

Friday, January 24, 2005

M&A deal flow forecast calls for sunny 2005

By Stephen Roth – Staff Writer

Three weeks into 2005, Kansas City already has seen four acquisitions totaling more than \$680 million.

Local deal-makers who are forecasting a yearlong flurry of mergers and acquisitions in the region aren't surprised. . . .

The past two weeks have borne out that assessment. Fuji Photo Film Co. Ltd. announced Jan. 19 that it will buy Sericol Inc., an ink manufacturer with 130 area employees, from Saratoga Partners for about \$230 million.

The day before, Sigma-Aldrich Corp. announced plans to buy Lenexa-based JRH Biosciences Inc. for \$370 million in cash.

"We bought the company because it's a vibrant and growing enterprise," said Mike Hogan, Sigma-Aldrich's chief administrative officer.

This on the heels of two other high-dollar deals: the Dec. 30 sale of Overland Park's Lighton Plaza office complex to Multi-Employer Property Trust for an estimated \$65.5 million and the purchase of Lenexa chemical blending company Midland Research Labs Inc. by Ecolab Inc. for at least \$16 million.

"They have some interesting technologies in the sugar-processing industry that we're happy to pick up," Ecolab spokesman Mike Monahan said.

The boom in M&A activity began last year, when area companies announced 104 deals totaling more than \$44.15 billion, more than seven times 2003's dollar volume, according to data collected by Christenberry Collet.

Nationally, companies last year completed nearly 10,000 deals totaling \$777 billion, the best year for M&A since 2000, according to research firm FactSet Mergerstat LLC.

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Deal volume has picked up in the past year for several reasons, experts said.

Corporate earnings are improving, interest rates are low, private equity firms must invest billions of dollars in uncommitted capital, and many companies are feeling the squeeze of industry consolidation.

"You've got the making for a comeback in the M&A market, and that's exactly what's happening," said Pat Trysla, managing director of Frontier Partners, a new M&A firm in Mission.