

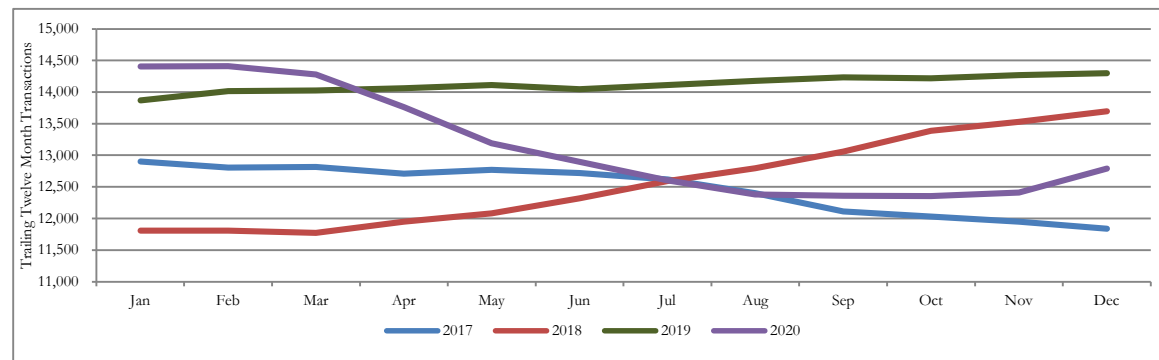
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

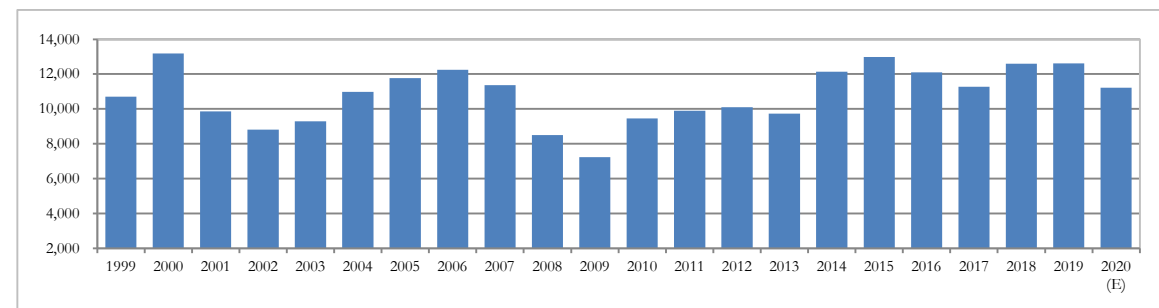
Monthly transaction volume, as evidenced in Chart 1, declined in Q2 and Q3 of 2020 (purple line). Q4 activity returned the M & A market to the same activity level observed in mid 2018.

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



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

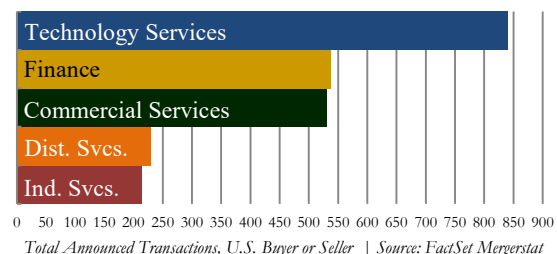
Chart 2: Annual M&A Transaction Volume



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 December 31, 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

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Q1 2021

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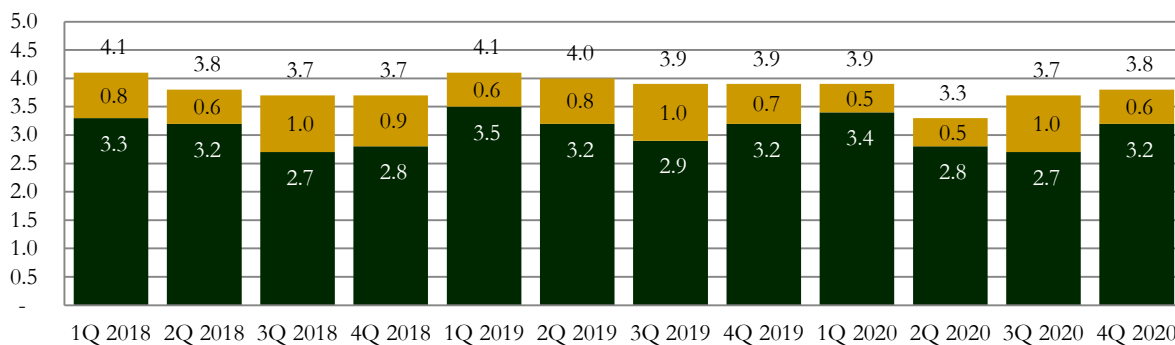
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2015	2016	2017	2018	2019	2020	Average	Std Dev	N =
10-25	5.6	5.8	6.3	5.9	6.2	6.0	5.7	1.6	1,475
25-50	6.2	6.4	6.6	6.9	6.9	6.9	6.4	1.7	1,118
50-100	6.8	7.2	8.2	8.8	7.5	8.1	7.3	1.9	763
100-250	7.4	8.8	9.1	8.7	9.4	8.6	8.2	2.1	403
Average	6.2	6.7	7.2	7.2	7.1	7.1	6.5	1.9	
N =	2,361	243	267	289	308	297			3,765

Source: GF Data® M&A Report, February 2021. 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 2021. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

TEV (\$Millions)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
10-25	6.4%	5.4%	6.2%	5.0%	5.4%	8.3%	5.6%	4.4%
25-50	5.8%	5.5%	5.0%	5.5%	5.2%	5.5%	4.3%	5.1%
50-100	6.3%	5.5%	5.6%	6.0%	6.1%	4.2%	6.6%	4.9%
100-250	7.4%	6.2%	5.0%	6.4%	5.7%	4.4%	8.0%	7.0%
Total	6.2%	5.5%	5.5%	5.5%	5.5%	5.8%	5.8%	5.2%
N =	63	51	39	49	59	21	35	67

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
10-25	12.7%	11.4%	12.1%	11.6%	11.5%	10.5%	11.2%	11.3%
25-50	11.7%	11.5%	11.5%	11.0%	11.0%	12.0%	11.0%	11.2%
50-100	11.8%	10.7%	11.0%	10.6%	11.6%	10.3%	12.1%	11.2%
100-250	10.5%	10.0%	9.9%	14.0%	10.4%	10.0%	12.0%	10.6%
Total	11.7%	11.3%	11.1%	11.1%	11.2%	10.7%	11.4%	11.2%
N =	28	33	25	23	26	11	21	36

90-Day LIBOR	2.6%	2.3%	2.1%	1.9%	1.5%	0.3%	0.2%	0.2%
Spread vs. LIBOR	3.6%	3.2%	3.4%	3.6%	4.1%	5.5%	5.6%	4.9%

Source: GF Data® Leverage Report, February 2021. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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