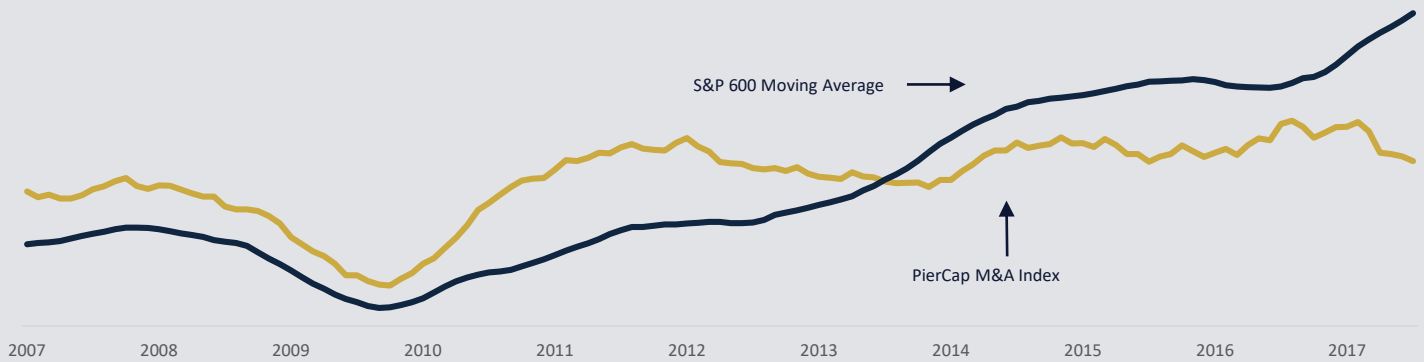


M&A MIDDLE MARKET INSIGHTS – JULY 2017

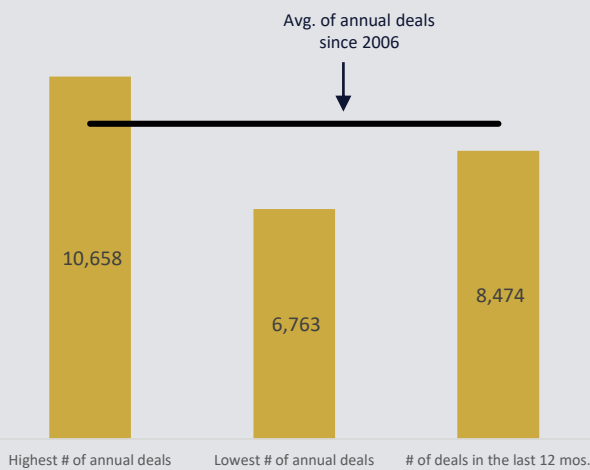
IS THE PRESSURE ON M&A INDEX BECOMING A TREND?

➤ PierCap's Middle Market Index

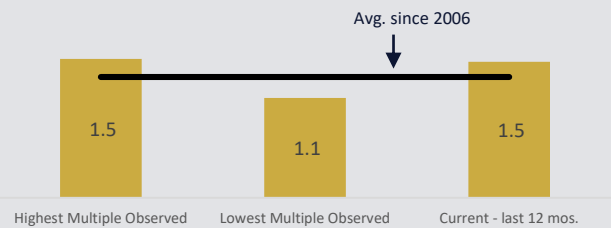


PRICING SIGNALS STILL STRONG

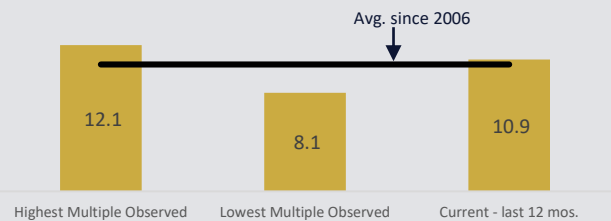
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

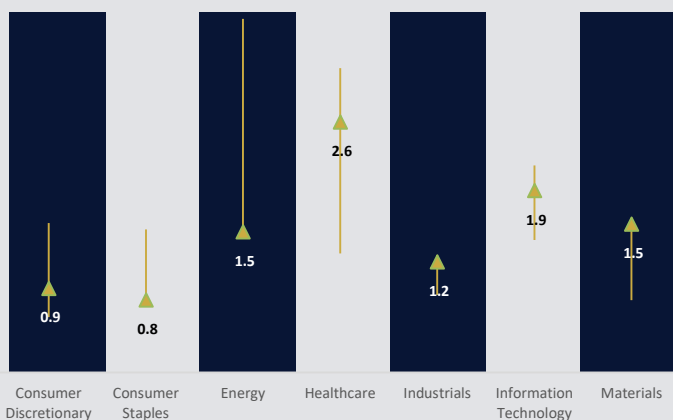


➤ Middle Market M&A EBITDA Multiples

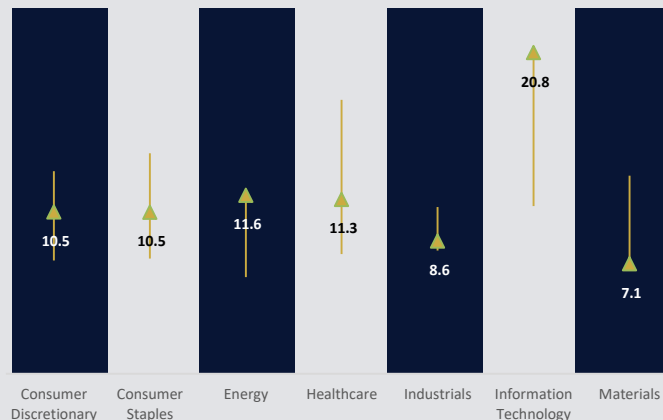


EBITDA MULTIPLES SEE A RISE IN HEALTHCARE, INDUSTRIALS AND TECHNOLOGY

➤ 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
7/5/17	Archway Technology Partners, LLC	SEI Investments Co. (NasdaqGS:SEIC)	Application Software	\$88	4.9x	24.4x
<p>Buyer, a provider of investment processing, investment management, and investment operations solutions, acquired Archway Technology Partners, LLC for \$88 million. Target provides software products and outsourced support services for investment management and private wealth management industries. As part of consideration, Buyer agreed to pay \$80 million and earn-outs of up to \$8 million based on financial targets. Post acquisition, Target will be integrated into the Buyer's Investment Managers business segment during three month period ending September 30, 2017.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
7/5/17	Nine Clinic Physical Therapy Practice	U.S. Physical Therapy, Inc. (NYSE:USPH)	Healthcare Facilities	\$27	3.2x	-
<p>Buyer, a national operator of outpatient physical therapy clinics, acquired 60% stake in Target for \$16.3 million. The remaining 40% interest will be retained by the Target's owners. Target comprises nine clinics that provide physical therapy services. Target generated \$8.6 million in revenue in 2016 from about 92,000 patient visits and at an average net rate of approximately \$94/visit.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
7/6/17	Interstate Distributor Co., Inc.	Heartland Express, Inc. (NasdaqGS:HTLD)	Trucking	\$113	0.3x	-
<p>Buyer, a provider of nationwide asset-based dry van truckload service and temperature-controlled transportation services, acquired 100% of outstanding stock of Target from Saltchuk Resources, Inc. for approximately \$113 million. Target provides trucking services for Fortune 500 companies. The transaction was funded through \$94 million of Buyer's existing cash, plus assumption of approximately \$23 million of Target's debt and acquisition of \$4 million in cash on Target's balance sheet. Buyer expects to pay off all of Target's debt after closing. After funding the transaction, including repayment of assumed debt but excluding funding of certain insurance reserves with restricted cash, Buyer will remain debt-free, with substantial liquidity and financial flexibility from a remaining cash balance of over \$50 million and \$170 million of availability on its revolving line of credit. The parties will provide certain post-closing services to each other under transition services and other agreements.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
7/20/17	East Balt, Inc.	Grupo Bimbo, S.A.B. de C.V. (BMV:BIMBO A)	Packaged Foods and Meats	\$650	1.5x	9.3x
<p>Buyer, a Mexico-based bakery company selling under various brands such as Sara Lee, Oroweat, Arnold, and others, entered into an agreement to acquire Target from OEP Capital Advisors, L.P. for \$650 million. Target produces buns, bagels, English muffins, tortillas, breads, and specialty bakery products. The transaction was cash and debt free. To fund the transaction, Buyer will utilize an existing committed long-term revolving credit facility. The transaction is subject to the satisfaction of customary closing conditions, including regulatory approvals.</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
7/27/17	Industrial Scientific Corporation	Fortive Corporation (NYSE:FTV)	Electronic Equipment and Instruments	\$600	3.8x	-
<p>Buyer, a diversified industrial company with essential technology businesses that drive innovation in field instrumentation, transportation, sensing, product realization, automation, and franchise distribution, entered into a definitive agreement to acquire Target from McElhattan family for \$600 million. Target develops and manufactures gas detection products and accessories focused on providing systems for automated testing, calibration, and data management; and Gas Detection-as-a-Service and portable gas detectors. After the closing of transaction, Target will become part of Professional Instrumentation segment of Buyer. Justin McElhattan, President and Chief Executive Officer of Industrial Scientific Corporation will remain in charge of the company as President.</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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