

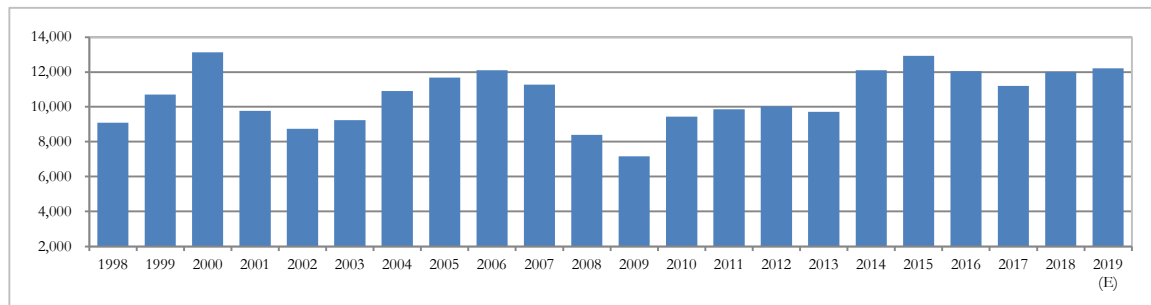
# THE MARKET

## FOR PRIVATELY HELD COMPANIES

### Topics Relevant to Middle Market Mergers & Acquisitions

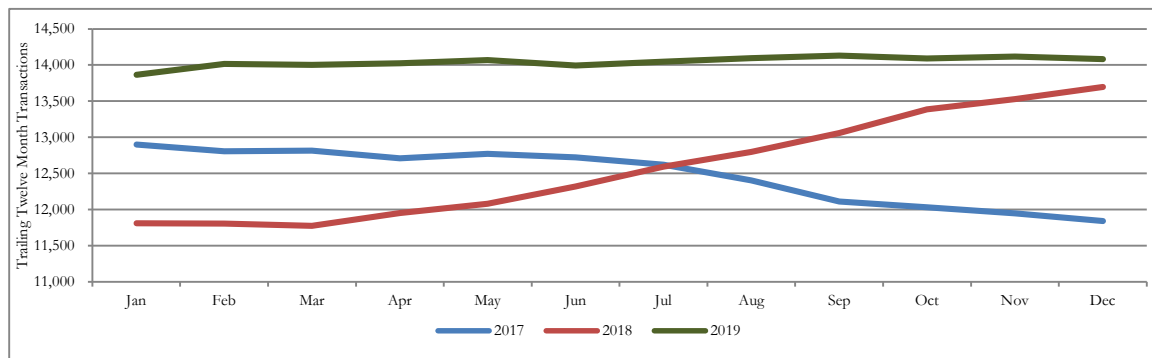
Overall transaction volume (See Chart 1) for 2019 increased 1.7 percent when compared to 2018. Monthly transaction volume, as evidenced in Chart 2, rebounded sharply in 2018 (red line) and has maintained momentum in 2019 (green line).

**Chart 1: Annual M&A Transaction Volume**



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

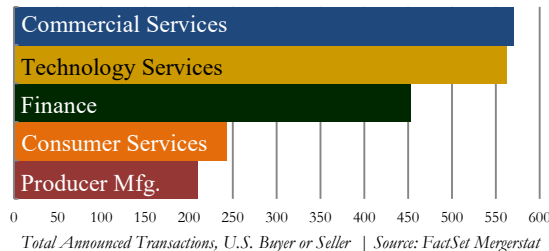
**Chart 2: Monthly (Trailing Twelve Month Total) M&A Transaction Volume**



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 December 31, 2019. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Health Technology, Industrial Services, and Process Industries.



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

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- Waterview Investment Banking serves client companies with revenue between \$10 million and \$200 million:
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Q1 2020

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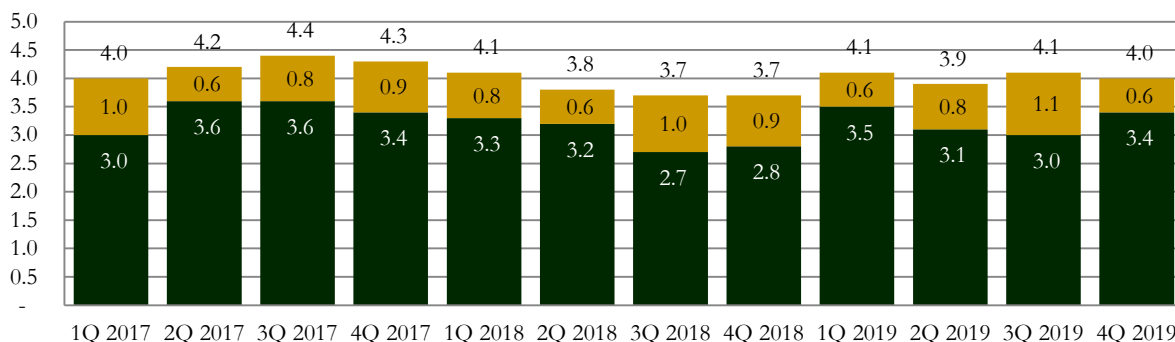
#### Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2014	2015	2016	2017	2018	2019	Average	Std Dev	N =
10-25	5.5	5.9	5.8	6.3	5.9	6.1	5.7	1.6	1,332
25-50	6.2	6.6	6.4	6.6	6.9	7.0	6.4	1.7	1,013
50-100	6.7	7.8	7.2	8.2	8.9	7.4	7.2	1.9	696
100-250	7.3	9.0	8.8	9.1	8.8	9.5	8.1	2.2	357
<b>Average</b>	<b>6.1</b>	<b>6.7</b>	<b>6.7</b>	<b>7.3</b>	<b>7.2</b>	<b>7.2</b>	<b>6.5</b>	<b>1.9</b>	
<b>N =</b>	<b>2,111</b>	<b>245</b>	<b>240</b>	<b>258</b>	<b>270</b>	<b>274</b>			<b>3,398</b>

Source: GF Data® M&A Report, February 2020. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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

Subordinated Debt  
Senior Debt



Source: GF Data® Leverage Report, February 2020. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

#### Senior Debt Pricing

TEV (\$Millions)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
10-25	5.8%	5.5%	7.3%	5.3%	6.4%	5.4%	6.4%	5.1%
25-50	4.9%	5.9%	5.5%	6.1%	6.0%	5.5%	5.2%	5.6%
50-100	5.1%	7.0%	5.0%	6.5%	6.2%	5.3%	5.6%	6.1%
100-250	4.5%	6.7%	5.2%	5.3%	7.4%	6.2%	5.0%	6.4%
<b>Total</b>	<b>5.3%</b>	<b>6.1%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>6.2%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.6%</b>
<b>N =</b>	<b>48</b>	<b>35</b>	<b>48</b>	<b>39</b>	<b>61</b>	<b>44</b>	<b>36</b>	<b>42</b>

#### Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
10-25	11.4%	11.8%	11.8%	11.7%	12.7%	11.4%	12.1%	11.7%
25-50	11.1%	10.1%	11.3%	11.2%	11.7%	11.1%	11.5%	11.0%
50-100	9.5%	11.3%	11.2%	10.4%	11.8%	10.7%	11.0%	10.3%
100-250	9.6%	11.5%	10.8%	10.7%	10.5%	10.0%	9.9%	14.0%
<b>Total</b>	<b>10.8%</b>	<b>11.0%</b>	<b>11.3%</b>	<b>11.1%</b>	<b>11.7%</b>	<b>11.1%</b>	<b>11.0%</b>	<b>11.0%</b>
<b>N =</b>	<b>30</b>	<b>19</b>	<b>32</b>	<b>26</b>	<b>28</b>	<b>28</b>	<b>23</b>	<b>19</b>

90-Day LIBOR	2.3%	2.3%	2.4%	2.8%	2.6%	2.3%	2.1%	1.9%
Spread vs. LIBOR	3.0%	3.8%	3.4%	3.1%	3.6%	3.2%	3.5%	3.7%

Source: GF Data® Leverage Report, February 2020. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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