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Fairness Considerations in Going Private and Other Squeeze-Out Transactions

September 2021

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Disclaimer

This short presentation is intended to provide an overview of some issues surrounding a decision to take an SEC-registrant or non-registered OTC traded company private. Likewise, the issues raised generally apply to private companies undergoing a squeeze-out transaction.

This presentation does not cover all fairness related issues with going private transactions; nor should it be construed to convey legal, accounting or tax-related advice. Companies considering such a move should hire appropriate legal and financial advisors.

Mercer Capital Management, Inc. (“Mercer Capital”) is a national valuation and financial advisory firm that works with companies, financial institutions, private equity and credit sponsors, high net worth individuals, benefit plan trustees, and government agencies to value illiquid securities and to provide financial advisory services related to M&A, divestitures, capital raises, buy-backs and other significant corporate transactions.

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Pros and Cons of Going Private

Section 1

Going Private

There are different paths to becoming a SEC-registrant – an IPO; spin-out from a public company; or expansion in the number of shareholders to more than 2,000 (500 prior to 2012) through a merger in which the consideration includes the issuance of common shares. While there once may have been a good reason to be a public company (or not), that may no longer be the case; hence consideration of a go-private transaction may be warranted.

Also, registered and non-registered companies whose shares are traded on one of OTC Markets' quotation systems (OTCQX, OTCQB or OTC Pink) may no longer find value in being public and likewise may consider a going private transaction. One catalyst for companies listed on OTC Pink is an SEC amendment to Rule 15c2-11 which will require such companies to comply with enhanced financial information disclosures as those required of OTCQX and OTCQB companies.

Being an SEC registrant is expensive with significant accounting, legal, regulatory and investor relation costs. Plus, it can be difficult to make decisions that are best for the long-term success of the company when many public investors focus heavily upon quarterly results and expected earnings over the coming four quarters.

Going Private

Also, trading volume may be disappointing, especially for micro-cap and small-cap companies that are not included in a major index such as the Russell 2000. Investor interest in the shares may be further hindered by limited or non-existent analyst coverage.

In order to “go dark” a SEC Registrant must have 300 or fewer shareholders. Generally, there are two types of going private transactions: (a) a controlling or significant but non-controlling shareholder seeks to acquire minority shares with or without board support; or (b) company management and the board seek to reduce the number shareholders in order to go dark through some form of squeeze out transaction.

Regardless of how and why a registrant seeks to go-private, Schedule 13E-3 must be filed with the SEC. Among other items, the schedule requires disclosure regarding the purpose of the transaction, terms, alternatives considered, and fairness of the transaction.

> *The issuer and the affiliate are persons required to file the Schedule 13E-3, each must evaluate the going private transaction from the standpoint of fairness to the issuer’s unaffiliated shareholders and appropriately disclose the results of such evaluation. (https://www.sec.gov/divisions/corpfin/guidance/13e-3-interps.htm)*

Russell Micro-Cap and 2000 Indices

Small- and micro-cap indices outperformed 2H20-1Q21

Source: S&P Capital IQ Pro and Bloomberg

Median and average market cap for small cap index $1.2B / $3.3B; micro cap $262M / $721M @ 7/31/21

The median P/E for R2000 (x-companies with negative EPS) is 19x vs 14x for the micro cap index

Investors have favored large-caps with shift to passive from active management

Foreign capital flows to the US often require liquid assets

Regulatory changes have resulted in less analyst coverage of small companies

Going Private

Pros	Cons
• Reduce accounting, legal and compliance-related costs • No longer subject to Wall Street’s myopic focus on quarterly results • Eliminate public disclosure of financial results and other important corporate matters to competitors • More corporate governance flexibility • Eliminate lawsuit potential related to SOX certification • Potential to use more leverage in the capital structure to obtain tax benefit	• Shares no longer listed on a national exchange (although liquidity can be maintained via OTC listing) • Lose (or greatly diminished) ability to use shares as an acquisition currency • Less access to equity capital although depth of private equity capital today arguably mitigates

Structuring a Transaction

Section 2

Structuring a Transaction

Reverse Stock Splits and Cash-Out Mergers

The most direct route to going private or just reducing the number of shareholders is to execute a reverse stock split subject to governance requirements as stipulated in state law and the company's articles and bylaws.

Shareholders with more than a threshold number of shares will receive new shares, while those whose ownership is below the threshold amount will receive cash for what otherwise would be a fractional share interest. In some instances, a board may first institute a share repurchase program to avoid a reverse stock split if possible or reduce the number of shares that may dissent to a transaction.

A cash-out merger, also known as a 'squeeze-out merger' or 'freeze-out merger,' refers to a business combination in which the majority owners cause the entity, through a written agreement or plan of merger, to merge with and into a new entity in which the majority owners remain continuing shareholders while minority shareholders or those below a certain threshold receive cash.

Structuring a Transaction

Assuming the majority shareholders do not force a merger with a separate entity owned by the majority, a cash-out merger can be affected via a parent-subsidiary merger. In an "upstream" merger, the subsidiary merges into the parent company whereas the parent merges into the subsidiary in a "downstream" merger.

In an upstream merger shareholder approval is not required; however, the merger agreement usually will require shareholder approval if such a merger is intended to cash-out minority shareholders. Downstream mergers require approval of the parent's shareholders.

The key question for a board contemplating a reverse stock split or cash-out merger: what is a fair price to pay the forced-out shareholders?

Under §155 of the Delaware General Corporation Law ("DGCL"), if a corporation seeks to compensate the shareholders instead of issuing fractional shares, it shall "(1) arrange for the disposition of fractional interests by those entitled thereto; (2) pay in cash their *fair value* as of the time when those entitled to receive such fractions are determined; or (3) issue scrip or warrants in registered or bearer form entitling the holder to receive a full share upon the surrender of such scrip or warrants aggregating a full share." A cash payment is the most common outcome.

Structuring a Transaction

Section 155 of the DGCL addresses the right to receive fair value in a reverse stock split while §262 addresses the right of a Delaware stockholder to receive the appraised fair value in a transaction such as a cash-out merger in which dissenters' rights are triggered (and perfected). Statutory fair value is not the same concept as fair value promulgated by the FASB for financial statement reporting purposes or fair market value (willing buyer, willing seller).

In Delaware, as elsewhere, statutory fair value has been interpreted by the judiciary. Fair value, in effect, represents value of the firm immediately before a transaction occurs without giving any consideration to the transaction (e.g., merger synergies); however, it also does not permit minority or marketability discounts as might be the case if the standard of value were fair market.

The essence of the appraisal process is to establish the value of that which has been (or will be) taken from dissenting shareholders. Establishing the price to cash-out shareholders in a go-private transaction for a company that is thinly-traded merits intense scrutiny by the board or special committee because the shares may be undervalued based upon various valuation methodologies when compared with the pre-announcement public market price.

Structuring a Transaction

Tender Offers and Mergers

The acquisition of minority shares by a controlling shareholder or significant non-control shareholder is more complex and raises more fairness-related issues for a board than a reverse stock split even though the end result is the same (i.e., certain minority shareholders are cashed-out).

In some instances the acquiring entity or individual(s) may first offer to acquire shares via a tender offer. The offer may be conditioned on the acquirer obtaining at least 90% of the shares so that a “short-form” merger can be executed in which the target is merged into the parent (i.e., a parent-subsidiary merger) without a shareholder vote. This process is known as a “two-step” merger because a backend merger immediately follows the tender offer.

Within ten days of a tender offer, the board must file Schedule 14D-9 with the SEC in which it recommends that shareholders accept or reject the offer; or the board states that it takes no position. Also, for a tender offer not to be viewed as coercive, the acquirer must agree to a quick backend merger; cash out the remaining shares at the tender price; and not make threats (e.g. halt dividends).

Structuring a Transaction

If the acquiring shareholder or entity does not have a controlling interest, then the board or independent committee may be required to auction the company as part of its “Revlon” duties; or, at the very least run a limited market check with potential alternative acquirers in an effort to maximize value.

If the acquiring entity has a controlling interest, then an auction process likely is a non-starter because the controlling shareholder(s) will block a competing transaction by voting against it. In such an instance, it is more likely a single-step merger will be negotiated in which the board (presumably) will form a committee of disinterested directors who will hire legal and financial advisors to assist the committee in negotiating a merger agreement (“long-form”) with the acquirer.

Once approved by the board, the merger agreement is incorporated into a proxy statement that is sent to shareholders for approval at a special meeting of shareholders.

Structuring a Transaction

One-Step Merger

In a one-step merger, the target's board or special committee negotiates a merger agreement with the acquirer, which is then submitted to shareholders via a proxy statement for approval at a special shareholder meeting

Two-Step Merger

An acquirer whether a control shareholder or not launches a tender-offer, often with the objective to achieve 90% or greater ownership so that the backend merger will be a short-form merger. A two-step merger can entail a long-form backend merger, however, unless a board that works with an acquirer grants a "top-up option" that allows the acquirer to buy enough shares to achieve 90% ownership

Long-Form Merger

A merger (agreement) that is negotiated and is subsequently submitted to shareholders for approval via a proxy statement

Short-Form Merger

A short-form merger, which also is known as a parent-subsidiary merger, does not require a shareholder vote if the acquirer owns 90% or more of the target under most states' corporate statues.

Valuation Analysis

Section 3

Valuation Considerations and Methods

Regardless of whether a company that undergoes a go-private transaction has an active market for its shares or not (many small SEC registrants do not), a detailed valuation analysis has to be conducted to assess the reasonableness of the consideration to be paid (i.e., is the price fair?).

A critical element of the analysis is presented on page 20 in which the subject's historical and projected financial statements are analyzed to understand key trends, develop adjusted earnings for each year if applicable, and develop an estimate of ongoing earning power. An analysis of capex and working capital requirements are required, too.

Valuation methods typically employed include:

Market Premium Analysis - considers the premium paid for similar public companies that agreed to be acquired relative to the targets' public market price prior to announcement (usually calculated on a one-, five- and 20-trading day volume weighted average) and applies the premiums to the market price of the subject provided a market exist for the subject company's shares. MPA has limitations, however, as premiums are a byproduct of an acquirer's valuation assessment of a target rather than a direct economic driver per se.

Valuation Considerations and Methods

Guideline Transaction Method – develops indications of value for the subject based upon multiples of EBITDA, EBIT, net income and the like as observed from acquisitions of companies within the same industry as the subject.

Guideline Public Company Method - develops indications of value for the subject based upon multiples of EBITDA, EBIT, net income and the like as observed from public market pricing of companies similar to the subject. To the extent the subject has an active market, then the GPC Method, in effect, is an assessment of whether the subject trades "cheap", "rich" or inline with the public comps. To the extent the subject trades cheap or rich to the guideline companies, the analysis should address why.

Discounted Cash Flow Method – develops an indication of value based upon the present value of projected cash flows over a discrete time period (usually 3 or 5 years) and a terminal value at the end of the discrete period based upon the capitalization of a key metric such as EBITDA or NOPAT. Cash flows are discounted at a risk-appropriate discount rate. Also, a sensitivity analysis usually is incorporated to gauge the impact of varying discount rates, revenue growth rate, terminal value EBITDA, etc.

Valuation Considerations and Methods

Present Value of Future Stock Price – derives an indication of value based upon a range of future earnings (management estimates and/or consensus analyst estimates), equity discount rates and forward P/E.

Capitalization of Earning Power – derives an indication of value through the capitalization of a single measure of earning power (usually net operating profit after-tax, or NOPAT, which is derived from EBITDA less capex, incremental net working capital and taxes) via a capitalization factor (or multiple). The capitalization factor is derived from the subject's weighted average cost of capital less an assumed ongoing growth rate applicable to the earning power measure.

Net Asset Value Method – develops an indication of value from the subject's balance sheet with assets and liabilities marked-to-market to the extent such values can be discerned (or approximated). The NAV method is constructed in the context of a going-concern (i.e., it is not a liquidation view). Also, the NAV method is most appropriate for asset holding companies rather than operating companies. Nonetheless, a fully developed valuation analysis should consider the method.

Core Earnings Analysis

Core Earnings Analysis	Forecast 2023	Budget 2022	2021	2020	2019	2018	2017	2016
			For the Fiscal Years Ended June 30					
Units	1,502	1,474	1,445	1,390	1,321	1,223	1,267	1,221
x Average Price	$9.60	$9.65	$9.55	$9.50	$9.35	$9.20	$9.25	$9.00
Reported Revenue	$14,419	$14,224	$13,800	$13,205	$12,351	$11,252	$11,720	$10,989
Adj (1) Acme Surcharge	0	0	(120)	(150)	(175)	0	0	0
Adjusted Revenue	**$14,419**	**$14,224**	**$13,680**	**$13,055**	**$12,176**	**$11,252**	**$11,720**	**$10,989**
Reported Cost of Sales	9,286	9,160	8,846	8,438	7,670	7,145	7,395	6,868
Adj (2) None	0	0	0	0	0	0	0	0
Adjusted Cost of Sales	9,286	9,160	8,846	8,438	7,670	7,145	7,395	6,868
Adjusted Gross Profit	**5,133**	**5,064**	**4,834**	**4,617**	**4,506**	**4,107**	**4,325**	**4,121**
Reported Operating Expense	2,550	2,550	2,425	2,448	2,295	2,225	2,115	2,025
Adj (3) Facility Closure	0	0	0	(90)	(15)	0	0	0
Adj (4) Litigation Expense	0	0	0	0	0	(35)	0	0
Adjusted Operating Expense	**2,550**	**2,550**	**2,443**	**2,358**	**2,280**	**2,190**	**2,115**	**2,025**
Adjusted Operating Income	**2,583**	**2,514**	**2,391**	**2,259**	**2,226**	**1,917**	**2,210**	**2,096**
Reported Other Inc/(Exp)	(530)	(530)	(450)	(410)	(370)	(360)	(350)	(345)
Adj (5) Loss/(Gain) on Asset Sale	0	0	(95)	(75)	50	120	(20)	65
Adjusted Other Inc/(Exp)	(530)	(530)	(545)	(485)	(320)	(240)	(370)	(280)
Adjusted Pre-Tax Income	**$2,053**	**$1,984**	**$1,846**	**$1,774**	**$1,906**	**$1,677**	**$1,840**	**$1,816**
+ Interest Expense	477	477	405	369	333	324	315	311
Adjusted EBIT	**2,504**	**2,434**	**2,229**	**2,123**	**2,221**	**1,983**	**2,137**	**2,109**
+ Depreciation & Amortization	720	710	690	660	620	560	590	550
Adjusted EBITDA	**$3,224**	**$3,144**	**$2,919**	**$2,783**	**$2,841**	**$2,543**	**$2,727**	**$2,659**
Reported Capital Expenditures	790	780	760	730	680	620	640	600
Adjusted EBITDA less CapEx	**$2,434**	**$2,364**	**$2,159**	**$2,053**	**$2,161**	**$1,923**	**$2,087**	**$2,059**
Adjusted EBIT Margin	17.4%	17.1%	16.3%	16.3%	18.2%	17.6%	18.2%	19.2%
Adjusted EBITDA Margin	22.4%	22.1%	21.3%	21.3%	23.3%	22.6%	23.3%	24.2%
Y/Y Revenue Growth	1.4%	4.0%	4.8%	7.2%	8.2%	-4.0%	6.6%	
Y/Y EBIT Growth	2.9%	9.2%	5.0%	-4.4%	12.0%	-7.2%	1.3%	
Y/Y EBITDA Growth	2.5%	7.7%	4.9%	-2.0%	11.7%	-6.8%	2.6%	

An analysis of historical and projected results over the next few years is critical to:

- Identify key trends
- Exclude unusual and non-recurring items to derive adjusted (or core) earnings for each period
- Develop ongoing earning power

Earning power represents a base earning measure that is representative through the firm's (or industry's) business cycle

Balance Sheet Analysis

	6/30/21	Adj	Pro Forma
Cash	50	(25)	25
Accounts Receivable	124		124
Inventories	114		114
Other Current Assets	30		30
Net Fixed Assets	1,575		1,575
TOTAL ASSETS	**$1,893**	**($25)**	**$1,868**
Accounts Payable	104		104
Other Current (ex-CMLTD)	255		255
Revolving Credit Facility	275	0	275
Term Loan B	0	300	300
Project Financing	125		125
Capital Leases	24		24
Total Senior Secured Debt	424		724
5.50% Sr. Notes due 2021	582	(582)	0
6.75% Sr. Notes due 2029	0	557	557
Total Senior Unsecured Debt	582		557
Total Debt	**1,006**		**1,281**
Total Liabilities	1,365	275	1,640
Equity	**528**	**(300)**	**228**
TOTAL LIABILITIES & EQUITY	$1,893	($25)	$1,868

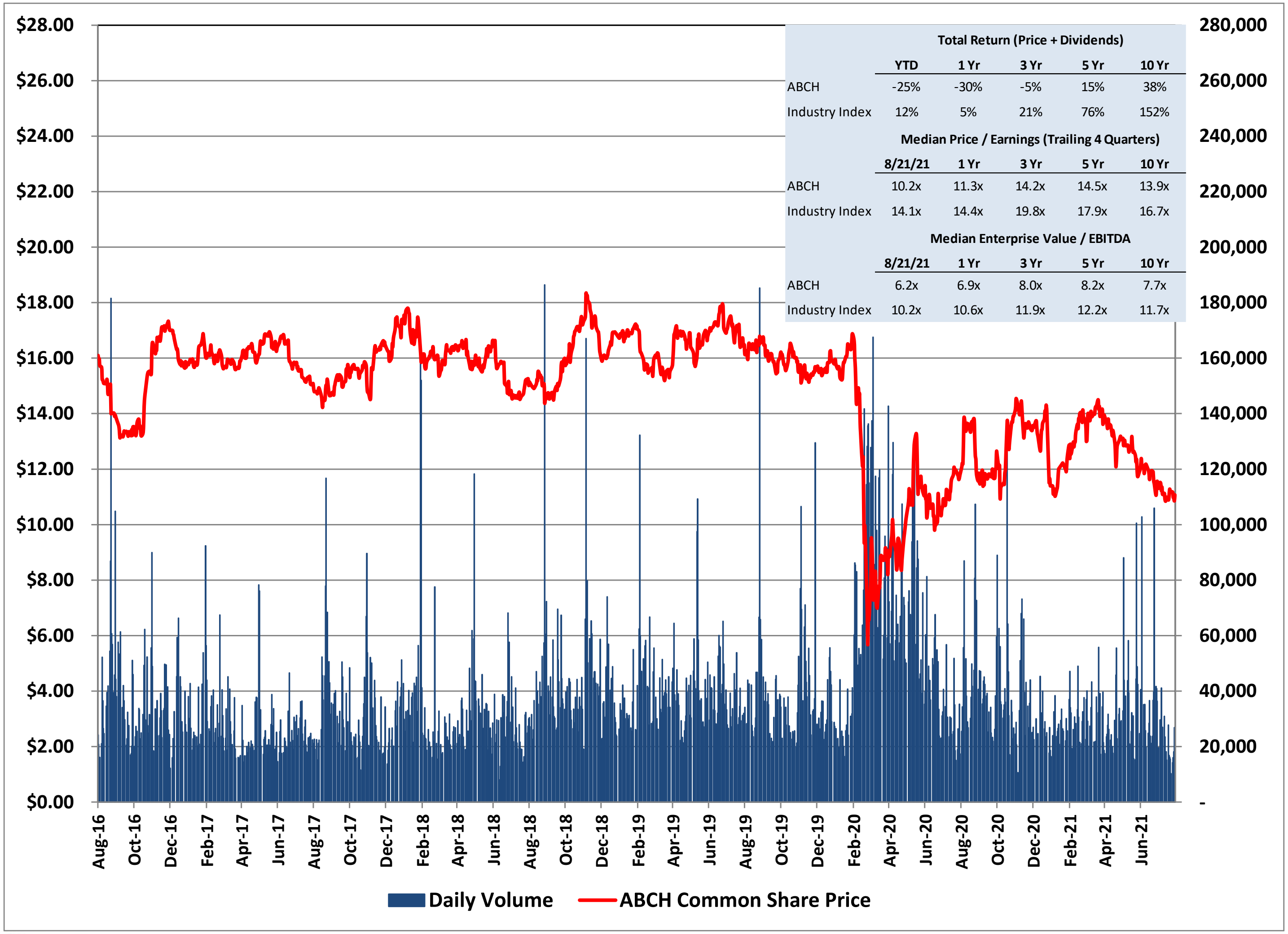
Sources	
$500M Revolver / Drawn	275
Term Loan B	300
6.75% Unsecured Notes	557
Excess Cash	25
	$1,157

Uses	
Existing Drawn Revolver	275
Tender for 9.25% Notes	582
Share Repurchase	**300**
	$1,157

Multiples	
Enterprise Value / EBITDA	9.5x
Pro Forma EV / EBITDA	9.3x
Total Debt / EBITDA	3.7x
Pro Forma Debt / EBITDA	4.7x
EBITDA / Interest Expense	5.8x
Pro Forma EBITDA / Int Exp	3.9x

Although a fairness analysis will focus on the price paid and process employed to cash-out minority shareholders in a go-private transaction, it is nonetheless critical for the board, special committee and their advisors to have a full understanding of the post-close balance sheet—especially to the extent significant leverage is employed to finance a transaction in which not all minority shareholders are cashed-out

Historical Price – Volume Analysis



Total Return (Price + Dividends)

	YTD	1 Yr	3 Yr	5 Yr	10 Yr
ABCH	-25%	-30%	-5%	15%	38%
Industry Index	12%	5%	21%	76%	152%

Median Price / Earnings (Trailing 4 Quarters)

	8/21/21	1 Yr	3 Yr	5 Yr	10 Yr
ABCH	10.2x	11.3x	14.2x	14.5x	13.9x
Industry Index	14.1x	14.4x	19.8x	17.9x	16.7x

Median Enterprise Value / EBITDA

	8/21/21	1 Yr	3 Yr	5 Yr	10 Yr
ABCH	6.2x	6.9x	8.0x	8.2x	7.7x
Industry Index	10.2x	10.6x	11.9x	12.2x	11.7x

Market Premium Analysis

Close Date	Target	Buyer	Enterprise Value ($M)	1-day Prem	1-wk Prem	1-Mon Prem
Jun-11	America Service Group Inc. (NasdaqGS: ASGR)	Valitas Health Services, Inc.	250	49%	48%	51%
Jan-12	HealthSpring Inc. (NYSE:HS)	Cigna Corporation (NYSE:CI)	3,860	37%	40%	57%
May-12	Access Plans, Inc. (OTCBB:APNC)	Affinity Insurance Services, Inc.	69	18%	20%	24%
Dec-12	AMERIGROUP Corporation (NYSE:AGP)	Anthem, Inc. (NYSE:ANTM)	4,626	43%	41%	47%
May-13	Coventry Health Care Inc. (NYSE:CVH)	Aetna Inc. (NYSE:AET)	5,727	20%	30%	31%
Feb-15	Protective Life Corp	Dai-ichi Life Ins Co, Ltd	5,580	20%	35%	37%
Mar-16	Health Net, Inc. (NYSE:HNT)	Centene Corp (NYSE:CNC)	6,282	21%	21%	28%
Mar-16	StanCorp Financial Group Inc. (NYSE:SFG)	Meiji Yasuda Life Ins Co	5,006	48%	47%	46%
Apr-17	Universal American Corp. (NYSE:UAM)	WellCare (NYSE:WCG)	600	12%	27%	32%
Nov-17	Fidelity & Guaranty Life	CF Corp / FGL US Holdings	1,835	8%	11%	11%

Transaction Statistics				
Maximum	$6,282	49%	48%	57%
Median	$4,243	21%	32%	34%
Average	$3,383	28%	32%	36%
Minimum	$69	8%	11%	11%

Indicated Value Per Share	1-Day	1-Week	1-Month
Median Premium Paid (per above)	21%	32%	34%
ABCH Volume Weighted Price	$11.07	$11.01	$11.15
Indicated Value Per Share	**$13.35**	**$14.57**	**$14.98**

Fairness Considerations

Section 4

Fairness

A board's fiduciary duty to shareholders is encapsulated by three mandates:

- Act in good faith;
- Duty of care (informed decision making); and
- Duty of loyalty (no self-dealing; conflicts disclosed).

Directors are generally shielded from courts second guessing their decisions by the ***Business Judgement Rule*** provided there is no breach of duty to shareholders. The presumption is that non-conflicted directors made an informed decision in good faith. As a result the burden of proof that a transaction is not fair and/or there was a breach of duty resides with the plaintiffs.

However, the burden of proof shifts to the directors if it is determined there was a breach of duty. If so, the decision will be judged based upon the ***Entire Fairness Standard***—i.e., fair price *and* fair dealing.

Fairness

Fairness as an adjective means what is just, equitable, legitimate and consistent with rules and standards. As it relates to transactions, fairness is like valuation in that it is a range concept: transactions may not be fair, a close call, fair or very fair.

Fair price, whether viewed from the perspective of the Business Judgement Rule or Entire Fairness Standard, addresses the economics of a transaction. Fair dealing examines the process:

- Who initiated the transaction?
- Who negotiated the transaction?
- What alternatives did the board consider?
- If shopped, who did the shopping?
- Did the board or special committee hire counsel and a financial advisor?
- What efforts have been obtained to improve any offer(s)?
- Did the board/committee have sufficient time to review the information?
- Are there agreements that might be seen as shifting value from shareholders to management and directors (e.g., new/richer employment agreements)

Fairness

In order to avoid an actual or perceived breach of loyalty, boards are usually advised to form a special committee of disinterested and independent directors to negotiate a transaction. In this context disinterested means no interest in the transaction, or the same as the minority shareholders. Independent references no relationship with an interested party to the transaction that could impact the director's decision making (e.g., familial relationships, past business ties, etc.).

The committee should be free of influence from conflicted board members and/or management and have free reign to hire independent counsel and financial advisors.

Support that a transaction meets the Entire Fairness standard also is provided if an informed majority of the minority shareholders approve the transaction without any coercion (e.g., threat by a controlling shareholder to cease making dividend payments).

Fairness is subjective, but a good defense is a transaction that provides for consideration to be paid that is demonstrably fair.

Fairness

In *Ginette Reis v. Hazelett Strip-Casting Corp.,* C.A. No. 3552-VCL (Del. Ch. Jan. 21, 2011) the Delaware Court of Chancery applied the Entire Fairness standard when evaluating a reverse stock split under DGCL §155 in which the transaction was judged both for fair dealing and fair price to evaluate whether the board breached its fiduciary duties. The Court found that because the board did not employ any procedural protections and because the minority had no one to bargain on its behalf, there was no fair dealing.

Under DGCL §262 dissenters to a transaction are entitled to the fair value of their shares as a going concern (i.e., on an enterprise basis without considering the impact of the transaction and without application minority interest and marketability discounts) and the court must consider “all relevant factors.” As long as there is no breach of duties (i.e., care and loyalty) by the board, then the Business Judgement Rule applies in which the court will defer to the board. If there is a breach of duties, then the burden of proof shifts to the board.

Timeline

Procedures followed by the Board resulted in …..

Nov 2021
Significant but non-control shareholder proposes to the ABCH board to take the company private

Nov 2021
Board establishes and empowers a special committee to negotiate a transaction and explore alternatives

Dec 2021
Special committee hires counsel and financial advisor

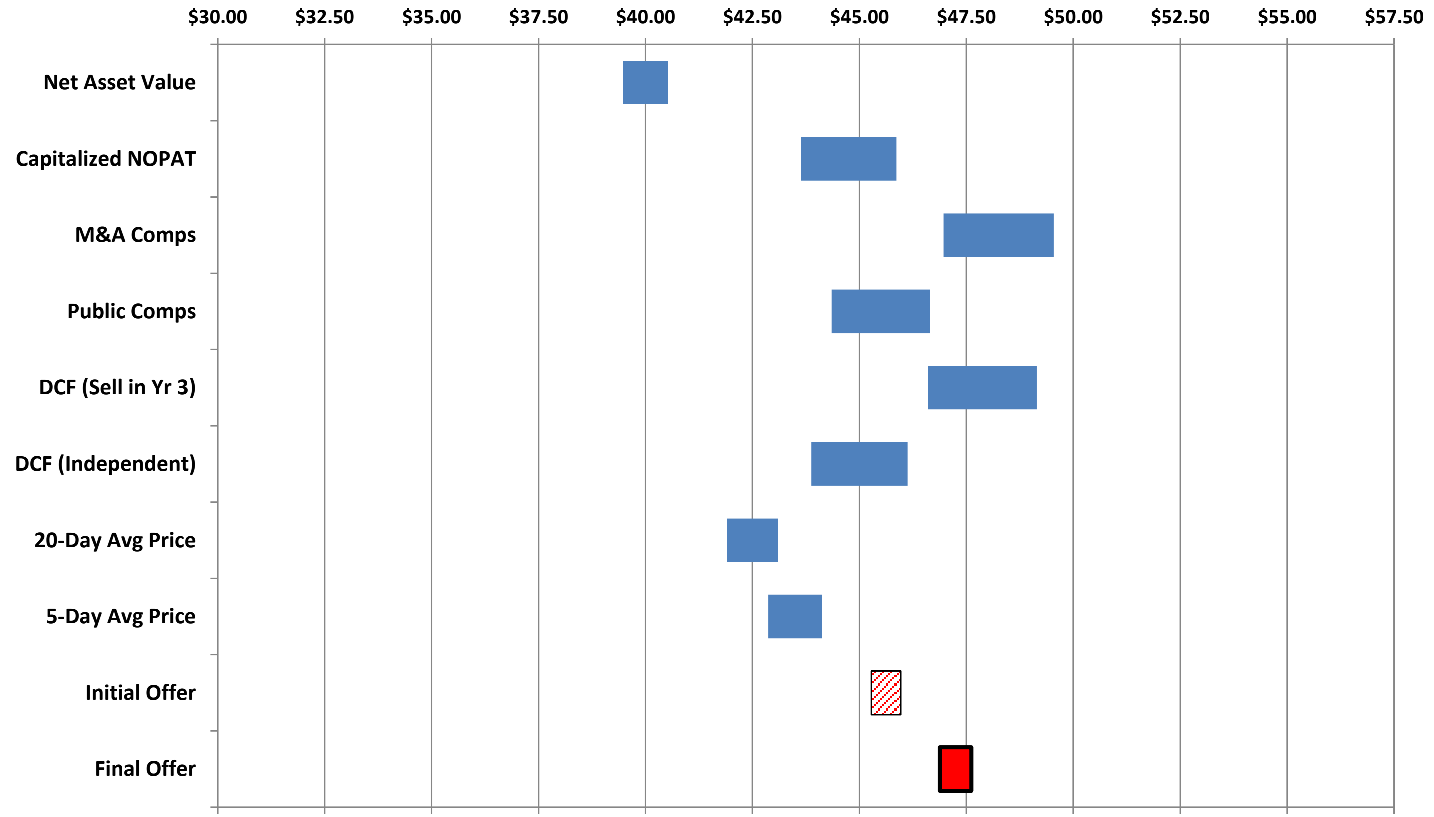
Dec 21 – Feb 22
Alternative transactions are pursued while negotiations continue with the shareholder

Feb 2022
Shareholder ups his offer; special committee accepts and recommends to shareholders to tender shares

Mar 2022
Tender offer commences

Apr 2022
Threshold ownership reached; backend merger occurs, cashing out remaining shareholders

Range of Value



Price / Share		**$30.00**	**$32.50**	**$35.00**	**$37.50**	**$40.00**	**$42.50**	**$45.00**	**$47.50**	**$50.00**	**$52.50**	**$55.00**	**$57.50**
Price / Core EPS	$2.85	10.5x	11.4x	12.3x	13.2x	14.0x	14.9x	15.8x	16.7x	17.5x	18.4x	19.3x	20.2x
Enterprise Value	($M)	**$36**	**$38**	**$40**	**$41**	**$43**	**$45**	**$47**	**$48**	**$50**	**$52**	**$54**	**$55**
EV / EBITDA	$4.2	8.6x	9.0x	9.4x	9.8x	10.2x	10.7x	11.1x	11.5x	11.9x	12.3x	12.7x	13.2x
EV / Revenue	$18.0	2.0x	2.1x	2.2x	2.3x	2.4x	2.5x	2.6x	2.7x	2.8x	2.9x	3.0x	3.1x

Appendix

Section 5

Growth and Margin Perspective

	Historical Growth Rates				*Projected Growth Rates*		
	5-Year	**3-Year**	**1-Year**	**2021**	**1-Year**	**3-Year**	**5-Year**
Revenue	5.4%	4.7%	4.4%	$13,680	3.8%	4.5%	5.7%
Pretax Income	9.4%	7.9%	6.3%	$1,846	4.2%	5.3%	6.7%
EBIT	10.9%	8.3%	7.2%	$2,229	4.8%	6.1%	7.4%
EBITDA	11.4%	9.1%	7.5%	$2,919	4.9%	6.3%	7.6%
EBITDA - CapEx	3.3%	0.0%	-5.0%	$2,159	5.0%	5.9%	7.2%
Rev / Subscription	0.8%	0.4%	0.1%	$9.50	-0.2%	0.0%	1.0%
Subscriptions	5.0%	4.5%	4.3%	1,445	4.0%	4.5%	5.0%

	Historical Average Margins				*Projected Average Margins*		
	5-Year	**3-Year**	**1-Year**	**2021**	**1-Year**	**3-Year**	**5-Year**
Gross Margin	30.4%	29.8%	29.0%	29.0%	28.6%	29.2%	29.5%
EBITDA Margin	24.7%	24.5%	23.4%	23.4%	23.1%	23.2%	23.7%
EBITDA - CapEx	20.3%	19.7%	19.4%	19.4%	18.3%	18.6%	19.1%
EBIT	21.4%	20.9%	20.3%	20.3%	18.8%	19.2%	19.7%

The table is inserted in this presentation because the outlook for growth and margin can be a source of contention when examining fair value, and having a summary facilitates the comparison of the history vs projection

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