

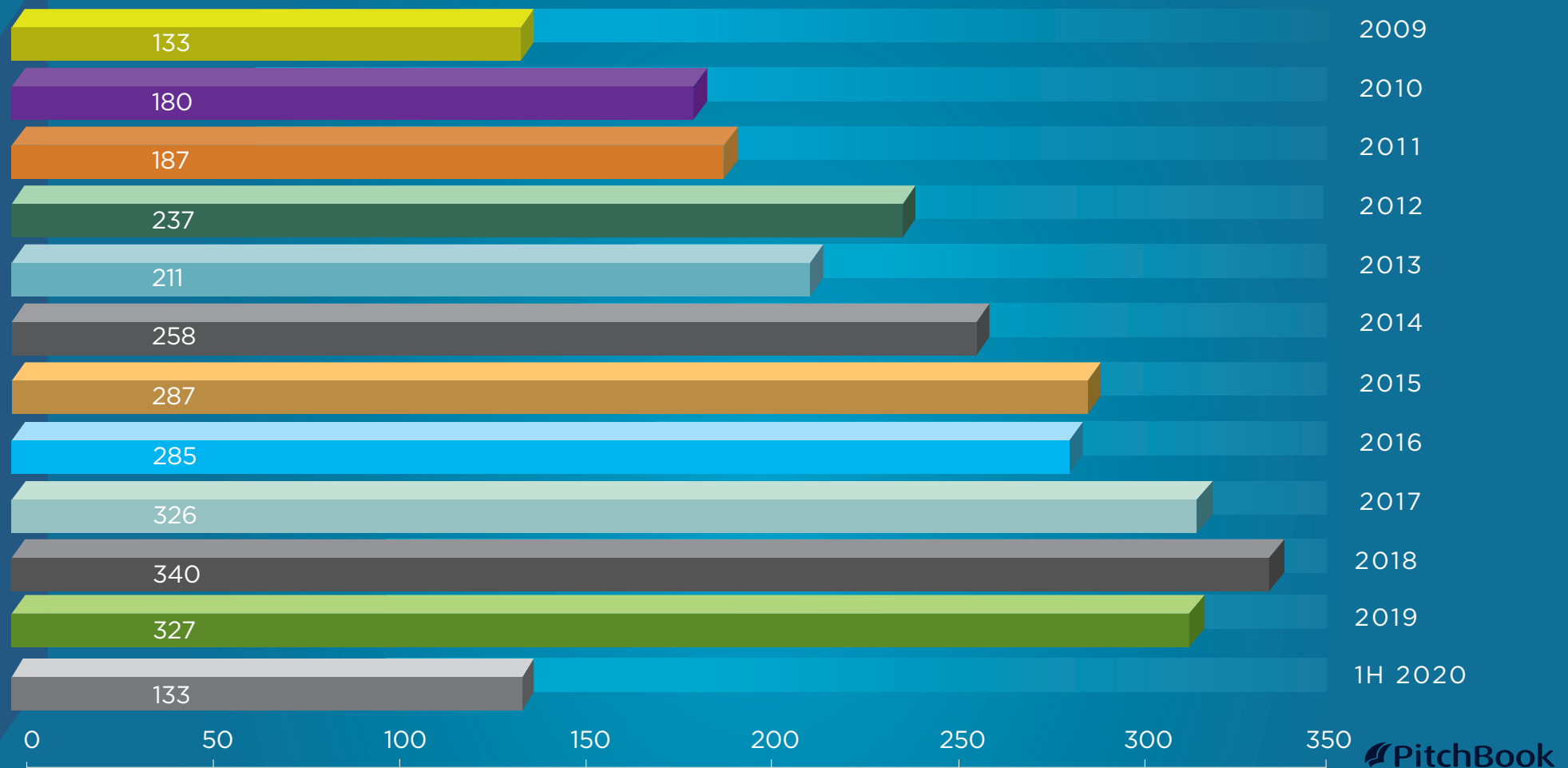


Cassel Salpeter & Co.
INVESTMENT BANKING

A VIEW OF 1H 2020: FLORIDA PE DEAL REPORT

THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF JUNE 30TH, 2020, 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.

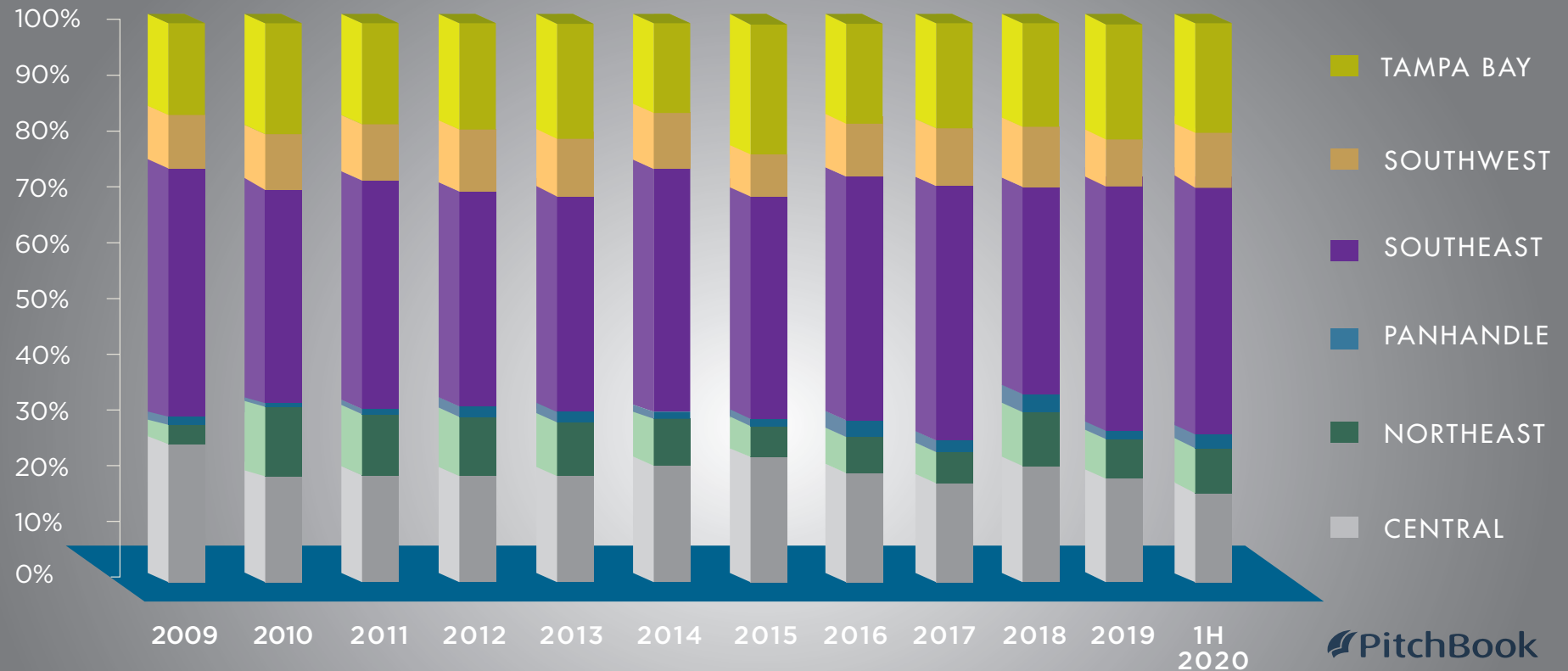
Florida PE Deal Flow by Year



As we have noted in prior reports, all data is preliminary as data reported generally lags behind actual activity. Despite the ongoing COVID-19 pandemic, surprisingly, there has been no slowdown in Florida PE deals completed in the first half of 2020. In fact, 1H 2020 even surpassed our initial reported 1H 2019 Florida PE deal count of 127*.

*The initial and final reported numbers vary due to a lag in activity reported during the initial report. The final reported 1H 2019 deals, as seen in the PE Deal Flow by Quarter chart, is 172.

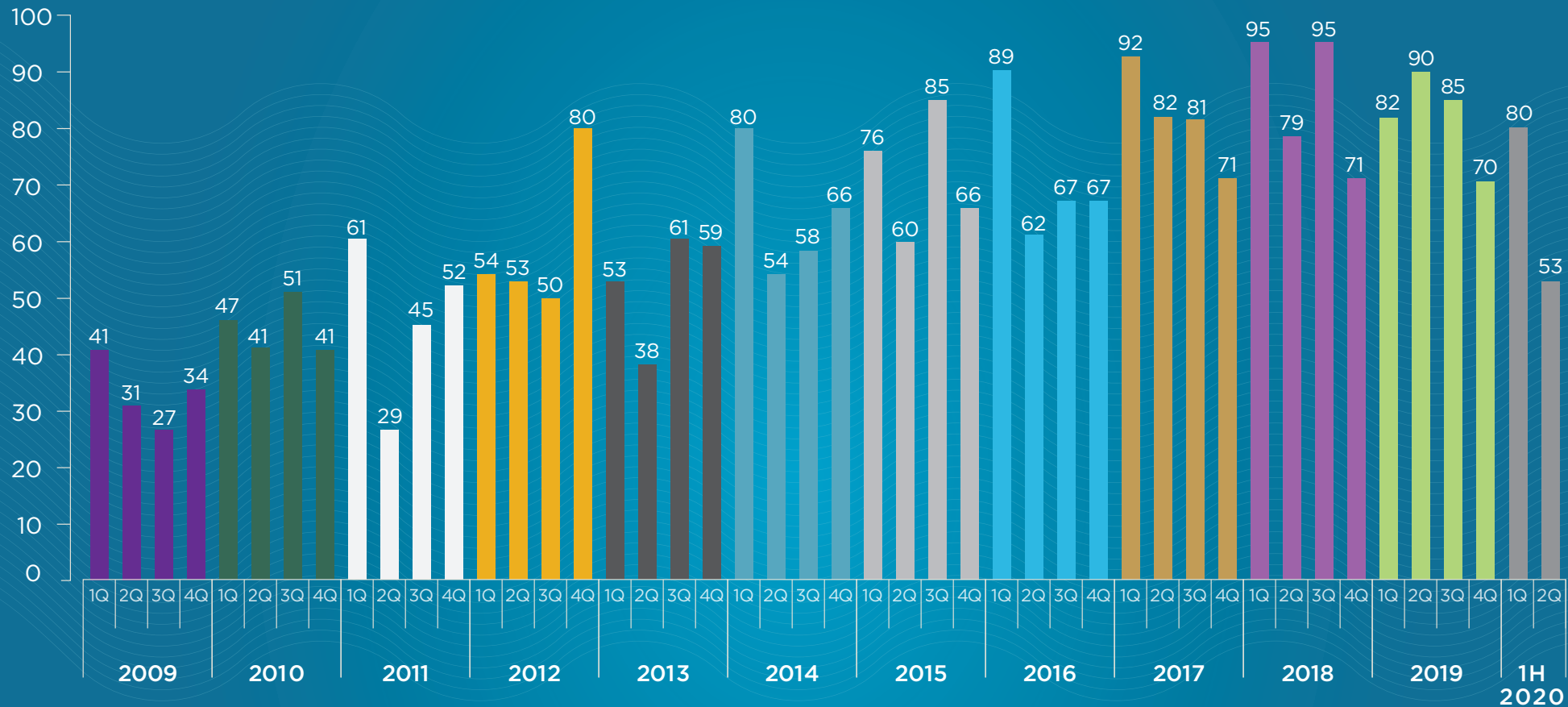
Florida PE Deal Flow by Region



PitchBook

Southeast Florida remains the region with the most Florida PE deal flow, accounting for approximately 45% of the total Florida PE deals in 1H 2020. The Tampa Bay and Central regions followed with approximately 18% and 14%, respectively. The Southwest accounted for approximately 11%, while the Northeast and the Panhandle both accounted for less than 10% of total Florida PE deals in 2020.

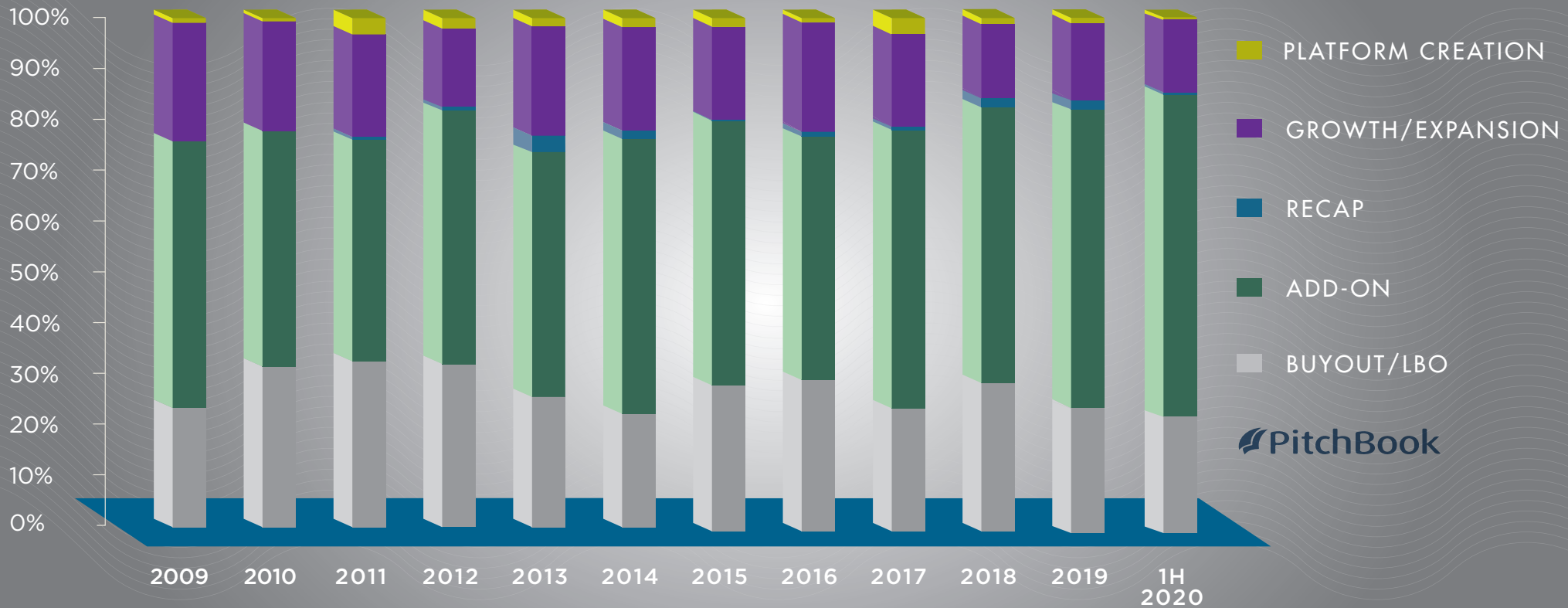
Florida PE Deal Flow by Quarter



PitchBook

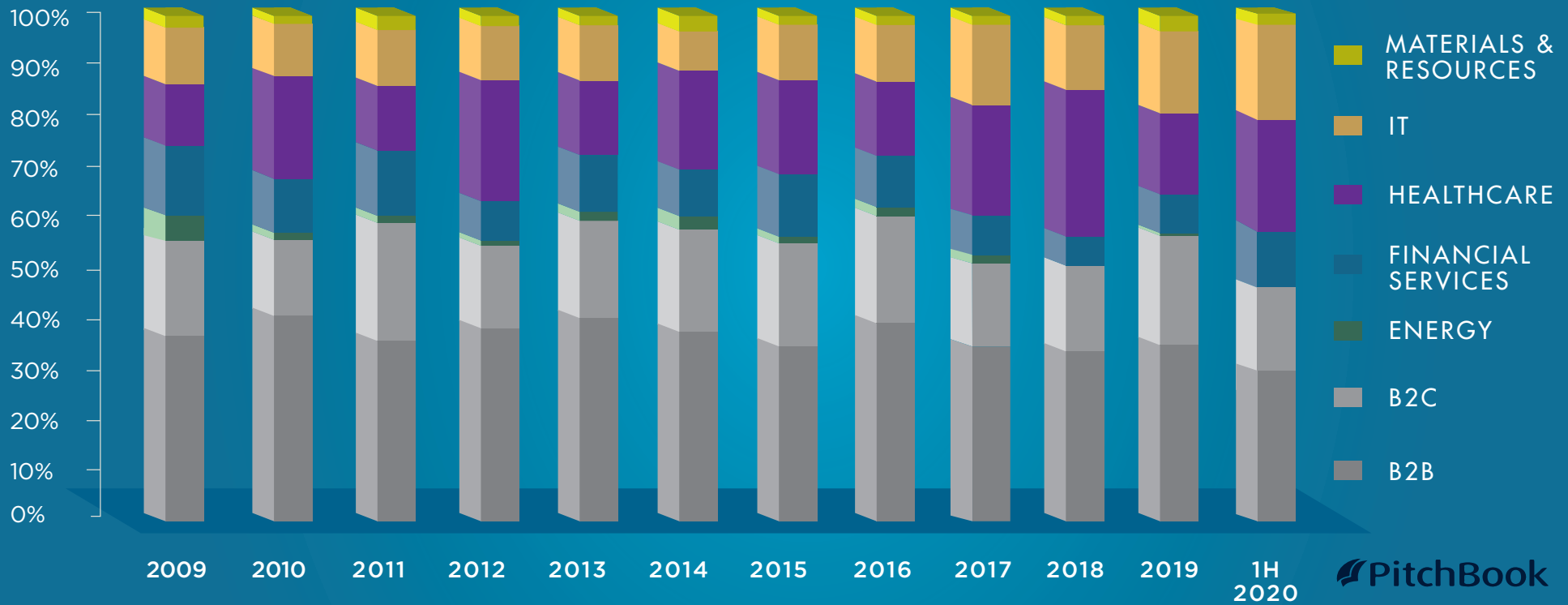
1H 2020 started out strong with 80 Florida PE deals completed in 1Q, significantly higher than past data we have seen in initially reported data for 1Q. 2Q 2020 is also in line with previous initial reported data, which is surprising given the unusual circumstances surrounding 2020 and the second quarter. It will be interesting to see if the second half of the year also remains consistent.

Florida PE Deal Flow by Type



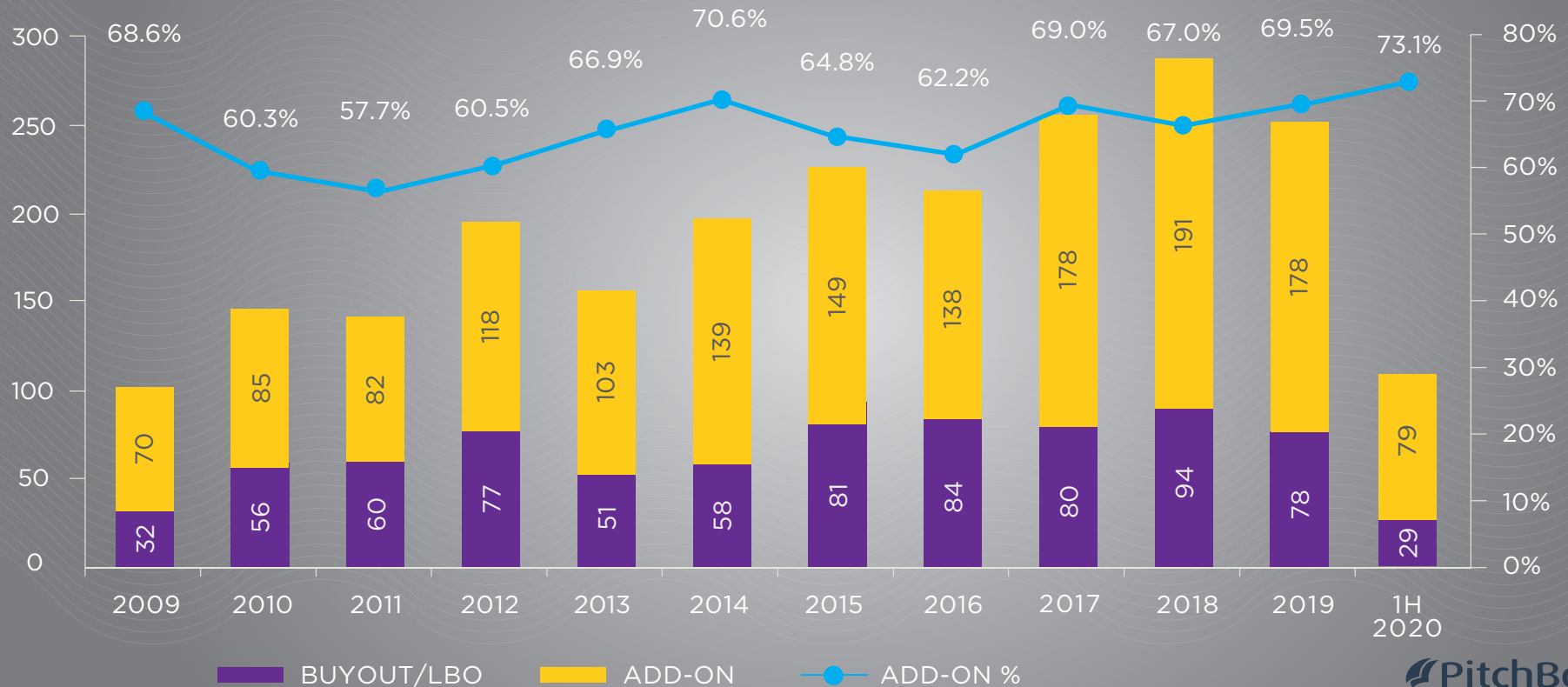
Add-ons have consistently been the dominant type of Florida PE deals, accounting for approximately 59% of total Florida PE deals in 1H 2020. Buyout/LBO and Growth/Expansion (i.e. minority) accounted for approximately 22% and 17%, respectively. Platform Creation and Recap each accounted for less than 1% of total Florida PE deals in 1H 2020.

Florida PE Deal Flow by Sector



While B2B remained the dominant sector for Florida PE deals, its margin has narrowed compared to previous years. This is the first time, since we began tracking Florida PE deals, that B2B has accounted for less than 30% of total Florida PE deals. The Healthcare and IT sectors also made a big jump and both surpassed B2C in 1H 2020, accounting for approximately 23% and 20%, respectively. B2C accounted for approximately 17%, while the Financial Services, Materials and Resources, and Energy sectors each accounted for less than 10% of total Florida PE deals.

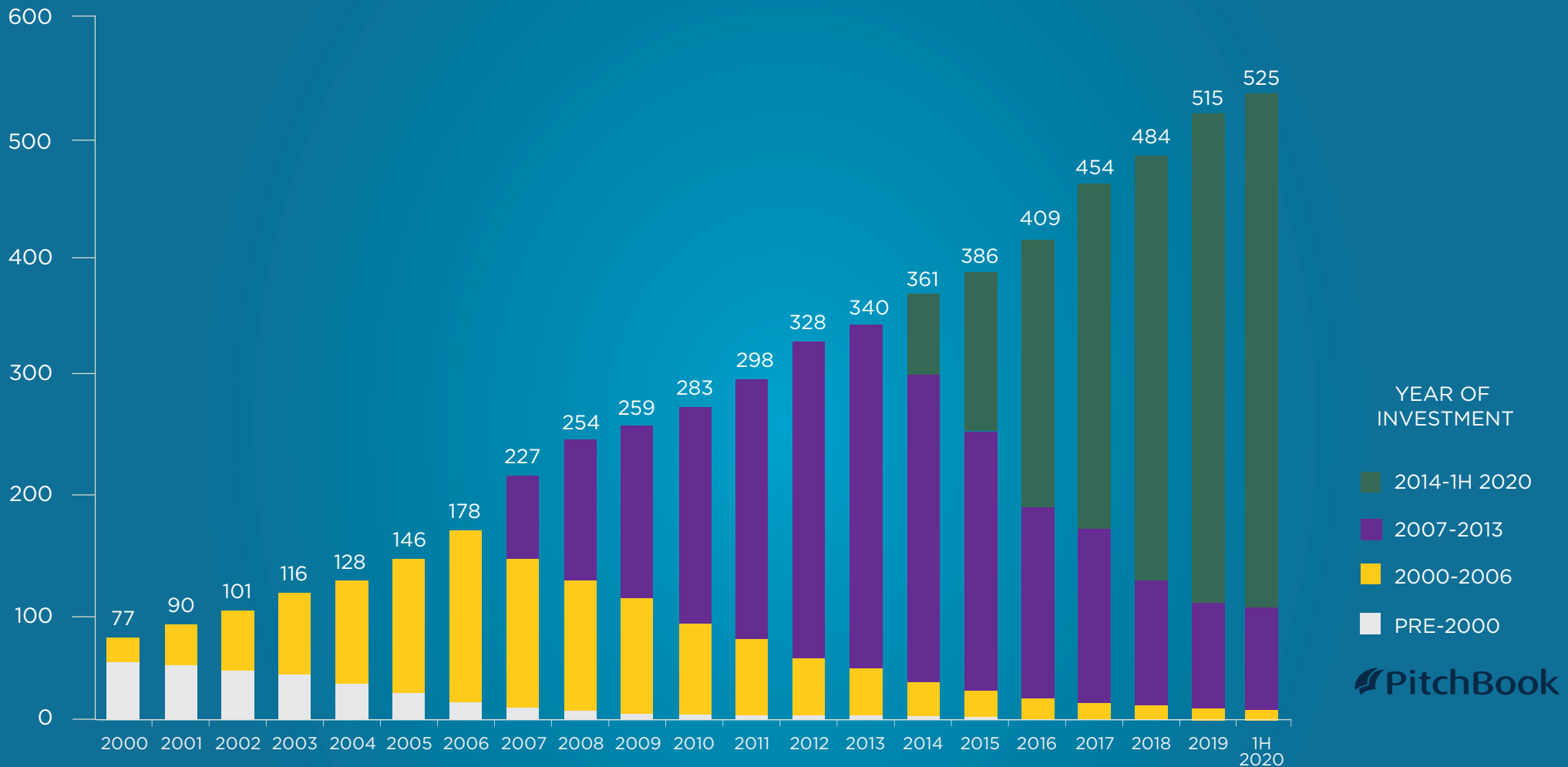
Florida Buyouts vs. Add-ons



PitchBook

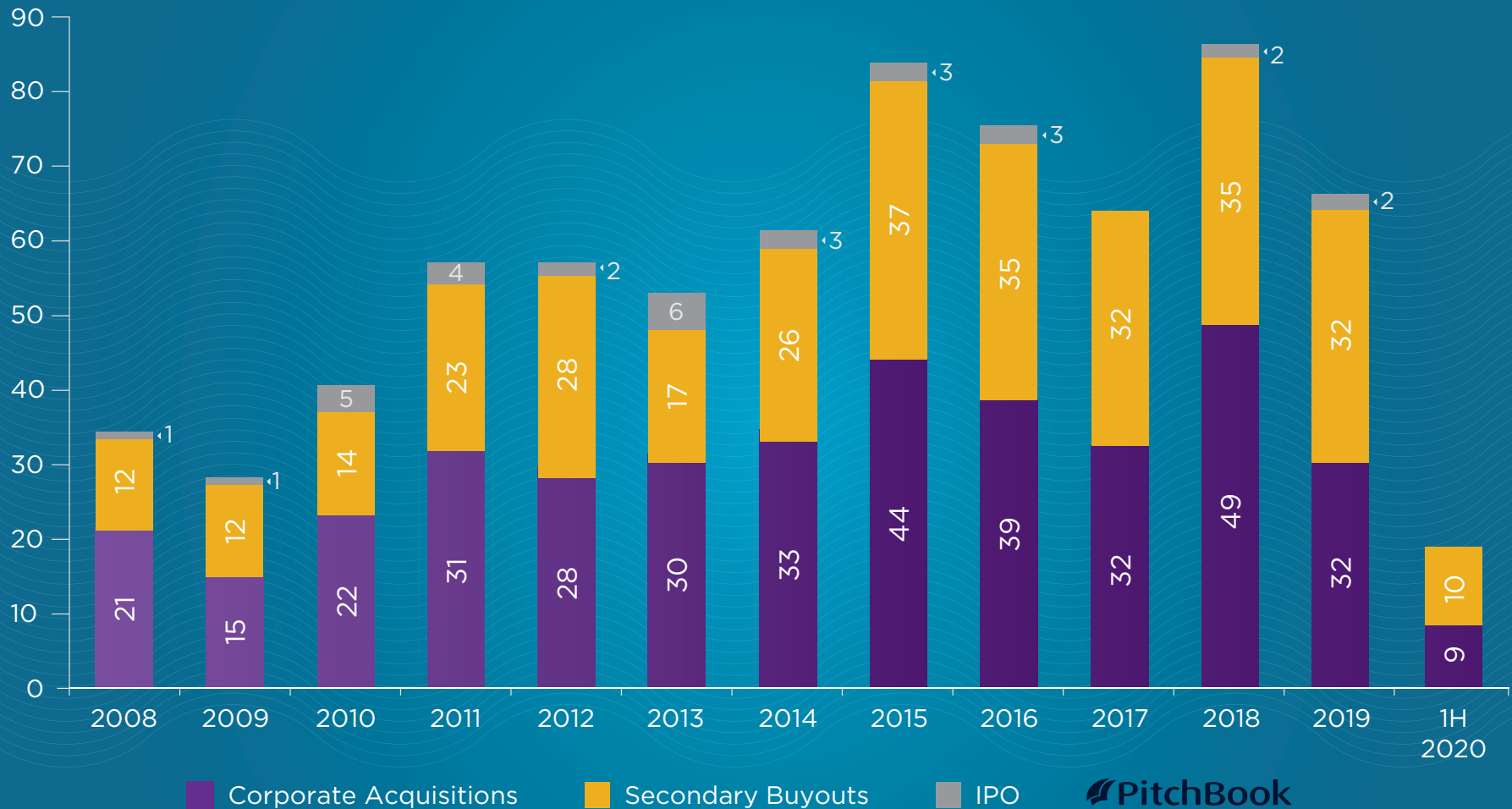
In 1H 2020, Add-ons accounted for approximately 73% of all control investments, a slight increase over recent years. As we have seen in prior reports, the first half of the year sees a higher percentage of Add-ons, and then ultimately levels out around mid-to-high 60% by year end. It will be interesting to see if COVID-19 plays any role in causing Florida PE firms to focus more on building out platforms in their portfolio rather than making large investments into new businesses.

PE-Backed Florida Companies



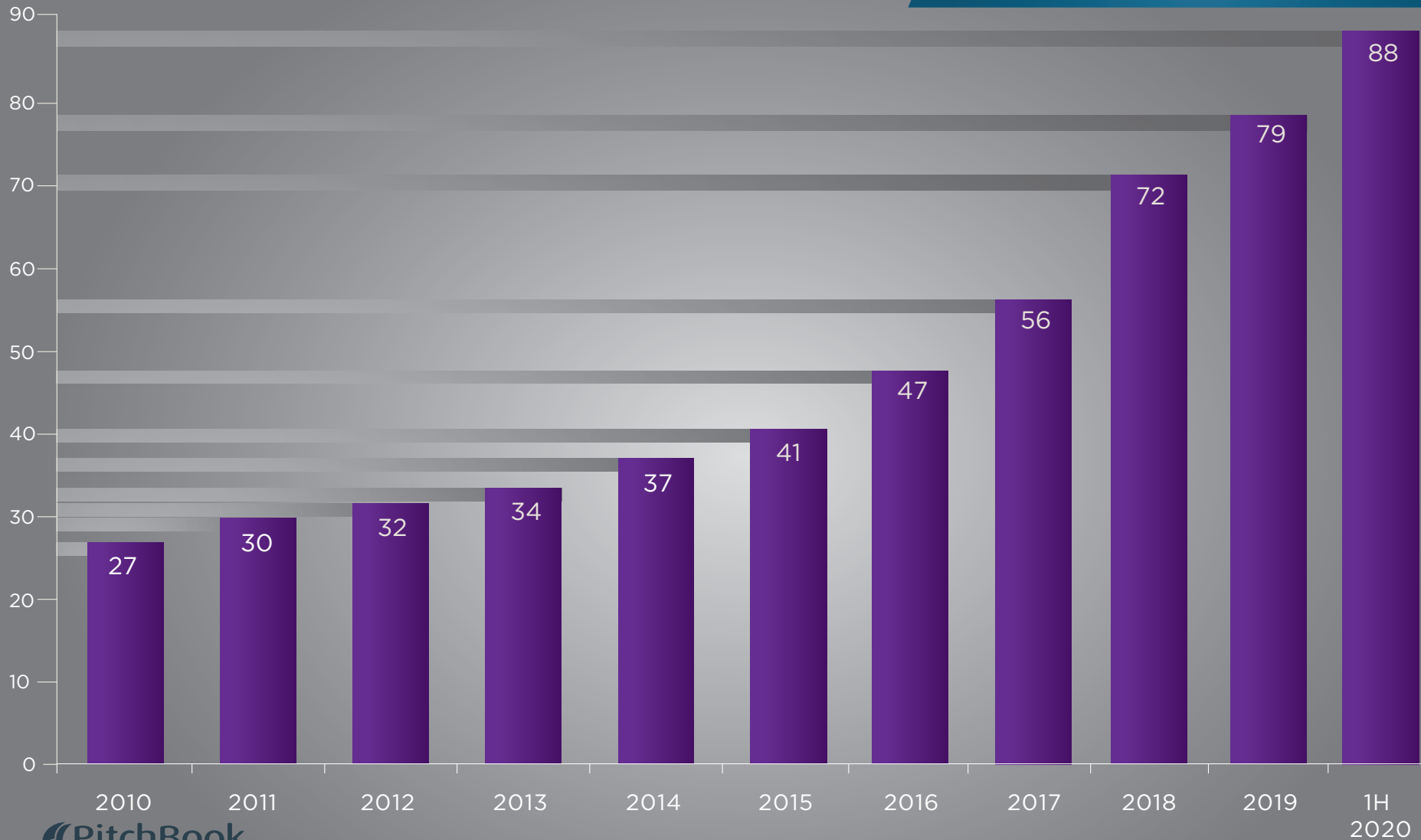
PE-backed Florida company inventory stayed pretty steady in 1H 2020, with only a slight increase of 1.9% from year-end 2019. The aging company inventory acquired between 2007 and 2013 is currently at approximately 17%, with the majority (approximately 80%) acquired between 2014 and 1H 2020. 1H 2020 PE-backed Florida company inventory saw a significant decrease from our previously reported year-end 2019 where there was a total of 632 PE-backed Florida companies.

Florida PE Exits by Type



Corporate Acquisitions and Secondary Buyouts were fairly even in choice of exit route in 1H 2020, consistent with 2019. As seen in previous reports, this data seems to be consistent in its inconsistency of flipping back and forth between the primary exit route for Florida PE deals.

Florida-Based PE Firms



The number of PE firms with headquarters in Florida saw another significant increase in 1H 2020, with an additional 9 Florida-based PE firms since year-end 2019 and a CAGR of approximately 13% from 2010 through 1H 2020. This increase is similar to the jump we saw in 2018; it will be interesting to see the final number of PE firms with headquarters in Florida at year-end 2020.

METHODOLOGY



PRIVATE EQUITY DEALS

This report includes all PE investments (buyout, growth, 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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