



## HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

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# *Quarterly* **M&A Report** *Q4 2017*



Member FINRA/SIPC

# Capital Markets Overview

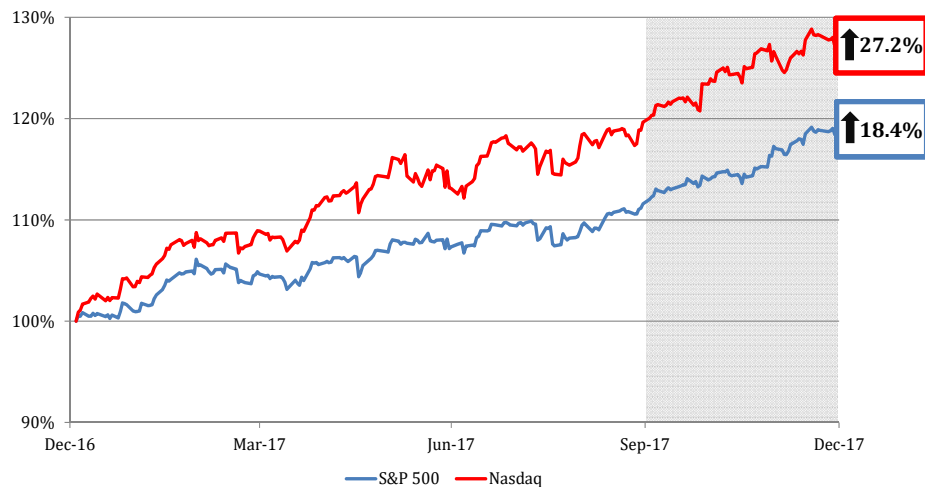
## Commentary

- During the twelve month period ended December 31, 2017, the Nasdaq increased 27.2% while the S&P 500 gained 18.4%. The two major indices had strong performances during the recently completed 4th quarter, as the Nasdaq and the S&P 500 increased 5.9% and 5.7%, respectively.
- IPO activity in the U.S. increased through Q4 '17 after a slow Q3 '17. BP Midstream Partners LP (NYSE:BPMP) raised \$765 million in the largest IPO during the 4<sup>th</sup> quarter while ContourGlobal plc (LSE:GLO) raised \$578 million.
- There were a number of significant deals announced during Q4 2017, including: Broadcom Ltd.'s announced acquisition of QUALCOMM, Inc. for \$127.6 billion, The Walt Disney Co.'s proposed purchase of Twenty-First Century Fox, Inc. for almost \$77.1 billion and CVS Health Corp.'s acquisition of Aetna, Inc. for \$69.4 billion.

## Select Initial Public Offerings – Q4 2017

Offer Date	Issuer	Industry Sector	Transaction Type	Transaction Value (\$mm)
10/25/17	BP Midstream Partners LP	Industrials	IPO	\$765
11/13/17	ContourGlobal plc	Industrials	IPO	\$578
10/06/17	Switch, Inc.	Technology	IPO	\$531
11/10/17	Razer, Inc.	Technology	IPO	\$529
11/01/17	Evoqua Water Technologies Corp.	Industrials	IPO	\$500
10/25/17	National Vision Holdings, Inc.	Consumer	IPO	\$348
11/16/17	SailPoint Technologies Holdings, Inc.	Technology	IPO	\$240
10/18/17	MongoDB, Inc.	Technology	IPO	\$192
11/05/17	TissueGene, Inc.	Healthcare	IPO	\$181
10/31/17	Altair Engineering, Inc.	Technology	IPO	\$156

## Public Market Performance (LTM)



## Select Announced U.S. M&A Transactions – Q4 2017

Announced Date	Target	Buyer	Industry	Transaction Value (\$mm)
11/06/17	QUALCOMM, Inc.	Broadcom Ltd.	Technology	\$127,630
12/14/17	Twenty-First Century Fox, Inc.	The Walt Disney Co.	Consumer	\$77,072
12/03/17	Aetna, Inc.	CVS Health Corp.	Healthcare	\$69,351
10/30/17	Dynegy, Inc.	Vistra Energy Corp.	Industrials	\$11,238
10/30/17	CalAtlantic Group, Inc.	Lennar Corp.	Industrials	\$9,882
11/20/17	Cavium, Inc.	Marvell Technology Group Ltd.	Technology	\$6,843
12/18/17	Snyder's-Lance, Inc.	Campbell Soup Co.	Consumer	\$6,136
12/18/17	Pinnacle Entertainment, Inc.	Penn National Gaming, Inc.	Consumer	\$6,113
12/06/17	DaVita's Medical Group	Optum, Inc.	Healthcare	\$4,900
12/05/17	Regal Entertainment Group	Cineworld Group plc	Consumer	\$6,083

Source : S&P Capital IQ



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# M&A Market Overview

## Commentary

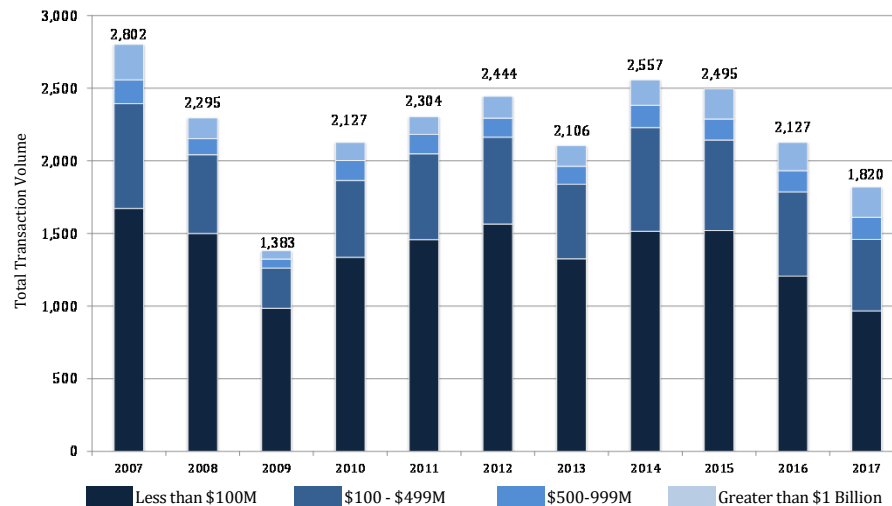
- As detailed in the charts below, overall U.S. M&A activity, or transaction volume, decreased 14% to 1,820 completed transactions throughout the year-to-date period ending December 31, 2017, down from 2,127 transactions completed in the corresponding period in 2016.
- The total value of completed M&A transactions decreased to \$1,217 billion. The total value of Middle Market M&A transactions (transactions less than \$1 billion) fell 11%, with the largest decline in transactions valued less than \$100 million (down 17%).
- The total volume of transactions greater than \$1 billion increased 8% during 2017, while the total value of completed transactions in this size range decreased 12% compared to 2016.

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

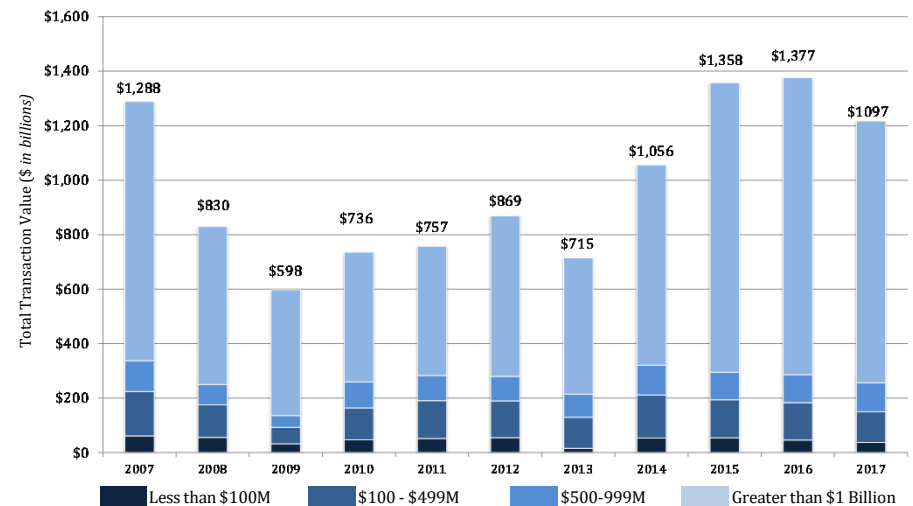
(\$ in billions)

Deal Size	2016		2017		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	1,207	\$46	966	\$37	(20%)	(19%)
\$100 - \$499M	580	\$138	494	\$113	(15%)	(18%)
\$500 - \$999M	146	\$103	151	\$107	3%	3%
<b>Total Middle Market</b>	<b>1,933</b>	<b>\$287</b>	<b>1,611</b>	<b>\$256</b>	<b>(17%)</b>	<b>(11%)</b>
Greater than \$1 Billion	194	\$1,090	209	\$961	8%	(12%)
<b>Total Market</b>	<b>2,127</b>	<b>\$1,377</b>	<b>1,820</b>	<b>\$1,217</b>	<b>(14%)</b>	<b>(12%)</b>
<b>% of Total Market</b>						
Less than \$100M	57%	3%	54%	3%		
\$100 - \$499M	27%	10%	27%	10%		
\$500 - \$999M	7%	8%	8%	9%		
<b>Total Middle Market</b>	<b>91%</b>	<b>21%</b>	<b>89%</b>	<b>22%</b>		
Greater than \$1 Billion	9%	79%	11%	78%		
<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

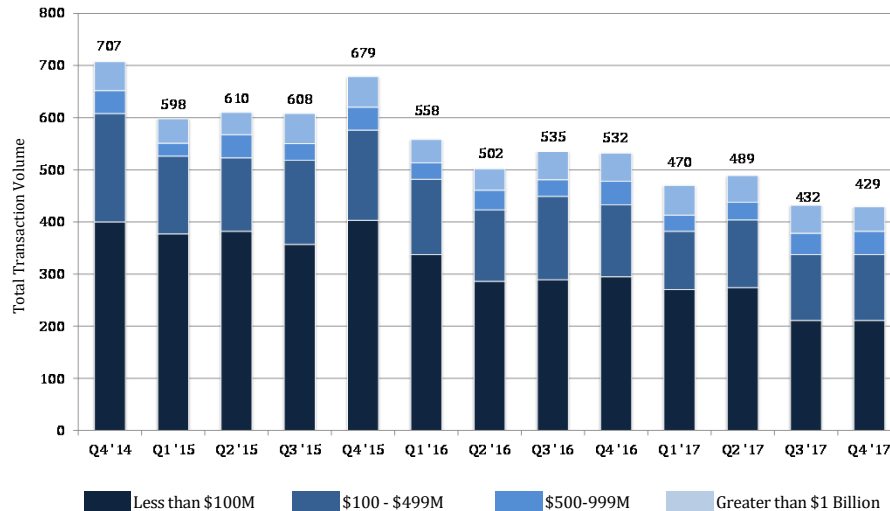
- As detailed in the table on the right, M&A transaction volume fell during Q4 2017 compared with the prior year period. During Q4 2017, M&A deal volume decreased 19% to 429 completed transactions, down from 532 in Q4 2016.
- The total volume of transactions completed in the Middle Market (transactions less than \$1 billion) fell 20% during Q4 2017 and transaction value in this range declined 8% compared with the prior year period.
- Despite the modest decline in M&A activity in 2017, Middle Market M&A activity is projected to increase throughout 2018 as companies will look to deploy cash saved from the new tax plan which lowered corporate tax rate to 21%.

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

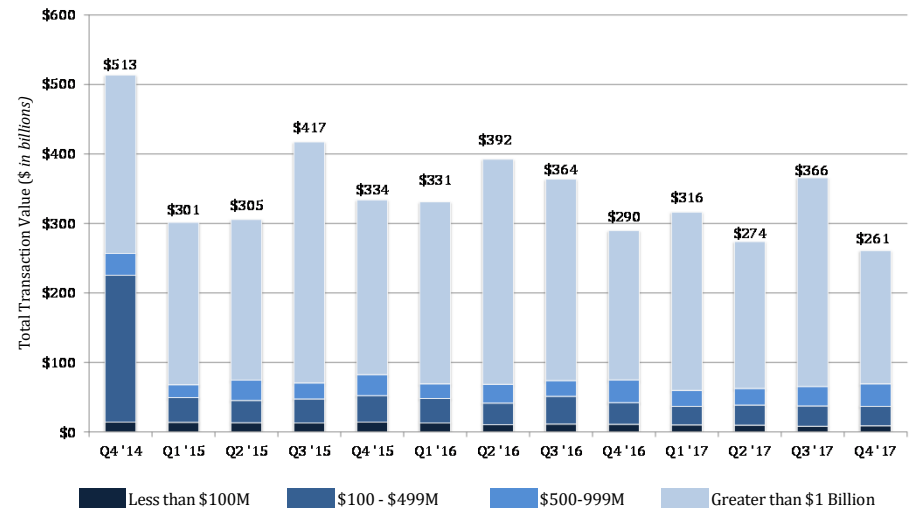
(\$ in billions)

Deal Size	Q4 2016		Q4 2017		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	295	\$11	211	\$9	(28%)	(18%)
\$100 - \$499M	138	\$31	126	\$28	(9%)	(11%)
\$500 - \$999M	45	\$33	45	\$32	0%	(1%)
<b>Total Middle Market</b>	<b>478</b>	<b>\$75</b>	<b>382</b>	<b>\$69</b>	<b>(20%)</b>	<b>(8%)</b>
Greater than \$1 Billion	54	\$215	47	\$192	(13%)	(11%)
<b>Total Market</b>	<b>532</b>	<b>\$290</b>	<b>429</b>	<b>\$261</b>	<b>(19%)</b>	<b>(10%)</b>
<b>% of Total Market</b>						
Less than \$100M	55%	4%	49%	3%		
\$100 - \$499M	26%	11%	29%	11%		
\$500 - \$999M	9%	11%	11%	12%		
<b>Total Middle Market</b>	<b>90%</b>	<b>26%</b>	<b>89%</b>	<b>26%</b>		
Greater than \$1 Billion	10%	74%	11%	74%		
<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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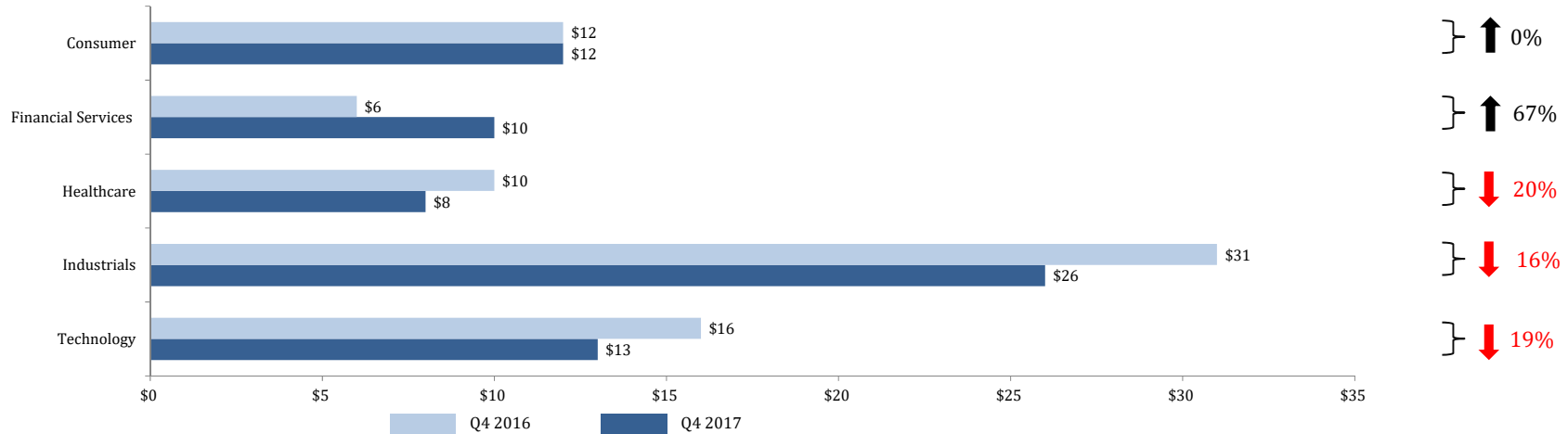
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# Middle Market M&A Activity by Industry

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

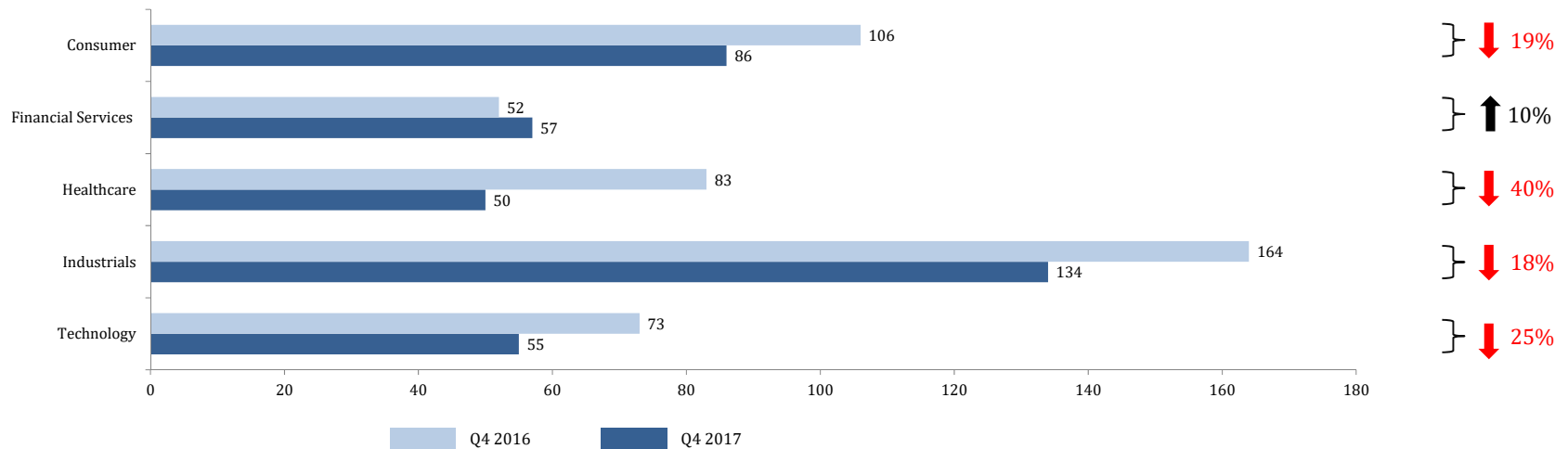
(\$ in billions)

% 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

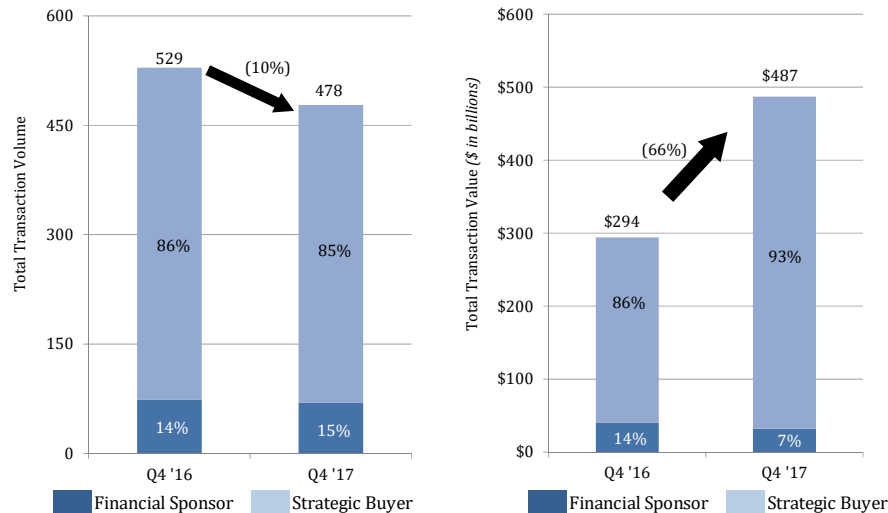
## Commentary

- Financial sponsors continue to be active in the market looking for opportunities to deploy capital. During Q4 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 Q4 2017, including Thoma Bravo's proposed purchase of Barracuda Networks, Inc. for over \$1.6 billion and Siris Capital Group's purchase of IntraLinks Holdings, Inc. for nearly \$1.1 billion.
- In total, financial sponsors accounted for approximately 15% of completed deal volume and 7% of completed deal value during the quarter.

## Select Announced Private Equity Transactions – Q4 2017

Announced Date	Target	Buyer	Industry	Enterprise Value (\$mm)
12/29/17	PrimeFlight Aviation Services, Inc.	The Carlyle Group	Industrials	NA
12/27/17	PetVet Care Centers, Inc.	KKR & Co.	Healthcare	NA
12/20/17	Liquid Environmental Solutions Corp.	Audax Group, Inc.	Industrials	NA
12/19/17	Qdoba Restaurant Corp.	Apollo Global Management	Consumer	\$305
11/27/17	Barracuda Networks, Inc.	Thoma Bravo	Technology	\$1,612
11/27/17	Bazaarvoice, Inc.	Marlin Equity Partners	Technology	\$521
11/06/17	AmTrust Financial Services, Inc., (Certain U.S. Fee-Based Businesses)	Madison Dearborn Partners	Financial Services	\$949
11/02/17	STS Operating, Inc.	Clayton, Dubilier & Rice	Industrials	NA
10/23/17	Exactech, Inc.	TPG Capital	Healthcare	\$721
10/23/17	Corsearch, Inc.	Audax Group	Industrials	\$140
10/19/17	Delta T, LLC	Lindsay Goldberg	Industrials	\$500
10/17/17	Strategic Materials, Inc.	Littlejohn & Co.	Industrials	NA
10/17/17	IntraLinks Holdings, Inc.	Siris Capital Group	Technology	\$1,082
10/16/17	Onepath Systems, LLC	MSouth Equity Partners	Technology	NA
10/16/17	Ruby Tuesday, Inc.	NRD Capital Management	Consumer	\$363
10/02/17	Rewards Network, Inc.	TowerBrook Capital Partners	Financial Services	NA
10/02/17	Medallion Gathering & Processing, LLC	Global Infrastructure Partners	Industrials	NA

## Financial Sponsors vs. Strategic Buyers



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.



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## Hyde Park Capital Featured Q4 Transaction

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### Data Transfer Solutions has been acquired by Ws Atkins, a subsidiary of SNC-Lavalin Group



#### Overview of the Transaction

- ❑ Data Transfer Solutions, LLC (“DTS”) has been acquired by Ws Atkins, plc a subsidiary of SNC-Lavalin Group, Inc (TSX: SNC).
- ❑ Data Transfer Solutions, LLC is headquartered in Orlando, FL and specializes in building geospatial information systems to create decision support applications and software to help clients automate their worlds, reduce workload and organize data through industry leading software. The Company’s customers include public and private entities and all levels of government.
- ❑ WS Atkins’ plc offers technical advice, design, and engineering services together with project management services to clients in public and private sectors.

#### Hyde Park Capital’s Role

- ❑ Hyde Park Capital was engaged as the exclusive investment banker and financial advisor to Data Transfer Solutions in connection with the sale of the Company.
- ❑ Hyde Park Capital marketed the opportunity to select strategic and financial sponsors and advised Data Transfer Solutions on the sale of the Company.



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## Recent Transactions

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