

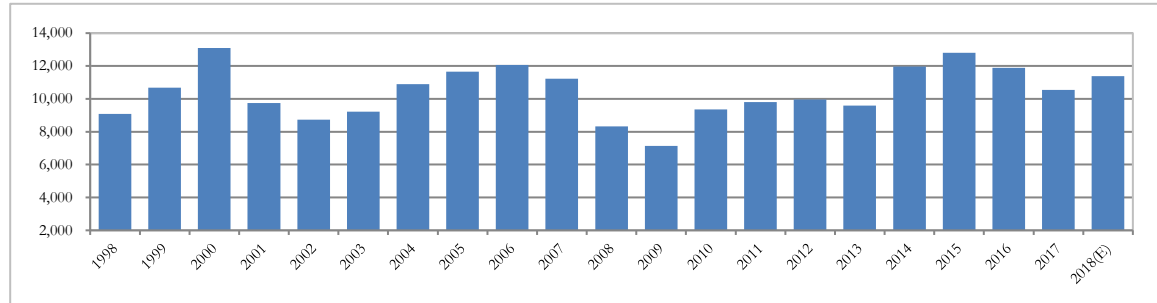
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

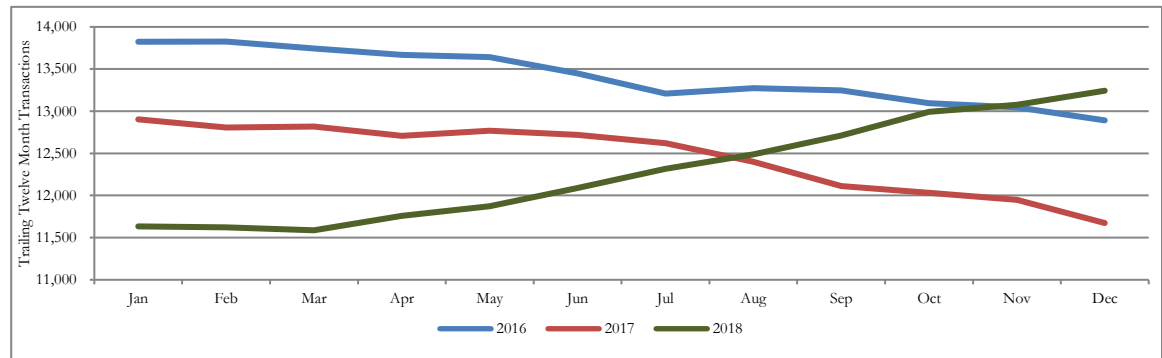
Overall transaction volume (See Chart 1) for the 2018 increased 8.0 percent when compared to 2017. Monthly transaction volume, as evidenced in Chart 2, which had been slowing since January 2016 began to rebound in March 2018 (green line).

Chart 1: Annual M&A Transaction Volume



Total Announced Transactions, U.S. Buyer or Seller | Source: Mergerstat Review 2018

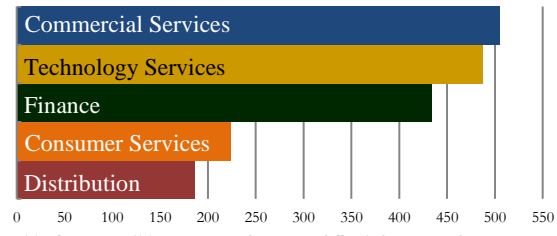
Chart 2: Monthly (Trailing Twelve Month Total) M&A Transaction Volume



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 December 31, 2018. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Producer Manufacturing, Health Technology, Health Services, Industrial Services, and Process Industries.



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

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Q1 2019

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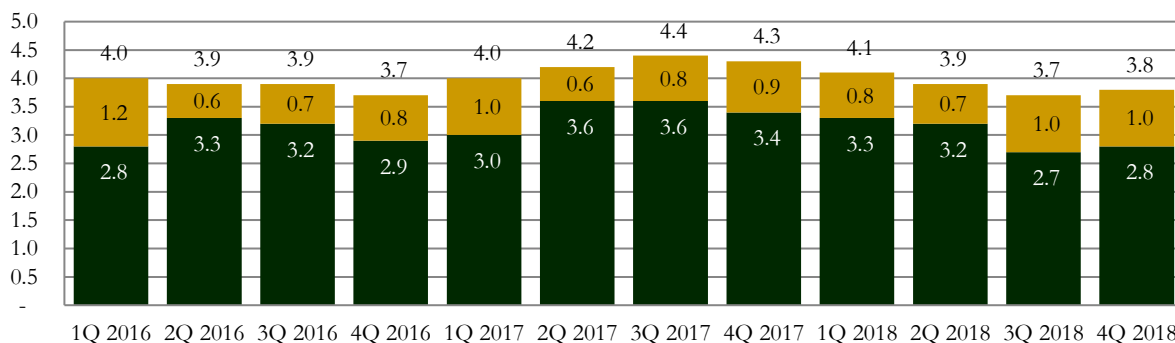
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2013	2014	2015	2016	2017	2018	Average	Std Dev	N =
10-25	5.5	5.5	5.9	5.8	6.3	5.8	5.6	1.6	1,227
25-50	6.1	6.4	6.6	6.4	6.6	6.9	6.3	1.7	916
50-100	6.7	7.6	7.8	7.2	8.2	9.0	7.2	1.9	633
100-250	7.2	7.5	9.0	8.9	9.1	8.8	8.0	2.0	317
Average	6.1	6.4	6.7	6.7	7.3	7.2	6.4	1.9	
N =	1,897	213	244	233	252	254			3,093

Source: GF Data® M&A Report, August 2018. 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, August 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

TEV (\$Millions)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
10-25	4.8%	4.9%	5.8%	5.5%	5.9%	5.5%	7.3%	5.2%
25-50	5.4%	5.3%	5.2%	5.5%	4.9%	5.9%	5.5%	6.1%
50-100	5.5%	6.2%	5.4%	6.0%	5.1%	7.0%	5.0%	6.5%
100-250	5.0%	6.8%	6.0%	5.4%	4.5%	6.7%	5.2%	5.3%
Total	5.2%	5.7%	5.6%	5.6%	5.4%	6.1%	5.8%	5.9%
N =	54	37	37	43	46	33	48	38

90-Day LIBOR	1.1%	1.3%	1.3%	1.7%	2.3%	2.3%	2.4%	2.8%
Spread vs. LIBOR	4.1%	4.4%	4.3%	3.9%	3.1%	3.8%	3.4%	3.1%

Source: GF Data® Leverage Report, August 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
10-25	11.8%	13.3%	11.8%	11.5%	11.4%	11.5%	11.8%	11.7%
25-50	11.2%	11.2%	11.1%	11.7%	11.1%	10.2%	11.3%	11.2%
50-100	11.2%	11.3%	10.8%	11.4%	9.5%	11.3%	11.2%	10.4%
100-250	NA	11.0%	10.2%	10.6%	9.6%	11.5%	10.8%	10.7%
Total	11.4%	11.7%	11.0%	11.3%	10.8%	11.0%	11.3%	11.1%
N =	29	21	20	31	30	17	32	26

90-Day LIBOR	1.1%	1.3%	1.3%	1.7%	2.3%	2.3%	2.4%	2.8%
Spread vs. LIBOR	10.3%	10.4%	9.7%	9.6%	8.5%	8.6%	8.9%	8.3%

Source: GF Data® Leverage Report, August 2018. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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