

mergermarket's monthly *Eye On* series takes a look back at a standout financial advisory firm from the previous month. *Eye On* provides detailed information on individual advisers, specific M&A transactions, trends and rankings. Look for *Eye On* in your inbox on the second Monday of every month.

Health care has been a hot topic of debate over the course of the last 12 months and, with Election Day looming, mergermarket took a close look at the Healthcare sector in September, specifically keeping our 'Eye On' **Raymond James** and the firm's rise in the US Health Care M&A rankings.

At the height of the M&A market in 2007, health care M&A in the US totalled US\$ 87.4bn on 329 deals – more than double the amount of all other countries combined (US\$ 39.2bn). However, the sector was not immune to the economic woes that followed in 2008 and 2009, and by the end of 2009 US Health Care M&A numbers had shrunk to their lowest levels on mergermarket record at US\$ 11.8bn on 176 deals – an 86.5% decrease, just 24 months on. At the end of 2009 Raymond James ranked as the 19th most active firm in the US Health Care space, a position the firm would occupy for the next three years according to mergermarket data. Fast forward to 2012 and the Health Care group at Raymond James, ranks third having closed on nine deals for the year to date – leapfrogging the likes of Morgan Stanley, UBS and Citigroup (**Table 1**).

Raymond James has taken advantage of the comeback of Health Care M&A witnessed over the last 12 months, positioning themselves for a rebound driven in part by consolidation in the space due to pressures exerted on smaller medical device companies by the Affordable Care Act of 2010. Since its low in 2009, the sector has registered consecutive years with double digit percent increases in M&A activity finishing 2011 on a total of US\$ 81.8bn on 331 deals. Through Q3 2012 there have been 216 deals for a combined value of US\$ 41bn (**Chart 1**).

Private equity firms have also begun taking an interest in the sector again, a trend that has seen more than half of the deals Raymond James was mandated with so far this year involving private equity bidders – including H.I.G. Growth Partners' acquisition of the Massachusetts based South Bay Mental Health Centre. Further cementing their already solid standing in the sector was the firm's April acquisition of rival Morgan Keegan in a deal valued at US\$ 1.2bn – on a pro forma basis Raymond James ranks as the most active adviser in US Health Care M&A for 2011.

Raymond James' expertise is not limited to the healthcare sector, as evidenced by the firm's sole external advisor mandate in Blackstone's \$2.0bn September acquisition of home security and technology services provider Vivint Inc. The deal was executed by the Raymond James Security, Defense and Government Services Group and builds upon the success of Alper Cetingok and Jeff Pranaitis, two of the group's senior members, who advised in 2011 on the sale of Securitas Direct to Bain Capital and Hellman & Friedman for \$3.5bn, the second largest transaction in history of the security industry. According to Jeff Pranaitis, Managing Director at Raymond James, "The transaction provides Blackstone ownership of a differentiated growth platform that has near-term opportunities which extend far beyond the security industry to include home automation technologies and solar energy solutions."

Chart 1 (US Healthcare M&A)

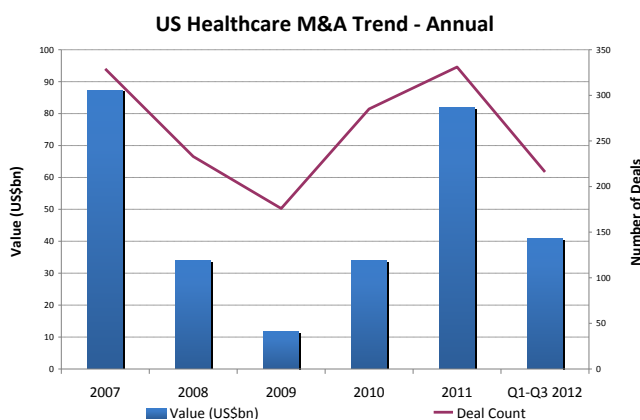


Table 1 (US Healthcare M&A)

Financial Adviser League Tables by Deal count – Q1-Q3 2012

Rank		House	Deal count	Count change
Q1-Q3 11	Q1-Q3 12			
5	1	Goldman Sachs	12	3
1	2	JPMorgan	9	-2
18	3	Raymond James	9	5
6	4	Barclays	7	-2
4	5	Cain Brothers	7	-4
8	6	UBS Investment Bank	6	-2
12	7	Citigroup	6	0
21	8	Moelis & Company	6	3
15	9	Credit Suisse	5	1
7	10	Bank of America Merrill Lynch	5	-3
3	11	Jefferies & Company	5	-6
22	12	Piper Jaffray & Co	4	1
10	13	William Blair & Company	4	-3
11	14	Houlihan Lokey	4	-3
2	15	Morgan Stanley	3	-8

Chart 1: Based on Target company dominant geography being USA. Based on Target company dominant sector being Medical. Table 1: Based on Target, Bidder, or Seller company dominant geography being USA and Target company dominant sector being Medical on deals announced between 01-Jan-12 and 30-Sep-12 (and corresponding period in 2011). Tables based on announced deals, excluding lapsed and withdrawn deals. Data correct as of 08-Oct-12

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