

Links Capital

Links' List of Multiples and Buyers

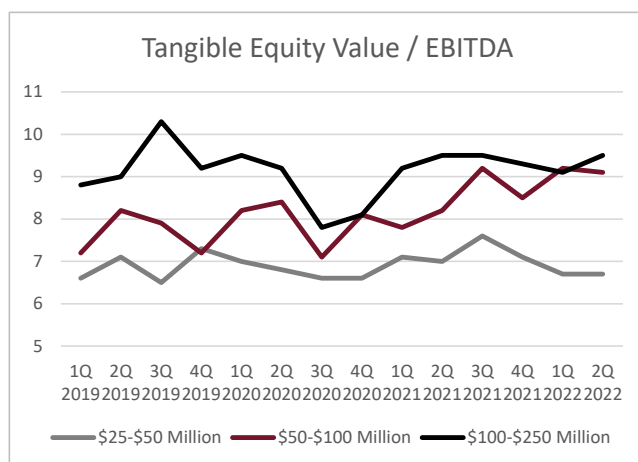
September 2022



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Divestitures • Acquisitions • Financings

Q2 2022 Private Equity Valuation Multiples

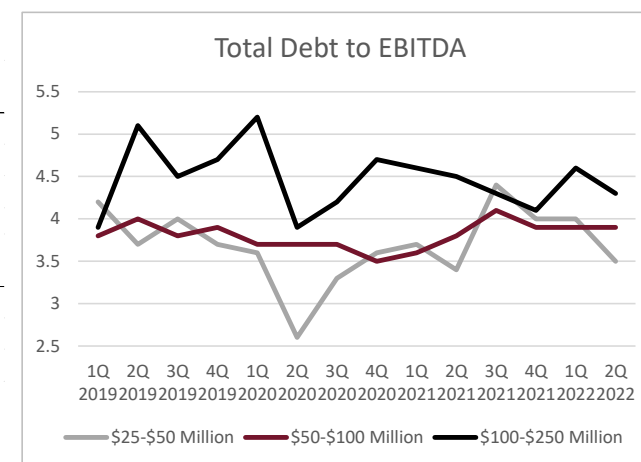


Data Source: GF Data®

TEV/EBITDA	4Q 2021	1Q 2022	2Q 2022	2019 - Present	2003 - Present
\$25-\$50 Million	7.1	6.7	6.7	6.9	6.5
\$50-\$100 Million	8.5	9.2	9.1	8.2	7.4
\$100-\$250 Million	9.3	9.1	9.5	9.1	8.1

TOTAL DEBT/EBITDA	4Q 2021	1Q 2022	2Q 2022	2019 - Present	2003 - Present
\$25-\$50 Million	4.0	4.0	3.5	3.7	3.6
\$50-\$100 Million	3.9	3.9	3.9	3.8	3.8
\$100-\$250 Million	4.1	4.6	4.3	4.5	4.4

Data Source: GF Data®



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Valuation multiples have held relatively steady through the second quarter of 2022 in the face of continued market volatility, while debt multiples have taken a slight dip in the \$25-\$50 million and \$100-\$250 million categories. Valuation multiples remain at or above historical averages in spite of most economic factors pointing to downward pressure on valuations.

There was reduced private equity deal flow in the quarter with the number of transactions well off the pace of the past few years. Albeit, certain areas of industry are still getting deals done at attractive valuations, others have simply gone no bid due to the economic uncertainty around their business metrics. We have ourselves paused some transactions through the summer hoping to gain additional economic visibility as we move into the fall. With less private equity deals, this means less buyers, which also impacts those strategic acquirors that use private equity to grow.

Interest rates have continued to rise with another 75 bps increase from the Bank of Canada with additional concerns about inflation and “price pressures still broadening”. Further interest rate hikes are a risk as rising rates will increase required rates of return pushing down valuation multiples. Public equity markets saw their year-to-date lows at the end of Q2 after a steady decline from the start of the year and after a summer rebound, the markets remain choppy. Inflation has continued to be a source of worry for investors after hitting a 40 year high at the end of Q2. With some improvements in the supply chain along with commodity prices and transportation rates coming off their highs, we are hoping to see some moderation in input pricing going forward. However, in both Canada and the US, job openings are not decreasing and given the tight labour markets in the face of the current inflation and slowing growth, this is an added concern for additional hikes.

Overall, GF Data multiples are a lagging indicator and our expectation would be to see some multiple compression in the short term. However, if the past few years have taught us anything, it is that the markets can change quickly. Sellers should be prepared to be patient, but at the same time continue to focus on being well positioned and ready to go if markets shift or opportunities present themselves.



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

Food and Beverage Manufacturers

Agribusiness

Consumer Packaged Goods

Industrial Distribution Services

Water and Environmental Services

Packaging Materials

Healthcare Services Businesses

High Tech Contract Manufacturing (EMS)

Co-Packaging & Co-Manufacturing

Power Distribution and Protection Equipment

Engineering Services

Pet Care Products & Services

Environmental (Waste Management/ Recycling)



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DIVESTITURES



FINANCINGS



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