

Eight years into an economic recovery, overall merger and acquisition activity remain near historical highs, but deal volumes and valuations across most sectors are plateauing as private company sellers wait for a new tax bill. FactSet Research reports volume and valuation growth is most robust in the \$25 to \$50 m transaction sector with trailing twelve month volume and deal size up 8.9% and 6.7%, respectively, but for the same period deal volume and value for transactions under \$25 million is actually down 10%.

Fueling the number of transactions, especially in larger deals are:

- Corporate frustration with slow organic growth due to a sluggish economy,
- Disruptive forces in market technology,
- Divestment from aging baby boomer entrepreneurs,
- Continued interest from foreign buyers.

Impacting valuations include the following:

- Public company valuations have maintained a steady increase, with S & P 500 P/E ratios up from 13.9x in 2013 and 20.9x in 2016 to 21.7x this past summer.
- Valuations have been bolstered by financial leverage fueled by continued low interest rates and sustained liquidity in the private equity market and by ongoing interest from strategic buyers.
- Activity is fickle across sectors, as demonstrated in the Plastics sector, as deal volume is increasing in the specialty and film sectors, but is stagnant or declining in most other sectors.
- Interest remains strong from private equity financial buyers, with increased activity in bolt-on or roll up transactions. Likewise, interest from global buyers looking to capitalize on American stability, intellectual property and deregulation continues to increase.
- Timing is critical as there is a growing concern of higher interest rates, the aging economic cycle, and political uncertainty all of which negatively impact transaction volume and valuations. This is balanced by the hope of decreased regulation and corporate and capital gains tax reform.

However, many Sellers seem to be coming to grips that sustained high valuations may be peaking and that baby boomer entrepreneurs should not miss this window of opportunity for a premium exit.

Call or email today to see how we can help you break out and increase shareholder value through a sale, acquisition or with growth capital. Find your industry transaction comparable in the following pages.

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and visit www.arborcapitalmarkets.com to learn more about ACM principals and experience.

Arbor Capital Markets

A note to closely held companies from *Arbor Capital Markets* **Principal & co-Founder**

M&A advisory options for companies valued between \$2 to \$20MM is limited and often times serviced with unlicensed “finders” and national firms selling “fill in the blank” offering memorandum’s. We have all seen the unfortunate results when Sellers have been “listed” in a national sales data base or their private information disseminated to hundreds of private equity firms.

Arbor Capital Markets believes there is a better way. We specialize in delivering high quality, fully licensed, corporate finance/M&A investment banking services to small and midsize Midwest companies at moderate fee levels. Our clients have the exclusive focus of senior deal makers who have closed and walked away from many situations over the course of their 30+ year careers.

Arbor Capital Markets takes the time to:

- Analyze and discuss your strategic goals and options;
- Create the business-specific plan to achieve those goals;
- Develop individualized marketing documents and plans that highlight the distinct advantages of your business and;
- Market your business to a focused prospective list.

Please feel free to call or email me to confidentially discuss your requirements.

Greg Buck

Managing Director

Arbor Capital Markets

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We specialize in providing corporate finance solutions to “Second Stage Growth Companies”.

Arbor Capital Markets

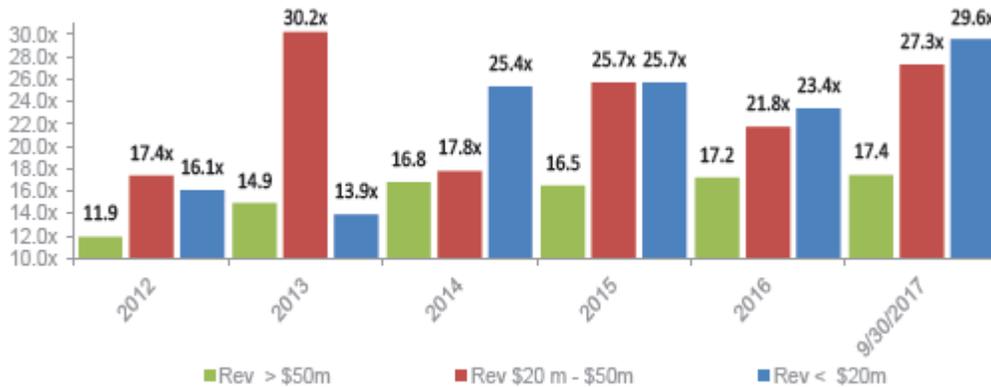
Selected Industry Year-to-Date Transactions

Auto Industry

Buyer	Seller	Location	Description	Price	Comments
February					
CIE Automotive S.A.	Newcor, Inc.	Michigan	Machining forgings	\$106 m	
Lear Corporation	Grupo Antolin Irausa S.A.	Spain	Auto seating	\$307 m	P/Rev= 1.0x
Industrial Opportunity Partners LLC	GT Technologies Inc.	Michigan	Valve train systems	N/A	Private Equity
Dana Incorporated	U.S. Manufacturing Corporation	Michigan	Axle tubes & shafts	\$100 m	
Flex Ltd	AGM Automotive LLC	Michigan	Lighting products & electronics	N/A	
April					
REV Group, Inc.	Ferrara Fire Apparatus Inc	Louisiana	Fire apparatus	N/A	
June					
Curt Manufacturing LLC	United Welding Service Inc	Florida	Truck boxes	\$22 m	P/Rev= 0.6x
August					
Methode Electronics, Inc	Pacific Insight Electronics Corp	Canada	Lighting systems	\$110 m	P/Rev= 0.6x



Price-LTM Normalized Earnings by Revenue, Public Companies



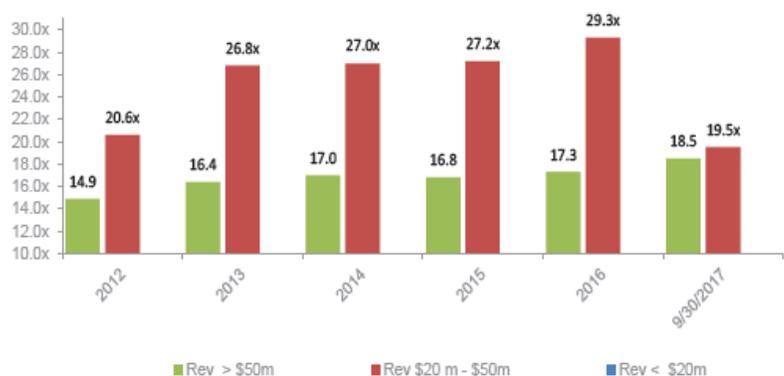
Data Source: S&P Global Intelligence

Building Industry



Buyer	Seller	Location	Description	Price	Comments
January					
Clio Holdings LLC	Solid Surfaces Inc.	New York	Custom countertops	N/A	
Allied Mineral Products Inc	Pryor Giggery Co. Inc	Alabama	Refractory products, precast shapes	N/A	
TM Windows LLC	Assura Windows & Doors LLC	Florida	Aluminum & vinyl windows	N/A	
February					
Advanced Drainage Systems	Plastic Tubing Industries Inc	Florida	HDPE pipe	\$9.5 m	P / Rev = 0.9x
March					
Clio Holdings LLC	United States Marble Inc.	Michigan	Custom stone surfaces	N/A	
Oldcastle Architectural Inc	Advanced Environmental Recycling Technologies Inc.	Arkansas	Green building products	\$104 m	P/Rev= 0.8x P/EBITDA=7.2x
April					
Source Energy Services Ltd.	Sand Products Wisconsin LLC	Michigan	Sand mining	\$45 m	

Price-LTM Normalized Earnings by Revenue, Public Companies



Data Source: S&P Global Intelligence

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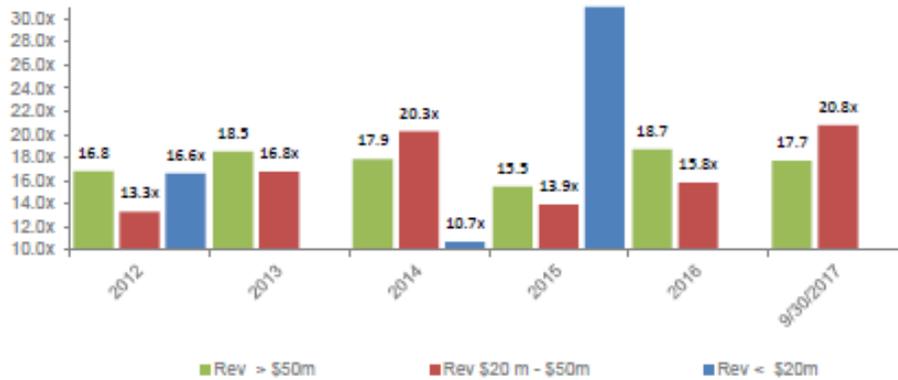
Selected Industry Year-to-Date Transactions

Metals Industry

Buyer	Seller	Location	Description	Price
January				
Galenteha Inc	Additive Manufacturing LLC	California	Die cast / inject molding	\$14 m
D'Orazio Capital Management Inc	New Castle Stainless Plate LLC	Indiana	Stainless steel	\$30 m
February				
Carpenter Powder Products Inc	Puris LLC	West Virginia	Titanium Powder	\$35 m
April				
Liberty House Limited	Georgetown Steelworks	South Carolina	Titanium Powder	\$35 m
July				
PPG Industries, Inc	The Crown Group, Inc.	Michigan	Coating systems and assembly	N/A
Trex Company, Inc	Staging Concepts Acquisition LLC	Minnesota	Stage platforms	\$72 m
August				
Nucor Corporation	St. Louis Cold Drawn, Inc.	Missouri	Cold drawn steel bars	N/A

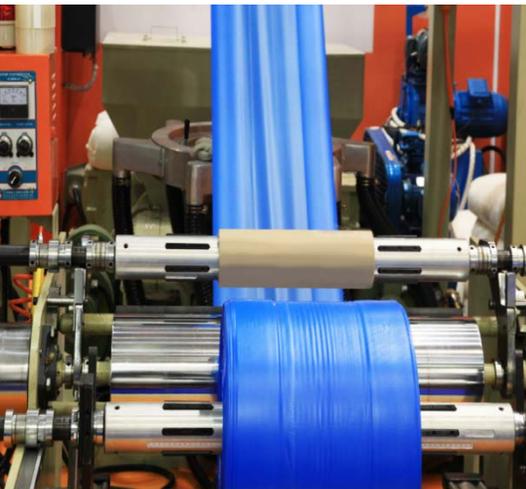


Price-LTM Normalized Earnings by Revenue,
Public Companies 2013, 2016, 2017 < \$20 m Rev P/E = N/A



Data Source: S&P Global Intelligence

Plastics Industry



Buyer	Seller	Location	Description	Price
January				
Brueckner Group USA, Inc.	Paragon Molds Corp.	Michigan	Plastic and trim tools	N/A
February				
RPC Group Plc	Letica Corporation	Michigan	Plastic packaging	\$640 m
March				
Patrick Industries Inc.	Mediallion Plastics Incorporated	Indiana	Thermoformed auto components	\$10 m
April				
Marmon Engineered Components Co.	Prism Plastics, Inc.	Michigan	Injection molding	N/A
May				
Ritter Technology LLC	Fluid Systems Engineering Inc	Michigan	Hydraulic components	N/A
Viking Plastics Inc.	KY Manufacturing & Technology LLC	Kentucky	Injection molding assemblies	N/A

Price-LTM Normalized Earnings by Revenue,
Public Companies, All P/E for Rev < \$20 m



Data Source: S&P Global Intelligence

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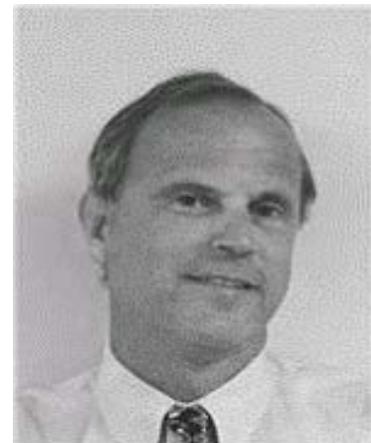
About Us



Greg Buck
Managing Director

Greg has over 30 years of finance and investment banking experience as a senior executive and investor in early and mid-stage growth companies. He has served as a Partner in the Ernst & Young, Corporate Finance Consulting Group, as Managing Director of Alternative Investments for Telemus Capital Partners, and as Credit Officer for Citibank. He co-founded Leonard Capital Markets and prior to that served as a partner of M Group, Inc., an investment firm based in Birmingham, MI, where he focused on technology investments and diversified manufacturing and service company acquisitions. He graduated from the University of Michigan with a B.A. degree and holds a M.B.A. degree from Western Michigan University.

John has over 30 years experience as an investment banker and business consultant. He began his private sector career as an investment banker, specializing in public offering and consolidation in the financial sector, first with Johnston, Lemon & Co. and then First of Michigan Corporation. In 1991 he formed JMP Financial, Inc. which guided a small savings and loan from a \$2 million market capitalization to a \$33 million exit in less than two years. He began his professional career as Walker Fellow for Tax and Budget Policy with The Heritage Foundation, Chief Economist to Dan Quayle and senior political appointee of President Reagan. He has an MBA from the University of Michigan and post graduate economics studies at George Mason University.



John Palfy
Affiliate