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FINANCIAL SENSE

Dealmakers See Improving Trendline For M&A

Merger and acquisition activity fell nationally by 33 percent through most of 2009, but that didn't stop dealmakers at Robinson & Cole from having a record year.

According to Eric Dale, head of the law firm's business transactions group, the company boosted the number and dollar volume of transactions it closed last year by 13 percent. Overall the firm participated in close to 100 deals in 2009. The business transactions group, which operates out of Hartford and Stamford, acts as a strategic adviser to emerging companies and helps execute mergers and acquisitions for larger companies.

▶ **'Buyers and sellers are becoming more willing to make deals.'**

Eric Dale, Partner, Robinson & Cole

Dale said Robinson & Cole is able to attract clients, even in the down market, because the firm offered deep experience and lower overhead than larger firms. Dale said many businesses that were interested in making a deal last year, were looking to keep legal expenses down, so they were hunting for the best value propositions.

He said Robinson & Cole's business transactions group has billing rates that can be as much as 40 percent less than what a Wall Street firm might charge.

"As the economy has gone though some challenging moments, clients who didn't spend a lot of time thinking about legal expenses are thinking about them more," Dale said.

The volume of M&A activity through Nov. 30 dropped 33 percent to $1.8 trillion, compared to the same time period in 2008, according to Thomson Reuters.

Robinson & Cole's business transactions group, primarily does corporate deals, representing entrepreneurs, businesses and capital providers. They are involved in deals with firms in insurance and financial services, digital media, consumer products and health care, Dale said.

One of the transactions the firm participated in last year involved Patriot National Bancorp in Stamford, which has $937 million in assets and 19 branches. One of Robinson's private equity clients, PNBK Holdings, was interested in acquiring a controlling interest in the bank, which had been facing financial pressures from mounting loan losses.

PNBK Holdings, which is led by Michael Carrazza, proposed investing up to $50 million to purchase approximately 33.3 million newly issued shares of the bank's common stock. The deal eventually landed in litigation, but Dale said it has been salvaged and it could close in the near future.

Robinson & Cole also represented Nielsen Co., which agreed in December to sell eight of its publications including the Hollywood Reporter and Billboard. The information and media company also parted ways with Adweek, Brandweek, Mediaweek, the Clio Awards, Backstage and Film Journal International, selling them to e5 Global Media.

In terms of the business climate, Dale said he's starting to see more deals getting done. He said more companies are starting to see valuations creep up, which will make them more likely to make a deal because they don't feel like they are selling their company at a distressed price.

A recent survey by the Association for Corporate Growth and Thomson Reuters found 87 percent of Connecticut dealmakers say the current M&A environment is fair or poor, compared to 90 percent at midyear 2009. Dozens of investment bankers, private equity professionals, and business consultants in the state were polled.

Over the next six months, however, the percentage of Connecticut dealmakers who expect an increase in merger activity jumped to 81 percent, from 22 percent one year ago.

The survey said Connecticut dealmakers expect health care/life sciences, manufacturing and distribution, and the financial services sectors to experience the most merger activity in the first half of 2010.

Dale said private equity firms are also itching to make deals because many of them have been sitting on the sideline for months. He said many of those firms are actually awash in capital and need to deploy it, which should help add liquidity to the market, making deals more viable.

"Buyers and sellers are becoming more willing to make deals," Dale said.

Greg Bordonaro is a Hartford Business Journal staff writer.