



Cassel Salpeter & Co.

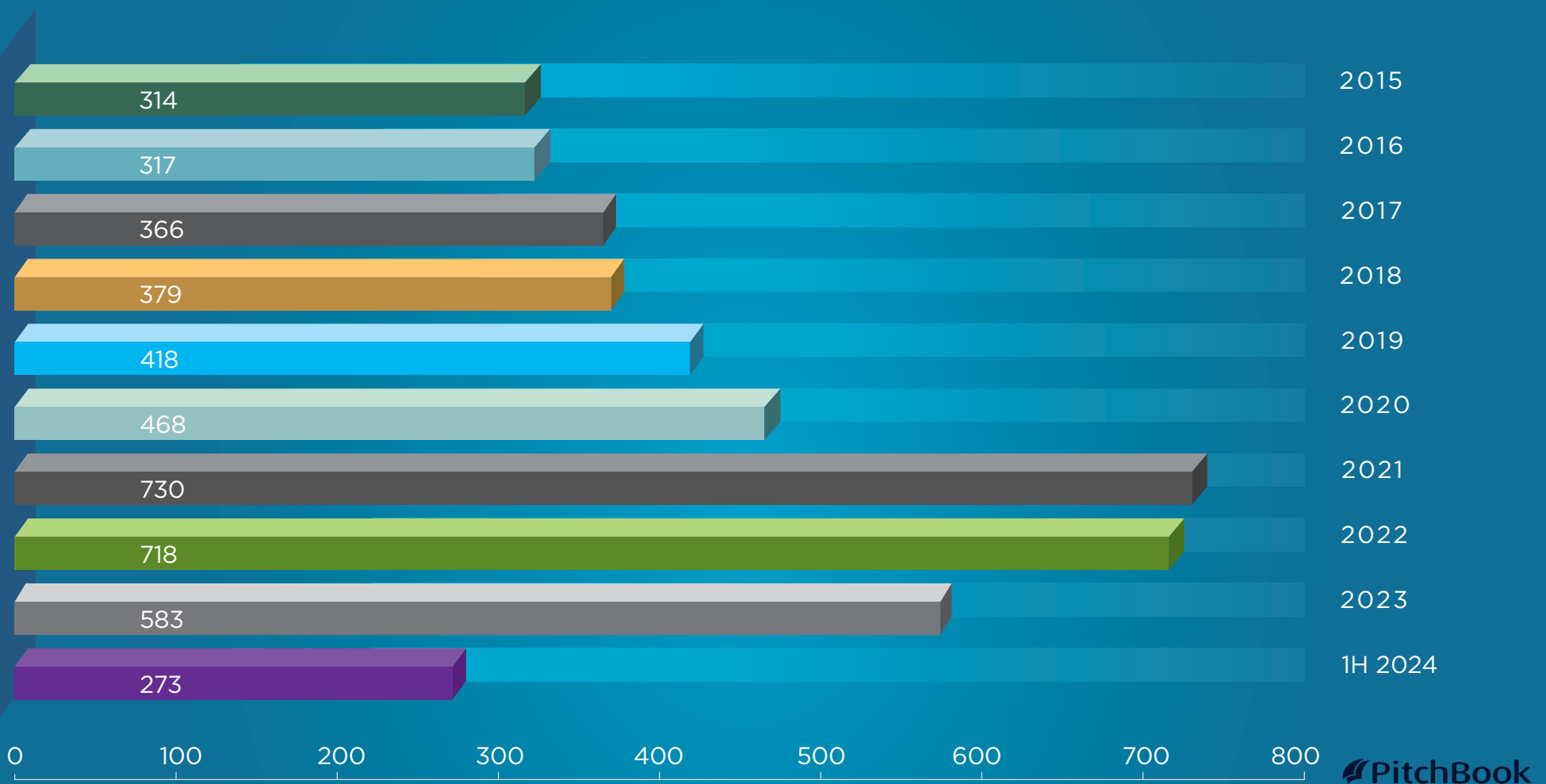
INVESTMENT BANKING

FOUNDED IN FLORIDA OVER 10 YEARS AGO

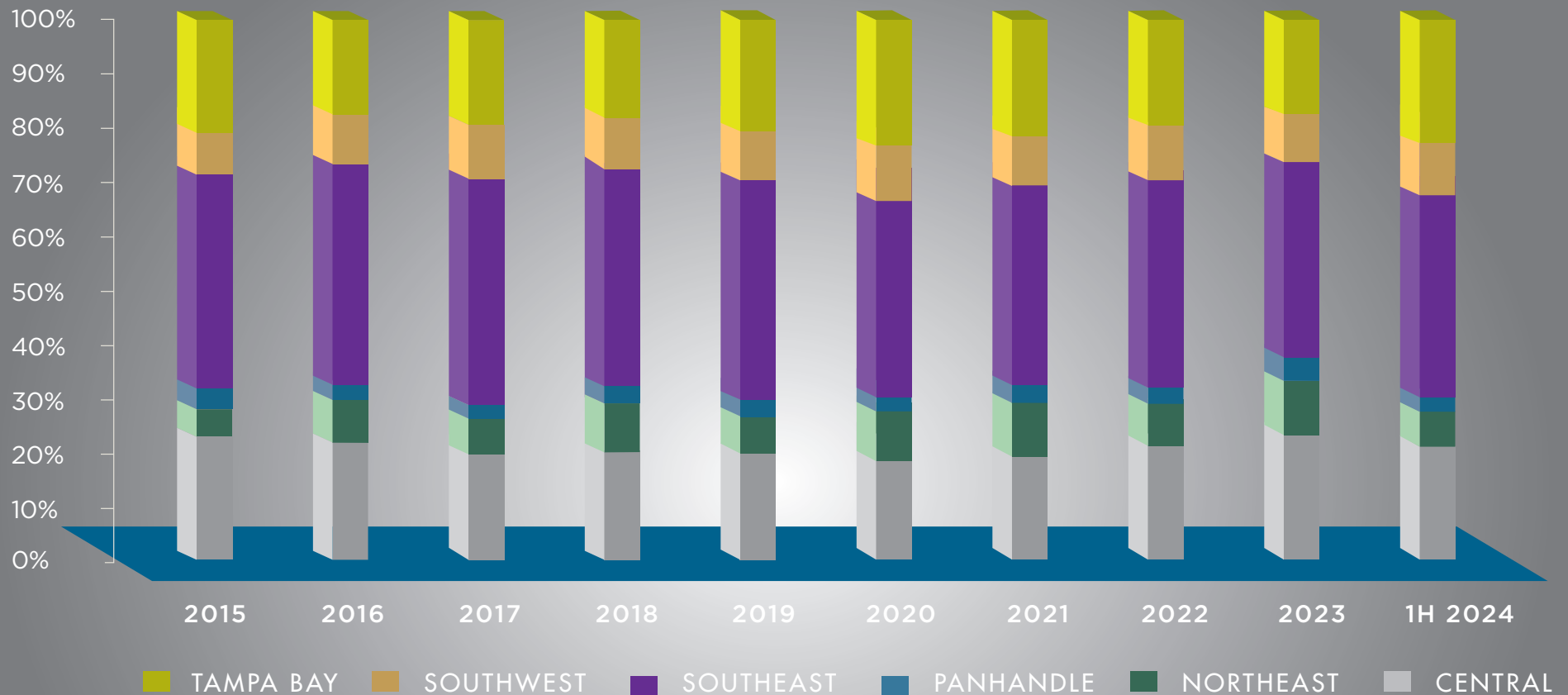
A VIEW OF 1H 2024: FLORIDA SPONSOR REPORT

THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF JUNE 30TH, 2024, 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.

Florida Sponsor Deal Flow by Year

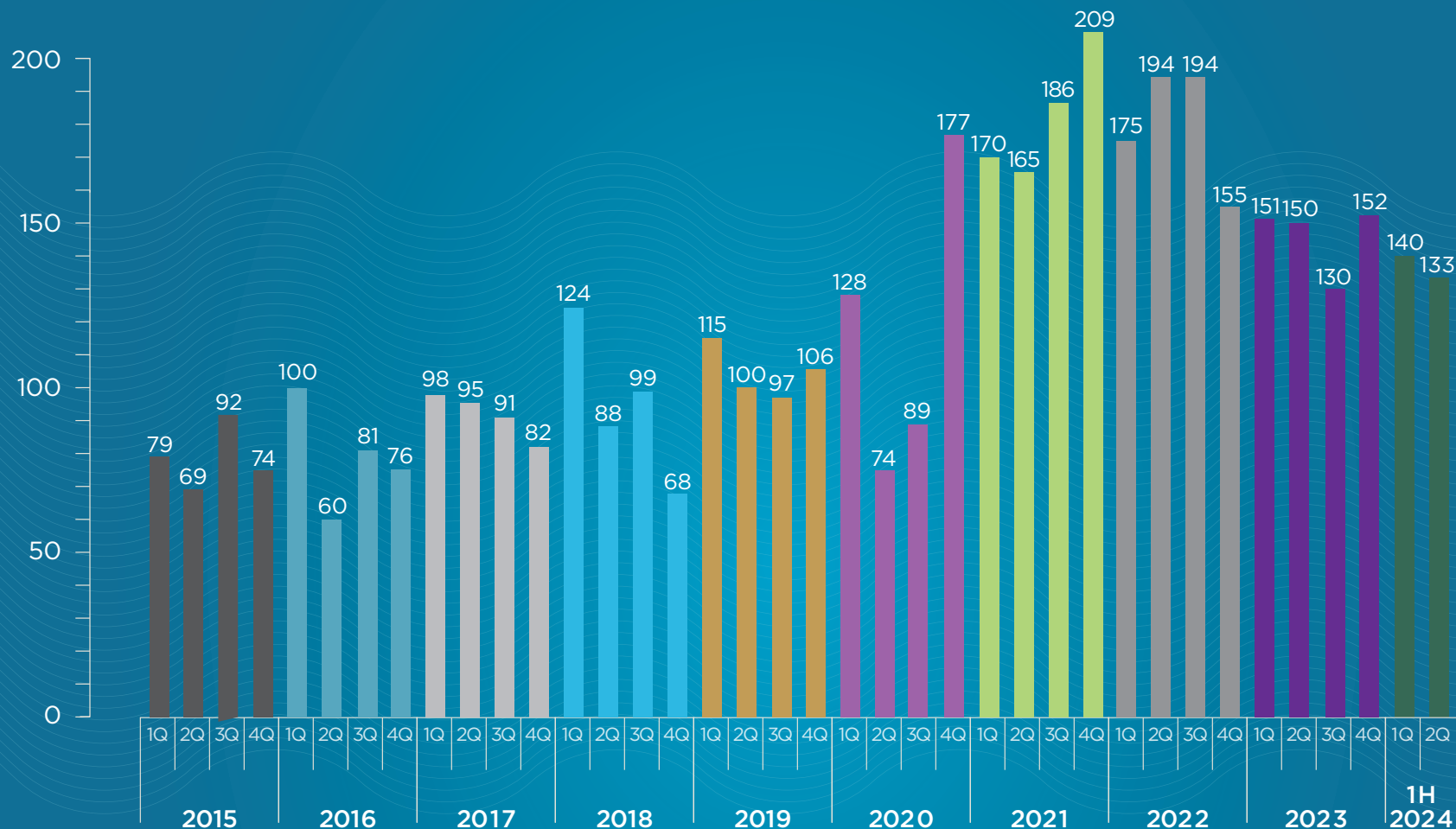


The first half of 2024 Florida sponsor deal flow was in line with our report for the first half of 2023, with 273 and 262 total deals reported, respectively. Sponsors are still trying to stabilize after being limited with higher borrowing costs after 2022.



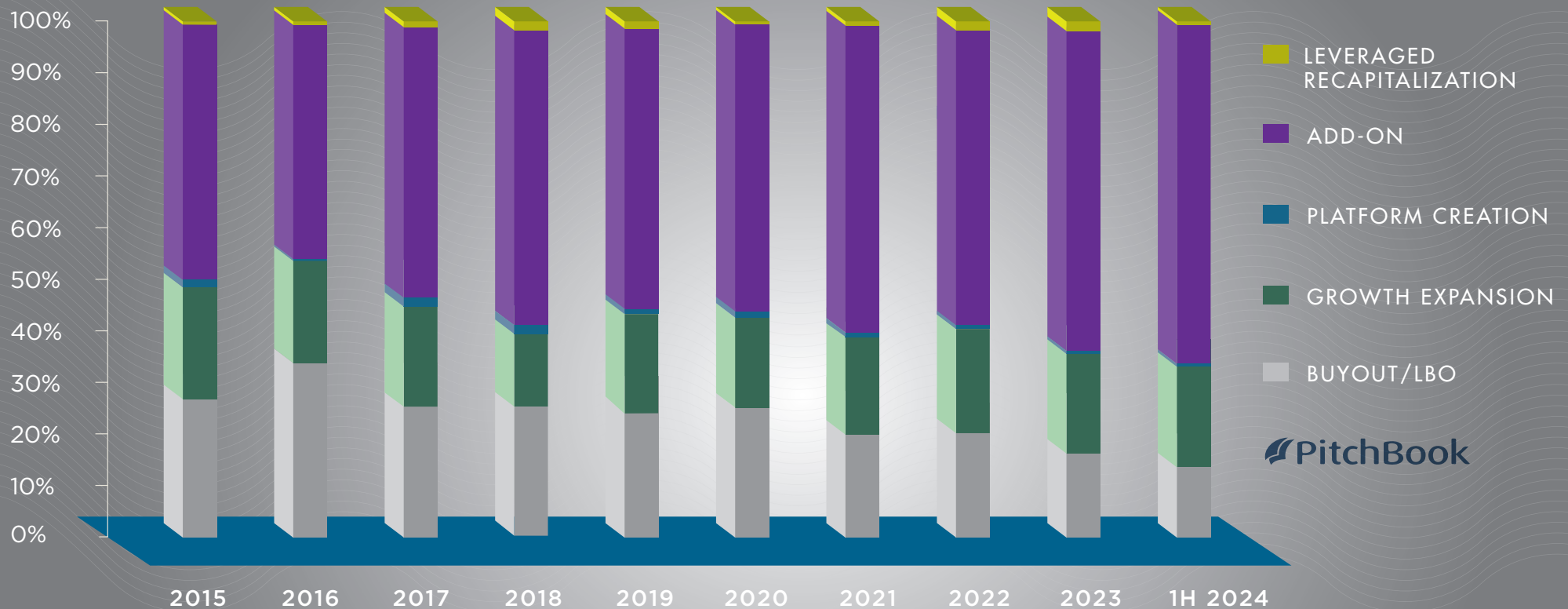
The Southeast region has consistently been the region with the highest number of total sponsor deals, the first half of this year accounting for approximately 38% of total Florida sponsor deals in the first half of 2024. The Tampa Bay and Central region have gone back and forth with the next highest number of total sponsor deals, with Tampa Bay coming out ahead at approximately 23% compared to the Central region’s approximately 21% of total Florida sponsor deals in the first half of 2024. The Southwest, Northeast, and Panhandle regions all accounted for less than 10% of total Florida sponsor deals in the first half of 2024.

Florida Sponsor Deal Flow by Quarter



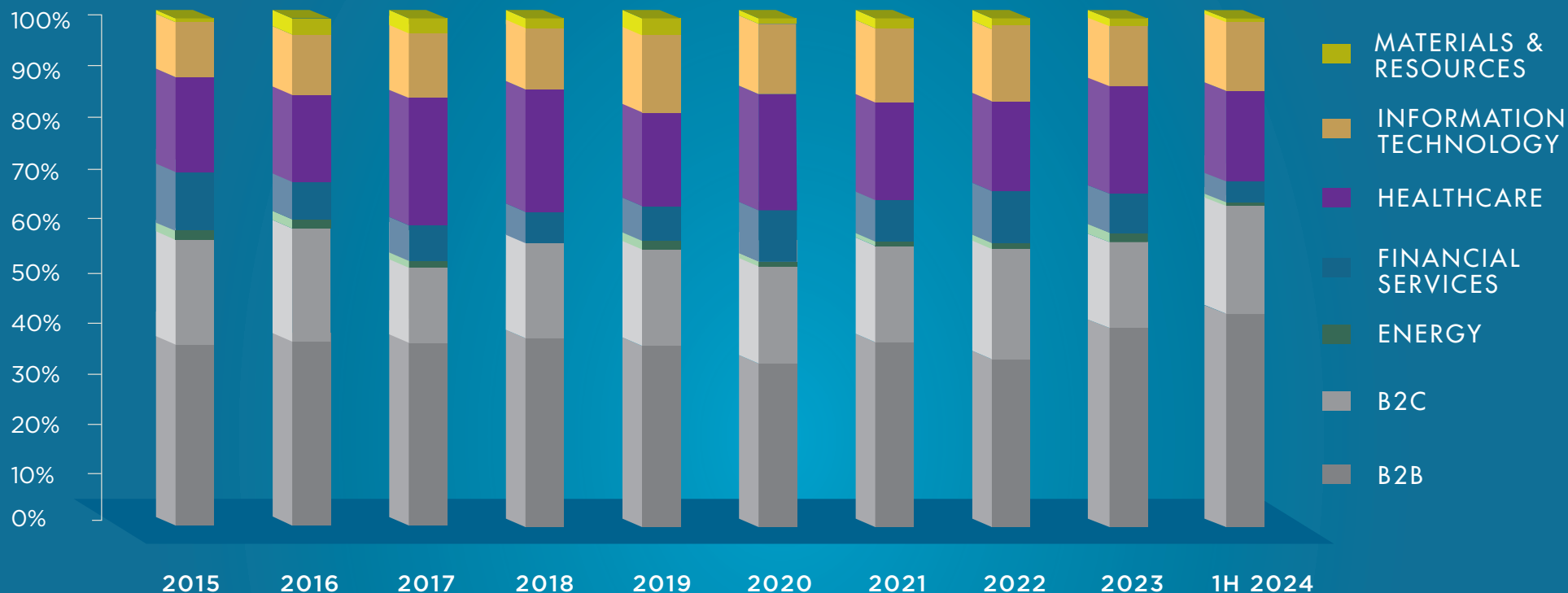
The first two quarters of 2024 were relatively consistent with all quarters in 2023. While these numbers are still well ahead of the pre-pandemic numbers, they are still far behind the peak in deals for 2021 and 2022.

Florida Sponsor Deal Flow by Type



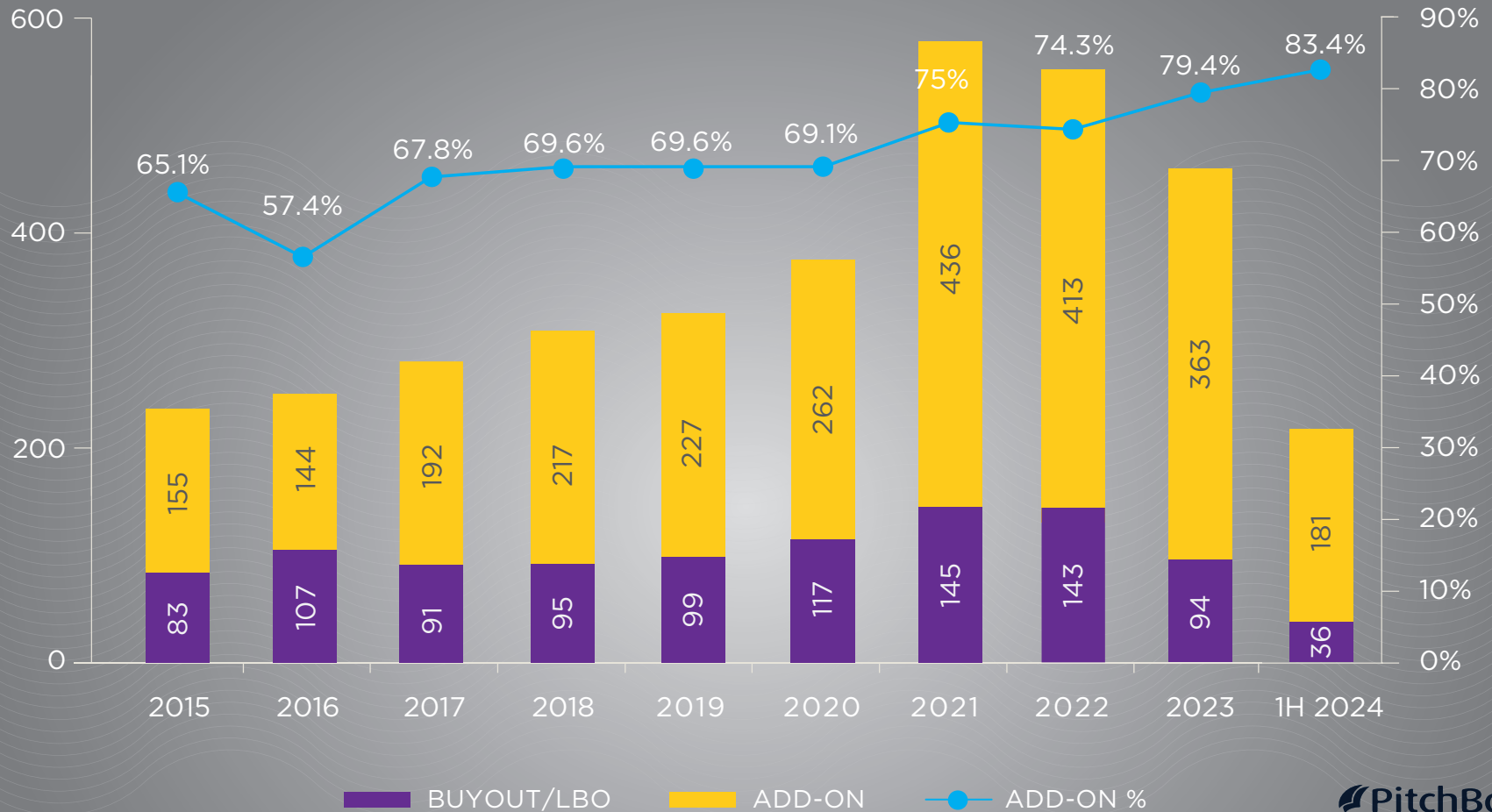
Sponsor Add-Ons continued to be the dominant force driving Florida sponsor deal activity in the first half of 2024, accounting for approximately 66% of total sponsor deals. Growth/Expansion has remained steady over recent years accounting for approximately 20% of total sponsor deal activity. Conversely, Buyout/LBO continues to decline in percentage of total sponsor deal activity, down to approximately 13% in the first half of 2024 from 25%, 20%, 20%, and 16%, in 2015, 2016, 2017, and 2018, respectively.

Florida Sponsor Deal Flow by Sector



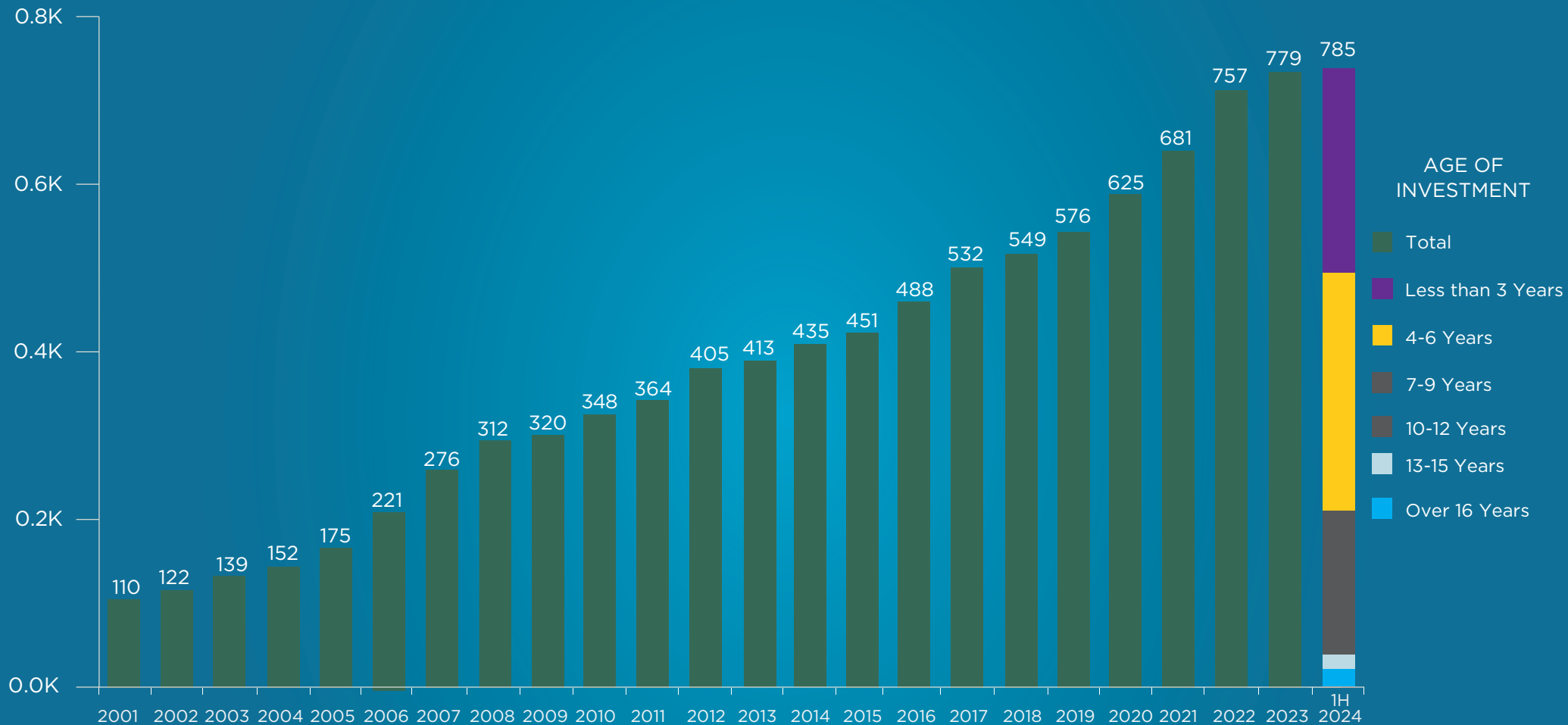
B2B was again the sector with the highest number of sponsor deals in the first half of 2024, accounting for approximately 42%. This number is a slight increase over prior years, which saw percentages for B2B in the high 30%. B2C surpassed Healthcare in the first half of 2024, accounting for approximately 21% and 17% respectively. As you may recall, these two sectors seem to flip back and forth for the second largest deal activity for Florida sponsor deals. The IT sector continues to remain at approximately 14%, while the Financial Services sector continues to decline, accounting for approximately 4% in the first half of 2024.

Florida Sponsor Buyouts vs. Add-Ons



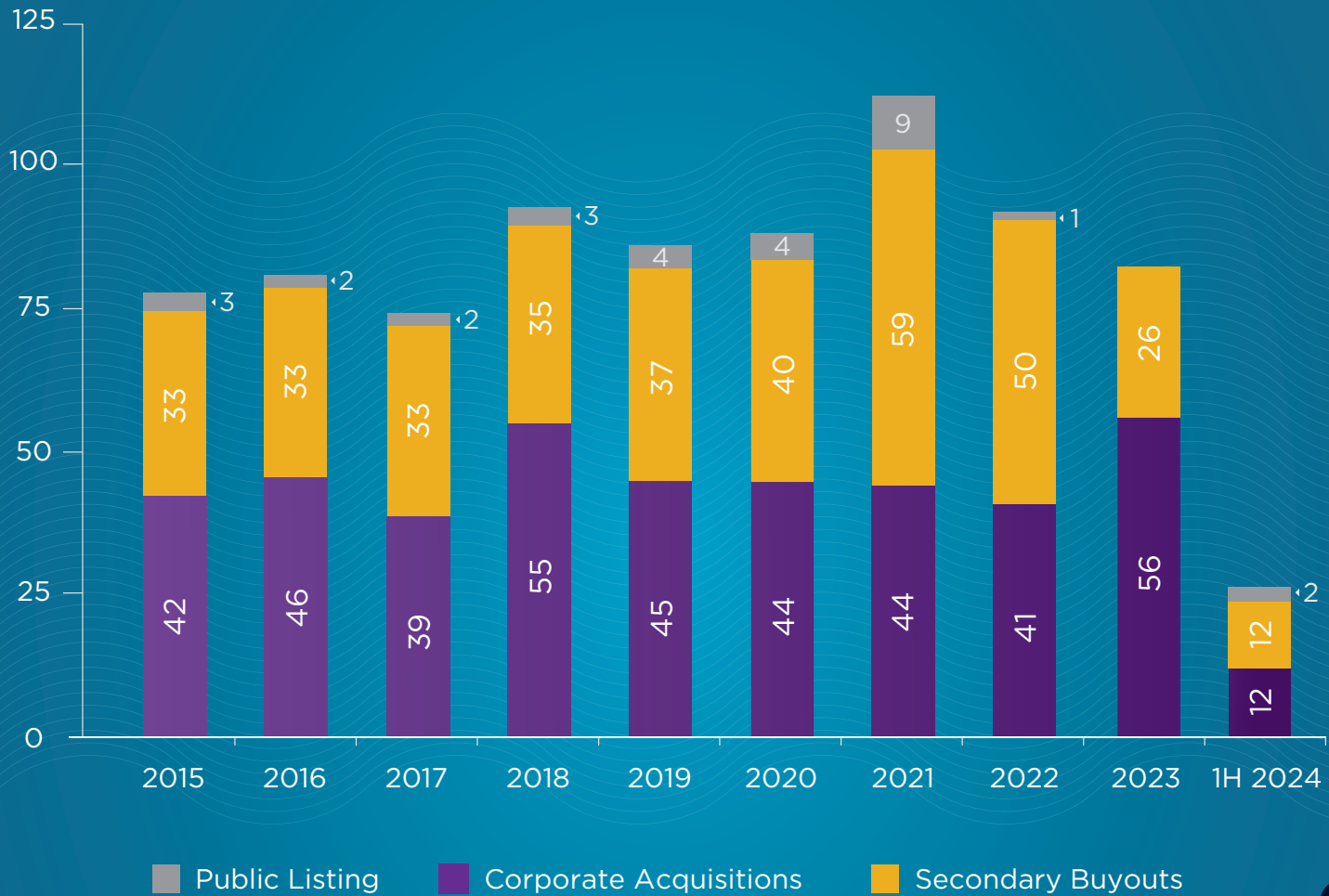
PitchBook

Sponsor Add-Ons as a percentage of all Florida sponsor control investments continues to increase, accounting for approximately 83% in the first half of 2024. While in previous reports we have attributed this trend to longer hold periods, ease of entry with the smaller scale, and higher borrowing rates, it also highlights the ongoing strategic trend that sponsors are adhering to, with an emphasis on consolidation and synergies within existing operations.

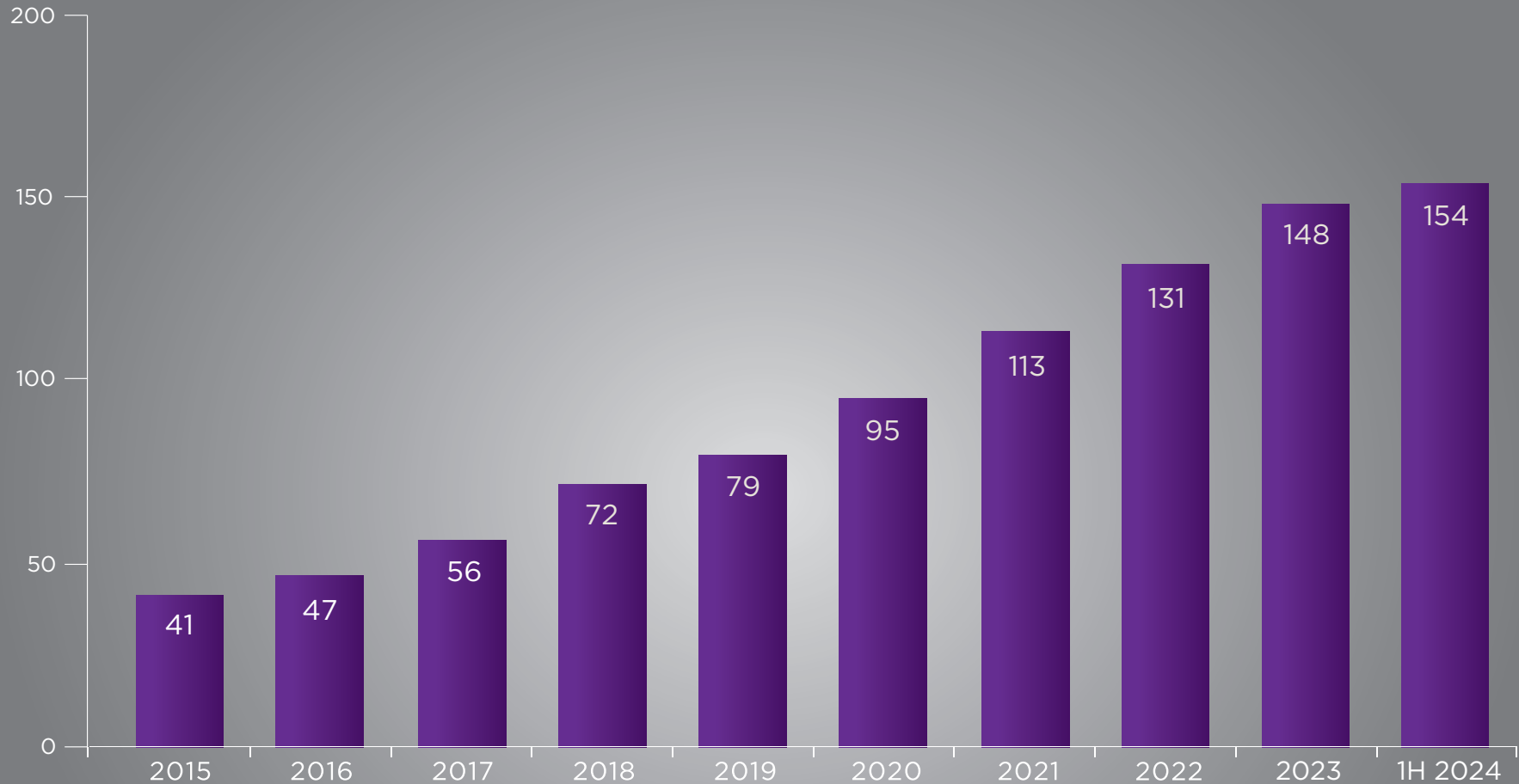


Florida sponsor-backed company inventory continues to grow at a significantly slower pace than compared to 2021 and 2022. While the first half of 2024 was more in line with the pace we reported this time last year in our 1H 2023 report, it is still heading in a downward trajectory, with 26 new (6 net) Florida sponsor-backed companies in the first half of 2024 compared to 30 new (12 net) in the first half of 2023.

Florida Sponsor Exits by Type

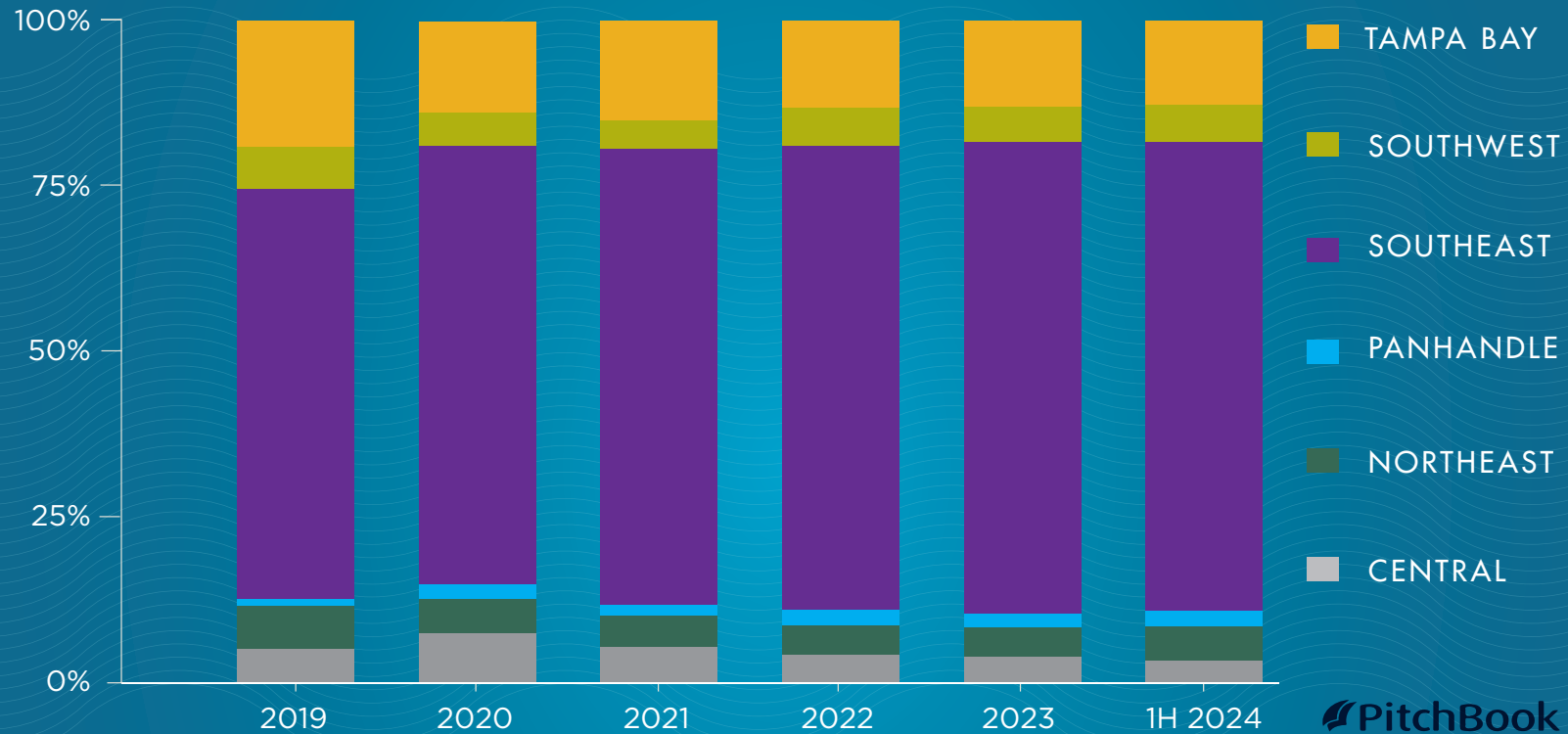


While corporate acquisitions were the primary exit route for Florida sponsor deals in 2023, in the first half of 2024, that has been split 50/50 with secondary buyouts. The two exit routes have seemed to switch back and forth, year over year. It will be interesting to see how the rest of 2024 plays out.



The number of sponsors with headquarters in Florida continues to increase, although not at as high of a rate as we have seen in recent years, even at the halfway point. The first half of 2024 saw an increase of six additional Florida headquartered sponsors, representing a CAGR of 14.1% from 2015 through 1H 2024.

Florida-Based Sponsors by Region



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Of the 154 sponsors headquartered in Florida, approximately 71% are located in the Southeast region of Florida. While the number of Florida-based sponsors headquartered in Tampa Bay remains the same at a total of 19, there were no new sponsors headquartered in the Tampa Bay region thus far this year, and therefore the percentage continues to decrease, making up approximately 12% in the first half of 2024. The Southwest and the Northeast each had one new sponsor headquartered in the region in the first half of 2024, thereby slightly increasing each respective percentage.

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.

In 2022 Pitchbook changed its methodology for recording deal activity that will apply to this and all future sponsor reports. All announced deals are now included in the reporting of total deal activity in addition to completed deals, and announced dates are used to reflect deal timing in dates.

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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