

First-Half M&A Fall Sharply from Record 2011 Levels

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Worldwide chemical merger and acquisition activity has slipped 76% in first-half 2012, with \$9.6 billion in deals closed, according to Young & Partners (New York). The figures have fallen sharply from the record activity in 2011, when \$82 billion in deals was completed for the full year, according to Young & Partners data. The median level of activity for the past 10 years has been about \$40 billion, according to Young & Partners.

“The largest reason for the slowdown is uncertainty and the impact of the European crisis. It has caused people to stop doing things,” says Peter Young, president of Young and Partners. “M&A activity is also cyclical and not entirely tied to economic conditions.”

There were 35 deals valued at \$25 million or more that were completed in first-half 2012, a decline of 26% from the same period last year, Young says. There were only two deals of more than \$1 billion completed in the first half, compared with 17 for all of 2011, he adds.

Activity also fell sequentially in the second quarter, with \$3.6 billion in deals completed in first-half 2012 versus \$6 billion in first-quarter 2012, the firm says.

The backlog of announced deals that have not yet closed has fallen from \$34 billion at the end of June 2011 to only \$8.9 billion at the end of June 2012, according to Young & Partners.