



CORPORATE FINANCE

MARKET INSIGHTS Q2 2018

ambition

Megadeals are back! The beginning of 2018 has seen 25 deals announced with values in excess of \$4bn, a promising start to the year. Meanwhile, M&A deals to the UK fell massively by market value from £190bn to £35.3bn, although the combined total of UK-led deals involving foreign targets reached a 17-year high of £76.6bn. The UK has re-enforced its position as the M&A capital of Europe. There has also been a surge of initial public offerings in March.

Technology continues to take the driving seat although life sciences and healthcare are also strong growth markets. There is a higher than average level of M&A activity in this area even though transaction multiples tend to be higher than in many other sectors. Blockchain and AI are also set to cause a flurry of tech M&A before 2020.

The question is, has Brexit convinced UK companies to think about M&A outside of Europe? Will there be a surge in acquisitions as March 2019 approaches?

Recruitment levels have been on the increase since the turn of 2018, with a continued desire from candidates to make the move from audit into corporate finance whilst many M&A teams have needed to bolster their resources to execute transactions. Many of the professional services firms will promote from within before looking externally as they look to retain and develop employees for the long-term, resulting in candidates moving away from professional services at an earlier stage. Candidates are also seeing the benefit of moving to “boutique” advisory firms where they anticipate gaining more sought after hands-on experience.

SKILLS IN DEMAND

Financial Modelling continues to be a highly valuable skill both within professional services and within advisory firms. More and more candidates are enhancing their skills with Financial Modelling courses to help them stand out from the crowd. In addition, we're seeing more specialist Valuations and Modelling teams being established.

Often forgotten, “soft skills” are highly ranked as firms are working with more entrepreneurs and owner-managed businesses in industries where transactions or management teams might be particularly challenging and it is essential for candidates to possess the requisite emotional intelligence to be able to successfully work with these clients.

MARKET NEWS

Global business advisory firm FTI Consulting has appointed Iain Graham as a Managing Director in the firm's corporate finance and restructuring practice in London. Iain joins FTI Consulting following a 19-year career with PwC.

BDO appoints new PE Adviser from Livingbridge – New Head of Growth Advisory, Paul Morris.

Ferrero will now make Wonka! The Ferrero Group gobbles up Nestlé's US confectionary business for \$2.8bn, making it the world's third-largest confectionary company, acquiring 20 American brands.

MARKET NEWS CONT.

Grant Thornton tops the league table of M&A advisers in terms of volume of deals.

JD Sports acquired The Finish Line, a US shoe store chain, for just under £400m, immediately giving the company a large US presence.

Houlihan Lokey acquired Quayle Munro, a UK advisory firm which has worked on some of the biggest fintech deals in the UK.

PREDICTIONS FOR THE COMING QUARTER

Despite the increase in technology-related M&A, we anticipate other areas will see an increase in deal activity as the growth in well-being drives the consumer market with the rise of the “conscious consumer”. With more beauty and food/beverage businesses using natural ingredients and with a different brand to the norm, there will likely be an increase in deals in this area.

Larger UK based companies are absorbing smaller innovators and with the future of tech, we will likely see an acceleration as the year progresses by firms looking to grow their business and put themselves ahead of the curve. With disruption being a key driver of M&A activity in the tech sector, both larger and small companies are looking towards making a deal as a way of overcoming issues as well as growing.

Recruitment in niche areas like TMT will continue to rise as companies grow quickly and feel the pressure to meet the demand in the market and to keep up with the evolving sector. Firms continue to turn work away as the demand increases for dealmaking and the need to find the right candidates becomes ever more important.

With the increase in specialist Financial Modelling and Valuations team, we would naturally expect the demand for candidates with these skills to increase. We are noticing more flexibility in the backgrounds considered within professional services and more “traditional” corporate finance teams, and where qualifications such as the ACA/ACCA have been a strict requirement, there seems to be some suggestion of consideration for those with relevant experience and the less conventional background.

PROFESSIONAL SERVICES SALARIES (LONDON) Q2 2018 MID-TIER/SME FIRMS

Job title	Annual salary range (£)
Assistant Manager	45K - 55K
Manager	55K - 70K
Senior Manager	70K - 90K
Associate Director	80K - 100K
Director	110K +

Notes on salary table:

1. The salary ranges given are only approximate guides. For tailored salary advice, please contact us directly.
2. Roles outside of London are likely to be £5K - £10K lower than the salaries indicated above.
3. 12-month base salaries are assumed.
4. All other benefits and bonuses are in addition to these figures.
5. Bonus ranges can vary significantly from company to company and will be influenced by market conditions, business and individual performances.