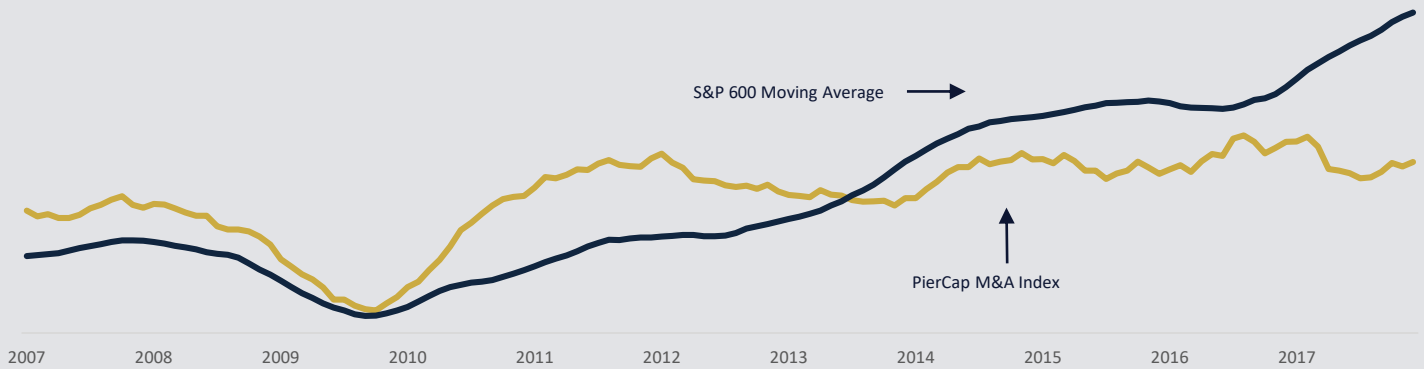


M&A MIDDLE MARKET INSIGHTS – DECEMBER 2017

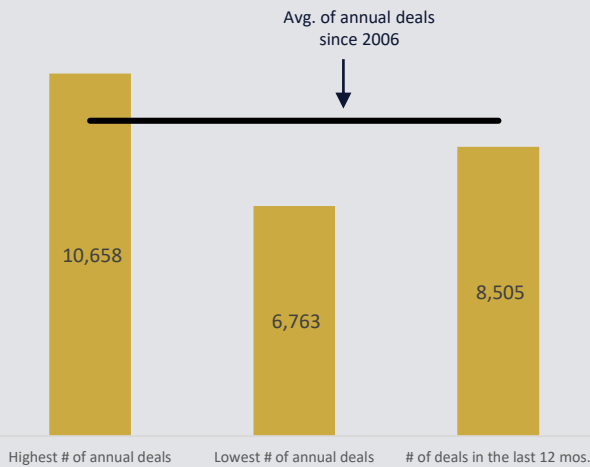
2017 – A RESILIENT YEAR, BUOYED BY VALUATIONS

➤ PierCap's Middle Market Index

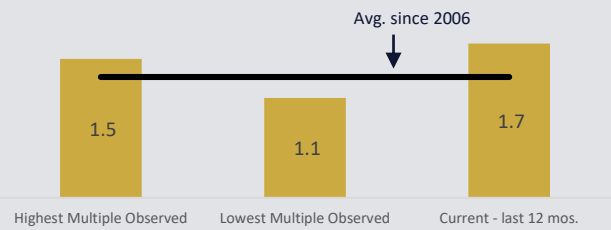


RECORD REVENUE MULTIPLES DRIVEN BY THIRST FOR CUSTOMER GROWTH

➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

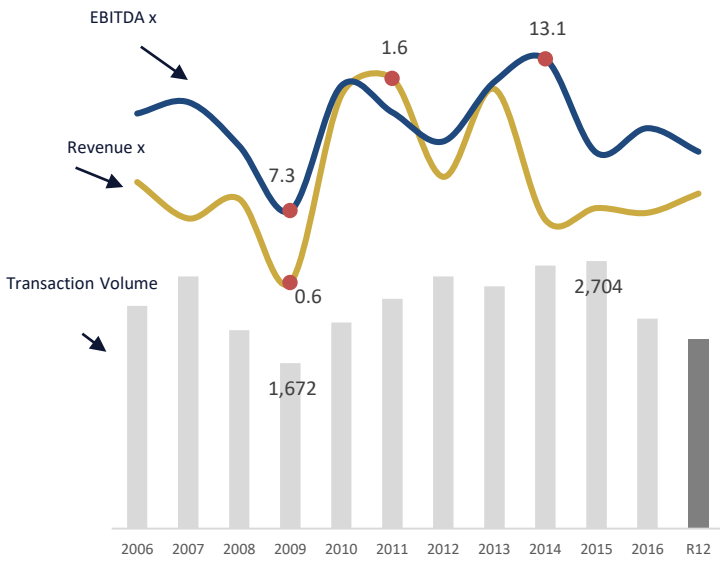


➤ Middle Market M&A EBITDA Multiples

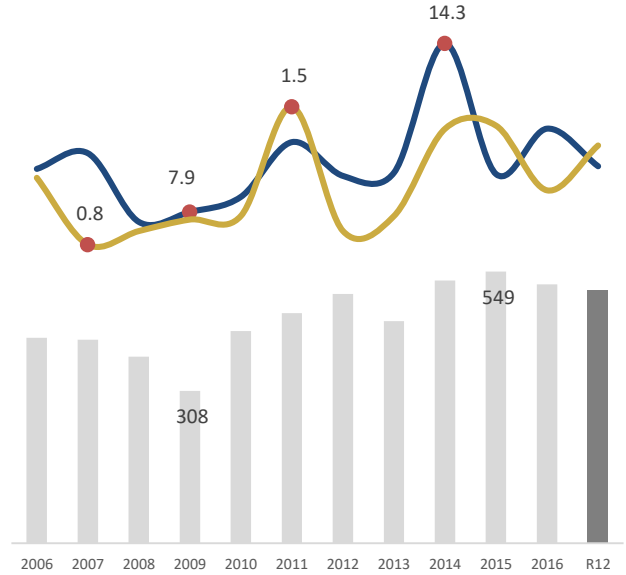


2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

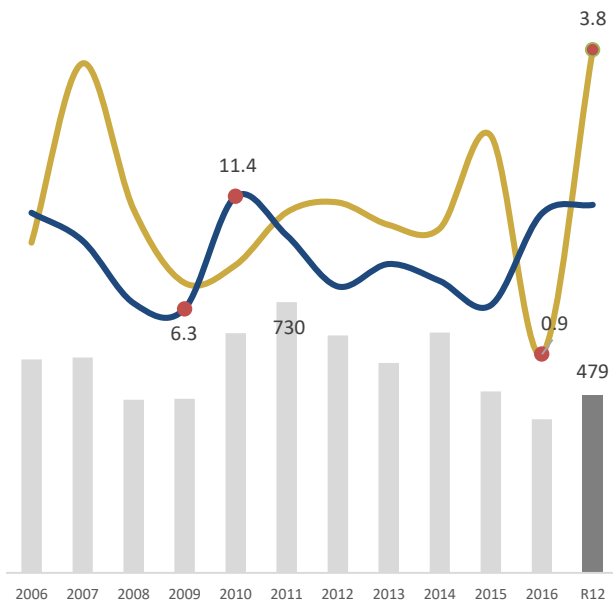
Consumer Discretionary



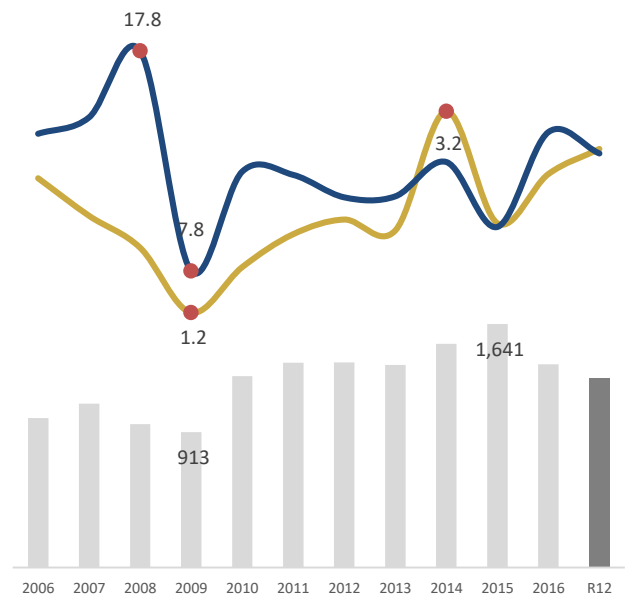
Consumer Staples



Energy



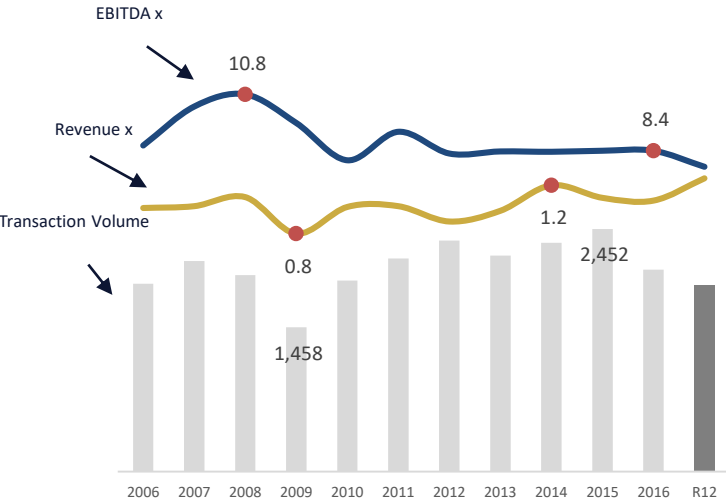
Healthcare



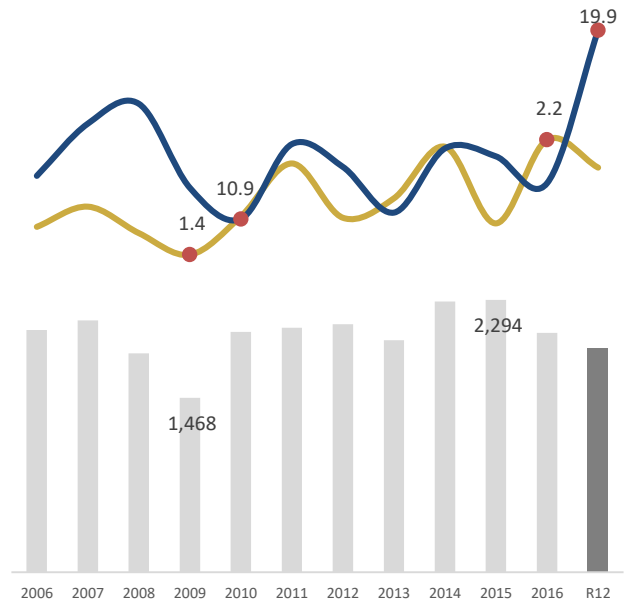
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2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

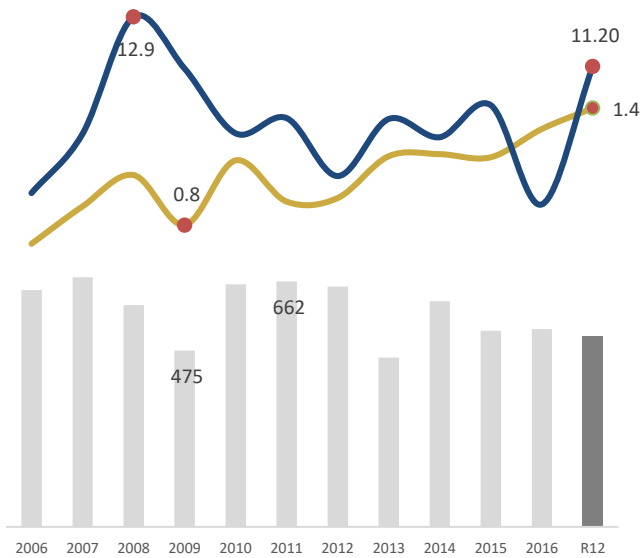
➤ Industrials



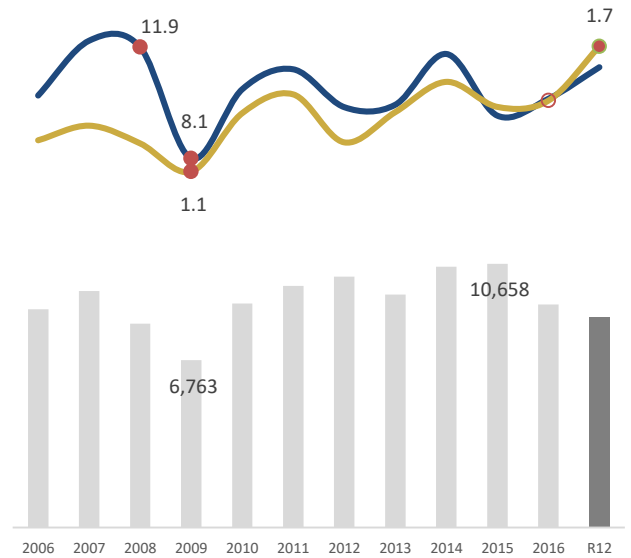
➤ Information Technology



➤ Materials



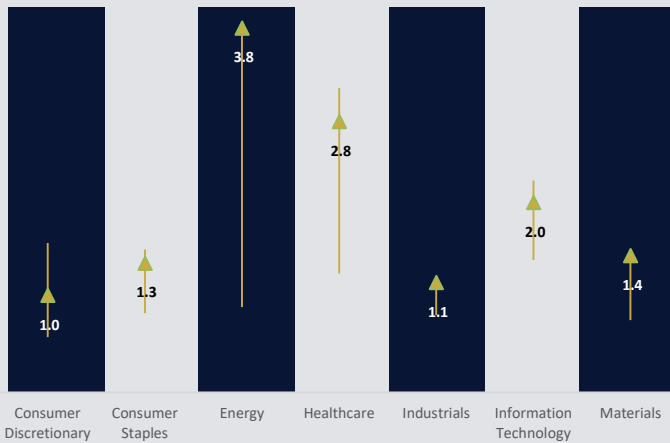
➤ Overall



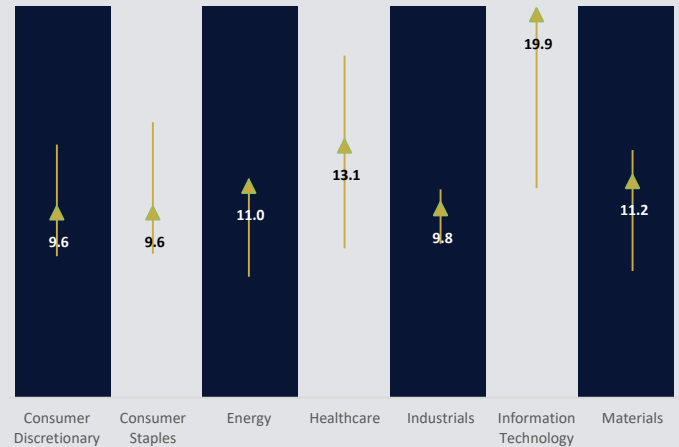
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MANY SECTORS EXPERIENCED SOME OF THE HIGHEST VALUATIONS SINCE 2006

➤ 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
12/1/2017	Paragon Vision Sciences, Inc.	CooperVision, Inc.	Healthcare Supplies	\$80	5.33x	-

Buyer, a leading manufacturer of soft contact lenses, acquired Target for \$80 million. Target is a Arizona-based company in premium orthokeratology, specialty contact lenses and oxygen permeable rigid contact lens materials. Target will continue to operate as an independent yet complementary business, retaining its offices and brands. Rich Jeffries, Target's President, will remain with the company and lead day-to-day operations. The transaction further enhances Buyer's global eye care expertise and expands access to the Chinese myopia management market.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/4/2017	Blue Diamond Industries, LLC	Hexatronic Group AB (OM:HTRO)	Building Products	\$23	0.79x	5.75x

Buyer, a supplier of fiber optic products and solutions with a complete range of passive infrastructure, entered into a definitive agreement to acquire Target for \$23 million. Target manufactures and sells high density polyethylene (HDPE) pipe and conduit products to house and protect fiber optic and power cables, and transport fluids. The consideration includes a payment of up to \$2.5 million based on Target's performance. The acquisition is expected to be fully financed through a committed senior debt. Target, upon close, will be known as Hexatronic USA and will locate in Lexington, Kentucky.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/6/2017	Horizon Technology, Inc.	Biotage AB (OM:BIOT)	Electronic Equipment and Instruments	\$18.4	2.0x	23.43x

Buyer, a worldwide supplier of instruments and consumables for analytical, organic and peptide chemistry, entered into an agreement to acquire all outstanding shares of New Hampshire-based Target for \$18.4 million. Target manufactures automated sample preparation systems and testing equipment for the analysis of organic compounds in aqueous samples and oil and grease testing. The purchase price will be adjusted for actual net cash at closing. The transaction will be financed mainly with a bank loan, combined with Buyer's existing cash at hand. Transaction is expected to close in the first quarter of 2018.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/14/2017	Bimba Manufacturing Company, Inc.	IMI Norgren Inc	Industrial Machinery	\$198	1.82x	14.89x
<p>Buyer, a specialist engineering company, designs, manufactures and services highly engineered products, agreed to acquire Target for \$198 million. Target is Illinois-based manufacturer of pneumatic, hydraulic and electric actuators, and air preparation and motion control products for the Industrial Automation market in North America. Purchase price will be payable in cash, on completion, from existing bank facilities. In addition, Buyer has set aside \$2.5 million for the purpose of staff retention. Completion is conditional on merger clearance and the approval by Target's employee stock ownership plan ("ESOP"), both of which are expected to take place in early 2018. The acquisition is expected to be earnings enhancing in the first full year of ownership and return on capital is expected to exceed Buyer's cost of capital within three years.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/20/2017	Galaxy Nutritional Foods, Inc.	GreenSpace Brands Inc. (TSXV:JTR)	Packaged Foods and Meats	\$16.91	1.04x	-
<p>Buyer, a brand ideation team that develops, markets and sells premium natural food products to consumers across Canada, signed a share purchase agreement to acquire Rhode Island-based Target for \$46 million from Mill Road Capital LP. Target owns the 'Go Veggie' brand, produces plant-based, lactose/gluten free, dairy free, or soy free cheese products - cheese alternative slices and shreds, blocks, and grated toppings; and dairy free cream cheeses and creamy spreads, and offers its products through grocery and natural foods stores. Under the terms of the transaction, GreenSpace will pay \$4.5 million in cash, issue 7.16 million shares and a two year vendor take back loan of \$5.7 million paid in form of unsecured subordinated promissory note, carrying an 8.5% coupon. The share consideration will be subject to lock-up and escrow pursuant to which approximately 45% of the share consideration shall be locked up for 12 months from the closing date, 5% of the share consideration shall be in escrow for 13 months from the closing date and the remaining 50% shall be locked-up for 18 months from the closing date, subject to certain exemptions. The cash consideration will be funded from immediately available funds.</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.

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