PitchBook

# US PE Breakdown

2017 2Q

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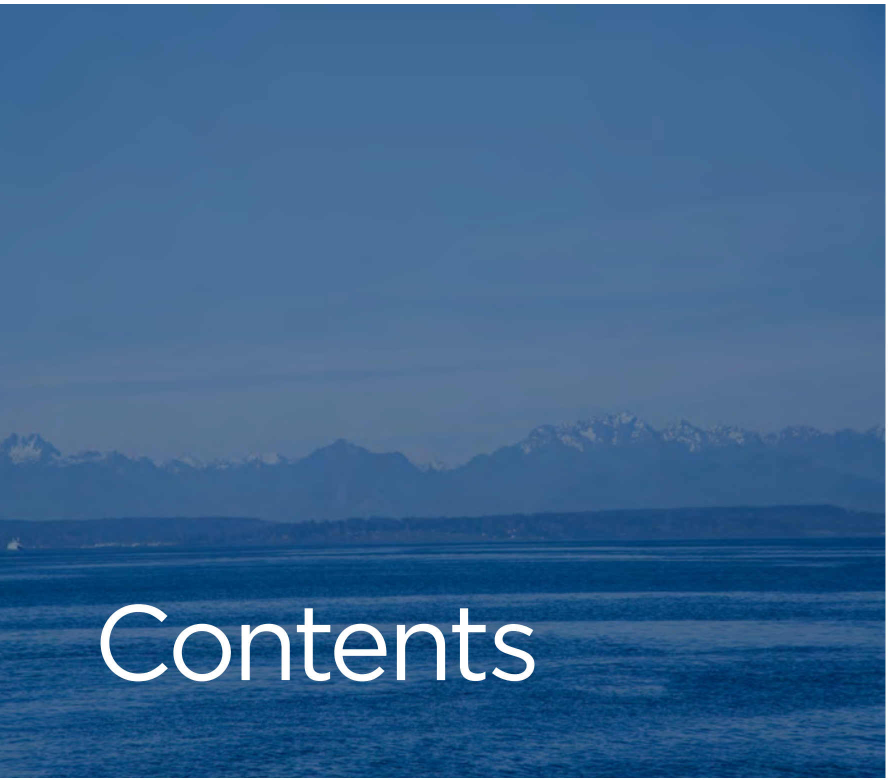

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# US PE BREAKDOWN

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# Introduction

**Key takeaways**

- PE fundraising through June 2017 has mirrored that of the 2007 boom. Capital commitments are on pace to surpass $220 billion, half of which are committed to mega-funds with more than $5 billion in commitments.
- After clocking in at 10.7x in 2016, US M&A EBITDA multiples have regressed slightly in the first half of the year, to 10.5x. Meanwhile, the median debt percentage has increased to 56.3% as high-yield bond spreads reached a three-year low.
- Deal flow held steady in 2Q 2017, though it is still slightly below last year's pace. Across the US, 866 deals were completed, totaling $151.1 billion in value.
- PE exits continued their slowdown with $102.3 billion in exit value over 474 deals. The industry's selling rate appears to be entering a new normal following the sale of excess company inventory from the last recession.

In the following pages, we'll examine each phase of the industry's cycle and investigate the factors most relevant to investors. Beginning this quarter, we've included estimates on top of the usual deal flow data that our readers are accustomed to. Due to the nature of private market data, information often does not become available until well after a transaction takes place, so shifts tend to occur over time. With these new estimates, we aim to provide an even more accurate picture of the private markets. Please see the methodology page of this report for more details.

We hope this report is useful in your practice. Please feel free to contact us at reports@pitchbook.com with any questions or comments.

DYLAN E. COX
Analyst

## The PitchBook Platform

The data in this report comes from the PitchBook Platform–our data software for VC, PE and M&A. Contact sales@pitchbook.com to request a free trial.

# PE players remain active

Overview

**Despite a complex environment, PE funds still deploying capital**

PE deal flow held steady in 2Q 2017, though it is still slightly below last year's pace. Across the US, 866 deals were completed, totaling $151.1 billion in value (estimated). Aided by lower high-yield credit spreads and armed with $545.5 billion in dry powder, PE firms are continuing to deploy capital, despite high multiples and the oft-mentioned dearth of quality targets.

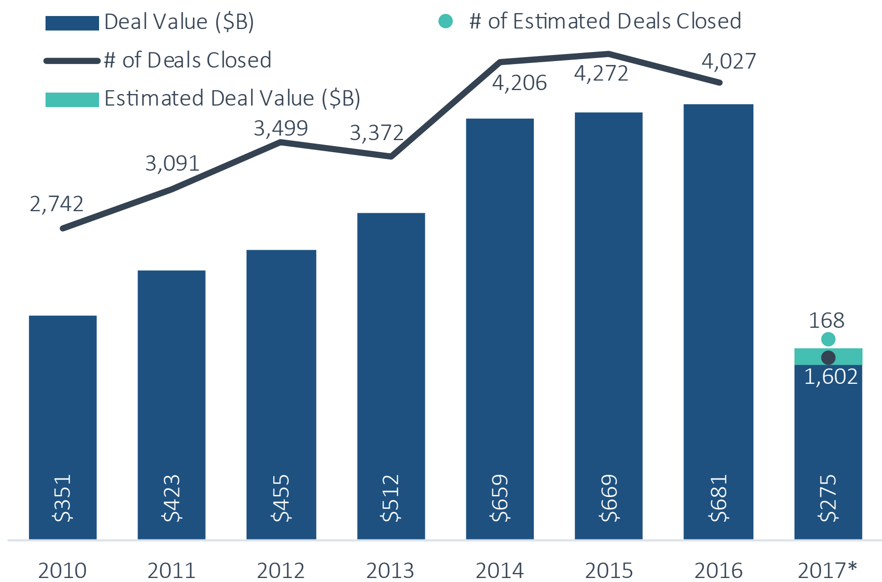
The IT sector has become particularly popular in recent quarters, accounting for 19% of deals through June 2017. Tech companies often provide high-growth opportunities in an otherwise underwhelming—in terms of GDP growth—economic landscape. On the other hand, the energy sector continues to be hamstrung by concerns about price fluctuations and a global supply glut. The sector has made up just 4% of all PE deals this year, the lowest since we started tracking the data in 2006.

**Multiples remain close to seven-year high**

After clocking in at a post-crisis high of 10.7x in 2016, US M&A EBITDA multiples have regressed slightly in the first half of the year, to 10.5x. Though not quite at last year's level, current market pricing certainly poses a challenge for PE deal teams. Meanwhile, high-yield credit spreads are at a three-year low, meaning there is plenty of appetite for buyout loans. The median debt percentage has risen accordingly, to 56.3% of enterprise value, well above the 50.0%

**The expensive market continues to contribute to hefty value totals**

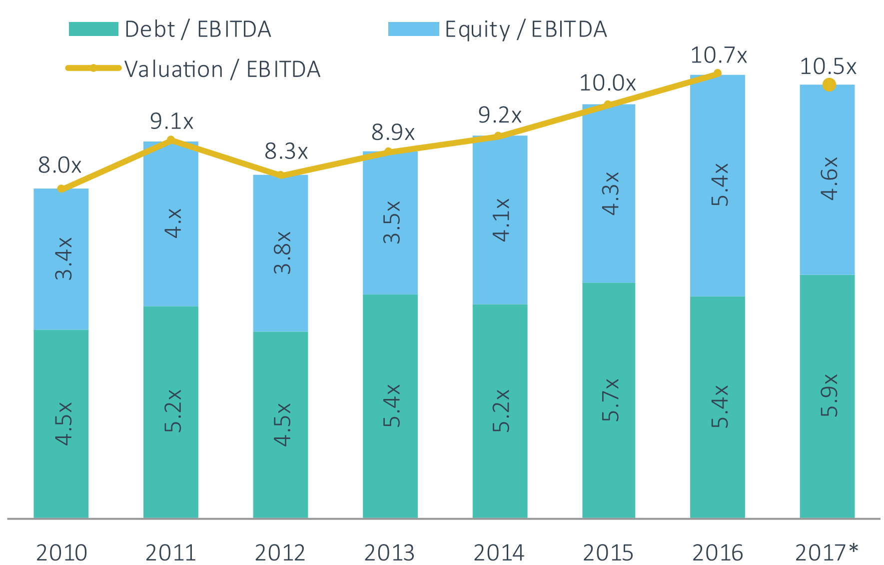
US PE activity




Source: PitchBook. *As of 6/30/2017
Unknown deal values are estimated based on known figures. The method of estimating deal flow is explained in the methodology on page 17.

**Debt portions have notched an increase**

US M&A (including PE buyouts) multiples

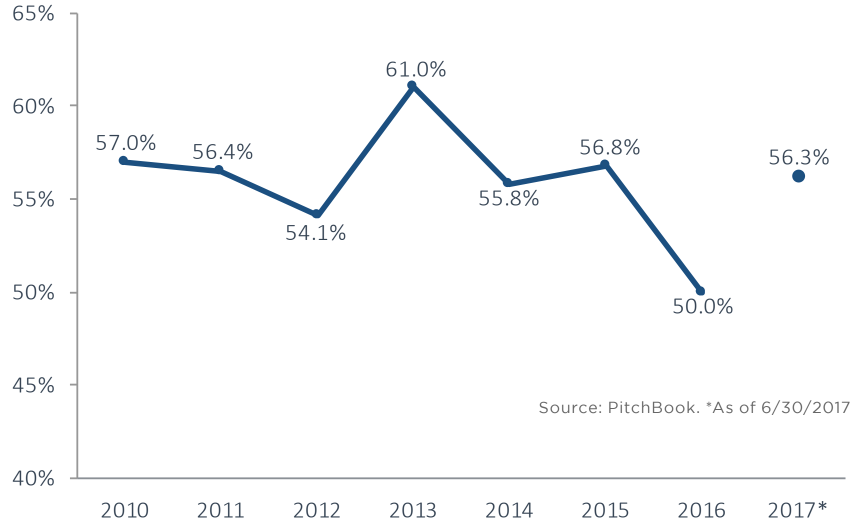



Source: PitchBook. *As of 6/30/2017

recorded last year. The median debt/EBITDA ratio has also increased, to 5.9x through June 2017. The increased leverage gives future PE returns more upside, but also more risk in the face of the downturn that some soon expect.

**Debt usage has scaled right back up**

Median debt percentages in US M&A (including PE buyouts)



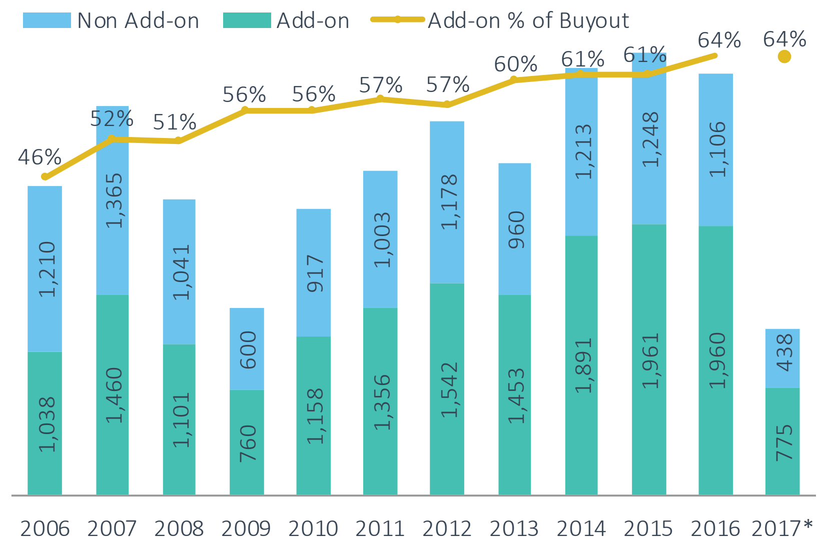

Source: PitchBook. *As of 6/30/2017

### Prices and owner-bias curb PE megadeals

Despite growing fund sizes, PE firms often find it difficult to compete with the bidding power of the largest corporate acquirers. Making things more difficult, company founders sometimes prefer to sell to a competitor rather than a buyout shop, believing the former will be a better steward of the organization they've spent a lifetime building. Recent examples include Whole Foods CEO John Mackey reportedly requesting an offer from Amazon while also entertaining bids from at least four PE firms, as well as the PE-backed grocery chain Albertsons. Mackey, a vocal opponent of both venture capital and hedge funds, no doubt preferred a takeover offer from his eventual acquirer. This type of bias, as well as the sheer size of corporate balance sheets, especially in such a high-priced environment, has contributed to fewer PE megadeals in the first half of the year. PE firms closed just five deals worth at least $2.5 billion through June, on pace for the fewest of any year since 2012 and well-behind last year's count of 20.

**Add-ons still show no sign of stopping**

US add-on % of buyout activity




Source: PitchBook. *As of 6/30/2017

### Have we reached peak add-on?

After climbing nearly every year since 2006, add-ons continued to make up nearly two-thirds (64%) of buyout activity in the first half of 2017. Though these transactions are a useful way to accomplish multiple arbitrage, we may soon reach a ceiling for the prevalence of this type of deal as each platform reaches an average size of nearly three portfolio companies (two add-ons plus the original platform). With a median hold time of 5.4 years across all exit types, sponsors only have so much time to tack-on new businesses before converting into a larger conglomerate and returning money to limited partners. Further, the larger check sizes necessitated by the mega-funds raised in the last few years entail the pool of investable companies will shrink.


# Richard A. Martin, Jr.

**Senior Director**
**Merrill Corporation**

*Richard A. Martin, Jr. is a Senior Director at Merrill Corporation, responsible for Merrill DataSite's global marketing group. His 18 years of marketing experience working and residing in the US, U.K. and Europe has developed Martin's understanding of disparate business cultures and the global financial industry, evidenced by a successful record of growing businesses. Martin currently works closely with financial professionals to provide first class virtual data room (VDR) solutions for their transaction and due diligence needs. Prior to joining Merrill, Martin led the hedge fund marketing strategy group at Morgan Stanley Capital International and the global equity product strategy group at Reuters International, London. He received his B.A. from Dartmouth College, a marketing certificate from the University of Michigan Business School and currently resides in New York City with his wife and children.*

**Do you think current buyout multiples are sustainable in the long run?**

No, for the most part. Certain firms and companies will be able to proactively work together and eventually justify the most generous valuations, but there will be fewer opportunities to truly realize typical PE returns, judging by just how high median buyout multiples are ranging. but the incidence of such opportunities will be less than current medians for buyout multiples indicate. That said, debt usage is tending to be lower, so it's not that more companies will fail, but that investors have simply had to deploy more equity than normal. How much of an impact that will eventually have on fund returns and whether that is acceptable to both fund managers and their investors is worth paying attention to going forward.

**In which sectors or segments of the current market do you perceive PE buyers as having greater advantages?**

Operating partners have long been more than a buzzword and now are more of a requisite. Especially nowadays, proven track records in a given sector are what enable firms to stand out from the general pack, not only on the fundraising trail but also when it comes to auctions. As long as a firm can prove relevant operating expertise, it can have an edge. As for which sectors, whenever headlines come around about an industry being in distress or dying, there is potential for business lines of public corporations to be undervalued. On top of that, there is potential for providers of long-term sources of capital to tap into the natural gas boom by expanding investment strategies and targeting new fields, especially with an eye toward not only riding out the sector's resurgence but also any future hiccups in price trends.

**Has there been a change in PE's typical oil & gas investment from being concentrated in early phases such as discovery to later stages like testing, drilling or extraction, which were traditionally funded by initial public offerings or banks?**

PitchBook datasets do not reveal a significant change for US PE activity in any given subsector of energy as of late, apart from a more than doubling in energy infrastructure transactions between 2015 and 2016, from 12 to 28. Energy exploration retains a plurality of PE deal flow in the U.S. Production has grown slightly since 2012 to 2013, but by and large much of PE focus remains on exploration, i.e. earlier stages. That being said, forming or partnering with special acquisition vehicles to pursue general M&A opportunities may become more popular in general across the industry, and given the shifts in the energy sector, it will hardly be left out.

**What's your take on how continued trends in oil prices will affect PE interest and activity within the O&G arena?**

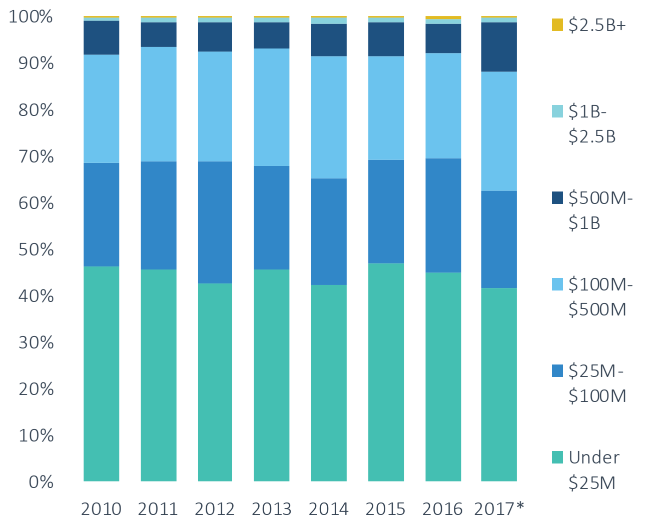
Whether or not oil prices rally, the shale market in the U.S. will remain intensely competitive. Central Oklahoma's emerging plays only further complicate the mix. Accordingly, PE players' ability to provide long-term, patient sources of capital could prove a boon given any short-term fluctuations in prices and the economics of natural gas production as oil prices' volatility remains in question. Cycles will likely be short, so if PE fund managers can double down on their longer-term perspectives and modify their strategies accordingly, especially with regard to cost savings from technological advances, they could well continue to benefit in the long run.

***On July 19, 2017 Merrill will be hosting a webinar taking a deeper look at M&A opportunities within the oil & gas sector. Click here for the full details on this webinar.***

# Upper-market volume surges

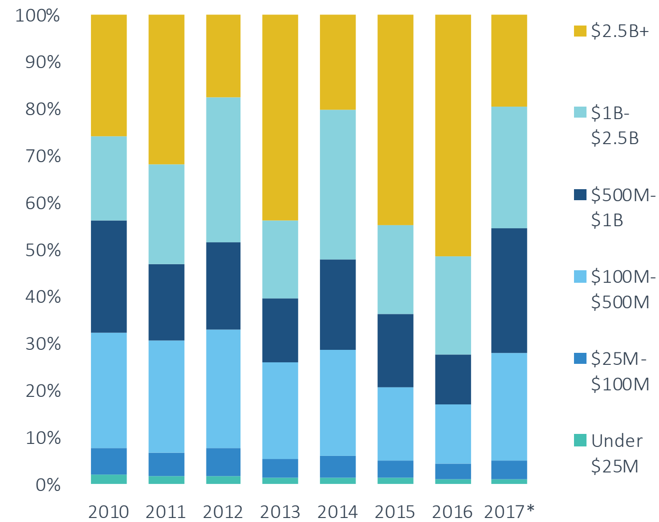
## Deals by size & sector

**The upper middle market has seen a sizable, proportionate increase in volume in 1H 2017**
US PE deals (#) by deal size



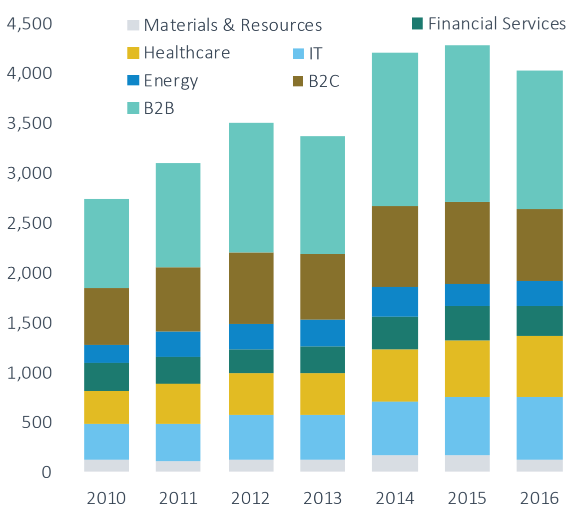

Source: PitchBook. *As of 6/30/2017
Unknown deal values are estimated based on known figures.

**Mega-deals have yet to spike total deal value**
US PE deals ($B) by deal size



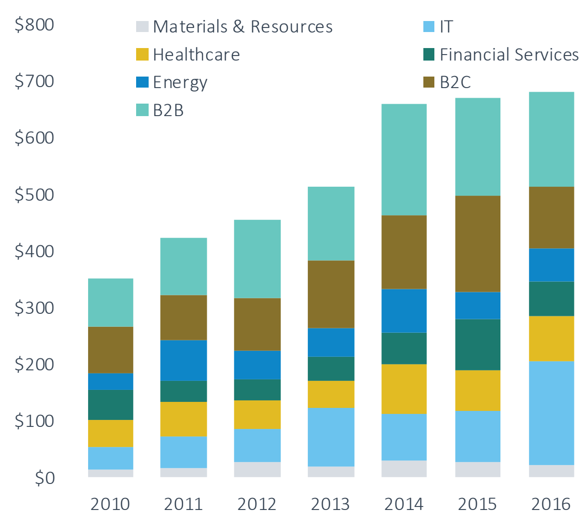

Source: PitchBook. *As of 6/30/2017
Unknown deal values are estimated based on known figures.

**Traditional areas of focus remain in play**
US PE deals (#) by sector




Source: PitchBook. *As of 6/30/2017

**After a big 2016, IT deal value is still historically robust**
US PE deals ($) by sector




Source: PitchBook. *As of 6/30/2017

# Volume healthy, value down

## Exits

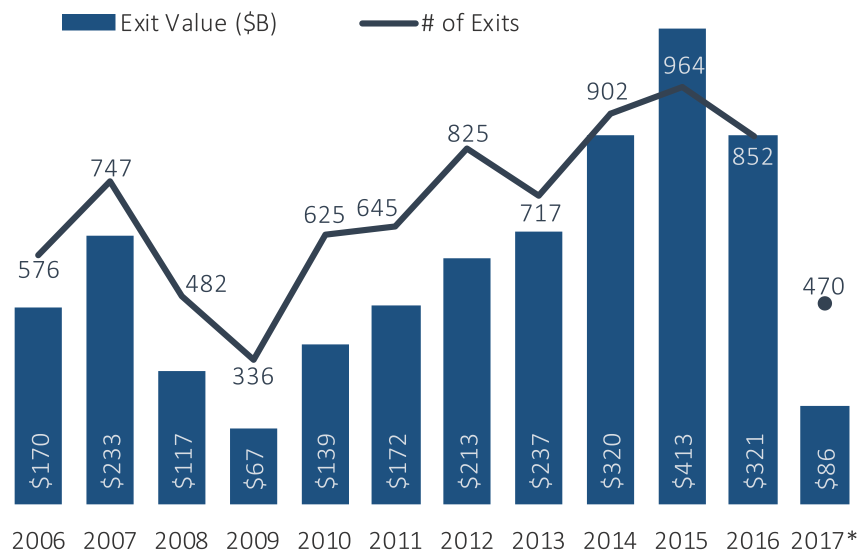
### Exits continue downward trend

PE exits continued the downward trend that began in 2015, with $85.75 billion in exit value over 470 deals through the first half of the year. This decrease is driven largely by the cyclical nature of the industry and a reduction in company inventory over the last few years, as PE sponsors exited companies held through the last recession. We saw greater activity in 2Q than in 1Q but volume is still down 26% from 2Q 2016. Overall exit value is on track to be down 46.5% this year if the pace holds flat.

Financial services has been the strongest-performing sector in terms of exits. $15.7 billion has been exited through the first half of the year, nearly as much as in all of 2016. With no extraordinary deal value in financial services at the four to six-year investment timeframe, this exit value is driven by growth equity investments in several companies that exited at high valuations. The three weakest-performing sectors when compared to 2016 are healthcare, IT, and B2C PE-sponsored companies. If the current pace continues, each of these three sectors will see over 50% year-over-year decreases in exit value. However, with the median hold time around 5.4 years, expect the consumer space to see greater exit activity moving forward, given the heavy investment in that sector from 2010 to 2013.

**Exit volume has bounced back somewhat even as value remains quite low**

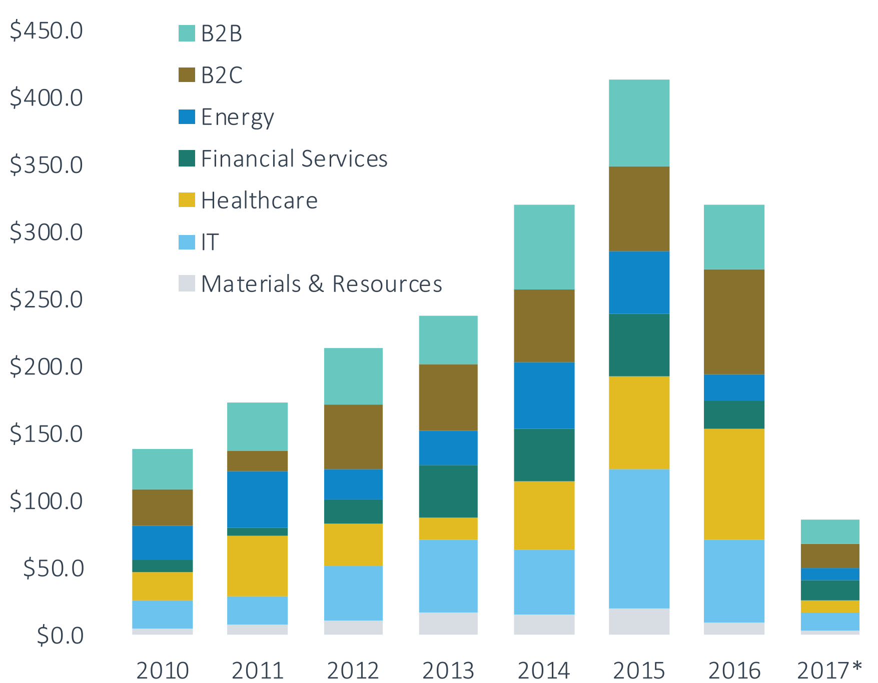
US PE-backed exit activity




Source: PitchBook. *As of 6/30/2017

**The blockbuster healthcare & consumer sectors aren't as much in evidence as they were last year**

US PE-backed exits ($B) by sector

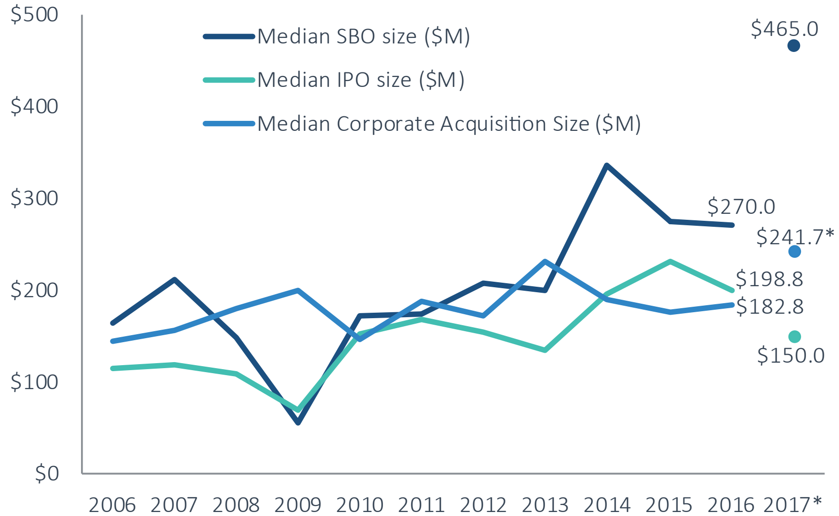



Source: PitchBook. *As of 6/30/2017

**Sellers continue to resort to secondary buyouts**

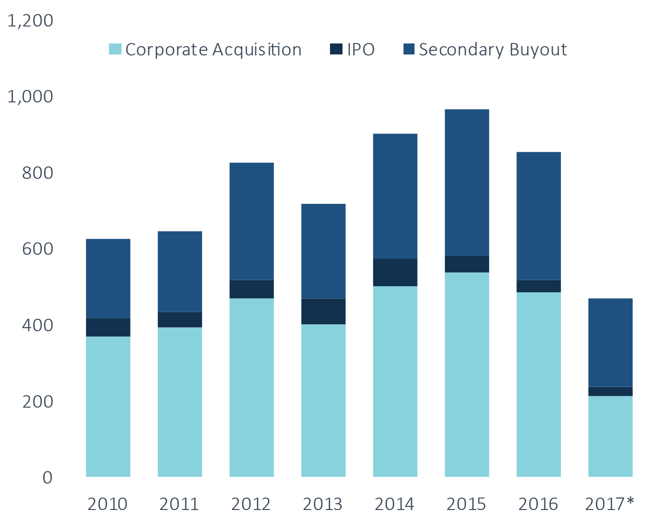
Corporate activity is looking at another down year as that exit avenue accounted for nearly $47 billion of exit value over 214 deals through 1H 2017. We saw an uptick in corporate activity through 2Q and it's likely we will see increased M&A action through the second half of the year as corporate earnings remain strong and credit remains loose. Secondary buyouts have also decreased in aggregate this year, but have become a more prominent exit option among PE firms looking to liquidate investments. Secondary buyouts accounted for $31.1 billion of exit value over 232 deals in 1H, equating to 49% of all companies exited which is the highest percentage in our dataset. Despite weaker activity, exit sizes trended back up with a median of $230 million, a 14.2% increase over 2016.

**Secondary buyouts continue to stay lofty in size**
Median US PE-backed exit size ($M)



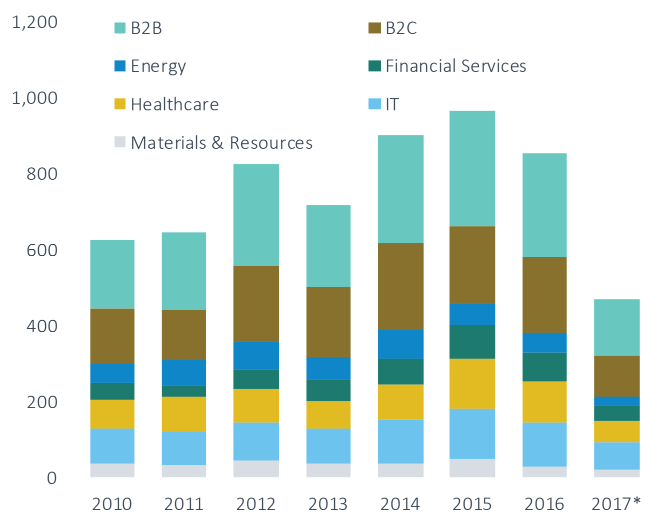

Source: PitchBook. *As of 6/30/2017
Note: Data points marked with an asterisk are generated from smaller sample sizes given the IPO market has been rather sluggish.

**M&A is just somewhat off pace, SBOs more than robust**
US PE-backed exits (#) by type




Source: PitchBook. *As of 6/30/2017

**IT remains up, relatively speaking**
US PE-backed exits (#) by sector




Source: PitchBook. *As of 6/30/2017

# The big getting bigger

## Industry consolidation

**The playing field is no longer quite as crowded**

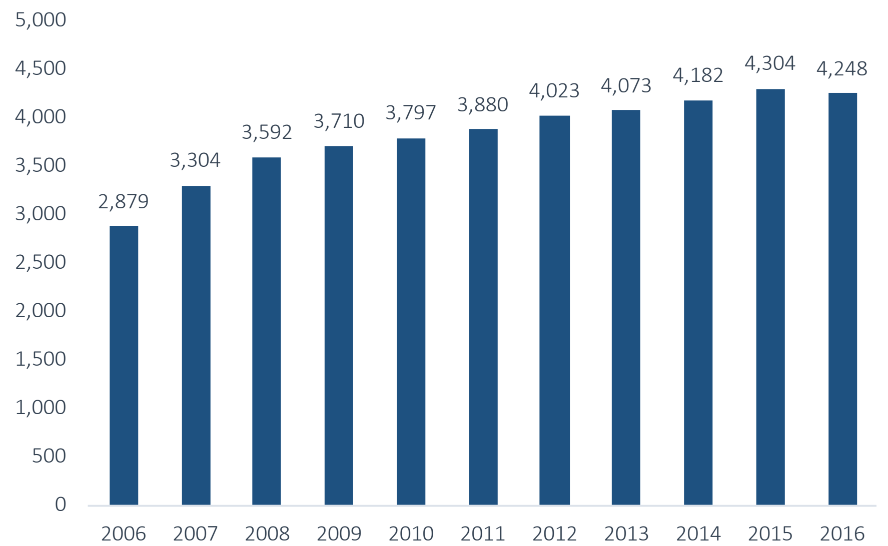
The number of US PE firms is declining, even as the industry's AUM soars to new heights. There were 4,248 active* PE firms in the US as of December 2016, down 1.3% from its height of 4,304 a year prior. The industry's AUM, meanwhile, continues to grow. PE firms controlled $1.47 trillion dollars (including dry powder plus existing investments) as of year-end 2016, up 4.1% from 2015 and the highest figure on record.

The main reason for this disparity is consolidation within the industry. Financial services firms, including PE companies, have been buying each other to become "one-stop shops" for limited partners. Prominent examples include SoftBank's $3.3 billion acquisition of Fortress Investment Group and Blackstone's 2013 acquisition of secondaries manager Strategic Partners from Credit Suisse. By buying a competitor with a different niche expertise, the acquirer can grow AUM and subsequent fees, while gaining the ability to offer their clients a variety of ways to invest their capital: buyout funds, credit, growth investments, hedge funds, sector-specific vehicles and funds-of-funds. We expect this consolidation to continue, benefitting the industry's largest players.

**We define "active" as having made an investment in the last three years or having raised a fund in the last five years.*

**After years of steady increases, a first diminishing**

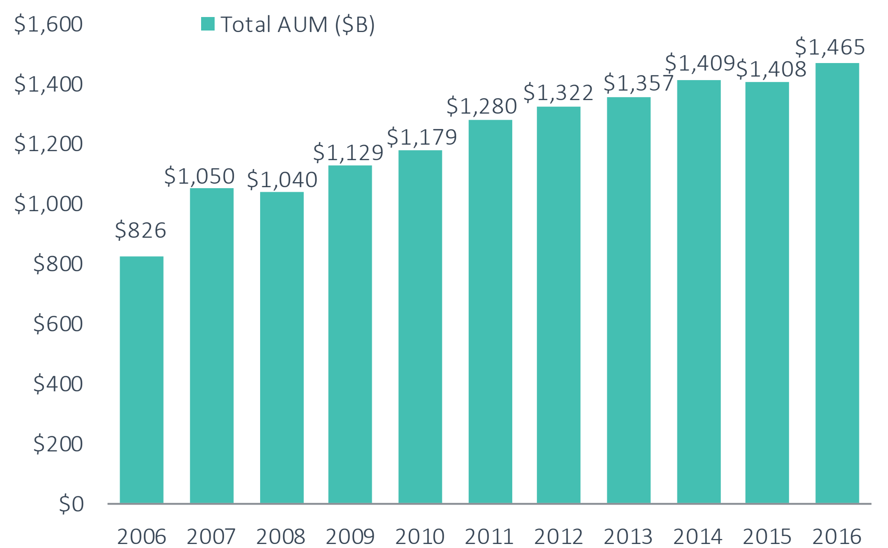
Active US PE firms (#)




Source: PitchBook

**An uninterrupted march upward**

US PE assets under management (AUM)




Source: PitchBook. *As of 6/30/2017

# Deal Flow & Valuations Chart Separate Paths

*The pace of dealmaking slowed, while valuations are on track to hit a new peak in 2017, reflecting sponsors' rekindled focus on quality*


**Dan DiDomenico**
Senior Managing Director
Murray Devine

*Dan DiDomenico, a Senior Managing Director, joined Murray Devine in 1995 and his responsibilities include the day-to-day management of valuation and financial opinion engagements. Prior to joining Murray Devine, Dan was a Senior Financial and Operations Auditor with United Technologies Corporation, and was also a member of the internal audit staffs of Bethlehem Steel Corporation and Foster Wheeler Corporation. Dan received a Bachelor of Science degree in Business Administration and a Masters in Business Administration from Drexel University's Bennett S. LeBow School of Business. Dan is also a Certified Public Accountant (CPA) with an Accreditation in Business Valuation (ABV) and holds the designation of Chartered Financial Analyst (CFA).*

**Halfway through the year, how would you assess the impact of any uncertainty related to government policies thus far, and what do you see moving forward?**

In general, PE firms are definitely keeping track of what's going on in Washington, but the absence of any real movement around President Trump's proposed policy agenda has kept investors focused on other variables. The economic picture and business fundamentals, in particular, remain strong. And while we saw that the Fed remains intent on normalizing monetary policy, with quarter-point hikes in March and June, rates remain near historic lows.

That said, activity was slightly down in 2Q when looking at both the aggregate transaction value and volume. At this point in the year, it could be difficult to reach the level of new deal activity experienced over the past three years without some kind of tailwind from Washington, whether it's tax reform, an infrastructure program or, potentially, something else. In April, the president provided some color around his proposal for tax reform. The promise of a tax holiday on overseas cash, for instance, would be exactly the type of catalyst that could reintroduce some momentum, even if it's in the form of exit activity.

On a sector-by-sector basis, a lot of investors are also looking at potential trade policies. To nobody's surprise, the administration pulled out of the Trans-Pacific Partnership earlier this year, and the talks around the Transatlantic Trade and Investment Partnership have seemingly stalled as of the end of 2Q. As the protectionist rhetoric seems to build, others are stepping in to fill the void. The Japan-EU trade pact is one example that could impact industries ranging from agricultural products to industrial goods and even autos. Talks of tariffs could entice some investors. Let's not forget that Wilbur Ross, Trump's current Commerce Secretary, benefitted handsomely when President George Bush imposed a 30% tariff on steel as his firm was building out International Steel Group, one of his landmark deals.

**Building upon the activity you're seeing in various sectors, were there any major takeaways from the first half of the year as it relates to activity in particular industries and where do you foresee more opportunities, relatively speaking, for PE buyers?**

You did see activity start to ebb and flow in certain industries. The backdrop of falling oil and gas prices, for instance, led to a precipitous drop-off in investments in the energy sector. There may be some distressed opportunities available, but it's tough to make the numbers work when oil prices remain in the low $40 range. Still, this is when you begin to see some opportunistic buyers swoop in. Berkshire Hathaway's $18 billion deal in the first week of July to acquire Oncor—part of the bankrupt Energy Future Holdings—is one example. That was formerly part of PE-backed TXU, which went bankrupt when natural gas prices fell.

Elsewhere, and on a more positive note, the technology sector has been generating a lot of interest. Last year, proportionally, we saw a big uptick in the number of technology investments, and sponsors are building on that momentum here in 2017. In the first half of the year, nearly one out of every five PE investments have been in the technology sector.

There are a lot of factors at play when it comes to this trend. For one, a number of firms have developed specializations in the sector over the past few years. Sponsors have recognized for a while now that a secular shift is occurring and they've since built up the expertise to understand where the opportunities reside and how they can add value.

The second factor is technology creeping into every other sector—effectively, every company has to reimagine themselves as a digital company today. GE runs a cloud platform; restaurants are replacing cashiers with kiosks and mobile apps; even financial services companies are confronting what new technical advances will mean for their business. In June, a Bloomberg article covered Goldman Sachs' efforts to automate certain functions within investment banking. This trend literally touches everybody, and is creating some great opportunities for investors to help orchestrate this change. Sponsors are finding opportunities in areas of the market that may need some help progressing along the technology curve. This requires capital investments and a strategic vision, so it's an area where material value can be added.

**Given the struggle of some notable names in tech-disrupted retail, do you anticipate investors will remain interested in retail?**

Over the past decade, there has been something of a pullback as it relates to deals in the broader consumer space, and this has been even more pronounced in 1H 2017. This was always a favorite area for a lot of PE firms, so the level of activity today is aligned with what you'd see in other sectors.

Coming out of the financial crisis, you saw a lot of firms bet on the resiliency of the consumer and many of those deals paid off for both GPs and their limited partners. More recently, though, the secular shift in consumer shopping patterns has had a sizable impact. There have been quite a few bankruptcies, leaving both lenders and equity sponsors a bit gun-shy.

In terms of the nature of the activity, changes to the bankruptcy law limit the amount of time for investors to coordinate a restructuring, so you're seeing more liquidations in this recent run of bankruptcies. But sponsors are keen to find value where they can and are open to helping retailers navigate this period of uncertainty. The $6.9 billion buyout of Staples, for instance, will see Sycamore Partners basically split the company into three businesses and engineer growth strategies that are focused on the core competencies of each. Elsewhere, much of the attention has been on "experiential" offerings for consumers. The acquisition of Blue Man Group by TPG-backed Cirque du Soleil, for instance, seems to tap into that trend.

One thing that we haven't talked about is the Amazon effect. The announced acquisition of Whole Foods was symbolic of Amazon's encroachment in just about all consumer-facing segments of the market. GPs, in their due diligence around retail-oriented businesses, are hyperaware of this threat and will ask themselves what percentage of the revenue stream might be exposed to Amazon. It's one of the reasons so many investors are focused on the consumer "experience" when it comes to retail, because that can provide a bit of a moat.

On other side of the coin, though, sponsors are also exploring how they can help companies compete against this threat. Worldpay, formerly backed by Advent International and Bain Capital, recently merged with Vantiv in a $10 billion deal that creates a giant in the payment processing and technology services space.

**Despite all of these different dynamics, valuations remain extremely high at 12x EBITDA. How are PE fund managers mitigating current price levels?**

Current valuations are related to the slowdown in activity we've witnessed in 1H. Sellers may not be willing to give up much in the way of price coming off of a peak in the cycle, while buyers are definitely becoming more discriminating. As a result, the deals that are getting done are primarily high-quality assets that can demand above-market valuations.

When you dig into the data, debt levels also climbed, so sponsors are confident enough to apply more leverage to make up some of the difference. I know in the small and middle market that we're also seeing sponsors pay up for assets that can provide a foundation for future rollups. So these investments are largely premised on realizing multiple expansion as the assets add scale through add-ons.

Ultimately, though, the way many are mitigating the high valuations is to merely step back and wait it out until the sellers come back with more reasonable expectations. That is one of the reasons behind the dispersion between deal volume and valuation trends.

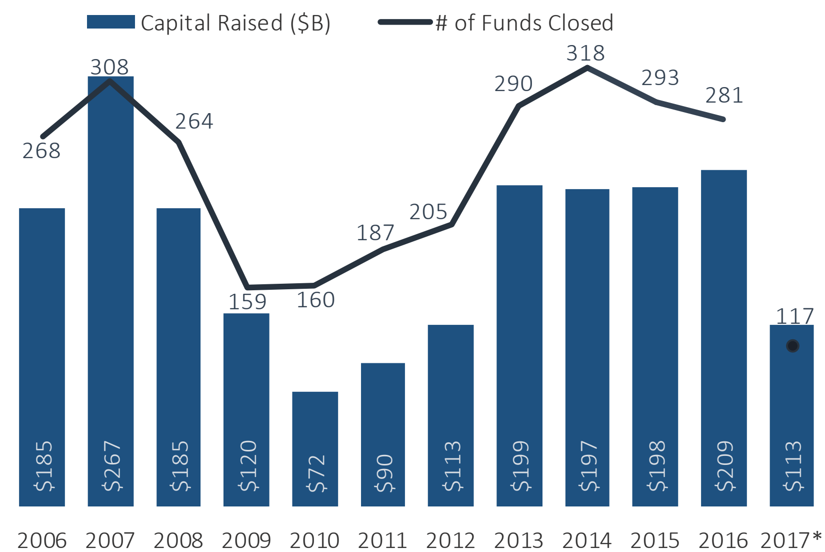
# PE stays popular

## Fundraising

### PE fundraising continues to boom

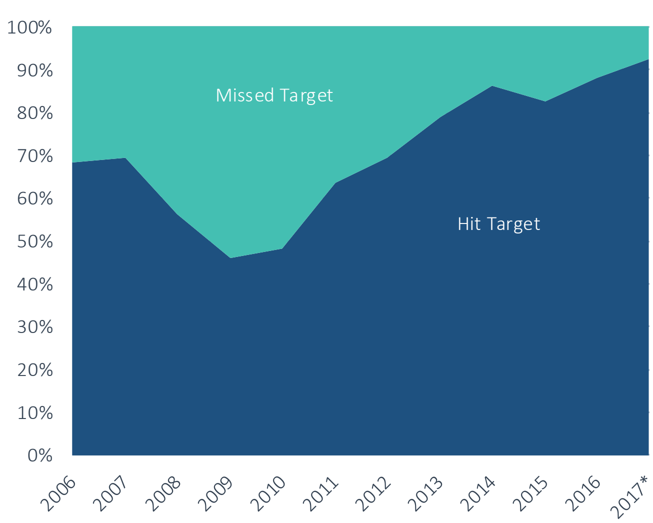
LPs continued pouring capital into PE funds, with $113.35 billion committed to 117 funds through the first half of the year. This trend continues to be driven by strong distributions over the last few years and increased PE allocations as LPs seek higher returns. If the pace continues, fund investors will commit the most capital to PE of any year since 2007. Sub-$100 million funds continue to make up a smaller percentage of closes as the median fund size reached $275.1 million. The growing size of the typical fund shows that investors are bullish on PE returns and willing to commit greater amounts of capital to the asset class. Due to larger commitments by LPs, 92.7% of funds hit or exceeded their funding target.

**Capital commitments keep pouring in**
US PE fundraising



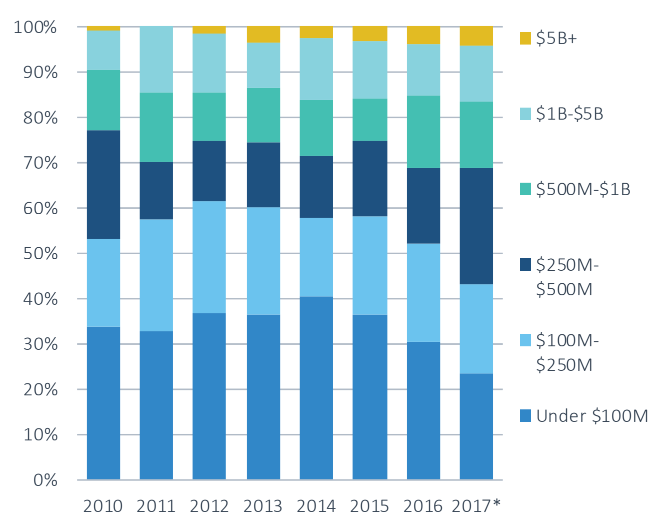

Source: PitchBook. *As of 6/30/2017

**On target: Fund managers continue to see success**
US PE funds (#) to hit target



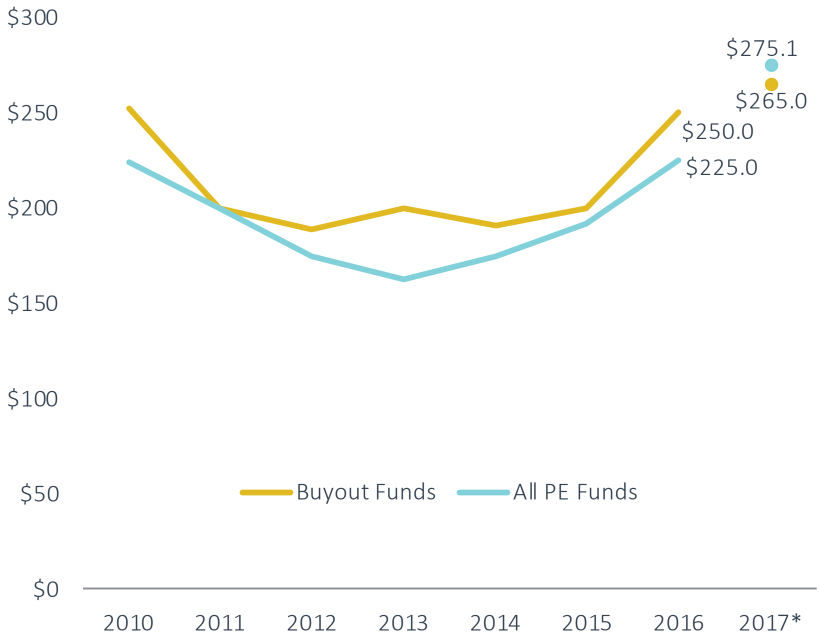

Source: PitchBook. *As of 6/30/2017

**Fundraising still is trending toward the middle of the market**
US PE fundraising (#) by size



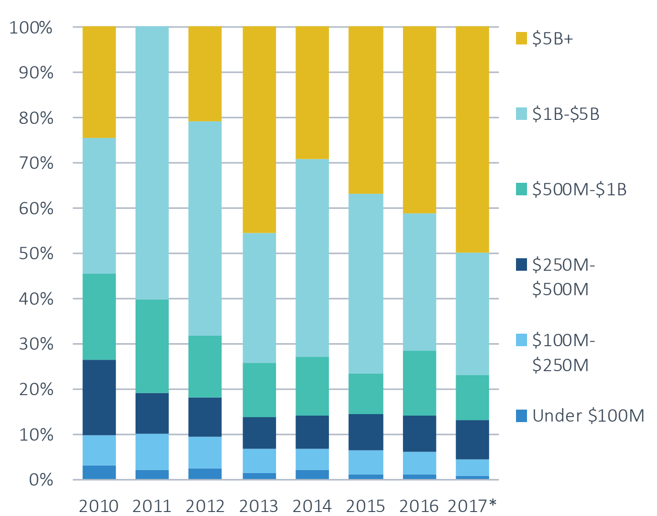

Source: PitchBook. *As of 6/30/2017

**Fund medians record yet another increase**
Median US PE fund size ($M)



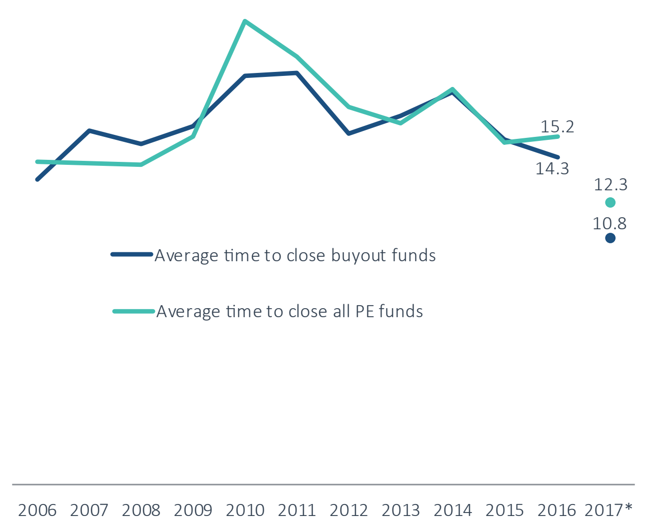

Further demonstrating LP fervor, mega-funds closing at $5 billion or more accounted for 50% of all capital raised through the first half of the year. If the trend holds, it will be the first time since 2007 that mega-funds accounted for 50% or more of all capital raised. Despite growing fund targets, the average time to close has decreased to 12.3 months for PE overall and only 10.8 months for buyout funds for the year, both of which are the shortest in our dataset. Logically speaking, it is to be expected that commitments will eventually slow as distributions from GPs have begun slowing. However, we believe the fundraising craze is nowhere near the end as public pensions, among other LPs, face significant shortfalls. PE is an asset class that can deliver high enough returns to start closing that funding gap, so we anticipate healthy commitments to extend through the end of the year.

**Big buyout shops are looking to close while they can**
US PE fundraising ($) by size




Source: PitchBook. *As of 6/30/2017

**After a plateau, a decline in typical time to close**
US PE fund time metrics (months)




Source: PitchBook. *As of 6/30/2017

# League Tables

2Q 2017

## Most active investors by deal count

| | |
|---|---|
| Audax Group | 16 |
| HarbourVest Partners | 16 |
| Genstar Capital | 10 |
| Kohlberg Kravis Roberts | 10 |
| BC Partners | 9 |
| Stone Point Capital | 9 |
| AlpInvest Partners | 8 |
| Providence Equity Partners | 8 |
| Warburg Pincus | 8 |
| American Securities | 7 |
| New Mountain Capital | 7 |
| Summit Partners | 7 |
| Apax Partners | 6 |
| Aquiline Capital Partners | 6 |
| Canada Pension Plan Investment Board | 6 |
| CI Capital Partners | 6 |
| GTCR | 6 |
| Hellman & Friedman | 6 |
| LLR Partners | 6 |
| Vista Equity Partners | 6 |
| H.I.G. Capital | 5 |
| HPS Investment Partners | 5 |
| Kinderhook Industries | 5 |
| L Catterton | 5 |
| Madison Dearborn Partners | 5 |
| Medina Capital | 5 |
| Spell Capital Partners | 5 |
| The Carlyle Group | 5 |

Source: PitchBook

## Select US PE deals in 2Q 2017

| Company | Investor(s) | Deal Size ($M) | Sector |
|---|---|---|---|
| Air Methods | American Securities | $2,500 | Air |
| USI Insurance Services | Kohlberg Kravis Roberts, La Caisse | $2,480 | Consulting Services |
| Truck Hero | CCMP Capital Advisors | $1,500 | Automotive |
| Intel Security | TPG, Thoma Bravo | $1,100 | Database Software |
| PRO Unlimited | Harvest Partners, Investcorp | $780 | Application Software |

Source: PitchBook

## Select US PE funds in 2Q 2017

| Fund | Manager | Capital Raised ($B) | Fund Type |
|---|---|---|---|
| Silver Lake Partners V | Silver Lake Partners | $15.0 | Buyout |
| Vista Equity Partners Fund VI | Vista Equity Partners | $11.0 | Buyout |
| Clayton, Dubilier & Rice Fund X | Clayton, Dubilier & Rice | $10.0 | Buyout |
| Summit Partners Growth Equity Fund X | Summit Partners | $3.3 | Growth |
| GoldPoint Mezzanine Partners IV | GoldPoint Partners | $1.3 | Mezzanine |

Source: PitchBook

## Select US PE exits in 2Q 2017

| Company | Seller(s) | Buyer | Deal Size ($M) |
|---|---|---|---|
| AdvancePierre Foods | Oaktree Capital Management | Tyson Foods | $3,200 |
| Focus Financial Partners | Centerbridge Partners, Polaris Partners, Summit Partners | Kohlberg Kravis Roberts, Stone Point Capital | $2,000 |
| CoverMyMeds | Francisco Partners | McKesson | $1,400 |
| Consolidated Container Company | Bain Capital | Loews | $1,200 |
| Cheddar's Scratch Kitchen | L Catterton, Oak Investment Partners | Darden Restaurants | $780 |

Source: PitchBook

# Methodology

### Deals

PitchBook only tracks closed transactions, not rumored or announced deals. All unknown deal values are extrapolated from known transaction values. The eligible PitchBook transaction types are all buyout types, PE growth investments and investor buyouts by management.

### Deal Flow Estimation

Due to the nature of private market data, information often does not become available until well after a transaction takes place. To provide the most accurate data possible, we estimate how much of this new information will become available in the next quarter by calculating the average percentage change in deal flow from the first to the second reporting cycle over the trailing 24 months. We then add this estimate to the reported figure for the most recent quarter. Both the original reported figure and the estimated figure are provided for your reference.

### Exits

PitchBook only tracks completed exits, not rumored or announced. Exit value is not extrapolated. Initial public offering (IPO) size is based on the initial price that the company sets multiplied by the number of total shares outstanding.

### Fundraising

Unless otherwise noted, PE fund data includes buyout, co-investment, diversified PE, energy – alternative/renewables, energy – oil & gas, mezzanine, mezzanine captive, growth and restructuring/turnaround funds. Fund location is determined by specific location tagged to the fund entity, not the investor headquarters. Only closed funds are tracked.

### Geographical Scope

Only transactions involving companies headquartered in the US are included.