

2023 HIGHLIGHTS AND PRODUCTS

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GF Data Highlights Fourth Quarter, 2023

Deal Volume and Quality:

- While average deal price improved in many of GF Data's size tiers throughout the third and fourth quarters, deal activity fell to a low in 2023, with just 57 deals completed by GF Data's contributors in the fourth quarter.
- Together, with deals completed in the prior three quarters, 2023's tally reached just 269 total transactions reported—a decline of nearly 19% from 2022, and 46% of 2021's record tally.

Valuations:

- Valuations on completed deals in the fourth quarter of 2023, meantime, averaged 7.5x Trailing Twelve Months (TTM) adjusted EBITDA—an increase of 0.2x from the third quarter and well above the 6.7x average from the second quarter.
- Average multiples for the year slipped to 7.3x compared to an average of 7.6x for both 2022 and 2021. The increased quarterly total brings it in line with the 7.6x average from last year's first quarter.

- Deals valued between \$10 million and \$25 million recorded a more than half-a-turn of improvement in the fourth quarter, reaching an average of 6.6x compared to an average of 5.9x in the third quarter. The increase marks the third quarter in a row that this cohort has improved in average valuation.

Leverage:

- Debt coverage continued to suffer in the fourth quarter, with averages on total debt to EBITDA across all platform deals dropping a tenth of a turn to 3.3x compared to 3.4x.
- Most of the decline was recorded in platform deals valued at more than \$25 million, while platform deals valued between \$10 million and \$25 million saw improvement in average debt coverage, moving to 3.2x compared to 2.9x in the third quarter.
- For all last year, total debt coverage on platform buyouts was down 3/10s of a turn from 2022, 3.3x versus 3.6x, respectively.

Charts of Note

GF Data subscribers receive the quarterly M&A Report and the quarterly Leverage Report with 40 additional benchmarking charts stratifying deal trends—see page 2 for list of GF Data detailed stratification.

CHART 1

TOTAL ENTERPRISE VALUE (TEV)/EBITDA

TEV	2003 -2018	2019	2020	2021	2022	2023	Total	N =
10-25	5.8	6.1	5.9	6.1	6.5	6.0	5.9	1905
25-50	6.5	7.0	6.7	7.2	7.0	7.1	6.7	1480
50-100	7.5	7.5	8.0	8.3	8.5	8.0	7.7	1027
100-250	8.1	9.2	8.7	9.3	9.1	9.8	8.5	565
250-500	8.9	11.0	10.4	10.9	10.1	10.7	10.0	77
Total	6.6	7.1	7.0	7.6	7.6	7.3	6.8	
N =	3276	335	342	501	331	269		5054

Please note that N for 2003-18 encompasses 16 years of activity.

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About GF Data

GF Data provides data on private-equity-sponsored M&A transactions with enterprise values of \$10–500 million. GF Data provides the most reliable information in valuing and assessing M&A transactions.

GF Data collects information from PE groups on a blind and confidential basis. As of this report, over 300 PE firms have provided information on their acquisitions.

GF Data publishes five products:

GF Data M&A Quarterly Report—containing high-level volume, valuation and leverage data;

GF Data Leverage Report—exhaustive detail on leverage multiples, pricing and capital structure;

GF Data Key Deal Terms Report—providing detail on indemnification, escrow and basket benchmarks;

GF Data Online Valuation Database—providing continuous access through GF Data's secure website to detailed valuation data organized by NAICS industry code.

GF Data Industry Drill Down Reports on manufacturing, business services, distribution and health care services.

For information on subscribing or contributing data as a private equity participant, contact us at info@gfdata.com.

Charts of Note

CHART 4

VALUATION DRILLDOWN BY TYPE OF BUYER—2023

TEV	ALL	PE Group	Family Office*	Mezz/Jr. Capital	SBIC	Buyouts	
						Platforms	Add-Ons
10-25	6.0	6.3	5.2	5.4	5.3	5.6	6.6
25-50	7.1	7.5	6.9	6.3	6.1	7.4	6.2
50-100	8.0	7.9	6.9	10.4	9.0	7.7	9.2
100-250	9.8	9.5	9.5	10.6	10.4	10.3	7.3
250-500	10.7	11.7	11.7	8.7	8.8	11.1	10.7
Total	7.3	7.5	6.6	7.3	7.1	7.5	6.9
N =	269	182	24	52	75	166	81

*Note: The Family Office grouping also includes deals done by other sponsors not organized as committed funds, e.g. independent sponsors.

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CHART 19

TEV/EBITDA—HEALTH CARE SERVICES (\$10-250M TEV)

TEV	2003							Total	N =
	-2018	2019	2020	2021	2022	2023			
10-25	6.4	5.5	6.5	7.3	7.4	5.3	6.5	162	
25-50	7.5	8.8	8.1	7.8	8.8	8.1	7.7	128	
50-100	8.0	8.0	9.3	9.8	9.2	12.9	8.5	104	
100-250	8.8	8.9	9.3	9.1	14.7	10.7	9.0	54	
Total	7.4	8.0	7.6	8.1	8.4	9.3	7.6		
N =	317	21	29	42	21	18		448	

Please note that N for 2003-18 encompasses 16 years of activity.

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INSURANCE CARRIERS AND RELATED ACTIVITIES
NAICS CODE: 524

TEV Range	TEV \$	Rev \$	TTM Rev Growth%	EBITDA Margin%	TEV/Revs	TEV/EBITDA	N	STD DEV TEV/EBITDA
10-25	15.5	15.7	11.3	26.9	1.5	5.5	17	1.3
25-50	38.6	26.7	15.4	28.6	1.8	6.6	10	3.1
50-100	75.4	47.5	12.9	22.9	2.0	9.3	9	3.1
100-250	147.8	83.3	15.4	31.4	2.5	8.5	11	2.2
Total	62.9	40.0	13.4	27.5	1.9	7.2	47	2.7

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- GF Data provides benchmarks by type of buyer to recognize pricing and deal structure differences.
- GF Data provides industry and specific NAICS breakouts. Sell side advisors manage expectations with realistic, reliable multiples of adjusted EBITDA. PE firms are able to provide LP's with on-target benchmarks.
- GF Data also provides aggregate metrics on deal leverage, debt pricing and deal terms.

GF Data Overview:

All information is based on Adjusted EBITDA

Deal volume:

- By quarter
- By year

TEV/EBITDA:

- Quarter
- Year
- Size Range
- Buyouts Only
- Platforms Only
- Add ons
- Average TTM Revenue Growth
- EBITDA Margin
- Above Average properties
- Management Continuity

Leverage:

- Most breakouts include:
 - Total
 - Senior
 - Subordinated Debt
 - Seller Rollover Equity

Transaction sizes:

- \$10-25 mm
- \$25-50 mm
- \$50-100 mm
- \$100-250 mm
- \$250-500 mm

Debt:

- Average Debt used
- Average Debt at near maximum available
- Average debt used by deal size
- Platform vs add-on deals
- Senior debt only
- Unitranche debt
- Equity Sponsor
- No Equity Sponsor
- Commercial Lenders
- BDC's
- Other Lenders
- Debt by Industry Group
- Equity Contribution
- Pricing
 - Senior debt
 - Sub-debt coupon
 - Payment-in-kind interest
 - Warrant based return/fees

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