



## Q4 2020 Market Report



**Mergers & Acquisitions**



**Private Equity**



**Financial Advisory**



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## OVERVIEW

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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

**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 \$500 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



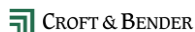
has merged with



a portfolio company of



ESS is a leading tech-enabled services company in the employment screening industry.



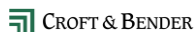
### TECHNOLOGY



has issued \$47 million of Series A Preferred Stock to an investor group led by



Grayshift provides the leading mobile forensic access and extraction solution for law enforcement, national defense and the intelligence community.



### INDUSTRIAL



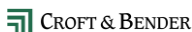
has been acquired by



a portfolio company of



TriLink Saw Chain is a leading provider of chainsaw replacement parts.



### HEALTHCARE



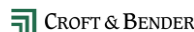
has been acquired by



a portfolio company of



Sacred Journey Hospice is a leading hospice provider in Georgia.



### CONSUMER



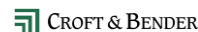
has been acquired by



a portfolio company of



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

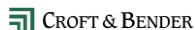


has been acquired by



a portfolio company of  
GI PARTNERS

Pinnacle is a leading customer communications management and engagement technology provider.



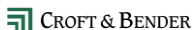
has been acquired by



a portfolio company of



Vision is a leading provider of end-to-end Managed Mobility Services and Mobile Telecom Expense Management.



has been acquired by



A portfolio company of

NARROW GAUGE CAPITAL

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



has been recapitalized by



VISTRIA

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



has been acquired by



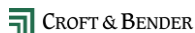
Carousell Designs is a leading online provider of original and custom-designed baby bedding, fabric and nursery décor.



has been acquired by



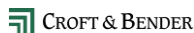
Aqua Smart is a leading producer of treatment chemicals for the drinking water market.



has acquired



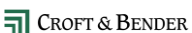
IDology is a leading provider of identity verification and fraud prevention services.



has been recapitalized by



Acousti is a leading subcontractor of interior finish solutions, specializing in acoustical ceilings and walls.



has been acquired by



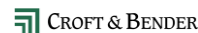
Dominion Youth Services is a leading provider of behavioral and mental health support services to the youth and adolescent market.



has been acquired by



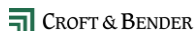
Service Brands is a leading multi-concept residential services franchisor.



has been acquired by



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



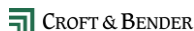
has been acquired by



a portfolio company of



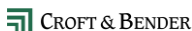
SIP.US is a leading provider of on-demand, enterprise-class IP communications software solutions.



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



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



has been acquired by



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



has sold  
Harris Research, Inc.  
Franchisor of



Baird Capital Partners BAIRD

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




## FEATURED TRANSACTIONS

### COMPANY OVERVIEW

- Acousti Engineering Company of Florida (“Acousti” or the “Company”) is a leading subcontractor of interior finish solutions specializing in acoustical ceilings and walls, which are often highly-customized and require significant subject matter expertise
- The Company also provides a comprehensive set of other complementary interior finish installation services, including drywall and flooring

### DEAL OVERVIEW


- The Company engaged Croft & Bender to advise it through an exclusive sale process, which included identifying a broad group of potential financial and strategic buyers, positioning and marketing the Company, evaluating offers, selecting a partner, and negotiating the transaction
- In spite of concerns about the timing of the commercial construction cycle in late 2019/early 2020, Croft & Bender was able to generate multiple competitive bids and selected a winner shortly before the COVID-19 pandemic hit the U.S.
- Croft & Bender worked with the Company to develop analyses that supported the Company’s strong performance throughout the shelter-in place phase of the pandemic and beyond
- Ultimately, Croft & Bender successfully negotiated a sale to Ardian in the midst of the COVID-19 pandemic



has been recapitalized by

# ARDIAN

Acousti is a leading subcontractor of interior finish solutions, specializing in acoustical ceilings and walls.



### COMPANY OVERVIEW

- Pinnacle Data Systems, LLC (“Pinnacle” or the “Company”) is a leading technology provider for customer communications management (“CCM”) and engagement
- The Company’s single-source solution simplifies and consolidates the transaction mail and electronic bill presentment environments, optimizing client spend while maintaining client vision and control of document composition and delivery

### DEAL OVERVIEW

- Croft & Bender was engaged to help the Company evaluate strategic alternatives, including a majority recapitalization or strategic sale
- 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 guided the Company through an efficient process and successfully negotiated a highly attractive deal with Doxim in the midst of the COVID-19 pandemic



has been acquired by

# doxim®

a portfolio company of

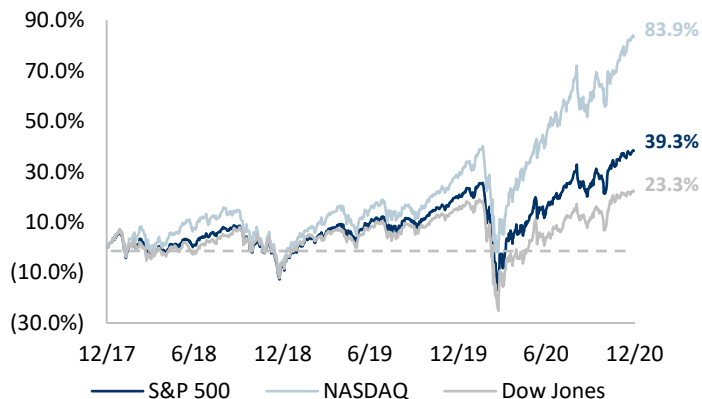
# GI PARTNERS

Pinnacle is a leading technology provider for customer communications management and engagement.



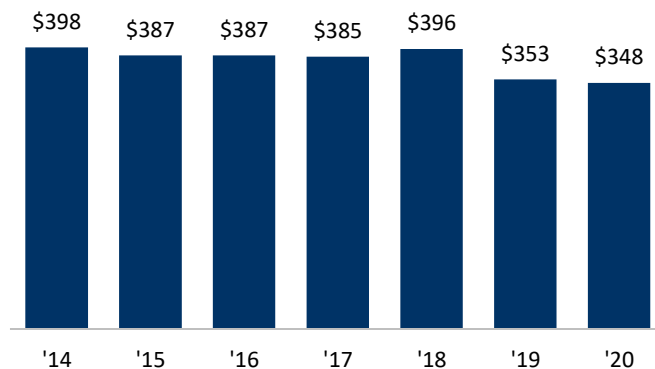
## KEY CAPITAL MARKETS DATA

### Public Equity Markets



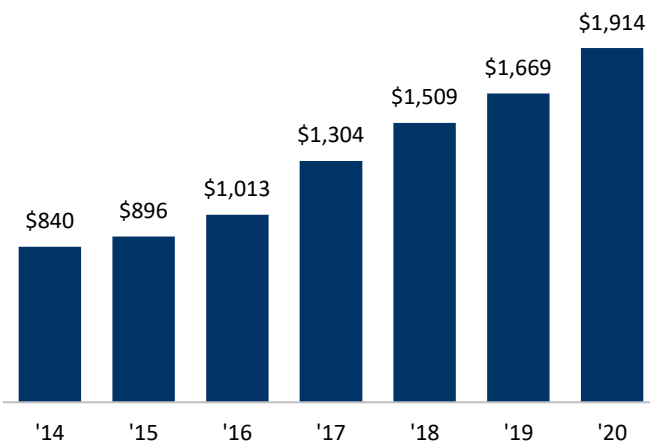
### Middle Market Deal Volume

(\$ in billions)



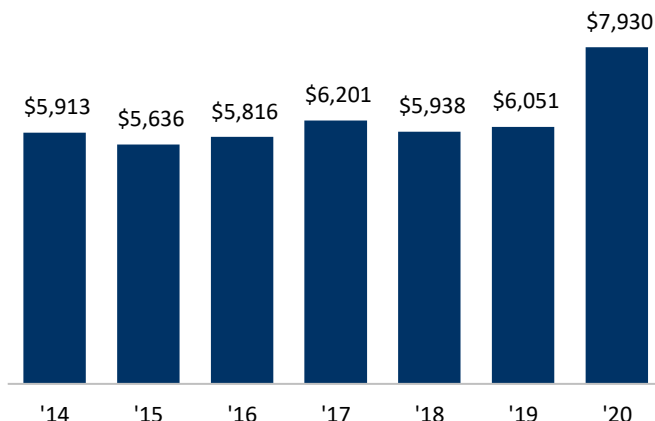
### Private Equity Dry Powder

(\$ in billions)

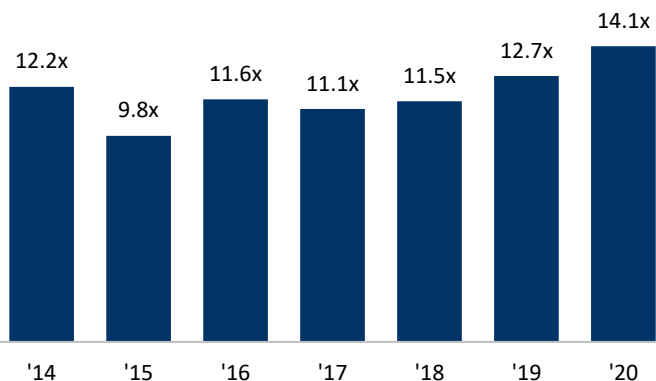


### Cash on Corporate Balance Sheets<sup>(1)</sup>

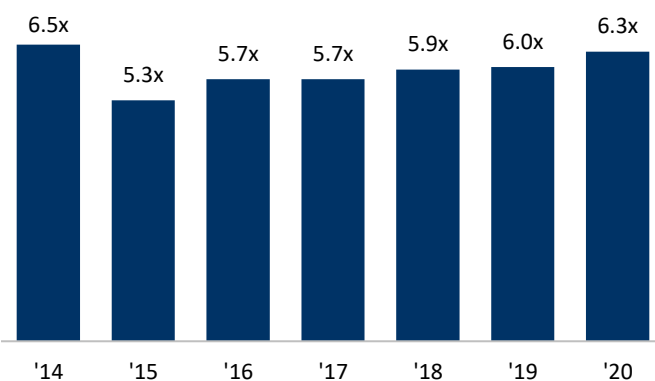
(\$ in billions)



### US PE Enterprise Value / EBITDA Multiples



### US PE Debt / EBITDA Multiples

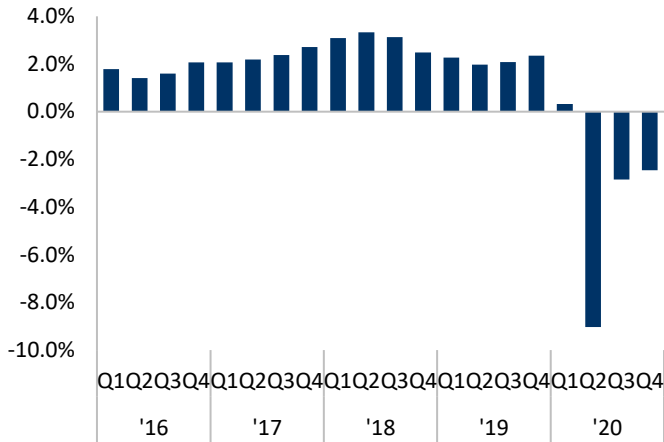


Note: Middle-market transactions have a disclosed enterprise value of less than \$1 billion.

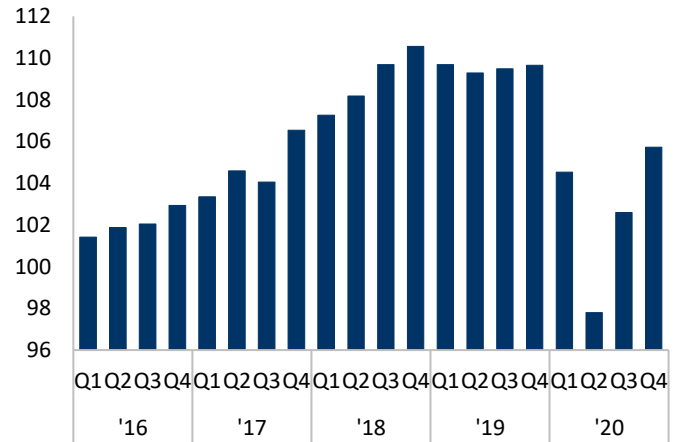
(1) Reflects S&P 500 constituents.

## KEY ECONOMIC DATA

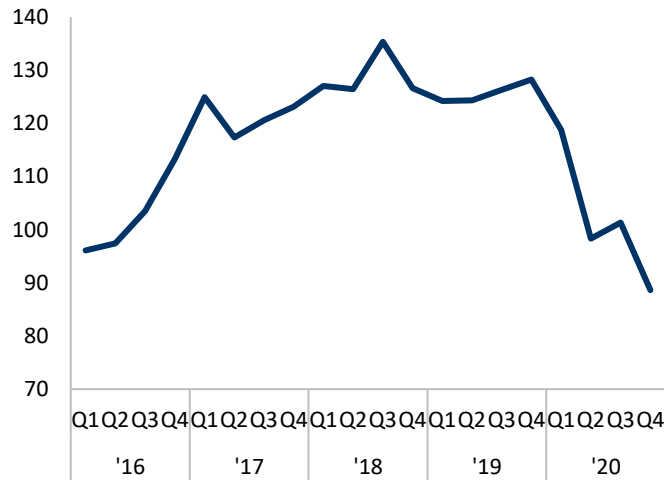
### Real GDP Growth



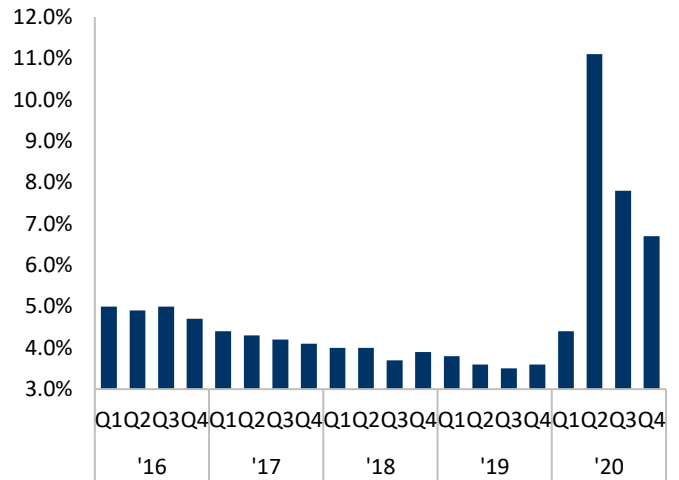
### Industrial Production<sup>(1)</sup>



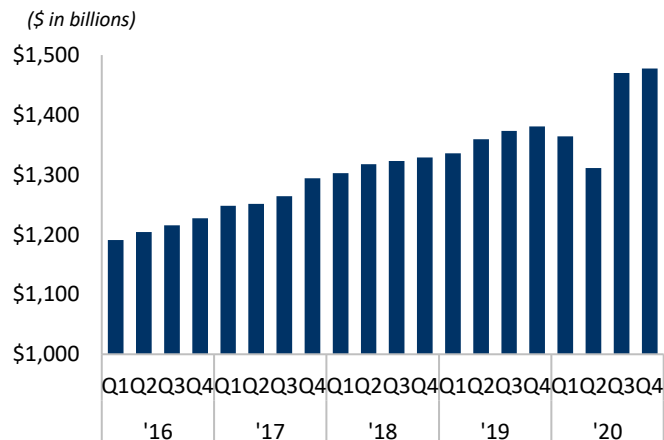
### Consumer Confidence<sup>(2)</sup>



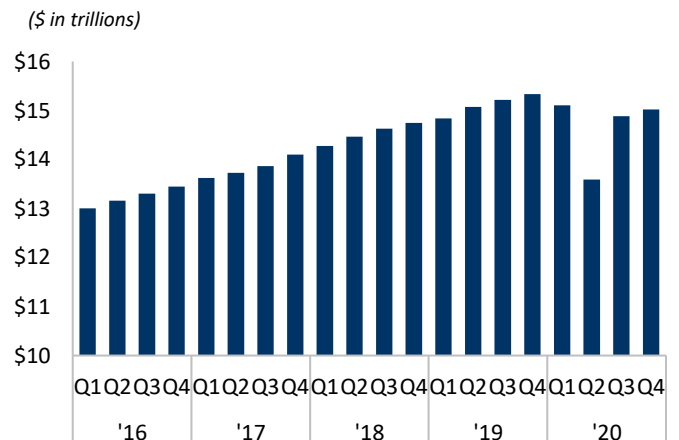
### Unemployment Rate



### Retail Sales



### Consumer Spending

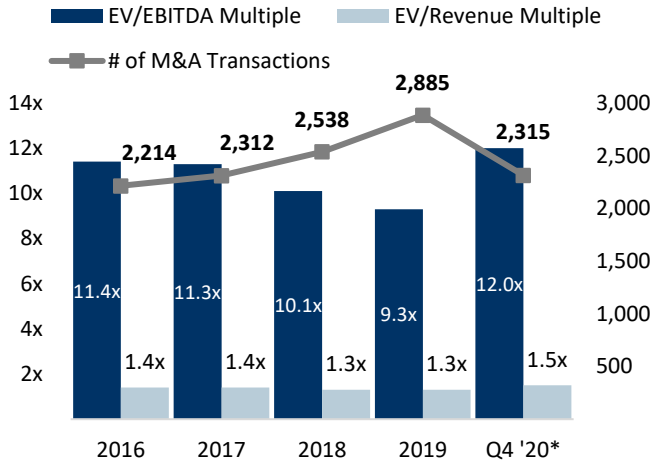


(1) Indexed relative to 2012.  
 (2) Indexed relative to 1985.

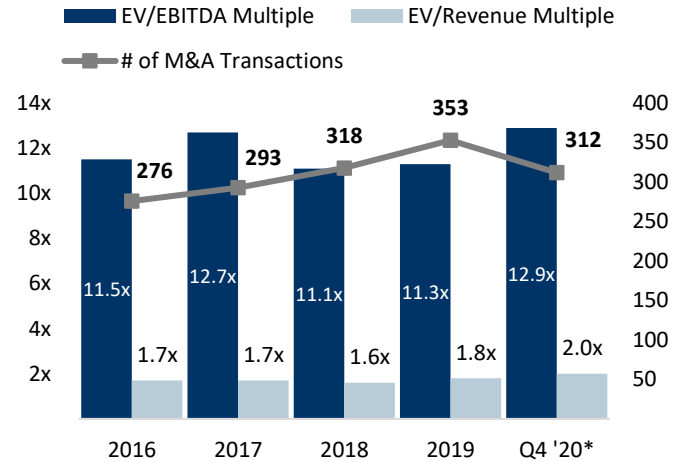


# AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

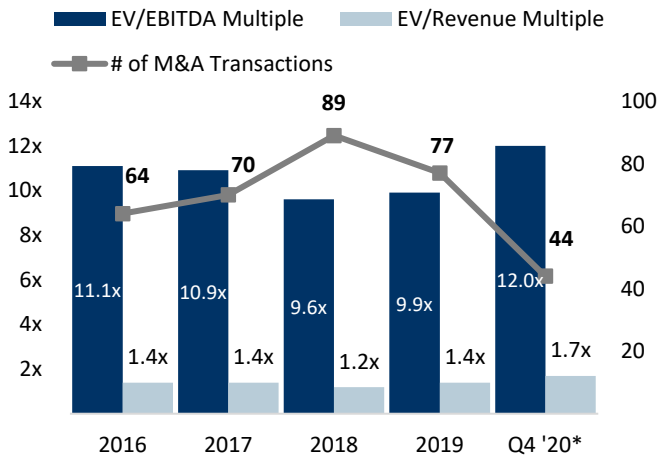
## General Industrial



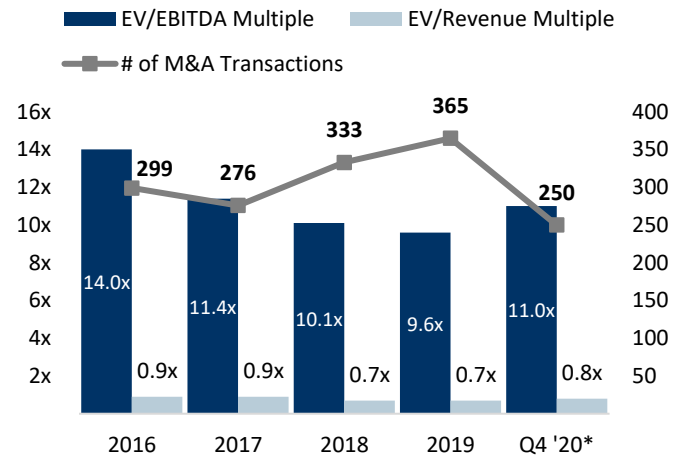
## IT Consulting & Other Services



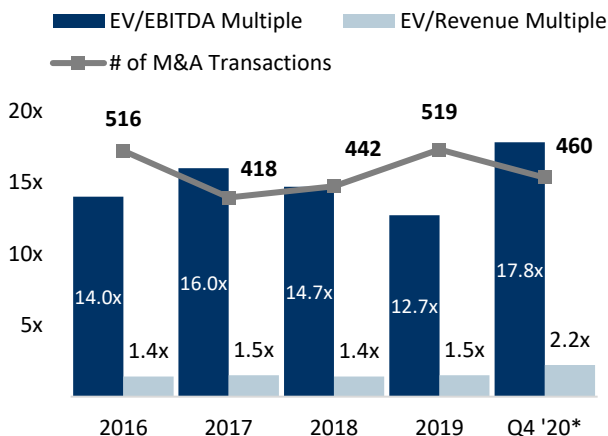
## Building Products



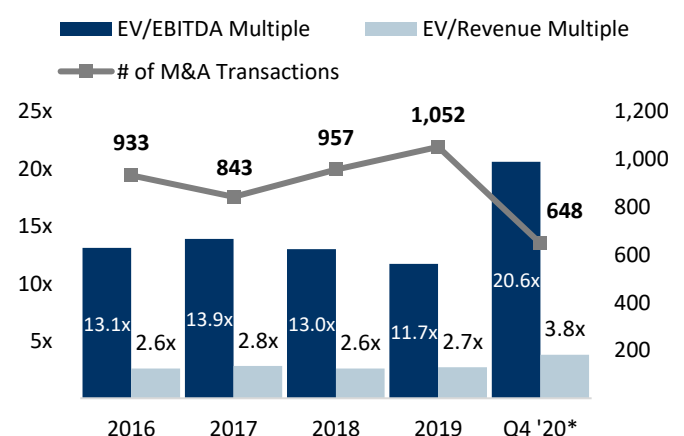
## Trading Companies & Distributors



## Retailing



## Consumer Services

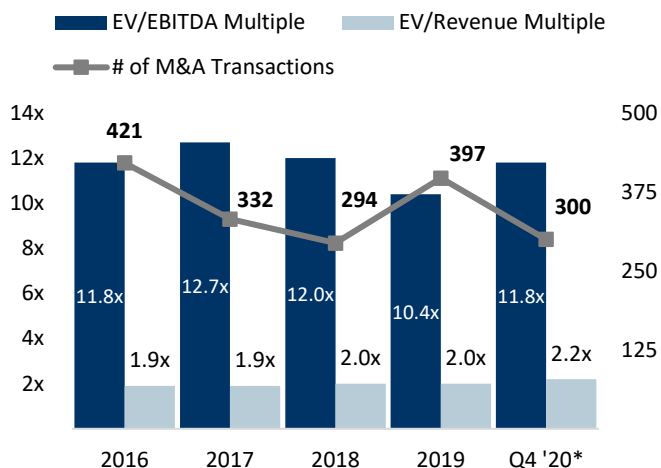


\*Latest twelve months as of December 31, 2020.

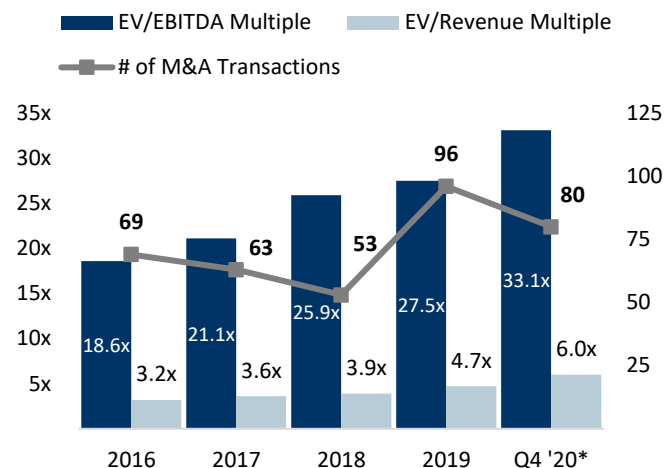
Note: EV = Enterprise Value.

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

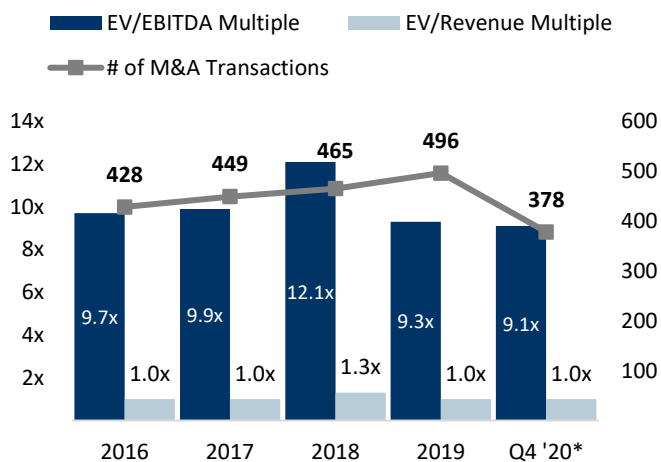
## Healthcare Facilities



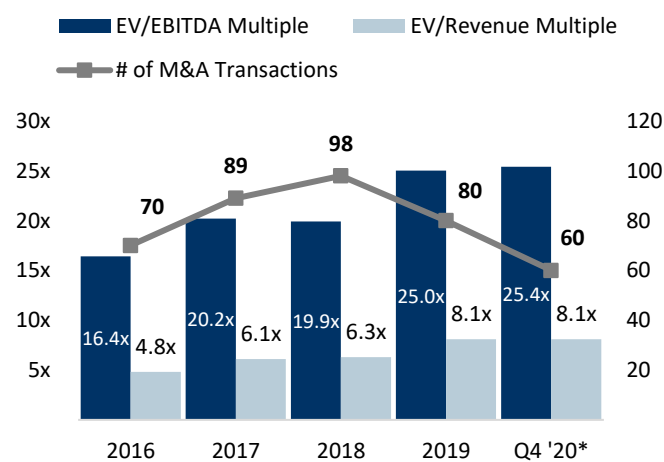
## Healthcare Software



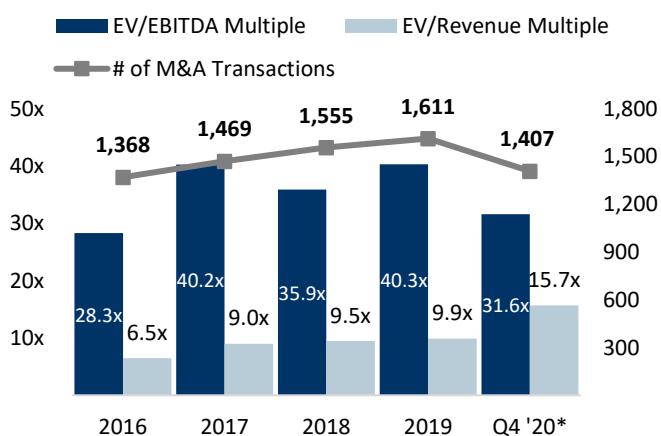
## Healthcare Services



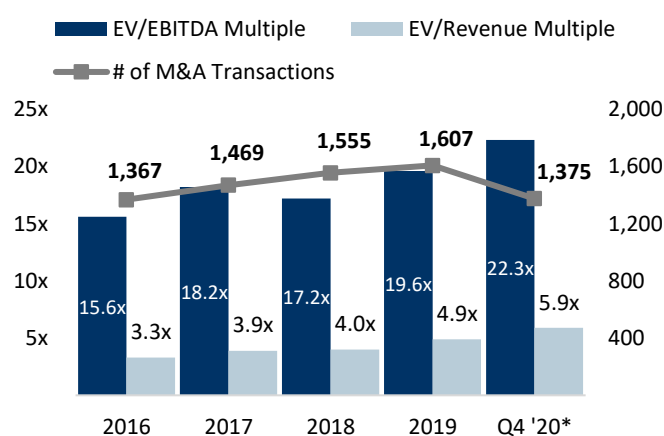
## Data Processing & Outsourced Services



## Software-as-a-Service



## General Software & Services



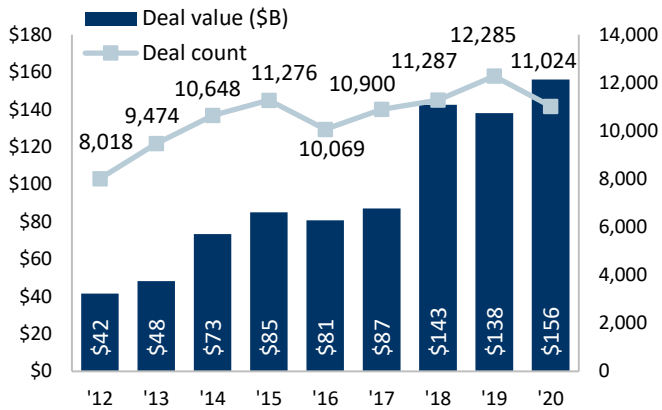
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Note: EV = Enterprise Value.

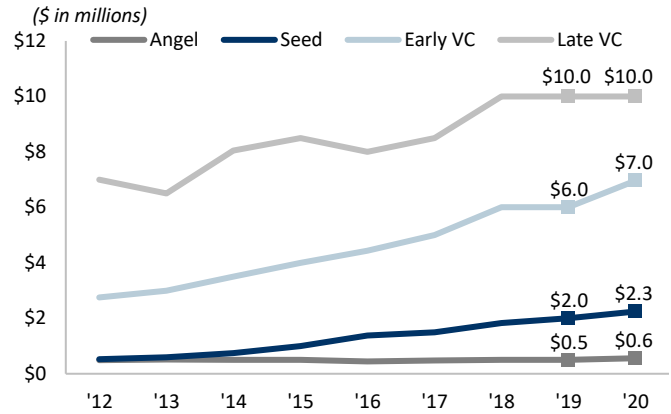


## PRIVATE CAPITAL DATA

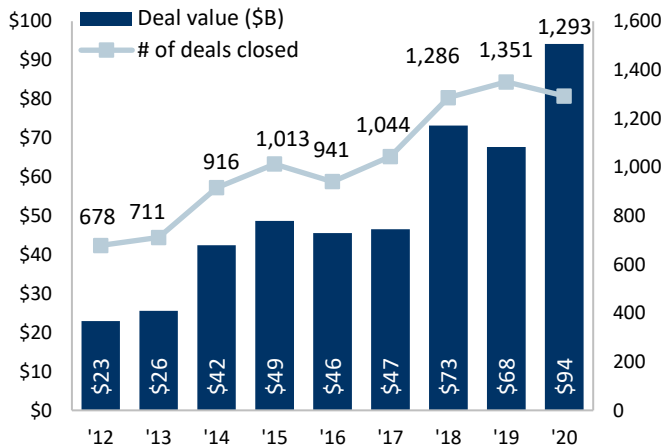
### U.S. VC Activity by Year



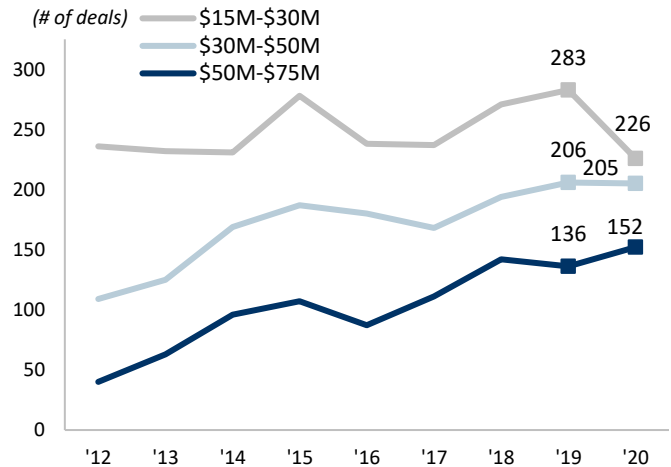
### Median VC Round Size by Stage



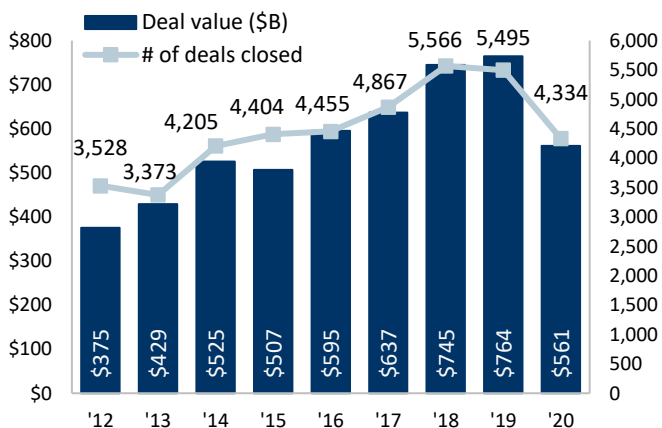
### U.S. Growth Equity Activity by Year



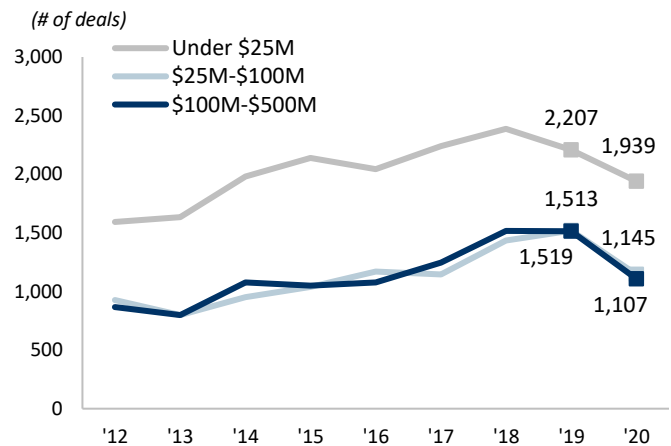
### U.S. Growth Equity Deals by Deal Size



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



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





## DISCLOSURES

Croft & Bender LP ([www.croft-bender.com](http://www.croft-bender.com)) is a leading middle market investment bank focused on the advisory needs of clients nationwide. The firm has extensive industry knowledge, transaction expertise, and a commitment to its clients' success. Croft & Bender LP provides sell-side and buy-side advisory, capital raising, and financial advisory.

Investment banking services are provided by Croft & Bender, a registered broker-dealer and member of FINRA and SIPC.

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