

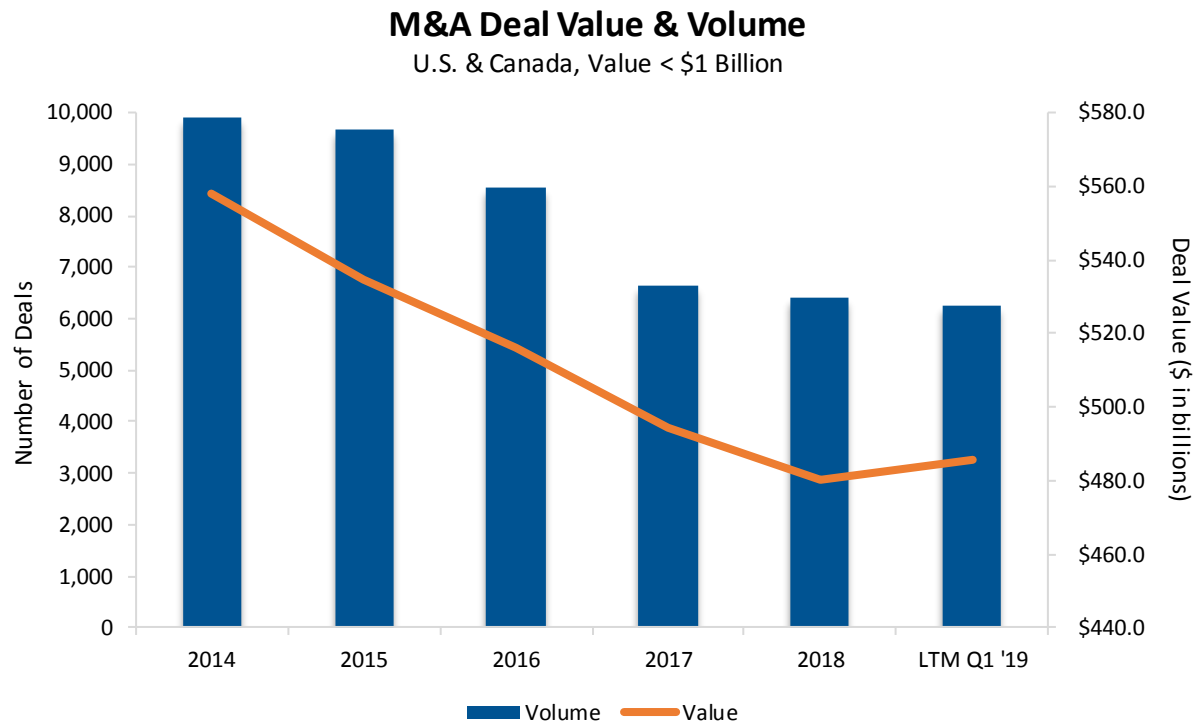
# Capital Markets Update

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2019 – First Quarter

# Capital Markets Update

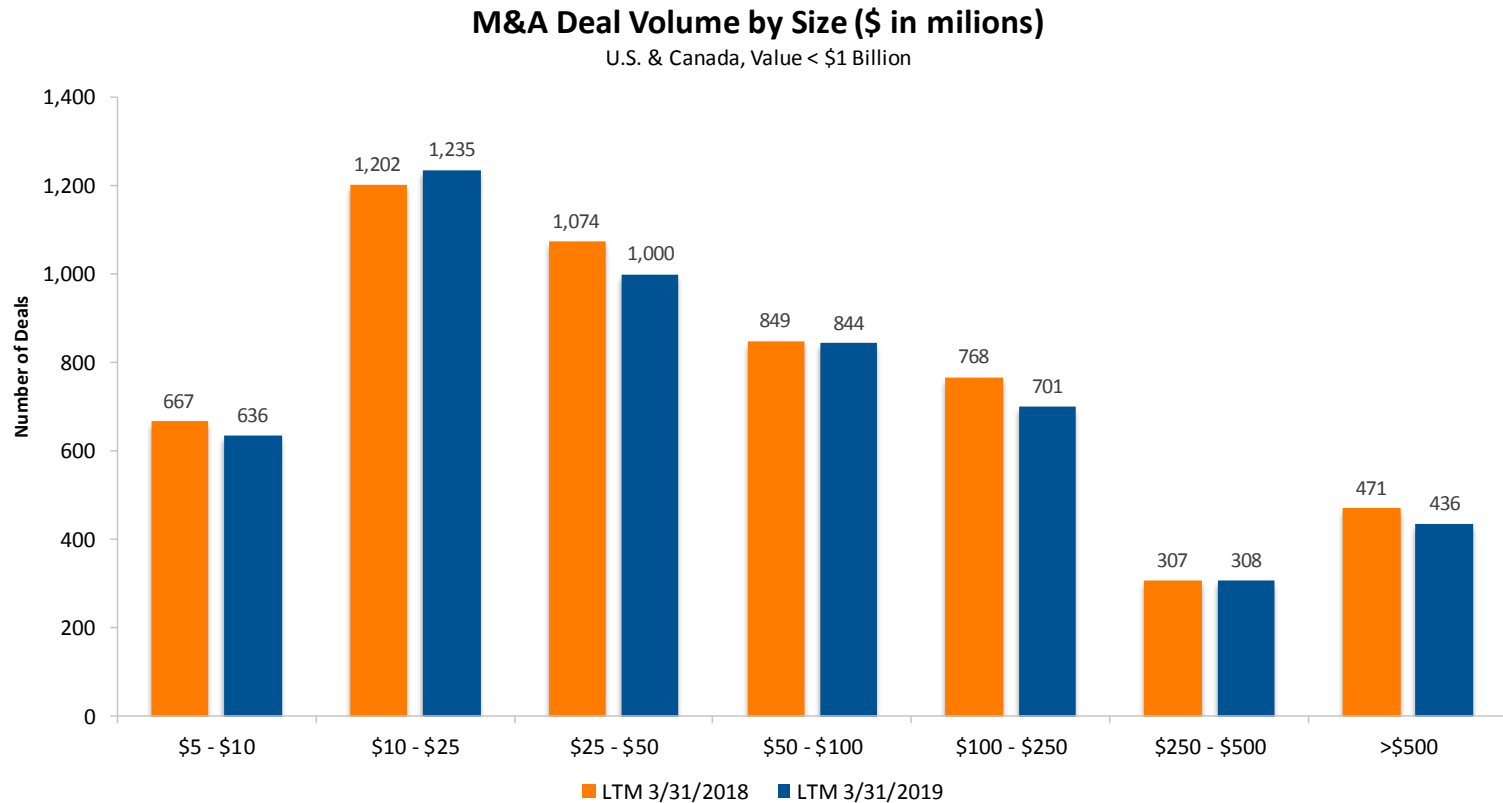
- Merger and Acquisition activity has been on a downward trend since 2014.
- Overall transaction volume decreased by 3.9% in 2018, while the total dollar value declined 2.9%, from approximately \$494.5 billion in 2017 to approximately \$480.1 billion in 2018. For the latest twelve months (“LTM”) ended March 31, 2018, total dollar value of transactions is \$485.5 billion.



Source: Capital IQ

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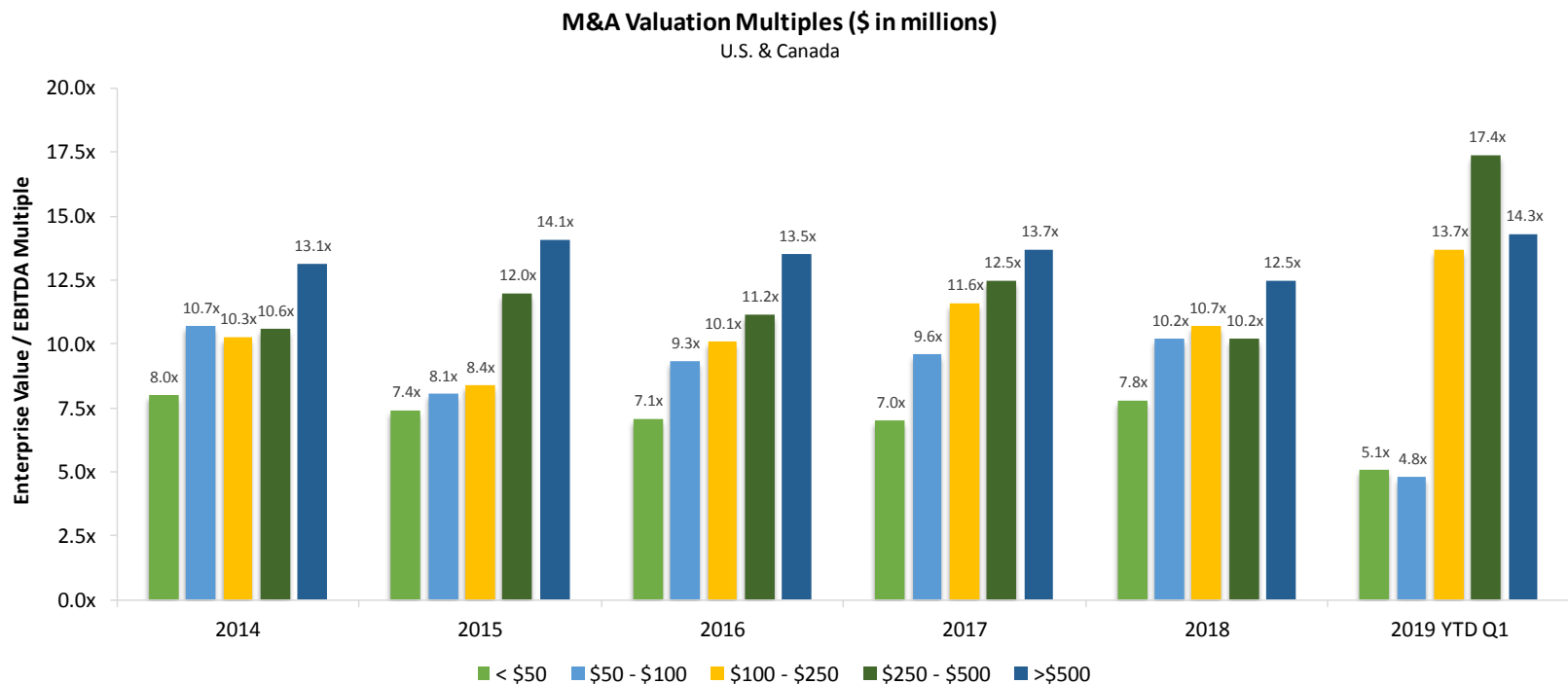
- Total transaction volume declined during LTM March 31, 2019, except in the \$10.0 million to \$25.0 million and \$250.0 million and \$500.0 million transaction brackets. For transactions under \$250.0 million, total transaction volume declined 3.2% during LTM March 31, 2019.



Source: Capital IQ

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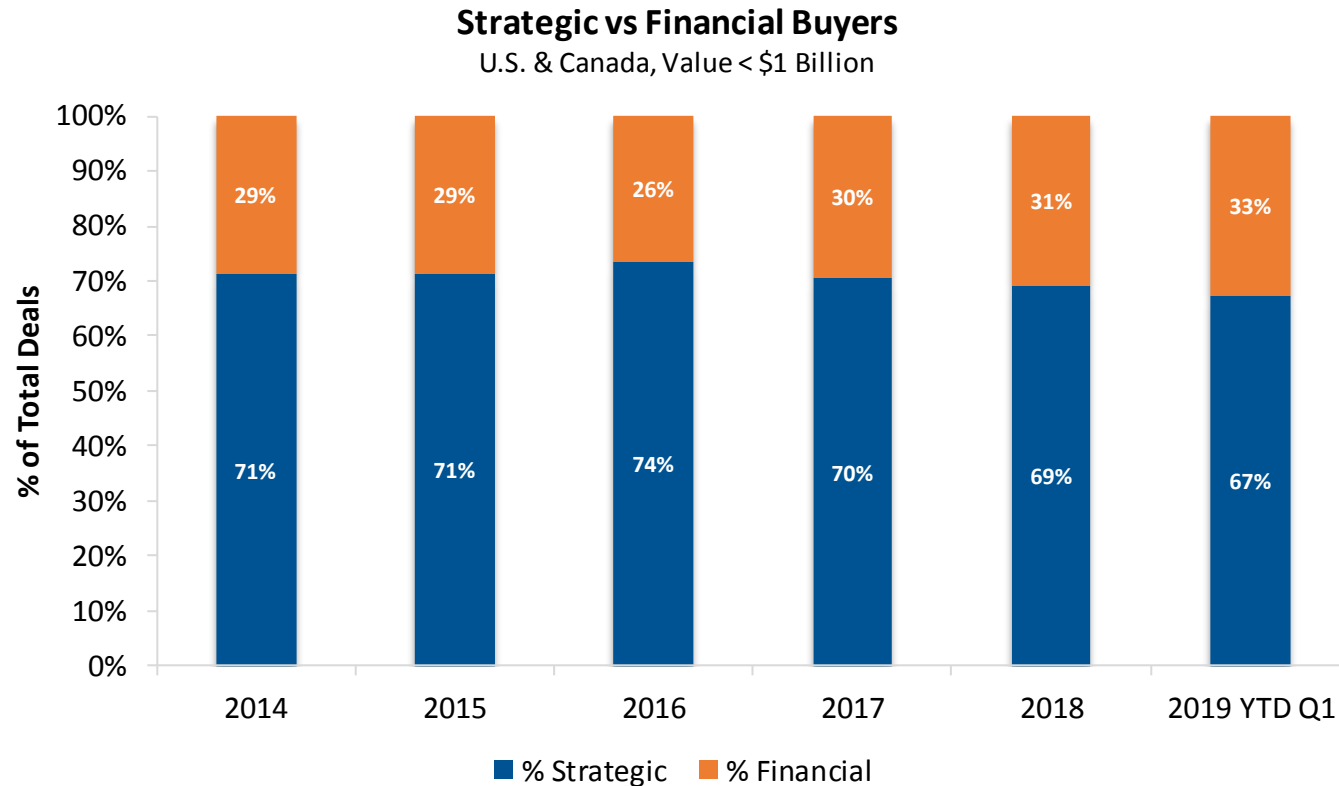
- Conversely, median EBITDA multiples for transactions under \$50.0 million have rebounded in 2018, reversing the prior downward trend from 2014 to 2017. At this time, data is limited for 2019.
- Generally, higher multiples continued to be placed on larger transactions, reflecting a size premium.



Source: Capital IQ

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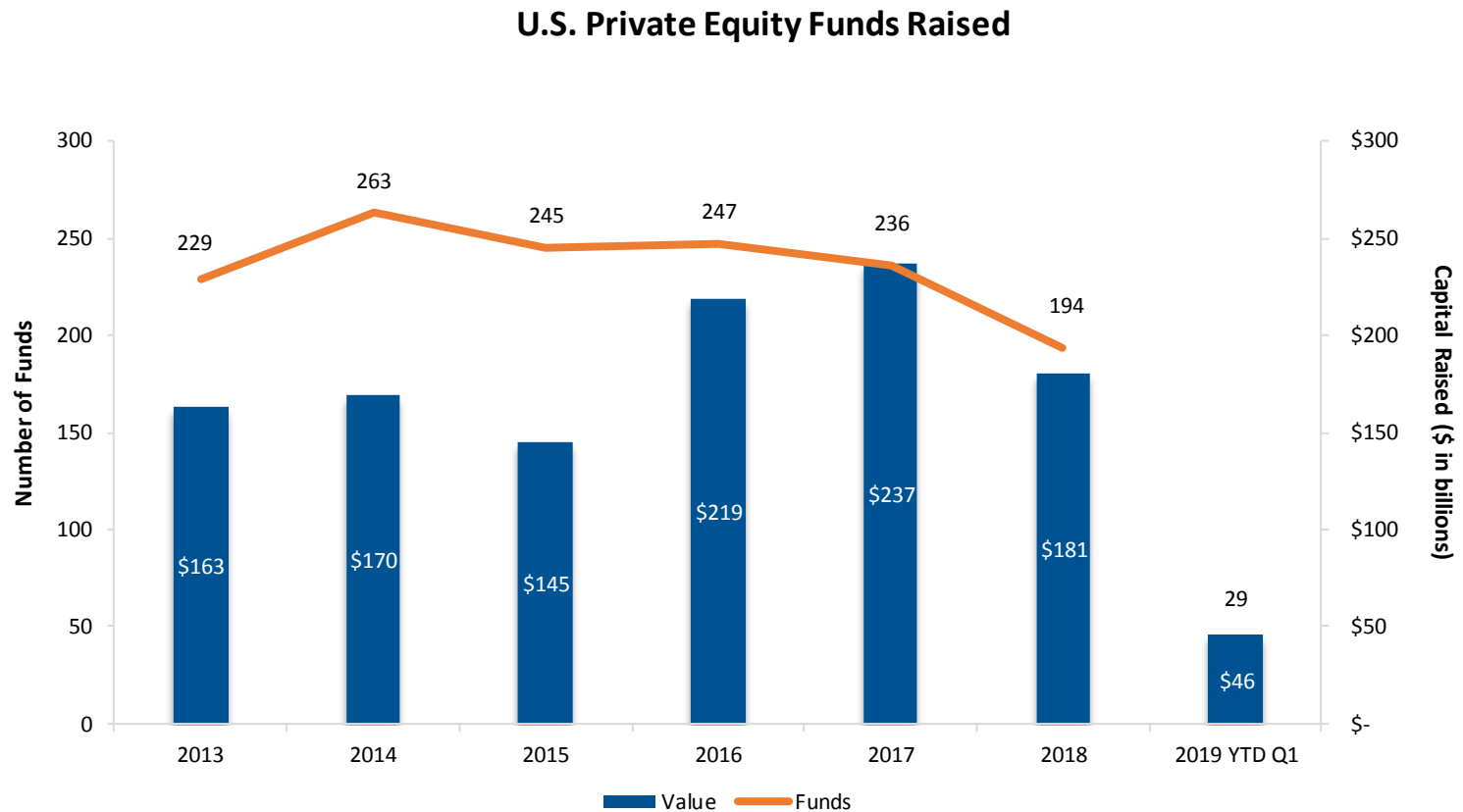
- Transactions with strategic buyers continue to account for approximately 70% of transactions under \$1.0 billion in value.



Source: Capital IQ

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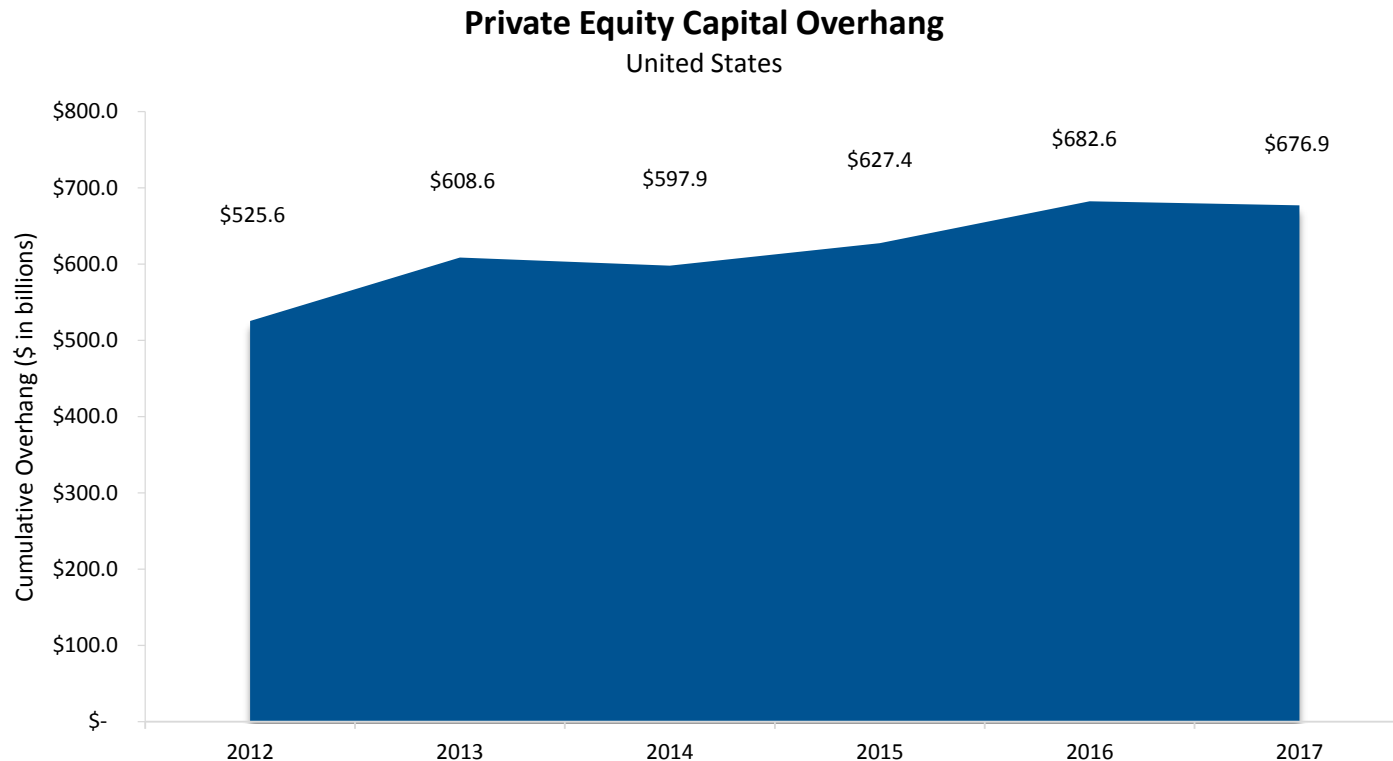
- Between 2015 and 2017, capital raised by private equity increased 63.5%. The total number of funds raised has declined since 2016.



Source: PitchBook

# Capital Markets Update

- Increased fundraising and a slowdown in transaction activity led to the private equity capital overhang in the U.S. market reaching a peak in 2016, before declining slightly in 2017.
- In the first quarter of 2019, private equity dry powder was approximately \$695 billion. The majority of the capital was in the U.S. market. Since 2017, private equity dry powder has increased.



Sources: PitchBook (Pitchbook has not yet released 2018 U.S. Private Equity overhang results.)  
EY Report “How high levels of dry powder are driving private equity competition” by Andres Saenz