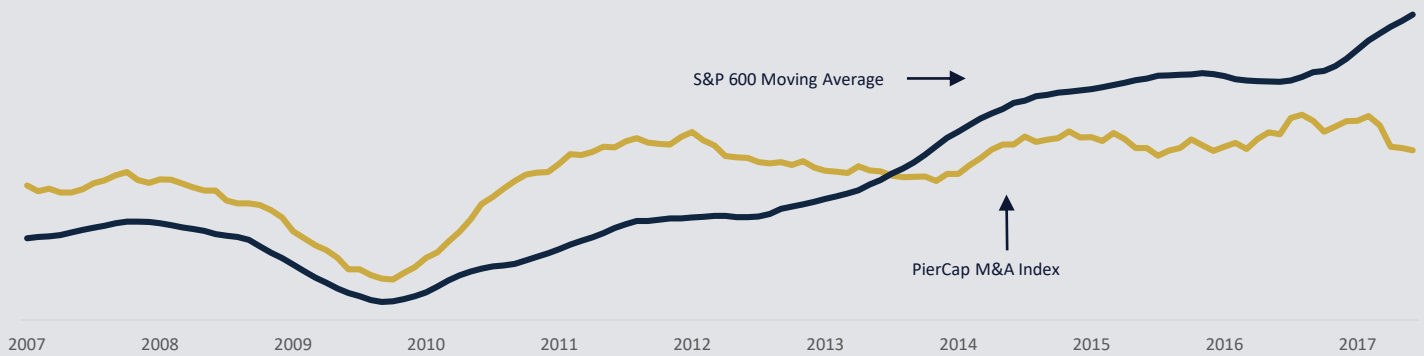


## M&A MIDDLE MARKET INSIGHTS – JUNE 2017

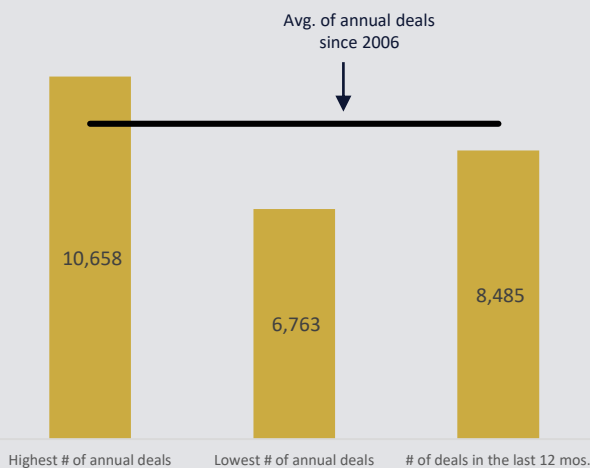
### IS PRICING FINALLY IMPACTING VOLUME?

#### ➤ PierCap's Middle Market Index

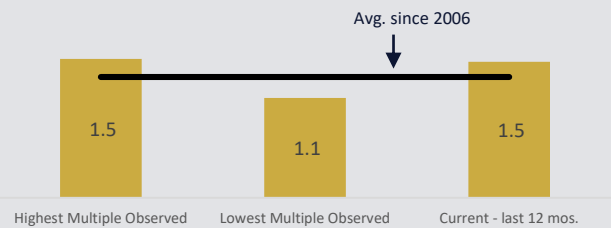


### LOWER THAN AVERAGE VOLUMES, BUT STRONG PRICING SIGNALS

#### ➤ All M&A Transaction Volumes



#### ➤ Middle Market M&A Revenue Multiples

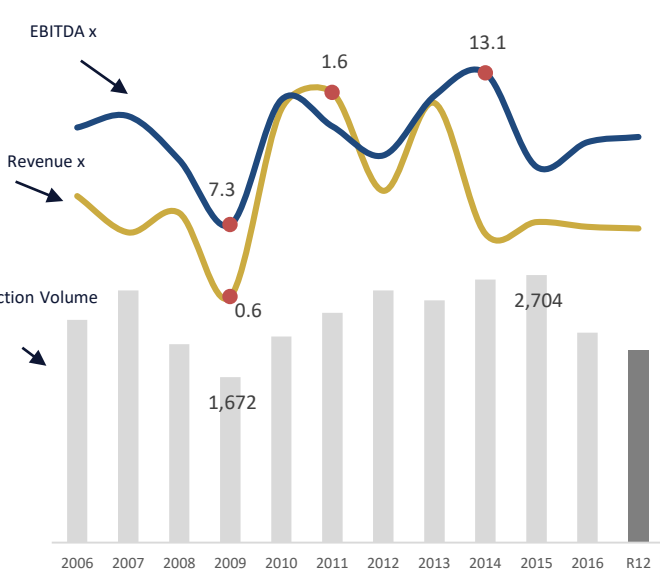


#### ➤ Middle Market M&A EBITDA Multiples

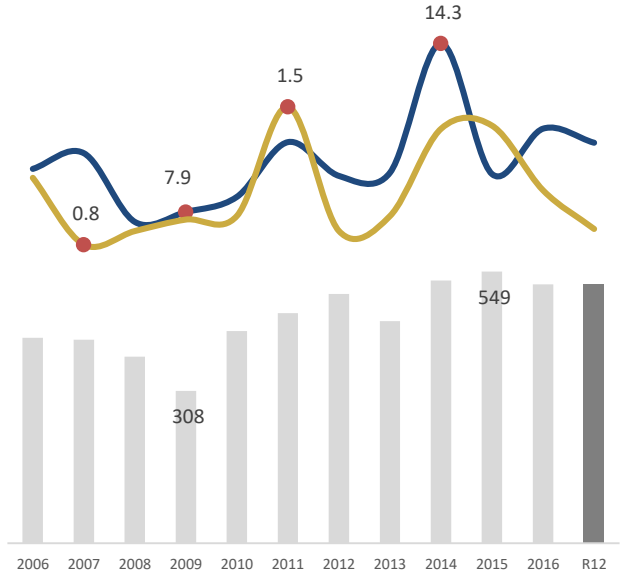


# 10-YEAR VOLUME AND PRICING TRENDS ACROSS SECTORS

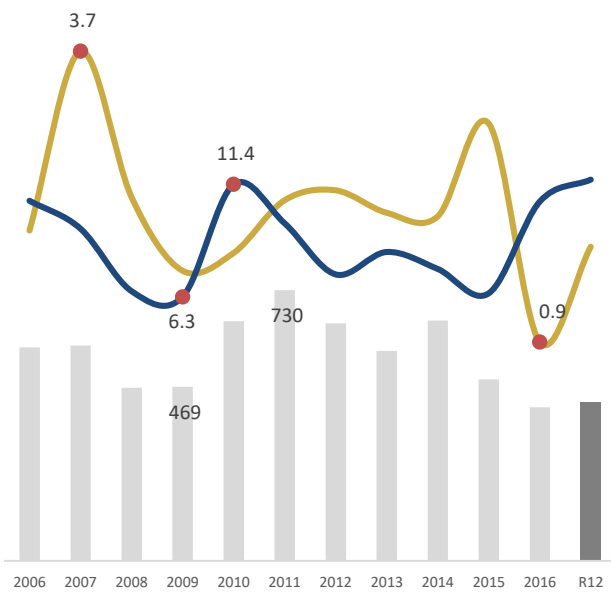
## Consumer Discretionary



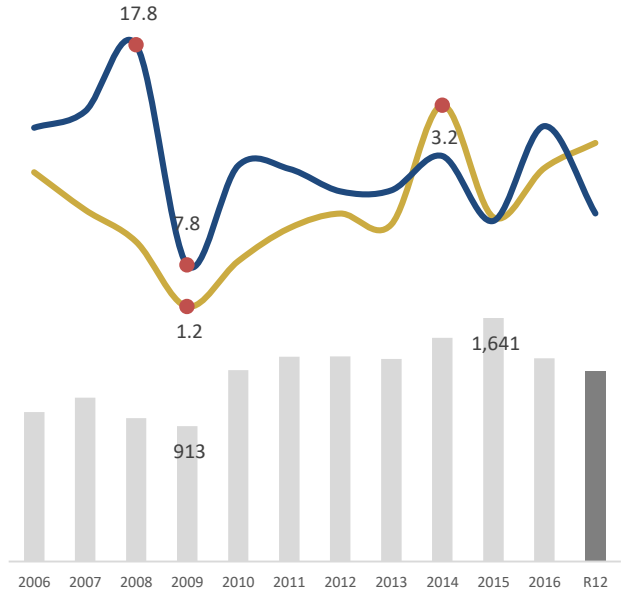
## Consumer Staples



## Energy



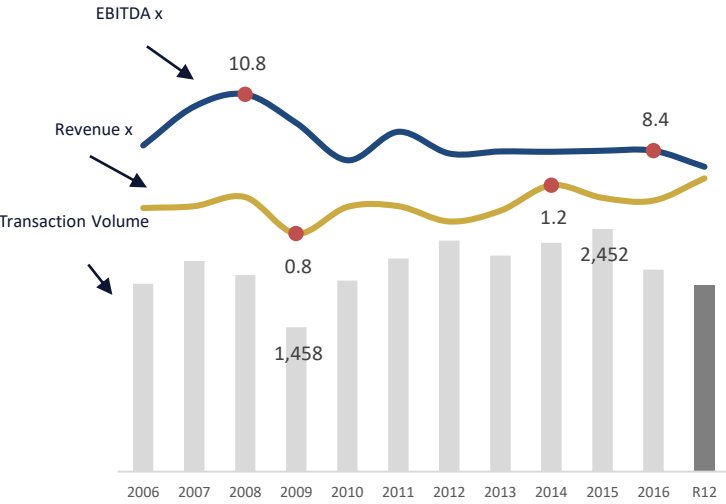
## Healthcare



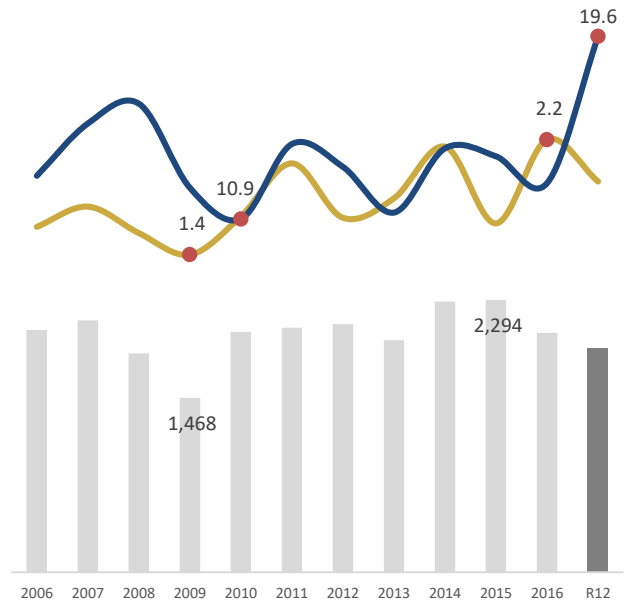
CONTINUED

# 10-YEAR VOLUME AND PRICING TREND ACROSS SECTORS

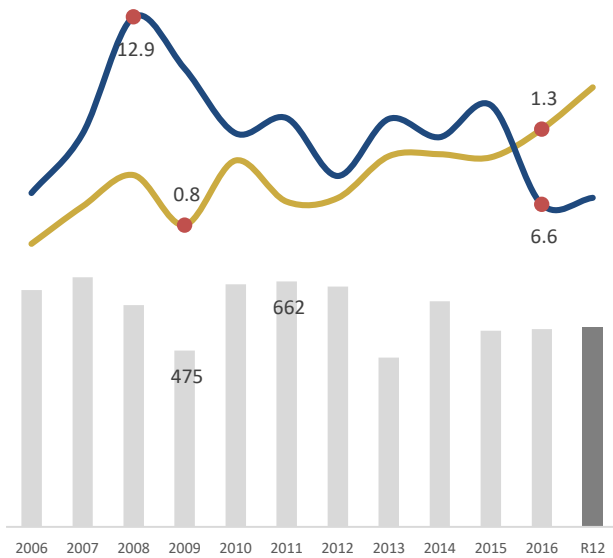
## ➤ Industrials



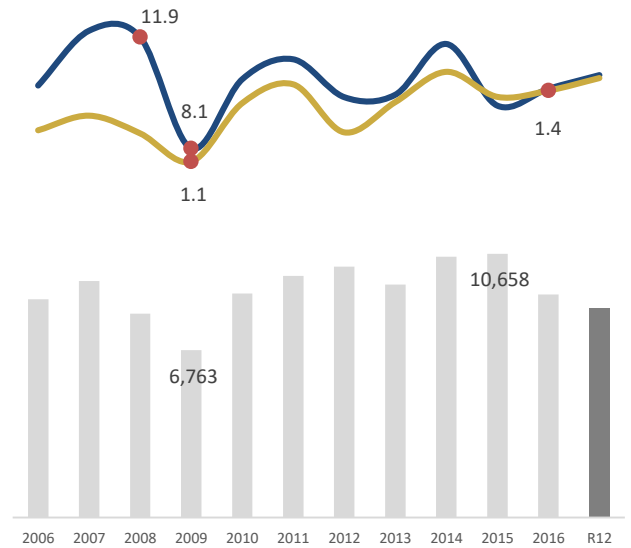
## ➤ Information Technology



## ➤ Materials



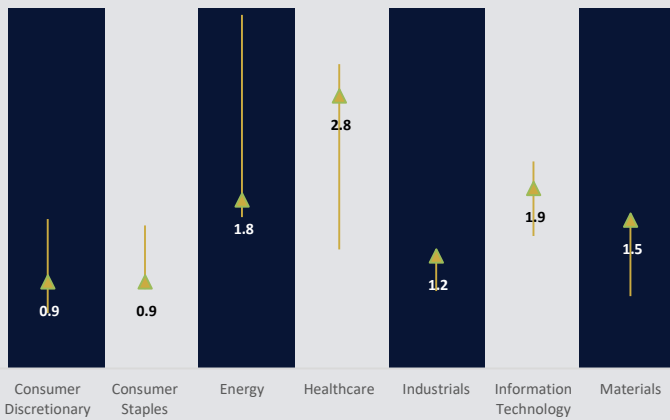
## ➤ Overall



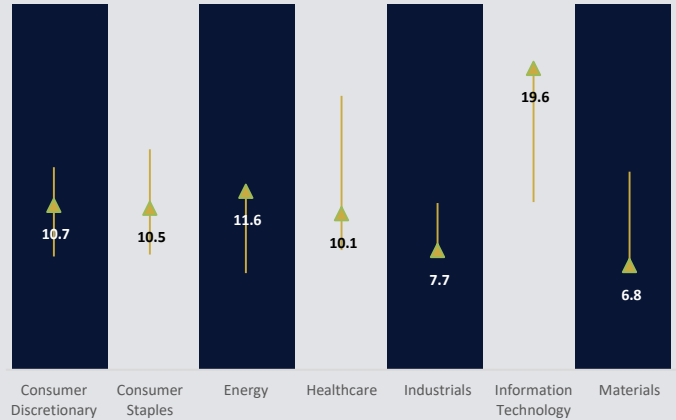
CONTINUED

## TECH SECTOR MULTIPLES EXCEPTIONALLY STRONG

### ➤ Middle Market Revenue Multiples by Sector



### ➤ Middle Market EBITDA Multiples by Sector



## NOTEWORTHY TRANSACTIONS...

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
06/28/2017	Cobalt Boats, LLC	Malibu Boats, LLC	Construction Machinery and Heavy Trucks	\$130.0	0.9x	-

Buyer, a manufacturer of recreational boats, entered into a definitive agreement to acquire Target, who manufactures a range of boats for cruising, skiing, entertainment, fishing, and other uses. Buyer has a term loan facility through borrowings under a credit facility, which will be used to fund the cash portion of the transaction along with any cash on hand, and \$1 million of the purchase price will be paid by newly issued Class A common stock and another \$2 million will be in escrow, half of which, will be set aside as an indemnity escrow amount. Target will operate as a wholly owned subsidiary upon completion of transaction.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
06/06/2017	Westcon Group, Inc.	SYNNEX Corporation (NYSE:SNX)	Technology Distributors	\$921.1	0.4x	10.3x

Buyer, a business process services company, entered into a definitive agreement to purchase Target - a technology distributor who provides security, collaboration, networking, and data center products, from Datatec. 55% of the purchase price will be paid in stock, 11% in cash and 22% in earnouts, while assuming a net debt of \$115 million which will be refinanced. The deal is subject to approval from Datatec shareholders, governmental approvals, expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, approval of the South African Reserve Bank and approvals from lenders to effect the cash election.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
06/05/2017	Crosman Corporation	Compass Diversified Holdings LLC (NYSE:CODI)	Leisure Products	\$151.5	1.3x	7.6x

Buyer, a diversified holdings company, acquired Target from a private equity group. Target designs and manufactures airguns and other related products for hunting, recreation, and competitive shooting. The consideration in the transaction is subject to purchase price adjustments. Under the terms of the transaction, Buyer will have an equity ownership of 98.9% as a result of the transaction. Each rollover stockholder has entered into a rollover agreement with the Buyer, pursuant to which, immediately prior to the closing, such rollover stockholder contributed its rollover shares to Buyer in exchange for shares of common stock of a newly formed entity which will be wholly owned by Buyer. Buyer will also pay for the debt owed by Target. Compass will deposit \$1.1 million in escrow amount which will be released at the closing of the transaction. The transaction is a platform acquisition by Buyer. The transaction was funded by Buyer through available cash on its balance sheet and a draw on its revolving credit facility.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
06/02/2017	United Welding Services Inc.	CURT Manufacturing, LLC	Auto Parts and Equipment	\$21.5	0.6x	-
<p>Buyer, who manufactures hitches and a complete line of towing products, entered into an agreement to acquire Target from Thule, Inc. Target manufactures truck accessories. The purchase price consists of two components, an initial amount of \$18 million and an earn out of a maximum additional amount of \$3.5 million based on the net sales for the calendar year 2018. Target's business includes 166 employees and the production facility in Perry, Florida. The divestment is conditional upon a limited confirmatory due diligence performed by the buyer as well as customary terms and conditions for completion.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
06/02/2017	AMTROL Inc.	Worthington Steel Of Michigan, Inc.	Industrial Machinery	\$283.0	1.1x	7.3x
<p>Buyer, an industrials metal manufacturer, signed a definitive agreement to acquire Target, a manufacturer of well tanks and water system solutions. The purchase price of \$283 million will be funded by available cash of and lines of credit. Consideration is subject to adjustment based on closing working capital, closing cash and transaction expenses. Transaction is subjected to shareholder approval, director approval and regulatory approval. At the Closing, Buyer shall deposit a portion of the estimated merger consideration with an escrow agent.</p>						

Notes: Middle Market defined as all M&A activity between \$10 million - \$1billion in transaction value. EBITDA and Revenue multiples are based on median observations and calculated for disclosed transactions only. Our data includes majority sales and excludes Financials, Telecommunication Services and Utilities sectors. Starting September 2016, trailing 12 month data also includes transactions that have been announced but not yet closed. Data Source: PierCap Partners, S&P, CapitalIQ.

Disclosure: The M&A Middle Market Insights publication is intended for private use of the recipient, for informational purpose only, and to provide an overview of certain information relating to the Middle Market Mergers & Acquisition market. This is general information only and is not a substitute for any professional advice or services, nor should it be used as a basis for any decision or action that may affect your business, or construed as containing advice or recommendation. The information provided herein is based on data obtained from certain sources we consider accurate and reliable, but we do not represent as to its accuracy or completeness. Information and our opinions are as of date provided herein without any obligation to update the information. No part of this information may be copied, photocopied, or duplicated in any form by any means or redistributed without PierCap Partners, LLC's express written consent. Investment banking services offered through Independent Investment Bankers Corp., a registered broker-dealer, Member FINRA / SIPC. PierCap Partners, LLC and Independent Investment Bankers Corp. are not affiliated entities.



**Not sure how the market impacts your current situation?** Received an unsolicited offer?  
Connect with us for custom insights, assessments, and suitable options.

#### MIDDLE MARKET M&A INVESTMENT BANKING

Ashish Jariwala - 646.701.2359 | ashish@piercappartners.com  
Zaheer Dhruv - 858.342.7517 | zaheer@piercappartners.com  
[piercappartners.com](http://piercappartners.com)

**Acquire or sell your business... for the best possible combination of price, terms and strategic fit.**

PierCap Partners, LLC | 4320 La Jolla Village Drive, Suite 300, San Diego, 92122