

M&A, Financing and Liquidity, Brent Grover

VIDEO: <https://vimeo.com/502255962/171cb41c4a>

I. Brief overview

- NAW audience is primarily strategic buyers and a sprinkling of possible sellers.
- Manufacturing capacity still < 75%; product pricing expectations flat
- Privately owned distros down 12% from l/y; expect 6% growth in '21.
- Sentiments improving
- COVID windfall for some distributors
- Flush with cash (including PPP funds)
- Pandemic disrupted M&A activity
- PE activity way down
- Valuations on small deals one turn lower
- Valuations on large deals not affected.
- Leverage aggressive for some buyers.
- Finders for buyers
- Quality of earnings – sellers
- Reps & warranties insurance more common

Topics discussion:

- Did prospective sellers miss the boat by not selling before 2020?
- Will 2021 be a good time for buyers to find good deals?
- Are prospective federal tax changes going to pressure sellers in 2021?
- Are state income taxes affecting seller thinking?
- Rank the risks: Inflation, geopolitical, stock prices, vaccine rollout.
- How do you value a business with little or no profits?
- Is it good or bad for a seller to have an asking price?