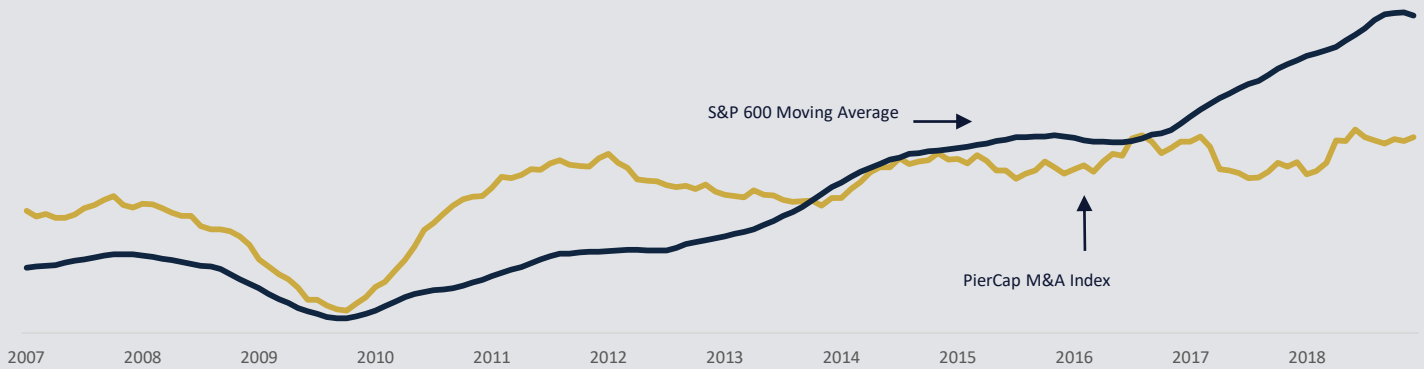


M&A MIDDLE MARKET INSIGHTS – DECEMBER 2018

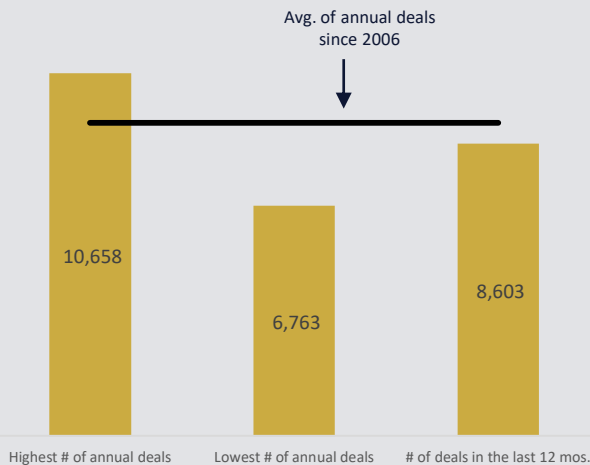
M&A INDEX STRONG AMID 2018 MARKET VOLATILITY

➤ PierCap's Middle Market Index

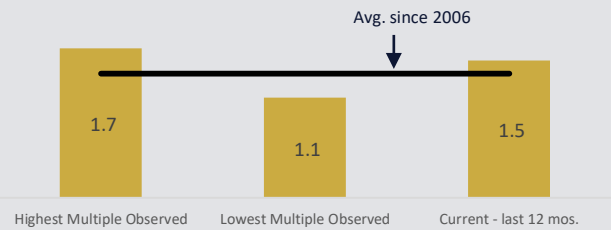


DESPITE UNCERTAINTIES, VOLUMES AND MULTIPLES ARE RESILIENT IN 2018

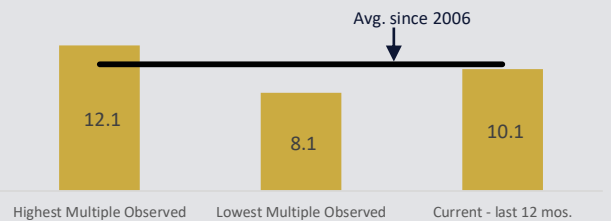
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

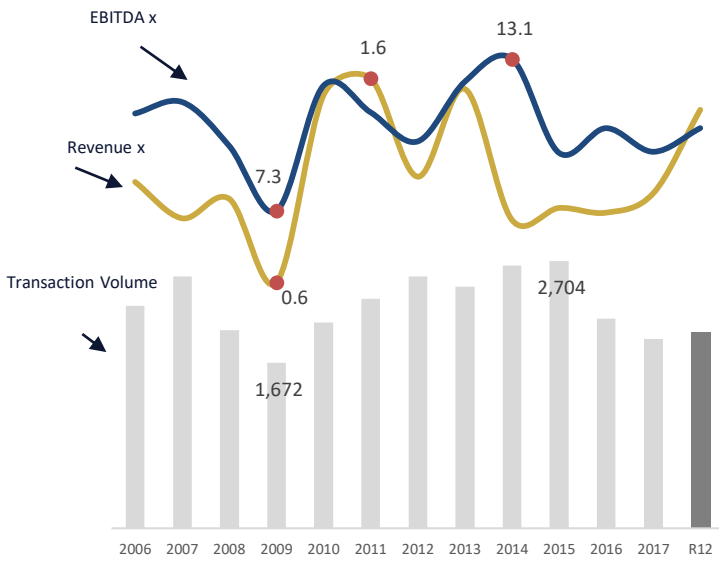


➤ Middle Market M&A EBITDA Multiples

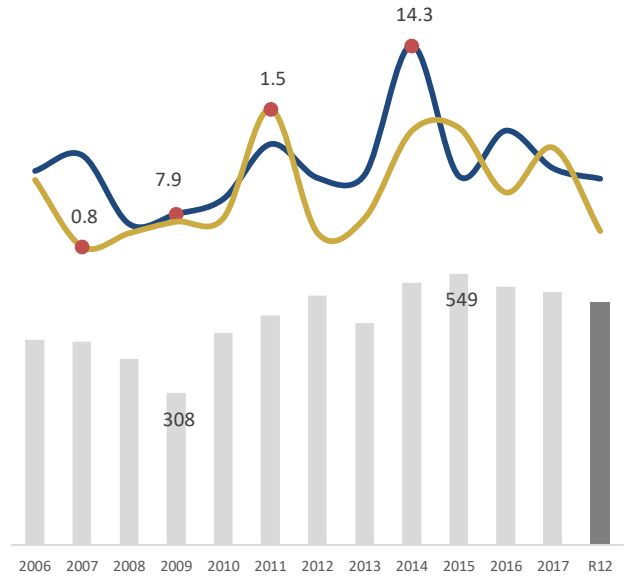


2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

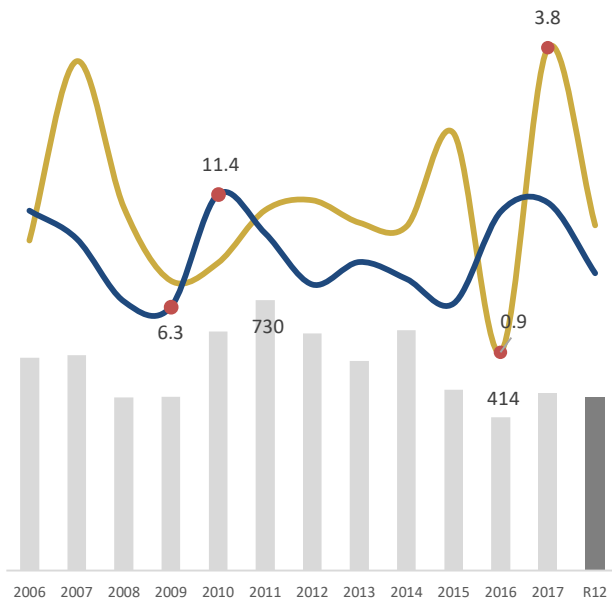
Consumer Discretionary



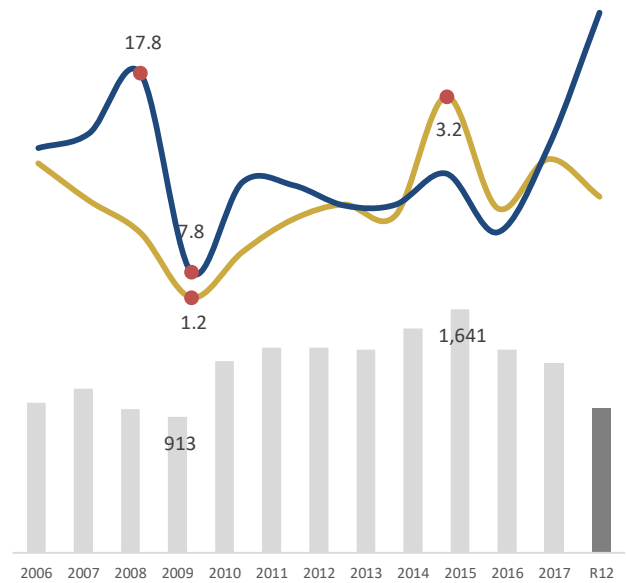
Consumer Staples



Energy



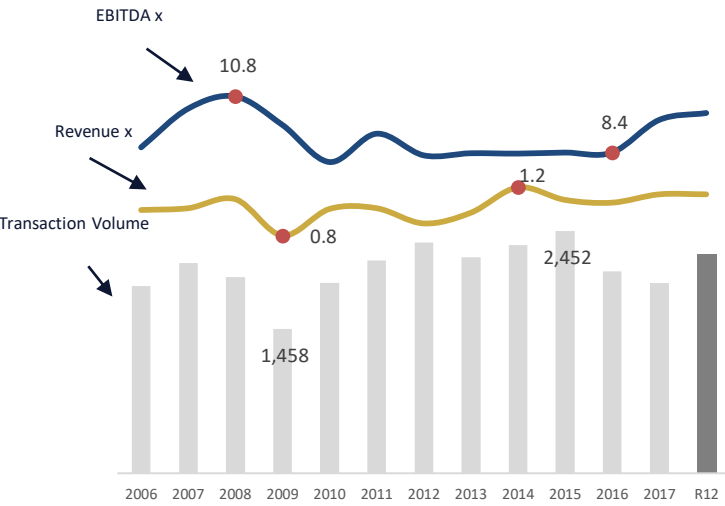
Healthcare



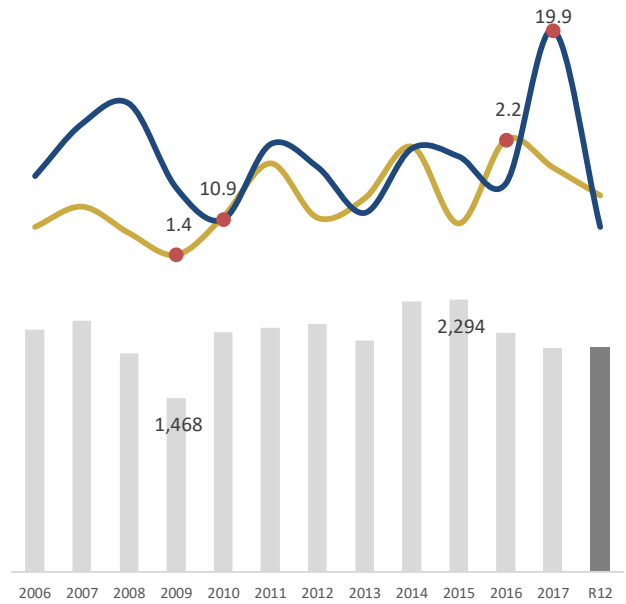
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2006 ONWARDS - VOLUME AND PRICING TRENDS ACROSS SECTORS

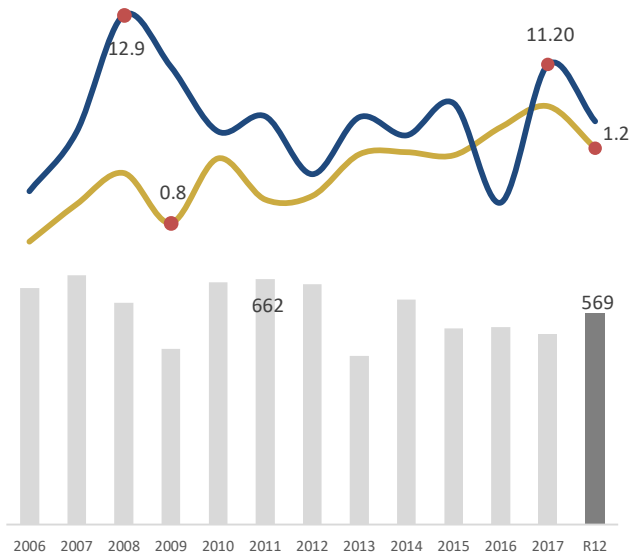
➤ Industrials



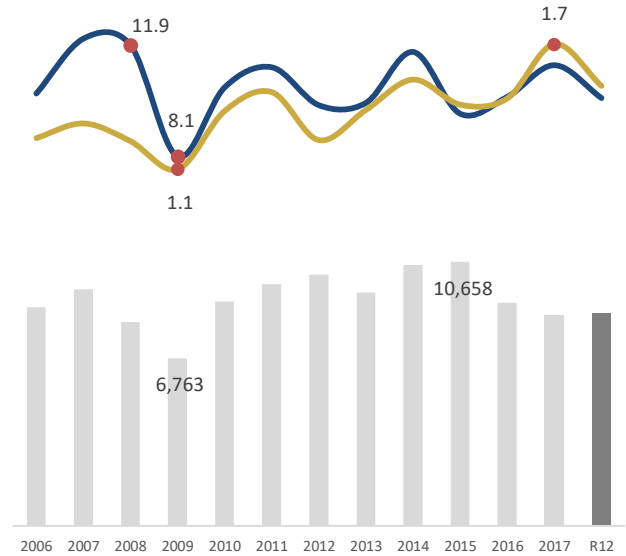
➤ Information Technology



➤ Materials



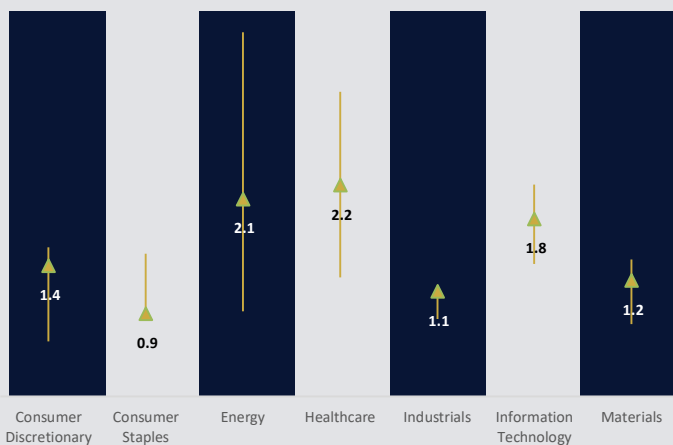
➤ Overall



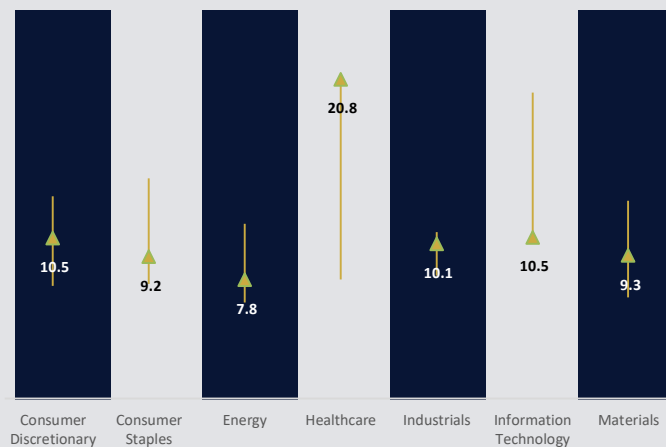
CONTINUED

VALUATIONS ACROSS SECTORS REMAIN HIGH IN 2018

➤ 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
12/3/2018	Morinda Holdings, Inc.	New Age Beverages Corporation (NasdaqCM: NBEV)	Packaged Foods and Meats	\$100	0.42x	5.0x

Buyer, a developer, marketer, seller, and distributor of healthy, functional beverages, entered into an agreement to acquire Target for \$100 million. Target is a developer and distributor of products derived from the Noni plant, including beverages, beauty and spa products, weight management lines, and animal nutrition. Of the \$100 million purchase price, \$75 million will be paid in cash, \$10 million in common shares, and a contingent payment of \$15 million in series D preferred stock if the 2019 EBITDA threshold is achieved. Buyer funded the transaction with cash on-hand. Brent Willis, Buyer CEO, stated, "New Age adds significant scale, and infrastructure to accelerate growth, especially of its CBD-infused beverages and Health Sciences portfolio. It is exciting to lead this company that has grown from \$2 million to over \$300 million in two-and-a-half years. We still feel like we are just getting started, and are excited to work with our new associates from Morinda to build the world's leading healthy beverage company."

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/4/2018	Lighthouse Computer Services, Inc.	Converge Technology Solutions Corp. (TSXV: CTS)	IT Consulting and Other Services	\$23	0.28x	4.94x

Buyer, a provider of cloud, data center, collaboration, security, and identity management solutions, entered into an agreement to acquire Target for \$23 million from Spyglass Solutions, Inc. Target is a provider of integrated IT services for enterprises across a diverse range of industries, tackling challenges such as security, hybrid cloud, analytics, and infrastructure. Of the \$23 million purchase price, \$12 million is to be paid in cash at closing, \$3 million in the form of a promissory note paid at closing to reflect excess working capital provided by Target, and up to \$8 million in earn-out payments for 3 years following closing, if certain milestones are achieved. Earn-out payments are capped at \$2.7 million in each of the first 2 years and capped at \$2.8 million in the third year. Buyer intends to finance the transaction with existing credit facilities. Target represents the sixth acquisition by Buyer since October 2017.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/4/2018	495 Communications, LLC	Good Life Networks, Inc. (TSXV: GOOD)	Advertising	\$15	1.04x	7.89x

Buyer, a provider of digital branding and advertising services, entered into an agreement to acquire Target for \$15 million. Target is a provider of cross-platform advertising and content marketing services, helping brands succeed by utilizing all forms of content, including video, native, and editorial. Of the \$15 million purchase price, \$3.5 million is to be paid in cash at closing, \$5.5 million to be paid in cash if certain performance benchmarks are achieved, and an additional \$6 million cash or stock earn-out to be paid at the sole discretion of Buyer if certain performance benchmarks are achieved. If earn-out is paid in stock, the shares will be issued based upon the greater of the 20-day volume weighted average trading price immediately prior to date of issuance and lowest price permitted by TSX Venture Exchange. This transaction represents the second acquisition for Buyer in 2018.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/4/2018	PhyNexus, Inc.	Biotage AB (OM: BIOT)	Biotechnology	\$22	6.94x	-
<p>Buyer, a global life sciences company, entered into an agreement to acquire Target for \$22 million. Target is a designer and developer of protein separation products for proteomic sample processing applications, serving multiple life scientists in pharmaceutical companies and academia. Of the \$22 million purchase price, \$12 million combination of cash and stock will be paid at closing, with \$5 million being paid in cash and \$7 million paid in the form of 0.49 million newly issued shares of Buyer. The remaining \$10 million consideration will be paid if certain future results are achieved between the years of 2019 and 2023. Buyer financed the transaction with a combination of newly issued shares and cash on-hand. Doug Gjerde, Target CEO, stated, "We are excited to partner with Biotage for the next phase of PhyNexus' development. This combination will allow PhyNexus' product offering to expand its footprint globally and open up new opportunities for developing and bringing new innovative products to the market."</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
12/6/2018	Danal, Inc.	Boku, Inc. (AIM: BOKU)	Application Software	\$101	19.89x	-
<p>Buyer, a provider of mobile billing and payment solutions, entered into an agreement to acquire Target for \$101 million from Hansol Secure Co., Ltd. Target, which does business as BilltoMobile, provides a mobile identity platform and solutions for conversions, authentication, and fraud prevention. Of the \$101 million purchase price, consideration at closing of \$37 million consists of 26.7 million Buyer common shares, \$3 million of Buyer warrants exercisable at 141 pence each, and \$1 million in cash. Additionally, Target will receive deferred consideration up to \$64 million if revenues for the year ending December 31, 2019 are at least \$10 million. If Target becomes eligible to receive deferred consideration, payment will be made in the form of \$62 million in Buyer common shares and \$2 million in warrants. The deferred consideration shares issued will be subject to a minimum and maximum price per share of 120 pence and 170 pence, respectively, while the warrants will be exercisable for 5 years post issuance at an exercise price of 145 pence. Alternatively, at its own discretion, Buyer may pay the deferred consideration in cash.</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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