



Cassel Salpeter & Co.

INVESTMENT BANKING

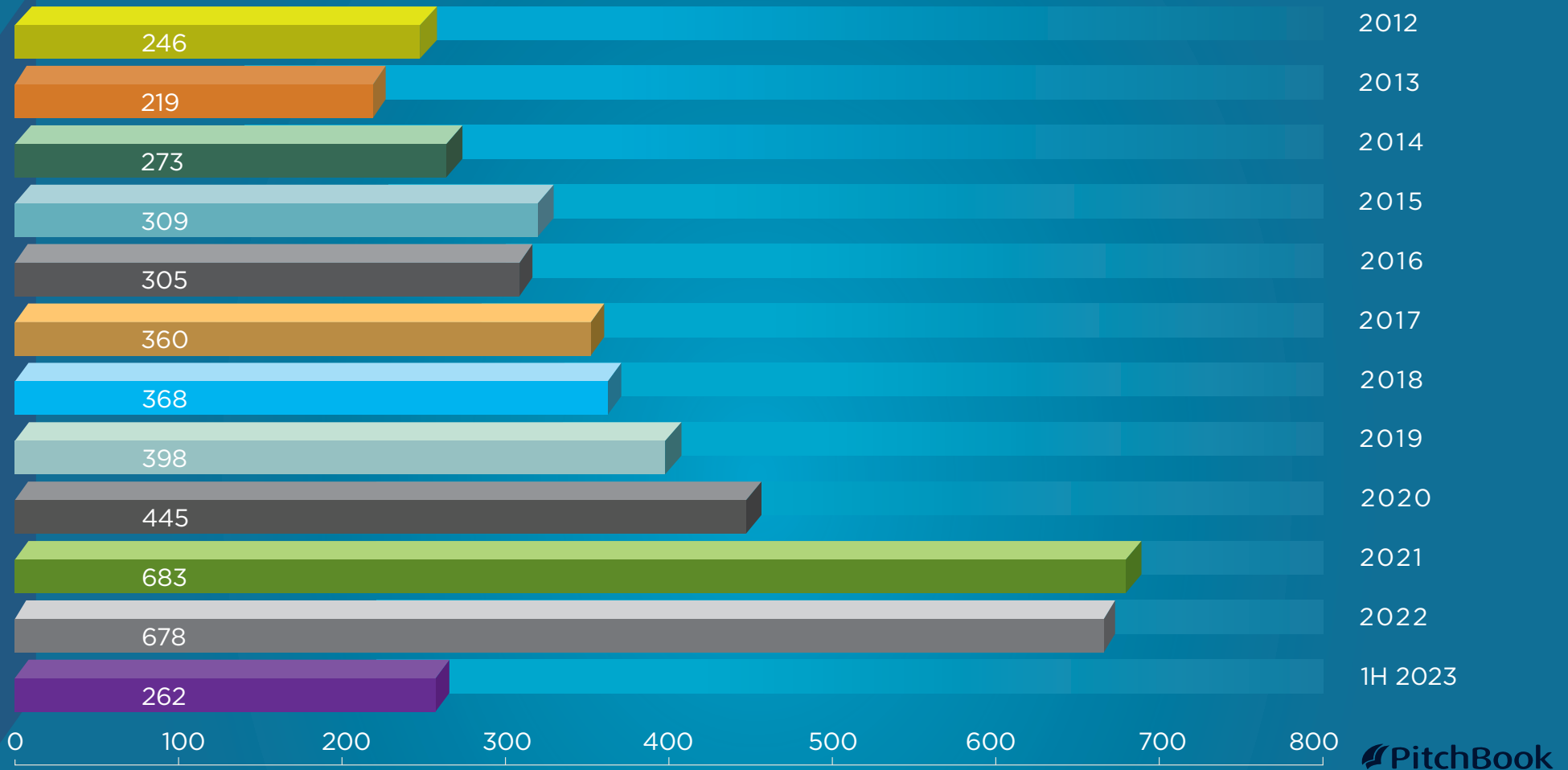
FOUNDED IN FLORIDA OVER 10 YEARS AGO

## A VIEW OF 1H 2023: FLORIDA SPONSOR REPORT

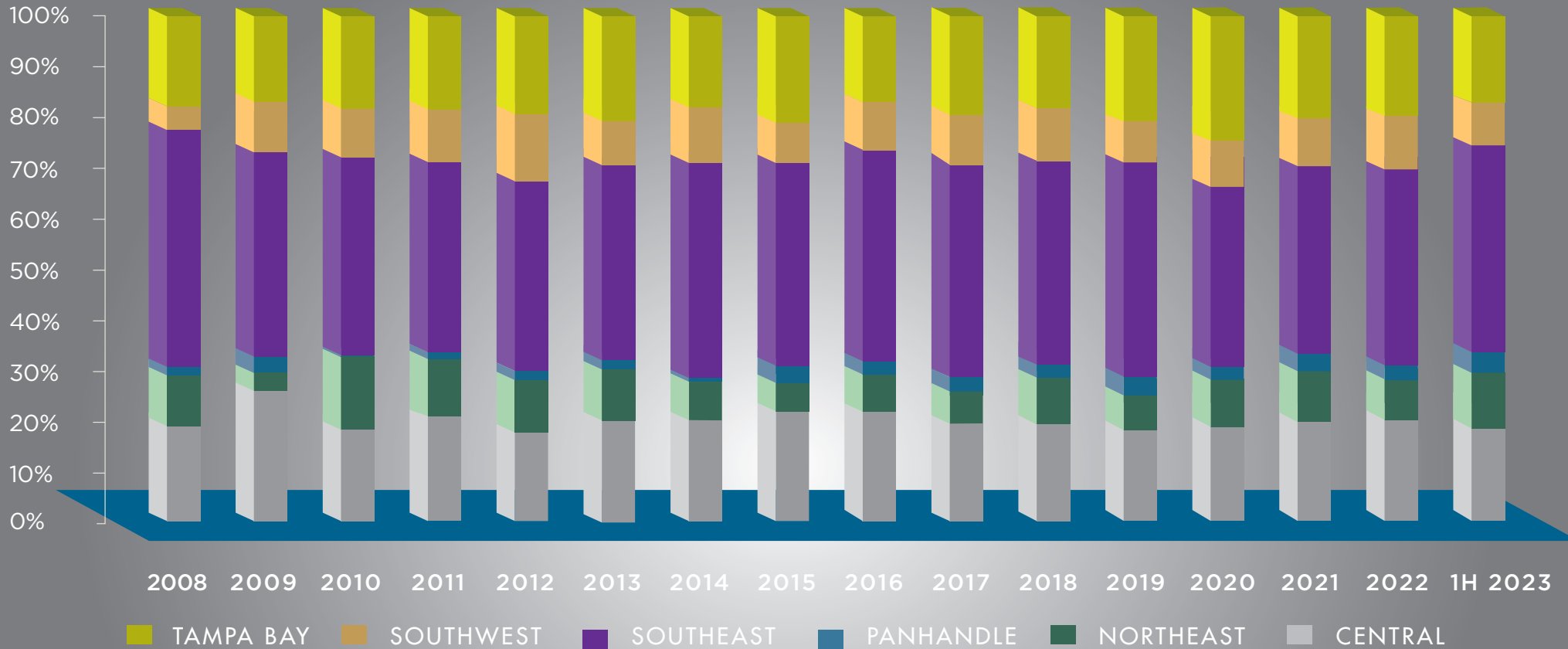
THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF JUNE 30TH, 2023, PROVIDES A TOP-LEVEL EXAMINATION OF SPONSOR ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S SPONSOR TRENDS, WITH A FOCUS ON DEAL FLOW ACTIVITY. THIS REPORT INCLUDES ALL SPONSOR INVESTMENTS (INCLUDING BUYOUT, ADD-ON, GROWTH, AND RECAPITALIZATION), EXCLUDING REAL ESTATE INVESTMENTS, MADE INTO TARGET COMPANIES WITH HEADQUARTERS IN FLORIDA.

Pitchbook has changed its methodology for recording deal activity that will apply to this and all future sponsor reports. All announced deals will be included in the reporting of total deal activity in addition to completed deals, and announced dates will be used to reflect deal timing in lieu of closing dates.

# Florida Sponsor Deal Flow by Year

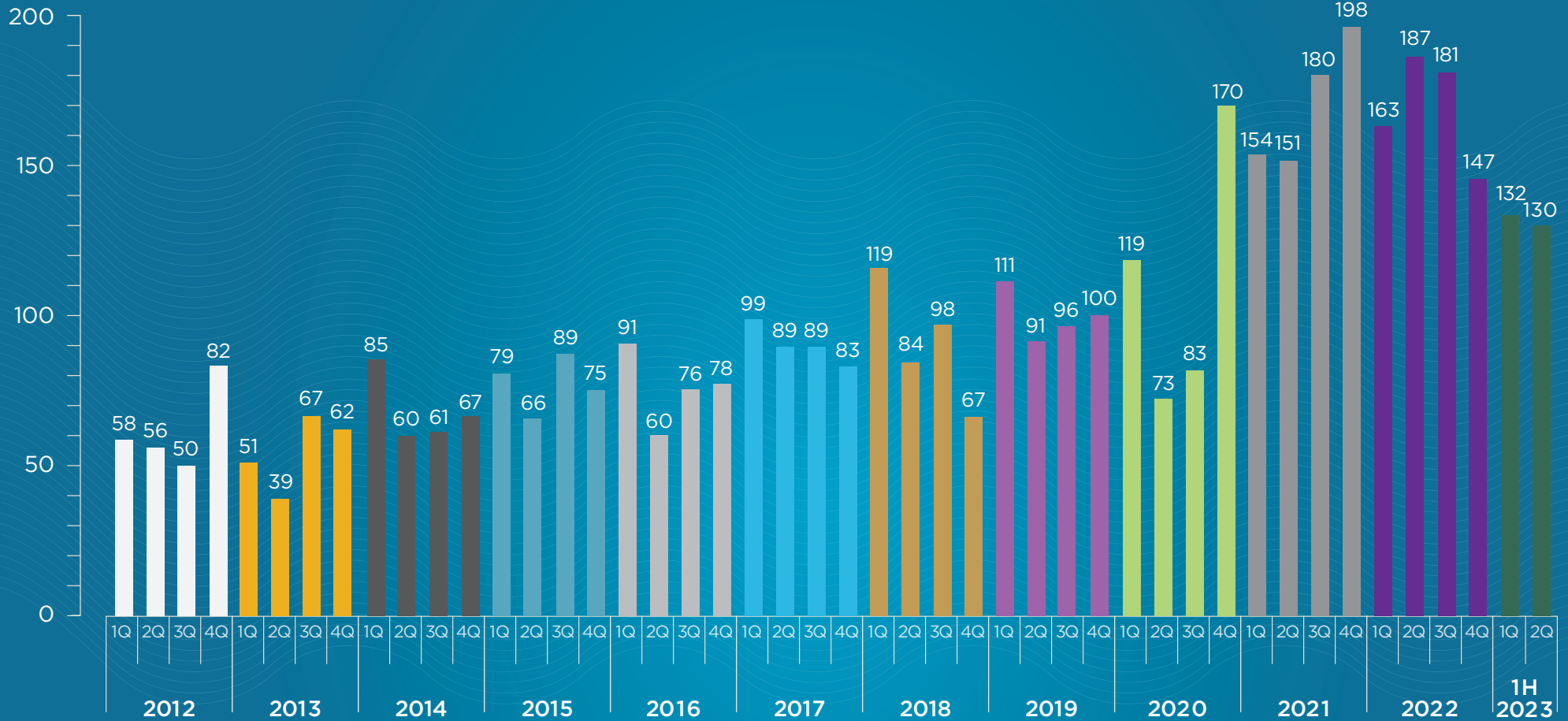


The first half of 2023 Florida sponsor deal flow was in line with our report for the first half of 2022, with 262 and 257 total deals reported, respectively. Sponsors are still battling higher interest rates, making the cost of borrowing and underwriting more difficult.



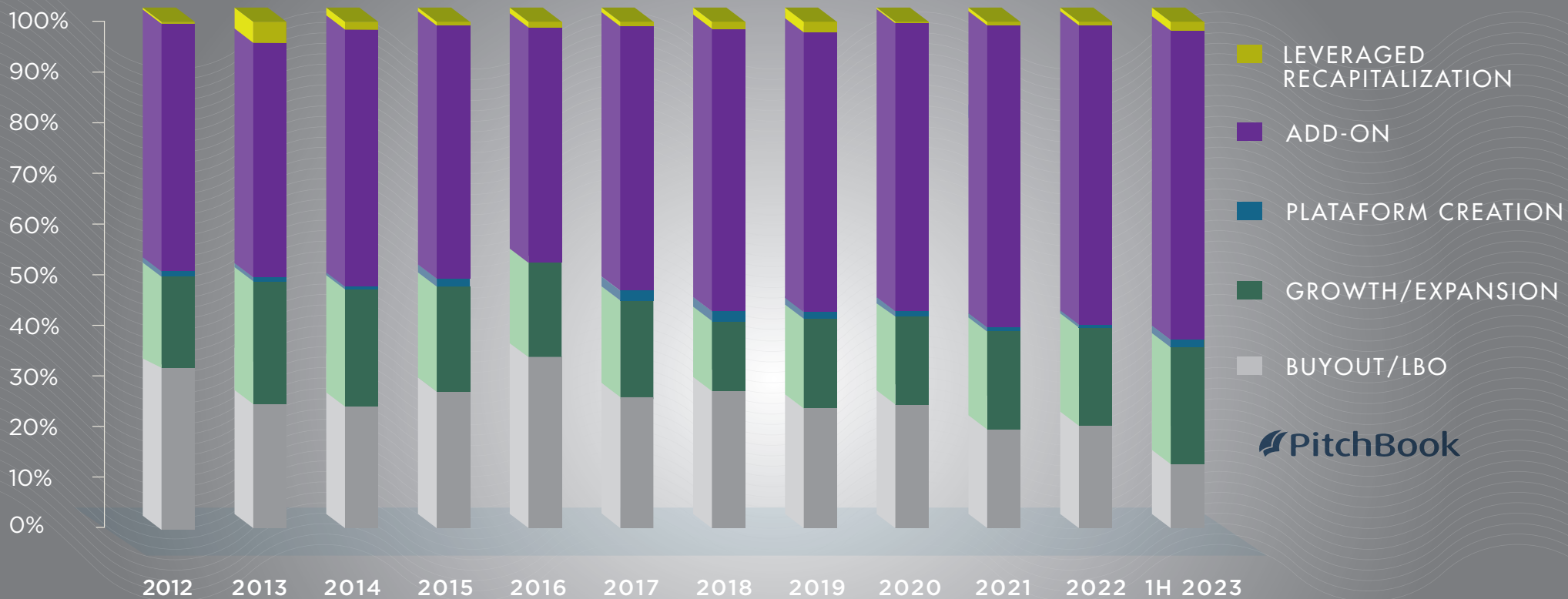
The Southeast region has consistently been the region with the highest number of sponsor deals in any given year since we began reporting in 2008, this year accounting for approximately 41% of total Florida sponsor deals in the first half of 2023. The Central region also remains consistent with approximately 18% of total Florida sponsor deals in the first half of 2023. Interestingly, after a short-lived increase in percentage in 2020, the Tampa Bay region has normalized back to pre-pandemic percentages, accounting for approximately 17% of total Florida sponsor deals in the first half of 2023. The Northeast region saw a slight increase in the first half of 2023, accounting for approximately 11% of total Florida sponsor deals, while the Southwest and the Panhandle were the lowest percentages, accounting for approximately 9% and 4%, respectively.

# Florida Sponsor Deal Flow by Quarter



The first two quarters of 2023 were consistent with the fourth quarter of 2022, with 132 and 130 total Florida sponsor deals in the first and second quarter, respectively, and 147 in the fourth quarter of 2022. While deal count is still solidly ahead of pre-pandemic levels, we suspect that the dollar value of those deals is relatively similar to the lower, pre-pandemic deal count, because smaller deals appear to currently be a more active space.

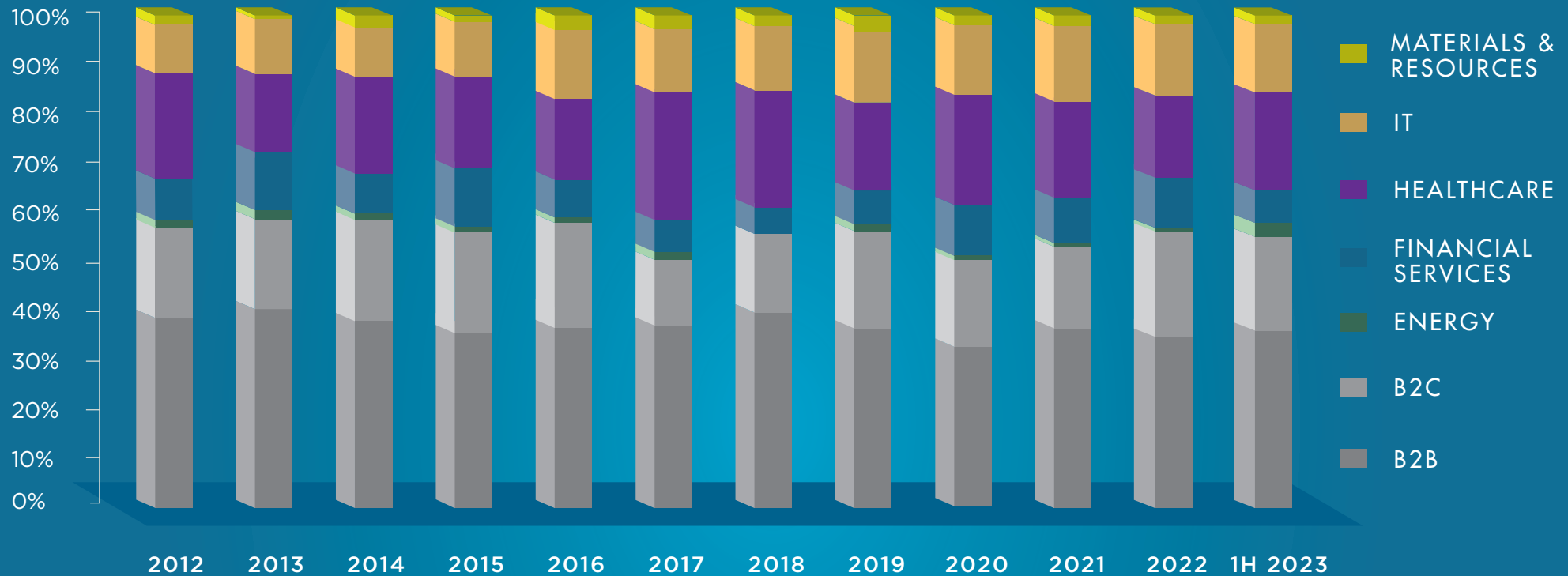
# Florida Sponsor Deal Flow by Type



PitchBook

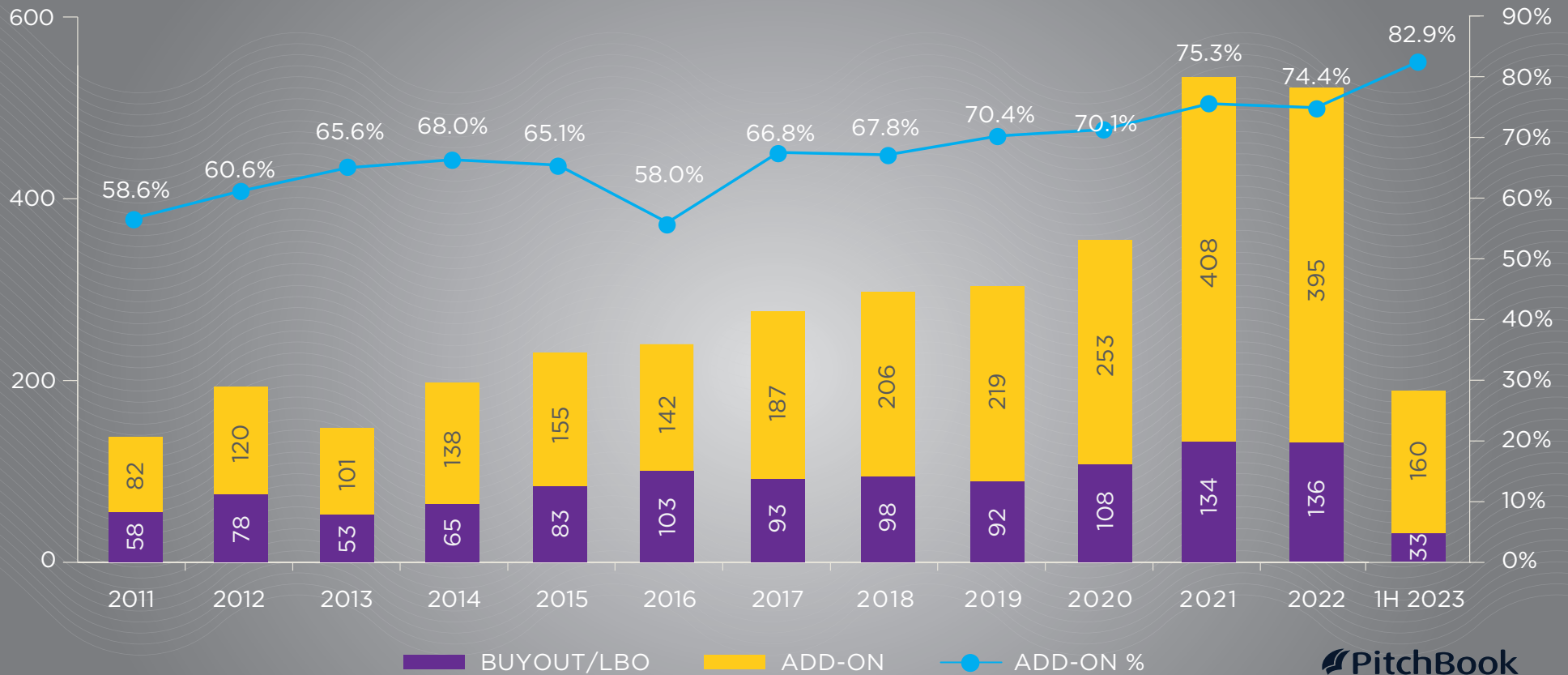
Sponsor Add-Ons continued to drive Florida deal activity in the first half of 2023, accounting for approximately 61% of Florida sponsor deal activity. Interestingly, Growth/Expansion continues to grow, accounting for approximately 23% in the first half of 2023, up approximately 3% from 2022. While Buyout/LBO has continued to decrease year-over-year, this was the most significant decrease we have seen thus far, accounting for approximately 12%, a decline from approximately 20% in 2022.

# Florida Sponsor Deal Flow by Sector



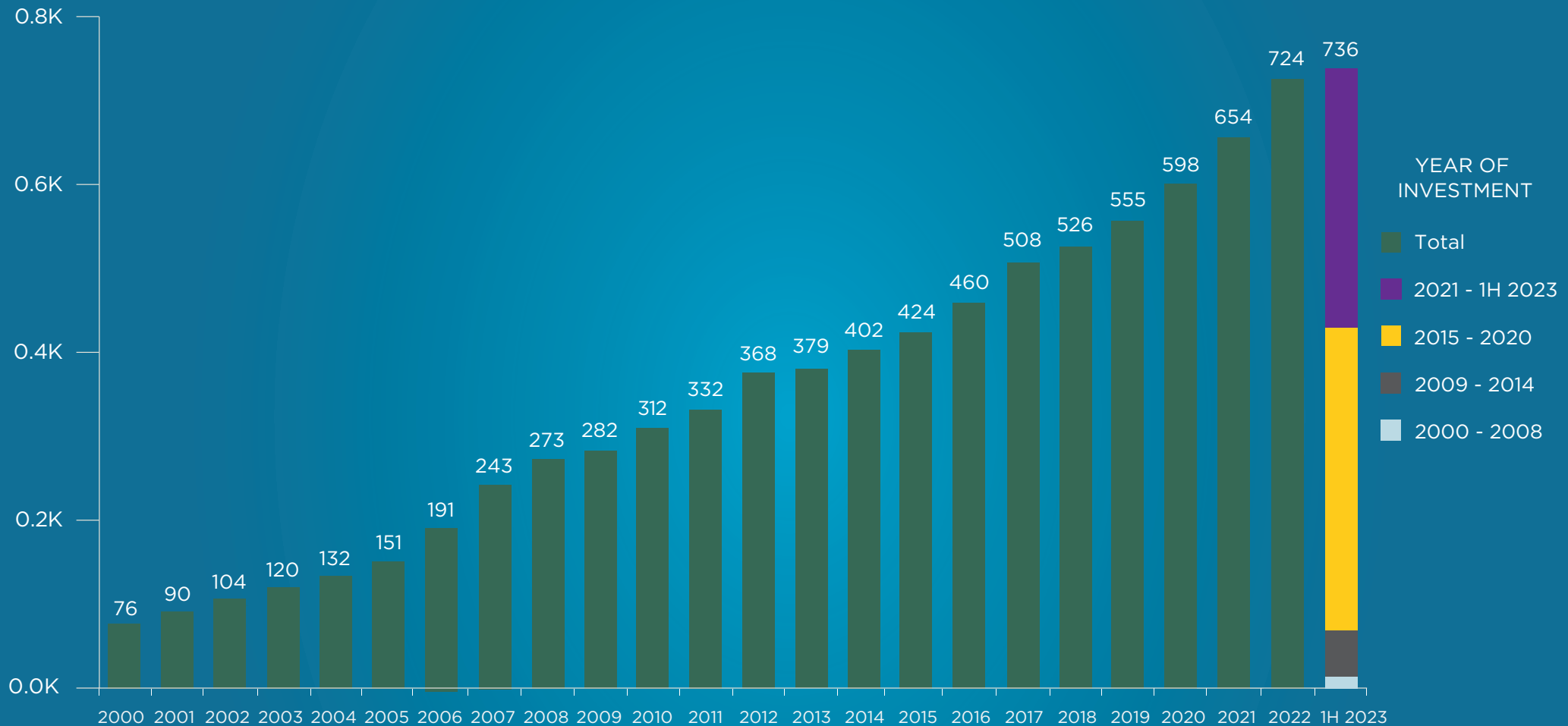
B2B again remained the dominant sector for Florida sponsor activity in the first half of 2023, accounting for approximately 36% of total deal activity. After B2C surpassed Healthcare in 2022, the sectors have balanced, accounting for approximately 20% (Healthcare) and 19% (B2C). While IT remained steady at approximately 14%, Financial Services declined, accounting for approximately 6%, down from 11% in 2022. On the flip side, Energy increased in percentage, accounting for approximately 3% in the first half of 2023, up from approximately 0.5% in 2022.

# Florida Sponsor Buyouts vs. Add-Ons



Sponsor Add-Ons as a percentage of all Florida sponsor control investments once again hit an all-time high since we began tracking Florida sponsor data, accounting for 82.9%. This solidifies our assumptions earlier in this report regarding sponsors closing smaller deals.

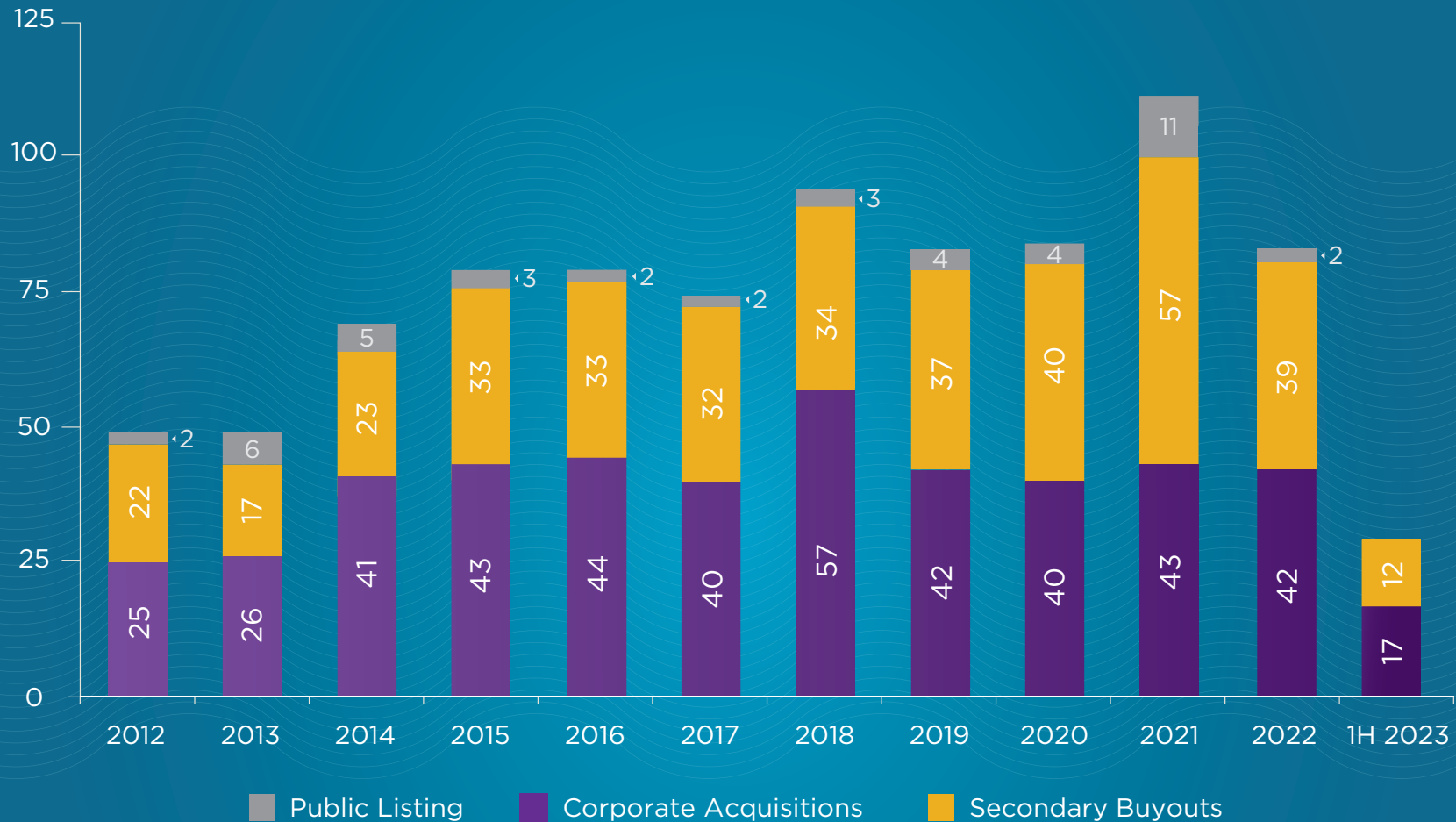
# Sponsor-Backed Florida Companies



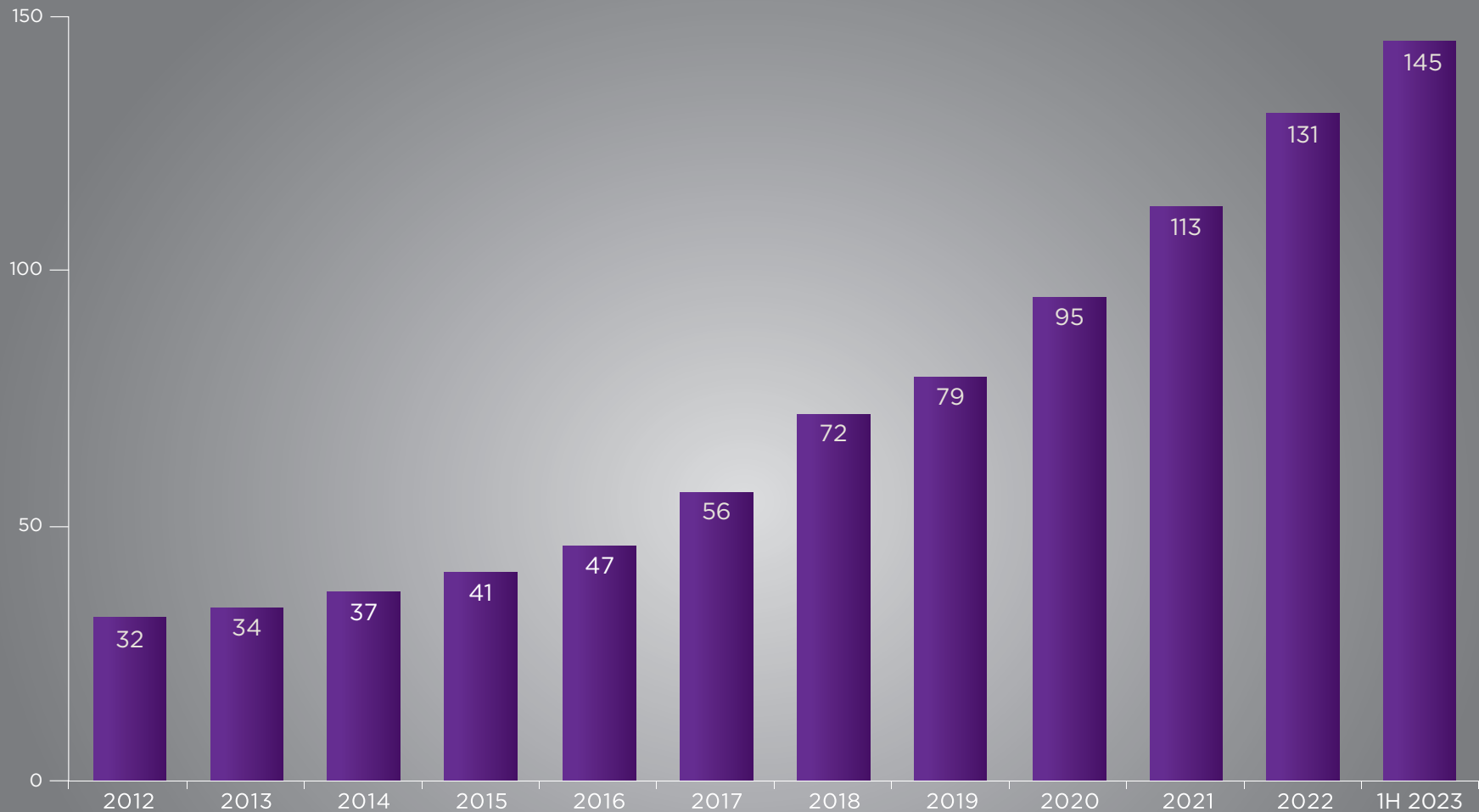
Florida sponsor-backed company inventory continued to grow, albeit at a slower pace, with an additional 12 (net) new Florida sponsor-backed companies. This growth is minimal compared to what we reported in 2022 at 70 (net) new Florida sponsor-backed companies.



# Florida Sponsor Exits by Type

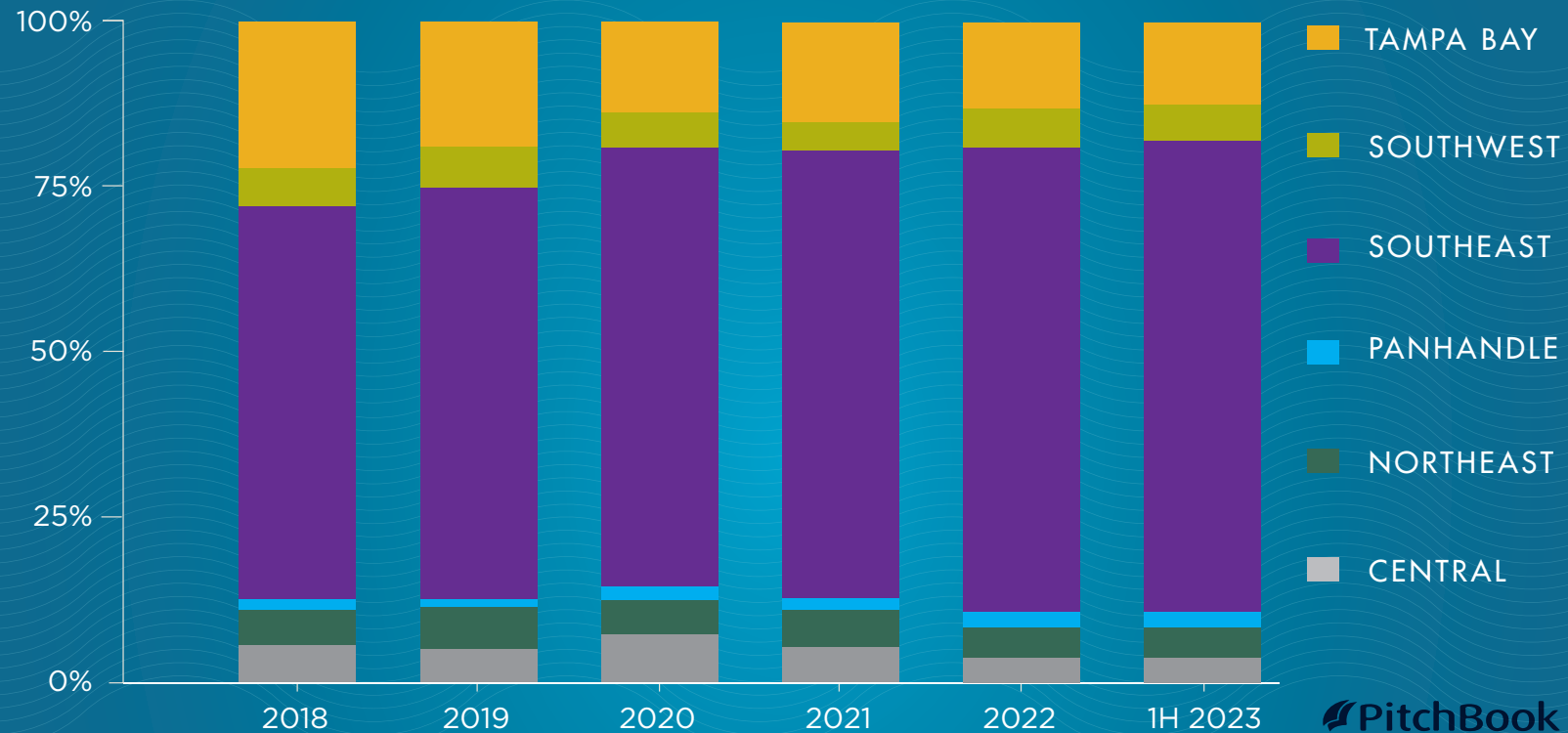


While 2020 and 2021 seemed to be odd years for Florida sponsor exits, at approximately 59% and continuing the reversal of the Secondary Buyout trend, Corporate Acquisitions was once again the primary exit route for Florida sponsors in the first half of 2023.



The number of sponsors with headquarters in Florida continued to rise at a rapid pace in the first half of 2023 with an additional 14 Florida-based sponsors. Comparing this to year-end 2022, which saw a total of 18 new Florida-based sponsors for the entire year, 2023 is on track to be the most sizable increase we have seen since we began reporting in 2010. It will be interesting to see the 2023 year-end report and if the rate remains as significant.

# Florida-Based Sponsors by Region



PitchBook

Of the 145 sponsors headquartered in Florida, approximately 72% are located in the Southeast region of Florida. This percentage has gradually increased from approximately 60% in 2018. Tampa Bay accounts for approximately 12%, followed by the Southwest and Northeast at approximately 6% and 5% respectively. Both the Central and Panhandle regions accounted for approximately 3% or less each.

# METHODOLOGY



## SPONSOR DEALS

This report includes all sponsor investments (buyout, growth, recapitalization, and add-on), excluding real estate investments, made into target companies, with headquarters in Florida. Only investments made directly by sponsor firms or their portfolio companies are counted. Buyout deals are defined as transactions in which the sponsor investors receive controlling ownership stakes in the target companies. Growth deals are defined as minority investments in target companies. Add-on deals are defined as acquisitions by companies with sponsor backing.



## FLORIDA-BASED SPONSOR FIRMS

This report includes sponsor firms with headquarters in Florida that were either actively investing or raising funds during the reported periods.



## SPONSOR-BACKED FLORIDA-BASED COMPANIES

This report includes companies headquartered in Florida that are in part or in whole backed by sponsor firms.

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**Cassel Salpeter & Co.** is a Florida-based independent investment banking firm focused on providing independent and objective advice to middle market and emerging growth companies for over 10 years.



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