

# Sizing a SPAC should be driven by the size of the targets

Dilutive impact of SPAC structure is minimized with a larger deal size



Illustrative dilution on a \$200mm SPAC at various transaction values

Transaction value - TEV (multiple of IPO)	1.0x	3.0x	5.0x
TEV	\$200.0	\$600.0	\$1,000.0
EBITDA purchase multiple	10.0x	10.0x	10.0x
EBITDA	20.0	60.0	100.0
Fully diluted TEV w/ promote	\$250.0	\$650.0	\$1,050.0
Fully diluted EBITDA multiple	12.5x	10.8x	10.5x
<i>EBITDA delta (x)</i>	<i>2.5x</i>	<i>0.8x</i>	<i>0.5x</i>
<i>EBITDA delta (%)</i>	<i>25.0%</i>	<i>8.3%</i>	<i>5.0%</i>

  

Transaction Value	EBITDA Multiple
Acquisition TEV / EBITDA	10.0x
PF TEV / EBITDA (\$250mm TEV)	12.5x
PF TEV / EBITDA (\$650mm TEV)	10.8x
PF TEV / EBITDA (\$1,050mm TEV)	10.5x

The latest SPAC structure offers dramatically less dilution compared to the legacy structure, which has further facilitated successful acquisitions

Additionally, by selecting targets with TEV much larger than the SPAC, the dilution hurdle can be further decreased

An ideal target transaction size for a SPAC is typically 3-5x the initial IPO size

Key assumptions:

- \$200mm SPAC IPO
- Sponsor promote of 20% or \$50mm upfront
- 10.0x TEV/EBITDA acquisition multiple