



VISIONARY INVESTMENT BANKING



Mergers & Acquisitions Market Monitor Winter 2020

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Mergers & Acquisitions

Divestitures & Carve-outs

Corporate Finance Advisory

Valuations & Fairness Opinions

Debt & Equity Financing

- Trusted Advisor
- +\$40 Billion Transactions Completed
- +400 Engagements
- Senior-Level Attention at All Phases
- Private and Public Company Clients
- Broad Industry Experience

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Representative Engagements:




VALVE SOLUTIONS
has been acquired by
IMI, PLC

Raptor Partners acted as financial advisor to PBM, Inc. and assisted in the negotiations.





has been acquired by
Fortive Corporation

Raptor Partners acted as financial advisor to Industrial Scientific and assisted in the negotiations.


has been acquired by
LIDAN MARINE AB

Raptor Partners acted as exclusive financial advisor to W.W. Patterson Company and assisted in the negotiations.




has been acquired by
CÉMOI Group

Raptor Partners acted as exclusive financial advisor to Chris Candies and assisted in the negotiations.

has been acquired by
NV5 GLOBAL

Raptor Partners acted as financial advisor to The Sextant Group and assisted in the negotiations.




has acquired
FROST MAGNETICS

Raptor Partners acted as financial advisor to Spang & Company and assisted in the negotiations.



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2019 M&A Review and 2020 Outlook

- U.S. and global M&A volume remain at very strong levels. U.S. volume increased 5.6% and deal value increased 12.5%.
- Announced mega-cap transactions (>\$10B) increased 66.7%, representing an increase in value of 79.3%.
- Cross-border acquisitions of U.S. targets declined slightly, as outbound Chinese investments in the U.S. weakened due to trade tensions.
- M&A takeover multiples remain at elevated levels, led by record private equity (PE) valuations.
- Through Sept. 2019, PE EBITDA takeover multiples, on reported deals, increased 8.5% from 2018. These results easily topped the levels reached in 2007, before the financial crisis.
- U.S. equity markets ended 2019 at record levels as the federal reserve enacted an accommodative monetary policy.
- Favorable conditions are in place for M&A strength to continue in 2020. Potential risks to growth include U.S. election uncertainty and Chinese trade policy.

MERGERS & ACQUISITIONS ACTIVITY

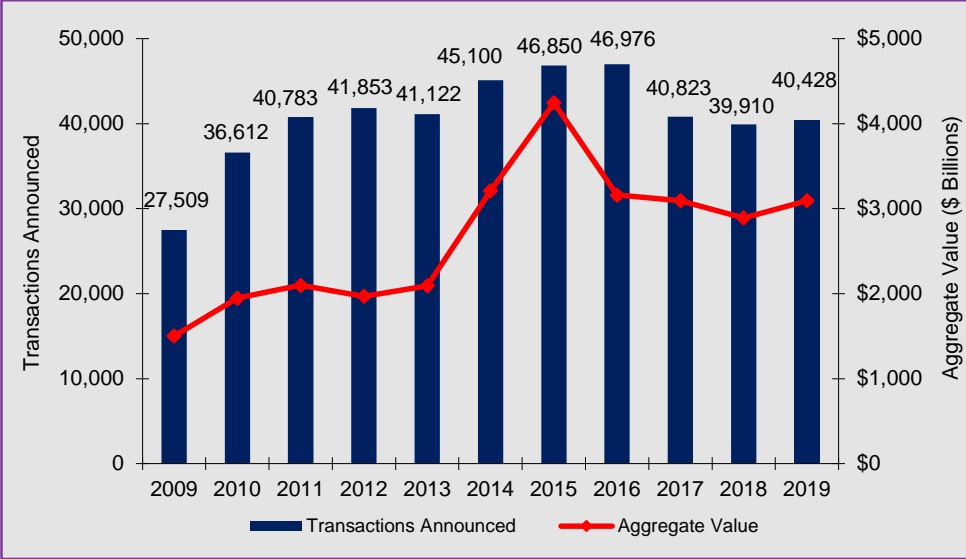
GLOBAL M&A TRENDS

- In 2019, global deal volume and global deal value increased by 1.3% and 7.0% respectively.
- North America continued strong growth with deal value increasing 12.1%. Europe deal value declined 8.2%. Asia/Pacific deal volume increased 7.4%, but deal value declined 5.8%.
- Uncertainty surrounding Brexit contributed to the European decline in M&A activity. Cross-border acquisitions of U.S. companies by China also declined due to the trade war.
- 2020 is expected to be another strong year for M&A as equity and debt markets remain strong and companies support organic growth.

U.S. M&A TRENDS

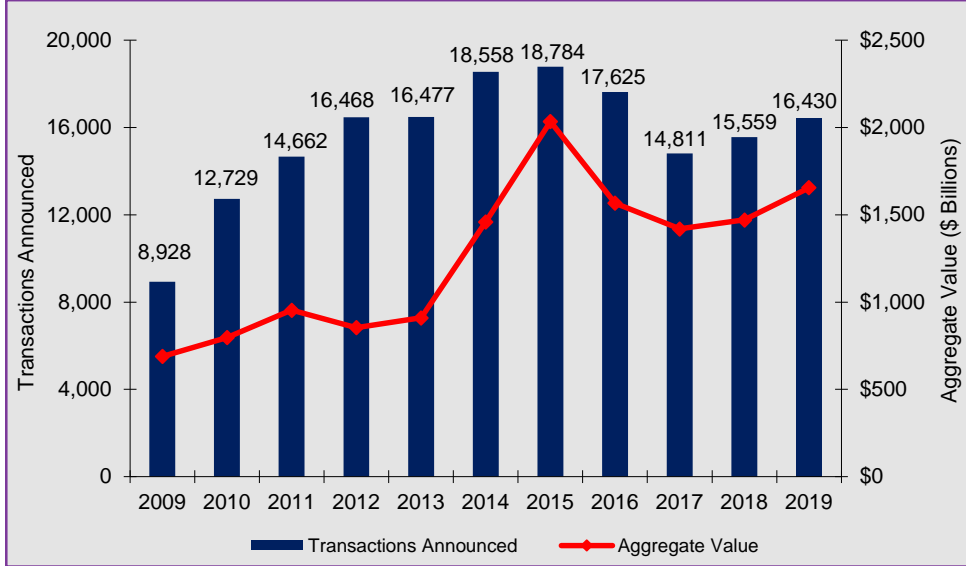
- The U.S. saw M&A deal volume increase 5.6% and announced deal value increase 12.5%.
- Announced deal value growth outpaced deal volume growth due to a 79.8% increase in aggregate deal value for transactions over \$10B.
- The average size of announced deals increased to the highest levels since 2006.
- Uncertainty around the U.S. presidential election and future tax rates could accelerate sales of privately-held businesses. China trade tensions are expected to be a continued drag on activity.

Global M&A Activity



Source: Standard & Poor's Capital IQ
Excludes minority interest purchases and share buybacks.

U.S. M&A Activity



Source: Standard & Poor's Capital IQ
Excludes minority interest purchases and share buybacks.



LARGEST U.S. M&A TRANSACTIONS

Date	Target	Acquiror	Enterprise Value	EV/ Revenue	EV/ EBITDA	Industry
11/24/2019	The Medicines Company (NasdaqGS:MDCO)	Novartis AG (SWX:NOVN)	\$9.3 B	NA	NA	Biotechnology
10/28/2019	Tiffany & Co. (NYSE:TIF)	LVMH Moët Hennessy - Louis Vuitton, Société Européenne (ENXTPA:MC)	\$18.1 B	4.1x	18.6x	Consumer Discretionary
10/27/2019	Liberty Property Trust (NYSE:LPT)	Prologis, L.P.	\$12.4 B	17.8x	26.9x	Real Estate
10/22/2019	The We Company	SoftBank Group Corp. (TSE:9984)	\$27.3 B	10.5x	NA	Real Estate
09/09/2019	Aviation Capital Group LLC	TC Skyward Aviation U.S., Inc.	\$10.9 B	9.4x	10.5x	Industrials
08/26/2019	Worldwide Rights to Otezla of Celgene Corporation	Amgen Inc. (NasdaqGS:AMGN)	\$13.4 B	8.4x	NA	Health Care
08/13/2019	Viacom Inc.	ViacomCBS Inc. (NasdaqGS:VIAC)	\$20.2 B	1.4x	6.1x	Media and Entertainment
08/08/2019	Enterprise Security assets of Symantec Corporation	Broadcom Inc. (NasdaqGS:AVGO)	\$10.7 B	4.6x	30.6x	Information Technology
07/01/2019	Genesee & Wyoming Inc. (NYSE:GWR)	Brookfield Asset Management Inc. (TSX:BAM.A); GIC Special Investments Pte. Ltd.	\$9.5 B	4.1x	14.3x	Industrials
06/24/2019	Caesars Entertainment Corporation (NasdaqGS:CZR)	Eldorado Resorts, Inc. (NasdaqGS:ERI)	\$17.4 B	2.1x	8.7x	Casinos and Gaming
06/17/2019	Array BioPharma Inc.	Pfizer Inc. (NYSE:PFE)	\$11.1 B	NA	NA	Biotechnology
06/10/2019	Tableau Software, Inc.	salesforce.com, inc. (NYSE:CRM)	\$16.3 B	13.3x	NA	Information Technology
06/09/2019	Raytheon Company (NYSE:RTN)	United Technologies Corporation (NYSE:UTX)	\$91.1 B	3.6x	23.1x	Aerospace and Defense
06/03/2019	Cypress Semiconductor Corporation (NasdaqGS:CY)	Infineon Technologies AG (XTRA:IFX)	\$10.1 B	4.4x	25.8x	Semiconductors
06/02/2019	Infill Logistics Assets	Blackstone Real Estate Advisors; Blackstone Real Estate Income Trust, Inc.	\$18.7 B	NA	NA	Real Estate
05/28/2019	Total System Services, Inc.	Global Payments Inc. (NYSE:GPN)	\$26.2 B	6.8x	23.0x	Data Processing
05/10/2019	Buckeye Partners, L.P.	IFM Investors Pty Ltd	\$10.5 B	2.8x	12.2x	Energy
05/08/2019	Zayo Group Holdings, Inc. (NYSE:ZAYO)	EQT Partners AB; Digital Colony Management, LLC; Devonshire Investors (Delaware) LLC	\$14.3 B	5.7x	12.6x	Telecommunications
05/03/2019	Fox Sports Net LLC	Sinclair Broadcast Group, Inc. (NasdaqGS:SBGI)	\$10.6 B	2.8x	NA	Media and Entertainment
04/24/2019	Anadarko Petroleum Corporation	Occidental Petroleum Corporation (NYSE:OXY)	\$57.8 B	4.3x	7.0x	Energy
03/18/2019	Worldpay, Inc.	Fidelity National Information Services, Inc. (NYSE:FIS)	\$43.4 B	12.1x	29.1x	Data Processing
02/25/2019	BioPharma Business of General Electric Company	Danaher Corporation (NYSE:DHR)	\$21.4 B	7.1x	17.8x	Health Care
02/07/2019	SunTrust Banks, Inc.	BB&T Corporation (NYSE:BBT)	\$28.3 B	NA	NA	Financials
02/04/2019	Liberty Expedia Holdings, Inc.	Expedia Group, Inc. (NasdaqGS:EXPE)	\$18.2 B	1.6x	10.7x	Consumer Discretionary
02/04/2019	The Ultimate Software Group, Inc.	Hellman & Friedman LLC; JMI Management, Inc.; The Blackstone Group Inc. (NYSE:BX)	\$10.8 B	9.1x	NA	Information Technology
01/16/2019	First Data Corporation	Fiserv, Inc. (NasdaqGS:FISV)	\$41.2 B	5.5x	14.4x	Data Processing
01/03/2019	Celgene Corporation	Bristol-Myers Squibb Company (NYSE:BMJ)	\$93.5 B	6.1x	15.3x	Biotechnology

Source: Standard & Poor's Capital IQ

DEALS BY GEOGRAPHIC LOCATION

Region	2017		2018		2019	
	Deals	%	Deals	%	Deals	%
North America	16,684	40.9%	18,196	45.6%	18,949	46.9%
Europe	14,104	34.5%	14,177	35.5%	13,419	33.2%
Asia/Pacific	8,075	19.8%	5,955	14.9%	6,397	15.8%
Other	1,960	4.8%	1,582	4.0%	1,663	4.1%
Total	40,823	100%	39,910	100%	40,428	100%

Source: Standard & Poor's Capital IQ

Deal Volume By Region

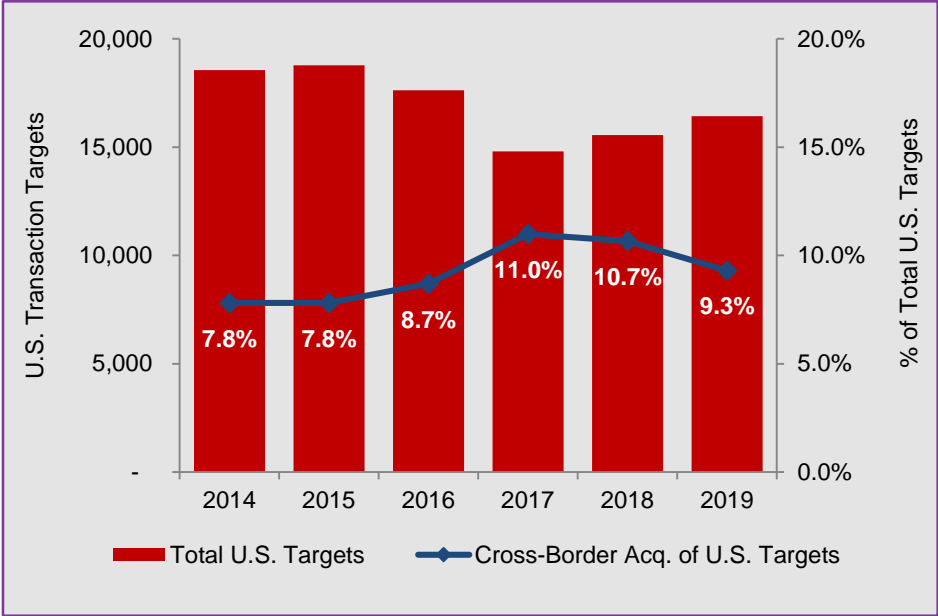
GEOGRAPHIC TRENDS

- North American transactions continue to represent the largest portion of global deals at 46.9% in 2019, up from 45.6% in 2018.
- European transactions declined in 2019 amid increasing Brexit headwinds and decreasing business sentiment.
- The Asia/Pacific region deal volume increased by 7.4% but remains below historic highs due to increased government regulation and scrutiny on Chinese deals.

CROSS-BORDER TRENDS

- The percentage of foreign buyers acquiring U.S. targets decreased 1.4% in 2019.
- Europe and Canada accounted for 32% and 38% of foreign acquired U.S. targets, respectively.
- Outbound acquisitions of U.S. targets by China declined by 5% due to government restrictions placed on external investment in response to trade tensions between the countries.

Foreign Acquisitions of U.S. Targets



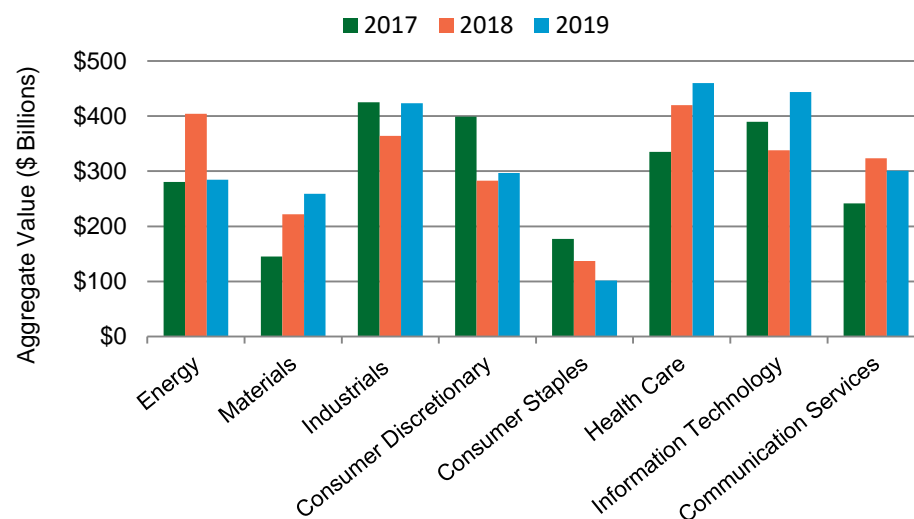
Source: Standard & Poor's Capital IQ

M&A TRANSACTIONS BY SECTOR

SECTOR TRENDS

- In 2019, Information technology M&A activity increased 31.2% fueled by a \$132B increase in aggregate deal value for transactions over \$10B.
- Following Information Technology, Materials (16.7%) and Industrials (16.4%) were the next most active sectors. Materials continued growth and industrials recent growth demonstrate the strength of the U.S. economy in 2019.
- Health Care M&A activity continued strong growth in 2019; large corporations have reduced R&D budgets and invested the savings into partnerships and acquisitions.
- The Communication Services (-7.0%), Consumer Staples (-25.8%), and Energy (-29.6%) sectors saw decreased activity.

Transaction Value By Sector



Source: Standard & Poor's Capital IQ

Sector Analysis

Industry	Transaction Value (\$BN)		Enterprise Value / EBITDA		% Δ
	2019	2018	2019		
Health Care	\$ 460	10.82x	10.01x		-7.5%
Energy	\$ 284	8.07x	6.18x		-23.4%
Industrials	\$ 423	9.66x	9.48x		-1.9%
Information Technology	\$ 443	10.00x	10.53x		5.3%
Communication Services	\$ 301	9.71x	8.13x		-16.3%
Consumer Discretionary	\$ 296	9.74x	9.33x		-4.2%
Materials	\$ 259	6.50x	7.68x		18.2%
Consumer Staples	\$ 102	11.22x	10.62x		-5.3%

SECTOR ANALYSIS

- M&A takeover multiples remain at record high levels fueled by strong competition for quality targets, near record high economic fundamentals, and robust equity and credit markets.
- Buyers continue to be selective in pursuing acquisition candidates, but willing to stretch to secure highly strategic deals with strong growth and performance.
- The IT and Materials sectors saw the strongest increases in valuation, while the energy sector saw the largest decline versus last year.

U.S. MERGERS & ACQUISITIONS STATISTICS

U.S. Transaction Volume By Deal Size

Transaction Value	Transaction Volume			Aggregate Transaction Value (\$B)		
	2019	2018	% Change	2019	2018	% Change
\$10 Billion +	30	18	66.7%	\$812.1	\$452.8	79.3%
\$1B - \$10B	171	204	-16.2%	\$448.9	\$599.4	-25.1%
\$500MM - \$1B	156	166	-6.0%	\$95.2	\$119.1	-20.1%
\$250MM - \$500MM	261	266	-1.9%	\$92.8	\$102.3	-9.3%
\$100MM - \$250MM	595	607	-2.0%	\$91.6	\$94.2	-2.8%
\$50MM - \$100MM	783	728	7.6%	\$56.3	\$53.4	5.5%
>\$0MM - \$50MM	3,302	2,977	10.9%	\$57.3	\$49.5	15.8%
Undisclosed	11,132	10,593	5.1%	NA	NA	NA
Total	16,430	15,559	5.6%	\$1,654.2	\$1,470.7	12.5%

Source: Standard & Poor's Capital IQ

Median M&A Control Premiums

Premiums	Years Ended December 31,						
	2013	2014	2015	2016	2017	2018	2019
One Day	28.7%	28.2%	23.2%	26.7%	25.5%	23.0%	22.1%
One Week	33.2%	28.5%	26.4%	30.0%	27.5%	27.1%	25.4%
Four Week	38.1%	31.0%	29.7%	33.1%	31.3%	29.1%	31.9%

Median M&A Minority Discounts

Discounts	Years Ended December 31,						
	2013	2014	2015	2016	2017	2018	2019
One Day	-22.3%	-22.0%	-18.8%	-21.1%	-20.3%	-18.7%	-18.1%
One Week	-24.9%	-22.2%	-20.9%	-23.1%	-21.6%	-21.3%	-20.3%
Four Week	-27.6%	-23.7%	-22.9%	-24.9%	-23.8%	-22.5%	-24.2%

Source: Standard & Poor's Capital IQ

Mega Cap and Small Cap Deals Increase

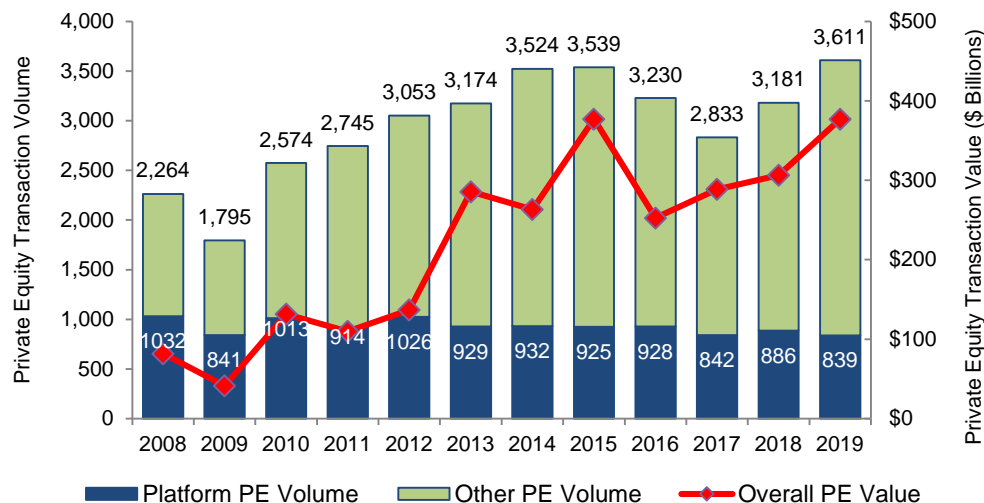
- Total U.S. deal volume and transaction value increased 5.6% and 12.5% respectively.
- The significant growth in overall deal volume and value were propelled by transactions above \$10B. Deal volume above \$10B increased 66.7%, while announced deal value increased 79.3%.
- Middle market volume and value (\$100MM - \$10B) declined during the year as the small cap market (\$0 - \$100MM) saw strength as the majority of acquirors focused on smaller tuck-in deals. The small cap market is also where the majority of private equity platform transactions occurred.
- The continued strength in large deals is a testament of the strength of the M&A market as no deals appear too large to take on.
- M&A activity should continue to benefit from record levels of U.S. corporate and private equity cash balances.
- Public market M&A control premiums trended down on a One Week and One Day basis, while the Four Week premiums rose, but remained below the historical average of around 33.5%. The decline in premiums can be attributed to the already lofty levels of the U.S. stock market.

PRIVATE EQUITY ACTIVITY

U.S. Private Equity-Sponsored Acquisitions

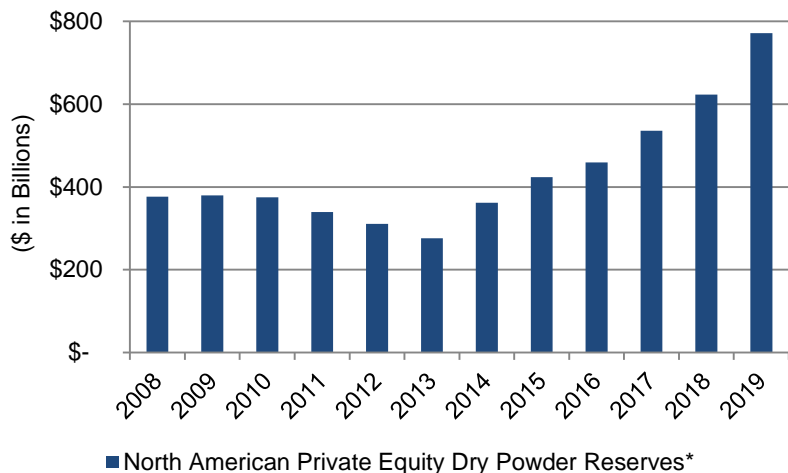
- U.S. PE transaction volume and value increased by 12.3% and 6.2% respectively in 2019.
- Robust deal making was fueled by easy access to affordable debt financing and increasing dry powder reserves; 11 take-private deals above \$1 billion closed in 2019.
- Private equity firms remain focused on raising capital, increasing dry powder reserves by a 19% CAGR since 2013. As these firms continue to deploy capital reserves, expect increased competition between financial and strategic buyers, which will help bolster M&A activity in 2020.

U.S. Private Equity M&A Volume & Value



Source: Standard & Poor's Capital IQ

North American Private Equity Unspent Capital



Source: Preqin

Record Private Equity Cash Stockpiles

- Private equity firms are armed with record cash stockpiles of \$772B heading into 2020 and will be ready to complete deals.
- Some industry experts feel 2020 private equity activity could be on a scale not seen since prior to the financial crisis.
- Private equity investment funds remain popular as an alternative asset class given continued low interest rates, the rise in index funds that track the market and lackluster hedge fund performance in recent years.

PRIVATE EQUITY ACTIVITY

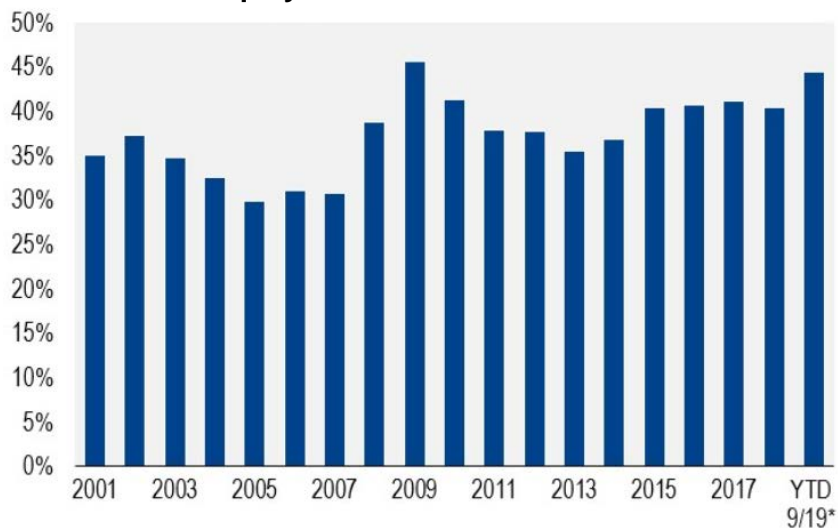
PE Firms Paying Record Multiples

- Low interest rates and large stockpiles of private equity cash are pushing LBO purchase price EBITDA multiples to record levels.
- Through Sept. 2019, EBITDA multiples averaged a record 11.5x, up from 10.6x in 2018. These results easily topped the levels reached in 2007 (9.7x) before the financial crisis.
- Higher LBO multiples are typically achieved in the growth or later phase of the economic cycle as increased projections are used to justify higher valuations.
- PE firms are providing strong competition to strategic acquirors for quality targets.

Detailed LBO Purchase Price EBITDA Multiples



Equity Contribution in U.S. LBOs

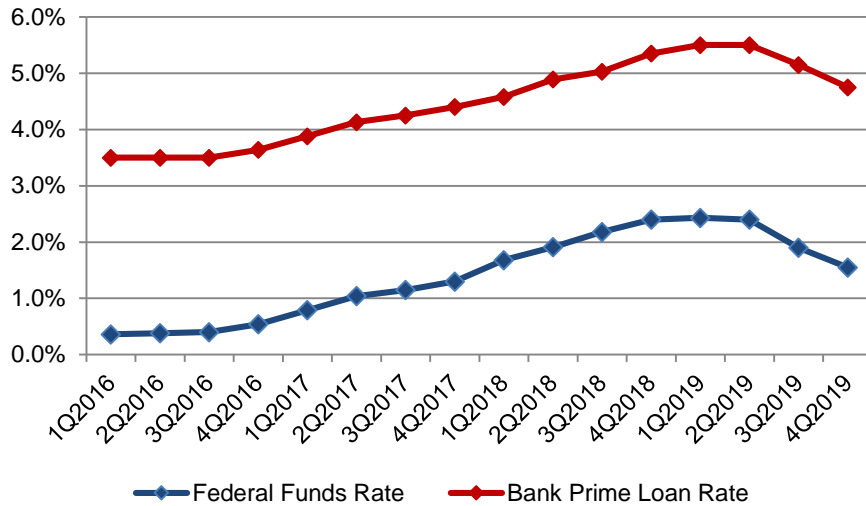


PE Equity Contributions Increasing

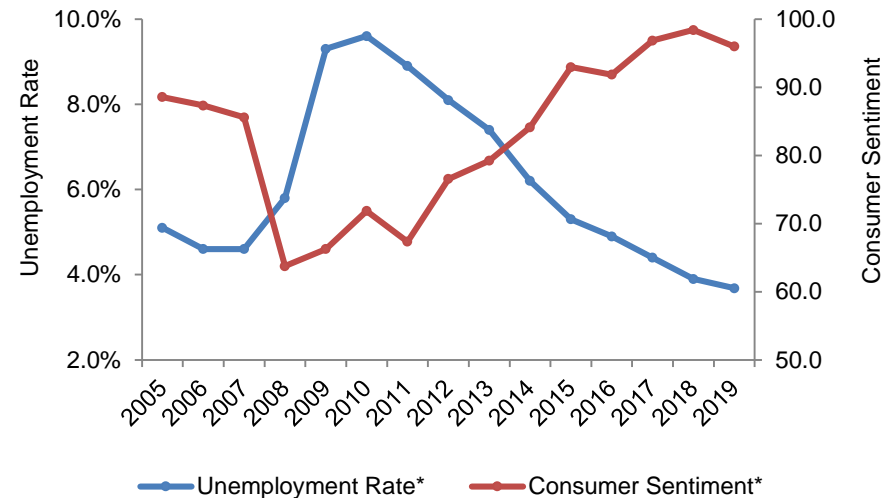
- In order to fund higher valuation multiples, with debt contributions flat, PE firms have been increasing the size of the equity checks they are writing to complete transactions.
- Equity contributions during the first nine months of 2019 averaged 44.5%, as compared to 40.5% in 2018. This is the second highest level on record since 2009 when debt funding was scarce.
- With current valuations and equity checks at record levels, PE returns are expected to decline.

Economic Performance

Federal Funds Rate & Prime Lending Rate



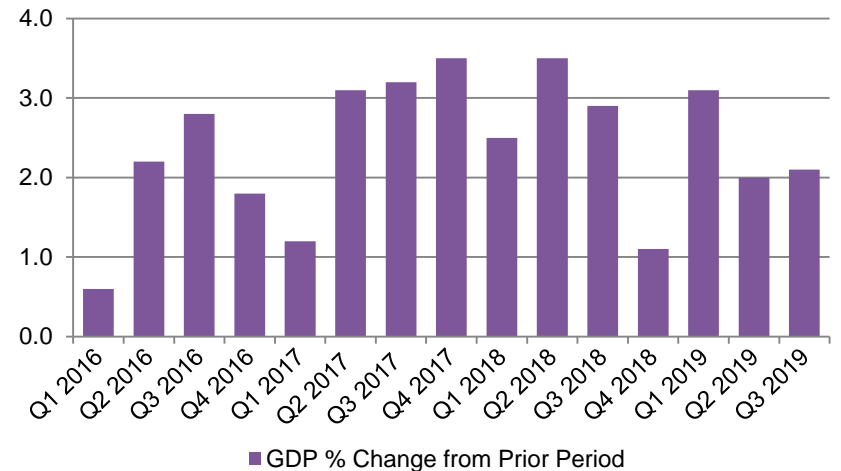
Unemployment Rate & Consumer Sentiment



Economic Analysis

- The U.S. economy continues to display strength amid mixed indicators.
- The Federal Reserve decreased the federal funds rate three times in 2019.
- During 2019, the unemployment rate remained at historically low levels as it floated between 3.5%-4.0%. Consumer sentiment increased from 91.2 in January to 96.8 in November.
- In 2019, GDP exhibited strong growth. GDP growth in the first quarter was strong amid concerns growth would be impacted negatively by the longest U.S. Government shutdown in history. Q2 and Q3 displayed more modest growth behind a strong labor market.

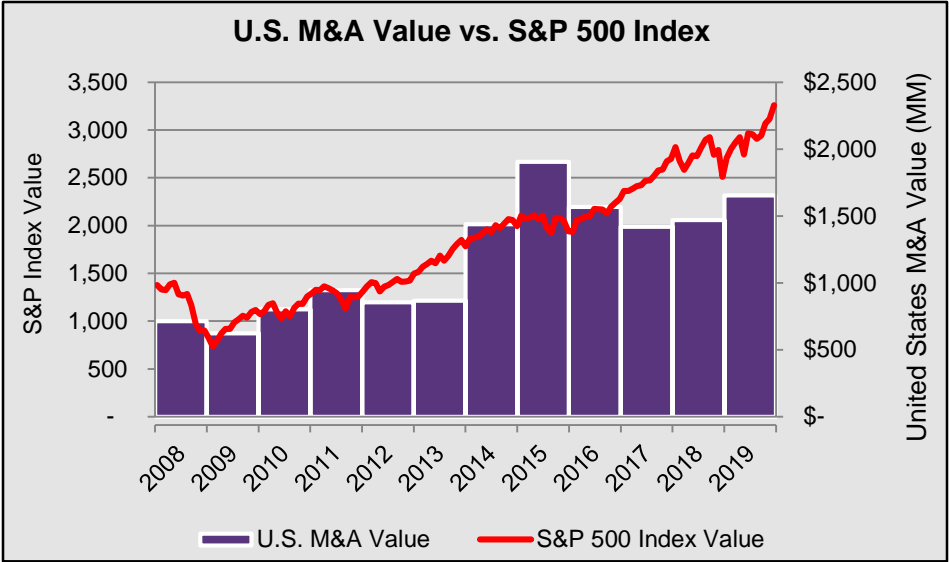
Real GDP Percent Change



Stock Market Performance

Industry	TTM Sector Performance	Enterprise Value (EV) (\$MM)	EV/ LTM Total Revenue	EV/ LTM EBITDA
Information Technology	50.7%	12,265	2.5x	14.3x
Communication Services	28.5%	9,025	2.7x	9.6x
Industrials	27.4%	13,415	1.3x	10.4x
Consumer Discretionary	24.5%	12,271	1.4x	11.9x
Consumer Staples	21.8%	8,578	1.5x	13.7x
Health Care	19.4%	9,196	2.3x	14.4x
Materials	16.1%	6,627	1.3x	8.4x
Energy	4.3%	6,781	1.2x	6.5x

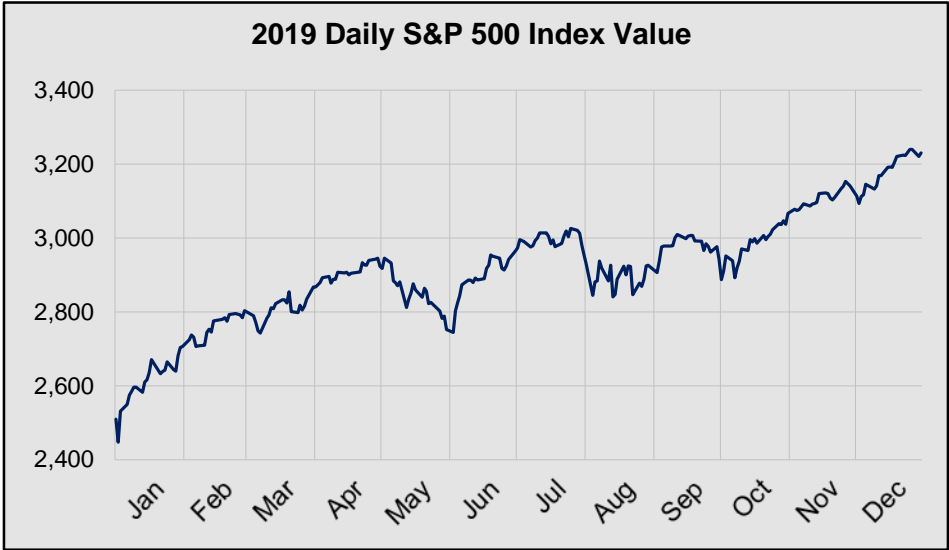
*LTM as of 1/7/2020
Source: Standard & Poor's Capital IQ



Source: Standard & Poor's Capital IQ

Stock Market at Record Levels

- Behind the U.S. Federal Reserve reducing rates three times in 2019, the S&P 500 ended the year up 28.9%. The S&P 500 hit a closing high of 3240.02 on December 27th. The high was recently broken again on January 17th, 2020.
- Headwinds carrying over into 2020 include geopolitical and U.S.-China trade war concerns.
- Continued stability in the stock market are expected to lead to the continuation of high valuations and strong M&A activity.



Source: Standard & Poor's Capital IQ

