

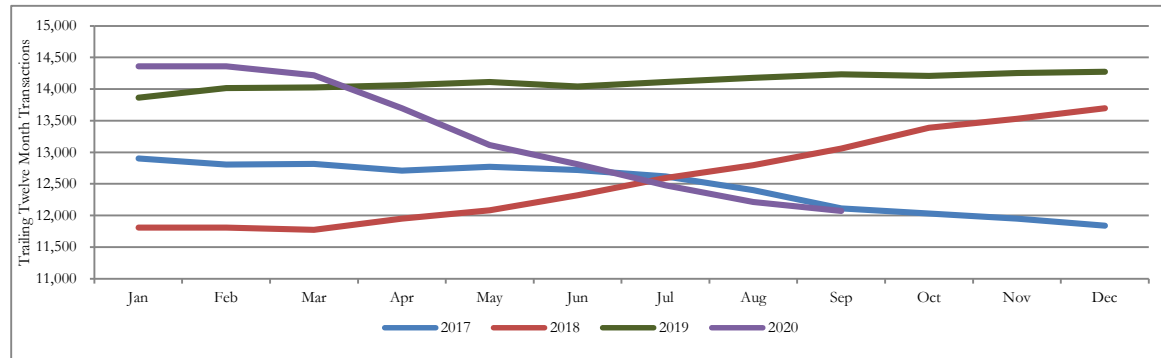
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

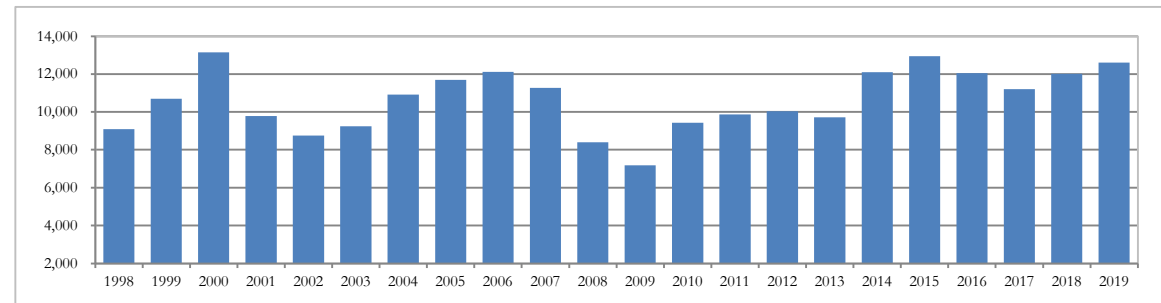
Monthly transaction volume, as evidenced in Chart 1, maintained momentum throughout 2019 (green line), and declined significantly in Q2 and Q3 of 2020 (purple line). Please note that the M & A market (despite the downturn) is at the same activity level observed in late 2017/early 2018.

Chart 1: Trailing Twelve Month (TTM) Total M&A Transaction Volume



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

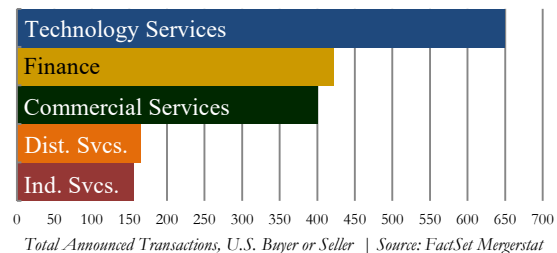
Chart 2: Annual M&A Transaction Volume



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 September 30, 2020. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Producer Manufacturing, Consumer Services, Health Services, Health Technology, and Retail Trade.



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

For further information:
Larry S. Starks
Senior Managing Director
Waterview Investment Banking, Inc.
12770 Coit Road, Suite 1218
Dallas, Texas 75251
Office: 469-916-3937
Direct: 469-916-3935
larry.starks@waterview-ib.com

www.waterview-ib.com

© Waterview Investment Banking, Inc.

**Waterview is a Financial Advisory Services firm focused on
Investment Banking and Valuation Services**

- Waterview Investment Banking serves client companies with revenue between \$10 million and \$200 million:
 - Sell Side Representation (marketing to both strategic and financial buyers)
 - Capital Sourcing (senior debt, mezzanine and equity)
 - Valuation (to support exit planning strategies)

Q4 2020

THE MARKET

FOR PRIVATELY HELD COMPANIES

© Waterview Investment Banking, Inc.

Topics Relevant to Middle Market Mergers & Acquisitions

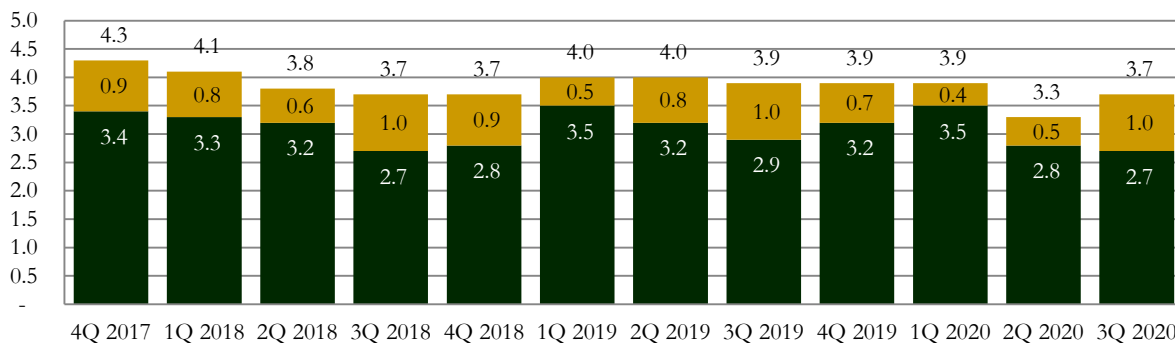
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

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	6.1	5.7	1.6	1,432
25-50	6.2	6.4	6.6	6.9	6.9	6.8	6.4	1.7	1,081
50-100	6.8	7.2	8.2	8.8	7.5	8.1	7.3	1.9	736
100-250	7.4	8.8	9.1	8.7	9.4	9.1	8.2	2.1	385
Average	6.2	6.7	7.2	7.2	7.1	7.2	6.5	1.9	
N =	2,361	243	267	289	302	172			3,634

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

Senior Debt Pricing

TEV (\$Millions)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
10-25	5.3%	6.4%	5.3%	6.2%	5.1%	5.4%	8.3%	5.6%
25-50	6.1%	6.0%	5.6%	5.2%	5.5%	5.0%	5.5%	4.3%
50-100	6.5%	6.2%	5.5%	5.6%	6.0%	6.1%	4.2%	6.0%
100-250	5.3%	7.4%	6.2%	5.0%	6.4%	5.7%	4.4%	8.0%
Total	5.9%	6.3%	5.5%	5.5%	5.5%	5.5%	5.8%	5.7%
N =	42	62	49	38	48	57	21	33

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
10-25	11.7%	12.7%	11.4%	12.1%	11.6%	11.5%	10.5%	11.2%
25-50	11.4%	11.7%	11.4%	11.5%	11.0%	11.1%	12.0%	11.0%
50-100	10.4%	11.8%	10.7%	11.0%	10.6%	11.6%	10.3%	12.1%
100-250	10.7%	10.5%	10.0%	9.9%	14.0%	10.4%	10.0%	12.0%
Total	11.2%	11.7%	11.3%	11.1%	11.1%	11.2%	10.7%	11.4%
N =	28	28	32	25	23	25	11	21

90-Day LIBOR	2.8%	2.6%	2.3%	2.1%	1.9%	1.5%	0.3%	0.2%
Spread vs. LIBOR	3.1%	3.7%	3.2%	3.5%	3.6%	4.1%	5.5%	5.5%

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

WATERVIEW INVESTMENT BANKING
M&A ADVISORY ♦ VALUATION ♦ CAPITAL SOURCING