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Survey points to sustained agency M&A activity

by Daniel Farey-Jones Brand Republic 11-Jun-07, 15:00

LONDON - A survey of top marketing agency executives has found they expect merger and acquisition activity will remain strong throughout 2007, especially among internet, interactive, database and direct marketing agencies.

Buyers are now keener to strike deals than sellers. The percentage of buyers believing the time to act now is 83%, compared with 68% last year. The percentage of sellers believing the time to act now is 59%, compared with 56% last year. Of the sellers happy to delay, more than half are looking to sell in 2008 and 35% in 2009.

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Buyers and sellers' expectations of fair valuations are closer this year. Sellers expect to pay 6.7 times pre-tax profits, down from 7.5 times last year, while buyers expect to pay 5.8 times pre-tax profits, down from six times last year.

The survey, carried out by accountants Willott Kingston Smith and business advice firm Results International, had more than 70 responses.

Asked what sector of internet marketing would see the fastest growth this year, 34% said "open media", which the survey defined as blogging and podcasting.

Keith Hunt, managing partner of Results International, said: "It is apparent from the survey that M&A activity in the marketing communications industry will remain strong through 2007."

"Web/interactive remains the sector to look out for, with agencies across the industry expecting stellar performance in terms of both growth and acquisition activity."

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Internet merger and acquisition activity will remain strong

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