

2015 H1

# Globalscope Newsletter

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

*Jakarta 2015 H1*



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

**GLOBALSCOPE**  
INTERNATIONAL M&A ADVISORS

in association with



# About Globalscope

## What we do

Our focus is on mergers and acquisitions (M&A) and managing the diverse issues arising in the implementation of business growth or reorganisation and realisation strategies whether this is through acquisition, divestment, sale, restructuring, international joint ventures or 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 45 member firms, with more than 500 professionals on the ground across 37 countries:

### AFRICA

Botswana  
Namibia  
South Africa

GKA Capital  
GKA Capital  
GKA Capital

### AMERICAS

Brazil  
Canada  
United States

Guarita & Associados  
Osprey Capital Partners Inc.  
Allegiance Capital Corporation  
Greif & Co.  
Paramax Corporation  
Ficus Capital S.A.

Uruguay

### ASIAPAC

Australia

China  
India

Terrain Capital  
Tomkins Turner  
Beijing HRS Consulting  
MAPE Advisory Group Pvt Ltd  
RCS Advisors (India) Pvt. Ltd.  
a'XYKno Capital Services Ltd  
NaXeL iPartners  
Kaede Financial Advisory Inc.  
Stirling Coleman  
H-Partners Korea  
Auxesia Holdings  
Nexus Group

Indonesia  
Japan  
Singapore  
South Korea  
Vietnam

### EUROPE

Belarus  
Czech Republic  
Denmark  
Finland  
France  
Georgia  
Germany

Greece  
Hungary  
Israel  
Italy

Luxembourg  
Netherlands

Norway  
Poland  
Portugal

Russia  
Spain

Sweden

Switzerland

Ukraine

United Kingdom

Capital Times  
Venture Investors Corporate Finance  
Dansk Merchant Capital A/S  
Summa Capital  
CMW Corporate Finance  
Alliance Group Capital  
CatCap  
CCI Management  
Transfer Partners Group  
First Athens Corporate Finance SA  
Heal Partners  
Portofino Investments  
Benedetti, Rossi and Partners  
Palladio Corporate Finance  
Tenzing Partners SA  
DEX international M&A  
Stratégique  
Impello Management  
Augeo Ventures  
Bluemint Capital  
RB Partners  
Next Corporate  
ScandCap  
Nomima Ltd  
Capital Times  
Cobalt Corporate Finance  
Corbett Keeling



*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 Jakarta, Indonesia*

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 Jakarta, Indonesia*

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 steady

2014 H2



### Synopsis

In the six months to December 2014 the global average Lower-Mid Market Transactions TEV/EBITDA Multiple has dipped slightly to 9.1 following a previous high in 2014 H1 at 9.2. This latest business valuation indicator is based on an analysis of 20,421 transactions in the period, of which 23% were categorised as cross-border.

## Network expansion

Leading M&A firms join with Globalscope



### Synopsis

At the recent semi-annual conference in Jakarta, Globalscope welcomed two new member firms, bringing the total number of new firms joining Globalscope since the previous conference in Athens to three, all leading M&A advisors in their respective countries. This means the Globalscope roster now totals 45 firms in 37 countries.

### Growing network

Each a leading M&A advisor in their respective countries:

#### 3 additional new firms

- Impello Management – Trondheim, Norway
- Tomkins Turner – Perth, Australia
- ScandCap – Stockholm, Sweden



**TOMKINS TURNER**  
CORPORATE ADVISORY

*"We are really looking forward to doing more cross border transactions with our new partners and believe that our Perth office strategically complements the existing coverage..."*

Todd Grover  
**Managing Director, Tomkins Turner**

**IMPELLO**

*"We are excited to explore the cross-border opportunities within strong Norwegian sectors like oil & gas, energy, aquaculture and high-technology."*

Bjørnar Reitan  
**Partner, Impello Management**

**SCANDCAP**

*"Through Globalscope we increase our global presence across all continents as well as our international industry experience, so we can advise, and support our clients all over the globe."*

Johan Frenckner  
**Managing Partner, ScandCap**





# Conference report

## Synopsis

The five day conference programme, hosted by Globalscope's member firm in Indonesia, NaXeL iPartners, was attended by 37 delegates from Globalscope's member firms.



The conference format incorporated a new segment, co-hosted by KADIN, the Indonesian Chamber of Commerce, welcoming numerous local and ASEAN industry leaders to meet with Globalscope delegates, discuss opportunities, and network.



## Host member firm:

The conference was hosted by NaXeL iPartners, an independent boutique corporate finance firm based in Jakarta, established by a seasoned investment banker and a transaction lawyer. NaXeL iPartners work closely with a regional Investment Bank and a notable local transactional law firm.

NaXeL iPartners financial advisory services include capital raising, identifying strategic partners, acquisition searches, and foreign investment advice.



## Comment



Michael Moritz  
Globalscope  
President

*"I would like to pay special thanks to Fadjar Sutandi, and the team at NaXeL iPartners, for organising this very special event that brought Globalscope partners together, including our new colleagues from the ex-Asia M&A network, for the first time since the merger in Athens last October".*

## 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 7 deals completed in 2014 Q4 and 2015 Q1.

### Largest transaction:

Stirling Coleman (Singapore) advised Chinese water treatment group United Envirotech on the joint KKR and Citic bid for the company. The offer valued United Envirotech at \$1.5bn.

### Intra-Globalscope deal:

*Globalscope Partners on both sides of the transaction*  
Kaede Financial Advisory Inc. (Japan) and Nexus Group (Vietnam) advised on the Saigon Trapaco / Meiwa Pax deal.

### Commendation:

Longstanding partner from the Netherlands, and co-founder of Globalscope, Frank van Goethem, was commended for his extensive and dynamic leadership of the network.



Josh Park  
Globalscope Board

Frank van Goethem  
Stratégique

The Globalscope board and members recognised and thanked Frank for his most recent initiative, which secures a high level of quality throughout the network, and benefits all Globalscope members and their clients: the Globalscope Junior and Senior Training programmes.

## Next

The next Globalscope conference will be held in Tel Aviv in October 2015.



# Global M&A market landscape

Thousands of M&A transactions 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.

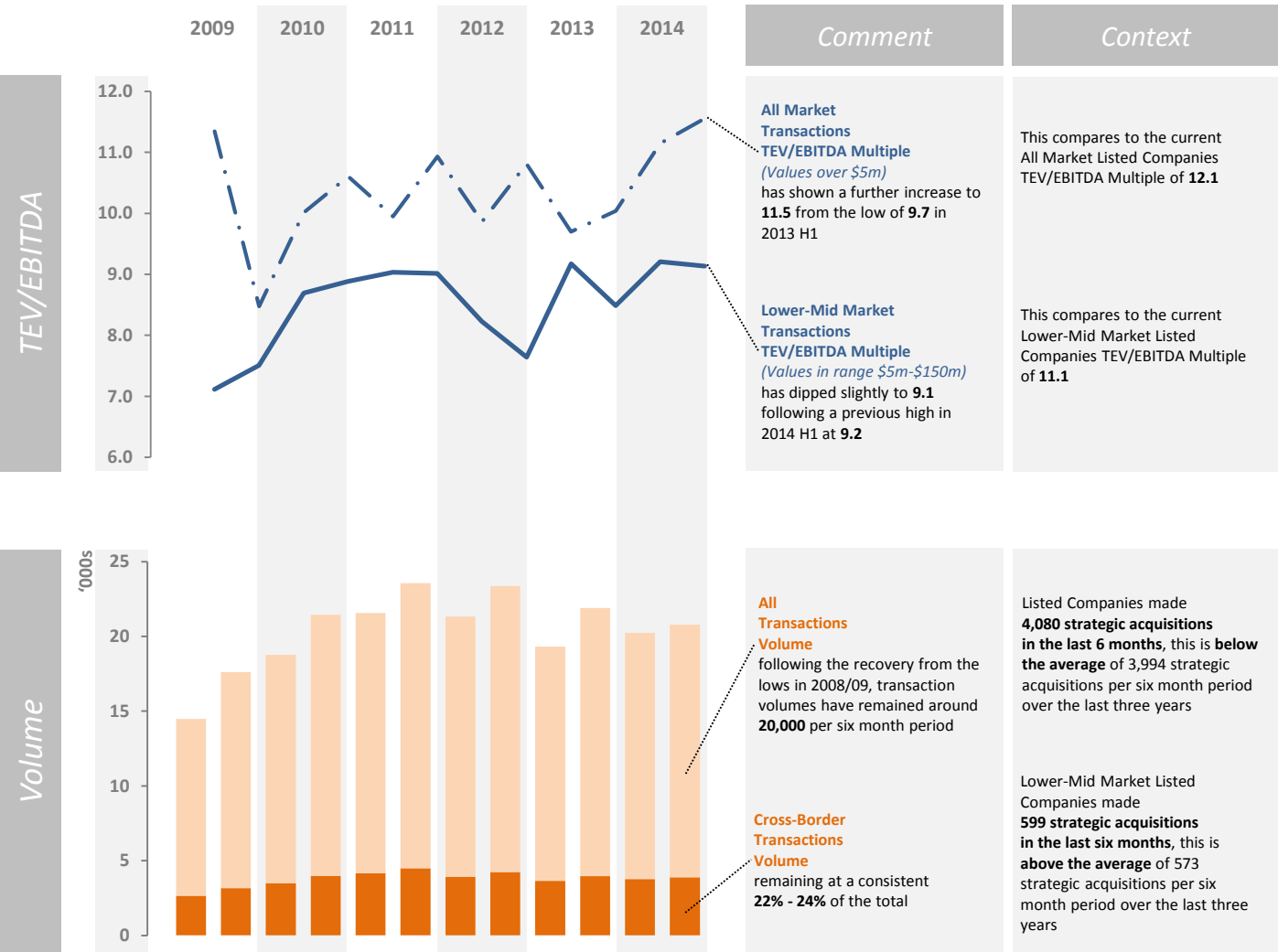
Across a large enough sample of transactions, these average TEV/EBITDA Multiples are a useful tool for assessing global valuation trends, as set out in the first chart below.

## 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 further strong continuation of the recent trend with a rise to 11.5 in 2014 H2.

## 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 fall relative to the market as a whole, to 9.1 in 2014 H2.







# 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.

## Financial Services: Crowd-funding and P2P Lending

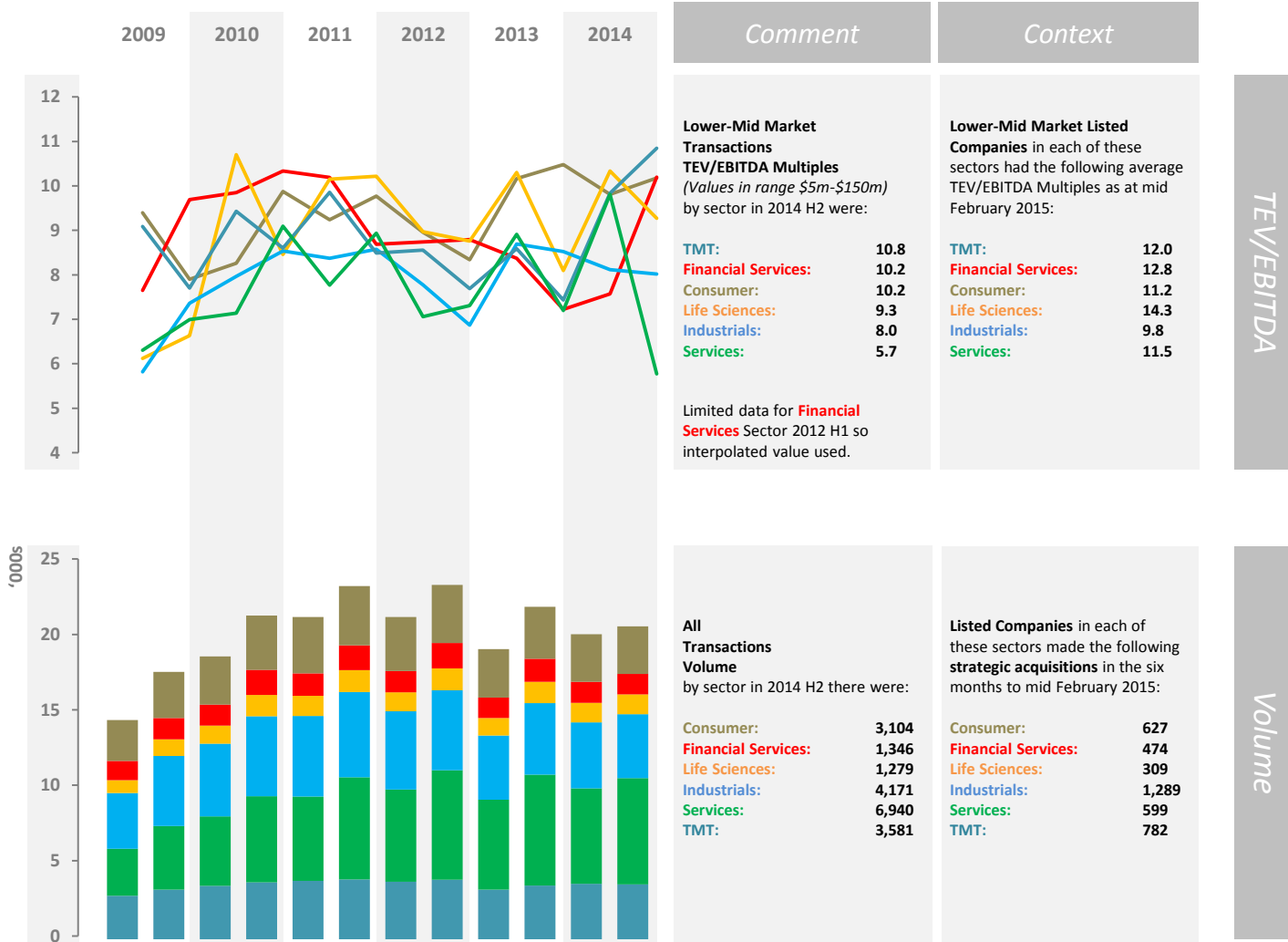
Although still a relatively young and small sector, internet-based alternative financing providers are proving hot investment territory for established financial institutions, possibly looking to hedge their bets.

## Industrials: Environmental technology opportunities

Lower-mid market companies that offer advances in environmental impact reduction can expect to see interest from larger businesses hoping to acquire such technology to help them meet their social impact objectives.

## TMT: Lower-mid market helping large incumbents

Lower-mid market companies are helping the large incumbents overcome their transitional challenges in moving towards SaaS delivery and will continue to be in demand.



# Summarised definitions

## TEV - “Total Enterprise Value”

TEV is an economic measure reflecting the market value of a whole business independent of a business’ capital structure.

## 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.

## 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 averages weighted in relation to the size of each transaction or listed company.

For detailed definitions and notes see page 3.





## 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)

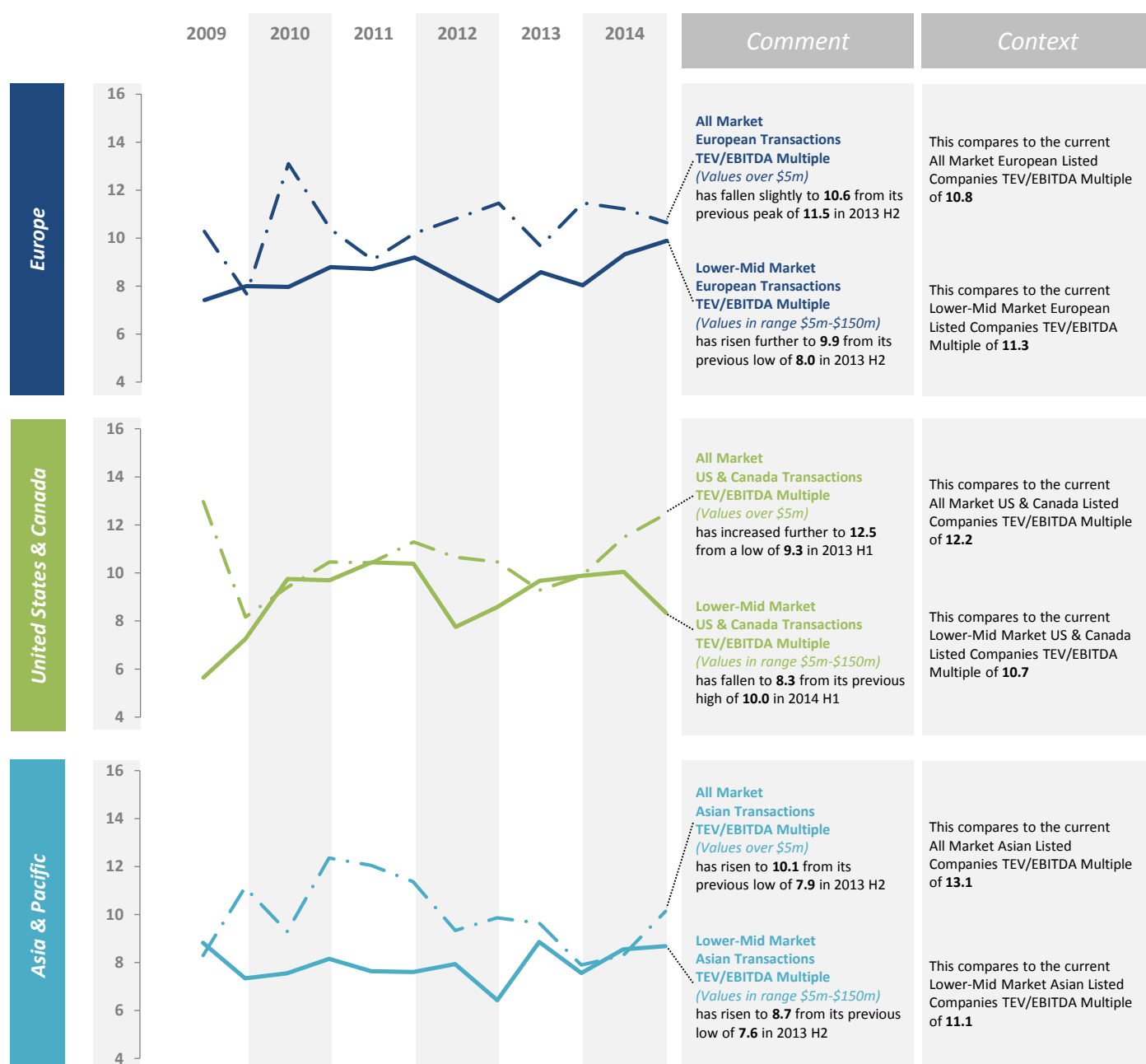
Dot-dash lines show average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m and the target location was recorded in one of the five global regions.

Other than Europe and Africa & Middle East the data show most regions following the global rising trend, with the Asia & Pacific region a particularly strong riser.

## Lower-Mid Market Transactions (solid lines)

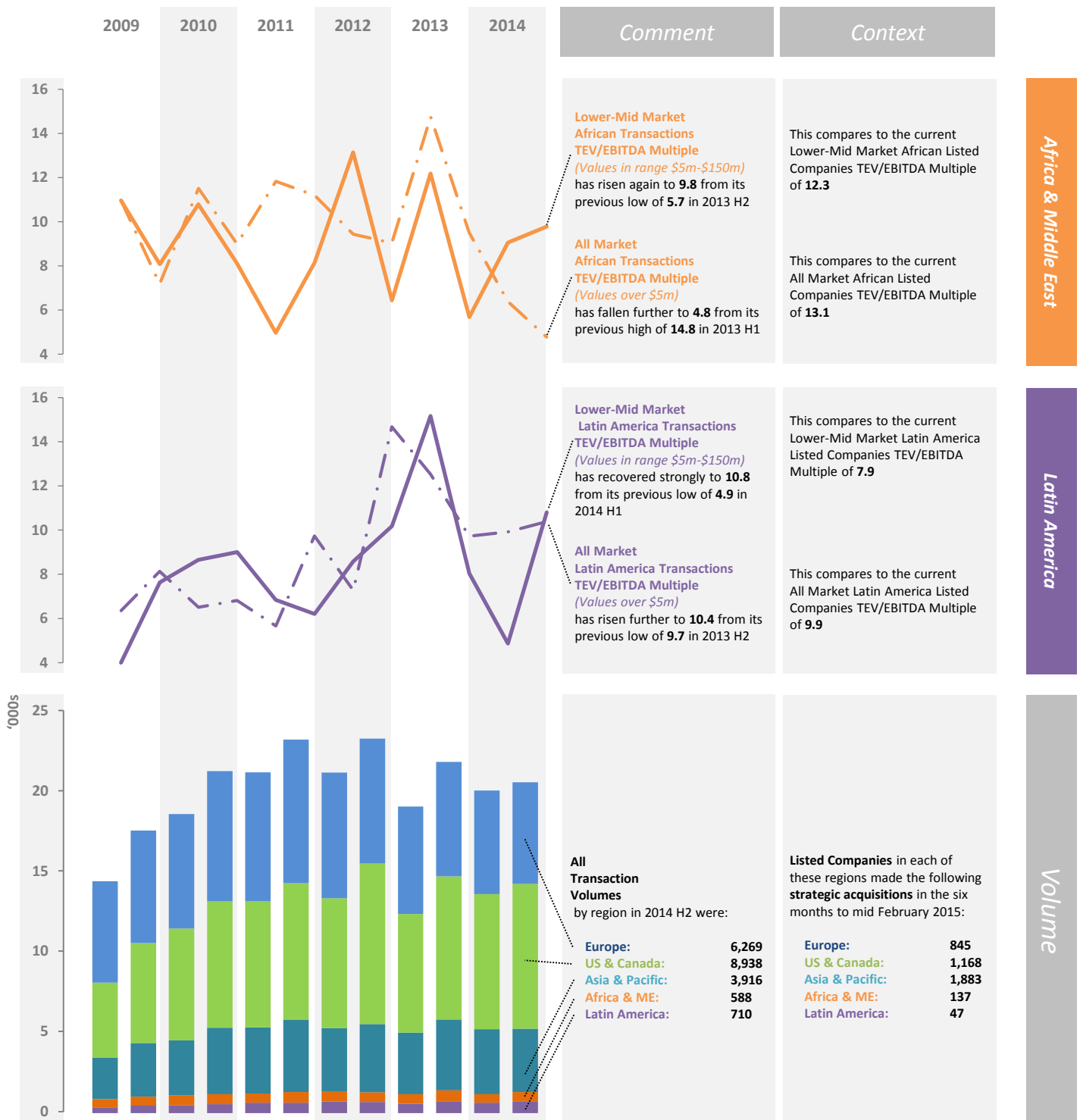
The solid line shows average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m but no greater than \$150m and the target location was recorded in one of the five global regions.

Other than the US & Canada the data show all regions following the global rising trend, with Africa & Middle East and Latin America regions particularly strong risers.





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.

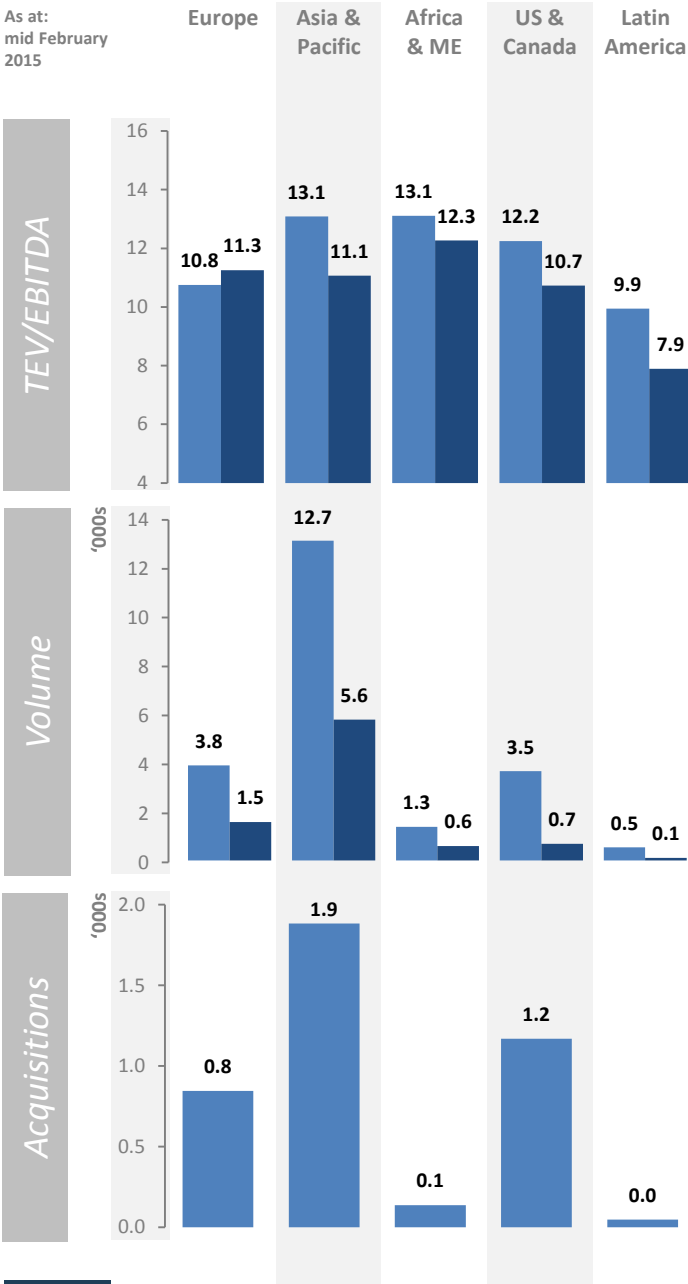




# Listed companies data by region

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.



## 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
<div>All Market Listed Companies TEV/EBITDA Multiple (Values over \$5m) is highest in Africa &amp; ME at 13.1, 32% higher than the lowest in Latin America of 9.9</div> <div>Lower-Mid Market Listed Companies TEV/EBITDA Multiple (Values in range \$5m-\$150m) is highest in Africa &amp; ME at 12.3, 55% higher than the lowest in Latin America of 7.9</div>	<div>This compares to the global total All Market Listed Companies TEV/EBITDA Multiple of 12.1</div> <div>This compares to the global total Lower-Mid Market Listed Companies TEV/EBITDA Multiple of 11.1</div>
<div>All Market Listed Companies Volume (Values over \$5m) is significantly higher in Asia &amp; Pacific than anywhere else at 12,697</div> <div>Lower-Mid Market Listed Companies Volume (Values in range \$5m-\$150m) is again particularly low in Latin America at 112</div>	<div>The global total number of All Market Listed Companies is 21,885</div> <div>The global total number of Lower-Mid Market Listed Companies is 8,480</div>
<div>All Market Listed Companies Acquisitions in last six months (Values over \$5m) is highest in Asia &amp; Pacific in absolute terms at 1,883 acquisitions, but highest in the US &amp; Canada on an acquisitions per Listed Company basis at 33%, compared to Latin America’s 9%</div>	<div>In total there were 4,080 strategic acquisitions by All Market Listed Companies in the six months to mid February 2015.</div> <div>These compare to All Market Transaction Volumes in 2014 H2 by region of (in ‘000s):</div> <div>Europe: 6.3</div> <div>Asia &amp; Pacific: 3.9</div> <div>Africa &amp; ME: 0.6</div> <div>US &amp; Canada: 8.9</div> <div>Latin America: 0.7</div>



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

		Globalscope Offices	All Market Listed Companies (Values over \$5m)	Lower-Mid Market Listed Companies (Values in range \$5m-\$150m)		
As at: mid February 2015		Number listed	TEV/EBITDA Multiples	Number listed	TEV/EBITDA Multiples	
Europe	British Isles	2	885	11.0	301	12.4
	East Europe	5	517	9.1	360	9.7
	North Europe	5	706	10.9	281	11.2
	South Europe	6	434	9.8	151	13.6
	West Europe	10	1,232	10.9	436	10.7
	Total Europe	28	3,774	10.8	1,529	11.3
USA & Canada	Canada	5	626	12.3	221	9.4
	United States	6	2,744	12.2	309	11.4
	Others	-	179	12.3	136	10.8
	United States and Canada	11	3,549	12.2	666	10.7
Asia & Pacific	Indian Ocean	5	1,957	15.4	1,242	11.4
	North & East Asia	6	7,889	12.9	2,915	10.8
	Pacific	6	2,851	12.6	1,442	11.4
	Total Asia / Pacific	17	12,697	13.1	5,599	11.1
Africa & Middle East	Africa	3	536	11.9	250	10.1
	Middle East	1	805	13.7	324	13.6
	Total Africa / Middle East	4	1,341	13.1	574	12.3
Latin America	Brazil	1	205	9.3	33	8.6
	Uruguay	1	-	-	-	-
	Others	-	319	10.5	79	7.6
	Latin America	2	524	9.9	112	7.9

# Summarised definitions

**TEV - “Total Enterprise Value”**

TEV is an economic measure reflecting the market value of a whole business independent of a business’ capital structure.

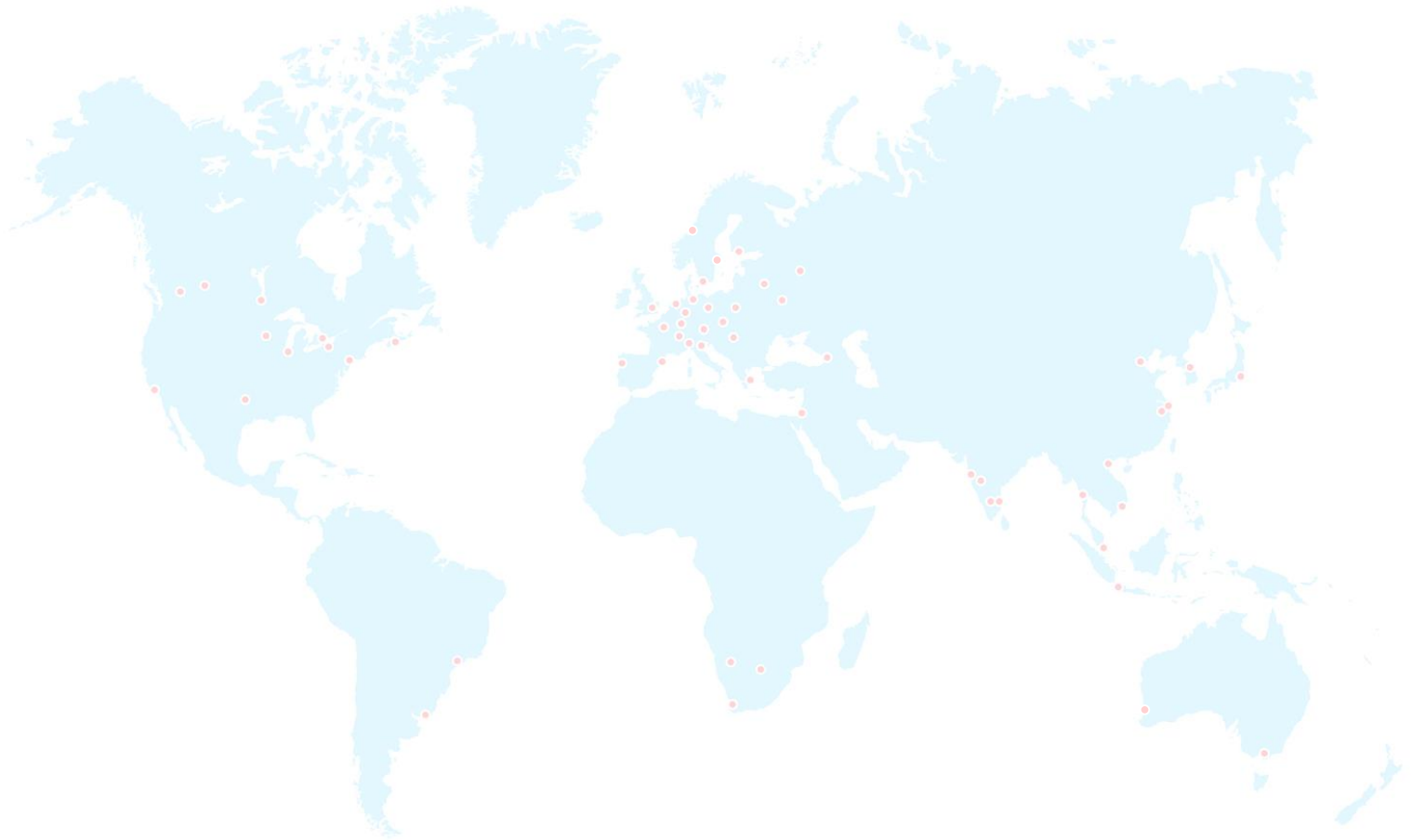
**EBITDA - “Earnings Before Interest, Tax, Depreciation and Amortisation”**

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.

**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 averages weighted in relation to the size of each transaction or listed company.

For detailed definitions and notes see page 3.





## 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 Jakarta 2015 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 growing appetite of US and European based food groups for expanding in emerging markets. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### Consumer engagement key to loyalty

The rise of the internet as a medium of communication has made it increasingly important for companies to monitor what consumers are saying about their brands. Utilising social media is an effective way to solicit consumer opinions and create a 2-way dialogue. Used in the wrong way, however, it can easily become a quick way to lose loyal fans.

#### Brand status rising in emerging markets

Having lived on relatively low incomes, many middle-class consumers in the world's emerging markets are hungry to spend their newly augmented incomes on branded products.

#### Flexible working changes landscape

Flexible working conditions and the ever-evolving role of women in the workforce are changing the consumer landscape. For example, single occupant households are driving demand for on-the-go products around the world.

### Notable recent transactions

#### Smucker enters pet food market

US jam maker, JM Smucker, has entered the fast-growing pet food business with its acquisition of Big Heart Pet Brands for \$5.8bn. With approximately two-thirds of U.S. households having at least one pet, this deal fits with Smucker's strategy to serve the meal and snack needs of the whole family.

#### Post Holdings acquires MOM Brands

US listed Post Holdings has acquired MOM Brands, the producer, marketer and distributor of ready-to-eat cereal products for \$1.2bn. This acquisition allows Post to expand into the bagged and hot cereal categories.

#### Beijing based Hony Capital acquires Pizza Express

In another example of China's growing appetite for overseas investments, British restaurant chain Pizza Express has been acquired by the Chinese group Hony Capital for \$1.5bn.

### Lower-mid market observations

#### Catering to on-off dieters

As consumers around the world become heavier, a growing focus within the world of food has been on healthier food products that fit into changing diets. Weight conscious consumers in developed market are increasingly "on-off" dieting, creating opportunities for manufacturers to meet changing demands.

#### Food waste a growing concern for food brands

As food wastage becomes increasingly regarded as unethical by consumers, manufacturers are having to find alternative ways to reduce waste. Wastage is often generated by inefficiencies in the supply chain, addressing these inefficiencies will be a key trend going forward.

### Sector contacts



**Andrea Pagliara**  
Consumer Lead

a.pagliara@palladiofinanziaria.it  
+39 0272 7307



**Martijn Peters**  
Consumer Co-Lead

martijn.peters@dex.nl  
+31 6130 85245



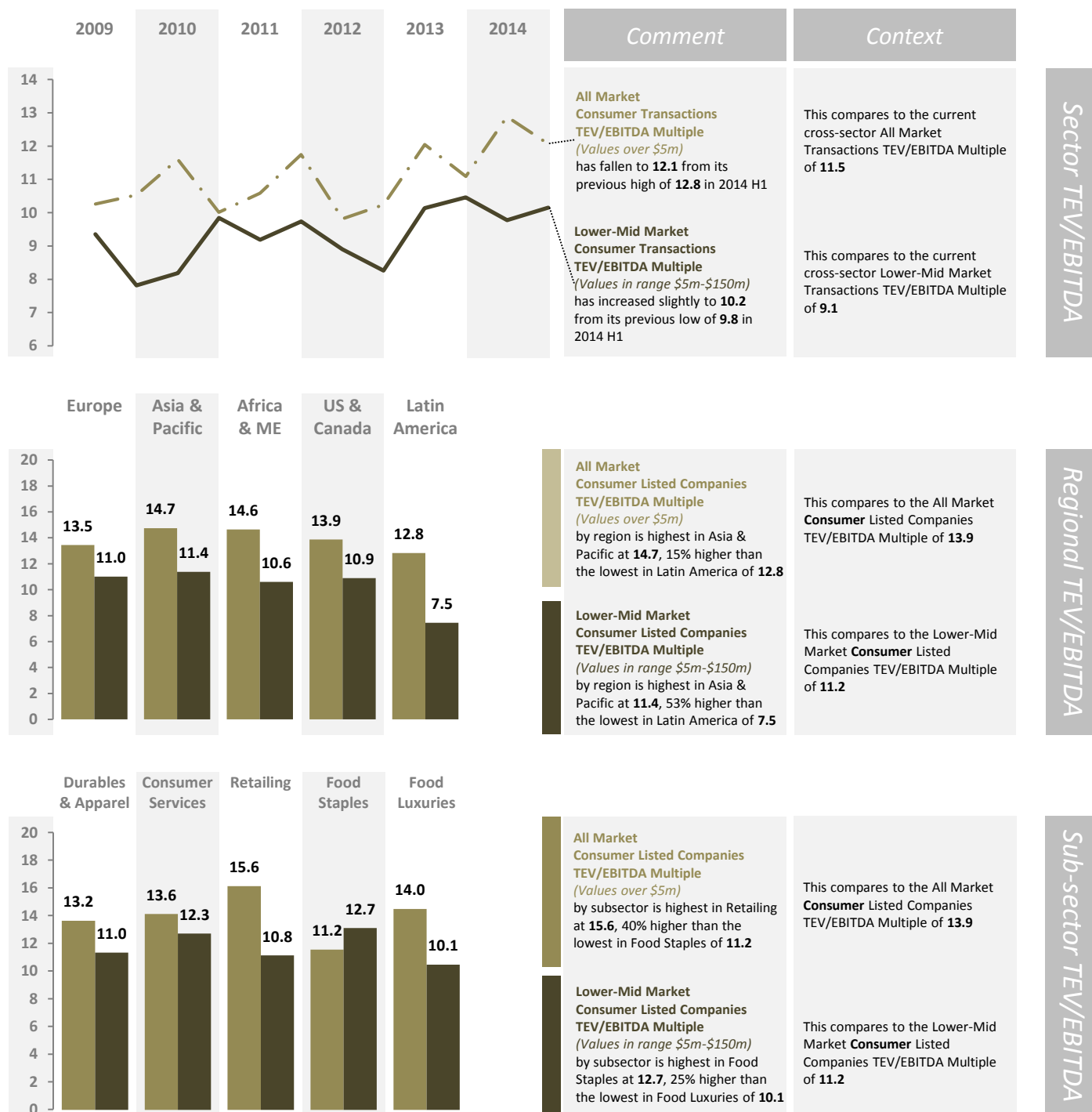
**Troy Ternowetsky**  
Consumer Co-Lead

troy@ospreycapital.ca  
416 867 8287



# 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 February 2015.



## The sector M&A landscape

During the Jakarta 2015 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 continued search for yield as investment managers are forced to re-assess their risk profiles. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### Continued low interest rates

Worldwide central bank interest rates remain low and expectations are that this trend will continue, driving capital into equities and having a positive impact on valuations.

#### Investment management consolidation

The rise of alternative finance providers, set against the backdrop of the decline of more traditional investment banking activities is expected to result in a round of consolidation in the Investment Management sector. Extensive client lists and effective channels to market are expected to drive values.

#### African investments in vogue

With traditional emerging markets performance on the whole disappointing, there has been a notable shift of focus towards Africa where opportunity for growth remains largely untapped. Notably in African countries other than the more traditional target of South Africa.

#### Technology and data

Financial companies are increasingly pushing control, and crucially the freedom to make errors, out to clients as their interactions become increasingly automated. How companies handle this change will be critical to success.

### Notable recent transactions

#### Old Mutual Wealth acquisition of Quilter Cheviot

The acquisition of UK based Quilter Cheviot, a leading discretionary investment manager, from Bridgepoint Capital for £585m (\$936m), will expand Old Mutual Wealth's adviser and client proposition and accelerate their strategy to build a vertically integrated wealth management business. The transaction represents a healthy return for Bridgepoint Capital as the business had more than doubled in profitability and assets under their ownership.

#### Hearst Corp increasing stake in Fitch Group

Fitch, the provider of credit rating services is now owned 80% by Hearst Corp, the US publisher of newspapers and magazines. Hearst Corp has increased its equity stake from 50% (acquired in 2006) as part of its strategy to diversify into data and information-based companies while growing its media business. The transaction is valued at \$2bn.

### Lower-mid market observations

#### Divestments to drive domestic activity

As financial companies and institutions continue to divest non-performing businesses, we expect this to primarily drive domestic M&A activity as cross-border investments are riskier prospects without an established local presence.

#### Crowd-funding and P2P Lending

Although still a relatively young and small sector, internet-based alternative financing providers are proving hot investment territory for established financial institutions, possibly looking to hedge their bets.

#### Growing PE interest in niche markets

2015 is expected to see Private Equity firms looking to capitalise on rising stock markets and confidence to make healthy returns from the specialist areas of the investment management sector.

### Sector contacts



**Jørgen Beuchert**  
Financial Services Lead

jorgen.beuchert@dmc.dk  
+45 41 99 82 50



**André Steenekamp**  
Financial Services Co-Lead

andre@gkacapital.com  
+27 21 856 5494



**Josh Park**  
Financial Services Co-Lead

parkj@kaedegroup.com  
+81 90 9852 8847

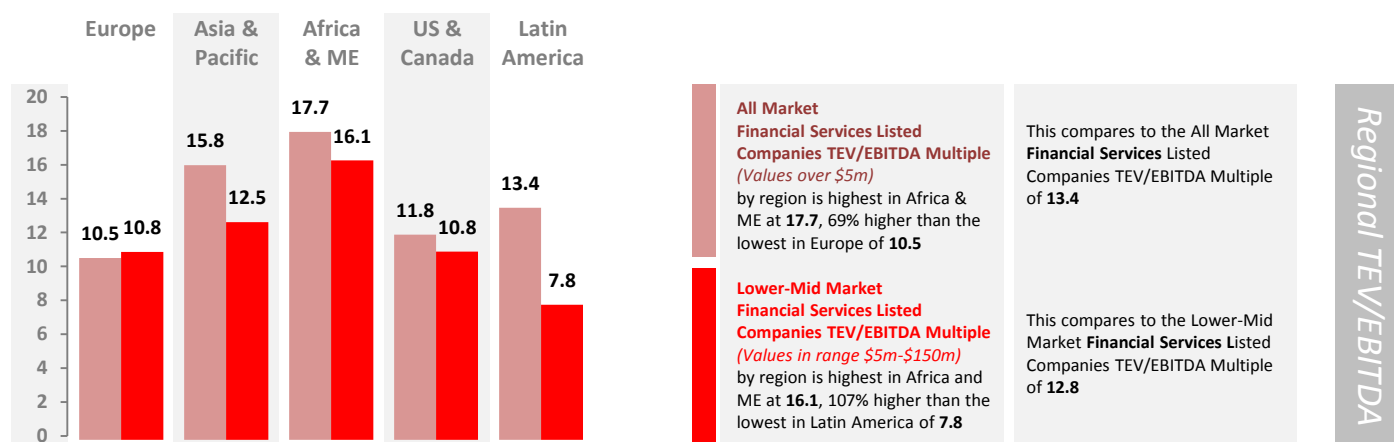
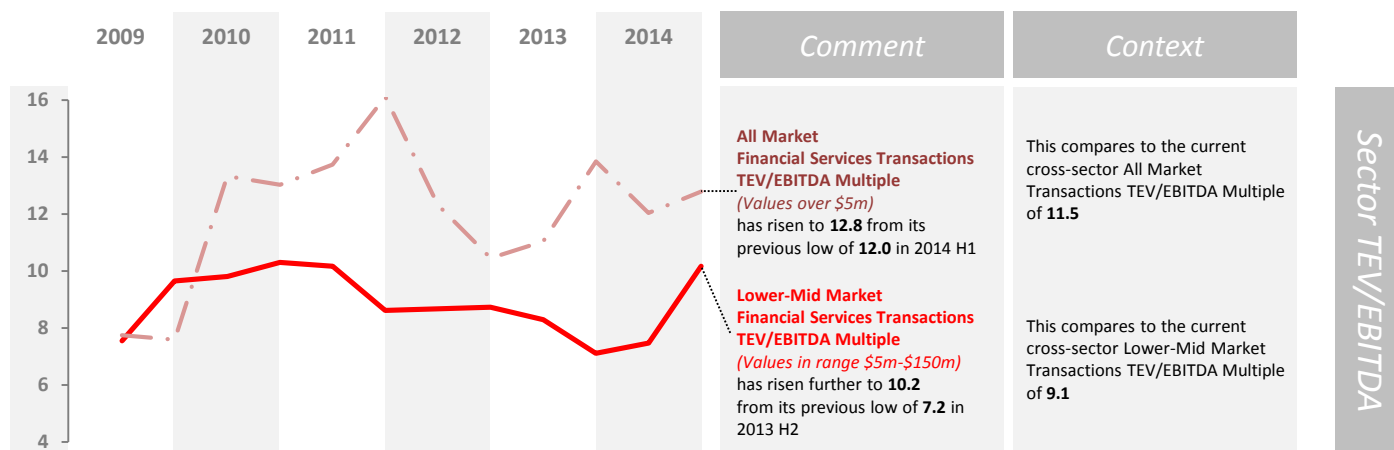


**Stephen Jakob**  
Financial Services Lead

sjakob@ospreycapital.ca  
416 867 8282

# 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 February 2015.



## The sector M&A landscape

During the Jakarta 2015 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 increasing availability of medical information to both consumers and suppliers of healthcare. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### The rise of connectivity and big data

Smart use of Big Data is making application models more efficient and outcome orientated. Likewise, connectivity and increased ease of data exchange/collection is driving higher efficiency and quality standards. This change represents a new set of challenges such as data safety and security.

#### Tailored genome-based care

Personalised and individualised prevention, diagnostic and therapy medicine is possible given recent developments in genome-based technologies. This key theme is expected to continue.

#### Medicine becoming a consumer product

The number of self-medicated and self-informed patients is increasing. Wikipedia and other public sources of healthcare information combined with growth in private spending on health, lifestyle and anti-aging products are a real threat to the physician.

#### Easier to buy ideas

With the rise in the number of drugs going off-patent and pharma companies reducing spending on innovation, firms are increasingly looking to acquire smaller innovative firms, driving M&A activity.

### Notable recent transactions

#### Merck & Co. (MSD) acquires Cubist

The healthcare company Merck & Co. (MSD) has announced its acquisition of Cubist Pharmaceuticals for \$9.5bn, providing the company with access to the antibiotics market and the potential to offset its recent revenue decline.

#### Pfizer acquires Worldwide Licenses

OPKO and Pfizer enter global agreement for OPKO's Long-Acting Human Growth Hormone programme. The agreement allows OPKO to de-risk the program as well as drive larger worldwide sales by using Pfizer's marketing muscle to help adoption of the product when the transaction is approved.

#### Merck KGaA acquires Sigma-Aldrich

Merck KGaA, Darmstadt has acquired Sigma-Aldrich establishing one of the leading players in the global Life Sciences industry for \$17bn.

### Lower-mid market observations

#### High levels of activity in medical sectors

The most active areas of the lower-mid market sector in the period have been dental care, minimally invasive surgical devices and disposables.

#### Innovation drives Pharma activity

Innovation in the lower-mid market Pharma sector is increasingly driving M&A as it is seen as an essential constituent of an acquisition target.

#### Cross border integration

'Diagnostic deals' in the Pharma, Medtech and Providers sectors are on the rise and are expected to bolster M&A activity, in particular with respect to cross-border deals.

### Sector contacts



**Caspar Graf Stauffenberg**  
Life Sciences Lead

caspar.stauffenberg@catcap.de  
+49 40 300 836 0



**Jacob Matthew**  
Pharma Lead

jacob@mapegroup.com  
+91 22 6154 4500



**Manfred Drax**  
Life Sciences Co-Lead

manfred.drax@catcap.de  
+49 40 300 836 0

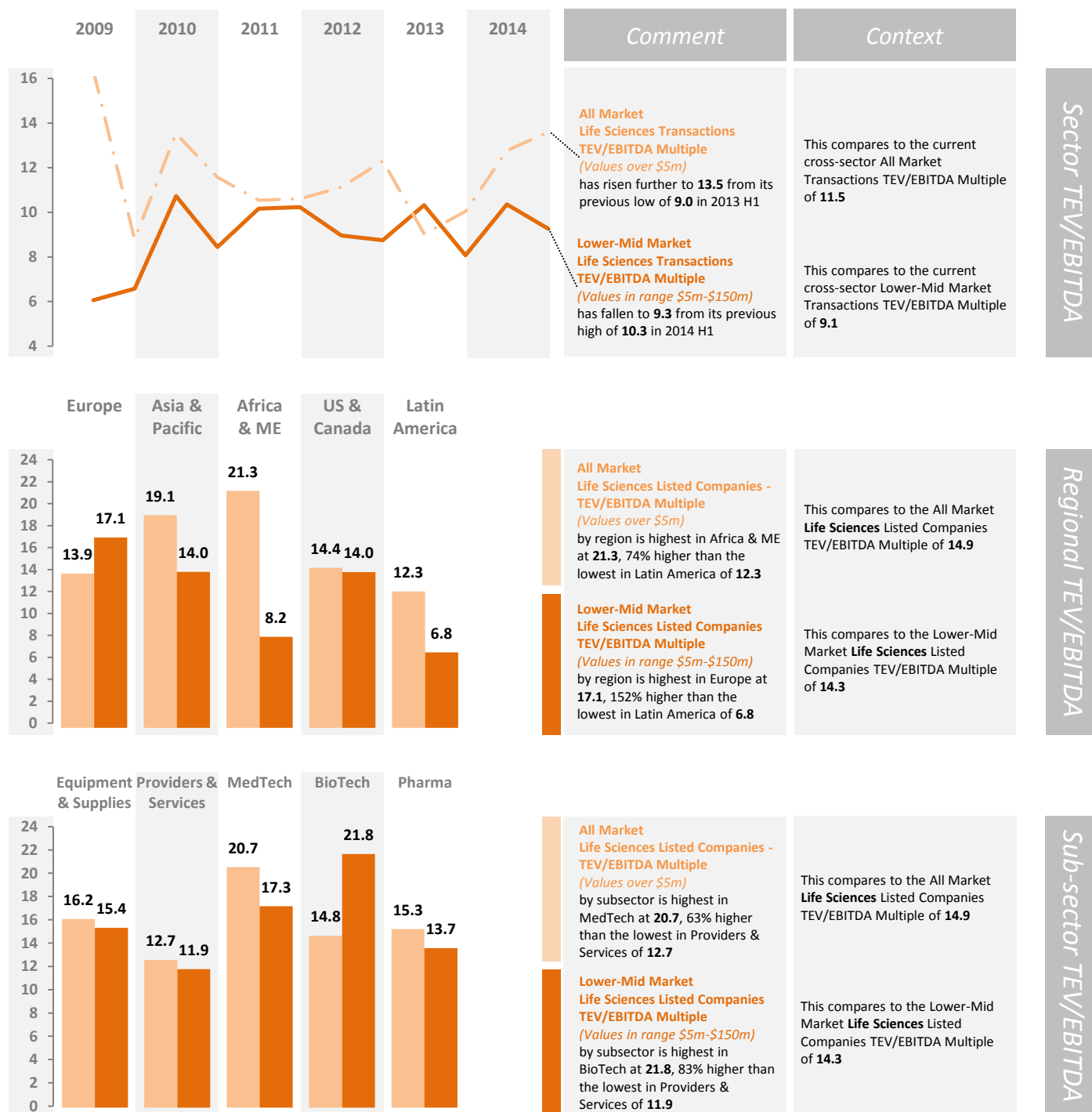


**John Mottola**  
Life Sciences Co-Lead

jmottola@ospreycapital.ca  
204 488 1872

# 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 February 2015.





## The sector M&A landscape

During the Jakarta 2015 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.

Notwithstanding the recent weakness in oil and resources prices, the Globalscope members' view of the Industrials M&A market is positive with the sector expected to be active in the coming six months and prices holding up. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### Manufacturing in a state of transition

Global manufacturing supply chains continue to grow, increasing the number of intermediate stages between the processing of basic raw materials to completion of the finished product. This means an increase in the complexity and international nature of these supply chains.

#### Impact of sliding oil prices

Notwithstanding the recent weakness in oil and resources prices, Globalscope members' view of industrials is positive – the M&A market in the sector is expected to be active in the coming six months with prices holding up.

#### Efficiency and capacity upgrades in aerospace

Airlines and governments are increasingly impressed by new technology in commercial aircraft design which is leading to accelerated replacement of obsolete fleets and healthy order-books for the commercial aerospace sub-sector.

#### Population growth drives agri-chemical demand

As the global population continues to rise, so too does the demand for fertilizers, pesticides and other agri-chemical products around the world. Companies should also expect increasing demand for innovative products in crop sciences.

### Notable recent transactions

#### Holcim and Lafarge negotiate merger

Swiss firm Holcim and French firm Lafarge continue to negotiate the creation of a \$44bn cement giant. In the process they are expected to shed several billion dollars worth of assets in order to comply with competition rules.

#### Strategic Value Partners acquires Linpac Packaging

UK based Linpac Packaging makes food packaging and plastic containers. The deal with US-based Strategic Value Partners is the latest in a series of disposals by Linpac since it ran into trouble under Montagu Private Equity's ownership in 2009.

#### Ares Management acquires Farrow & Ball

Farrow & Ball, the UK based luxury paints and homewares producer has been acquired by US-based Ares Management for \$433m, stating a shared vision for accelerating the growth of the business.

### Lower-mid market observations

#### Global stability to encourage cross-border deals

In the years following the financial crisis, global markets are enjoying a period of relative stability. Against this backdrop lower-mid market industrial companies will be encouraged to pursue overseas opportunities.

#### Environmental technology opportunities

Lower-mid market companies that offer advances in environmental impact reduction can expect to see interest from larger businesses hoping to acquire such technology to help them meet their social impact objectives.

#### Construction building momentum

Population growth and optimism in the global economy are leading to a surge in new construction projects and providing opportunities for fast-moving lower-mid market suppliers.

### Sector contacts



**Marcin Majewski**  
Industrials Lead

marcin.majewski@augeo.pl  
+48 504 031 584



**Giuseppe Benedetti**  
Energy & Renewables Lead

gb@benedettirossi.com  
+39 02 4801 5369



**Pankaj Bhuwania**  
Industrials Co-Lead

pankaj.bhuwania@rcsadvisors.in  
+91 98 1045 8044

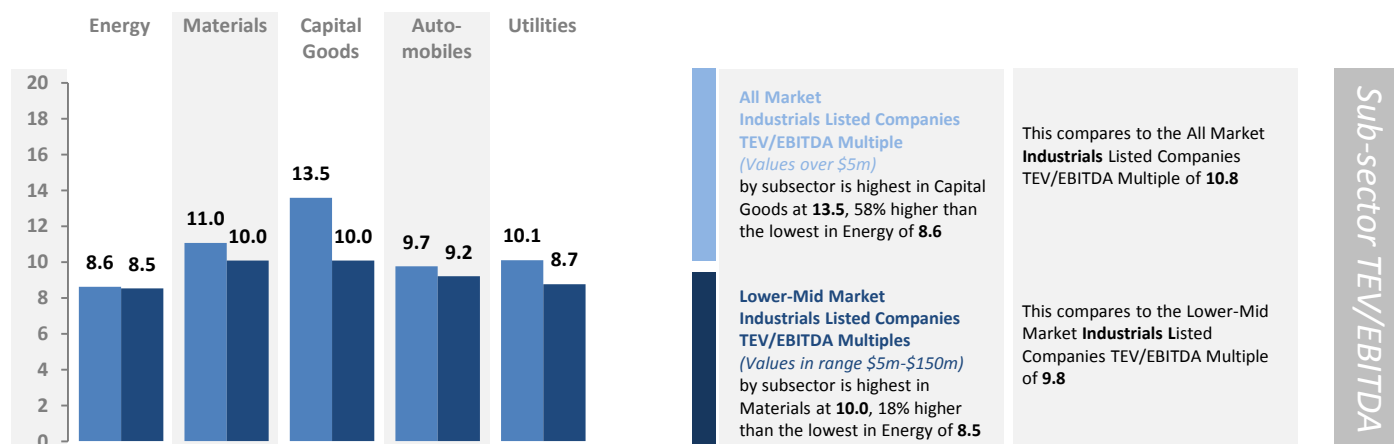
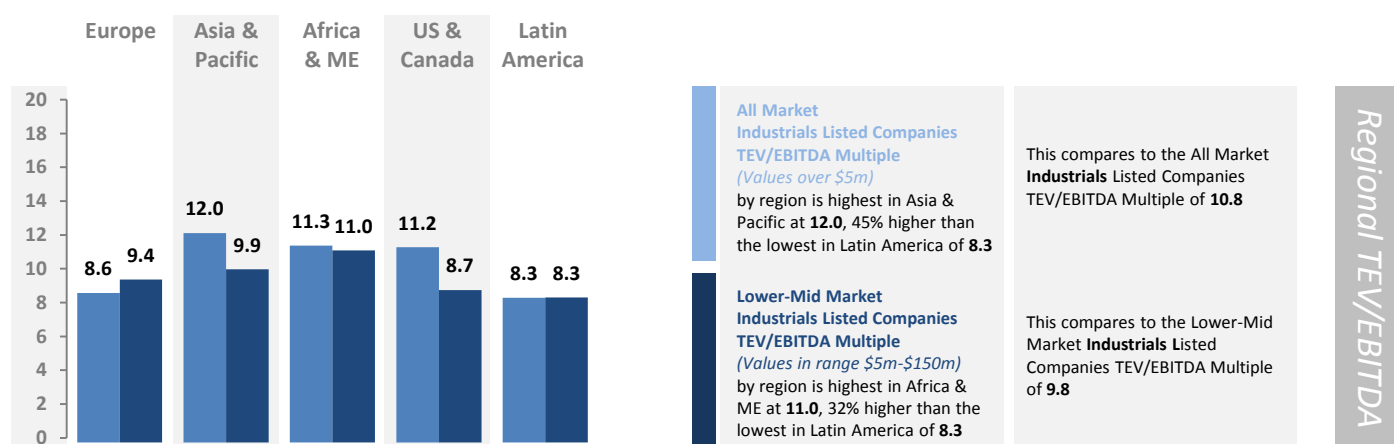
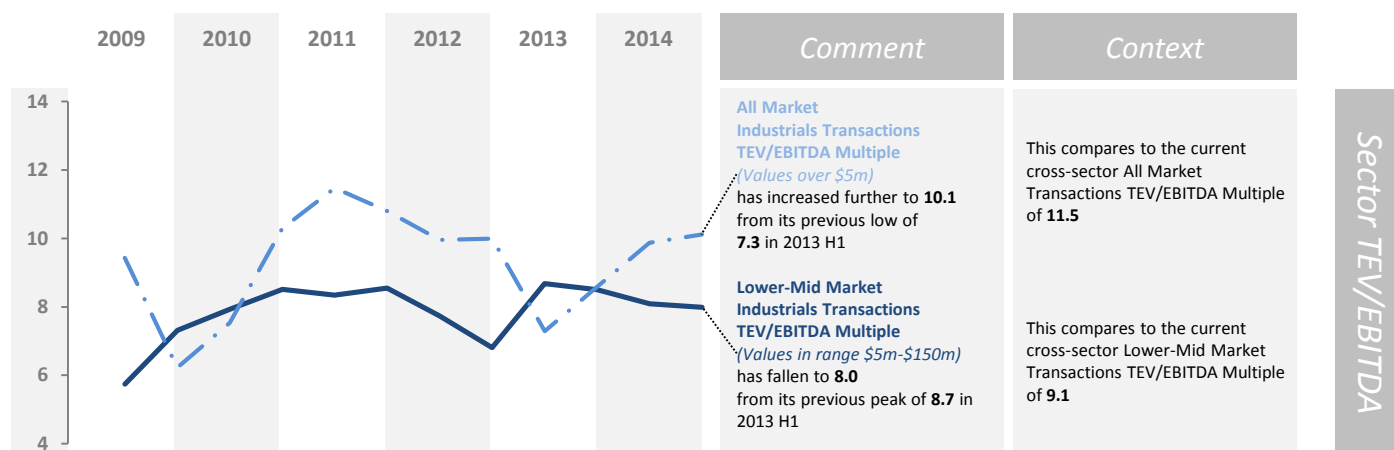


**John Mottola**  
Industrials Lead

jmottola@ospreycapital.ca  
204 488 1872

# 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 February 2015.



## The sector M&A landscape

During the Jakarta 2015 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 increasing use of technology to provide services; reducing costs and improving efficiency. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### Rise in growth by acquisition

Some services sector businesses are finding historic organic growth rates difficult to maintain but, in this case, many are successfully responding to pressure to grow by making acquisitions.

#### Boosting worker productivity

Greater use of data analytics in the sector is driving increased efficiencies and plugging the skills gap by supporting businesses in areas of limited capability and capacity. Globalscope members are seeing increasing commoditisation of services with technology enabling more to be done by lower grade staff.

#### Cost synergy benefits

Rising costs and tighter margins are putting pressure on service providers. This is likely to result in increased M&A activity as companies look to generate revenue and cost saving synergy benefits through greater scale, capability and geographic footprint.

#### Technology led innovation

Technology has the potential to change the way business services providers operate by improving efficiency and quality standards and bringing innovations that allow companies to remain competitive.

### Notable recent transactions

#### FedEx acquired Genco Distribution System Inc.

In this transaction FedEx paid \$1.4bn for Genco, a reverse logistics company that processes return items from more than 130 owned warehouses in North America. The acquisition will allow FedEx to enter new e-commerce markets, as well as strengthen their current service offerings to existing customers.

#### Visual Data Media Services acquired re:fine

Content management, distribution, storage and post-production services provider Visual Data Media Services has acquired London based re:fine, the content processing services provider. The deal will allow both parties to access each other's markets, technologies and infrastructure.

### Lower-mid market observations

#### Health of the broader economy

As providers of ancillary services to businesses in other sectors, the value of services businesses themselves is often closely tied to the health of the broader economy. As indices, such as the FTSE, flirt with all-time highs it is yet to be seen if the boost global growth receives from lower oil prices offsets negative factors, including diminished expectations about medium-term growth in many advanced and emerging market economies.

#### High level of fragmentation

The business services sector contains many large high-profile profitable suppliers yet remains highly fragmented. Small to medium size businesses make up a significant proportion of the industry and are managing to achieve above average growth rates.

### Sector contacts



**Jim Keeling**  
Services Lead

jim.keeling@corbettkeeling.com  
+44 20 7626 6266



**Dominic Marinelli**  
Resource Services Lead

dmarinelli@terraincapital.com  
+61 3 9665 2444



**Martijn Peters**  
Services Co-Lead

martijn.peters@dex.nl  
+31 6 13 08 52 45



**Stephen Jakob**  
Services Co-Lead

sjakob@ospreycapital.ca  
416 867 8282

# 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 February 2015.



## The sector M&A landscape

During the Jakarta 2015 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 move towards faster connectivity and the innovation expected to make use of the new capacity. More details can be obtained from team members and/or regional heads – see contact details below.

### Sector themes

#### Embracing rich media

Digital advertising continues to replace more traditional formats and demand for video is increasing. Content providers may look to M&A to meet the demands of distributors and deliver rich media to consumers.

#### Internet of Things set to launch

The IoT ecosystem is highly fragmented with new technologies emerging and older technologies evolving. As the technologies move towards standards, our members expect to see the sector rapidly take off and acquisitions to complete the larger players' product or service suites.

#### Cyber security potential for consolidation

Increased usage of mobile, cloud and social media is promoting the expansion of security technology and services. As more start-ups enter the market and the "big 5" cyber security brands lose market share, there will be a consolidation of start-ups with strong traction.

#### Network upgrades create opportunities

Mobile carriers across Europe have been upgrading their wireless networks to technology and growth standards in line with the US market. The impact of this is a likely increase in M&A activity as the market consolidates to take advantage of new opportunities.

### Notable recent transactions

#### SAP pays out for Concur

SAP has acquired the travel and expenses cloud company Concur for \$8.3bn. With this acquisition SAP now leapfrogs Oracle in terms of cloud revenue run-rate, second now only to Salesforce.

#### Belden secures Tripwire

Belden, a traditional cable manufacturer has acquired cybersecurity solutions company Tripwire for \$710m, proving that "strategic" acquisitions don't have to come from inside the tech sphere.

#### Publicis and Sapient combine

France based Publicis paid a premium of 44% to acquire US digital agency Sapient for \$3.7bn. This will increase its presence in the US and in the ever important digital space.

### Lower-mid market observations

#### Strong number of cross-border M&A deals

A high proportion of TMT M&A deals, nearly 27%, were cross-border over the last 6 months whereas the global average was 23%. This is a trend that runs parallel to what our members are seeing in the lower-mid market as innovation and growth is acquired.

#### Lower-mid market helping large incumbents

Lower-mid market companies are helping the large incumbents overcome their transitional challenges in moving towards SaaS delivery and will continue to be in demand.

#### Importance of good housekeeping

In the run up to a sale, time and value can be wasted as a result of past poor housekeeping, particularly with respect to IP – which is especially important in the TMT sector where IP can make up a significant proportion of the value of a company.

### Sector contacts



**Paddy McGwire**  
Software & Tech Lead  
pmccgwire@cobaltcf.com  
+44 20 7659 0310



**Mark Miller**  
Digital & Internet Co-Lead  
mark.miller@catcap.de  
+494 0300 8360

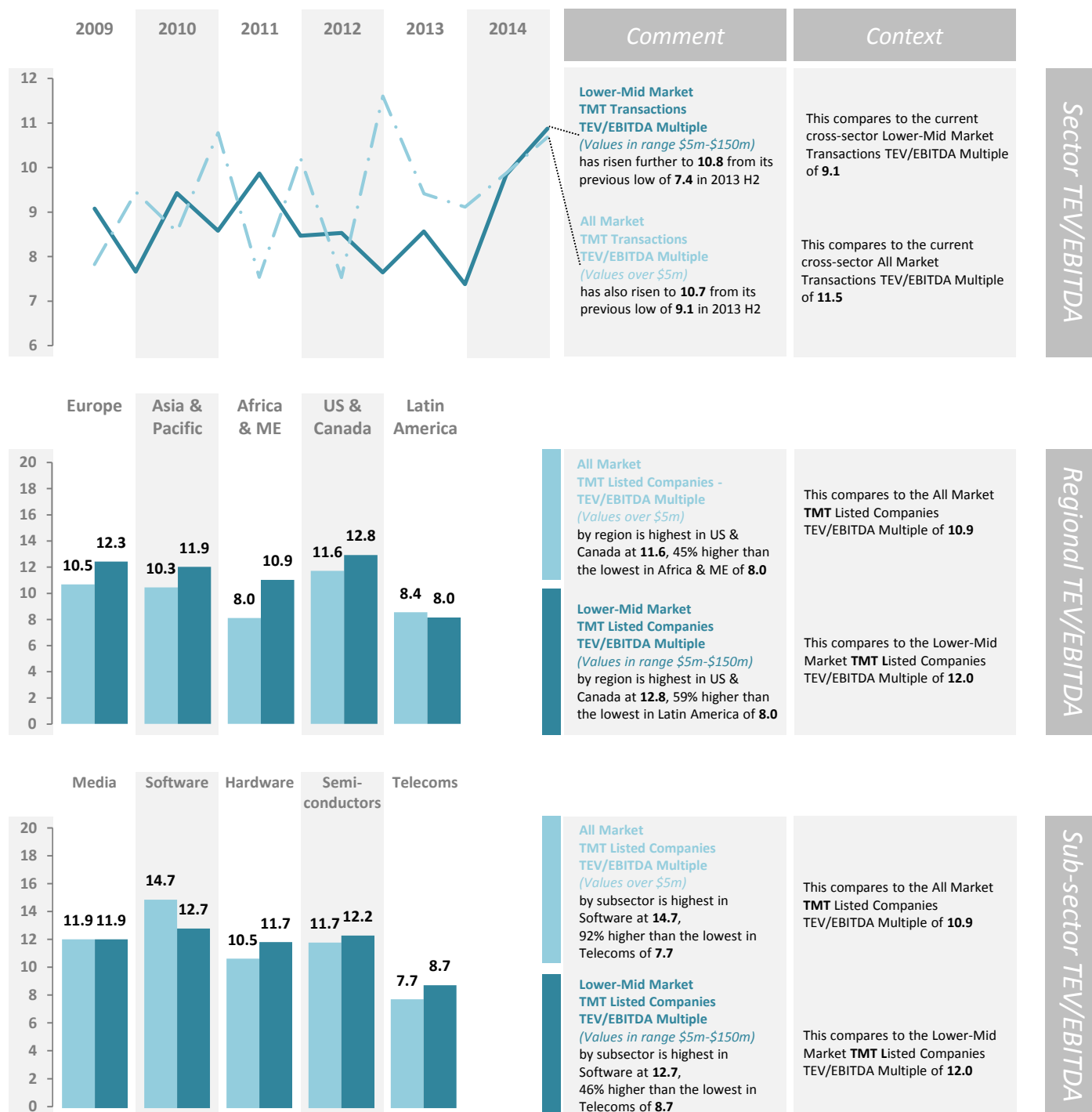


**Troy Ternowetsky**  
Technology Co-Lead  
troy@ospreycapital.ca  
416 867 8287



# 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 February 2015.



## About Osprey Capital

Since being founded in 1998, Osprey Capital Partners has become one of Canada's leading independent mid-market investment banking and financial advisory firms. Osprey Capital has offices in Toronto, Winnipeg, Calgary, British Columbia 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 its clients through all aspects of going public and management buy-out transactions.

## Contacts



**John Mottola**  
Partner

Mr. Mottola specializes in advising management teams and directors on the strategic options associated with the execution of various merger, acquisition, and capital formation transactions, in addition to providing other strategic evaluations.

He focuses on the investment banking practice serving both public and private companies.

PH: 204 488 1872

[jmottola@ospreycapital.ca](mailto:jmottola@ospreycapital.ca)



**Stephen Jakob**  
Partner

Prior to co-founding Osprey Capital, Mr. Jakob was a Partner and Director with Gordon Capital Corporation where he provided investment banking advice to a number of Canadian public and private companies.

Mr. Jakob had responsibility for a variety of transactions including financings, initial public offerings, asset sales and going-private transactions.

PH: 416 867 8282

[sjakob@ospreycapital.ca](mailto:sjakob@ospreycapital.ca)



**Troy Ternowetsky**  
Partner

Mr. Ternowetsky has led and executed numerous investment banking assignments across a wide range of industries.

Prior to joining Osprey Capital, he was with a Toronto based investment banking firm and has spent over a decade in sales and marketing management in the medical device and pharmaceutical industries.

PH: 416 867 8287

[troy@ospreycapital.ca](mailto:troy@ospreycapital.ca)