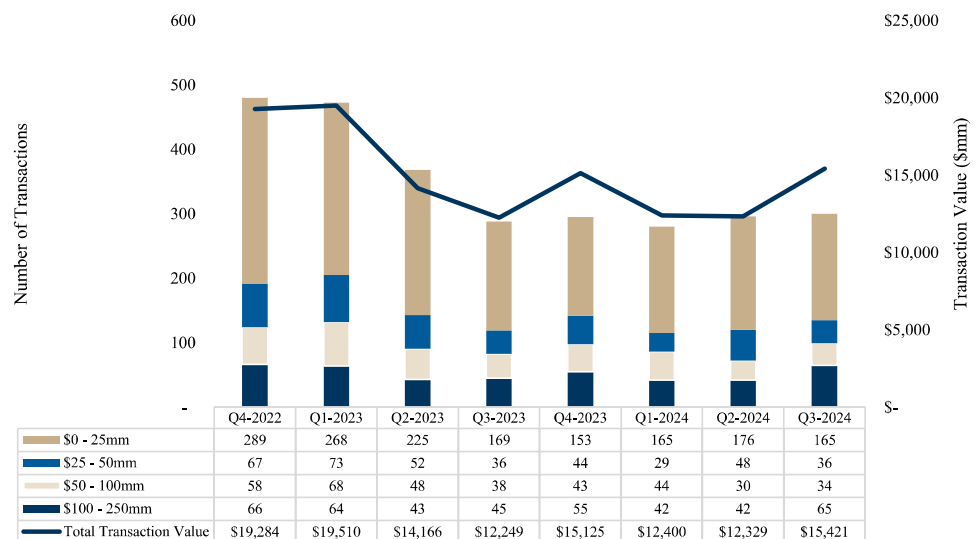


## Mergers & Acquisitions Update: The Middle Market Q3 2024

Size Range	U.S. Announced M&A Transactions				
	2020	2021	2022	2023	LTM Q3 '24
\$0-25mm	6.8x	7.3x	7.1x	6.2x	6.2x
\$25-50mm	7.7x	8.6x	6.3x	7.6x	7.6x
\$50-100mm	8.1x	9.1x	7.5x	8.6x	8.7x
\$100-250mm	9.6x	9.1x	8.4x	8.3x	9.0x
\$250-500mm	8.3x	9.6x	8.3x	8.7x	9.4x
\$500mm-\$1B	10.2x	9.2x	10.4x	9.9x	9.6x

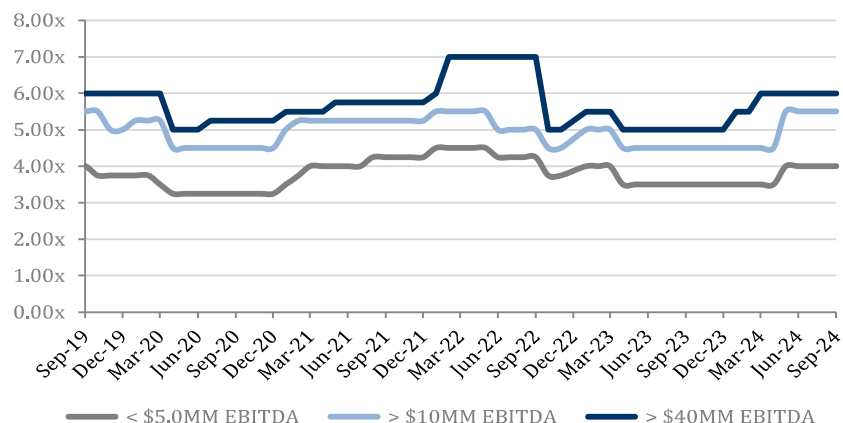
Source: Capital IQ, Mufson Howe Hunter

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



Source: Capital IQ, Mufson Howe Hunter

### Historical Total Debt Limit (x EBITDA)



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

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

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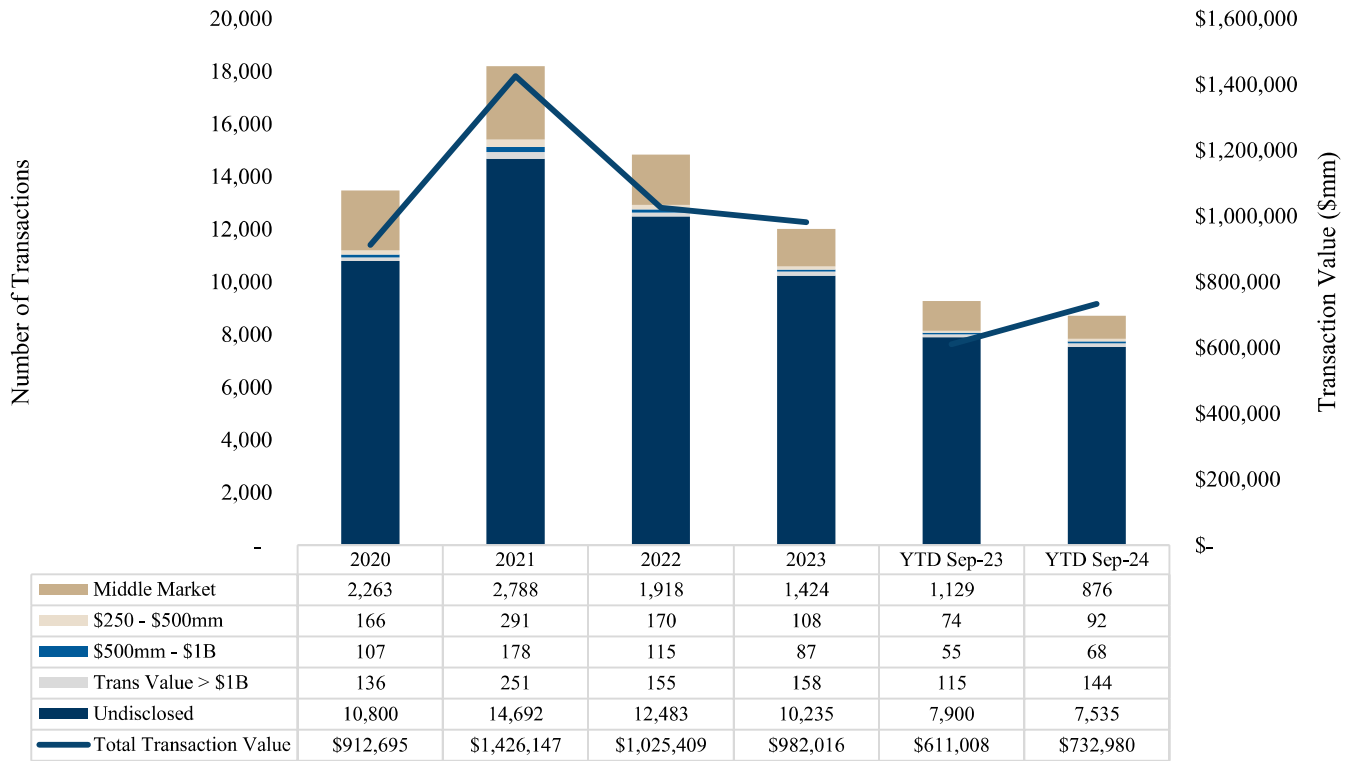
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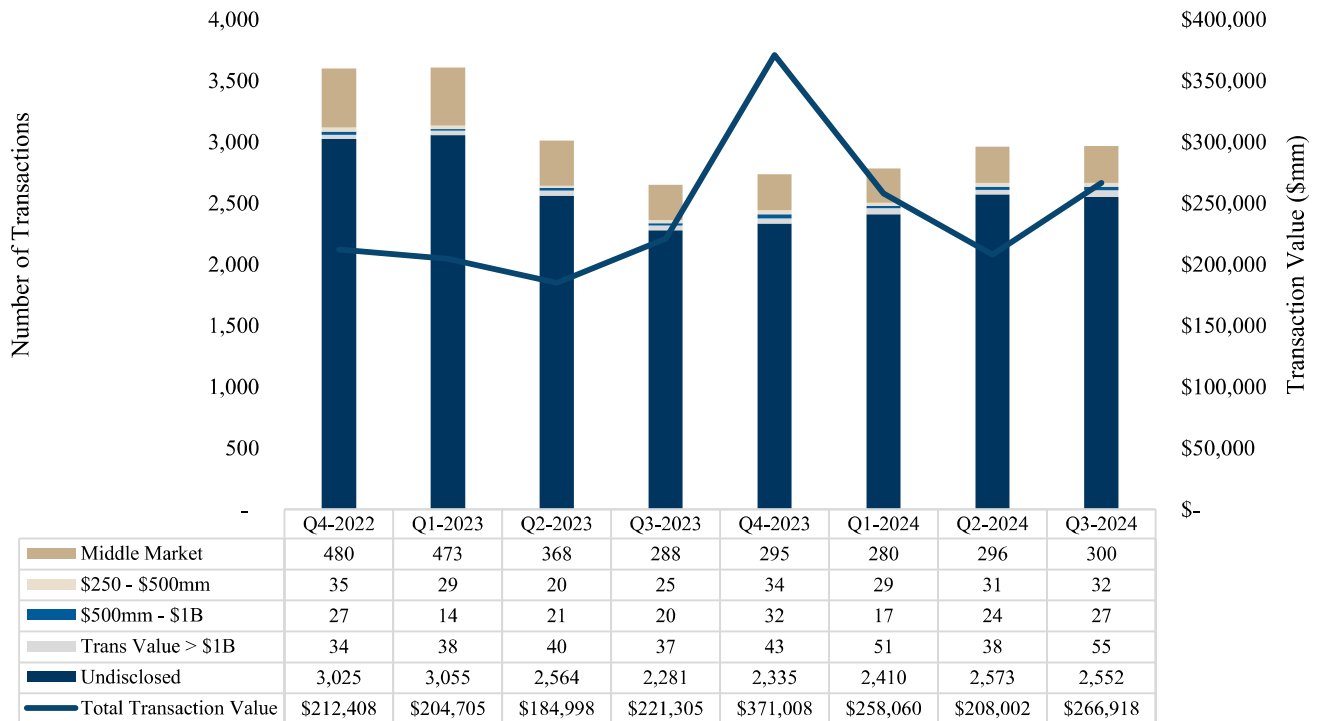
Scott Kendrick, Director  
215.370.6128  
[skendrick@mhco.com](mailto:skendrick@mhco.com)

# Mergers & Acquisitions Update

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



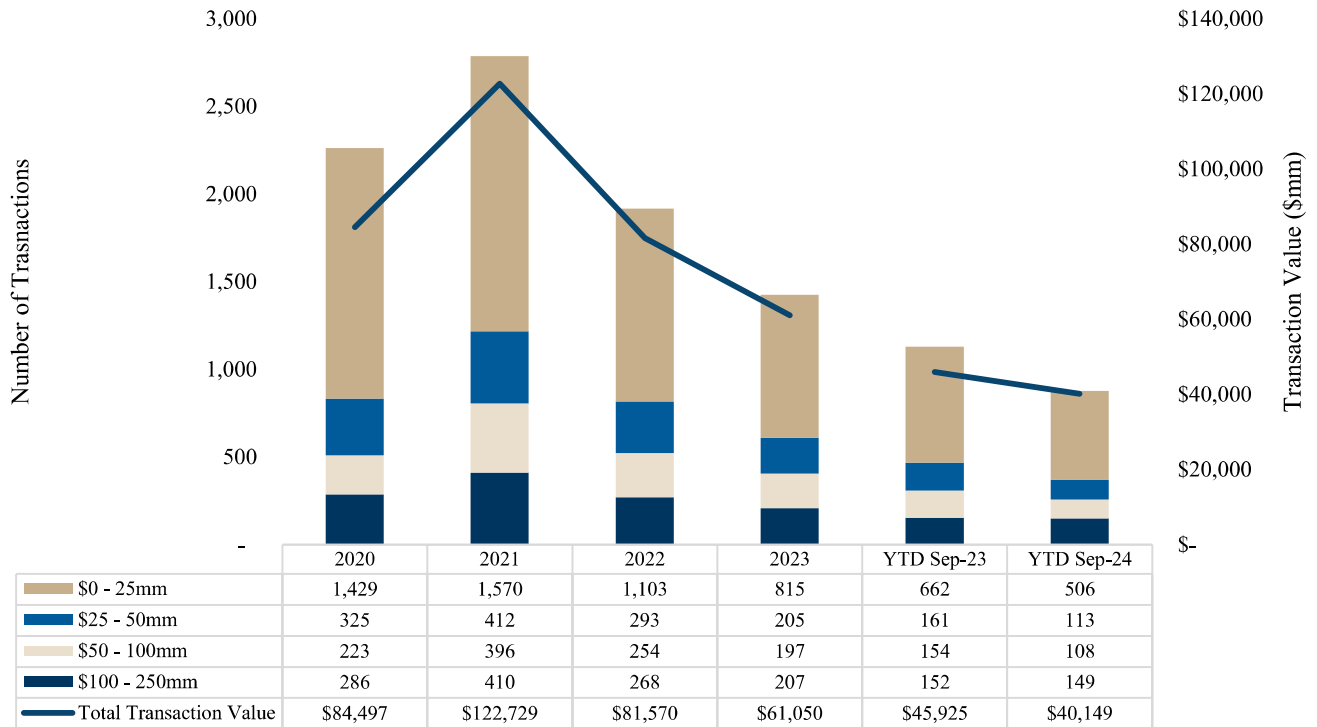
## U.S. - All Reported Quarterly M&A Activity



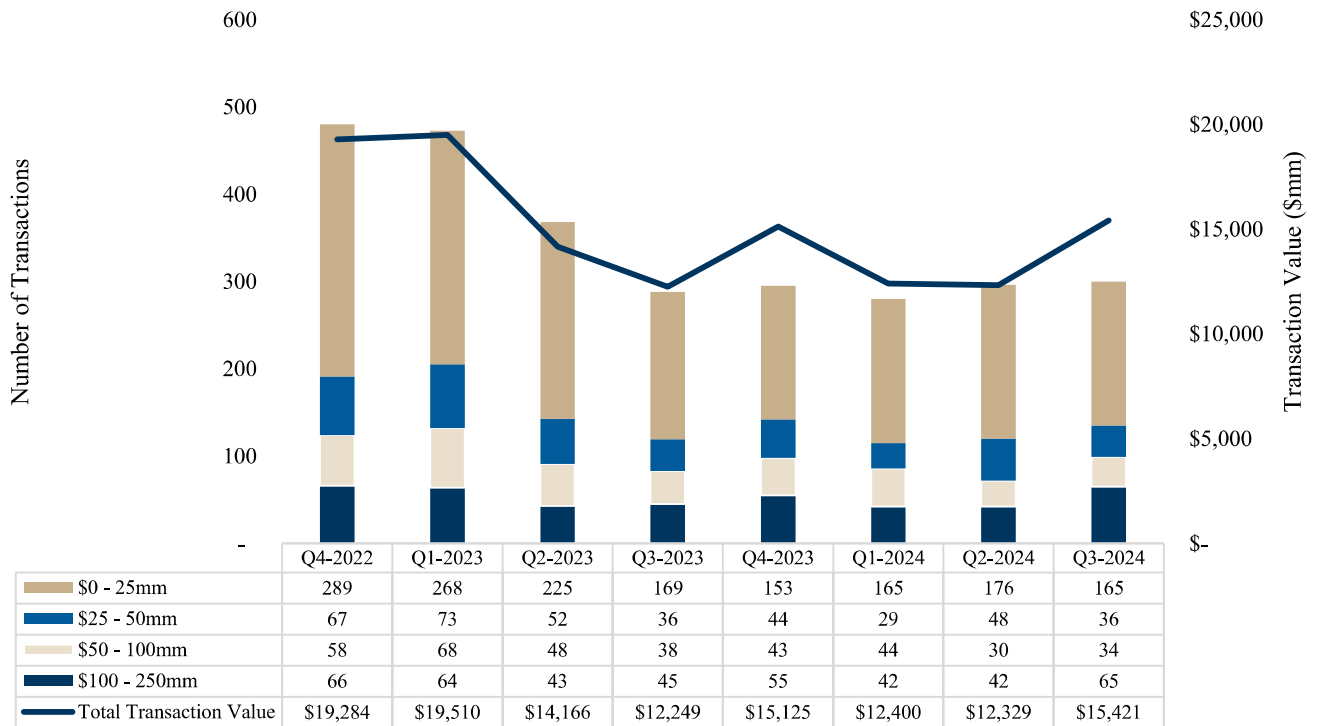
Source: Capital IQ, Mufson Howe Hunter  
As of 09/30/2024

# Mergers & Acquisitions Update

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

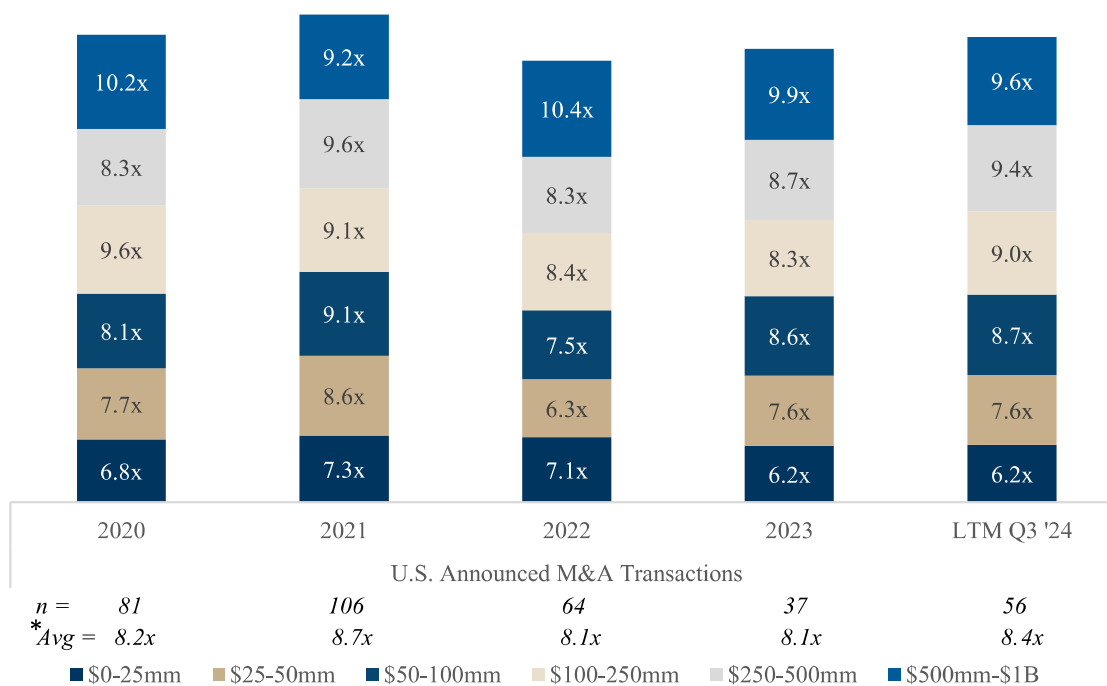


## U.S. Lower Middle Market M&A Quarterly Activity – Transactions Below \$250mm



Source: Capital IQ, Mufson Howe Hunter  
As of 09/30/2024

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

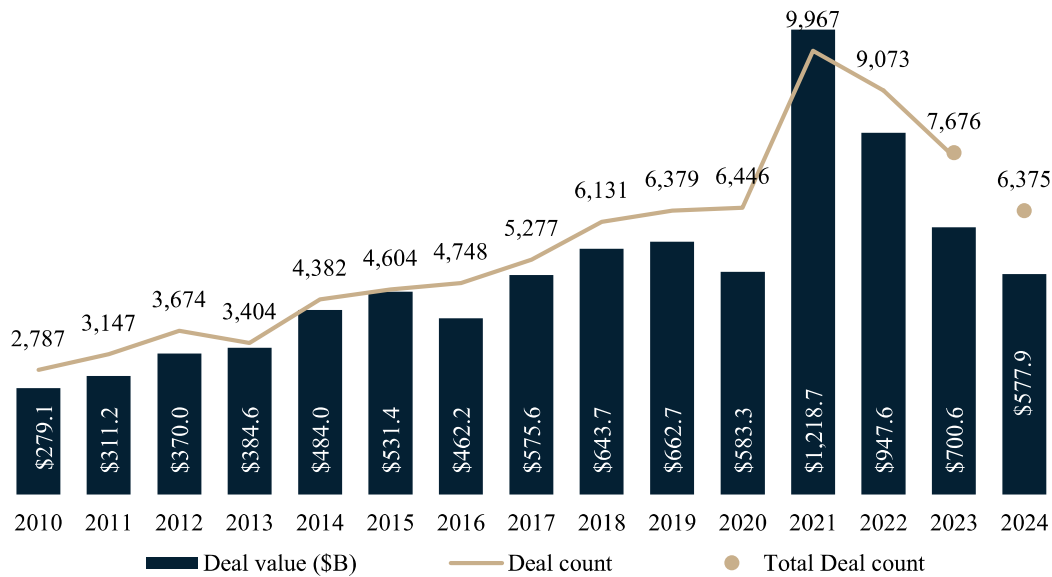


\* Average weighted by number of transactions  
 Source: Capital IQ, Mufson Howe Hunter  
 As of 09/30/2024

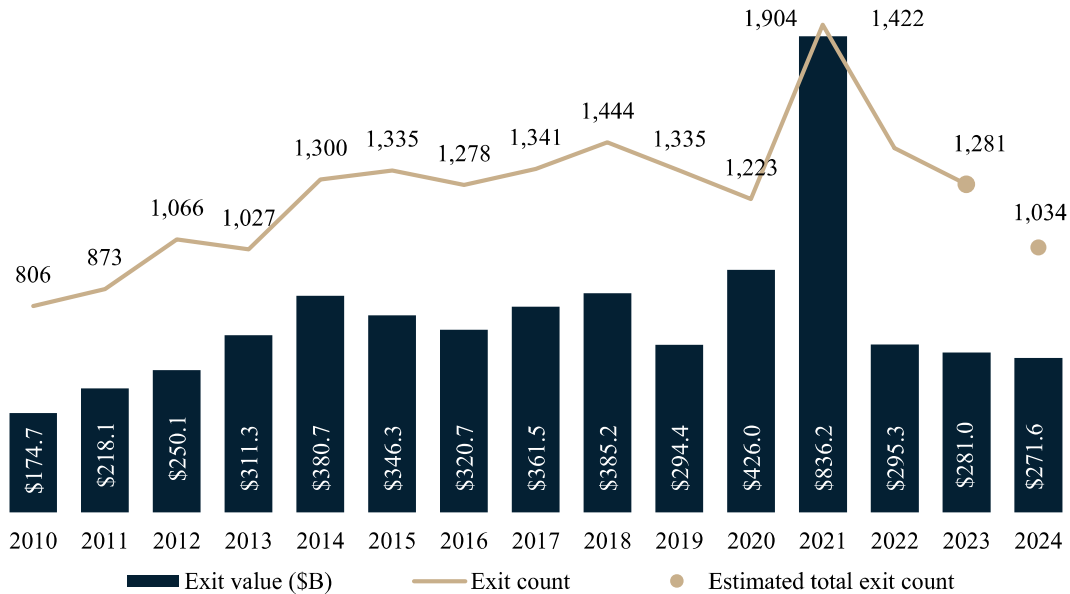
# Mergers & Acquisitions Update

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

### U.S. PE Deal Activity



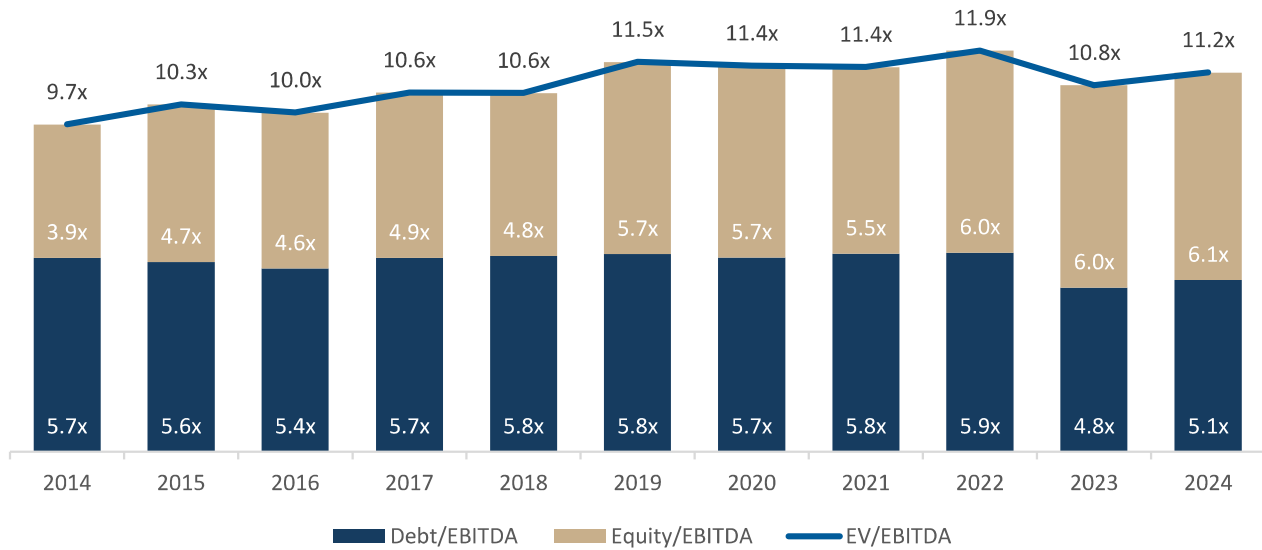
### U.S. PE Exit Activity



Source: PitchBook, Mufson Howe Hunter  
\*YTD as of 09/30/2024

# Mergers & Acquisitions Update

## Multiples on BSL-Funded Deals

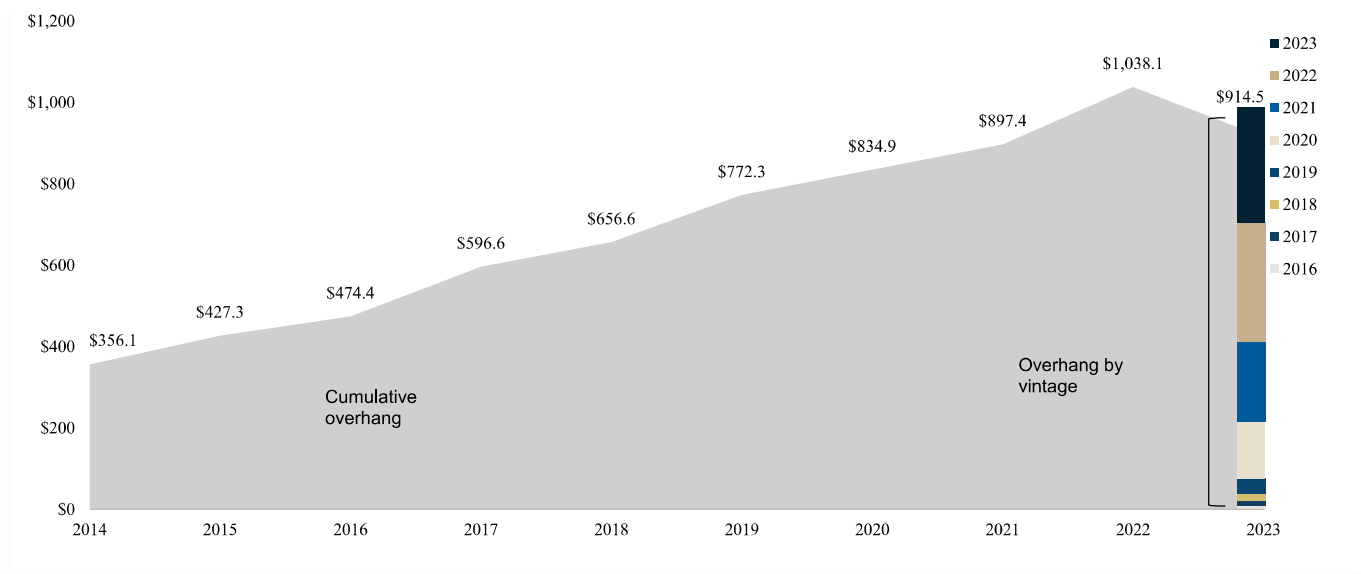


Source: PitchBook, Mufson Howe Hunter

\*YTD as of 09/30/2024

\*\*BSL: Broadly-Syndicated Loan

## U.S. PE Middle Market and Overall PE Dry Powder (\$B)



Source: PitchBook, Mufson Howe Hunter

\*As of 12/31/2023

# Mergers & Acquisitions Update

## Leverage Market at a Glance

SPP Capital Partners

www.sppcapital.com

*Changes from Previous Month Noted in Red.*

### Cash Flow Senior Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
September 2024	1.50x - 2.50x	2.00x - 3.50x	4.00x - 5.00x
August 2024	1.50x - 2.50x	2.00x - 3.50x	4.00x - 5.00x
September 2023	1.50x - 2.00x	2.00x - 3.00x	2.50x - 4.00x
Commentary:	<i>Liquidity Conditions In Private Market Remain Strong – Investors Under Deployed and Eager to Attract Assets</i>		

### Total Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
September 2024	2.50x - 4.00x	3.50x - 5.50x	5.00x - 6.00x
August 2024	2.50x - 4.00x	3.50x - 5.50x	5.00x - 6.00x
September 2023	2.50x - 3.50x	3.50x - 4.50x	4.00x - 5.00x
Commentary:	<i>Liquidity Conditions In Private Market Remain Strong – Investors Under Deployed and Eager to Attract Assets</i>		

### Senior Cash Flow Pricing

	Bank	Non-Bank < \$10MM EBITDA	Non-Bank > \$40MM EBITDA
September 2024	S+ 3.50% - 4.00%	S+ 5.50% - 7.50%	S+ 5.00% - 5.75%
August 2024	S+ 3.50% - 4.00%	S+ 5.50% - 7.50%	S+ 5.00% - 5.75%
September 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.50%	S+ 5.50% - 6.50%
Commentary:	<i>Liquidity Conditions In Private Market Remain Strong – Investors Under Deployed and Eager to Attract Assets</i>		

### Unitranche and Second Lien Pricing

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
September 2024	S+ 7.50% - 9.50%	S+ 5.25% - 7.50%	S+ 5.00% - 6.50%
August 2024	S+ 7.50% - 9.50%	S+ 5.25% - 7.50%	S+ 5.00% - 6.50%
September 2023	S+ 8.00% - 10.00%	S+ 6.50% - 8.00%	S+ 6.25% - 7.50%
Commentary:	<i>Liquidity Conditions In Private Market Remain Strong – Investors Under Deployed and Eager to Attract Assets</i>		

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

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
September 2024	13.50% - 16.00%	12.00% - 14.00%	11.00% - 12.50%
August 2024	13.50% - 16.00%	12.00% - 14.00%	11.00% - 12.50%
September 2023	14.00% - 16.00%	13.00% - 15.00%	12.00% - 14.00%
Commentary:	<i>Liquidity Conditions In Private Market Remain Strong – Investors Under Deployed and Eager to Attract Assets</i>		

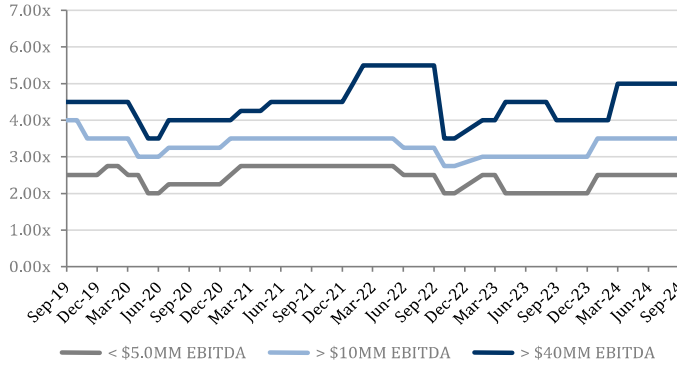
# Mergers & Acquisitions Update

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

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

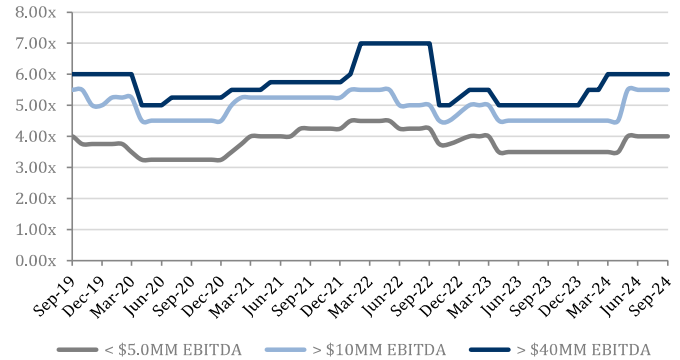
## Historical Leverage Metrics By SPP Capital Partners

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



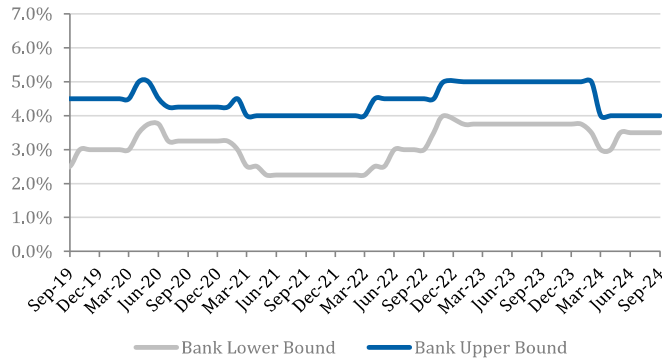
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Total Debt Limit (x EBITDA)



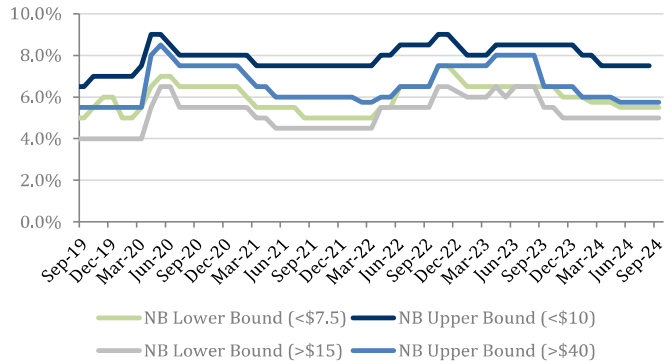
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Bank)



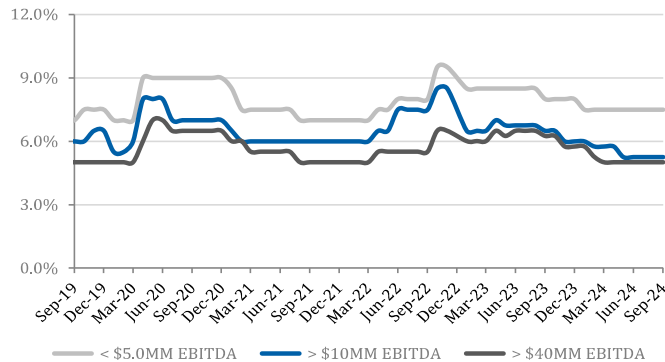
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

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



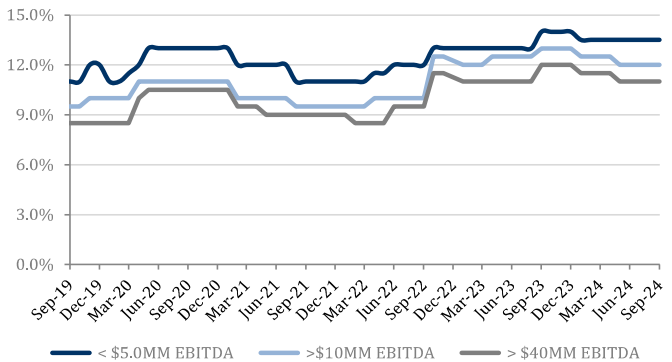
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### 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"

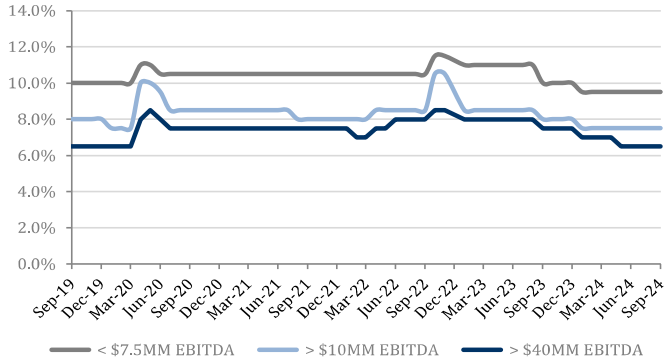


Source: SPP Capital Partners – “Capital Market Update September 2024”

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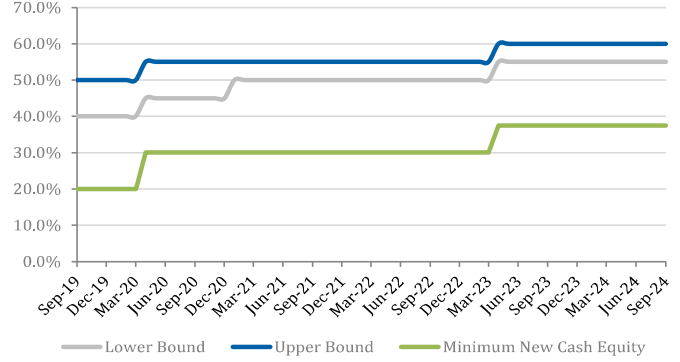
## Historical Leverage Metrics (cont.) By SPP Capital Partners

### 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"

# Mergers & Acquisitions Update

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

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

## Mufson Howe Hunter & Co. M&A Activity Selected Recent Transactions

*Interstate Auto Care, LLC d.b.a*



*has been acquired by*



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

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH



*has been acquired by*



*A wholly-owned subsidiary of*



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

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH



*has been acquired by*



*The undersigned served as a co-financial  
advisor to the seller in this transaction*

**Mufson Howe Hunter**  
INVESTMENT BANKERS FOR GROWTH

**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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