



# Megadeals Hit \$1 Trillion in Four Months

It drives hope that this might be the most active year for M&As since 2007

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The value of takeovers announced in 2014 hit the \$1 trillion mark Monday, reaching that level at the fastest pace in seven years.

That threshold was crossed after more than \$300 billion in purchases were announced by companies from Valeant Pharmaceuticals International to Alibaba Group Holding in April, data compiled by Bloomberg show. That total excludes another \$175 billion in proposals by Pfizer, Mylan and others that have been rebuffed or are still awaiting final agreements.

Chief executive officers, with more than \$4 trillion in cash on company balance sheets globally, have gone from being wary of making big deals to facing pressure to strike deals or be beat to opportunities by their major rivals, said Michael Shaoul at Marketfield Asset Management.

"Literally this past week we may have just entered an M&A boom," said Shaoul, who oversees more than \$20 billion as CEO of Marketfield in New York. "Management teams are starting to build this mentality that they're going to be a buyer or be bought. It puts pressure on everybody to think about who they could be buying."

If dealmaking continued at April's rate for the rest of the year, 2014 would see almost \$4 trillion of deals announced, making it the most active year for M&A since 2007, data compiled by Bloomberg show.

## Deals Continue

There are more to come this month. Merck & Co is close to picking the winner of an auction of its consumer-products business, while Alstom — the French maker of power plants and trains that has received offers for its energy business from both General Electric and Siemens — says it will make an announcement by Wednesday.

That the \$1 trillion figure was hit in April this year is owed largely to the drug industry, which has accounted for nearly one-third of April's deal announcements. Those companies could pressure rivals to strike their own takeovers or risk missing out as the industry recalls, said Mark Lubkeman, a senior partner at the Boston Consulting Group.

A three-way deal that will have Novartis, GlaxoSmithKline and Eli Lilly & Co swapping assets,

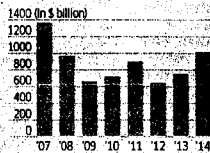
for example, will give other drug-makers the courage to think about creative ways to do M&A, he said. "There's a real imperative for management teams to think expansively about value-creation and to get busy."

Even the deals that aren't getting off the starting block highlight a change in thinking by chief executives whose confidence in economic growth has turned a corner.

Pfizer's proposal to acquire AstraZeneca for about \$98.7 billion, which was rejected by the British drugmaker, would rank



## Value of Global M&As



\*Deals announced till April 28.  
 SOURCE: Dealogic & Bloomberg

## The More M&As, the Merrier

Some of the big takeovers announced in 2014

BUYER	COMPANY BOUGHT	VALUE (\$ BN)
Comcast	Time Warner	45
Hoicim	Lafarge	40.6
Actavis	Forest Lab	25
Facebook	WhatsApp	19.4
Suntory	Beam	14

as the industry's biggest ever takeover.

Barrick Gold and Newmont Mining called off merger talks that might've led to the largest mining-industry transaction since Glencore and Xstrata merged in 2012, data compiled by Bloomberg show.

"Mega deals are opportunistic. Opportunistic deals are born out of confidence," said Richard Jeanneret, Americas vice chair of transaction advisory services at Ernst & Young.

"CEOs are starting to pull the trigger on bigger bets now that they are feeling more confident about the stability in Washington and the stronger US economy."

Bloomberg

M&A