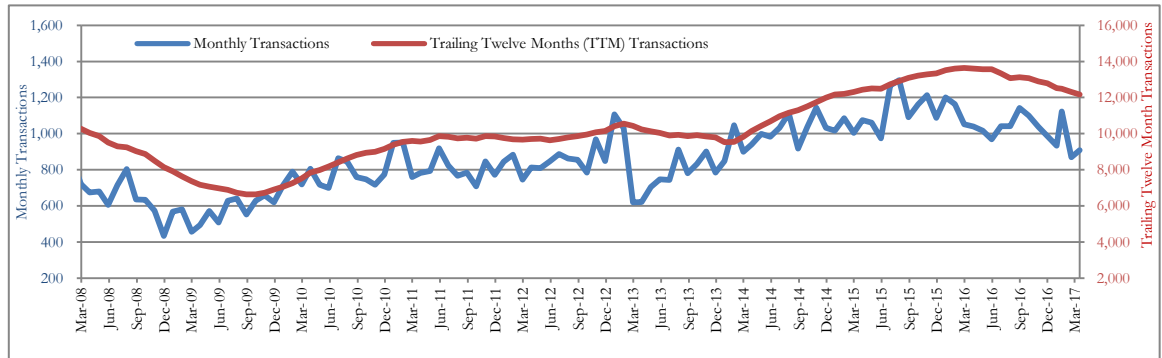


# THE MARKET FOR PRIVATELY HELD COMPANIES

## Topics Relevant to Middle Market Mergers & Acquisitions

**Q1 2017** - Monthly transaction volume, as evidenced by blue line in the chart below, moderated a bit during 2016 and continued its slowdown during 1Q 2017. Overall transaction volume (including public and private companies of all sizes) for the trailing twelve months ended March 31, 2017 decreased 10.7 percent when compared to the same period in 2016.

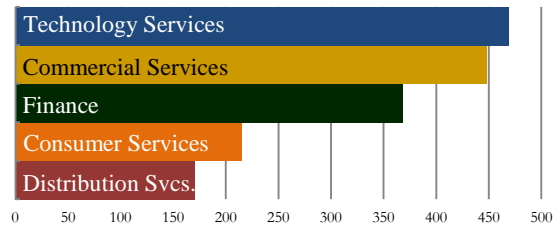
### M&A Transaction Volume



Total Announced Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

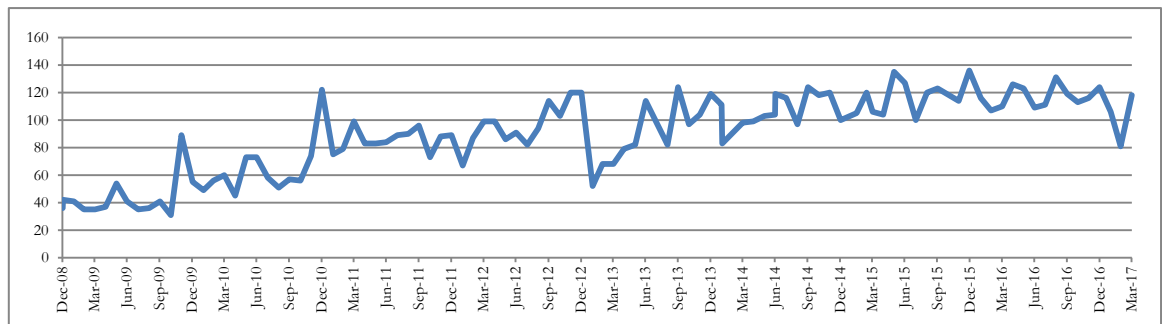
### Which Sectors are Most Active?

The chart to the right reveals the five most active sectors in terms of transactions closed for the three months ended March 31, 2017. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Producer Manufacturing, Health Services, Industrial Services, Health Technology, Process Industries, and Electronic Technology.



Total Announced Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

### Private Equity Activity - Number of Transactions by Month



Total Announced Private Equity Transactions, U.S. Buyer or Seller | Source: FactSet Mergerstat

**Waterview is a Financial Advisory Services firm focused on  
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  - Capital Sourcing (senior debt, mezzanine and equity)
  - Valuation (to support exit planning strategies)

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# THE MARKET

## FOR PRIVATELY HELD COMPANIES

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### Topics Relevant to Middle Market Mergers & Acquisitions

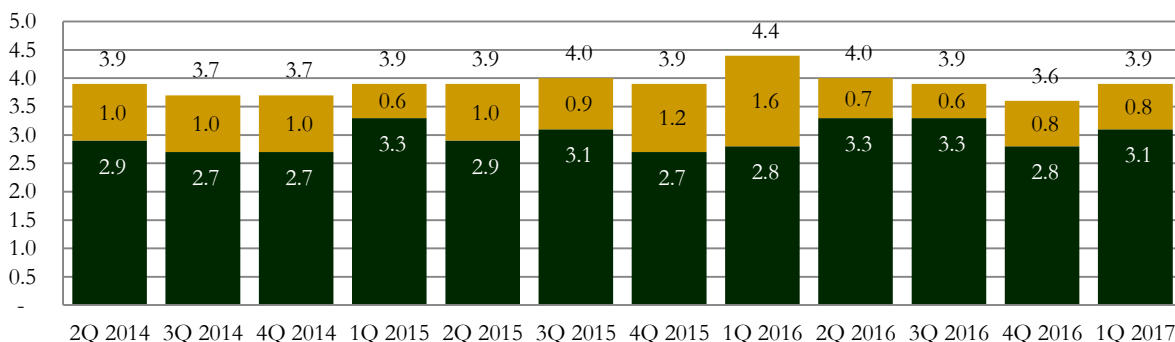
**Average Multiples Paid  
TEV / EBITDA  
Private Equity Sponsored  
M&A Transactions**

TEV (\$Millions)	2003-2012	2013	2014	2015	2016	1Q 2017	Std Dev	Average	N =
10-25	5.6	6.0	5.6	5.8	6.0	5.8	1.6	5.7	1,033
25-50	6.2	6.8	6.6	6.6	6.4	6.4	1.6	6.3	787
50-100	6.8	6.8	8.4	7.8	7.3	6.8	1.7	7.0	536
100-250	7.3	7.5	7.8	9.0	9.0	8.7	1.9	7.8	255
<b>Average</b>	<b>6.2</b>	<b>6.5</b>	<b>6.7</b>	<b>6.7</b>	<b>6.9</b>	<b>6.7</b>	<b>1.8</b>	<b>6.4</b>	
<b>N =</b>	<b>1,733</b>	<b>163</b>	<b>215</b>	<b>236</b>	<b>211</b>	<b>53</b>			<b>2,611</b>

Source: GF Data® M&A Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

**Average Debt Multiples  
Private Equity Sponsored  
M&A Transactions**

■ Senior Debt  
■ Subordinate Debt



Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

**Senior Debt Pricing**

TEV (\$Millions)	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
10-25	4.9%	4.2%	4.6%	4.4%	4.9%	5.2%	4.1%	5.0%
25-50	4.6%	4.5%	5.1%	4.9%	4.8%	4.4%	4.4%	5.5%
50-100	4.4%	4.2%	4.8%	4.7%	5.3%	6.0%	4.4%	5.5%
100-250	4.9%	3.7%	4.8%	5.3%	5.8%	5.3%	6.5%	5.3%
<b>Total</b>	<b>4.7%</b>	<b>4.3%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>4.7%</b>	<b>5.3%</b>
<b>N =</b>	<b>44</b>	<b>36</b>	<b>47</b>	<b>39</b>	<b>60</b>	<b>20</b>	<b>36</b>	<b>43</b>

90-Day LIBOR	0.3%	0.3%	0.6%	0.6%	0.6%	0.8%	1.0%	1.1%
Spread vs. LIBOR	4.4%	4.0%	4.2%	4.1%	4.5%	4.5%	3.7%	4.2%

Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

**Subordinated Debt  
Average Coupons & Spreads**

TEV (\$Millions)	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
10-25	11.3%	11.4%	11.8%	11.9%	11.4%	12.1%	11.6%	12.0%
25-50	10.9%	12.0%	11.7%	11.6%	12.1%	11.0%	11.3%	11.0%
50-100	10.8%	10.8%	11.8%	11.2%	11.5%	12.0%	10.4%	11.2%
100-250	11.3%	11.2%	10.5%	10.0%	11.0%	10.3%	10.7%	10.0%
<b>Total</b>	<b>11.1%</b>	<b>11.5%</b>	<b>11.6%</b>	<b>11.4%</b>	<b>11.6%</b>	<b>11.8%</b>	<b>11.0%</b>	<b>11.2%</b>
<b>N =</b>	<b>27</b>	<b>23</b>	<b>32</b>	<b>29</b>	<b>37</b>	<b>16</b>	<b>25</b>	<b>22</b>

90-Day LIBOR	0.3%	0.3%	0.6%	0.6%	0.6%	0.8%	1.0%	1.1%
Spread vs. LIBOR	10.8%	11.2%	11.0%	10.7%	10.9%	10.9%	10.0%	10.1%

Source: GF Data® Leverage Report, February 2017. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer