

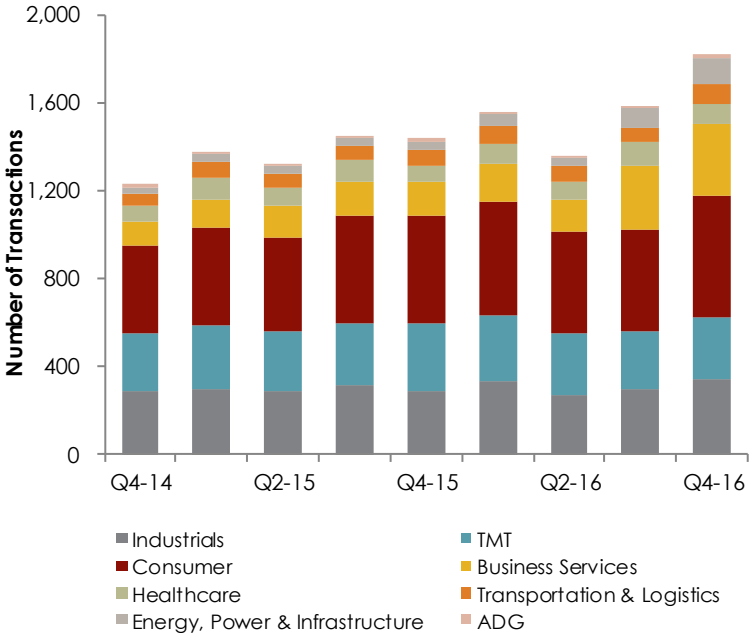


EUROPEAN UPDATE

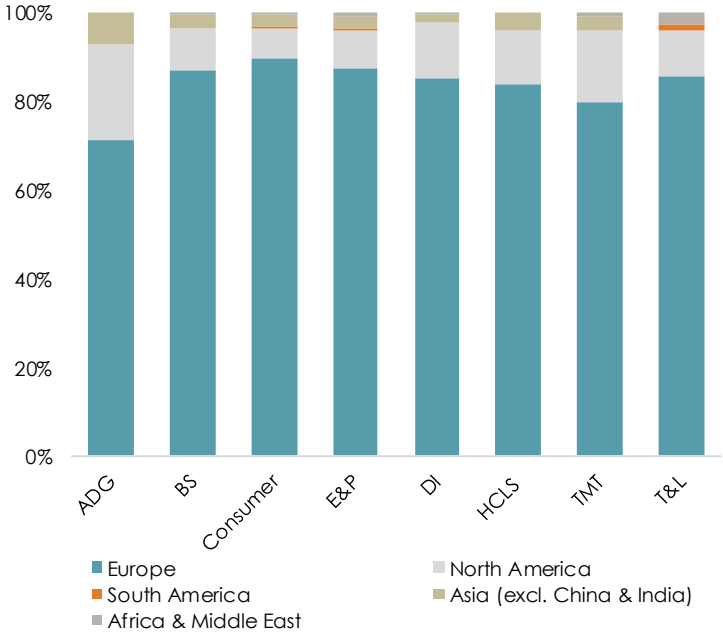
MARKET OBSERVATIONS

- European middle market M&A activity increased by 14.6% in Q4 2016, compared to Q3 2016, while overall transaction volumes grew by 26.5% Y-o-Y
- Consumer, Industrials and Business Services have been the three most active sectors, accounting for approximately 30.7%, 18.7% and 17.6% of total deal volume, respectively
- Strategic investors continued to be active and represented 87% of acquirers during Q4 2016

MIDDLE MARKET M&A ACTIVITY – BY SECTOR¹



Q4-16 BUYER BY REGION¹



- International inbound M&A volume into Europe increased by 7.7% compared with Q3 2016 with 252 closed transactions
- North American groups accounted for 76% of transactions completed relative to non-European buyers, up from 74% in Q3 2016, closing 191 transactions in the quarter
- GDP rose by 0.3% in the Eurozone and by 0.4% in the EU28 during Q3 2016. On a Y-o-Y basis, GDP rose by 1.6% and 1.8% in the Eurozone and the EU28, respectively
- Business activity in the Eurozone has maintained a positive trend with a PMI reading of 54.4 in December 2016, a slight increase from 53.5 in September 2016

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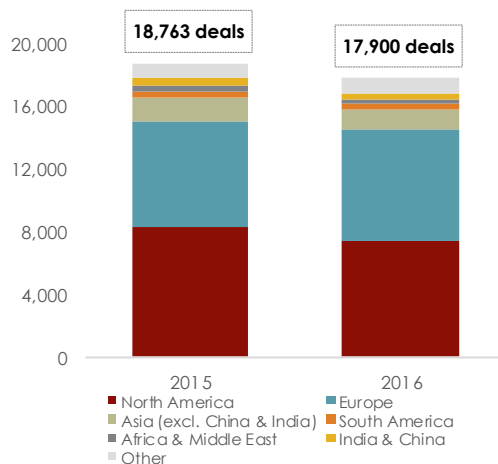
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REVIEW OF 2016 EUROPEAN MIDDLE MARKET

REVIEW OF 2016 EUROPEAN MIDDLE MARKET M&A

- HW&Co. saw another strong year in 2016 across the globe, representing clients headquartered in numerous countries, including The Netherlands, Germany, UK and US. In Europe, HW&Co. completed transactions in multiple sectors including Consumer, Industrials and TMT
- Our momentum continues in 2017, with a significant deal pipeline suggesting a positive outlook for middle market M&A activity in 2017
- With 6,326 deals, up from 5,591 in 2015, European middle market M&A grew 13.1%, contrasting a 4.6% decrease in global deal volume
- A closer look at the sector breakdown demonstrates that deal activity in Europe increased across most sectors in 2016, with only TMT showing a decline. Consumer, Industrials and TMT remained the most active sectors overall
- Globally, Europe increased its share of middle market M&A activity in 2016 representing 35.3% up from 29.8% in 2015
 - US share of the global market softened to 41.4% in 2016, relative to 44.4% in 2015
- European inbound M&A reached a new record value in 2016, with \$410.7 billion in deal value announced, representing an increase of 35.6% relative to \$302.9 billion 2015. There was a record 11 deals valued over \$10 billion announced, with deals such as Softbank / ARM and Tyco / Johnson Controls, resulting in the highest recorded average deal size of \$651 million¹

GLOBAL MIDDLE MARKET M&A ACTIVITY



"2016 was an interesting year for M&A, marked by significant political uncertainty due to Brexit and the US election. However, deal volume and value remained strong," said **Ed Arkus**

Thierry Monjauze added, "Barring any significant macro shifts, we expect an active market similar to H2 2016."

SELECTED HW&CO. 2016 TRANSACTIONS

Consumer	TMT	Industrials	Healthcare	Business Services
<p>LEISURE PASS GROUP a portfolio company of PRIMARY has been acquired by exponent City Attraction Passes</p>	<p>a majority stake in exocad has been acquired by THE CARLYLE GROUP Dental CAD/CAM Solutions</p>	<p>AWEBA Group has been acquired by SCHULER Forming Equipment Manufacturer</p>	<p>ICON EYECARE has been acquired by CORTEC Group Medical Eye Care Services</p>	<p>clearlink a portfolio company of PAMILICO CAPITAL has been acquired by SYKES Customer Acquisition Services / Solutions</p>
<p>F Fitness First a portfolio company of OAKTREE has been acquired by DW FITNESS CLUBS UK Fitness Clubs</p>	<p>LDC has acquired mitrefinch Time & Attendance Software</p>	<p>FOLLETT has been acquired by THE HADLEY CORPORATION Refrigeration Products Manufacturer</p>	<p>LAKEVIEW HEALTH a portfolio company of TRINITY HUNT PARTNERS has been acquired by Riverside Substance Abuse Treatment</p>	<p>inventus a portfolio company of CLEARLAK CAPITAL has been acquired by RPX RATIONAL PARTNER Legal Process Services / Solutions</p>
<p>MERCER FOODS a portfolio company of Frontenac has been acquired by Q Frozen Food Products</p>	<p>wellcentive a portfolio company of Summit Partners has been acquired by PHILIPS Health Management Software</p>	<p>BREEZE EASTERN has been acquired by TRANSDIGM GROUP INC. Aircraft Component Manufacturer</p>	<p>ALCOA a division of ALCOA has been acquired by lisi Medical Components Manufacturer</p>	<p>Prosci a portfolio company of BOW RIVER CAPITAL PARTNERS has been acquired by LEEDS Equity Partners Change Management Capabilities</p>
<p>Swimways has been acquired by SPIN MASTER Recreational Products Importer</p>	<p>WORKPLACE a portfolio company of LDC has been acquired by WorkForce SOFTWARE a portfolio company of INSIGHT PARTNERS Workforce Management Software</p>	<p>GENERATION BRANDS a portfolio company of QUAD-C has been acquired by AEA Lighting Products Designer</p>	<p>WIL RESEARCH has been acquired by charles river Non-Clinical Safety Assessments</p>	<p>system one a portfolio company of MID OCEAN PARTNERS has received significant investment from THL PARTNERS Specialised Workforce Solutions</p>

OUR FIRM

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