

JANAS

NEWSLETTER

September 28, 2015

**UP GO
INTEREST RATES !**

**DOWN GO
BUSINESS VALUATIONS !**

The window for maximizing the sale price of companies is starting to close.

The M&A market for middle market companies came back strong in 2013 and achieved record levels in 2014. However, a recent conversation with a managing director of a decades old private equity fund confirmed that the pistol-hot M&A market is starting to cool.

Recent statistics show that the number of middle market companies bought by private equity are down, and while valuations remain strong, historically, it is just a matter of time before valuations decline as well.

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If you were thinking of selling your company in the next few years, Janas' advice is to act now, or risk missing out on the end of a exceptionally strong M&A market.

Prices in some sectors - *Food Processing and Beverage Companies* and *Aerospace companies* among others - remain strong. And despite some softening in values, companies continue to be sold at the same valuations seen before the Great Recession.

Smart business owners are taking advantage of this market, with Private Equity firms selling off businesses at record levels. Even small business owners are taking advantage with small businesses listed for sale at a six year high and prices up 12% from last year, according to BizBuySell.

But the storm clouds are on the horizon.

- The Federal Reserve Board appears to be closer to increasing interest rates than at any time in recent years. Buyers who have to pay more in interest have less money to spend on acquiring your business.
- Asian economies are slowing and Europe is not growing at all. "Fortress USA" will start to see some weakening of our economy as our exports slow.
- An already divided Congress is showing signs of divisions within the Republican Party, promising more deadlock and uncertainty.

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M&A activity requires confidence in the future combined with low interest rates. For the time being, the economy is steady and capital is plentiful.

If your company or your client plans to retire based on the sale of his or her company, the market is strong, but for how long?

Janas Associates, Investment Bankers, and Janas Consulting, Management Consultants are recruiting new professionals to support growth of the Firm.

JANAS is an Investment Bank and Management Consulting firm focused on the middle market. Our professionals have personal experience in many industries and as former practicing professionals. We *"Put ourselves in the shoes of our clients."*

JANAS HELPS BUSINESS OWNERS ENHANCE THE VALUE OF THEIR COMPANIES THROUGH OPERATIONAL AND STRATEGIC PLANNING.

JANAS HELPS BUSINESS OWNERS MAXIMIZE PRICING AND BENEFITS.

Historic results are not an assurance of similar results in the future.

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