

Midwest M&A Quarterly Update

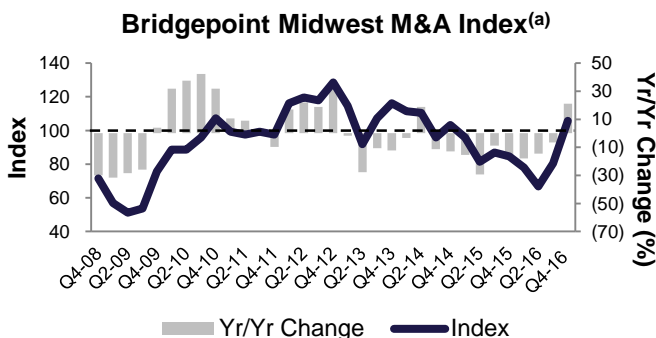
Fourth Quarter 2016

Midwest M&A Quarterly Update

Bridgepoint Midwest M&A Index

Midwest M&A: Continued Low Deal Count Matched With Transaction Valuations Well Above Median

- Index Summary:** The Bridgepoint Midwest M&A Index, a measure of corporate merger and acquisition activity in the region increased 31.3% closing out 2016. Year-over-year the index jumped 24.9% compared to Q4-15. Quarter-to-quarter the index increased to 105.7, a 25.2 point increase from 80.5 in Q3-16 (Q3-06=100).
- Perspective / Key Drivers:** Companies turn to M&A to drive growth and achieve a competitive advantage within their respective industry. Today's technological and political environments continue to create disruption and therefore opportunities across the industry for businesses to expand their core and explore new market opportunities. Access to the capital markets remains readily available at a low-cost to businesses trying to accelerate their growth. Throughout 2016 markets experienced slow transaction volumes for various reasons including limited availability of strong targets and market volatility due to political uncertainty and interest rate speculation. Going into 2017 markets are expected to rebound and increase throughout the year. Curbed demand is expected to surface in 2017 after slow deal flow throughout 2016.



The continued speculation of cutting regulation could speed transactions up in many sectors, especially pharmaceuticals and other highly regulated industries.

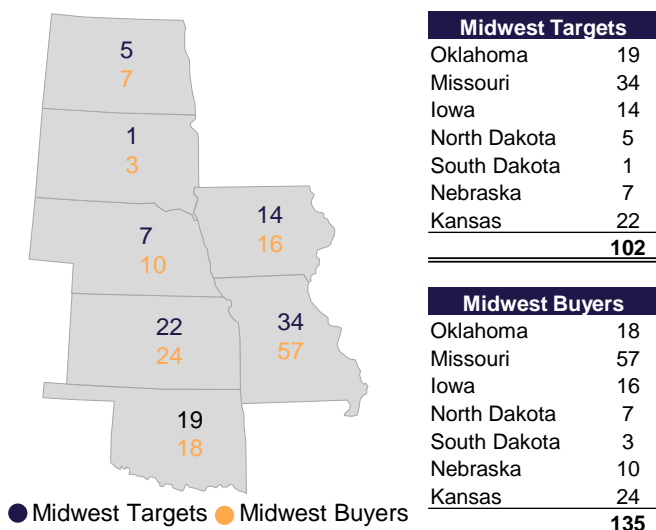
The increase in activity in 2017 seems to be driven by the large supply of buyers looking for strategic alternatives to organic growth as well as buyers seeking the newest technologies in their respective industries.

Conversations with the Buy-side

“The buy side remains a bit challenging of late with lots of capital in the market helping to push valuations ever higher...it’s a good time to be a seller. We anticipated the market to normalize a bit with the middle market debt markets tightening a bit, but as of yet that has not occurred. We are still seeing high valuations in industrial sectors that historically were selling in the 4 to 5x EBITDA. They now trade in the upper 6s and 7s as a multiple of EBITDA, with a few even approaching 8 times.”

Dan Needham
Wynnchurch Capital
Chicago, IL

Q4-16 Midwest M&A Activity



Index Definition

(a) Q3-06 = 100. As defined by Bridgepoint Merchant Banking, the Bridgepoint Midwest M&A Index is assembled by summing the number of transactions (for transactions that meet the Transaction Requirements below, as sorted by announced date) announced over the latest two quarters. Year-over-year and quarter-over-quarter percent change is calculated and then applied to the index number for the previous applicable period.

Transaction Requirements

Buyer, target and/or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control. Total Enterprise Value must be \$10mm or greater. Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

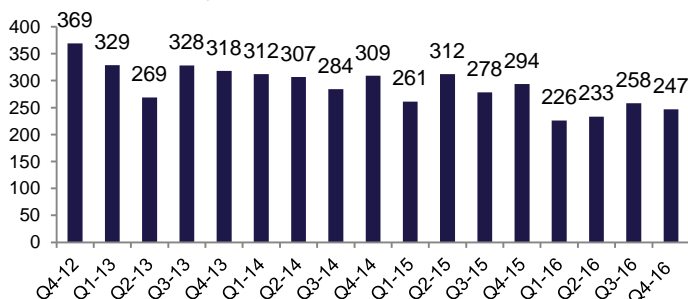
Source: Bridgepoint Merchant Banking, Capital IQ (1/24/2017), PitchBook



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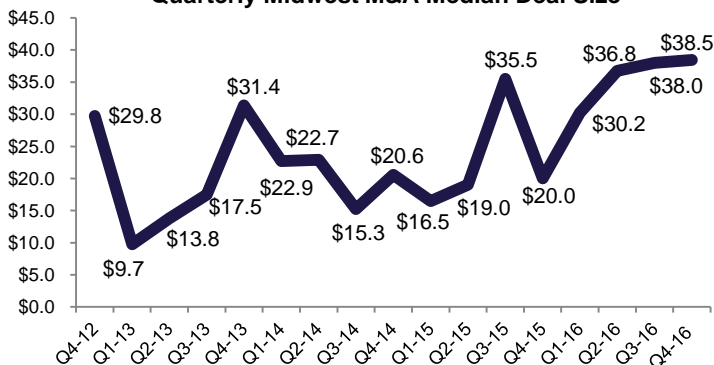
Selected Midwest Q4-16 M&A Transaction Statistics^(b)

Quarterly Midwest M&A Transaction Volume



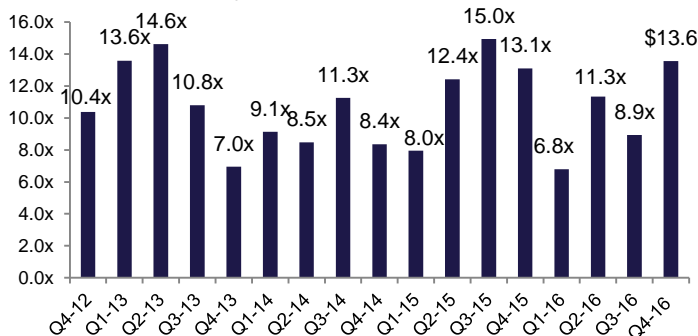
- Quarterly Midwest M&A transaction volume decreased by 4.4% from 258 transactions in Q3-16 to 247 transactions in Q4-16. Year over year volume declined 16.0% from Q4-15 to Q4-16. Despite the decline in volume, transaction valuations are on the rise
- Deal flow in 2016 remained slow throughout 2016 compared to previous years. The slowdown the market continues to experience is driven by market volatility. However, the market is expected to rebound during 2017

Quarterly Midwest M&A Median Deal Size



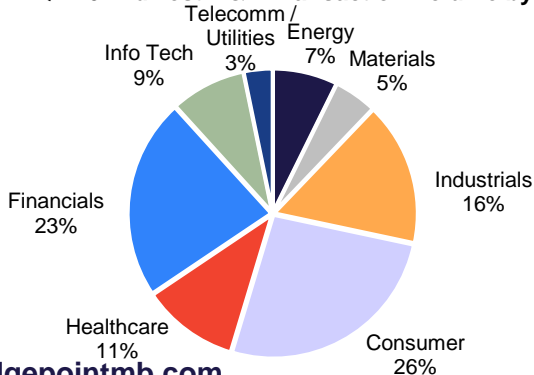
- Of the Midwest M&A transactions with transaction values, quarterly median deal size increased from \$38.0mm in Q3-16 to \$38.5mm in Q4-16
- Although M&A activity continued to be slow in 2016, median deal size remained well above the median deal size of \$22.7
- Buyers continue to pay premium prices backed by strong capital markets

Quarterly Midwest M&A Median Valuation



- On a TEV/EBITDA basis, median Midwest M&A valuations increased from 8.9x in Q3-16 to 13.6x in Q4-16. With EBITDA multiples rebounding substantially, Q4-16 multiples are well above the historical median of 10.8x
- Multiples remain at historically strong levels indicating that buyers are still very determined to put their capital to work

Q2-16 Midwest M&A Transaction Volume by Sector



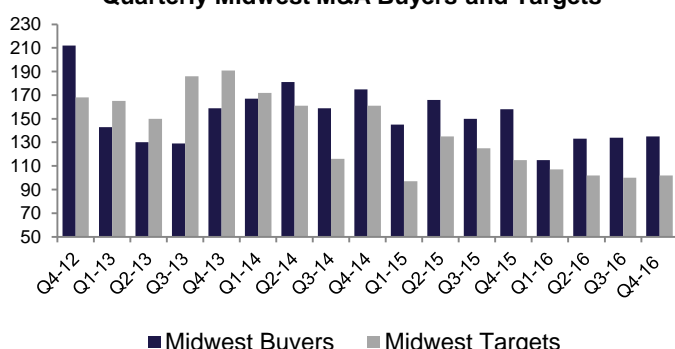
- Consumer Products & Services, Financial Services, and Industrials accounted for 65% of total Midwest M&A transaction volume in Q4-16
- The share of transactions by sector remained relatively consistent with Q3-16 share. The Consumer and Healthcare sectors both had the greatest increase in transactions count while Information Technology and Telecommunications / Utilities each experienced the greatest declines



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Selected Midwest Q4-16 M&A Transaction Statistics (Continued)^(b)

Quarterly Midwest M&A Buyers and Targets



- The number of M&A transactions involving Midwest targets and buyers remained consistent with the transaction volume in the second and third quarters of 2016
- Transactions with Midwest companies as acquisition targets continue to remain below the average level over the past 4 years which reaffirms the patience of buyers searching for good caution in their acquisition selections
- Midwest buyers continue to outpace available targets regionally, a trend persistent since Q2-14

Selected Midwest Q4-16 M&A Transactions^(b)

Announced	Target	Target Location	Buyer	Buyer Location	Target Sector	TEV (\$mm)
12/29/2016	American Railcar Leasing LLC	MO	SMBC Rail Services, LLC	IL	Industrials	\$2,778.0
12/20/2016	Chesapeake Energy Corporation	OK	Covey Park Energy LLC	TX	Energy	465.0
12/14/2016	Southwest Bancorp, Inc.	OK	Simmons First National Corporation	AR	Financials	567.7
12/13/2016	Allen Edmonds Corporation	WI	Calores, Inc.	MO	Consumer	255.0
12/12/2016	Seventy Seven Energy Inc.	OK	Patterson-UTI Energy, Inc.	TX	Energy	2,042.0
12/06/2016	Weglock, LLC	OK	Crawford Innovative Ventures, LLC.	GA	Consumer	36.1
11/21/2016	Selexys Pharmaceuticals Corporation	OK	Novartis AG	Switzerland	Healthcare	665.0
11/11/2016	Digi International, Inc.	MN	Belden	MO	Info Tech	359.1
11/07/2016	Vintage Stock, Inc.	MO	Live Ventures Incorporated	NV	Consumer	58.0
11/04/2016	Ultimate Survival Technologies, Inc.	FL	Battenfield Acquisition Company	MO	Consumer	34.3
10/27/2016	Transportation Resources, Inc.	MO	TFI International Inc.	Canada	Industrials	558.0
10/26/2016	OU Medical Center	OK	SSM Health Care of Oklahoma, Inc; University Hospitals	OK	Healthcare	750.0
10/24/2016	Scottrade Financial Services, Inc.	MO	TD Ameritrade Holding Corporation	NE	Financials	2,791.9
10/23/2016	B/E Aerospace Inc.	FL	Rockwell Collins, Inc.	IA	Industrials	8,354.3
10/21/2016	WOW! Lawrence	KS	Midco	SD	Telecomm	215.0
10/19/2016	Triton Miami	FL	ADDvantage Technologies Group, Inc.	OK	Info Tech	8.5
10/17/2016	Moran Foods	MO	Onex Corporation	Canada	Consumer	1,365.0
10/13/2016	Bluetube LLC	GA	Perficient, Inc.	MO	Info Tech	10.1
10/05/2016	Boehringer Ingelheim Vetmedica	MO	Elanco US, Inc.	NC	Healthcare	885.0
10/03/2016	Cabelas	NE	BPS Direct, LLC.	MO	Consumer	9,385.6

(b) Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota. Either buyer, target, or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control.

Source: Bridgepoint Merchant Banking, Capital IQ

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About Bridgepoint Merchant Banking

Bridgepoint Merchant Banking, a Division of Bridgepoint Holdings, LLC, is a lower and middle market investment banking firm that serves clients throughout the corporate lifecycle by providing merger and acquisition and corporate finance advisory services.

With more than 94+ years of cumulative experience, Bridgepoint Merchant Banking professionals have completed over \$110 billion of merger and acquisition and capital raising transactions across a wide range of industries.

When considering a sale of your business, the acquisition of a business, and/or raising capital for a business or transaction, the Principals of Bridgepoint Merchant Banking, through our broker dealer relationship, can help you to achieve your personal and business goals. Our specialized expertise helps our clients achieve better value, identify better transaction partners, reach smarter decisions and negotiate more favorable outcomes. Please reach out to us at the contact information above to discuss how we can help you.

Selected Bridgepoint Merchant Banking Transactions

USD1.9 million Convertible Debt and Preferred Equity Placement Sole Financial Advisor	NOT DISCLOSED Buy-side advisory on its potential acquisition of publicly traded technology services company and related acquisition financing Sole Financial Advisor	NOT DISCLOSED Sell-side advisory and Buy-side acquisition financing Sole Financial Advisor	USD1.0 million Follow-on equity offering Senior Co-Manager	USD300 million Joint Bookrunner and Joint Arranger for new revolving credit facility and senior note offering Bookrunner	USD200 million Exit financing facilities Bookrunner	USD3.0 billion Joint Bookrunner on senior notes offering Joint Bookrunner	USD300 million Secondary equity offering Joint Lead Bookrunner	USD200 million Bridgepoint Monoco Capital Investors, LLLP Lead Bookrunner & Sole Financial Advisor
GOOD YEAR SD1.9 billion Senior secured credit facilities Joint Bookrunner	THE CORPAC GROUP USD1.17 billion Buy-side Advisory to private equity consortium on its acquisition of Cooper Standard Automotive Sole Financial Advisor	INTEGRITY'S SOLUTIONS Not Disclosed Buy-side advisory and acquisition financing for management buyout Sole Financial Advisor	VALUE PLACE USD5.1 million Secured Promissory offering Lead Bookrunner	ACCESSbank bankingYOURway Not Disclosed Buy-side M&A advisory related to acquisition of Bank of Nebraska Financial Advisor	QCommerce USD10 million+ Preferred stock offering Joint Bookrunner	KOCH INDUSTRIES INC USD20 billion Joint Lead Arranger for the financing supporting Koch's acquisition of Georgia-Pacific Joint Lead Arranger	Constar's redbox USD200 million Convertible notes offering Joint Bookrunner	
SARI TEC SD1.2 billion Buy-side Advisor to SARI Tec (Chinese automotive supplier) on its acquisition of N.A. automotive supplier Financial Advisor	Access Bank Not Disclosed Buy-side M&A advisory related to acquisition of Bank of Nebraska Financial Advisor	LKQ S&P 500 USD765 million Senior secured credit facilities (financing for LKQ's acquisition of top competitor) Joint Bookrunner	BirdDog Not Disclosed Equity Capital Raise Sole Bookrunner June 2014	T-STONE \$100 million Senior on senior Joint Bookrunner	METLCAST PRODUCTS, INC. Not Disclosed Buy-side advisory and financing on acquisition of metal foundry Sole Financial Advisor & Sole Financing Arranger	Powderhook Not Disclosed Unsecured Promissory Note Financial Advisory	ScanMed Not Disclosed M&A advisory Sole Financial Advisor	
WCC	YORK LABEL	Hertz	Manitowoc	IWCODIRECT	SOHO DEVELOPMENT	ACCURIDE	Korn/Clarity	NAVTEQ

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