

PRIVATE MARKET UPDATE – HEARD ON THE STREET

In light of recent market volatility, Bridgepoint is providing another real time update of what we are hearing from our close private market relationships

“Every industry has been impacted. So, most calls in the ‘early weeks’ before and at the issuance of stay at home orders were fairly discouraging. In one case, there was a loss of \$10M per month given its industry and how the business booms in the spring and summer. Some deals are still advancing and closing. My technology and digital businesses are thriving and have the most encouraging outlook.” – **Attorney**

“We expect there to be a lot of deal opportunities from investment banks or directly from banks in the distressed and special situations arena. Banks are going to have a huge need for capital support for their clients over the next 6 months. We expect our activity and near-term focus to be more situated around bridge and refinancing instead of M&A and sponsor-backed deals.” – **Business Development Company**

“Looking ahead, with middle market private equity firms sitting on dry powder to put to work, there may be opportunities to buy companies at purchase price multiples below historic highs of 2019. The combination of dry powder stores and lower asset prices could spell an uptick in new deal activity later in 2020. Until then, however, lenders and private equity sponsors alike have turned attention toward their existing investments.” – **S&P Global**

“During our first two weeks of sheltering in place, we spent most of it working with our portfolio companies. Now we are really trying to put money to work through the cycle. We are now looking at minority and growth equity deals along with non-traditional structures. We believe it will be a back-half weighted year.” – **Private Equity Firm**

“While everything seemed to freeze there for a couple weeks, we are seeing good activity pick back up as companies search for their best liquidity options.” – **Leveraged Finance Investment Banker**

“Fundraising continues to be successful as many investors are seeking out healthcare opportunities and we have ample dry powder to strengthen existing relationships, build new relationships, fund new deals in desirable sectors and look for opportunities within the current environment.” – **Healthcare Private Debt Firm**

“People now really need capital solutions and once the PPP Band-Aids are behind us, there will be a bonanza of situations to come related to bridge financing, special situations, etc. in the coming months.” – **Private Equity and Debt Firm**

“Even with the uncertainty in the market, we remain eager to continue making acquisitions. We’ve had a busy start to the year and plan to continue this trend. Although the market will continue to be disrupted, our strong capital base and dedicated investment model will remain resolute and we are ready for new opportunities.” – **Private Equity Firm**

“ We saw certainly the debt capital markets – and to some extent the equity capital markets – come to a near-halt in the 3 or 4 weeks following the COVID-19 outbreak as funders were focused on assessing and stabilizing their portfolio companies. Things have started to stabilize and most funders are open for business looking to put capital to work. We’re seeing private credit and equity firms add substantial flexibility to their investing mandates, with nimble firms once focused on only buyouts flexing all the way to special sits and bridge debt deals. We’re also seeing LPs step up to take down the leverage in M&A deals. We’re going to see a bonanza of bridge, special sits and rescue finance deals over the next 6 months. The biggest hurdles continue to be earnings visibility and in-person management/diligence meetings as funders aren’t going to write \$100 million checks without getting face-to-face. That said, deals are proceeding and closing and middle market funders are getting back to their business of supporting American companies.

**Matt Plooster, Managing Director
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