

## 'A reduction of values? Not yet.'

**Dexter Braff** (Braff Group, Pittsburgh) responded to the June 4th *BVWire* article titled "Slee on the 'new math' of M&A" that discussed Rob Slee's (Robertson & Foley) Midas Manager blog and Slee's observations of a reduction in EBITDA market multiples. Braff wrote:

While I agree that the availability of debt capital can impact a buyer's ability to finance a transaction, I think it's important to point out that this does not impact the underlying value of the entity, rather the number of buyers who have the financial wherewithal to complete the deal. While I recognize that if fewer buyers are capable of completing a deal, the reduced demand can constrain the ultimate value a seller can receive, that's a function of supply and demand, relating more to investment values than fair market value.

I'd like to also point out that for attractive properties, we have seen buyers more than willing to ante up additional equity to bridge any shortfalls in debt financing to complete a deal. This has been particularly true for Private Equity buyers who have a surplus of capital to invest that they still want—and need to—deploy.

From a practical perspective then, as investment bankers who specialize in middle market health care services, we have not yet seen a slowdown in deal flow, nor have we seen a reduction of multiples, which, for our most attractive sectors, remain in the 6-10 times EBITDA range, or more. More equity? Yes. More creative sourcing of debt? Absolutely. But a reduction of values? At least not yet.

Send comments about your observations of market multiples to [editor@bvwire.com](mailto:editor@bvwire.com).

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