



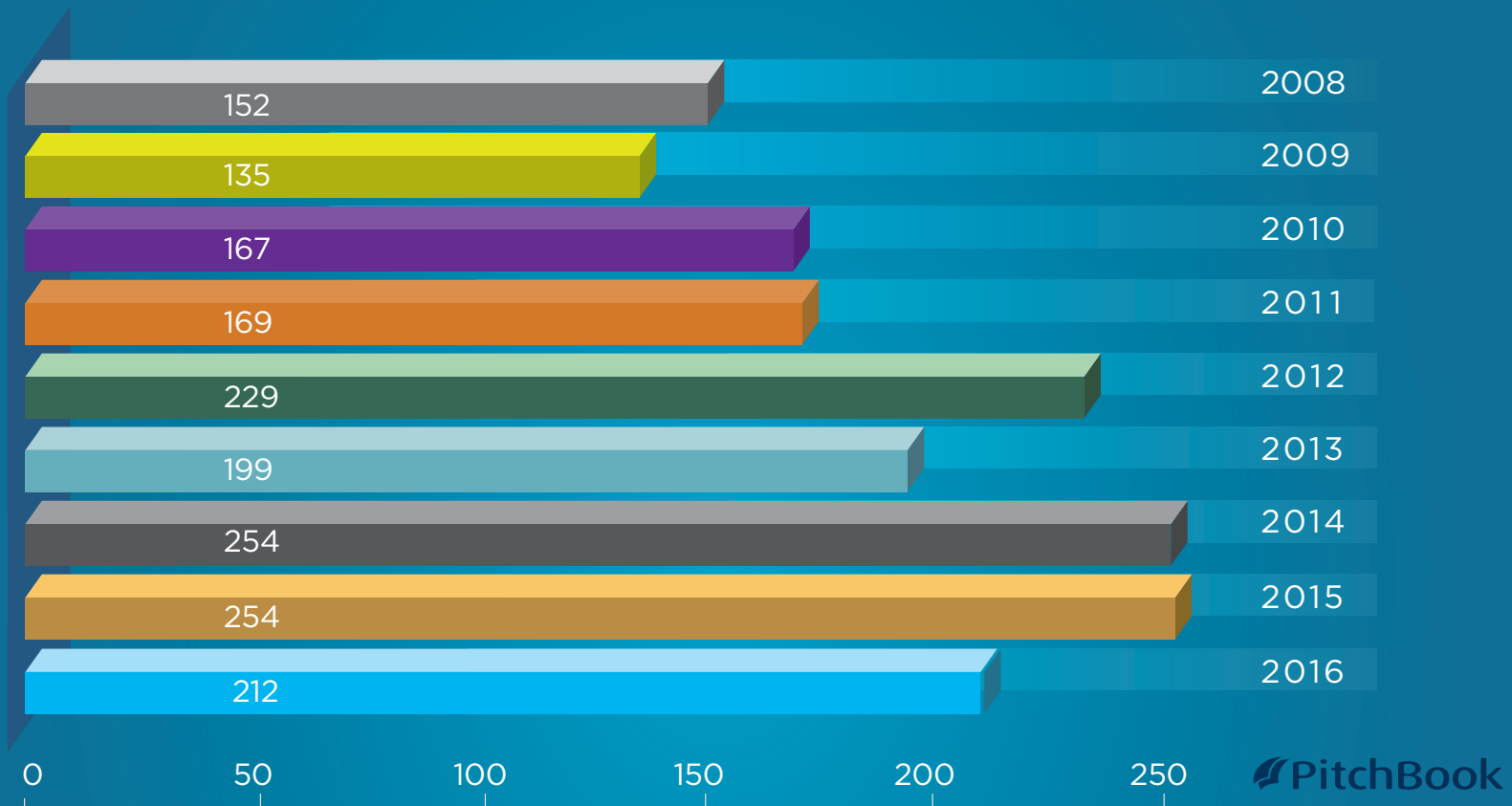
Cassel Salpeter & Co.  
INVESTMENT BANKING

## A VIEW OF FLORIDA: 2016 FLORIDA PE DEAL REPORT

THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF DECEMBER 31, 2016, PROVIDES A TOP-LEVEL EXAMINATION OF PRIVATE EQUITY ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S PE TRENDS, WITH A FOCUS ON DEAL FLOW ACTIVITY.

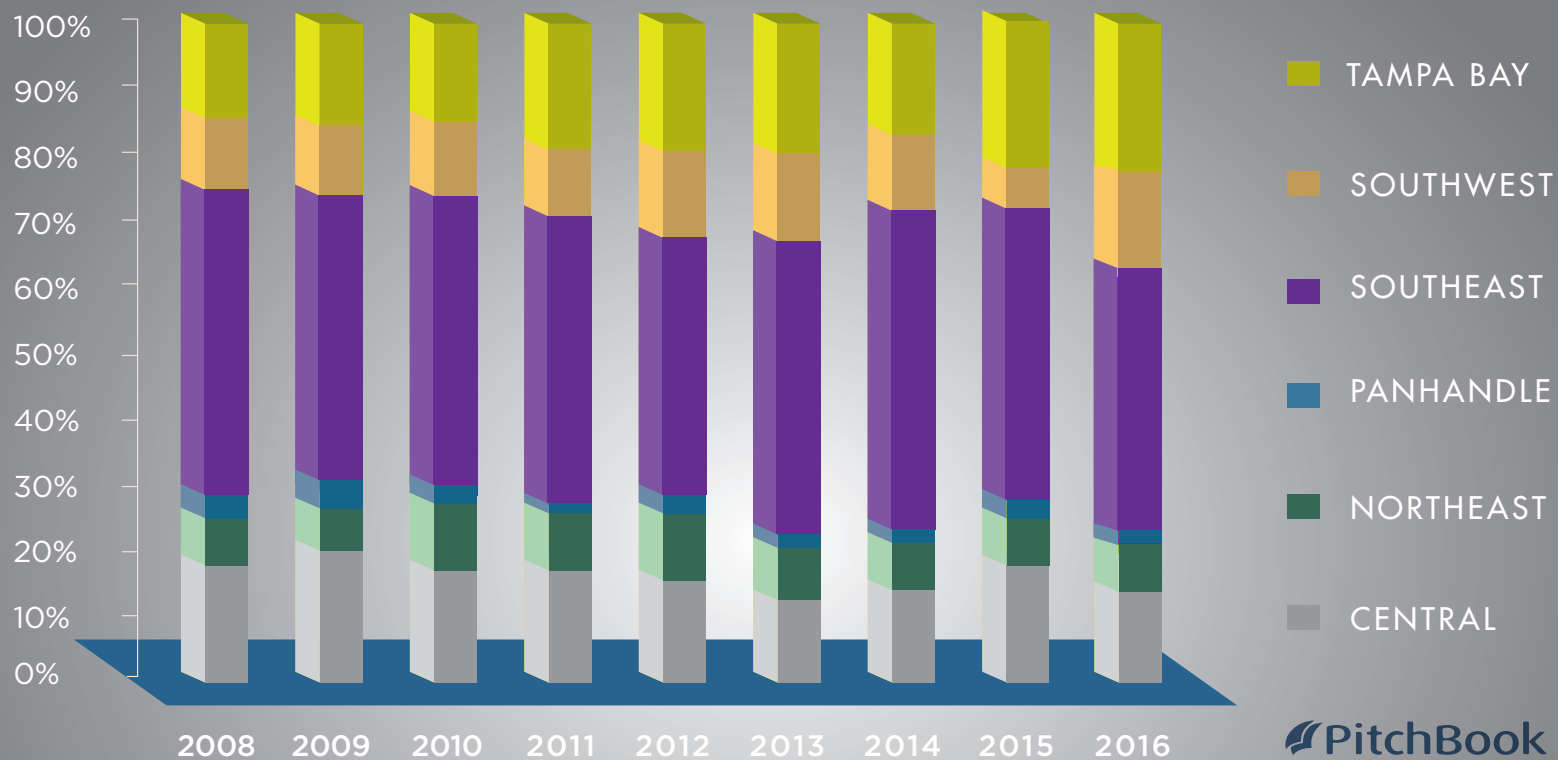
THIS REPORT INCLUDES ALL PE INVESTMENTS (INCLUDING BUYOUT, ADD-ON, GROWTH AND RECAPITALIZATION), EXCLUDING REAL ESTATE INVESTMENTS, MADE INTO TARGET COMPANIES WITH HEADQUARTERS IN FLORIDA.

# Florida PE Deal Flow by Year



After back-to-back years with the highest Florida PE deals completed in quite some time, 2016 saw an approximate 16.5% decrease in deal flow. As indicated in Pitchbook's 2016 US PE Breakdown report, this decline can likely be mostly attributed to both an expensive market and a lack of quality acquisition targets.

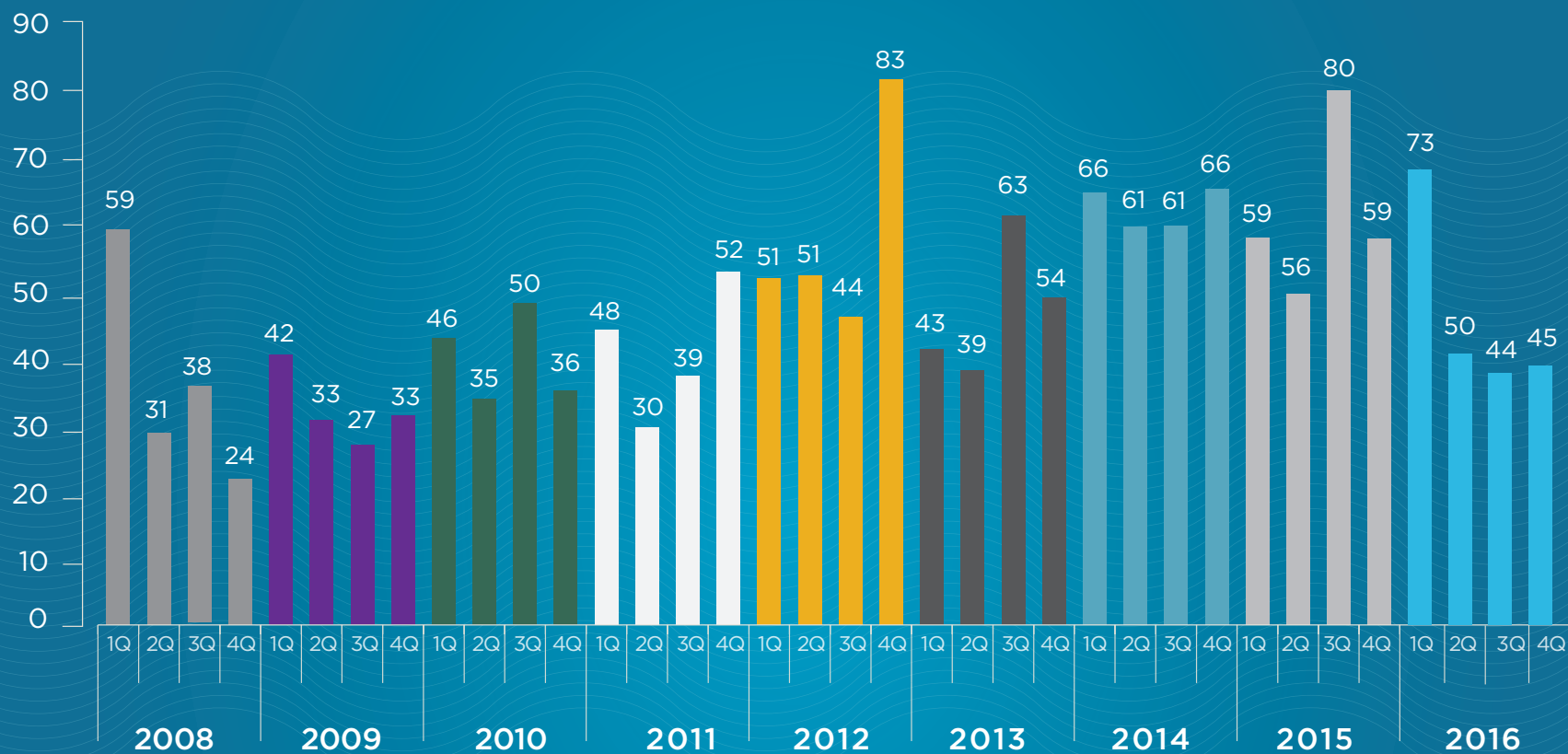
# Florida PE Deal Flow by Region



PitchBook

Southeast Florida remains the region with the most Florida PE deal flow, accounting for approximately 40.6% of total 2016 Florida PE deals, over doubling any other region in Florida. The Tampa Bay, Central, and Southwest regions followed the Southeast region with approximately 18.9%, 15.6%, and 14.6% of total Florida PE deals, respectively.

# Florida PE Deal Flow by Quarter



PitchBook

58% of the total 2016 Florida PE deals occurred in 1H 2016 and approximately 34.4% of those occurred in 1Q 2016. The back half of 2016 was consistent with 3Q and 4Q producing approximately 20.8% and 21.2% of total Florida PE deals, respectively.

# Q&A



**SCOTT SALPETER & JAMES CASSEL**

**Q** // PE EBITDA multiples grew in 2016; is current pricing sustainable from a returns standpoint?

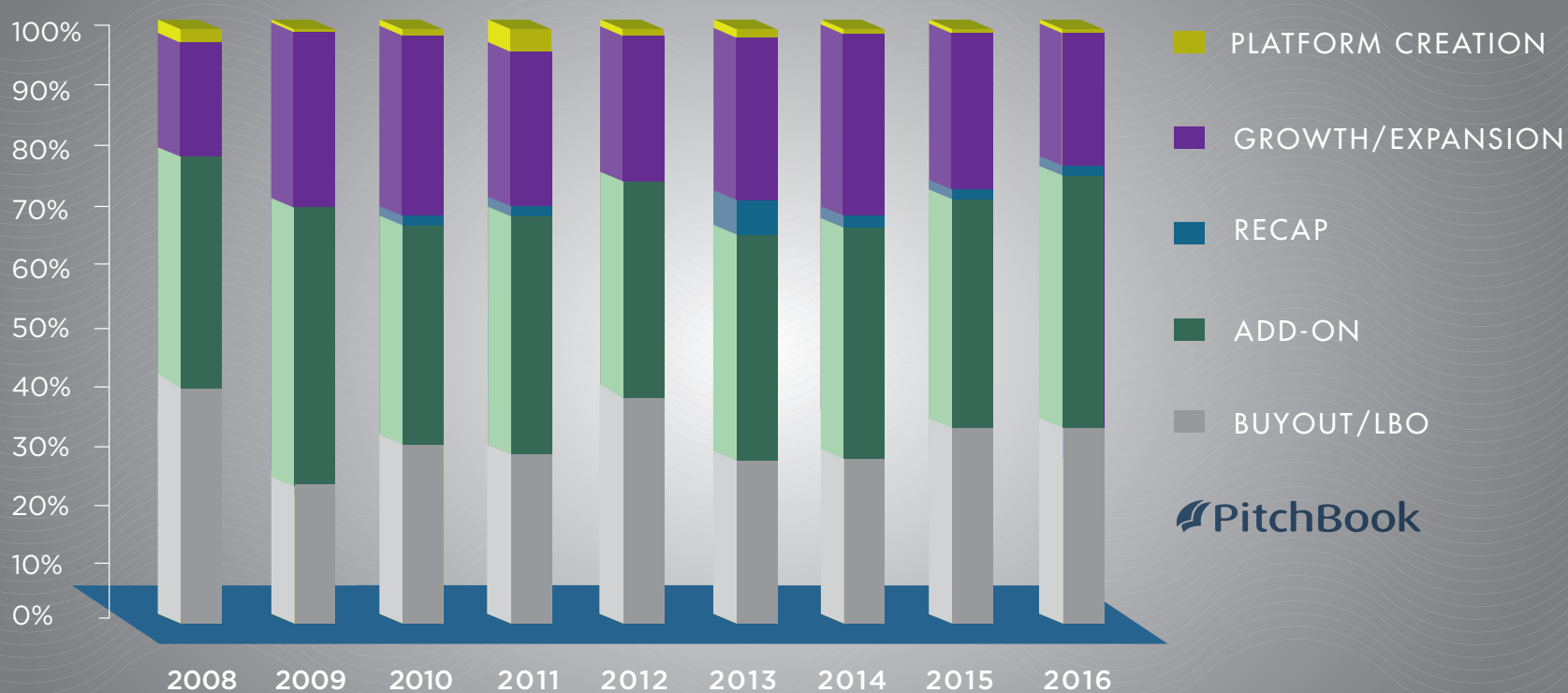
**A** // As interest rates increase, we believe this will have a negative effect on multiples due to less leverage being available. However, the savior might be increased growth as a result of the discussed Trump initiatives from a tax and regulatory stand point.

**Q** // How do you see 2017 Florida PE activity looking from a deal-making perspective? What, if any, will the impact be on Florida PE deal flow because of initiatives from the new administration?

**A** // There continues to be lots of money chasing too few deals. More PE firms than ever are pursuing opportunities. With the new administration, there is renewed optimism which might lead to even more deals.

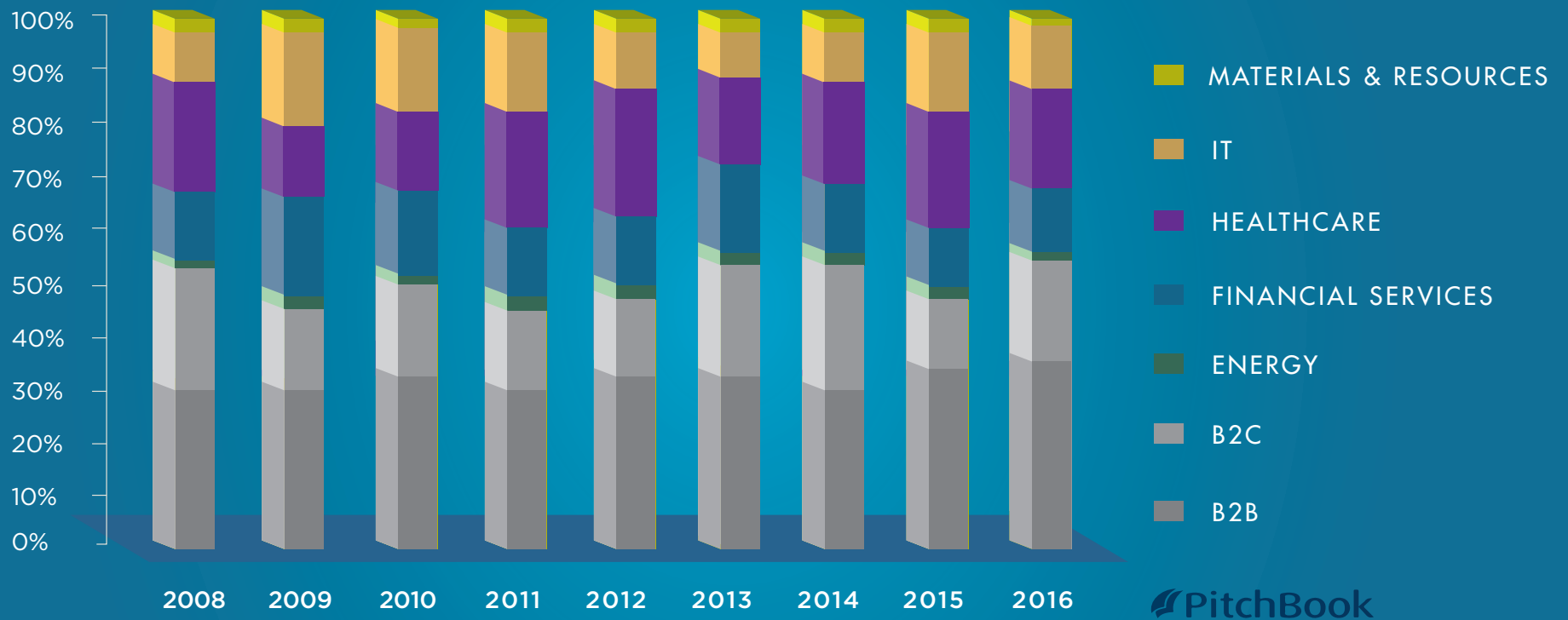


# Florida PE Deal Flow by Type



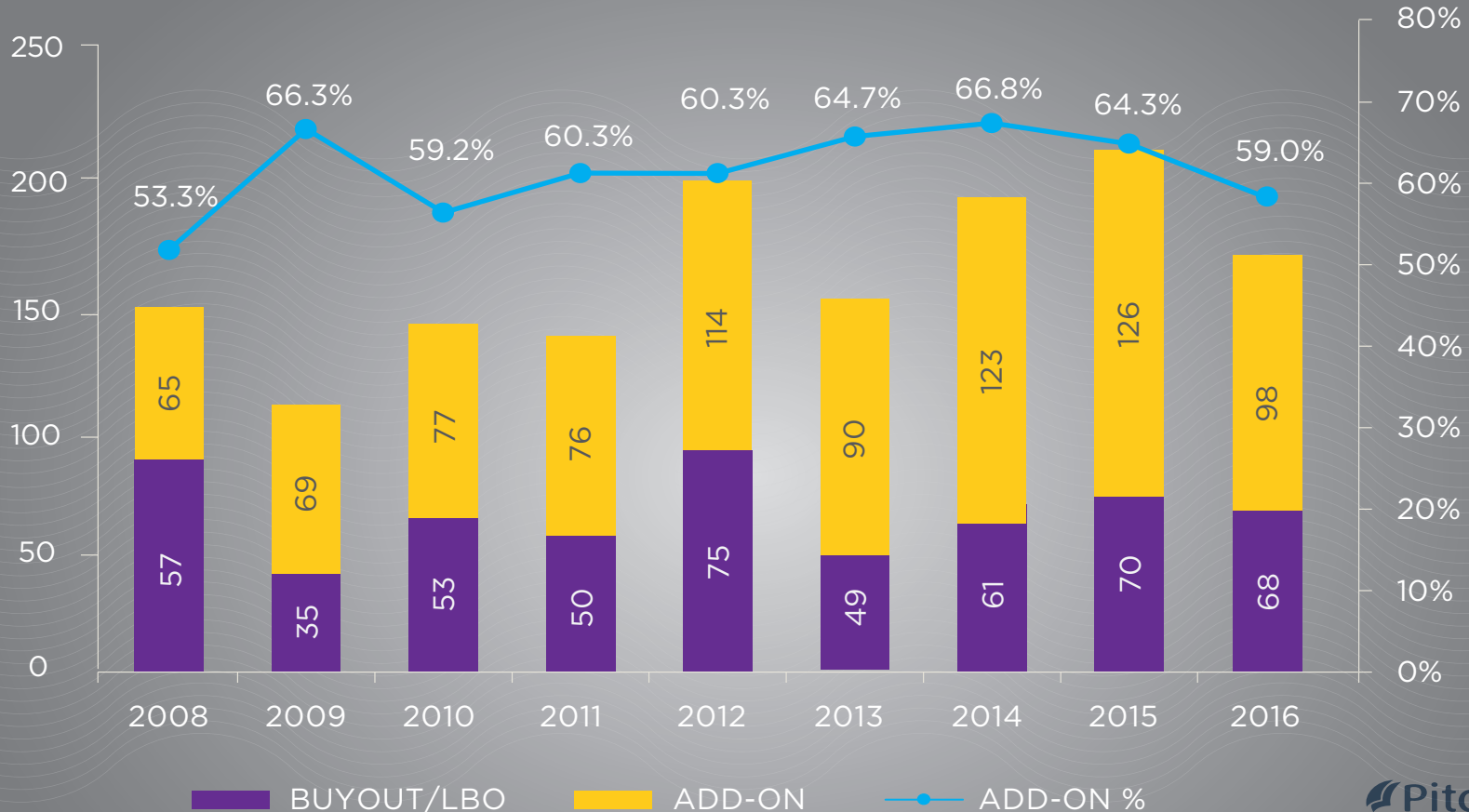
Add-on's remained dominant as the largest type of Florida PE deals, accounting for approximately 46.2% of total Florida PE deals in 2016. Buyout/LBO and Growth/Expansion (i.e. minority) accounted for approximately 32.1% and 20.3% of total Florida PE deal activity, respectively.

# Florida PE Deal Flow by Sector



B2B was once again the dominant sector of Florida PE deal activity, accounting for approximately 41.0% of total Florida PE deals. B2C and Healthcare once again remained the second and third largest sector, accounting for approximately 21.7% and 16.5%, respectively.

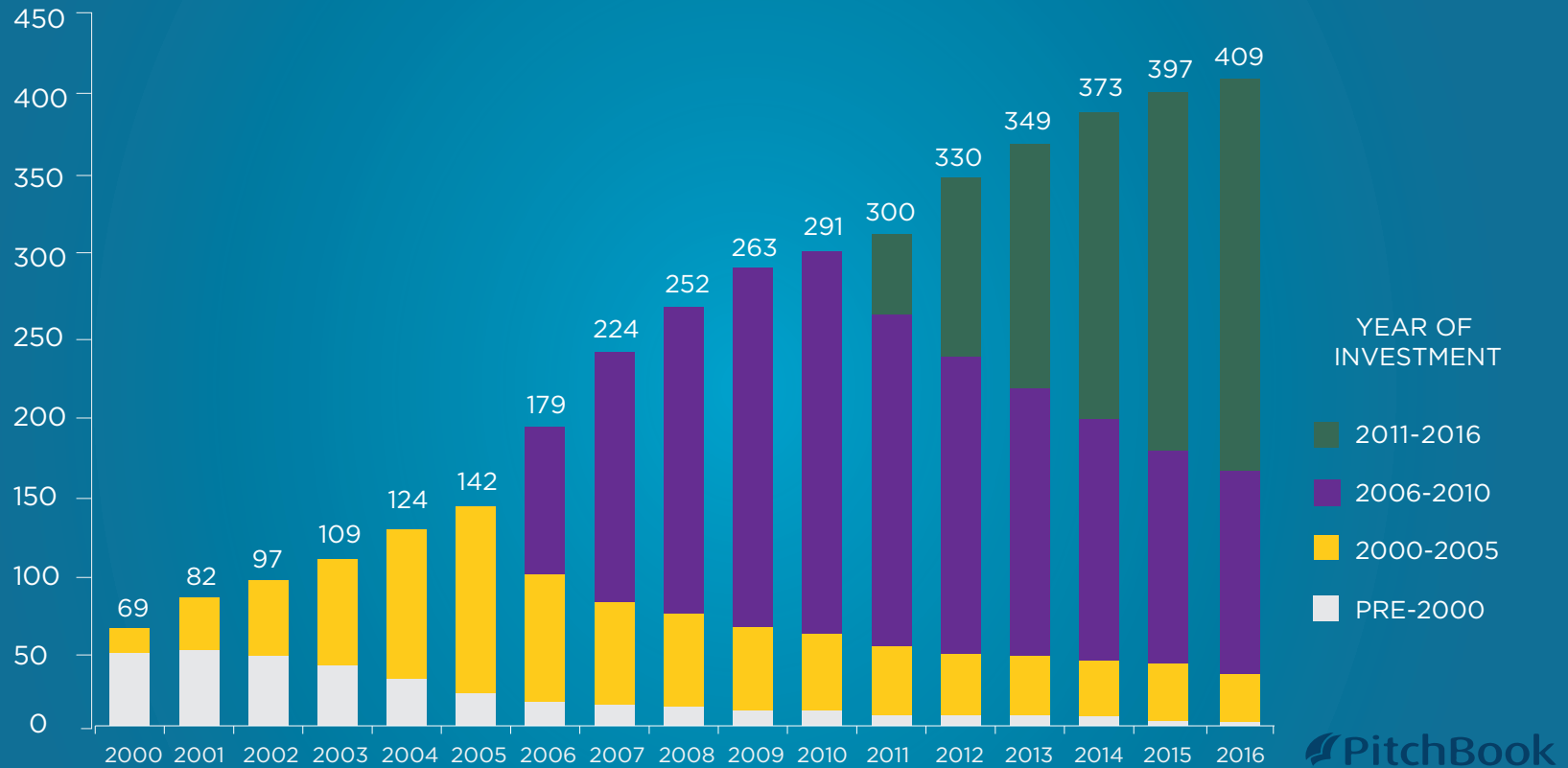
# Florida Buyouts vs. Add-ons



Add-on's made up 59.0% of buyout activity in 2016. While this percentage is slightly down from 64.3% in 2015, add-on's still retain a commanding proportion of Florida PE buyout activity.

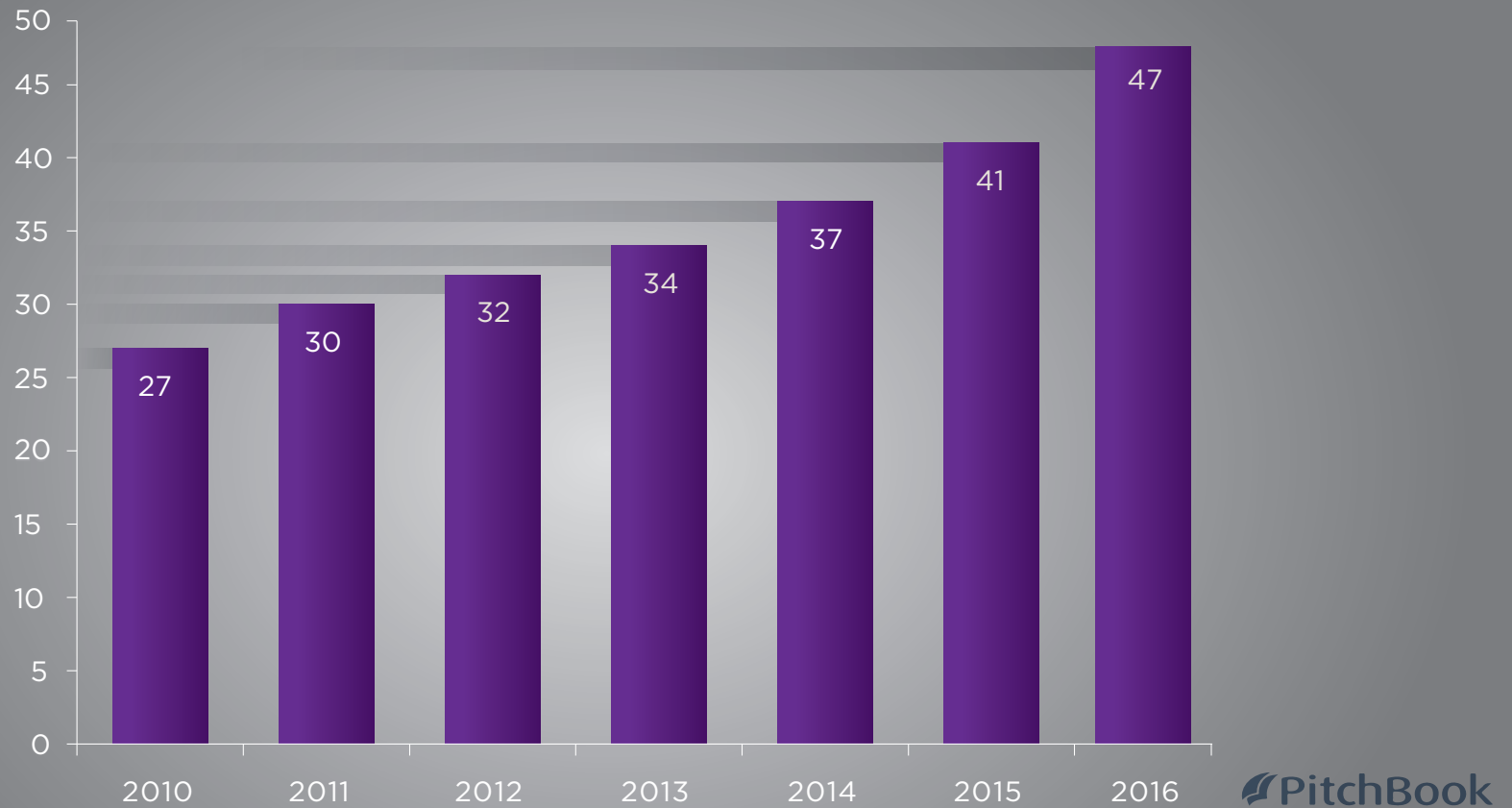


# PE-Backed Florida Companies



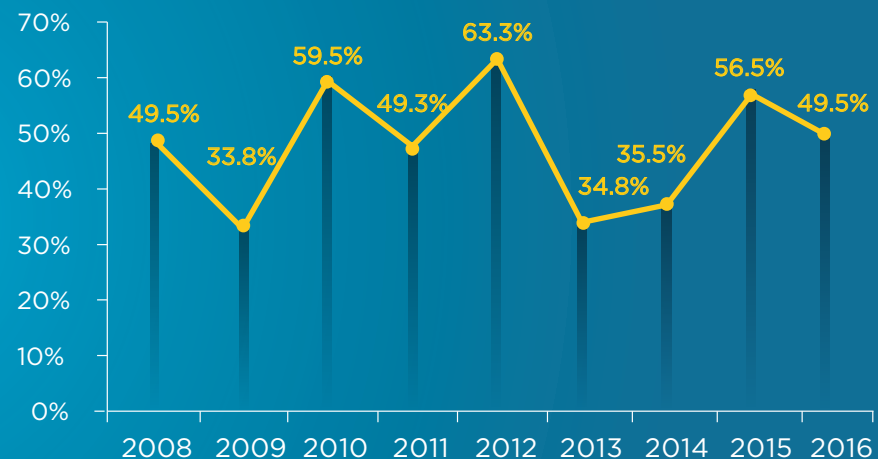
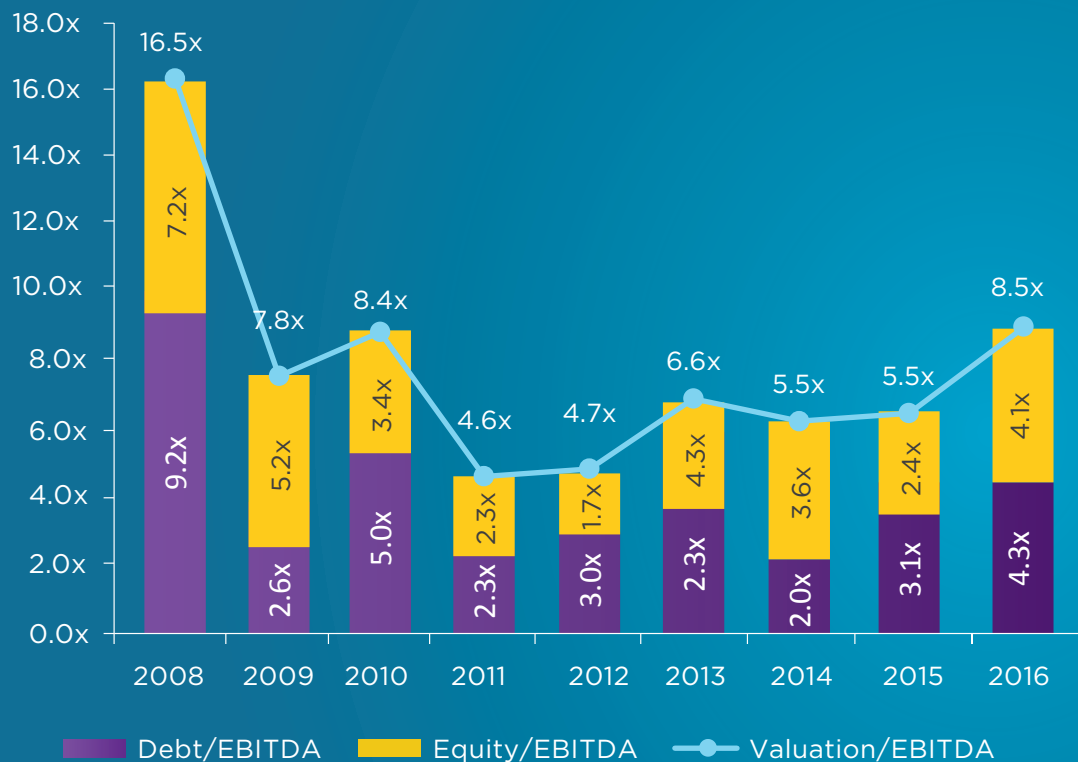
PE-backed Florida company inventory has grown at a 6.4% CAGR from 2011 to 2016, culminating to a total of 409 PE-backed Florida companies at the end of 2016.

# Florida Headquartered PE Firms



The number of PE firms with headquarters in Florida continues to grow, resulting in an additional 6 Florida-based PE firms in 2016; a CAGR of 9.7% from 2010 to 2016.

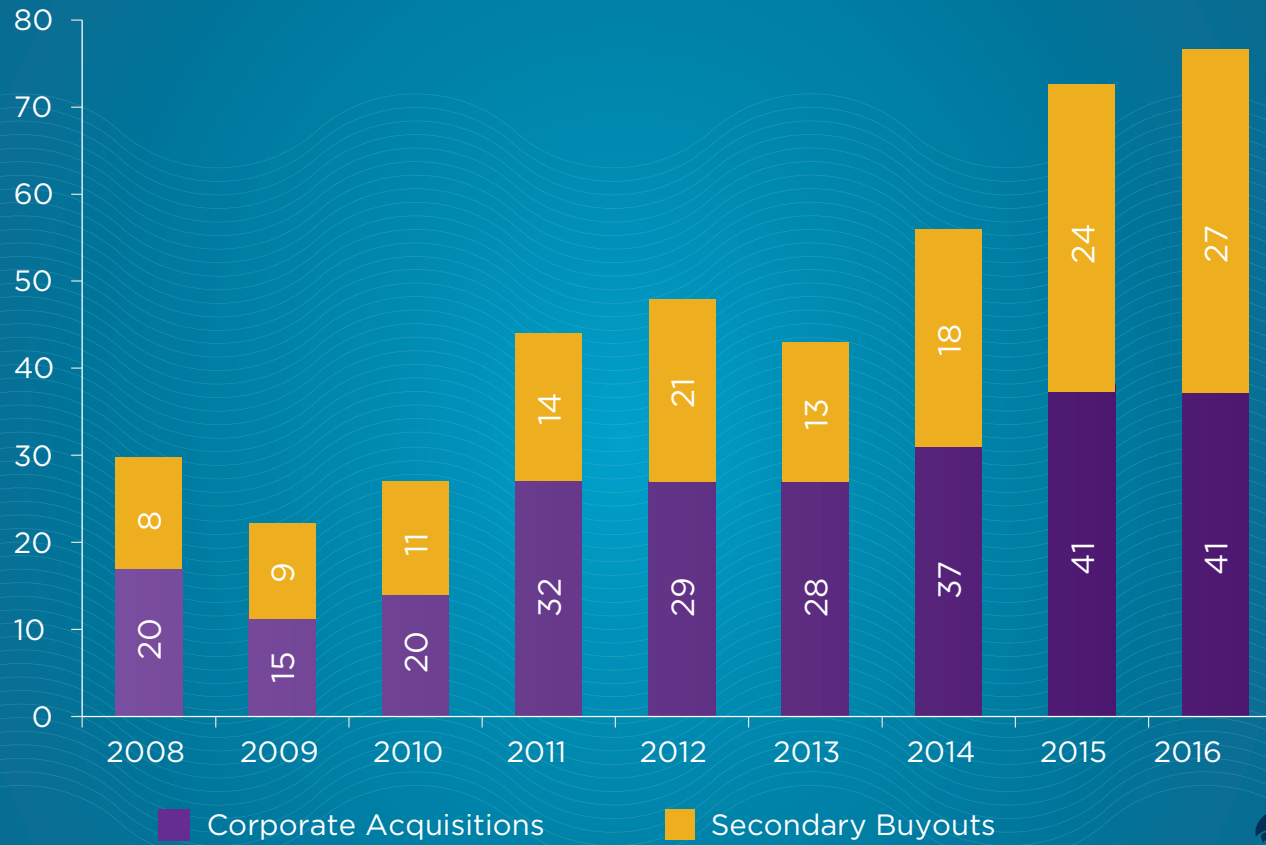
# Florida Buyouts Median EBITDA Multiples & Debt Percentages



PitchBook

Florida PE deals completed in 2016 were done at substantially higher valuation-to-EBITDA multiples than in recent years, increasing from 5.5x to 8.5x, comparable to the multiple seen in 2010. The median debt percentage for Florida PE deals also decreased from approximately 56.5% in 2015 to 49.5% in 2016.

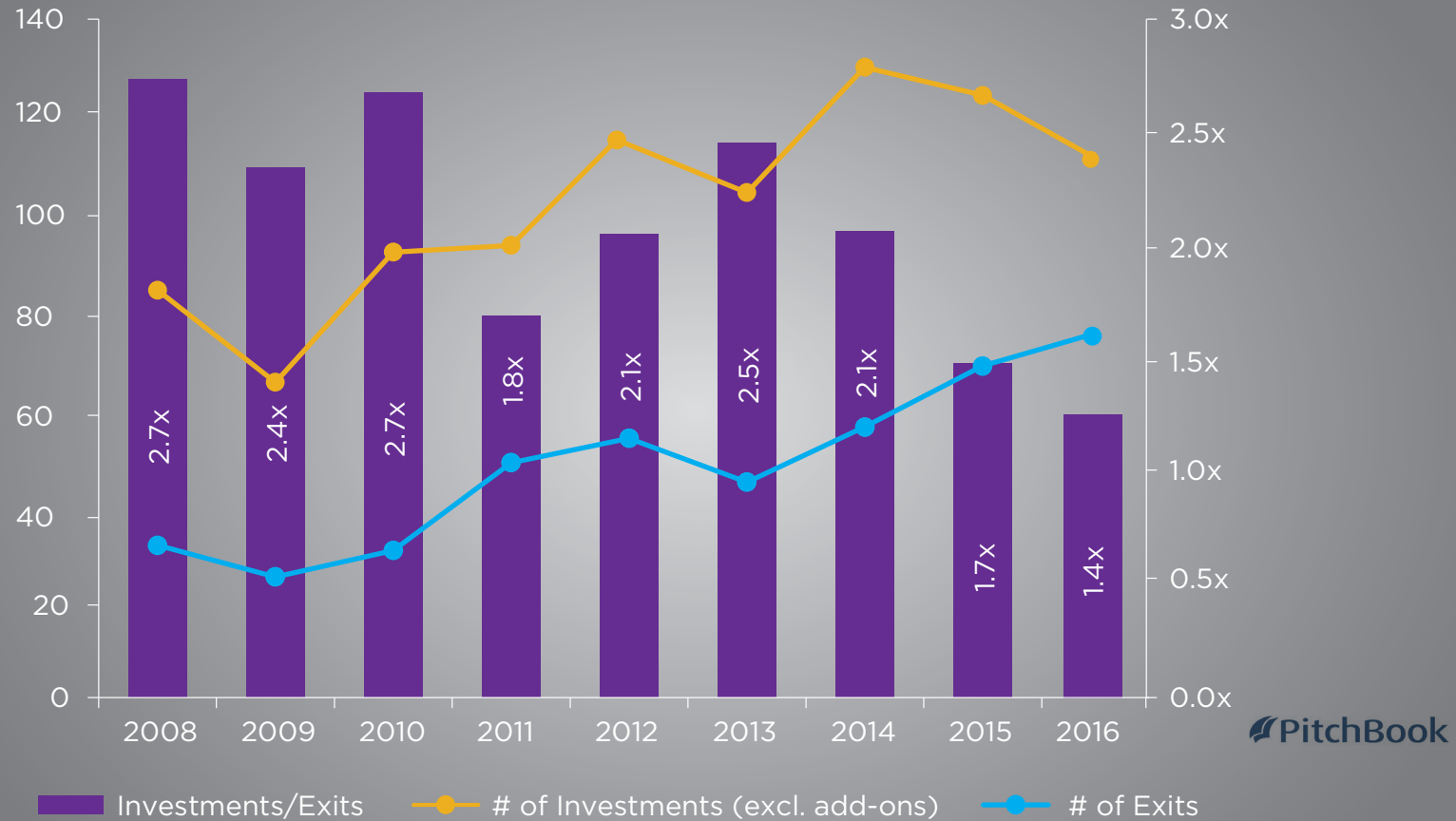
# Florida PE Exits by Type



PitchBook

Corporate acquisitions remained the primary exit route for Florida PE deals in 2016, representing approximately 60.3% of total Florida PE exits.

# Florida PE Investments vs. Exits



The ratio of investments to exits continued to decline in 2016, ending with a 1.4x multiple, the lowest we have seen to date in our reported data.

# METHODOLOGY



## PRIVATE EQUITY DEALS

This report includes all PE investments (buyout, growth, PIPE, recapitalization, and add-on), excluding real estate investments, made into target companies, with headquarters in Florida. Only investments made directly by private equity firms or their portfolio companies are counted. Buyout deals are defined as transactions in which the PE 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 private equity backing.



## FLORIDA-BASED PRIVATE EQUITY FIRMS

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



## PE-BACKED FLORIDA-BASED COMPANIES

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

**Cassel Salpeter & Co.** is a boutique investment banking firm focused on providing independent and objective advice to middle market and emerging growth companies.



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