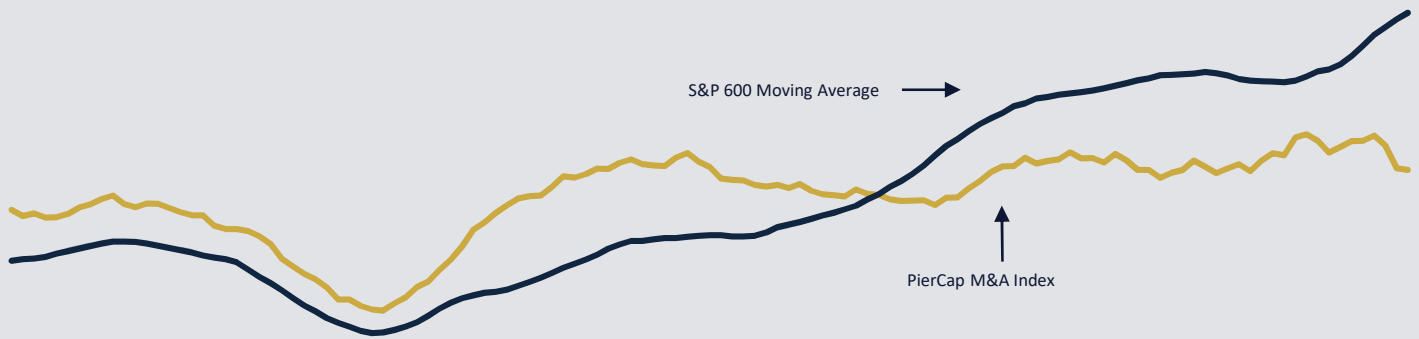


M&A MIDDLE MARKET INSIGHTS – MAY 2017

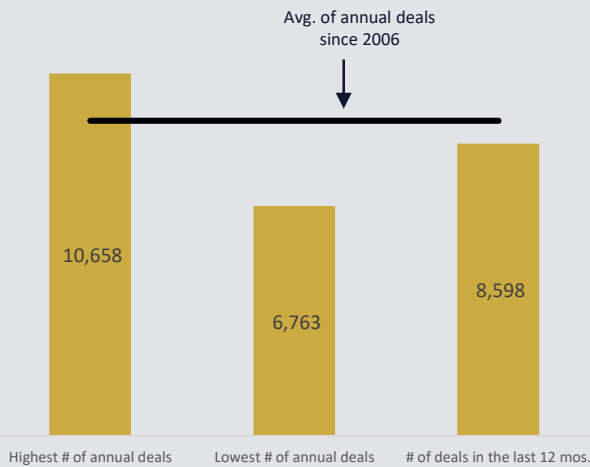
SPREAD INCREASES – DOES IT MEAN ANYTHING?

➤ PierCap's Middle Market Index

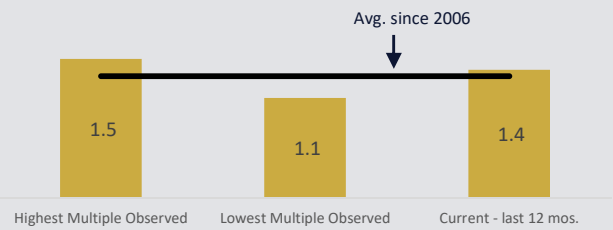


TRANSACTION MULTIPLES HIGHER THAN AVERAGE

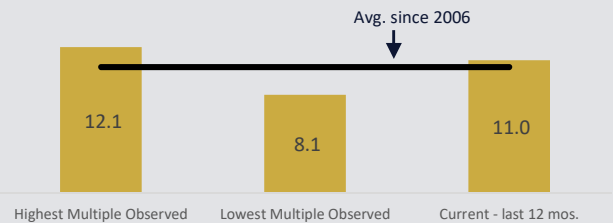
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

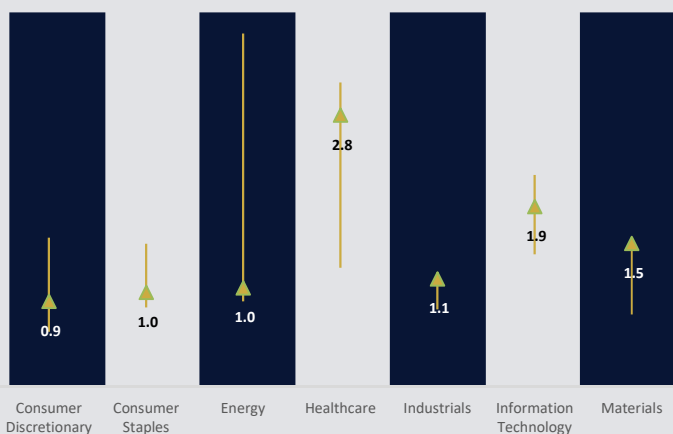


➤ Middle Market M&A EBITDA Multiples

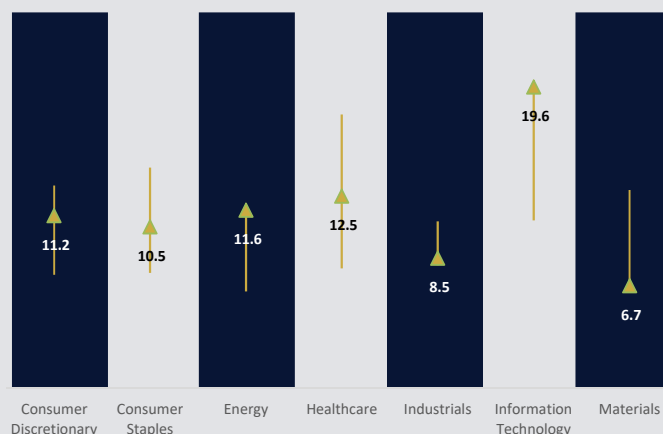


HEALTHCARE AND TECHNOLOGY GOING STRONG

➤ 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
5/4/2017	Thinklogical Inc.	Belden Inc. (NYSE:BDC)	Communications Equipment	\$160	3.14x	9.28x

Buyer, a designer and manufacturer of signal transmission solutions, entered into a definitive agreement to acquire Target from Riverside Partners LLC for \$160 million. Target is a manufacturer of secure, high-performance KVM, video, audio, and computer peripheral signal extension and switching systems for video-rich applications. The transaction will be financed with Buyer's cash on hand. The transaction is expected to be accretive to GAAP and adjusted earnings per diluted share by approximately \$0.04 and \$0.27, respectively, in the first full year of ownership.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/8/2017	Comverge, Inc.	Itron, Inc. (NasdaqGS:ITRI)	Electronic Equipment and Instruments	\$100	1.67x	-

Buyer, a technology and services company that measure, manage and analyze energy and water, signed definitive agreement to acquire Target from H.I.G. Capital, LLC and Hercules Capital, Inc. (NYSE:HTGC) for approximately \$100 million in cash. Target is a intelligent energy management (IEM) company providing integrated cloud-based demand response, energy efficiency and customer engagement solutions that enable electric utilities to ensure grid reliability, lower energy costs, and meet regulatory demands. Excluding acquisition and integration-related costs, amortization of acquired intangible assets and purchase accounting adjustments, the company anticipates the acquisition will be neutral to non-GAAP earnings per share in 2017 and accretive beginning in 2018.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/15/2017	Pittsburgh Corning Corporation	Owens Corning (NYSE:OC)	Building Products	\$560	2.33x	~9.00x

Buyer, a manufacturer, and developer of insulation, roofing, and fiberglass composites, signed an agreement to acquire Target for approximately \$560 million. Target emerged from Chapter 11 bankruptcy protection in April 2016, more than 16 years after initial filing under the weight of many asbestos-related claims. Target produces FOAMGLAS® cellular glass, a sustainable, high performance insulation offering water and fire resistance, high compressive strength and long-lasting thermal protection. The consideration will be paid on a cash free and debt free basis. The acquisition is expected to be accretive to 2017 earnings per share, excluding transaction costs and integration costs. As of May 30, 2017, company got the FTC early termination approval.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/26/2017	Winter Sports Business of Newell Brands Inc.	Kohlberg & Company, L.L.C.	Leisure Products	\$240	0.73x	9.60x
<p>Buyer, a private equity firm specializing in middle-market investing, entered into a definitive agreement to acquire the Winter Sports Business of Newell Brands Inc. (NYSE:NWL) for \$240 million. The consideration is subject to customary working capital and transaction adjustments. The divested business is inclusive of Völk, K2, Marker, Dalbello, Madshus, Line, Full Tilt, Atlas, Tubbs, Ride and BCA. Additionally, Target has signed a definitive agreement to sell its Zoot & Squadra apparel brands in a separate transaction. The transaction which is subject to customary closing conditions, including regulatory approval, is expected to close late in the second quarter or early in the third quarter of 2017.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
5/26/2017	Chromalox, Inc.	Spirax-Sarco Engineering plc (LSE:SPX)	Industrial Machinery	\$415	2.06x	9.65x
<p>Buyer, which specializes in the control and efficient use of steam, and in peristaltic pumping and associated fluid path technologies, signed an agreement to acquire Target from Irving Place Capital for approximately \$420 million. In Jan 2013, Irving Place Capital purchased Target from Sentinel Capital Partners, wherein the senior management team of Chromalox increased its ownership in the company. Target provides electrical products, systems and solutions for industrial process heating and temperature management. The purchase consideration of \$415 million on a cash-free and debt-free basis, will be financed from new debt facilities supplied by existing banks.</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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