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2017

MERGERSTAT® REVIEW

2017

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MERGERSTAT® REVIEW

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INTRODUCTION

FactSet Mergerstat compiles statistics on publicly announced mergers, acquisitions and divestitures involving operating entities. FactSet Mergerstat has tracked these statistics and published its findings for over 45 years. Prior to 1981, W.T. Grimm published quarterly reports in a newsletter format and, beginning in 1981, introduced the hardcover annual volume. The 2016 edition marks the 35th publication of Mergerstat® Review. Transaction information is gathered throughout each day using a variety of electronic and print sources. The Mergerstat® Review includes formal transfers of ownership of at least 5% of a company's equity and where at least one of the parties is a U.S. entity. When a transaction involves less than 100% of an entity, the percentage bought is stated after the seller's name. When REM accompanies this percentage, the buyer already owns a portion of the selling entity and this transaction will lead to 100% ownership. Data is collected for publicly traded, privately owned and foreign companies.

WHO SHOULD READ THIS BOOK?

These statistics are useful to a wide variety of readers — foremost, anyone buying or selling an operating company or anyone valuing a company. Or, anyone who is serious about investments or investing. The book provides insight into trends in prices, methods of payment, premiums and other critical information. For students at the undergraduate, graduate and post-graduate levels, this book serves as a foundation for research and an essential reference tool. For professors of finance, economics and business, these statistics give “real world” examples of theoretical postulates.

Chief financial officers, chief executive officers, strategic planners, accountants, valuation professionals and attorneys will find this book useful. The statistics reveal which industries are most active and what their respective premium and TIC/EBITDA, TIC/EBIT, and P/E averages are compared to the market as a whole.

To these readers, Mergerstat® Review provides data and analysis. Each year FactSet Mergerstat tracks thousands of transactions and potential transactions. While we attempt to collect complete information on each transaction, this is not possible in many cases, particularly with private companies. Therefore, the reader should use caution in drawing conclusions when the number of data points is low relative to the total number of transactions recorded. Furthermore, while we attempt to point out certain trends, each transaction has specific factors which affect its pricing. Therefore, the reader should examine each transaction on its own merit before drawing any conclusions.

PRIVATELY OWNED SELLERS

The number of announced acquisitions of privately owned companies decreased from 7,077 in 2015 to 6,866 in 2016. However, total dollar value offered for private businesses increased from \$171.9 billion to \$213.7 billion while companies disclosing prices decreased from 1,338 to 1,136.

The 342 transactions valued at \$100 million or more totaled \$194.0 billion, accounting for 90.8% of the \$213.7 billion total value of all announced acquisitions of privately owned companies for which a price was announced.

**ACQUISITIONS OF
PRIVATELY
OWNED
COMPANIES
2007-2016**

Table 1-43

	Number of <u>Acquisitions</u>	Percent of Acquisition <u>Activity</u>	Total Dollar Value Offered (Millions)	Base	<u>Transaction Value</u>	
					\$100MM or More	\$1,000MM or More
2007	5,795	55%	\$112,538.4	(1,500)	218	10
2008	4,187	54%	\$57,955.2	(881)	131	2
2009	3,473	51%	\$38,553.9	(530)	76	4
2010	4,716	52%	\$83,039.0	(933)	154	11
2011	5,216	55%	\$94,152.2	(947)	184	12
2012	5,330	55%	\$130,492.9	(970)	228	28
2013	4,735	54%	\$80,031.2	(863)	177	14
2014	6,438	57%	\$164,944.0	(1,318)	308	31
2015	7,077	59%	\$171,966.1	(1,338)	304	35
2016	6,866	59%	\$213,701.1	(1,136)	342	50

As Table 1-43 indicates, the purchase of privately held companies is a significant component of merger and acquisition activity. The majority of these acquisitions fall into two main situations, which are characterized by the seller's motivation. Lack of an heir to take over the business is probably the most frequent reason for selling. Nearing retirement, the owner is prompted to sell to achieve the needed liquidity for investment diversification and estate tax purposes. The second most common selling scenario involves a company experiencing the pressures of growth. Increasing demand for the company's products or services exerts pressure on the firm to become more sophisticated and efficient in its operations. To fulfill these demands, the owner/entrepreneur sells the business to obtain needed financial resources for expansion.

RECORD HOLDERS

CATEGORY	RECORD	YEAR ATTAINED
Net merger & acquisition announcements	12,012	2015
Total dollar value offered (\$ Billions)	\$1,975.4	2015
\$100 million+ deals*	1,211	2016
Cash payments	78%	2015
Stock payments	62%	1968
Divestitures	3,570	2005
Publicly traded sellers	746	1999
Privately owned sellers	7,077	2015
Foreign sellers	1,898	2007
Foreign buyers*	1,885	2016
Average P/E offered	29.6	2015
Average premium	59.7%	2002
Cancelled transactions	620	1969

* New record in 2016.

Arm yourself with insight into trends in prices, premiums and other critical factors in the M&A market



The upcoming **2017 FactSet Mergerstat Review** is the must-have source for data and analysis on the M&A market. It delivers comprehensive rosters, data, and statistics on M&A transactions that involve U.S. companies, including privately held, publicly traded and cross-border transactions. The Review also lists unit divestitures, management buyouts and certain asset sales.

With the bonus content included in the **FactSet Mergerstat Monthly Review** (PDF delivered monthly via email), you'll stay current on what's happening in the M&A market including the latest activities, trends, and deal data by industry. It's an ideal resource to add insight and impact to valuation reports, pitch books, client presentations, and competitive reports.

Key highlights of the 2017 edition include:

- **Transaction roster by SIC:** Utilize the comprehensive transaction roster organized by SIC code – never miss a major comparable transaction
- **Detailed data:** Arm yourself with insight into trends in prices, methods of payment, premiums and other critical factors in the M&A market - drill down in individual industries with transaction-level details
- **Monthly Updates:** With the **FactSet Mergerstat Monthly Review** you won't be blindsided. You'll have the latest M&A news and trends, industry activity and value comparisons, private equity updates, top advisor activity and top U.S. deals.

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