

# Midwest M&A Quarterly Update

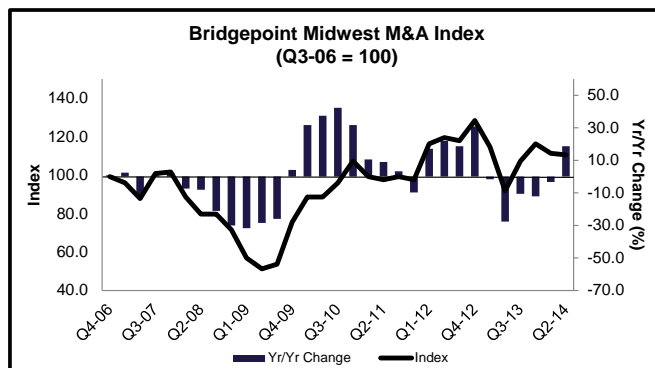
*Second Quarter 2014*

# Midwest M&A Quarterly Update

## Bridgepoint Midwest M&A Index

### Midwest M&A Environment Holds Pace in Q2-14, Supported by Strong Capital Markets

- Index Summary:** The Bridgepoint Midwest M&A Index, a measure of corporate merger and acquisition activity in the U.S. Midwest region, decreased by 0.8% in Q2-14 after having decreased 4.9% in Q1-14. On a year-over-year basis, the index increased 18.7% from Q2-13. The index remained well above the baseline at 110.6 (Q3-06=100)
- Perspective:** Although the index declined Qr/Qr, positive predictions for 2014 are coming true, with the first six months of the year generating more middle-market deals than the same periods in 2012 and 2013. According to Bloomberg, global Q2 deal volume reached \$992 billion, the highest since Q3-07. M&A professionals expect overall transactions to increase over the remainder of the year. Median valuations remain strong locally, driven by aggressive capital markets support
- Key Drivers:** Nonfinancial US companies hold approximately \$1.9 trillion of cash and liquid assets and they are increasingly putting that firepower to work. Activity has also been driven by the strongest fundraising climate for private equity firms and companies since before the recession. Buy-side appetite for acquisitions remains strong with companies and financial buyers. Fueled by high demand, low supply of quality deals and easy access to debt with historically aggressive terms, valuations have remained at 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 opportunities plowing money into long-term business investment projects. Bridgepoint has seen buy-side clients increasingly look to M&A to accelerate growth. We expect strong deal-making activity in the Midwest and a robust financing environment to continue through 2014



- What the Index Means for You:** Midwest deal volumes continued to be robust in the latest quarter while M&A valuations remained at elevated levels (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 growth, acquisition, 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

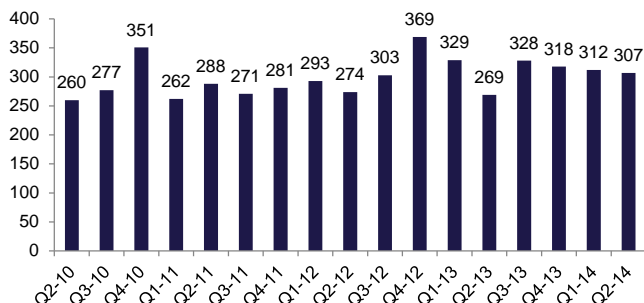
Buyer, target and/or seller must be located in the Midwest, and the Midwest participant must have purchased or sold majority control. Total Enterprise Value must be \$10mm or greater. Midwest defined as Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

Source: Bridgepoint Merchant Banking, Capital IQ (06/30/2014), [www.axial.net](http://www.axial.net), [www.bloomberg.com](http://www.bloomberg.com), [www.qz.com](http://www.qz.com), [www.themiddlemarket.com](http://www.themiddlemarket.com)

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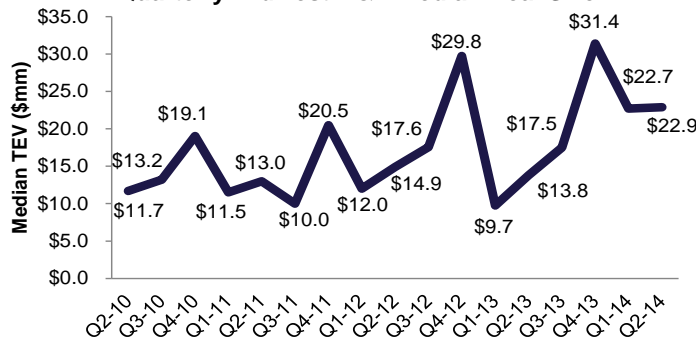
## Selected Midwest Q2-14 M&A Transaction Statistics<sup>(a)</sup>

Quarterly Midwest M&A Transaction Volume



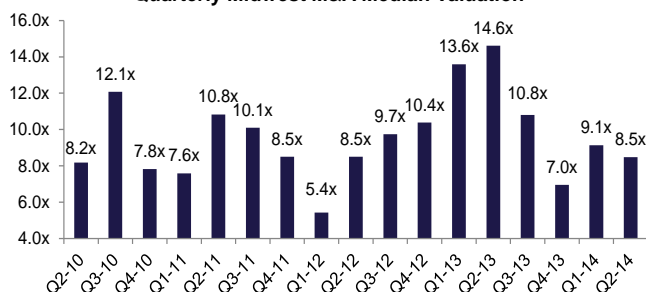
- Quarterly Midwest M&A volume remained relatively unchanged decreasing by 1.6% from 312 transactions in Q1-14 to 307 transactions in Q2-14. On a year-over-year basis, quarterly Midwest M&A volume increased 14.1% from Q2-13
- From a long-term perspective, Midwest deal flow continues to reflect a stable trend; 2013 total volume represented the highest level of yearly activity since index inception in 2006

Quarterly Midwest M&A Median Deal Size



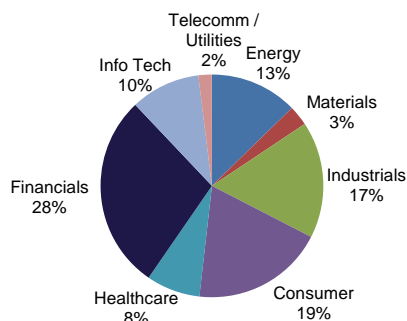
- Of the Midwest M&A transactions with available transaction values, quarterly median deal size increased from \$22.7mm in Q1-14 to \$22.9mm in Q2-14
- After recording one of the lowest median deal sizes in Q1-13, Q2-14 recorded the third highest median deal size since 2009. Corporates and sponsors are refocusing their attention on larger targets with strong capital markets support driving higher valuations/purchase prices

Quarterly Midwest M&A Median Valuation



- On a TEV/EBITDA basis, median Midwest M&A valuations decreased from 9.1x in Q1-14 to 8.5x in Q2-14. On a TEV/sales basis, median Midwest M&A valuations increased strongly from 1.4x to 2.4x
- Multiples remain at historically strong 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

Q2-14 Midwest M&A Transaction Volume by Sector



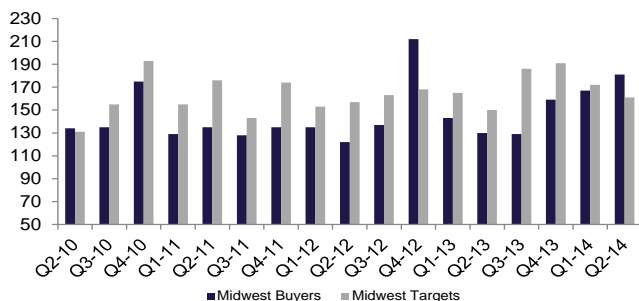
- Core industries (including Industrials, Materials and Consumer) accounted for 39% of total Midwest M&A transaction volume in Q2-14, a slight 1% decrease from Q1-14
- The Consumer sector rebounded with the biggest increase in Q2-14, up 3% from Q1-14. The Material and Industrial sectors saw the biggest decreases in Q2-14, down 2% from Q1-14



# Midwest M&A Quarterly Update

## Selected Midwest Q2-14 M&A Transaction Statistics (Continued)<sup>(a)</sup>

Quarterly Midwest M&A Buyers and Targets



- Quarterly M&A transactions with Midwest buyers increased to 181 in Q2-14 from 167 in Q1-14. Transactions with Midwest targets decreased to 161 from 172
- Although marginally lower, transactions with Midwest targets remained in line with previous quarters and reiterates the strong buyer appetite for Midwest companies

## Selected Midwest Q2-14 M&A Transactions (a)

Announced	Target	Target Location	Buyer	Buyer Location	Target Sector	TEV (\$mm)
06/30/2014	<b>Interlakes Medical Center P.C.</b>	SD	<b>Madison Community Hospital</b>	SD	Healthcare	-
06/20/2014	<b>RevCo, LLC</b>	MO	<b>Telvent DTN, LLC</b>	NE	Info Tech	-
06/18/2014	WGGB, Inc.	MA	<b>Meredith Corporation</b>	IA	Telecomm / Utilities	\$53.8
06/17/2014	Silver Ridge Power Inc.	VA	<b>SunEdison, Inc.</b>	MO	Telecomm / Utilities	178.6
06/17/2014	<b>Verto Medical Solutions, LLC</b>	MO	Harman International Industries, Incorporated	CT	Consumer	-
06/15/2014	<b>Access Midstream Partners GP, L.L.C.</b>	OK	<b>Williams Companies, Inc.</b>	OK	Energy	2,394.8
06/11/2014	<b>FireMon, LLC.</b>	KS	Insight Venture Partners	NY	Info Tech	-
06/10/2014	<b>Supreme Cattle Feeders L.L.C.</b>	KS	<b>Green Plains Inc.</b>	NE	Consumer	-
06/09/2014	<b>WebEquity Solutions, LLC</b>	NE	Moody's Analytics, Inc.	NY	Info Tech	-
06/02/2014	<b>Greystone, Inc.</b>	NE	Superior Industries, LLC	MN	Industrials	-
05/29/2014	<b>Eastside Medical Consultants, LLC</b>	KS	IPC The Hospitalist Company, Inc.	CA	Healthcare	-
05/28/2014	PetroLogistics LP	TX	<b>Flint Hills Resources LLC</b>	KS	Materials	2,121.0
05/28/2014	<b>Liberty Bancshares, Inc.</b>	MO	Simmons First National Corporation	AR	Financials	206.9
05/23/2014	<b>Aslin Group, Inc.</b>	KS	First Business Financial Services, Inc.	WI	Financials	27.9
05/19/2014	<b>Mercy Rehabilitation Hospital, LLC</b>	OK	CHP Partners LP	FL	Healthcare	25.5
05/16/2014	Health Advocate, Inc.	PA	<b>West Corporation</b>	NE	Healthcare	265.0
05/16/2014	Försäkrings AB Bostadsgaranti	Sweden	<b>Columbia Insurance Company, Inc.</b>	NE	Financials	45.7
05/14/2014	<b>Meridian Waste Services, LLC</b>	MO	<b>Here To Serve - Missouri Waste Division, LLC</b>	MO	Industrials	20.6
05/09/2014	<b>Viracor-IBT Laboratories, Inc.</b>	MO	Eurofins Scientific SA	Luxembourg	Healthcare	255.0
05/08/2014	Trifecta Technologies, Inc.	PA	<b>Perficient Inc.</b>	MO	Info Tech	13.7
05/05/2014	<b>Three Eagles Communications, Inc.</b>	NE	Digitry, LLC	FL	Consumer	66.5
05/01/2014	<b>Pretium Packaging, LLC</b>	MO	Genstar Capital, LLC	CA	Materials	497.6
05/01/2014	Sable Environmental, LLC	TX	<b>Ferrellgas Partners LP</b>	KS	Industrials	124.7
04/30/2014	<b>First Bank (West Des Moines, IA)</b>	IA	<b>First National Bank Ames, Iowa</b>	IA	Financials	4.7
04/16/2014	Education Lending Services, Inc.	CA	<b>Nelnet Finance Corp.</b>	NE	Financials	139.0
04/14/2014	Reliance Communications, Inc.	CA	<b>West Corporation</b>	NE	Info Tech	75.0
04/09/2014	<b>PL Studios, Inc.</b>	OK	Pluralsight LLC	UT	Consumer	45.0
04/07/2014	<b>Two Operating Wind Projects in Iowa</b>	IA	Juhl Renewable Assets, Inc.	MN	Telecomm / Utilities	2.0
04/07/2014	Alabama Gas Corporation	AL	<b>The Laclede Group, Inc.</b>	MO	Telecomm / Utilities	1,553.0

(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 (06/30/2014)

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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>SD1.9 billion</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 billion</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>USD4.5 billion</b> Bridgepoint Montee Capital Investors, LLLP</p> <p>Lead Bookrunner &amp; Sole Financial Advisor</p>
<p><b>SD1.9 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 Copper 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>USD4.0 million</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>SD1.2 billion</b> Buy-side Advisor to Asahi Tec (Chinese automotive supplier) on its acquisition of PNA Automotive supplier</p> <p>Financial Advisor</p>	<p><b>USD4.0 million</b> Equity capital raise</p> <p>Sole Bookrunner</p>	<p><b>USD765 million</b> Senior secured credit facilities (financing for LCO's acquisition of top competitor)</p> <p>Joint Bookrunner</p>	<p><b>USD10.2 million</b> Bridgepoint Investor Partners, L.P.</p> <p>Lead Bookrunner &amp; Sole Financial Advisor</p>	<p><b>USD10.2 million</b> Senior secured credit facilities</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> MSA advisory</p> <p>Sole Financial Advisor</p>	



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