on the satisfactory negotiation of a definitive agreement containing clauses that are usual in similar transactions, including representations and warranties, compensation and indemnity mechanisms or even conditions precedent to be met (the most common of which are antitrust clearance or the granting of any authorisations required to avoid triggering change of control provisions).

Although permissible, it is not common for tender offers to be documented in a definitive agreement to be accepted by the counterparty, although the practice of requesting mark-ups of transaction documents from bidders is often used in private disposal competitive processes conducted by the seller.

6. Structuring

6.1 Length of Process for Acquisition/Sale

There is no standard timeframe generally applicable to the sale or acquisition of a business in Portugal, as the duration of any M&A deal will depend on a number of factors.

As a general rule, the timing for the completion of M&A transactions will naturally be impacted by the number of regulators that are required to authorise or intervene with respect to a transaction; considering the different sectoral regulators and applicable legal provisions, a specific timeframe can therefore only be assessed on a case-by-case basis.

Furthermore, transactions will be subject to merger control proceedings with the EU Commission or the Portuguese Competition Authority (*Autoridade da Concorrência*) if the relevant legal thresholds are triggered, and cannot be implemented before a non-opposition decision is received. When the Portuguese Competition Authority is competent to assess the concentration, it has 30 working days after the notification of the concentration was formally submitted to issue a decision or to initiate an in-depth investigation, which should be completed within 90 working days from said notification. The timeframe may be suspended for different reasons, notably for formal requests for information and the discussion of remedies.

Regulatory considerations aside, the structuring of an M&A deal targeting a non-listed company can be implemented in a relatively short period of time (from 30 to 90 days), depending on the evolution of the underlying negotiations and the willingness of the parties to reach a swift understanding on key transaction issues. This timing will also be determined by the option to dismiss any due diligence exercise or to conduct a high-level or in-depth due diligence, and by the requirement to address or remedy any material issues arising therefrom which are considered essential for the deal to take place. Resorting to W&I insurance is increasingly common if the time for the underwriting process is not factored into the transaction calendar, as it may amount to additional delays in the implementation of the transaction.

In the acquisition of listed companies, specific timing requirements regarding takeover procedures should be considered. In particular, it should be noted that the offer period lasts between two and ten weeks, in accordance with the Portuguese Securities Code. However, should any unusual circumstances arise, this period may be extended well beyond the statutory maximum.

6.2 Mandatory Offer Threshold

The mandatory offer thresholds in Portugal are set at one third or one half of the voting rights representing a public company's share capital, calculated in accordance with the relevant voting aggregation rules. However, the duty to launch a mandatory offer will not be precipitated if the person under such duty proves that they do not control the target company.

6.3 Consideration

Consideration is usually paid in cash. However, an asset swap as consideration is not uncommon and has been used in some high-profile transactions. The Portuguese Securities Code also allows for shares or other securities (already issued or to be issued) to be awarded as consideration within public takeover offers, provided that they have suitable liquidity and may be easily evaluated.

In any event, and specifically in respect of mandatory takeover offers, there are stricter requirements for consideration to consist of shares or other securities, which must be of the same type as those targeted by the offer and must also be listed in a regulated market or be of the same category as securities of proven liquidity listed in a regulated market. Furthermore, the offering bidder or any related entity must not have acquired or undertaken to acquire any shares of the targeted company against consideration in cash within the six months prior to the preliminary takeover announcement and until the offer is completed.

In different deal environments or industries, the high valuation uncertainty tools used to bridge value gaps between the parties may vary and include, for instance, material adverse change clauses, price adjustment mechanisms or earn-outs.

6.4 Common Conditions for a Takeover Offer

The offeror is obliged to launch the takeover offer under similar or more favourable terms and conditions than those described in the preliminary announcement of the offer. Nonetheless, the offeror may subject the offer to certain conditions, excluding those that would need to be met by the offeror, as long as such conditions correspond to a legitimate interest of the offeror and are not deemed to affect the regular functioning of the market. All conditions must be set out in the preliminary announcement of the offer.

In mandatory bids, the Portuguese Securities Code imposes certain rules on minimum considerations to be provided, and it is understood that mandatory offers may not be subject to conditions (other than those that may result from mandatory law).

6.5 Minimum Acceptance Conditions

No minimum accepted condition is imposed by Portuguese law concerning the percentage of voting rights acquired following the offer. Such a condition may, however, be imposed by the offeror, subject to the requirements detailed in **6.4 Common Conditions for a Takeover Offer**.

The existence of the mandatory bid regime (under which the offeror must launch a bid for the entire share capital of the target company) implies that, from a practical standpoint, any offeror acquiring a controlling stake in a company is usually inclined to launch an offer for the entire share capital of the company, unless this acquisition fails to trigger the duty to launch a mandatory bid.

6.6 Requirement to Obtain Financing

In general, within the structuring of transactions the parties are free to agree on the terms and conditions under which a business combination may occur, including completion of a transaction that is conditional on the bidder obtaining financing. However, from a practical perspective, it is not common for parties to progress in negotiations and enter into binding commitments if prior comfort on available funds or feasible financing was not provided by the bidder.

6.7 Types of Deal Security Measures

Typical deal security measures are deployed by bidders when preparing and negotiating M&A transactions in Portugal, often in conjunction with exclusivity negotiation periods.

Break-Up Fees

Break-up fees are relatively common in sophisticated transactions, mostly seeking to protect the bidder (and provide some level of reimbursement for transaction costs incurred) if a seller terminates negotiations at an advanced stage or elects another bidder. Although less common, break-up fees may also be agreed to protect the seller in cases where the sales procedure has a negative impact on ongoing businesses or on the overall value of the targeted asset.

Match Rights

Match right undertakings may also be set forth in some transactions, normally to give bidders the opportunity to meet or match competitive offers presented by other interested parties.

Permanence Agreements/Non-Solicitation Provisions

Permanence agreement provisions are also fairly common, with a view to retaining key employees of the targeted businesses, although they tend to be deemed invalid under applicable labour law as the requirements for the retention of employees are often not met. Non-solicitation covenants are usually deemed invalid as Portuguese labour law states that companies cannot limit their employees' freedom to work. Nonetheless, such provisions are often agreed between companies and enacted as a gentleman's agreement.

Non-Compete Provisions

Finally, non-compete provisions are also standard when trying to protect bidders against future competition from sellers with relevant knowledge that is capable of disrupting the overall competitiveness or client base of the acquired business, although these provisions are also required to abide by the applicable legal framework relating to competition and labour.

6.8 Additional Governance Rights

Securing Governance Rights Via Shareholders' Agreements

Regardless of whether or not they are seeking to hold the entire share capital of a target company, bidders may aim to secure specific governance rights or mechanisms under shareholders' agreements, to be entered into with the remaining or major shareholders of the target. In fact, it is not uncommon for bidders to include negotiation and simultaneous execution upon the completion of shareholders' agreements when structuring the transaction, in order to safeguard their overall position in the target company.

These agreements may be varied in terms of content and level of commitment, commonly setting forth rules regarding:

- the appointment of members of the corporate bodies;
- reserved matters requiring favourable votes from the contracting shareholders (if subject to shareholder resolution) or from appointed corporate bodies;
- conflict of interest rules stricter than those resulting from legal provisions; and
- the overall principles to be observed in the management of the company and the conduct of its business.

Shareholders' agreements also usually contain typical tag-along, call or put option clauses, as well as pre-emption rights regarding stakes held by other shareholders, or even lock-up provisions.

Challenging Shareholders' Agreements

Without prejudice to the above, it should be noted that shareholders' agreements are only binding on the contracting shareholders and may not be used to challenge or dispute actions of the company or of shareholders, which means that a breach thereof only triggers contractual liability towards the non-defaulting parties.

Furthermore, under the Portuguese Companies Code, shareholders' agreements may not regulate the conduct or actions of members of the corporate bodies when performing their office; moreover, agreements will be invalid if they establish inadmissible limitations to shareholders' voting rights (such as the exercise of voting rights pursuant to instructions issued by the company or against the awarding of specific benefits or advantages).

Finally, it should also be noted that, under the Portuguese Securities Code applicable to listed companies, shareholders' agreements are able to determine the allocation of the voting rights of all contracting shareholders to their counterparties, which may as a consequence precipitate mandatory disclosure of shareholdings or even the duty to launch a takeover offer if the relevant thresholds are met.

Amending Articles of Association

Apart from shareholders' agreements, a bidder may also seek to secure additional governance rights via the amendment of the articles of association of the target company. The most common such amendment is the establishment of voting rights limitations – eg, trying to limit the votes awarded to a number of shares (provided that at least one vote is awarded to each EUR1,000 of share capital) or determining that votes issued by a single shareholder (either on their own behalf or in representation of other shareholders) above a certain number will not be considered.

Share Classes

A final reference should also be made to the possibility of bidders subscribing to a specific class of shares that entitles them to special governance rights insofar as permitted by the Portuguese Companies Code (eg, the appointment of a number not exceeding one third of the members of the board of directors may require approval by the majority of the votes awarded to certain shares).

6.9 Voting by Proxy

Shareholders are entitled to be represented in general meetings of a company by proxy. In SA companies (share companies or *sociedades anónimas*), the articles of association may not set forth any constraints to this right. However, in Lda companies (quota companies or *sociedades por quotas*), representation by proxy is permitted only if the proxy holder is the spouse or a relative in the ascending or descending line of the shareholder or is another shareholder, unless the articles of association permit otherwise.

6.10 Squeeze-Out Mechanisms

Squeeze-Out

Under the Portuguese Securities Code, with regard to Portuguese listed companies, it is possible to initiate a squeeze-out of minority shareholders within the three months following the determination of the results of the offer. This mechanism is available to those shareholders who, as a result of a general takeover offer, reach or exceed 90% of the voting rights corresponding to the target's share capital, either directly or according to voting aggregation rules. The consideration must be paid in cash, and the minimum consideration is the consideration provided in the offer or, if higher, the highest price paid by the offeror, or by any person whose votes are attributable to it, for the acquisition of securities of the same class, or that the offeror or any of said persons undertook to pay, between the determination of the results of the offer and the registration of the compulsory acquisition by the Portuguese Securities Commission.

The Portuguese Companies Code provides for a similar remedy in respect of non-public companies (without the intervention of the Portuguese Securities Commission), featuring a threshold of 90% of the share capital, but with an extended deadline for triggering a squeeze-out of minority shareholders of six months after notice is served on the target company that the 90% share capital threshold has been crossed. The consideration may be in cash or in own shares or bonds, and shall be substantiated by a report of an independent official chartered accountant.

Sell-Out

A sell-out is also provided for in the Portuguese Securities Code, and is construed as a minority shareholder-driven remedy, under which a minority shareholder may, within the three months following determination of the results of the offer, present a proposal for the sale of their shares to the target's controlling shareholder following a takeover offer that allows for a squeeze-out right (as mentioned above), which, if not accepted by the controlling shareholder, entitles the minority shareholder to sell their shares to the controlling shareholder, irrespective of the latter's acceptance, with the intervention of the Portuguese Securities Commission, for the consideration set out according to the squeeze-out rules (as mentioned above).

The Portuguese Companies Code also provides for a sell-out mechanism in favour of minority shareholders if a controlling shareholder who is entitled to make a squeeze-out offer does not do so in the six-month period mentioned above.

Short-Form Mergers

Short-form mergers are also provided for in the Portuguese Companies Code. Although they do not require shareholder approval if a 90% share capital threshold is met, minority shareholders who hold at least 5% of shares may still require a general meeting to be convened to ensure their right of exit in exchange for fair consideration.

Other Mechanisms

Other mechanisms for acquiring the shares of shareholders who have not tendered following a successful tender offer include stock consolidation and other corporate restructuring transactions. These measures are seldom used due to their potential for the expropriation of minority shareholders.

6.11 Irrevocable Commitments

In listed companies, irrevocable commitments to tender by principal shareholders of the target company are not often seen, due in part to their potential to trigger the obligation to launch a mandatory offer if the relevant thresholds are met. In fact, such irrevocable commitments will most certainly be regarded as acting in concert, thus precipitating the aggregation of voting rights under the Portuguese Securities Code. Moreover, if such commitments are enshrined in a shareholders' agreement, they should be disclosed to the Portuguese Securities Commission, leading to the same conclusion.

In light of this, irrevocable commitments are likely to be undertaken immediately before the launching of the offer, so an opt-out for the principal shareholder is not feasible, even if a better offer is made. If the principal shareholder is a person whose voting rights are attributable to the offeror under Portuguese law, due to such irrevocable commitments or other cause, it will not be possible for them to launch a competing offer, unless authorised to do so by the Portuguese Securities Commission, provided that the situation that determines the attribution of the votes ceases before registration of the offer.

However, it should be noted that irrevocable commitments are usually tailor-made to suit the parties' needs, and their nature and terms tend to vary widely in accordance with the particular circumstances of the transaction.

7. Disclosure

7.1 Making a Bid Public

A takeover bid is typically made public through the publication of the preliminary announcement. Under Portuguese law, the offeror, the target company and its management, as well as any other parties involved, must ensure the confidentiality of any information relating to the offer until the preliminary announcement has been disclosed.

The preliminary announcement of a bid must be sent by the offeror to the Portuguese Securities Commission, the target company and the entity managing the market where the target is listed. The offeror must then register the offer with the Portuguese Securities Commission within 20 days (this deadline may be extended to up to 60 days in exchange offers).

7.2 Type of Disclosure Required

The Portuguese Securities Code lists the following information that must be included in the preliminary announcement of the bid:

- the identity of the offeror, the target company and the financial intermediary in charge of the offer;
- the securities covered by the offer;
- the consideration offered;
- the stake held by the offeror in the target;
- a summary of the offeror's goals and prospects for the target and group companies, if applicable;

- a description of the offeror's status for purposes of the application of board neutrality rules (reciprocity and breakthrough);
- the intention of the offeror to request the derogation of the duty to launch a mandatory offer based on the offer being launched; and
- conditions and legal assumptions to which the offer is subject.

A launching announcement and a prospectus are required for all public offers, and must be drawn up and published in accordance with the requirements set forth in Regulation (EU) No 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and CMVM Regulation No 1/2023, of 26 April 2023.

Under the terms of the EU Prospectus Regulation, the prospectus must include key material information required for investors to perform informed assessments of their potential investments, including the assets, liabilities, profits and losses, and a description of the overall financial position of the target. However, such information may vary in accordance with the target's specific characteristics.

The prospects of carrying out an issuance of shares following a successfully completed business combination should be mentioned in both the preliminary announcement and the prospectus, as this is deemed material information regarding the offeror's goals and prospects for the target company and its group companies, if applicable.

The disclosure requirements are substantially simple for business combinations involving only privately held companies, but as a rule they involve the need for certain public registrations and publications, with the particular intention of safeguarding creditors' information and protection.

7.3 Producing Financial Statements

Bidders are not expected to disclose their own financial statements in the offer documents. However, the Portuguese Securities Commission usually requests disclosure of the offeror's (and its subsidiaries') audited and certified report and accounts of the previous three financial years for purposes of the registration of the offer.

In the context of the registration of the offer with the Portuguese Securities Commission, the offeror must also provide the Portuguese Securities Commission with the target company's audited and certified financial statements.

If the consideration of the offer consists of securities or a mix of cash and securities, pro forma financial information, if available, or audited and certified financial statements must be provided regarding the issuer of the securities offered as consideration.

Financial statements must be prepared in accordance with the requirements set forth in the EU Prospectus Regulation. Therefore, financial information prepared in accordance with IFRS or the Portuguese agreed accounting standards (which are substantially in line with IFRS) will be acceptable.

In certain forms of business combinations (eg, mergers), the financial statements of all participating companies will have to be disclosed, in the context of the merger project to be subsequently approved by the respective shareholders.

7.4 Transaction Documents

There is no general legal obligation regarding full disclosure of the transaction documents, but such disclosure may be required by the Portuguese Securities Commission in cases where the underlying transaction leads to a mandatory takeover offer (for which the prospectus must provide summarised details on the main terms and conditions). The Portuguese Competition Authority may also request the disclosure of transaction documents for the purposes of antitrust and merger control.

In both cases, the relevant transaction parties may request that commercial data or other sensitive information is not disclosed or otherwise divulged to third parties by the requesting authorities. Under the Portuguese Securities Code applicable to listed companies, shareholders' agreements that are intended to achieve the acquisition, maintenance or reinforcement of qualified shareholdings or that are designed to affect the outcome of a takeover offer should be notified within three days of their execution to the Portuguese Securities Commission, which is entitled to determine full or partial public disclosure thereof.

8. Duties of Directors

8.1 Principal Directors' Duties

Directors are subject to a generic duty of diligence, which includes duties of care and fiduciary and loyalty duties, and requires that, further to the best interests of the company considering the long-term interests of the shareholders, directors must also take into consideration the interests of other stakeholders that are relevant to the company's sustainability, such as employees, clients and creditors.

Following the publication of the preliminary announcement of a public offer, and until the results of the offer are determined, the management of the target company must:

- provide certain information to the Portuguese Securities Commission (eg, daily reports on the transactions carried out by its members concerning securities issued by the target);
- inform the workers of the content of the offer documents and its report; and
- act with loyalty and in good faith, particularly with regard to the accuracy of the information.

In the case of a public offer, the Portuguese Securities Code also subjects the directors of the offeror to a duty of secrecy in respect of the preparation of the offer until the preliminary announcement is made.

The Portuguese Securities Code also determines that, upon becoming aware of a decision to launch a takeover offer for more than one third of the securities of the respective category (or upon receiving the relevant preliminary announcement), and until either the offer result is determined or the offer lapses (whichever occurs first), the target company's board of directors cannot perform any actions outside the ordinary course of business that are likely to have a material effect on the financial standing of the target and that may significantly jeopardise the objectives announced by the offeror.

Such prohibition extends to resolutions taken prior to the decision to launch the offer that have not yet been implemented, either partially or totally. The issuance of shares or the entering into of agreements regarding the transfer of relevant assets, for example, are considered relevant changes to the financial standing of the target.

In other types of business combination, such as a merger, the directors of the merging companies are required to prepare and submit a merger project for registration and publication, providing information on the type, motives, purposes and conditions of the merger, among other matters, to which the creditors may be opposed. The merger will generally be subject to the approval of the shareholders of the merging companies.

The Neutrality Rule

The neutrality rule contains exceptions – for instance, it can be avoided by a resolution of the shareholders' meeting (approved with at least two thirds of the votes cast) and it does not prevent the target's board of directors from seeking a "white knight" (ie, alternative offers). The directors of the target company are also subject to other duties, such as the dissemination of information. For instance, they must submit a report describing the opportunities and conditions of the offer to the offeror and the Portuguese Securities Commission, and disclose said report to the public.

8.2 Special or Ad Hoc Committees

There is neither a legal obligation nor a significant tradition of establishing ad hoc or special committees for the purposes of preparing business combinations. In practice, transitional steering committees may be agreed and set up by the participating companies.

8.3 Business Judgement Rule

The fundamental duties of directors in Portugal are set out in Article 64 of the Portuguese Companies Code, pursuant to which, and as part of the general duty of care, directors must demonstrate that they have adequate availability, technical competence and knowledge of the company's activity to enable them to discharge their functions appropriately. They must also act with diligence, in a judicious and organised manner. Directors are further bound by a duty of loyalty, and must act in the best interests of the company, mindful of the long-term interests of the shareholders but also taking into consideration the interests of other stakeholders that are relevant to the company's sustainability, such as employees, clients and creditors.

As a general rule, directors may be held liable to the company for losses resulting from actions or omissions in breach of the legal and contractual duties to which they are subject. Nonetheless, such liability may be prevented in certain ways. For instance, Article 72, No 2 of the Portuguese Companies Code, which is inspired by the "business judgement rule" and may be deemed to apply to potential breaches of duty of care, sets out that the liability of directors is to be excluded if the relevant director can provide evidence that they acted:

- on duly informed terms;
- without having any personal interests; and
- in accordance with criteria of business rationality.

Directors are also not to be held liable for damages and losses that arise following an approval taken in a meeting they did not attend, or in which they voted against the decision taken.

The nature of the current wording of Article 72, No 2 of the Portuguese Companies Code (in force since 2006) – combined with the general perception that judges still struggle to assess business rationality criteria, and added to the strong neutrality rule in force in Portugal, which significantly constrains the actions of a target company's directors during a takeover offer in comparison to other jurisdictions – may contribute to the view that there is not yet consistent jurisprudence or a legal framework in this respect.

8.4 Independent Outside Advice

Business combinations usually require specialised advice to be provided to directors, so that they may further consider the multidisciplinary scope and potential implications of modern M&A transactions. Normally, mid to high-profile business combinations are accompanied by and set out with the assistance of investment banks, auditors, accountants, tax advisers, strategic consultants, etc.

As a rule, directors also seek legal advice on various aspects of the transaction, including the structuring of the deal, due diligence procedures, the drafting of all transactional documentation and the management of information to be provided to regulatory authorities, the public (with a higher emphasis on listed companies) and stakeholders, as well as the assessment of legal formalities and requirements to be complied with in connection with the implementation of the transaction. Legal advice on the structuring of the transaction also extends to tax matters, in conjunction with the input of accounting and auditing firms, which also usually perform dedicated due diligence exercises.

Outside advice may also be required in specific fields of expertise, depending on the business or activity sector of the targeted company (eg, where applicable, technical opinions or due diligence may be advisable on environmental, technological or IP matters). In high-profile transactions, communication agencies also play a role in advising directors throughout the transaction.

8.5 Conflicts of Interest

Directors are prohibited from voting on any resolutions concerning matters in which they have a conflicting interest with the company, either directly or on behalf of a third party; the chair of the board of directors must be informed of any such conflict. As a rule, contracts between the company (or group-related companies) and its directors, entered into either directly or through third parties, must be approved in advance by the board of directors (without any conflicting directors' vote) and are subject to prior validation by the relevant supervisory corporate body. In certain cases, shareholders are also prevented from voting on resolutions concerning matters where they have conflicting interests, as specified in the Portuguese Companies Code.

Conflicts of interest have been raised in business combinations – perhaps the most common situation before the Portuguese Securities Commission is conflicts of interest between large and small(er) shareholders.

9. Defensive Measures

9.1 Hostile Tender Offers

Hostile tender offers are permitted and have taken place in Portugal, especially in areas deemed more vulnerable, as has occurred in the banking sector.

9.2 Directors' Use of Defensive Measures

In accordance with the Portuguese Securities Code, during the period of the offer, and in respect of any offers for at least one third of the company's share capital, the target company's board of directors is required not to engage in the adoption of defensive measures that may impair the company's financial condition or hinder the offeror's goals, as disclosed in the offering documents.

However, certain measures may be allowed if they are adopted for the purpose of performing previously assumed obligations or attracting competing offers, or if such measures are approved by the target company's general meeting of shareholders held specifically for that purpose. The transposition of the Takeover Directive in Portugal included the adoption of a reciprocity provision, under which board neutrality is not required if the offeror is not a company that is subject to the same board neutrality rules or is not held by a company that is subject to such rules.

Some defensive measures may assume the form of control enhancement mechanisms (CEMs) designed to reduce contestability, and are enshrined in the company's articles of association and enacted prior to the launching of a takeover offer. It should be noted that the Portuguese Securities Code caters for the optional adoption of a breakthrough rule.

9.3 Common Defensive Measures

As discussed in **9.2 Directors' Use of Defensive Measures**, virtually no defensive measures are adopted during the offer period.

CEMs in existence prior to the launching of a takeover offer are usually enshrined in the target company's articles of association, and typically include:

- voting ceilings;
- deviations from the "one share, one vote" principle;
- super-qualified majority requirements;
- cross-shareholding arrangements;
- dual-class shares (ie, multiple voting shares up to a limit of five votes per share are admitted); and
- pyramidal structures.

Although many of these CEMs are not strictly forbidden under Portuguese corporate law, their use is strongly discouraged from a corporate governance perspective, and listed companies are required to disclose the existence of any such arrangements and to explain their non-compliance with corporate governance rules limiting their use.

9.4 Directors' Duties

Despite the limited room for defensive measures provided under Portuguese law, the management of the target company must exercise its duties without impairing the company's financial condition or hindering the offeror's goals, as disclosed in the offering documents.

9.5 Directors' Ability to "Just Say No"

The directors of the target company should prepare a report on the offer, to be disclosed to the market, stating their opinion on the merits of the offer, although their opinion is not binding on the target. The report contains information on the direction of the votes cast in the resolution of the board that approved the report, and mentions the existence or absence of potential conflicts of interest between directors and the offer recipients.

10. Litigation

10.1 Frequency of Litigation

Litigation is not common in Portugal in connection with M&A deals. If the parties involved in a transaction are unable to settle a dispute amicably, they tend to resort to arbitration to avoid the lengthier decision timings of common courts, and to some extent to ensure the confidentiality of the proceedings. However, due to rising arbitration costs, underlying transactional documents in smaller transactions are increasingly stipulating that any related disputes should be settled by the competent common courts.

Alternative dispute resolution methods such as mediation are not commonly used.

10.2 Stage of Deal

Although scarcely seen, litigation between parties involved in M&A transactions is often brought at a post-completion stage, in most instances concerning disputes regarding breaches of representations and warranties and the application of price adjustment mechanisms.

In addition, there have been some cases where minority shareholders have filed judicial proceedings seeking to prevent the completion of M&A transactions and/or challenging the validity of underlying acquisition agreements or procedures. Employee litigation related to M&A deals is also not common, although in asset deals some lawsuits have been brought by employees in connection with the automatic transfer of their employment to the entity acquiring the relevant undertaking.

10.3 "Broken-Deal" Disputes

So far, there have been no signs of major litigation driven by "broken deals" during 2025 or identifiable trends regarding material adverse effect or material adverse changes clauses.

11. Activism

11.1 Shareholder Activism

Portugal does not have a significant tradition of shareholder activism, perhaps explained by the fact that large-block shareholders control the majority of Portuguese listed companies, thereby decreasing the perceivable influence or prospects of a successful outcome of minority shareholder activism. Legal provisions awarding certain rights to minority shareholders (particularly regarding information and the appointment of members of the corporate bodies) also contribute to the lack of shareholder activism.

11.2 Aims of Activists

Although shareholder activism is not significant in Portugal, over the years there have been some cases where minority shareholders have attempted to pressure companies to enter into M&A transactions.

There were no signs of a significant increase in shareholder activism in 2025.

11.3 Interference With Completion

Although shareholder activism is not significant in Portugal, over the years there have been some cases where minority shareholders have struggled to stop or delay transactions. The most notorious example is Elliott's acquisition of EDP share capital and the attempt to frustrate the takeover offer from China Three Gorges.

In recent years, there has also been evidence of increased activism on the part of investor associations, such as ATM. The main issues raised by activists include the need to appoint an independent expert to set the minimum consideration in the context of certain mandatory bids and to assess the accuracy of the information included in the prospectus concerning dividend distribution in a post-combination scenario.

Activism in Portugal is sometimes followed by litigation attempts, including class actions, although this type of investor-driven initiative is more likely to be the exception than the rule.

Trends and Developments

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CS'Associados has a highly experienced, market-leading team that provides companies with expert support in growing their businesses through M&A transactions involving complex and sophisticated legal structures. The firm also assists national and multinational corporate clients across all industrial sectors with the legal challenges facing their businesses. This support includes advising on organisational, corporate governance and general corporate matters, as well as new investments and their regulation, particularly in connection with third-party association agreements, including partnerships, joint ventures and shareholder arrangements.

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The Portuguese M&A market in 2025 was marked by a period of adjustment and strategic repositioning rather than expansion. After initial expectations of recovery following the slowdown observed in 2024, deal activity throughout 2025 remained below market projections.

While this deceleration was not unique to Portugal and reflected broader European and global uncertainties, it clearly affected the local market, with fewer deals, more cautious investors and selective deal-making. At the same time, signs of stabilisation in the second half of the year and a strong pipeline for 2026 suggest that the Portuguese M&A market is entering a phase of strategic repositioning rather than decline.

Portugal continues to stand out as an attractive jurisdiction for international investors, supported by political stability, EU integration, a favourable business environment and the availability of high-quality assets across several key sectors. These factors ensured that cross-border investment and private capital remained central to the Portuguese M&A market throughout the past year.

M&A Activity in 2025

According to information reported by TTR Data, 2025 showed stable activity with strong growth in aggregate value, indicating fewer but larger transactions. The total transaction value in 2025 stood at EUR17.56 billion, marking a 28.15% increase compared to 2024, although with a 0.4% decrease in the total number of deals, recording 655 completed deals.

The third quarter was the standout quarter, with approximately EUR9.60 billion of the total value of transactions, driven by a few very large cross-border transactions. Most of the value came from inbound cross-border deals, accounting for EUR10.5 billion of the total value, corresponding to 59.86% of the deal activity by value.

One of the supersized deals was the acquisition of Novo Banco, Portugal’s fourth-largest bank, by BPCE, for EUR6.4 billion (this is still ongoing and is expected to be completed in April 2026). According to Mergermarket, the Novo Banco–BPCE deal is the biggest deal for Portugal on Mergermarket record in the last ten years in terms of equity valuations (the next highest deal was the acquisition of Portugal Telecom by French telco Altice, in November 2014, with an equity value of EUR5.4 billion).

Private equity remained a key driver of M&A activity in Portugal throughout 2025, accounting for EUR8.56 billion in deal value, corresponding to a 123.25% increase compared to 2024.

From a sectorial perspective, real estate led with 105 transactions, while internet, software and IT services had 79 deals.

Spain and France led in investments in Portugal with 59 and 35 deals respectively, while Portuguese companies mainly invested in Spain (47) and the United States (21).

Sectors and Industries

Real estate

Real estate remained one of the most active sectors for M&A in Portugal in 2025, continuing a trend observed over the past four years, accounting for 16% of the total number of deals. Both domestic and international investors maintained strong interest in commercial, residential, logistics and hospitality assets, particularly in Lisbon, Porto and key tourist regions.

At the end of 2025, the Portuguese government approved Law 73-B/2025 of 31 December, known as the “Major Options 2025–2029” (*Lei das Grandes Opções*2025-2029), which sets out four strategic pillars for the sector:

- increasing supply through the mobilisation of public assets;
- simplifying licensing and construction procedures;
- creating new urban centralities; and
- revising the urban lease regime.

In parallel, the anticipated revision of the “Urban Simplex Initiative” (*Simplex Urbanístico*) framework (as per government proposal no 48/XVII/1), including amendments to the legal regime governing urban planning and construction, is expected to streamline licensing procedures and reduce administrative timelines. Until the final approval of the new framework, the regime introduced by Decree-Law 10/2024 of 8 January remains applicable.

The reform agenda aims to strengthen landlord protections by reviewing urban leases, simplifying rent support, and promoting build-to-rent projects that focus on investment. These measures are expected to attract more institutional investors and accelerate the consolidation of professional rental markets.

Data centres are another key segment expected to attract continued investment. TTR Data reports that the sale of the Covilhã Data Centre by Altice Portugal to the Spanish fund Asterion for EUR120 million was one of the largest deals in 2025. This highlights the rise of data centres as a key real estate asset, showing how real estate, energy infrastructure and digital transformation intersect, making the sector strategically important in broader M&A strategies.

Technology (TMT)

According to TTR Data, the TMT sector remained consistently strong in the Portuguese market, with 12% of deals in 2025.

Portugal's growing innovation ecosystem continued to attract both strategic investors and private equity funds. Areas such as AI, cybersecurity, cloud solutions and data centres are expected to remain central to deal activity in the coming years.

Following the market adjustments set in motion in the previous year by the commercial launch of a new operator (DIGI), 2025 saw a series of significant transactions, including:

- the integration of NOWO into DIGI;
- the acquisition of Claranet by NOS; and
- the sale of MEO's Covilhã data centre to Asterion Industrial Partners, which together represented an estimated aggregate value of approximately EUR420 million.

On the media side, the year was marked by the entry of MFE-MediaForEurope into the Portuguese market through the acquisition of a strategic stake in Impresa.

The evolving geopolitical environment has also stimulated investment in defence-related technologies and strategic industries. Although Portugal remains a smaller market in this sector, the broader European focus on defence capabilities and technological autonomy may generate future transactional opportunities involving Portuguese companies (such as Tekever) or assets integrated into European value chains.

In terms of main regulatory developments, the focus was on cybersecurity, with the transposition of the NIS2 Directive through Decree-Law 125/2025 of 4 December, which entered into force on 3 April 2026, reinforcing cybersecurity compliance requirements for critical and essential entities.

In 2026, the European Union is expected to advance the legislative agenda set out under the "Digital Package", presented in November 2025, aimed at simplifying the EU digital regulatory framework and enhancing competitiveness. A central element of this package is the proposed Digital Omnibus Regulation, which seeks to streamline obligations across data governance, cybersecurity and artificial intelligence.

Energy and infrastructure

Energy transition and infrastructure investment remained central to M&A activity in Portugal throughout 2025, albeit with a decrease of 18% in deal activity.

In 2025, Portugal implemented major changes to its renewables market, notably removing the claw-back mechanism introduced in 2013. This mechanism involved financial compensation levied on electricity producers to address perceived distortions in the Iberian electricity market arising from differences in Portuguese and Spanish taxation. The claw-back mechanism faced significant scrutiny and opposition from market participants.

The major blackout in April 2025, which started in Spain and affected Portugal, resulted in the announcement of a comprehensive grid security and resilience package in July 2025. This response has expedited investments in energy storage and grid modernisation, establishing hybrid wind and solar projects integrated with battery energy storage systems (BESS) as a primary focus within the current investment pipeline.

In July 2025, the Portuguese government announced its intention to launch a competitive tender for up to 750 MVA of battery energy storage capacity, as part of a broader EUR400 million package aimed at strengthening grid resilience and system security. In March 2026, a battery energy storage capacity tender was launched, with a total funding of EUR80.25 million.

In 2026, the ongoing growth of data centres – especially large-scale and AI-focused ones – is anticipated to be a major factor influencing Portugal's electricity system.

Industrial sectors

Logistics, manufacturing and value-added industrial activities also gained relevance, as companies sought to strengthen supply chains and expand internationally. Traditional sectors linked to natural resources are also undergoing transformation, creating additional opportunities for strategic investment and consolidation. Examples include the sale of Secil, one of the leading Portuguese companies in the cement sector, to Spanish company Cementos Molins for EUR1.4 billion, and the sale of Frulact, a company in the processed and packaged food sector, to Nexture for EUR600 million.

Banking and finance

One of the most notable events of 2025 was the sale of Novo Banco, owned by US fund Lone Star and the Portuguese Resolution Fund, to French group BPCE, for EUR6.4 billion.

From a project finance perspective, 2025 was also marked by relevant projects for the country. In July 2025, the concession contract was signed for the construction and maintenance of the first section (Porto-Oiã) of the high-speed railway line connecting Lisbon and Porto, the two most important cities in the country, in approximately 1 hour and 15 minutes. This contract is part of the first phase of the project, which has a term of 30 years, and construction is expected to take place between 2026 and 2030.

The concession was awarded to the company Avan Norte – Gestão da Ferrovia de Alta Velocidade, established by the LusoLAV consortium, with the European Investment Bank having contracted a financing of EUR875 million with the company for the construction of the first section. This financing constitutes the first tranche of a total package of EUR3 billion, which was approved in 2024 to fund the implementation of the entire infrastructure.

Deal Trends

Increased complexity and preparation

Transactions in 2025 generally required more preparation and more sophisticated structuring than in previous years. Greater volatility and uncertainty led investors to adopt more rigorous risk assessment processes and to devote additional time to due diligence.

Valuation gaps between buyers and sellers frequently required the use of more flexible pricing mechanisms, including earn-outs and deferred consideration structures. At the same time, early identification and allocation of risks became increasingly critical to successful deal execution.

Regulatory complexity also continued to influence transaction timelines. In certain sectors (including infrastructure, energy, financial services and telecommunications), licensing requirements, merger control and foreign investment screening mechanisms may have a material impact on deal timing and feasibility.

Corporate governance, transparency and ESG considerations are becoming increasingly central to M&A decision-making. Investors are paying closer attention to compliance frameworks, sustainability practices and long-term risk management.

W&I insurance

In 2025, W&I underwent a degree of commoditisation, increasingly operating as an insurance-backed solution for warranties addressing unknown risks, particularly in competitive deal environments.

At the same time, the market witnessed a diversification and growing use of tailored indemnity insurance products designed to cover known contingencies. These solutions have been used primarily in tax-related risks, but also in other areas, such as litigation and intellectual property, albeit still at a relatively high-cost level when compared to traditional W&I coverage.

Foreign direct investment and the Foreign Subsidies Regulation

Notwithstanding the absence of significant amendments to the national screening regime, investors and advisers increasingly assess potential governmental scrutiny at an early stage of transaction planning, particularly where strategic assets or sensitive infrastructure are involved.

This reflects broader European developments rather than domestic enforcement trends. The EU focus on economic security has encouraged a more precautionary approach, making FDI analysis a standard component of regulatory due diligence in cross-border transactions.

In parallel, the EU Foreign Subsidies Regulation (FSR) began to play a more visible role in transactions involving non-EU investors benefiting from potential state-backed financing. Although its practical application in Portugal remains limited, the regulation has introduced an additional layer of analysis in larger transactions, particularly those involving infrastructure, energy and telecommunications assets. As a result, FSR clearance is progressively being incorporated into transaction documentation as an important condition precedent, alongside merger control and foreign investment approvals, contributing to longer timetables and reinforcing the need for early regulatory planning in complex M&A deals.

Governance Challenges

The growing interaction between regulatory frameworks – including cybersecurity, ESG and digital regulation – is likely to further shape transaction structuring and due diligence practices. As a result, successful transactions increasingly depend on early risk identification, multidisciplinary advisory co-ordination and careful execution planning.

ESG

In 2025, ESG due diligence continued to be regarded as an integral component of transaction assessment, rather than merely an ancillary exercise.

Across all phases – from due diligence and valuation to post-merger integration and regulatory compliance – ESG factors significantly influence the structuring and execution of deals. Standard M&A due diligence now involves a thorough review of environmental regulations, labour rights, workplace safety and anti-corruption requirements, which can materially impact deal valuation and terms, potentially influencing the decision to proceed.

Transaction documents specifically incorporate specific warranties and indemnities addressing ESG matters; in certain transactions, deferred payments or earn-out provisions are linked to the achievement of defined ESG objectives following acquisition.

Despite ongoing challenges related to inconsistent ESG data and metrics, companies demonstrating robust governance and sustainability are typically viewed more favourably by investors.

Cybersecurity

Portugal has adopted a new Legal Framework for Cybersecurity through Decree-Law 125/2025 of 4 December, which transposes the EU NIS2 Directive into national law, and entered into force on 3 April 2026.

The new framework considerably expands the scope of entities subject to cybersecurity obligations, classifying them mainly as essential entities, important entities and certain relevant public entities. Covered organisations must implement robust risk management systems, adopt technical and organisational security measures, and comply with stricter incident-reporting requirements. Governance responsibilities are reinforced, requiring senior management involvement and structured decision-making processes, while the supervisory powers of the National Cybersecurity Centre and sector regulators are increased.

The new regime represents a paradigm shift in Portuguese cybersecurity regulation, combining prevention, accountability and enforcement. Organisations must invest in planning, monitoring and internal cybersecurity governance to meet the new standards. The reform therefore marks a transition from reactive compliance toward proactive cyber-risk management.

AI

Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 (the AI Regulation) will be fully in force by August 2026, although some of the provisions already entered into force during 2025.

Although the AI Regulation primarily regulates developers and deployers of high-risk systems, it is expected to have an impact on infrastructure providers. Data centre operators and cloud service providers may face heightened contractual demands relating to availability, auditability, traceability and security.

The interaction between AI compliance, cybersecurity governance and data protection requirements is likely to increasingly influence contractual structures and operational standards, even where infrastructure operators are not directly regulated as AI system providers.

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