



CALABASAS CAPITAL

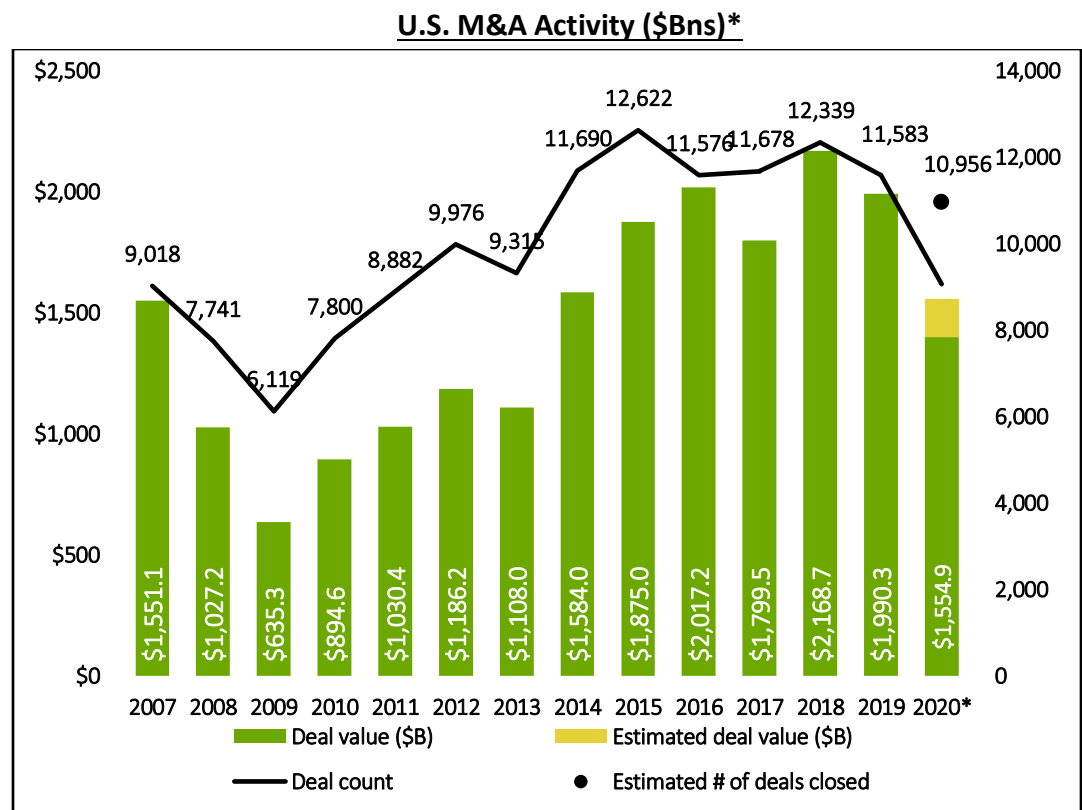
2020 M&A Market Recap

About Us

Calabasas Capital is a boutique investment banking firm focused on serving lower middle-market privately held companies, including many family-held businesses, and their owners. We specialize in sell-side and buy-side mergers, sales and acquisitions and we raise private equity and debt capital.

M&A Activity Down but Not Out

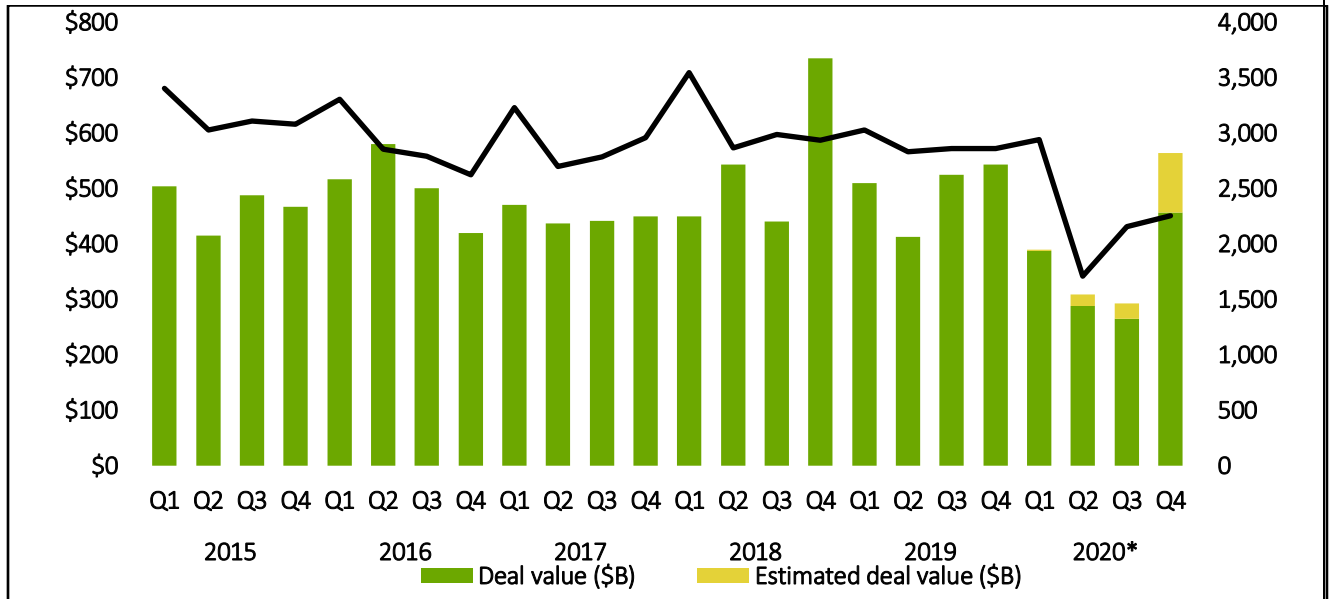
According to PitchBook Data, in 2020 the value of U.S. M&A activity dropped 22% in terms of deal value but only by 5% in terms of deal volume (number of deals) from 2019 to 2020.



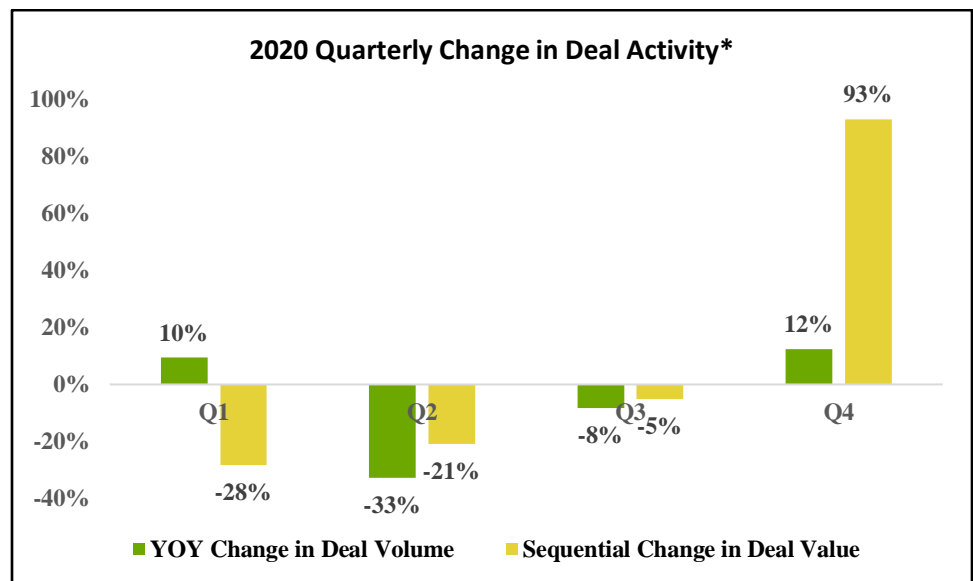
*Source: PitchBook Data Year End 2020 M&A Report.

The less than expected overall drop for the year was largely a function of the dramatic rebound in activity in the second half of the year.

U.S. M&A Activity (\$Bns)*



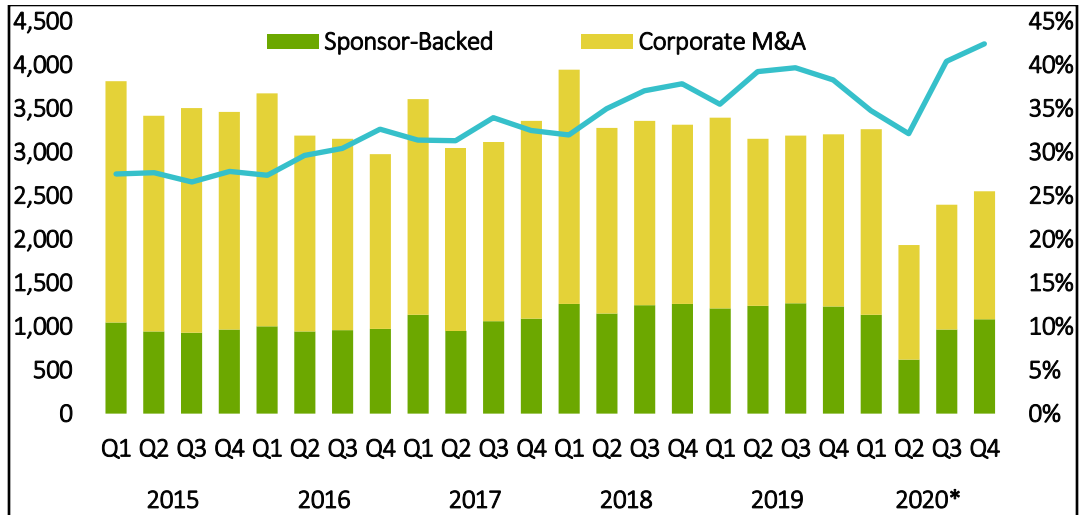
Deal activity in the 4th quarter especially rebounded strongly. On a sequential basis, overall U.S. M&A deal value increased by 93% in Q4 2020 over Q3 2020. On a year over year basis, while quarterly deal volume decreased by 33% in Q2 and 8% in Q3, remarkably deal volume in Q4 2020 increased by 12% over Q4 2019. In fact, deal value in Q4 2020 was the strongest quarter for U.S. M&A in quite some time (since Q2 2016).



*Source: PitchBook Data Year End 2020 M&A Report.

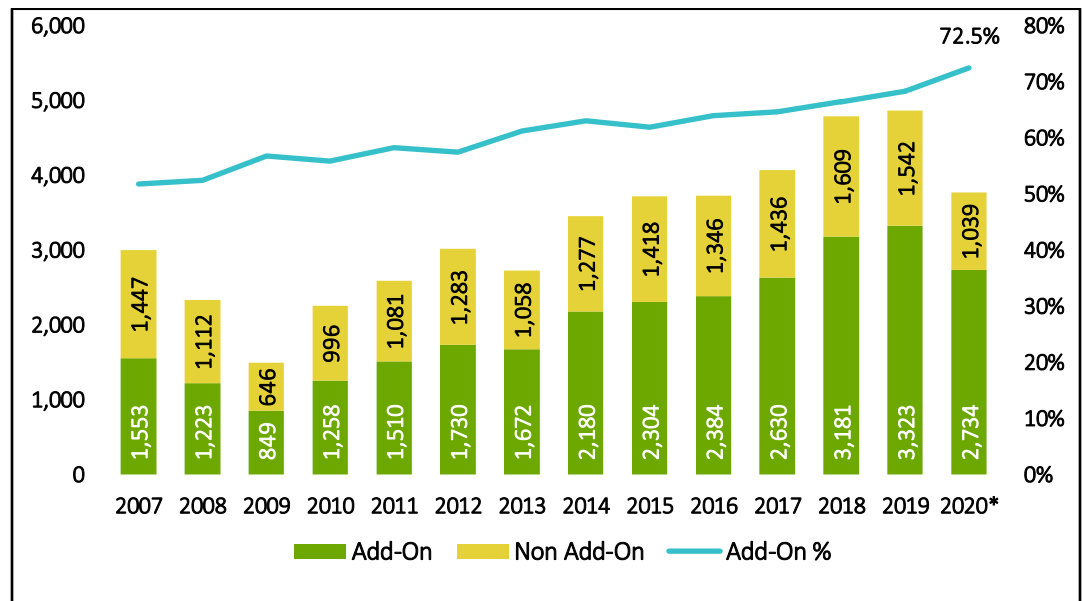
Strategics vs. Sponsors

Transaction Volume by Buyer Type*



According to PitchBook Data, the percentage of deals completed by financial buyers resumed its long-term uptrend in the second half of 2020. After dropping to a recent low of 31% in 2Q 2020, the % of deals represented by financial sponsors increased to 40% in Q3 and 42% in Q4 2020. Clearly the resurgence of private equity activity has been a key driver in the rebound of overall M&A activity.

Add-Ons More of a Focus Than Ever



According to PitchBook Data, the percentage of private equity deals representing add-on acquisitions by existing portfolio companies as compared to acquisitions of accelerated to over 72% in 2020.

*Source: PitchBook Data Year End 2020 M&A Report.



Valuations

As activity has rebounded, so have valuation multiples especially for large well-positioned middle market companies that represent attractive platform acquisition opportunities. Multiples in the lower mid-market have rebounded as well (back to 7x in 4Q 2020 according to GF Data for private equity deals of \$10 to \$250 million in size) but the gap between large, high quality deals and smaller deals has only widened.

Calabasas Capital

Our comprehensive services include:

- Sell-Side and Buy-Side Mergers & Acquisitions Advisory
- Private Equity & Debt Capital Raising
- Acquisition Financing
- Financial Restructuring

Our industries of expertise include:

- Consumer Products & Services
- Business Services
- Aerospace & Defense
- Software & Ecommerce
- Industrial Manufacturing & Distribution

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