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KippsDeSanto & Co. Advises Seaward Marine Services, Inc. on Sale to MHI Holdings, LLC

KippsDeSanto & Co. is pleased to announce the sale of its client, Seaward Marine Services, Inc. ("Seaward Marine" or the "Company") to MHI Holdings, LLC, a portfolio company of Stellex Capital Management. Seaward Marine is a leading provider of underwater hull cleaning and ship husbandry services, including underwater painting, inspections, repairs and maintenance, testing, and other specialized diving services, primarily to the U.S. Navy, as well as other commercial and government customers.

Headquartered in Norfolk, VA, and supported by additional locations in California, Florida, Hawaii, and Japan, Seaward Marine's team of highly-trained professional divers has consistently delivered mission-critical support services around the globe for more than 35 years. The Company's reputation is established on a foundation of experience, deep domain knowledge and technical expertise, and an emphasis on safety and accountability. Seaward Marine was recently awarded another five-year, multimillion dollar contract from Naval Sea Systems Command for worldwide underwater hull cleaning and ship husbandry services. The Company has developed extensive Intellectual Property and robust tools to complement its unique offerings, including advanced processes, procedures, and techniques surrounding cleaning and safety, rigorous training regimens and continuing education for Seaward personnel, and a proprietary database designed to store hull readings, diagnostics, high-quality imaging, and vulnerability reports.



We believe this transaction demonstrates several key trends in the aerospace and defense M&A environment:

- Strategic acquirers remain focused on acquisitions of companies with unique skillsets and proprietary processes and intellectual property
- Value continues to be placed on companies with established relationships with defense and commercial customers, especially those aligned with evolving budget trends
- Continued interest in transformational acquisitions that provide synergies and present long-term growth opportunities with enhanced profitability

KippsDeSanto & Co. is an investment bank focused on delivering exceptional M&A and financing transaction results for leading aerospace, defense, and government technology companies. For more information on KippsDeSanto & Co., please visit www.kippsdesanto.com.

PRESS RELEASE

PE-backed MHI acquires Seaward and AME

NORFOLK, Va. – March 31, 2017 – MHI Holdings, LLC ("MHI") announced today that it has completed the acquisitions of Seaward Marine Services, Inc. ("Seaward") and Accurate Marine Environmental, Inc. ("AME"). These are the first two acquisitions since affiliates of the private equity firm Stellex Capital Management LP ("Stellex") acquired MHI Ship Repair in 2015. The acquisitions mark the first expansion of the MHI business, broadening both the range and geographic scope of services offered by the Company.

- Seaward is a leading provider of underwater hull cleaning and ship husbandry services, including underwater painting, inspections, repairs and maintenance, testing, and other specialized diving services, primarily to the U.S. Navy, as well as other commercial and government customers. Seaward has delivered mission critical support to the U.S. Navy for over 35 years out of its Norfolk-based headquarters and offices in Florida, California, Hawaii and Japan.
- AME performs bilge and tank cleaning, chemical cleaning, gas free engineering, and the removal of hazardous and non-hazardous materials for the U.S. Navy and commercial industries. AME, also headquartered in Norfolk, VA, performs work primarily across the East Coast of the U.S., including Virginia and Florida.

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Tom Epley, Chief Executive Officer of MHI, commented, "Both Seaward and AME are world-class businesses that we have worked with and respected for many years. These additions to the MHI platform will allow us to better serve the needs of our customers both domestically and abroad." Mr. Epley further commented, "Seaward and AME add capabilities that will augment MHI's existing business, allowing the opportunity to bid on a wider variety of projects. In addition, both acquisitions expand the geographic reach of the MHI organization outside the port of Norfolk, a key development in the growth of our Company."

David Waxman, Managing Director at Stellex stated, "We believe these acquisitions are important steps to expanding MHI's capabilities as one of the U.S. Navy's leading ship repair contractors. We look forward to continuing to build the MHI platform while working with Tom and the team to grow each of its businesses."

Both Seaward and AME will continue to be run by their respective management teams.

About MHI Holdings, LLC

Headquartered in Norfolk, VA with nearly 500 employees, MHI is a major marine repair and conversion contractor serving Commercial ship owners, the U.S. Navy, Military Sealift Command and Maritime Administration and operators worldwide. MHI's shipyard and full service pier is located in Norfolk, Virginia. The Company has earned their well-regarded reputation by providing accurate job pricing, reliability, quality and economical ship repair services to its clients for over 33 years.

About Seaward Marine Services, Inc.

Founded in 1972, Seaward is a leading provider of underwater hull cleaning, inspection, and repairs to the U.S. Navy and Commercial clients including underwater welding and painting. Headquartered in Norfolk, VA, and supported by additional locations in California, Florida, Hawaii, and Japan, Seaward's team of highly-trained professional divers has consistently delivered mission-critical support services around the globe for more than 35 years.

About Accurate Marine Environmental, Inc.

AME was founded in 1994 and rapidly became a leader in the Hampton Roads area as an environmental service company providing marine and industrial tank and bilge cleaning services, environmental remediation, waste transportation and waste disposal services. Over the last 20 years, AME grew into one of the largest employee owned and operated environmental service companies in Norfolk. AME has a water front facility on the Elizabeth River complete with a 350'+ pier and state of the art water treatment plant.

About Stellex Capital Management LP

Stellex is a private equity manager that invests in and oversees US and European corporate assets. Stellex's focus is on middle-market companies going through business or industry transitions, as well as special situation opportunities. Stellex seeks to identify and deploy capital in opportunities that have the potential to provide stability, improvement and growth for its portfolio companies.