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The past 12 months have been particularly newsworthy starting with the inauguration of the new American President and then seeing, over the ensuing months, stock-markets gradually recover. Recently we have seen France and Germany move back into growth and whilst there are still tremors and concerns about a “double-dip” recession, the general mood is still pretty confident despite the recent news on the Dubai inspired market turmoil. Thankfully the news broke on the eve of a religious holiday in the Gulf giving nerves time to steady. The consensus that appears to be crystallising is that local, relatively minor, situations can shake a global market that is emerging from a severe downturn. Fortunately commentators and analysts are concentrating their attention on the fundamentals of a situation rather than allow exaggerated concern to contaminate market sentiment. Thus although Dubai has given notice of default this may be considered a local matter. Even though the UK may be exposed, in its role as a leading financial centre, (to the tune of 50% of Dubai debt) the system here has plenty of experience of the sort of problems unsustainable debt situations bring and is able to address them. Dubai has, in the last 30 years, been transformed from a beautiful creek whose roots lay in trading with the Indian sub-continent and pearl fishing, into a modern non oil-based economy; this event is only a hiccup, not the end of the world. Canary Wharf, Centre Point even the Euro-Tunnel and other stupendous – for their time – projects have sometimes drifted onto the rocks and yet survived. Indeed it has been clear from conversations with Dubai-based companies that commercial activity, although jolted by the credit crunch and subsequent recession, is nonetheless continuing in an acceptable manner.

In the UK a debate appears to be gathering momentum on whether our economy really is still in recession or if we have turned the corner. Snippets of news and analysis on, for example, the increasing importance of the black economy on the one hand and the encouraging news that a number of extremely prominent PE Houses are in the first round of bidding for Matalan the private retailer on the other, show that there is activity in the UK market. Statistics, it is accepted, only show what has passed not what is happening today; there is scope for debate. We are busy with transactions in the service, engineering and IT sectors under discussion.

A weathervane or precursor of a downturn is the valuation people place on businesses. Over the years we have seen prices heat up to quite unsustainable levels in the months before a recession is announced and then come crashing down. Last year, for example, we were involved in the sale of a services company; our buyers visited, assessed and analysed the opportunity and offered what we believed to be a fair price; they failed however and another bought the business with a considerable “Strategic Premium” on what our buyers had offered; good news for the vendors but not, we believe such good news today for the buyers. Beware the man who assures you “This yacht is unsinkable” water will find a way!

In the exit to a downturn it is very often businesses considered counter-cyclical that attract the most attention and indeed this is the case today – we remarked on the interest shown by the large PE Houses in Matalan. At present we are being requested, despite the problems on the High Street to seek out consumer-facing businesses; it at this time that buyers will wish to prepare for the upturn. And to reassure those readers who fear that these buyers are bottom-fishers we can confirm these are not buyers seeking to pay unrealistically low prices to acquire businesses on the “cheap” this is not Chesham’s market. It is at times such as this where a well-established Merger-Broker such as Chesham can add value to the process. People or larger organisations will always need to sell their businesses at some time or another; fresh owners will always believe they have better ideas than the exiting owners, especially in times like this. You only sell your business once so please do contact us for an informal and confidential conversation.

We present to all those people who have worked with us over the year the compliments of the season.