

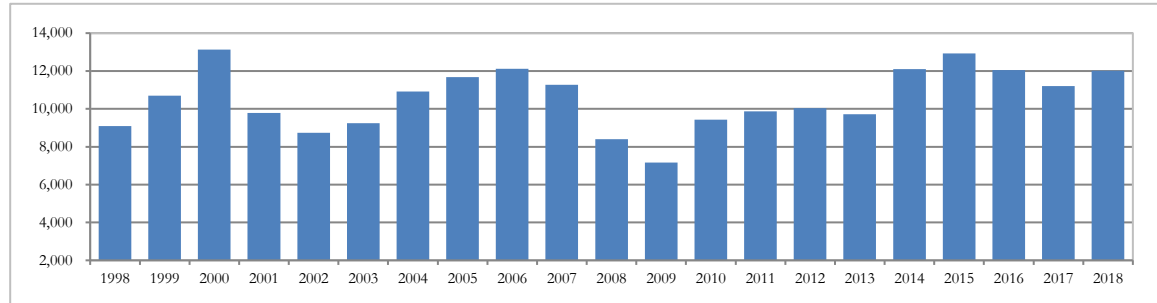
THE MARKET

FOR PRIVATELY HELD COMPANIES

Topics Relevant to Middle Market Mergers & Acquisitions

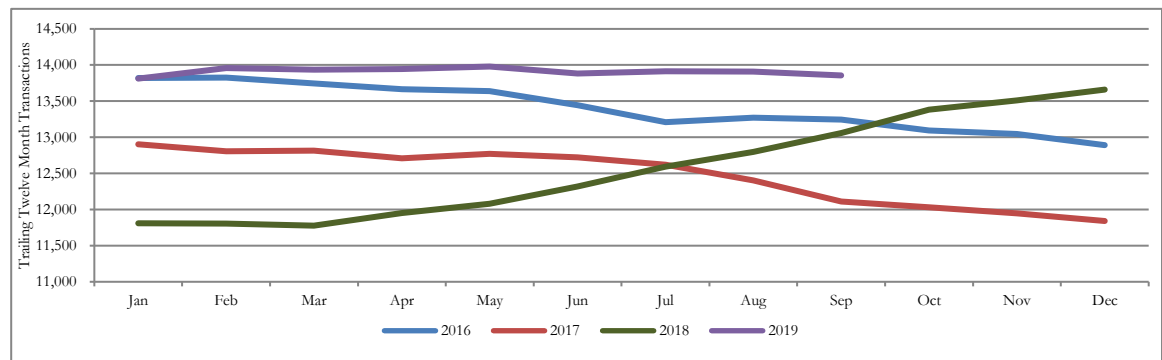
Overall transaction volume (See Chart 1) for 2018 increased 7.0 percent when compared to 2017. Monthly transaction volume, as evidenced in Chart 2, rebounded sharply in 2018 (green line) and has maintained momentum in 2019 (purple line).

Chart 1: Annual M&A Transaction Volume



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

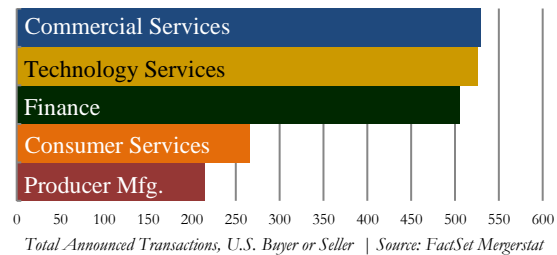
Chart 2: Monthly (Trailing Twelve Month Total) M&A Transaction Volume



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 September 30, 2019. In addition to those listed in the chart, the following sectors also exhibited high transaction volume: Distribution Services, Health Services, Health Technology, Industrial Services, and Process Industries.



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 2019

THE MARKET

FOR PRIVATELY HELD COMPANIES

© Waterview Investment Banking, Inc.

Topics Relevant to Middle Market Mergers & Acquisitions

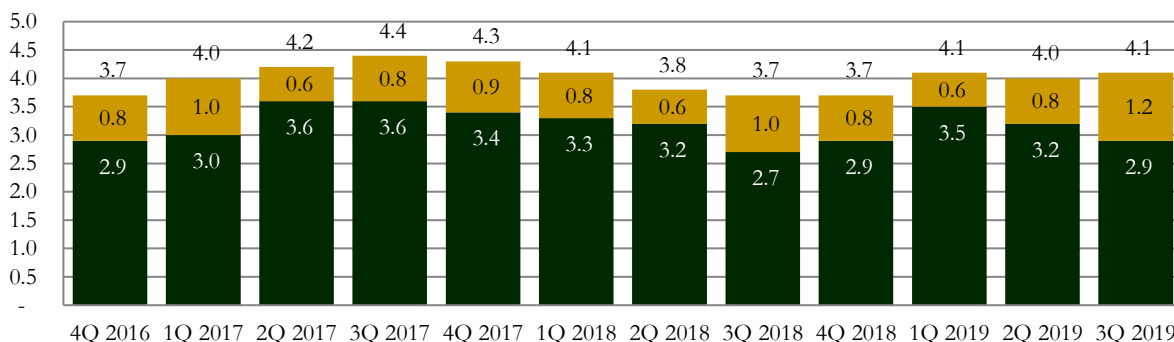
Valuation Multiples TEV / EBITDA Private Equity Sponsored M&A Transactions

TEV (\$Millions)	2003-2014	2015	2016	2017	2018	YTD 2019	Average	Std Dev	N =
10-25	5.5	5.9	5.8	6.3	5.9	6.2	5.7	1.6	1,308
25-50	6.2	6.6	6.4	6.6	6.9	6.9	6.3	1.7	983
50-100	6.7	7.8	7.2	8.2	8.9	7.5	7.2	1.9	676
100-250	7.3	9.0	8.9	9.1	8.8	9.6	8.1	2.1	343
Average	6.1	6.7	6.7	7.3	7.2	7.2	6.4	1.9	
N =	2,111	245	237	255	265	197			3,310

Source: GF Data® M&A Report, November 2019. 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 2019. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Senior Debt Pricing

TEV (\$Millions)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
10-25	5.5%	5.8%	5.5%	7.3%	5.2%	6.4%	5.5%	6.4%
25-50	5.5%	4.9%	6.0%	5.5%	6.1%	6.0%	5.6%	5.0%
50-100	6.0%	5.1%	7.0%	5.0%	6.5%	6.2%	5.4%	5.3%
100-250	5.4%	4.5%	6.7%	5.2%	5.3%	7.6%	6.2%	5.0%
Total	5.6%	5.3%	6.1%	5.8%	5.9%	6.3%	5.6%	5.4%
N =	43	48	34	48	38	56	40	33

90-Day LIBOR	1.7%	2.3%	2.3%	2.4%	2.8%	2.6%	2.3%	2.1%
Spread vs. LIBOR	3.9%	3.0%	3.8%	3.4%	3.1%	3.7%	3.2%	3.4%

Source: GF Data® Leverage Report, November 2019. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

Subordinated Debt Average Coupons & Spreads

TEV (\$Millions)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
10-25	11.5%	11.4%	11.8%	11.8%	11.7%	12.7%	11.4%	12.1%
25-50	11.7%	11.1%	10.2%	11.3%	11.2%	11.7%	11.0%	11.5%
50-100	11.4%	9.5%	11.3%	11.2%	10.4%	12.0%	10.9%	11.0%
100-250	10.6%	9.6%	11.5%	10.8%	10.7%	10.2%	10.0%	9.9%
Total	11.3%	10.8%	11.1%	11.3%	11.1%	11.8%	11.1%	11.0%
N =	31	30	18	32	26	26	26	23

90-Day LIBOR	1.7%	2.3%	2.3%	2.4%	2.8%	2.6%	2.3%	2.1%
Spread vs. LIBOR	9.6%	8.5%	8.7%	8.9%	8.3%	9.2%	8.8%	8.9%

Source: GF Data® Leverage Report, November 2019. Seller Type: Private | Multiple Range: 3x - 15x | Geography: U.S. or Canadian Buyer

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