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# M&A Summary Report

# December 2015

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The third quarter of 2015 capped another strong quarter for corporate transactions, with U.S. year-to-date deal volume approaching \$4 trillion, a robust number of middle market transactions, vibrant multiples and plentiful financing. In the fourth quarter, the strong volume continues with buyers and sellers taking advantage of favorable economic, industry and capital market conditions. In the current environment, organic growth is harder to achieve, resulting in companies using favorable borrowing rates to fund growth by acquisition.

Private company average business enterprise value/EBITDA multiples for all industries continue their recent trends, ranging from 5.9x for companies in the \$10-\$25 million BEV category, but strengthening as BEV increases, before reaching a recent high of 9.1x in the \$100-\$250 million sector. Higher levels of performance continue to be rewarded with higher valuations, regardless of size, and quality premiums continue to post new highs.

Manufacturing, business services and health services industries' average BEV/EBITDA multiples reached new multi-year highs in the third quarter of 2015, while those in the distribution industry remained somewhat flat and the media, retail and technology industries declined.

Average market debt levels in Q3 2015 – for those transactions reported utilizing maximum leverage – were 4.2x EBITDA for total debt and 3.3x EBITDA for the senior tranche. Again, leveraged transactions for larger companies and those reporting higher levels of performance exceeded the average.

Business services and other “asset light” organizations have not experienced the same run up in leverage.

Average equity contributions continue their decline, the result of a market where valuations have firmed, while debt utilization has increased more markedly.

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*MalekRemian's senior professionals have extensive experience assisting companies of all sizes, in many industries, with aggregate transaction value exceeding \$20 billion. We offer a full suite of M&A and related services to assist our clients with achieving their business and personal objectives, including buy- and sell-side mandates; strategic and financial advisory services; operational reviews; carve-out financial statements; structuring tax efficient transfers; management/employee buy-outs; feasibility and operational due diligence; determination of post-closing adjustments; post-acquisition disputes; business enterprise and intangible asset valuations. Our clients include both public and privately held organizations.*

*We would welcome an opportunity to discuss our qualifications, attractive rate structures and our ability to add value to a contemplated or completed transaction. For a confidential, no obligation assessment of your situation, please contact us.*

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