



*M&A Update*

# Manufacturing & Distribution

June 2020

# Key Highlights

*M&A in the United States*

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*M&A in the Manufacturing & Distribution Sector*

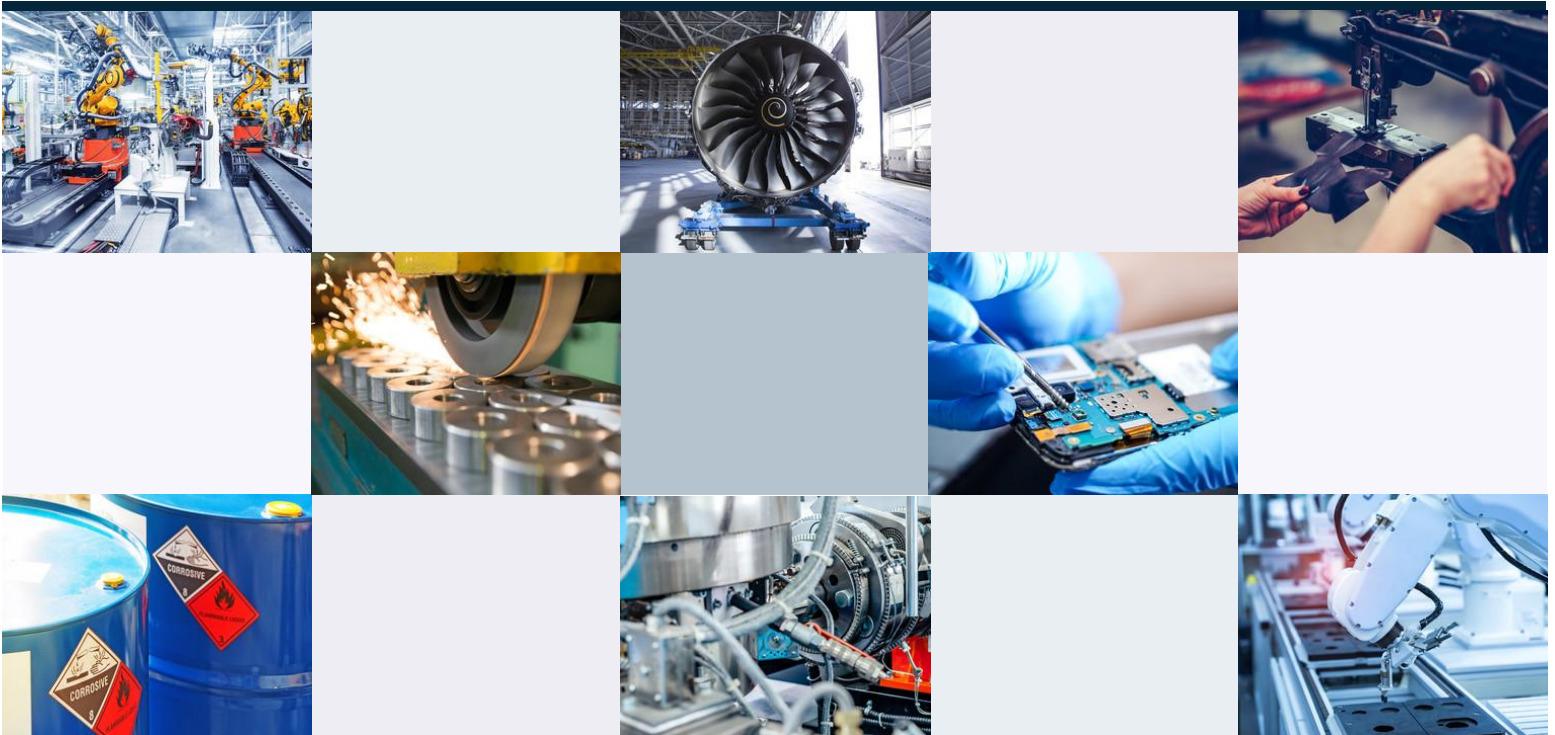
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*Notable Transactions*

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# M&A in the United States

## Deal Activity & Valuations

### Deal Activity

Mergers and acquisitions activity through the end of the second quarter of 2020 fell 17% on a year-over-year basis as the continued economic effects of the coronavirus pandemic drastically impact 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.

**5,329**  
M&A Deals

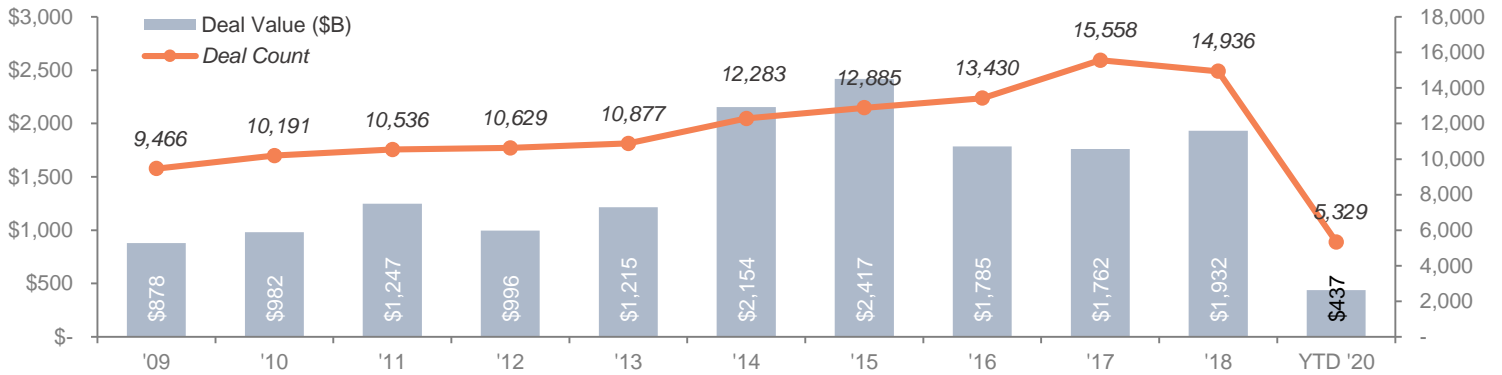
▼ 17% YoY decline

**\$0.4 Trillion**  
Deal Value

▼ 60% YoY decline

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

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



### Valuations

Valuation multiples remained flat for Q2 2020 in comparison to Q1 2020. After reaching a high of 10.9x in 2019, the median Enterprise Value (EV) to EBITDA multiple declined by one full turn to 9.9x in 2020. While this still represents a high level by historical standards – a 34% increase compared to 2009 – valuation multiples may contract further for the remainder of 2020 given frequent fluctuations as presented in the stock market.

**9.9x**

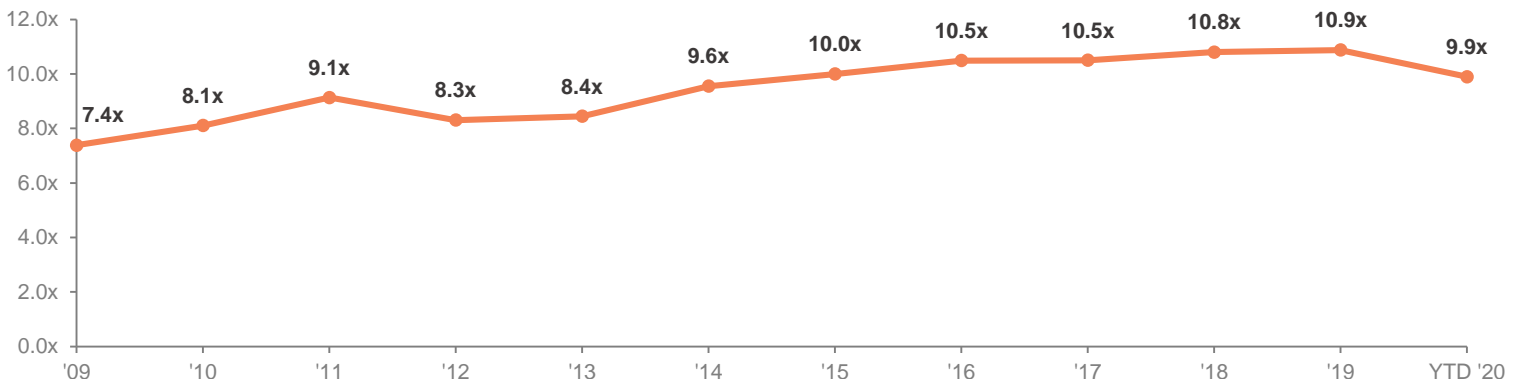
Current Median EV / EBITDA

**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 June 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

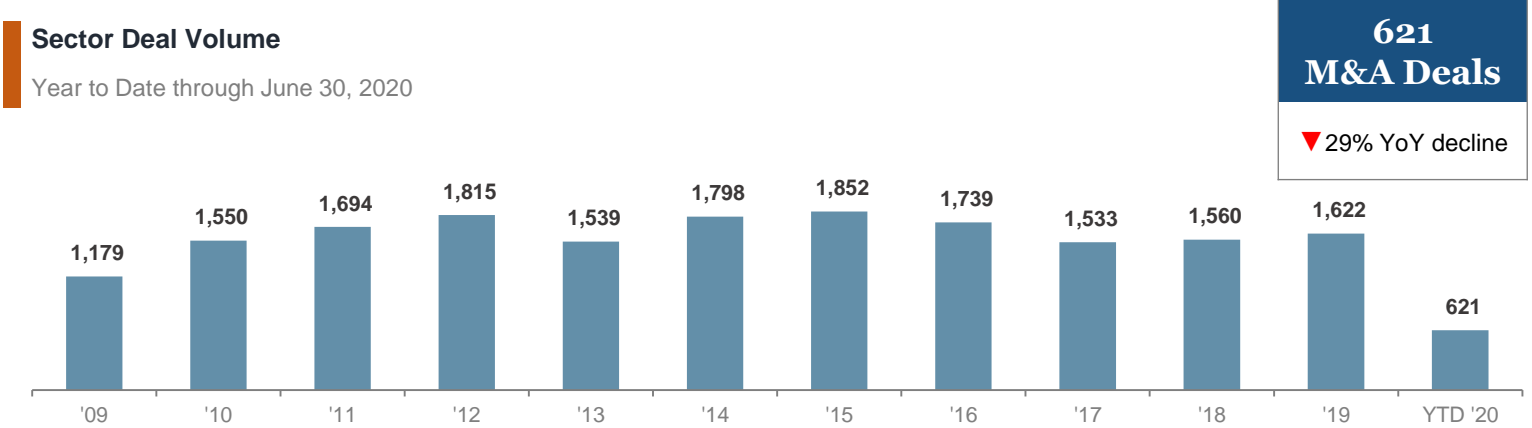
# M&A in the Manufacturing & Distribution Sector

## Sector Snapshot

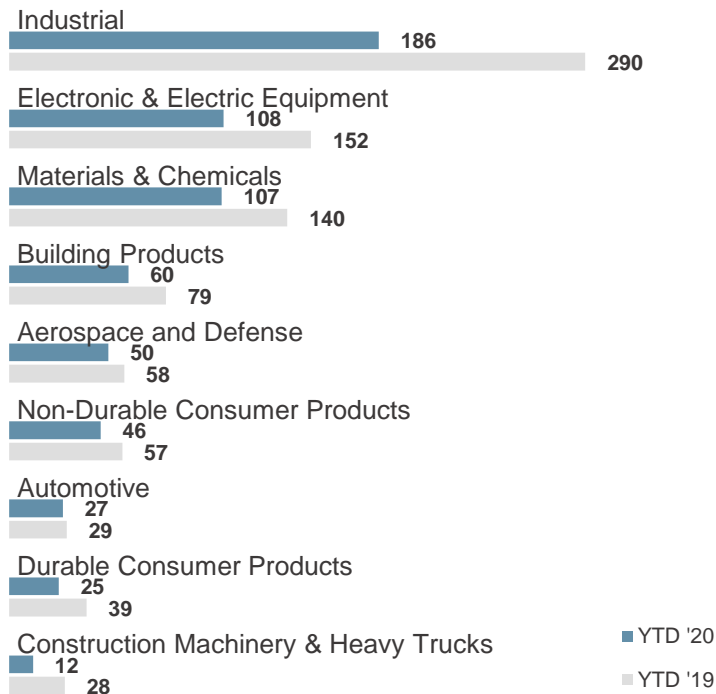
### Industries in the U.S. Manufacturing & Distribution Sector

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

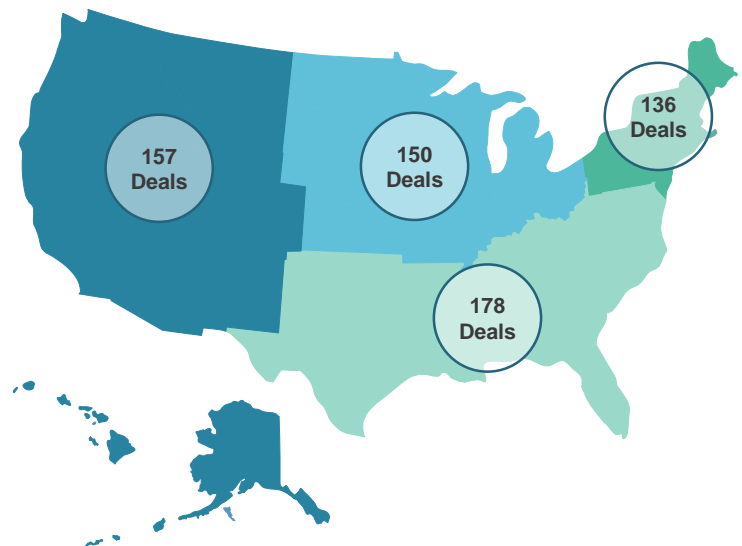
### Sector M&A Deal Volume



### 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

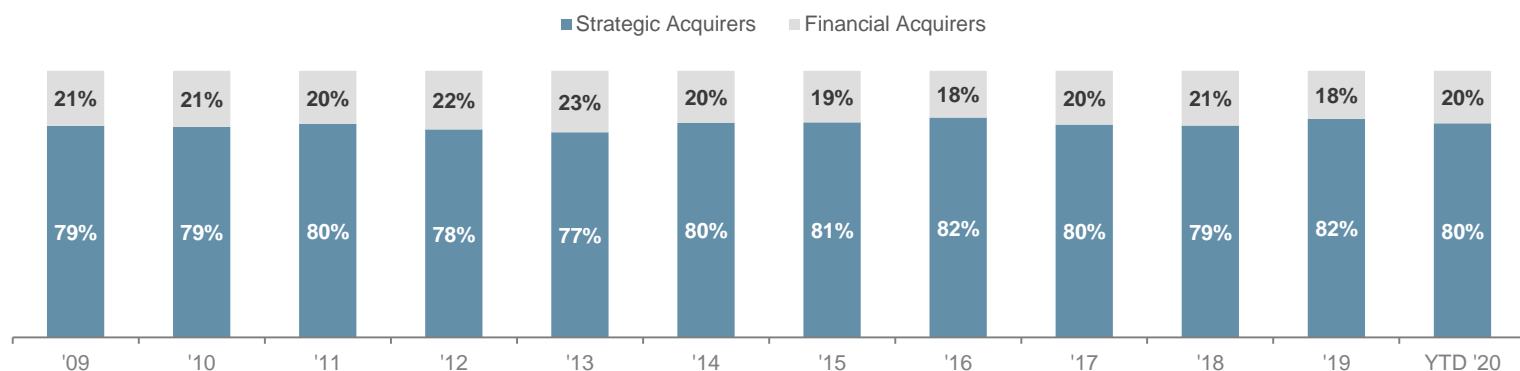
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Jun 2020	Zoox Inc.	Amazon.com, Inc. (NasdaqGS:AMZN)	-	-	-
Jun 2020	Environmental Dynamics International, Inc.	KKR & Co. Inc. (NYSE:KKR); XPV Water Partners	-	-	-
Jun 2020	HILO Equipment & Services, LLC	Alta Equipment Group Inc. (NYSE:ALTG)	\$17	0.4x	5.8x
Jun 2020	Georgia Biomass Holding LLC	Enviva Partners, LP (NYSE:EVA)	\$175	-	-
Jun 2020	Renaissance Gold Inc. (TSXV:REN)	Evrin Resources Corp. (TSXV:EVM)	\$22	-	-
Jun 2020	PeakLogix, Inc.	Alta Equipment Group Inc. (NYSE:ALTG)	\$8	0.3x	-
May 2020	JP3 Measurement, LLC	Flotek Industries, Inc. (NYSE:FTK)	\$41	-	-
May 2020	Framebridge, Inc.	Graham Holdings Company (NYSE:GHC)	-	-	-
May 2020	Alacer Gold Corp. (TSX:ASR)	SSR Mining Inc. (TSX:SSRM)	\$2,157	4.0x	7.2x
Apr 2020	American Governor Company	Emerson Electric Co. (NYSE:EMR)	-	-	-

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

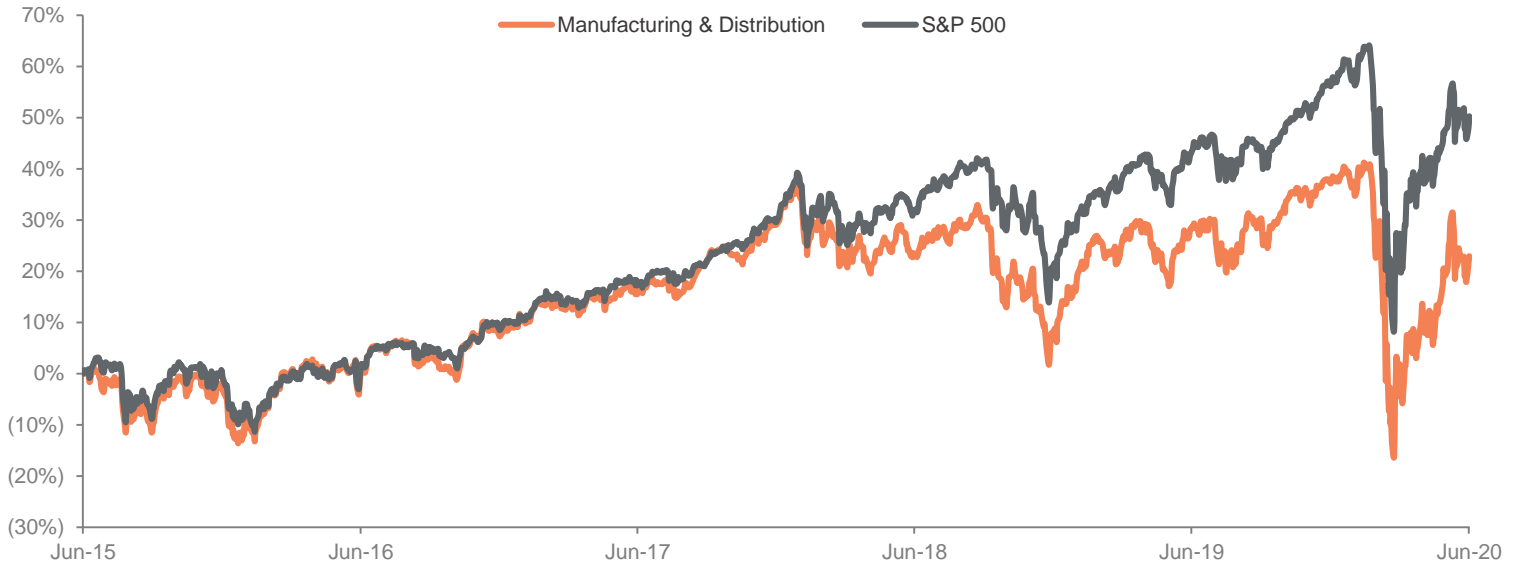
# Public Companies in the Mfg. & Distr. Sector

## Performance & Valuations

### Sector Performance

#### Return vs. S&P 500

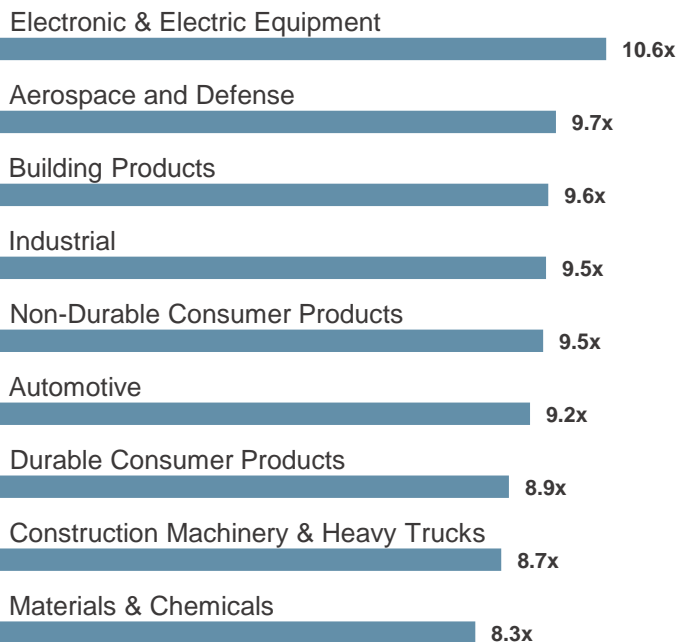
Last 5 Years



### Valuations

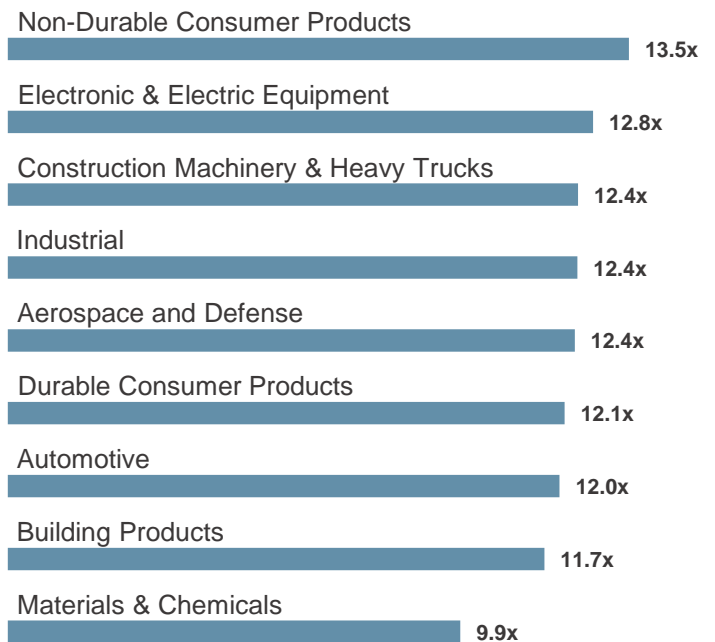
#### Enterprise Value / LTM EBITDA

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

### Contact Our Team

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