



# Quarter 2 2017 U.S. Market M&A Update

*Foreign equity markets posted strong gains for a second quarter in a row. A weaker dollar in Q2 supported returns in most developed markets. Both developed and emerging markets' equities benefited as international corporate earnings continued to expand, following several years of profit recession. International equities are more attractive due to its lower valuation. Growth and large-cap stocks in the U.S. continued to outpace other U.S. equity category in Q2 due to their exposure to the improving world economy.*

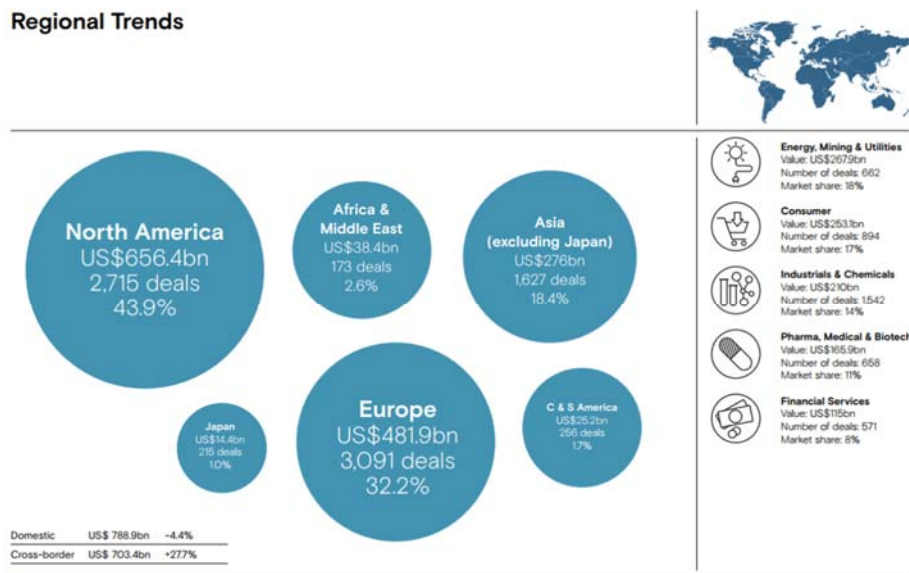
Global expansion continued at a moderate pace through Q2 2017. With inflation decelerating amid weaker oil prices, most asset markets experienced unusually low volatility during the period. The steady economic backdrop, combined with global monetary accommodation, supported a relatively tranquil environment for the quarter. The Federal Reserve Chairwoman delivered an upbeat message about the American economy to Congress on July 12<sup>th</sup>, emphasizing the strength of job growth and indicating that the Fed remained on course to begin unwind its balance sheet this fall. The Dow Jones Industrial Average improved 3.4%, the S&P 500 increased 2.7%, while the NASDAQ gained by 4.2 %.

## M&A Activity Overview

Global M&A activity reached \$1.5 trillion in volume in the first half of 2017. There were 8,077 transactions, which is 1,092 less deals but an 8.4% increase in value compared to last year.

North American had the highest value with \$656.4 billion, accounting for 43.9% of all global activity. Europe had the second largest deal value at \$481.9 billion, which represents 32.3% of the global value and a 30% increase year over year. Asia-Pacific took the third place with \$276 billion, making up 18.5% of the global value.

### Regional Trends



More than 40% of the M&A value in North America is from deals in the Energy, Mining & Utilities and the Consumer sectors. There were 258 deals in the Energy, Mining & Utilities sector valued at \$155.5 billion, as the smart money is betting on commodity prices rising in the near future. This sector has been very active despite the recent fall in the price of oil. The largest



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transaction of this sector is the US-based natural gas provider EQT's acquisition of Rice Energy for \$7.6 billion, which will create a leader in the area of shale gas development.

One of the notable deals in the Consumer sector is Amazon's \$13.4 billion acquisition of Whole Foods Market. This is a bold move by Amazon to continue its expansion in the grocery market. It is expected to utilize its logistics technology and online platform, joining with Whole Foods' 431 retail locations and customer base, to establish itself as a formidable player in the sector.

Pharma, Medical & Biotech had 266 deals valued at \$99.9 billion. Mars's \$8.8 billion purchase of pet healthcare provider VCA is one of the top deals in this sector. The deal atmosphere in this sector could go either way given the uncertainty surrounding the healthcare legislation in the U.S. congress.

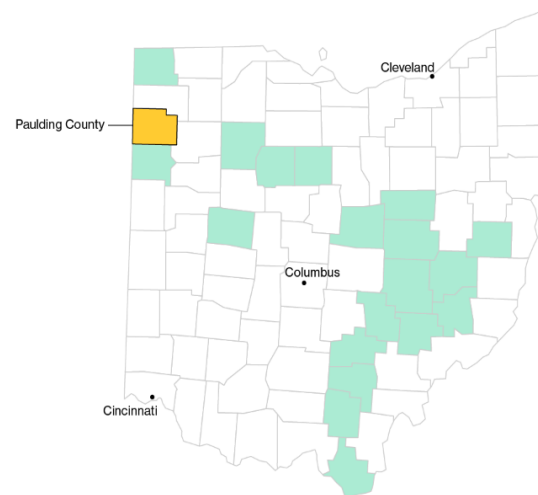
Private Equity firms are on a buying spree, reaching the highest total deal value in a decade. There were 546 Private Equity purchases worth \$110.5 billion compared to 554 deals worth \$82.5 billion in the same period last year. One of most noteworthy buyouts of the year was the US-based Sycamore Partners' buyout of struggling office supply chain Staples for \$6.6 billion. Private Equity exits also increase in value. There were 517 exits totaling \$132 billion in the first half, representing 35 more transactions and an 18.8% increase in value year-over-year.

Source: Mergermarket

### 2018 Marketplace Participation

A few multistate companies have announced that they won't be returning next year. Humana is exiting the individual market in the 11 states where it currently sells plans. Aetna is also leaving the few states where it sold marketplace plans in 2017, but will begin selling marketplace plans in parts of Nevada. Anthem, which sells under the Blue Cross Blue Shield brand, is exiting the marketplace in Ohio, Indiana, Wisconsin and most of Nevada but will continue to sell marketplace plans in several other states. Molina Health will drop out of Wisconsin and Utah. Still, some companies plan to expand their coverage next year. Centene, which sells under brands including Ambetter, Celtic and Health Net, announced in June that it would sell Affordable Care Act plans in three additional states: Kansas, Missouri and Nevada. Ohio has found insurers to offer Obamacare health plans in 19 of 20 counties that had been at risk of having no options for next year, convincing five health insurers to expand in the state. The new expansions will fill gaps left by Anthem and Premier Health Plan's exits. The state is working to find an insurer for Paulding County, which had 334 enrollees this year.

Ohio Counties At Risk of Having No Insurers for 2018  
■ Previously at risk of having no insurer ■ No insurer lined up



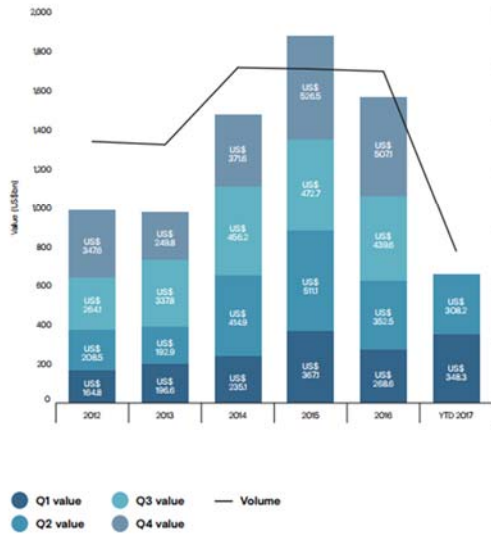
Source: Bloomberg



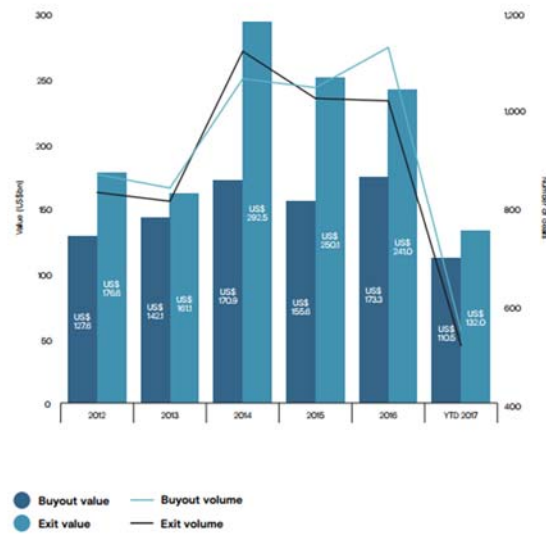
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## M&A Trend Graphs

North America M&A trend



North America private equity trend



## Top 10 Transactions in first half of 2017

Value (US\$m)	Deal details			Dominant sector	Advisor details	
	Announcement date	Target	Bidder		Sell-side	Buy-side
60,567	17-Jan-17	Reynolds American Inc (57.83% Stake)	British American Tobacco Plc	Consumer	FA: Goldman Sachs & Co, JPMorgan; Lazard LA: Jones Day; Moore & Van Allen; Simpson Thacher & Bartlett; Weil Gotshal & Manges; Advising FA: Kirkland & Ellis; Skadden Arps Slate Meagher & Flom	FA: Centerview Partners; Deutsche Bank; UBS Investment Bank LA: Cranath, Swaine & Moore; Herbert Smith Freehills; Advising FA: Davis Polk & Wardwell; Advising Debt Providers: Allen & Overy
23,609	29-Apr-17	C.R. Bard Inc	Becton, Dickinson and Company	Pharma, Medical & Biotech	FA: Goldman Sachs & Co LA: Wachtel, Lipton, Rosen & Katz; Advising FA: Fried Frank Harris Shriver & Jacobson	FA: Cit; Perella Weinberg Partners LA: Skadden Arps Slate Meagher & Flom; Advising Debt Providers: Weil Gotshal & Manges
17,835	10-Feb-17	Mead Johnson & Company	Reckitt Benckiser Group Plc	Consumer	FA: Goldman Sachs & Co; Morgan Stanley LA: Kirkland & Ellis; Advising FA: Cleary Gottlieb Steen & Hamilton	FA: Bank of America Merrill Lynch; Deutsche Bank; HSBC; Robey Warshaw LA: Davis Polk & Wardwell; Linklaters; Advising FA: Clifford Chance; Freshfields Bruckhaus Deringer
17,718	1-Feb-17	ONEOK Partners LP (50% Stake)	ONEOK Inc	Energy, Mining & Utilities	FA: Barclays LA: Andrews Kurth Kenyon; Advising FA: Cleary Gottlieb Steen & Hamilton	FA: JPMorgan; Morgan Stanley LA: Skadden Arps Slate Meagher & Flom; Advising FA: Simpson Thacher & Bartlett
13,464	16-Jun-17	Whole Foods Market Inc	Amazon.com Inc	Consumer	FA: Wachtel, Lipton, Rosen & Katz; Advising FA: Latham & Watkins	FA: Goldman Sachs & Co LA: Blake Cassels & Graydon; Sullivan & Cromwell; Advising FA: Paul Hastings; Advising Debt Providers: Weil Gotshal & Manges
13,240	29-Mar-17	ConocoPhillips (Canadian conventional natural gas assets); and Foster Creek Christina Lake Oil Sands Partnership (50% Stake)	Conoco Energy Inc	Energy, Mining & Utilities	FA: Goldman Sachs & Co LA: King & Spalding; Osler Hoskin & Harcourt; Advising FA: Skadden Arps Slate Meagher & Flom	FA: Barclays; JPMorgan; RBC Capital Markets; TD Securities LA: Bennett Jones; Blake Cassels & Graydon; Paul Weiss Rikind Wharton & Garrison; Advising Debt Providers: Norton Rose Fulbright
11,358	9-Jan-17	Williams Partners LP (32.24% Stake)	Williams Companies Inc	Energy, Mining & Utilities	FA: Evercore Partners LA: Baker Botts; Advising FA: Alvin Gump Strauss Hauer & Feld	FA: Morgan Stanley LA: Gibson Dunn & Crutcher; Advising FA: Shearman & Sterling
10,355	22-May-17	Huntsman Corporation	Clariant AG	Industrials & Chemicals	FA: Bank of America Merrill Lynch; Moelis & Company LA: Stearns & Warren; Kirkland & Ellis; Vinson & Elkins; Advising FA: Paul Weiss Rikind Wharton & Garrison; Shearman & Sterling	FA: Cit; UBS Investment Bank LA: Cleary Gottlieb Steen & Hamilton; Homburger; Advising FA: White & Case
9,050	26-Apr-17	Pharmaceutical Product Development LLC	Abu Dhabi Investment Authority; and GIC Private Limited	Pharma, Medical & Biotech	FA: Centerview Partners; Goldman Sachs & Co; JPMorgan LA: Latham & Watkins; Simpson Thacher & Bartlett	FA: - LA: -
8,792	9-Jan-17	VCA Inc	Mars Incorporated	Pharma, Medical & Biotech	FA: Barclays LA: Alvin Gump; Strauss Hauer & Feld; Borden Ladner Gervais; Potter Anderson & Corroon; Advising FA: Cleary Gottlieb Steen & Hamilton	FA: BDT & Company; Morgan Stanley LA: McDermott Will & Emery; Simpson Thacher & Bartlett; Skadden Arps Slate Meagher & Flom

Source: Mergermarket



*Lawrence, Evans & Co., LLC provides investment banking, finance, and consulting services for small and middle market healthcare, transportation, manufacturing, energy and service companies. We are very active on the buy-side, sell-side, capital raising and turnaround and restructuring.*

**SERVICES**

<p>▪ <b>Investment Banking &amp; Corporate Finance</b></p>	<ul style="list-style-type: none"> <li>-Private Company Sales</li> <li>-Division/Subsidiary Divestitures</li> <li>-Distressed Transaction Advisory</li> <li>-Acquisition Advisory Services</li> <li>- Private Market Financings</li> <li>- LBO's and Recapitalizations</li> </ul>
<p>▪ <b>Turnaround &amp; Restructuring</b></p>	<ul style="list-style-type: none"> <li>-Turnaround Management</li> <li>-Debt Restructuring/Refinancing</li> <li>-Orderly Liquidations</li> <li>- Chief Restructuring Officer (CRO)</li> <li>- Bankruptcy Planning/ 363 Sales</li> <li>- Receivership/Trustee</li> </ul>
<p>▪ <b>Consulting</b></p>	<ul style="list-style-type: none"> <li>-Strategic Options Analysis</li> <li>-Valuations &amp; Financial Assessments</li> <li>-Interim CEO/CFO</li> <li>- Strategic Planning</li> <li>- Organizational Reviews</li> <li>- Expert Testimony &amp; Opinions</li> </ul>

**REPRESENTED TRANSACTIONS**

<p><b>Acute Care Hospital</b> Texas</p> <p><i>Acquisition Capital Private Placement Senior and Sub-Note Working Capital Line</i></p> <p> Acted as advisor</p>	<p><b>Skilled Nursing Facility</b> Michigan</p> <p>\$4,000,000 <i>Cashout Nonrecourse Refinancing Term Note and Revolver</i></p> <p> Acted as advisor</p>	<p><b>Robotic Integrator</b> Midwest</p> <p>\$1,600,000 <i>Growth Capital Term Note</i></p> <p> Acted as advisor</p>
<p><b>Electronic Wholesaler</b> Midwest</p> <p><i>Buy-side search for Geographic Expansion</i></p> <p> Acted as advisor</p>	<p><small>GLOBALNET SOLUTIONS</small> Multi-Specialty Medical Billing Company <i>2012</i> <i>Sale to a Strategic Buyer</i></p> <p> Acted as advisor</p>	<p><b>125 Acres Land</b> California</p> <p>Real Estate \$10,000,000 <i>Bridge and Placement of Acquisition financing</i></p> <p> Acted as advisor</p>

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