

It's All About Mergers And Acquisitions For Mining Industry, In Second Half Of 2015 – Literated Market Research

In the second half of 2015, the mining industry to largely focused on portfolio management and capital returns instead of exploring options for growth.

BANGALORE, INDIA, September 24, 2015 /EINPresswire.com/ -- Being an investment intensive industry, the mining industry often relies on mergers and acquisition (M&A) to raise capital. In the recent years with a focus on restructuring among the companies in the industry, there has been many mergers and acquisition with the primary aim of increasing capability, growth and overall worth to remain sustainable.

In the first half of 2015, the activities of M&A and capital raising activity have remained subdued as the industry largely focused on portfolio management and capital returns instead of exploring options for growth. With weak commodity prices putting pressure on margins the focus of the industry has been on earnings and debt serviceability as the sector continues to be cautious against countercyclical investment. Since the investors are increasingly looking for near term rewards, the mining companies are facing tougher scrutiny about their investment and funding decisions.

A sustained period of commodity price recovery appears to be required to really encourage increased M&A activities, even as some signs of industry participants starting to plan future development through acquisitions are being witnessed.

While the mining industry rides out near-term commodity price and demand uncertainty, the focus of the companies has been on simplifying their portfolios.

The M&A activities within the first half of 2015 show that the deal values were 30% lower than the same period in 2014 dropping to \$12.7b. The volume of deals, numbered at 170, were 43% less in the first half of 2015 compared to the same period last year. Most of the deals, more than 80%, had a value each of less than \$50 million, which is just 5% of the total value of M&A in the calendar years so far. On a quarter-on-quarter there was a slight increase of 2% in the deal volume, which stood at 86 while deal values increased by 13% quarter-on-quarter.

There is a prediction that there would be slight upward trend in the M&A activities for the rest of the year. Industry estimates are that there is an emergence of some strategic buying and consolidation in the mid and lower end of the market. The M&A activities in the mining sector are also expected to get a fillip as the companies that have successfully simplified their commodity focus or merged into larger operations is most likely to consider leveraging their new positions to buy distressed assets that will complement their portfolio.

Other players in the industry would consider engaging M&A to strengthen their position before the larger players return back and begin strong push to acquiring strong assets to generate growth.

For more research reports on Mining Industry visit

<https://literated.com/industry/Mining-Industry>

About Literated.com

Literated.com is a one stop market research and e-commerce platform catering to the needs of businesses and knowledge workers who are dependent on market research information for their work. Visit <https://literated.com> for more info.

Sachidanand Bhat
Literated
8971520970
email us here

This press release can be viewed online at: <http://www.einpresswire.com>

Disclaimer: If you have any questions regarding information in this press release please contact the company listed in the press release. Please do not contact EIN Presswire. We will be unable to assist you with your inquiry. EIN Presswire disclaims any content contained in these releases.

© 1995-2015 IPD Group, Inc. All Right Reserved.