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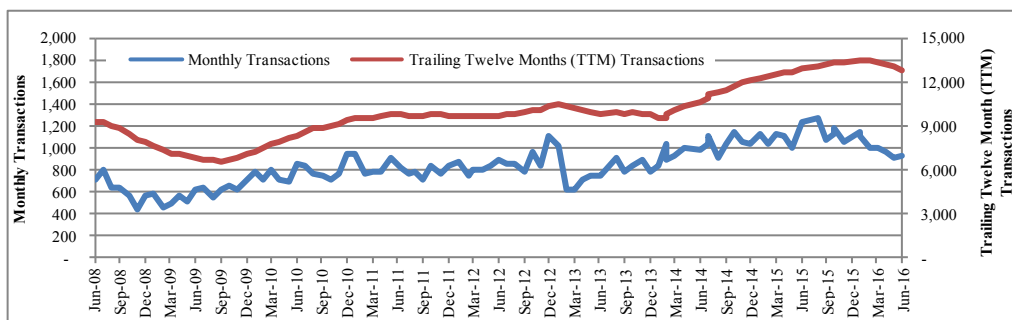
# THE MARKET

## FOR PRIVATELY HELD COMPANIES

### Topics Relevant to Middle Market Mergers & Acquisitions

**Q2 2016** - Monthly transaction volume, as evidenced by blue line in the chart below, has moderated during 2016. Overall transaction volume (including public and private companies of all sizes) for the trailing 12 months ended June 30, 2016 is relatively flat when compared to the same period in 2015.

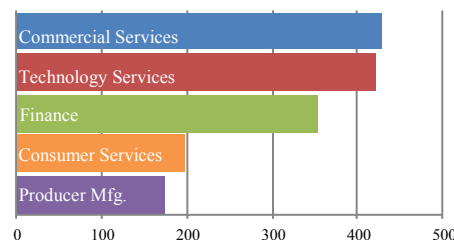
### M&A Transaction Volume



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

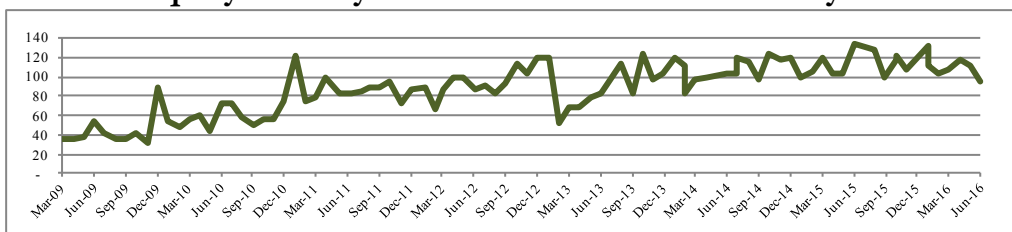
### Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended June 30, 2016. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Industrial Services, 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

- 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

August 2016

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Topics Relevant to Middle Market Mergers & Acquisitions

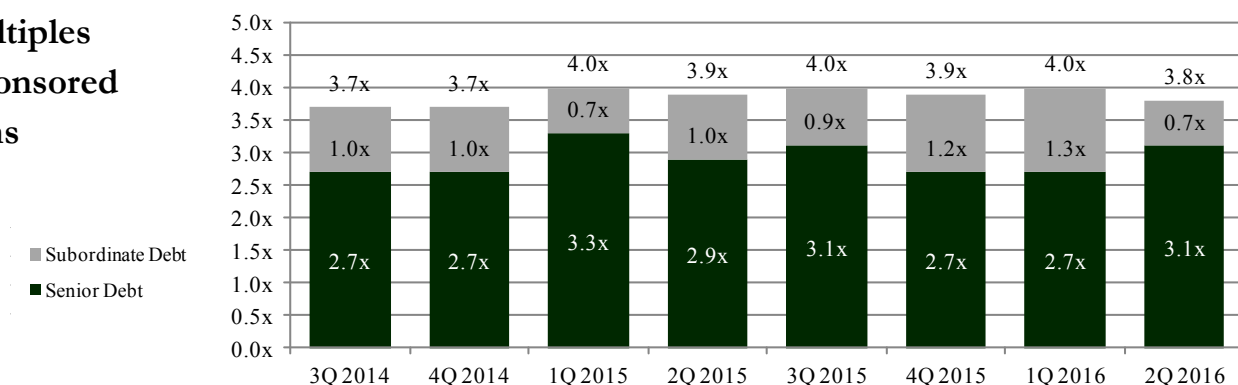
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### Average Multiples Paid TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$ Millions)	2003-					1H	Std	Average	N =
	2011	2012	2013	2014	2015	2016	Dev		
10-25	5.6	5.8	6.0	5.6	5.9	6.0	1.5	5.7	972
25-50	6.2	6.2	6.8	6.6	6.7	6.1	1.5	6.3	736
50-100	6.8	6.7	6.8	8.6	7.8	7.5	1.6	7.0	507
100-250	7.3	7.4	7.5	7.8	9.0	8.3	1.8	7.6	230
<b>Average</b>	<b>6.2</b>	<b>6.3</b>	<b>6.5</b>	<b>6.8</b>	<b>6.7</b>	<b>6.7</b>	<b>1.7</b>	<b>6.3</b>	
<b>N =</b>	<b>1,484</b>	<b>247</b>	<b>162</b>	<b>216</b>	<b>232</b>	<b>104</b>			<b>2,445</b>

Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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



### Senior Debt Pricing / EBITDA Splits by Period

TEV (\$ Mil)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
10-25	3.9%	4.8%	4.6%	3.8%	4.7%	4.9%	4.2%	4.6%	4.4%	5.0%
25-50	4.8%	5.0%	5.1%	4.9%	5.0%	4.6%	4.5%	5.1%	4.9%	4.9%
50-100	5.2%	4.8%	6.4%	4.6%	4.9%	4.4%	4.2%	4.8%	4.7%	5.5%
100-250	5.3%	4.9%	5.4%	5.9%	5.6%	4.9%	3.7%	4.8%	5.3%	5.7%
<b>Average</b>	<b>4.5%</b>	<b>4.9%</b>	<b>5.1%</b>	<b>4.7%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.3%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>5.2%</b>
<b>N =</b>	<b>27</b>	<b>37</b>	<b>36</b>	<b>49</b>	<b>48</b>	<b>44</b>	<b>36</b>	<b>47</b>	<b>37</b>	<b>51</b>
90-Day Libor	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.6%	0.6%	0.6%
Spread vs. Libor	4.2%	4.6%	4.8%	4.4%	4.6%	4.4%	4.0%	4.2%	4.1%	4.6%

### Subordinated Debt Average Coupons & Spreads

TEV (\$ Mil)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
10-25	12.2%	11.1%	11.7%	11.1%	11.5%	11.3%	11.4%	11.8%	11.9%	11.3%
25-50	11.5%	12.0%	11.6%	11.8%	11.4%	10.9%	12.0%	11.7%	11.5%	11.7%
50-100	11.4%	12.3%	11.7%	11.6%	11.2%	10.8%	10.8%	11.8%	11.2%	11.7%
100-250	12.3%	12.1%	11.5%	11.8%	11.2%	11.3%	11.2%	10.5%	10.0%	10.9%
<b>Average</b>	<b>12.0%</b>	<b>11.8%</b>	<b>11.6%</b>	<b>11.6%</b>	<b>11.4%</b>	<b>11.1%</b>	<b>11.5%</b>	<b>11.6%</b>	<b>11.4%</b>	<b>11.4%</b>
<b>N =</b>	<b>21</b>	<b>29</b>	<b>29</b>	<b>32</b>	<b>27</b>	<b>27</b>	<b>23</b>	<b>32</b>	<b>28</b>	<b>28</b>
90-Day Libor	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.6%	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%	10.7%

Source: GF Data® Resources