

Links Capital

Links' List of Multiples and Buyers

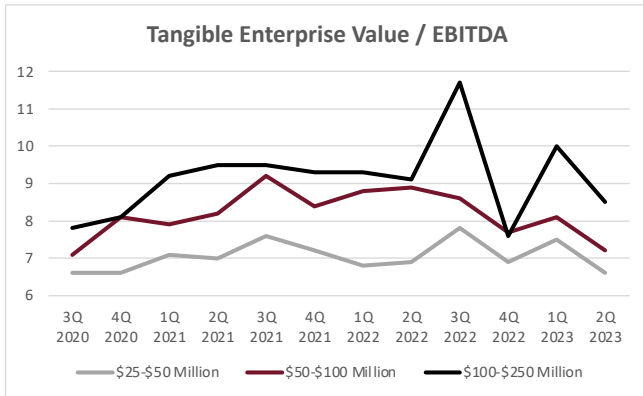
September 2023



Links Capital

Divestitures • Acquisitions • Financings

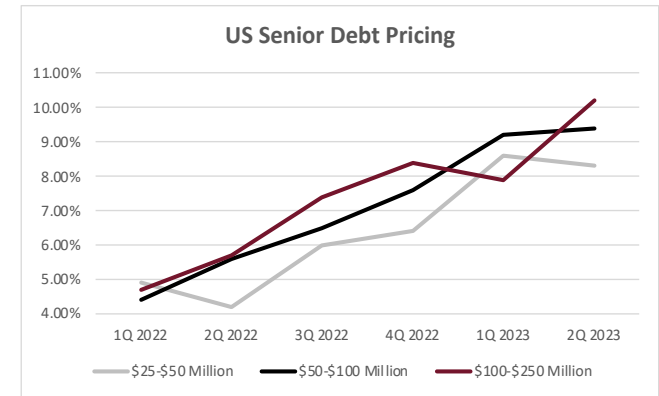
Q2 2023 Private Equity Multiples



Data Source: GF Data®

TEV/EBITDA	Q1 2022	Q2 2023	Q3 2022	Q4 2022	Q1 2023	Q2 2023	2003-Present
\$25-\$50 Million	6.8	6.9	7.8	6.9	7.5	6.6	6.7
\$50-\$100 Million	8.8	8.9	8.6	7.7	8.1	7.2	7.7
\$100-\$250 Million	9.3	9.1	11.7	7.6	10.0	8.5	8.5
TOTAL DEBT/EBITDA	Q1 2022	Q2 2023	Q3 2022	Q4 2022	Q1 2023	Q2 2023	2003-Present
\$25-\$50 Million	3.9	3.9	3.8	3.8	3.6	3.6	3.6
\$50-\$100 Million	3.9	4	3.9	4.00	4.0	3.8	3.9
\$100-\$250 Million	4.3	4.2	4.3	4.2	4.0	3.8	4.4
US Senior Debt Pricing	4.6%	4.8%	6.4%	6.8%	8.5%	9.5%	

Data Source: GF Data®



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Deals Valued between \$25-50 million - In Q3 2022, valuation multiples for deals in this range stood at 7.8x EBITDA. However, a notable shift occurred, and these multiples dropped by 15.3% to 6.6x EBITDA.

Deals Valued between \$50-\$100 million - Similar trends unfolded in deals ranging from \$50 million to \$100 million. Valuations that were at 8.6x EBITDA in Q3 2022 saw a 16.3% decline, settling at 7.2x EBITDA.

Deals Valued between \$100-\$250 million - For deals valued between \$100 million and \$250 million, the story is no different. Valuations that were at 11.7x EBITDA in Q3 2022 witnessed a substantial 27.3% drop, falling to 8.5x EBITDA.

Interest Rates & Debt Dynamics - Increasing interest rates have introduced new complexities to the valuation process. With higher borrowing costs, potential investors are recalibrating their expectations. This has led to a decline in valuation multiples, prompting a re-evaluation of deal attractiveness. The cost and issuance of new debt are critical factors influencing valuations.

Economic Growth and Multiples Market - Concerns about economic growth have also played a role in shaping the current landscape. A cautious outlook on future financial performance is another data point that has led to lower valuation multiples. It's important to recognize that these adjustments reflect investors' responses to potential shifts in profitability and cash flow projections.

Deal Characteristics and Financial Performance - Recent trends in deal flow reveal a continued focus on add-on transactions over new platform investments. The preference for companies with above-average financial performance has also contributed to the recent higher valuations. As the characteristics of deals change, it's essential to align business's financial performance to remain competitive in the market.

Future Outlook: Interest Rate Expectations - The anticipation of interest rate cuts is a point of interest for potential sellers. Lower valuation multiples could potentially lead to increased activity if interest rates decrease, making borrowing more attractive. However, these cuts might be associated with a broader economic slowdown or even a recession, lowering a company's EBITDA, underscoring the interconnectedness of financial factors.



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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)**

**Industrials / Light Manufacturing
(> \$3 million EBITDA)**

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

**Food Manufacturing
(\$2-20 million EBITDA)**

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

Current Add-on Investments Strategic and Private Equity Investors

Food and Agribusiness

Consumer Packaged Goods

Industrial Distribution Services

Packaging Materials

Healthcare Services Businesses

High Tech Contract Manufacturing (EMS)

Co-Packaging & Co-Manufacturing

Building Products Manufacturing/Distribution

Power Distribution and Protection Equipment

Engineering Services

Pet Care Products & Services

Environmental (Waste Management/ Recycling)





DIVESTITURES



FINANCINGS



ACQUISITIONS

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