

**M&A  
DEAL  
UPDATE**

December 2019

**M&A  
SCORECARD  
REPORT**

**+ 2020 Outlook**

Transaction Spotlight

**Learning from  
a Client's  
Experience**

Webinars  
**HOW TO  
BUILD  
A BETTER  
BUSINESS  
BEFORE  
YOU SELL**

## Market Insights

# M&A Scorecard: North America Deal-Making on Track for Solid 2019 Despite Q3 Drop

More than 50 companies on average changed hands every day in the third quarter of 2019 in North America, according to the latest *Global M&A Review Q3 2019* from Bureau van Dijk. Following a frenzied first half of the year, North America M&A activity slowed in Q3 2019, prompted by ongoing geopolitical and economic concerns: 5,156 deals totaling \$243.3 billion were reported, a 54% drop in volume and a 65% plunge in value compared to Q2 2019.

Despite this subdued Q3 performance, North American year-to-date activity remains on track for another strong year, with a total of 27,877 deals worth a combined value of \$1.5 trillion reported in the first nine months of 2019 (for comparison, full year 2018 brought in 31,597 transactions totaling slightly over \$2 trillion).



Notable announced transactions included CBS’s \$11.6 billion acquisition of Viacom, Broadcom’s \$10.7 billion bid for the enterprise security business of Symantec, and Q3’s biggest private-equity backed transaction announced globally, the \$8.4 billion acquisition of railroad holding company Genesee & Wyoming by Brookfield Infrastructure Partners and GIC. In Canada, highlights included Blackstone’s takeover of Dream Global Real Estate Investment Trust for \$4.6 billion, Hasbro’s \$4.3 billion purchase of Entertainment One and Canada Pension Plan Investment Board’s 10-percent stake increase (to 50 percent total) in 407 International for \$2.4 billion.

PE and VC-backed deal-making continued at a relatively robust pace, with 3,947 transactions reported in Q3 2019, only 100 fewer compared to the previous quarter and a 4% increase over Q3 2018. Totalling \$82.9 billion, the overall value of the third quarter’s transactions declined 40% from the record level of the previous three months but was in line with Q1 2019 and the last two quarters of 2018.

Similarly, “multiples and deal sizes remain elevated,” as reported by Pitchbook. Median valuation multiples for all transactions (including both public and private companies) climbed to 10.4x through Q3, “spanning industries beyond just technology and healthcare (which tend to trade at the highest valuations).” The median deal size has more than doubled in the last three years, reaching \$93.5 million as of September 30, 2019.

So far in 2019, the top sector performers, Pitchbook notes, have been B2B (2,468 deals worth a combined value of \$318.6 billion), IT (1,386 transactions totaling \$298.1 billion), and B2C (1,116 deals totaling \$219 billion). →

## Market Insights

# M&A Outlook: What Can We Expect Going Forward?

Looking ahead to the end of the year and 2020, caution and advanced planning are certainly advised.

On one hand, geopolitical uncertainties, including most prominently the ongoing US-China trade war, prolonged ambiguity around Brexit, and political unrest in the Middle East, have caused concerns over global economic growth prospects and have undoubtedly impacted cross-border M&A (and may continue to do so). Domestically, while the treasury yield curve is back to normal, "markets are likely to remain nervy with a presidential election in less than a year, as there's no clear frontrunner among the Democrats and President Donald Trump's approval ratings remain low," according to a recent Business Insider article citing Goldman Sachs predictions.

On the other hand, we continue to see significant levels of cash on corporate balance sheets and equity capital raised by financial sponsors. In a lower organic growth environment, companies will look to grow via acquisitions. Barring a severe economic slowdown, ample liquidity combined with continued low financing costs should sustain acquisition demand, albeit perhaps at a more moderate rate.

## C-suite View

According to the latest EY Capital Confidence Barometer, 54% of the executives surveyed do not expect an economic slowdown in the near to mid term and the majority remain optimistic in the near-term economic outlook.

Moreover, a majority believe global deal-making will remain healthy: 68% are expecting the M&A market to improve in the next 12 months. "Despite geopolitical fears or the shadow of a slowdown, companies are clearly looking to M&A to navigate current and potential barriers to growth."

64%

are actively planning to respond to ongoing geopolitical, trade and tariff concerns

54%

do not expect an economic slowdown in the near to mid term

52%

are planning to actively pursue M&A in the next 12 months

68%

are expecting the M&A market to improve in the next 12 months



Executives expecting to actively pursue M&A in the next 12 months

Watch: Latest BCMS Webinars .....

## How to Build a Better Business Before You Sell

At some point – and it happens to most business owners – you will decide to focus on finding an exit from your current business. Whether you want to sell your company now or at some point in the future, it is crucial that you start considering the operational adjustments to be made today to ensure you realize maximum value when that future day comes.



[Register to Watch](#)

### Part 1: How to Prepare

[This 40-minute workshop](#) features two former business owners who successfully sold their companies. Learn what they did differently once they decided to sell.

You will discover:

- How to understand whether your business is ready to sell
- Right and wrong ways to prepare your company for the market
- Practical advice from two BCMS clients who successfully sold their business
- And more...

### Part 2: What Buyers Want

To facilitate an exit, you need to understand what potential buyers look for. [During this 30-minute session](#), we discuss how to strategically build your business to attract the right buyers.

You will learn:

- The top 3 buyer motivations (hint: it's not for financial investment)
- The best reasons to sell to a strategic buyer, and when to sell to a private equity firm
- Getting the business ready – Do's and Don'ts
- Why working capital really matters
- And more...

#### ONLINE SESSIONS FOR BUSY BUSINESS OWNERS

[www.bcmscorp.com/webinar](http://www.bcmscorp.com/webinar)

BCMS Webinars offer practical insights to a wide range of issues facing private business owners considering an eventual exit.

Featuring commentary from experienced M&A professionals and entrepreneurs who have successfully sold their companies, as well as resources, analysis and downloads, our webinars can be watched live or on-demand, from wherever you are in the world.



## Featured Recently Completed BCMS Transactions

### v2 Lighting Group, Inc. acquired by Architectural Lighting Works



Located in Silicon Valley, California, v2 Lighting Group, Inc. (“v2” or the “Company”) designs and manufactures modern, high-performance, interior and exterior LED luminaires for select clients such as Apple, Amazon, Starbucks, Disney and Microsoft. Their innovative fixtures are built to order with precision engineering and uncompromised quality, using only the highest quality components. Available in a multitude of sizes, features and finishes, v2’s specification-grade fixtures give architects and lighting designers billions of standard configuration choices.

Architectural Lighting Works (“ALW”), a portfolio company of Prairie Capital VI, L.P., is an innovative, award-winning architectural lighting manufacturer based in Oakland, California. ALW has been creating inspiration and illumination since 2005 for clients such as Microsoft, Volkswagen, Tesla, Whole Foods, Nike, and Google. ALW manufactures all products in their North America factory and primarily serves the United States, Caribbean, and Canadian markets.

BCMS acted as exclusive financial advisor to v2 Lighting Group, Inc.

### A.B.C. Roofing, Co. acquired by Tecta America



A.B.C. Roofing, Co. (“ABC Roofing” or the “Company”) is a roofing contractor that performs installation, maintenance and repair services. It serves the commercial market in the Pacific Northwest, providing roofing solutions for office buildings, retail stores, schools, hospitals and industrial facilities.

Headquartered in Rosemont, IL, Tecta America (“Tecta America”) leads the commercial roofing industry in the U.S., with over 70 locations and 3,000 roofing professionals. Tecta America provides installation, replacement, new construction, repairs, disaster response, and portfolio management to more than 5,000 customers nationwide.

With its robust presence within the Northwest as well as the Company’s strong customer and vendor relations, ABC Roofing was an attractive acquisition to Tecta America.

Tecta America’s national footprint has grown in the last two years, with seven acquisitions of leading regional companies like ABC Roofing.

BCMS acted as exclusive financial advisor to A.B.C. Roofing, Co.

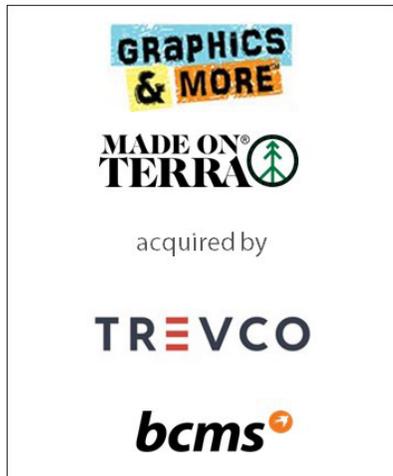
DELIVERING  
AN ATTRACTIVE  
OUTCOME  
FOR OUR CLIENTS

 *It was paramount to us to continue as a quality, family-orientated roofing organization to the clients we've served for the last seven decades. Tecta's reputation for treating its employees well, providing value and world-class service to the client is very important to us.* 

– Greg Bolt, President, A.B.C. Roofing, Co.

## Featured Recently Completed BCMS Transactions .....

### Nothing Specific, Inc. and Never Surrender, Inc. Acquired by Trevco, Inc.



Nothing Specific, Inc. (d/b/a “Graphics and More”) and Never Surrender, Inc. (d/b/a “Made on Terra”), collectively “Nothing Specific,” is a Sacramento, California based print-on-demand accessories business consistently ranked among leading third-party Amazon sellers. Nothing Specific produces gifts, novelties, apparel and accessories. Nothing Specific’s relationship with high-traffic online marketplaces, including Amazon, Walmart, eBay and Jet.com, along with its large inventory of designs and products positioned the company as an attractive acquisition candidate.

BCMS’s comprehensive research approach involved several hundred potential buyers, which resulted in broad interest for Nothing Specific in the market. The positive synergies between Nothing Specific and Trevco, Inc. (“Trevco”), as well as the cultural fit between the two businesses, helped facilitate the completion of the transaction.

Trevco sources blank apparel and then prints on demand at its approximately 70,000-square-foot Madison Heights, Michigan headquarters. It has contracts with Warner Bros. Entertainment Inc., Paramount Pictures Corp., among a long list of more than 800 licensed brands.

BCMS acted as exclusive financial advisor to Nothing Specific, Inc. and Never Surrender, Inc.

**DELIVERING  
AN ATTRACTIVE  
OUTCOME  
FOR OUR CLIENTS**

*“We are very proud of what we have built over the past decade at Graphics & More. And we feel Trevco is the perfect company and team to take it to the next level. The combination of licenses, Amazon experience, production expertise, technology and now dual geographic locations make the combined entity ready for lift-off in one of the most important retail channels today: e-retail.”*

– David Nielsen & Heather Dykes, Co-Founders of Nothing Specific

### Colonial Circuits, Inc. Acquired by Firan Technology Group



Colonial Circuits, Inc. (“Colonial Circuits”) is a manufacturer of high technology printed circuit boards, serving original equipment manufacturers, electronic contract manufacturers and direct-end market customers that operate in the military, aerospace, industrial and commercial markets.

BCMS’s extensive market research coupled with its tailored marketing approach, which highlighted Colonial Circuits’ longstanding customer relationships and reputation for high quality manufacturing, helped attract interest from a wide range of both domestic and international prospective buyers.

Firan Technology Group (“FTG”) is an aerospace and defense electronics product and subsystem supplier to customers around the globe. Traded on the Toronto Stock Exchange, FTG is an industry leader in cost competitive high-quality manufacturing.

BCMS acted as exclusive financial advisor to Colonial Circuits, Inc.

## Featured Recently Completed BCMS Transactions



### Capital GES SA merges with People 2.0, Inc.



BCMS has advised Switzerland-based international employment specialist Capital GES SA (“Capital GES” or the “Company”) on its successful merger with North America-based workforce deployment solutions provider People 2.0, Inc. (“People 2.0”) to create a new global market leader in outsourced HR services.

Capital GES is a market-leading provider of employer of record (EOR)/international PEO and agent of record (AOR) services in 30 countries across Europe, Latin America, Asia and Africa. For over 25 years, Capital GES has provided a wide range of tailor-made employment services for global staffing companies, employment intermediaries, and independent contractors. The Company has major regional hubs in Switzerland and Brazil, with additional offices in the U.S. and Ireland.

People 2.0's comprehensive workforce deployment and outsourced back-office solutions enable employment intermediaries to expand their market reach and lower their operating costs, while ensuring regulatory compliance. The combination of the two companies will create the global market leader in workforce deployment solutions serving more than 2,000 clients and managing over 20,000 workers across five continents.



### Gnosys Global Ltd. acquired by Kinectrics Inc.



Canadian group Kinectrics Inc. (“Kinectrics”), a privately owned, global provider of life cycle management services to the electric power industry, has acquired Gnosys Global Ltd. (“Gnosys”).

Gnosys is a multi-disciplinary innovation research and development company established in 2006 in the UK. It specializes in advanced materials development and asset assessment for the energy sector including power generation and electricity and gas distribution and transmission.

The acquisition of Gnosys adds a group of professional scientists, a suite of patents and trademarks, and an independent UK facility at the University of Surrey Research Park.

This UK base will allow Kinectrics to more effectively sell group-wide products & services and penetrate Europe's Nuclear, Transmission & Distribution industries.

The combined entities share similar values, technical credibility and a demonstrated history of providing innovative solutions to complex problems. By integrating complementary teams in the areas of life cycle management, inspection techniques, data analytics and high-performance functional materials, the combined business possess the ability to fast track new products and services to market.

BCMS acted as exclusive financial advisor to Gnosys Global Ltd.

## Thinking about selling your business?

For more information on how BCMS can help you maximize its value, contact us at:

t: [888 413 2267](tel:8884132267) | e: [meetings@bcmscorp.com](mailto:meetings@bcmscorp.com)

North America | Europe | Asia | Middle East | Australia

## Transaction Spotlight

### The Acquisition of Garvin Industries, Inc. by Southwire Company, LLC

We are delighted to announce that the BCMS-advised acquisition of Garvin Industries, Inc. by Southwire Company, LLC has won M&A Deal of the Year (\$25 – 50 million) at the 18<sup>th</sup> Annual M&A Advisor Awards. This is the fifth time in the past four years that industry peers have recognized BCMS’s excellence in complex sell-side transactions across a range of sectors and deal sizes.



Led by a senior BCMS deal team, this complex transaction featured exhaustive research of potential buyers and a well-managed transaction process, which generated robust competition between strategic and financial players, and ultimately delivered the optimal outcome for our client.



Garvin Industries, Inc. (“Garvin” or the “Company”), a 120-year-old leading manufacturer of electrical, lighting and low voltage products, had a non-traditional go-to-market strategy for electrical and lighting products, which was driving significant growth for the Company. This growth was the primary reason for the sale process as the owner, Bart Garvin, was all consumed in running the business and was looking for a better work-life balance. The Company had developed an online “Amazon-like” experience for their customers where they bypassed the traditional distributor channels which created interest from strategic buyers who were looking to expand their sales channels and from financial buyers who were attracted to the high profit margins.

The partnership with Southwire, LLC (“Southwire”), one of North America’s largest wire and cable producers and an emerging influence in the industrial electrical space, has expanded distribution channels and cross-selling opportunities for both buyer and seller. It has also fulfilled Bart Garvin’s personal goals: Garvin’s employees will have a good future with a company willing to invest in its continued growth and Bart Garvin can now focus on areas he truly enjoys – product development and sales – while leaving the management of daily operations to Southwire.

### Learning from Our Clients

We recently asked Bart Garvin what advice he would offer fellow entrepreneurs looking to successfully sell their business. Here is what he had to say:

*“If you’re a business owner looking for an attractive multiple, the single most important thing is to cast a vision of greatness for your company and make it concrete, make it tangible ... People like stories ... they invest in the future ... [you need to] show your potential buyers how you’re going to capitalize on the market...”*

To hear more from Bart visit: [www.bcmscorp.com](http://www.bcmscorp.com)

Discuss your business, its potential suitability for a sale transaction and the options available to you at an individual consultation with a senior BCMS investment banker. You'll be able to discuss your position in complete confidence, and meetings can be arranged at a time and location convenient to you.

Tel: 888.413.2267 | Email: [meetings@bcmscorp.com](mailto:meetings@bcmscorp.com) | [www.bcmscorp.com](http://www.bcmscorp.com)



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