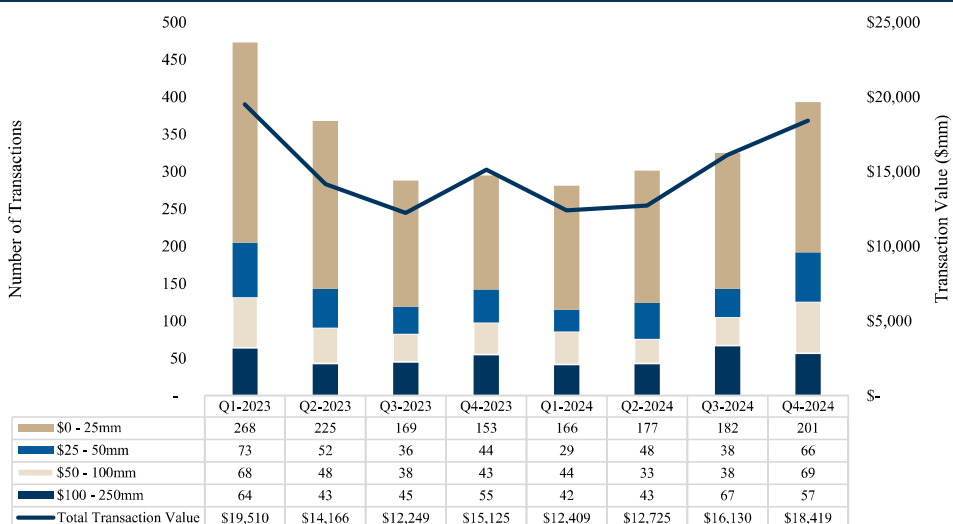


## Mergers & Acquisitions Update: The Middle Market Year End 2024

Size Range	U.S. Announced M&A Transactions				
	2020	2021	2022	2023	2024
\$0-25mm	6.8x	7.3x	7.1x	6.2x	6.2x
\$25-50mm	7.7x	8.6x	6.3x	7.6x	8.6x
\$50-100mm	8.1x	9.1x	7.5x	8.6x	8.6x
\$100-250mm	9.6x	9.1x	8.4x	8.3x	8.7x
\$250-500mm	8.3x	9.6x	8.3x	8.7x	8.2x
\$500mm-\$1B	10.2x	9.2x	10.4x	9.9x	9.3x

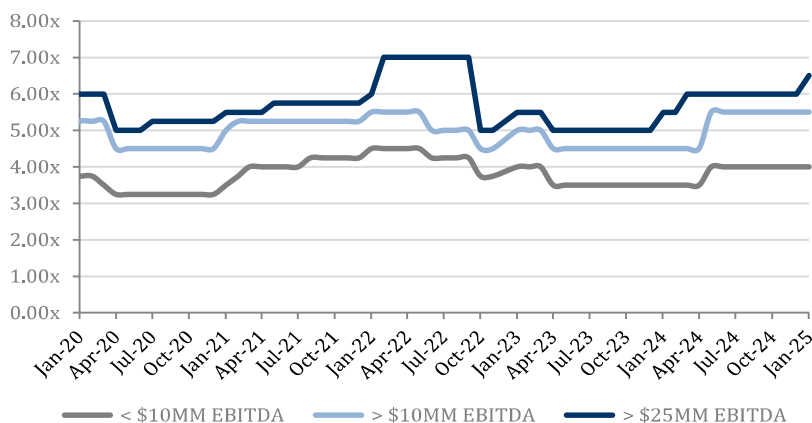
Source: Capital IQ, Mufson Howe Hunter

### 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 January 2025"

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

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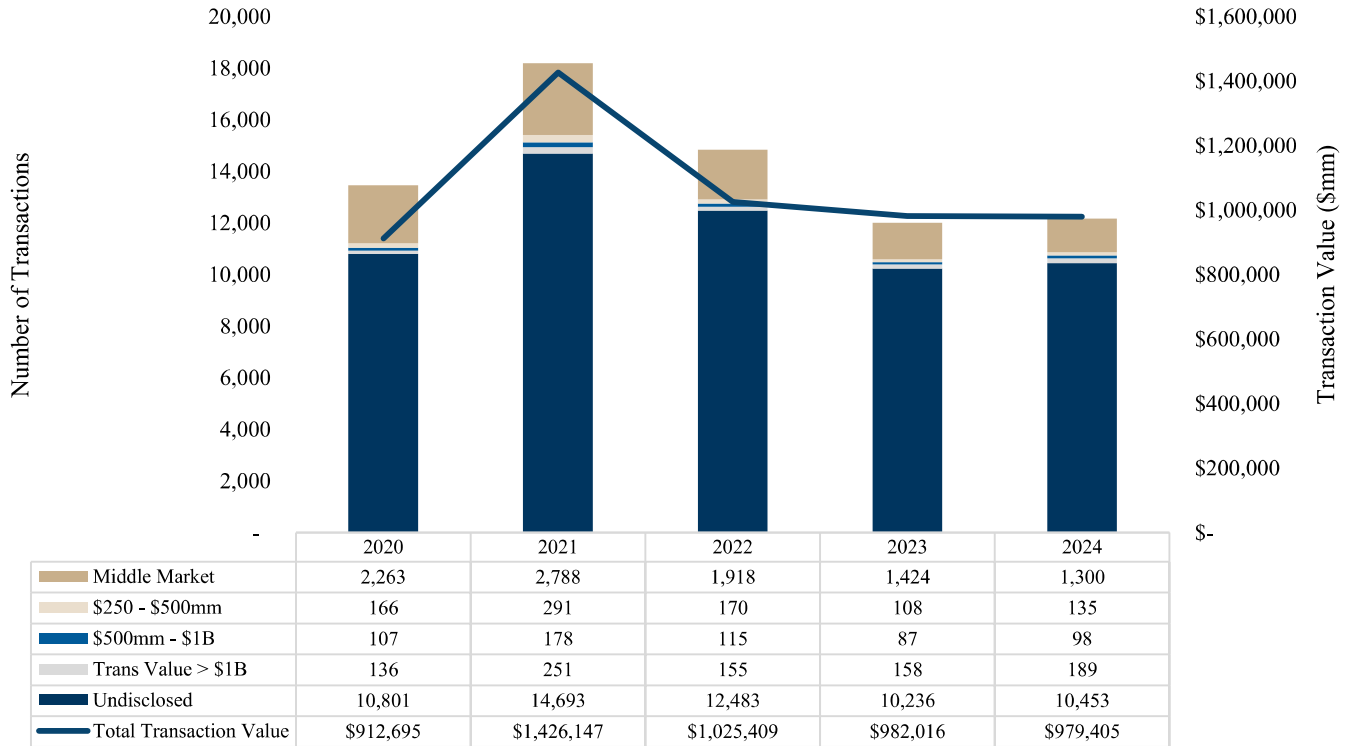
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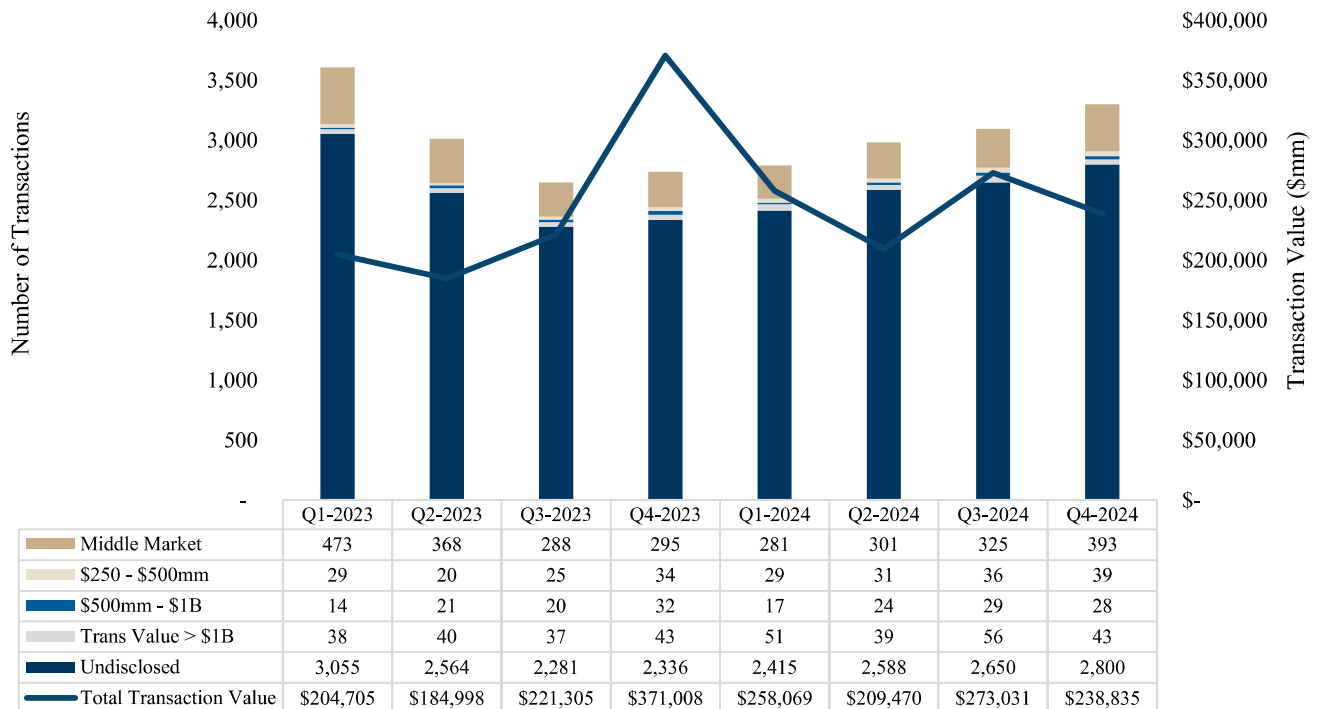
Scott Kendrick, Director  
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# Mergers & Acquisitions Update

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



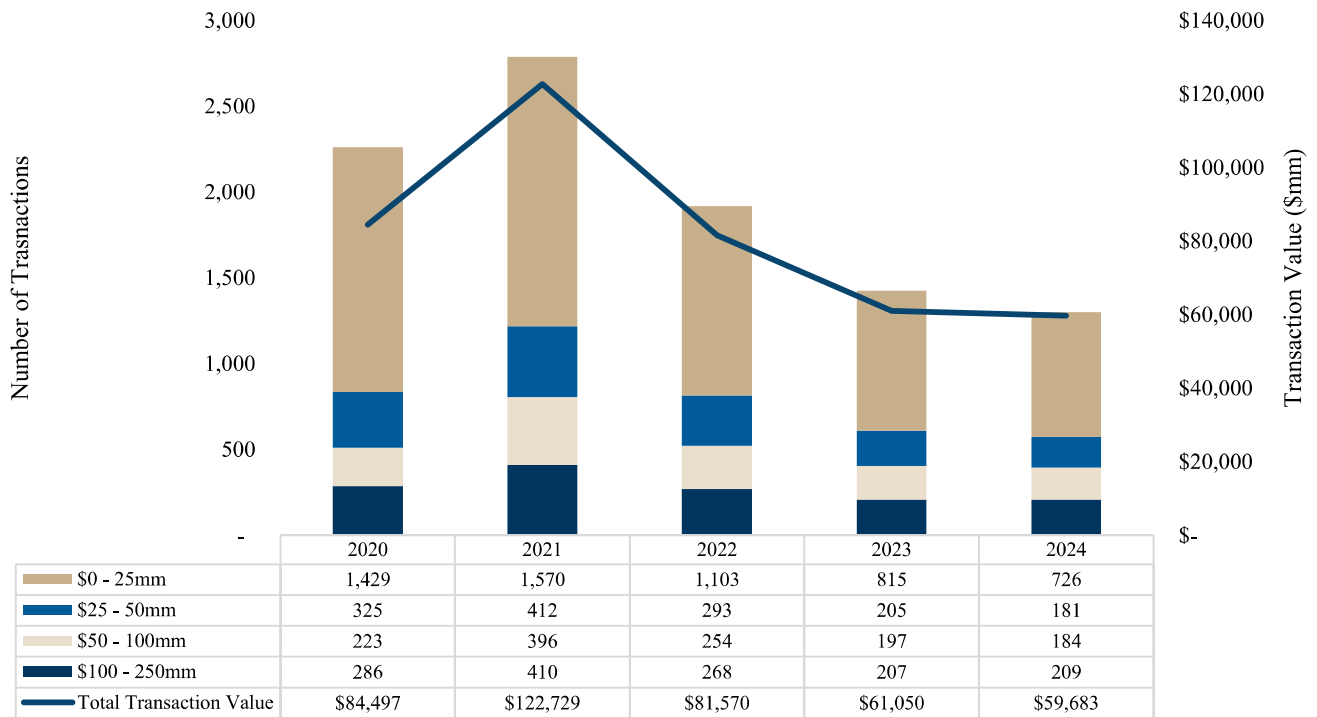
## U.S. - All Reported Quarterly M&A Activity



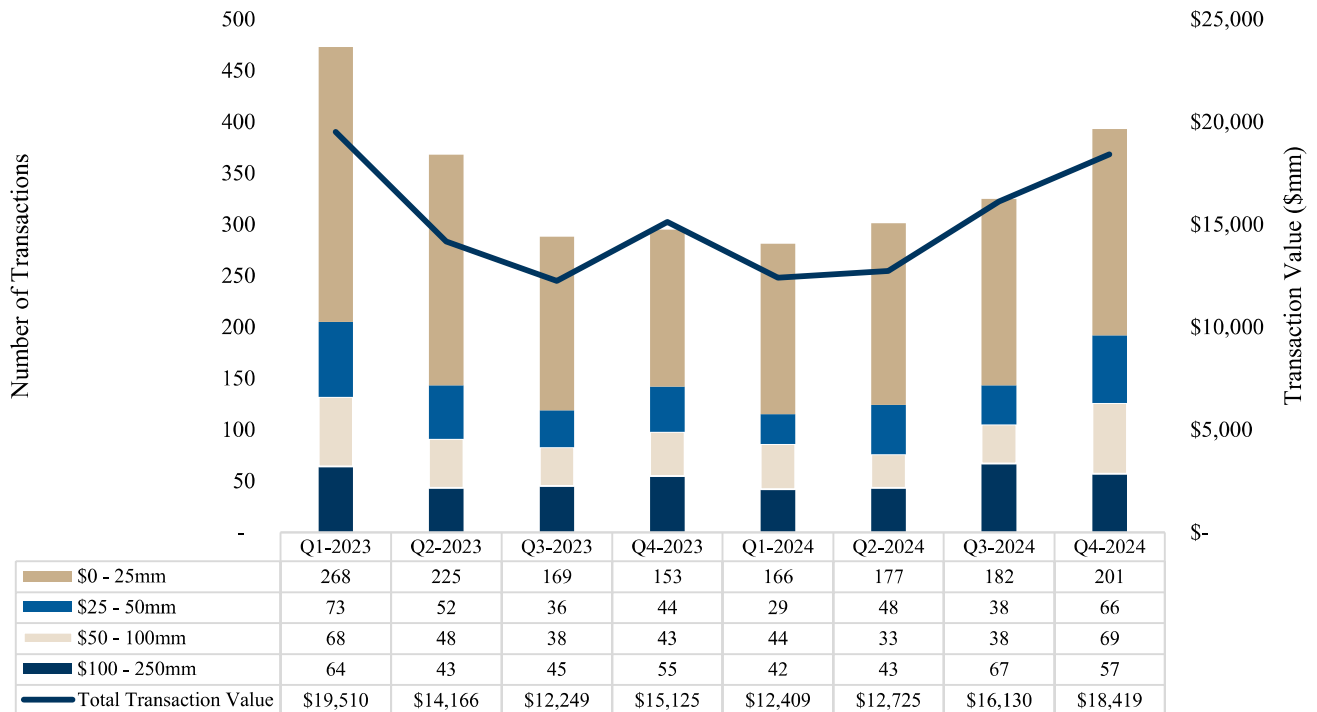
Source: Capital IQ, Mufson Howe Hunter  
As of 12/31/2024

# Mergers & Acquisitions Update

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



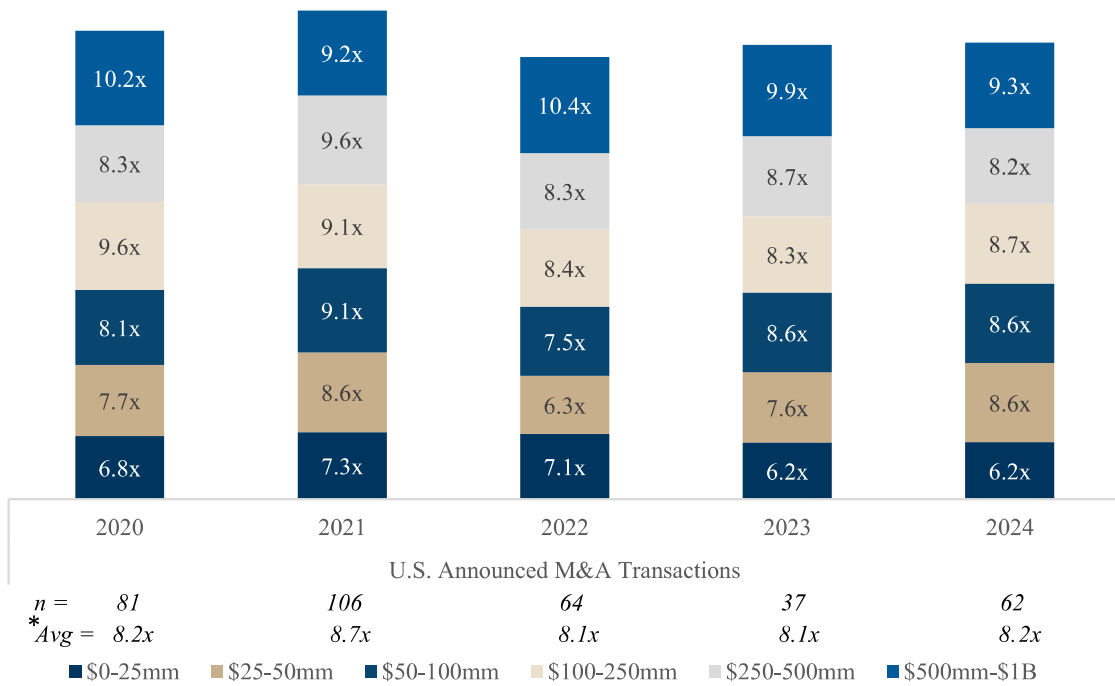
## U.S. Lower Middle Market M&A Quarterly Activity – Transactions Below \$250mm



Source: Capital IQ, Mufson Howe Hunter  
As of 12/31/2024

# Mergers & Acquisitions Update

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



\* Average weighted by number of transactions

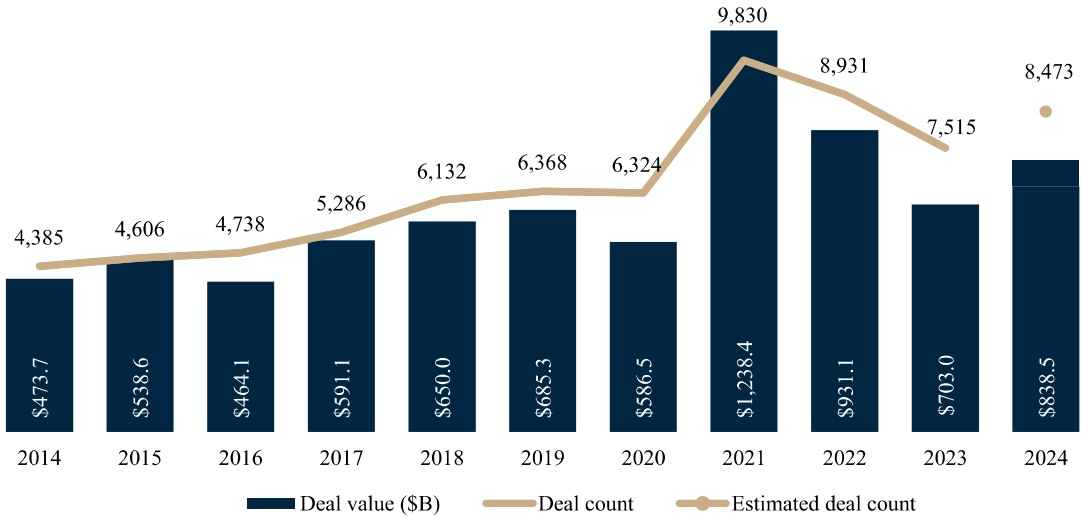
Source: Capital IQ, Mufson Howe Hunter

As of 12/31/2024

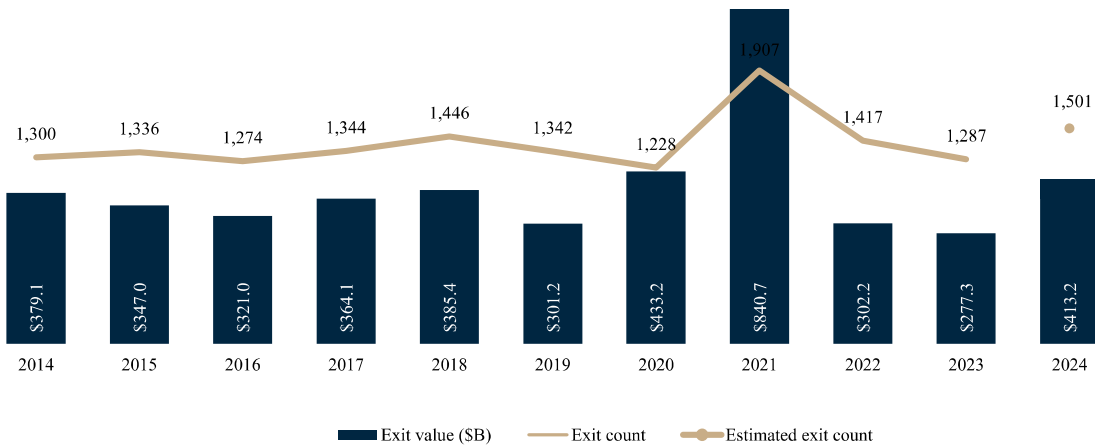
# Mergers & Acquisitions Update

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

### U.S. PE Deal Activity



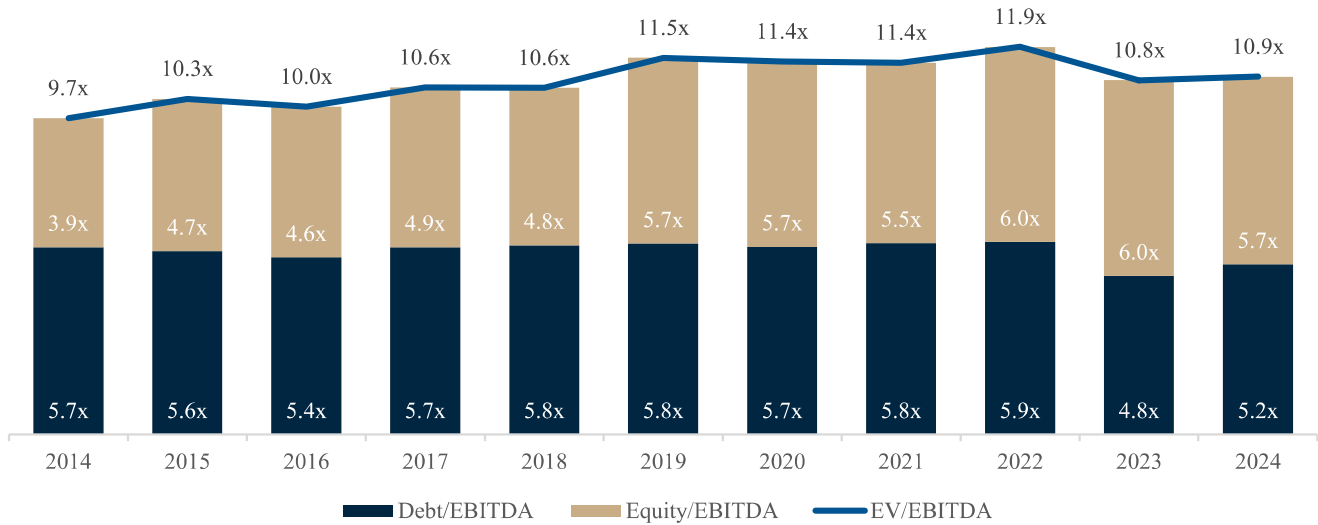
### U.S. PE Exit Activity



Source: PitchBook, Mufson Howe Hunter  
\*As of 12/31/2024

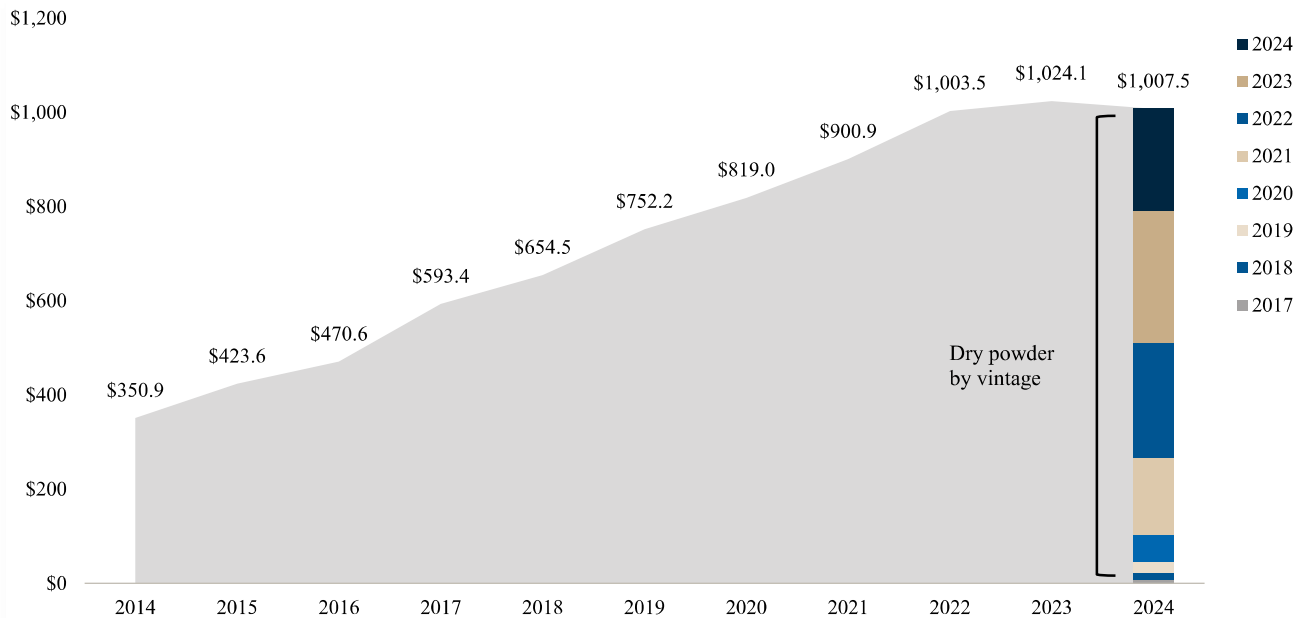
# Mergers & Acquisitions Update

## Multiples on BSL-Funded Deals



Source: PitchBook, Mufson Howe Hunter  
 \*As of 12/31/2024  
 \*\*BSL: Broadly-Syndicated Loan

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



Source: PitchBook, Mufson Howe Hunter  
 \*As of 12/31/2024

# Mergers & Acquisitions Update

Leverage Market at a Glance  
 SPP Capital Partners  
 www.sppcapital.com

*Changes from Previous Month Noted in Red.*

## Leverage: Senior Debt/EBITDA

	< \$10MM EBITDA	> \$10MM EBITDA	> \$25MM EBITDA
January 2025	1.50x - 2.50x	2.00x - 3.50x	4.00x - 5.00x
December 2024	1.50x - 2.50x	2.00x - 3.50x	4.00x - 5.00x
January 2024	1.50x - 2.50x	2.00x - 3.50x	3.00x - 4.00x
Commentary:	<i>Senior Debt Levels Unchanged From Last Month.</i>		

## Leverage: Total Debt/EBITDA

	< \$10MM EBITDA	> \$10MM EBITDA	> \$25MM EBITDA
January 2025	2.50x - 4.00x	<i>4.00x - 5.50x</i>	<i>5.00x - 6.50x</i>
December 2024	2.50x - 4.00x	3.50x - 5.50x	5.00x - 6.00x
January 2024	2.50x - 3.50x	3.50x - 4.50x	4.00x - 5.50x
Commentary:	<i>Greater Aggregate Level of Debt Available for Larger Issuers (~.50x).</i>		

## Pricing: Senior Commercial Bank Cash Flow

	< \$10MM EBITDA	> \$10MM EBITDA	> \$25MM EBITDA
January 2025	<i>S+ 3.50% - 4.25%</i>	<i>S+ 3.25% - 3.75%</i>	<i>S+ 3.00% - 3.50%</i>
December 2024	S+ 3.75% - 4.25%	S+ 3.50% - 4.00%	S+ 3.50% - 4.00%
January 2024	S+ 3.75% - 4.25%	S+ 3.75% - 4.25%	S+ 3.75% - 4.25%
Commentary:	<i>Bank Pricing is Slightly More Aggressive (.25% -50%) Across the Board.</i>		

## Pricing: Senior Non-Bank/Unitranche

	< \$10MM EBITDA	> \$10MM EBITDA	> \$25MM EBITDA
January 2025	<i>S+ 6.00% - 7.50%</i>	<i>S+ 5.00% - 6.50%</i>	<i>S+ 4.25% - 6.00%</i>
December 2024	S+ 6.00% - 7.50%	S+ 5.50% - 7.00%	S+ 4.50% - 6.00%
January 2024	S+ 7.50% - 9.50%	S+ 6.00% - 8.00%	S+ 5.75% - 7.00%
Commentary:	<i>Non-Bank Pricing Remains Exceedingly Aggressive; Spread Compression of ~25-50 bps.</i>		

## Pricing: Junior Capital (Cash + PIK)

	< \$10MM EBITDA	> \$10MM EBITDA	> \$25MM EBITDA
January 2025	<i>13.00% - 16.00%</i>	<i>11.50% - 13.00% (S+7.0%-8.5%)</i>	<i>11.00% - 12.50% (S+ 6.5%-8.0%)</i>
December 2024	13.50% - 16.00%	12.00% - 14.00%	11.00% - 12.50%
January 2024	13.00% - 15.00%	12.50% - 14.50%	11.50% - 13.00%
Commentary:	<i>Competition for Higher Yielding Junior Securities Intensifies for "Mid-Middle Market" Issuers.</i>		

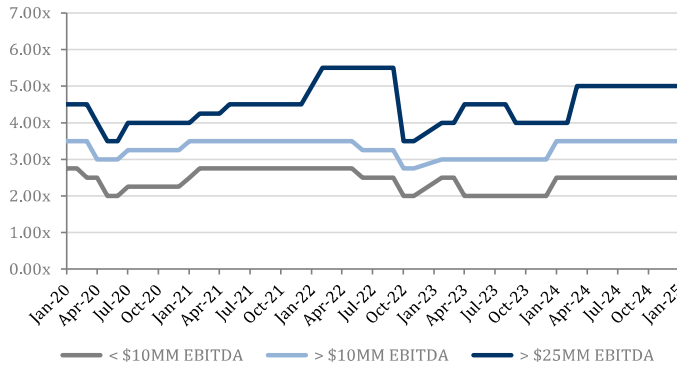
Source: SPP Capital Partners – "Capital Market Update January 2025"

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

# Mergers & Acquisitions Update

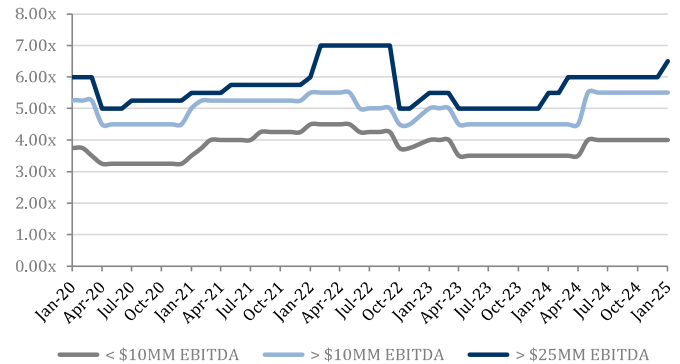
## Historical Leverage Metrics By SPP Capital Partners

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



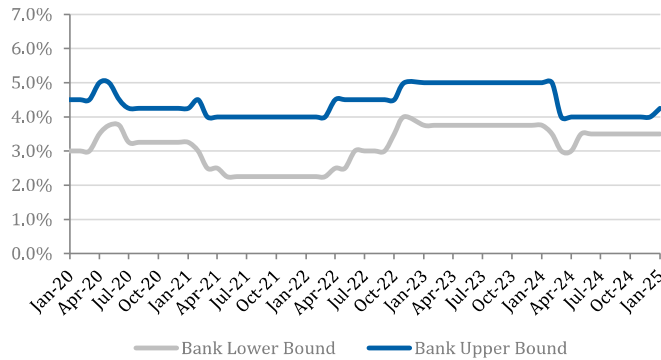
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Total Debt Limit (x EBITDA)



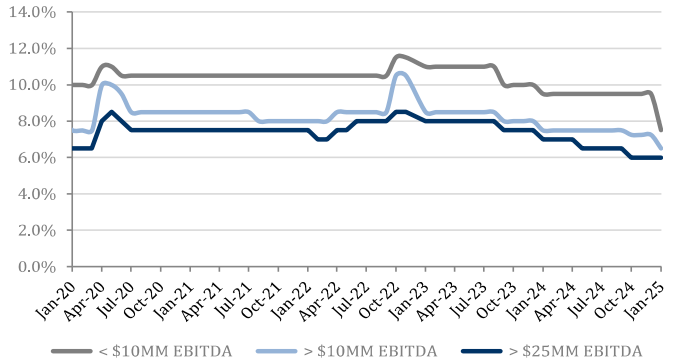
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Bank)



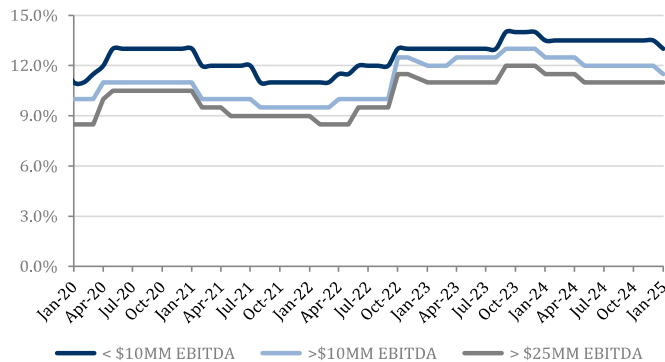
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Unitranche Pricing



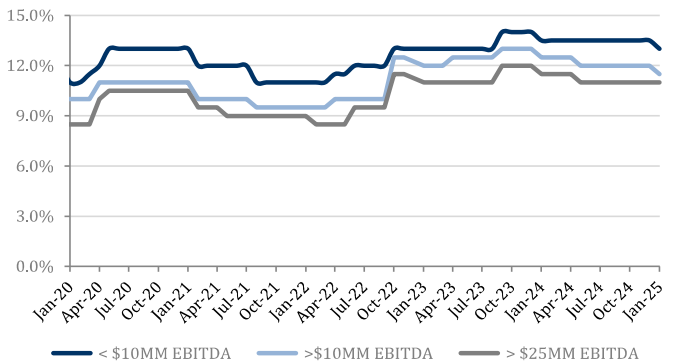
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Subordinated Debt Pricing



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

### Historical Minimum Equity Contribution



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

Source: SPP Capital Partners – "Capital Market Update January 2025"

[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*



Foundation Building Materials

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

**Mufson Howe Hunter**

INVESTMENT BANKERS FOR GROWTH

**STRAUB METAL**

*has been acquired by*



*The undersigned served as exclusive financial advisor to the seller 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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