

# GF DATA RESOURCES

REPORT SUMMARY



## About GF Data Resources

*GF Data Resources provides the most accurate data on private equity-sponsored M&A transactions with enterprise values of \$10 to 250 million.*

GFDR collects transaction information from private equity groups on a blind and confidential basis. Our reports and data base are available to paying subscribers, as well as to contributing private equity firms.

Our data gives subscribers:

- The most detailed information available on M&A transactions in this value range
- Access to confidential valuation data organized by NAICS industry code.
- Information prepared by PE firms according to detailed guidelines and scrubbed for internal consistency.

Sixty-nine participating private equity firms have provided data on 492 transactions closed between January 1, 2003 and December 31, 2007. This report focuses on 395 transactions valued at \$10-250 million, and at multiples ranging from 3 to 10 times Last Twelve Months Adjusted EBITDA.

GFDR reports do not isolate individual transactions. We drill down to the finest level of NAICS detail at which at least three data points are available. The parameters for industry-specific data are 3 to 12 times LTM Adjusted EBITDA.

Beginning this spring, valuation data will be continuously available through our web site, [www.gfdataresources.com](http://www.gfdataresources.com)

## Data Highlights

- Valuations in 2007 overall ended up higher than in the prior four-year period, with transactions exceeding \$25 million in value driving the increase:
- The 2007 YTD data showed clear breakpoints by deal size:

	2003-2006	2007
\$10-25 million	5.8x	5.7x
\$25-50 million	6.2x	6.5x
\$50-100 million	6.1x	6.5x
\$100-250 million	6.7x	7.7x
Total	6.0x	6.3x

- Valuation and leverage trends changed from the first six months of 2007—prior to the failures in the sub-prime lending industry that first came to light in early July—to the second six months of the year.
- Total Enterprise Value to Last Twelve Months Adjusted EBITDA (TEV/EBITDA) across all industries dropped from 6.5x in the first half of the year to 6.0x in the second.
- Larger transactions showed the greatest impact of unrest in the capital markets and sluggishness in the general economy. Deals in the \$10-25 million value range held steady at 5.7x. Deals in the \$25-50 and \$50-100 million tiers fell from averages of 6.9-7.0 times to 6.0x. Transactions exceeding \$100 million in deal value actually experienced a slight uptick in value, but there were only eight such transactions in the sample.
- Leverage totals for the year increased slightly. Senior debt and total debt averaged 3.1x and 3.9x, respectively. These figures rose from 2.8x and 3.8x in 2006.
- However, the aggregate data for '07 combine an effervescent first half of the year with a more restrained second half. Senior debt levels fell from 3.4x to 2.7x, while total debt dropped from 4.2x to 3.5x.
- While there was clearly some retrenchment in debt financing by the end of the year, we suspected that the raw data overstated the extent of the pullback. We examined 27 deals completed in 2007 with senior debt levels of three to four times EBITDA. Senior pricing declined from 8.5% in the first quarter to 8.0% in the fourth, with a slight expansion in spreads against LIBOR.
- This suggests that higher levels of debt financing remained available for “good deals.” We conclude: (a) Many deals done in the second half of the year were under-leveraged; (b) the reduction in available leverage was there, but modest; and (c) lenders were financing quality transactions, but beginning to extract better pricing after several years of thin margins.

## Summary Valuation Data

### CHART 1

#### Total Enterprise Value (TEV)/EBITDA—All Industries/By TEV

TEV	2003	2004	2005	2006	2007	Total	N =
10-25	5.6	5.9	5.7	5.9	5.7	5.8	154
25-50	6.2	6.1	6.0	6.2	6.5	6.2	130
50-100	6.0	6.4	6.0	6.3	6.5	6.2	85
100+	NA	6.7	7.9	6.1	7.7	7.1	26
Totals	5.9	6.2	6.0	6.1	6.3	6.1	
N =	66	60	74	106	89		395

#### TEV/EBITDA—2007 by six-month periods (Adjusted Averages\*)

TEV	TOTAL
10-25	5.6
25-50	6.1
50-100	6.1
100+	7.4
Total	6.0
N =	265

\*Deal values deviating more than one standard deviation from the mean are eliminated.

### CHART 2

#### TEV/EBITDA—2007 By Quarter

TEV	Q1	Q2	Q3	Q4	2007	N =
10-25	5.8	5.7	5.5	5.9	5.7	36
25-50	6.3	7.7	5.8	6.6	6.5	25
50-100	7.6	5.9	5.9	6.2	6.5	20
100+	NA	7.8	7.4	NA	7.7	8
Totals	6.4	6.6	5.8	6.2	6.3	
N =	25	27	22	15		89

#### TEV/EBITDA—2007 by six-month periods

TEV	1st half	2nd half	N =
10-25	5.7	5.7	36
25-50	7.0	6.0	25
50-100	6.9	6.0	20
100+	7.8	7.4	8
Total	6.5	6.0	
N =	52	37	89

### CHART 3

#### TEV/EBITDA—By Industry

Industry	2003	2004	2005	2006	2007	Total	N =
Manufacturing	5.3	6.3	5.9	6.0	6.5	6.0	190
Business services	5.7	4.9	6.8	5.9	5.9	5.9	35
Health care services	7.3	6.3	6.3	7.1	6.6	6.7	41
Retail	NA	7.2	NA	NA	6.0	6.5	10
Distribution	5.8	5.9	5.3	6.3	6.4	6.0	42
Publishing/Media	NA	NA	NA	NA	7.8	7.8	12
N =							330

- Charts 1 and 2 capture the shift in valuations over the course of 2007.
- Deals in the \$10-25 million value range held steady at 5.7x TEV/EBITDA from the first half of the year to the second.
- Multiples on larger transactions continued to surge in the first half of 2007, extending the general trend of 2003-06.
- Valuations by industry for the year ranged from 5.9x TEV/EBITDA in business services to 7.8x TEV/EBITDA in publishing/media. Manufacturing recorded the largest year-over-year increase, rising from 6.0x TEV/EBITDA in 2006 to 6.5x in '07.

## Summary Leverage Data

**CHART 4**  
Total Debt/EBITDA—All Industries/By TEV

TEV	2003	2004	2005	2006	2007	Total	N =
10-25	3.5	2.8	3.0	3.5	3.5	3.4	134
25-50	3.4	3.4	3.5	3.8	4.1	3.7	125
50-100	3.3	4.0	3.2	4.4	3.9	3.8	84
100-250	4.5	4.2	2.8	3.8	5.2	4.3	24
Totals	3.4	3.4	3.3	3.8	3.9	3.6	
N =	64	52	68	103	80		367

Note: All debt data excludes deals with extreme outlying characteristics, as well as all transactions employing or reporting no leverage.

Total Debt/EBITDA—2007 by six-month periods

TEV	1st half	2nd half	N =
10-25	3.7	2.8	29
25-50	4.4	3.9	24
50-100	4.2	3.5	19
100-250	5.2	5.2	8
Total	4.2	3.5	
N =	50	30	80

**CHART 5**

Total Debt/EBITDA—All Industries/By EBITDA Size

EBITDA	2003	2004	2005	2006	2007	Total	N =
0-3	3.9	2.7	2.8	3.8	3.4	3.5	66
3-6	3.1	3.4	3.8	3.5	4.0	3.6	134
6-10	3.5	3.2	3.0	4.1	3.9	3.6	87
10+	3.1	4.1	3.1	4.1	4.3	3.8	80
Totals	3.4	3.4	3.3	3.8	3.9	3.6	
N =	64	52	68	103	80		367

Total Debt/EBITDA—2007 by six-month periods

TEV	1st half	2nd half	N =
0-3	3.6	2.4	15
3-6	4.2	3.6	30
6-10	4.2	3.6	17
10+	4.7	3.8	18
Total	4.2	3.5	
N =	50	30	80

\*Deal values deviating more than one standard deviation from the mean are eliminated.

**CHART 6**

Senior Debt/EBITDA—All Industries/By TEV

TEV	2003	2004	2005	2006	2007	Total	N =
10-25	2.0	1.9	2.1	2.4	2.7	2.3	107
25-50	2.4	2.7	2.6	2.8	3.4	2.8	112
50-100	2.4	3.0	2.5	3.2	3.0	2.8	72
100-250	4.5	2.7	1.9	3.2	3.6	3.2	22
Totals	2.2	2.5	2.5	2.8	3.1	2.6	
N =	57	48	56	85	67		313

Senior Debt/EBITDA—2007 by six-month periods

TEV	1st half	2nd half	N =
10-25	3.2	2.0	22
25-50	3.7	3.1	19
50-100	3.2	2.7	18
100-250	3.9	2.7	8
Total	3.4	2.7	
N =	38	29	67

## Industry Drilldowns by NAICS Classification

### GFDR industry data is presented in this format:

	NAICS	TEV	Revenues	TTM Rev Growth	EBITDA Margin	TEV/Revs	TEV/EBITDA	Std. Dev.	N =
Speciality Trade Contracting	238	\$54.3	\$82.3	18.6%	13.6%	0.8x	5.9x	1.8	15
Foundation Structure and Bldg. Exterior	2381**	\$82.1	\$123.0	18.3%	14.3%	0.8x	5.6x	1.2	6
Building Equipment	2382**	\$26.6	\$40.1	21.2%	12.5%	0.7x	6.1x	1.0	4
Building Finishing	2383**	\$42.9	\$67.2	17.1%	13.5%	0.9x	6.2x	2.9	5

### The March 2008 report includes deals in these three-digit NAICS categories:

#### MANUFACTURING

212 Mining (Except Oil and Gas)  
 213 Support Activities for Mining  
 237 Heavy and Civil Engineering Construction  
 238 Speciality Trade Contracting  
 311 Food Products  
 315 Apparel  
 316 Leather and Allied Products  
 321 Wood Products  
 322 Paper Products  
 323 Printing and Related Support Activities  
 325 Chemical Products (inc. pharmaceutical 3254)  
 326 Plastics and Rubber  
 327 Nonmetallic Mineral Products  
 331 Primary Metals  
 332 Fabricated Metal Products  
 333 Machinery  
 334 Computer & Electronic Products  
 335 Elec. Equip., Appliances and Components  
 336 Transportation Equipment  
 337 Furniture and Related Products  
 339 Miscellaneous (inc. medical equip. 3391)

#### BUSINESS SERVICES

484 Truck Transportation  
 488 Support Activities for Transportation  
 522 Credit Intermediation & Related Activities  
 541 Professional, Scientific and Tech Services  
 561 Administrative & Support Services  
 562 Waste Management and Remediation Services  
 811 Repair and Maintenance

#### HEALTH CARE SERVICES

524 Insurance Carriers and Related Activities  
 621 Ambulatory Health Care Services

#### DISTRIBUTION

423 Wholesalers, Durable Goods  
 424 Wholesalers, Nondurable Goods

#### PUBLISHING/MEDIA

511 Publishing Industries (except Internet)

#### OTHER INDUSTRIES

454 Non-Store Retailers  
 611 Educational Services  
 713 Amusement, Gambling & Recreation Inds.

### March 2008 Full Report Contents:

- 2007 Valuation Data
- Industry/Transaction Type data
- All-In Valuations
- Manufacturing Industry Drilldown
- Valuation Detail by NAICS Code
- 2007 Leverage Data
- Sub/Single Tranche Debt
- Warrants and PIKs

#### Disclaimer and Terms of Use

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GF Data Resources, LLC  
 100 Four Falls Corporate Center  
 Suite 660  
 West Conshohocken, PA 19428

Phone: 610-260-6263  
 Fax: 610-260-6285

Andrew T. Greenberg  
 atg@gfdataresources.com

B. Graeme Frazier, IV  
 bgf@gfdataresources.com

Bob Wegbreit  
 bw@gfdataresources.com