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PRIVATE COMPANY ENTERPRISE VALUES INCREASED TO NEW RECORD HIGHS, OUTPACING S&P 500 EVS IN Q3

Lincoln International's 17th edition of the Lincoln Private Market Index (Lincoln PMI or LPMI), formerly known as the Lincoln Middle Market Index, reveals that in Q3 2021, private market enterprise values increased 6.4%, outpacing the stable enterprise values of S&P 500 companies. Strong fundamental performance was the driver of growth in Q3 2021 as the Lincoln PMI's enterprise value multiples remained stable from the prior period. Consistent with recent quarters, all industries experienced enterprise value growth in Q3 2021 as recovery from pandemic-impacted performance continued.

ABOUT THE LINCOLN PRIVATE MARKET INDEX

The Lincoln PMI is a first-of-its-kind index measuring changes in the enterprise values of private companies over time - and a barometer of the performance of private companies generally. The Lincoln PMI enables private equity firms and other investors to benchmark how private company investments are performing against peers, and how this performance correlates to the S&P 500.

Lincoln designed the Lincoln PMI to solve this problem by measuring the quarterly change in enterprise values for private companies primarily owned by private equity firms. Enterprise value ("EV") is the sum of a company's equity value and debt.

QUARTERLY OVERVIEW

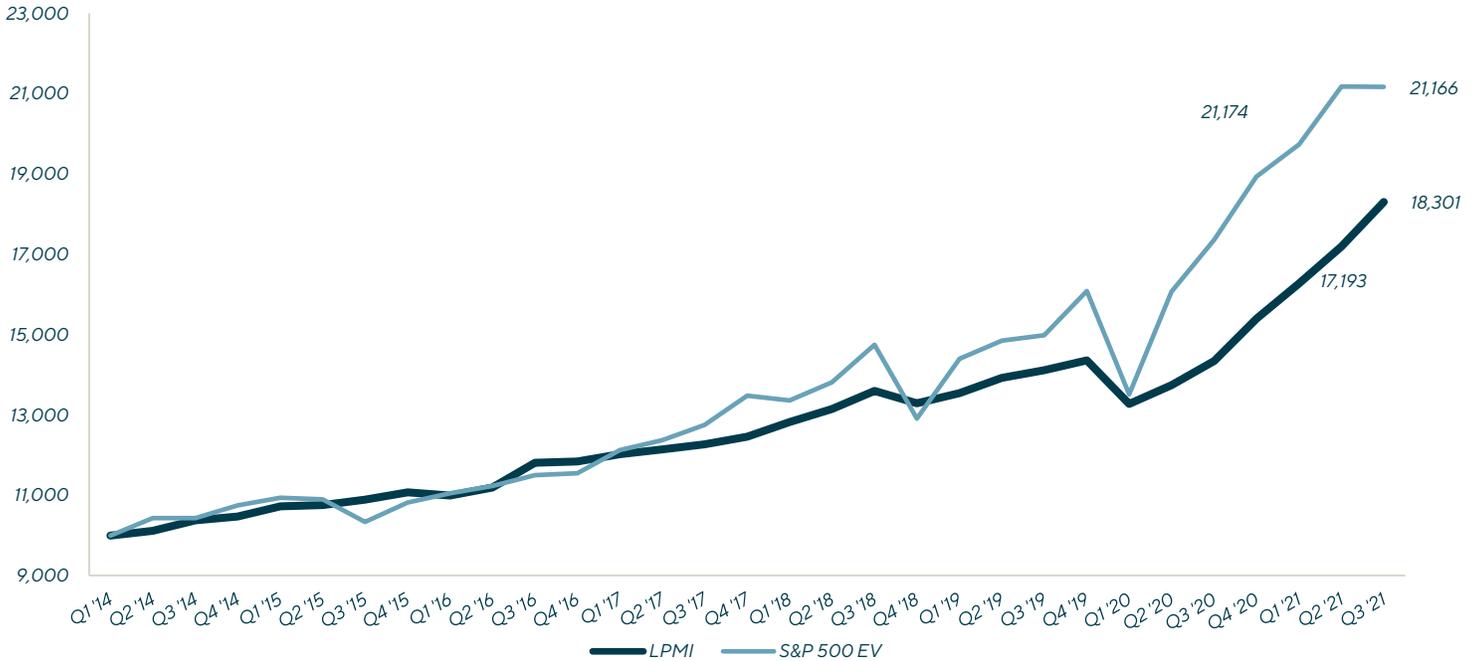
- Seventeenth Edition: Covers Q3 2021
- Measures quarterly changes in the enterprise values of ~700 private companies, based on a population of approximately 2,500 companies primarily owned by private equity firms with a median EBITDA of ~\$30 million.
- Analyzes the impact from the change in company earnings versus market valuation multiples
- Assess the change in value for six industry sectors

RESULTS:

Private Market Valuations Continue to Grow into 2021

Q3

2021



(NOTE: Both the Lincoln PMI and S&P 500 EV returns above reflect enterprise values)

(S&P 500 EV excludes financial companies for which enterprise value is generally not meaningful; including such companies produces similar results)

	Q3 '21	LTM
Lincoln PMI	6.4%	27.6%
S&P 500 EV	(0.0%)	21.9%

Starting at a value of 10,000 as of March 31, 2014, the Lincoln PMI increased by 83.0% cumulatively to 18,301, as of September 30, 2021. The Lincoln PMI grew at a compound annual growth rate of 8.4% since inception as compared to 10.5% for the enterprise values of the S&P 500.

> The Lincoln PMI continued its strong recovery beyond pre-pandemic levels and is up 27.5% from Q4 2019. The index has grown steadily since the first quarter of 2020 when the onset of the pandemic drove declines across all asset classes. The last four quarters represent the strongest four quarters of growth since inception of the Lincoln PMI.

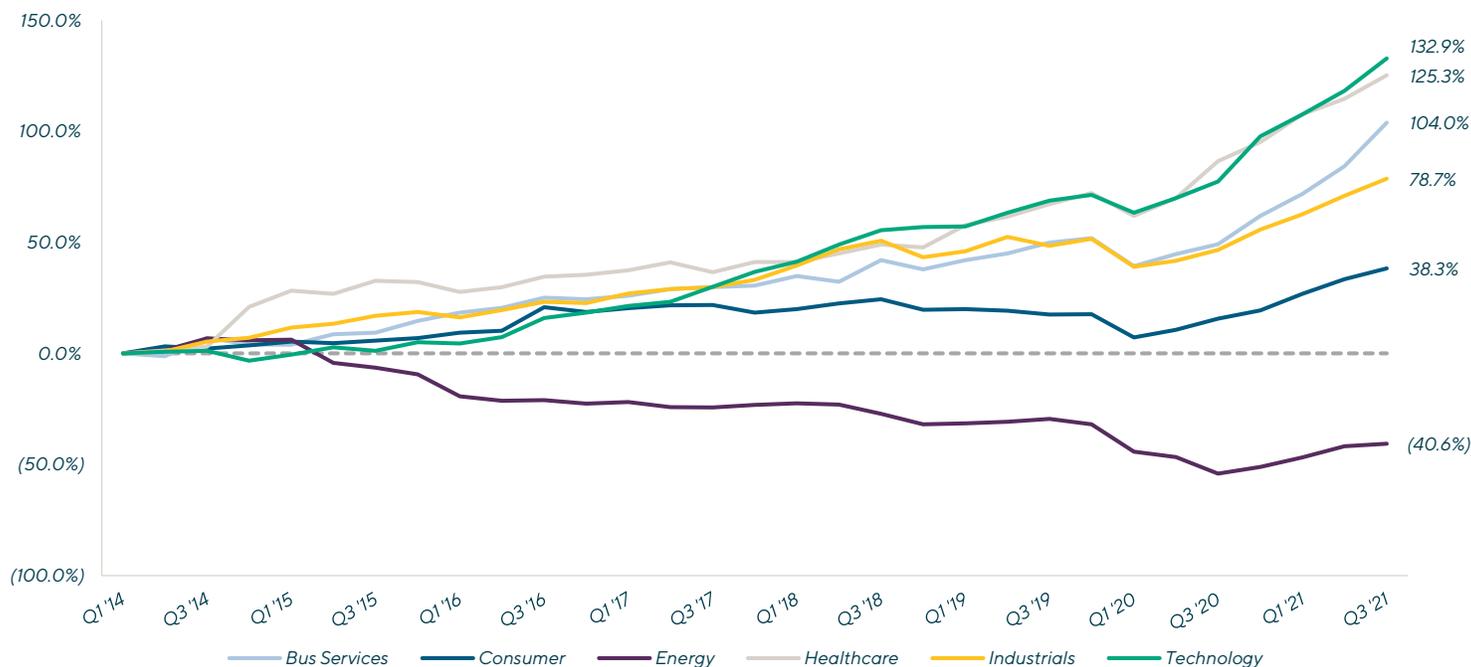
> The Lincoln PMI shows that private company enterprise values remain less volatile than those of the S&P 500; the Lincoln PMI's volatility is less than half that of the S&P 500 EV index as multiples have tended to be more stable than public company multiples. As a result, the Sharpe Ratio, which measures excess return per unit of risk, of the Lincoln PMI is superior to that of the S&P 500 EV index.

> While both indexes show relatively comparable growth in enterprise values since inception, private equity owned companies traditionally have more leverage than public companies and, therefore, generate relatively greater equity gains.

SECTOR BREAKDOWN: All Industries Showed Steady EV Growth

Q3

2021



Industry	Q3 2021	LTM
Bus Services	10.6%	36.7%
Consumer	3.7%	19.6%
Energy	2.1%	29.4%
Healthcare	4.9%	20.7%
Industrials	4.5%	21.9%
Technology	6.7%	31.2%

SECTOR BREAKDOWN:

All Industries Continue to See Strong Growth and Energy Continues to Recover

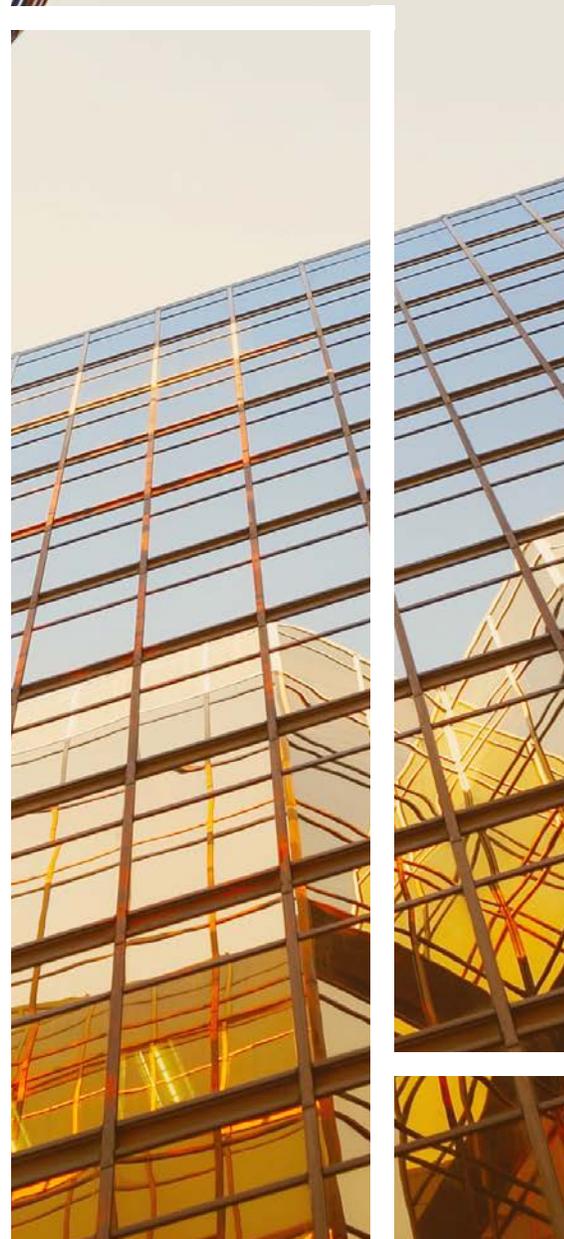
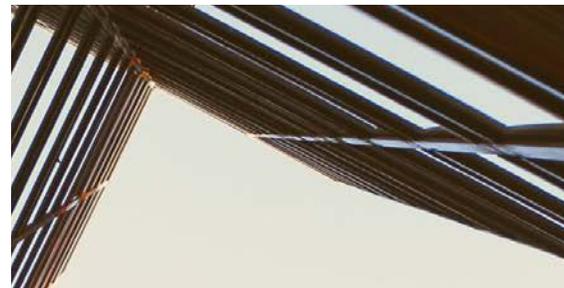
Q3

2021

This quarter was the fourth consecutive quarter wherein all industries experienced enterprise value growth driven by strong fundamental performance across all industries. Business services companies experienced the largest enterprise value gain in Q3 2021, which represented the largest single-quarter gain of the industry's history since LPMI's inception in 2014.

Business services, healthcare and technology businesses were generally the most pandemic-resistant, increasing over 30% on average since Q4 2019. Whereas consumer, energy and industrials which were more heavily impacted increased on average only 8% since Q4 2019.

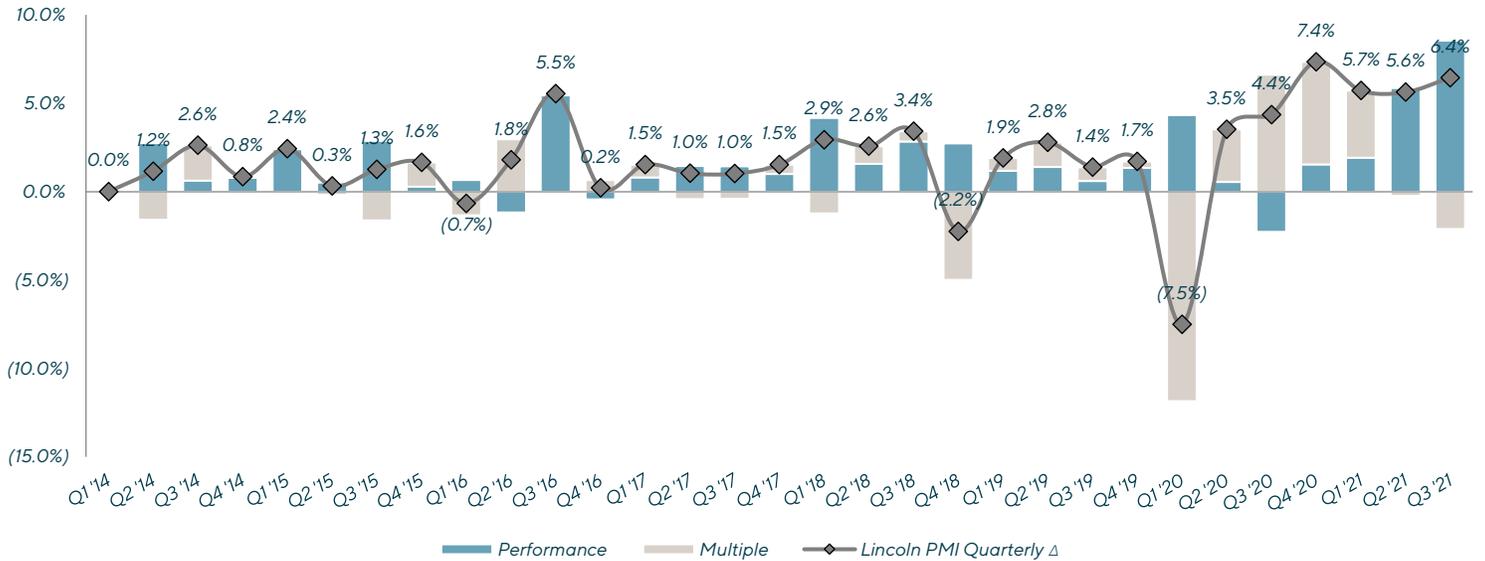
However, as impacts from the pandemic wane, the energy industry, one of the most highly pandemic-impacted industries, has experienced one of the strongest rebounds since September 30, 2020, as it continues to recover from pandemic lows buoyed by rising commodity prices.



EXAMINING THE LINCOLN PMI: Examining the Lincoln PMI - EBITDA Multiples versus Earnings

Q3

2021



~40%+

Expansion of Lincoln PMI valuation multiples since Q1 2014

The grey line in the above graph indicates the quarterly change in Lincoln PMI enterprise values; this change is based on changes in performance (i.e., EBITDA) combined with the change in EBITDA multiples.

Lincoln PMI enterprise values grew at higher rates in Q3 2021 as compared to the prior quarter, driven by larger increases in earnings. Multiples in the public markets were more volatile than private markets in Q3 2021, as strong S&P 500 earnings were entirely offset by multiple contraction during the quarter. Lincoln noted that the S&P 500 EV rebounded materially in October, recovering its losses from September.

Multiples in the private market remain at all-time highs as growth expectations remain strong looking ahead to 2022. EBITDA multiples in the Lincoln PMI reached 11.0x, approximately 1.0x higher than the historical three-year average. As companies execute on the expected growth ahead in 2022, LTM EBITDA multiples may trend back toward historical norms.

SUMMARY: The Lincoln PMI

Q3

2021

GENERAL OBSERVATIONS:

- Private company enterprise values again grew to record levels in Q3 2021, continuing the strong recovery, as the LPMI increased 6.4%, up 27.5% from pre-pandemic levels observed in Q4 2019 and 37.8% from the pandemic lows observed in Q1 2020. The last four quarters represent the strongest four quarters of growth since inception of the Lincoln PMI.
- Since its inception in Q1 2014, the Lincoln PMI has shown that private company enterprise value multiples have been less volatile than public company multiples and that earnings are the primary factor driving long term value creation despite multiples expanding dramatically in the second half of 2020 and into early 2021.

ENTERPRISE VALUE RESULTS:

- The Lincoln PMI enterprise value index increased 6.4% in Q3 2021, outperforming the S&P 500 EV. Both indices benefitted from improved operating performance; however, strong S&P 500 EV earnings were entirely offset by multiple contraction, whereas LPMI enterprise value multiples remained stable from the prior period.
- Fundamental performance remains the primary driver of long-term enterprise value growth in the Lincoln PMI. Private companies experienced YTD revenue and EBITDA growth of 13% and 7%, respectively, between 2021 and 2020. This growth is nearly double that of the levels observed between 2018 and 2019 where revenue and EBITDA grew 7% and 3%, respectively.

INDUSTRY BREAKDOWN ON AN ENTERPRISE VALUE BASIS:

- Q3 2021 saw continued growth across every industry; this was the fourth consecutive quarter with enterprise values increasing across every industry.
- The best performing industry in Q3 2021 was business services (+10.6% in Q3 2021), which experienced the largest single-quarter gain of the industry's history since inception of the LPMI in 2014.
- As impacts of the pandemic taper, the three most resilient industries of healthcare, technology and business services experienced approximately four times as much growth on average as consumer, industrial and energy companies.

IN SUMMARY, WE BELIEVE THE LINCOLN PMI:

- Enables investors in private companies, including private equity firms, to benchmark their investments against their peers and the S&P 500 on both enterprise value and equity value bases;
- Demonstrates that private companies generate returns comparable to major public stock market indices with less volatility;
- Offers many unique valuation insights into the fair value of private companies for a wide array of stakeholders and investors; and
- Represents a significant enhancement to the information available to investors in private companies.

METHODOLOGY: Source of Data and Sample Size

Q3

2021

SOURCE OF DATA AND SAMPLE SIZE

On a quarterly basis, Lincoln determines the enterprise fair value of over 2,500 portfolio companies for approximately 100 sponsors (i.e., private equity groups and lenders to private equity groups). These portfolio companies report quarterly financial results to the sponsor or lender. Lincoln obtains this information and determines the appropriate enterprise value multiple so as to compute the enterprise value in accordance with the fair value measurement principles of generally accepted accounting principles. In assessing enterprise value, Lincoln relies on well accepted valuation methodologies such as the market approach and income approach considering each company's historical and projected performance and other qualitative and quantitative factors. Finally, each valuation is then vetted by auditors, company management, boards of directors and regulators. Upon concluding each quarterly valuation cycle, Lincoln aggregates the underlying financial performance and enterprise value data for analysis.

To construct the Lincoln PMI, Lincoln selects a subsection of the companies valued each quarter, including private companies each generating earnings before interest, taxes, depreciation and amortization of less than \$100.0 million, disregarding venture-stage businesses and non-operating entities, such as special purpose entities that own real estate and specialty finance assets.

For more information, visit www.lincolninternational.com/services/valuations-and-opinions/lincolnpmi

2,500

Portfolio Companies are evaluated by Lincoln on a quarterly basis to determine their Enterprise Fair Value

~100

Sponsors participate in Lincoln PMI i.e. Private Equity Groups & lenders to Private Equity Groups

METHODOLOGY: Academic Advisors

Q3

2021



PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is a Senior Advisor to Lincoln's Valuations and Opinions Group. He is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance and Kessenich E.P. Faculty Director at the Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School of Business. Among other courses, Professor Kaplan teaches advanced Master of Business Administration and executive courses in entrepreneurial finance and private equity, corporate finance, corporate governance and wealth management. Professor Kaplan conducts research on a wide array of issues in private equity, venture capital, corporate governance, boards of directors, mergers and acquisitions and corporate finance. He has been a member of the Chicago Booth faculty since 1988.

Professor Kaplan serves on the board of Morningstar and several fund and company advisory boards. He is also a Research Associate at the National Bureau of Economic Research and an Associate Editor of the Journal of Financial Economics.

Professor Kaplan received a Bachelor of Arts, summa cum laude, in applied mathematics and economics from Harvard College and earned a Doctor of Philosophy in business economics from Harvard University.

PROFESSOR MICHAEL MINNIS

Professor Michael Minnis is a Senior Advisor to Lincoln's Valuations and Opinions Group. He is a Professor of Accounting at the University of Chicago Booth School of Business, where he researches the role of accounting information in allocating investment efficiently by both managers and capital providers. His recent research focuses on understanding the role of privately held companies in the U.S. economy and how these firms use financial reporting to access, deploy and manage capital. He particularly enjoys identifying unique data and methods to empirically examine issues in a novel way.

In January 2018, Professor Minnis became a member of the Private Company Council, the primary advisory council to the Financial Accounting Standards Board (FASB) on private company issues. Professor Minnis received his Ph.D. from the University of Michigan and his B.S. from the University of Illinois, where he graduated with Highest Honors.

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We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 700 professionals across 16 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

Lincoln's Valuations & Opinions Group is a leading independent valuation advisor to managers of illiquid assets and lenders to alternative assets funds. The group specializes in the valuation of illiquid debt, equity and derivative securities. Additionally, they provide independent fairness, solvency and other transaction opinions for a variety of corporate transactions for both public and private companies.

Lincoln's Valuations & Opinions Group is widely recognized for leveraging the firm's "real world" transaction experience from its M&A and debt advisory practices to assist its clients in the determination of fair value. Lincoln International's highly skilled professionals have extensive experience in determining and supporting fair value measurements for traditional and complex securities.



IMPORTANT DISCLOSURE: The Lincoln Private Market Index is an informational indicator only, and does not constitute investment advice or an offer to sell or a solicitation to buy any security. It is not possible to directly invest in the Lincoln Private Market Index. Some of the statements above contain opinions based upon certain assumptions regarding the data used to create the Lincoln Private Market Index, and these opinions and assumptions may prove incorrect. Actual results could vary materially from those implied or expressed in such statements for any reason. The Lincoln Private Market Index has been created on the basis of information provided by third-party sources that are believed to be reliable, but Lincoln International has not conducted an independent verification of such information. Lincoln International makes no warranty or representation as to the accuracy or completeness of such third-party information.

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