

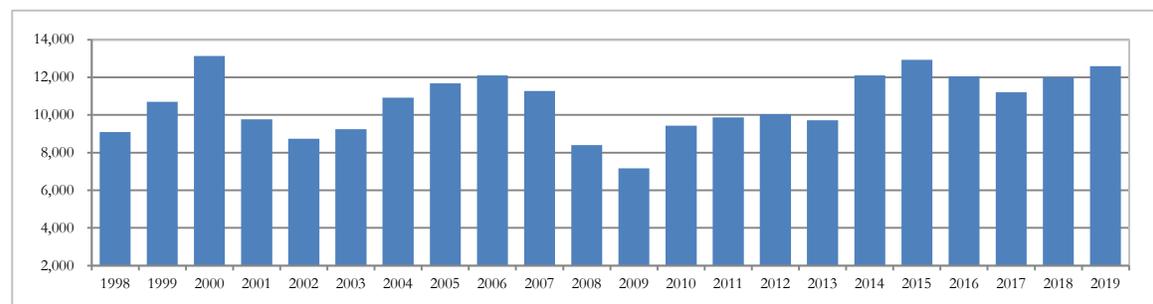
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

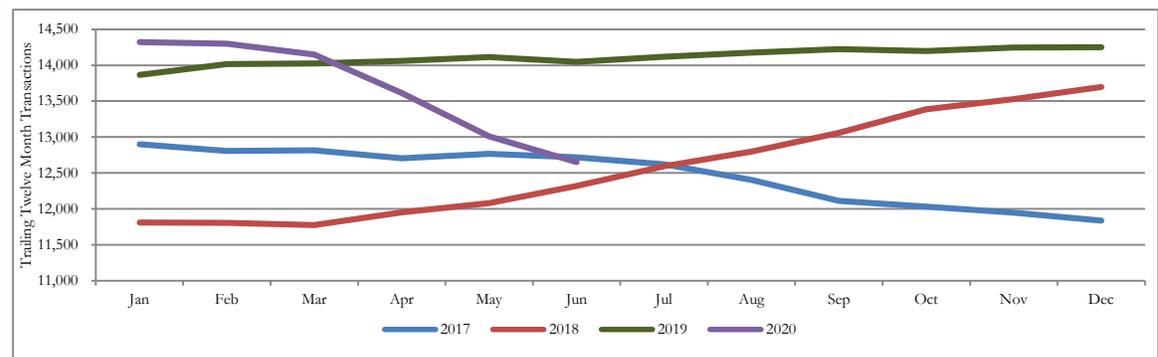
Overall transaction volume (See Chart 1) for 2019 remained statistically unchanged when compared to 2018. Monthly transaction volume, as evidenced in Chart 2, rebounded sharply in 2018 (red line), maintained momentum in 2019 (green line), and moderated slightly in Q1 and declined in Q2 (purple line).

Chart 1: Annual M&A Transaction Volume



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

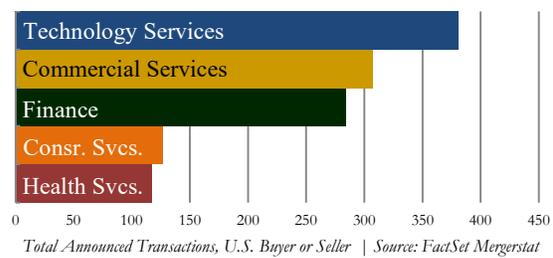
Chart 2: Monthly (Trailing Twelve Month Total) M&A Transaction Volume



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 June 30, 2020. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Technology, Producer Manufacturing, Industrial Services, and Process Industries.



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

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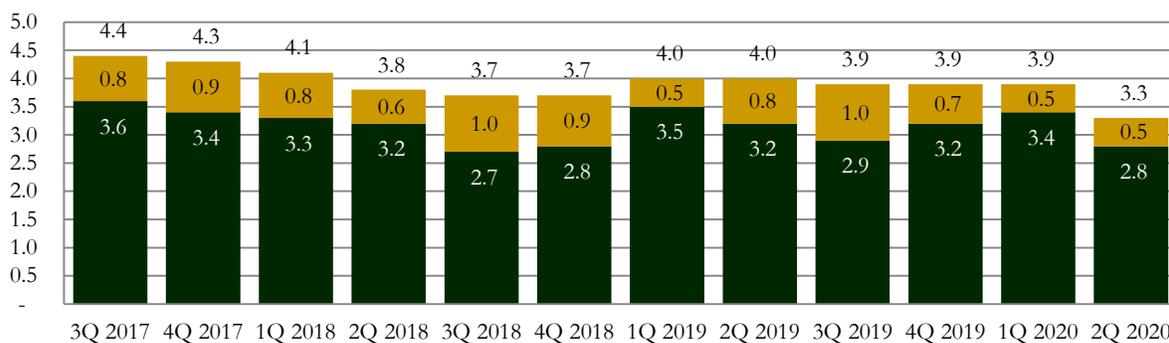
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2015	2016	2017	2018	2019	YTD 2020	Average	Std Dev	N =
10-25	5.6	5.8	6.3	5.9	6.1	5.9	5.7	1.6	1,399
25-50	6.2	6.4	6.6	6.9	6.9	6.8	6.4	1.7	1,067
50-100	6.8	7.2	8.2	8.8	7.5	8.3	7.3	1.9	728
100-250	7.4	8.8	9.1	8.7	9.4	9.5	8.2	2.1	379
Average	6.2	6.7	7.2	7.2	7.1	7.4	6.5	1.9	
N =	2,361	243	267	288	301	113			3,573

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

Senior Debt Pricing

TEV (\$Millions)	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
10-25	7.1%	5.3%	6.4%	5.3%	6.2%	5.1%	5.8%	8.3%
25-50	5.5%	6.1%	6.0%	5.6%	5.2%	5.5%	5.0%	5.7%
50-100	5.0%	6.5%	6.2%	5.5%	5.6%	6.0%	6.1%	4.2%
100-250	5.4%	5.3%	7.4%	6.2%	5.0%	6.4%	5.7%	4.4%
Total	5.9%	5.9%	6.2%	5.5%	5.5%	5.5%	5.6%	6.0%
N =	52	42	61	49	38	48	54	20

90-Day LIBOR	2.4%	2.8%	2.6%	2.3%	2.1%	1.9%	1.5%	0.3%
Spread vs. LIBOR	3.5%	3.1%	3.6%	3.2%	3.5%	3.6%	4.2%	5.7%

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

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
10-25	11.8%	11.7%	12.7%	11.4%	12.1%	11.6%	11.0%	10.5%
25-50	11.3%	11.4%	11.7%	11.4%	11.5%	11.0%	11.1%	12.0%
50-100	11.1%	10.4%	11.8%	10.7%	11.0%	10.6%	11.6%	10.3%
100-250	10.8%	10.7%	10.5%	10.0%	9.9%	14.0%	10.4%	10.0%
Total	11.3%	11.2%	11.7%	11.3%	11.1%	11.1%	11.0%	10.6%
N =	35	28	28	32	25	23	25	10

90-Day LIBOR	2.4%	2.8%	2.6%	2.3%	2.1%	1.9%	1.5%	0.3%
Spread vs. LIBOR	8.9%	8.4%	9.1%	8.9%	9.0%	9.2%	9.6%	10.3%

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

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