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Perhaps the banker's view of an increase in deals is reflected in the chart plotting the ratio of all equity funded buy-outs to all buy-outs. This showed a sharp drop from 50% in the second quarter 2009 to 30% in the third quarter – demonstrating that equity providers are no longer being left to carry the day alone, but are now getting significantly more support from banks.

The survey of future expectations seems also to reflect optimism – at least in the short term:

- 45% of respondents think that larger buyout activity is on the increase, compared with just 21% last quarter;
- the corresponding figures for smaller buyouts rose to 83%, from 75%;
- and there is more optimism this quarter than last that entry prices have fallen far enough to reflect economic conditions – and therefore trigger deal activity.

But large majorities of those surveyed also believe that institutional funding for the private equity community itself will remain low and that the dawn we are seeing is false. And there is an interesting footnote to this quarter's survey that is not recorded in the charts: it had more respondents than we have ever seen since we started doing the surveys some years ago. Perhaps this indicates that the private equity community is mellowing or, as the cynics would say, that there are a lot of people without enough to do! If the latter, what does that say about a dawn?

Our view, though, is that the trend in completed deals supports market opinion that a deal-making dawn is breaking. The question is whether the pessimistic 77% are right about it being a false dawn. That is another story that will only be told by the results for the fourth quarter...

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