

Monthly Capital Update

This publication is a compilation of monthly capital market-related news provided by Peridot Capital Advisors, dedicated to representing lower-middle-market clients in the B2B, Transportation and Logistics, Light Manufacturing, Real Estate, Aerospace, and Consumer Products. Lower Middle Market M&A Activity

Lower Middle Market Stats

Deal Size	12 Months Ended 1/31/2016		12 Months Ended 1/31/2015	
	# of Deals	Agg. Transaction Value (\$Bil)	# of Deals	Agg. Transaction Value (\$Bil)
\$10-24.9M	550	\$9	553	\$9
\$25-49.9M	407	\$14.70	425	\$15
\$50-99.9M	414	\$29.30	412	\$29
\$100-249.9M	526	\$84.60	537	\$86
Total	1,897	\$138	1,927	\$138

While the # of deals declined 2% from 12 months ended 1/31/15, the Aggregate Transaction Value remained flat.

Factset

Select US Sector Value and Activity

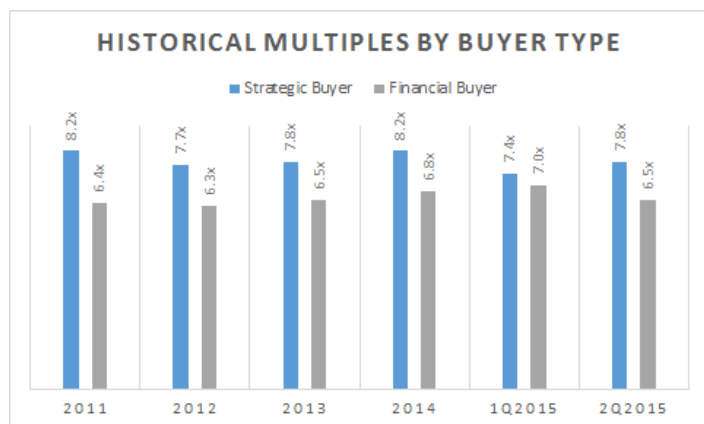
Sector	L3M 1/31/2016 Value (in Bil)	L3M 1/31/2016 Deal Count
Process Industries	\$86,422	85
Transportation	\$43,957	51
Producer Manufacturing	\$38,717	191
Consumer Durables	\$31,975	61
Distribution Services	\$23,235	157
Consumer Non-Durables	\$22,404	79
Commercial Services	\$12,136	538

Factset

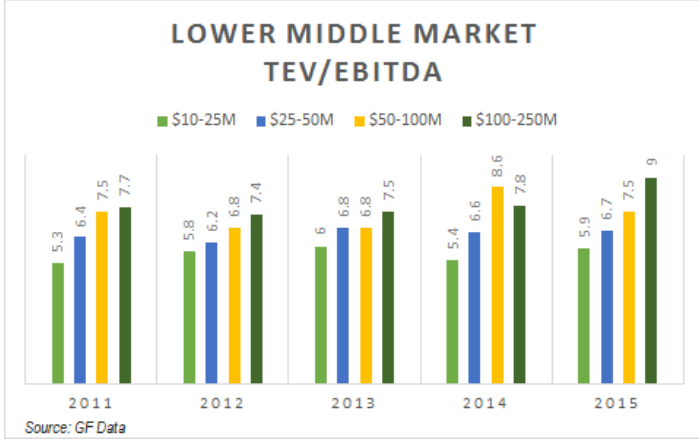
At the Crossroads of a Financial Buyer and a Strategic Buyer?

Navigating the opportunities and traps of funding or selling your business can be complex and time consuming because each buyer brings its own set of objectives and expectations. It is critical that you do not rush into a partnership without understanding what matters most to you, so you can align your goals with the right partner.

While financial buyers have been out-bid by strategic buyers with strong balance sheets, it looks like this race is flattened in 2016, that is, if valuations drop given the expected increase in interest rates and less access to leverage; however, financial buyers with enough cash will benefit. Also, as of now, we have only seen one round in interest rates increase and the Fed has indicated that it will use caution and gradual increases.



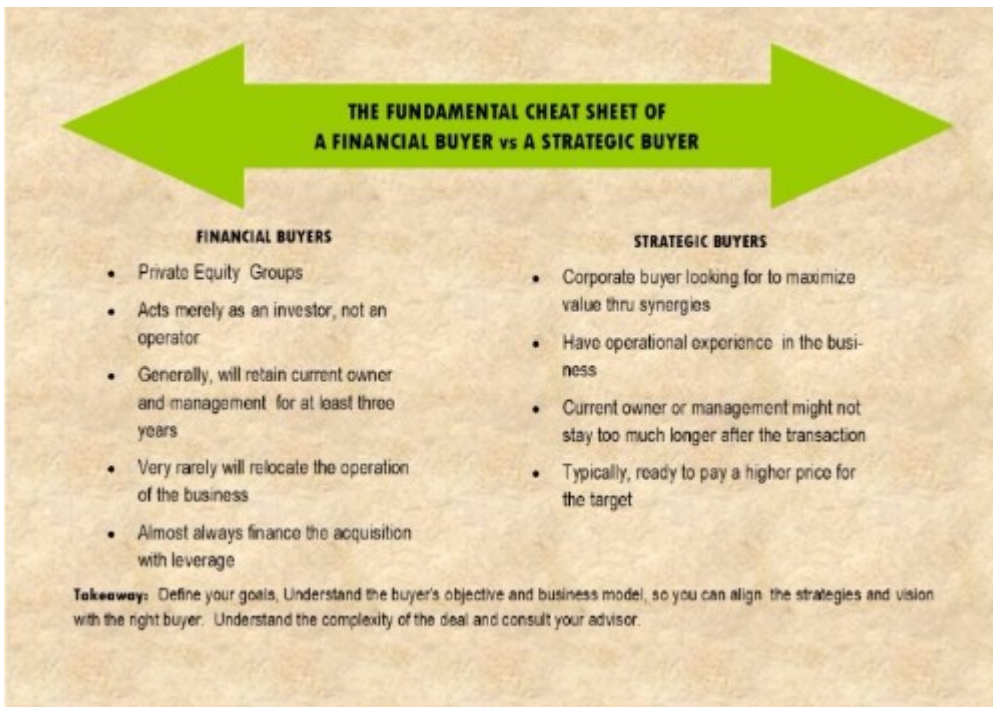
The environment's conditions for M&A deals in the lower middle market are still favorable, although multiples are expected to remain flat in 2016, hovering the 6-7x on average for valuations less than \$50 million and 8-9x for deals greater than \$50 million.



There are still plenty of opportunities; and both, buyers and sellers, can benefit from the cash still available that needs to be deployed, as well as from age demographics, as baby boomers begin to retire and want less stressful jobs than running a business; and from strategic buyers seeking opportunities for growth.



The two most common players are the financial buyers (typically a private equity) and the strategic buyer (typically a competitor or an operator). An M&A practitioner from Peridot Capital Advisors can help you identify the right partner and walk you through the process.



More News from the industries

Are We Ready For The 'Internet Of Food'?

A new breed of automated food scanner apps, devices and methods is emerging which aim at identifying the nature of food and drinks in our diet.

Read more here: <http://bit.ly/1Rsvjen>

Food and Beverage Industry Outlook: Five Important Issues for 2016

The recent mega mergers of major food companies like Kraft with Heinz and AB InBev with SABMiller have been striking and are growing. Fewer companies constitute more of the business. It's a sign of consolidation (with the promise of cost-cutting) of established companies but also an opportunity for new entrants to the market.

Read more at: <http://bit.ly/1JrunsR>

Supply Chain & Logistics Technology: Discovering real value in GTM

The key drivers of global trade management (GTM) software growth and why more shippers will need to put it to work in the near future.

Read more at: <http://bit.ly/1PhZsim>

Some Industries We Serve:

Transportation and Logistics

Manufacturing

Real Estate

Consumer Products

B2B Services

Food and Beverage

Capital Restructuring Senior Debt

Asset Based Lending

Subordinated Debt

Mezzanine Debt

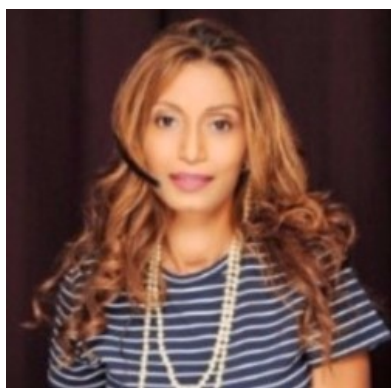
Re-negotiation of outstanding Debt **Mergers and Acquisitions** Buy side engagements

Sell side engagements

Joint Ventures

Valuations

Arranging Equity and Debt Financing



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