



MARCUM CEO SURVEY

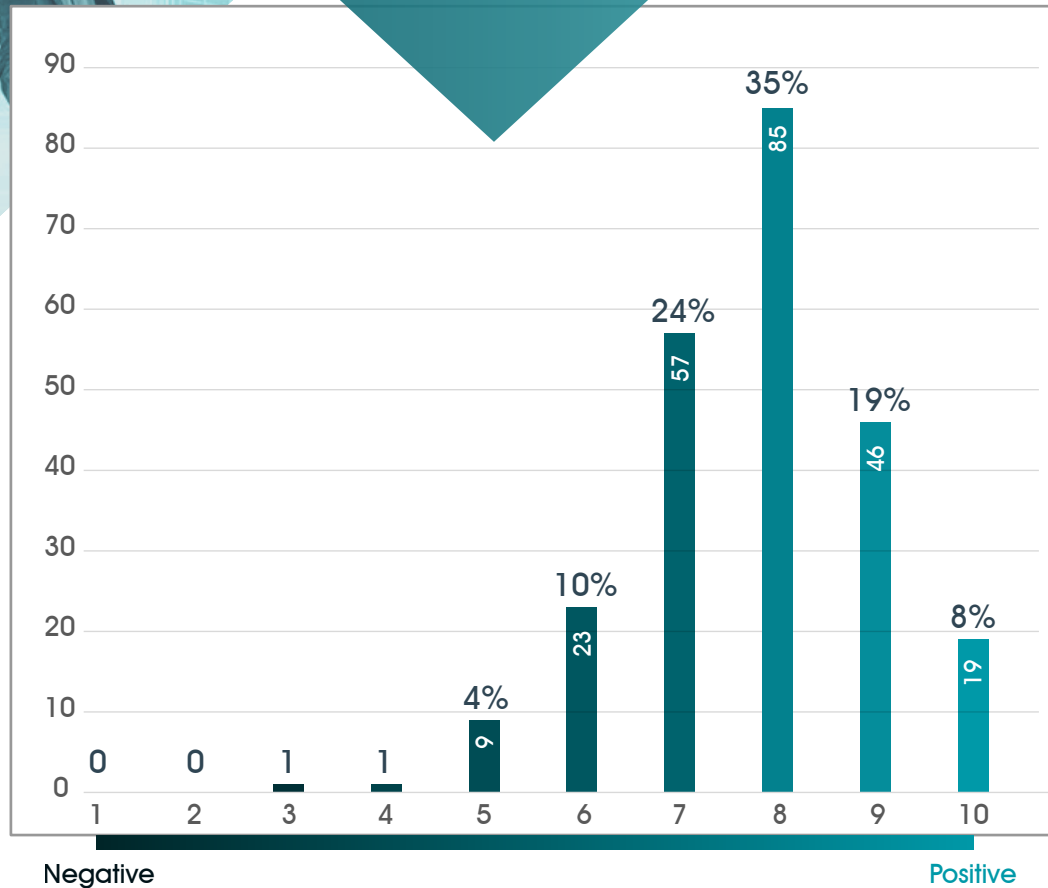
QUARTER 1, 2018

Welcome to the inaugural Marcum CEO Survey, a quarterly gauge of middle-market CEOs' outlook on the current business environment and their priorities for the next 12 months. The Marcum CEO Survey is a companion to Chief Executive Group's CEO Confidence Index.

marcumllp.com/ceosurvey

QUESTION

What is your view of the current business environment on a 1-10 scale?



KEY FINDINGS

- ▶ CEOs across all 16 industry sectors are optimistic about the current business environment. 99% rated their business outlook between 5 (positive) and 10 (very positive).
- ▶ 8% of CEOs rated their business outlook a "10."
- ▶ Half of the industry sectors surveyed most frequently rated their business outlook an "8."

Industries giving an **8 rating** to their outlook of the current business environment:

- ▶ Construction
- ▶ Financial Services
- ▶ High Tech
- ▶ Manufacturing (industrial goods)
- ▶ Manufacturing (consumer goods)
- ▶ Real Estate
- ▶ Retail
- ▶ Wholesale/Distribution

cont'd
What is your
view of the
current business
environment on
a 1-10 scale?

INDEX:

A Weighted Average
of CEO Responses

7.77

Marcum CEO Survey – Quarter 1, 2018

7.09

CEO Confidence Index – Quarter 4, 2017

6.49

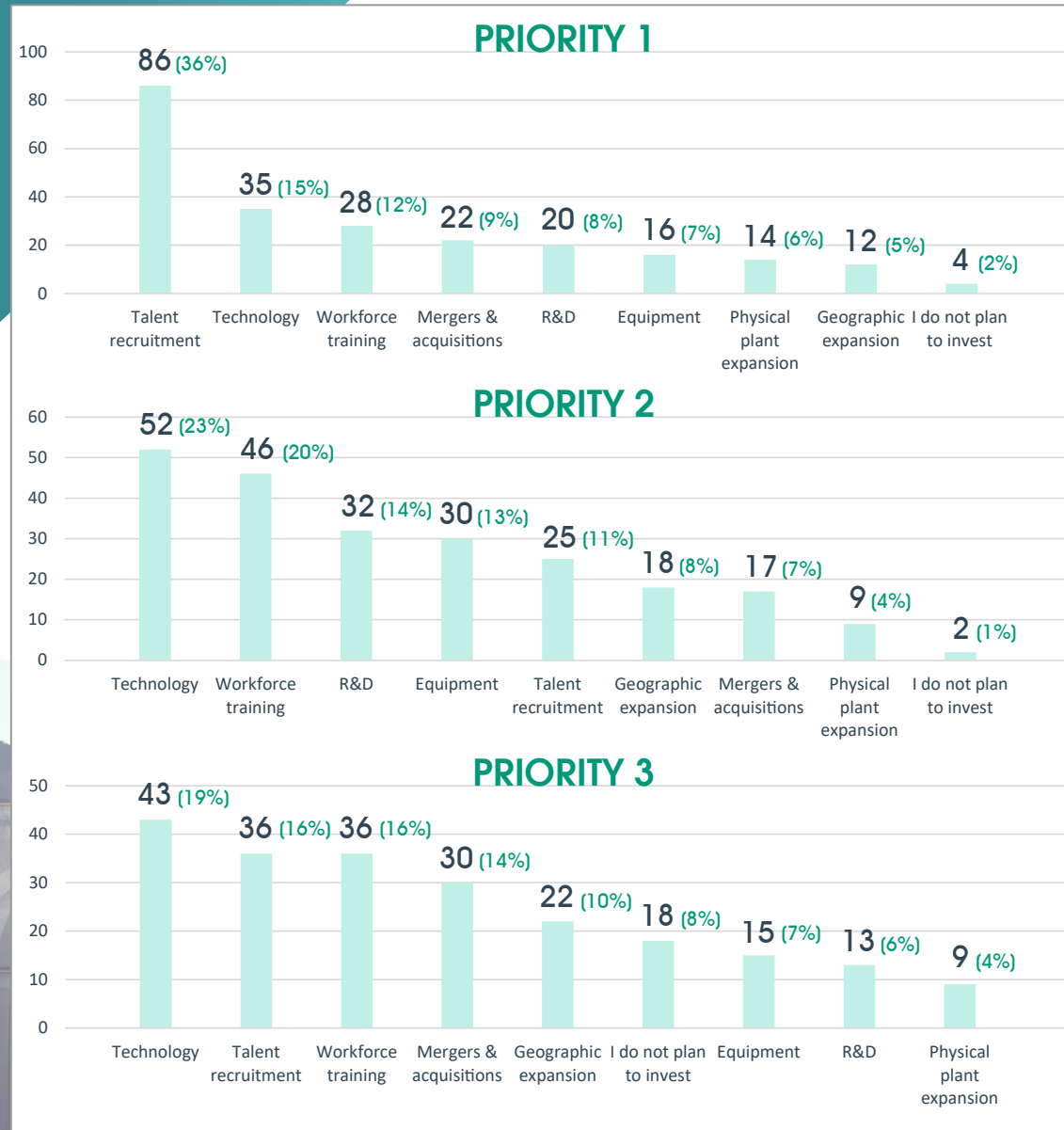
CEO Confidence Index – Quarter 1, 2017

Marcum's CEO Survey for the first quarter of 2018 found an improvement in CEOs' outlook on the current business environment, as compared to the findings of Chief Executive Group's CEO Confidence Index* in the prior quarter and one year ago.

* The CEO Confidence Index is America's largest monthly survey of chief executives, compiled by Chief Executive Group and published on ChiefExecutive.net and in each issue of Chief Executive magazine. The Marcum CEO Survey is conducted in collaboration with Chief Executive Group.

QUESTION

Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.



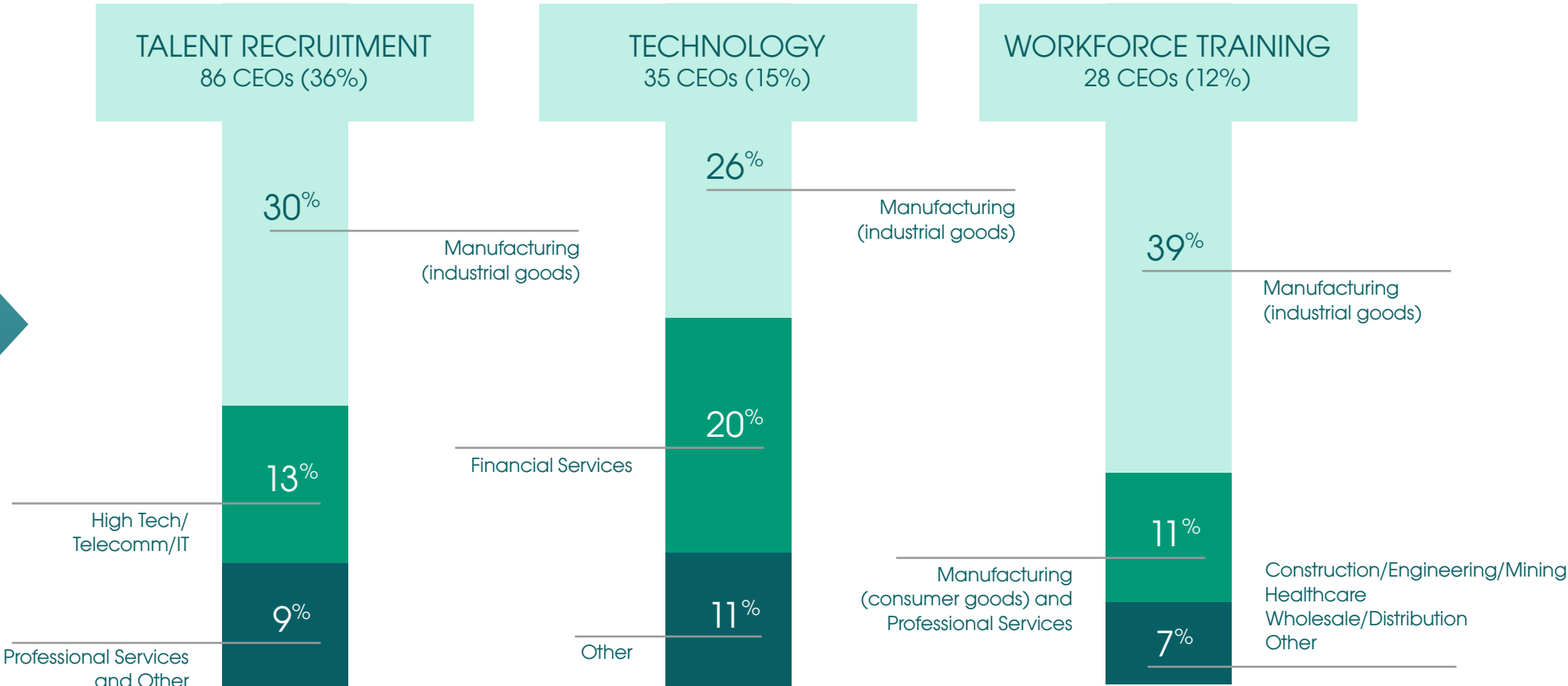
KEY FINDINGS

- ▶ CEOs in 11 industry categories* will invest in technology.
- ▶ CEOs in 10 industry categories* say talent recruitment will be their highest priority.
- ▶ CEOs in 6 industry categories* will invest in workforce training.
- ▶ CEOs in 3 industry categories will invest in mergers and acquisitions.
- ▶ CEOs in 2 industry categories will invest in research and development.
- ▶ CEOs in 2 industry categories will invest in geographic expansion.
- ▶ All three top priorities selected by CEOs in 2 industry categories related to human capital.

* Includes "Other"

#1 PRIORITY INVESTMENT (Top 3 Answers)

Top industries selecting each answer



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Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.

INDUSTRY SPOTLIGHT

Priority investments for the next 12 months

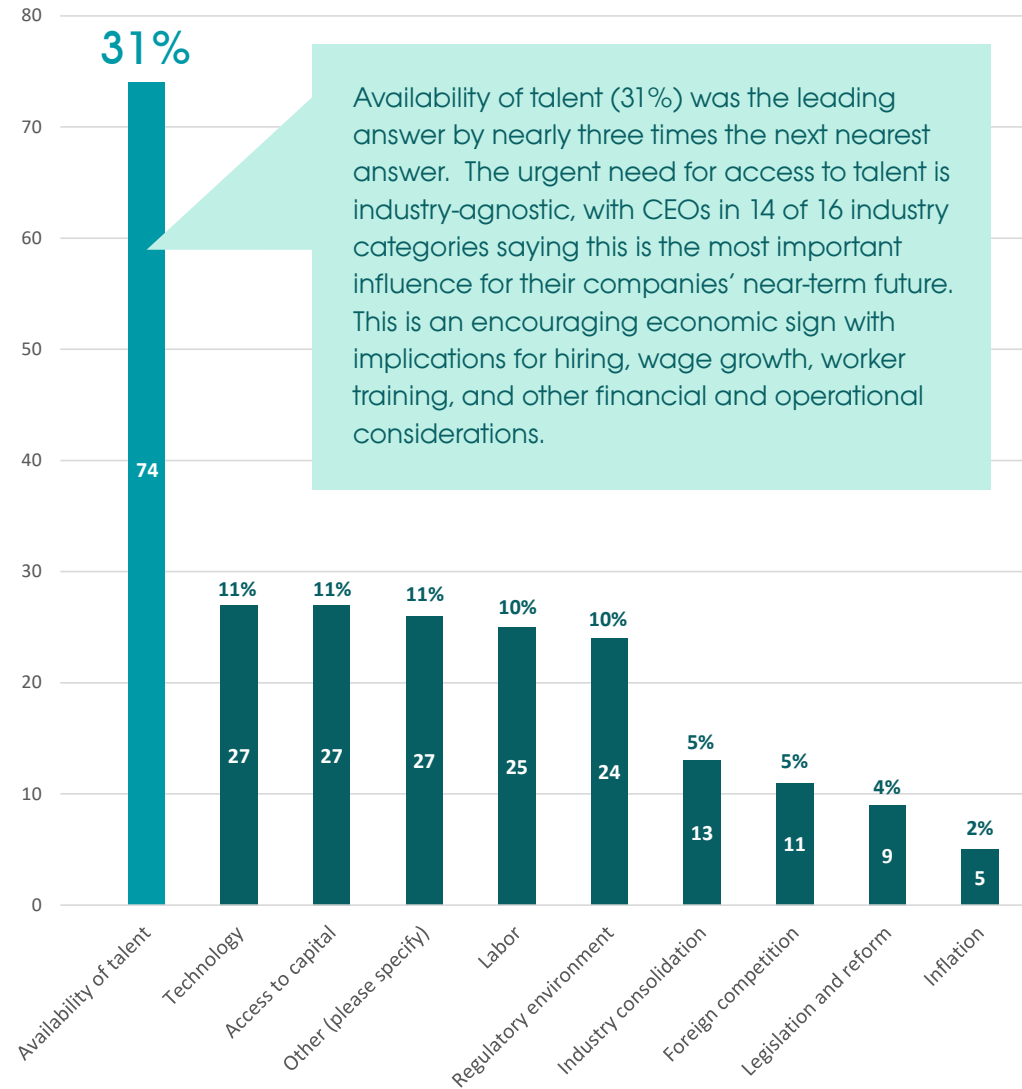
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Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.

	#1	#2	#3
CONSTRUCTION/ ENGINEERING/MINING	TALENT RECRUITMENT	WORKFORCE TRAINING	TECHNOLOGY
FINANCIAL SERVICES	TECHNOLOGY	TECHNOLOGY	WORKFORCE TRAINING
HEALTHCARE	TALENT RECRUITMENT	TECHNOLOGY	MERGERS & ACQUISITIONS
HIGH TECHNOLOGY	TALENT RECRUITMENT	TECHNOLOGY	TECHNOLOGY
MANUFACTURING (CONSUMER GOODS)	TALENT RECRUITMENT	R&D	M&A/ TECHNOLOGY
MANUFACTURING (INDUSTRIAL GOODS)	TALENT RECRUITMENT	EQUIPMENT/ WORKFORCE TRAINING	TALENT RECRUITMENT

QUESTION

What is the single most important influence for your business planning for the next 12 months?



KEY FINDINGS

Other key influences appear to be industry-specific. The next five prevailing influences were very similar in importance.

- ▶ Technology – 27 CEOs (11.16%)
 - ▶ Most selected by Manufacturing-industrial goods (6) and Financial Services (5)
- ▶ Access to capital – 27 CEOs (11.16%)
 - ▶ Most selected by High Tech (10)
- ▶ Other – 27 CEOs (11.16%)
 - ▶ Most selected by Professional Services (8) and Manufacturing-consumer goods (5)
- ▶ Labor – 25 CEOs (10.33%)
 - ▶ Most selected by Manufacturing-industrial goods (11)
- ▶ Regulatory environment – 24 CEOs (9.92%)
 - ▶ Most selected by Manufacturing-industrial goods (6) and Financial Services (5)

INDUSTRY SPOTLIGHT

Most important business planning influence

cont'd

What is the single most important influence for your business planning for the next 12 months?

CONSTRUCTION/ ENGINEERING/ MINING

AVAILABILITY
OF TALENT
(60%)

FINANCIAL SERVICES

TECHNOLOGY/
REGULATORY
ENVIRONMENT
(28% each)

HEALTHCARE

ACCESS TO CAPITAL/
AVAILABILITY
OF TALENT/
TECHNOLOGY/
INDUSTRY
CONSOLIDATION
(18% each)

HIGH TECHNOLOGY

ACCESS TO CAPITAL
(40%)

MANUFACTURING (CONSUMER GOODS)

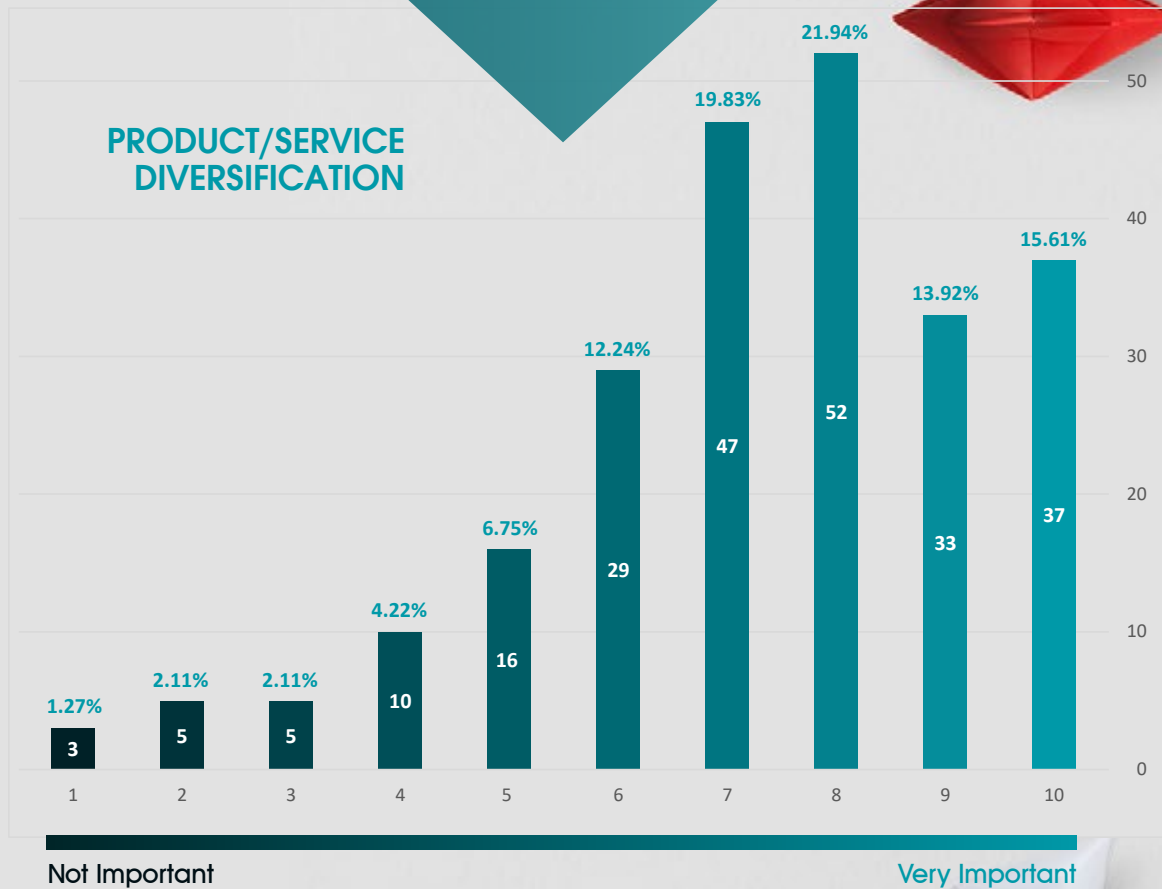
OTHER
(24%)

MANUFACTURING (INDUSTRIAL GOODS)

AVAILABILITY OF
TALENT (36%)

QUESTION

How important is product/
service diversification to
your company's future,
on a 1-10 scale?



KEY FINDINGS

- ▶ CEOs' view of the importance of diversification to their companies' future parallels their overall outlook on the current business environment.
- ▶ 90% of CEOs rated diversification between 5 (important) and 10 (very important).
- ▶ Most CEOs answered 8 (21.9%) or 7 (19.8%).
- ▶ Only 23 CEOs out of 237 (9.7%) said diversification is not important to their future.

INDUSTRY SPOTLIGHT

Importance of diversification
on a scale of 1-10

Most frequent answer
by selected industries

cont'd
How important
is product/service
diversification to
your company's
future, on a
1-10 scale?

**HIGH
TECHNOLOGY**
10
(24%)

HEALTHCARE
6
(27%)

CONSTRUCTION
9/8/7
(21% each)

**MANUFACTURING
(CONSUMER GOODS)**
7
(30%)

**FINANCIAL
SERVICES**
4/6/8
(22% each)

**MANUFACTURING
(INDUSTRIAL GOODS)**
8
(24%)

CEO INSIGHTS

"The strength of the economy will carry forward earnings growth. However, there are new regulations in the financial industry coming from states and federal agencies that leave us with questions about what future growth looks like."

Dave Wickersham, CEO
The Leaders Group, Inc.

"It has become increasingly difficult to find applicants for production and entry level positions in our geographic location."

"Scaling up without a technology backbone is a recipe for disaster. Also, the new **disruptive technology** is making earlier practices obsolete in the short span."

"We're having to change our work environment to make it more attractive to a more youthful workforce."

"The labor pool is very tight. This is putting pressure on wages and consumer prices."

"Leveraging the macro tailwinds of **big data, personalization, customization and e-commerce** are critical to our growth plans."

Michael Araten, CEO
*Sterling Drive Ventures
& The Rodon Group*

CEO INSIGHTS

"We've seen our suppliers **consolidate** heavily over the last few years. We've seen our suppliers go from 8 to basically 4 today."

"Increased regulations are creating significant **barriers to entry**."

"Successful expansion and performance, given the business has an effective infrastructure, is dependent on **productive labor**."

"Our business model is not based on growth but is based on **innovation** and continued **profitability**."

Roger Cederholm, CEO
Martin Automatic, Inc.

"We need to **scale ahead** of our opportunity since it takes a significant period of time to bring new talent on board and adjust to our culture."

"**Everything is in play**. All aspects of my industry are consolidating in unique and creative ways."

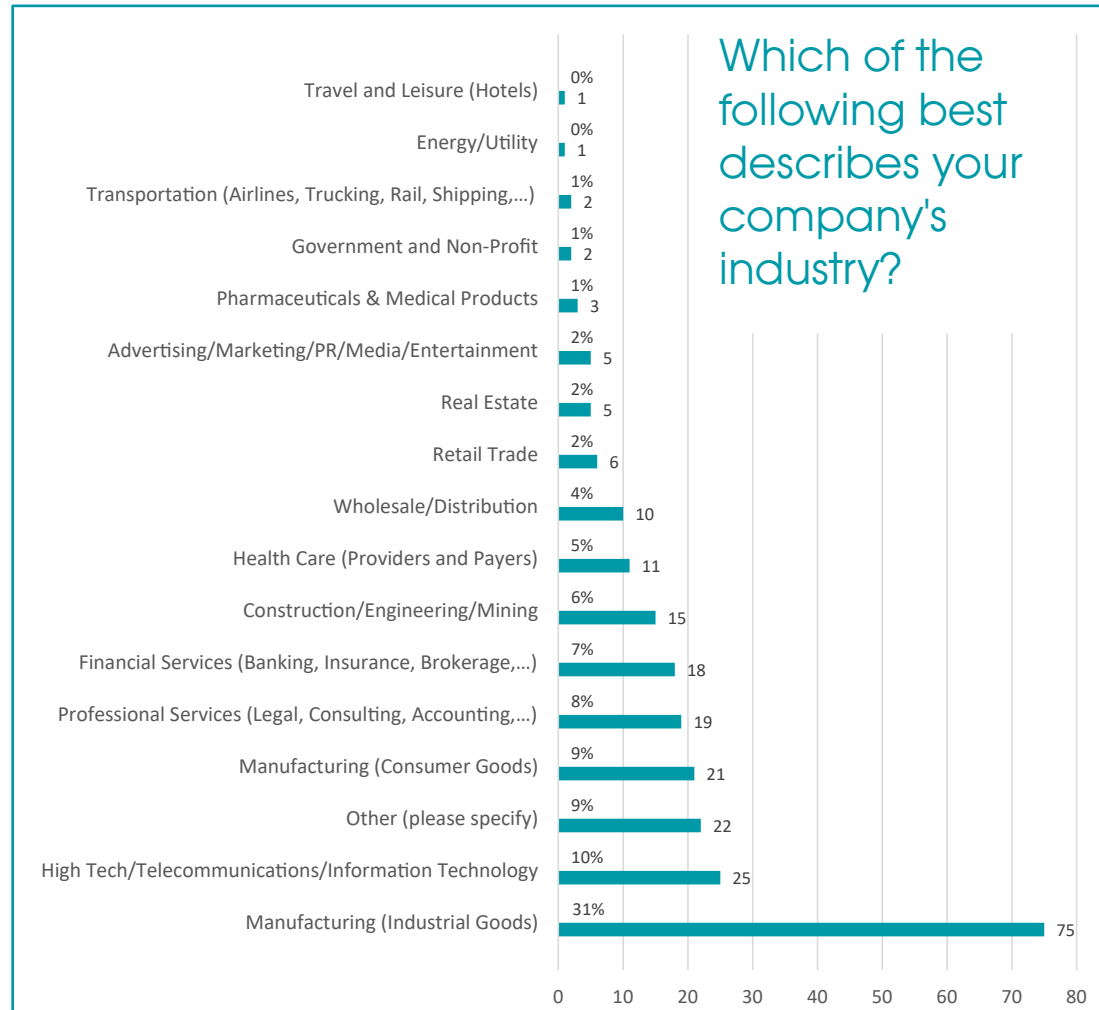
"**Digital disruption** of services continues to accelerate. It causes headaches and opportunity."

"We need to use our existing technology, as well as additional tech (software) to transition our business to the '**Amazon Economy**' - small package vs. truck-load shipments, B2B and B2C platforms."

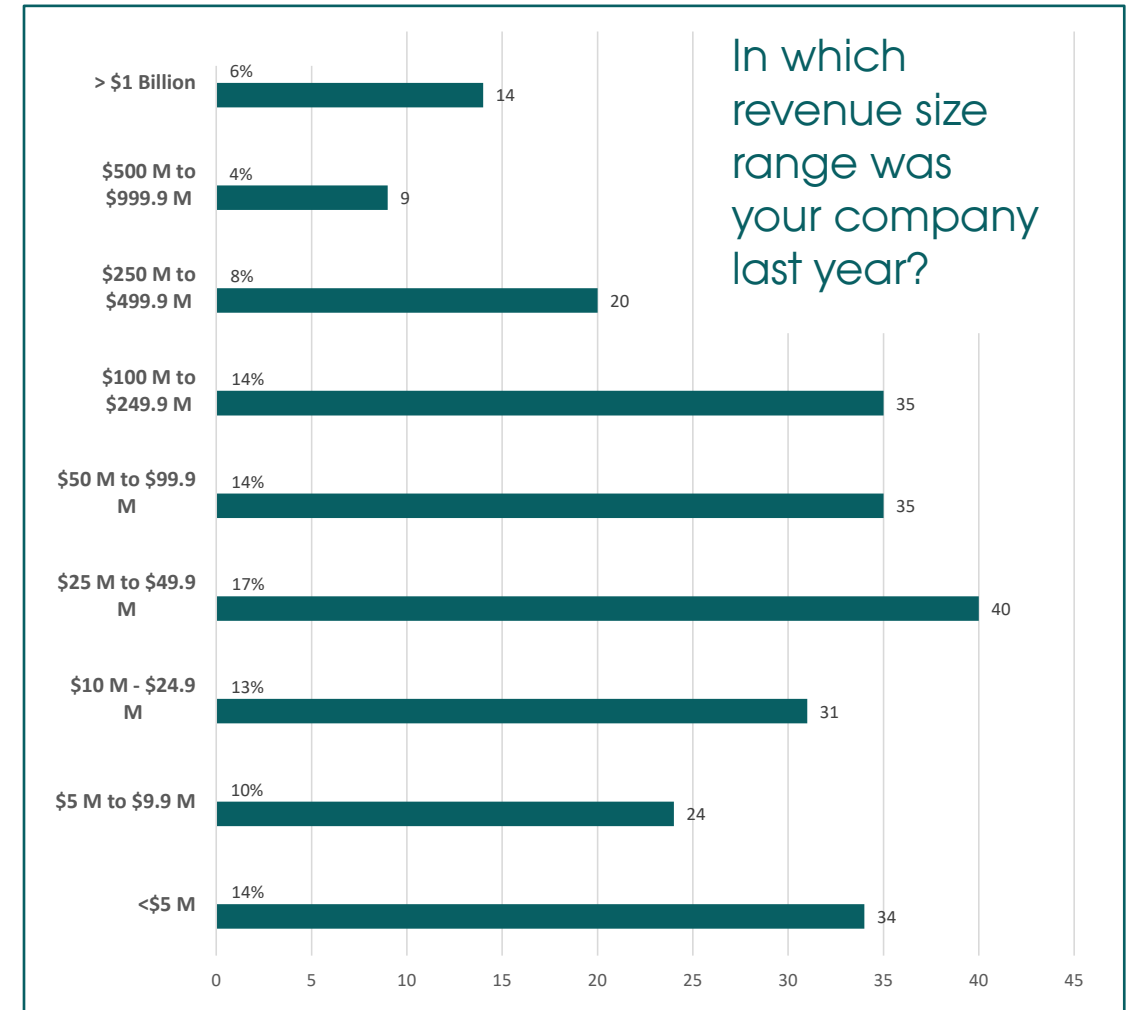
"Given that the world is transitioning to **mobile marketing and predictive analytics**, we need to be there, too."

Robert M. Donnelly, CMO
Flo-Tite Valves & Controls

DEMOGRAPHICS



100% = 241



100% = 242



Marcum LLP is one of the largest independent public accounting and advisory services firms in the nation, with offices in major business markets throughout the U.S., as well as Grand Cayman, China and Ireland. Headquartered in New York City, Marcum provides a full spectrum of traditional tax, accounting and assurance services; advisory, valuation and litigation support; and an extensive range of specialty and niche industry practices. The Firm serves both privately held and publicly traded companies, as well as high net worth individuals, private equity funds and hedge funds, with a focus on middle-market companies and closely held family businesses. Marcum is a member of the Marcum Group, an organization providing a comprehensive array of professional services.



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