

Links' List of Multiples and Buyers

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Current North American Private Equity Purchase Multiples Q1

VALUATION DRILLDOWN - 2018 -1Q 2019								
TEV (millions)	ALL	Buyout Only	Platforms	Indiv/Family			Above Avg	Post Closing
				Add-Ons	Seller	PEG Seller	Financials	Mgmt
10-25	5.9	5.9	5.8	6.0	5.9	6.4	6.2	6.1
25-50	6.9	6.8	6.6	8.0	6.7	7.2	7.3	6.8
50-100	8.7	8.7	9.0	7.5	8.7	8.9	9.4	8.9
100-250	8.9	9.0	9.0	NA	8.4	9.3	9.1	9.0
TOTAL	7.2	7.2	7.4	6.7	6.9	8.1	7.8	7.3

Data Source: GF Data®

The above chart provides an analysis of different types of transactions where businesses were sold to private equity funds and what their respective multiple (tangible enterprise value divided by EBITDA) was when the transaction concluded.

The highest multiple that is recognized from a divestiture standpoint using these historical metrics at the end of Q1 2019 suggest that a private equity group is likely going to attain a higher selling multiple (8.1x) when compared to buyouts (7.2x), platform investments (7.4x) and add-ons (6.7x) even when taking into consideration companies with above-average financial characteristics (7.8x) and management staying on post transaction (7.3x) purchased by other private equity groups. Detailed analysis should be done, looking at respective deal sizes and industry to understand how it impacts each company.

For those sellers who divest to a private equity fund and rollover some of their investment this is good news. The private equity investor typically requires an added layer of governance and focus on the business that is hoping to create incremental operational value. Companies that are able to attain higher EBITDA as a percentage of revenue may have multiple expansion compared to other companies with a lower EBITDA to revenue percentage. However, there is more to a premium multiple as the financial performance of those companies with above average financial metrics still trade at a 0.3x discount to the divestiture of a private equity fund investment.

Private equity fund investments provide a level of credibility as investors know if a private equity fund has invested in a company there has likely already been a great deal of due diligence at initial investment stage and continued monitoring of the company. The ongoing involvement during the investment horizon will also be very well documented as private equity funds are required to do quarterly valuations and present to the limited partners usually at year end.

If one is looking at a divestiture or a financial partner, private equity groups should certainly be considered as the value they can bring to the table may help maximize the monetization event for the vendor when all is said and done.

Links Capital specializes in the divesting and financing of businesses in the Canadian middle market.

Links Capital's philosophy is to preserve value throughout the entire transaction process. Senior partners handle all aspects of the transaction from inception to close and beyond, maximizing proceeds.

Being experts in private equity markets and corporate finance enhances value to our clients through extensive buy and sell-side experience.



Nascor Ltd. a leader in the manufacturing and supply of engineered wood products with three manufacturing plants in Alberta

has been acquired by



\$50,500,000

Links Capital acted as financial advisor to Nascor Ltd. in the structuring and negotiation of the divestiture



Links Capital

Divestitures • Acquisitions • Financings

Links Capital tracks the market's purchase price valuations, term and conditions which are critical to every successful transaction



Links Capital's summary of select opportunities with strategic purchasers and North American private equity funds

Private Equity Platform Investments & Buyouts

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

Environmental, Industrial & Maintenance Services (\$3-\$20 million EBITDA)

Business Process Outsourcing and Consulting, Services into Financial and Insurance (\$3-\$10 million EBITDA)

Specialty Chemical Manufacturing and Distributor Sector (\$3-\$15 million EBITDA)

Foodservice & Food Processing Equipment Manufacturers (>\$4 million EBITDA)

Service Based Businesses, Low Capital Expenditures and Low Working Capital Needs (\$2-\$12 million EBITDA)

Tech Enabled Services, IT & Data Services (\$2-\$15 million EBITDA)

Contract Manufacturing of Personal Care, OTC and Rx Products (>\$5 million EBITDA)

Manufacturer/Distributor of Outdoor Furniture (>\$5 million EBITDA)

Current Add-on Investments Strategic & Private Equity Purchasers

Engineering and Environmental Consulting

Healthcare Services

Natural Gas Utility and Electric Utility Contractors (revenue from maintenance versus installation)

Sewer inspection & Cleaning, Utility Locating, Trenches Pipe Repair and Manhole Rehabilitation

Chemical and Adhesives Manufacturers

High Tech Contract Manufacturing Supporting EMS Industry

Railway Maintenance Services

Frozen Food Manufacturing

Contract Manufacturing of Fresh, Oven Ready Entrees and Appetizers

Contract Manufacturing of Shelf-Stable Food Products

Contract Manufacturing of OTC, Rx and Personal Care Products

Managed IT Services Provider

Dental Products



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