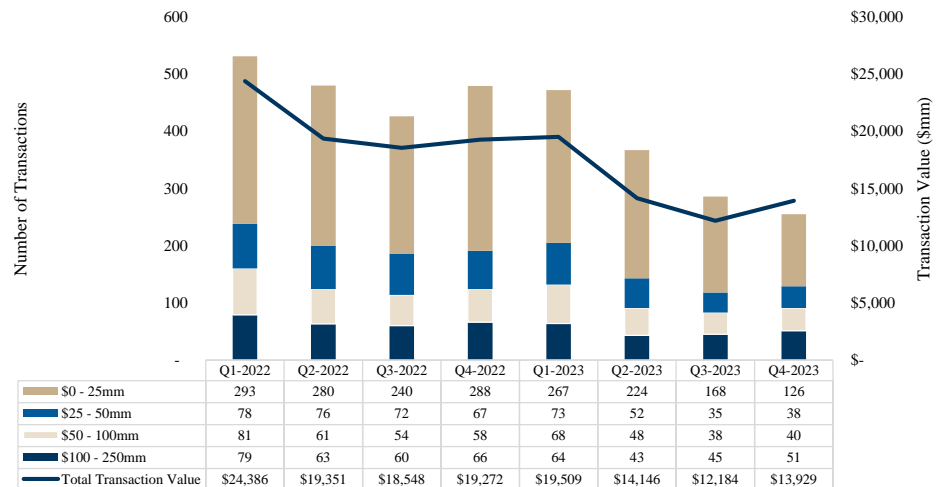


## Mergers & Acquisitions Update: The Middle Market Q4 2023

Size Range	U.S. Announced M&A Transactions				
	2019	2020	2021	2022	2023
\$0-25mm	6.9x	6.8x	7.3x	7.1x	6.1x
\$25-50mm	7.5x	7.7x	8.6x	6.3x	7.6x
\$50-100mm	9.0x	8.1x	9.1x	7.5x	7.9x
\$100-250mm	8.7x	9.6x	9.1x	8.4x	8.9x
\$250-500mm	9.2x	8.3x	9.6x	8.3x	8.7x
\$500mm-\$1B	11.2x	10.2x	9.2x	10.4x	9.7x

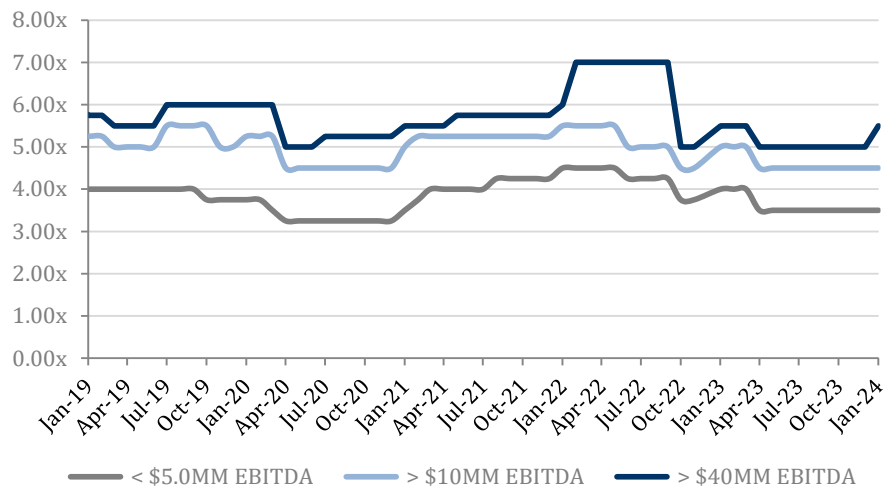
Source: Capital IQ, Mufson Howe Hunter

### U.S. Lower Middle Market M&A Activity – Transactions Below \$250mm



Source: Capital IQ, Mufson Howe Hunter

### Historical Total Debt Limit (x EBITDA)



Mufson Howe Hunter & Company LLC is a middle-market focused investment bank providing M&A, capital raising and financial advisory services.

Broker/Dealer services offered through a wholly owned subsidiary Mufson Howe Hunter & Partners LLC, Member SIPC | FINRA

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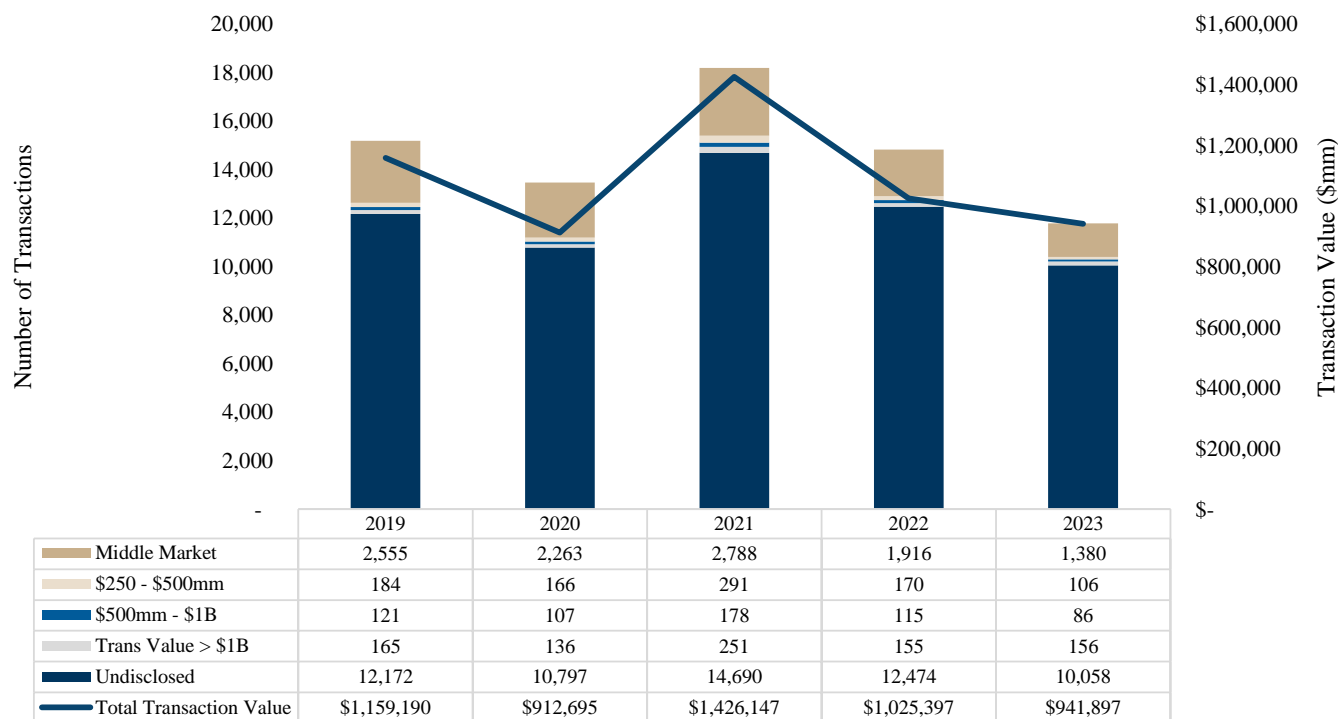
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[mhowe@mhco.com](mailto:mhowe@mhco.com)

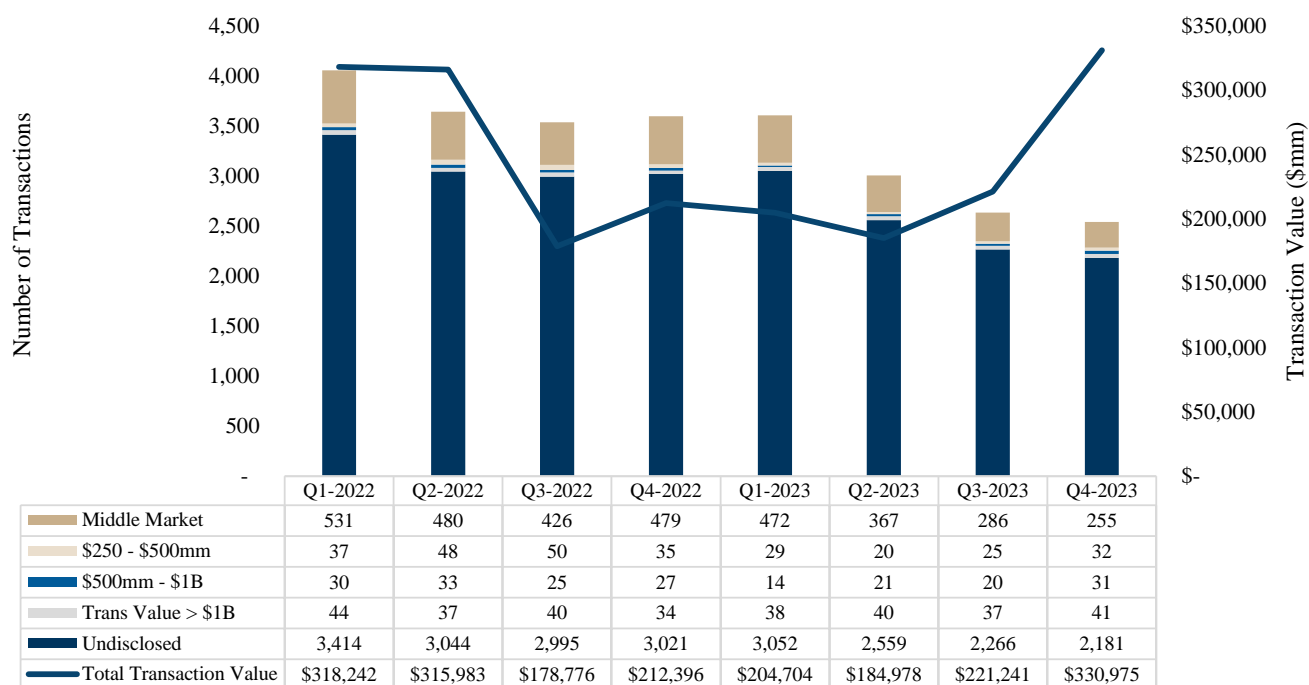
Michael J. Mufson, Managing Director  
215.399.5410  
[mmufson@mhco.com](mailto:mmufson@mhco.com)

# Mergers & Acquisitions Update

## U.S. - All Reported M&A Activity



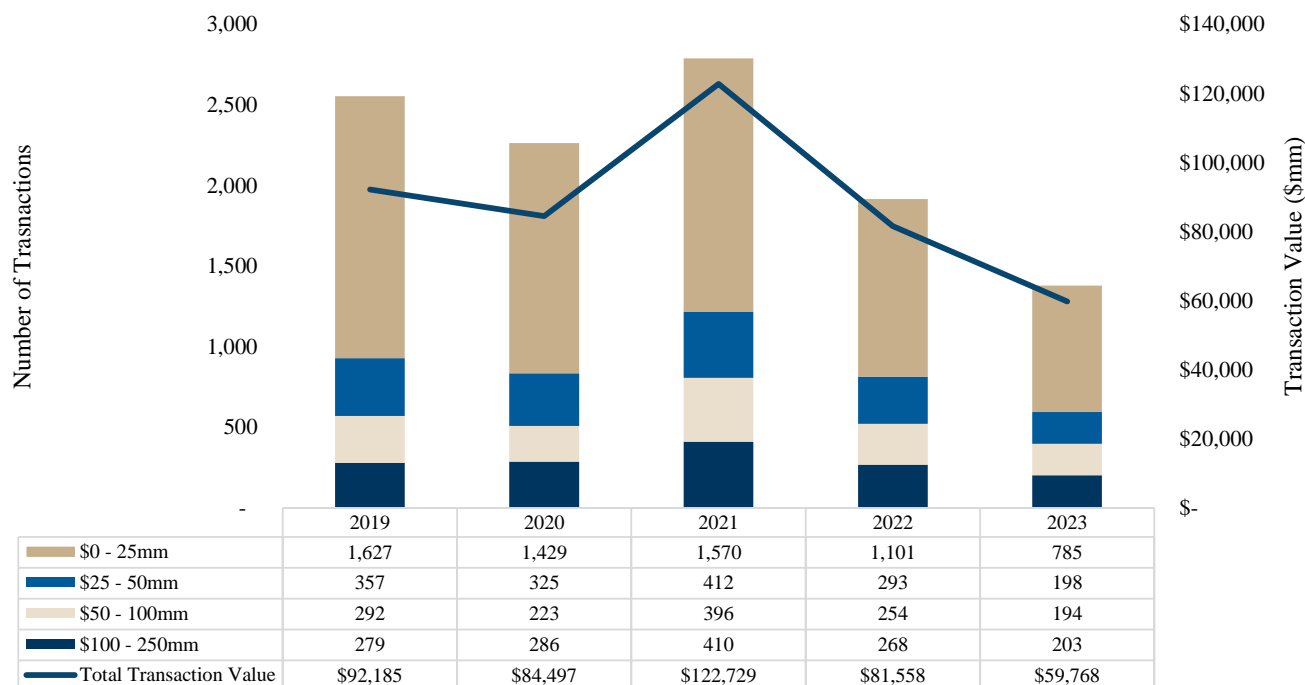
## U.S. - All Reported M&A Activity



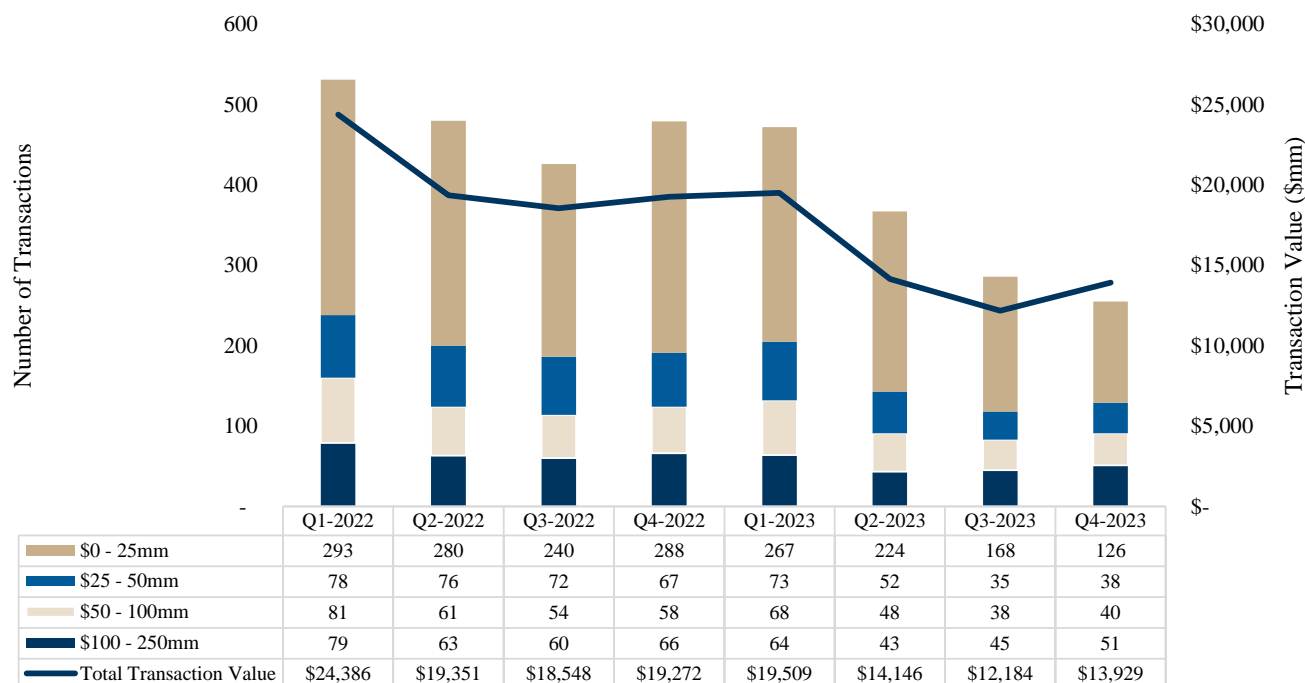
Source: Capital IQ  
As of 12/31/2023

# Mergers & Acquisitions Update

## U.S. Lower Middle Market M&A Activity – Transactions Below \$250mm



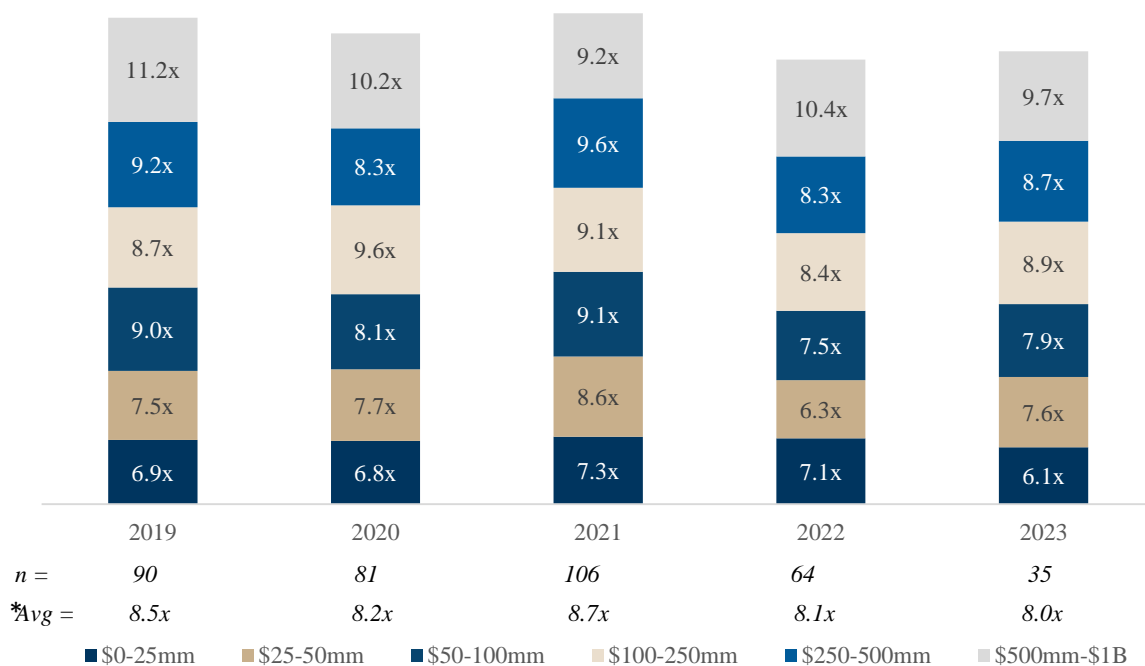
## U.S. Lower Middle Market M&A Activity – Transactions Below \$250mm



Source: Capital IQ  
As of 12/31/2023

# U.S. Middle Market Valuation Multiples

## All U.S. Middle Market M&A Transactions Valuation Multiples



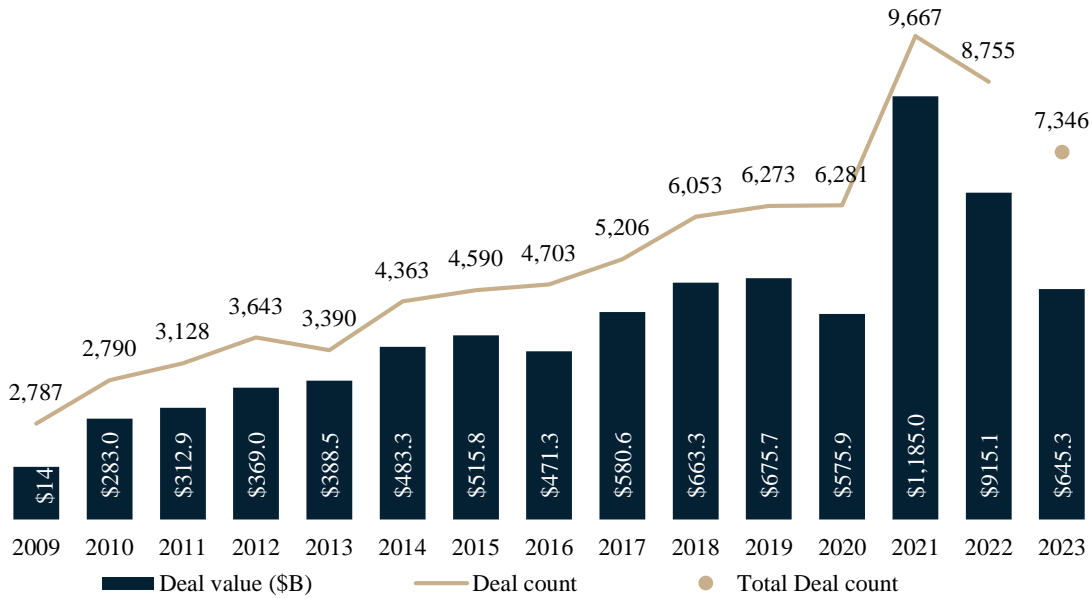
\* Average weighted by number of transactions

Source: Capital IQ

As of 12/31/2023

## U.S. Middle Market Private Equity Sponsor Activity

### U.S. PE Deal Activity



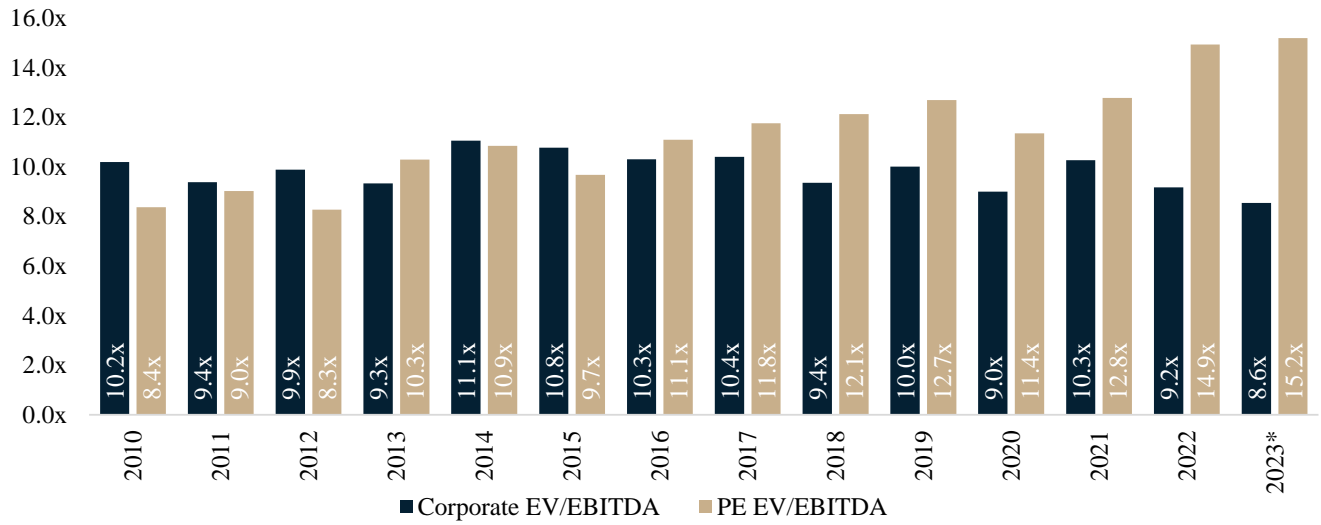
Source: PitchBook  
\*As of 12/31/2023

### U.S. PE Exit Activity



Source: PitchBook  
\*As of 12/31/2023

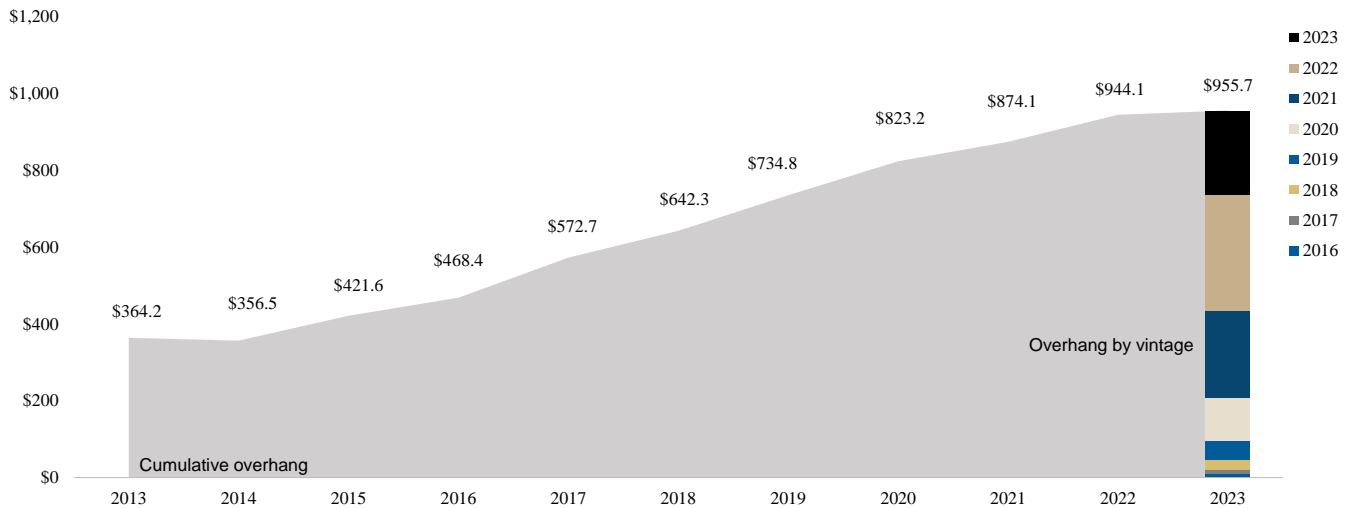
## PE Purchase Price Multiples Paid versus Corporate



Source: PitchBook

\*As of 09/30/2023

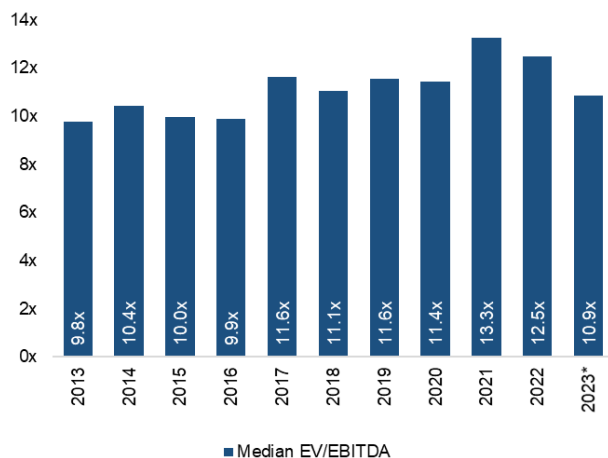
## US PE middle-market and overall PE dry powder (\$B)



Source: PitchBook

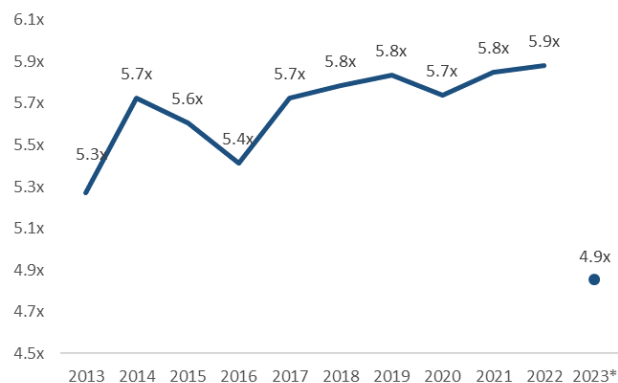
\*As of 03/31/2023

## Median PE EV/EBITDA Multiples



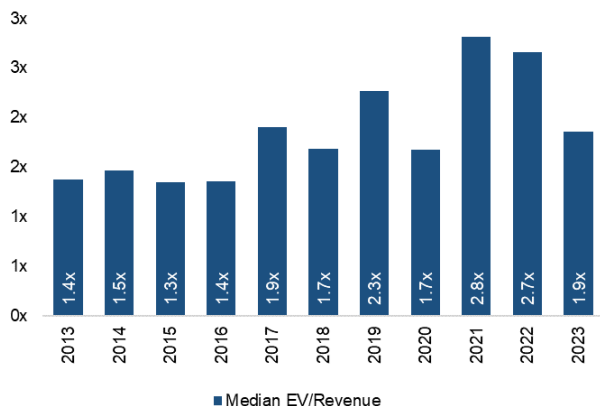
Source: PitchBook  
\*As of 12/31/2023

## Median PE Debt/EBITDA Multiples



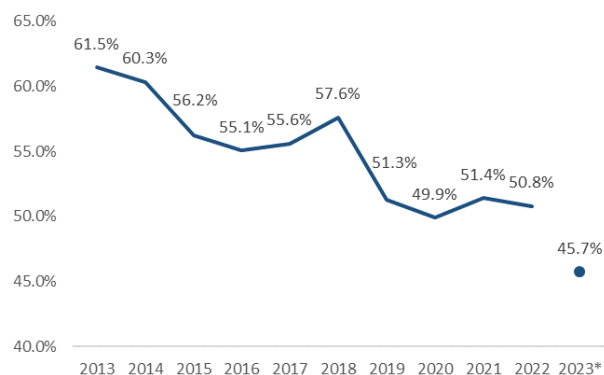
Source: PitchBook  
\*As of 12/31/2023

## Median PE EV/Revenue Multiples



Source: PitchBook  
\*As of 12/31/2023

## Share of PE LBO debt to EV



Source: PitchBook  
\*As of 12/31/2023

## Leverage Market at a Glance

By SPP Capital Partners  
www.sppcapital.com

### Cash Flow Senior Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
January 2024	1.50x - 2.50x	2.00x - 3.50x	3.00x - 4.00x
December 2023	1.50x - 2.00x	2.00x - 3.00x	2.50x - 4.00x
January 2023	1.50x - 2.50x	2.50x - 3.00x	3.00x - 4.00x

Commentary: *Liquidity Conditions Improving: Leverage Multiples Tilt Positive and Credit Spreads Tighten Under Competitive Pressure*

### Total Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
January 2024	2.50x - 3.50x	3.50x - 4.50x	4.00x - 5.50x
December 2023	2.50x - 3.50x	3.50x - 4.50x	4.00x - 5.00x
January 2023	3.00x - 4.00x	3.50x - 5.00x	4.00x - 5.50x

Commentary: *Liquidity Conditions Improving: Leverage Multiples Tilt Positive and Credit Spreads Tighten Under Competitive Pressure*

### Senior Cash Flow Pricing

	Bank	Non-Bank < \$10MM EBITDA	Non-Bank > \$40MM EBITDA
January 2024	S+ 3.75% - 5.00%	S+ 6.00% - 8.00%	S+ 5.00% - 6.00%
December 2023	S+ 3.75% - 5.00%	S+ 6.00% - 8.50%	S+ 5.00% - 6.50%
January 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.00%	S+ 6.00% - 7.50%

Commentary: *Liquidity Conditions Improving: Leverage Multiples Tilt Positive and Credit Spreads Tighten Under Competitive Pressure*

### Unitranche and Second Lien Pricing

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
January 2024	S+ 7.50% - 9.50%	S+ 6.00% - 7.50%	S+ 5.75% - 7.00%
December 2023	S+ 8.00% - 10.00%	S+ 6.00% - 8.00%	S+ 5.75% - 7.50%
January 2023	S+ 8.50% - 11.00%	S+ 6.50% - 8.50%	S+ 6.00% - 8.00%

Commentary: *Liquidity Conditions Improving: Leverage Multiples Tilt Positive and Credit Spreads Tighten Under Competitive Pressure*

### Sub Debt Pricing (Total Coupon: Cash + PIK)

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
January 2024	13.50% - 16.00%	12.50% - 14.50%	11.50% - 13.00%
December 2023	14.00% - 16.00%	13.00% - 15.00%	12.00% - 14.00%
January 2023	13.00% - 15.00%	12.00% - 14.00%	11.00% - 13.00%

Commentary: *Liquidity Conditions Improving: Leverage Multiples Tilt Positive and Credit Spreads Tighten Under Competitive Pressure*

Source: SPP Capital Partners – “Capital Market Update January 2024”

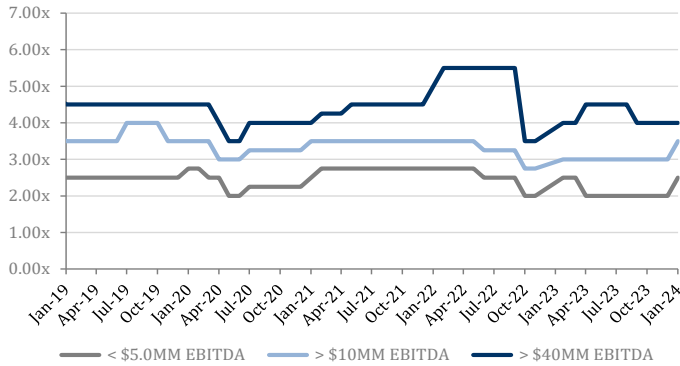
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## Historical Leverage Metrics

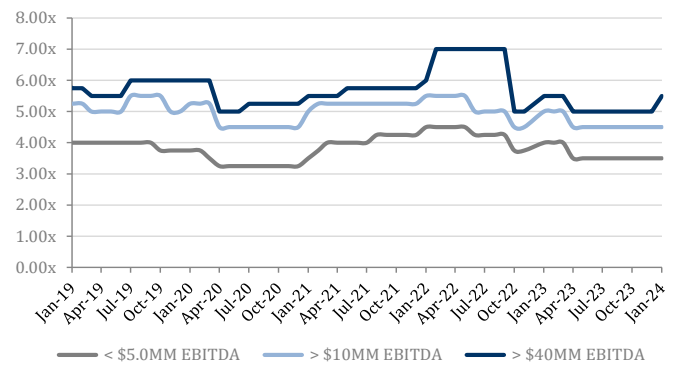
By SPP Capital Partners

### Historical Senior Debt Cash Flow Limit (x EBITDA)



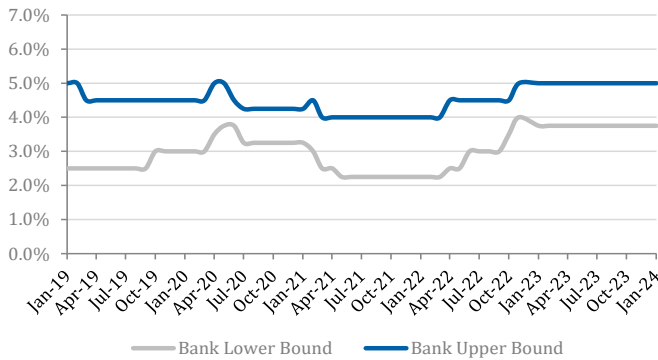
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Total Debt Limit (x EBITDA)



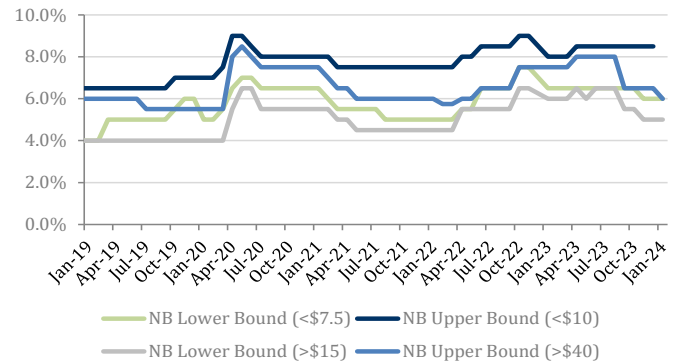
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Bank)



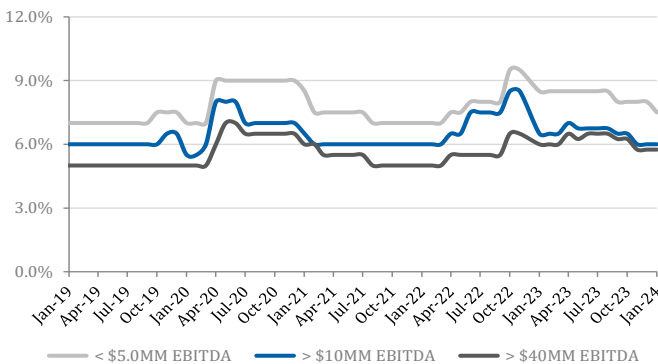
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Non-Bank)



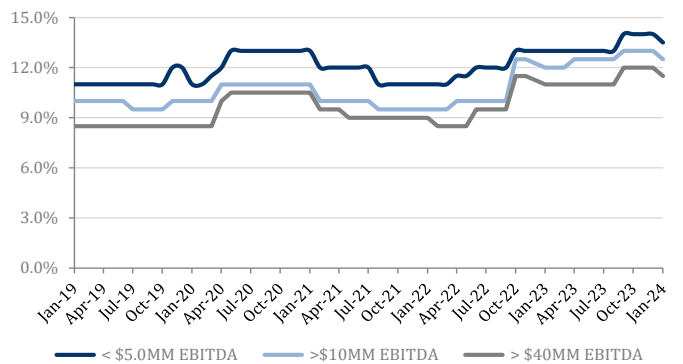
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Second Lien Pricing



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Subordinated Debt Pricing

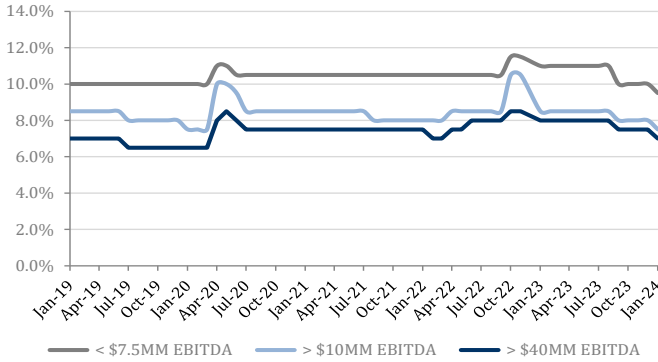


Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

## Historical Leverage Metrics (cont.)

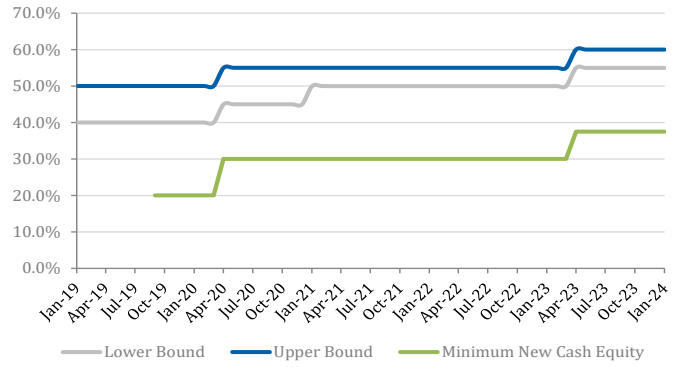
By SPP Capital Partners

### Historical Unitranche Pricing



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Minimum Equity Contribution



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

Source: SPP Capital Partners – "Capital Market Update January 2024"

[SPP Capital Partners - Middle Market Investment Banking and Asset Management Home](#)

## Mufson Howe Hunter & Co. M&A Activity

*Selected Recent Transactions*



has been acquired by




a portfolio company of




*The undersigned served as the exclusive financial advisor to I&I Sling Max in this transaction*


**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH



has been acquired by




a portfolio company of




*The undersigned served as the exclusive financial advisor to Bluestream Health in this transaction*

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH




has been acquired by




*The undersigned served as the exclusive financial advisor to Pennsylvania Paper & Supply in this transaction*

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH



has been acquired by



*The undersigned served as the exclusive financial advisor to Mooney-General Paper Company in this transaction*

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH

**Mufson Howe Hunter** is an independent investment bank for middle-market companies. We focus on selling businesses, recapitalizations, buy-outs, acquisitions and raising capital. Unique to the middle market, our senior bankers have extensive corporate finance experience and deep knowledge of the capital markets.

### Mergers & Acquisitions

- Advise buyers and sellers (public and private companies)
- Sale of businesses, strategic acquisitions, recapitalizations, management buy-outs and industry build-ups
- Specific background in representing closely-held and family-owned businesses

### Raise Capital

- Equity (control and non-control)
- Mezzanine financing
- Senior and junior debt
- Typically raise debt & equity capital from commercial banks, finance companies, investment funds and private equity sponsors

### Financial Advisory Services

- Analysis of business strategies and options
- Fairness opinions
- Complex valuations

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Visit us at: [www.mhhco.com](http://www.mhhco.com)

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