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## **Converging factors create ideal conditions for big transactions**

By Stephen Roth – Staff Writer

Last year began with a trickle of transactions: Ferrellgas Partners LLP bought a propane bottling company for \$343 million in April, and Butler Manufacturing Co. sold for \$204 million the same month.

By 2004's end, the floodgates of merger-and-acquisition activity had flung open in Kansas City, culminating with Sprint Corp.'s announcement of a merger with Nextel Communications Inc. for \$35 billion.

Local companies in 2004 completed 104 deals totaling \$44.15 billion, more than seven times the \$5.8 billion in deal volume reported in 2003, . . .

Even without the Sprint-Nextel merger, deal volume in 2004 was up about 58 percent compared with 2003. And the flood is expected to continue.

This year could be even more prosperous for business owners and deal-makers than 2004.

Factors such as a better economy, relatively low interest rates and a national backlog of uninvested capital, experts said, create an almost perfect storm for buyers and sellers.

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Other than in the energy/propane sector, where Kansas City-based Energy LP and Ferrellgas continue to buy companies, most of the deals in Kansas City were on the sell side last year. . . .

The quality and volume of deal flow has surprised Pat Trysla, who left his job as a principal of George K. Baum Advisors in May to start his investment banking firm, Frontier Partners.

"The game plan for the first year was to have two to three deals and maybe two support people," Trysla said.

Instead, Frontier is working on 12 engagements, including some that involve baby boomer business owners who see the current uptick in M&A as a good time to sell out and retire.

"A lot of it has been some succession plans that have been on the shelf, and they're dusting them off now that the recession is gone," Trysla said. . . .

Corporate earnings, in general, are on the upswing.

Private equity funds are bursting at the seams with money they must invest or return to their limited partners.

Banks are beginning to loosen their purse strings, lending at a rate of more than three times a company's cash flow. Finally, interest rates remain low by historic standards, as is the current 15 percent tax rate on capital gains. . . .