

M&A on the Rise, Bracewell Finds, Despite Financing Squeeze

Media Mentions

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Energy Voice covered a recent Bracewell energy roundtable discussion, where partners **Adam Blythe** and **Jason Fox** spoke about a renewed interest in M&A despite facing bank lending issues.

Blythe said there has been a notable uptick in M&A activity this year. However, the deals are “proving more complex and harder than ever before. The most significant driver of this uptick is the attitude of majors and rebalancing of portfolios.”

The “main headwind” to financing, Fox said was ESG. Banks see increasing governance risks around corruption in emerging markets, intersecting with the broader environmental pressures assailing oil and gas.

Nigeria and Angola have reformed legislation in recent times and there is growing confidence that these steps will last.

“Investors have certainty now,” said Blythe. “There are lots of assets available, but completed deals are lagging.” Blythe added that there is a price gap between seller expectations and buyer financing, although deferred and contingent payments can help bridge the gap.

Fox said a shortage of capital meant that what cash is available will go to the best of the independents. “One criteria is where they stand on greenhouse gas emissions,” he said.

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