

M&A Survey Shows 2011

December 6, 2010

As a member of ACG (Association for Corporate Growth), we have access to this recent survey. If you have any questions, please feel free to contact **Chris Crawford** @ Crawford@ClearPathBA.com or **925-209-3045**.

Survey Summary:

The latest survey results, released today by the Association for Corporate Growth® (ACG) in conjunction with Thomson Reuters, reveal increased confidence that the economy as a whole will continue to rebound, and the environment for mergers and acquisitions will improve.

- The October survey reflects responses from 473 investment bankers, private equity professionals, corporate development officers, lawyers, accountants and business consultants in March and April 2010. Despite the recent economic downturn, only 16 percent of respondents stated that they were modifying their current investment strategy. However, 31 percent responded that uncertainty around taxation levels has influenced their investment strategy.
- Despite the recent economic downturn, only 16 percent of respondents stated that they were modifying their current investment strategy. However, 31 percent responded that uncertainty around taxation levels has influenced their investment strategy.
- The most recent survey reports that 61 percent of California-based dealmakers expect an increase in M&A activity in the next six months—eight percent see a significant increase and 53 percent are calling for moderate increase.
- For the first time, the DealMakers survey asked respondents for their long-term prognostication on the economy. In the next 24 months 66 percent of California-based respondents believe that the economy will improve, with the number increasing to 78 percent when asked about the next 36 months. Only three percent believe the economy will get worse in the next 24 months, with that number disappearing to 0 percent regarding the next 36 months.
- Seventy-four percent of California-based survey respondents identified the current environment as a buyer's market. Confidence continues to grow in strategic investments, as 94 percent of respondents expect strategic investments to accelerate in 2011.
- "In the Bay Area, we are seeing pent-up demand on both sides of M&A", said Bart Penfold, President of the San Francisco Chapter of ACG. "Middle market companies that have been preserving capital now appear more focused on revenue growth with a greater appetite for M&A. Private Equity firms, with sizable amounts of un-invested committed capital, are finding greater access to debt financing which should spawn an increase in transaction flow in 2011."

Dealmakers expect the following sectors to experience the most merger activity in the first half of 2011:

- Healthcare/Life Sciences (23 percent)
- Industrial Manufacturing and Distribution (20 percent)
- Technology (17 percent)

They expect the following sectors to experience the most organic growth:

- Technology (39 percent)
- Healthcare/Life Sciences (28 percent)
- Education (8 percent)
- Energy (8 percent)

They say the best strategies for portfolio company success are:

- Focus more on marketing (45 percent)
- Cut costs (41 percent)
- Stick with the original strategy (37 percent)
- Hire business development professionals (27 percent)

Portfolio companies are showing signs of significant improvement. Ninety four percent (an increase of 20 percentage points) are performing above their prior year Ebitda, while 6 percent are performing below last year's Ebitda.

[Click here for complete details on the survey.](#)

For further information please contact **Chris Crawford @ Crawford@ClearPathBA.com** or **925-209-3045**.