

# GF DATA® M&A REPORT

The most reliable data on private  
M&A transactions in the \$10-250  
million value range.

AUG  
2020

SERVING THE  
MIDDLE MARKET  
SINCE 2006

## About GF Data®

GF Data provides data on private equity-sponsored M&A transactions with enterprise values of \$10 to 250 million. GF Data gives private equity firms and other users more reliable external information to use in valuing and assessing M&A transactions.

GF Data collects transaction information from private equity groups on a blind and confidential basis. Two hundred and twenty-three private equity firms have provided information on deals included in this report.

GF Data produces five products— (1) this quarterly report containing high-level valuation, volume and leverage data; (2) a quarterly supplement providing exhaustive detail on leverage and capital structure; (3) a semi-annual report providing detail on indemnification cap, escrow and other key deal terms; (4) a quarterly industry drilldown report; and (5) continuous access, through GF Data's secure web site, to detailed valuation data organized by NAICS industry code.

For information on subscribing, or on contributing data as a private equity participant, contact us at [info@gfdata.com](mailto:info@gfdata.com).

## Second Quarter 2020 Report Parameters

- Three hundred and twenty-three participating private equity firms have provided data on transactions closed between January 1, 2003 and June 30, 2020. Two hundred and twenty-seven of these firms are active contributors.
- The GF Data universe now comprises 3,573 transactions valued at \$10-250 million, and at multiples ranging from 3 to 15 times Last Twelve Months Adjusted EBITDA.
- The drilldowns by NAICS code offered on the web site follow the same parameters. We provide valuation data on deals in the more than 200 NAICS categories detailed on page seven.

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## Data Highlights

Completed deal activity in the second quarter of 2020—the first period bearing the full brunt of coronavirus—left a surprisingly clear imprint on the marketplace: Virtually no change in valuations on dramatically reduced volume and dramatically less debt usage.

GF Data's 227 active private equity contributors reported on 31 transactions completed in 2Q and meeting our parameters—Total Enterprise Value (TEV) \$10-250 million and TEV/Trailing Twelve Months (TTM) Adjusted EBITDA 3-15x.

Valuations averaged 7.4x TTM Adjusted EBITDA—unchanged from 1Q. Yet there were only 31 completed deals in the GF Data universe, compared to about 80 in the prior quarter and the year-ago second quarter. Even allowing for late reporting in the latest period, completed transaction activity was off 50-60 percent.

The headline numbers for the last six quarters are:

| All Transactions   | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 |
|--------------------|-------|-------|-------|-------|-------|-------|
| # of Deals         |       |       |       |       |       |       |
| TEV/EBITDA         |       |       |       |       |       |       |
| Total Debt/EBITDA  |       |       |       |       |       |       |
| Senior Debt/EBITDA |       |       |       |       |       |       |

Valuations remained aloft on the transactions that were completed in the second quarter.

It is safe to say these transactions involved some combination of: investment propositions fully digested by buyers pre-covid; industry sectors with decent visibility through the pandemic; sellers with the leverage to resist draconian price re-trading; and buyers willing to employ more equity than in the past to reach a close.

But what happened to the other transactions that presumably would have closed this spring had there not been an extraordinary public health event?

Will they appear as completed deals in coming periods, as sellers accept reduced or more highly structured economics? Will change of control transactions be recast as minority recaps? Or will they not figure in the data for years because owners chose to ride out the pandemic and re-focus on running their businesses for the immediate future?

The answer is certainly "All of the Above," but in what proportions we don't know.

While valuations did not move in the second quarter, there was an immediate retrenchment in leverage. This is covered in greater depth in the accompanying leverage report, but a few highlights:

- Total debt averaged 3.3x TTM Adjusted EBITDA—a drop from the 3.8-4.0x range that prevailed from 2017 through 1Q of this year.
- Average equity contribution in the second quarter was 56.5%—a jump from 48.7% in 1Q.
- Even as 90-day LIBOR tumbled to .3%, spreads against the base rate swelled. Average senior pricing jumped from LIBOR plus 4.2% to LIBOR plus 5.7%. Average sub debt coupon rose 70 basis points to L+10.3%.



## VALUATION OVERVIEW

CHART 1

### TOTAL ENTERPRISE VALUE (TEV)/EBITDA

|         | 2003–<br>TEV | 2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|---------|--------------|------|------|------|------|------|-------------|-------|-----|
| 10-25   |              |      |      |      |      |      |             |       |     |
| 25-50   |              |      |      |      |      |      |             |       |     |
| 50-100  |              |      |      |      |      |      |             |       |     |
| 100-250 |              |      |      |      |      |      |             |       |     |
| Total   |              |      |      |      |      |      |             |       |     |
| N =     |              |      |      |      |      |      |             |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

SOURCE: GF DATA®

CHART 2

### AVERAGE MULTIPLES AND DEAL VOLUME



Please note Volume for 2020 is annualized.

SOURCE: GF DATA®

CHART 3

### VALUATION DRILLDOWN—2020 YTD

| TEV     | ALL | Buyouts Only    |                   |                  |                      | ALL<br>THREE* |
|---------|-----|-----------------|-------------------|------------------|----------------------|---------------|
|         |     | Buyouts<br>Only | PE/Corp<br>Seller | Above<br>Average | Post-Closing<br>Mgt. |               |
| 10-25   |     |                 |                   |                  |                      |               |
| 25-50   |     |                 |                   |                  |                      |               |
| 50-100  |     |                 |                   |                  |                      |               |
| 100-250 |     |                 |                   |                  |                      |               |
| Total   |     |                 |                   |                  |                      |               |
| N =     |     |                 |                   |                  |                      |               |

\* Note: ALL THREE\* in the rightmost column denotes buyouts featuring above-average financial characteristics, a post-closing management solution and a private equity/corporate seller.

SOURCE: GF DATA®

- Chart 3 drills down from the entire sample at left, to deals completed as buyouts only, and then to three factors that contribute to premium pricing—(a) ownership by a PE group or other institution, as opposed to individual/family ownership, prior to sale; (b) above-average financial characteristics; and (c) provision of a management solution post-sale. The right-most column then comprises buyout deals in which all three factors were present. (The definition for above-average financial performance is provided next to Chart 9.)
- There were 97 buyout transactions reported for the first half of 2020, completed at an average of 7.1x. For deals in the \$100-250 million TEV range, the average was 9.7x. As usual, there was an additional reward in valuation for larger sellers featuring favorable pricing characteristics.
- Chart 4 drills down based on characteristics of the acquiring entity, rather than the selling business. Private equity funds closed on their deals at an average multiple of 7.6x in 2019, compared to 7.1x for mezzanine/junior capital providers. Family offices (independent sponsors are rolled in here) paid 6.0x on average—a half turn off of 2019 pricing.
- As the accompanying leverage report discusses in greater detail, steadiness in valuations was not accompanied by steadiness in leverage. Every type of deal involving every type of buyer involved less debt—and thus a greater equity contribution—on average.

CHART 4

### VALUATION DRILLDOWN BY TYPE OF BUYER—2020 YTD

| TEV     | ALL | Buyouts Only |                   |                     |     |          |        |
|---------|-----|--------------|-------------------|---------------------|-----|----------|--------|
|         |     | PE<br>Group  | Family<br>Office* | Mezz/Jr.<br>Capital | SBC | Platform | Add-On |
| 10-25   |     |              |                   |                     |     |          |        |
| 25-50   |     |              |                   |                     |     |          |        |
| 50-100  |     |              |                   |                     |     |          |        |
| 100-250 |     |              |                   |                     |     |          |        |
| Total   |     |              |                   |                     |     |          |        |
| N =     |     |              |                   |                     |     |          |        |

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

SOURCE: GF DATA®

#### What's Inside

- Valuation Overview (Charts 1-9)
- All-in Valuations and Transaction Type Crosscuts (10-12)
- Business Category Drilldowns (13-17)
- Leverage Overview (18-20)

## VALUATION OVERVIEW

CHART 5

### TEV/EBITDA—QUARTERLY SPLITS

|         | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   |     |
|---------|------|------|------|------|------|------|------|------|-----|
| TEV     | 2018 | 2018 | 2019 | 2019 | 2019 | 2019 | 2020 | 2020 | N = |
| 10-25   |      |      |      |      |      |      |      |      |     |
| 25-50   |      |      |      |      |      |      |      |      |     |
| 50-100  |      |      |      |      |      |      |      |      |     |
| 100-250 |      |      |      |      |      |      |      |      |     |
| Total   |      |      |      |      |      |      |      |      |     |
| N =     |      |      |      |      |      |      |      |      |     |

GF SOURCE: GF DATA®

CHART 6

### TEV/EBITDA—ALL INDUSTRIES BY EBITDA SIZE

|        | 2003– |      |      |      |      | YTD  |       |     |
|--------|-------|------|------|------|------|------|-------|-----|
| EBITDA | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 3-5    |       |      |      |      |      |      |       |     |
| 5-8    |       |      |      |      |      |      |       |     |
| 8-10   |       |      |      |      |      |      |       |     |
| >10    |       |      |      |      |      |      |       |     |
| Total  |       |      |      |      |      |      |       |     |
| N =    |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 7

### TEV/EBITDA—BUYOUT TRANSACTIONS ONLY

|         | 2003– |      |      |      |      | YTD  |       |     |
|---------|-------|------|------|------|------|------|-------|-----|
| TEV     | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 10-25   |       |      |      |      |      |      |       |     |
| 25-50   |       |      |      |      |      |      |       |     |
| 50-100  |       |      |      |      |      |      |       |     |
| 100-250 |       |      |      |      |      |      |       |     |
| Total   |       |      |      |      |      |      |       |     |
| N =     |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 8

### TEV/EBITDA—BUYOUTS WITH ABOVE-AVERAGE FINANCIAL CHARACTERISTICS

|         | 2003– |      |      |      |      | YTD  |       |     |
|---------|-------|------|------|------|------|------|-------|-----|
| TEV     | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 10-25   |       |      |      |      |      |      |       |     |
| 25-50   |       |      |      |      |      |      |       |     |
| 50-100  |       |      |      |      |      |      |       |     |
| 100-250 |       |      |      |      |      |      |       |     |
| Total   |       |      |      |      |      |      |       |     |
| N =     |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 9

### QUALITY PREMIUM—BUYOUTS ONLY

|                          | 2003– |      |      |      |      | YTD  |       |
|--------------------------|-------|------|------|------|------|------|-------|
|                          | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
| Above Average Financials |       |      |      |      |      |      |       |
| Other Buyouts            |       |      |      |      |      |      |       |
| Premium/(Discount)       |       |      |      |      |      |      |       |
| Incidence                |       |      |      |      |      |      |       |

GF SOURCE: GF DATA®

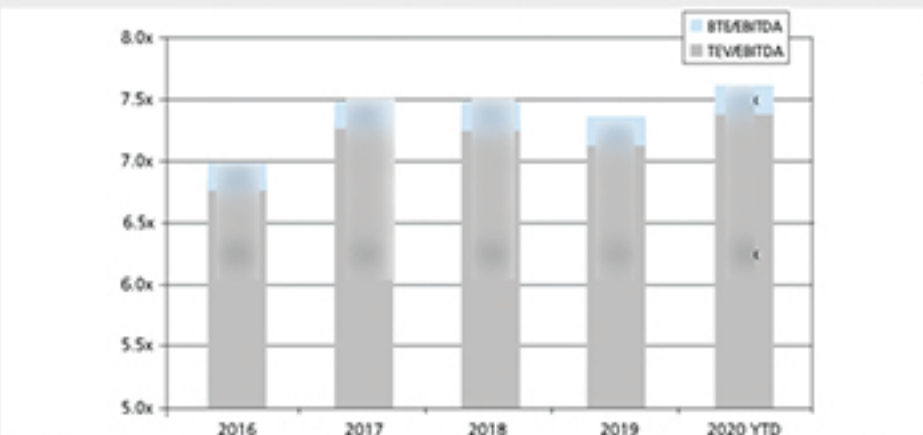
- Chart 5 shows that the constancy in valuation from 1Q to 2Q played out in each TEV bracket
- Charts 7-9 focuses on buyout transactions, which account for 85.5% of the GF Data core universe (3,056 of 3,573 deals).
- Chart 9 shows the continued assertion of the "quality premium"—the reward in valuation for above-average financial performance. The premium recorded in the first half was 18%, representing a decline from the 20 percent-plus levels reached in each of the prior four years.
- The percentage of deals meeting our above-average standard was 57 percent—about in line with the historic average of 56%.
- GF Data defines better financial performers as businesses with TTM EBITDA margins and revenue growth rates both above 10 percent, or one above 12 percent and the other metric at least 8 percent. Outliers on the high side are also excluded.



## VALUATION OVERVIEW

CHART 10

### ALL-IN VALUATIONS



SOURCE: GF DATA®

- GF Data's base valuations are presented net of buyer's expenses to produce multiples most useful as reference points for seller expectations. Expenses are then added in to generate "all-in" multiples relevant for buyers in weighing total deal costs against prevailing debt multiples.
- Buyer's transaction expenses added an average of .28x to the average transaction multiple in the first half of 2020. "All-in" multiples averaged 7.7x.
- The advantage in pricing given to platform investments continued in the second quarter. The differential of 1.3-1.4x remained in place as debt loads on both platforms and add-ons receded.
- Our size premium chart is below. The spread in valuation between deals completed in the \$10-50 million TEV range and those completed at \$100-250 million was 2.2x. This corresponds to the historic average.

CHART 11

### ALL-IN TEV/EBITDA—ALL INDUSTRIES\*

| TEV     | 2003–2015 | 2016 | 2017 | 2018 | 2019 | YTD 2020 | Total | N = |
|---------|-----------|------|------|------|------|----------|-------|-----|
| 10-25   | 1.1       | 1.2  | 1.3  | 1.4  | 1.5  | 1.6      | 1.7   | 1.8 |
| 25-50   | 1.2       | 1.3  | 1.4  | 1.5  | 1.6  | 1.7      | 1.8   | 1.9 |
| 50-100  | 1.3       | 1.4  | 1.5  | 1.6  | 1.7  | 1.8      | 1.9   | 2.0 |
| 100-250 | 1.4       | 1.5  | 1.6  | 1.7  | 1.8  | 1.9      | 2.0   | 2.1 |
| Total   | 1.2       | 1.3  | 1.4  | 1.5  | 1.6  | 1.7      | 1.8   | 1.9 |
| N =     | 13        | 13   | 13   | 13   | 13   | 13       | 13    | 13  |

\*All-in valuation data include multiples paid to seller (Chart 1) plus buyers' transaction expenses expressed as fractional multiples of EBITDA (Chart 11A). Please note that N for 2003-15 encompasses thirteen years of activity.

### Buyers' Transaction Expenses/By EBITDA Multiple

| TEV     | 2003–2015 | 2016 | 2017 | 2018 | 2019 | YTD 2020 | Total | N = |
|---------|-----------|------|------|------|------|----------|-------|-----|
| 10-25   | 0.2       | 0.2  | 0.2  | 0.2  | 0.2  | 0.2      | 0.2   | 0.2 |
| 25-50   | 0.2       | 0.2  | 0.2  | 0.2  | 0.2  | 0.2      | 0.2   | 0.2 |
| 50-100  | 0.2       | 0.2  | 0.2  | 0.2  | 0.2  | 0.2      | 0.2   | 0.2 |
| 100-250 | 0.2       | 0.2  | 0.2  | 0.2  | 0.2  | 0.2      | 0.2   | 0.2 |
| Total   | 0.2       | 0.2  | 0.2  | 0.2  | 0.2  | 0.2      | 0.2   | 0.2 |
| N =     | 13        | 13   | 13   | 13   | 13   | 13       | 13    | 13  |

Please note that N for 2003-15 encompasses thirteen years of activity.

CHART 12

### TEV/EBITDA—BUYOUTS BY TRANSACTION TYPE

| TEV     | Platforms 2017 | 2018 | 2019 | YTD 2020 | Add-ons 2017 | 2018 | 2019 | YTD 2020 |
|---------|----------------|------|------|----------|--------------|------|------|----------|
| 10-25   | 1.1            | 1.2  | 1.3  | 1.4      | 1.1          | 1.2  | 1.3  | 1.4      |
| 25-50   | 1.2            | 1.3  | 1.4  | 1.5      | 1.2          | 1.3  | 1.4  | 1.5      |
| 50-100  | 1.3            | 1.4  | 1.5  | 1.6      | 1.3          | 1.4  | 1.5  | 1.6      |
| 100-250 | 1.4            | 1.5  | 1.6  | 1.7      | 1.4          | 1.5  | 1.6  | 1.7      |
| Total   | 1.2            | 1.3  | 1.4  | 1.5      | 1.2          | 1.3  | 1.4  | 1.5      |
| N =     | 13             | 13   | 13   | 13       | 13           | 13   | 13   | 13       |

### Size Premium—Buyouts Involving Platform Acquisitions Only

| TEV     | 2003–2015 | 2016 | 2017 | 2018 | 2019 | YTD 2020 | Total | N = |
|---------|-----------|------|------|------|------|----------|-------|-----|
| 10-25   | 1.1       | 1.2  | 1.3  | 1.4  | 1.5  | 1.6      | 1.7   | 1.8 |
| 25-50   | 1.2       | 1.3  | 1.4  | 1.5  | 1.6  | 1.7      | 1.8   | 1.9 |
| 50-100  | 1.3       | 1.4  | 1.5  | 1.6  | 1.7  | 1.8      | 1.9   | 2.0 |
| 100-250 | 1.4       | 1.5  | 1.6  | 1.7  | 1.8  | 1.9      | 2.0   | 2.1 |
| Total   | 1.2       | 1.3  | 1.4  | 1.5  | 1.6  | 1.7      | 1.8   | 1.9 |
| N =     | 13        | 13   | 13   | 13   | 13   | 13       | 13    | 13  |



## BUSINESS CATEGORY DRILLDOWNS

### CHART 13

#### TEV/EBITDA—BY INDUSTRY CATEGORY

| INDUSTRY             | 2003–<br>2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|----------------------|---------------|------|------|------|------|-------------|-------|-----|
| Manufacturing        |               |      |      |      |      |             |       |     |
| Business services    |               |      |      |      |      |             |       |     |
| Health care services |               |      |      |      |      |             |       |     |
| Retail               |               |      |      |      |      |             |       |     |
| Distribution         |               |      |      |      |      |             |       |     |
| Media & Telecom      |               |      |      |      |      |             |       |     |
| Technology           |               |      |      |      |      |             |       |     |
| Other                |               |      |      |      |      |             |       |     |
| N =                  |               |      |      |      |      |             |       |     |

Please note that N for 2003–15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

- Four major business categories—manufacturing, business services, health care services and distribution—comprise about 80 percent of the GF Data deal volume.
- Contributors place manufacturing deals in one of three sub-categories. The overall multiples in that category break down as follows:

|                           | 2018 | 2019 | YTD<br>2020 |
|---------------------------|------|------|-------------|
| Manuf. Branded Consumer   |      |      |             |
| Manuf. Bus to Business    |      |      |             |
| Manuf. Unbranded Consumer |      |      |             |
| Manufacturing             |      |      |             |

### CHART 14

#### TEV/EBITDA—MANUFACTURING

|         | 2003–<br>2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|---------|---------------|------|------|------|------|-------------|-------|-----|
| 10-25   |               |      |      |      |      |             |       |     |
| 25-50   |               |      |      |      |      |             |       |     |
| 50-100  |               |      |      |      |      |             |       |     |
| 100-250 |               |      |      |      |      |             |       |     |
| Total   |               |      |      |      |      |             |       |     |
| N =     |               |      |      |      |      |             |       |     |

Please note that N for 2003–15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

### CHART 15

#### TEV/EBITDA—BUSINESS SERVICES

|         | 2003–<br>2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|---------|---------------|------|------|------|------|-------------|-------|-----|
| 10-25   |               |      |      |      |      |             |       |     |
| 25-50   |               |      |      |      |      |             |       |     |
| 50-100  |               |      |      |      |      |             |       |     |
| 100-250 |               |      |      |      |      |             |       |     |
| Total   |               |      |      |      |      |             |       |     |
| N =     |               |      |      |      |      |             |       |     |

Please note that N for 2003–15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

### CHART 16

#### TEV/EBITDA—HEALTH CARE SERVICES

|         | 2003–<br>2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|---------|---------------|------|------|------|------|-------------|-------|-----|
| 10-25   |               |      |      |      |      |             |       |     |
| 25-50   |               |      |      |      |      |             |       |     |
| 50-100  |               |      |      |      |      |             |       |     |
| 100-250 |               |      |      |      |      |             |       |     |
| Total   |               |      |      |      |      |             |       |     |
| N =     |               |      |      |      |      |             |       |     |

Please note that N for 2003–15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

### CHART 17

#### TEV/EBITDA—DISTRIBUTION

|         | 2003–<br>2015 | 2016 | 2017 | 2018 | 2019 | YTD<br>2020 | Total | N = |
|---------|---------------|------|------|------|------|-------------|-------|-----|
| 10-25   |               |      |      |      |      |             |       |     |
| 25-50   |               |      |      |      |      |             |       |     |
| 50-100  |               |      |      |      |      |             |       |     |
| 100-250 |               |      |      |      |      |             |       |     |
| Total   |               |      |      |      |      |             |       |     |
| N =     |               |      |      |      |      |             |       |     |

Please note that N for 2003–15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

## VALUATION OVERVIEW

CHART 5

### TEV/EBITDA—QUARTERLY SPLITS

|         | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   |     |
|---------|------|------|------|------|------|------|------|------|-----|
| TEV     | 2018 | 2018 | 2019 | 2019 | 2019 | 2019 | 2020 | 2020 | N = |
| 10-25   |      |      |      |      |      |      |      |      |     |
| 25-50   |      |      |      |      |      |      |      |      |     |
| 50-100  |      |      |      |      |      |      |      |      |     |
| 100-250 |      |      |      |      |      |      |      |      |     |
| Total   |      |      |      |      |      |      |      |      |     |
| N =     |      |      |      |      |      |      |      |      |     |

GF SOURCE: GF DATA®

CHART 6

### TEV/EBITDA—ALL INDUSTRIES BY EBITDA SIZE

|        | 2003– |      |      |      |      | YTD  |       |     |
|--------|-------|------|------|------|------|------|-------|-----|
| EBITDA | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 3-5    |       |      |      |      |      |      |       |     |
| 5-8    |       |      |      |      |      |      |       |     |
| 8-10   |       |      |      |      |      |      |       |     |
| >10    |       |      |      |      |      |      |       |     |
| Total  |       |      |      |      |      |      |       |     |
| N =    |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 7

### TEV/EBITDA—BUYOUT TRANSACTIONS ONLY

|         | 2003– |      |      |      |      | YTD  |       |     |
|---------|-------|------|------|------|------|------|-------|-----|
| TEV     | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 10-25   |       |      |      |      |      |      |       |     |
| 25-50   |       |      |      |      |      |      |       |     |
| 50-100  |       |      |      |      |      |      |       |     |
| 100-250 |       |      |      |      |      |      |       |     |
| Total   |       |      |      |      |      |      |       |     |
| N =     |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 8

### TEV/EBITDA—BUYOUTS WITH ABOVE-AVERAGE FINANCIAL CHARACTERISTICS

|         | 2003– |      |      |      |      | YTD  |       |     |
|---------|-------|------|------|------|------|------|-------|-----|
| TEV     | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total | N = |
| 10-25   |       |      |      |      |      |      |       |     |
| 25-50   |       |      |      |      |      |      |       |     |
| 50-100  |       |      |      |      |      |      |       |     |
| 100-250 |       |      |      |      |      |      |       |     |
| Total   |       |      |      |      |      |      |       |     |
| N =     |       |      |      |      |      |      |       |     |

Please note that N for 2003-15 encompasses thirteen years of activity.

GF SOURCE: GF DATA®

CHART 9

### QUALITY PREMIUM—BUYOUTS ONLY

|                          | 2003– |      |      |      |      | YTD  |       |
|--------------------------|-------|------|------|------|------|------|-------|
|                          | 2015  | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
| Above Average Financials |       |      |      |      |      |      |       |
| Other Buyouts            |       |      |      |      |      |      |       |
| Premium/(Discount)       |       |      |      |      |      |      |       |
| Incidence                |       |      |      |      |      |      |       |

GF SOURCE: GF DATA®

- Chart 5 shows that the constancy in valuation from 1Q to 2Q played out in each TEV bracket
- Charts 7-9 focuses on buyout transactions, which account for 85.5% of the GF Data core universe (3,056 of 3,573 deals).
- Chart 9 shows the continued assertion of the "quality premium"—the reward in valuation for above-average financial performance. The premium recorded in the first half was 18%, representing a decline from the 20 percent-plus levels reached in each of the prior four years.
- The percentage of deals meeting our above-average standard was 57 percent—about in line with the historic average of 56%.
- GF Data defines better financial performers as businesses with TTM EBITDA margins and revenue growth rates both above 10 percent, or one above 12 percent and the other metric at least 8 percent. Outliers on the high side are also excluded.



## GF Data's searchable data base is available on line at [www.gfdata.com](http://www.gfdata.com).

We provide detailed valuation data organized by business category and/or NAICS code. You can organize your search by TEV or by year, then print it or download it into Excel. GF Data reports at the finest level of industry detail at which there are at least three data points.

The GF Data searchable data base currently includes deals in 66 NAICS three-digit categories and 150 sub-categories. Some sub-groupings are omitted from the list below:

### MANUFACTURING

|        |                                                      |
|--------|------------------------------------------------------|
| 212    | Mining (Except Oil and Gas)                          |
| 213    | Support Activities for Mining                        |
| 2131** | Stone Mining and Quarrying                           |
| 236    | Building Construction                                |
| 2361** | Residential Construction                             |
| 237    | Heavy and Civil Engineering Construction             |
| 2371** | Utility System Construction                          |
| 2373** | Highway, Street & Bridge Construction                |
| 238    | Specialty Trade Contracting                          |
| 2381** | Foundation Structure and Bldg. Exterior              |
| 2382** | Building Equipment                                   |
| 2383** | Building Finishing                                   |
| 311    | Food Manufacturing                                   |
| 3111** | Animal Food Manufacturing                            |
| 3114** | Fruit and Veg. Preserving/Specialty Foods            |
| 3115** | Dairy Products                                       |
| 3116** | Animal Processing & Slaughtering                     |
| 3118** | Bakeries and Tortilla Mfg.                           |
| 3119** | Other Food Mfg.                                      |
| 312    | Beverage and Tobacco Mfg.                            |
| 3121** | Beverage Mfg.                                        |
| 313    | Textile Mills                                        |
| 314    | Textile Product Mills                                |
| 315    | Apparel Manufacturing                                |
| 316    | Leather and Allied Product Mfg.                      |
| 321    | Wood Product Manufacturing                           |
| 322    | Paper Manufacturing                                  |
| 323    | Printing and Related Support Activities              |
| 325    | Chemical Manufacturing                               |
| 3251** | Basic Chemicals                                      |
| 3252** | Resin, Synth. Rubber, and Artificial Synth. Products |
| 3253** | Pesticide, Fertilizer & Other Ag. Products           |
| 3254** | Pharmaceutical and Medicine                          |
| 3255** | Paint, Coating, and Adhesive Manufacturing           |
| 3256** | Soap, Cleaning and Toilet Prep. Products             |
| 326    | Plastics and Rubber Products Mfg.                    |
| 3261** | Plastics Products                                    |
| 3262** | Rubber Products                                      |
| 327    | Nonmetallic Mineral Product Manufacturing            |
| 3271** | Clay Products & Refractory                           |
| 3272** | Glass and Glass Products                             |
| 3273** | Cement & Concrete Products                           |
| 331    | Primary Metal Mfg.                                   |
| 3311** | Iron & Steel Mills and Ferroalloy Mfg.               |
| 3312** | Iron and Steel Pipe and Tube from Purchased Steel    |
| 3313** | Alumina and Aluminum Production and Processing       |
| 3314** | Nonferrous Metal (except Alum.) Prod./Processing     |
| 3315** | Foundries                                            |
| 332    | Fabricated Metal Product Mfg.                        |
| 3321** | Forging and Stamping                                 |
| 3323** | Architect. & Structural Metals                       |
| 3324** | Boiler, Tank, and Shipping Containers                |
| 3325** | Hardware                                             |
| 3327** | Machine Shops/Turned Product/Screw, Nut & Bolt       |
| 3328** | Coating, Engraving, Heat Treating Products           |
| 333    | Machinery Manufacturing                              |
| 3331** | Agriculture, Constr., and Mining Machinery           |
| 3332** | Industrial Machinery                                 |
| 3333** | Comm. & Service Industry Machinery                   |
| 3334** | HVAC and Commercial Refrigeration Equip.             |
| 3335** | Metalworking Machinery                               |
| 3336** | Engine, Power & Turbine Transmission Equip.          |
| 3339** | Other General Purpose Machinery                      |
| 334    | Computer & Electronic Prod. Mfg.                     |
| 3341** | Computers and Peripheral Equipment                   |
| 3342** | Communications Equipment                             |
| 3343** | Audio & Video Equipment                              |
| 3344** | Semiconductor and Other Electronic Components        |

|        |                                                     |
|--------|-----------------------------------------------------|
| 3345** | Navig., Meas., Electromed., and Control Instruments |
| 3346** | Magnetic and Optical Media                          |
| 335    | Elec. Equip., Appl. and Component Mfg.              |
| 3351** | Electrical Lighting Equipment                       |
| 3352** | Household Appliance Mfg.                            |
| 3353** | Electrical Equipment                                |
| 336    | Transportation Equip. Mfg.                          |
| 3361** | Motor Vehicle Mfg.                                  |
| 3362** | Heavy Duty Truck Manufacturing                      |
| 3363** | Motor Vehicle Parts                                 |
| 3364** | Aerospace Products and Parts                        |
| 3366** | Ship and Boat Building                              |
| 337    | Furniture and Related Products                      |
| 3371** | Household and Institutional Furniture               |
| 3372** | Office Furniture (including fixtures)               |
| 3379** | Mattress Manufacturing                              |
| 339    | Miscellaneous Mfg.                                  |
| 3391** | Medical Equip. & Supplies                           |

### BUSINESS SERVICES

|        |                                                      |
|--------|------------------------------------------------------|
| 481    | Air Transportation                                   |
| 484    | Truck Transportation                                 |
| 4841** | General Freight Trucking                             |
| 4842** | Specialized Freight Trucking                         |
| 488    | Support Activities for Transportation                |
| 4881** | Support Activities for Air Transportation 4881**     |
| 4882** | Support Activities for Air Transportation            |
| 4883** | Support Activities for Rail Transportation           |
| 4884** | Support Activities for Road Transportation           |
| 4885** | Freight Transportation Arrangement                   |
| 492    | Couriers & Messengers                                |
| 493    | Warehousing & Storage                                |
| 518    | Data Processing, Hosting & Rel. Services             |
| 519    | Other Information Services                           |
| 522    | Credit Intermediation & Related Activities           |
| 524    | Insurance Carriers and Rel. Activities               |
| 5241** | Insurance Carriers                                   |
| 5242** | Agencies, Brokers and Other Ins. Related Activities  |
| 525    | Funds, Trusts & Other Vehicles                       |
| 532    | Rental and Leasing Services                          |
| 541    | Professional, Scientific and Tech Services           |
| 5411** | Legal Services                                       |
| 5412** | Accounting, Tax Prep., Bookkeeping and Payroll Svcs. |
| 5413** | Architectural, Engineering, and Related Services     |
| 5414** | Specialized Design Services                          |
| 5415** | Computer Systems Design and Related Services         |
| 5416** | Mgt., Scientific & Tech. Consulting                  |
| 5417** | Research & Development                               |
| 5418** | Advertising, PR and Related Services                 |
| 5419** | Other Prof., Scientific and Tech. Services           |
| 561    | Administrative & Support Services                    |
| 5613** | Employment Services                                  |
| 5614** | Business Support Services                            |
| 5616** | Investigation and Security Services                  |
| 5617** | Services to Buildings and Dwellings                  |
| 5619** | Other Support Services                               |
| 562    | Waste Management and Remediation Services            |
| 5621** | Waste Collection                                     |
| 5622** | Waste Treatment and Disposal                         |
| 611    | Educational Services                                 |
| 6111** | Elementary and Secondary Schools                     |
| 6114** | Business, Computer & Management Training             |
| 6115** | Technical and Trade Schools                          |
| 6116** | Other Schools and Instruction                        |
| 6117** | Education Support Services                           |
| 811    | Repair and Maintenance                               |
| 8111** | Automotive Repair & Maintenance                      |
| 8112** | Electronic and Precis. Equip. Repair and Mntnce      |

|        |                                                         |
|--------|---------------------------------------------------------|
| 8113** | Comm. and Ind. Machry and Equip. Repair and Maintenance |
| 8114** | Personal & Household Goods                              |
| 812    | Personal & Laundry Services                             |
| 8122** | Death Care Services                                     |
| 8123** | Drycleaning and Laundry Services                        |

### HEALTH CARE SERVICES

|        |                                                     |
|--------|-----------------------------------------------------|
| 824    | Insurance Carriers and Rel. Activities              |
| 8241** | Insurance Carriers                                  |
| 8242** | Agencies, Brokers and Other Ins. Related Activities |
| 821    | Ambulatory Health Care Services                     |
| 8211** | Physicians Offices                                  |
| 8212** | Dentists Offices                                    |
| 8213** | Hlth Care Practitners (exc. Physicians or Dentists) |
| 8214** | Outpatient Care Centers                             |
| 8215** | Medical and Diagnostic Laboratories                 |
| 8216** | Home Health Care Services                           |
| 8219** | Ambulance and Other Ambulatory Svcs.                |
| 824    | Social Assistance                                   |

### DISTRIBUTION

|        |                                                  |
|--------|--------------------------------------------------|
| 423    | Wholesalers, Durable Goods                       |
| 4231** | Motor Vehicle and MV Parts & Supplies            |
| 4232** | Furniture and Home Furnishings                   |
| 4233** | Lumber and Other Construction Materials          |
| 4234** | Commercial Equipment & Supplies                  |
| 4235** | Metal and Mineral Goods (exc. Petrol.)           |
| 4236** | Electrical and Electronic Goods                  |
| 4237** | Hardware, Plumbing and Heating Equip. & Supplies |
| 4238** | Machinery, Equip & Supplies                      |
| 4239** | Misc. Durable Goods                              |
| 424    | Wholesalers, Nondurable Goods                    |
| 4241** | Paper & Paper Products                           |
| 4242** | Drugs & Druggists Sundries                       |
| 4243** | Apparel, Piece Goods & Notions                   |
| 4244** | Grocery and Related Products                     |
| 4246** | Chemical & Allied Products                       |
| 4249** | Misc. Nondurable Goods                           |

### RETAIL

|     |                                                      |
|-----|------------------------------------------------------|
| 441 | Motor Vehicle Dealers and Dealers                    |
| 442 | Furniture and Home Furnishings Stores                |
| 443 | Electronic & Appliance Stores                        |
| 444 | Bldg Material and Garden Equipment & Supplies Stores |
| 445 | Food & Beverage Stores                               |
| 446 | Health and Personal Care Stores                      |
| 448 | Clothing and Clothing Accessories Stores             |
| 453 | Miscellaneous Retailers                              |
| 454 | Non-Store Retailers                                  |
| 713 | Amusement, Gambling & Recreation Inds.               |
| 722 | Food Services and Drinking Places                    |

### PUBLISHING/MEDIA AND TECHNOLOGY

|        |                                               |
|--------|-----------------------------------------------|
| 511    | Publishing Industries (except Internet)       |
| 5111** | Newspaper, Periodical, Book & Directory Publ. |
| 5112** | Software Publishers                           |
| 512    | Motion Picture & Recording Industries         |
| 515    | Broadcasting (Except Internet)                |
| 5151** | Radio and Television Broadcasting             |
| 517    | Telecommunications                            |
| 518    | Data Processing Hosting & Related Services    |
| 519    | Other Information Services                    |

### OTHER

|     |                    |
|-----|--------------------|
| 111 | Crop Production    |
| 221 | Utilities          |
| 517 | Telecommunications |