

Links Capital

Links' List of Multiples and Buyers

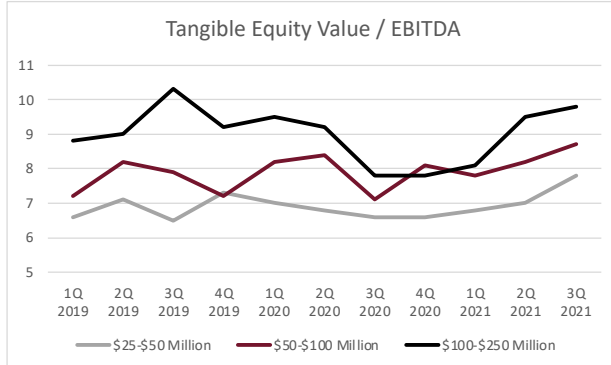
December 2021



Links Capital

Divestitures • Acquisitions • Financings

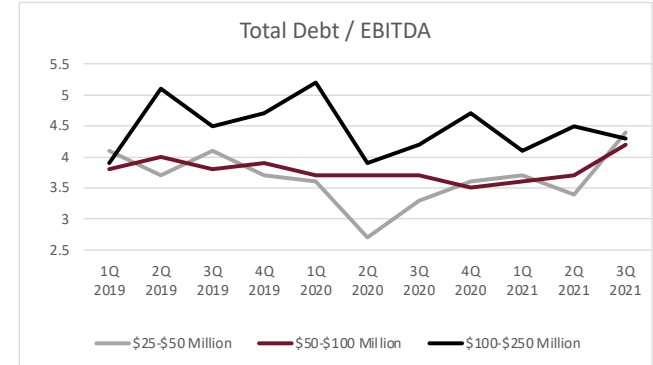
Q3 2021 Private Equity Valuation Multiples



Data Source: GF Data®

	3Q 2021	2019-Present	2003-Present
TEV/EBITDA			
\$25-\$50 Million	7.8	6.9	6.5
\$50-\$100 Million	8.7	7.9	7.3
\$100-\$250 Million	9.8	9.0	8.2
TOTAL DEBT/EBITDA			
\$25-\$50 Million	4.4	3.7	3.6
\$50-\$100 Million	4.2	3.8	3.8
\$100-\$250 Million	4.3	4.5	4.4

Data Source: GF Data®



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In Q3, private equity quarterly multiples were the highest on record collected by GF Data in their 16 year history. A combination of factors are contributing to this increase. According to GF Data, in Q3 2021, more platform transactions were completed vs. add-on transactions. Platform transactions are usually larger than add-on transactions and result in a higher multiple. Further, deals have been structured where buyers are paying on the trailing twelve-month EBITDA that has not completely recovered from the impact of COVID and normalizations to EBITDA fail to capture all the softness in earnings. These purchasers are willing to pay a premium for these companies, increasing the overall purchase price multiples.

The historical premium between deal sizes is near average, moving from range to range in all deal sizes. The exception is with deals under \$25 million which are experiencing a larger than normal discount when compared to deals in the \$25-\$50 million range.

- Deals in the \$25-\$50 million range are currently at 7.8x EBITDA, which is 1.3x greater than the total dataset multiple of 6.5x, with a size premium of 27.8% over the \$10-\$25 million deals which historically has been at only 14.0%.
- Deals in the \$50-\$100 million range are currently at 8.7x EBITDA, which is 1.4x greater than the total dataset multiple of 7.3x, with a size premium of 11.5% over the \$25-\$50 million deals which historically has been higher at 12.3%.
- Deals in the \$100-\$250 million range are currently at 9.8x EBITDA, which is 1.6x higher than the total dataset multiple of 8.2x, with a size premium of 12.6% over \$50-\$100 million deals which is at historical levels.

In the last newsletter, it was discussed how inflation was becoming more than transitory in nature which seems to still be the case. As valuation multiples have a direct inverse relationship with inflation, it is believed that private equity multiples may be at their near-term peak. In the short-term, a pullback is expected in private equity multiples as investors digest current inflation trends and monitor the impact of the new Omicron variant which may further exacerbate supply chains issues.

(Data Source -GF Data®)



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Private Equity Platform Investments and Buyouts

**Investors Seeking Strong Stable Cash Flows with
Growth Oriented Niche Industries
(>\$3 million EBITDA)**

**Management Buyouts
(>\$ 2 million EBITDA)**

**Distressed Balance Sheets
(\$2-\$10 million Historical EBITDA)**

**Consumer Packaged Goods
(> \$3 million EBITDA)**

**Distribution Businesses
(\$2-\$10 million EBITDA)**

**Pet Food Manufacturers
(\$2-20 million EBITDA)**

**Healthcare Services & HCIT
(\$2-\$20 million EBITDA)**

Current Add-on Investments Strategic and Private Equity Investors

Pharma Contract Manufacturing

Consumer Packaged Goods

Industrial Distribution Services

Frozen Food Manufacturing

Animal Health / Vet Pharma

High Tech Contract Manufacturing (EMS)

Co-Packaging & Co-Manufacturing

Building Products Manufacturing/Distribution

Power Distribution and Protection Equipment

Healthcare Services

Pet Care Products & Services

Environmental (Waste Management/ Recycling)





DIVESTITURES



FINANCINGS



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