

August 2015

WATERVIEW ADVISORS

M&A ADVISORY ♦ VALUATIONS ♦ CAPITAL SOURCING

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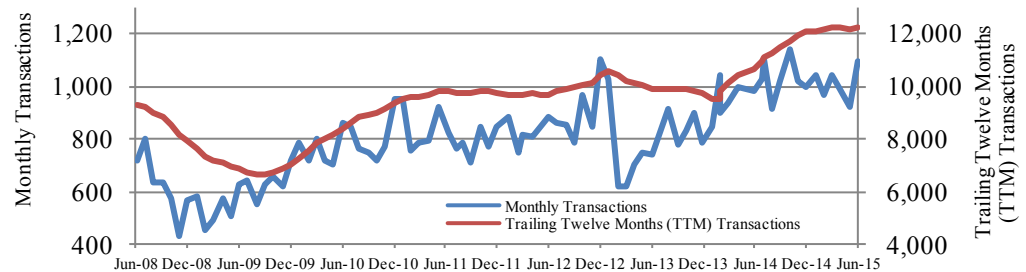
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q2 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 June 30, 2015 increased 11.4 percent versus the same period in 2014. **The transaction activity we see currently is likely to result in fiscal year 2015 being an all time record for number of transactions.**

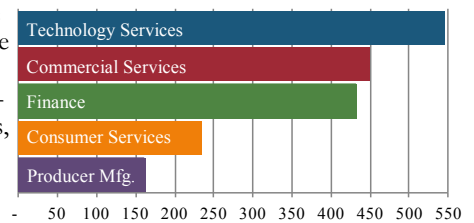
M&A Transaction Volume



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

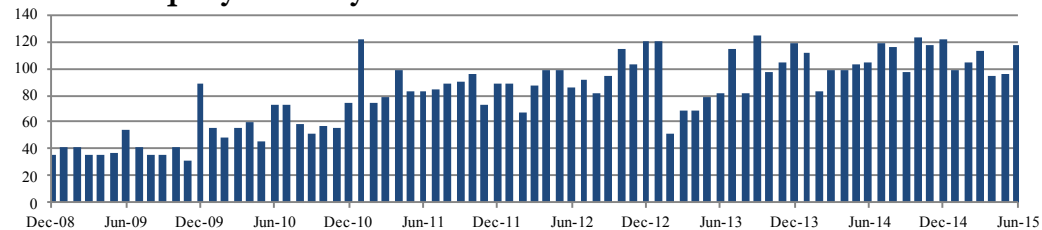
Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended June 30, 2015. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Electronic Technology, Industrial Services, Health Technology, 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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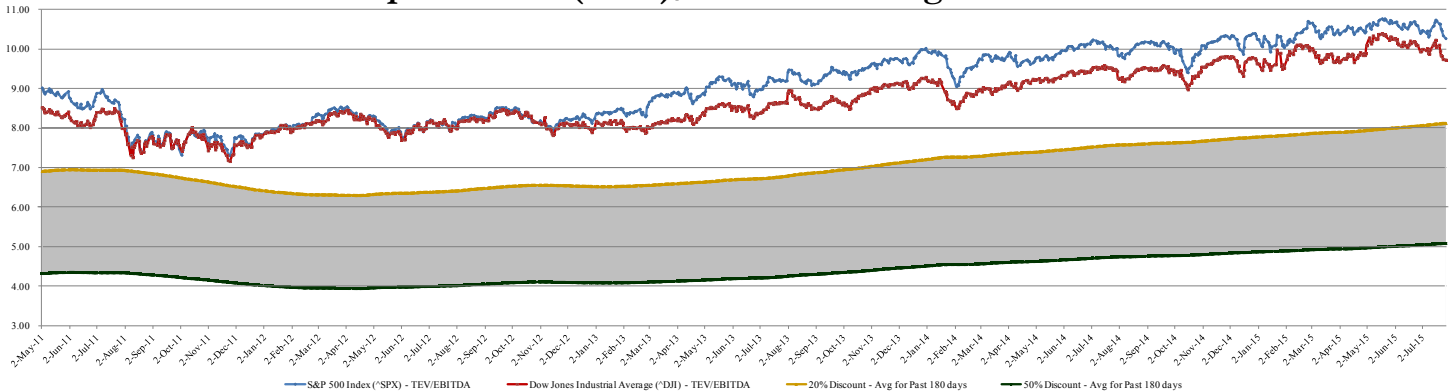
THE MARKET

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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 -					1H
	2010	2011	2012	2013	2014	2015
10-25	5.6	5.3	5.8	6.0	5.4	5.9
25-50	6.2	6.4	6.2	6.9	6.7	7.4
50-100	6.7	7.5	6.8	6.8	8.6	7.5
100-250	7.2	7.7	7.4	7.5	7.8	8.6
Average	6.1	6.4	6.3	6.5	6.8	6.8
N =	1,273	211	245	153	205	103

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)						1Q
	2010	2011	2012	2013	2014	2015
10-25	6.3	6.9	7.4	5.8	6.1	6.1
25-50	6.8	7.0	7.1	6.7	7.3	7.8
50-100	6.9	7.9	7.2	7.2	8.4	6.3
100-250	7.8	8.2	7.4	7.9	7.8	8.1
Average	7.1	7.6	7.3	7.0	7.5	7.0
N =	91	99	106	59	72	43

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: Finance

Finance has been an active sector for M&A transactions during the twelve months ending June 30, 2015. During this period, 3,779 deals have been announced with a disclosed aggregate base equity value of \$674.5 million. The table to the right shows the Top 10 Seller SIC Codes in Finance for the twelve months ending June 30, 2015.

For the three months ending June 30, announced transactions in the Finance sector increased 10.5 percent from 390 in 2014 to 431 in 2015. In addition, disclosed value more than doubled, increasing from \$48.3 billion in 2014 to \$126.7 billion in 2015. General Electric's decision to exit out of financial services has contributed to the increase in deal value. The company's announced transactions in June 2015 include GE Antares Capital announced sell to CPPIB Credit Investments Inc. for \$12 billion and Gelco Corporation's U.S., Mexico, Australia and New Zealand Fleet Business announced sell to Element Financial Corporation (TSX:EFN) for \$6.9 billion.

Top 10 Seller SIC Codes in Finance: LTM Ending June 30, 2015		
SIC	Description	# Deals
6411	Insurance Agents, Brokers and Service	313
6531	Real Estate Agents and Manager	202
6282	Investment Advice	170
6712	Offices of Bank Holding Companies	105
6799	Investors, Not Elsewhere Classified	83
6022	State Commercial Banks	75
6021	National Commercial Banks	47
6211	Security Brokers, Deals and Flotation Companies	45
6163	Loan Brokers	42
6399	Insurance Carriers, Not Elsewhere Classified	40
Top 10 Total:		1,122