

2016 H2

Globalscope Newsletter

reporting on global M&A activity and the latest semi-annual conference

Dallas 2016 H2



“The starting point for business valuation across all sectors in any region in the global marketplace”

GLOBALSCOPE
INTERNATIONAL M&A ADVISORS

in association with
 **Osprey Capital**
Partners

About Globalscope

What we do

Our focus is on mergers and acquisitions (M&A). This often includes representing clients who wish to divest or acquire a company and advising our clients on the related fine details including, for example, restructuring, international joint ventures and licensing initiatives.

We work with the senior management of private and public companies as well as private equity firms.

Who we are

Globalscope was founded in 1987 when a small group of entrepreneurial corporate finance and business advisers came together to support clients in cross-border transactions.

We now have 51 member firms, with more than 500 professionals on the ground across 41 countries:

AFRICA

South Africa

Fieldstone Africa

AMERICAS

Argentina

Ficus Capital

Brazil

Guarita & Associados

Canada

Osprey Capital Partners Inc.

Mexico

Allegiance Capital Corporation

United States

Allegiance Capital Corporation

Brooks, Houghton & Company

Greif & Co.

MelCap Partners

Paramax Corporation

Insignia Financial Advisors

Ficus Capital S.A.

Panama

Uruguay

ASIAPAC

Australia

Terrain Capital

Tomkins Turner

China

Beijing HRS Consulting

India

MAPE Advisory Group Pvt Ltd

RCS Advisors (India) Pvt. Ltd.

Naxel iPartners

Indonesia

Kaede Financial Advisory Inc.

Japan

Stirling Coleman

Singapore

H-Partners Korea

South Korea

Nexus Group

Vietnam

Why we do it

With 20 – 25% of all M&A transactions being cross-border (defined in this report as involving buyers from a different country to the target company), it is essential for our member firms' clients, whether they be buyers, sellers or targets, to have access to an international network of corporate finance advisors.

EUROPE

Armenia

EV Consulting

Belarus

Capital Times

Belgium

Common Ground Corporate Finance

Croatia

Grubišić & Partners

Czech Republic

Venture Investors Corporate Finance

Denmark

Dansk Merchant Capital A/S

Finland

Summa Capital

France

Atout Capital

Georgia

CMW Corporate Finance

Germany

Alliance Group Capital

CCI Management

CatCap

Transfer Partners Group

First Athens Corporate Finance SA

Greece

Heal Partners

Hungary

Portofino Investments

Israel

Benedetti & Associates

Italy

Palladio Corporate Finance

Luxembourg

Tenzing Partners SA

Netherlands

DEX international M&A

Stratégique

Impello Management AS

Norway

Augeo Ventures

Poland

Aventis Capital

Bluemint Capital

RB Partners

NEXT Corporate Finance

Jarl Securities

InternationalScope Ltd.

Capital Times

Corbett Keeling

Silverpeak



*The starting point for
business valuation across
all sectors in any region in
the global marketplace*

Contents

Globalscope Conference

*Highlights of discussions from the latest
Globalscope conference held in Dallas, USA*

| | |
|--|---|
| New developments | 5 |
| Conference report | 6 |
| Global M&A market landscape | 7 |
| Lower-mid market sector highlights (\$5-150m enterprise value transactions) | 8 |

Regional Valuation Statistics

*Country by country and region by region analysis
of business valuation statistics*

| | |
|---------------------------------|----|
| Transaction data by region | 11 |
| Listed companies data by region | 13 |

Sector-Specific Analysis

*A closer look at the underlying sector-specific structural
drivers, new developments, recent M&A and projections*

| | |
|------------------------------------|----|
| Consumer | 17 |
| Financial Services | 19 |
| Life Sciences | 21 |
| Industrials | 23 |
| Services | 25 |
| Technology, Media & Telecoms (TMT) | 27 |

Definitions and notes

Definitions

TEV - "Total Enterprise Value"

TEV is an economic measure reflecting the market value of a whole business independent of a business' capital structure. The analysis in this document calculates TEV as follows:

- For transaction data, by reference to the target company of each transaction, from the transaction consideration, share of equity acquired, and other disclosed details such as the target's net debt, as at the transaction date,
- For listed company data, from the listed share price of each company, together with known details of its capital structure including issued shares and net debt, as at the stated date.

EBITDA - "Earnings Before Interest, Tax, Depreciation and Amortisation"

EBITDA is a business' net income with interest, taxes, depreciation and amortisation added back which is often taken as a proxy for the cash generation rate of a business. The analysis in this document calculates EBITDA as follows:

- For transaction data, by reference to the target company of each transaction, from the most recent known historic 12 months' reported value as at the transaction date,
- For listed company data, from the most recent known historic 12 months' reported value as at the stated date.

TEV/EBITDA - "TEV/EBITDA Multiple"

The TEV/EBITDA Multiple is calculated for each transaction where more than 40% of the target's equity is sold or for each listed company where the required data is disclosed. Where appropriate, the analysis in this document uses weighted averages calculated as follows:

- For transaction data analysis, selected transaction TEV/EBITDA Multiples, within a given six month period, are weighted by reference to each transaction's reported consideration or "transaction value",
- For listed company data analysis, selected listed company TEV/EBITDA Multiples, on the stated date, are weighted by reference to each listed company's TEV,
- Anomalous outlying data points are excluded.

Size

The size classifications used in this document are Globalscope defined limits with respect to the value of the included transactions or listed companies as follows:

- For transaction data, transactions are included where the TEV of the target is disclosed and identified by Capital IQ as being greater than or equal to \$5m (All Market Transactions), or greater than or equal to \$5m and lower than or equal to \$150m (Lower-Mid Market Transactions).
- For listed company data, companies are included where there is a stock market listing, and a TEV of the company that is disclosed and identified by Capital IQ as being greater than or equal to \$5m (All Market Listed Companies), or greater than or equal to \$5m and lower than or equal to \$150m (Lower-Mid Market Listed Companies).

Sectors

The sector classifications used in this document are Globalscope defined aggregations of similar business activities based on sub-sectors defined by reference to the primary Capital IQ industry classification as follows:

- For transaction data, the target company of each transaction,
- For listed company data, each listed company.

Regions

The regional classifications used in this document are defined by reference to the Capital IQ regional classification as follows:

- For transaction data, the target company of each transaction,
- For listed company data, each listed company.

Note on using multiples for business valuation:

It is important to note that TEV/EBITDA Multiples calculated as set out above and applied to the EBITDA of a typical lower-mid market business would, in the majority of cases, be expected to overstate the value of the business. This can in part be due to the net impact of a combination of the following factors:

- A discount may be applied due to reduced liquidity of shares in a lower-mid market business,
- A premium may be applied due to the additional value of owning a controlling equity share,
- A (perceived) lack of transparency with respect to a lower-mid market business' affairs,
- "TEV" is based on forecast profits (which usually assume growth) whereas these multiples are based on historic profits.



Globalscope Conference

*Highlights of discussions from the latest
Globalscope conference held in Dallas, USA*

| | |
|--|---|
| New developments | 5 |
| Conference report | 6 |
| Global M&A market landscape | 7 |
| Lower-mid market sector highlights (\$5-150m enterprise value transactions) | 8 |

New developments

Valuation multiples at historic peak

2016 H1

Synopsis

In the six months to June 2016 the global average Lower-Mid Market Transactions TEV/EBITDA Multiple has fallen slightly to 9.1 from 9.6 for the previous 6 months. This latest business valuation indicator is based on an analysis of 20,208 transactions in the period, of which 24% were categorised as cross-border.

TMT sector companies commanded the highest valuations, with Lower-Mid Market Transactions TEV/EBITDA Multiples averaging 10.7. This is in contrast to the Industrials sector where the average was 8.1; this has fallen from the previous half-year, where it was 8.6.

Network expansion

Six leading M&A firms join Globalscope



Synopsis

At the recent semi-annual conference in Dallas, Globalscope president Russell D'Alba announced six new members of the Globalscope Network: Atout Capital (France), Grubišić & Partners (Croatia), MelCap Partners (USA), Brooks, Houghton & Company (USA), Fieldstone Africa (South Africa), and EV Consulting (Armenia).

Rodolphe Ossola, Partner of Atout Capital commented:



"Joining Globalscope represents a very exciting project for Atout Capital. We are looking forward to sharing business opportunities with talented M&A professionals all around the world for the benefit of our clients and offering a gateway for France, a land of opportunity."

New Members:



GRUBISIC & Partners
CORPORATE FINANCE



◆ BROOKS, HOUGHTON & COMPANY, INC.
Merchant Banking for the Middle Market

FIELDSTONE
AFRICA





Conference report

Synopsis

At the 20th semi-annual conference, hosted by Allegiance Capital Corporation, more than 65 delegates met in Dallas to discuss deal opportunities, hear from local industry and M&A experts, and develop the network. Allegiance prepared an outstanding programme which included an extravagant Texas cowboy-themed blue jeans dinner/dance and guest speakers including Dr. Ray Perryman, who spoke on Texas and the U.S. economy; and Robert Dye, Chief Economist at Comerica Bank who talked about the state of the U.S. economy.

Host member firm:

The conference was hosted by Allegiance Capital Corporation, a Dallas-headquartered private investment bank, providing services including: mezzanine financing, debt structuring, strategic partnering, and other related services. Allegiance also has offices in New York, Chicago, Minneapolis, and Monterrey (Mexico).



Headlines

Globalscope's M&A track record continues to gain momentum with the following headlines in the last six months:



Greatest number of transactions:

CatCap (*Germany*) reported 11 deals completed in the last 6 months.

Largest transaction:

Silverpeak (*UK*), for the sale of Magic Pony Technologies to Twitter, Inc.

Intra-Globalscope deal:

Summa Capital (*Finland*) and RB Partners (*Russia*) who advised on the sale of the Russian business of Intersport to a group of private investors. Summa Capital advised the vendor Kesko, and RB Partners advised the acquirers (name not disclosed).



Comment



Russell D'Alba
Globalscope President

"...it is a privilege and honor to continue the exceptional legacy of past presidents, including the expansive growth under immediate past President, Michael Moritz, from Germany. It is my goal as President to foster an even stronger network and create a more efficient organizational structure, for the benefit of all Globalscope members. We welcome our six new members and are pleased to have an exceptionally large group in attendance, as it shows the positive momentum of our ever expanding network."



Next

The next Globalscope conference will be held in Milan in March 2017.

Global M&A market landscape

Thousands of M&A transactions all across the globe are closed in any given six month period.

Transaction data, such as the latest published EBITDA and the TEV (see definitions on page 3) at the time of sale of the target company, are sometimes published. These data can be used to calculate average transaction TEV/EBITDA Multiples i.e. the average TEV/EBITDA Multiple across all transactions for which data is disclosed for each six month period.

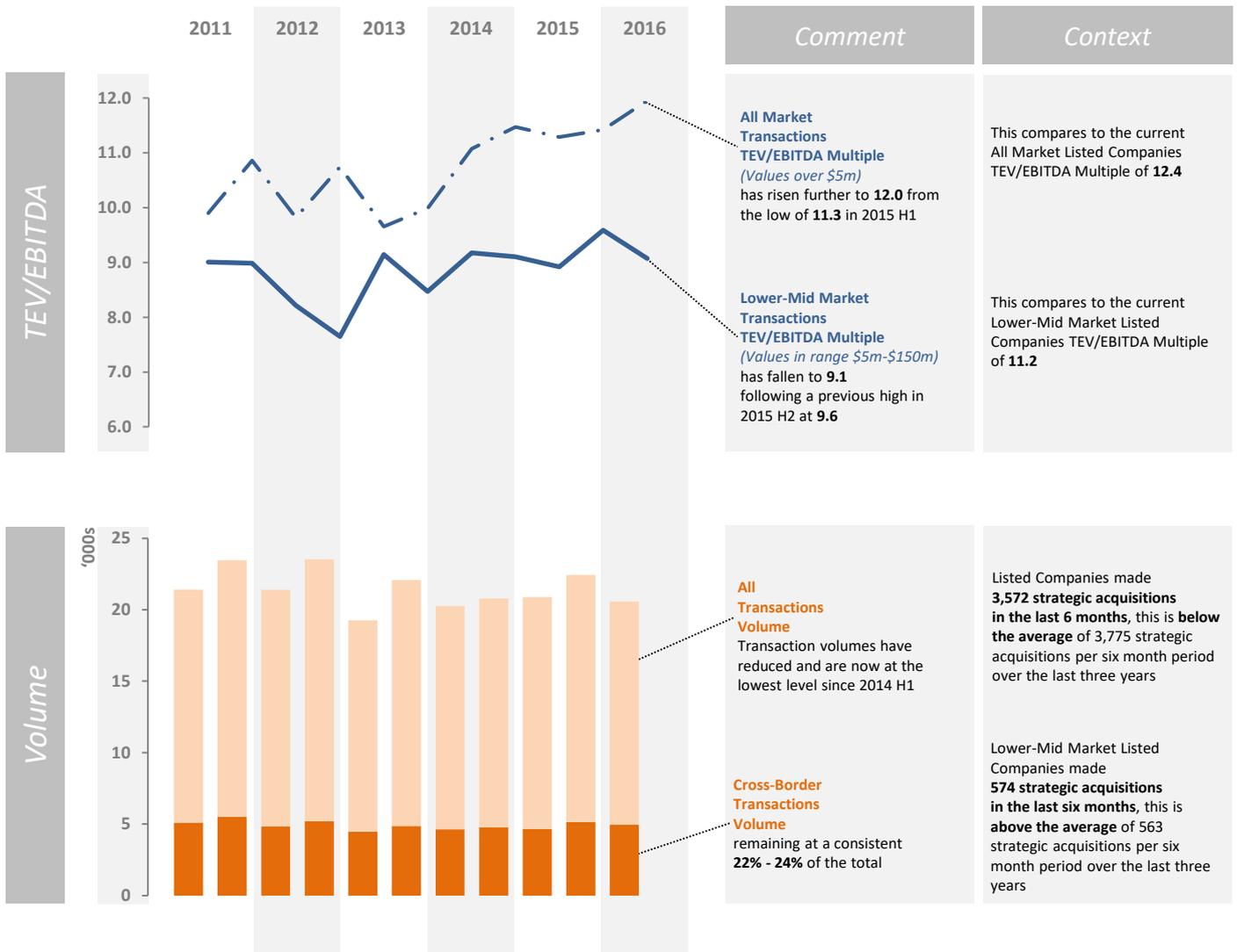
Across a large enough sample of transactions, these average TEV/EBITDA Multiples are a useful tool for assessing global valuation trends, as set out in the first chart below.

All Market Transactions

Dot-dash lines show average data from all disclosed transactions where the transaction value was at least \$5m. The resulting All Market Transactions TEV/EBITDA Multiple, which can be used as a proxy for the M&A market as a whole, shows a plateau after the recent rise in average EV/EBITDA values.

Lower-Mid Market Transactions

Solid lines show average data from all disclosed transactions where the transaction value was at least \$5m but no greater than \$150m. The resulting Lower-Mid Market Transactions TEV/EBITDA Multiple shows a slight decrease, whereas the market as a whole shows a slight increase.



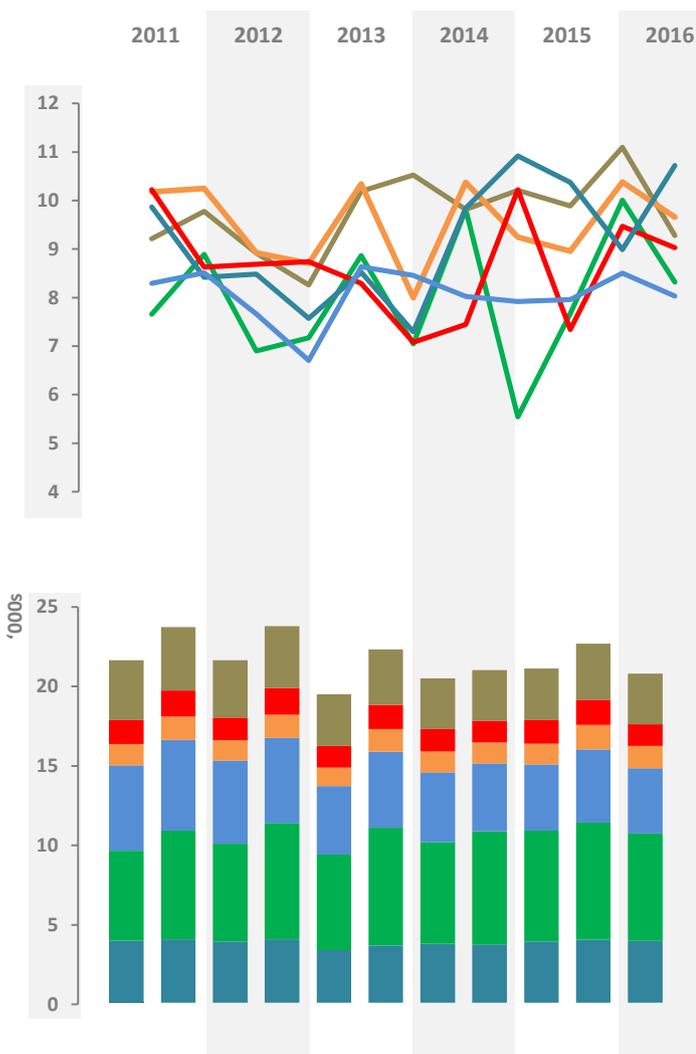


Lower-mid market sector highlights

The following charts show global Lower-Mid Market Transaction TEV/EBITDA Multiple trends of six underlying sectors as identified and tracked by Globalscope.

Each of these average TEV/EBITDA Multiple data points represent transactions involving target companies operating in broadly the same sectors, wherever they were located across the globe, where the target company's enterprise value was at least \$5m but no greater than \$150m.

Generally these data are significantly more volatile than the global average as they are based on fewer transactions and global events may affect each sector differently.



| Comment | Context | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------|------|----------------|-----|-----------|-----|---------------------|-----|-----------|-----|--------------|-----|--|------|------|----------------|------|-----------|------|---------------------|------|-----------|------|--------------|-----|
| <p>Lower-Mid Market Transactions TEV/EBITDA Multiples (Values in range \$5m-\$150m) by sector in 2016 H1 were:</p> <table border="0"> <tr> <td>TMT:</td> <td>10.7</td> </tr> <tr> <td>Life Sciences:</td> <td>9.7</td> </tr> <tr> <td>Consumer:</td> <td>9.3</td> </tr> <tr> <td>Financial Services:</td> <td>9.1</td> </tr> <tr> <td>Services:</td> <td>8.4</td> </tr> <tr> <td>Industrials:</td> <td>8.1</td> </tr> </table> <p>Limited data for Financial Services sector in 2012 H1 so interpolated value used.</p> | TMT: | 10.7 | Life Sciences: | 9.7 | Consumer: | 9.3 | Financial Services: | 9.1 | Services: | 8.4 | Industrials: | 8.1 | <p>Lower-Mid Market Listed Companies in each of these sectors had the following average TEV/EBITDA Multiples as at mid August 2016:</p> <table border="0"> <tr> <td>TMT:</td> <td>12.0</td> </tr> <tr> <td>Life Sciences:</td> <td>14.4</td> </tr> <tr> <td>Consumer:</td> <td>11.1</td> </tr> <tr> <td>Financial Services:</td> <td>10.9</td> </tr> <tr> <td>Services:</td> <td>10.6</td> </tr> <tr> <td>Industrials:</td> <td>9.6</td> </tr> </table> | TMT: | 12.0 | Life Sciences: | 14.4 | Consumer: | 11.1 | Financial Services: | 10.9 | Services: | 10.6 | Industrials: | 9.6 |
| TMT: | 10.7 | | | | | | | | | | | | | | | | | | | | | | | | |
| Life Sciences: | 9.7 | | | | | | | | | | | | | | | | | | | | | | | | |
| Consumer: | 9.3 | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Services: | 9.1 | | | | | | | | | | | | | | | | | | | | | | | | |
| Services: | 8.4 | | | | | | | | | | | | | | | | | | | | | | | | |
| Industrials: | 8.1 | | | | | | | | | | | | | | | | | | | | | | | | |
| TMT: | 12.0 | | | | | | | | | | | | | | | | | | | | | | | | |
| Life Sciences: | 14.4 | | | | | | | | | | | | | | | | | | | | | | | | |
| Consumer: | 11.1 | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Services: | 10.9 | | | | | | | | | | | | | | | | | | | | | | | | |
| Services: | 10.6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Industrials: | 9.6 | | | | | | | | | | | | | | | | | | | | | | | | |

TEV/EBITDA

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------|-------|---------------------|-------|----------------|-------|--------------|-------|-----------|-------|------|-------|---|-----------|-----|---------------------|-----|----------------|-----|--------------|-------|-----------|-----|------|-----|
| <p>All Transactions Volume by sector in 2016 H1 there were:</p> <table border="0"> <tr> <td>Consumer:</td> <td>3,123</td> </tr> <tr> <td>Financial Services:</td> <td>1,315</td> </tr> <tr> <td>Life Sciences:</td> <td>1,380</td> </tr> <tr> <td>Industrials:</td> <td>4,012</td> </tr> <tr> <td>Services:</td> <td>6,579</td> </tr> <tr> <td>TMT:</td> <td>3,799</td> </tr> </table> | Consumer: | 3,123 | Financial Services: | 1,315 | Life Sciences: | 1,380 | Industrials: | 4,012 | Services: | 6,579 | TMT: | 3,799 | <p>Listed Companies in each of these sectors made the following strategic acquisitions in the six months to mid August 2016:</p> <table border="0"> <tr> <td>Consumer:</td> <td>677</td> </tr> <tr> <td>Financial Services:</td> <td>150</td> </tr> <tr> <td>Life Sciences:</td> <td>314</td> </tr> <tr> <td>Industrials:</td> <td>1,141</td> </tr> <tr> <td>Services:</td> <td>522</td> </tr> <tr> <td>TMT:</td> <td>768</td> </tr> </table> | Consumer: | 677 | Financial Services: | 150 | Life Sciences: | 314 | Industrials: | 1,141 | Services: | 522 | TMT: | 768 |
| Consumer: | 3,123 | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Services: | 1,315 | | | | | | | | | | | | | | | | | | | | | | | | |
| Life Sciences: | 1,380 | | | | | | | | | | | | | | | | | | | | | | | | |
| Industrials: | 4,012 | | | | | | | | | | | | | | | | | | | | | | | | |
| Services: | 6,579 | | | | | | | | | | | | | | | | | | | | | | | | |
| TMT: | 3,799 | | | | | | | | | | | | | | | | | | | | | | | | |
| Consumer: | 677 | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Services: | 150 | | | | | | | | | | | | | | | | | | | | | | | | |
| Life Sciences: | 314 | | | | | | | | | | | | | | | | | | | | | | | | |
| Industrials: | 1,141 | | | | | | | | | | | | | | | | | | | | | | | | |
| Services: | 522 | | | | | | | | | | | | | | | | | | | | | | | | |
| TMT: | 768 | | | | | | | | | | | | | | | | | | | | | | | | |

Volume





Regional Valuation Statistics

*Country by country and region by region analysis
of business valuation statistics*

| | |
|---------------------------------|-----------|
| Transaction data by region | 11 |
| Listed companies data by region | 13 |

Transactions data by region

All Market Transactions (dot-dash lines)

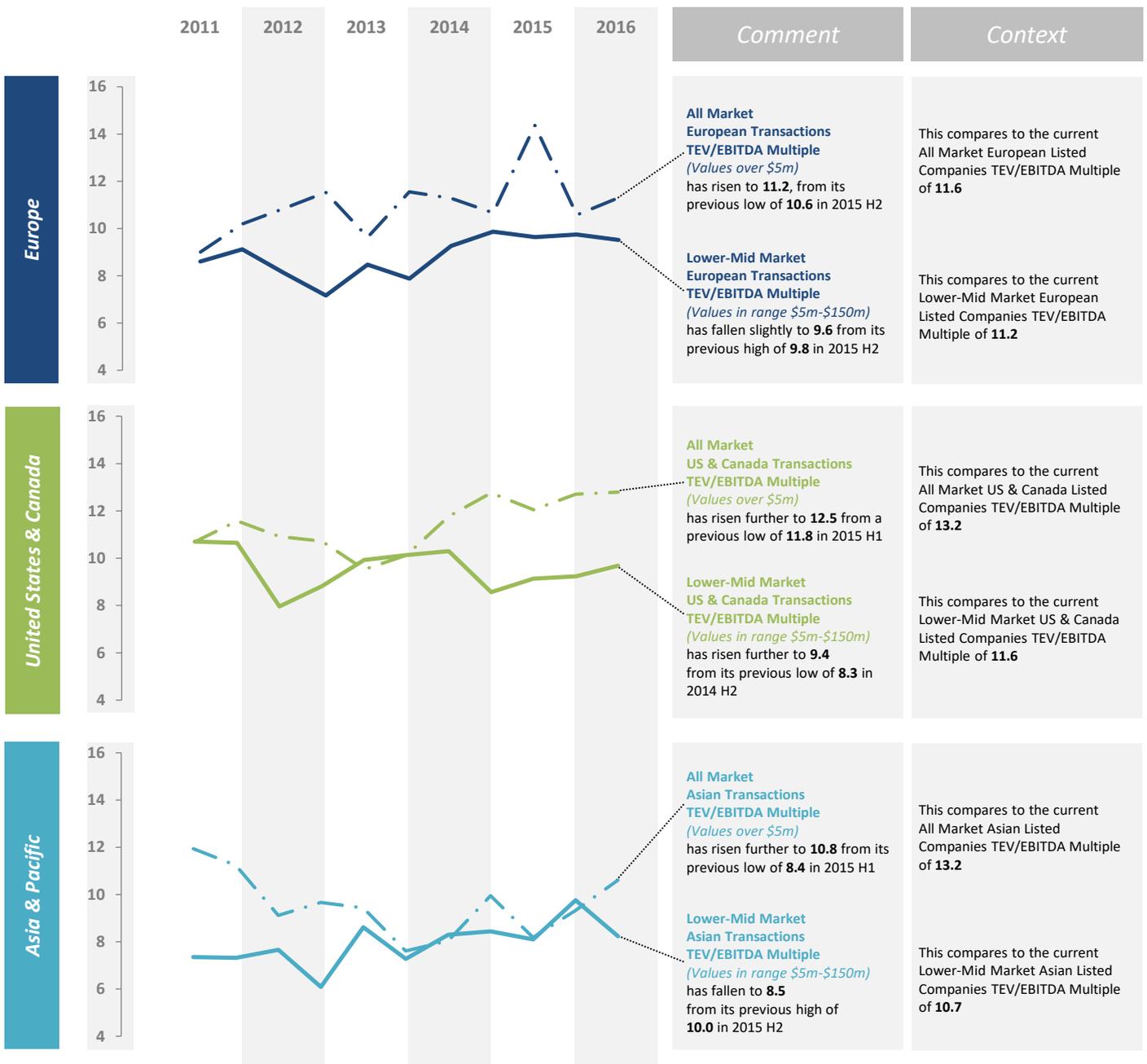
Dot-dash lines show average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m and the target location was recorded in one of the five global regions.

The data show Europe, Latin America, and Asia & Pacific improving slightly over 2015 H2.

Lower-Mid Market Transactions (solid lines)

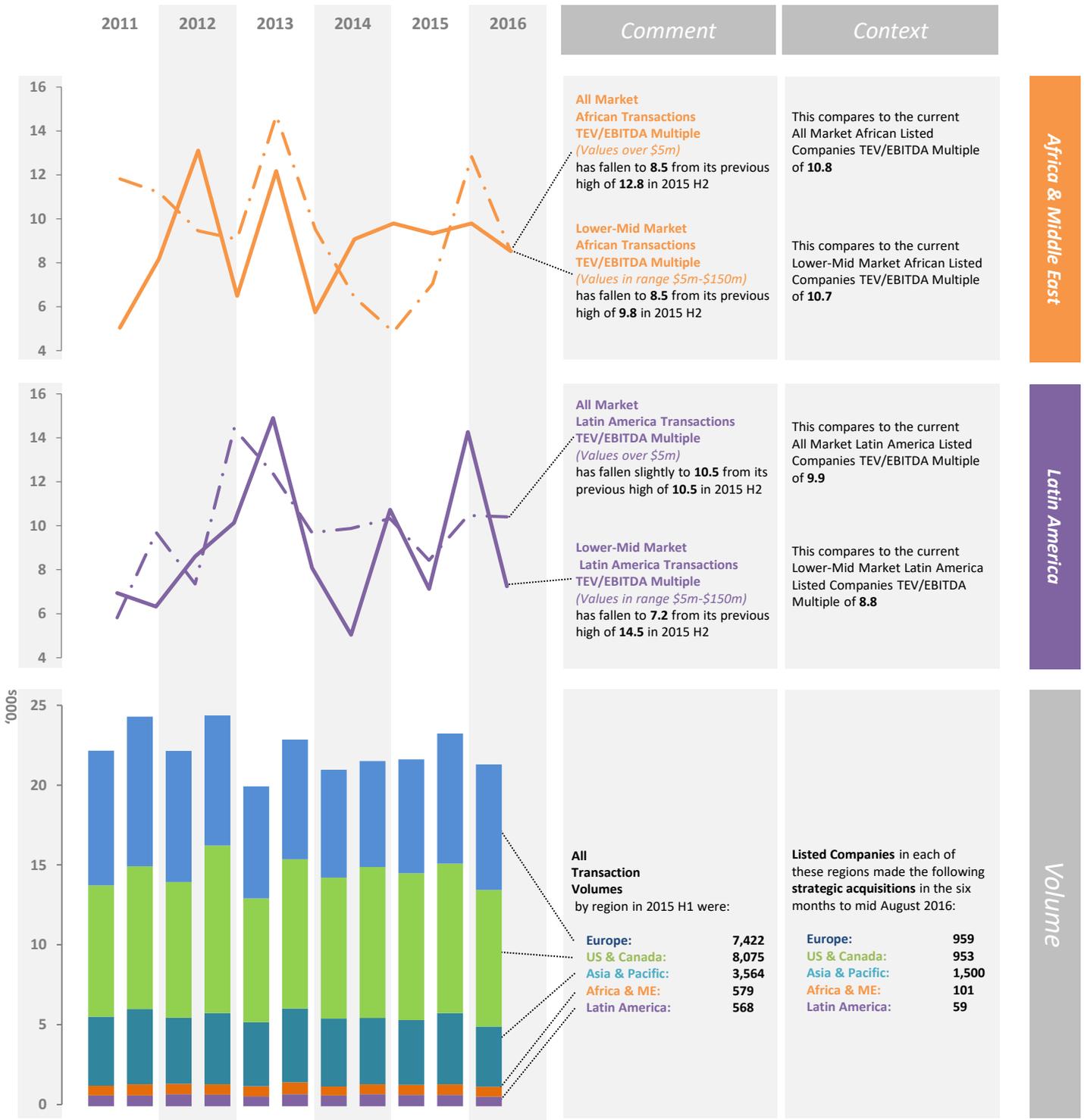
The solid line shows average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m but no greater than \$150m and the target location was recorded in one of the five global regions.

Asia & Pacific, Latin America, and Africa & Middle East have all fallen sharply since 2015 H2.





Africa & Middle East and Latin America lower-mid market transaction data are more scarce than those for the other regions. As such these average transaction multiples are significantly more volatile and are included for completeness as much as for providing a guide to valuation trends in these regions.

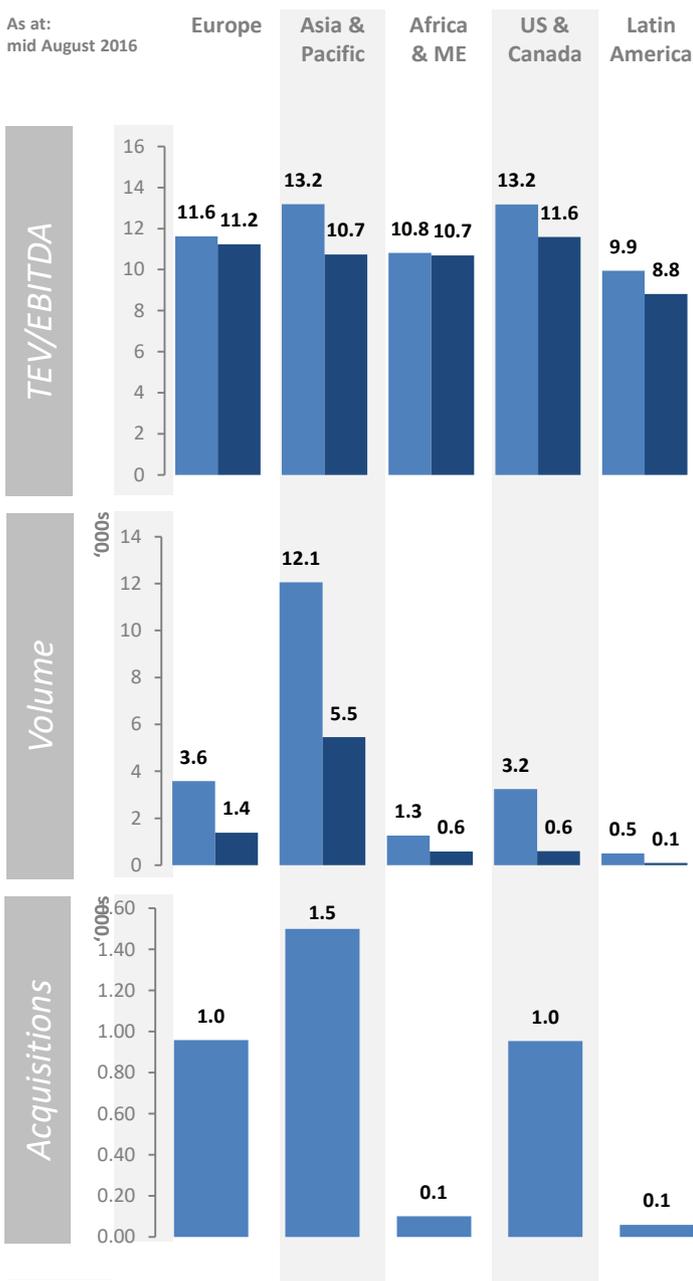


Listed companies data by region

Listed companies' TEVs are calculated from each company's current share price (which reflects the market's expectation of future EBITDA performance).

The EBITDA figures used to calculate the Listed Company TEV/EBITDA Multiples shown here are the reported EBITDA values of each company for the last 12 months (LTM) – this gives TEV/EBITDA Multiples more directly comparable to Transaction TEV/EBITDA Multiples than if forecast (NTM) EBITDA is used. A discount should be applied if using these figures for a valuation of a growing business, which would normally use forecast performance data.

As at:
mid August 2016



All Market Listed Companies (light)

The light blue bars show average data from listed companies with TEV of at least \$5m. The results can be used as proxies of TEV/EBITDA Multiples for the current market as a whole.

Lower-Mid Market Listed Companies (dark)

The dark blue bars show average data from listed companies with TEV of at least \$5m but no greater than \$150m. The results can be used as proxies of TEV/EBITDA Multiples for the current lower-mid market as a whole.

| Comment | Context | | | | | | | | | | |
|---|---|---------|-----|-----------------|-----|--------------|-----|--------------|-----|----------------|-----|
| <p>All Market Listed Companies TEV/EBITDA Multiple (Values over \$5m) is highest in Asia & Pacific at 13.2, 33% higher than the lowest in Latin America of 9.9</p> <p>Lower-Mid Market Listed Companies TEV/EBITDA Multiple (Values in range \$5m-\$150m) is highest in US & Canada at 11.6, 32% higher than the lowest in Latin America of 8.8</p> | <p>This compares to the global total All Market Listed Companies TEV/EBITDA Multiple of 12.4</p> <p>This compares to the global total Lower-Mid Market Listed Companies TEV/EBITDA Multiple of 11.2</p> | | | | | | | | | | |
| <p>All Market Listed Companies Volume (Values over \$5m) is significantly higher in Asia & Pacific than anywhere else at 12,051</p> <p>Lower-Mid Market Listed Companies Volume (Values in range \$5m-\$150m) is again particularly low in Latin America at 97</p> | <p>The global total number of All Market Listed Companies is 20,638</p> <p>The global total number of Lower-Mid Market Listed Companies is 8,109</p> | | | | | | | | | | |
| <p>All Market Listed Companies Acquisitions in last six months (Values over \$5m) is highest in Asia & Pacific in absolute terms at 1,500 acquisitions, but highest is the US & Canada on an acquisitions per Listed Company basis at 29%, compared to Africa & ME's 8%</p> | <p>In total there were 3,572 strategic acquisitions by All Market Listed Companies in the six months to mid August 2016.</p> <p>These compare to All Market Transaction Volumes in 2016 H1 by region of (in '000s):</p> <table border="0"> <tr> <td>Europe:</td> <td>7.4</td> </tr> <tr> <td>Asia & Pacific:</td> <td>3.6</td> </tr> <tr> <td>Africa & ME:</td> <td>0.6</td> </tr> <tr> <td>US & Canada:</td> <td>8.1</td> </tr> <tr> <td>Latin America:</td> <td>0.6</td> </tr> </table> | Europe: | 7.4 | Asia & Pacific: | 3.6 | Africa & ME: | 0.6 | US & Canada: | 8.1 | Latin America: | 0.6 |
| Europe: | 7.4 | | | | | | | | | | |
| Asia & Pacific: | 3.6 | | | | | | | | | | |
| Africa & ME: | 0.6 | | | | | | | | | | |
| US & Canada: | 8.1 | | | | | | | | | | |
| Latin America: | 0.6 | | | | | | | | | | |



The following data are compiled for each sub-region with a Globalscope member presence for which statistics are available.

| | | <i>Globalscope Offices</i> | <i>All Market Listed Companies (Values over \$5m)</i> | | <i>Lower-Mid Market Listed Companies (Values in range \$5m-\$150m)</i> | |
|-----------------------------------|-----------------------------------|--------------------------------|---|---------------------------------|--|---------------------------------|
| | | | Number listed | TEV/EBITDA Multiples | Number listed | TEV/EBITDA Multiples |
| As at: mid August 2016 2015 | | | | | | |
| Europe | British Isles | 2 | 797 | 12.8 | 265 | 11.5 |
| | East Europe | 7 | 513 | 8.1 | 359 | 10.8 |
| | North Europe | 5 | 716 | 10.7 | 267 | 12.0 |
| | South Europe | 6 | 435 | 10.6 | 163 | 11.1 |
| | West Europe | 10 | 1,123 | 11.6 | 332 | 10.7 |
| | Total Europe | 30 | 3,584 | 11.1 | 1,386 | 11.2 |
| USA & Canada | Canada | 5 | 549 | 13.3 | 193 | 10.8 |
| | United States | 6 | 2,507 | 13.2 | 275 | 12.0 |
| | Others | - | 186 | 12.6 | 129 | 11.6 |
| | United States and Canada | 11 | 3,242 | 13.2 | 597 | 11.6 |
| Asia & Pacific | Indian Ocean | 4 | 1,855 | 15.7 | 1,145 | 11.5 |
| | North & East Asia | 5 | 7,536 | 13.0 | 2,901 | 10.5 |
| | Pacific | 5 | 2,660 | 13.1 | 1,405 | 10.9 |
| | Total Asia / Pacific | 14 | 12,051 | 13.4 | 5,451 | 10.8 |
| Africa & Middle East | Africa | - | 540 | 10.5 | 276 | 9.7 |
| | Middle East | 1 | 724 | 11.0 | 302 | 11.4 |
| | Total Africa / Middle East | 1 | 1,264 | 10.8 | 578 | 10.6 |
| Latin America | Brazil | 1 | 184 | 9.4 | 29 | 10.7 |
| | Uruguay | 1 | - | - | - | - |
| | Others | 1 | 313 | 10.5 | 68 | 7.9 |
| | Latin America | 3 | 497 | 9.9 | 97 | 8.8 |





Sector-Specific Analysis

A closer look at the underlying sector-specific structural drivers, new developments, recent M&A and projections

| | |
|------------------------------------|----|
| Consumer | 17 |
| Financial Services | 19 |
| Life Sciences | 21 |
| Industrials | 23 |
| Services | 25 |
| Technology, Media & Telecoms (TMT) | 27 |

The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Consumer sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the use of floor space in retail outlets as brands look to stand out. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Brands are “Healthifying” Products

Some brands are trying to "healthify" foods by adding functional ingredients. A survey of the supermarket shelf shows ingredients like chia, flax and probiotics being added to sweet snacks. Brands will also try to better educate consumers on functional foods and ingredients.

Stores in Recession

Foot traffic is on the decline in the U.S. and Europe. Meanwhile, as sales per square foot continue to decline after decades of growth, retailers are reconsidering size in favour of productivity, measured by profit per square foot and are utilising digital technologies to assist them.

Giants Personalize and Localize

Few consumer products companies have a direct relationship with the purchasers of their products, even as robust data analytics allow personalization and localization, leading to ever more differentiated shopper segments. However, bypassing their traditional retail partners — at least some of the time — in order to sell directly to consumers could produce hard-to-come-by growth for consumer packaged goods (CPG) companies. For example manufacturers and consumer companies such as Burberry, H&M, and Sport-Chek have launched technology-enabled outlets with minimal inventory and environments that invite consumers to enjoy an engaging, social, and interactive experience.

Notable recent transactions

Johnson & Johnson acquires Vogue International

Johnson & Johnson has agreed to acquire Vogue International Inc, the US-based manufacturer and distributor of salon-heritage hair care and other personal care products from its founder Todd Christopher and The Carlyle Group for €2.95bn.

Revlon acquires Elizabeth Arden

Elizabeth Arden, Inc. has signed a definitive agreement to be acquired by Revlon, Inc. for €710m. The combined company will benefit from greater scale, expanded global footprint and diversified presence across all major beauty categories and channels.

Monster acquires American Fruits & Flavor

Monster Beverage Corporation has agreed to acquire American Fruits & Flavor for €623m. The acquisition will provide Monster with an opportunity to leverage new flavour technologies and differentiate itself from its competitors.

Lower-mid market observations

Brand Entrants are More Focused

New micro, digital-only companies are flooding the market, riding on mobile consumer channels and the proliferation of social media. These retailers distinguish themselves by their well-defined niches and clever, often rebellious, promotional strategies.

Focus on Food Safety

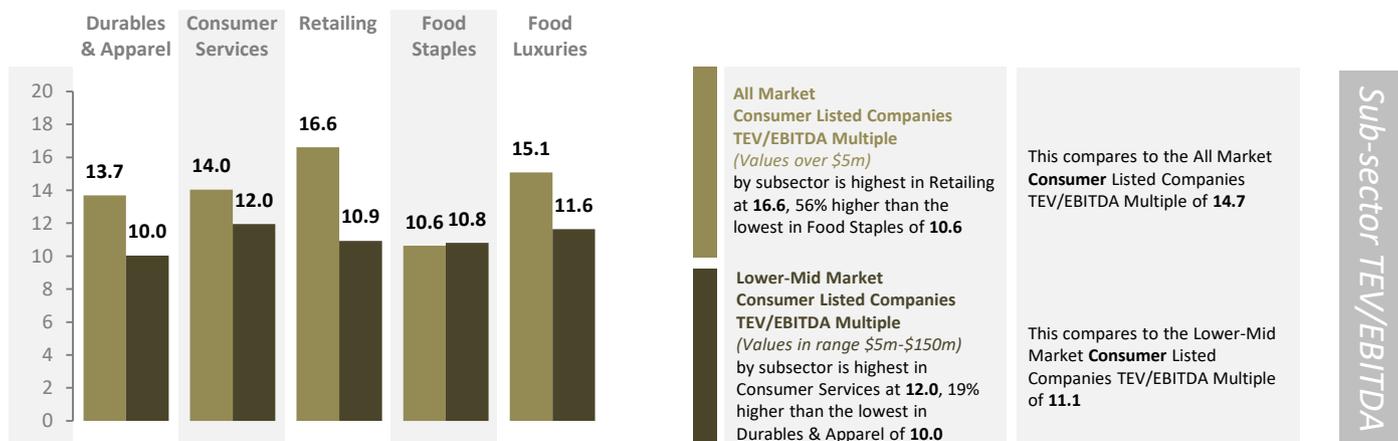
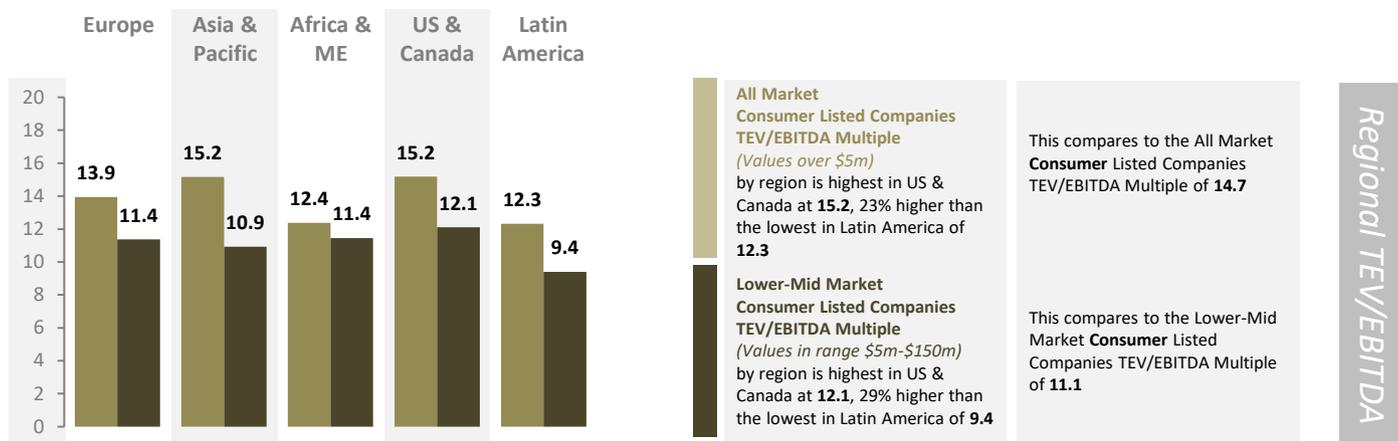
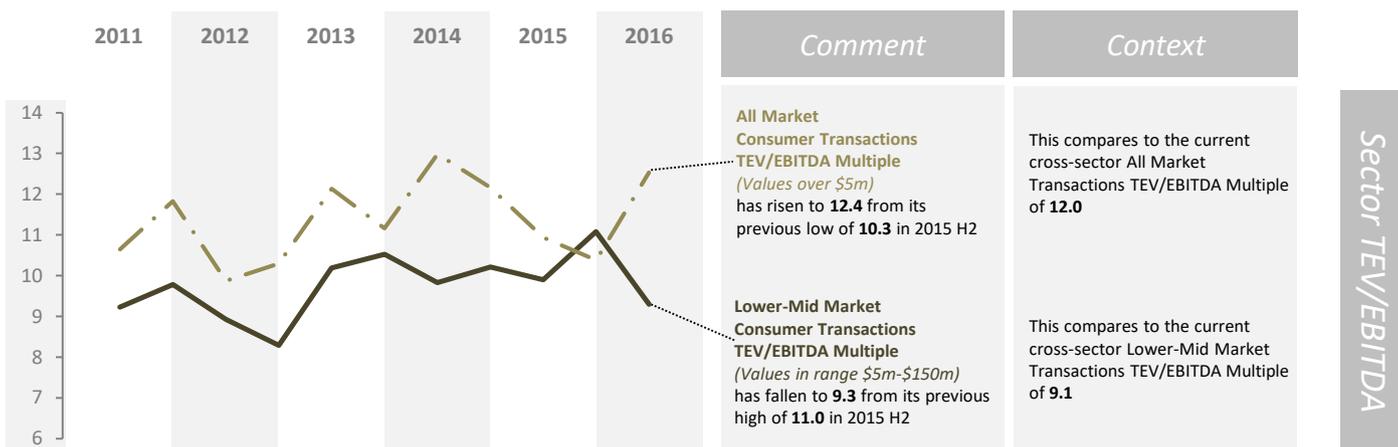
Researchers, food manufacturers, regulatory agencies, and suppliers will continue to focus attention on pathogens, developing new and improved methods of analysis, instruments, and detection supplies.

Less is More

Food manufacturers will have to continue to make food products that are less processed as consumers demand more transparency and foods that are closer to their natural state.

M&A trends & market analysis

The following data are compiled specifically for the Consumer sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Financial Services sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the shifting regulatory atmosphere in the wake of Brexit. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

New Regulations Coming into Force

Regulations in the financial sector will continue to put pressure on the industry, and this could fuel a reshaping of the sector, with divestment and new entrants. Unfortunately, it will also have a negative impact on risk taking and the appetite for financing in M&A and the alternative finance space.

Brexit Causing a Stir

Political headwinds in Europe caused a slowdown in deal activity during H1 2016, with European M&A activity (\$342.8bn, 3,110 deals) dropping 19.3% by value compared to H1 2015 (\$424.5bn, 3,287 deals).

Rise of Disruptive Forces

Banks are concerned that disruptive digital innovations outside the industry, from technology start-ups and existing technology firms will gain favour, and be another threat to their business. These new products could lead to a shift in global wealth, risk management and Investment Management.

Disruptive Bitcoin

Disruptive technologies such as Bitcoin, blockchain, and other evolving sectors, as well as the FinTech industry, are developing and investors and larger firms are getting excited and ready to snap up vertical buys.

Notable recent transactions

Deutsche Boerse Acquires London Stock Exchange

Deutsche Boerse AG has moved to acquire its UK cousin London Stock Exchange Plc for \$14.8bn. The merger, which is still subject to regulatory approval, would create the largest trading exchange by revenue in the world.

Mitsubishi UFJ Acquires Rival Stake

Mitsubishi UFJ Financial Group has acquired a 27.2% in Hitachi Capital Corporation for \$998m. It is the business unit of Hitachi that provides small business loans and other financing to companies around the globe.

China Investment Corp. Invests in Ant Financial

State-funded investment company China Investment Corp. (CIC) has invested \$4.5bn in fellow Chinese company Ant Financial. Ant is an affiliate company of Alibaba, the multinational supply company, and was previously AliPay.

Lower-mid market observations

Digital Services Lead Banks to Greater Risks

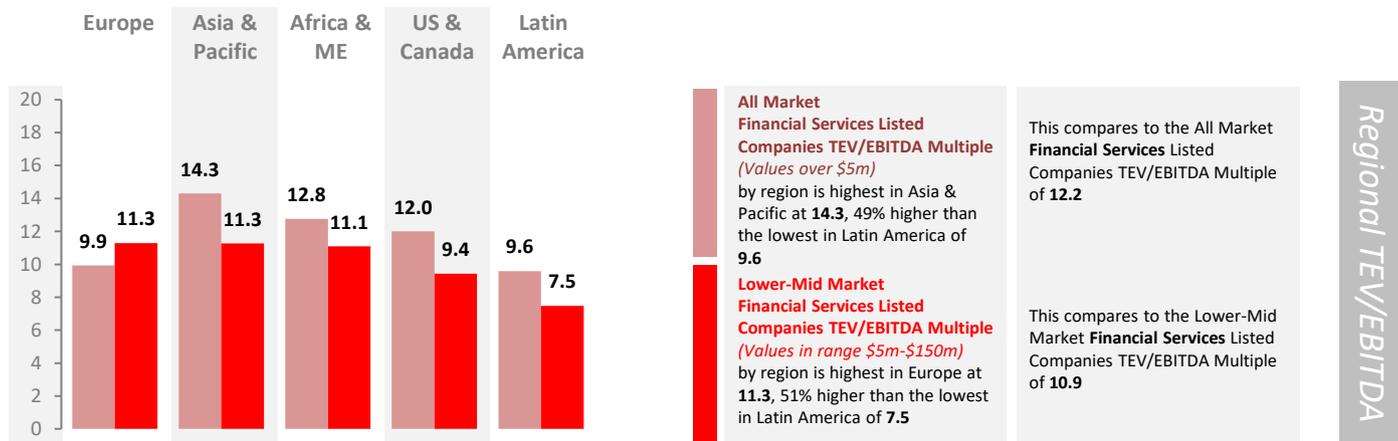
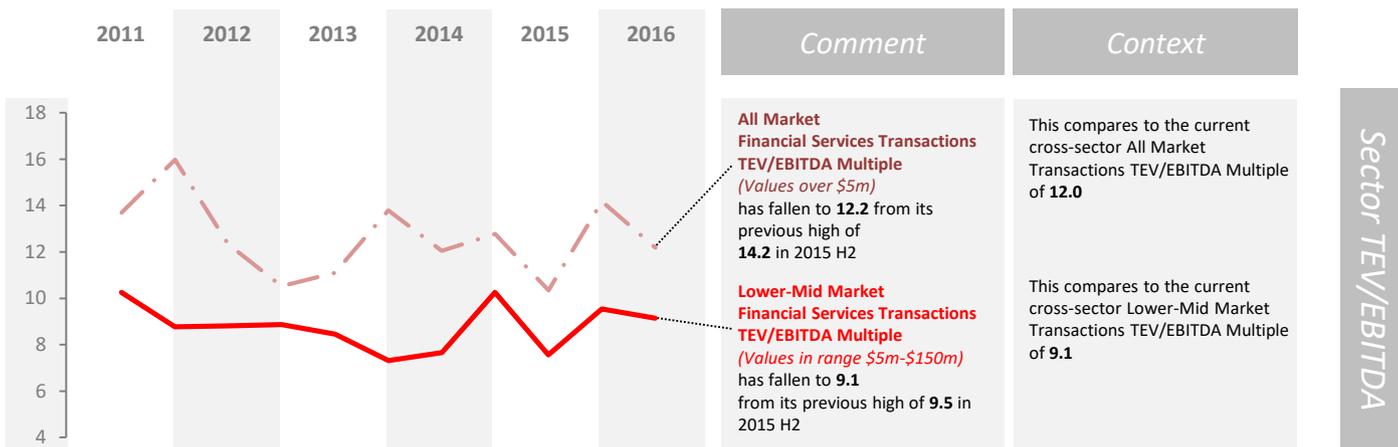
The increased number of digital services offered by banks is exposing them to greater risk, according to a new survey by Accenture. Three out of four bankers agreed that digital services expose banks to more risks and 85% said that these services were putting data handling concerns into the spotlight, leading to even more risk.

Bank Quality Greater In Smaller Banks

The 2016 Lafferty Bank Quality Rankings show a marked trend favouring smaller banks in their rankings, the common factor of the nine banks who received more than three stars. These banks, such as British banks Aldermore and Close Brothers, scored better in customer satisfaction, alongside better retail focus, strategy, conduct, and management to top the list.

M&A trends & market analysis

The following data are compiled specifically for the Financial Services sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Life Sciences sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the rising cost of all drugs and pharmaceutical products in the US. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Focus on Outcomes

Much more R&D around medicines is being driven by a desire for better outcomes. Insurance companies are beginning to refuse coverage of some treatments due to spiralling costs. This has led to a pursuit of targeted and specialised therapies.

Shareholder Activism Leading Strategy

Shareholders are creating top-down pressure on pharmaceutical companies to increase focus on value creation and improved performance through acquisitions, JVs and divestitures.

Pharmaceutical Costs Soar in the USA

The cost of prescription medicines in the USA is a contentious issue and prices are often three times as great as in the UK. This is due to the fact that a free market system of price setting is allowed in the USA, unlike elsewhere where there is greater regulation. Presidential candidates Clinton and Trump have pledged to reduce these costs. The counterargument is that this move will reduce the amount of innovation pharmaceutical companies can afford to bear, although the country undertakes a third of global drug spending despite just 4.5% of the world's population.

Notable recent transactions

Envision and Amsurg Corp. Agree Merger

Envision Healthcare Holdings Inc. agreed with Amsurg Corporation an all-stock merger to create a giant American provider of healthcare services and physicians worth \$15bn. This move will enable them to gain leverage in negotiations with health insurers.

Pfizer Merges with Anacor

Pfizer, the world's largest research-based pharmaceutical company, announced a merger with Anacor Pharmaceuticals for \$5.2bn in May. Anacor's flagship asset, Crisabarole, is awaiting approval and has the potential to treat atopic dermatitis, a strong fit with Pfizer's Inflammation and Immunology portfolios.

Toshiba Sells Medical Imaging Unit to Canon

Japanese player Toshiba has sold its medical imaging unit to fellow Japanese corporate Canon for \$5.9bn.

Lower-mid market observations

Emergence of Global Telemedicine Market

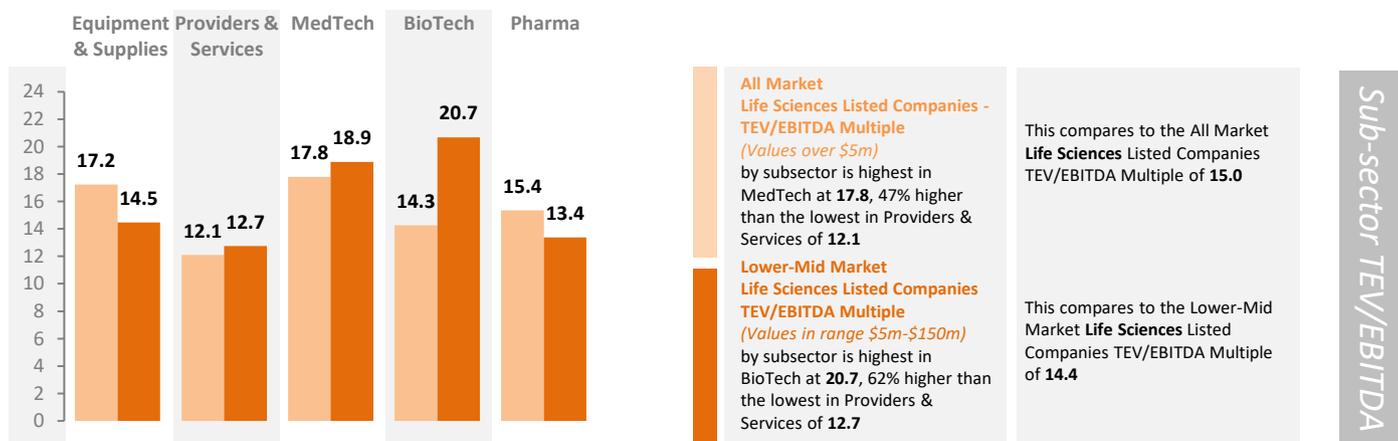
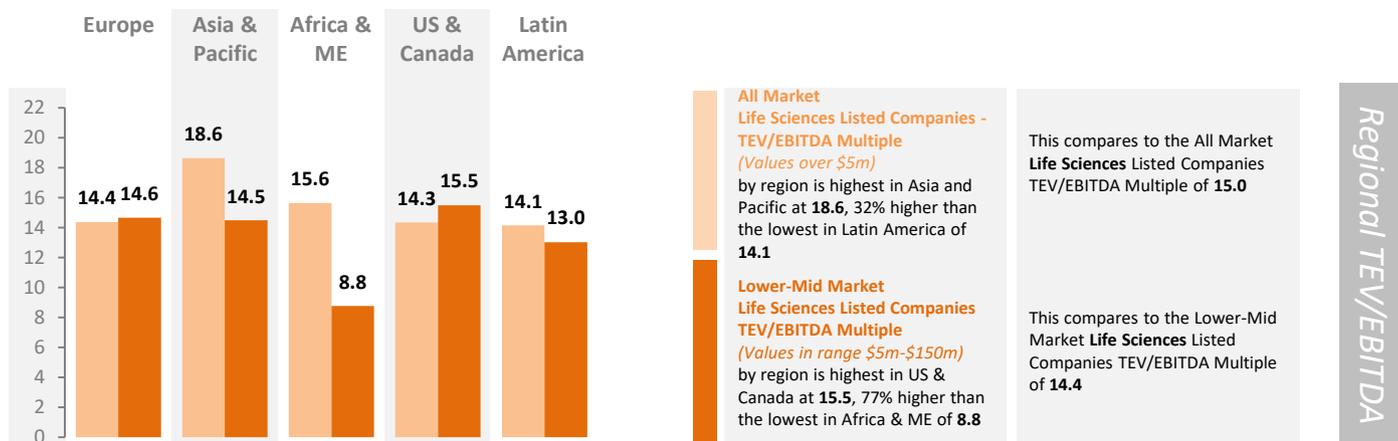
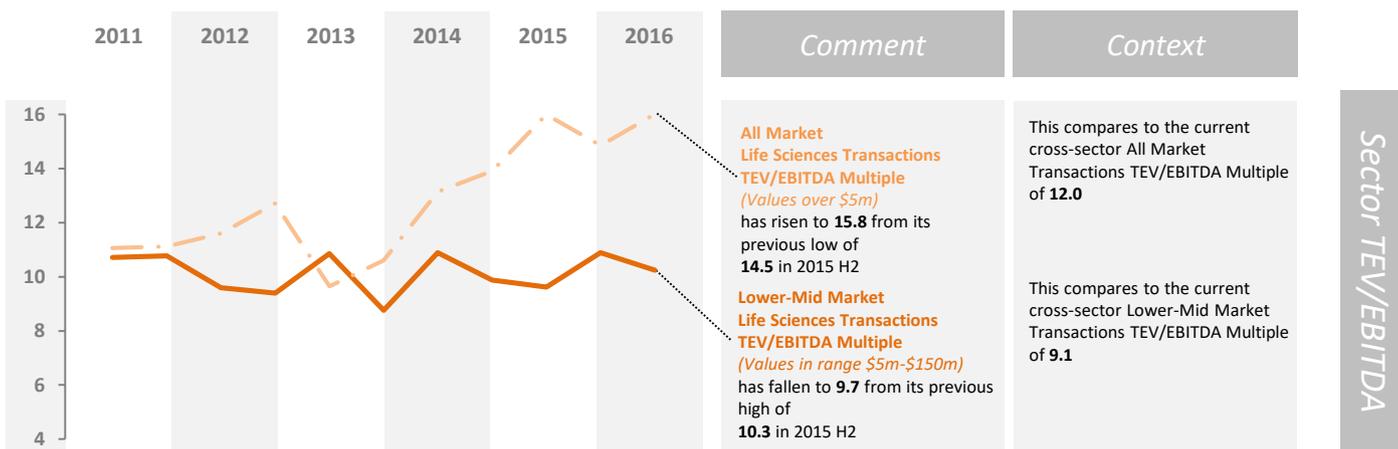
One of the fastest growing sectors of healthcare is the global telemedicine market, predicted to double in the next six years with 18.5% compound growth. Parks Associates saw 5.7m visits to online doctors via apps, like Health Tap, in 2014 and 16m in 2015. Hailed as the "future of medicine", savings can reach \$700 per visit and increase ease of access to medical attention in remote areas.

Shifting Demographics

The growing frequency of chronic diseases, a worldwide aging population and rising consumer wealth are leading to a shift in the target demographics for some pharmaceuticals companies. The increase in prevalence of chronic diseases, also linked to longer life expectancy, is having a profound effect on both developed and developing economies across the globe.

M&A trends & market analysis

The following data are compiled specifically for the Life Sciences sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Industrials sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the changing use of data by large corporates in order to maximise manufacturing efficiency. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Robotics Changing the Face of Manufacturing

Shipments of multipurpose industrial robots in China have doubled to an estimated 75,000 in the last 12 months, and whilst this number is forecast to double again by 2018, some have expressed concern over the reduction in innovation posed by the lack of human intervention.

Collection of Big Data Leading Efficiency Drives

Industrial manufacturing companies are using the Internet of Things ("IoT") to collect vast quantities of data on their shop floors and assembly lines in order to help identify areas for operational improvement.

Activist Investors Shaping Strategy

Some activist investors in the chemicals industry are seeing a lack of rationale or coherence in companies' portfolios. This has led to many chemicals companies reconsidering their product lines, often through merger or product acquisition.

Driverless Cars are the Order of the Day

Showrooms and design offices all over the world are racing to create a truly driverless car. Cab-hailing app Uber is testing a fleet of Volvo cars that are driverless in San Francisco, but as yet no manufacturer is mass producing a purpose-built vehicle.

Notable recent transactions

Albermarle sells Chemetall to BASF

Albermarle Corporation, the American chemical company, announced its sale of Chemetall Surface Treatment to German chemicals giant BASF for \$3.2bn. Chemetall's applied metal surface treatments will help BASF fulfil its aim of focusing on automotive applications.

Total SA Expands Clean Energy Offering

Total SA has acquired French battery maker Saft Groupe SA for \$1.1bn. Saft designs and makes nickel and lithium batteries for the transportation and military sectors. Total had previously pledged to invest \$500m in renewables.

Dover Corp. Acquires Wayne Fuelling Systems

Dover Corp. has acquired fuel pump technology business Wayne Fuelling Systems for \$780m. Texas-based Wayne manufactures fuel pumps and other related items.

Lower-mid market observations

Collusion in the Truck Making Industry

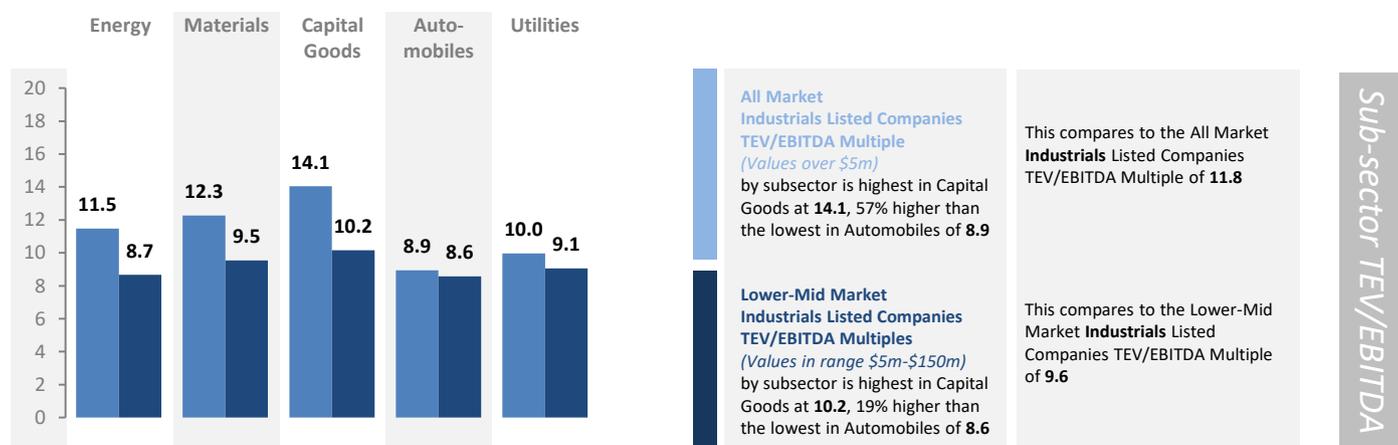
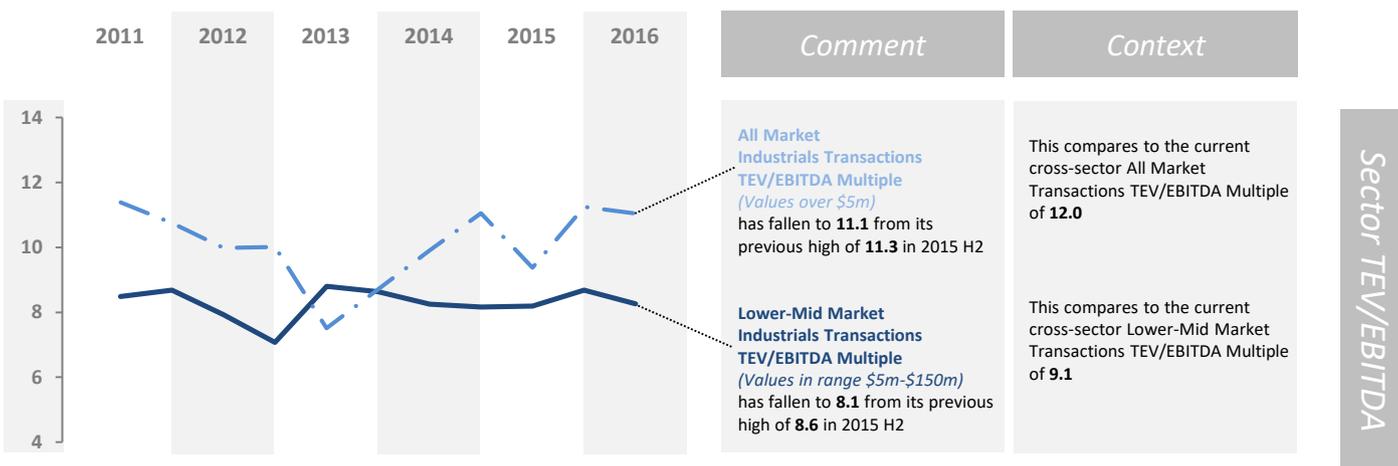
The EU issued its biggest ever cartel fine to six of the largest European truck makers over allegations of price fixing and delaying new emission technologies. These firms have strongly resisted changes that would result in reduced carbon dioxide emissions and improved fuel consumption. Despite 600,000 individual hauliers in Europe the six firms have near total control of the market, so any fines may help the lower mid-market firms exert greater market power.

Next Generation Batteries

Demand for extended mobile devices' battery life is driving the development of next generation batteries. Breakthroughs have been made but safety and economic concerns have thus far prevented them from reaching the mass market. Predictions suggest this will reverse by 2020 with post-lithium-ion battery technologies representing 10% of the entire battery market by 2026.

M&A trends & market analysis

The following data are compiled specifically for the Industrials sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data, and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Services sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the technology enabled workplace which is driving the development of new products and services. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Brexit Gives Rise to Opportunity

Professional services firms are using the fallout of Brexit to exploit revenues as they experience high volumes related queries from clients. The Big Four expect firms to reorganise in order to adapt to regulatory change. Recently, a PwC client webcast on the topic of Brexit had 15,000 attendees.

Investing in Health

The emerging trend of living a healthy lifestyle is increasing demand for relevant services and products, this extends to wellness consultants operating within businesses.

Global Freight Forwarding Market Set to Grow

The global freight forwarding market is estimated to have contracted by 1.6% in nominal terms in 2015 but there is a forecasted real growth rate of 4.6% for 2015-19. Europe's global market share is expected to contract whilst emerging regions gain share in its place. Trade deals such as the Transpacific Partnership are likely to boost trade further.

AI and Automation Transforming Industry

Businesses are transforming with more AI and automation to remain competitive, as high capital outlay is soon repaid with higher productivity and lower overhead costs.

Notable recent transactions

Chinese Swoop for Vitaco

Australian vitamin producer Vitaco has been acquired through a joint A\$314m bid tabled by Shanghai Pharmaceuticals and Chinese private equity fund Primavera Capital.

AlliedBurton and Universal Services Merger

AlliedBurton and Universal Services have merged to create the largest security company in North America. The firm provides localized response and national support, employing 140,000 security officers.

Technip and FMC in Merger of Equals

In what some are seeing as a bid to survive the oil industry slump, offshore service companies Technip and FMC have merged in a transaction valuing the combined group at \$13bn.

Lower-mid market observations

New Wave of Corporate Airlines

Start ups Surf Air (US and Europe), FlyClub (UK) and Airly (Australia) have introduced a new business model for corporate travel: monthly subscription. The "all you can fly" model between small airports removes the existing hassle of conventional business travel and the expense of private aircraft.

Innovative Products Lead the Way

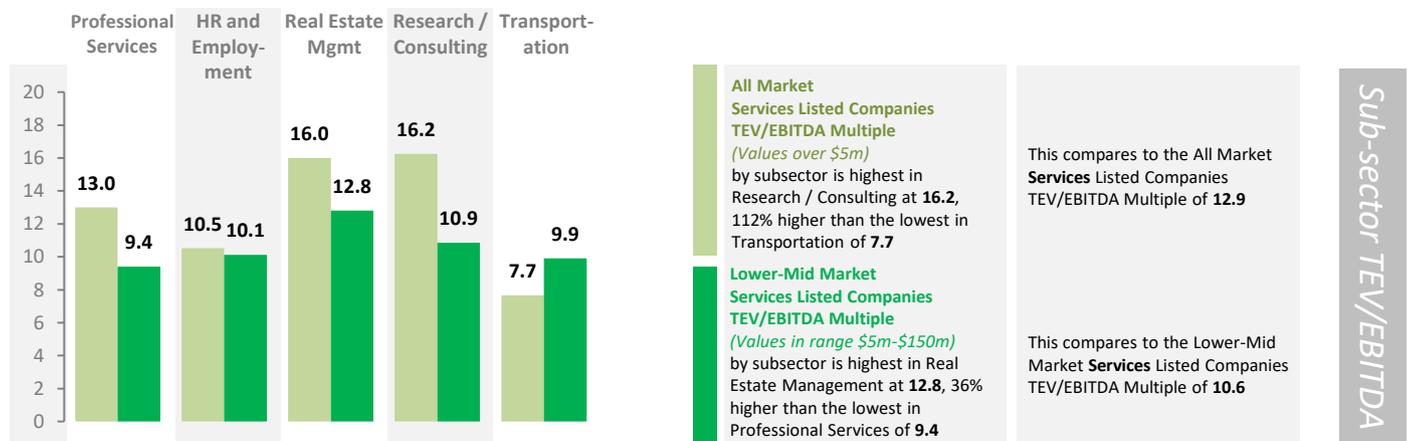
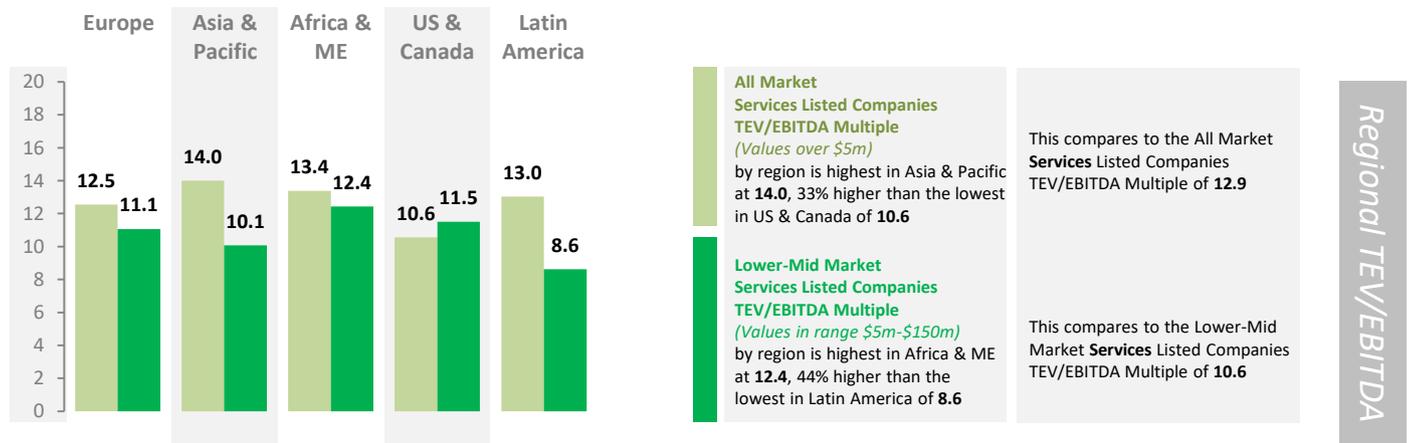
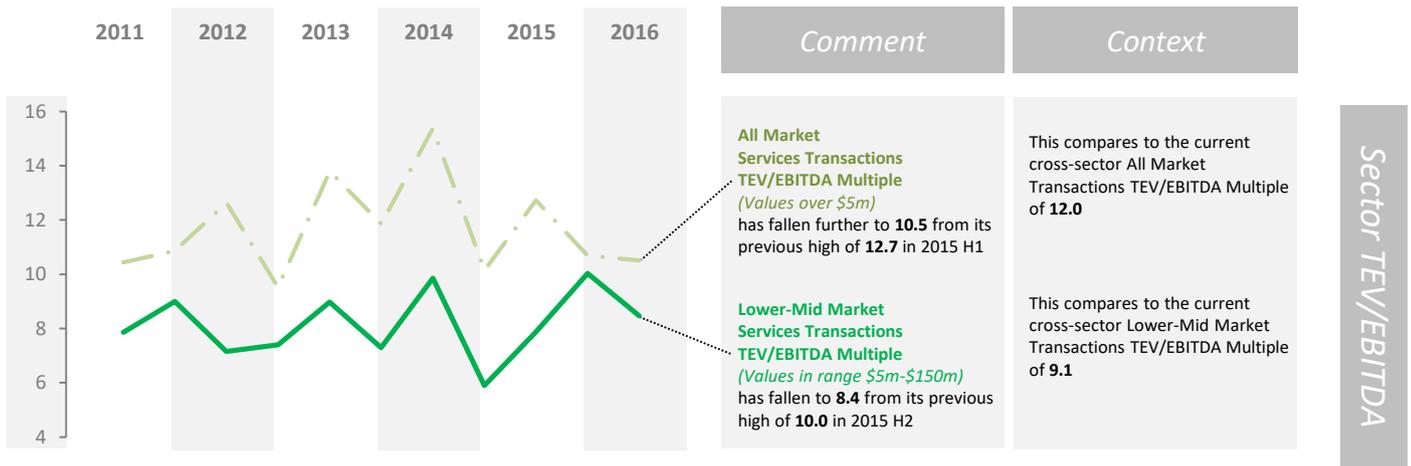
Companies operating in the lower-mid market with innovative and high-quality products are beginning to steal market share from the more traditional players in their respective spaces.

Remote Workers Driving Product Innovation

Service providers are seeing an increase in demand for people working on-the-go and remotely, leading to an explosion of specialist platforms for the modern workforce.

M&A trends & market analysis

The following data are compiled specifically for the Services sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data, and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



The sector M&A landscape

During the Dallas 2016 Globalscope conference, the network's global Technology, Media & Telecoms (TMT) sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the 'Information of Everything', the increasing availability of large data sets and advanced analytics tools, which is driving the adoption of artificial intelligence to optimise systems and processes across all verticals. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Technology-Driven Acquisitions on the Rise

Established players have demonstrated they are not afraid to pay strategic prices for technology they consider truly ground-breaking and capable of positioning their business for the future, even if the product and/or market fit is unproven. A recent example is Twitter's \$150m acquisition of Magic Pony Technologies, a < 3 year old machine learning company.

Ongoing Consolidation of the "Old TMT Economy"

Over the last 18 months, further waves of consolidation have come to bear in the "old economy" technology industries. Perhaps the most volatile has been the semiconductor sector, which saw over \$100bn of transactions in 2015 alone.

Notable recent transactions

British Technology Loses its Crown Jewel

Japanese technology conglomerate Softbank acquired the microprocessor IP licensing business ARM for \$32bn. This was the largest ever transaction involving a European technology business and ARM is by far the most recognisable UK-based technology company.

Blue Coat Systems Changes Hands (again!)

Symantec has agreed to buy enterprise security software company Blue Coat Systems for \$4.7bn. This transaction comes only 12 months after Blue Coat was sold to Bain Capital for \$2.4bn by Thoma Bravo, who had originally taken the company private for \$1.3bn in 2011.

Microsoft Enters Social Media Domain

Microsoft has agreed to acquire the professional social network LinkedIn for \$26.2bn in cash. LinkedIn will become part of Microsoft's Productivity & Business Processes division.

European Private Equity Holds Steady

There were 350 European private equity-backed deals in Q2 2016, a decline of circa 8% on the 381 deals in Q1 2016. Sizeable value creation opportunities remain in the European Private Equity market, despite the well-publicised macroeconomic headwinds of Brexit and the Eurozone crisis.

Buyer Universe Changing Dramatically

Increasingly, the buyers involved in TMT sector transactions are no longer just TMT players. Executives in other sectors are increasingly conscious that their technology strategy will be key to the ongoing competitiveness of their business, regardless of their sector.

Lower-mid market observations

Unsolicited Offers Remain Prevalent

Buyers continue to seek to pre-empt auction processes where possible, with unsolicited offers. Increasingly, receipt of an unsolicited offer is becoming one of the most common catalysts for launching a formal process.

Record Levels of Capital Available

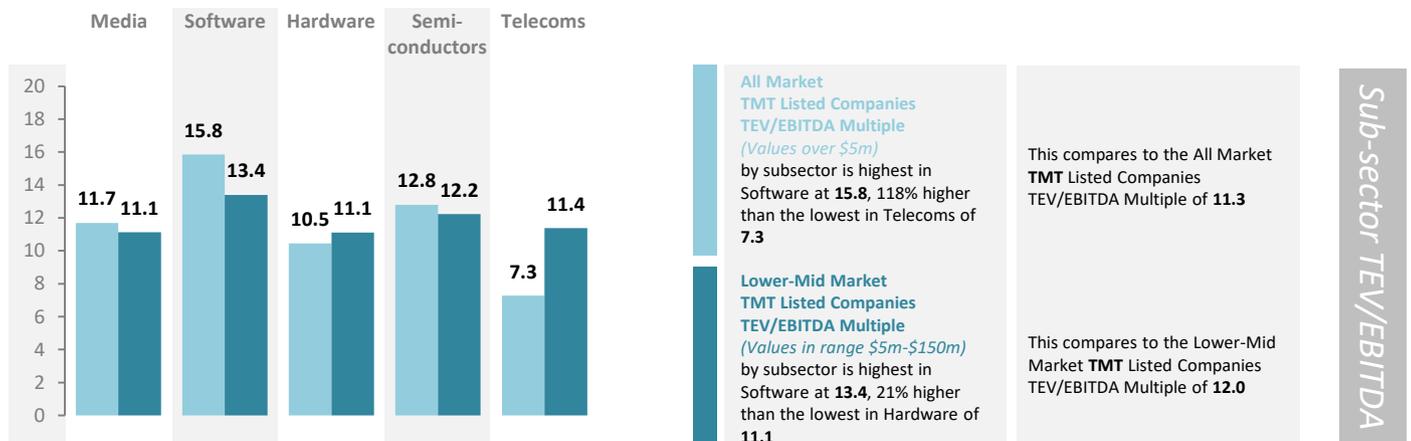
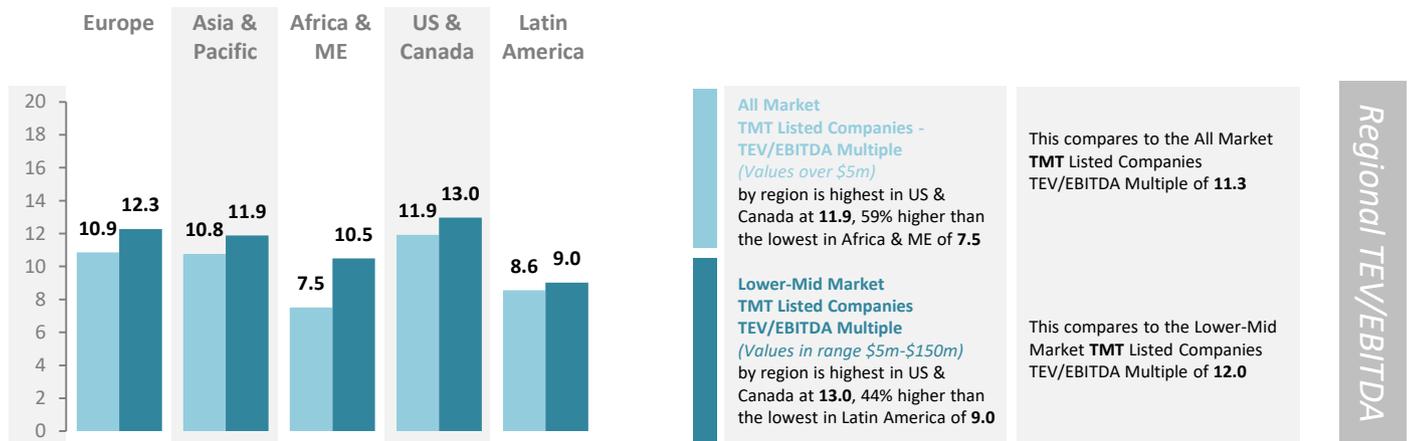
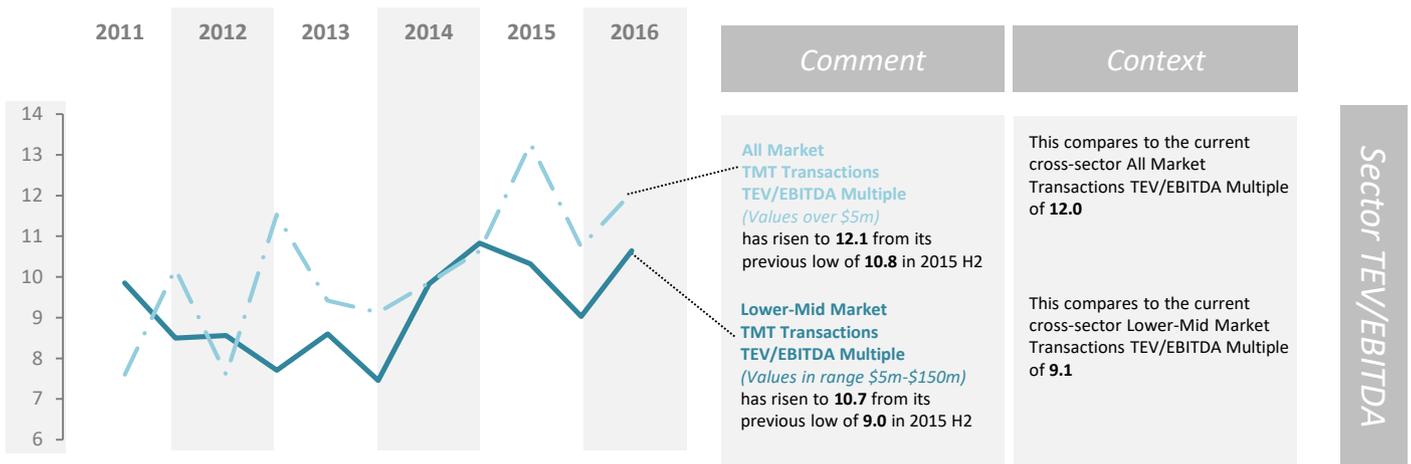
The year to July saw a record influx of capital into the European market, with circa \$5.5bn of VC funds raised. The 3 largest funds raised year-to-date were Cocoon (\$715m), Index Ventures (\$704m) and EQT Ventures (\$632m).

Strategic Valuations are Commonplace

Buyers remain willing to share strategic benefits with sellers where they see potential for significant value creation, or alternative targets are limited. Recent examples are ARM's acquisition of Apical for \$350m (c.15.0x EV/R) and Trainline's acquisition of Captain Train for c. \$190m (c.20.0x EV/R).

M&A trends & market analysis

The following data are compiled specifically for the TMT sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2016.



Firm Profile

DIVERSE INDUSTRY EXPERIENCE

Osprey Capital's principals are experienced senior-level investment bankers who have successfully completed numerous merger, acquisition and financing transactions in a wide variety of industries and markets.

- Extensive Industry & Sector Experience
- Knowledge of Industry Players, Strategies, and Transactions
- Developed Numerous Industry-specific Databases

PROFESSIONAL PROCESS

Osprey Capital is adept in determining the optimal process for a given situation and executing it in an effective, professional manner to achieve the best outcome for our clients.

- Senior Partner Attention
- Full National Coverage and International Coverage through Globalscope Partners
- Established Relationships with Canadian and US PE Funds

NATIONAL PLATFORM

Founded in 1998, Osprey Capital is one of the largest independent investment banking groups in Canada. Osprey Capital's success in arranging financing for its clients is a result of its understanding of the needs of mid-market companies.

- Experienced Professional Representation
- Offices in Ontario, Manitoba, Saskatchewan, Nova Scotia & Alberta
- Exempt Market Dealer

INTERNATIONAL COVERAGE

Osprey Capital is a member of Globalscope, a leading group of corporate finance and business advisers operating globally to support clients in cross-border transactions.

- International Reach with Over 35 Member Firms Across the Globe
- Presence on Every Continent
- Meet and Work with our Partners Regularly

ONTARIO Toronto

2204-200 Front Street West
Toronto Ontario, M5V 3K2

Stephen Jakob
PH: 416 867 8282
sjakob@ospreycapital.ca

Troy Ternowetsky
PH: 416 867 8287
troy@ospreycapital.ca

Brian Faughnan
PH: 416 867 8288
bfaughnan@ospreycapital.ca

Neil Mark
PH: 416 867 8286
nmark@ospreycapital.ca

Robert Mark
PH: 416 867 8283
rmark@ospreycapital.ca

Robert Brown
PH: 416 867 8280
rbrown@ospreycapital.ca

Umair Khan
PH: 416 867 8277
ukhan@ospreycapital.ca

Tyler James
PH: 416 867 8296
tjames@ospreycapital.ca

MANITOBA Winnipeg

240-530 Kenaston Boulevard
Winnipeg MB, R3N 1Z4

John Mottola
PH: 204 488 1872
jmottola@ospreycapital.ca

Brent Bottomley
PH: 204 488 2608
bbottomley@ospreycapital.ca

Frederick Innis
PH: 204 231 9600
finnis@ospreycapital.ca

Randy Pennycook
PH: 204 488 2783
rpennycook@ospreycapital.ca

SASKATCHEWAN Saskatoon

415 Clubhouse Blvd. West
Saskatoon SK, S0K 4S2

Scott Fraser
PH: 306 361 5821
sfraser@ospreycapital.ca

ALBERTA Calgary

3300-205 5th Avenue S.W.,
Calgary, Alberta, T2P 2V7

John Mottola
PH: 204 488 2050
jmottola@ospreycapital.ca

NOVA SCOTIA Dartmouth

400 Mic Mac Blvd. Suite 418
Dartmouth NS, B3A 4L7

Brian Cavanagh
PH: 902 877 1401
bcavanagh@ospreycapital.ca

Contact Us

Professional Investment Banking for Mid-Market Companies

Since being founded in 1998, Osprey Capital has become one of Canada's leading independent mid-market investment banking and financial advisory firms. Osprey Capital has offices in Toronto, Winnipeg, Calgary, Saskatoon and Nova Scotia. Our Partners have extensive investment banking experience, many having worked at some of North America's preeminent financial institutions, and have completed numerous financing and M&A transactions.

Osprey Capital's success in arranging financing for its clients is a result of its understanding of the needs of mid-market companies and its strong, long-standing relationships with the leading banks, pension funds, institutional investors and private equity funds in Canada, the U.S. and Europe. Our Partners have broad experience assisting owners, managers and companies buy and sell businesses as well as assisting clients through all aspects of going public and management buy-out transactions.

GLOBALSCOPE
INTERNATIONAL M&A ADVISORS