



EXCERPTS OF RECENT MEDIA COVERAGE

PRIVATE EQUITY PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q3 2014

► WALL STREET JOURNAL

FOOD, BEVERAGE DEAL MULTIPLES HEAT UP

By Lillian Rizzo

Exploding deal multiples in the food and beverage sector may help explain why private equity firms have curbed their deal activity in the space.

Strategic buyers have driven up purchase price multiples in the sector to an average of 10 to 12 times earnings, before interest, taxes, depreciation and amortization, according to industry experts...

"Most of these big deals have been the strategic buyers, which justifies paying the higher multiples, but it really begs the question: What is left for the financial buyers to compete with?" said



Rick Schreiber partner in the manufacturing and distribution and

retail and consumer products practices at BDO USA LLP.

► THE MORNING ACCOUNT

BDO USA'S TODD KINNEY ELECTED VP AT ACG NEW YORK



Todd Kinney, Relationship Director at BDO USA's national private equity practice,

has been named executive vice president of ACG New York. In

the newly-created position Mr. Kinney will work closely with Heidi Deiner, the professional network's president, to support overall governance and strategic planning for the chapter. Martin L. Okner, president of ACG New York, welcomed the appointment, praising Mr. Kinney's "clarity, creativity and passion." The role lasts for two years, and is a voluntary position.

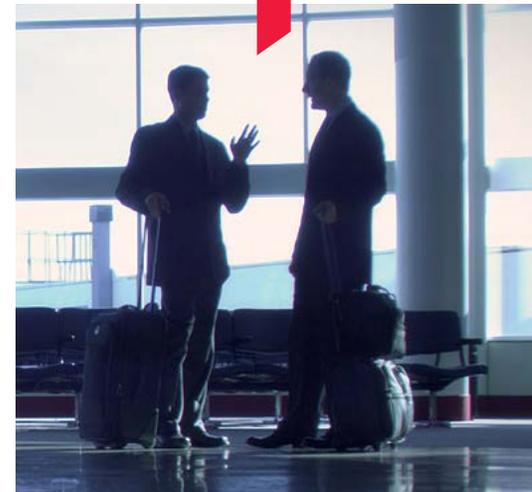
► ACG CAPITAL BLOG

BDO USA'S 2014 IPO OUTLOOK

By **Mark Ellenbogen**



Investment bankers are divided when asked to predict activity for the second half of 2014, according to **BDO USA's 2014 IPO Halftime Report**. The study finds that than



Strategically focused and remarkably responsive, for more than 100 years the experienced, multidisciplinary partners and directors of BDO's Private Equity practice have provided value-added assurance, tax and consulting services for all aspects of a fund's cycle, wherever private equity firms are investing.

one-third (38 percent) of capital markets executives at leading investment banks anticipate activity will increase further, while a similar proportion (35 percent) believe activity will be flat, and just over one quarter (27 percent) expect a decrease in deals. Overall, executives anticipate a one percent increase in the number of U.S. IPOs during the second half of the year, totaling an expected 293 IPOs for all of 2014. This would represent a 32 percent increase from last year and the most deals on U.S. exchanges since 2000 (406).

IPO proceeds increased more than 50 percent from the first six months of 2013. Based on the predicted average IPO size of \$243 million for 147 deals in the second half of the year, total U.S. IPO proceeds should reach \$67 billion by the end of the year. This would represent a 22 percent increase in proceed volume from last year and the most proceeds since 2000 (\$96.9 billion).

▶ PRIVATE EQUITY ANALYST

A PRIVATE WORD WITH LEE DURAN

By Lillian Rizzo



A private equity practice leader and partner at BDO USA LLP, Lee Duran has spent more than 20 of his 30 years in public accounting working with funds and their portfolio

companies across a range of industries and geographies. He also acts as BDO USA's liaison to the BDO International Member Firm in Japan and is fluent in Japanese. Prior to BDO, he was a partner in charge of the financial services international assurance practice in KPMG's Tokyo office...

Q: If there's one thing you could change about this industry, what would it be?

A: It would be nonprivate equity participants' misunderstanding and perception of the role of private capital in society.

Q: What is the one thing people might be surprised to know about you?

A: I was in the Peace Corps in the 1980s, and was stationed in Palau, Micronesia, which was like being in paradise.

▶ ACG MIDDLE MARKET GROWTH

GOOD DEALS STILL HARD TO COME BY, BUT PICKUP SEEN IN COMING MONTHS

By Dan Shea, Managing Director, BDO Capital Advisors



Demand exceeds supply, and this has been the case for quite a while. Financial and strategic buyers, armed with substantial capital, are eagerly pursuing deals. Unfortunately, deals have been hard to come by.

Indeed, deal count was down by 27 percent in 2013, despite the fact that U.S. private equity firms are sitting on \$466 billion in uninvested capital and U.S. public companies have about \$300 billion in excess cash at their disposal, according to data from Pitchbook and BDO Capital Research. Adding in excess cash on private company balance sheets, it's not a stretch to estimate there is currently over \$1 trillion in uninvested M&A capital.



▶ ACG MIDDLE MARKET GROWTH

CHANGES TO REVENUE RECOGNITION ARE COMING: KEY CONSIDERATIONS FOR PE FIRMS TO MINIMIZE THE IMPACT

By **Lee Duran** and **Jeffrey M. Katz**,
BDO USA, LLP

In May 2014, the Financial Accounting Standards Board and the International Accounting Standards Board issued new revenue recognition guidance that is intended to provide information in financial statements about the nature, timing and uncertainty of revenues from contracts with customers. Unlike the current U.S. Generally Accepted Accounting Principles, which include a complicated and diverse set of requirements for recognizing revenue that vary across industries, the new guidance provides a hardy framework that will be applicable across most industries...

There are several critical areas for PE firms to review:

Comparability

For U.S. GAAP reporting entities, the new standard does not permit early adoption, which means that at the time of adoption, companies may be required to restate prior year presentations...

Specialized Industry Reporting

Under existing U.S. GAAP, numerous requirements for particular industries sometimes result in different accounting for economically similar transactions...

Contract Considerations

In many cases, contracts will need to be analyzed for critical or potentially contentious terms...

Dispute Mitigation

PE firms should also keep in mind that changes in contracts and U.S. GAAP transitions may create significant disputes.

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