

June 2016

WATERVIEW INVESTMENT BANKING
M&A ADVISORY ♦ VALUATIONS ♦ CAPITAL SOURCING

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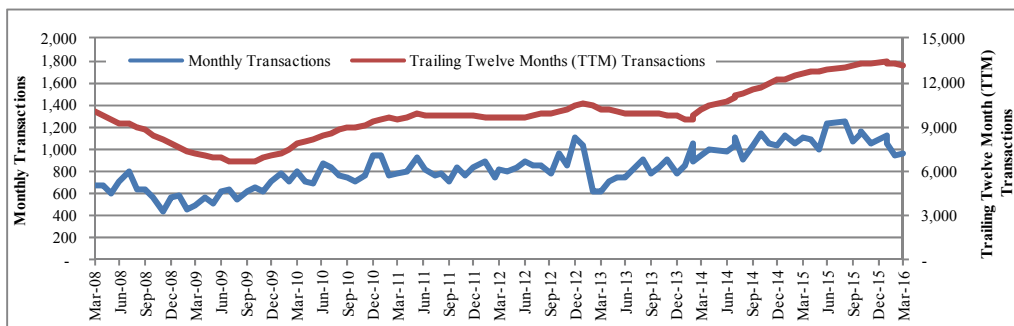
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

Q1 2016 - 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, 2016 increased 0.7 percent versus the same period in 2015.

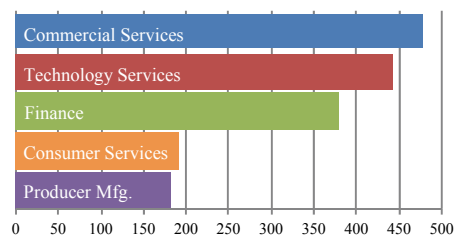
M&A Transaction Volume



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

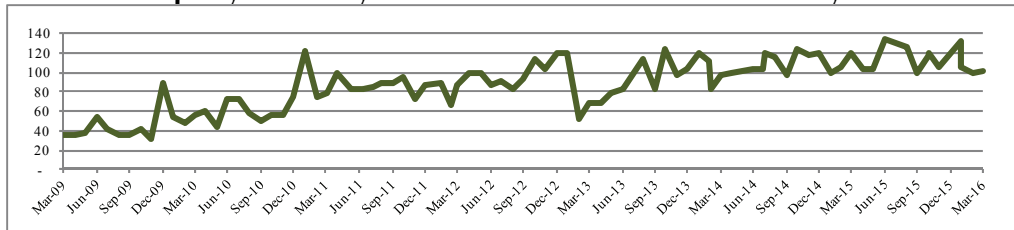
Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended March 31, 2016. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Retail Trade, Health Technology, Electronic Technology, and Industrial Services.



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

- 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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Average Multiples Paid - Private Equity Sponsored M&A Transactions

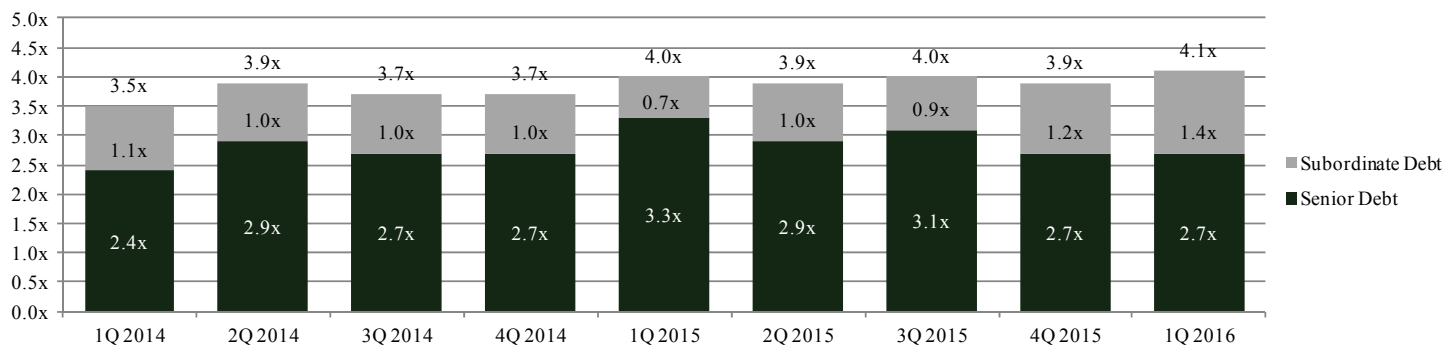
TEV (\$ Millions)	2003 -						1Q	Std	Average	N =
	2010	2011	2012	2013	2014	2015	2016	Dev		
10-25	5.6	5.3	5.8	5.9	5.4	5.9	6.5	1.5	5.6	942
25-50	6.2	6.4	6.2	6.8	6.6	6.7	6.1	1.6	6.3	719
50-100	6.7	7.5	6.7	6.8	8.6	7.8	6.9	1.6	7.0	493
100-250	7.2	7.7	7.4	7.5	7.8	9.0	7.7	1.8	7.6	219
Average	6.1	6.4	6.3	6.5	6.7	6.7	6.7	1.7	6.3	
N =	1,273	211	246	158	214	229	42			2,373

Total Enterprise Value (TEV)/EBITDA Multiples Paid by Private Equity Buyers

Seller Type: Private
Multiple Range: 3x - 12x
Geography: U.S. or Canadian Buyer

Source: GF Data® Resources

Average Debt Multiples - Private Equity Sponsored M&A Transactions



Senior Debt Pricing / EBITDA Splits by Period

TEV (\$ Millions)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
10-25	3.9%	4.8%	4.6%	3.8%	4.7%	4.9%	4.2%	4.7%	4.4%
25-50	4.8%	5.0%	5.1%	4.9%	5.0%	4.6%	4.5%	5.1%	4.9%
50-100	5.2%	4.8%	6.4%	4.6%	4.9%	4.4%	4.2%	4.8%	4.3%
100-250	5.3%	4.9%	5.4%	5.9%	5.6%	4.9%	3.7%	4.8%	5.1%
Average	4.5%	4.9%	5.1%	4.7%	4.9%	4.7%	4.3%	4.7%	4.6%
N =	27	37	36	49	48	44	36	48	33
90-Day Libor	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.6%	0.6%
Spread vs. Libor	4.2%	4.6%	4.8%	4.4%	4.6%	4.4%	4.0%	4.1%	4.0%

Subordinated Debt Average Coupons & Spreads

TEV (\$ Millions)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
10-25	12.2%	11.1%	11.7%	11.1%	11.5%	11.3%	11.4%	11.8%	11.9%
25-50	11.5%	12.0%	11.6%	11.8%	11.4%	10.9%	12.0%	11.7%	11.5%
50-100	11.4%	12.3%	11.7%	11.6%	11.2%	10.8%	10.8%	11.8%	11.2%
100-250	12.3%	12.1%	11.5%	11.8%	11.2%	11.3%	11.2%	10.5%	10.0%
Average	12.0%	11.8%	11.6%	11.6%	11.4%	11.1%	11.5%	11.6%	11.3%
N =	21	29	29	32	27	27	23	32	27
90-Day Libor	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.6%	0.6%
Spread vs. Libor	11.7%	11.6%	11.4%	11.4%	11.1%	10.8%	11.2%	11.0%	10.7%

Source: GF Data® Resources