

# CURRENT TRENDS AND OUTLOOK FOR M&A AND PRIVATE EQUITY

August 30, 2016

Contents of this presentation are confidential.



## General Information

- Send questions via chat
- Panelists will answer questions as time permits
- The webinar replay and slide deck will be emailed within 48 hours



## Today's Speakers



**Richard A. Martin Jr.**  
Senior Director  
Merrill Corporation  
*MODERATOR*



**Michael Goldman**  
Founding Partner  
TM Capital



**Nanette C. Heide**  
Partner  
Duane Morris LLP



**Michael Maxworthy**  
Co-Founder and Partner  
Marlin & Associates  
Holding LLC



**Beatrice H. Mitchell**  
Co-Founder and Managing  
Director  
Sperry Mitchell & Co



## Moderator



### **Richard A. Martin Jr.**

Richard is a Senior Director at Merrill Corporation with 20+ years of experience working and residing in the US, UK and Europe, where he developed a deep understanding of the global financial industry and disparate business cultures. Prior to joining Merrill, Martin led the hedge fund marketing strategy group at Morgan Stanley Capital Intl. and the Global Equity Product Strategy group at Reuters Intl., London.



## Panelist



### **Michael Goldman**

Michael is a founding partner of TM Capital who joined with his colleagues to establish the firm in 1989. He has been responsible for some of TM Capital's most complex merger, acquisition, financing and restructuring transactions for publicly traded and privately held client companies.



## Panelist



### **Nanette C. Heide**

Nanette practices corporate law in the area of transactions and general corporate counseling. She represents private equity and venture capital investors, multinational and domestic corporations (public and private), in a wide spectrum of corporate finance transactions, including private equity and venture capital investments, institutional private placements, cross-border transactions, debt and equity structuring transactions, mergers and acquisitions, reverse mergers, joint ventures and strategic alliances.



## Panelist



### **Michael (Max) Maxworthy**

Max joined Marlin & Associates Holding LLC as a Founding Partner where he advised on many successfully concluded mergers, acquisitions, capital raises, and valuations. Since beginning his investment-banking career he has worked on both domestic and international cross-border deals with some of the biggest names in the business, including: IBM, Bloomberg, Factset Research Systems, Thomson Reuters, NYSE Technologies, Digital River, Euronext, NPD Group, Ventyx, Screaming Media (now part of Dow Jones/NewsCorp), FiServ and Morningstar to name a few.



## Panelist



### **Beatrice H. Mitchell**

Beatrice is a Co-Founder and Managing Director of Sperry, Mitchell & Company, an investment banking boutique which specializes in arranging the sale or merger of private mid-market companies. She also co-owns Percival Scientific, a leading Iowa-based manufacturer of biological incubators and plant growth chambers. She is a member of the Executive Committee and on the Board of the InterSchool Orchestras of New York and Chair of the Development Committee and on the Board of ICD – The Institute for Career Development..





# Questions and Answers



## Panelist Question

- What overall impact do you anticipate a Trump win to have on the private equity sector? What about Clinton?



## Panelist Question

- How will the outcome of the election hurt or help PE firm's ability to raise additional capital?



## Panelist Question

- What are the long-term effects of the election on the growth of middle market companies?



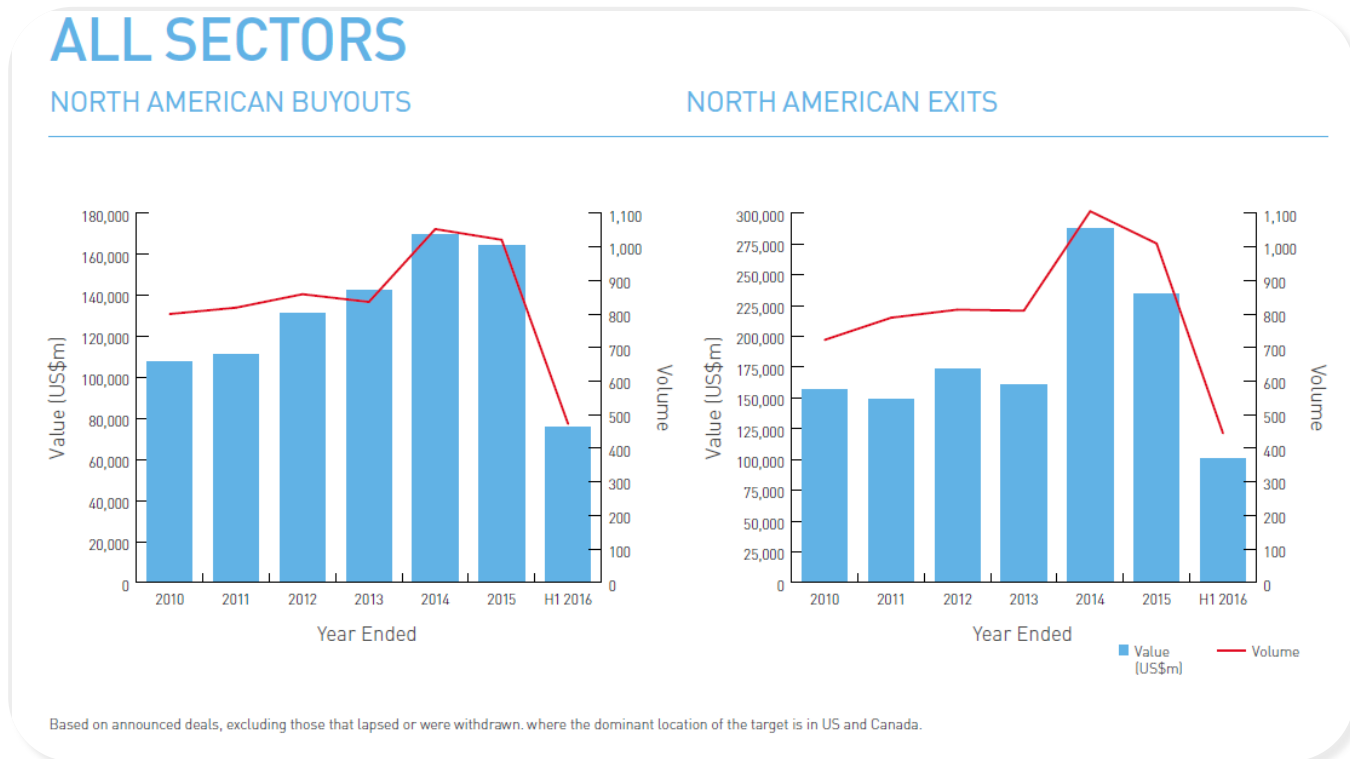
## Panelist Question

- Has a tightening of credit availability impacted your deal activity so far this year?



## Panelist Question

- In 2016, have you noticed a decline in the quality of deals that are coming to market?



## Panelist Question

- Given a slow deal environment, have you noticed a change in the way or methods used to value prospective targets? How about a change in the way deals are being sourced?



## Panelist Question

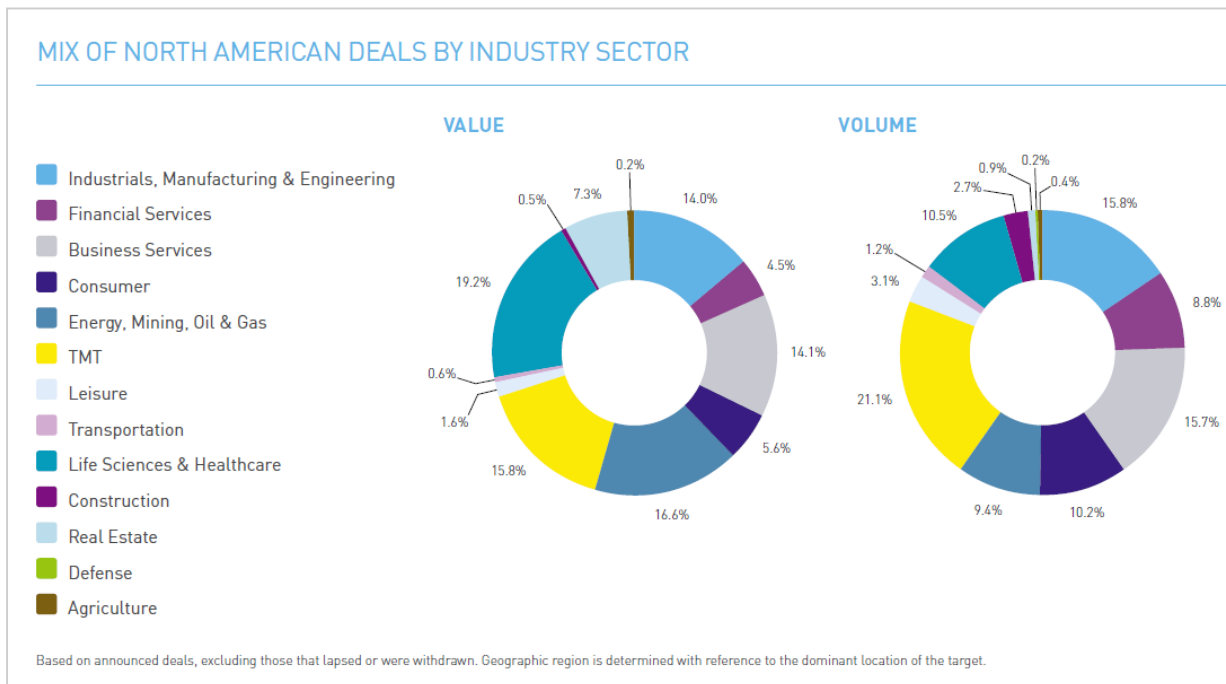
- Do you think we will see U.S. buyers pursuing undervalued UK-based assets as Brexit uncertainty continues? What has been the effect of Brexit on European companies?





## Panelist Question

- According to Mergermarket's Deal Drivers 2016 HY report, we can expect to see an uptick in dealmaking activity across sectors such as Tech, Life Sciences and Industrials. Based on your experience, where do you expect to see the most activity during the remainder of 2016?



## Panelist Question

- How can sponsor-backed businesses present themselves as a more attractive asset?



## Panelist Question

- Recently, Dollar Shave Club agreed to be acquired. Why are more and more companies opting to sell or remain private as opposed to floating public offerings?



## Panelist Question

- What will be key deal drivers for the remainder of the year? Divestitures? The need to put dry powder to use? Corporate bolt-ons to spur growth or innovation?

AMERICAS HEAT CHART – INTELLIGENCE

Sector	South	West	Mid-Atlantic	Midwest	LatAm	Canada	New England	TOTAL
TMT	97	217	115	40	58	47	37	611
Pharma/Med/Biotech	114	105	85	84	17	31	46	482
Energy/Mining/Utilities	122	77	37	32	76	67	14	425
Industrials and Chemicals	88	72	43	91	50	21	40	405
Business Services	106	83	58	54	48	13	23	385
Consumer	70	75	51	70	79	15	20	380
Financial Services	54	33	40	19	15	12	16	189
Leisure	19	33	13	12	17	8	7	109
Transportation	17	7	12	6	22	5	3	72
Real Estate	19	3	13	7	5	2	4	53
Construction	9	3	2	4	15	2	4	39
Agriculture	4	3	2	4	5	7		25
Defense	5	8	2	2	1		1	19
Government	5		3		2	1		11
<b>TOTAL</b>	<b>729</b>	<b>719</b>	<b>476</b>	<b>425</b>	<b>410</b>	<b>231</b>	<b>215</b>	<b>3205</b>



## Panelist Question

- The Fed is expected to revisit interest rate hikes in September - how will this impact M&A activity in the near and long term?



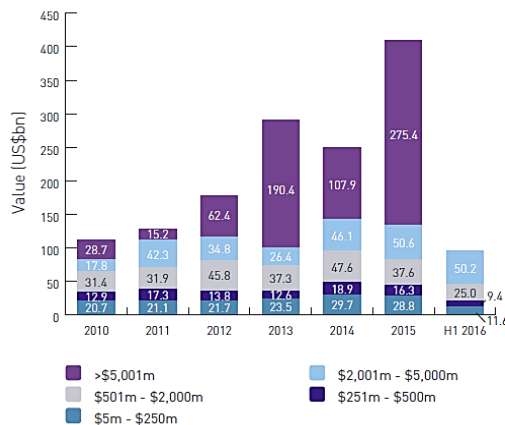
## Panelist Question

- Media, technology and telecom have seen a lot of deal activity with the recent sale of Yahoo to Verizon, LinkedIn to Microsoft and Time Warner's 10% stake in HULU. What lessons can be learned from these transactions and how can we apply these learnings during the remainder of the year?

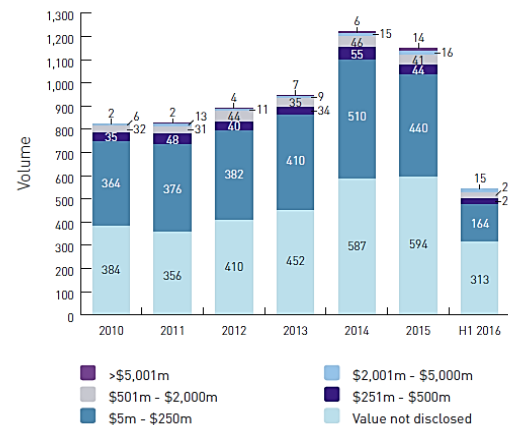
## TECHNOLOGY, MEDIA & TELECOM (TMT)

M&A SPLIT BY DEAL SIZE

VALUE

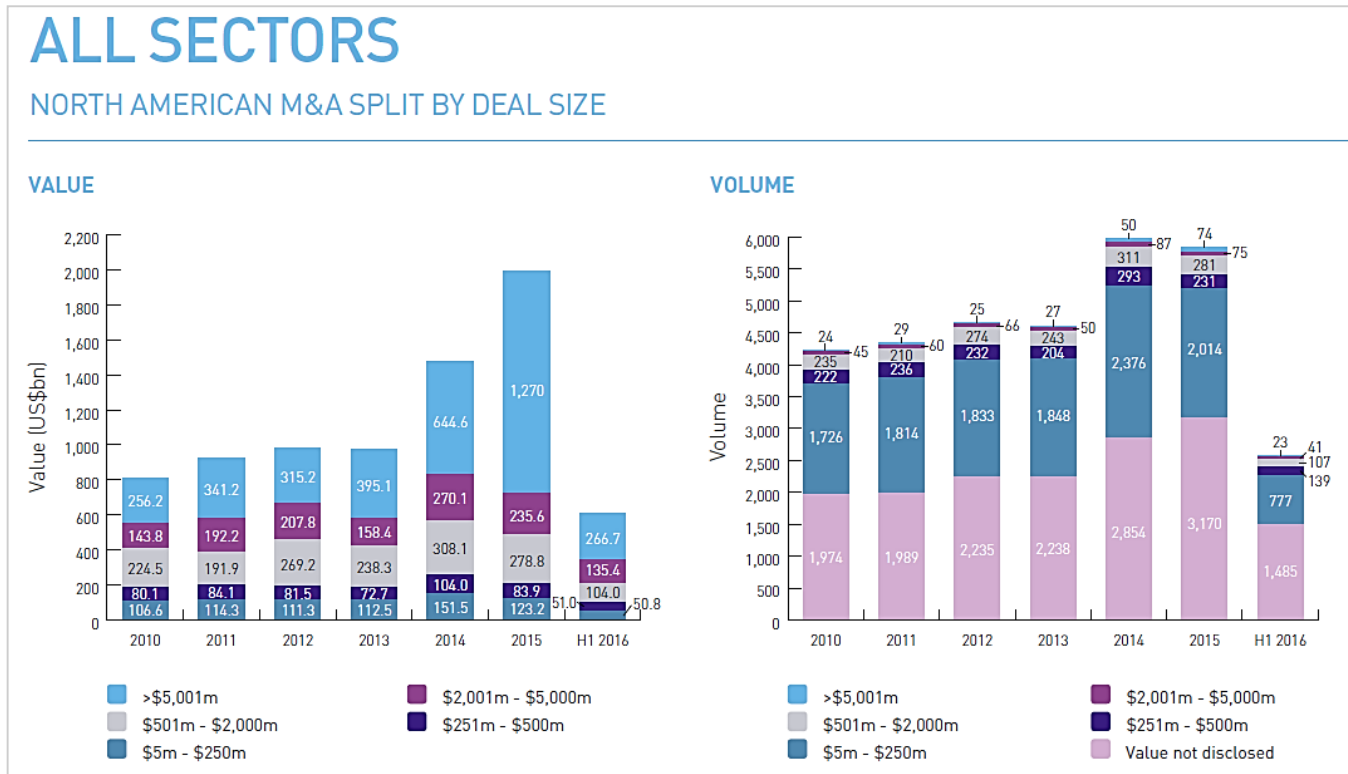


VOLUME



## Panelist Question

- Megadeals vs. the middle market: who will come out on top in 2016?



## Panelist Question

- Are there certain minimum thresholds in terms of size that might cause you to advise a client not to float an IPO?





## Panelist Question

- What are the trends you're seeing in terms of financing structures?



## Panelist Question

- Have you seen an increase in distressed asset sales so far this year? If so, do you expect this trajectory to continue throughout the rest of 2016?



## Panelist Question

- Lastly, with boards under pressure to drive growth, do you think we will see more investor activism as an M&A activity driver throughout the remainder of 2016 into Q1 2017?

### ALL SECTORS

TOP 20 ANNOUNCED DEALS FOR YEAR ENDING 30 JUNE 2016  
(ANY NORTH AMERICA INVOLVEMENT)

Announced Date	Status	Bidder Company	Target Company	Sector	Vendor Company	Deal Value (US\$m)
11-Jan-16	C	Shire Plc	Baxalta Inc	Life Sciences & Healthcare		35,219
28-Apr-16	P	Abbott Laboratories	St Jude Medical Inc	Life Sciences & Healthcare		29,850
13-Jun-16	P	Microsoft Corporation	LinkedIn Corporation	Business Services		25,514
25-Jan-16	P	Johnson Controls Inc	Tyco International plc	Industrials, Manufacturing & Engineering		16,166
01-Jun-16	C	Danaher Corporation (Shareholders)	Fortive Corporation	Industrials, Manufacturing & Engineering	Danaher Corporation	14,807
03-May-16	P	Quintiles Transnational Holdings Inc	IMS Health Holdings Inc	Business Services		12,912
16-Feb-16	C	Apollo Global Management LLC	The ADT Corporation	Industrials, Manufacturing & Engineering		12,269
31-May-16	P	Great Plains Energy Inc	Westar Energy Inc	Energy, Mining, Oil & Gas		12,117
17-Mar-16	C	TransCanada Corporation	Columbia Pipeline Group Inc	Energy, Mining, Oil & Gas		12,040
09-Feb-16	P	Fortis Inc	ITC Holdings Corporation	Energy, Mining, Oil & Gas		11,305
20-Mar-16	P	The Sherwin Williams Company	The Valspar Corporation	Industrials, Manufacturing & Engineering		10,838
03-Jun-16	P	NorthStar Asset Management Group Inc	NorthStar Realty Finance Corp	Real Estate		9,858
24-May-16	P	Computer Sciences Corporation	Hewlett Packard Enterprise Services	Business Services	Hewlett Packard Enterprise Company	8,500
19-Jan-16	C	Progressive Waste Solutions Ltd	Waste Connections Inc	Industrials, Manufacturing & Engineering		8,053
05-May-16	C	Hellman & Friedman LLC; Leonard Green & Partners LP; and GIC Private Limited	MultiPlan Inc	Business Services	Partners Group Holding AG; and Starr Investment Holdings LLC	7,500
01-Feb-16	P	Abbott Laboratories	Alere Inc	Life Sciences & Healthcare		7,493
15-Jun-16	P	Envision Healthcare Holdings Inc	Amsurg Corp	Life Sciences & Healthcare		6,776
12-Mar-16	P	Anbang Insurance Group Co Ltd	Strategic Hotels & Resorts Inc	Real Estate	Blackstone Group LP	6,500
21-Mar-16	C	IHS Inc	Markit Group Limited	Business Services		6,181
01-Feb-16	P	Dominion Resources Inc	Questar Corporation	Energy, Mining, Oil & Gas		6,074

C= Completed; P= Pending; L= Lapsed



# Questions and Answers



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- Survey following the webcast

