

QUARTERLY UPDATE

Q2

2019

**M&A
NEWSLETTER**

Q2 MARKET DEVELOPMENTS

Index Performance			
Index Name	Index Price 6/28/2019	QoQ %	TTM %
NASDAQ	8,006.24	3.6%	6.6%
Dow Jones	26,599.96	2.6%	9.6%
S&P 500	2,941.76	3.8%	8.2%
Russell	1,566.57	1.7%	-4.7%

Market performance during the second quarter of 2019 continued to chug along yielding moderate returns. On an annualized basis, all of the major indices except the Russell 2000 yielded returns within historical normal of 10-15%. Coupled with strong yield curve inversion, the Russell's weak performance over the recent past may be an indication that we are continuing to push later into the cycle. However, due to the ample liquidity remaining in the lower middle market, we do not see a recession over the next 18 months.

The major market mover during the second quarter of 2019 continued to be the trade war with China, prowling along at a slow but constant level of escalation. The market remains hopeful as the two world leaders continued talks at the G20 summit in Osaka, Japan, but a final resolution is certainly months away.

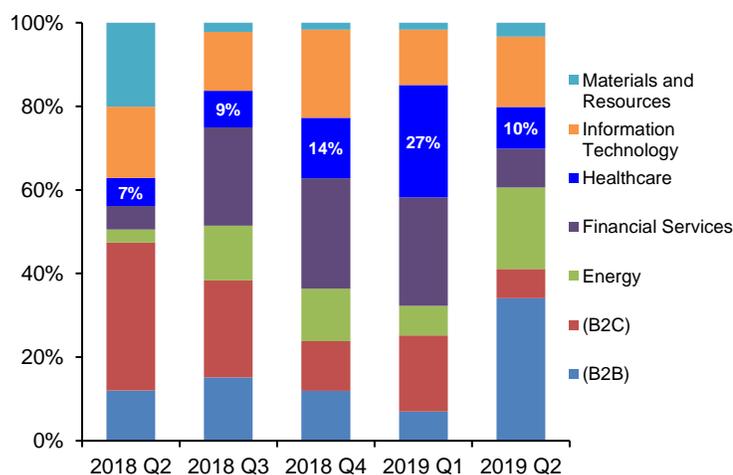
Large scale protests (estimates around 1 million people) in Hong Kong, shocked the world in response to the Hong Kong governments attempt to implement a bill that would allow the Chinese government to extradite Hong Kong citizens to mainland China. The Chinese government blamed the US as using foreign influence, most likely having an impact on the trade war negotiations. The Hong Kong government declared the bill dead on July 9th. Iran continues to violate the Obama administration nuclear deal by breaching key uranium enrichment levels, suggesting the intent to develop nuclear weapons.

Fears of recession are peaking into view again as auto sales continue to slow, reaching 4 year lows, which comes at a time when interest rates are teetering on the 2% mark. Lastly, Deutsche Bank announced large scale lay-offs encompassing roughly 20% of its staff.

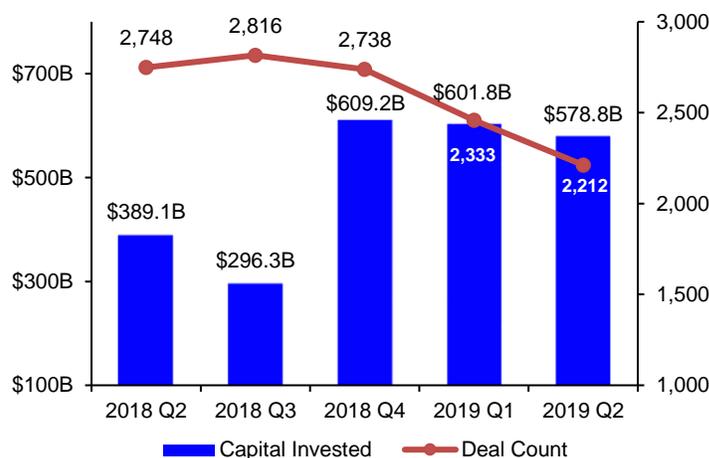
M&A ENVIRONMENT

Despite the concerns of being late cycle, Q2 M&A remained strong and actually saw a strong pull of roughly 50% in reported transaction investment while deal count declined nearly 20%. Deal count and capital invested saw a slight drop QoQ of 3.8% and 5.2% respectively.

Transactions by Industry



Median Deal Size & Count



TOP TRANSACTIONS

Deal Date	Company Name	Investors	Description	Deal Size
09-Jun-2019	Raytheon (NYS: RTN)	United Technologies (NYS: UTX)	Raytheon is a U.S. defense contractor that posted just over \$27 billion in sales during 2018. It operates through five segments: integrated defense systems, intelligence and information, missile systems, space and airborne systems, and a cybersecurity business branded Forcepoint. Sales to the U.S. government account for about 70% of consolidated revenue. Based in Waltham, Massachusetts, Raytheon employs more than 60,000 people.	121,000.00
09-May-2019	Anadarko Petroleum (NYS: APC)	Occidental Petroleum (NYS: OXY)	Anadarko Petroleum, based in The Woodlands, Texas, is one of the largest independent exploration and production companies in North America. Its asset base includes conventional and unconventional properties in the U.S. and deepwater oil and gas projects in the Gulf of Mexico and Africa. At the end of 2018, proven reserves totaled 1.47 billion boe, with net production of 666 mboe/d.	57,000.00
02-Jul-2019	L3 Technologies	Harris (NYS: LHX)	L-3 Technologies provides high-technology products, systems, and subsystems in the defense electronics business. Customers include the U.S. Department of Defense and U.S. government agencies (roughly 70% of sales), as well as foreign governments and commercial customers. Areas of focus include aircraft modernization and maintenance, training and simulation, communication systems, electro-optical sensors, and airport security screening equipment. L-3 and Harris Corporation plan to merge and deal closing should occur around mid-2019, assuming all regulatory hurdles are overcome.	35,000.00
28-May-2019	Total System Services (NYS: TSS)	Global Payments (NYS: GPN)	Total System Services Inc based in Columbus, Georgia, provides payment-processing services in the U.S. and abroad. In 2013 TSYS provided processing services for 28% of domestic consumer credit card accounts and 59% of domestic commercial credit card accounts. The company has operating segments in North America Services, International Services, and Merchant Services, plus the newer NetSpend segment, which deals in prepaid debit and payroll cards and arrived via a 2013 acquisition.	21,500.00
02-Jun-2019	GLP (179 Million Square Feet, Logistics Assets, US)	Blackstone Real Estate Income Trust, The Blackstone Group (NYS: BX)	179 million square feet of logistics assets located in the United States. The assets comprises of urban and infill logistics properties.	18,700.00
24-Jun-2019	Caesars Entertainment (NAS: CZR)	Eldorado Resorts (NAS: ERI)	Caesars was founded in 1937 and today operates 49 casino properties in 13 U.S. states and five countries (with a sixth noncasino resort in Dubai), primarily under the Caesars, Harrah's, and Horseshoe brands (while also operating the Flamingo, Paris, Rio, and Planet Hollywood in Las Vegas). Between January 2015 and October 2017, Caesars Entertainment went through a reorganization under bankruptcy. Today, Caesars' three main segments are Las Vegas (58% of estimated 2019 EBITDAR) and Other U.S. (46%), with the remainder from managed, license, and joint venture properties. In June 2019, Eldorado proposed an acquisition of Caesars (scheduled to close in the first half of 2020).	17,300.00
10-May-2019	Buckeye Partners (NYS: BPL)	IFM Investors	Buckeye Partners LP is a US-based company which owns and operates a diversified network of integrated assets providing midstream logistic solutions, consisting of the transportation, storage, and marketing of liquid petroleum products. It is an independent liquid petroleum products pipeline operator in the United States in terms of volumes delivered, with approximately 6,000 miles of pipeline. It also uses service expertise to operate and/or maintain third-party pipelines and perform certain engineering and construction services for customers. Its three reportable segments are Domestic Pipelines & Terminals, Global Marine Terminals, and Merchant Services.	16,800.00
10-Jun-2019	Tableau Software (NYS: DATA)	Salesforce (NYS: CRM)	Tableau Software develops and sells software that enables customers to visualize and analyze data through a single, easy-to-use platform, primarily delivered as an on-premises solution. The company reports revenue in two business segments, with license contributing roughly half of total revenue while maintenance and services makes up the remaining half. The firm derives roughly 70% of its sales from the United States, with the remainder coming from international markets. In June 2019, Salesforce.com announced an all stock-bid to acquire Tableau's assets.	15,700.00

Source: Pitchbook Data, Inc.

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08-May-2019	Zayo Group (NYS: ZAYO)	Digital Colony(Marc Ganzl), EQT	Zayo owns about 130,000 route miles of fiber, which underlies most of its business and is in over 400 markets throughout the U.S., Canada, and Europe. In its biggest segment, Fiber Solutions, Zayo leases dark fiber on long-term contracts primarily to communications service providers. In its Transport and Enterprise Networks segments, Zayo similarly leases fiber to customers to transport data, but it has a range of offerings over fiber that Zayo has lit, saving customers from having to activate and customize it themselves. Zayo also operates 50 U.S. data centers, provides cloud services, and owns a small Canadian telecom company, Allstream, that serves business customers. In 2018, Zayo announced its intention to split its business into two companies by the end of 2019.	14,300.00
30-Apr-2019	Clarios	Brookfield Asset Management (TSE: BAM.A), Caisse de dépôt et placement du Québec	Manufacturer of automotive batteries for automakers, aftermarket distributors and retailers. The unit produces a range of lead-acid batteries, lithium-ion cells and hybrid battery systems for every type of passenger vehicle from heavy-duty and light commercial trucks, motorcycles, golf cars, lawn to garden tractors as well as marine vehicles.	13,200.00
17-Jun-2019	Array BioPharma (NAS: ARRY)	Pfizer (NYS: PFE)	Array BioPharma Inc is a biopharmaceutical company focused on the discovery, development and commercialization of targeted small molecule drugs to treat patients afflicted with cancer. Its clinical stage drugs include Binimetinib, Encorafenib, Selumetinib, Tucatinib/ONT-380, ARRY-382, LOXO-292 and LOXO-195 among others. The company has geographical presence in North America, Europe and Asia Pacific.	11,400.00
03-May-2019	Ultimate Software Group	Canada Pension Plan Investment Board, GIC Private, Hellman & Friedman, JMI Equity, The Blackstone Group (NYS: BX)	The Ultimate Software Group Inc is a provider of human capital management software solutions. The firm's UltiPro product suite includes human resources, payroll, and benefits management functionality, available in more than 12 languages and approximately 60 country-specific localizations. Its solutions manage the complete employee lifecycle from recruitment to retirement and include talent acquisition and onboarding, performance management, salary planning, budgeting, succession management, reporting, and analytical capabilities. The firm generates revenue through cloud subscription fees and implementation consulting services fees. All of the firm's revenue is generated in the United States and Canada.	11,000.00
03-Jun-2019	Cypress Semiconductor (NAS: CY)	Infineon Technologies (ETR: IFX)	Cypress Semiconductor is a provider of advanced embedded systems used in a variety of markets, including industrial, consumer, data communications, and automotive.	10,100.00
08-May-2019	Andeavor Logistics (NYS: ANDX)	MPLX (NYS: MPLX)	Andeavor Logistics operates crude oil, refined products, and gas gathering and processing assets primarily in the Western United States. The partnership was formed by parent Andeavor, which was recently acquired by Marathon Petroleum. In turn, MPLX has agreed to acquire Andeavor Logistics; we expect the merger to close in the second half of 2019.	9,000.00
04-Apr-2019	Arris International	CommScope (NAS: COMM)	ARRIS International PLC is a media entertainment and data communications solutions provider. Its innovations combine hardware, software, and services across the cloud, network, and home to power TV and Internet for millions of people around the globe. It operates in three business segments, Customer Premises Equipment, Network & Cloud and Enterprise Networks. It specializes in enabling multi-channel video programming distribution including cable, telephone, and digital broadcast satellite operator. It operates manufacturing facilities in Taipei, Taiwan; Tijuana, Mexico, and Manaus, Brazil.	7,400.00
23-May-2019	Mellanox Technologies (NAS: MLNX)	Nvidia (NAS: NVDA)	Mellanox Technologies Ltd is engaged in the development, manufacturing, marketing and sales of end-to-end Ethernet and InfiniBand intelligent interconnect solutions and services for servers, storage, and hyper-converged infrastructure. The company offers integrated circuits, adapter cards, switch systems, cables, modules, software, services, and accessories. The company supplies its products mainly to the storage and communications infrastructure equipment vendors. The company operates its business mainly in United States, Europe, China, Japan, India, Taiwan and Australia.	7,360.00

Source: Pitchbook Data, Inc.

TOP TRANSACTIONS

Deal Date	Company Name	Investors	Description	Deal Size
24-Apr-2019	USG	Gebr. Knauf Verwaltungsgesellschaft	USG manufactures and sells gypsum wallboard (drywall), wallboard finishing materials, tile backers and underlayment, and ceiling tile and grid. The company's products are used to construct walls, ceilings, roofs, and floors in commercial, residential, and institutional structures. Chicago-based USG is the leading wallboard producer in the U.S. with 26% market share and the second-leading ceiling tile producer with 35% market share.	7,000.00
11-Jun-2019	Bemis Company	Amcor (NYS: AMCR)	Bemis manufactures flexible packaging, primarily for the food industry, but also for the medical and consumer product industries. The business is slated to be bought out by Amcor by mid-2019, creating one of the largest flexible-packaging companies in the world.	6,800.00
02-May-2019	KCI Holdings	3M (NYS: MMM)	Provider of wound therapeutics devices and supplies intended to improve the lives of patients. The company offers abdomen dressing and pressure therapy equipment along with a range of dressing supplies, enabling hospitals to speed up the healing processes.	6,725.00
08-Apr-2019	Versum Materials (NYS: VSM)	Merck (ETR: MRK)	Versum Materials Inc is a leading global provider of electronic materials for the integrated circuit and flat-panel display markets. It supplies specialty chemicals and materials, high-purity specialty gases, proprietary delivery systems, and related services.	6,560.00
01-Jul-2019	Genesee & Wyoming (NYS: GWR)	Brookfield Asset Management (TSE: BAM.A), GIC Private	Genesee & Wyoming manages one of the largest portfolios of short-line/regional freight railroads in North America. About 58% of revenue comes from its core North American short-line business, while its rail lines in Australia make up 14%. Roughly 28% comes from its Europe/U.K. division, which includes its European heavy haul and intermodal operations (Freightliner) that were acquired in early 2015.	6,400.00
12-Jun-2019	Medidata Solutions (NAS: MDSO)	Dassault Systemes (PAR: DSY)	Medidata Solutions Inc provides cloud-based solutions for the clinical development programs of life sciences companies. Its customers include biopharmaceutical companies, device makers, contract research organizations, and academic institutions. The majority of the company's business comes from subscriptions to the Medidata Clinical Cloud, with the remainder of revenue coming from services. The Medidata Clinical Cloud provides solutions for study design and planning, data capture, patient activity measurement, risk-based monitoring, and payments. The services segment includes technology and support services and professional consulting services. The majority of the firm's revenue is generated within the United States.	5,800.00
24-May-2019	OppenheimerFunds	Invesco (NYS: IVZ)	Provider of asset management services to financial advisors, individual investors, small businesses, and institutional investors and their advisors and consultants. The company offer investments in every major asset class, both traditional and alternative, and in a variety of investment vehicles, and provides a wide array of services such as asset management, mutual funds, separately managed accounts, and investment management.	5,720.00
05-Apr-2019	StandardAero	The Carlyle Group (NAS: CG)	Provider of maintenance, repair and overhaul (MRO) services for airframes and gas turbine engines. The company's services include MRO for aircraft and rotorcraft engines and auxiliary power units and components, airframe services, FAA authorized avionics capabilities, comprehensive engineering services, and custom exterior and interior design, completion and paint, providing customers in business, commercial and military aviation with a wide array of aircraft services.	5,000.00
14-Apr-2019	Advanced Disposal (NYS: ADSW)	Waste Management (NYS: WM)	Advanced Disposal Services Inc provides fresh ideas and solutions to the business of a clean environment. It offers non-hazardous solid waste collection, transfer, recycling and disposal services to the commercial, industrial, municipal and residential customers. It offers other services, such as landfill gas-to-energy operations at municipal solid waste landfills; management of third-party owned landfills; customer service charges relating to overdue payments, and customer administrative fees relating to customers. Geographically, it operates through the Southeast, Midwest and Eastern regions of the United States, as well as from the Commonwealth of the Bahamas.	4,900.00

Source: Pitchbook Data, Inc.

Lawrence, Evans & Co., LLC. is a boutique healthcare financial advisory and investment banking firm comprised of senior level professionals who provide lead advisory services to private companies, lenders, and other parties-in-interest that are executing financial and strategic transactions. Founded in 2003, the firm provides a wide array of services such as finance and capital raising, mergers and acquisitions, management consultancy services, turnaround management and restructuring, and real estate finance and development. The firm caters to the healthcare providers and service companies (senior housing, hospital, physician services, dental, dermatology, ophthalmology, physical therapy, behavioral health, RCM, HCIT, Population Health, etc.), transportation and logistics, and select niche manufacturing sectors. Transactions are typically under \$250 million or \$10 million EBITDA.

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Represented Healthcare Transactions



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