

Interview Global chemical M&A up significantly in H1 2010 - banker

22 July 2010 17:00 [Source: ICIS news]

By **Joseph Chang**

NEW YORK (ICIS news)--Global chemical merger and acquisition (M&A) activity increased significantly in the first half of 2010, an investment banker said on Thursday.

"There are clear signs of a pick-up in chemical M&A volume with a thawing of credit, a stabilisation of economies around the world, increasing buyer confidence, more realistic price expectations by sellers, higher confidence in earnings and cash flow forecasts, and high cash balances," said Peter Young, president of chemicals and life sciences investment bank Young & Partners.

"We expect the M&A market to improve substantially in 2010 over 2009," he added.

Through the first half of 2010, \$29bn (€22.6bn) in deals over \$25m in size were completed, exceeding the full-year total of \$25bn for 2009, according to Young & Partners.

The number of deals per quarter had also trended higher since the trough of four deals in the first quarter of 2009, leading up to 17 transactions completed in the second quarter of 2010.

Deal valuations were also beginning to move out of trough levels in both commodity and specialty chemicals, noted Young.

"We are not firing on all cylinders and we are still well off peak levels of M&A activity, but we see encouraging signs of improvement," he said.

(\$1 = €0.78)