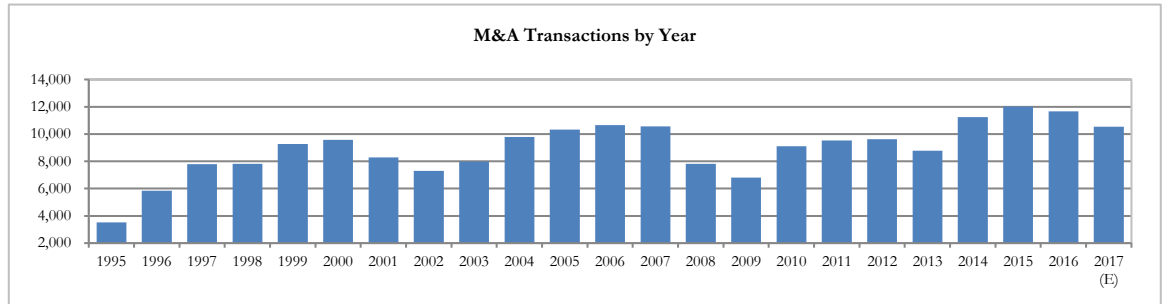


THE MARKET

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Topics Relevant to Middle Market Mergers & Acquisitions

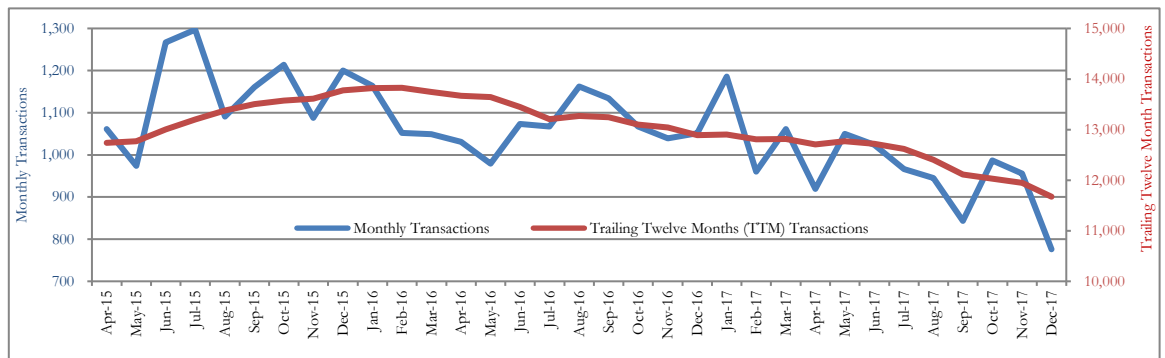
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 M&A ADVISORY ♦ VALUATIONS ♦ CAPITAL SOURCING



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

Q4 2017 - Monthly transaction volume, as evidenced by blue line in the chart below, moderated a bit during 2016 and continued to soften during 2017. Overall transaction volume (including public and private companies of all sizes) for the trailing twelve months ended December 31, 2017 decreased 9.7 percent when compared to the same period in 2016.

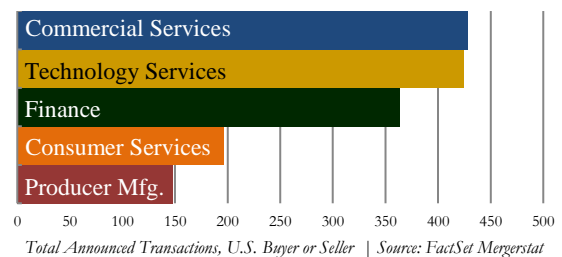
Monthly M&A Transaction Volume



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, 2017. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Industrial Services, Health Services, Retail Trade, and Process Industries.



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

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Topics Relevant to Middle Market Mergers & Acquisitions

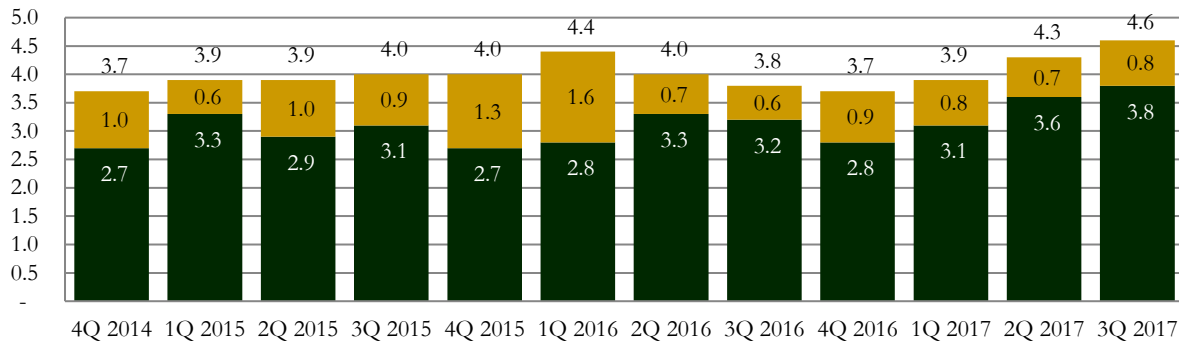
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2012	2013	2014	2015	2016	2017 YTD	Average	Std Dev	N =
10-25	5.6	5.9	5.7	5.8	5.9	6.3	5.7	1.6	1,124
25-50	6.2	6.8	6.6	6.6	6.5	6.5	6.3	1.6	812
50-100	6.8	6.8	8.4	7.8	7.3	7.9	7.1	1.7	560
100-250	7.3	7.5	7.8	9.0	9.0	8.9	7.9	2.0	272
Average	6.2	6.5	6.7	6.7	6.8	7.1	6.4	1.8	
N =	1,761	167	220	238	220	162			2,768

Source: GF Data® M&A Report, November 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Average Debt Multiples Private Equity Sponsored M&A Transactions

Subordinated Debt
Senior Debt



Source: GF Data® Leverage Report, November 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

TEV (\$Millions)	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
10-25	4.6%	4.4%	4.9%	4.8%	4.5%	4.8%	4.8%	5.8%
25-50	5.1%	4.9%	4.8%	4.4%	4.4%	5.5%	5.4%	5.3%
50-100	4.8%	4.7%	5.3%	6.0%	4.4%	5.6%	6.3%	5.6%
100-250	4.8%	5.3%	5.8%	5.3%	6.5%	5.0%	6.8%	6.4%
Total	4.8%	4.7%	5.1%	5.1%	4.8%	5.3%	5.7%	5.7%
N =	47	40	61	20	40	49	33	33

90-Day LIBOR	0.6%	0.6%	0.6%	0.8%	1.0%	1.1%	1.3%	1.3%
Spread vs. LIBOR	4.2%	4.1%	4.5%	4.3%	3.8%	4.1%	4.4%	4.4%

Source: GF Data® Leverage Report, November 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
10-25	11.9%	11.9%	11.4%	12.2%	12.2%	11.8%	13.3%	11.8%
25-50	11.7%	11.6%	12.1%	11.0%	11.3%	11.1%	11.2%	11.1%
50-100	11.8%	11.2%	11.5%	12.0%	10.4%	11.2%	11.4%	10.8%
100-250	10.5%	10.0%	11.0%	10.3%	10.7%	10.0%	11.0%	10.3%
Total	11.6%	11.4%	11.6%	11.8%	11.3%	11.3%	11.8%	11.1%
N =	33	29	37	18	29	26	20	18

90-Day LIBOR	0.6%	0.6%	0.6%	0.8%	1.0%	1.1%	1.3%	1.3%
Spread vs. LIBOR	11.0%	10.7%	10.9%	11.0%	10.3%	10.2%	10.5%	9.7%

Source: GF Data® Leverage Report, November 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer