

TRANSACTION UPDATE

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2010

Beacon Brokerage is a business intermediary and advisory services firm working with small to medium-size enterprises assisting clients in the entire value chain of the business acquisition process - from accurate valuation and confidential marketing to successful deal closing.

Our goal is to offer small to medium-size family owned enterprises the quality of M&A services reserved for large organizations.

As a valued partner of Beacon, please use the attached information as a point of relevant business transaction data, and feel free to share with interested parties.

Also, find what we have in store for you for 2011!



In 2010 these are some of the transactions completed as an exclusive agent:



Printing Supplies Business

•Scarborough, Ontario



Management Consulting Company

•Toronto, Ontario



Chemical Cleaning Products Manufacturer

•Scarborough, Ontario



Shelving Installation Business

•Etobicoke, Ontario



Landmark Delicatessen Business

•North York, Ontario



Children's Transportation Company

•Vaughan, Ontario

Despite a challenging macroeconomic environment and rigid credit market conditions, the average transactional parameters of our 2010 deals were as follows*:

Average Selling Price (as % of Asking Price):	93%
Average Selling Price/Revenue Multiple:	0.41
Average Selling Price/EBITDA Multiple:	3.62
Average Time on Market (Months):	6.75

* Weighted Averages adjusted to reflect varying deal sizes

Some of our notable 2010 observations:

- Fairly large number of transactions financed predominantly by Equity;
 - Trading Multiples slightly increasing compared to 2009
 - Stable, cash-flow positive businesses trading at a premium as investors are still risk-averse
 - Vendor Financing is still a preferred financing option
 - Consolidation trends in a number of industries
 - Predominantly Buyer's market at the beginning of the year is moving towards an Equilibrium
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What to expect in 2011?

- Increase in the number of larger deals as capital markets continue to improve
 - Partial return of risk appetite among investors
 - Continued industry consolidation in certain areas
 - Fairly balanced Buyer-Seller's market
 - Cash will still be King
 - Continued trend of Retirement being the main reason for sale of a business
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How to prepare for the sale of your business?

Attend one of our Business Sale Breakfast Workshops



2011 Business Sale Breakfast Workshops:

Throughout 2011 we will continue the tradition of organizing Breakfast Workshops every other month with the goal of educating business owners in the art of marketing, negotiating and completing a business transaction. Some of the topics discussed in our Workshops are:

- Preparing a Business for Sale
- Understanding the Factors affecting Value
- Marketing a Business For Sale
- Screening Potential Buyers
- Legal Aspects of a Business Transaction
- Common Terms and Conditions
- Negotiating and Completing a Deal
- Planning for after the Sale

The workshops are led and organized on a semi-monthly basis at our offices located at 5300 Yonge Street, Suite 205. For more information on the next one, please contact me directly.

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