



**Brian D. Corbett**  
**Managing Partner**  
Direct 404-575-1991  
Mobile 404-307-9972  
Fax 404-575-1989  
bcorbett@ccgadv.com

## **Q4 2014 CCG Advisors M&A Update**

Below, we outline the major drivers and opportunities we see in the most active and lucrative deal market we have seen in our firm's 17 year history. Whether you are aware of it or not, deal volume, deal prices and all metrics are at their highest levels since before the Great Recession. Our goal is simply to make certain that you have the knowledge to make informed decisions about your company's future.

Our conversations with clients and potential sellers are clear; they want to make sure that they take advantage of the current market and avoid having to ride an entire cycle again before they can monetize their holdings. We believe that the smart money is on crafting a liquidity and/or exit strategy now and implementing within the next twelve to twenty-four months. Even the clowns in Washington can normally find a way not to kill a bull-run leading up to an election; after that all bets are off.

When talking to buyers and capital providers, we are finding that they have never been more anxious to put money to work and cannot find enough good companies to buy or invest in. To hear their frustration of not even getting a company visit after bidding higher multiples than they have in years is to hear opportunity.

While you may never find an investment banker who won't tell you it's a good time to sell some or all of your company; now might be one of those times that you ought to listen.

### **Strongest M&A Market since 2007**

- M&A volume in the first half of 2014 up 70% year over year
- Q2 alone saw over \$1 trillion in announced transactions
  - First time since 2007
- Approximately 20 transactions greater than \$10 billion
  - More than double all of last year

### **What's driving it?**

- **Strategic Buyers are back**
  - Finally using the large sums of cash on their balance sheets
  - Higher CEO and board level confidence
  - Supported by shareholders- they want to see growth
- **Money Cost and Availability**
  - Low Interest Rates (lowest in 40 years)

- Abundant debt for deals
  - Higher debt to ebitda multiples (6 year high)
- \$1 trillion overhang of private equity capital (largest ever recorded)
- Cash on strategic balance sheets

#### **Other supporting factors**

- Consolidation at the top
  - Smaller players need to revisit overall strategy, relative size, etc.
- Less opportunities for organic growth
- Less distraction from financial crises- Fiscal Cliff, Eurozone, etc.

#### **What does this mean to me as the owner of a privately held company?**

#### **In a word: Opportunity**

- **If you are a buyer**
  - Available cheap debt to fund acquisitions
  - Available private equity to fund acquisitions
  - Ability to capture growth beyond what can be done organically
- **If you are a seller**
  - Strategic buyers are highly acquisitive with lots of cash
    - Sell it all at peak value
  - **Private Equity buyers have more money than there are good deals**
    - Diversify net worth
    - Achieve liquidity
    - Monetize a portion of your equity (30-85%) at peak market valuations
  - **Multiples are back to and in some cases, higher than pre-recession levels**
    - Everything in life is cyclical- including your business and the multiples paid
    - Don't confuse your timing with market timing which has proved to be more important

Nothing lasts forever. We don't know when the current market will end, we just know that it will. What we also know is that fewer more business owners want to be on the wrong side of the door again when that happens. Please, let us know what we can do for you to ensure that you don't miss out on one of the best times in recent history to maximize and monetize the value of the company that you have worked so long and so hard to build. One more statistic: in 17 years we have not had even one client who closed a transaction live to regret it, while every client who got close and then did not close for whatever reason, always does...

Brian D. Corbett, Founder & Managing Partner