

SE **Business**

HD **Appetite for risk grows in mergers and acquisitions**

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NETWORK Ten and casino **group** Echo Entertainment head a list of companies ripe for takeover, according to research by Australia's biggest investment bank.

And the appetite for mergers and acquisitions is growing as **business** confidence recovers, the US economy improves and the number of bankruptcies slows, Macquarie **Group** says.

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The outlook comes as separate research reveals the value of buyout deals involving Australian companies so far this year tips the scale at \$US54.9 **billion** (\$59.5 **billion**).

That tally, for proposed and completed acquisitions, is more than double the sum for the same period last year.

The growing appetite is evident in the scale of offers received in recent months.

Last week Treasury **Wine** Estates, owner of Penfolds, rejected US private **equity group** Kohlberg Kravis Roberts's \$3 **billion** offer.

South Australian natural gas distributor Envestra is assessing **Hong Kong** investor and shareholder Cheung Kong Infrastructure's \$2.37 **billion** bid as well as fellow distributor APA **Group**'s \$2.1 **billion** offer.

Singapore oils trader Wilmar and **Hong Kong** investment **group** First Pacific have convinced the **board** of Australia's largest food products **company**, Goodman Fielder, to accept a \$1.37 **billion** bid.

Macquarie analysts say Whitehaven **Coal**, explosives and chemicals makers Orica and Incitec Pivot, telco M2 **Group** and wealth manager IOOF also make the grade.

In a note for investors, they say takeover targets typically have low price-to-earnings ratios, high dividend yields, low gearing levels and are out of favour with investors.

Ten last week announced it was axing breakfast show Wake Up and news bulletins to cut costs. About 150 jobs will go in the restructure under chief Hamish McLennan.

Echo has also undergone a period of upheaval, albeit in the boardroom, ahead of a push by rival Crown Resorts into its key Sydney market.

At Whitehaven, weaker **coal** prices and continuing protests at its Maules Creek mine in northwestern New South Wales have taken a toll.

CMC Markets chief strategist Michael McCarthy said the conservative approach to capital management after the GFC was gradually passing, as appetite for risk improves around the globe. "We're comparing this year to a very weak period. There was a flurry of deals done in 2008, but since then it's all been about repairing the balance sheet," he said.

CO chkinf : Cheung Kong Infrastructure Holdings Ltd | invest : Envestra Ltd. | kkr : KKR & Co. L.P. | mcqbnk : Macquarie Group Limited | trzwn : Treasury Wine Estates Ltd | hutwam : Hutchison Whampoa Limited

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