

## When is the right time to sell your business?

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If you own a company and wish to sell it sometime in the future, perhaps now is a good time to start thinking about a sale.

There are two main factors which determine when the time is right to sell your business:

1. Is the company ready to be sold or is there room for further value creation?
2. Are market conditions optimal for a sales process?



The first question can only be answered after a closer look at the business model, the financials, the market for its products and services, the organization etc.

The second question can be answered by analyzing some of the factors which drive up the prices on businesses in the market for mergers and acquisitions. These factors all relate to the general economic conditions and the sentiment among decision makers.

Right now, these factors point in the direction of optimal market conditions for mergers and acquisitions. In other words: Now is a good time to consider selling your company.

1. Publicly traded companies trade at very high prices on the stock exchanges, which drive up the general price level of companies. In some sectors, e.g. software and healthcare, price levels are at an all-time high

Average share price on European stock exchanges (EV/EBITDA):



Source: Bloomberg

2. Abundant liquidity and favourable financing terms make it easy for buyers to obtain attractive financing, which is particularly relevant for private equity firms, thereby driving up the price of companies

Leverage multiples in Europe (debt/EBITDA):



Source: S&P LCD and ATRIUM Partners research

3. Many private equity firms have raised new capital and new firms have entered the market. This has resulted in an all-time high capital base, which drives up demand for new investment opportunities
4. There is general optimism among decision makers in companies that may consider acquiring another company, evidenced by the CEO Confidence Index

In 2015, a number of transactions have been completed in the Danish market at very attractive prices. We do not expect the favourable market conditions to change in 2016:

- Interest rates in Europe will remain low and capital will be available
- Share prices may not grow at the same rates, but will most likely remain strong

ATRIUM Partners completed its fair share of the deals in 2015 including the following\*:

- The sale of CDRator to Enghouse Systems, Canada
- The sale of PCH Engineering to the PE firm Erhvervsinvest
- The sale of Knudsen Kølning to Italian Epta
- The sale of Trackunit to the PE firms Goldman Sachs and GRO Capital
- The acquisition of InterDyn BMI in the U.S. for Columbus
- The sale of Daloon to Dutch Izico
- The sale of AM3D to Chinese Goertek

We look forward to continuing the strong momentum in 2016 and to deliver value-adding advice to our clients.

\*Click on the link to read more