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HD **Boom year for M&As in 2014**

BY Sally Patten and Joyce Moullakis
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Surging share prices and a rise in business and consumer confidence are expected to **lead** to a sharp increase in global mergers and acquisitions this year.

Analysis of early-stage deals by transaction software **firm** Intralinks suggests that globally the number of mergers will rise between 10 per cent and 17 per cent in the first six months of 2014, led by deals in the property, telecommunications and **energy** sectors.

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Intralinks' forecast is in line with an earlier prediction by investment bank JPMorgan, which said it expected the value of mergers in 2014 would rise 10 per cent.

The forecasts will be welcomed by investment bankers who have suffered a drought of deals in the past 2 years.

"We are reasonably confident that 2013 will prove to be the bottom for **M**&A deal volumes and that 2014 will be the year of recovery for **M**&A markets both globally and especially in Europe, Middle East and Africa, North America and Asia Pacific," said Philip Whitchelo, Intralinks president of strategy and product marketing.

Australia bucked the global trend last year. Figures from research **firm** Dealogic show that announced deals involving Australian targets rose to $US86 **billion** in 2013, reflecting 1393 transactions, up from 1584 deals worth $US78 **billion** in 2012.

Local bankers are also optimistic that 2014 will be better.

"There are good reasons to think momentum will continue to build in 2014," a senior Australian banker, who declined to be named, said.

"Our **M**&A pipeline is much stronger than it was 12 months ago, both in terms of deals already announced and deals that will be announced in the first quarter if things fall into place."

In Australia, Mr Whitchelo said he expected mergers among real estate investment trusts would continue following the recent takeover of Commonwealth Property Office Fund, which has $4 **billion** of office buildings across Australia, by DEXUS and the Canada Pension Plan Investment Board.What's the dollar got to do with it?

By contrast, the Intralinks executive predicted deals in the metals and **mining** sectors would slow due to falling demand for commodities from **China**. The value of acquisitions of Australian companies by offshore entities fell 18 per cent last year, suggesting that this trend had already begun. Mr Whitchelo dismissed suggestions that the decline in the value of the Australian dollar would crimp local companies' appetite for offshore acquisitions.

"Foreign currency doesn't play a large part in transactions. Currencies go up and down all the time and they can be hedged. Companies will go where they think there will be demand for products and services and where there are attractive assets," said Mr Whitchelo.

Bankers in Australia expect infrastructure will also prove a ripe area for deals locally as the federal and state governments sell assets to raise money for new projects.

An Intralinks survey of nearly 2000 global merger and **acquisition** specialists found that 64 per cent were "optimistic" about the prospects for 2014.Nearly three-quarters said they expected merger activity to increase over the next six months. Respondents were least optimistic about the outlook for deal flow in Latin America.

Intralinks argued that renewed interest in the telecoms sector would be driven by deregulation. Activity is expected to be particularly strong in Europe.

Energy and power sector deals were being driven by high levels of foreign direct investment from developing economies, such as India and **China**, as these countries sought to secure global **energy** supplies.

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