



# CROFT & BENDER

---

## Q1 2017 MARKET REPORT

4401 Northside Parkway  
Suite 395  
Atlanta, GA 30327  
(404) 841-3131  
[www.croft-bender.com](http://www.croft-bender.com)  
Member SIPC & FINRA



## CONTACT US

**Theodore J. Bender, III**  
*Managing Director*  
tbender@croft-bender.com  
(404) 841-0053

**Frank H. "Bo" Briggs, III**  
*Managing Director*  
bbriggs@croft-bender.com  
(404) 841-0639

**Edward S. Croft, III**  
*Managing Director*  
ecroft@croft-bender.com  
(404) 841-0055

**Ronald B. Goldman**  
*Managing Director*  
rgoldman@croft-bender.com  
(404) 841-0735

**Steven J. Hunter**  
*Managing Director*  
shunter@croft-bender.com  
(404) 574-2907

**Steve B. Tye**  
*Managing Director*  
stye@croft-bender.com  
(404) 841-9351

**R. Neale Fisher**  
*Director*  
nfisher@croft-bender.com  
(404) 574-2906

**Erik M. Zalenski**  
*Director*  
ezalenski@croft-bender.com  
(404) 841-9826

**Kyle C. Schickner**  
*Vice President*  
kschickner@croft-bender.com  
(404) 574-2897

**Matt A. Veal**  
*Vice President*  
mveal@croft-bender.com  
(404) 841-0056

4401 Northside Parkway  
Suite 395  
Atlanta, Georgia 30327  
Phone: (404) 841-3131  
Fax: (404) 841-3135  
www.croft-bender.com  
Member SIPC and FINRA

Since 1996, Croft & Bender has provided superior M&A, private capital raising, and financial advisory services to middle-market and emerging growth companies. In addition, the firm manages C&B Capital, three growth equity funds with over \$70 million under management.

## BROAD INDUSTRY EXPERTISE

### BUSINESS SERVICES

Information Services  
Marketing Services  
Financial Services  
Outsourced Services  
A/R Management  
Staffing  
Consulting

### TECHNOLOGY

Software/SaaS  
Financial Technology  
Human Capital Management  
Internet Marketing  
E-Commerce  
Security/Compliance  
Business Intelligence  
Telecommunications

### INDUSTRIAL

General Manufacturing  
Building Products  
Logistics  
Specialty Contracting  
Distribution  
Industrial Services  
Chemicals  
Durable Goods

### HEALTHCARE

Software/Services  
Claims Processing  
Hospital Services  
Medical Devices  
Biotechnology  
Specialty Pharmaceuticals

### CONSUMER

Products/Services  
Franchising  
Restaurants  
Retail  
Entertainment/Leisure

## DEAL CRITERIA

### MERGERS & ACQUISITIONS

- Buy side/sell side
- Enterprise Value from \$25M to \$250M
- Exceptions to EBITDA criteria:
  - High growth companies
  - Technology companies
  - Special situations

### EQUITY & DEBT CAPITAL RAISES

- Middle-market companies
- Emerging growth businesses
- Large market opportunity
- Experienced management team
- Differentiated product or service
- Greater than \$10 million capital need



## REPRESENTATIVE TRANSACTIONS

### BUSINESS SERVICES



has been acquired by



Coverall is a leading franchisor of commercial cleaning services.  
The undersigned acted as financial advisor to Coverall in this Transaction



### TECHNOLOGY



has been acquired by



ACP is a leading provider of full-featured thin client management and location-based mobility software.  
The undersigned acted as financial advisor to ACP in this Transaction



### INDUSTRIAL



has been acquired by

NARROW GAUGE CAPITAL

SEI Group is a leading installer of insulation and other building products.  
The undersigned acted as financial advisor to SEI Group in this Transaction



### HEALTHCARE



has been acquired by



ChiroTouch is the leading provider of software solutions for the chiropractic industry.  
The undersigned acted as financial advisor to ChiroTouch in this Transaction



### CONSUMER



has been acquired by



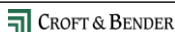
Service Brands is a leading multi-concept residential services franchisor.  
The undersigned acted as financial advisor to Service Brands in this Transaction



has received an equity investment from



N3 is a leading provider of integrated, technology-enabled sales and marketing execution solutions.  
The undersigned acted as financial advisor to N3 in this transaction

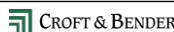


has received an equity investment from



Bridge2 Solutions provides the leading SaaS platform enabling the redemption of loyalty reward points for goods and services.

The undersigned acted as financial advisor to Bridge2 Solutions in this Transaction



### VNS Corporation



has been acquired by



VNS is a leading supplier and manufacturer of building products.  
The undersigned acted as financial advisor to VNS in this Transaction



has been recapitalized by



Outcomes is a leading provider of end-to-end solutions for healthcare data acquisition, auditing, and analytics.  
The undersigned acted as financial advisor to Outcomes in this Transaction



has sold

Harris Research, Inc.  
Franchisor of



to

Baird Capital Partners

HRI is a leading franchisor of in-home consumer services.

The undersigned acted as financial advisor to The Home Depot in this Transaction



has been recapitalized by



Juniper Landscaping is a leading provider of landscaping services to commercial customers.  
The undersigned acted as financial advisor to Juniper Landscaping in this Transaction



has been recapitalized by



PrimeRevenue is a leading provider of multi-bank supply chain finance services.  
The undersigned acted as financial advisor to PrimeRevenue in this Transaction



has been recapitalized by



USPack is a leading provider of asset-light, same-day delivery and last mile logistics services.  
The undersigned acted as financial advisor to USPack in this Transaction



owner of



has been acquired by



MRB is a leading provider of specialty durable medical equipment.  
The undersigned acted as financial advisor to MRB in this Transaction



has completed a Senior Term Loan and Revolving Credit Facility Financing with



Mellow Mushroom is a restaurant operator and franchisor.

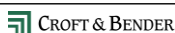
The undersigned acted as financial advisor to Mellow Mushroom in this Transaction



has been recapitalized by



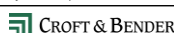
Sunstar is a regional insurance broker providing P&C, benefits, and personal insurance products.  
The undersigned acted as financial advisor to Sunstar in this Transaction



has been recapitalized by



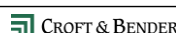
American Safety Council is a leading provider of e-Learning training solutions.  
The undersigned acted as financial advisor to Falfurrias Capital in this Transaction



has been acquired by



PNA is a leading manufacturer and supplier of patented products for the concrete flooring industry.  
The undersigned acted as financial advisor to PNA in this Transaction



has been recapitalized by



Brightree is the leading provider of cloud-based software for the post-acute care industry.  
The undersigned acted as financial advisor to Brightree in this Transaction

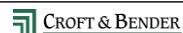


a portfolio company of



has acquired multiple franchisee markets

PODS is a leading provider of moving and portable storage for consumers and corporations.  
The undersigned acted as financial advisor to PODS in this Transaction



\* Represents transactions in which C&B Capital participated as an investor



## FEATURED TRANSACTIONS

### COMPANY OVERVIEW

- Juniper Landscaping is a leading provider of landscaping services to commercial customers in Southwest Florida
- The Company installs landscaping and irrigation systems for residential communities, roadways, and public spaces in addition to providing ongoing maintenance, including mowing, trimming, fertilization, and outdoor pest control for commercial customers and entire residential communities

### DEAL OVERVIEW

- The Company received an offer from a private-equity fund, which led to the Company engaging Croft & Bender to help evaluate strategic alternatives. Croft & Bender worked with the Company to:
  - Build a financial model
  - Develop marketing materials
  - Conduct management presentations
  - Manage the diligence process
  - Negotiate with multiple buyers
- Croft & Bender successfully structured a transaction that both provided full market value to the founder and allowed other shareholders to increase their ownership substantially post-deal



*has been recapitalized by*

ZS Fund L.P.

*Juniper Landscaping is a leading provider of landscaping services to commercial customers.*

---

*The undersigned acted as financial advisor to Juniper Landscaping in this Transaction*

---



### COMPANY OVERVIEW

- ACP is a leading provider of centralized thin client, mobile device and server management software that enables the delivery of mission-critical applications and content to devices and end users primarily within challenging industrial and manufacturing environments
- The Company’s software is installed in thousands of locations worldwide with customers including many of the top global manufacturers

### DEAL OVERVIEW

- The Company engaged Croft & Bender to help evaluate strategic alternatives. Croft & Bender worked with the Company to:
  - Build a financial model
  - Develop marketing materials
  - Conduct management presentations
  - Manage the diligence process
  - Negotiate with multiple buyers
- Croft & Bender successfully negotiated a sale to Rockwell Automation (NYSE: ROK)



*has been acquired by*

Rockwell  
Automation

*ACP is a leading provider of full-featured thin client management and location-based mobility software.*

---

*The undersigned acted as financial advisor to ACP in this Transaction*

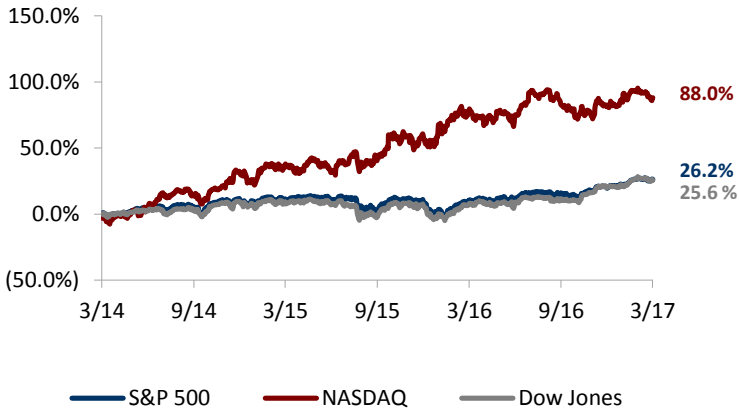
---





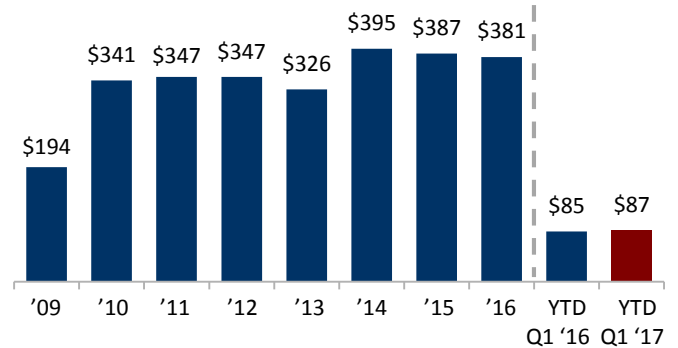
## KEY CAPITAL MARKETS DATA

### PUBLIC EQUITY MARKETS



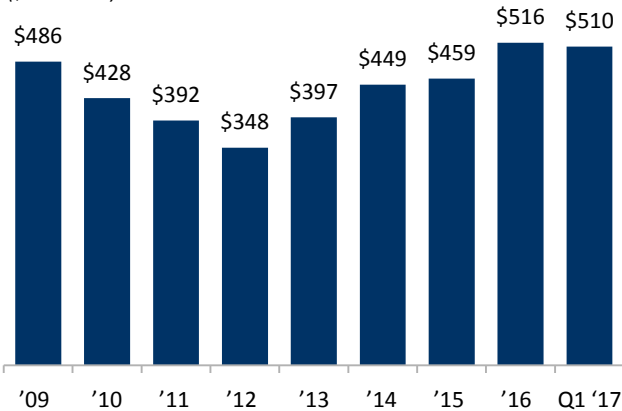
### MIDDLE MARKET DEAL VOLUME

(\$ in billions)



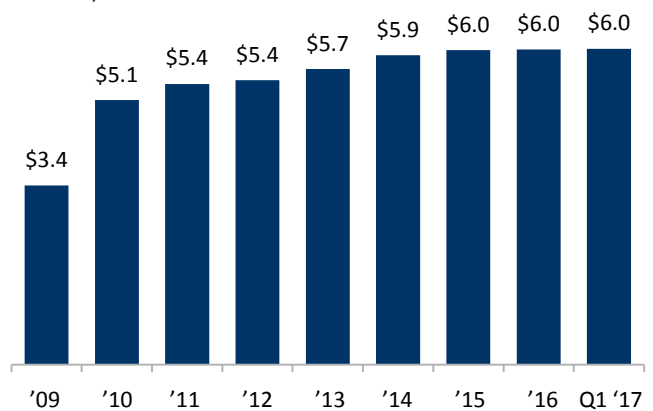
### PRIVATE EQUITY DRY POWDER

(\$ in billions)

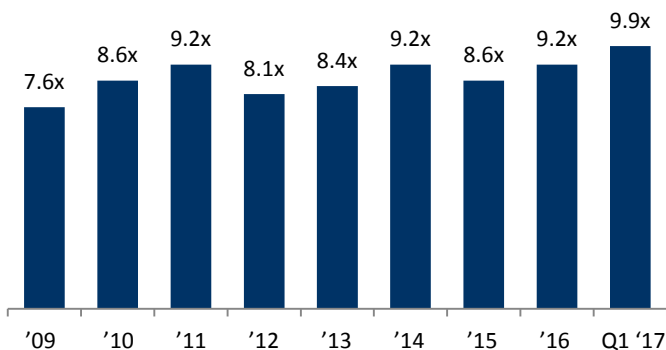


### CASH ON CORPORATE BALANCE SHEETS

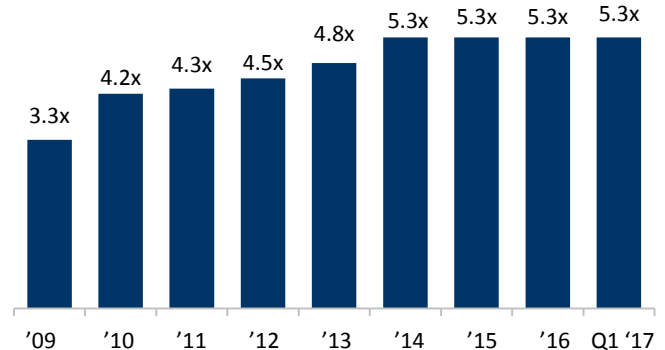
(\$ in trillions)



### MIDDLE MARKET EBITDA MULTIPLES



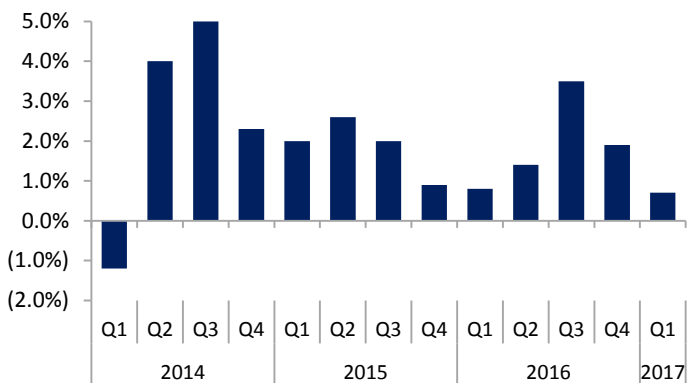
### MIDDLE MARKET LEVERAGE MULTIPLES



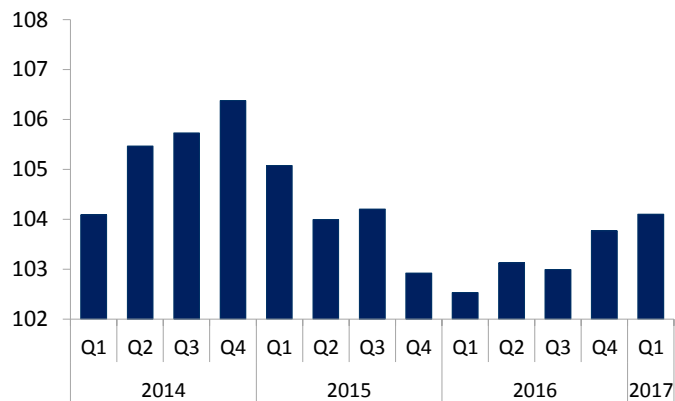


## KEY ECONOMIC DATA

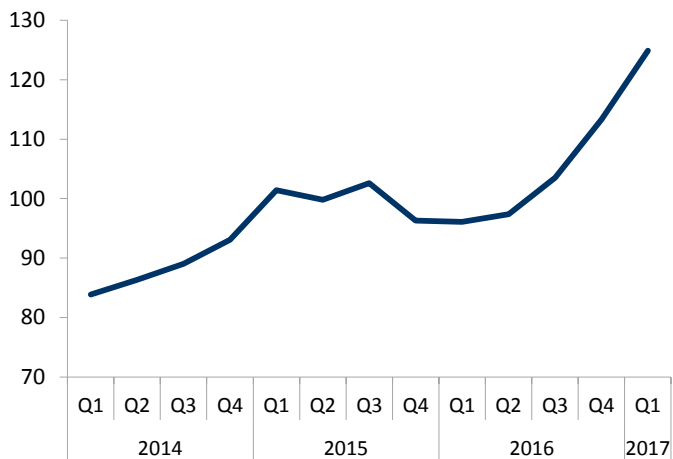
### REAL GDP GROWTH



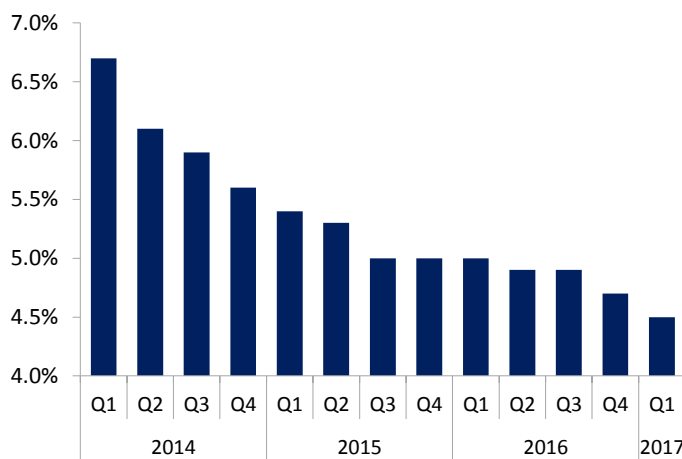
### INDUSTRIAL PRODUCTION<sup>[1]</sup>



### CONSUMER CONFIDENCE<sup>[2]</sup>

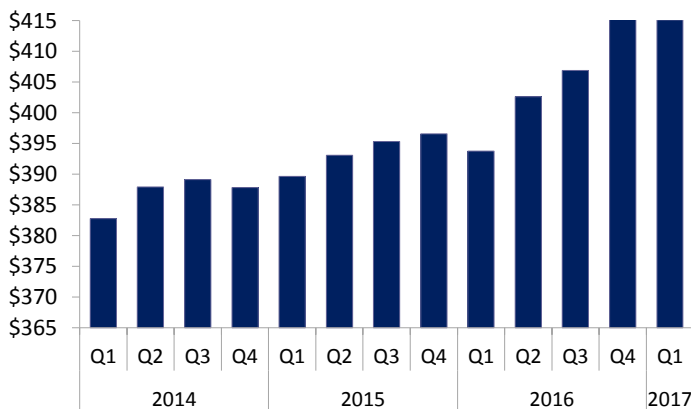


### UNEMPLOYMENT RATE



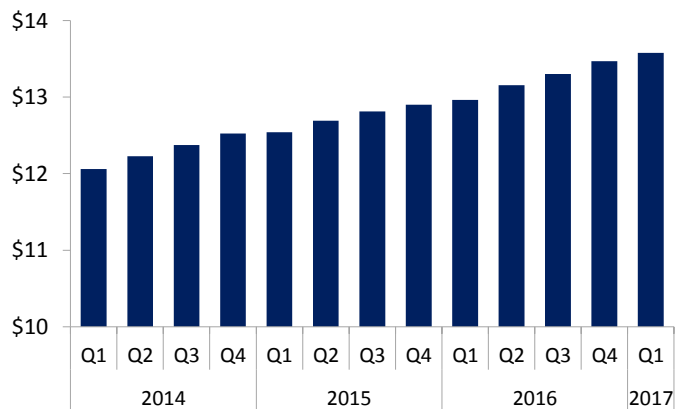
### RETAIL SALES

(\$ in billions)



### CONSUMER SPENDING

(\$ in trillions)



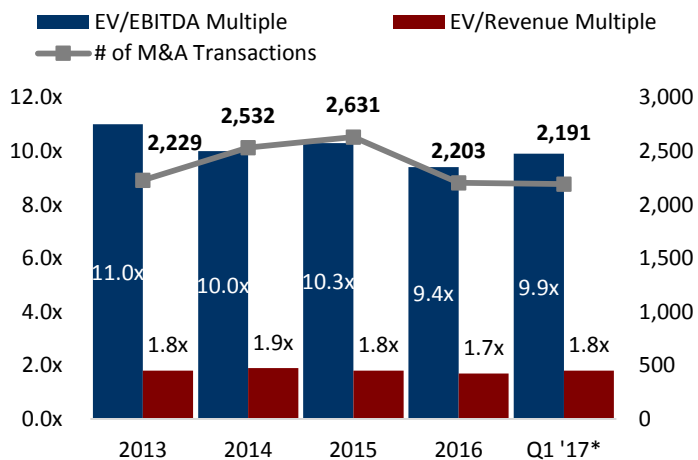
[1] Indexed relative to 2002.

[2] Indexed relative to 1985.

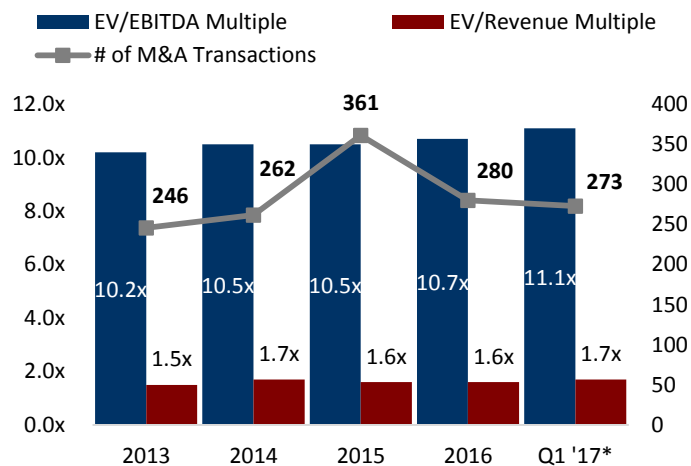


## AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

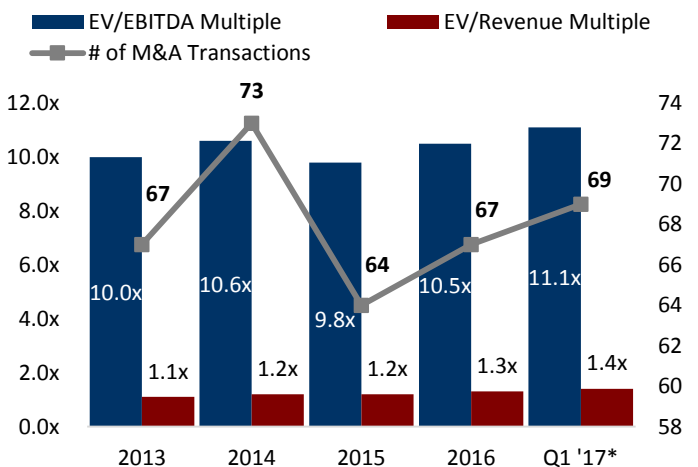
### GENERAL INDUSTRIAL



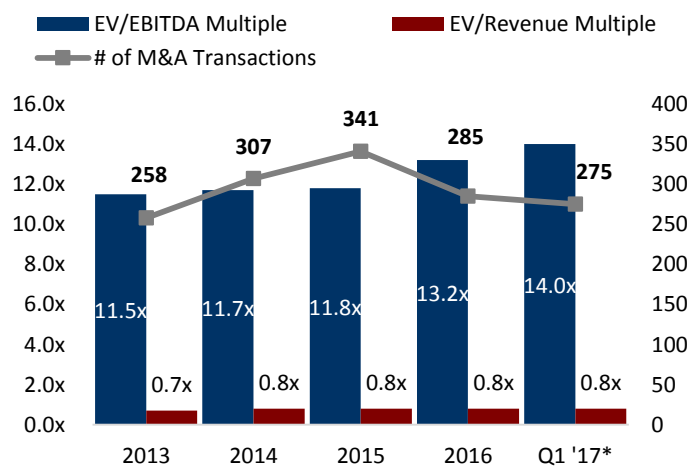
### IT CONSULTING & OTHER SERVICES



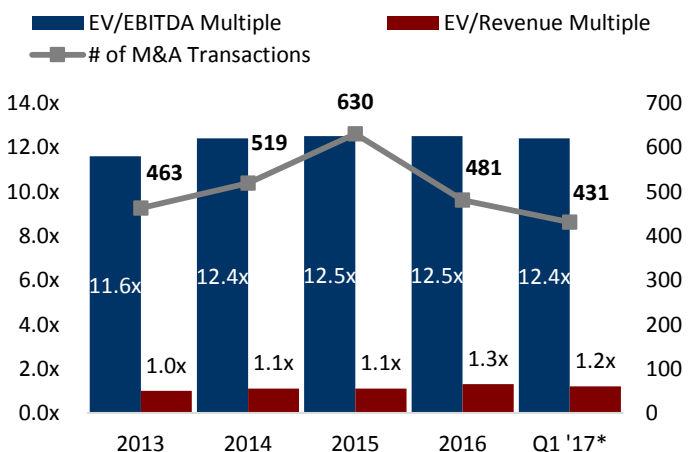
### BUILDING PRODUCTS



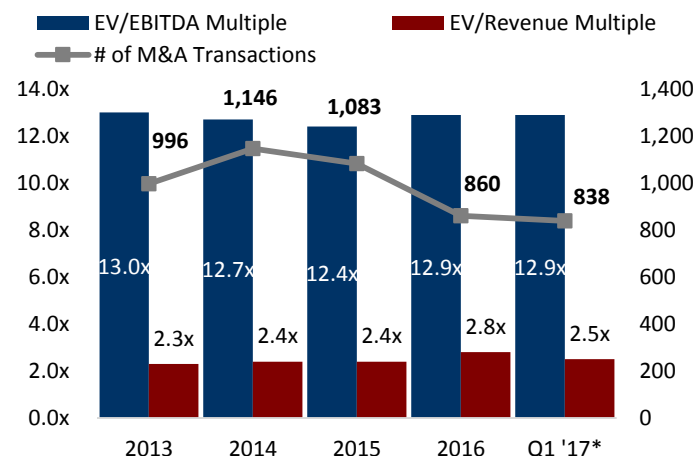
### INDUSTRIAL DISTRIBUTORS



### CONSUMER RETAIL



### CONSUMER SERVICES



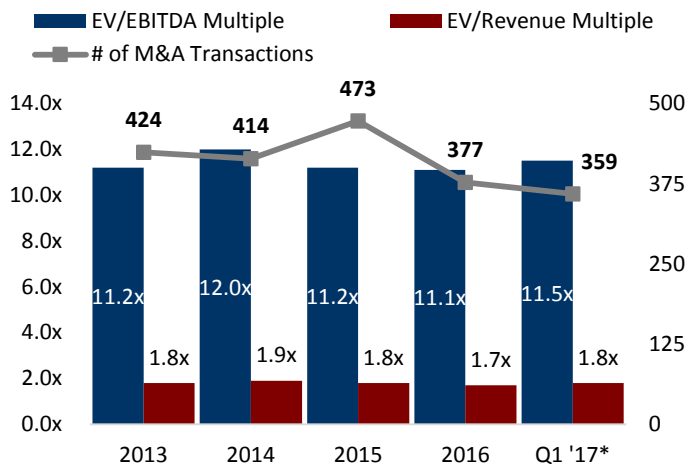
\* - Latest twelve months as of March 31, 2017.

Note: EV = Enterprise Value

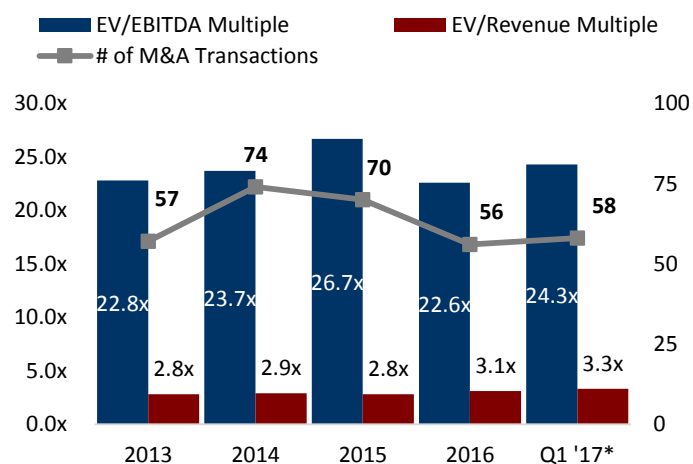


## AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

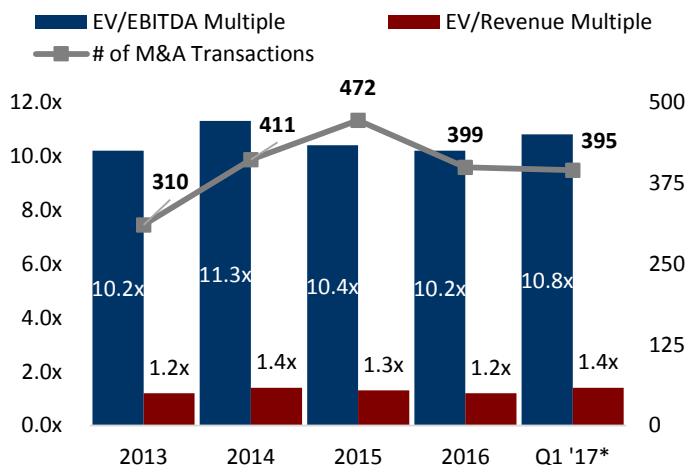
### HEALTHCARE FACILITIES



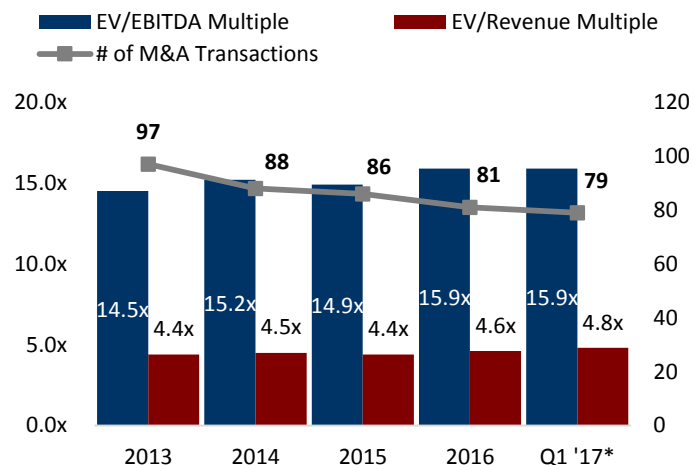
### HEALTHCARE SOFTWARE



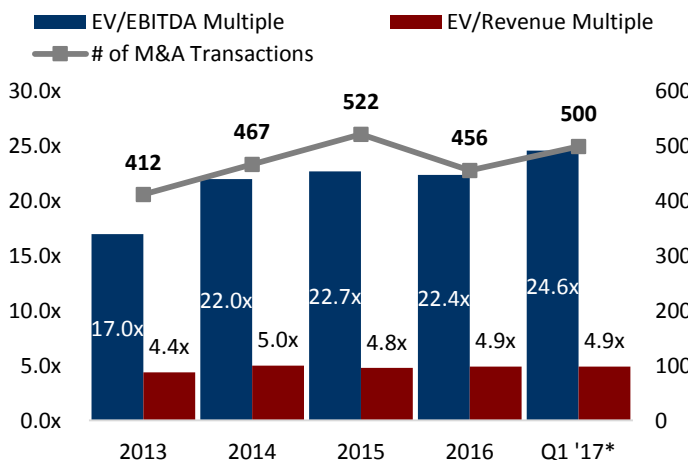
### HEALTHCARE SERVICES



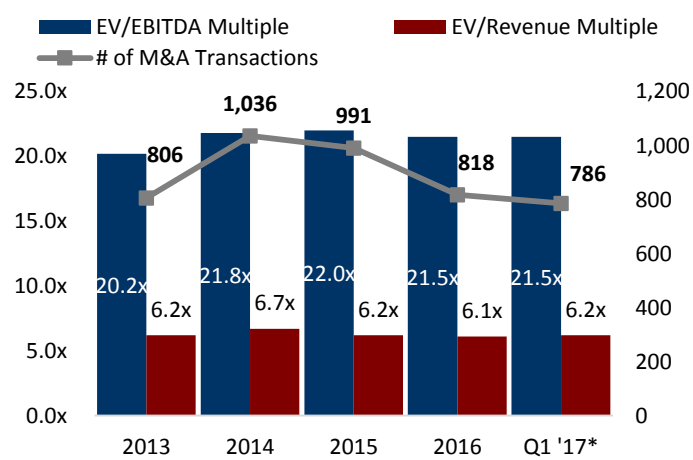
### DATA PROCESSING & OUTSOURCED SERVICES



### APPLICATION & ENTERPRISE SOFTWARE



### INTERNET SOFTWARE & SERVICES



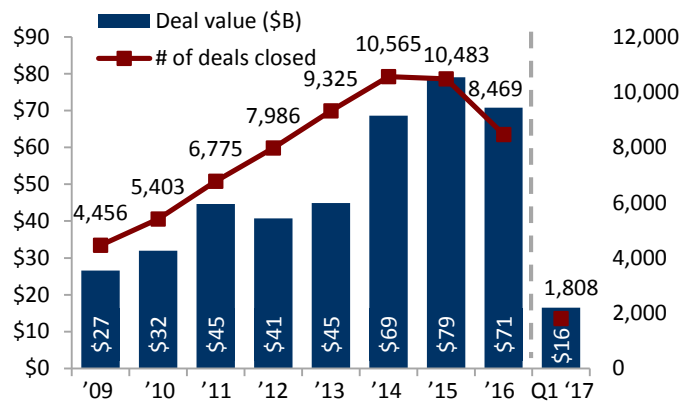
\* - Latest twelve months as of March 31, 2017.

Note: EV = Enterprise Value

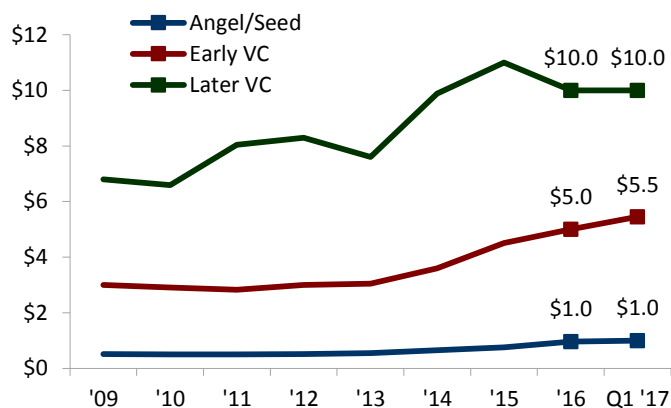


## PRIVATE CAPITAL DATA

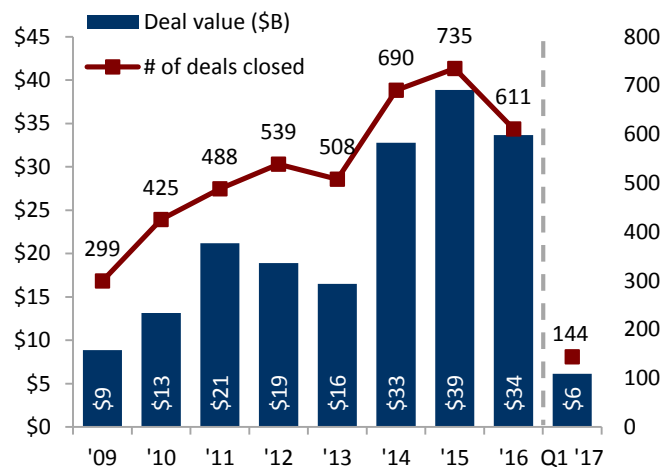
### US VC ACTIVITY BY YEAR



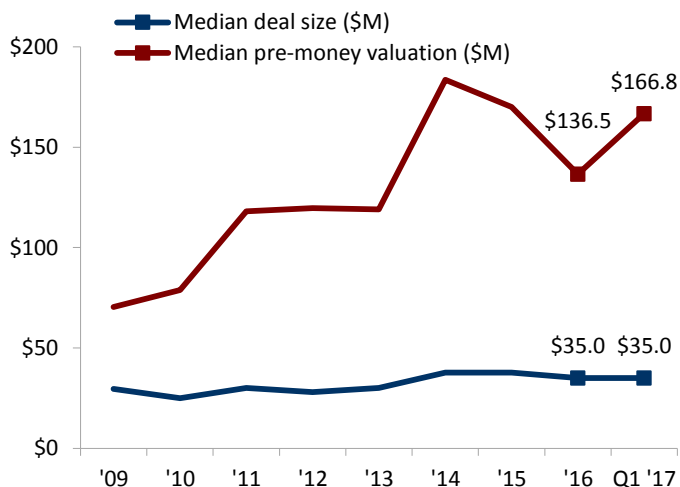
### MEDIAN VC ROUND SIZE (\$M) BY STAGE



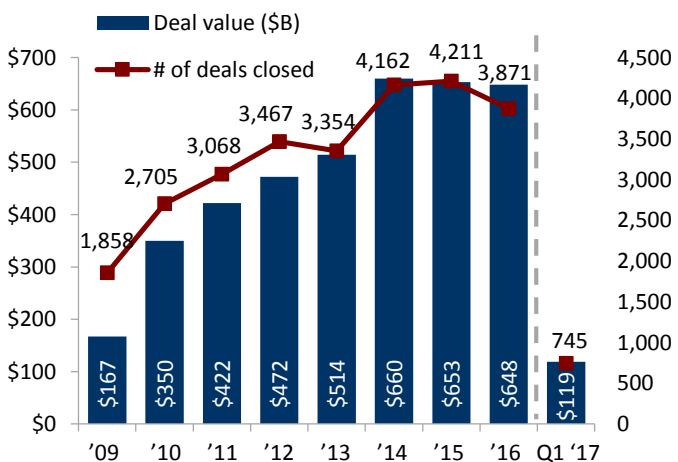
### US GROWTH EQUITY ACTIVITY BY YEAR



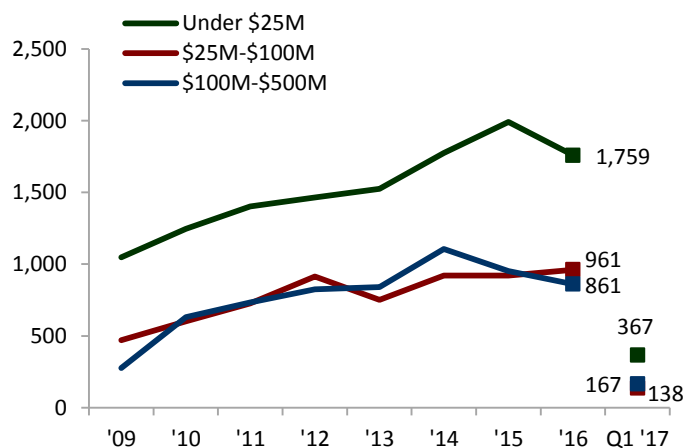
### US GROWTH EQUITY DEAL SIZE METRICS



### US PE ACTIVITY BY YEAR



### US PE DEALS (#) BY DEAL SIZE





## DISCLOSURES

Croft & Bender LP ([www.croft-bender.com](http://www.croft-bender.com)) is a leading middle market investment bank focused on the advisory needs of clients nationwide. The firm has extensive industry knowledge, transaction expertise, and a commitment to its clients' success. Croft & Bender LP provides sell-side and buy-side advisory, capital raising, and financial advisory.

Investment banking services are provided by Croft & Bender, a registered broker-dealer and member of FINRA and SIPC.

THIS REPORT MAY CONTAIN REFERENCES TO REGISTERED TRADEMARKS, SERVICE MARKS AND COPYRIGHTS OWNED BY THIRD-PARTY INFORMATION PROVIDERS. NONE OF THE THIRD-PARTY INFORMATION PROVIDERS IS ENDORSING THE OFFERING OF, AND SHALL NOT IN ANY WAY BE DEEMED AN ISSUER OR UNDERWRITER OF, THE SECURITIES, FINANCIAL INSTRUMENTS OR OTHER INVESTMENTS DISCUSSED IN THIS REPORT, AND SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY FOR ANY STATEMENTS MADE IN THE REPORT OR FOR ANY FINANCIAL STATEMENTS, FINANCIAL PROJECTIONS OR OTHER FINANCIAL INFORMATION CONTAINED OR ATTACHED AS AN EXHIBIT TO THE REPORT. FOR MORE INFORMATION ABOUT THE MATERIALS PROVIDED BY SUCH THIRD PARTIES, PLEASE CONTACT US AT THE ADDRESSES OR NUMBERS AT THE BEGINNING OF THE REPORT.

The information and views contained in this report were prepared by Croft & Bender LP. It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. 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. The information contained herein is believed by Croft & Bender to be reliable, but Croft & Bender makes no representation as to the accuracy or completeness of such information. Transaction numbers include those transactions that closed during the year they appear under and the industry classification assigned to the target by S&P Capital IQ. Croft & Bender and/or its affiliates act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Croft & Bender and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Croft & Bender's judgment and are subject to change without notice. The financial instruments discussed in this report may not be suitable for all investors, and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Croft & Bender's prior written consent. Sources of information include S&P Capital IQ and Pitchbook.