
PROJECT ABC

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

COLLATERAL SUMMARY – BORROWER NAV (1/2)

Collateral Source	Description
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Company 1
Borrower NAV:
\$XXXmm

ABC Base Case:
\$XXXmm

- Company 1 optimizes the pairing of individual contact-center agents with customers for large enterprises.
- Company 1 has over XXX deployments in major enterprises across a range of sectors, including insurance, hospitality and healthcare, and has optimized more than XXX agents and XXX mm customers.
- Company 1 has raised approximately \$XXXmm from prominent individuals and strategic investors.
- Recently closed on Series XXX round at a \$XXXbn valuation.
- The key clients of Company 1 include Satellite television providers, Telecommunications providers, Health Care Companies, and so on.
- Company 1's major competitors include 8x8 Inc., Five9 Inc., Marchex Inc., eGain Corporation and LivePerson Inc.

(in \$mm)	KEY FINANCIALS									3yr-CAGR	
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	<h2>Key Financials</h2>										
Growth %											
EBITDA											
Margin %											
Growth %											

Company 2
Borrower NAV:
\$XXXmm

ABC Base Case:
\$XXXmm

- Company 2 is a provider of technology-enabled Customer Lifecycle Experience solutions.
- The Company helps brands acquire, engage, and retain their customers through its services offered.
- Headquartered in XXX, it has delivery locations across XXX sites in XXX countries and maintains a network of XXX agents.
- Through its platform, the Company handles XXXmm customer interactions yearly for its clients from its onshore, offshore and near-shore locations.

(in \$mm)	KEY FINANCIALS									3yr-CAGR	
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	<h2>Key Financials</h2>										
Growth %											
EBITDA											
Margin %											
Growth %											

EXECUTIVE SUMMARY

COLLATERAL SUMMARY – BORROWER NAV (2/2)

Collateral Source	Description
<p>Company 3 Borrower NAV: \$XXXmm</p> <p>ABC Base Case: \$XXXmm</p>	<ul style="list-style-type: none"> Company 3 is an online insurance agency that sells health insurance products to the 65+ population within the United States. Company 3 provides consumers with personal consultation from experienced licensed insurance agents based on the individual client's needs. The company majorly sells insurance products of Humana, Aetna, Anthem, Cigna health spring and United Healthcare.

(in \$mm)	KEY FINANCIALS									3yr-CAGR	
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	<h1>Key Financials</h1>										
<i>Growth %</i>											
EBITDA											
<i>Margin %</i>											
<i>Growth %</i>											

EXECUTIVE SUMMARY

COLLATERAL SUMMARY

- **ABC Base Case**

- **Trading Comparables:** Median NTM Revenue and EBITDA multiples are used, and size/illiquidity discounts are applied to the multiples to calculate the Enterprise Value.
- **Transaction Comparables:** Median LTM Revenue multiple is taken for the Enterprise Value calculation.
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the trading and transaction multiples to arrive at the Weighted Average Enterprise Value.

- **ABC Downside Case:**

- **Trading Comparables:** A conservative 25th Percentile NTM Revenue & EBITDA multiples are used, and size/illiquidity discounts are applied to the multiple to calculate the Enterprise Value.
- **Transaction Comparables:** 25th Percentile LTM Revenue multiple is taken for the Enterprise Value calculation.
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the trading and transaction multiples to arrive at the Weighted Average Enterprise Value.

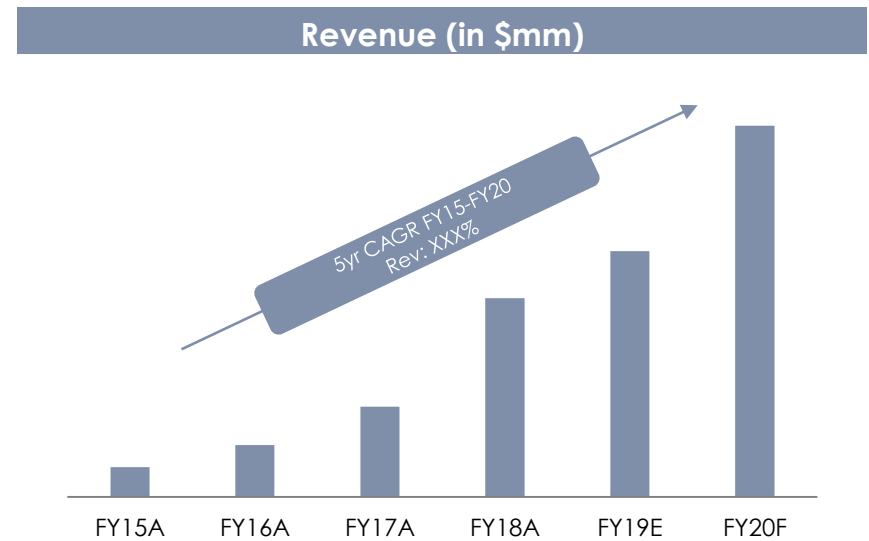
Pro Forma Collateral Coverage (\$ mm)											
Collateral (Borrower Base Case)				Collateral (Company ABC Base Case)				Collateral (Company ABC Downside)			
Company 1	\$		XXX	Company 1	\$		XXX	Company 1	\$		XXX
Company 2			XXX	Company 2			XXX	Company 2			XXX
Company 3			XXX	Company 3			XXX	Company 3			XXX
Gross Fund NAV	\$		XXX	Gross Fund NAV	\$		XXX	Gross Fund NAV	\$		XXX
		Company ABC Loan	TBU			Company ABC Loan	TBU			Company ABC Loan	TBU
		Coverage	TBU			Coverage	TBU			Coverage	TBU
		LTV	TBU			LTV	TBU			LTV	TBU

COMPANY 1

COMPANY 1

COMPANY OVERVIEW

- Company 1 optimizes the pairing of individual contact-center agents with customers for large enterprises. Using data obtained from Company 1's clients and from third party data sources, the company's proprietary software identifies successful patterns of communication to more effectively pair callers with agents.
- Company 1 has over XXX deployments in major enterprises across a range of sectors, and has optimized more than XXX agents and XXXmm customers establishing over XXX patents.
- The key clients of Company 1 are Satellite television provider, Telecommunications provider, International Hospitality Group, and so on.
- Company 1 has raised approximately \$XXXmm from prominent individuals and strategic investors.



(in \$mm)	KEY FINANCIALS						3yr-CAGR				
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	Key Financials										
Growth %											
EBITDA											
Margin %											
Growth %											

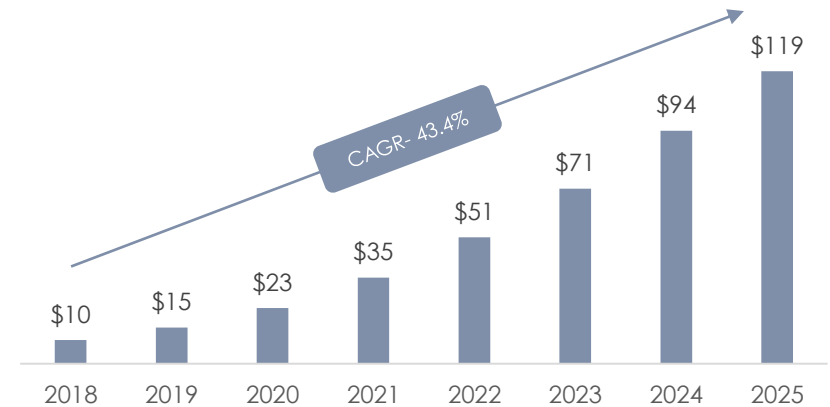
COMPANY 1

CONTACT CENTER SOFTWARE INDUSTRY – INDUSTRY OVERVIEW

Overview

- The global contact center software market size was valued at \$16bn in 2018, at a CAGR of 17.6% from 2019 to 2025.
- Rapid technological advancements in the field of customer relationship management and integration of machine learning and artificial intelligence into business processes are anticipated to boost this growth.
- The contact center software market growth can also be attributed to the increasing adoption of social media platforms by customers with the active social media users in 2018 being ~3bn.
- The North America market for contact center software was valued at \$6bn in 2018. Also, many businesses are migrating to cloud storage; thereby creating growth opportunities for the regional market.
- Artificial Intelligence (AI) spend in United States has increased at 77.3% during 2018 to reach \$4,180mm. Over the forecast period (2019-2025), spend on AI is expected to record a CAGR of 27.8%, increasing from \$6,453mm in 2019 to reach \$35,996mm by 2025.
- In 2018, VCs invested a record \$9bn into US AI startups — more than 8x funding levels just 5 years ago (\$1bn in 2013).

Global Revenues from AI Software Market (in \$bn)



Source: Statista

Key Players

Concentrated



Diversified



COMPANY 1

CONTACT CENTER SOFTWARE INDUSTRY – KEY TRENDS

Key Trends	Description
Contact centers are evolving in today's rapidly changing technology environment	<ul style="list-style-type: none">• Contact centers are vital hubs of interaction between organizations and their customers and are mission critical to the successful execution of customer service, sales and marketing strategies. Delivering customer interactions to an appropriate agent resource, while delivering relevant customer data to the agent in real-time, is crucial in providing effective customer service, thereby increasing the demand for intelligent routing.
Mobile Search and calls from search are growing	<ul style="list-style-type: none">• Consumers are shifting to mobile-based search and calls. According to a BIA/Kelsey study in January 2014, mobile searches have higher conversion rates in driving calls (57.0%) compared to desktop searches (7.0%).• Mobile users in this sense are more ready-to-buy, in the right location and with a device whose core function is to make phone calls.
Consumers are replacing call-based communication with text-based communication	<ul style="list-style-type: none">• Gartner, a technology research firm, estimates that the proportion of phone-based communication will drop from 41.0% in 2017 to 12.0% in 2022.• The International Smartphone Mobility Report by mobile data tracking firm Infomate reported that Americans spend about 26 minutes a day texting, as compared to six minutes a day on voice calls.• In contrast, WhatsApp and Facebook users combined send more than 60bn messages a day.• According to a RingCentral survey, "at least 78.0% of consumers who text wish they could have a text conversation with a business."• An Amdocs global consumer survey had a similar finding, with 76.0% of consumers stating they would rather use a mobile app than call the contact center.
Ad budgets are shifting to performance-based models	<ul style="list-style-type: none">• Increased demand for customer-based analytical solutions and implementation of AI with the goal of maximizing ROI.• As per a 2017 report from Interactive Advertising Bureau, performance-based formats accounted for 64.0% of an estimated \$73bn online advertising market in 2016 compared to 7.0% of the \$5bn market in 1999.

COMPANY 1

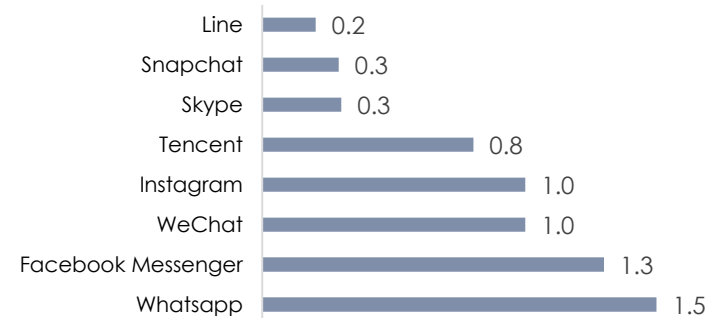
CONTACT CENTER SOFTWARE INDUSTRY – TAILWINDS

Growth Drivers

- Customer care is amid mass disruption. Technologies are advancing fast, driving customer expectations higher.
- The market for contact center solutions is undergoing a significant shift to cloud-based solutions.
- In 2016, the Global Contact Centre Benchmarking Report outlined that 42.0% of all customer interactions were digital.
- Routing customer service calls based on a customer's history and individual needs can help brands seamlessly provide the personalized customer care that today's consumers demand.
- Artificial intelligence and cognitive technologies — notably, chatbot technologies — is one of the key disruptors.
- Messaging is replacing voice calls for customer engagement. In 2002, customers preferred voice-calls however, the trend has now shifted to messaging due to the increase in usage of social media applications.
 - This trend is leading to an increased usage of AI in BPO sector to make chatbots more efficient and effective.
- The emergence of several contact center software vendors in North America has also resulted in increased awareness among local organizations, thereby resulting in the large-scale adoption of the systems by the companies.

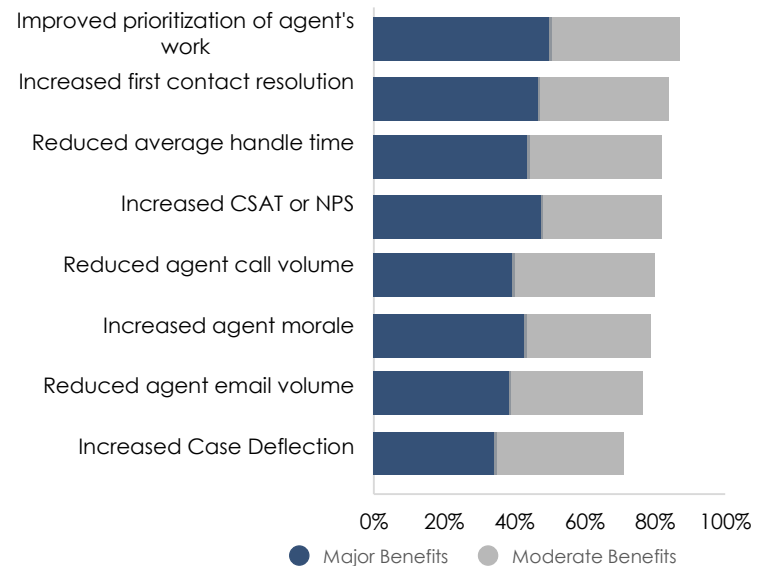
Monthly Users / Social Media Platform (in bn)

~7.8tn messages were sent in 2018



Source: LivePerson Investor Presentation

Global AI benefits by Service Professionals in 2018



Source: Statista

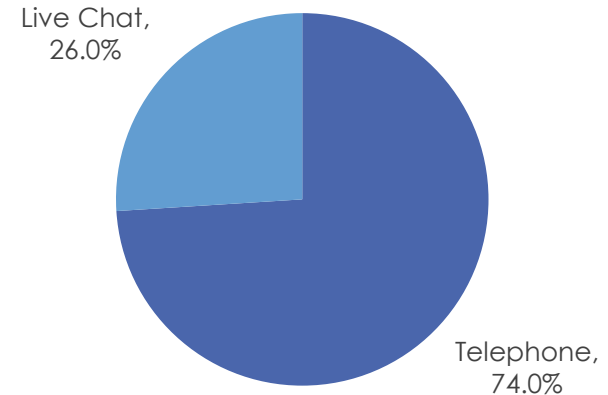
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CONTACT CENTER SOFTWARE INDUSTRY – HEADWINDS

Headwinds

- **Complex queries demand human intervention:**
 - When it comes to answering basic inquiries responding to simple questions that are predictable and repetitive, AI-enabled systems may be able serve purpose well if done right. However, with the advancement of technology, the complexity of the customer queries is also increasing. Sophisticated technology requires sophisticated answers, judgment, decision making and tactical handling that only humans are capable of and hence customer service agents have to step into the picture to ensure that all queries are dealt with efficiently for utmost satisfaction to the end users.
- **Artificial Empathy (AE) is still a distant reality:**
 - Even when self-service offerings and AI are efficient enough to handle routine queries, most customers still prefer communicating with live customer service agents vis-a-vis conversing with machines. It is because automated responses and self-service interactions lack the “human touch” and the natural flow of a human-to-human conversation.
- **AI solutions are expensive to fully implement:**
 - AI solutions for customer engagement are expensive and requires large amounts of data for it to work smoothly, making it tough for small businesses to incorporate it in their businesses.

Preferred Medium for Complex Problems



According to SoftwareAdvice, 63.0% of people over the age of 35 prefer human interaction in the form of a phone call compared to an automated live chat.

Source: Convoso

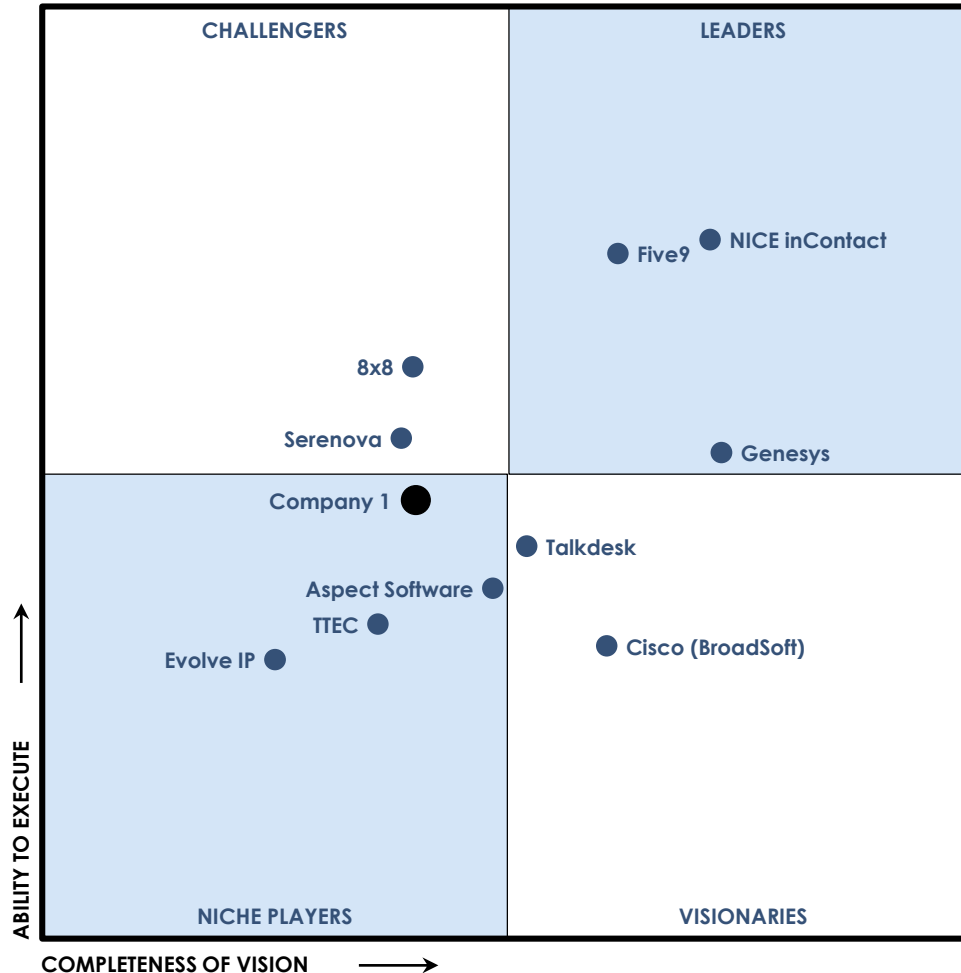
COMPANY 1

COMPETITIVE LANDSCAPE

We have placed Company 1 in the Niche segment above Evolve IP, TTEC in the Gartner Magic Quadrant as it has greater number of integrations with other platforms than them but lack the brand awareness of Leaders and product offering of Challengers.

CHALLENGERS – Challengers may also have large installed bases of customers, although typically not as large as those of Leaders. They may have more recognized strength in serving customers in particular size segments. They generally lack the CCaaS brand awareness of Leaders.

NICHE PLAYERS – Niche Players may be quite large but have decided to focus on a particular market opportunity, a set of solutions or certain vertical markets. Their products and services may still be undergoing product development, or they may rely heavily on partners to complete their service proposition. Niche Players are likely to be either new or relatively recent market entrants, or suppliers that have yet to build a large customer base



LEADERS – Given that the CCaaS market in North America is still maturing, Leaders are best described as suppliers with a strong multichannel product and service capability that have already amassed a large installed base of large and small customers. Leaders benefit from being able to support varying levels of deployment complexity, including multichannel deployments and integration with a variety of third-party systems.

VISIONARIES – Visionaries have strong multichannel product and service capabilities and a clear strategy for sales, marketing and business development. They differentiate themselves by adding unique functionality and/or delivery capabilities.

COMPANY 1

VALUATION SUMMARY

- ABC Base Case**

- **Trading Comparables:** Median NTM Revenue multiple is used, and a size discount of XXX% is applied to the multiple to calculate the Enterprise Value.
- **Transaction Comparables:** Median LTM Revenue multiple is taken for the Enterprise Value calculation.
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the trading and transaction multiples to arrive at the Weighted Average Enterprise Value.

- ABC Downside Case:**

- **Trading Comparables:** 25th Percentile NTM Revenue multiple is used, and a size discount of 10% is applied to the multiple to calculate the Enterprise Value.
- **Transaction Comparables:** 25th Percentile LTM Revenue multiple is taken for the Enterprise Value calculation.
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the trading and transaction multiples to arrive at the Weighted Average Enterprise Value.

Borrower Base Case

Company - Valuation June 2019	
NTM Revenues/ EBITDA	XXX
Trading Comparables	
<i>Trading Comparables Weightage</i>	<i>100.0%</i>
Transaction Comparables	-
<i>Transaction Comparables Weightage</i>	<i>-</i>
Revenue Multiple	0.0x
<i>Discount Rate</i>	<i>20.0%</i>
Discounted Revenue Multiple	0.0x
Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Options Outstanding	XXX
Price	XXX
Strike Proceeds	XXX
Equity Value (Post ESOP)	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Base Case

Company - Valuation June 2019	
NTM Revenues/EBITDA	XXX
Trading Comparables	
<i>Trading Comparables Weightage</i>	<i>50.0%</i>
Transaction Comparables	
<i>Transaction Comparables Weightage</i>	<i>50.0%</i>
Revenue Multiple	0.0x
<i>Discount Rate</i>	<i>10.0%</i>
Discounted Revenue Multiple	0.0x
Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Options Outstanding	XXX
Price	XXX
Strike Proceeds	XXX
Equity Value (Post ESOP)	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Downside Case

Company - Valuation June 2019	
NTM Revenues/EBITDA	XXX
Trading Comparables	
<i>Trading Comparables Weightage</i>	<i>50.0%</i>
Transaction Comparables	
<i>Transaction Comparables Weightage</i>	<i>50.0%</i>
Revenue Multiple	0.0x
<i>Discount Rate</i>	<i>10.0%</i>
Discounted Revenue Multiple	0.0x
Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Options Outstanding	XXX
Price	XXX
Strike Proceeds	XXX
Equity Value (Post ESOP)	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

COMPANY 1







TRADING COMPARABLES – SUMMARY OUTPUT

Name	Price			Enterprise Value	Revenue Growth				Revenue CAGR		EV/Revenue		
	Current	52W	High		Current	2017	2018	2019E	2020E	2017-19	LTM	NTM	2019E
8x8, Inc.	26.27	26.35		3,024.8	18.5%	18.5%	20.0%	24.8%	19.3%	8.58x	6.80x	6.28x	5.03x
Five9, Inc.	48.10	57.90		3,337.0	23.5%	28.7%	18.8%	17.1%	23.7%	12.21x	9.94x	10.90x	9.31x
Marchex, Inc. Class B	4.46	5.57		146.3	(30.3%)	(5.6%)	17.2%	4.9%	5.2%	1.63x	1.42x	1.46x	1.40x
eGain Corporation	8.10	15.55		228.8	(6.3%)	7.2%	9.7%	NA	8.4%	3.47x	3.10x	3.25x	NA
LivePerson, Inc.	32.87	33.00		2,283.9	(1.8%)	14.1%	15.6%	19.1%	14.9%	8.85x	7.13x	7.91x	6.64x
Vonage Holdings Corp	12.50	14.73		3,807.0	4.9%	4.6%	12.7%	11.0%	8.6%	3.54x	3.03x	3.22x	2.90x
25th Percentile					NA	NA	NA	NA	NA	3.49x	3.05x	3.23x	2.90x
Min					(30.3%)	(5.6%)	9.7%	4.9%	5.2%	1.63x	1.42x	1.46x	1.40x
Mean					1.4%	11.3%	15.7%	15.4%	13.3%	6.38x	5.24x	5.50x	5.06x
Median					1.6%	10.7%	16.4%	17.1%	11.7%	6.06x	4.95x	4.77x	5.03x
Max					23.5%	28.7%	20.0%	24.8%	23.7%	12.21x	9.94x	10.90x	9.31x
75th Percentile					NA	NA	NA	NA	NA	8.78x	7.05x	7.50x	6.64x

Name	Leverage Ratios	
	Total Debt / Equity %	Total Debt / Capital %
8x8, Inc.	6.8%	7.1%
Five9, Inc.	6.3%	6.5%
Marchex, Inc. Class B	4.4%	5.7%
eGain Corporation	0.0%	0.0%
LivePerson, Inc.	8.2%	8.3%
Vonage Holdings Corp.	19.3%	16.3%

COMPANY 1

TRADING COMPARABLES – BUSINESS OVERVIEW

Company	Description
	<ul style="list-style-type: none">Engages in the provision of enterprise communication solutions. Its products include industry and business solutions for collections, education, government healthcare, high tech, insurance, call center, call center software, network optimization and international calls.Headquarters - San Jose, CA Founded - February 1987 LTM Revenue - \$353mm
	<ul style="list-style-type: none">Engages in the provision of cloud software for contact centers, offers end-to-end solutions with omnichannel routing, analytics, WFO, and AI.Headquarters - San Ramon, CA Founded - December 2001 LTM Revenue - \$273mm
	<ul style="list-style-type: none">Call analytics company which provides call solutions for marketers, sales and developers. It delivers data insights and incorporates artificial intelligence (AI)-powered functionality that drives insights and solutions to help companies find, engage, and support its customers across voice and text-based communication channels.Headquarters - Seattle, WA Founded - January 2003 LTM Revenue - \$90mm
	<ul style="list-style-type: none">Provides customer service infrastructure software solutions like interactive voice response systems that increases self-service usage, reduces tier-two escalation and manages agent performance.Headquarters - Sunnyvale, CA Founded - September 1997 LTM Revenue - \$66mm
	<ul style="list-style-type: none">Engages in the provision of mobile and online messaging solutions. It operates through Business and Consumer segments. The Business segment enables brands to leverage its intelligence engine to connect with consumers. The Consumer segment involves in facilitating online transactions between independent service providers and individual consumers.Headquarters - New York, NY Founded - November 1995 LTM Revenue - \$258mm
	<ul style="list-style-type: none">Engages in the provision of communication services through cloud-connected devices. It operates through the Business and Consumer segments. The Business segment provides cloud-based Unified Communications as a Service (UCaaS) solutions. The Consumer segment offers UCaaS services and features, via a single identity.Headquarters - Holmdel, NJ Founded - May 2000 LTM Revenue - \$1,075mm

COMPANY 1

TRANSACTION COMPARABLES – SUMMARY OUTPUT

Target	Acquiror	Announcement Date	Target Country	Transaction Value	Implied EV	Revenue	EV/ Revenue
ConvergeOne Holdings Corp.	CVC Capital Partners	6-Nov-18	United States	\$1,240	\$1,800	\$1,200	1.50x
NewVoiceMedia Ltd.	Vonage Holdings Corp.	20-Sep-18	United Kingdom	350	350	56	6.21x
West Corp.	Apollo Global Management LLC	9-May-17	United States	4,928	4,928	2,290	2.15x
Interactive Intelligence Group, Inc.	Genesys, Permira Advisers	31-Aug-16	United States	1,308	1,308	413	3.16x
Genesys	Hellman & Friedman LLC	21-Jul-16	United States	900	3,800	1,300	2.92x
inContact, Inc.	NICE Systems Ltd.	18-May-16	United States	873	873	233	3.75x
Transera Communications, Inc.	BroadSoft, Inc.	8-Feb-16	United States	20	20	8	2.64x

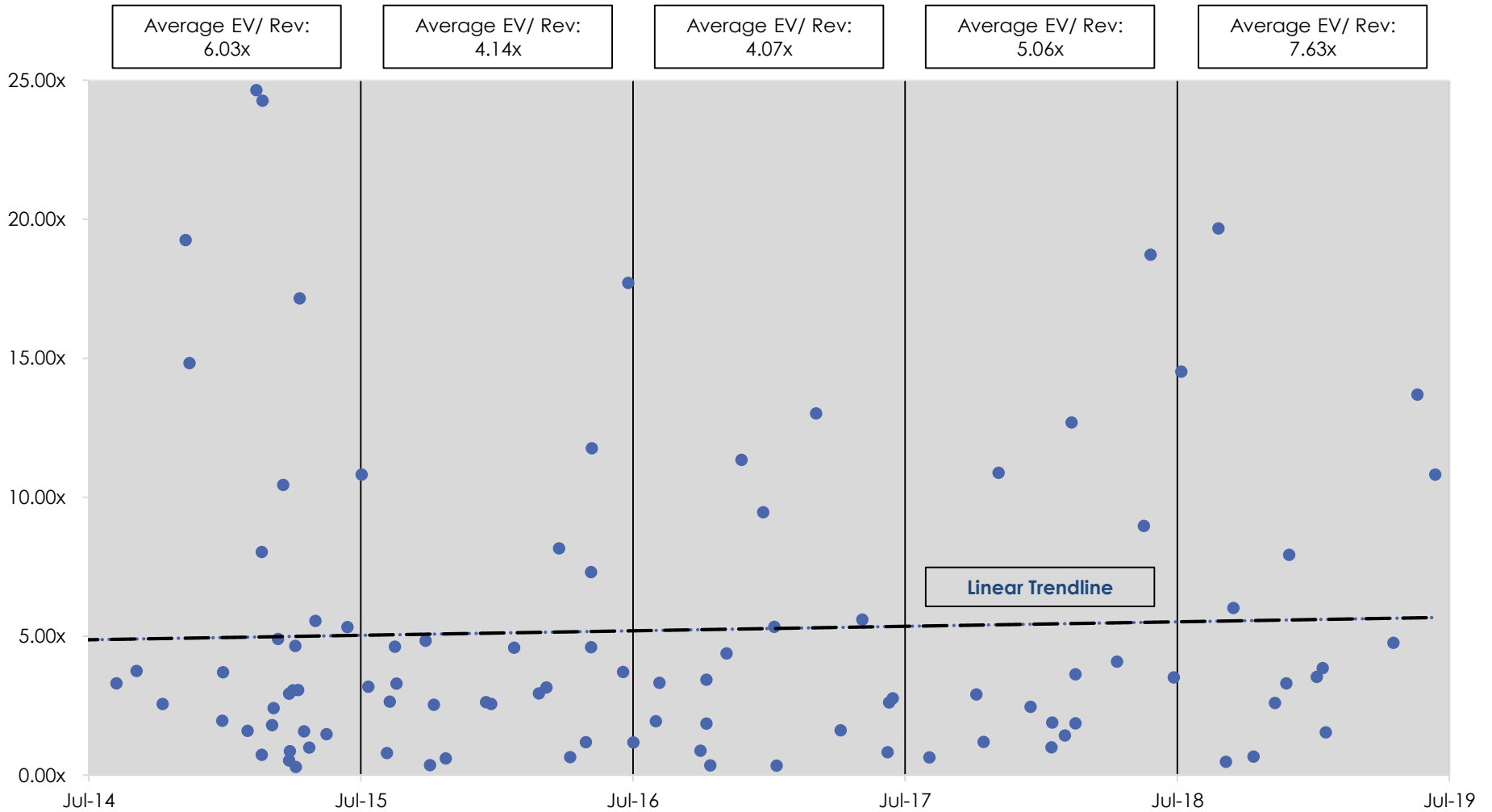
25th Percentile	2.40x
Min	1.50x
Mean	3.19x
Median	2.92x
Max	6.21x
75th Percentile	3.46x

Target	Business Description
ConvergeOne Holdings Corp.	Provides IP telephony services and offers cloud solutions, unified communications services, contact and data center enterprise applications and software development.
NewVoiceMedia Ltd.	Provides cloud-based contact centre solutions including mobile and home working, moving to the cloud, inbound call center, small business, and disaster recovery solutions.
West Corp.	Provides technology-driven communication services including cloud contact center, interactive voice response (IVR) solutions, proactive notification and mobility, and customer experience (CX) design and methodology.
Interactive Intelligence Group	Provides software and cloud services for customer engagement, communications and collaboration.
Genesys	Provides customer service and contact center solutions which includes contact center modernization, self service, enterprise workload management, proactive customer communications, cloud, continuous workforce optimization etc.
inContact, Inc.	Provides cloud contact center software solutions, offering omnichannel routing, analytics, workforce optimization, automation, AI and open cloud foundation products.
Transera Communications, Inc.	Provides cloud-based software solutions for contact centers that collect and connect customer interaction records from disparate contact center systems.

COMPANY 1

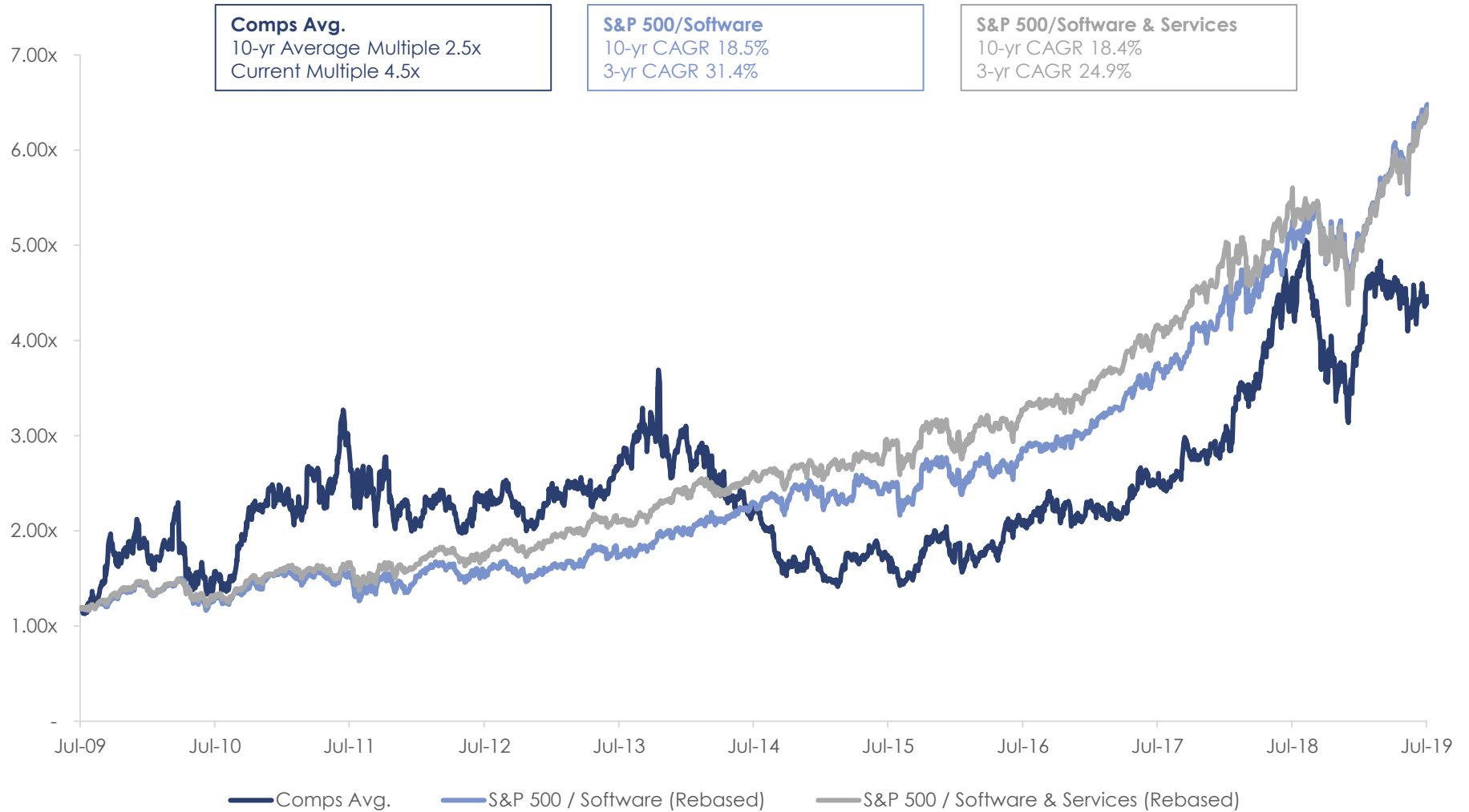
TRANSACTIONS COMPARABLES – 5-YEAR TREND

Below is a scatter plot of 101 M&A transactions in US IT consulting & Services, and Internet Software & Services industries.



COMPANY 1

EV/NTM REVENUE



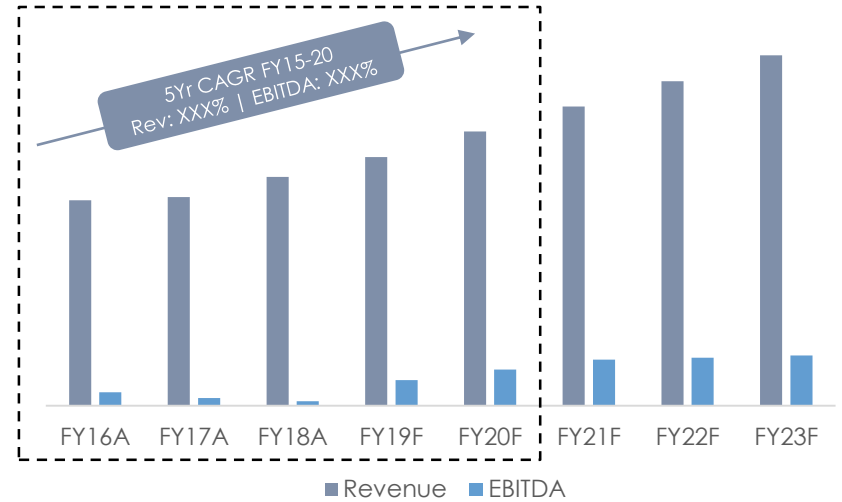
COMPANY 2

COMPANY 2

COMPANY OVERVIEW

- Company 2 is a provider of technology-enabled Customer Lifecycle Experience solutions.
- Headquartered in XXX, it has delivery locations across XXX sites in XXX countries and maintains a network of XXX agents.
- Through its platform, the Company handles XXXmm customer interactions yearly for its clients from its onshore, offshore and near-shore locations.
- The platform consists of technology and services solutions that connect customer lifecycle from end-to-end.
- The platform unifies the customer lifecycle, eliminating the need for costly multi-vendor arrangements, and allowing for scalable increases in new customers, new lines of business, and lifetime customer value.

Financial Summary (in \$mm)



(in \$mm)	KEY FINANCIALS									3yr-CAGR	
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	<h2>Key Financials</h2>										
Growth %											
EBITDA											
Margin %											
Growth %											

Source: Company XYZ NAV Report, Company Website, and Businesswire.com

COMPANY 2

SERVICE OFFERING

Services Offered

Service 1

- It is a digital marketing solution helping clients build, launch, and manage customer acquisition campaigns across paid search, social, video, display, and organic search.
- As per Company 2, the company is currently generating more than \$XXXbn in lifetime value for its clients.
- This platform helps clients in digital lead generation, online customer acquisition, sales center expertise, SEO, and social & mobile optimization.

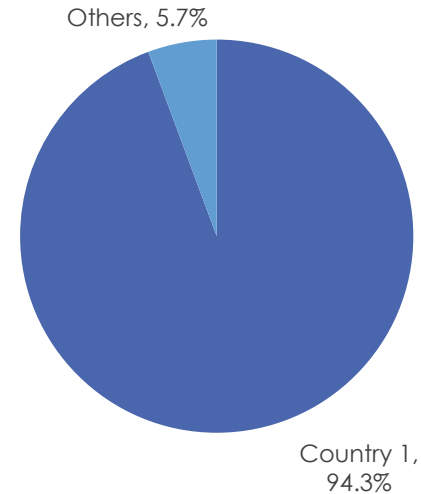
Service 2

- It offers full-service global contact center technology and expertise, providing all-shore BPO solutions in XX+ languages across any channel to a number of well-known brands.
- The services include teleservices, multi-channel support, customized support centers, conversational AI chats, and end-to-end enterprise innovation.

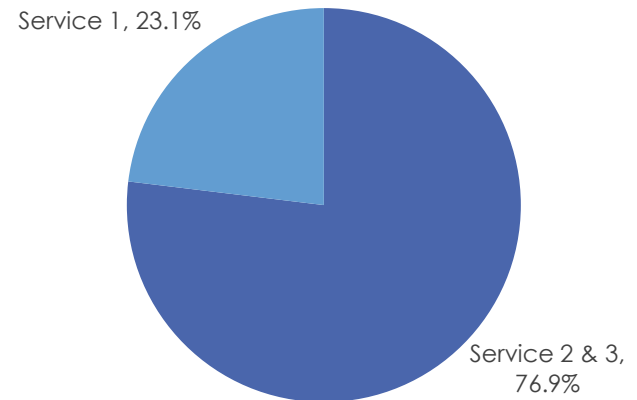
Service 3

- It allows brands to measure, monitor, and manage customer satisfaction across various channels, including email, text, web, chat, and social media.
- This platform provides services such as omni-channel digital surveys, social media community management, real-time issue resolution, and high-volume survey processing & analytics.

Revenue by Geography (in %)



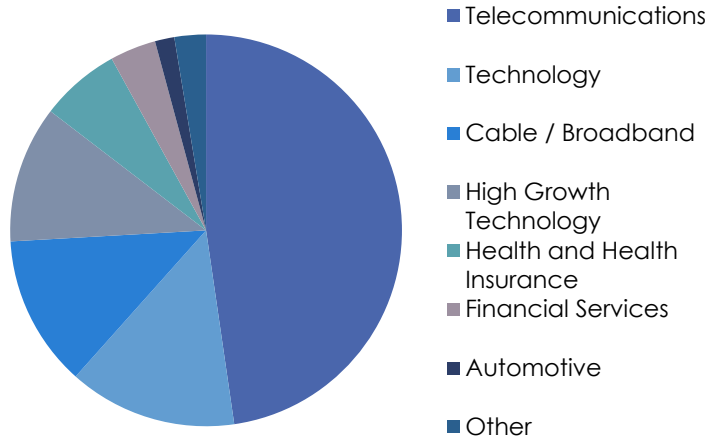
Revenue by Segment (in %)*



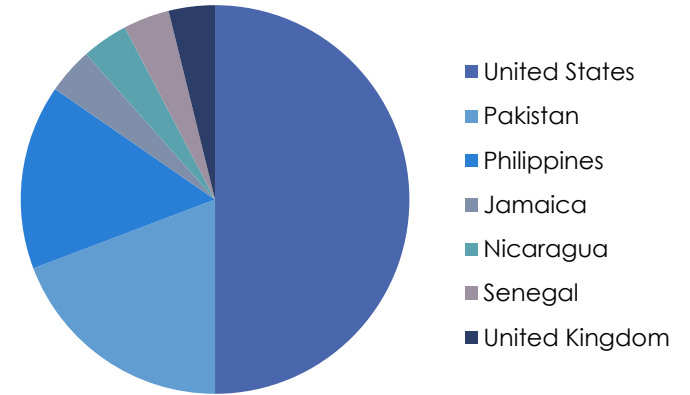
COMPANY 2

BUSINESS SEGMENT

Revenue by Industry



Delivery Centers by Geography (in #)



Marquee Clients

Telecom

Healthcare

High Growth Tech

Cable/Broadband

Automobiles

Customer Logos

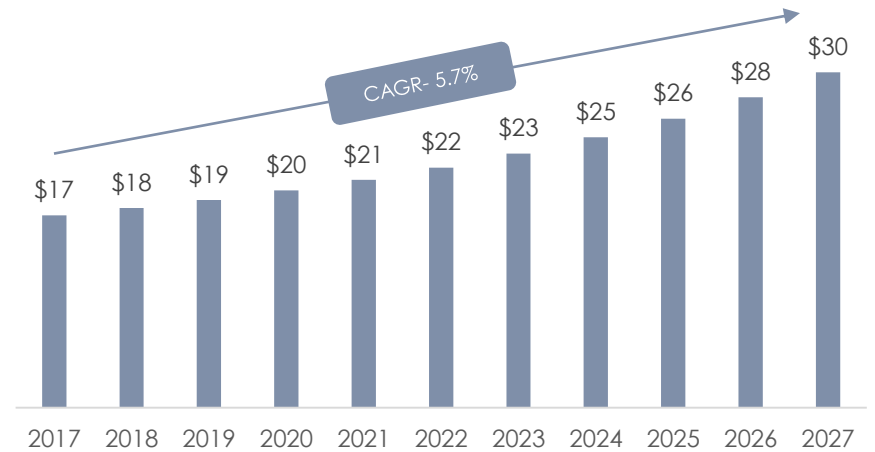
COMPANY 2

CUSTOMER CARE BPO – INDUSTRY OVERVIEW

Overview

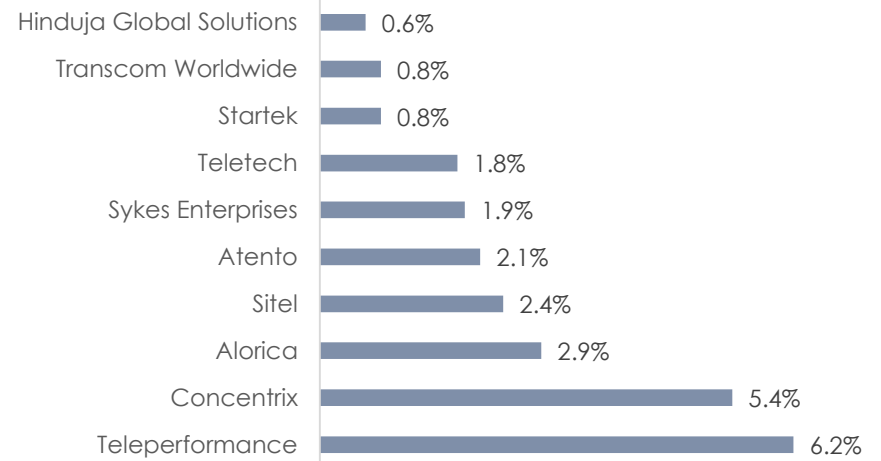
- In today's marketplace, companies are seeking a comprehensive suite of full lifecycle customer engagement management services that allow them to acquire customers, enhance their experience, and effectively deliver human interactions when and where customers value it most.
- According to Everest Group, the total size of the customer engagement solutions & services industry worldwide was between \$320bn - \$350bn in 2018.
- Approximately 26.0% of this activity was outsourced to third-party engagement centers compared to 22.0% in 2010.
- In 2018, the outsourced portion of the customer engagement solutions & services industry worldwide was estimated to be between \$84bn - \$86bn, marking a 4.0% CAGR from 2016-18.
- Within this, the Customer Care BPO segment stood at \$17bn in 2017 and is expected to grow to \$30bn in 2027, a CAGR of 5.7% for the period.
- The customer engagement solutions & services industry – which includes digital marketing & demand generation, customer acquisition, customer support and customer retention – is highly fragmented.
 - The top 10 players in the Industry hold approximately 24.9% market share.

Global Customer Care BPO Market Size (in \$bn)



Source: Statista

Market Share of Key Players (2018)



Source: Teleperformance Investor Presentation

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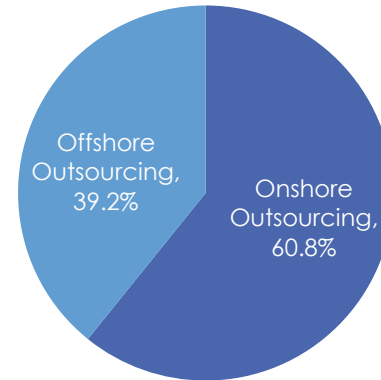
CUSTOMER CARE BPO – TRENDS

Key Trends

- **Growing Focus Towards Enhanced Customer Satisfaction:**
 - A broad trend towards greater customer-centricity has led to the demand for cost-efficient and value-added services that has become quintessential to retain customers.
- **Sustained Demand for Operational Cost Reduction:**
 - Robotic process automation has also emerged as a new trend in BPO, particularly in the management sector, offering higher value creation, cost savings and faster time-to-value.
- **Cloud strategy**
 - To adapt to the growth of messaging as well as other digital channels, SaaS solutions in the Cloud have become essential for managing customer services.
 - 77.0% of enterprises now have at least one application, or a significant portion of their enterprise computing infrastructure based in the cloud.
- **Growth of Voice Messaging:**
 - Over 200mm voice messages are sent every day on WhatsApp and are expected to increase even further.
 - As this usage is growing in personal communications, companies should anticipate the impact of their interactions with customers.

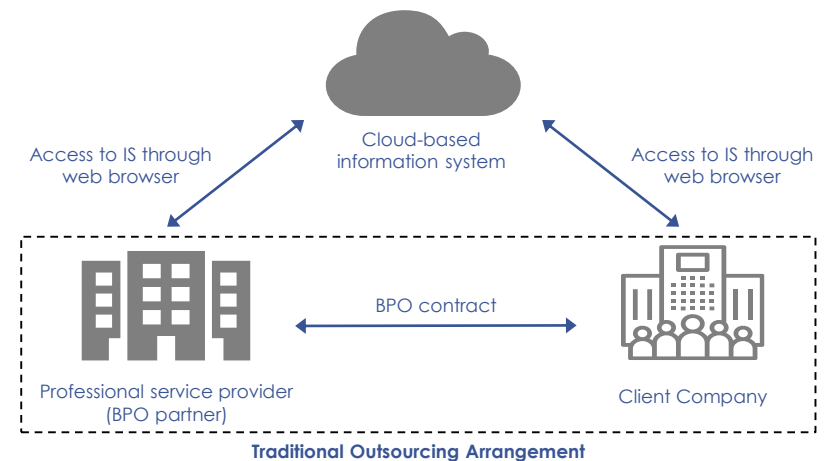
Customer Care BPO by Categories in 2018 (in %)

Offshore outsourcing is gaining traction and is expected to grow at CAGR of 5.1% from 2019-25



Source: Reuters

Cloud-enabled outsourcing arrangement



Source: Researchgate.net

1. Customerthink.com
2. North America Customer Care BPO Market to 2027 – The Insight Partners

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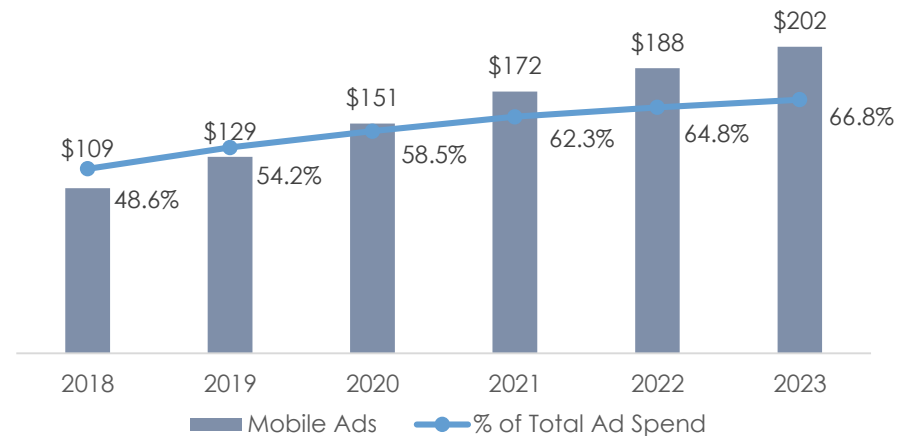
DIGITAL ADVERTISING – INDUSTRY OVERVIEW

Overview

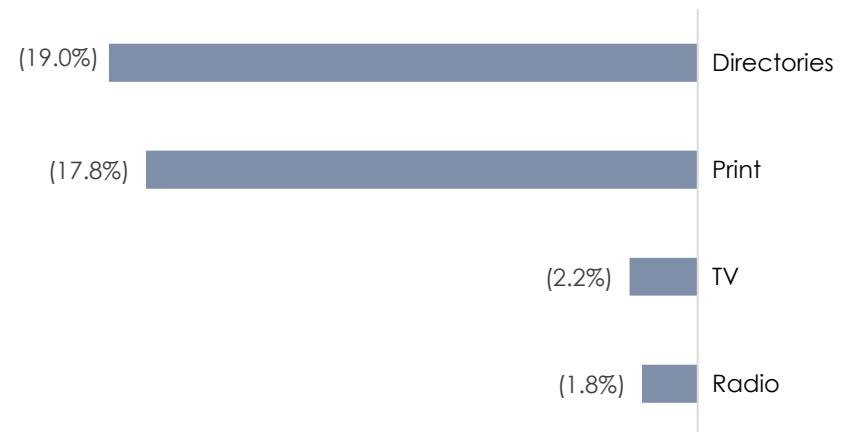
- The U.S. advertising market has seen a marked shift over the last decade due to the rise of digital advertising.
- The steady shift of consumer attention to digital platforms is forcing businesses to now turn to digital mediums to seek incremental gains in reach and revenues which are disappearing in traditional media advertising.
- An accelerated decline in traditional media advertising, particularly TV, has led digital to overtake traditional methods.
 - Directories, such as the Yellow Pages, will take the biggest hit — down 19.0% in 2019. Traditional print (newspapers and magazines) spending is a close second, which will drop nearly 18.0%.
- According to eMarketer, the U.S. digital Ad spending is expected to reach \$129bn in 2019, accounting for 54.2% of total media ad spending.
- Digital ad spending is expected to grow at a CAGR of 13.2% between 2018 – 2023 and is expected to account for 66.8% of total ad spend in 2023.
- Digital marketing industry is highly concentrated with top 3 players, i.e., Google, Facebook and Amazon expected to command a 68.1% market share in 2019.

1. eMarketer
2. Forbes

Digital Ad Spending in the U.S. (in \$bn)



Decrease in Traditional Ad Spending in 2019



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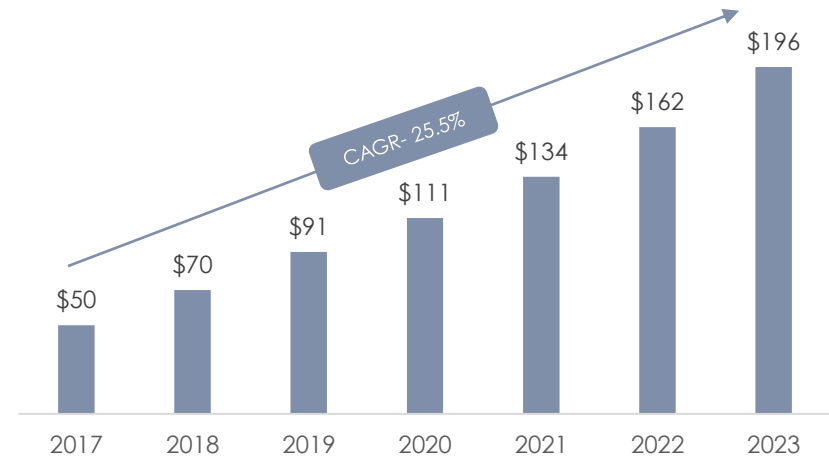
DIGITAL ADVERTISING – TRENDS

Key Trends

- Among digital advertising channels, the increasing adoption of mobile devices is expected to cause a shift in spending towards mobile, away from desktop.
 - Mobile internet advertising revenue has seen significant growth with revenues reaching \$70bn in 2018 from \$7bn in 2013, growing at a CAGR of 58.0% while desktop advertising revenues remained stagnant around \$38bn.
- Video Marketing has become the medium of choice for marketers looking to distribute content and increase engagement.
 - According to Wyzowl, 72.0% of businesses witnessed that video content has improved their conversion rate.
 - According to Forbes, 65.0% of executives visit the marketer's website and 39.0% call a vendor after viewing a video.
- More than one-third of U.S. adults use smart home devices or services, per data cited in a Forrester report.
- Some marketers, like Capital One, Domino's, Humana and L'Oréal, have started incorporating voice search into their strategies, and as more consumers adopt the technology, new opportunities to tap into voice will arise and potentially offer greater sources of revenue.

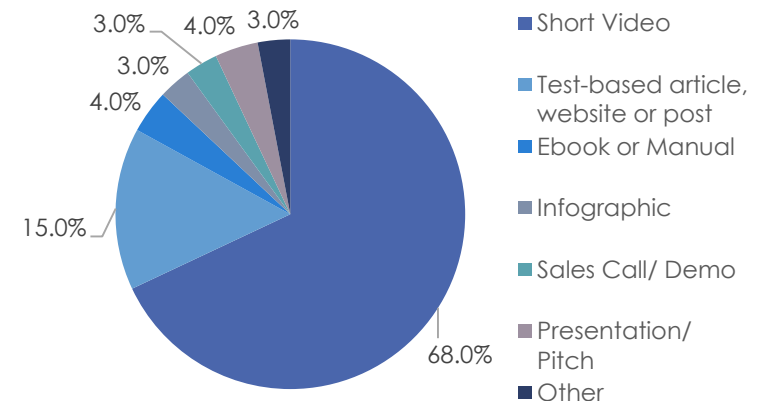
1. Forbes
2. Marketingdive
3. Impactbnd

Revenue from Mobile Advertising in U.S. (in \$bn)



Source: Trefis

Preferred Medium for Marketing



Source: Single Grain

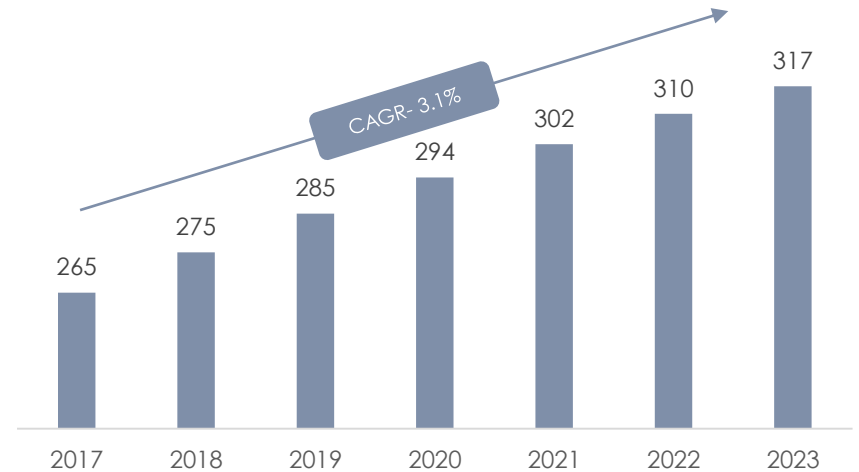
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TAILWINDS

Growth Drivers

- According to a report by CGS, business leaders in over 30 industries discovered that “providing better customer experience” has risen to the top of the list of strategic goals.
- With the advent of technologies like Cloud, website analytics, and social media, the scope for innovation in BPO Services and the digital marketing space is significant.
- Increasing internet penetration and advanced/smart consumer electronic devices are expected to be the primary driving factors for the global consumer engagement solutions market.
 - Globally, smart speaker shipments grew nearly 200.0% YoY in Q3 2018 with Amazon shipping the most devices. Consumers are recognizing the value obtained from voice’s user-friendly interactions which is driving the digital ad spend in this space.
- According to Forrester, Messaging apps have gained significant market share and Social media users are expected to grow at a CAGR of 6.3% from 2016 to 2021. As a result, customer engagement industry has started exploring ways to use these accessible tools to assist businesses.
- In addition to this, the increase in number of companies offering omni-channel solutions to its customers, is expected to impel the growth of this market.

Internet users in U.S. (in mm)



Source: Statista

CX Market Insights

86.0% of buyers will pay more for a better brand experience, but only 1.0% feel that vendors consistently meet expectations.

ORACLE®

77.0% of customers believe it takes too long to reach a live agent and consumers wait on hold for an avg. of 11 mins.

 **harris interactive**
ahead of what's next

54.0% of customers used email customer service channels in 2018, making it the most commonly used digital customer service channel.

FORRESTER®

AI will be a mainstream customer experience investment in the next couple of years. **47.0%** of organizations will use chatbots for customer care and **40.0%** will deploy virtual assistants

Gartner®

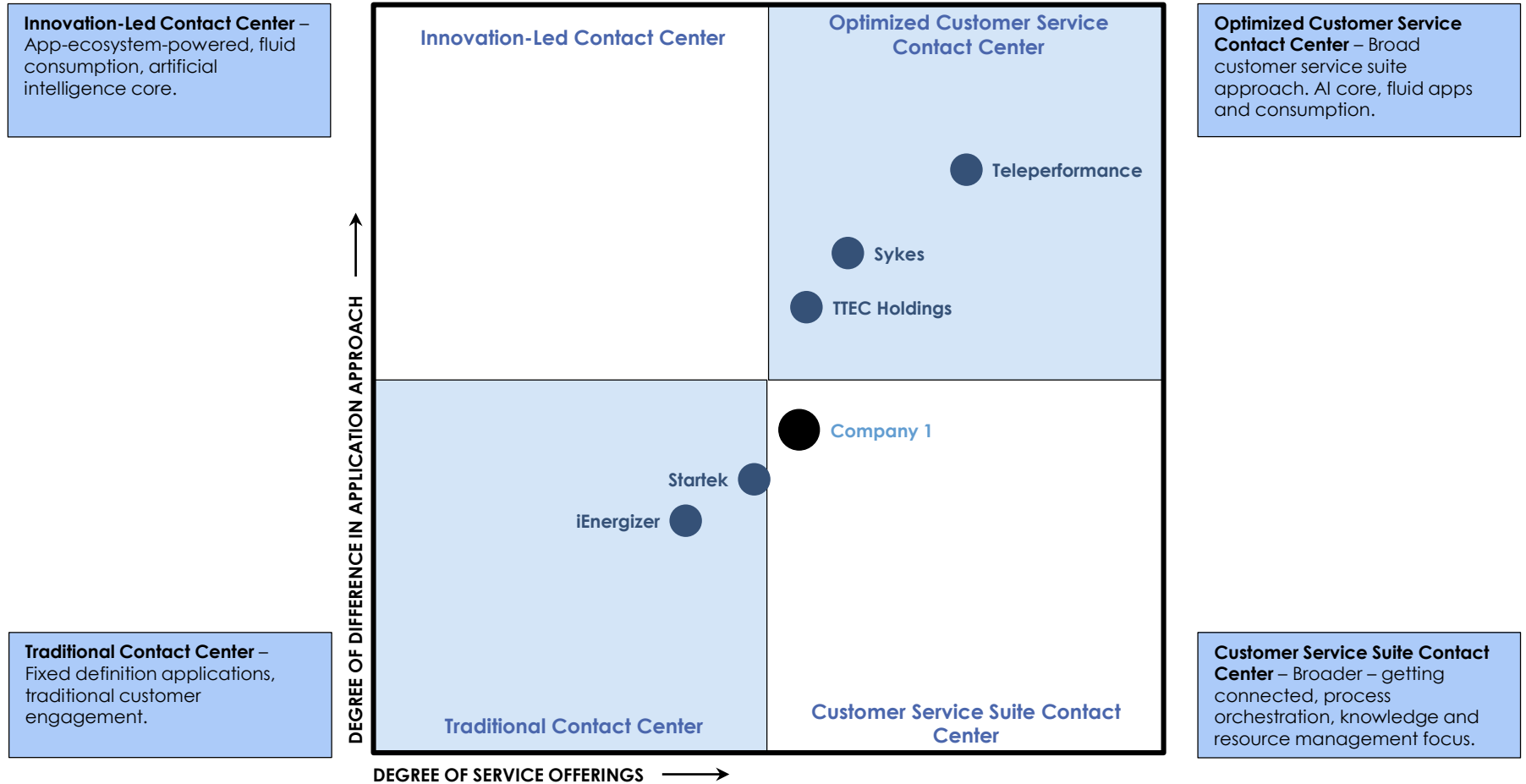
Headwinds

- **Increased Pressure on Companies to Create Value:**
 - Increased pressure on BPO companies to offer a more comprehensive and cost-effective suite of services has driven competition as customers seek to capture incremental value from labor and digital arbitrage propositions.
- **Higher Attrition Rate among BPO Sector:**
 - Job dissatisfaction among agents propagates a higher attrition in customer care centers. It is estimated that the overall turnover rate for the call center industry is between 30.0% – 45.0%, and each individual turnover can cost a company around \$6,440.
 - Not only does the increased attrition inflate labor costs — recruitment can be costly, and agents need to be trained from scratch, which impacts the consistency of the services offered.
- **Stricter Laws & Regulations:**
 - The influx of data privacy oversights, from laws like the GDPR to Apple's iOS enforcing stricter rules, are impacting ad targeting and affecting growth. This is leading to decelerated growth among some leading platforms in the U.S.
- **Declining ROI from Digital Ad Spend:**
 - According to Analytic Partners, online buying cost is increasing and diminishing returns from higher investment levels have been identified as strong contributors to the declining ROI trends.

COMPANY 2

COMPETITIVE LANDSCAPE

We have placed Company 1 in the customer service suite contact center segment as it provides a full cohort of CLX applications and caters to a broader customer segment than Startek and iEnergizer while lacks the more diversified offerings of the optimized contact centers.



COMPANY 2

VALUATION SUMMARY

- **ABC Base Case**
 - **Trading Comparables:** Median NTM EBITDA multiple is used with 75% weightage given to Tier – 1 (BPO Comps) multiple of 10.7x and 25% to Tier – 2 (Digital Marketing Comps) multiple of 10.7x. Also, a size discount of 40%* is applied to the multiple.
 - **Transaction Comparables:** Median LTM Revenue multiple is taken and similar weights as above are applied to the two tiers.
 - **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the Enterprise Values calculated from transaction and trading comps to arrive at the Weighted Average Enterprise Value.
- **ABC Downside Case:**
 - **Trading Comparables:** 25th Percentile NTM EBITDA multiple is used with 75% weightage given to Tier – 1 multiple of 9.4x and 25% to Tier – 2 multiple of 9.2x. Also, a size discount of 40%* is applied to the multiple.
 - **Transaction Comparables:** 25th Percentile LTM Revenue multiple is taken and similar weights as above are applied to the two tiers.
 - **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the Enterprise Value calculated from transaction and trading comps to arrive at the Weighted Average Enterprise Value.

Borrower Base Case

Company - Valuation June 2019	
FY19 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Trading Comparables Weightage	100.0%
Transaction Comparables	-
Transaction Comparables Weightage	-
EBITDA Multiple	0.0x
Discount Rate	40.0%
Discounted EBITDA Multiple	XXX
Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Base Case

Company - EV Calculation	
FY19 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Discount Rate	40.0%
Discounted EBITDA Multiple	-
Trading Enterprise Value	XXX
Trading Comparables Weightage	50.0%
FY19 Revenue	XXX
Transaction Comparables (EV/Rev)	
Transaction Enterprise Value	XXX
Transaction Comparables Weightage	50.0%
Weighted Average Enterprise Value	XXX
Implied EBITDA Multiple	XXX
Company - Valuation June 2019	
Weighted Average Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Downside Case

Company - EV Calculation	
FY19 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Discount Rate	40.0%
Discounted EBITDA Multiple	-
Trading Enterprise Value	XXX
Trading Comparables Weightage	50.0%
FY19 Revenue	XXX
Transaction Comparables (EV/Rev)	
Transaction Enterprise Value	XXX
Transaction Comparables Weightage	50.0%
Weighted Average Enterprise Value	XXX
Implied EBITDA Multiple	XXX
Company - Valuation June 2019	
Weighted Average Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

*Discount rate is kept same as used by the Fund

COMPANY 2

TRADING COMPARABLES – SUMMARY OUTPUT (1/2)

Name	Price		Enterprise Value	Revenue Growth				Revenue CAGR	EBITDA CAGR	EBITDA Margin			
	Current	52W High	Current	2017	2018	2019E	2020E	2017-19	2017-19	LTM	NTM	2019E	2020E
Tier - 1: Business Process Outsourcing													
TEC Holdings	46.2	48.8	2,521.7	15.1%	1.8%	6.7%	5.5%	4.2%	(0.7%)	12.7%	13.0%	12.7%	13.2%
Sykes Enterprises	28.1	31.5	1,404.3	8.8%	2.3%	0.1%	3.5%	1.2%	(1.7%)	9.9%	10.6%	10.2%	10.9%
iEnergizer	3.5	4.0	669.0	10.9%	13.0%	5.8%	NA	9.4%	12.3%	29.7%	28.0%	28.0%	NA
StarTek	7.2	8.9	525.4	(4.8%)	91.5%	14.6%	3.5%	48.1%	106.4%	3.9%	8.0%	7.3%	9.3%
25th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Min				(4.8%)	1.8%	0.1%	3.5%	1.2%	(1.7%)	3.9%	8.0%	7.3%	9.3%
Mean				7.5%	27.2%	6.8%	4.2%	15.7%	29.1%	14.0%	14.9%	14.5%	11.1%
Median				9.8%	7.7%	6.3%	3.5%	6.8%	5.8%	11.3%	11.8%	11.4%	10.9%
Max				15.1%	91.5%	14.6%	5.5%	48.1%	106.4%	29.7%	28.0%	28.0%	13.2%
75th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tier - 2: Digital Marketing													
QuinStreet	16.3	20.0	834.8	17.8%	23.1%	13.7%	14.1%	18.3%	93.7%	7.8%	11.5%	10.1%	12.1%
Fluent	5.0	7.5	450.5	13.3%	18.2%	16.1%	14.8%	17.2%	1049.7%	16.9%	18.6%	16.5%	19.8%
25th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Min				13.3%	18.2%	13.7%	14.1%	17.2%	93.7%	7.8%	11.5%	10.1%	12.1%
Mean				15.6%	20.7%	14.9%	14.5%	17.7%	571.7%	12.3%	15.0%	13.3%	16.0%
Median				15.6%	20.7%	14.9%	14.5%	17.7%	571.7%	12.3%	15.0%	13.3%	16.0%
Max				17.8%	23.1%	16.1%	14.8%	18.3%	1049.7%	16.9%	18.6%	16.5%	19.8%
75th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

COMPANY 2

TRADING COMPARABLES – SUMMARY OUTPUT (2/2)

Name	EV/Revenue				EV/EBITDA				EV/EBIT			
	LTM	NTM	2019E	2020E	LTM	NTM	2019E	2020E	LTM	NTM	2019E	2020E
Tier - 1: Business Process Outsourcing												
TTEC Holdings	1.59x	1.50x	1.55x	1.47x	12.6x	11.5x	12.2x	11.1x	19.6x	18.6x	20.4x	17.6x
Sykes Enterprises	0.87x	0.84x	0.86x	0.83x	8.8x	8.0x	8.5x	7.7x	16.0x	11.4x	12.1x	11.0x
iEnergizer	5.04x	4.40x	4.34x	NA	17.0x	15.7x	15.5x	NA	19.0x	16.6x	16.4x	NA
StarTek	0.87x	0.80x	0.82x	0.79x	22.0x	9.9x	11.3x	8.5x	NM	25.5x	31.6x	19.0x
25th Percentile	0.87x	0.83x	0.85x	0.81x	11.7x	9.4x	10.6x	8.1x	17.5x	15.3x	15.3x	14.3x
Min	0.87x	0.80x	0.82x	0.79x	8.8x	8.0x	8.5x	7.7x	16.0x	11.4x	12.1x	11.0x
Mean	2.09x	1.89x	1.89x	1.03x	15.1x	11.3x	11.9x	9.1x	18.2x	18.0x	20.1x	15.8x
Median	1.23x	1.17x	1.21x	0.83x	14.8x	10.7x	11.7x	8.5x	19.0x	17.6x	18.4x	17.6x
Max	5.04x	4.40x	4.34x	1.47x	22.0x	15.7x	15.5x	11.1x	19.6x	25.5x	31.6x	19.0x
75th Percentile	2.46x	2.23x	2.25x	1.15x	18.2x	12.6x	13.0x	9.8x	19.3x	20.3x	23.2x	18.3x
Tier - 2: Digital Marketing												
QuinStreet	1.88x	1.57x	1.69x	1.48x	24.1x	13.7x	16.7x	12.3x	NM	20.7x	28.1x	18.6x
Fluent	1.73x	1.42x	1.55x	1.35x	10.2x	7.6x	9.4x	6.8x	23.4x	13.0x	20.0x	10.5x
25th Percentile	1.76x	1.46x	1.59x	1.38x	13.7x	9.2x	11.2x	8.2x	23.4x	14.9x	22.0x	12.6x
Min	1.73x	1.42x	1.55x	1.35x	10.2x	7.6x	9.4x	6.8x	23.4x	13.0x	20.0x	10.5x
Mean	1.80x	1.50x	1.62x	1.42x	17.1x	10.7x	13.1x	9.5x	23.4x	16.8x	24.1x	14.6x
Median	1.80x	1.50x	1.62x	1.42x	17.1x	10.7x	13.1x	9.5x	23.4x	16.8x	24.1x	14.6x
Max	1.88x	1.57x	1.69x	1.48x	24.1x	13.7x	16.7x	12.3x	23.4x	20.7x	28.1x	18.6x
75th Percentile	1.84x	1.53x	1.66x	1.45x	20.6x	12.2x	14.9x	10.9x	23.4x	18.8x	26.1x	16.6x
Limit:												
EV/Revenue – 10.0x EV/EBITDA – 40.0x EV/EBIT – 50.0x												

COMPANY 2

TRADING COMPARABLES – BUSINESS OVERVIEW

Company Name	Description
Tier 1- Business Process Outsourcing	
TTEC Holdings	TTEC Holdings is a technology and service company which operates through the following segments: Customer Management Services, Customer Growth Services, Customer Technology Services, and Customer Strategy Services. The Customer Management Services segment includes design and manages clients front-to-back office processes to deliver just-in-time, personalized, multi-channel interactions. The Customer Growth Services segment offers sales and marketing solutions to help clients boost revenue in new, fragmented, or underpenetrated B2C or B2B markets. The Customer Technology Services segment architect, deploy, and host or manage the client's customer experience environments. The Customer Strategy Services segment help clients design, build, and execute customer engagement strategies. The company was founded by Kenneth D. Tuchman in 1982 and is headquartered in Englewood, CO.
Sykes Enterprises	Sykes Enterprises engages in the provision of multichannel demand generation and customer engagement services. The firm operates through the Americas and EMEA segments. The Americas segment is comprised of the United States, Canada, Latin America, Australia, and the Asia Pacific Rim. The EMEA segment includes Europe, the Middle East, and Africa. Its services include customer assistance, healthcare and roadside assistance, enterprise support, technical support, and outsourced corporate help desk. The company was founded by John H. Sykes in 1977 and is headquartered in Tampa, FL.
iEnergizer	iEnergizer engages in the provision of business process outsourcing services. It operates through the following segments: Business Process Outsourcing, Content Delivery, and Others. It provides accounts receivable, document processing, electronic learning development and support, content delivery, and back office operation services. The company was founded by Anil Aggarwal on May 12, 2010 and is headquartered in St. Sampson, Guernsey.
StarTek	StarTek engages in the provision of business process outsourcing services. It operates through the following segments: Domestic, Nearshore, and Offshore. The Domestic segment include operations of thirteen facilities in the United States and one facility in Canada. The Nearshore segment focuses in the two facilities in Honduras and one facility in Jamaica. The Offshore segment operates four facilities in the Philippines. The company was founded by A. Emmet Stephenson and Michael W. Morgan in 1987 and is headquartered in Greenwood Village, CO.
Tier 2- Digital Marketing	
QuinStreet	QuinStreet is an online performance marketing products and technologies company, which engages in intent digital media or traffic from a range of device types, in multiple formats or types of media, and in a wide range of cost-per-action, or CPA, forms. The company was founded on April 16, 1999 and is headquartered in Foster City, CA.
Fluent	Fluent provides scalable, data-driven performance marketing and customer acquisition services. Based on proprietary insights captured through engaging experiences, the company provides real-world outcomes for its partners. The company was founded in 2005 and is headquartered in New York, NY.

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TRANSACTION COMPARABLES – SUMMARY OUTPUT

Target	Acquiror	Announcement		Transaction		Revenue	EBITDA	EV/	
		Date	Target Country	Value	EV			Revenue	EV/EBITDA
Tier-1: Business Process Outsourcing									
TaskUs	Blackstone Corporate Private Equity	9-Aug-18	United States	\$250	\$250	\$117	-	2.13x	NA
Intelenet Global Services	Teleperformance SA	14-Jun-18	India	1,000	1,000	449	83	2.23x	12.0x
Aegis	Startek	15-Mar-18	India	217	217	388	-	0.56x	NA
Transcom WorldWide AB	Altor AB; Altor Fund Manager AB	21-Dec-16	Sweden	210	270	651	40	0.41x	6.7x
C3/CustomerContactChannels	Everstone Capital Asia; C3/Customer Contact Channels/Private Group/ Sunrise BPO; Everise Services	6-Oct-16	United States	150	150	200	-	0.75x	NA
Sitel Worldwide	Creadev SASU; Groupe Acticall SAS	10-Jul-15	United States	1,068	1,068	1,439	125	0.74x	8.6x
25th Percentile								0.60x	7.7x
Min								0.41x	6.7x
Mean								1.14x	9.1x
Median								0.75x	8.6x
Max								2.23x	12.0x
75th Percentile								1.79x	10.3x
Tier-2: Digital Marketing									
Performance Bridge	Veritone One	13-Aug-18	United States	\$11	\$11	\$4	-	2.97x	NA
Indigo Slate	Zensar Technologies	27-Jul-18	United States	45	45	22	-	2.05x	NA
Principle McD	LIDA	16-Mar-16	United States	10	20	15	2	1.32x	8.0x
Clear Link Technologies	Sykes Enterprises	7-Mar-16	United States	208	208	109	-	1.90x	NA
25th Percentile								1.76x	8.0x
Min								1.32x	8.0x
Mean								2.06x	8.0x
Median								1.98x	8.0x
Max								2.97x	8.0x
75th Percentile								2.28x	8.0x

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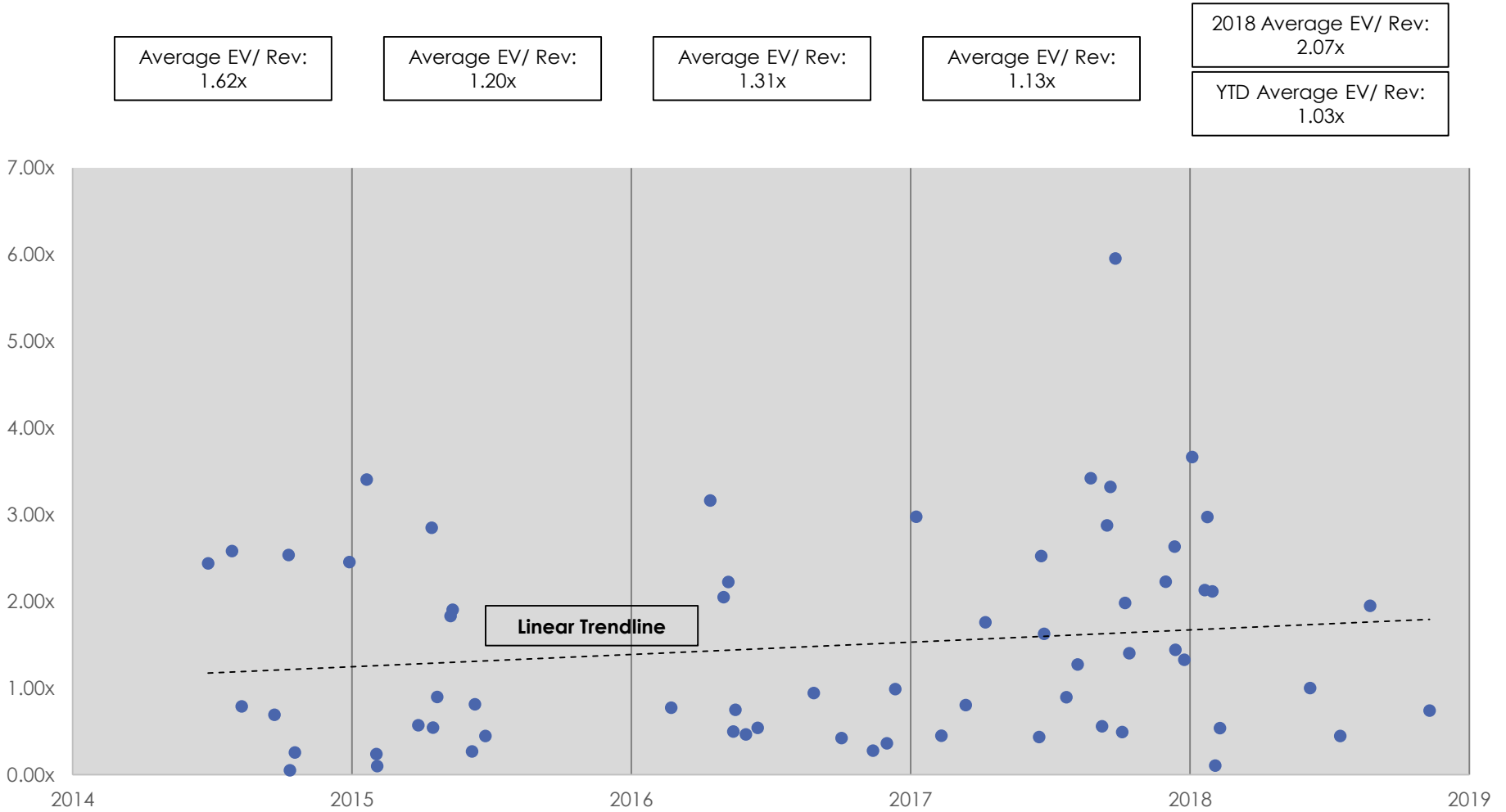
TRANSACTION COMPARABLES – BUSINESS OVERVIEW

Target	Business Description
Tier-1: Business Process Outsourcing	
TaskUs	TaskUs provides outsourcing services. It offers customer experience, back office support and consulting solutions. The company was founded by Bryce Maddock and Jaspar Weir in 2008 and is headquartered in Santa Monica, CA.
Intelenet Global Services	Intelenet Global Services provides business process outsourcing and customer management services. It offers contact center management, back office, finance and accounting, information technology and infrastructure, and security and compliance management services. The company was founded by Susir Kumar and Prabhu Srinivasan in 2000 and is headquartered in Mumbai, India.
Aegis	Aegis provides business process outsourcing services. It offers customer lifecycle management, business analytics, automation solutions, web solutions, and social business services. The company is headquartered in Mumbai, India.
Transcom WorldWide AB	Transcom WorldWide AB provides customer care solutions. The firm offers customer service, technical support, customer retention, customer acquisition, collections and cross-selling and upselling services. Its customer experience specialists engage with customers in multiple channels, including phone, electronic mail, chat, and in social media communities. Its technical product support solutions are tailored to deliver end user experiences through tiered support models, from the simplest to more complex support scenarios. The company was founded in 2000 and is headquartered in Stockholm, Sweden.
C3/CustomerContactChannels	C3/CustomerContactChannels provides business process outsourcing services. It includes sales, service, performance optimization, reputation management, and complete customer lifecycle management via traditional, web, and emerging communication channels. The company was founded by Miguel Ramos, David I. Epstein, and Kenneth Epstein in 2004 and is headquartered in Plantation, FL.
Sitel Worldwide	Sitel Worldwide provides customer care outsourcing services. It offers a wide array of services, including customer service, technical support, customer acquisition, retention and revenue generation services and back office support. The company was founded in 1985 and is headquartered in Nashville, TN.
Tier-2: Digital Marketing	
Performance Bridge	Performance Bridge builds digital customer acquisition programs. The firm utilizes podcasting, influencer marketing, contextual and programmatic display, affiliate marketing and paid search to address the challenges specific to client's business. The company was founded in 2002 and is headquartered in Binghamton, NY.
Indigo Slate	Indigo Slate operates digital marketing agency with technological solutions. The firm provides experience design, strategy and content, analytics, and digital marketing services. The company was founded by Sandy Sharma and Aaron Duggal in 2006 and is headquartered in Bellevue, WA.
Principle McD	Principle McD offers advertising solutions and services. The firm's services include digital marketing and content strategy, customer research and analytics, user experience design, visual design and animation, web and mobile development and prototyping and product development. The company was founded by John S. Caruso, John Dutton and Ian Magnani in 1999 and is headquartered in New York, NY.
Clear Link Technologies	Clear Link Technologies provides content and conversion services. Its services include customer acquisition, lead generation and sales conversion. The company was founded in 1999 by Bruce Westenskow and is headquartered in Salt Lake, UT.

COMPANY 2

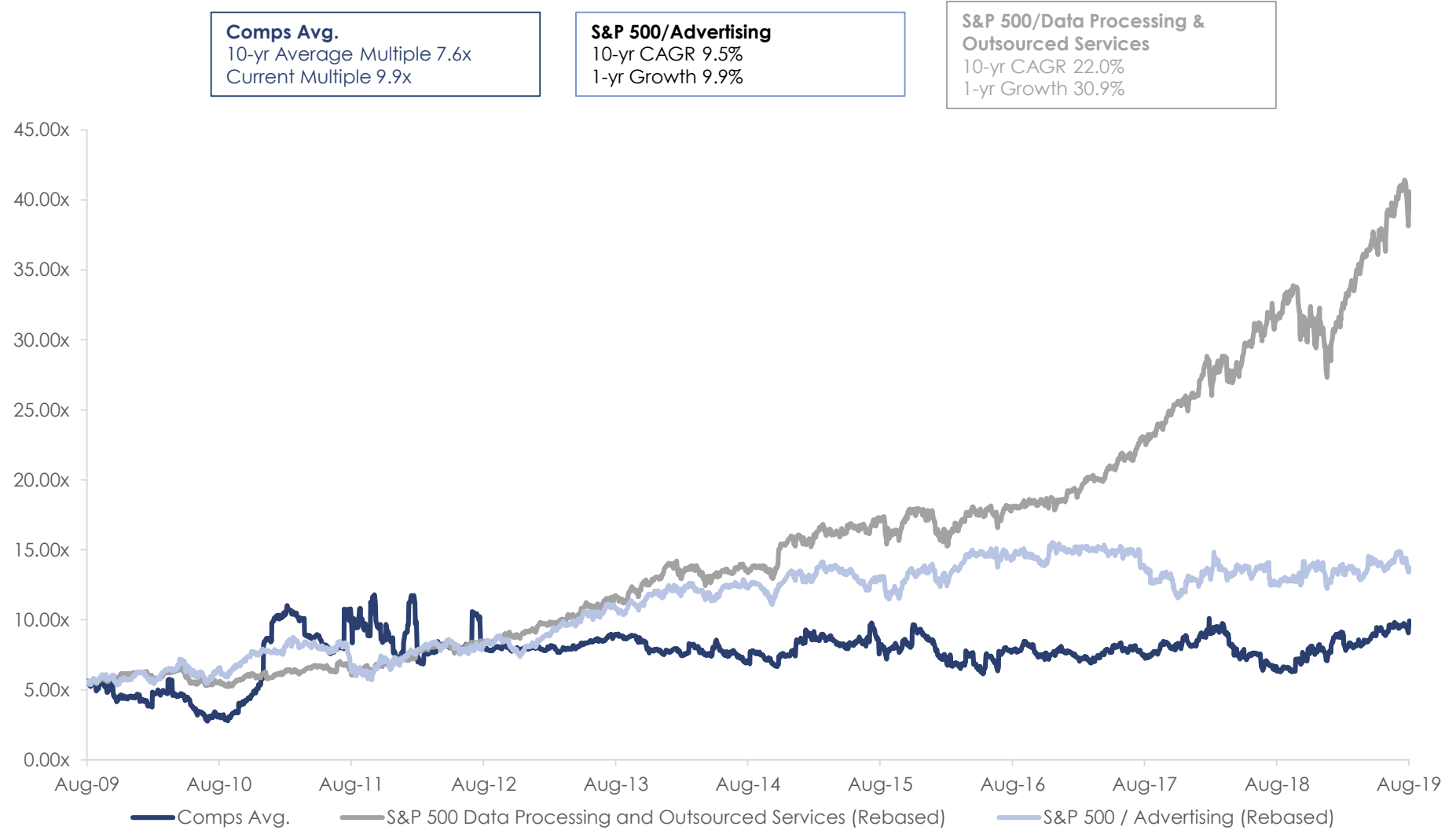
TRANSACTIONS COMPARABLES – 5-YEAR TREND

Below is a scatter plot of 85 M&A transactions in Global BPO and Customer Engagement Services Industry.



COMPANY 2

EV/NTM EBITDA



Source – FactSet

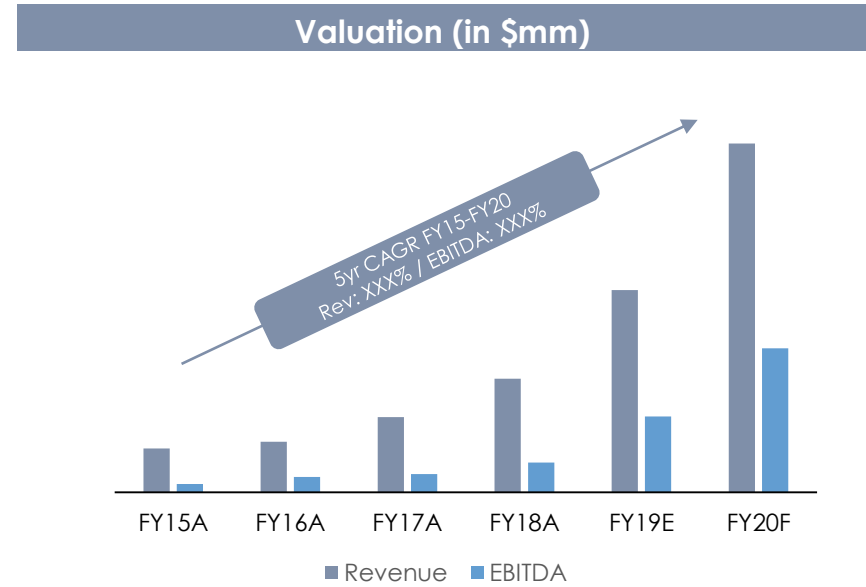
Note: The Comps avg in the above chart is taken as the simple average of Tier-1 and Tier-2 comps ,i.e. without any weights.

COMPANY 3

COMPANY 3

COMPANY OVERVIEW

- Company 3 is a direct to customer digital insurance agency that operates across multiple segments of the senior health marketplace.
- The Company is an insurance brokerage that provides a wide range of private health insurance products.
- The Company sells Medicare Advantage, Medicare Supplement plans and Prescription Drug Plans. It represents over XXX top-tier national carriers including Humana, Aetna, Anthem, Cigna health spring and United Healthcare.
- According to Company XYZ – Company 3 has grown revenues at over 3x the market growth rates.
- The Company has a market share of roughly XXX% (largest player in the sector has roughly XXX%).
- Major competitors of Company 3 include e-Health Inc. and Health Insurance Innovations Inc.
- Company 3 is operating in a growing market segment supported by the trend of increasing proportion and absolute numbers of the 65+ population.



(in \$mm)	KEY FINANCIALS						3yr-CAGR				
	FY15A	FY16A	FY17A	FY18A	FY19E	FY20F	FY21E	FY22E	FY23E	FY16-FY19	FY19-FY22
Revenue	<h2>Key Financials</h2>										
Growth %											
EBITDA											
Margin %											
Growth %											

COMPANY 3

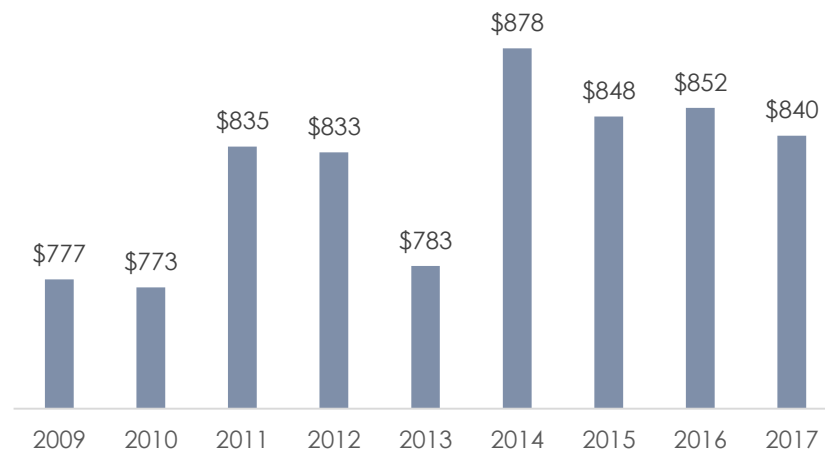
INSURANCE BROKERAGE INDUSTRY – OVERVIEW

Overview

- The global Insurance brokerage market is expected to grow annually by 5% (CAGR 2018-22).
- The U.S. Insurance brokerage market expected to be at \$167bn in 2019, marking an annual growth of 2.4% during the period 2014-19.
- About 425,000 insurance brokerage businesses currently operate in the US.
- Health Insurance Industry in the U.S. is expected to reach a total revenue of ~\$1tn in 2019 marking a CAGR of 7.1% from the period of 2014 – 2019.
- Americans spent \$3.65tn, or \$11,212 per person on health care in 2018, which is expected to grow at an average annual growth rate of 5.5% from 2018-2027 and reach nearly \$6.0tn by 2027.
- According to Gallup's survey on health insurance coverage, the U.S. adult uninsured rate stood at 13.7% in the fourth quarter of 2018. This is still below the 18.0% high recorded before implementation of the Affordable Care Act's individual health insurance mandate in 2014, but above the low of 10.9% recorded in 2016.
 - The 280 bps increase since that low represents a net increase of about 7mm adults without health insurance.
 - Among the U.S. population above the age of 65, the percentage of uninsured saw an increase of 140 bps from 2.3% in 2016 to 3.7% in 2018.

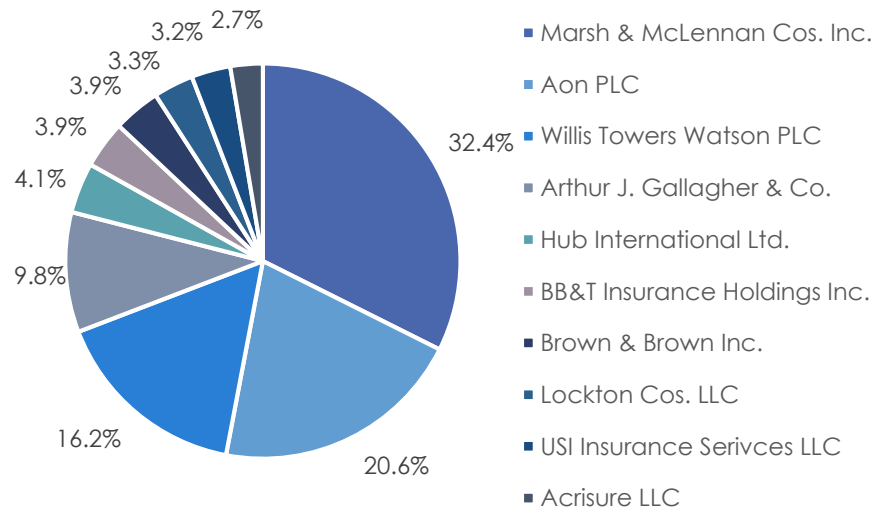
1. Ibisworld
2. Gallup.com

Life and Health Insurance Revenue (in \$bn)



Source: Statista

Key Insurance Brokerage Players (2019)



Note: Brokerage revenue distribution on top 10 players

COMPANY 3

INSURANCE BROKERAGE INDUSTRY – MARKET TRENDS

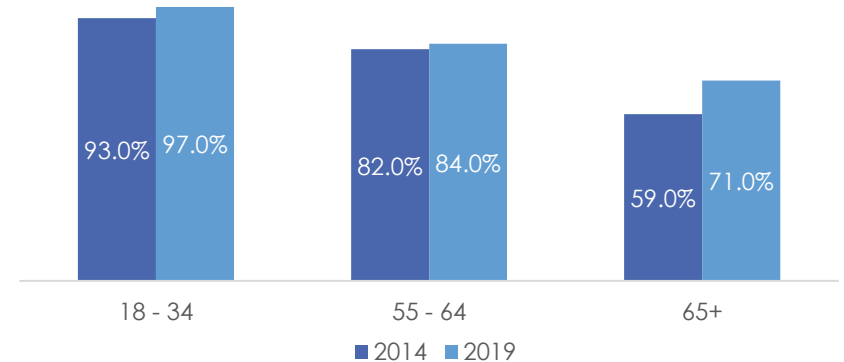
Key Trends

- There has been a secular shift in online usage among the age group of 65 and above from 59% in 2014 to 71% in 2019.
- With 44.0% of this age group preferring internet to gather information on health products and with 74.0% of them likely to make a purchase online, Insurance brokerage firms have resorted to online/app-based distribution strategies to minimize the impact of direct purchases and to provide enhanced customer experiences.
- To maximize sales, the key players in the market are integrating IT and analytic solutions.
 - Analytic solutions are aiding in spreading effective marketing strategies and underwriting services.
 - Data analytics is helping firms in terms of product-design improvement and customer targeting.
 - At present, insurance brokers are employing data analytics tools to attain customer data and maintain a competitive edge. These tools are helping identify hidden patterns by utilizing complex models and predicting possible future outcomes.
- According to an article published by Accenture, Insurance executives expect platform business models to become a big part of their growth strategies. As brokers look for ways to provide more value to customers, platforms are becoming more vital by increasing efficiencies, risk prevention and scalability.

1. Ibisworld 2. Businesswire 3. Accenture

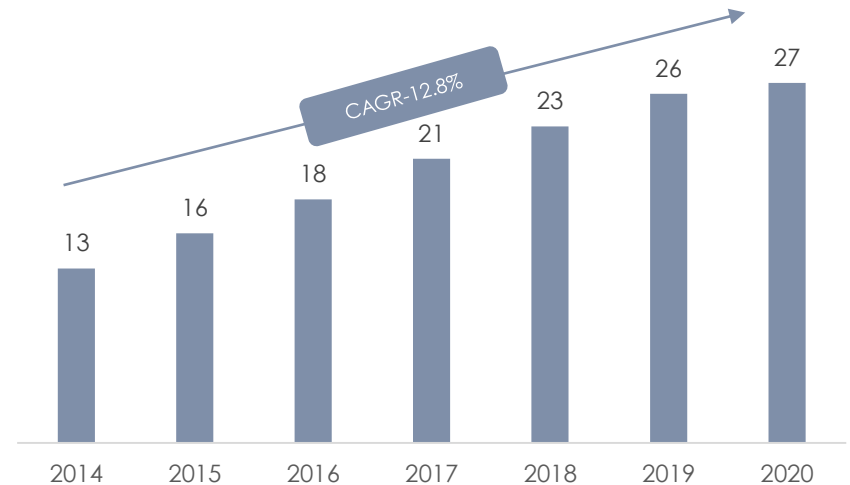
Internet Usage by Age Group (in %)

Internet usage of 65+ increased by 20.0%



Source: eHealth Investor Presentation

Smartphone Penetration in 65+ Age Group (in mm)



Source: Statista

COMPANY 3

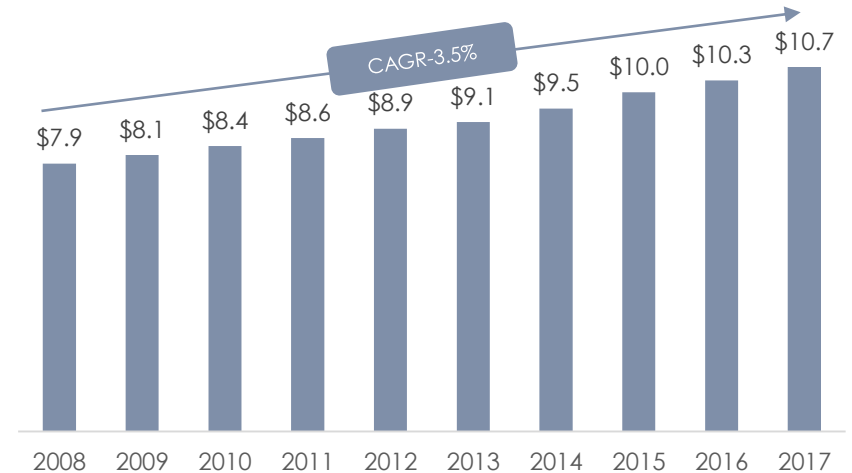
INSURANCE BROKERAGE INDUSTRY – TAILWINDS

Growth Drivers

- Number of people above 65 years of age is estimated to grow to 82mm in 2040 and 98mm in 2060 from current levels of 52mm.
- As per a survey conducted by Gallup, Americans above the age of 65 pulled an estimated \$22bn from long-term savings to pay for their healthcare cost in the past 12 months.
 - The cost of prescription drugs is a large part of the costs. Medicare projects a spending of \$116bn on retail prescription drugs in 2019, making medical insurance more compelling.
- Healthcare expenditure per person has been constantly increasing from \$7.9k in 2008 to \$10.7k in 2017 marking a CAGR of 3.5% between 2008 – 17 and is further expected to rise, thereby, driving the demand for health insurance.
- The number of enrollees in Medicare Advantage & Medicare supplement plans is expected to grow 56.0% between 2016 and 2026 (from 32mm in 2016 to 50mm in 2026).
- On the supply side, number of insurance companies operating in the US grew 12.7% from 5,954 in 2017 to 7,566 in 2019.
- The availability of new plan options such as Short-term, Limited Duration Insurance (STLDI), will provide more flexibility and help increase the consumer base for insurance brokers.

1. eHealth
2. Gallup.com

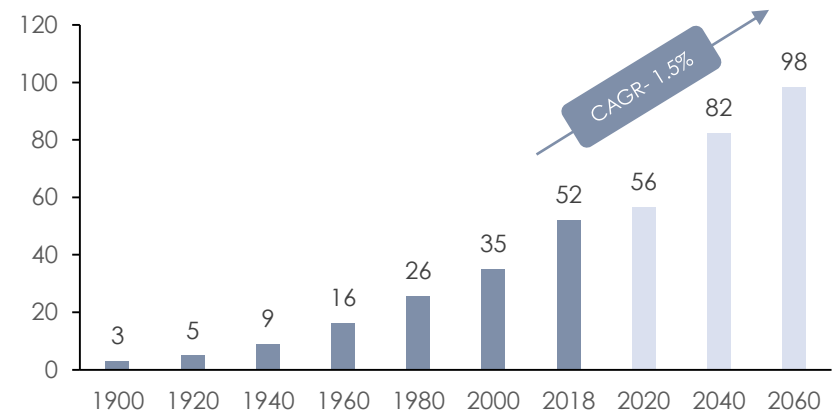
Healthcare Expenditure per Person (in US\$ '000)



Source: The Balance

Current and Forecasted Customer Base

65+ Population: 1900-2060 (numbers in mm)



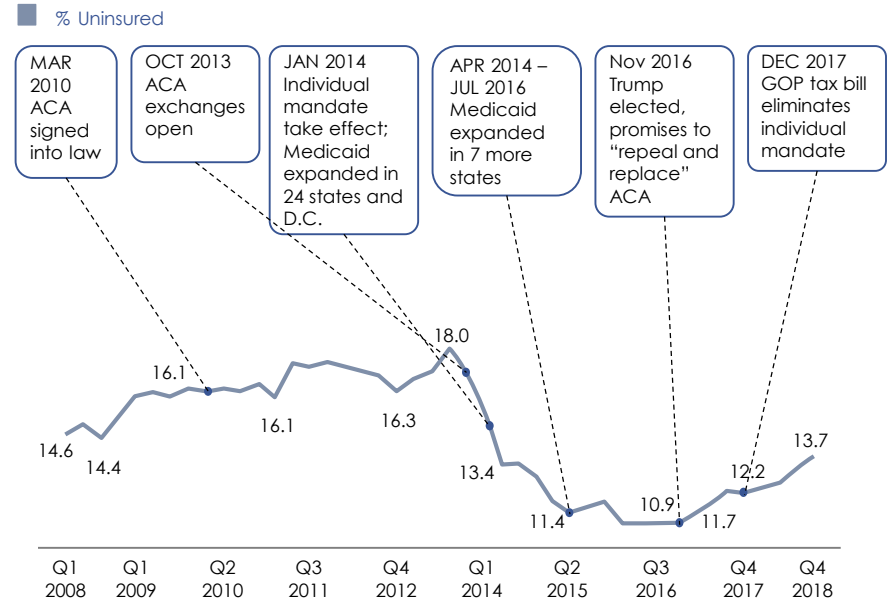
COMPANY 3

INSURANCE BROKERAGE INDUSTRY – HEADWINDS

Headwinds

- President Trump eliminated the re-imbursements that were allowed under Obamacare to health insurance companies.
 - This means any loss the companies face are no longer subsidized. Thus, insurers increased their 2018 rates to cover previous losses in anticipation of these changes, which resulted in an increase in the number of uninsured American citizens.
- The increase in the use of the Internet and smartphones has contributed to direct sales of insurance policies.
 - The advent of online mediums has led to an increase in product awareness, increased customer expectations, and changed buying behaviors.
 - Consumers seek direct advice from insurance firms for distinct insurance products which eliminates the scope of insurance brokers or intermediaries which is expected to limit the growth of the insurance brokerage market.
- In 2018, the average age of insurance executives was 59 years, and the U.S. Bureau of Labor Statistics indicated that nearly 700k insurance professionals currently were 55 years old or above, a 74% increase in that age group in the past decade.

Uninsured U.S. Population (in %)



Source: Gallup National Health And Well-Being Index

1. Insurance Journal
2. Businesswire
3. KPMG

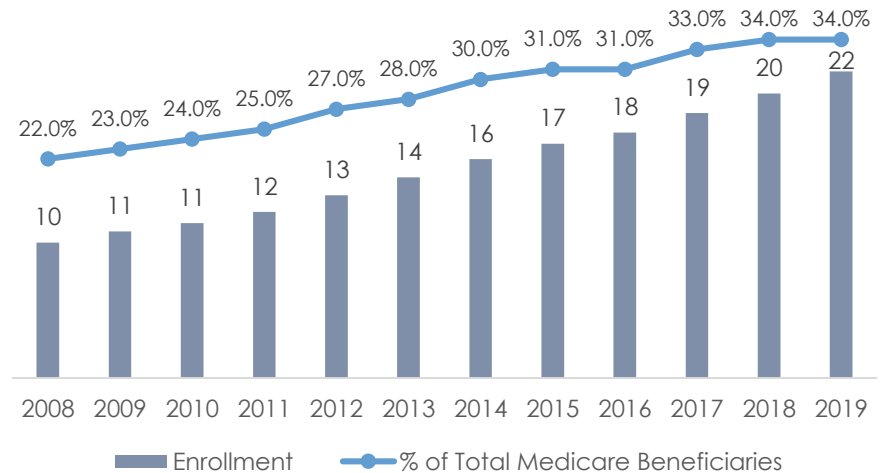
COMPANY 3

MEDICARE ADVANTAGE

Medicare Advantage

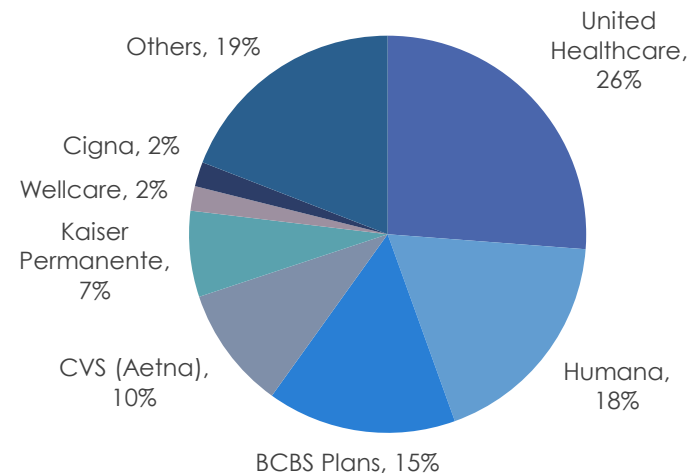
- Medicare Advantage (or MA) program is an insurance program that private companies offer through Medicare. In 2019, 34.0% of all Medicare beneficiaries were enrolled for Medicare Advantage plans.
- From 2018 to 2019, total MA enrollment grew by about 1.6mm beneficiaries, or ~8.0%, similar to the growth in 2018.
- According to BCG, Medicare Advantage enrollment will increase at an annual rate of 4.0% - 6.0% from 2017 to 2023, and revenue will grow at a rate of 7.0% to 9.0% annually. They also project the market to reach \$360bn by 2023.
- By 2023, available annual profit pools will range from \$11bn to \$13bn, making it the single biggest driver of profit growth.
- Significant tailwinds are an aging population, rising penetration in comparison with fee-for-service plans and favorable regulatory climate.
- Behind the growth, lies a fiercely competitive market. The number of plans available per eligible member has increased over the past four years at an annual rate of 8.0% year, from 19 in 2016 to 24 in 2019.
- According to Deft Research, switching rates have dropped significantly from more than 20.0% in 2015 to 11.0% in 2018.
- Medicare Advantage enrollment is highly concentrated among a small number of firms. UnitedHealthcare and Humana together account for 44.0% of all Medicare Advantage enrollees nationwide, and the BCBS affiliates (including Anthem BCBS plans) account for another 15.0% of enrollment in 2019.

MA Enrollment (in mm)



Source: KFF.org

Market Share in MA Enrollment in 2019 (in %)



Source: KFF.org

COMPANY 3

MEDICARE SUPPLEMENT

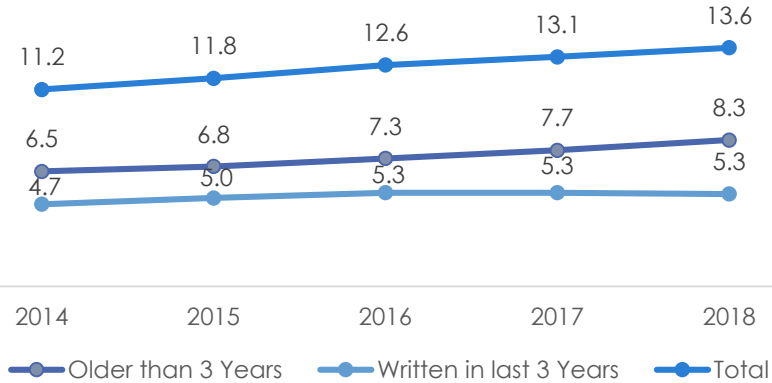
Medicare Supplement

- According to NAIC, enrollment in Medicare Supplement (or Medigap) plans was 13.6mm as of December 31, 2018, marking a growth of 4.0% Y-o-Y.
- According to Mark Farrah Associates, 196 distinct carriers provided Medicare supplement plans and added ~517k covered lives to their portfolios between 2017 and 2018.
- Among standardized plans A-N, Plan F covers the annual Medicare Part B deductible and offers the most comprehensive benefits. As of 2018, Plan F enrolled ~7mm members and accounted for ~52.0% of the market.
 - However, this number decreased by 15k Y-o-Y. The decline is largely due to a provision in the MACRA.
 - Under this act, from 2020, Plan F will no longer be an option, whereby supplemental plans covering the Part B deductible can no longer be purchased. This policy change has begun the shift in growth from Plan F into Plans G (share of 17.0% in 2018) and N (share of ~10.0% in 2018).
 - Both Plans G and N continued to experience Y-o-Y increases with Plan G notably enrolling 645k new members; marking a growth rate of 39.0%.
- The Medigap market remains an attractive line of business for carriers with the top 10 companies commanding about 69.0% of the market with ~9.4mm members in 2018.
 - UnitedHealth alone accounted for nearly 34.0% of the market with more than 4.5mm members.

1. MACRA - Medicare Access and CHIP Reauthorization Act of 2016

Medigap Covered lives by Age of Policy (in mm)

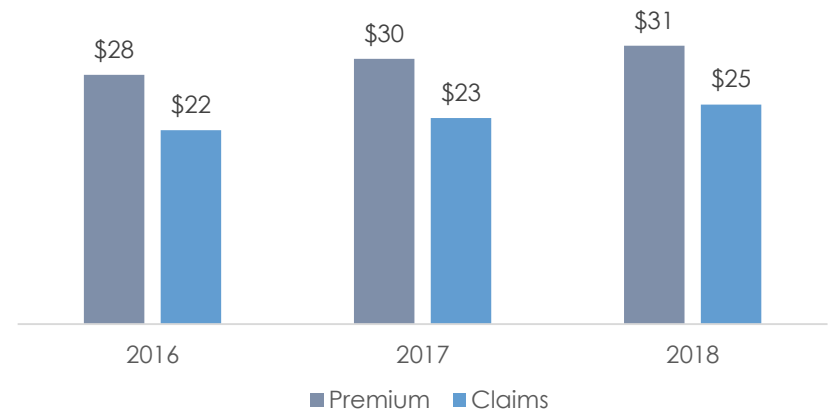
Carriers added 5.3mm new members within the last 3 years



Source: markfarrah.com

Medigap Premium and Claims (in \$bn)

The aggregate loss ratio was 78.9% in 2018, an increase from 77.7% in 2017.



Source: markfarrah.com

COMPANY 3

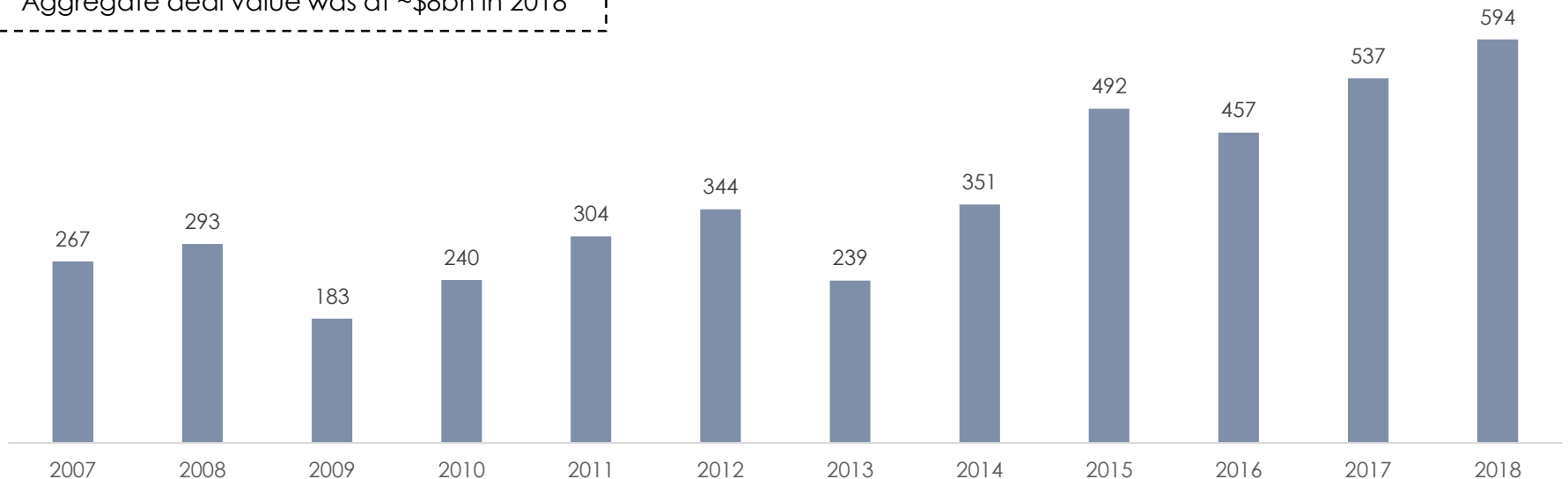
M&A OVERVIEW

M&A Trends & Outlook

- In 2018, the deal volume in the Insurance brokers segment stood at the highest level in a decade, with 594 announced transactions.
- Aggregate 2018 deal value increased by 50.0% from the previous year, driven by the Marsh & McLennan/Jardine transaction of \$5.6bn.
- In addition, 2018 average deal value per transaction also increased 26% from 2017 (\$194mm to \$245mm).
- As per Deloitte, there were several players in the space that were very acquisitive.
 - In 2018, five companies announced more than 20 acquisitions which was in line with the trend followed in the previous years.
- As per Deloitte, 2019 Insurance M&A aggregate deal volume and value should remain generally consistent with that of 2018 as companies continue to seek inorganic growth.

Aggregate M&A Transactions (in #)

Aggregate deal value was at ~\$8bn in 2018



COMPANY 3

COMPETITIVE LANDSCAPE

	Company 3 Logo	Peer Logo	Traditional Brokers	Carriers
Supplement Plans*	✓	✓	✓	✓
General Insurance Plans	✗	✓	✓	✓
Consumer Advocate/ Carrier Agnostic	✓	✓	—	—
Plan Comparison Tools	✓	✓	—	Limited
Best In Class Digital Experience	✓	✓	—	—
Agent Support	✓	✓	✓	✓
Live Chat Support	✓	✗	—	✓
Scalability	✓	✓	—	✓

*Supplement Plans include Medicare Advantage, Medigap and Prescription Drugs Plan

COMPANY 3

VALUATION SUMMARY

- ABC Base Case**

- **Trading Comparables:** Median NTM EBITDA multiple is used with 60% weightage given to Tier – 1 multiple of 18.3x and 40% to Tier – 2 multiple of 14.4x. Also, a size discount of 20% is applied to the multiple to calculate the Enterprise Value
- **Transaction Comparables:** Median LTM Revenue multiple is taken for the Enterprise Value calculation
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the Enterprise Values calculated from transaction and trading comps to arrive at the Weighted Average Enterprise Value

- ABC Downside Case:**

- **Trading Comparables:** 25th Percentile NTM EBITDA multiple is used with 60% weightage given to Tier – 1 multiple of 11.3x and 40% to Tier – 2 multiple of 14.1x. Also, a size discount of 20% is applied to the multiple to calculate the Enterprise Value
- **Transaction Comparables:** 25th Percentile LTM Revenue multiple taken for the Enterprise Value calculation
- **Weighted Average Enterprise Value:** Equal weights (i.e., 50% each) are given to the Enterprise Value calculated from transaction and trading comps to arrive at the Weighted Average Enterprise Value

Borrower Base Case

Company - Valuation June 2019	
FY20 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Trading Comparables Weightage	100.0%
Transaction Comparables	-
Transaction Comparables Weightage	-
EBITDA Multiple	0.0x
Discount Rate	20.0%
Discounted EBITDA Multiple	-
Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Base Case

Company - EV Calculation	
FY20 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Discount Rate	20.0%
Discounted EBITDA Multiple	-
Trading Enterprise Value	XXX
Trading Comparables Weightage	50.0%
FY20 Revenue	XXX
Transaction Comparables (EV/Rev)	
Transaction Enterprise Value	XXX
Transaction Comparables Weightage	50.0%
Weighted Average Enterprise Value	XXX
Implied EBITDA Multiple	XXX
Company - Valuation June 2019	
Weighted Average Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

Company ABC Downside Case

Company - EV Calculation	
FY20 EBITDA	XXX
Trading Comparables (EV/EBITDA)	
Discount Rate	20.0%
Discounted EBITDA Multiple	-
Trading Enterprise Value	XXX
Trading Comparables Weightage	50.0%
FY20 Revenue	XXX
Transaction Comparables (EV/Rev)	
Transaction Enterprise Value	XXX
Transaction Comparables Weightage	50.0%
Weighted Average Enterprise Value	XXX
Implied EBITDA Multiple	XXX
Company - Valuation June 2019	
Weighted Average Enterprise Value	XXX
Net Debt	XXX
Equity Value	XXX
Company XYZ Ownership (fully diluted)	XXX
Company Stake Value	XXX

COMPANY 3

TRADING COMPARABLES – OUTPUT (1/3)

Name	Price		Enterprise Value	Revenue Growth				Revenue CAGR	EBITDA CAGR	EBITDA Margin			
	Current	52W High	Current	2017	2018	2019E	2020E	2017-19	2017-19	LTM	NTM	2019E	2020E
Tier 1 - Health Insurance Agents													
eHealth, Inc.	108.4	112.2	2,619.3	2.0%	31.8%	48.0%	22.2%	39.7%	NA	10.8%	19.3%	17.7%	20.3%
Health Insurance Innovations, Inc. Class A	21.8	63.1	388.5	26.9%	41.2%	(18.8%)	16.7%	7.0%	36.0%	10.1%	18.4%	18.6%	18.3%
25th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Min				2.0%	31.8%	(18.8%)	16.7%	7.0%	36.0%	10.1%	18.4%	17.7%	18.3%
Mean				14.5%	36.5%	14.6%	19.4%	23.4%	36.0%	10.5%	18.9%	18.1%	19.3%
Median				14.5%	36.5%	14.6%	19.4%	23.4%	36.0%	10.5%	18.9%	18.1%	19.3%
Max				26.9%	41.2%	48.0%	22.2%	39.7%	36.0%	10.8%	19.3%	18.6%	20.3%
75th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tier 2 - Insurance Agents													
Brown & Brown, Inc.	36.4	36.5	11,385.3	5.4%	8.2%	17.7%	5.6%	12.9%	10.0%	29.3%	29.9%	29.8%	30.0%
Arthur J. Gallagher & Co.	92.3	92.7	19,875.3	9.2%	11.2%	7.4%	7.7%	9.3%	21.8%	16.0%	18.6%	18.3%	18.8%
Willis Towers Watson Public Limited Co	199.2	199.5	30,769.4	3.9%	4.1%	4.8%	5.7%	4.5%	9.5%	23.9%	25.5%	25.3%	25.7%
Aon plc	194.6	198.6	55,696.4	6.4%	7.8%	3.8%	6.9%	5.8%	34.5%	25.3%	28.1%	26.9%	28.8%
Marsh & McLennan Companies, Inc.	102.5	103.4	60,825.0	6.4%	6.3%	12.1%	7.8%	9.2%	17.0%	23.0%	24.2%	23.9%	24.4%
25th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Min				3.9%	4.1%	3.8%	5.6%	4.5%	9.5%	16.0%	18.6%	18.3%	18.8%
Mean				6.2%	7.5%	9.2%	6.7%	8.3%	18.6%	23.5%	25.2%	24.8%	25.5%
Median				6.4%	7.8%	7.4%	6.9%	9.2%	17.0%	23.9%	25.5%	25.3%	25.7%
Max				9.2%	11.2%	17.7%	7.8%	12.9%	34.5%	29.3%	29.9%	29.8%	30.0%
75th Percentile				NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

COMPANY 3

TRADING COMPARABLES – OUTPUT (2/3)

Name	EV/Revenue				EV/EBITDA				EV/EBIT			
	LTM	NTM	2019E	2020E	LTM	NTM	2019E	2020E	LTM	NTM	2019E	2020E
Tier 1 - Health Insurance Agents												
eHealth, Inc.	NM	6.25x	7.04x	5.76x	NM	32.4x	39.8x	28.4x	NM	38.0x	44.2x	34.4x
Health Insurance Innovations, Inc. Class A	0.66x	0.78x	0.86x	0.73x	6.5x	4.2x	4.6x	4.0x	10.5x	5.2x	5.8x	4.8x
25th Percentile	0.66x	2.15x	2.40x	1.99x	6.5x	11.3x	13.4x	10.1x	10.5x	13.4x	15.4x	12.2x
Min	0.66x	0.78x	0.86x	0.73x	6.5x	4.2x	4.6x	4.0x	10.5x	5.2x	5.8x	4.8x
Mean	0.66x	3.52x	3.95x	3.25x	6.5x	18.3x	22.2x	16.2x	10.5x	21.6x	25.0x	19.6x
Median	0.66x	3.52x	3.95x	3.25x	6.5x	18.3x	22.2x	16.2x	10.5x	21.6x	25.0x	19.6x
Max	0.66x	6.25x	7.04x	5.76x	6.5x	32.4x	39.8x	28.4x	10.5x	38.0x	44.2x	34.4x
75th Percentile	0.66x	4.88x	5.49x	4.51x	6.5x	25.4x	31.0x	22.3x	10.5x	29.8x	34.6x	27.0x
Tier 2 - Insurance Agents												
Brown & Brown, Inc.	5.10x	4.66x	4.80x	4.55x	17.4x	15.6x	16.1x	15.2x	21.3x	19.4x	20.4x	18.8x
Arthur J. Gallagher & Co.	2.88x	2.61x	2.73x	2.53x	18.0x	14.1x	14.9x	13.5x	29.9x	27.0x	30.0x	25.1x
Willis Towers Watson Public Limited Co	3.62x	3.35x	3.46x	3.27x	15.1x	13.1x	13.7x	12.7x	29.3x	16.4x	16.3x	16.5x
Aon plc	5.12x	4.79x	4.98x	4.66x	20.2x	17.1x	18.5x	16.1x	23.4x	17.5x	18.4x	16.8x
Marsh & McLennan Companies, Inc.	4.06x	3.48x	3.64x	3.37x	17.7x	14.4x	15.2x	13.8x	26.8x	17.3x	18.6x	16.4x
25th Percentile	3.62x	3.35x	3.46x	3.27x	17.4x	14.1x	14.9x	13.5x	23.4x	17.3x	18.4x	16.5x
Min	2.88x	2.61x	2.73x	2.53x	15.1x	13.1x	13.7x	12.7x	21.3x	16.4x	16.3x	16.4x
Mean	4.15x	3.78x	3.92x	3.68x	17.7x	14.8x	15.7x	14.3x	26.1x	19.5x	20.8x	18.7x
Median	4.06x	3.48x	3.64x	3.37x	17.7x	14.4x	15.2x	13.8x	26.8x	17.5x	18.6x	16.8x
Max	5.12x	4.79x	4.98x	4.66x	20.2x	17.1x	18.5x	16.1x	29.9x	27.0x	30.0x	25.1x
75th Percentile	5.10x	4.66x	4.80x	4.55x	18.0x	15.6x	16.1x	15.2x	29.3x	19.4x	20.4x	18.8x

Source – FactSet
Note – Share Price as of XXX

COMPANY 3

TRADING COMPARABLES – OUTPUT (3/3)

Name	Leverage Ratios					
	Total Debt / Equity %	Total Debt / Capital %	Net Debt / Capital %	Total Debt / EBITDA	Net Debt / EBITDA	EBITDA / Int. Expense
Tier 1 - Health Insurance Agents						
Health Insurance Innovations, Inc. Class A	18.9%	16.9%	11.0%	1.1x	0.7x	NA
eHealth, Inc.	1.0%	1.1%	NM	0.8x	NM	NA
Tier 2 - Insurance Agents						
Marsh & McLennan Companies, Inc.	27.9%	24.5%	12.2%	4.3x	2.2x	9.9x
Aon plc	18.4%	15.7%	14.3%	3.2x	2.9x	9.6x
Willis Towers Watson Public Limited Co	22.6%	19.0%	15.8%	2.9x	2.4x	9.7x
Arthur J. Gallagher & Co.	27.2%	24.1%	11.2%	4.3x	2.0x	7.4x
Brown & Brown, Inc.	14.2%	13.1%	7.6%	2.3x	1.3x	14.2x

COMPANY 3

TRADING COMPARABLES – COMPANY DESCRIPTIONS

Company	Description
	<ul style="list-style-type: none"> Engages in the provision of Internet-based health insurance agency services for individuals, families, and small businesses. Its Medicare segment consists primarily of commissions earned from sale of Medicare-related health insurance plans. The Individual, Family, and Small Business segment includes commissions earned from the sale of individual and family and small business health insurance plans. Headquarters - Mountain View, CA Founded -1997 LTM Revenue - \$310mm LTM EBITDA - \$34mm
	<ul style="list-style-type: none"> Engages in the distribution of individual and family health insurance plans. It offers short-term medical, accident, sickness, and hospital ancillary, lifestyle and discount services and dental insurance plans. Headquarters - Tampa, FL Founded - 2008 LTM Revenue - \$590mm LTM EBITDA - \$59mm
	<ul style="list-style-type: none"> It is an insurance agency, wholesale brokerage, insurance programs and service organization. It engages in the provision of insurance brokerage services and casualty insurance underwriting services. The National Programs and Wholesale Brokerage Segments earns fee for the issuing of insurance policies on behalf of insurance carriers. Headquarters - Daytona Beach, FL Founded - 1939 LTM Revenue - \$2,234mm LTM EBITDA - \$655mm
 <p data-bbox="86 811 351 839">Arthur J. Gallagher</p>	<ul style="list-style-type: none"> Engages in the provision of insurance brokerage, consulting, and third-party claims settlement and administration services to both domestic and international entities. The Brokerage segment offers brokerage and consulting services to commercial, not-for-profit and public entities, and individuals. Headquarters - Rolling Meadows, IL Founded - 1927 LTM Revenue - \$6,890mm LTM EBITDA - \$1,106mm
	<ul style="list-style-type: none"> Engages in the provision of advisory, broking, and solutions services. The Human Capital and Benefits segment provides advice, broking, solutions, and software for employee benefit plans. The Corporate Risk and Broking segment offers a broad range of risk advice, insurance brokerage, and consulting services to clients ranging from small businesses to multinational corporations. Headquarters - London, UK Founded - 1828 LTM Revenue - \$8,511mm LTM EBITDA - \$2,036mm
	<ul style="list-style-type: none"> Engages in the provision of a range of risk, retirement, and health solutions. It operates through Aon United segment. The Aon United segment gives advice and solutions to clients focused on risk, retirement, and health. Headquarters - London, UK Founded - 1979 LTM Revenue - \$10,879mm LTM EBITDA - \$2,757mm
	<ul style="list-style-type: none"> It is a professional services firm, which offers clients advice and solutions in risk, strategy and people. It operates through the following business segments: Risk & Insurance Services, and Consulting. The Risk and Insurance Services segment includes risk management activities, as well as insurance and reinsurance broking and services. The Company conducts business in this segment through Marsh and Guy Carpenter. Headquarters - New York, NY Founded - 1871 LTM Revenue - \$14,994mm LTM EBITDA - \$3,444mm

COMPANY 3

TRANSACTION COMPARABLES – OUTPUT (1/2)

Target	Acquiror	Announcement		Transaction				EV/	
		Date	Target Country	Value	EV	Revenue	EBITDA	Revenue	EV/EBITDA
QuoteWizard.com LLC	LendingTree, Inc.	4-Oct-18	United States	\$370	\$370	\$151	\$13	2.45x	28.9x
Digital Insurance LLC	New Mountain Capital LLC	8-May-17	United States	560	560	148	-	3.78x	NA
USI Holdings Corp.	The Caisse de dépôt et placement du Québec; KKR & Co. LP; USI Insurance Services LLC	17-Mar-17	United States	4,300	4,340	1,000	353	4.34x	12.3x
Bowers Insurance Agency, Inc.	The Farmers National Bank of Canfield; Farmers National Insurance LLC	9-May-16	United States	3	3	2	-	1.59x	NA
Bentrust Financial, Inc.	Brown & Brown of Florida, Inc.	17-Nov-15	United States	-	13	4	-	3.26x	NA
Health Net, Inc.	Centene Corp.	2-Jul-15	United States	5,952	5,952	15,599	-	0.38x	NA
William Gallagher Associates Insurance Brokers, Inc.	Arthur J. Gallagher & Co.	15-Jun-15	United States	153	153	50	-	3.06x	NA
Healthcare Solutions Team	National General Holdings Corp.	26-Jan-15	United States	15	15	20	-	0.75x	NA
25th Percentile								1.38x	16.5x
Min								0.38x	12.3x
Mean								2.45x	20.6x
Median								2.75x	20.6x
Max								4.34x	28.9x
75th Percentile								3.39x	24.8x

COMPANY 3

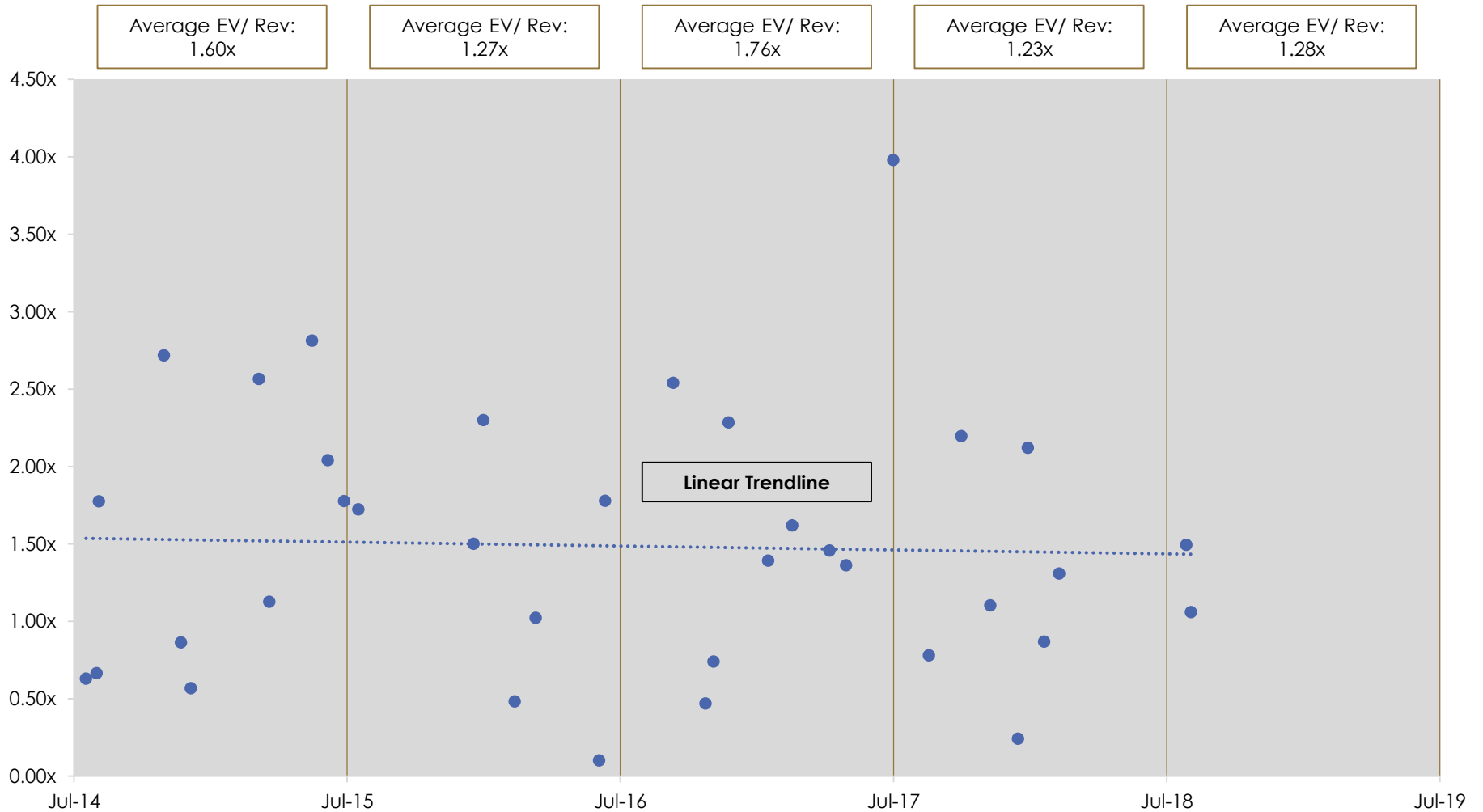
TRANSACTION COMPARABLES – OUTPUT (2/2)

Target	Business Description
QuoteWizard.com LLC	An insurance comparison service provider, offering auto insurance, home insurance, renters insurance, life insurance, and health insurance.
Digital Insurance LLC	Engages in the provision of employee benefits and human resources solutions, offering include strategic benefit advisory services, analytics, compliance support, human resources management tools, and insurance.
USI Holdings Corp.	USI Holdings Corp. provides property, casualty, life and health insurance brokerage services.
Bowers Insurance Agency, Inc.	Provides insurance services, offering auto and home, business and surety, and life and health insurance services. It specializes in providing insurance to contractors, wholesalers, manufacturers, retailers, etc.
Bentrust Financial, Inc.	Provides insurance counseling services, offering life, term life, permanent life, commercial property, general liability and health insurance products.
Health Net, Inc.	Provides various health insurance services and other hospital and medical service plans.
William Gallagher Associates Insurance Brokers, Inc.	A subsidiary of Arthur J. Gallagher & Co that provides insurance brokerage services.
Healthcare Solutions Team	Provider of healthcare insurance and advisory services, offering insurance coverage such as short-term medical coverage, critical illness plans, dental and life insurance, health savings accounts and major medical plans.

COMPANY 3

TRANSACTIONS COMPARABLES – 5-YEAR TREND

Below is a scatter plot of the 36 M&A transactions that have happened in the US in Insurance, and Healthcare Providers & Services industry.



COMPANY 3

EV/NTM EBITDA

Comps Avg.
10-yr Average Multiple 10.1x
Current Multiple 14.9x

S&P 500/Insurance Brokers
10-yr CAGR 17.6%
3-yr CAGR 18.7%

