



Q3 2013 Market Update

November 2013



Investment Banking Solutions for the Middle Market

Disclaimer

The following report has been prepared by League Park Advisors, LLC ("League Park"). This report is an overview and analysis of public equity and mergers and acquisitions trends and is not intended to provide investment recommendations on any specific industry or company. It is not a research report, as such term is defined by applicable law and regulations. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. In addition, this report is distributed with the understanding that the publisher and distributor are not rendering legal, accounting, financial or other advice and assume no liability in connection with its use. This report does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision. Any projections, estimates, or other forward looking statements contained in this report involve numerous and significant subjective assumptions and are subject to risks, contingencies, and uncertainties that are outside of our control, which could and likely will cause actual results to differ materially.

These materials are based solely on information contained in publicly available documents and certain other information provided to League Park, and League Park has not independently attempted to investigate or to verify such publicly available information, or other information provided to League Park and included herein or otherwise used. League Park has relied, without independent investigation, upon the accuracy, completeness and reasonableness of such publicly available information and other information provided to League Park. These materials are intended for your benefit and use and may not be reproduced, disseminated, quoted or referred to, in whole or in part, or used for any other purpose, without the prior written consent of League Park. Nothing herein shall constitute a recommendation or opinion to buy or sell any security of any publicly traded entity mentioned in this document.

Securities offered through SFI Capital Group, LLC, Member FINRA, Member SIPC, and the affiliated broker-dealer of League Park Advisors, LLC

Executive Summary

- Following a favorable first half of 2013 (“H1 2013”) for public equity market indicators, upward trends in performance continued in the third quarter of 2013 (“Q3 2013”)
- While mergers and acquisitions (“M&A”) activity increased slightly in Q3 2013 versus Q2 2013, the first three quarters of 2013 represent the lowest M&A activity since the first three quarters of 2009
- The outlook for M&A activity remains cautious while many uncertainties remain in the global macroeconomic environment
- This report will review recent trends related to the following topics:
 - Performance of the major equity indices, including performance by industry sector
 - Public offering activity, including the volume and transaction value of initial public offerings (“IPO”) and follow-on offerings (“follow-on”) as well as performance by industry sector
 - M&A activity, including the volume and transaction value of lower middle market strategic and financial sponsored transactions, performance by industry sector, and M&A valuation trends

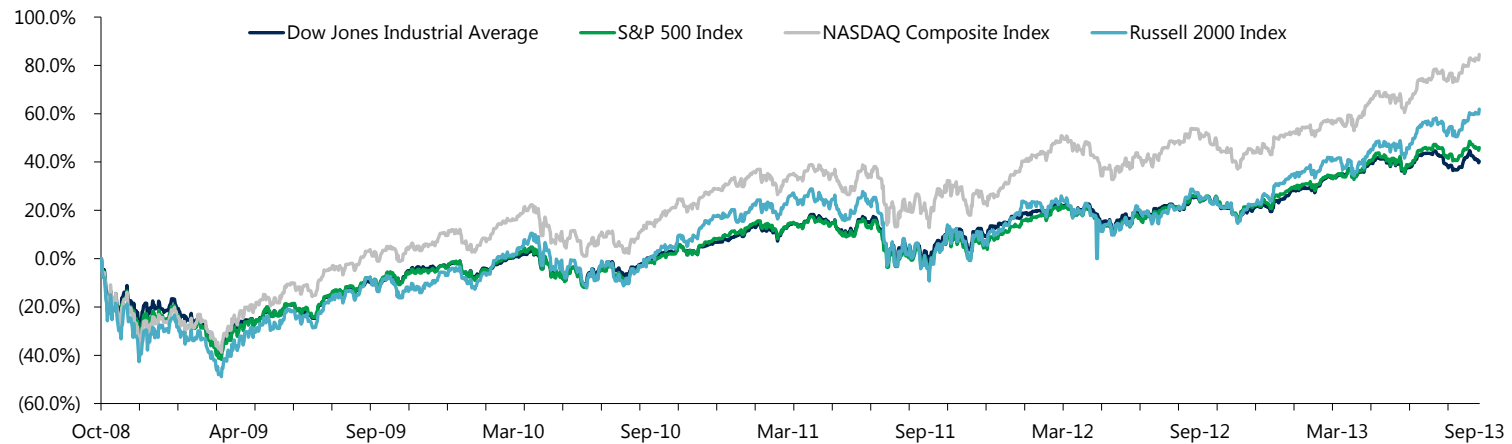
Major Equity Index Performance

- Since the last recession, the major equity indices have demonstrated consistent upward trends over the last five years, undergoing several cycles of steady improvement and short-term corrections
 - Record-setting performances for all of the major equity indices were observed near the end of Q3 2013, providing positive momentum for Q4 2013
- While the major equity indices followed similar patterns in performance, the NASDAQ Composite Index has outpaced the Dow Jones Industrial Average, S&P 500 Index, and Russell 2000 Index

Major Equity Index Performance

Period Began October 1, 2008 and Ended September 30, 2013

(% change in closing prices)



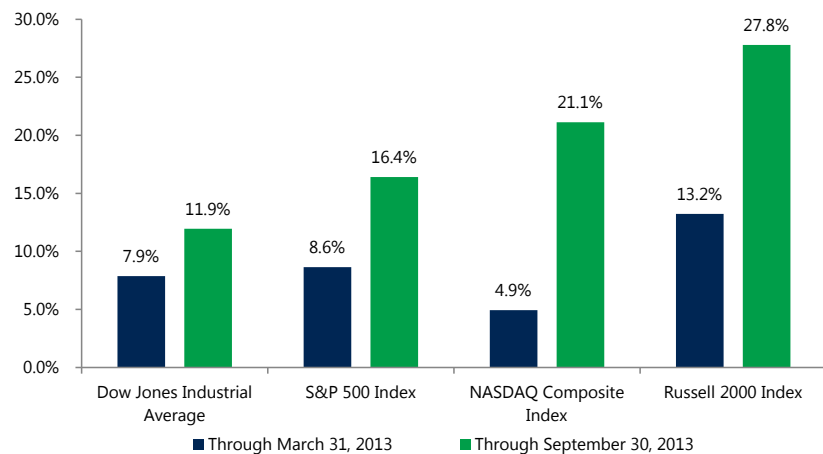
Source: CapitalIQ

Major Equity Index and Industry Sector Performance

- All four major equity indices posted positive gains during the last six and twelve months ended September 30, 2013
 - The Russell 2000 Index registered the strongest six-month and full-year returns of 13% and 28%, respectively
- For the last twelve months ended September 30, 2013, nearly all of the S&P 500 industry sector indices posted positive gains
 - The Consumer Discretionary, Financials, Healthcare, and Industrials sectors outperformed the overall S&P 500 Index
 - The Materials and Consumer Staples sectors also demonstrated strong growth with greater than 10% improvement

Major Equity Index Performance

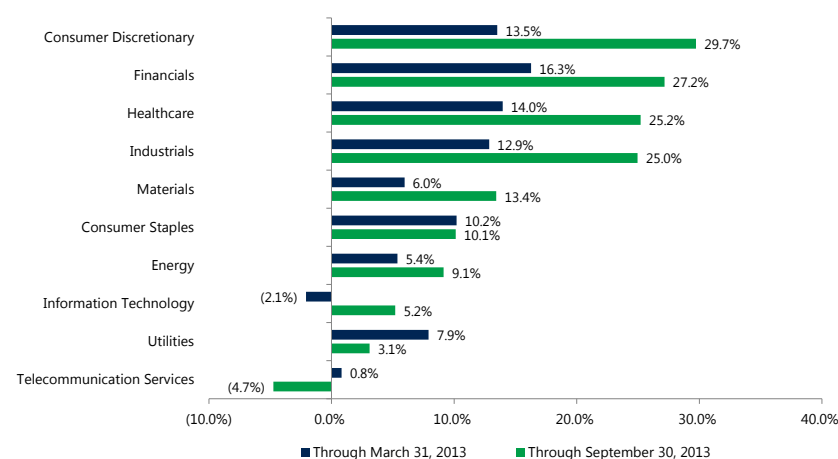
Periods Began October 1, 2012 and Ended March 31, 2013 and September 30, 2013
 (% change in closing prices)



Source: CapitalIQ

S&P 500 Industry Sector Performance

Periods Began October 1, 2012 and Ended March 31, 2013 and September 30, 2013
 (% change in closing prices)



Source: CapitalIQ

Public Valuation Trends

- Public valuation trends are based on multiples of total enterprise value to earnings before interest, taxes, depreciation, and amortization (“TEV/EBITDA”) and price to normalized earnings per share (“P/EPS”)
 - The S&P 500 Index has been characterized by stable and consistently improving valuations since a market-wide correction in early Q3 2011
 - Improvement in TEV/EBITDA and P/EPS multiples from Q4 2011 through Q3 2013 has allowed valuations to reach levels close to those observed at their five-year peaks in Q2 2010
- On September 30, 2013, TEV/EBITDA and P/EPS multiples reached 9.6x and 19.5x, respectively
 - Valuations observed at the end of Q3 2013 exceed those observed throughout 2012 and H1 2013
 - The strong performance observed in Q3 2013 provides the basis for increasingly favorable valuations in Q4 2013 and heading into 2014

S&P 500 Index Valuation Multiples

Period Began October 1, 2008 and Ended September 30, 2013

(TEV/EBITDA and P/EPS multiples)

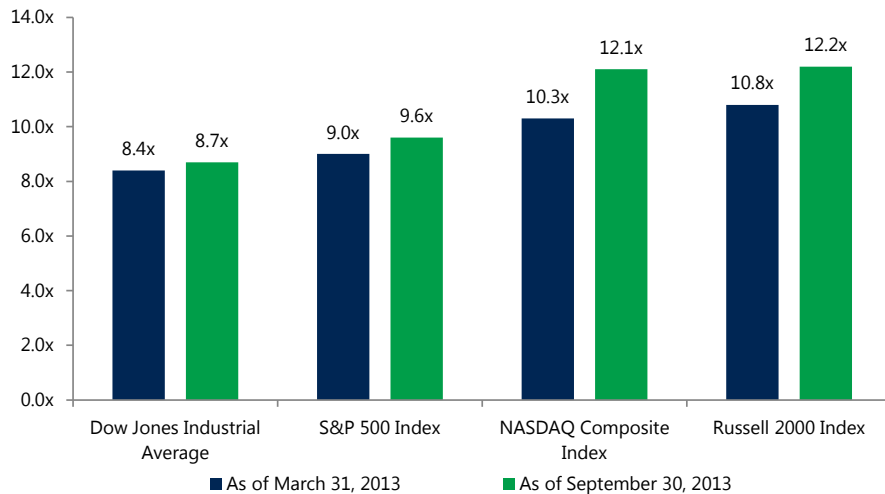


Source: CapitalIQ

Industry Sector Valuation Trends

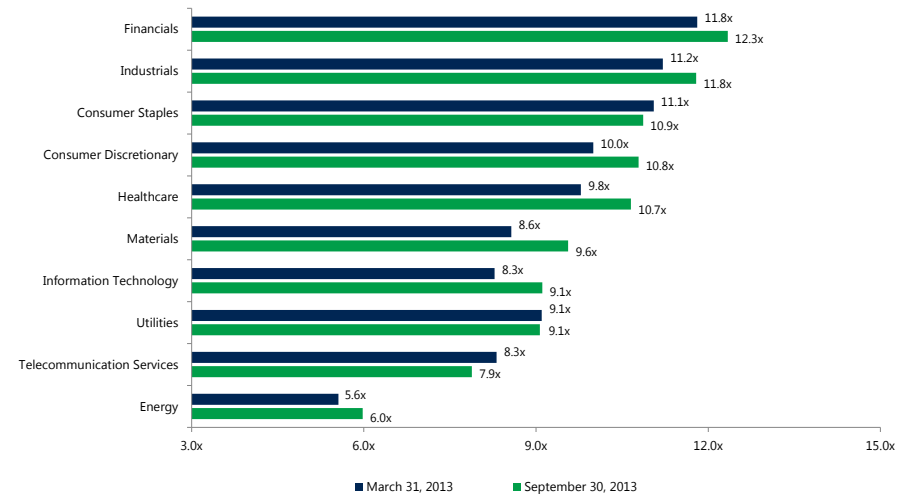
- The Financials, Industrials, Consumer Staples, Consumer Discretionary, and Healthcare sectors demonstrated strong TEV/EBITDA multiples of more than 10.0x as of September 30, 2013
- Valuations for eight of the ten highlighted industry sectors improved through the last six months ended September 30, 2013, with the Materials sector registering the strongest increase in TEV/EBITDA multiples
 - Valuations for the Materials and Information Technology sectors increased by more than 10%
 - Alternatively, valuation multiples for the Consumer Staples, Utilities, and Telecommunication Services sectors decreased

Major Equity Index TEV/EBITDA Multiples
As of March 31, 2013 and September 30, 2013
(TEV/EBITDA)



Source: CapitalIQ

S&P 500 Industry Sector TEV/EBITDA Multiples
As of March 31, 2013 and September 30, 2013
(TEV/EBITDA)



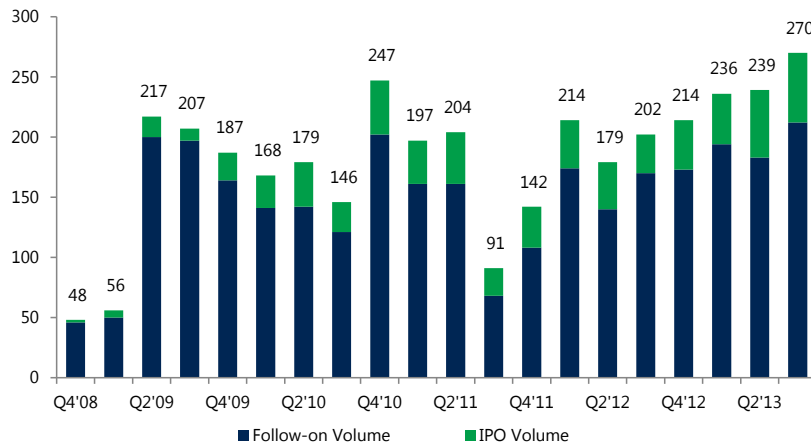
Source: CapitalIQ

Public Offering Activity

- Since five-year lows observed at the outset of the recession, IPO and follow-on offering activity has demonstrated an improved level of performance through Q3 2013
 - Total transaction volume increased by approximately 13% in Q3 2013 versus Q2 2013, and total transaction volume has increased by 34% compared to Q3 2012
 - Total transaction value decreased by approximately 17% in Q3 2013 versus Q2 2013
- In Q3 2013, IPO volume increased to approximately 22% of total transaction volume compared to 20% during the last twelve months ended September 30, 2013
 - IPO transaction value represented 24% of total transaction value in Q3 2013, compared to 26% during the last twelve months ended September 30, 2013

Public Offering Transaction Volume

Quarters Ended December 31, 2008 – September 30, 2013
(number of transactions)

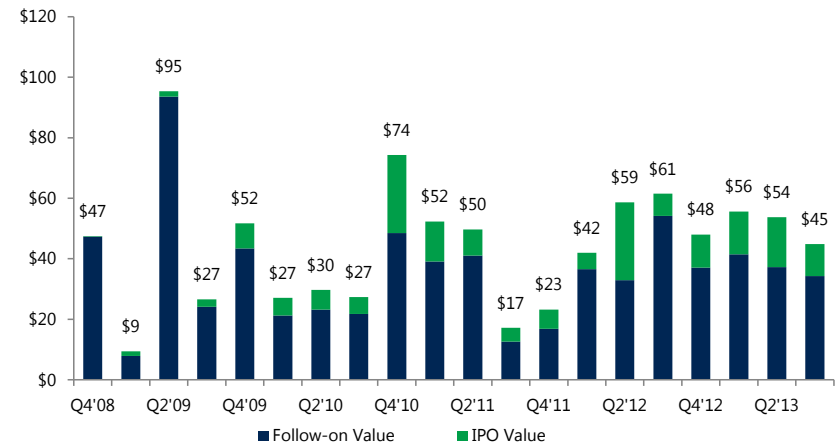


Includes public offerings closed from October 1, 2008 through September 30, 2013, with the issuer and exchange based in the United States.

Source: CapitalIQ

Public Offering Transaction Value

Quarters Ended December 31, 2008 – September 30, 2013
(\$ in billions)



Includes public offerings closed from October 1, 2008 through September 30, 2013, with the issuer and exchange based in the United States.

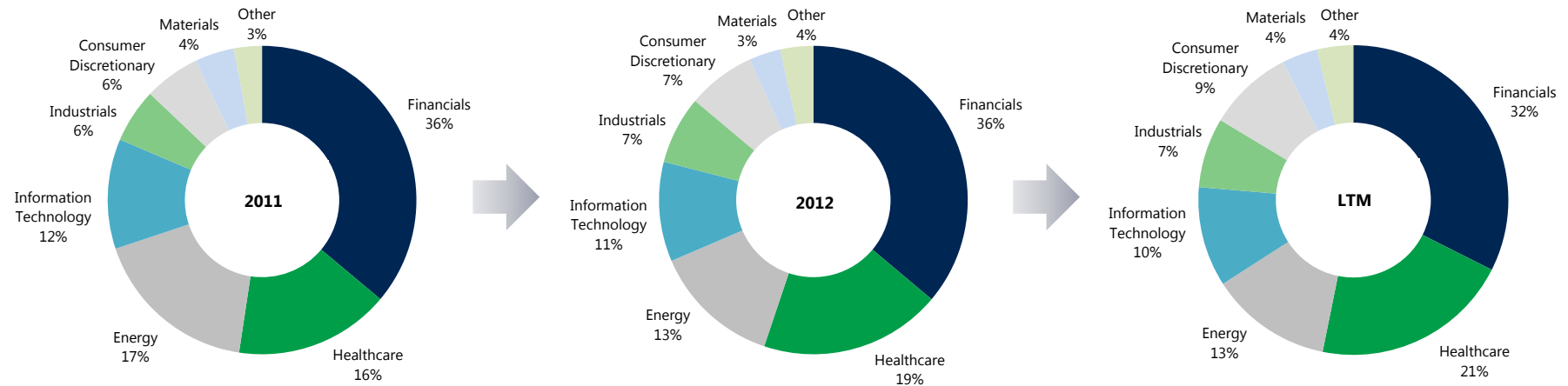
Source: CapitalIQ

Public Offerings by Industry Sector

- For the last twelve months ended September 30, 2013, the Financials, Healthcare, Energy, and Information Technology sectors accounted for nearly 80% of overall public offering activity
- The Financials sector has historically accounted for the largest share of public offering activity, and the trend continued with the Financials sector representing 32% of public offerings transactions for the last twelve months ended September 30, 2013
 - Increases in relative public offering activity from 2011 to the last twelve months ended September 30, 2013 were observed in the Healthcare and Consumer Discretionary sectors
 - Conversely, the Financial and Energy sectors demonstrated decreases in relative public offering activity over the same time period

Public Offerings by Industry Sector

Years Ended December 31, 2011 – 2012 and Last Twelve Months Ended September 30, 2013
(% of transactions)



Includes public offerings closed from October 1, 2010 through September 30, 2013, with the issuer and exchange based in the United States.

Source: CapitalIQ

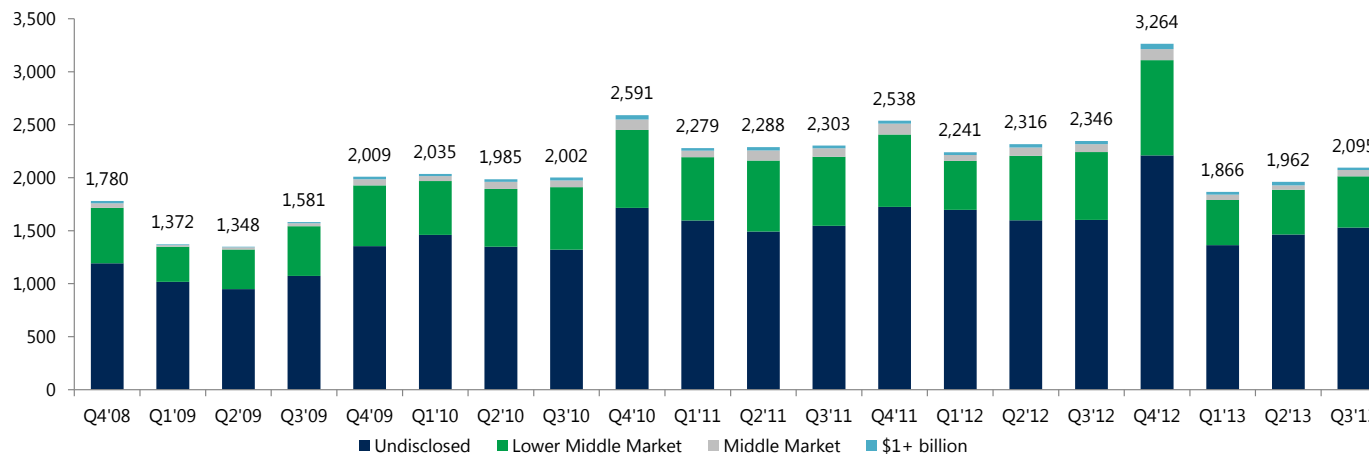
M&A Activity

- Overall M&A activity increased slightly in Q3 2013 versus Q2 2013, reaching over 2,000 transactions for the first quarter since Q4 2012
- M&A transaction volume through the first three quarters in 2013 is the lowest since the first three quarters of 2009
 - Lower middle market transaction volume (i.e., deals with values less than \$250 million) fell by 25% from Q3 2012 to Q3 2013 but continued to represent 85% of disclosed M&A transactions in Q3 2013
 - Middle market (i.e., deals with values ranging from \$250 million to \$1 billion) and \$1+ billion transactions accounted for approximately 11% and 4% of disclosed M&A transactions, respectively, in Q3 2013
 - Given the seasonal nature of M&A activity, M&A transaction volume is expected to peak in Q4 2013

M&A Transaction Activity

Quarters Ended December 31, 2008 – September 30, 2013

(number of transactions)



Includes qualified M&A transactions closed from October 1, 2008 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector. No transaction value provided for undisclosed deals. Lower middle market deals have transaction values less than \$250 million. Middle market deals have transaction values ranging from \$250 million to \$1 billion.

Source: CapitalIQ

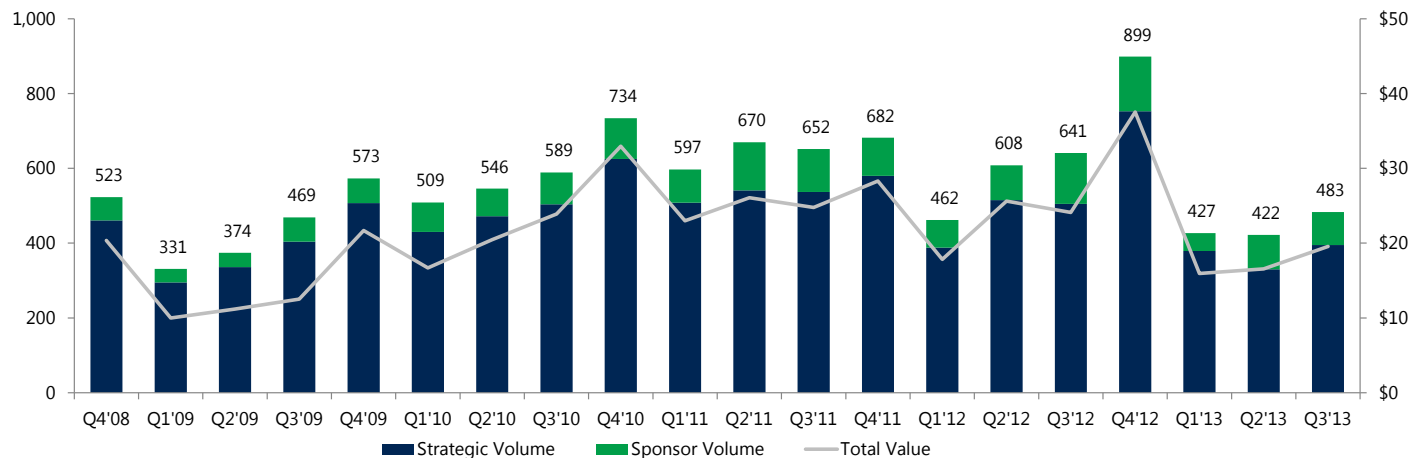
Lower Middle Market M&A Activity

- Since 2008, qualified lower middle market M&A transactions have followed the same general trends as those observed in overall M&A activity
- Lower middle market transaction volume increased slightly in Q3 2013 compared to Q2 2013, while transaction value increased by 18%
- The proportion of M&A deals completed by strategic acquirers increased in relation to financial sponsors
 - Strategic deals increased from 77% of transactions in Q2 2013 to 82% in Q3 2013
 - Sponsor deals accounted for 18% of all lower middle market M&A transaction volume

Lower Middle Market M&A Transaction Activity

Quarters Ended December 31, 2008 – September 30, 2013

(number of transactions, \$ in billions)



Includes qualified lower middle market M&A transactions with disclosed transaction values less than \$250 million, closed from October 1, 2008 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

Source: CapitalIQ

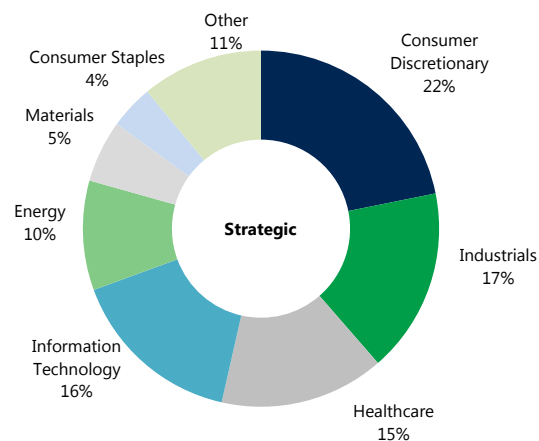
Lower Middle Market M&A Activity by Acquirer Type

- Financial sponsors account for a growing share of lower middle market M&A transaction volume relative to strategic acquirers, and are acquiring a proportionately greater share of targets operating in the Consumer Discretionary and Industrials sectors
- Strategic acquirers are targeting a proportionately greater share of companies operating in the Information Technology and Energy sectors

Lower Middle Market Strategic M&A Transaction Activity by Target Industry Sector

Last Twelve Months Ended September 30, 2013

(% of transactions)



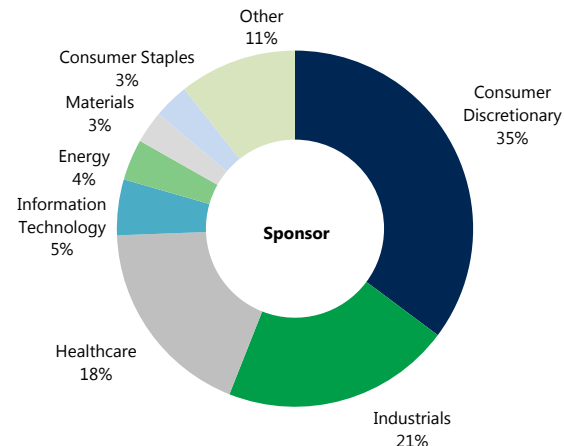
Includes qualified lower middle market M&A transactions with disclosed transaction values less than \$250 million, closed from October 1, 2012 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

Source: CapitalIQ

Lower Middle Market Sponsor M&A Transaction Activity by Target Industry Sector

Last Twelve Months Ended September 30, 2013

(% of transactions)



Includes qualified lower middle market M&A transactions with disclosed transaction values less than \$250 million, closed from October 1, 2012 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

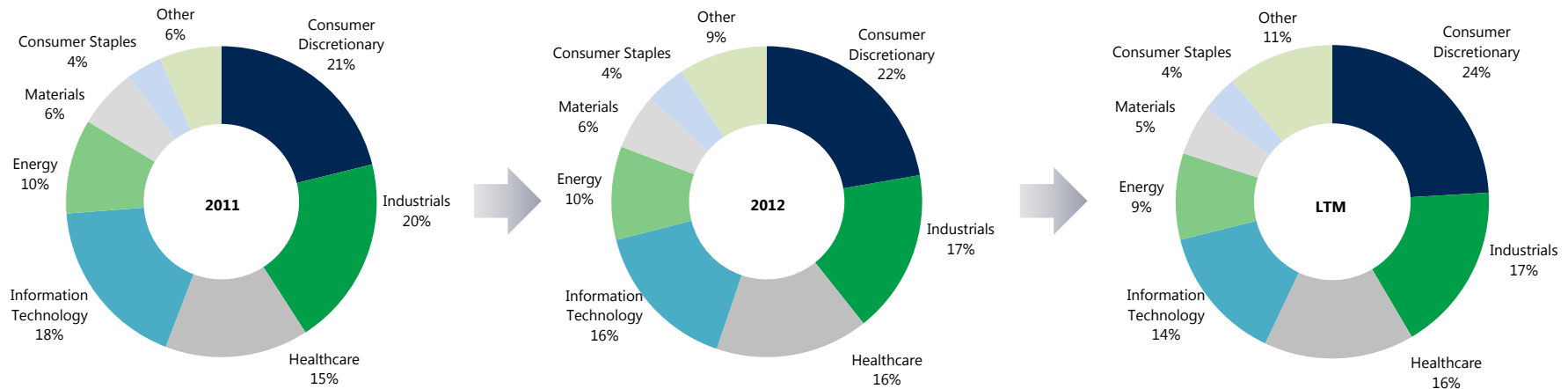
Source: CapitalIQ

Lower Middle Market M&A Activity by Industry Sector

- For the last twelve months ended September 30, 2013, the Consumer Discretionary, Industrials, Healthcare, and Information Technology sectors accounted for 71% of M&A transactions in the lower middle market
- The Consumer Discretionary sector accounts for the largest share of lower middle market M&A transactions and experienced an increase in relative transaction activity over the last three years
 - Transaction activity in the Information Technology and Industrials sectors declined
 - The Energy, Consumer Staples and Materials sectors demonstrated consistent transaction activity over the last three years

Lower Middle Market M&A Transaction Activity by Target Industry Sector

Years Ended December 31, 2011 – 2012 and Last Twelve Months Ended September 30, 2013
(% of transactions)



Includes qualified lower middle market M&A transactions with disclosed transaction values less than \$250 million, closed from October 1, 2010 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

Source: CapitalIQ

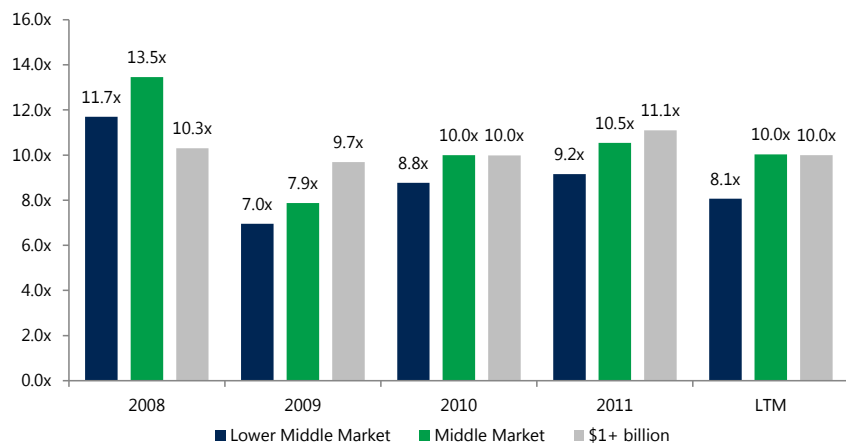
M&A Valuation Trends

- M&A valuation multiples observed among middle market transactions and \$1 billion transactions averaged 10.0x EBITDA for the last twelve months ended September 30, 2013
- Since 2009, TEV/EBITDA multiples for lower middle market transactions increased 1.0x to 8.1x
- For the last twelve months ended September 30, 2013, lower middle market M&A valuations were highest in the Information Technology and Telecommunication Services sector, with TEV/EBITDA multiples equal to 11.6x and 11.1x, respectively
 - TEV/EBITDA multiples for the Healthcare, Consumer Staples, and Consumer Discretionary sectors exceeded the market multiple of 8.1x

Valuation Multiples by Transaction Size

Years Ended September 30, 2009 – 2013

(TEV/EBITDA multiples)



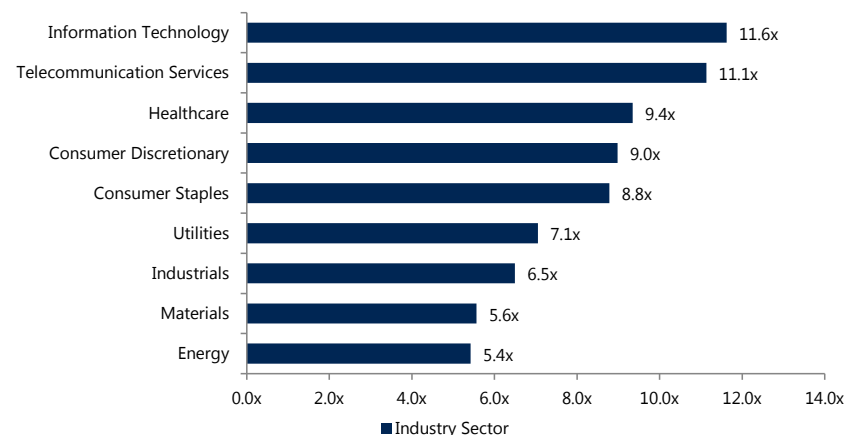
Includes qualified M&A transactions with disclosed and meaningful transaction values, closed from October 1, 2008 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

Source: CapitalIQ

Lower Middle Market Valuation Multiples by Industry Sector

Year Ended September 30, 2013

(TEV/EBITDA multiples)



Includes qualified lower middle market M&A transactions with disclosed and meaningful transaction values less than \$250 million, closed from October 1, 2012 through September 30, 2013, with the target based in the United States. Excludes M&A transactions with the target participating in the Financials sector.

Source: CapitalIQ

Recent M&A Observations

League Park's professionals have observed several recent M&A trends that emphasize the importance of qualified advisors with deep experience in deal strategy and execution

- The outlook for global M&A markets is expected to remain tempered due to persistent macroeconomic and geopolitical uncertainty
- A steady recovery in domestic consumption will continue to drive M&A activity in consumer-related businesses
- Lower middle market transaction volume is being driven by improving liquidity, succession planning in entrepreneur-owned enterprises, and increased add-on acquisition activity by private equity funds
- Financial sponsors remain active acquirers, as sponsors aggressively seek new opportunities in which to deploy capital and long-term private equity returns continue to outpace those of other asset classes
- The average transaction time-to-completion has increased recently, driven by heightened market uncertainty, longer than usual pre-bid and post-announcement periods, and more rigorous due diligence practices
- Businesses characterized by proprietary technology, sustainable competitive differentiation, and strong financial performance enjoyed premium valuations as many potential acquirers chased relatively few qualified targets

Selected Recent Transactions

League Park delivers superior outcomes by tailoring solutions to meet the specific needs of each client

Mergers and Acquisitions

enovate

has merged with

STINGER
MEDICAL

a portfolio company of

Riverside
PARTNERS

League Park acted as financial advisor to Enovate on the transaction

An affiliate of

ACHILL PARTNERS

has acquired



Tri-County Maintenance

League Park acted as financial advisor to Achill Partners on the transaction



360 Fresh

has been acquired by



League Park acted as financial advisor to 360Fresh on the transaction

ForTec Medical
Forwarding Technology

has acquired

Falls Church Laser

League Park acted as financial advisor to ForTec Medical on the transaction

Safeguard
PROPERTIES

has acquired

Bank of America Field Services
Bank of America

League Park acted as co-advisor to Safeguard Properties on the transaction

Recapitalizations



B.J. Alan dba Phantom Fireworks

has been recapitalized by



League Park acted as financial advisor to B.J. Alan on the transaction

VanDeMark
Propylene Chemistry • Custom Chemicals

a portfolio company of



has been acquired by



League Park acted as financial advisor to VanDeMark on the transaction



has been acquired by Praxair, Inc.



League Park acted as financial advisor to American Gas Group on the transaction

LexiComp

has been acquired by



League Park acted as financial advisor to Lexi-Comp on the transaction

FERRO

Ongoing Strategic Advisory

League Park serves as financial advisor to Ferro in connection with ongoing acquisition strategies

CAMPBELL HAUSFELD

Ongoing Strategic Advisory

League Park serves as financial advisor to Campbell Hausfeld in connection with ongoing acquisition strategies

VanDeMark
Propylene Chemistry • Custom Chemicals

a portfolio company of



has been recapitalized by



League Park acted as financial advisor to VanDeMark on the transaction

About League Park

League Park is a boutique investment bank that professionally and ethically advises clients on strategies aimed to maximize shareholder value. We assist middle market companies with transactions that generate value through mergers and acquisitions, recapitalizations, capital raising, and outsourced corporate development.

Whatever the transaction, our clients receive specialized attention from senior bankers at every step in the deal process. Our team has decades of investment banking, corporate development, private equity, and operational experience, completing over 300 transactions across a diverse range of industries in the past 25 years.

Advisory Capabilities

- Mergers and Acquisitions
- Recapitalizations
- Capital Raising
- Outsourced Corporate Development

Industry Expertise

- Business Services
- Consumer and Retail
- Industrial
- Technology
- Healthcare

LEAGUE ★ PARK

J.W. Sean Dorsey

Founder and CEO

(216) 455-9990

sdorsey @ leaguepark.com

Brian Powers

Managing Director

(216) 455-9988

bpowers @ leaguepark.com

Joseph Foley

Director

(216) 455-9991

jfoley @ leaguepark.com

Wayne Twardokus

Director

(216) 455-9989

wtwardokus @ leaguepark.com

1100 Superior Avenue East • Suite 1650 • Cleveland, Ohio 44114 • www.leaguepark.com

Securities offered through SFI Capital Group, LLC, Member FINRA, Member SIPC, and the affiliated broker-dealer of League Park Advisors, LLC