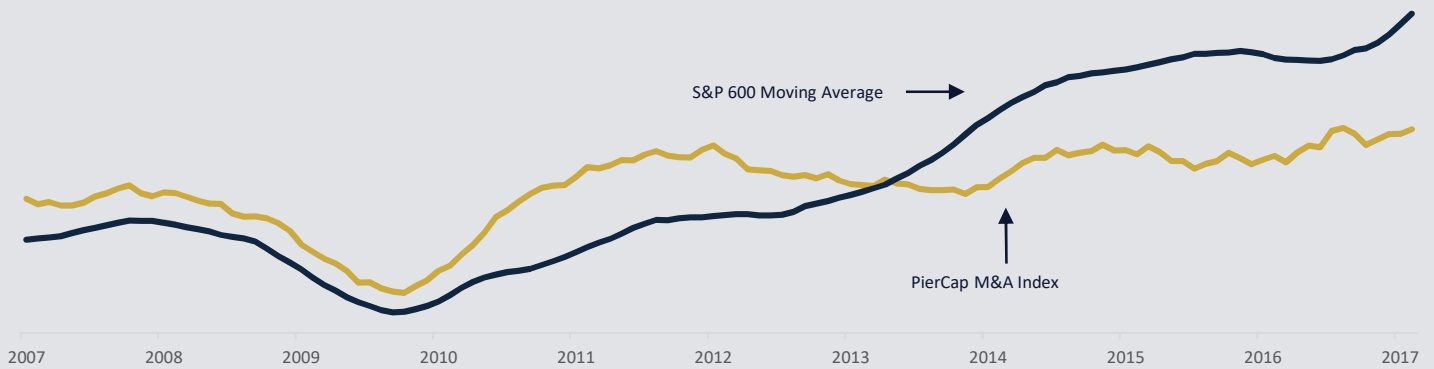


M&A MIDDLE MARKET INSIGHTS – FEBRUARY 2017

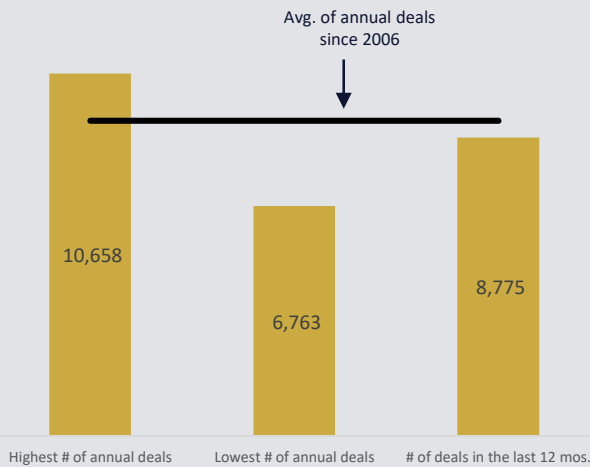
S&P CONTINUES MOMENTUM

➤ PierCap's Middle Market Index



VOLUMES REMAIN BELOW AVERAGE, MULTIPLES CONTINUE TO BE STRONG

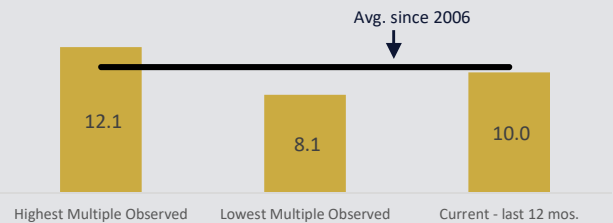
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

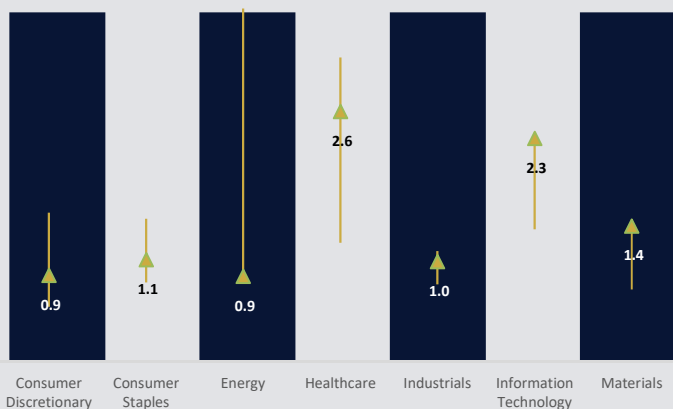


➤ Middle Market M&A EBITDA Multiples

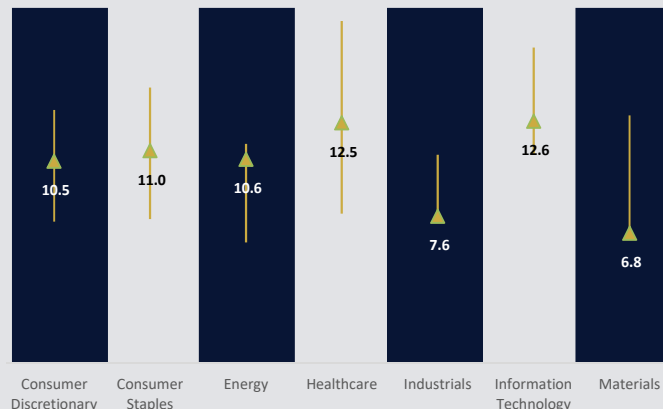


MONTH ON MONTH CHANGES IN MULTIPLES RELATIVELY UNCHANGED

➤ 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
2/3/17	NetDimensions (Holdings) Limited (AIM:NETD)	Learning Technologies Group plc (AIM:LTG)	Application Software	\$67	2.2x	166.93x

Buyer, a provider of comprehensive and integrated range of e-learning services and technologies to corporate and government clients, reached an agreement to acquire Target – provider of integrated Learning Management System and Talent Management System to organizations in highly regulated industries, from a group of sellers for £53.6 million. Target's shareholders will be entitled to receive £1 per share in cash for each share. The outstanding options of Target will be acquired for an aggregate value of £2.3 million. It is currently intended that the offer will be implemented by means of a Takeover offer, although Buyer reserves the right to implement the offer by way of a Scheme or a merger.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/9/17	Letica Corporation	RPC Group Plc (LSE:RPC)	Metal and Glass Containers	\$640	1.42x	11.23x

Out of total consideration, \$490 million will be paid as upfront consideration and \$150 million will be paid as earn-out consideration which will become payable, subject to Target – a packaging manufacturer, serving business-to-business, consumer and special project customers spanning markets from industrial and foodservice to entertainment and retail, achieving EBITDA greater than \$140 million and up to \$201 million over the two-year period commencing on the later of July 1, 2017, and the first day of the month following completion of the transaction. The total consideration is on a cash-free and debt-free basis. The gross proceeds raised through a fully underwritten rights issue of the Buyer – a global design and engineering company specializing in polymer conversion in packaging and non-packaging markets, will be used to finance the transaction.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/15/17	The Garvey Group, LLC and Graphic Tech LLC	IntegraColor, LLC	Commercial Printing	\$54	0.60x	5.80x

Consideration of \$48 million will be paid upfront and \$6 million holdback is payable in installments from 12 to 36 months post completion. The consideration will be funded from existing bank debt facilities. Target provides pre-press, printing, and bindery services, including print and distribution solutions to large-format, packaging, entertainment, retail, outdoor and environmental, transit, point-of-purchase/point-of-sale, and signage markets in the US. Current management teams will continue to have responsibility for the day-to-day operations and report to the Chief Executive Officer of Buyer. Transaction is expected to be completed by the end of March 2017. Buyer (recently acquired by Orara Ltd. (ASX: ORA)) – which offers printing, finishing and fulfillment solutions under-one-roof, intends to use its platform for further organic and bolt-on acquisition growth.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/21/17	Atlas Lighting Products, Inc.	LSI Industries Inc. (NasdaqGS:LYTS)	Electrical Components and Equipment	\$97	1.71x	9.99x
Purchase agreement provides \$96.89 million in cash and warrants to Buyer - a manufacturer of energy saving lighting products and offers its products through distributors. \$1 million is deposited in escrow within 1 business day after closing for the purpose of securing the indemnification obligations of sellers and remaining amount is paid at closing to sellers. Funding will be provided by a combination of cash on hand and \$66 million from a new revolving credit loan. Target became a direct wholly owned subsidiary of Buyer – a manufacturer of energy efficient lighting (LED) and custom graphic products. Buyer will keep Target’s brand. In case of termination, Target will pay termination fee of \$5 million. The transaction is subject to conditions including due diligence investigation, Retention Agreements with the Key Employees, Non-Compete and Non-Solicitation Agreement, Target and Landlord shall have entered into the Lease Agreement, approval from third parties, including without limitation, any Governmental Authority, HSR Act and LSI shall have obtained the R&W Insurance Policy.						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
2/28/17	MBS Textbook Exchange, Inc.	Barnes & Noble Education, Inc. (NYSE:BNED)	Distributors	\$174	0.35x	3.18x
Consideration was paid in cash and Buyer – which operates as a contract operator of bookstores on college and university campuses in the US and a provider digital education services, will borrow \$55 million and will extend existing credit facility by \$100 million to fund the transaction. Transaction is subject to approval from regulatory authorities, antitrust authorities, execution of ancillary agreements, resignation of Directors of Target – which engages in wholesale distribution of textbooks to bookstores in the US, and obtaining financing.						

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