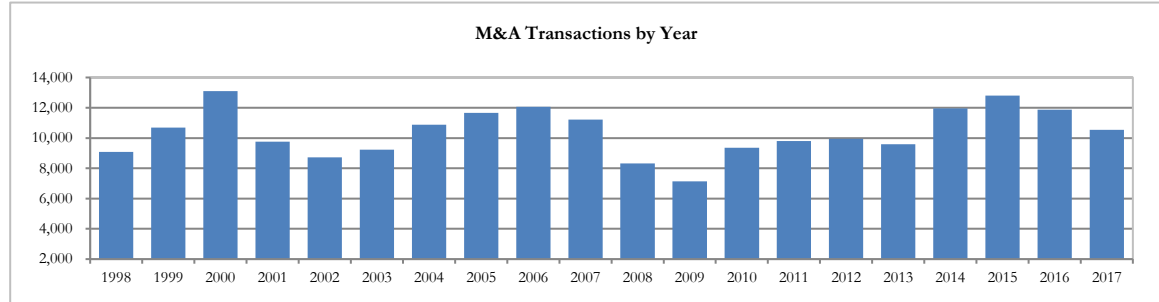


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Topics Relevant to Middle Market Mergers & Acquisitions

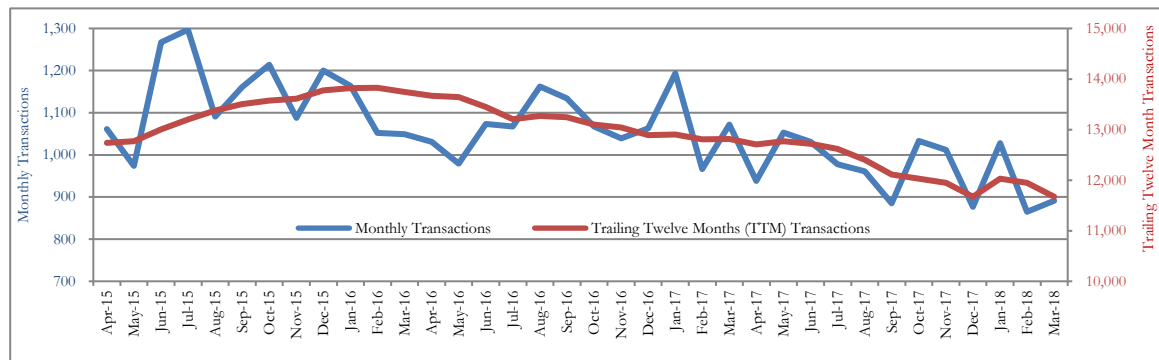
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Total Announced Transactions, U.S. Buyer or Seller | Source: Mergerstat Review 2018

Q1 2018 - 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 March 31, 2018 decreased 10.6 percent when compared to the same period in 2017.

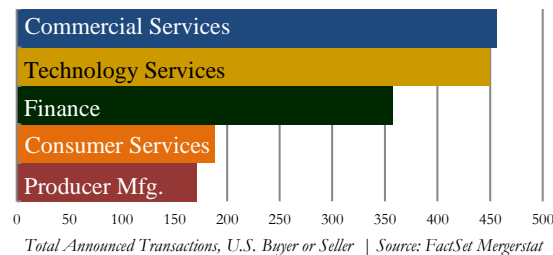
Monthly M&A Transaction Volume



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 March 31, 2018. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Health Services, Distribution Services, Industrial Services, Process Industries, and Health Technology.



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

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- Waterview Investment Banking serves client companies with revenue between \$10 million and \$200 million:
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MAY 2018

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Topics Relevant to Middle Market Mergers & Acquisitions

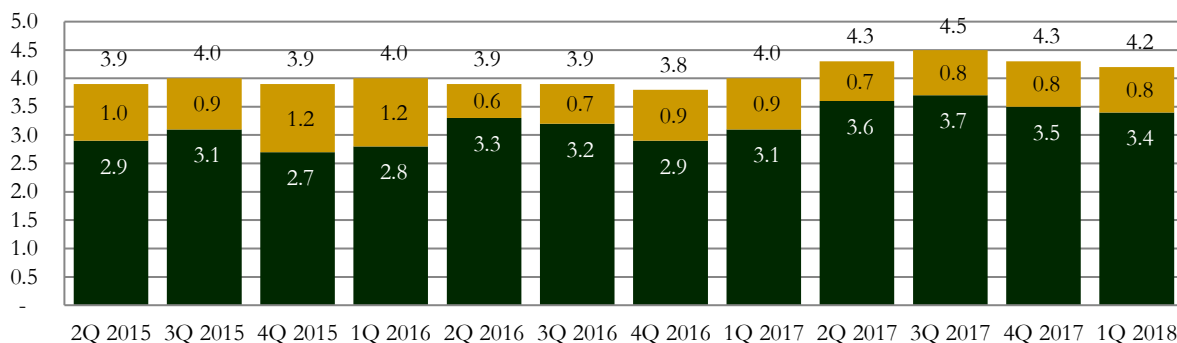
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2013	2014	2015	2016	2017	1Q 2018	Average	Std Dev	N =
10-25	5.5	5.5	5.8	5.8	6.4	5.7	5.6	1.6	1,157
25-50	6.1	6.4	6.6	6.4	6.6	6.7	6.3	1.7	843
50-100	6.7	7.5	7.8	7.3	8.3	9.2	7.0	1.8	576
100-250	7.2	7.5	9.0	8.9	9.2	8.6	7.9	2.1	288
Average	6.1	6.4	6.7	6.8	7.4	6.9	6.3	1.9	
N =	1,897	211	241	228	235	52			2,864

Source: GF Data® M&A Report, May 2018. 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, May 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

TEV (\$Millions)	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
10-25	4.9%	4.8%	4.5%	4.9%	4.8%	5.8%	5.5%	5.7%
25-50	4.7%	4.4%	4.3%	5.5%	5.4%	5.2%	5.5%	4.9%
50-100	5.3%	6.0%	4.6%	5.5%	6.3%	5.6%	6.0%	5.4%
100-250	5.8%	4.6%	6.5%	5.0%	6.8%	6.2%	5.4%	4.5%
Total	5.1%	5.0%	4.8%	5.3%	5.7%	5.7%	5.6%	5.3%
N =	63	22	43	50	33	35	42	36

90-Day LIBOR	0.6%	0.8%	1.0%	1.1%	1.3%	1.3%	1.7%	2.3%
Spread vs. LIBOR	4.5%	4.1%	3.8%	4.1%	4.4%	4.3%	3.9%	3.0%

Source: GF Data® Leverage Report, May 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
10-25	11.4%	12.2%	12.1%	11.8%	13.3%	11.8%	11.4%	11.4%
25-50	12.1%	11.0%	11.2%	11.1%	11.2%	11.1%	11.7%	10.9%
50-100	11.6%	12.0%	10.6%	11.2%	11.4%	10.8%	11.4%	10.8%
100-250	11.0%	10.4%	10.7%	NA	11.0%	10.3%	10.6%	9.6%
Total	11.6%	11.7%	11.2%	11.3%	11.8%	11.1%	11.3%	10.9%
N =	39	20	31	27	20	19	30	25

90-Day LIBOR	0.6%	0.8%	1.0%	1.1%	1.3%	1.3%	1.7%	2.3%
Spread vs. LIBOR	11.0%	10.9%	10.2%	10.2%	10.5%	9.7%	9.6%	8.6%

Source: GF Data® Leverage Report, May 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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