

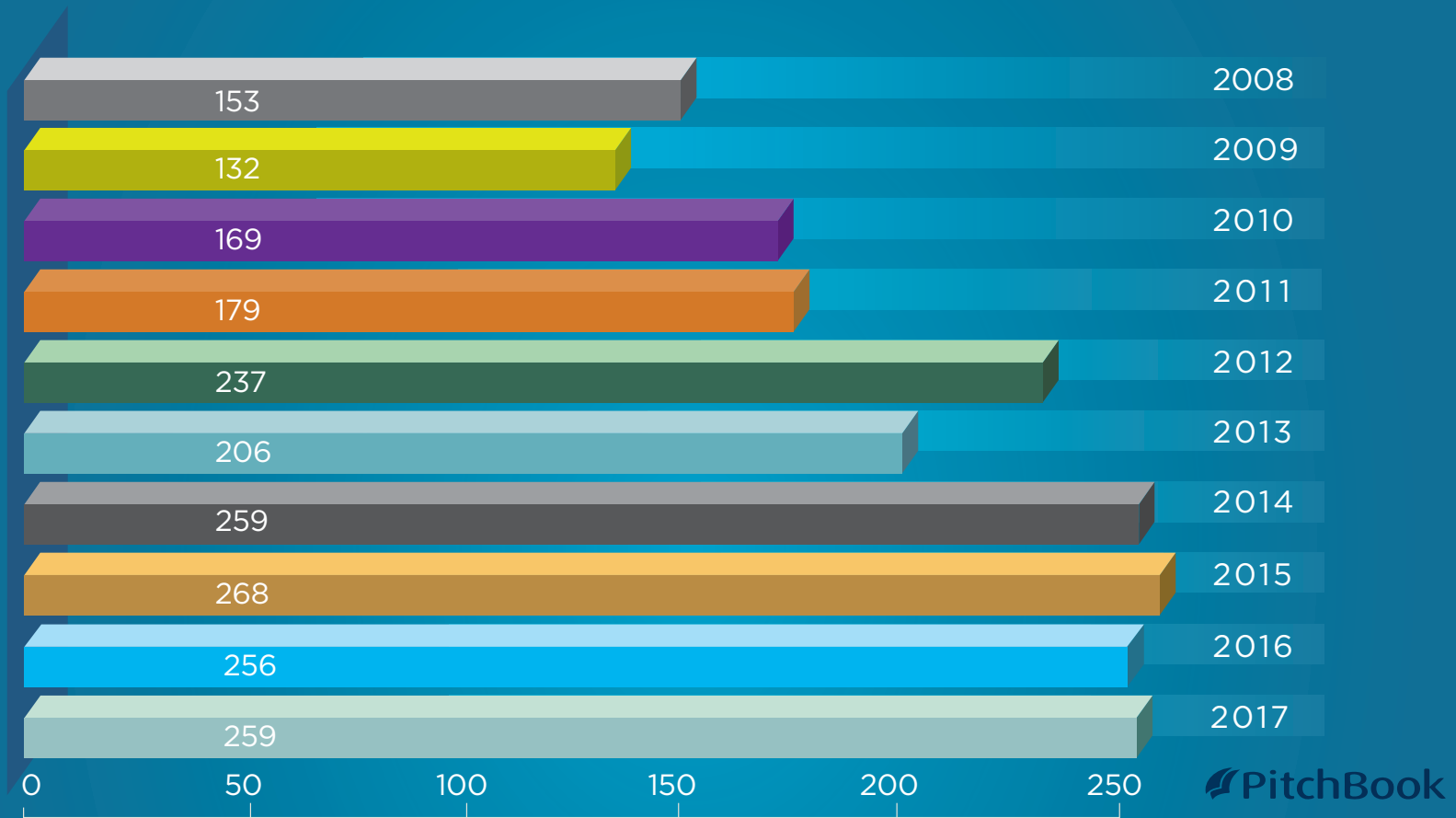


Cassel Salpeter & Co.  
INVESTMENT BANKING

## A VIEW OF FLORIDA: 2017 FLORIDA PE DEAL REPORT

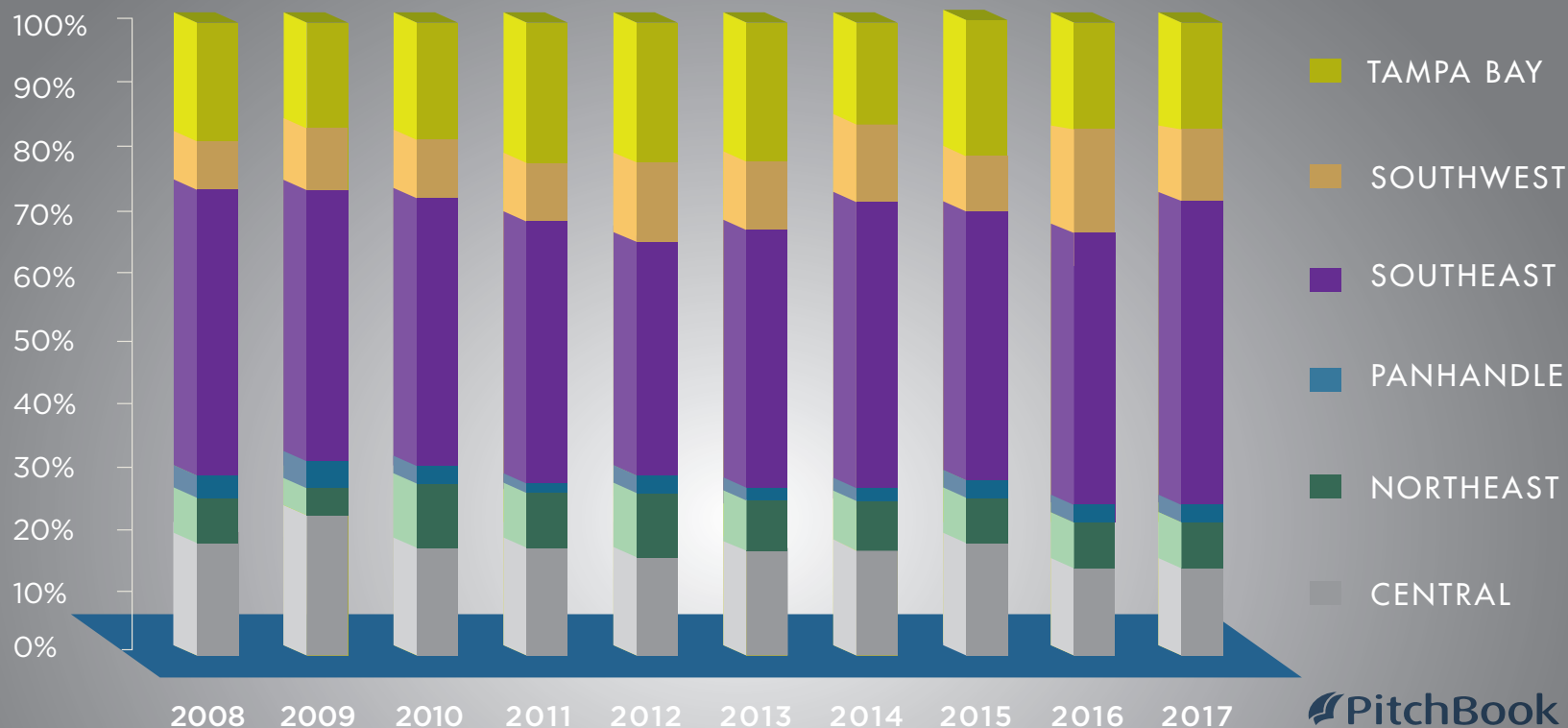
THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF DECEMBER 31ST, 2017, PROVIDES A TOP-LEVEL EXAMINATION OF PRIVATE EQUITY ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S PE TRENDS, WITH A FOCUS ON 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



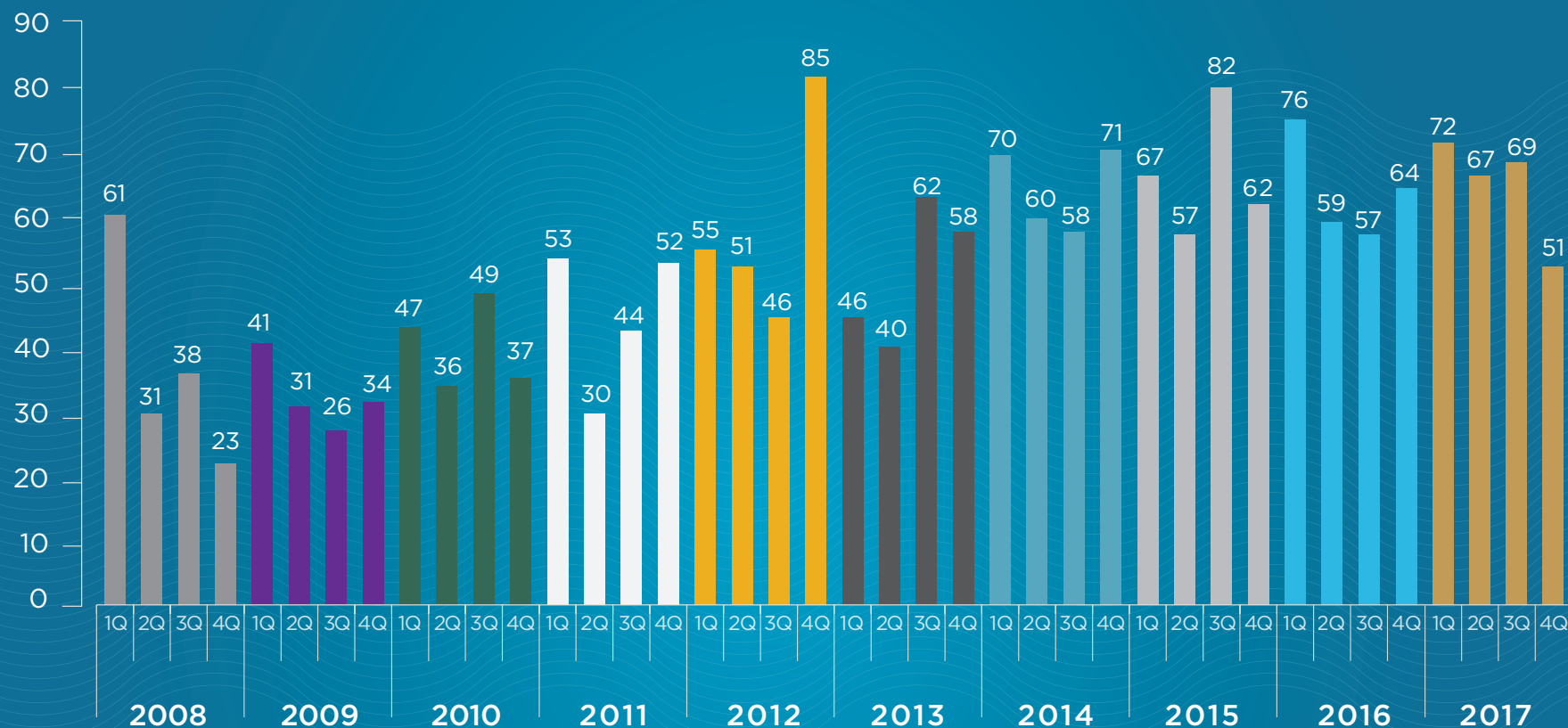
Florida PE deal flow remained strong for a fourth year in a row, with 259 Florida PE deals completed in 2017. The year-to-year flat activity is somewhat surprising, as recent years have seen increasing amount of fundraising, and thus, greater availability of capital. However, this may be attributable to larger deals being completed. As we have noted in prior reports, all 2017 data is preliminary as data reporting generally lags behind actual activity.

# Florida PE Deal Flow by Region



Southeast Florida once again remains the region with the most Florida PE deal flow, accounting for approximately 42.1% of total 2017 Florida PE deals, more than doubling any other region in Florida. The Tampa Bay, Central, and Southwest regions followed with approximately 20.1%, 16.2%, and 12.0%, respectively.

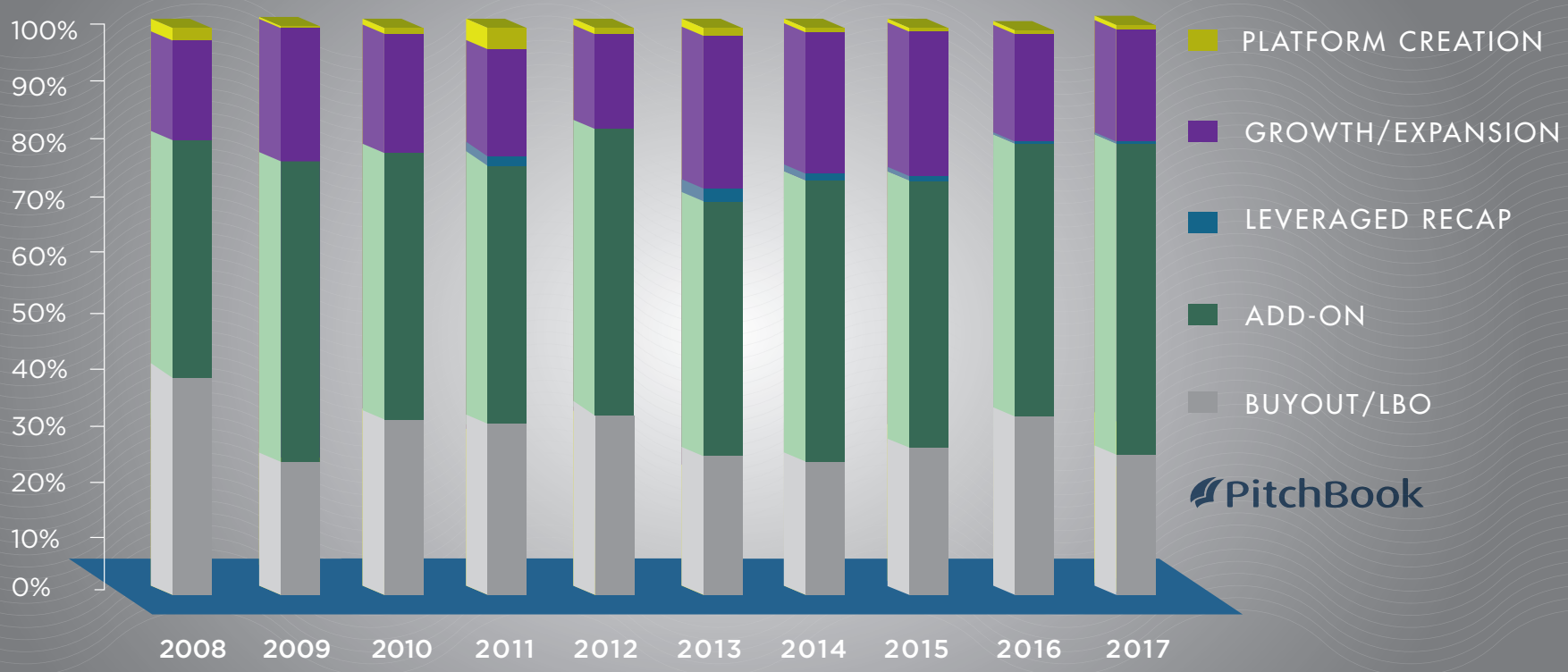
# Florida PE Deal Flow by Quarter



PitchBook

The first three quarters of 2017 were fairly consistent for completed Florida PE deals, while 4Q declined somewhat. This decrease can likely be attributed to the lag that is often seen between reported data and actual activity. When compared to the first three quarters of 2016, deal volume for the first three quarters of 2017 was up approximately 8.3%.

# Florida PE Deal Flow by Type



Consistent with Florida PE deal activity in 2016, add-ons eclipsed 50.0% of total Florida PE deal activity in 2017, accounting for approximately 52.9%. Buyout/LBO and Growth/Expansion (i.e. minority) accounted for approximately 26.3% and 20.1%, respectively.

# Q&A



**SCOTT SALPETER & JAMES CASSEL**

**Q** // How do you foresee the Tax Cuts and Jobs Act bill impacting 2018 Florida PE activity?

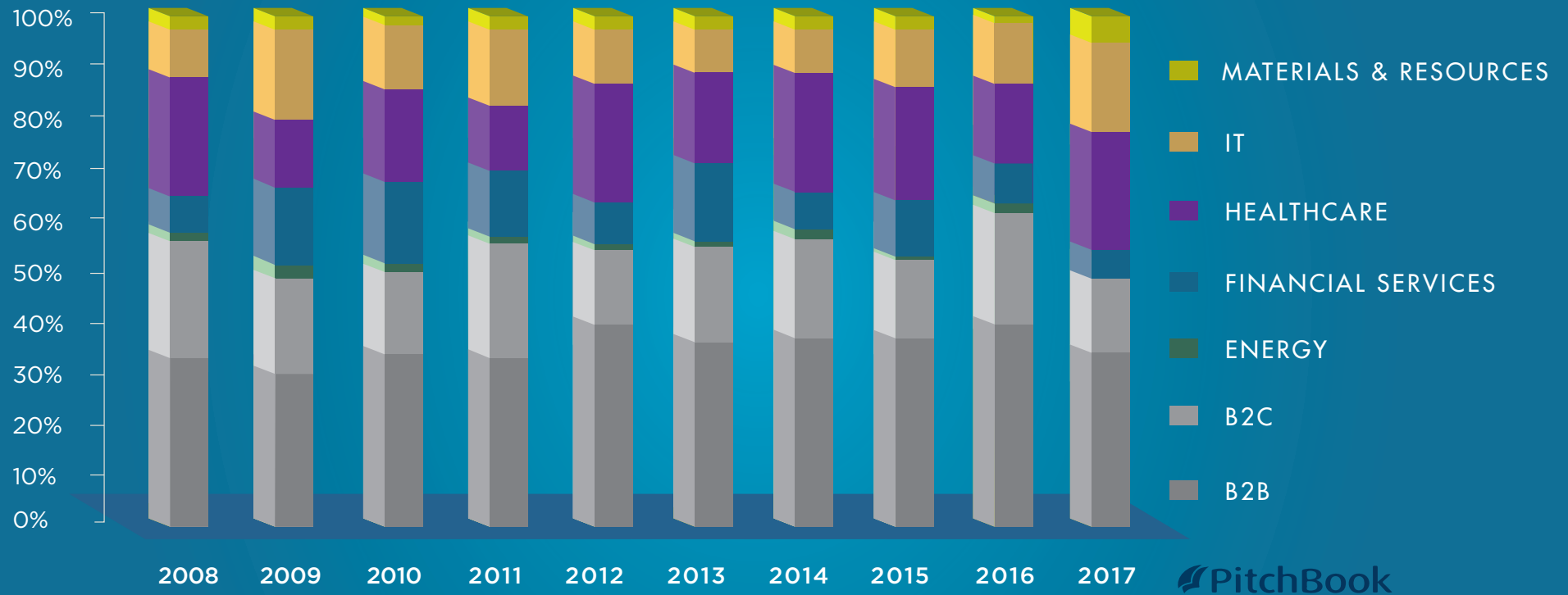
**A** // The tax bill will spur growth of companies as the economic growth rate increases due to the stimulus. The increased profitability should increase the value of these companies.

**Q** // What are the major industries you predict will see the most growth in terms of deals for 2018?

**A** // As the baby boomers age, the impact of an aging population (specifically in Florida), medical advances, and healthcare law changes make the healthcare industry one that is primed with growth and innovative opportunities.

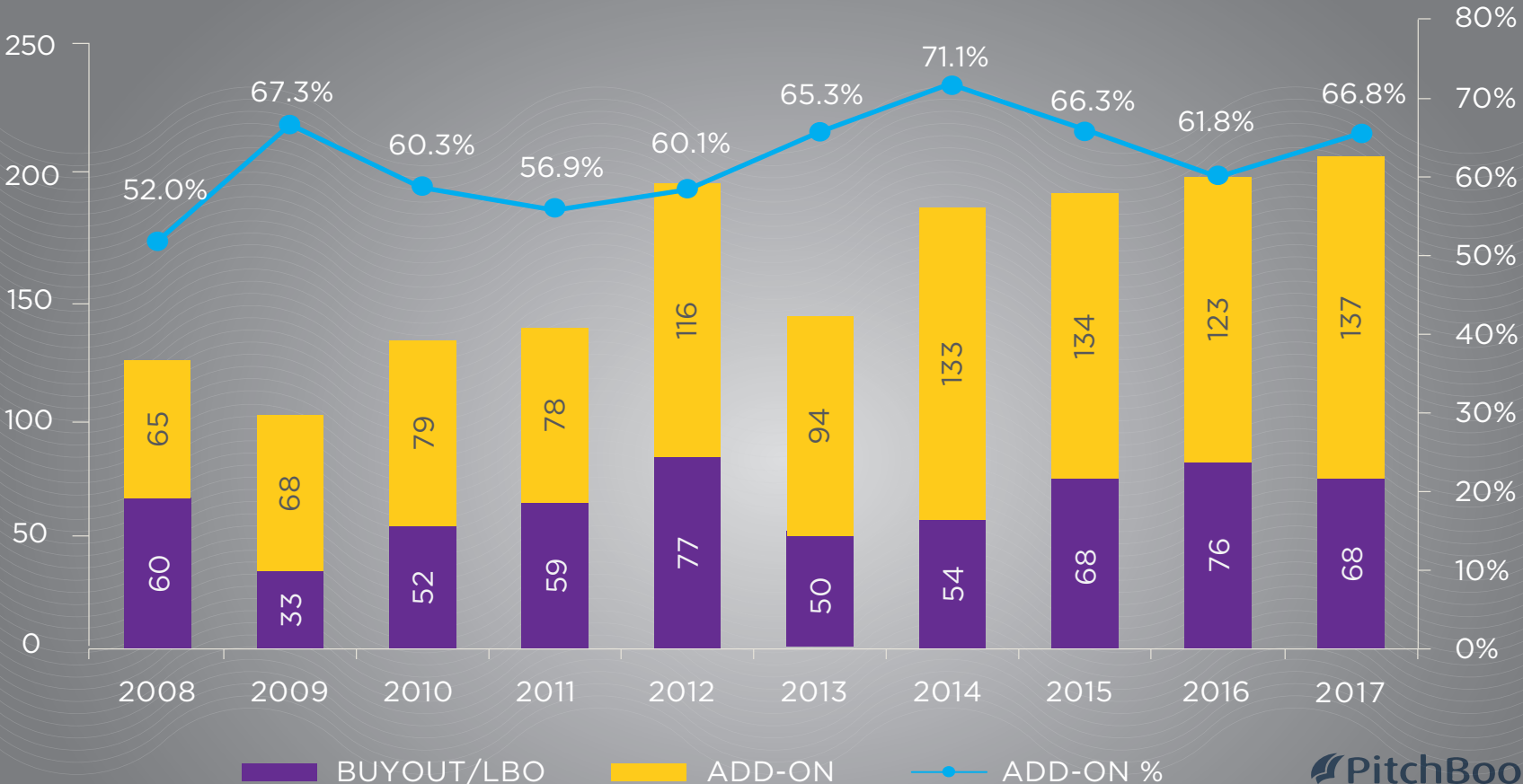


# Florida PE Deal Flow by Sector



B2B remained dominant as the largest sector of Florida PE deal activity in 2017, accounting for approximately 35.1%. Healthcare surpassed B2C for the sector with the second most PE deal activity, accounting for approximately 22.0% in 2017. B2C and IT accounted for the third and fourth largest sectors, with approximately 16.6% and 15.8% of 2017 Florida PE deals, respectively.

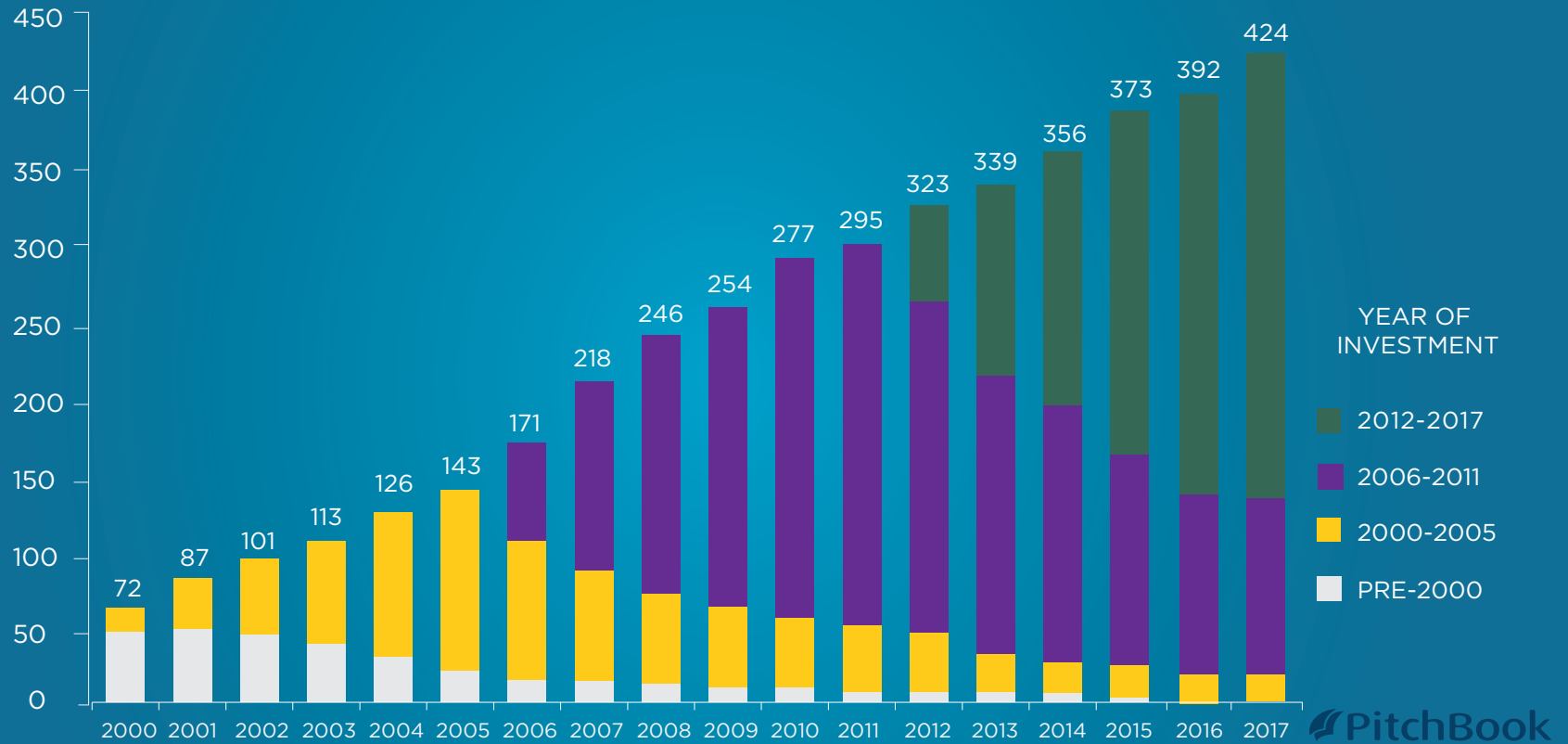
# Florida Buyouts vs. Add-ons



In 2017, add-ons accounted for approximately 66.8% of all control investments, a slight increase over 2016 and consistent with 2015.

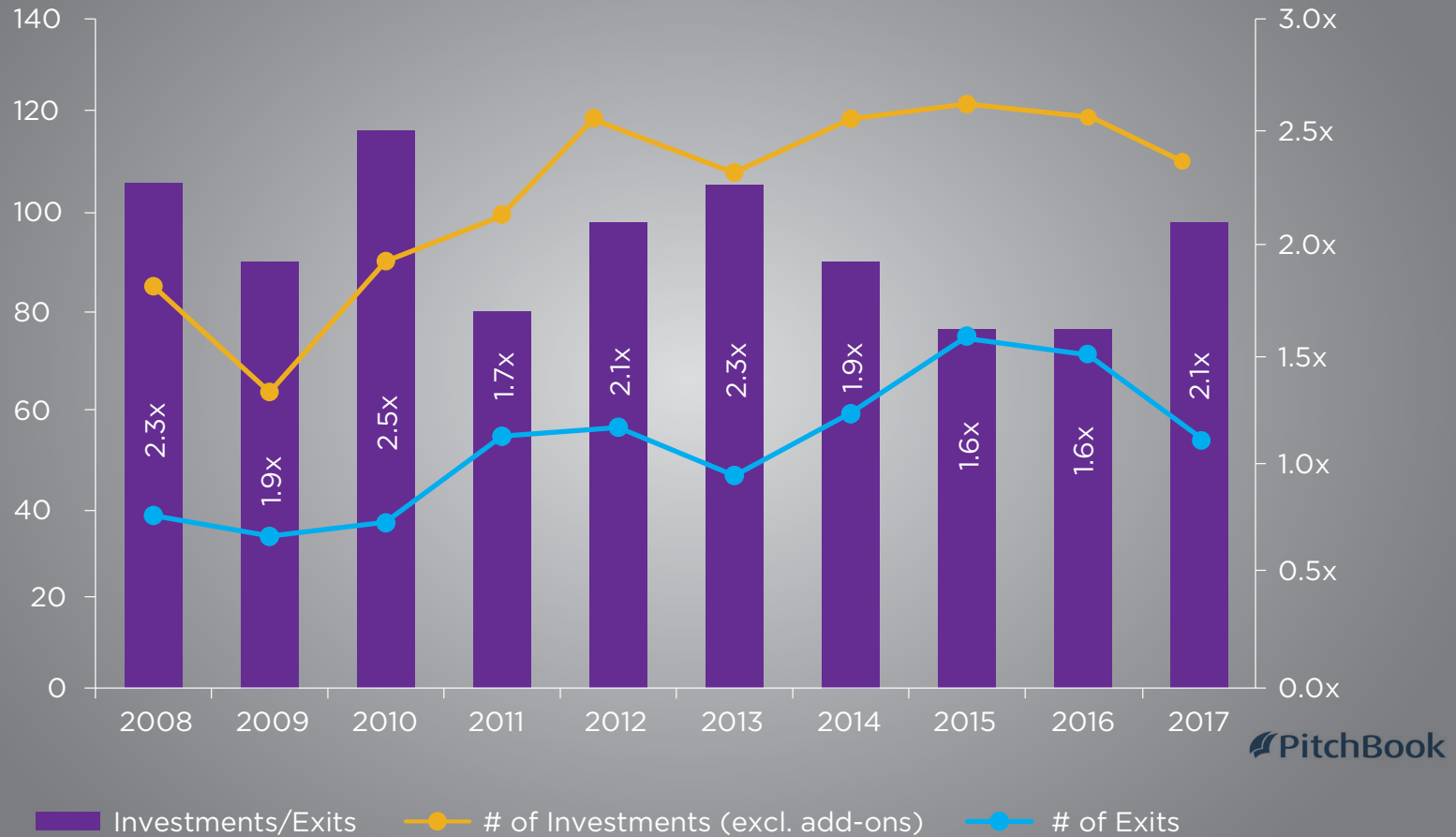


# PE-Backed Florida Companies



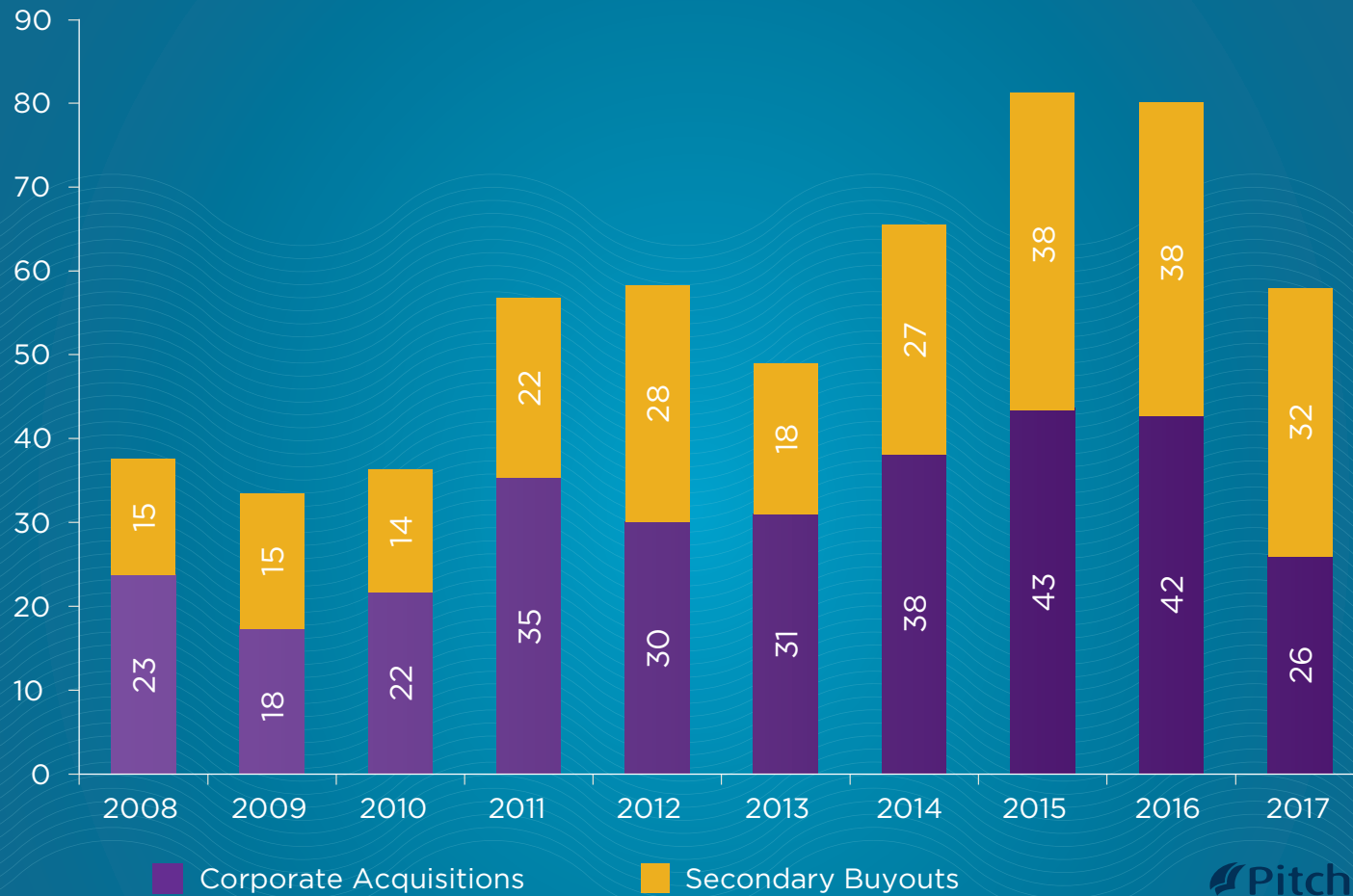
PE-backed Florida company inventory grew significantly in 2017 with an additional 8.2% over 2016. While the aging company inventory acquired between 2006 and 2011 is still hefty, the increase in new PE-backed Florida company inventory illustrates the use of capital PE firms have.

# Florida PE Investments vs. Exits



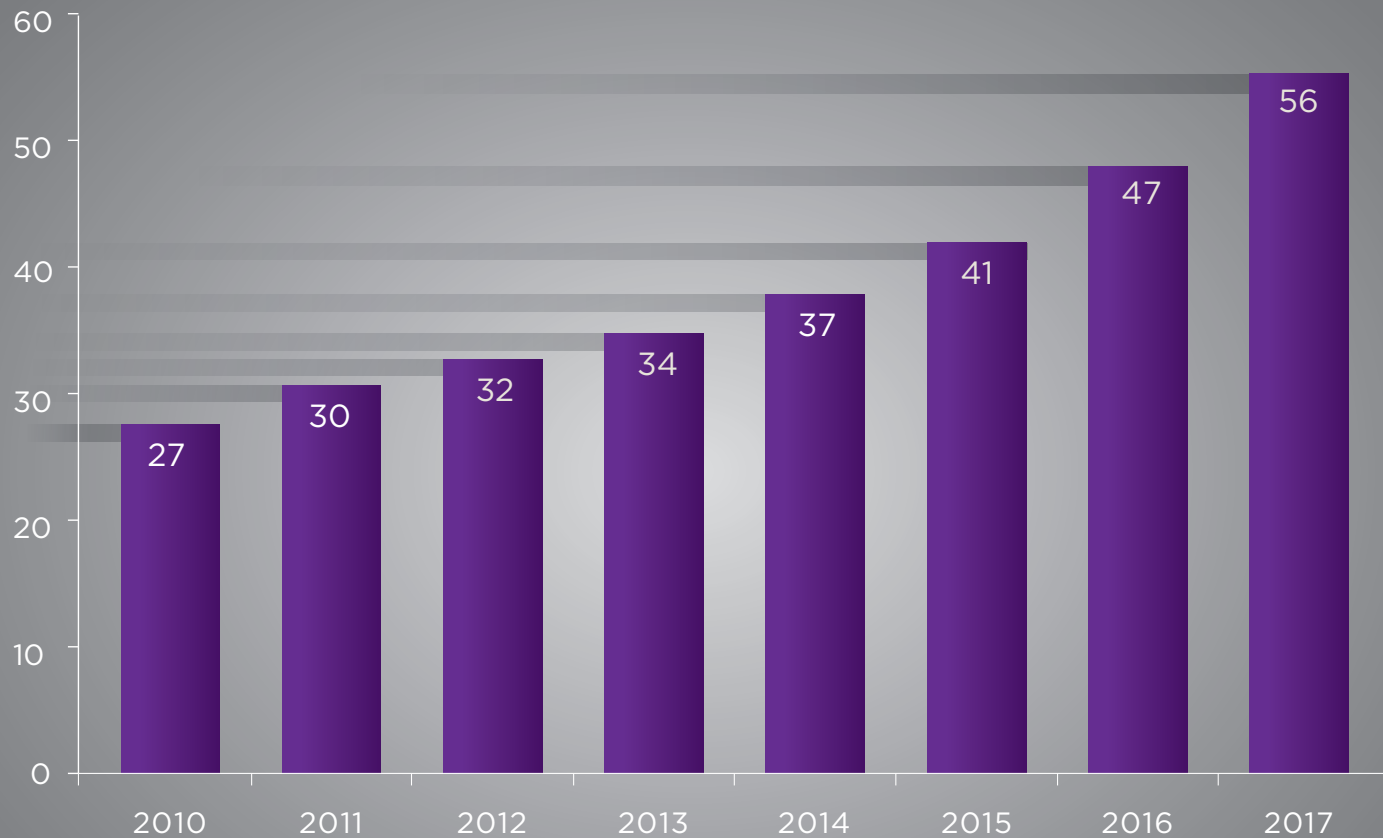
The Florida PE investment-to-exit multiple increased in 2017 from 1.6x at year-end 2016 to 2.1x in 2017.

# Florida PE Exits by Type



PitchBook

For the first time since we began tracking Florida PE deal activity, in 2017, secondary buyouts have surpassed corporate acquisitions as the primary exit route, representing approximately 55.2% of total 2017 Florida PE exits. This reflects the vast amount of PE money available and the willingness to pay up to deploy the readily available capital.



The number of PE firms with headquarters in Florida continues to grow, with 2017 seeing an additional 9 Florida-based PE firms since year-end 2016, and a CAGR of approximately 11.0% from 2010 through 2017.

# METHODOLOGY



## PRIVATE EQUITY DEALS

This report includes all reported 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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