

Presentation to:

GETTING THE
DEAL DONE
BREAKFAST
CONFERENCE

The Buyer's Perspective

May 17, 2011

Member: FINRA/SIPC

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Key Trends Discussed Today

■ **Market Overview**

■ **Valuation**

■ **Consideration Mix**

■ **Structuring**

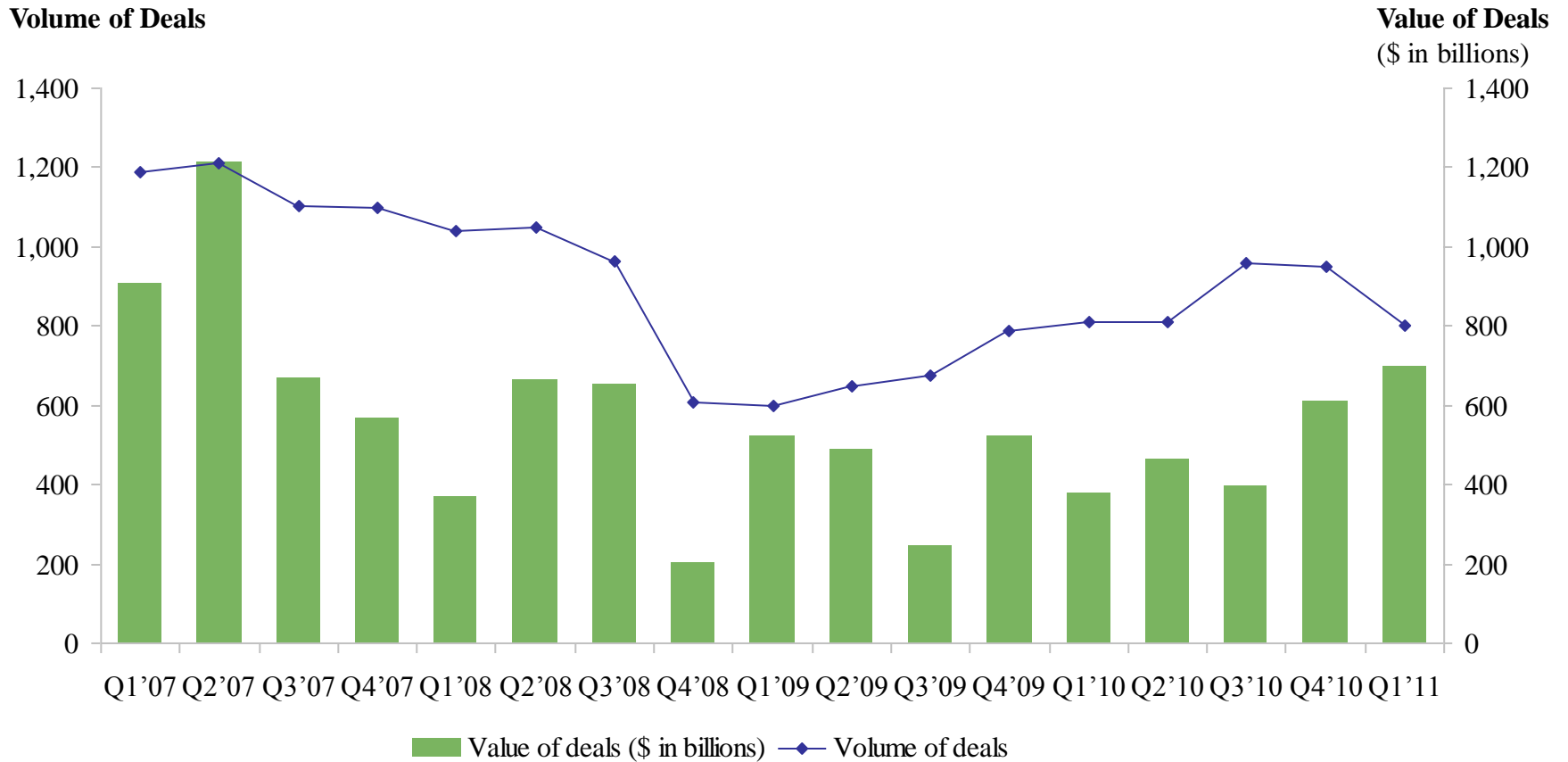
■ **Exits**

Market Overview – Deal Environment Improving

- **Increasing M&A Market Activity**
- **Corporations Spending Cash Reserves**
- **Strengthening Stock Market**
- **Rising CEO Confidence**
- **Improving Corporate Earnings**
- **Economy Bottomed**
- **Investors Returning to Equity Markets**

Buyers On the Prowl

North America Quarterly M&A Activity

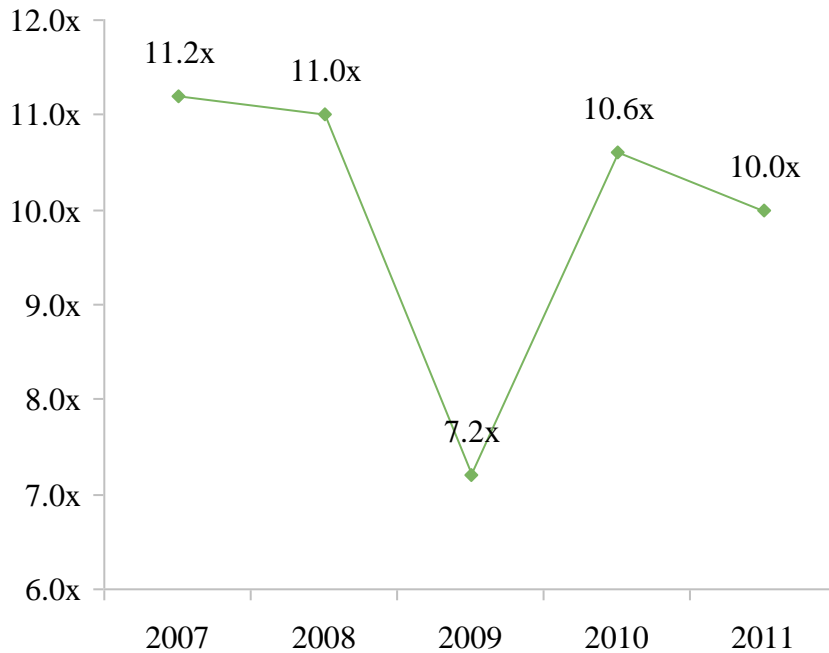


Source: Mergermarket.

Valuation – Valuations Increasing

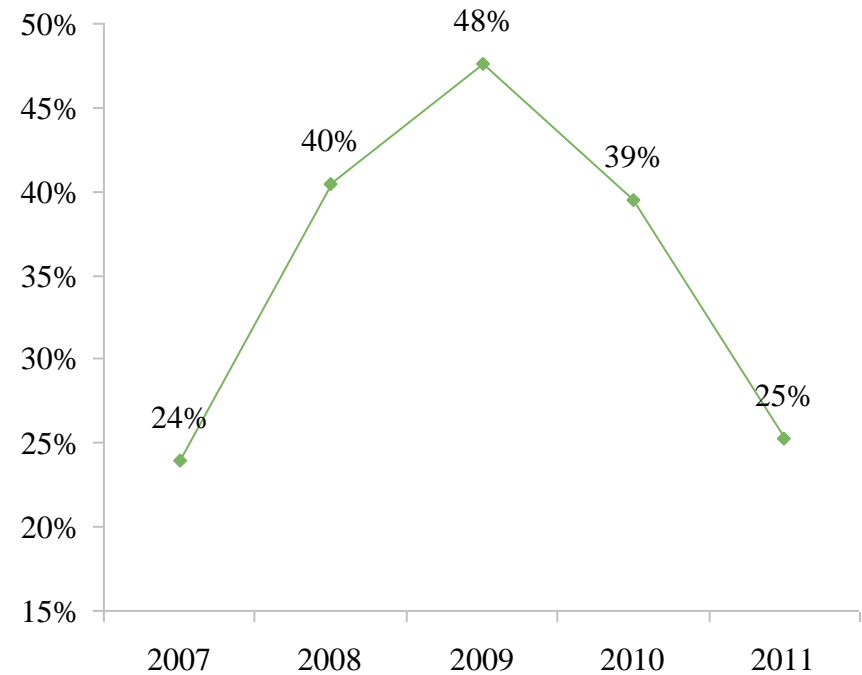
EBITDA Multiples Rising Again

LTM EBITDA Multiple – Average



Takeover Premiums Stabilized

Share-Price Premium %



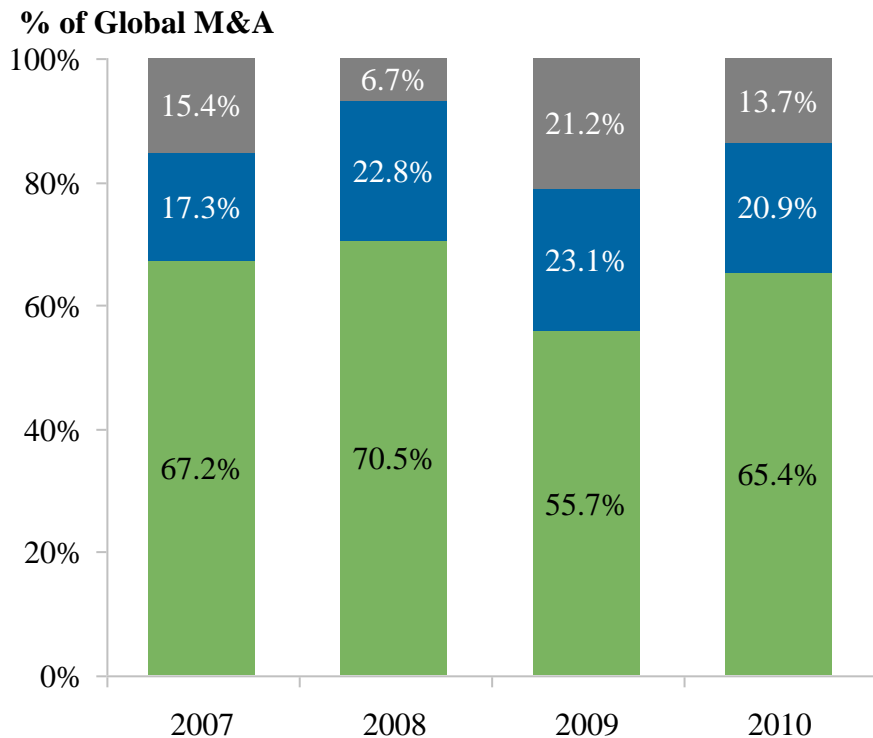
Note: US targets only.

Source: CapitalIQ all deals greater than \$25M with disclosed EBITDA multiples.

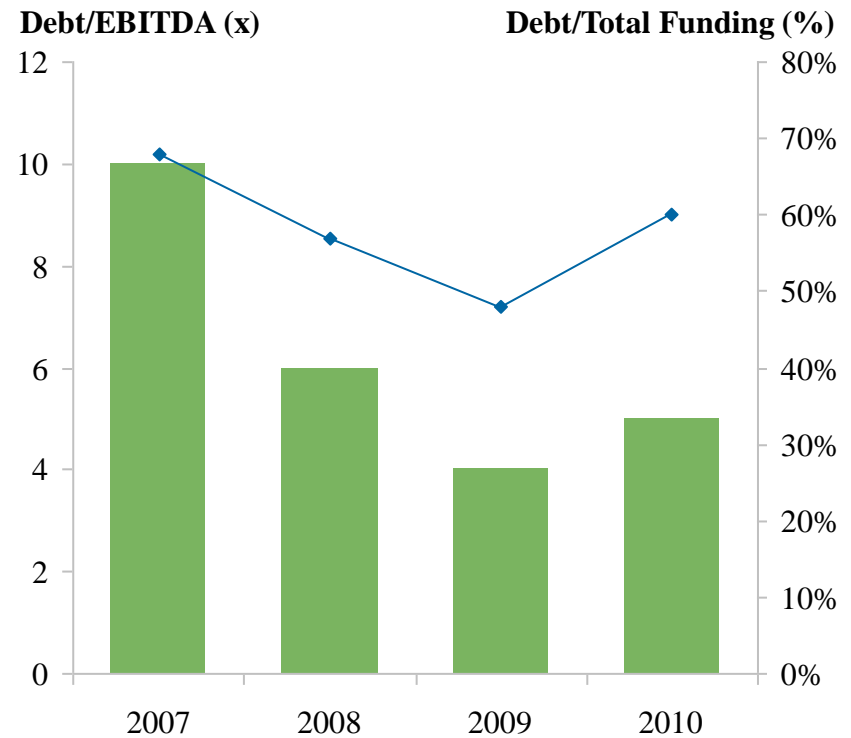
Source: CapitalIQ all deals with public targets greater than \$100M.

Consideration Mix – Increased Cash Mix in Consideration

Increased Cash Mix Consideration



Use of Leverage Increasing

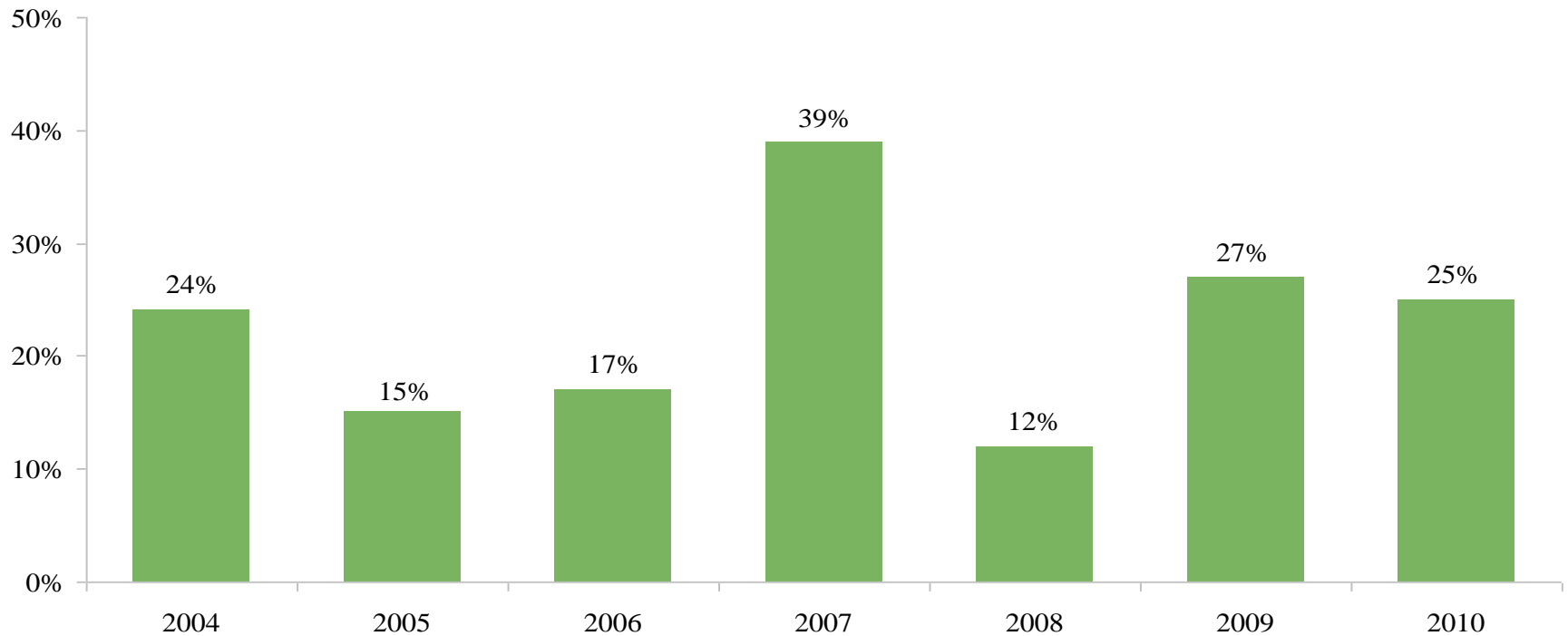


■ % Cash Only Deals ■ % Equity Only Deals ■ % Cash & Equity Deals ■ Debt/EBITDA Multiple (x) ◆ Debt/Total Funding (%)

Source: Mergermarket.

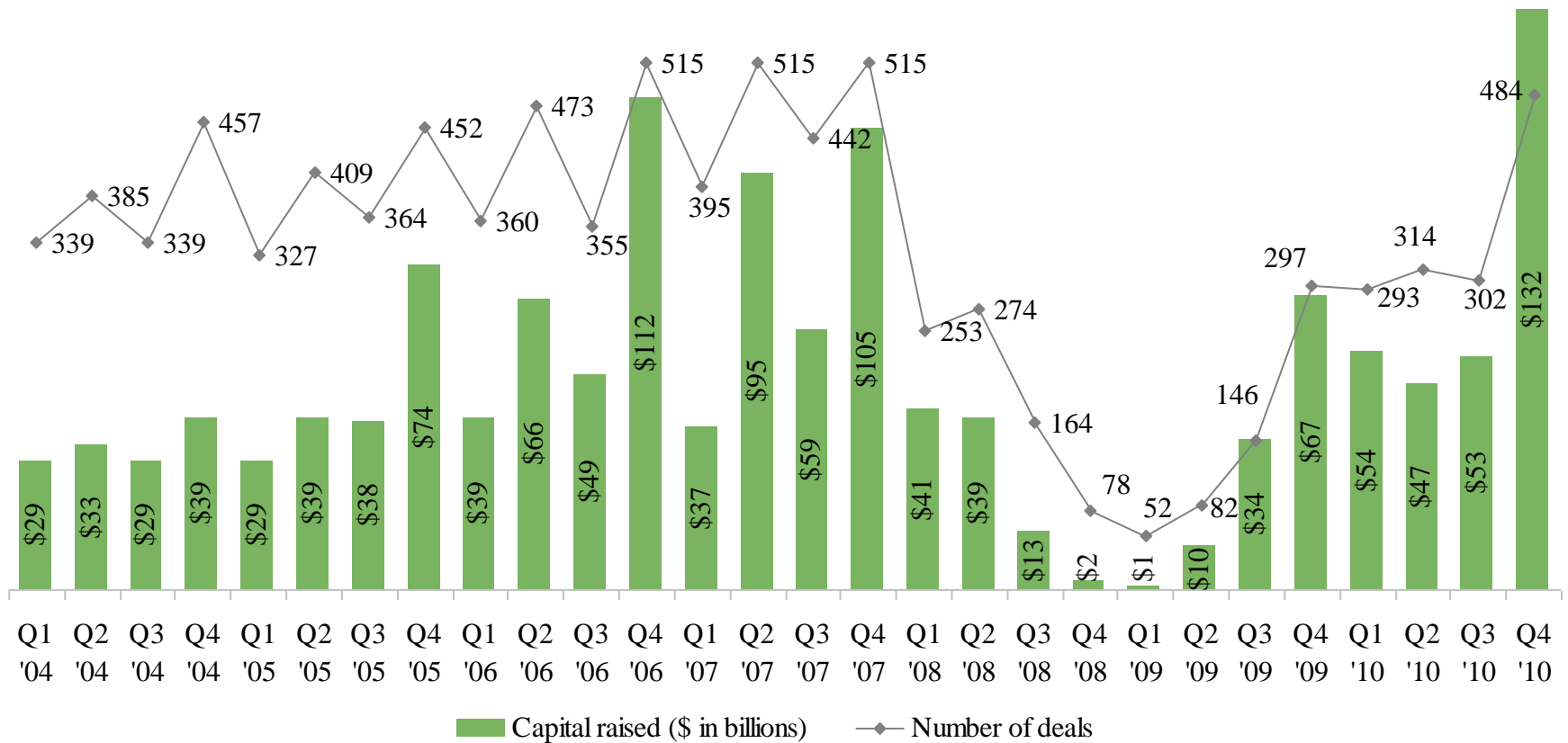
Structuring – Use of Earnouts to Bridge Valuation Gaps

% of Deals with an Earnout



Source: ABA.

Exit Trends – Increase in IPO Activity

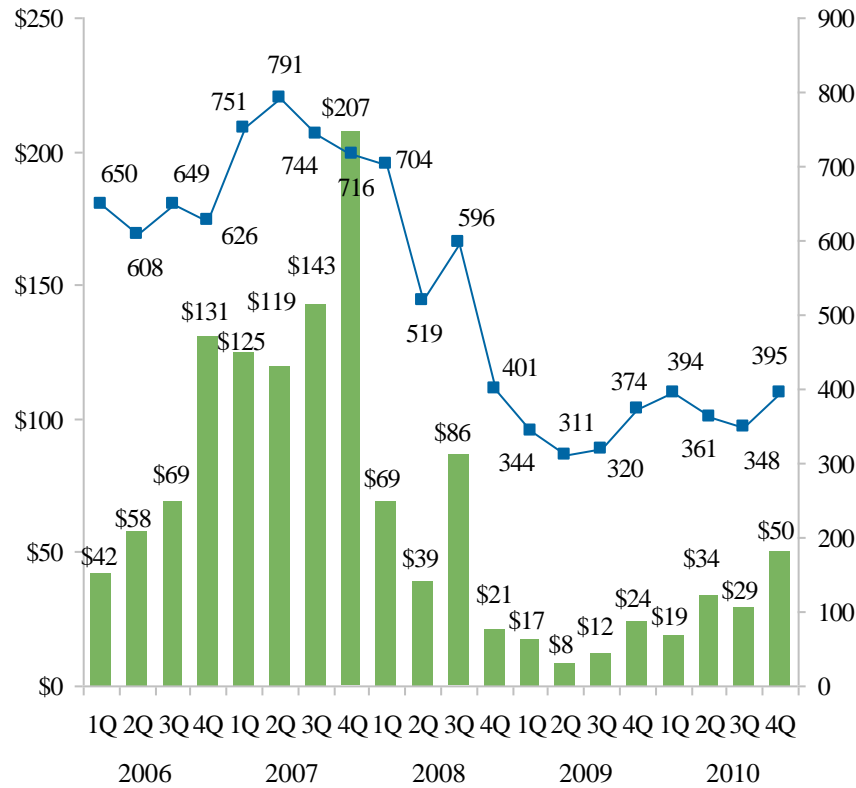


Source: Thomson.

Exits – PE Firms Are Back

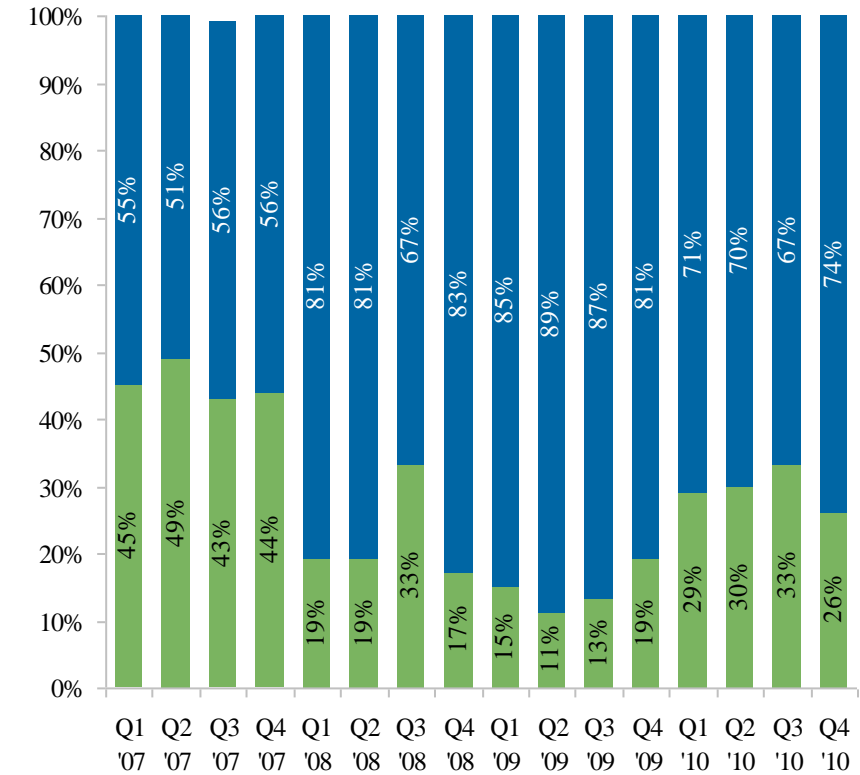
Increase in PE Activity

Value of Deals
(\$ in billions)



Increase in Trade Sales

Percentage



Source: Thomson.

■ Capital Invested (\$ in billions) — # of Deals

■ Trade sales (% of total exits) ■ SBOs (% of total exits)