

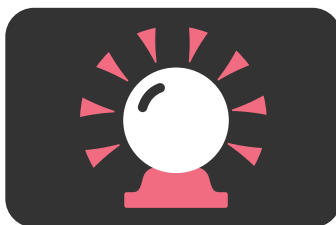
OUTLOOK & REVIEW

Sector M&A Chugs Along at High Level

Strong Deal Volume Puts Upward Pressure on Valuations in the M&D Sector



M&A is off to an active start in 2015, with **TRANSACTION VOLUMES UP 10%** over the 5-year historical average



Historically, **STRONG DEAL VOLUME IN Q1 CAN FORETELL HIGH TRANSACTION VOLUME** throughout the remainder of the year

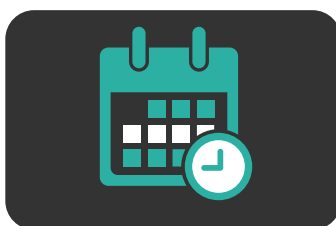


While the U.S. average multiple is 7.13X EBITDA, **TOP M&D COMPANIES ARE ROUTINELY TRADING FOR MORE THAN 10X** in lower-middle markets

For Cash-heavy Private Equity Investors, Opportunities Abound to Invest in M&D



PE firms searching for acquisitions have approximately **\$535 BILLION IN TOTAL AVAILABLE EQUITY**, the most since 2009

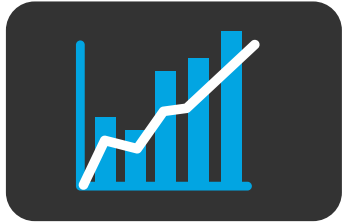


Hold periods are extending as firms invest more time to achieve desired ROI, with **MEDIANS REACHING A RECORD 5.7 YEARS LAST YEAR**, up from 3.4 years in 2008



With an abundance of capital and access to low-cost debt, PE firms are increasingly **COMPETITIVE IN AUCTIONS, OUTBIDDING STRATEGIC BUYERS**

In a Seller's Market, Shareholders Considering a Liquidity Event Encounter Attractive Options



With uncertainty subsiding and private investors developing strong interest in the sector, our **M&D INDEX HAS GROWN APPROXIMATELY 80% OVER THE LAST 5 YEARS**



In the middle market, the number of **PRIVATE EQUITY EXITS IN 2014 INCREASED 21%** over the previous year, and the aggregate value of these transactions increased 46%



M&D companies, even when not suited for "platform" investments, make attractive **ADD-ON ACQUISITIONS, REPRESENTING MORE THAN 50% OF PRIVATE EQUITY DEALS IN 2013 AND 2014**

This information is excerpted from the U.S. Manufacturing & Distribution Q2 2015 M&A Review and Outlook.

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