



## HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

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# Quarterly M&A Report Q1 2017



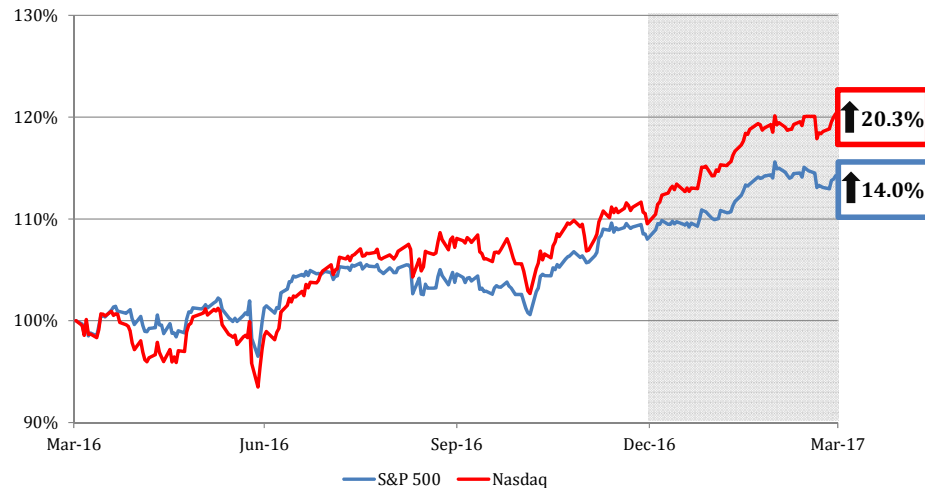
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# Capital Markets Overview

## Commentary

- During the twelve month period ended March 31, 2017, the S&P 500 increased 14.0% while the Nasdaq gained 20.3%. The two major indices had strong performances during the recently completed 1<sup>st</sup> quarter, as the S&P 500 and the Nasdaq both increased 4.7% and 8.9%, respectively.
- IPO activity in the U.S. was off to a strong start following a slow 2016. Snap, Inc. (NYSE:SNAP) raised \$3.4 billion in the largest IPO during the quarter while JELD-WEN Holdings, Inc. (NYSE:JELD) raised \$575 million.
- There were a number of significant deals announced during Q1 2017, including: Reckitt Benckiser Group's announced acquisition of Mead Johnson Nutrition Co. for \$17.8 billion, Mars, Inc.'s potential purchase of VCA, Inc. for \$9.1 billion, and Takeda Pharmaceuticals U.S.A., Inc.'s acquisition of ARIAD Pharmaceuticals, Inc. for \$5.1 billion.

## Public Market Performance (LTM)



Source : S&P Capital IQ

## Select Initial Public Offerings – Q1 2017

Offer Date	Issuer	Industry Sector	Transaction Type	Transaction Value (\$mm)
03/01/17	Snap, Inc.	Technology	IPO	\$3,400
01/26/17	JELD-WEN Holding, Inc.	Industrials	IPO	\$575
01/19/17	Keane Group, Inc.	Industrials	IPO	\$508
01/31/17	Laureate Education, Inc.	Consumer	IPO	\$490
03/16/17	ProPetro Holding Corp.	Industrials	IPO	\$350
01/26/17	REV Group, Inc.	Industrials	IPO	\$275
03/09/17	Presidio, Inc.	Technology	IPO	\$233
03/16/17	MuleSoft, Inc.	Technology	IPO	\$221
02/28/17	Hamilton Lane, Inc.	Financial Services	IPO	\$190

## Select Announced U.S. M&A Transactions – Q1 2017

Announced Date	Target	Buyers	Industry	Enterprise Value (\$mm)
02/10/17	Mead Johnson Nutrition Co.	Reckitt Benckiser Group plc	Consumer	\$17,872
01/09/17	VCA, Inc.	Mars, Inc.	Healthcare	\$9,085
01/09/17	ARIAD Pharmaceuticals, Inc.	Takeda Pharmaceuticals U.S.A., Inc.	Healthcare	\$5,139
03/17/17	USI Insurance Services, LLC	KKR & Co.	Financial Services	\$4,300
01/09/17	Surgical Care Affiliates, Inc.	Optum, Inc.	Healthcare	\$4,163
01/24/17	AppDynamics, Inc.	Cisco Systems, Inc.	Technology	\$3,903
02/24/17	DigitalGlobe, Inc.	SSL MDA Holdings, Inc.	Industrials	\$3,402
01/05/17	CEB, Inc.	Gartner, Inc.	Business Services	\$3,301
03/27/17	Sealed Air Corp.	Bain Capital Private Equity	Industrials	\$3,200
03/14/17	Air Methods Corp.	American Securities	Healthcare	\$2,492
01/24/17	Multi Packaging Solutions Int. Ltd.	WestRock Co.	Industrials	\$2,243



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# M&A Market Overview

## Commentary

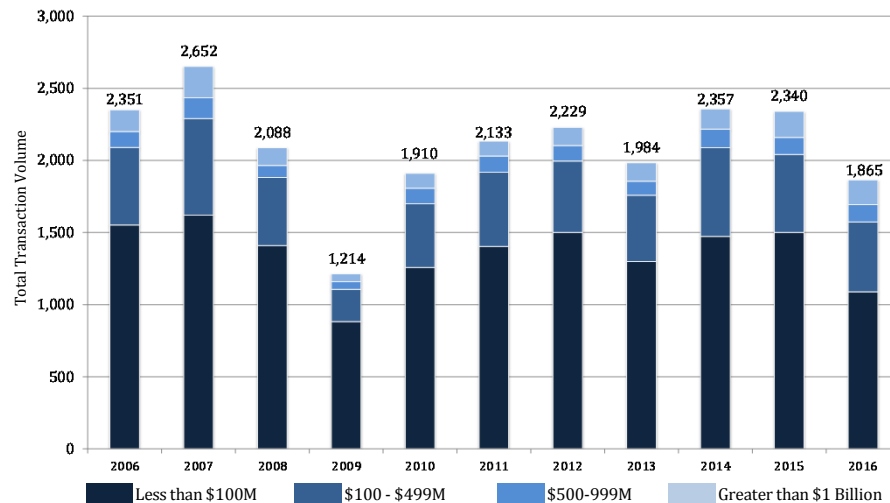
- As detailed in the charts below, overall U.S. M&A activity, or transaction volume, decreased 20% to 1,865 completed transactions throughout 2016, down from 2,340 transactions completed in the prior year.
- Although transaction volume declined during 2016 compared to 2015, the total value of completed M&A transactions rose slightly to \$1,219 billion. The total value of Middle Market M&A transactions (transactions less than \$1 billion) fell 8%, with the largest decline in transactions valued less than \$100 million (down 25%).
- The total volume of transactions greater than \$1 billion decreased by 5% during 2016 while the total value of completed transactions in this size range increased 5% over 2015.

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

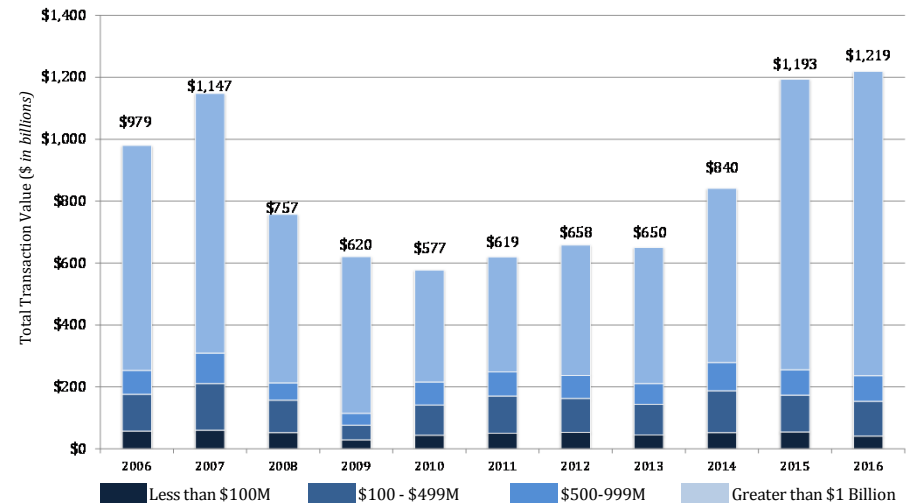
(\$ in billions)

Deal Size	2015		2016		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	1,501	\$55	1,089	\$41	(27%)	(25%)
\$100 - \$499M	540	\$118	485	\$112	(10%)	(5%)
\$500 - \$999M	118	\$83	119	\$83	1%	0%
<b>Total Middle Market</b>	<b>2,159</b>	<b>\$255</b>	<b>1,693</b>	<b>\$236</b>	<b>(22%)</b>	<b>(8%)</b>
Greater than \$1 Billion	181	\$938	172	\$983	(5%)	5%
<b>Total Market</b>	<b>2,340</b>	<b>\$1,193</b>	<b>1,865</b>	<b>\$1,219</b>	<b>(20%)</b>	<b>2%</b>
<b>% of Total Market</b>						
Less than \$100M	64%	4%	59%	3%		
\$100 - \$499M	23%	10%	26%	9%		
\$500 - \$999M	5%	7%	6%	7%		
<b>Total Middle Market</b>	<b>92%</b>	<b>21%</b>	<b>91%</b>	<b>19%</b>		
Greater than \$1 Billion	8%	79%	9%	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 all closed deals with disclosed deal value greater than \$10 million). \*Excludes Oil & Gas, Utilities and Real Estate transactions, as defined by S&P Capital IQ.



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# Quarterly M&A Activity

## Commentary

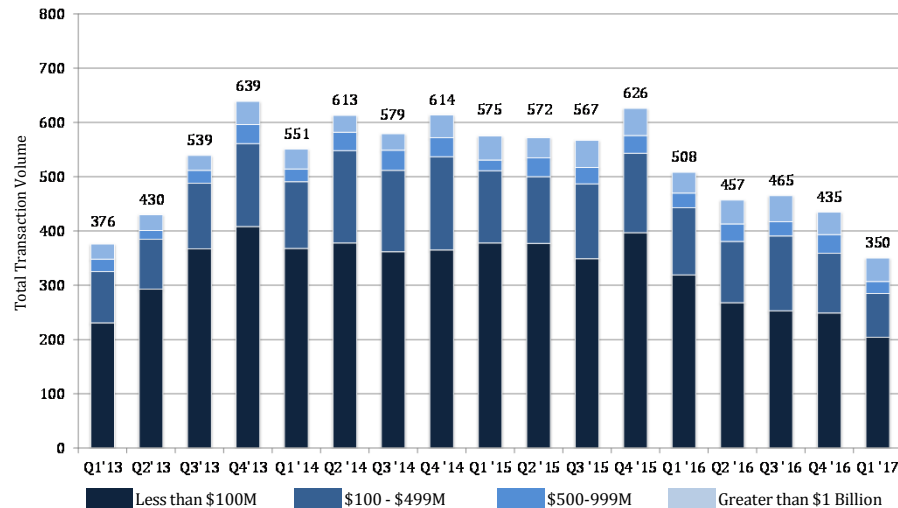
- As detailed in the table on the right, M&A transaction volume fell during Q1 2017 compared with the prior year period. During Q1 2017, M&A deal volume decreased 31% to 350 completed transactions, down from 508 in Q1 2016.
- The total volume of transactions completed in the Middle Market (transactions less than \$1 billion) fell 35% during Q1 2017 and transaction value in this range declined 28% compared with the prior year period.
- The low interest rate environment and cash available by both corporate and financial buyers provide strong tailwinds for increased M&A activity throughout the rest of 2017.

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

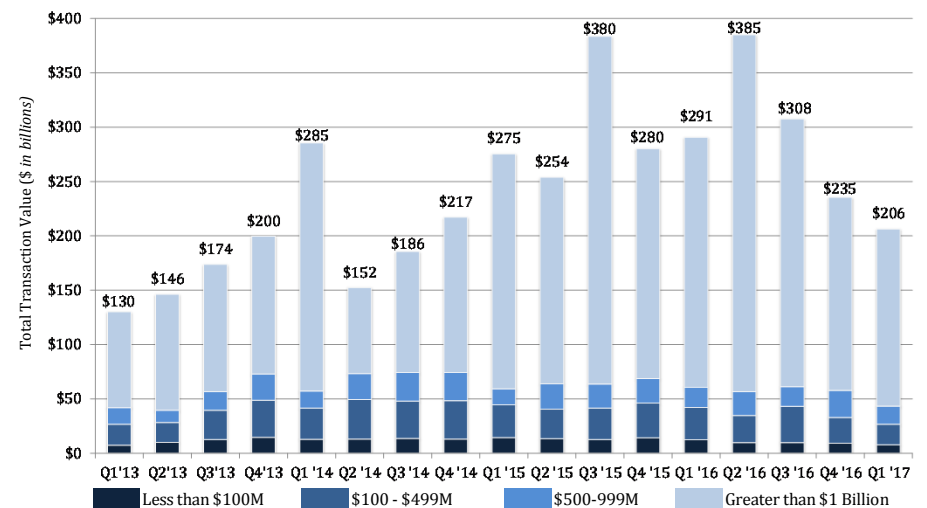
(\$ in billions)

Deal Size	Q1 2016		Q1 2017		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	319	\$12	204	\$8	(36%)	(37%)
\$100 - \$499M	124	\$30	81	\$19	(35%)	(36%)
\$500 - \$999M	27	\$18	22	\$17	(19%)	(10%)
<b>Total Middle Market</b>	<b>470</b>	<b>\$61</b>	<b>307</b>	<b>\$43</b>	<b>(35%)</b>	<b>(28%)</b>
Greater than \$1 Billion	38	\$230	43	\$163	13%	(29%)
<b>Total Market</b>	<b>508</b>	<b>\$291</b>	<b>350</b>	<b>\$206</b>	<b>(31%)</b>	<b>(29%)</b>
<b>% of Total Market</b>						
Less than \$100M	63%	4%	59%	4%		
\$100 - \$499M	24%	10%	23%	9%		
\$500 - \$999M	5%	7%	6%	8%		
<b>Total Middle Market</b>	<b>92%</b>	<b>21%</b>	<b>88%</b>	<b>21%</b>		
Greater than \$1 Billion	8%	79%	12%	79%		
<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 all closed deals with disclosed deal value greater than \$10 million). \*Excludes Oil & Gas, Utilities and Real Estate transactions, as defined by S&P Capital IQ.



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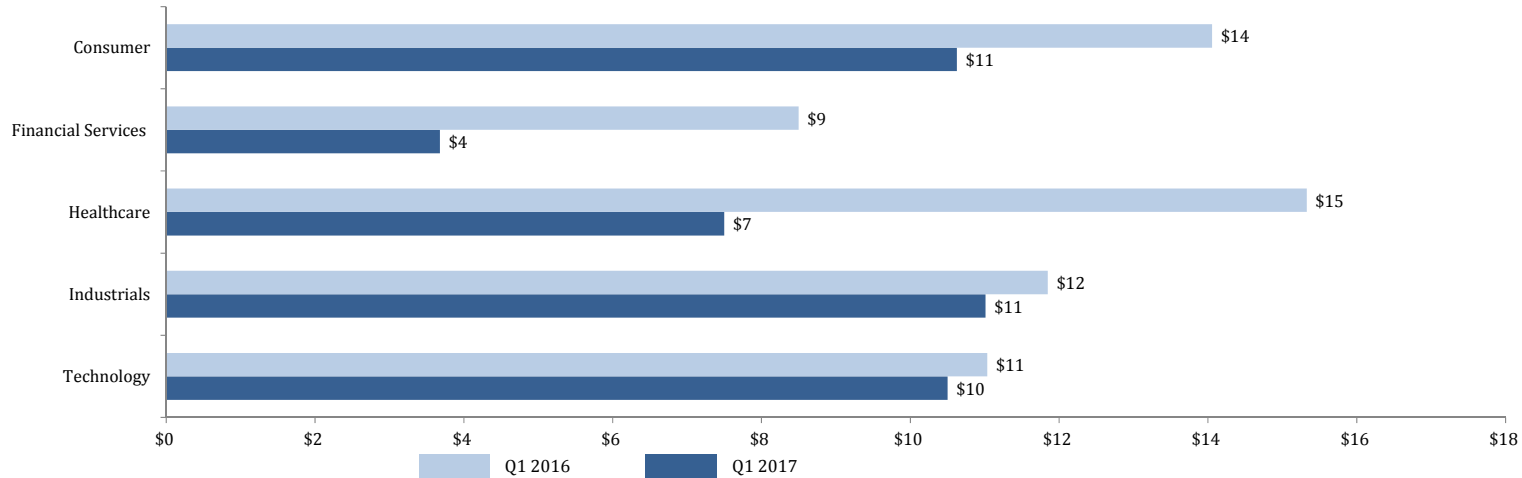
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# Middle Market M&A Activity by Industry

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

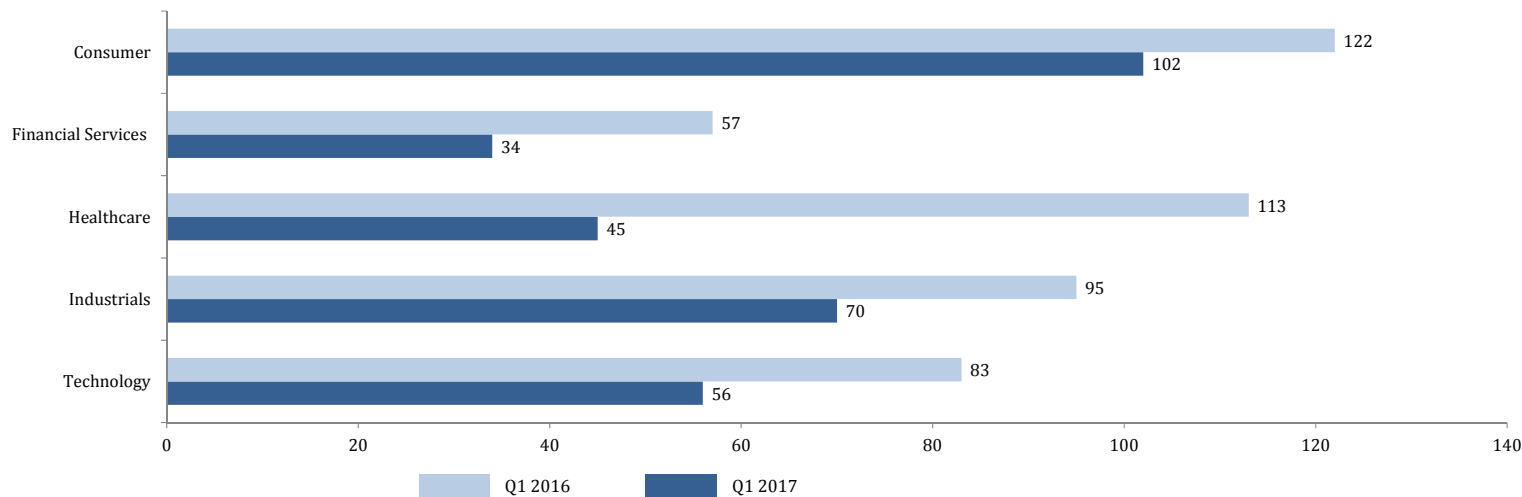
(\$ in billions)

% Change



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

% Change



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



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# Recent Private Equity Activity

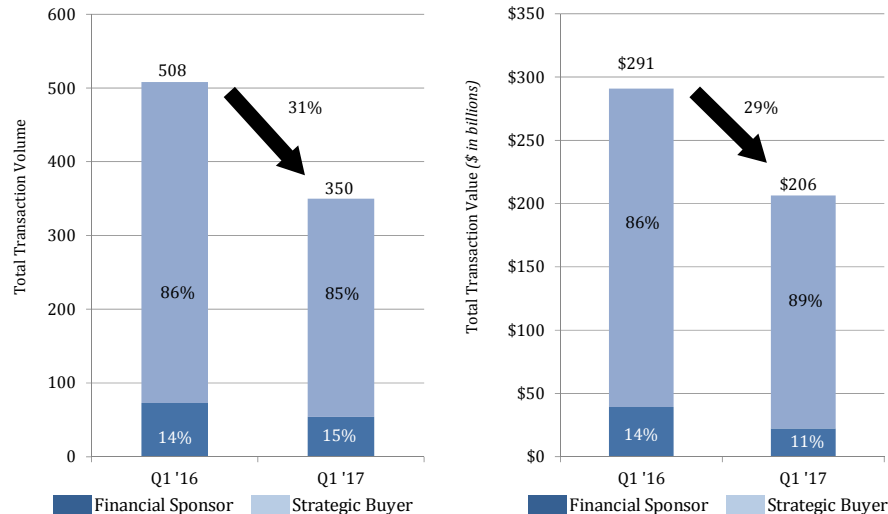
## Commentary

- Financial sponsors continue to be very active in the market looking for opportunities to deploy capital. During Q1 2017, financial sponsors were active across a number of sectors, specifically *Healthcare* and *Consumer*, announcing a number of significant buyouts.
- Several notable sponsor led transactions were announced during Q1 2017, including American Securities' proposed purchase of Air Methods Corp. for over \$2.4 billion and KKR & Co.'s announced acquisition of USI Insurance Services, LLC for \$4.3 billion.
- In total, financial sponsors accounted for approximately 15% of completed deal volume and 11% of deal value during the quarter.

## Select Announced Private Equity Transactions – Q1 2017

Announced Date	Target	Buyer	Industry	Enterprise Value (\$mm)
03/31/17	TRC Companies, Inc.	New Mountain Capital	Industrials	\$685
03/28/17	Fastener Distribution Holdings, LLC	Audax Group	Industrials	NA
03/23/17	Checkers Drive-In Restaurants, Inc.	Oak Hill Capital Partners	Consumer	\$525
03/22/17	Cole-Parmer Instrument Co., LLC	Golden Gate Capital	Industrials	NA
03/17/17	USI Insurance Services, LLC	KKR & Co.	Financial Services	\$4,300
03/16/17	DuBois Chemicals, Inc.	The Jordan Co. / The Riverside Co.	Industrials	NA
03/14/17	Air Methods Corp.	American Securities	Healthcare	\$2,492
03/13/17	Lifetime Brands, Inc.	Mill Road Capital	Consumer	\$377
03/10/17	Power Products, LLC	Genstar Capital	Industrials	NA
03/02/17	Consumer Safety Technology, Inc.	Welsh, Carson, Anderson & Stowe	Technology	NA
02/28/17	CCC Information Services Inc.	Advent International Corp.	Technology	NA
02/20/17	Lumos Networks Corp.	EQT Partners	Industrials	\$941
01/24/17	Bob Evans Farms, LLC	Golden Gate Capital	Consumer	\$565
01/19/17	Planview, Inc.	Thoma Bravo	Technology	NA
01/05/17	Claritas, LLC	The Carlyle Group / The Indian Hill Group	Technology	NA
01/04/17	Vertical Management Systems, Inc.	NewSpring Capital	Technology	NA

## Financial Sponsors vs. Strategic Buyers



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



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## Hyde Park Capital Featured Q1 Transaction

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**Trident Health Resources, Inc. has been acquired by Specialty Care, Inc.**



### **Overview of the Transaction**

- ❑ SpecialtyCare, Inc. acquired Trident Health Resources, Inc.
- ❑ Founded in 1988, Trident provides outsourced perfusion services which is the staffing and provision of heart and lung machines and supplies to hospitals that perform open heart surgeries. Trident is a Joint Commission certified premiere perfusion services staffing company that supports open heart programs nationally through leadership and staffing support. Trident shares the mission of some of the finest hospitals to provide superior clinical care to the patient.

### **Hyde Park Capital's Role**

- ❑ Hyde Park Capital was engaged as the exclusive investment banker and financial advisor to Trident in connection with the sale of the Company.
- ❑ Hyde Park Capital advised Trident Health Resources, Inc. throughout the process and negotiated and closed the transaction with SpecialtyCare, Inc.



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## Recent Transactions

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 <p>has been acquired by</p>	 <p>has been recapitalized by</p> <p>THE GORES GROUP &amp; Platinum Equity</p>	 <p>has been acquired by</p>	 <p>has been acquired by</p>	 <p>has received a growth equity investment from</p> <p>WARBURG PINCUS</p>
 <p>has been acquired by</p> <p>ALPINE INVESTORS</p>	 <p>has been acquired by</p> <p>VOLOGY</p>	 <p>has been acquired by</p> <p>VALEANT Pharmaceuticals International</p>	 <p>has been recapitalized by</p> <p>CREDIT SUISSE &amp; Capitala</p>	 <p>has been recapitalized by</p> <p>Minera del Norte S.A. de C.V.</p>
 <p>has been acquired by</p>	 <p>has been acquired by</p> <p>MARINER FINANCE</p> <p>a portfolio company of</p> <p>WARBURG PINCUS</p>	 <p>has been acquired by</p> <p>MTS MTS Markets International Inc. a part of London Stock Exchange</p>	 <p>has been acquired by</p> <p>Envision HEALTHCARE PIONEERING THE DELIVERY OF CARE</p>	 <p>has been acquired by</p> <p>TRANSDIGM GROUP INC.</p>