



Fourth Quarter 2015

Middle Market Transaction Update

Quarton Partners, headquartered in Birmingham, Michigan, is a premier middle market investment banking firm. Its principals have successfully completed hundreds of engagements in a variety of industries across the U.S. and throughout the world. Quarton Partners provides a complete portfolio of investment banking services, including:

- Merger & Acquisition Advisory Services
- Private Capital Raising
- Restructuring & Recapitalizations
- Financial Advisory Services

QUARTON PARTNERS

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Firm Announcements



has sold its subsidiary

Century-3 Plus, L.L.C.

to



has been acquired by



a portfolio company of

SNOW PHIPPS

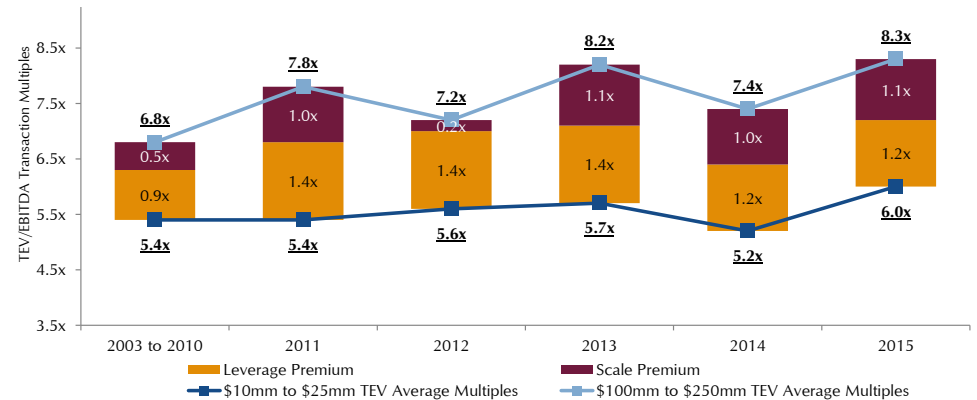
The M&A Renaissance Continues

Valuations Reach New Highs

A culmination of a stable economic environment, lackluster GDP growth, historically low interest rates and an abundance of capital available from lenders, private equity funds and strategic buyers have led to perfect conditions for sellers. According to S&P Capital IQ, Enterprise value/EBITDA valuation multiples increased from 7.6x in Q2 '15 to 8.4x, in Q3 '15, surpassing the prior 2007 peak of 8.2x.

As tracked and reported by GF Data, transactions at the high-end of the middle market generally receive a premium valuation factors due to more leverage availability (leverage premium) and other contributing factors (scale premium). By comparing average multiples received for transactions at the low and high end of the middle market, a leverage premium is estimated by the variance in debt availability. There has been a noticeable difference in the premium from the 2003 to 2010 average of 1.4x compared to the last five year average and 1H' 2015 of 2.3x. As evident in the analysis below, the current market conditions are providing an opportunity to capitalize on an above average size premium.

Transaction Size Premiums Composition



Source: GF Data.

2016 Outlook Remains Favorable

The 2016 M&A market environment outlook remains robust, however we believe the window to take advantage of the attractive market conditions may be closing. Favorable lending conditions has been a leading catalyst for increased valuation multiples. The economy continued to improve in Q3 '15, including October unemployment reaching its lowest level in over seven years at 5.0%, making a Federal Reserve interest rate hike likely. We expect the rate hike to be modest and gradual, thereby not having a meaningful impact on 1H'16 leverage availability. Business owners that are considering a sale of their business should capitalize on the market conditions before interest rates increase meaningfully and thereby impact leverage availability for transactions.

Transaction Environment

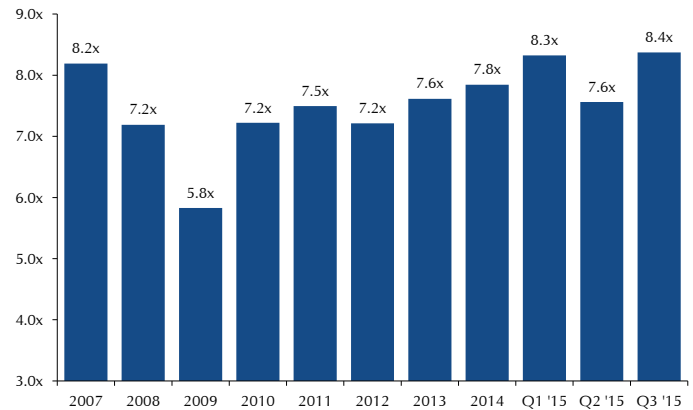
Deal Volume – Q3 '15 middle market disclosed transaction volume (enterprise value between \$10 million and \$250 million) decreased 8% year-over-year and 5% compared to Q2 '15. Following a modest slowdown in deal flow during Q3 '15, year-to-date transaction volume remains 6% above Q3 '14 year-to-date results. The decrease in deal volume in Q3 '15 was not an issue of demand, as strategic and financial buyers are aggressively pursuing acquisitions. The modestly lower deal volume provides an attractive timing opportunity for private owners to take advantage of fewer deals in the market.

Deal Value – Aggregate deal value of middle market transactions decreased 15% year-over-year and remained flat sequentially in Q3 '15. The average transaction size increased 6% in Q3 '15 compared to Q2 '15.

Transaction Multiples – Middle market enterprise value/EBITDA multiples increased from 7.6x in Q2 '15 to 8.4x in Q3 '15, surpassing valuations received at the start of the year. While valuations have rebounded, equity contribution checks decreased from 48.9% in Q2 '15 to 45.1% in Q3 '15.

Debt Financing Markets – Lending conditions continued to improve in Q3 '15 with total debt/EBITDA multiples increasing to 4.1x, surpassing prior peak levels during the first half of the year. Lenders eager to put capital to work have remained active throughout the year. A limited number of quality deals in the market and a looming interest rate hike suggest weaker lending terms for buyers, but willing lenders aggressive to put capital to work continue to emerge, benefiting the transaction market.

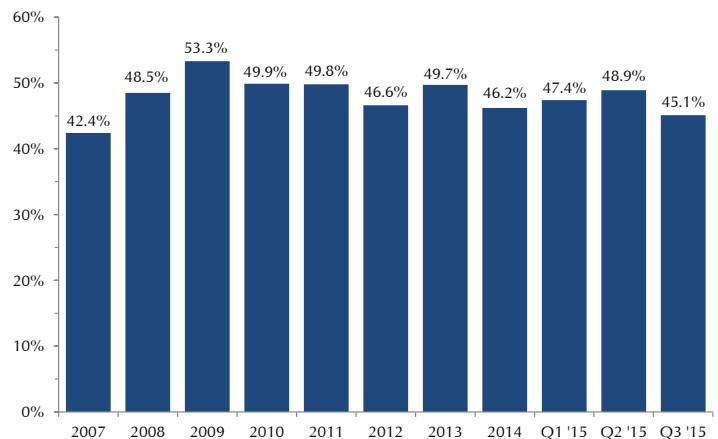
Middle Market Average TEV/EBITDA Transaction Multiples⁽¹⁾



(1) Transactions between \$10 and \$250 million with TEV/EBITDA multiples < 15x; excludes technology, media and telecom

Source: Quarton Partners Research and S&P Capital IQ

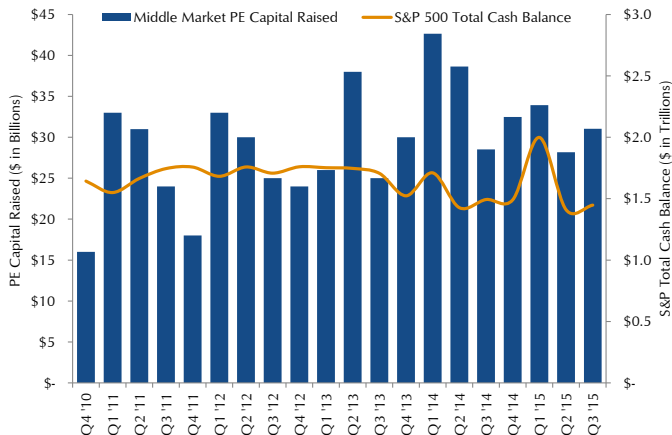
Average Equity Contribution of Middle Market Transactions⁽¹⁾



(1) Transactions with enterprise values of \$10 million to \$250 million

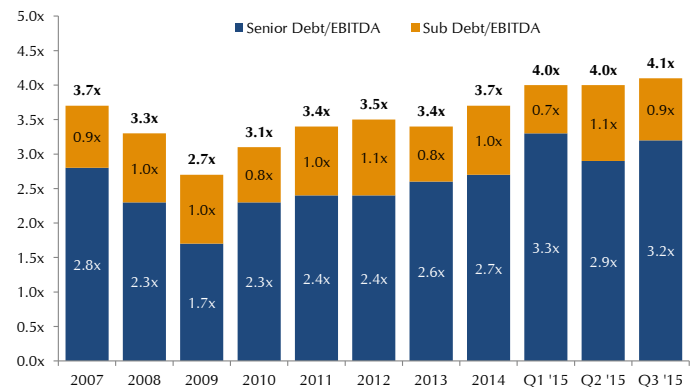
Source: GF Data

Strategic and Financial Capital Availability



Source: PitchBook and S&P Capital IQ

Average Credit Statistics of Middle Market Transactions⁽¹⁾



(1) Transactions with enterprise values of \$10 million to \$250 million

Source: GF Data

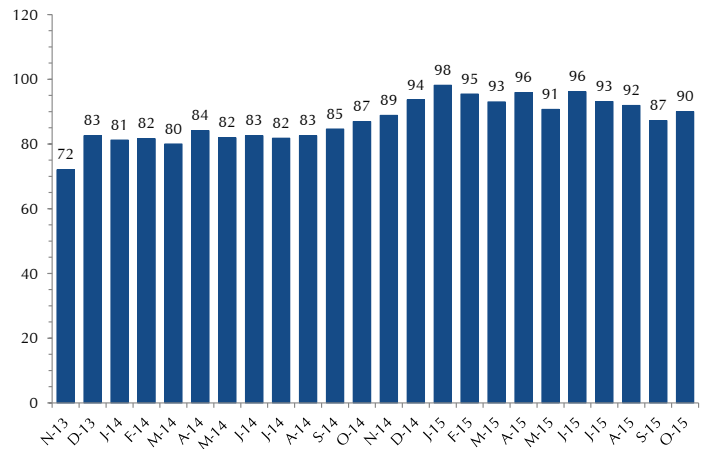
Economic Environment

Gross Domestic Product – Real gross domestic product grew at an annual rate of 1.5% in Q3 '15, according to Bureau of Economic Analysis (BEA) advanced estimates. The moderate increase in Q3 '15 was a slowdown compared to the 3.9% increase in GDP during Q2 '15. The deceleration of GDP was primarily attributed to a downturn in inventory as companies cautiously cut back production to prevent possible buildups, principally for goods planned for foreign markets. The slowdown was also related to companies spending less on capital investments, such as oil rigs and commercial real estate. Although businesses decreased investment activity in Q3 '15, consumer spending continued to increase as a result of lower gas prices and higher inflation adjusted incomes.

Consumer Confidence – The Thomson Reuters/University of Michigan Surveys of Consumers reported that consumer confidence rebounded from 87.2 in September to 90.0 in October. Consumer confidence over the past four months has moderately decreased as a result of the potential impact from the global economy and concerns about volatile financial markets, particularly among higher income households. Despite recent concerns, consumer confidence remains high as future financial prospects are viewed favorably across households and expectations the unemployment rate will remain unchanged.

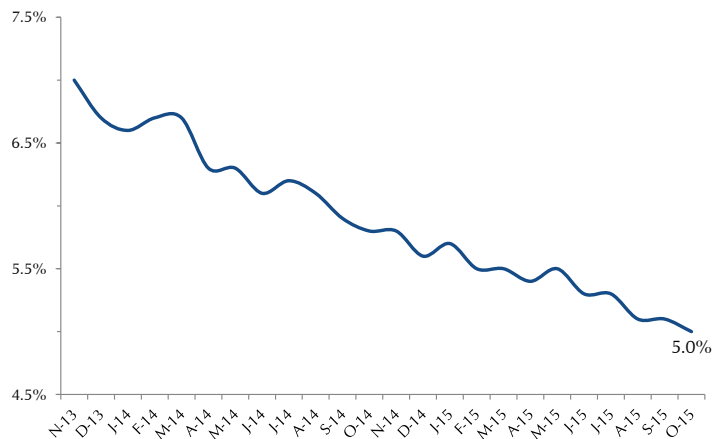
Employment – Nonfarm payroll employment rose by 271,000 jobs in October, decreasing the unemployment rate to 5.0%, the lowest level of unemployment in seven years. October job gains were the largest monthly increase since December 2014 and were primarily attributed to added jobs in professional and business services, health care, retail and construction.

Consumer Confidence Index



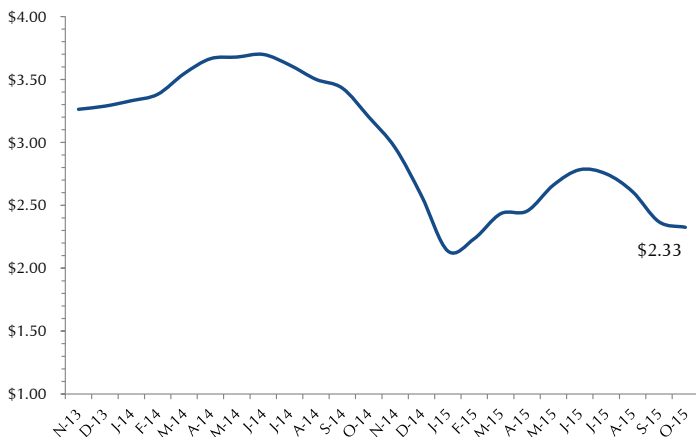
Source: Thomson Reuters/University of Michigan Surveys of Consumers

Unemployment Rate



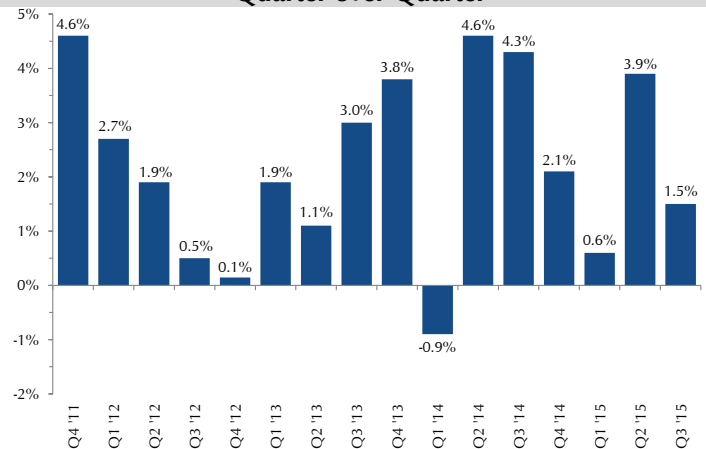
Source: Bureau of Labor Statistics

Average U.S. Conventional Retail Gasoline Prices



Source: U.S. Energy Information Administration

Change in Real Gross Domestic Product Quarter over Quarter



Source: Bureau of Economic Analysis

Recent Quarton Announcements



has sold its subsidiary

Century-3 Plus, L.L.C.

to



The undersigned acted as exclusive financial advisor to Century, Inc. in the above transaction.



QUARTON PARTNERS

July 2015

Accuride Corporation has acquired the assets of Century-3 Plus, L.L.C. (“Century-3 Plus”) a subsidiary of Century, Inc. Quarton Partners acted as the exclusive financial advisor to Century, Inc. in this transaction.

Century-3 Plus utilizes internally developed patented technology to become a leader in advanced, aluminum based, selectively reinforced Metal Matrix Composites (“MMCs”) brake drums for the heavy truck and defense markets. MMC aluminum brake drums provide a superior alternative to cast iron brake drums by offering significant weight reduction and improved performance. The light-weight technology can also be used to produce several components throughout a vehicle providing substantial weight savings.

Accuride Corporation, headquartered in Evansville, Indiana, is a leading supplier of components to the North American commercial vehicle industry. The company’s products include commercial vehicle wheels, wheel-end components and assemblies, and specialty cast-iron components for a range of agricultural, construction and mining, and oil and gas equipment applications.



has been acquired by



a portfolio company of

SNOW PHIPPS

The undersigned acted as exclusive financial advisor to Jardine Foods in the above transaction.



QUARTON PARTNERS

October 2015

Teasdale Foods, a portfolio company of Snow Phipps Group, has acquired Jardine Foods, Inc. (“Jardine’s”). Quarton Partners acted as the exclusive financial advisor to Jardine’s in this transaction.

Jardine Foods, headquartered in Buda, Texas, is a leading manufacturer and marketer of natural and organic Southwestern foods. Jardine’s provides a comprehensive portfolio of branded, private label and co-manufactured salsa, queso, dip, barbecue sauce, and hot sauce. Jardine’s products are available at mainstream grocery, mass merchandise and specialty retailers throughout the United States.

Teasdale Foods, headquartered in Atwater, California, is a leading provider of private label and branded bean hominy products to the retail, foodservice and wholesale channels. Teasdale operates three production facilities in Atwater, California; Hoopeston, Illinois; and Greeley, Colorado.

Snow Phipps Group, headquartered in New York, New York, is a private equity firm focused on middle-market control investments. With \$1.5 billion of assets currently under management, Snow Phipps targets platform companies with enterprise values ranging from \$100 million to \$500 million.

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