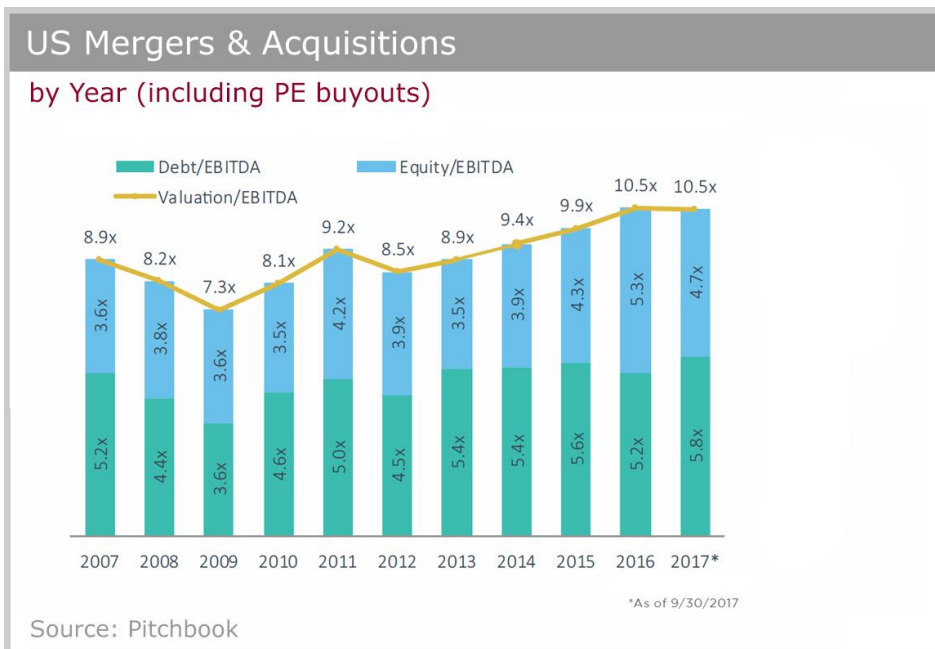




When it comes time for a private middle-market company owner to sell his/her business, two questions usually jump to the top of the list: how much is my business worth; and will someone buy it at or near that price?

So often, we see owners sitting on the fence waiting for the perfect combination of answers to those two questions hoping to time it just right. History, momentum, market and economic trends and the credit markets usually provide the impetus for a business owner to finally jump into the marketplace.



The mergers and acquisitions market hit bottom in 2009 with tight credit markets and funding challenges. In 2010, the credit markets began to improve and, by the following year, valuations began to creep upward while uncertainties remained. By 2013, valuations began to climb as smaller size deals became part of an investment strategy to minimize risk. From 2013 until the present, we have seen improving lending markets and, as competition increased for better performing companies, valuations began to rise steadily on all sized transactions.

2017 was an interesting year. Deal volume was soft though deal values were high amid a climate of continued uncertainty. The U.S. economy posted its best growth in three years, yet uncertainties with tax reform and domestic and global politics remained. Pitchbook, a database of private equity transactions, forecasts strong M&A activity for 2018 highlighted by continued elevation of purchase price multiples. With a growing number of investor types (e.g. pension funds, family offices, sovereign wealth funds) all seeking the same goal, a best in class company, activity and prices should remain strong in the coming year.

Other Pitchbook predictions include continued investment in technology, specifically software related businesses; and a rise in niche fundraising for dedicated industry specific funds and investments.

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**NOTICE:**

Published multiples should only be used as a general guide to market conditions. Many factors will cause multiples to vary for a particular company including; industry, size, customer concentrations, management, brand and various other characteristics. Talk with your CFA representative for guidance. Information provided by Pitchbook may not be used or re-published in any form without written permission of Pitchbook or Corporate Finance Associates.

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