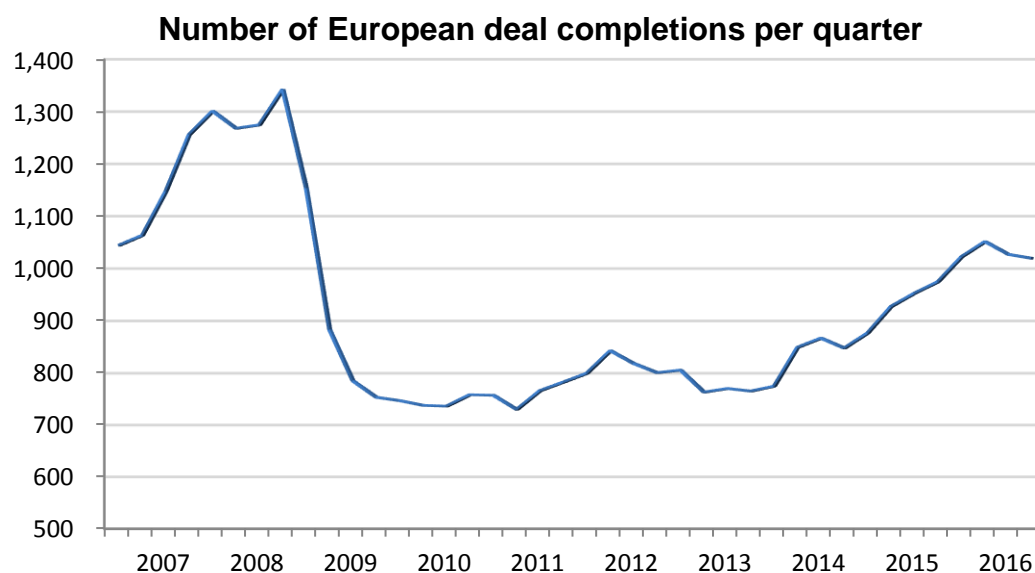


INTRODUCTION

Welcome to the Summer 2016 European issue of PERDa, the newsletter that summarises and provides commentary on the data contained in the private companies' Price Earnings Ratio Database. This data is used to highlight changes in the average value of private companies (as a multiple of profits) as shown by recent transactions.

DEAL VOLUMES

Deal volumes declined in the first half of 2016 compared to the second half of 2015 (data supplied by Experian):



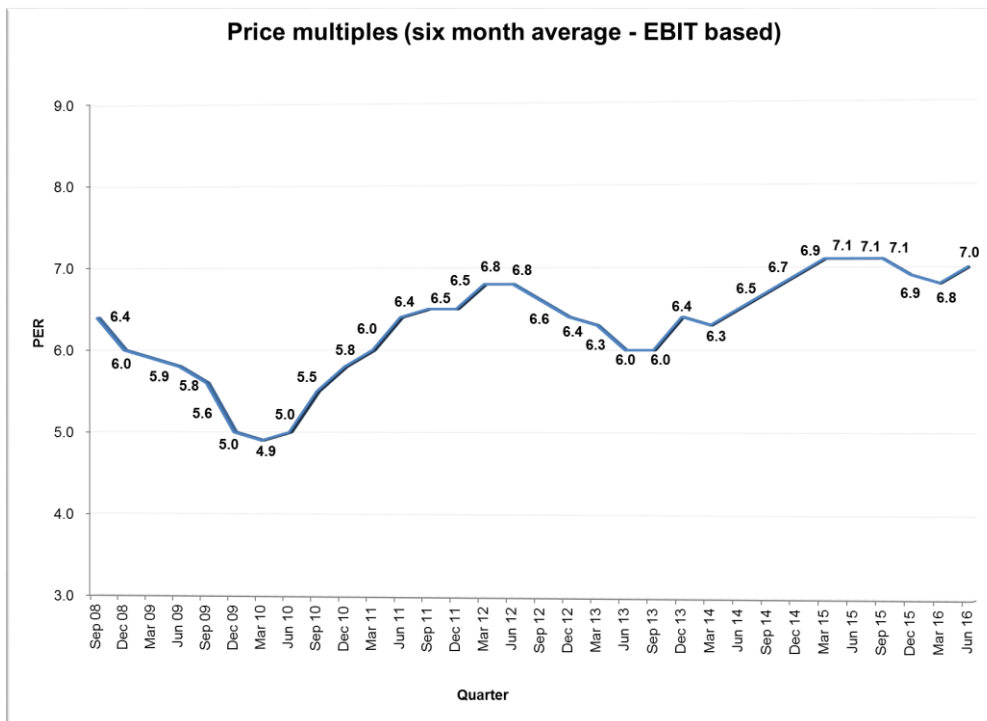
European deal volumes fell by c.3% in the first half of 2016 compared to the second half of 2015. However, this still represents close to the highest levels recorded post-2009.

In contrast to the small decline in deal volumes, total European deal values increased by c.119% in the first half of 2016 compared to the second period of FY15, and by c.16% compared to the first half of 2015. One of the main reasons for this increase was the completion of Royal Dutch Shell Plc's acquisition of BG Group for c.£47 billion in April 2016.

However, given the continued political uncertainty in the UK, the US and global economic risks, we remain cautious regarding both deal volumes and deal values in the second half of 2016.

PRICE EARNINGS RATIO

Below is a summary of the latest data from PERDa, showing the quarterly movements in the average Price Earnings Ratio ("PER"). This ratio measures the relationship between the consideration (price paid) for private companies and their underlying profits on an adjusted Earnings Before Interest and Tax ("EBIT") basis.



EBIT PERs remain at circa 7.0 in the first half of 2016 which is higher than the long term average of 6.5. It appears that the continued political uncertainty in the UK and Europe had little impact on buyer sentiment, with close to all time high multiples being recorded. This perhaps potentially reflects the, now proven incorrect, assumption held by many in the commercial and financial sectors that UK citizens would vote to remain within the E.U. We also note that we are aware of anecdotal market evidence that many ongoing deals are failing to complete

MORE INFORMATION

Should you wish to discuss the details of this newsletter or obtain a current market valuation report for your company using the data in PERDa, please contact info@perda.co.uk.

DATA COMPILATION: The database contains data submitted by Corporate Finance advisors and Experian PLC. Financial data for each deal is adjusted to reflect the underlying basis of the deal. Graphs in this newsletter are based on the contents of the database at the time of compilation. The database is being constantly updated as deals complete and members submit new deal data and this may result in changes in historic averages included within previous newsletters. The PERDa data represents companies from across Europe, with an average Enterprise Value of \$19.6m and average EBIT profit of some €2.9m.

We would highlight that the PERDa data is based on profits before tax and interest, whilst other PERs such as those quoted in the Financial Times are based on post tax profits. The information in this newsletter is based on averages derived from the PERDa database and is not intended to be an absolute guide to private company valuations as there are significant other factors involved. Due to the nature of the data, the subjective nature of the adjustments made and the constant process of updating, no responsibility is accepted by the Corporate Finance advisors who submit data or Experian for the use of the data in the PERDa database or this publication.

