



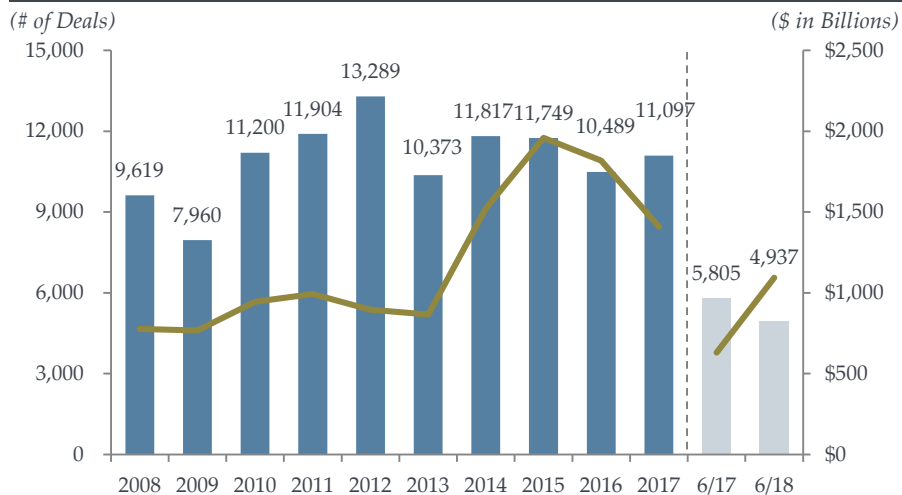
# **M&A MARKET OVERVIEW**

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*July 2018*

# M&A ACTIVITY RELATIVELY STEADY AS VALUATIONS INCREASE

## TOTAL U.S. M&A ACTIVITY



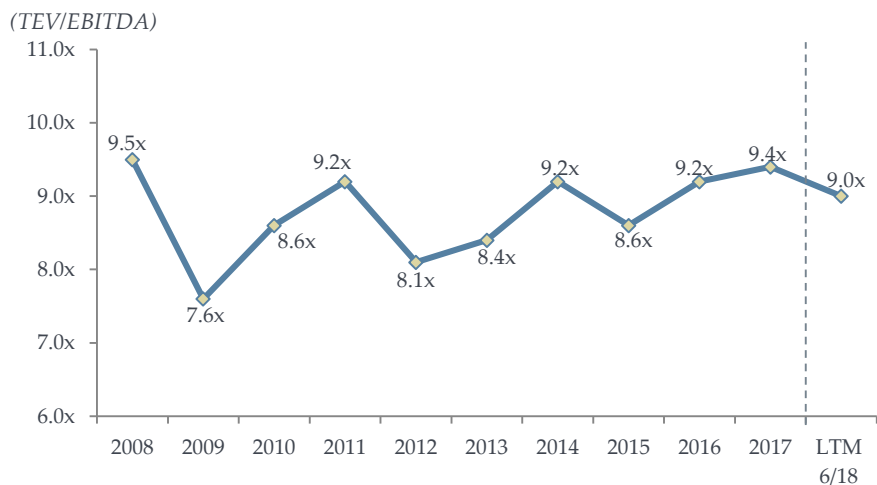
Source: Dealogic # of Deals Deal Value YTD YTD

## MIDDLE-MARKET U.S. M&A ACTIVITY



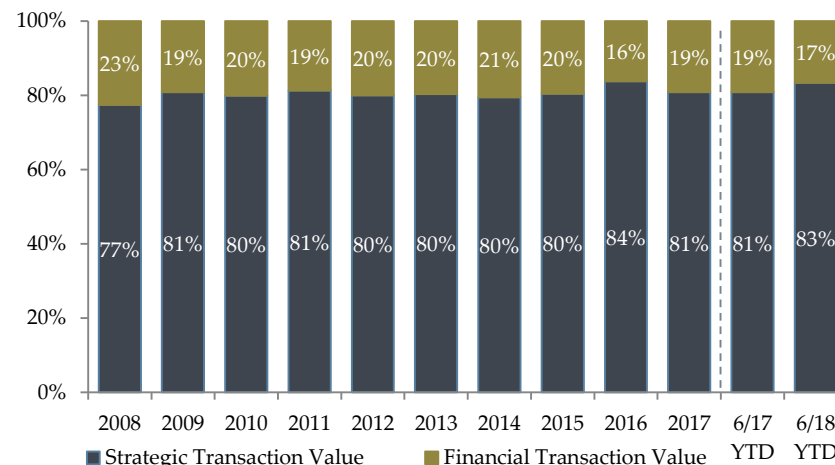
Source: Dealogic (1) # of Deals Deal Value YTD YTD

## MEDIAN MIDDLE-MARKET PURCHASE MULTIPLES



Source: Dealogic (1)

## STRENGTH FROM ALL BUYERS IN THE MIDDLE MARKET



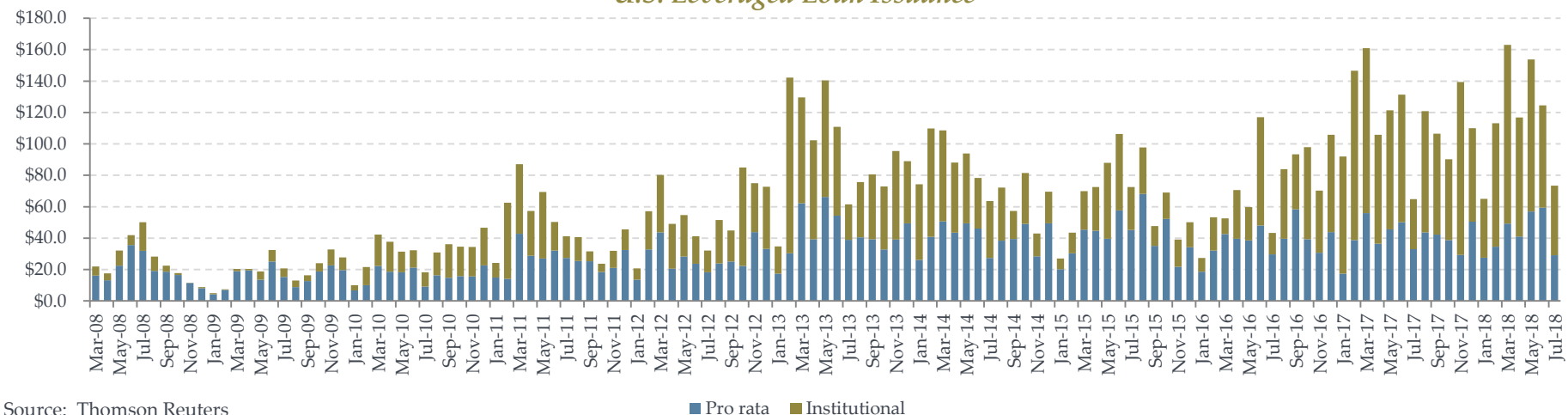
Source: Dealogic (1)

# FINANCING MARKETS REMAIN STRONG

## FINANCING ACTIVITY

(\$ in Billions)

### U.S. Leveraged Loan Issuance



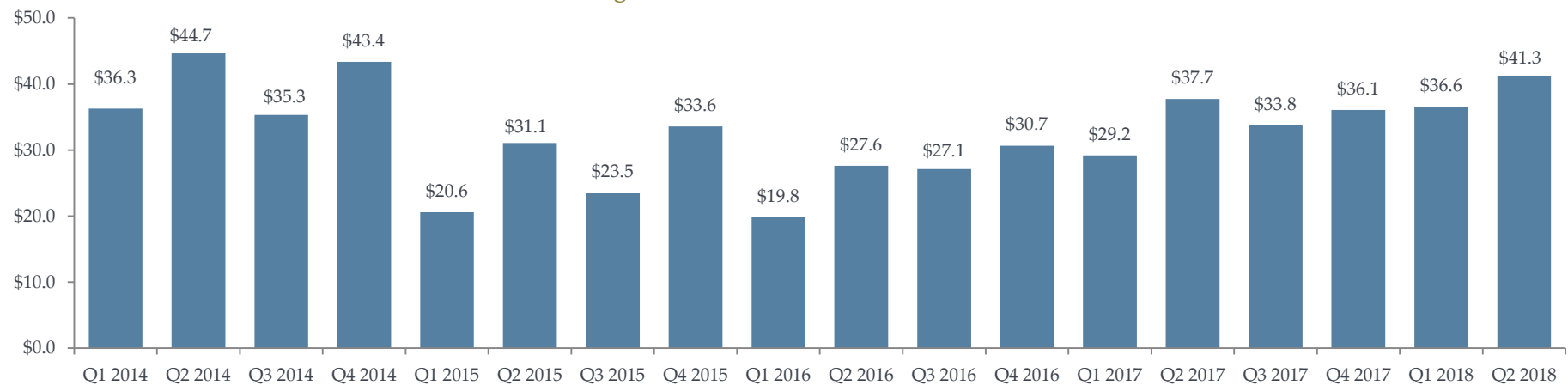
Source: Thomson Reuters

■ Pro rata ■ Institutional

## LARGE MIDDLE-MARKET CAPITAL MARKETS

(\$ in Billions)

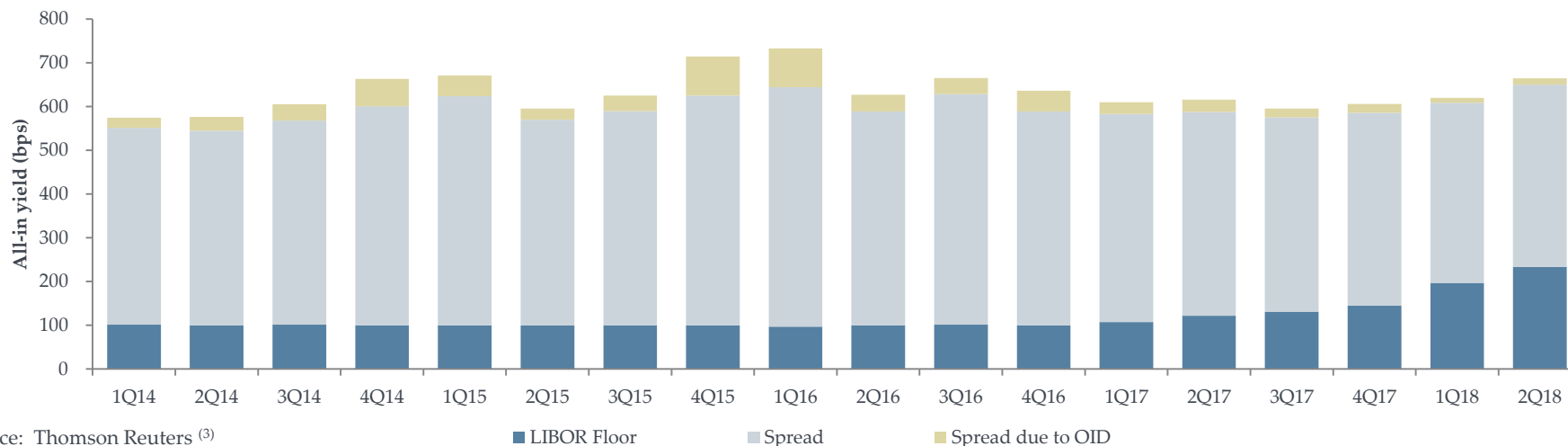
### Large U.S. Middle-Market Loan Volume



Source: Thomson Reuters (2)

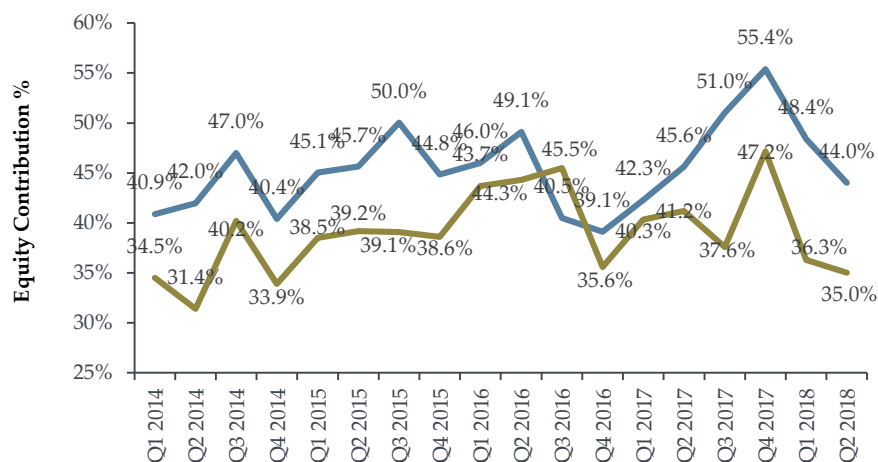
# LEVERAGE AVAILABILITY & PRICING REMAIN ATTRACTIVE

## MIDDLE-MARKET TERM LOAN YIELDS



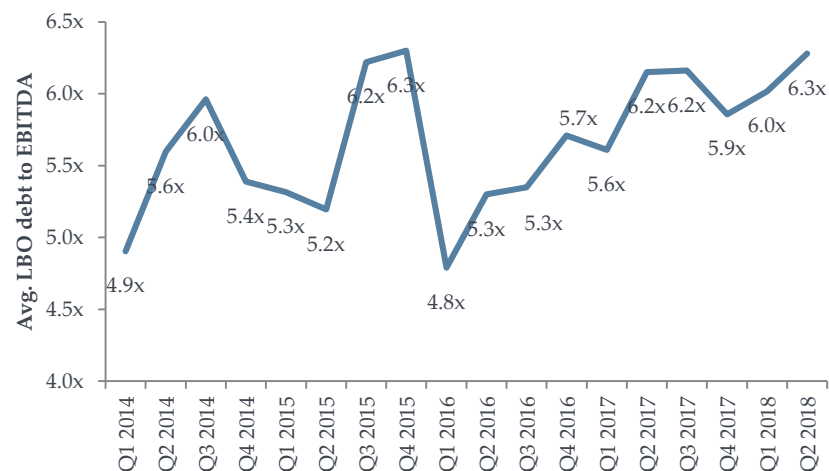
Source: Thomson Reuters <sup>(3)</sup>

## EQUITY CONTRIBUTION COMPARISON



Source: Thomson Reuters <sup>(3)</sup>

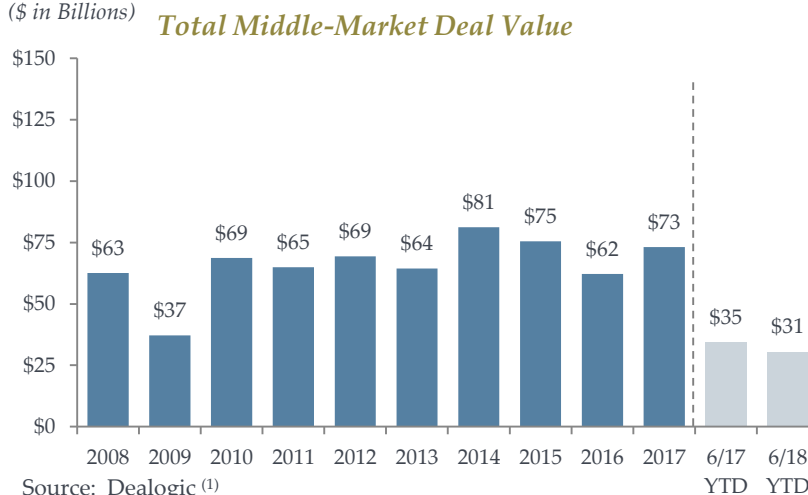
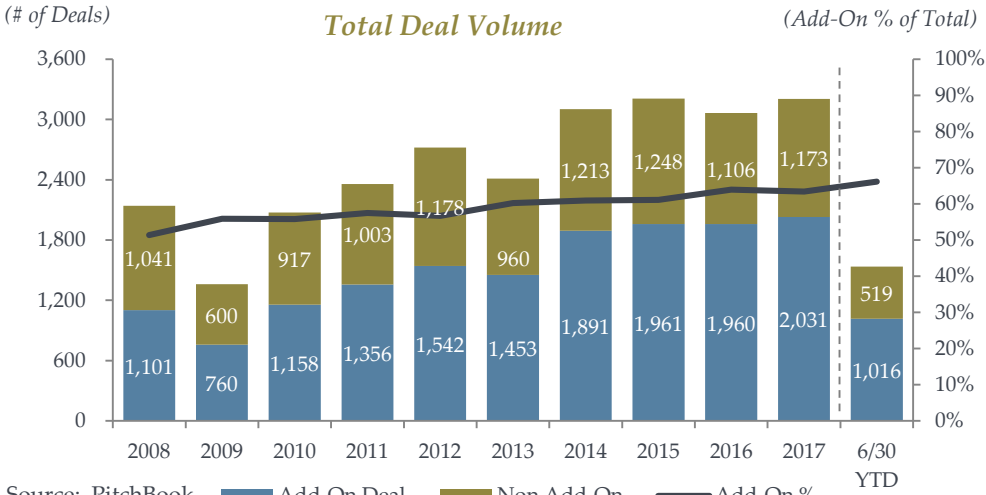
## MIDDLE-MARKET LEVERAGE MULTIPLES



Sources: Thomson Reuters <sup>(3)</sup>

# FINANCIAL SPONSORS REMAIN ACTIVE WITH CAPITAL TO DEPLOY

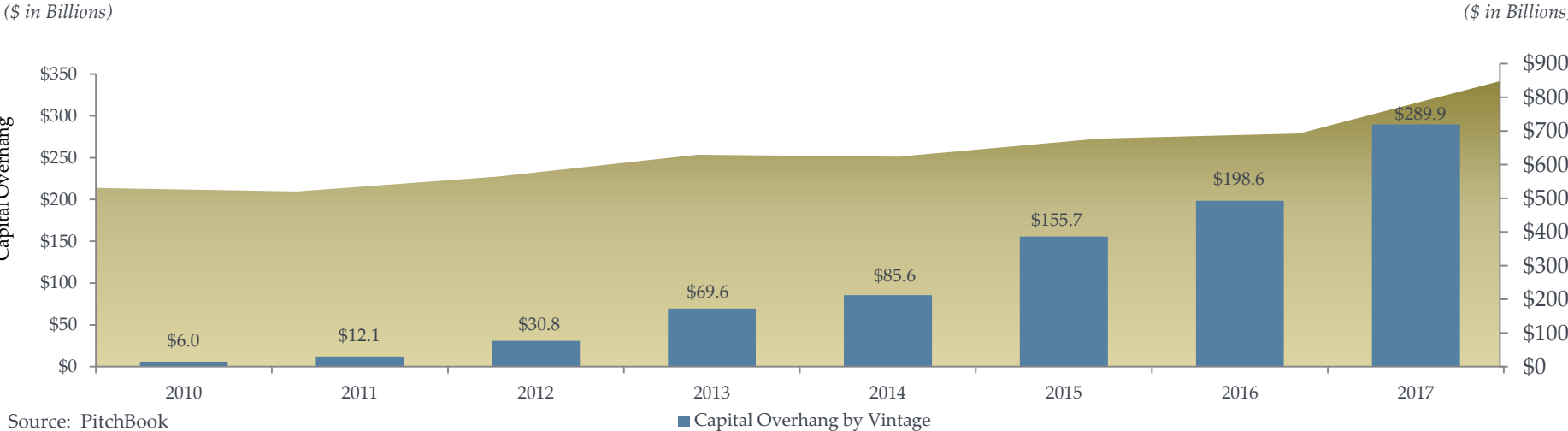
## PRIVATE EQUITY M&A ACTIVITY



Source: PitchBook

Source: Dealogic (1)

## REALLOCATION OF OVERHANG TO NEXT VINTAGE OF FUNDS

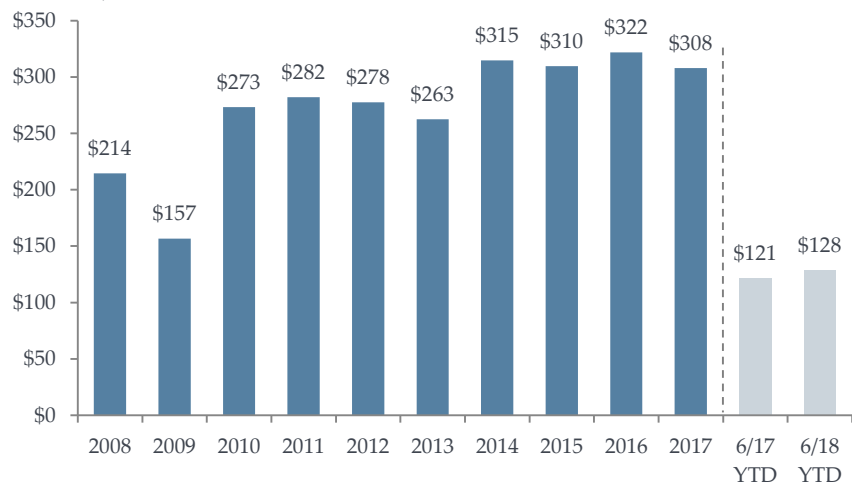


Source: PitchBook

# STRATEGIC BUYERS ARE LOOKING TO M&A TO AUGMENT GROWTH

## CORPORATE M&A ACTIVITY

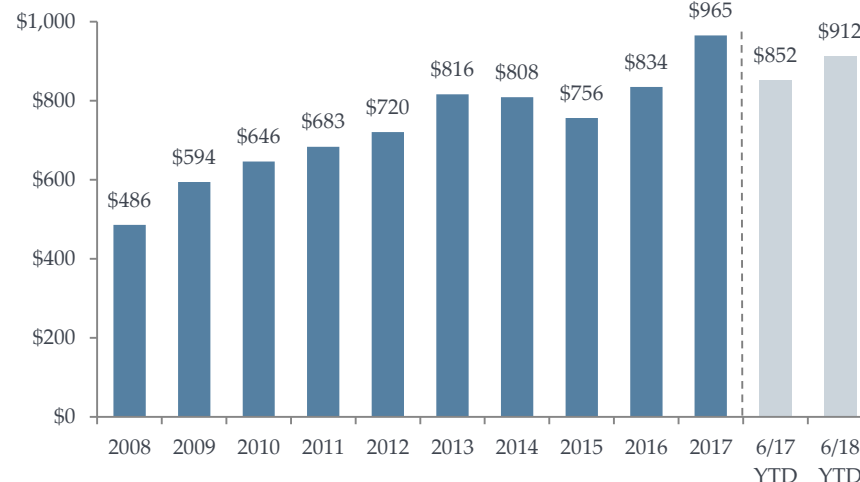
(Deal Value, \$ in Billions)



Source: Dealogic

## CORPORATIONS HAVE HEALTHY CASH BALANCES

(\$ in Billions)

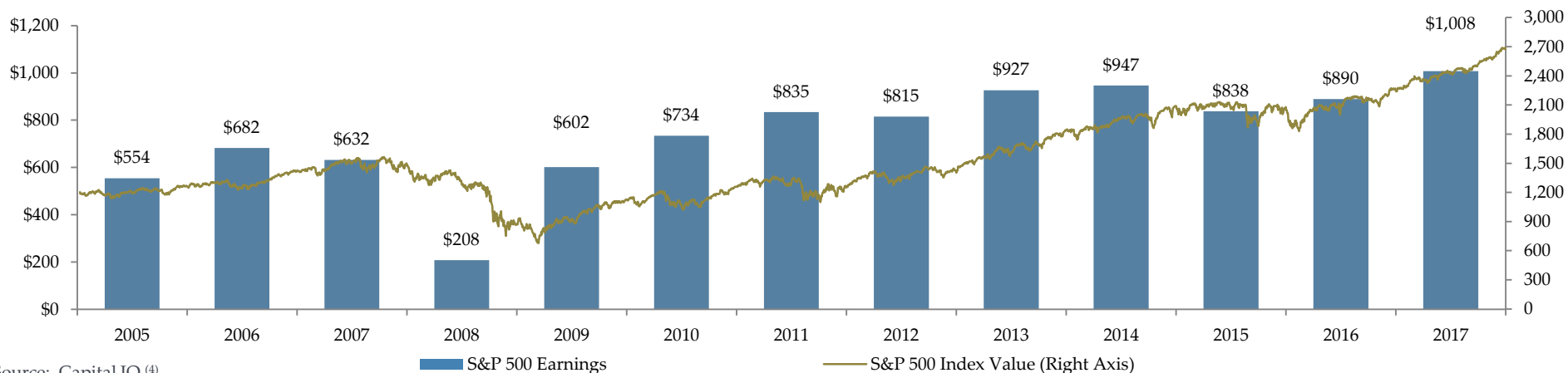


Source: Capital IQ <sup>(4)</sup>

## STABLE CORPORATE EARNINGS AND RISING PUBLIC MARKETS OVER THE PAST 5 YEARS

(\$ in Billions)

(S&P Index Value)



Source: Capital IQ <sup>(4)</sup>

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## SOURCES AND DEFINED TERMS

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### *Sources*

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- Dealogic: Data as of July 29, 2018 for transactions June 30, 2018
- Thomson Reuters: Data through July 2018
- Capital IQ: Data as of July 29, 2018 for transactions through June 30, 2018
- Pitchbook: Data through June 30, 2018

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### *Footnotes and Defined Terms*

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- (1) Dealogic: Middle Market is defined as transactions under \$1 billion
- (2) Thomson Reuters: Traditional Middle Market defined as deal size <=\$100 million; Large Middle Market defined as deal size >\$100 million and <=\$500 million
- (3) Thomson Reuters: Middle Market defined as deals with an average EBITDA around \$50 million (\$40-\$80 million EBITDA range)
- (4) Capital IQ: Represents current members of S&P 500; excludes banks, insurance companies and REITs

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