

July 2014

WATERVIEW ADVISORS

M&A ADVISORY ♦ VALUATIONS ♦ CAPITAL SOURCING

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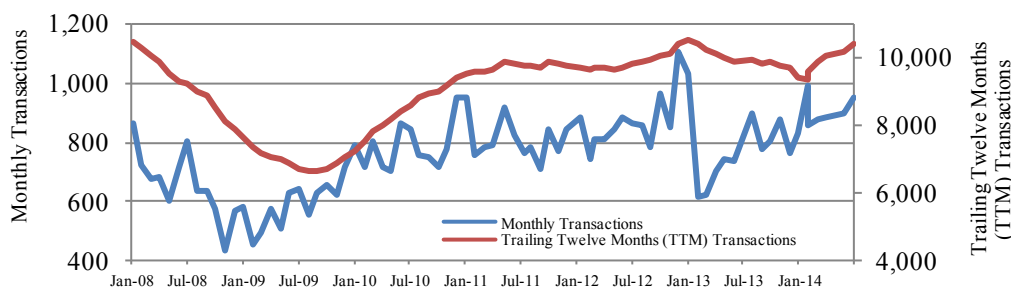
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q2 2014 - 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 June 30, 2014 increased 6.4 percent versus the same period in 2013. Transactions involving strategic buyers also increased 5.9 percent during this same period. Announced aggregate deal value increased 64.0 percent, reaching \$1.5 trillion for the twelve months ended June 30, 2014.

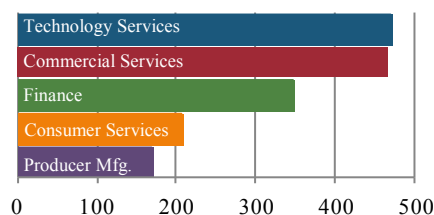
M&A Transaction Volume



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

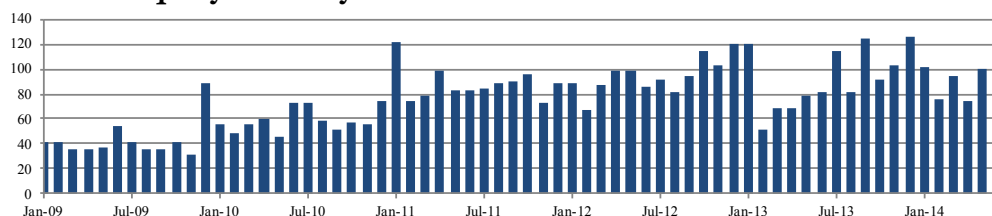
Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended June 30, 2014. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Electronic Technology, Distribution Services, Health Technology, Health Services, Industrial Services, Process Industries and Retail Trade.



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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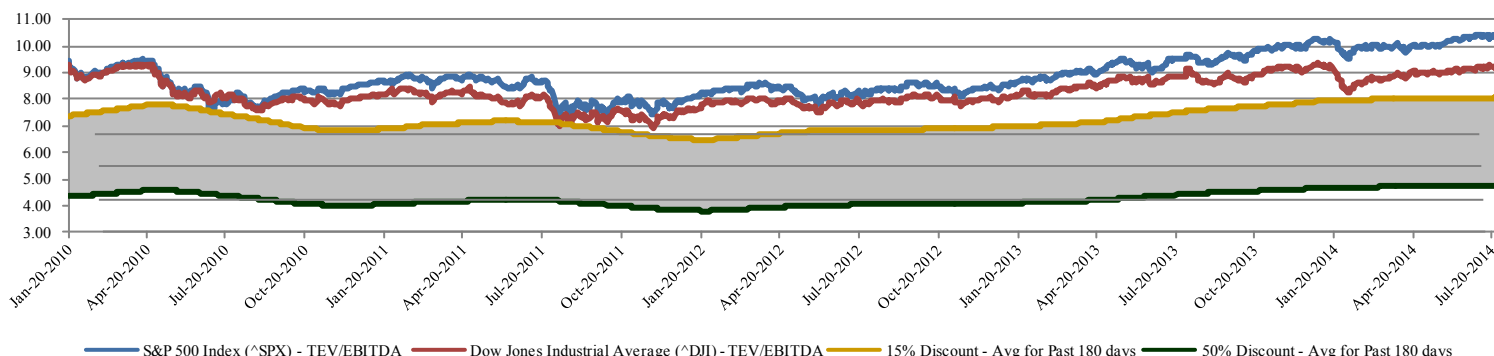
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

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)	2010	2011	2012	2013	1Q14
10-25	5.2	5.3	5.6	5.9	5.1
25-50	6.1	6.0	6.1	6.9	6.5
50-100	6.5	7.1	6.8	6.7	8.5
100-250	6.5	7.5	7.4	7.1	8.3
Average	5.9	6.2	6.2	6.5	6.4
N =	196	201	236	141	30

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	1Q14
10-25	6.3	6.9	7.4	5.6	5.9
25-50	6.8	7.0	7.1	6.9	7.5
50-100	6.8	7.9	7.2	6.1	8.1
100-250	7.8	8.1	7.4	7.8	6.5
Average	7.0	7.6	7.3	6.8	7.1
N =	91	98	106	56	17

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: Machinery Manufacturing

According to First Research, the U.S. machinery manufacturing industry includes about 20,000 companies with combined annual revenue of about \$400 billion. Major machinery categories include Agricultural, Construction, HVAC, Metalworking, Oil & Gas Field, Printing and Semiconductor. The output of US agriculture, construction, mining, oilfield, and metalworking machinery, as well as special, general, service, and miscellaneous industry machinery is forecast to grow at an annual compounded rate of 5 percent between 2014 and 2018.

The table to the right shows the average multiple paid for Private Equity transactions involving private sellers of machinery manufacturing.

NAICS Code: 333	Total Enterprise Value Range				
	10-25	25-50	50-100	100-250	Total
Average TEV (\$000s)	16.6	35.4	63.4	128.6	39.3
TEV/EBITDA	5.2x	5.4x	6.4x	6.0x	5.6x
# of Transactions	45	36	26	6	113

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