

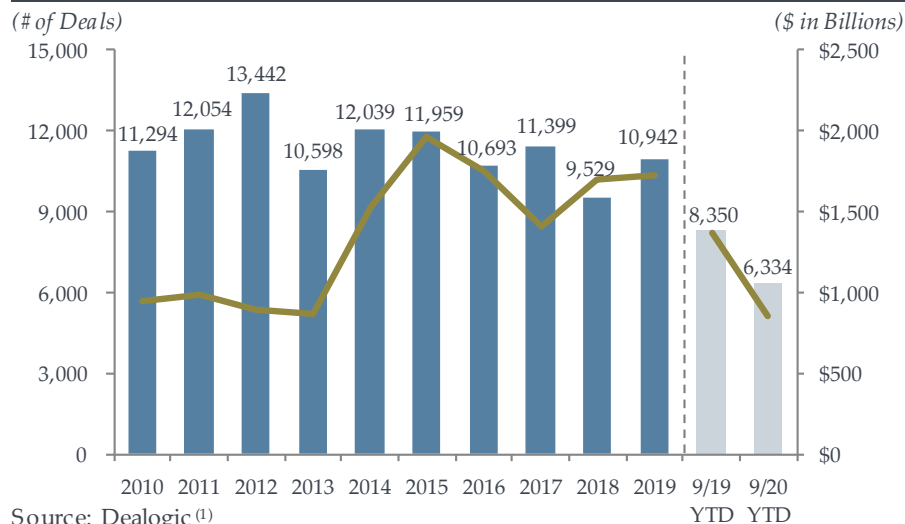


M&A MARKET OVERVIEW

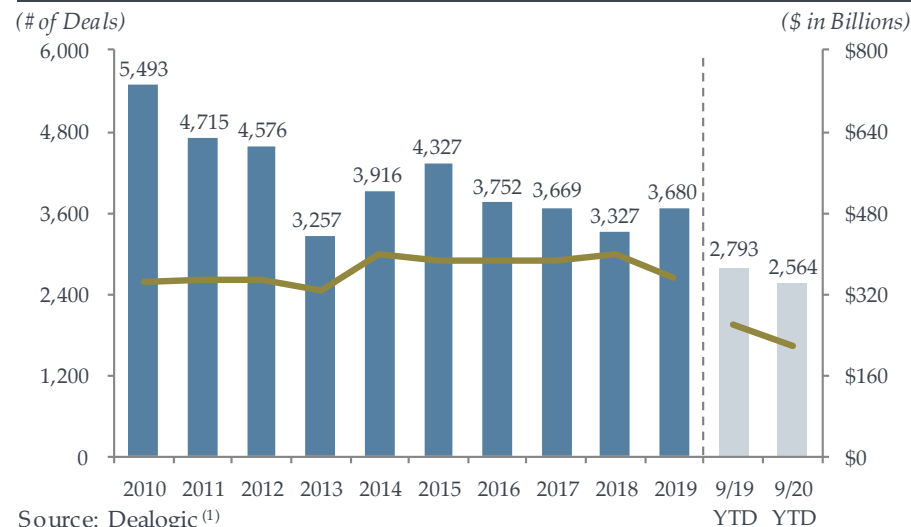
November 2020

MIDDLE-MARKET M&A ACTIVITY IS BUILDING BUT REMAINS DOWN

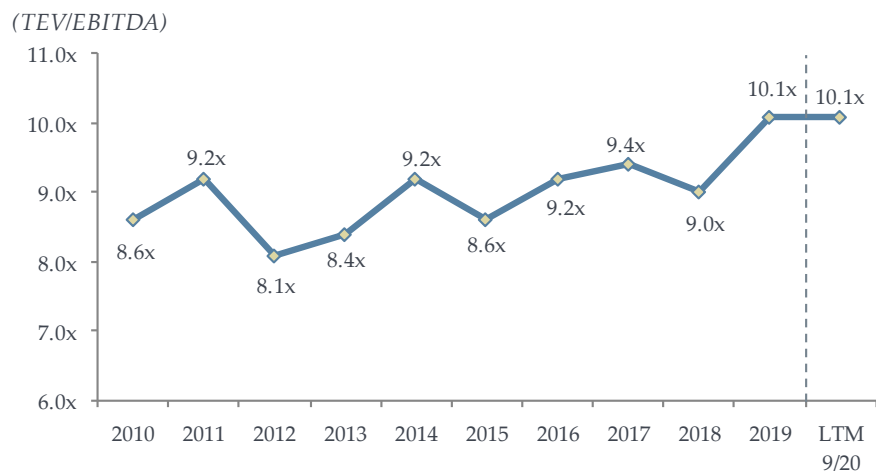
TOTAL U.S. M&A ACTIVITY



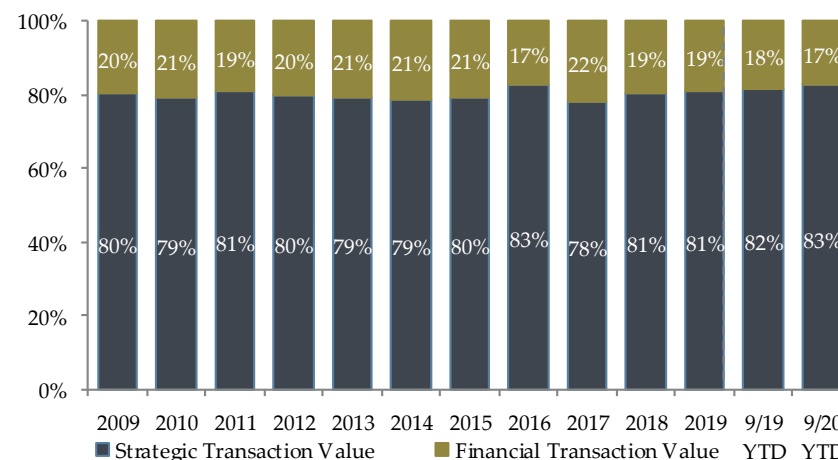
MIDDLE-MARKET U.S. M&A ACTIVITY



MEDIAN MIDDLE-MARKET PURCHASE MULTIPLES



STRATEGIC VERSUS FINANCIAL BUYER ACTIVITY

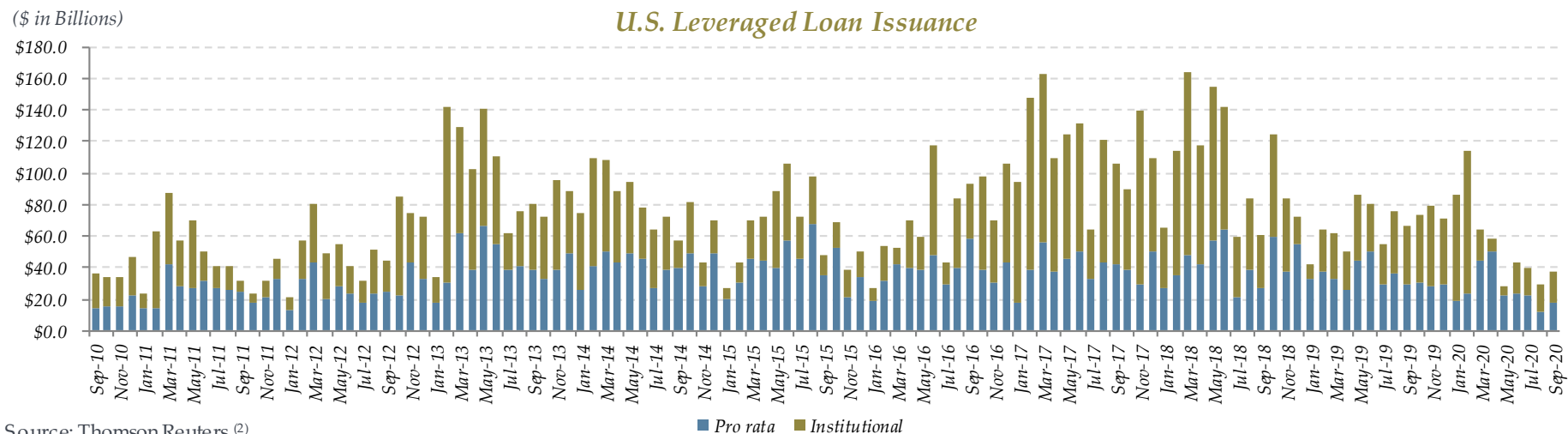


Source: Dealogic⁽¹⁾

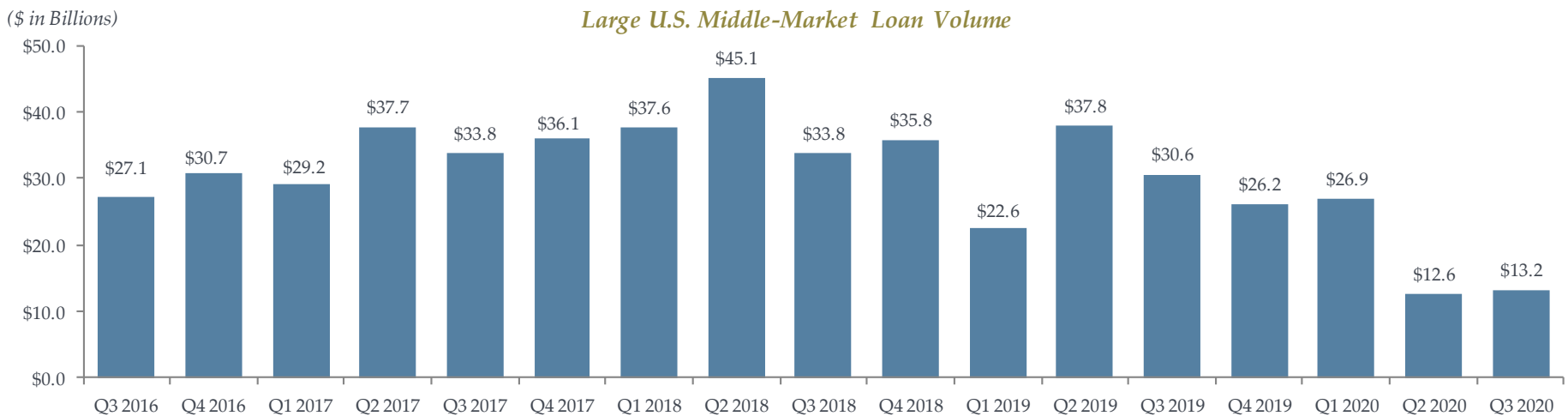
Source: Dealogic⁽¹⁾

FINANCING MARKETS REMAIN CAUTIOUS

FINANCING ACTIVITY

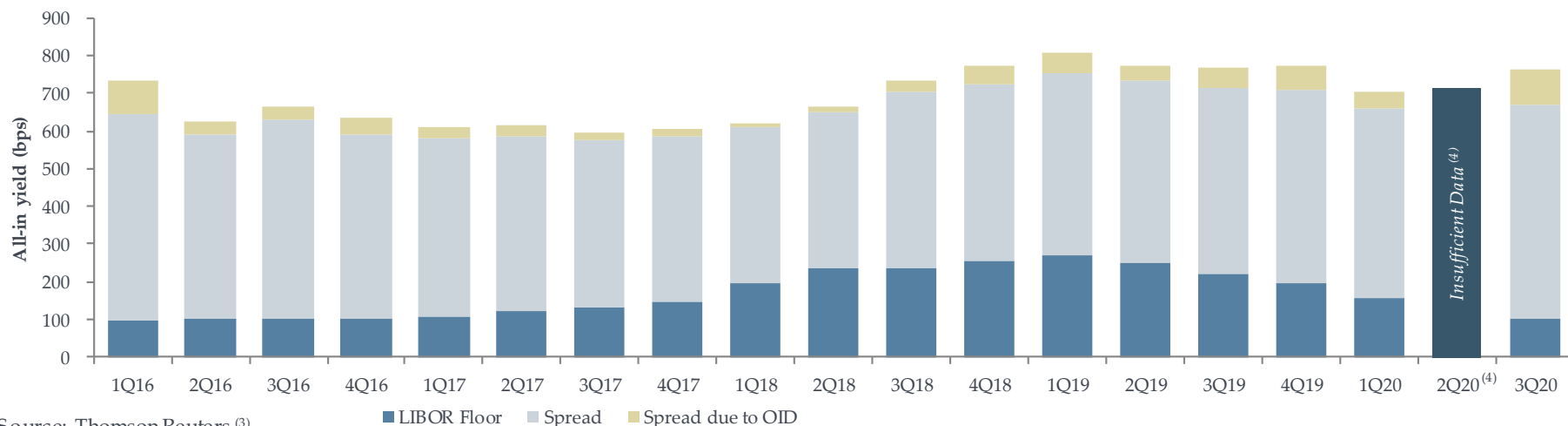


LARGE MIDDLE-MARKET CAPITAL MARKETS



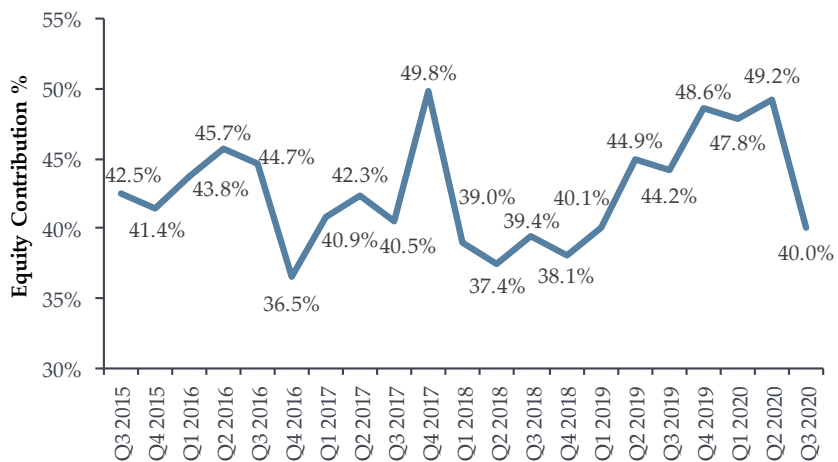
LEVERAGE MULTIPLES HAVE STABILIZED AT CURRENT LEVELS

MIDDLE-MARKET TERM LOAN YIELDS



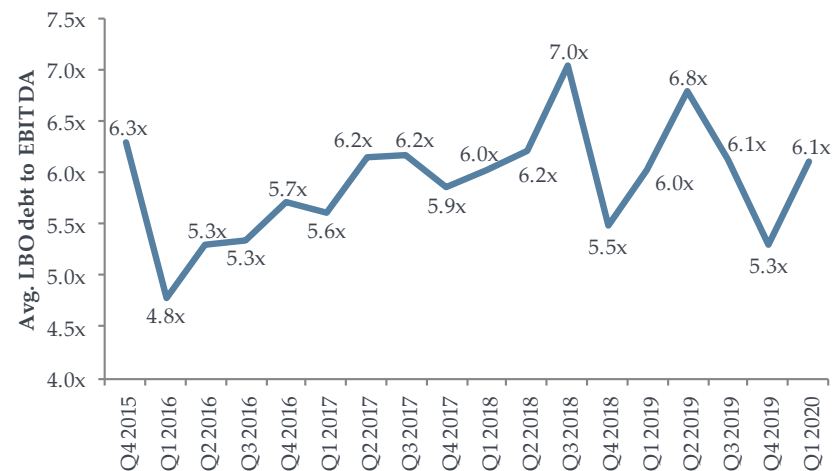
Source: Thomson Reuters ⁽³⁾

AVERAGE LBO EQUITY CONTRIBUTION



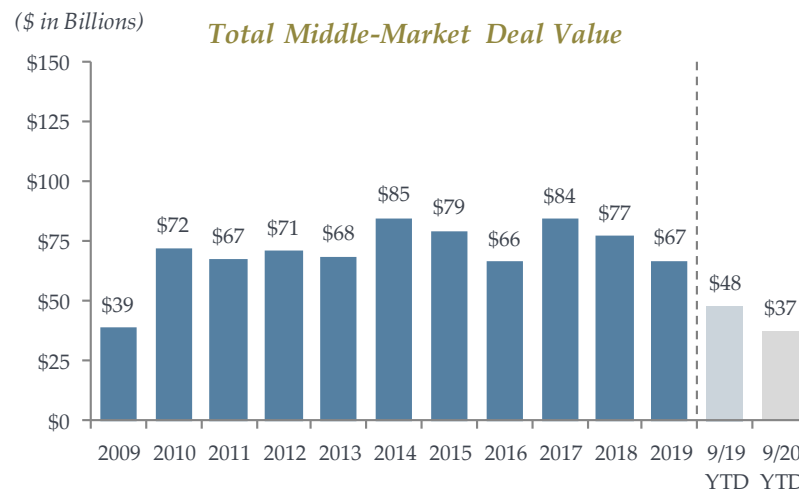
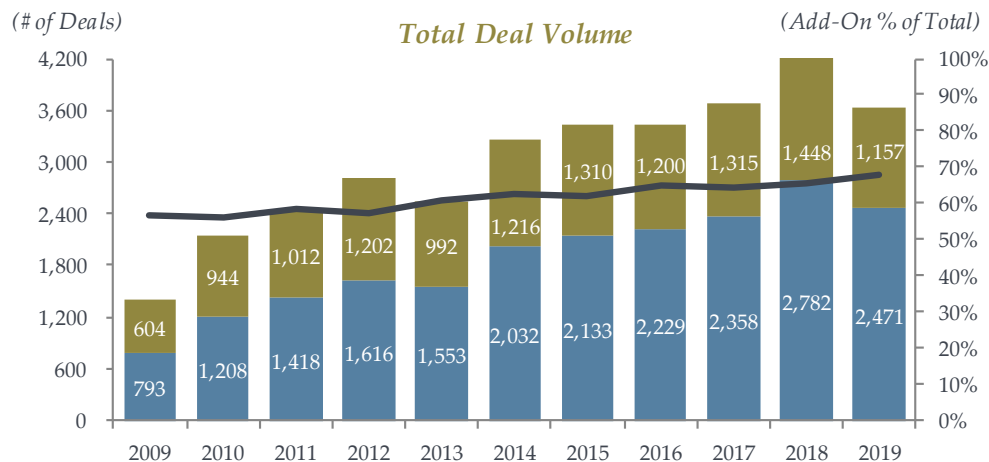
Source: Thomson Reuters ⁽³⁾

MIDDLE-MARKET LEVERAGE MULTIPLES



FINANCIAL SPONSORS STILL HAVE TREMENDOUS CAPITAL TO DEPLOY

PRIVATE EQUITY M&A ACTIVITY

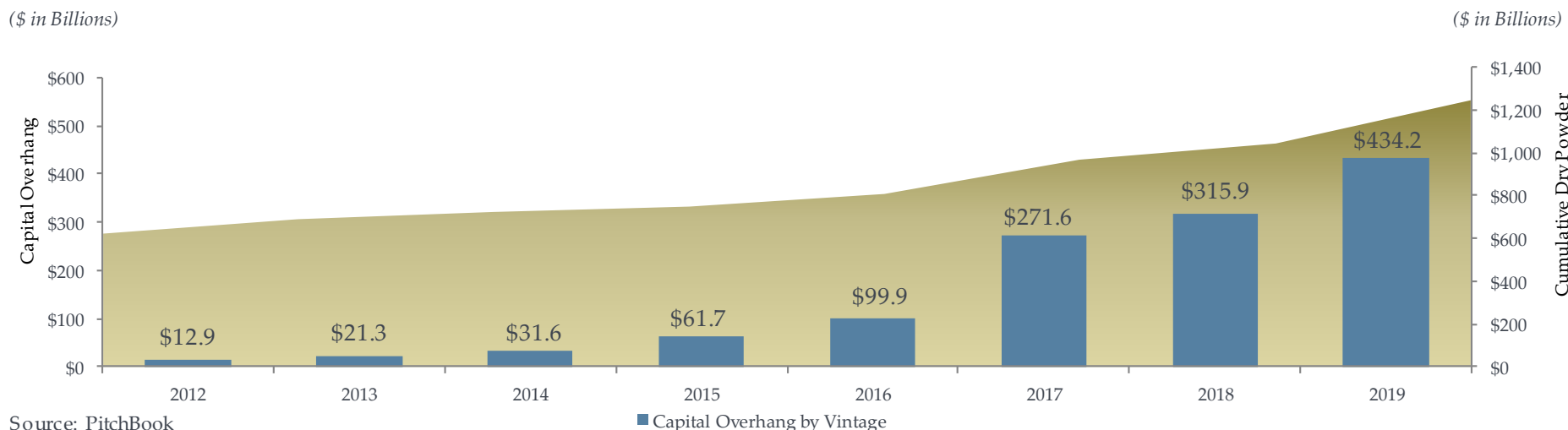


Source: PitchBook

■ Add-On Deal ■ Platforms — Add-On %

Source: Dealogic ⁽¹⁾

REALLOCATION OF OVERHANG TO NEXT VINTAGE OF FUNDS



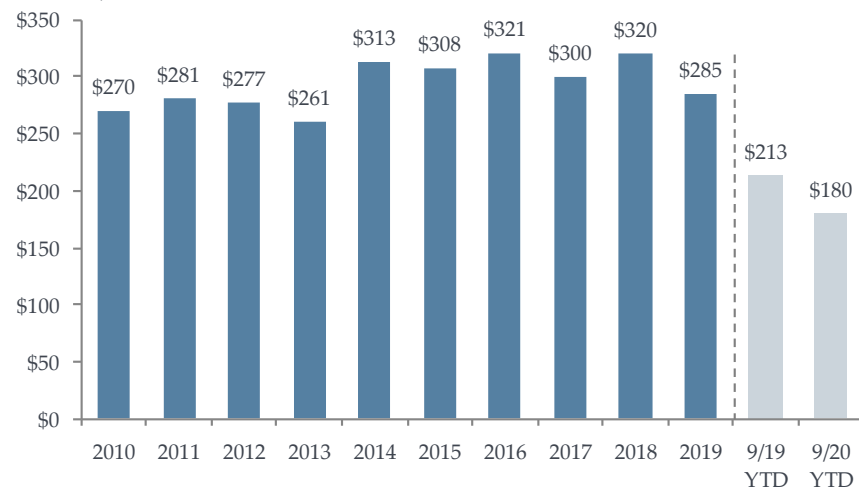
Source: PitchBook

■ Capital Overhang by Vintage

CORPORATE BUYERS REMAIN ACTIVE IN CERTAIN SECTORS

CORPORATE M&A ACTIVITY

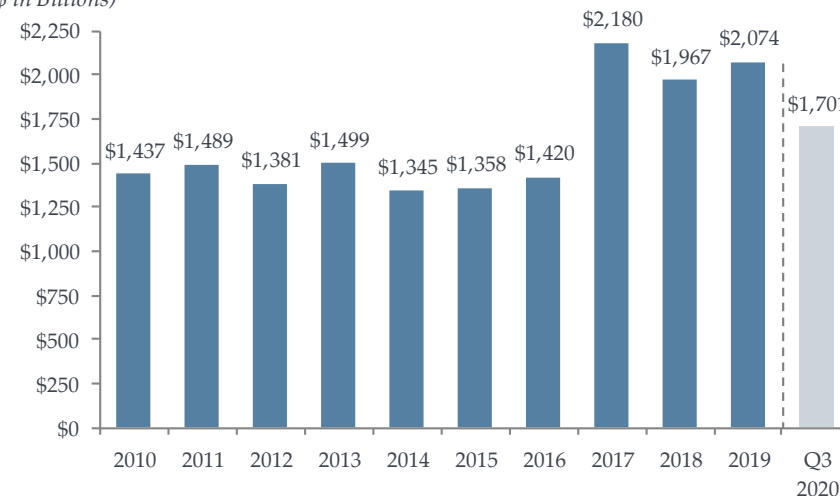
(Deal Value, \$ in Billions)



Source: Dealogic ⁽¹⁾

CORPORATIONS HAVE HEALTHY CASH BALANCES

(\$ in Billions)

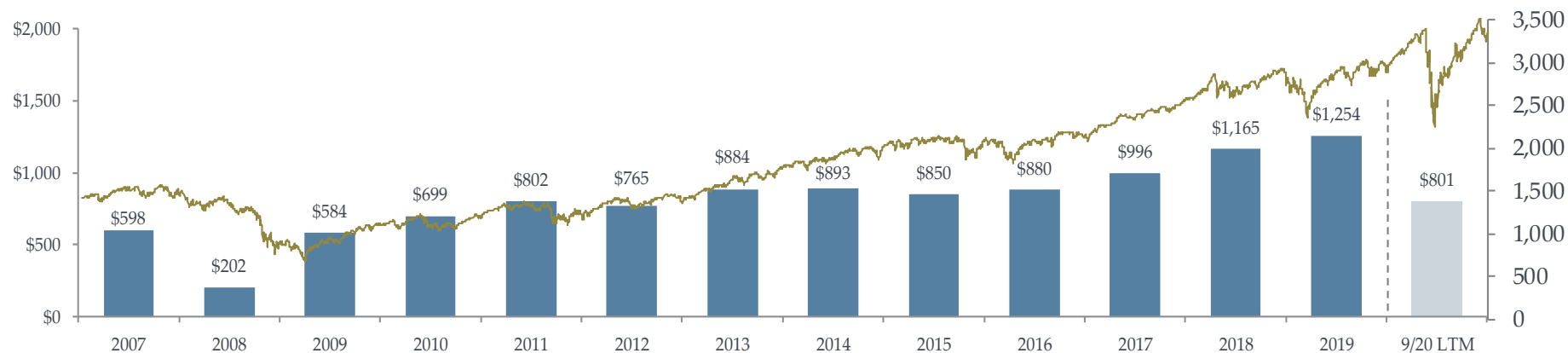


Source: Capital IQ ⁽⁶⁾

Q3 2020 CORPORATE EARNINGS MARKS THE 2ND LARGEST YEAR-OVER-YEAR DECLINE SINCE Q2 2009

(\$ in Billions)

(S&P Index Value)



Source: Capital IQ ⁽⁶⁾

SOURCES AND DEFINED TERMS

Sources

- Dealogic: Data as of September 30, 2020
- Thomson Reuters: Data through September 2020
- Capital IQ: Data as of September 30, 2020 for transactions through December 31, 2019
- Pitchbook: Data as of September 30, 2020 for data through December 31, 2019

Footnotes and Defined Terms

- (1) Dealogic: Middle Market is defined as transactions under \$1 billion
- (2) Thomson Reuters: Traditional Middle Market defined as deal size \leq \$100 million; Large Middle Market defined as deal size $>$ \$100 million and \leq \$500 million
- (3) Thomson Reuters: Middle Market defined as deals with an average EBITDA around \$50 million (\$40-\$60 million EBITDA range)
- (4) N/A due to lack of activity
- (5) Data for Q2 2020 not available
- (6) Capital IQ: Represents current members of S&P 500; excludes banks, insurance companies and REITs

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