



CROFT & BENDER

Q2 2017 MARKET REPORT

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Member SIPC & FINRA



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OVERVIEW:

Since 1996, Croft & Bender has provided superior M&A, private capital raising, and financial advisory services to middle-market and emerging growth companies. The senior professionals have completed more than 1,000 corporate finance engagements and, since the firm's inception, have completed M&A transactions valued at approximately \$5.0 billion and raised over \$1.3 billion of capital. In addition, the firm manages C&B Capital, three growth equity funds with over \$82 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/SaaS
Claims Management
Outsourced Services
Hospital/Outpatient Services
Medical Products/Devices

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 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



TECHNOLOGY



has merged with



a portfolio company of



ControlScan is a leading provider of security and compliance solutions.

The undersigned acted as financial advisor to ControlScan 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 been acquired by



Coverall is a leading franchisor of commercial cleaning services.

The undersigned acted as financial advisor to Coverall in this Transaction




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




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



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

The undersigned acted as financial advisor to The Home Depot 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




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



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 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

- ControlScan is a leading outsourced provider of security and compliance software and solutions
- ControlScan provides Payment Card Industry compliance software solutions, comprehensive managed security service solutions and security consulting services to small to mid-sized enterprises

DEAL OVERVIEW

- Croft & Bender initially raised equity capital for ControlScan in 2010
- Since 2010, Croft & Bender has stayed actively involved with the Company and was recently engaged to evaluate the Company's strategic alternatives
- Croft & Bender worked with the Company to draft the financial model, offering memorandum and related materials
- The Company received an attractive pre-emptive offer from EchoSat, Inc., a portfolio company of Thompson Street Capital Partners
- Croft & Bender negotiated the Letter of Intent and advised the Board on its decision to move forward with EchoSat
- Croft & Bender successfully negotiated the merger of the Company with EchoSat, creating a combined company able to offer a full suite of security and compliance products and services



has merged with



a portfolio company of



ControlScan is a leading provider of security and compliance solutions.

The undersigned acted as financial advisor to ControlScan in this Transaction



COMPANY OVERVIEW

- Coverall is a leading franchisor of commercial cleaning services
- Coverall has an expansive franchise network of over 7,200 franchisees serving more than 41,000 customers across a broad range of end-markets
- Prior to the transaction, Coverall was a portfolio company of Centre Lane Partners

DEAL OVERVIEW

- The Company engaged Croft & Bender to help evaluate strategic alternatives
- Croft & Bender worked with the Company to build a detailed financial model, draft a comprehensive information memorandum and prepare for management meetings
- Croft & Bender ran a broad process, targeting financial and strategic buyers
- After receiving Letters of Intent, Croft & Bender, along with the Company, chose to conduct confirmatory diligence with multiple parties
- Croft & Bender successfully negotiated a sale to ICV Partners, resulting in an attractive outcome for the Company and its shareholders



has been acquired by



Coverall is a leading franchisor of commercial cleaning services.

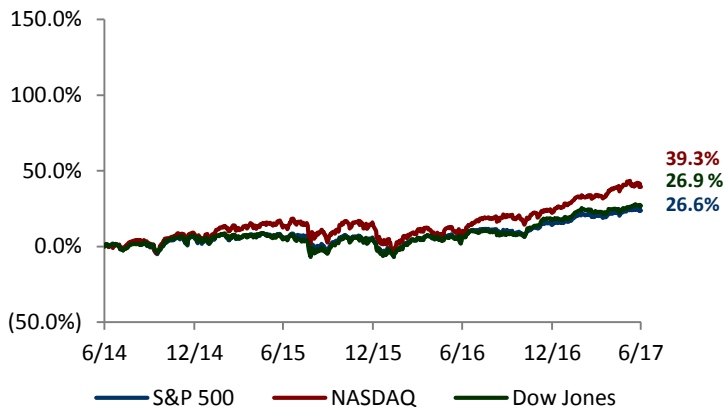
The undersigned acted as financial advisor to Coverall in this Transaction





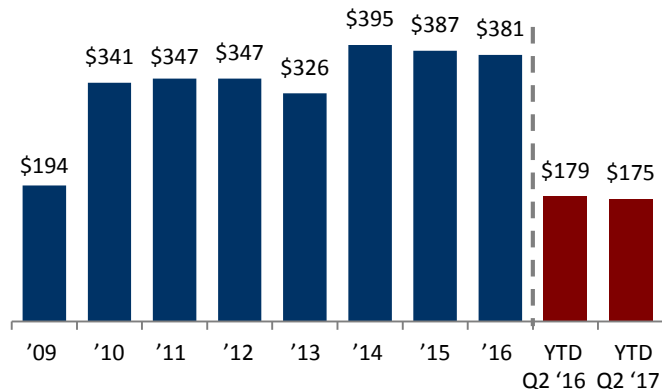
KEY CAPITAL MARKETS DATA

PUBLIC EQUITY MARKETS



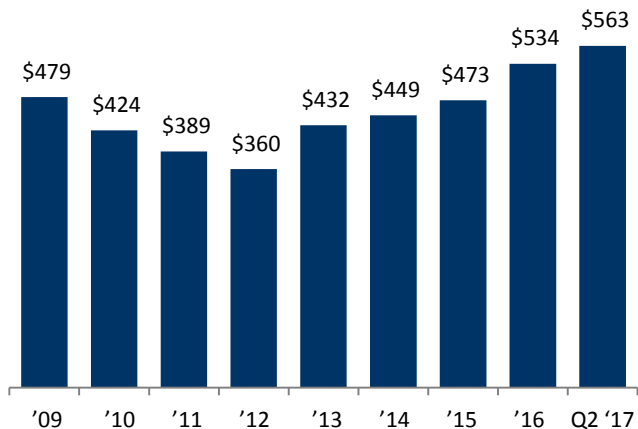
MIDDLE MARKET DEAL VOLUME

(\$ in billions)



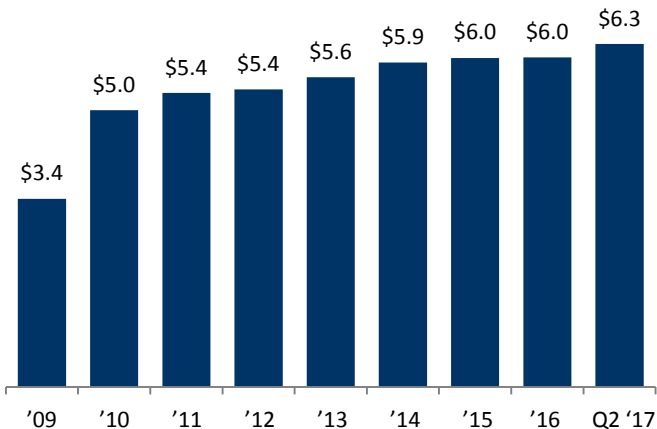
PRIVATE EQUITY DRY POWDER

(\$ in billions)

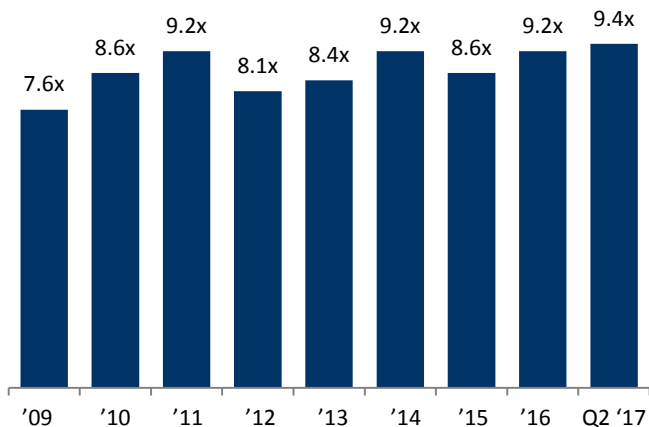


CASH ON CORPORATE BALANCE SHEETS

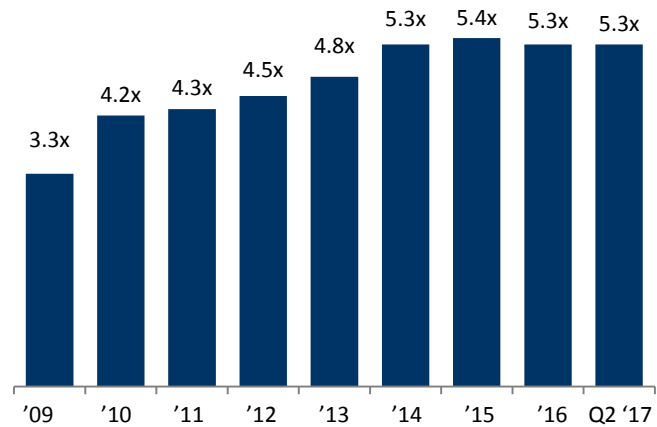
(\$ in trillions)



MIDDLE MARKET EBITDA MULTIPLES



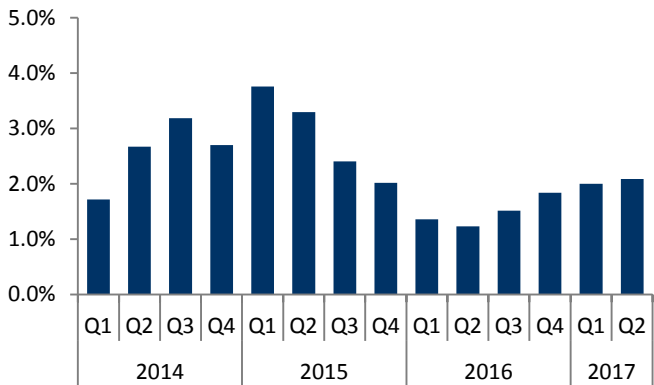
MIDDLE MARKET LEVERAGE MULTIPLES



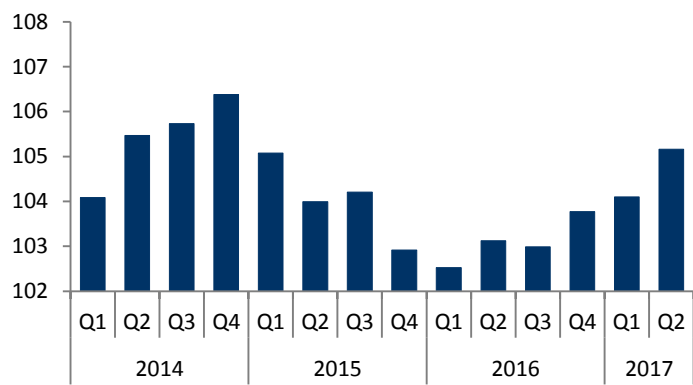


KEY ECONOMIC DATA

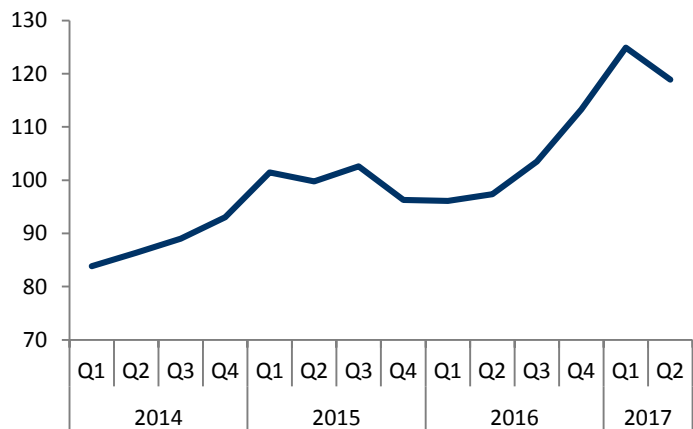
REAL GDP GROWTH



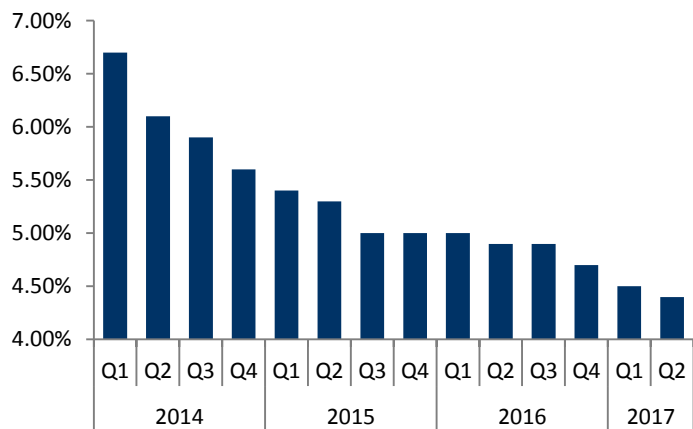
INDUSTRIAL PRODUCTION^[1]



CONSUMER CONFIDENCE^[2]



UNEMPLOYMENT RATE



RETAIL SALES

(\$ in billions)



CONSUMER SPENDING

(\$ in trillions)



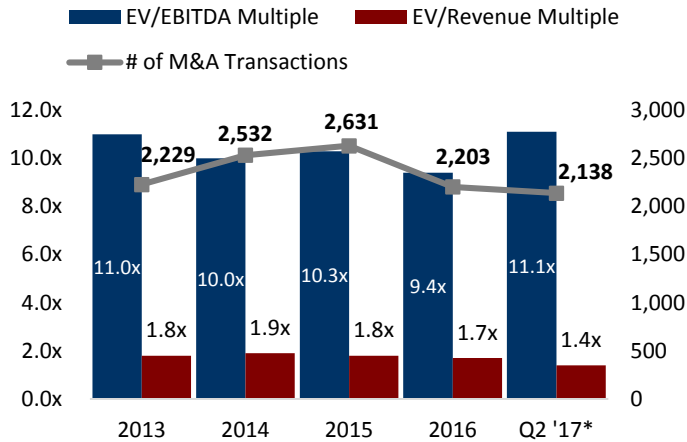
[1] Indexed relative to 2002.

[2] Indexed relative to 1985.

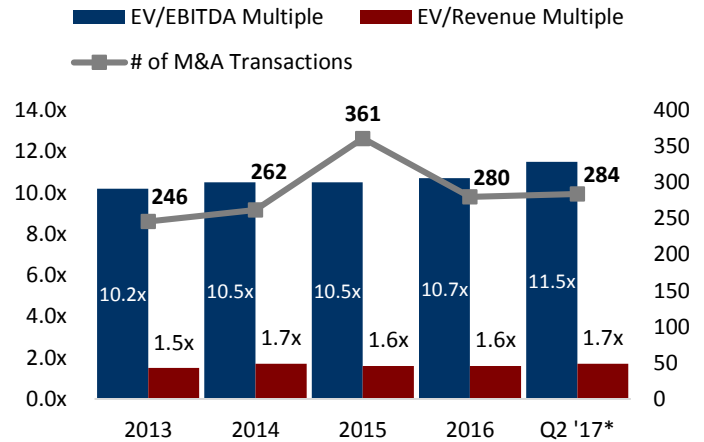


AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

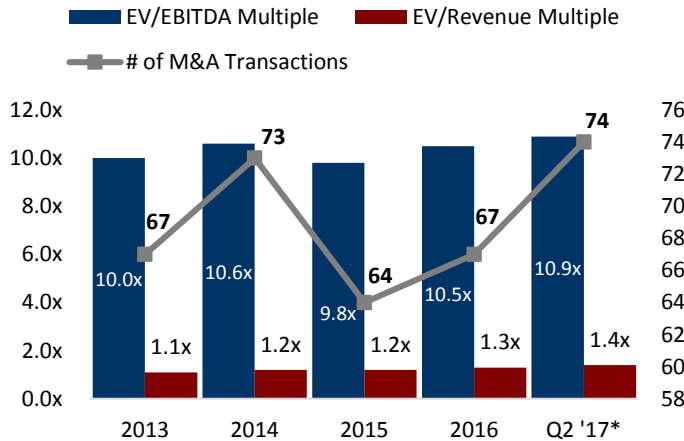
GENERAL INDUSTRIAL



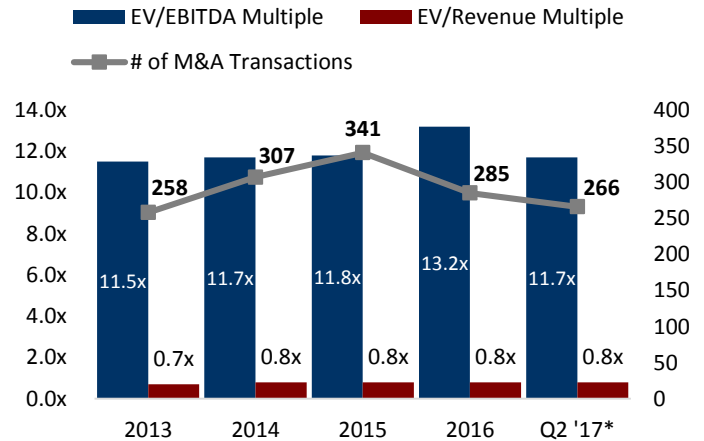
IT CONSULTING & OTHER SERVICES



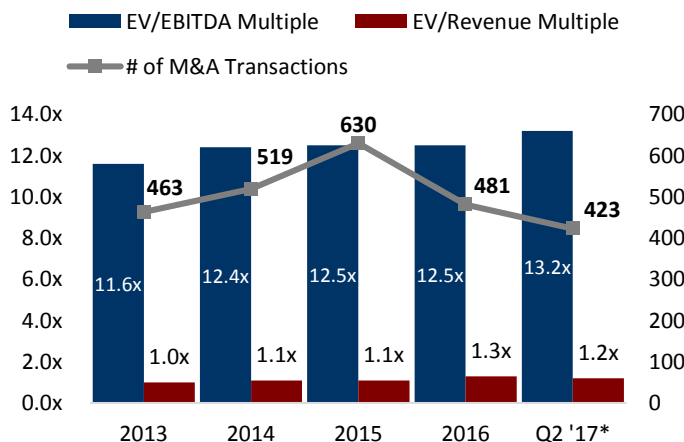
BUILDING PRODUCTS



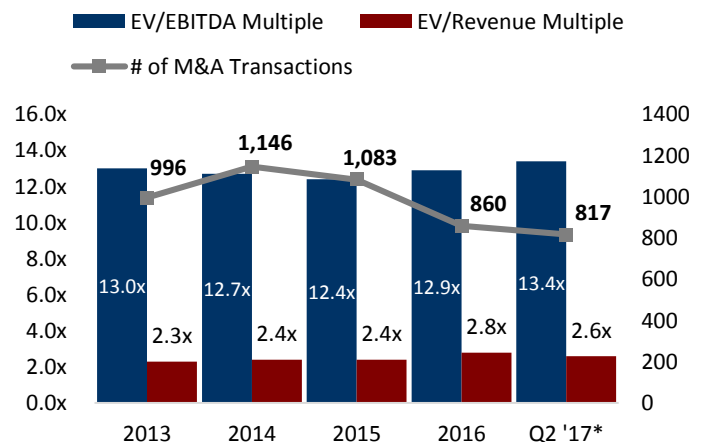
INDUSTRIAL DISTRIBUTORS



CONSUMER RETAIL



CONSUMER SERVICES



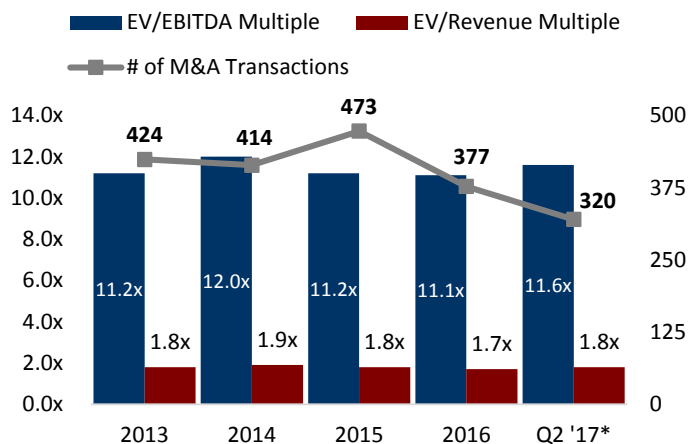
* - Latest twelve months as of June 30, 2017.

Note: EV = Enterprise Value

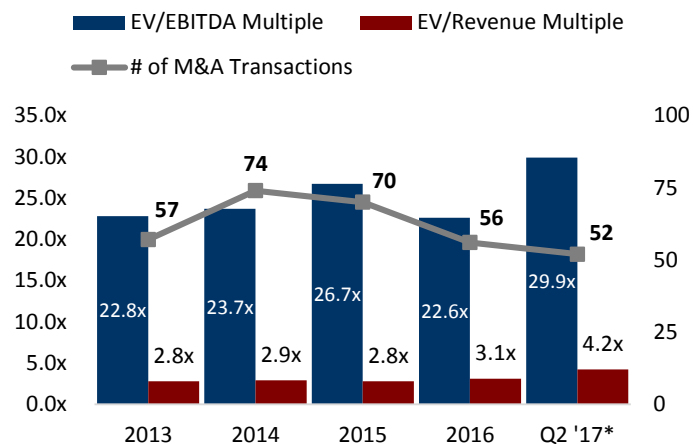


AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

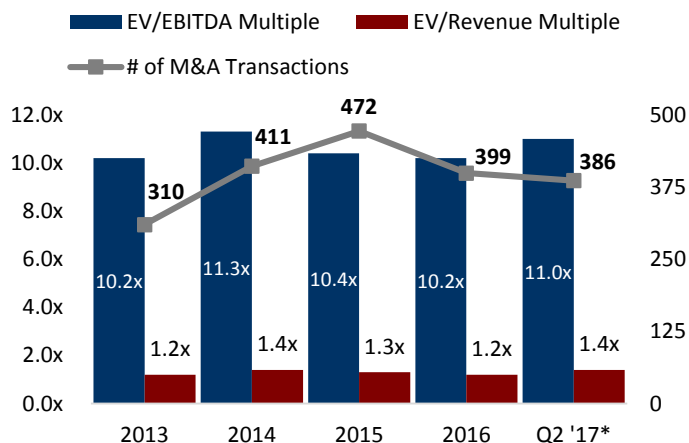
HEALTHCARE FACILITIES



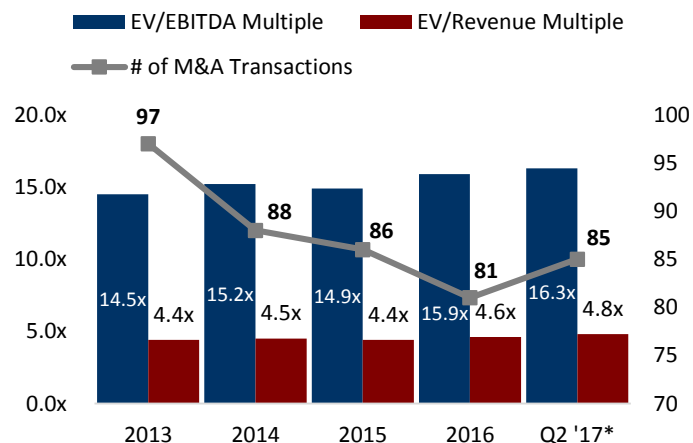
HEALTHCARE SOFTWARE



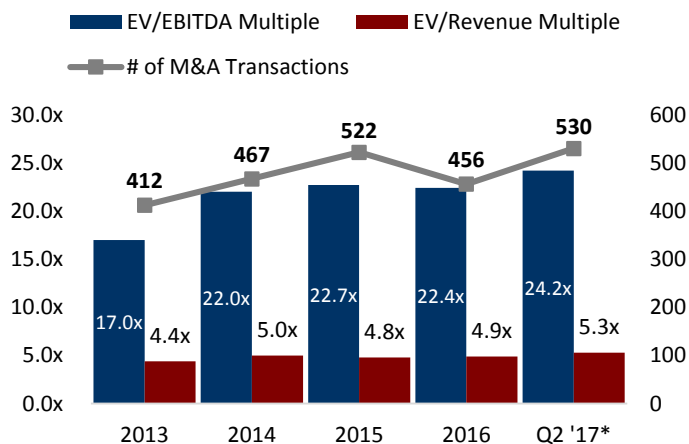
HEALTHCARE SERVICES



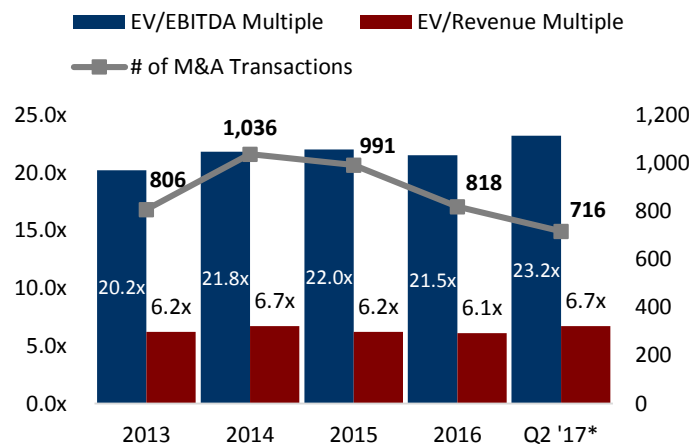
DATA PROCESSING & OUTSOURCED SERVICES



APPLICATION & ENTERPRISE SOFTWARE



INTERNET SOFTWARE & SERVICES

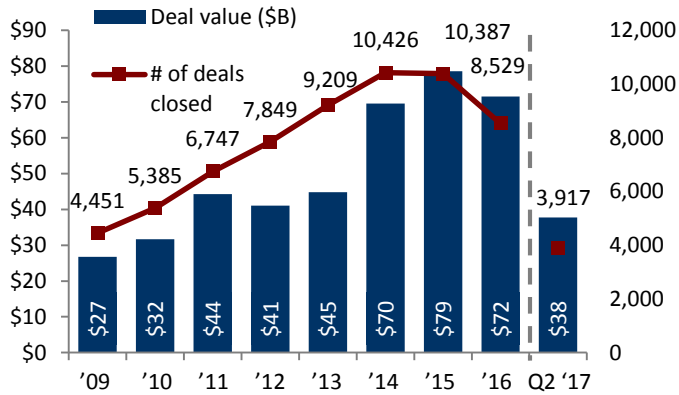


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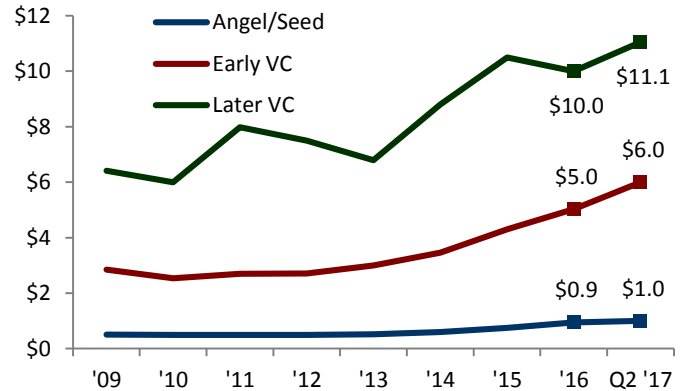
Note: EV = Enterprise Value

PRIVATE CAPITAL DATA

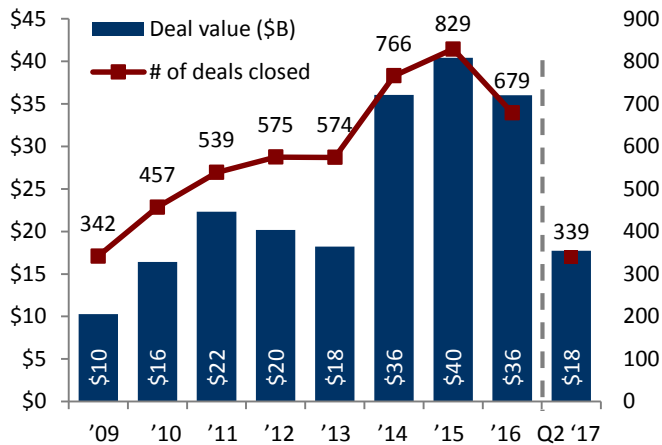
US VC ACTIVITY BY YEAR



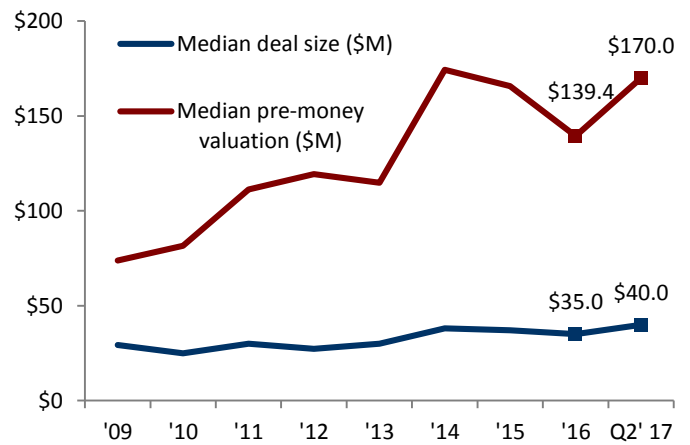
MEDIAN VC ROUND SIZE (\$M) BY STAGE



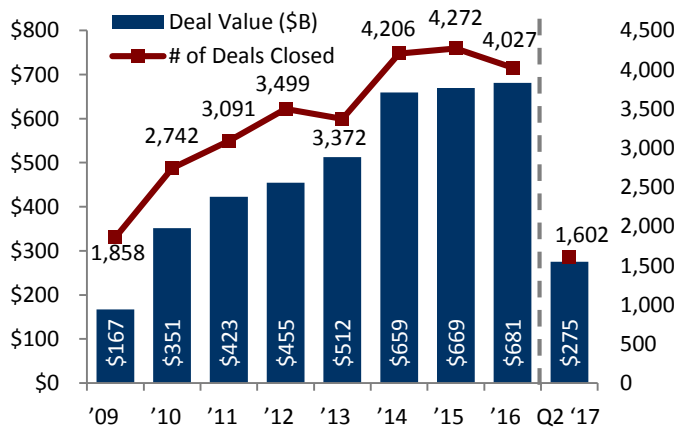
US GROWTH EQUITY ACTIVITY BY YEAR



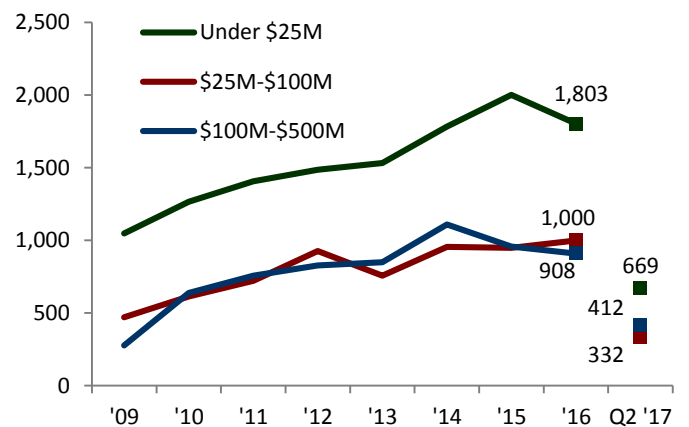
US GROWTH EQUITY DEAL SIZE METRICS



US PE ACTIVITY BY YEAR



US PE DEALS (#) BY DEAL SIZE





DISCLOSURES

Croft & Bender LP (www.croft-bender.com) 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.

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