

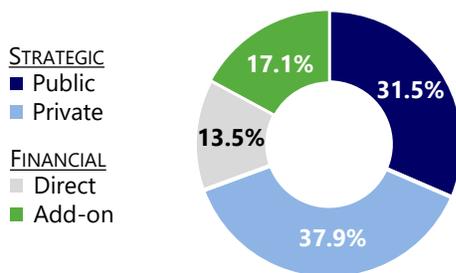


INDUSTRY OVERVIEW

- Deal activity in the Interconnect Components industry has been fueled in part by buyers and sellers seeking to complete deals in the current sellers' market while faced with the political uncertainty of the impending election. Public operators have spun-off non-core competencies in order to refocus business models and deleverage their balance sheets to drive heightened shareholder value and mitigate downside risk. Meanwhile, middle market private business owners have capitalized on the current sellers market, attracting private equity (PE) buyers strapped with dry powder. These middle market transactions serve as highly complementary add-on investment opportunities for PE platform companies seeking to expand scale and offerings.
- As evidenced by robust deal activity among public and private sellers as well as private equity buyers, favorable deal terms, access to credit facilities, and PE fundraising which has exceeded \$246 billion in 2019¹ remains abundant and signifies an opportune time to sell.

TRANSACTION VOLUME

- Of the 111 transactions announced or closed year-to-date (YTD), strategic buyers have accounted for 69.4% of deal activity whereas PE firms composed 30.6% of transactions, comparable to levels seen in 2018. Strategic acquirers and private equity buyers looking for tuck-in investments have sought target companies that provide cost synergies, expand product lines and end-markets, as well as enhance current offerings. Specifically, operators that manufacture ruggedized or specialized components have attracted heightened investment interest, providing strategic and private equity partners with market defensibility.



Year-to-date (YTD) ended November 6
Source: Capital IQ, FactSet, PitchBook, and Capstone Headwaters Research

PRIVATE EQUITY ACTIVITY

- PE groups have continued to utilize their capital in the Interconnect Components industry. Firms seeking opportunistic investments, such as CDR's take-private acquisition of Anixter International (formerly NYSE:AXE) and Audax's acquisition of Genuine Parts' (NYSE:GPC) subsidiary EIS (see Notable Transaction), have been representative of a later-stage business cycle and political uncertainty among public operators. PE firms have targeted aggressive investment strategies, acquiring large, well-established businesses and spin-offs while also continuing buy-and-build initiatives (e.g. Audax-backed TPC Wire & Cable has made three acquisitions in 2019). PE firms are poised to maintain deal activity in the space, targeting undervalued and scalable businesses.

Date	Target	Buyer	Target Description	EV
10/30	Anixter	CDR	Distributes wire and cable solutions, utility power solutions, and others.	\$4,094.0
10/02	Pittsburgh Wire & Cable	TPC Wire & Cable (Audax)	Distributes industrial and commercial wire, cable, and accessories.	-
10/02	Cicoil	TPC Wire & Cable (Audax)	Manufactures cable assemblies.	-
08/16	EIS	Audax	Distributes specialty interconnect components to OEM markets.	-
08/07	Esterline Interface	KPS Capital	Manufactures touch, sensing, and control systems for OEMs.	\$190.0

NOTABLE TRANSACTION

- Audax Group LLC acquires EIS, Inc. (August 2019, Undisclosed)** – Audax Private Equity has acquired EIS, Inc., the Electrical Specialties Group of Genuine Parts-owned Motion Industries. Terms of the deal were not disclosed. EIS is a leading North American fabricator, converter, and distributor of electrical process materials, wire, cable, and assemblies. Its three segments include cable & connectivity (37% of business), electrical & electronic (36%), and fabrication & coating (27%).² The company serves Electrical Original Equipment Manufacturing, Motor, Transformer, Generator Repair & Assembly, and related markets, offering over 20,000 customers more than 11,000 SKUs across 38 branches and four fabrication facilities in North America.³

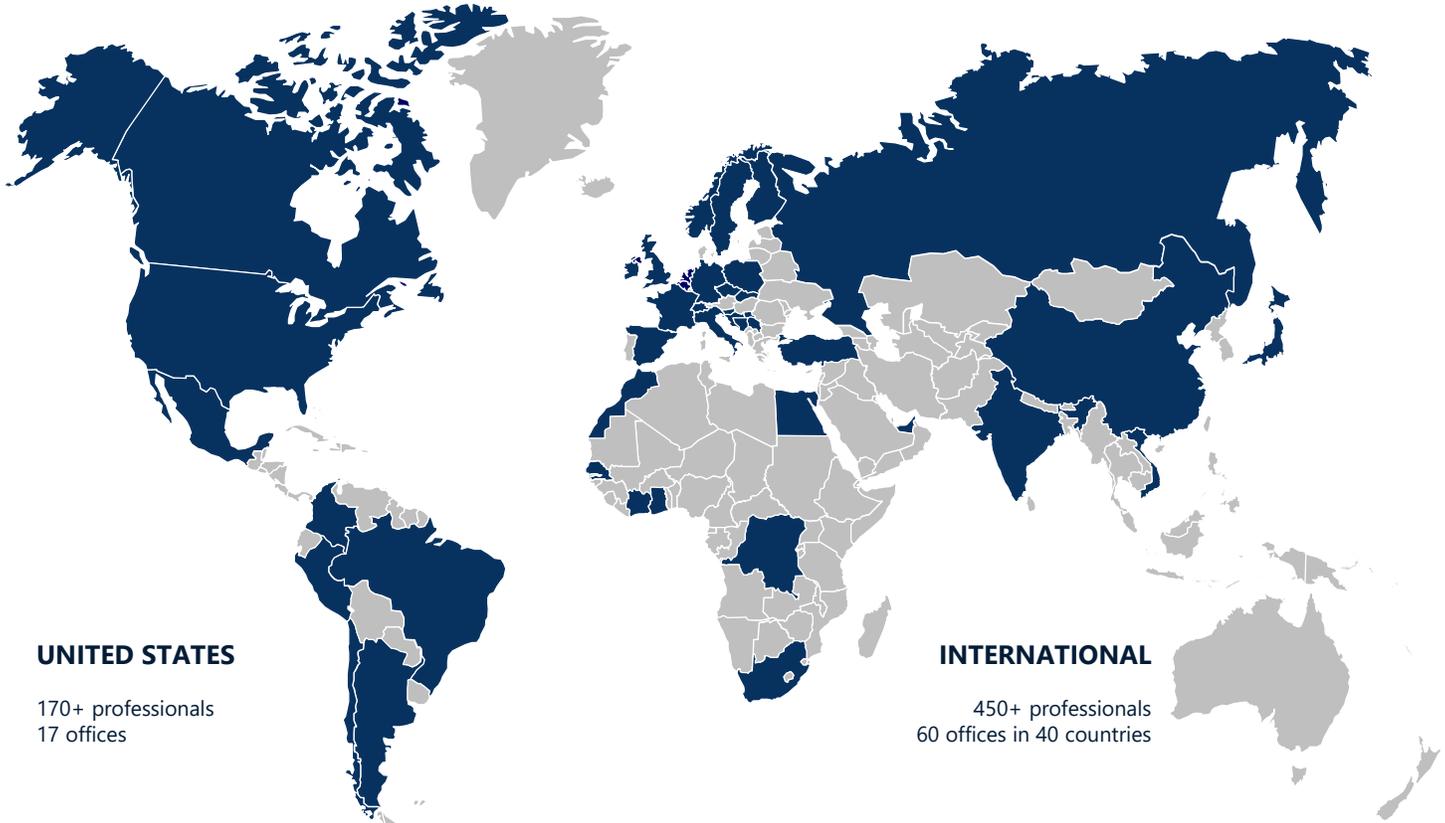
Genuine Parts expects to utilize the funds in a disciplined capital allocation strategy, using the proceeds to reinvest in their business, repay outstanding debt, repurchase shares, and incite organic and inorganic growth. The divestiture follows Genuine Part's portfolio restructuring strategy of strengthening its core competencies and deleveraging its balance sheet in order to drive shareholder value. Audax's expertise and resources will be leveraged to broaden EIS' customer base and offerings as well as enhance its services.

FIRM TRACK RECORD

 has been acquired by a subsidiary of 	 has been acquired by 	 has been acquired by
 has sold certain assets to 	 has recapitalized with 	 has been acquired by



BUILT FOR THE MIDDLE MARKET



CITATIONS

1. PitchBook, "Private equity fundraising in the US hits all-time high," <https://pitchbook.com/news/articles/private-equity-fundraising-in-the-us-hits-all-time-high>, accessed November 7, 2019.
2. EIS, "Our Company," <https://www.eis-inc.com/our-company>, accessed November 7, 2019.
3. Cision, "Genuine Parts Company Announces Sale of Electrical Specialties Group to Audax Private Equity," <https://www.prnewswire.com/news-releases/genuine-parts-company-announces-sale-of-electrical-specialties-group-to-audax-private-equity-300902938.html>, accessed November 7, 2019.

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