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The weathervane for M&A deals is boxing the compass to use a nautical expression. Usually this term applies to a sailing vessel becalmed with no wind to fill its sails and to an extent this may reflect the level of activity as measured, for example, by the volume or the quality of enquiries coming in. Certainly people are putting on a brave face but there is no escaping the fact that we are moving into a quiet time not only because of the approaching year end festivities (sic) but because of the dreadful news that assails us on a daily basis. Indeed there are some who reckon that year-end holidays should be taken early and for an even more protracted period than has now become the norm.

However the gyrations of the M&A compass are far more violent and confused than the image of a becalmed vessel might suggest. In the past month we have seen the re-emergence of buyers who, this summer, could not raise debt to finance acquisitions and who now can. Concurrently we have seen other deals precariously balanced between success and failure because funders, having seen 7-figure sums wiped off the value of their portfolios, have decided to sit things out until some measure of confidence returns. Another European buyer, having returned to the market, has had to withdraw for the second time for lack of debt funding capacity. Others are simply saying they will not acquire at present.

While this is happening with buyers we find that some vendors' aspirations have still to come down to earth whereas others with perfectly saleable opportunities cannot attract a whisper of interest. In effect, the mismatch as between opportunities and appropriate buyers is greater now than we have seen for a long time.

Last month we said that the signs of a massive inflation some two or three years down the road are there. The Chancellor's recent measures have merely made this now a racing certainty and as we pointed out, assets acquired now will be worth very substantially more in money terms by the end of this decade. Vendors who are concerned about a failure to sell at or near their current aspirations should consider the alternative; earlier this year, on two occasions, vendors talked themselves up to valuations which turned out to be unsustainable and naturally the deals collapsed owing to worries about the structure of the packages. Both are established and energetic entrepreneurial people and will no doubt enjoy the challenges that 2009 and 2010 will bring but nonetheless an opportunity was missed to channel their energies into new territories and to crystallise value for what had gone before. Thus although the outlook for M&A activity for the next 6 months is uncertain vendors who are considering a sale should speak to us now. Sensible deals are there to be done.

Both buyers and sellers should therefore be talking to brokers like Chesham as a matter of urgency. Even if we do not have the pleasure of speaking we would like to take the opportunity of thanking everyone who has worked with us over the past 12 months and to wish you all the best possible end to 2008 and, hopefully, a prosperous New Year.