

M&A Update

First Half - 2018



**Accounts Receivable
Management**

Introduction.

The ARM M&A market was booming in the first half of 2018 (1H 2018) with nearly \$1.7 billion in global deal value. Volume is on-pace with the prior year, as 17 deals closed in 1H 2018 vs. 35 in CY 2017.

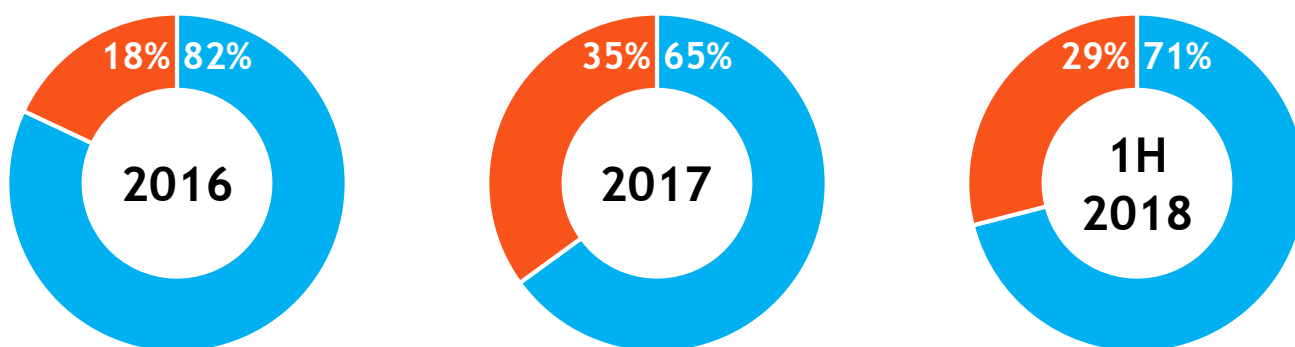
2018 has already seen a host of notable transactions, including J.C. Flowers' acquisition of Jefferson Capital and UK-based Lowell Group's acquisition of select Lindorff / Intrum Justitia business lines.

Key Takeaways.

1 Who's Buying? Mostly Strategics, but PE Firms are Bullish

Strategic buyers completed 71% of the deals in 1H 2018, which is consistent with past years. Given that the ARM industry remains fragmented, with the majority of firms below the radar of most PE-firms, strategic buyers will continue to dominate M&A activity. Interestingly, PE firms accounted for 29% of the buyers but only 24% of the sellers in the 1H 2018, indicating that on a net basis, they remain bullish towards the ARM sector.

Transaction Volume by Buyer Type



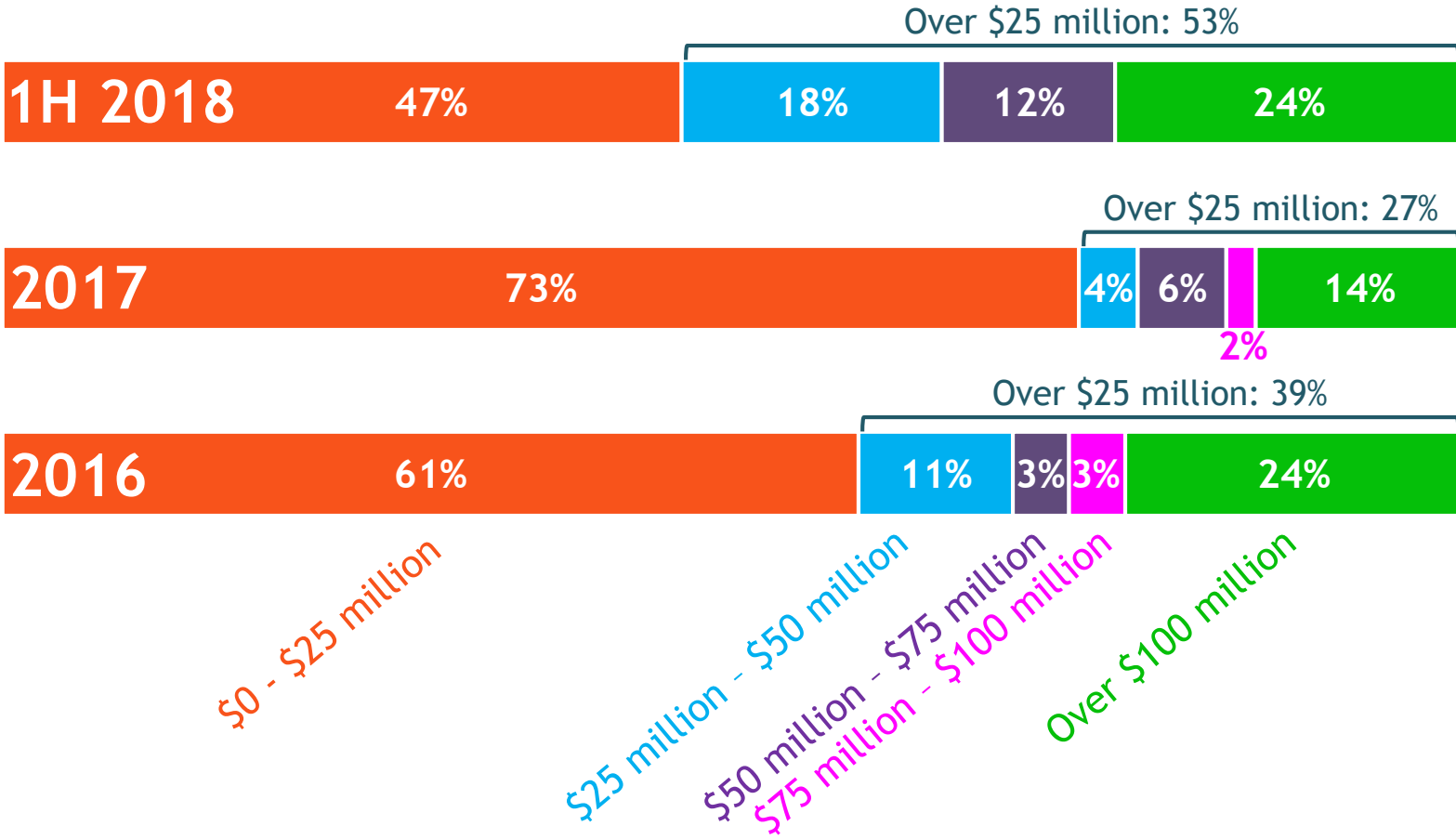
Financial Buyers | Strategic Buyers

Key Takeaways. (continued)

2 Buyers Taking Bigger Bites

Fifty-three percent of deals had over \$25 million in enterprise value, the highest we've seen in over five years (27% in 2017, 39% in 2016, and 29% in 2015). Many factors contributed to this, including consolidation among creditors and ARM vendors, which has led to a more significant pool of large ARM firms. Regardless of size, there are many attractive M&A opportunities in today's market.

Transaction Volume by Enterprise Value



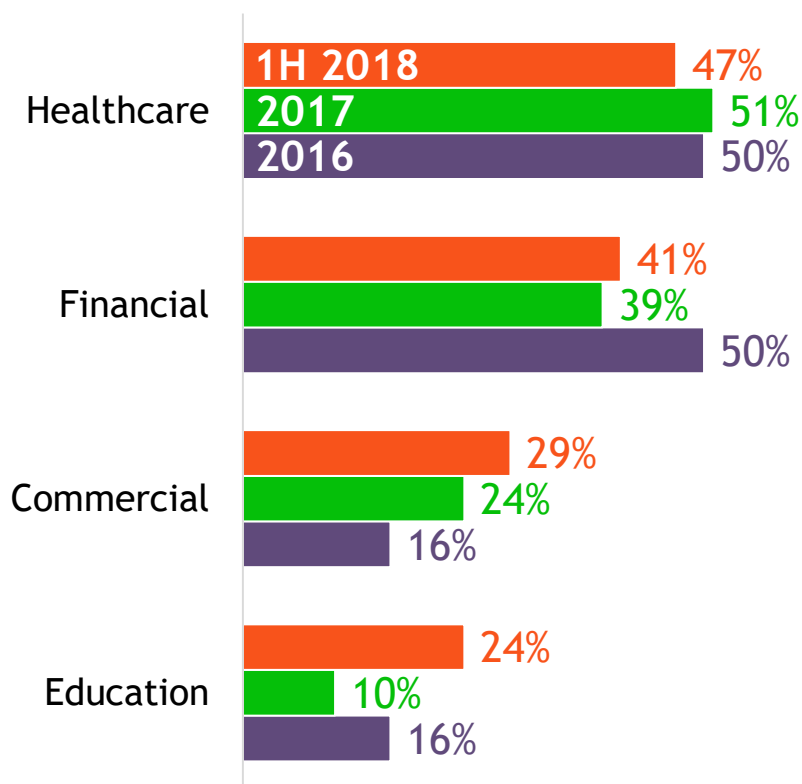
Key Takeaways. *(continued)*

3

Finding that Needle in the Haystack

ARM companies that service healthcare or financial institutions were the most prevalent sellers in 1H 2018, accounting for 47% and 41% of the transactions, respectively. Another growing market, education receivables, accounted for 24% of the transactions versus 10% in 2017. Many solid firms exist that offer buyers access to the education market through direct / private contracts, which are increasingly attractive to buyers given the volatility surrounding the Department of Education student loan contract.

Transaction Volume by Client Segment



4

Buyers Like A Good Growth Story

ARM firms that were either stable or experiencing high growth accounted for 53% of the sellers in 1H 2018 vs. what we previously noted was an elevated level of 54% in 2017, and 32% in 2016. As noted above, vendor consolidation has increased the number of sizable, growing ARM firms in the market, but it has also reinforced the importance of positive client retention trends, an asset that buyers value and will pay for. That said, as is typical in mature markets, there will always be larger strategic buyers interested in acquiring distressed companies seeking an exit.

Results for Our Clients - Selected 2018 Transactions.

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|  <p>a portfolio company of</p>  <p>acquired the early-out assets of</p>  <p><i>Buy-Side Advisor</i></p> |  <p>was acquired by</p>  <p><i>Sell-Side Advisor</i></p> |  <p>was acquired by</p>  <p><i>Sell-Side Advisor</i></p> |
|--|--|--|

Considering M&A?

Let us help you plan your exit strategy. We'll update you regarding the market for your specific business and offerings so you'll be prepared to optimize your exit.

Click Here to Discuss Your Exit Goals

Planning to make acquisitions? Contact us to learn how we can help you generate more unbanked deal flow.

Click Here to Discuss Your Acquisition Interests

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- Selecting an Advisor: [What's So Special About a Specialist?](#)

Look out for the full-year 2018 M&A Update, coming in early 2019!

About Greenberg Advisors.

Greenberg Advisors, LLC is one of the only firms to specialize in the Accounts Receivable Management (ARM), Revenue Cycle Management (RCM), Healthcare IT (HCIT), and Business Process Outsourcing (BPO) sectors.

The firm's professionals have provided trusted M&A and strategic advice to executives and investors for nearly 25 years, resulting in the completion of over 130 merger & acquisition (M&A), capital raising, valuation, and strategic advisory engagements. These client successes reflect a distinct client-first approach, deep sector expertise, and roll-up-the-sleeves work ethic.

Greenberg Advisors celebrates its 10-year anniversary in 2019.

Contact us to discuss your plans or interests, or to learn more about the data contained in this M&A Update.



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