

Quarton International is a premier investment banking firm providing M&A, capital raising, and related advisory services to middle-market companies in North America and Europe. Quarton International's principals have a combined track record of more than 500 transactions in 30 different countries with a total transaction value exceeding \$15 billion.

Focus Sectors:

- Automotive & Diversified Industrial
- Consumer
- Retail & E-commerce
- Technology, Media & Telecommunication
- Real Estate
- Healthcare
- Business Services

Recent Transactions:

Enviroshake® Inc.

has been acquired by

HW HEADWATERS

Leggett & Platt
INCORPORATED
Tubular Products Business

has been acquired by


CROWNE

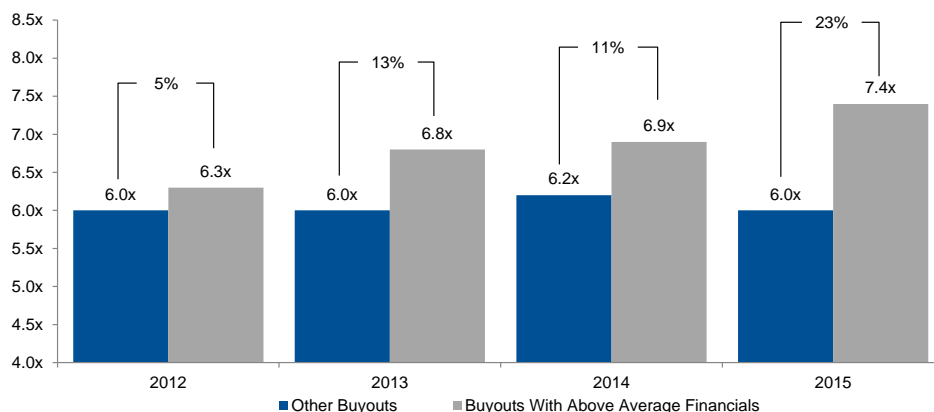
Seller's Market Continues into 2016

Valuation Multiples Continue to Climb

Middle market M&A continues to generate high valuations, with enterprise value/EBITDA multiples averaging 8.2x for 2015, the highest levels since 2007. Strategic buyers remain positioned with healthy balance sheets and are more aggressively putting capital to work to achieve growth. Additionally, private equity firms have substantial dry powder to deploy, creating a highly competitive environment for transactions.

A lack of organic growth and availability of capital in the market has increased competition and valuation premiums for attractive businesses. In addition, middle market leverage multiples surpassed its peak in 2014, with Debt/EBITDA multiples averaging 3.9x in 2015. GF Data reported the premium paid for businesses in 2015 with above average financial performance increased to 23%, the largest spread over the past four years. The increased premium is evidence of the high level of competition amongst buyers for high quality businesses.

Scarcity Value for High Quality Businesses



Note: Above average financials are defined as buyouts with TTM EBITDA margins and revenue growth rates both above 10%, or one above 12% and the other metric at least 8%.
Source: GF Data.

Increased Deal Activity Ahead

After a slow start to the year, activity is beginning to pick-up in the M&A market. With the recent volatility in the stock market in China, early signs of tightening in the credit markets and political uncertainty, many sellers that have been contemplating selling their business over the next year or two are seeking to capitalize on the favorable market dynamics before conditions change. As a result, we anticipate deal volume to be robust in Q2 and Q3 this year.

Transaction Environment

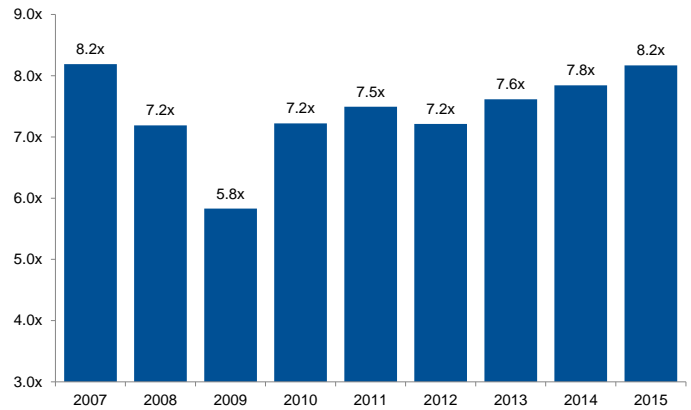
Deal Volume – Q4 '15 middle market disclosed transaction volume (enterprise value between \$10 million and \$250 million) increased 12% compared to Q3 '15 and decreased 3% year-over-year. Similar with recent history, 2015 finished the year strong with the highest quarter for middle market transaction volume, which resulted in annual volume increasing 4% compared to 2014. We expect the pace to continue into 2016 as the deal environment remains highly attractive to buyers and sellers.

Deal Value – Aggregate deal value of middle market transactions in Q4 '15 increased 13% sequentially and decreased 8% year-over-year. The decrease in aggregate deal value, during a period of increased transaction volume, signifies an increase in transactions at the lower end of the middle market. In response to competition among financial and strategic buyers, we have received increased interest from buyers for businesses outside of historical investment parameters.

Transaction Multiples – Middle market enterprise value/EBITDA multiples decreased slightly from 8.4x in Q3 '15 to 8.3x in Q4 '15, resulting in transaction multiples averaging 8.2x in 2015 compared to 7.8x in 2014. Favorable market conditions and competition for premium assets supported increased valuation multiples throughout the year.

Debt Financing Markets – Lending conditions remained favorable throughout the year with total debt/EBITDA multiples averaging 3.9x. Debt multiples surpassed prior peak levels set in 2014 demonstrating the current favorable lending environment. We believe leverage multiples are near peak levels and expect markets to remain favorable in the near-term, despite recent changes made by The Federal Reserve.

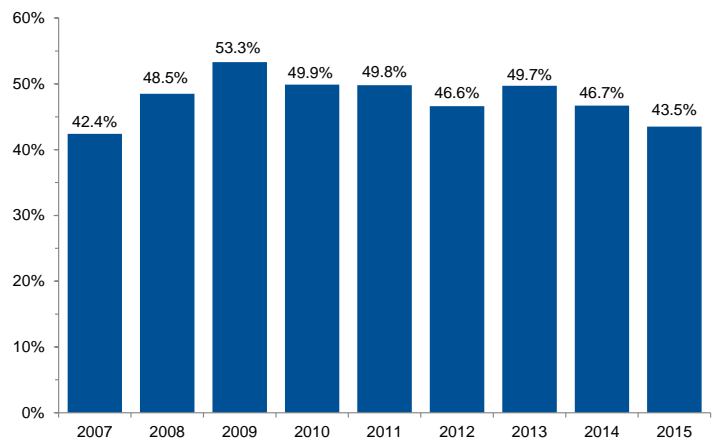
Middle Market Average TEV/EBITDA Transaction Multiples⁽¹⁾



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

Source: Quarton International Research and S&P Capital IQ

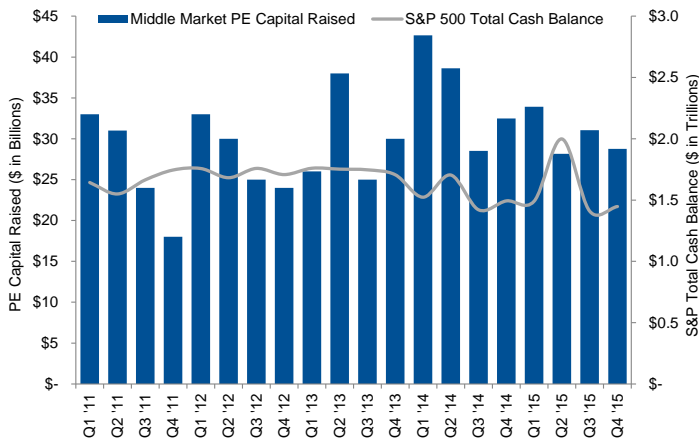
Average Equity Contribution of Middle Market Transactions⁽¹⁾



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

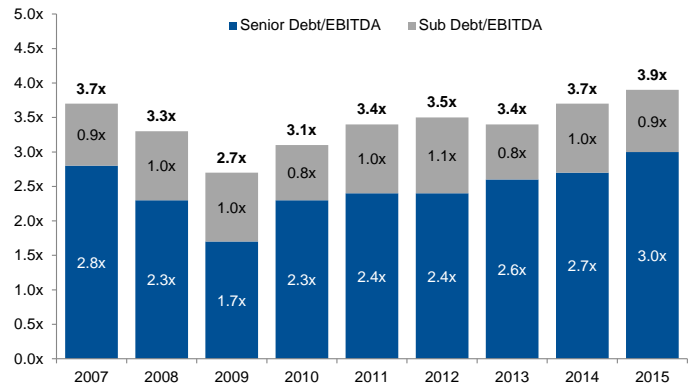
Source: GF Data

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



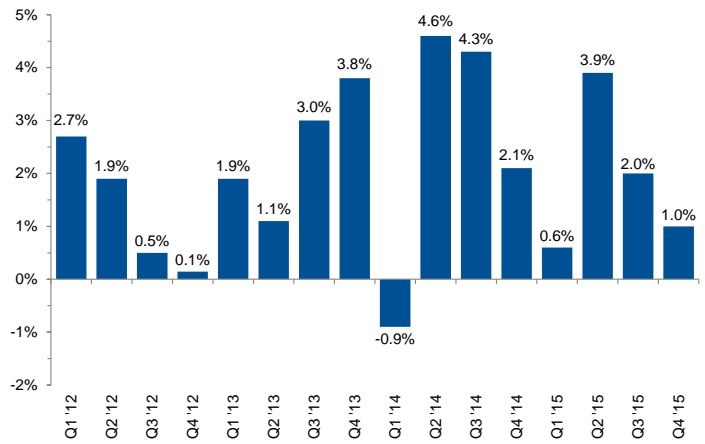
Economic Environment

Gross Domestic Product – Real gross domestic product grew at an annual rate of 1.0% in Q4 '15, according to Bureau of Economic Analysis (BEA) estimates. The slowdown in Q4 '15, compared to past two quarters, was primarily attributed to cutbacks in inventory spending as companies reduced excess supply. The deceleration was also related to increased imports caused by a strong U.S. Dollar, and reduced exports as a result of global economic uncertainty. Although businesses decreased investment activity for a second straight quarter, the labor market strengthened and consumer confidence remains high, providing a positive outlook.

Consumer Confidence – The Thomson Reuters/University of Michigan Surveys of Consumers reported that consumer confidence decreased slightly to 91.7 in February from 92.0 in January. Consumer confidence remains high as personal finances are benefiting from low inflation and inexpensive gas prices. Despite increases to disposable income, consumers are beginning to raise concern related to the overall economy and recent volatility in the financial markets.

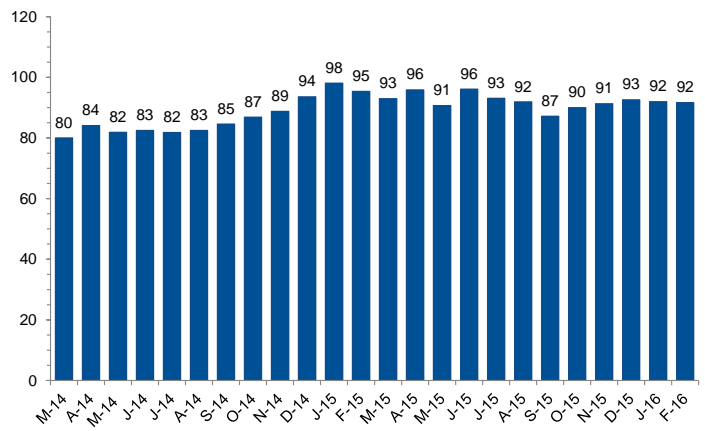
Employment – Nonfarm payroll employment rose by 151,000 jobs in January, decreasing the unemployment rate to 4.9%. The most significant increase in jobs came from the retail sector, followed by increases in the food services, health care and manufacturing industries. Job growth was offset by decreases in the private education, transportation and warehousing sectors.

Change in Real Gross Domestic Product Quarter over Quarter



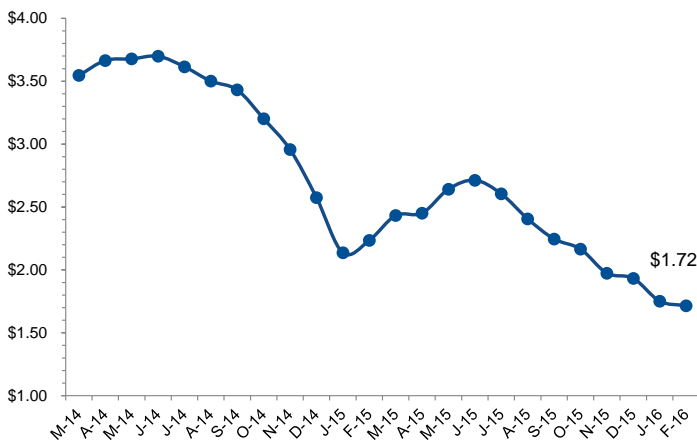
Source: Bureau of Economic Analysis

Consumer Confidence Index



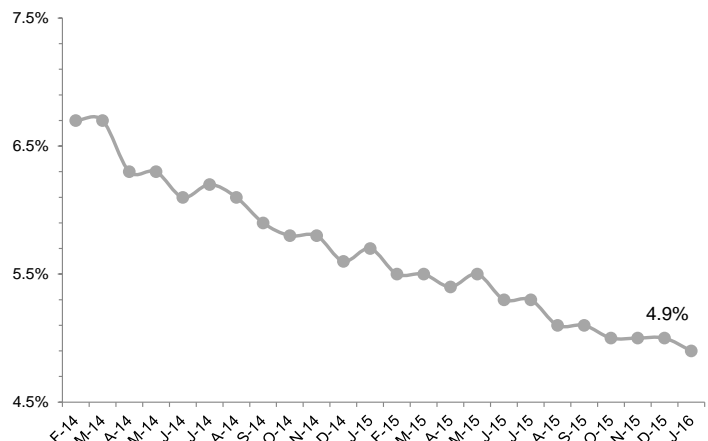
Source: Thomson Reuters/University of Michigan Surveys of Consumers

Average U.S. Conventional Retail Gasoline Prices



Source: U.S. Energy Information Administration

















Unemployment Rate



Source: Bureau of Labor Statistics



Recent Transactions

| | | | |
|---|--|--|---|
|  <p>formed a joint venture with</p>  <p>Medical Device Manufacturer</p> |  <p>has been acquired by</p>  <p>Provider of Engineered Building Products</p> |  <p>has been acquired by</p>  <p>Manufacturer of Electric Resistance Welded Steel Tubing</p> |  <p>has been acquired by</p>  <p>Provider of Plumbing Hand Tools</p> |
|  <p>has been acquired by</p>  <p>Building Project Developer</p> |  <p>has been acquired by</p>  <p>Provider of Vacuum Impregnation Sealing Solutions</p> |  <p>has been acquired by</p>  <p>Advisor and Service Provider for Affordable Housing</p> |  <p>has been acquired by</p>  <p>Data and Document Management Software Solutions Provider</p> |

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