

ACCESS VALUE

- BUSINESS VALUATION CONSULTING
- FINANCIAL ADVISORY SERVICES

SPRING 2010

Greetings Clients and Professional Colleagues,

Welcome to our Access Value newsletter – providing valuation insights to business owners, investors, and their legal, tax, and audit advisors. Our first edition of Access Value provides our readers with insights to: The Access Group's recent engagements, transaction trending in the micro-cap and small business markets, news and events involving our valuation experts.

While transaction volume declined in 2009, by comparison to 2008, the troubled economy continued to drive valuation needs in the private and closely held business arena. The top three valuation purposes of engagements at The Access Group in 2009 included:

- **Financial Reporting** – SFAS 141 & 142 Purchase Price Allocations and Goodwill Impairment Testing, for portfolio companies of private equity groups (PEG's) and hedge funds.
- **Non-Profit/For-Profit Transactions** – Purchase/Sale Price Development and Fairness Opinions, for joint venture breakups and private company owners selling to PEG and public company suitors, or repurchasing outstanding stock.
- **Estate Planning/Settlement** – Fair Market Value opinions, in an economic climate applying downward pressure on values, i.e. declining revenue, exceptionally low profitability, smaller pools of capable buyers, and constrained access to transaction financing.

Transaction trending in the micro-cap and small business markets was down across all measures from 2008 to 2009. Deal volume decreased 50 percent, revenue and EBITDA multiples decreased 52 percent and 13 percent, respectively.

In the News

Carolyn Armbrust, MBA, AIBA, ASA has been appointed to the board of the *Estate Planning Council (EPC) of Lower Fairfield County (LFC)*, Connecticut. Ms. Armbrust joined the *EPC LFC 2009-2010* board of directors as Secretary. The *EPC LFC* chapter is one of six in the state of Connecticut, and is an affiliate of the National Association of Estate Planners & Councils.

EPC LFC's 100 professional members, including estate & trust attorneys, accountants, trust officers, financial planners, appraisers, provide estate planning advice to private clients, business owners, and other individuals. Visit www.councils.naepc.org for further details.

The Connecticut members of the *American Society of Appraisers (ASA)* have elected **Carolyn Armbrust** to the position of Chapter President for the State of Connecticut. This is Ms. Armbrust's second term as President, and she previously served as Treasurer of the 75-member ASA CT Chapter.

ASA is the largest, multi-discipline professional appraisal organization, with over 5,000 members in the fields of business valuation, machinery & equipment, personal property, and gems & jewelry. Visit www.appraisers.org for information on the ASA, or contact Ms. Armbrust at (203) 226-3064 or c.armbrust@accessvalue.com to answer your business valuation questions.

	2008	2009	Change
Transactions #			
\$250-\$500 M	8	4	-50%
\$100-\$249 M	30	9	-70%
\$50-\$99 M	35	10	-71%
\$1-\$49	470	246	-48%
Total	543	269	-50%
Average \$			
Revenue	\$23.8	\$18.6	-22%
EBITDA	\$3.5	\$1.6	-54%
Purchase Price	\$38.7	\$16.8	-57%
Average Multiple			
Price/Revenue	1.76	0.85	-52%
Price/EBITDA	7.54	6.53	-13%

Source: Pratt's Stats, excluding outliers and EBITDA losses.

Upcoming Events

Visit the *ASA Connecticut* booth at the Connecticut Bar Association Annual Meeting:

8:00 AM – 5:00 PM • Monday, June 14, 2010
Connecticut Convention Center
Hartford, Connecticut

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