

# Capital Markets Update

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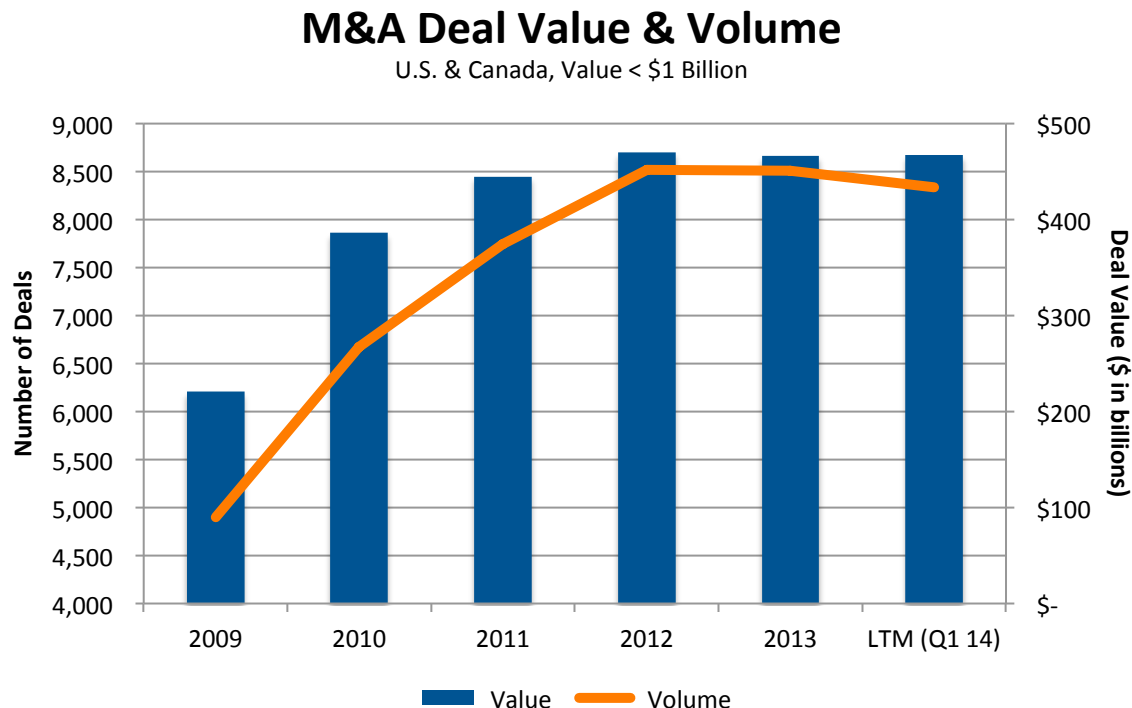
2014 – First Quarter

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**PENDO ADVISORS, LLC**

# Capital Markets Update

- Merger & Acquisition activity increased significantly since the recessionary figures of 2009.
- As credit markets loosened, deal volume recovered from 2010 through 2012. Transaction volume and value have remained near the 2012 figures for 2013 and the latest twelve months (“LTM”) ended March 31, 2014.



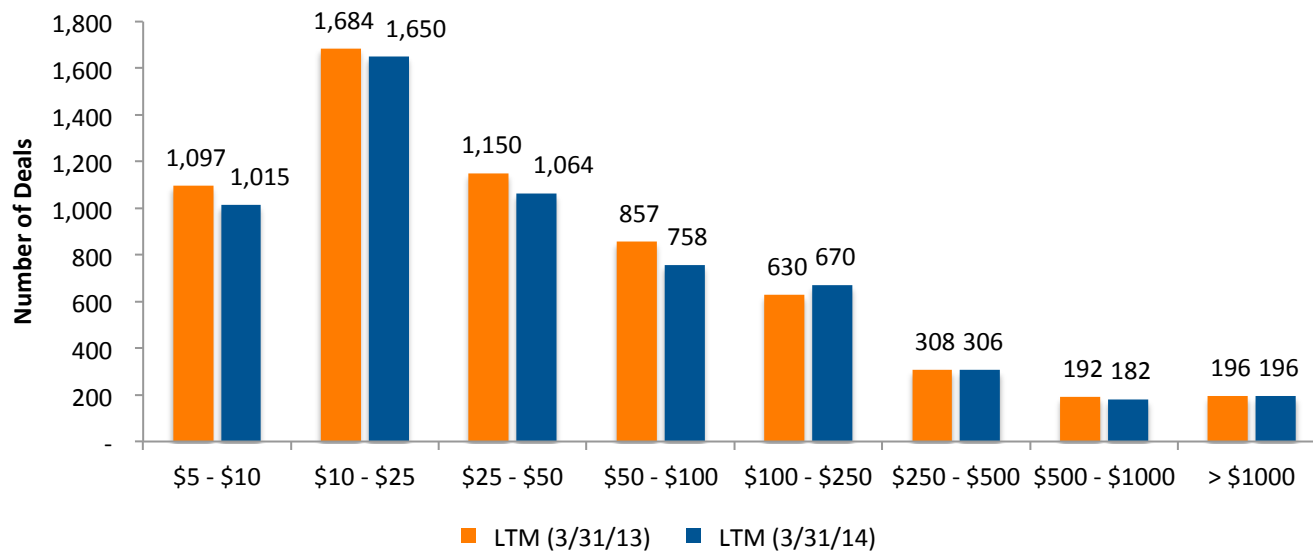
Source: Capital IQ

# Capital Markets Update

- Merger & Acquisition activity volume is higher in the lower end of the middle market (transactions of \$100 million and less).
- For transactions of \$100 million and less, deal activity decreased 6.3% during the twelve months ended March 31, 2014 compared to the prior year period.

## M&A Deal Volume by Size (\$ in millions)

U.S. & Canada



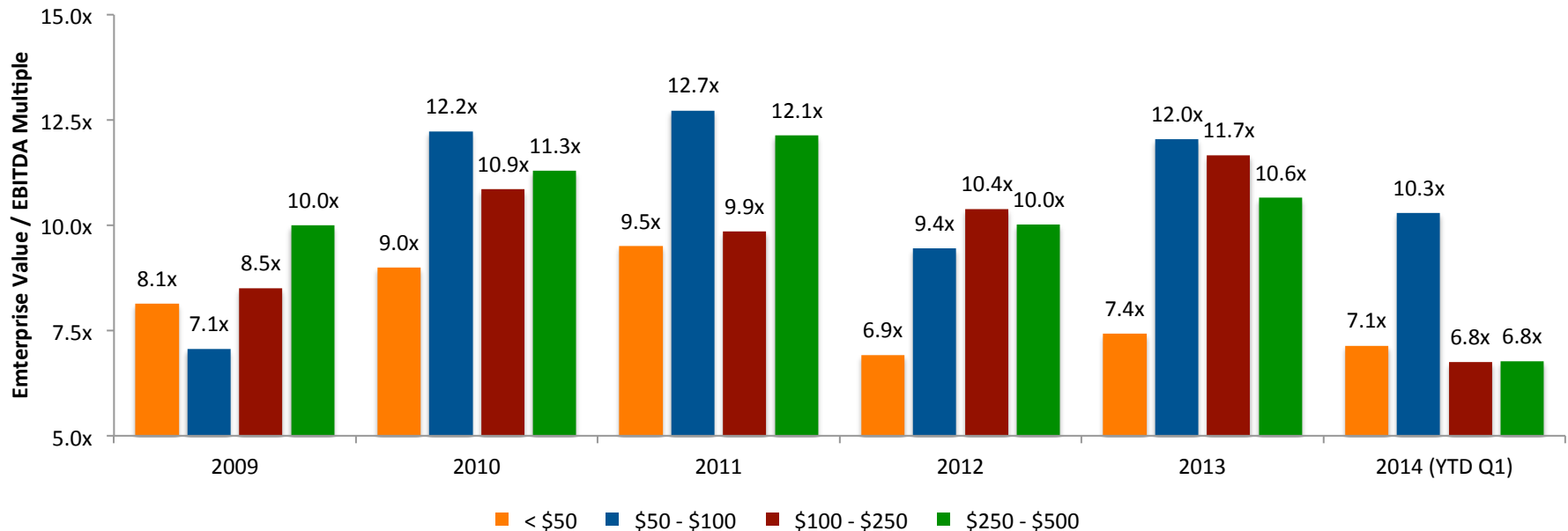
Source: Capital IQ

# Capital Markets Update

- Transaction EBITDA multiples were higher in 2013 compared to 2012.
- Higher multiples continued to be paid on larger transactions reflecting a size premium. The lower multiples paid in 2014 for larger transactions are the result of statistically insignificant data.

## M&A Valuation Multiples (\$ in millions)

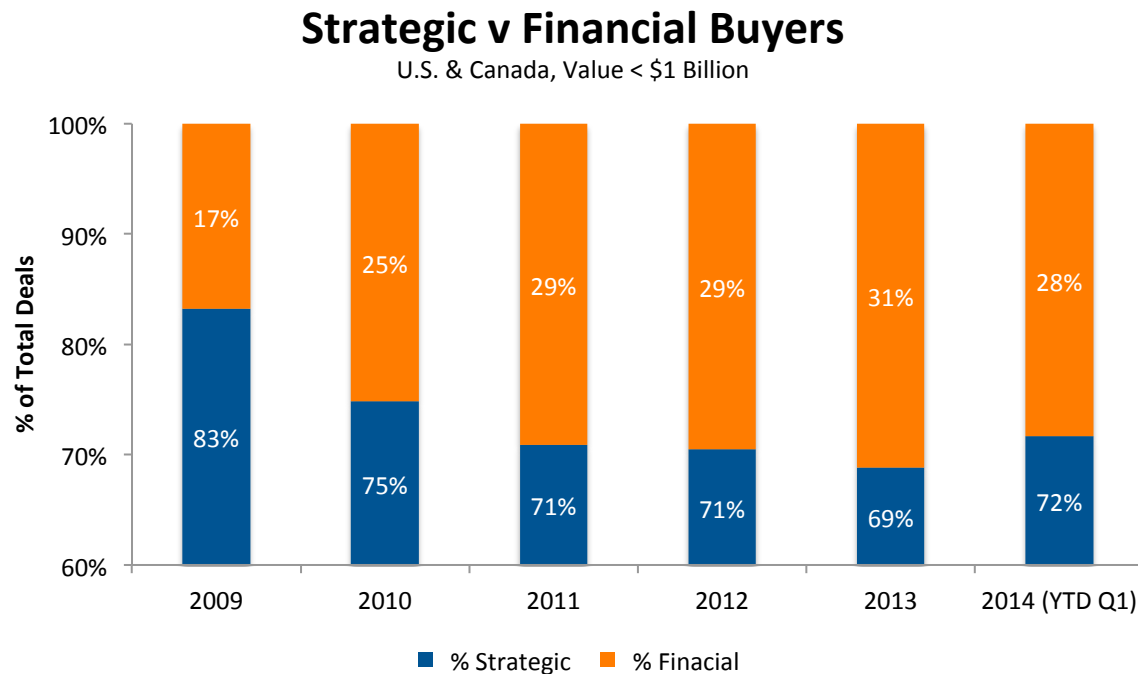
U.S. & Canada



Source: Capital IQ

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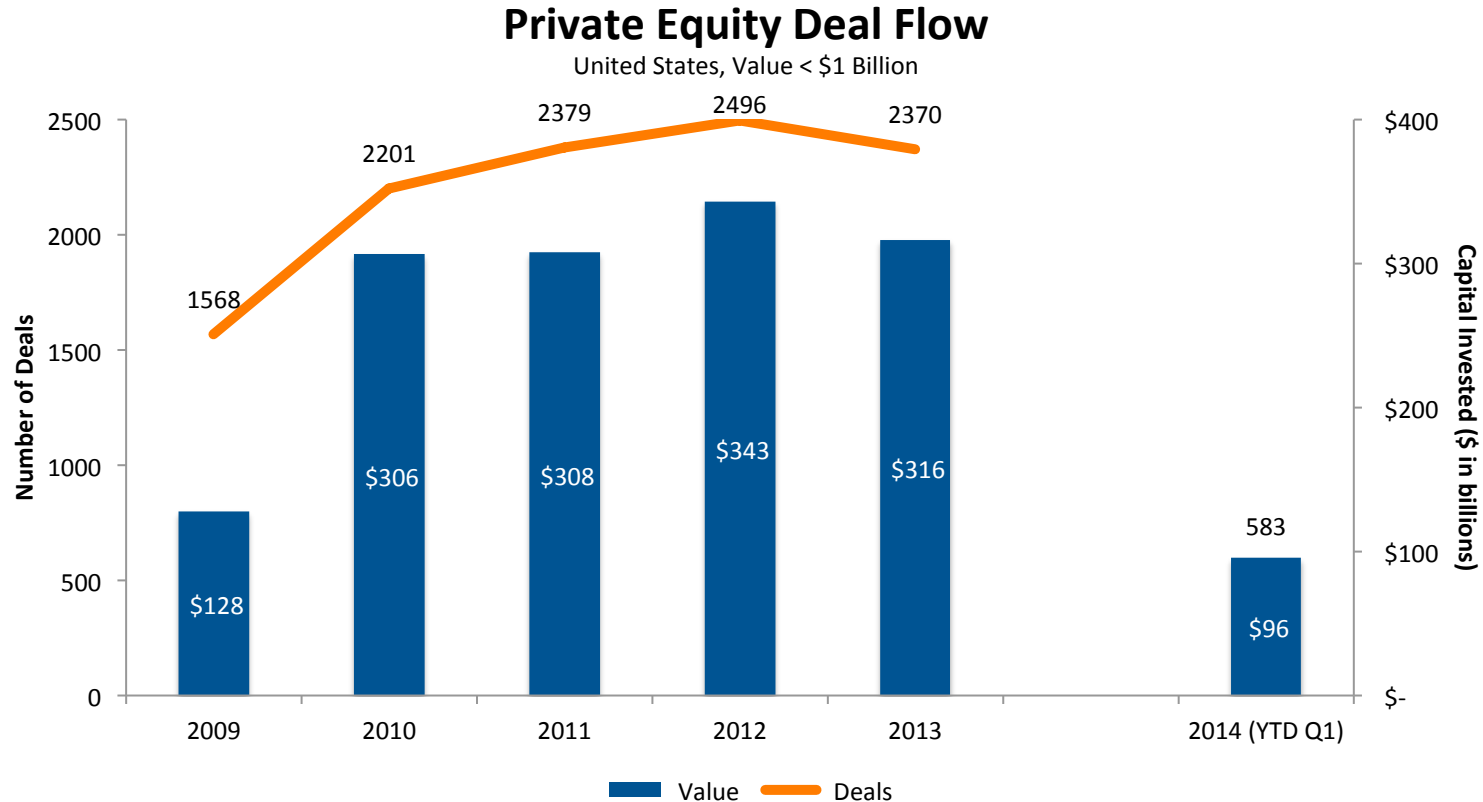
- As debt capital became more available in 2010, financial buyers increased their share of total deal volume.
- Strategic buyers continue to account for nearly 70% of transactions under \$1 billion in value.



Source: Capital IQ

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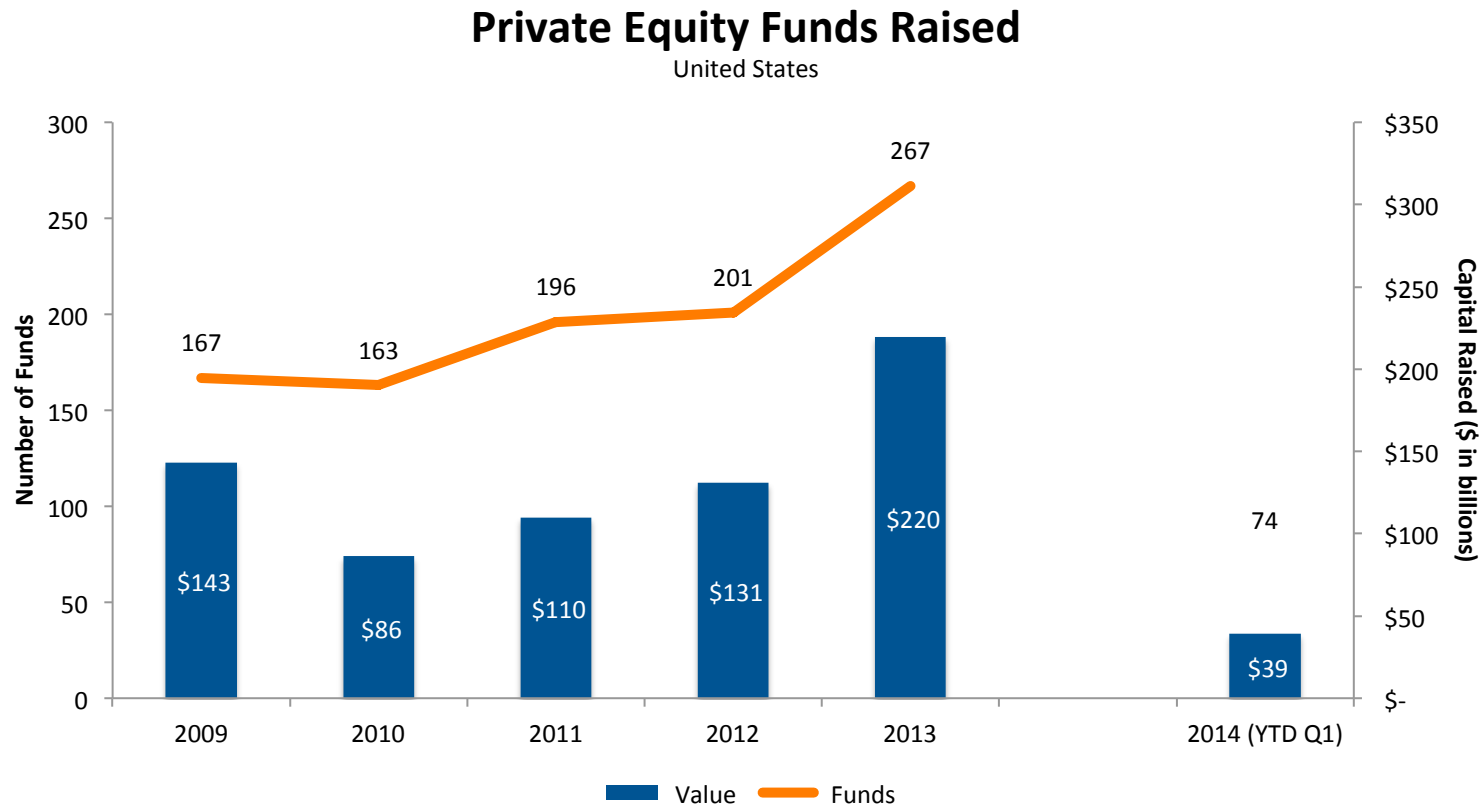
- Both deal volume and deal value of financial buyers has been consistent from 2010 through 2013. Additionally, 2014 volume and value are on pace with 2013 through the first quarter of 2014.



Source: PitchBook

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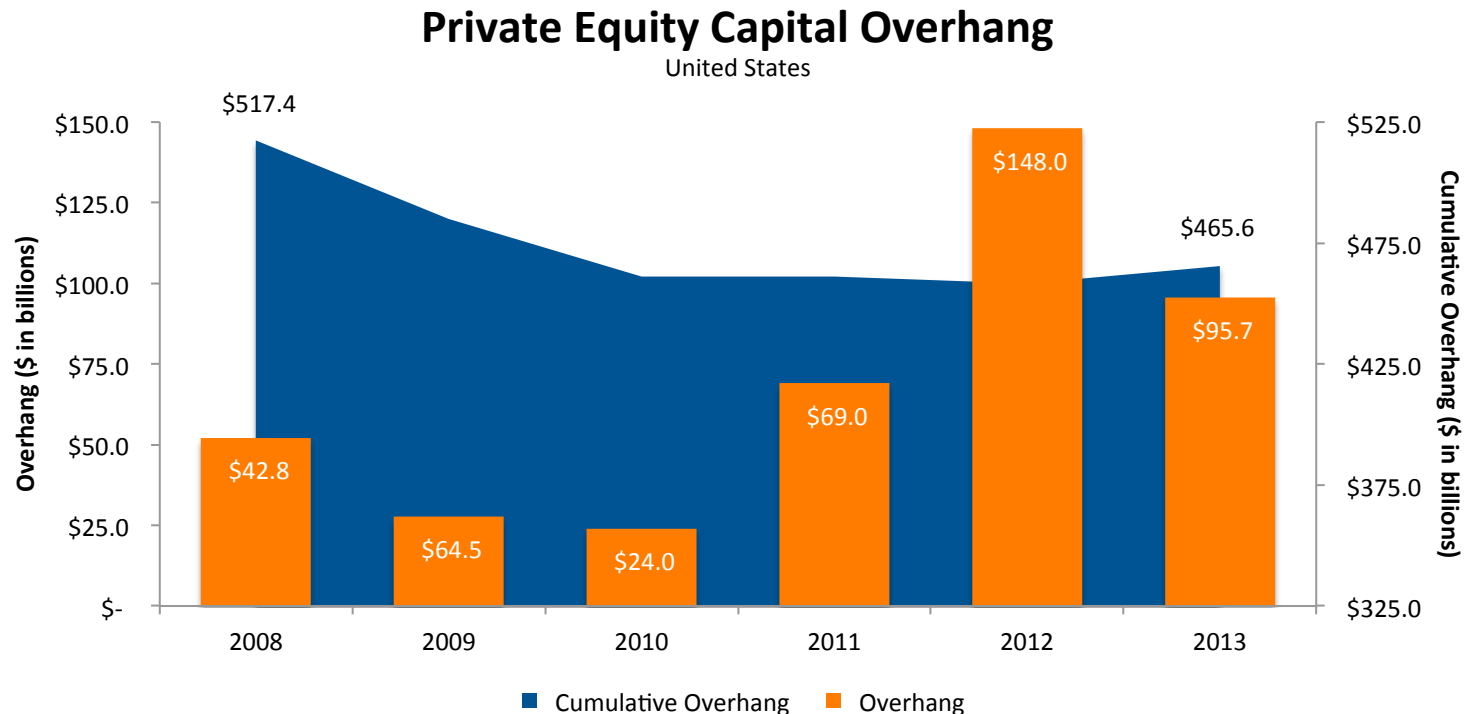
- Funds raised by private equity groups were relatively low from 2009 to 2012 as a result of reduced allocation to alternative investments from traditional sources (e.g. pension funds, endowments). Activity increased in 2013 and the 2014 run rate of funds raised exceeds 2013 activity.



Source: PitchBook

# Capital Markets Update

- As deal activity in general and by financial buyers specifically has increased in the past few years, the cumulative overhang of private equity capital has decreased.
  - Over \$450 billion of dry powder is available for acquisitions by financial buyers.



Source: PitchBook