



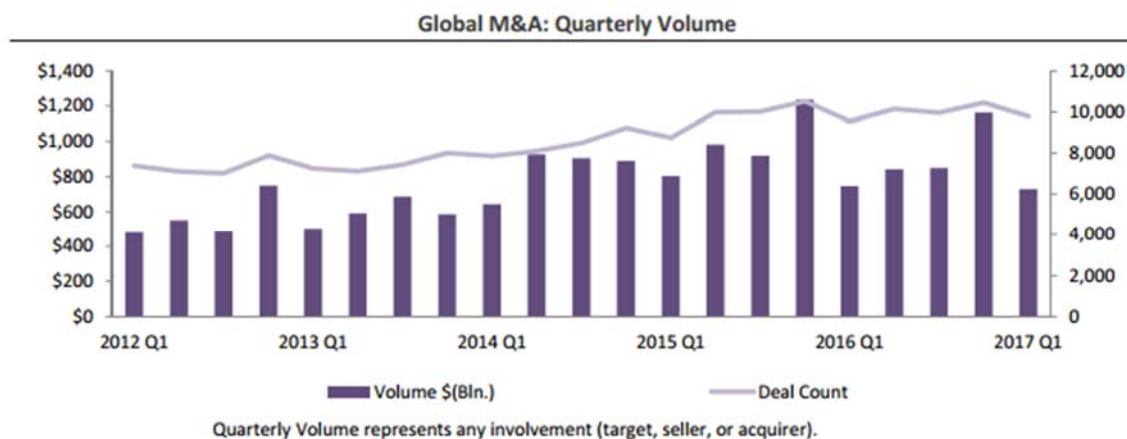
Quarter 1 2017 U.S. Market M&A Update

After the U.S. election in November, 2016, investors pushed up asset prices in anticipation of better economic atmosphere under the Trump administration. Perhaps in recognition of the uncertain outlook for U.S. policy changes and slower than expected economic growth in the first quarter, the climb of assets prices have gradually slowed down. However, the Fed remains positive toward the U.S. economic despite a slew of mixed statistics from March, including disappointing GDP, soft inflation data, and weaker-than-expected payroll gains.

The global economy continues to expand in a synchronized fashion in Q1, 2017, as most of the developed countries entering mid to late stages of the business cycle. The transformation of the Chinese economy did not result in hard landing; however, its policymakers have shifted toward less accommodative stance, amid continued excess capacity and corporate leverage. Though the U.S. is still facing many uncertainties from the new administration, investors are optimistic about the future outlook of the economy, pushing the major indices upward. The Dow Jones Industrial Average improved 3.9%, the S&P 500 increased 4.7%, while the NASDAQ gained by 8.9 %.

M&A Activity Overview

Global M&A activity reached \$729 billion in volume in Q1 2017, representing the lowest quarterly volume since Q1 2014.



Source: Bloomberg

North American caught the first place again in Q1 2017, with more than \$334 billion worth of transactions in 1,226 deals. This is 181 fewer deals but a 24.5% increase in value compared to the same period last year. A significant number of mega transactions supported the M&A market, especially from the energy sector.

Private equity M&A declined slightly both in number of transactions and deal value. In Q1 2017, there were 212 private equity buyouts with \$33.3 billion in value, representing a decrease of 49 deals and a 1.8% decline in value compared to Q1 2016. The largest private equity buyout was KKR and CDPQ's \$4.3 billion acquisition of US-based insurer USI Holdings. This is followed



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by Vista Equity Partners' \$3.4 billion acquisition of Canadian fintech firm DH Corporation. In contrast, private equity exits increased slightly with 228 deals valued at \$44.5 billion. This is three more deals and 5.5% increase in aggregated transaction value.

Energy, Mining & Utilities led the market again in Q1 2017. Six of the top ten deals in the quarter were from this sector. Notable transactions are Cenovus Energy's \$13.2 billion acquisition of assets from ConocoPhillips and Canadian Natural Resources' \$8.5 billion purchase of 60% stake in the Athabasca Oil Sands Project from Royal Dutch Shell. Overall, transactions in the sector made up 33.5% of total deal value in North America.

The Consumer and Pharma, Medical & Biotech sectors also had a strong quarter, taking the second and third, respectively. The top overall deal in Q1 was from the Consumer sector – British American Tobacco's \$60.7 billion acquisition of the remaining 57.83% of Reynolds American.

In the healthcare sector, Mars expanded its presence in the pet care industry with its \$8.7 billion acquisition of animal hospital operator VCA.

Companies in North America continued to be active in the international M&A market. Inbound activity went up 47.1% to \$120.3 billion in value while outbound M&A increased 16.6% to \$90.8 billion.

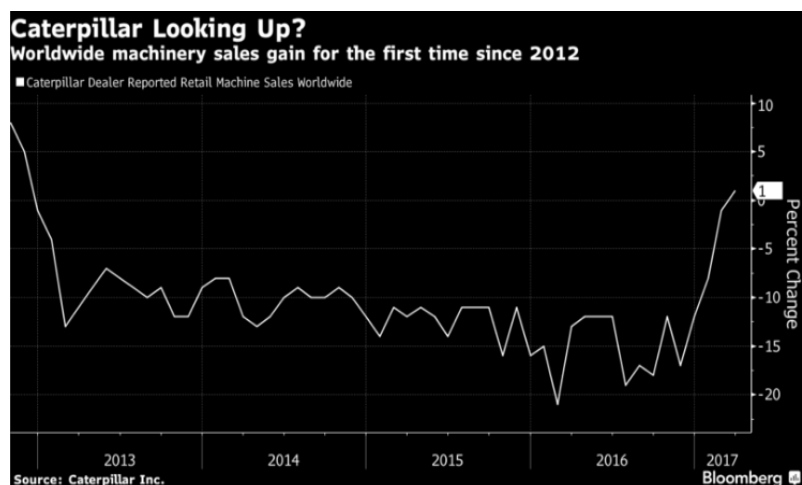
Source: Mergermarket

A Sign of Recovery in Global Industrial Demand

Caterpillar Inc., who is considered the bellweather for global industrial demand, reported its first increase in rolling retail machine sales since 2012, led by gains in the Asia-Pacific region.

Machines sales reported by dealers rose 1% in Q1 2017. The Company has reported declining annual sales since 2012 as a natural resources downturn globally damped demand for machines in mining and energy. The growth in sales is driven by the increase demand in construction and energy transportation equipment. Despite the concern over the hard landing of China's economy, the country was able to produce 6.9% growth in GDP in Q1 2017, which strongly supported the demand for industrial equipment.

Source: Bloomberg

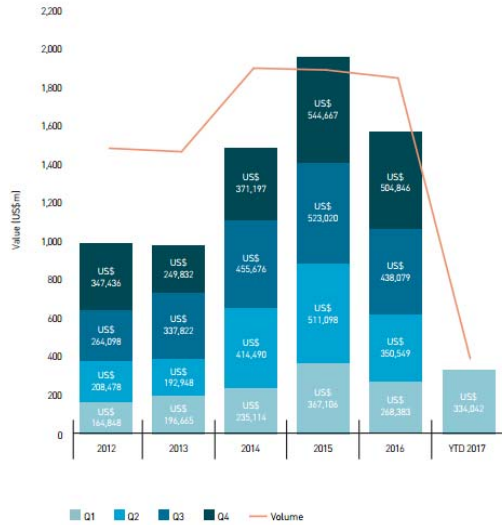




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M&A Trend Graphs

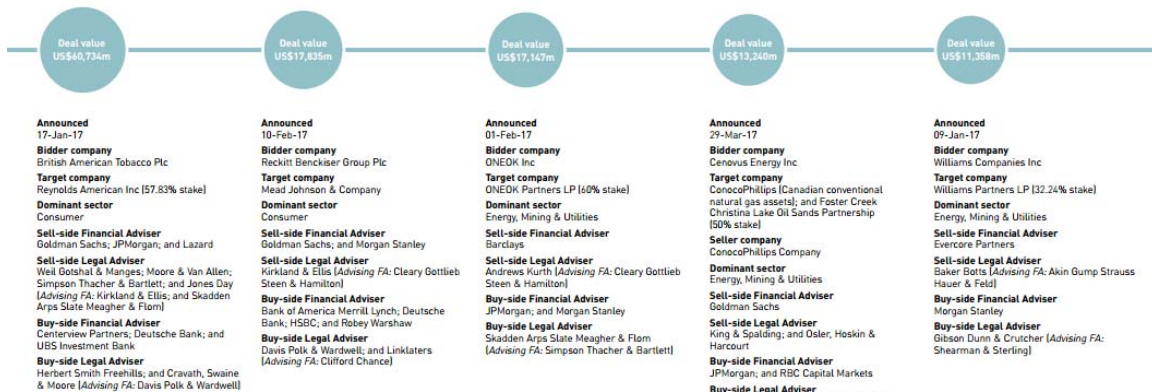
NORTH AMERICA M&A TREND



NORTH AMERICA PRIVATE EQUITY TREND



Top 5 Transactions in Q1 2017



Source: Mergermarket



Lawrence, Evans & Co., LLC provides investment banking, finance, and consulting services for small and middle market healthcare, transportation, manufacturing, energy and service companies. We are very active on the buy-side, sell-side, capital raising and turnaround and restructuring.

SERVICES

Investment Banking & Corporate Finance	<ul style="list-style-type: none"> -Private Company Sales -Division/Subsidiary Divestitures -Distressed Transaction Advisory 	<ul style="list-style-type: none"> - Acquisition Advisory Services - Private Market Financings - LBO's and Recapitalizations
Turnaround & Restructuring	<ul style="list-style-type: none"> -Turnaround Management -Debt Restructuring/Refinancing -Orderly Liquidations 	<ul style="list-style-type: none"> - Chief Restructuring Officer (CRO) - Bankruptcy Planning/ 363 Sales - Receivership/Trustee
Consulting	<ul style="list-style-type: none"> -Strategic Options Analysis -Valuations & Financial Assessments -Interim CEO/CFO 	<ul style="list-style-type: none"> - Strategic Planning - Organizational Reviews - Expert Testimony & Opinions

REPRESENTED TRANSACTIONS

<p>Acute Care Hospital Texas</p> <p><i>Acquisition Capital Private Placement Senior and Sub-Note Working Capital Line</i></p> Acted as advisor	<p>Skilled Nursing Facility Michigan</p> <p>\$4,000,000 <i>Cashout Nonrecourse Refinancing Term Note and Revolver</i></p> Acted as advisor	<p>Robotic Integrator Midwest</p> <p>\$1,600,000 <i>Growth Capital Term Note</i></p> Acted as advisor
<p>Electronic Wholesaler Midwest</p> <p><i>Buy-side search for Geographic Expansion</i></p> Acted as advisor	<p><small>GLOBALNET SOLUTIONS</small> 2012</p> <p>Multi Specialty Medical Billing Company <i>Sale to a Strategic Buyer</i></p> Acted as advisor	<p>125 Acres Land California</p> <p>Real Estate \$10,000,000 <i>Bridge and Placement of Acquisition financing</i></p> Acted as advisor

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