

M&A in the Professional Services Industry – Key Trends

Year	Total no. of transactions	Total value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
2013	930	54,600	1.1x	8.5x
2014	1,200	84,900	1.2x	11.2x
2015	1,250	60,800	1.1x	10.9x
2016	1,040	100,000	1.0x	10.2x

Source: Capital IQ

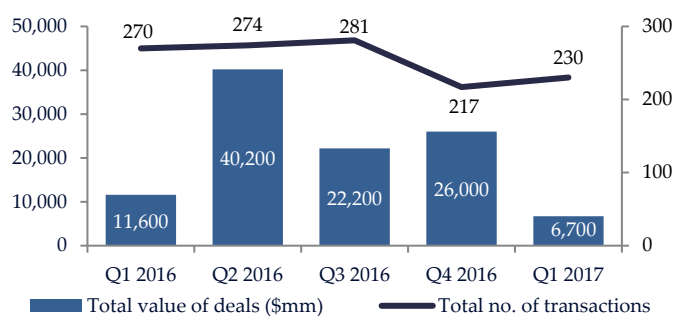
M&A in the Professional Services Industry – 2016 Overview

- In 2016, M&A activity in the Professional Services industry shifted towards lower number of transactions with deal value increasing 64% from 2015.
- In 2016, the total deal value in the US and Canada accounted for 32% of the global deal value.
- The total number of global M&A transactions in the Professional Services industry was 5,000 in 2014, 5,100 in 2015, and 4,400 in 2016. Deals in the US and Canada accounted for 24% of the global transactions from 2014 to 2016.
- In 2016, valuation multiples for the US and Canada (median TEV/Revenue of 1.0x versus global median of 1.2x and median TEV/EBITDA of 10.2x versus 10.0x) were similar to global multiples.
- Total deal value in Q2 2016 was higher than that of the other three quarters due to two mega M&A deals that accounted for a deal value of \$26 billion.
- 19% disclosed deals in terms of transaction value.

Activity Summary, Last 5 Quarters

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Total no. of transactions	270	274	281	217	230
Total value of deals (\$mm)	11,600	40,200	22,200	26,000	6,700
Average deal size (\$mm)	260	630	480	580	190
Median deal size (\$mm)	32	19	44	54	17
Median Revenue Multiple	1.2x	0.9x	1.4x	1.0x	2.1x
Median EBITDA Multiple	9.7x	9.9x	11.5x	8.6x	9.5x
Mid-market deals, % of total	96%	88%	85%	87%	97%

Source: Capital IQ

Activity Summary Chart, Last 5 Quarters

Deal Breakdown by Type of Buyer in 2016

Type of Buyer	No. of deals	Disclosed deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
Strategic Buyer	880	170	88,900	520	0.9x	9.6x
Financial Buyer	117	19	4,300	230	1.0x	12.9x
Both	1	1	3,700	3,740	1.0x	11.3x
Not available	44	10	3,000	300	n/a	n/a

Source: Capital IQ

Middle Market Deals in 2016

Deal breakdown by size (\$mm)	No. of deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
\$0 - \$50	16	5,990	374	1.0x	11.7x
\$50 - \$250	45	5,030	112	1.1x	10.1x
\$250 - \$500	116	1,410	12	0.8x	7.7x

Source: Capital IQ

10 Notable Professional Services Transactions in 2016

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
May 23	Airgas, Inc.	Air Liquide SA (ENXTPA:AI)	13,500	2.5x	13.7x
May 2	The ADT Corporation	Protection 1, Inc.	12,500	3.5x	6.8x

July 1	Southern Company Gas	The Southern Company (NYSE:SO)	12,000	2.7x	9.8x
January 4	Towers Watson & Co.	Willis Towers Watson Public Limited Company (NasdaqGS:WLTW)	8,700	2.2x	11.0x
December 5	Ingram Micro Inc.	Tianjin Tianhai Investment Co., Ltd. (SHSE:900938)	7,300	0.1x	8.1x
November 21	SolarCity Corporation	Tesla, Inc. (NasdaqGS:TSLA)	7,100	12.9x	n/a
April 22	Heartland Payment Systems, Inc.	Global Payments Inc. (NYSE:GPN)	4,500	1.7x	21.9x
November 29	Lexmark International, Inc.	Legend Capital Management Co., Ltd.; PAG Asia Capital; Apex Technology Co., Ltd. (SZSE:002180)	3,700	1.0x	11.3x
November 22	Acrisure, LLC	Undisclosed	2,900	n/a	n/a
May 20	Rona Inc.	Lowe's Companies Canada, ULC	2,300	0.8x	14.2

Source: Capital IQ