



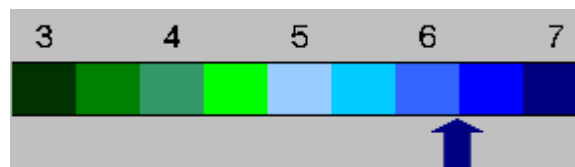
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The United Kingdom is pre-election mode; unhappily the polls suggest the result is too close to call; there is therefore a considerable degree of uncertainty surrounding the tenor of post-election commercial life. Nonetheless M&A has been far more active in this first quarter than during the last few years. This is not, we believe, a matter of attempting to close deals before an apocalypse; everyone understands, or should understand, that deals take a minimum of 3 months to complete! This is simply that the pendulum is now swinging, Europe permitting, toward more normal times.

European politics are worrying on two fronts. The Greek situation remains unresolved ensuring continuing uncertainty about the Union. Greece's coffers are believed to be close to empty, with 15.5bn€ in debts coming due during August. Curiously enough the politics of the new government in Greece are a minor issue when speaking to others who are also enduring austerity imposed by Northern Europe. Sentiment in these countries is one of grudging admiration for Greece which is standing up against the severe austerity meted out by the IMF and Europe. The emergence of peripheral parties across Europe is an indicator of voter-fatigue; we have lost control of our political classes; a quinquennial opportunity to vote changes nothing much and as for the Statute Book and associated "Red Tape" it continues to grow, "larger than empires and more slow". Meanwhile at home the spectre of an In-or-Out referendum adds a depressingly insular component to political debate. It would however be a disappointment if the aspirations of the European Union's founding fathers (which included Winston Churchill) were dashed. Europe and the common currency are so useful and convenient for everyone that efforts ought to be directed at improving the mechanisms.

This first quarter has seen us working on an eclectic range of opportunities. Furniture manufacture, Business outsourcing and IT services, Distribution, Manufacturing, Services and others besides. Whatever the colour or the composition of the next Government time is slipping by and sensible owners will start planning for a time where their companies no longer need them. There always has to be an element of altruism in these decisions; of course founder-owners can continue until they reach their eighties or indeed beyond but the simple fact of the matter is that time is not on our side. There is a burden of responsibility on owners to focus on the future of the men and women under their employment. When someone starts a business one's obligations and duties stretch beyond mere personal goals particularly as the business and the number of people who depend on it grows.

Whereas a cautious buyer might last year have paid on the basis of a 5 multiple, one sees for larger companies generating in excess of £3.5m, a multiple of 6 or a shade higher being proposed; smaller businesses are however still priced on a range from 5-5.5. At least the banks are starting to lend!



If you are seriously considering a sale of your business during this period it is important you speak to an experienced and knowledgeable broker; companies are not sold on a push-button basis, so talk to Chesham because you only sell your business once!