

2015 H2

Globalscope Newsletter

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

Tel-Aviv 2015 H2



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

in association with

GLOBALSCOPE
INTERNATIONAL M&A ADVISORS

Heal Partners

About Globalscope

What we do

Our focus is on mergers and acquisitions (M&A). This often includes representing clients who wish to divest or acquire a company and advising our clients on the related fine details including, for example, restructuring, international joint ventures and 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 46 member firms, with more than 500 professionals on the ground across 39 countries:

AFRICA

Botswana
Namibia
South Africa

GKA Capital
GKA Capital
GKA Capital

AMERICAS

Brazil
Canada
Mexico
United States

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

Uruguay

ASIAPAC

Australia

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
Nexus Group

China
India

Indonesia
Japan
Singapore
South Korea
Vietnam

EUROPE

Belarus
Belgium
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
Common Ground Corporate Finance
Venture Investors Corporate Finance
Dansk Merchant Capital A/S
Summa Capital
CMW Corporate Finance
Alliance Group Capital
CCI Management
CatCap
Transfer Partners Group
First Athens Corporate Finance SA
Heal Partners
Portofino Investments
Benedetti & Associates
Palladio Corporate Finance
Tenzing Partners SA
DEX international M&A
Stratégie
Impello Management AS
Augeo Ventures
Aventis Capital
Bluemint Capital
RB Partners
Next Corporate
ScandCap
InternationalScope Ltd.
Capital Times
Cobalt Corporate Finance
Corbett Keeling



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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

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New developments

Valuation multiples down from peak

2015 H1



Synopsis

In the six months to July 2015 the global average Lower-Mid Market Transactions TEV/EBITDA Multiple has slightly fallen to 8.9 following a previous high in 2014 H1 of 9.2 and being still at historic heights. This latest business valuation indicator is based on an analysis of 20,518 transactions in the period, of which 22% were categorised as cross-border.

TMT sector companies again commanded the highest valuations, with Lower-Mid Market Transactions TEV/EBITDA Multiples averaging 10.3. This is in contrast to the underperforming Financial Services sector where the average fell steeply to 7.5.

Network expansion

Leading M&A firm joins Globalscope



Synopsis

At the recent semi-annual conference in Tel-Aviv, Globalscope president Michael Moritz announced Globalscope's newest member: Belgian firm Common Ground Corporate Finance.

Harold Vanheel, Partner of Common Ground commented:



Harold Vanheel
Common Ground Corporate Finance

"The partners of Common Ground are delighted to have been accepted as the Belgian partner firm of Globalscope. The hands-on approach and professionalism of the Globalscope partners are a perfect fit with Common Ground's philosophy. In addition, through Globalscope we are now fully present across all continents and industries and so can advise and support our clients all over the world."

Comment

This brings the total number of Globalscope member firms in Globalscope to 46 firms operating in some 39 countries worldwide.

Michael Moritz, President of Globalscope added:

"We are delighted to welcome our 46th member to Globalscope: Common Ground Corporate Finance, Belgium, a strong mid-market M&A firm with sector specialisation in Financial Services, Food, Agriculture, TMT and Private Equity. Globalscope now has members in 39 countries worldwide."

COMMON GROUND
CORPORATE FINANCE



Conference report

Synopsis

The three day conference programme, hosted by Globalscope's member firm in Tel Aviv, Portofino Investments, was attended by 68 delegates from Globalscope's member firms.

A special feature of this semi-annual conference was the addition of presentations by selected Israeli private equity funds including FIMI, Israel's largest PE fund, and Jerusalem Venture Partners, one of Israel's largest and most active venture funds.

Host member firm:

The conference was hosted by Portofino Investments, an Israeli boutique investment bank. Portofino's services include mergers, acquisitions, divestitures and restructurings, as well as equity or debt raising through public and private markets.

Portofino

DEAL DESIGNERS

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 Q2 and Q3 2015.

Largest transaction:

Greif & Co. (*USA*) for their transaction on behalf of C.R. Laurence Co., Inc. with a value of €1.2bn (\$1.3bn)

Intra-Globalscope deal:

Globalscope Partners on both sides of the transaction
CatCap (*Germany*) and Aventis Capital (*Poland*) which advised Booksy International, a global software as a service platform on attracting Muller Medien, a German media group, as strategic partner.



Comment



Michael Moritz
Globalscope President

"I am extremely pleased to report on another successful Globalscope conference. I would like to pay special thanks to the team at Portofino Investments, Globalscope member in Tel Aviv, who not only organised our largest event to date, but also provided a broad view of the opportunities for international M&A in Israel."

Next

The next Globalscope conference will be held in Shanghai in March 2016.



Global M&A market landscape

Thousands of M&A transactions all 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.

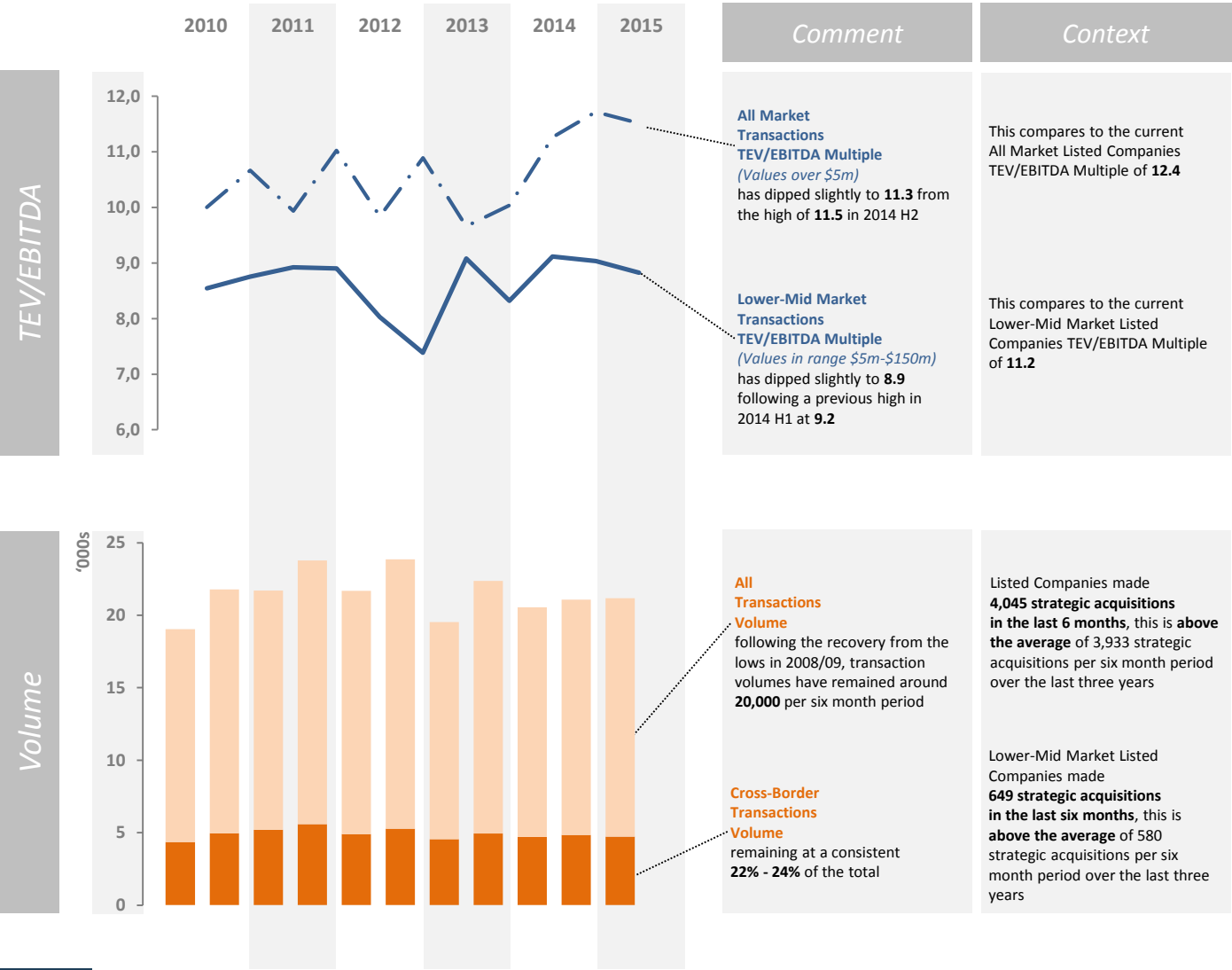
Across a large enough sample of transactions, these average TEV/EBITDA Multiples are a useful tool for assessing global valuation trends, as set out in the first chart below.

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 tempering of the recent upward trend with a slight fall to 11.3 in 2015 H1.

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 another slight fall relative to the market as a whole, to 8.9 in 2015 H1.





Lower-mid market sector highlights

The following charts show global Lower-Mid Market Transaction TEV/EBITDA Multiple trends of seven 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.

Consumer: China hungry for foreign food

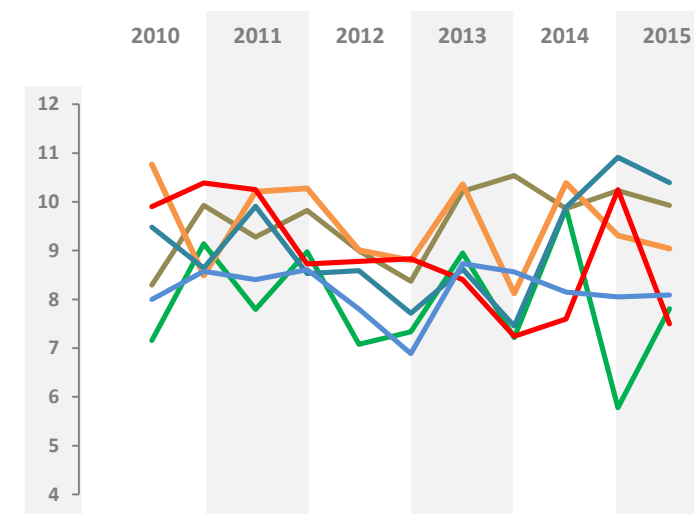
China's appetite for buying international food producers has grown at a record pace so far this year, reflecting growing middle-class hunger for a more affluent diet in the world's second-biggest economy.

Life Sciences: Health care personalisation

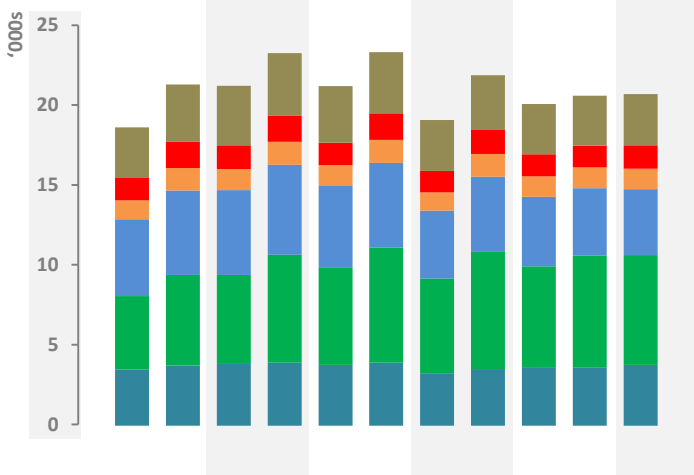
Through the use of increasingly accessible genome information, the age of personalised healthcare is finally set to crystallize. The key driver is the falling cost of individual genome sequencing, now available below \$1,000, passing a milestone identified as a precursor for mainstream adoption.

Industrials: Oil prices remaining low

With oil prices staying low in 2015, benefits continue to be seen in sub-sectors that use oil as feedstock or fuel, but extractors and related service providers continue to feel the pain of low margins and oversupply.



Comment	Context																								
Lower-Mid Market Transactions TEV/EBITDA Multiples <i>(Values in range \$5m-\$150m)</i> by sector in 2015 H1 were: <table> <tr><td>TMT:</td><td>10.3</td></tr> <tr><td>Consumer:</td><td>9.9</td></tr> <tr><td>Life Sciences:</td><td>9.0</td></tr> <tr><td>Industrials:</td><td>8.0</td></tr> <tr><td>Services:</td><td>7.8</td></tr> <tr><td>Financial Services:</td><td>7.5</td></tr> </table>	TMT:	10.3	Consumer:	9.9	Life Sciences:	9.0	Industrials:	8.0	Services:	7.8	Financial Services:	7.5	Lower-Mid Market Listed Companies in each of these sectors had the following average TEV/EBITDA Multiples as at mid August 2015: <table> <tr><td>TMT:</td><td>11.7</td></tr> <tr><td>Consumer:</td><td>11.6</td></tr> <tr><td>Life Sciences:</td><td>15.2</td></tr> <tr><td>Industrials:</td><td>9.9</td></tr> <tr><td>Services:</td><td>11.3</td></tr> <tr><td>Financial Services:</td><td>12.5</td></tr> </table>	TMT:	11.7	Consumer:	11.6	Life Sciences:	15.2	Industrials:	9.9	Services:	11.3	Financial Services:	12.5
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Services:	11.3																								
Financial Services:	12.5																								
Limited data for Financial Services sector in 2012 H1 so interpolated value used.																									



All Transactions Volume	Listed Companies
by sector in 2015 H1 there were:	in each of these sectors made the following strategic acquisitions in the six months to mid August 2015:
Consumer: 3,162	Consumer: 650
Financial Services: 1,461	Financial Services: 428
Life Sciences: 1,260	Life Sciences: 336
Industrials: 4,078	Industrials: 1,194
Services: 6,806	Services: 591
TMT: 3,751	TMT: 846





Regional Valuation Statistics

*Country by country and region by region analysis
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Transactions data by region

All Market Transactions (dot-dash lines)

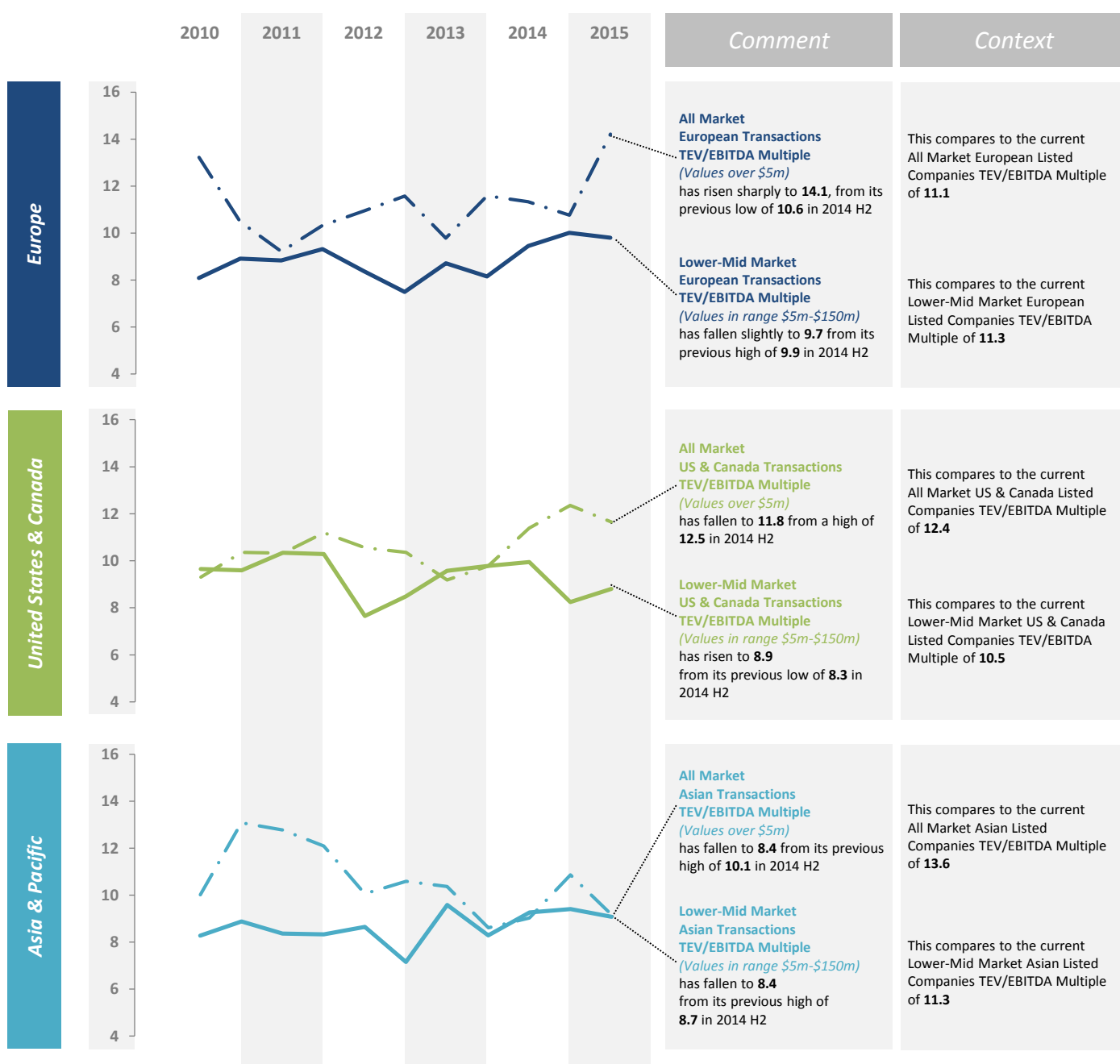
Dot-dash lines show average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m and the target location was recorded in one of the five global regions.

The data show Europe picking up in value while other regions are either declining or already low.

Lower-Mid Market Transactions (solid lines)

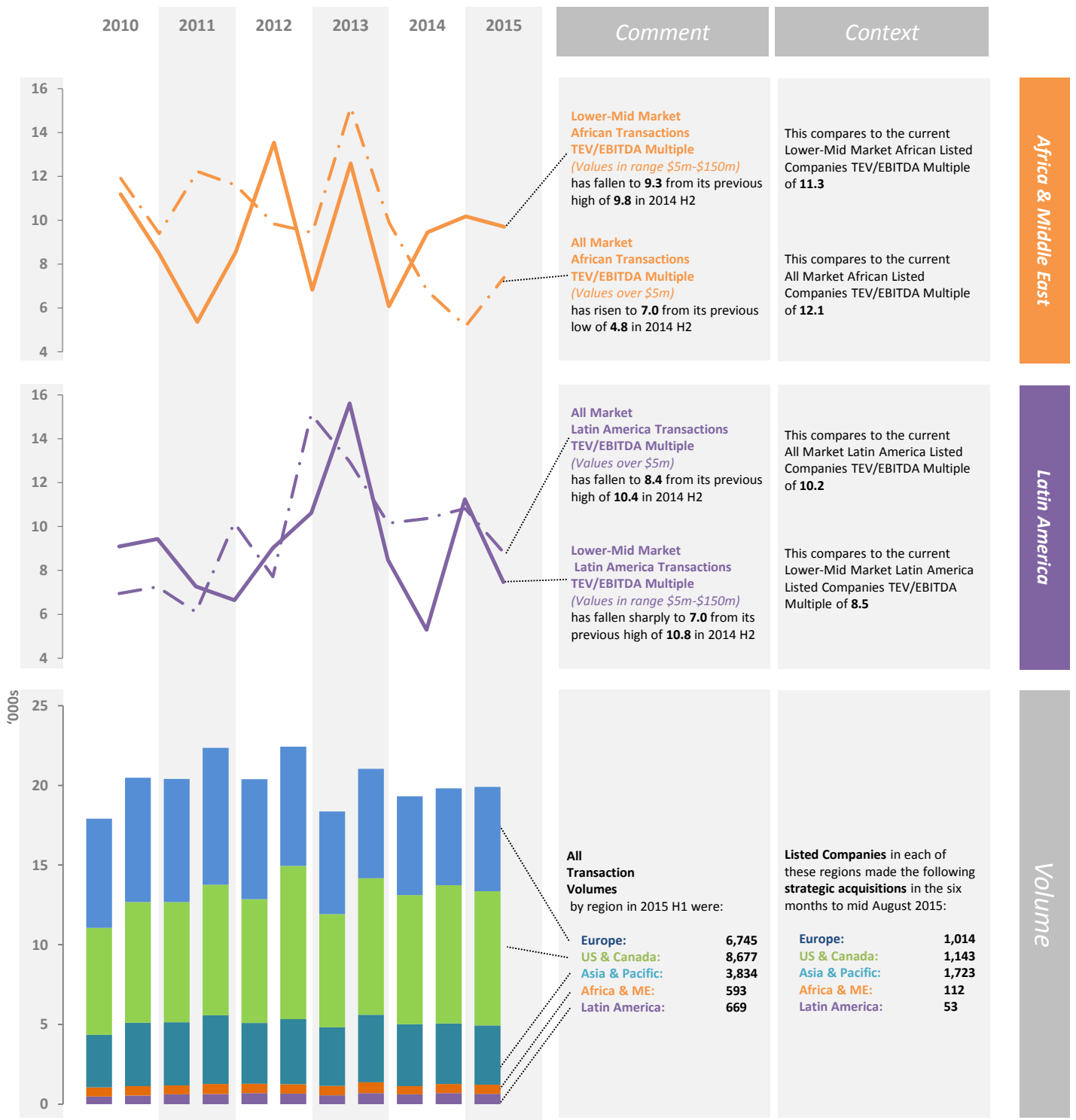
The solid line shows average TEV/EBITDA Multiple data from all disclosed transactions where the transaction value was at least \$5m but no greater than \$150m and the target location was recorded in one of the five global regions.

Other than Latin America, the data show all regions remaining relatively static, with small variations in value from the prior period.





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.

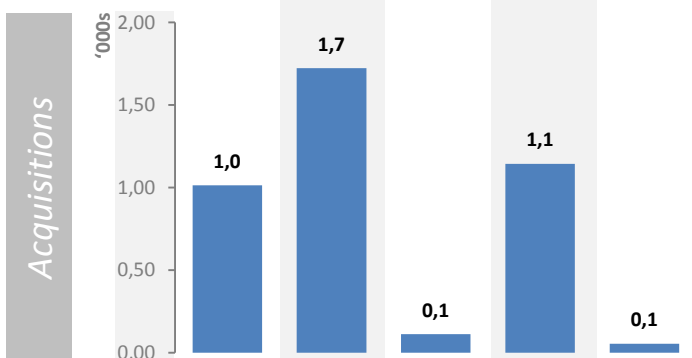
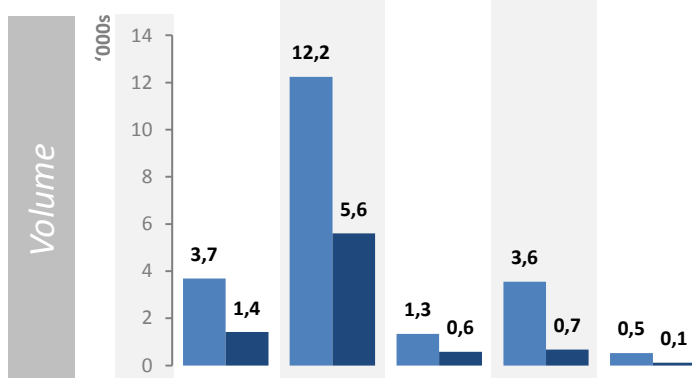
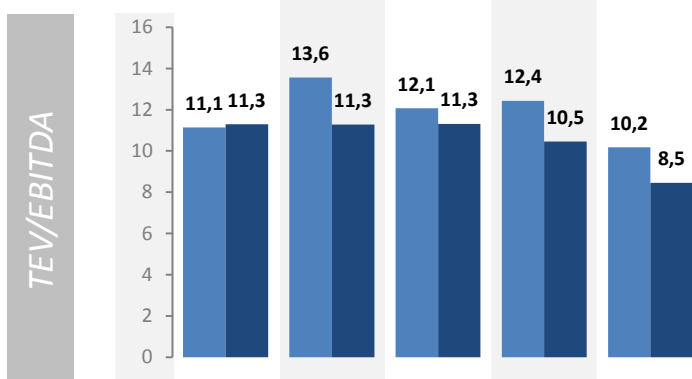


Listed companies data by region

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.

As at:
mid August
2015



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										
<p>All Market Listed Companies TEV/EBITDA Multiple (Values over \$5m)</p> <p>is highest in Asia & Pacific at 13.6, 33% higher than the lowest in Latin America of 10.2</p>	<p>This compares to the global total All Market Listed Companies TEV/EBITDA Multiple of 12.4</p>										
<p>Lower-Mid Market Listed Companies TEV/EBITDA Multiple (Values in range \$5m-\$150m)</p> <p>is highest in Africa & ME at 11.3, 34% higher than the lowest in Latin America of 8.5</p>	<p>This compares to the global total Lower-Mid Market Listed Companies TEV/EBITDA Multiple of 11.2</p>										
<p>All Market Listed Companies Volume (Values over \$5m)</p> <p>is significantly higher in Asia & Pacific than anywhere else at 12,237</p>	<p>The global total number of All Market Listed Companies is 21,338</p>										
<p>Lower-Mid Market Listed Companies Volume (Values in range \$5m-\$150m)</p> <p>is again particularly low in Latin America at 117</p>	<p>The global total number of Lower-Mid Market Listed Companies is 8,390</p>										
<p>All Market Listed Companies Acquisitions in last six months (Values over \$5m)</p> <p>is highest in Asia & Pacific in absolute terms at 1,723 acquisitions, but highest in the US & Canada on an acquisitions per Listed Company basis at 32%, compared to Africa & ME's 8%</p>	<p>In total there were 4,045 strategic acquisitions by All Market Listed Companies in the six months to mid August 2015.</p> <p>These compare to All Market Transaction Volumes in 2015 H1 by region of (in '000s):</p> <table> <tr> <td>Europe:</td><td>6.7</td></tr> <tr> <td>Asia & Pacific:</td><td>3.8</td></tr> <tr> <td>Africa & ME:</td><td>0.6</td></tr> <tr> <td>US & Canada:</td><td>8.7</td></tr> <tr> <td>Latin America:</td><td>0.7</td></tr> </table>	Europe:	6.7	Asia & Pacific:	3.8	Africa & ME:	0.6	US & Canada:	8.7	Latin America:	0.7
Europe:	6.7										
Asia & Pacific:	3.8										
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US & Canada:	8.7										
Latin America:	0.7										



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 <i>(Values over \$5m)</i>		Lower-Mid Market Listed Companies <i>(Values in range \$5m-\$150m)</i>	
As at: mid August 2015			Number listed	TEV/EBITDA Multiples		Number listed	TEV/EBITDA Multiples
Europe	British Isles	2	869	11.3		270	12.1
	East Europe	7	527	8.9		360	10.0
	North Europe	5	742	10.2		288	11.4
	South Europe	6	337	10.8		92	12.2
	West Europe	10	1,212	11.4		404	11.4
	Total Europe	30	3,687	11.1		1,414	11.3
USA & Canada	Canada	5	617	12.2		226	9.5
	United States	6	2,763	12.4		318	11.0
	Others	-	175	18.6		133	10.2
	United States and Canada	11	3,555	12.4		677	10.5
Asia & Pacific	Indian Ocean	5	1,873	15.8		1,178	12.1
	North & East Asia	5	7,554	13.6		2,958	11.1
	Pacific	5	2,810	12.4		1,469	11.1
	Total Asia / Pacific	15	12,237	13.6		5,605	11.3
Africa & Middle East	Africa	3	572	11.5		273	10.3
	Middle East	1	764	12.3		304	12.0
	Total Africa / Middle East	4	1,336	12.1		577	11.3
Latin America	Brazil	1	207	9.9		37	11.0
	Uruguay	1	-	-		-	-
	Others	1	316	10.4		80	7.2
	Latin America	3	523	10.2		117	8.5





Sector-Specific Analysis

A closer look at the underlying sector-specific structural drivers, new developments, recent M&A and projections

Consumer	17
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Services	25
Technology, Media & Telecoms (TMT)	27

The sector M&A landscape

During the Tel Aviv 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 Asian market for Western foods, driven by the expansion of non-domiciled brands. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

China hungry for foreign food

China's appetite for buying international food producers has grown at a record pace so far this year, reflecting growing middle-class hunger for a more affluent diet in the world's second-biggest economy.

Health food & beverage worth more

Valuation multiples are elevated for health and nutrition companies, reflecting consumers' insatiable demand for good-for-you and healthier foods & beverage. The tastes of upscale buyers are changing, calling for alternatives they consider "less processed", with simpler ingredients, health oriented branding, convenience, and sustainability.

Synergies driving transactions & valuations

M&A transactions in the food & beverage industry are often strategically driven. Common strategies include acquiring complementary products or brands, exploiting economies of scale, and leveraging increased clout with customers.

Private Equity consolidating food & beverage

Private equity firms are attracted to the fragmented nature and relative stability of the food & beverage industry, and they continue to make platform and add-on acquisitions in the sector, performing roll-ups of multiple targets that combined have greater scope, scale and improved standing in this highly competitive industry.

Notable recent transactions

Heinz acquires Kraft

Kraft Foods Group Inc. will merge with H.J. Heinz in a deal orchestrated by 3G Capital and Warren Buffett's Berkshire Hathaway Inc., creating the third-largest food and beverage company in North America.

Nomad Holding acquires Iglo Foods

Frozen food firm Iglo Foods has been snapped up by investment firm Nomad Holdings for £1.9bn (\$2.9bn), in a deal announced in April 2015.

Troubled Tesco terminates South Korea

Tesco, the UK supermarket chain, is attempting to repair its balance sheet and avoid a rights issue with a sale of its South Korean business Homeplus to South Korean buyout firm MBK Partners for £4.2bn (\$6.5bn).

Lower-mid market observations

New focus on smaller brands

The competitive landscape of the food & beverage industry has changed dramatically. Small niche brands are now readily accepted by large retailers and mass merchandisers, where they are competing effectively against the leading brands of established food giants.

Corporate buyers are active

Corporate buyers continue to seek acquisitions to expand their product offerings and/or geographic footprints. We have seen strong interest from all types of buyers, including small food & beverage companies that are actively adding new products and successful brands to their portfolios.

Sector contacts



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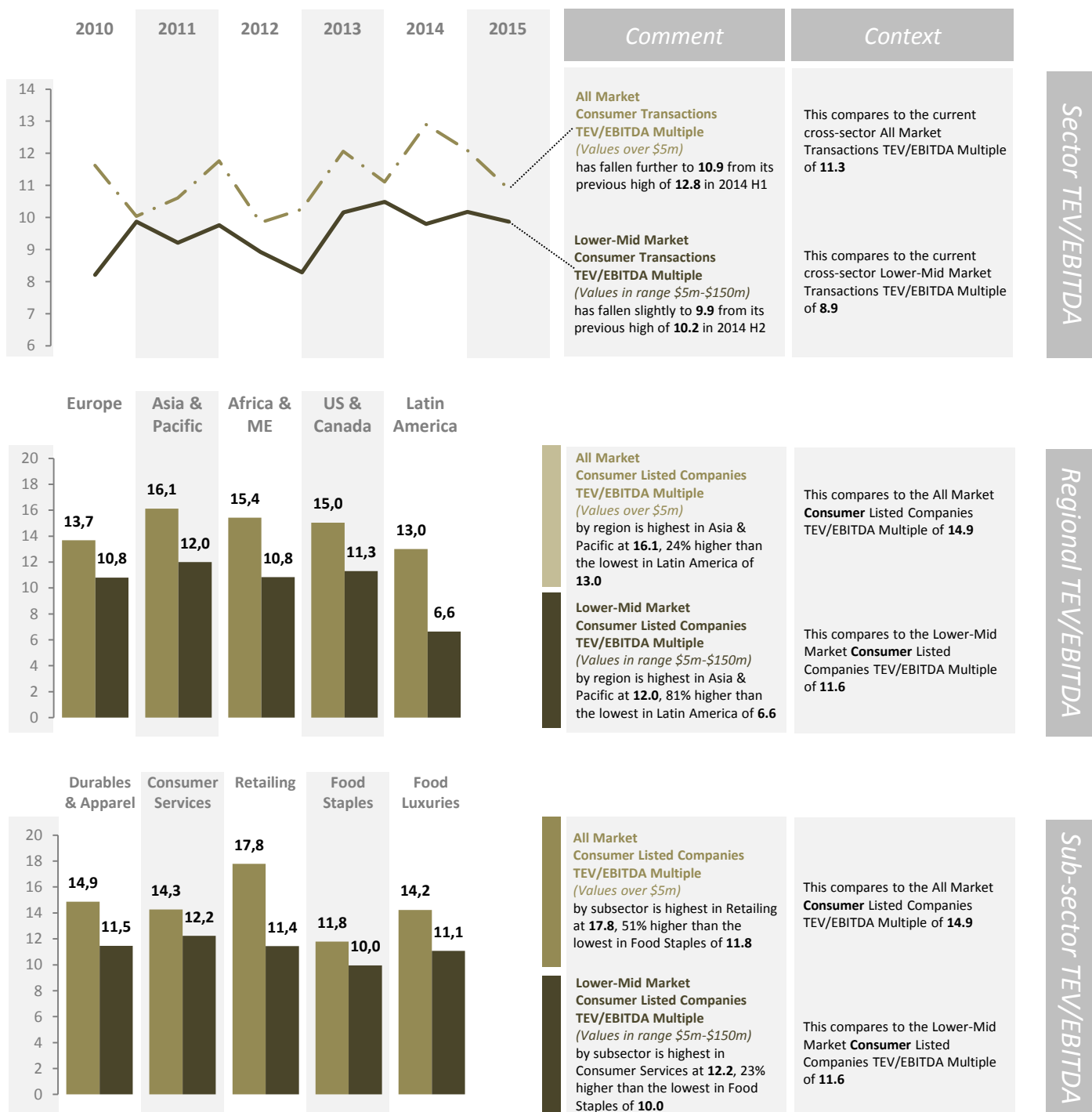


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M&A trends & market analysis

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 August 2015.



The sector M&A landscape

During the Tel Aviv 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 tightening of regulations on large banks that is causing growth in the alternative funding space. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

The rise of “FinTech” companies

With Facebook looking to operate online banking and money-sending worldwide and Tencent and Alibaba in China racing to establish mobile payment platforms, these giants are redefining what a financial services provider looks like.

Banks sign up to \$2bn US Forex Settlement

HSBC, Barclays and RBS are among 9 banks that have agreed the settlement in the US. Further settlements are expected as similar suits are brought in other world markets. Another sign of the rising tide moving against the global banking sector.

Capital requirements fuel alternatives

Since the financial crisis financial regulators have increased capital requirements for banks, in particular where they hold sub investment grade assets. This has fuelled the establishment of various types of lending funds, active in the High Yield, leveraged, senior and direct lending space. These funds will provide capital across the capital structure which will inevitably support M&A activity.

Notable recent transactions

Old Mutual acquires additional 37.3% of UAP

This acquisition of UAP Holdings, an east and central African financial services company, brings Old Mutual's stake to 60.7% and deepens Old Mutual's presence in East Africa where it operates Faulu, the 2nd largest deposit-taking microfinance company in the region. This forms part of Old Mutual's strategy to expand its footprint in Africa's growth markets.

Multiple direct lending funds closing

ICG Senior Debt Partners II closed at €3bn (\$3.4bn), ICG Europe VI also closed at €3bn (\$3.4bn), and Hayfin is raising its second direct lending fund, expected to be larger than its €2.3bn (\$2.6bn) predecessor. Alcentra is targeting €1.5bn (\$1.7bn) for its second direct lending fund and Ares Capital is going for €2bn (\$2.2bn). Capital from these direct lending funds will, amongst other 'alternatives', replace capital from the banking sector to support general M&A activity.

Lower-mid market observations

China emerging as cross-border M&A powerhouse

Chinese companies are countering the slowdown in their own economy with international expansion, specifically in the consumer business and TMT sectors. This bodes well for B2C FinTech companies focused on using technology to disrupt markets and drive innovation.

Small scale lenders a threat to banks

An Edinburgh University survey of 200 of the world's top credit experts has suggested that smaller alternative lenders are a threat to traditional lending. Peer-to-peer lending platforms, such as Zopa, are set both to increase access to finance over the next 5 years and to increase market competition.

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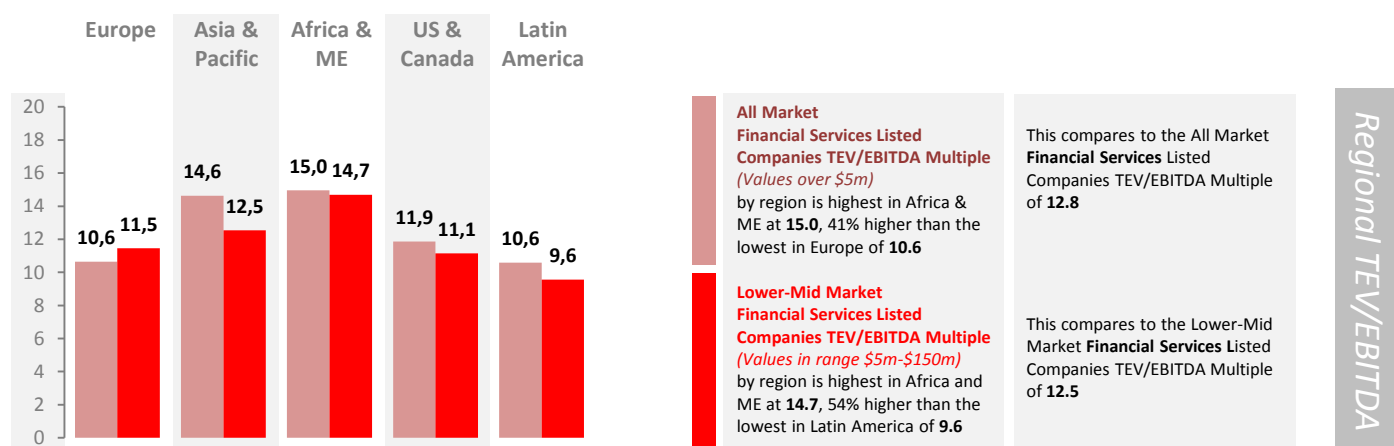
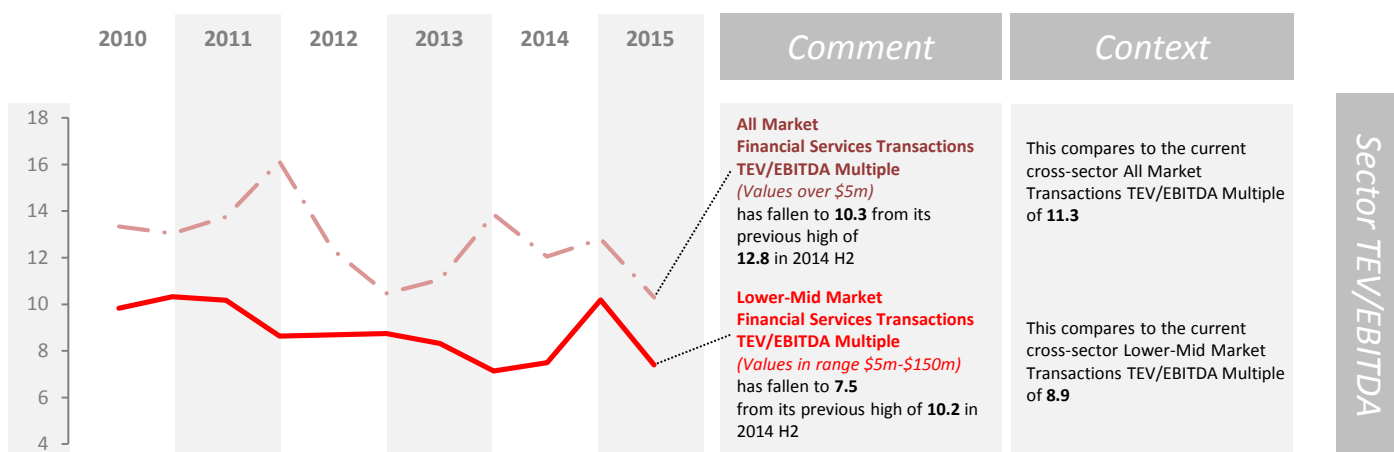


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M&A trends & market analysis

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 August 2015.



The sector M&A landscape

During the Tel Aviv 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 advancement of individualised healthcare, which has been aided by the progression of mobile technology. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

China becoming major consumer

China is overtaking many European and American countries as both a consumer and supplier of medical products, with Chinese annual expenditure on healthcare forecast to grow at 11.8% per annum.

New entrants to shake up market

Emergence of new entrants from previously unrelated fields such as telecommunications and retail is expected to continue. This horizontal expansion will open up exciting new opportunities and eat into more established firms' market share unless they react and adapt.

Health care personalisation

Through the use of increasingly accessible genome information, the age of personalised healthcare is finally set to crystallize. The key driver is the falling cost of individual genome sequencing, now available below \$1,000, passing a milestone identified as a precursor for mainstream adoption.

Growth of mobile and social health solutions

The increasing uptake of wearable technology by consumers is set to move the industry away from the traditional "professional-led" service delivered in health-centres and hospitals and towards a "patient-led" service, possibly originated from the home.

Notable recent transactions

Calgene acquires Receptos

Nasdaq-listed Celgene has acquired Receptos, a US-based pharmaceutical R&D firm for \$7.2bn. The acquisition is designed to strengthen Celgene's existing Inflammation & Immunology portfolio and strengthens Celgene's expertise in inflammatory bowel disease (IBD).

CVC and Temasek acquire Alvogen

The UK-based private equity fund CVC has teamed up with Tamasek (Singapore sovereign wealth fund) to acquire generic drugmaker Alvogen for \$2bn. The growth plan involves a combination of organic and acquisitive expansion.

Concordia Healthcare acquires Covis Pharma

Bourne Partners, Cerebus Capital and Princeton BioPharma Capital have sold Covis Pharma to Concordia Healthcare for \$1.2bn. Concordia expects to achieve a modest \$20m of synergy savings from combining the two firms' portfolios.

Lower-mid market observations

Improving technology comes at a cost

Many healthcare providers are faced with powerful new technologies and personalised care solutions that offer the possibility of highly effective treatment. Unfortunately many of these new products and services are still in their infancy and so remain, sometimes prohibitively, expensive. In world of either moral obligation and/or risk of litigation, providers will need to walk the tightrope of value vs. cost.

M&A outstripping R&D

Many mid-sized life sciences companies are opting to look to acquisitions for growth and development opportunities. Smaller innovative firms with proven or late-stage products that just need capital to go to market will do well as mid-sized firms will pay well to avoid the unpredictable highs and lows of modern R&D and licensing processes.

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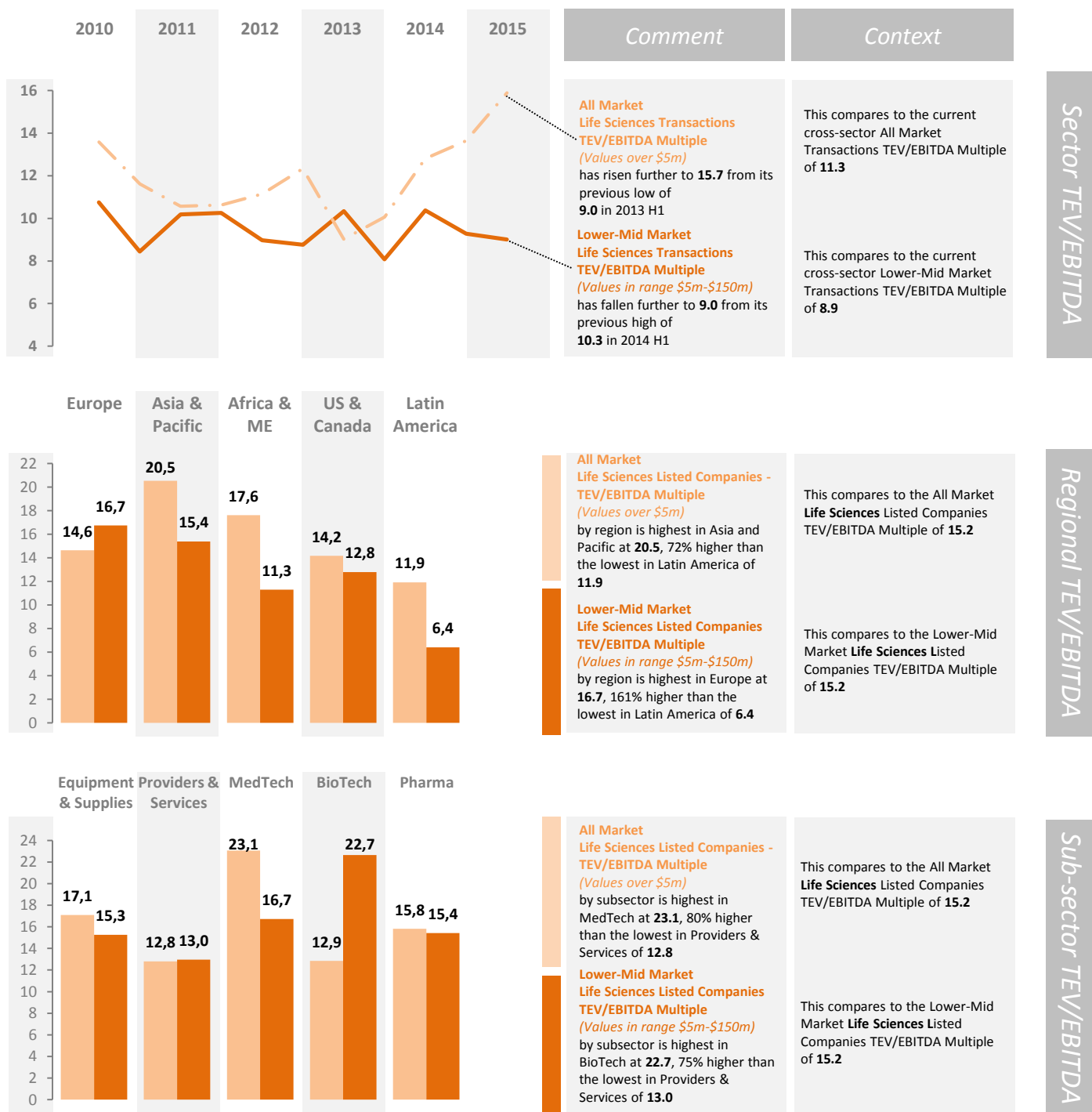


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M&A trends & market analysis

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 August 2015.



The sector M&A landscape

During the Tel Aviv 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.

A key theme is the volatility of the oil price, which has sent ripples all through the industrials sector. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

UK housebuilders lead a European charge

Whilst the global economy is showing signs of slowing, housebuilders are marching on. In the UK, both Berkeley Group and Barratt Homes reported large profits, and this theme is also evident across Europe, examples include Nge in France and Royal BAM Group in the Netherlands.

Emerging markets prop up Aerospace & Defence

The growth rate for Defence worldwide has been slowing, with 2015 revenues set to fall by circa 1.3%. However, some emerging markets have seen increased defence spending, including India, South Korea and Russia.

Oil prices remaining low

With oil prices staying low in 2015, benefits continue to be seen in sub-sectors that use oil as feedstock or fuel, but extractors and related service providers continue to feel the pain of low margins and oversupply.

Investment in IT improves quality

Manufacturers are increasingly relying on testing software and information technologies to protect quality, ensure compliance and increase efficiency. Outsourcing of this service to centrally monitored and regularly updated testing specialists is expected to further improve performance.

Notable recent transactions

Total sells North Sea assets

French-listed Oil and Gas company Total has agreed a £585m (\$900m) deal to sell its North Sea assets to North Sea Midstream partners. This includes its interests in the Fuka and Sirge gas pipelines and the St. Fergus gas terminal.

Berkshire Hathaway acquires Precision Castparts

Warren Buffet's Berkshire Hathaway has agreed a \$37.2bn deal to acquire Precision Castparts. Precision Castparts' share price has dropped by around 17% in the last 12 months due to the downturn in energy prices.

Lockheed Martin acquires Sikorsky

Lockheed Martin has acquired helicopter manufacturer Sikorsky for \$9bn, cementing its position as the Pentagon's top contractor.

Lower-mid market observations

Health of the broader economy

Instability in China has led to falls in all the world's main indices, and damaged some of the prior confidence in emerging markets. This, coupled with low oil prices, has led to a tough quarter for some of the smaller industrial product and service providers.

Cost-cutting in the defence supply chain

Defence manufacturers are expected to balance further downward pressure on revenues with heavy supply chain cost cutting. The cost cutting is expected primarily to impact 2nd and 3rd tier suppliers, typically companies sitting in the lower-mid market bracket.

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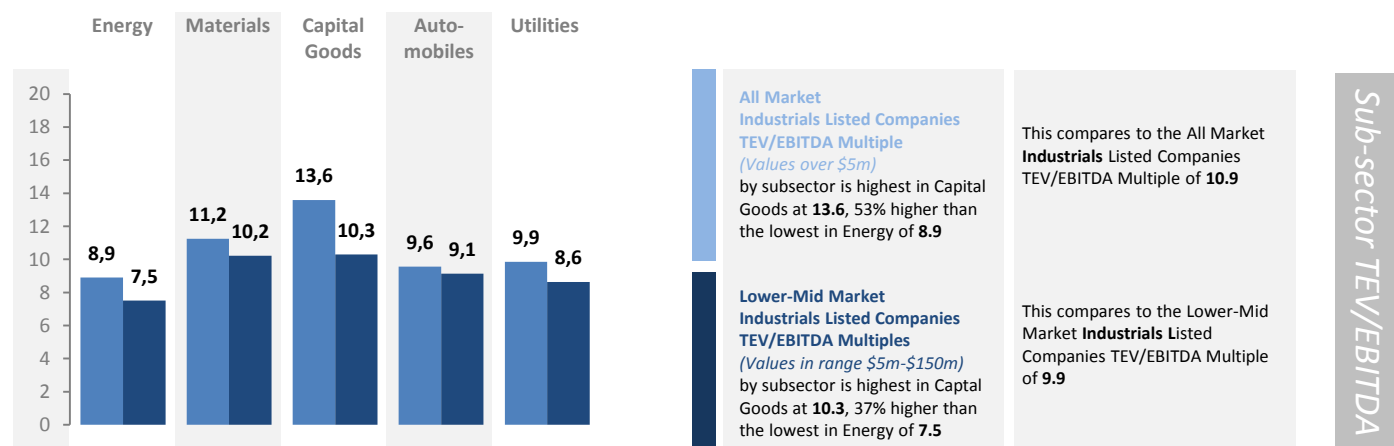
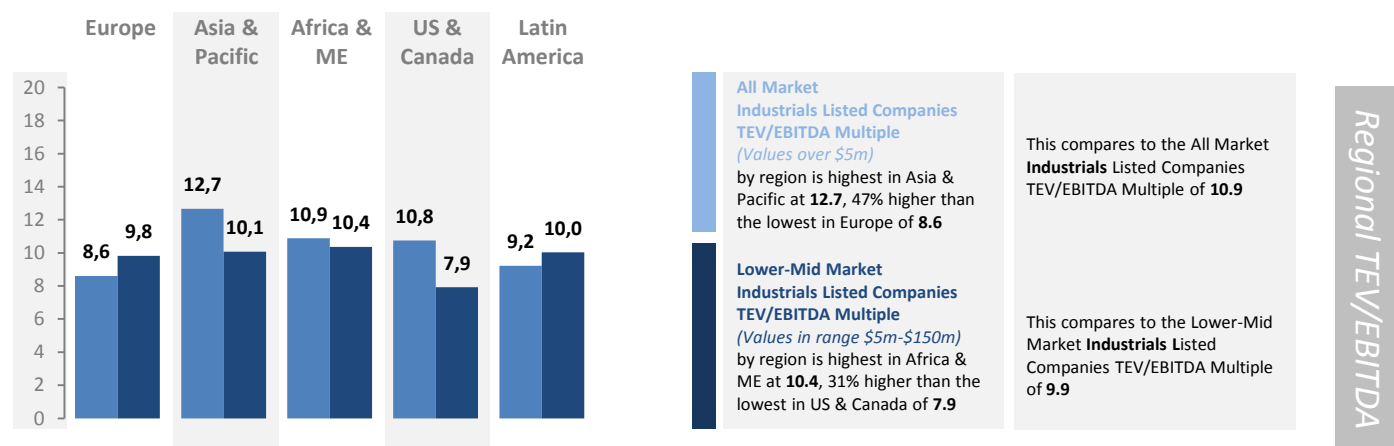
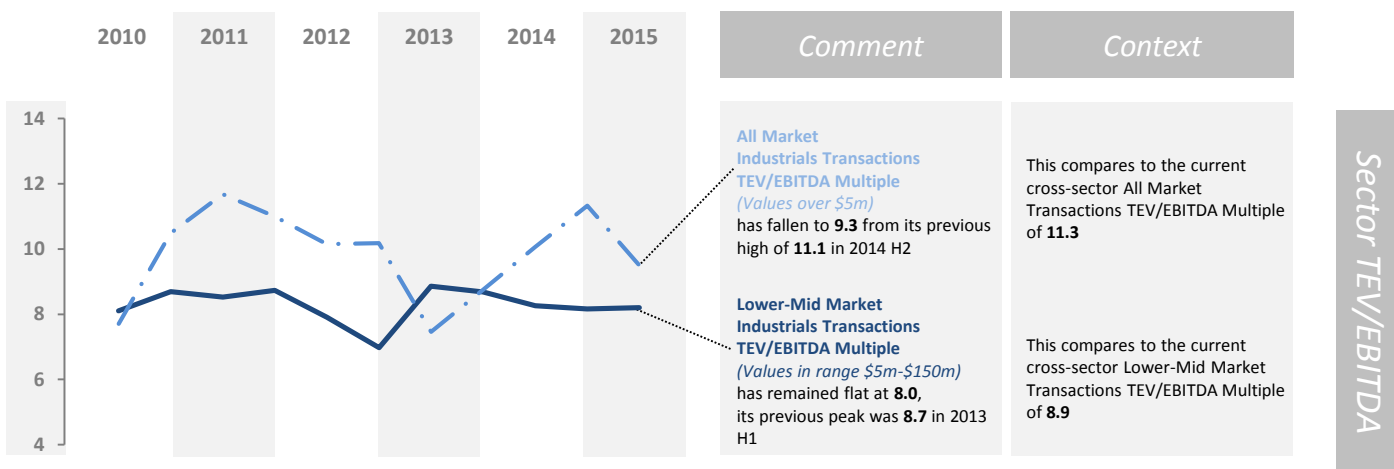


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M&A trends & market analysis

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 August 2015.



The sector M&A landscape

During the Tel Aviv 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 increased level of M&A activity and consolidation, particularly by the big players. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

US to lead increase in deal volumes

The US, the world's largest consulting M&A market, will continue to drive global deal volumes upwards. This will be tempered by the Chinese economy and uncertainties in other developing markets.

HR consulting M&A set to increase

Recruitment, staffing and HR strategy firms have been, and continue to be, popular targets for general strategy consultants looking to diversify into other specialist service lines and build synergistic comprehensive offerings.

E-commerce set to shape supply chain

Consumers' increasing use of E-commerce sites, and demand for next or same-day delivery, is forcing logistics intermediaries to innovate and compete to win market share and protect margins.

Near shoring IT services providers seeking footprint in Western Europe

Increasing numbers of near and offshoring providers are seeking to improve their footprint in the Western European markets, or are being acquired themselves by European market leaders (see Capgemini / iGate).

Notable recent transactions

Capgemini acquires iGate

Capgemini has acquired US-listed technology and services company iGate from Apax Partners for \$4bn. The acquisition will expand Capgemini's existing IT services, outsourcing and consulting offering.

Verisk Analytics acquires Wood Mackenzie

Hellman & Friedman has sold UK-based global energy consultancy Wood Mackenzie to US-based data analytics firm Verisk Analytics for £1.9bn (\$2.8bn). There is optimism that oil & gas consulting will rebound following the dip in oil prices last year which may provide a boost to the combined group.

Haversham reverses into British Car Auctions

AIM-listed Haversham Holdings completed a reverse takeover of webuyanycar.com's owner British Car Auctions, simultaneously changing its name to BCA Marketplace and re-listing on the main market.

Lower-mid market observations

Consolidation driving media consulting M&A

M&A in the media consulting sub-sector is being driven by three or four large industry players who are each pursuing consolidation strategies, often with a primary aim of broadening their digital offerings.

Black Cabs forced into unknown territory

Due to the enthusiastic uptake of Uber amongst Londoners, Black Cabs have started offering "off peak" fares in an attempt to entice former customers. The new prices are up to 30% lower but only apply to trips of 6 miles or more.

Freight forwarders fuller footprints

Mid-market freight forwarding firms are gaining market share where they are able to compete with the big players on an integrated platform, by owning their own networks and warehousing hubs. Expect them to be looking for the missing piece of the puzzle to offer a fully integrated solution.

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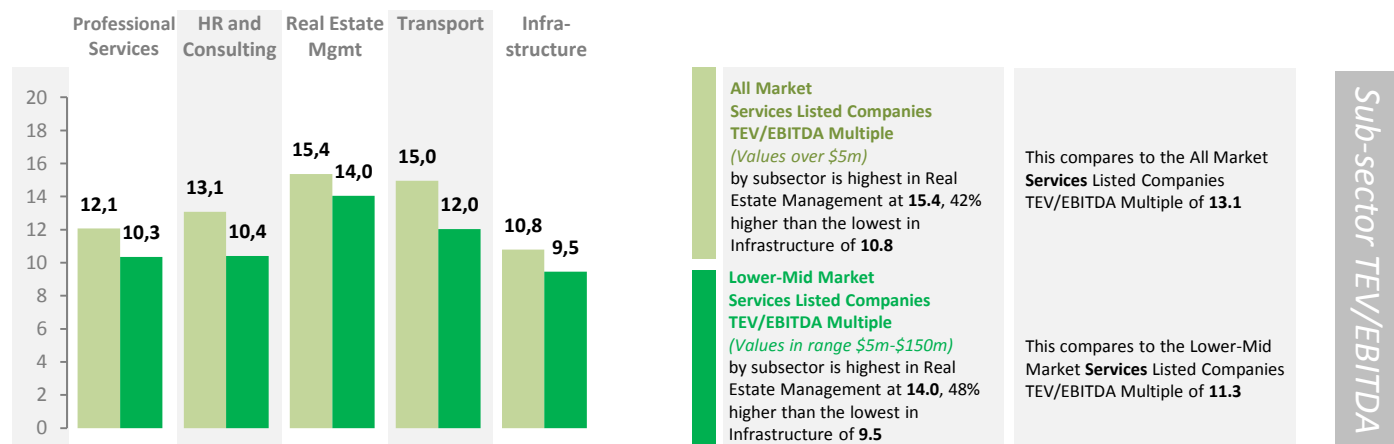
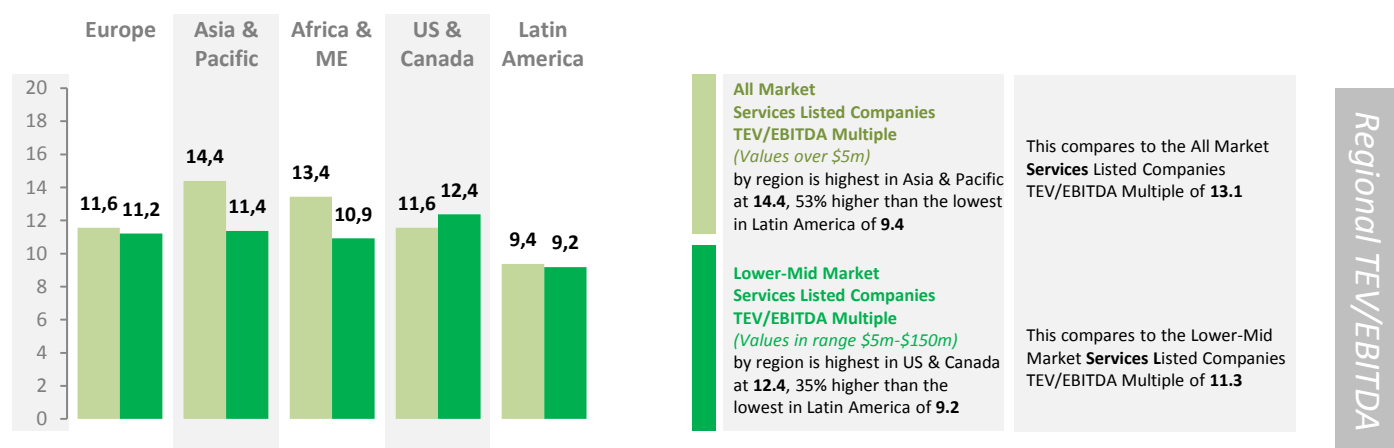
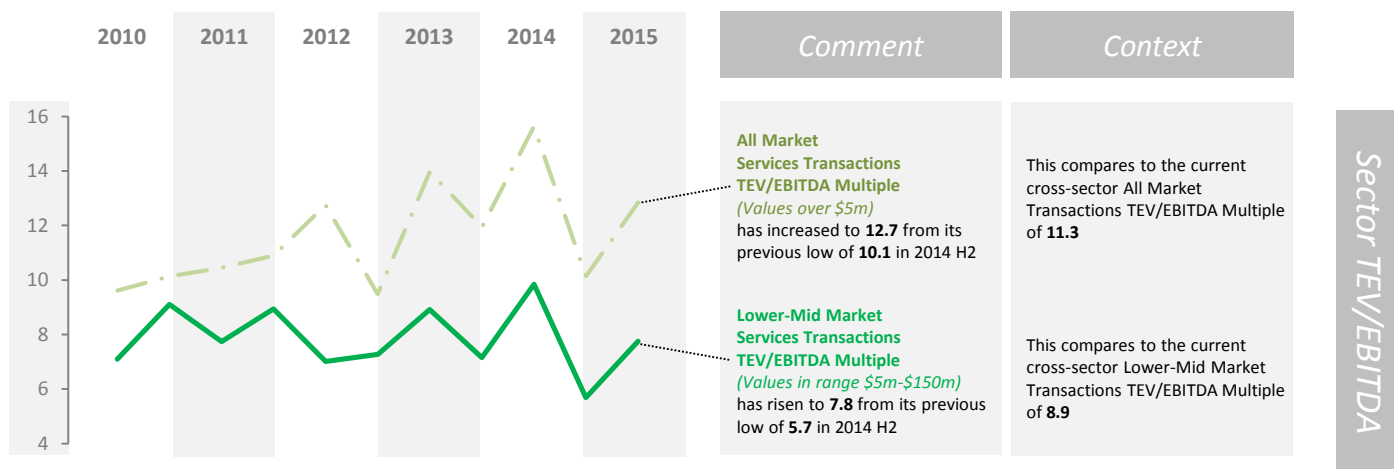


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M&A trends & market analysis

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 August 2015.



The sector M&A landscape

During the Tel Aviv 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 fundamental importance of cyber security in the pervasive Internet of Things environment. More details can be obtained from team members or regional heads – see contact details below.

Sector themes

Disruption accelerates consolidation

The legacy players are continuing their consolidation, most notably Dell's acquisition of EMC for \$67bn, as cloud players like AWS reduce the need for enterprise hardware and new disruptors change the way enterprises consume technology.

IoT high on the agenda

While the Internet of Things is still in its infancy in terms of industry adoption, deal-making continues to accelerate unabated. Companies in a wide range of industries will require broad and deep competencies in IoT, and those strategic decisions are being made now.

European Private Equity in bullish mood

Total European Private Equity exits in H1 2015 have reached a record high value (\$72.9bn) providing investors with good returns. Private Equity backed buyout values follow this theme, reaching the highest value since 2008 (\$37bn).

Buyers looking for scale and growth

Most acquisitions in the TMT sector are currently focused on adding more operational scale e.g. NTT buying German data centre service provider e-shelter for \$830m or buying growth opportunities, e.g. Continental's \$680m acquisition of automotive software company Elektrobit.

Notable recent transactions

Blackberry continues its transformation

Blackberry acquired the mobile security provider Good Technology for \$425m. Good will help improve Blackberry's cross-platform EMM support and bring in a large and diverse customer base.

BT enters quadruple-play

BT has agreed to buy mobile operator EE for \$19bn in cash and stock. BT will now be able to use quad-play to further lock in customers, but also add another sprawling fourth-generation network and EE's 30m customers.

Verizon secures share of the video pie with AOL

American telco Verizon's acquisition of multinational mass media company AOL for \$4.4bn shows the desire of traditional telecommunication companies to capitalise on OTT content and media distribution platforms.

Lower-mid market observations

Unsolicited offers on the rise

Many growth-hungry, cash-rich buyers are taking the direct route with targets that match their criteria, rather than waiting for an auction process to begin.

Financial investors increasing exposure

Private Equity investors, with dedicated mid-market funds and a need to deploy capital, are reaching out to smaller companies.

Strategic valuations becoming acceptable

Buyers are increasingly willing to share strategic benefits with sellers, especially in M&A markets with high competition.

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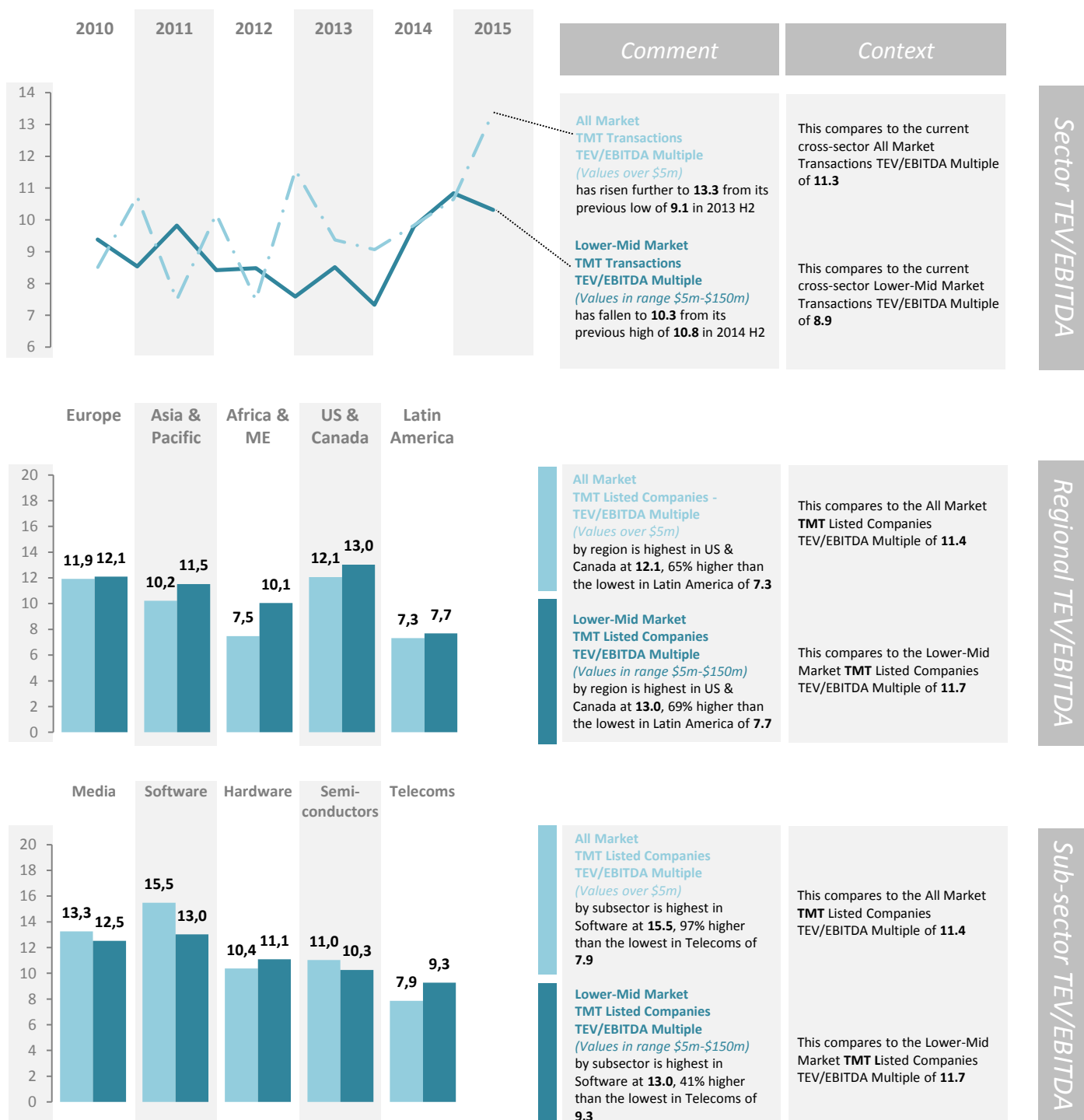
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M&A trends & market analysis

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 August 2015.



About Heal Partners

Heal Partners Ltd. is an independent financial advisory firm operating in Central and Eastern Europe. Our main focus is corporate transaction services (disposal, capital raising, acquisition advisory, external financing), preparation for transaction, business valuation and financial modeling.

In the last 20 years our senior advisors gained relevant experience working for market-leading advisory firms in the region in many international corporate transaction advisory, business valuation and financial modeling projects.

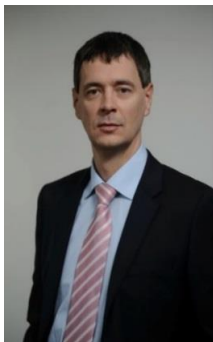
Our clients are private investors, venture capital funds and private companies.

We are members of Globalscope, a leading network of corporate finance advisers operating globally to support clients in cross-border transactions. (www.globalscopepartners.com)

We focus primarily on the following selected key industries in the Central and Eastern Europe, to ensure that we provide our clients with services of the highest quality:

- **Pharmaceuticals and healthcare**
- **Telecommunications, media and technology**
- **Logistics and distribution**

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