

April 2015

WATERVIEW ADVISORS

M&A ADVISORY ♦ VALUATIONS ♦ CAPITAL SOURCING

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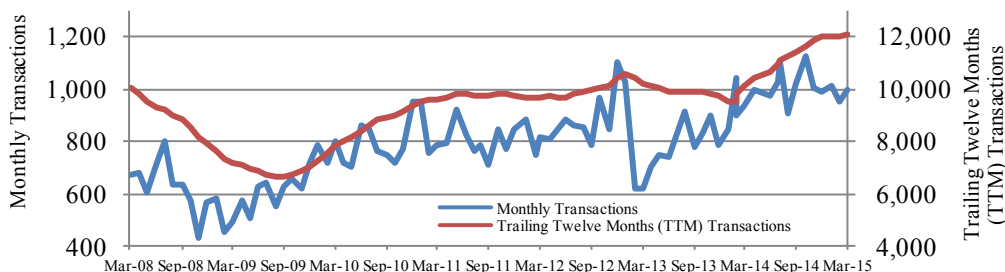
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q1 2015 - Monthly transaction volume, as evidenced by the chart below, has rebounded since the low was reached in November of 2008. Overall transaction volume (including public and private companies of all sizes) for the trailing 12 months ended March 31, 2015 increased 18.6 percent versus the same period in 2014. Transactions involving strategic buyers also increased 19.2 percent during this same period. In addition, announced aggregate deal value in 2015 increased 48.1 percent over the \$1,126.6 billion March 2014.

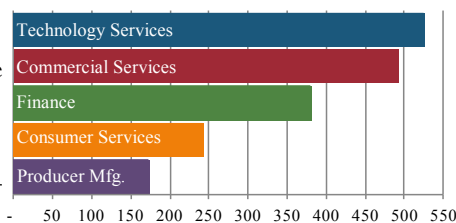
M&A Transaction Volume



Total Announced Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

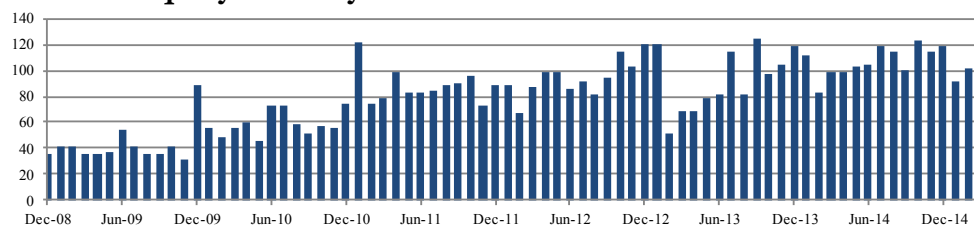
Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended March 31, 2015. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Electronic Technology, Health Technology, Industrial Services, and Process Industries.



Total Announced Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

Private Equity Activity



Total Announced Private Equity Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

Waterview Advisors is a Financial Advisory Services firm focused on Investment Banking and Valuation Services

- The Investment Banking Division serves client companies with revenue between \$5 million and \$150 million:
 - Sell Side Representation (marketing to both strategic and financial buyers)
 - Capital Sourcing (senior debt, mezzanine and equity)
- The Valuation Advisory Division provides the following services:
 - Fairness Opinions
 - Business Valuations for Gift and Estate Tax purposes
 - Valuations and Financial Analysis to Support Business and Tax Planning

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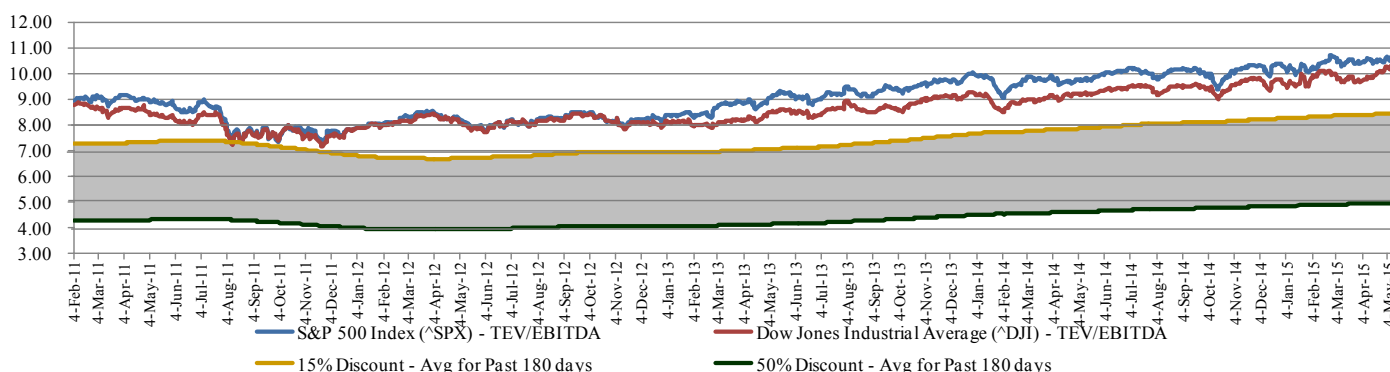
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Topics Relevant to Middle Market Mergers & Acquisitions

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Estimated Pricing Band for Lower Middle Market M&A Total Enterprise Value (TEV)/EBITDA Using Public Market Data



Average Multiples Paid - Source: GF Data®

TEV (\$ Millions)	2003 - 2010	2011	2012	2013	2014	1Q 2015
10-25	5.5	5.4	5.5	5.7	5.5	5.9
25-50	6.1	6.0	6.0	6.8	6.3	7.7
50-100	6.6	7.1	6.9	6.5	7.5	7.9
100-250	7.1	7.5	7.4	7.0	7.7	8.3
Average	6.0	6.2	6.2	6.5	6.4	6.8
N =	1,253	202	239	151	183	54

Total Enterprise Value (TEV)/EBITDA Multiples Paid by Private Equity Buyers
 Seller Type: Private
 Multiple Range: 3x - 12x
 Geography: U.S. or Canadian Buyer

Average Multiples Paid - Source: S&P Capital IQ and Waterview Advisors

TEV (\$ Millions)	2010	2011	2012	2013	2014	1Q 2015
10-25	6.3	6.9	7.4	5.8	6.0	7.2
25-50	6.8	7.0	7.1	6.7	7.2	7.6
50-100	6.9	7.9	7.2	7.2	7.9	6.7
100-250	7.8	8.2	7.4	7.9	7.8	6.9
Average	7.1	7.6	7.3	7.0	7.3	7.1
N =	91	99	106	59	67	18

Total Enterprise Value (TEV)/EBITDA Multiples Paid by Private Equity and Strategic Buyers
 Seller Type: Private
 Multiple Range: 0x - 12x
 Geography: U.S. Seller

Industry Hub: Technology Services

Technology Services has been an active sector for M&A transactions during the first three months of 2015. The table to the right shows the Top 10 Seller SIC Codes in Technology Services for the three months ending March 31, 2015.

SIC	Description	# Deals
7372	Prepackaged Software	1197
7375	Information Retrieval Services	35
7371	Computer Programming Services	193
7379	Computer Related Services, NEC	120
7374	Computer Processing and Data Preparation	117
7376	Computer Facilities Management Services	14
8742	Management Consulting Services	11
7389	Business Services, Not Elsewhere Classified	8
7373	Computer Integrated Systems Design	8
6099	Functions Related to Depository Banking, NEC	5
Grand Total		2,030

Source: FactSet Mergerstat

The table below shows the average multiple paid for Private Equity transactions involving private sellers of technology businesses.

NAICS Code:	Total Enterprise Value Range				
	10-25	25-50	50-100	100-250	Total
Average TEV (\$000s)	15.9	35.1	76.7	161.8	40.4
TEV/EBITDA	6.3x	7.6x	7.4x	7.6x	7.1x
# of Transactions	25	24	7	4	60

Source: GF Data®. Transactions from 2003 to date.