

# GENESIS CAPITAL

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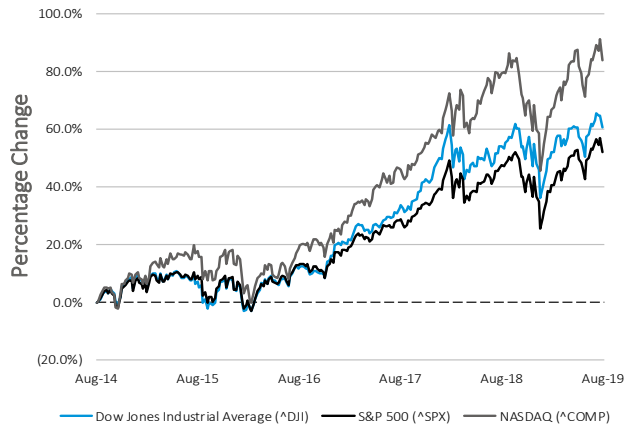


## Market Insights

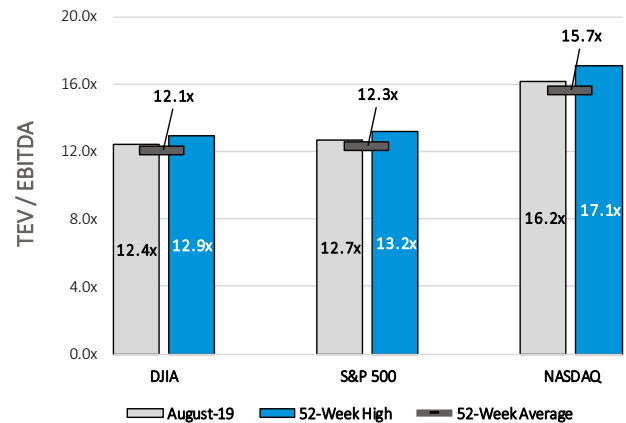
August 2019

# Capital Markets Overview

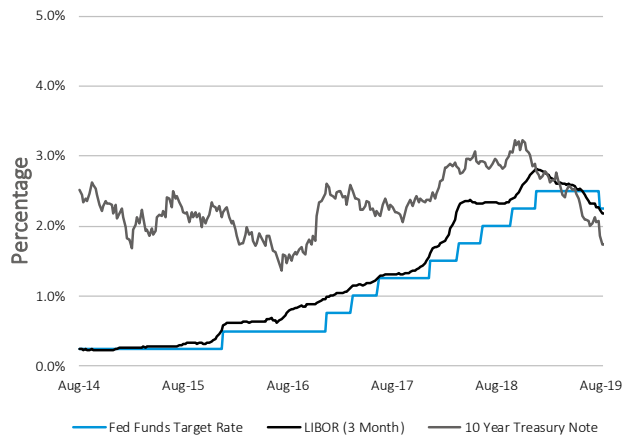
## Public Market Index Performance <sup>(1)</sup>



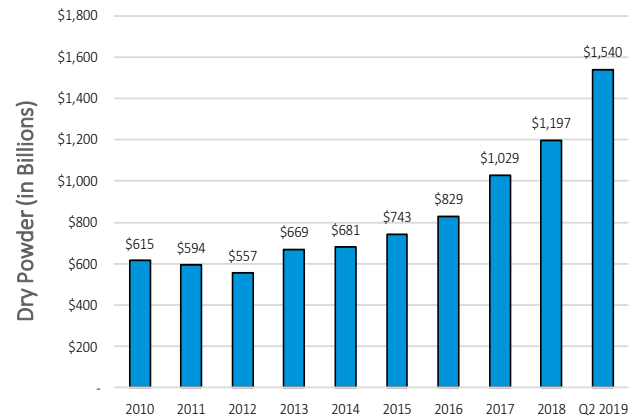
## Public Index Valuation (TEV / EBITDA)



## Interest Rates <sup>(1)</sup>



## Private Equity Dry Powder



## IPO Activity by Select Sectors <sup>(2)</sup>

Sector	YTD August 2018		YTD August 2019		YTD August 2018 vs. YTD August 2019	
	\$ (MM)	Volume (#)	\$ (MM)	Volume (#)	% Change (\$)	% Change (#)
Business Services	\$2,566.3	6	\$10,440.0	2	306.8%	(66.7%)
Consumer	924.5	7	3,316.0	12	258.7%	71.4%
Healthcare	3,767.7	44	8,131.6	43	115.8%	(2.3%)
Industrial / Manufacturing	1,834.5	5	606.3	2	(67.0%)	(60.0%)
Leisure & Entertainment	0.0	0	0.0	0	N/A	N/A
Technology / Media / Telecom	5,864.5	24	4,316.5	11	(26.4%)	(54.2%)
<b>Total IPO's</b>	<b>\$14,957.5</b>	<b>86</b>	<b>\$26,810.3</b>	<b>70</b>	<b>79.2%</b>	<b>(18.6%)</b>
Follow-On Offerings	57,740.9	360	33,662.5	309	(41.7%)	(14.2%)
<b>Total Public Offerings</b>	<b>\$72,698.4</b>	<b>446</b>	<b>\$60,472.9</b>	<b>379</b>	<b>(16.8%)</b>	<b>(15.0%)</b>

Note:

1. Indexed relative to August 1, 2014.
2. YTD as of August 16 of 2018 & 2019, respectively.

Source: S&P CapitalIQ, Preqin, Pitchbook

# August 2019 Summary

## Capital Markets Overview

- On August 16, 2019, the S&P 500 Index closed at 2,888.68, 15.2% higher than the beginning of the year, 5.2% higher than its average closing price throughout 2018, and 4.5% lower than its high of 3,025.86 on July 26, 2019.
- The 10-year Treasury Note yield was 1.54% on August 16, 2019, 112 basis points lower than its yield of 2.66% at the beginning of 2019, 137 basis points below its average closing yield of 2.91% in 2018, and 1 basis point above its low of 1.53% on August 15, 2019.
- The level of Dry Powder in private equity funds reported at the end of the second quarter of 2019 was \$1.54 trillion, higher than the reported \$1.2 trillion at the end of 2018 and \$1.0 trillion at the end of 2017.

## U.S. M&A Market Overview

- The median TEV / EBITDA multiple for U.S. M&A transactions<sup>(2)</sup> in the last twelve-month (LTM) period ended in Q2 2019 was 12.3x, above the median of 11.5x for 2018 and 12.1x for 2017.
- The value of M&A transactions completed in the U.S.<sup>(3)</sup> in the year to date (YTD) period ended in Q2 2019 was \$540 billion, a decrease of 4.3% from the comparable period in YTD Q2 2018. Further, the number of M&A transactions completed in the U.S. during YTD Q2 2019 declined by 1.9% from the comparable period in YTD Q2 2018.

**Note:**

1. August 2019 as of August 16, 2019.
2. Excludes real estate transactions; four quarter rolling median.
3. Excludes real estate transactions.

**Source:** S&P CapitalIQ, Preqin, Pitchbook

## Public Market Valuation by Select Sectors

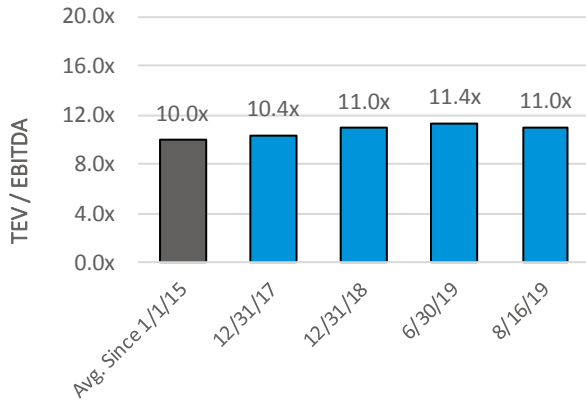
- The Consumer, Healthcare, Leisure & Entertainment and Technology/Media/Telecom sectors, as defined by Genesis Capital, traded at higher TEV / EBITDA multiples in August 2019<sup>(1)</sup> than at the end of 2018, and each traded at a higher TEV / EBITDA multiple than its average since the beginning of 2015.
- The Business Services sector, as defined by Genesis Capital, traded at the same TEV / EBITDA multiple in August 2019<sup>(1)</sup> as at the end of 2018, and higher than its average since the beginning of 2015.
- The Industrial/Manufacturing sector, as defined by Genesis Capital, traded at a lower TEV / EBITDA multiple in August 2019<sup>(1)</sup> than at the end of 2018 and lower than its average since the beginning of 2015.

## U.S. M&A Valuation by Select Sectors

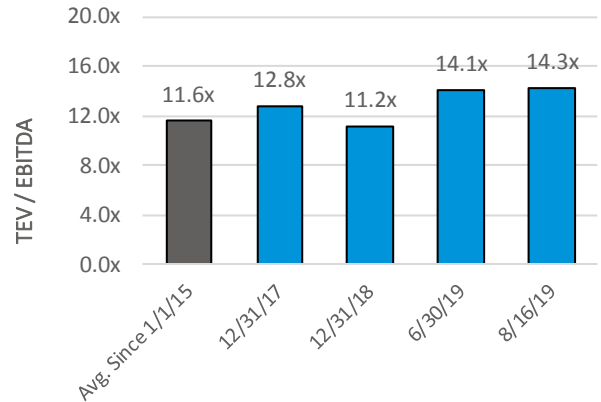
- Higher TEV / EBITDA valuation multiples were reported on average in YTD Q2 2019 versus YTD Q2 2018 for U.S. M&A transactions in the Business Services and Leisure & Entertainment sectors, as defined by Genesis Capital.
- The volume of U.S. M&A transactions completed increased in YTD Q2 2019 versus the comparable period in YTD Q2 2018 for Business Services, Consumer, Healthcare, Industrial/Manufacturing, Leisure & Entertainment, and Technology/Media/Telecom sectors, as defined by Genesis Capital.

# Public Market Valuation by Select Sectors

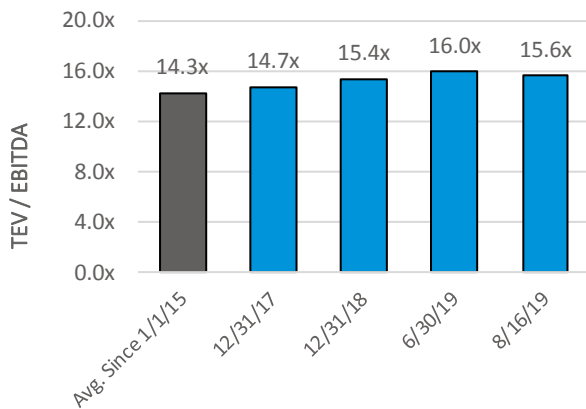
## Business Services



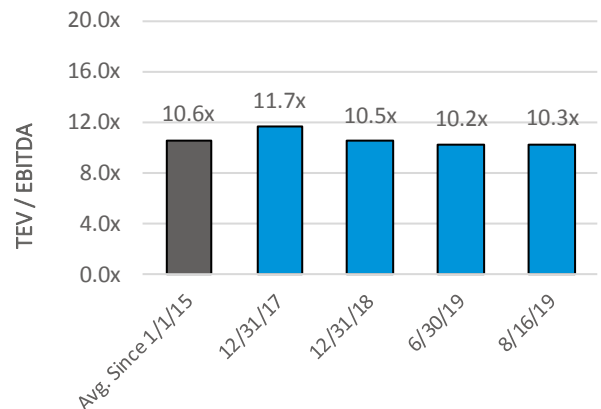
## Consumer



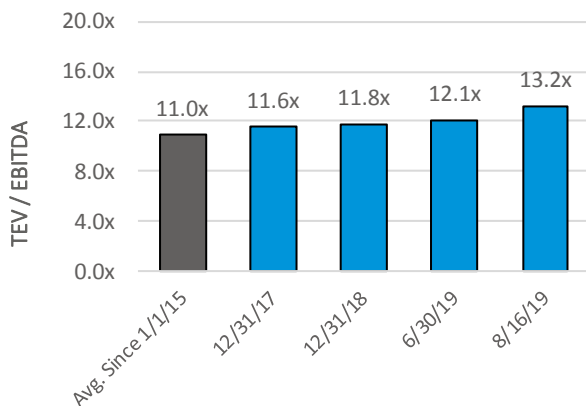
## Healthcare



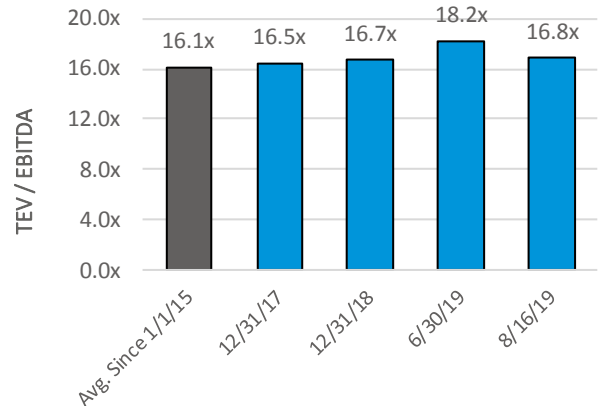
## Industrial / Manufacturing



## Leisure & Entertainment



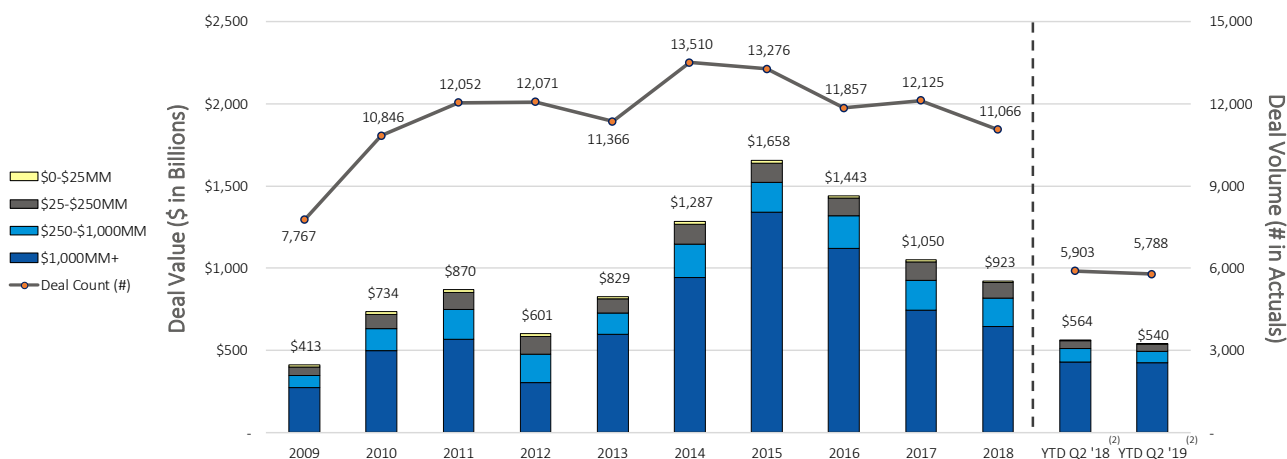
## Technology / Media / Telecom



Note: Avg. Since 1/1/15 represents period from January 1, 2015 through August 16, 2019.  
 Source: S&P CapitalIQ, Preqin, Pitchbook

# U.S. M&A Market Overview

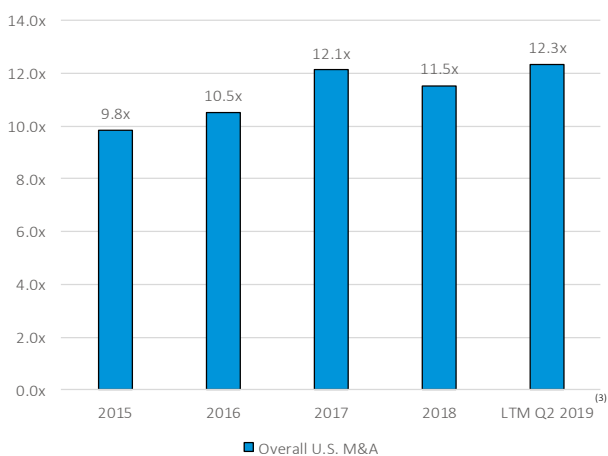
## U.S. M&A Activity by Year <sup>(1)</sup>



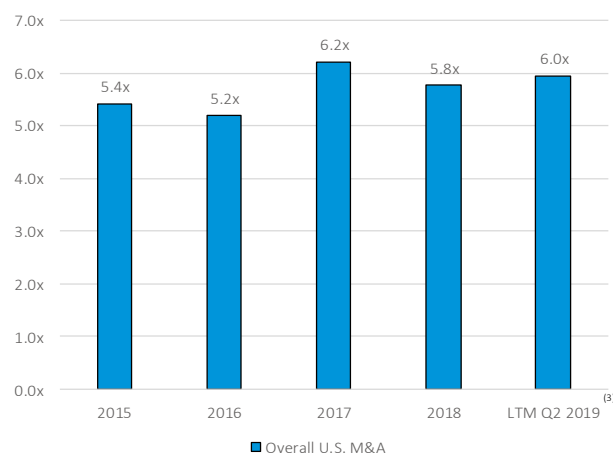
## U.S. M&A Deal Volume (# in Actuals) by Size

TEV Range	2009 - 2018 Average	YTD Q2 2018 <sup>(2)</sup>	YTD Q2 2019 <sup>(2)</sup>	YTD Q2 2018 vs. YTD Q2 2019 <sup>(2)</sup>
\$1,000MM+	152	92	86	(6.5%)
\$250-\$1,000MM	325	164	146	(11.0%)
\$25-\$250MM	1,137	524	440	(16.0%)
\$0-\$25MM	2,074	677	590	(12.9%)
Not Disclosed	7,907	4,446	4,526	1.8%
<b>Total:</b>	<b>11,594</b>	<b>5,903</b>	<b>5,788</b>	<b>(1.9%)</b>

## M&A Multiples (TEV / EBITDA)



## Leverage Multiples (Total Debt / EBITDA)



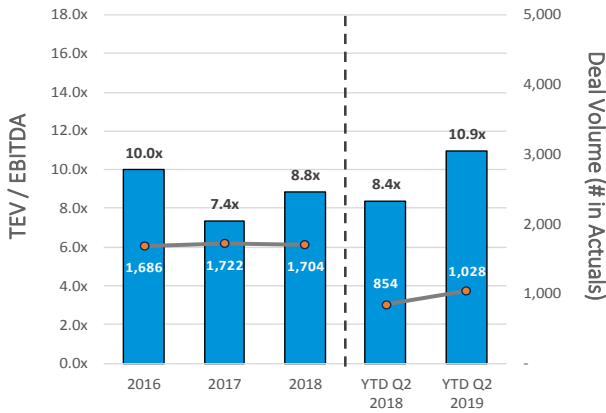
**Note:**

1. U.S. M&A Activity includes closed deals with U.S. targets only; excludes real estate transactions.
2. YTD Q2 as of June 30 of 2018 & 2019, respectively.
3. LTM as of June 30, 2019; four quarter rolling median.

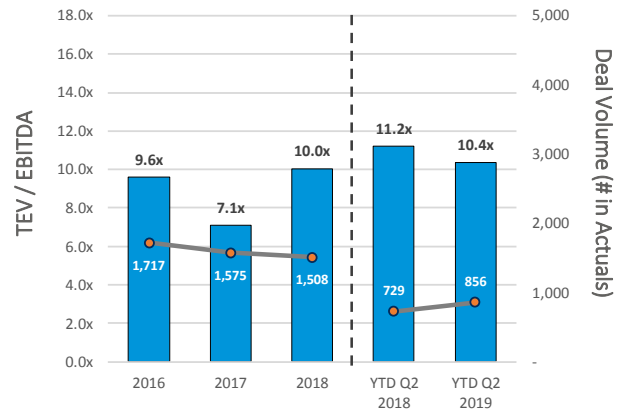
Source: S&P CapitalIQ, Preqin, Pitchbook

# U.S. M&A Valuation by Select Sectors

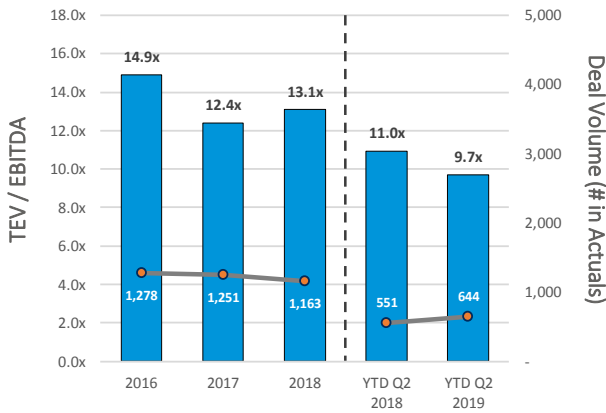
## Business Services



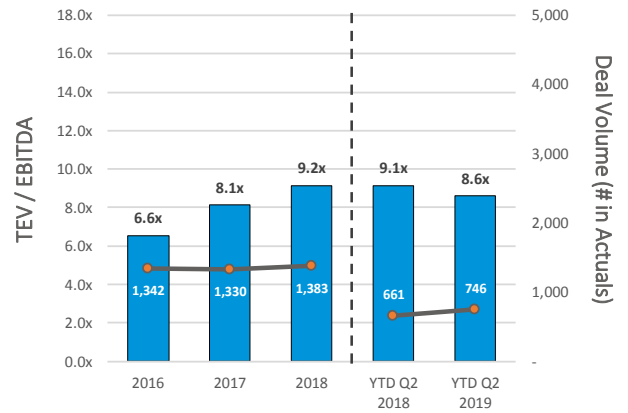
## Consumer



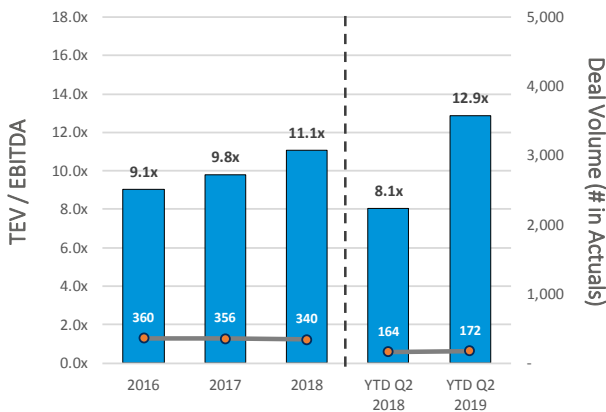
## Healthcare



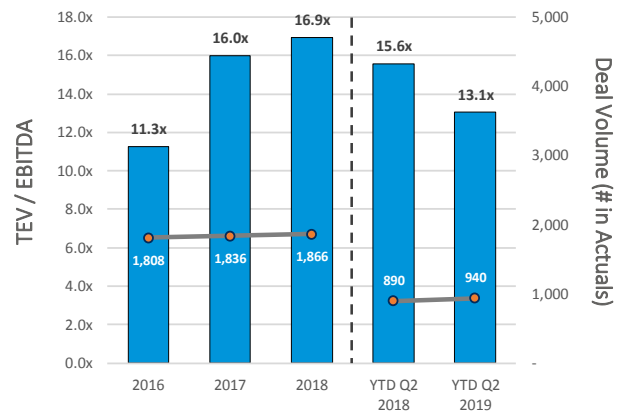
## Industrial / Manufacturing



## Leisure & Entertainment



## Technology / Media / Telecom



Note: YTD Q2 as of June 30 of 2018 & 2019, respectively.

Source: S&P CapitalIQ, Preqin, Pitchbook

# An Independent Investment Bank

## EXPERTISE

### Mergers, Acquisitions & Sales

- Sell-side and Buy-side
- Management Buyouts
- Restructurings
- Corporate Divestitures

### Financial Advisory Services

- Capital and Strategic Planning
- Fairness and Valuation Opinions
- Committee Representation

### Capitalizations

- Private Placements
- Recapitalizations
- Private investment in public equity (PIPE)
- Employee stock ownership plans (ESOP)

## INDUSTRIES

### Business Services

### Consumer

### Healthcare

### Industrial / Manufacturing

### Leisure & Entertainment

### Technology / Media / Telecom

## What Distinguishes Us

- Successful Outcomes With
  - Family Businesses
  - Entrepreneur-Led Companies
  - Public Corporations
- Independent Platform
  - No asset management, lending, research or trading
  - Multi-industry practice creates diversification and prevents conflicts with same investors / buyers / sellers
- Focus on "Need" vs. Size
  - Clients Range from under \$50 million to over \$30 billion
  - Transactions range from under \$30 million to over \$1 billion
- Deep Knowledge and Experience With Various Transaction Types
- Buy-Side Expertise
  - Approximately 1/3 of our transactions
- Corporate Divestitures
  - Public Companies & Family Businesses
- International & Cross-Border Transactions
  - Executed numerous transactions on six continents
- Complex, "Storied" Transactions

## Definitions:

- **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
  - **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.
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## Disclosure:

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