



PRATT'S STATS PRIVATE DEAL UPDATE

4Q 2017

A QUARTERLY PUBLICATION ANALYZING PRIVATE COMPANY ACQUISITIONS
BY PRIVATE BUYERS FROM THE PRATT'S STATS DATABASE.

The information provided below is excerpted from the *Pratt's Stats Private Deal Update: 4th Quarter 2017*, which is available exclusively through Business Valuation Resources (BVR). Brokers who contribute transaction details to *Pratt's Stats* on closed business sales receive the complete *Private Deal Update (PDU)* plus three months of free access to the database for each deal included in *Pratt's Stats*.

The quarterly *PDU* provides general trend information on valuation multiples and profit margins for transactions in the *Pratt's Stats* database, available exclusively through BVR at www.bvresources.com/prattsstats.

Financial advisors, merger and acquisition professionals, business appraisers, business brokers, investment bankers and many others use the *Pratt's Stats* database to determine the value of their subject company by applying the market approach with comparable company data.

Pratt's Stats is the premier source for private business purchase details and includes both private and public buyers with over 140 data points that highlight the financial and transactional details of the business sales. As of the publication date, the *Pratt's Stats* database contains 20,952 transactions in which the buyer was a private party. The database includes over 28,253 transactions in which a privately held company was sold to either a private or public buyer.

The charts and graphs presented below display median values.

MVIC: Total consideration paid to the seller and includes any cash, notes, and/or securities that were used as a form of payment plus any interest-bearing liabilities assumed by the buyer. The MVIC price includes the noncompete value and the assumption of interest-bearing liabilities and excludes: (1) the real estate value; (2) any earn-outs (because they have not yet been earned, and they may not be earned); and (3) the employment/consulting agreement values.

Exhibit 2: Median Valuation Multiples Organized by Net Sales Range (Private Buyers)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| MVIC/Net Sales | | | | | | | | | | | | | | | |
| \$0-\$1M | 0.48 | 0.50 | 0.48 | 0.50 | 0.50 | 0.48 | 0.47 | 0.46 | 0.49 | 0.48 | 0.47 | 0.49 | 0.46 | 0.48 | 0.48 |
| \$1M-\$5M | 0.39 | 0.43 | 0.43 | 0.41 | 0.44 | 0.40 | 0.40 | 0.42 | 0.38 | 0.38 | 0.42 | 0.42 | 0.40 | 0.45 | 0.43 |
| >\$5M | 0.38 | 0.50 | 0.50 | 0.61 | 0.46 | 0.41 | 0.39 | 0.50 | 0.51 | 0.52 | 0.49 | 0.53 | 0.56 | 0.57 | 0.79 |
| MVIC/Seller's Discretionary Earnings | | | | | | | | | | | | | | | |
| \$0-\$1M | 2.46 | 2.36 | 2.58 | 2.57 | 2.44 | 2.05 | 1.88 | 1.76 | 2.09 | 2.00 | 1.97 | 2.00 | 2.11 | 2.12 | 2.19 |
| \$1M-\$5M | 2.79 | 3.11 | 3.13 | 3.28 | 2.80 | 2.95 | 2.46 | 2.68 | 2.77 | 2.77 | 2.73 | 2.99 | 2.79 | 2.88 | 3.08 |
| >\$5M | 4.27 | 4.34 | 3.37 | 4.12 | 5.17 | 3.27 | 4.00 | 3.10 | 4.39 | 4.15 | 4.22 | 3.96 | 3.69 | 3.41 | 3.59 |
| MVIC/EBITDA | | | | | | | | | | | | | | | |
| \$0-\$1M | 3.84 | 3.81 | 4.04 | 4.15 | 3.74 | 2.60 | 2.42 | 2.35 | 2.53 | 2.48 | 2.41 | 2.55 | 2.78 | 2.84 | 2.67 |
| \$1M-\$5M | 7.25 | 5.48 | 5.72 | 5.55 | 5.20 | 4.61 | 4.19 | 3.85 | 4.06 | 3.96 | 4.10 | 4.34 | 4.32 | 4.19 | 4.70 |
| >\$5M | 6.24 | 6.92 | 4.49 | 5.08 | 6.73 | 4.81 | 4.82 | 3.92 | 5.58 | 5.29 | 6.57 | 7.36 | 5.34 | 5.45 | 7.91 |

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. *Pratt's Stats* also includes acquisitions by public buyers, but those data are not included here.

Exhibit 5: Median MVIC/Net Sales by Sector (Private Buyers)

| SIC | Sector | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 0139-0971 | Agriculture, Forestry, & Fishing | 0.49 | 0.56 | 0.48 | 0.50 | 0.68 | 0.50 | 0.71 | 0.54 | 0.63 | 0.54 | 0.61 | 0.56 | 0.51 | 0.57 | 0.62 |
| 1521-1799 | Construction | 0.32 | 0.37 | 0.43 | 0.39 | 0.42 | 0.40 | 0.38 | 0.40 | 0.39 | 0.43 | 0.44 | 0.42 | 0.44 | 0.46 | 0.36 |
| 2011-3999 | Manufacturing | 0.56 | 0.65 | 0.62 | 0.59 | 0.65 | 0.53 | 0.58 | 0.58 | 0.52 | 0.61 | 0.62 | 0.53 | 0.54 | 0.58 | 0.67 |
| 4011-4971 | Transportation, Communications, Electric, Gas & Sanitary | 0.43 | 0.53 | 0.58 | 0.67 | 0.69 | 0.69 | 0.42 | 0.61 | 0.58 | 0.63 | 0.63 | 0.59 | 0.73 | 0.72 | 0.71 |
| 5012-5199 | Wholesale Trade | 0.38 | 0.45 | 0.44 | 0.39 | 0.41 | 0.46 | 0.43 | 0.46 | 0.46 | 0.43 | 0.43 | 0.45 | 0.44 | 0.40 | 0.41 |
| 5211-5999 | Retail Trade | 0.35 | 0.38 | 0.39 | 0.42 | 0.39 | 0.36 | 0.33 | 0.33 | 0.32 | 0.32 | 0.34 | 0.34 | 0.33 | 0.35 | 0.33 |
| 6011-6799 | Finance, Insurance, & Real Estate | N/A | N/A | 0.88 | 0.65 | 0.80 | 0.77 | 0.82 | 0.92 | 0.88 | 1.03 | 0.68 | 0.78 | 0.91 | 0.73 | 1.03 |
| 7011-9999 | Services | 0.60 | 0.60 | 0.57 | 0.58 | 0.58 | 0.56 | 0.54 | 0.53 | 0.55 | 0.52 | 0.54 | 0.56 | 0.50 | 0.55 | 0.57 |
| 0139-9999 | All Industries | 0.45 | 0.48 | 0.47 | 0.49 | 0.49 | 0.46 | 0.45 | 0.45 | 0.47 | 0.46 | 0.46 | 0.47 | 0.45 | 0.48 | 0.48 |

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. *Pratt's Stats* also includes acquisitions by public buyers, but those data are not included here.

Exhibit 21E: Median MVIC/SDE (All Buyers)

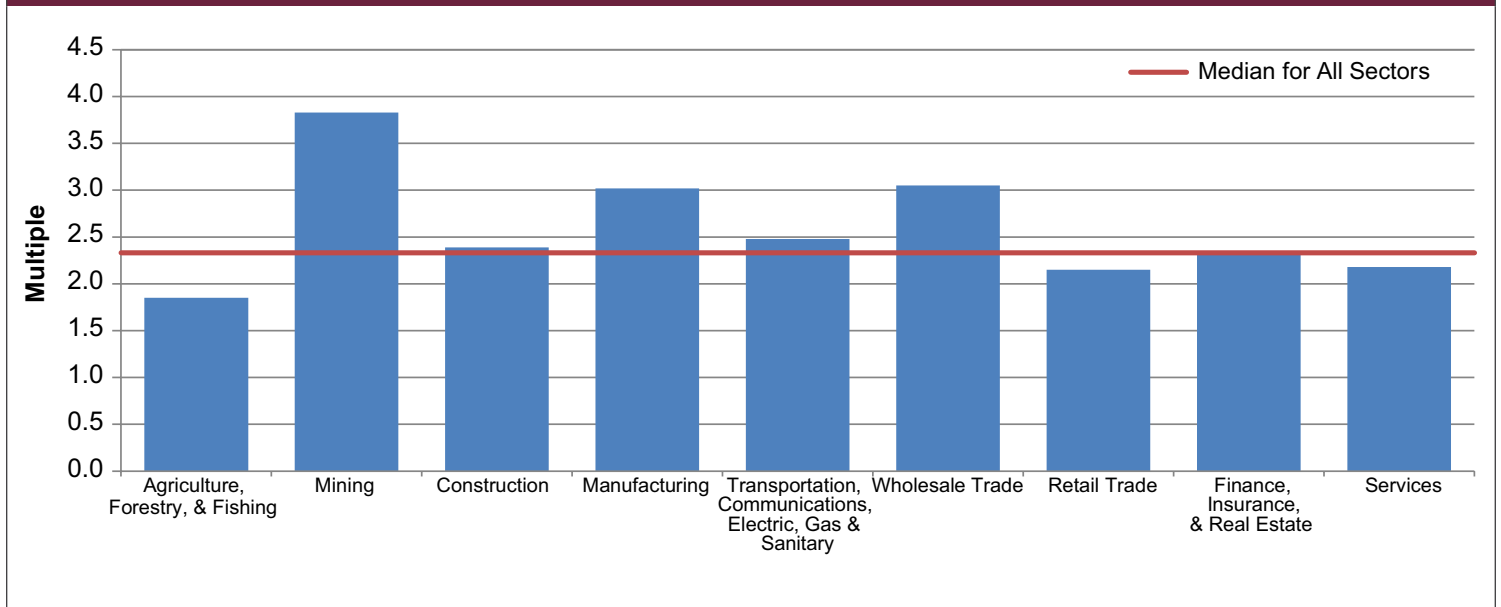
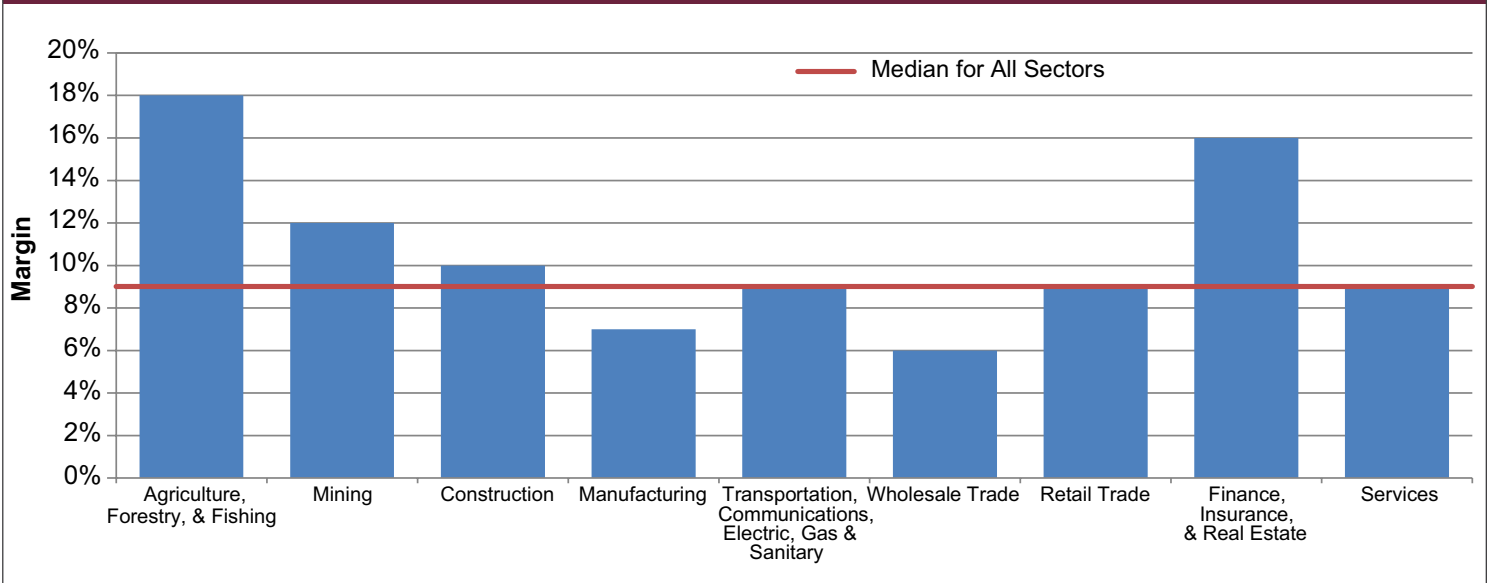


Exhibit 22B: Median Operating Profit Margin (All Buyers)

Pratt's Stats collects private business transactions of Main Street businesses from business brokers, as well as from middle-market M&A advisors where a public company purchases a private company. The *Pratt's Stats* database is updated monthly with an average of 100 transactions. *Pratt's Stats* users enjoy:

- Easy searching that identifies comparable transactions by keyword, revenue range, industry name, SIC code, profitability margins, company name, and more
- Hard-to-find data on how deals are structured including payment terms, purchase price allocations, employment agreements, noncompete agreements, private-company financial statements, private company financial ratios
- Valuation multiples that point to the greatest value drivers
- The ability to track market pricing trends via *Pratt's Stats* timely deal updates
- Access to payment term information including contingency payment and transaction fee details
- Asking price vs. selling price comparisons for spread analysis
- Listing date and selling date inclusions for time-on-market analysis

For more information about *Pratt's Stats*, visit BVResources.com/PrattsStats or contact DataQuestions@bvresources.com.