



MIDDLE MARKET UPDATE

JULY 2019



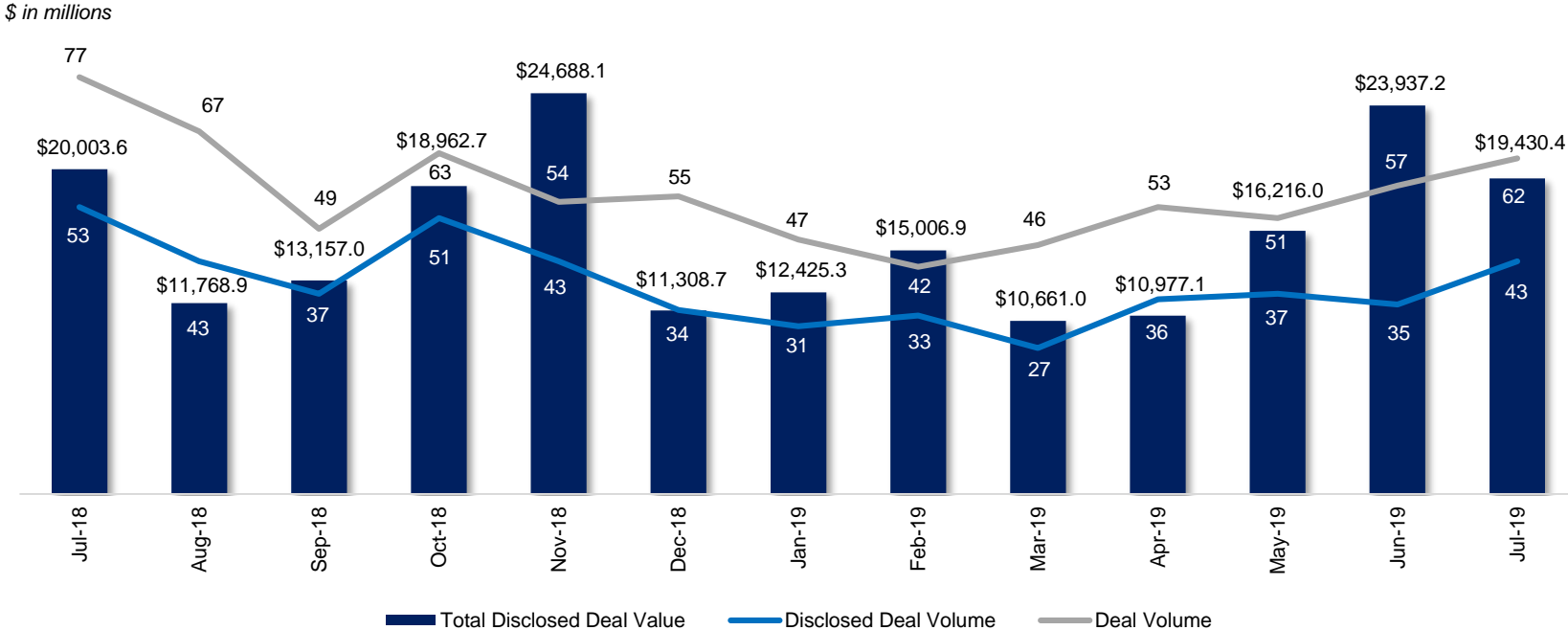
GREENWICH
CAPITAL GROUP

GCG U.S. Middle Market M&A Update

Overview

Middle-market deal volume for July 2019 exhibited continued strength from first quarter lows reported earlier in the year. Total transaction volume for the month remained positive with 62 deals, up 8.8% over June, and 48% from February 2019. Reported deal value has also shown continued strength. While reported deal value decreased slightly since June 2019, July exhibited continued strength overall and performed as the third strongest month over the 12-month period. Economic activity and low rates are driving attraction to the middle-market.

Transaction Values and Volume



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 08/10/2019, Total Deal Value is based solely on disclosed terms, M&A excludes private placements, MM defined as revenue between 10 and 500 million



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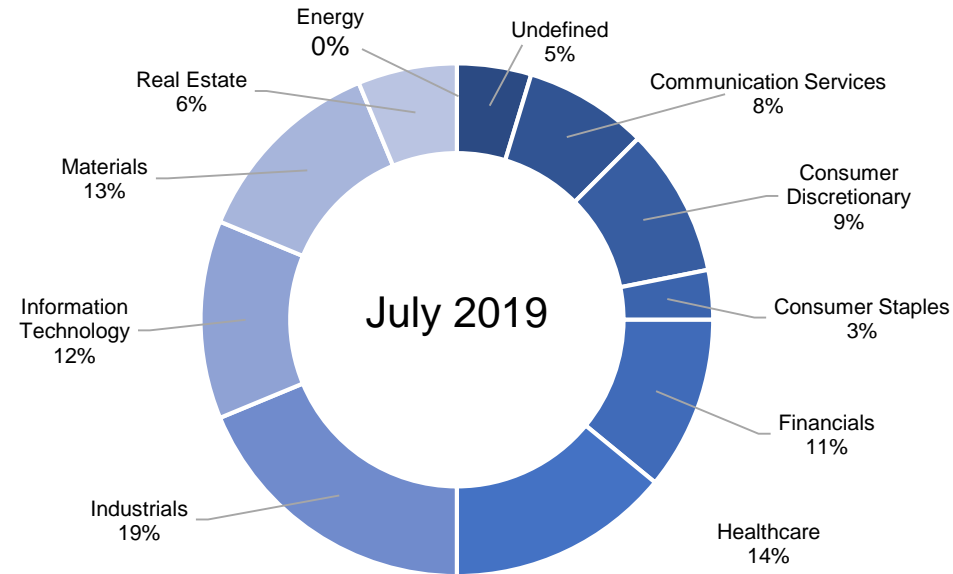
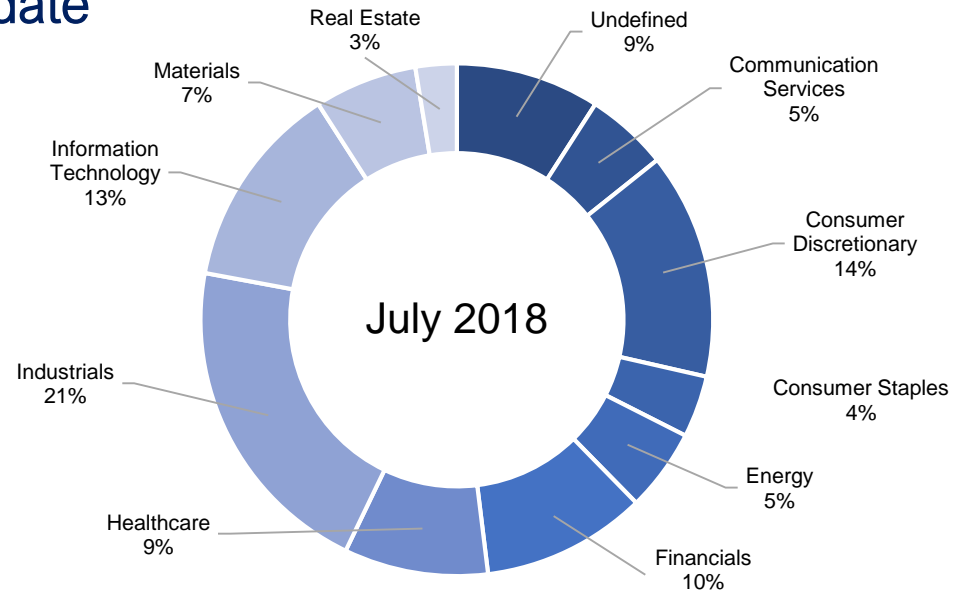
Sector Activity

July 2018 deal activity across select sectors was strong compared to July 2019, however, the underlying shift in sector activity over the same period is revealing.

Industrials accounted for majority of middle-market M&A deal activity in both July 2018 and 2019, representing approximately 20% of all transactions. During the same period, activity in the Healthcare sector increased from 9% to 14% of all transactions. In addition, overall deal activity in Real Estate, Materials, and Communication Services increased significantly since July 2018.

The Consumer Discretionary and Consumer Staples sectors did not experience similar growth and exhibited lower performance from July 2018 in comparison to the other sectors represented in this report.

Each sector has been impacted uniquely by external factors including interest rate changes, global economic activity, trade wars, political challenges, and changing governmental policies.



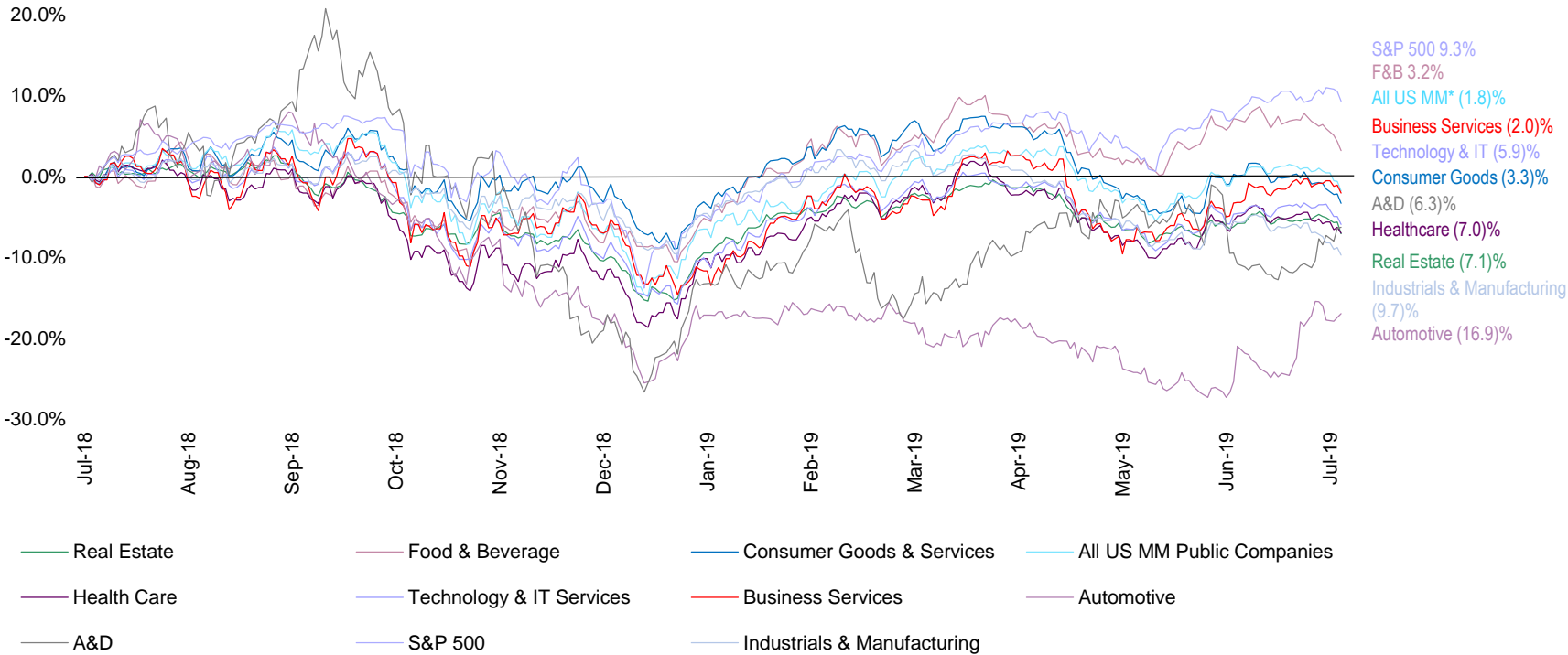
Source: Capital IQ and GCG research



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Public Company Stock Relative Performance

Public company stock performance in the select industries representing GCG's proprietary sectors has shown overall negative performance since July 2018. Positive performers over the period included Food & Beverage (up 3.2%), and the S&P 500 (up 9.3%). The Automotive sector saw the greatest decline compared to our benchmark of all U.S. middle-market companies with a 16.9% decrease over the last 12 months. The decline in both the Automotive and Industrial sectors are likely related to trade uncertainty. Also suggested by the findings in the report is small cap stocks and their underperformance compared to larger cap stocks. This trend has remained consistent over the last 12 months.



Source: S&P Capital IQ and Proprietary GCG Research
 Note: All values based on publicly available data as of 8/10/2019, benchmark index for comparison is All US MM Companies



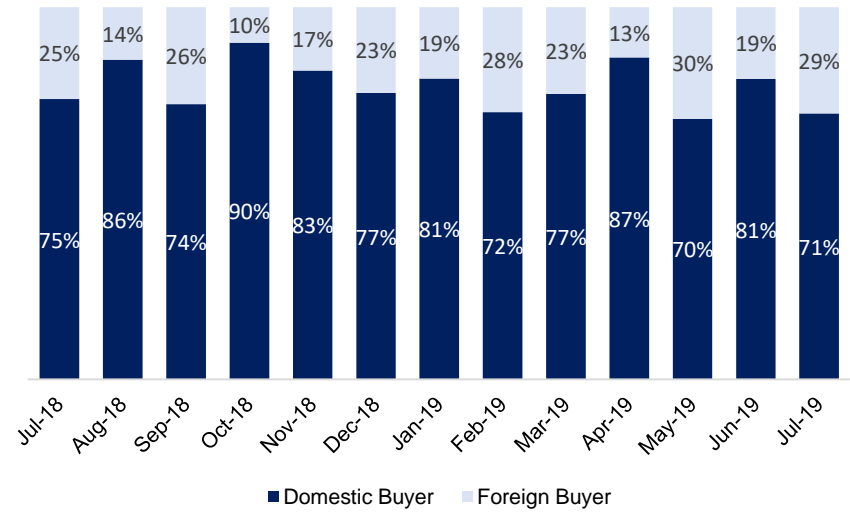
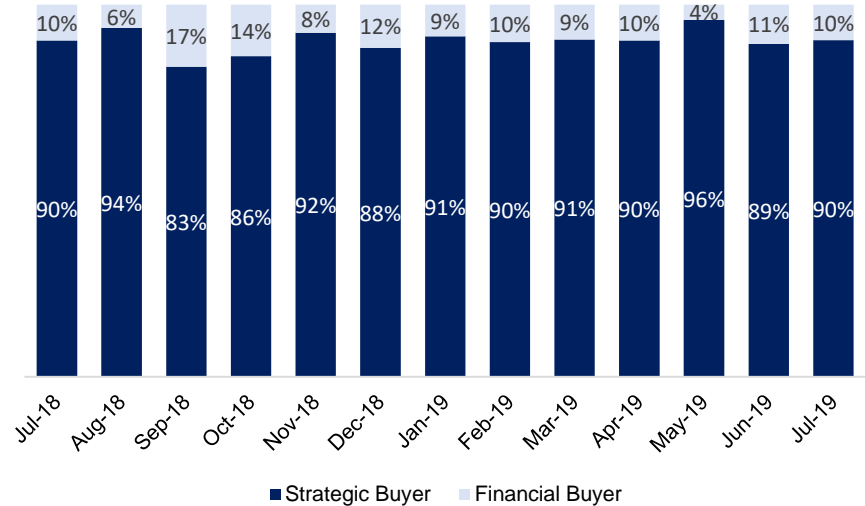
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Buyer Activity

Strategic acquirers continue to dominate middle-market M&A activity, accounting for 90% of deal flow, with financial buyers representing 10%. This supports the strengthening trend of strategic acquirers becoming increasingly active in the deal market.

July 2019
Transaction Volume:
62

Domestic buyers in July represented 71% of middle-market M&A activity in July 2019, a considerable decrease from June and the second weakest month for middle-market domestic buyers' activity over the 12-month period. This trend is expected to continue as uncertainty around global trade continues.



Source: Capital IQ and GCG research



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More about Greenwich Capital Group

Greenwich Capital Group (“GCG”) is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. Our senior bankers have held leadership positions at global investment banking firms, bringing a wealth of experience to each of our clients. GCG operates with the highest integrity, providing credibility and an excellent client service experience through our proven transaction process. These core values are the common thread in establishing our extensive relationships with privately held businesses, private equity investors and publicly traded companies. With each engagement, GCG’s senior bankers have a common goal. We strive to build relationships by representing our clients’ long-term interests in order to earn ultimately their trust. It is our privilege to be called trusted advisors in the middle market.

For additional perspective or to discuss M&A related opportunities in the middle market, please reach out to GCG’s CEO and Managing Director, Bob Coury. For more information, please visit www.greenwichgp.com.



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Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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