The Market for Privately Held Companies

Topics Relevant to Middle Market Mergers & Acquisitions

Trailing twelve month transaction activity, while moderating, still exceeds levels observed in 2019 and 2020.

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

Chart 2: Annual M&A Transaction Volume

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, 2022. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Industrial Services, Producer Manufacturing, Retail Trade, Health Services, and Health Technology.

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)
Valuation Multiples

**TEV / EBITDA**

<table>
<thead>
<tr>
<th>TEV ($Millions)</th>
<th>2003-2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Average</th>
<th>Std Dev</th>
<th>N =</th>
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<tbody>
<tr>
<td>10-25</td>
<td>5.7</td>
<td>6.0</td>
<td>6.1</td>
<td>5.9</td>
<td>6.1</td>
<td>6.5</td>
<td>5.9</td>
<td>1.6</td>
<td>1,792</td>
</tr>
<tr>
<td>25-50</td>
<td>6.4</td>
<td>6.9</td>
<td>7.0</td>
<td>6.7</td>
<td>7.2</td>
<td>7.1</td>
<td>6.6</td>
<td>1.8</td>
<td>1,401</td>
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<tr>
<td>50-100</td>
<td>7.3</td>
<td>8.9</td>
<td>7.5</td>
<td>8.0</td>
<td>8.4</td>
<td>8.6</td>
<td>7.7</td>
<td>2.0</td>
<td>965</td>
</tr>
<tr>
<td>100-250</td>
<td>8.0</td>
<td>8.8</td>
<td>9.2</td>
<td>8.7</td>
<td>9.3</td>
<td>9.3</td>
<td>8.5</td>
<td>2.2</td>
<td>527</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>6.5</strong></td>
<td><strong>7.2</strong></td>
<td><strong>7.1</strong></td>
<td><strong>7.0</strong></td>
<td><strong>7.4</strong></td>
<td><strong>7.5</strong></td>
<td><strong>6.8</strong></td>
<td><strong>2.0</strong></td>
<td><strong>4,685</strong></td>
</tr>
</tbody>
</table>

*Source: GF Data® M&A Report. February 2023. 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

2022 YTD Relative Equity Contribution

**For Platform Acquisitions**

**2022 YTD Relative Equity Contribution for Platform Acquisitions**

- Rollover Equity
- Sponsor Equity

*Source: GF Data® Leverage Report. February 2023. Seller Type: Private | Geography: U.S. or Canadian Buyer*