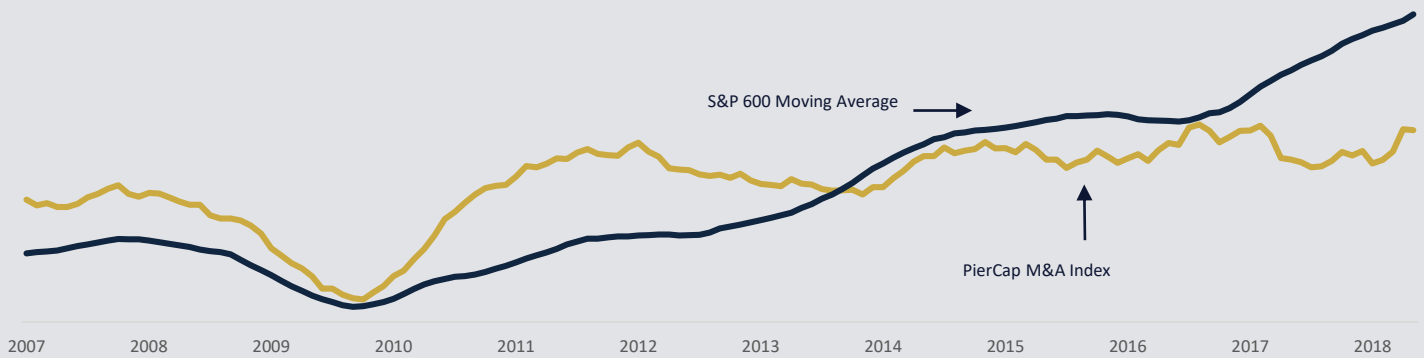


M&A MIDDLE MARKET INSIGHTS – JUNE 2018

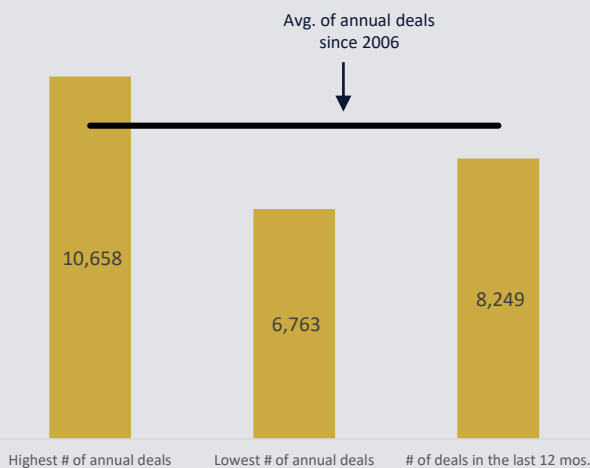
2018 H1 – M&A MOMENTUM HOLDS GROUND

➤ PierCap's Middle Market Index

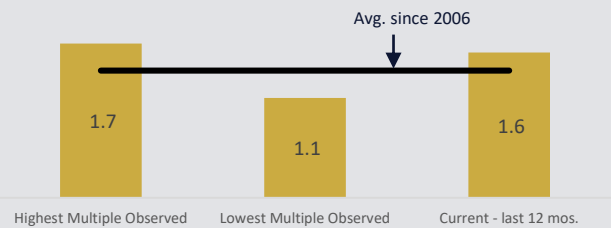


VOLUMES AND PRICING TRENDS CONTINUE TO HOLD

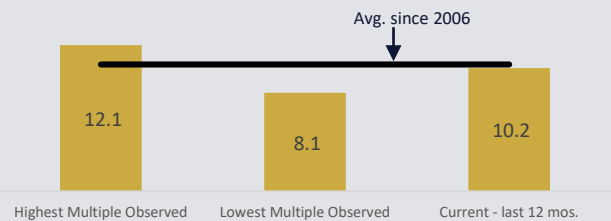
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

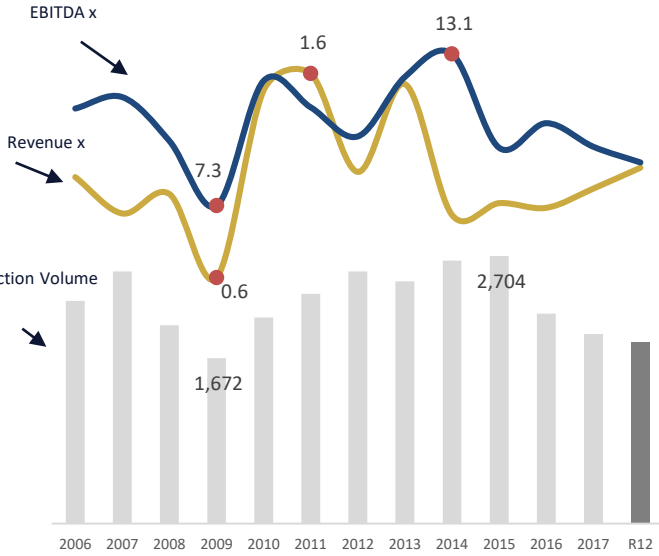


➤ Middle Market M&A EBITDA Multiples

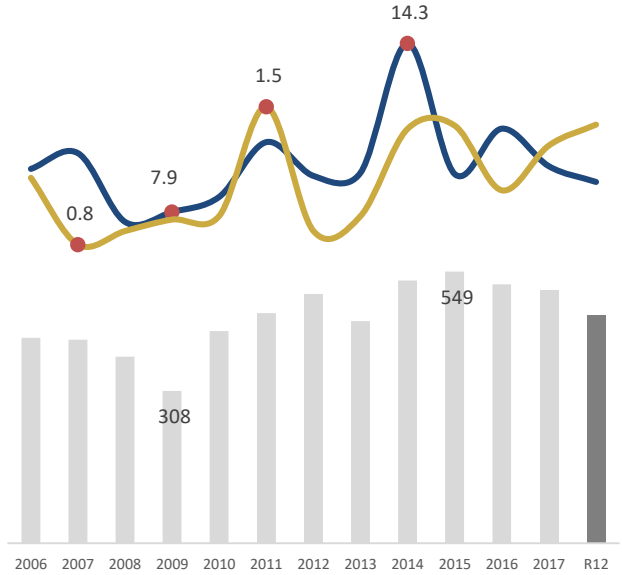


2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

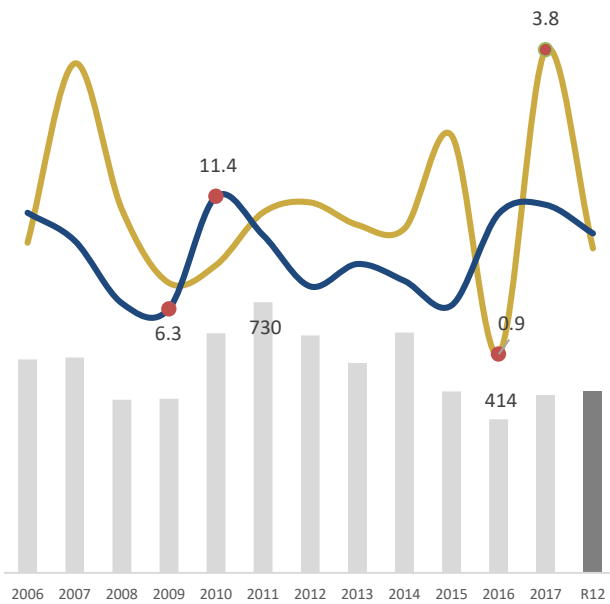
Consumer Discretionary



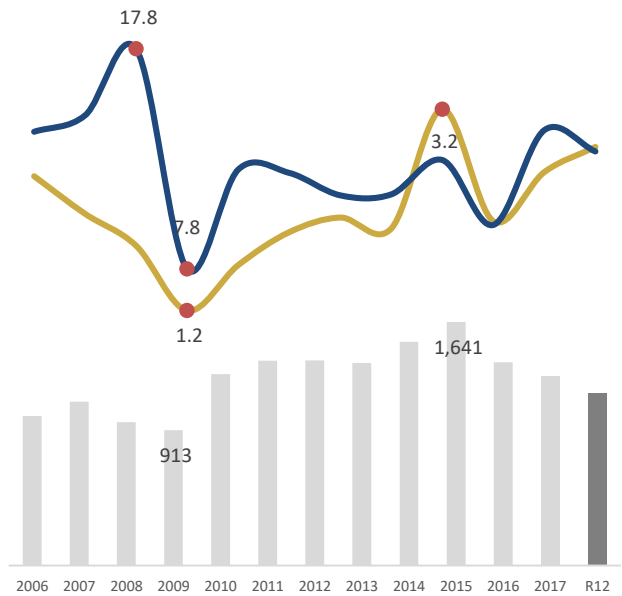
Consumer Staples



Energy



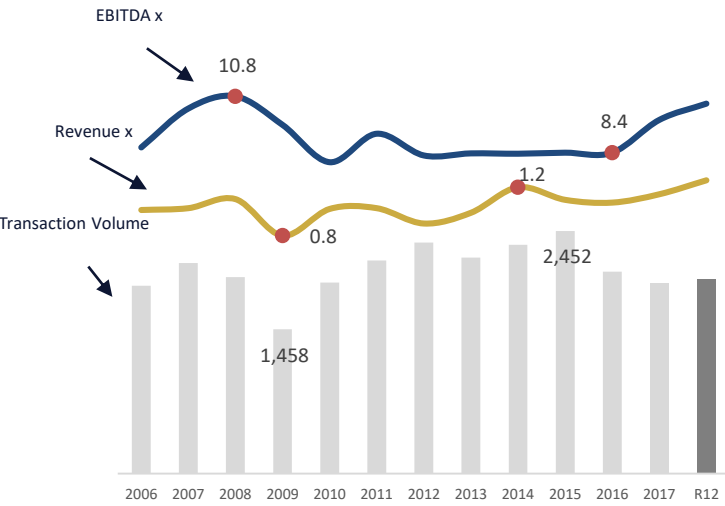
Healthcare



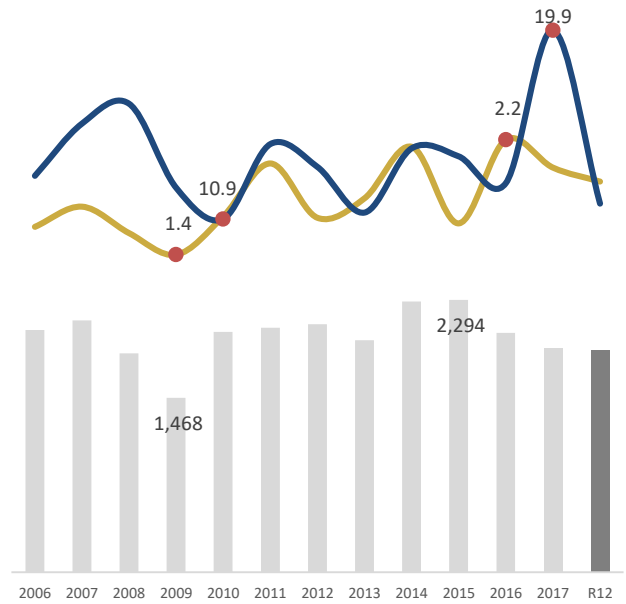
CONTINUED

2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

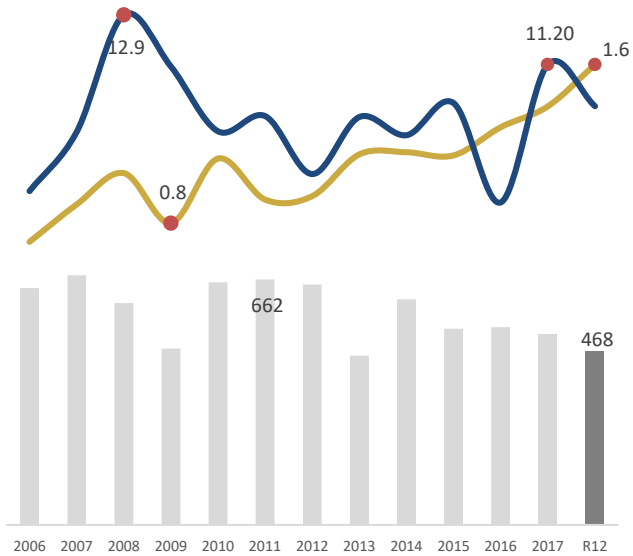
➤ Industrials



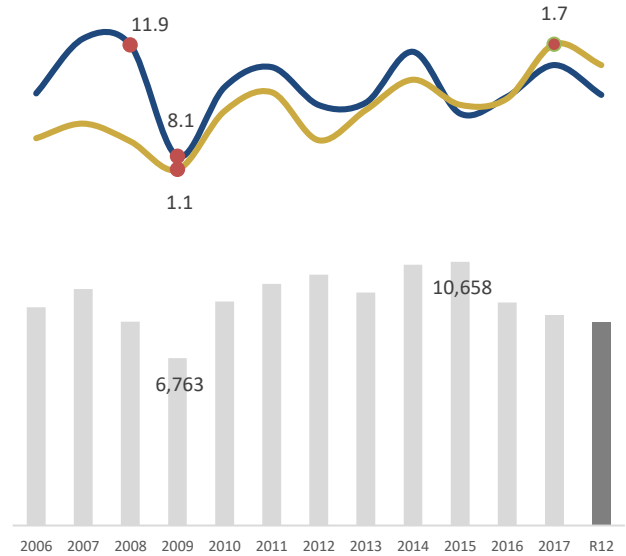
➤ Information Technology



➤ Materials



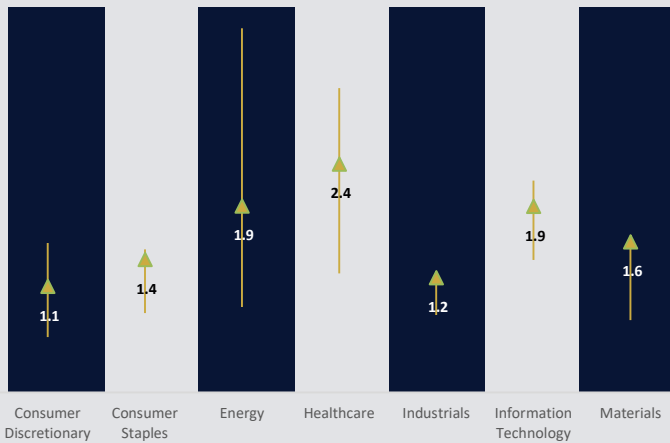
➤ Overall



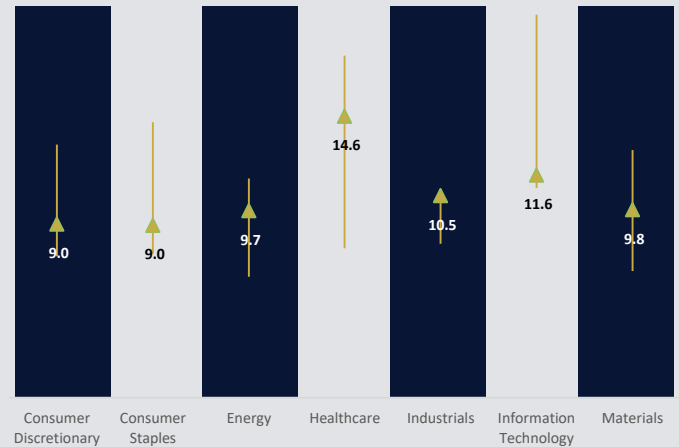
CONTINUED

SOME SECTORS ARE CLEAR LEADERS WHILE PRICING APPROACHES SHOW DIFFERENCES

➤ 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
6/5/2018	CoolSystems, Inc.	Halyard Health, Inc. (NYSE:HYH) - New name: Avanos Medical	Healthcare Equipment	\$65	1.86x	-

Buyer, a medical technology company comprising of two franchises - pain management and chronic care, entered into a definitive agreement to acquire Target for \$65 million. 100% of the consideration will be paid in cash. Target, marketed as Game Ready, provides cold therapy and compression therapy systems used in the pain management and rehabilitation of patients recovering from orthopedic surgery or sports-related injuries. Buyer intends to fund the acquisition from current cash flows. The transaction is expected to be immaterial to Buyer's fiscal year 2018 adjusted dilutive net earnings per share, and slightly accretive to earnings in 2019. "The acquisition of Game Ready represents another step forward in Halyard's transformation as a pure-play medical device company" Joe Woody, Halyard CEO.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/11/2018	Penguin Computing, Inc.	SMART Global Holdings, Inc. (NasdaqGS:SGH)	Technology Hardware, Storage and Peripherals	\$85	0.51x	10.49x

Buyer, a family of companies offering specialty memory, storage and hybrid solutions serving the electronics industry, entered into an agreement and plan of merger to acquire Penguin Computing, Inc. from SFEP I, L.P. and others for \$85 million. Target provides specialty compute and storage solutions targeting applications in Artificial Intelligence (AI), Machine Learning (ML) and High Performance Computing (HPC) using state-of-the-art, open technologies and advanced industry architectures. Of the \$85 million, \$60 million will be paid at closing with balance of the consideration up to \$25 million structured as a potential cash earn-out payments based on Target's achievement of specified gross profit levels through 12/31/18. At the closing \$6 million of the purchase price will be in escrow for one year as security for indemnification obligations. Additional \$2 million will be deposited as escrow amount for customary post-closing adjustments to the purchase price. Target shall continue its corporate existence as Buyer's wholly owned subsidiary.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/20/2018	ProAct Services Corporation	Evoqua Water Technologies Corp. (NYSE: AQUA)	Environmental and Facilities Services	\$132	2.44x	11.00x

Buyer, a provider of industrial, commercial and municipal water treatment solutions, offering services, systems and technologies, signed a definitive agreement to acquire Target from Hammond, Kennedy, Whitney and members of management for \$132 million. Target provides air and water treatment solutions that include on-site water treatment, industrial degassing and vapor control, environmental remediation, suspended solids removal, metal treatment, pilot studies, and carbon servicing in all 50 states. The purchase price is subject to customary adjustments, including working capital. Buyer intends to finance the transaction using an incremental \$150 million first lien term loan. Upon closing, Target will operate as a separate division within Buyer's Industrial Segment and will continue to be based in Ludington, MI. "The addition of their 900 mobile assets using remote-monitoring technology enhances Evoqua's ability to be a 'one-stop shop' for customers that are looking for temporary and mobile water treatment solutions," Ron Keating, Evoqua Chief Executive Officer.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/25/2018	Edgewater Networks, Inc.	Ribbon Communications Inc. (NasdaqGS:RBBN)	Communications Equipment	\$110	1.72x	26.83x
<p>Buyer, a developer of real-time, secure and intelligent cloud communications tools for both legacy networks and next-generation mobile and cloud environments, signed an agreement to acquire Target for \$110 million. Founded in 2002, Target manufactures managed services platforms for the delivery of IP-based voice, video, and data services for service providers, small businesses, and large-sized enterprises. The purchase price is comprised of \$50 million of cash to be paid at the time of closing, \$30 million of common stock to be issued at the time of closing, and \$30 million of deferred cash payments completed within 18 months from the closing date. The consideration is subject to adjustment based on the amount of net working capital at the closing as compared to expected closing date net working capital of \$2.7 million and net debt of approximately \$4.1 million. The terms of the agreement also include a lock-up agreement for a period of six months for shareholder receiving stock. \$50 million of cash will be funded by an existing credit facility and \$30 million of deferred cash payments via operating cash flows. "The combination creates a best-in-breed, complete platform that extends our leadership position in the SBC, cloud UC, security and analytics markets," Fritz Hobbs - Ribbon CEO.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/25/2018	Exosome Diagnostics, Inc.	Bio-Techne Corporation (NasdaqGS:TECH)	Biotechnology	\$575	-	-
<p>Bio-Techne Corporation (NasdaqGS:TECH) reached an agreement to acquire Exosome Diagnostics, Inc. from Forbion Capital Partners, NGN Capital, Tiger Management Corp. and others on June 25, 2018. Under the terms of the transaction, Buyer will pay \$250 million in cash. Of the \$250 million initial purchase price, \$25 million will be held in escrow for three years, subject to an initial release on the 15 month anniversary of transaction, to secure indemnity obligations of Seller's security contained in the agreement. In addition to the \$250 million initial purchase price, Buyer will pay additional contingent consideration of up to \$325 million to Seller's securityholders if certain future EBITDA targets are met. The purchase price may be adjusted post-closing based on final levels of cash and working capital at closing. The transaction will be financed through a combination of cash on-hand and a revolving line of credit facility that Buyer expects to obtain prior to the closing of the acquisition. Upon completion of the transaction, Exosome Diagnostics will become a wholly-owned subsidiary of Bio-Techne Corporation.</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

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