

MARKET DIGEST – JULY 2020



M&A Commentary and Outlook

The Global M&A market came to a screeching halt in March of 2020 as COVID-19 swept across the globe, devastating economies and livelihoods alike, and as of mid-July, infecting nearly 14 million people and killing nearly 600,000¹. The closing of economies around the country caused massive economic dislocation, personal hardship, lost educational opportunities, and countless other negative outcomes. The costs/benefit tradeoffs of this economic shutdown will long be debated by economists, businesspeople, politicians and everyday Americans.

We have long written and commented on how the value and volume of M&A builds over time but that when financing for transactions dries up, the M&A wave collapses. There have been at least six M&A waves since 1900. The fact that a virus would cause the 2019 M&A wave to collapse may not have been predictable, but as history tells us, the eventual collapse of the

M&A wave was certainly knowable. Only the timing and mechanism were uncertain.

We consider three scenarios concerning the trajectory of the virus and its impact on the economy. These scenarios are not comprehensive, but instead provide a framework from which to evaluate potential outcomes. Each of these scenarios assumes virus testing and contact tracing remain near current levels, which may turn out to be a pessimistic assumption. More testing and tracing would allow the restrictions on the economy to loosen sooner.

In the first scenario, which we call *Protracted Battle*, neither an effective vaccine nor a therapeutic that satisfactorily treats the disease is developed. In our second scenario, called *Muddling Along*, no vaccines are developed in the near-term, but therapeutics and medical procedures that treat the symptoms of Covid-19 are successfully brought to market.

We term the third and most hopeful scenario, *Quick Resolution*. As discussed below, we think this scenario is the mostly likely outcome.

In *Protracted Battle*, rolling quarantines, ranging from tight lockdowns to various phased openings, stay in place. Infection rates and case fatality rates remain high. The consequences of this scenario are devastating. Economies around the world continue to contract, layoffs mount, educating students in a classroom setting becomes nearly impossible, and social distancing becomes a way of life.

The development and widespread use of effective therapeutics and procedures in the *Muddling Along* scenario would enable economies to open more rapidly, although still cautiously. The number of cases would continue to rise but fatalities would drop. Depending on the nature of the therapeutic (e.g. hospital or self-administered) and/or procedure, the healthcare industry could still be overwhelmed treating patients. Social distancing would remain a part of daily life but with less stringent constraints. For example, schools, restaurants, theaters, and museums may be able to operate at 50% capacity rather than 25%. The economy would likely continue to contract (on a year-over-year basis) until March 2021. The eventual “new normal” would be a smaller US and global economy and we would view Covid-19 as an illness you will likely catch as some point in your life (maybe multiple times depending on the protection provided by antibodies) but that is unlikely to be fatal.

We are fundamentally bullish on the outlook for the fight against COVID-19 and feel that our so-called *Quick Resolution* scenario is the mostly likely outcome. For the US and global economies to return to “pre-COVID-19” normal, scientists will need to develop therapeutics to treat the patients who contract the disease and a vaccine to help prevent individuals from

catching it in the first place. We are optimistic on these fronts. As BIOⁱⁱ has reportedⁱⁱⁱ, Biopharma companies - particularly small biotech companies - are undertaking a monumental campaign to treat and prevent Covid-19 and that this innovation is being led by U.S.-based companies. BIO reports nearly 650 unique compounds are in development to combat COVID-19, including 169 vaccines, 192 antivirals and 286 treatments.

Further, as the New Times separately reported^{iv}, researchers around the world are developing more than 145 vaccines against the coronavirus, and 30 vaccines are in various phases of human trials. Scientists are working at an accelerated pace to produce a safe and effective vaccine as soon as possible.

So, during a global pandemic, with no vaccine or treatment directly in sight, the salient questions are these: Is now a good time to acquire a company? Is now a good time to sell a company?

Perhaps paradoxically, we believe now is both a good time to sell a company and a good time to buy a company.

Valuations have fallen slightly, but significant idle cash will likely prevent prices from freefalling: private equity firms have \$1.5 trillion of dry powder^v and corporations have over \$2 trillion of excess cash on hand, although many of those companies may hoard cash due to the uncertainty they face.

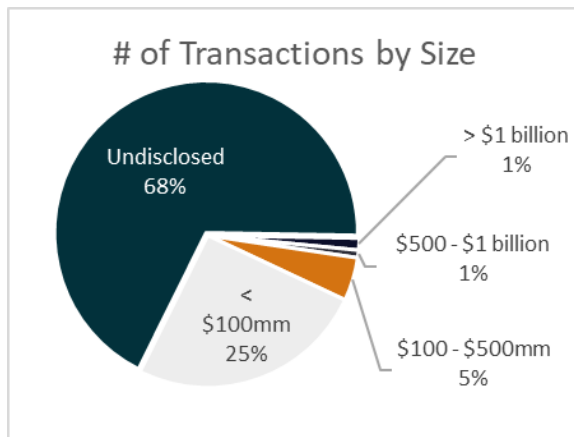
Further supporting valuations is the increased influence of private equity firms in the M&A landscape. In the 1990’s private equity firms accounted for less than 10% of US deal volume and about 20% in the 2000’s. In 2018, PE firms accounted for 40% of deal volume.^{vi} While mindful of their duty to be stewards of their investors’ capital, the job of PE firms is to invest in and build companies, not hold cash.

Finally, numerous studies have shown that a high portion of investments made during recessions generate superior long-term market returns.

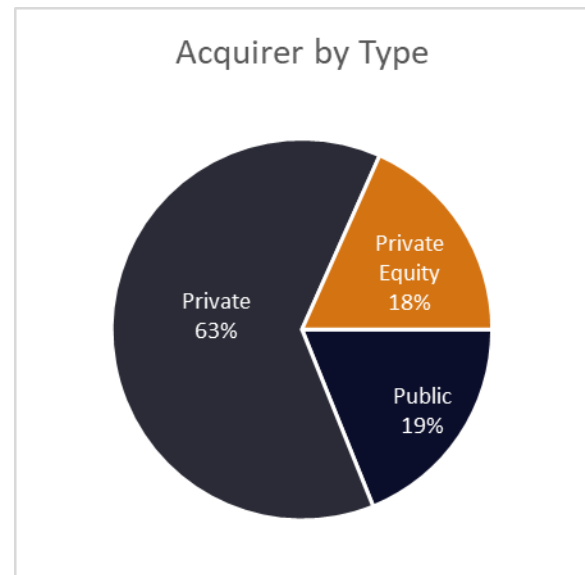
As Warren Buffett said, “be fearful when others are greedy, and greedy when others are fearful.”

Data Review

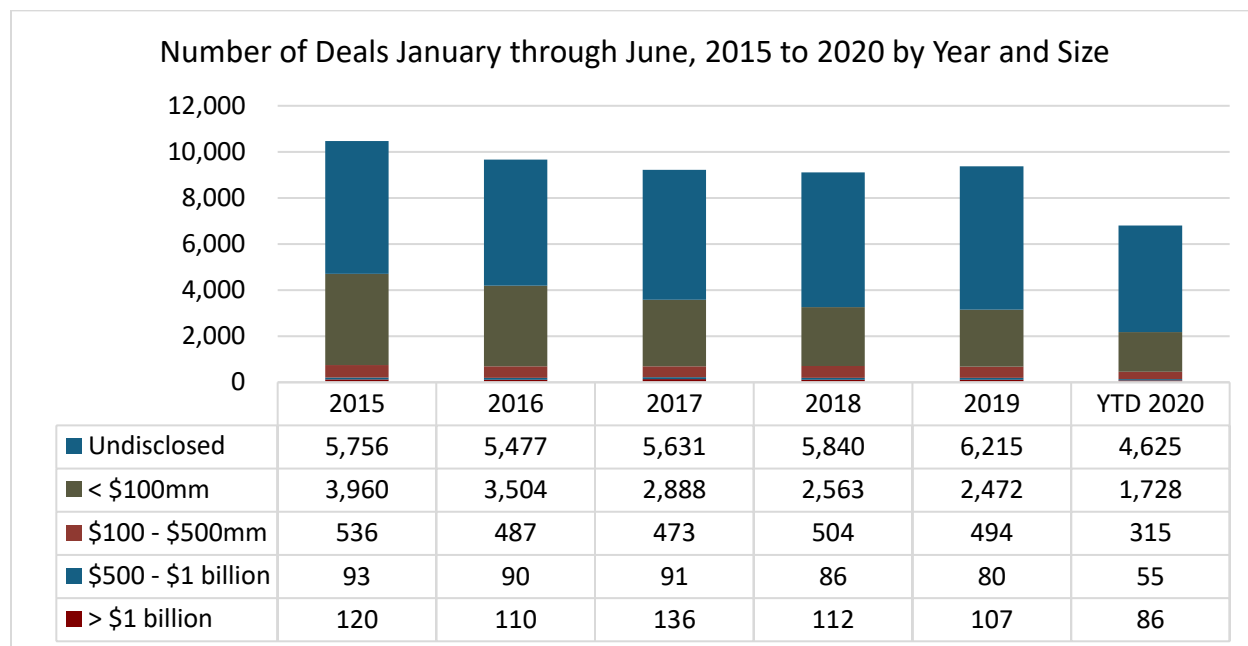
As with previous years, for the first six months of 2020, most transactions were relatively small. Assuming most “Undisclosed” transactions are less than \$100 million in enterprise value, which is consistent with our experience, over 90% of all reported transactions were less than \$100 million.



Private companies continue to acquire most businesses in the United States and Canada. However, when a private company that is owned by a private equity firm acquires a business (a so-called “add-on”), that transaction is counted as a private company acquisition. Therefore, the true impact of private equity is likely understated in this chart. For the first half of this year, 63% of all acquirers were private companies, while public companies completed about 19% of the transactions. Private equity firms completed 18% of the transactions over this period.



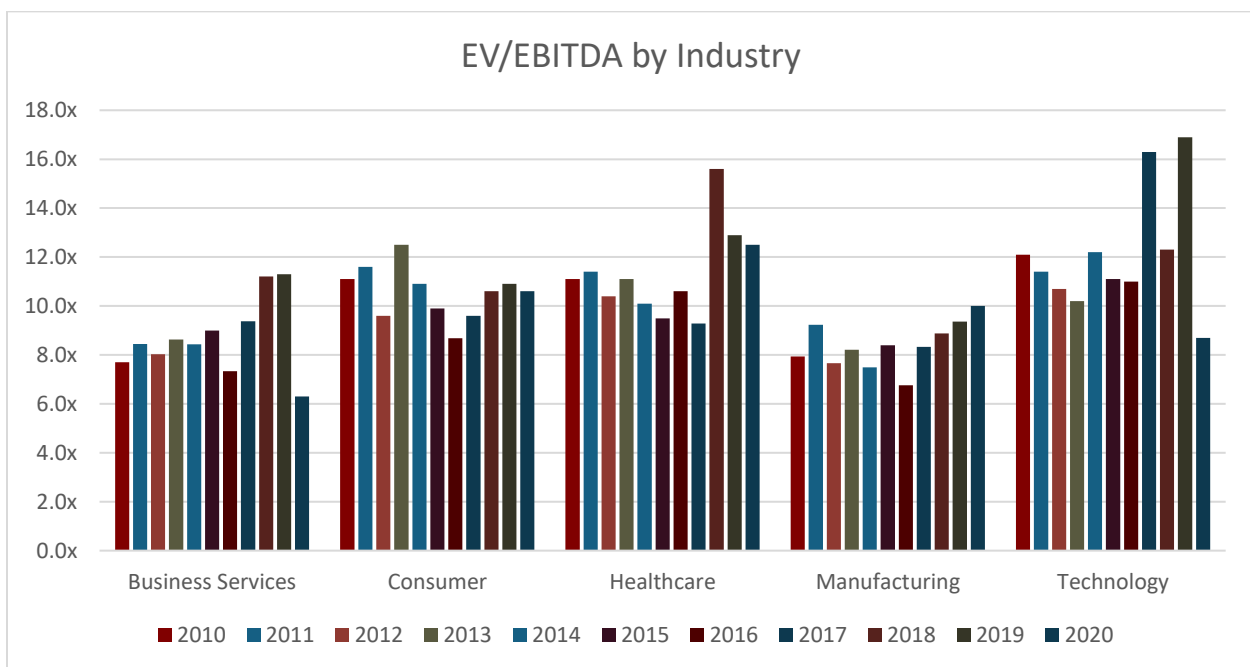
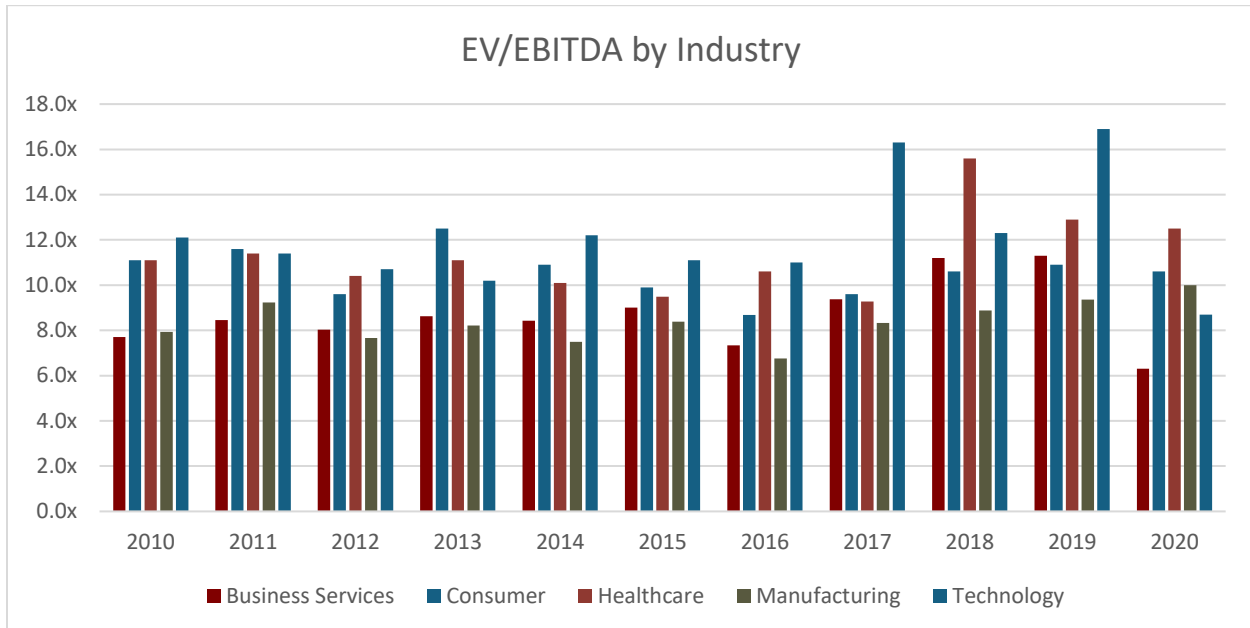
M&A Volume and Valuation



The volume of transactions declined in the first half of 2020 as the impact of COVID-19 spread across the country beginning in March. For the full six months from January to June (which included the strong months of January, February and early March) transaction volume was down nearly 30%.

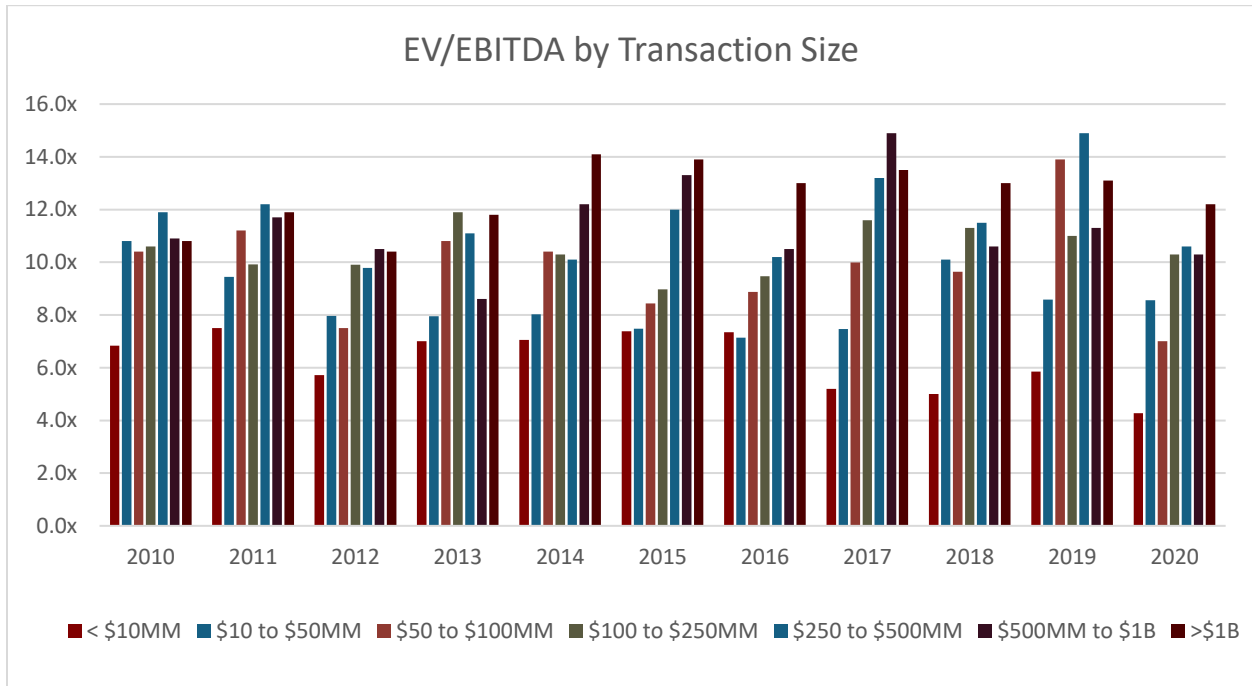
Valuations have declined in most industry segments during the first half of 2020. Compared to 2019 in five broad industry segments that we track, valuations are down in Business Services, Consumer, Healthcare and Technology, while Manufacturing was the only industry segment to see an increase. While the declines in Consumer and Healthcare were modest, as was the increase in Manufacturing, the multiple declines in Technology and Business Services was substantial.

Moreover, the data for June 2020 include about three months of transactions before the impact of COVID-19 and three months post-COVID-19. Anecdotally, we believe the valuations in the second quarter were below the first quarter.



M&A Valuation by Transaction Size

Smaller transactions continue to be priced at lower valuations than larger ones, and the valuation spread increased in the first half of 2020. On average, transactions with enterprise valuations below \$10 priced just over 4 times EBITDA, while large transaction (over \$1 billion) valuation exceeded 12 times EBITDA. Transactions in the \$100 million to \$1 billion range priced on average just over 10 times EBITDA.



Select Business Services Companies – Market Valuations

Dollars Millions Except per share amounts	52 Week		Close	Market Cap	TEV	TEV/			TEV/Projected		
	High	Low				Rev	EBITDA	EBIT	Rev	EBITDA	EBIT
ACCO Brands Corporation	\$ 11.38	\$ 3.51	\$ 7.10	\$ 671	\$ 1,603	0.82x	5.31x	7.52x	0.96x	7.87x	13.20x
BG Staffing, Inc.	22.38	5.69	11.32	116.70	170.10	0.57x	6.38x	8.80x	0.61x	11.30x	19.80x
CBIZ, Inc.	28.73	16.85	23.97	1,292.90	1,618.00	1.69x	9.86x	15.40x	1.72x	13.00x	16.40x
Forrester Research, Inc.	50.51	22.45	32.04	601.10	723.30	1.55x	11.10x	37.30x	1.70x	27.30x	NM
Healthcare Services Group	31.84	15.80	24.46	1,820.20	1,735.00	0.96x	14.20x	17.00x	0.95x	14.20x	16.00x
Herman Miller, Inc.	49.87	14.39	23.61	1,387.60	1,747.10	0.70x	4.95x	8.29x	0.77x	7.81x	12.00x
Knoll, Inc.	28.30	7.74	12.19	598.10	1,210.20	0.84x	5.89x	9.14x	1.05x	10.50x	16.40x
Matthews Int'l Corp.	40.36	17.01	19.10	597.20	1,579.00	1.04x	8.41x	20.50x	1.06x	7.72x	30.90x
Quad/Graphics, Inc.	12.12	2.00	3.25	174.80	1,288.80	0.34x	3.58x	11.00x	-	-	-
Viad Corp	72.27	11.25	19.02	388.20	871.90	0.63x	5.36x	13.20x	1.15x	NM	NM
High	72.27	22.45	32.04	1,820.20	1,747.10	1.69x	14.20x	37.30x	1.72x	27.30x	30.90x
Low	11.38	2.00	3.25	116.70	170.10	0.34x	3.58x	7.52x	0.61x	7.72x	12.00x
Mean	34.78	11.67	17.61	764.75	1,254.64	0.91x	7.50x	14.82x	1.11x	12.46x	17.81x
Median	30.29	12.82	19.06	599.60	1,433.90	0.83x	6.14x	12.10x	1.05x	10.90x	16.40x

Select Business Services Companies – Operating Statistics

Dollars in Millions	3 Yr. CAGR %		1 Yr. Growth %		LTM			Cash	EBITDA %
	Rev	EBITDA	Rev	EBITDA	Rev	EBITDA	EBIT		
ACCO Brands Corporation	5.9%	3.8%	0.9%	-1.3%	\$ 1,946	\$ 273	\$ 213	\$ 28	14.1%
BG Staffing, Inc.	6.1%	3.9%	3.8%	-2.4%	300	24	19	-	8.1%
CBIZ, Inc.	5.4%	11.3%	3.2%	18.2%	956	127	105	1	13.3%
Forrester Research, Inc.	12.8%	3.9%	22.8%	40.6%	467	44	19	68	9.5%
Healthcare Services Group	4.7%	-2.9%	-8.3%	-1.1%	1,814	116	102	27	6.4%
Herman Miller, Inc.	3.0%	2.9%	-3.1%	-0.2%	2,487	285	206	454	11.5%
Knoll, Inc.	8.1%	4.8%	7.2%	2.3%	1,435	173	132	9	12.0%
Matthews Int'l Corp.	0.5%	-3.8%	-4.6%	-25.2%	1,511	156	77	35	10.3%
Quad/Graphics, Inc.	-4.1%	-12.7%	-4.9%	-25.8%	3,785	320	118	79	8.5%
Viad Corp	2.6%	-3.4%	6.7%	-3.9%	1,392	127	66	62	9.1%
High	12.8%	11.3%	22.8%	40.6%	3,785	320	213	454	14.1%
Low	-4.1%	-12.7%	-8.3%	-25.8%	300	24	19	-	6.4%
Mean	4.5%	0.8%	2.4%	0.1%	1,609	165	106	76	10.3%
Median	5.0%	3.3%	2.1%	-1.2%	1,473	141	103	32	9.9%

Select Consumer Companies – Market Valuations

Dollars Millions Except per share amounts	52 Week		Close	Market Cap	TEV	TEV/			TEV/Projected		
	High	Low				Rev	EBITDA	EBIT	Rev	EBITDA	EBIT
Abercrombie & Fitch Co.	\$ 19.18	\$ 7.42	\$ 10.64	\$ 664	\$ 1,901	0.56x	7.44x	NM	0.58x	9.88x	NM
BJ's Restaurants, Inc.	44.84	6.01	20.94	466.20	1,098.00	0.98x	6.94x	39.20x	1.25x	34.80x	NM
Callaway Golf Company	22.33	4.75	17.51	1,647.80	2,504.50	1.54x	13.20x	25.10x	1.70x	16.20x	25.90x
Hamilton Beach Brands Holding Co.	21.22	6.68	11.90	162.10	218.60	0.36x	4.88x	5.36x	-	-	-
J & J Snack Foods Corp.	196.84	105.67	127.13	2,401.20	2,257.20	1.89x	13.20x	21.90x	2.27x	23.10x	44.60x
La-Z-Boy Incorporated.	37.48	15.61	27.06	1,240.90	1,382.50	0.81x	5.52x	9.51x	0.86x	11.60x	16.80x
Playa Hotels & Resorts N.V.	8.59	1.30	3.62	486.80	1,540.10	2.52x	13.80x	NM	6.19x	202.00x	NM
Sonos, Inc.	16.88	6.58	14.63	1,594.00	1,408.70	1.09x	67.40x	NM	1.13x	20.80x	57.70x
Tupperware Brands Corp.	19.06	1.15	4.75	232.80	1,131.30	0.67x	5.03x	8.94x	0.76x	4.69x	-
Universal Electronics Inc.	60.00	29.50	46.82	651.40	689.60	0.96x	11.70x	31.30x	1.03x	6.93x	9.94x
High	196.84	105.67	127.13	2,401.20	2,504.50	2.52x	67.40x	39.20x	6.19x	202.00x	57.70x
Low	8.59	1.15	3.62	162.10	218.60	0.36x	4.88x	5.36x	0.58x	4.69x	9.94x
Mean	44.64	18.47	28.50	954.69	1,413.18	1.14x	14.91x	20.19x	1.75x	36.67x	30.99x
Median	21.78	6.63	16.07	657.55	1,395.60	0.97x	9.57x	21.90x	1.13x	16.20x	25.90x

Select Consumer Companies – Operating Statistics

Dollars in Millions	3 Yr. CAGR %		1 Yr. Growth %		LTM			Cash	EBITDA %
	Rev	EBITDA	Rev	EBITDA	Rev	EBITDA	EBIT		
Abercrombie & Fitch Co.	0.7%	-7.0%	-6.1%	-55.4%	\$ 3,375	\$ 146	\$ (7)	\$ 671	4.3%
BJ's Restaurants, Inc.	3.8%	-7.3%	-0.3%	-22.7%	1,126	101	28	22	9.0%
Callaway Golf Company	21.6%	31.5%	20.0%	-2.9%	1,627	145	100	107	8.9%
Hamilton Beach Brands Holding Co.	-6.3%	-3.3%	-2.7%	3.9%	613	45	41	2	7.3%
J & J Snack Foods Corp.	5.6%	-0.2%	3.4%	-3.4%	1,194	154	103	192	12.9%
La-Z-Boy Incorporated.	3.9%	3.4%	-2.4%	15.2%	1,704	177	145	262	10.4%
Playa Hotels & Resorts N.V.	4.5%	-8.2%	-3.7%	-33.9%	611	109	4	21	17.8%
Sonos, Inc.	-	-	8.7%	-83.2%	1,292	11	(26)	339	0.8%
Tupperware Brands Corp.	-9.1%	-23.4%	-16.3%	-51.3%	1,687	173	127	123	10.3%
Universal Electronics Inc.	2.9%	-3.6%	3.1%	42.5%	721	53	22	74	7.4%
High	21.6%	31.5%	20.0%	42.5%	3,375	177	145	671	17.8%
Low	-9.1%	-23.4%	-16.3%	-83.2%	611	11	(26)	2	0.8%
Mean	3.1%	-2.0%	0.4%	-19.1%	1,395	111	54	181	8.9%
Median	3.8%	-3.6%	-1.3%	-13.1%	1,243	127	34	115	8.9%

Select Healthcare Companies – Market Valuations

Dollars Millions Except per share amounts	52 Week		Close	Market Cap	TEV	TEV/			TEV/Projected		
	High	Low				Rev	EBITDA	EBIT	Rev	EBITDA	EBIT
Allscripts Healthcare Sol.	\$ 11.87	\$ 4.56	\$ 6.77	\$ 1,101	\$ 2,077	1.18x	18.80x	187.70x	1.22x	7.02x	11.90x
BioTelemetry, Inc.	55.85	27.35	45.19	1,543.00	1,699.20	3.99x	15.20x	27.20x	3.82x	15.10x	31.90x
Catalyst Pharma., Inc.	7.67	2.55	4.62	477.80	376.90	3.17x	8.59x	8.66x	2.90x	-	8.50x
Five Star Senior Living Inc.	7.50	2.13	3.90	123.00	107.30	0.12x	0.62x	4.89x	-	-	-
HLS Therapeutics Inc.	19.06	9.49	13.37	424.50	478.70	8.37x	17.40x	NM	7.70x	18.90x	NM
Lexicon Pharm, Inc.	6.65	1.13	2.00	213.40	210.50	0.66x	1.66x	1.68x	4.36x	NM	NM
Magellan Health, Inc.	81.04	30.60	72.98	1,822.20	2,328.00	0.32x	9.99x	17.80x	0.48x	11.30x	27.10x
Pliant Therapeutics, Inc.	35.63	21.05	32.46	1,167.90	1,264.80	14.70x	50.00x	52.40x	168.60x	-	NM
RTI Surgical Holdings, Inc.	5.40	1.46	3.18	237.20	472.80	1.51x	35.50x	NM	2.06x	33.80x	NM
U.S. Physical Therapy, Inc.	148.48	45.13	81.02	1,040.60	1,301.50	2.75x	12.10x	21.80x	3.16x	37.20x	44.10x
High	148.48	45.13	81.02	1,822.20	2,328.00	14.70x	50.00x	187.70x	168.60x	37.20x	44.10x
Low	5.40	1.13	2.00	123.00	107.30	0.12x	0.62x	1.68x	0.48x	7.02x	8.50x
Mean	37.92	14.55	26.55	815.01	1,031.70	3.68x	16.99x	40.27x	21.59x	20.55x	24.70x
Median	15.47	7.03	10.07	759.20	871.75	2.13x	13.65x	19.80x	3.16x	17.00x	27.10x

Select Healthcare Companies – Operating Statistics

Dollars in Millions	3 Yr. CAGR %		1 Yr. Growth %		LTM			Cash	EBITDA %
	Rev	EBITDA	Rev	EBITDA	Rev	EBITDA	EBIT		
Allscripts Healthcare Sol.	2.8%	-18.1%	0.5%	32.5%	\$ 1,756	\$ 84	\$ 10	\$ 130	4.8%
BioTelemetry, Inc.	27.5%	39.9%	10.1%	-2.8%	426	107	64	69	25.2%
Catalyst Pharma., Inc.	-	-	819.0%	NM	119	44	44	90	36.6%
Five Star Senior Living Inc.	-8.2%	24.5%	-20.9%	NM	880	33	22	32	3.7%
HLS Therapeutics Inc.	-	-	-10.7%	-33.5%	55	26	(7)	47	47.5%
Lexicon Pharm, Inc.	53.3%	-	581.9%	NM	321	127	125	36	39.6%
Magellan Health, Inc.	12.8%	-4.3%	-0.5%	55.9%	7,214	213	131	179	3.0%
Pliant Therapeutics, Inc.	-	-	-	NM	86	25	24	86	29.4%
RTI Surgical Holdings, Inc.	4.3%	-2.4%	11.2%	-38.0%	312	13	(7)	6	4.3%
U.S. Physical Therapy, Inc.	9.2%	5.7%	3.6%	-3.1%	473	70	60	24	14.8%
High	53.3%	39.9%	819.0%	55.9%	7,214	213	131	179	47.5%
Low	-8.2%	-18.1%	-20.9%	-38.0%	55	13	(7)	6	3.0%
Mean	14.5%	7.5%	154.9%	1.8%	1,164	74	46	70	20.9%
Median	9.2%	1.6%	3.6%	-3.0%	373	57	34	58	20.0%

Select Industrial Companies – Market Valuations

Dollars Millions Except per share amounts	52 Week		Close	Market Cap	TEV	TEV/			TEV/Projected		
	High	Low				Rev	EBITDA	EBIT	Rev	EBITDA	EBIT
AAR Corp.	\$ 52.78	\$ 8.56	\$ 20.67	\$ 715	\$ 964	0.43x	5.59x	9.74x	0.59x	13.60x	83.60x
Construction Partners, Inc.	20.92	11.96	17.76	919.60	942.00	1.16x	9.93x	16.90x	1.12x	10.20x	19.40x
Energy Recovery, Inc.	12.04	6.11	7.60	422.50	367.40	4.14x	24.20x	43.80x	3.49x	14.10x	19.10x
Forterra, Inc.	15.42	3.45	11.16	726.70	2,030.60	1.29x	9.27x	18.90x	1.40x	11.00x	23.00x
Insteel Industries, Inc.	26.61	10.00	19.07	367.30	328.90	0.73x	15.60x	50.70x	0.73x	9.84x	19.70x
Kratos Defense & Security	25.08	5.00	15.63	1,914.70	2,150.40	2.96x	29.60x	58.30x	2.80x	26.90x	48.60x
Meritor, Inc.	27.18	10.91	19.80	1,431.50	2,373.50	0.60x	5.39x	7.28x	0.95x	12.50x	41.90x
Park Aerospace Corp.	19.29	9.14	11.14	227.00	105.10	1.75x	8.31x	9.79x	-	-	-
Titan Machinery Inc.	21.88	6.96	10.86	238.40	721.50	0.54x	8.74x	24.80x	0.60x	20.20x	57.40x
UFP Technologies, Inc.	52.59	30.80	44.06	329.70	325.80	1.63x	9.52x	13.30x	-	-	20.70x
High	52.78	30.80	44.06	1,914.70	2,373.50	4.14x	29.60x	58.30x	3.49x	26.90x	83.60x
Low	12.04	3.45	7.60	227.00	105.10	0.43x	5.39x	7.28x	0.59x	9.84x	19.10x
Mean	27.38	10.29	17.78	729.19	1,030.87	1.52x	12.62x	25.35x	1.46x	14.79x	37.04x
Median	23.48	8.85	16.70	568.50	831.75	1.23x	9.40x	17.90x	1.04x	13.05x	23.00x

Select Industrial Companies – Operating Statistics

Dollars in Millions	3 Yr. CAGR %		1 Yr. Growth %		LTM			Cash	EBITDA %
	Rev	EBITDA	Rev	EBITDA	Rev	EBITDA	EBIT		
AAR Corp.	11.3%	7.0%	13.0%	8.9%	\$ 2,218	\$ 143	\$ 99	\$ 21	6.5%
Construction Partners, Inc.	-	-	10.9%	20.9%	809	90	55	81	11.2%
Energy Recovery, Inc.	15.3%	26.5%	10.2%	-25.6%	89	13	8	26	14.8%
Forterra, Inc.	1.2%	4.7%	5.9%	25.8%	1,569	191	96	35	12.2%
Insteel Industries, Inc.	3.0%	-33.0%	-2.6%	-55.9%	452	20	6	38	4.5%
Kratos Defense & Security	3.9%	40.9%	14.3%	12.0%	726	62	37	173	8.5%
Meritor, Inc.	8.9%	12.7%	-9.9%	-20.5%	3,966	392	298	108	9.9%
Park Aerospace Corp.	23.5%	-	17.4%	36.5%	60	12	11	5	20.5%
Titan Machinery Inc.	3.9%	31.2%	3.2%	3.2%	1,337	57	29	44	4.2%
UFP Technologies, Inc.	10.3%	23.0%	2.3%	7.9%	199	33	25	4	16.4%
High	23.5%	40.9%	17.4%	36.5%	3,966	392	298	173	20.5%
Low	1.2%	-33.0%	-9.9%	-55.9%	60	12	6	4	4.2%
Mean	9.0%	14.1%	6.5%	1.3%	1,142	101	66	53	10.9%
Median	8.9%	17.9%	8.0%	8.4%	767	59	33	37	10.5%

Select Technology Companies – Market Valuations

Dollars Millions Except per share amounts	52 Week		Close	Market Cap	TEV	TEV/			TEV/Projected		
	High	Low				Rev	EBITDA	EBIT	Rev	EBITDA	EBIT
Alpha and Omega Semi.	\$ 14.50	\$ 5.82	\$ 10.88	\$ 273	\$ 489	1.08x	14.00x	NM	0.99x	9.63x	28.90x
Cambium Networks Corp.	11.75	3.57	7.36	189.00	242.70	0.94x	9.98x	15.40x	1.03x	13.60x	19.80x
Celestica Inc.	9.02	2.82	6.85	884.20	1,072.60	0.18x	4.56x	10.50x	0.20x	4.19x	7.08x
EVO Payments, Inc.	31.93	10.12	22.83	944.30	1,835.30	3.78x	14.00x	71.00x	4.21x	13.50x	44.90x
Kimball Electronics, Inc.	18.49	9.78	13.54	338.30	404.50	0.33x	5.49x	9.59x	0.34x	5.43x	9.49x
NetScout Systems, Inc.	29.62	19.11	25.56	1,846.00	1,990.50	2.23x	12.60x	98.00x	2.26x	10.20x	12.00x
Quantum Corporation	8.52	1.26	3.86	154.00	315.60	0.78x	9.93x	14.20x	0.95x	14.00x	19.70x
SailPoint Technologies	28.00	11.61	26.47	2,387.20	2,280.40	7.52x	121.20x	NM	7.07x	NM	NM
Upland Software, Inc.	48.67	20.75	34.76	880.40	1,350.30	5.58x	26.20x	134.70x	5.10x	15.00x	NM
Veeco Instruments Inc.	19.21	7.42	13.49	666.80	742.00	1.75x	24.20x	NM	1.68x	14.80x	66.40x
High	48.67	20.75	34.76	2,387.20	2,280.40	7.52x	121.20x	134.70x	7.07x	15.00x	66.40x
Low	8.52	1.26	3.86	154.00	242.70	0.18x	4.56x	9.59x	0.20x	4.19x	7.08x
Mean	21.97	9.23	16.56	856.30	1,072.33	2.42x	24.22x	50.48x	2.38x	11.15x	26.03x
Median	18.85	8.60	13.52	773.60	907.30	1.42x	13.30x	15.40x	1.36x	13.50x	19.75x

Select Technology Companies – Operating Statistics

Dollars in Millions	3 Yr. CAGR %		1 Yr. Growth %		LTM			Cash	EBITDA %
	Rev	EBITDA	Rev	EBITDA	Rev	EBITDA	EBIT		
Alpha and Omega Semi.	6.4%	-10.0%	1.2%	11.7%	\$ 454	\$ 28	\$ (13)	\$ 122	6.2%
Cambium Networks Corp.	-	-	3.2%	35.0%	259	21	16	19	8.2%
Celestica Inc.	-2.1%	-9.1%	-12.1%	-23.4%	5,774	193	98	480	3.4%
EVO Payments, Inc.	4.2%	4.8%	-11.4%	90.9%	485	116	26	304	23.9%
Kimball Electronics, Inc.	10.7%	5.0%	8.2%	0.3%	1,233	72	42	49	5.9%
NetScout Systems, Inc.	-8.5%	-15.8%	-2.0%	5.1%	892	136	20	339	15.2%
Quantum Corporation	-6.5%	22.5%	0.1%	420.9%	403	27	22	6	6.6%
SailPoint Technologies	29.3%	-7.9%	16.4%	-39.9%	303	12	(5)	444	3.8%
Upland Software, Inc.	45.9%	78.8%	45.2%	21.9%	242	49	10	175	20.2%
Veeco Instruments Inc.	6.8%	-	-12.1%	229.3%	425	22	(12)	129	5.2%
High	45.9%	78.8%	45.2%	420.9%	5,774	193	98	480	23.9%
Low	-8.5%	-15.8%	-12.1%	-39.9%	242	12	(13)	6	3.4%
Mean	9.6%	8.5%	3.7%	75.2%	1,047	68	21	207	9.8%
Median	6.4%	-1.5%	0.6%	16.8%	439	38	18	152	6.4%

Selected Rush Street Capital Transaction Activity



Advance Mixer, Inc. has been acquired by




Terex Corporation (NYSE: TEX)

SELL-SIDE M&A



ExtruMed, Inc. has been acquired by

SELL-SIDE M&A



Amcast Precision Products, Inc., a subsidiary of Amcast Industrial Corporation has been acquired by



Citation Corporation

CORPORATE DIVESTITURE



Elan Home Systems Inc. has been sold to



Nortek Inc.

SELL-SIDE M&A



RMS Technology Solutions, Inc. has been acquired by

WF Security Fund, L.P. and



Generation 3 Capital, LLC

SELL-SIDE M&A



Kurz-Kasch, Inc. has been acquired by



DOVER CORPORATION (NYSE: DOV)

SELL-SIDE M&A



a subsidiary of



ITT has sold its

Ashland Operations to

Ashland Foundry and Machine Works, Inc

CORPORATE DIVESTITURE



has sold



Comprised of

Prestolite Electric, Prestolite Motors and Prestolite Power

to



AMETEK

CORPORATE DIVESTITURE



Keithley Instruments, Inc. has sold its


Radiation Measurement Division to

Invision LP


a

Bank One Venture Partners Company

CORPORATE DIVESTITURE



has sold



Lincoln Motors

REGAL-BELOIT

Regal Beloit Corporation

CORPORATE DIVESTITURE

Met-Coil Systems Corporation

has been sold to



MESTEK, INC.

SELL-SIDE M&A



has sold its



Hines Specialty Vehicle Group

to



TURNSPIRE CAPITAL PARTNERS

CORPORATE DIVESTITURE

Selected Rush Street Capital Transaction Activity



A Portfolio Company of



Rush Street Capital has arranged Senior Secured Credit Facilities for 360 Quote

Financing Provided By



CAPITAL MARKETS



A Portfolio Company of



Rush Street Capital has arranged Senior Secured Credit Facilities

Line of Credit Provided by



Acquisition Financing Provided by



CAPITAL MARKETS



Rush Street Capital has arranged a Recapitalization and Refinancing

Line of Credit Provided by



Subordinated Term Loan Provided by



CAPITAL MARKETS



Rush Street Capital has arranged a Senior Secured Line of Credit for International Toner Corporation

Financing Provided By



CAPITAL MARKETS



Rush Street Capital has arranged Senior Secured Credit for Add-On Acquisition Financing

Financing Provided By




CAPITAL MARKETS



Rush Street Capital has arranged a Warehouse Line Of Credit For Taurus Lending, Llc.

Financing Provided By



CAPITAL MARKETS



A Portfolio Company of



Rush Street Capital has arranged a Recapitalization and Refinancing for Claims Recovery Financial Services, LLC

Financing Provided By



CAPITAL MARKETS



A Portfolio Company of



Rush Street Capital has arranged Senior Secured Line of Credit

Financing Provided By



CAPITAL MARKETS



Has Acquired the U.S. Brand Licensing Rights



Rush Street Capital has arranged a Senior Term Loan and Equity Co-Investment

Financing Provided By



CAPITAL MARKETS



Has Acquired



Rush Street Capital has arranged a Financing for the Acquisition of Hall Research

Financing Provided By



CAPITAL MARKETS




Rush Street Capital has arranged a Senior Secured Credit Facility for Precision Eye Physicians and Surgeons


Financing Provided By



CAPITAL MARKETS




has acquired certain assets of Consolidated Trading Co. of America d/b/a



Rush Street Capital has arranged a Senior Secured Credit Facility

Financing Provided By



CAPITAL MARKETS

About Rush Street Capital

Rush Street Capital provides capital markets, M&A and financial restructuring services to lower middle market companies. Our **Debt Capital Markets team** focuses on financing for acquisitions, refinancing existing debt, capital to fund business opportunities, dividend recapitalizations and financing to accompany a transaction (aka, “stapled” financing.) Our **M&A team** provides mergers and acquisition advisory services including assisting companies, individuals and private equity firms in the sale of businesses, advising larger companies on the sale of business units, business lines or subsidiaries, and helping companies, private equity firms and individuals acquire businesses. Our **Financial Restructuring efforts** include helping companies and lenders navigate the complexities involved in restructuring leveraged balance sheets, negotiating multi-party agreements, covenant violations and lender forbearance agreements, designing and implementing covenant waivers and amendments, creating and implementing pre-packaged Chapter 11 cases, executing Chapter 11 reorganizations through the courts, and providing valuation services and expert testimony.

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