HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

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Quarterly M&A Report

Q4 2016

Capital Markets Overview

Commentary

- During the twelve month period ended December 31, 2016, the S&P 500 increased 11.2% while the Nasdaq gained 9.8%. The two major indices had strong performances during the recently completed 4th quarter, with the S&P 500 increasing 3.6% and the Nasdaq 1.6%.

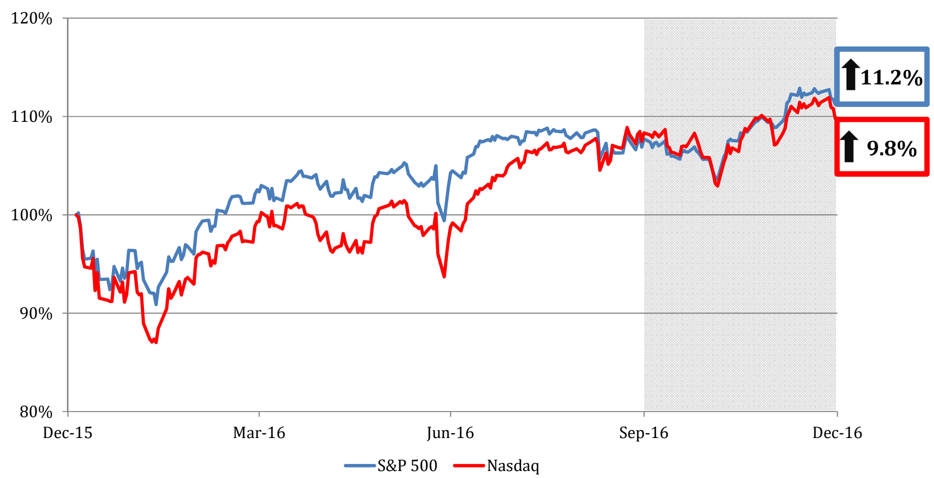
- IPO activity in the U.S. improved during Q4 2016 after a very slow start to the year. Advanced Disposal Services, Inc. (NYSE:ADSW) raised $347 million in the largest IPO during the quarter while Forterra, Inc. (NASDAQ:FRTA) raised $332 million.

- There were a number of significant deals announced during Q4 2016, including: AT&T, Inc.'s proposed acquisition of Time Warner, Inc. for $107 billion, British American Tobacco plc's proposed purchase of Reynolds American, Inc. for $91 billion, and BPS Direct, LLC's potential acquisition of Cabela's Inc. for over $9 billion.

Select Initial Public Offerings – Q4 2016

Offer Date	Issuer	Industry Sector	Transaction Type	Transaction Value ($mm)
10/05/16	Advanced Disposal Services, Inc.	Industrials	IPO	$347
10/19/16	Forterra, Inc.	Industrials	IPO	$332
10/27/16	Acushnet Holdings Corp.	Consumer	IPO	$329
10/06/16	Camping World Holdings, Inc.	Consumer	IPO	$250
11/18/16	Hunter Maritime Acquisition Corp.	Industrials	IPO	$150
10/27/16	BlackLine, Inc.	Technology	IPO	$146
10/05/16	Coupa Software, Inc.	Technology	IPO	$133
11/04/16	Smart Sand, Inc.	Industrials	IPO	$129
10/13/16	Mammoth Energy Services, Inc.	Industrials	IPO	$116

Public Market Performance (LTM)



Source : S&P Capital IQ

Select Announced U.S. M&A Transactions – Q4 2016

Announced Date	Target	Buyers	Industry	Enterprise Value ($mm)
10/22/16	Time Warner, Inc.	AT&T, Inc.	Consumer	$107,056
10/21/16	Reynolds American, Inc.	British American Tobacco p.l.c.	Consumer	$91,597
10/24/16	Hilton Worldwide Holdings, Inc.	HNA Tourism Holding Co., Ltd.	Consumer	$35,520
10/31/16	Level 3 Communications, Inc.	CenturyLink, Inc.	Technology	$34,477
10/06/16	C2 Aviation Capital, Inc.	Avolon Holdings Ltd.	Industrials	$13,356
10/03/16	Cabela's, Inc.	Bass Pro Shops	Consumer	$9,343
10/23/16	B/E Aerospace, Inc.	Rockwell Collins, Inc.	Industrials	$8,228
10/31/16	Team Health Holdings, Inc.	The Blackstone Group L.P.	Healthcare	$6,020
11/02/16	Brocade Communications Systems, Inc.	Broadcom Corp.	Technology	$5,818
10/03/16	Janus Capital Group, Inc.	Henderson Group plc	Financial Services	$3,478
11/20/16	LifeLock, Inc.	Symantec Corporation	Consumer	$2,362
11/03/16	Lattice Semiconductor Corporation	Canyon Bridge Capital Partners, Inc.	Technology	$1,303

M&A Market Overview

Commentary

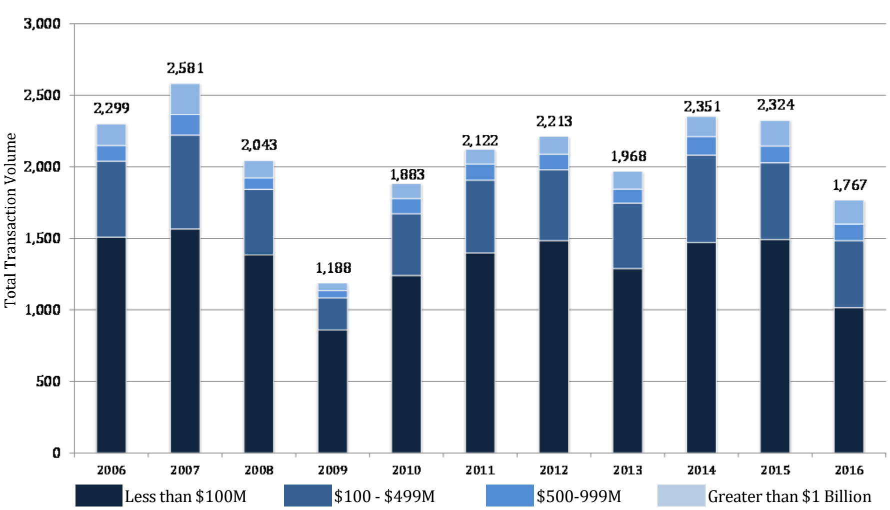
- As detailed in the charts below, overall U.S. M&A activity, or transaction volume, decreased 24% to 1,767 completed transactions during the twelve month period ended December 31, 2016, down from 2,324 transactions completed in the prior year period.
- Although transaction volume declined during 2016 compared to 2015, the total value of completed M&A transactions rose slightly to $1,196 billion. The total value of Middle Market M&A transactions (transactions less than $1 billion) fell 10%, with the largest decline in transactions valued less than $100 million (down 29%).
- The total volume of transactions greater than $1 billion decreased by 7% during 2016 and the total value of completed transactions in this size range increased 3% over 2015.

U.S. M&A Transactions by Deal Size

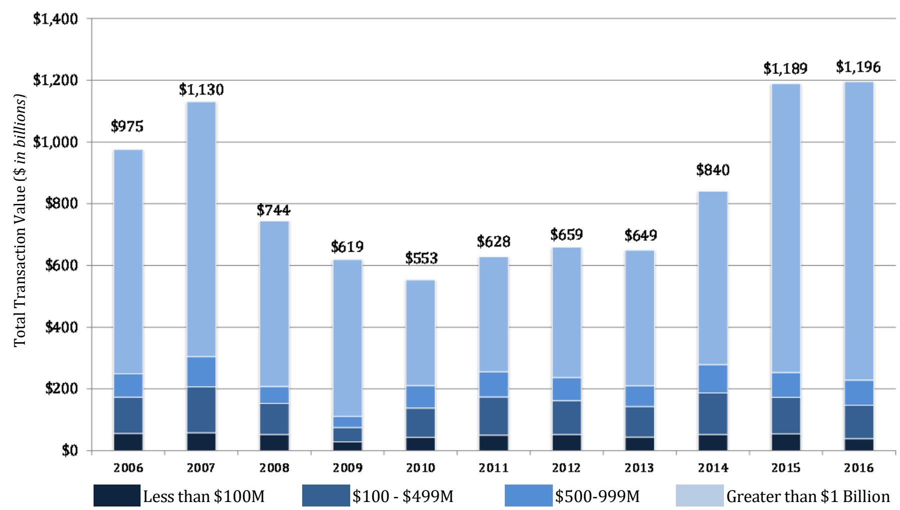
($ in billions)

	2015		2016		% Change	
Deal Size	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
Less than $100M	1,491	$54	1,015	$39	(32%)	(29%)
$100 - $499M	537	$118	468	$109	(13%)	(8%)
$500 - $999M	116	$82	117	$81	1%	(0%)
Total Middle Market	**2,144**	**$254**	**1,600**	**$229**	**(25%)**	**(10%)**
Greater than $1 Billion	180	$935	167	$967	(7%)	3%
Total Market	**2,324**	**$1,189**	**1,767**	**$1,196**	**(24%)**	**1%**
% of Total Market						
Less than $100M	64%	4%	57%	3%		
$100 - $499M	23%	10%	27%	9%		
$500 - $999M	5%	7%	7%	7%		
Total Middle Market	**92%**	**21%**	**91%**	**19%**		
Greater than $1 Billion	8%	79%	9%	81%		
Total Market	**100%**	**100%**	**100%**	**100%**		

U.S. M&A Activity – Annual Trends: VOLUME



U.S. M&A Activity – Annual Trends: VALUE



*Source : S&P Capital IQ (includes all closed deals with disclosed deal value greater than $10 million). *Excludes Oil & Gas, Utilities and Real Estate transactions, as defined by S&P Capital IQ.*

Quarterly M&A Activity

Commentary

- As detailed in the table on the right, M&A transaction volume fell during Q4 2016 compared with the prior year period. During Q4 2016, M&A deal volume decreased 37% to 389 completed transactions, down from 617 in Q4 2015.

- The total volume of transactions completed in the Middle Market (transactions less than $1 billion) fell 38% during Q4 2016 and transaction value in this range declined 21% compared with the prior year period.

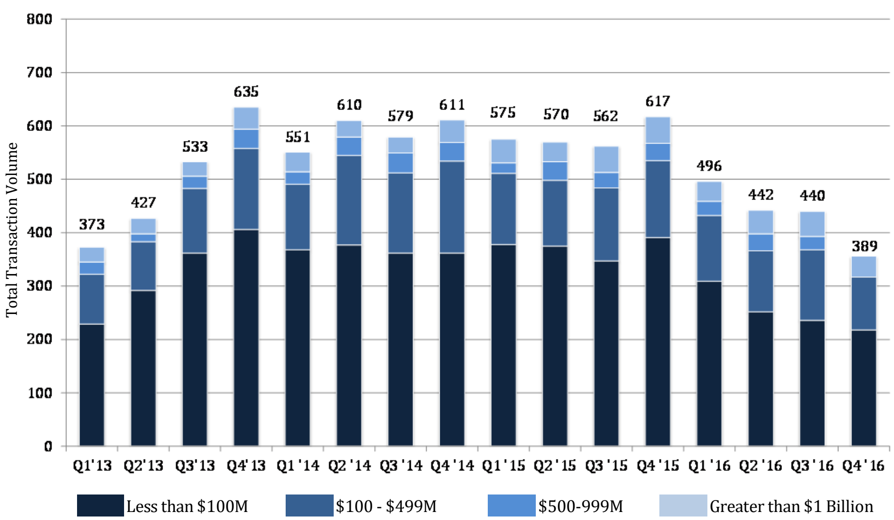
- Macro economic concerns including the U.S. presidential election and the Fed raising interest rates in December, continued to weigh on M&A activity during Q4 2016 as deal volume declined for the fifth consecutive quarter.

U.S. M&A Transactions by Deal Size

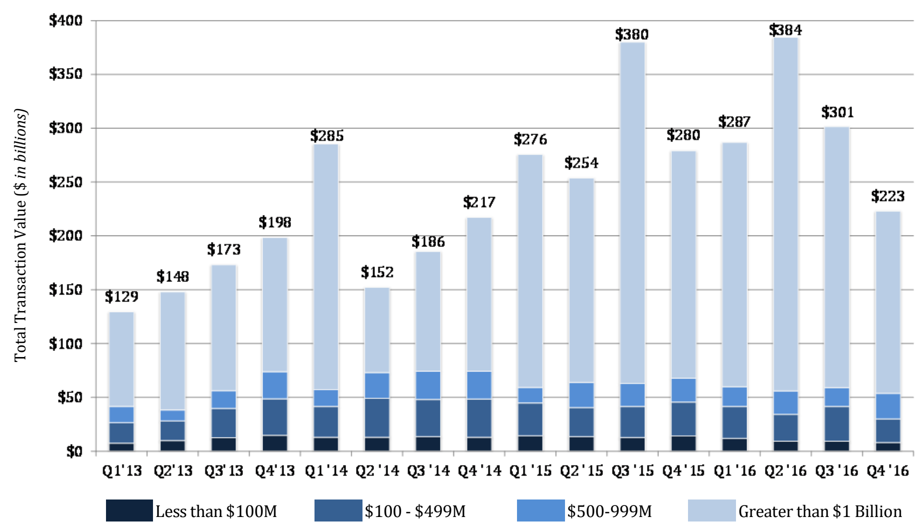
($ in billions)

	Q4 2015		Q4 2016		% Change	
Deal Size	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
Less than $100M	391	$14	218	$8	(44%)	(44%)
$100 - $499M	144	$32	99	$22	(31%)	(31%)
$500 - $999M	32	$22	33	$24	3%	7%
Total Middle Market	**567**	**$68**	**350**	**$54**	**(38%)**	**(21%)**
Greater than $1 Billion	50	$212	39	$169	(22%)	(20%)
Total Market	**617**	**$280**	**389**	**$223**	**(37%)**	**(20%)**
% of Total Market						
Less than $100M	64%	5%	56%	4%		
$100 - $499M	23%	11%	25%	9%		
$500 - $999M	5%	8%	9%	11%		
Total Middle Market	**92%**	**24%**	**90%**	**24%**		
Greater than $1 Billion	8%	76%	10%	76%		
Total Market	**100%**	**100%**	**100%**	**100%**		

U.S. M&A Activity – Quarterly Trends: VOLUME



U.S. M&A Activity – Quarterly Trends: VALUE



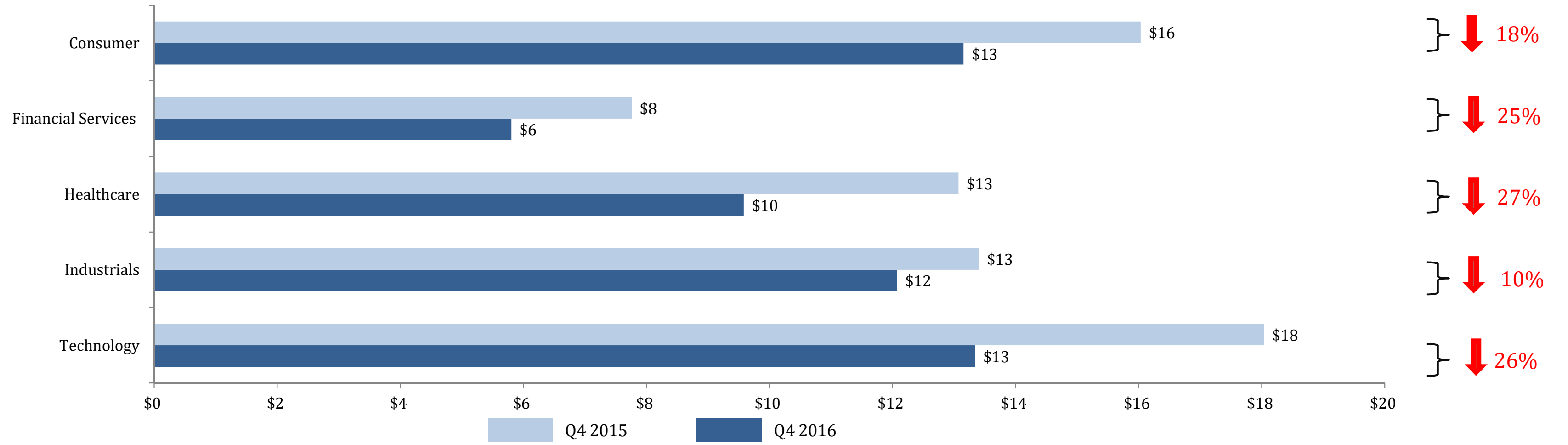
*Source : S&P Capital IQ (includes all closed deals with disclosed deal value greater than $10 million). *Excludes Oil & Gas, Utilities and Real Estate transactions, as defined by S&P Capital IQ.*

Middle Market M&A Activity by Industry

U.S. M&A Activity by Industry Sector: VALUE

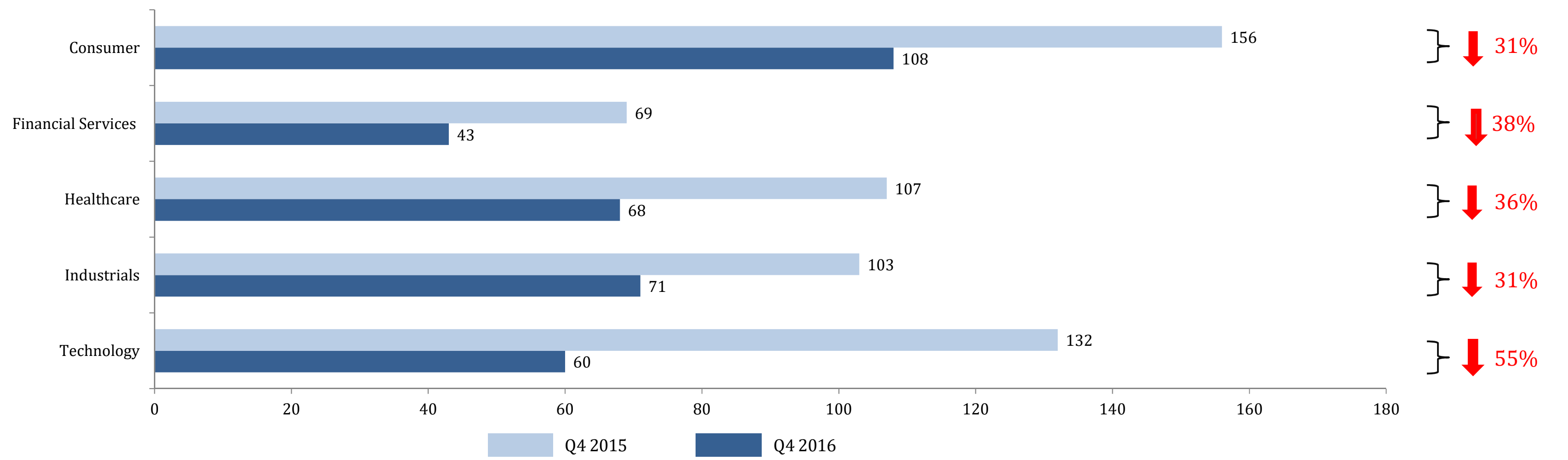
% Change

($ in billions)



U.S. M&A Activity by Industry Sector: VOLUME

% Change



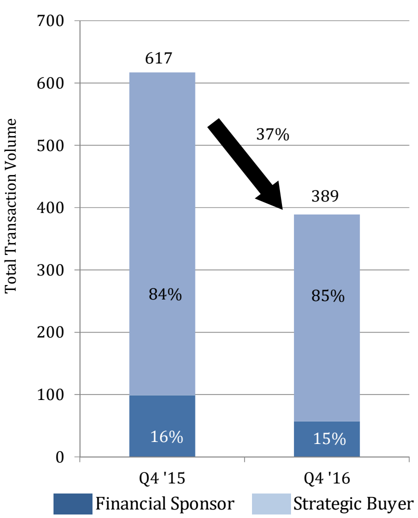
Source : S&P Capital IQ (includes all closed deals with disclosed deal value between $10 million and $1 billion).

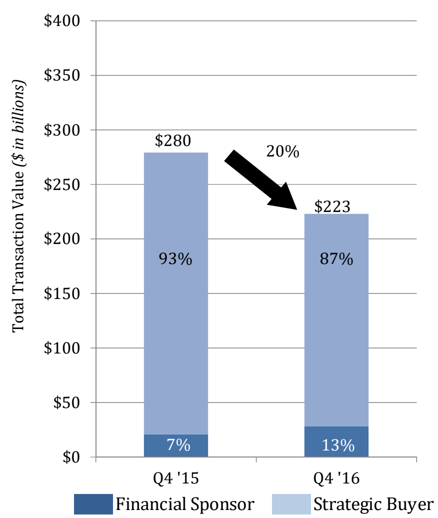
Recent Private Equity Activity

Commentary

- Financial sponsors continue to compete with strategic buyers for acquisitions across all sectors due to the overabundance of capital available. During Q4 2016, financial sponsors were active across a number of sectors, specifically *Technology* and *Industrials*, announcing a number of significant buyouts.
- Several notable sponsor led transactions were announced during Q4 2016, including Golden Gate Private Equity's proposed purchase of NeuStar, Inc. and BC Partners' announced acquisition of CenturyLink, Inc.'s data center business.
- In total, financial sponsors accounted for approximately 15% of completed deal volume and 13% of deal value during the quarter.

Financial Sponsors vs. Strategic Buyers





Select Announced Private Equity Transactions – Q4 2016

Announced Date	Target	Buyer	Industry	Enterprise Value ($mm)
12/29/16	Tangoe, Inc.	Marlin Equity Partners	Technology	$265
12/28/16	AGS Automotive Solutions	3 Rivers Capital	Industrials	$10
12/23/16	Miami Beach Medical Group, LLC	Gauge Capital	Healthcare	NA
12/22/16	Gabriel Brothers, Inc.	Warburg Pincus	Consumer	NA
12/22/16	Clad Rex, LLC	Main Street Capital	Industrials	NA
12/21/16	Kendra Scott Design, Inc.	Berkshire Partners	Consumer	NA
12/20/16	Hill International, Inc.	Bridgepoint Development Capital	Industrials	$147
12/20/16	Mediware Information Systems, Inc.	TPG Capital	Technology	NA
12/19/16	Epic Health Services, Inc.	Bain Capital Private Equity	Healthcare	NA
12/14/16	NeuStar, Inc.	Golden Gate Private Equity	Technology	$2,927
12/14/16	Logicworks Corp.	Pamplona Capital Management	Technology	$135
11/04/16	CenturyLink, Inc. (Data Center business)	BC Partners	Technology	$2,300
11/03/16	Lattice Semiconductor Corporation	Canyon Bridge Capital Partners,	Industrials	$1,402
10/17/16	Moran Foods, LLC	Onex Partners	Consumer	$1,365

*Source : S&P Capital IQ (includes closed deals with disclosed deal value over $10 million). *Excludes Oil & Gas, Utilities and Real Estate transactions, as defined by S&P Capital IQ.*

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Integrity | Expertise | Results

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Recent Transactions

datablue *has been recapitalized by* The Gores Group & Platinum Equity	Digital Lightwave *has been acquired by* VeEX The Verification Experts	Dealer Wizard *has been acquired by* Strategic Buyer	Blue Grace Logistics *has been recapitalized by* Warburg Pincus	MidAmerica Administrative & Retirement Solutions *has been acquired by* Alpine Investors
Vital Network Services *has been acquired by* Vology	Unilens *has been acquired by* Valeant Pharmaceuticals International	American Clinical Solutions LLC *has been recapitalized by* Credit Suisse & Capitala	Odyssey Marine Exploration *has been recapitalized by* Minera del Norte S.A. de C.V.	Matrix Medical *has been acquired by* AeroCare
Sunbelt Credit *has been acquired by* Mariner Finance *a portfolio company of* Warburg Pincus	Bonds.com *has been acquired by* MTS **MTS Markets International Inc.** *a part of* London Stock Exchange	TMS Management Group, Inc. *has been acquired by* Envision Healthcare	Aerosonic Corporation *has been acquired by* TransDigm Group Inc.	MDT Personnel *has been acquired by* TrueBlue