

Market Pulse Report Q2, 2016 vs Q2, 2015

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ACKNOWLEDGEMENTS

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Outline

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I. About the Market Pulse Report

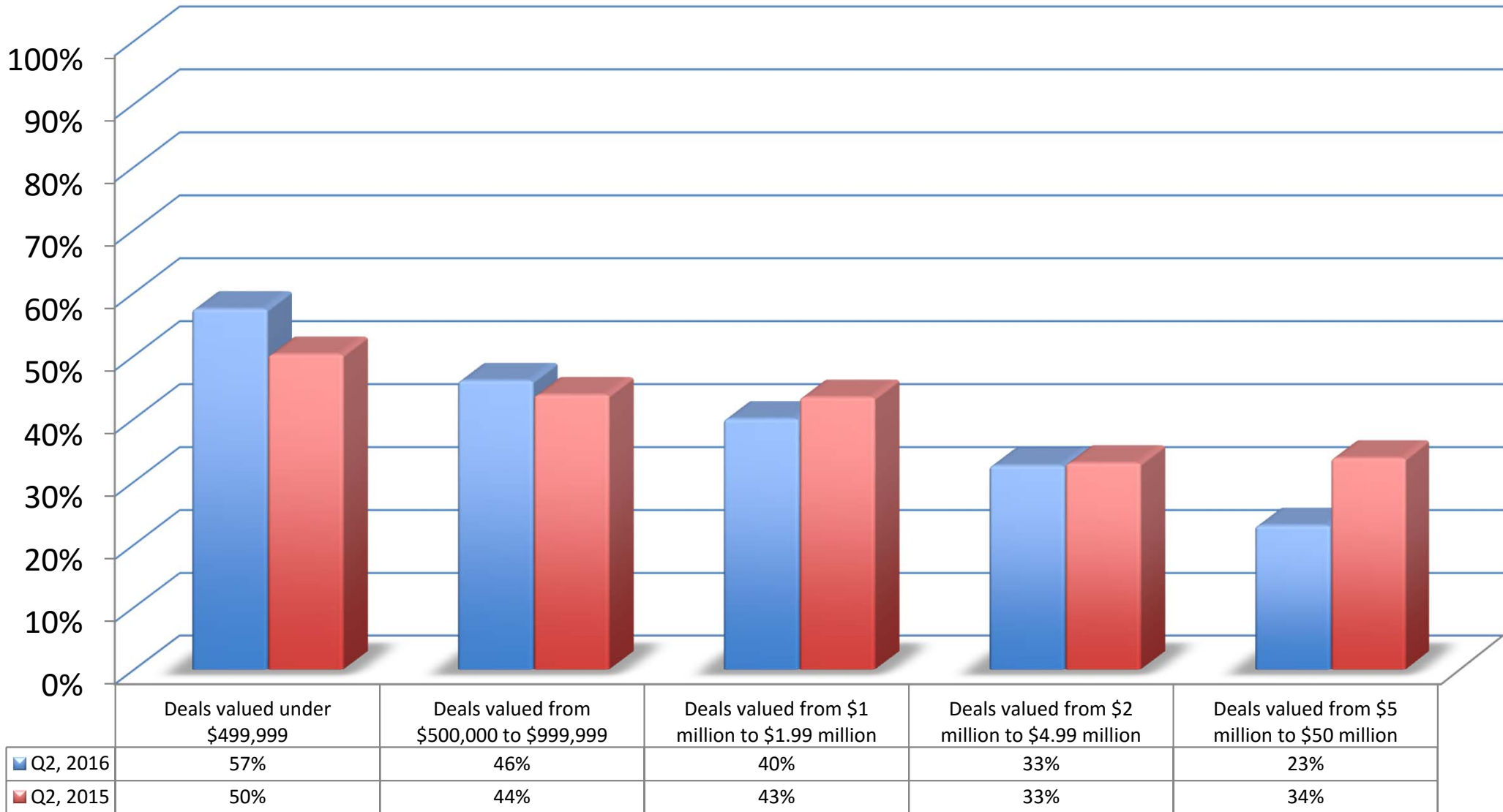
The International Business Brokers Association (IBBA) and M&A Source, in partnership with Pepperdine Private Capital Markets Project, have set a goal to provide quality information on a quarterly basis in order to become the go-to source for Main Street and Lower Middle Market transactions. The “Market Pulse Report” gives you timely and accurate data to help you build and maintain a successful and sustainable business.

About the Survey

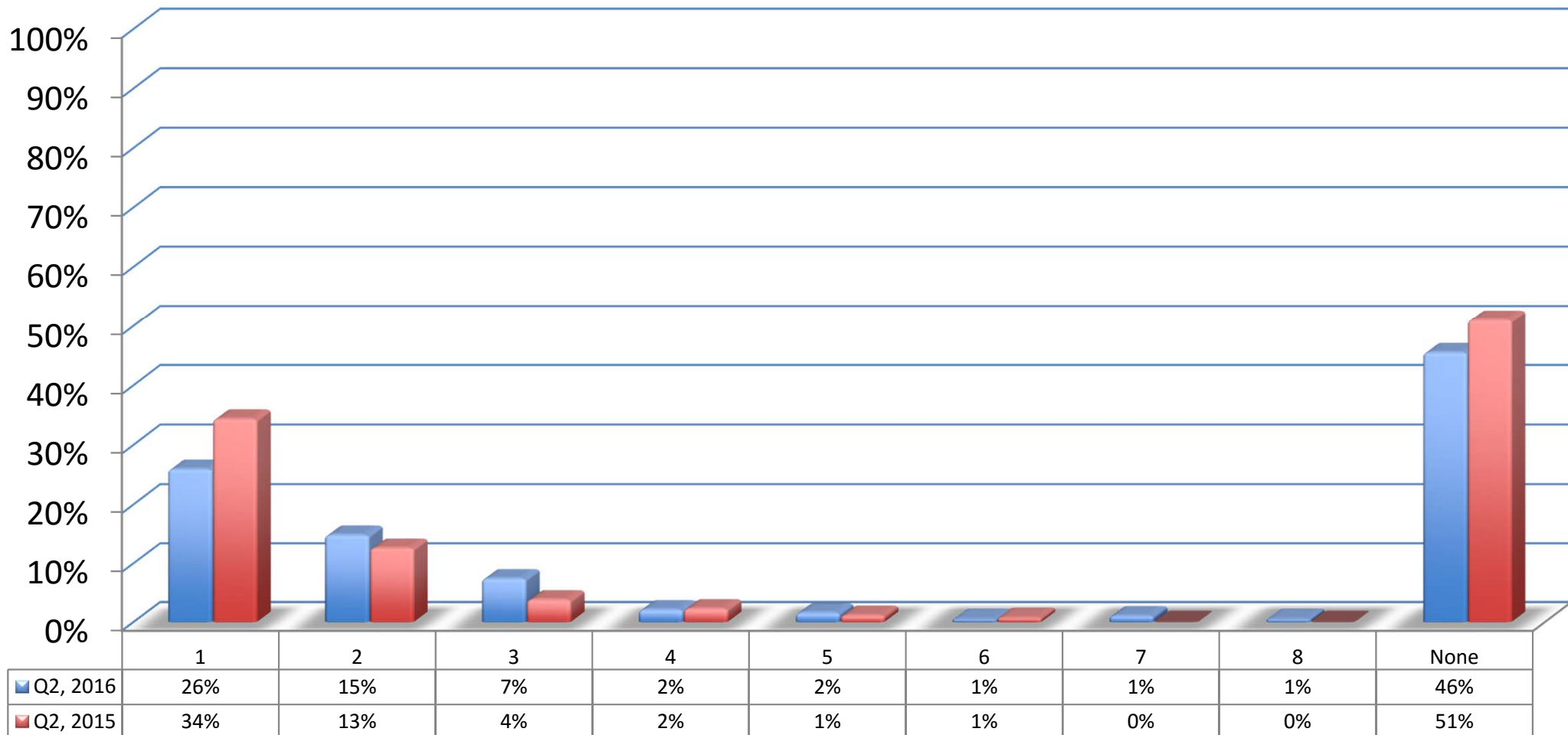
- 25 questions
- Invited participants were members of the International Business Brokers Association (IBBA), IBBA Affiliates/Chapters, and/or M&A Source
- 378 completed responses in Q2, 2016; 249 completed responses in Q2, 2015
- Responses collected from July 1 – July 15, 2016 and from July 1 – July 15, 2015 accordingly

II. Business Transactions Closed in the Last 3 Months

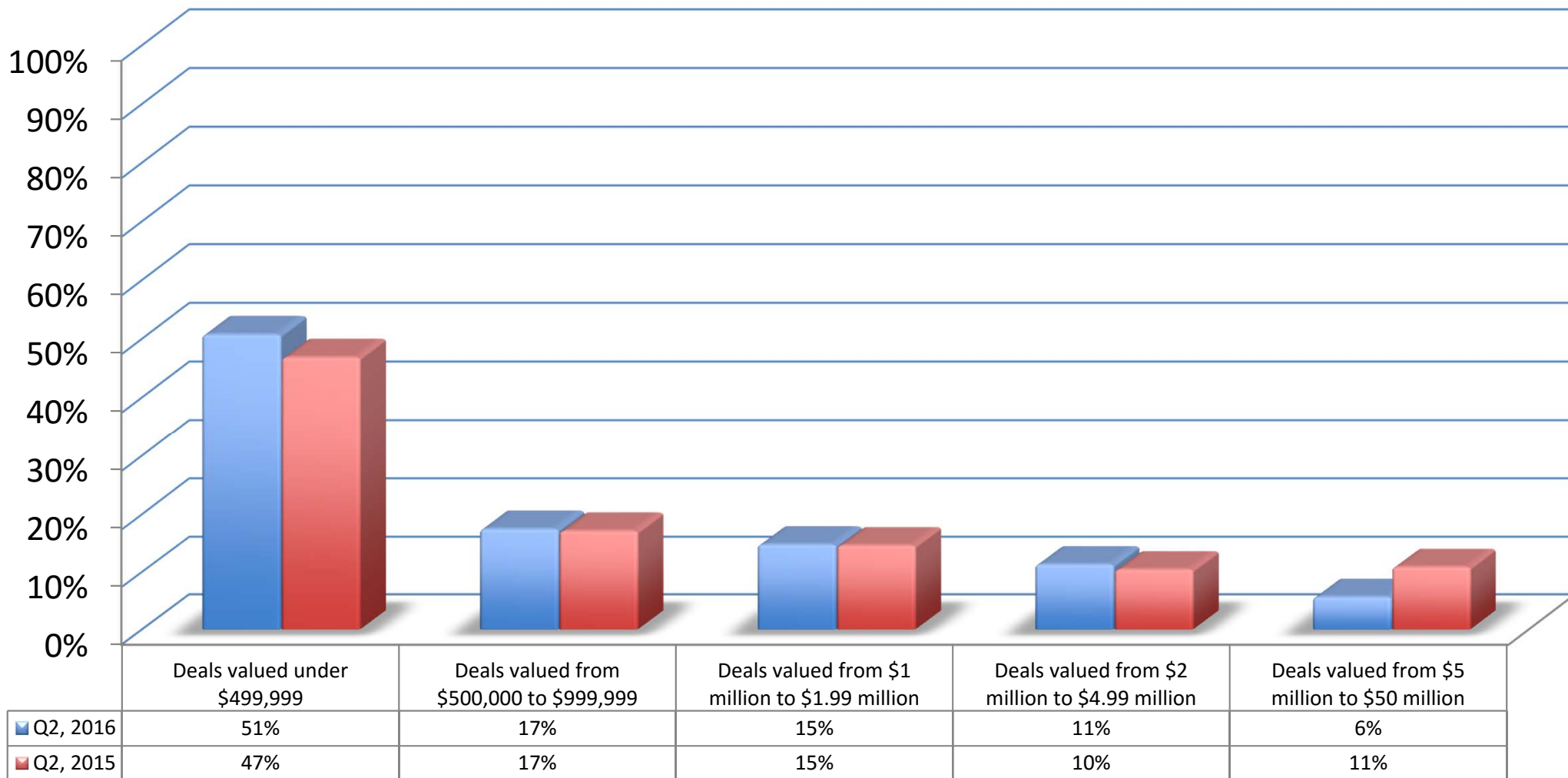
Typical Size of Business Transactions



Number of Business Transactions Closed by Respondents in the Last 3 Months



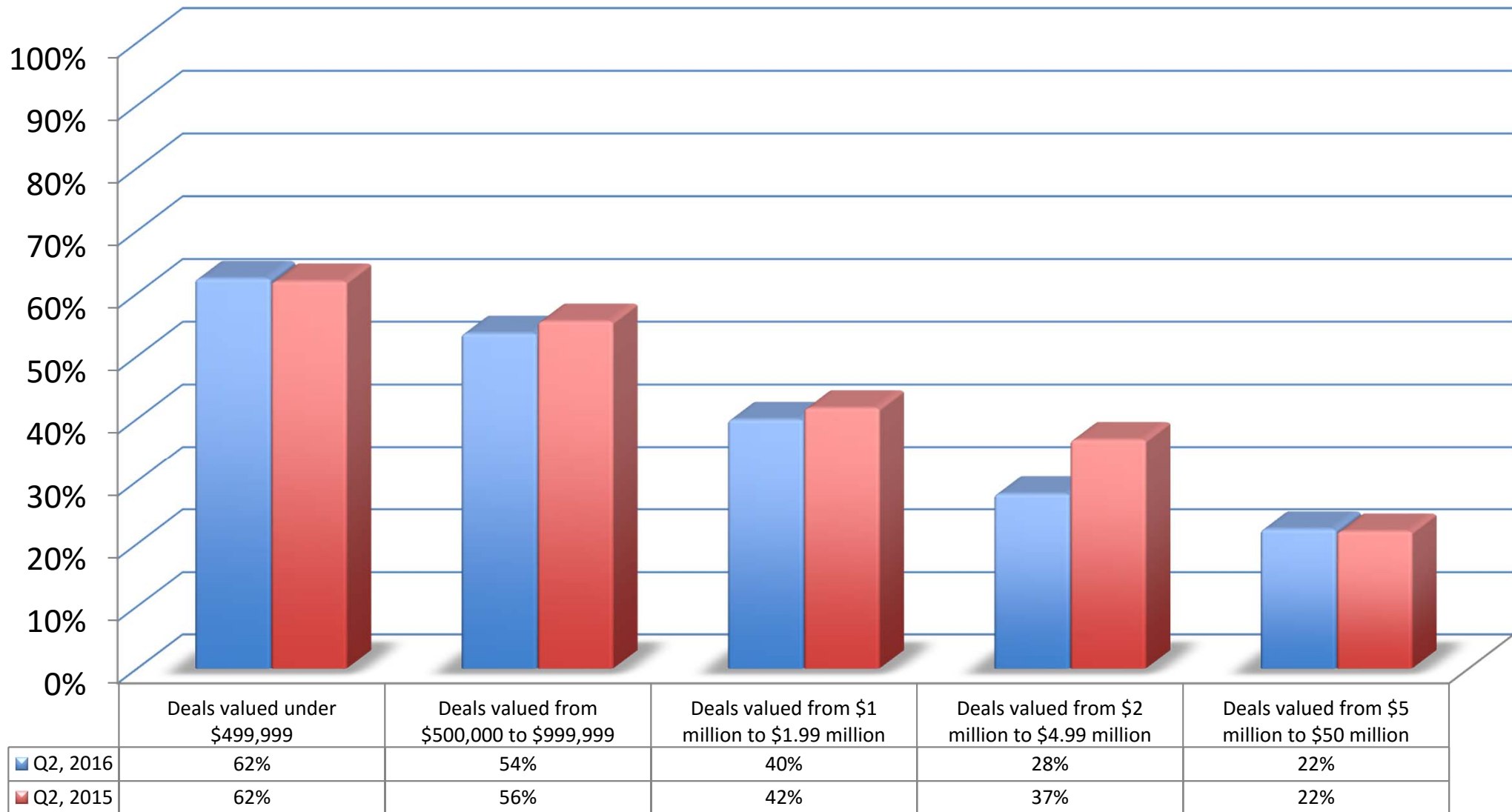
Business Transactions Closed in the Last 3 Months by Deal Size



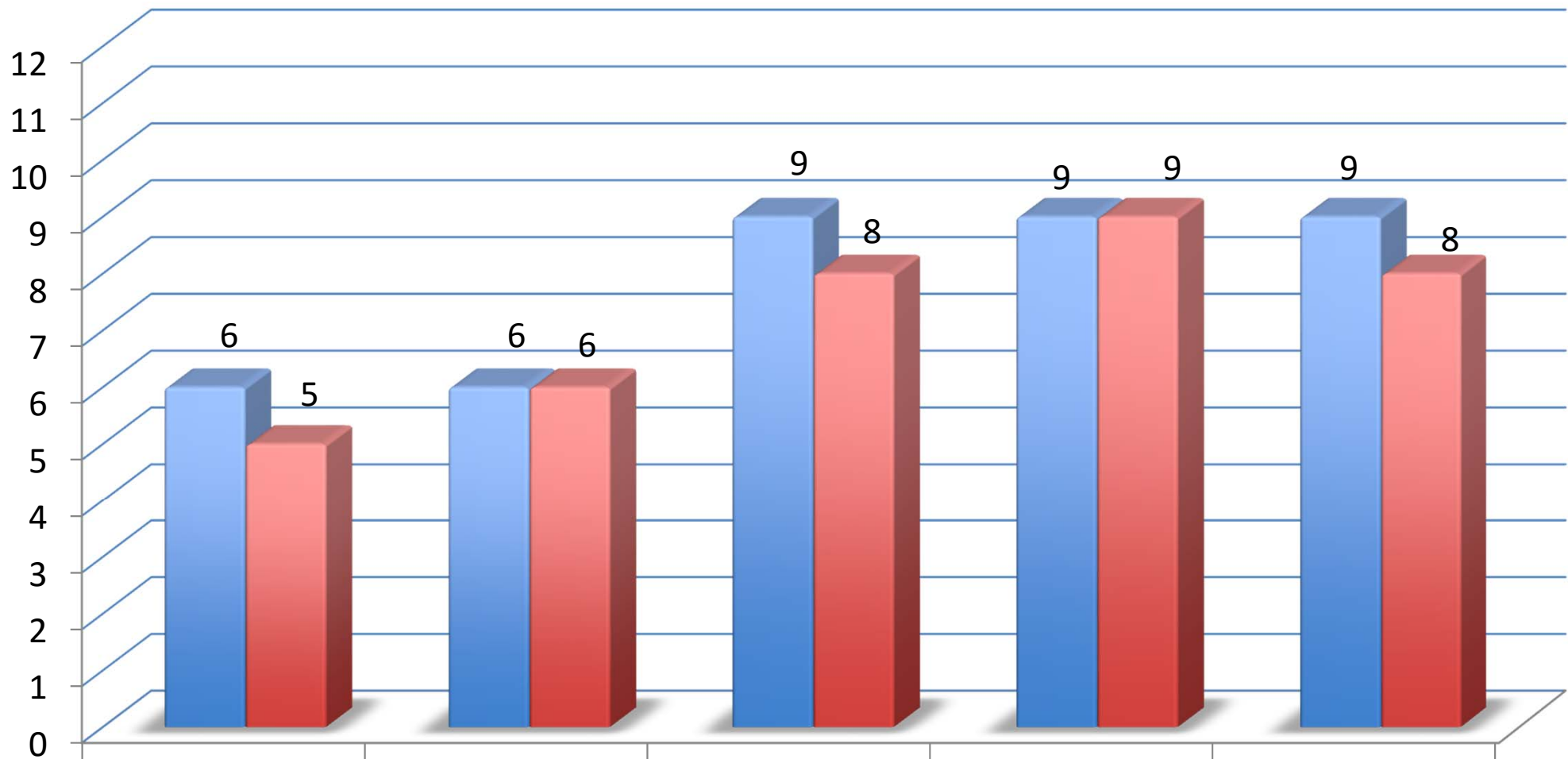
Change in the Number of New Clients by Deal Size in The Last 3 Months

Deal size	Greatly decreased		Decreased		Stayed the same		Increased		Greatly increased		Score (1 to 5)	
	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015
Deals valued under \$499,999	3%	4%	9%	10%	50%	45%	34%	38%	4%	3%	3.5	3.3
Deals valued from \$500,000 to \$999,999	4%	1%	8%	9%	52%	41%	34%	45%	2%	4%	3.7	3.4
Deals valued from \$1 million to \$1.99 million	6%	3%	10%	13%	52%	43%	32%	38%	1%	4%	3.6	3.3
Deals valued from \$2 million to \$4.99 million	6%	5%	11%	9%	50%	48%	27%	33%	6%	5%	3.7	3.2
Deals valued from \$5 million to \$50 million	6%	4%	8%	10%	48%	45%	31%	37%	7%	4%	3.9	3.3

Was it Buyer's Market in the last 3 months?

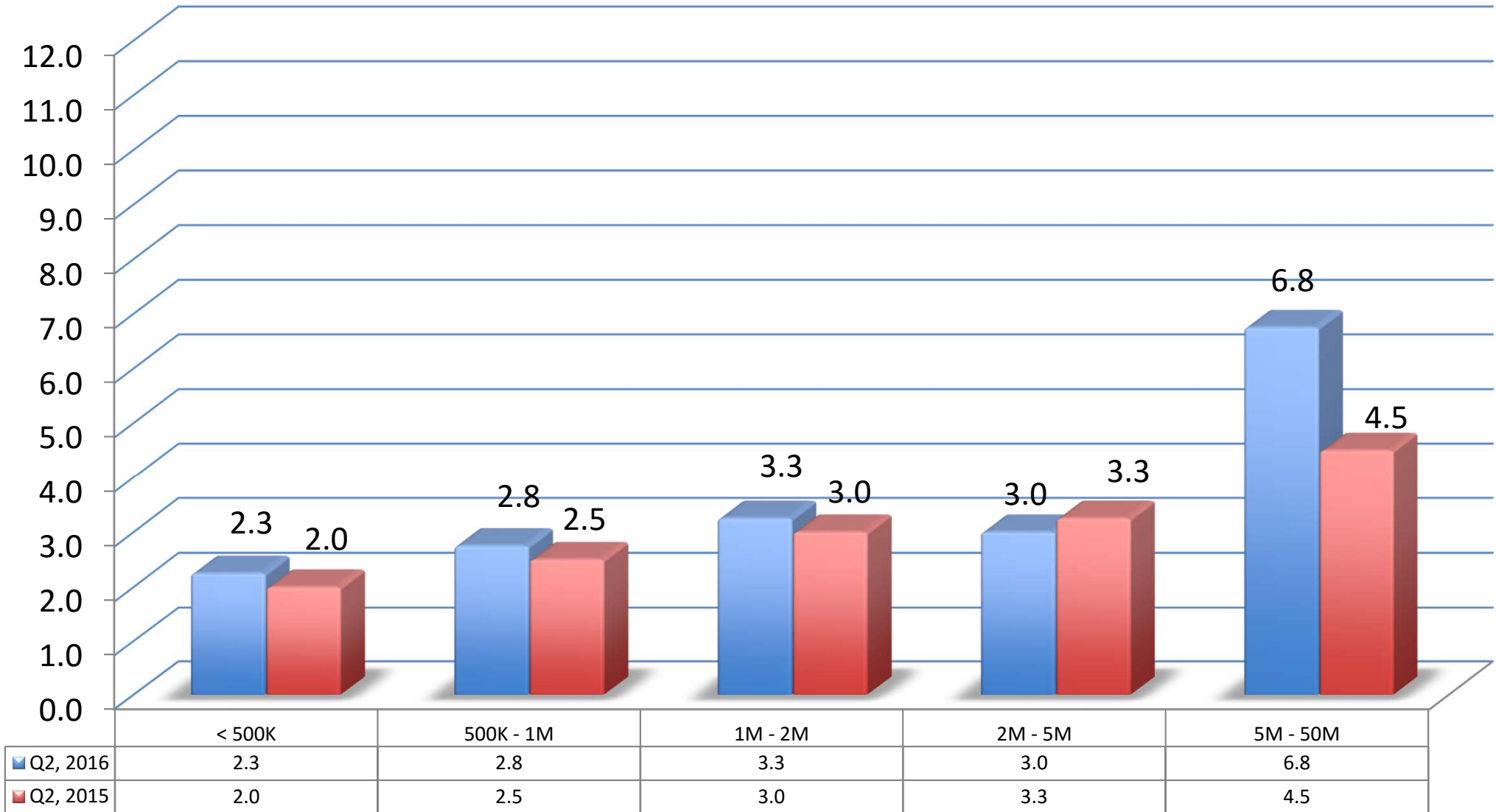


Median Time to Close a Deal (Months)

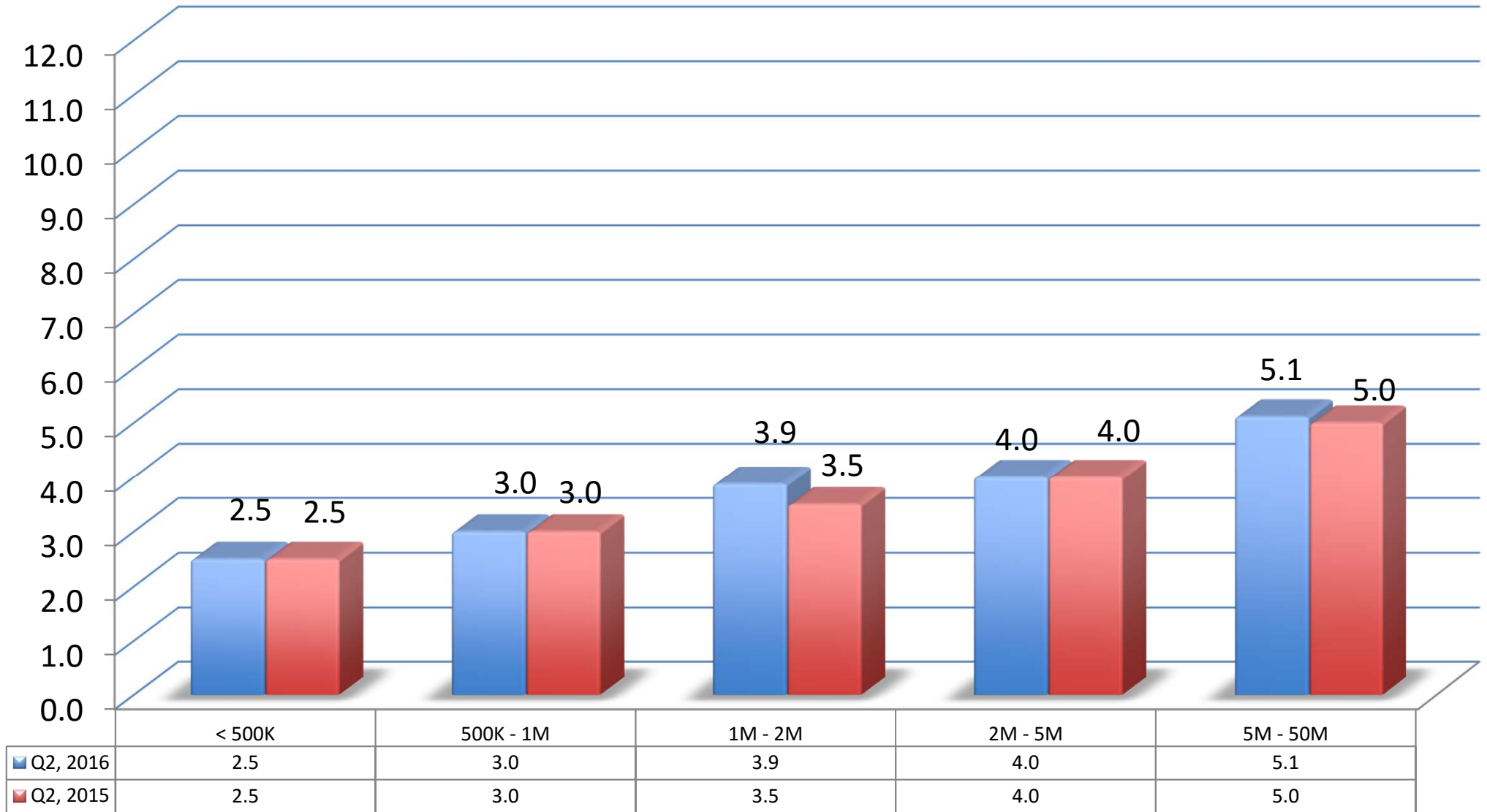


	< 500K	500K - 1M	1M - 2M	2M - 5M	5M - 50M
■ Q2, 2016	6	6	9	9	9
■ Q2, 2015	5	6	8	9	8

Median SDE Multiple Paid

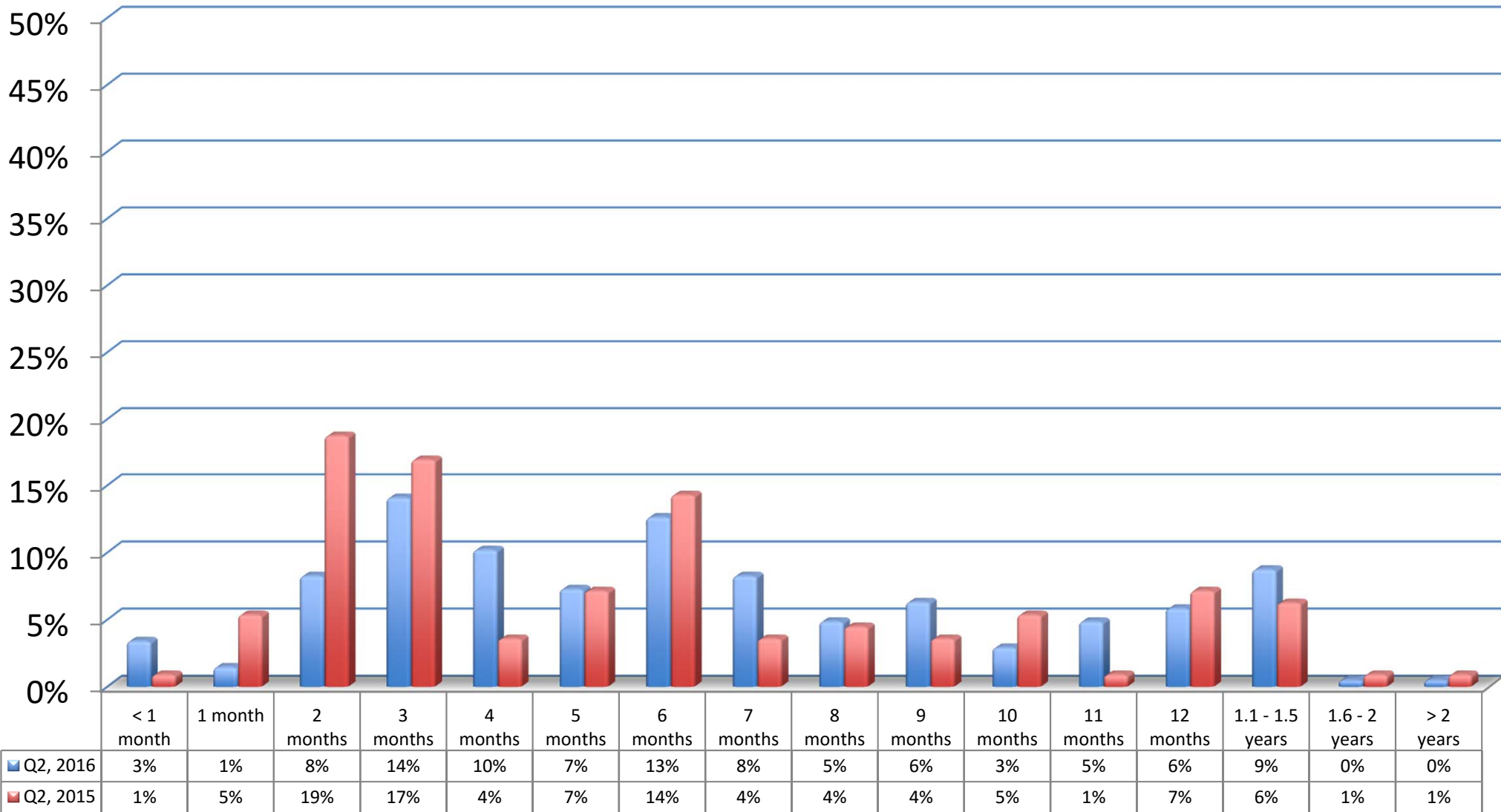


Median EBITDA Multiple Paid

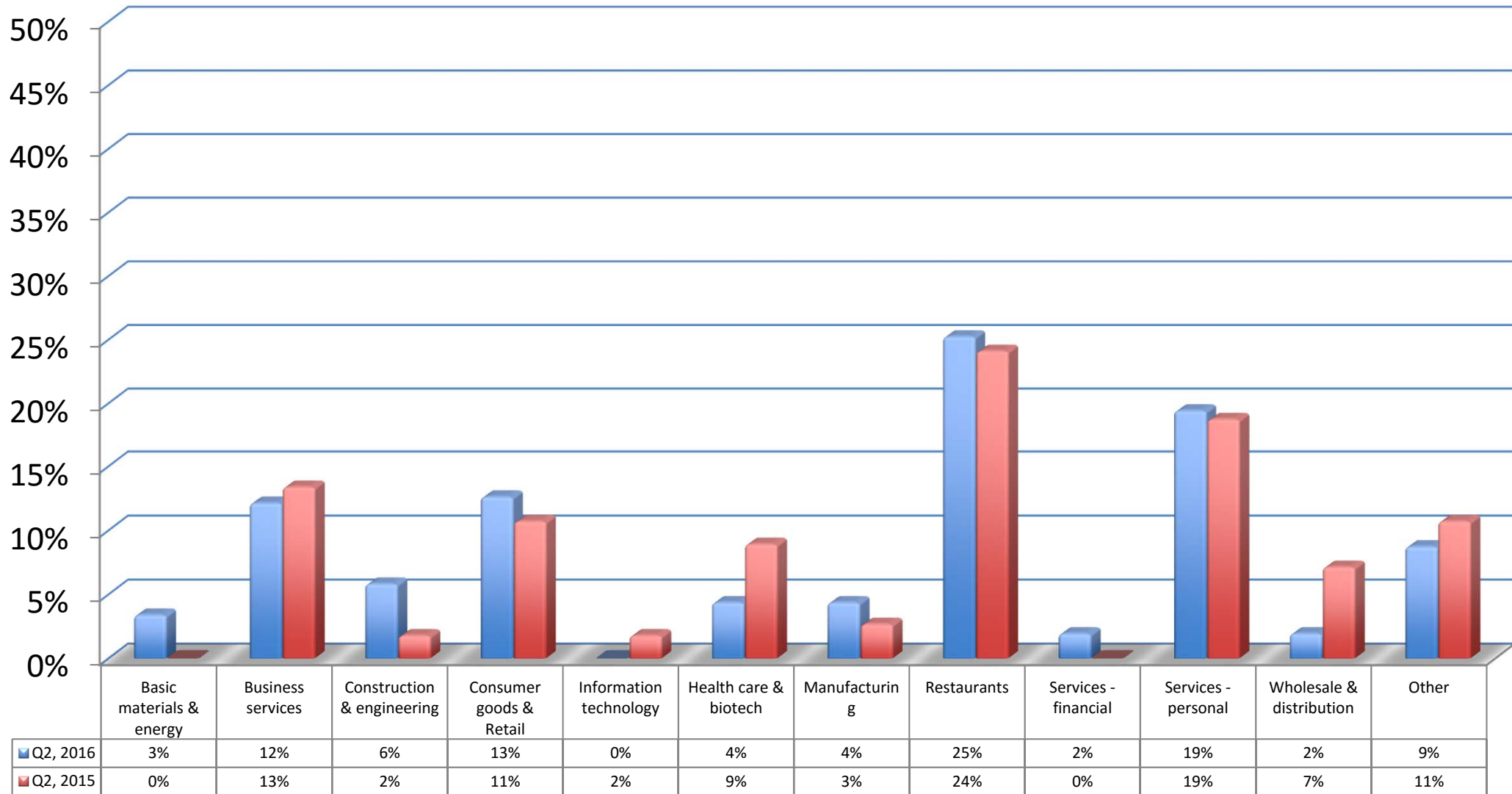


Business Transactions Valued under \$499,999

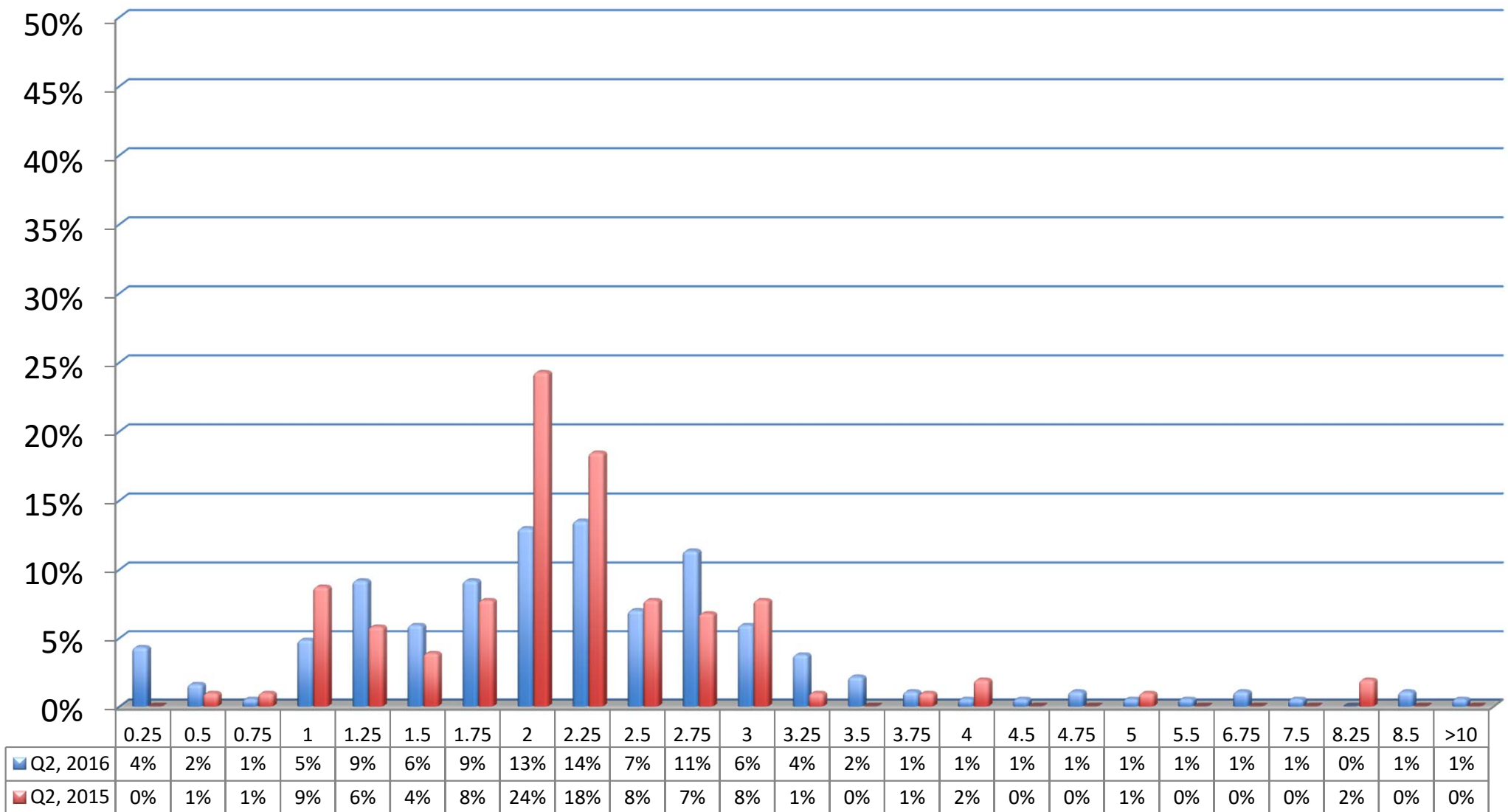
Time to Close



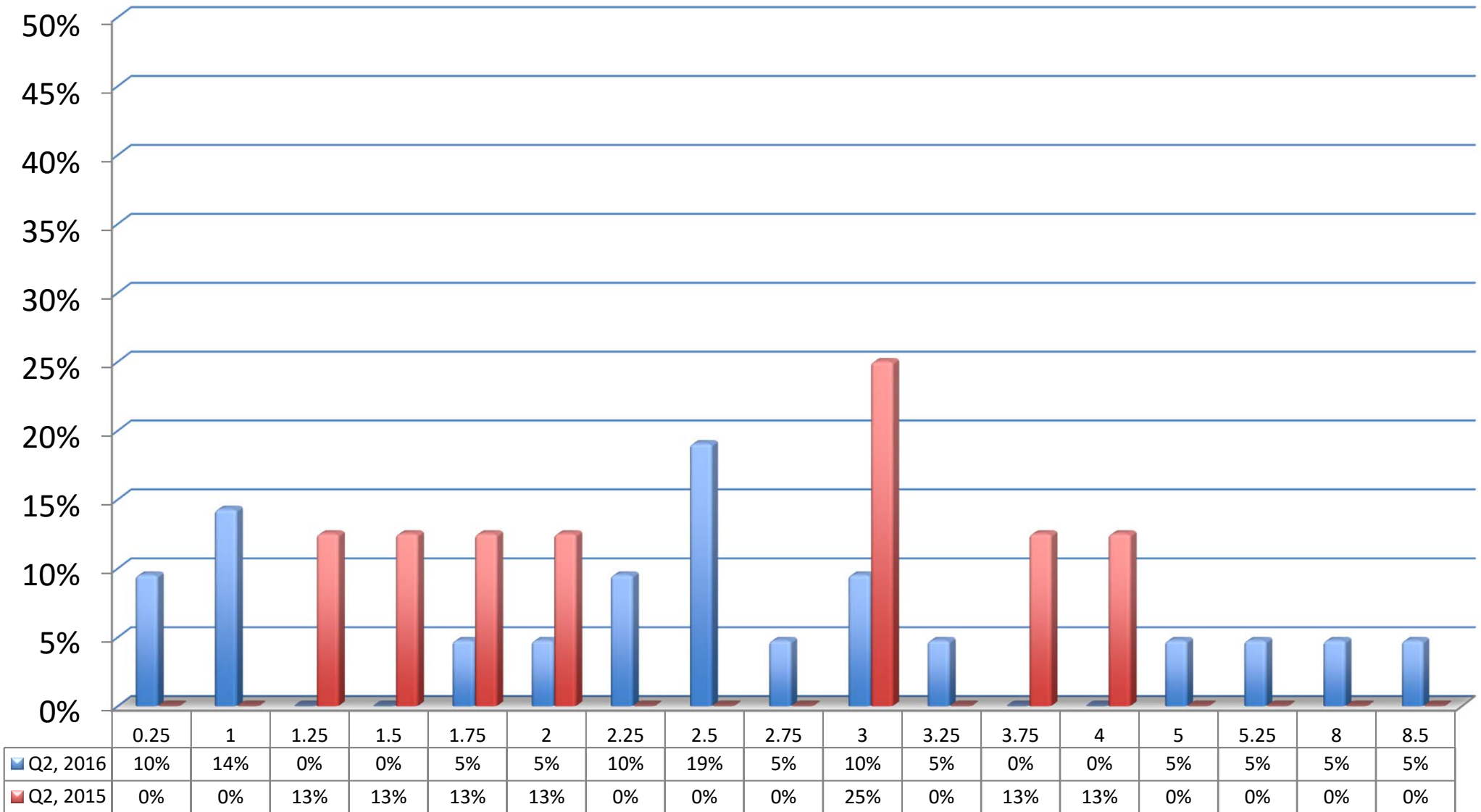
Industry



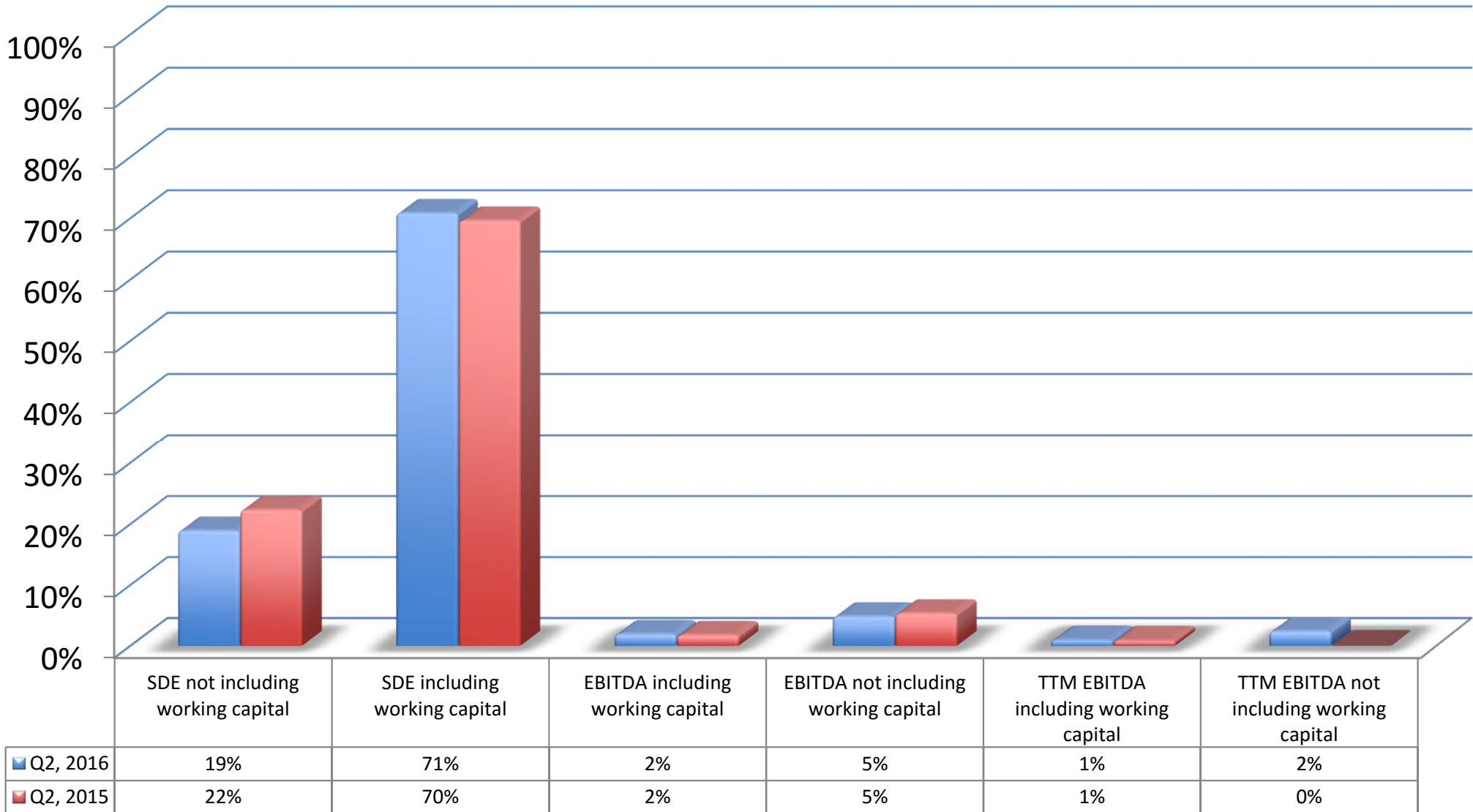
SDE Multiple Paid



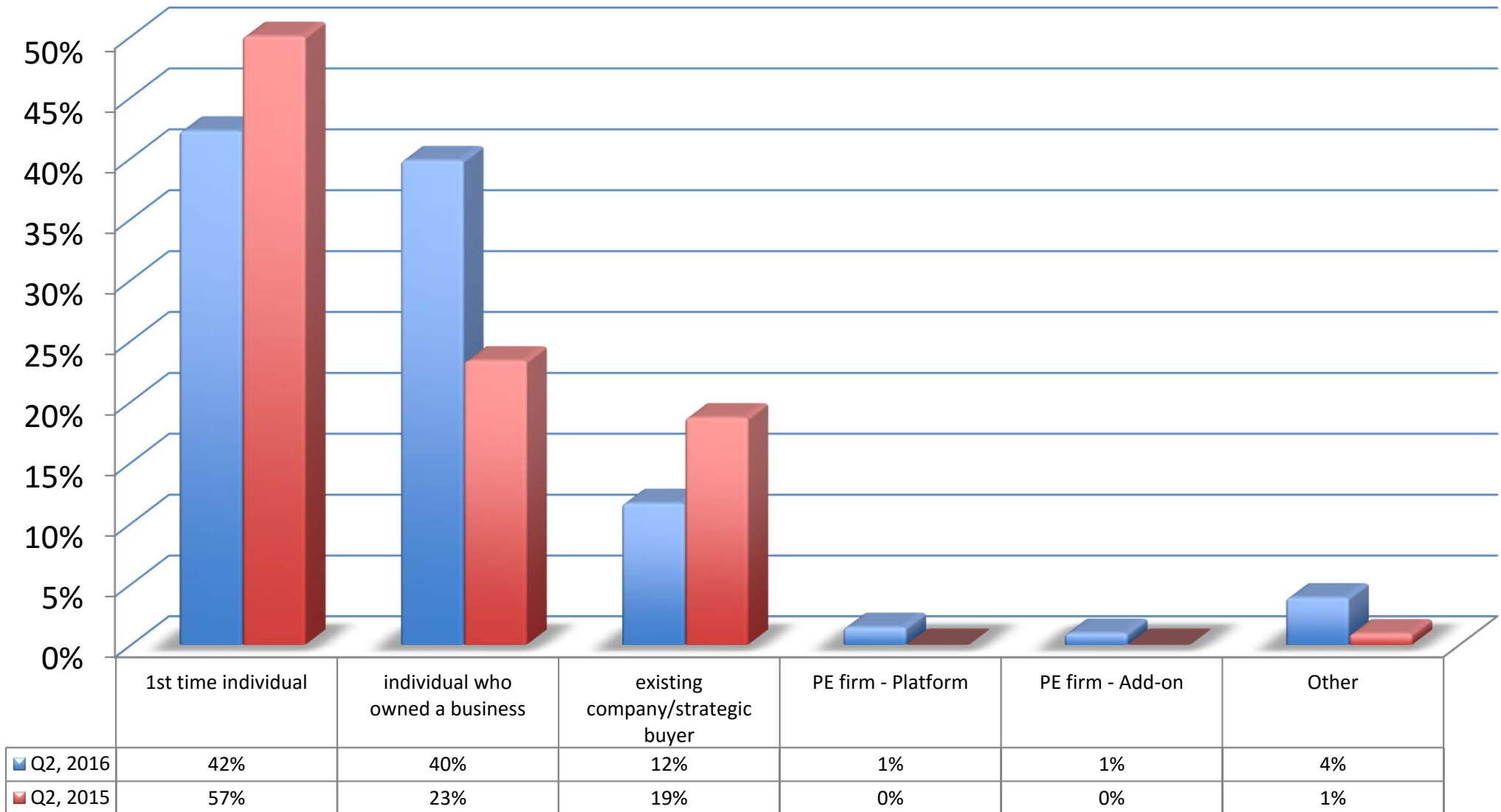
EBITDA Multiple Paid



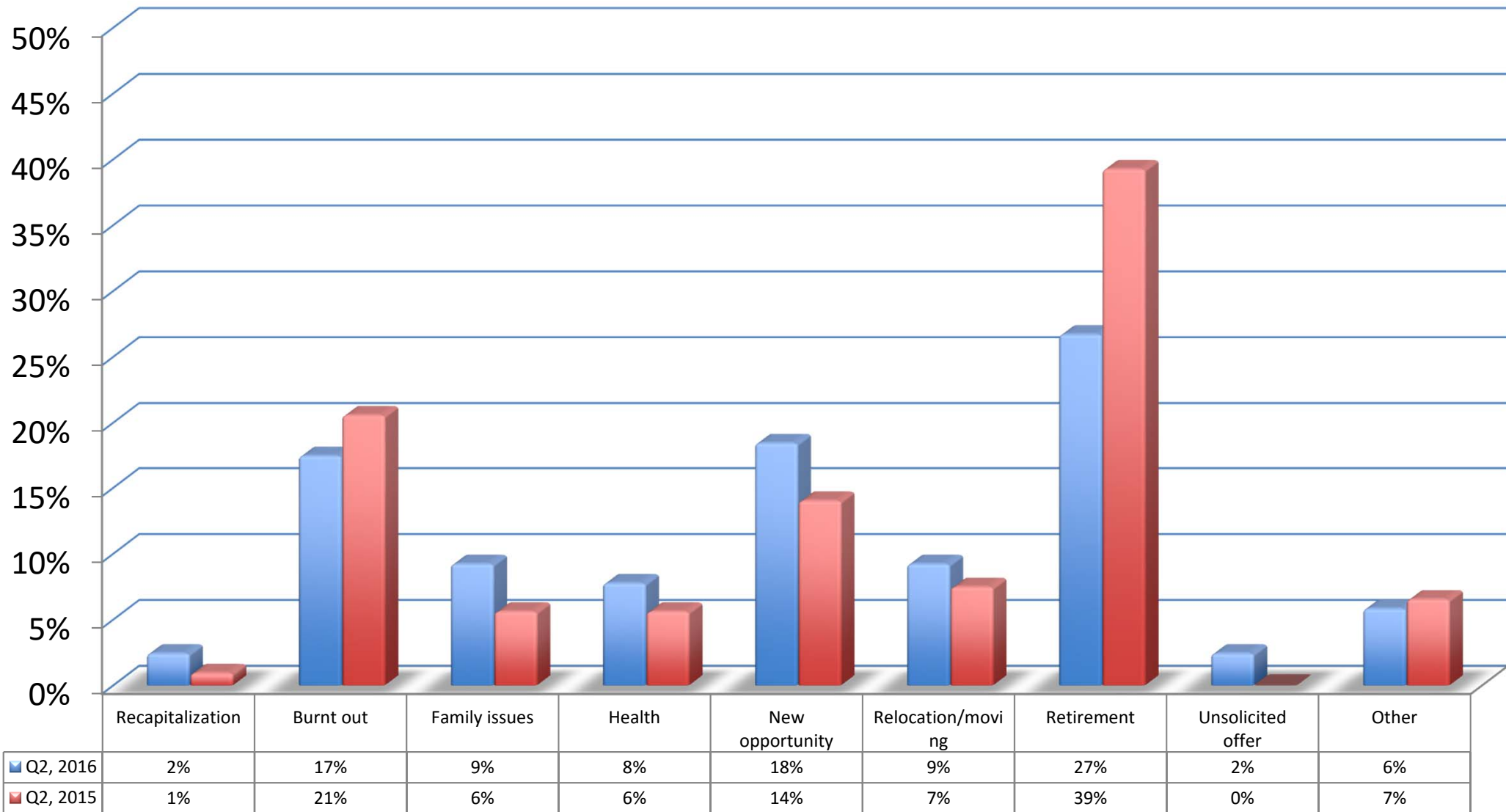
Multiple Type



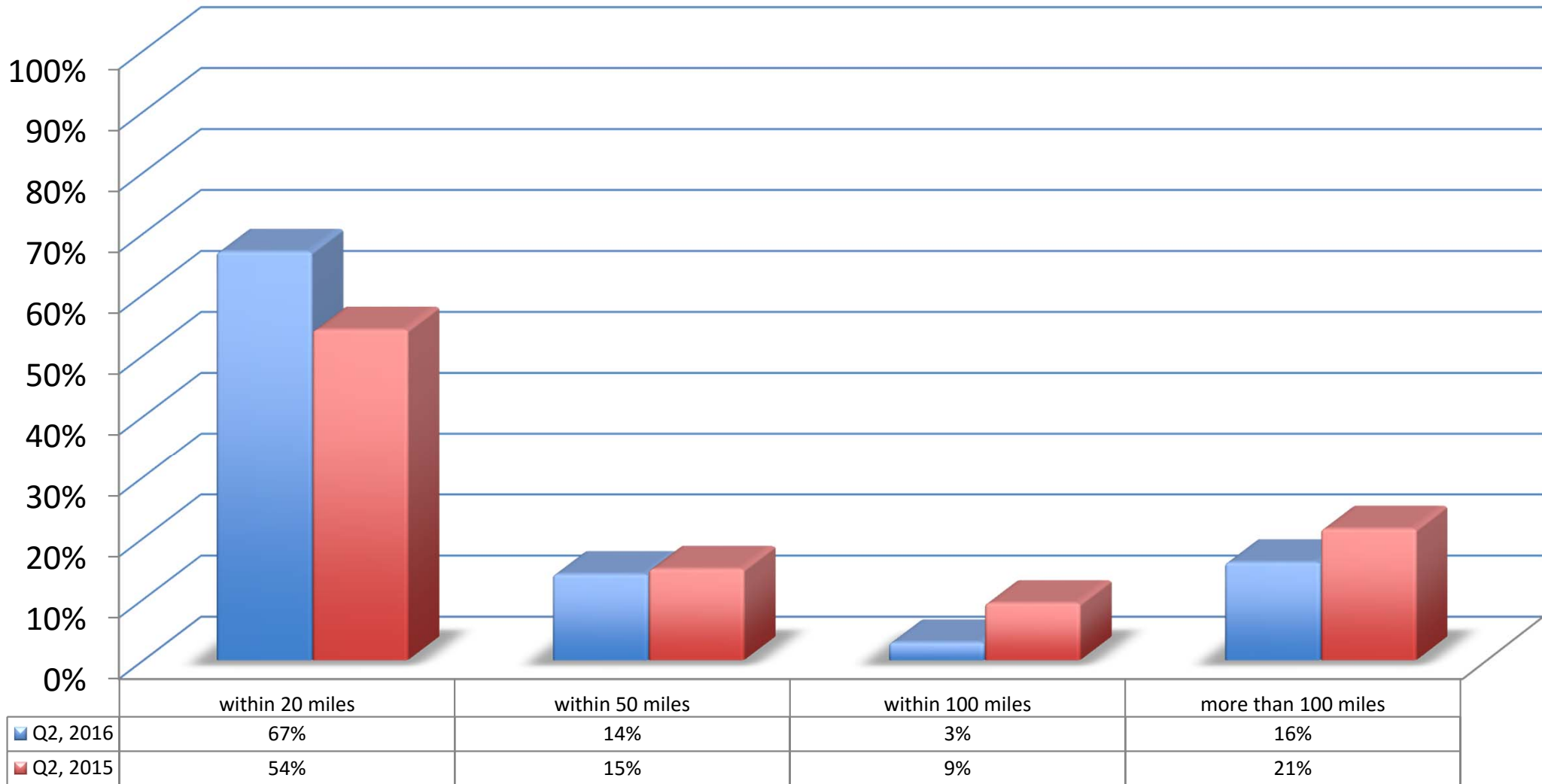
Buyer Type



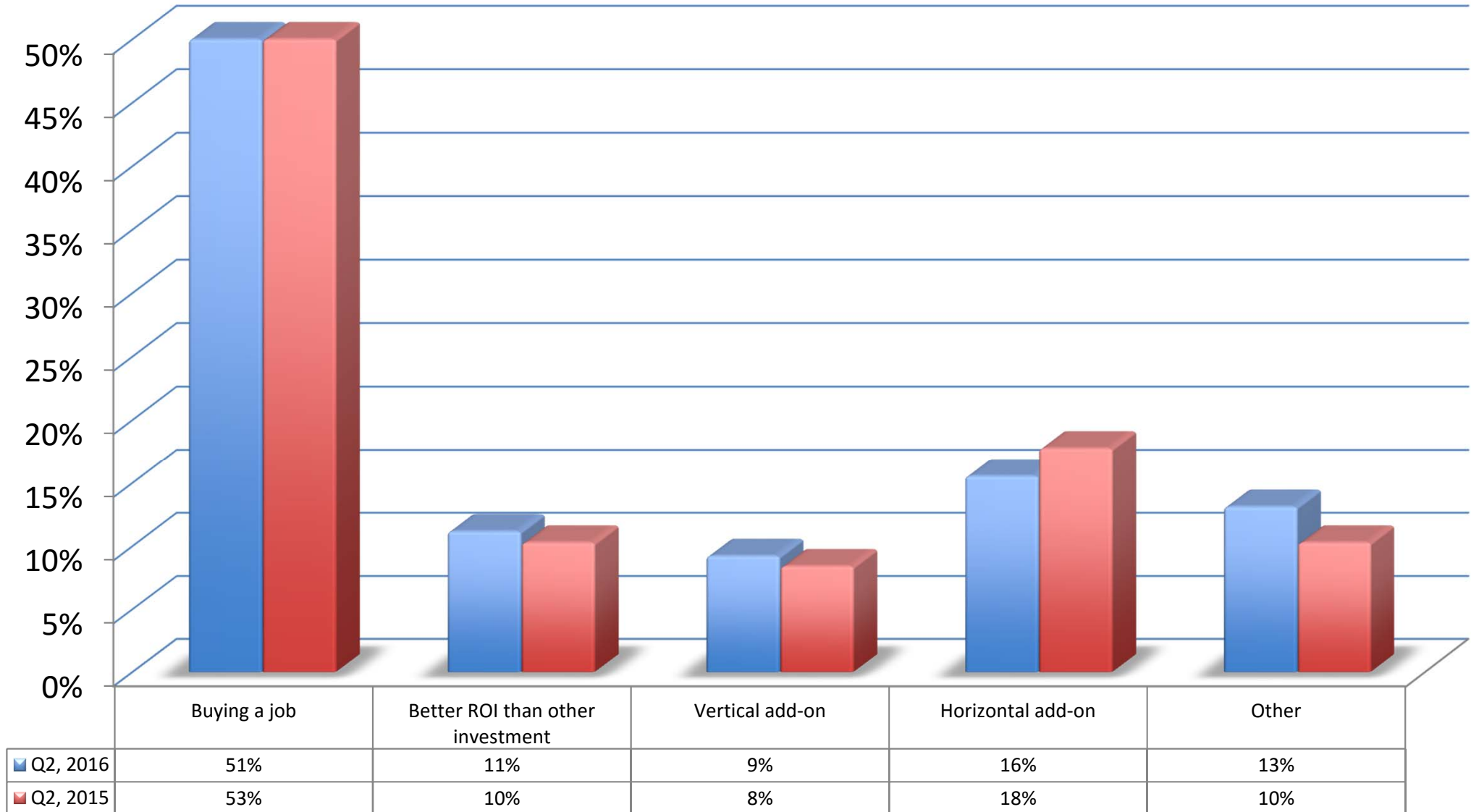
#1 Reason for Seller to Go to Market



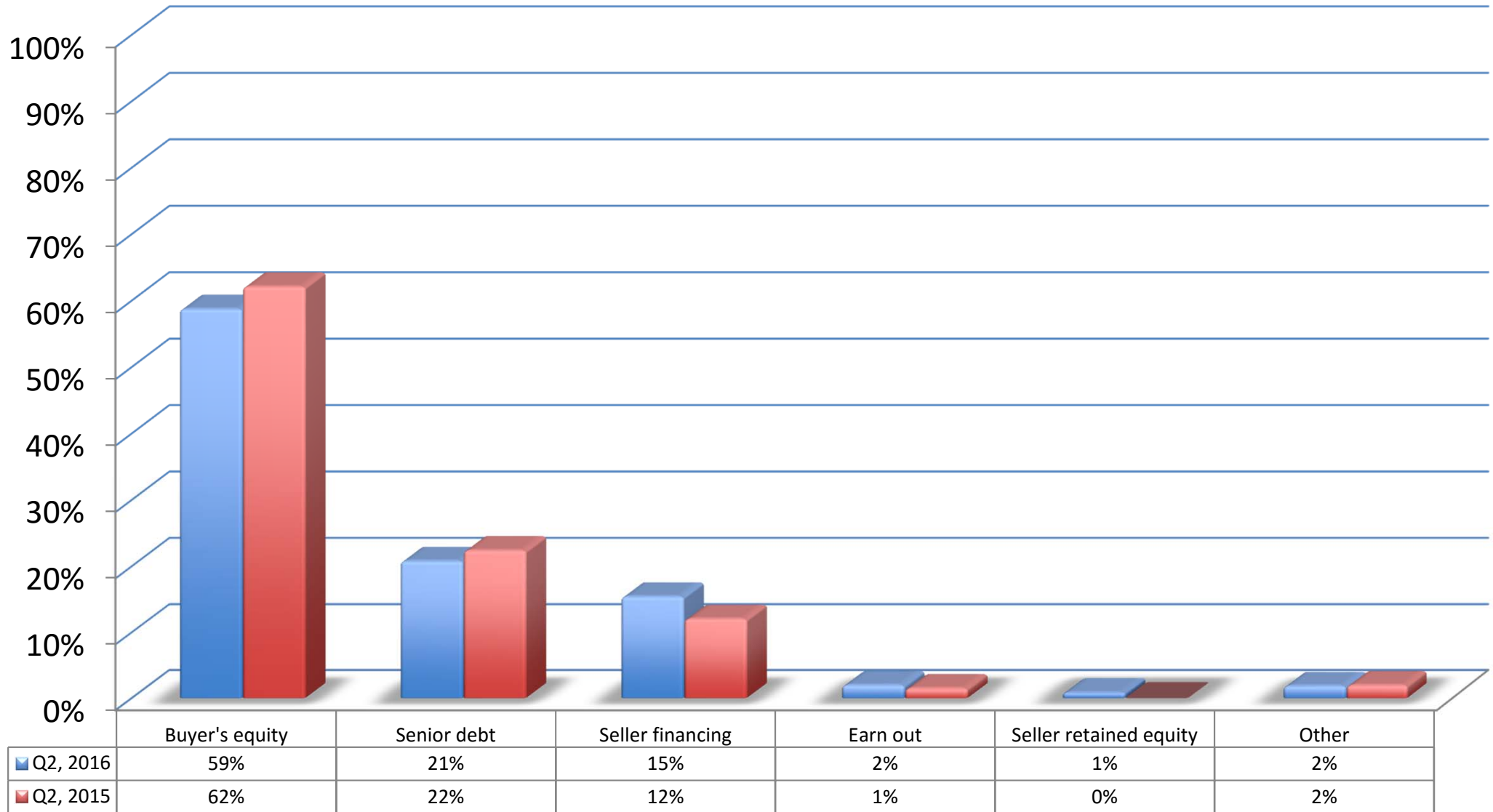
Buyer Location



#1 Motivation for Buyer

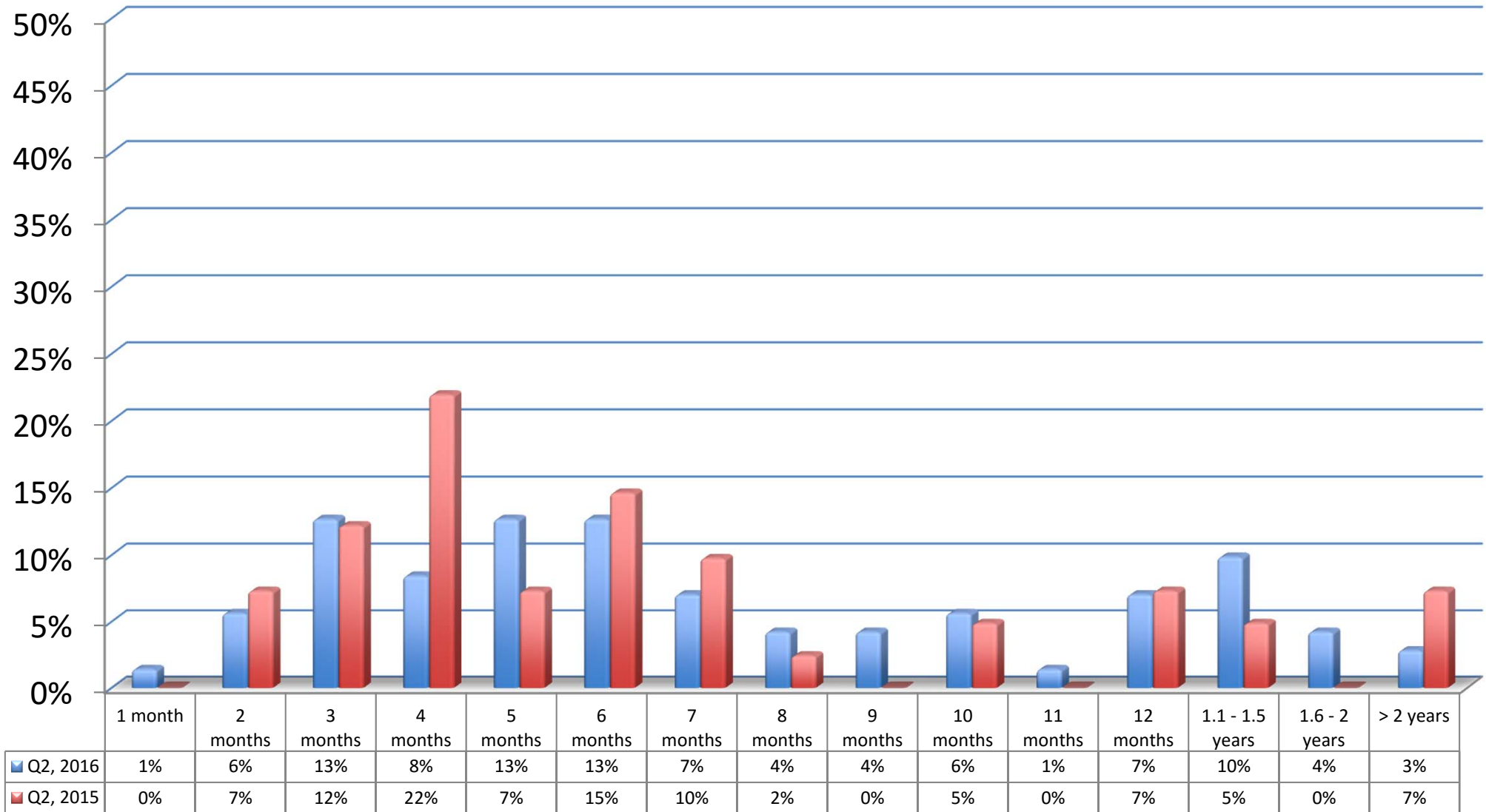


Financing Structure

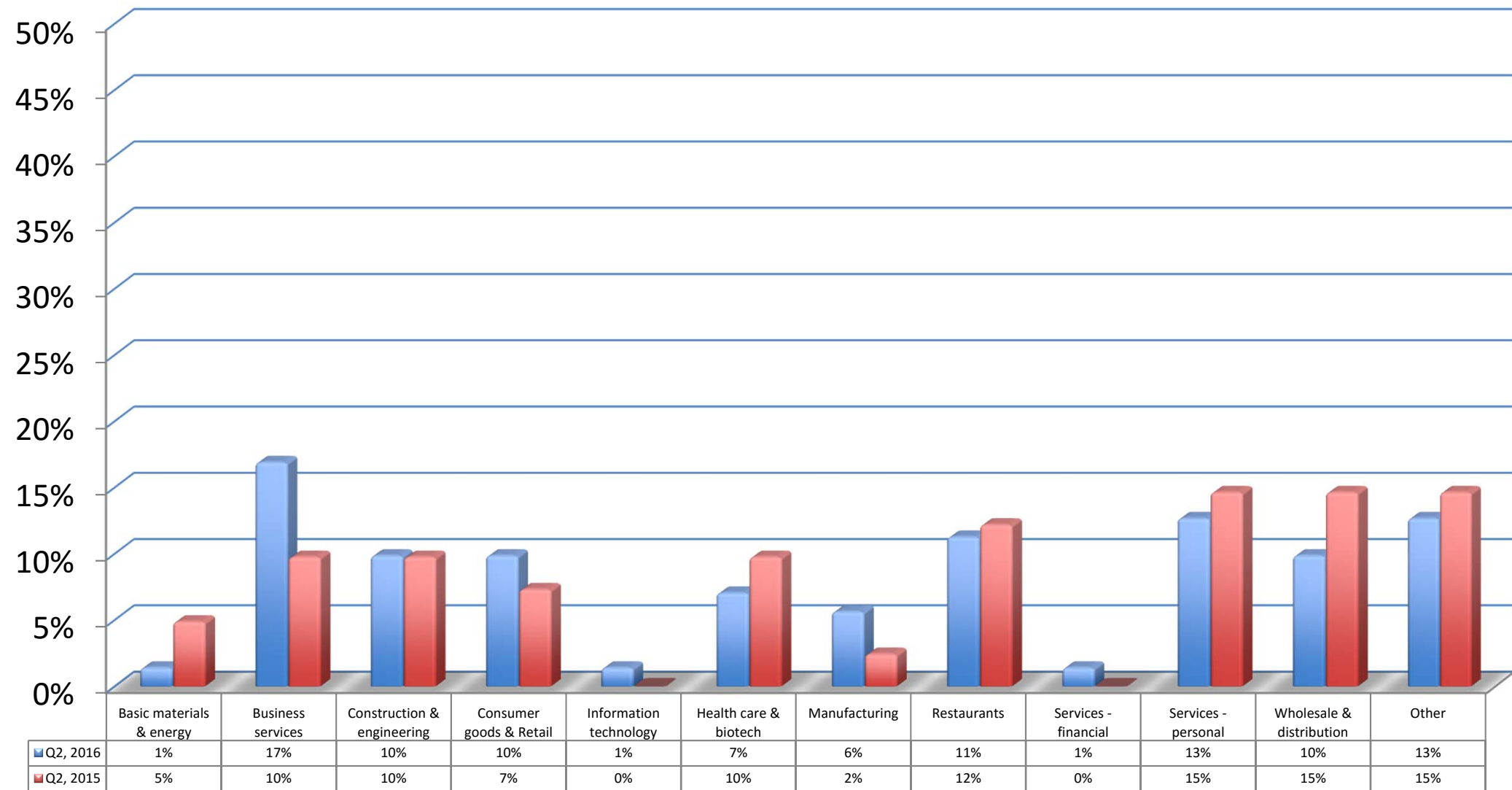


Business Transactions Valued from \$500,000 to \$999,999

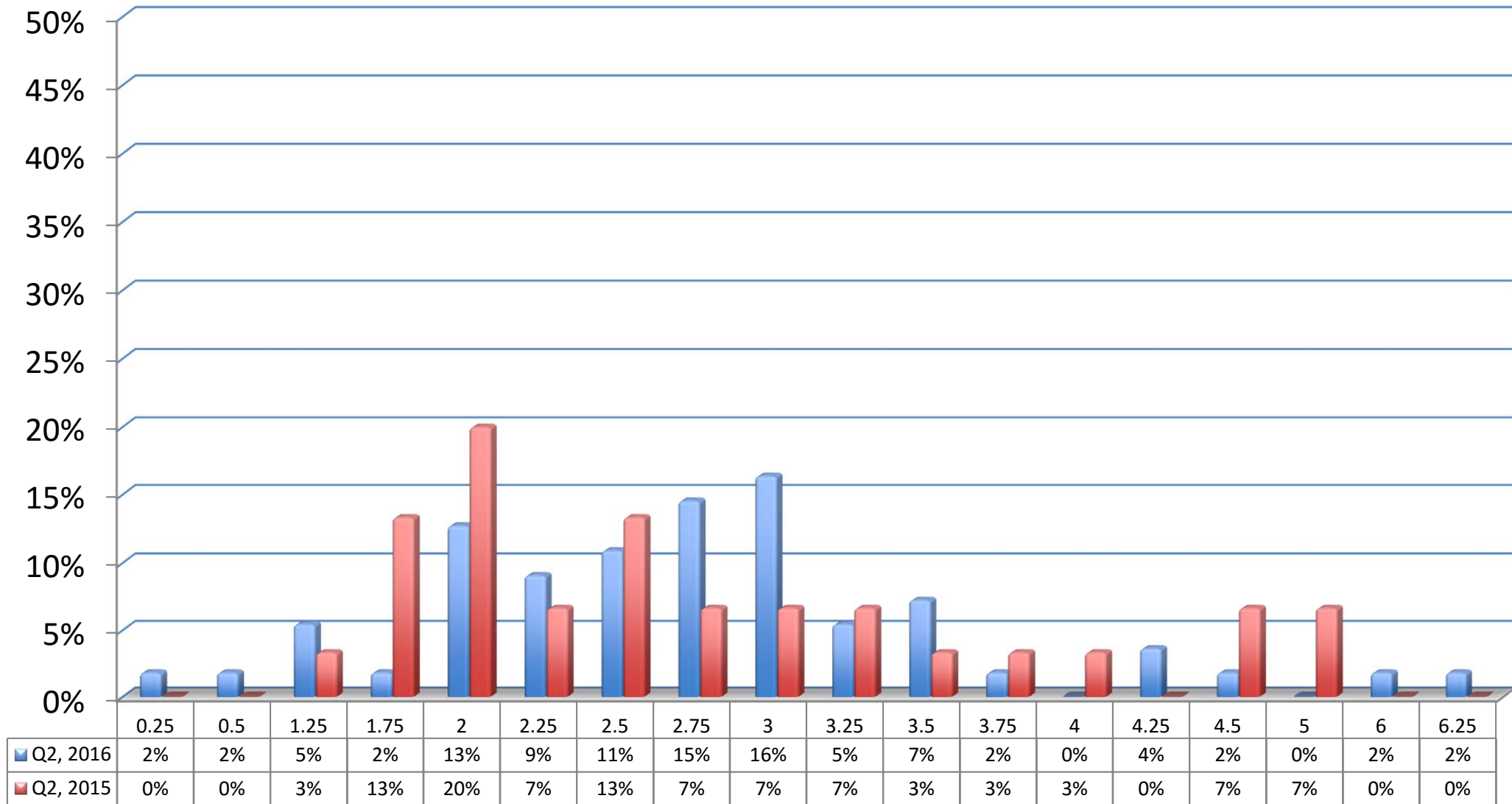
Time to Close



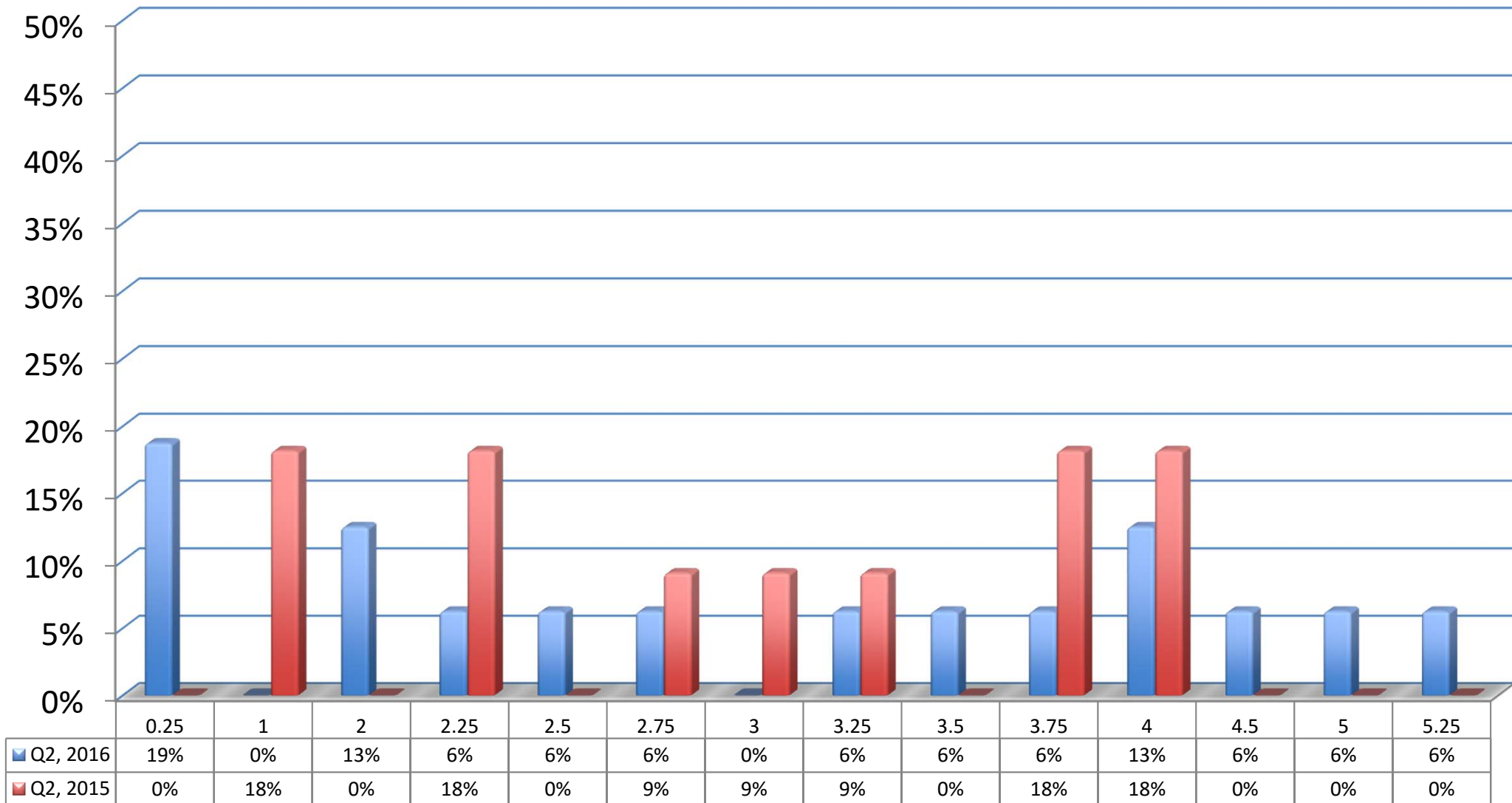
Industry



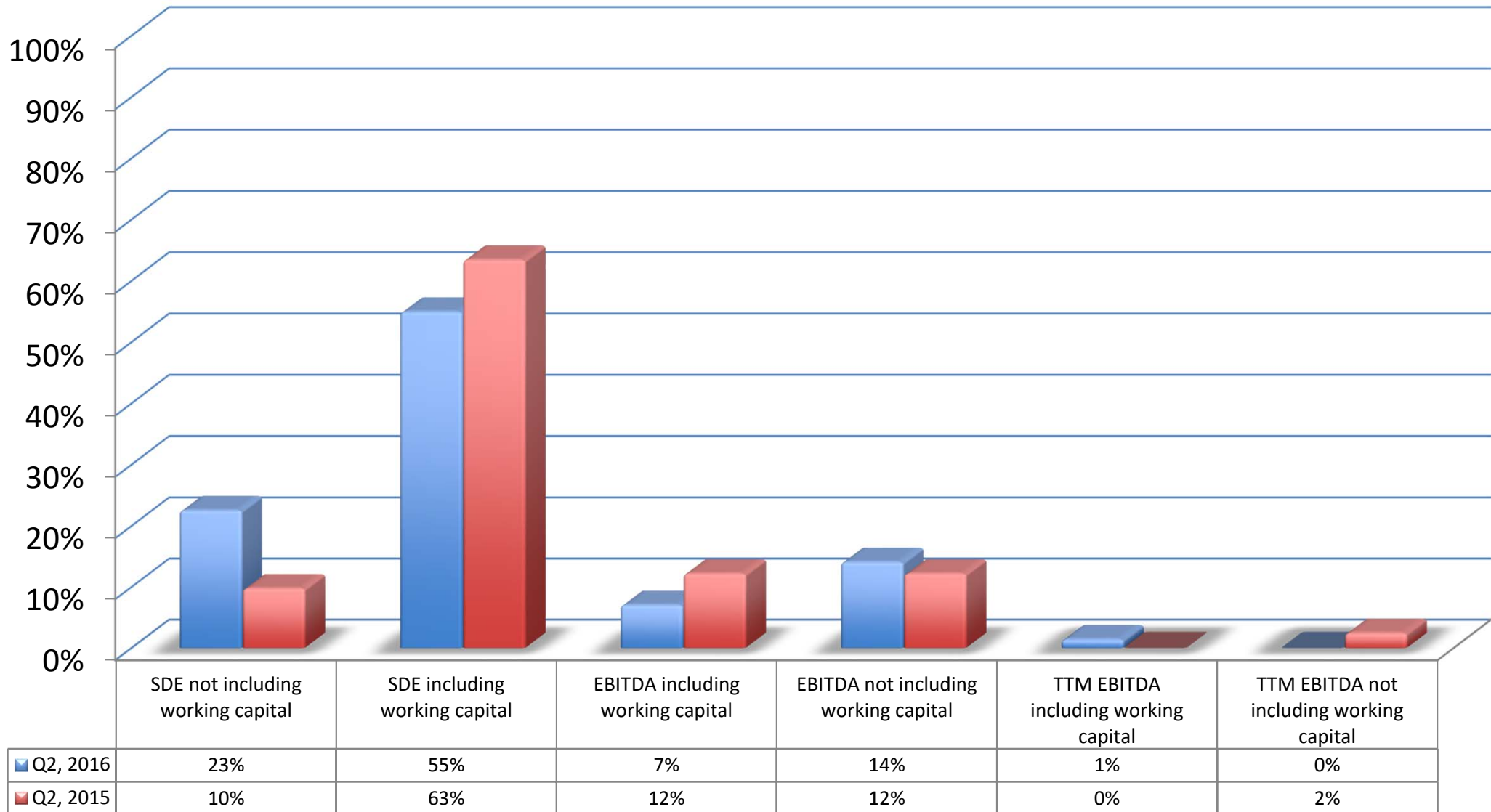
SDE Multiple Paid



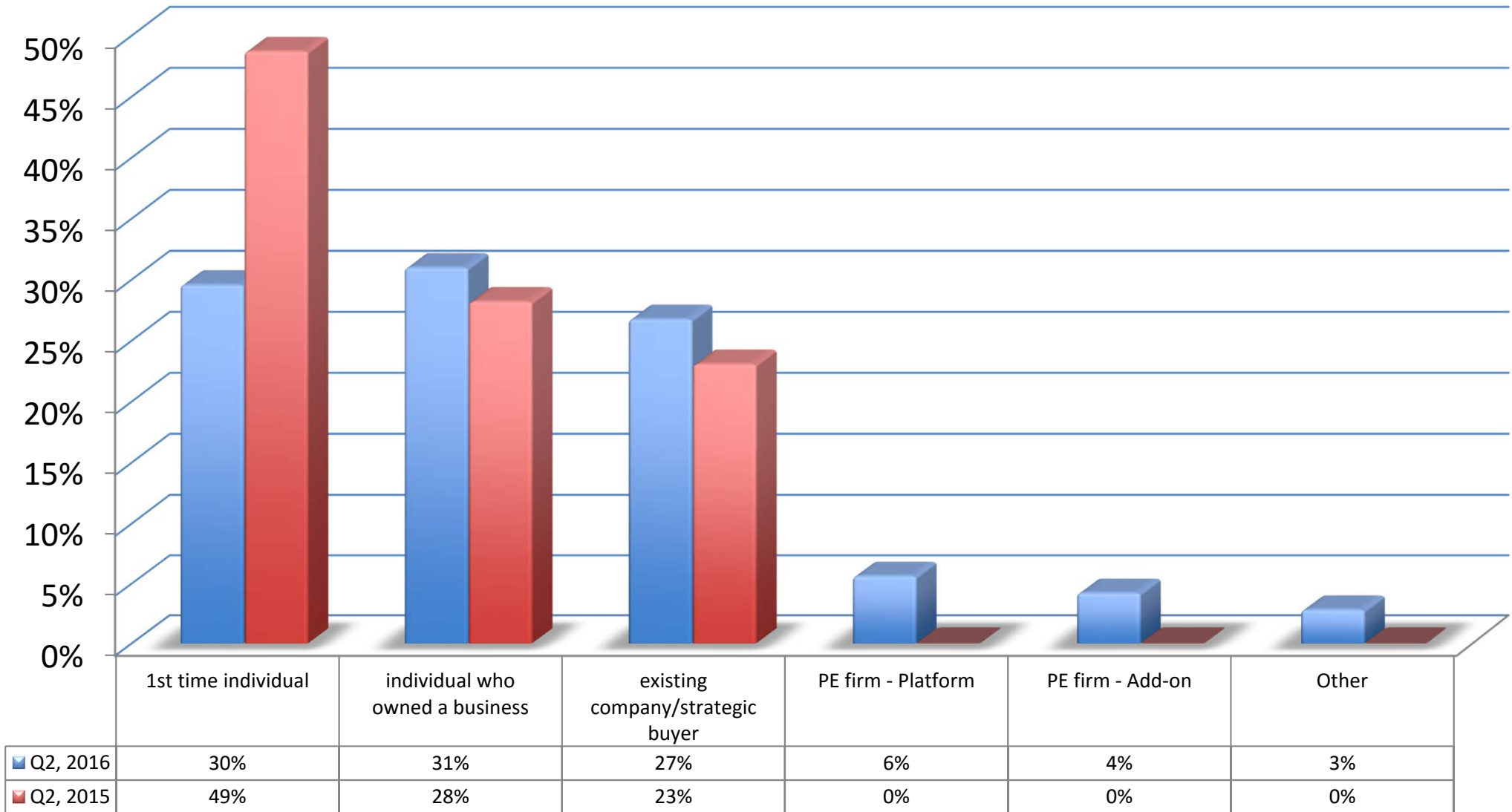
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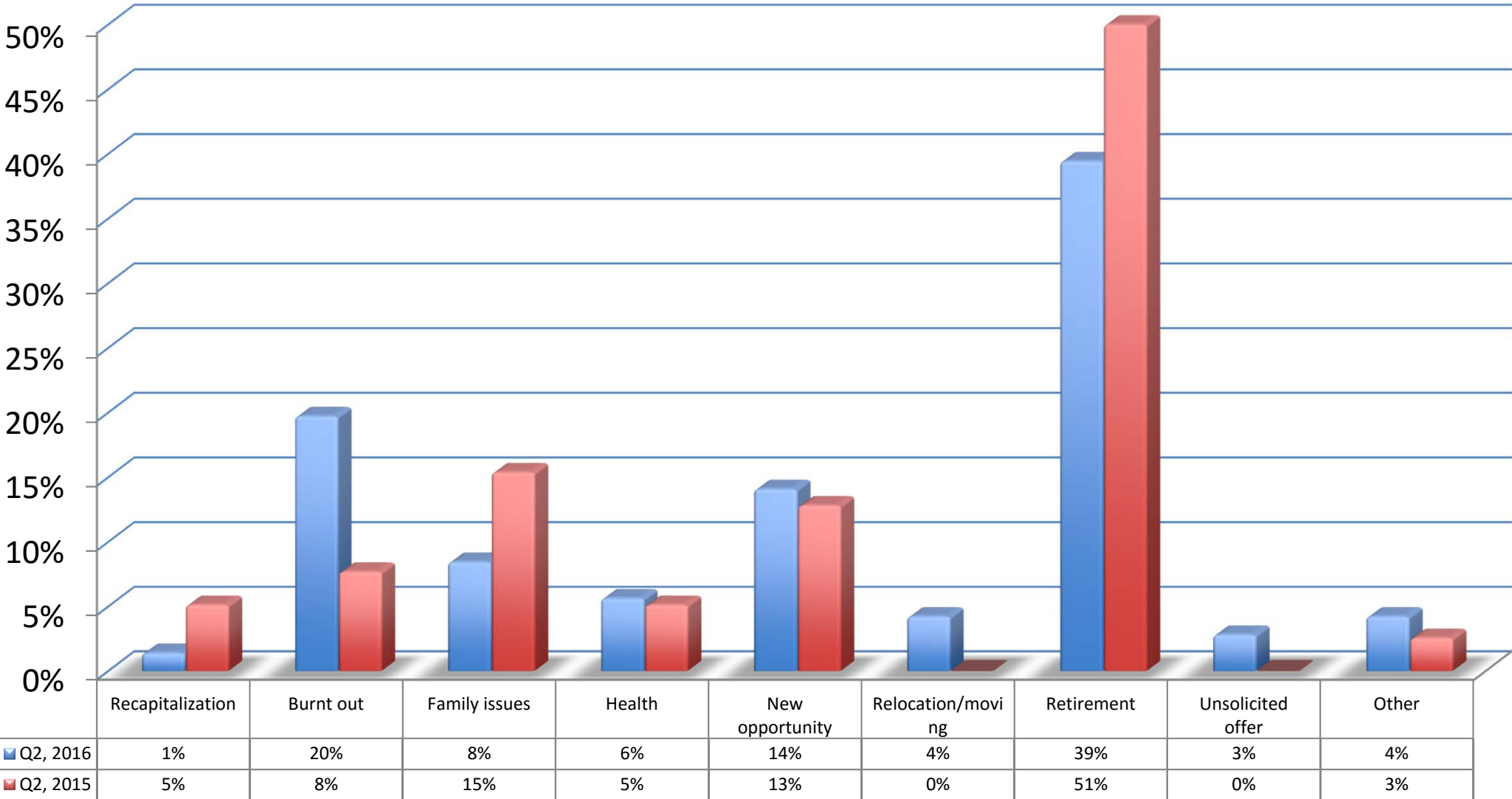
Multiple Type



Buyer Type



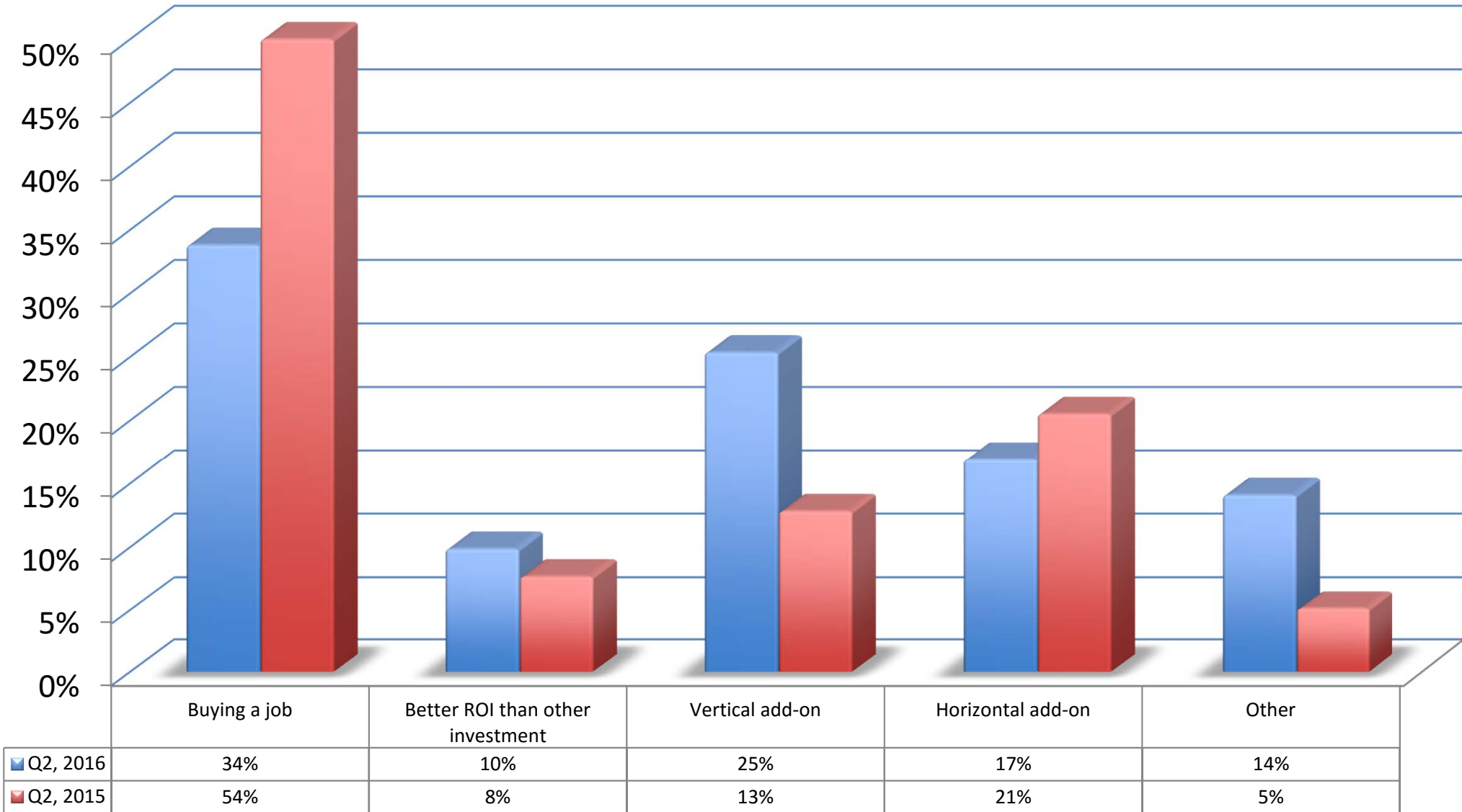
#1 Reason for Seller to Go to Market



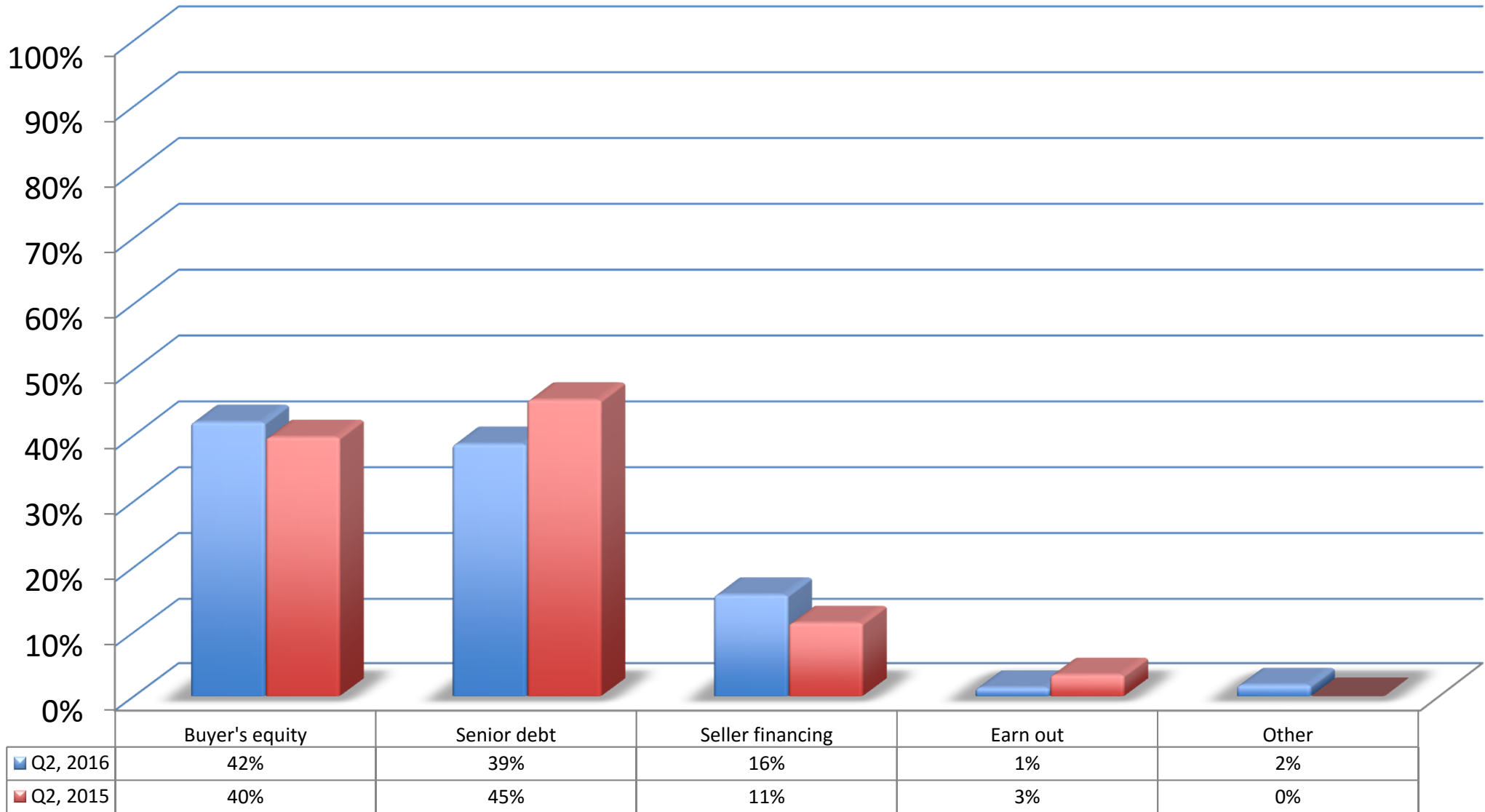
Buyer Location



#1 Motivation for Buyer

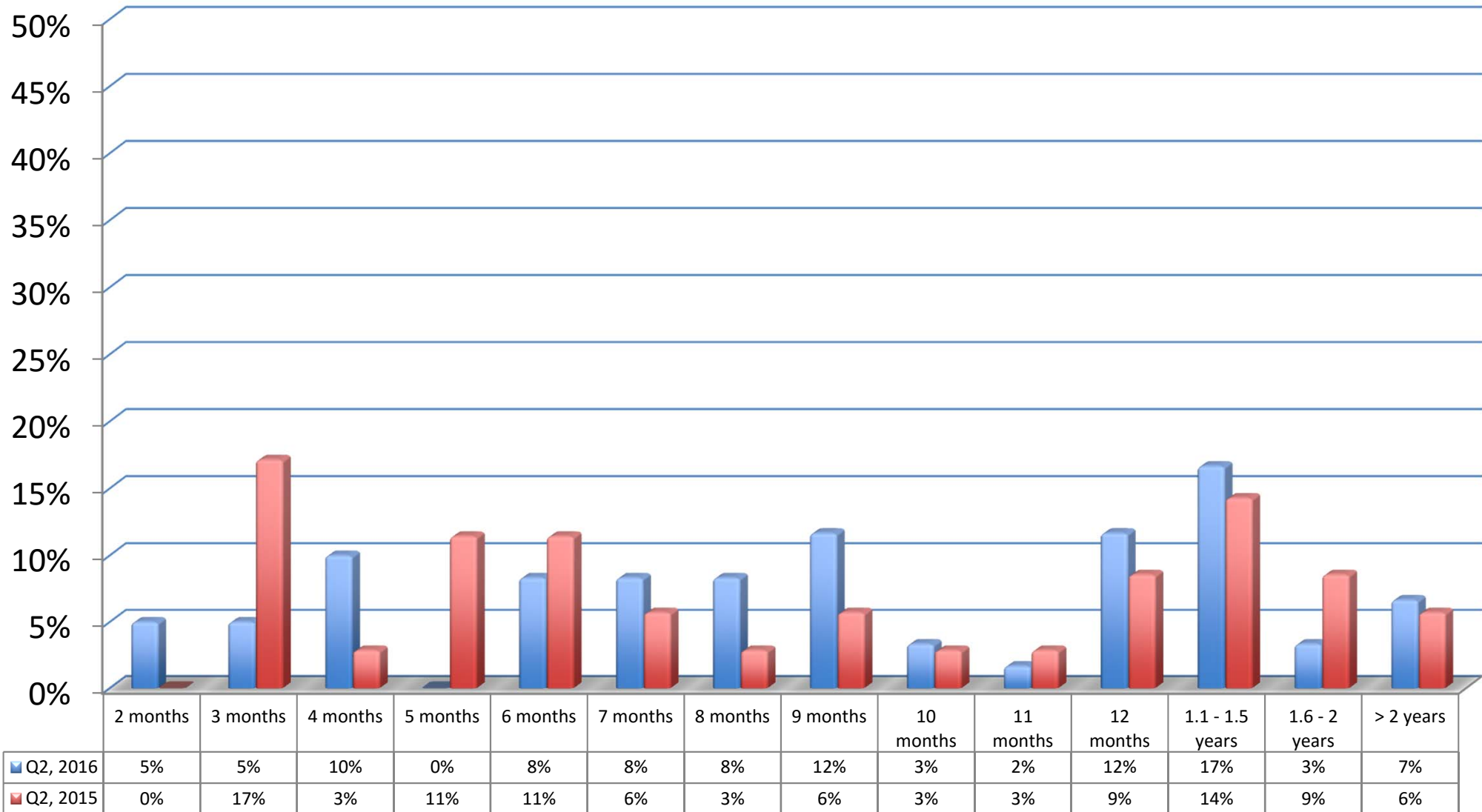


Financing Structure

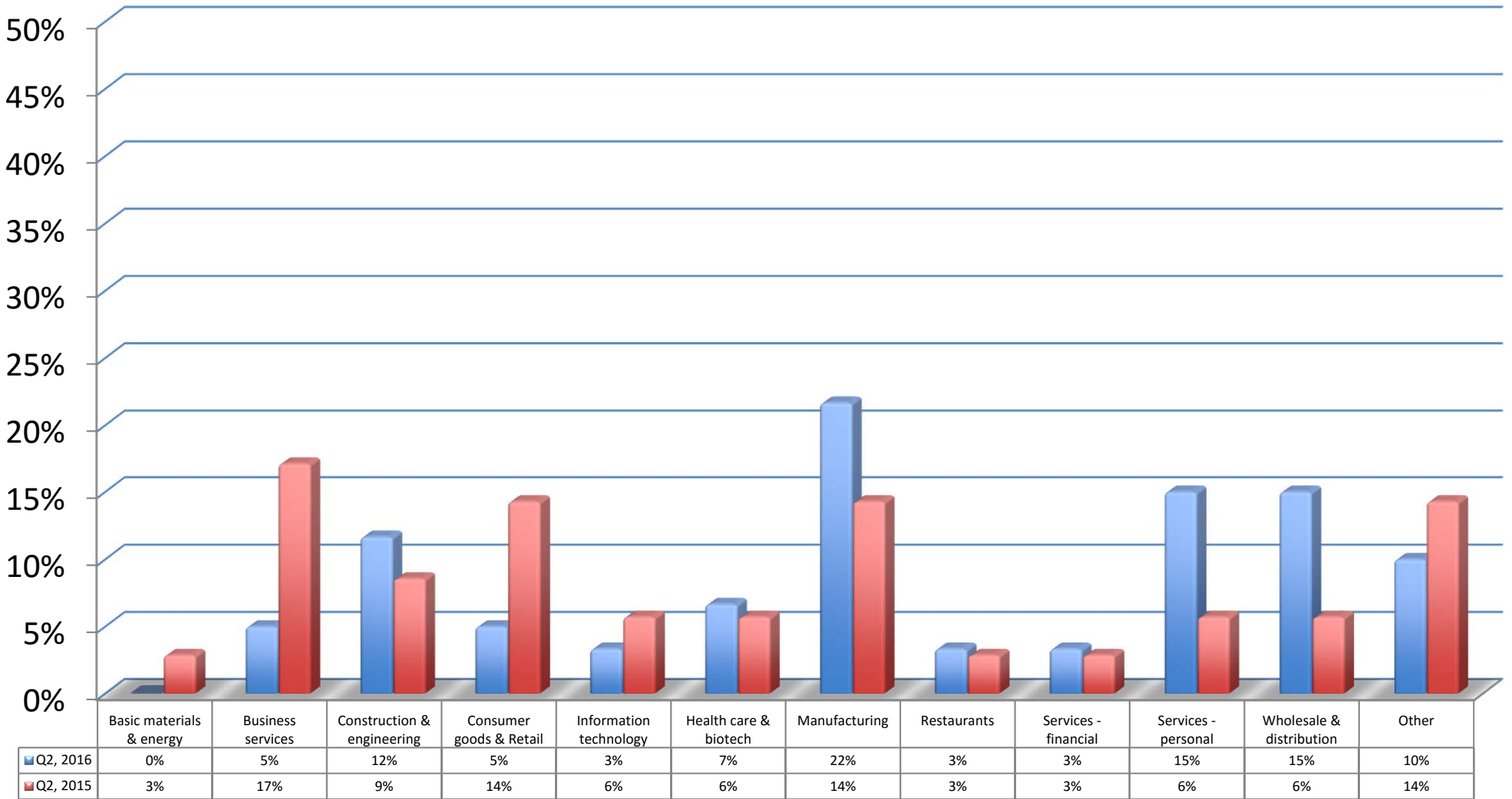


Business Transactions Valued from \$1 Million to \$1.99 Million

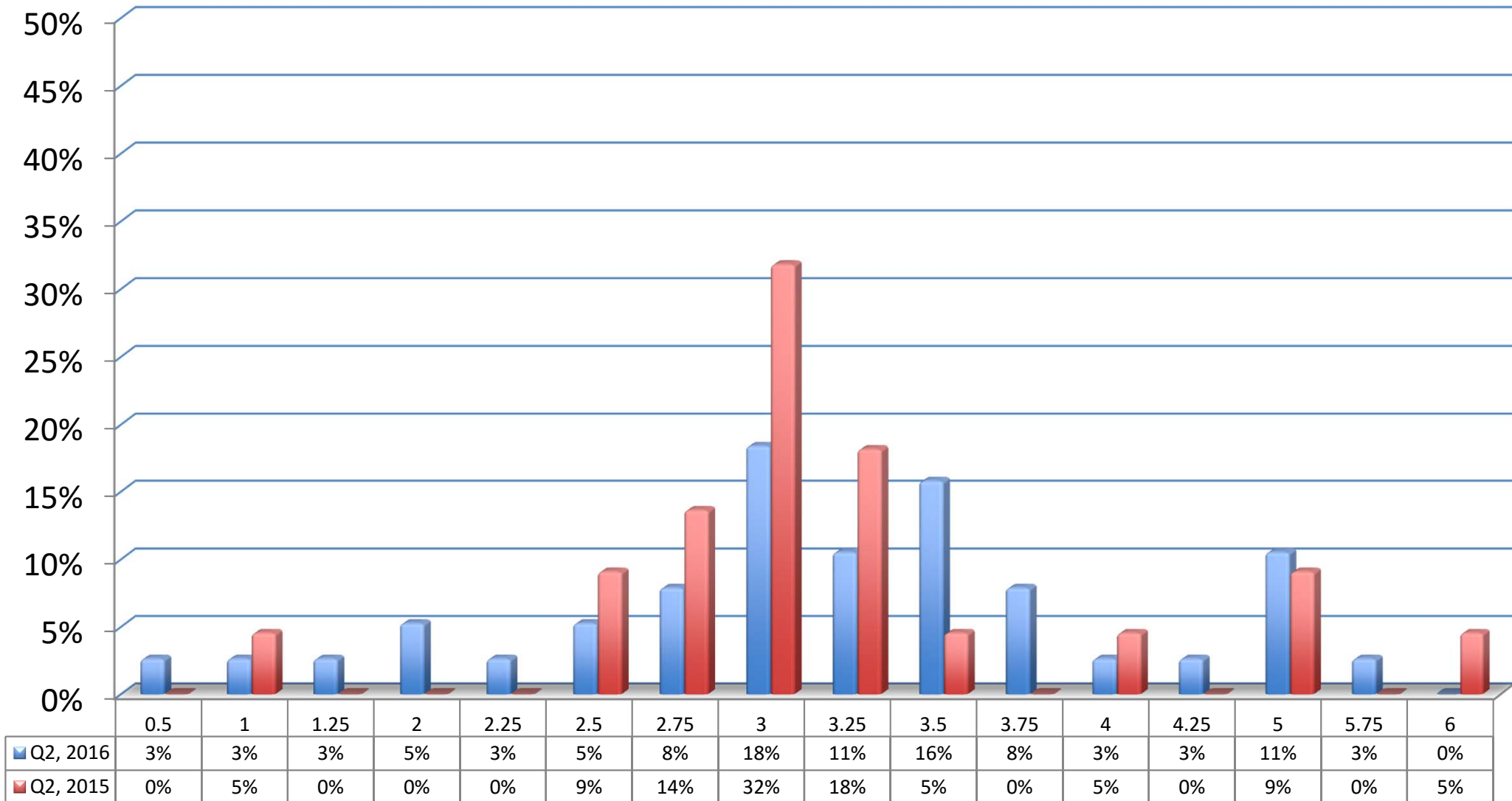
Time to Close



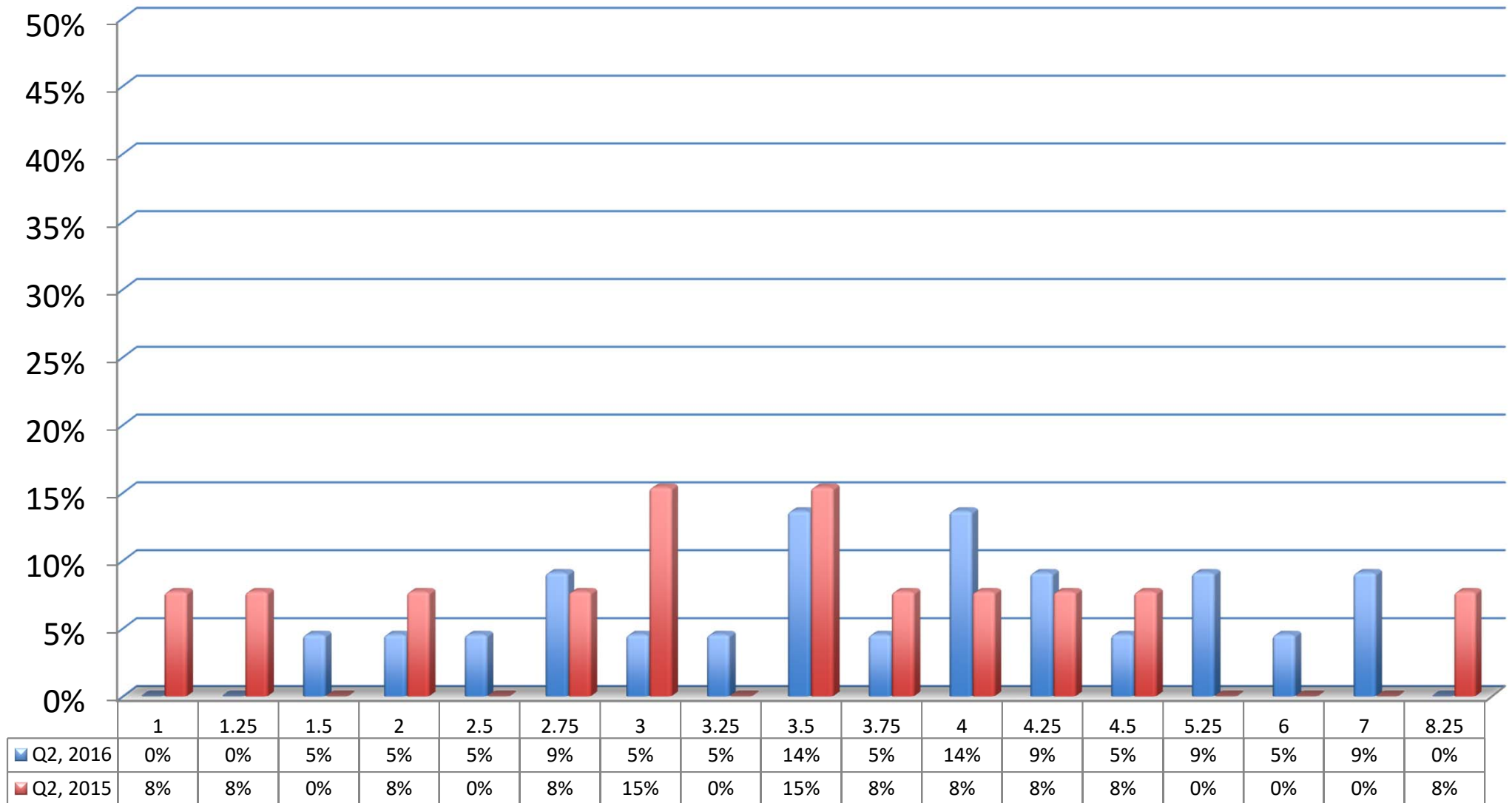
Industry



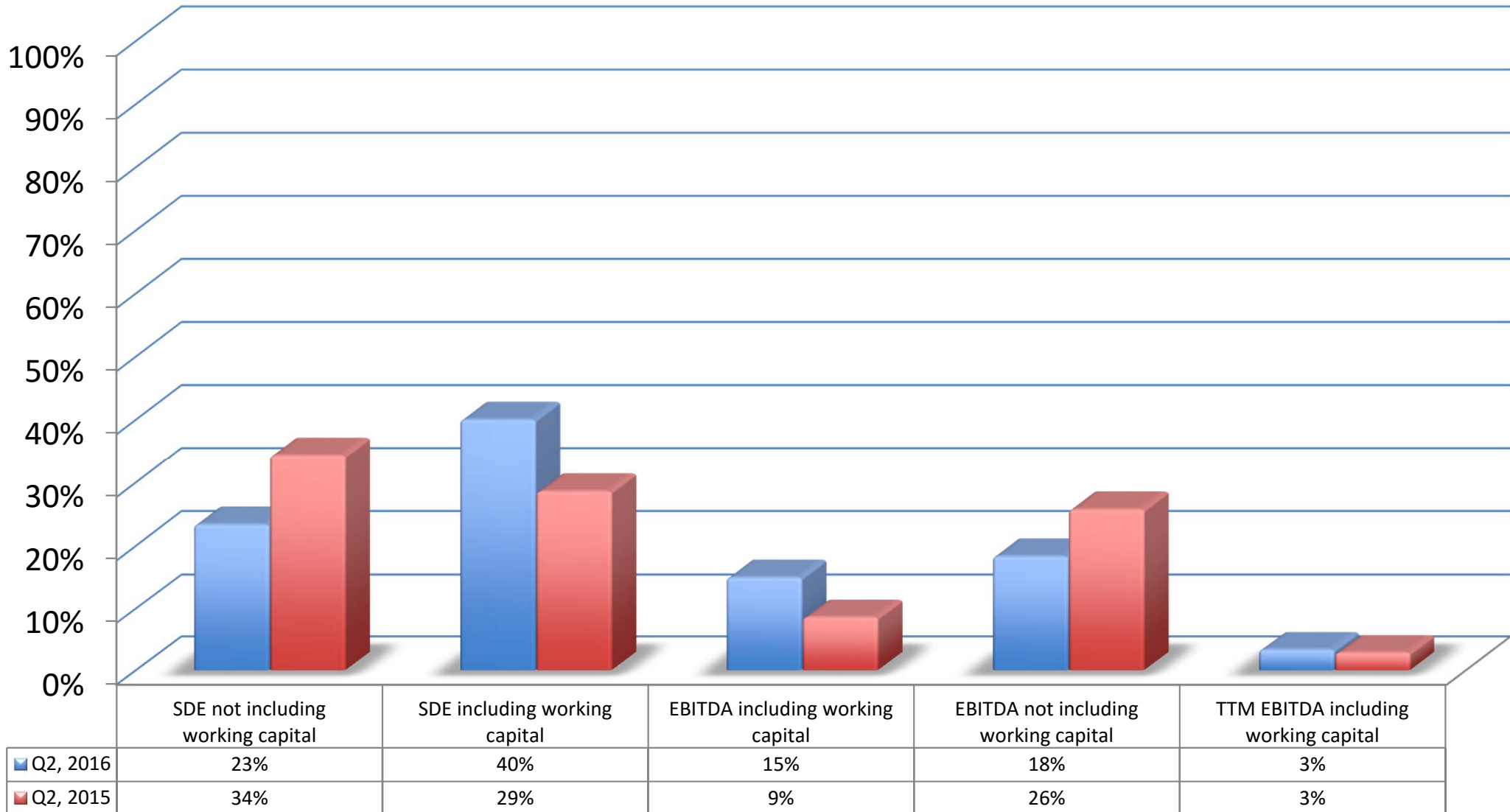
SDE Multiple Paid



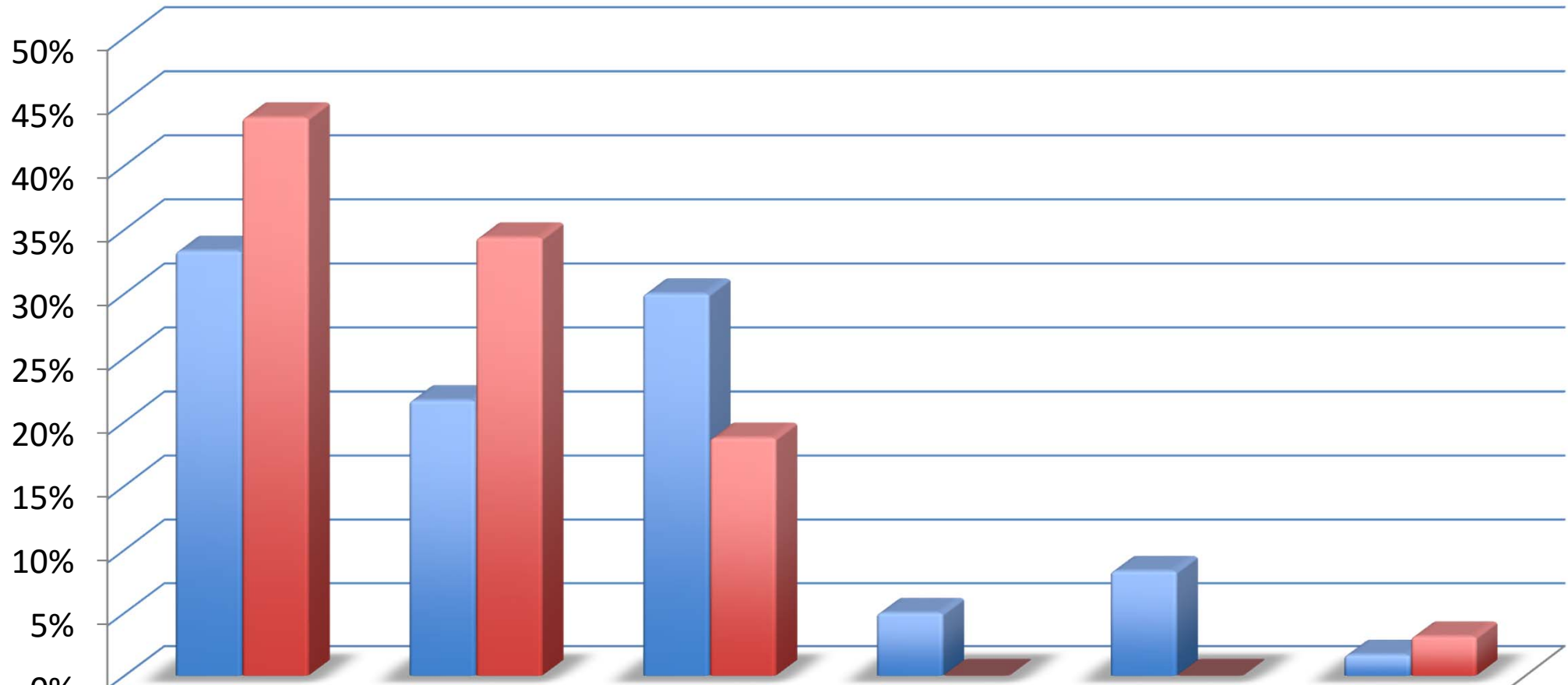
EBITDA Multiple Paid



Multiple Type

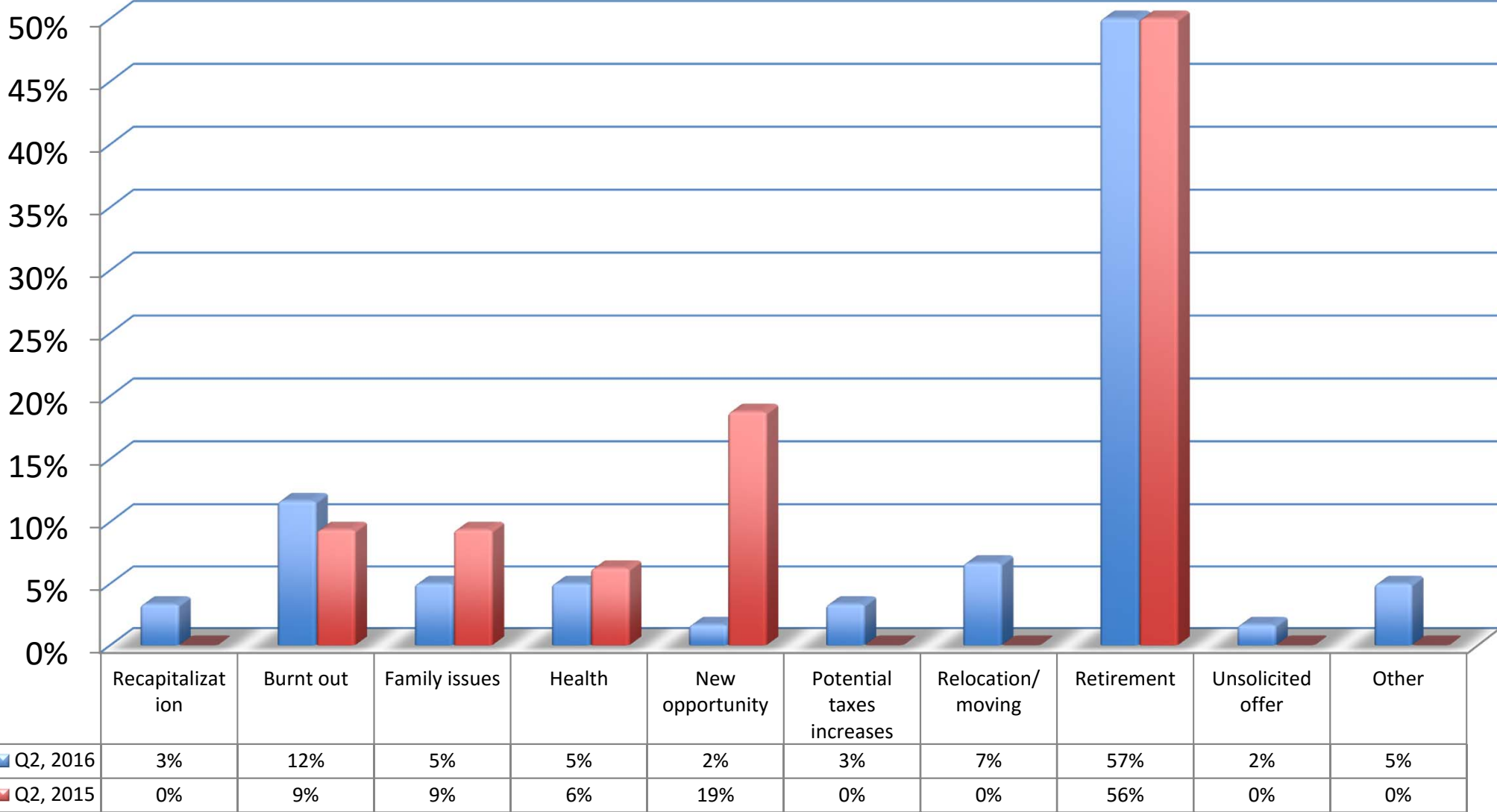


Buyer Type

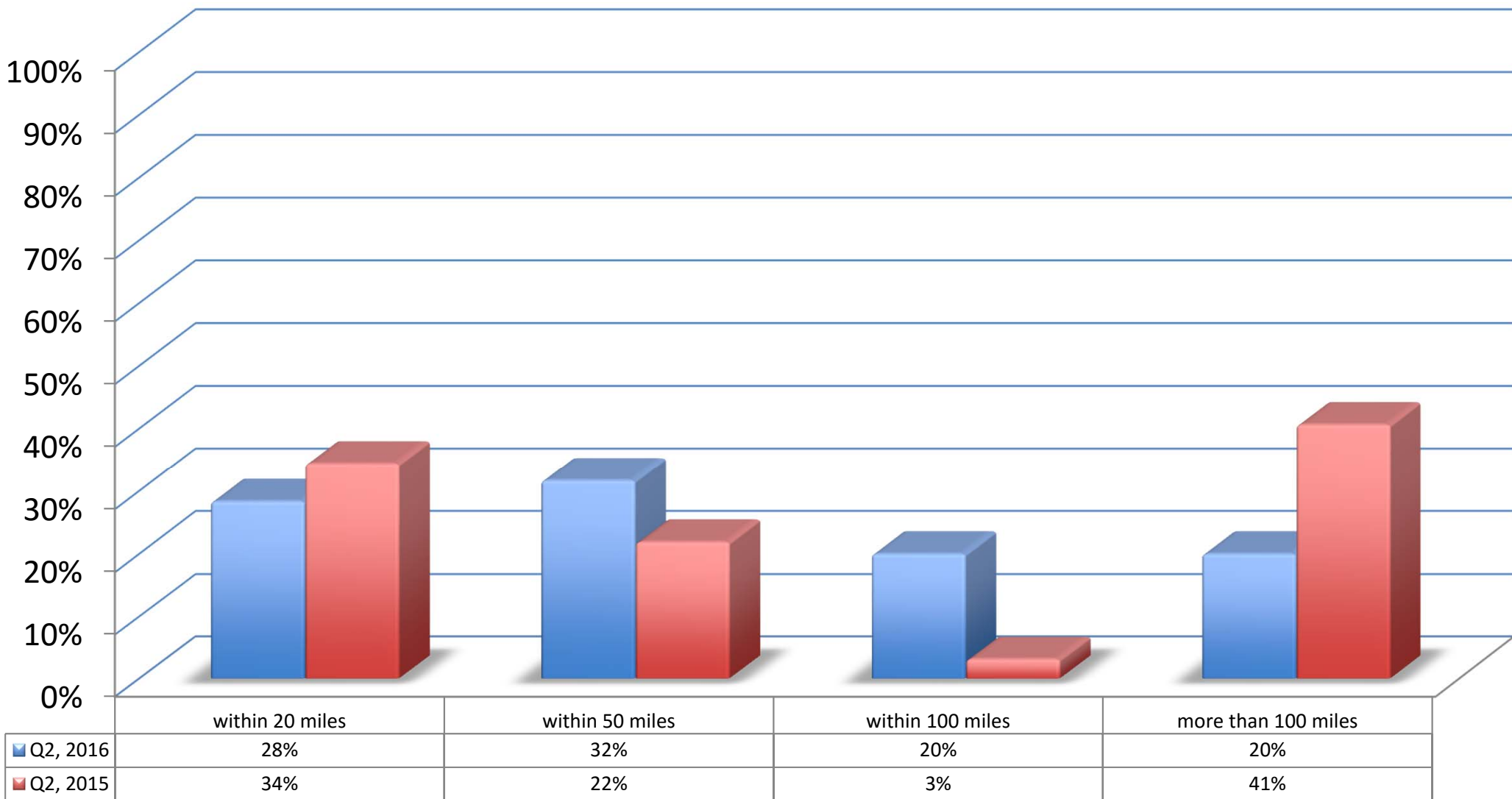


	1st time individual	individual who owned a business	existing company/strategic buyer	PE firm - Platform	PE firm - Add-on	Other
■ Q2, 2016	33%	22%	30%	5%	8%	2%
■ Q2, 2015	44%	34%	19%	0%	0%	3%

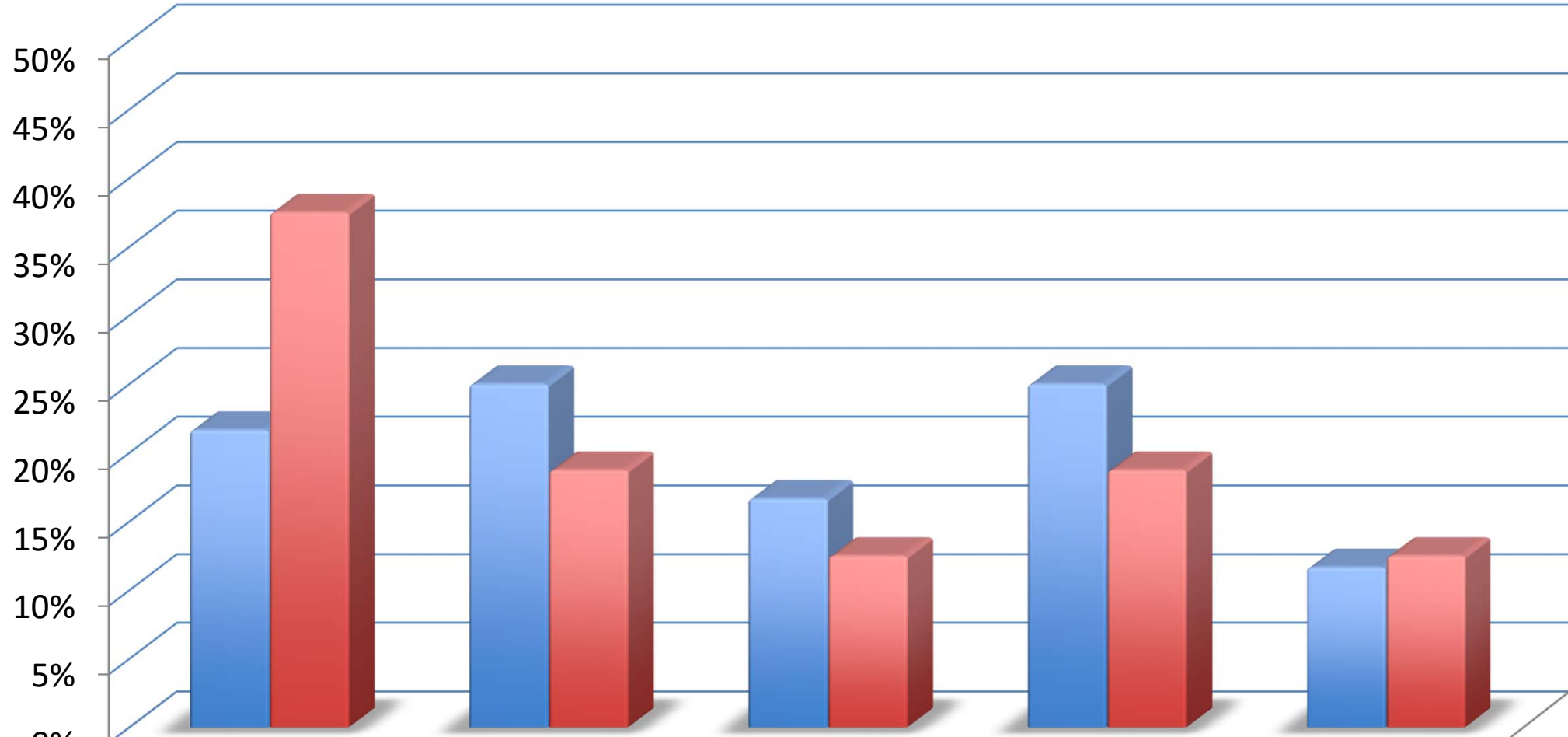
#1 Reason for Seller to Go to Market



Buyer Location

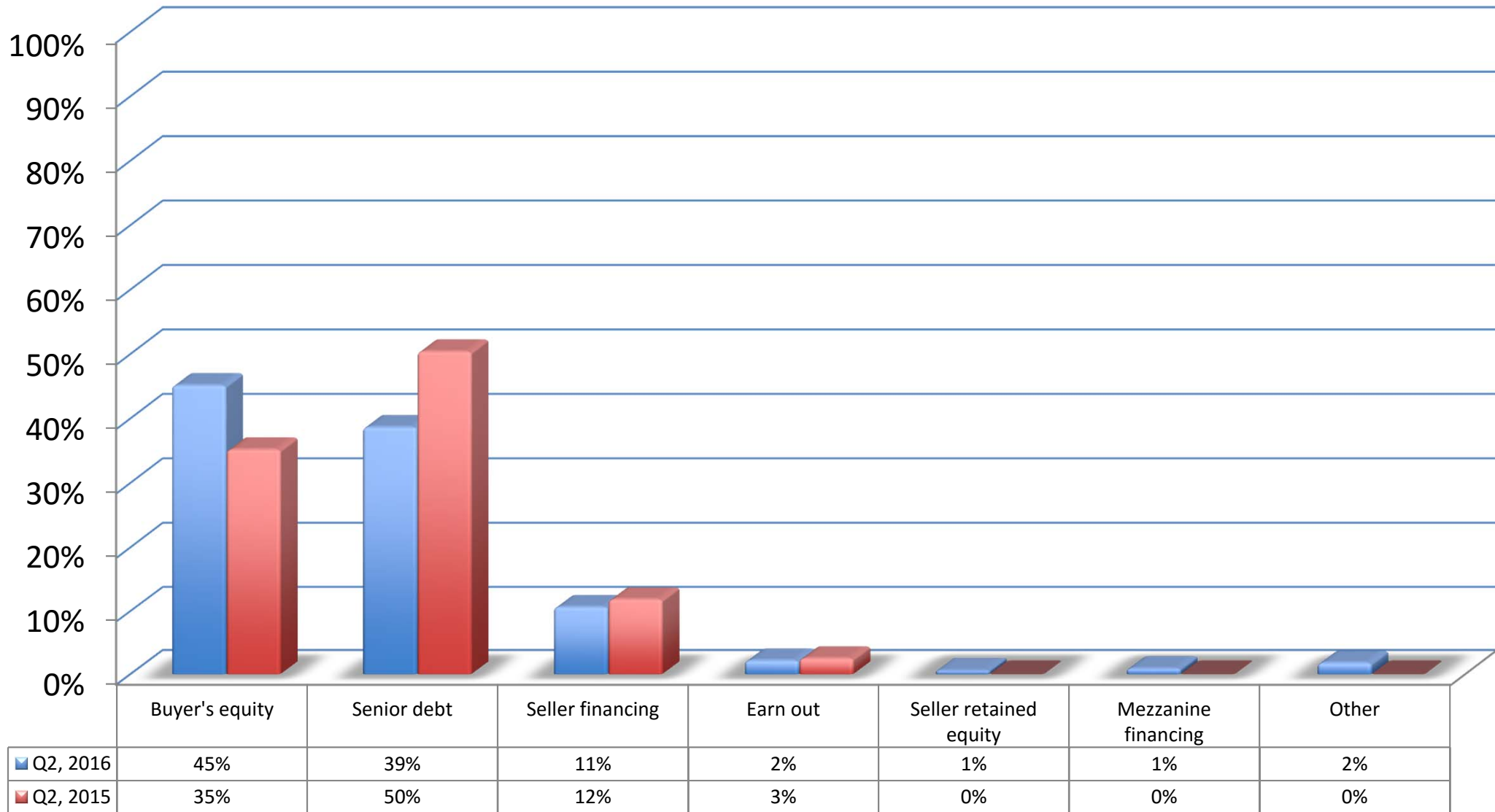


#1 Motivation for Buyer



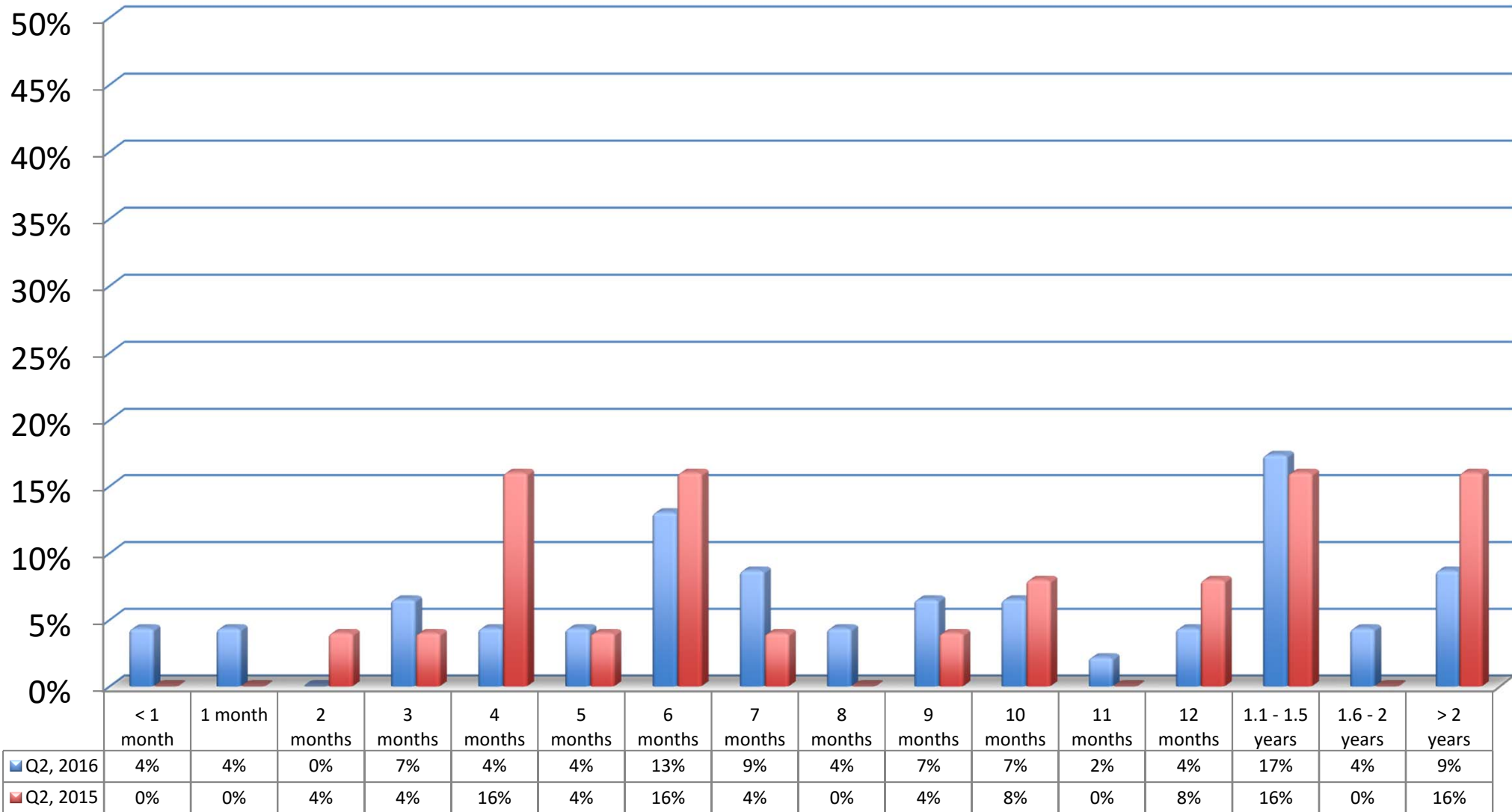
	Buying a job	Better ROI than other investment	Vertical add-on	Horizontal add-on	Other
Q2, 2016	22%	25%	17%	25%	12%
Q2, 2015	38%	19%	13%	19%	13%

Financing Structure

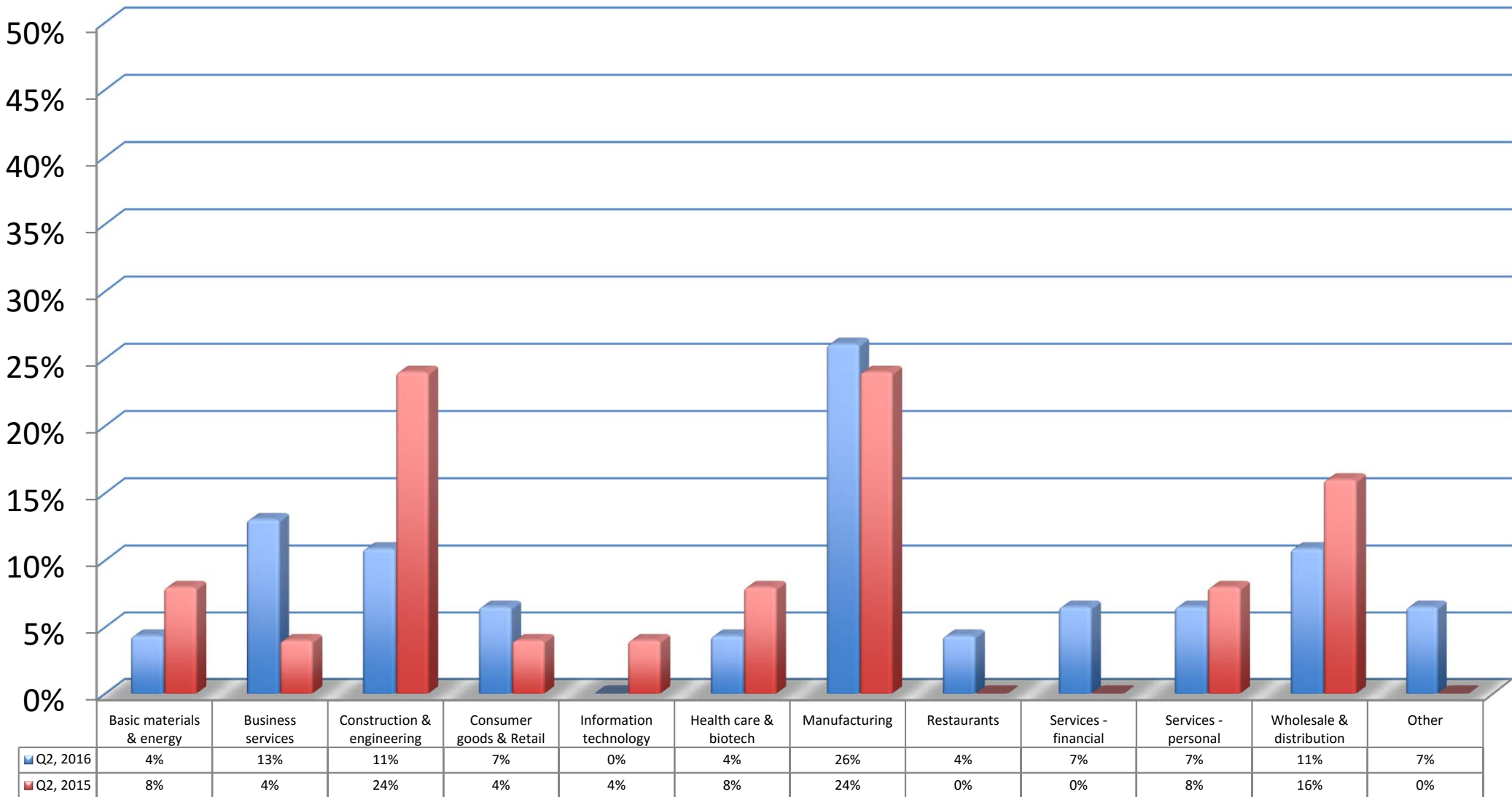


Business Transactions Valued from \$2 Million to \$4.99 Million

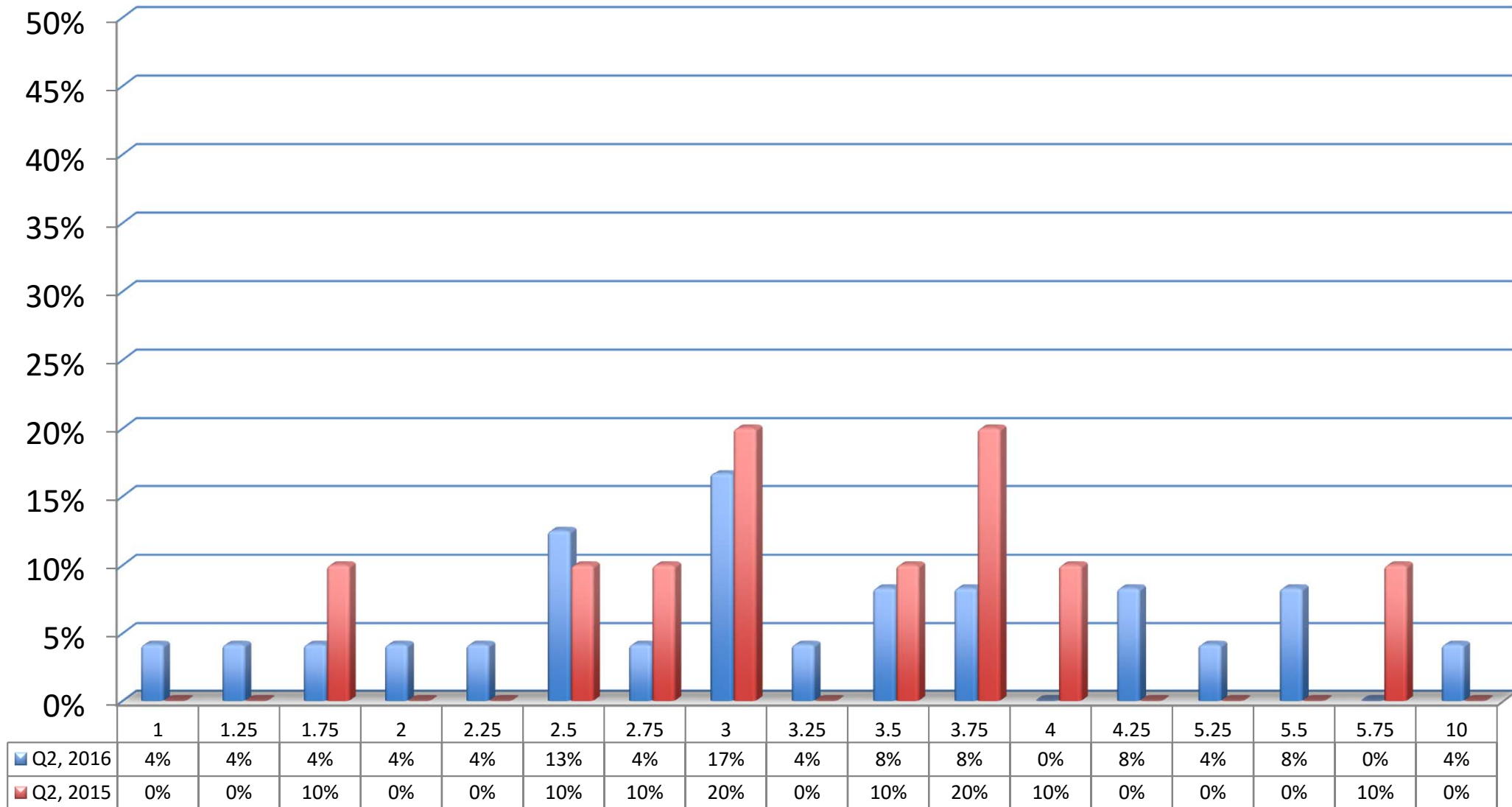
Time to Close



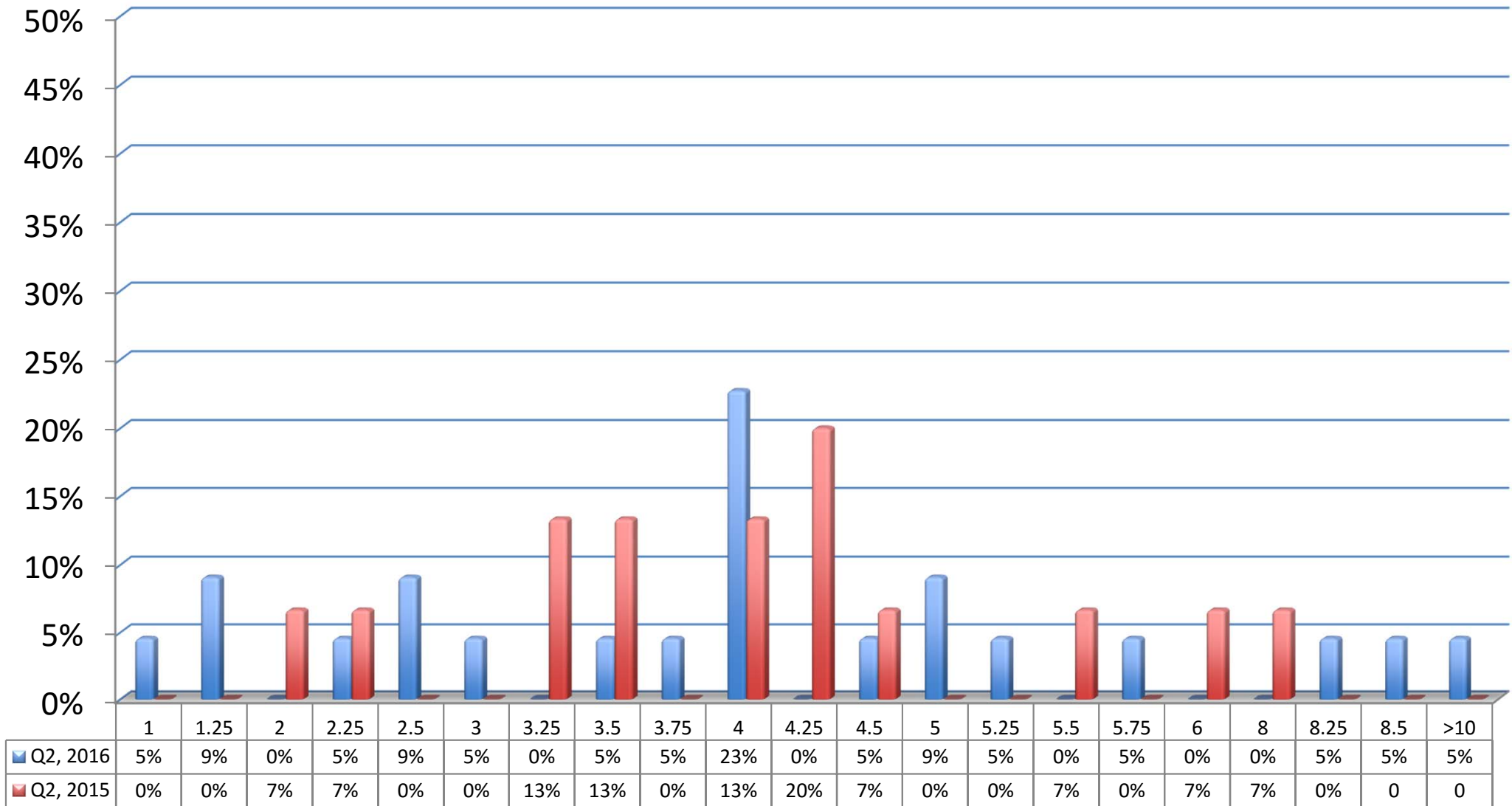
Industry



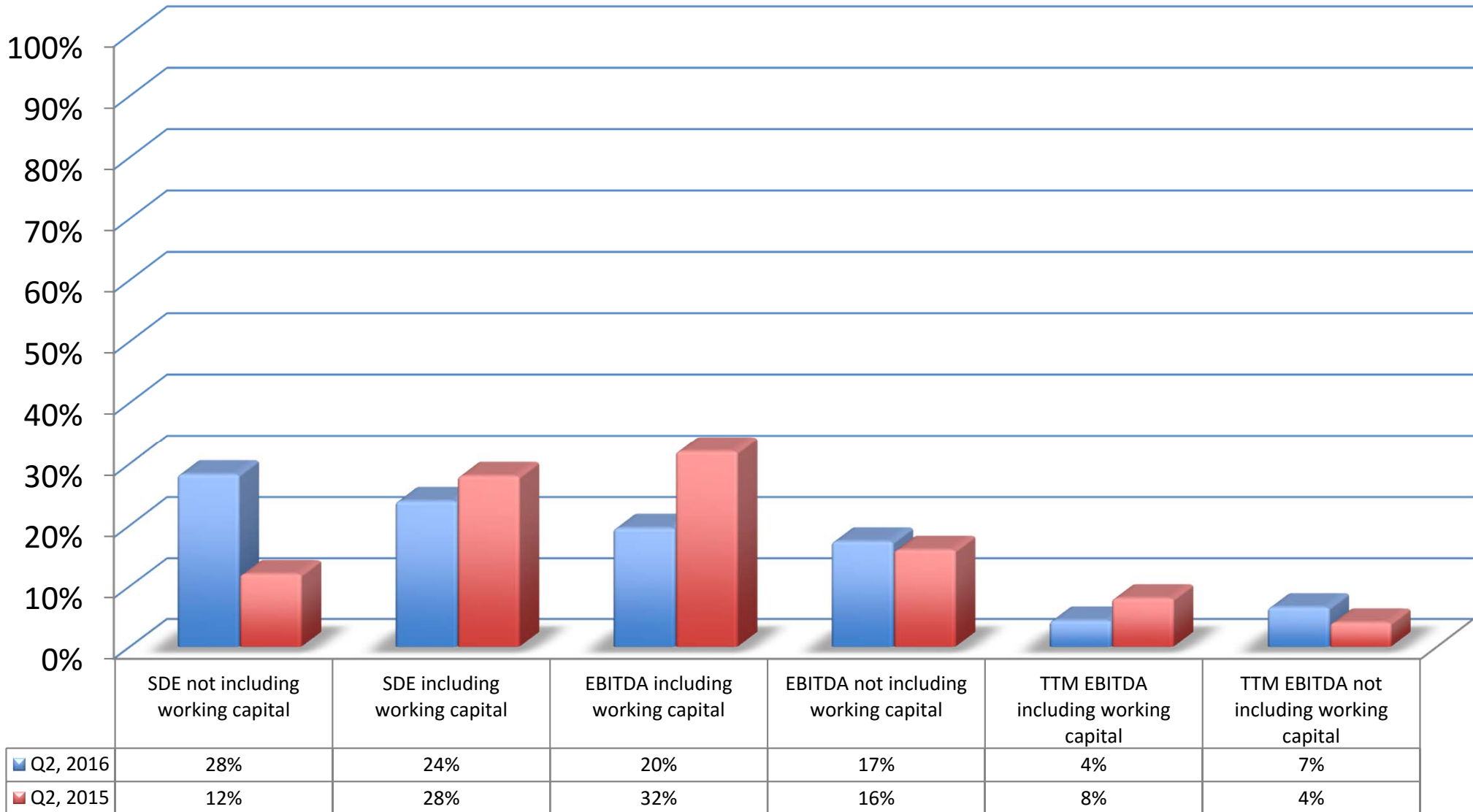
SDE Multiple Paid



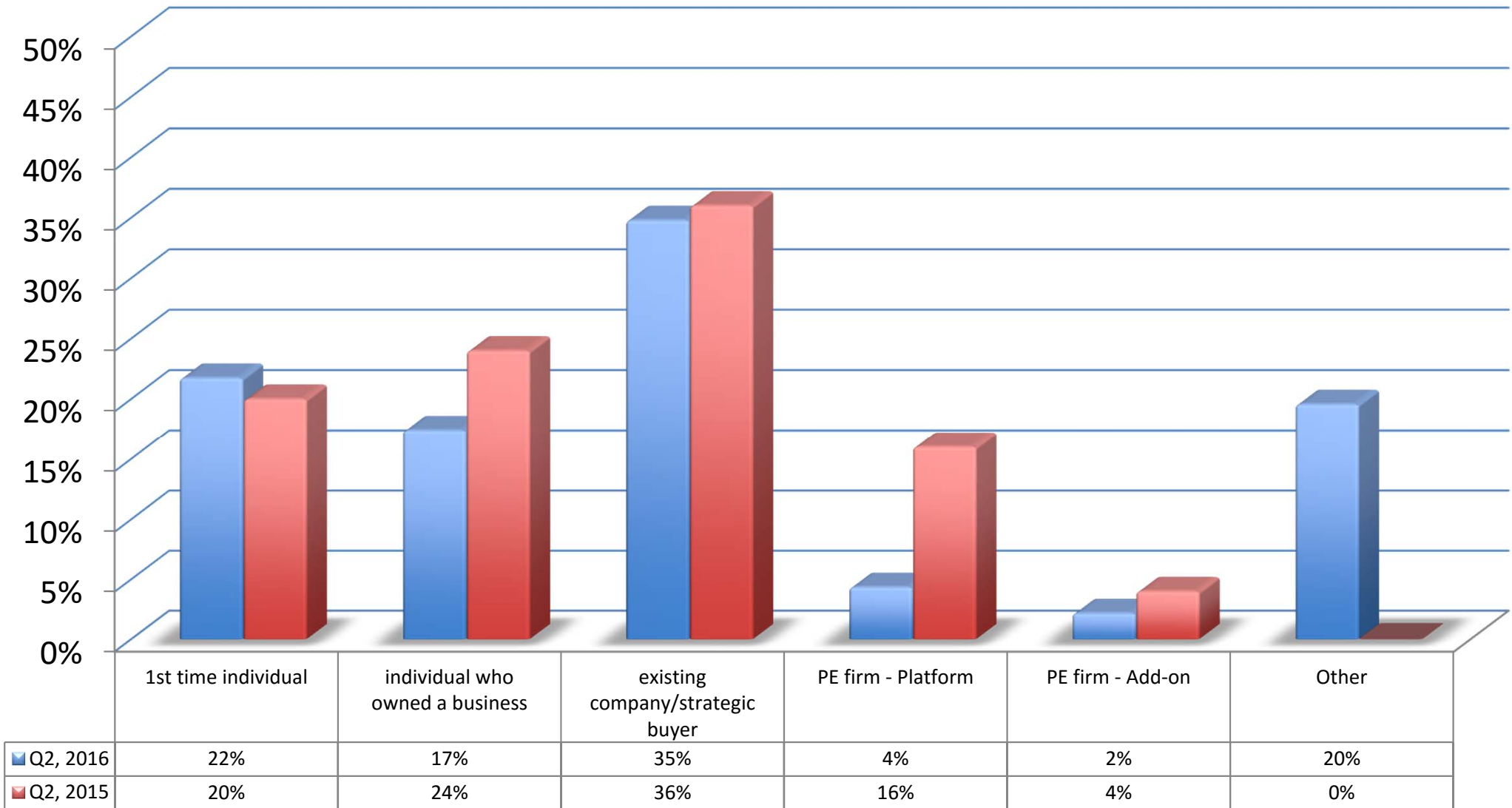
EBITDA Multiple Paid



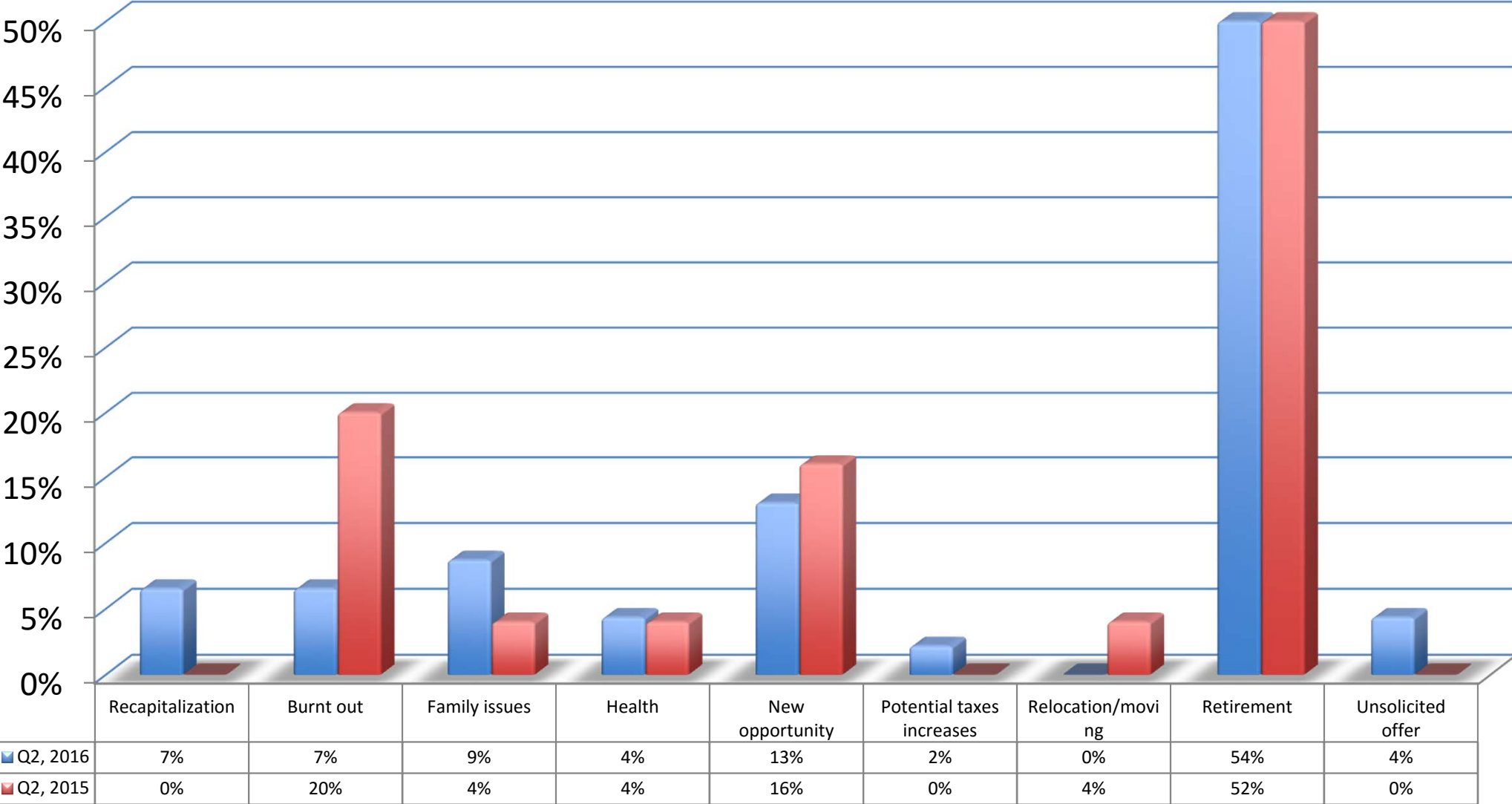
Multiple Type



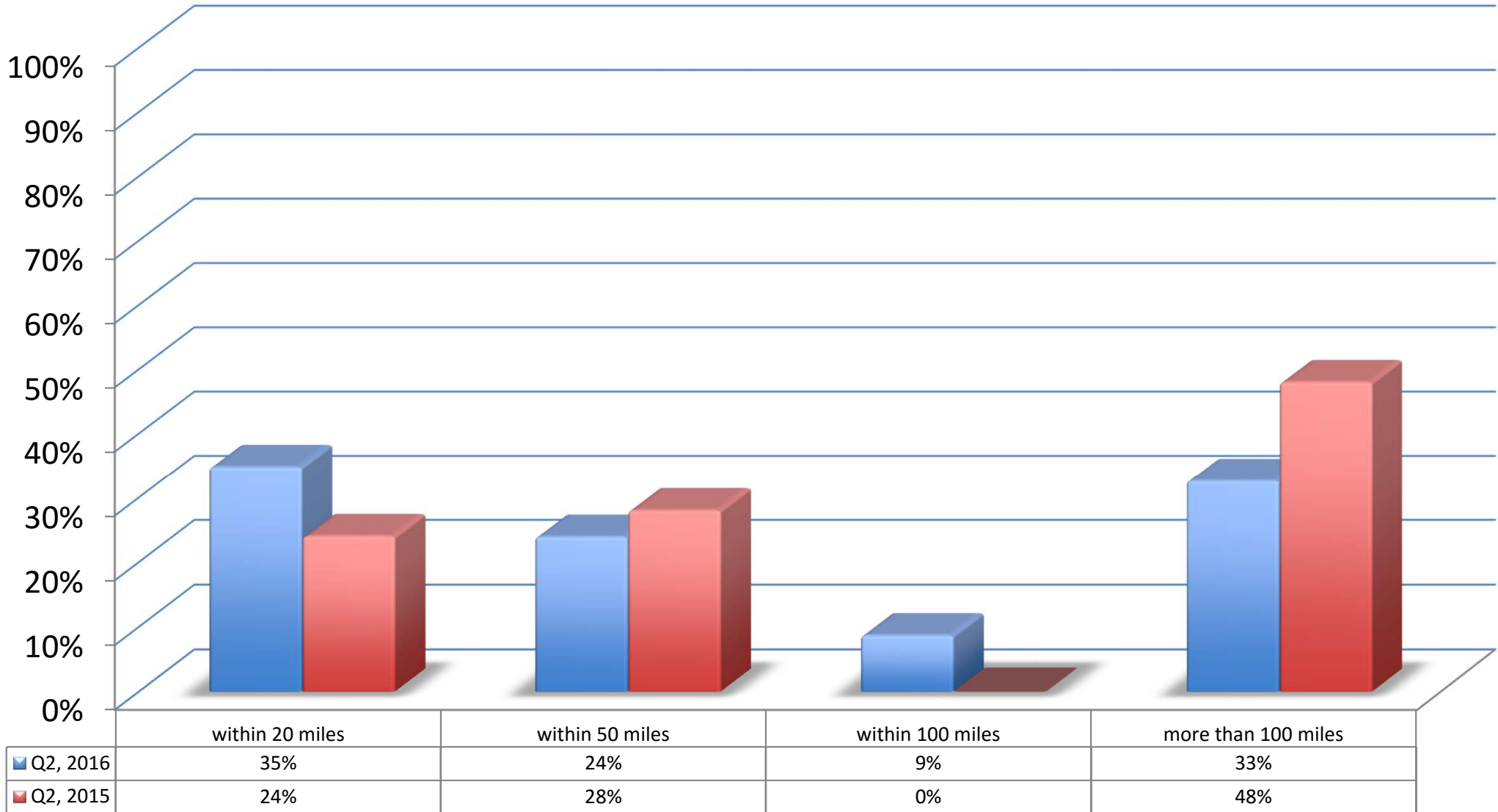
Buyer Type



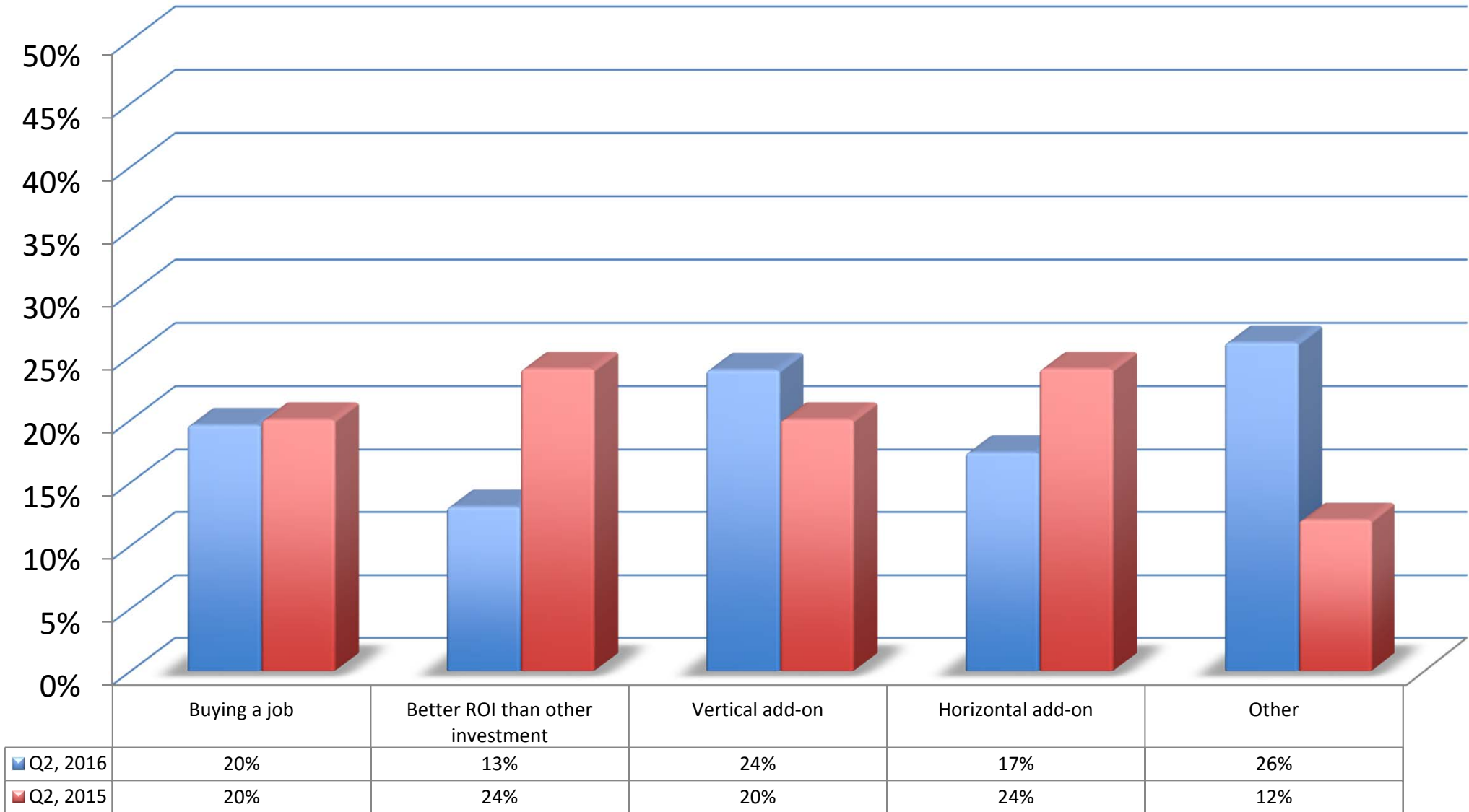
#1 Reason for Seller to Go to Market



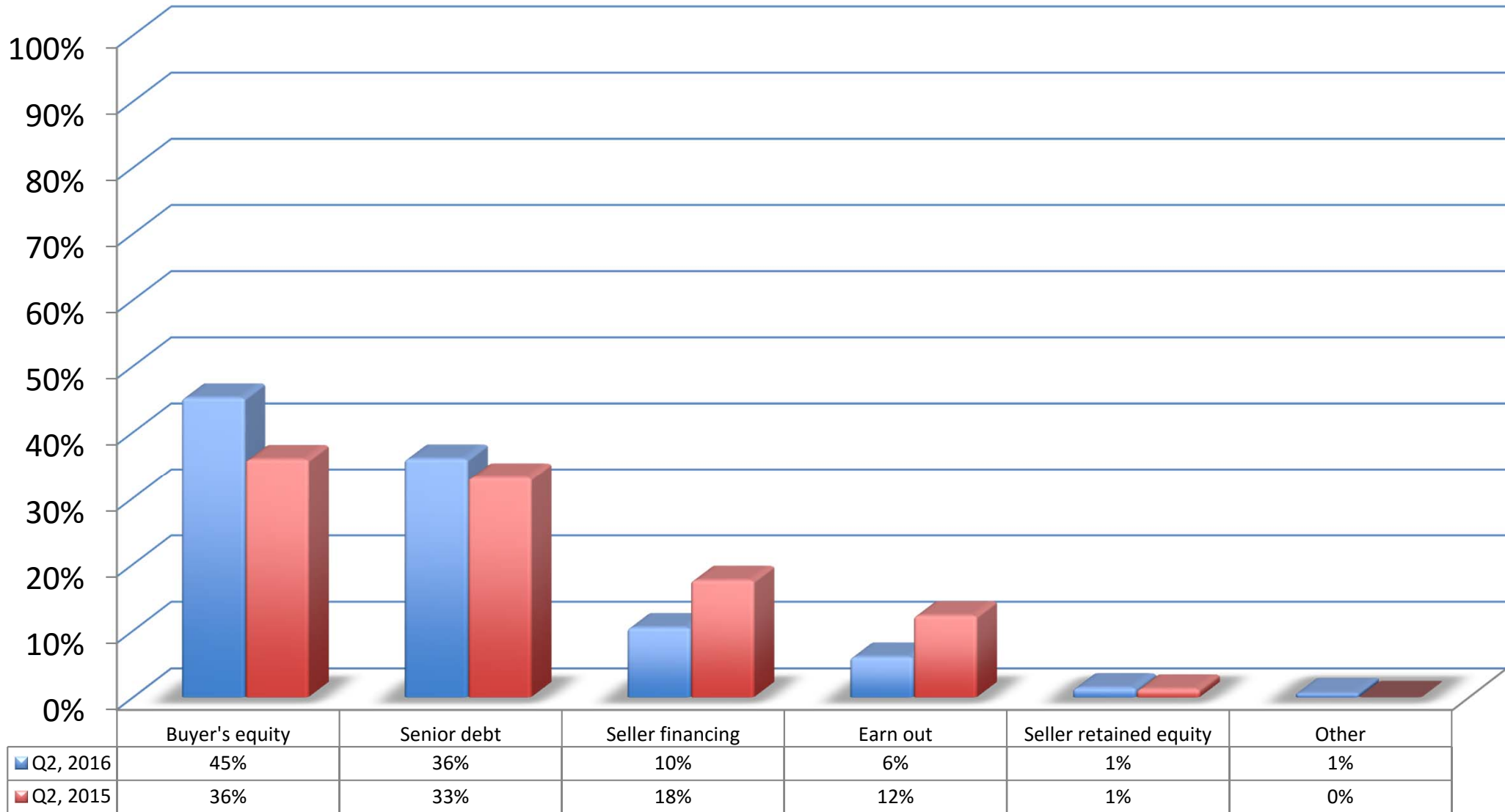
Buyer Location



#1 Motivation for Buyer

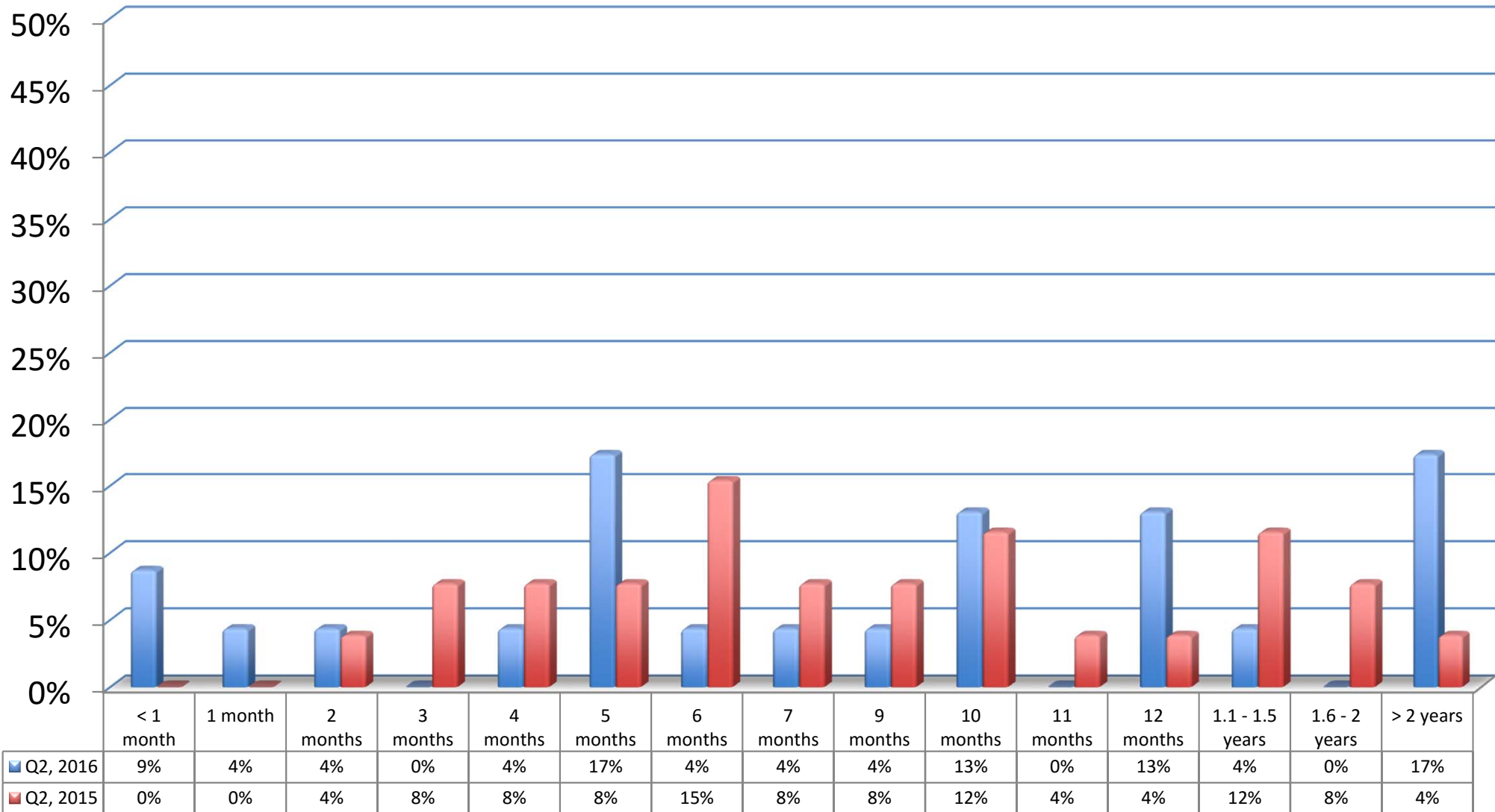


Financing Structure

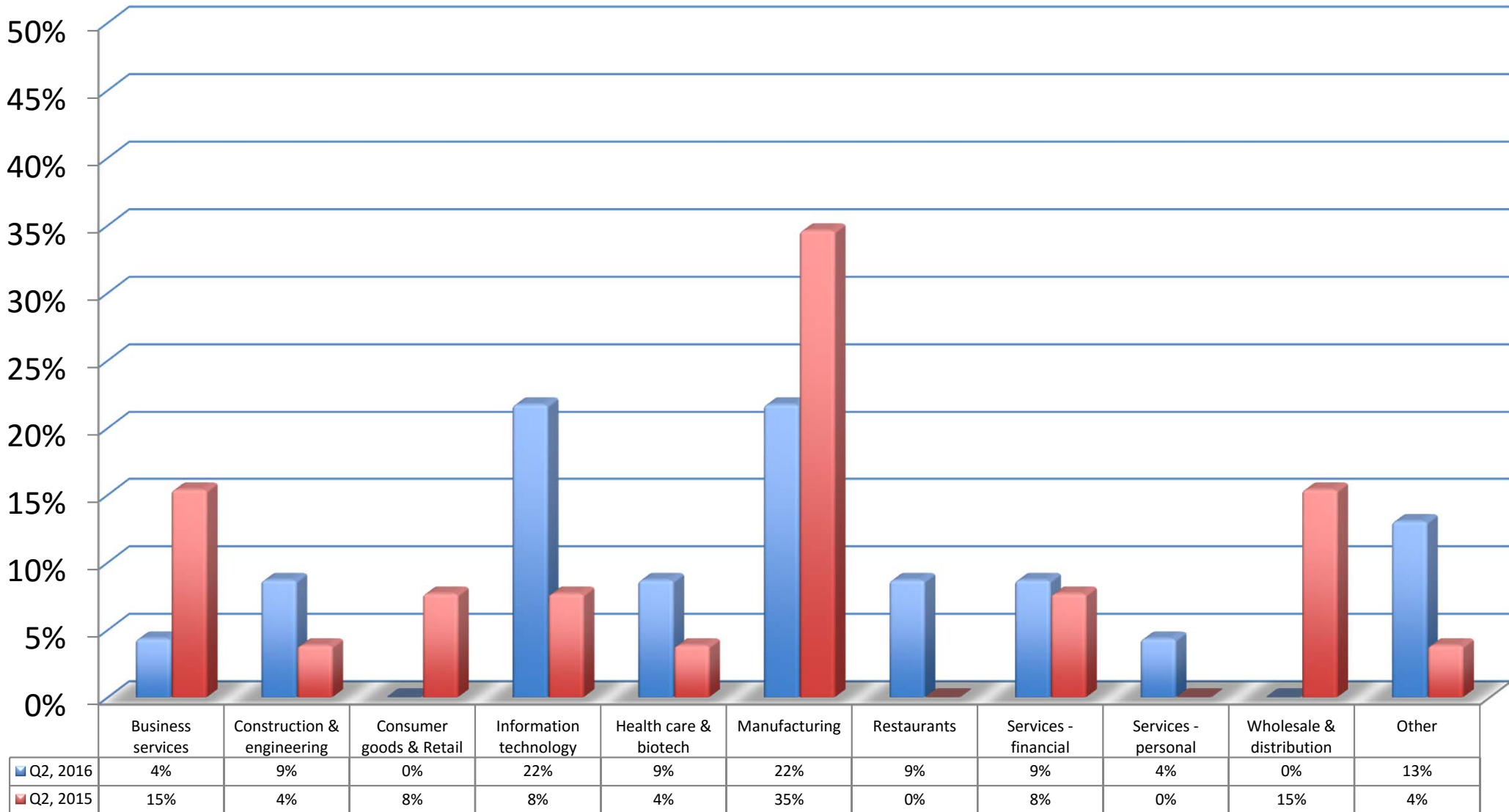


Business Transactions Valued from \$5 Million to \$50 million

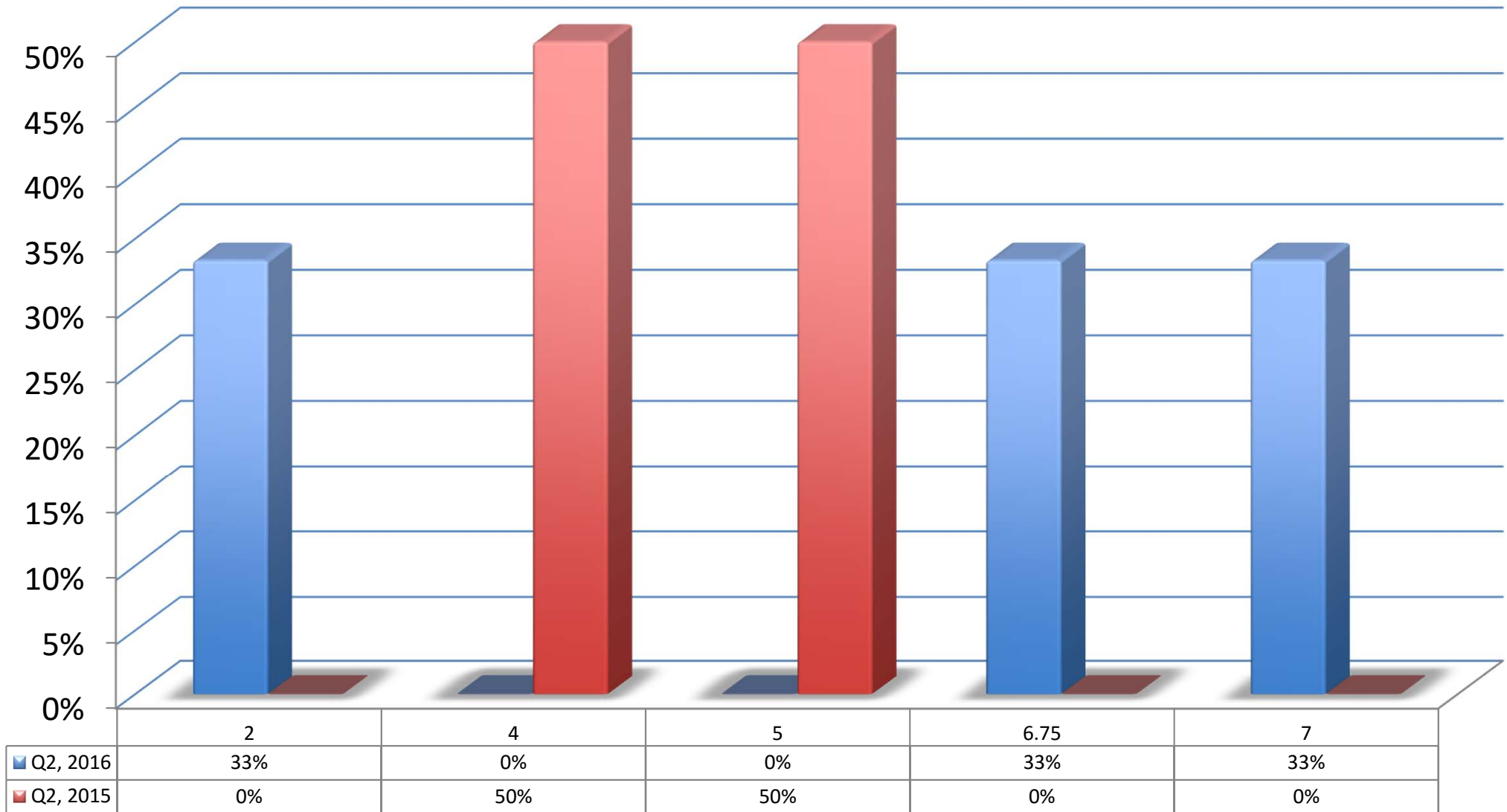
Time to Close



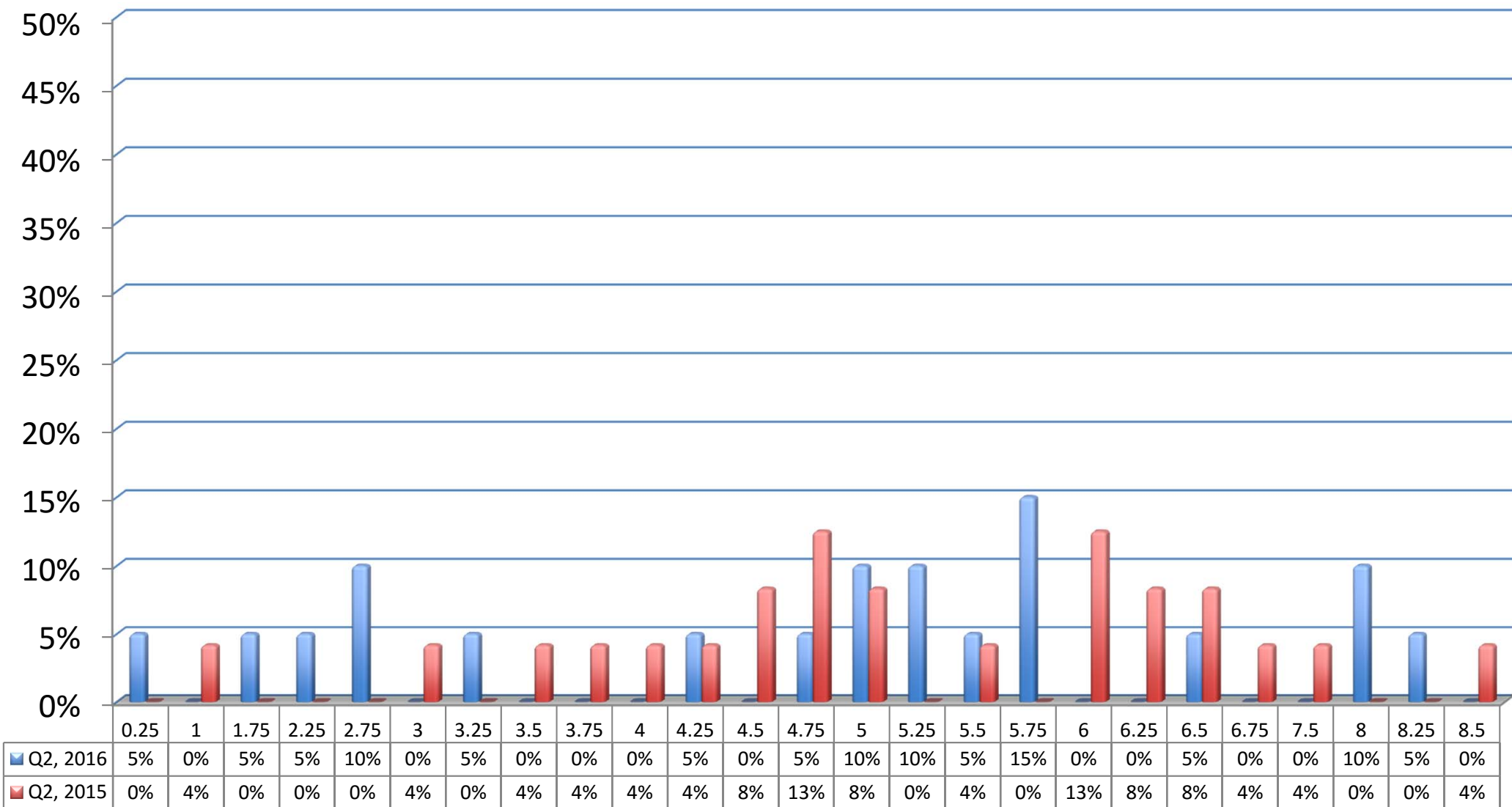
Industry



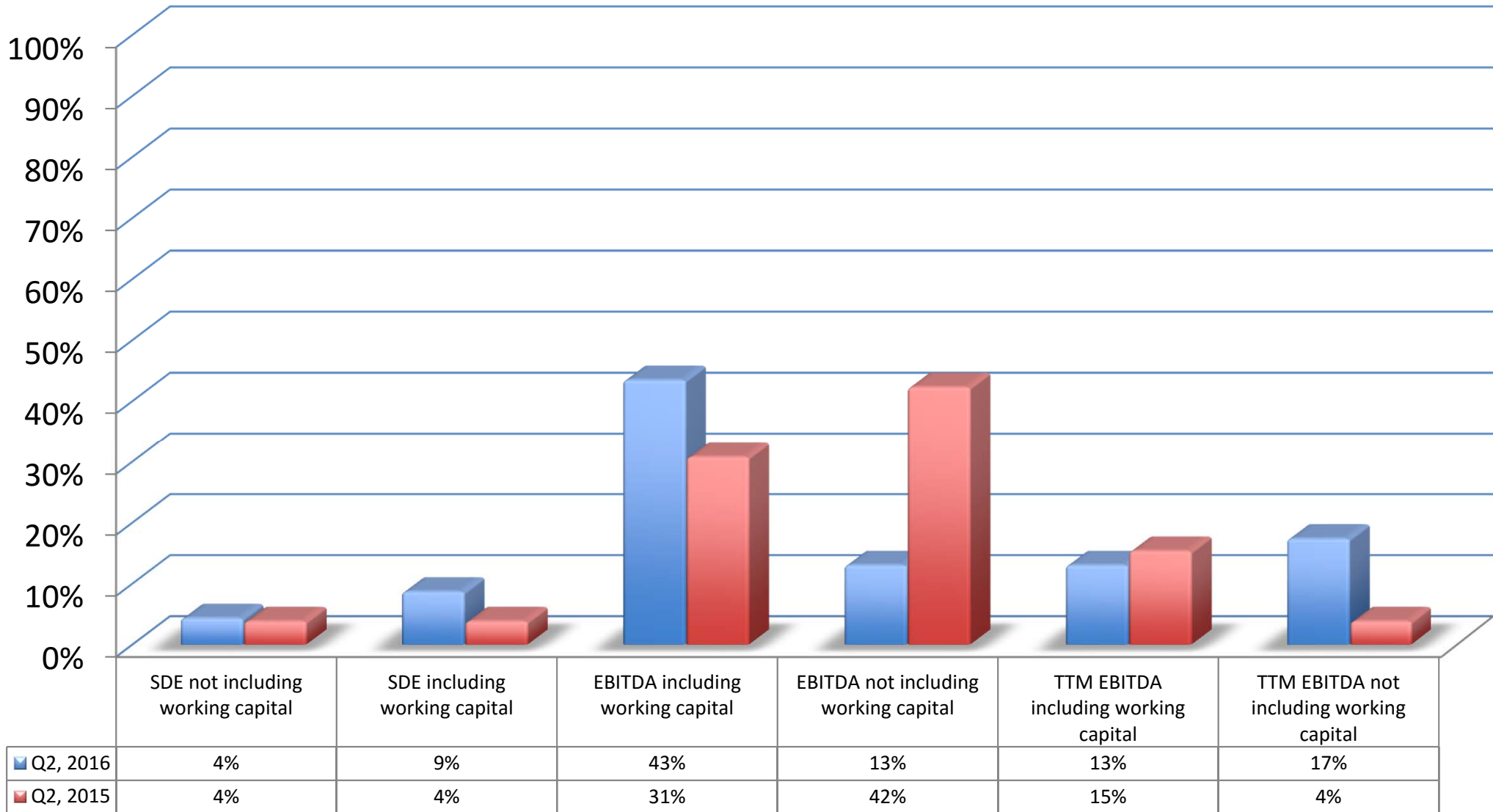
SDE Multiple Paid



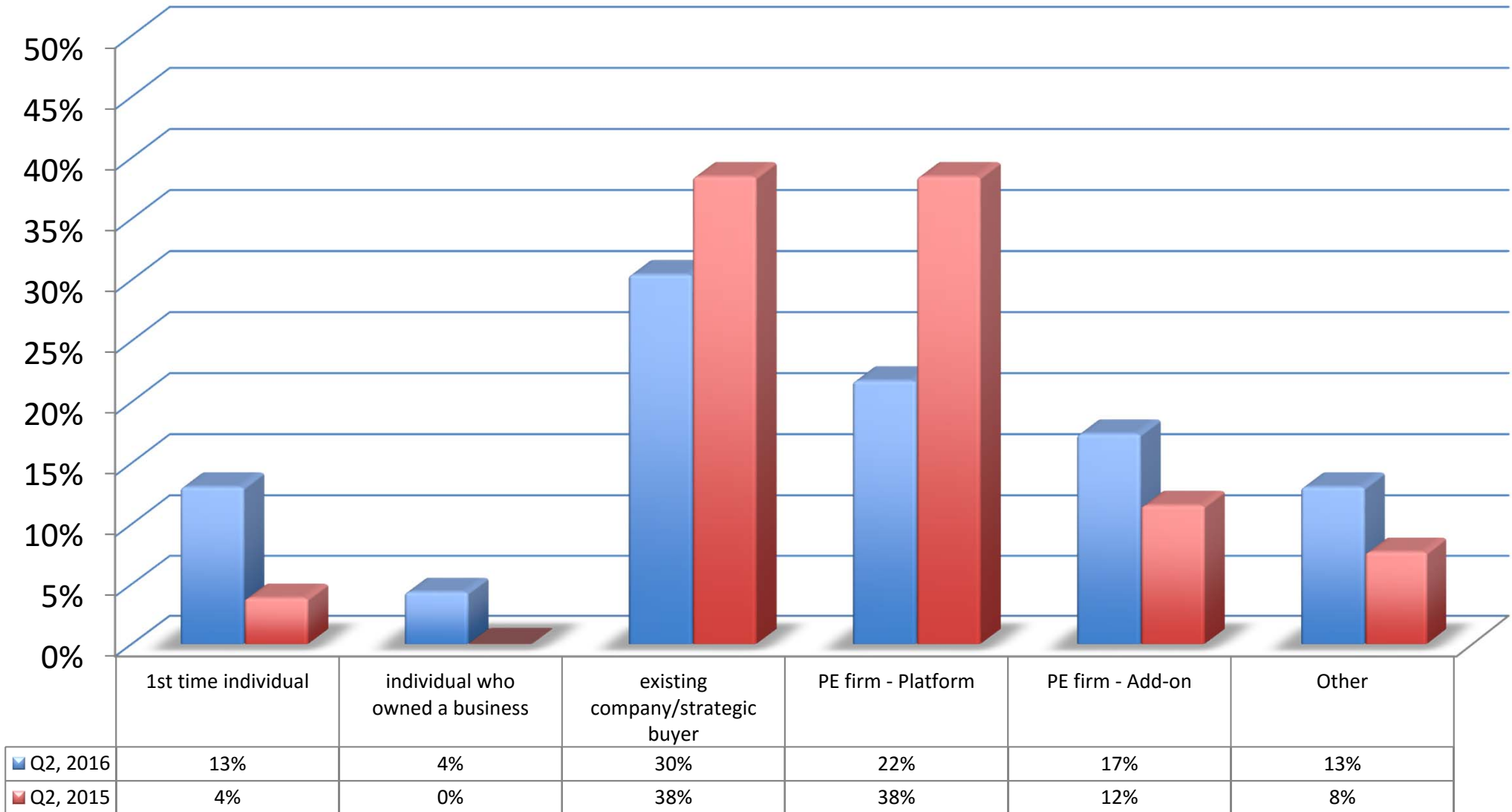
EBITDA Multiple Paid



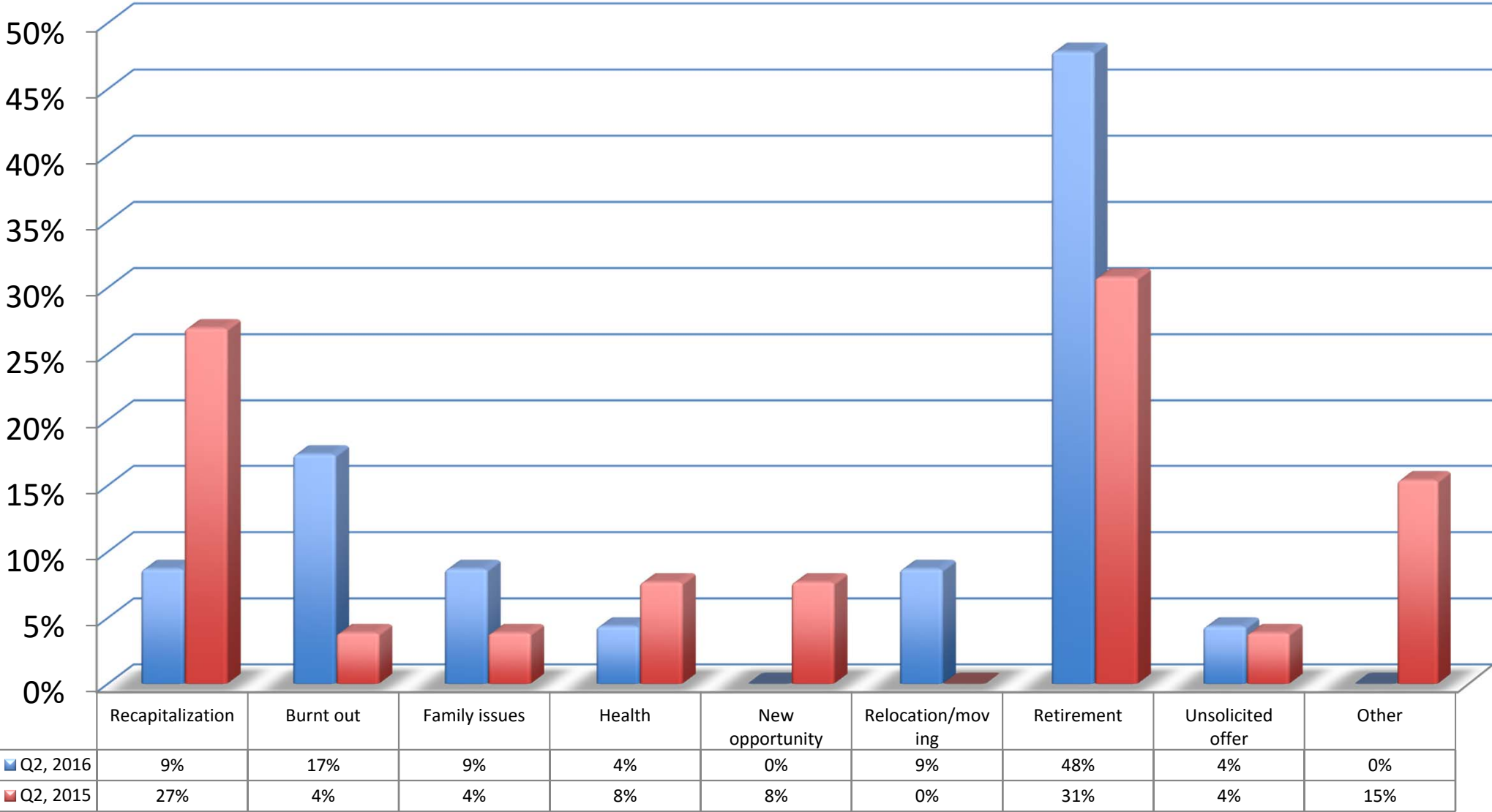
Multiple Type



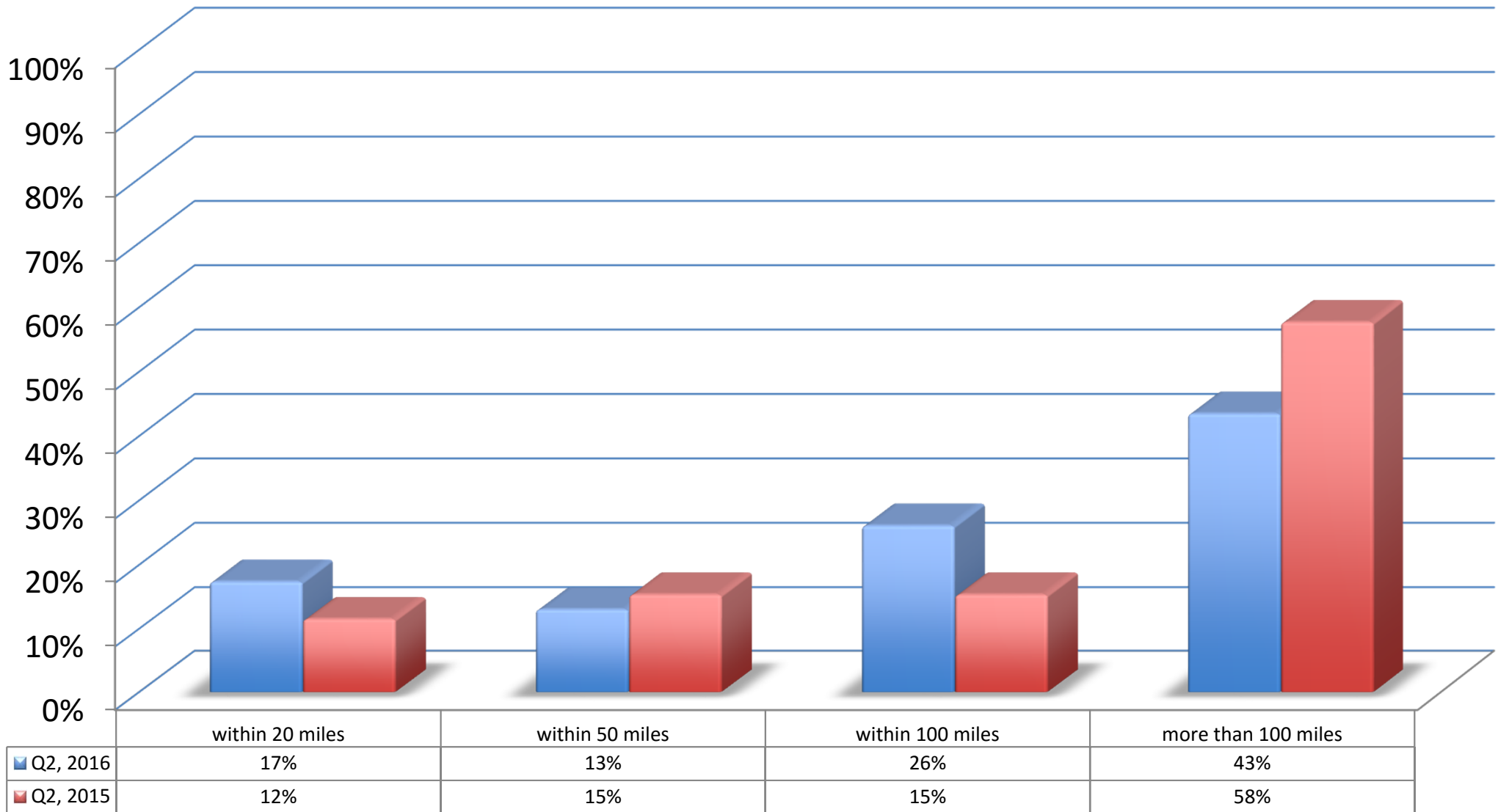
Buyer Type



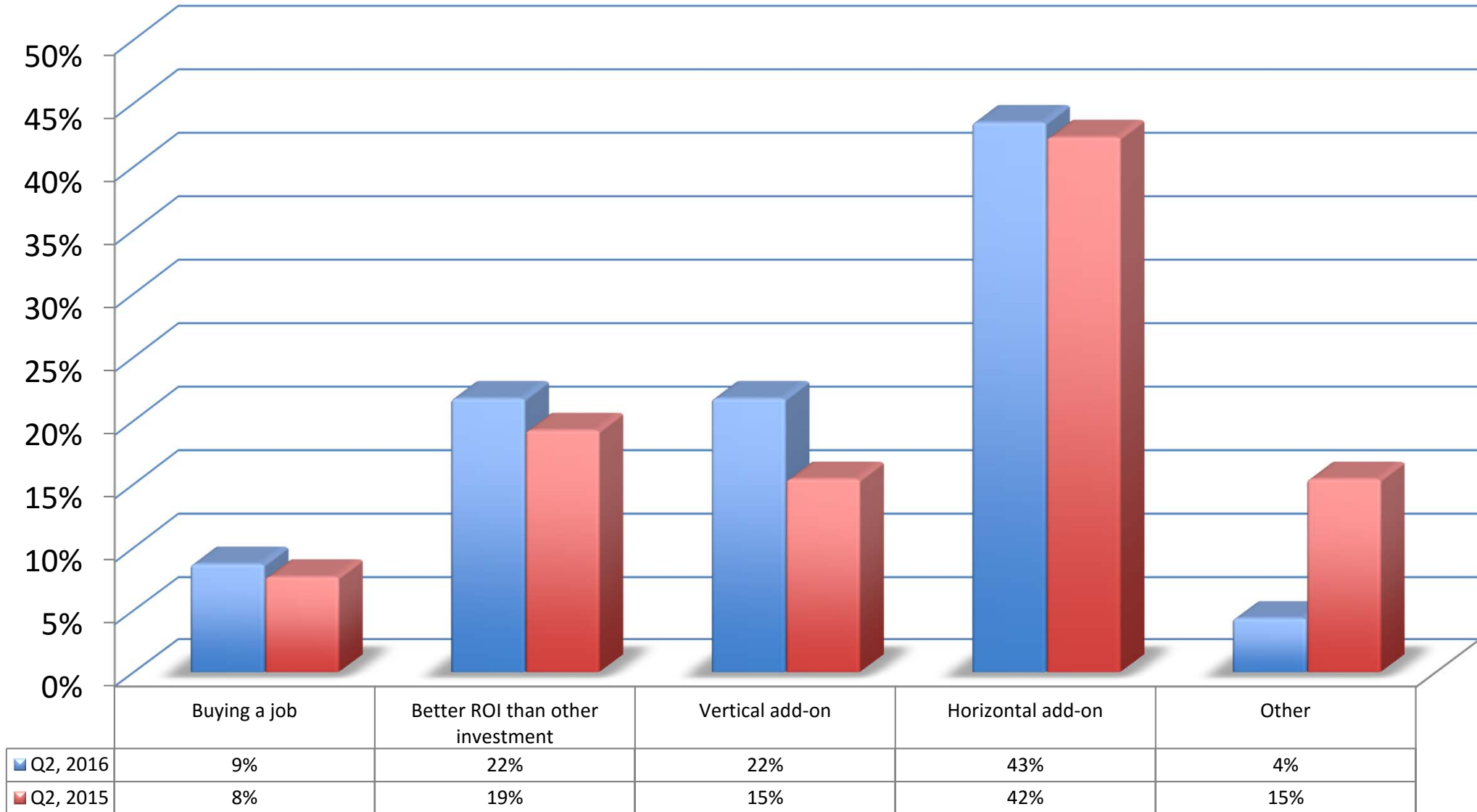
#1 Reason for Seller to Go to Market



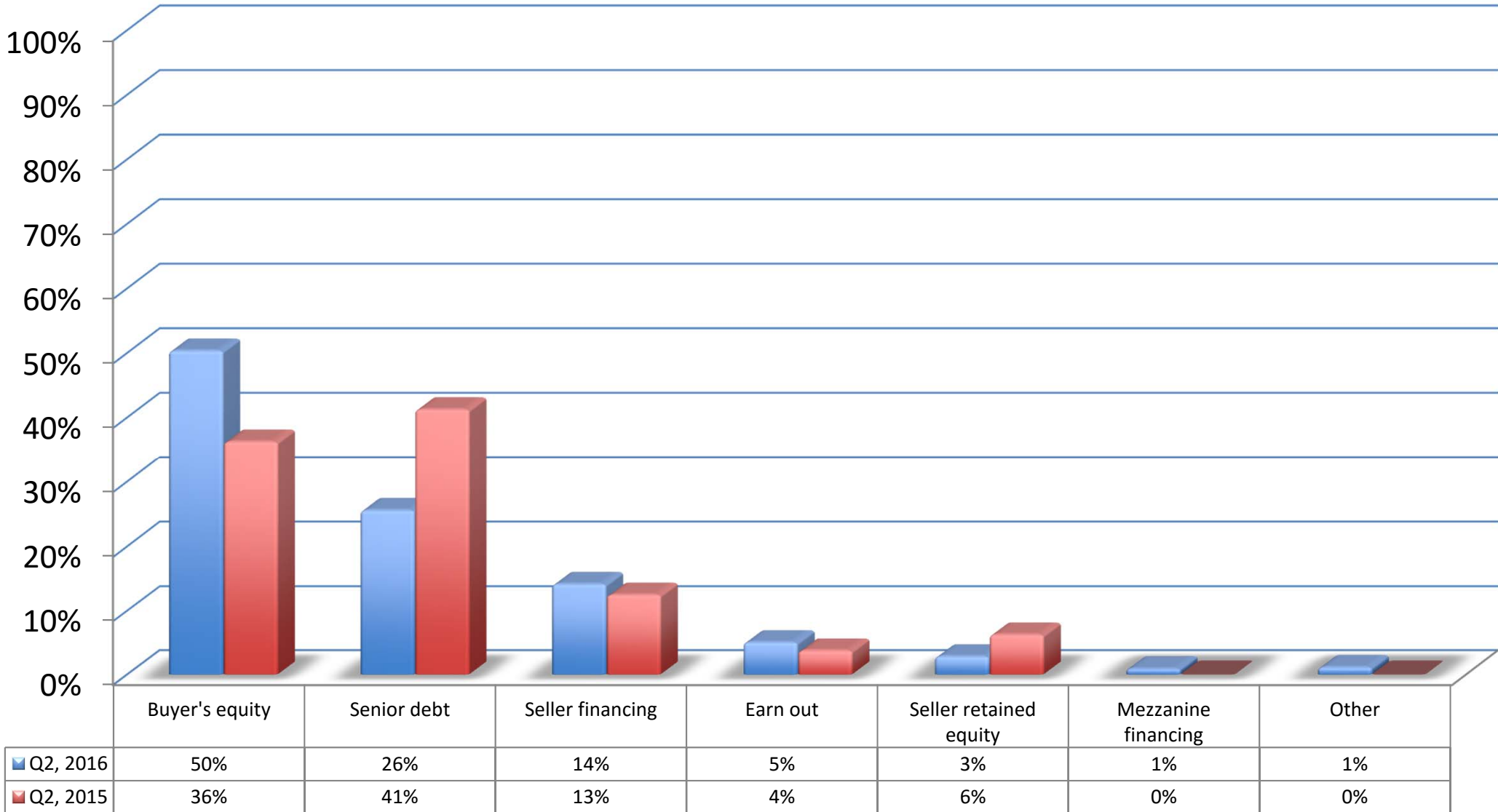
Buyer Location



#1 Motivation for Buyer



Financing Structure



III. Expectations

Expectations of Business Listings / Engagements from New Clients in the Next 3 Months

Deal size	Greatly decrease		Decrease		Stay the same		Increase		Greatly increase		Score (1 to 5)	
	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015
Deals valued under \$499,999	2.3%	0.0%	5.4%	5.1%	42.1%	33.8%	46.7%	56.6%	3.5%	4.4%	3.6	3.6
Deals valued from \$500,000 to \$999,999	2.8%	0.0%	4.2%	4.2%	41.9%	27.7%	47.4%	63.9%	3.7%	4.2%	3.6	3.7
Deals valued from \$1 million to \$1.99 million	3.1%	0.0%	4.1%	3.4%	43.8%	36.1%	44.8%	55.5%	4.1%	5.0%	3.5	3.6
Deals valued from \$2 million to \$4.99 million	2.4%	0.0%	4.3%	3.2%	52.4%	39.4%	37.2%	52.1%	3.7%	5.3%	3.4	3.6
Deals valued from \$5 million to \$50 million	3.2%	1.1%	6.3%	5.3%	50.0%	36.8%	36.5%	53.7%	4.0%	3.2%	3.3	3.5

Expectations for Business Valuation Multiples in the Next 3 Months

Deal size	Greatly decrease		Decrease		Stay the same		Increase		Greatly increase		Score (1 to 5)	
	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015	Q2, 2016	Q2, 2015
Deals valued under \$499,999	1.6%	0.0%	6.2%	8.8%	81.0%	73.7%	9.7%	17.5%	1.6%	0.0%	3.0	3.1
Deals valued from \$500,000 to \$999,999	1.4%	0.8%	5.6%	5.9%	79.4%	72.3%	12.1%	21.0%	1.4%	0.0%	3.1	3.1
Deals valued from \$1 million to \$1.99 million	4.7%	0.8%	5.7%	6.7%	74.1%	68.9%	14.0%	22.7%	1.6%	0.8%	3.1	3.2
Deals valued from \$2 million to \$4.99 million	1.2%	1.0%	8.5%	6.2%	66.7%	68.0%	18.8%	21.6%	4.8%	3.1%	3.1	3.2
Deals valued from \$5 million to \$50 million	0.8%	0.0%	10.2%	10.3%	63.3%	58.8%	22.7%	30.9%	3.1%	0.0%	3.1	3.2

THANK YOU!

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