

### **Optimism is Rising**

## **Newspaper M&A Survey Indicates Buyers Moving Slowly From Sidelines**

*The following article is reprinted from the Newspaper Industry Report, courtesy of Larry Grimes and WB Grimes and Co.*

According to the just-released results of [W.B. Grimes & Company's](#) Annual M&A Survey, it's obvious publishers are taking an historically cautious approach to making acquisitions. Only 10 percent of publishers participating in the survey indicated they were ready to make a move (21 percent said there were more likely to be sellers). However, another 25 percent indicated as the economy and financing environment improves, they would be ready to consider acquisitions. Sixty-three percent of the publishers responding indicated 2009's discretionary income would first go toward developing their existing business from within.

Fifty-eight percent of respondents have their eye on debt. Lack of suitable bank financing and limited cash required for a down payment remain issues keeping them from making deals. It is interesting to note that only 36 percent of those responding indicated they were comfortable putting as much as 20 percent down on a transaction. That's obviously a big issue in a banking environment where 20 percent+ down payments are the norm.

What kind of publications are buyers seeking today? Sixty-two percent indicated their most important consideration in making a deal is the strategic fit with their existing newspapers. Only 15 percent indicated a desire to move into new markets. Over 50 percent of those responding indicate they now require sellers to have a minimum of \$500,000 in annual revenues. Not surprising, most buyers are requiring positive cash flow. As for target products, 89 percent said weekly newspapers. Interest in daily and shopper newspapers was 38 percent. Twenty-five percent indicated an interest in looking at "alternative or city" weeklies where 13 percent of those respondents expressed an interest in parenting and 17 percent seniors publications.

It is important to note that 75 percent of respondents are owner/publishers. Of the 25 percent who work for a group, 42 percent indicated they have the blessing to consider acquisitions on a case by case basis yet only 3 percent indicated they were being encouraged to find acquisitions. Forty percent indicated their plate was full and there was no intention in considering acquisitions at this time.

SNPA eBulletin 3-19-09