

# Midwest M&A Quarterly Update

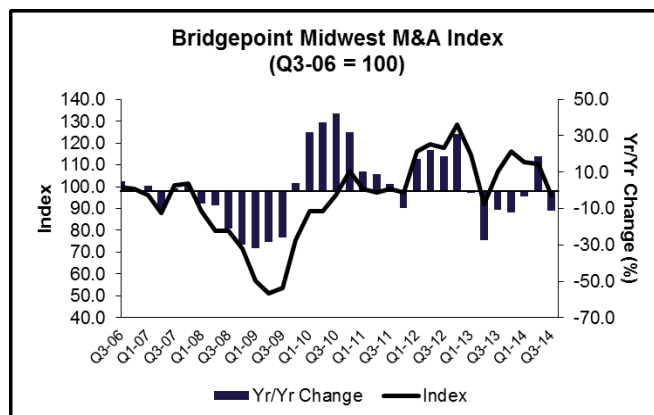
*Third Quarter 2014*

# Midwest M&A Quarterly Update

## Bridgepoint Midwest M&A Index

### Midwest M&A Environment Softened Slightly in Q3-14

- Index Summary:** The Bridgepoint Midwest M&A Index, a measure of corporate merger and acquisition activity in the U.S. Midwest region, decreased by 14.6% in Q3-14 after having decreased 0.8% in Q2-14. On a year-over-year basis, the index decreased 11.4% from Q3-13. The index fell slightly below the baseline to 95.9 (Q3-06=100)
- Perspective:** Although the index declined slightly in the latest quarter, it is at a stable level near 100. According to Bloomberg, global Q3-14 deal volume reached \$888.9 billion, the highest third quarter total in seven years. M&A professionals expect overall transaction closings to increase in the last quarter of the year. Median valuations increased and remain very strong, driven by aggressive capital market support
- Key Drivers:** Middle market companies continue to dominate M&A activity – 82.9% of all buyout activity in the U.S. took place in the middle market in Q3 (according to Pitchbook.com). The news also comes amid the best fundraising climate since at least before the recession. The appetite for acquisitions remains strong amid record cash stockpiles at companies and with financial buyers. Fueled by high demand, low supply of quality deals and easy access to debt with historically aggressive terms, valuations continue to be on robust levels
- Outlook:** Shareholders are pushing corporations to invest in growth and move money out of corporate coffers and back into the economy. Buyers and sellers will continue to pursue meaningful opportunities plowing money into long-term business investment projects. Bridgepoint is seeing strong deal activity in the market currently and expects strong deal-closing activity in the region and a rebound of the index in Q4



- What the Index Means for You:** Deal activity continues to be robust in the latest quarter while M&A valuations increased (on a TEV/EBITDA basis). The current environment represents an attractive opportunity for Midwest companies, management teams and business owners to:
  - ✓ *Take advantage of the strong capital markets environment to finance acquisition, growth, liquidity or refinance* – substantial private equity, institutional financing and junior capital interest in the Midwest provide additional optionality for companies, management teams and business owners, including recapitalizations
  - ✓ *Evaluate strategic options and your company value* – Midwest companies continue to garner premium valuations and strong M&A interest from both strategics and sponsors
  - ✓ *Explore nontraditional deal-making opportunities* – with a high level of dry powder, growth / expansion transactions can supplement traditional buy-outs

#### Index Definition

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

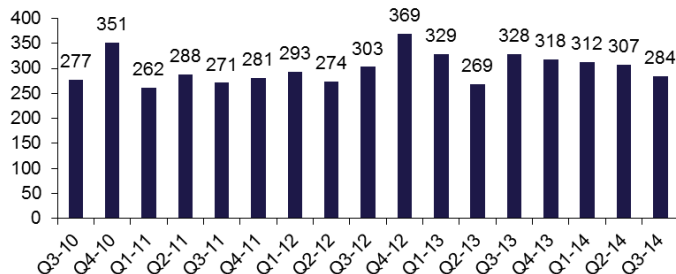
Buyer, target and/or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control. Total Enterprise Value must be \$10mm or greater. Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

Source: Bridgepoint Merchant Banking, Capital IQ (09/30/2014), [www.axial.net](http://www.axial.net), [www.bloomberg.com](http://www.bloomberg.com), [www.qz.com](http://www.qz.com), [www.Pitchbook.com](http://www.Pitchbook.com)

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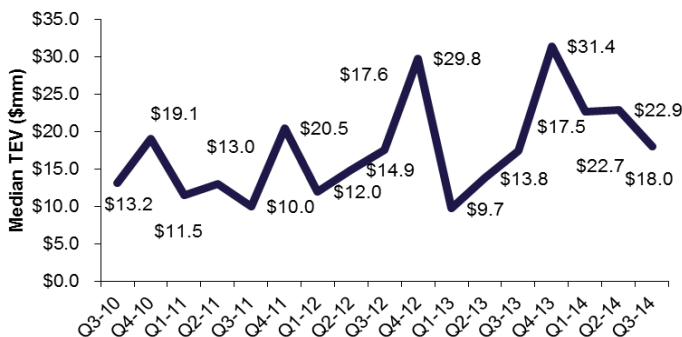
## Selected Midwest Q3-14 M&A Transaction Statistics<sup>(a)</sup>

Quarterly Midwest M&A Transaction Volume



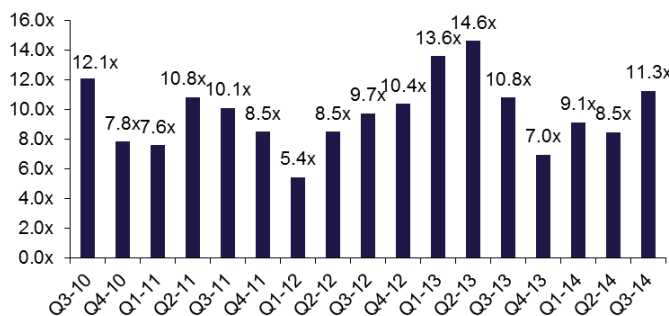
- Quarterly Midwest M&A volume fell slightly, decreasing by 7.5% from 307 transactions in Q2-14 to 284 transactions in Q3-14. On a year-over-year basis, quarterly Midwest M&A volume decreased 13.4% from Q3-13
- From a long-term perspective, Midwest deal flow continues to reflect a stable level; 2014 transaction volume continues to trend at historically high levels

Quarterly Midwest M&A Median Deal Size



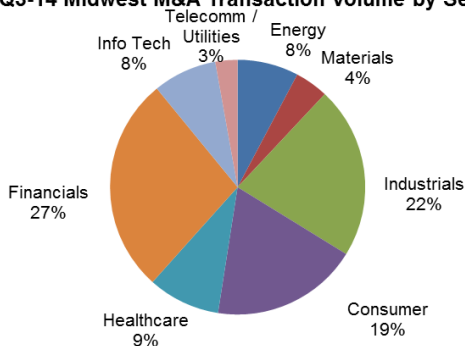
- Of Midwest M&A transactions with available transaction values, quarterly median deal size decreased from \$22.9mm in Q2-14 to \$18.0mm in Q3-14
- Corporates and sponsors are refocusing their attention on smaller targets that have strong growth potential
- Smaller companies are increasingly looking to monetize due to premium valuations in the lower middle market

Quarterly Midwest M&A Median Valuation



- On a TEV/EBITDA basis, median Midwest M&A valuations increased substantially from 8.5x in Q2-14 to 11.3x in Q3-14. On a TEV/sales basis, median Midwest M&A valuations decreased from 2.4x to 1.5x
- Multiples remain at historically robust levels, indicating that corporates and private equity firms, supported by record cash stockpiles and easy access to debt, are still very hungry to put capital to work

Q3-14 Midwest M&A Transaction Volume by Sector



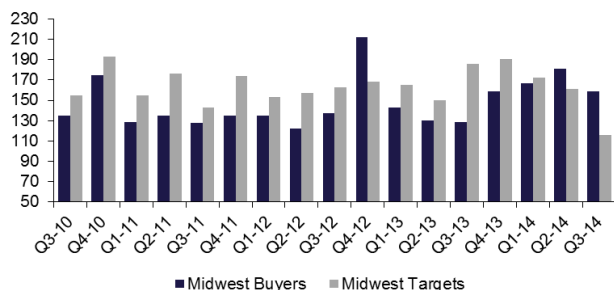
- Core industries (including Industrials, Materials and Consumer) accounted for 45% of total Midwest M&A transaction volume in Q3-14, a 6% increase from Q2-14
- The Consumer sector slightly fell in Q3-14, down 1% from Q2-14. The Material and Industrial sectors saw the biggest increases in Q3-14, up 6% from Q2-14



# Midwest M&A Quarterly Update

## Selected Midwest Q3-14 M&A Transaction Statistics (Continued)<sup>(a)</sup>

Quarterly Midwest M&A Buyers and Targets



- Quarterly M&A transactions with Midwest buyers decreased to 159 in Q3-14 from 181 in Q2-14. Transactions with Midwest targets decreased to 116 from 161
- Although marginally lower, transactions with Midwest targets remained in line with previous quarters and reiterates the strong buyer appetite for Midwest companies

## Selected Midwest Q3-14 M&A Transactions (a)

Date Announced	Target	Target Location	Buyer	Buyer Location	Target Sector	TEV (\$mm)
09/29/2014	<b>Lumara Health, Inc.</b>	MO	Snow bird, Inc.	DE	Healthcare	\$1,024.4
09/26/2014	Daily's Foods, Inc.	MT	<b>Triumph Foods, LLC</b>	MO	Consumer	72.5
09/24/2014	<b>Ochsner Hare &amp; Hare LLC</b>	MO	<b>Olsson Associates, Inc.</b>	NE	Industrials	-
09/22/2014	<b>Federal Office Products, Inc.</b>	KS	<b>Pay-Less Office Products, Inc.</b>	NE	Industrials	-
09/22/2014	<b>Sigma-Aldrich Corporation (NasdaqGS:SIAL)</b>	MO	Merck KGaA (DB:MRK)	Germany	Materials	17,362.4
09/22/2014	<b>Viasystems Group, Inc. (NasdaqGM:VIAS)</b>	MO	TTM Technologies Inc. (NasdaqGS:TTM)	CA	Info Tech	1,006.4
09/22/2014	<b>Epiq Systems, Inc. (NasdaqGS:EPIQ)</b>	KS	P2 Capital Partners, LLC	NY	Info Tech	993.4
09/19/2014	Hudson Energy Solar Corp.	Canada	<b>SunEdison, Inc. (NYSE:SUNE); TerraForm Power, Inc. (NasdaqGS:TERP)</b>	MO	Utilities	56.0
09/18/2014	<b>Forty Four Forty Four Redevelopment Corp.</b>	MO	Sherman Associates, Inc.	MN	Financials	1.6
09/15/2014	<b>SunEdison, Inc., Large Scale Solar Project in United Kingdom</b>	MO	TerraForm Power, Inc. (NasdaqGS:TERP)	MD	Utilities	-
09/15/2014	Fairway Resources Partners II, LLC, Oil And Gas Assets In Mississippi Lime Play	MS	<b>Eagle Energy Exploration, LLC</b>	OK	Industrials	195.0
09/08/2014	<b>Cedar Ridge Supply, LLC</b>	KS	<b>Performance Ag Services, LLC</b>	SD	Industrials	-
09/04/2014	<b>Admiral Mini Storage Ltd.</b>	OK	<b>Case Properties LLC</b>	OK	Industrials	1.0
08/31/2014	<b>Mid-Continent Airmotive, Inc.</b>	OK	<b>Legacy Aviation Services Inc.</b>	OK	Industrials	-
08/29/2014	<b>Acumen Energy Solutions, Inc.</b>	KS	<b>Brightergy, LLC</b>	MO	Telecomm / Utilities	-
08/14/2014	<b>Allmand Bros., Inc.</b>	NE	Briggs & Stratton Corporation (NYSE:BGG)	WI	Industrials	62.0
08/13/2014	<b>Hamilton Investment Group, Inc.</b>	OK	Hill Technologies, Inc. (OTCPK:HIT)	TX	Energy	14.5
08/11/2014	<b>Watters LP Gas Service</b>	IA	<b>North Iowa Cooperative Co</b>	IA	Utilities	-
08/07/2014	<b>Nitro Petroleum, Inc. (OTCPK:NTR0)</b>	OK	Core Resource Management, Inc. (OTCPK:CRMI)	AZ	Energy	2.4
08/07/2014	Sally White & Associates, Inc.	TX	<b>IMPACT Group</b>	MO	Industrials	-
08/07/2014	LCR Group Pty Ltd	Australia	<b>Archer Capital</b>	KS	Industrials	185.5
08/01/2014	<b>Midstream Equipment Fabrication, LLC</b>	OK	Worthington Industries, Inc. (NYSE:WOR)	OH	Energy	40.0
07/31/2014	<b>Jacobson Holding Company, L.C.</b>	IA	Norbert Dentressangle S.A. (ENXTPA:GND)	France	Industrials	750.0
07/30/2014	<b>TouchNet Information Systems, Inc.</b>	KS	Heartland Payment Systems, Inc. (NYSE:HPY)	NJ	Info Tech	375.0
07/30/2014	<b>Schreiber, Yonley &amp; Associates, Inc.</b>	MO	Trinity Consultants, Inc.	TX	Industrials	1.3
07/29/2014	<b>Today's Options of Oklahoma, Inc.</b>	OK	<b>GlobalHealth, Inc.</b>	OK	Healthcare	14.5
07/24/2014	<b>MD Products, Inc.</b>	IA	Ralph McKay Industries Inc.	Canada	Industrials	-
07/24/2014	Community Energy, Inc., 156 Megawatt (MW) DC Comanche Solar Project	PA	<b>SunEdison, Inc. (NYSE:SUNE)</b>	MO	Utilities	-
07/21/2014	<b>MonDak Tank Inc.</b>	ND	National Automation Services, Inc. (OTCPK:NASV)	NV	Energy	10.9
07/21/2014	Retail Decisions, Inc.	NJ	<b>ACI Worldwide Corp.</b>	NE	Industrials	94.4
07/20/2014	Compressor Systems, Inc.	TX	<b>Compressco Partners, L.P. (NasdaqGS:GSJK)</b>	OK	Industrials	920.8
07/08/2014	Industrial Seal Inc.	TX	<b>Engineered Seal Products, Inc.</b>	IA	Industrials	-
07/07/2014	<b>CCP Composites US LLC</b>	MO	FCCR USA, Inc.	IL	Materials	100.0
07/07/2014	<b>Basic Business Products, Inc.</b>	KS	Office Products Alliance	OH	Industrials	-
07/01/2014	<b>Trans Ova Genetics LC</b>	IA	Intrexon Corporation (NYSE:XON)	FL	Industrials	110.0

(a) Bold companies are located in the Midwest. 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 (09/30/2014)

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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 and private equity firm that serves clients throughout the corporate lifecycle by providing merger and acquisition and corporate finance advisory services.

With more than 35+ years of cumulative experience, Bridgepoint Merchant Banking professionals have completed over \$104 billion of merger and acquisition and capital raising transactions across a wide range of industries. Bridgepoint also manages capital and invests directly into operating companies through its private equity and venture capital funds.

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

<p><b>USD1.9 million</b>                  convertible Debt and Preferred Equity Placement</p> <p>Sole Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Buy-side advisory on its potential acquisition of publicly traded technology services company and related acquisition financing</p> <p>Sole Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Sell-side Advisor and Buy-side acquisition financing</p> <p>Sole Financial Advisor</p>	<p><b>USD1.0 million</b>                  Follow-on equity offering</p> <p>Senior Co-Manager</p>	<p><b>USD300 million</b>                  Joint Bookrunner and Joint Arranger for new revolving credit facility and senior note offering</p> <p>Bookrunner</p>	<p><b>USD266 million</b>                  Exit financing facilities</p> <p>Bookrunner</p>	<p><b>USD3.0 billion</b>                  Joint Bookrunner on senior notes offering</p> <p>Joint Bookrunner</p>	<p><b>USD300 million</b>                  Secondary equity offering</p> <p>Joint Lead Bookrunner</p>	<p><b>USD100 million</b>                  Bridgepoint/Monroe Capital Investors, LLLP</p> <p>Lead Bookrunner &amp; Sole Financial Advisor</p>
<p><b>USD1.9 billion</b>                  senior secured credit facilities</p> <p>Joint Bookrunner</p>	<p><b>USD1.17 billion</b>                  Buy-side Advisor to private equity consortium on its acquisition Cooper Standard Automotive</p> <p>Sole Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Buy-side advisory and acquisition financing for management buyout</p> <p>Sole Financial Advisor</p>	<p><b>USD5.1 million</b>                  Secured Promissory offering</p> <p>Lead Bookrunner</p>	<p><b>NOT DISCLOSED</b>                  Equity capital raise</p> <p>Sole Bookrunner</p>	<p><b>USD10 million+</b>                  Preferred stock offering</p> <p>Joint Bookrunner</p>	<p><b>USD20 billion</b>                  Joint Lead Arranger for the financing supporting Koch's acquisition of Georgia-Pacific</p> <p>Joint Lead Arranger</p>	<p><b>USD200 million</b>                  Convertible notes offering</p> <p>Joint Bookrunner</p>	
<p><b>USD1.2 billion</b>                  Buy-side Advisor to Asahi Tec (business automotive supplier) in its acquisition of N.A. automotive supplier</p> <p>Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Equity capital raise</p> <p>Sole Bookrunner</p>	<p><b>USD765 million</b>                  Senior secured credit facilities (financing for LKO's acquisition of top competitor)</p> <p>Joint Bookrunner</p>	<p><b>USD10.2 million</b>                  Bridgepoint Investor Partners L.L.P. offering</p> <p>Lead Bookrunner &amp; Sole Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Equity capital raise</p> <p>Sole Financial Advisor</p>	<p><b>NOT DISCLOSED</b>                  Buy-side advisory and financing on acquisition of metal foundry</p> <p>Sole Financial Advisor &amp; Sole Financing Arranger</p>	<p><b>NOT DISCLOSED</b>                  Unsecured Promissory Note</p> <p>Financial Advisory</p>	<p><b>NOT DISCLOSED</b>                  M&amp;A advisory</p> <p>Sole Financial Advisor</p>	
<p><b>WCC</b></p>	<p><b>YORK LABEL</b></p>	<p><b>Hertz</b></p>	<p><b>Manitowoc</b></p>	<p><b>IWCODIRECT</b></p>	<p><b>SOHO DEVELOPMENT</b></p>	<p><b>ACCURIDE</b></p>	<p><b>Winn-Dixie</b></p>	<p><b>NAVTEQ</b></p>

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