



CALABASAS CAPITAL

2nd Quarter 2021 Private Equity M&A Update

About Us

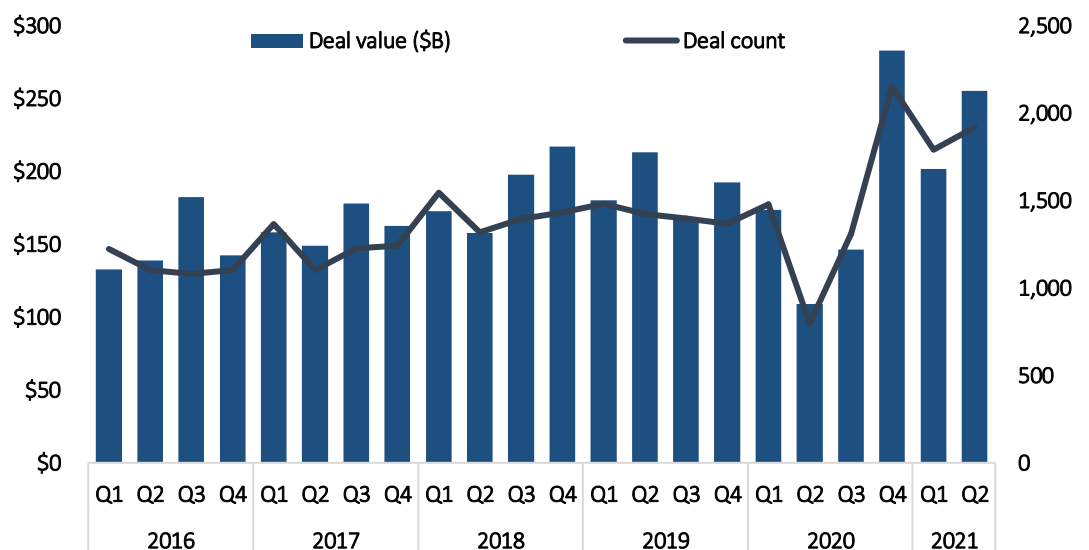
Calabasas Capital is a boutique investment banking firm focused on serving lower middle-market privately held companies, including many family-held businesses, and their owners. We specialize in sell-side and buy-side mergers, sales and acquisitions and we raise private equity and debt capital.

Private Equity M&A Momentum Continues

According to PitchBook Data, U.S. private equity deal activity was at a record-setting pace through Q2 2021 driven by the economic recovery, availability of low-cost financing, significant buy side dry powder and the likelihood of a capital gains tax hike.

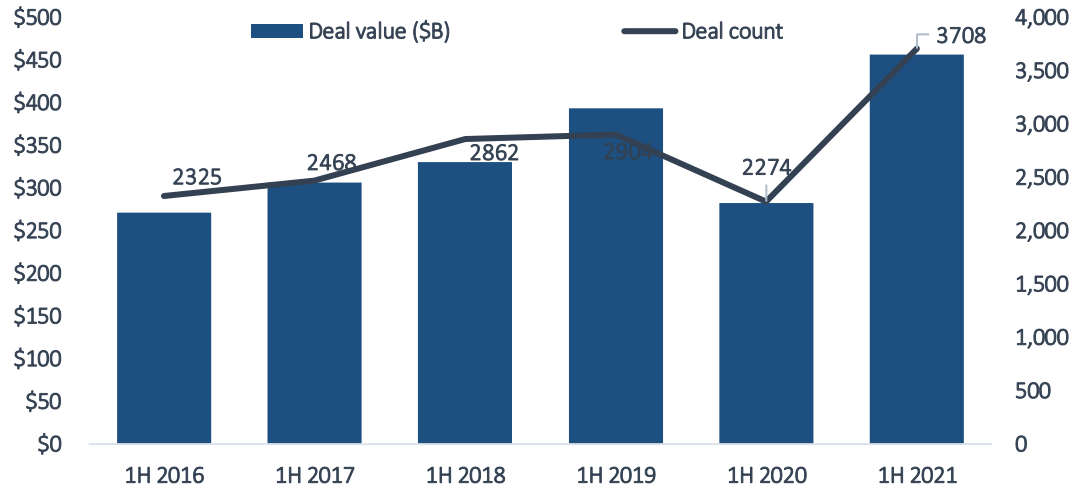
In Q2 2021, PE dealmaking continued at a frenetic pace for the third quarter in a row. Through the first half of the year, PE firms have closed on 3,708 deals, worth a combined \$456.6 billion—nearly two-thirds the deal value in all of 2020. Q2 2021 registered the second-highest deal activity in a decade after Q4 2020.

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



*Source: PitchBook Data 2nd Quarter 2021 U.S. Private Equity Report.

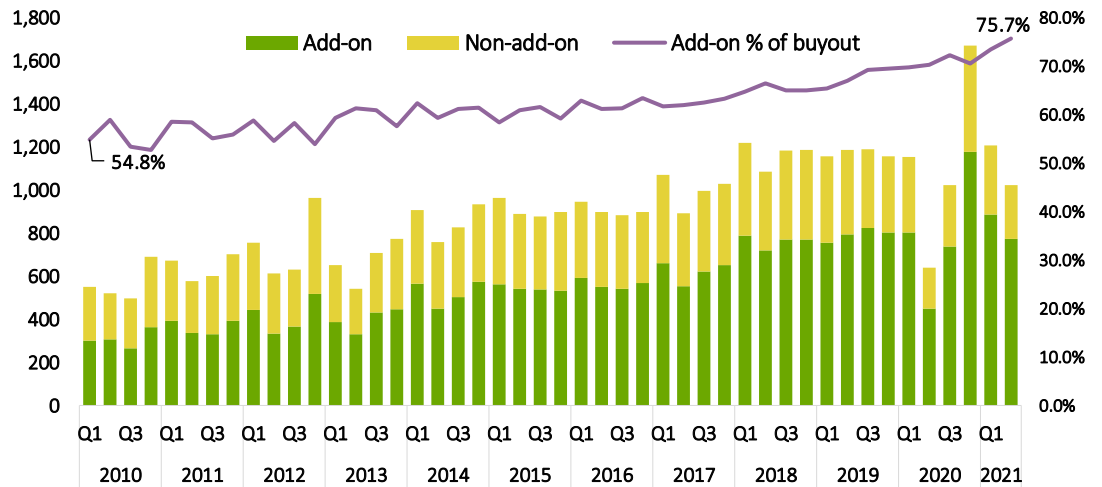
U.S. Private Equity 1st Half M&A Activity (\$Bns)*



*Source: PitchBook Data 2nd Quarter 2021 Private Equity Report.

The 3,708 deals completed in H1 2021 was not only 63% higher than during the pandemic in 2020, it was also 30% higher than pre-Covid deal volume in H1 2019.

Add-Ons More of a Focus Than Ever

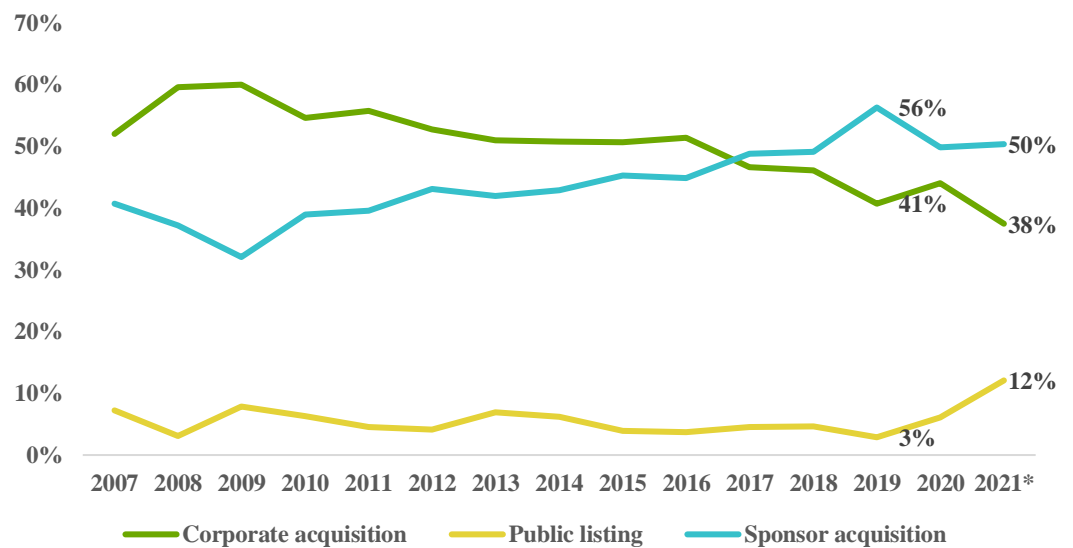


According to PitchBook Data, the percentage of private equity deals representing add-on acquisitions by existing portfolio companies as compared to acquisitions of accelerated to a record 76% in 2Q 2021. With valuations for larger platforms remaining very high, acquiring smaller add-ons can usually be accomplished at lower valuations allowing sponsors to average down their acquisition multiples for their platforms.

*Source: PitchBook Data 2nd Quarter 2021 Private Equity Report.

Richly Valued Public Markets Increasing as an Exit Option

Over the past five years, the share of private equity exits to the public markets has increased significantly. This trend is most notable in the past two years. While the percentage of exits to corporate buyers and sponsors have both decreased by about 10% since 2019 the share of exits to the public markets has increased 300% from 3% to 12%. The strong public market valuations supporting IPOs and the abundance of SPACs are the main causes of this trend while sponsors, who still represent the largest proportion of buyers from private equity, have been less inclined, at least relatively, to buy richly priced assets from their brethren.



*Source: PitchBook Data 2nd Quarter 2021 Private Equity Report.

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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