



FTI Consulting M&A Activity Forecast Anticipates Moderation in Transaction Pricing During 2012

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New M&A Report for Remainder of 2012 Identifies Factors for Strong Deal Flow and Dependable Transaction Financing Progress on Key Global Issues Will Spur Pent-up Demand for M&A

WEST PALM BEACH, Fla., Feb. 28, 2012 /PRNewswire/ -- Merger and acquisition (M&A) activity is projected to be robust this year as progress made on key global macroeconomic concerns, coupled with other market factors, will encourage dealmaking activity for cash-laden corporations and private equity funds, according to a new report from the Transaction Advisory Services group of FTI Consulting, Inc. (NYSE: FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value. Despite continued anxiety in financial markets and a disappointing 2011, a clear path is emerging for stronger deal flow and dependable transaction financing. As such, middle market lenders and bank club deals are expected to provide a strong base of support for these transactions for the remainder of the year.

According to the "State of M&A Report" from FTI Consulting, there is expected to be a moderation in transaction pricing as participants' value expectations adjust to the reality of lower expected growth rates globally and the resulting implications. This, along with a combination of other developments in the marketplace, will serve to hold deal pricing down and create attractive opportunities for nimble buyers.

Robert Filek, Global Leader of the Transaction Advisory Services group at FTI Consulting, said: "Despite a sluggish start in the first six weeks of 2012, we believe there are compelling reasons why M&A activity will pick up pace as the year progresses. This will pave the way for solid, if understated, M&A growth. The next couple of years will be pivotal for M&A as buyers look to capitalize on reasonable valuations, relatively cheap financing, motivated sellers and uniquely opportunistic situations to generate growth and create value."

FTI Consulting believes 2012 also has the potential to be a year of reckoning for many patched-up investments, causing a much more stringent financing environment for deals that are not meeting plan forecasts or market expectations. Buyers that are capable of aggressively restructuring underlying businesses and realigning cost bases to reflect the current harsh realities will find the best opportunities. From a corporate perspective, M&A activity also will be impacted by the precarious financial situation in Europe along with mounting concerns over political gridlock in Washington, D.C., which will continue to weigh on corporate executives' confidence, leaving them more reluctant to deploy record levels of cash for acquisitions. That being said, while this may serve to dampen some expectations for robust deal activity in the near term, acquisitions will continue to be the favored means to generate business growth for corporate leaders.

FTI Consulting expects a number of themes to prevail in M&A activity in the year ahead and beyond:

- **Mature private equity investments need to be realized** —The number of private equity (PE) portfolio investment exits will accelerate in the coming years as sponsors will focus on returning cash to limited partners in preparation for additional rounds of capital raising. This will compel PE firms to liquidate investments in mature funds in an accelerated fashion. A healthy initial public offering market may turn out to be a big help here, and sponsor-to-sponsor deal activity also will stay at elevated levels as the backlog of deals is worked down.
- **Scheduled loan maturities will spur sponsor-driven transaction activity** —Another likely catalyst for deal activity is the maturation profile of large loans used to finance pre-crisis buyout transactions. For transactions financed with large syndicated loans, there is high potential for transactions in 2012-2014 brought on by these significant debt maturities. While the maturity of a large term loan is no assurance that a sale transaction will be undertaken, the maturation profile certainly will induce some material event for struggling portfolio companies.
- **Increased buying interest in distressed European assets** —Aggressive buyers will sort through depressed assets in Europe to identify overlooked value amid a recessionary backdrop in several eurozone nations. Companies with strong emerging market franchises, established brand value with global appeal, relevant technology assets and other intellectual property or unique business know-how, or key customer relationships will be coveted despite weak near-term performance.
- **Key industry sectors** —Key industry sectors to watch in 2012 include healthcare, automotive, government contractors and energy.

The complete State of M&A Report from FTI Consulting is available at <http://www.fticonsulting.com/global2/media/collateral/united-states/fti-consulting-state-of-m-and-a-report.pdf>.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,800 employees located in 23 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The company generated \$1.4 billion in revenues during fiscal year 2010. More information can be found at www.fticonsulting.com.

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