What we do

The Corporate Advisory team at Peapack-Gladstone Bank provides a full range of corporate advisory services to middle market companies and their owners across all major industry sectors. We pride ourselves on providing senior leadership, independent advice and always taking a relationship-first approach to every interaction.

We help companies and their owners **create value** through:

- Mergers & Acquisitions Advisory Services
- Capital Structure and Financing Advisory Services
- Strategic Corporate Finance Services

What differentiates us

- **Middle market experts** – working exclusively with middle market companies, we create and execute the right solution based on client-specific challenges
- **Senior-level attention** – we take a hands-on approach by senior managers to plan and execute your solution
- **Independent, objective advice** – our financial solutions are unbiased; we always have the client's best interests in mind and avoid conflicts of interest
- **Unparalleled resources** – by partnering with our Private Wealth Management and Commercial Private Banking teams, we have access to data sources, proprietary research and talent unmatched by any other corporate advisory boutique
- **Customized solutions** – to determine the best strategy to meet a client's goals, we take the time to thoroughly analyze the client's business and understand ownership's goals
- **An honorable way of conducting business** – we still conduct business the old-fashioned way: face-to-face, with integrity, discretion and transparency
- **One team** – we make it easy for our clients to do business with us through a singular, responsive and accountable relationship

How we can help

Our team provides a **full range of corporate advisory services**, including:

- Mergers and Acquisitions
  - Sales and divestitures
  - Acquisition advisory
- Capital Formation
  - Private placements of senior debt, subordinate debt and equity
  - Capital markets advisory
  - Capital structuring and financing advisory services
- Corporate Finance Solutions
  - Management buyouts
  - Growth capital
  - Business valuations
  - Financial restructuring
  - Recapitalizations
  - Go-private initiatives
  - Board advisory
  - ESOPs

Our market observations

Private Capital Markets

The debt markets in the first half of 2018 continue to be flush with liquidity, funding record activity at historically low spreads and eroding covenant protections. Acquisitions, leveraged recaps, refinancings, storied-credits and even small sponsor-less credits are finding warm receptions. Leverage multiples remain strong, growing consistently since Q2 2016, but leveling off the past two quarters.

Healthy leverage multiples across all market stratifications remain at elevated levels. Depending on size, Senior Debt to EBITDA ranges from 3x to 5x and Total Debt to EBITDA from 4.5x to 6x.

Competitive pressure continues to compress spreads, tempering the impact of the LIBOR's increases. Although yields have risen modestly across all structures, all-in rates remain well below the pre-Great Recession levels of 2007.

The Fed recently labeled the US economic outlook "strong" for the first time in twelve years. As the economy marches towards its longest expansion in history, only the length of the expansion itself (it's got to end sometime), a flattening yield curve and the threat of trade war cast a shadow over what all other indicators (wages, employment, housing, capital spending, defaults and lending) would describe as an early or midpoint of an expansion cycle.

After declining steadily since 2015, commercial bank loan growth has returned in 2018. Banks are well positioned to benefit from their lower cost of capital and improving relationship with the Fed (less risk of failing stress tests and better understanding of the Fed's leverage guidance rules). The non-bank/2nd Lien/Unitranche market has effectively lost its pricing advantage over the blended senior bank / sub debt structure. If these savings continue to be significant, many issuers will return to the dual lender model; steering additional headwinds onto the already challenged private debt providers.

Merger & Acquisitions

Middle Market (TEV between $10 – 250 million) purchase price multiples remain strong; hovering in the mid-seven multiple range since mid-2017[1].

Size and quality premiums are at all-time highs[1]. For the first half of 2018, companies valued $50-250 million traded at an average of 9.5x compared to 6.1x for companies valued at $10-50 million. In addition, companies with above average financial characteristics (Revenue and TTM EBITDA metrics) traded at a 26% premium YTD 2018.

The Mega-deals continue to grab headlines and drive the overall M&A market to record transaction value levels. However, the number of transactions continue to decline from the high-water mark of 2015. Transactions $250 million and under accounted for 85% of the number of transactions but only 25% of the overall deal value in the first half of 2018[2].

To augment slow organic growth, corporate acquirers, flush with cash from a record long expansion period and a windfall from tax reform, continue to demonstrate a willingness to pay for deals. In the first half of 2018, Pitchbook reported that corporate acquisitions accounted for 64% of exit value but only 47% of the exits and that they are more active in the lower end of the market where speed to market is more important than scale.

US Private Equity activity remains a vibrant. Driven by a 41% increase in platform median deal size since 2016, transactions between $25 million to $1 billion now account for nearly 70% of all PE activity. Secondary buyouts (PE fund to PE fund) represent more than 50% of PE backed exits.[3]

[1]GF Data M&A Report, August 2018
[2]Pitchbook M&A Report, 2Q 2018
[3]PitchbookUS PE Middle Market, 2Q 2018

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