



**International Association
of Commercial Collectors**

The Keys to Maximizing the Value of Your Business

January 17, 2013

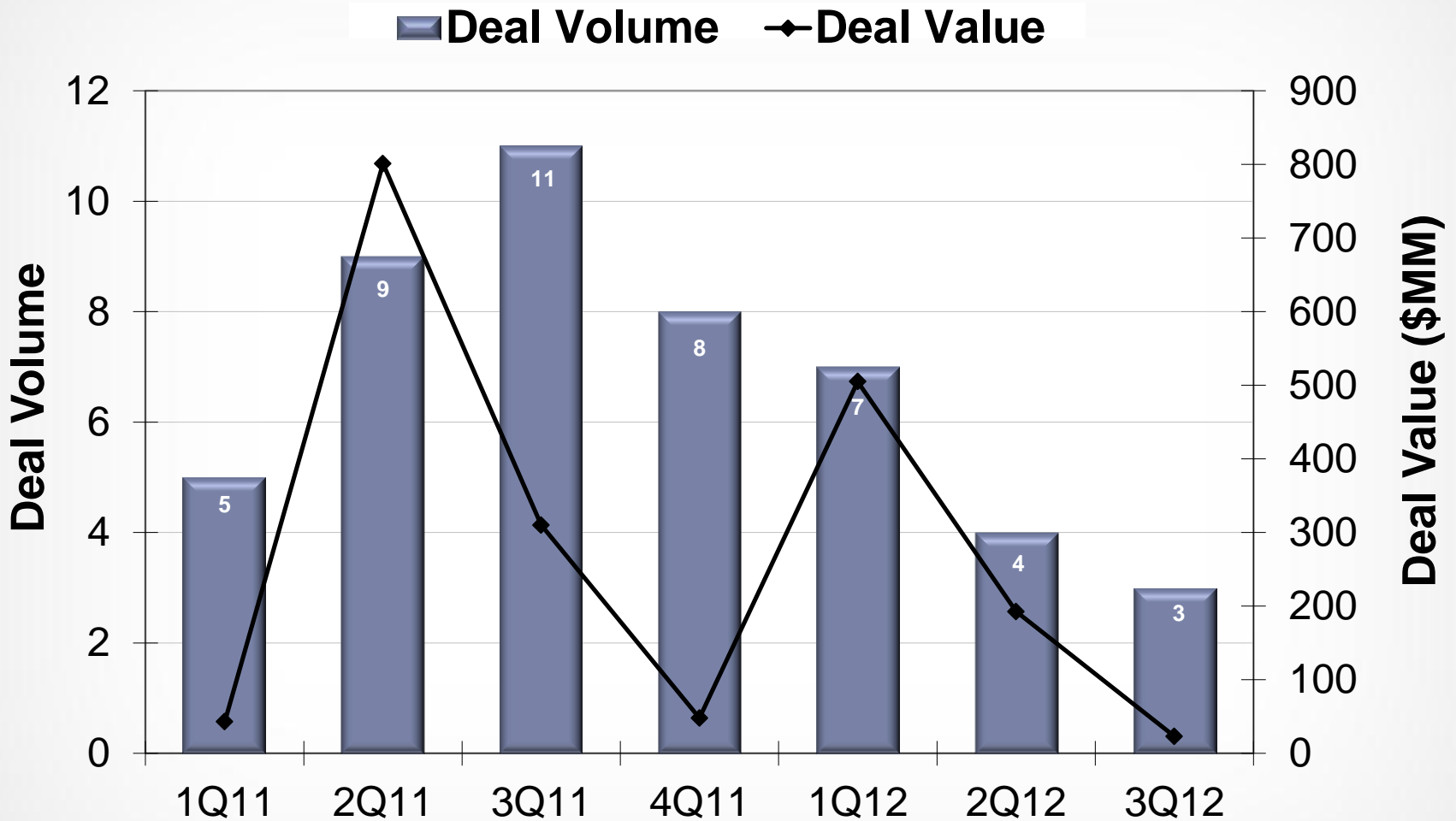
Today's Agenda

- Current Market for Mergers & Acquisitions
- Value Drivers
- Value Detractors
- Current Valuation Trends
- Preparing for a Sale

Current Market for Mergers & Acquisitions

- Improving economic outlook
- Increased corporate profits
- Large cash reserves held by companies and private equity firms
- Signs that the credit markets are beginning to open up
- The Fed keeping federal-funds rate low

ARM Deal Volume vs. Deal Value 2011/2012 Quarterly Comparison



Value drivers

Sustainable financial performance	✓
Seasoned management team in place	✓
True specialist in growth sectors of the economy	✓
Low levels of client concentration	✓
No legal/compliance issues	✓
Good reputation in the market	✓
Capital investments made to position agency for growth	✓

Value Detractors

Flat or declining revenue and/or EBITDA trends	✓
Erratic revenue and/or NOI performance	✓
Lack of financial controls and reporting	✓
If strategic or financial investor; lack of seasoned management team committed to remain post-transaction	✓
High client concentration in certain markets (e.g. debt buyers)	✓
Lack of diversification in asset classes or markets (depending on specialization)	✓
State or federal legal/compliance issues (i.e., FTC or State AGs)	✓
Poor maintenance of infrastructure (facilities and IT systems)	✓
Low levels of working capital	✓

How ARM companies are being valued

Size of Acquired Company (\$ Revenues)			
Multiples/Structure	Small* ($< \$5M$)	Mid-Sized** (\$5-20M)	Large** (\$20M+)
Recent multiples	2-4X SDE	3-6X Adj. EBITDA	4-7X Adj. EBITDA
Recent structure	25%-100% cash	50%-100% cash	60%-100% cash

* SDE = Seller's Discretionary Earnings

** Adj. EBITDA = Adjusted EBITDA

Preparing for a sale

- The M&A sale process – what you need to be ready
- Exit strategy and timing a sale
- Pitfalls to avoid





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