

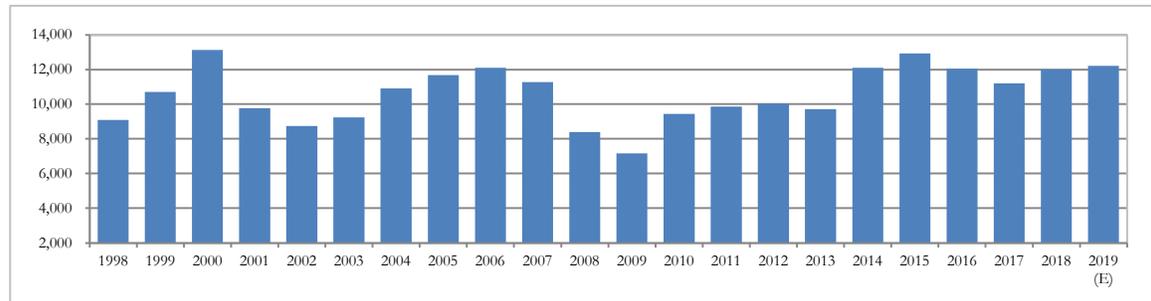
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

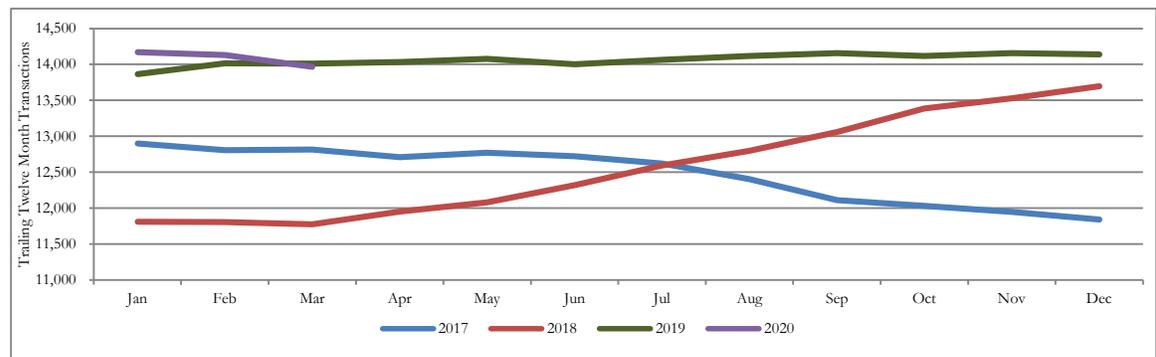
Overall transaction volume (See Chart 1) for 2019 increased 1.7 percent when compared to 2018. Monthly transaction volume, as evidenced in Chart 2, rebounded sharply in 2018 (red line), maintained momentum in 2019 (green line), and moderated slightly in Q1 (purple line).

Chart 1: Annual M&A Transaction Volume



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

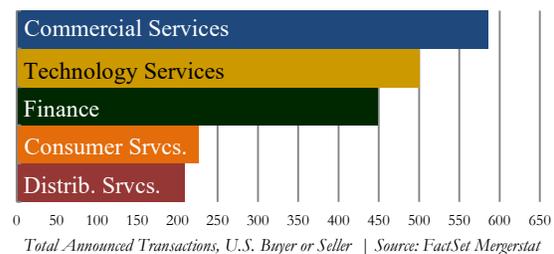
Chart 2: Monthly (Trailing Twelve Month Total) M&A Transaction Volume



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 March 31, 2020. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Producer Manufacturing, Health Services, Electronic Technology, Industrial Services, and Process Industries.



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

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Q2 2020

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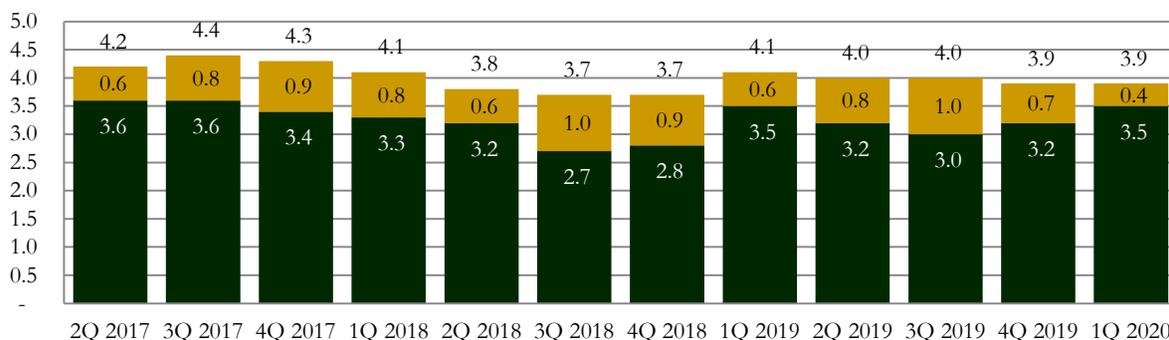
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2015	2016	2017	2018	2019	Q1 2020	Average	Std Dev	N =
10-25	5.6	5.8	6.3	5.9	6.1	5.7	5.7	1.6	1,369
25-50	6.2	6.4	6.6	6.9	7.0	6.9	6.4	1.7	1,044
50-100	6.8	7.2	8.2	8.9	7.6	8.1	7.2	1.9	715
100-250	7.4	8.8	9.1	8.7	9.4	9.6	8.1	2.1	370
Average	6.2	6.7	7.3	7.2	7.1	7.4	6.5	1.9	
N =	2,360	242	261	281	292	62			3,498

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

Senior Debt Pricing

TEV (\$Millions)	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
10-25	5.5%	7.2%	5.3%	6.4%	5.3%	6.4%	5.1%	5.7%
25-50	5.9%	5.5%	6.1%	6.0%	5.6%	5.2%	5.5%	5.0%
50-100	7.0%	5.0%	6.5%	6.2%	5.5%	5.6%	6.1%	5.9%
100-250	6.7%	5.4%	5.3%	7.4%	6.2%	5.0%	6.4%	6.1%
Total	6.1%	5.9%	5.9%	6.2%	5.5%	5.5%	5.5%	5.7%
N =	35	50	41	61	48	36	45	43

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
10-25	11.8%	11.8%	11.7%	12.7%	11.4%	12.1%	11.5%	11.5%
25-50	10.1%	11.3%	11.4%	11.7%	11.3%	11.5%	11.0%	10.7%
50-100	11.3%	11.2%	10.4%	11.8%	10.7%	11.0%	10.3%	11.8%
100-250	11.5%	10.8%	10.7%	10.5%	10.0%	9.9%	14.0%	10.5%
Total	11.0%	11.3%	11.2%	11.7%	11.2%	11.0%	11.0%	11.1%
N =	19	34	28	28	31	24	21	18

90-Day LIBOR
Spread vs. LIBOR

90-Day LIBOR	2.3%	2.4%	2.8%	2.6%	2.3%	2.1%	1.9%	1.5%
Spread vs. LIBOR	8.7%	8.9%	8.4%	9.1%	8.9%	8.9%	9.1%	9.7%

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

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