



*M&A Update*

# Manufacturing & Distribution

September 2020

# Key Highlights

*M&A in the United States*

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*M&A in the Manufacturing & Distribution Sector*

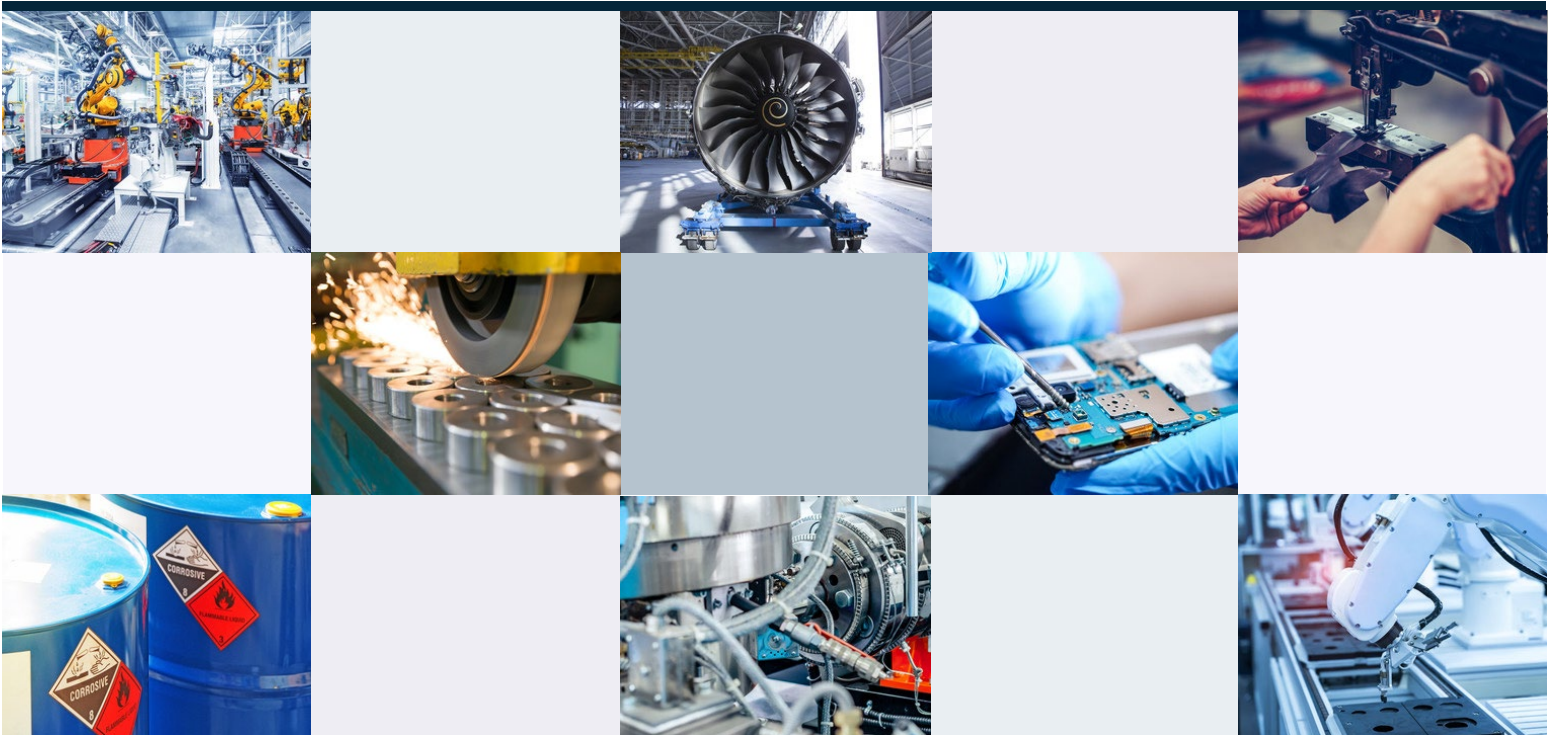
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*Notable Transactions*

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# M&A in the United States

## Deal Activity & Valuations

### Deal Activity

Mergers and acquisitions activity through the end of the third quarter of 2020 fell 20% on a year-over-year basis as the economic effects of the coronavirus pandemic continue to influence deal activity in the United States. Additionally, total deal value continues to decline as acquirers have developed a more cautious approach to the deployment of capital, given the vast uncertainties surrounding the pandemic.

**10,532**  
M&A Deals

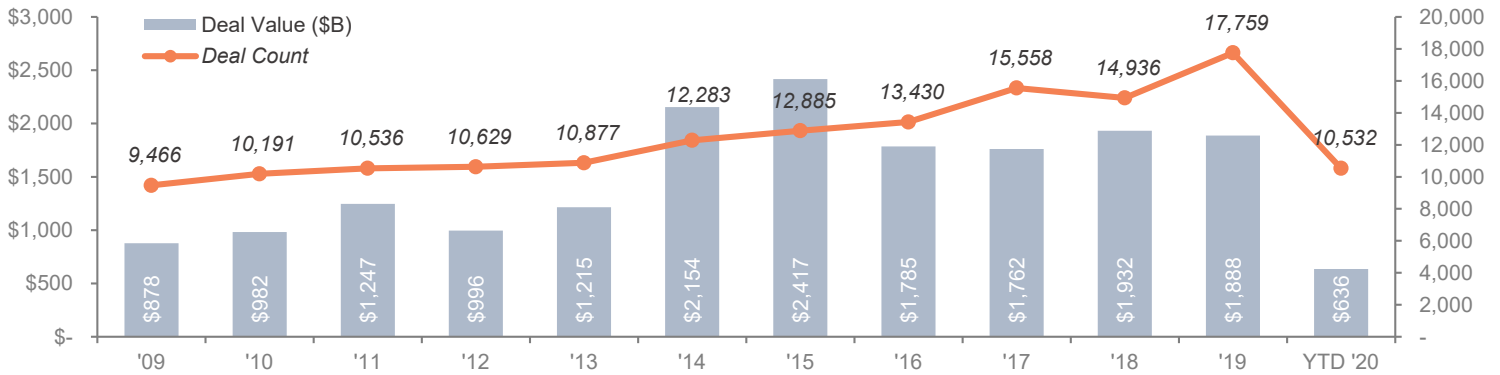
▼ 20% YoY decline

**\$0.6 Trillion**  
Deal Value

▼ 55% YoY decline

### Total M&A Deal Volume & Value in the United States

\$ in Billions; Year to date through September 30, 2020



### Valuations

Given the complexity of accurately valuing assets in the current coronavirus environment as well as the overall uncertainty surrounding the market, acquirers have creatively modified transaction structures resulting in less cash at close while maintaining relatively high valuation multiples.

**10.2x**

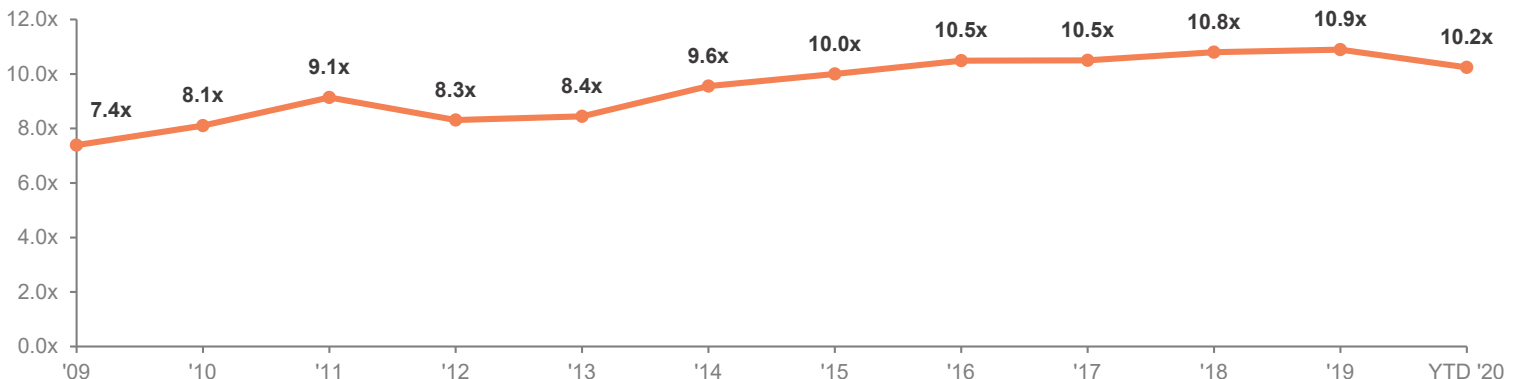
Current Median  
EV / EBITDA

**10.5x**

5-Year Median  
EV / EBITDA

### Median Enterprise Value (EV) / EBITDA Valuation Multiple

Only includes transactions with disclosed financial terms; Year to date through September 30, 2020



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: YoY = Year-over-year; Enterprise Value = Market Cap + Debt - Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization



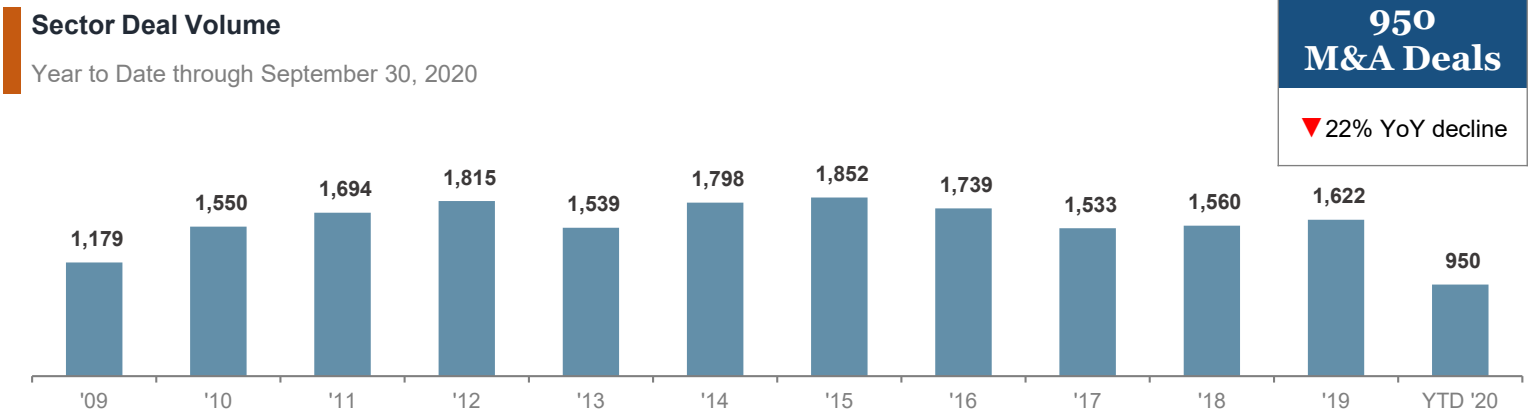
# M&A in the Manufacturing & Distribution Sector

## Sector Snapshot

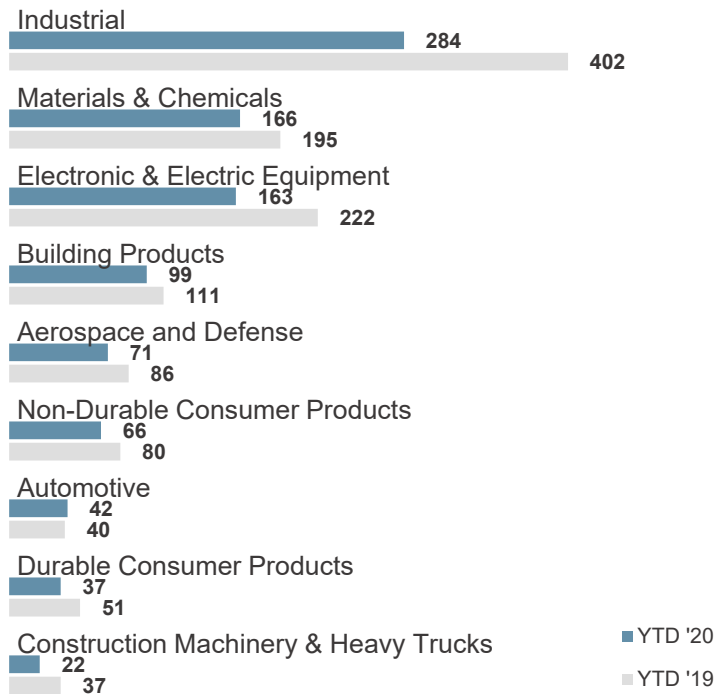
### Industries in the U.S. Manufacturing & Distribution Sector

- Aerospace and Defense
- Automotive
- Building Products
- Construction Machinery & Heavy Trucks
- Durable Consumer Products
- Electronic & Electric Equipment
- Industrial
- Materials & Chemicals
- Non-Durable Consumer Products

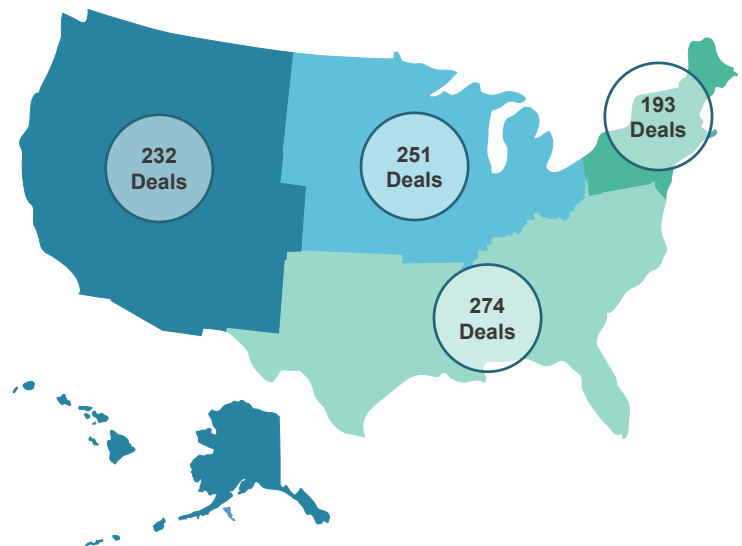
### Sector M&A Deal Volume



### M&A Deal Volume by Industry



### M&A Deal Volume by U.S. Region



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research  
Definitions: YoY = Year-over-year

# M&A in the Manufacturing & Distribution Sector

## Notable Deals & Buyer Mix

### Notable Deals

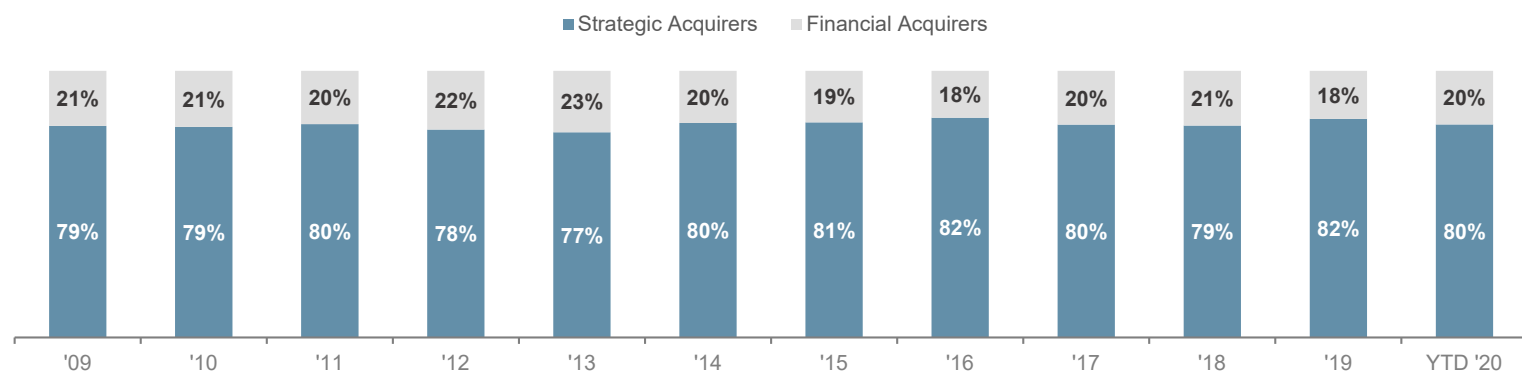
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Sep 2020	ArcelorMittal USA LLC	Cleveland-Cliffs Inc. (NYSE:CLF)	\$3,289	0.3x	-
Sep 2020	Torotel, Inc. (OTCPK:TTLO)	TT Group Industries, Inc.	\$41	1.6x	22.1x
Aug 2020	BMC Stock Holdings, Inc. (NasdaqGS:BMCH)	Builders FirstSource, Inc. (NasdaqGS:BLDR)	\$2,778	0.7x	9.4x
Aug 2020	Huttig Building Products, Inc. (NasdaqCM:HBP)	Mill Road Capital Management LLC	\$276	0.4x	13.7x
Jul 2020	Turf Design Inc.	Armstrong World Industries, Inc. (NYSE:AWI)	\$118	4.7x	-
Jul 2020	Renco Electronics, Inc.	Standex International Corporation (NYSE:SXI)	\$28	1.0x	-
Jul 2020	Precision Industries, Inc.	Live Ventures Incorporated (NasdaqCM:LIVE)	\$31	-	-
Jul 2020	Siege Sports, LLC	Bridge Lake Partners, LLC	-	-	-
Jul 2020	Vivint Solar, Inc.	Sunrun Inc. (NasdaqGS:RUN)	\$3,302	8.7x	-
Jun 2020	Giner ELX, Inc.	Plug Power Inc. (NasdaqCM:PLUG)	\$61	-	-

Note: This table includes only a sample of relevant transactions in the context of M&A activity in the sector. It is not meant to be all-inclusive.

### Buyer Mix

#### Share of Acquisitions

% of Acquisitions by Strategic and Financial Acquirers



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

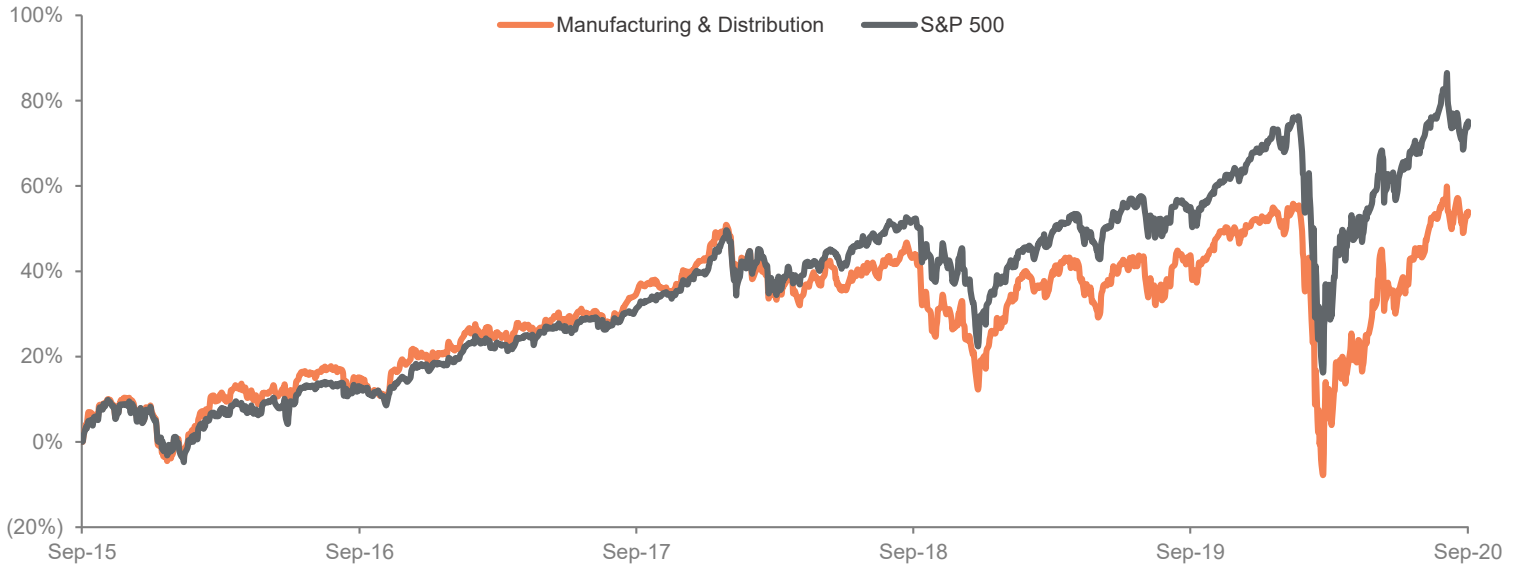
# Public Companies in the Mfg. & Distr. Sector

## Performance & Valuations

### Sector Performance

#### Return vs. S&P 500

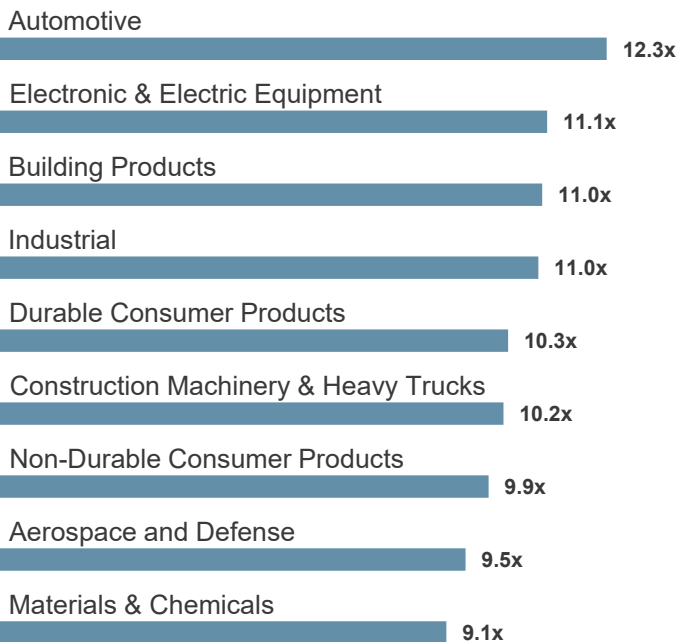
Last 5 Years



### Valuations

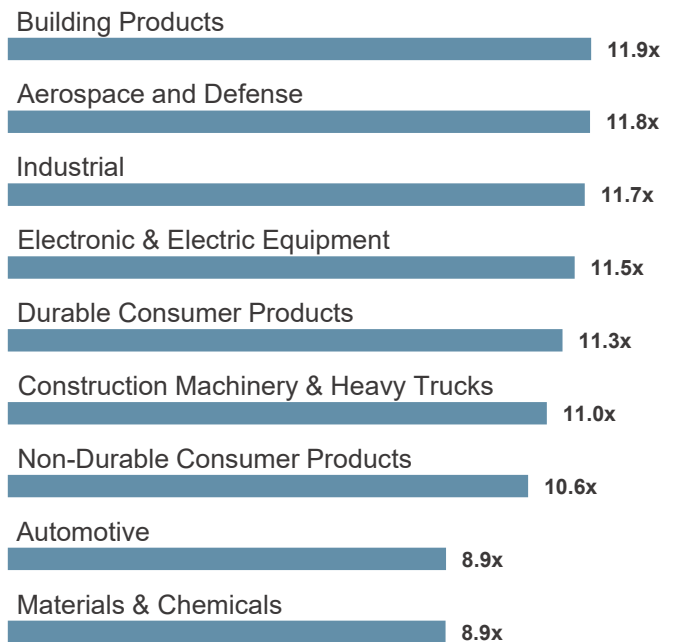
#### Enterprise Value / LTM EBITDA

Median of Publicly Traded Companies



#### Enterprise Value / NTM EBITDA

Median of Publicly Traded Companies



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt - Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization; LTM = Last Twelve Months; NTM = Next Twelve Months

# CC Capital Advisors

## Firm Overview

### Who We Are

CC Capital Advisors is a boutique investment banking firm providing mergers and acquisitions, capital raising and strategic advisory services to middle market clients. Our experienced team of committed advisors combines long-standing transaction experience to provide independent and uncompromised services to achieve our clients' objectives.

### Who We Serve

We tailor our services to a broad base of clients, including entrepreneurs, family-owned businesses, private and public corporations, family offices, private equity and venture capital investors. Clients have repeatedly chosen us as trusted advisors and partners because of our quality advice, ability to execute transactions and client-first philosophy.

### What We Do

Mergers & Acquisitions	Capital Raising Advisory	Strategic Advisory
<ul style="list-style-type: none"><li>Sales of privately-held companies</li><li>Buy-side acquisitions</li><li>Minority buyouts</li><li>Corporate subsidiary divestitures</li><li>Private equity and venture capital portfolio divestitures</li></ul>	<ul style="list-style-type: none"><li>Senior secured and unsecured debt</li><li>Mezzanine capital</li><li>Growth equity capital</li><li>Recapitalizations</li><li>Private placements of institutional capital</li></ul>	<ul style="list-style-type: none"><li>Business valuations</li><li>Fairness opinions</li><li>Strategic options assessment</li><li>Ownership transition planning</li><li>Corporate reorganizations</li></ul>

### Why Clients Choose Us

<b>100+ Years</b>	Collective investment banking experience of our team	<b>\$7 Billion</b>	Completed transaction experience of our team
<b>Midwest Values</b>	Integrity, experience and commitment are our core values	<b>\$1 Billion</b>	Completed transaction value in the last five years
<b>Global Reach</b>	We represent clients across the world	<b>20+ Deals</b>	Number of transactions closed since 2017

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