MID-MARKET RESEARCH REPORT

M&A Fee Guide

2018-2019

Key findings based on a global survey of 480 investment bankers and M&A advisors.

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FIRMEX

Highlights

1.

THE LATEST DATA SHOWS that M&A success fees vary notably by region and major city centers (see appendix 1 and 2 for details). This wide regional variation was also found in last year's report. Given these significant differences, we advise M&A advisors to 'think locally' when assessing their fees and not rely exclusively on national averages.

2.

THIS YEAR'S REPORT digs deeper into engagement terms in M&A sell-side assignments. 55% of the respondents indicated that their success fee is paid in full on closing, regardless of when the components of the purchase price are received by the vendor. 66% of respondents indicated that it is more common to include success fee amounts up-front in the engagement letter. The majority of respondents — 61% — said it was not common practice to include a break fee in the engagement letter.

3.

ANOTHER INTERESTING finding was how M&A advisors are reimbursed for expenses incurred during the course of a client engagement. Only half of respondents indicated that they charge their clients for out-of-pocket expenses, and only 23% are reimbursed for the cost of a data room. This may suggest that, in a competitive market, advisors are looking for ways to differentiate their services from their competitors', and are therefore more inclined to view costs like data rooms as "value adds" or strategic investments. For business owners, the takeaway is that expense reimbursement may be negotiable within the sell-side engagement letter. We will continue to track expense reimbursement in future reports to determine if this is an emerging trend.

We're excited to partner with Divestopedia to publish this global survey of M&A advisory fees. In the three years that we have been conducting this research, the M&A Fee Guide has become an indispensable resource for M&A practitioners and business owners. As the first and only comprehensive global study of M&A advisory fees, our clients have come to rely on these insights to better serve their own clients.

*— Mark Wright, CMO, **Firmex***

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Graduating from the University of Alberta in 2000, Adam has worked as an M&A Advisor for over 15 years, joining BDO from EY Orenda's practice in Edmonton in 2015. He has assisted on both buy-side and sell-side transactions, as well as capital raising and transaction advisory services.

Adam's industry experience includes a broad variety of oilfield services companies, equipment rental, transportation and manufacturing. Clients vary in size from small owner-operated companies to major oilfield services providers.

RYAN FARKAS is the National Corporate Finance Leader at BDO and is based in the firm's Toronto office. He focuses on advising mid-market clients on various forms of acquisition, divestiture and financing transactions. Ryan oversees the day-to-day activities of engagements and is responsible for all aspects of planning, preparation and execution.

Ryan has successfully closed transactions in various industries including: Manufacturing, Consumer Business, Construction & Engineering, as well as Automotive and Information Technology. Throughout his career, Ryan has also worked on several large growth strategy, performance enhancement and integration projects.

Ryan holds a Bachelor of Commerce from McMaster University and is a Chartered Professional Accountant (CPA/CA). He began his career in the Deloitte Audit practice serving large public clients across a wide range of industries.

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Prior to joining Dentons in 2010, Sarat practised corporate/commercial law in Toronto with another leading Canadian law firm. Sarat has also obtained his Chartered Accountant designation while working in Edmonton with a leading international accounting firm.

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JOHN CARVALHO is President of Divestopedia Inc. and a practicing M&A professional at his firm, Stone Oak Capital Inc. For over 15 years, John has executed numerous valuation, financing, acquisition and divestiture engagement for middle market businesses. He is passionate about improving the transparency and efficiency in M&A deal-making. John holds the Corporate Finance designation, is a Chartered Business Valuator and a Chartered Professional Accountant.

Foreword

John Carvalho,
President, ***Divestopedia***

INFORMATION ABOUT M&A ADVISORY FEES related to sell-side engagements has historically been difficult to come by. For business owners looking to sell their companies, lack of transparency makes it difficult to determine whether the fees being proposed by an investment bank are fair and appropriate. Without baseline guidance on fee structures, M&A professionals also find it challenging to assess the fees they charge relative to their peers. Lacking publicly available data on advisory fees, advisors often have to rely on word of mouth when structuring their fees.

I'm pleased to present the results from our third annual research survey on middle market M&A advisory fees conducted in conjunction with Firmex. In addition to gathering information from a broad sampling of investment bankers and M&A advisors worldwide, this year's M&A Fee Guide includes commentary from BDO and Dentons, who offer their insights and hands-on perspectives on the data.

When retaining the services of an M&A advisor, business owners want to pay reasonable fees for good advice. The data collected in this report provides a valuable resource to help owners make informed decisions about fees and engagement terms for sell-side advisory. For M&A professionals, it should provide a starting point for conversations on appropriate fee structures that align with the interests and expectations of their clients.

In the three consecutive years that we have been surveying M&A advisors, this report has become the definitive source of up-to-date information about mid-market M&A advisory fees. The annual M&A Fee Guide has rapidly established itself as a lighthouse research report for the industry, shedding much-needed light on a subject that is rarely discussed in public forums.

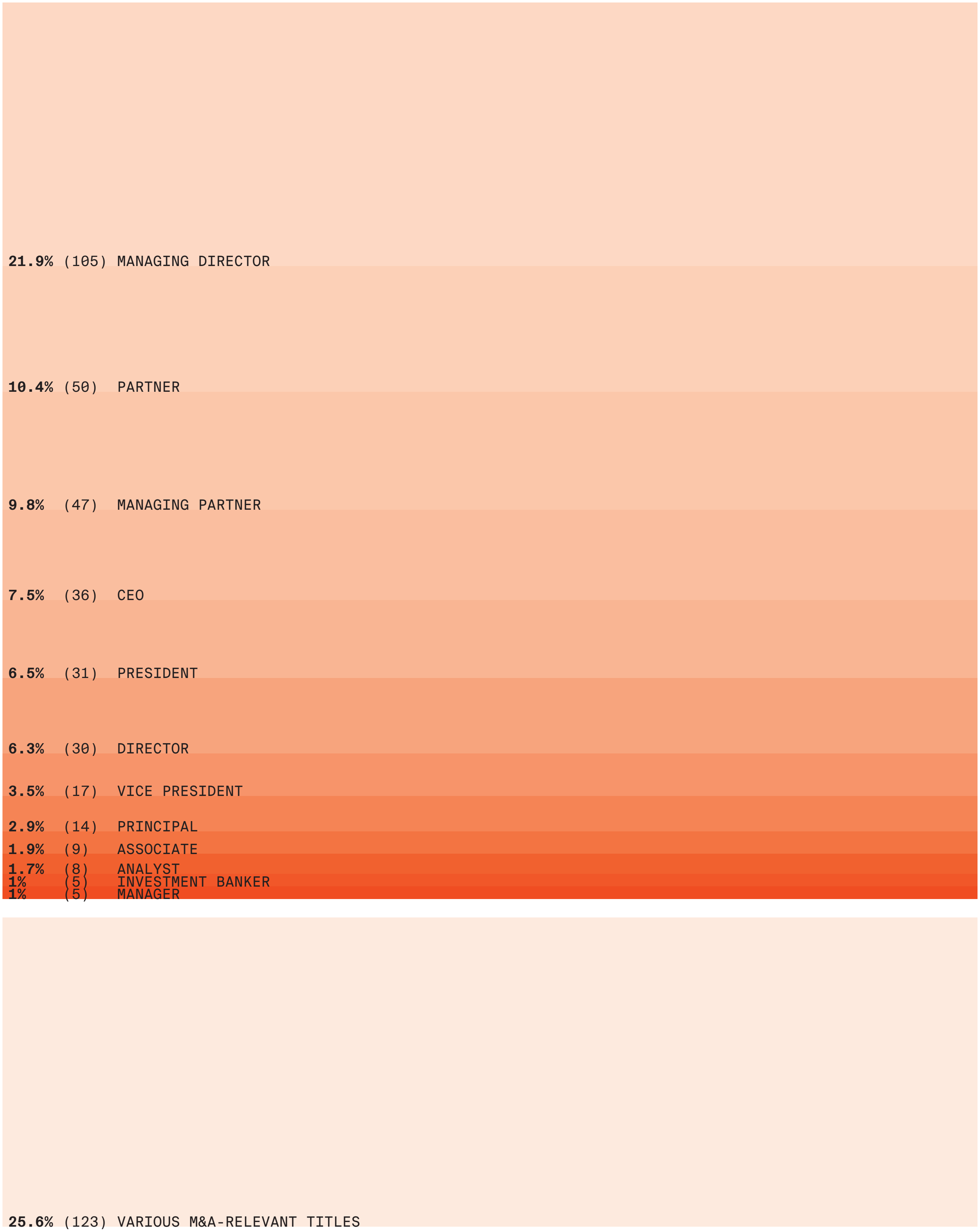
Overview & Methodology

IN 2016, Divestopedia and Firmex's first M&A Fee Survey was a milestone for the mid-market investment banking and M&A advisory community. While a number of M&A firms had accumulated internal data on fee structures and ranges, the M&A Fee Guide provides a comparative view among many firms across the M&A market. The results offer a broader, global perspective, and add new dimensions to our understanding of the market and the transaction fees charged by different advisory firms.

This year's survey saw the highest number of respondents since we began gathering data on M&A fees. The 2018-19 survey garnered responses from investment bankers and M&A advisors from all over the world for a broad geographic perspective on fee structures in major regional markets.

The survey ran from May through to the end of August 2018, with a total of 780 respondents. Of the total number of respondents, 62% identified themselves as either Investment Bankers or M&A Advisors. To ensure that our findings focused on actual dealmakers who are directly responsible for structuring and charging M&A fees for middle market deals, we excluded responses from people describing their occupation as business development, business broker, lawyer, accountant or other. This left 480 respondents who identified themselves as either investment bankers or M&A advisors. We believe the current survey sample size is of sufficient size and breadth to provide definitive insights into average cost structures, what is being charged and why.

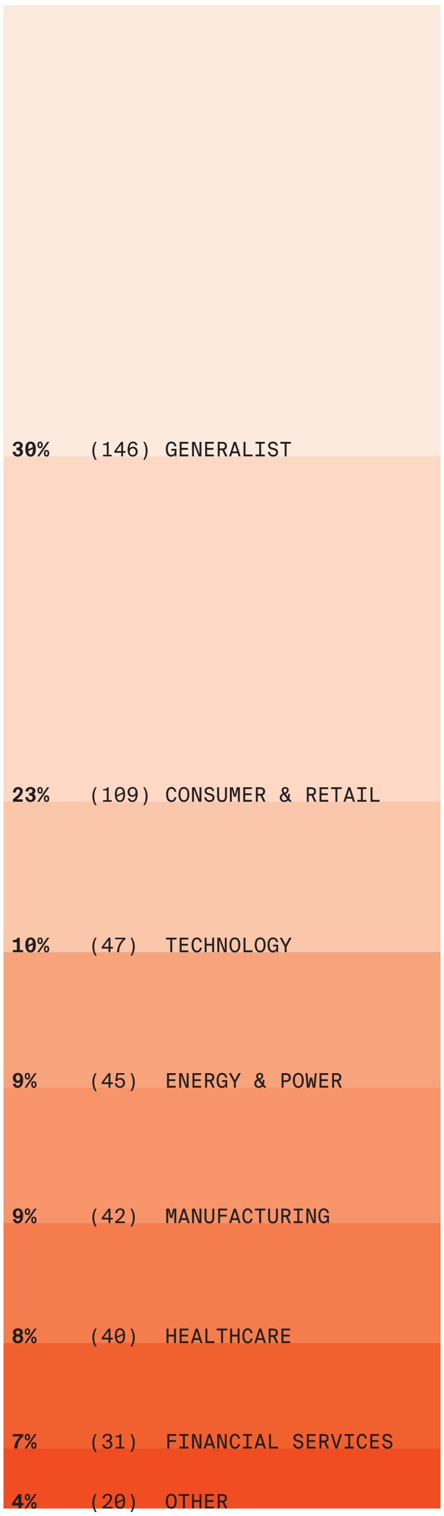
How would you describe your occupation?



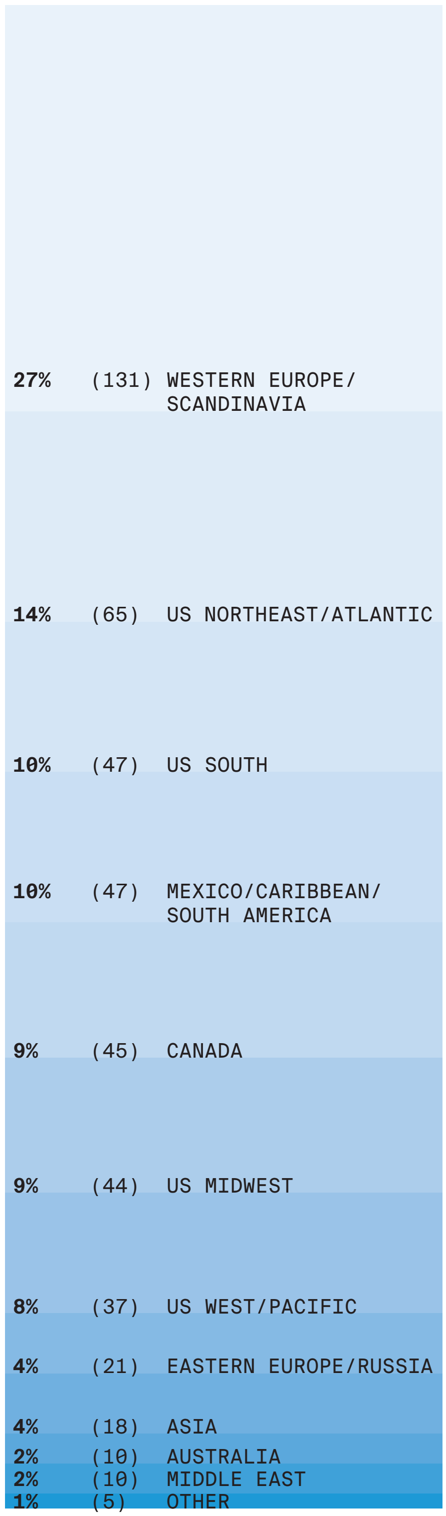
Responses by Industry and Region

THE CHARTS BELOW indicate the breakdown of survey responses by industry, geographic region and major city. For a more detailed breakdown of M&A fees by region, please see Appendix 1; for a breakdown of M&A fees by city, see Appendix 2.

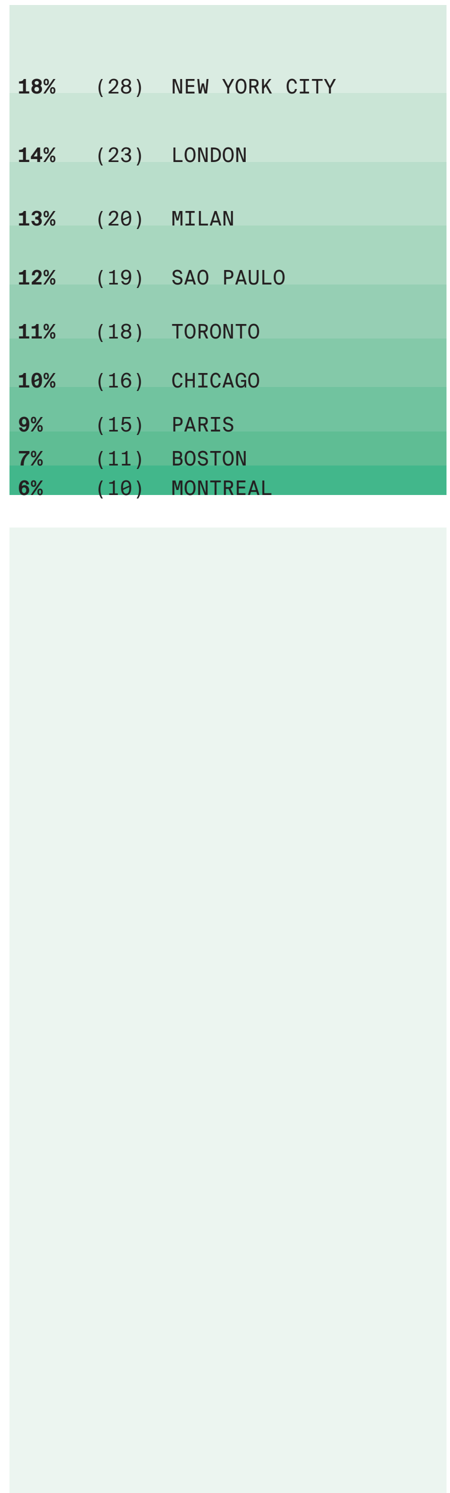
Responses by Industry:



Responses by Region:



Responses by City:



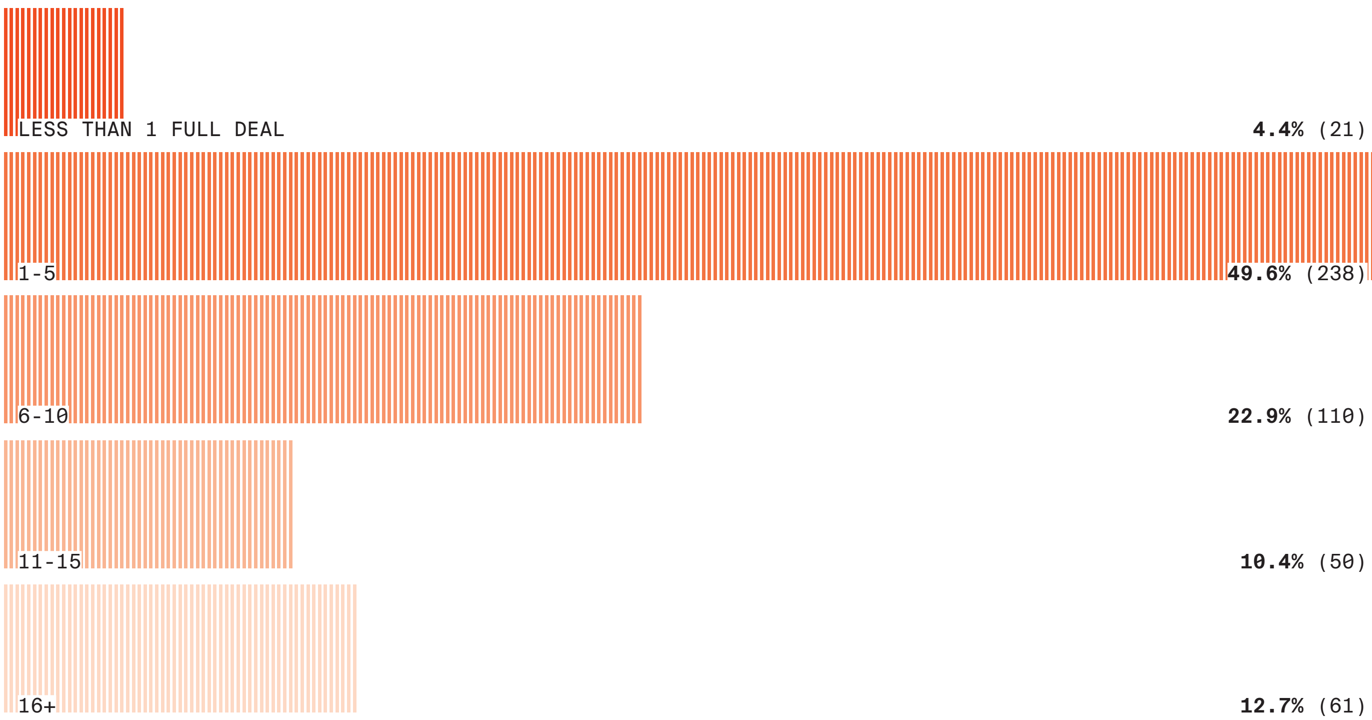
Deal Flow & Value

WHEN ASKED HOW MANY sell-side engagements their firms worked on in the average year, responses varied greatly. 50% reported working on one to five deals annually, 23% reported working on six to ten deals each year, 10% said they worked on 11 to 15 deals per year, 13% said they completed over 16 deals a year and 4% said they worked on less than one full deal per year.

This data points to the continuing proliferation of boutique investment banks that work on less than 10 deals per year (77% of responses, up slightly from 72% in last year's survey).

In our estimation, individuals who reported completing a large number of deals (e.g., over 16 deals in a given year) are likely part of a larger regional investment bank or bulge bracket firm.

How many sell-side engagements does your firm work on in the average year?



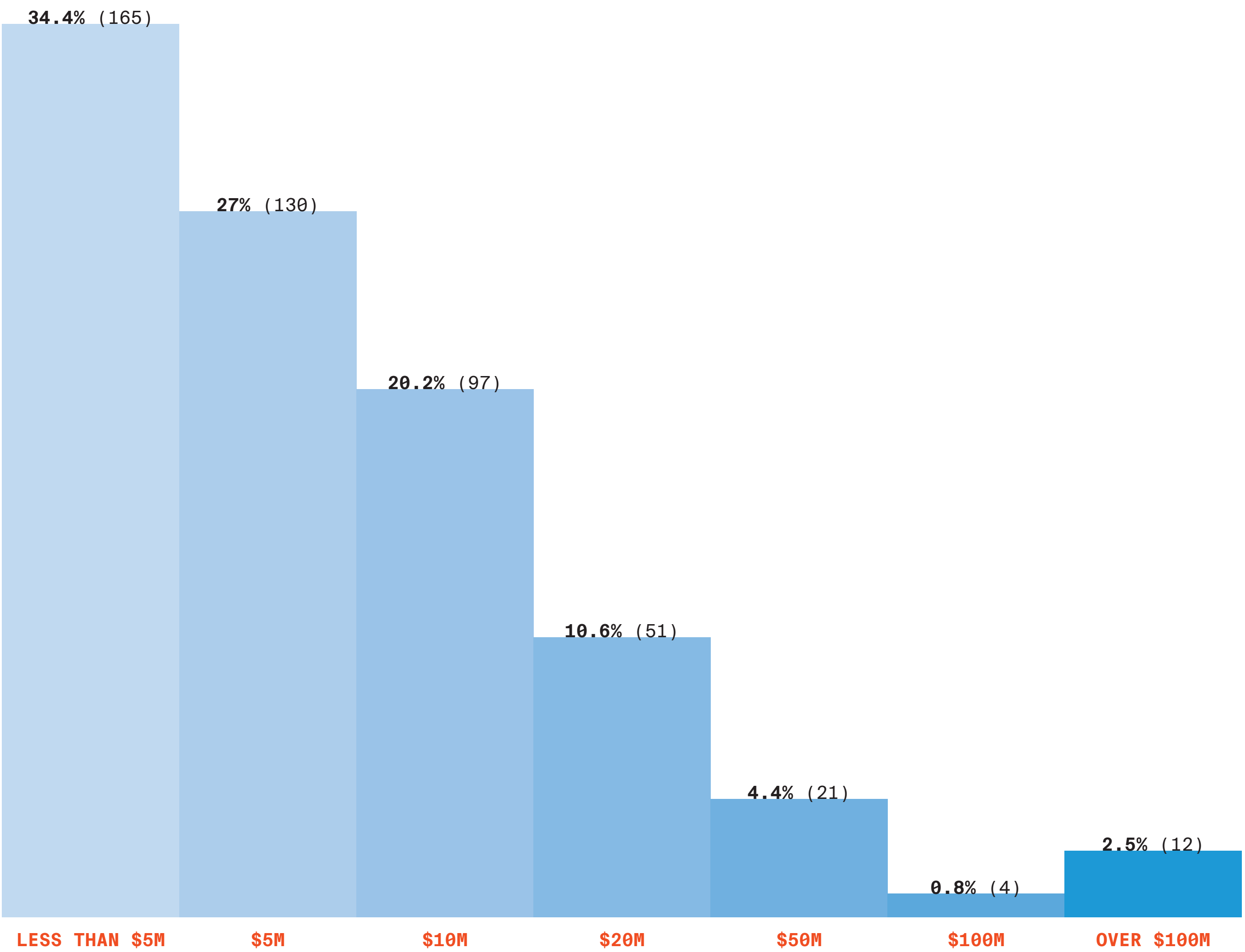
This data illustrates the continued proliferation of boutique M&A advisory firms working on fewer deals. When compared to last year's report, the number of respondents working on five or fewer deals has increased. I believe a boutique M&A firm can provide exceptional service and results for business owners wishing to exit. That said, my skeptical side wonders if these numbers reflect a growing trend of advisors lacking M&A expertise who work on one-off M&A assignments, chasing the allure of larger M&A advisory fees. ***— John Carvalho, Divestopedia***

It is certainly surprising that more than three quarters of the respondents would be with a firm that would work on less than 10 deals a year. This would indicate to me that the advisory community is much more fragmented than I would intuitively think. However, it also aligns with the other data we see in the report such as the number of respondents working on deals below $5 million as these smaller deals are better suited for smaller scale or boutique advisory firms. ***— Ryan Farkas, BDO***

The responses are consistent with our M&A experience. Transactions are continuing to be more complex and people in the M&A space are spending more time on the due diligence side of a transaction, given the continued uncertainty in our market. This is particularly true for a number of the industries of our clients (i.e., oil and gas). ***— Dentons***

Minimum Transaction Value

What is your minimum transaction value?



I think most firms do not have a hard-and-fast rule on their minimum transaction size. Other factors such as existing client relationships and the probability of successful transaction completion will be considered when engaging a sell-side mandate. ***— John Carvalho, Divestopedia***

Minimum transaction values can be somewhat market-driven. Advisors in smaller markets may be forced to take smaller deals to stay busy, while economics may drive firms that would prefer larger transactions to move down-market. Ultimately, the amount of work required to complete a transaction does not increase proportionately to the size of the transaction, and small deals often require more hand-holding — both buyer and seller may be inexperienced in transactions. It makes sense for some advisors to have a minimum transaction value. ***— Adam Mallon, BDO***

The minimum transaction deal size from respondents is consistent with our M&A experience as we continue to work with a variety of investment banks/M&A advisors on small- to mid-sized transactions. ***— Dentons***

Success Fee Structures

SUCCESS FEES, which are charged upon the successful closing of a deal, were also examined. 42% of respondents used a scaled percent formula to determine success fees, 40% used a simple percentage and 18% utilized a Lehman formula (or close variant) to determine success fee earnings.

For a scaled percentage structure, a valuation target is set and a base-level success fee for this valuation is determined, with increments above this target valuation earning successively higher fees. To illustrate, a fifty million dollar target valuation could earn a 2% fee, the next ten million may earn 3% and the next ten million perhaps 3.5%.

The Lehman Formula is a descending scale and can be structured where the first five million dollars of a deal's value may be charged a certain percentage — say, 6% — the next five million another percentage — say, 3% — and the remaining amount can be charged another percentage — 2%, for example.

A scaling percentage fee structure more closely aligns banker interests with sellers' than the Lehman Formula fee structure, wherein both parties are rewarded for a higher total deal value.

How did you typically structure your success fee on sell-side engagements?

The data has not changed considerably from last year's report. The shift from Lehman scale fees structures to scaled or simple percentages is warranted, given the latter more appropriately reflects an alignment of interests between the M&A advisor and the business owner. *— John Carvalho, Divestopedia*

It's certainly good to see that the data has shifted even slightly away from the Lehman model and towards either the simple or scaled percentages. These approaches simply do a better job at aligning interests and provide an opportunity for both the owner and advisor to achieve an outstanding result. *— Ryan Farkas, BDO*

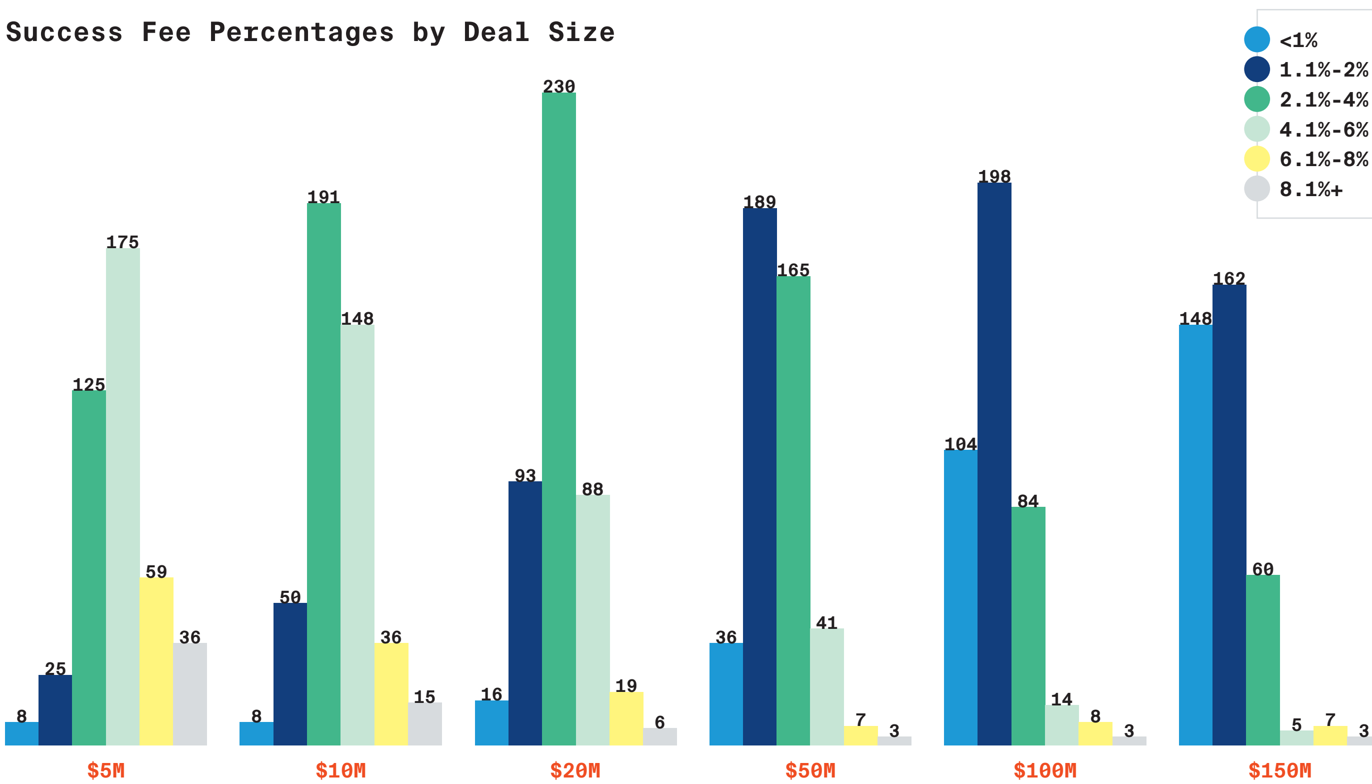
My preference has always been for scaled percentage success fees. I think it helps business owners feel comfortable that we are not simply pushing them to agree to a deal to trigger our success fee, knowing we are highly incentivized to push for the highest price. *— Adam Mallon, BDO*

Our experience is more consistent with the scaled percentage structure, where a valuation target is set and a base-level success fee for this valuation is determined, with increments above this target valuation earning successively higher fees. In our experience, the use of the Lehman Formula method of fee structure has been minimal. *— Dentons*

Success Fee Percentage by Deal Size

TO DETERMINE HOW success fees are impacted by deal size, respondents were asked to estimate their success fee as a percentage of the total value of deals of $5 million, $10 million, $20 million, $50 million, $100 million and $150 million in size. As expected, as deals increase in value, the success fee decreases relative to total deal value.

For deals valued at five million dollars, the majority of respondents — 41% — would expect to earn 4-6%. For deals of ten million dollars in size, 45% of respondents would expect to garner fees of 2-4%. For $20 million transactions, the majority of respondents — 54% — expected to earn 2-4%. For transactions of $50 million in size, 44% of respondents expected to earn a success fee of 1-2%. For transactions valued at $100 million, 46% of survey respondents expected to garner a success fee of 1-2%, while the next largest group — 24% — expected to earn less than 1%. For the largest transactions of $150 million in size, the majority of survey respondents — 38% — expected to earn 1-2% and 35% expected less than 1% in success fees.



This information presents clear success fee ranges that are commercially acceptable for various deal sizes. Even though the ranges are fairly wide, they can be a good starting point for open discussions between the M&A advisor and business owner. *— John Carvalho, **Divestopedia***

This data is certainly consistent with what I would expect to see. While it does highlight the wide range of fees that an individual broker may seek to garner on a deal, it also provides clear direction around the most typical average for M&A advisory fees across the various deal sizes. This is an excellent tool to assist in educating owners and other transaction stakeholders as to the quantum of these fees. *— Ryan Farkas, **BDO***

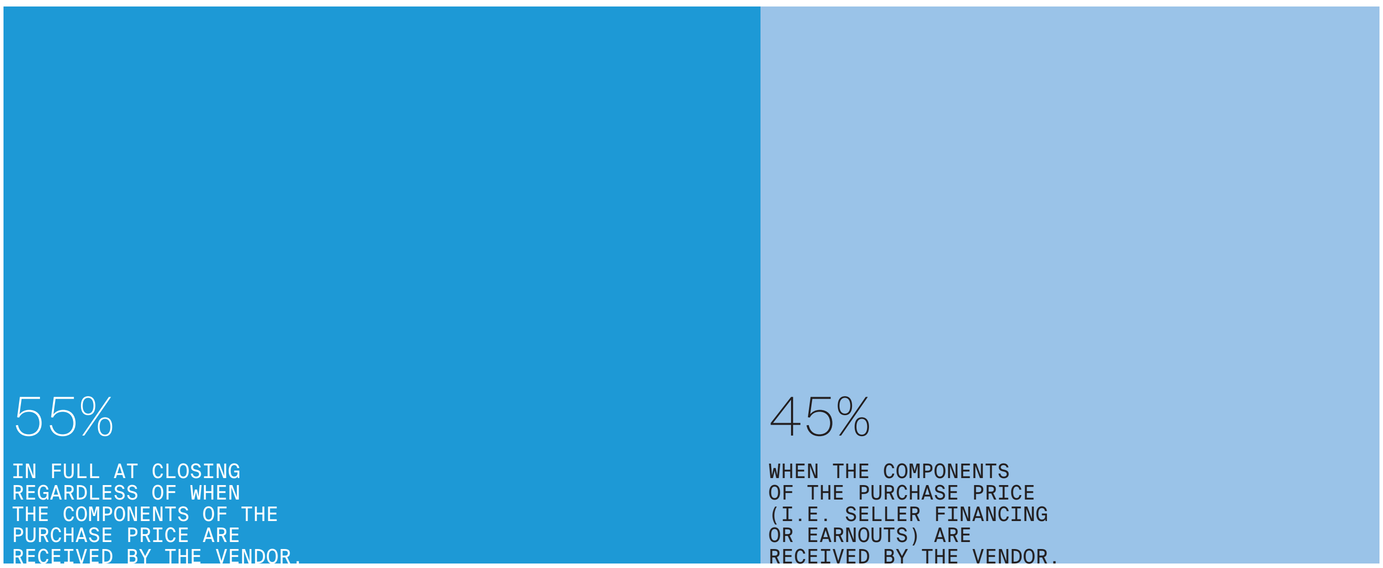
This is not a surprise and is consistent with our experience, especially in the $5M to $10M transaction range. In addition to considering fee percentages, it is also important for owners to understand and assess the quality of the M&A advisor, which can materially impact the success of the proposed transaction. *— **Dentons***

When Are Success Fees Typically Paid?

WE ASKED SURVEY RESPONDENTS when success fees earned on a completed transaction are typically paid. Many components of the purchase price are deferred to a payment date later than the closing date. These types of payments include vendor financing, holdbacks and earnouts, to name a few. Our question to M&A advisors was: If these deferred payment components were included in the deal structure, then were the success fees owing to the advisors also deferred to coincide with the payment of the purchase price?

55% of the respondents indicated that their success fee is paid in full on closing, regardless of when the components of the purchase price are received by the vendor. 45% of respondents indicated that it was more common for the payment of success fees to be deferred.

When a transaction is completed and a success fee has been earned, the success fees are typically paid:



For owners selling their business, timing the payment of the success fee for when components of the purchase price are received would be ideal because there is consistency with the flow of funds. Also, there would be a better alignment of interest, as the advisor may push harder to structure the transaction with more cash at closing. Deferring payment of the success fee to M&A advisors is challenging because, in many cases, they are not sure if and when the remaining payment of the purchase price will be received. ***— John Carvalho, Divestopedia***

As evidenced by the relatively even split in terms of responses, there is rationale on both sides of this equation. Ideally, M&A advisors would like to be paid fully at close. In reality, it often depends on the broader engagement terms and might be an area where flexibility is required in order to arrive at agreed upon terms with a client. ***— Ryan Farkas, BDO***

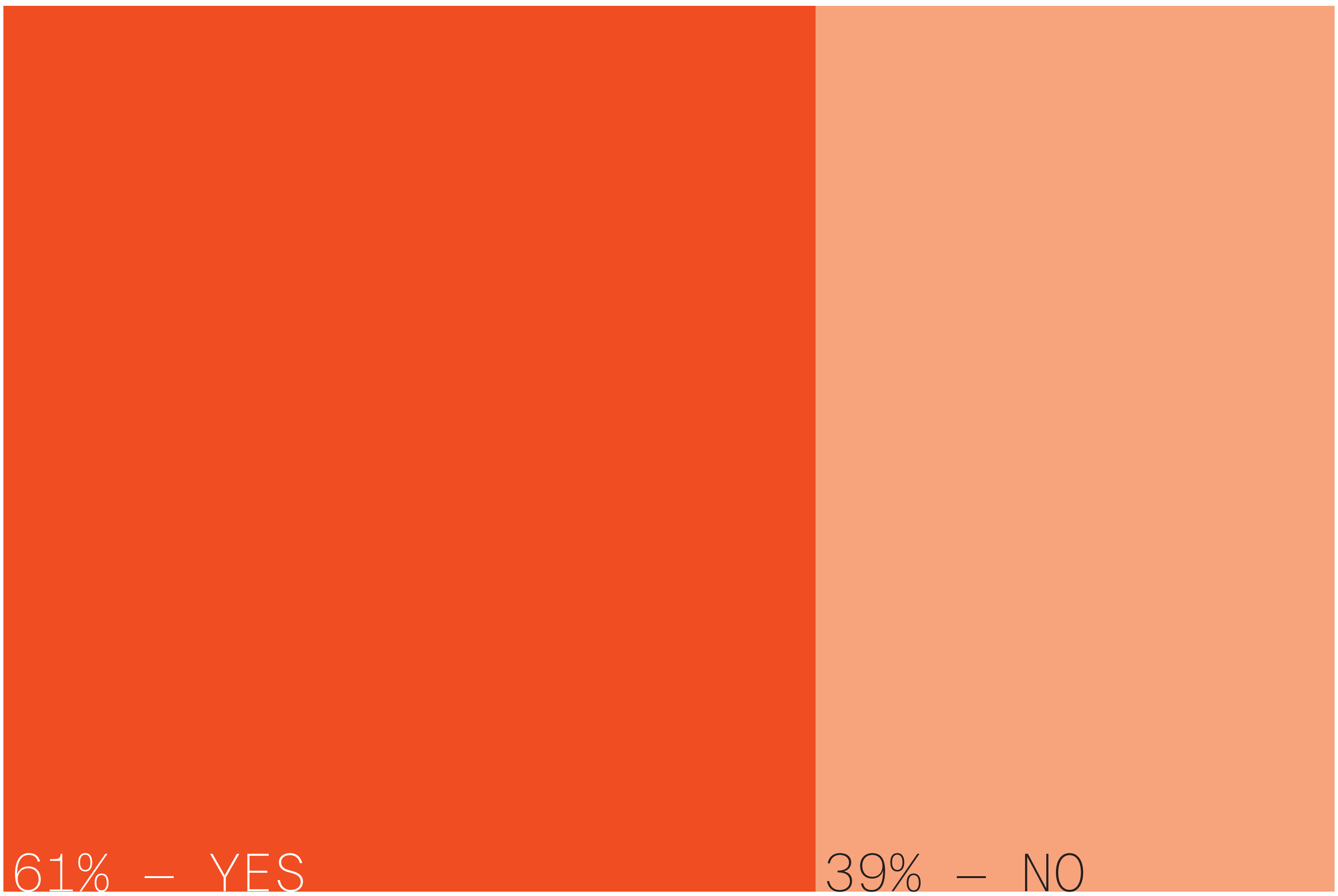
In my experience, it would be unusual to see vendor financing or other guaranteed forms of payment not paid at close; however, contingent payments often produce a challenge. Vendors are uncertain of how much of an earnout they may actually receive, so paying full commission on those amounts is often unpalatable. For an advisor, it may come down to a choice between waiting for the final payment or negotiating a lesser fee on that contingent amount. ***— Adam Mallon, BDO***

We find it is more common to see success fees paid in full at closing (subject to any portions being retained and pending satisfaction of holdback amounts for adjustments and indemnities). Although success fees can be paid out over longer periods of time on an earnout or vendor take back transaction, as applicable, these are not common in our experience. ***— Dentons***

Are Work Fees Typically Netted Against Success Fees Earned?

WE ASKED RESPONDENTS if work fees are netted against success fees earned. 61% of survey respondents indicated that work fees collected from clients are typically netted against the success fees earned. 39% of respondents said that work fees were not netted against earned success fees.

Are Work Fees Typically Netted Against Success Fees Earned?



This year's report shows a slight decrease in the percentage of M&A advisors that typically net work fees against success fees (61% in 2018 vs. 64% in 2017). I view work fees as "skin in the game" for the business owner to show their commitment on completing a commercially fair transaction. With that in mind, I would argue that work fees should not be netted against success fees. *— John Carvalho, **Divestopedia***

My strong preference is not to net work fees against success fees. I agree with John that work fees are a necessary component in a sell-side engagement as they show a vendor's commitment to the transaction. An advisor is likely to commit much more time to the engagement than they receive in work fees. They are also taking the risk that a transaction may not close and the work fees will be all that they collect. For those reasons, I do not net work fees unless there's a compelling reason to do so. ***— Adam Mallon, BDO***

Factors Taken into Consideration When Proposing a Success Fee Percentage

SURVEY RESPONDENTS were asked what factors are taken into consideration when proposing a success fee percentage for a sell-side engagement. 31% of respondents indicated that the size of the engagement was a factor. 24% indicated that the complexity associated with the transaction was a factor in determining a success fee. 22% said the level of risk associated with closing the transaction was taken into consideration when proposing a percentage.

What factors are taken into consideration when proposing a success fee percentage for a sell-side engagement?

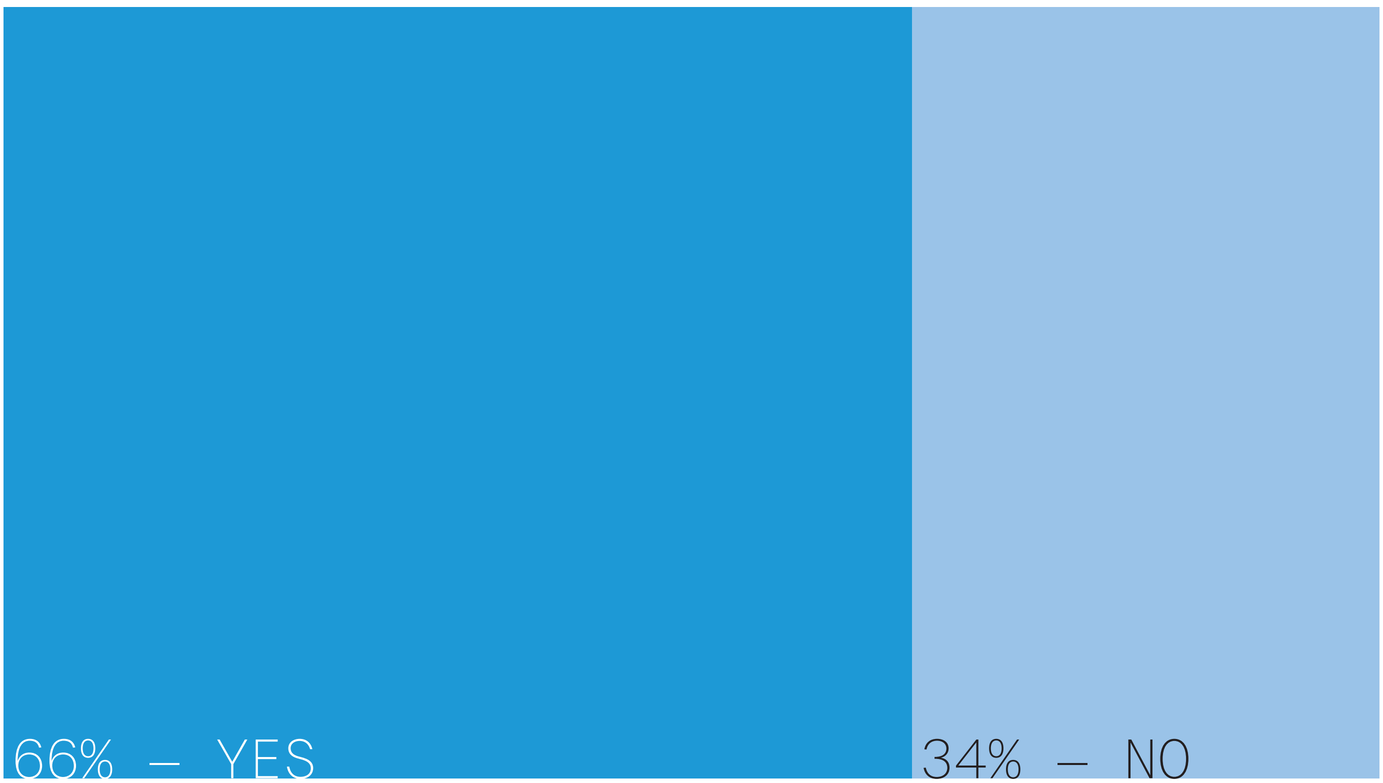
I am surprised that the M&A advisor “bake-off” factor received only 6% of responses. I wonder if this means that many business owners are still not shopping around and getting proposals from multiple M&A advisors when planning the sale of their companies. *— **John Carvalho, Divestopedia***

All of these factors certainly impact the strategy around how an advisor prices a deal. While I am not surprised to see it omitted, I would highlight available capacity as one other prominent factor. This is especially relevant for smaller advisory firms which may have limited bandwidth if busy and look to price higher relative to how aggressive their pricing might be in an environment where they have significant availability. *— **Ryan Farkas, BDO***

Are Minimum Success Fee Amounts Included in Engagement Letters?

WE ASKED SURVEY RESPONDENTS whether it is more common than not to include a minimum success fee amount in their advisory firm's engagement letters. The majority – 66% – indicated that it is more common to include minimum success fee amounts in the engagement letter. The remaining 34% of respondents indicated that they did not include a minimum success fee in the engagement letter.

Is it more common than not to include a minimum success fees amount in your firm's engagement letter?



A minimum success fee sets the watermark value expectation for an acceptable transaction. The minimum fee also protects the M&A advisor from engaging a client who subsequently accepts a deal that is much lower than initially contemplated.
*— John Carvalho, **Divestopedia***

It would be interesting to see how this data would look dependant on different deal sizes. In my experience, we look to ensure minimum success fees are present, specifically on smaller transactions to ensure downside protection from a fee perspective. As transaction sizes and the associated quantum of the success fee increases, the need for this floor is mitigated. *— Ryan Farkas, **BDO***

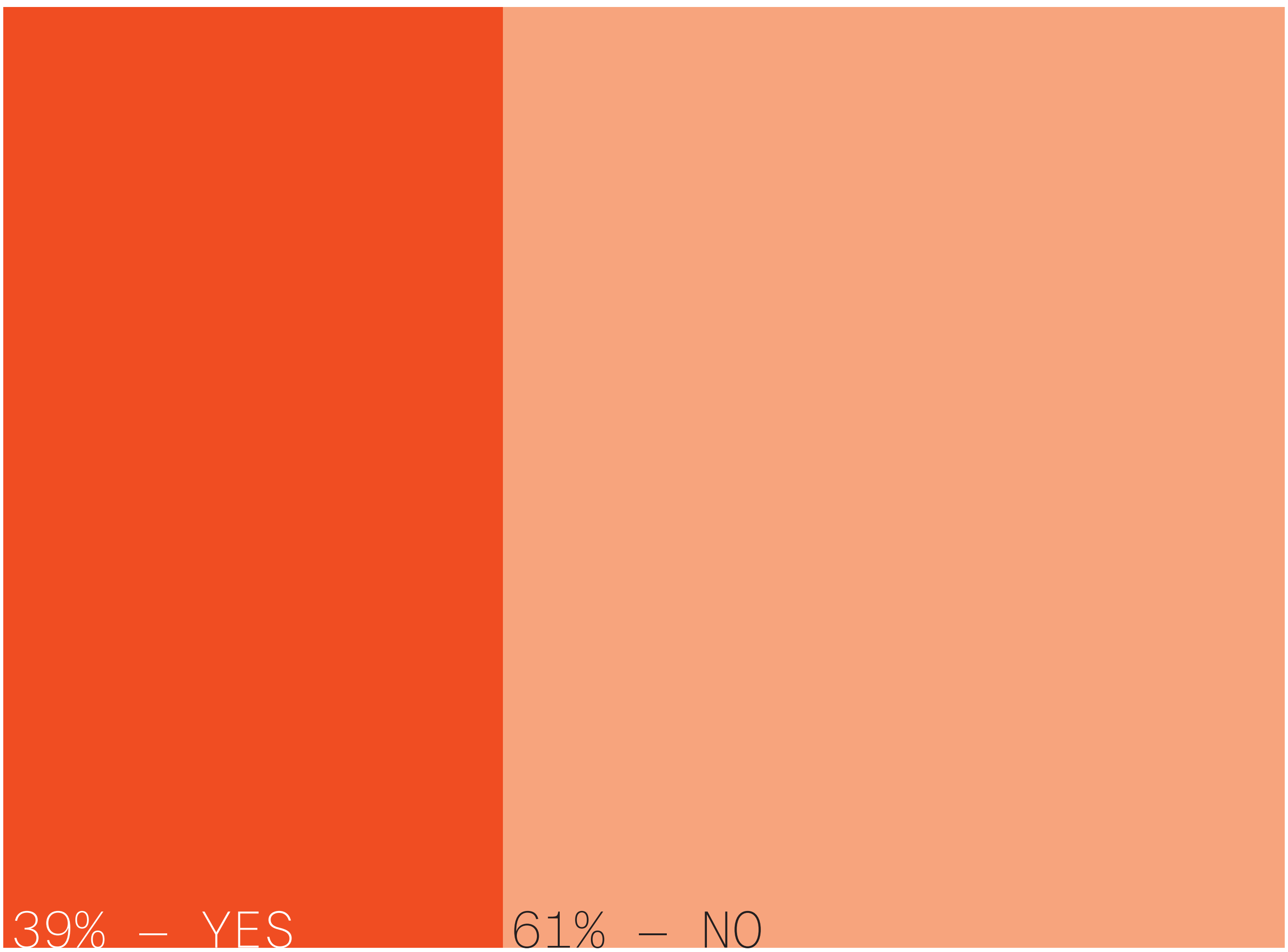
Minimum fees are rarely a big concern for a business owner, because the minimum is set usually well below the fee that would be earned on the target price. However, it's not always easy to anticipate what may change during the course of an engagement. Over the years, I have seen a couple of cases where the client company's performance slipped significantly and the minimum fee was charged when a deal finally was completed. *— Adam Mallon, **BDO***

Break Fees

WE ASKED ADVISORS whether it is more common than not to include a break fee in their firm's engagement letters should a client elect not to proceed with a predetermined bona fide offer.

The majority of respondents — 61% — said it was not common practice to include a break fee in the engagement letter; 39% indicated that a break fee was included.

Is it more common than not to include a break fee in your firm's engagement letters should your client elect not to proceed with a predetermined bona fide offer?



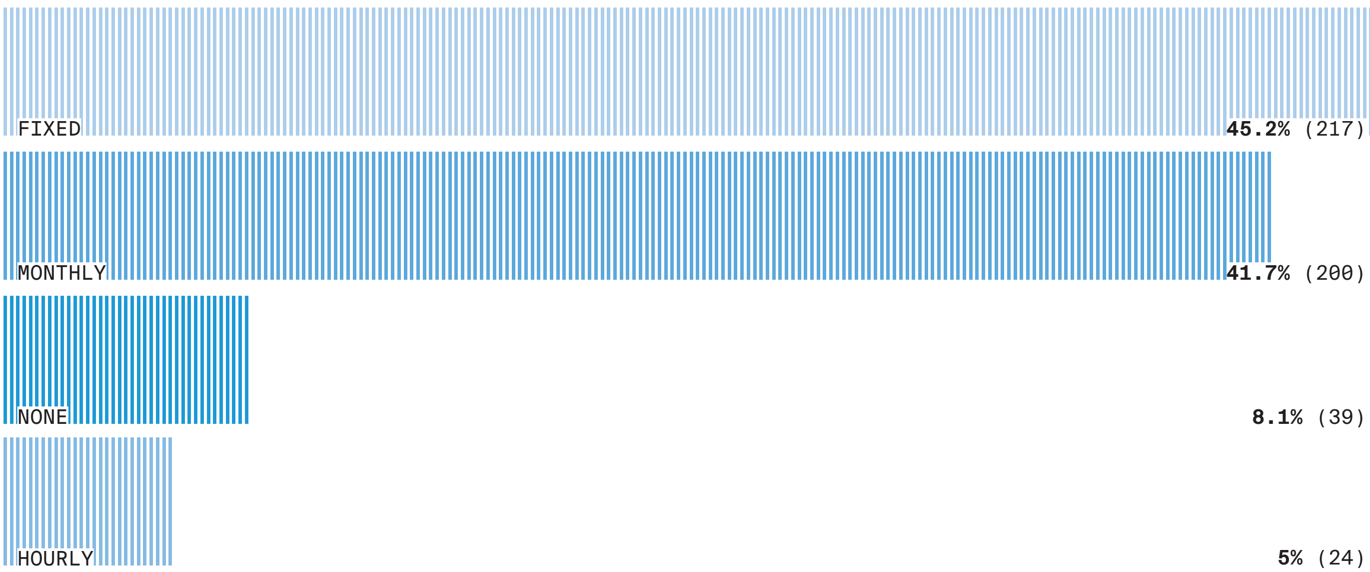
In my experience, I have found it more common not to include a break fee for the simple reason that it is difficult to define what constitutes a "bona fide" offer. *— **John Carvalho, Divestopedia***

While my perspective is that a break fee is often challenging to collect for many practical reasons, we look to include a break fee in the initial proposed terms, in part because it can shed light on the commitment of a vendor to the transaction process. *— **Ryan Farkas, BDO***

Work Fee Structures

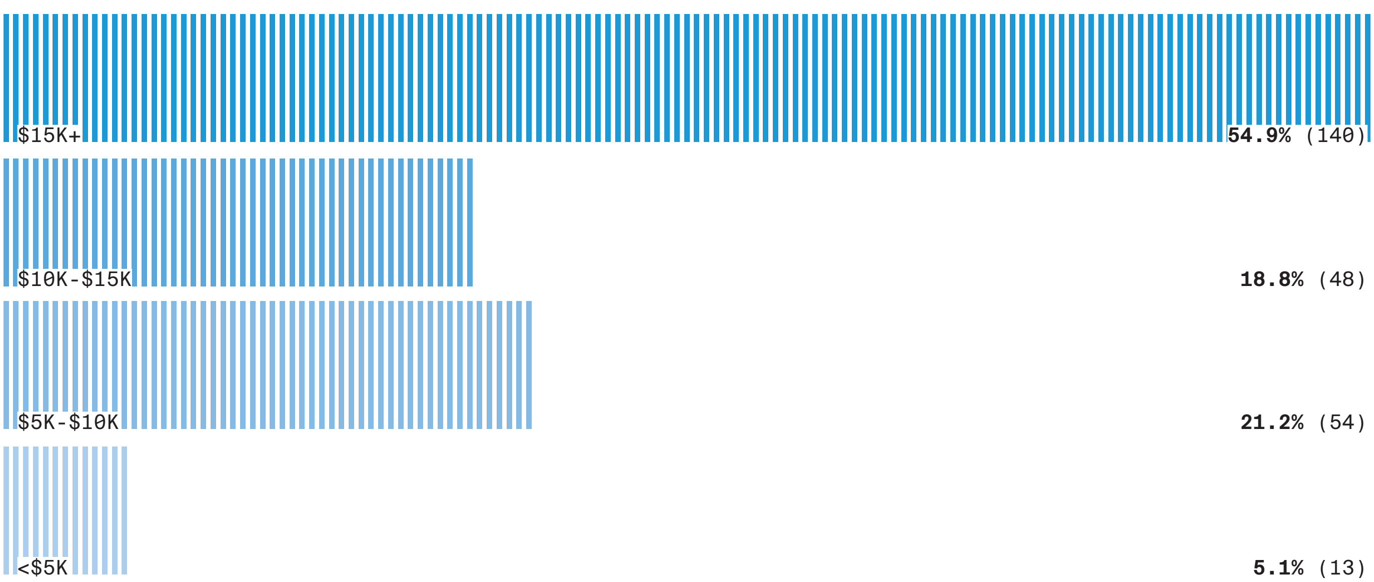
INVESTMENT BANKS typically require non-refundable work fees, sometimes called retainer fees, upfront fees or engagement fees to cover costs during the sale process. Work fees also help to guarantee a commitment from the seller. We asked survey respondents how their work or engagement fees were structured. 45% of respondents indicated that they charged clients a one-time lump sum fixed fee, while an almost equal number — 42% — said work fees were charged to clients on a monthly basis. 5% of respondents said they charged clients by the hour, and 8% of respondents indicated that they did not charge clients a work fee at all.

How do you structure your engagement/work/retainer fee?



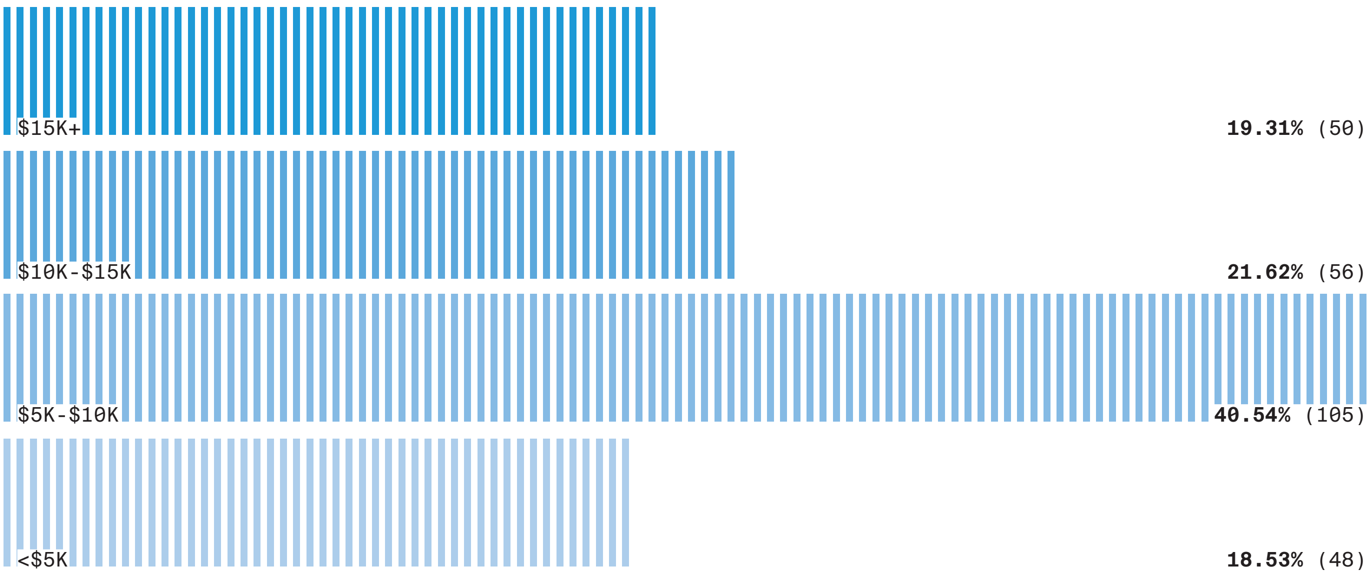
Of the 255 respondents who indicated that they charged a fixed (lump sum) work fee, the majority, 55%, indicated that the work/engagement fee amounted to fifteen thousand dollars or more.

If it is fixed (lump sum), what is your engagement/work/retainer fee?



Of the 259 respondents who indicated that they charged a monthly fee, the majority — 41% — indicated that the monthly work fee amounted to between five and ten thousand dollars per month.

If it is monthly, what is your engagement/work/retainer fee?



I am intrigued that more M&A advisors are charging a fixed work fee (45.2%) versus a monthly work fee (41.7%). I would have expected business owners to be more agreeable with payments of a monthly fee as the engagement progresses. In instances where M&A advisors do not charge a retainer fee, I would question the level of services in these types of arrangements. Does the M&A advisor just make introductions to prospective buyers, or are they undertaking the required steps to properly prepare the company for a sale? *— **John Carvalho, Divestopedia***

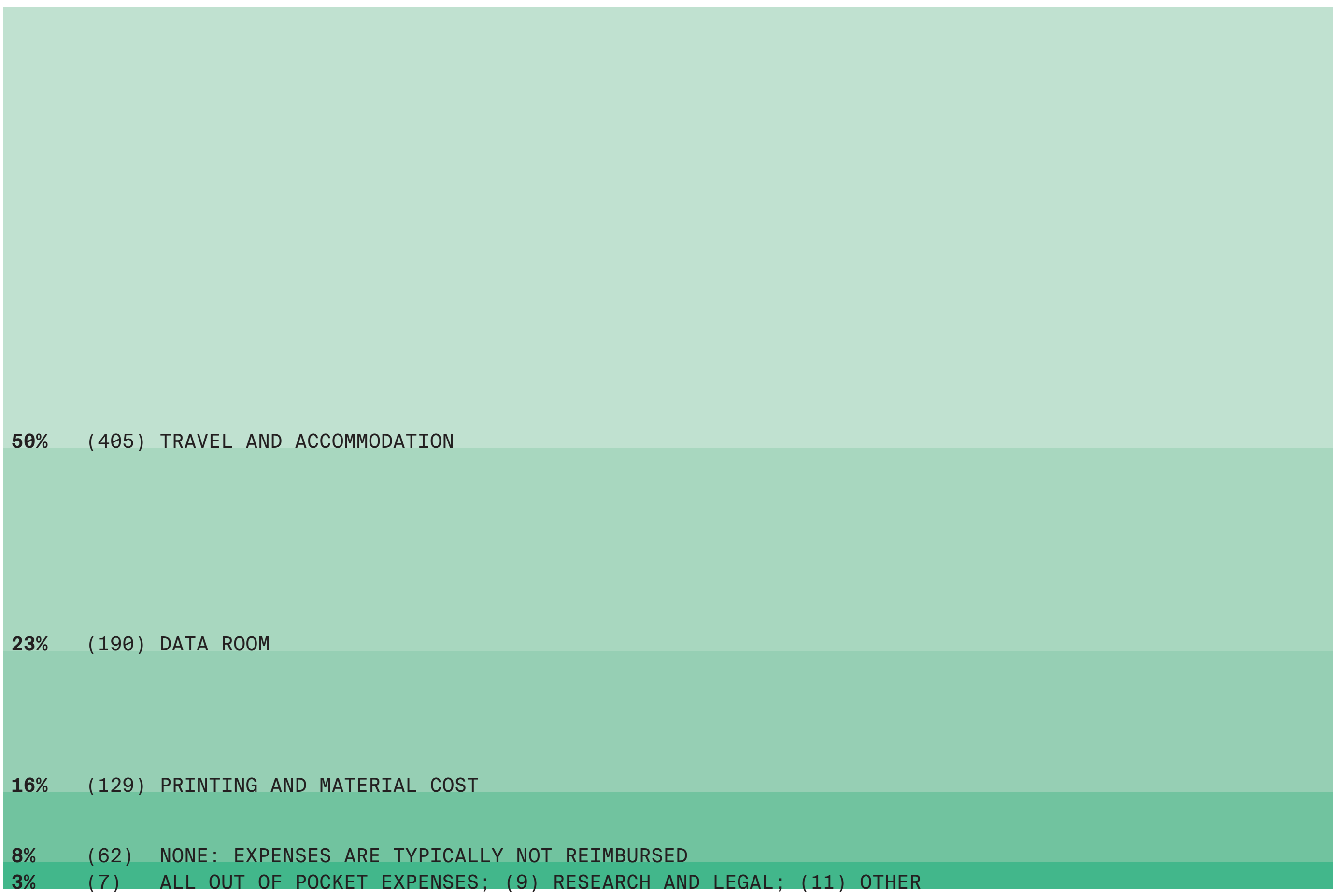
Having worked previously for a couple of other firms, and having mandates with both fixed and monthly fees, I really prefer the monthly fee over a fixed fee. It again aligns client and advisor, because the advisor needs to earn that fee every month, and there's a certain urgency to complete the deal. With fixed fees, we occasionally had issues. For example, if the client was busy, they were sometimes less responsive with information requests. The monthly invoice is a great reminder. Conversely, if you've paid your advisor upfront and they discontinue working at some point, have you gotten full value? Work fees, in my opinion, depend entirely on deal size. A larger deal is likely to have a smaller success fee percentage but a higher monthly work fee and vice versa. *— **Adam Mallon, BDO***

Expense Reimbursement

WE ASKED ADVISORS what expenses incurred on sell-side engagements are most commonly reimbursed by their clients. Put another way, we wanted to know what expenses are typically passed along to clients versus being treated as “value-adds” included as part of the advisory services offered to clients.

Half of the survey respondents indicated that travel and accommodation expenses were passed along to clients for reimbursement. 23% said that the cost of using a virtual data room service to facilitate the secure exchange of documents during a deal was commonly reimbursed by clients. 16% said printing and materials costs associated with the sell-side engagement were reimbursed. Only 8% of M&A advisors surveyed indicated that no expenses whatsoever were passed along to clients.

What expenses incurred by your firm on sell-side engagements are most commonly reimbursed by your clients (select all that are applicable)?



It is interesting to see that only 23% of M&A advisors are reimbursed for the cost of a data room. The responses here provide a lesson to business owners regarding the negotiability of all areas within an M&A sell-side engagement letter.
*— John Carvalho, **Divestopedia***

I was very surprised to see that the numbers were not higher in terms of the reimbursement percentages across several of these areas with only half of advisors charging out-of-pocket expenses. *— Ryan Farkas, BDO*

Where Do M&A Advisors Add the Most Value?

M&A TRANSACTIONS are complex with many moving parts. This is compounded by the fact that, in many cases, business owners who have retained an advisor may be unfamiliar with the process and what is involved in making a deal. We asked survey respondents to indicate where M&A advisors add the most value for clients in a sell-side engagement.

29% of survey respondents said advisors added the most value in managing the sales process. An almost equal number of respondents — 28% — said advisors add the most value in negotiating the deal. 23% of respondents indicated that advisors added the most value in sourcing buyers.

Where do M&A advisors add the most value in sell-side engagement?

Managing the sale process, negotiating the deal and sourcing buyers were clearly the top three areas thought to add the most value in sell-side engagements. It's worth noting, however, that these responses are from the perspective of M&A advisors. It would be interesting to get the perspective of business owners who have sold their companies.
*— John Carvalho, **Divestopedia***

I think the dispersion of answers here reflects the fact that, in the mid-market, each deal is truly unique based on both the stakeholders involved and the specific company characteristics. This means that, in any given situation, an owner may benefit more or less in the different ways that an advisor can provide value. Advisors that are successful have the ability to identify the areas where their skills can add the most value on each deal and focus on those areas in order to optimize the result. *— Ryan Farkas, **BDO***

It isn't surprising to see how spread out the responses are on this. I don't really believe there's one aspect that is the most valuable in having an advisor. From deal to deal, the same advisor may add the most value in different ways. Having an experienced advisor in your corner will make all the above elements run smoother and each of those adds significant value.
*— Adam Mallon, **BDO***

Conclusions

With data collected from respondents in a greater number of geographies, this guide is becoming an increasingly valuable tool for business owners looking at a potential sale. Sale mandates are complicated and, as this research shows, the associated fees can be calculated in many different ways. We would encourage any business owner to read their engagement letter carefully and to ask your advisor ahead of signing an engagement letter about all fees, exactly how they are calculated and when they are earned.

Price for the service is definitely an important element, but we would stress that it is not the most important one. These engagements can be long, intense and often emotional, so make sure that your advisor is experienced, qualified and a good fit with you personally.

BDO

This survey on M&A deal flow, fees and fee structures will be very helpful for business owners when choosing and engaging with M&A advisors. The market continues to be competitive and this information will enable business owners to make more educated and appropriate decisions and engage in more productive negotiations. This report is very encouraging as it demonstrates that M&A activity is alive and well, and that business owners have many choices when it comes to selecting an advisor who will be fair and consistent with industry trends, especially in the mid-range transaction market.

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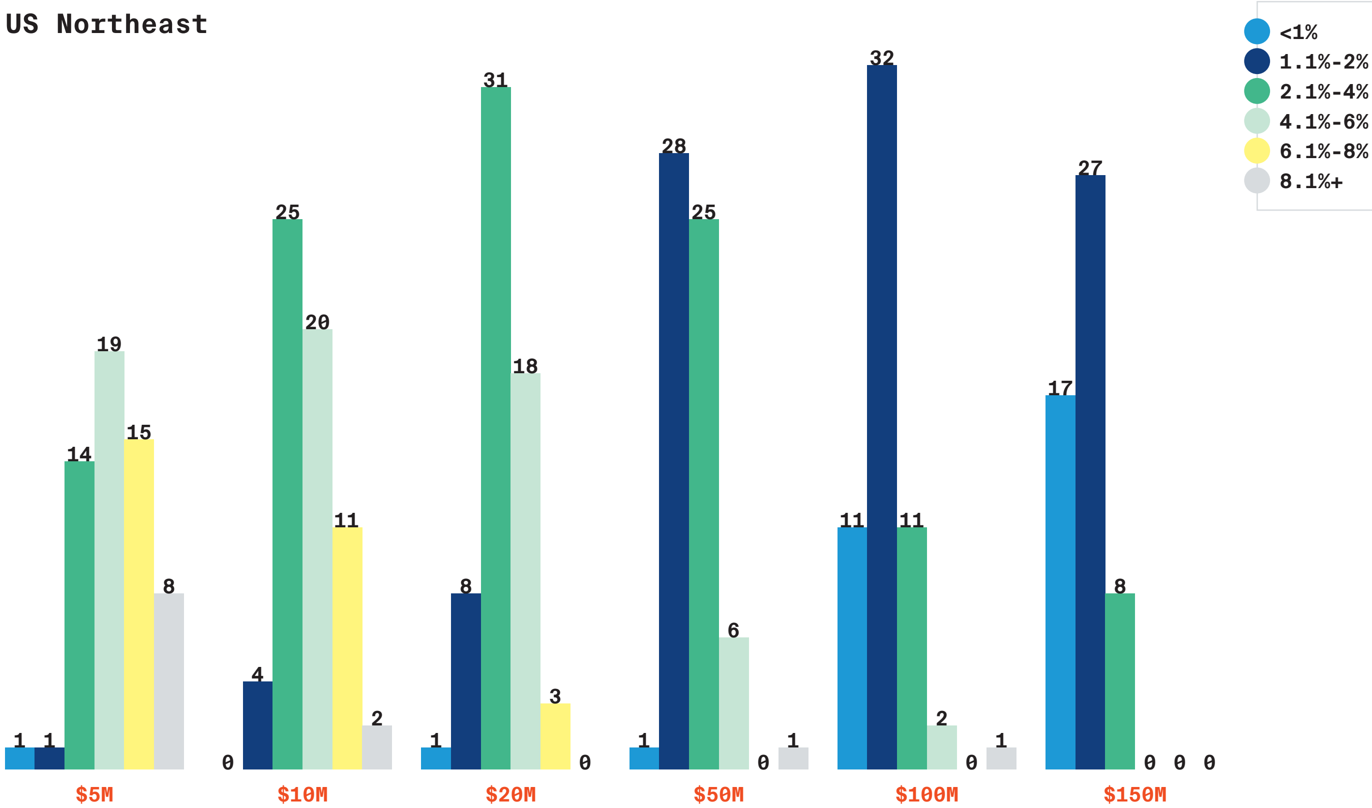
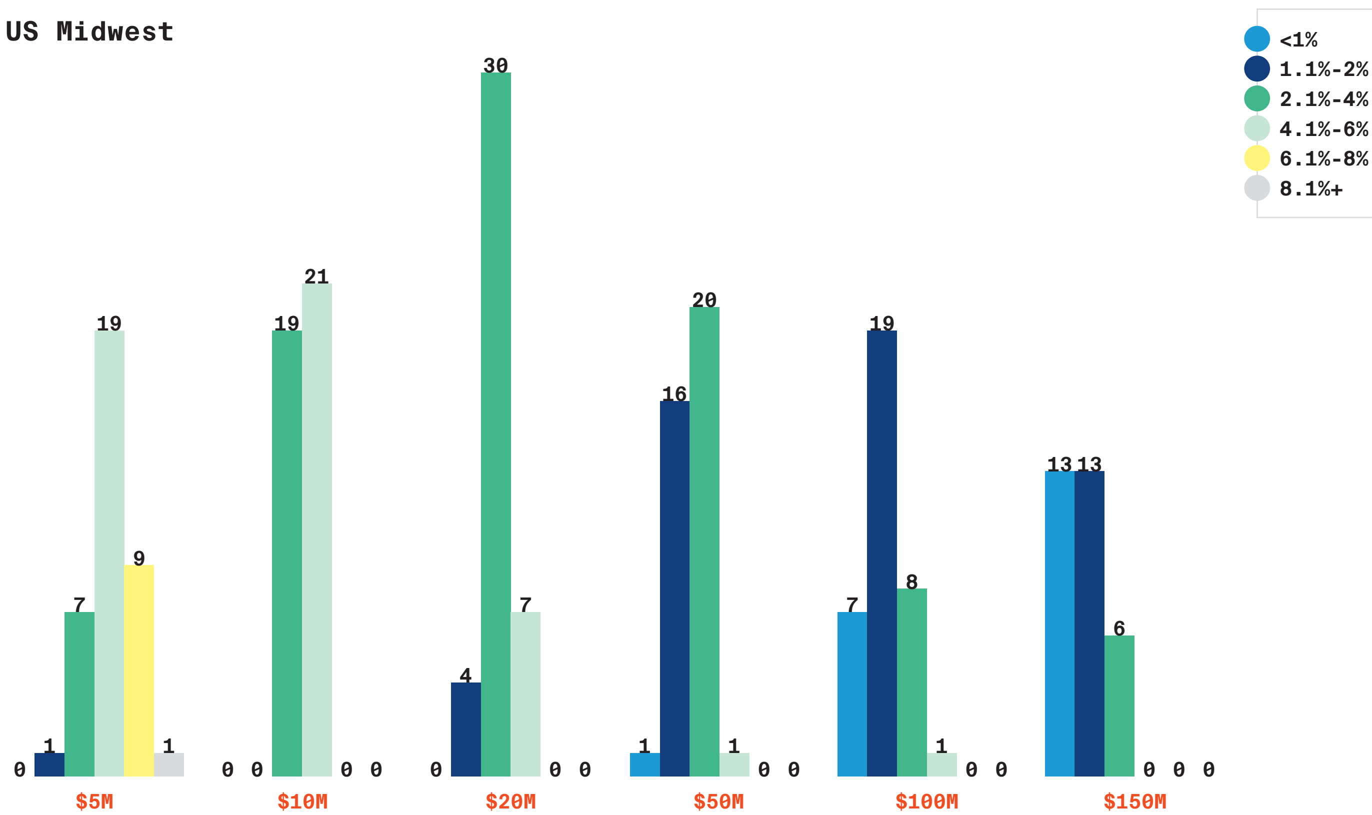
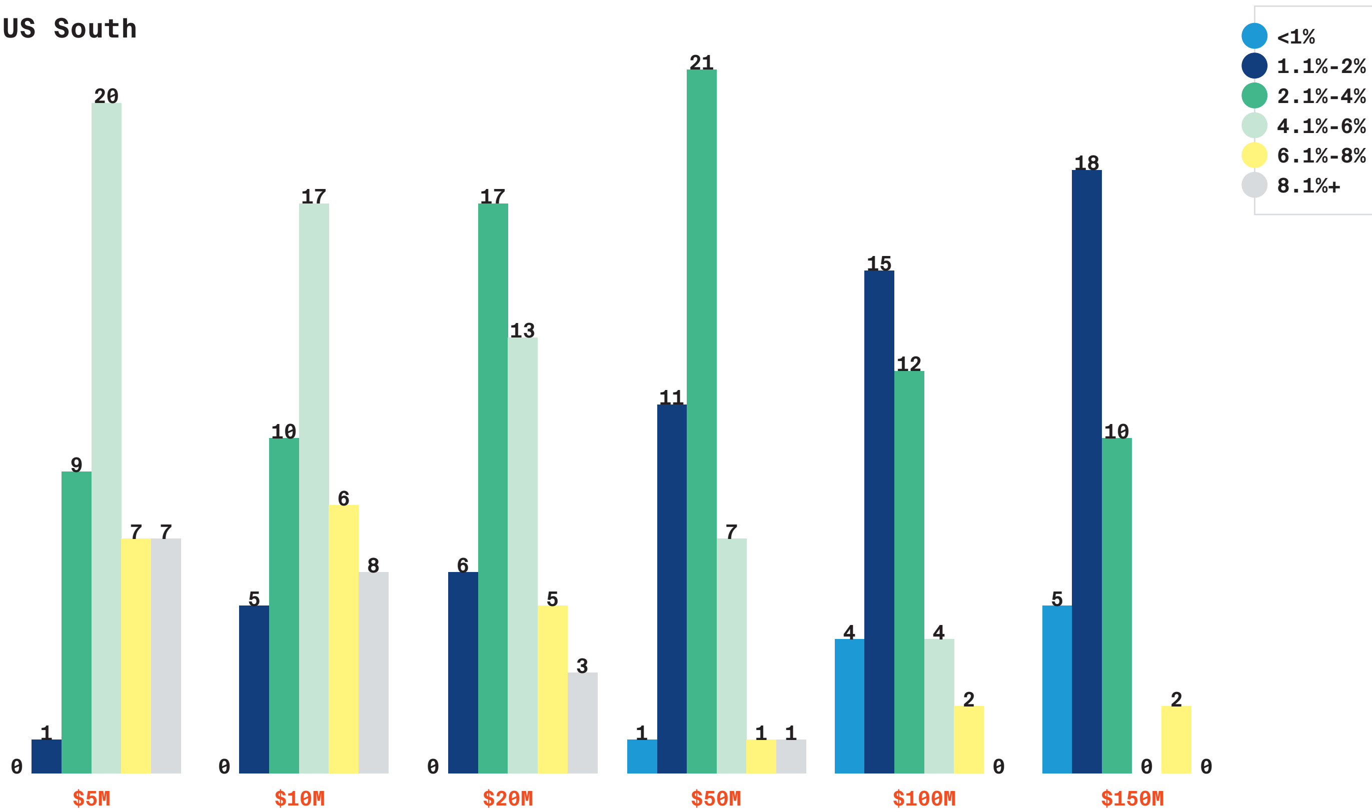
Appendix I — M&A Fees by Region

The charts below break down M&A success fees by region for a range of deal sizes from $5 million to 150 million.

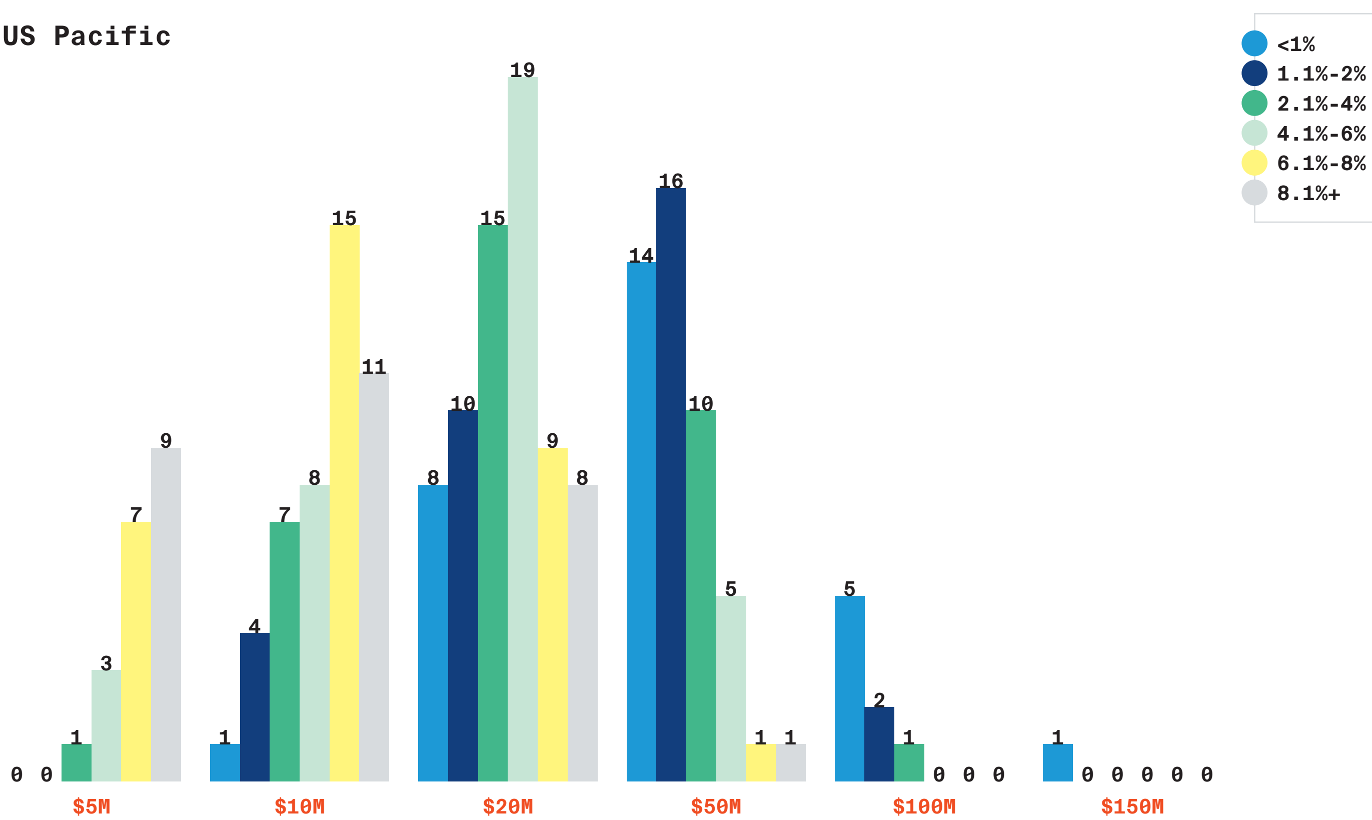




US South

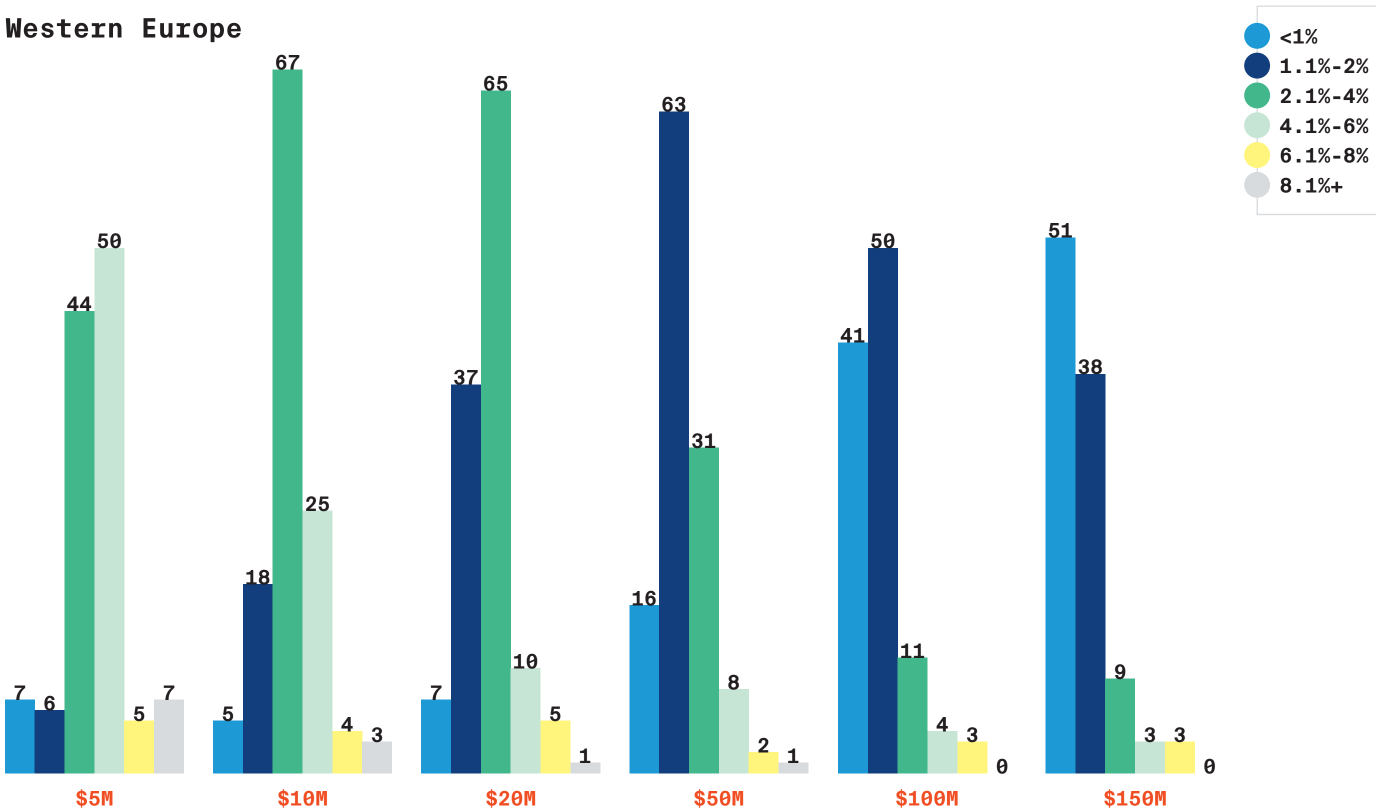


US Pacific

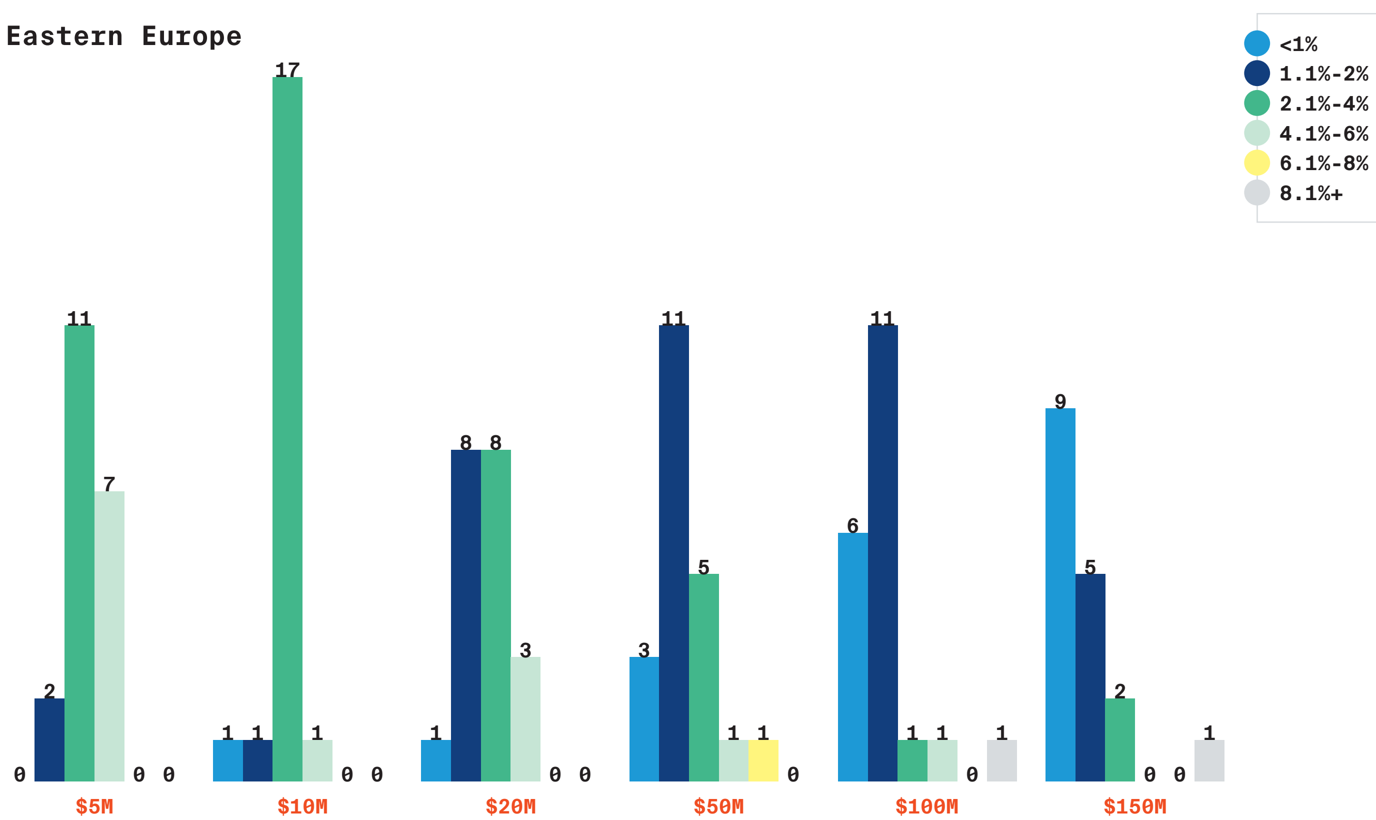


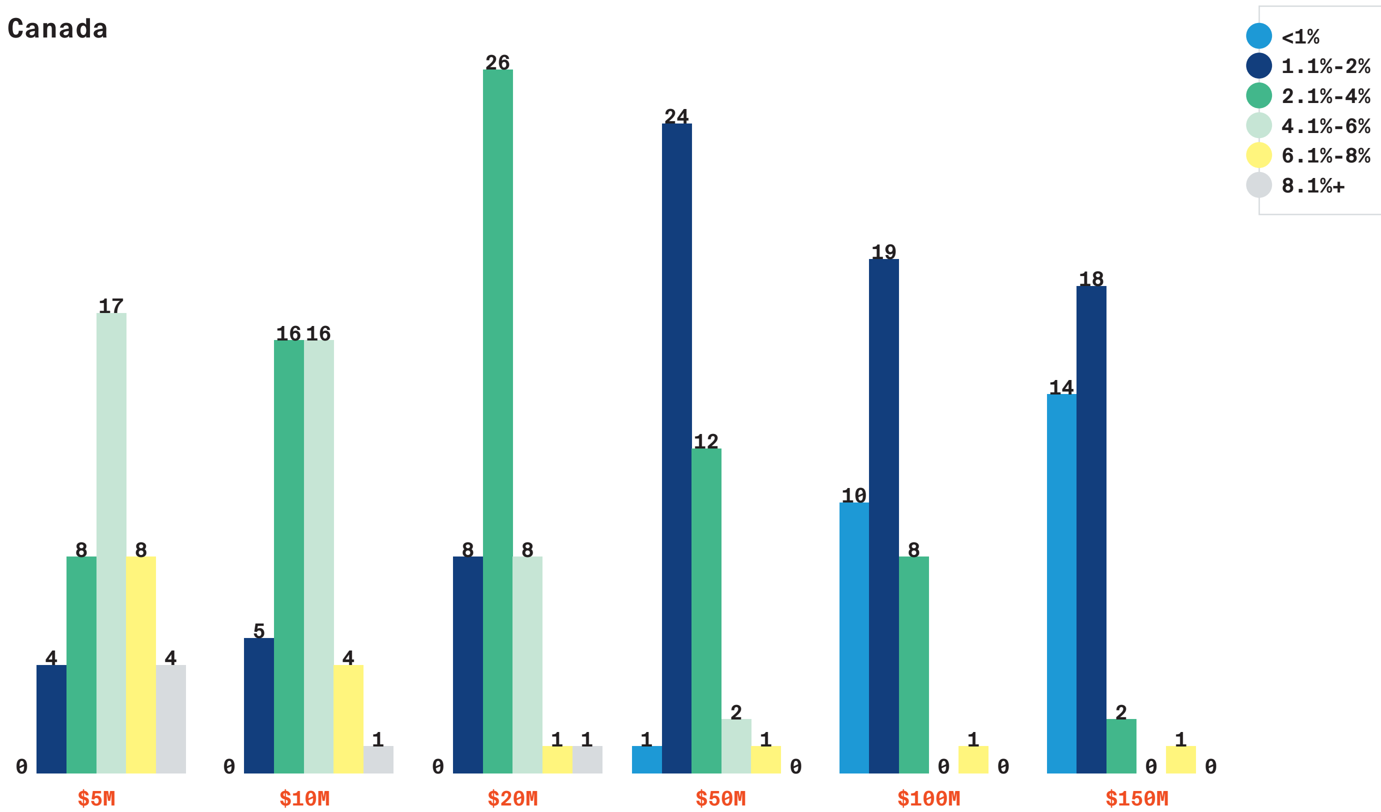
M&A Fees by Region *continued*

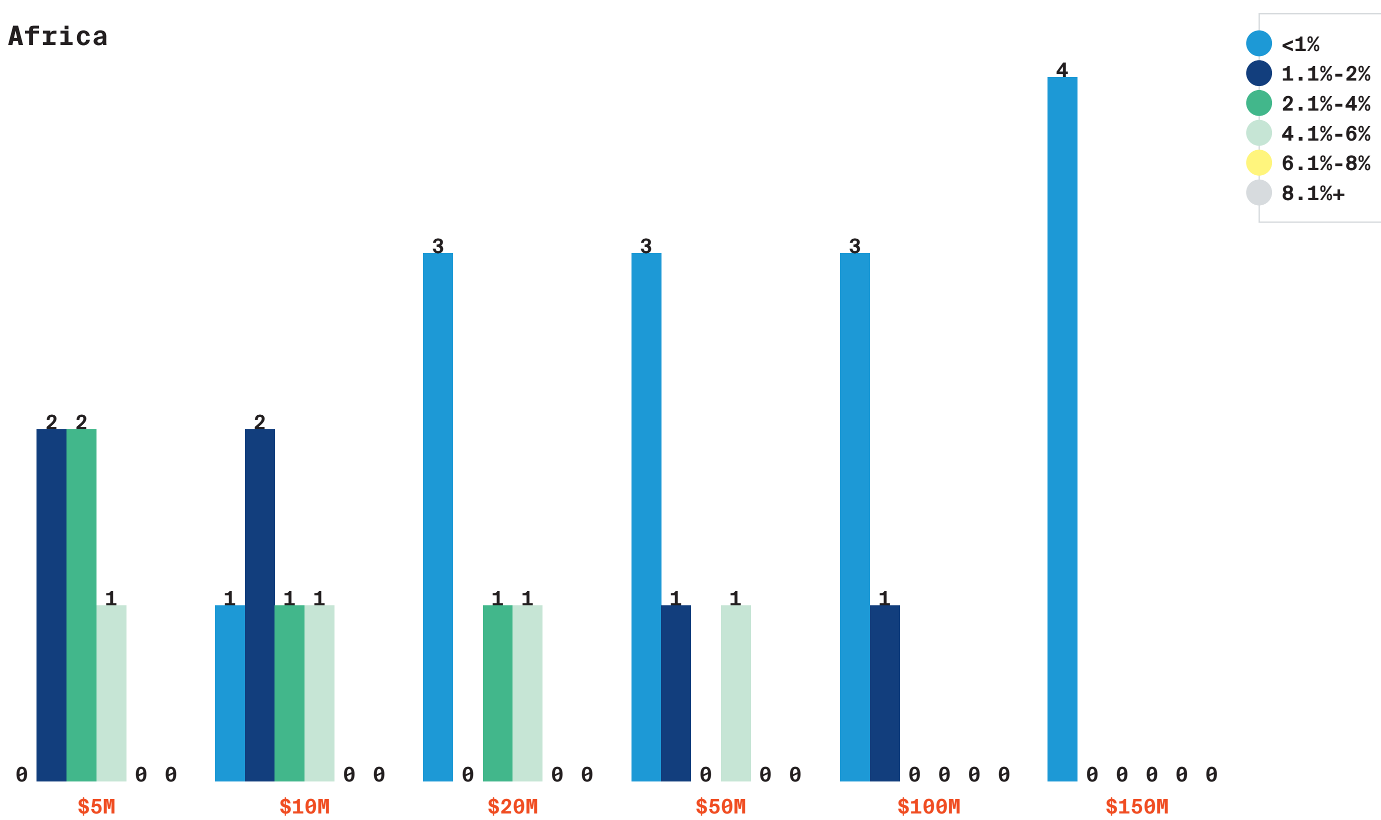
Western Europe



Eastern Europe

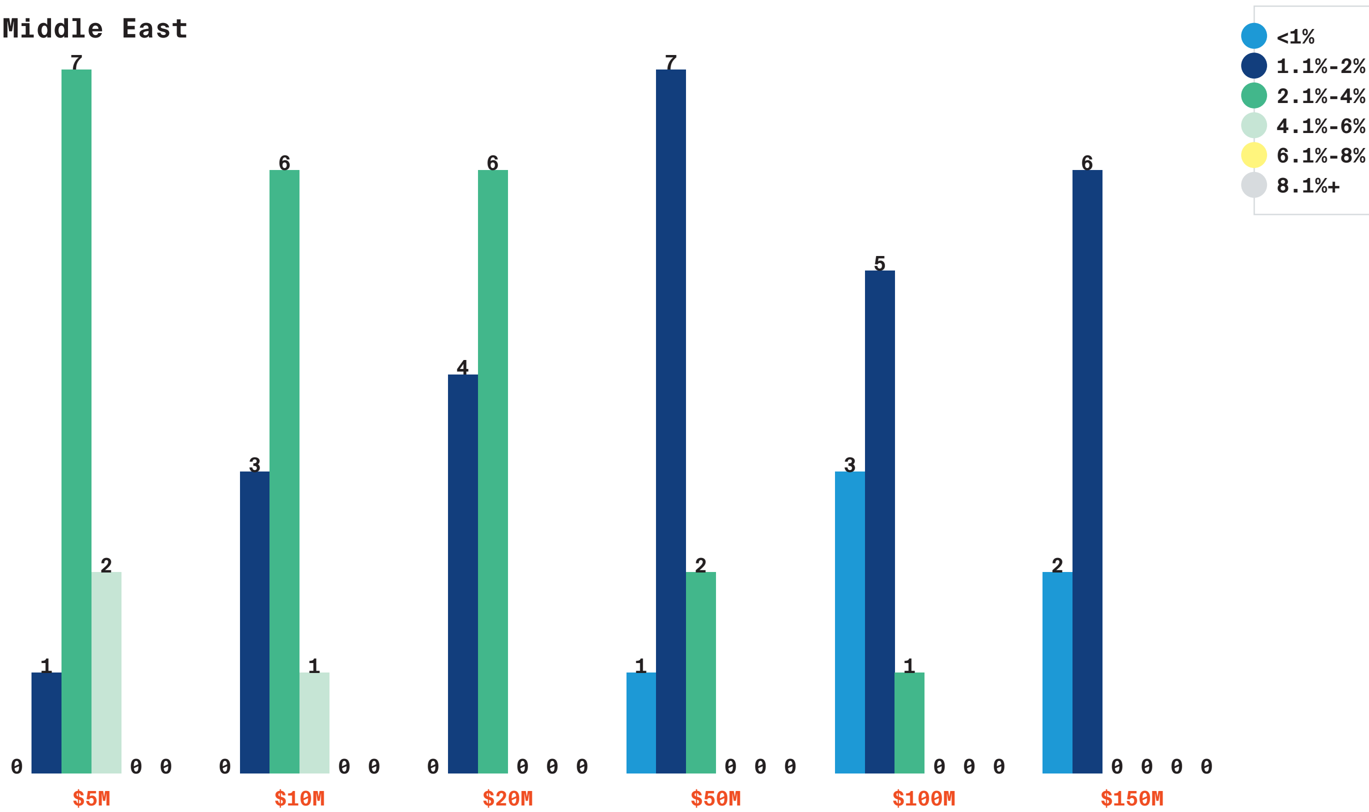



Canada
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
0 4 8 17 8 4
0 5 16 16 4 1
0 8 26 8 1 1
1 24 12 2 1 0
10 19 8 0 1 0
14 18 2 0 1 0
$5M
$10M
$20M
$50M
$100M
$150M

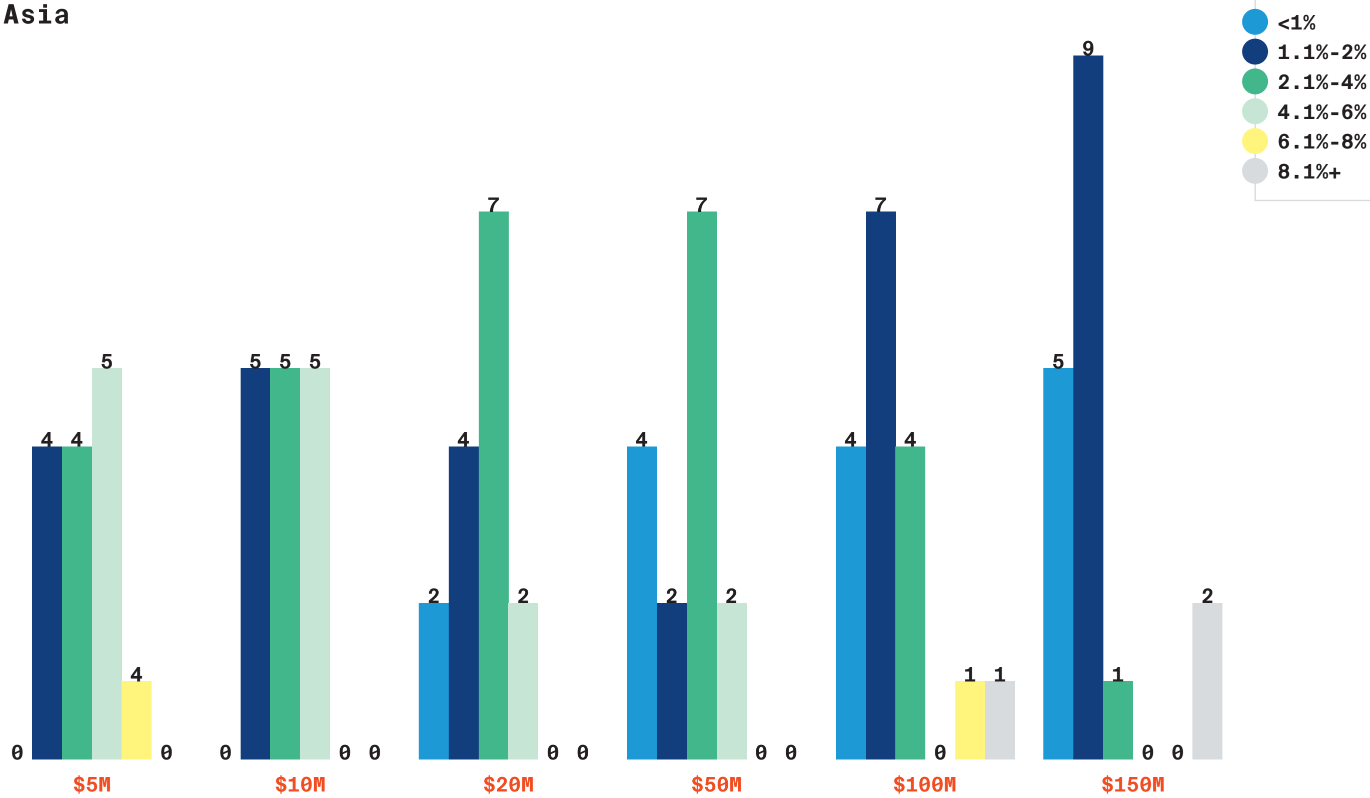

Africa
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
0 2 2 1 0 0
1 2 1 1 0 0
3 0 1 1 0 0
3 1 0 1 0 0
3 1 0 0 0 0
4 0 0 0 0 0
$5M
$10M
$20M
$50M
$100M
$150M

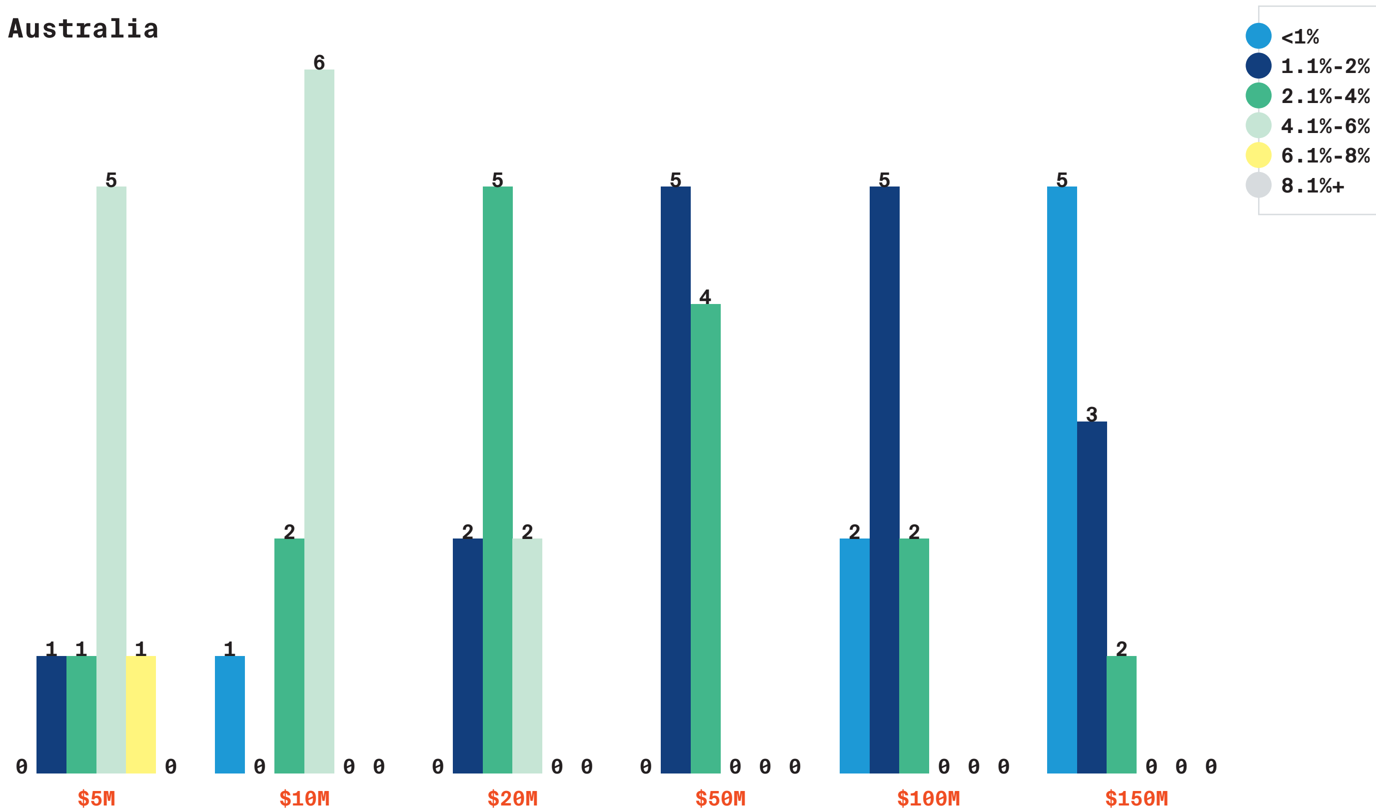
M&A Fees by Region *continued*

Middle East



Asia

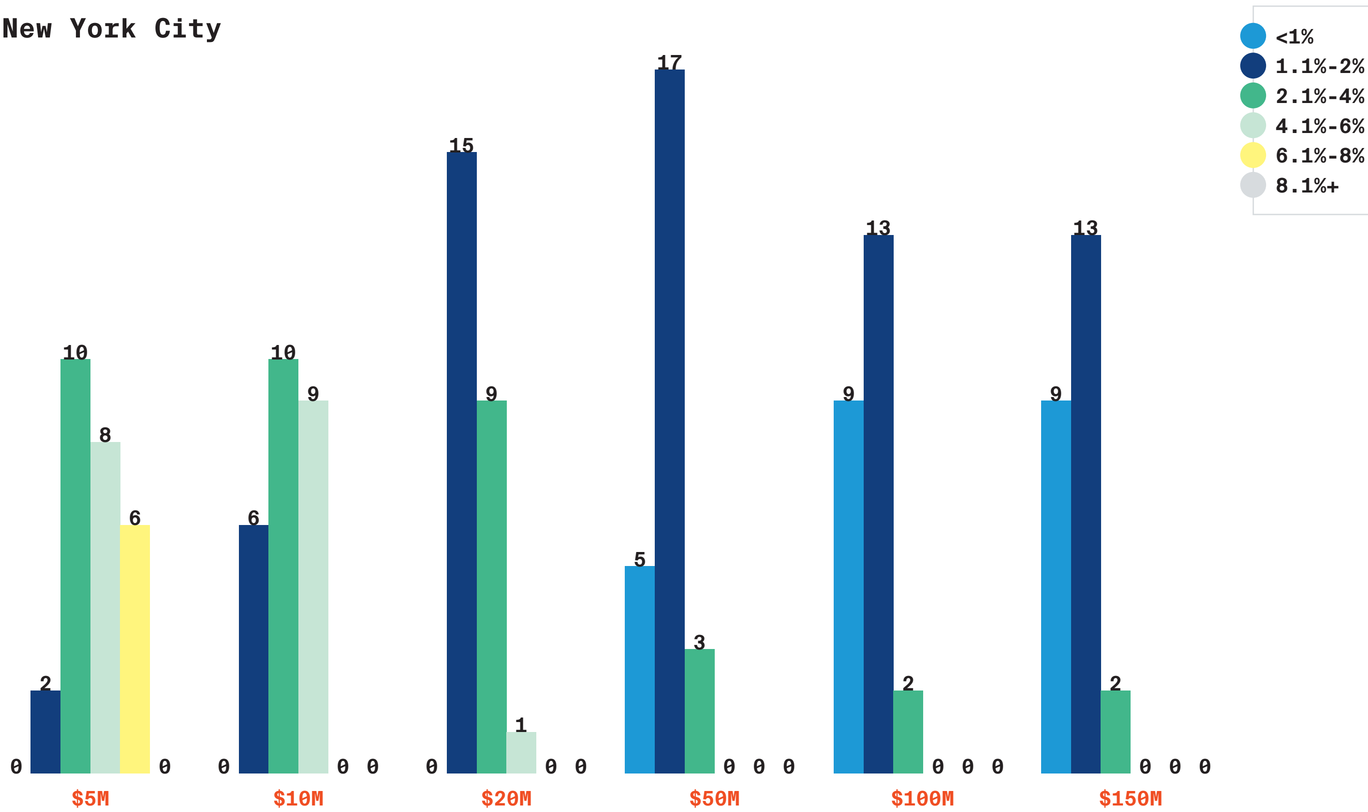



Australia
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
0 1 1 5 1 0
1 0 2 6 0 0
0 2 5 2 0 0
0 5 4 0 0 0
2 5 2 0 0 0
5 3 2 0 0 0
$5M
$10M
$20M
$50M
$100M
$150M

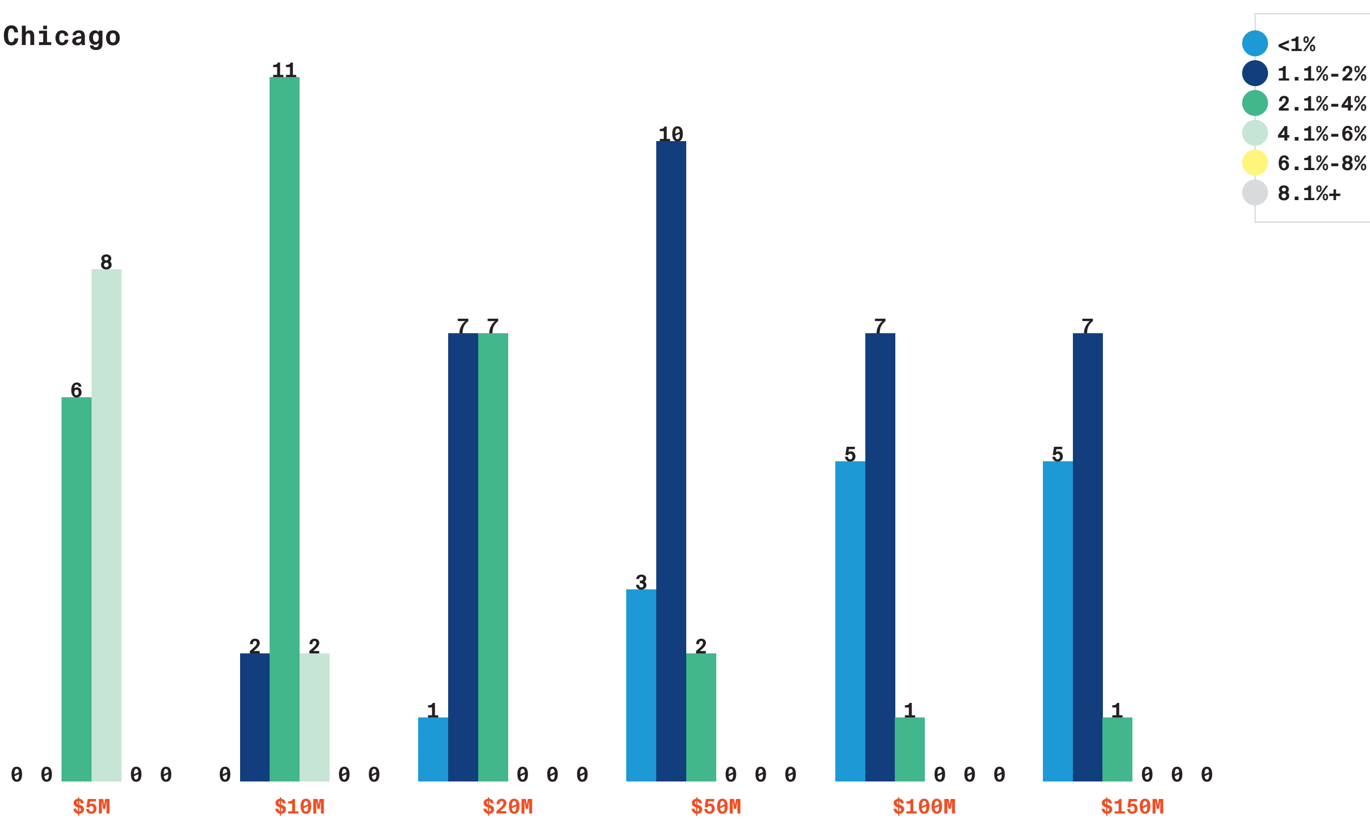
Appendix II — M&A Fees by City

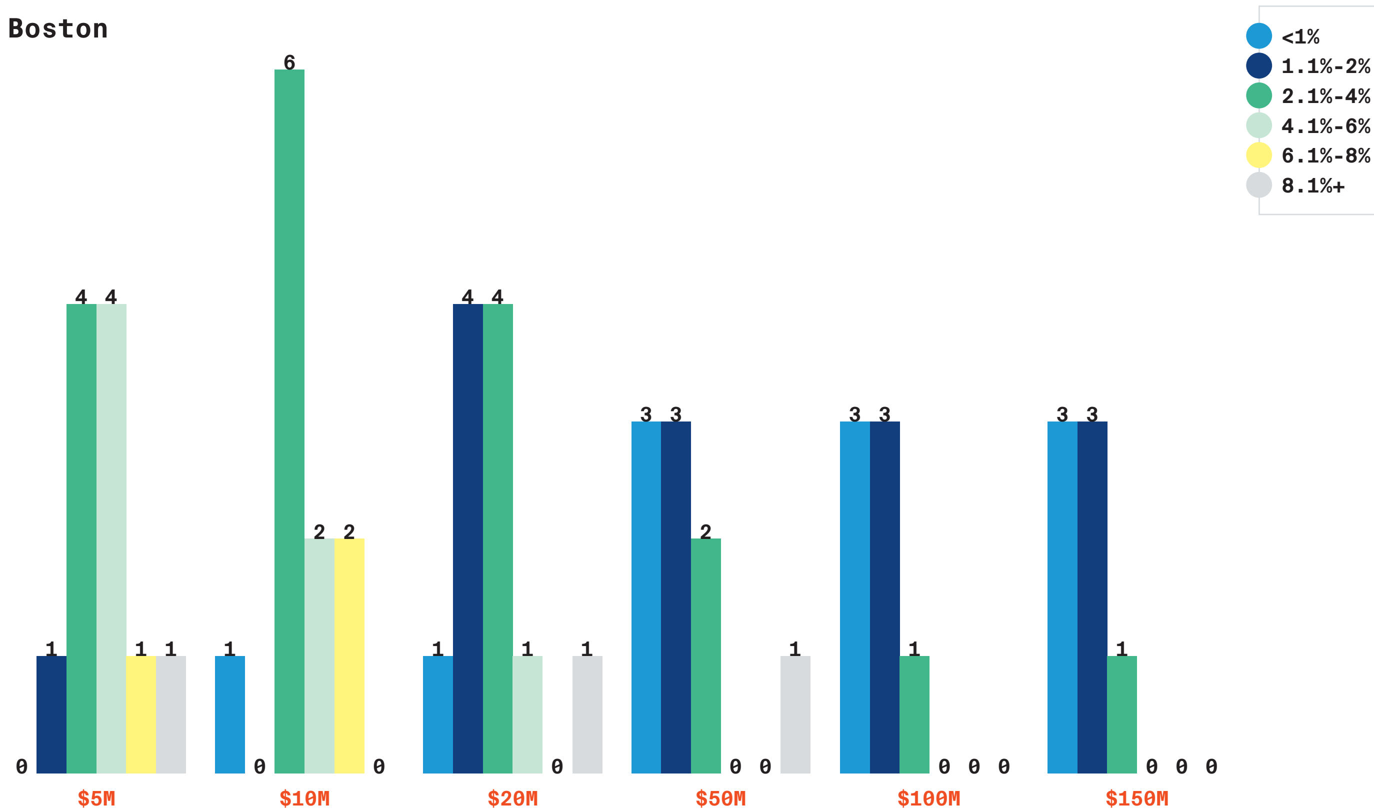
The charts below provide a breakdown of M&A success fees by city for a range of deal sizes from $5 million to 150 million. Cities with 10 or more respondents were selected for disclosure.

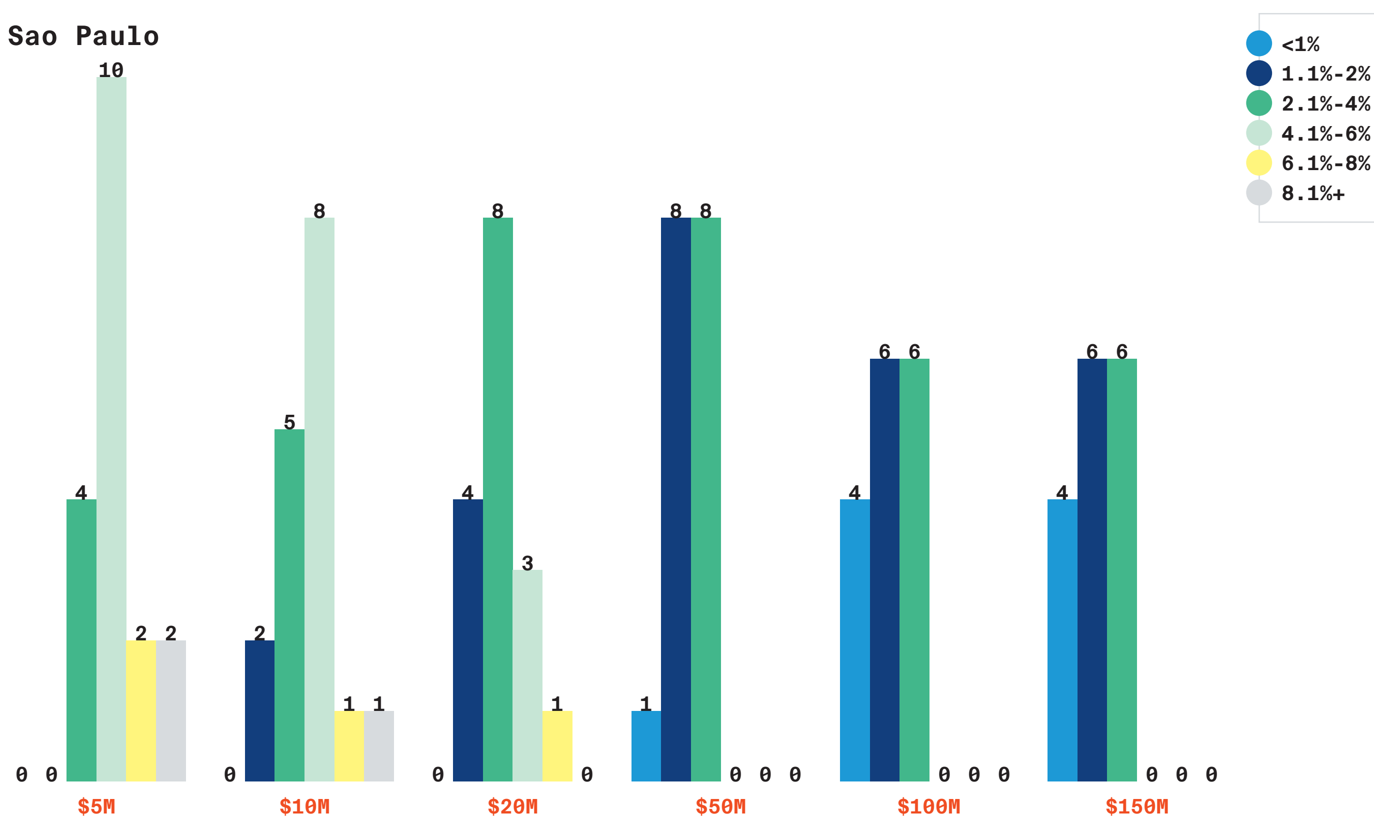
New York City



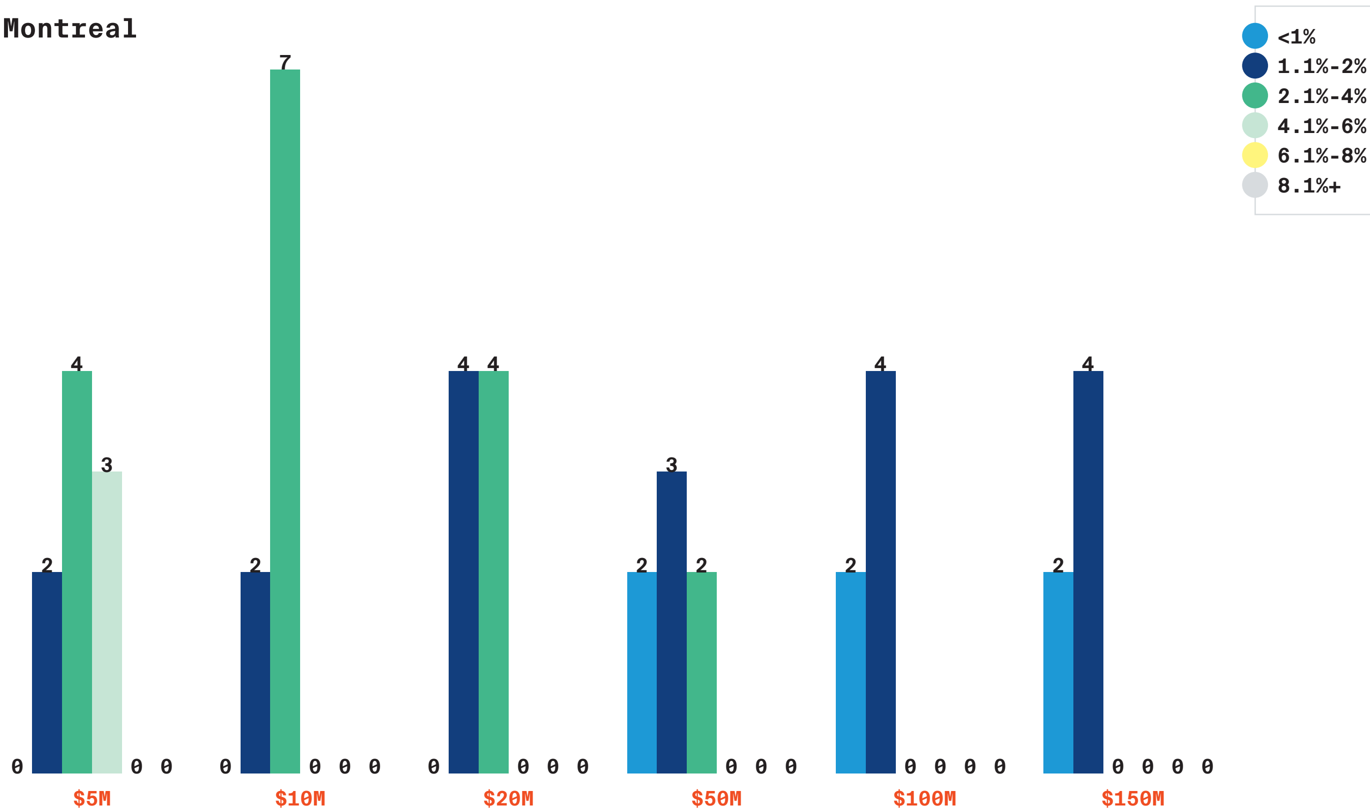
Chicago

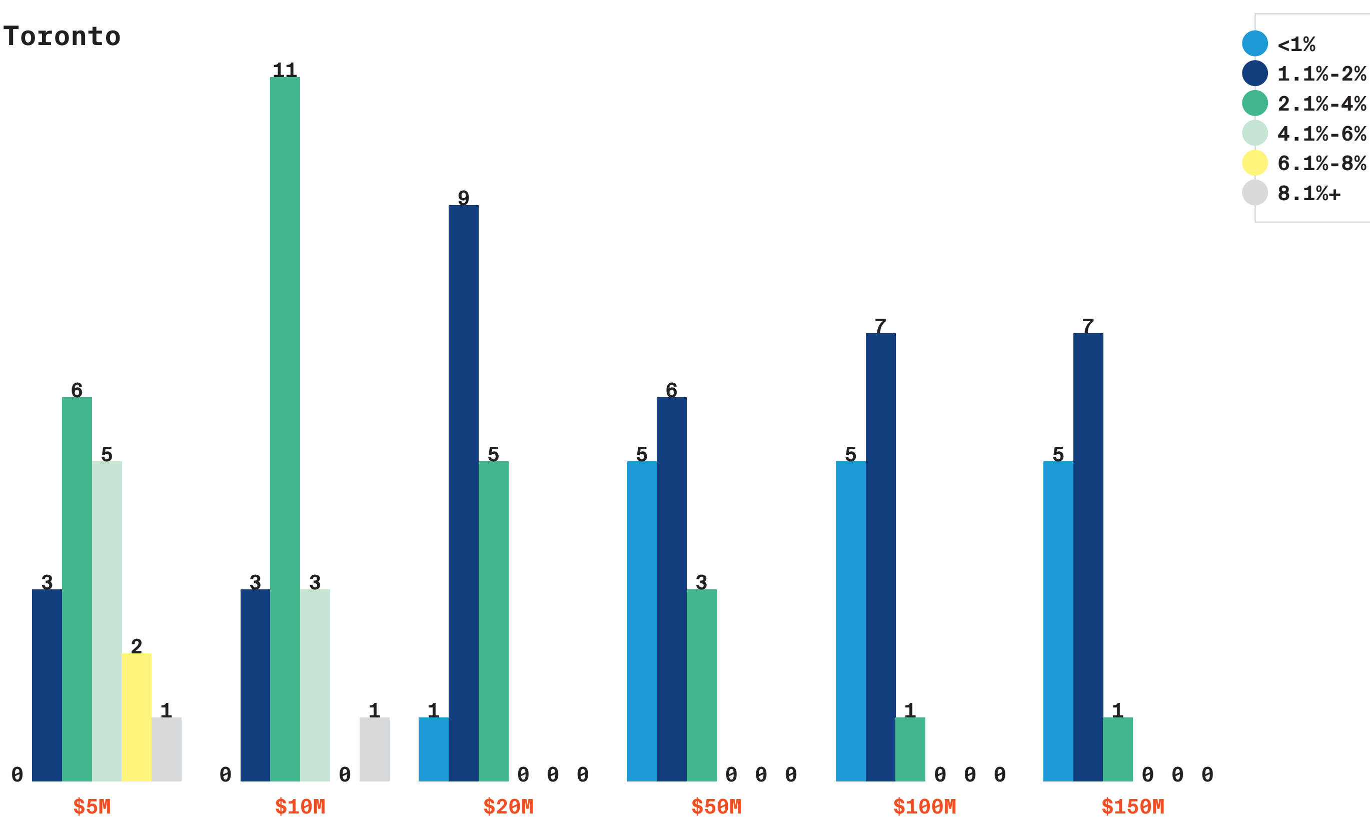


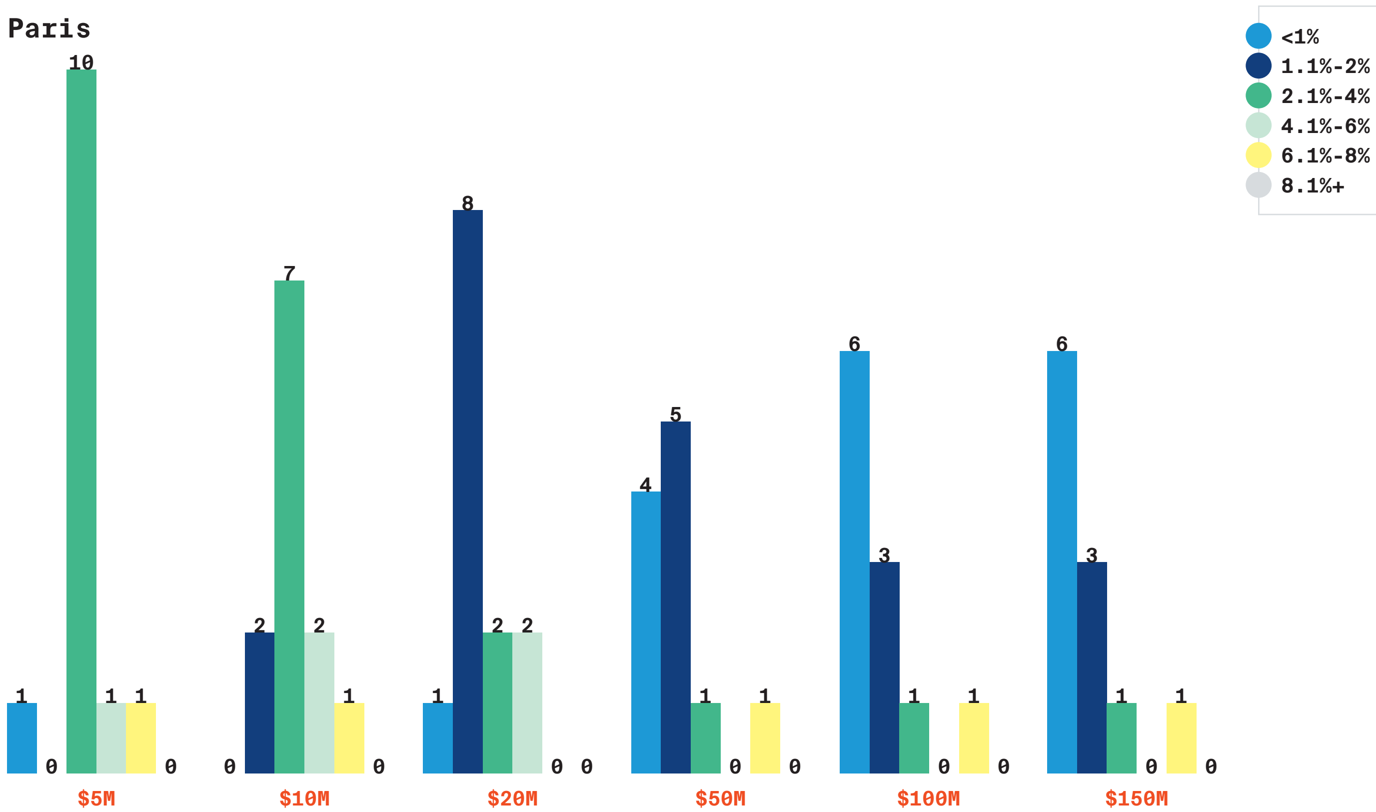

Boston
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
0 1 4 4 1 1
1 0 6 2 2 0
1 4 4 1 0 1
3 3 2 0 0 1
3 3 1 0 0 0
3 3 1 0 0 0
$5M
$10M
$20M
$50M
$100M
$150M

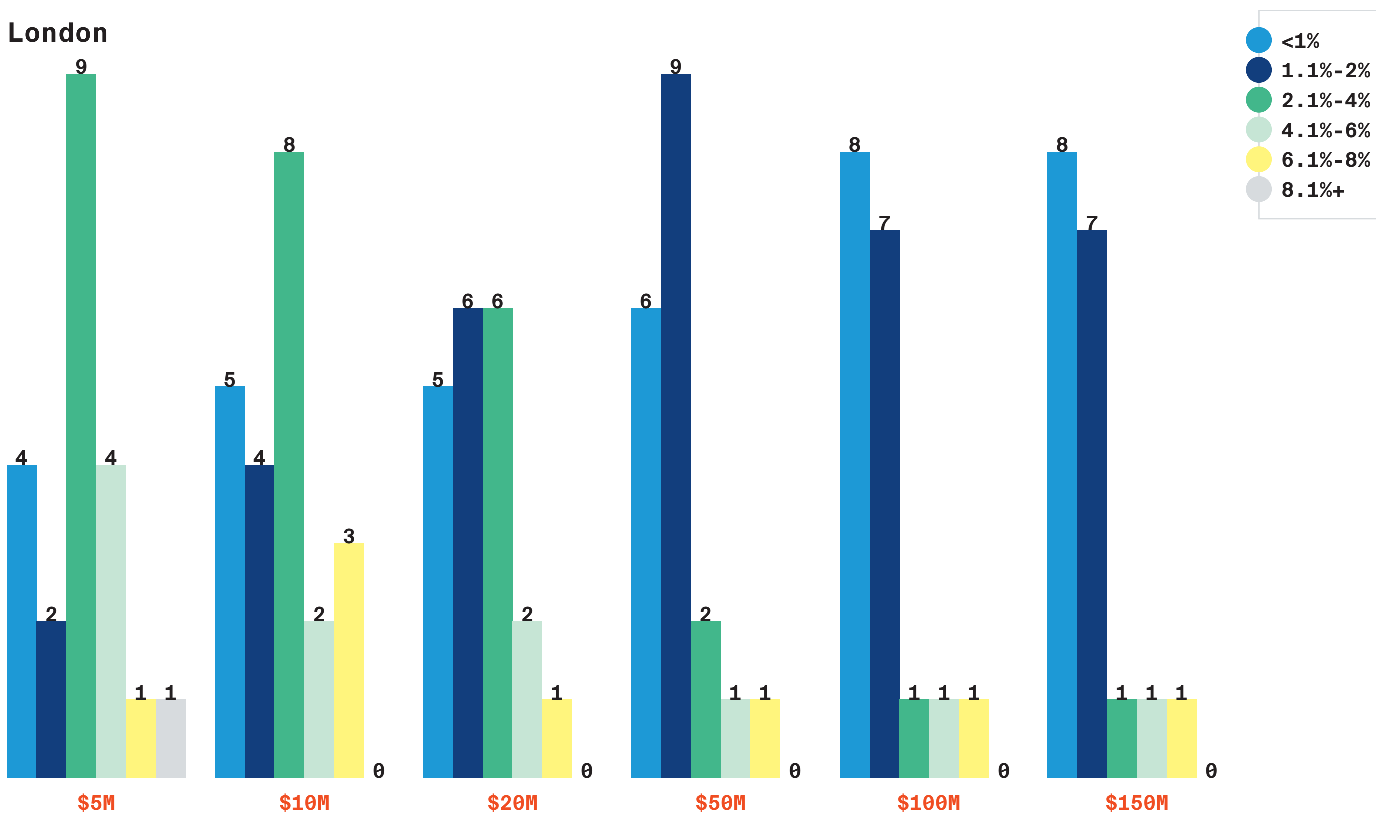

Sao Paulo
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
0 0 4 10 2 2
0 2 5 8 1 1
0 4 8 3 1 0
1 8 8 0 0 0
4 6 6 0 0 0
4 6 6 0 0 0
$5M
$10M
$20M
$50M
$100M
$150M

M&A Fees by City *continued*

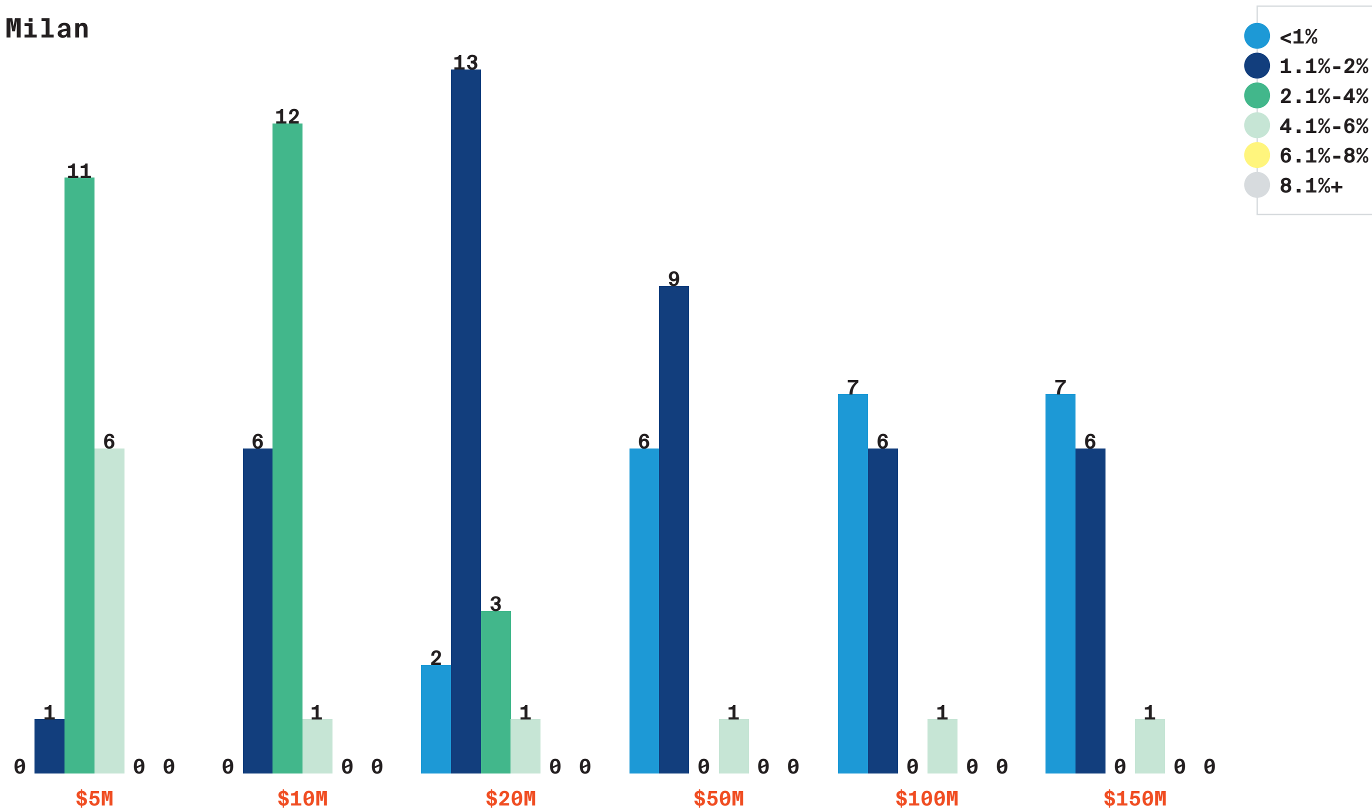





Paris
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
1 0 10 1 1 0
0 2 7 2 1 0
1 8 2 2 0 0
4 5 1 0 1 0
6 3 1 0 1 0
6 3 1 0 1 0
$5M
$10M
$20M
$50M
$100M
$150M


London
<1%
1.1%-2%
2.1%-4%
4.1%-6%
6.1%-8%
8.1%+
4 2 9 4 1 1
5 4 8 2 3 0
5 6 6 2 1 0
6 9 2 1 1 0
8 7 1 1 1 0
8 7 1 1 1 0
$5M
$10M
$20M
$50M
$100M
$150M

M&A Fees by City *continued*



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DIVESTOPEDIA is a leading resource for all topics related to Middle Market M&A. We provide educational insights and tools to help business owners and intermediaries effectively complete transactions.

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