



**CROFT & BENDER**

**Q2 2022 Market Report**



**Mergers & Acquisitions**



**Private Equity**



**Financial Advisory**



## CONTACT US

## 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.

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## 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
- EBITDA greater than \$5 million
- Exceptions to typical EBITDA criteria:
  - Technology/High growth 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 \$20 million capital need



# REPRESENTATIVE TRANSACTIONS

## BUSINESS SERVICES

has been recapitalized by

Enviro-Master is a leading franchise provider of hygiene, sanitation and disinfection services to commercial businesses across North America.

## TECHNOLOGY

has completed a majority recapitalization of

Grayshift is a leading provider of mobile device digital forensics, specializing in lawful access and extraction, for law enforcement and government investigative agencies.

## INDUSTRIAL

has partnered with

Rasa Floors is a leading provider of replacement flooring solutions to the multi-family industry.

## HEALTHCARE

has completed a growth recapitalization led by

InductiveHealth is a leading provider of public health disease surveillance solutions.

## CONSUMER

has been acquired by

Potters Home Center is a leading hardware and building materials retailer operating 21 Home Centers across Tennessee and Kentucky.

has received an investment from

engage fi is a leading provider of technology-enabled consulting services to Community Financial Institutions.

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

Millwork Sales is a leading two-step distributor of millwork, hardware and related parts in the Southeastern U.S.

**Undisclosed**

has completed a debt recapitalization with a syndicate led by

The client is a leading provider of innovative prescription drug management solutions.

**Tech-Enabled Real Estate Brokerage Company**

has been acquired by

**An Undisclosed Buyer**

The client is a leading technology-driven residential real estate lead generation and brokerage platform.

has completed a buyout

**Led by Existing Management**

Cumberland Group is one of the Southeast's largest privately held IT Solutions Providers.

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

Grayshift is a leading provider of mobile device digital forensics, specializing in lawful access and extraction, for law enforcement and government investigative agencies.

a portfolio company of

**NARROW GAUGE CAPITAL**

has been acquired by

SEI is a leading installer of insulation and other specialty building products.

has been recapitalized by

MediStreams is a leading provider of healthcare remittance, reconciliation and payment automation solutions.

has been acquired by

Drive operates 22 automotive service and repair shops across five sunbelt states.

has been acquired by

a portfolio company of

Abacus Solutions is a world-class IBM i solutions provider.

has acquired

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

has been acquired by

a portfolio company of

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

has been acquired by

a portfolio company of

Medport is a leading, tech-enabled provider of healthcare financing solutions.

has been acquired by

a portfolio company of

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

## FEATURED TRANSACTIONS

### COMPANY OVERVIEW

- InductiveHealth is a leading provider of disease surveillance solutions that facilitate the real-time transmission of critical public health data from healthcare providers to public health agencies
- The Company's offerings include cloud-based Software-as-a-Service solutions, as well as technical solutions and value-added services, which include consulting, systems engineering, and data integration, processing and warehousing
- InductiveHealth serves U.S. public health agencies at the state and federal levels

### DEAL OVERVIEW

- The Company engaged Croft & Bender to evaluate strategic alternatives
- Croft & Bender worked with InductiveHealth to build a financial model, develop marketing materials, prepare a highly targeted list of prospective buyers, conduct management presentations, manage the diligence process and negotiate with potential partners
- Croft & Bender successfully negotiated the recapitalization of the Company with Diversis Capital



has completed a growth  
recapitalization led by



InductiveHealth is a leading  
provider of public health disease  
surveillance solutions.



### COMPANY OVERVIEW

- Cumberland Group is a leading provider of IT solutions and managed services
- The Company is made up of three distinct divisions: **Cumberland Group** (leading provider of IT solutions, including collaboration, data center, and enterprise networks and security services), **Abacus Hardware** (provider of IT infrastructure hardware and services) and **Abacus Solutions** (one of the largest, and growing, IBM i platform-focused providers of cloud, hardware, business continuity, and managed services)

### DEAL OVERVIEW

- The Company engaged Croft & Bender to evaluate strategic alternatives as the majority shareholders (no longer active in day-to-day operations) were seeking liquidity and the existing management wished to buy out their majority partners and to continue to run operations
- To achieve these goals, the Company explored a two-step transaction by raising proceeds through the divestiture of the Abacus Solutions division combined with proceeds from a third-party debt provider to finance the management buyout of the remaining two divisions
- Croft & Bender successfully negotiated the sale of Abacus Solutions to Fresche Solutions, a portfolio company of American Pacific Group, at a premium valuation
- Simultaneous to the Abacus Solutions transaction, Croft & Bender successfully negotiated the sale of the Cumberland Group and Abacus Hardware to its senior management



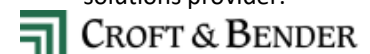
has been acquired by



a portfolio company



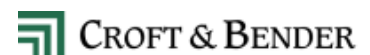
Abacus Solutions is a world-class IBM i  
solutions provider.



**Cumberland**  
GROUP

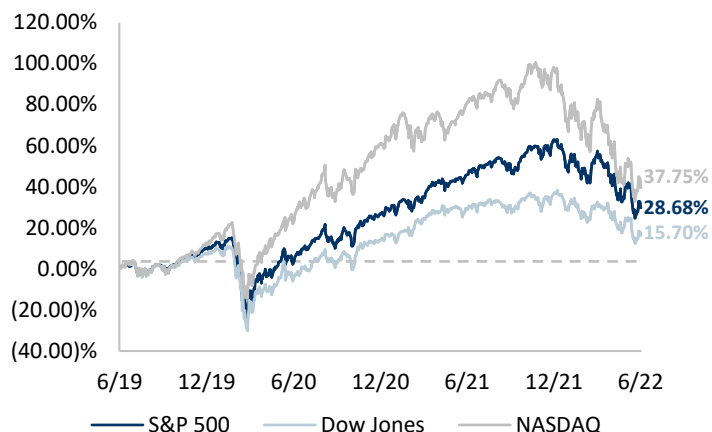
has completed a  
Management-Led Buyout

Cumberland Group is a leading provider of  
enterprise technology solutions  
and services.

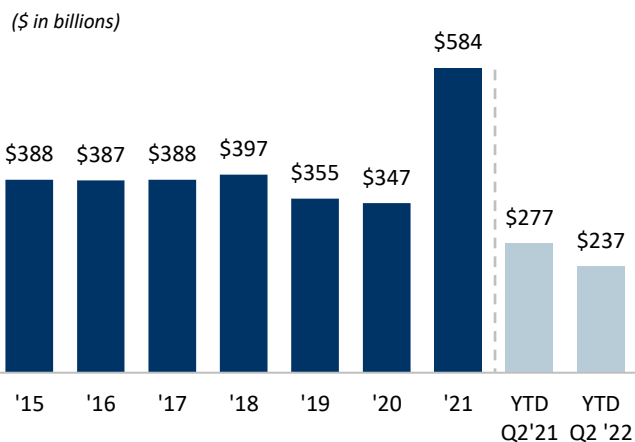


## KEY CAPITAL MARKETS DATA

### Public Equity Markets

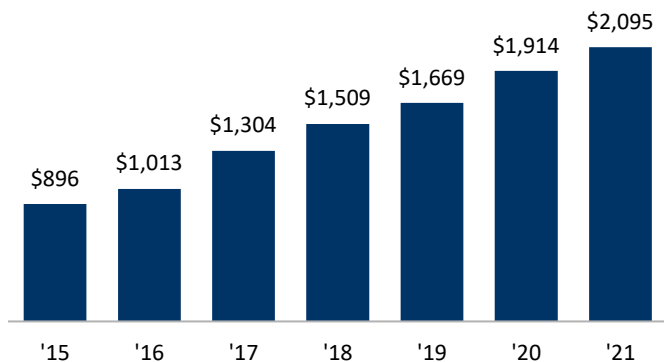


### Middle Market Deal Volume



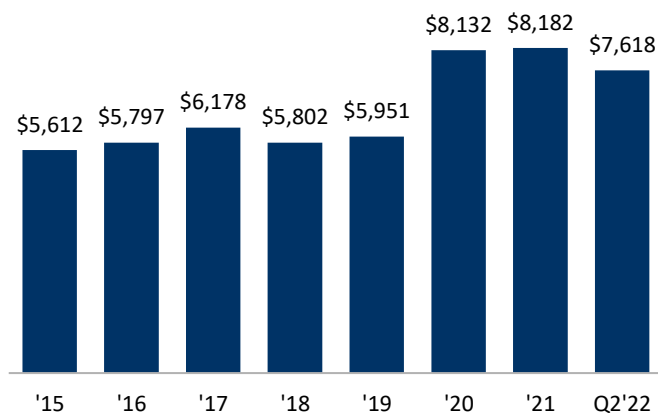
### Private Equity Dry Powder

(\$ in billions)

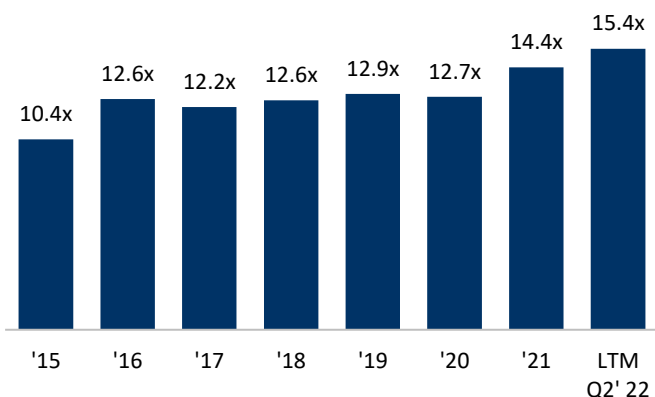


### Cash on Corporate Balance Sheets<sup>(1)</sup>

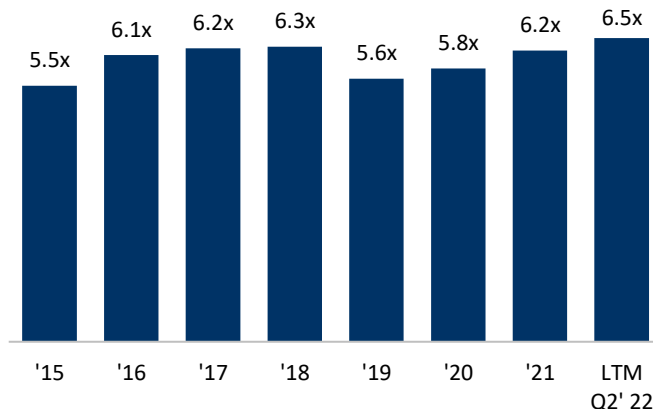
(\$ in billions)



### US PE Enterprise Value / EBITDA Multiples



### US PE Debt / EBITDA Multiples

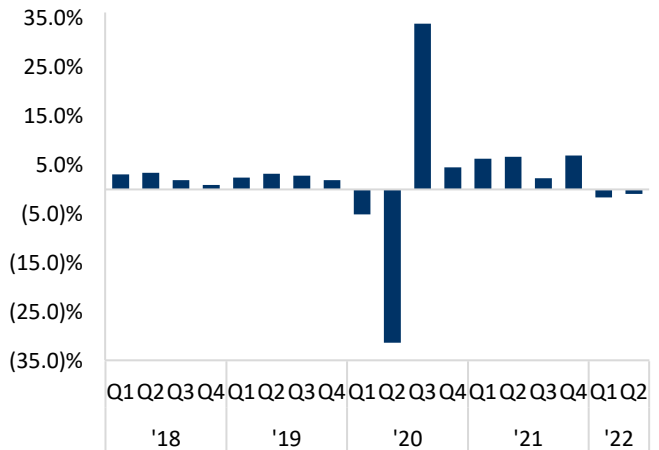


Note: Middle-market transactions have a disclosed enterprise value of less than \$1 billion.

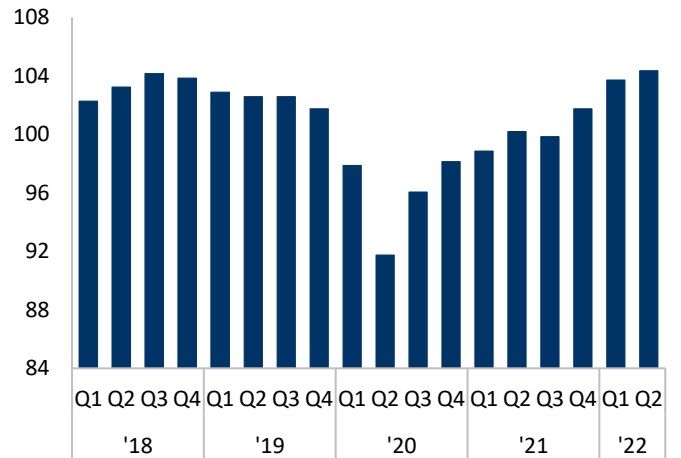
(1) Reflects current S&P 500 constituents.

## KEY ECONOMIC DATA

### Real GDP Growth



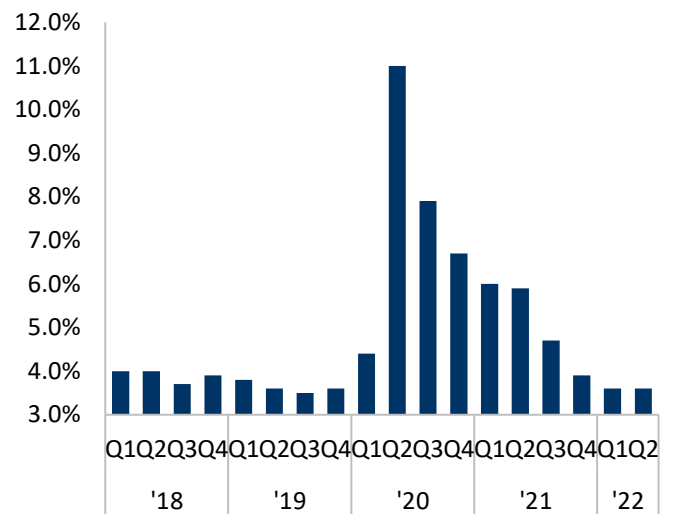
### Industrial Production<sup>(1)</sup>



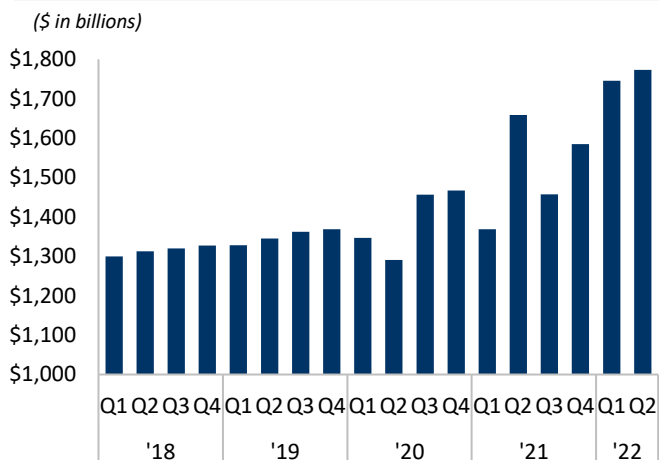
### Consumer Confidence<sup>(2)</sup>



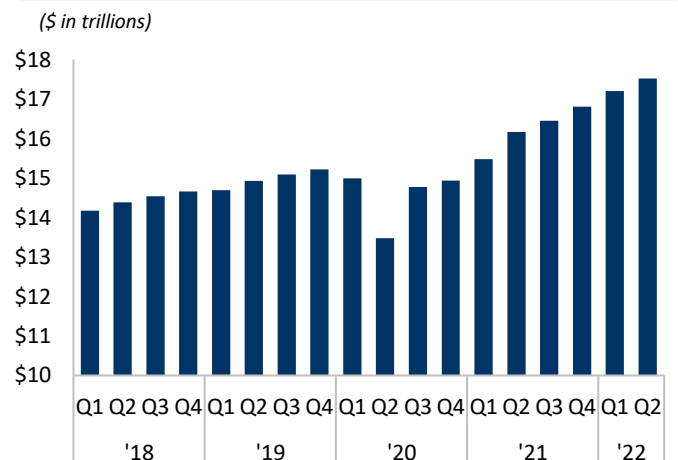
### Unemployment Rate



### Retail Sales



### Consumer Spending



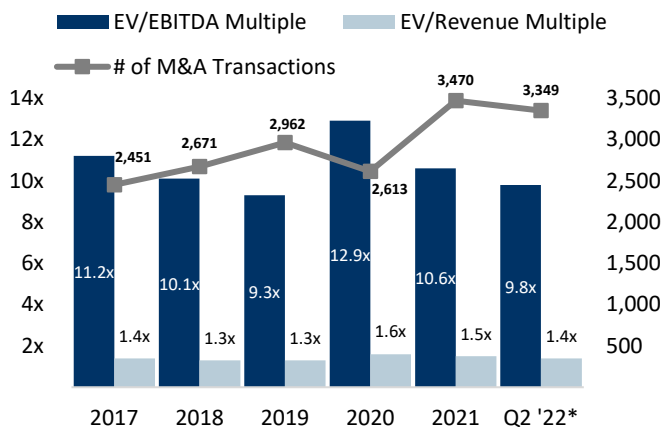
(1) Indexed relative to 2012.

(2) Indexed relative to 1985.

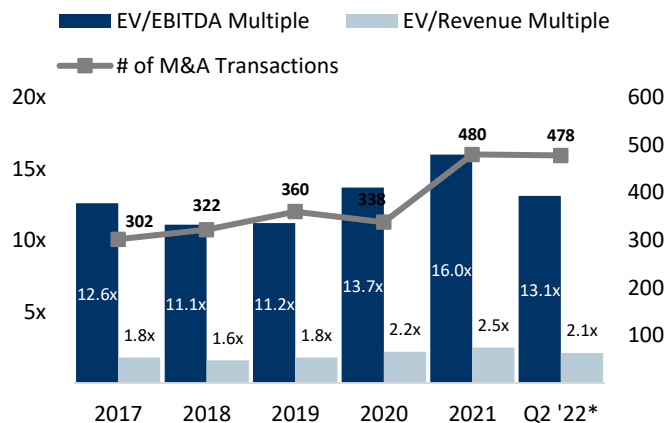


# AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

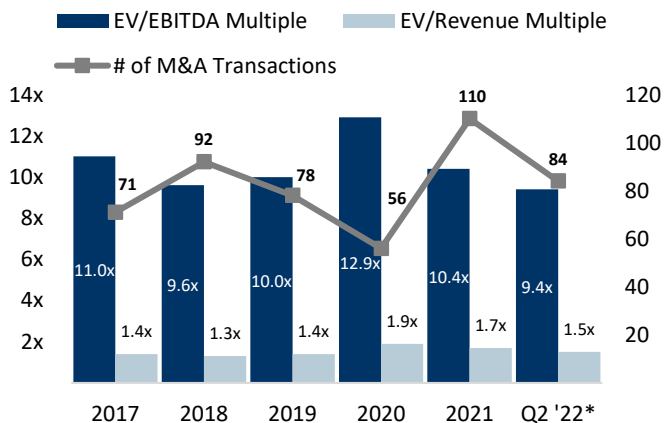
## General Industrial



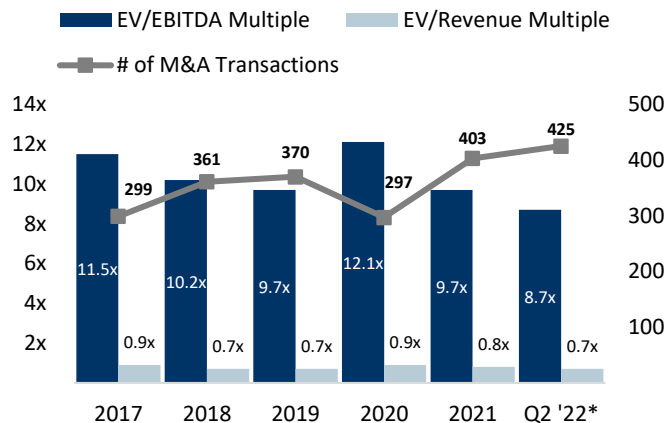
## IT Consulting & Other Services



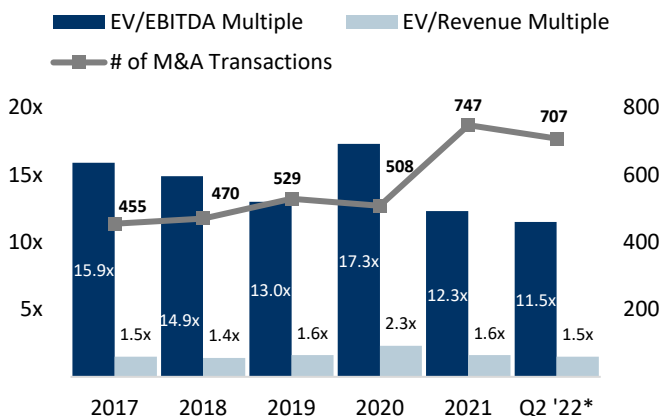
## Building Products



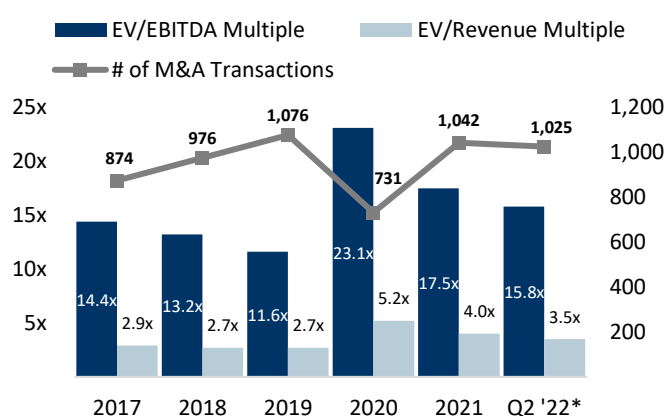
## Trading Companies & Distributors



## Retailing



## Consumer Services



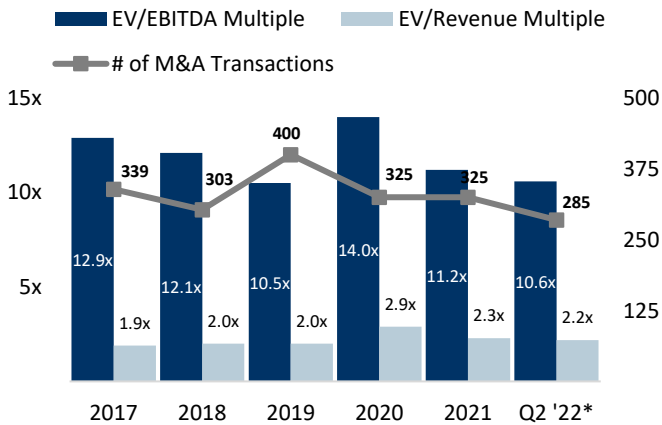
\*Latest twelve months as of June 30, 2022.

Note: EV = Enterprise Value.

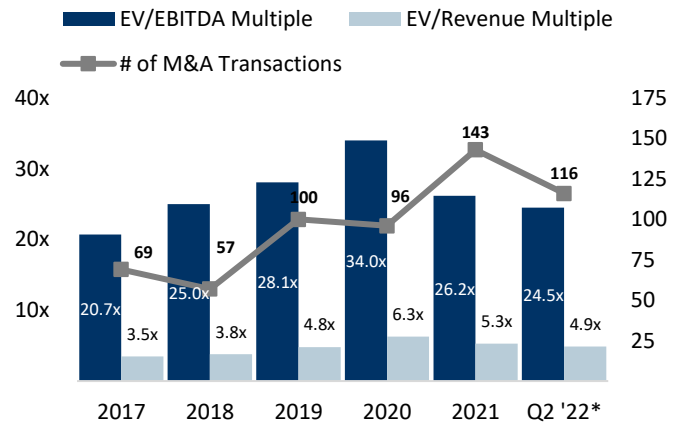


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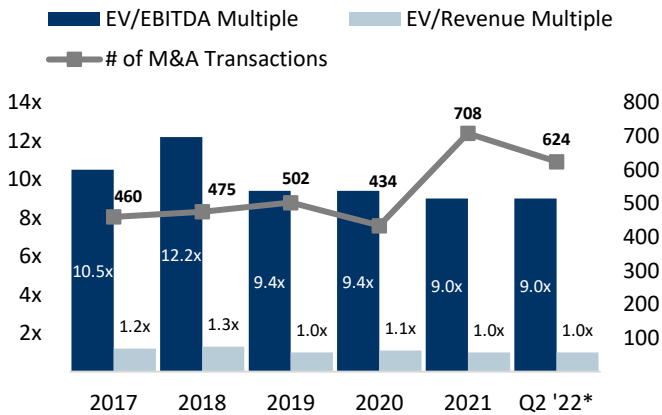
## Healthcare Facilities



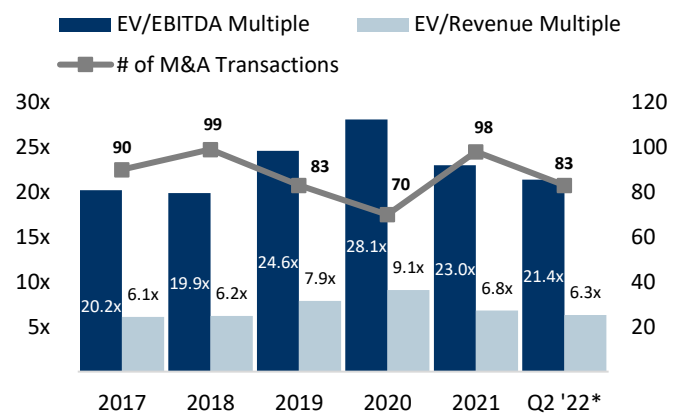
## Healthcare Software



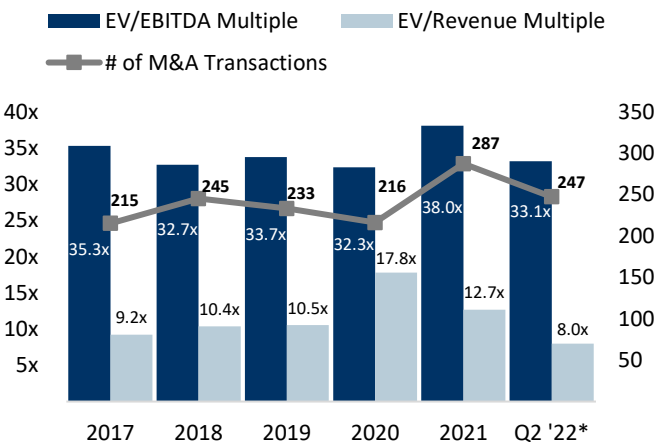
## Healthcare Services



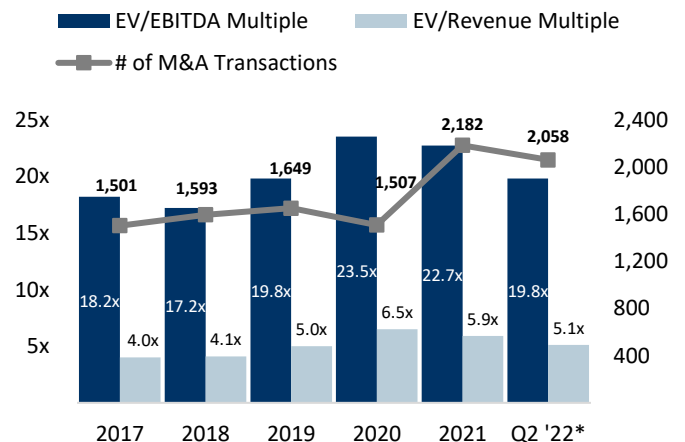
## Data Processing & Outsourced Services



## Software-as-a-Service



## General Software & Services



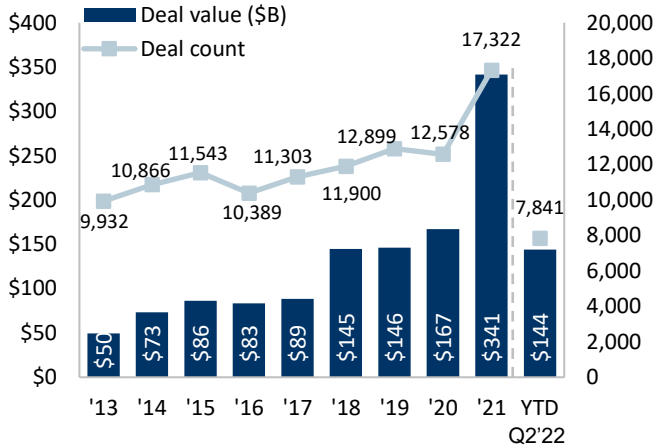
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Note: EV = Enterprise Value.

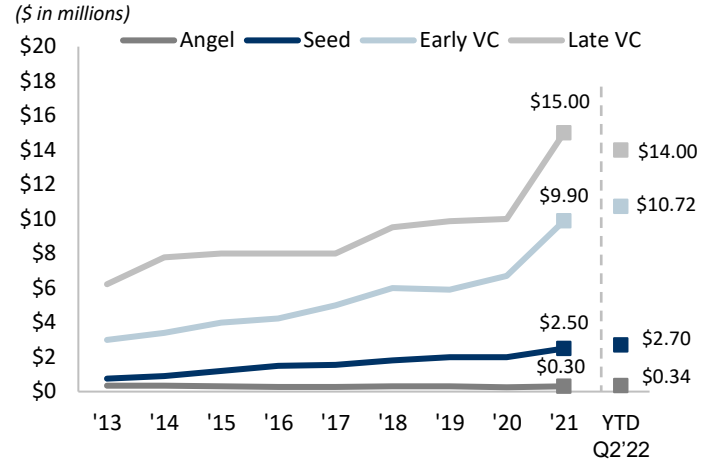


# PRIVATE CAPITAL DATA

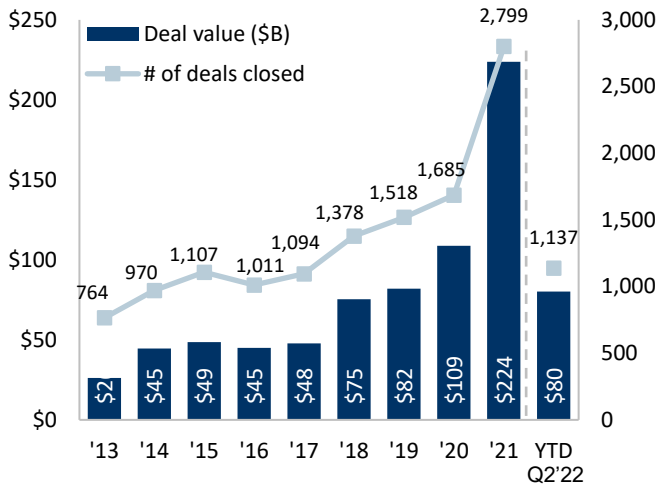
## U.S. VC Activity by Year



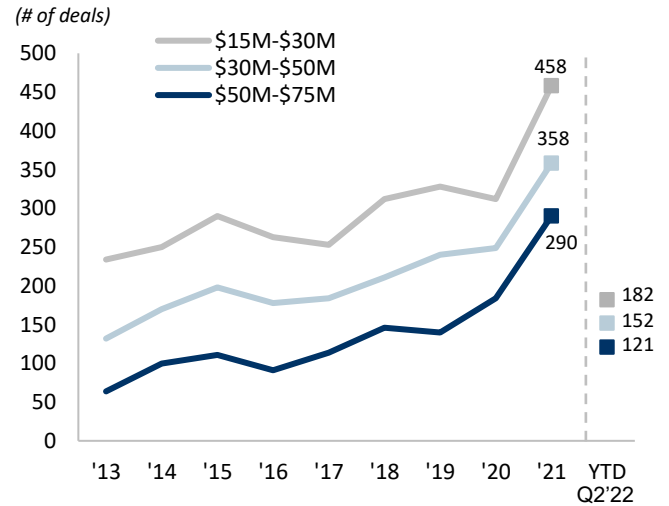
## Median VC Round Size by Stage



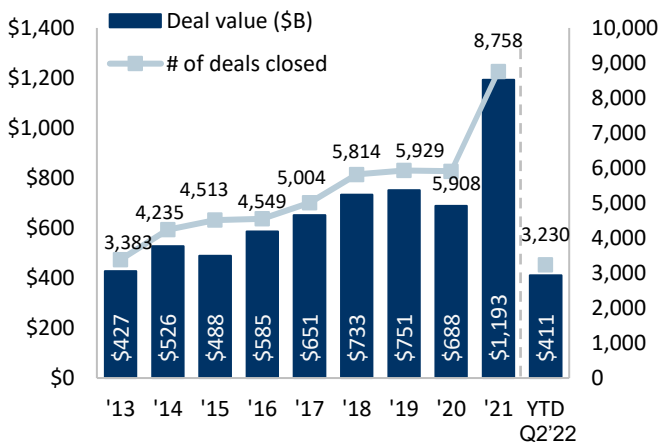
## U.S. Growth Equity Activity by Year



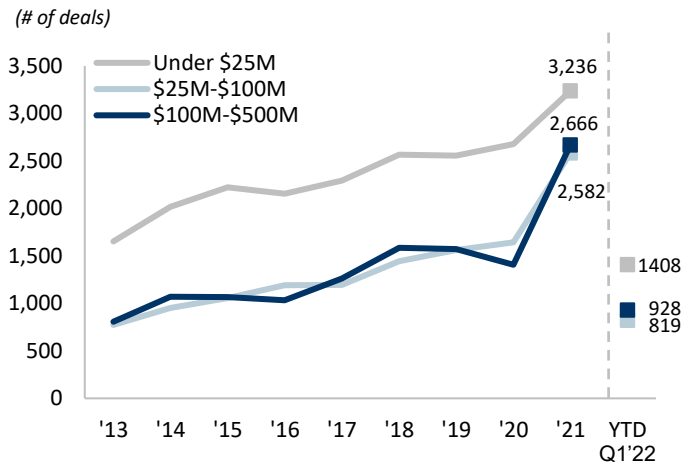
## U.S. Growth Equity Deals by Deal Size



## 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.

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