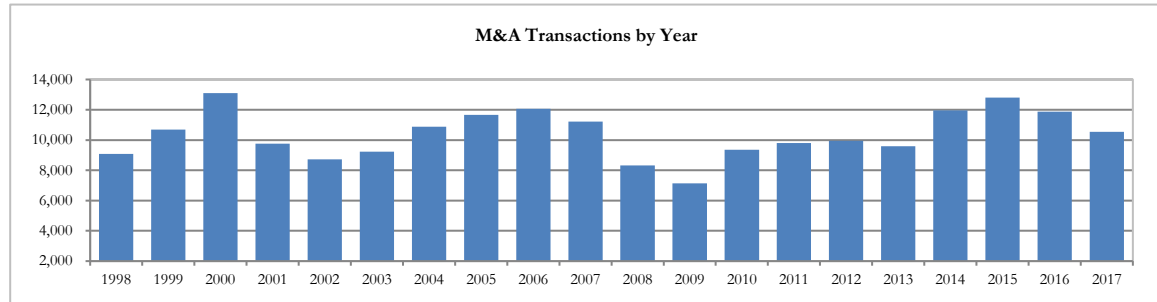


THE MARKET

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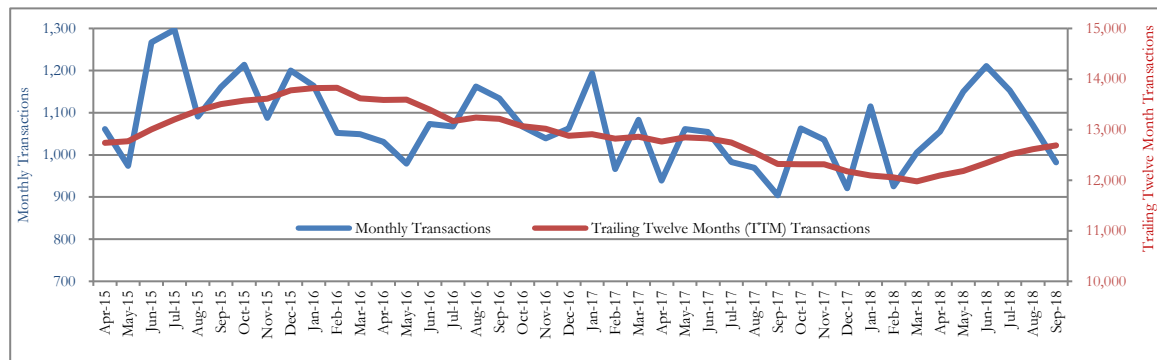
Topics Relevant to Middle Market Mergers & Acquisitions



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

Q3 2018 - Monthly transaction volume, as evidenced by the blue line in the chart below, has been slowing since 2015 and continued to soften during 2017. Overall transaction volume (including public and private companies of all sizes) for the trailing twelve months ended September 30, 2018 increased 2.5 percent when compared to the same period in 2017.

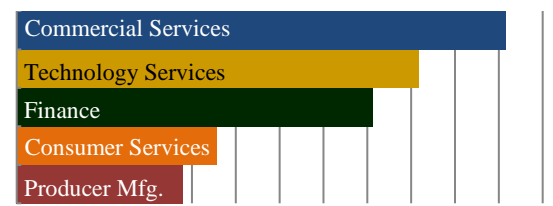
Monthly M&A Transaction Volume



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 September 30, 2018. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Industrial Services, Health Services, Distribution, Health Technology, and Process Industries.



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

Waterview is a Financial Advisory Services firm focused on Investment Banking and Valuation Services

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Q2 2018

THE MARKET

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Topics Relevant to Middle Market Mergers & Acquisitions

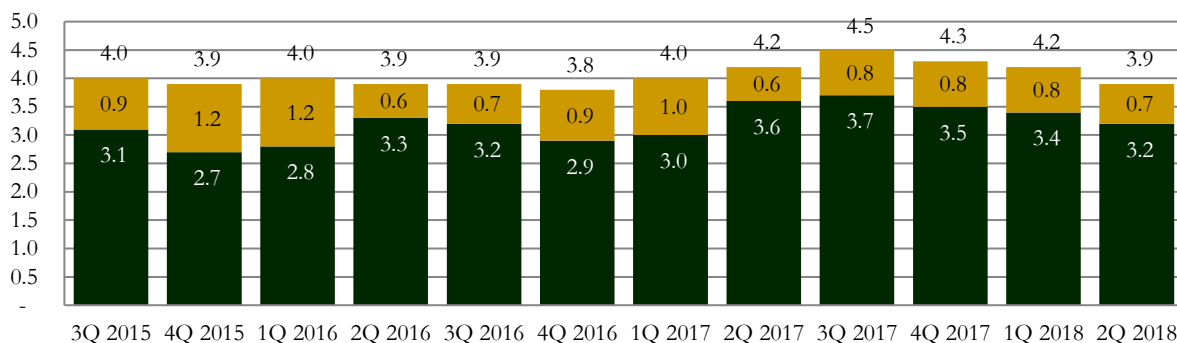
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2013	2014	2015	2016	2017	1H 2018	Average	Std Dev	N =
10-25	5.5	5.5	5.8	5.8	6.4	5.9	5.6	1.6	1,183
25-50	6.1	6.4	6.6	6.4	6.6	6.6	6.3	1.7	861
50-100	6.7	7.6	7.8	7.3	8.2	9.1	7.1	1.8	594
100-250	7.2	7.5	9.0	8.9	9.2	8.5	7.9	2.1	296
Average	6.1	6.4	6.7	6.8	7.3	7.0	6.3	1.9	
N =	1,897	213	242	228	244	110			2,934

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

Senior Debt Pricing

TEV (\$Millions)	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
10-25	4.8%	4.5%	4.9%	4.9%	5.8%	5.5%	5.9%	5.5%
25-50	4.4%	4.4%	5.5%	5.4%	5.2%	5.5%	5.0%	5.9%
50-100	6.0%	4.6%	5.5%	6.3%	5.6%	6.0%	5.1%	7.0%
100-250	4.6%	6.5%	5.0%	6.8%	6.0%	5.4%	4.5%	6.7%
Total	5.0%	4.8%	5.3%	5.7%	5.7%	5.6%	5.4%	6.1%
N =	22	42	51	35	36	42	44	32

90-Day LIBOR	0.8%	1.0%	1.1%	1.3%	1.3%	1.7%	2.3%	2.3%
Spread vs. LIBOR	4.1%	3.8%	4.1%	4.4%	4.3%	3.9%	3.1%	3.8%

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

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
10-25	12.2%	12.1%	11.8%	13.3%	11.8%	11.4%	11.4%	11.5%
25-50	11.0%	11.1%	11.1%	11.2%	11.1%	11.7%	11.1%	11.0%
50-100	12.0%	10.6%	11.2%	11.4%	10.8%	11.4%	9.5%	11.3%
100-250	10.4%	10.7%	NA	11.0%	10.2%	10.6%	9.6%	11.5%
Total	11.7%	11.2%	11.3%	11.8%	11.0%	11.3%	10.8%	11.3%
N =	20	30	27	20	20	30	28	16

90-Day LIBOR	0.8%	1.0%	1.1%	1.3%	1.3%	1.7%	2.3%	2.3%
Spread vs. LIBOR	10.9%	10.2%	10.2%	10.5%	9.7%	9.6%	8.5%	8.9

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

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