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## 2014 Q2 Market Pulse Report

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INTERNATIONAL BUSINESS BROKERS ASSOCIATION | M&A SOURCE | PEPPERDINE PRIVATE CAPITAL MARKETS PROJECT

# MARKET PULSE

QUARTERLY SURVEY REPORT

SECOND QUARTER 2014

**IBBA** INTERNATIONAL  
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PEPPERDINE  
UNIVERSITY  
Graziadio School of  
Business and Management

PEPPERDINE  
**PRIVATE CAPITAL  
MARKETS PROJECT**  
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## MARKET PULSE SURVEY REPORT SECOND QUARTER 2014

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### INTERNATIONAL BUSINESS BROKERS ASSOCIATION

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## KEY FINDINGS

Investors' confidence in the U.S. economy has improved significantly over the past few months, with more than 20% of investors reporting that they are more confident in the U.S. economy than they were a few months ago.

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Lower interest rates and a more stable economic environment have led to a resurgence in investor confidence. This is reflected in the fact that more than 20% of investors now report that they are more confident in the U.S. economy than they were a few months ago.

B

OMs' views

Investors' confidence in the U.S. economy has improved significantly over the past few months, with more than 20% of investors reporting that they are more confident in the U.S. economy than they were a few months ago.



Research shows that investors' confidence in the U.S. economy has improved significantly over the past few months, with more than 20% of investors reporting that they are more confident in the U.S. economy than they were a few months ago.

Figure 3: Mean Index of New Clients by Deal Size

	Q2 2014	Q1 2014
D&S3T	66	65
S&S3T0&4WW	68	51
4WW0&5WW	69	58
5WW0&8WW	68	51
8WW0&83WW	66	59

Investors' confidence in the U.S. economy has improved significantly over the past few months, with more than 20% of investors reporting that they are more confident in the U.S. economy than they were a few months ago.

**BUYER VS. SELLER MARKET**

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8833T084WW	86'	7<'
84WW085WW	85'	7@
85WW088WW	7A'	84'
88WW0883WW	64'	9A'

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**TOP 3 SELLER MISTAKES**

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W " s @ w % 6	M w l " y e s w	M w l " y e s w

*The greater the emotional attachment, the more likely sellers are to hang on too long when the business would truly be better served by someone with more energy, new ideas, or additional resources.*

- Dora Lanza

**VALUATION MULTIPLES**

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&4WW0&5WW	6 H +eMN,	6 H +eMN,	5 B +eMN,
&5WW0&8WW	7 B +NKF MI ,	7 K +NKF MI ,	7 B +NKF MI ,
&8WW0&83WW	8 T +NKF MI ,	7 B +NKF MI ,	8 B +NKF MI ,

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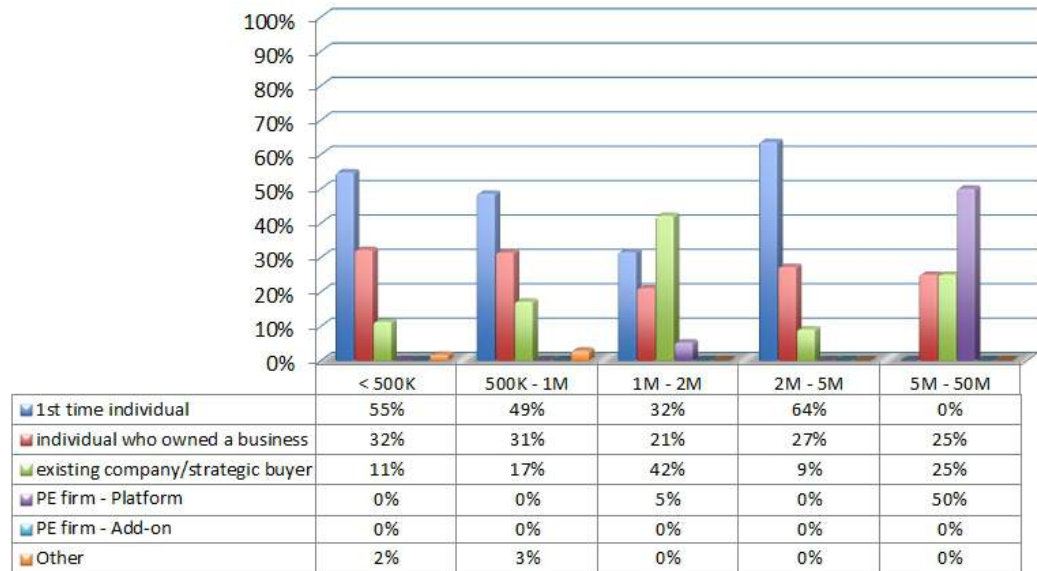
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## BUYER TYPES

Overall, 55% of deals were bought by first-time individuals, down from 64% in 2013. The percentage of deals bought by individuals who owned a business rose from 27% to 32%. Existing company/strategic buyers bought 11% of deals, up from 9% in 2013. PE firms bought 50% of deals in the 5M-50M range, up from 25% in 2013.

i 8Se



## HOT INDUSTRIES

Software was the most popular industry for buyers, accounting for 18% of deals, up from 15% in 2013. The percentage of deals bought in the technology industry rose from 15% to 18%. The percentage of deals bought in the healthcare industry rose from 15% to 18%. The percentage of deals bought in the financial services industry rose from 15% to 18%.

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85WW0&8WW	M" t " +5<' ,	Ws xsu " y +5<' ,
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8833T084WW	8	8
84WW085WW	9	9
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**Sellers don't  
 have to hold  
 as much  
 paper in the  
 deal post-close.**

**- Steve Wain**

## DEAL STRUCTURE

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D8833T	46'	0	4'	47'	8'	4'
8833T084WW	4@	6'	5'	48'	<'	4'
84WW085WW	A'	4'	0	5<'	5'	0
85WW088WW	43'	4'	6'	44'	5'	0
88WW.	0	5<'	8'	44'	43'	6'



**SECOND TIME TO MARKET AND UNSOLICITED OFFERS**

**Unfortunately, many business owners don't understand the negative repercussions that can occur when you try to sell your business on your own**

**0 Craig R. Everett**

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**Like many industries, you get what you pay for.**

**- Scott Bushkie**

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