

Q4 2019

# US M&A MARKET REPORT

- INSIDE:
- Representative transactions
- Key capital markets data
- Key economic data
- Average public multiples & US deal activity by select industry groups
- Private equity data



## CONTACT US

**Frank H. "Bo" Briggs, III**  
*Managing Director*  
 bbriggs@croft-bender.com  
 (404) 841-0639

**Edward S. Croft, III**  
*Managing Director*  
 ecroft@croft-bender.com  
 (404) 841-0055

**R. Neale Fisher**  
*Managing Director*  
 nfisher@croft-bender.com  
 (404) 574-2906

**Ronald B. Goldman**  
*Managing Director*  
 rgoldman@croft-bender.com  
 (404) 841-0735

**Steve B. Tye**  
*Managing Director*  
 stye@croft-bender.com  
 (404) 841-9351

**Erik M. Zalenski**  
*Managing Director*  
 ezalenski@croft-bender.com  
 (404) 841-9826

**Kyle C. Schickner**  
*Director*  
 kschickner@croft-bender.com  
 (404) 574-2897

**Matthew A. Veal**  
*Director*  
 mveal@croft-bender.com  
 (404) 841-0056

**Christian Given**  
*Director of Business Development*  
 cgiven@croft-bender.com  
 (404) 328-4837

## OVERVIEW

Since 1996, Croft & Bender has provided superior M&A, private capital raising, and financial advisory services to middle-market and emerging growth companies. The senior professionals have completed more than 1,000 corporate finance engagements, resulting in deep experience across a broad set of industries and types of transactions. In addition, the firm manages C&B Capital, three growth equity funds with over \$82 million under management.

## BROAD INDUSTRY EXPERTISE

### BUSINESS SERVICES

Information Services  
 Marketing Services  
 Financial Services  
 Outsourced Services  
 A/R Management  
 Staffing  
 Consulting

### TECHNOLOGY

Software/SaaS  
 Financial Technology  
 Human Capital Management  
 Internet Marketing  
 E-Commerce  
 Security/Compliance  
 Business Intelligence  
 Telecommunications

### INDUSTRIAL

General Manufacturing  
 Building Products  
 Logistics  
 Specialty Contracting  
 Distribution  
 Industrial Services  
 Chemicals  
 Durable Goods

### HEALTHCARE

Healthcare IT  
 Clinical Services  
 Outsourced Services  
 Alternate Site Care  
 Medical Products/Distribution

### CONSUMER

Products/Services  
 Franchising  
 Restaurants  
 Retail  
 Entertainment/Leisure

## DEAL CRITERIA

### MERGERS & ACQUISITIONS

- Buy side/sell side
- Enterprise Values up to \$300 million
- Exceptions to typical EBITDA criteria:
  - High growth companies
  - Technology companies
  - Special situations

### EQUITY & DEBT CAPITAL RAISES

- Middle-market companies
- Emerging growth businesses
- Large market opportunity
- Experienced management team
- Differentiated product or service
- Greater than \$15 million capital need



## REPRESENTATIVE TRANSACTIONS

### BUSINESS SERVICES

PROFESSIONAL | PRACTICAL | PROVEN

has been acquired by

NOVA is a leading provider of engineering, consulting, testing, and inspection services to the design and construction industry.

### TECHNOLOGY

has acquired

IDology is a leading provider of identity verification and fraud prevention services.

### INDUSTRIAL

has acquired the BOB-CAT Mowers, Steiner and Ryan brands of

Schiller designs and manufactures commercial and residential gardening and turf care equipment.

### HEALTHCARE

has been recapitalized by

HCSA is a leading provider of hospice and palliative care services in the Southeast.

### CONSUMER

has been acquired by

a portfolio company of

ASP is the leading swimming pool cleaning franchisor in the U.S.

has been acquired by

4th Source is a leading provider of nearshore software development and IT services to sophisticated clients with complex technology requirements.

has been acquired by

Human Focused. Technology Solutions.

a portfolio company of

SIP.US is a leading provider of on-demand, enterprise-class IP communications software solutions.

has been acquired by

Astra Group provides contracting services for infrastructure projects across the Southeast.

has been acquired by

Dominion Youth Services a leading provider of behavioral and mental health support services to the youth and adolescent market.

has been acquired by

Carousel Designs is a leading online provider of original and custom-designed baby bedding, fabric and nursery décor.

has been recapitalized by

Secretariat is a leading provider of dispute resolution advisory services to public and private sector clients across the world.

has been acquired by

Gro Solutions provides a digital sales platform for financial institutions.

a portfolio company of

has been acquired by

Merit is the leading distributor of paint sundries and flooring products and installation supplies.

See Patients. Get Paid.

has been acquired by

Nuesoft Technologies is a leading provider of SaaS solutions and RCM services for the healthcare industry.

has been acquired by

Service Brands is a leading multi-concept residential services franchisor.

has been recapitalized by

Mudlick Mail provides data-driven, direct mail and related marketing solutions to small and medium-sized businesses.

has merged with

a portfolio company of

ControlScan is a leading provider of security and compliance solutions.

has been acquired by

Lexington Manufacturing is a leading provider of engineered components to window and door OEMs in the United States and internationally.

has been recapitalized by

ML Healthcare provides financing and access to care for patients unable to afford medical services.

has sold

Franchisor of

to

Baird Capital Partners

HRI is a leading franchisor of in-home consumer services.

## FEATURED TRANSACTIONS

### COMPANY OVERVIEW

- Astra is a leading provider of general contracting and related construction services to private, commercial, government and municipal entities throughout the Southeast
- Astra has established a leading position in multiple construction specialties, including site work, environmental remediation and stormwater & sanitary sewer work

### DEAL OVERVIEW

- Croft & Bender was engaged to help the Company evaluate strategic alternatives, including a majority recapitalization or strategic sale of the business
- Croft & Bender worked with the Company to build a financial model, develop marketing materials, conduct management presentations, manage the diligence process and negotiate with buyers
- Croft & Bender supported the Company throughout confirmatory diligence, including negotiating the final definitive documentation
- Croft & Bender successfully negotiated the sale of the Company to Equix



has been acquired by



Astra Group provides contracting services for infrastructure projects across the Southeast.



### COMPANY OVERVIEW

- Doosan Bobcat, whose North America headquarters is based in West Fargo, North Dakota, is a leading global manufacturer of construction, agriculture and landscaping equipment, attachments and services
- The Company is part of the Doosan Group, a publicly traded company based in Seoul, South Korea, which employs 43,000 people in 38 countries worldwide

### DEAL OVERVIEW

- Doosan Bobcat engaged Croft & Bender to advise the Company regarding several potential acquisition targets in the zero-turn-radius ("ZTR") mower industry
- Croft & Bender worked with the Company to contact the identified targets, analyze the market, perform valuation analysis and negotiate the Letter of Intent
- Croft & Bender supported the Company throughout confirmatory diligence, including negotiating the final definitive documentation
- Croft & Bender successfully negotiated the acquisition of Schiller's BOB-CAT Mowers, Ryan and Steiner brands, including the associated operating assets, by Doosan Bobcat



has acquired the BOB-CAT Mowers, Steiner and Ryan brands of



Schiller designs and manufactures commercial and residential gardening and turf care equipment.

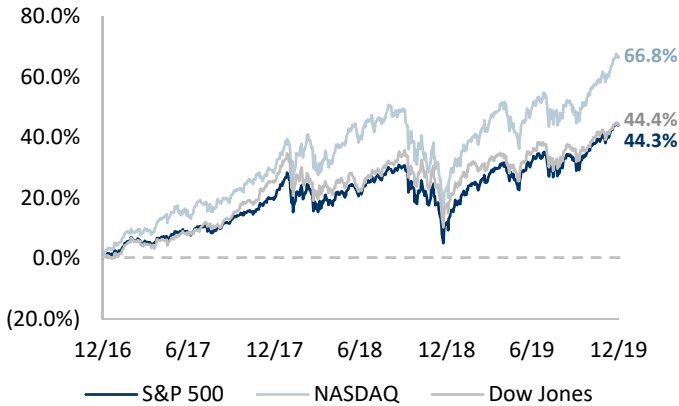




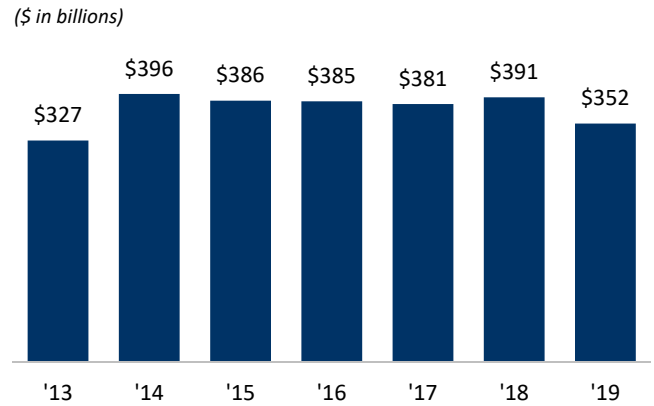


**KEY CAPITAL MARKETS DATA**

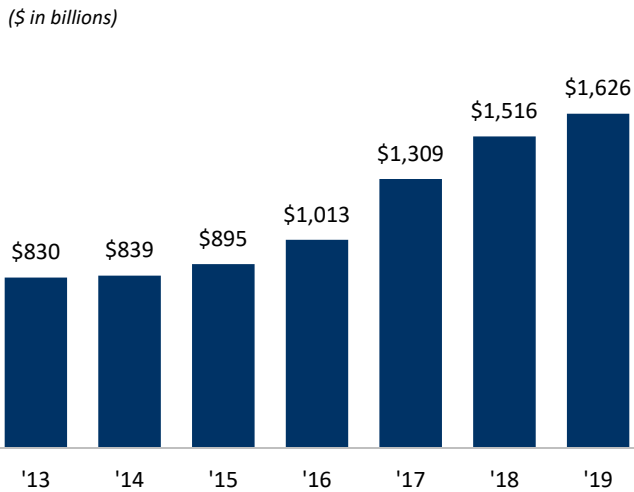
**Public Equity Markets**



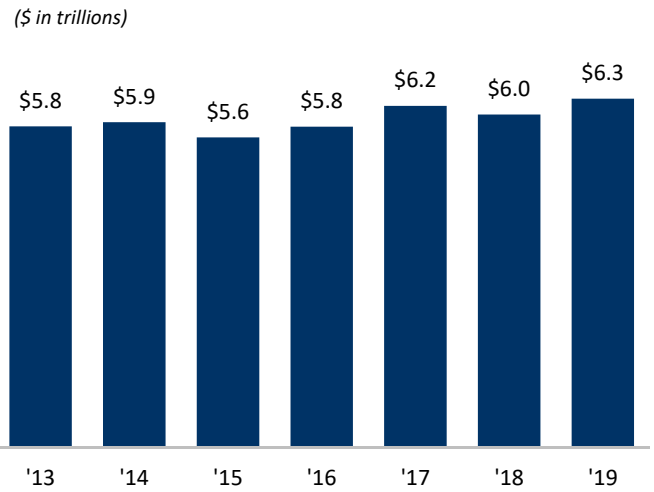
**Middle Market Deal Volume**



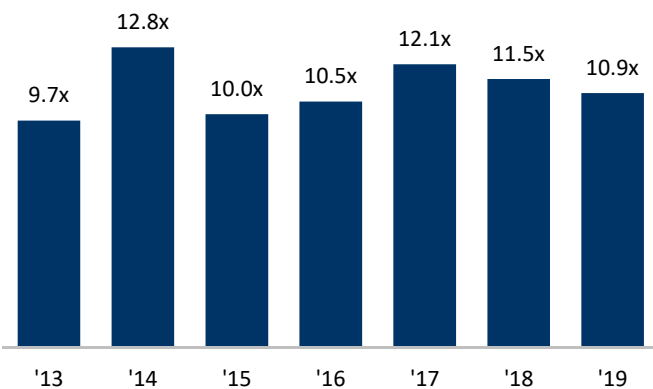
**Private Equity Dry Powder**



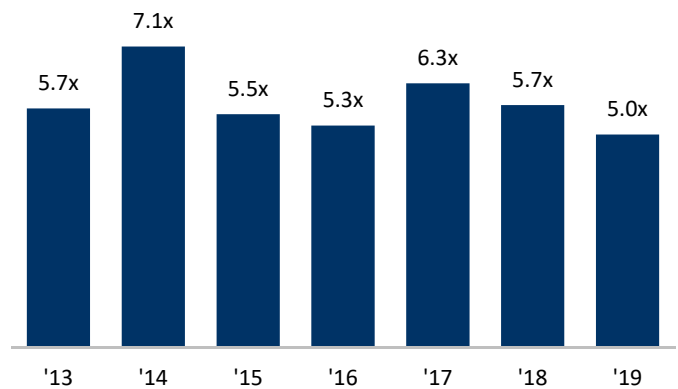
**Cash on Corporate Balance Sheets<sup>(1)</sup>**



**US PE EV / EBITDA Multiples**



**US PE Debt / EBITDA Multiples**

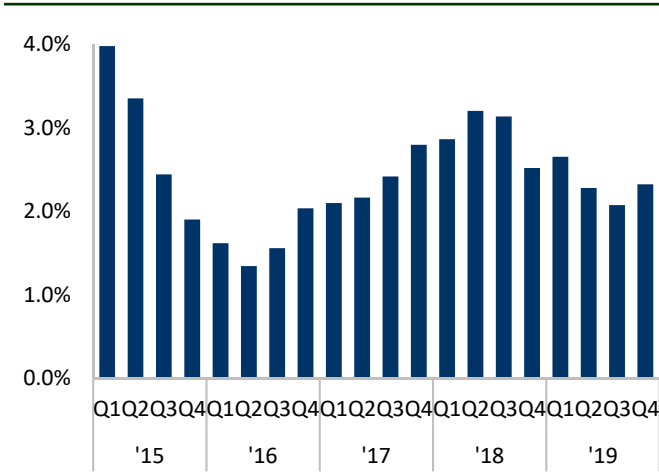


Note: Middle-market transactions have a disclosed enterprise value of less than \$1 billion.  
 (1) Reflects S&P 500 constituents.

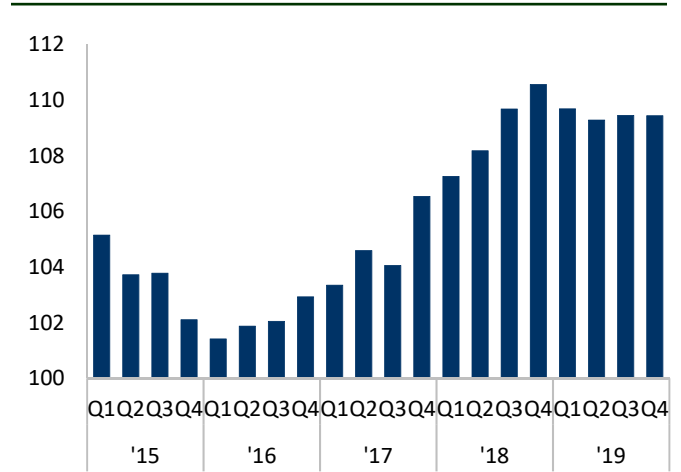


**KEY ECONOMIC DATA**

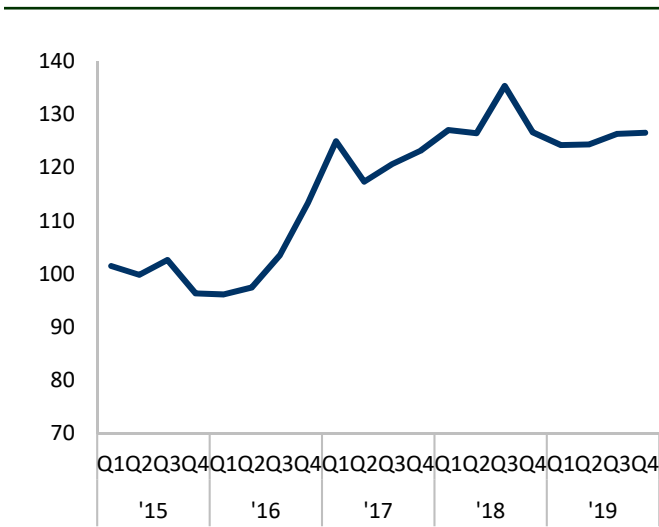
**Real GDP Growth**



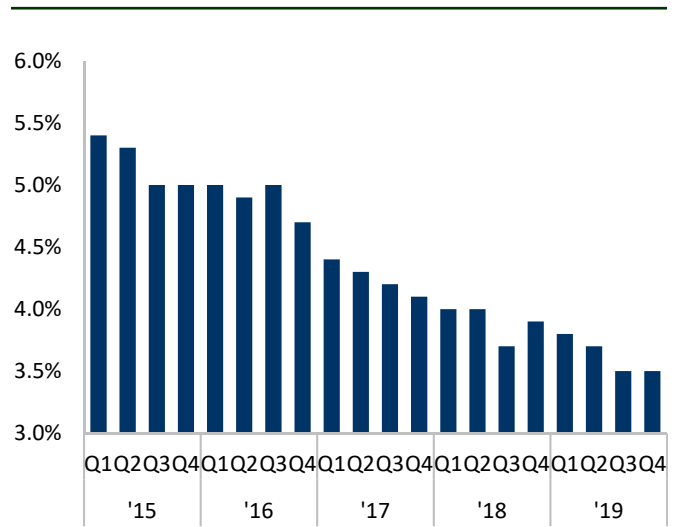
**Industrial Production<sup>(1)</sup>**



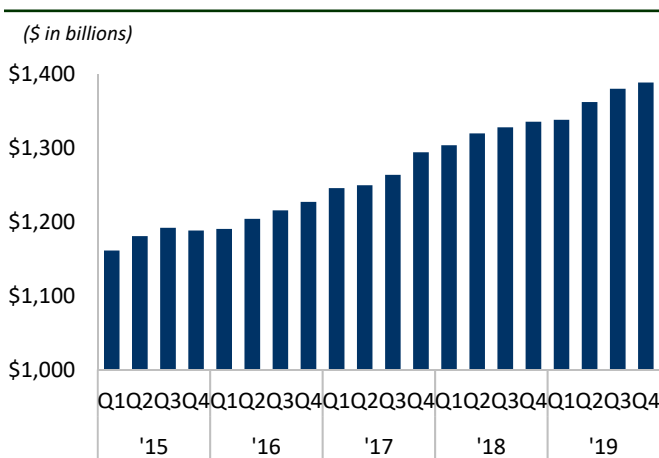
**Consumer Confidence<sup>(2)</sup>**



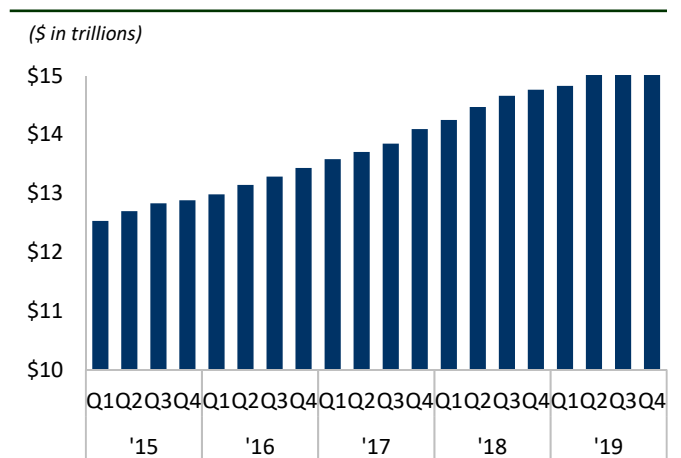
**Unemployment Rate**



**Retail Sales**



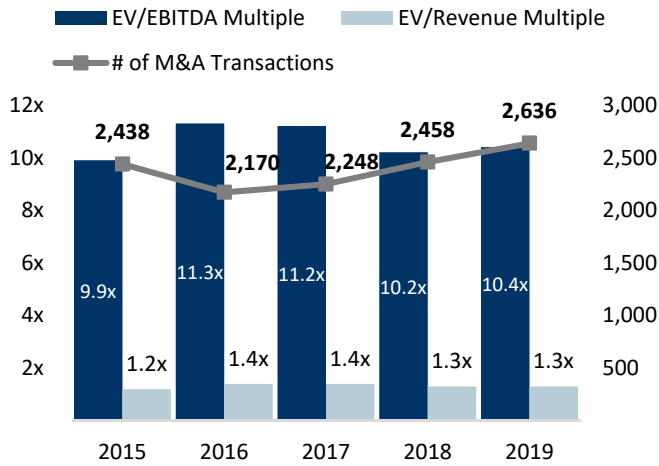
**Consumer Spending**



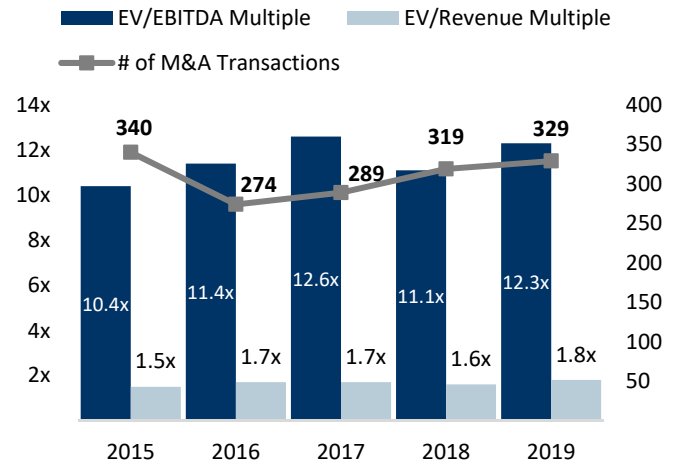
(1) Indexed relative to 2012.  
 (2) Indexed relative to 1985.

**AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS**

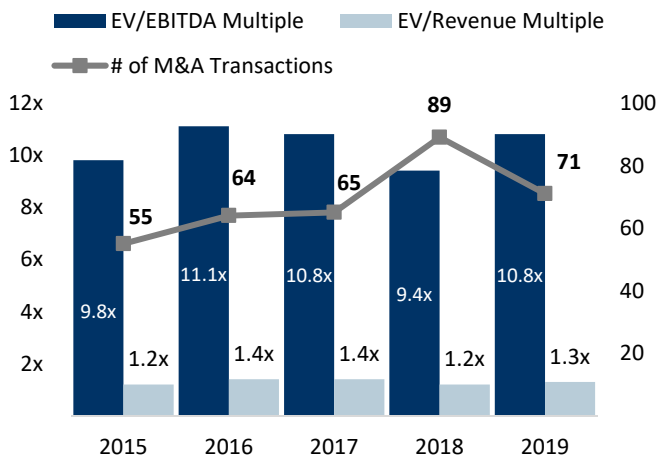
**General Industrial**



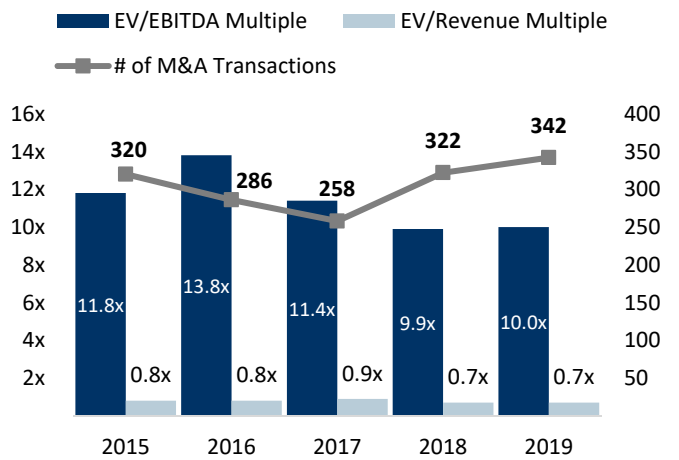
**IT Consulting & Other Services**



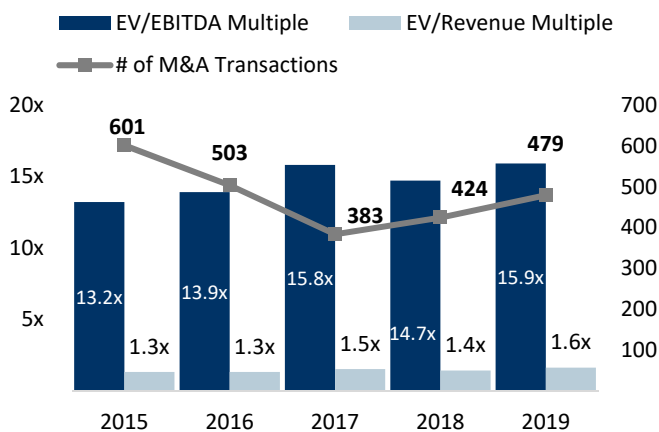
**Building Products**



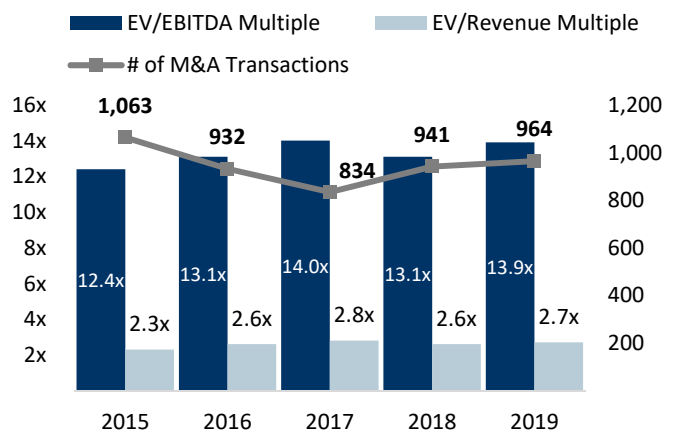
**Trading Companies & Distributors**



**Retailing**



**Consumer Services**

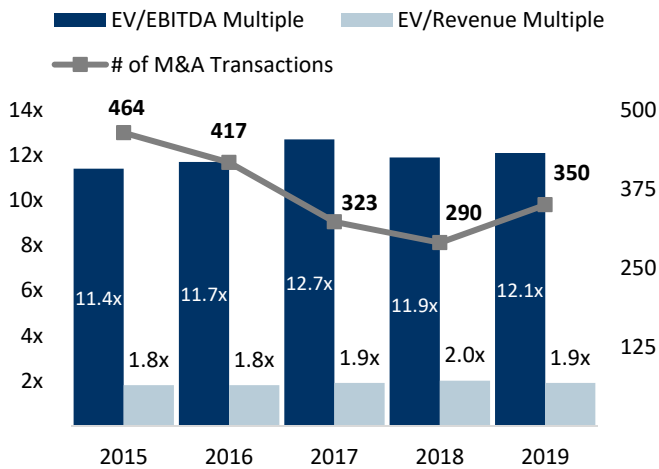


Note: EV = Enterprise Value.

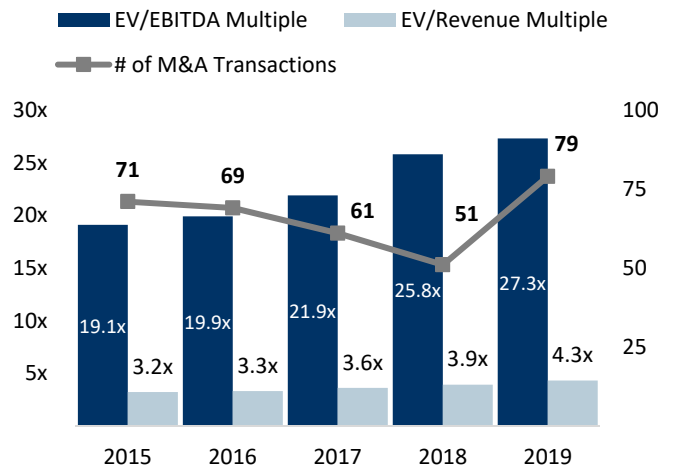


**AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS**

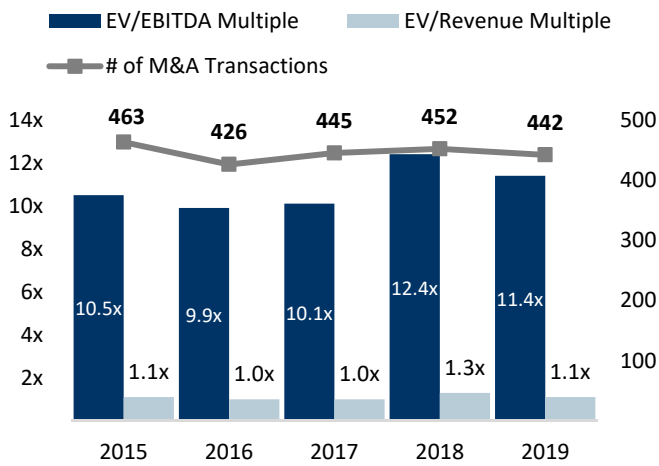
**Healthcare Facilities**



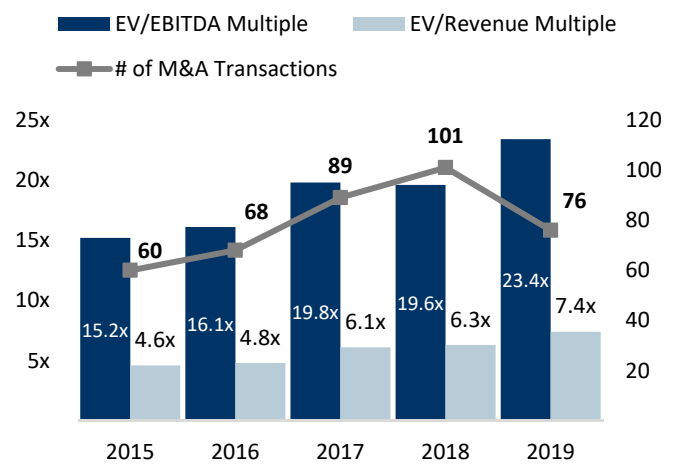
**Healthcare Software**



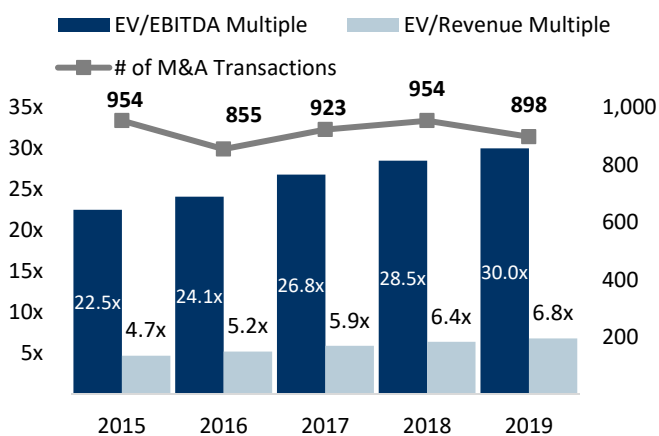
**Healthcare Services**



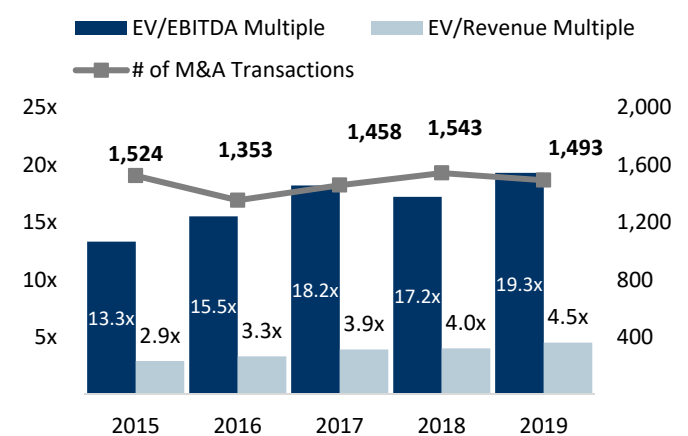
**Data Processing & Outsourced Services**



**Application Software**



**General Software & Services**

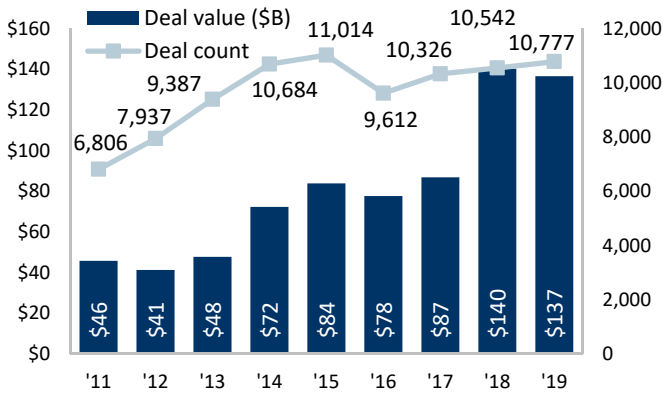




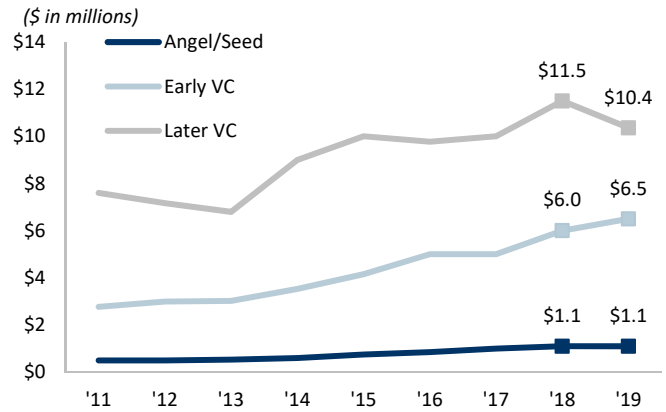


**PRIVATE CAPITAL DATA**

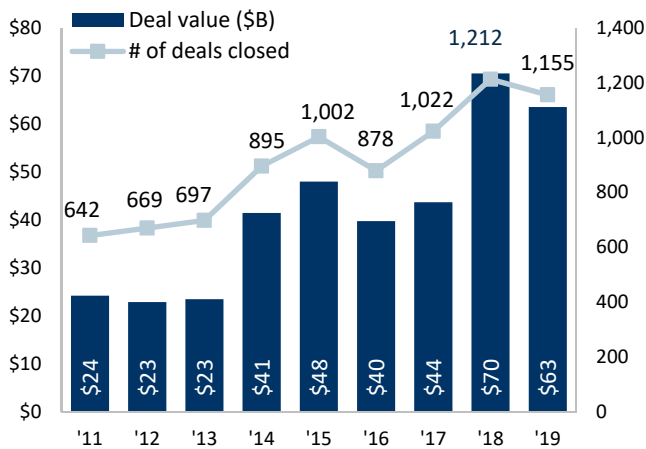
**U.S. VC Activity by Year**



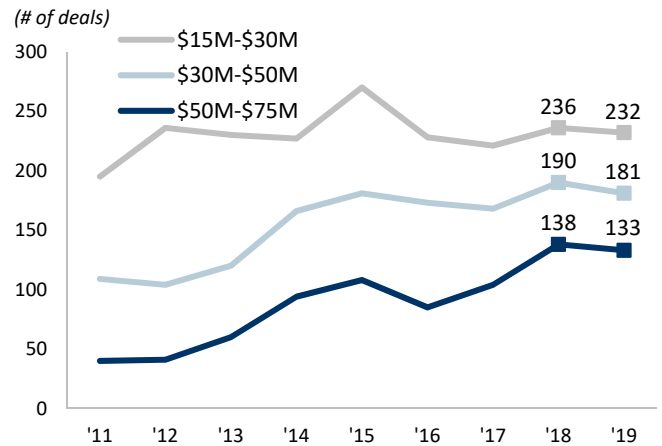
**Median VC Round Size by Stage**



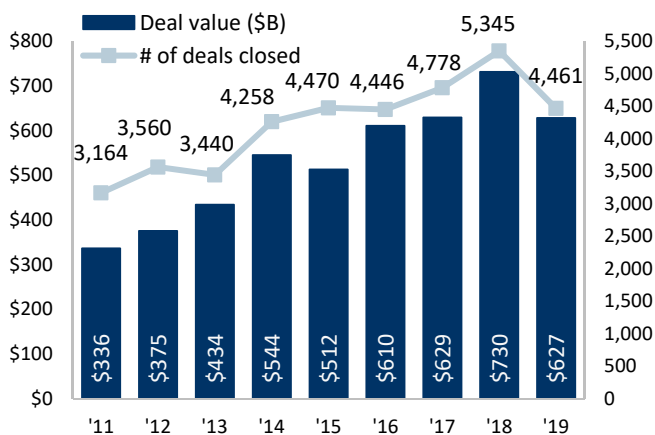
**U.S. Growth Equity Activity by Year**



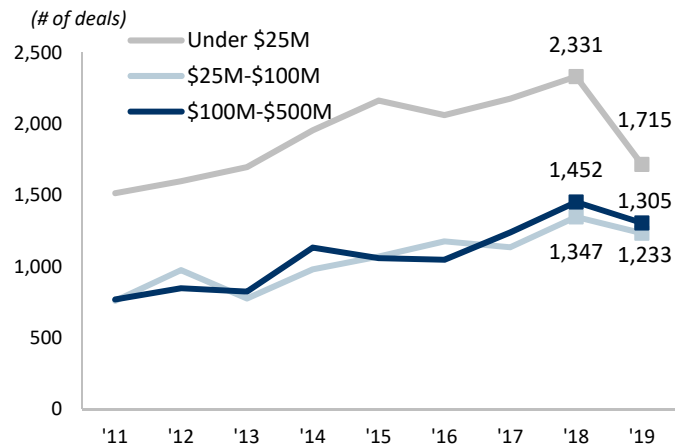
**U.S. Growth Equity Deals by Deal Size**



**U.S. Private Equity Activity by Year**



**U.S. Private Equity Deals by Deal Size**





## DISCLOSURES

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Our strengths are our entrepreneurial spirit, local expertise, industry know-how, and close bonds among all team members spanning the globe.

300+

TEAM MEMBERS

Top 10

IN EUROPEAN  
MIDMARKET RANKINGS

Top 20

IN WORLDWIDE  
MIDMARKET RANKINGS

22

COUNTRY TEAMS  
AROUND THE WORLD

130+

DEALS CLOSED  
ANNUALLY

EUR 20 billion

CUMULATIVE DEAL  
VALUE LAST 5 YEARS



Leading independent  
M&A advisor for  
midmarket deals