

**Strong Dealmaking,  
Slight Dip**

Private equity-backed deals continued strongly around the world, especially in the middle market. There was a slight dip in the first quarter of 2019 in both aggregate deal value and number of deals.

**What the Experts Say**



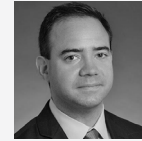
**John Neuner**  
**Harris Williams**

"You know, today people that are buying these companies have been tracking them for several years. They're much more targeted in terms of the segments that they're focused on and where they feel they can add value. It's not so much, 'What am I paying for it? I need to be cognizant of that.' If you buy a good company and you're confident, you can do great things with it. Ultimately investors are rewarded on the value that they create over time. And so people are being confident where they can take those companies."



**Jesse Fahy**  
**Preqin**

"Some private equity multiples are actually surpassing some of their public asset counterparts. The reason that shouldn't happen is fairly clear. For public assets, you're paying a premium for liquidity and increased transparency. However, due to the abundance of dry powder, which had \$1.2 trillion midway through last year, as well as a credit market that's happy to finance these deals, that logic no longer necessarily holds true. We are also seeing a kind of new normal where IPOs are going to become more and more scarce. Mega funds are going to continue to grow."



**Michael Fanelli**  
**RSM**

"I think the [higher] EBITDA multiples are the new normal. You can get some level of multiple arbitrage doing roll-up strategies. So you might buy a \$50 million EBITDA business at 11 times, but it may be in a fragmented market where you can do an add-on strategy of other like businesses that might be \$10 million of EBITDA and less than 6 or 7 times EBITDA. So your total EBITDA multiple at the end of the day is sub-11, and then if you can sell it for 11 or higher, with a little bit of top-line growth, you're looking to be sitting pretty at the end of the day."

Purchase price multiple for deals of less than \$50 million in EBITDA: **10.6X**

