

A nighttime cityscape featuring a prominent Ferris wheel in the foreground, illuminated with pink and white lights. The background is filled with various skyscrapers and buildings, some with lights on, under a dark blue sky with wispy clouds. The overall scene is a vibrant urban night view.

# Quarterly Market Insights 2021: First Quarter

GENESIS CAPITAL

# Inside This Report

## Introduction:

- Genesis Capital is pleased to present our Quarterly Market Insight Report for the First Quarter of 2021.
- We hope you find this report helpful and encourage you to contact us directly if you would like to discuss our perspective on current industry trends and M&A opportunities.

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- **Genesis Capital Overview**
  - Overview of Genesis Capital
  - Representative and Recent Transaction Experience
- **Market Insights**
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  - U.S. M&A Trends by Industry



# Overview of Genesis Capital

## *Independent Investment and Merchant Bank*

### An Independent Firm Focused On Families & Companies in Growth Sectors of the Economy

#### Providing a Full Suite of Investment Banking Services

- Focused on “Need” not Size
- Expertise with Public Corporations
- Deep Experience with Family Businesses
- Solution Focused vs Product Oriented
- Extensive Sell-Side and Buy-Side M&A Experience
- National Client Base
- Active Cross Border Practice with International Operations and Buyers
- Proven Track Record and Strong References

#### Mergers, Acquisitions & Sales

- Sell-Side
- Buy-Side Acquisition Programs
- Management Buyouts
- Restructurings
- Corporate Divestitures

#### Financial Advisory Services

- Strategic Alternatives Review
- Capital and Strategic Planning
- Strategic Investments & Joint Ventures
- Fairness and Valuation Opinions
- Committee Representation

#### Capitalizations

- Recapitalizations
- Private Placements
- Private Investment in Public Equity (PIPE)
- Employee Stock Ownership Plans (ESOP)

# Genesis Capital Track Record

## Deep Expertise Across Several Industries

### Business Services

  
DUNCAN-WILLIAMS, INC.

has been acquired by

  
SOUTH STATE CORPORATION  
(NASDAQ: SSB)

  
AVIATION WORKFORCE SOLUTIONS

a wholly-owned subsidiary of

  
trueblue  
THE PEOPLE COMPANY  
(NYSE: TBI)

has been acquired by

  
LAUNCH  
TECHNOLOGICAL WORKFORCE SOLUTIONS

  
SIMOS  
Business. Re-engineered.

has been acquired by

  
TRUEBLUE  
(NYSE: TBI)

### Consumer

  
Spectrum Brands  
(NYSE: SPB)


has entered into an agreement to acquire

  
Rejuvenate  
Make It NEW Again!


  
SUPERIOR TURFGRASSES  
Patten Seed Company  
EST. 1954  
60 YEARS

has received a majority investment from

  
HEARTWOOD PARTNERS

  
POPEYES  
(Nasdaq: PLKI)

has been acquired by

  
Restaurant Brands International  
(NYSE/TSX: QSR)

### Healthcare

  
SOUTHEAST PRIMARY CARE PARTNERS

has partnered with

  
BPOC

  
TRM ONCOLOGY

and

  
axess ONCOLOGY

have been restructured and rebranded as

  
APTITUDE HEALTH

  
optimhealthcare

has been acquired by

  
National Medical Holdings

a portfolio company of

  
IRVING PLACE CAPITAL

### Industrial

  
Cox INDUSTRIES, INC.  
Better Ideas. Better Wood.

has been acquired by

  
KOPPERS  
(NYSE: KOP)

  
Polytek Development Corp.

has acquired

  
bee

  
ProMarine supplies

  
STONE COAT

  
INCREDIBLE Solutions

  
endurance TECHNOLOGIES

  
Chroma Color Corporation


has acquired

  
plastics color corporation


and

  
epolin

### Leisure & Entertainment


  
HERSCHEND FAMILY ENTERTAINMENT


has acquired

  
THE ORIGINAL HARLEM GLOBETROTTERS.


  
v-moda

has formed a partnership with and received a majority investment from


  
Roland


  
THE WOODRUFF ARTS CENTER

has entered into a long term agreement with

  
LIVE NATION ENTERTAINMENT  
(NYSE: LYV)

to operate

  
verizon wireless AMPHITHEATRE

  
DELTA CLASSIC CHASTAIN PARK AMPHITHEATRE

### Technology, Media, Telecom


  
RUBICON

has acquired


  
RiverRoad  
A new future for waste.

and the waste services division of

  
WestRock  
(NYSE: WRK)

  
FIVE POINT

has been acquired by

  
EY  
Building a better working world

  
prIME ONCOLOGY

has been acquired by

  
WebMD

a subsidiary of

  
ib Internet Brands

a portfolio company of

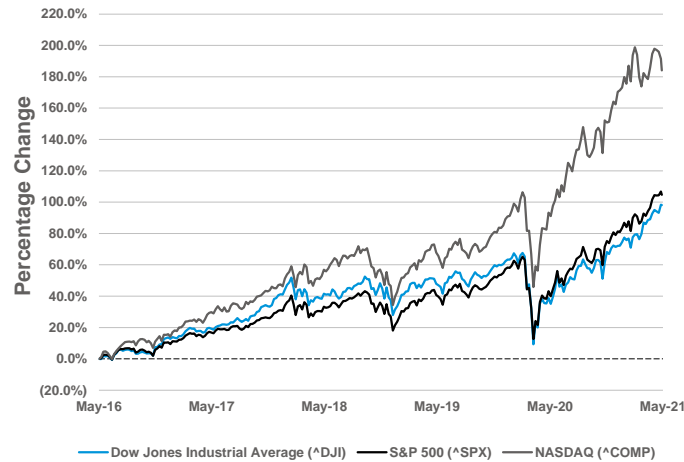
  
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# Capital Markets Overview

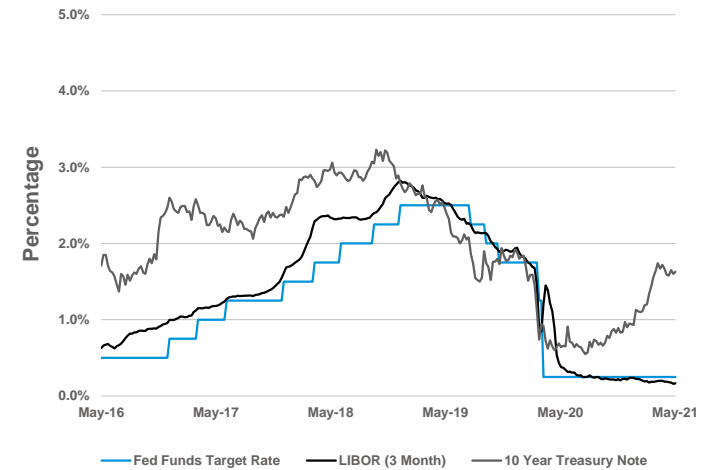
## Commentary

- On May 10, 2021, the S&P 500 Index closed at 4,188.43, 11.5% higher than the beginning of the year, and 30.2% higher than its average closing price throughout 2020.
- The 10-year Treasury Note yield was 1.63% on May 10, 2021, 70 basis points higher than its yield of 0.93% at the beginning of the year, and 74 basis points above its average closing yield of 0.89% in 2020.
- The value of special purpose acquisition company (SPAC) gross proceeds in the year to date (YTD) period ended in Q1 2021 was \$87.7 billion. Gross SPAC proceeds totaled \$75.8 billion in full year 2020.
- The value of initial public offerings (IPO) gross proceeds in YTD period ended in Q1 2021 was \$22.0 billion, across 64 offerings.

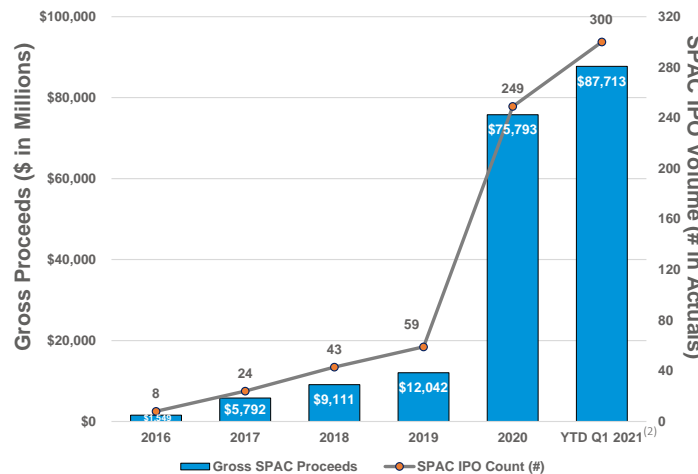
## Public Equity Market Indices (1)



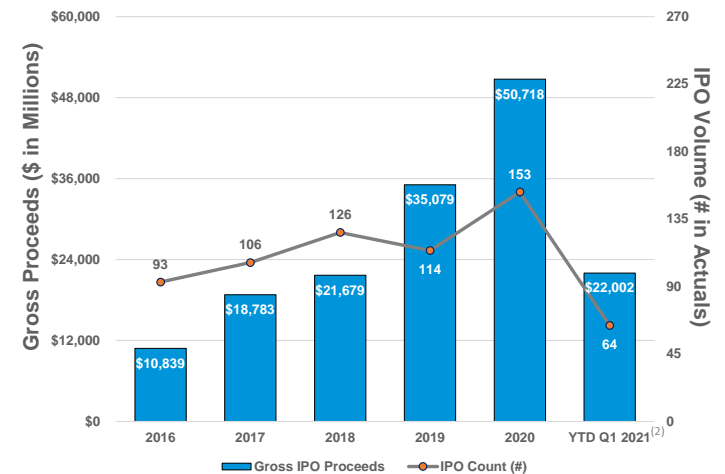
## Interest Rates (1)



## SPAC Activity



## IPO Activity



### Notes:

- Indexed relative to May 13, 2016.
- YTD Q1 as of March 31, 2021.

Source: S&P Capital IQ, Mergermarket, Preqin, Pitchbook.

# Public Market Valuation

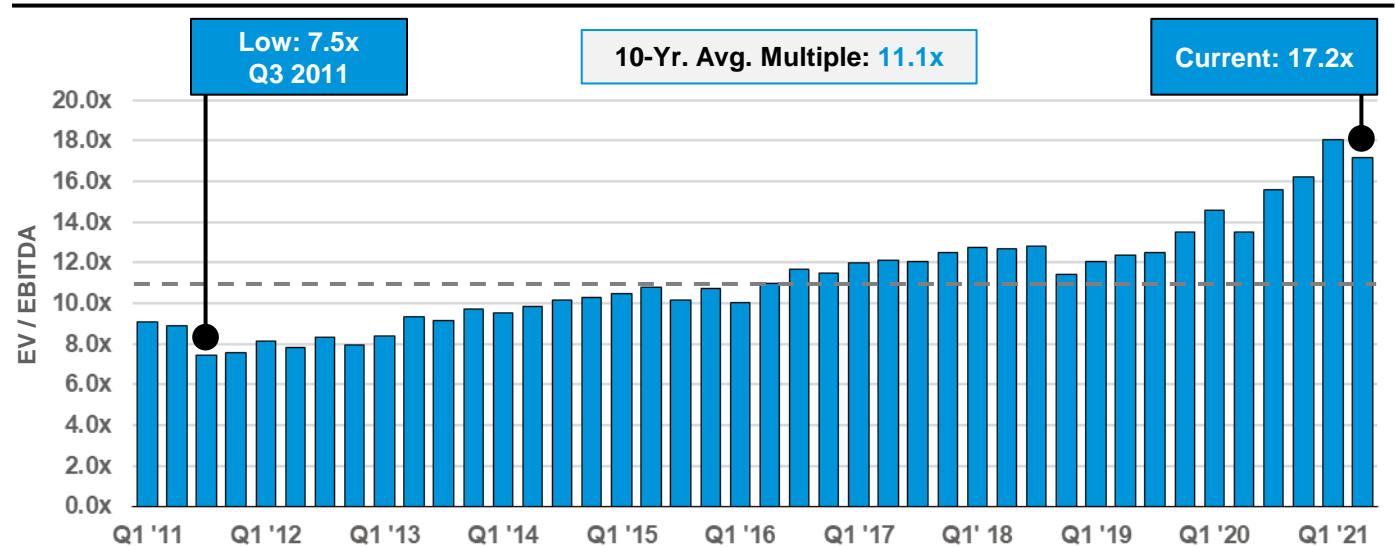
## Commentary

- Since Q3 2011, EBITDA multiples have trended upwards, experiencing record highs through the end of 2017 and into 2018, 2019, 2020 and 2021.

## Commentary

- Top sectors by valuation:
  - Technology / Media / Telecom: 18.8x
  - Leisure & Entertainment: 17.9x
  - Healthcare: 15.9x
  - Consumer: 12.4x
  - Industrial / Manufacturing: 12.1x
  - Business Services: 10.6x

Mid-Quarter Public Trading EBITDA Multiples (S&P 500)

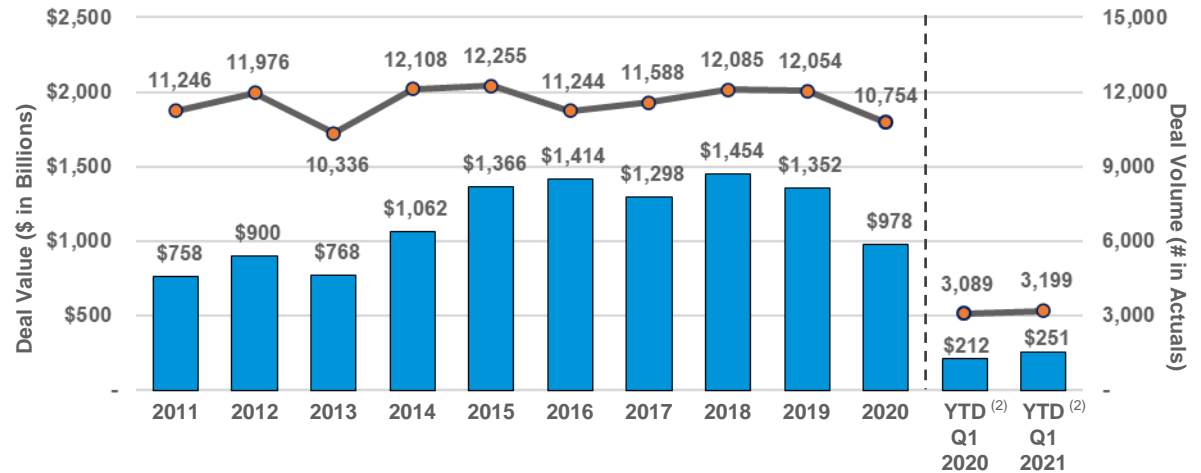


# U.S. M&A Market Overview

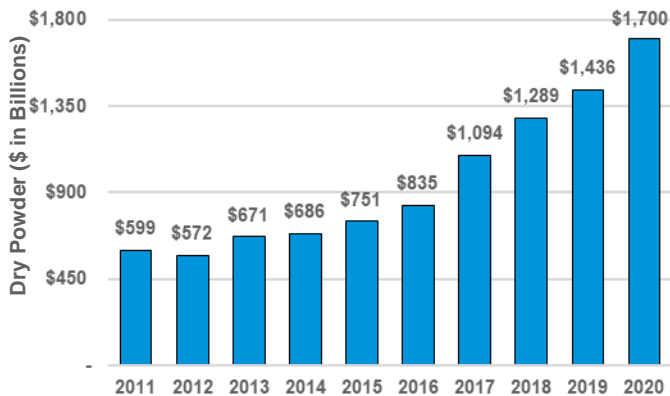
## Commentary

- The value of M&A transactions completed in the U.S.<sup>(1)</sup> in the year to date (YTD) period ended in Q1 2021 was \$251.2 billion, an increase of 18.5% from the comparable period in YTD Q1 2020. Further, the number of M&A transactions completed in the U.S. in YTD Q1 2021 increased by 3.6% from the comparable period in YTD Q1 2020.
- The median TEV / EBITDA multiple for U.S. M&A transactions for LTM Q1 2021 declined to 11.1x.
- The median Total Debt / EBITDA multiple for U.S. M&A transactions for LTM Q1 2021 increased to 7.5x.

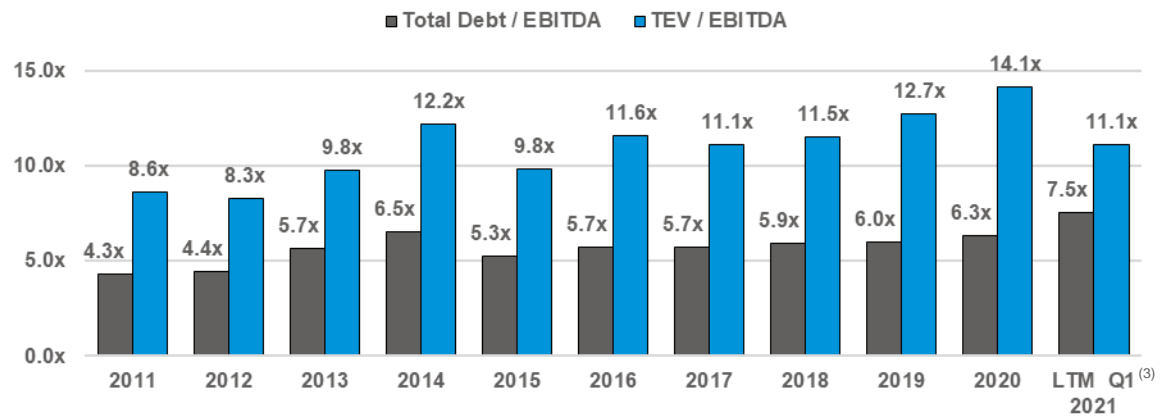
## U.S. M&A Activity <sup>(1)</sup>



## Private Equity Dry Powder



## U.S. M&A Multiples

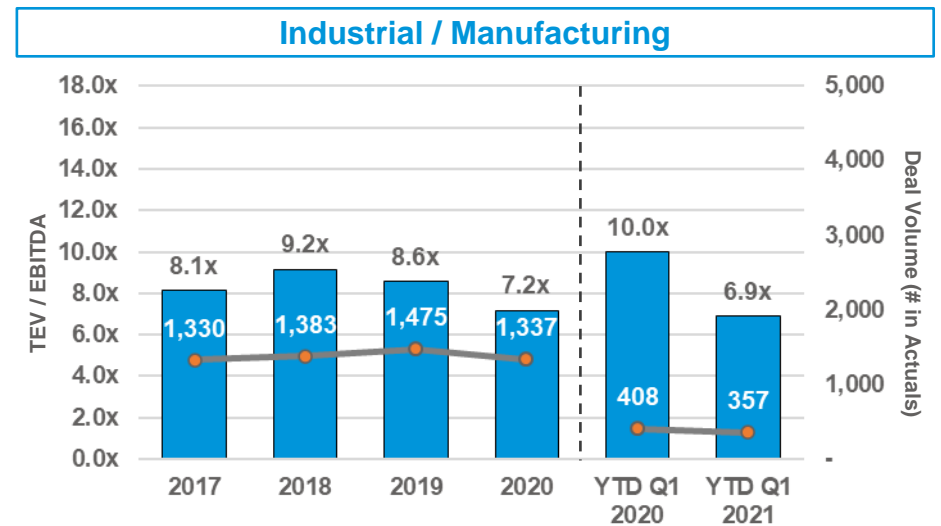
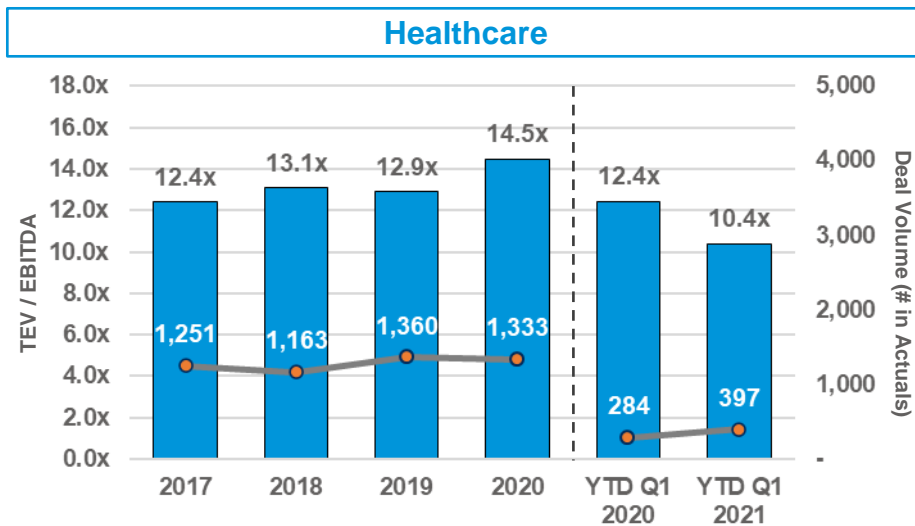
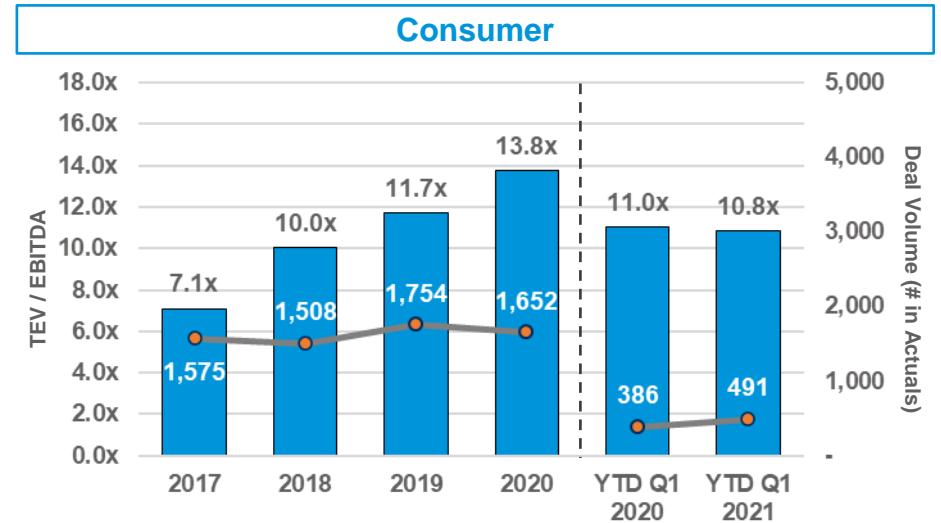
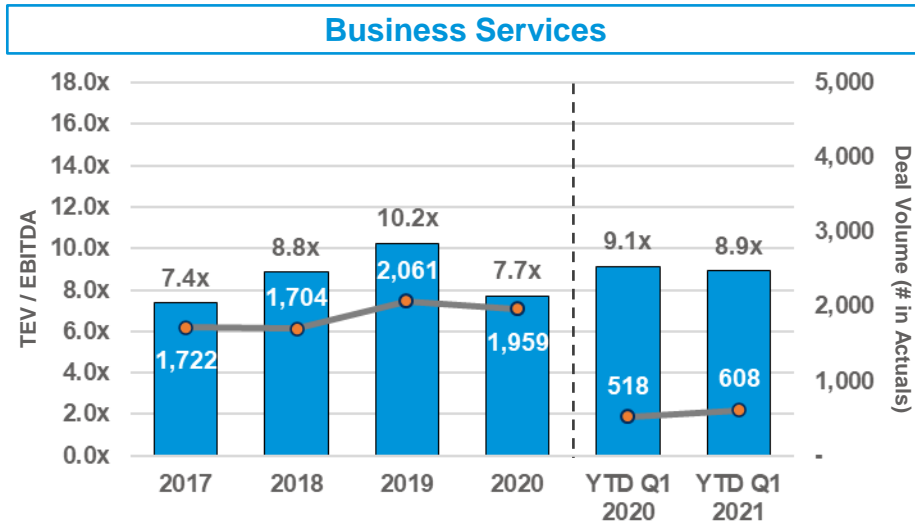


### Notes:

- U.S. M&A Activity includes closed deals with U.S. targets only; excludes real estate transactions.
- YTD Q1 as of March 31 of 2020 and 2021, respectively.
- LTM Q1 as of March 31, 2021; four quarter rolling median.

Source: S&P Capital IQ, Mergermarket, Preqin, Pitchbook, SPACInsider.

# U.S. M&A Trends by Industry

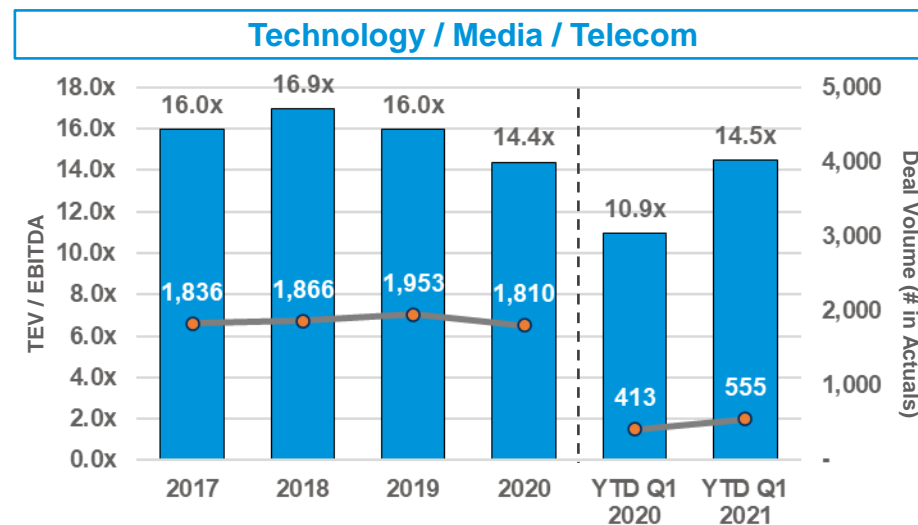
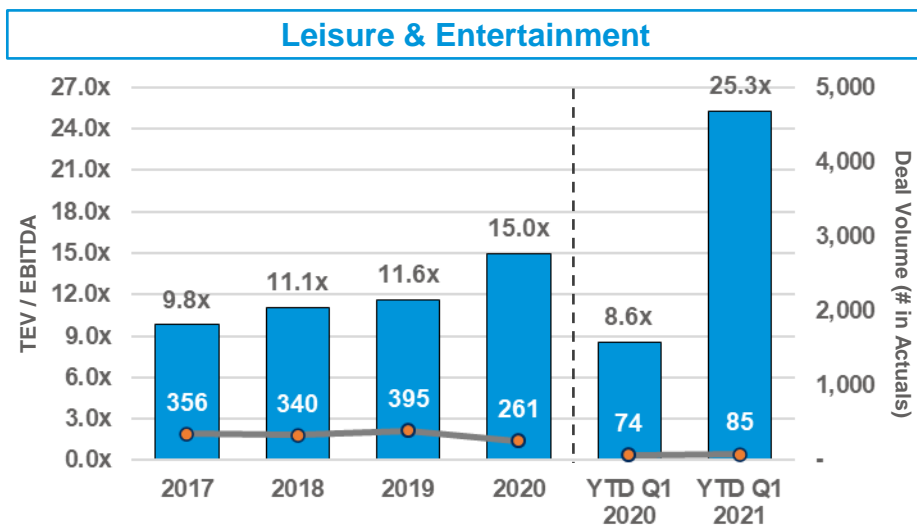


Note: YTD Q1 as of March 31 of 2020 & 2021, respectively.

Source: S&P Capital IQ.



## U.S. M&A Trends by Industry (Continued)



Note: YTD Q1 as of March 31 of 2020 & 2021, respectively.

Source: S&P Capital IQ.

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## Definitions & Disclosure

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### Definitions:

- **Last Twelve Months (LTM)** — Timeframe of the immediately preceding 12 months.
- **Year to Date (YTD)** — Period of time beginning the first day of the current calendar year or fiscal year up to the current date.
- **Total Enterprise Value (TEV)** — Equity Value (fully-diluted shares outstanding x current market share price) + market value of debt + minority interest - cash and equivalents.
  - TEV may include payments to seller(s) in cash or stock, the present value of notes or similar instruments, net long-term debt assumed by a buyer, and appropriate adjustments for other assets retained by a seller or liabilities assumed by a buyer.
- **Total Debt** — Short-Term Debt (interest-bearing liabilities due in 12 months or less, including, but not limited to, short-term bank loans and lease payments) + Long-Term Debt (interest-bearing liabilities with a maturity date longer than 12 months, including, but not limited to, bonds, lease payments, term loans, revolving lines of credit, and notes payable).
- **EBITDA** — Earnings Before Interest, Taxes, Depreciation, and Amortization. It is calculated as: Net Income + Interest + Taxes + Depreciation + Amortization.
- **Special Purpose Acquisition Company (SPAC)** — It is formed strictly to raise capital through an initial public offering for the purpose of acquiring an existing company.
- **Dry Powder** — Capital/funds raised by private equity firms that are available to be invested.
- **Middle Market** — Companies having Total Enterprise Values between \$10 and \$250 million.
- **Middle Market Financial Sponsor** — A Private Equity firm which invests in companies with Total Enterprise Values between \$10 and \$250 million.

### Disclosure:

*The information contained in this report has been compiled from publicly available sources; it is not a research report and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Genesis Capital to be reliable, but Genesis Capital makes no representation as to the accuracy or completeness of such information. Genesis Capital may act as advisers to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide services for those companies. In addition, Genesis Capital or their respective officers, directors and employees may hold positions in the securities, options thereon or other related financial products of companies discussed herein. This is provided as informational only and is not a solicitation for investment in any security whatsoever. Any investment by any investors must be made using their own investment decisions and criteria using their own independent financial advisors. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Genesis Capital's prior written consent. Sources of information include but are not limited to, Mergermarket, Pitchbook, Preqin, and S&P Capital IQ.*