

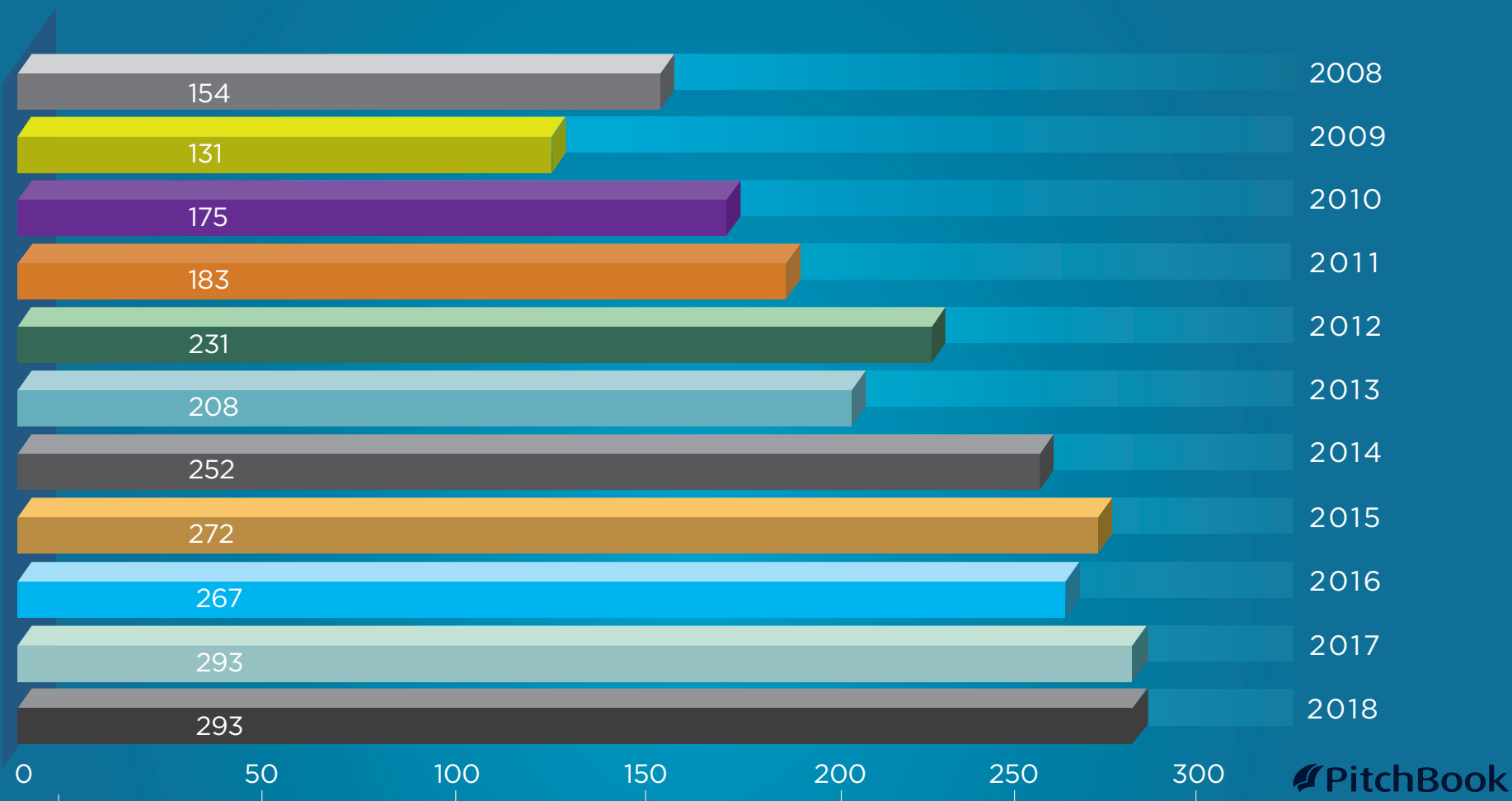


Cassel Salpeter & Co.  
INVESTMENT BANKING

## A VIEW OF FLORIDA: 2018 FLORIDA PE DEAL REPORT

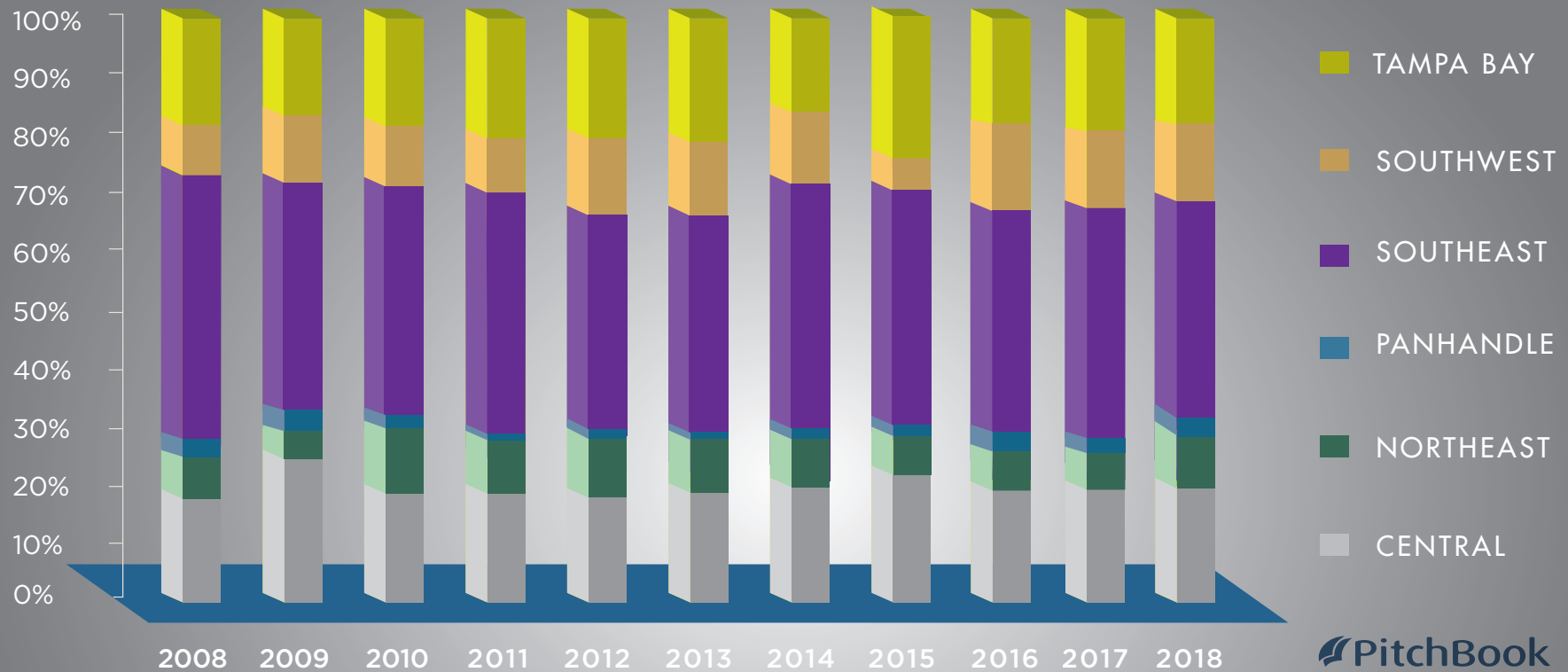
THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF DECEMBER 31ST, 2018, PROVIDES A TOP-LEVEL EXAMINATION OF PRIVATE EQUITY ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S PE TRENDS, WITH A FOCUS ON 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



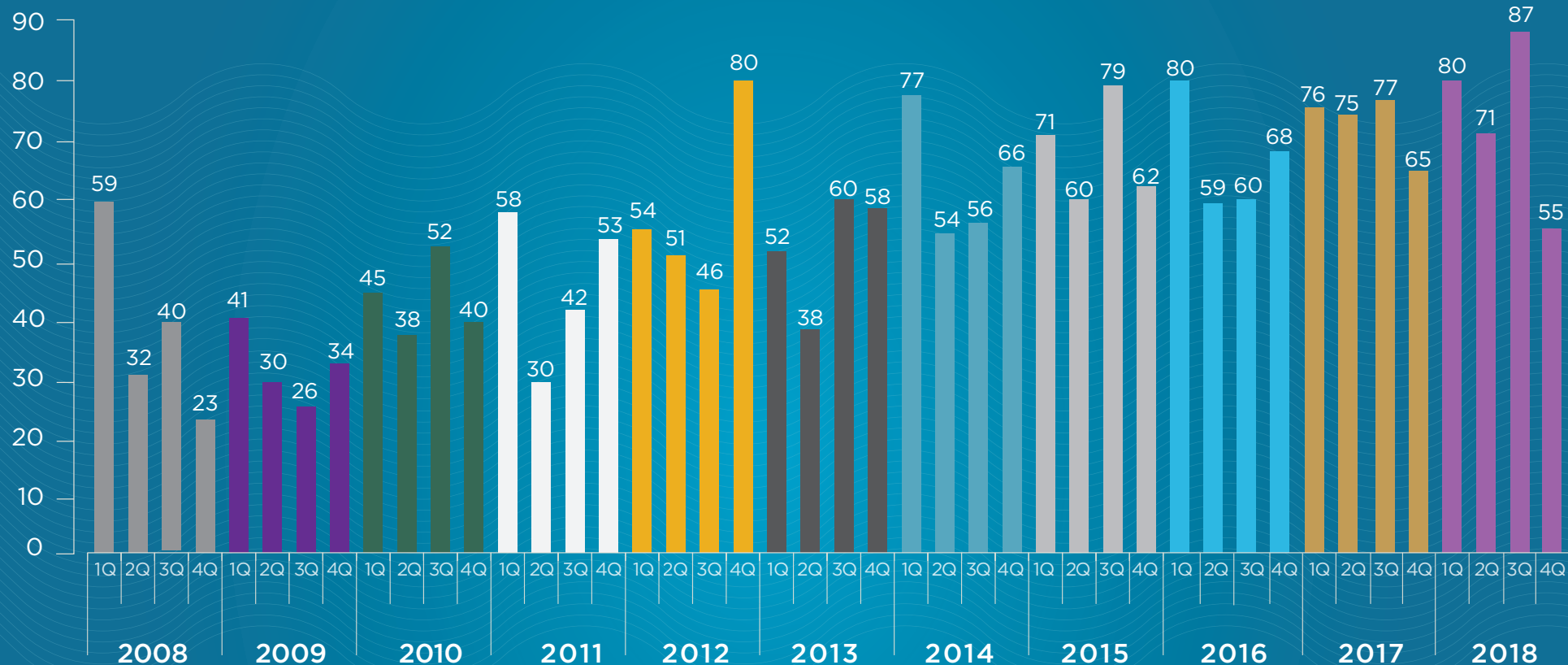
Robust deal-making continued in Florida in 2018, with 293 Florida PE deals completed. This steady, healthy deal flow is not surprising, as recent years have seen increasing amounts of fundraising and availability of capital. As we have noted in prior reports, data reporting generally lags behind actual activity, as such it is likely that the number of Florida PE deals in 2018 will be greater than our numbers currently suggest.

## Florida PE Deal Flow by Region



Southeast Florida once again remains the region with the most Florida PE deal flow, accounting for approximately 39% of total 2018 Florida PE deals. The Central, Tampa Bay, Southwest, and Northeast regions followed with approximately 21%, 18%, 10%, and 9%, respectively. The Panhandle trailed the group with approximately 3% of Florida PE deals.

# Florida PE Deal Flow by Quarter



PitchBook

3Q 2018 saw a historic high on a quarterly basis since we began tracking Florida PE deal activity, with 87 deals. While 4Q on the surface seems to have slowed down somewhat in terms of completed deals, these numbers are likely currently underreported as previously indicated by 4Q 2017 initial reported data showing 51 deals completed, and now showing a total of 65 deals completed.

# Q&A



**SCOTT SALPETER & JAMES CASSEL**

**Q** // With 2018 behind us, how would you characterize the year from a deal-making perspective?

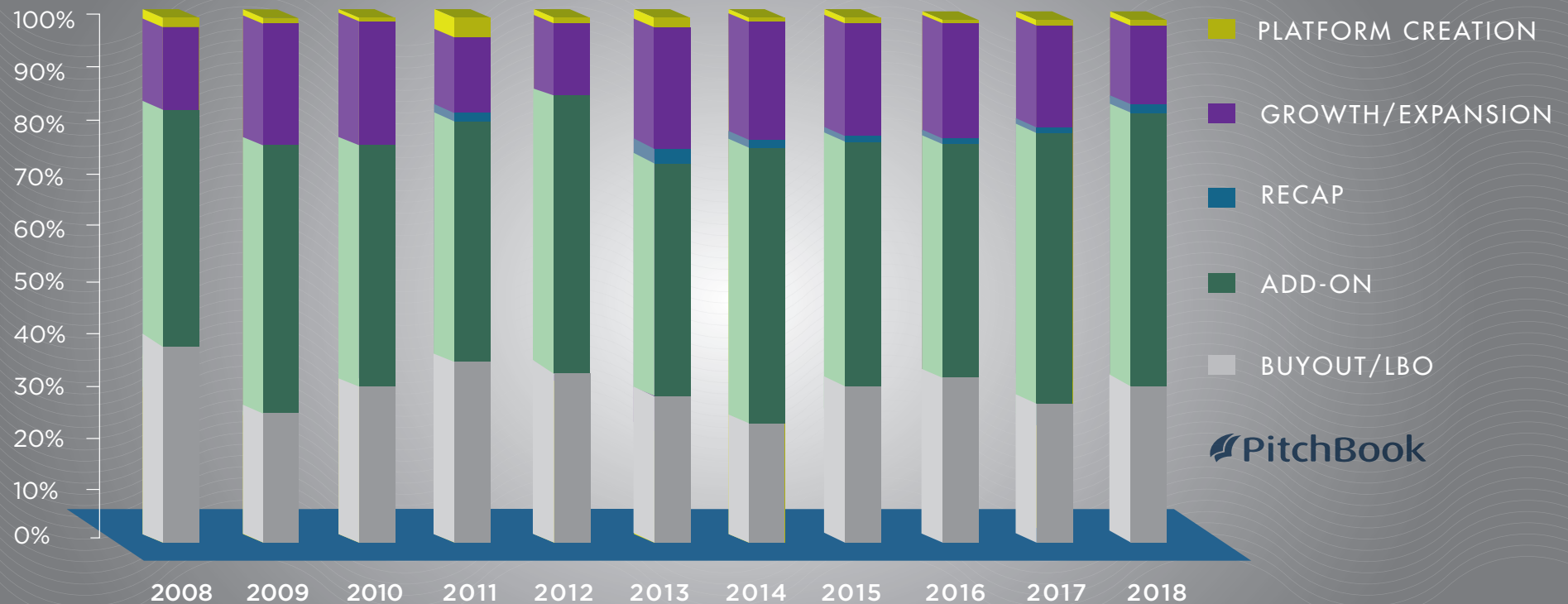
**A** // 2018 was another big year for corporate consolidation among the larger players, as well as for portfolio companies continuing to grow by Add-on acquisitions. Despite persistent uncertainty in the U.S., deal activity remained steady in 2018, both in terms of value and volume. As data from 2018 continues to come in, it is likely that Florida PE deals in 2018 will be stronger than our numbers currently suggest.

**Q** // What is your outlook for 2019 from a deal-making perspective?

**A** // Despite the nebulous economic times we live in today, deal activity in 2019 is showing no signs of slowing down. As economists start to talk about a possible slowdown or recession in 2020, PE firms and family-owned businesses are giving thought to going to market now so as not to miss this opportunity before the next cycle. Still, whether it happens in 2019, or in the years that follow, as each day passes, we are one day closer to a possible slowdown or even a recession.



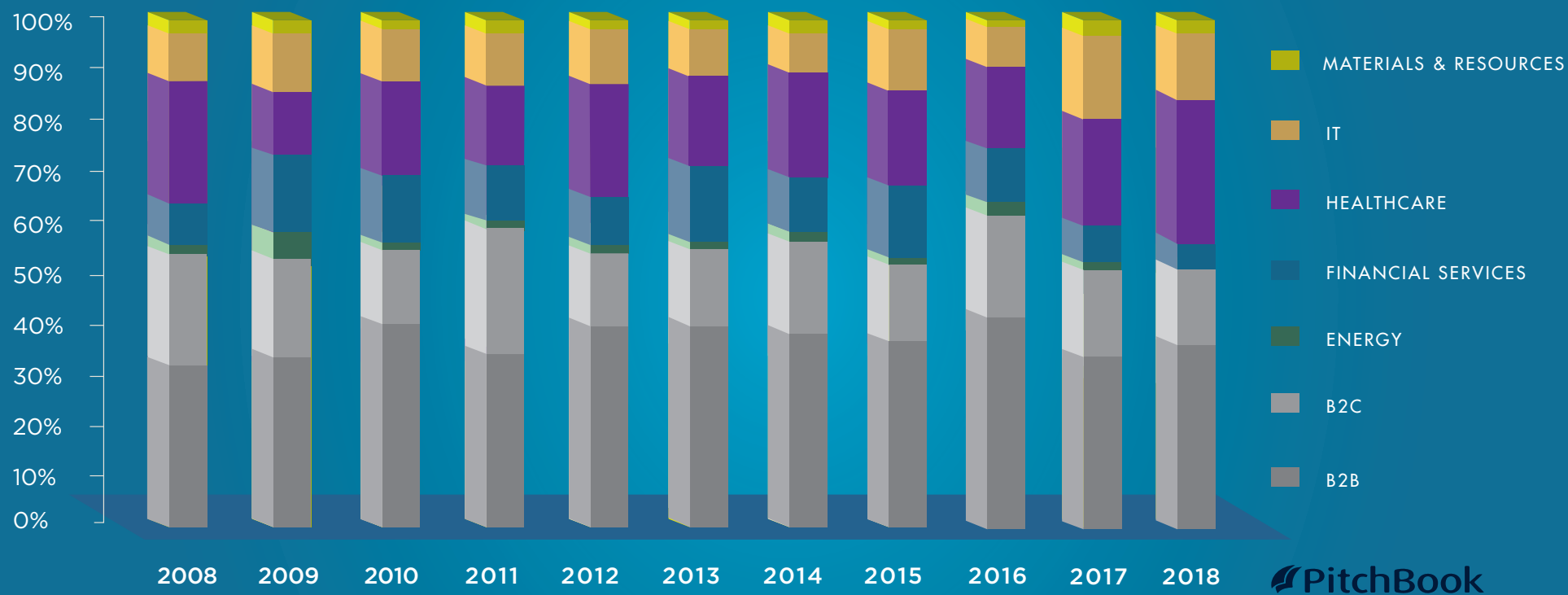
# Florida PE Deal Flow by Type



Add-ons remained for the eleventh year in a row the largest type of Florida PE deals, accounting for approximately 57% of total Florida PE deals in 2018. Buyout/LBO and Growth/Expansion (i.e. minority) accounted for approximately 27% and 14%, respectively. Platform Creation and Recap both accounted for approximately 1% of total Florida PE deals in 2018.



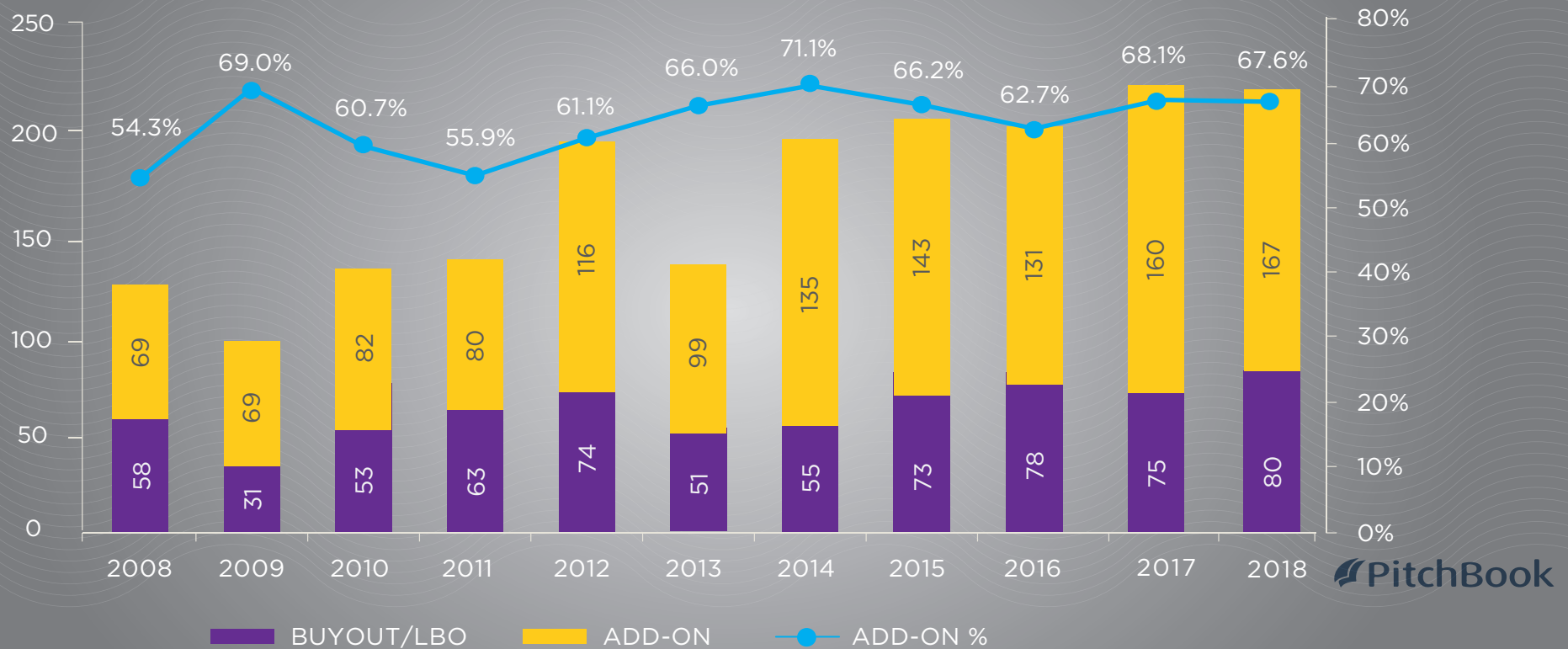
# Florida PE Deal Flow by Sector



PitchBook

B2B once again remained the dominate sector of Florida PE deal activity in 2018, accounting for approximately 35%. Healthcare remained ahead of B2C for the second year in a row, accounting for approximately 28%. B2C, IT, Financial Services, and Materials and Resources followed with approximately 16%, 14%, 5%, and 2%, respectively. Energy accounted for 0% of Florida PE deals this year.

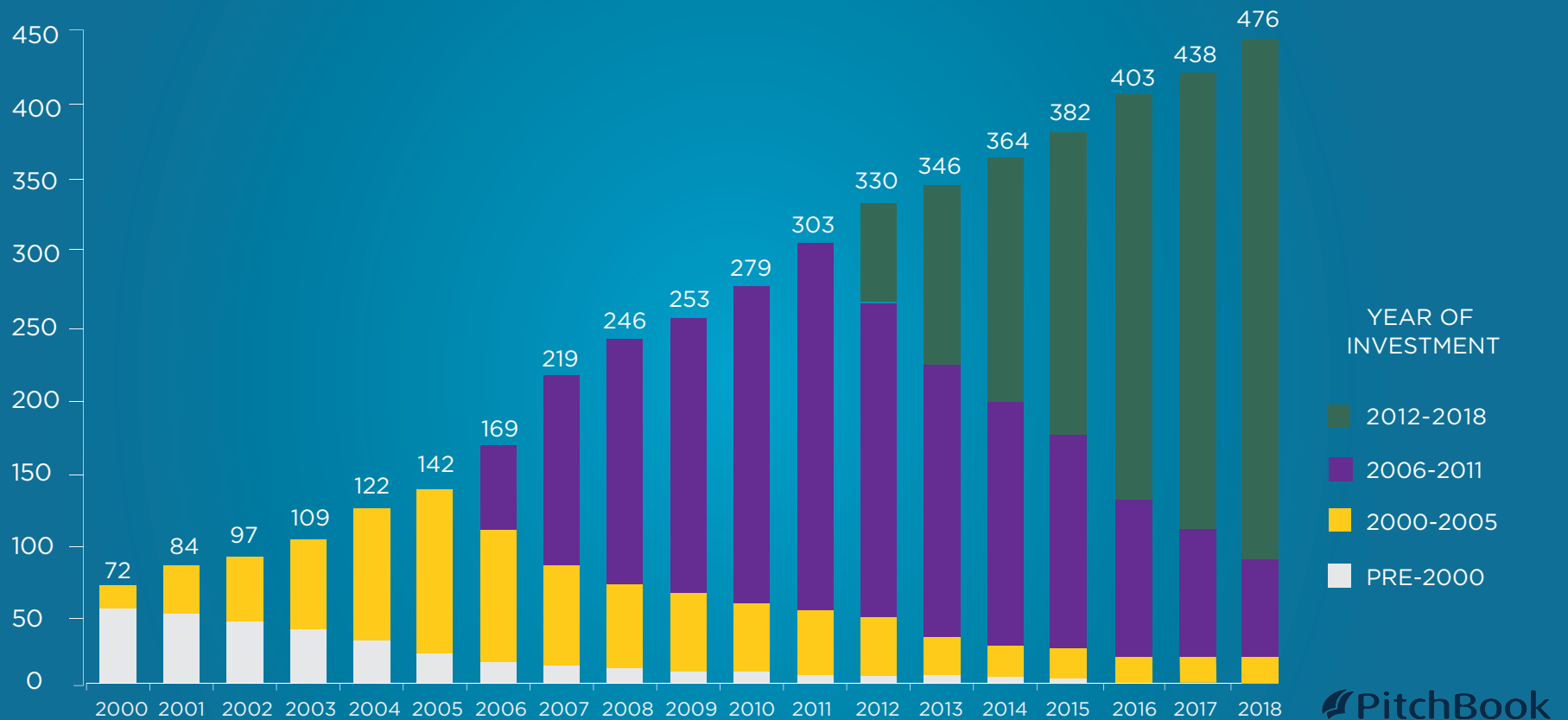
# Florida Buyouts vs. Add-ons



In 2018, Add-ons accounted for approximately 68% of all control investments, fairly consistent with prior years. While Florida PE firms are still looking for the right fit in terms of platform investments, they really are focused on building out their current platforms.

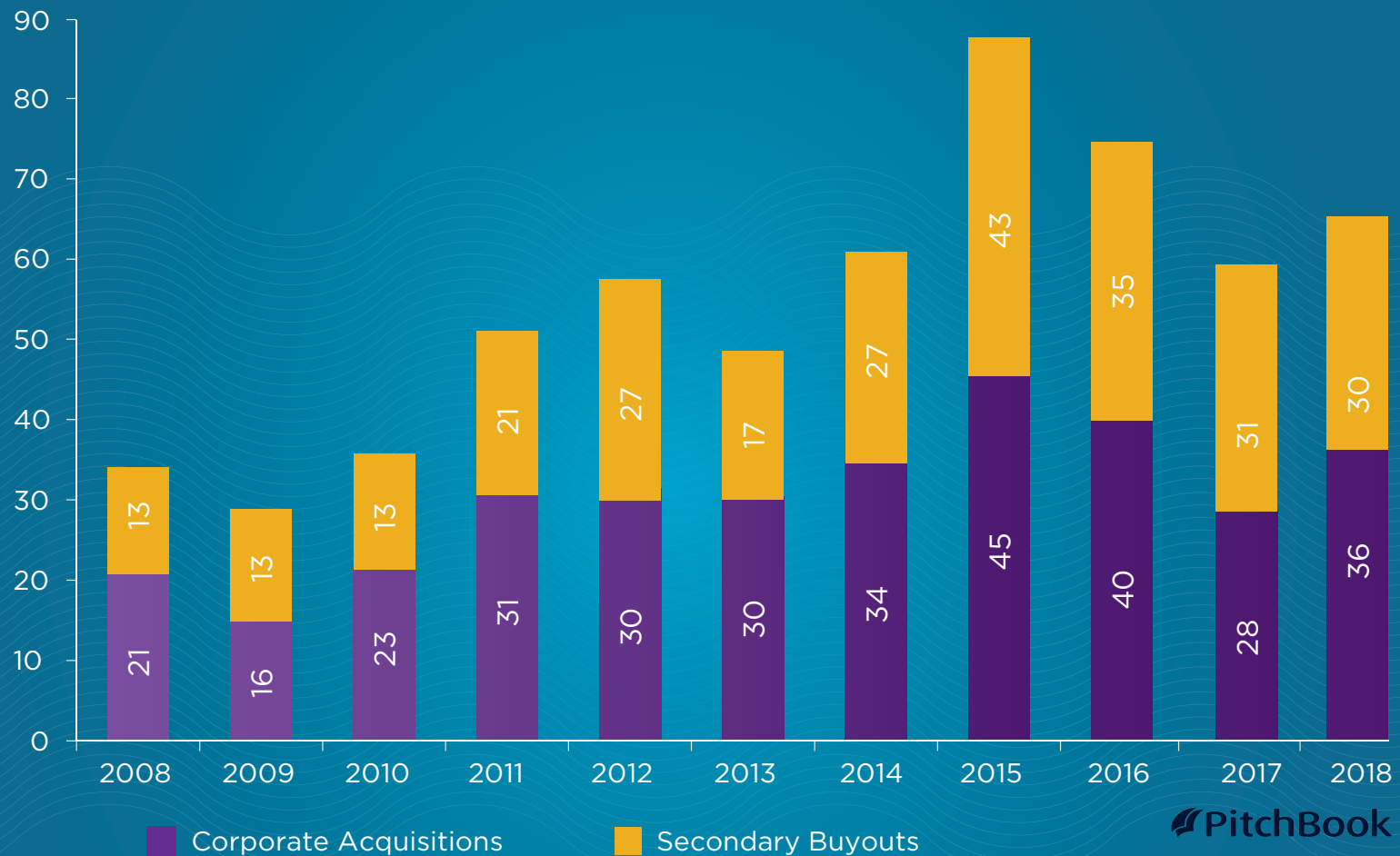


# PE-Backed Florida Companies



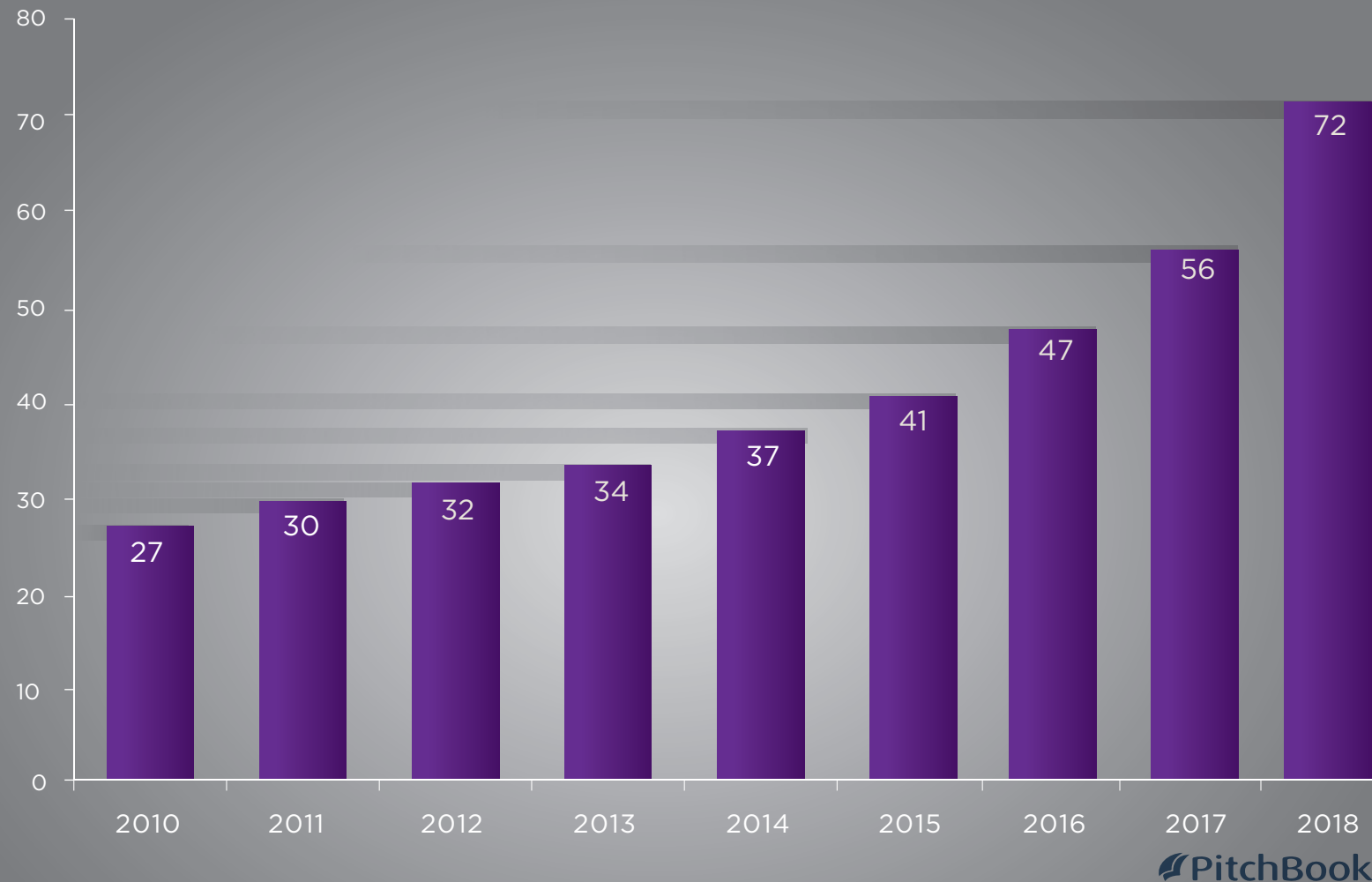
PE-backed Florida company inventory grew in 2018, with an additional 8.7% growth from 2017. New PE-backed Florida company inventory acquired between 2012 and 2018 accounted for approximately 81% of the total PE-backed Florida company inventory, the highest percentage we have seen yet. This is the first report where PE-backed Florida company inventory acquired pre-2000 and 2000-2005 accounted for 0% and approximately 2%, respectively, of total PE-backed Florida company inventory. This makes sense as the inventory of this vintage has been depleted.

# Florida PE Exits by Type



After being surpassed by Secondary Buyouts in 2017 for the first time since we began tracking Florida PE deal activity, Corporate Acquisitions is once again the primary exit route for Florida PE deals in 2018, representing approximately 55% of total 2018 Florida PE exits.

## Florida-Based PE Firms



The number of PE firms with headquarters in Florida continues to grow, with 2018 seeing an additional 16 Florida-based PE firms since year-end 2017 and a CAGR of approximately 13% from 2010 through 2018. This is the largest increase we have seen year-over-year since we began tracking Florida PE firms. Florida's tax attributes are very attractive and favorable, therefore attracting new funds.

# 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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