



## HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

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# Quarterly M&A Report Q3 2017



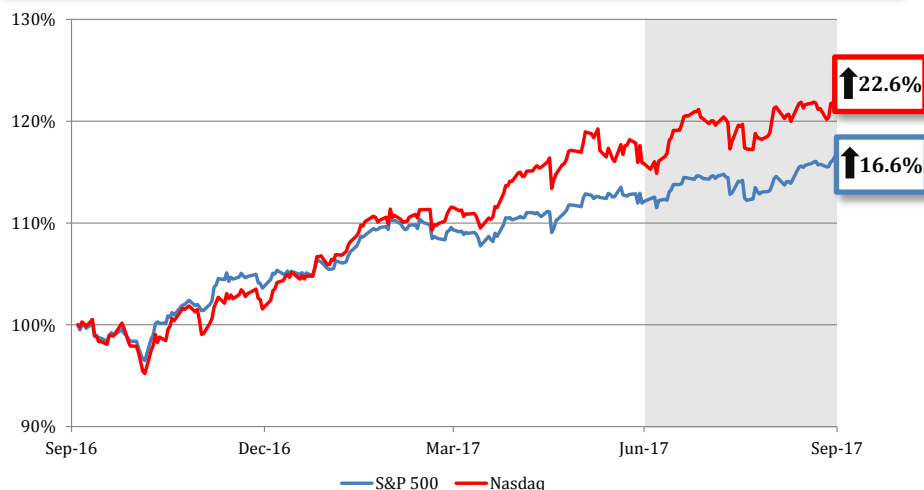
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# Capital Markets Overview

## Commentary

- During the twelve month period ended September 30, 2017, the Nasdaq increased 22.6% while the S&P 500 gained 16.6%. The two major indices had strong performances during the recently completed 3<sup>rd</sup> quarter, as the Nasdaq and the S&P 500 increased 6.3% and 3.7%, respectively.
- IPO activity in the U.S. slowed down through Q3 '17 following a strong first half of 2017. PQ Group Holdings, Inc. (NYSE:PQG) raised \$508 million in the largest IPO during the 3<sup>rd</sup> quarter while Roku, Inc. (NASDAQ:ROKU) raised \$219 million.
- There were a number of significant deals announced during Q3 2017, including: United Technologies Corp.'s announced acquisition of Rockwell Collins for \$30.9 billion, Gilead Sciences' purchase of Kite Pharma for \$11.2 billion and McCormick & Co., Inc.'s acquisition of Reckitt Benckiser Group's Food Business for \$4.2 billion.

## Public Market Performance (LTM)



Source : S&P Capital IQ

## Select Initial Public Offerings – Q3 2017

Offer Date	Issuer	Industry Sector	Transaction Type	Transaction Value (\$mm)
09/28/17	PQ Group Holdings, Inc.	Industrials	IPO	\$508
08/02/17	Venator Materials	Industrials	IPO	\$454
09/27/17	Roku, Inc.	Technology	IPO	\$219
09/27/17	Deciphera Pharmaceuticals, Inc.	Healthcare	IPO	\$128
09/20/17	Oasis Midstream Partners	Industrials	IPO	\$128
07/13/17	Akcea Therapeutics, Inc.	Healthcare	IPO	\$125
07/20/17	PetIQ, Inc.	Healthcare	IPO	\$100
07/19/17	Kala Pharmaceuticals, Inc.	Healthcare	IPO	\$90
08/10/17	Ranger Energy Services, Inc.	Industrials	IPO	\$85
07/26/17	Sienna Biopharmaceuticals, Inc.	Healthcare	IPO	\$65

## Select Announced U.S. M&A Transactions – Q3 2017

Announced Date	Target	Buyer	Industry	Transaction Value (\$mm)
09/04/17	Rockwell Collins, Inc.	United Technologies Corp.	Industrials	\$30,943
07/31/17	Scripps Networks Interactive	Discovery Communications, Inc.	Technology	\$15,052
08/28/17	Kite Pharma, Inc.	Gilead Sciences, Inc.	Healthcare	\$11,226
09/18/17	Orbital ATK, Inc.	Northrop Grumman Corp.	Industrials	\$9,381
07/18/17	Lightower Fiber Networks	Crown Castle Intl. Corp.	Technology	\$7,100
07/18/17	Reckitt Benckiser Group's Food Business	McCormick & Co., Inc.	Consumer	\$4,200
07/24/17	WebMD Health Corp.	Internet Brands, Inc.	Technology	\$3,751
08/02/17	CH2M HILL Companies, Ltd.	Jacobs Engineering Group, Inc.	Industrials	\$3,375
08/29/17	The Advisory Board Co.	OptumInsight, Inc.	Technology	\$3,042
08/24/17	Oldcastle Distribution, Inc.	Beacon Roofing Supply, Inc.	Industrials	\$2,625



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# M&A Market Overview

## Commentary

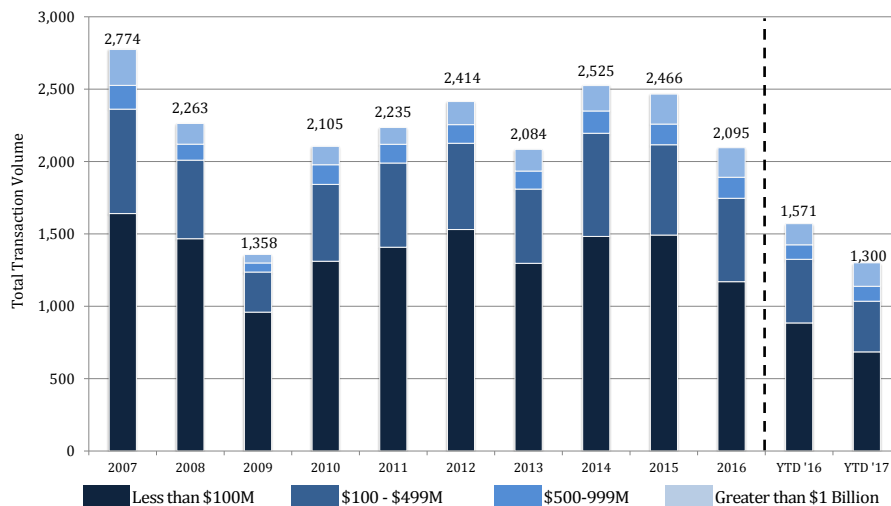
- As detailed in the charts below, overall U.S. M&A activity, or transaction volume, decreased 17% to 1,300 completed transactions throughout the year-to-date period ending September 30, 2017, down from 1,571 transactions completed in the corresponding period in 2016.
- The total value of completed M&A transactions decreased to \$954 billion. The total value of Middle Market M&A transactions (transactions less than \$1 billion) fell 14%, with the largest decline in transactions valued less than \$100 million (down 24%).
- The total volume of transactions greater than \$1 billion increased 11% during YTD '17 while the total value of completed transactions in this size range decreased 13% compared to YTD '16.

## U.S. M&A Transactions by Deal Size

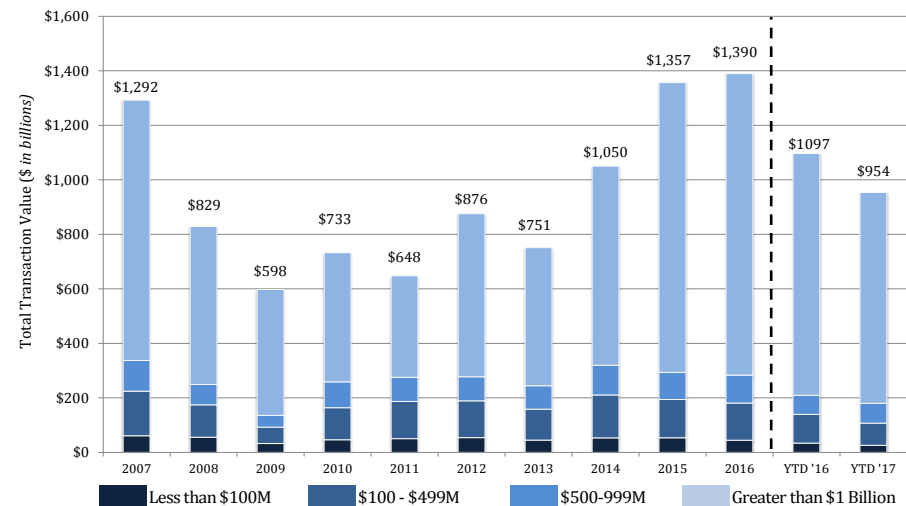
(\$ in billions)

Deal Size	YTD '16		YTD '17		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	885	\$34	685	\$26	(23%)	(24%)
\$100 - \$499M	440	\$106	350	\$81	(20%)	(23%)
\$500 - \$999M	100	\$70	103	\$73	3%	4%
<b>Total Middle Market</b>	<b>1,425</b>	<b>\$210</b>	<b>1,138</b>	<b>\$180</b>	<b>(20%)</b>	<b>(14%)</b>
Greater than \$1 Billion	146	\$887	162	\$774	11%	(13%)
<b>Total Market</b>	<b>1,571</b>	<b>\$1,097</b>	<b>1,300</b>	<b>\$954</b>	<b>(17%)</b>	<b>(13%)</b>
<b>% of Total Market</b>						
Less than \$100M	56%	3%	53%	3%		
\$100 - \$499M	28%	10%	27%	8%		
\$500 - \$999M	7%	6%	8%	8%		
<b>Total Middle Market</b>	<b>91%</b>	<b>19%</b>	<b>88%</b>	<b>19%</b>		
Greater than \$1 Billion	9%	81%	12%	81%		
<b>Total Market</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## U.S. M&A Activity - Annual Trends: VOLUME



## U.S. M&A Activity - Annual Trends: VALUE



Source : S&P Capital IQ (includes closed deals with disclosed deal value over \$10 million). \*Excludes Real Estate transactions, as defined by S&P Capital IQ.



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# Quarterly M&A Activity

## Commentary

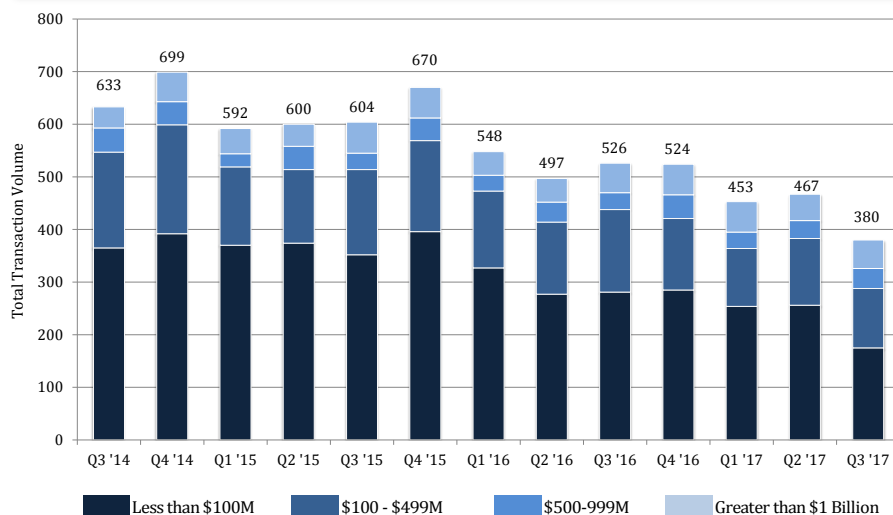
- As detailed in the table on the right, M&A transaction volume fell during Q3 2017 compared with the prior year period. During Q3 2017, M&A deal volume decreased 28% to 380 completed transactions, down from 526 in Q3 2016.
- The total volume of transactions completed in the Middle Market (transactions less than \$1 billion) fell 31% during Q3 2017 and transaction value in this range declined 18% compared with the prior year period.
- Despite the sluggish M&A activity in 2017, Middle Market M&A activity is expected to increase throughout the remainder of 2017 as large corporations look to supplement organic growth with acquisitions and financial sponsors continue to deploy the capital they have raised.

## U.S. M&A Transactions by Deal Size

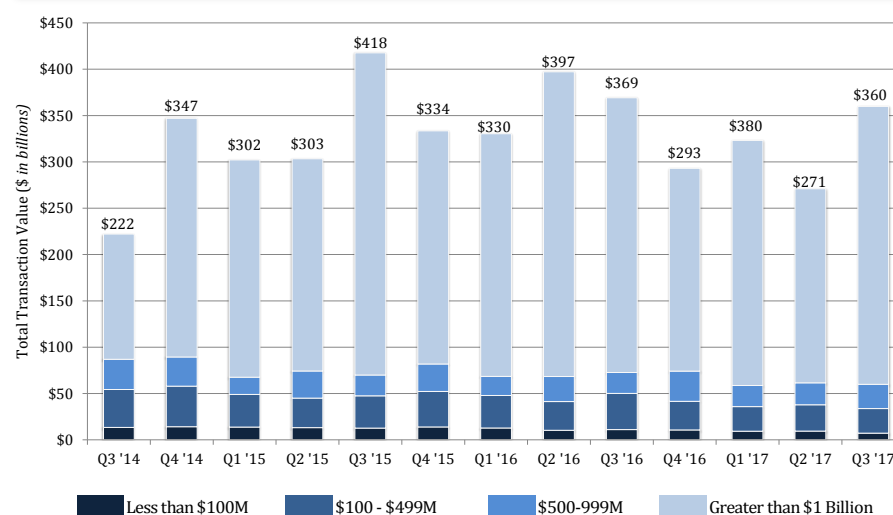
(\$ in billions)

Deal Size	Q3 2016		Q3 2017		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	281	\$11	175	\$7	(38%)	(36%)
\$100 - \$499M	157	\$39	113	\$27	(28%)	(32%)
\$500 - \$999M	32	\$23	38	\$26	19%	16%
<b>Total Middle Market</b>	<b>470</b>	<b>\$73</b>	<b>326</b>	<b>\$60</b>	<b>(31%)</b>	<b>(18%)</b>
Greater than \$1 Billion	56	\$296	54	\$300	(4%)	1%
<b>Total Market</b>	<b>526</b>	<b>\$369</b>	<b>380</b>	<b>\$360</b>	<b>(28%)</b>	<b>(3%)</b>
<b>% of Total Market</b>						
Less than \$100M	53%	3%	46%	2%		
\$100 - \$499M	30%	11%	30%	8%		
\$500 - \$999M	6%	6%	10%	7%		
<b>Total Middle Market</b>	<b>89%</b>	<b>20%</b>	<b>86%</b>	<b>17%</b>		
Greater than \$1 Billion	11%	80%	14%	83%		
<b>Total Market</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## U.S. M&A Activity - Quarterly Trends: VOLUME



## U.S. M&A Activity - Quarterly Trends: VALUE



Source : S&P Capital IQ (includes closed deals with disclosed deal value over \$10 million). \*Excludes Real Estate transactions, as defined by S&P Capital IQ.



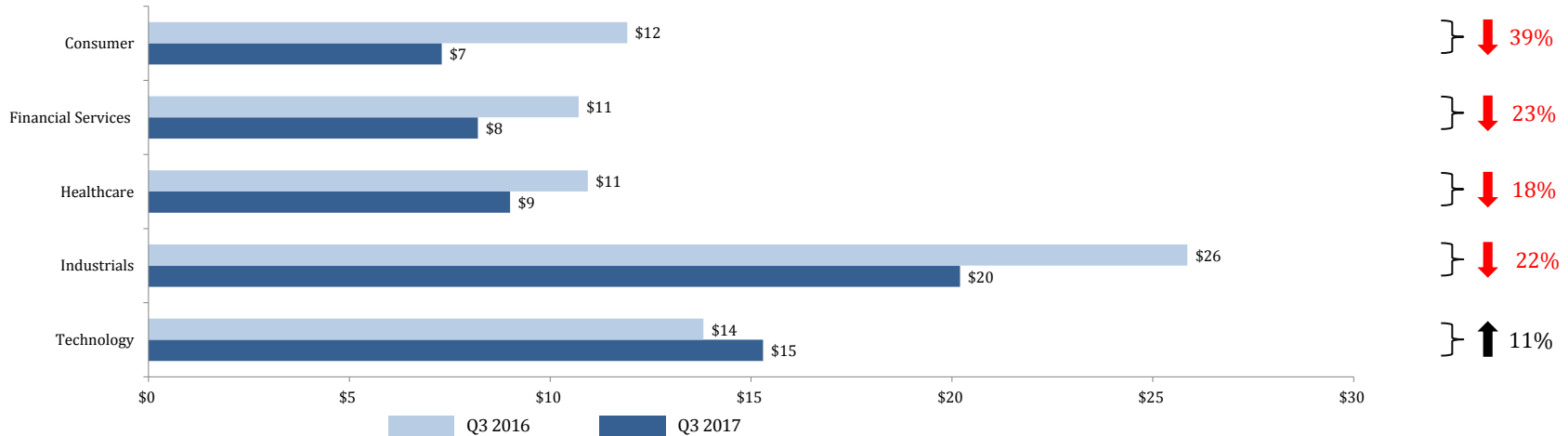
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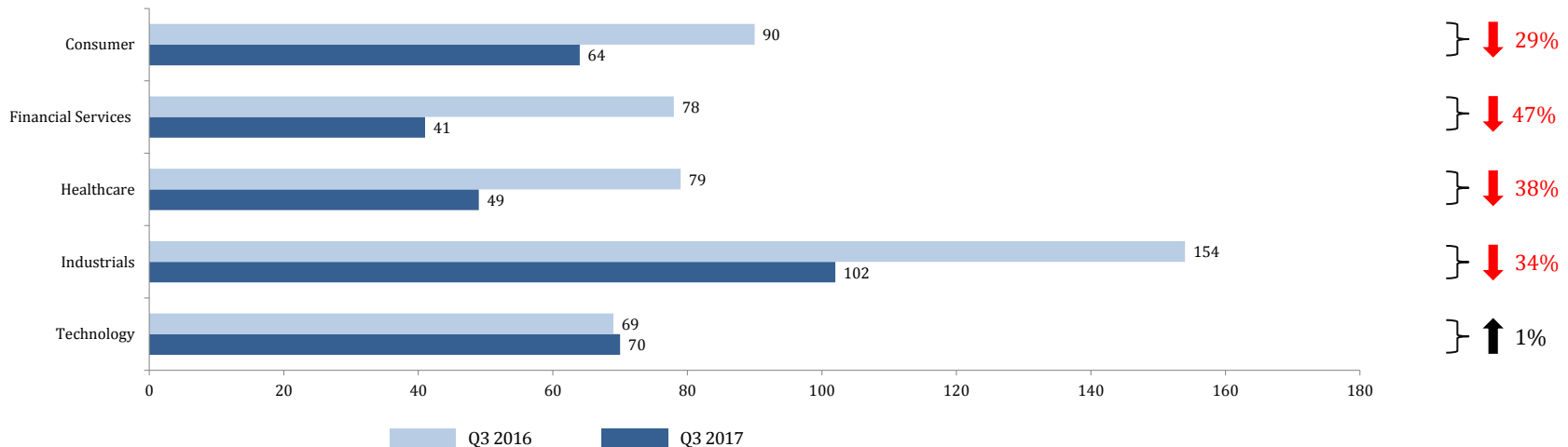
# Middle Market M&A Activity by Industry

## U.S. M&A Activity by Industry Sector: VALUE

(\$ in billions)



## U.S. M&A Activity by Industry Sector: VOLUME



Source : S&P Capital IQ (includes all closed deals with disclosed deal value between \$10 million and \$1 billion).



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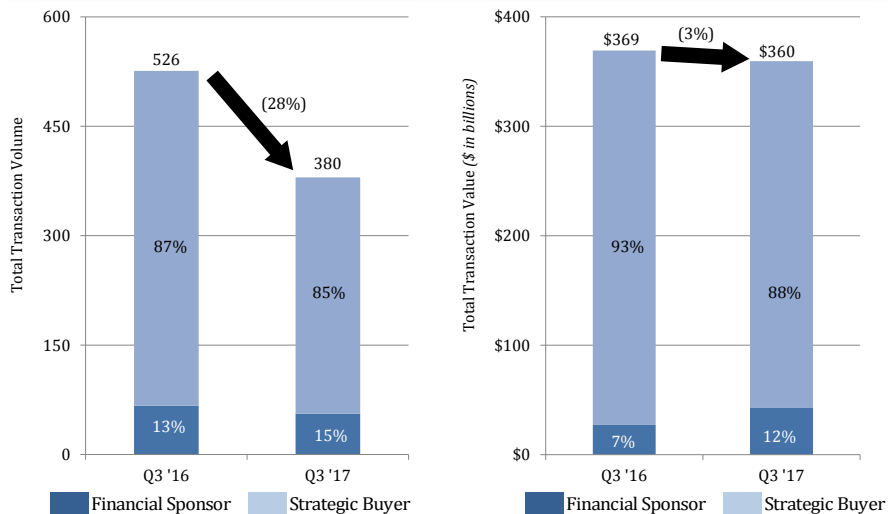
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# Recent Private Equity Activity

## Commentary

- Financial sponsors continue to be active in the market looking for opportunities to deploy capital. During Q3 2017, financial sponsors were active across a number of sectors, specifically *Industrials* and *Technology*, announcing a number of significant buyouts.
- Several notable sponsor led transactions were announced during Q3 2017, including Apollo Global Management's acquisition of ClubCorp Holdings, Inc. for over \$2.2 billion and KKR & Co.'s proposed purchase of PharMerica Corp. for over \$1.3 billion.
- In total, financial sponsors accounted for approximately 12% of completed deal volume and 7% of completed deal value during the quarter.

## Financial Sponsors vs. Strategic Buyers



## Select Announced Private Equity Transactions – Q3 2017

Announced Date	Target	Buyer	Industry	Enterprise Value (\$mm)
09/29/17	Women's Care Florida, LLC *	Lindsay Goldberg	Healthcare	NA
09/28/17	Accela, Inc.	Berkshire Partners	Technology	NA
09/26/17	WellSpring Pharmaceutical Corp.	Audax Group	Healthcare	NA
09/25/17	Actua Corp.	CVC Capital Partners	Technology	\$328
09/07/17	FloWorks Intl., LLC	TowerBrook Capital / Clearlake Capital	Industrials	NA
09/05/17	SpecialtyCare, Inc.	Kohlberg & Co.	Healthcare	NA
09/05/17	United Road Services, Inc.	The Carlyle Group	Trucking	NA
09/05/17	Summit Fire Protection Co., Inc.	CI Capital Partners	Industrials	NA
08/29/17	Education Advisory Board	Vista Equity	Industrials	\$1,550
08/09/17	Women's Health USA, Inc.	Sverica Capital Management	Healthcare	NA
08/02/17	PharMerica Corp.	KKR & Co.	Healthcare	\$1,377
07/31/17	Service Logic, LLC	Warburg Pincus LLC	Industrials	NA
07/24/17	The Natures's Bounty Co.	KKR & Co.	Consumer	NA
07/24/17	United Site Services, Inc.	Platinum Equity	Industrials	NA
07/09/17	ClubCorp Holdings, Inc.	Apollo Global Management	Consumer	\$2,232
07/06/17	Syncsort, Inc.	Centerbridge Partners	Technology	\$1,260
07/03/17	NCI, Inc.	H.I.G. Capital	Technology	\$289

Source : S&P Capital IQ (includes closed deals with disclosed deal value over \$10 million). Graphics exclude Real Estate transactions, as defined by S&P Capital IQ. \*Hyde Park Capital served as exclusive financial advisor to the seller.



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### Women's Care Florida has been recapitalized by Lindsay Goldberg



#### Overview of the Transaction

- ❑ Recapitalization of Women's Care Florida ("WCF") by Lindsay Goldberg.
- ❑ WCF is a multi-specialty women's health physician group offering patient care services in obstetrics and gynecology, gynecologic oncology, gynecologic pathology, breast surgery, maternal fetal medicine, and numerous other lines of care. The Company has over 230 healthcare providers that care for more than 350,000 patients annually, performing more than 14,000 deliveries and conducting more than 450,000 obstetrical, preventive, and gynecological visits.
- ❑ Lindsay Goldberg is a \$13 billion dollar Private Equity Fund with global operations, headquartered in New York.

#### Hyde Park Capital's Role

- ❑ Hyde Park Capital was engaged as the exclusive investment banker and financial advisor to WCF in connection with the recapitalization of the Company.
- ❑ Hyde Park Capital marketed the opportunity to a targeted list of investors and identified, negotiated and closed the transaction with Lindsay Goldberg.





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## Recent Transactions

 <i>has been recapitalized by</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i> 	 <i>has been recapitalized by</i> 
 <i>has been acquired by</i> 	 <i>has been acquired by</i> 	 <i>has received a growth equity investment from</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i> 
 <i>has been acquired by</i> 	 <i>has been recapitalized by</i> 	 <i>has been acquired by</i> 	 <i>has been acquired by</i>  <i>a portfolio company of</i> 	 <i>has been acquired by</i>  <i>a part of</i> 