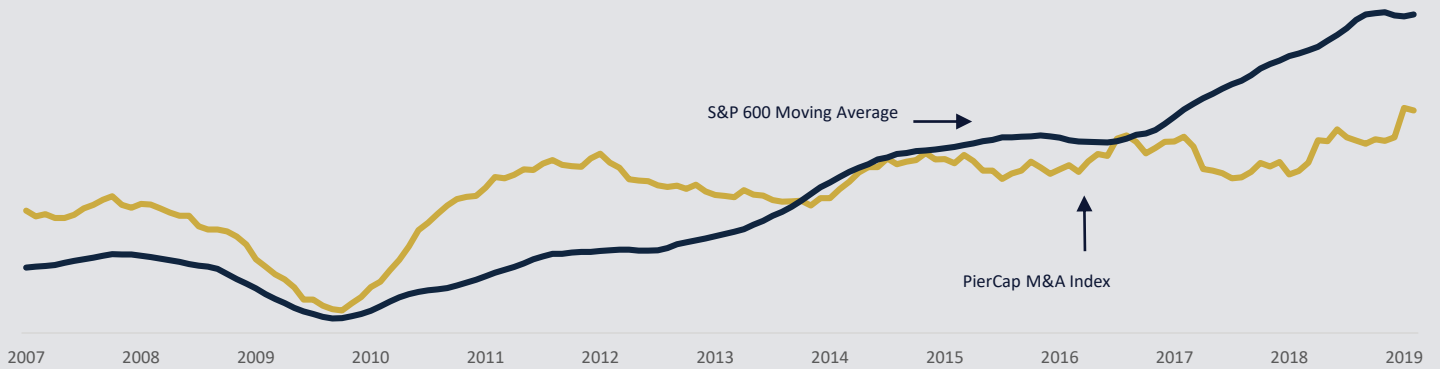


## M&A MIDDLE MARKET INSIGHTS – FEBRUARY 2019

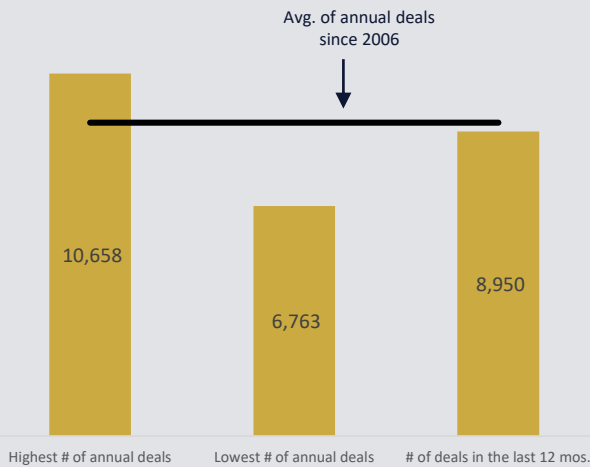
### EQUITIES AND M&A INDEX MAINTAINS STRENGTH

#### ➤ PierCap's Middle Market Index



### TRANSACTION VOLUMES AND MULTIPLES CONTINUE TO INCH UP

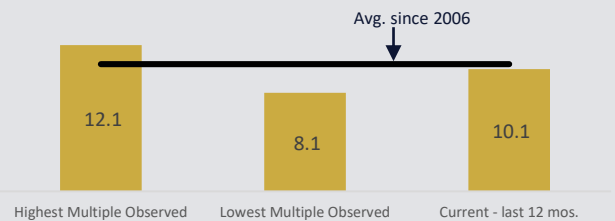
#### ➤ All M&A Transaction Volumes



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

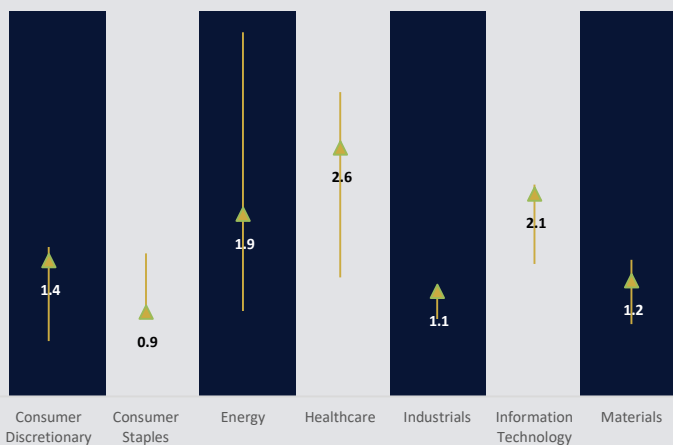


#### ➤ Middle Market M&A EBITDA Multiples

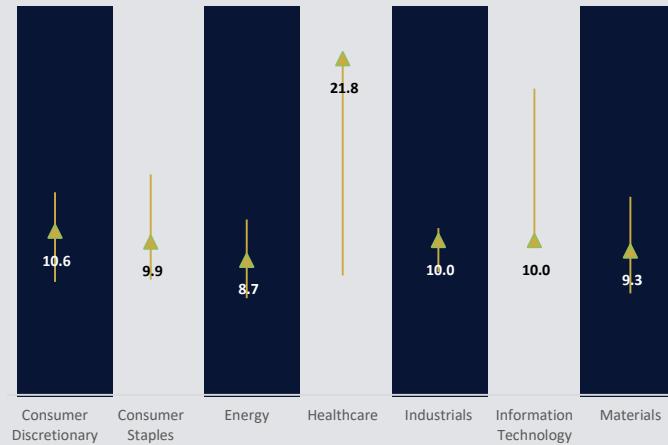


## HEALTHCARE MULTIPLES LEAD THE PACK

### ➤ 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
2/1/2019	United Steel Supply, LLC	Steel Dynamics, Inc. (NasdaqGS:STLD)	Trading Companies and Distributors	\$134	-	5.0x

Buyer, a global manufacturer of steel products and a metals recycler, entered into an agreement to acquire 75% of Target for \$134 million. Target is a global distributor of galvanized and pre-painted steel coil products for metal roofing and siding applications across the agricultural, residential, commercial construction, and industrial markets. As part of the \$134 million purchase price, Buyer will pay \$92 million in cash and assume \$42 million in apportioned debt. Target may also receive a performance-based earn-out 5 years after closing if certain operational and financial metrics are achieved. Buyer will have the opportunity to purchase remaining 25% of Target in the future.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/1/2019	MicroPact Inc.	Tyler Technologies, Inc. (NYSE:TYL)	Application Software	\$195	2.79x	-

Buyer, a provider of integrated information management solutions and services for the public sector, entered into an agreement to acquire Target for \$195 million from Arlington Capital Partners. Target is a developer of case and business process management software solutions, with a variety of offerings, such as background investigation management, equal employment opportunity management, labor relations case tracking, executive task management, among others. Of the \$195 million purchase price, \$185 million will be paid in cash at closing, while the remaining \$10 million is a contingent payment to be made if certain 2019 EBITDA thresholds are achieved. Buyer funded the acquisition through a combination of cash on-hand and a revolving credit facility. This transaction represents Buyer's second largest in history.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/5/2019	Lifi Labs, Inc.	Buddy Platform Limited (ASX:BUD)	Electrical Components and Equipment	\$52	1.87x	-

Buyer, a provider of Internet of Things and cloud-based technology solutions, entered into an agreement to acquire Target for \$52 million. Target is a manufacturer and seller of WiFi enabled LED light bulbs, serving the commercial, retail, and hospitality industries. The \$52 million purchase price is comprised of cash, stock, and earn-out components, with \$27 million paid in cash at closing, \$24 million in Buyer ordinary shares, and \$1 million in earn-out consideration, to be paid approximately half in cash and half in ordinary shares. The earn-out consideration will be paid if Target achieves \$70 million in gross revenues for 2019. Buyer will fund the acquisition through a private placement of 226 million new shares as well as debt financing.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/11/2019	IDology, Inc.	GB Group plc (AIM:GBG)	Systems Software	\$301	7.85x	18.4x
<p>Buyer, a provider of identity data intelligence services, entered into an agreement to acquire Target for \$301 million. Target is a developer of digital identity verification and authentication solutions, offering a variety of onboarding, verification and step up, authentication, and fraud detection services, across many industries. The purchase price will be paid in cash, with \$8 million to be held in escrow to cover any potential warranties, indemnities, or other obligations. Buyer will fund the acquisition through a combination of a vendor placement and new bank facilities. Chris Clark, Buyer CEO, stated, "With attractive organic growth, significant synergies and a strong cultural alignment, this is a high-quality addition to GBG. The combination of IDology and GBG enables us to meet growing customer appetite for an identity verification provider with global capabilities and scale in key markets."</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/19/2019	DP Engineering Ltd. Co.	GSE Power Systems, Inc.	Construction and Engineering	\$19	0.79x	-
<p>Buyer, a provider of simulation and training, monitoring, and optimization software solutions, entered into an agreement to acquire Target for \$19 million. Target is a provider of engineering and consulting services, serving the energy and power industries with configuration management and mechanical, electrical, instrumentation / controls, and civil / structural design. Of the \$19 million purchase price, \$14 million is payable at closing with an additional \$5 million earn-out payment to be made over the next 2 years if certain EBITDA thresholds are achieved, ranging from \$2.8 to \$4.3 million. Buyer funded the transaction through an existing delayed term loan facility. Target represents the Buyer's third acquisition in the past 16 months.</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.



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