

Harris Williams & Co.
middle market®

European Spring Update May 2013



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	GDP ²	Manufacturing Confidence ³		Consumer Confidence ³		Consumer Prices ³			
European Economic Environment ¹	▼ (0.6%)	▼ (1.5%)	▲ +2.8%	▼ (0.4%)					
	ADG ⁴	Business Services	Consumer	Diversified Industrials ⁵	Energy & Power	Healthcare & Life Sciences	TMT ⁶	Transport & Logistics ⁷	
European Equity Market ⁸	Last Quarter	12.2%	9.5%	10.5%	13.0%	2.4%	8.8%	7.3%	5.4%
	Last Year	19.8%	14.5%	10.5%	9.7%	(6.2%)	18.2%	7.6%	6.9%
	Last 3 Years	44.0%	27.7%	15.4%	13.4%	(15.6%)	8.8%	20.3%	2.6%
European M&A Deal Volume Activity ⁹	▼ (33.3%)	▼ (12.6%)	▼ (9.8%)	▼ (13.9%)	▲ 6.3%	▲ 20.3%	▼ (3.6%)	▼ (26.0%)	
Inbound M&A Deal Volume to Europe ⁹	▼ (50.0%)	▼ (14.3%)	► 0.0%	► 0.0%	▲ 50.0%	▲ 75.0%	▲ 6.1%	▼ (100.0%)	

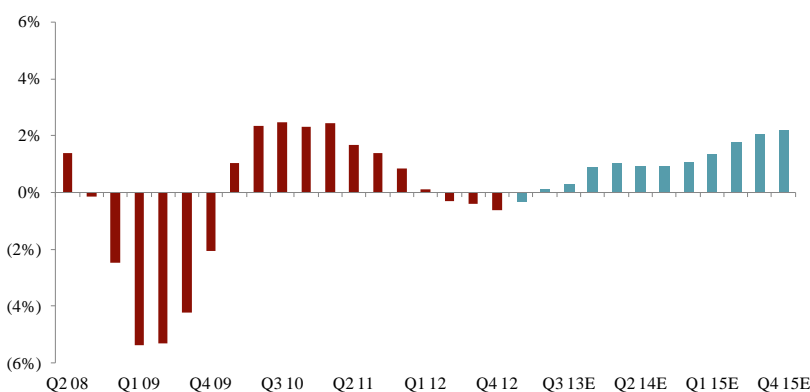
Sources: Eurostat, Bloomberg, Markit Economics, S&P Capital IQ

- European M&A activity declined across nearly all sectors in Q1 2013, falling 34% compared to Q1 2012, as the weak economic outlook for the Eurozone persists
- Within Europe, UK & Eire accounted for 33% of overall European activity by volume compared to 28% in Q4 2012. DACH and Scandinavia both fell from 19% to 16% by volume, during the same period
- Airbus with 431 jet orders in Q1 2013 has recaptured the top spot in the industry from Boeing, who grounded its 787 Dreamliner fleet in January due to battery faults reported on several aircraft
- The global airline sector achieved solid growth in Q1 2013, despite the difficult economic climate in Europe continuing to limit demand for economy and business class air travel
- Stagnant growth in the legal services sector has prompted legal firms to look internationally for growth opportunities. 50% of the top 10 UK law firms have indicated that they anticipate merging with or acquiring an international law firm in the next three years
- Newly released PMI data shows that the UK's service sector grew at its fastest pace in seven months in March
- The UK high street is undergoing significant restructuring with major players, such as HMV, Dreams, Republic, JJB Sports and Blockbusters, being bought out from administration
- Joh. A. Benckiser has acquired D.E. Master Blenders for €7.6 billion, representing a 30.1% 1-day premium
- Industrial output from the Euro-17 nations rose 0.4% from January, up 0.2% more than projected. However, year-over-year output still down, falling 3.1%
- KKR acquired Gardner Denver, the industrial machinery manufacturer, for €2.9 billion
- Sector consolidation continued as GE Oil & Gas announced its \$3.3 billion acquisition of oilfield equipment manufacturer, Lufkin
- Offshore activity remained robust, as Gazprom and Shell signed a landmark agreement to jointly develop Russia's Arctic Shelf
- Private sector's role in UK healthcare is set to expand with the amount the NHS spent on buying care from the private sector increasing by more than 10% last year
- RP Management, the acquirer of royalties for biopharmaceutical products, acquired Elan Corporation, a biotechnology company, for €5.0 billion
- Facebook and Google were the most active acquirers in the TMT sector during 2012, as both firms continue their strategy of buying smaller startups to help expansion beyond their core businesses
- Blackstone has withdrawn its \$25 billion offer for Dell, citing declines in the PC market, leaving Silver Lake and Michael Dell's \$24 billion proposal and Carl Icahn's majority stake proposal running in close contest
- Dish Network has announced the acquisition of Sprint Nextel, the US wireless communications provider, for \$21.1 billion
- UPS has appealed to the European Court of Justice regarding the European Commission's block of its acquisition of TNT Express
- The airline sector saw further consolidation in Europe, with Korean Air agreeing to acquire a 44% stake in Czech Airlines, Vueling Airlines' board approving IAG's revised offer and All Nippon Airways reportedly considering investment in airBaltic

Notes: For the purposes of this Quarterly Update, Europe is defined as: United Kingdom, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); Evolution calculation based on the quarter finishing 31 December, 2012 (1) For the countries based in the EU27; (2) Year-on-year GDP growth for Q4, 2012; (3) PMI, CCI and CPI quarterly growth shown for December 2012 - March 2012; (4) Aerospace, Defence & Government Services; (5) Also includes Building Products and Paper & Packaging; (6) Telecom, Media & Technology; (7) Also includes Speciality Distribution; (8) For all listed companies based in the countries mentioned above and with a market cap greater than €50m; (9) Change from Q4 2012 to Q1 2013

- EU-27 GDP contracted by 0.6% y-o-y in Q4 2012, according to the latest figures from Eurostat. During 2012 as a whole, GDP fell by 0.3% in the region
- Britain's economy grew by 0.3% in Q1 2013 compared with the previous quarter, led by a rise in manufacturing output, according to estimates from the National Institute of Economic and Social Research
- The IMF expects Eurozone GDP to contract 0.2% this year, citing uncertainly from Italy's election results and the general economic turmoil in southern European region

Quarterly Real GDP Growth (% Y-o-Y for EU-27)

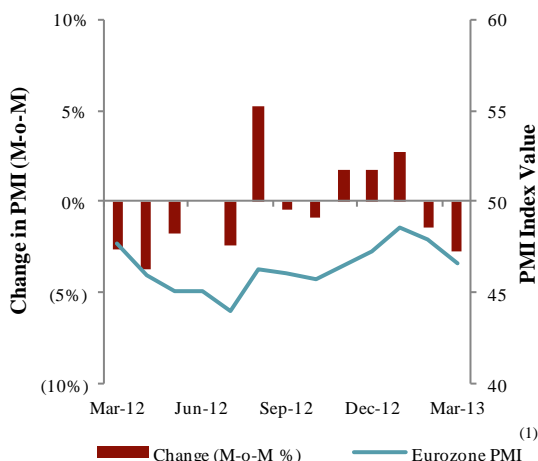


Key Countries	% Y-o-Y Growth	
	Q4 12A	Q4 13E
Sweden	+0.5%	+1.2%
Germany	+0.4%	+2.1%
UK	+0.2%	+1.1%
France	(0.3)%	(0.2)%
Netherlands	(1.1)%	(0.0)%
Spain	(1.9)%	(1.7)%
Italy	(2.7)%	(1.0)%

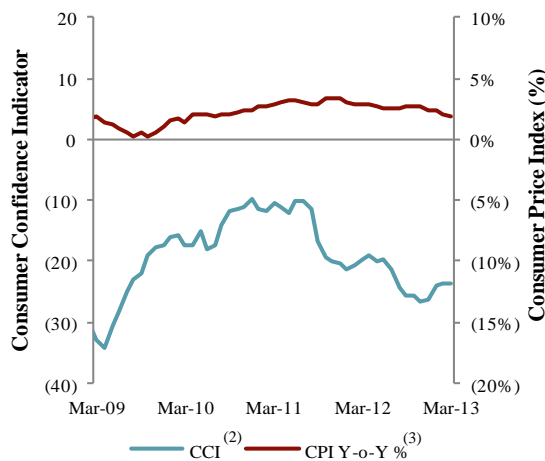
Source: Eurostat, latest available data as of April 16th, 2013

- The Eurozone Composite Purchasing Managers Index declined to 46.6 in March, remaining below levels indicating growth (>50), but above the average for the last twelve months of 46.3
- Industrial output across the Eurozone rose by 0.4% in February, beating the 0.2% forecast, with the UK showing an above average 1.0% rise. However, analysts pointed out the slight rise in output was not enough to stimulate economic recovery
- Consumer confidence showed signs of improvement in March with the Eurozone Consumer Confidence Indicator increasing by 2.8 points relative to the December figure
- Eurozone annual inflation fell for the third consecutive month to 1.7% in March, according to flash estimates from Eurostat
- Unemployment rate in the Eurozone hit a high of 12.0% in January and February, with Spain and Greece suffering from unemployment rates above 26%
- European Central Bank held its benchmark interest rate at 0.75% for a ninth straight month

European Manufacturing Confidence



European Consumer Confidence



Sources: Bloomberg, Markit Economics, S&P Capital IQ

Notes: (1) Purchasing Managers' Index – A figure above 50 indicates economic growth, and below 50 indicates decline; (2) European Commission Consumer Confidence Index Eurozone; (3) Consumer Price Index

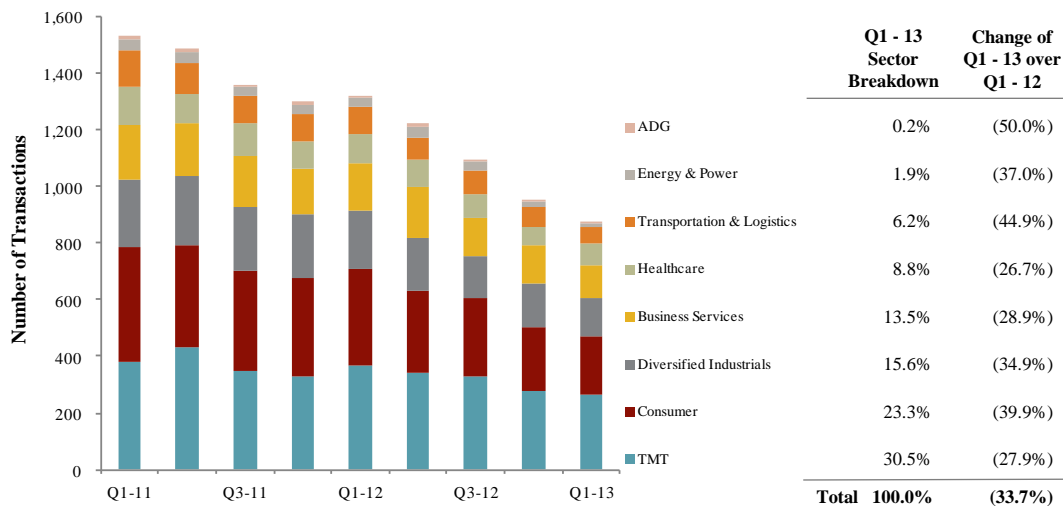
Market Observations

- European middle-market M&A activity decreased by 8.1% in Q1 2013, the fourth successive quarter of contraction. The decline was primarily driven by the Consumer and Diversified Industrials sectors which exhibited the largest absolute reduction in activity
- Senior loan volume in LBOs in Q1 2013 increased to circa €7.4 billion, up from €6.4 billion in Q4 2012
- Equity contribution¹ in LBOs averaged 48% in the first quarter of 2013, compared to 52% during the full year 2012, reflecting improved debt availability

Source: S&P Leveraged Commentary & Data

Notes: (1) Equity contribution including retained equity/vendor financing and contributed equity

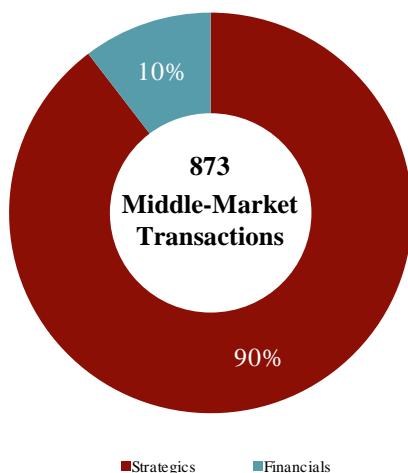
Middle-Market M&A Activity – By Sector



Source: S&P Capital IQ

Note: Includes closed M&A transactions of majority stakes only, where deal value was undisclosed or between €25m – €650m, within United Kingdom, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, the Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland)

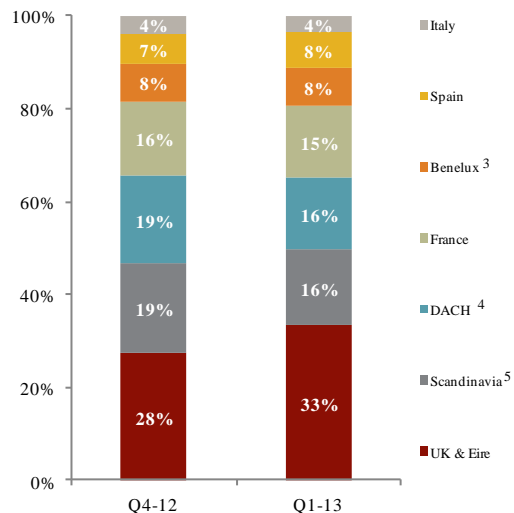
Buyer Segmentation Q1 2013¹



Source: S&P Capital IQ

Notes: (1) Strategic buyers may include portfolio companies of private equity groups; (2) By volume; (3) Benelux defined as Belgium, the Netherlands and Luxembourg; (4) DACH defined as Germany, Austria, Switzerland; (5) Scandinavia defined as Denmark, Norway, Sweden and Finland

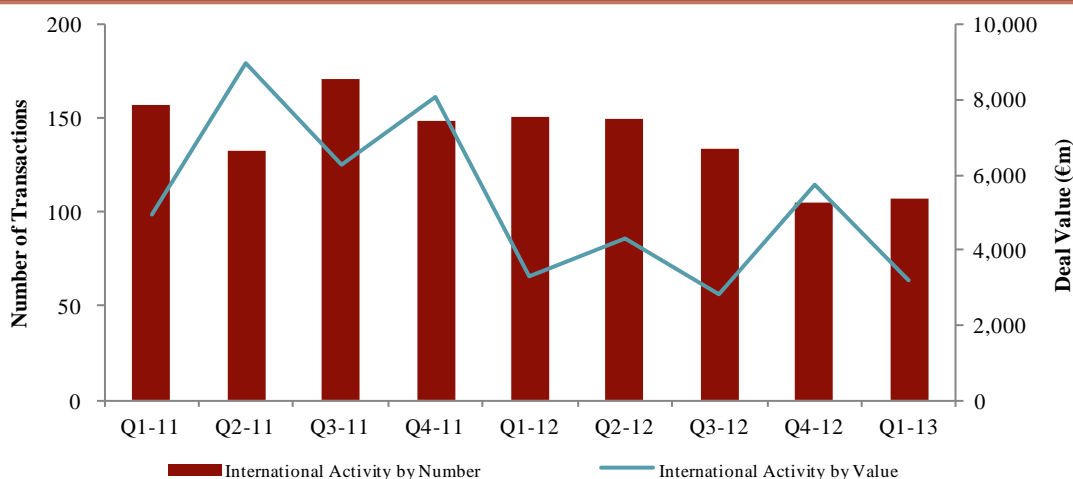
Transactions by Target Country²



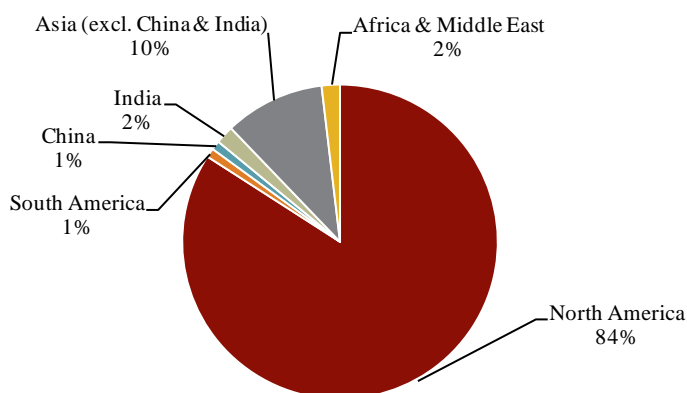
Market Observations

- International inbound M&A volume increased by 1.9% in the first quarter with 107 closed transactions
- The ADG and TMT sectors attracted the highest level of international inbound M&A investment
- The Healthcare and Energy & Power sectors recorded the greatest increases in inbound M&A volume, up 75% and 50%, respectively
- North American groups dominated non-European buyers, closing 90 transactions during the quarter

Acquisitions by Non-European Buyers^{1,2}



Non-European Buyers by Country Q1 13^{1,2}



Non-European Buyers as a Percentage of Sector Deal Volume^{1,2,3}

% of Total Deal Volume	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13
ADG	0%	17%	14%	23%	0%	29%	25%	67%	50%
Business Services	12%	5%	10%	9%	10%	8%	5%	10%	10%
Consumer	5%	6%	8%	8%	9%	9%	6%	8%	8%
Diversified Industrials	8%	8%	10%	10%	8%	11%	10%	9%	11%
Energy & Power	21%	13%	18%	23%	19%	8%	7%	13%	18%
Healthcare	14%	9%	18%	9%	15%	16%	14%	6%	9%
TMT	15%	14%	20%	17%	16%	18%	21%	18%	20%
Transportation & Logistics	9%	6%	7%	7%	5%	5%	10%	3%	0%

Source: S&P Capital IQ

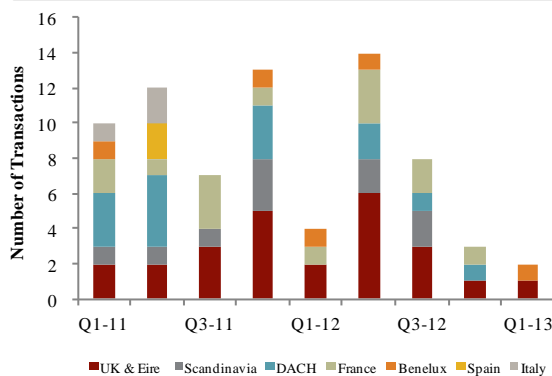
Notes: (1) Includes closed M&A transactions of majority stakes only, where deal value was undisclosed or between €25m – €650m, within United Kingdom, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, the Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (2) International buyer defined as from outside Europe; (3) By volume

European ADG Equity Markets¹

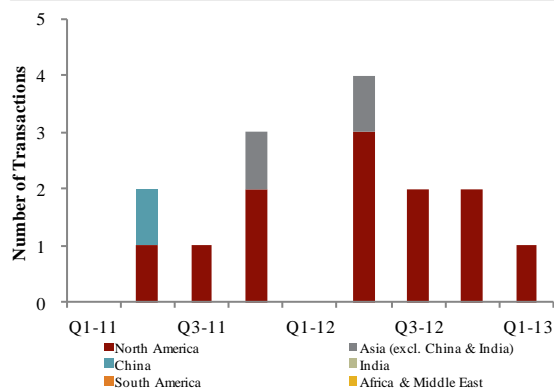
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	13.3%	10.7%	9.8%	NA	(13.8%)	17.2%	(1.1%)
Cash on Balance Sheet (€ bn)	7.0	4.8	0.2	NA	0.9	0.3	NM
Net Debt / LTM EBITDA Multiple	1.2x	1.0x	0.9x	NA	NM	NM	2.4x
LTM EBITDA Multiple	8.6x	10.0x	8.1x	NA	NM	10.0x	5.0x
<i>Change since last quarter</i>	0.8x	1.4x	0.3x	NA	NA	0.1x	(2.8x)
LTM EBITDA Margin	14.0%	8.6%	10.3%	NA	1.3%	11.0%	11.4%
Consensus 2Yr Fwd Revenue Growth (p.a.)	5.7%	3.6%	11.2%	NA	0.5%	6.5%	12.2%

European ADG Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European ADG M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
MB Aerospace Holdings		Arlington Capital Partners		Aerospace Components	NA
NIJL Aircraftdocking		Eurosafe Solutions		Aerospace Components	NA

Market Observations

- Boeing grounded its new 787 Dreamliner fleet globally in January, owing to the battery faults reported on several aircraft
- EADS approved an 18 month share buyback programme of up to €3.75bn (15% of issued share capital). Benefiting from this programme, Daimler and Lagardère disposed of stakes of 7.5% and 7.4% respectively
- Airbus recaptured the top spot in the industry, claiming 431 jet orders, higher than Boeing which reported 220 orders in Q1 2013 (excluding the provisional order of 175 jets from Ryanair in March 2013)
- Safran agreed to acquire Rolls-Royce's 50% share in joint helicopter engine programme for €293m
- The global airline sector achieved solid growth in Q1 2013, despite the difficult economic climate in Europe continuing to limit demand for economy and business class air travel – for 2013 YTD, the global air travel market expanded by 3.1% compared to the same period in 2012
- Management moves³: EADS, Finmeccanica, Rolls-Royce

Source: S&P CapitalIQ

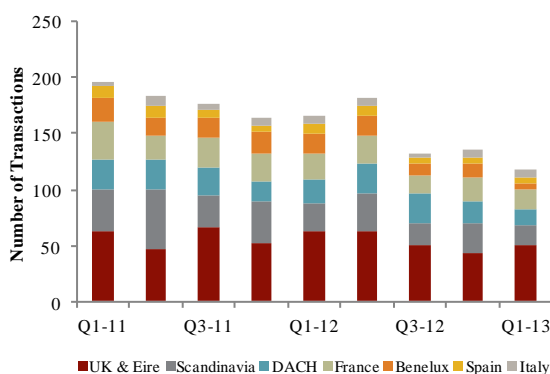
Notes: (1) Based on HW&Co. indices including the most relevant Aerospace, Defence, & Government Services companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Business Services Equity Markets¹

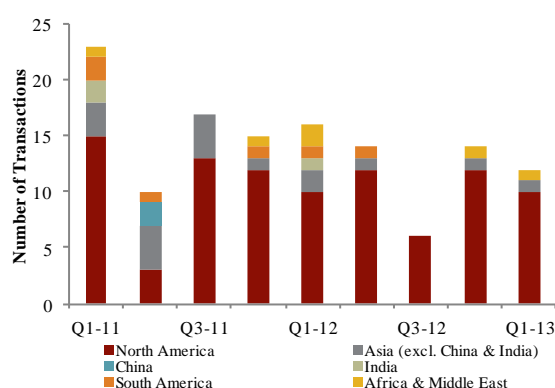
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	10.1%	4.9%	5.6%	(5.7%)	1.3%	14.1%	15.8%
Cash on Balance Sheet (€ bn)	4.0	7.7	4.3	136.9	19.2	0.1	NM
Net Debt / LTM EBITDA Multiple	1.2x	1.7x	1.0x	7.0x	3.8x	2.5x	2.2x
LTM EBITDA Multiple	8.8x	7.0x	8.8x	10.7x	9.9x	9.6x	9.8x
Change since last quarter	0.7x	(0.4x)	0.6x	0.7x	1.7x	2.0x	1.9x
LTM EBITDA Margin	10.1%	10.2%	5.9%	7.8%	6.3%	4.2%	9.1%
Consensus 2Yr Fwd Revenue Growth (p.a.)	5.9%	6.3%	5.5%	5.8%	5.0%	9.0%	5.9%

European Business Services Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Business Services M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Enterprise Group Holdings	UK	Amey	UK	Infrastructure Services	445
SOCOTEC	FR	Cobepa S.A. et al	BE	Consulting Services	NA
Thomsons Online Benefits	UK	ABRY Partners	US	Business Process Outsourcing	NA
Newsfax	UK	Financial Times	UK	Printing Services	NA
Thyssenkrupp Services	UK	Voith Industrial Services	UK	Maintenance Services	NA
Banco Popular Esp. Debt Recovery	ES	Lydeco Inversiones	ES	Financial Services	135
Application Solutions	UK	Continental	DE	Consulting Services	NA
Televida Servicios Sociosanitarios	ES	Tunstall Iberica, S.A.	ES	Support Services	33
Citation	UK	ECI Partners	UK	Professional Services	NA

Market Observations

- Many UK outsourced service providers, including Capita, are beginning to see improved financial performance as government outsourcing from austerity programs begins to take effect
- Positive BPO trends continued in Germany and Switzerland, as 72% of respondents in KPMG's Service Provider Study indicated that they would either increase or maintain their current outsourcing levels in 2013
- Stagnant growth in the legal services sector has prompted legal firms to look internationally for growth opportunities. 50% of the top 10 UK law firms in PwC's Annual Law Firms study indicated that they anticipate merging with or acquiring an international law firm in the next three years
- The UK's service sector showed signs of resurgence, growing at its fastest pace in seven months in March according to monthly PMI data
- Management moves³: Loomis

Source: S&P CapitalIQ

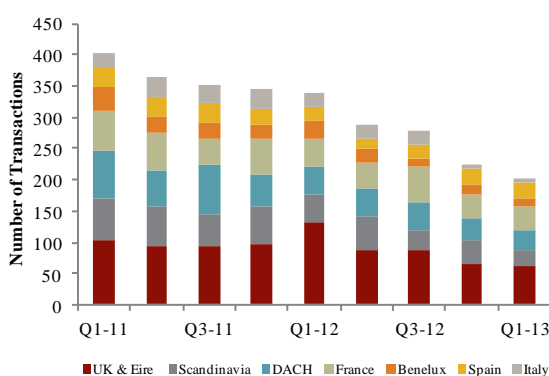
Notes: (1) Based on HW&Co. indices including the most relevant Business Services companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Consumer Equity Markets¹

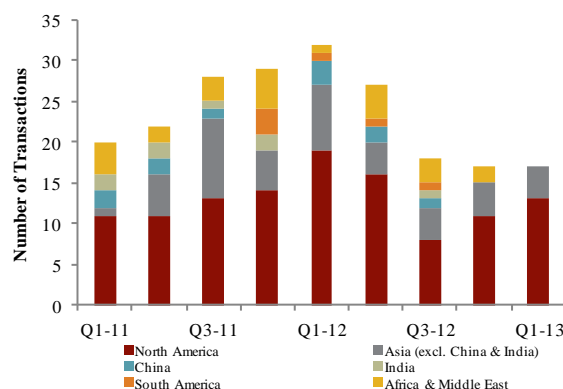
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	11.6%	9.0%	9.3%	(0.3%)	13.4%	13.9%	9.6%
Cash on Balance Sheet (€ bn)	19.6	30.8	23.0	4.7	3.8	NM	NM
Net Debt / LTM EBITDA Multiple	1.6x	1.4x	1.4x	2.9x	2.3x	1.7x	2.6x
LTM EBITDA Multiple	8.9x	7.3x	8.9x	9.0x	7.6x	8.8x	9.5x
<i>Change since last quarter</i>	0.6x	0.2x	0.2x	(1.1x)	(0.4x)	0.5x	0.2x
LTM EBITDA Margin	12.6%	10.0%	10.4%	16.4%	10.1%	11.8%	8.5%
Consensus 2Yr Fwd Revenue Growth (p.a.)	5.0%	6.0%	7.1%	7.1%	8.5%	6.6%	6.4%

European Consumer Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Consumer M&A Deals

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
D.E. Master Blenders 1753		Joh. A. Benckiser		Beverage	7,694
ICA		Hakon Invest		Food Retail	3,602
CSM (Bakery Supplies)		Rhone Capital		Processed Food	1,050
Harry Winston (Watch and Jewellery)		Swatch Group		Jewellery	747
Copeinca		Cermaq		Processed Food	613
Klemme		ARYZTA		Processed Food	280
Philips (Lifestyle Entertainment)		Funai Electric		Consumer Electronics	150
Lornamead Group		Li & Fung		Personal Products	142
Adler Modemärkte		Blitz 13-310		Apparel	142
Giraffe		Tesco		Restaurants	56
Fever-Tree		LDC		Beverage	55

Market Observations

- For the first time in 15 months, the UK saw a rise in price of non-food goods with non-food inflation at 0.2% in March, compared with 0.4% deflation in February
- EU food and drink production was down 0.4% in Q4 2012 but EU exports are expected to be driven by milk and dairy to emerging markets and help to sustain commodity prices
- The UK high street is undergoing significant restructuring with major players, such as HMV, Dreams, Republic and Blockbusters, being bought out from administration
- Joh. A. Benckiser has acquired D.E. Master Blenders for €7.6 billion, representing a 30.1% 1-day premium
- Moleskine launched its initial public offering on the Italian stock market, valuing the business at €488 million
- Tesco has announced that it is exiting its loss-making US chain of Fresh & Easy resulting in a write-down of £1.2 billion, while continuing plans to broaden its offering after its acquisition of Giraffe and investment in Harris + Hoole and Euphorium
- Management moves³: Britvic, Burberry, Premier Foods, Puma, Reckitt Benckiser, Wiggle and X5 Retail

Source: S&P CapitalIQ

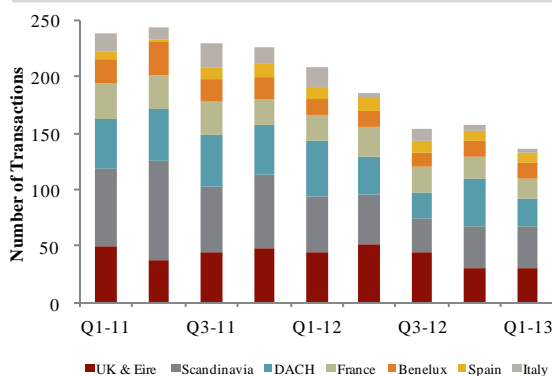
Notes: (1) Based on HW&Co. indices including the most relevant Consumer companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Diversified Industrials Equity Markets¹

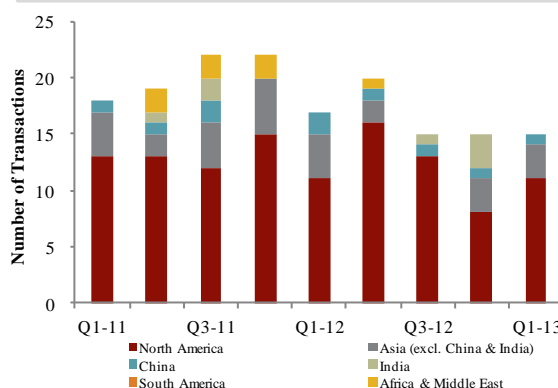
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	15.6%	9.0%	13.7%	0.1%	10.5%	10.3%	17.0%
Cash on Balance Sheet (€ bn)	6.3	24.9	30.1	10.6	9.9	0.1	NM
Net Debt / LTM EBITDA Multiple	1.3x	1.6x	1.5x	5.0x	3.5x	1.5x	2.1x
LTM EBITDA Multiple	8.7x	7.0x	8.4x	7.9x	7.4x	8.4x	9.4x
<i>Change since last quarter</i>	1.0x	0.3x	0.5x	0.7x	(0.3x)	0.2x	0.9x
LTM EBITDA Margin	11.1%	10.0%	9.2%	10.7%	10.7%	10.6%	10.0%
Consensus 2Yr Fwd Revenue Growth (p.a.)	4.8%	5.4%	6.9%	4.2%	5.7%	6.1%	6.0%

European Diversified Industrials Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Diversified Industrials M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Impregilo		Salini Costruttori		Infrastructure	1,054
May Gurney Integrated Services		Costain Group		Infrastructure Services	291
Bergen Group Rosenberg		WorleyParsons		Engineering Services	119
Johnson Controls		Saft Groupe		Electronic Components	111
Pims Group		Xylem		Waste Water Services	44
Schischek Explosionsschutz		Rotork		HVAC Electric Products	42
FTL Seals Technology		Precision Polymer		Engineered Seals	28
Liquid Gas Equipment		Babcock International		HVAC Control Systems	27

Market Observations

- Alcoa started the US earnings season, reporting decreased revenues but improved profitability. The Company reaffirmed its global outlook as “solid”, with world aluminium demand growing 7% during 2013, primarily driven by Chinese growth and expansion of the US economy
- Industrial output in the Euro-area expanded more than economists expected in February, a sign that the economy is beginning to emerge from a recession. Factory output from the 17-nations included rose 0.4% from January, up more than 0.2% than projections. Year-over-year output fell 3.1%
- In light of a 2.6% slowdown in March car sales by Volkswagen and weak demand for steel in Europe reported by Alcoa, analysts do not foresee any strong pick-up in European Industrial earnings
- Global private equity firm KKR acquired Gardner Denver, the industrial machinery manufacturer, for €2.86bn, implying 9.1x 2013E EBITDA
- Management moves³: Sulzer Ltd., Demag Cranes AG, Peab AB, Royal Imtech N.V.

Source: S&P CapitalIQ

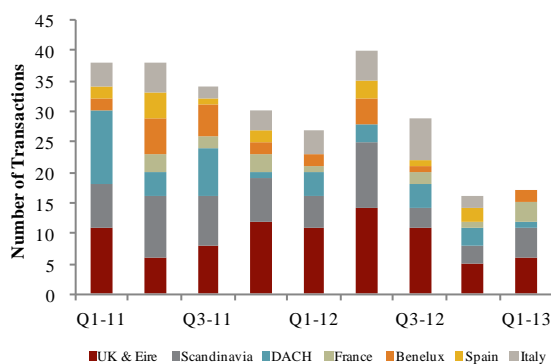
Notes: (1) Based on HW&Co. indices including the most relevant Diversified Industrials companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Energy & Power Equity Markets¹

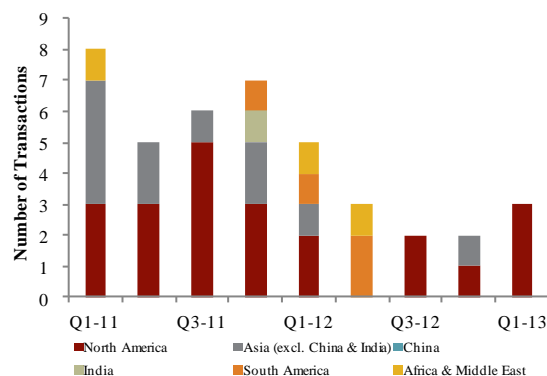
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	0.4%	1.9%	1.3%	7.2%	2.4%	10.7%	2.8%
Cash on Balance Sheet (€ bn)	21.8	29.9	7.8	14.4	16.7	0.1	0.0
Net Debt / LTM EBITDA Multiple	0.9x	0.9x	1.5x	3.5x	2.2x	6.5x	2.3x
LTM EBITDA Multiple	6.8x	4.9x	7.4x	7.1x	6.2x	10.6x	7.0x
<i>Change since last quarter</i>	(0.3x)	(1.0x)	0.5x	(0.1x)	(1.4x)	0.7x	(0.8x)
LTM EBITDA Margin	18.6%	17.2%	15.3%	21.0%	14.0%	33.7%	34.4%
Consensus 2Yr Fwd Revenue Growth (p.a.)	22.9%	10.6%	5.3%	2.5%	0.7%	6.0%	9.6%

European Energy & Power Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Energy & Power M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Ramco Oil Services	UK	LDC	UK	Exploration and Production	NA
DEEPSEA Group	UK	McDermott International	USA	Subsea Services	NA
Hydrasun	UK	Investcorp	UK	Process Control	NA
Cosalt Offshore And GTC Holdings	UK	Aberdeen Tool Rental	UK	Offshore Services	NA
Carmot Seismic and Carmot Processing	Denmark	Spectrum	Denmark	Seismic Products and Services	NA
Napier Turbochargers	UK	Wabtec	USA	Oilfield Equipment	NA
Enovate Systems	UK	Aker Solutions	Denmark	Oilfield Services	NA
Fluxys & Co.	Belgium	GDF Suez	France	Oil and Gas Infrastructure	70

Market Observations

- Generalist private equity groups continued to seek exposure to the energy sector with Investcorp acquiring Hydrasun, a leading manufacturer of fluid control equipment for offshore Oil & Gas
- Gazprom and Shell agreed to jointly develop Russia's Arctic Shelf, a sign of increasing activity in the European Arctic shelf. This trend stands in stark contrast North America, as ConocoPhillips and Statoil announced they would not pursue rich fields off the coast of Alaska due to US environmental regulations
- Coal has continued its comeback in Europe, accounting for an increasingly large percent of energy production due to the decreasing popularity of nuclear power, ineffective cap and trade measures, and rising gas prices
- GE Oil & Gas transformed the competitive landscape of the artificial lift sector with its \$3.3 billion acquisition of Lufkin Industries in April 2013. Investors speculate that Switzerland-based Weatherford, a major competitor in rod lift, could be the next major acquisition target in the sector
- Management moves³: Fortum, SSE, and Verbund

Source: S&P CapitalIQ

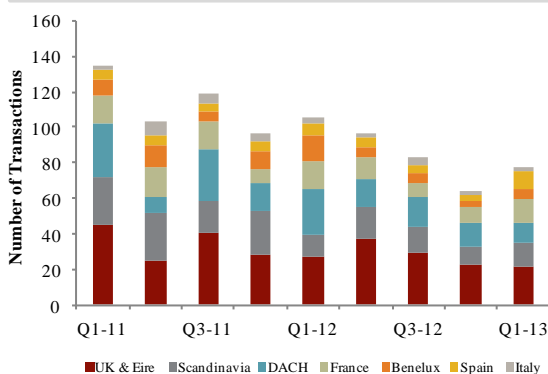
Notes: (1) Based on HW&Co. indices including the most relevant Energy & Power companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Healthcare & Life Sciences Equity Markets¹

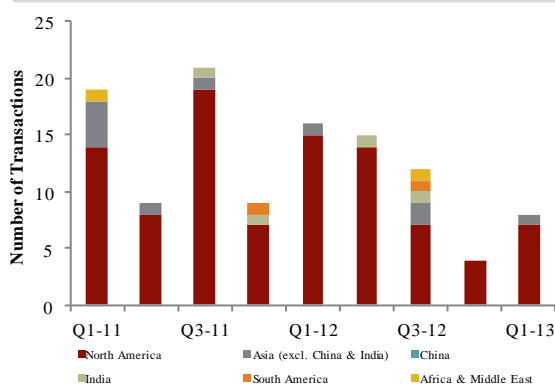
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	5.2%	5.1%	10.9%	9.7%	1.9%	15.2%	13.8%
Cash on Balance Sheet (€ bn)	12.7	6.9	12.9	0.5	0.3	0.1	NM
Net Debt / LTM EBITDA Multiple	1.4x	0.6x	1.7x	1.7x	0.8x	2.7x	0.9x
LTM EBITDA Multiple	10.5x	8.6x	10.4x	13.5x	8.4x	11.4x	11.4x
<i>Change since last quarter</i>	0.3x	0.2x	1.2x	2.2x	(0.1x)	0.3x	0.6x
LTM EBITDA Margin	19.1%	11.9%	13.3%	16.9%	12.5%	9.4%	15.8%
Consensus 2Yr Fwd Revenue Growth (p.a.)	12.1%	12.5%	8.5%	9.9%	9.5%	9.6%	10.3%

European Healthcare & Life Sciences Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Healthcare & Life Sciences M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Elan Corporation	🇮🇪	RP Management	🇺🇸	Biotechnology	4,971
Spire Healthcare	🇬🇧	Och-Ziff Capital Management Group	🇺🇸	Healthcare Facilities	836
Permobil	🇸🇪	Investor AB	🇸🇪	Equipment	660
Heraeus Kulzer	🇩🇪	Mitsui & Co	🇯🇵	Equipment	450
HemoCue	🇸🇪	Radiometer Medical	🇩🇰	Equipment	228
Oasis Healthcare	🇬🇧	Duke Street	🇬🇧	Services	219
Rosemont Pharmaceuticals	🇬🇧	Perrigo	🇺🇸	Pharmaceuticals	211
Neurelec	🇫🇷	William Demant Holding	🇩🇰	Equipment	58
Vets4Pets	🇬🇧	Pets At Home Group	🇬🇧	Services	47
UK Specialist Hospitals Ltd.	🇬🇧	Care UK	🇬🇧	Services	28

Market Observations

- The private sector's role in UK healthcare is set to expand as the amount the NHS spent on buying care from the private sector increased by more than 10% last year
- Roche posted a 6% increase in revenues, boosted by sales of its cancer drugs and Tamiflu, saying it expected sales and earnings to continue to rise this year
- Life Technologies shares rose after a \$12 billion bid from a private-equity consortium which includes KKR, Blackstone, Temasek, TPG Capital and Carlyle
- Cardinal Health acquired AssuraMed, a leading provider of medical supplies to patients in-home, for \$2.1 billion
- Management moves³: Roche, Dechra Pharmaceuticals, EMIS Group PLC, Swedish Orphan Biovitrum AB

Source: S&P CapitalIQ

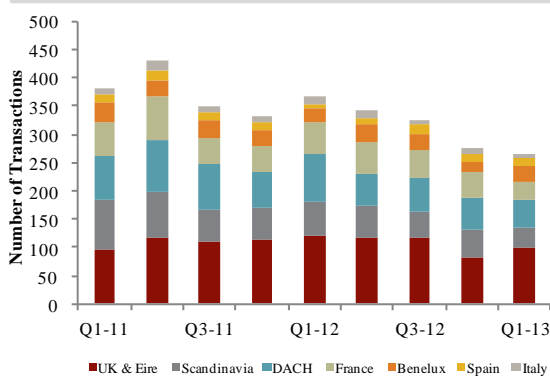
Notes: (1) Based on HW&Co. indices including the most relevant Healthcare & Life Sciences companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Technology, Media & Telecom Equity Markets¹

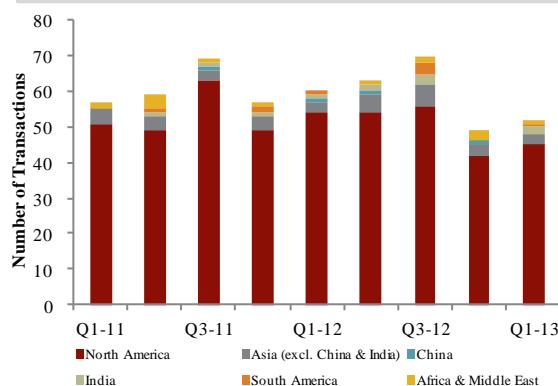
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	14.5%	3.9%	7.3%	1.5%	(0.7%)	7.5%	9.7%
Cash on Balance Sheet (€ bn)	17.1	22.0	13.9	8.6	7.2	10.6	NM
Net Debt / LTM EBITDA Multiple	1.4x	1.2x	1.3x	2.9x	3.0x	1.7x	1.0x
LTM EBITDA Multiple	10.2x	6.7x	8.5x	12.5x	7.5x	8.8x	7.6x
<i>Change since last quarter</i>	0.8x	0.5x	0.6x	4.1x	(0.5x)	1.1x	0.4x
LTM EBITDA Margin	17.9%	12.3%	11.4%	7.3%	10.6%	18.1%	11.5%
Consensus 2Yr Fwd Revenue Growth (p.a.)	7.4%	8.2%	7.4%	6.8%	5.0%	7.6%	7.1%

European Technology, Media & Telecom Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Technology, Media & Telecom M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Virgin Media		Liberty Global		Media	17,976
Cerved Group		CVC Capital		Software	1,130
Parlophone Records		Warner Music Group		Media	570
Ogone		Ingenico		IT Services	360
Wireless Infrastructure Group		Wood Creek Capital		Telecom	180
SF Bio		Finnkino		Media	145
Computer Software Holdings		Advanced Computer Software Group		Software	126
FFastFill		Pattington		IT Services	121
ID&T		SFX Entertainment		Media	105
Northgate Managed Services		Capita		IT Services	76
Arieso		JDS Uniphase		Software	65
Mendeley		Elsevier		Software	NA

Market Observations

- Facebook and Google were the most active acquirers in the TMT sector during 2012, as both firms continue their strategy of buying up smaller startups to help expansion beyond their core businesses
- UK B2C e-commerce sales grew 14.4% to £77 billion in 2012 and are expected to grow 13.4% to £88 billion, representing over a third of Western European B2C e-commerce sales
- Global mobile ad spend more than doubled last year to \$8.4 billion, with high growth set to continue through to 2016, when the market will be worth approximately \$37 billion
- Blackstone has withdrawn its \$25 billion offer for Dell, citing declines in the PC market, leaving Silver Lake and Michael Dell's \$24 billion proposal and Carl Icahn's majority stake proposal running in close contest
- In February 2013, Genpact acquired JAWOOD, a provider of BPO solutions, in a HW&Co. process
- Dish Network has announced the acquisition of Sprint Nextel, the US wireless communications provider, for \$21.1 billion, representing a 12.5% 1-day premium
- Management moves³: Accenture, Alcatel-Lucent, Archos, BBC, Logitech, TalkTalk and Wolters Kluwer

Source: S&P CapitalIQ

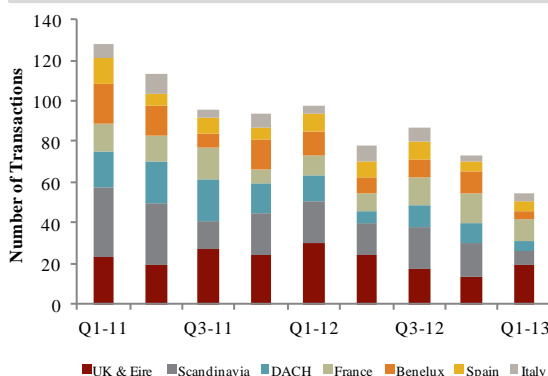
Notes: (1) Based on HW&Co. indices including the most relevant Technology, Media & Telecom companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

European Transportation & Logistics Equity Markets¹

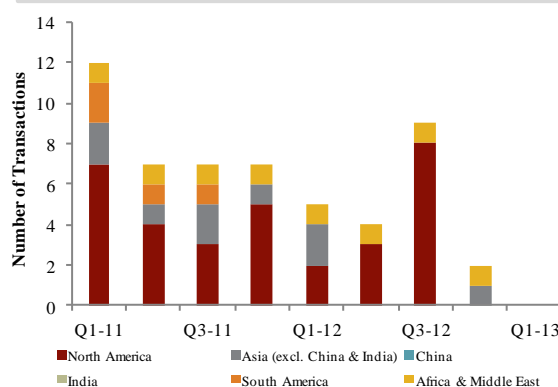
	UK and Eire	France	DACH	Spain	Italy	Benelux	Scandinavia
Price Change since last quarter	3.9%	6.4%	1.5%	10.5%	3.3%	1.9%	10.0%
Cash on Balance Sheet (€ bn)	4.4	18.5	44.4	4.6	18.7	0.1	NM
Net Debt / LTM EBITDA Multiple	2.1x	2.4x	2.9x	5.9x	2.6x	2.7x	3.8x
LTM EBITDA Multiple	8.0x	8.4x	7.9x	11.6x	8.9x	10.0x	8.5x
<i>Change since last quarter</i>	1.9x	0.1x	1.0x	2.1x	1.5x	(1.1x)	2.4x
LTM EBITDA Margin	11.0%	6.9%	14.5%	12.1%	19.0%	7.3%	8.5%
Consensus 2Yr Fwd Revenue Growth (p.a.)	5.0%	6.6%	5.6%	9.7%	7.4%	4.7%	6.3%

European Transportation & Logistics Middle-Market M&A Activity²

M&A Deals by Country of Target



Acquisitions by Non-European Buyers



Selected European Transportation & Logistics M&A

Target	Country	Acquirer	Country	Sub Sector	EV (€m)
Gemina	Italy	Atlantia	Italy	Airport Services	3,108
Stansted Airport	UK	Manchester Airports Group	UK	Airport Services	1,790
Çelebi Holding (50% stake)	Turkey	Zeus Aviation Services	Netherlands	Airport Services	192
Veolia Transdev SA (Eastern European Bus Services)	Czech Republic	Deutsche Bahn Aktiengesellschaft	Germany	Trucking	150
FirstGroup (5 Garages)	UK	Metroline	UK	Trucking	67
FRANCO VAGO	Italy	Nippon Express (Europe)	Germany	Freight Transport	44
European Cargo Services SA	France	Alpha Group	France	Freight Transport	NA
Seatainers Group A/S	Denmark	DSV A/S	Denmark	Warehousing	NA
Unifeeder	Denmark	Nordic Capital	Sweden	Freight Transport	NA

Market Observations

- Global Infrastructure Partners acquired a 35% stake in Terminal Investment, a Netherlands-based international port terminal operator, from MSC Mediterranean for \$1.9 billion
- UPS has appealed to the European Court of Justice regarding decision of the European Commission to block UPS' acquisition of TNT Express
- Virgin Atlantic is preparing to hold talks for a joint venture with Air France-KLM and Alitalia that would allow it to offer more flights to Asia, the Middle East and Africa
- American Airlines and US Airways Group announced a merger agreement, creating a leading global carrier with a combined value of c.\$11 billion
- The airline sector saw further consolidation in Europe, with Korean Air agreeing to acquire a 44% stake in Czech Airlines, Vueling Airlines' board approving IAG's revised offer and All Nippon Airways (Japan) reportedly considering investment in airBaltic (Latvia)
- Management moves³: Air France-KLM, Finnair Oyj, Iberia, Kuehne + Nagel, TNT Express

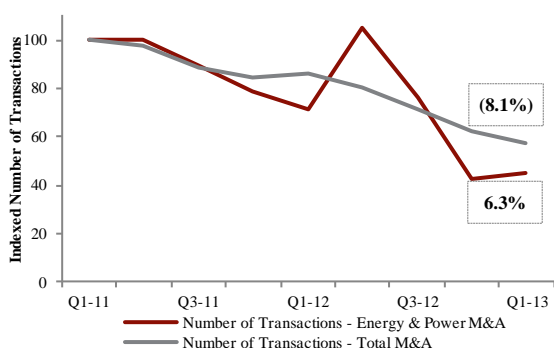
Source: S&P CapitalIQ

Notes: (1) Based on HW&Co. indices including the most relevant Transportation & Logistics companies for each country; (2) Includes transactions with a deal value between €25m and €650m and all non disclosed value deals with target based in the UK, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, The Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland); (3) Resignation or appointment of CEO, CFO or Chairman

Review of Energy & Power Sector

- Energy and Power was one of the few bright spots in European middle market M&A in Q1 2013, with volumes rising 6.3% vs. Q4 2012
- Following a trend seen in 2012, non-Energy and Power strategic and private equity groups have continued to seek exposure to the sector:
 - Curtiss Wright acquired Cimarron in an HW&Co. process during 2012, Phönix Group, a valve manufacturer for Oil & Gas as well as Exlar Corporation, manufacturer of parts for motion control applications for Oil & Gas during Q1 2013
 - Investcorp acquired Hydrasun, a leading manufacturer of fluid control equipment for offshore Oil & Gas during Q1 2013
- Energy and Power focused strategics remain strong acquirers, with GE Oil & Gas acquiring Lufkin Industries for \$3.3 billion in April 2013
- On average, non-European buyers have prevailed in over 15% of European middle market Energy & Power transactions since 2011, demonstrating the global nature of the market
 - The share of non-European buyers dipped during Q2 and Q3 2012, but has returned to above the historic average in Q1 2013
- HW&Co's Energy and Power team witnessed exceptional transactional flow during 2012, with 16 transactions closed. Our momentum in the sector continues, with a number of live transactions and we continue to see significant investor appetite in the sector

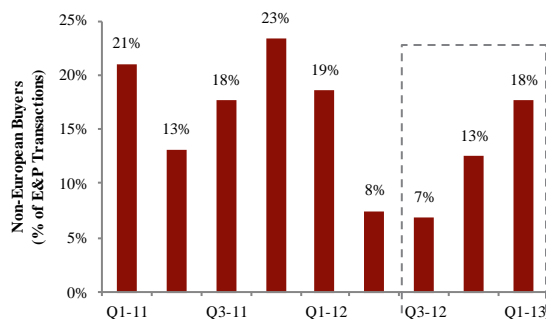
European Energy & Power vs. Total M&A



Source: S&P Capital IQ

Note: Includes closed M&A transactions of majority stakes only, where deal value was undisclosed or between €25m – €650m, within the United Kingdom, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, the Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland)

Non-Euro Buyers as a Percentage of European E&P M&A



Source: S&P Capital IQ

Note: Includes closed M&A transactions of majority stakes only, where deal value was undisclosed or between €25m – €650m, within the United Kingdom, Eire, France, DACH (Germany, Austria, Switzerland), Spain, Italy, Benelux (Belgium, the Netherlands, Luxembourg) and Scandinavia (Denmark, Norway, Sweden and Finland)

HW&Co. Selected Recent Energy & Power Transactions

Chromalox
PRECISION HEAT AND CONTROL
a portfolio company of
Sentinel
SPECIAL SERVICES
has been acquired by
IRVING PLACE CAPITAL

Ameriforge
a portfolio company of
Tanglewood Investments, Inc.
has been acquired by
FIRST RESERVE CAPITAL PARTNERS

CIMARRON
CIMARRON ENERGY INC.
a portfolio company of
LINX PARTNERS
has been acquired by
CURTISS WRIGHT

RECON
a portfolio company of
LINDSAY GOLDBERG
has been acquired by
CPI Energy Ventures

Gulfo
a portfolio company of
IOOP
INDUSTRIAL OPPORTUNITY PARTNERS
has been acquired by
ALTUS PARTNERS

Master
a portfolio company of
The Stephens Group
has been acquired by
ZACHRY

Pine Environmental Services, Inc.
a portfolio company of
RAF INDUSTRIES
has been acquired by
SAW MILL CAPITAL

IPS
INDUSTRIAL PARTNERS SERVICES
a portfolio company of
Riverside
has been acquired by
ODYSSEY INVESTMENT PARTNERS, LLC

CASEDHOLE SOLUTIONS
a portfolio company of
INTERVALE CAPITAL
has been acquired by
G

SEABOARD
a portfolio company of
INDUSTRIAL GROWTH PARTNERS
has been acquired by
WEIR

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