

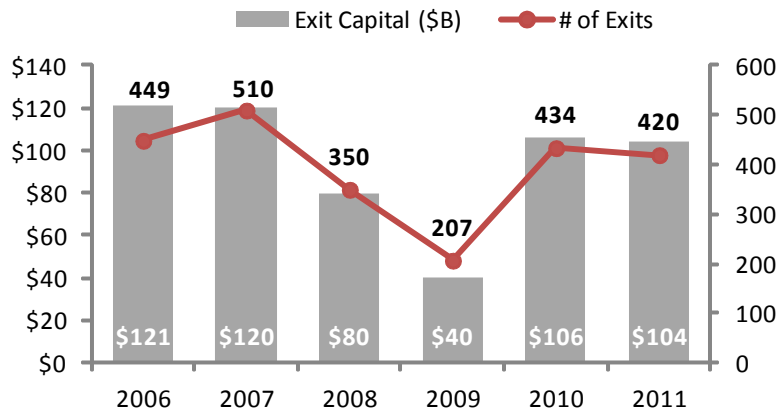


**Presentation on Private Equity Exit Considerations
April 2012**

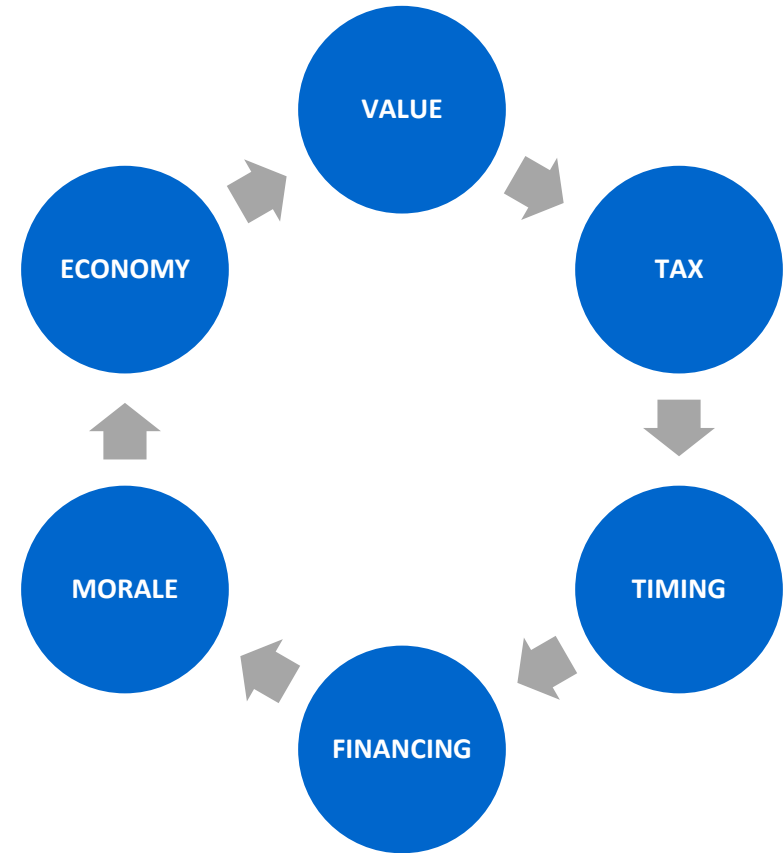
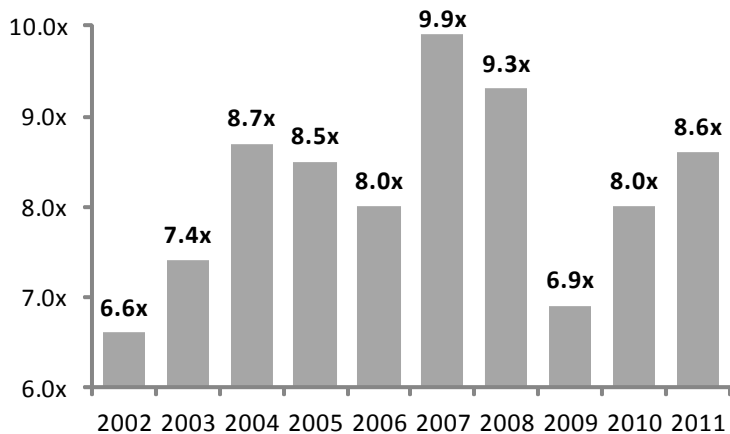
ONCAP

Exits: Key Considerations for Private Equity

Exits by Year



Median Exit EBITDA Multiple

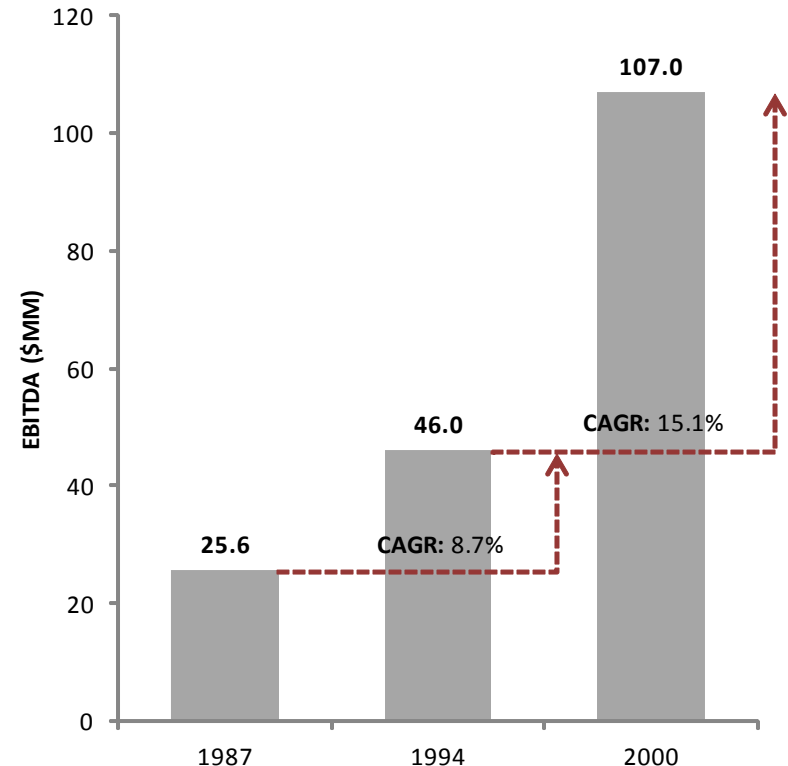


Source: Pitchbook & Grant Thornton, 2011.

Plan Your Exit

- **Know How to Get Out Before You get In**
 - Abundance of natural buyers?
 - Strategic acquiror?
 - Financial buyer?
 - IPO candidate?
 - Confidentiality issues?
 - Vendors, competitors, customers
- **Micro Analysis – Is Your Company Ready?**
 - If NO – nothing else matters
 - Execution of the investment thesis is key
 - Capex, acquisitions, asset sales, HR
 - Tangible success? ROI?
 - Opportunity cost – time / money / outlook

ONEX – Sky Chefs EBITDA (1987-2000)

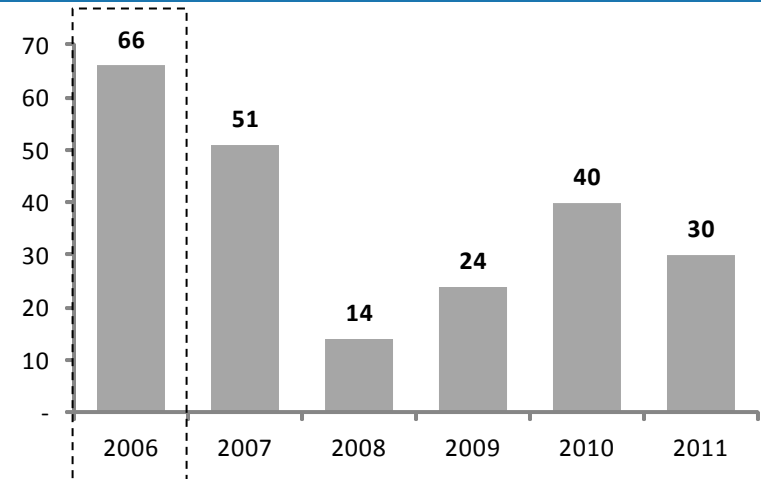


IRR:	29.7%
Multiple of Capital:	16.5x

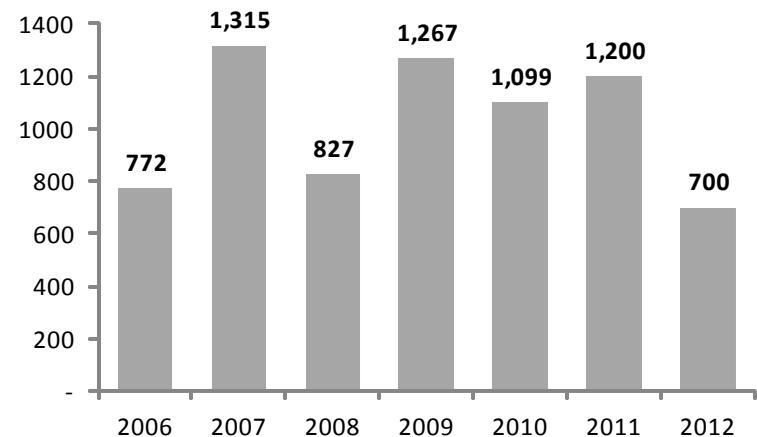
Exit Paths – IPO

- **Rarely a “mid-market” option**
 - Typical market cap: \$1 billion
- **The most “macro sensitive” option**
 - IPO market can be shut (mid-late 2008)
- **Confidentiality is lowest**
 - Profit margin disclosure
- **Hard to “exit” 100%**
 - Exit in stages over time

Number of PE-Backed IPOs



Average IPO Market Cap (\$MM)¹



¹ Source: S&P Capital IQ, average value of sponsor backed offerings of at least 5% of shares offered with gross proceeds over \$50 mm.

Exit Paths – Auction vs. Targeted Sale

Auction

- The most common mid-market exit
- Story needs broad appeal
- Consumes time and management
- Confidentiality “contained”

Case Study – ONCAP/WIS International



Date: January 2007
Calls Made: 18 Strategic / 52 Private Equity
Buyer Interest: 7 Strategic / 36 Private Equity
Preliminary Bids: 12 Private Equity
Result: 8.1x ROI / 73.7% IRR

Targeted Sale

- Effective for “natural fit”
- Often involves unsolicited approach
- Value not compromised
- Confidentiality maximized

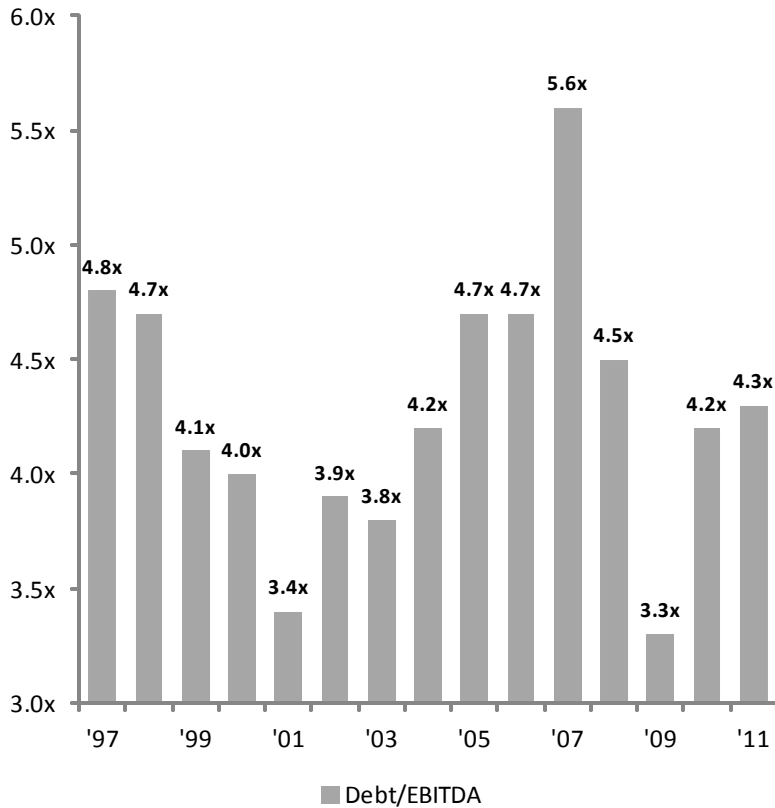
Case Study – ONCAP/CSI



Date: November 2010
Buyer: Moody’s Corp.
Rationale: Complimented global effort in regulation, risk management and education tools
Result: 5.8x ROI / 57.2% IRR

Financing Considerations

Strong Debt Multiples = Strong PE Interest...



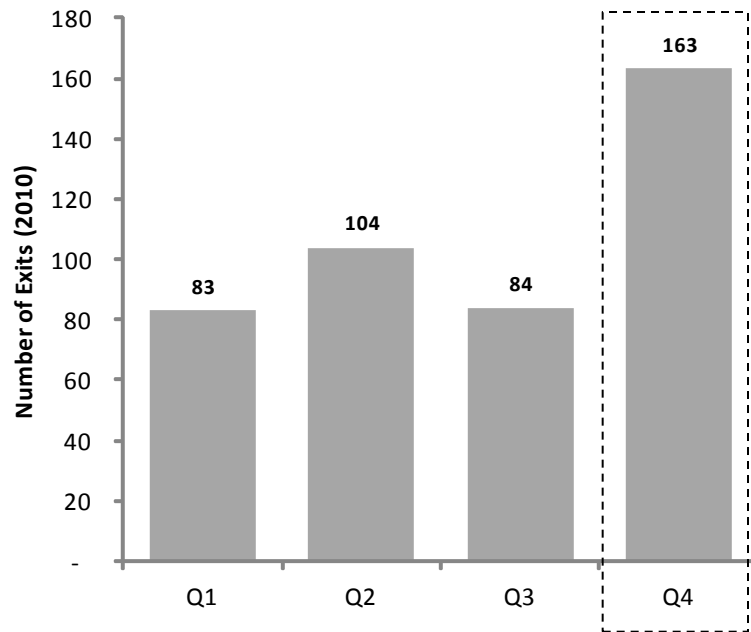
...And High Equity Contributions Will Drive Values Higher



Source: Lcdcomps.com

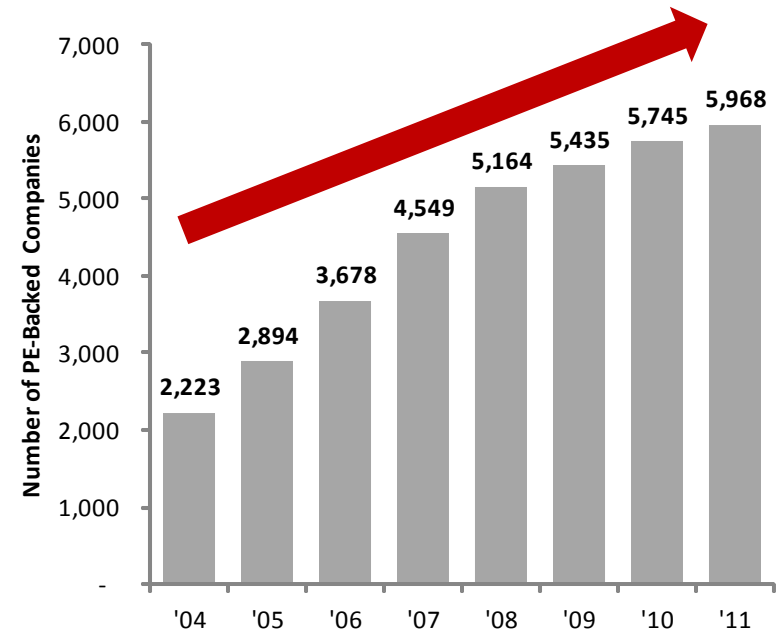
Other Exit Considerations

Tax Considerations – Number of Exits (2010)



- Tax rate fears drove activity in late 2010

Fundraising – Inventory of PE-owned Companies



- LP's like to see realizations
- 40% of PE-owned companies have been held more than 5 years