

Megadeals done, M&A volumes remain flat

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YOUNG: M&A volumes and activity remain healthy.

The absence of megadeals will keep overall headline values below recent record levels, but underlying activity remains healthy, says Peter Young, president of Young and Partners.

In the first half of 2019, \$22.3 billion worth of deals valued at more than \$25 million closed, up 13% compared with the same year-ago period. The number of deals completed in the first half was up slightly to 36 compared with 34 deals in the first half of 2018.

Full-year 2019 results are nearly certain to fall well below last year's record of \$157 billion in closed deals, which was inflated by megadeals such as Linde-Praxair, Monsanto-Bayer, and PotashCorp-Agrium. "We expect the M&A market going forward to end up at around \$45 billion for full-year 2019 with around 70–75 deals completed over \$25 million in value," Young says. Last year's figure excluding the megadeals would have been \$42.2 billion. "We're almost exactly on track with last year's figures excluding the megadeals and slightly higher in terms of the number of deals," Young says.

Asia remains the most active region. Asia and rest of world accounted for 52.8% of deals in the first half, Young says. The US accounted for 36.1% and Europe accounted for 11.1% of deals completed worldwide, according to Young.

Commodities were more active, accounting for 58.3% of deals compared with specialties at 41.7%. "Commodities typically account for half so it's an indication they have taken a bigger chunk of the market in the past six months," Young says.

Private equity's share of the market represented 13.9% of the number of acquisitions. "Private equity has slightly gained some share over the last six months," Young adds.