

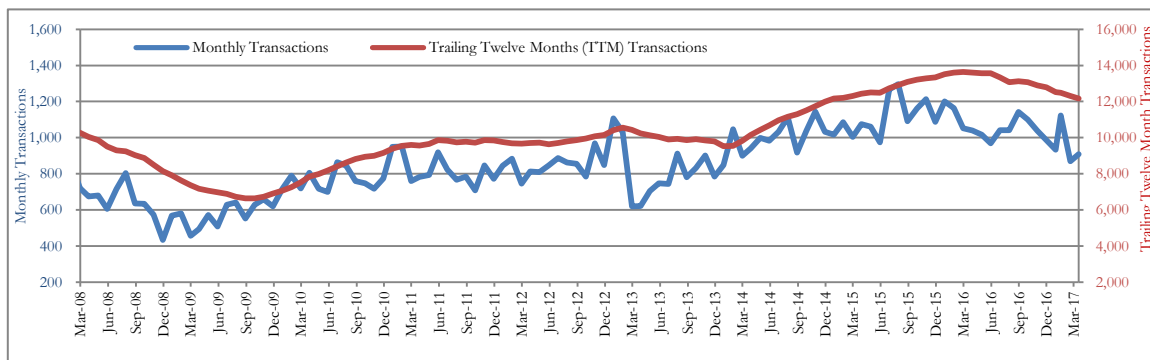
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q1 2017 - Monthly transaction volume, as evidenced by blue line in the chart below, moderated a bit during 2016 and continued its slowdown during 1Q 2017. Overall transaction volume (including public and private companies of all sizes) for the trailing twelve months ended March 31, 2017 decreased 10.7 percent when compared to the same period in 2016.

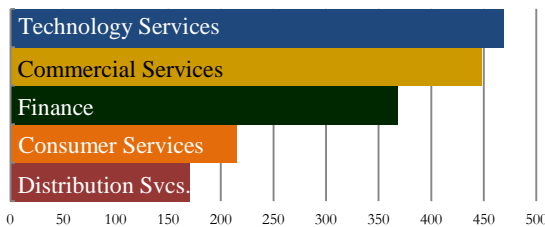
M&A Transaction Volume



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

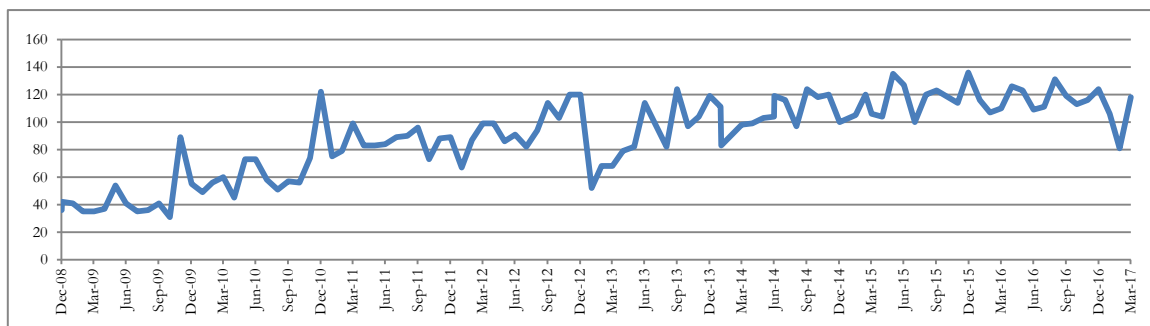
Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended March 31, 2017. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Producer Manufacturing, Health Services, Industrial Services, Health Technology, Process Industries, and Electronic Technology.



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

Private Equity Activity - Number of Transactions by Month



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

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

- Waterview Investment Banking serves client companies with revenue between \$10 million and \$200 million:
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 - Capital Sourcing (senior debt, mezzanine and equity)
 - Valuation (to support exit planning strategies)

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Topics Relevant to Middle Market Mergers & Acquisitions

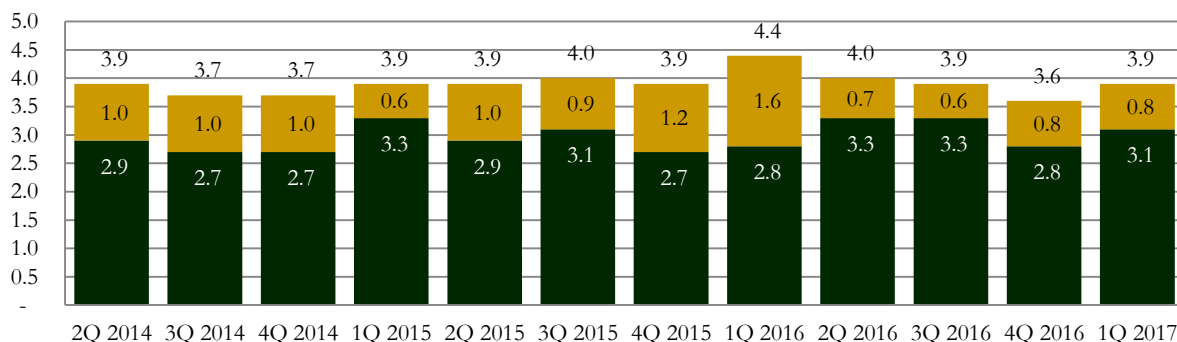
**Average Multiples Paid
TEV / EBITDA
Private Equity Sponsored
M&A Transactions**

| TEV (\$Millions) | 2003-2012 | 2013 | 2014 | 2015 | 2016 | 1Q 2017 | Std Dev | Average | N = |
|------------------|--------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| 10-25 | 5.6 | 6.0 | 5.6 | 5.8 | 6.0 | 5.8 | 1.6 | 5.7 | 1,033 |
| 25-50 | 6.2 | 6.8 | 6.6 | 6.6 | 6.4 | 6.4 | 1.6 | 6.3 | 787 |
| 50-100 | 6.8 | 6.8 | 8.4 | 7.8 | 7.3 | 6.8 | 1.7 | 7.0 | 536 |
| 100-250 | 7.3 | 7.5 | 7.8 | 9.0 | 9.0 | 8.7 | 1.9 | 7.8 | 255 |
| Average | 6.2 | 6.5 | 6.7 | 6.7 | 6.9 | 6.7 | 1.8 | 6.4 | |
| N = | 1,733 | 163 | 215 | 236 | 211 | 53 | | | 2,611 |

Source: GF Data® M&A Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

**Average Debt Multiples
Private Equity Sponsored
M&A Transactions**

■ Senior Debt
■ Subordinate Debt



Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

| TEV (\$Millions) | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 10-25 | 4.9% | 4.2% | 4.6% | 4.4% | 4.9% | 5.2% | 4.1% | 5.0% |
| 25-50 | 4.6% | 4.5% | 5.1% | 4.9% | 4.8% | 4.4% | 4.4% | 5.5% |
| 50-100 | 4.4% | 4.2% | 4.8% | 4.7% | 5.3% | 6.0% | 4.4% | 5.5% |
| 100-250 | 4.9% | 3.7% | 4.8% | 5.3% | 5.8% | 5.3% | 6.5% | 5.3% |
| Total | 4.7% | 4.3% | 4.8% | 4.7% | 5.1% | 5.4% | 4.7% | 5.3% |
| N = | 44 | 36 | 47 | 39 | 60 | 20 | 36 | 43 |

| | | | | | | | | |
|------------------|------|------|------|------|------|------|------|------|
| 90-Day LIBOR | 0.3% | 0.3% | 0.6% | 0.6% | 0.6% | 0.8% | 1.0% | 1.1% |
| Spread vs. LIBOR | 4.4% | 4.0% | 4.2% | 4.1% | 4.5% | 4.5% | 3.7% | 4.2% |

Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

**Subordinated Debt
Average Coupons & Spreads**

| TEV (\$Millions) | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 10-25 | 11.3% | 11.4% | 11.8% | 11.9% | 11.4% | 12.1% | 11.6% | 12.0% |
| 25-50 | 10.9% | 12.0% | 11.7% | 11.6% | 12.1% | 11.0% | 11.3% | 11.0% |
| 50-100 | 10.8% | 10.8% | 11.8% | 11.2% | 11.5% | 12.0% | 10.4% | 11.2% |
| 100-250 | 11.3% | 11.2% | 10.5% | 10.0% | 11.0% | 10.3% | 10.7% | 10.0% |
| Total | 11.1% | 11.5% | 11.6% | 11.4% | 11.6% | 11.8% | 11.0% | 11.2% |
| N = | 27 | 23 | 32 | 29 | 37 | 16 | 25 | 22 |

| | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 90-Day LIBOR | 0.3% | 0.3% | 0.6% | 0.6% | 0.6% | 0.8% | 1.0% | 1.1% |
| Spread vs. LIBOR | 10.8% | 11.2% | 11.0% | 10.7% | 10.9% | 10.9% | 10.0% | 10.1% |

Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

