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MID-MARKET **M&A**

The middle market has been a tough place for women to ascend to top-tier roles. That's changing, most notably in private equity, where a generational shift is challenging the status quo and opening up opportunities for women.

The state of the s ParkerGale co-founder Kristina Heinze

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The Most Influential Women in Mid-Market M&A

A generational shift in PE is opening up opportunities for women, such as ParkerGale co-founder Kristina Heinze

Watercooler

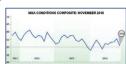
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Inside Word



Game On

This issue marks the second installment of Mergers & Acquisitions' The Most Influential Women in Mid-Market M&A. All of the leaders who were honored on our original list who are still active in M&A remain, and we've added more, bringing the total to 35 dealmakers.

While there haven't been any major developments that have advanced the role of women in the middle market over the last year, the movement forward has

continued. One underlying trend in the private equity industry that bodes well for women and minorities is a generational shift. As the asset class matures and some of the older players step aside, there's room for new firms and new leadership of old firms, providing potential opportunities for newcomers.

Kristina Heinze, who graces our cover, co-founded ParkerGale Capital LP when she and four male partners spun off Chicago Growth Partners in 2014. Heinze leads deal sourcing for ParkerGale, which backs small technology companies. The firm recently closed its debut fund.

Julia Karol represents a different kind of example of the generational shift. Karol was recently promoted to president and chief operating officer of the Watermill Grou

president and chief operating officer of the Watermill Group, a Boston area firm founded by her father and grandfather.

Women comprise 14 percent of the members of the Association for Corporate Growth, a number that has grown over the years. ACG Global and many of the organization's local chapters offer programs for women. The annual InterGrowth conference includes a networking lunch. The New York chapter holds a summit. The Philadelphia chapter hosts a golf outing, including a clinic for women who are new to the game.

Mary Kathleen Flynn

Editor-in-Chief

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Kristina Heinze

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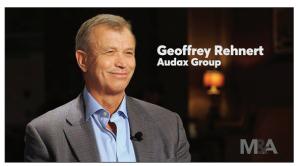
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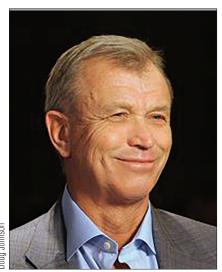


Watercooler

Republican Sweep to Prompt M&A Pickup

here's going to be "a pickup in M&A," says Jim Freedman, chairman, Intrepid Investment Bankers LLC, reflecting on the Republican party's winning the White House and both houses of Congress in the U.S. election. Mergers & Acquisitions spoke with Freedman and other transaction professionals at the 2016 ACG LA Business Conference at the Langham Huntington Hotel, Pasadena, California.

"The general consensus is that there will be a reduction in taxes," Freedman continues. "There will be a reduction in regulation. There will be more of a probusiness philosophy. I think those are all good things for the M&A industry. I'm pretty bullish on what this means for the



Geoffrey Rehnert

M&A business." Intrepid provides M&A, capital raising and strategic advisory services to entrepreneurs and middle-market companies.

"If people conclude, in the next several

months, that the transition will foster some policies that will cause some economic activity, then we may see more M&A activity," says Geoffrey Rehnert, co-CEO, Audax Group, a Boston-based investor in middle market companies that manages over \$10 billion of assets private equity, mezzanine debt, and private senior debt businesses. Prior to co-founding Audax Group, Rehnert helped launch Bain Capital, where he worked closely with Mitt Romney, the Republican Party's nominee for president in the 2012 election.

"My prediction is that it is going to accelerate M&A activity," says David Bonrouhi, managing director, Calabasas Capital, referring to the election outcome. "Business owners are going to want to get deals done before any new initiatives get passed and slow things down." Calabasas is a Los Angeles-based boutique financial advisory firm that provides investment banking services to lower middle-market companies, providing expertise in food and restaurants, consumer products manufacturing and distribution and business services.

Some dealmakers were more circumspect. "We've got to see what policies will be implemented," says Brad Hileman, a managing director in the Los Angeles office of Duff & Phelps, a global valuation and corporate finance adviser with expertise in complex valuation, disputes and investigations, M&A, real estate, restructuring, and compliance and regulatory consulting.

"There's going to be a temporary slowdown," warns Jeri Harman, CEO, Avante Mezzanine Partners, which provide mezzanine loans to middle-market companies and co-invests in some transactions.

—By Demitri Diakantonis and Mary Kathleen Flynn

Dr Pepper Grows "Healthy" Beverages

r Pepper Snapple Group Inc. (NYSE: DPS) has agreed to purchase the majority stake it did not already own in Bai Brands LLC, antioxidant beverage company, in a deal valued at \$1.7 billion in cash. The deal is expected to grow the buyer's "better-for-you" beverage products.

Bai manufacturers healthy, "all-natural" drinks in cans and bottles. The Princeton, New Jersey-based target makes carbonated water, low-calorie juice and tea in an



assortment of flavors including: congo apple pear, kula watermelon, Tanzania lemonade tea, Andes coconut lime, and Ipanema pomegranate. As part of the deal, Bai will operate within the DPS' packaged beverages division and will continue to be led by founder Ben Weiss.

The target's enhanced water, carbonated flavored water, coconut water, and premium ready-to-drink teas will help DPS meet the growing consumer demand for healthier beverage options. DPS, the Plano, Texas maker of soft drink brands 7UP and Schweppes, has had a partnership with Bai since signing a national distribution deal with the target in 2014. DPS later invested \$15 million into the Bai brand for a minority stake. The current deal is DPS's

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*No. 1 U.S. Lead Left Arranger of asset-based loans for Q1-Q3 2016, Thomson Reuters.

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first major acquisition since spinning off from Cadbury Schweppes in 2008.

The mid-market healthy and betterfor-you foods sector have been seeing robust deal activity. Related deals include: General Atlantic's minority investment in Joe & the Juice, a chain of urban juice and coffee bars; Danone's \$10 billion purchase of WhiteWave Foods Co. (NYSE: WWAV), the owner of the Silk soy milk brand, to expand in organic foods; Milk Hain Celestial Group Inc.'s (Nasdaq: HAIN) acquisition of fruit company Orchard House Foods Ltd.; Hammond, Kennedy, Whitney & Co. Inc.'s buying natural food provider Panos Brands LLC; and Pinnacle Foods Inc. (NYSE: PF) purchased the maker of Smart Balance spreads.

Credit Suisse Securities LLC (NYSE: CS) is acting as financial adviser to Dr Pepper Snapple Group and Morgan Lewis & Bockius LLP is serving as legal counsel. J.P. Morgan Securities LLC (NYSE: JPM) is serving as financial adviser to Bai and Skadden Arps Slate Meagher & Flom LLP is acting as legal counsel. The deal is expected to close by the first quarter of 2017.

-By Kamaron Leach

Sangetsu Expands in U.S.

angetsu Corp. has acquired Koroseal Interior Products Holdings Inc. from Peak Rock Capital. The acquisition expands the buyer's presence in the U.S. market. Sangetsu is a Nagoya, Japanbased seller of wall coverings, curtains and upholstery.

Koroseal, headquartered in Fairlawn Ohio, produces wood and textile wall coverings along with dry erase boards for the hospitality, healthcare and retail sectors. Peak Rock acquired the target in 2014 when it purchased RJF International Corp.'s interior products division. Peak Rock and Koroseal say the sale to Sangetsu positions the target for its phase of growth.

Peak Rock, based in Austin, Texas, is a lower middle market private equity firm that targets companies covering in consumer goods, food and beverage, business services energy, healthcare, manufacturing, industrials, metals, and technology. The firm purchased fishing product manufacturer Lew's Fishing; Peak Rock bought Diamond Crystal Brands Inc., a food service company, and purchased dairy-based snacks provider Berner Foods & Beverage in 2015. The firm typically invests between \$20 million to \$150 million in companies with up to \$150 million in revenue.

Robert W. Baird & Co. and Kirkland & Ellis LLP advised the sellers.

-By Demitri Diakantonis

Bain, Bow Street Add Diamonds to Portfolio

Bain Capital Private Equity and Bow Street LLC have agreed to acquire online diamond ring seller Blue Nile LLC for \$500 million. The acquisition comes during a time when consumers are shopping more online as opposed to traditional retailers.

Blue Nile, based in Seattle, is known for selling engagement and wedding rings online. The company labels itself as the "smartest, easiest, and most pressure free way for consumers to buy a diamond."

Consumers have been hesitant to buy big ticket items such as jewelry online because they want to physically see those items in the store and have people coach them through the selection process. Blue Nile tries to take that pressure off buyers. For example, Blue Nile has an education section on its website that allows shoppers to read up on the different types of diamond cuts, shapes and carat weights. The company even sells ring sizers.

"We believe the company will continue to grow as educated consumers continue to seek easy and convenient shopping experiences that deliver transparent pricing and enhanced value," says Bain Capital managing director Ryan Cotton.



E-commerce has been putting pressure on traditional retailers, which has been driving M&A in the sector. For instance, Invus Group LLC purchased a majority stake in Ashley Stewart Inc.; L Catterton acquired Hanna Andersson from Sun Capital Partners Inc.; and TSG Enterprises LLC has purchased Total Hockey Inc.

Bank of America Merrill Lynch and Wilson Sonsini Goodrich & Rosati are advising Blue Nile. Kirkland & Ellis LLP is representing the buyers. Goldman Sachs & Co. (NYSE: GS) is providing financing.

-By Demitri Diakantonis

Restaurant Deals Flourish

he Cheesecake Factory Inc. (Nasdaq: CAKE) has made a minority growth investment in restaurant chains North Italia and Flower Child, which are both owned by Fox Restaurant Concepts LLC. The transaction allows the Cheesecake Factory

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to potentially acquire a majority or full ownership stake in both brands.

North Italia, founded in 2002, is known for pizza and other Italian dishes like grilled branzino. The chain operates nine restaurants across Arizona, Texas, Colorado and California. Flower Child, founded in 2014, is known for salads, bowls and wraps. The company has five locations spread across Arizona, Texas and California. Phoenix-based Fox Restaurant will continue to operate both chains.

Fox Restaurant owns 53 restaurants under the Arrogant Butcher, Blanco Tacos + Tequila, Culinary Dropout, Doughbird, the Greene House, the Henry, Juby True, Little Cleo's Seafood Legend, Olive & Ivy



Restaurant & Marketplace, True Food Kitchen, Wildflower American Cuisine and Zinburger Wine & Burger Bar brands. "We share a similar culture and philosophy, making this a good strategic fit for both companies," says the Cheesecake Factory CEO David Overton. The Cheesecake Factory, located in Calabasas Hills, California, operates 193 restaurants under its own brand in addition to 12 Grand Lux Cafes.

Buyers have been showing interest in restaurant chains that have growth potential. CenterOak Partners LLC picked up a majority stake in Wetzel's Pretzels LLC; and General Atlantic has taken a minority stake in coffee and juice bar chain Joe & the Juice.

-By Demitri Diakantonis





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Where is the deal flow?

In November, M&A held its annual MM360 conference in Naples, Florida. The conference brings together middle market dealmakers to discuss what's happening in the industry and what to expect going forward. One panel discussed where dealmakers can expect to find deal flow in 2017 and beyond. Below is an excerpted version on the conversation.

Ira Kreft (moderator): To set the stage, in general M&A activity in the middle market has not been as robust compared to what we have seen a year ago. We've seen fewer sellers emerging because there just hasn't been the earnings growth there to go to market. But there are glimmers of hope. We have seen year-over-year M&A volume in 2016, from a dollar standpoint, be bolstered by mega-deals, which weren't as prevalent in 2015. The total number of deals announced in October made it the second busiest month on record for U.S. targeted deals. Meanwhile, private equity groups and strategic buyers have a lot of capital to deploy and the financing environment is very favorable. With this as a backdrop, how do you see the market today?

Carolyn Mathis: We've had a healthy M&A market since 2010. It's a little long in the tooth and it's created a dynamic where a lot of the companies that were very marketable have already been sold and it's harder to find the good companies for sale. My firm has a little bit of an advantage because we work in high growth sectors. A SaaS company can be built and grow relatively quickly. Some of the clients that we're representing weren't even around in 2010 when the M&A market first became good again. That's a different dynamic than in the manufacturing sector, for example. But generally, we're seeing healthy demand from both private equity and strategic buyers and when we do find quality companies that are ready to go to market they are garnering a lot of interest.

Andy Miller: We've seen a lot of pitch activity recently, which is obviously a good leading indicator for deals in 2017. We have a record backlog right now of deals under engagement. It was a little slow at the front part of 2016 with the leveraged finance markets being tight, but it's picked up a lot in the second half of 2016 and we have a strong outlook for 2017.

Ramsey Goodrich: What we're seeing—partly because of the family-type of businesses we work with— is it's hard to get sellers off the starting blocks right now. We had a lot of activity, but now people are not coming off the sidelines. That's partly because life is really good, business owners are saying, 'My stocks are up, my accounts are up, my business is up, I'm more profitable than I ever have been. If you give me \$50 million or \$100 million dollars what am I going to do with it? I might as well hang on to my company for a few more years.' It's an interesting dynamic at the lower end of the market.

Kreft: That's from the seller's perspective. How are buyers engaging with you to generate deal flow? And what are some of the best practices that these buyers employ to generate deal flow?

"It takes a fair amount of education for us to help clients understand some of the benefits of going with a financial buyer."

— Carolyn Mathis

Goodrich: There's no shortage of outreach. I probably get 15 e-mails an hour from private equity guys looking for deal flow, which is fine. But there are some things I wouldn't do. For example, I wouldn't send a banker an e-mail that says, 'I'm looking for a profitable company in the US.' The more specific a buyer can be the better. Give me an industry focus, a platform company you're looking for an acquisition for—some information I can work with.

We just put a really nice company under letter of intent (LOI), it's a bolt-on to a portfolio company of a private equity fund. I was talking to another private equity investor; and, I told them about this great investment the day after we put it under LOI. The private equity professional said, 'We have a whole investment thesis in this area, why didn't you call us?' Because I didn't know! How am I supposed to guess? It's not on his company's Web

site, they don't have a relevant portfolio company in the sector, I didn't have any idea they were looking at this end of the market or this space. It's so important to let bankers know exactly what's going on and what your investment thesis is.

I look at Capital IQ, Pitchbook, and every other data source that I can possibly find to look at companies and private equity firms that have a relevant portfolio company in the space I am working in. If you don't have a portfolio in the space I'm not going call you. I don't want to waste your time or mine.

Miller: Buyers get to know us in a bunch of different ways. Certainly people come to our office and we go to people's office. Events are helpful. There's no real substitute for interacting with people in the course of a deal to understand what they really want. The tricky part is that people don't necessarily know what they want until they see what they want. Having the interaction during the course of a transaction through diligence and through discussions is really how we form a good point of view about what buyers are really like to work with and what they really want.

Kreft: How are buyers trying to originate deal flow today?

Mathis: A lot of knowledge about an industry helps to differentiate you as a buyer, and it helps signal to us that those are the firms that we should be building relationships with. We're working with a lot of founder-run businesses and it's really important to find the right fit; and, the better our relationship is with the financial sponsors, the better job we can do for our clients to create that chemistry.

Financial sponsors can preempt a process, in part because we have a good dialogue with them and they learn of the opportunity before we're technically out in the market. For founder- run businesses that aren't that big being able to avoid the distraction and the time consuming



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Carolyn Mathis,

Partner, Harbor View Advisors

Ramsey Goodrich,

Managing Director, Carter Morse & Mathias

Andy Miller,

Managing Director, William Blair & Co.

nature of a full-blown process is really advantageous.

That said, some people are very hesitant to sell to private equity. They've heard negative stories about private equity and so putting a client together informally with a private equity firm to talk about how they work with their portfolio companies helps educate my client and gets them comfortable with private equity as a potential path. It's great for the financial sponsor too, because they have an opportunity to build that rapport and develop a relationship before a process really gets going. It puts them in the poll position.

Miller: We saw about 40 percent of our processes preempted. Our definition of that is effectively a final bid that we take before final bids are due. The buyers that we see are submitting fewer indications; but, the ones they submit, they're all in and they're far more direct about that than they were five years ago or 10 years ago. We have a lot of buyers now who are either working on their thesis before a deal comes to market, or they're actively ferreting out what deals will come to market.

When they see what they want they will work on it for several months, or, in some cases, even a year. And they can be a lot more aggressive. We're seeing a lot of substantive work done early, like industry due diligence done quicker, QOE's done quicker at the indication stage rather than at the more typical diligence phase. And, things like warranty insurance that maybe five years ago would be seen as a differentiator now seem almost as typical within the

context of a deal. We just see a lot more focus around what people are looking for and discipline around trying to find it.

Kreft: What are buyers doing to differentiate themselves? How can buyers get the edge in a process—besides paying more?

Goodrich: It does come down to the specializations, and points of differentiation. We have one deal right now and we brought five people in for management meetings. Two of them brought operating executives from the industry with them and they asked really good, intelligent operating questions. We almost dismissed the other three right out of the gate because they were asking financial questions. The financials are the financials. But how do we operate, how do we grow? If you don't have a portfolio company in that sector or an operating executive, you're just another "financial buyer" and you're already behind.

Mathis: It's interesting because a lot of our clients come to us believing that a strategic acquirer will be the best outcome for them. It takes a fair amount of education for us to help them understand some of the benefits of going with a financial buyer instead. One of the benefits of private equity is to be able to participate in the future upside. The other big advantage with private equity firms is that they often move much faster than strategic buyers.

Miller: Pretty regularly people who are most successful in our processes are those who communicate what their work plan is, they understand what they want to do, when they want do it, and they'll ask us

questions. We will give buyers guidance around what they can do to be competitive, but it's something we won't offer to those who don't call.

Kreft: Are there any major trends we should be thinking about?

Mathis: I think that seeing those more decisive buyers move really aggressively is something that we've seen more now than in the past.

Miller: In terms of financial buyers, opportunistically they are a lot more aggressive than they have been. And I think the biggest change I've seen in the last couple years has been family offices coming into the market. They are a lot more professional now in the sense that they've brought in a lot of private equity trained people to manage their money. I even had a deal recently where a family office was preemptive before we launched a process.

Goodrich: The other one that is really interesting is the industry specialization, which naturally leads you to independent sponsors. They have differentiation, maybe it's an operating executive that's now looking to do deals or it's a group of guys that have a real sector-specific expertise, but don't want to raise a fund. For us, it comes down to what value will they bring my seller beyond the financials. Independent sponsors that have that specific industry specialization tend to do better these days than they did a few years ago. There's more comfort that there's enough capital behind them or they can find the capital to make a deal successful. •

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Forward Swing

MARY KATHLEEN FLYNN

The game of golf has long been considered a door opener and a deal closer. Many middle-market dealmakers agree with P.G. Wodehouse, who said: "To find a man's true character, play golf with him." But for many women, the golf course represents the ultimate men's club. That's no longer the case for members of the Philadelphia chapter of the Association for Corporate Growth.

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ACG
Philadelphia
offered female
members a
choice of
participating
in a golf clinic
run by PGA
professionals
or playing
nine holes.

"

The chapter recently hosted Women in Dealmaking: 2016 Golf Outing, Clinic & Reception at the Centennial Golf Course at the Philadelphia Country Club. The event offered attendees a choice between taking a golf clinic run by PGA professionals, or playing nine holes. It

was sponsored by OFS Capital Management LLC and was the brainchild of Marsha Zebley, who leads business development for the middle market lending business.

The golf outing is just one of many ways ACG groups are focusing on women. For several years, ACG Global has developed programs for female members, who

account for 14 percent of the group's membership. InterGrowth 2017 will feature a Women's Networking Lunch & Panel on April 24.

ACG New York's Women of Leadership committee, founded by Accordion Partners' director of business development Michelle Van Hellemont in 2008, will host its fourth annual summit on

Jan. 19 at Convene Midtown East. The summit features a keynote luncheon, breakout panels and an evening networking cocktail reception.

Companies in the middle market have also launched initiatives. Chicago investment bank William Blair established the Women's Advisory

Council, an internal program that aims to provide leadership development opportunities to female employees. "We have found that it's critical to have a diverse deal team, including women, in order to provide competitive solutions and creative ideas to our clients," says William Blair managing director Beth Satterfield. Philadelphia-based law firm

Duane Morris has developed a program called Women's Impact for Success, aimed at helping female lawyers become leaders. "As you increase the size of your practice within a law firm, then you're able to gain some recognition, and leadership opportunities will become available," says Duane Morris partner Nanette Heide. MA

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Source for ranking: Mergermarket; based on global private equity exits 2012 through November 2016.

For more information on Lincoln International, or to arrange a meeting to discuss your transaction alternatives, please visit **www.lincolninternational.com**.

The Buyside



Fine Tuning

DEMITRI DIAKANTONIS

Orporate divestitures, especially on the part of consumer goods companies, drove a lot of M&A in 2016, and we expect the trend to continue. Snyder-Lance's recent sale of Diamond of California is a great example of the extreme fine-tuning large corporations are conducting through M&A.

"

We picked up a business, while attractive, it was not completely aligned with our core business.

"

Blue Road Capital has agreed to buy the Diamond of California brand of nuts used in cooking from Snyder's-Lance Inc. (Nasdaq: LNCE) for undisclosed terms. Snyder's closed its acquisition of Diamond Foods in February 2016 and is retaining the company's snack brands, including Pop Secret popcorn, as Snyder's adheres to a growth strategy of focusing on "better-for-you" snack foods.

Diamond of California, based in Stockton,

California, produces almonds, walnuts, cashews, pistachios and hazelnuts. The target sells its products in grocery stores and retailers such as Albertson's and Kroger Co. (NYSE: KR).

"As with most acquisitions, we picked up a business, while attractive, it was not completely aligned with our core business,"

said Snyder's CEO Carl Lee during a conference call. "We've been working tirelessly in evaluating all aspects of the business," Lee added regarding the Diamond Foods acquisition.

Snyder's is keeping the other brands it received in that deal, including Pop Secret popcorn. Snyder's is a Charlotte, North Carolina-based snacks company that is known for the Snyder's of Hanover pretzels, Emerald nuts, and Kettle chips brands.

Blue Road is a New York-based private equity firm that focuses on the agriculture sector. The firm raised a \$433 million agriculture fund in 2016. Some of Blue Road's investments include National Pecan LLC and fruit and vegetable distributor Vangaurd International Group.

Several consumer companies have been

realigning their portfolios through M&A to focus on core brands. ConAgra Foods Inc. (NYSE: CAG) completed the sale the JM Swank food ingredient distribution business to Platinum Equity. Newell Brands Inc. (NYSE: NWL) is selling Irwin Tools to Stanley Black & Decker Inc. (NYSE: SWK), as part of its process to sell at least 10

percent of the company's portfolio; and Prestige Brands Holdings Inc. (NYSE: PBH) has agreed to sell the Fiber Choice, New Skin and PediaCare brands to Moberg Pharma AB for \$40 million in cash.

Wells Fargo Securities LLC (NYSE: WFC) and Troutman Sanders LLP are advising Snyder's. MA



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Finance Finesse



Mezzanine Debt Ruled in 2016

KAMARON LEACH

For buyers, middle-market lending sources are more than available. The increased availability of financing makes the landscape very competitive from a lender's perspective. However, lenders that specialize in a targeted industry or offer flexible debt solutions are more likely to maneuver through the competitiveness, potentially sealing a deal with dealmakers looking for funding. Multiple firms have raised loan funds in 2016, in particular mezzanine funding.



BDCs have regained some momentum due to rising share prices over recent months.



For buyers, middle-market lending sources are more than available. The increased availability of financing makes the landscape very competitive from a lender's perspective. However, lenders that specialize in a targeted industry or offer flexible debt solutions are more likely to maneuver through the competitiveness, potentially sealing a deal with dealmakers looking for funding. Multiple firms have raised loan funds this year, in particular mezzanine funding.

The rising popularity of mezzanine funds is more apparent now than in recent years. In November, the Carlyle Group LP (Nasdaq: CG) doubled down on its commitment to the energy sector by raising a \$2.8 billion mezzanine fund. The credit fund was nearly twice the size of the firm's inaugural \$1.4 billion energy fund raised in 2012.

Joining Carlyle in recent mezzanine fundraising efforts, the Audax Group raised its fourth fund valued at \$1.2 billion to invest in middle-market companies across a variety of industries, including: aerospace and defense, consumer, health care, logistics, manufacturing and software.

The resurgence of mezzanine financing is largely driven by the increased regulation of commercial banks and the poor stock performance of business development companies (BDCs), according to Five Points Capital's Brent Kulman. With BDCs, unitranche financing, and aggressive senior debt lending pulling back, dealmakers began tapping into mezzanine funds while valuations were strong.

Many BDCs pulled back from the market at the end of 2015 because their stock price "dropped below where they were able to invest from," according to Anne Vazquez, a partner at NewSpring Capital. In 2016, Vazquez says NewSpring Capital has seen a lot of activity in its mezzanine debt fund, largely due to the debt recapitalization market. The Radnor, Pennsylvania-based firm has approximately 46 portfolio companies out of its mezzanine debt offerings. Vazquez reports that the resurgence has slowed down a bit with BDCs making a comeback.

As 2016 moved along, BDCs regained some momentum after some had done larger, riskier deals and made mistakes within a volatile energy sector, says OFS Capital's Marsha Zebley. In fact, BDC Capital Credit launched a BDC to make senior investments, including mezzanine and unitranche, in middlemarket companies. While the climate had been tough for some, BDC share prices – tied closely to the stock market – have been rising over recent months. MA

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he challenges women face in achieving top-tier status in financial services is particularly acute in the middle market, where they account for only 14 percent of all dealmakers. One emerging exception may be private equity firms. As the asset class matures and some of the older players step aside, there's room for new firms and new leadership of old firms, providing potential opportunity for women and minorities.

Two examples of the generational shift are Kristina Heinze and Julia Karol. Heinze co-founded ParkerGale Capital LP in 2014, when she and four male partners spun off Chicago Growth Partners. Heinze leads deal sourcing for ParkerGale, which backs small technology companies. The firm recently closed its debut fund.

Karol was recently promoted to president and chief operating officer of the Watermill Group, a Boston area firm founded by her father and grandfather.

Heinze and Karol are among the 2017 additions to Mergers & Acquisitions' The Most Influential Women in Mid-Market M&A, which launched in 2016. The list includes female dealmakers from all components of the middle market, including: corporate dealmakers, private equity investors, investment bankers, lenders, attorneys and other advisers.

All those honored on the original 2016 list who are still active in M&A remain on the 2017 list. Among those featured are Jeri Harman, the founder of Avante Mezzanine Partners, and Pam Hendrickson, the chief operating officer of The Riverside Co., remain on the 2017 list.

Under-representation is something of a vicious cycle. There's a "lack of role models," explains Harman. "It's harder for women to see themselves in a senior role if they don't see other women in senior roles. Hopefully, that's changing, and as there are more role models, like myself and others, there will be more opportunities for younger women to see that they can get there."

"There's an awful lot of evidence out there that diverse perspectives make better investment decisions," Hendrickson says. "But it's not just women. It's other minorities as well. Bringing those types of perspectives to a discussion around investments is really important, and you will absolutely make better decisions."

Here are 35 women whose influence is felt throughout the middle market. **Newcomers are noted in blue.**

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Marilyn Adler

Managing Director Medley Capital

Sphere of Influence: Heads Medley Capital's SBIC fund, contributes to the SBIA and ACG New York, and lobbies on behalf of the middle market on Capitol Hill

s a managing director at Medley Capital Corp. (NYSE: MCC), Marilyn Adler runs the firm's small business investment company (SBIC) fund. Adler launched the SBIC fund, the company's first, in 2013. Today, the vehicle is one of the best performing funds on the Medley platform with a gross IRR of 14.5 percent and a net IRR of 15.8 percent. Additionally, Adler



Marilyn Adler

has closed approximately 19 deals and two followon financings over the last four years.

"I am very passionate about helping companies, and my competitive nature drives me to find great companies to partner with. We do extensive

due diligence on potential investments and we are not afraid to pass on things that don't meet our strict criteria," says Adler. As a result of the success of Medley's first SBIC fund, Adler has been tasked with raising a second SBIC fund.

Adler is very active in the middle market on many fronts. She serves on the Board of Governors of the Small Business Investor Alliance (SBIA) and on the group's BDC and Northeast committees. She also serves as member on ACG New York's Women of Leadership committee. Adler also lobbies for the private equity industry in Washington, D.C., including meeting with senators to promote increasing the family of funds limitation on SBA leverage from \$225 million to \$350 million.

Molly Ashby

CEO Solera Capital

Sphere of Influence: Bets big on companies cherished by and often run by women, including maraconi and cheese maker Annie's Inc.

olly Ashby started Solera Capital in 1999 after 16 years at J.P. Morgan & Co. (NYSE: JPM), where she had served as chief operating officer and chief investment strategist for J.P. Morgan Capital Corp., the bank's private equity unit. While there, she gained recognition for organizing a \$5.1 billion leveraged buyout of HCA Holdings Inc. (NYSE: HCA), the healthcare services company.

One of Ashby's most high-profile deals was Solera's 2002 controlling-stake investment in Annie's Inc. (NYSE: BNNY), foreseeing huge growth potential for the company's natural and organic food lines by expanding its sales in mainstream grocery stores. Annie's held one of the most successful initial public offerings of



Molly Ashby

2012 and was acquired in 2014 by General Mills Inc. (NYSE: GIS). Ashby served as chair of Annie's from 2004 until the General Mills purchase. Today, the company sells its products in more than 35,000 stores.

She received the 2015 Women of Concern Leadership Award from Concern Worldwide U.S., a humanitarian organization, in recognition of her fostering positive change in the private sector. She is an emeritus trustee of the College of William & Mary's Endowment, and she chairs its investment and executive committees.

In addition to Annie's, Solera's investments have included majority stakes in Latina Media Ventures, which publishes magazines for Hispanic women in the U.S.; Yolo Colorhouse, a toxic-free "

Ashby recognized that expanding natural and organic food lines into mainstream grocery stores gave Annie's huge growth potential.



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paint company; Calypso St. Barth, maker of highend women's clothing; and Little Clinic, which operates health clinics in retail stores and was sold to The Kroger Co. (NYSE: KR) in 2010.

Andrea Auerbach

Managing Director, Global Head, Private Investment Research Cambridge Associates

Sphere of Influence: Evaluates funds for investment and co-investment opportunities on behalf of the firm's private equity clients.

Interest in co-investment opportunities has increased substantially over the last couple of years. In tune with client needs, Andrea Auerbach and her team at Cambridge Associates started finding co-investment opportunities

for clients. In 2014, the firm decided to create a formal initiative around co-investing. "Co-investment was becoming more mainstream—a



Andrea Auerbach

part of a regular balanced investment diet—so we made the decision to start an entire practice rather than continue to look at opportunities on an adhoc basis. We are much more programmatic about it today," says Auerbach.

In addition to managing about 50 professionals, Auerbach spends a majority of her time assessing investment opportunities. In the last year alone, Auerbach and her team evaluated over 300 transactions aggregating over \$20 billion in available co-investment, but the firm ultimately only recommended 15 deals for co-investment.

"We have a rigorous review process and not that many deals make through our process," says Auerbach, adding that she likes the co-investment model. "You get a much better understanding and idea of what a firm is like and you learn more about the deal," says Auerbach.

Auerbach's favorite part of the job is discovering new investment opportunities. "When you meet a first-time fund, you are so excited for them. We love supporting emerging managers and first-time funds," says Auerbach, adding that 50 percent of top ten managers by vintage year are actually investing out of their first or second fund.

Karen Bechtel

Managing Director Carlyle Group

Sphere of Influence: Co-heads global healthcare for Carlyle and has invested approximately \$2 billion of equity in companies around the world over the past 10 years

fter a 30-year career at Morgan Stanley, Karen Bechtel joined the Carlyle Group LP (Nasdaq: CG) in 2005 to head up its healthcare investing practice. Bechtel had a long-standing interest in the sector. When everyone was excited about technology in the 1990's Bechtel turned her focus to healthcare. Today, she is glad she did. Thanks to the aging demographics of baby boomers in the U.S. and increasing healthcare needs in emerging countries, the sector is ripe for investment.

"Healthcare has steady industry growth. I



Karen Bechtel

figured that out a long time ago and decided to focus on it," says Bechtel. "I do healthcare 24/7." Today, healthcare spending makes up approximately \$8 trillion of the world's gross domestic product. Working on a wide range of healthcare

deals, she sits on the board of companies such as Ortho Clinical Diagnostics, Massachusetts Mutual Life Insurance Co. and Pharmaceutical Product Development (PPD), which she

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Co-investment has become more mainstream. It's part of a regular balanced investment diet, says Auerbach.

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considers a home run on many levels.

PPD was a public company that Carlyle took private in 2011 for \$3.9 billion. At the time, PPD was bidding to conduct clinical trials on behalf of big pharmaceutical companies. After Carlyle invested, Bechtel helped shift PPD's business approach. Instead of only bidding on a case-by-case basis for each trial, PPD formed multi-trial strategic partnerships with pharmaceutical companies. "This fueled growth by 30 percent, and gave the company long-term contracts and a recurring revenue stream," Bechtel explains.

"The company has seen great growth, and we have gotten some very good drugs approved that have helped the public," says Bechtel. "I like working in healthcare, because we help people, and that's the whole point. It's a very rewarding sector."

Chrisanne Corbett

Managing Director KPMG

Sphere of Influence: Spearheads U.S. industrials transactions and co-leads the audit, tax and advisory firm's equity coverage team

force in the industrials M&A realm, Chrisanne Corbett has worked on deals such as Polypipe Group plc's (LON: PLP) purchase of Nuaire and Dexter Axle's acquisition of Al-ko Axis Inc.'s assets.



Chrisanne Corbett

"Most of my deals have gone strategic," Corbett says. As for private equity, the "volume of deals in the second half of 2015 has been for add-ons." A few private equity firms considered buying Nuaire, which makes and designs ventilation

systems, but the deal ultimately went to Yorkshire, U.K.-based plastic pipe manufacturer Polypipe in a transaction that closed in August. "I flew to

London, and we pitched it, including to a couple U.S. private equity groups," Corbett says. Nuaire was sold by Electra Partners, a London-based private equity firm.

The transaction underscores two important middle-market trends: An influx of strategic buyers, and the importance of cross-border dealmaking prowess. "This is a global marketplace," Corbett says. "There are no borders anymore."

In another transaction, Corbett handled private equity-backed Dexter Axle's purchase of Al-ko Axis Inc.'s North American assets, which include axles and other parts for trailers and towable equipment in the utility, recreational vehicle, heavy duty, manufacturing housing, agricultural, marine and specialty markets. Dexter is backed by Houston private equity firm the Sterling Group, which bought the manufacturer of trailer axles in 2012.

In life sciences, companies have been disposing of non-core assets, says Dargan.



Catherine Dargan

Partner
Covington & Burling LLP

Sphere of Influence: Co-leads M&A practice and serves on the law firm's management committee

atherine Dargan has been advising clients on M&A transactions for more than 20 years, working on deals in a range of industries, with particular expertise in life sciences.

"There's been a lot of disposing of non-core assets," Dargan says. "Companies have been rationalizing their portfolios." Dargan adds that several companies have been focusing less on initial public offerings and more on M&A.



Catherine Dargar

In recent years, her work has included crossborder transactions. London biopharmaceutical

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Davidson initiated the capital markets function at Monroe Capital.

"

firm AstraZeneca Plc (LON: AZN) is one client she has handled a few transactions for recently. For instance, in 2014, AstraZeneca paid \$600 million for the U.S. and Canadian rights to Actavis Plc's branded respiratory business, including Tudorza TM, Pressair TM (aclidinium bromide inhalation powder). Dargan also represented AstraZeneca in its \$325 million sale of assets and rights to Myalept to Aegerion Pharmaceuticals Inc. in 2015. In 2014, Dargan worked with Ben Venue Laboratories, Inc., a subsidiary of the Boehringer Ingelheim Group, in its \$300 million sale of Bedford Laboratories to Hikma Pharmaceuticals PLC.

In the healthcare sector, Dargan says that mainly because of rising drug costs, buyers have been having trouble getting financing, and that has been impacting sale processes and the way that targets look for buyers. "Financing of life sciences companies has been tight," she says. "It's harder to get acquisition financing." Dargan mentions that competition for quality targets is so fierce, that having good relationships is more important than ever. "The marketplace for deals has gotten far more competitive."

Carey Davidson

Managing Director, Head of Capital Markets Monroe Capital LLC

Sphere of Influence: Initiated Monroe's capital markets function, leads buy-side club originations, relationship management, and marketing as well as sell-side syndications

ith more than 17 years in middle-market lending, Carey Davidson initiated Monroe Capital LLC's capital markets function. She deepens the firm's relationships across the lending community, driving partnerships and creating value through collaboration. She is responsible for Monroe's buyside club originations, relationship management, and marketing as well as Monroe's sell-side syndications.

Prior to Monroe, Davidson was a senior

deal professional at the Carlyle Group LP's (Nasdaq: CG) business development company, where she focused on originating, structuring,



Carey Davidson

negotiating, executing and managing middle-market loans. Prior to Carlyle, Carey was a founding professional and senior vice president at Churchill Financial and an assistant vice president at GE Antares Capital.

Davidson is active in the Chicago chapter of the ACG and the Women's Association of Venture & Equity (WAVE), a nonprofit organization. She serves on the National Young Leadership Cabinet of the Jewish Federations of North America (JFNA).

Monroe Capital provides senior and junior debt and equity co-investments to middle-market companies in the U.S. and Canada. Investment types include unitranche financings, cash flow and enterprise value-based loans, asset-based loans, acquisition facilities, mezzanine debt, second lien or last-out loans and equity co-investments.

Robin Engelson

Managing Partner, Founder Sapphire Financial Group

Sphere of Influence: Founder and managing partner; holds nearly 32 years of experience in lending and investment banking; and serves on several executive boards

obin Engelson is the managing partner at Sapphire Financial Group, a Minneapolis investment bank she founded in 2003. Sapphire Financial provides capital raising services for middle market companies and debt capital services for private equity firms and nonbank lenders. Engelson touts her experience in lending as reasons for success in raising capital for independent sponsors, family offices, and private and public companies.







With her experience, Engelson is able to provide clients with "the guidance of what's available in the marketplace to accomplish what they're trying to do." The best thing about raising capital, Engelson says, is optimizing the

Robin Engelson

You have to bring more to the table than money, like experience, says Fields.

"

best capital structure and relationships for delighted client. Sapphire Financial is working on several transactions at moment. One of those transactions includes a \$60 million capital raise for an independent sponsor that's buying

two service companies. The raise includes debt and equity transactions.

Before creating her own firm, Engelson led the private placement advisory service division for Lazard Middle Market LLC, a U.S. middle market PE firm previously known as Goldsmith Agio Helms. While there, she focused on raising debt, non-control equity and arranging acquisition financing for sell-side M&A deals. Engelson also served as a senior vice president at GE Capital, now a subsidiary of General Electric Corp., managing the firm's Midwest lending operations. Engelson grew the firm's portfolio in her respective market from \$25 million to more than \$1.5 billion over her 10-year tenure at GE. With more than 32 years of combined experience in lending and investment banking, Engelson has financed or advised on more than \$8 billion in transactions across a variety of industries.

Venita Fields

Partner
Pelham S2K Managers LLC

Sphere of Influence: President of ACG Chicago; has structured, closed or managed about \$2 billion in investments in the automotive, aviation, environmental, food, industrial, manufacturing, retail and service sectors

wo trends Pelham S2K Managers LLC partner Venita Fields says she's noticed in the lower middle market over the last 20 years: More larger private equity funds are dipping into the space, and more entrepreneurs are business savvy.

"Some of the companies we see are much more sophisticated; they're well run; they have practices and systems in place," Fields says. "The great thing about working in the lower end of the middle market is that there are quite a few professional entrepreneurs out there who've really done a great job managing their businesses, and they just need capital to grow. And that's what we like to do."

With added competition from the larger funds, "it means that we really rely on relationships more than ever," she says. "At the end of the day, you



Venita Fields

have to bring more to the table than money. Hopefully you bring experience."

Fields and two of her partners at Smith Whiley & Co. formed Pelham S2K with a fourth partner in 2015. At Smith Whiley, one of her notable deals was

a \$7.5 million minority stake in Aquion Water Treatment Products LLC, maker of residential water and air treatment systems, in 2004. Smith Whiley's investment created an innovative financing arm for Aquion vendors to help homeowners finance the treatment systems. The PE firm exited the investment in 2006.

Another deal of note at Smith Whiley was helping a private equity group buy Midwest Dental, a dental management practice in Wisconsin that bought up sole proprietorships from dentists in small markets, providing the dentists with liquidity from their businesses and centralized administration for increased cash flow. The company grew to 40 practices, including some start-up practices, from 25.

"These deals will never make the Wall Street Journal, but they're emblematic of what goes on in the lower end of the middle market," she says, where "it's surprising how many ways entrepreneurs find to make money."

on the train and are all looking to buy franchises and create nice business platforms with great synergies," Forrestal says.

Amy Forrestal

Managing Director Brookwood Associates

Sphere of Influence: Brings vast experience advising on restaurant deals, including KFC and Taco Bell franchises, to her clients

ith buyers seeking to invest in smaller restaurant chains, investment banker Amy Forrestal knows what to look for in the space since that area is her sweet spot. Before joining Brookwood in 2002, Forrestal was with Bank of America Merrill Lynch from 1987 to 2001.

"The ability to manage a brand and support franchises that are running and building their own business is attractive," says Forrestal, who advises on majority sell-side transactions. "These franchisors are high cash flow, very leveragable



Amy Forrestal

and have low capital expenditures." Typically, Brookwood focuses on deals that have up to \$250 million in enterprise value.

In 2016, Forrestal closed three deals, including: the sale of sandwich company Togo's Holdings LLC

to Nimes Capital; the sale of Silver Diner, an American casual restuarant, to Goode Partners; and the sale of Buffalo Wild Wings (Nasdaq: BWLD) franchisee Smash Management to World Wide Wings, a portfolio company of Partners Group AG. In 2015, Forrestall closed six deals that included the sale of Chicago-based Taco Bell franchises to KBP Partners.

"There are lots of private equity firms and high-net-worth individuals who have jumped

Mary Gaede

Managing Director Antares Capital

Sphere of Influence: Handles West Coast private equity clients for the biggest lender in the middle market

ary Gaede cultivates long-term relationships with her private equity clients, a strategy that pays off. Among her middle-market clients are Brentwood Associates, HGGC, Industrial Growth Partners, Vector Capital and Windjammer Capital Investors. "I stay in touch with different folks at



Mary Gaede

the firms, maintaining a good dialogue about what is happening in the middle market," Gaede says. "Then, when they have deals they're considering, they will come to us early to get our perspective on the company and a leverage read. We get involved

with deals right from the early stages."

Most of Gaede's clients spent 2015 making add-on acquisitions. "We have more new platforms this year than last, but the sponsors I cover also were very active with acquisitions again in 2016, as well as exits and purchases from other sponsors and founders."

For example, HGGC started building out Survey Sampling International LLC, a data and technology business the Palo Alto private equity firm bought in 2014. In March 2015, the firm agreed to add market research and management consulting group MRops to SSI, and Antares handled the financing.

Another significant transaction for Gaede was Industrial Growth Partners buying FMH 66

Franchisors are high cash flow, very leveragable and have low capital expenditures, says Forrestal.



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Gandhi advised Serge Azria in the sale of a majority stake in his Dutch fashion brand.



Aerospace Corp., a commercial aerospace parts manufacturer for the defense, space and industrial markets. That deal closed after General Electric (NYSE: GE) CEO Jeffrey Immelt announced the gradual divestiture of GE Capital, Antares' former owner. GE has been divesting assets throughout 2015 and 2016. Antares was sold to Canada Pension Plan Investment Board in August after many entities competed to buy the coveted lender.

"The FMH Aerospace acquisition closed during the period of time that our business was going through our sale," Gaede noted. "It was an affirmation of the relationship we have with Industrial Growth Partners that they had no problems sticking with us."

Janki Gandhi

Managing Director Lincoln International

Sphere of Influence: Manages client relationships and leads deal teams in the investment bank's consumer group

anki Gandhi says her work advising entrepreneurs at middle-market companies, in some cases working a few years with them as they prepare their business for a deal, is extremely rewarding. For example, she says, she greatly admired the founders of Los Angelesbased Paige, formerly Paige Denim, which was launched in 2004 by Paige Adams-Geller, creative director; her husband Michael Geller, CEO; and Michael Henschel, chief financial officer.

Lincoln International evolved from a clothing brand to a lifestyle brand, and Gandhi advised the company on its deal to sell a stake to TSG Consumer Partners in 2012. Another example: Serge Azria, an industry veteran who started building fashion brands under Dutch LLC of Vernon, California, including Joie, Current/ Elliott and Equipment in 2007. Gandhi advised Dutch on its deal to sell 60 percent of the company to PA Associates in 2012 for \$550 million. She calls Azria one of the strongest

merchants she's ever known, using his acute knowledge of product and consumers to build a highly profitable business.

Companies in the branded consumer space tend to attract higher acquisition prices because



Janki Gandhi

private equity investors are interested in distinctive assets that can be built into much bigger businesses, Gandhi says. Beauty M&A is a hot area now because brands are capitalizing on social media and digital channels for sales, and

they can build both through mass-market stores like Costco and upscale stores like Neiman Marcus. But in the branded apparel and accessories space, most of today's M&A deals are restructurings instead of growth deals, partly because of a dearth of strategic buyers in the space. "It's hard for many private equity investors, who are saying: 'OK; I can buy this business now; I think it's a fantastic company, but who am I going to sell it to in three to five years?""

Lori Haram

SVP, New Business Development Estée Lauder

Sphere of Influence: Implements M&A strategy, which consists of growing by at least one percent annually through acquisitions

s senior vice president of new business development for Estée Lauder Cos. (NYSE: EL), Lori Haram implements the company's M&A strategy. Estée Lauder aims to grow by at least one percent annually via acquisitions.

Haram is responsible for identifying, evaluating and negotiating acquisitions, joint ventures and licensing activities. She has led several acquisitions, including: fragrance company Editions de Parfums Frédéric Malle; skincare

brand Glamglow; fragrance distributor Le Labo; and skincare brand Rodin olio lusso. And she was instrumental in developing the business unit responsible for nurturing new brands.

Prior to rejoining Estée Lauder in 2010, Haram served as general manager of Carol's Daughter, the multi-cultural beauty brand created by entrepreneur Lisa Price, sold to L'Oréal USA in 2014. She had previously worked at Estée Lauder as vice president, global finance and



Lori Haram

strategic planning, for the Mac Cosmetics and Sean John Fragrances divisions.

Estée Lauder has been active in dealmaking as of late. One of the challenges companies in the beauty business face is tapping into new consumer

markets while keeping up with a booming e-commerce market. That's where some of the acquisitions come in. In 2016, New York-based Estée Lauder agreed to buy cosmetics company Too Faced for about \$1.45 billion in an effort to expand e-commerce offerings. Los Angeles-based Too Faced sells makeup for the eyes, face and lips in quirky packaging. Estée Lauder also bought skincare products company Becca Cosmetics to grow online. Becca, located in New York, is known for selling primers, concealers, foundations and blushes under its own brand. In a deal designed to reach new markets, Estée Lauder invested in Have & Be Co. Based in Seoul, South Korea, Have & Be makes moisturizers and cleansers that are sold in the U.S. and Asia under the Dr. Jart+ and Do The Right Thing brands.

Some of Estée Lauder's competitors, including L'Oreal SA and Revlon Inc. (NYSE: REV) have been expanding into other regions as well, including Asia. L'Oreal bought IT Comestics for \$1.2 billion, while Revlon acquired Elizabeth Arden for \$870 million.

Jeri Harman

CEO

Avante Mezzanine Partners

Sphere of Influence: Runs one of the most active lending shops in the middle market, co-chairs the annual ACG Los Angeles Business Conference and serves as vice chair of the SBIA

One leg involves external, high-level activities, such as chairing industry conferences; another leg is working on transactions, in which she is supported by a team; and the third leg is internal management of the firm she founded in 2009. Recently Avante provided debt and equity co-investment in the sale of Learners Edge to L Squared Capital Partners. The firm's second fund raised \$250 million in investments, which the firm has begun to to deploy.

Based in Los Angeles, Avante's primary business is to provide mezzanine loans to middle-



Jeri Harman

market companies, and the firm also co-invests in some transactions. The firm completed 19 deals out of its first fund, which closed with \$218 million in 2012. Avante completed its final deal from the first fund in July 2015, when it provided a loan and

equity co-investment to support Chicago private equity firm New Harbour Capital's acquisition of Community Psychiatry Management LLC, a Sacramento, California-based behavioral health company.

"We not only like the management and performance, but we also like the macro trend in that business where there is a lot of tailwind due to the Affordable Care Act and some unique supply and demand factors," Harman says. "There's a shortage of psychiatrists, which helps keep rates up," she adds. Plus, psychiatry is working its way into mainstream acceptance by the public.

Among the deals Avante previously closed is the unitranche loan and equity co-investment Haram
has led
Estée Lauder
acquisitions,
including
Editions de
Parfums
Frédéric Malle;
Glamglow;
Le Labo; and
Rodin olio
lusso.



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Starting
a software
company has
become much
less expensive
with the easy
availability
of cloud
computing,
says Haynes.



to support Newton Square, Pennsylvania-based private equity firm Inverness Graham Investments' acquisition of the Global ID Group, a Fairfield, Iowa-based business that provides testing and certification services regarding food safety, quality and authenticity issues, including the presence of gluten and genetically modified organisms (GMO). The deal, which closed in late 2013, underscores increased interest on the part of consumers and private equity firms in healthy eating over recent years.

In addition to her work at Avante, Harman is a networking superpower. She's been involved with ACG LA since the mid-1990s and with the SBIA since 2009.

Holly Moore Haynes

Founder Luminate Capital Partners

Sphere of Influence: After cutting her teeth at Silver Lake, where she worked on significant tech deals, such as the buyout of Seagate's hard drive unit, Haynes recently founded techfocused PE firm Luminate

Before launching Luminate Capital Partners in 2014, Hollie Moore Haynes worked for more than 15 years at Silver Lake, one of the largest technology PE firms with \$26 billion under management. Haynes worked at the firm



Hollie Moore Haynes

from its 1999 launch and helped lead its first big buyout in 2000, the \$2 billion acquisition of the hard drive division of Seagate Technology (Nasdaq: STX). She started a mid-market investment effort at Silver Lake about five years before leaving the

firm, overseeing software investments.

Haynes says she was drawn to the software sector because of several trends that are creating investment opportunities. One is that starting a software company has become much less expensive with the easy availability of cloud computing, which has created a very fragmented market, with many founder-led companies and startups with small amounts of venture capital funding. Another trend is the shift in the enterprise software business model, from onpremises licensed software that requires clients to invest in servers and IT staff, to subscription cloud-based applications, such as Salesforce. com, which can make it easier for new software companies to generate recurring revenue streams, but more difficult to grow quickly. She started Luminate so she could build a brand around her middle-market software company investing, instead of working under the broader mission of a big firm, she says. Luminate does not compete with Silver Lake, and Haynes' former employer invests in her fund. Haynes continues to oversee her Silver Lake portfolio, including Blackline, a Los Angeles company that sells software to finance and accounting professionals.

Based in San Francisco, Luminate is focused on acquiring midmarket software companies—those with \$10 million to \$50 million in annual revenues—from the founders or early venture capital investors or in carve-out deals. The firm is interested in U.S. providers of business-to-business, enterprise software with an established product, a happy customer base, a market leadership position, a management team to partner with and the potential to grow 10 percent to 30 percent annually, along with certain software industry financial metrics. "Market growth and opportunity matters, because you've got to have enough wiggle room to get some things wrong along the way to try to grow the business," she says.

In the firm's first deal, Luminate bought the largest provider of convenience store back-office software in April 2015: PDI, a Temple, Texas, company carved out from a company owned by Warren Buffett's Berkshire Hathaway Inc. (NYSE: BRK.A). PDI controls about half of its market, running financials, inventory and pricing software for big convenience stores in the U.S.

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Kristina Heinze

Co-Founder, Partner ParkerGale Capital LP

Sphere of Influence: Heads up deal sourcing at young, techfocused private equity firm ParkerGale, which she co-founded with fellow partners from Chicago Growth Partners

mall funds outperform larger funds, and specialists outperform generalists," says Kristina Heinze, who spearheads deal sourcing at ParkerGale Capital LP. Heinze cofounded the Chicago firm in 2014 to invest in founder-owned technology companies in the lower middle market.

ParkerGale recently closed a debut buyout fund of \$240 million, exceeding the original target



Kristina Heinze

of \$200 million. The firm makes majority investments in businesses that generate \$2 million to \$10 million in Ebitda. Portfolio companies specialize in providing tech-enabled business services that use, or are moving toward using, the Software-as-a-Service

(SaaS) model for distributing applications.

"Private equity people love the visibility and the recurring nature of revenue in the SaaS model," Heinze says. ParkerGale has already invested in two tech-enabled business service providers, Aircraft Technical Publishers, and waste monitor OnePlus Systems, which has also made an add-on deal in SmartBin.

"We have the benefit of working together as a full team for over a decade," Heinze says. She and partners Dave Chandler, Devin Mathews, Jim Milbery and Ryan Milligan previously worked together at Chicago Growth Partners, where they made up the investment team. When they spun off as ParkerGale, they brought chief financial officer Corey Dossett and office manager Sharon Janowski with them. The firm has since added principals Alan Williamson and Kevin Fitzgerald and associate Cass Gunderson. Private equity industry veteran Tim

Murray serves as the fund's senior adviser.

As the private equity industry matures, new players, including spin-offs from established firms, are entering the asset class.

Pam Hendrickson

COO

The Riverside Co.

Sphere of Influence: Runs Riverside's back-office functions, fundraising and deal origination; serves on the firm's investment committee and supervises a fund; previously served as chair of the ACG; testified before Congress on behalf of PE industry

am Hendrickson is one of the most powerful dealmakers in the middle market and arguably the most influential female mid-market dealmaker. At Riverside, one of the industry's most active PE firms, Hendrickson fulfills several significant roles. As COO, she runs all of the firm's back-office functions (including finance, compliance, marketing, human resources, information technology and administration) and two sales functions (fundraising and deal



Pam Hendrickson

origination). She also supervises The Riverside Strategic Capital Fund and sits on the firm's global investment committee, which considers investments in all five of the firm's fund strategies. Since Hendrickson's arrival in 2006, the New

York and Cleveland, Ohio, firm has purchased more than 200 companies and raised nearly \$4 billion. Prior to joining Riverside, Hendrickson spent 22 years at JPMorgan Chase in a variety of leadership roles.

Beyond Riverside, Hendrickson's influence is far-reaching. She is a former chair of the Association for Corporate Growth (ACG) – the only woman ever to hold that position -- and she has advocated on behalf of the private equity

66

Small funds outperform larger funds, and specialists outperform generalists, says Heinze, making the case for the firm she co-founded.



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Diverse perspectives make better investment decisions, says Hendrickson.



industry through Congressional testimony, television interviews and op-ed pieces. She is also a member of the advisory board of the Kenan Institute for Ethics at Duke University, where she earned an AB in public policy and history.

One investment Hendrickson has enjoyed participating in is Tate's Bake Shop, a cookie maker founded by entrepreneur Kathleen King. Hendrickson was instrumental in winning the deal for the firm and in recruiting Maura Mottolese to fill the CEO spot. Since Riverside bought the company in 2014, Tate's has grown revenue more than 50 percent, according to the PE firm.

"There's an awful lot of evidence out there that diverse perspectives make better investment decisions," Hendrickson says. "But it's not just women. It's other minorities as well. Bringing those types of perspectives to a discussion around investments is really important, and you will absolutely make better decisions."

Mary Josephs

CEO Verit Advisors

Sphere of Influence: Structures innovative ESOPs for middlemarket companies

ary Josephs had a promising career as an investment banker focusing on Fortune 500 companies, but it wasn't all that interesting to her. In 2009, she left Bank of America and she took a risk, launching Verit Advisors. "There were a number of opportunities for me, but they were uninteresting to me compared with having the opportunity to grow and build something," says Josephs. "It might sound insane, but I consider it a gift to work with the awesome people who are caretakers for their families' legacies."

Given the fact that most investment bankers are incentivized to close deals quickly, Josephs saw an opportunity. "It struck me that another approach could be to listen to the client and execute, not worry about when the deal happens,"

says Josephs. That's exactly what Josephs did when Maureen Beal came to her with her family's company in 2010.

Beal was a fourth-generation owner of National Van Lines, a national moving company.



Mary Josephs

Beal lived on the top floor of the office and cared deeply about what her family gave to grow the business. In 2010, at 70 years old, Beal knew she had to do something to ensure the future of the business. After Beal hired Verit Advisors,

walked Beal through the pros and cons of what a sale would look like to various buyers, including a strategic buyer and a private equity firm. Beal made the decision to do an Employee Stock Option Purchase in 2011. The deal secured Beal's grandfather's legacy and ensured the careers of more than 100 employees.

"Mary listened, and she understood," says Beal. "Her prominence as one of the nation's premier ESOP practitioners preceded her, but what set Mary and her colleagues apart was their ability to understand our unique situation and help craft a solution."

Julia Karol

President, COO The Watermill Group

Sphere of Influence: Evaluates funds for investment and co-investment opportunities on behalf of the firm's private equity clients

atermill is one of the oldest independent sponsors in the industry, and for the last seven years, Julia Karol was primarily responsible for managing relationships with the firm's investors. However, in July, Karol was promoted to chief operating officer and president of the firm. She now splits her time between



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managing the operations of Watermill and working with portfolio companies on strategy execution. "Following my promotion, I now provide support to Watermill's portfolio companies with emphasis on strategic implementation and organizational

The second secon

Julia Karol

development as well as manage the Watermill Group's operations," says Karol.

Founded by Karol's grandfather and father, the Lexington, Massachusetts-based firm has a staff of 15 professionals today. A Watermill professional

will take a board adviser role at every portfolio company. Karol always fills one of those seats, while Watermill deal partners usually fill a board seat as well. Watermill focuses on investing in middle-market manufacturing and industrial businesses that are strong at their core, but need more direction to achieve the next level of growth. Karol says the firm is seeing many great investment opportunities due to disruption in the industry as a result of changing regulations.

Today, Watermill has five portfolio companies. "These businesses are at a crossroads and we provide the vision, strategy and operating support to help them achieve their full potential. We hope to build companies that can thrive for the next 100 years," says Karol.

Mercedes Kerr

EVP, Business Development Welltower

Sphere of Influence: Manages business relationships to help the company expand its healthcare real estate portfolio

s executive vice president, business development, for healthcare real estate investment trust (REIT) Welltower Inc. (NYSE: HCN), Mercedes Kerr leads business relationships in order to help the company grow

its healthcare property portfolio.

Kerr, who joined Toledo, Ohio-based Welltower Inc. in 2008, was promoted to her current role from senior vice president, business development, in 2016. Before joining Welltower, Kerr was vice president, acquisitions at HCP Inc. Kerr began her real estate development career in her native Mexico.

Kerr is associated with industry groups including: the Executive Committee of the American Seniors Housing Association; the Board of Counselors of the University of Southern California's Davis School of Gerontology; and the Board of the California Assisted Living Association.

In addition to moving up Kerr, Welltower has been expanding its business development team through hires and promotions. For example,



Mercedes Kerr

in August 2016, the company promoted Justin Hill to senior vice president, business development, where he will focus on Welltower's West Coast portfolio. Hill reports to Kerr.

Welltower owns more than 1,400 properties. In October

2016, Welltower paid \$1.15 billion for 19 properties in California from Vintage Senior Living.

"Welltower's acquisition of a 19-property portfolio from Vintage Senior Living in 2016 was a direct reflection of our strategy, which focuses on top metro markets with a growing population of seniors, favorable supply-and-demand fundamentals and high barriers to entry," Kerr tells Mergers & Acquisitions. "Welltower's business model as a publicly traded REIT offers reliable access to efficient capital, and we have built sophisticated systems to leverage our scale, drive down costs and identify best practices."

Karol hopes to build companies that can thrive for the next 100 years.

"

Karin Kovacie

VP, New Business Development Alcentra Capital Corp.

Sphere of Influence: Spearheads new business development and deal origination for the BNY Mellon subsidiary; chairs ACG Connecticut chapter; serves on the boards of AM&AA and ACG Global

ubbed a "networking machine" by other dealmakers, Karin Kovacic estimates she has amassed about 20,000 contacts since she began her involvement with ACG about 10 years ago. She used a customer relationship management tool to track them, and makes sure she stays in close contact with about 100 people, reaching out to others on an annual, semi-annual or quarterly basis. She also tries to add value to her relationships by helping to make introductions or otherwise "paying it forward."

"You never know when anyone or anything is going to end up leading to business," Kovacic says. "When you meet people you like and you respect, who are smart, then you tend to want

to do business with people you form

relationships with."



Karin Kovacic

In her work heading up business development and deal origination for Alcentra, which she joined in 2012, she works on a broad range of investing, from unitranche lending to equity coinvestments. Some deals that Karin originated for the firm include: ACT Lighting, a lighting distributor, a debt and preferred equity transaction with

an independent sponsor; A2Z Wireless, a debt transaction of a Verizon retailer with Atlantic Street Capital; and DBi Services, an infrastructure services company, in a deal directly with the entrepreneurs where her firm invested debt and preferred equity.

"There isn't really a box, which has been really fun. Because every deal looks very different, and depending on if there is a private equity sponsor or an independent sponsor or if it's directly with an entrepreneur, you're trying to all sit around the table and structure the deal as conservatively, yet flexible, for the next two to three years out," she says.

The biggest challenge of her work is the competition, and because her firm's money isn't any greener than the competitors, networking and relationship management is a key to maintaining a top-of-mind position and staying out in front of people.

Amber Landis

VP, Public Policy ACG Global

Sphere of Influence: Lobbies on behalf of the middle market in Washington, D.C., including meeting with members of Congress and federal regulators

rawing on experience gained as a registered lobbyist for previous employers, including the Retail Industry Leaders Association, Royal Ten Cate (AMS: KTC) and Whirlpool (NYSE: WHR), Amber Landis is helping the Association for Corporate Growth (ACG) establish a louder, more consistent voice with Congress and federal regulators. She serves as the group's first registered lobbyist and Washington-

based staffer.



Amber Landis

Soon after joining the ACG staff in 2013, Landis helped launch the bipartisan Congressional Caucus for Middle Market Growth in May 2014. The caucus serves as a champion for ACG issues and is led by two Republicans and two Democrats in the U.S. House of Representatives, with about 20 members overall.

Now that the ACG is a registered lobbying entity, the group can make specific requests of members of Congress and support specific legislative proposals directly. The lobbying efforts build on initiatives launched over the last few years, including an annual summit in Washington.

"There's so much potential out there. There's so many more ways that we can be effective and create good policies for the people that do the work of M&A professionals," Landis says.

Tricia Marks

Managing Director Madison Capital Funding

Sphere of Influence: Manages the firm's loan syndication effort and third-party capital, and serves on the investment committee

ith a 25-year track record, Tricia Marks is one of the most experienced professionals in middlemarket lending. She began at Heller Financial Inc., a firm purchased by GE Capital in 2001. She joined Madison Capital in 2003. Over the last several years, Marks has focused on healthcare deals—one of the largest areas, volume-wise, of

leveraged buyouts-- though she also still works on generalist transactions.

Two examples of recent transactions: At the end of 2014, she helped lead a recapitalization, negotiating and syndicating a



Tricia Marks

\$213 million credit facility for Vention Medical, a company that designs, engineers and manufactures complex medical devices and components owned by KRG Capital in Denver. In the first quarter of 2015, she negotiated and syndicated WBT Acquisition, \$87 million leveraged buyout for a client, for a company that owns and operates mammography facilities in the U.S.

A lot has changed since Marks started in 1990. "During the first half of my career, it was much less competitive, and the participants in the market were much different," she says. Madison is one of the last remaining traditional finance companies, competing with business development companies, other asset managers and specialty finance companies. Also, there's a lot more variety in the capital structures used to complete transactions today. Another change is the hold sizes of participants. In earlier years, the hold positions would be \$10 million to \$20 million, while today those positions are \$20 million to \$100 million depending on the institution.

Beatrice Mitchell

Managing Director Sperry Mitchell

Sphere of Influence: Co-owns one of the oldest independent middle-market investment banking firms

or nearly 30 years, Beatrice Mitchell has sold privately-held companies in manufacturing, distribution, retail, business services and other industries. Mitchell started Sperry Mitchell with husband Paul Sperry in 1986. The firm has remained successful by investing substantially in infrastructure, including databases and people, and cultivating connections and a good word-of-mouth reputation from clients. The firm focuses on putting together an excellent product: the selling memorandum and the list of potential acquirers.

One of the more interesting trends she's seen in the domestic middle market over the past few years has been the

rise of the non-traditional financial buyer. These buyers—who have committed capital but don't conform to the standard private equity model—include family offices, limited partners going direct and "just rich guys filling out their portfolio of investments," Mitchell says. They're appealing to certain sellers because they offer patient capital with no definite investment horizon, no deal or monitoring fees, and a willingness to fund

growth over the long term.

Sperry Mitchell's deals are usually under-the-radar companies, not household names. The firm sold one of the first companies that Bain Capital ever invested in, Calumet Coach medical equipment in 1986. In 2015, the firm sold Endless Pools, which was acquired by Masco Corp. for undisclosed terms. William Arthur Stationery was sold by the firm to



Beatrice Mitchell

Hallmark Cards Inc. in 1997. Other recognizable companies sold by the firm include Rolling Rock beer and Lawn Doctor.

Even after nearly three decades in the business, making new contacts is still critical for success, Mitchell says. "You're always selling. I think that's true no matter what business you're in," she says.

Nicola Morris

SVP, Corporate Development Wex Inc.

 $\textbf{Sphere of Influence:} \ \ \text{Heads up M\&A efforts for the acquisitive vehicle payment processing services provider}$

s senior vice president of corporate development at Wex Inc. (NYSE: WEX), Nicola Morris has been actively seeking targets ever since she joined the company from

Verizon Communications Inc. (NYSE: VZ) in 2014. "We've been very busy on the acquisition front," Morris says. In 2015, South Portland, Maine-based Wex bought healthcare payments software provider Benaissance and in 2016, the company paid more than \$1 billion for fleet payments company Electronic Funds Source LLC from Warburg Pincus.



Nicola Morris



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While several potential bidders were skeptical that Warburg was willing to exit Electronic Funds so quickly, because the PE firm had acquired it in 2014, Morrris took a "why not?" strategy in approaching the company. "I always start with the perspective 'why not?" says Morris. Wex usually finds targets through its own industry research as well as fielding calls from investment bankers and private equity firms. Morris says Wex typically looks for acquisitions that will expand the company geographically or into new markets.

In 2014, Wex acquired healthcare software payments company Evolution1, which gave the company an entry into the healthcare sector. "Nicola's ability to articulate the 'why' is what allowed us to move so quickly and decisively in this new vertical," says Wex CEO Melissa Smith.

As for future deals, Morris says that Wex's pipeline "is very full" but she declined to go into specifics.

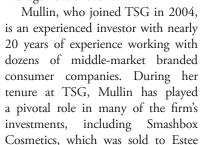
Hadley Mullin

Senior Managing Director

Sphere of Influence: Leverages 20 years of experience working on consumer deals, such as Smashbox, Yard House, Radio Systems and Sexy Hair, to play several roles at the PE firm, including serving on the investment committee

earing many hats at TSG Consumer Partners, Hadley Mullin is the firm's sole senior managing director and a member of the investment committee. She is also responsible for originating and performing due diligence on new investment opportunities, structuring transactions, and working

with TSG's partner companies and on management of the firm.





Hadley Mullin

Lauder; Yard House Restaurants, which was sold to Darden; and Sexy Hair, which was sold to Henkel, among others. Mullin's consumer industry experience allows her to bring more than the proverbial checkbook to an investment. Mullin's style of private equity comes in part from her time with Bain & Company, where she worked as a consultant to companies in the consumer products, retail and healthcare sectors. Mullin also worked in Bain's Private Equity Group, where she conducted due diligence on prospective investments for a variety of PE firms.

Mullin is in good company at TSG, which boasts a large number of women in its senior ranks and throughout the firm, in large part due to her influence and initiative, such as establishing a program of part-time and flexible work options. "I've played an active role in creating near gender parity within our firm's investment team," says Mullin. "This strategy was embraced long ago by the firm's senior leadership, which has long been focused on creating a gender-balanced investment committee, particularly given TSG's focus on consumer and retail and the fact that women drive over 85 percent of all household purchase decisions."

Raquel Palmer

Partner
KPS Capital Partners

Sphere of Influence: Chairs the investment committee of the distressed-focused PE firm and serves on the board of nine portfolio companies

aquel Palmer has put together some of the more notable middle-market distressed-company deals in recent years. She has been with KPS since the firm's inception

in 1997, buying distressed and underperforming manufacturing and industrial companies for what is now a \$3.5 billion private equity fund. The firm looks for businesses it can create and unique situations in which it can add value.

add value.

"What we look for is not the healthy growth businesses that other private equity funds are looking for," Palmer says. "We're looking for trouble, and



Raquel Palmer

problems that are fixable, that we've had experience working with, so that we can have the confidence to put a plan together to make the business better."

In 2013, Palmer led the KPS investment in a newly formed company it created, Expera Specialty Solutions, which combined carved-out specialty paper businesses from Wausau Paper Corp. and Packaging Dynamics Corp. and their plants

in Wisconsin. In addition to negotiating with the two sellers to close their deals on the same day, KPS had to negotiate labor contracts with United Steel Workers. In 2014, KPS completed a \$270 million recapitalization for Expera. Expera bought an Old Town Fuel & Fiber pulp mill in Maine out of bankruptcy at the end of 2014, and now KPS is looking for new businesses to add to the Expera platform.

Also in 2013, Palmer led KPS investments in furniture brands that were brought out of bankruptcy to create Heritage Home Group. In 2014, she led the KPS investment in Electrical Components International, maker of electrical circuits that go into appliances or cars, where the firm saw unlocked value in expanding its business to new types of customers.

Gretchen Perkins

Partner
Huron Capital Partners

Sphere of Influence: Originates many of Huron's deals and influences public policy for the middle market as co-chair of ACG's public policy committee

retchen Perkins originated the full-time business development role at Huron Capital. Having performed the role for about 15 years, she has contributed to setting the standard for the development of the origination

role in the industry. "We are building a 20-year pipeline at Huron Capital," says Perkins. "People do business with people they know, like and trust. Good business development targets each of those attributes, which leads to sustained, actionable deal flow." Perkins' well regarded road warrior status certainly back up that strategy.



Gretchen Perkins

In addition to her deal development work, Perkins is the voice of the

middle-market private equity industry in Washington, D.C, by serving as co-chair of the Public Policy Committee for the Association for Corporate Growth. Perkins is involved in educating policymakers and regulators about the benefits of the asset class. "I am explaining our contribution to the economy and striving to achieve relief from regulators," says Perkins. "We meet with relevant legislators and their staffs and explain how our industry really works, and it is making a difference."

During the last Congressional session, HR 1105 resolution

was passed in the U.S. House of Representatives, exempting private equity from having to register with the SEC. Unfortunately, it did not make it through the Senate, but it was still a step in the right direction considering many lawmakers didn't even understand middle market private equity prior to ACG's lobbying efforts, explains Perkins.

Now Perkins and the team are focusing on fine-tuning and ratcheting down the registration requirements. "We have an ongoing dialogue, which is collaborative," says Perkins. "It is very important to educate policymakers about these items, as it is our hope to be impactful in future legislation and regulation."

Beth Pickens

Managing Director William Blair & Co.

Sphere of Influence: Runs cross-border consumer goods deals, such as Harrys of London, out of the investment bank's London office

am the woman you should call if you have a global consumer company that you want to sell cross-border," says Beth Pickens. She has the street cred to back up the statement, having conducted deals involving consumer goods darlings Harry's (the razor brand), Harrys of London (a footwear brand), and personal care lines Mio Skincare and Yes to Carrots.

Consumer goods M&A is poised for growth, and dealmakers are predicting continued activity according to Mergers & Acquisitions Mid-Market Pulse (MMP), a forward-looking sentiment indicator derived from monthly surveys of approximately 250 business executives and published in partnership with CT. Cross-border deals, too, are of increased

importance. "Having international buyers in your process is important," Pickens says.

And based in London, Pickens runs many processes through U.S. buyers, including private equity firms. For example, she sold Harrys of London (which was carved out of luxury brandowner Richemont) to Boston private equity firm Palladin Consumer Retail Partners, which also owns Aerosoles and



Beth Pickens

J. McLaughlin. Harrys of London was originally the men's line of Jimmy Choo plc (LON: CHOO). "We signed our transaction the same day Jimmy Choo went public in London," Pickens says.

Razor company Harry's, a New York-based startup supported by venture capital funding from BoxGroup, Grace Beauty Capital, Highland Capital Partners, Thrive Capital, Wellington Management and others, bought its manufacturing facility in Germany through Pickens. Owning its own factory allows the company to be completely integrated, which is the only way to disrupt Gillette's long-standing and overwhelming market share in the razor industry, opines Pickens.

"It's an example of e-commerce vertical integration," Pickens says. "Selling them the factory allows for the next generation of consumer brand disruption."

Sheryl Schwartz

Managing Director Caspian Private Equity

Sphere of Influence: As a limited partner, Schwartz invests in primary and secondary private equity funds on behalf of Caspian clients

t seems like everyone wants to raise a private equity fund today. Just ask Sheryl Schwartz, a managing director and lead investment professional for primary and secondary funds with New York-based Caspian Private Equity. It's not an easy job, considering how many private placement memorandums



Sheryl Schwartz

(PPM) she has to get through in a year to find stellar investments for her clients. At the end of October 2016, Caspian had \$3.1 billion of assets under management, with \$2.0 billion invested in private equity funds and about \$522 million in co-investments.

A veteran in the industry, Schwartz was head of TIAA-CREF's alternative investment team. She joined TIAA-CREF in 1988. In 1997, Schwartz

was appointed to establish and develop TIAA's alternative investment portfolio. During the following 13 years, Schwartz built a diversified portfolio of approximately \$13 billion of commitments in alternative investments.

Unlike many limited partners, Schwartz is willing to consider investments with newer managers and in the lower middle market. "We look at funds that are under \$500 million that don't have a proven track record," says Schwartz. For example, Schwartz and the Caspian team recently committed to a PE firm's fourth fund with the second generation of managers

at the helm. Caspian has committed to a first time fund as well. "It takes more time to invest in these types of funds, but without people like me and firms like Caspian, these types of funds wouldn't have a future and consequently the companies they would invest in wouldn't create the same value or maybe even exist," says Schwartz. "These newer funds aren't typically oversubscribed. Most LPs will not spend the time to get comfortable with them."

Astrid Soto

VP, Business Development AUA Private Equity Partners

Sphere of Influence: Heads business development for AUA; contributes to the ACG New York's Women of Leadership committee; looks to increase diversity in private equity, specifically among minority groups and the Hispanic community

here are things that separate ordinary business leaders from the next and go-getters from the everyday office attendee. Though it takes a certain aptitude to get in the door, Astrid Soto says there are other traits that keep influential people. Having the knack for emotional intelligence – the ability to motivate, have empathy, self awareness, social skills, self control – is a trait that molds the most memorable leaders. Soto says it's the "balance and fine tuning" of high IQ and technical skills with emotional intelligence that private equity leaders should focus on in this industry.

Soto leads business development and investor relations for AUA Private Equity Partners, a New York-based lower middle-market private equity firm that specializes in leveraged and management



Astrid Soto

buyouts. Formed in 2012 and led by Andy Unanue, AUA looks to provide strategic capital to companies with a particular focus on family-owned businesses and companies benefiting from the growth of the U.S. Hispanic population. Unanue is the former COO and current shareholder of Goya Foods Inc. In early 2016, Soto helped lead AUA's acquisition of yogurt maker Noga Dairies Inc. as an add-on to portfolio

company Raymundos Food Group, LLC. The deal helped accelerate Raymundos' expansion into adjacent refrigerated categories.

Prior to joining AUA, Soto served as a business development associate at Boston private equity firm Audax Group. While

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Vivek Kundra, KEYNOTE SPEAKER

Executive Vice President of Salesforce.com and prior United States Chief Information Officer

Vivek Kundra was appointed as the first United States chief information officer by President Obama and was responsible for managing \$80 billion in annual technology spending, adopting game changing technologies, strengthening the cybersecurity posture of the nation and launching an open government movement which has been replicated around the world. Prior to joining the Obama administration, Kundra served as the chief technology officer for the District of Columbia and as assistant secretary of Commerce and Technology for the state of Virginia. Currently, he serves as the executive-vice president of Industries for Salesforce.com and is the chair of the World Economic Forum Global Agenda Council on the Future of the Internet. He is also a member of the Council on Foreign Relations.

The World Economic Forum selected Kundra as a Young Global Leader, representing a group of exceptional young leaders who share a commitment to shaping the global future. Kundra has been recognized as the 2011 "Government Executive of the Year" by TechAmerica; the 2009 "Chief of the Year" by InformationWeek for driving unprecedented change in Federal IT and as the 2008 "IT Executive of the Year" for his pioneering work to drive transparency, engage citizens and lower the cost of government operations. Kundra also served as a joint fellow at Harvard at the Berkman Center for Internet and Society and the Shorenstein Center on the Press, Politics and Public Policy.

KEYNOTE SPONSOR:





there, Soto was inducted into the Young Professionals for ACG Boston Accelerator Class of 2014.

Soto is very active in the middle-market as she continues growing as a well-known name in the industry. She has participated in several speaking engagements for the ACG New York chapter covering topics such as: niche investment strategies, family offices and private equity investments. Soto's involvement with industry has helped Latin-oriented businesses receive capital commitments, which generally have not received as much attention as needed. Soto currently serves as vice chair for ACG New York's Women of Leadership committee.

Christine Tiseo

Managing Director Lincoln International

Sphere of Influence: Runs financing processes for private equity firms that are making leveraged acquisitions, refinancing companies or issuing dividend recapitalizations

hristine Tiseo, who has been with Chicago-based middle-market investment bank Lincoln International for 12 years, is the link who brings private equity firms and lenders together to finance deals. She boasts relationships with firms including Versa Capital Management, Symphony Technology Group, Wynnchurch Capital, Comvest Partners, Monomoy Capital Partners and Sun Capital Partners.

In 2015, she completed two deals for Philadelphia private equity firm Versa: The recapitalization of communications business Bell and Howell LLC and restaurant franchise Black



Christine Tiseo

Angus Steakhouse LLC. For the Bell & Howell deal, Tiseo helped arrange a \$25 million revolving asset-based credit facility with Bank of America NA. Versa bought Bell & Howell, formerly Bowe Bell + Howell, out of bankruptcy in 2011, and spun out the business' BCC Software division in 2014. "The BCC spin-off allows Bell and Howell to retire its outstanding third-party debt," says Bell and Howell

CEO Ramesh Ratan. When Tiseo arranged the new asset-based loan, Bell and Howell was debt-free.

Tiseo also organized a unitranche loan for restaurant chain Black Angus Steakhouse LLC from Medley. And she advised

on Connexity Inc.'s acquisition of PriceGrabber.com Inc. (E-commerce marketing company Connexity is owned by Symphony Technology.)

Instead of working on straightforward financing situations, Tiseo tends to work with companies that have a more complicated history. "They tend to be deals that have a bit of a twist or cork in them, they're not straight down the middle easy credit," Tiseo says.

Emily Waldorf

VP, Corporate Strategy Campbell Soup

Sphere of Influence: Spearheads Campbell's corporate direction and planning processes, including expanding the maker of well-known comfort foods into new, growing segments through acquisitions, such as Bolthouse Farms

ince joining Campbell Soup Co. (NYSE: CPB) in 2012, Emily Waldorf has been helping the company beloved for producing traditional comfort food, such as Chicken Noodle Soup, expand into healthy food categories through acquisitions.

She helped lead the company's largest-ever acquisition, Bolthouse Farms, purchased from Madison Dearborn Partners for \$1.5 billion in 2012. She also worked on the acquisition



Emily Waldorf

of Plum Organics and the sale of Campbell's European business. Prior to Campbell, Waldorf held roles in mergers and acquisitions, corporate strategy and business development at Discovery Communications Inc. (Nasdaq: DISCA), the Federal Bureau of Investigation, and AT&T Inc. (NYSE: T).

In 2015, Campbell completed its \$231 million deal of salsa maker

Garden Fresh Gourmet. In addition to organic salsa, Garden Fresh produces hummus, dips and tortilla chips. The purchase was essential for Campbell to diversify beyond soup.

Waldorf notes that the "packaged fresh" foods category is worth about \$21 billion and it is growing three times faster compared to "shelf stable food." With the addition of Bolthouse, Campbell was able to establish a new division around it called Campbell Fresh, which includes Bolthouse and Garden Fresh, along with Campbell's refrigerated soup business.

"Our focus is on pursuing a dual mandate -- to strengthen our core businesses while expanding into faster-growing spaces. Our M&A activity supports that approach," says Waldorf. "Deals have to make both strategic and economic sense for the company."

Amber McGraw Walsh

Chair, Healthcare Practice McGuireWoods

Sphere of Influence: As head of the healthcare practice at McGuireWoods, she advises on a wide range of deals in the sector, including physician-owned hospitals

mber McGraw Walsh has nearly 15 years of experience facilitating middle market healthcare deals. She chairs the healthcare practice at New York-based law firm McGuireWoods. Walsh represents hospitals, dialysis facilities, ambulatory surgery centers, physician-owned hospitals, mult i- and single-specialty medical practices, along with healthcare industry entrepreneurs and investors. She was involved in a number of mid-market deals that have helped reshaped the healthcare industry landscape.

Walsh has also served as general counsel to the board of Physician Hospital of America, the trade association representing the majority of physician-owned hospitals in the U.S. In her



Amber McGraw Walsh

role, she helped create effective structures for deal closings in a heavily regulated industry, and has provided counsel to at least a third of physician-owned hospitals in the U.S. A growing aging U.S. population, combined with changing regulations, are some of the trends that have been driving middle market healthcare deals.

"The healthcare industry has seen sweeping change in recent years, from

new regulation to reimbursement shifts, and niche investment opportunities have emerged as a result. Staying at the forefront of transactional and investment trends facing the healthcare industry is critical to ensuring that our clients make healthy operational and growth decisions. I am fortunate to have led the structuring of several partnerships and new companies operating in the middle market that have lowered costs to the healthcare system and shaped the delivery of care in a heavily regulated environment," says Walsh.

Alisa Wood

Member, Client and Partner Group KKR

Sphere of Influence: Heads KKR's products specialist area globally for all private market activities, participates in capital raising and nurtures relationships with limited partners

orking at the venerable New York-based private equity firm Kohlberg Kravis Roberts & Co. (NYSE: KKR) is undoubtedly a coveted job. Alisa Wood has been a member of the client and partner group, working with the firm's limited partner clients, since joining in 2003. KKR has seen unprecedented growth in its product offering and in its growth of limited partner relationships during her tenure at the firm. In fact, before Wood joined the firm there wasn't a team



Alisa Wood

or a person that focused on limited partner relationships. "Focusing on fundraising showed our clients how important they are to us and that these relationships aren't a sideshow. We are client centric. We are focusing on them every day," says Wood.

The firm has built out products to invest in minority deals, credit, real assets, hedge funds, energy and co-investments, among others. "We

had clients that said, 'We really love your approach. We wish we could find managers like you in other asset classes,'" Wood explains. "That's when I started tracking opportunities we were passing on to see how they were performing. We saw that a lot of those deals were successful, so we started to build out our offerings to include things like real assets and energy."

Relationships continue to provide satisfaction for Wood. "Capital raising is about relationships. Human nature is to work with people you like and trust. We've been through good and bad with our clients and have personal relationships with them."

Contributors to this report include:

Mary Kathleen Flynn, Keith Button, Allison Collins, Demitri Diakantonis, Danielle Fugazy, Katherine Gladsky and Kamaron Leach

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MID-MARKET PULSE: Financial Services M&A to Pick Up

Dealmaking in the financial services sector will accelerate significantly over the next 12 months, spurred by easing of regulations under Republican control of the federal government, according to *Mergers & Acquisitions*' Mid-Market Pulse (MMP). The MMP is a forward-looking sentiment indicator, published in partnership with CT, a provider of business compliance and deal support services. It is based on a monthly survey of approximately 250 middle-market M&A professionals.

The survey participants sampled in the days shortly after the election gave the financial services, insurance and real estate sector (FIRE) a composite score of 60.5 for the 12-month outlook, suggesting that M&A activity in the sector will expand considerably. Survey participants said

they expect dealmaking to benefit from a wave of deregulation of the financial services industry under a Republican president and Congress.

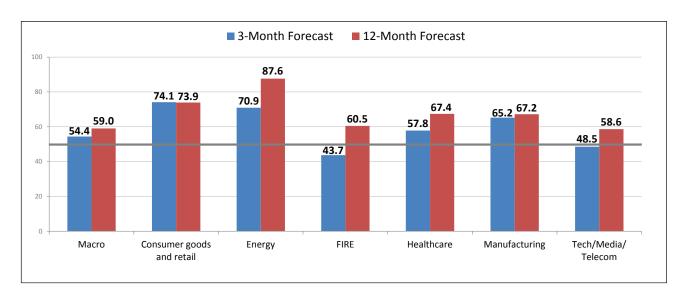
While a repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act is unlikely (and would require bipartisan support to achieve the required 60 votes in the Senate), a roll-back of regulations enacted in the wake of the financial crisis is expected. Elements of the Consumer Financial Protection Bureau and the Volcker Rule may be targeted for amendment.

The regulations that followed the financial crisis of 2008 led to increased M&A activity, as banks divested non-core assets. Another wave of activity is expected when the regulatory pendulum swings back.

One potential regulatory change that could hamper M&A in the middle market is the tax rate for carried interest, currently taxed as capital gains. If carried interest is taxed as regular income, the move could affect smaller PE firms adversely, although an expected lower tax rate for all businesses may offset the impact.

In the short term as the regulatory issues get sorted out, dealmaking in the financial services sector is likely to decrease. Survey participants gave the sector a composite score of 43.7 for the three-month outlook, indicating contraction.

Dealmakers responded to the survey November 10th through the 15th. ■



ABOUT THE MERGERS AND ACQUISITONS MID-MARKET PULSE (MMP)

The MMP is a monthly barometer for the outlook of M&A activity and conditions from the collective viewpoint of approximately 250 business executives in private equity firms, investment banks, lenders and advisor firms, such as accounting, law, and consulting firms, involved in M&A activity. Various sub-indicators that make up the overall MMP composite include projected deal volumes and pricing, staffing and resource utilization levels, and the expected impacts of economic conditions, taxes, and regulatory policy on respondents' future M&A activity.

MMP results are presented as rolling aggregate indicators for both three- and 12-month outlook periods for macro M&A issues as well as for individual industry sector issues in healthcare, consumer/retail, manufacturing, energy, and technology/media/telecommunications on a monthly rolling basis. A diffusion index is produced by calculating the sum of percentages of those indicating on survey responses that describe a change in sentiment for three and 12 months (e.g., increase/positive, decrease/negative, or no change/neutral) to arrive at three-month and 12-month aggregate index values that are then averaged to create a total composite for the month. A reading of over 50 indicates an expansion relative to the prior month, and a reading below 50 indicates a contraction.







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Areas of alignment between Trump and traditional Republicans include: lower taxes for businesses; more spending on infrastructure and defense; and fewer regulations of financial services

BY ERIC SIEGEL AND STEVE STOUTE, DECHERT LLP

ollowing the Republican sweep, a key question for dealmakers is whether this election portends the emergence of a Trump Doctrine with positions on key issues that are meaningfully distinct from traditional Republican policies, or whether campaign talking points will solidify into positions that are familiar to the GOP faithful. Until that question is answered in time, the safest bet for the future direction of legislation is to look at the places where President-elect Donald Trump and the Republican Party most overlap.

In this regard, we are likely to see significant support from the Republican Party at large for Mr. Trump's vision of rejuvenating the economy by slashing taxes. His tax plan calls for a business tax rate of 15 percent, elimination of the corporate alternative minimum tax and a deemed repatriation of corporate profits held offshore at a one-time tax rate of 10 percent. A lower corporate tax rate – on par with, or below, that of

Guest Article

other industrialized nations – together with a shift to a tax structure that encourages profits earned and taxed abroad to be repatriated could result in more opportunity for the efficient deployment of capital in the U.S., which will likely spur dealmaking activity in general.

Certain industries are also likely to benefit from alignment between the White House and the Capitol. Although there may not be complete agreement on which projects should have priority, for example, border walls versus the electrical grid, it appears there is a broad consensus that federal spending on infrastructure should increase. Together with increased support for public-private partnerships, we can expect to see a boost in spending in this sector. There is also broad

support for increased spending on defense, particularly to bolster space- and cyber-based capabilities.

In addition, the energy sector is poised to benefit from alignment on deregulation, especially for fossil fuels like coal. Limiting the Environmental Protection Agency and regulations enacted under the Clean Water Act and granting greater access to public lands and the outer continental shelf, could benefit producers and those in downstream and supporting markets.

We can also expect deregulation for the financial

services industry, with Mr. Trump and the Republican Party platform calling for repeal of the Dodd-Frank Act and the elimination or weakening of the Consumer Financial Protection Bureau. The platform also calls for efforts to encourage community banks and to reinstate Glass-Steagall. As a result, we could see an uptick in deals in this sector.

Although both the President-elect and the Republican Party platform have been critical of trade agreements, that criticism seems focused more on the terms and enforcement of any particular deal, rather than a repudiation of the concept of open markets in general. Accordingly, we are likely to see continued use of multilateral trade agreements with other nations committed to open markets, which is important for U.S. exporters.

Despite this apparent alignment on many key issues, we have not yet seen Mr. Trump as President Trump. His views may yet diverge from traditional Republican views, and from his seat at the top of the party, he may gather support for his own brand of Republicanism. In this election, the Republicans did well down-ticket, but we did not see many of those Republicans aligning themselves ideologically with Mr. Trump like we saw with the Tea Party movement. Down the road, as we get closer to mid-term elections,



we could see that kind of movement emerge as incumbents shift toward President Trump in order to shore up support for their reelection. We will have to watch closely to see what develops, and whether it's good for business.

Eric Siegel is a partner, and Steve Stoute is an associate of Dechert LLP, a global specialist law firm focused on sectors with the greatest complexities, legal intricacies and highest regulatory demands. The opinions expressed are those of the authors and do not necessarily reflect the views of the firm, its clients, or any of its or their respective affiliates.

We are likely to see support from the Republican party for Mr. Trump's vision of rejuvenating the economy by slashing taxes.



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M&A CONDITIONS INDEX

MERGERS&

JANUARY 2017

iddle-market dealmakers polled shortly after the election reported a significant drop in M&A activity, according to the *Mergers & Acquisitions*' M&A Conditions Index (MACI). The composite score fell to 50.8, down from 55.4 the previous month. All components of the index registered a slow-down. "November itself held a lot of uncertainty," as one survey participant put it.

Despite the short-term lull, 48 percent of the 250-plus survey respondents predicted the election outcome would result in an increase in mid-market M&A. Nearly 42 percent forecast the same level, and only about 10 percent said the impact would be less activity.

Lower taxes and fewer regulations (especially in the financial services sector) were the most cited reasons for optimism. Cross-border deals, changes to the healthcare system and carried interest were the causes of concern mentioned. Dealmakers responded to the survey from Nov. 10-15.

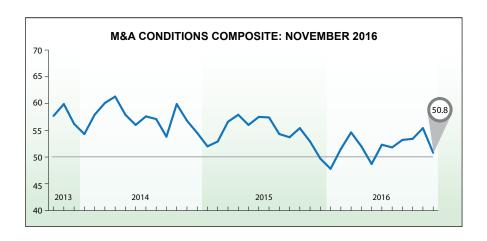
ABOUT THE MID-MARKET MERGERS AND ACQUISITIONS CONDITIONS INDEX (MACI)

The MACI is a composite index of mergers and acquisitions activity and conditions in the U.S. It is the result of the Mergers & Acquisitions' survey of executives in private equity firms, investment banks, lenders and advisor firms to track activity such as deals announced and deals completed, as well as acquisitions and divestitiures.

Each sub-indicator is based on survey responses that describe a change from the previous month (e.g., increase, decrease, or no change). Respondents are also asked to elaborate on any of the changes and provide their opinions about other internal or external conditions that affect their firm's operations or business outlook. A diffusion index is produced for each sub-indicators ycalculating the sum of percentages of those indicating "higher" (for positive sub-indicators) and "lower" (for negative sub-indicators) and half of those indicating the "same. A reading of over 50 indicates an expansion relative to the prior month, and a reading below 50 indicates a contraction.

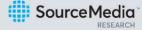
November composite at 50.8

While M&A activity slowed in November during the uncertainty of the election, most dealmakers said the lull was temporary and that the new administration will boost M&A.



Month to Month Trends

Index	November Index	October Index	% Point Change	Direction	Rate of Change	Trend (months)
Composite	50.8	55.4	-4.6	Expansion	Slower	6
Leads	56.1	66.7	-10.6	Expansion	Slower	10
Signed Letters	51.3	57.3	-6.0	Expansion	Slower	5
Completed Deals	48.8	55.6	-6.8	Contraction	From Expansion	1
Divestitures	46.3	51.6	-5.3	Contraction	From Expansion	1
Financing Availability	48.8	47.6	1.2	Contraction	Slower	4
M&A Business Activity	51.5	55.2	-3.7	Expansion	Slower	6
M&A Business Staffing	51.2	54.8	-3.6	Expansion	Slower	9
Bidders	48.7	43.7	5.0	Contraction	Slower	10



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