

From almost every angle the Toll takeover bid had the hallmark of a bloody corporate battle, which may be interesting to watch from the sidelines, but not when you're caught in the middle of the crossfire.

According to industry analysts and observers, Toll's long-drawn-out bid and eventual takeover of Patrick may be seen as one of the best deals in corporate Australia. This is because all things considered the deal generated a certain level of volatility and market activity during the entire length of the deal. And when it was finally in the bag, Toll's share price has started to consolidate and settle near where it started before it launched the takeover.

"It (Toll takeover) was one of the best examples of a big company taking on another company – a strategic move that will deliver long-term benefits to investors," said Greg Canavan, senior securities analyst at Fat Prophets.

Damian Isbister, investment manager at Cube Financial agrees with Canavan when he said, "The Toll takeover must be one of the favourites given all the twists and turns along the way. It should be noted though that the proof is in the pudding. Since the acquisition TOL's share price has gone for strength to strength as the company extracts value from its new assets. The company has managed to maintain remarkable earnings per share growth of around 15%."



Most recently, after the dust in the Toll takeover has settled another flurry of takeovers and mergers & acquisitions has set in. For the past few weeks the level of takeover activities seems to be at record high for this time of the year. Some of the big names and high profile takeovers and mergers (some have just been sealed and others are still unfolding as we go to press) of late include: Coles, which is rumoured to be targeted by a consortium of private equity companies; OAMPS which received a friendly offer from Wesfarmers; MFS bid for S8 to create a major player in the holiday accommodation industry in Australasia; the AGL- Alinta merger; the OneSteel and Smorgon Steel merger; Allco Equity's failed bid for Baycorp and Wattyl.

While there's no question that mergers and acquisitions tend to generate more activity and a certain level of volatility in the markets, the question to be asked is how do these corporate fights

affect traders and investors. We asked several industry analysts and observers about their view and opinion.

**Trade Review (TR): What's the impact of mergers and acquisitions/takeovers in the overall market or in the companies involved?**

**Hamish McCathie (HM): Director, CFD Trading Pty Ltd:**

"The slightest hint of a takeover or merger is more than enough to give share prices a boost both in terms of the level of activity and sometimes volatility. This is obviously the case with Coles share price which has been trading around the \$13.80 - \$14.00 level since the word of a possible approach from potential buyers came out a few weeks ago."