



# Value Management Inc.

***The Business Valuation Specialist***

**S U M M E R 2 0 1 6**

## *Issues & Updates*

### *In This Issue*

VMI Celebrates its 25th Anniversary .....	page 1
VMI Represents Mangar Industries in Sale to Oliver Products Company .....	page 2
Acquisitions of Private Firms Increased 10% in 2015 .....	page 2
Healthy Outlook for Healthcare ASC Acquisitions .....	page 2
Tombstones.....	page 3
Valuation Multiples in Healthcare Services .....	page 4
Hot M&A Market in the Staffing Industry .....	page 4

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## ***VMI Celebrates its 25th Anniversary***

**Value Management Inc.** recently celebrated its 25th Anniversary. Achieving this milestone would not have been possible without the support of our loyal clients, partners, friends and families. We are proud that a number of our relationships have spanned all 25 years!

Since 1991, **VMI** has provided business valuation and investment banking services to thousands of businesses, serving numerous industries and markets, ranging in size from mom and pop businesses to multi-billion dollar corporations. Our services have been performed for a variety of purposes including: transactions, litigation, Employee Stock Ownership Plans (“ESOPs”), estate and succession planning, income tax, and financial reporting.

Founded by Edward A. Wilusz, ASA, CFA, managing director, and joined by Ed’s daughters, Susan Wilusz Marano (marketing coordinator) and Kaitlin Wilusz-Long, CFA (senior financial analyst), and his brother Andrew Wilusz, ASA (director-investment banking), **VMI** is truly a family business. To a certain extent, being a

family business has shaped our company and has given us the insight to understand the unique issues and challenges facing family businesses of all sizes. As a family business, we appreciate the importance of relationships and strive to provide personalized services in every one of our 200 annual engagements. While we work with a large number of family businesses, we also work with a number of “employee families” through our ESOP transaction and valuation services segment.

This 25th Anniversary comes at an exciting time for **VMI**. Recently, we served as the investment banker or financial advisor in transactions valued at \$0.25 billion (see the tombstones on page 3). We believe **VMI**’s extensive experience with family businesses gave us the edge in representing Mangar Industries, which was owned primarily by two brothers, in its acquisition by Oliver Products Company Healthcare Packaging. **VMI** navigated the brothers through a relatively smooth and successful sale of the business, which closed this May.

Thanks so much for your support over the past 25 years; we look forward to working with you for the next 25!

**Value Management Inc.**

## *VMI Represents Mangar Industries in Sale to Oliver Products Company*

**Value Management Inc. ("VMI")** is happy to announce the sale of Mangar Industries ("Mangar"), a leading converter of pouches for medical devices, to Oliver Products Company (parent of Oliver-Tolas Healthcare Packaging and one of the operating companies of Berwind Corporation.) **VMI** served as the investment banker to Mangar and its owners (the same family that founded Mangar in 1986.) **VMI** helped Mangar's owners understand, assess, and weigh its strategic options. **VMI** negotiated the price and terms of the transaction, facilitated the due diligence process, assisted Mangar in preparing for governmental anti-trust review (Hart-Scott-Rodino Act), and coordinated the closing with all of the professionals involved in the transaction.

### About Mangar

Family-owned Mangar Industries, doing business as Mangar Medical Packaging, is a trusted partner of medical device manufacturers providing pouches, die-cut lids and mounting cards for use in sterile barrier packaging solutions. Mangar has served medical device manufacturers since 1986 from operations in New Britain, PA. More information about Mangar is available at [www.mangar.com](http://www.mangar.com).

### About Oliver-Tolas®

Oliver-Tolas® Healthcare Packaging, a wholly owned subsidiary of Oliver Products Company, is a leading supplier of sterile-grade die-cut lid, roll stock, and pouch products to the medical device and pharmaceutical markets. With roots to the 1890's, Oliver-Tolas® formulates and manufactures Xhale® and SealScience® heat-seal coatings leveraging two technology platforms. Headquartered in Grand Rapids, MI, Oliver-Tolas® has manufacturing operations in Feasterville, PA; Hamilton, OH; Venray, the Netherlands and Suzhou, China and sales offices throughout the United States, Europe and China. More information about Oliver-Tolas® is available at [www.oliver-tolas.com](http://www.oliver-tolas.com).

## *Acquisitions of Private Firms Increased 10% in 2015*

The number of announced acquisitions of privately owned companies increased from 6,438 in 2014 to 7,077 in 2015 (a 10% increase), reveals the newly released *2016 Mergerstat Review*. The purchase of privately held companies is a significant component of merger and acquisition activity, the report points out.

**Key drivers:** Private firms are being acquired for several reasons. The owner lacks an heir to take over the business and, nearing retirement, needs to sell to achieve liquidity for investment diversification and estate tax purposes. Another common reason for sale is growing pains. Increasing demand for the company's products or services puts pressure on the firm to become more sophisticated and efficient in its operations. To fulfill these demands, the owner/entrepreneur sells the business to obtain needed financial resources for expansion.

## *Healthy Outlook for Healthcare ASC Acquisitions*

The ambulatory surgery center (ASC) field will be very active this year with new transactions and partnerships, according to the "2016 ASC Valuation Survey." Almost 90% of survey respondents say they plan to purchase an ASC this year, and 22% of those say they'll acquire between six and ten ASCs.

For multispecialty ASCs, 78% of the respondents reported multiples of 7.0 to 8.0x EBITDA when purchasing a controlling interest. When purchasing a controlling interest in single-specialty ASCs, 73% said the prevailing valuation multiples were 6.0 to 7.9x EBITDA. Most respondents are willing to pay a premium for ASCs with a certificate of need (CON), with 56% reporting they would add a premium of 0.5 to 1.0 to the typical multiple.

The survey includes responses that represent more than 700 ASCs throughout the country.



*has been acquired by*



a Berwind Corporation company

**Value Management Inc.**  
served as the exclusive  
investment banker to the selling  
shareholders of Mangar



*has been sold to its*

## **Employee Stock Ownership Plan (ESOP)**

**Value Management Inc.**  
served as a special financial advisor  
to the ESOP trustee in the sale of  
Centimark Corporation's stock  
to its ESOP

**Mystic Stamp Company**  
*America's Leading Stamp Dealer*



*has been sold to its*

## **Employee Stock Ownership Plan (ESOP)**

**Value Management Inc.**  
served as the financial advisor to the  
selling shareholders



*has been sold to its*

## **Employee Stock Ownership Plan (ESOP)**

**Value Management Inc.**  
served as the financial advisor  
to the ESOP trustee in the sale of  
NetQuest's stock  
to its ESOP

## Valuation Multiples in Healthcare Services

The S&P Healthcare Services Index increased 2.6% over the last three months, performing worse than the S&P 500, which increased 4.6% over the same period, according to the December 2015 Healthcare Sector Update from Duff & Phelps. The best-performing sectors were specialty managed care (up 19.0%), assisted/independent living (up 6.2%), and home care/hospice (up 4.7%). The worst-performing sectors were acute care hospitals (down 23.4%), skilled nursing (down 16.8%), and diagnostic imaging (down 12.7%)

The current median LTM revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.5x and 12.4x, respectively. The sectors with the highest valuation multiples include: healthcare REITs (12.0x LTM revenue, 17.9x LTM EBITDA); psychiatric hospitals (0.3x LTM revenue, 20.3x

LTM EBITDA); Healthcare IT (3.6x LTM revenue, 17.7x LTM EBITDA); and emergency services (2.7x LTM revenue, 18.1x LTM EBITDA).

## Hot M&A Market in the Staffing Industry

In the first quarter of 2016, 36 different buyers completed 37 staffing industry M&A transactions, representing a 48% increase over last year, according to a new report. This marks the third consecutive quarter with over 35 announced staffing M&A transactions, a level not seen since 2007, says the report "Staffing Industry M&A Landscape – Q1 2016." The report also states that privately held staffing buyers accounted for 95% of the acquisitions in the first quarter of 2016, while public buyers completed 5%. IT staffing continues to be the most active staffing M&A sector, with 10 transactions reported in the first quarter of 2016.

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ABOUT VALUE MANAGEMENT INC. VMI is a financial consulting firm specializing in valuing and selling businesses, corporations and professional practices. Our firm is built on the performance of more than 6,500 valuations. Appraisals are rendered for estate tax planning, litigation support, and many other situations requiring independent appraisal. Our newsletter is published quarterly and does not constitute legal or financial consulting advice. It is offered as an information service to VMI's clients and friends. Those interested in specific guidance for legal and accounting matters should seek competent professional advice. Inquiries on specific transaction matters are welcomed. This publication is intended to provide accurate and authoritative information on the subject matter covered. It is distributed with the understanding that the publisher and distributors are not rendering legal, accounting or other professional services and assume no liability whatsoever in connection with its use.

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