



MARSHBERRY

M&A trends

4Q18

MARSHBERRY'S QUARTERLY LOOK

AT THE STATE OF THE M&A MARKET

**MarshBerry: #1 Sell Side Adviser
for 20th Year Running!**
as Ranked by S&P Global Market Intelligence

2018 Proves to Be Another Record-Setting Year



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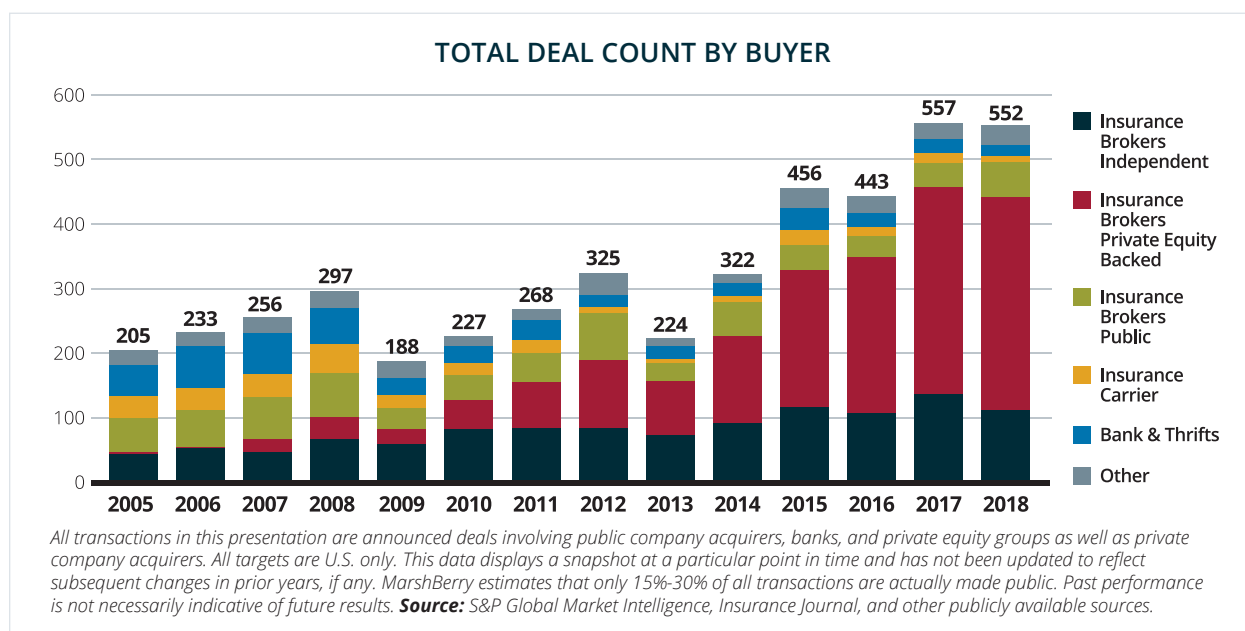
The preliminary numbers for 2018 are in and as anticipated it was another record-setting year. While we expect the numbers to change, as of the last week of 2018 the distribution space announced 552 domestic transactions. This is just off the 2017 number of 557. It is highly likely that the 2018 deal count will exceed this number once the dust settles and all announcements are made.

Deal multiples continue to rise as well. We saw average valuations increase across deals MarshBerry was involved in on both the buy side and sell side. We believe these multiples are above average in the marketplace given the visibility we have on deal activity where MarshBerry was not an adviser.

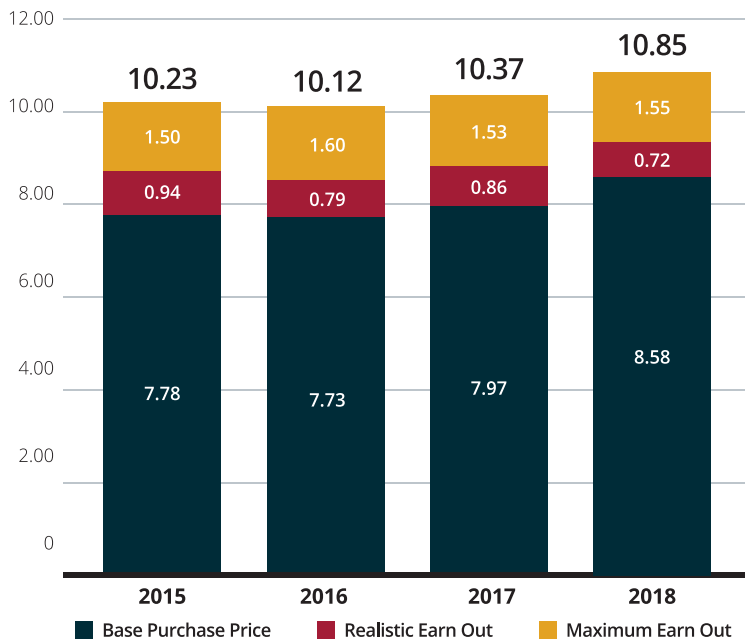
The average base purchase price payment as a multiple of EBITDA (Earnings Before Interest Tax Depreciation and Amortization) in our database increased by 8% in 2018, with a pro forma EBITDA multiple of 8.58. Maximum valuation potential (maximum earnout) averaged 10.85x EBITDA.

Platform transactions continued to grow in value as well. A Platform is defined as a seller who is either a large broker or where a buyer is entering a new geography or niche. The average base purchase price for a Platform increased 7% in 2018 with a pro forma EBITDA multiple of 9.77. The maximum valuation potential (maximum earnout) averaged 12.43x EBITDA. It is important to note that these are averages. We are seeing pricing as high as 11x paid at closing for firms who would barely make the *Business Insurance* Top 100 insurance broker listing. These valuations were historically reserved for the national brokers. However, demand for high quality firms and the need to deploy capital continues to create favorable market conditions for selling brokers.

Major reinvestment by private equity firms continued in 2018. Hub International Limited and Acrisure, LLC, both top acquirers in 2018, took on new private capital in the 4th quarter. This continued interest and investment is a strong indication that demand will continue in at least the short term. Multiples are high relative to historic levels, and if you are considering a transaction anytime in the near future, it would likely be worthwhile for you to take a serious look now. ■



AGENCY VALUE COMPARABLES MAXIMUM PURCHASE PRICE AS A MULTIPLE OF EBITDA



LTM: Last Twelve Months; EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

Source: MarshBerry proprietary database. Data compiled from transactions in which we were directly involved, those from which we have detailed information, and transactions in the public record. Numbers may not add due to rounding. Past performance is not necessarily indicative of future results. Individual results may vary. Data displays a snapshot at a particular point in time and has not been updated to reflect subsequent changes.

Base Purchase Price: The amount of proceeds paid at closing, including any escrow amounts for indemnification items, (i.e., Paid at Close) plus amount buyer may initially hold back, but which are paid as long as the seller's performance does not materially decline, or which may be paid at closing but is subject to a potential adjustment (i.e., Live Out).

Realistic Earn Out: The anticipated purchase price to be achieved in the future based on a number of factors including seller historical and expected performance, buyer and seller realistic discussion of earn out metrics, etc.

Maximum Earn Out: The additional earn out above the Realistic Earn Out, that if achieved, would generate the maximum possible earn out payment.

TOP BUYERS 2018 • ANNOUNCED U.S. TRANSACTIONS

#	Buyer	Insurance Broker Buyer Type	2018	% of Total
1	ACRISURE, LLC	Private Equity Backed	59	10.7%
2	BROADSTREET PARTNERS, INC.	Private Equity Backed	37	6.7%
3	ALERA GROUP, INC.	Private Equity Backed	33	6.0%
4	ASSUREDPARTNERS, INC.	Private Equity Backed	31	5.6%
5	ARTHUR J. GALLAGHER & CO.	Public	30	5.4%
6	HUB INTERNATIONAL LIMITED	Private Equity Backed	28	5.1%
7	ONEDIGITAL HEALTH AND BENEFITS	Private Equity Backed	16	2.9%
8	NFP CORP.	Private Equity Backed	16	2.9%
9	SEEMAN HOLTZ PROPERTY AND CASUALTY, INC.	Private Equity Backed	16	2.9%
10	BROWN & BROWN, INC.	Public	16	2.9%
11	HILB GROUP LLC	Private Equity Backed	11	2.0%
12	RISK STRATEGIES COMPANY, LLC	Private Equity Backed	9	1.6%
13	BALDWIN RISK PARTNERS	Private Equity Backed	8	1.4%
14	INTEGRITY MARKETING GROUP LLC	Private Equity Backed	8	1.4%
15	WORLD INSURANCE ASSOCIATES, LLC	Private Equity Backed	8	1.4%
16	ALLIANT INSURANCE SERVICES, INC.	Private Equity Backed	7	1.3%
17	MARSH & MCLENNAN COMPANIES, INC.	Public	7	1.3%
18	CONFIE SEGUROS INSURANCE SERVICES	Private Equity Backed	6	1.1%
19	FOUNDATION RISK PARTNERS, CORP.	Private Equity Backed	6	1.1%
20	EASLEY HEDRICK INSURANCE & FINANCIAL	Independent	5	0.9%
SUBTOTAL			357	64.7%
TOTAL DEALS			552	100.0%

All transactions in this presentation are announced deals involving public companies, private equity backed brokers, private companies, banks, insurtech companies as well as others including private equity groups, underwriters, specialty lenders, etc. All targets are U.S. only. This data displays a snapshot at a particular point in time and has not been updated to reflect subsequent changes in prior years, if any. MarshBerry estimates that only 15%-30% of all transactions are actually made public. Past performance is not necessarily indicative of future results.

Source: S&P Global Market Intelligence, Insurance Journal, and other publicly available sources.

#1 SELL SIDE ADVISER.

FEBRUARY 2018



Hub International Limited
HAS ACQUIRED
Der Manouel Insurance &
Financial Services, Inc.



MarshBerry was financial
adviser to the Seller

FEBRUARY 2018



Alera Group, Inc.
HAS ACQUIRED
Wilson Albers &
Company LLC and certain
related entities



MarshBerry was financial
adviser to the Seller

APRIL 2018



Worldwide Facilities, LLC
HAS ACQUIRED
Tennant Risk Services
Insurance Agency, LLC



MarshBerry was financial
adviser to the Seller

APRIL 2018



Specialty Program
Group, LLC
HAS ACQUIRED
CERTAIN ASSETS OF
Norman-Spencer
Agency, Inc.
(Marine & Crane divisions)

MarshBerry was financial
adviser to the Buyer

MAY 2018



USI Insurance Services, LLC
HAS ACQUIRED
CHS Insurance Services, LLC
and Certain Related
Entities from CHS, Inc.



MarshBerry was financial
adviser to the Seller

JUNE 2018



Hilb Group, LLC
HAS ACQUIRED A PROPERTY
& CASUALTY BOOK OF
BUSINESS FROM THE
CM&F Group, Inc.



MarshBerry was financial
adviser to the Seller

AUGUST 2018



Marsh, LLC
HAS ACQUIRED

Wortham, L.L.C., General Partner

John L. Wortham & Son, L.P.



MarshBerry was financial
adviser to the Seller

AUGUST 2018



Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co.
HAS ACQUIRED
International Employee
Benefit Solutions, Inc.



MarshBerry was financial
adviser to the Seller

OCTOBER 2018



Alera Group, Inc.
HAS ACQUIRED
Distinctive Insurance, Inc.
and Affiliates



MarshBerry was financial
adviser to the Seller

NOVEMBER 2018



Great American Holdings Inc.
HAS ACQUIRED
ABA Insurance Services Inc.,
a wholly owned subsidiary
of American Bankers Mutual
Insurance, Ltd.

MarshBerry was financial
adviser to the Seller

DECEMBER 2018



Hub International Limited
HAS ACQUIRED
the employee benefits
practice of
Rise People, Inc.



MarshBerry was financial
adviser to the Buyer

DECEMBER 2018



Alera Group, Inc.
HAS ACQUIRED the assets
of Avon-Dixon Agency, LLC
from Shore Bancshares, Inc.



MarshBerry was financial
adviser to the Seller

MarshBerry is proud to be the #1 sell side adviser (2008-2017)
as tracked by S&P Global Market Intelligence.

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