



What Builds the Most Value in a Tech or Medtech Startup?

Investment Banking Since 1981

Newbury Piret Company

September 6, 2016

Our history

Founded in 1981 in Boston, our firm has grown through the decades into a leading regional investment banking firm with an unbroken track record of service to companies and their shareholders.



Over 30 years of dedication to the middle market

Our Services

We are a Full Service Investment Banker focused on the Middle-Market

Mergers & Acquisitions

- **Sell-Side Advisory/Corporate Divestitures**
- Acquisition Financing
- Buy-Side Advisory
- Management-led Buyouts
- Acquisition Searches

Private Equity & Corporate Finance

- Common & Preferred Equity Solutions
- Majority and Minority Investments
- Recapitalizations
- Mezzanine and Subordinated Debt
- Funding of Management-led Buyouts
- Senior Debt
- PIPES

Financial Advisory

- Corporate Valuations
- Fairness Opinions
- Intangible Asset Valuations
- Purchase Price Allocations
- Goodwill Impairment Analysis

The Newbury Piret Team



Marguerite A. Piret
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M.B.A., Harvard University
A.B., Harvard University, School of Engineering and Applied Sciences, Applied Mathematics

Former Managing Director of Kridel Securities Corporation, an investment bank with offices in New York, London and Paris, and Commercial Loan Officer, New England Merchants National Bank (now Bank of America), Boston. Independent Trustee of Pioneer Mutual Funds, and Director, New America High Income Fund, Inc. Audit Committee Financial Expert. Serves as Trustee of the Massachusetts Eye and Ear Infirmary and Foundation. Private trustee. Former Trustee and Member of the Investment Committee, Boston Medical Center. Former Governor, Investment Company Institute. Ms. Piret was a finalist for M&A Advisors Woman Dealmaker of the Year in 2004, 2005, and 2010.



Marvin W. Ritchie, CVA
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M.B.A., The Wharton School, University of Pennsylvania
B.S., West Virginia University, Business Administration

Marvin has over 16 years of investment banking and corporate finance experience. He has completed over 100 transactions including public offerings, private placements, leveraged buyouts, high yield financings, recapitalizations, restructurings, mergers and acquisitions and advisory assignments. Marvin has experience in the healthcare, technology, manufacturing, industrial and real estate industries. Prior to joining Newbury Piret, Marvin was a Principal in the Real Estate Investments Group at Northfield Capital, LLC. He also was a Vice President at Adams, Harkness & Hill in the Healthcare Group and a Vice President at Bear, Stearns in the Financial Buyers Group. He is registered with FINRA and is qualified as a General Securities Representative.



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Daniel is an Associate, assisting in the preparation of valuation and selling documents and in the execution of transactions. He works closely with Newbury Piret clients performing financial modeling and research necessary for effecting valuations, securing financing and effecting mergers, acquisitions, licensing and joint ventures.

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Know What Creates Value in your Industry

Start with your goal

- Know the Valuation Metrics in your Industry
- Know Typical Price and Terms for a Sale
- Identify Potential Buyers
- Understand your Strategic Value

Industry Attributes that Add Value

- Be in the right space
 - Strong Revenue & EBITDA Growth Rate
 - Highly Predictable & Low Volatility Cash Flow
 - High Gross Margins
 - Intellectual Capital which is Proprietary and Protected
 - Scalability

Selling the Business: 3 Keys to Top of Range Price

I. Improving Revenue & Cash Flow Trends

II. Reduce Risk

III. Accommodate Deal Terms

How to Achieve Top of Price Range – 3 Keys to Success

I. Improving Revenue & Cash Flow

- Articulate and Pursue Future Growth Opportunities

II. Reduce Risk

Quality of Customer List

- Financial Strength
- Account Dispersion
- Repeat Customers

Manage Liabilities

- Contracts
- Loss Operations

How to Achieve Top of Price Range – 3 Keys to Success

III. Accommodate the Deal

- Management Team after Closing
- Succession Plan
- Willingness of Principals to Stay after Closing

Example: Multiples for Publicly Traded Companies and Sale Transactions

Public Company Multiples (as of 9/4/16) ¹	
Total Enterprise Value / Revenue	2.2 x
Total Enterprise Value / EBITDA	12.7 x

Transaction Multiples ²	EV/Revenue	EV/EBITDA
High	5.1	28.4
Mean	1.9	16.3
Low	0.5	7

29 acquisitions of SIC Code: 8742 companies since 1996

(1) S&P Capital IQ McGraw Hill Financial, Research and Consulting Services, 8/25/2016

(2) S&P Capital IQ McGraw Hill Financial, Research and Consulting Services

Example: Terms

Deal structure is likely to be 50% to 60% in cash up front, with the rest in an earn-out or stock.

Issues:

- Technology resides with departing seller
- Uneven operating results tied to non-renewable contracts
- Control Issues in Earn-Out

Newbury Piret Contact Information



Strategic Thinkers ~ Trusted Advisors

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