**Quick Soundbites**  
**May 8, 2012**

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**Blog: Buffett Rule Fails But Spurs Deal Activity**

Tom Bonney compares the current pending tax hike to 2010's tax-hike threats: **many funds are looking to sell their portfolio companies to avoid a 15% or more jump in taxes**, which could affect their EBITDA numbers.

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**CMF Conversations: Back on Track**

At the end of April, we attended the national mergers & acquisitions conference, ACG InterGrowth, in Dallas - what a difference between this year's event and the same conference in 2009 in Las Vegas. If 2009 represented a clear sign that we were spiraling downward into a long, hard slog, **the optimism surrounding the event this year indicates that middle-market M&A is back on track**: private equity investors seem to have not only redefined their investment theses, but also revised the value creation machines to drive these theses, and have arisen with executive confidence that they can generate superior returns for their investors.

The challenges of 2009 were oriented around survival and cost control. For 2012, the challenges appear to be oriented around **too much money continuing to chase too few deals, strategic investors and aggressive financial investors pushing up valuations, and ongoing issues in recruiting and retaining executive talent that has the comprehensive skill set to compete in an increasingly complex, time-sensitive, global marketplace.**

For the second year in a row, we surveyed private equity investors and found that EBITDA multiples in the middle-market are, on average, consistent with the prior year, deals are closing quicker, and the average rate of organic sales growth in the existing portfolio is expected to increase at a slower, but nevertheless respectable, 5-10%.

Expect a buoyant M&A market for the balance of 2012, but it is anyone's guess for 2013 given the political, regulatory, and tax-related uncertainties associated with the upcoming election.

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**Lack of Industrial Growth Might Not Imply Slowdown**

Although there is a lack of monthly industrial production growth in 2012, the year-over-year growth is significant, claims Managing Director Tom Bonney, and Europe's woes are providing a "**nice counterbalance to commodity inflation.**"

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