

Market Pulse Report Q1, 2020 vs Q1, 2021

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This research was made possible with the support of the International Business Brokers Association (IBBA) and M&A Source.

Outline

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I. About the Market Pulse Report

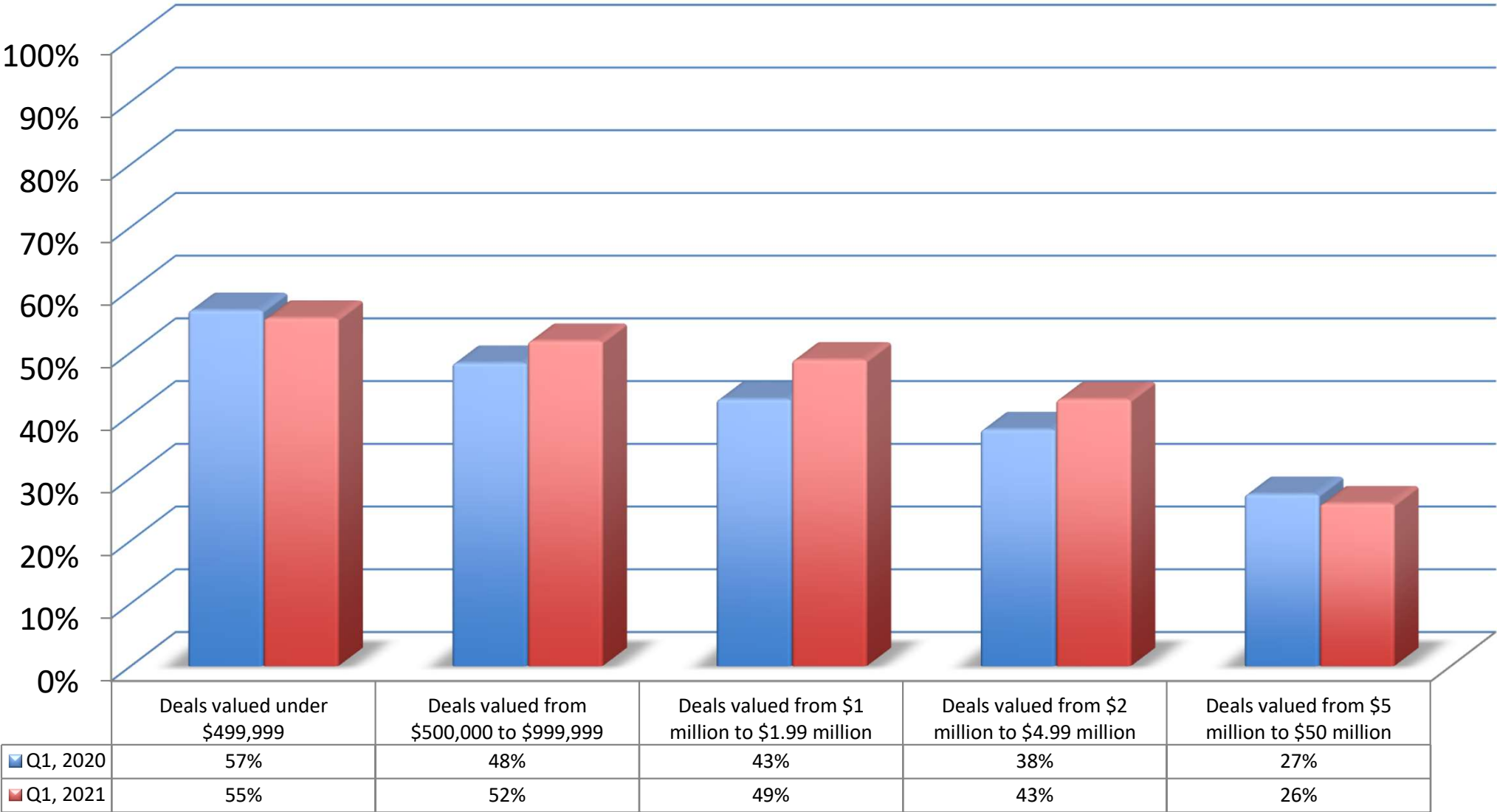
The International Business Brokers Association (IBBA) and M&A Source have set a goal to provide quality information on a quarterly basis in order to become the go-to source for Main Street and Lower Middle Market transactions. The “Market Pulse Report” gives you timely and accurate data to help you build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

About the Survey

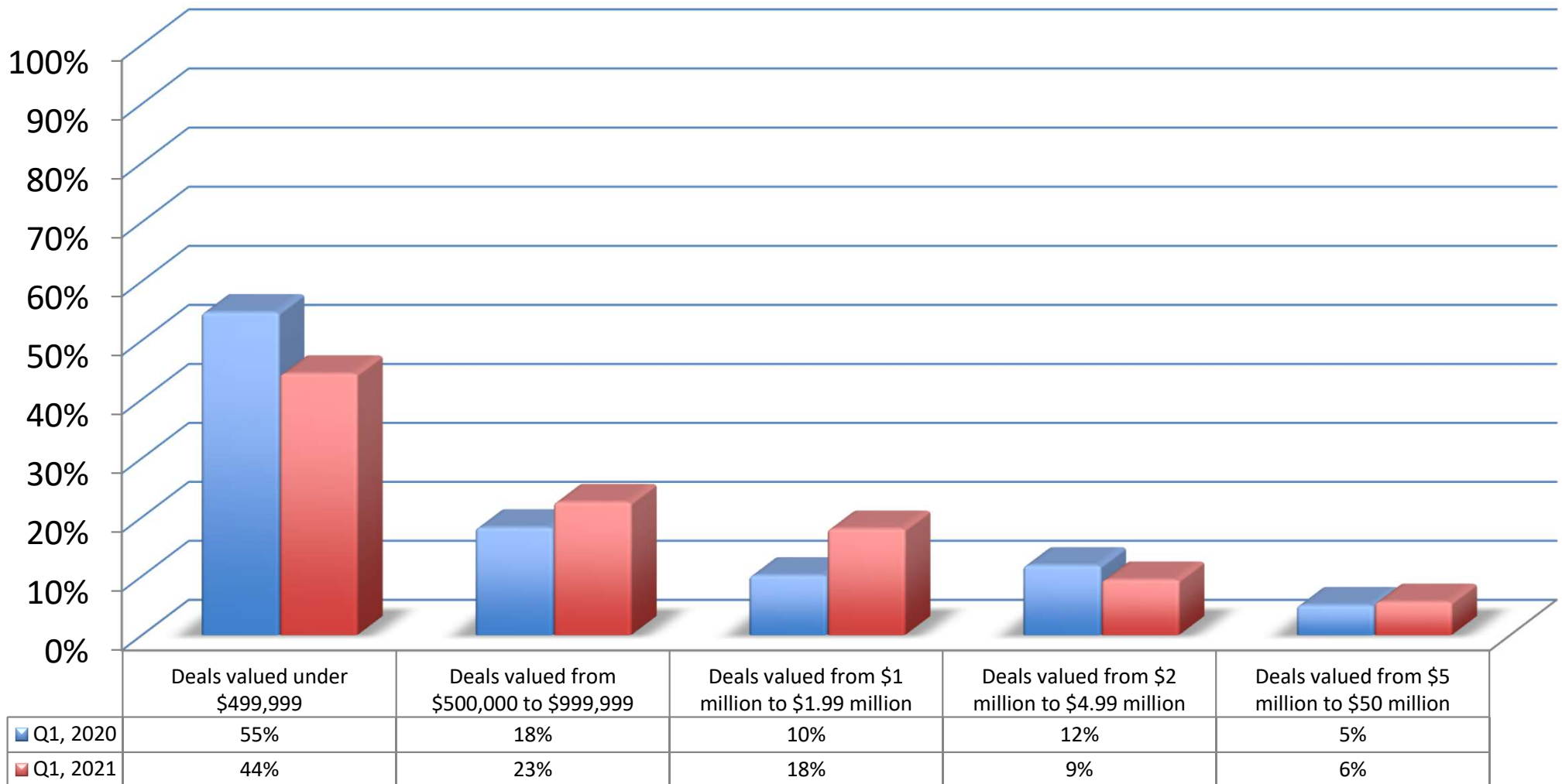
- 25 questions
- Invited participants were members of the International Business Brokers Association (IBBA), IBBA Affiliates/Chapters, and/or M&A Source
- 416 completed responses in Q1, 2020; 301 completed responses in Q1, 2021
- Responses collected from Apr 1 – Apr 15, 2020 and from Apr 1 – Apr 23, 2021 accordingly

II. Business Transactions Closed in the Last 3 Months

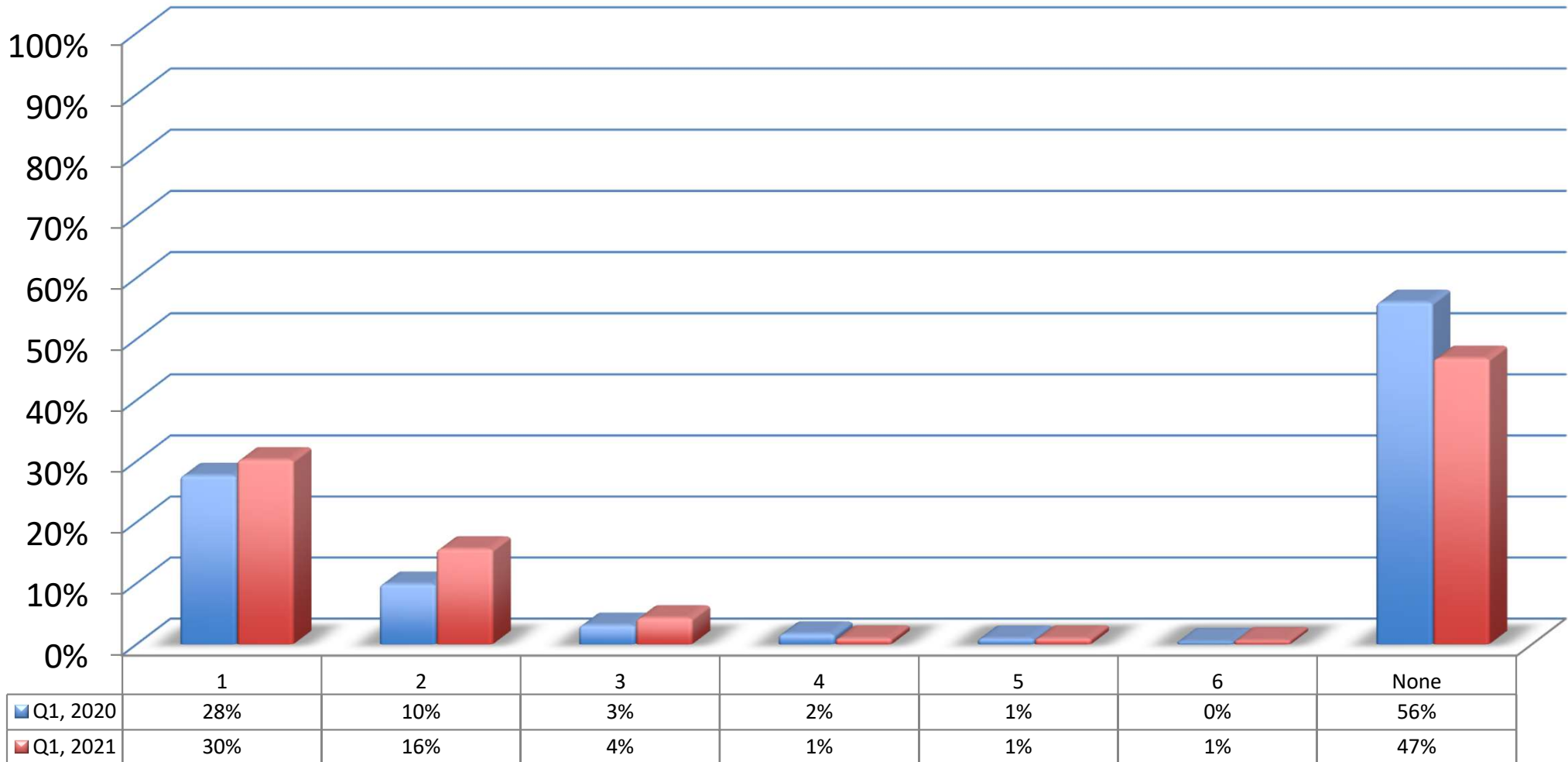
Typical Size of Business Transactions



Business Transactions Closed in the Last 3 Months by Deal Size



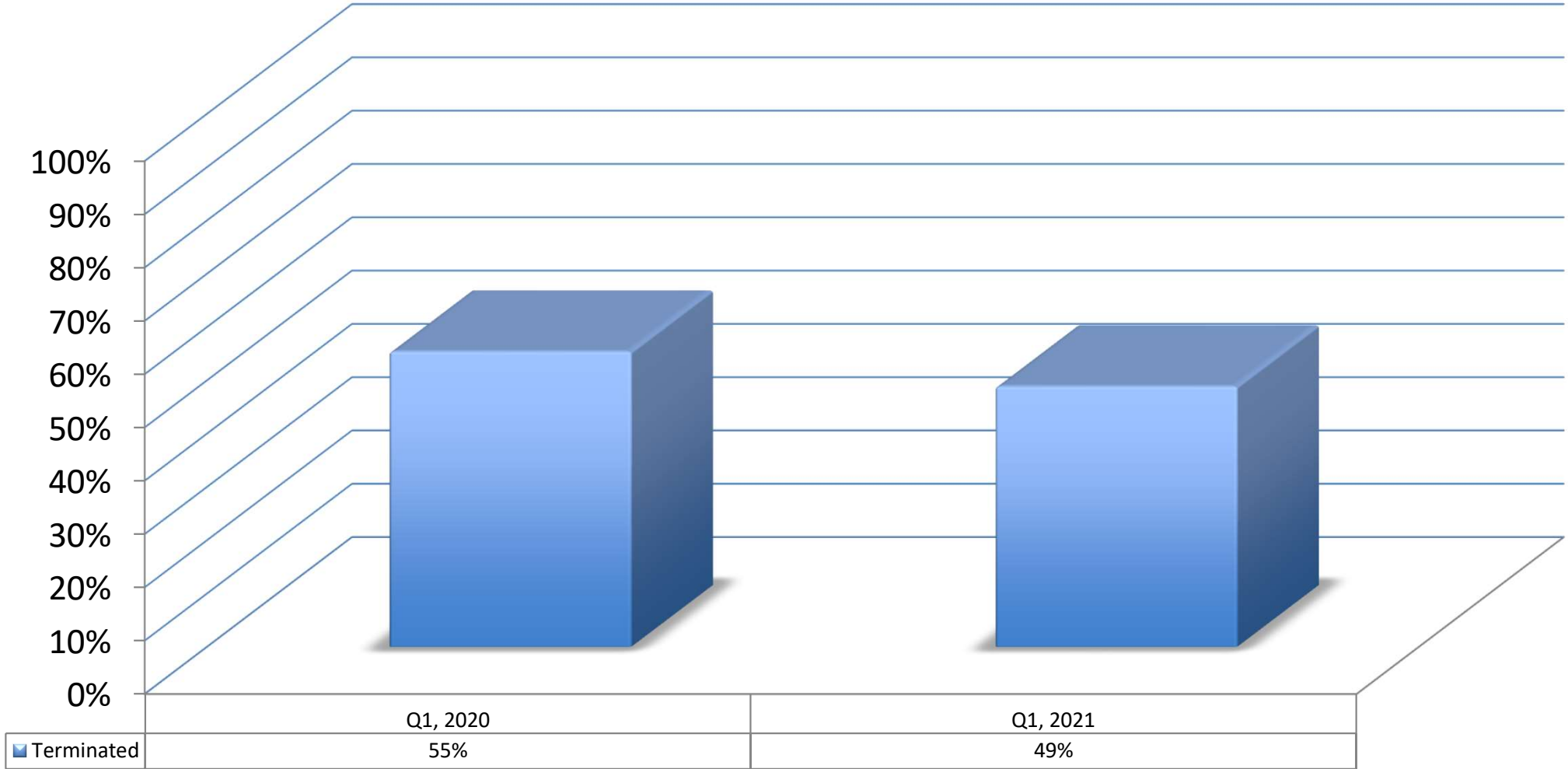
Number of Business Transactions Closed by Respondents in the Last 3 Months



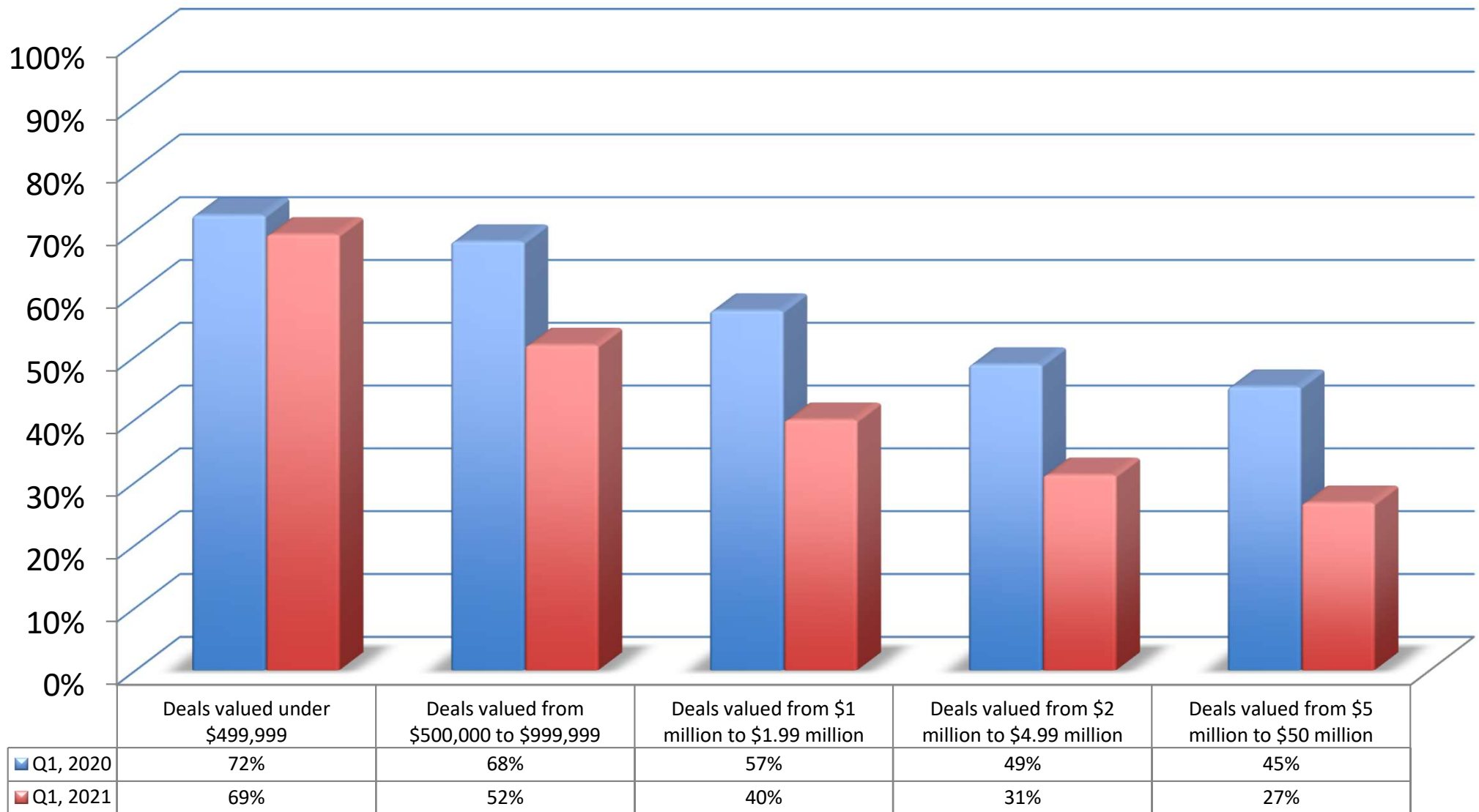
Change in the Number of New Clients by Deal Size in The Last 3 Months

Deal size	Greatly decreased		Decreased		Stayed the same		Increased		Greatly increased		Score (1 to 5)	
	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021
Deals valued under \$499,999	17%	8%	15%	27%	1%	4%	22%	16%	44%	44%	3.6	3.6
Deals valued from \$500,000 to \$999,999	15%	5%	11%	33%	1%	6%	22%	15%	51%	40%	3.8	3.5
Deals valued from \$1 million to \$1.99 million	15%	5%	17%	38%	1%	5%	18%	14%	49%	38%	3.7	3.4
Deals valued from \$2 million to \$4.99 million	11%	5%	17%	34%	2%	8%	16%	18%	55%	36%	3.9	3.5
Deals valued from \$5 million to \$50 million	16%	8%	17%	23%	0%	12%	14%	14%	52%	42%	3.7	3.6

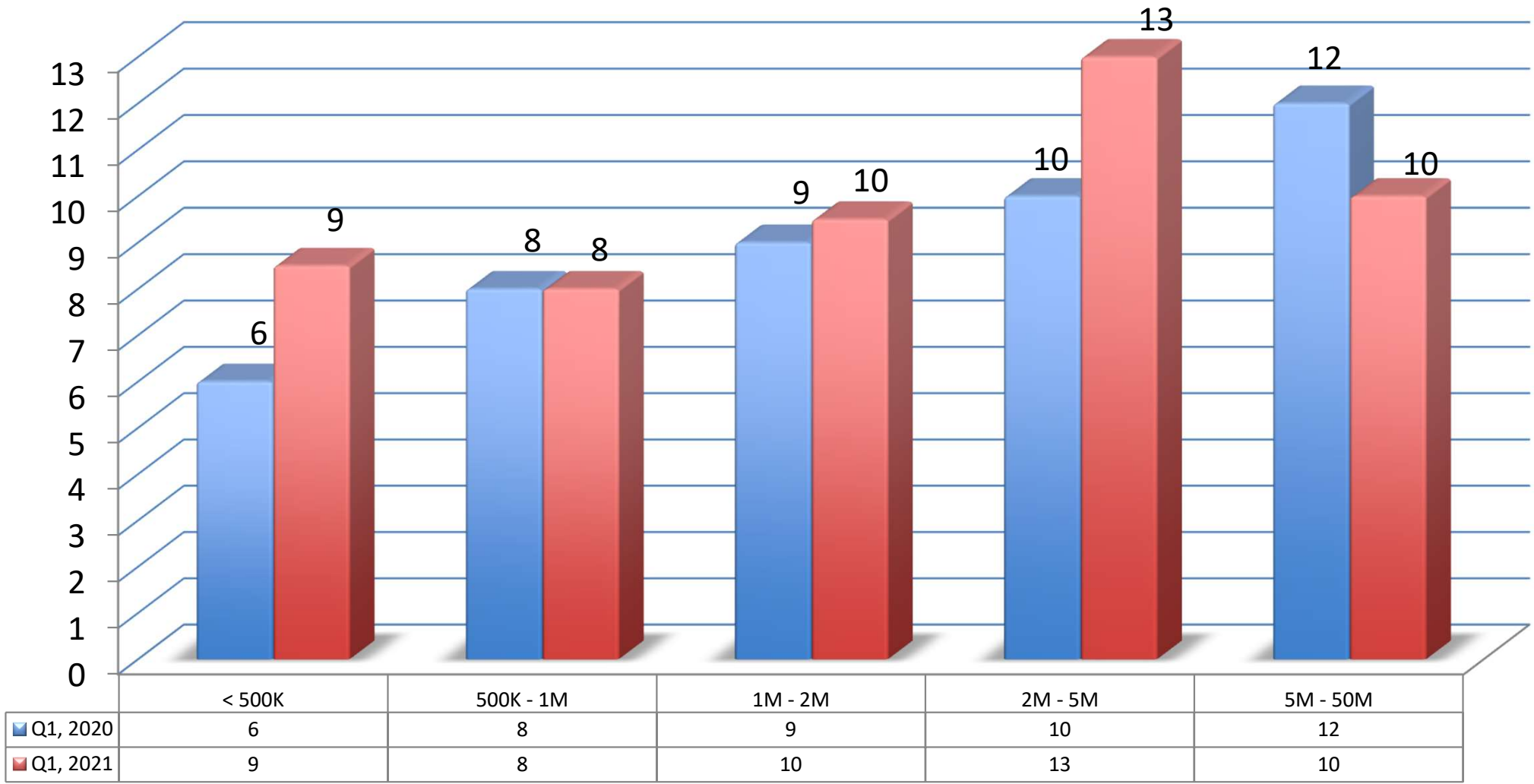
Percentage of Transactions Terminated without Closing in the Last Three Months



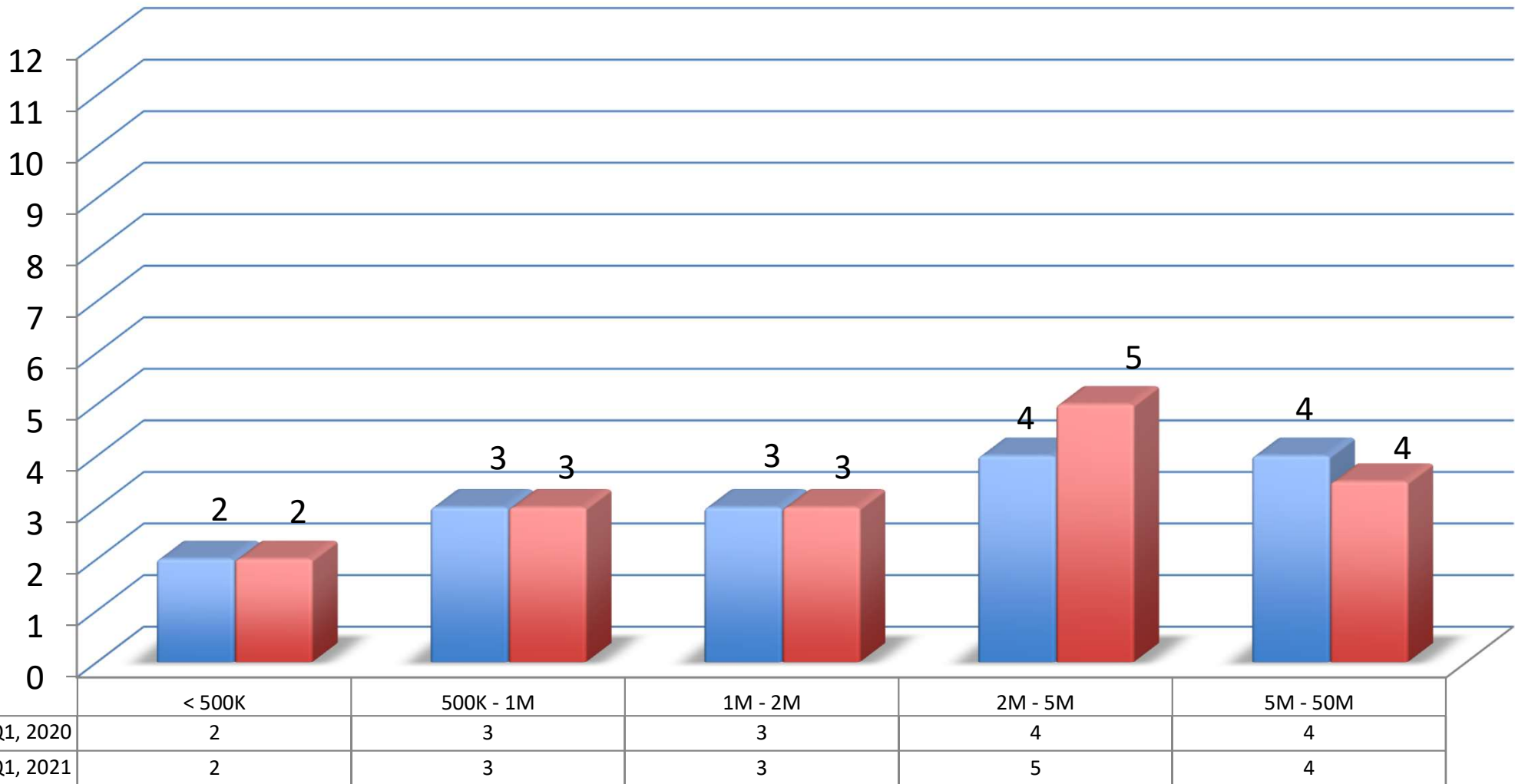
Was it Buyer's Market in the last 3 months?



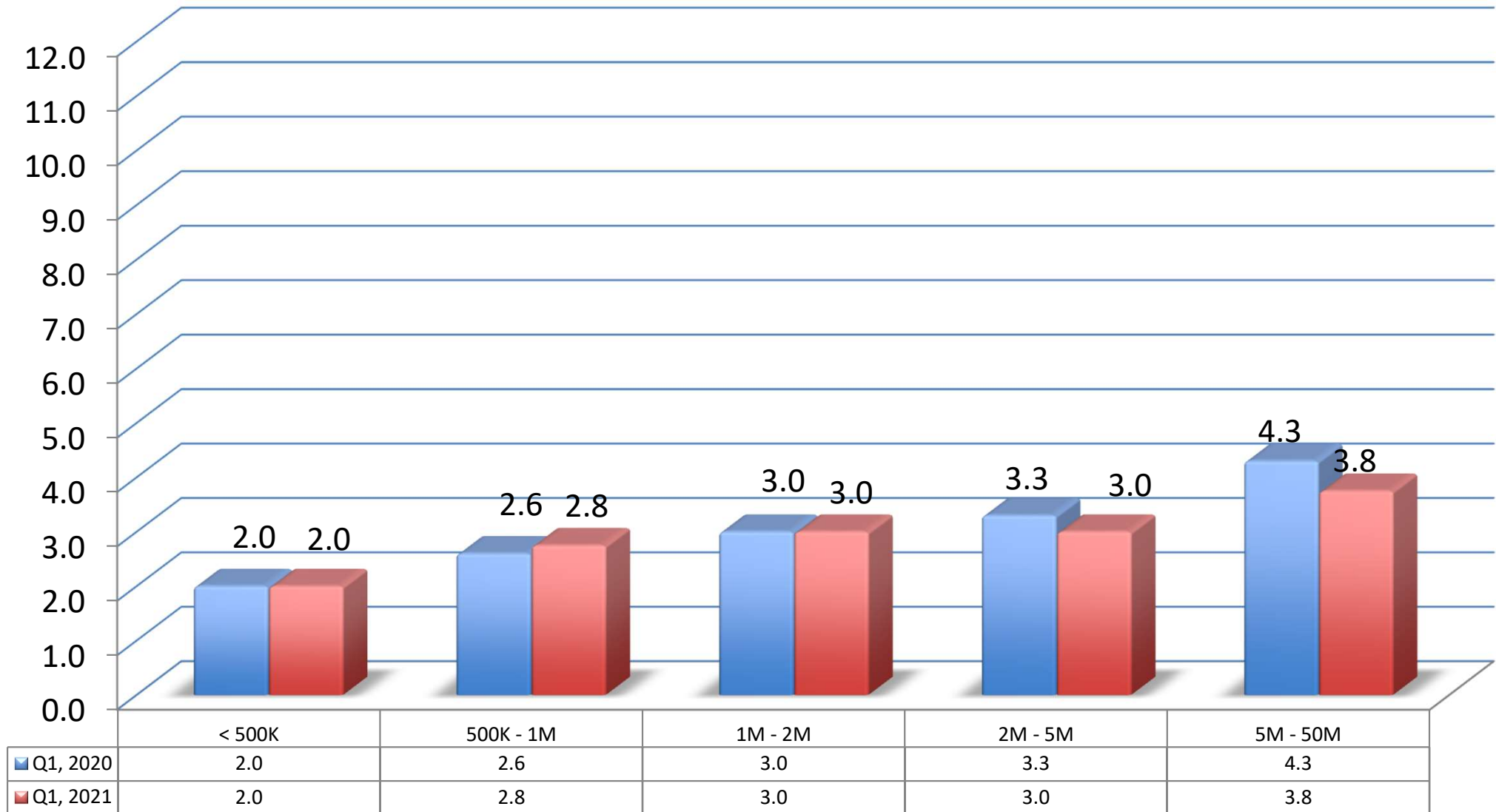
Median Number of Months from Listing/Engagement to Close



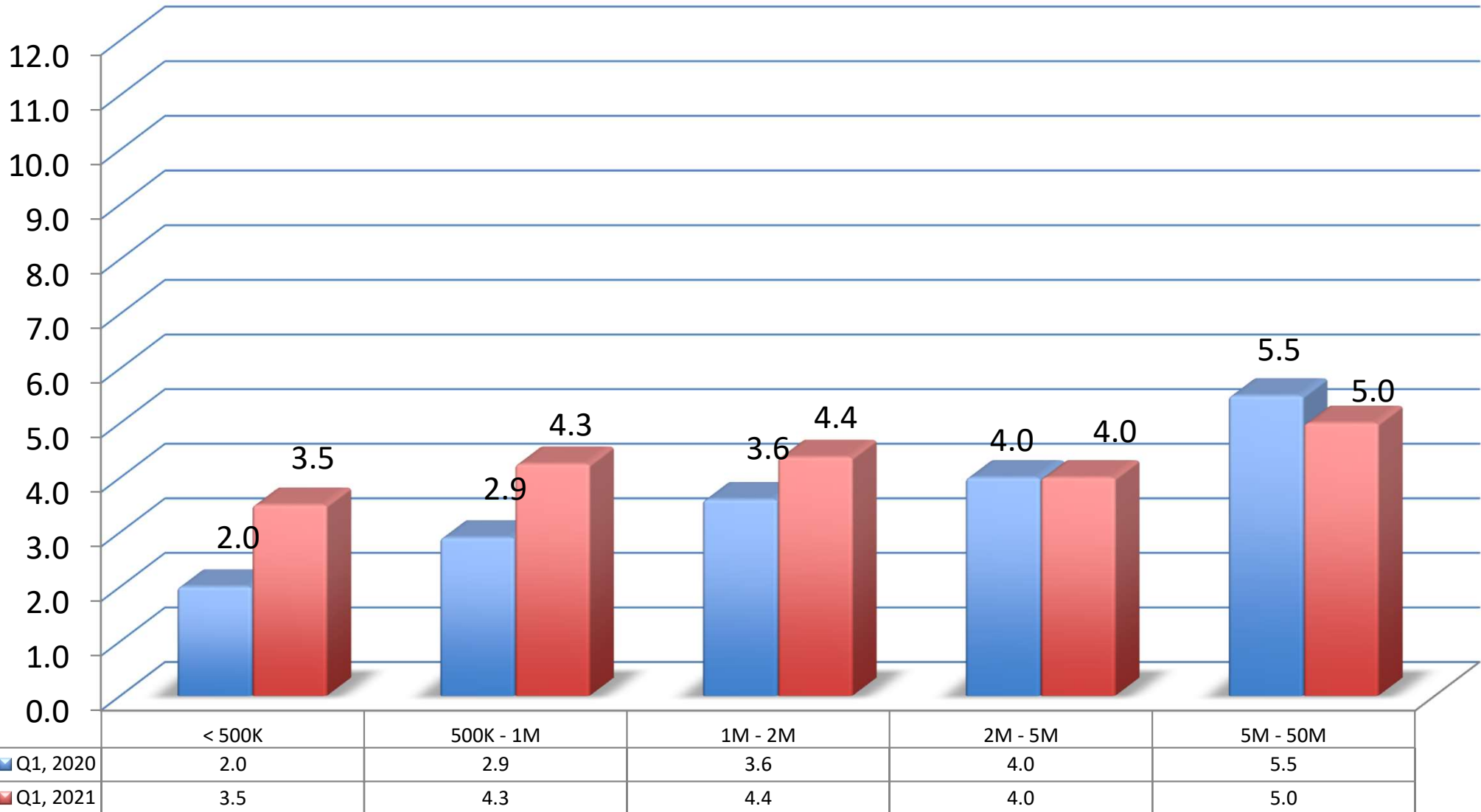
Median Number of Months from LOI/Offer to Close



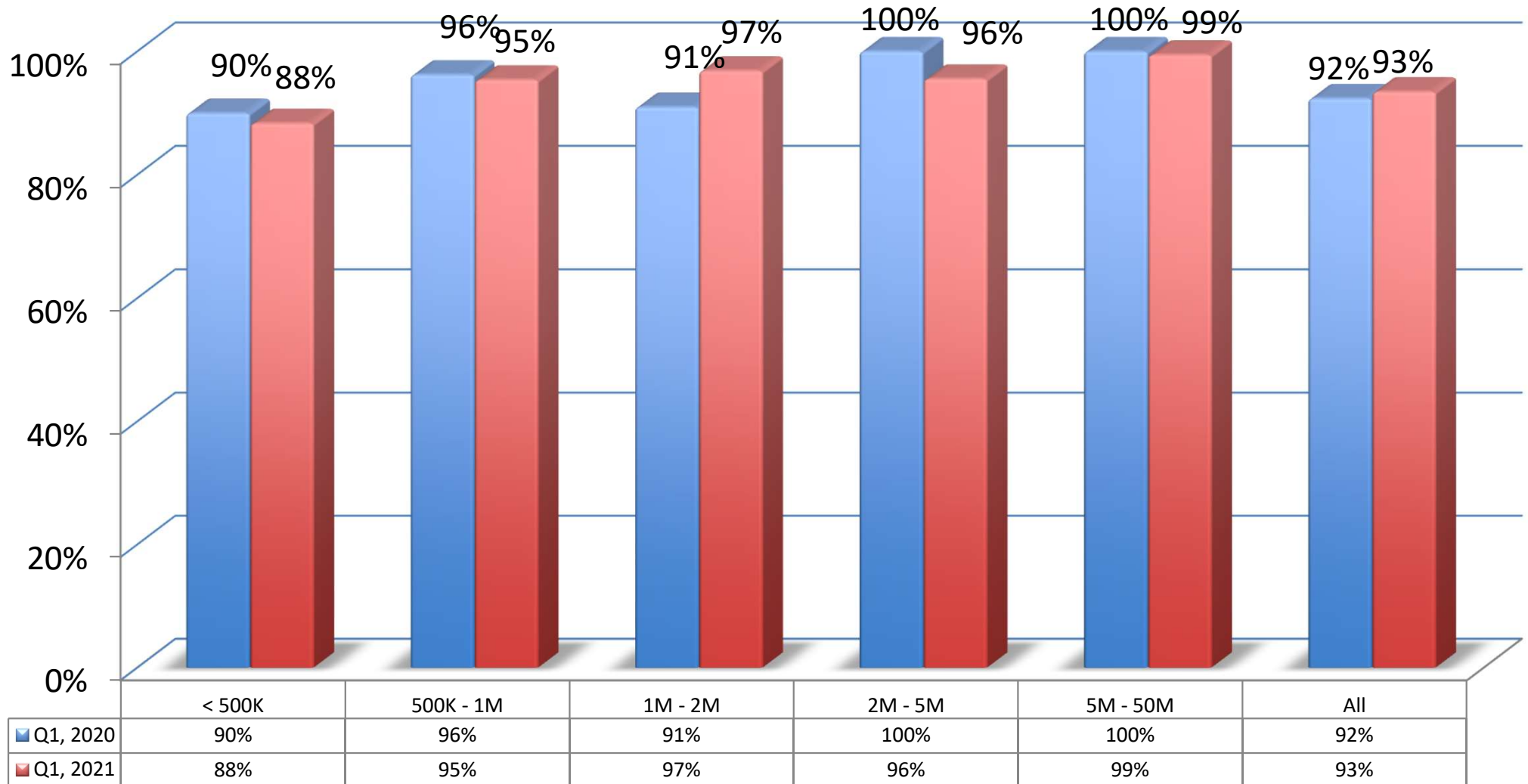
Median SDE Multiple Paid



Median EBITDA Multiple Paid

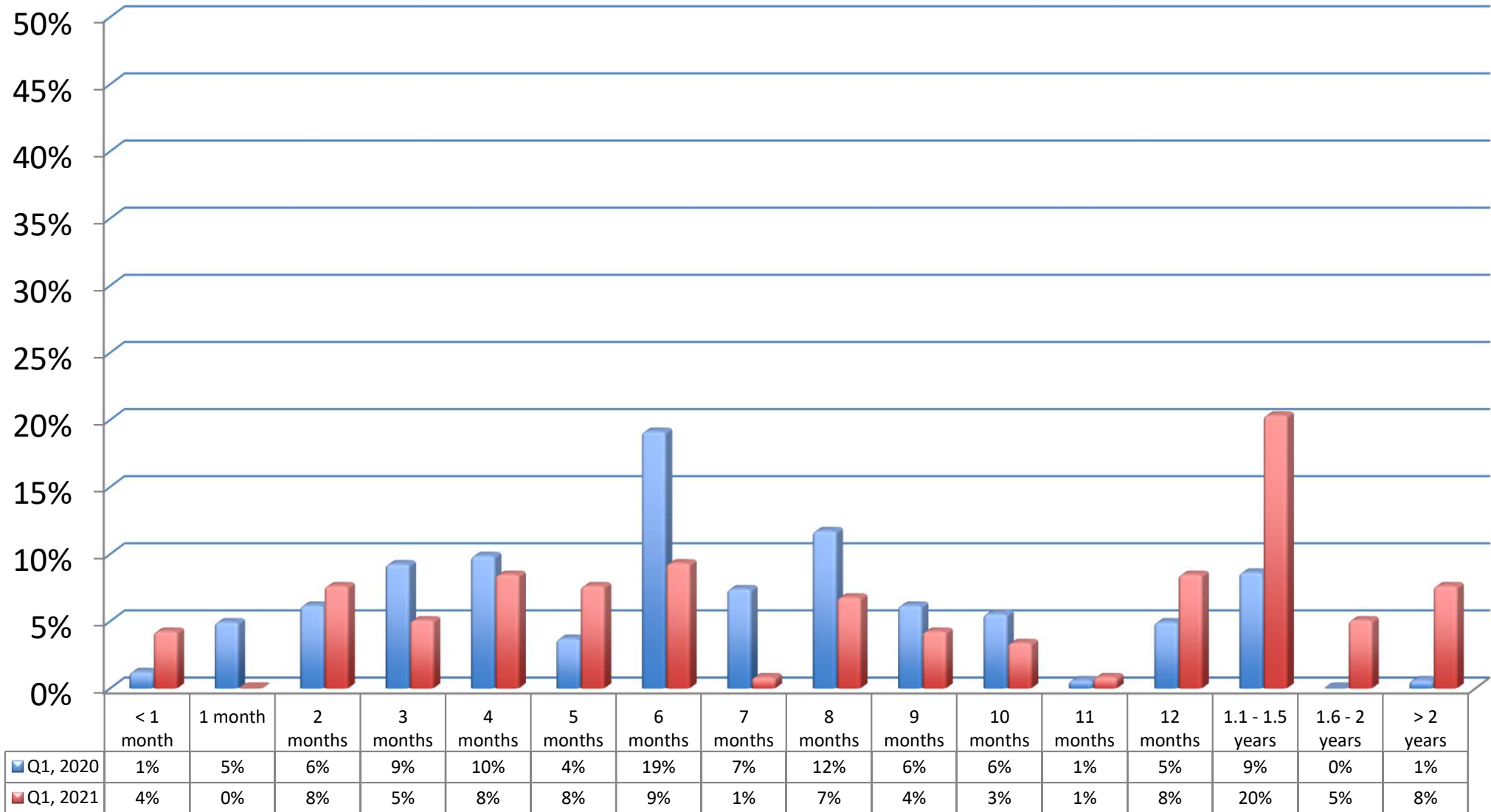


Median Percentage of Final/Selling Price Realized to Asking/Benchmark Price

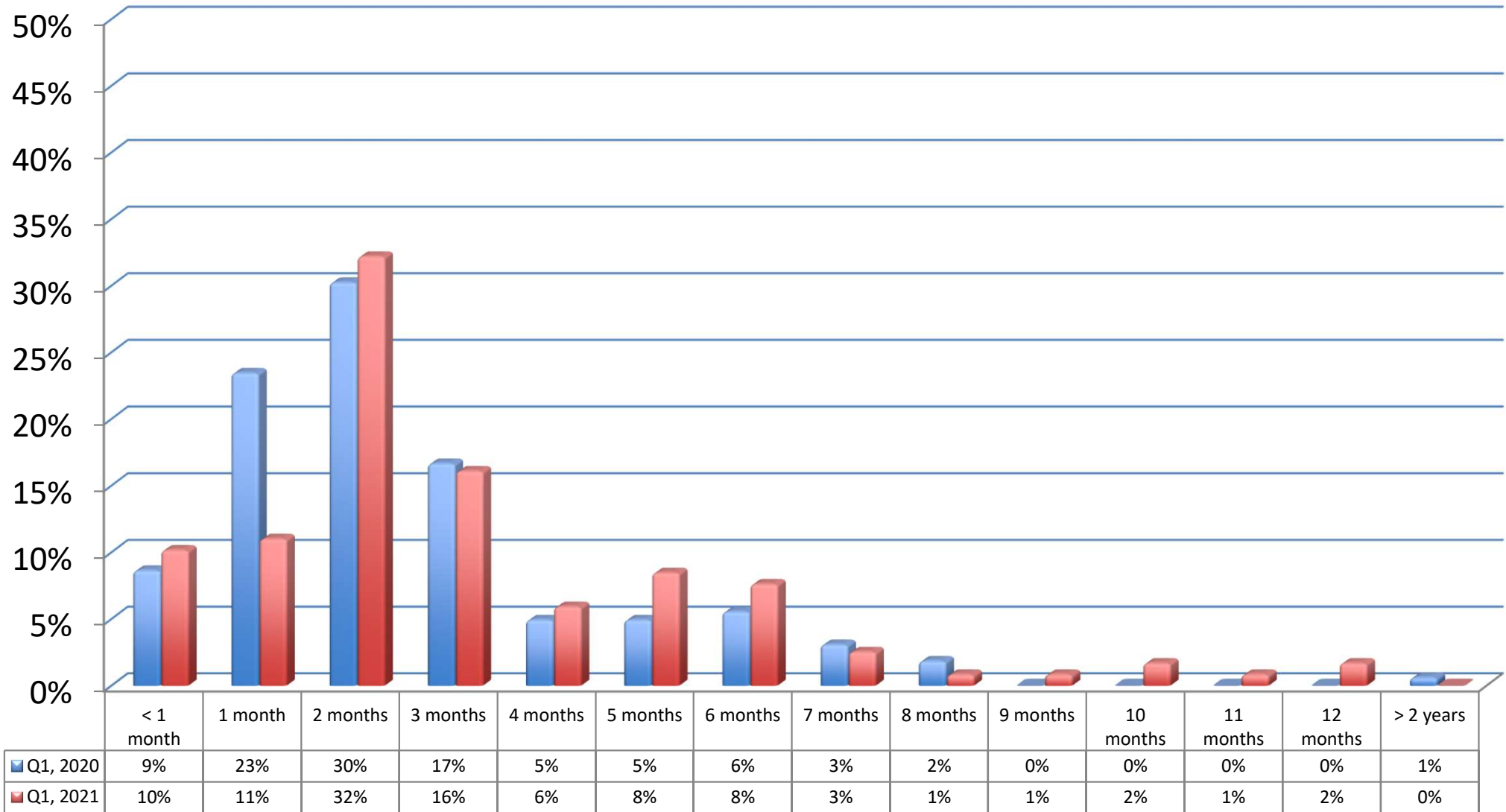


Business Transactions Valued under \$499,999

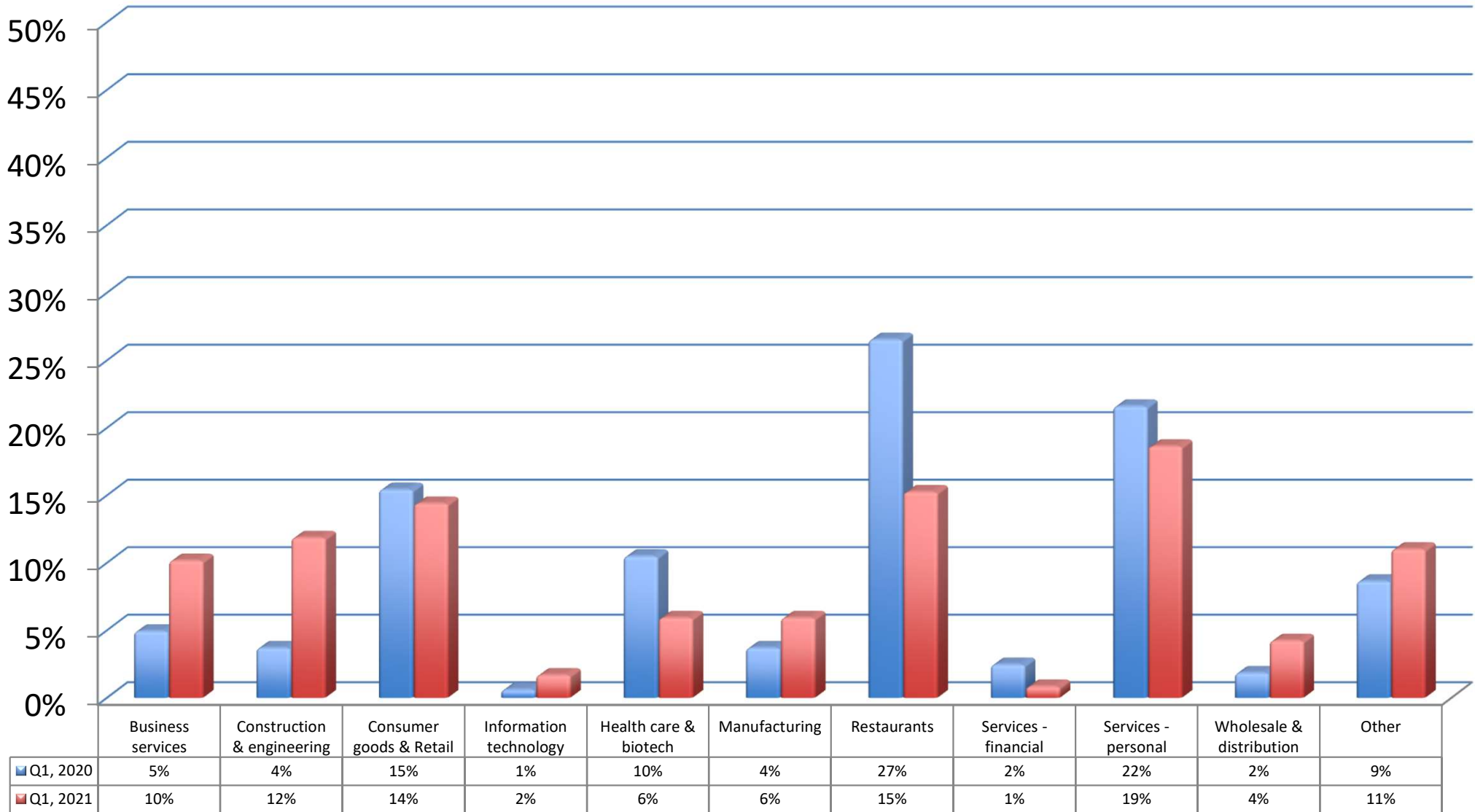
Engagement/Listing to Close



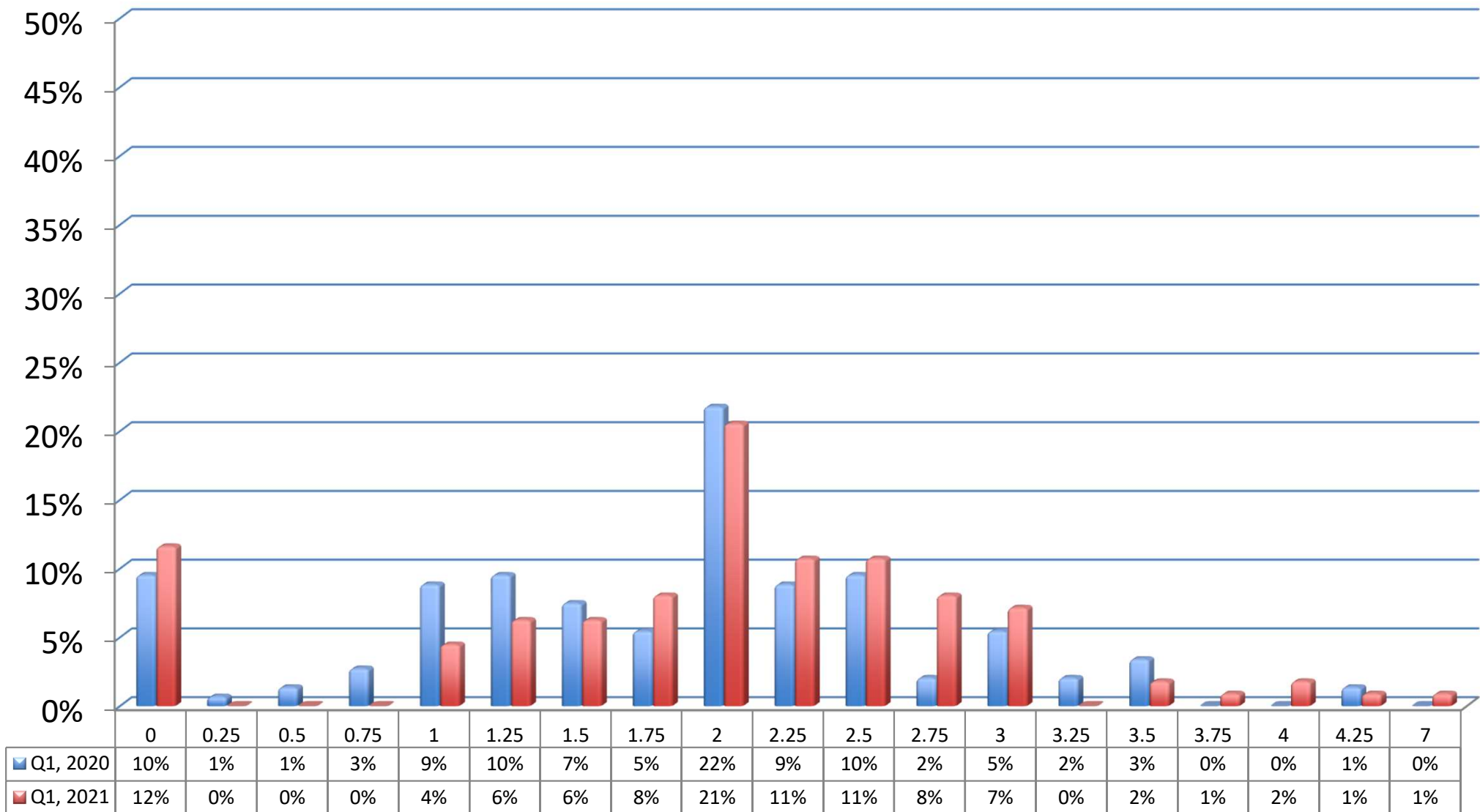
LOI/Offer to Close



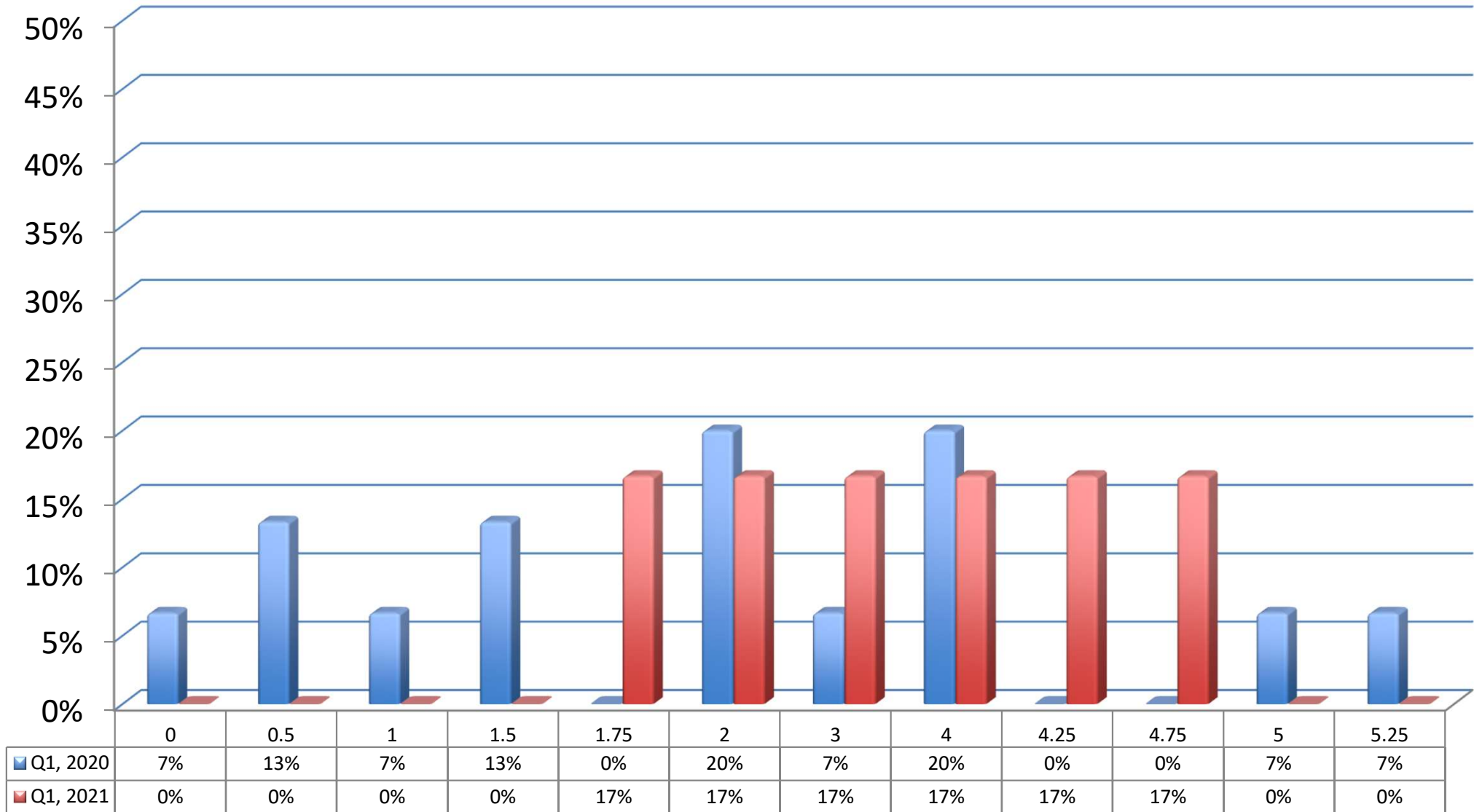
Industry



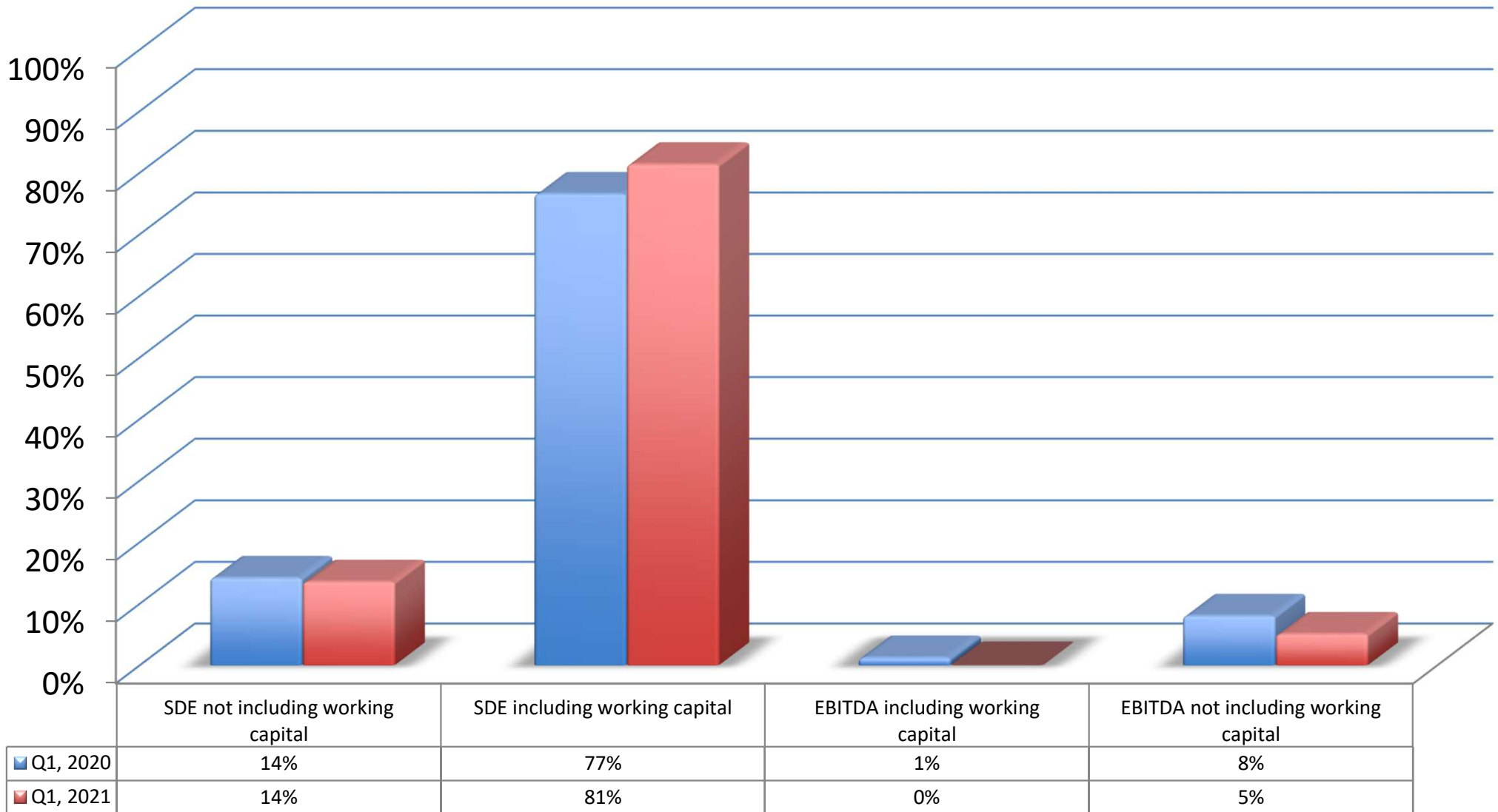
SDE Multiple Paid



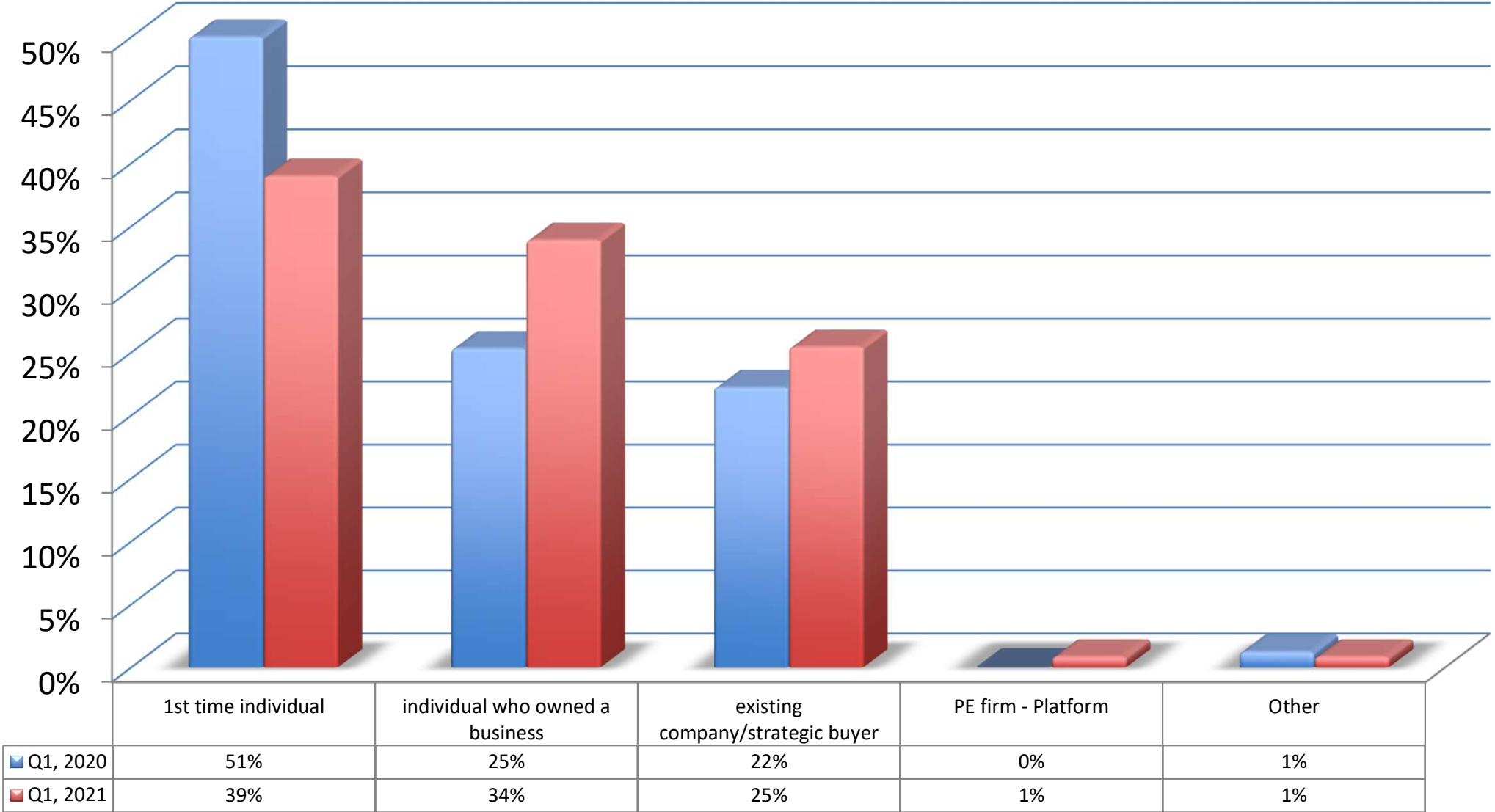
EBITDA Multiple Paid



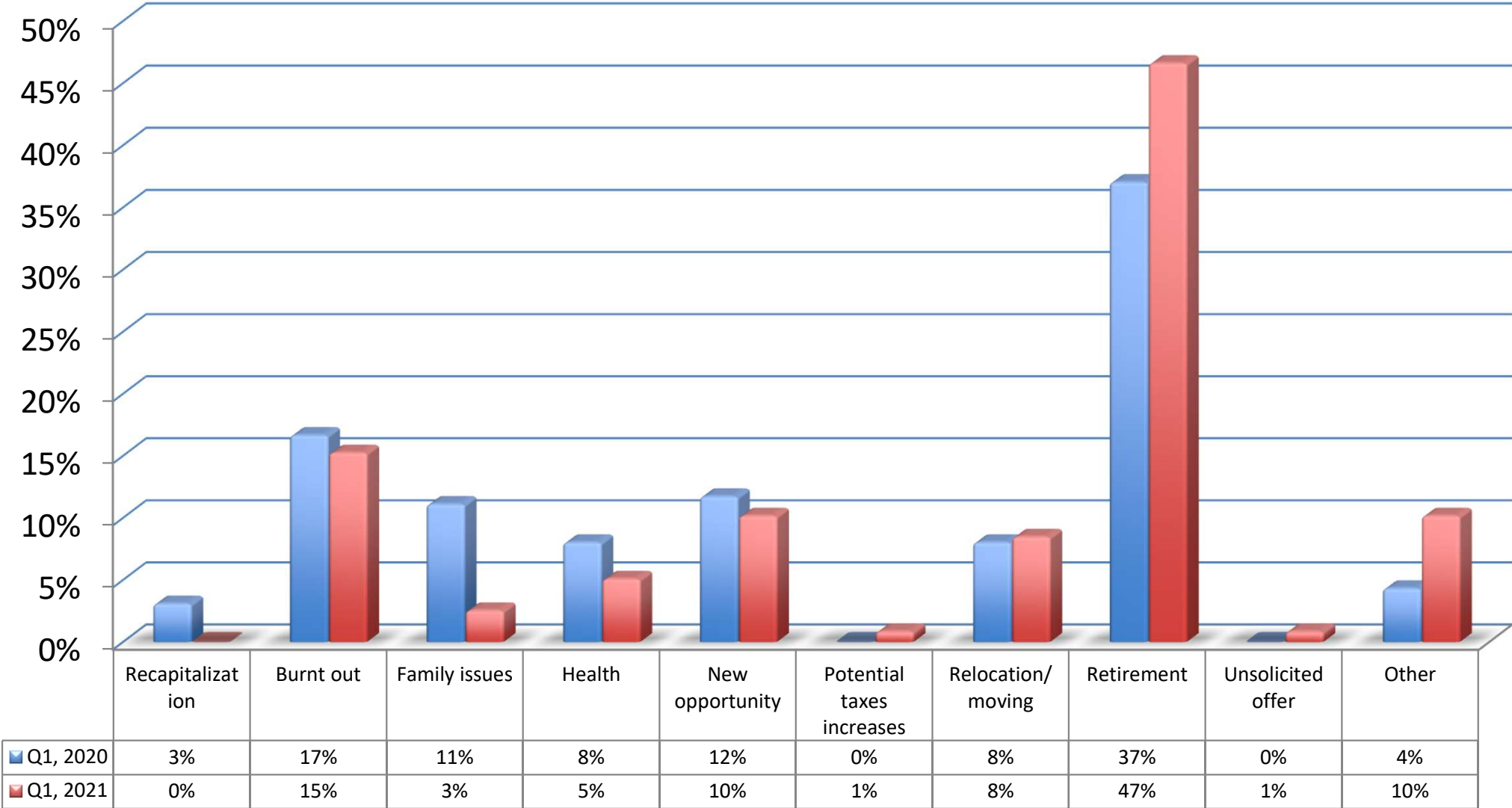
Multiple Type



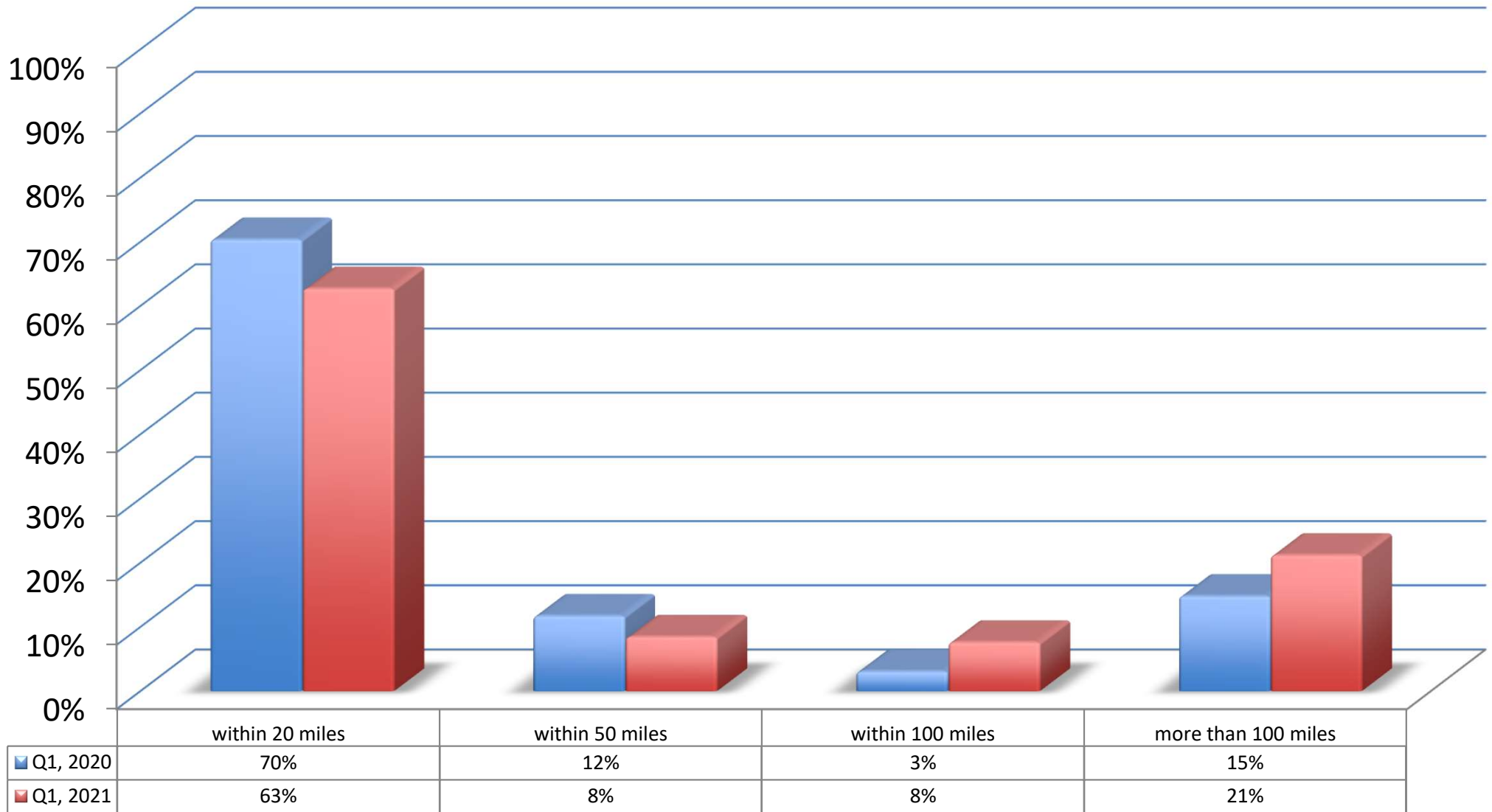
Buyer Type



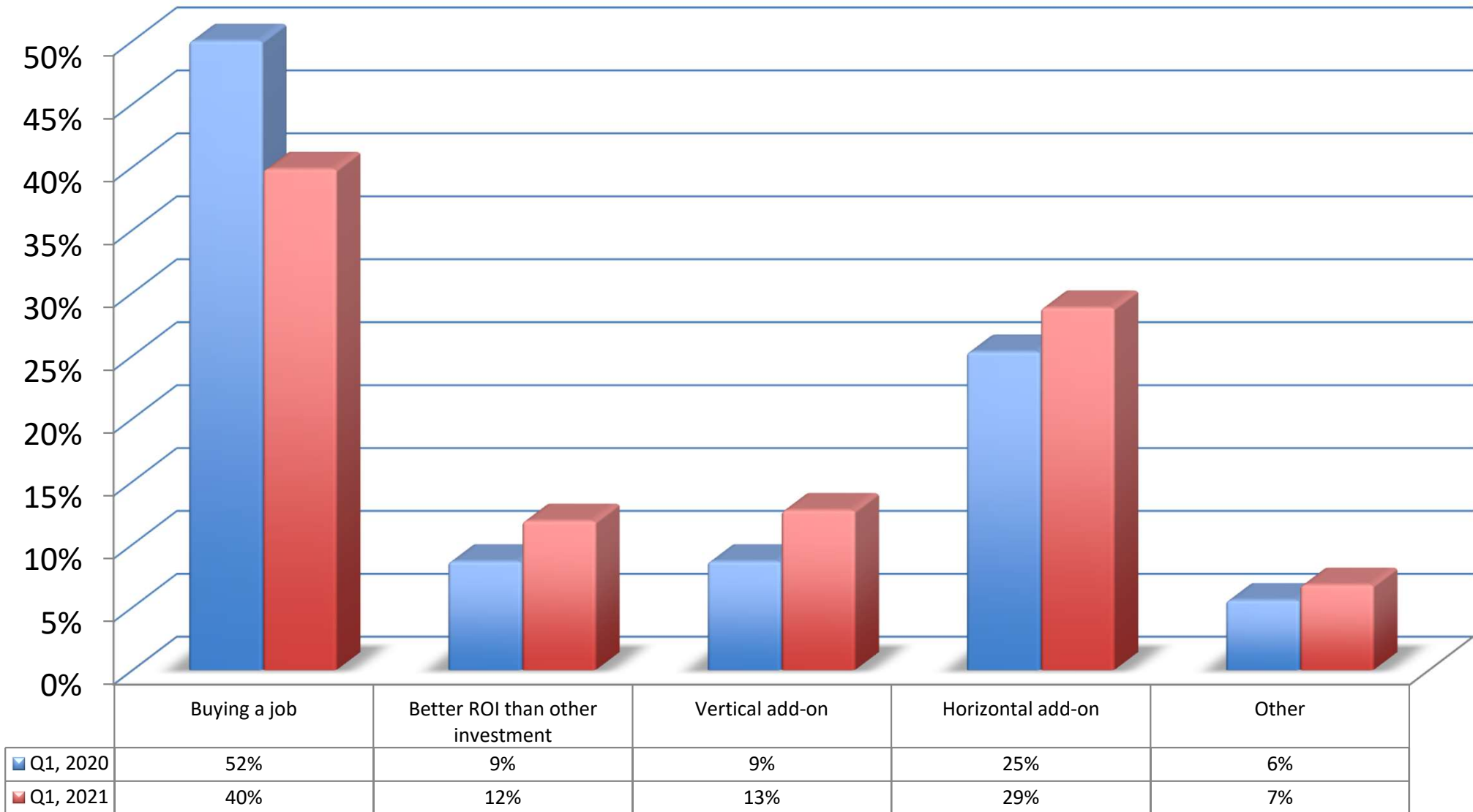
#1 Reason for Seller to Go to Market



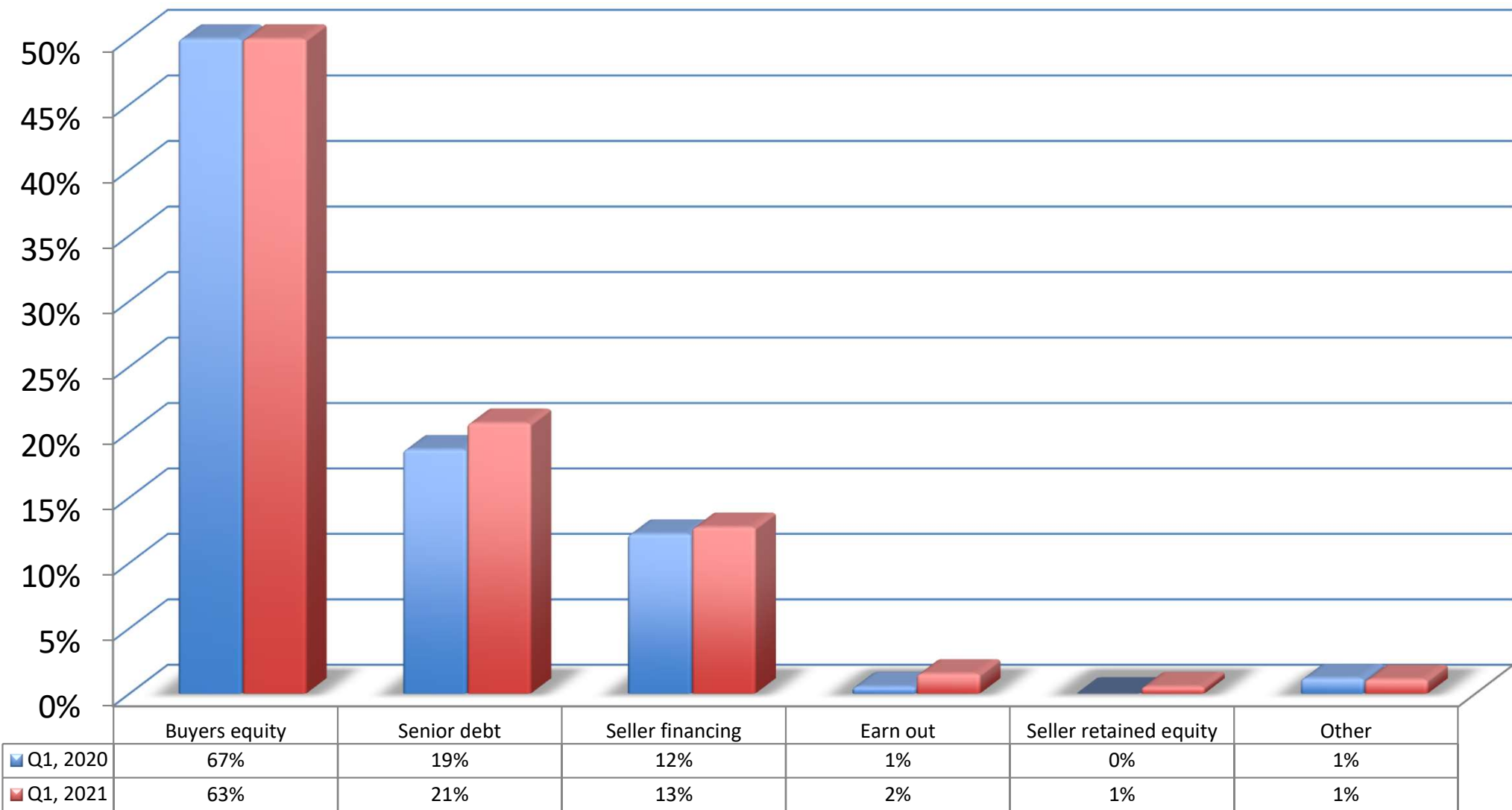
Buyer Location



#1 Motivation for Buyer

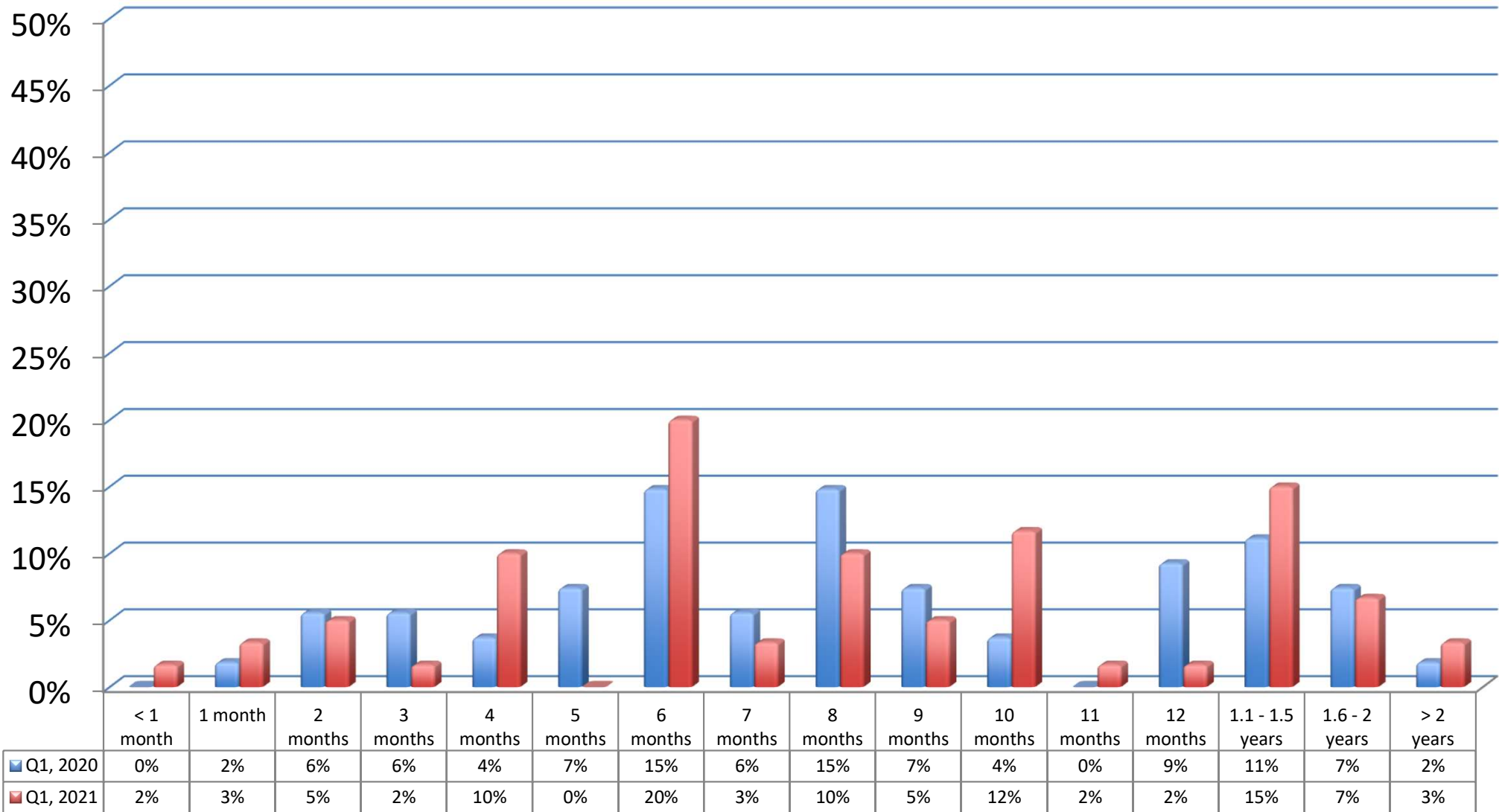


Financing Structure

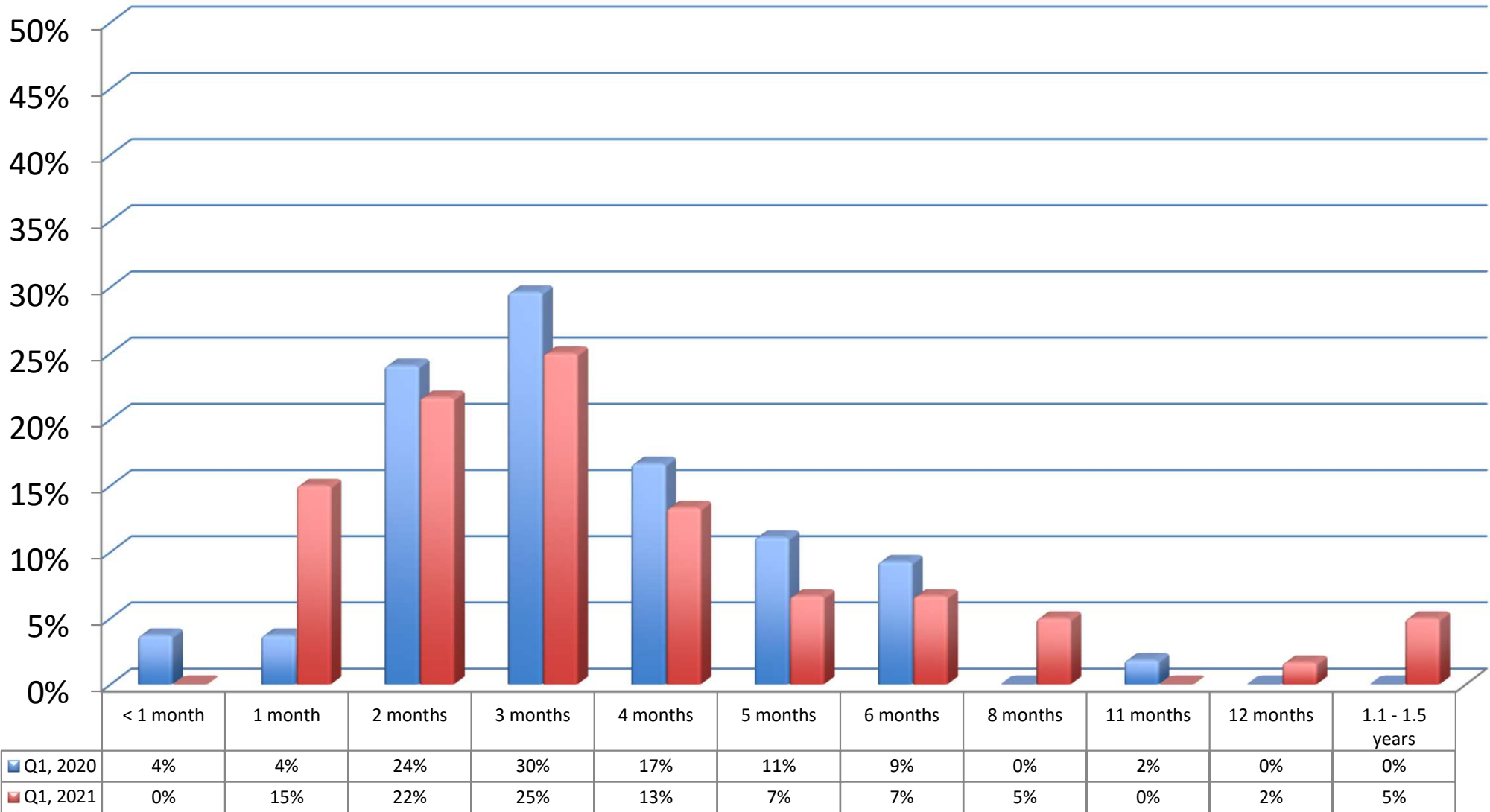


Business Transactions Valued from \$500,000 to \$999,999

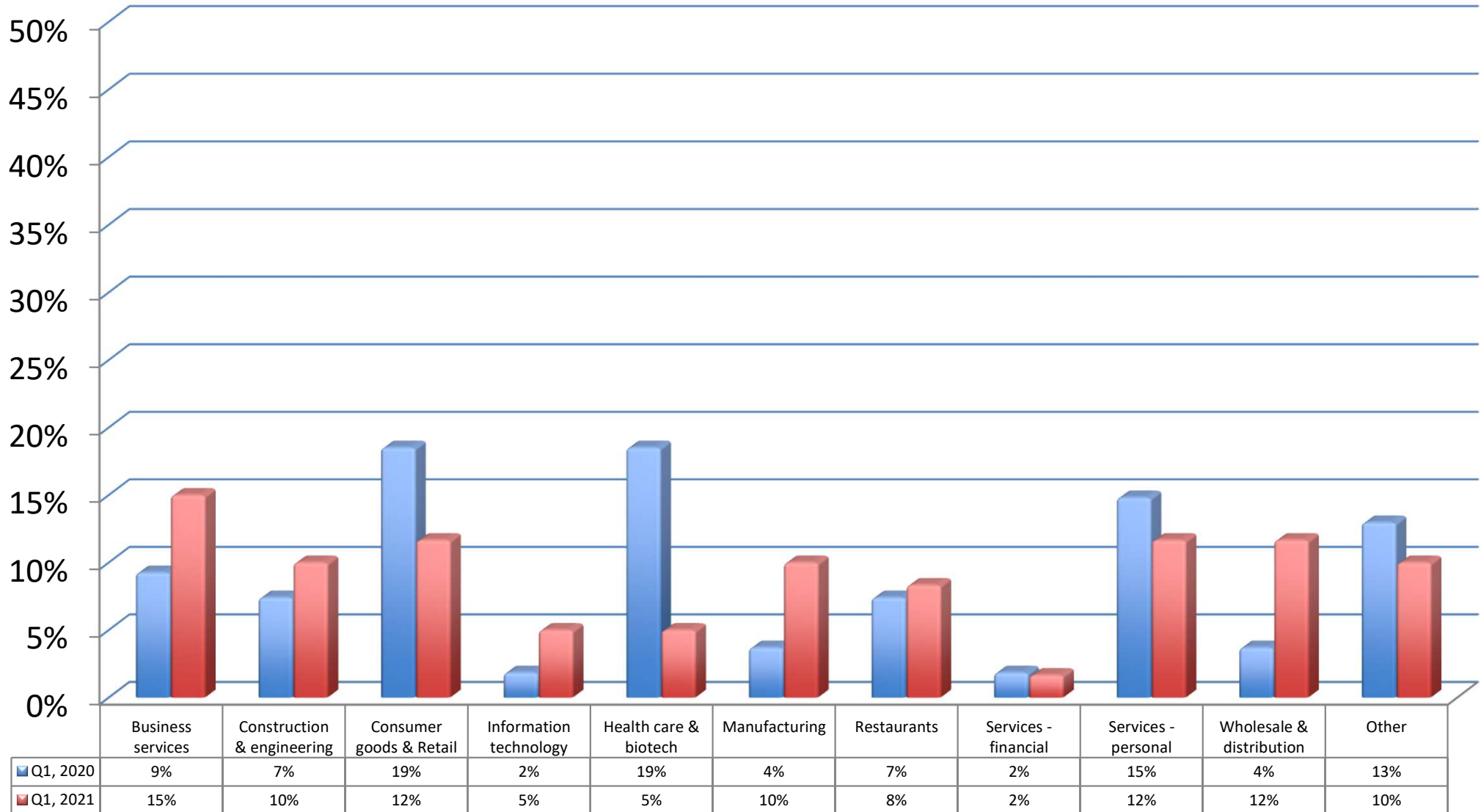
Engagement/Listing to Close



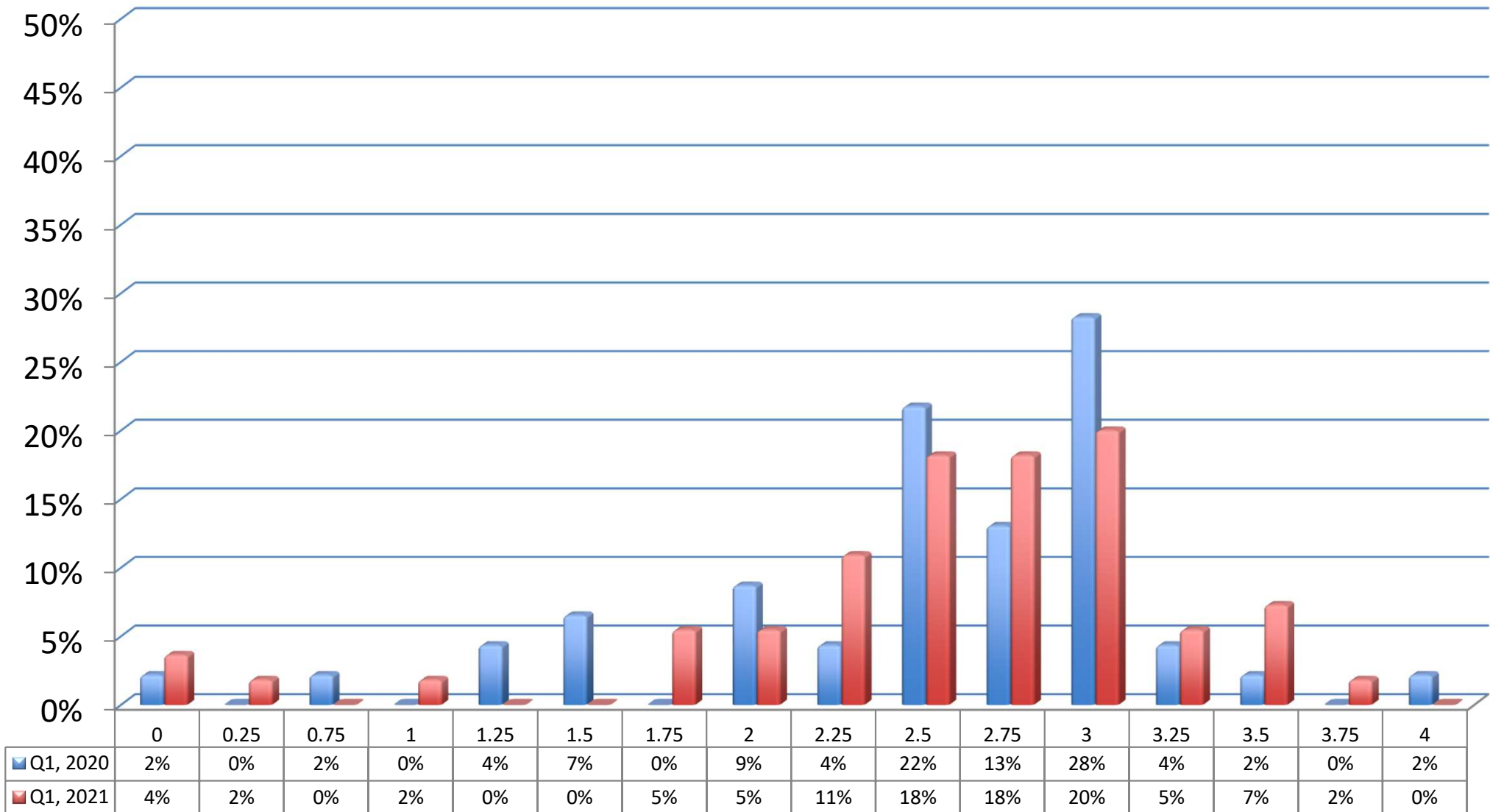
LOI/Offer to Close



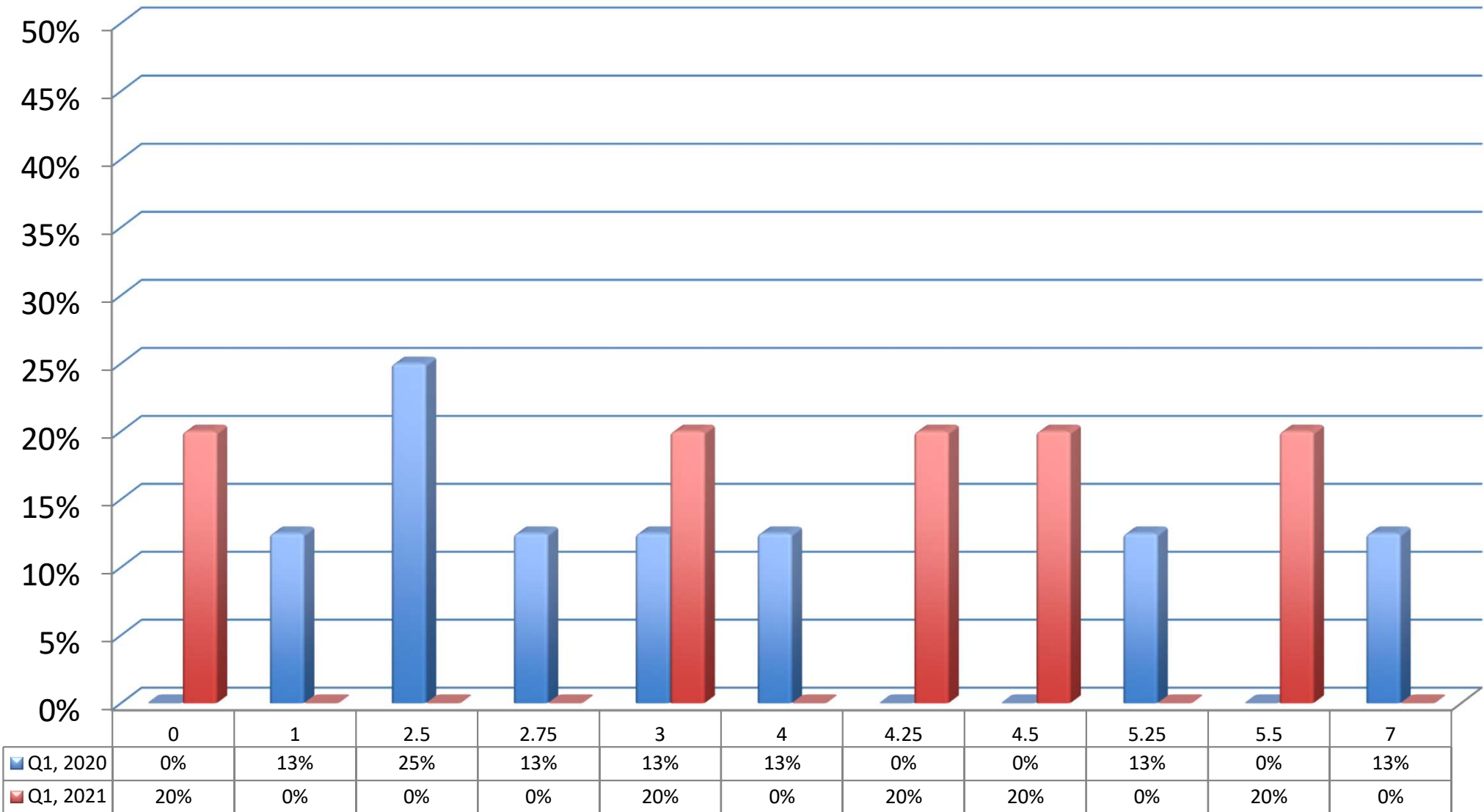
Industry



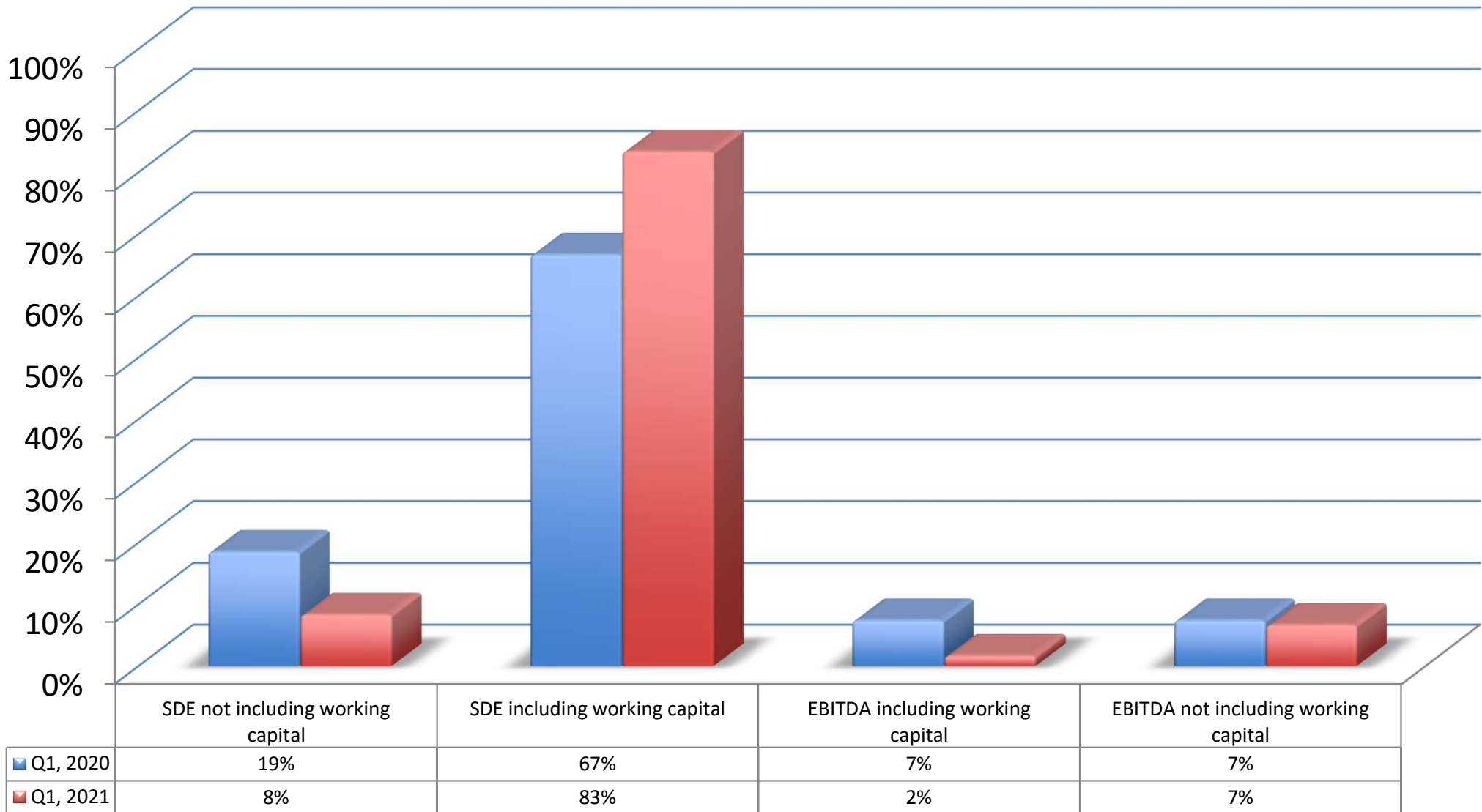
SDE Multiple Paid



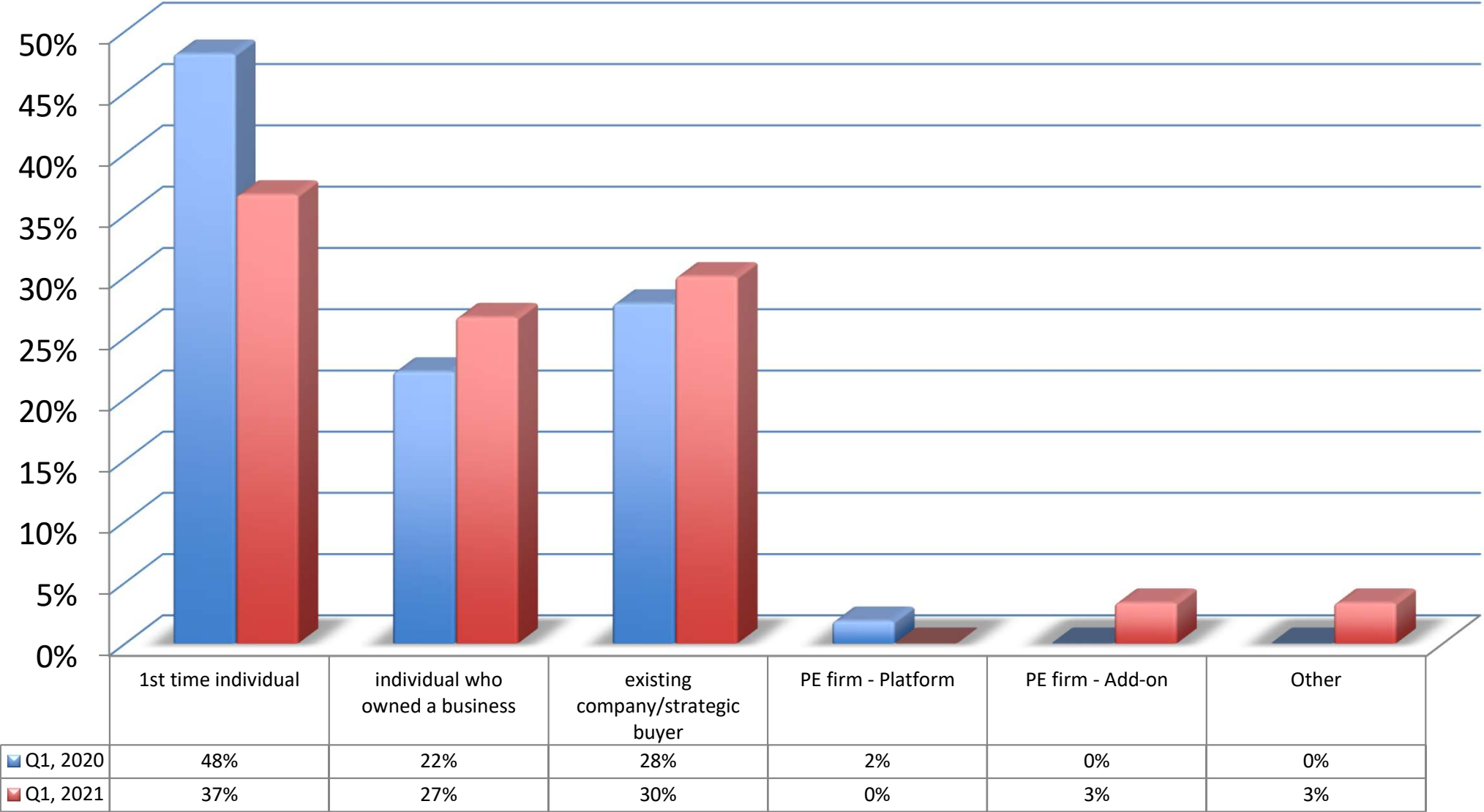
EBITDA Multiple Paid



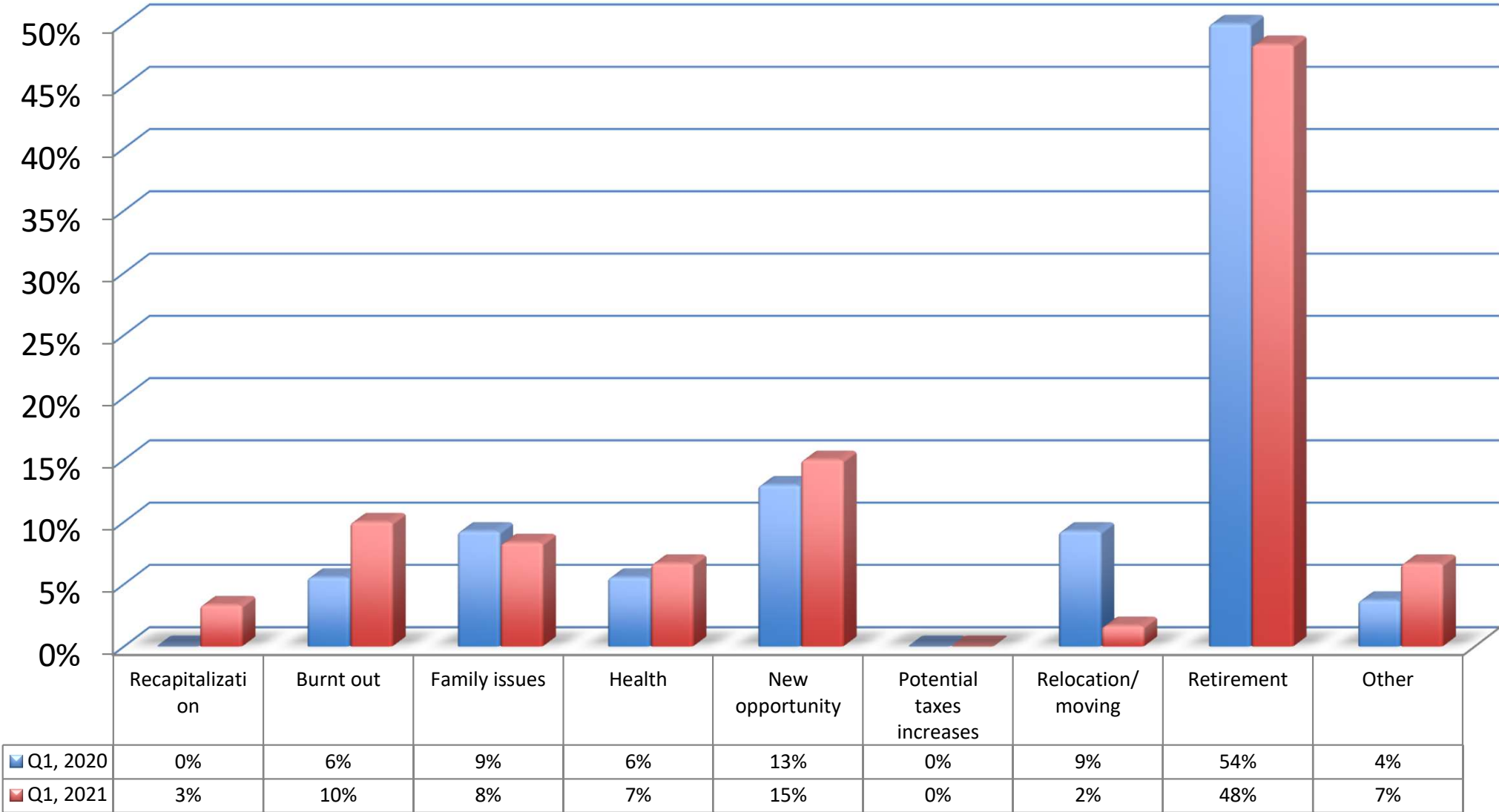
Multiple Type



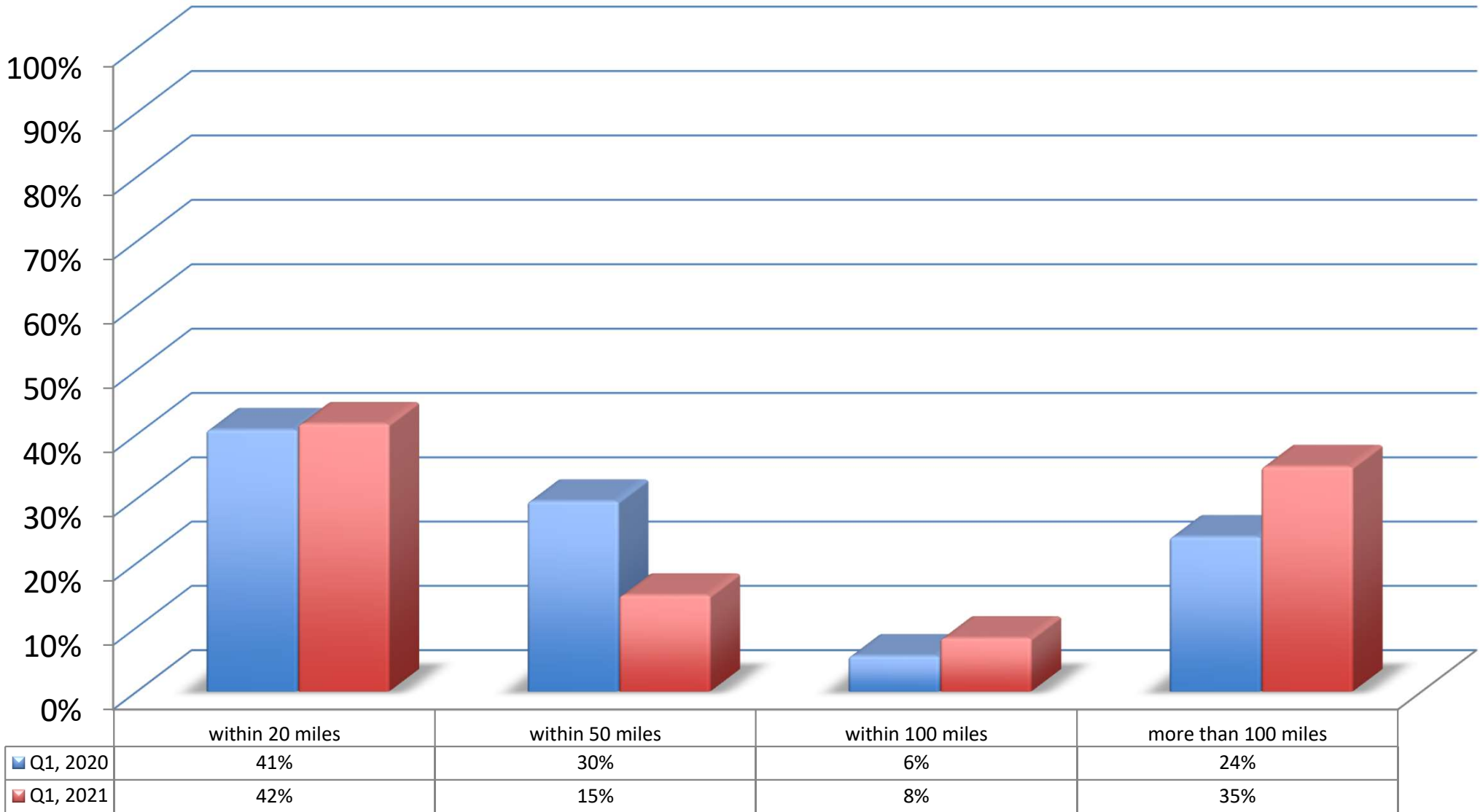
Buyer Type



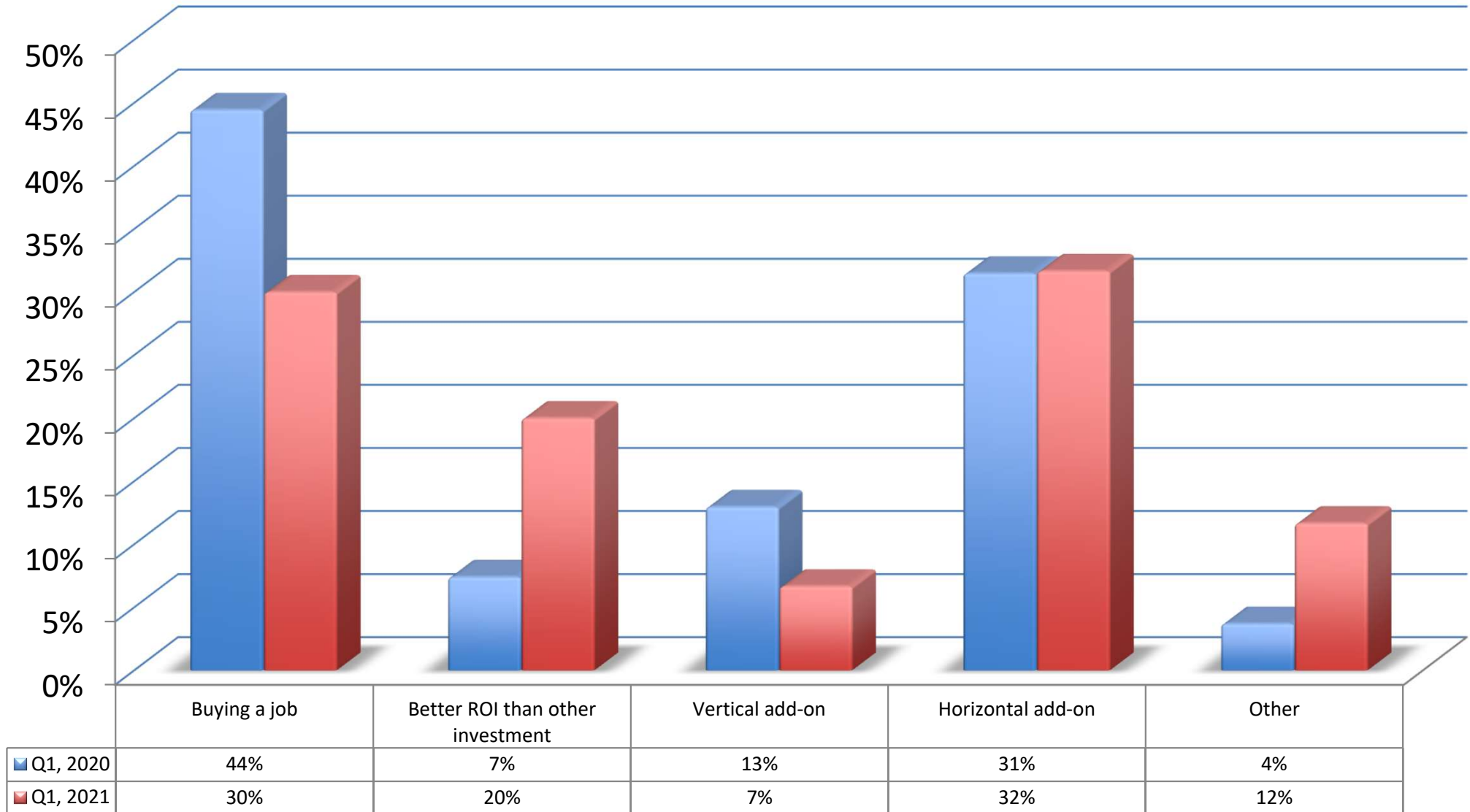
#1 Reason for Seller to Go to Market



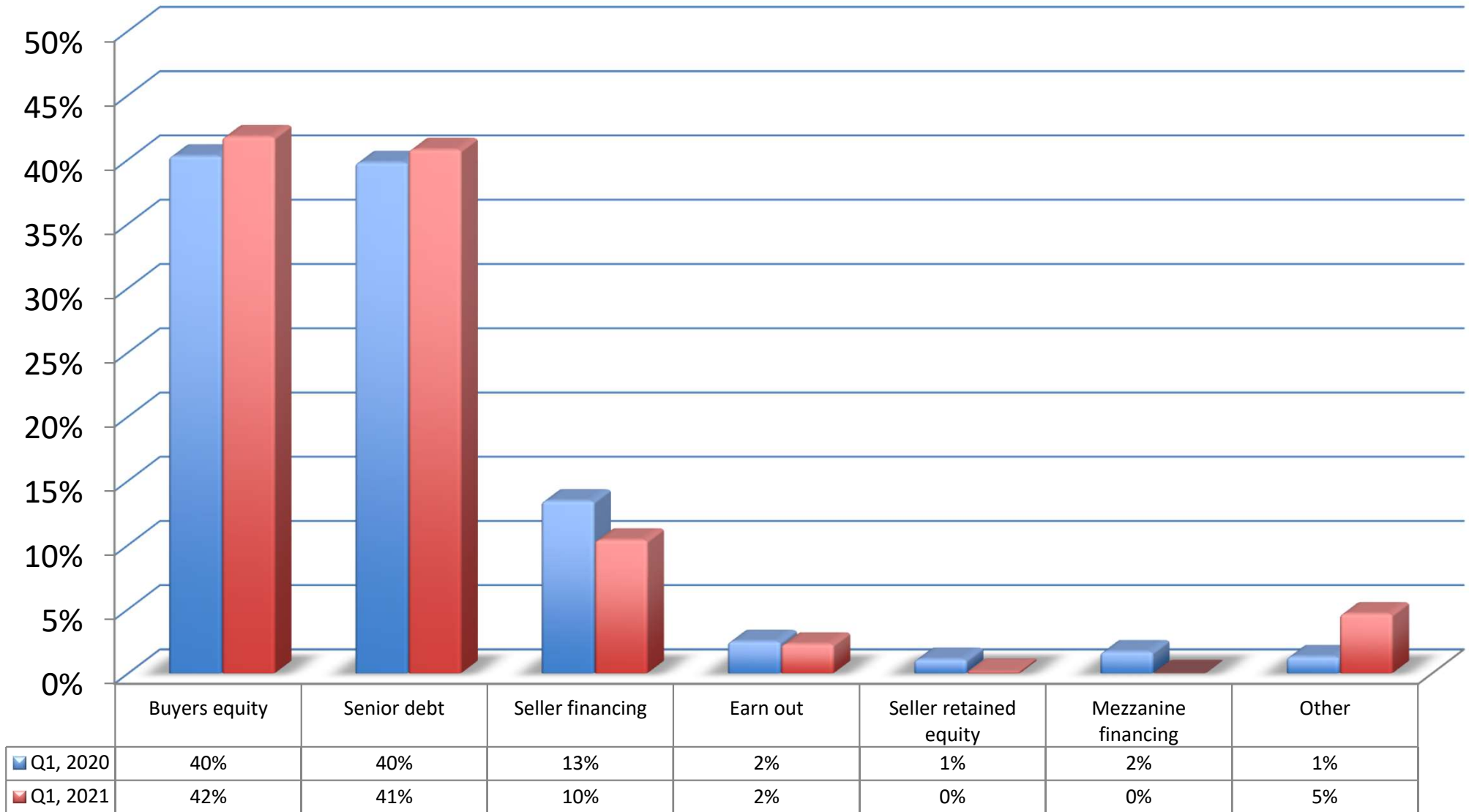
Buyer Location



#1 Motivation for Buyer

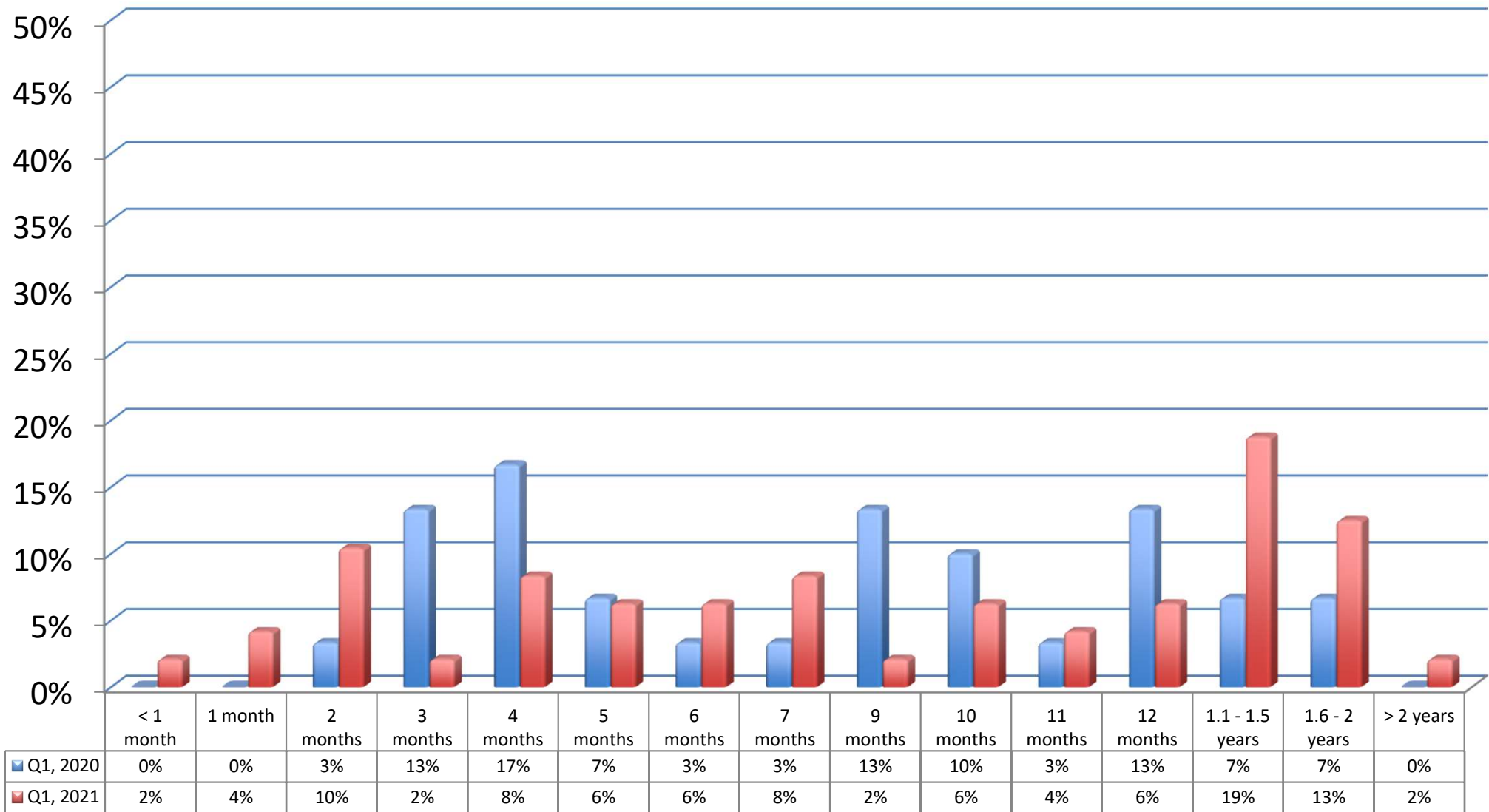


Financing Structure

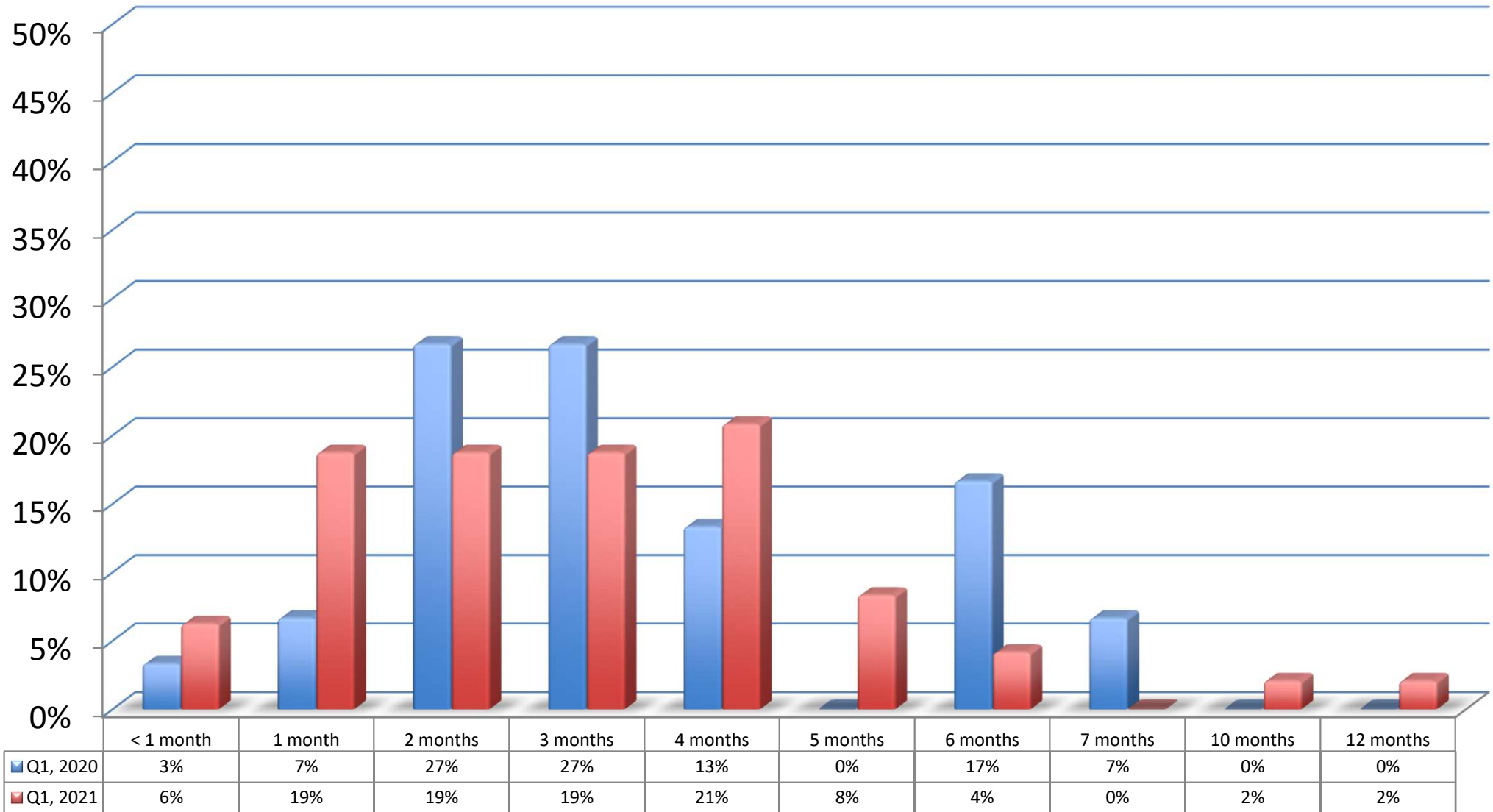


Business Transactions Valued from \$1 Million to \$1.99 Million

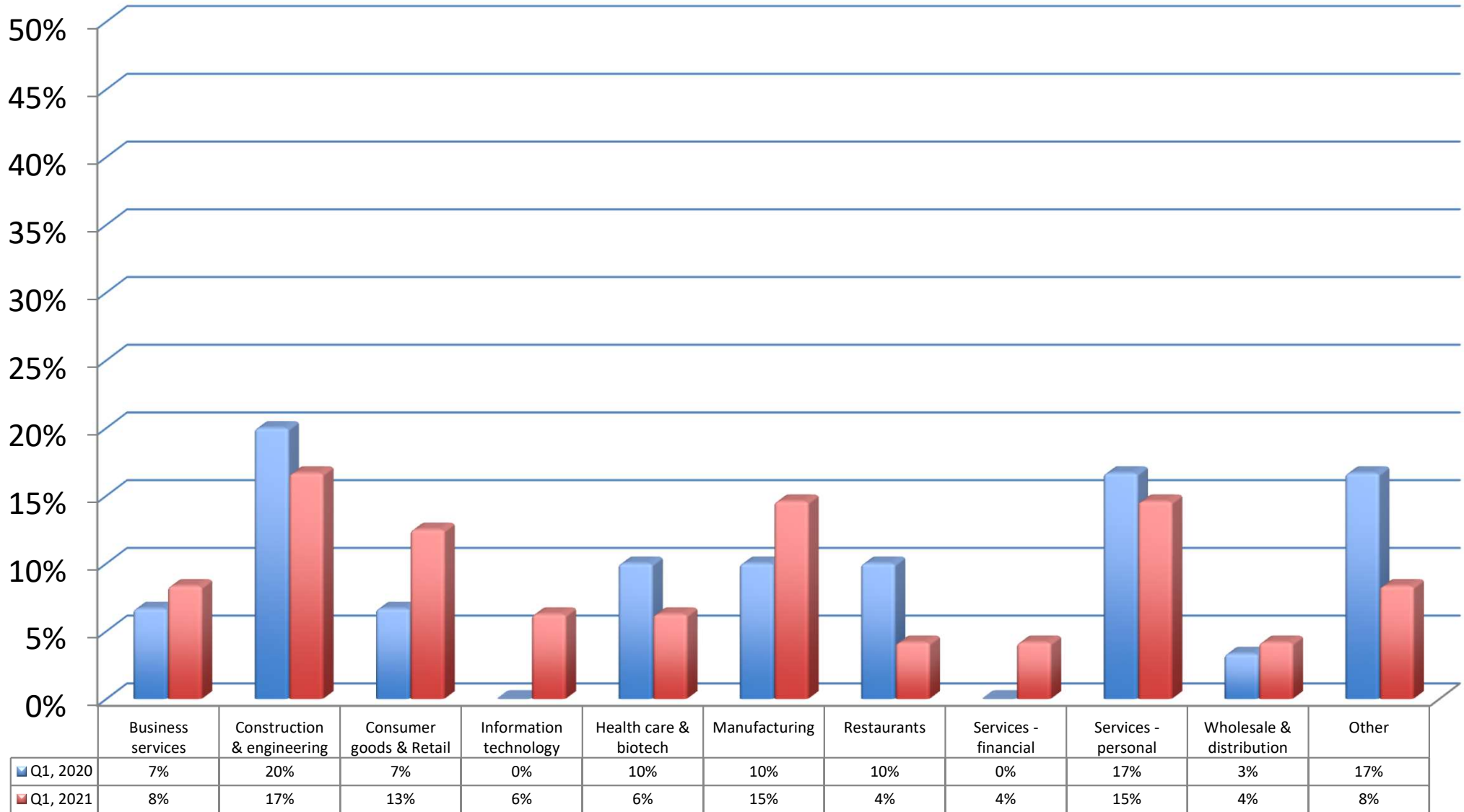
Engagement/Listing to Close



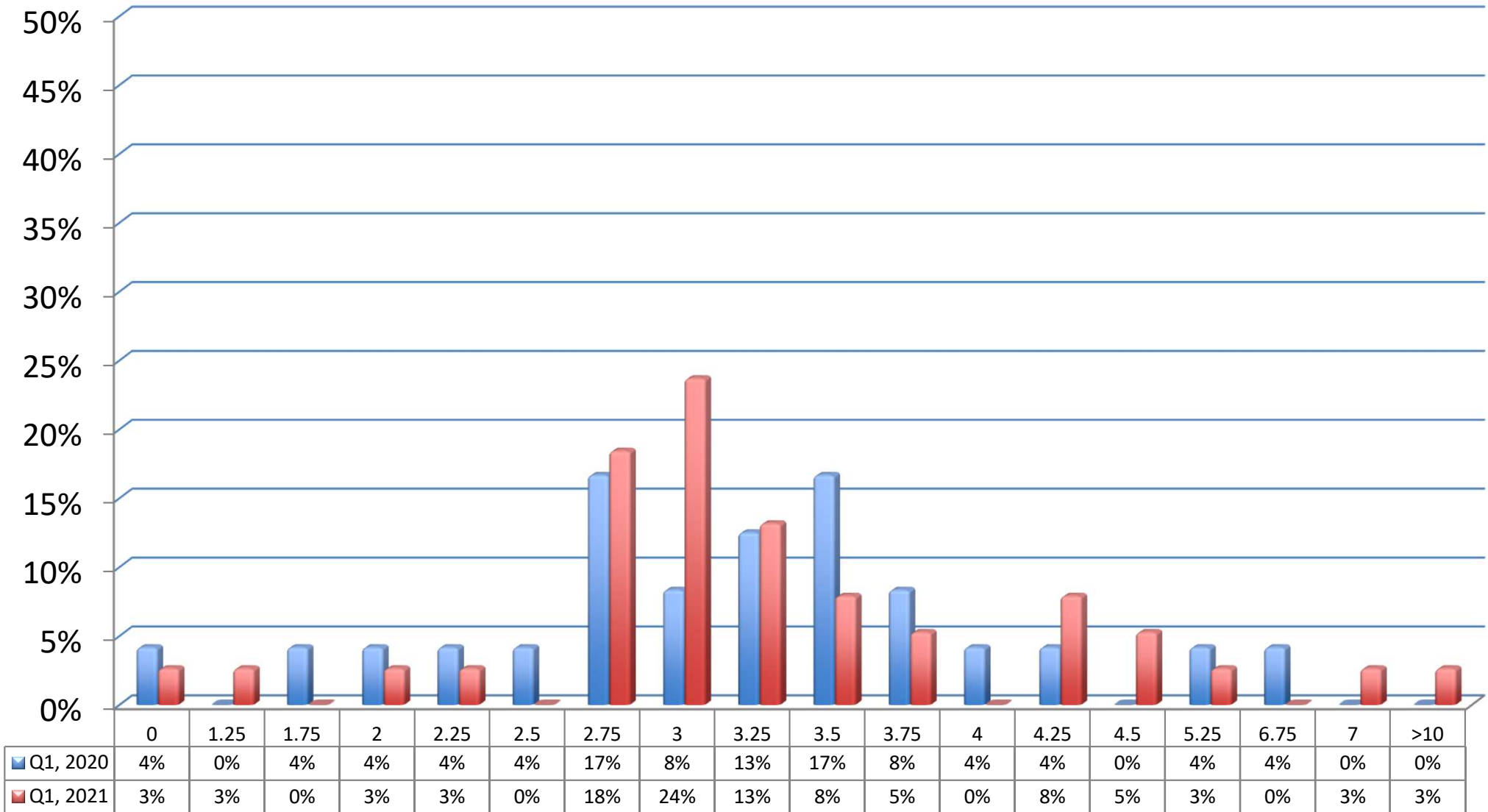
LOI/Offer to Close



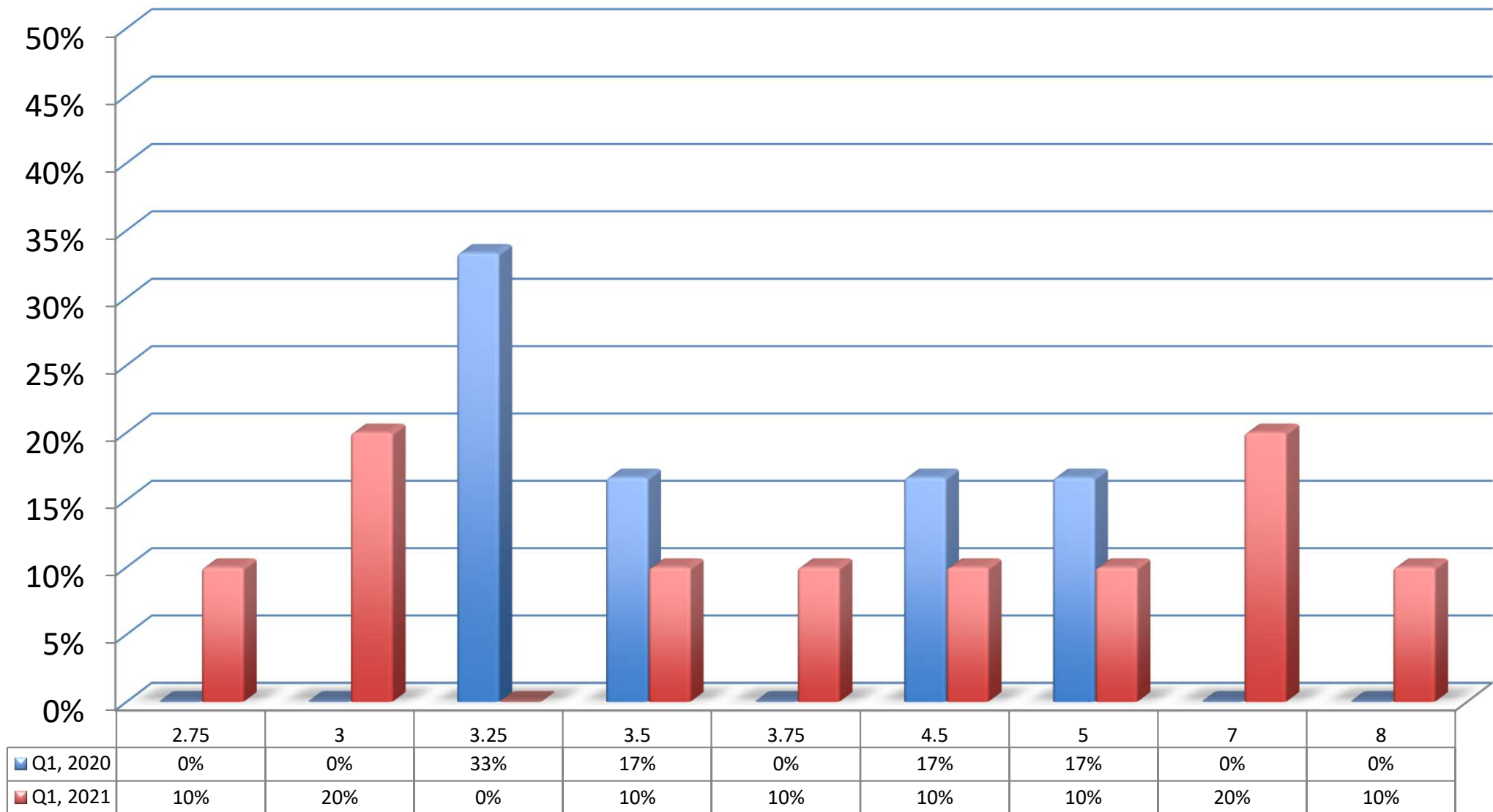
Industry



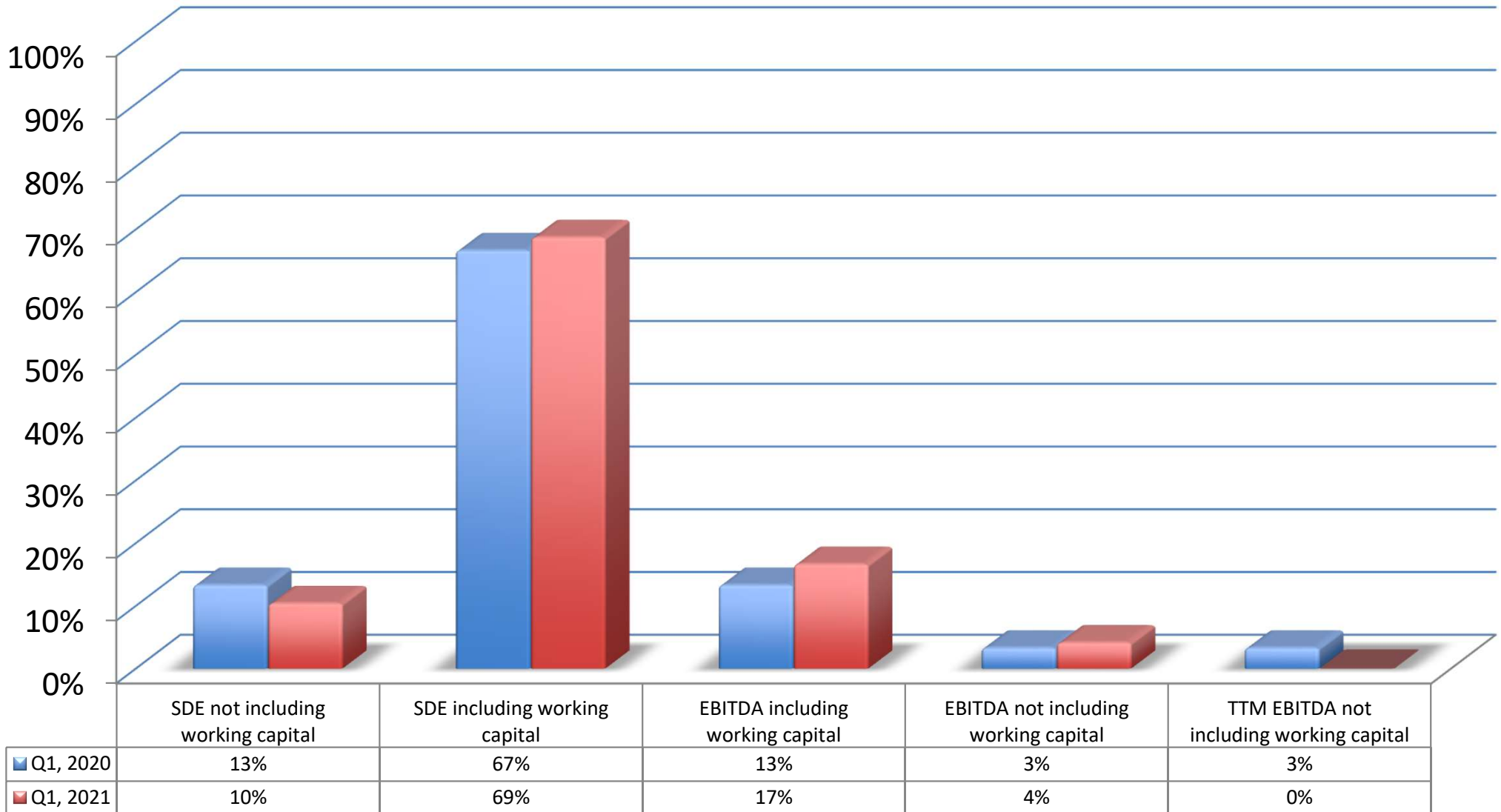
SDE Multiple Paid



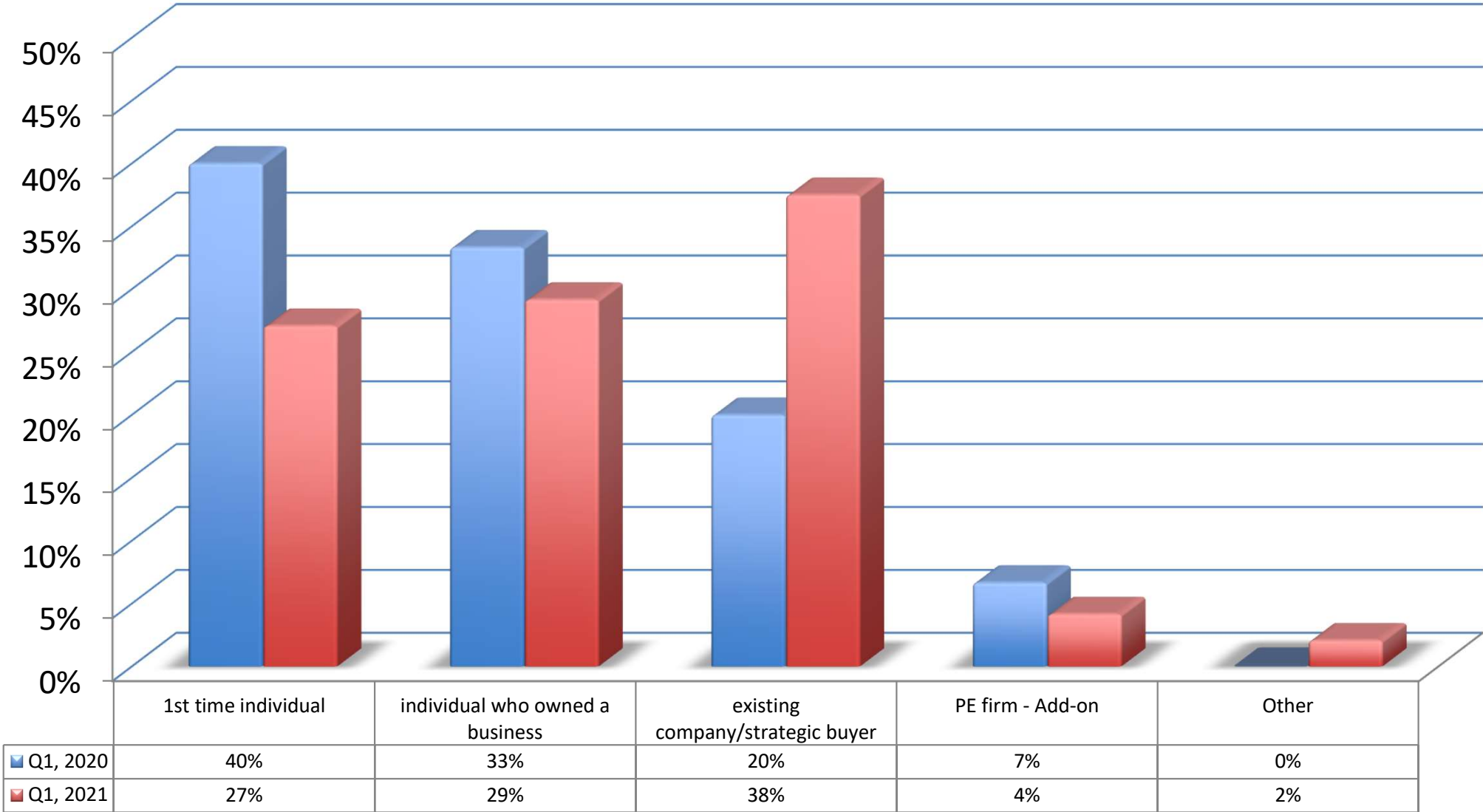
EBITDA Multiple Paid



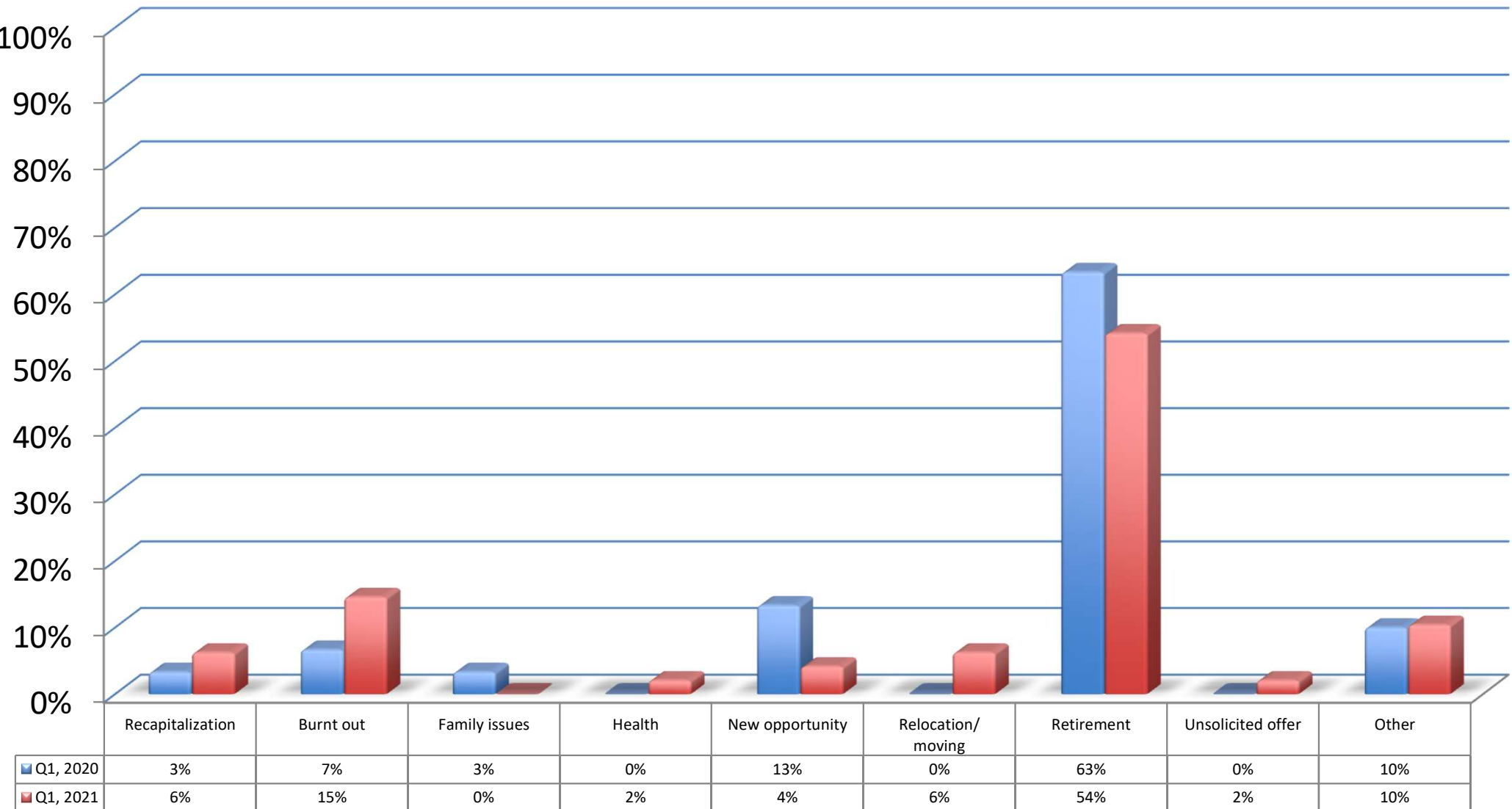
Multiple Type



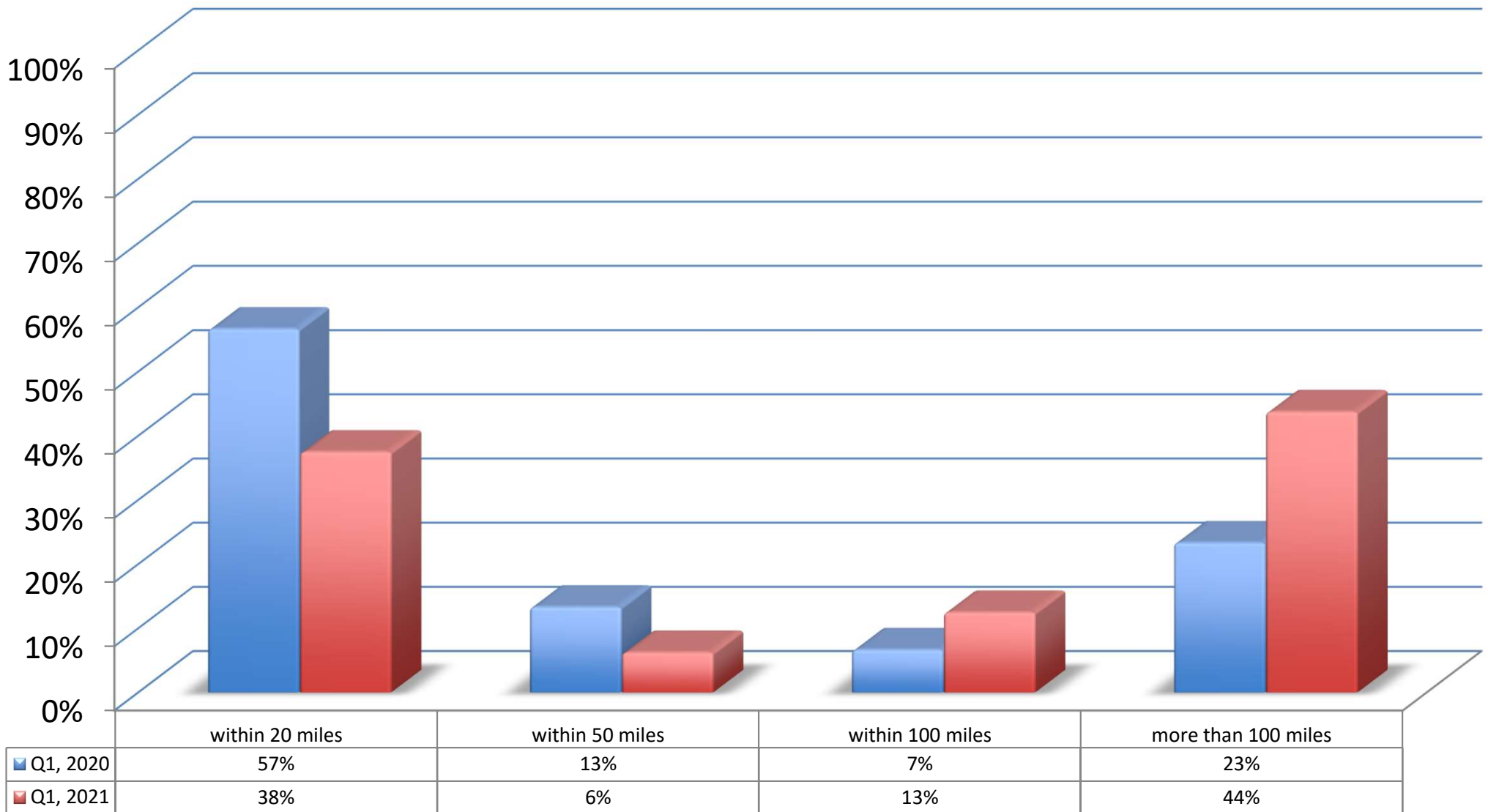
Buyer Type



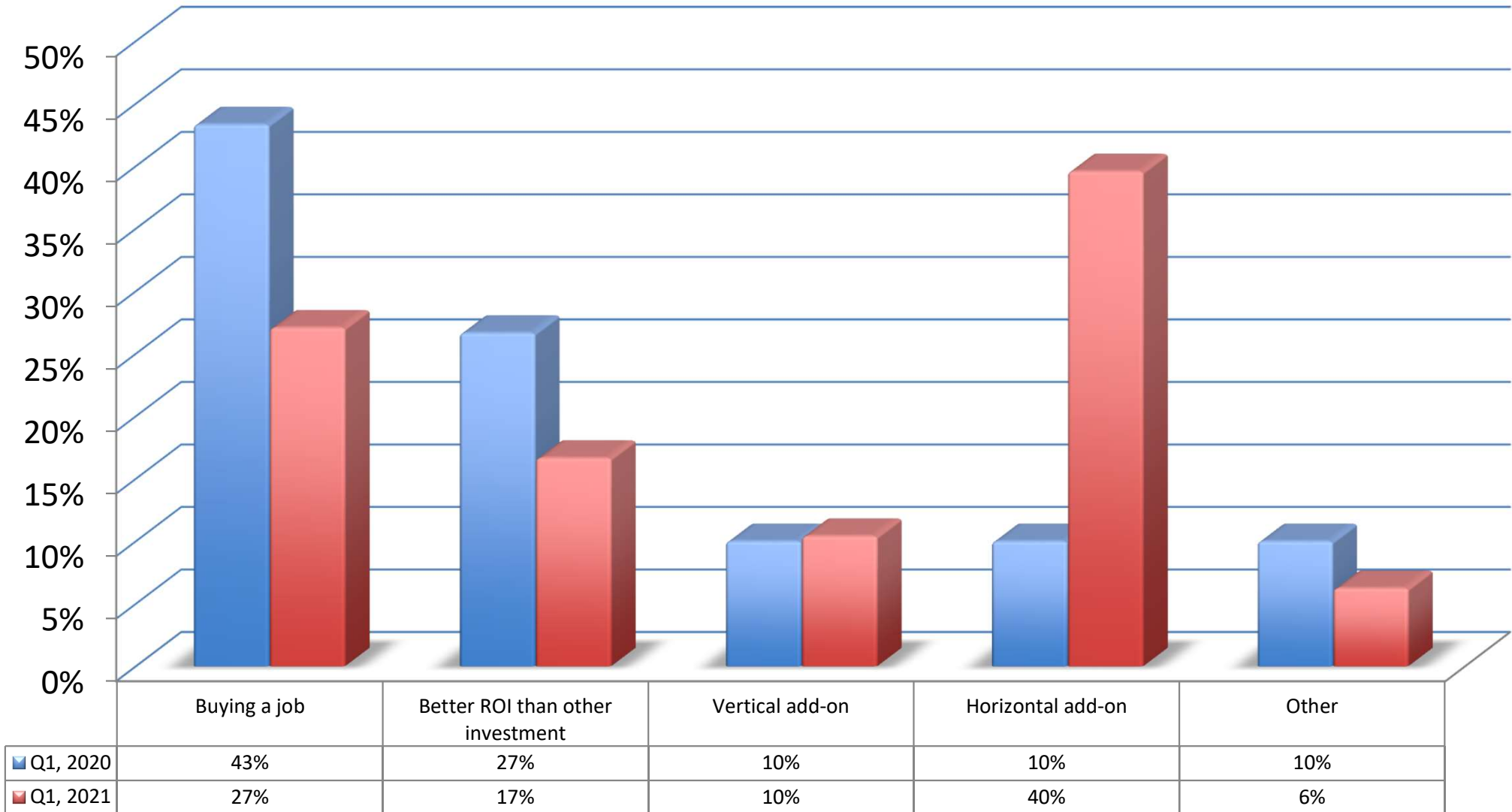
#1 Reason for Seller to Go to Market



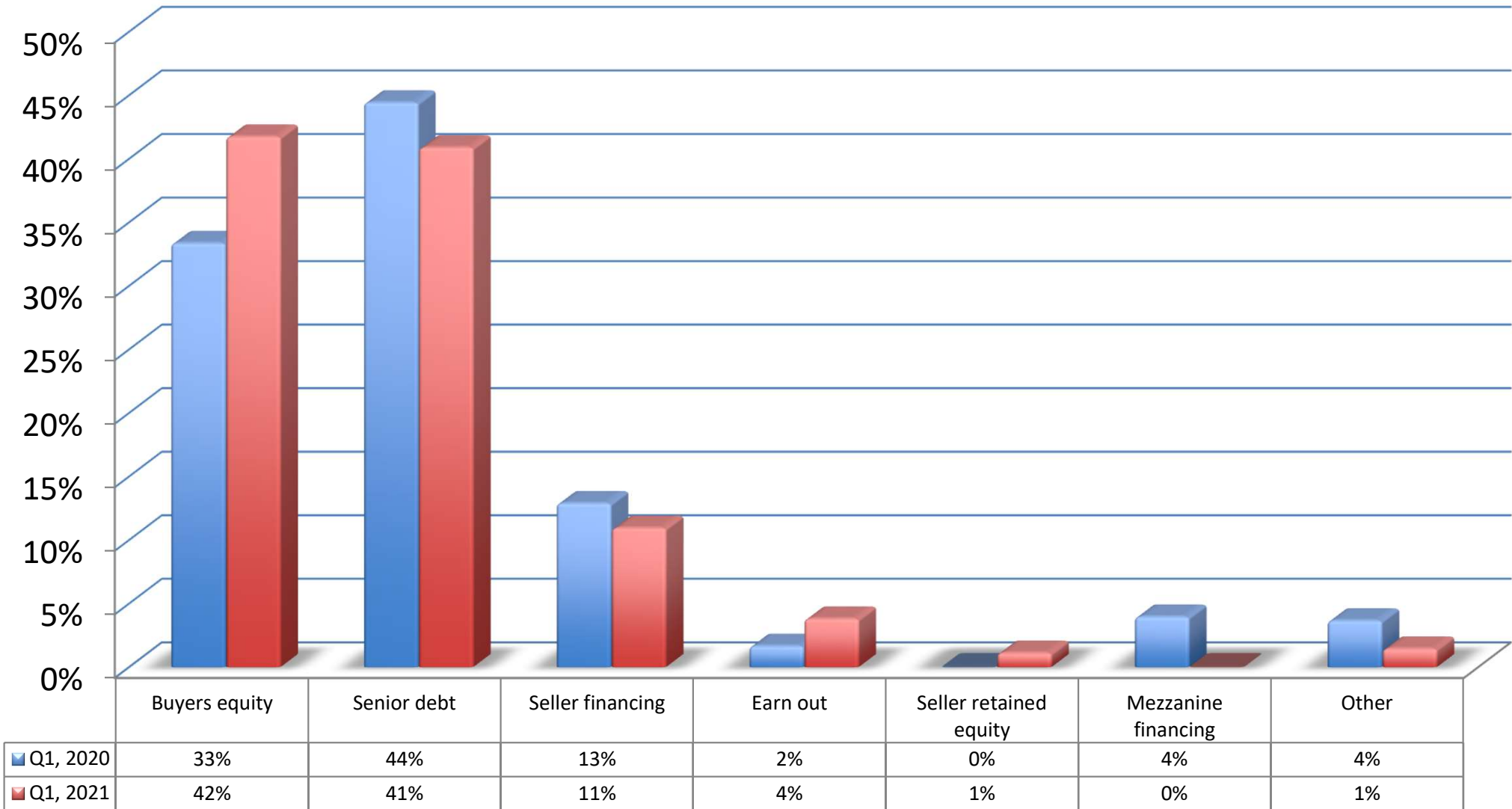
Buyer Location



#1 Motivation for Buyer

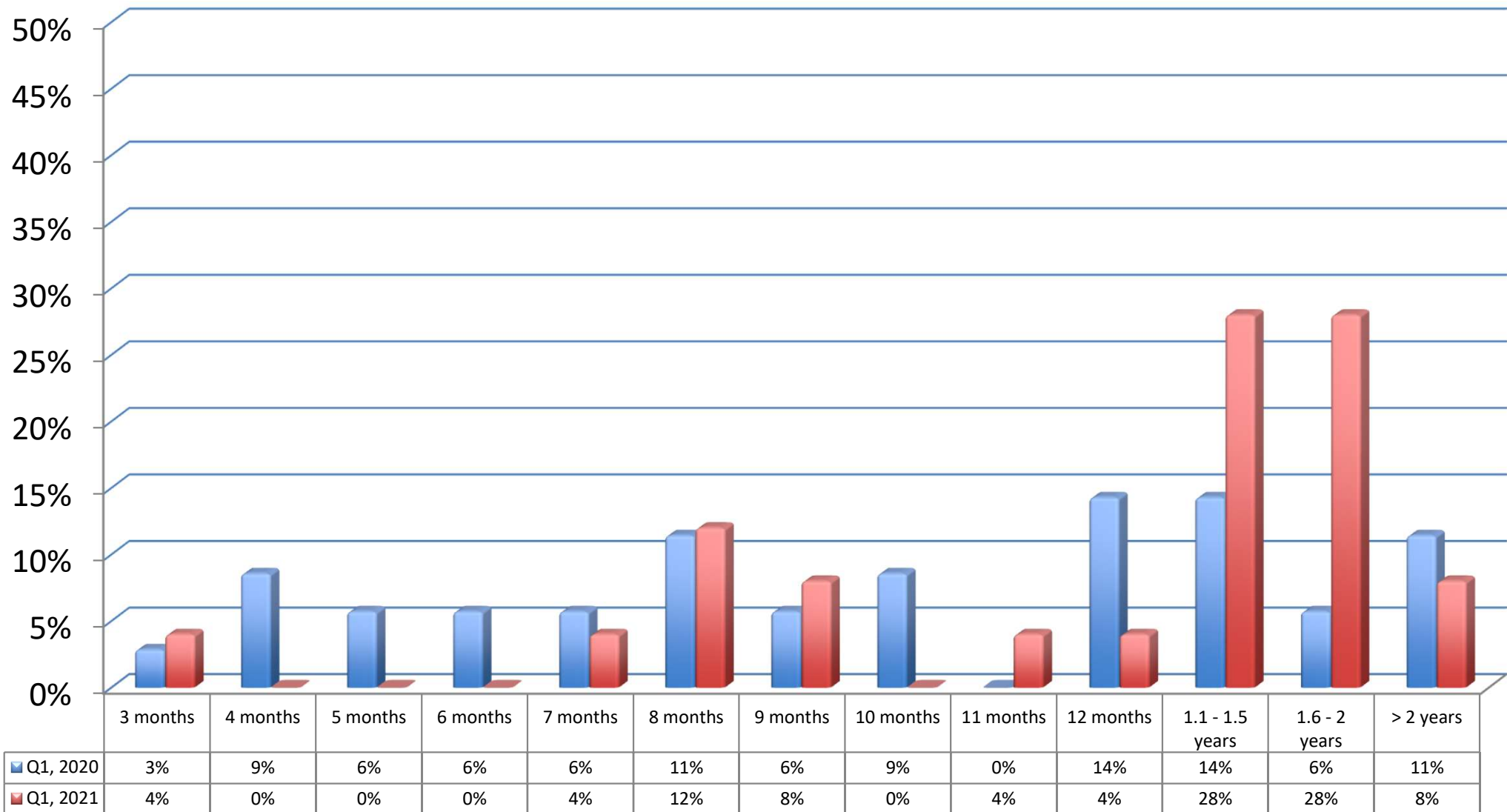


Financing Structure

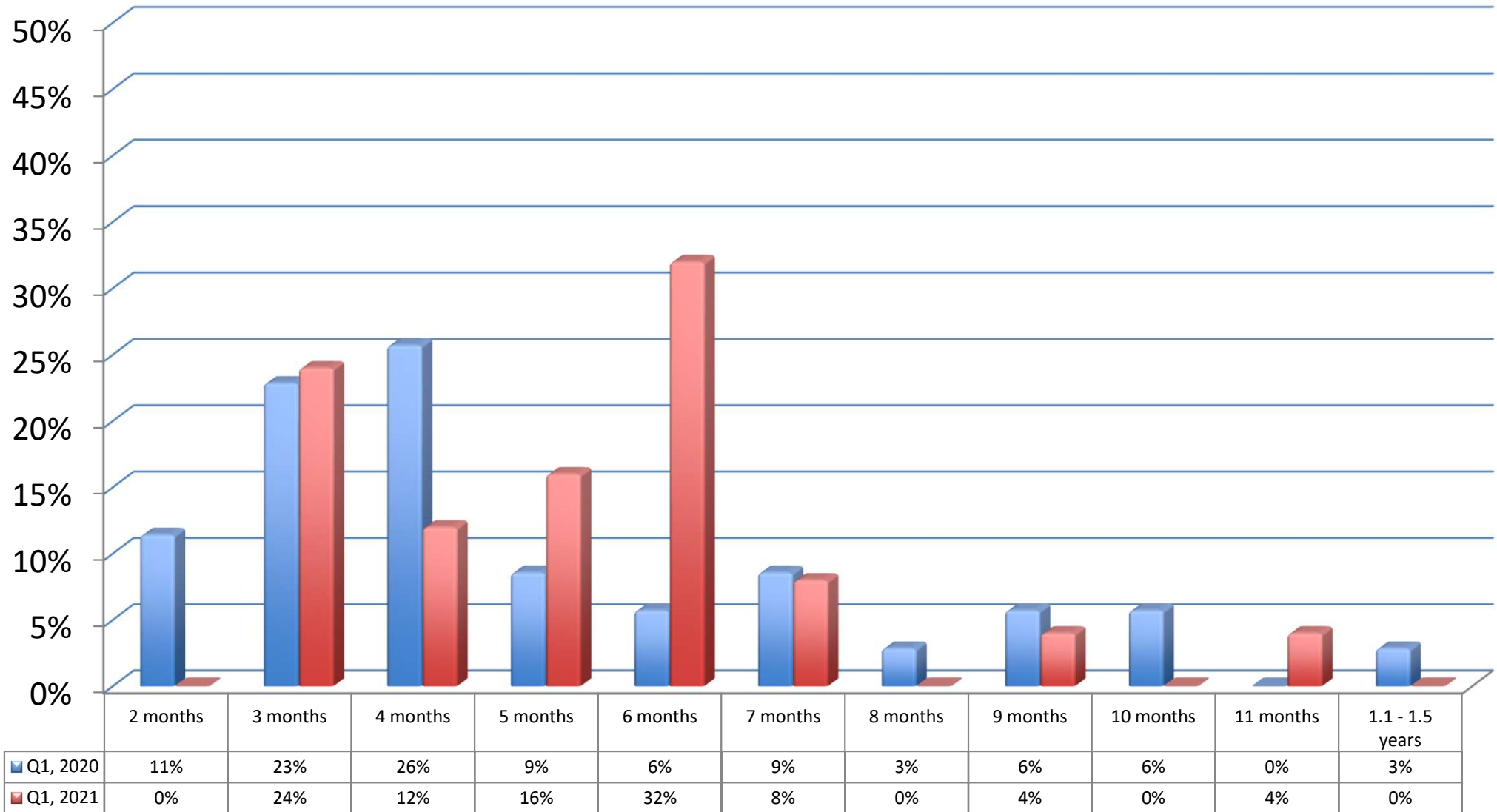


Business Transactions Valued from \$2 Million to \$4.99 Million

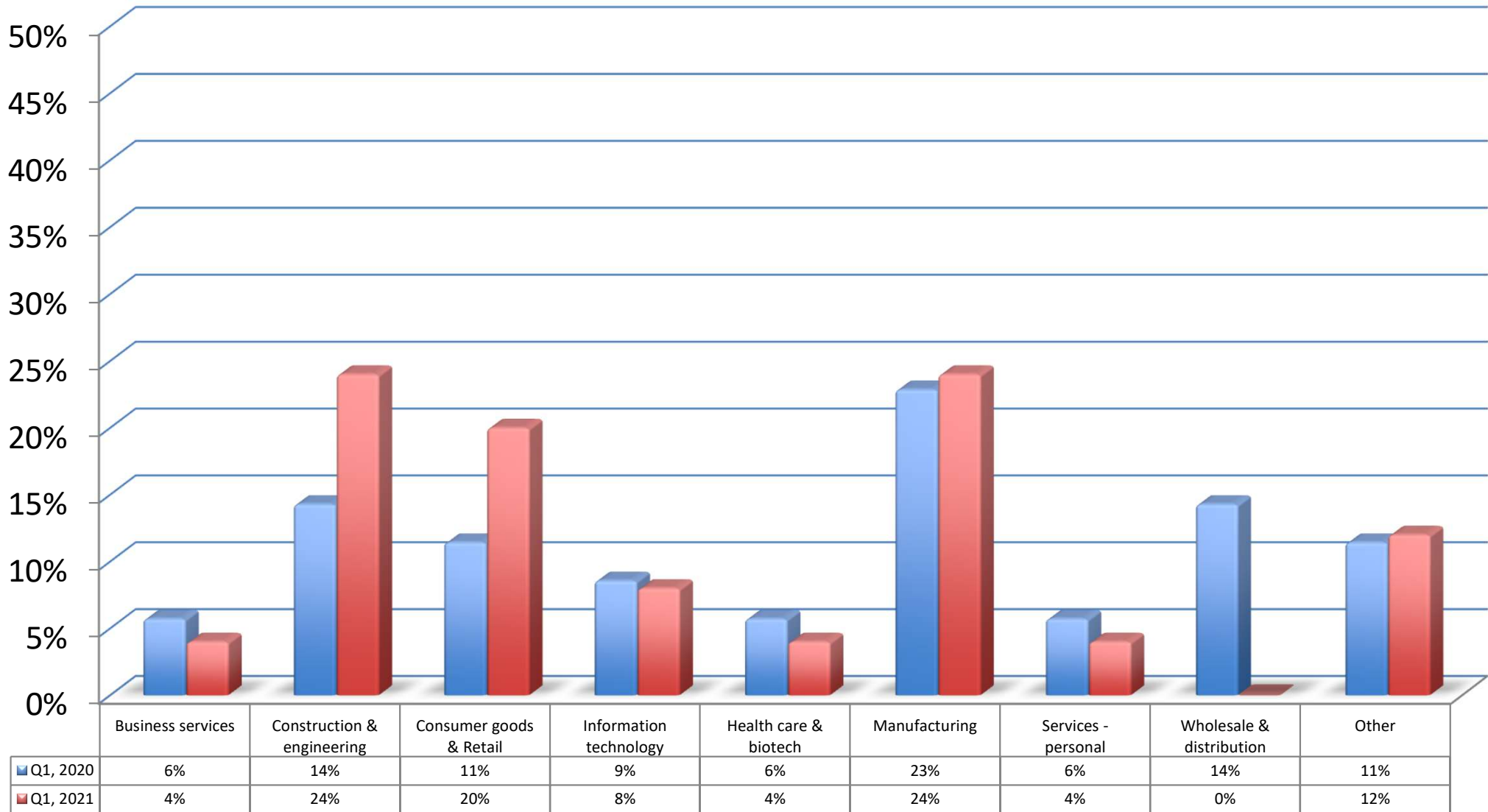
Engagement/Listing to Close



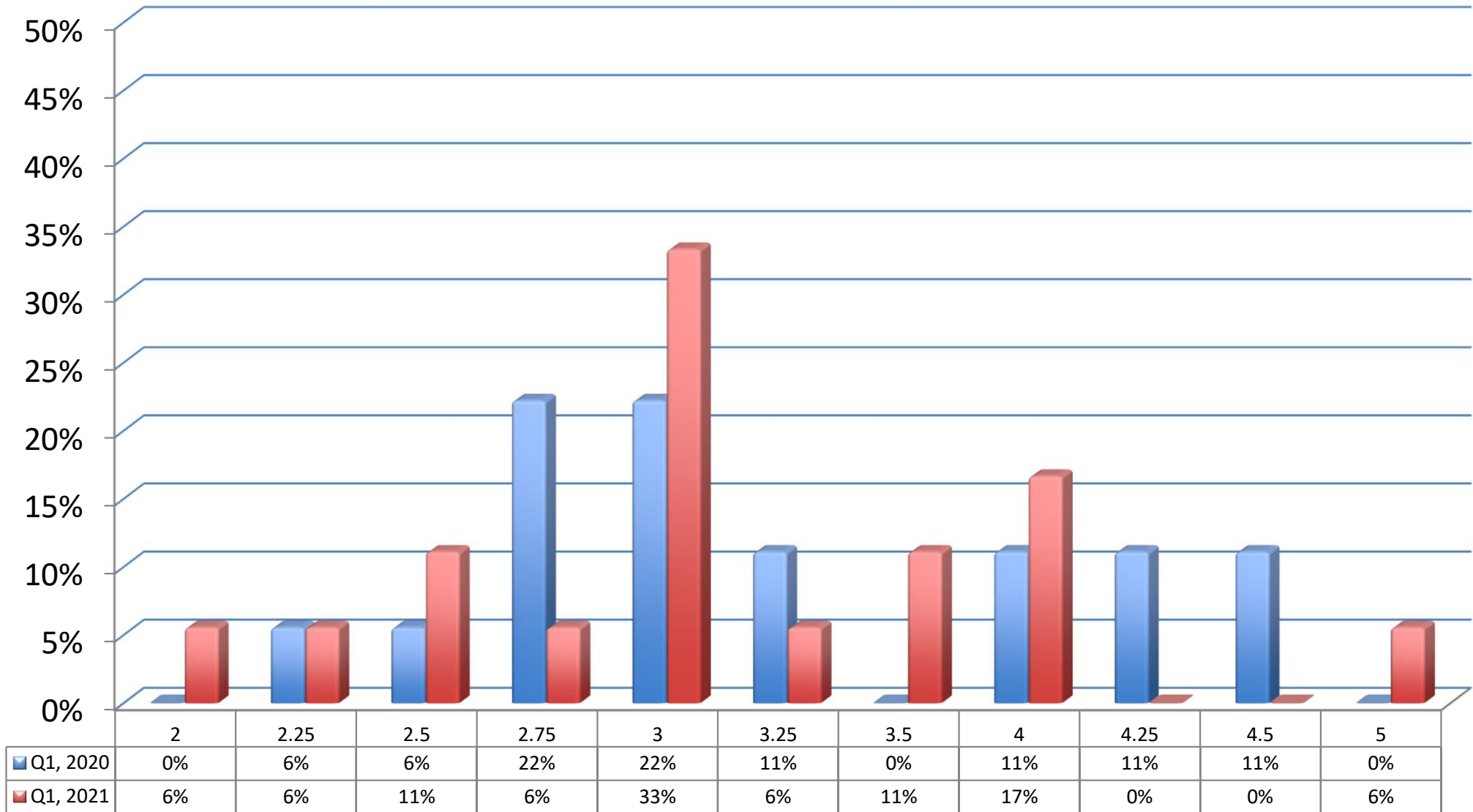
LOI/Offer to Close



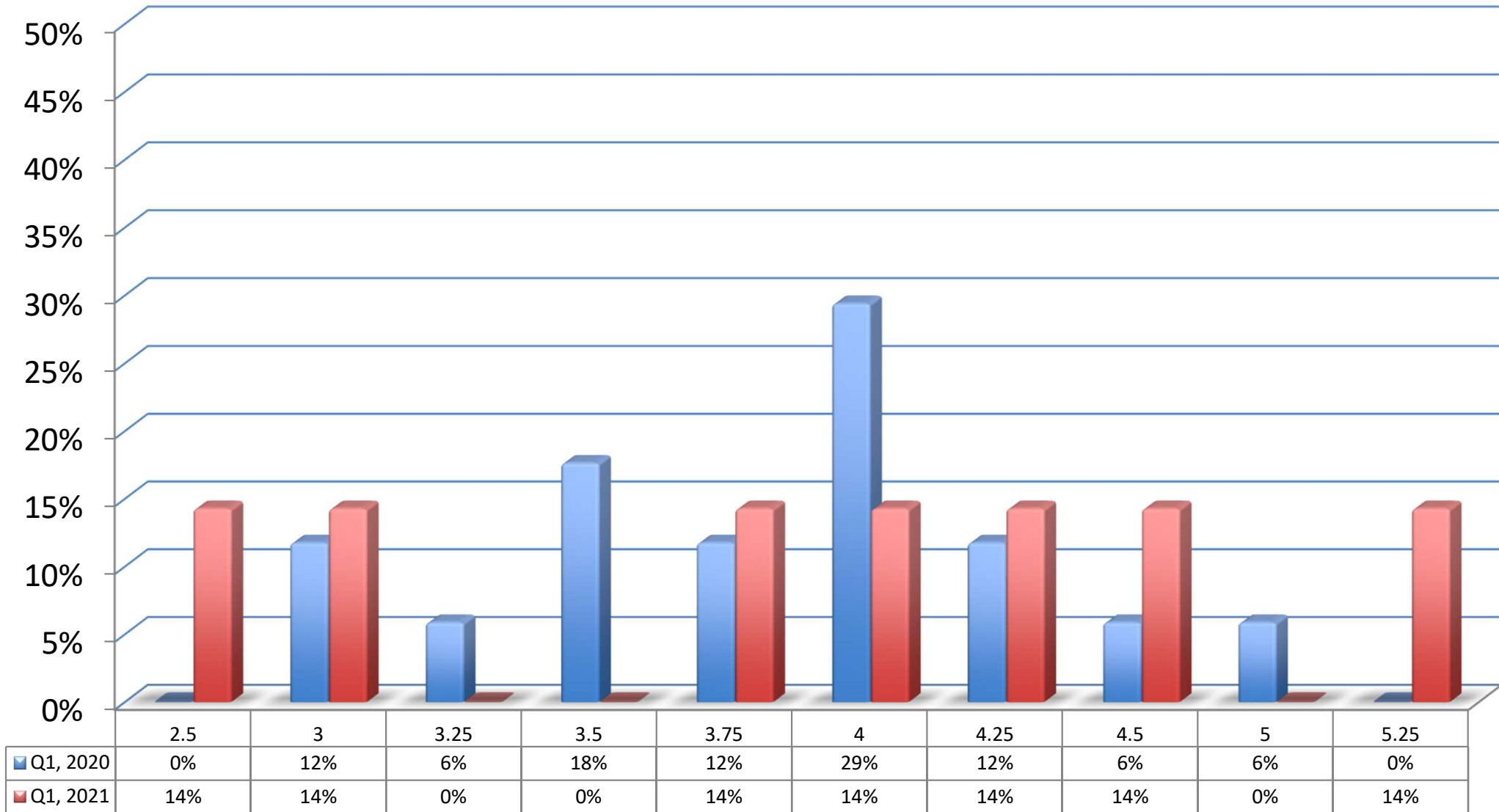
Industry



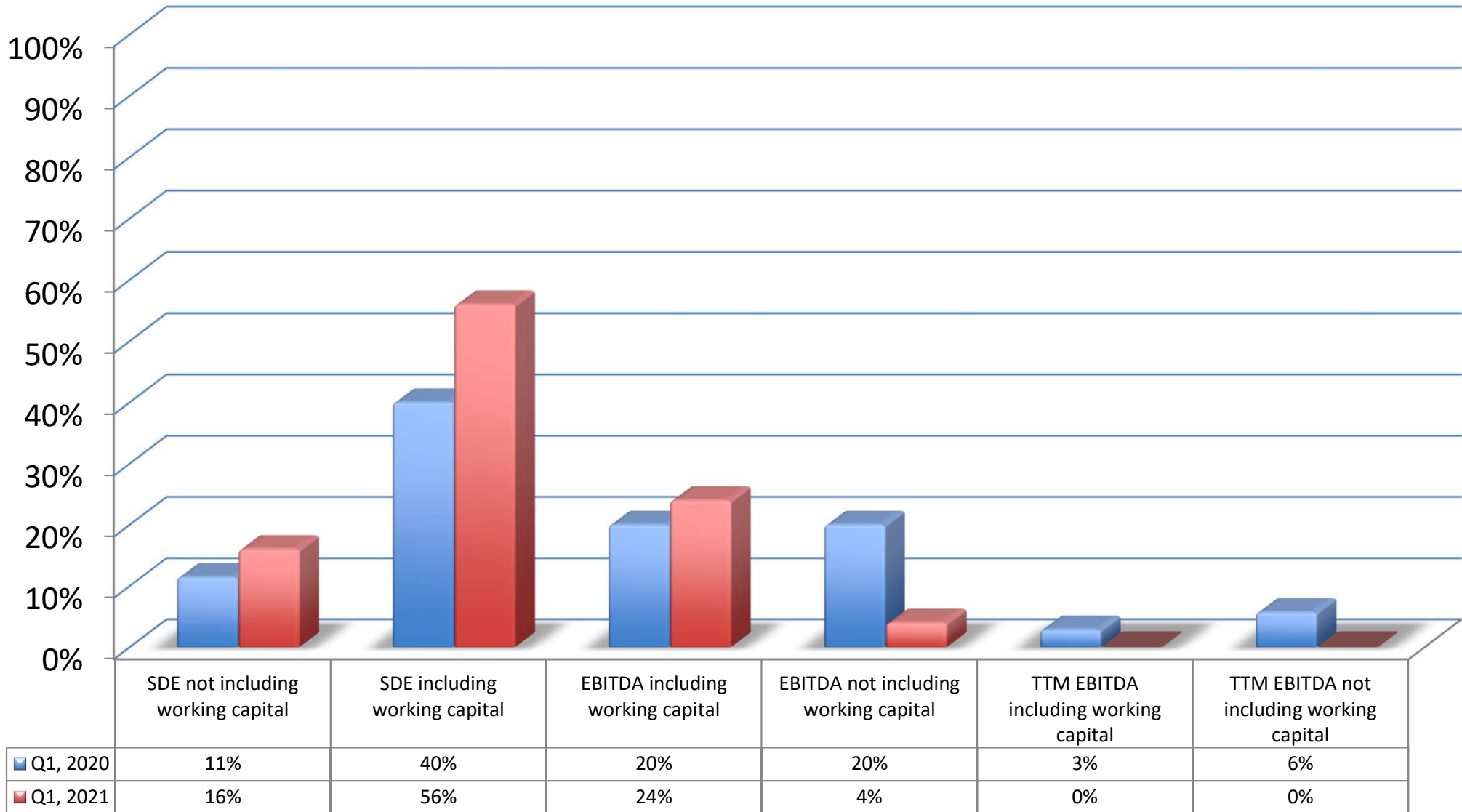
SDE Multiple Paid



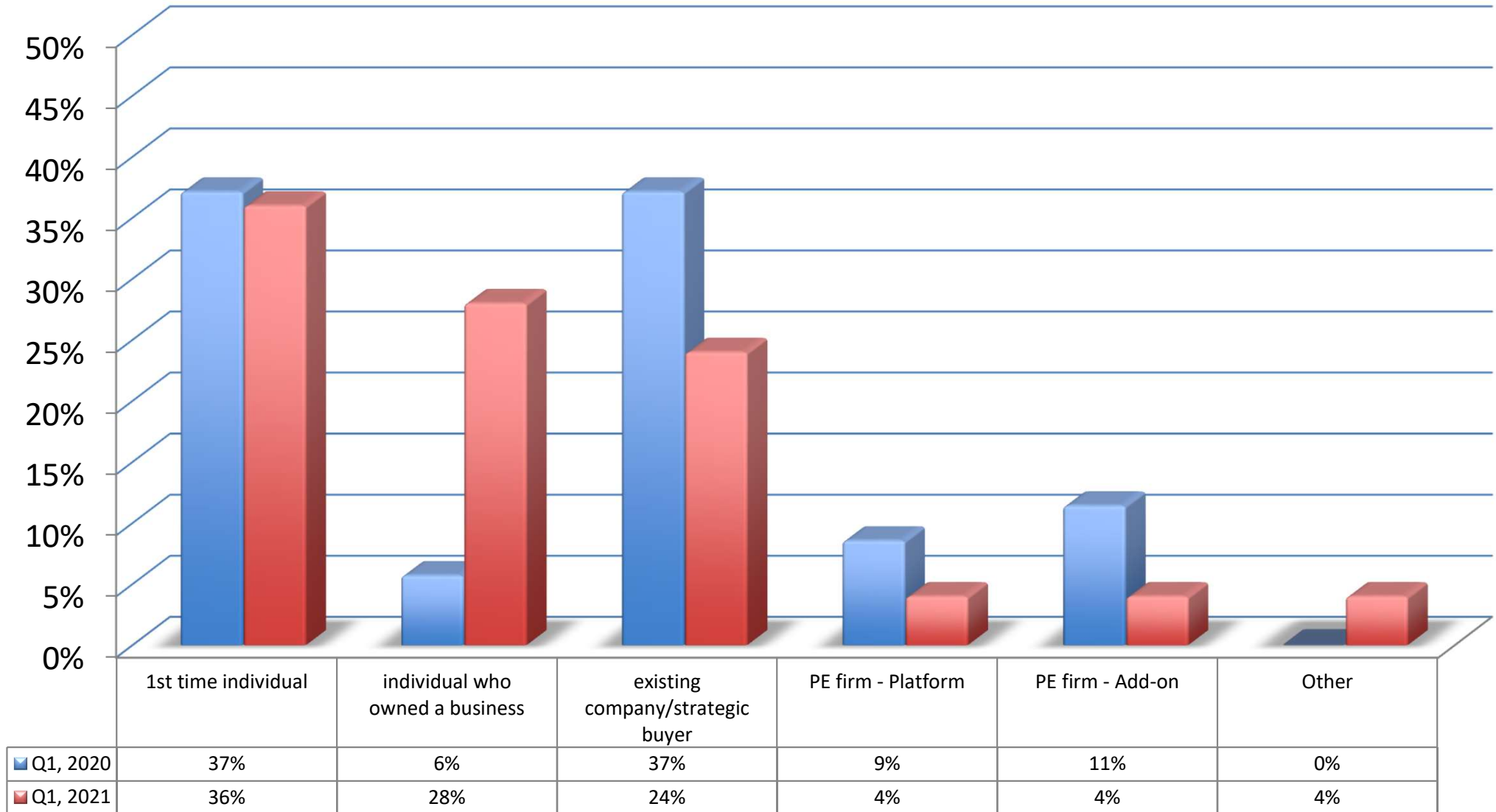
EBITDA Multiple Paid



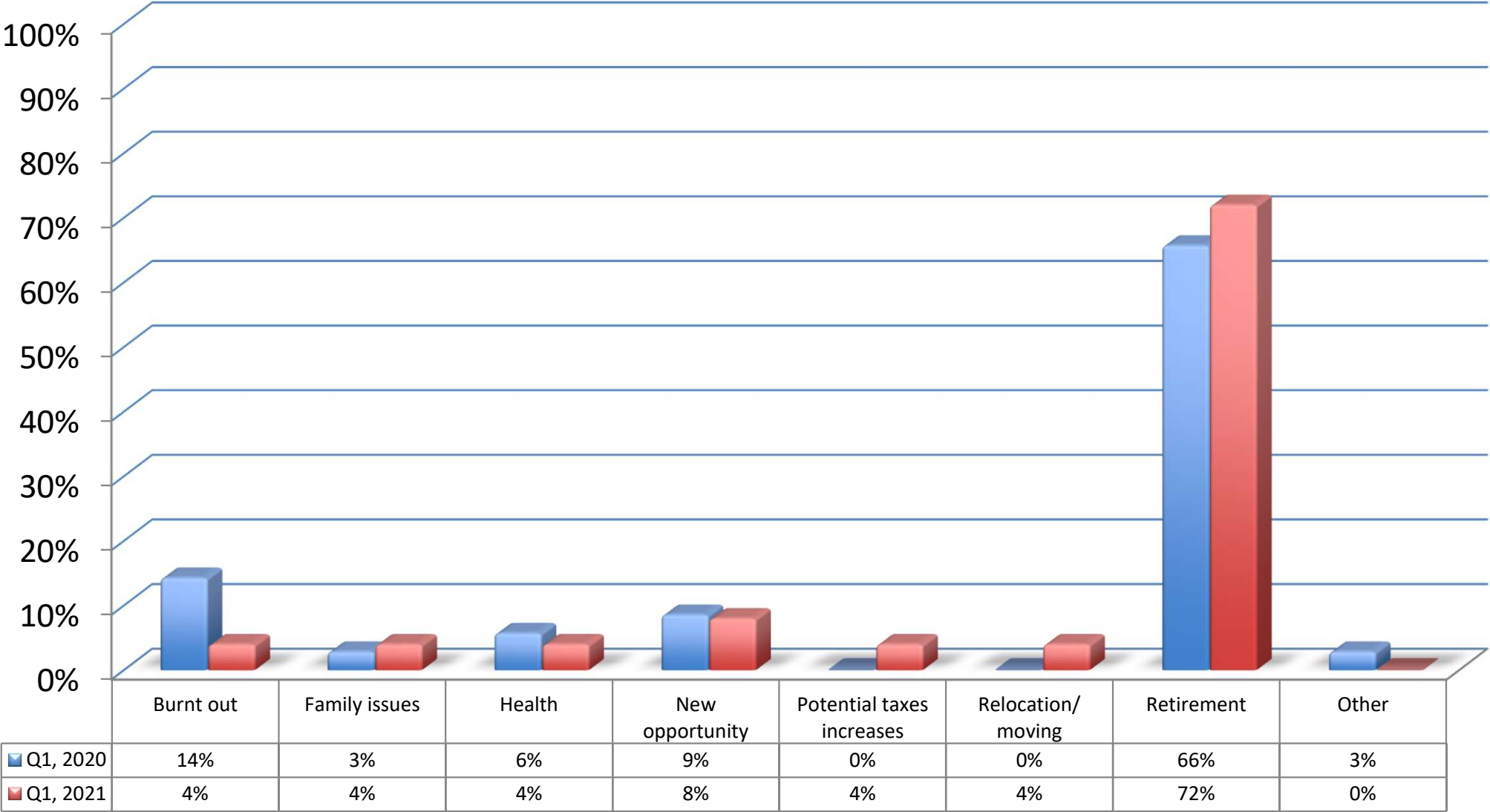
Multiple Type



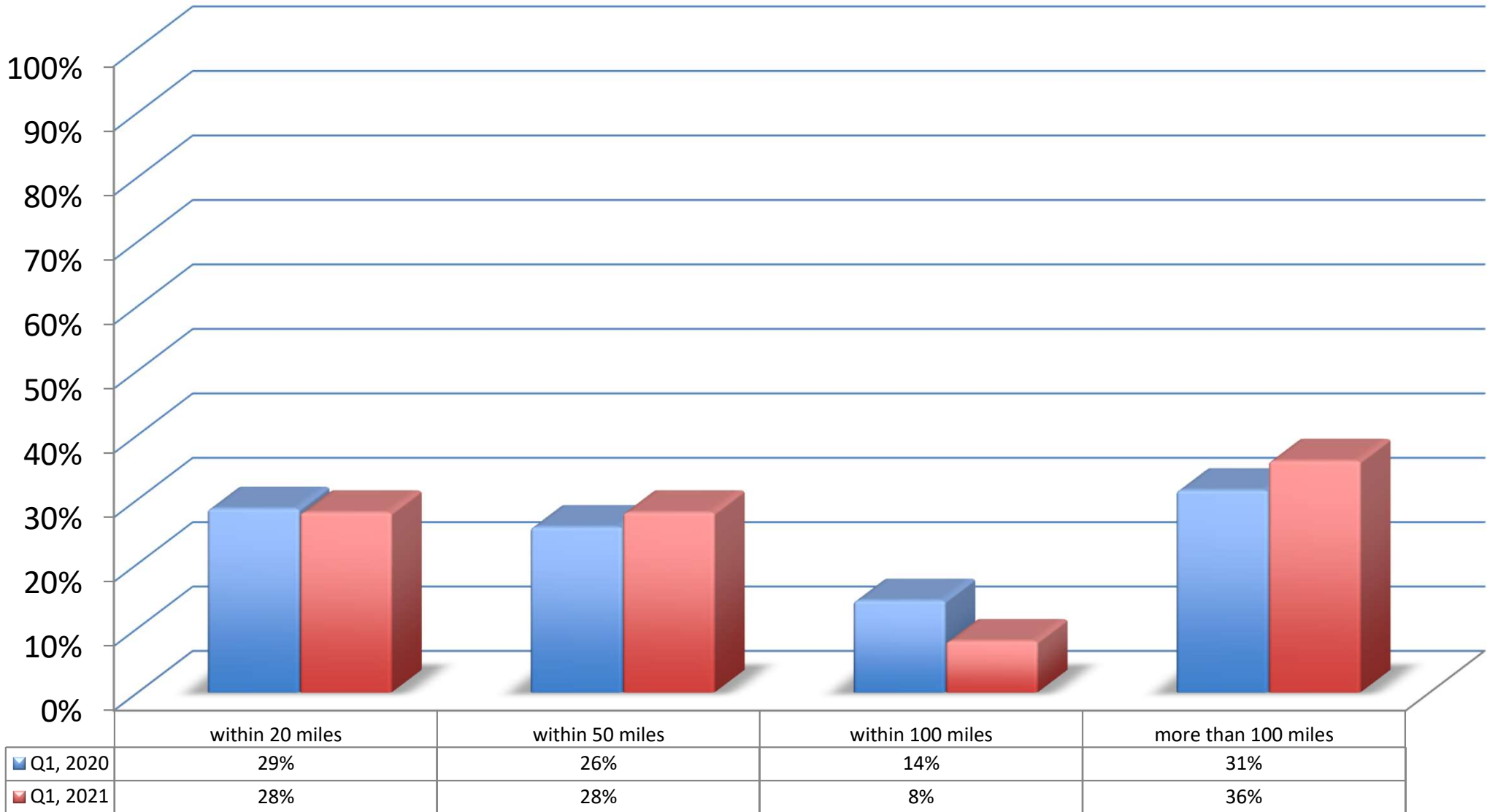
Buyer Type



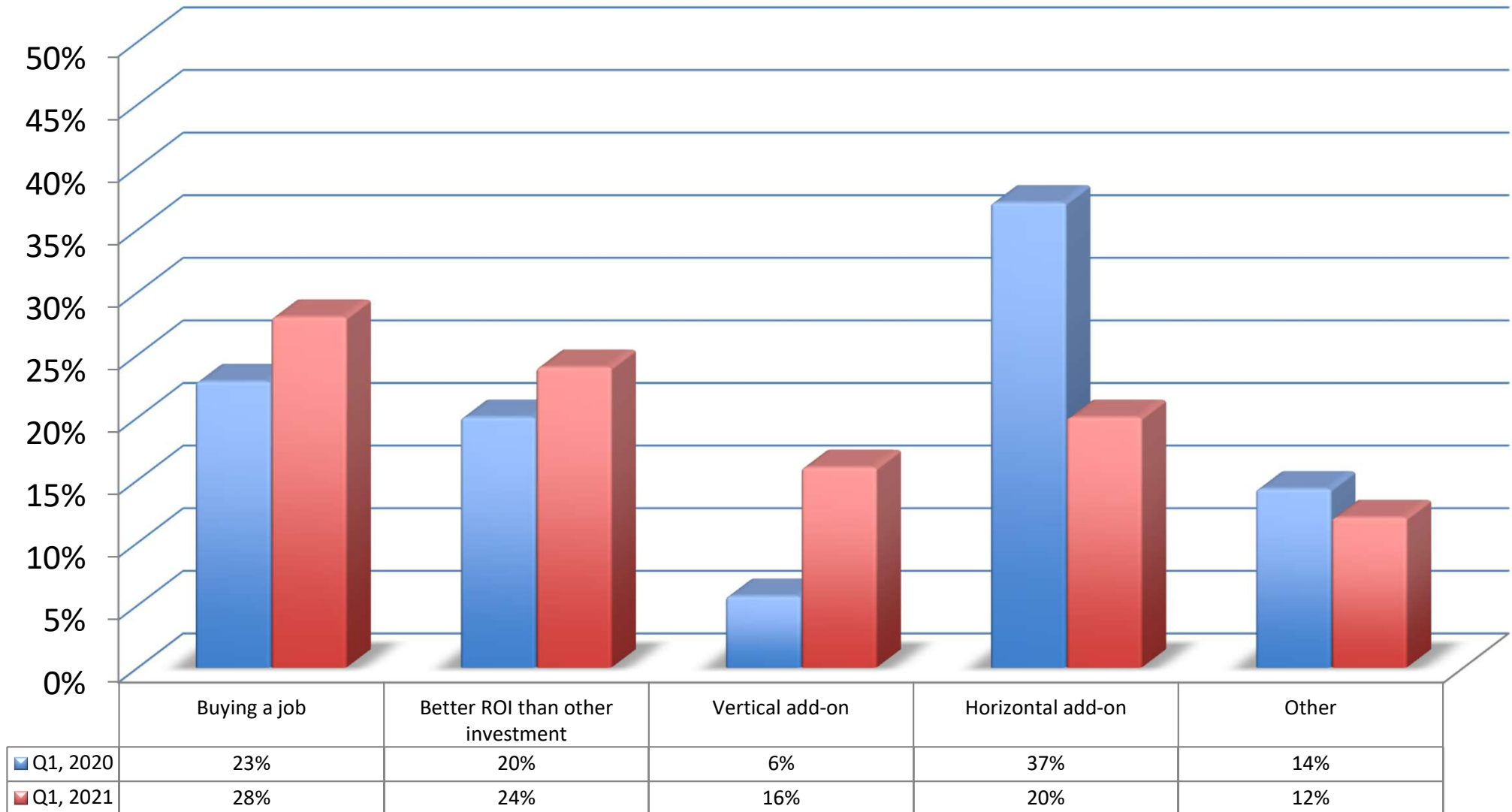
#1 Reason for Seller to Go to Market



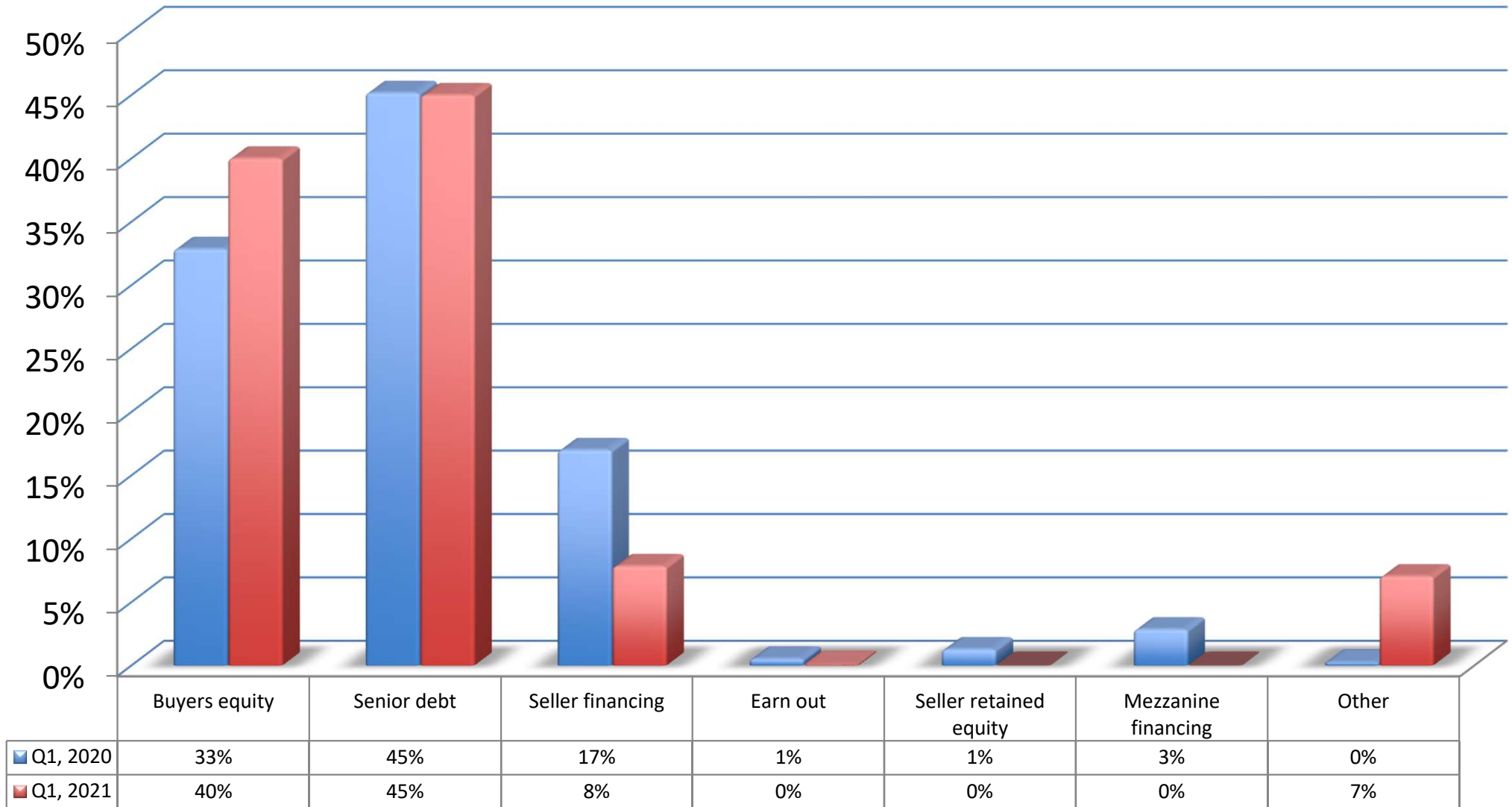
Buyer Location



#1 Motivation for Buyer

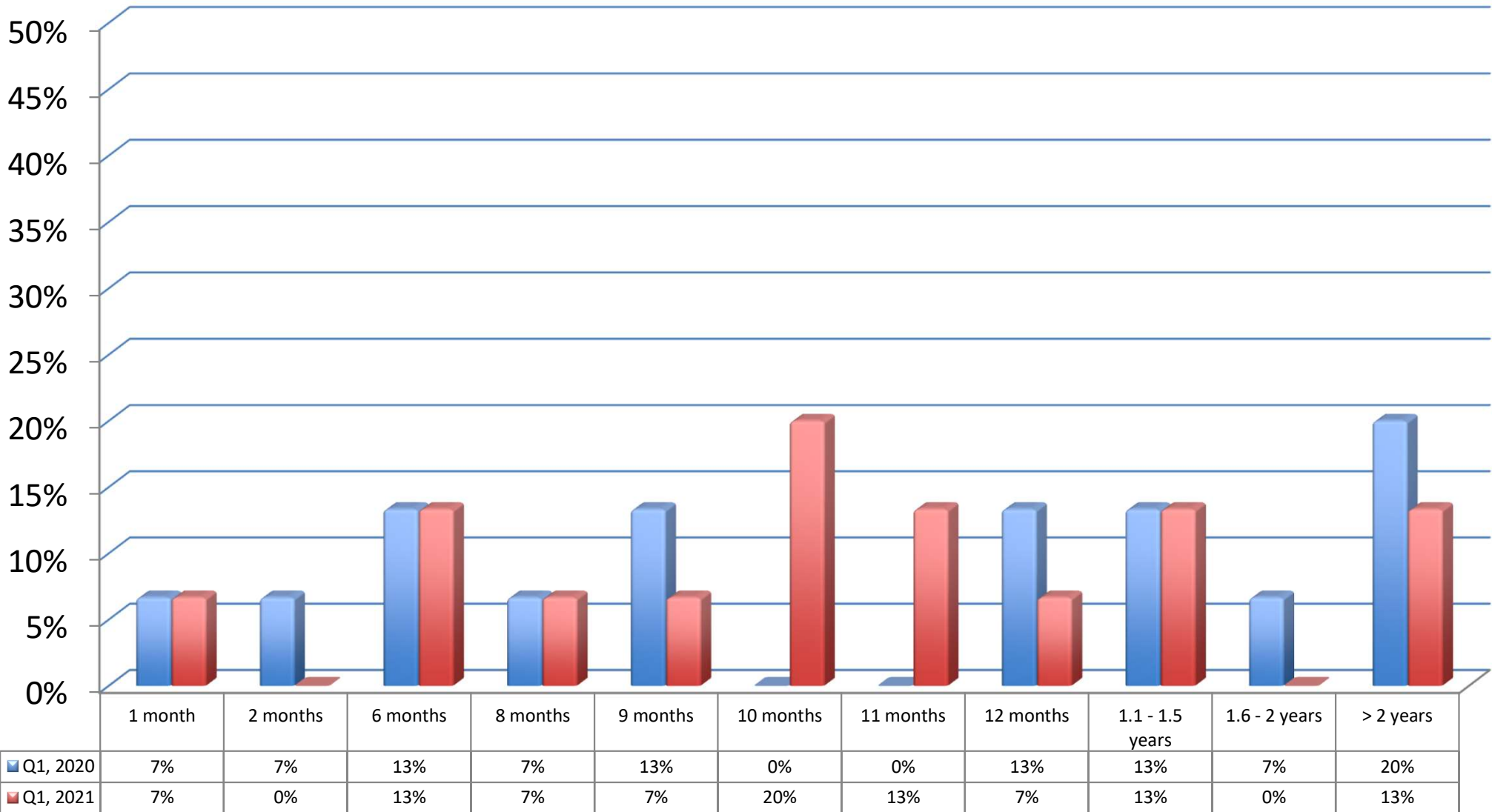


Financing Structure

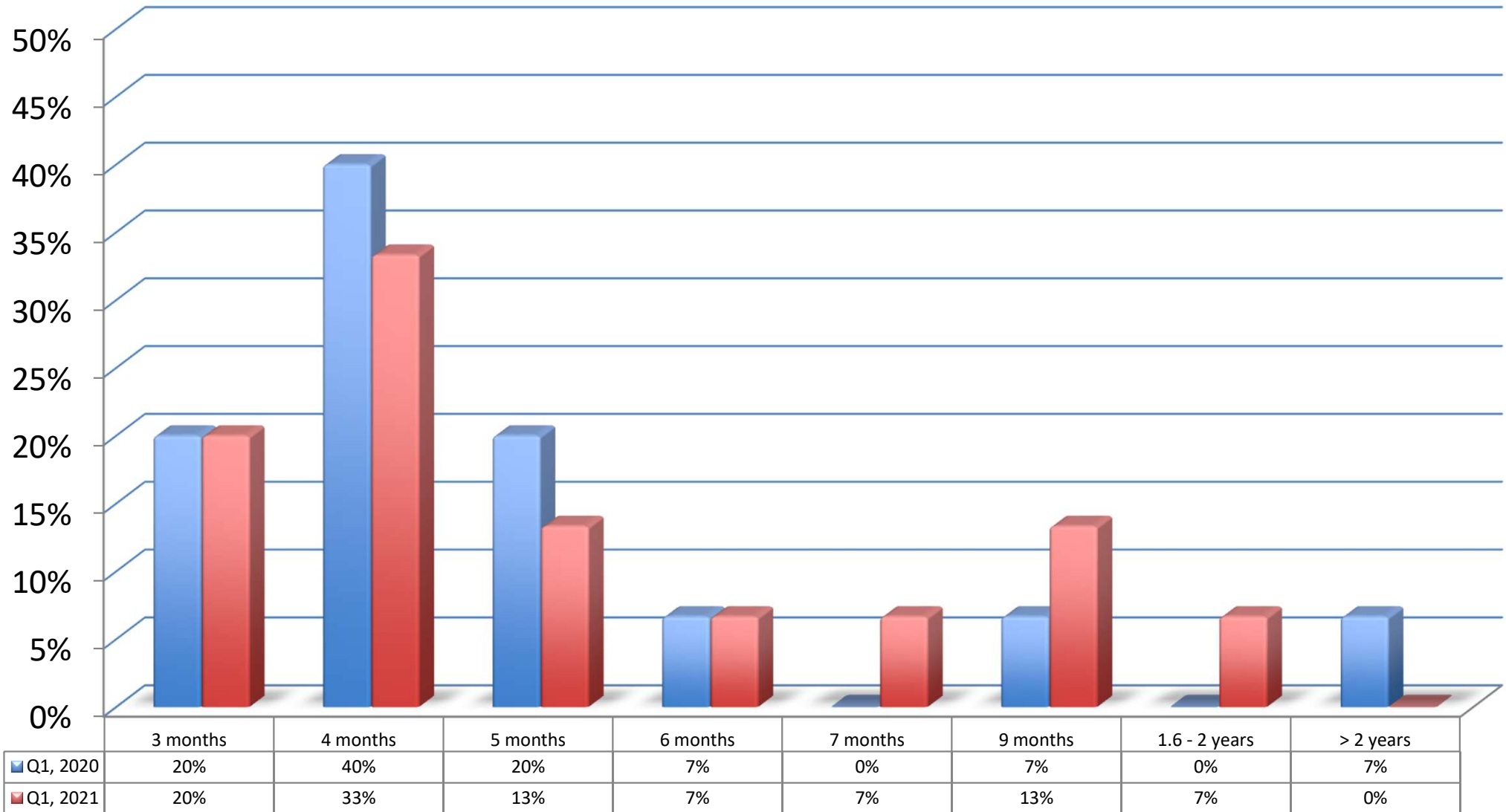


Business Transactions Valued from \$5 Million to \$50 million

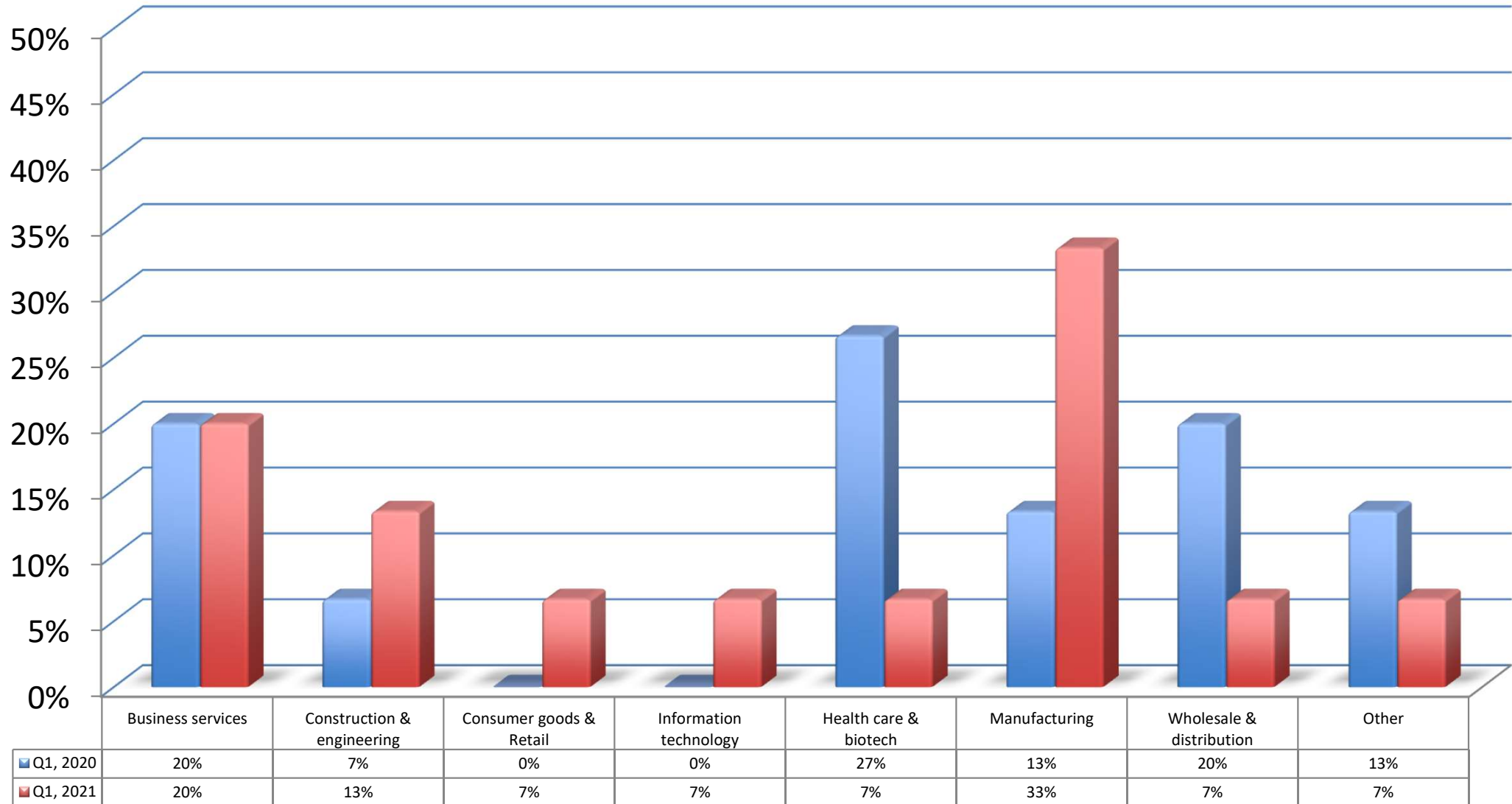
Engagement/Listing to Close



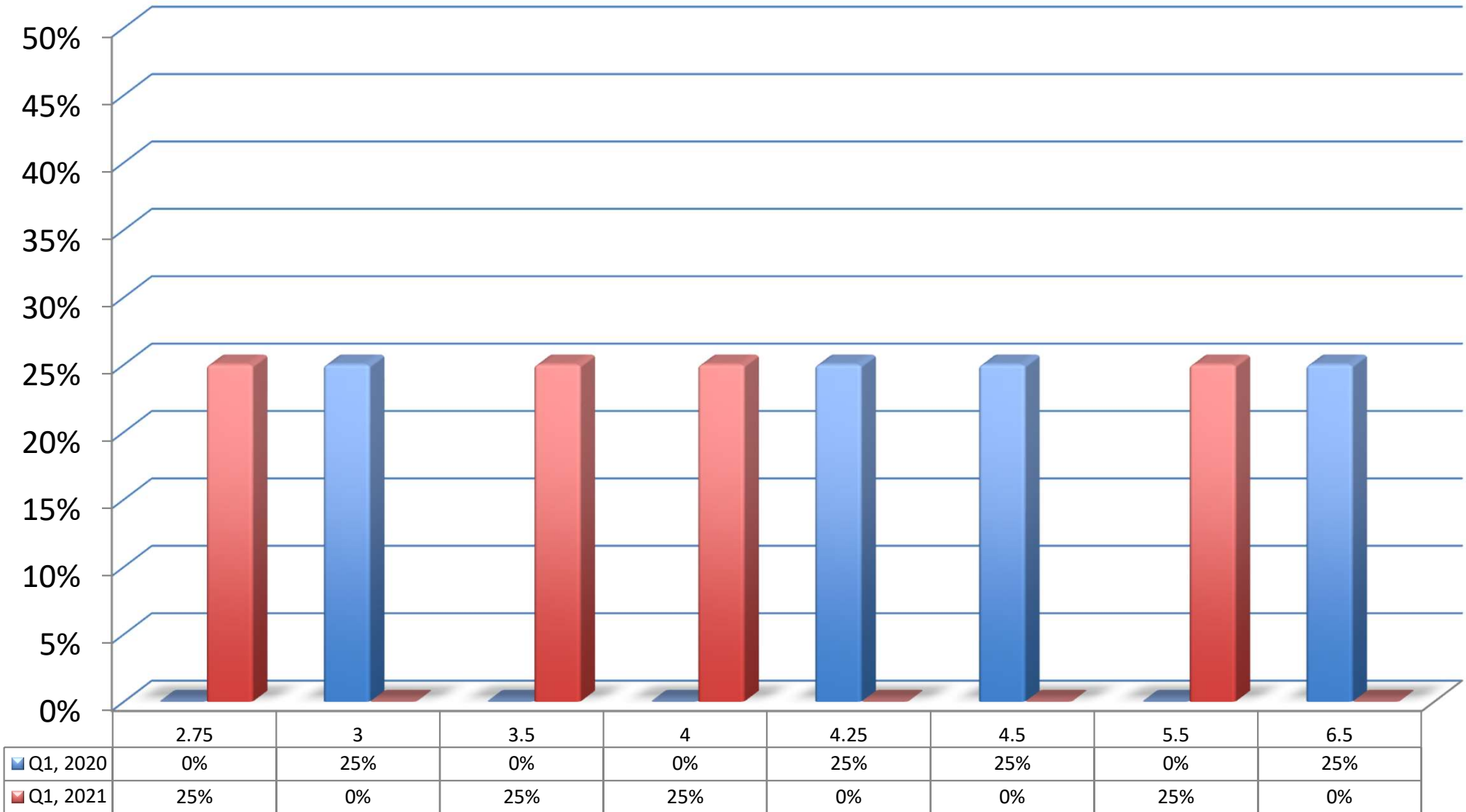
LOI/Offer to Close



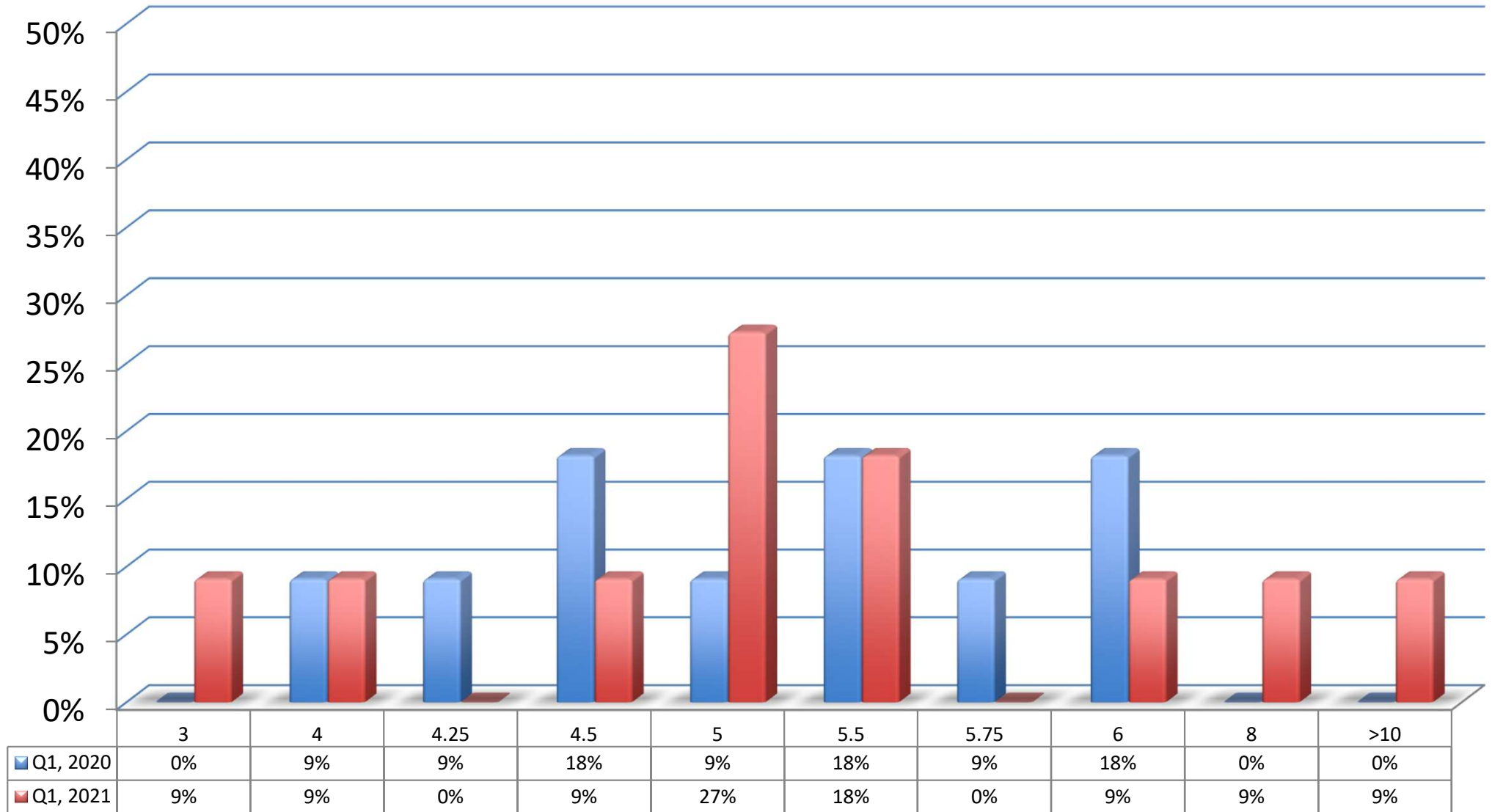
Industry



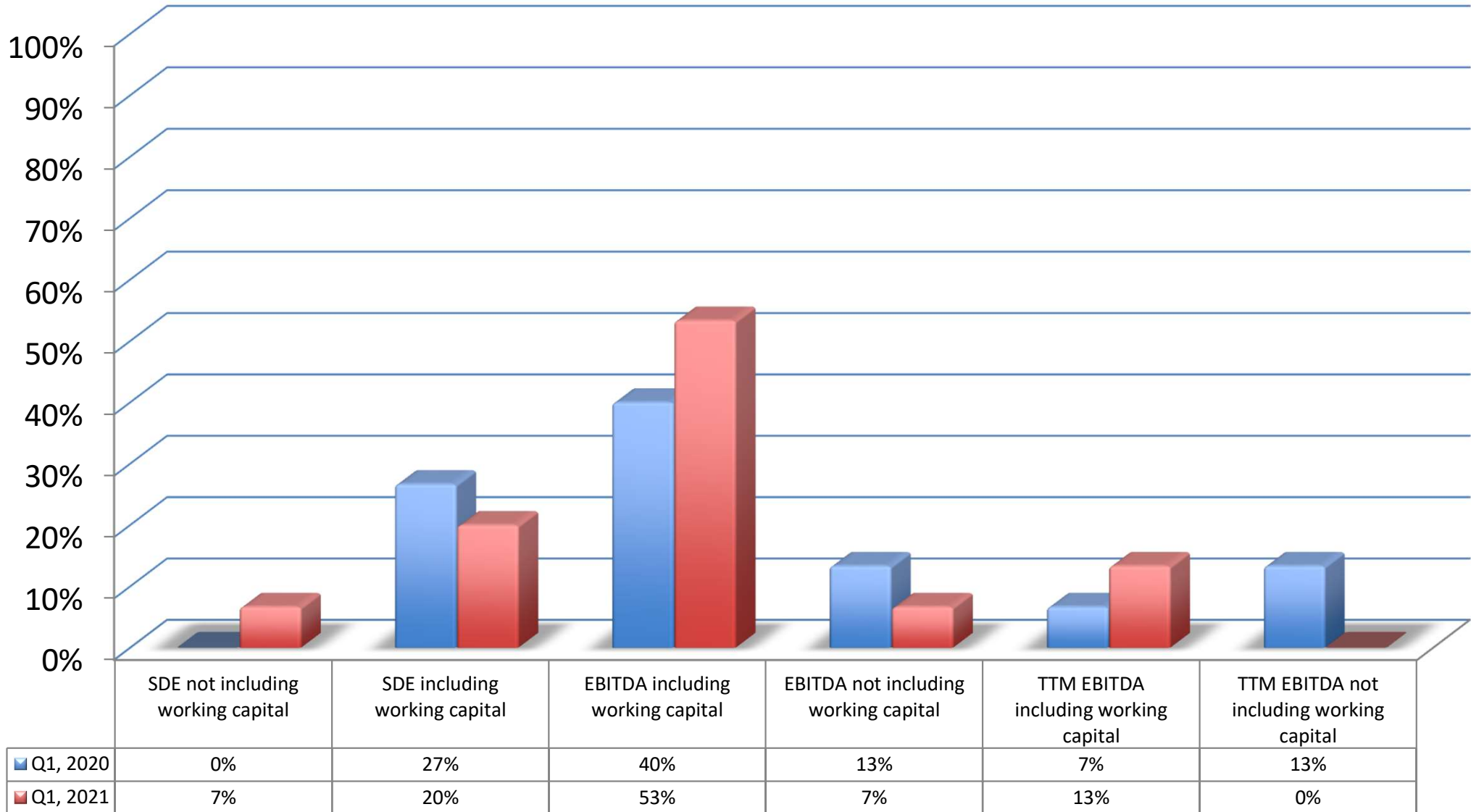
SDE Multiple Paid



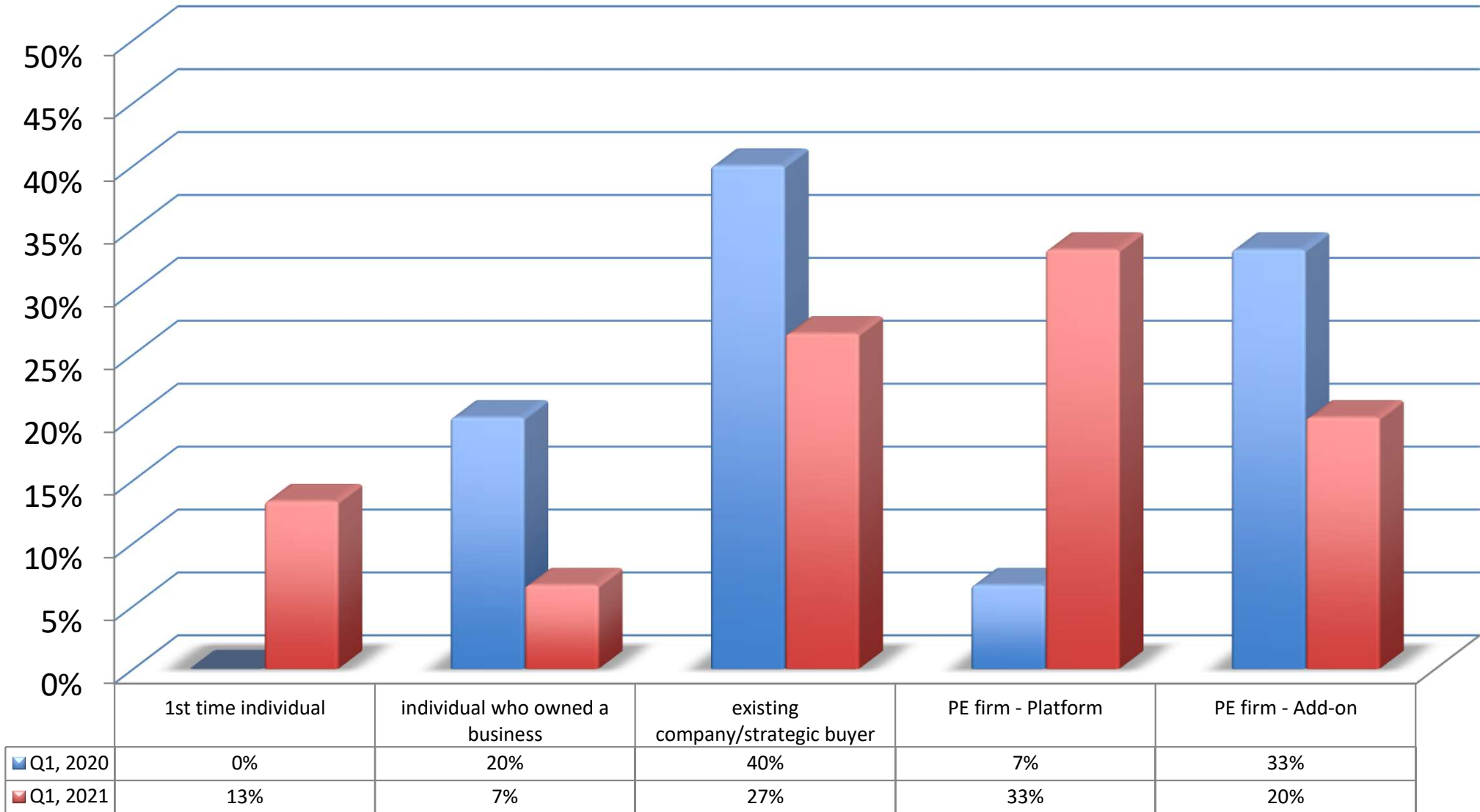
EBITDA Multiple Paid



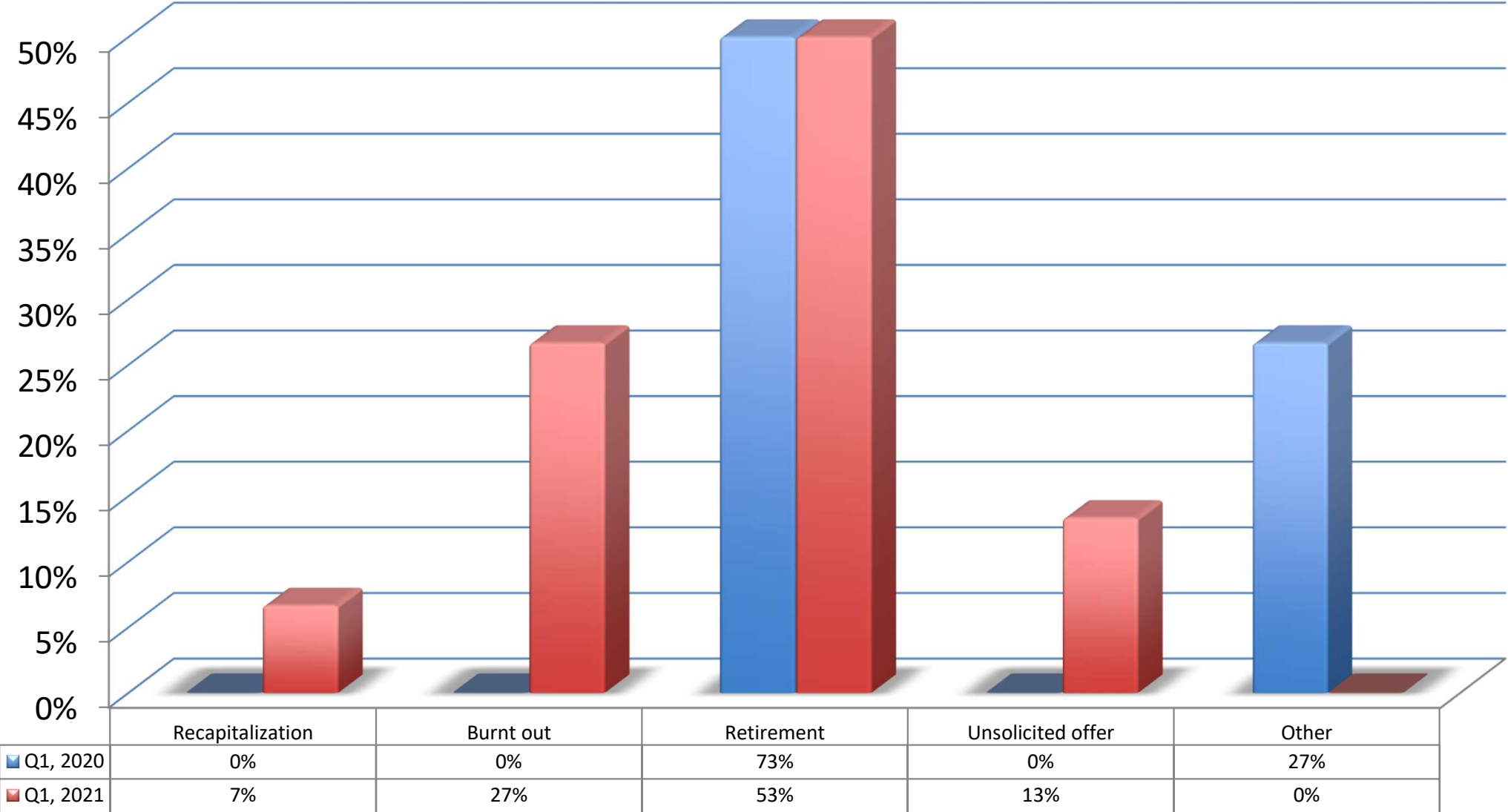
Multiple Type



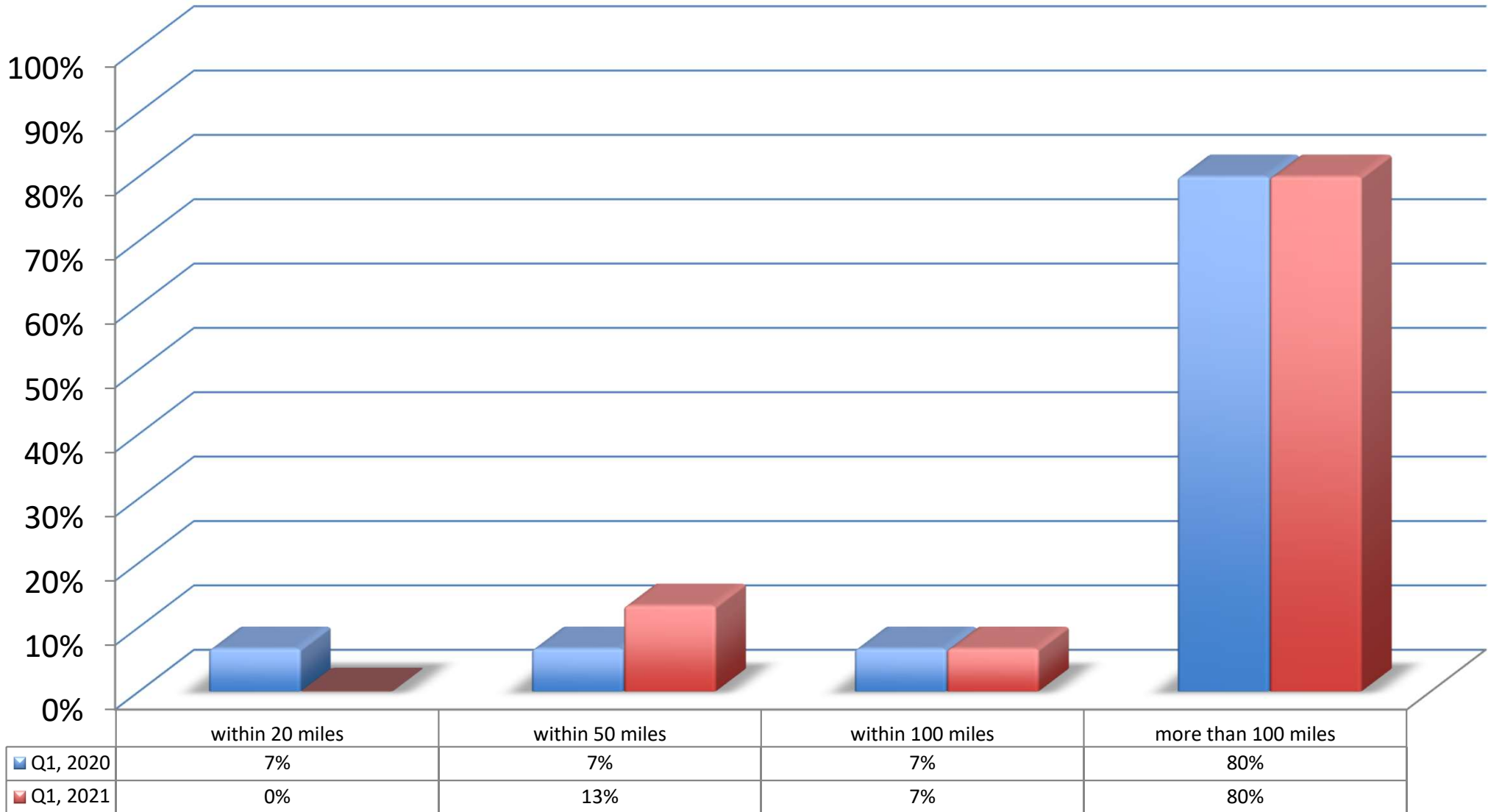
Buyer Type



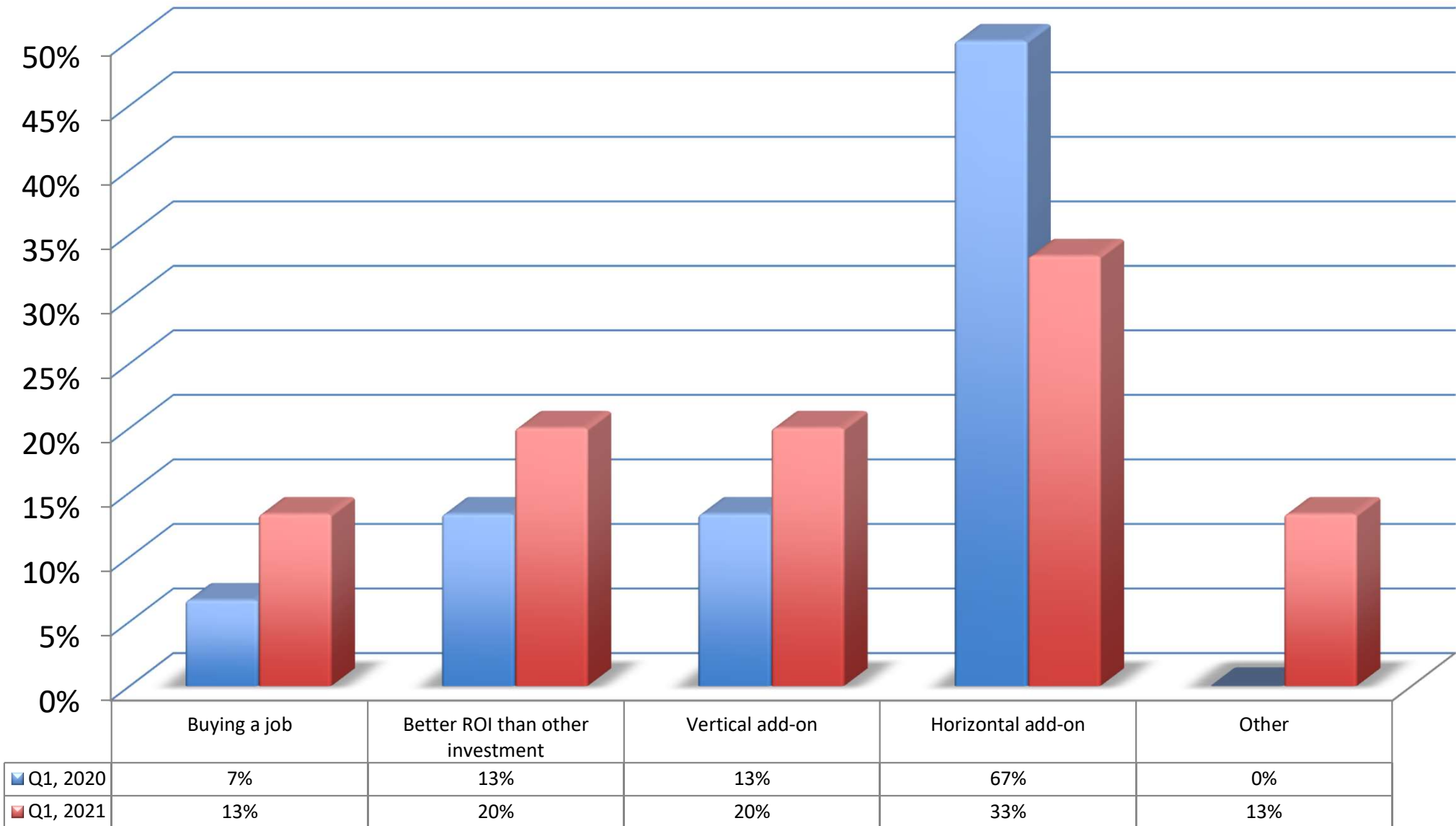
#1 Reason for Seller to Go to Market



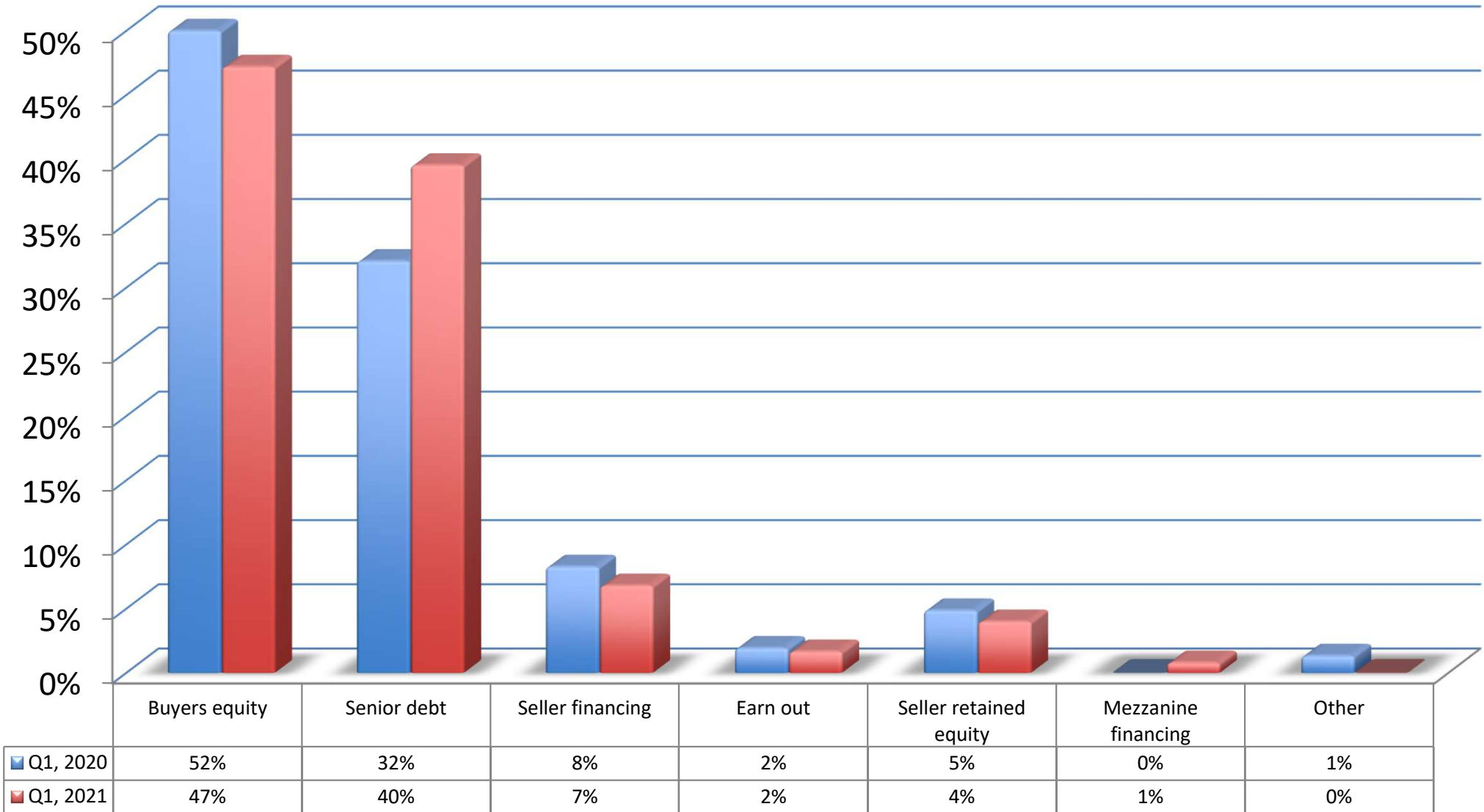
Buyer Location



#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)	
	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021
Deals valued under \$499,999	24%	2%	26%	6%	19%	29%	28%	57%	4%	7%	2.6	3.6
Deals valued from \$500,000 to \$999,999	24%	0%	30%	5%	20%	27%	25%	60%	1%	8%	2.5	3.7
Deals valued from \$1 million to \$1.99 million	25%	0%	31%	2%	20%	30%	23%	62%	0%	5%	2.4	3.7
Deals valued from \$2 million to \$4.99 million	23%	0%	34%	6%	28%	36%	15%	53%	1%	5%	2.4	3.6
Deals valued from \$5 million to \$50 million	23%	0%	34%	8%	31%	43%	13%	42%	0%	6%	2.3	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)	
	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021	Q1, 2020	Q1, 2021
Deals valued under \$499,999	16%	1%	57%	15%	24%	69%	3%	15%	0%	1%	2.2	3.0
Deals valued from \$500,000 to \$999,999	12%	0%	59%	11%	27%	71%	2%	18%	0%	1%	2.2	3.1
Deals valued from \$1 million to \$1.99 million	10%	0%	57%	4%	30%	66%	2%	28%	0%	2%	2.2	3.3
Deals valued from \$2 million to \$4.99 million	8%	1%	55%	6%	34%	67%	3%	26%	0%	1%	2.3	3.2
Deals valued from \$5 million to \$50 million	7%	0%	57%	7%	30%	61%	6%	29%	0%	2%	2.3	3.3

THANK YOU!

Lisa Riley, Ph.D., CBI, IBBA Market Pulse Chair

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David Ryan, M&A Source Market Pulse Committee

Kyle Griffith, CBI, CM&AP, Market Pulse Committee