

# GENESIS CAPITAL

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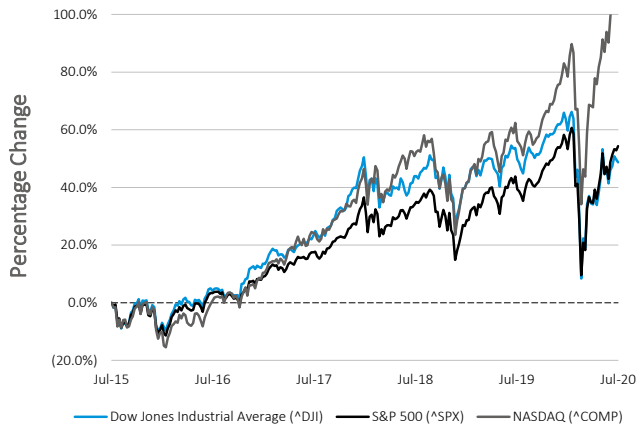


## Market Insights

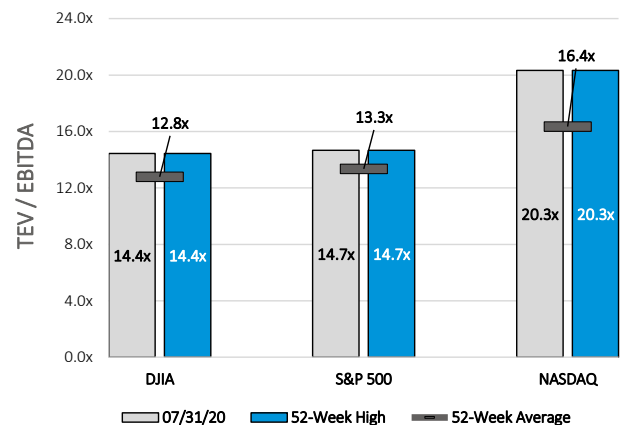
August 2020

# Capital Markets Overview

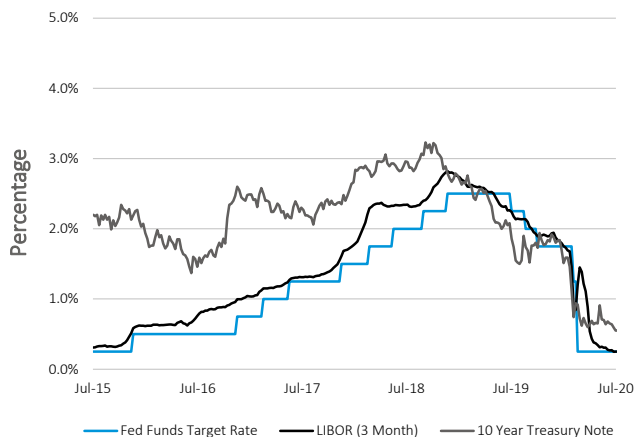
## Public Market Index Performance (1)



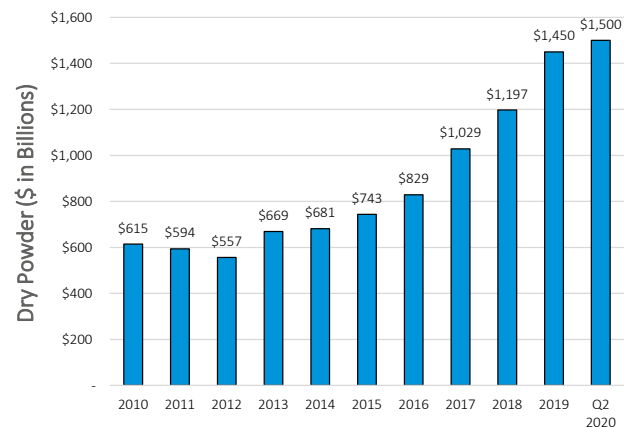
## Public Index Valuation (TEV / EBITDA)



## Interest Rates (1)



## Private Equity Dry Powder



## IPO Activity by Select Sectors (2)

Sector	YTD July 2019		YTD July 2020		YTD July 2019 vs. YTD July 2020	
	\$ (MM)	Volume (#)	\$ (MM)	Volume (#)	% Change (\$)	% Change (#)
Business Services	\$10,440.0	2	\$1,872.6	2	(82.1%)	0.0%
Consumer	3,577.0	13	2,883.4	10	(19.4%)	(23.1%)
Healthcare	8,053.6	42	10,634.2	40	32.0%	(4.8%)
Industrial / Manufacturing	606.3	2	764.8	1	26.1%	(50.0%)
Leisure & Entertainment	0.0	0	1,925.0	1	N/A	N/A
Technology / Media / Telecom	4,328.5	12	2,409.4	7	(44.3%)	(41.7%)
<b>Total IPO's</b>	<b>\$27,005.3</b>	<b>71</b>	<b>\$20,489.3</b>	<b>61</b>	<b>(24.1%)</b>	<b>(14.1%)</b>
Follow-On Offerings	29,485.4	296	83,933.0	441	184.7%	49.0%
<b>Total Public Offerings</b>	<b>\$56,490.7</b>	<b>367</b>	<b>\$104,422.4</b>	<b>502</b>	<b>84.8%</b>	<b>36.8%</b>

### Note:

1. Indexed relative to July 31, 2020.
2. YTD July as of July 31, 2019 & 2020, respectively.

Source: S&P CapitalIQ, Preqin, Pitchbook

# August 2020 Summary

## Capital Markets Overview

- On July 31, 2020, the S&P 500 Index closed at 3,271.12, 1.2% higher than the beginning of the year, and 12.3% higher than its average closing price throughout 2019.
- On July 31, 2020, the NASDAQ Composite Index closed at 10,745.27, 19.8% higher than the beginning of the year, and 35.3% higher than its average closing price throughout 2019.
- The 10-year Treasury Note yield was 0.55% on July 31, 2020, 133 basis points lower than its yield of 1.88% at the beginning of 2020 and 159 basis points below its average closing yield of 2.14% in 2019.
- The level of Dry Powder in private equity funds reported at the end of June 2020 was nearly \$1.5 trillion, above the reported \$1.45 trillion at the end of 2019 and higher than \$1.2 trillion at the end of 2018.
- The value of follow-on public offerings in YTD July 31, 2020 was \$83.9 billion, an increase of 184.7% from the comparable period in YTD July 31, 2019.

## U.S. M&A Market Overview

- The median TEV / EBITDA multiple for U.S. M&A transactions<sup>(1)</sup> in YTD Q2 2020 was 15.2x, above the median of 12.5x and 11.5x for 2019 and 2018, respectively.
- The value of M&A transactions completed in the U.S.<sup>(2)</sup> in the year to date (YTD) period ended in Q2 2020 was \$502 billion, a decrease of 9.0% from the comparable period in YTD Q2 2019. Further, the number of M&A transactions completed in the U.S. during YTD Q2 2020 decreased by 23.7% from the comparable period in YTD Q2 2019.

**Note:**

1. Excludes real estate transactions; four quarter rolling median.
2. Excludes real estate transactions.

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

## Public Market Valuation by Select Sectors

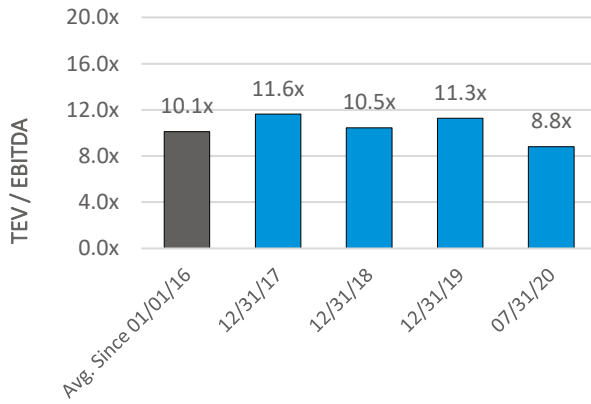
- The Business Services, Industrial / Manufacturing, and Leisure & Entertainment sectors, as defined by Genesis Capital, traded at lower TEV / EBITDA multiples as of July 31, 2020 than at the end of 2019, and each traded at lower TEV / EBITDA multiples than its average since the beginning of 2016.
- The Consumer and Healthcare sectors, as defined by Genesis Capital, traded at the same TEV / EBITDA multiples as of July 31, 2020 and at the end of 2019, and each traded at higher TEV / EBITDA multiples than its average since the beginning of 2016.
- The Technology / Media / Telecom sector, as defined by Genesis Capital, traded at a higher TEV / EBITDA multiple as of July 31, 2020 than at the end of 2019, and traded at a higher TEV / EBITDA multiple than its average since the beginning of 2016.

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

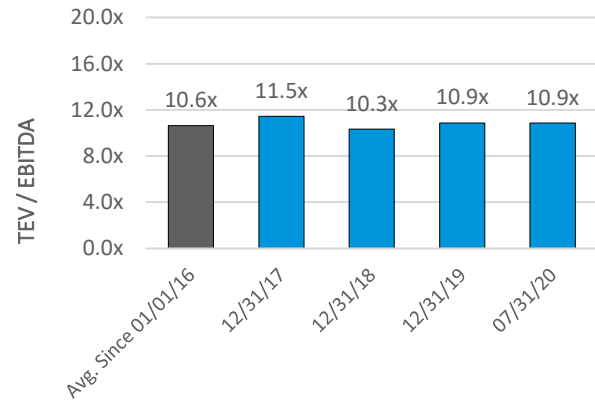
- Higher TEV / EBITDA valuation multiples were reported on average in YTD Q2 2020 versus YTD Q2 2019 for U.S. M&A transactions in the Consumer, Healthcare, and Industrial / Manufacturing sector, as defined by Genesis Capital.
- The volume of U.S. M&A transactions completed decreased in YTD Q2 2020 versus the comparable period in YTD Q2 2019 for the Business Services, Consumer, Healthcare, Industrial / Manufacturing, Leisure & Entertainment, and Technology / Media / Telecom sectors, as defined by Genesis Capital.

# Public Market Valuation by Select Sectors

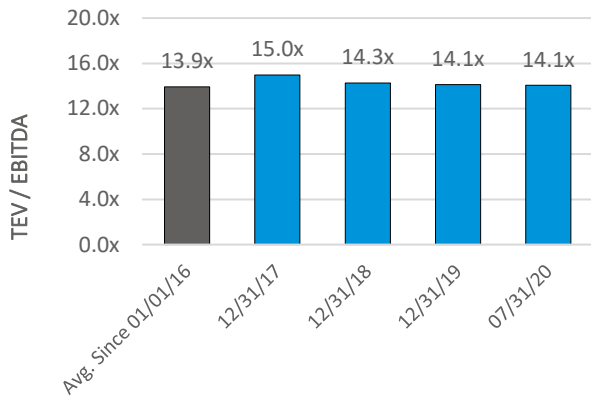
## Business Services



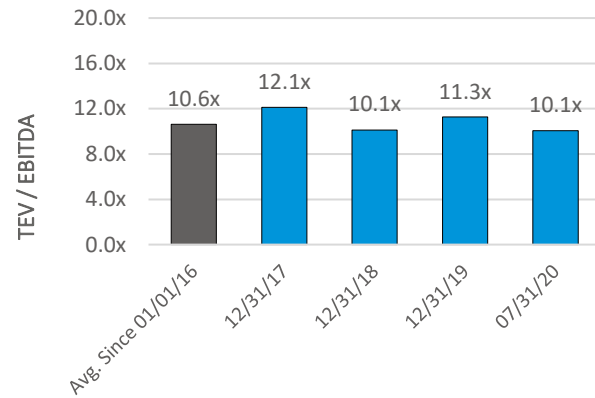
## Consumer



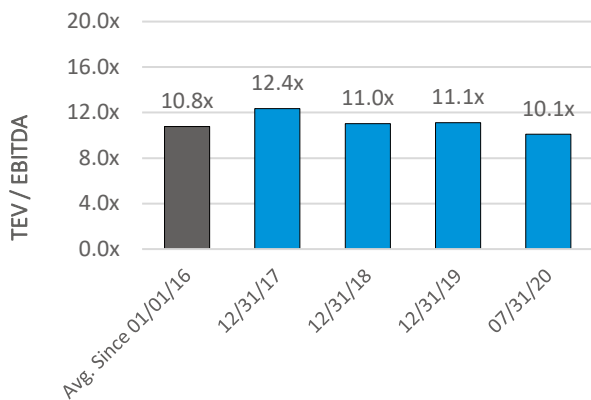
## Healthcare



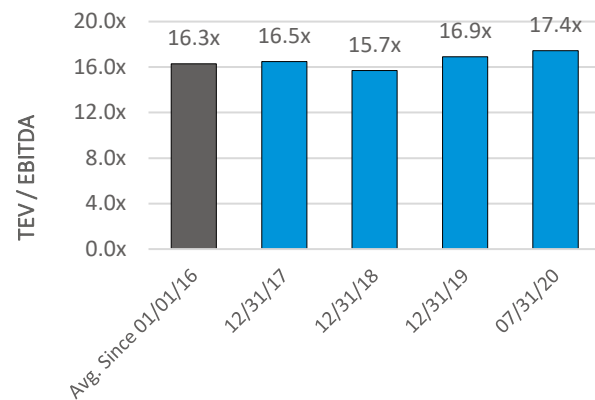
## Industrial / Manufacturing



## Leisure & Entertainment



## Technology / Media / Telecom

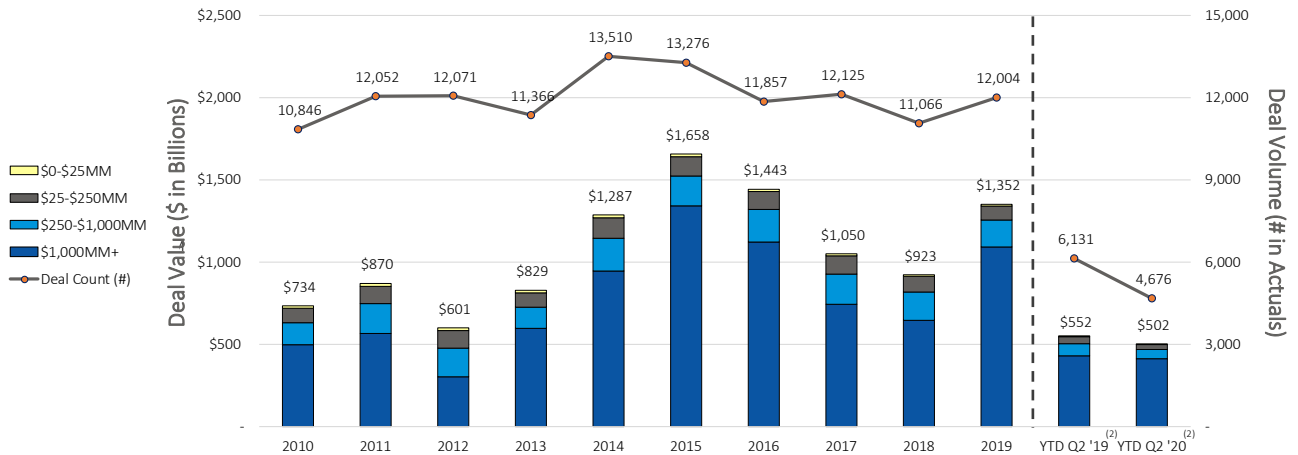


Note: Avg. Since 01/01/16 represents period from January 1, 2016 through July 31, 2020.

Source: S&P CapitalIQ, Preqin, Pitchbook

# U.S. M&A Market Overview

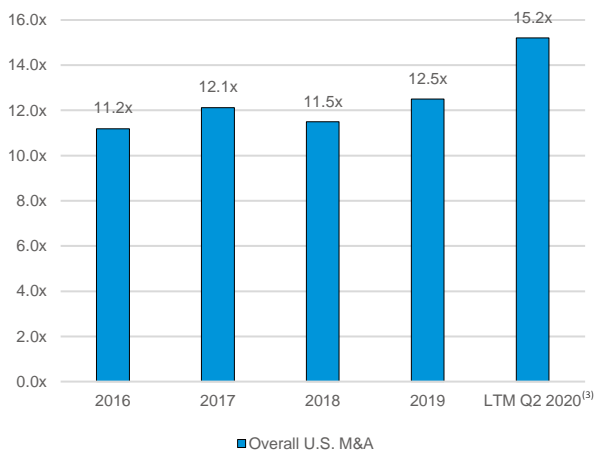
## U.S. M&A Activity by Year <sup>(1)</sup>



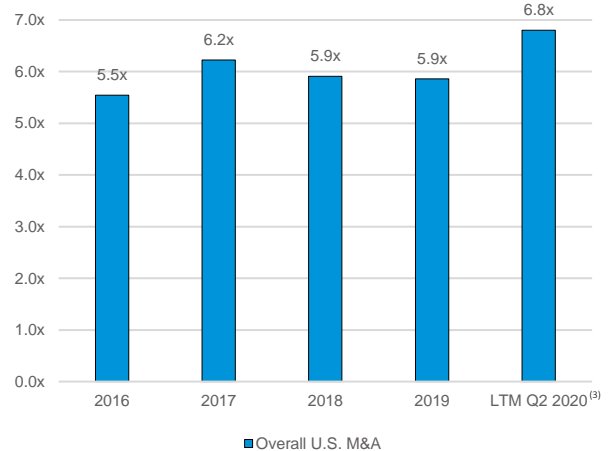
## U.S. M&A Deal Volume (# in Actuals) by Size

TEV Range	2010 - 2019 Average	YTD Q2 2019 <sup>(2)</sup>	YTD Q2 2020 <sup>(2)</sup>	YTD Q2 2019 vs. YTD Q2 2020 <sup>(2)</sup>
\$1,000MM+	166	87	67	(23.0%)
\$250-\$1,000MM	343	153	112	(26.8%)
\$25-\$250MM	1,172	472	338	(28.4%)
\$0-\$25MM	2,011	684	478	(30.1%)
Not Disclosed	8,326	4,735	3,681	(22.3%)
<b>Total:</b>	<b>12,017</b>	<b>6,131</b>	<b>4,676</b>	<b>(23.7%)</b>

## M&A Multiples (TEV / EBITDA)



## Leverage Multiples (Total Debt / EBITDA)



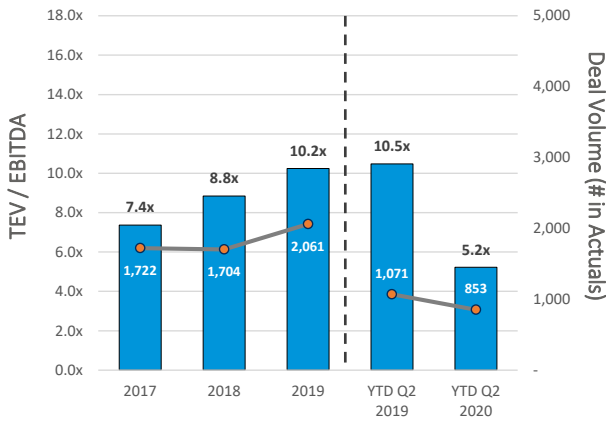
### Note:

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 2019 & 2020, respectively.
3. LTM as of June 30, 2020; four quarter rolling median.

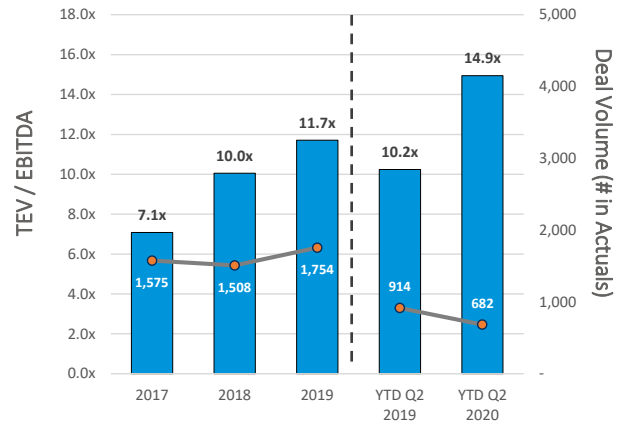
Source: S&P CapitalIQ, Preqin, Pitchbook

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

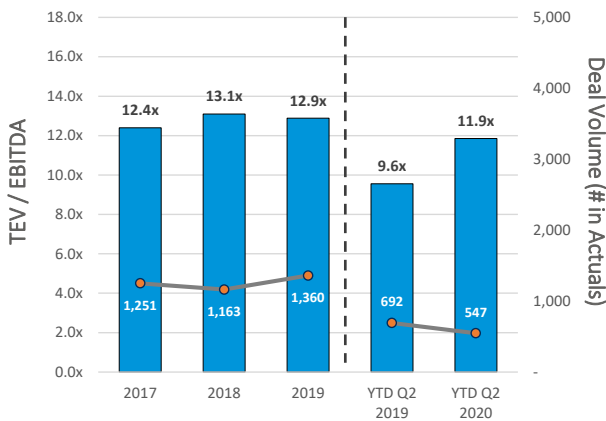
## Business Services



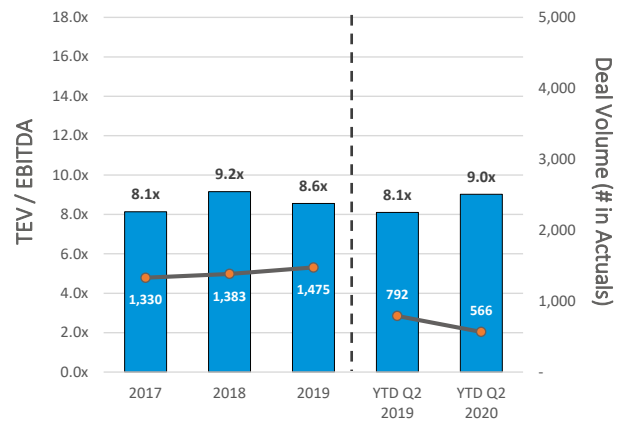
## Consumer



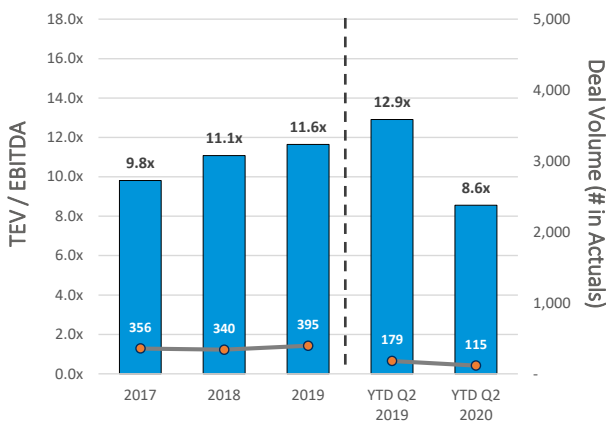
## Healthcare



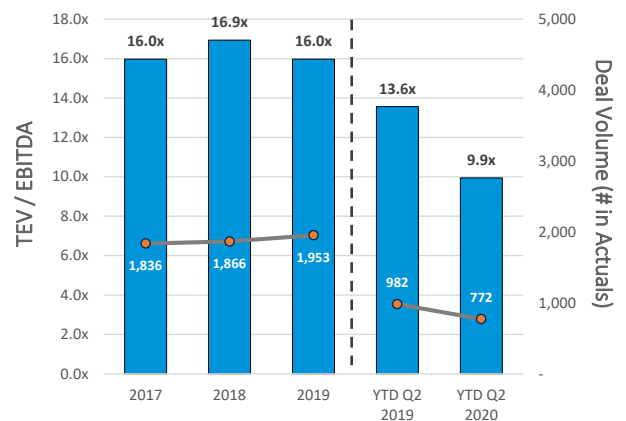
## Industrial / Manufacturing



## Leisure & Entertainment



## Technology / Media / Telecom



Note: YTD Q2 as of June 30, 2019 & 2020, respectively.

Source: S&P CapitalIQ, Preqin, Pitchbook

# An Independent Firm

## 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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