



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

# Transaction News Advisor

November 2023



## PRESENTATION

### Fairness Considerations in Going Private and Other Squeeze-Out Transactions

While the S&P 500 and NASDAQ indices have staged strong rebounds in 2023 after a tough 2022, small- and especially micro-cap stocks continue to struggle. The Russell Microcap Index is roughly unchanged the past five years and is down 35% from its post lockdown highs in 2021. Directors of some small- and micro-cap publicly traded companies may want to consider going private. In the attached presentation, we consider some of the fairness considerations in going private transactions.

[>> Click here to download the presentation](#)



## Lender On Lender Wars

An unnamed high yield banker (@highyieldharry) provides commentary and satire on markets, particularly the lending markets. In this substack post, HYH provides perspective on what is driving wars among lenders.

We found two presentations by King & Spalding that HYH linked as helpful, too — **J. Crew's "trapdoor"** and **PetSmart's "phantom guarantee."**

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



## What's Next for Private Lending? | KKR

Over the last two years, syndicated markets have been largely shut, and borrowers have gravitated to private lenders for capital. Private credit has become ubiquitous in markets and the financial press, indicating maybe a top is forming for the time being. KKR would disagree with that assertion.

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



## Private Equity Pays LBO Loans With More Debt to Save Cash | Bloomberg

The much higher rate environment this year is starting to weigh on more companies, though aside from mortgage finance there is not widespread pain, yet. Nonetheless, the rise of more payment-in-kind ("PIK") financings point to pressure beneath the surface where broad swaths of levered enterprises that need easier if not easy monetary policies to produce positive cash flow after debt service. In the interim, PIK financing may be the only option for some, which usually is not a great option for those at the bottom of the capital stack.

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



## An Update of the Pending JetBlue-Spirit Merger

Earlier this year, Mercer Capital's Andrew Frew reviewed the fairness opinions issued by Morgan Stanley and Barclays for the still pending JetBlue-Spirit merger. In an updated look at the deal, the adage that time is the enemy of all deals comes to mind while pondering Frew's question from the earlier post of whether JetBlue could close.

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

## Market Snapshot

	11/10/23	8/10/23	11/10/22	Qtr Δ	Y/Y Δ
SOFR	5.32%	5.30%	3.78%	2 bps	154 bps
2-Year UST	4.97%	4.87%	4.61%	10 bps	36 bps
10-Year UST	4.59%	4.07%	4.12%	52 bps	47 bps
BB Corp Bond Yield	7.34%	6.87%	7.13%	47 bps	21 bps
B Corp Bond Yield	9.02%	8.38%	9.05%	64 bps	-3 bps
CCC and Lower Corp Bond Yield	14.92%	13.49%	16.27%	143 bps	-135 bps
S&P 500	4,415	4,469	3,956	-1.2%	11.6%
NASDAQ	13,798	13,721	11,114	0.6%	24.1%
Russell 2000	1,705	1,923	1,868	-11.3%	-8.7%
<i>Rolling Four Quarters</i>	<i>3Q23</i>	<i>2Q23</i>	<i>3Q22</i>		
\$10-\$25M PE Deals	5.9x	6.2x	6.3x	-0.3x	-0.4x
\$25-\$50M PE Deals	7.1x	7.3x	7.1x	-0.2x	0.0x
\$50-\$100M PE Deals	8.0x	8.1x	8.6x	-0.1x	-0.6x
\$100-\$250M PE Deals	9.1x	9.1x	9.2x	0.0x	-0.1x
\$250-\$500M PE Deals	11.2x	10.5x	10.2x	0.7x	1.0x
Number of Transactions	283	302	446	-19	-163
<i>Quarter Only</i>					
Median Multiple-All Deals	7.5x	6.7x	8.2x	0.8x	-0.7x
Number of Transactions	56	63	75	-7	-19

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

# Mercer Capital's Recent Transactions

**U.S. Based  
Manufacturer  
of Resins**

**\$500 million dividend  
recap transaction**

Mercer Capital rendered  
a solvency opinion for  
the referenced transaction.

– September 2023 –

**WeCare  
Services Inc.**  
*A Franchisee of Comfort Keepers™*  
Memphis, Tennessee

was acquired by a  
**Private Investment Group**

Mercer Capital served as a  
financial advisor to WeCare  
Services Inc.

– May 2023 –

**CAMBER  
ENERGY**  
Houston, TX

has agreed to acquire the remaining  
~39% common share interest in

 **Viking Energy Group, Inc.**  
Houston, TX

Mercer Capital rendered a  
fairness opinion on behalf  
of Camber Energy

– April 2023 –

>> [Click here to see more transactions](#) <<

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



**Nicholas J. Heinz, ASA**  
901.322.9788  
heinzn@mercercapital.com



**Timothy R. Lee, ASA**  
901.322.9740  
leet@mercercapital.com



**Bryce Erickson, ASA, MRICS**  
214.468.8411  
ericksonb@mercercapital.com



**Jeff K. Davis, CFA**  
615.345.0250  
jeffdavis@mercercapital.com



**Jay D. Wilson, Jr.  
CFA, ASA, CBA**  
469.778.5860  
wilsonj@mercercapital.com



**John T. (Tripp) Crews, III**  
901.322.9735  
crewst@mercercapital.com