



The *Transaction News Advisor*, published monthly, covers selected M&A, private equity, and credit and capital market transactions of note.

Transaction News Advisor

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5 Reasons Buyers Need a Quality of Earnings Report

Mercer Capital's Travis Harms provides five very good reasons prospective acquirers should always obtain a Quality of Earnings report as part of their due diligence.

[>> Click here to read the article](#)



Banks Stuck With X Debt Held Refinancing Talks With Elon Musk

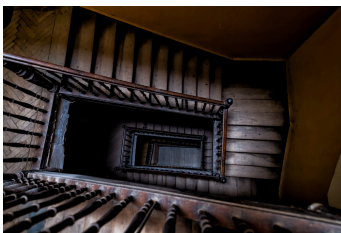
(Bloomberg - Subscription Required)

X's \$13 billion of acquisition debt has been stranded on the balance sheets of Morgan Stanley, Bank of America, Barclays and other lenders since Musk's deal to buy Twitter closed in October 2022. Initial efforts to sell the senior term B loans and issue HY bonds to refinance the subordinated loans failed due to the apparent implosion of Twitter's ad revenue after the deal closed. The parties recently held discussions about a possible restructuring of the debt, though it is not clear to us why Musk would acquiesce to any restructuring that did not favor him and X. While the banks have recorded significant write-downs, a market-clearing price may be far lower absent a capital injection by Musk and/or forgiveness of a not immaterial amount of loans by the banks. In effect, solvency is the issue for any new debt investor.

[>> Click here to read the article](#)

We have written extensively on the issue of solvency and solvency opinions including a retrospective look at a hypothetical solvency opinion for Twitter's lenders.

[>> Click here to learn more](#)



The Business of Winding Down Startups is Booming

PitchBook

The startup dealmaking spree ended more than two years ago. Many companies' runways are nearly depleted and they still haven't been able to grow into their lofty valuations.

[>> Click here to read the full article](#)



NYCB's Investor Presentation - March 7, 2024

So far, CRE issues mostly have been confined to offices where investors via the CMBS market and insurance companies are the primary lenders rather than banks. Bank CRE issues since the Fed began to raise interest rates in 2022 mostly have been one-offs, office-related or idiosyncratic such as New York Community Bancorp's (NYSE: NYCB) \$37 billion of multi-family loans with a 3.85% portfolio yield in which the underlying collateral is rent-controlled apartments. Following a crash in its shares with the release of 4Q23 results on January 31, the company announced a \$1.0 billion capital infusion on March 6 at a highly dilutive price of \$2.00 per share. A link to the terms of the recapitalization can be found [HERE](#), and a link to our analysis of the impact the recapitalization will have on tangible BVPS can be found [HERE](#).



Insights From Delaware Case Law: What We're Watching in 2024

Skadden Arps attorneys (via the Harvard Law School Forum on Corporate Governance) detail a number of corporate issues that the firm is tracking in 2024, including comments on busted deals, director duties re Revlon, and Caremark.

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Quality of Earnings Analysis

What Buyers and Sellers Need to Know About Quality of Earnings Reports

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Market Snapshot

	3/1/24	12/1/23	3/1/23	Qtr Δ	Y/Y Δ
SOFR	5.31%	5.39%	4.55%	-8 bps	76 bps
2-Year UST	4.64%	4.70%	4.69%	-6 bps	-5 bps
10-Year UST	4.26%	4.32%	3.93%	-6 bps	33 bps
BB Corp Bond Yield	6.39%	6.72%	7.16%	-33 bps	-77 bps
B Corp Bond Yield	7.58%	8.31%	8.73%	-73 bps	-115 bps
CCC and Lower Corp Bond Yield	13.13%	14.14%	14.44%	-101 bps	-131 bps
S&P 500	5,137	4,595	3,951	11.8%	30.0%
NASDAQ	16,275	14,305	11,379	13.8%	43.0%
Russell 2000	2,076	1,863	1,898	11.5%	9.4%
<i>Rolling Four Quarters</i>	<i>4Q23</i>	<i>3Q23</i>	<i>4Q22</i>		
\$10-\$25M PE Deals	6.0x	5.9x	6.2x	0.1x	-0.2x
\$25-\$50M PE Deals	7.1x	7.0x	7.2x	0.1x	-0.1x
\$50-\$100M PE Deals	8.0x	8.0x	8.7x	0.0x	-0.7x
\$100-\$250M PE Deals	9.8x	9.1x	9.3x	0.7x	0.5x
\$250-\$500M PE Deals	10.7x	11.2x	10.1x	-0.5x	0.6x
Number of Transactions	269	292	331	-23	-62
<i>Quarter Only</i>					
Median Multiple-All Deals	7.5x	7.3x	6.9x	0.2x	0.6x
Number of Transactions	57	60	80	-3	-23

Source: St. Louis Federal Reserve (FRED), S&P Global Market Intelligence, GF Data® (an ACG Company)

Mercer Capital's Recent Transactions



Kalamazoo, Michigan

has agreed to acquire



Gurnee, Illinois

Mercer Capital served as financial advisor to Advia Credit Union

— January 2024 —



ROCHESTER, NY

has acquired



Mercer Capital served as financial advisor to North American Electric.

— January 2024 —



Camden, TN

has acquired two branches from



Greenville, SC

Mercer Capital served as the exclusive financial advisor to Apex Bank

— July 2023 —

>> Click here to see more transactions <<

For more information or to discuss your needs in confidence, please contact us.



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About Mercer Capital

About Mercer Capital Mercer Capital provides investment banking, transaction advisory, and restructuring services to a broad range of public and private companies and financial institutions.

We leverage our historical valuation and investment banking experience to help you navigate a critical transaction, providing timely, accurate and reliable results. We have significant experience advising boards of directors, management, trustees, and other fiduciaries of middle-market public and private companies in a wide range of industries.

Transaction Advisory and Restructuring Services include:

- M&A Representation Services
- Fairness Opinions
- ESOP Advisory Services
- Quality of Earnings
- Bankruptcy and Restructuring Advisory
- Solvency Opinions

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