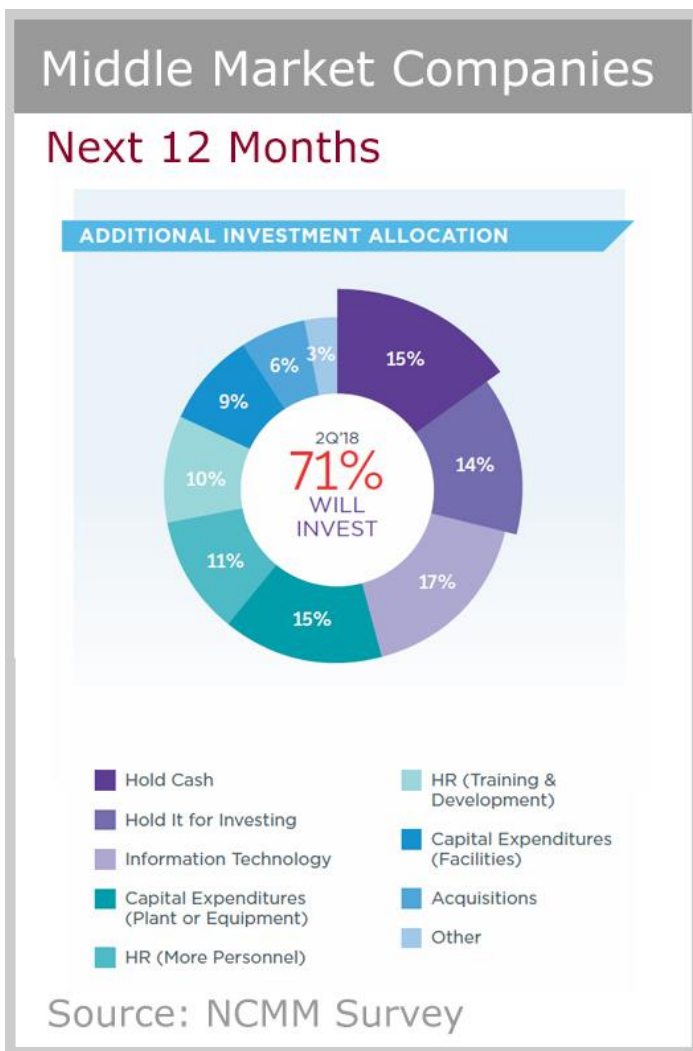


The National Center for the Middle Market (NCMM), a collaboration between The Ohio State University’s Fisher College of Business, SunTrust Banks Inc., Grant Thornton LLP, and Cisco Systems, collects and reports on data from middle market companies defined in size ranging from \$10 million to \$1 billion in revenues. The center publishes a quarterly report highlighting their findings. The following summary is based on their most recent report covering the first half of 2018.

Economic confidence is strong in the middle market sector, but that confidence level dipped slightly from the first quarter of 2018 to the second, from 87% to 84%. Nearly half of the middle market businesses surveyed plan to raise pricing within the next 12 months, which will help offset rising costs and keep profit margins steady.

71% of companies surveyed were committed to investing in their companies (as opposed to simply saving cash). Investments in Information Technology and Facilities and Equipment top the list of planned expenditures. Companies believe profit margins will grow by 3.2% over the next 12 months.

During the last three years, 30% of middle market companies experienced some form of major transition. Just under half of those transitions involved a change in leadership... a new CEO. And for the balance, the transition came in the form of a change in ownership of either all or a significant percentage of the business. Additionally, nearly one third of all middle market businesses expect to see a major change of this kind within the next three years. Rough estimates put the number of U.S. companies with revenues from \$10 million to \$1 billion at 200,000, most of which are closely-held or family controlled. These statistics hint at a continued strong market for mergers and acquisitions.



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NOTICE:

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