



MIDDLE MARKET UPDATE

Q4 2020



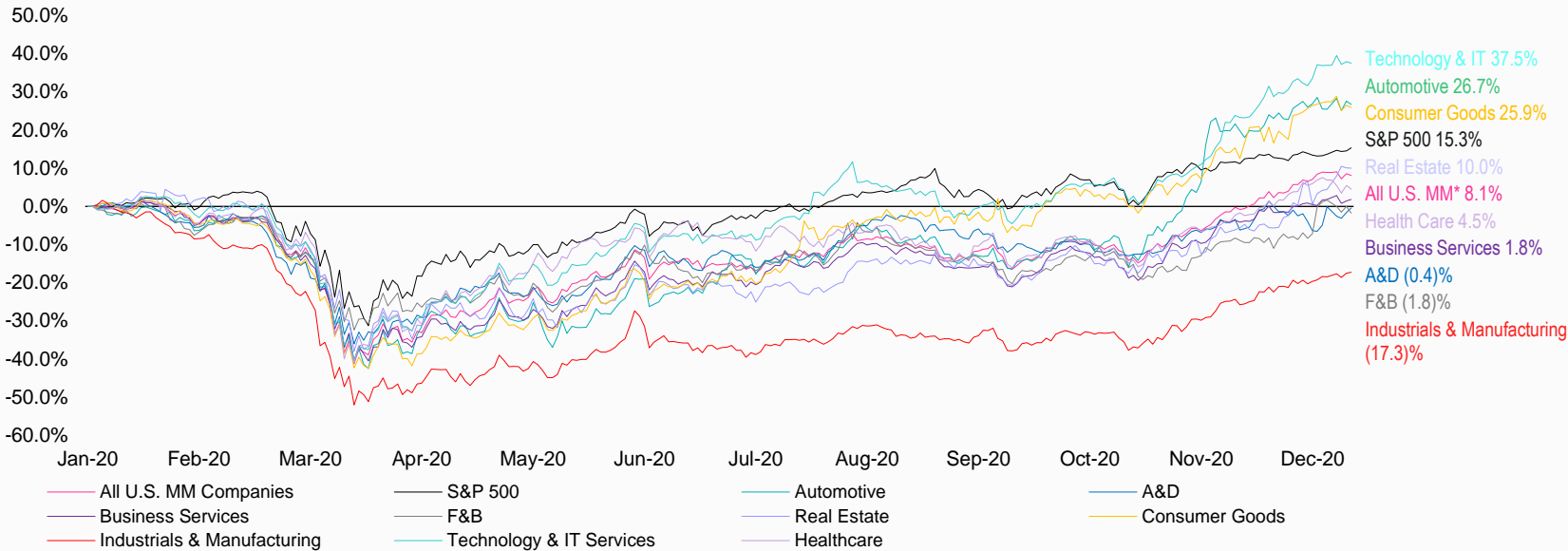
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GCG Public Company Index Market Performance

GCG’s proprietary middle market industry sector performance index has shown positive results in all but three industries which is a substantial improvement from the previous three quarters in 2020. Three middle market sectors performed above the large cap stocks as measured by the S&P 500 index: Technology & IT (+37.5%), Automotive (+26.7%) and Consumer Goods (+25.9%). The S&P 500 index had a total return of positive 15.3% since January 2020, one year ago. The relative overall return for the middle market based on our index was a respectable 8.1% for the period, which is a significant improvement over the negative 6.9% return in Q3 and the best quarter in 2020. The Industrials & Manufacturing sector was still the worst performing sector in the middle market at negative 17.3% in the same 12-month period. Additionally, the continued underperformance of the majority of the small cap stock sector compared to larger cap stocks has been consistent throughout the last 12+ months. This has dramatically turned over the last 2 months of 2020 with small cap stocks making a significant move upward.

GCG Proprietary Middle Market Sector Stock Performance Index



Source: S&P Capital IQ and GCG Proprietary Research, all values based on publicly available data as of 12/31/2020
 Note: Benchmark index for comparison is All U.S. MM Companies, MM defined as average enterprise value in 2020 between \$10M and \$500M

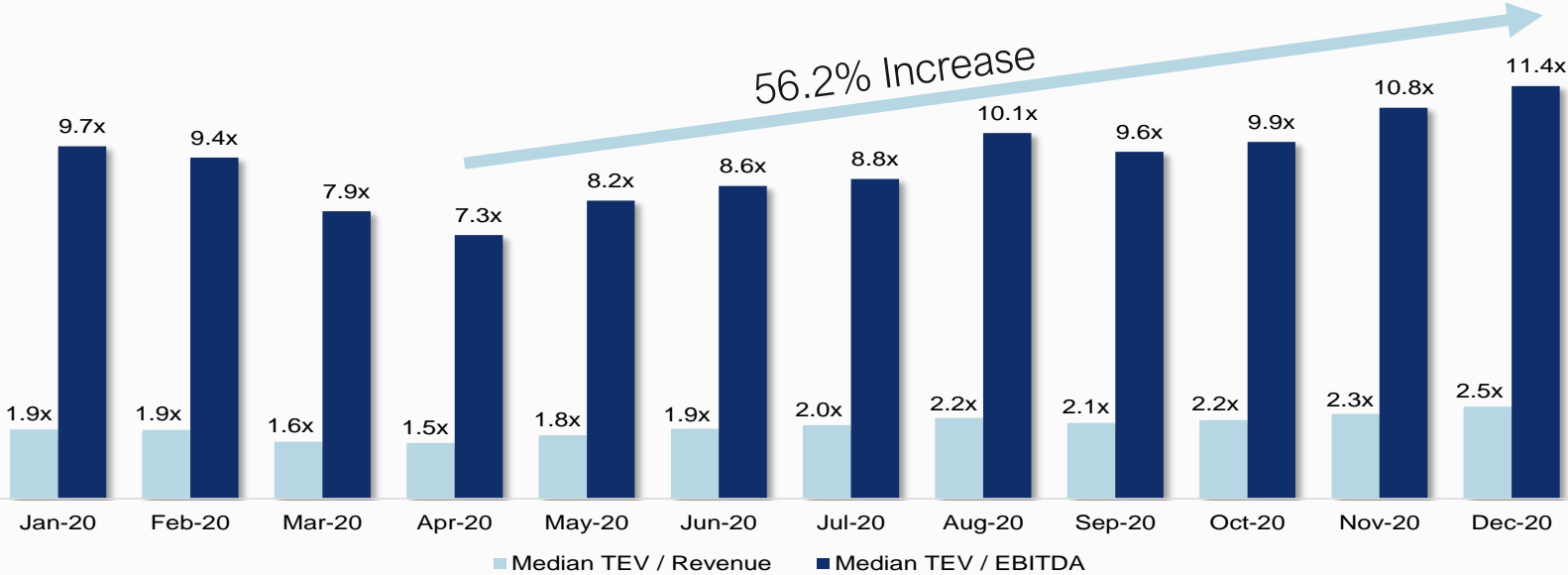


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GCG Public Company Index Trading Multiples

The median quarterly middle market public company revenue and EBITDA multiples began the year at 1.9x and 9.7x, respectively. Multiples dropped approximately 25% to a 2020 low of 1.5x in April and have generally increased since then. The median revenue multiples recovered past the 1.9x level by June 2020, reached a mid-year high in August of 2.2x, and finished the year at a 12-month high of 2.5x. The median EBITDA multiples began the year at 9.7x and dropped to their year-low of 7.3x in April. August was another mid-year high for EBITDA multiples at 10.1x and they finished the year at a 12-month high of 11.4x. At its low in April 2020, EBITDA multiples decreased to 7.3x, about two and a half turns from January and the start of 2020. The average, median multiple in 2020 was 2.0x and 9.3x for revenue and EBITDA, respectively. For revenue, this was 0.1x higher than 2018 and 2019, but for EBITDA this was the lowest annual multiple since 2016, but only 1.3x lower than 2019. Investors are expecting strong growth for 2021 and beyond based on the recent multiple gains.

All U.S. Middle-Market Company Index Trading Multiples



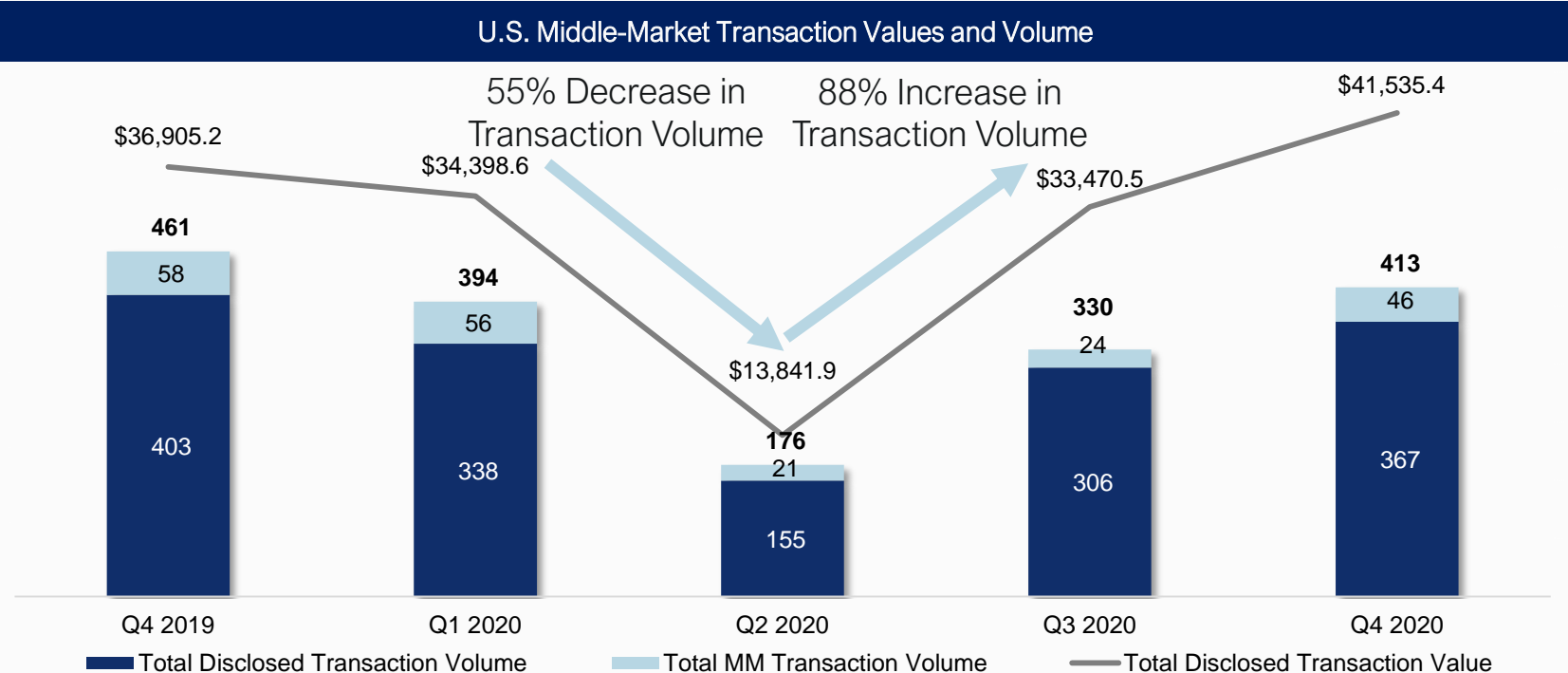
Source: S&P Capital IQ and GCG Proprietary Research
Note: All values based on publicly available data as of 12/31/2020



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Middle Market M&A Activity

Middle market public and private company transaction deal value and volume for Q4 2020 continued the rebound from the worst performance of the previous six quarters in Q2, with increases of 200% and 135%, respectively from Q2. Q4 was the best quarter of 2020 and represented a significant increase in deal value on a year-over-year basis (+13%). Deal volume, however, was still down 10% compared to Q4 2019. The large decline in 2020 was due to the uncertainty of the COVID-19 virus and the economic impact on target companies and acquirers alike. Much of the recent uncertainty around the pandemic and the election disappeared in Q4 which allowed for greater stability and increased M&A. 2020 total deal value and volume was still down 22% and 31%, respectively from 2019, but the increase of approximately 25% in Q4 helped salvage the year.



Source: S&P Capital IQ, all values based on publicly available data as of 12/31/2020
 Note: M&A excludes private placements, MM defined as transactions with either value or revenue between \$10 and \$500M and therefore does not include transactions excluding this information. All deal-related figures exclude real estate deals.



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Middle Market M&A Buyer Analysis

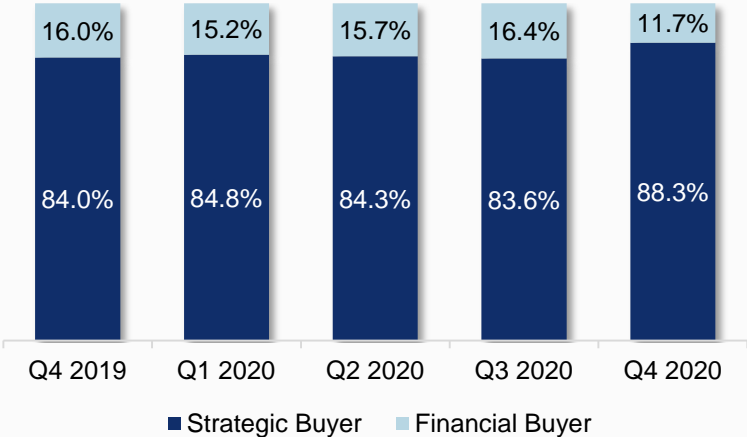
Strategic acquirers continue to dominate middle market M&A activity, accounting for 88.3% of Q4 2020 deal flow, with financial buyers representing 11.7%. This is the strongest quarter of the past five (since Q4 2019) for strategic activity vs the number of financial deals. Over the past five years, 2020 represents the third highest year for strategic and financial buyer activity.

Domestic buyers in Q4 represented 83.0% of middle market M&A activity, a significant decrease from Q3 2020 and even lower than the level seen before Q2. It is the lowest month for middle market domestic buyers' activity over the past five quarters. Domestic buyers are expected to continue their dominant position, however, as uncertainty around global trade and the pandemic continues. However, the uncertainty and slowing of the global economies also makes the U.S. an attractive investment location. Over the past five years, 2020 represents the second lowest year for domestic buyer activity percentages and second highest for foreign buyers.

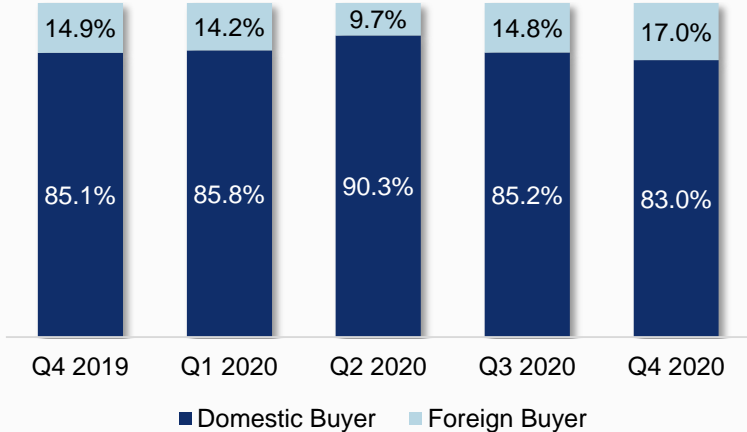
Q4 2020
Transaction Volume:
413

Q4 2020
Monthly Average Volume:
138

Strategic vs. Financial



Domestic vs. Foreign



Source: Capital IQ and GCG Proprietary Research



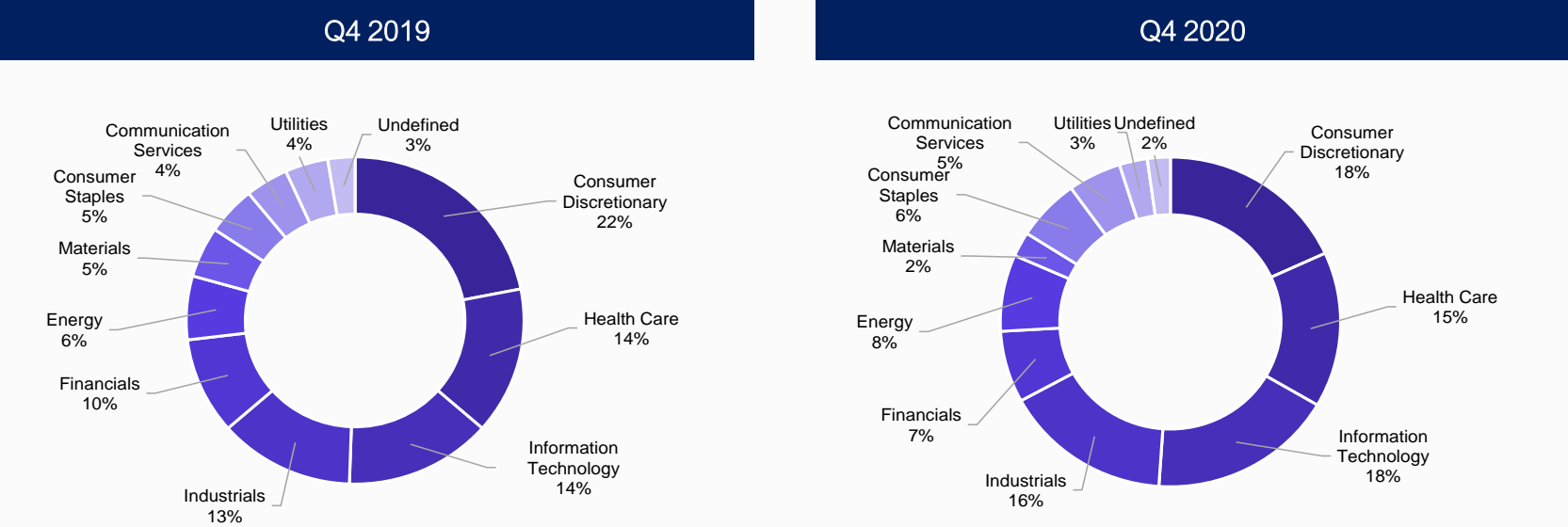
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Middle Market M&A Sector Activity

Q4 deal activity by sector was substantially similar to Q4 2019 in terms of the sectors with the most market share. Consumer Discretionary was the dominant sector at 18% of middle market transactions announced and closed in Q4. This is less than the 22% level seen in 2019 but is still the major sector and represents a positive sign for investors' appetites. The next three largest sectors after Consumer Discretionary in 2019, Health Care, Information Technology and Industrials, accounted for a collective 49% of all middle market deals in Q4 2020 compared to 41% in Q4 2019.

A few industry sectors became more prominent on the deal front over the past year. Looking at 2020 vs 2019 data shows that the Health Care, Information Technology, Industrials, Energy, Consumer Staples and Communication Services sectors increased their share of deal activity as a percentage of the overall market with positive changes between +1% and +4% with the increase in Information Technology being the largest. The remaining sectors decreased between 1% and 4% with the decline in Consumer Discretionary being the largest.

Each sector has been impacted uniquely by external factors including interest rate changes, global economic activity, trade wars, political challenges, supply chain issues as a result of the pandemic and changing governmental policies.



Source: Capital IQ and GCG Proprietary Research
Note: The monthly average number of transactions in Q4 2019 was 154 and in Q4 2020 was 138.



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Public Comparable Companies

The top three companies as measured by average enterprise value in 2020 are presented below for each of our proprietary sectors. These tables reflect various performance metrics for the listed companies such as share price movement, LTM margins and total enterprise value to LTM revenue and EBITDA figures.

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
A&D								
National Presto Industries, Inc.	\$500.92	\$88.43	10.5%	0.0%	23.3%	16.6%	1.5x	8.8x
Radiant Logistics, Inc.	306.62	5.80	12.4%	4.1%	17.4%	4.4%	0.4x	8.4x
Byrna Technologies Inc.	212.48	1.45	(8.2%)	645.1%	44.1%	(58.0%)	35.2x	NM
Mean	\$340.00	\$31.89	4.9%	216.4%	28.3%	(12.3%)	12.3x	8.6x
Median	\$306.62	\$5.80	10.5%	4.1%	23.3%	4.4%	1.5x	8.6x
Automotive								
P.A.M. Transportation Services, Inc.	\$528.43	\$49.00	32.0%	(15.1%)	21.2%	12.0%	1.1x	9.5x
Horizon Global Corporation	484.86	8.59	47.3%	146.1%	15.3%	(3.0%)	0.8x	NM
Miller Industries, Inc.	387.74	38.02	22.8%	2.4%	12.0%	7.2%	0.6x	8.0x
Mean	\$467.01	\$31.87	34.1%	44.5%	16.2%	5.4%	0.8x	8.7x
Median	\$484.86	\$38.02	32.0%	2.4%	15.3%	7.2%	0.8x	8.7x
Business Services								
Willdan Group, Inc.	\$631.72	\$41.70	54.3%	31.2%	32.6%	3.4%	1.5x	44.5x
StoneMor Inc.	609.44	2.63	176.8%	81.4%	51.8%	(2.5%)	2.1x	NM
Mistras Group, Inc.	502.84	7.76	93.5%	(45.6%)	33.0%	5.7%	0.8x	14.4x
Mean	\$581.33	\$17.36	108.2%	22.3%	39.1%	2.2%	1.5x	29.5x
Median	\$609.44	\$7.76	93.5%	31.2%	33.0%	3.4%	1.5x	29.5x

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2020 and Dec-2020



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Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Consumer Goods								
Loral Space & Communications Inc.	\$566.41	\$20.99	14.1%	(35.1%)	0.0%	NA	-	NM
Biglari Holdings Inc.	519.07	585.00	18.2%	(2.5%)	29.6%	15.3%	1.1x	6.9x
J.Jill, Inc.	480.85	3.73	24.4%	(34.0%)	58.5%	(5.7%)	1.0x	NM
Mean	\$522.11	\$203.24	18.9%	(23.8%)	29.4%	4.8%	1.0x	6.9x
Median	\$519.07	\$20.99	18.2%	(34.0%)	29.6%	4.8%	1.0x	6.9x
F&B								
Village Super Market, Inc.	\$636.97	\$22.06	(9.5%)	(4.9%)	28.1%	3.3%	0.3x	10.1x
Limoneira Company	448.23	16.65	17.3%	(13.4%)	1.7%	(5.5%)	2.7x	NM
Alico, Inc.	386.03	31.02	8.3%	(13.4%)	20.0%	23.8%	4.2x	17.5x
Mean	\$490.41	\$23.24	5.4%	(10.6%)	16.6%	7.2%	2.4x	13.8x
Median	\$448.23	\$22.06	8.3%	(13.4%)	20.0%	3.3%	2.7x	13.8x
Healthcare								
Scholar Rock Holding Corporation	\$1,549.13	\$48.53	172.6%	268.2%	(239.5%)	(366.2%)	79.3x	NM
Relmada Therapeutics, Inc.	397.73	32.07	(19.4%)	(17.8%)	0.0%	NA	-	NM
Oyster Point Pharma, Inc.	273.29	18.82	(12.7%)	(23.0%)	0.0%	NA	-	NM
Mean	\$740.05	\$33.14	46.8%	75.8%	(79.8%)	(366.2%)	79.3x	
Median	\$397.73	\$32.07	(12.7%)	(17.8%)	0.0%	(366.2%)	79.3x	

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Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Industrials & Manufacturing								
Gatos Silver, Inc.	\$783.08	\$13.03	-	-	0.0%	NA	-	NM
Bonanza Creek Energy, Inc.	453.19	19.33	5.9%	(17.2%)	73.2%	76.9%	1.9x	2.5x
Battalion Oil Corporation	313.53	8.30	1.6%	(38.3%)	35.2%	48.7%	1.8x	3.8x
Mean	\$516.60	\$13.55	3.7%	(27.7%)	36.1%	62.8%	1.9x	3.1x
Median	\$453.19	\$13.03	3.7%	(27.7%)	35.2%	62.8%	1.9x	3.1x
Real Estate								
FRP Holdings, Inc.	\$487.31	\$45.55	9.7%	(8.6%)	31.1%	32.3%	25.5x	79.0x
CTO Realty Growth, Inc.	471.99	42.16	(6.1%)	(30.1%)	74.2%	48.5%	9.0x	18.6x
New England Realty Associates Limited Partnership	466.91	50.16	3.1%	(19.1%)	71.7%	55.2%	7.3x	13.3x
Mean	\$475.41	\$45.96	2.2%	(19.3%)	59.0%	45.3%	14.0x	37.0x
Median	\$471.99	\$45.55	3.1%	(19.1%)	71.7%	48.5%	9.0x	18.6x
Technology & IT Services								
Axway Software SA	\$756.88	\$32.98	21.2%	41.6%	14.9%	(15.9%)	4.3x	NM
USA Technologies, Inc.	675.84	10.48	47.8%	138.1%	31.3%	10.1%	2.3x	22.4x
International Money Express, Inc.	571.21	15.52	11.3%	28.9%	22.4%	6.1%	1.9x	31.6x
Mean	\$667.98	\$19.66	26.8%	69.5%	22.9%	0.1%	2.8x	27.0x
Median	\$675.84	\$15.52	21.2%	41.6%	22.4%	6.1%	2.3x	27.0x

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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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