

Links' List of Multiples and Buyers

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**ACQUISITIONS
DIVESTITURES
FINANCINGS**

RON CHICOYNE, CFA, CF, ICD.D
MANAGING DIRECTOR, LINKS CAPITAL PARTNERS LTD.

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

Current North American Private Equity Purchase Multiples Q2 2019

TANGIBLE ENTERPRISE VALUE/EBITDA							
	2003-					YTD	
TEV (millions)	2014	2015	2016	2017	2018	2019	Total
10-25	5.7	7.0	6.9	5.9	6.2	5.8	5.6
25-50	7.2	6.0	6.9	6.7	6.6	7.0	7.2
50-100	8.6	8.5	8.8	8.9	9.6	8.3	9.4
100-250	8.7	9.2	9.8	8.5	8.4	8.4	9.6
TOTAL	7.2	7.5	8.0	6.9	7.3	7.1	7.7

Data Source: GF Data®

For the first half of 2019, private equity multiples have remained strong and continued to accelerate on most deal sizes up to \$250 million in tangible entity value. However, multiples in the \$50-\$100 million market have reverted back to the mean and we are expecting to see this reversion for other deal sizes given the impacts from the US-China trade war and earnings softness.

Many companies in Alberta have experienced declining revenue and profitability during the downturn in the oil industry. When a company's earnings, cash flow and economy are deteriorating it is difficult to position for a divestiture and maximize value. Given uncertainty, buyers tend to wait as they are not confident when the decline will stop, they need to see the light at the end of the tunnel. Unfortunately, this may result in Alberta business owners missing out on a historical high period for deal multiples due to the poor economic climate that has persisted in the province over the last five years.

As interest rates have remained low so has the cost of debt helping many private equity funds attract debt capital and leverage up balance sheets further, increasing the deal multiples they are willing to pay. According to GF Data, debt multiples being used in private equity transactions are at near record highs averaging 4.1x EBITDA with add-on acquisitions seeing total debt averaged at 5.2x EBITDA. GF Data also comments that more private equity funds are not using all debt available to them as they may be anticipating an economic downturn and don't want to be in an over leveraged position.

There has been a lot of discussion about the headwinds facing our economy and should a slowdown become reality, we would expect to see multiple compression on both purchase and leverage ratios.

Our activity from interested buyers for transactions has not slowed given the premium multiples. In fact, there is likely more competition by private equity funds, strategic purchasers and family offices looking for good profitable cash flow companies.

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.



A Western Canada based value added reseller, servicer and distributor of wellhead and pipe solutions to the oilfield

has been acquired by



A manufacturer of wellhead and pressure coastal equipment solid internationally to the oilfield. Seaboard is owned by Industrial Growth Partners and Management

Links Capital acted as financial advisor to AJ Industries Ltd. in the structuring and negotiating 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)

Healthcare, Home Health and Rehabilitation Services (>\$2 million 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

Oil & Gas Safety Services, Facilities

Building Materials Manufacturers/Distributors

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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Suite 240, 30 Springborough Blvd, SW, Calgary, Alberta T3H 0N9
Ron Chicoyne, CFA, CF, ICD.D, Managing Director
Phone 403-538-5109 www.linkscap.com