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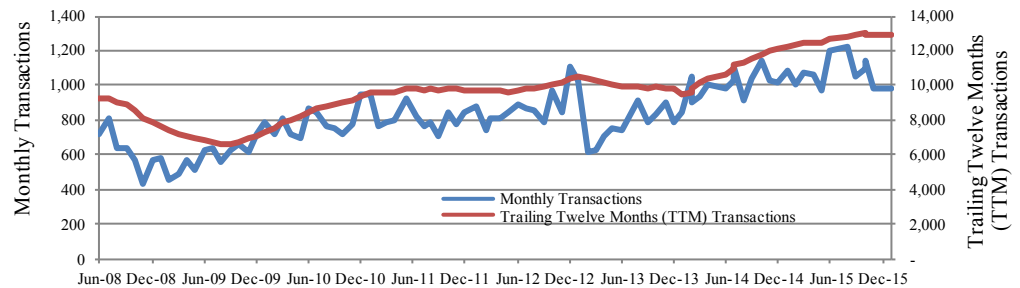
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q4 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 December 31, 2015 increased 5.7 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.**

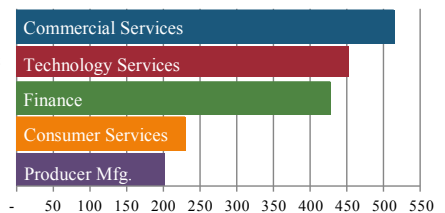
M&A Transaction Volume



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

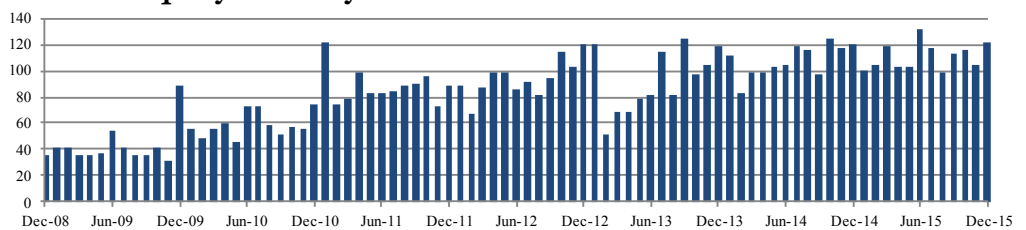
Which Sectors are Most Active?

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



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 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

January 2016

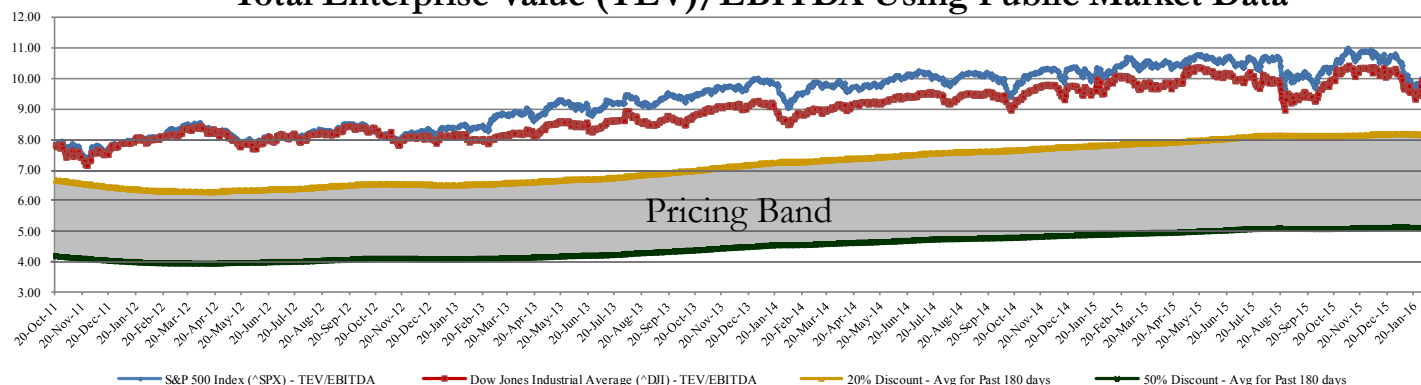
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Topics Relevant to Middle Market Mergers & Acquisitions

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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 Investment Banking

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: Process Industries

Process Industries have been an active sector for M&A transactions during the twelve months ending December 31, 2015. During this period, 524 deals have been announced with a disclosed aggregate base equity value of \$149.3 billion. The table to the right shows the Top 10 Seller SIC Codes in Process Industries for the twelve months ending December 31, 2015.

For the three months ending December 31, announced transactions in the Process Industries sector decreased 11 percent from 113 in 2014 to 101 in 2015. In addition, disclosed value increased from \$9.1 billion in 2014 to \$78.6 billion in 2015. The Dow Chemical Company's purchase of E.I. du Pont de Nemours for \$61.7 billion drove the spike in disclosed value for the period.

Praxair, Medvet, and Clayton Dubilier & Rice were the most active buyers of Process Industries businesses in 2015, each having four completed transactions.

Top Seller SIC Codes in Process Industries Twelve Months Ending December 31, 2015		
SIC	Description	# Deals
2671	Packaging Paper & Plastics Film	31
2899	Chemicals and Chemical Preparations	27
2821	Plastics Materials, Synthetic Resins, etc	24
2869	Industrial Organic Chemicals	22
2879	Pesticides and Agricultural Chemicals	22
2819	Industrial Inorganic Chemicals	17
0742	Veterinary Services	14
2048	Prepared Feed and Feed Ingredients	13
2851	Paints, Varnishes, Lacquers, Enamels, etc	12
2891	Adhesives and Sealants	11
Top 10 Total:		193