

Buyers reveal acquisition criteria to First Mergers Group...

Corporate buyers and private equity groups have provided First Mergers with their acquisition criteria. Of specific interest are the following business & service sectors.

- Industrial Services
 - Utility & industrial plant maintenance including shutdown /turnaround.
 - Oil services and construction companies especially those working in North America's Bakken Shale Formation.
 - EPC (Engineering, Procurement and Construction contractors)
- Manufacturers of industrial pumps and valves
- Manufacturers of switchgears and transformers
- Turbine Repair
- Energy Retrofit and Controls
- Facilities Operation and Maintenance
- HVAC/Mechanical Contractors
- **Companies who have prospered through the economic downturn**

Maximize the value of your business...

Companies who have prospered through the recent economic downturn are desirable acquisition candidates for strategic and financial buyers. Several characteristics beyond profitability can impact the value of an enterprise. Owners of privately held companies who are positioning for a future sale or merger have an opportunity to maximize their value by focusing on operating, financial and market aspects of the business.

Value Drivers

1. **Management Team.** A management team of seasoned professionals with a history of performance that desires to continue to run the business. When the owners are interested in taking chips off the table but continuing with an equity stake is looked upon favorably.
2. **Customers.** Significant customer concentration can be a road block. Customer diversity with no one customer accounting for more than 5%-10% of a seller's revenue, it's a positive factor.
3. **Contracts.** Maintenance contracts and service agreements are future revenue streams buyers like to see, as are sole-source agreements and minimum-purchase-level contracts. Contracts that are unrestricted and longer in duration are of greatest value.
4. **State-of-the-Art Accounting and Business Systems.** Strong systems that track, analyze, and report financial and operating metrics boost seller credibility. A lack of systems will factor into the negotiated price.
5. **Barriers to Entry.** The market rewards proprietary products, unique operating processes, or value-added services over commodity-like alternatives. These plus high-end skill sets are key differentiators and demonstrate a competitive advantage and create barriers to entry.
6. **Brand Equity.** Recognizable brand equity and first in market position can positively impact value.
7. **Professional financial statements.** Reviewed or audited financial statements reduce perceived risk.



More News...

- Recent acquisition news and substantial increases in public company earnings multiples have signaled an M&A recovery. This combined with recent offerings and closed transactions by First Mergers Group, confirms our view that the outlook for M&A activity for companies who have prospered through the economic downturn and possess the above characteristics will demand premium valuations in the marketplace.
- First Mergers Celebrates 15th Year. This milestone is substantial and testimony to our unique business model, especially since we have weathered two of the worst economic cycles in American history--the dot-com crash in 2001-2002 and the 2008 Financial Crisis that led to a more than three-year recession.

1-800-538-0415

www.firstmergers.com