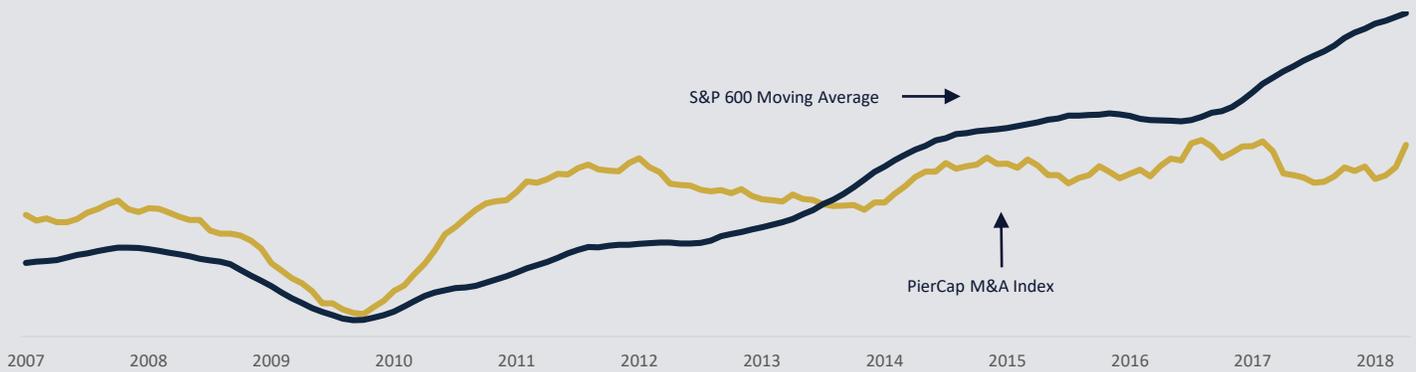


## M&A MIDDLE MARKET INSIGHTS – APRIL 2018

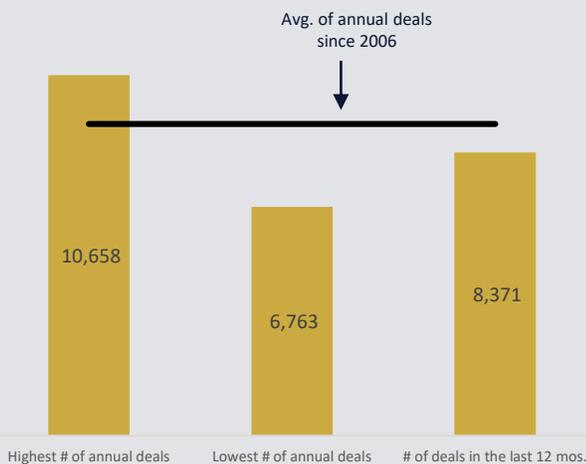
### M&A INDEX BREAKING OUT?

#### ➤ PierCap's Middle Market Index

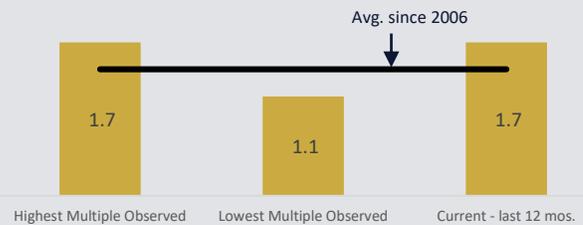


### REVENUE MULTIPLE AT IT'S HIGHEST

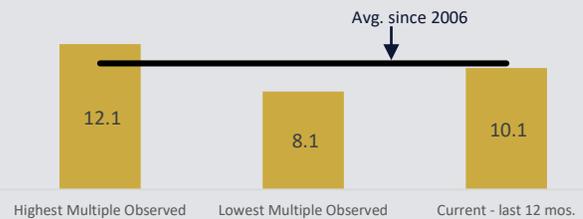
#### ➤ All M&A Transaction Volumes



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

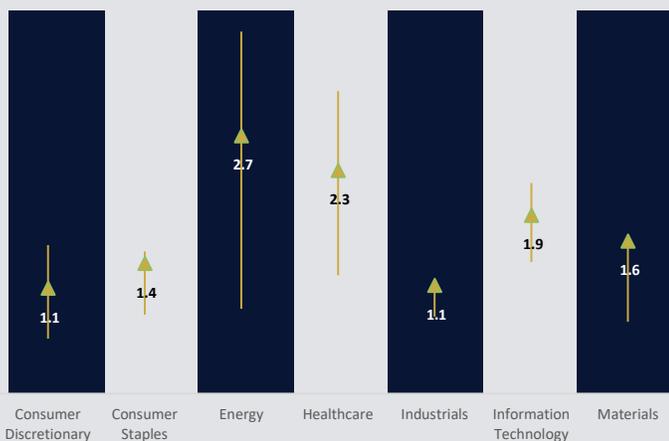


#### ➤ Middle Market M&A EBITDA Multiples

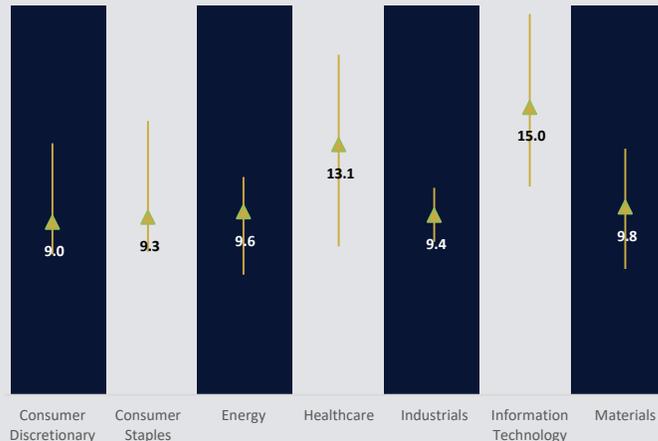


## STRENGTH ACROSS SECTORS

### ➤ 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
4/3/18	CM2.Com, Inc.	Zix Corporation (NasdaqGS:ZIXI)	Internet Software and Services	\$15	5.00x	-
<p>Buyer, a TX-based company providing email encryption, data loss prevention (DLP), threat protection, archiving, and bring-your-own-device (BYOD) solutions to meet the data protection and compliance needs of organizations, acquired Target for \$15 million. Target provides online archiving, supervision, security, and messaging services. Transaction includes a holdback of \$2.25 million for the satisfaction of certain indemnification claims by Buyer, if any, during the two-year period following the closing of the acquisition. \$1.125 million of the holdback will be released on one year anniversary of the closing of the transaction with the balance to be released to sellers on the second anniversary. The closing consideration is subject to a customary working capital adjustment.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
4/9/18	Project Management Business of Remington Holdings, L.P.	Ashford Inc, (AMEX: AINC)	Construction and Engineering	\$203	7.00x	12.45x
<p>Buyer, an asset management company providing investment management and related services to real estate and hospitality sectors, entered into an agreement to acquire project management business from Remington Lodging and Hospitality LLC and Remington Hotels, LLC for \$203 million. Target provides construction management, interior design, architectural oversight, and the purchasing, expediting, warehousing, freight management, installation and supervision of furniture, fixtures, and equipment. As part of consideration, Buyer will issue 8.12 million of convertible preferred stock (CPS) at \$25 per share. Dividends on the CPS are payable at an annual rate of 5.5% in the 1st year, 6.0% in the 2nd year, and 6.5% in the 3rd year and each year thereafter. Each share of CPS will have a liquidation value of \$25 per share, and will be convertible into voting common stock of Buyer at \$140 per share, a 45% premium to current trading levels. Holders of the CPS will have a voting limit of 25% of the Buyer's voting securities for five years. The consideration is subject to adjustments. In the event of termination, Buyer will pay \$4 million to sellers, i.e. 2% of consideration. On closing, sellers will have the right to nominate 2 directors to the Buyer's Board of Directors.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
4/24/18	PeopleFluent, Inc.	Learning Technologies Group plc (AIM: LTG)	Internet Software and Services	\$150	1.41x	11.19x
<p>Buyer, a UK-headquartered company providing e-learning services and technologies, entered into a conditional agreement to acquire Target from Bedford Funding I, L.P. and other shareholders for \$150 million in a reverse subsidiary merger. Target is an independent provider of cloud-based integrated talent solutions focusing on all aspects of the employee lifecycle: recruitment, development, performance and compensation. The consideration will be paid in cash on a debt free and cash free basis. The transaction will be financed through placing of new ordinary shares (raising about \$111.7 million), and committed debt financing of \$42 million term loan and \$21 million revolving credit line.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
4/25/18	University of St. Augustine for Health Sciences, LLC	Atlas Partners LP	Education Services	\$400	4.46x	11.56x
Buyer, a private equity firm specializing in acquiring mid-market businesses, entered into a membership interest purchase agreement to acquire Target from Laureate Education, Inc. (NASDAQ: LAUR) for \$400 million. Target is a 39-year old academic institution that provides graduate health-science degree programs, primarily in the field of physical and occupational therapy. The transaction is subject to required regulatory approvals, including approvals by U.S. Department of Education and WASC Senior College and University Commission, and customary closing conditions and is expected to close in fourth quarter of 2018.						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
4/26/17	Old Orchard Brands, LLC	Lassonde Industries Inc. (TSX:LAS.A)	Packaged Foods and Meats	\$156	1.51x	9.87x
Buyer, a Canadian agri-food company - develops, produces and markets a wide range of ready-to-drink fruit and vegetable juices and drinks, reached an agreement to acquire Target from Saur family for \$156 million. Target, founded in 1985, is a fruit juice and beverage company offering mix of nearly 100 different varieties, including: 100% juice, 100% juice blends, reduced-sugar juice cocktails, seasonal lemonades and flavored teas. Under the terms of transaction, total cash consideration of \$146 million is subject to working capital and other adjustments and is payable upon closing of the transaction. By way of additional consideration, a further amount of up to \$10 million may be payable over the next two years subject to specified financial milestones. In addition, Buyer has agreed to purchase the property, comprised of plant and land, for \$4 million subject to satisfaction of certain regulatory conditions. If the conditions are not met, this property will be rented under a long-term lease.						

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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