

SECTOR REVIEW: CONNECTIVITY



As part of our Industrial Technology sub-sector research, Delancey Street Partners is pleased to present a focus review of the Connectivity sector for September 2017. The Connectivity sector is a large and growing global market for essential communications infrastructure. Connectivity sub-sectors include interconnect devices, wired and wireless connectivity components, industrial networking, automation and sensors and controls.

Business enterprises are managing the explosive growth in “connected” end points, the proliferation of wireless devices, M2M communication, Big Data, streaming media content and cloud-based services. This increasing network complexity creates the need for businesses to analyze data more intelligently, optimize operations and boost productivity. The Connectivity sector has seen dramatic changes during the past twenty years and we believe the sector continues to offer attractive investment opportunities as the digital communications infrastructure blends traditional wired and wireless connectivity with industrial networking to form a platform that is designed to manage large scale systems of diverse endpoints.

We believe the Connectivity sector offers a number of investment attributes, particularly with the growth of the Internet of Things and the demand for hardware, software and service solutions that enable the connection, monitoring and control of local or remote physical assets by electronic means. With the ongoing shift from traditional manufacturing to more efficient, faster and flexible manufacturing, advanced connectivity capabilities continue to grow in strategic importance. In this environment, connectivity solutions that are impactful to the ROIC and overall productivity of a business are critical and drive increased M&A activity throughout the space. The Connectivity sector is characterized by attractive public and private equity market fundamentals, opportunities for high rates of return and cash flow generation, as well as substantial opportunities for growth and consolidation. This sector review contains industry analysis, M&A updates and recent trends that define strategic activity in the sector.

This Connectivity Review also features an in-depth interview with Ed Caselden, former CEO of L-com. Ed has significant experience in the industry and managed L-com under both family ownership and private equity ownership. Ed provides terrific insights on a variety of topics ranging from industry dynamics to management and leadership. We hope you enjoy reading the interview.

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Industry Observations: The Connectivity Market

Growing Proliferation of Connected End Points

- Secular trend of increasing electronic content growth across industries
- Insatiable demand for high bandwidth applications
- Growth in IoT, connected devices, remote diagnostics and product miniaturization
- High demand for advanced product features, high reliability, high-speed and convenience

Critical Aspect of Any Productivity Improvement Initiative

- Real-time process control feedback provides the opportunity to optimize operations quicker
- Access to immediate insights through remote diagnostics and instantaneous transmission of data
- Faster and better decision making based on advanced analytics through data mining
- In a difficult revenue growth environment, tools to enhance productivity are highly valued
- Connectivity and monitoring solutions also enhance the safety infrastructure of a business

Large and Highly Fragmented Market

- \$55.0 billion connector market; > \$100.0 billion connectivity market; IoT market growing rapidly
- Large public companies with global operations seeking growth
- Small, private companies with unique product offerings, technology expertise or end market focus
- Opportunities for niche market leadership
- Significant number of private equity buy and build success stories

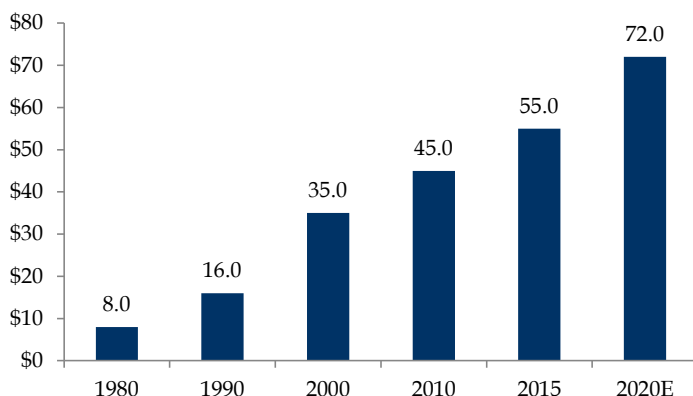
High Barriers to Entry

- Product differentiation and technology / IP provide significant barriers
- Niche process expertise and application knowledge take significant time to develop
- Often mission-critical (non-commodity): numerous high reliability (Hi-Rel) and ruggedized product applications
- Trusted supplier status is difficult to replicate

Attractive M&A Fundamentals

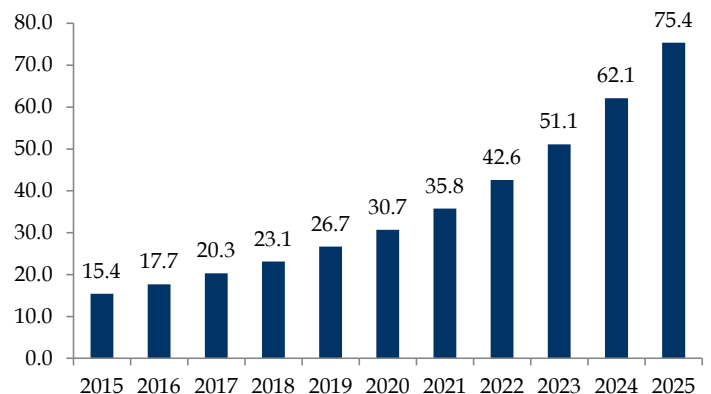
- Buy vs. build is often the preferred path for strategics - more efficient to acquire niche leaders
- Public companies in the space are well funded, trade at high multiples and are adept at M&A
- Private equity has a track record of success in the space, from lower middle market to big buyout
- Growth fundamentals are sound as connectivity plays a dominant role in a company's operations

Large and Growing Connector Market (\$ in billions)



Source: Xmultiple.

IoT Installed Base (units in billions)



Source: IHS.

Recent M&A and Strategic Commentary from Select Connectivity Executives



"Our offering has been further strengthened by the successful completion of our acquisition of B&R, a global leader in machine and factory automation. This is a great acquisition that really strengthens our factory automation. The business is doing tremendously well. We are really happy with its development potential. Moreover, in the third quarter, we expect to complete a recently announced acquisition of KEYMILE's mission-critical network communication business. The acquisition of KEYMILE's mission-critical communication business will strengthen our position and extend our market reach in the industrial, transportation and infrastructure sectors for the power grid. These acquisitions demonstrate our targeted and disciplined M&A approach." (Ulrich Spiesshofer, CEO, 7/16/17)



"In the second quarter, we closed on 3 important and exciting acquisitions that actually involve 5 distinct businesses. First, in late June, we acquired 3 sensor businesses from the U.K.-based defense company, Meggitt PLC. These 3 outstanding and entrepreneurial operations are based in Spain as well as Maryland and Indiana focused on vibration, position and ultrasonic sensing solutions that are used in the industrial, automotive and military markets. In late June, we acquired Intelligente Sensorysysteme, or i2S, a Dresden, Germany based manufacturer of pressure, temperature and mass airflow sensors for the automotive and industrial markets. In early July, we completed the acquisition of Telect, Inc. Telect is Washington state-based manufacturer of power, fiber and copper interconnect systems for data centers." (Adam Norwitt, CEO, 7/26/17)



"Beijer Electronics has declared a new vision for 2021. Fundamentally, this is about the Fourth Industrial Revolution, or Industry 4.0. Digitalization is transforming market standards. The trend is towards machinery and systems linking up and connecting to the Internet. New concepts like smart automation are emerging. Solutions feature the control, connection and presentation of data for mission-critical applications. Software will play a progressively greater role in various solutions helping enable customers to optimize their processes." (Per Samuelsson, CEO, 2017 CEO Statement)



"We closed the Thinklogical acquisition on May 31. The company is a leading global provider of secure, high-performance Keyboard/Video/Mouse, or KVM, switching equipment. Its products are used for real-time Enterprise video management across a variety of end markets, including military, command and control, and broadcast... our capacity for M&A in 2017 remains robust, with approximately \$475 million available for deployment." (John Stroup, CEO, 8/2/17)



"We're very focused on a few key growth areas and we are honing of strategy around connected vehicle in the ecosystem. And that includes cars, trucks and machines and ecosystem opportunities involving insurance providers, dealers, rental agencies and others who really have an interest in leveraging telematics for their various services and go-to-market strategies. And all of these opportunities, whether it's for consumer vehicles, trucks, machines, all of these are global growth opportunities." (Michael Burdick, CEO, 7/28/17)



"The ability to dramatically improve visibility, security and response capabilities across an entire IT surface, including highly distributed branch environments and public cloud infrastructures, is becoming increasingly important as companies and organizations continue their digital transformation. With this in mind, I am pleased to announce Cisco's intent to acquire Observable Networks. Observable Networks' technology is based on dynamic behavioral modeling of all devices on the network. The acquisition of Observable Networks supports Cisco's strategic transition toward software-centric solutions." (Rob Salvagno, VP, 7/13/17)



"We completed the previously announced acquisition of Cable Exchange, a privately-held quick-turn supplier of fiber optic and copper assemblies for data, voice and video communications. Cable Exchange provides a variety of fiber optic and copper cables, trunks and related products used in high capacity data centers and other business enterprise applications. This highly complementary acquisition deepens our capabilities in supporting the growing market for high capacity, multi-tenant and hyperscale data centers operated by the world's largest technology and retail companies." (Mark Olson, CFO, 8/3/17)



"Whether it's in the cloud, in buildings, in 5G networks, or fiber-to-the-home, you can expect us to take advantage of [our] position if we start to believe in a technology that can augment what we do and be driven through our market-access platform. That's really the story of SpiderCloud. It was a small acquisition... but we really like the tech, and it has an opportunity for us to significantly increase demand for our fiber in buildings and run right through our market-access platform." (Wendell Weeks, CEO, 7/26/17)



"I think when you take the bigger picture, and I think about next year, number one is the content growth story we have in automotive, I think, is very evident of the traction we have. I think when you get into the industrial markets, I see them improving. So I think of where we're running right now, our strength is in the medical market and certainly in what we're seeing along factory automation applications. There is real demand when we see with the servers, the drives and the robotics. We're seeing that and we're winning in those applications." (Terrence Curtin, CEO, 7/26/17)

Sector Spotlight Interview: Ed Caselden, Former CEO of L-com

Ed Caselden Bio

Ed was a long term CEO of L-com, a family owned wired and wireless connectivity business. L-com was sold to The Riverside Company in 2006 and Ed stayed with the business and continued as CEO and Director of the company. In 2012, L-com was sold to Odyssey Investment Partners and Ed continued as CEO until 2014 when he moved to a Director-only position. In 2016, Ed was brought back to an interim CEO role at L-com to assist with the sale process of L-com, which resulted in Odyssey completing the sale of the company to Infinite RF, a portfolio company of Genstar Capital, in July 2016. Ed now enjoys a bit more free time out of the C-suite and spends his time with his family and providing advisory services to middle market companies and private equity investors.

1. *Ed, thanks for taking some time to speak with us. To start, will you give us some background on your career in the industry. As past CEO of L-com, you have the perspective of leading a family-owned business as well as leading the business with two separate private equity owners. How did you manage those transitions and how did you manage that growth?*

The transition to a private equity owned business was a fairly smooth one for 2 main reasons. First, we were a very transparent ownership and management team and we shared with the entire company what we were doing and why we were doing it. So there were no surprises for employees when we went through the selection/sale process and made the final decision on who to partner with. Secondly, we wanted some liquidity for uninvolved family members, but we also wanted to find a partner for growth that would take the time to understand the business and would support our plan for growth. We ended up partnering with The Riverside Company who was a great fit for us at the time. The second time around was an even easier transition when we sold to Odyssey Investment Partners. We were experienced working with an investor owner, board of directors and lenders, so there was little adjustment needed with that change in ownership.

2. *The connectivity (and networking) industry has changed significantly and experienced several market transitions during the past 25 years...wired, wireless, dot-com bust, changing protocols, IoT, cloud, M2M, etc. What are some of the lessons you learned from a leadership perspective to make sure you keep pace with the industry, manage risk and also stay ahead of the competition?*

L-com is known for having the largest offering of in stock inventory of high quality and high reliability connectivity products. With exceptional customer service and tech support, same day shipping and the ability to make custom products, we had an edge on competition. We didn't develop new connection technology ourselves. That was done by the big OEMs that made equipment and/or introduced new connectivity methods. USB, which has several iterations now (and the same for HDMI), were not around very long ago. What we did is jump on any new connection technology that was going to be widely adopted and built out with the largest offering of cables, connectors and adaptors that someone might need to connect their equipment. By doing this, we were ready with inventory as the market began to adopt the new connection technology and were the first to offer a large selection.

3. *At L-com, you were CEO of an international middle market business that had domestic and international manufacturing (U.S. and Asia) and a global customer base. You opted for a greenfield, "do-it-yourself" strategy when you set up operations in China as opposed to partnering up with a local operation. Looking back, what are some of the lessons you learned from that experience (both positive and negative)?*

We were very proud of our manufacturing and fulfillment facilities. Everyone had safety as the first priority, product quality next and delivery third. We didn't want anyone hurt working in an unsafe manner to meet a

shipment date and we also didn't want potentially defective or lower quality inventory shipped to meet a date. The only way we felt we could guarantee all of that to our customers is if we did it all ourselves. Having better control of cost was an added benefit. So we built all of our facilities and workforce from the ground up with safety, quality and customer satisfaction as the goals. The biggest challenge in doing this effectively was communication and finding the right people. That is where we put the most focus. We built globally integrated systems allowing everyone to communicate effectively, and found many very talented, hardworking people to lead these efforts.

4. *From a sales and marketing perspective, L-com is a truly omni-channel operation: direct, web, distribution, catalog. There are so many different ways to get to the customer today and be top of mind - how did you manage that strategy to drive growth while making sure there was no channel conflict?*

We used channel partners in a limited way when it suited both of us to work together. We were mainly a direct to customer model. We had a very talented sales and marketing team that used sophisticated analytics to measure the effectiveness and response to all sales and marketing efforts (master catalog, prospecting catalog, organic search, paid search, outbound calls, emails, trade shows and customer site visits). We used these analytics to balance the sales and marketing efforts to get the most from each effort without inundating the customer to the point of annoyance. Since we couldn't create demand for our product, all we could do is remind them of who to go to when they did need someone and keep us front of mind as the ones to call.

5. *How important is the Industrial Internet of things to the future of the connectivity industry? Looking back, are industrial companies in the U.S. investing in advanced connectivity and automation technologies at the pace you would have expected?*

I think IoT is going to continue to drive a lot of new technology and connectivity needs for years to come. People are increasingly using technology to make their lives easier or businesses more efficient and this is just going to continue as more of these ideas are commercialized. I think the larger companies that thrive on being perceived as a leader are investing the way you would expect. But there are still many older individuals and smaller or legacy companies that are slow to adopt or trust some of the new technology and trust its ability to make them more efficient. As younger generations who have known nothing but all this technology mature and become a bigger percentage of the decision making workforce, I expect the adoption of newer technologies to accelerate and investment to increase.

6. *What do you see as some of the most exciting opportunities for the connectivity industry in the next 5-10 years?*

We all see something on the news almost every day about self-driving cars. How they are connected to navigation systems and to customer apps in a seamless way and will eventually replace car services, old school taxi hailing and people driving themselves is mind boggling. Will there be parking garages eventually be retrofitted with almost all spots wired for power so people will plug in electric cars as they park? How quickly will electric cars proliferate without that investment?

Our aging and fragile power grid and what can be done about it with all of the new locally sourced renewable energy projects (water turbines, wind turbines, solar farms and private home solar panels), is another area of opportunity. How is this going to be connected and controlled in an efficient manner? The current technology to store this electricity is still limiting us. We still have no efficient way to store large amounts of electricity needed by the grid to be used during peak usage time at night. But that technology is evolving.

We have become a society that cannot live without our phones. These devices have morphed into something that we rarely even use as a phone anymore but still call it that. We text or email instead of calling. They do everything from being our alarm clock, our calendar, our navigation system interface, our music library, camera and picture storage, music library, mobile TV, etc. I think what we connect to and control or supervise

with our phones is just going to continue to grow. We can already control everything in our house with a phone even if not physically in the house.

7. *The connectivity sector has seen many private equity success stories – what do you see as some of the attributes of the sector that attract private equity investment?*

I think the biggest draw is how fragmented it is and how many family/privately owned, very successful businesses there are out there. The opportunity for a private equity team to own a new platform in this space allows them to get a first crack at potentially modifying or improving the business in a way that accelerates growth that the founders never thought of, didn't have the capital to work with or were just worried about the risk of making changes to the old ways of doing things. Since the market is so fragmented, the next private equity buyer still has the opportunity to help management find and fund acquisitions. The potential for revenue growth and EBITDA margin increase resulting from operational cost saving, customer base cross selling and other synergies is substantial.

8. *You grew a business both organically and through acquisition. What are some of the most important lessons you learned executing successful acquisitions?*

The most important thing I learned about acquisitions was to go way beyond basic diligence and actually build out a detailed post close integration plan along with the acquired company's management before closing. Go through the effort of looking at the company as if you already own it and come up with a plan on how to make 1 plus 1 equal 3 or more. This approach eliminated any integration surprises post close and let us begin executing on synergies immediately.

9. *A couple of personal questions – how would you describe your personal leadership style and please provide some lessons learned as CEO of both a family owned business and private equity owned business.*

Transparency, honesty and trust are critical to building a team that focusses on the company goals...knowing that if the team/company wins, we all win. Making sure people are appreciated and rewarded with events, company recognition, bonuses, etc. allow the whole company to share in celebrating milestones. Everyone has a job to do and everyone is important somehow in keeping our customers satisfied and impressed.

In addition, I think my personal style, which is enjoying working with people that know a lot more than I do about their area of responsibility, allowed us to find some amazing talent that had significant roles running and growing the business. They felt as comfortable challenging my ideas and suggestions as I was challenging them and we were a better company for it. This approach set an example for them to do the same with their direct reports, which trickled down and became part of the culture of the company.

10. *Finally, in your professional career, what are you most proud of?*

I am most proud of the teams we put together, the culture we created and what we accomplished as a team. I had the privilege of working with hundreds of very intelligent, hardworking people that put the customer first, knowing that we would not be here without them. We had some challenges along the way as any growing, changing business does. Whenever I asked for help to solve a significant problem or needed a team of volunteers to help complete some project that got out of hand, our people would sign up in droves, give up their night or weekend, fly to some other location and do whatever it takes to get the job done. The company has been very successful because of all these people willing to work as a team. I'm proud of all of them and feel privileged to have the opportunity to lead them.

Thanks Ed, much appreciated.

Select Recent Connectivity M&A Transactions

Date	Target	Acquiror	Target Business Description
8/30/17	Microscan Systems, Inc.	OMRON Corporation	Precision data acquisition and control solutions
8/28/17	Fusion Telecom. Intl, Inc.	Birch Communications, Inc.	Cloud communications, connectivity, infrastructure, and computing solutions
8/2/17	Numerex Corp.	Sierra Wireless, Inc.	Managed enterprise solutions enabling the Internet of Things (IoT)
7/28/17	Quintel Technology Limited	Cirtek Electronics International	Antenna solutions for the wireless industry
7/26/17	Telect, Inc.	Amphenol Corporation	Network connectivity, fiber, and power distribution products
7/20/17	Numatic Engineering, Inc.	Motion Industries, Inc.	Industrial pneumatic and electrical automation products
7/19/17	Polytron Devices	Daburn Electronics	Encapsulated power supply modules and regulated DC/DC converters
7/13/17	Observable Networks, Inc.	Cisco Systems, Inc.	Network security technology and threat detection services
7/12/17	Cable Devices, Inc.	CommScope Holding Company	Fiber optic and copper assemblies for voice, data, and video
7/6/17	5 Bars, LLC	Neutral Connect Networks LLC	Antenna and Wi-Fi systems for venues, stadiums, and properties
7/5/17	CPI International Holding Corp.	Odyssey Investment Partners, LLC	Microwave, radio frequency (RF), power, and control products
6/30/17	Meggitt PLC, Sensor Businesses	Amphenol Corporation	Vibration, position and ultrasonic sensing equipment
6/30/17	Cyber Sciences, Inc.	Patoka Capital LLC	Products for monitoring and control of electrical distribution systems
6/28/17	TNW Networks Corp.	United American Corp, Inc.	Operates wireless microwave backhaul and fibre optic networks
6/25/17	Hirschmann Car Communication	TE Connectivity Ltd.	Transmitter and receiver systems for mobile communication and data transmission
6/22/17	Synchronoss Technologies, Inc.	Siris Capital Group, LLC	Cloud solutions and software-based activation for connected devices
6/19/17	Building System Solutions, LLC	Parallel Technologies, Inc.	Internet of things system integration services
6/16/17	DANNEWITZ GmbH	WireMasters Inc.	Distributor of heat-shrinkable products, wire, interconnect and medical technology
6/13/17	Innovative Software Engineering	Trimble Inc.	End-to-end Internet of Things (IoT) and telematics solutions
6/9/17	Intelligente Sensorsysteme	Amphenol Corporation	Pressure, temperature, and air mass sensors
5/30/17	Industrial Control Direct	B&D Industrial, Inc.	Distribution of industrial automation control devices and wire management systems
5/26/17	Chromalox, Inc.	Spirax-Sarco Engineering plc	Thermal solutions for industrial heating applications
5/23/17	CEC Controls Company, Inc.	John Wood Group PLC	Design, build, and startup of industrial and process controls systems
5/9/17	West Corporation	Apollo Global Management, LLC	Communication and network infrastructure services
5/6/17	Telsasoft	Innovative Controls, LLC	Operations support systems for telecommunications providers
5/4/17	Residential Control Systems Inc.	Universal Electronics Inc.	Energy management and control products
5/4/17	Sagezza Inc.	Cisco Systems, Inc.	Software solutions for the collection and analysis of vast amounts of information
5/4/17	Thinklogical LLC	Belden Inc.	Signal extension and switching systems to distribute and analyze video-rich big data
5/3/17	Smiths Interconnect Microwave	Infinite Electronics (Genstar)	Divestiture of Smiths Interconnect Microwave Telecoms business
4/30/17	BEI Precision Systems & Space Co.	J.F. Lehman & Company, Inc.	Optical encoders and application based motion control components
4/28/17	Microphase Corporation	Digital Power Corporation	Microwave components for radar and communication systems
4/28/17	Guavus, Inc.	Thales S.A.	Big data analytics applications for planning, operations, and Internet of Things (IoT)
4/27/17	Viptela, Inc.	Cisco Systems, Inc.	Software-defined wide area network (SD-WAN) technology
4/26/17	Secure Thingz, Inc.	IAR Systems Group AB (publ)	Security software for industrial Internet of Things (IIoT) and critical infrastructure
4/17/17	Wilcon Holdings LLC	Crown Castle International Corp.	Fiber optic and data center infrastructure solutions
4/16/17	MOCON, Inc.	AMETEK, Inc.	Test and measurement, analytical, and monitoring products
4/10/17	EtherWAN Systems, Inc.	Elektrophoenix GmbH	Fiber optic Ethernet products and Ethernet equipment
4/10/17	Clear2There, LLC	EarthBend LLC	Provides video surveillance, smart-business, and Internet of Things (IoT) solutions
4/7/17	Antenna Plus, LLC	Airgain, Inc.	Antennas for multiple input multiple output and global positioning systems
4/5/17	Empire Wire and Supply	EIS (Genuine Parts)	Custom cable assemblies and distributor of network, electrical, automation and safety prod
4/3/17	Delta Microwave	Mercury Systems	Custom and standard microwave components
3/28/17	e2v Technologies plc	Teledyne Technologies	RF, microwave, switching, sensing and imaging components and subsystems
3/27/17	Graphic Automation and Controls	Goss International Corporation	Automation products and control systems for the printing and packaging industries
3/24/17	Norsat International Inc.	Hytera Project Corp.	Communication solutions that enable the transmission of data, audio, and video
3/13/17	Communications Resources, Inc.	Interdev, LLC	Voice and data communication infrastructure and systems
2/14/17	Process and Data Automation, Inc.	Krones Inc.	Industrial control systems integration
1/24/17	AppDynamics, Inc.	Cisco Systems, Inc.	IT infrastructure monitoring and analytics products
1/17/17	Fargo Assembly Company	Electrical Components Intl (KPS)	Electrical wiring assemblies for the a variety of industries
1/9/17	SMART Temps	Digi International	Real-time foodservice temperature management
12/20/16	Stran Technologies	Corning	Fiber optic and electrical connectors, cable assemblies and termination tools
12/8/16	Phitek Limited	Amphenol Corporation	Electronic products to assist airlines and system integrators

Strategic Profile: Amphenol (APH)

Company Overview

- Amphenol is one of the largest manufacturers of interconnect products in the world
- The company designs, manufactures and markets electrical, electronic and fiber optic connectors, coaxial and flat-ribbon cable, and interconnect systems
- Broad array of interconnect products, antennas and sensors for the wired and wireless connectivity markets
- Founded in 1932, Amphenol has 45,000 employees in more than 100 facilities and is based in Wallingford, CT

Public Market Overview (\$ in millions, except per share data)

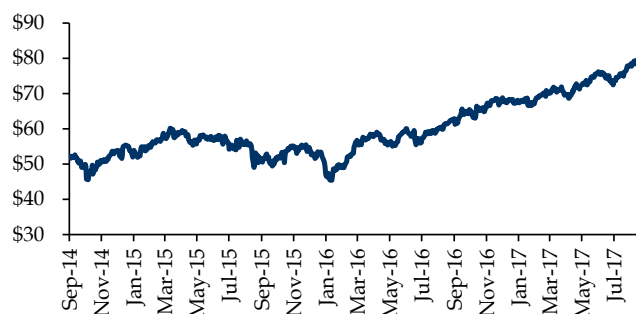
Stock Price (as of 9/5/17)	\$80.35		
52 Week High / % of Stock Price	\$81.17	99.0%	
52 Week Low / % of Stock Price	\$60.97	131.8%	
Market Value	\$24,542.5		
Enterprise Value	\$26,620.0		

	2015	2016	2017E	2018P
Revenues	\$5,568.7	\$6,286.4	\$6,683.3	\$7,025.5
% Growth	-	12.9%	6.3%	5.1%
EBITDA	\$1,282.0	\$1,458.8	\$1,577.7	\$1,679.3
EBITDA Margin	23.0%	23.2%	23.6%	23.9%
EV / EBITDA	20.8x	18.2x	16.9x	15.9x

Select M&A History

- 7/26/2017 - **Telect Inc.** - Network connectivity, fiber, and power distribution products
- 6/30/2017 - **Meggitt PLC, Three Sensor Businesses** - Vibration, position and ultrasonic sensing equipment
- 6/9/2017 - **Intelligente Sensorensysteme Dresden GmbH** - Pressure, temperature, and air mass sensors
- 12/8/2016 - **Amphenol Phitek Limited** - Electronic products to assist airlines and system integrators

Three-Year Stock Price Performance



Strategic Profile: Belden (BDC)

Company Overview

- Belden produces and sells a comprehensive portfolio of connectivity and networking products into a variety of markets, including industrial, enterprise, and broadcast
- Belden's business is structured in four product platforms: industrial connectivity, industrial IT, enterprise connectivity and broadcast
- Founded in 1902, Belden has transformed itself over the years from a cable company to a signal transmission solutions provider with a complete product portfolio including connectivity, networking and cybersecurity

Public Market Overview (\$ in millions, except per share data)

Stock Price (as of 9/5/17)	\$77.43		
52 Week High / % of Stock Price	\$81.33	95.2%	
52 Week Low / % of Stock Price	\$60.06	128.9%	
Market Value	\$3,275.2		
Enterprise Value	\$4,285.0		

	2015	2016	2017E	2018P
Revenues	\$2,309.2	\$2,356.7	\$2,430.2	\$2,511.8
% Growth	-	2.1%	3.1%	3.4%
EBITDA	\$347.6	\$430.0	\$470.5	\$508.5
EBITDA Margin	15.1%	18.2%	19.4%	20.2%
EV / EBITDA	12.3x	10.0x	9.1x	8.4x

Select M&A History

- 5/4/2017 - **Thinklogical LLC** - Signal extension and switching systems to distribute and analyze video-rich big data
- 1/2/2015 - **Tripwire, Inc.** - Threat, security, and compliance solutions for enterprises, service providers, and government agencies
- 6/11/2014 - **ProSoft Technology, Inc.** - communication and connectivity solutions that link/bridge dissimilar automation products

Three-Year Stock Price Performance



Strategic Profile: CommScope (COMM)

Company Overview

- CommScope provides infrastructure solutions for communications networks worldwide
- The company operates through its Connectivity Solutions and Mobility Solutions segments
- CommScope was taken private by The Carlyle Group in 2010 and completed an IPO in 2013
- Completed transformational acquisition of Andrew Corporation in 2007 (wireless infrastructure)
- The company was founded in 1976 and is headquartered in Hickory, North Carolina

Select M&A History

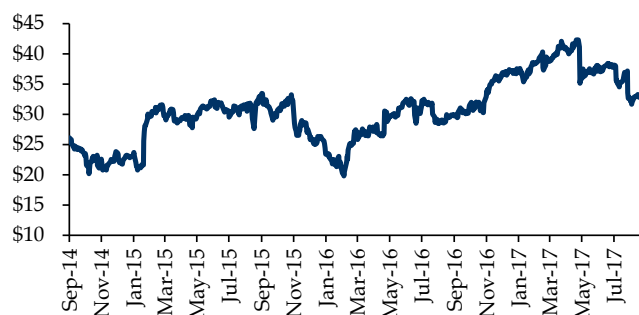
- 9/8/2015 - **Airvana, Inc.** - Small cell solutions for communication applications
- 1/27/2015 - **TE Connectivity Ltd., Telecom, Enterprise and Wireless Business** - broadband network solutions which supplies infrastructure components and systems for the telecommunications market and electronic components for the data communications market
- 7/1/2014 - **Alifabs Design & Construction and Alifabs Cabinets & Ancillaries** - supplies cellular monopoles, smaller streetworks towers and tower solutions

Public Market Overview (\$ in millions, except per share data)

Stock Price (as of 9/5/17)	\$32.41		
52 Week High / % of Stock Price	\$42.75	75.8%	
52 Week Low / % of Stock Price	\$29.03	111.6%	
Market Value	\$6,256.5		
Enterprise Value	\$10,341.9		

	2015	2016	2017E	2018P
Revenues	\$3,807.8	\$4,923.6	\$4,557.6	\$4,761.5
% Growth	-	29.3%	(7.4%)	4.5%
EBITDA	\$783.9	\$1,117.5	\$977.7	\$1,097.7
EBITDA Margin	20.6%	22.7%	21.5%	23.1%
EV / EBITDA	13.2x	9.3x	10.6x	9.4x

Three-Year Stock Price Performance



Strategic Profile: TE Connectivity (TEL)

Company Overview

- TE Connectivity engages in the design, manufacture, and sale of connectivity and sensors solutions in the Americas, Europe, the Middle East, Africa, and the Asia-Pacific
- The Company focuses on connectors and sensors for harsh environments
- The company operates through three segments: Transportation Solutions, Industrial Solutions, and Communications Solutions
- TE Connectivity is one of the largest companies in the space and has significant expertise serving the automotive sector

Select M&A History

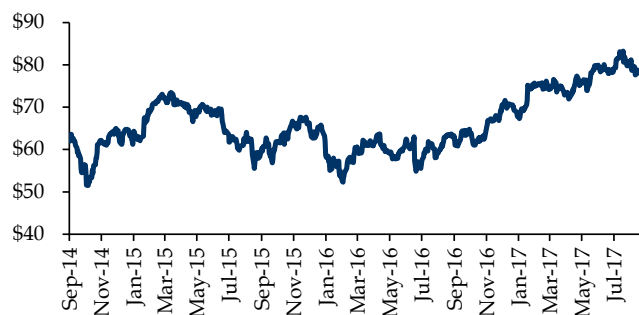
- 6/25/2017 - **Hirschmann Car Communication GmbH** - Transmitter and receiver systems for mobile communication and data transmission
- 5/1/2017 - **MicroGroup, Inc.** - Manufactures and supplies small-diameter tubing, rod, bar, wire and fittings, solid stock, and miniature metal components and assemblies
- 7/14/2016 - **INTERCONTEC Produkt GmbH** - manufactures connector products and components in Germany

Public Market Overview (\$ in millions, except per share data)

Stock Price (as of 9/5/17)	\$79.12		
52 Week High / % of Stock Price	\$85.20	92.9%	
52 Week Low / % of Stock Price	\$60.38	131.0%	
Market Value	\$27,959.7		
Enterprise Value	\$31,195.7		

	2015	2016	2017E	2018P
Revenues	\$12,017.0	\$12,468.0	\$13,036.3	\$13,507.4
% Growth	-	3.8%	4.6%	3.6%
EBITDA	\$2,536.0	\$2,631.0	\$2,767.1	\$2,890.7
EBITDA Margin	21.1%	21.1%	21.2%	21.4%
EV / EBITDA	12.3x	11.9x	11.3x	10.8x

Three-Year Stock Price Performance



Private Equity Platform Profile: Winchester Electronics (Snow Phipps)

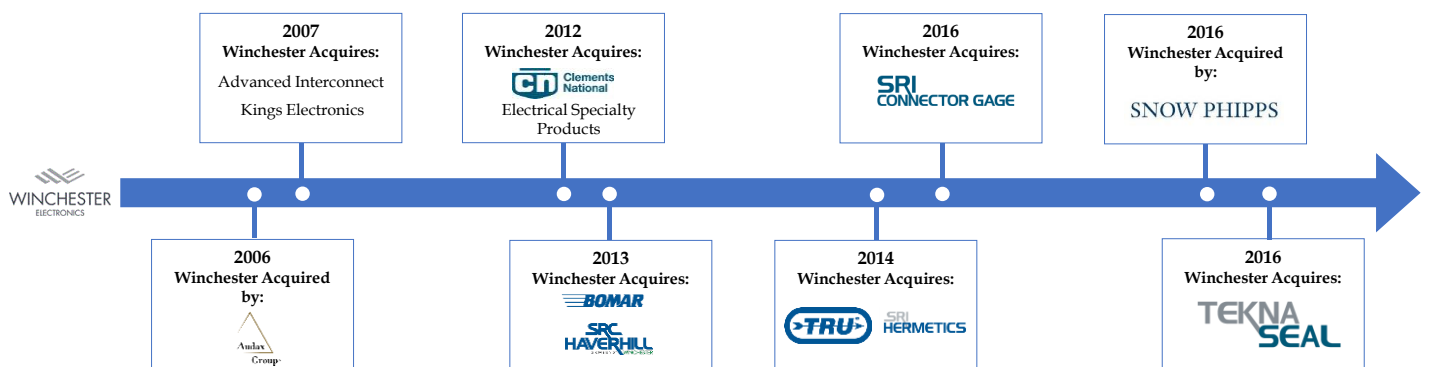
Winchester Electronics

- Winchester Electronics Corporation designs, develops, and deploys interconnect technology solutions
- The Company offers printed circuit boards, radio frequency (RF), and power connectors, as well as value-added cable and electromechanical assemblies
- Winchester Electronics Corporation was founded in 1941 and is headquartered in Middlebury, Connecticut
- Winchester was acquired by Audax in 2006 and more recently by Snow Phipps in 2016

Snow Phipps

- Snow Phipps is a private equity firm focused on mid-market control investments
- The firm generally targets companies in attractive sectors or sub-sectors and then utilizes its Operating Partners and management teams to seek to raise these companies to higher levels of growth and performance
- Headquartered in New York, Snow Phipps has overseen the deployment of over \$2.3 billion of private equity capital and co-investments in 21 platform investments and over 40 add-on acquisitions since inception

Winchester Electronics: Private Equity and M&A History



Private Equity Platform Profile: Infinite Electronics (Genstar Capital)

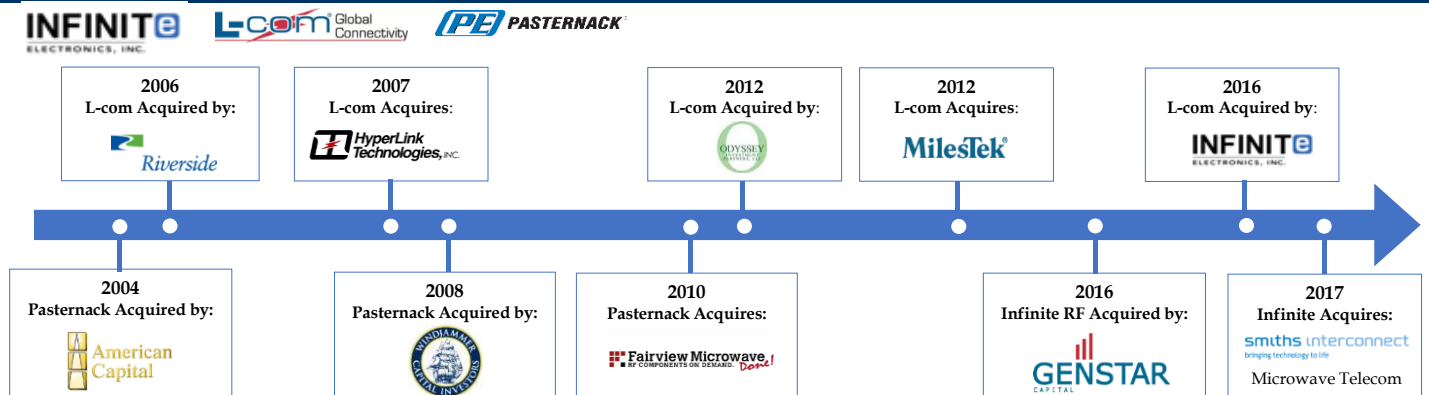
Infinite Electronics

- Infinite Electronics is a supplier of engineering grade RF technology products, operating under its proprietary brands for a global engineering base
- The company serves the high urgency, technical needs segment of the global RF component market; differentiates itself through a readily accessible broad selection of RF components, custom cable assembly capabilities for 250,000+ unique configurations
- Customer base includes more than 46,000 unique engineers
- Two primary legacy companies are L-com and Pasternack

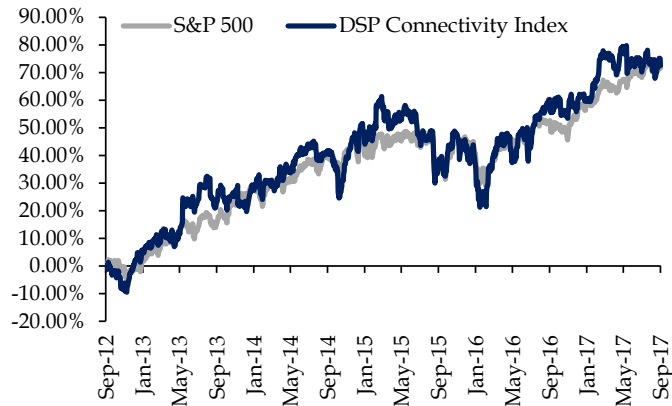
Genstar Capital

- Founded in 1988, Genstar has built a solid track record of helping grow middle market companies in targeted sectors. The firm operates out of a single office in San Francisco
- Genstar currently has \$8.5 billion in assets under management and is managing its eighth fund
- Genstar focuses on four sectors: financial services, healthcare, industrial technology and software
- Smiths Interconnect transaction: brands include Kaelus, Polyphaser, Transtector Systems and RadioWaves (microwave parts for cellular towers and networks)

Infinite Electronics: Private Equity and M&A History



Connectivity Index



Philadelphia Semiconductor Index ("SOX")



(1) DSP Connectivity Index includes all comparable public connectivity companies (market cap weighted)
Source: S&P Capital IQ.

Comparable Company Analysis: Connectivity

COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		GROWTH		VALUATION DATA			
	Company	9/6/2017	30 Day % Change	YTD % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	EBITDA LTM % Margin	5-Year EPS % Growth	3-Year Revs CAGR	EV/Revs LTM	EV/EBITDA LTM	P/E 2017
AMETEK, Inc. (AME)	63.44	(1.2%)	30.5%	14,641.7	16,526.6	33.9%	26.0%	11.2%	1.4%	4.14x	15.9x	15.3x	25.1x
Amphenol Corporation (APH)	80.55	3.3%	19.9%	24,603.6	26,681.1	33.0%	23.7%	7.9%	7.7%	4.10x	17.3x	16.9x	26.0x
Belden Inc. (BDC)	77.90	6.6%	4.2%	3,295.1	4,304.9	42.0%	18.6%	7.2%	1.7%	1.81x	9.7x	9.1x	14.4x
Bel Fuse Inc. (BELF.B)	26.00	(7.0%)	(15.9%)	313.1	385.0	21.0%	9.4%	N.A.	1.8%	0.78x	8.3x	8.0x	15.9x
Black Box Corporation (BBOX)	2.90	(63.1%)	(81.0%)	43.9	137.2	28.6%	2.4%	5.0%	(7.2%)	0.17x	6.8x	N.M.	N.M.
CalAmp Corp. (CAMP)	18.49	(2.5%)	27.5%	654.5	693.9	43.2%	11.1%	14.8%	13.6%	1.99x	18.0x	13.4x	16.4x
Carlisle Companies Incorporated (CSL)	95.21	(3.4%)	(13.7%)	6,014.6	6,581.5	30.4%	19.0%	18.0%	7.1%	1.73x	9.1x	9.5x	18.3x
Cisco Systems, Inc. (NasdaqGS:CSCO)	31.83	(0.0%)	5.3%	159,151.7	122,376.7	62.9%	31.2%	6.0%	(0.1%)	2.55x	8.2x	7.1x	13.3x
Cobham plc (COB)	1.78	(0.5%)	(11.8%)	4,239.8	4,839.8	19.3%	N.M.	-3.0%	(3.2%)	1.84x	N.M.	12.7x	24.9x
Corning Incorporated (GLW)	28.66	(2.0%)	18.1%	25,885.2	28,002.2	40.3%	28.1%	6.6%	1.5%	2.84x	10.1x	8.9x	16.8x
CommScope Holding Company, Inc. (COMM)	32.75	0.0%	(12.0%)	6,322.1	10,407.6	41.0%	22.6%	8.3%	6.0%	2.18x	9.6x	10.6x	14.8x
Digi International Inc. (DGII)	9.25	(1.1%)	(32.7%)	245.5	136.2	48.4%	8.7%	19.5%	(1.7%)	0.73x	8.4x	9.4x	30.3x
Encore Wire Corporation (WIRE)	41.85	3.8%	(3.5%)	868.7	782.8	13.0%	7.5%	10.0%	(0.8%)	0.75x	10.0x	9.2x	19.0x
General Cable Corporation (BGC)	17.20	(4.4%)	(9.7%)	855.8	1,845.0	11.8%	5.7%	N.A.	(15.4%)	0.50x	8.8x	N.A.	22.9x
Hirose Electric Co.,Ltd. (6806)	137.46	(3.2%)	10.8%	4,783.8	2,943.8	47.1%	30.5%	2.0%	2.3%	2.83x	9.3x	8.2x	24.2x
Hubbell Incorporated (HUBB)	111.60	(6.2%)	(4.4%)	6,104.8	6,829.4	31.9%	17.0%	10.0%	2.9%	1.92x	11.3x	11.6x	20.3x
Huber+Suhner AG (HUBN)	57.88	(18.1%)	4.1%	1,125.8	979.1	34.8%	10.8%	15.9%	2.7%	1.22x	11.3x	9.5x	22.8x
Laird PLC (LSE:LIRD)	1.91	(4.6%)	1.1%	931.2	1,169.4	41.3%	11.4%	N.A.	10.7%	1.01x	8.9x	8.0x	14.9x
ITT Inc. (NYSE:ITT)	39.84	(3.8%)	3.3%	3,505.9	3,356.3	31.5%	14.8%	12.0%	(2.4%)	1.38x	9.3x	8.3x	16.1x
Methode Electronics, Inc. (MEI)	38.00	(2.6%)	(8.1%)	1,398.8	1,152.3	27.0%	18.3%	15.0%	(2.0%)	1.40x	7.6x	8.2x	15.7x
Nexans S.A. (ENXTPA:NEX)	56.34	(0.5%)	8.5%	2,443.4	2,978.5	13.7%	7.3%	23.5%	(10.7%)	0.43x	5.9x	5.9x	13.7x
Smiths Group plc (SMIN)	20.19	0.1%	15.5%	7,988.8	8,804.4	46.1%	18.5%	6.6%	0.2%	2.19x	11.9x	9.9x	15.7x
Spectris plc (LSE:SXS)	30.05	(7.9%)	5.2%	3,583.3	3,785.2	56.6%	15.2%	7.5%	2.7%	1.98x	13.0x	12.0x	17.0x
TE Connectivity Ltd. (TEL)	79.13	(2.2%)	14.2%	27,963.3	31,199.3	34.1%	21.6%	9.0%	2.3%	2.40x	11.1x	11.3x	16.8x
Overall Group Mean		(5.1%)	(1.7%)	\$12,130.5	\$11,117.3	34.7%	16.3%	10.2%	0.8%	1.76x	10.4x	10.1x	19.0x
Overall Group Median		(2.4%)	3.7%	3,544.6	3,570.8	34.0%	17.0%	9.0%	1.6%	1.81x	9.6x	9.5x	16.8x
Overall Group Max		6.6%	30.5%	159,151.7	122,376.7	62.9%	31.2%	23.5%	13.6%	4.14x	18.0x	16.9x	30.3x
Overall Group Min		(63.1%)	(81.0%)	43.9	136.2	11.8%	2.4%	(3.0%)	(15.4%)	0.17x	5.9x	5.9x	13.3x

Source: S&P Capital IQ.

Recent DSP M&A Transaction Experience

 <p>Majority Recapitalization with Private Equity</p> <p>Special Advisor to Company</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>BRANFORD CASTLE PARTNERS</p> <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>PAREXEL</p> <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>METTLER TOLEDO</p> <p>Advisor to Seller</p>	 <p>has completed a majority recapitalization and growth equity financing with</p>  <p>PEAKEQUITY PARTNERS</p> <p>Advisor to Seller</p>	<p>Project Spider</p>  <p>Advisor to Seller</p>
 <p>has been acquired by</p>  <p>INTUITIS Long-Term Investors</p> <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>KIELY</p> <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>MEDNAX NATIONAL MEDICAL GROUP</p> <p>Advisor to Seller</p>	 <p>has divested certain assets of</p>   <p>to</p>  <p>ENERGY DISTRIBUTION PARTNERS</p> <p>Advisor to Seller</p>	 <p>has divested</p> <p>RELIABILITY TEST PRODUCTS</p> <p>to</p>  <p>Cascade Microtech</p> <p>Advisor to Seller Fairness Opinion</p>	 <p>The GEO Group, Inc. (NYSE: GEO)</p> <p>has divested</p>  <p>GEO Care</p> <p>in a Management Buyout</p> <p>Advisor to Independent Committee Fairness Opinion</p>

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