

Midwest M&A Quarterly Update

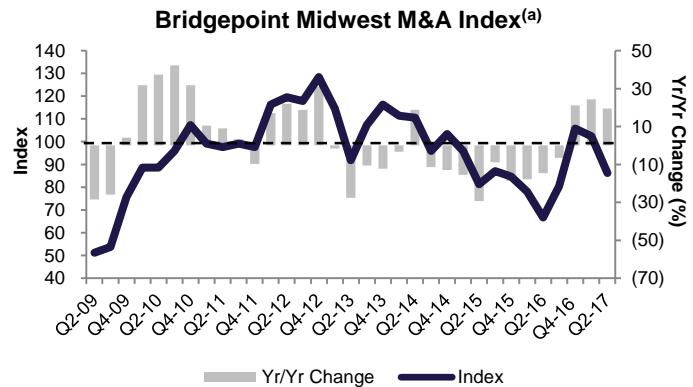
Second Quarter 2017

Midwest M&A Quarterly Update

Bridgepoint Midwest M&A Index

Midwest M&A: How Long Will High Valuations Hold?

- Index Summary:** The Bridgepoint Midwest M&A Index, a measure of corporate merger and acquisition activity in the U.S. Midwest region, decreased by 15.9% in the second quarter of 2017. Year-over-year, the index jumped 29.2% compared to Q2-16. Quarter-to-quarter, the index decreased to 86.2, a 16.2 point decrease from 102.4 in Q1-17 (Q3-06=100)
- Prospective / Key Drivers:** 2017 continues to be an active year in M&A for middle market decision makers, driven largely by slow organic growth opportunities, cheap debt, proliferation of the number of private equity firms, topped out valuations and concerns that the period of low interest rates may be coming to an end. Sellers understand that valuations are not likely to remain at historically elevated levels forever, and coupled with buyers sitting on large amount of capital, has them motivated to explore options. There is a general sentiment that valuations have reached a peak, which has sellers wanting to get a deal done. With record amounts of cash on their balance sheets, strategic buyers continue to look for opportunities to increase their market presence. Financial buyers have also demonstrated an eagerness to put



capital to work. Buyers are struggling to find the right acquisition target / partner and prudent valuations. Many deals don't make it to completion; deal failures are most frequently caused by valuation disagreements between sellers and buyers, strategic alignment or issues revealed during due diligence. We are expecting valuations to remain elevated for the rest of 2017. It remains a sellers market...but for how long?

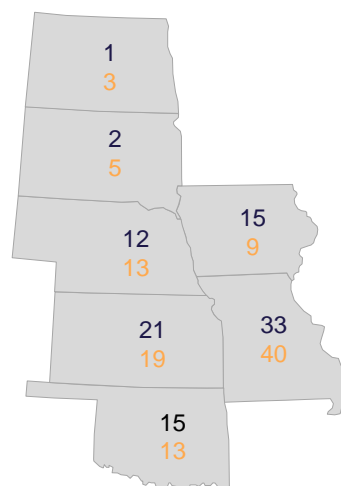
Conversations with the Buy-side

"It's no secret that it is a seller's market – the supply of capital, both debt and equity, continues to drive up valuations, particularly for assets with good management and strong organic growth. The number of private equity firms has tripled since 2000 while assets under management have grown four times to \$2.5 trillion. This rapid expansion of private equity as an asset class, coupled with increased competition from corporate balance sheets, is creating a competitive environment.

Eventually, the market will normalize... so every business owner should ask themselves whether they can take advantage of the current market conditions. In today's market, it's easy for business owners to get carried away with the thought of high valuations. With over 2000 private equity firms running around in the US, it's easy to get one of them to put a big number down on a piece of paper, but the devil is in the details (structure, track record, value creation). You don't just get married to the guy that flashes the biggest diamond ring and disregard what it's going to be like to live together after you say your vows."

Chase Meyer
McCarthy Capital
Omaha, NE

Q2-17 Midwest M&A By State



Midwest Targets	
Missouri	33
Kansas	21
Oklahoma	15
Iowa	15
Nebraska	12
North Dakota	1
South Dakota	2
Total	99

Midwest Buyers	
Missouri	40
Kansas	19
Oklahoma	13
Nebraska	13
Iowa	9
South Dakota	5
North Dakota	3
Total	102

● Targets ● Buyers

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.

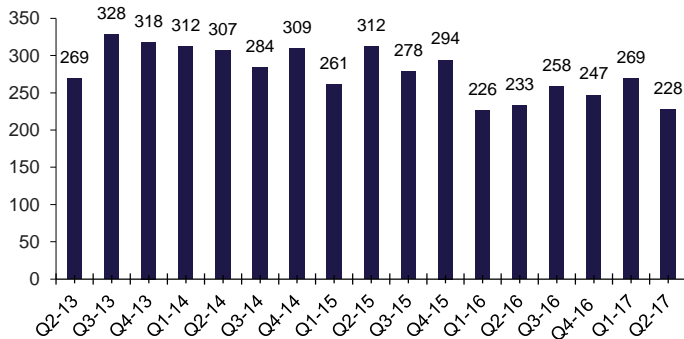
Source: Bridgepoint Merchant Banking, Capital IQ (July 2017)



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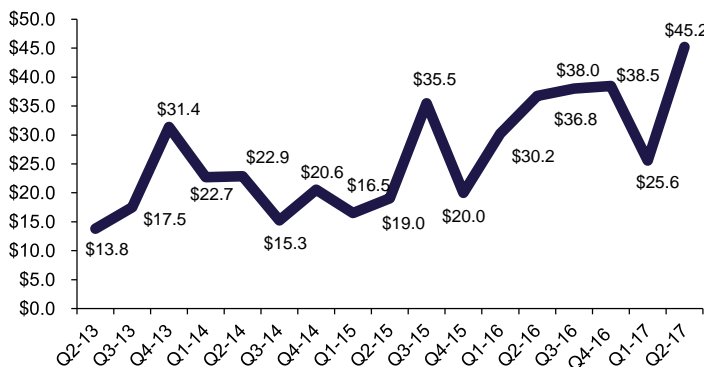
Selected Midwest Q2-17 M&A Transaction Statistics^(b)

Quarterly Midwest M&A Transaction Volume



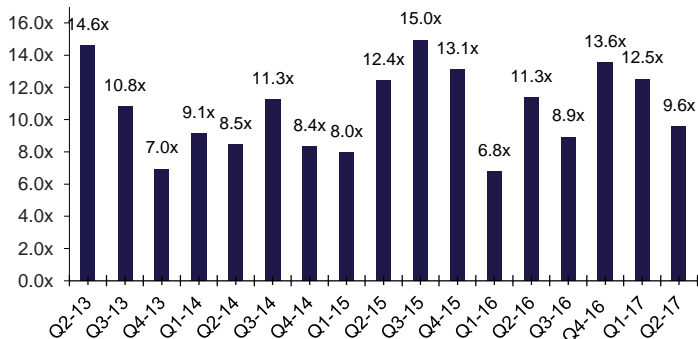
- Quarterly Midwest M&A transaction volume decreased by 15.2% from 269 transactions in Q1-17 to 228 transactions in Q2-17. Year-over-year volume decreased by 2.1% from Q2-16 to Q2-17. The quarter's volume represented the lowest quarterly total since Q1-16
- From a long-term perspective, Midwest deal flow continues to reflect a slowdown which is largely driven by market volatility and poor supply of good companies rather than demand issues

Quarterly Midwest M&A Median Deal Size



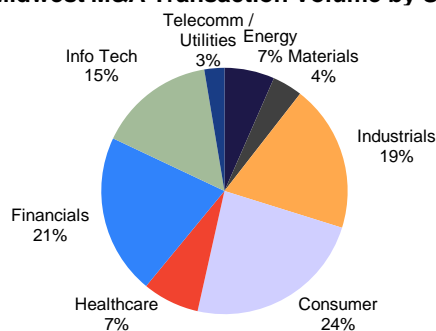
- Quarterly median deal size increased from \$25.6mm in Q1-17 to \$45.2mm in Q2-17. The region has seen a few large ticket deals. Examples include West Corporation's sale to Apollo Global Management for \$5.1 billion and Panera Bread Company's acquisition by Rye Parent Corp. for \$7.7 billion
- As the supply of high quality firms is limited and corporates and sponsors are sitting on ample amounts of cash, they continue to show a willingness to pay a premium to close deals

Quarterly Midwest M&A Median Valuation



- On a TEV/EBITDA basis, median Midwest M&A valuations decreased from 12.5x in Q1-17 to 9.6x in Q2-17. Transaction multiples ranged from 4.7x to 17.9x. Despite a small decline valuations remain elevated relative to a broader market historical average of approximately 7.0x–8.5x EBITDA
- Sellers have been looking to capitalize on this window of opportunity before it closes and valuations eventually beginning to normalize

Q1-17 Midwest M&A Transaction Volume by Sector



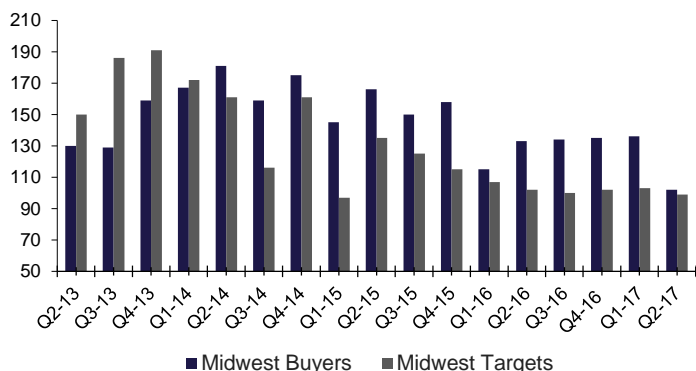
- Consumer Products & Services, Financial Services, and Industrials accounted for 64% of total Midwest M&A transaction volume in Q2-17. Transactions by sector remained consistent with Q1-17. Financial Services sector deals decreased slightly while the Information Technology sector saw a 3.5% increase
- Telecomm / Utilities, Energy and Materials each experienced the greatest declines in Midwest deal share in Q2-17



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Selected Midwest Q2-17 M&A Transaction Statistics (Continued)^(b)

Quarterly Midwest M&A Buyers and Targets



- M&A transactions involving Midwest targets decreased slightly from the previous quarter. The demand for Midwest targets is undoubtedly strong with the decrease in the number of transactions being caused by a low supply of quality deals
- Median deal size is the highest it's been in the past four years, indicating both a preference for premium assets and elevated valuations and debt availability

Selected Midwest Q2-17 M&A Transactions^(b)

Announced	Target	Target Location	Buyer	Buyer Location	Target Sector	TEV (\$mm)
06/29/2017	Spartech LLC	MO	Arsenal Capital Partners	NY	Materials	\$115.0
06/28/2017	Cobalt Boats, LLC	KS	Malibu Boats, LLC	TN	Industrials	130.0
06/23/2017	Clarity Consulting, Inc.	IL	Perficient, Inc. (NasdaqGS:PRFT)	MO	Info Tech	9.4
06/19/2017	InfuSystem Holdings Inc. (AMEX:INFU)	MI	22NW Fund, LP	MO	Healthcare	80.7
06/13/2017	RGR Equipment, LLC	MO	Sunbelt Rentals, Inc.	SC	Industrials	58.0
06/08/2017	Guaranty Bankshares, Ltd.	IA	QCR Holdings, Inc. (NasdaqGM:QCRH)	IA	Finance	44.2
06/06/2017	Buffalo Parent Gulf Coast Terminals LLC	TX	SemGroup Corporation (NYSE:SEMG)	OK	Energy	2,129.0
05/24/2017	Fidelity & Guaranty Life (NYSE:FGL)	IA	CF Corporation (NasdaqCM:CFCO)	IA	Finance	1,835.2
05/22/2017	MOTIVE Drilling Technologies, Inc.	TX	Helmerich & Payne, Inc. (NYSE:HP)	OK	Info Tech	100.0
05/09/2017	West Corporation (NasdaqGS:WSTC)	NE	Apollo Global Management, LLC (NYSE:APO)	NY	Industrials	5,123.3
05/04/2017	Thinklogical LLC	CT	Belden Inc. (NYSE:BDC)	MO	Info Tech	160.0
05/01/2017	EFCO Corporation	MO	Apogee Enterprises, Inc. (NasdaqGS:APOG)	MN	Industrials	195.0
05/01/2017	SI Lake Mary, LP	GA	Condor Hospitality Limited Partnership	NE	Consumer	19.5
04/18/2017	Weetabix Limited	UK	Post Holdings, Inc. (NYSE:POST)	MO	Consumer	1,786.2
04/05/2017	Panera Bread Company	MO	Rye Parent Corp.	DE	Consumer	7,748.3
04/04/2017	Global Industries, Inc.	NE	Ag Growth International Inc. (TSX:AFN)	Canada	Industrials	100.0
04/04/2017	World Point Terminals, LP	MO	World Point Terminals Inc.	Canada	Energy	165.0
04/03/2017	Telvent DTN, LLC	NE	TBG AG	Switzerland	Info Tech	900.0
04/03/2017	The Members Group LLC	IA	CU Cooperative Systems, Inc.	CA	Info Tech	100.0

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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 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 117 years of cumulative experience, Bridgepoint Merchant Banking professionals have completed over \$158 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

SD1.9 million Investor Deal 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	USD200 million Exit financing facilities Bookrunner	USD3.0 billion Joint Bookrunner on senior notes offering	USD300 million Secondary equity offering Joint Lead Bookrunner	USD50 million Bridgepoint Monoco Capital Investors, LLLP Lead Bookrunner & Sole Financial Advisor
GOOD YEAR SD1.9 billion Senior secured credit facilities Joint Bookrunner	ACCESSbank bankingTOUR.com Not Disclosed Buy-side Advisor on acquisition of Bank of Nebraska Sole Financial Advisor	INTEGRITY 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	SCORE VISION Not Disclosed Growth equity capital raise Financial Arranger	RCI Roofing Supply, Inc. Not Disclosed Sell-side advisory on sale to Beacon Roofing Supply, Inc. Sole Financial Advisor	complete nutrition Not Disclosed Sell-side Advisor to Austin Complete Nutrition Sole Financial Advisor	BirdDog Not Disclosed Bridge debt capital raise USD4.0 million Equity capital raise Sole Financial Advisor	
SARI TEC SD1.2 billion Buy-side Advisor to Sashi Tec (Chinese automotive supplier) in its acquisition of N.A. automotive supplier Financial Advisor	ScoreVision Not Disclosed Growth equity capital raise Financial Arranger	LKQ 2014 Recipient - Automotive by Region 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 Building & Construction \$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	INTERNATIONAL LEASING SOLUTIONS Creative (a managed vehicle for acquisition) USD5.0 million Equity capital raise USD2.5 million Debt capital raise Sole Financial Advisor	
WCC	YORK LABEL	Hertz	Wantowoc	IWCODIRECT	SOHO DEVELOPMENT	ACCURIDE	KamDann	NAVTEQ

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