

An aerial photograph of a city skyline, featuring numerous skyscrapers and buildings. A semi-transparent red rectangle is overlaid on the center of the image, containing the text for the annual review. The Willis Tower is prominent on the right side of the skyline.

2018

Annual Review

Livingstone



WE ARE

inspired dealmakers

Every deal begins and ends the same way. Our value is proven in between. We bring tireless determination to every deal.

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FOREWORD

2018 was another banner year for Livingstone. We closed a firm record 82 deals worldwide, totaling more than \$4bn in deal value – a reflection of a buoyant M&A market coupled with the fact that Livingstone is one of the few truly international M&A firms with a finite focus on mid-sized companies.

Three factors in particular solidified our position as a premier global advisor to the mid-market:

- Our deep sector expertise across the Business Services, Industrial, Healthcare, Media & Technology and Consumer Sectors.
- Our extensive knowledge of and access to the US and European debt markets.
- Our unique ability to design and execute creative cross-border transactions.

Increasingly, these factors converge to produce uniquely valuable outcomes. This year, for example, we introduced an American aluminum manufacturer to a fast-growing Spanish aluminum company, helped the US firm negotiate and execute the acquisition of the Spanish firm, and put together a syndicate of lenders on both sides of the Atlantic to finance the \$100mm deal.

Livingstone occupies a unique space in that it has sufficient scale and global reach to offer equivalent capabilities when compared to larger investment banks, without losing the entrepreneurial focus of a partner-owned and led firm.

When we created this firm in 2007, we envisioned a tight-knit, yet global firm that could serve mid-market companies' investment banking needs better than they had ever been served before. Achieving that vision took years of hard work, and will continue to do so, but today Livingstone is exactly what we set out to achieve 12 years ago.

Although this year may be rockier than 2018 given the market volatility experienced in recent months, exceptional deals like our US-Spanish acquisition make me confident that whatever economic or geopolitical volatility lies ahead, our firm's knowledge, creativity, and the caliber of our team will continue to create value for our clients.

Steve Miles

PARTNER



who we are

ABOUT LIVINGSTONE

Livingstone is a global M&A and debt advisory firm with a proven track record of delivering custom solutions and quality outcomes for private businesses, corporates and financial sponsors.

We focus on five core industries, with dedicated teams across our offices serving the Business Services, Consumer, Healthcare, Industrial, and Media & Technology sectors.

Livingstone works as one global team, partnering across geographies, sectors of focus, and service areas to provide clients with a range of investment banking services, including M&A advisory, acquisition financing, debt refinancing, distressed M&A, corporate divestitures and management advisory services.

This approach helped drive another year of record revenue and number of completed transactions. In 2018, we continued to grow our business by adding new partners, senior bankers and additional capabilities across the firm.

A GLOBAL TEAM

In today's hyper-competitive M&A markets, global reach and local access are critical to uncovering and understanding investment opportunities around the world. Livingstone's global presence and cross-border expertise offers unparalleled access to the local markets in which we operate, providing an edge to both independent businesses and investors seeking compelling mid-market opportunities around the world.

Since its founding, Livingstone has progressively expanded its international footprint. Today, we navigate the complexities of the global mid-market from our main offices in Beijing, Chicago, Düsseldorf, London, Los Angeles, Madrid and Stockholm.

Each region has its own unique mix of markets and Livingstone has built longstanding relationships throughout North America, Europe and Asia. We are committed to helping our clients with their strategic needs in their home market and around the globe.



WE NAVIGATE

global complexity

The global mid-market demands integrated, international infrastructure and deep hyperlocal relationships.



Livingstone by the numbers

120

PROFESSIONALS
WORLDWIDE

37

PARTNERS & MANAGING DIRECTORS
LEADING CLIENT PROJECTS

7

OFFICES ON THREE
CONTINENTS

75

AVERAGE NUMBER
OF DEALS DONE ANNUALLY

5

CORE SECTORS
OF FOCUS

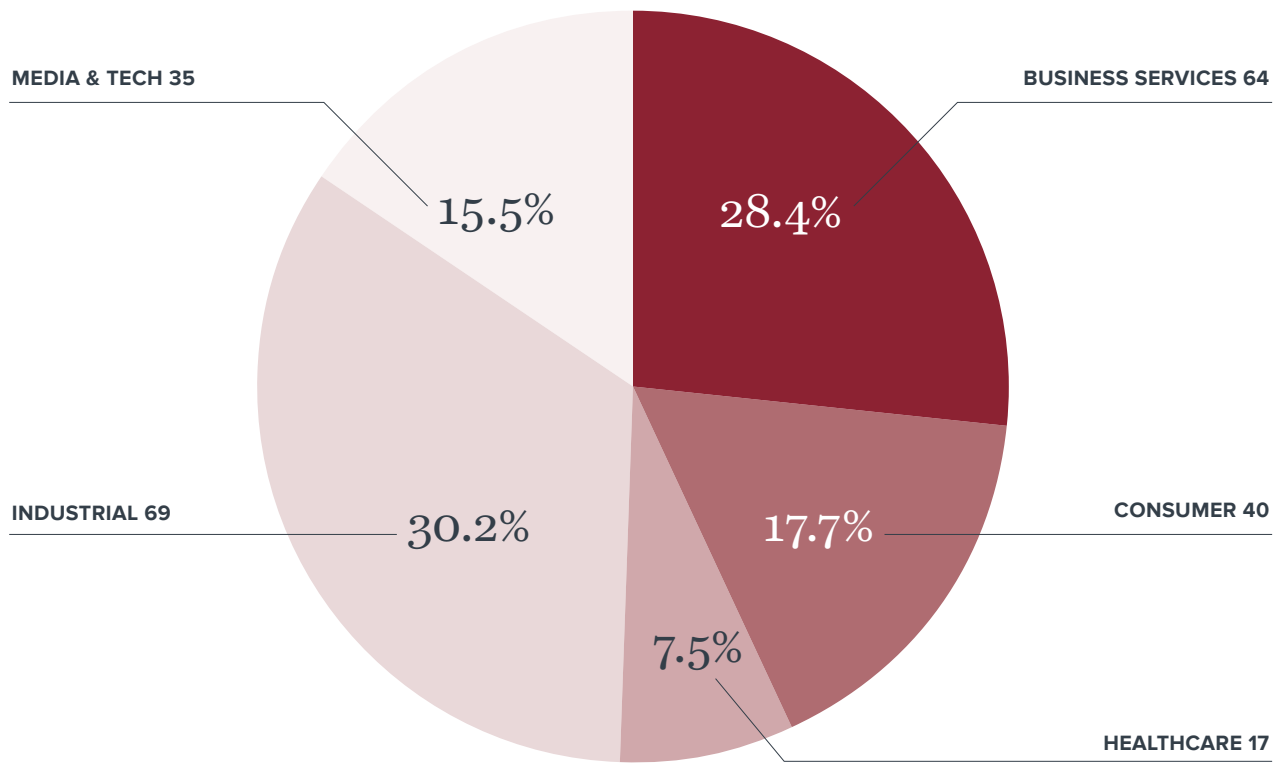
\$11BN

IN TOTAL DEAL
VALUE SINCE 2016



Deals done by sector

225 DEALS DONE RIGHT FROM 2016 TO 2018





WE HAVE

deep sector knowledge

Your business is unique, and as a result, so is our process.

We have dedicated global industry teams across our five key sectors to provide strategic advice and access to the right buyers.

INDUSTRY SECTORS

Today's M&A environment demands a unique understanding of a client's industry, value drivers, growth opportunities and challenges. Livingstone has dedicated global industry teams across five key sectors to provide strategic advice and access to the right buyers.

BUSINESS SERVICES

CONSUMER

HEALTHCARE

INDUSTRIAL

MEDIA & TECHNOLOGY



BUSINESS SERVICES

Livingstone has developed a deep understanding of the Business Services space, and focuses on developing tailored solutions that take into account our client's unique circumstances in order to ensure a successful outcome.

BUSINESS SERVICES

Service-based businesses represent a large and growing proportion of the global economy, and globalization continues to drive M&A activity as service providers seek to support major clients as they themselves expand overseas to access and build share in higher growth or less developed markets. Private equity continues to overcome its aversion to backing people-heavy, asset-light business models which historically proved to be a major obstacle to investing in the sector – or at least to justifying competitive valuations.

Looking forward to 2019, there appears to be plenty of momentum in this diverse sector across all of Livingstone's core geographies, driven by the same factors of economic growth, more widespread adoption of outsourcing as a means of reducing cost and supply and demand, with a surfeit of capital chasing a finite volume of quality acquisition opportunities.

SELECTED 2018 BUSINESS SERVICES TRANSACTIONS



has been acquired by



has partnered with



has been acquired by



has been acquired by



has acquired



has been acquired by





CONSUMER

Livingstone has a strong reputation helping consumer products and services companies maximize the value of their businesses. We understand the crucial drivers, key trends, and dynamics across the consumer sector to help maximize the value of the many dynamic businesses in the space.

CONSUMER

For consumer product and retail companies, 2018 provided a steady flow M&A activity, which has been characteristic of the sector over the past few years. Many companies in the sector are developing new strategies and tactics to gain a competitive edge in the marketplace, such as:


Globalization as cross-border transactions continue to be a viable option for consumer business looking to expand across geographies to drive sales and profits.


Innovation as companies look to technological advancements and growth strategies to build for the future.


Digital Transformation as businesses look to improve processes and efficiency in order to enhance the customer experience and streamline the consumers’ path to purchase.

Looking at 2019, we foresee a strong global M&A environment for the consumer services sector based on a strong global economy, access to relatively affordable capital, easing of corporate taxation in the US, and continued high valuations for businesses in the space across Europe and the US.


SELECTED 2018 CONSUMER TRANSACTIONS



a portfolio company of






has invested in






TSG CONSUMER




has acquired


ZOCVA





nordicfeel




has been acquired by













has been acquired by


home of sleep


Mittelstands
Beteiligungen





WARRIORS




has been acquired by


Consortium Of Private Investors





KEY TRAVEL



has been acquired by







HEALTHCARE

Livingstone's Healthcare team has a distinguished track record of delivering long-term, trusted financial advisory services to private healthcare providers and their investors looking to grow or exit through the M&A process or to those seeking access to the capital markets.

HEALTHCARE

Meeting the unique challenges of an ageing population has aided the healthcare industry in becoming a major growth sector. With continued provider consolidation and a focus on improving patient outcomes and reducing costs, business opportunities for private owners and financial sponsors have never been greater as investment in the Healthcare sector in US and globally continued at a robust pace in 2018.

Looking at 2019, with valuations at record highs in many subsectors, we anticipate a continued high level of healthcare M&A as healthcare companies look to contain costs and boost returns.

SELECTED 2018 HEALTHCARE TRANSACTIONS

agilityhealth®
Serving Together. Better.™



has been acquired by

Alliance
Physical Therapy Partners
a portfolio company of



SYNERGY®
HomeCare



has been acquired by

NexPhase
CAPITAL



TotalSpectrum



has been acquired by

LEARN Behavioral a portfolio company of **LLRpartners**



San Onofre
HOSPITALES



has been acquired by

ita.
especialistas en salud mental



MEDI-MARKT
gut beraten – besser leben



has been acquired by

Gimv
Building leading companies.



Eden Futures



has raised debt facilities
to recapitalize

TDC **TOSCA**
DEBT
CAPITAL





INDUSTRIAL

Livingstone's Global Industrial Group provides strategic advice and seamless transaction execution to private business owners, financial sponsors, and corporations around the world.

Our knowledge of the sector, strength of relationships, and access to acquirers, financial sponsors and other creative capital sources makes Livingstone the M&A advisor of choice to innovative industrial manufacturing companies around the world.

INDUSTRIAL

2018 was another strong year for industrial M&A. Valuations continued to be high, with many companies in the sector often trading at 10x EBITDA or greater. With the continuing pressure for growth, availability of capital, and the increasingly common strategy of using M&A to improve, scale and transform industrial companies, we expect 2019 to be another strong year.

Large public industrial companies are still aggressively assessing their portfolio of existing businesses, and with valuations at all-time highs, divestiture and spin off activity has been and should continue to be prevalent.

This, in conjunction with both private business owners and private equity firms' recognition of the market cycle should result in new inventory of assets coming to market in 2019.

The supply and demand imbalance for transactable assets is expected to prolong the current seller's market into 2019 and will continue to put pressure on private equity firms to use their complete toolkit to maintain their return dynamics.

SELECTED 2018 INDUSTRIAL TRANSACTIONS



has been acquired by



has been divested to



has been acquired by



has been acquired by



has been acquired by



has acquired



MEDIA & TECHNOLOGY

Over the last few years, Livingstone has closed transactions within B2B and B2C software, healthcare IT, information services, IT services, marketing, media, security, and telecoms, among others. During this time, our sell-side transactions have averaged multiples of 5x revenue across all media & tech verticals, with many outcomes exceeding those averages.

MEDIA & TECHNOLOGY

Technology is driving valuations in two key ways. Traditional media & technology businesses remain in hot demand and command high values, sure, but businesses in other sectors that have effectively integrated IT into their processes, and have become ‘tech-enabled’ are seeing their valuations eclipse those of more traditional peers.

New financial buyers are forming with technology-led investment mandates; existing firms not traditionally focused on tech are expanding their investment teams to include technology; and strategic acquirers in non-tech sectors are adding technology companies and/or tech-enabled service capabilities to their acquisition criteria. This has created more competition for well-positioned businesses, and from a more diverse range of buyers.

Tech-enabled acquisition targets tend to sell at higher multiples, with buyers generally giving a 1-2x EBITDA premium to businesses they believe are effectively using technology to positively impact the business. In parallel, private equity buyers in the mid-market continue to pay compelling valuations for attractive technology businesses with multiple avenues for growth – especially as the market has become ultra-competitive.

Looking at 2019, we expect the appetite for media & technology M&A activity to remain robust. Sellers have more exit alternatives than ever before, but navigating the landscape requires a refined approach in order to maximize value, certainty, and speed to close as well as finding the right partner.

SELECTED 2018 MEDIA & TECHNOLOGY TRANSACTIONS

BEST X



has been acquired by



cardinal



has been acquired by



has been acquired by



has been acquired by



has been acquired by



has secured investment from





WE ARE

unrelenting advocates

We fight in your corner. But we don't stop there. We'll be with you for the long-haul, as your business grows, acquires and sells.

SERVICES EXPERTISE

Livingstone provides its clients with a range of investment banking services, including M&A advisory and consulting, management advisory, acquisition financing, corporate divestitures, debt advisory, and distressed M&A.

MERGERS & ACQUISITIONS

SPECIAL SITUATIONS

DEBT ADVISORY

The background of the slide is a dark blue gradient. Overlaid on this is a faint, large target with concentric circles. Several arrows are shown hitting the target, with the most prominent ones hitting the bullseye. The arrows are dark and have a slight glow.

MERGERS & ACQUISITIONS

Livingstone assists both buyers and sellers by providing in-depth financial and strategic analysis, identifying optimal transaction partners, developing creative deal structures, and negotiating complex M&A transaction terms.

MERGERS & ACQUISITIONS

SELL-SIDE M&A

BUY-SIDE M&A

MANAGEMENT ADVISORY

Financial sponsors and strategic buyers alike continued to acquire as competition for assets intensified in 2018. Moving into 2019, there could be a slowdown in both the number of transactions and overall deal value, but we continue to anticipate a strong M&A market this year.

Livingstone works closely with public and private companies, management teams and shareholder groups to provide discreet, confidential advice to help achieve the most favorable outcomes in a transaction for our clients.

SELECTED 2018 M&A TRANSACTIONS

 **kurtz ersa**



has been acquired by



has been acquired by



has acquired



areco



has acquired

TPE TURUN PELTI
JA ERISTYS OY



 **Cursor Controls**



has been acquired by



feefo



has been the subject of a
buy-out backed by

Vespa Capital



A dark blue background featuring a close-up of an hourglass resting on a calendar. The hourglass is partially filled with dark sand. The calendar shows dates like 23, 24, and 25. The overall tone is professional and emphasizes time management.

SPECIAL SITUATIONS

Our proven ability to achieve outstanding outcomes in highly compressed timelines, coupled with our sector expertise, has made Livingstone a go-to advisor for companies, investors and lenders in need of a liquidity event.

SPECIAL SITUATIONS

Over the last several years, there has been a consistent theme across the special situations and restructuring market: 1) targeted industries that have fallen out of favor; 2) coupled with a lack of macroeconomic factors that would signal any immediate or looming end to the second longest expansion on record.

2018 was mostly the same story as special situations opportunities were largely concentrated across a handful of industries (retail, auto, craft beer, and pockets of health care) while the macroeconomic trends showed no signs of a slowdown.

Today our pipeline remains incredibly strong as we meet and engage new clients looking to launch sale processes, and we expect 2019 to be another record year – but it’s starting to feel like the ballgame has gone from the 9th inning into extra innings.

Despite what has been an extremely robust capital markets environment, Livingstone’s Special Situations practice has remained one of the most active in the mid-market.

SELECTED 2018 SPECIAL SITUATIONS TRANSACTIONS

<div> </div> <div>has been sold pursuant to §363 of Chapter 11 of the United States Bankruptcy Code to</div> <div> </div>	<div> </div> <div>multiple assets have been sold pursuant to §363 of Chapter 11 of the United States Bankruptcy Code</div> <div> </div>	<div> </div> <div>has been sold pursuant to a federal receivership sale to</div> <div> </div>
<div> </div> <div>has acquired certain assets pursuant to UCC Article 9</div> <div> </div>	<div> </div> <div>has been acquired by</div> <div> </div>	<div> </div> <div>has been acquired by</div> <div> </div>



DEBT ADVISORY

Livingstone's debt advisory practice continues to be the advisor of choice for both sponsors and private businesses looking to access the global debt markets. With debt advisory professionals across both Europe and the US our consistent volume allows us to stay abreast of the best pricing and terms the market has to offer.

DEBT ADVISORY

The global debt markets continue to support the robust M&A markets allowing borrowers to leverage buyouts (LBOs) consistently above 60% debt-to-value for most buyouts. The abundance of debt capital across both the US and Europe has resulted in an ultracompetitive market with lenders competing on price, structure, and hold sizes.

The tail end of 2018 saw both the high-yield and the broadly syndicated markets push back, however for borrowers under \$50mm in EBITDA the direct lending market across all tranches of debt showed little to no signs of resistance. In fact, the trend of applying large market structures i.e. “Cov Lite” to mid-market LBOs continues to trickle down to smaller and smaller issuers.

For private equity (PE) backed LBOs, the unitranche structure has largely displaced the traditional senior and junior debt structures of yesterday. PE buyers favor this structure as pricing for unitranche deals is routinely in the L+550-650 range, while hold sizes for many of the larger funds exceed \$100mm. The larger hold sizes even allow unitranche lenders to opportunistically venture into larger buyouts when both the syndicated and high-yield markets back up as they did in December.

As we look forward to 2019, we anticipate the trends from the 4th quarter to continue. The looming uncertainty of Brexit alongside the US government shutdown may lead to choppy execution for both the broadly syndicated market as well as the high-yield markets.

SELECTED 2018 DEBT ADVISORY TRANSACTIONS

ANDROID



has raised growth financing from



HASTINGS

a portfolio company of



has raised merger financing from



Albireo Energy

a portfolio company of



has raised debt facilities to recapitalize



LIVINGBRIDGE



has acquired



Phoenix Equity Partners



has acquired



LEATHWAITE



has secured investment from

BEECHBROOKcapital





“

CLIENT FEATURES

Their experience, straightforward approach and seamless interplay between the cross-border team made Livingstone a great team to work with; and their hard work was much appreciated.

JAMES MORTENSEN, M&A DIRECTOR, SMITHS GROUP PLC

THE COMPANY

Smiths, FTSE 100 listed multinational diversified industrial technology company, is a world leader in the practical application of advanced technologies, pushing boundaries to solve the world's challenges making it safer, healthier, more efficient and connected.

PROCESS

Livingstone was engaged by Smiths to sell three businesses that comprised its John Crane Bearings group. The three businesses were comprised of four facilities across two countries (US and Germany). The company manufactures, services and maintains hydrodynamic and thrust bearings in power generation systems for customers in power generation, O&G and other industrial end markets.

The situation clearly called for the Global Industrial Group at Livingstone having Smith's headquarters in London, the John Crane divisional headquarters in Chicago, and facility locations in the US and Germany. The Global Industrial Group had the industry knowledge, global buyer insights, and international platform to deliver against all elements of this complex global carve out.

Livingstone conducted a comprehensive global auction with potential buyers accessed in the US, Europe and Asia. After careful initial screening, more than 50 information memoranda were shared with interested parties globally and 10 indicative offers were received.

Seven parties were taken through to the management presentations, wherein Miba, a privately held Austrian industrial group with a core competency in bearings technology, was selected for exclusivity.

OUTCOME

The divestiture of John Crane's Bearings business is part of Smiths Group plc's corporate strategy to concentrate their portfolio on scalable, market-leading positions in its chosen markets. This highly complex transaction required careful management of a number of complex issues:

- Negotiation with a number of global bidders who were direct competitors of Smiths, involving very careful management of commercially sensitive data in the context of a challenging market background.
- Development of a detailed transitional service agreement (TSA) working with the acquirer and Smiths functional leads.
- Clear articulation of both the growth plan but also the potential synergies of the combination.
- Management of a complex financial, commercial and environmental diligence process with multiple stakeholders.

The end result was extremely positive outcome for Smiths and was the second divestiture process the Global Industrial Group has led for Smiths.



THE COMPANY

Founded in 1992 and based in Hammond, Indiana, Jupiter Aluminum Corporation recycles aluminum scrap for melting, casting and rolling into coils for use in building products, agricultural, automotive, and distribution applications. The company also operates two coil coating facilities to provide painted finishes for aluminum flat rolled products.

THE TARGET

Headquartered in Paterna, Spain, Grupo Valenciana de Aluminio Baux is one of the top smelting, rolling, and coil producers in the European aluminum industry. Baux delivers premium-quality products to customers in 12 countries on three continents. With a workforce of 330 people in four locations, Baux generates annual revenue in excess of \$140mm.

THE PROCESS

Livingstone was engaged by Jupiter to approach Baux as the company's first major acquisition. Livingstone provided Jupiter's management team with cross-border M&A advisory and capital markets advisory services, raising credit facilities in both the US and Spain. Livingstone's global reach, combined with a full-service offering, allowed Jupiter to expeditiously navigate and close on the transatlantic acquisition at a below-market valuation.

THE OUTCOME

Livingstone raised two international credit facilities - a \$100mm US facility agented by CIBC and a €50mm European facility agented by Sabadell Bank – within 60 days from of being engaged. The credit facilities allowed Jupiter to acquire Baux utilizing cost effective commercial bank debt.

The acquisition of Baux is transformative for Jupiter's global presence and market position. The two businesses' facilities, product offerings and served markets are highly complementary, which affords Jupiter the ability to quickly integrate the Baux operations. In addition, the transaction provides a range of operational synergies and best practices across a multi-jurisdictional footprint that serves to insulate the combined company from geographic market risk and trade policy disruptions while creating a scalable international platform to support continued future growth.



CLIENT FEATURES

The Livingstone team did a great job. They guided us through a challenging process combining the raising of two credit facilities in different jurisdictions while leading a competitive acquisition process that successfully took us to the finish line. Their knowledge, organizational skills, and global reach allowed us to pull the deal off in a limited timeframe. We thank them for their invaluable support.

PAUL-HENRI CHEVALIER, PRESIDENT, JUPITER ALUMINUM CORPORATION

A grayscale photograph of two young boys looking at a tablet. The boy on the left is pointing at the screen, while the boy on the right looks on. The image is faded and serves as a background for the text.

Livingstone Foundation

LIVINGSTONE FOUNDATION

Livingstone Foundation began in 2013 when a group of partners at Livingstone decided to support improvements in education in Sub-Saharan African countries.

Our mission is to help communities in rural areas either through building schools, rebuilding schools or providing educational support. We work with local organizations to provide financial support for their projects with primary and secondary schools, as well as vocational training schools.

Through Project Luangwa, we work closely with local organizations in Sub-Saharan Africa to support their educational and clean water access projects.

Our many generous donors have made it possible for Livingstone Foundation to support our projects dedicated to education and clean water access.

Learn more by visiting
www.livingstone-foundation.org



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A grayscale photograph of a zebra standing behind a chain-link fence. The zebra's head and neck are visible, looking towards the camera. The fence is in the foreground, creating a grid pattern over the zebra. The background is slightly blurred.

WE DARE

to be different

We challenge conventional wisdom and are not afraid to take the unbeaten path. As a result, we always provide exceptional outcomes.

WE DON'T JUST GET DEALS DONE, WE GET. . .

deals done right

Livingstone

LIVINGSTONEPARTNERS.COM