



# MIDDLE MARKET UPDATE

---

Q1 2021



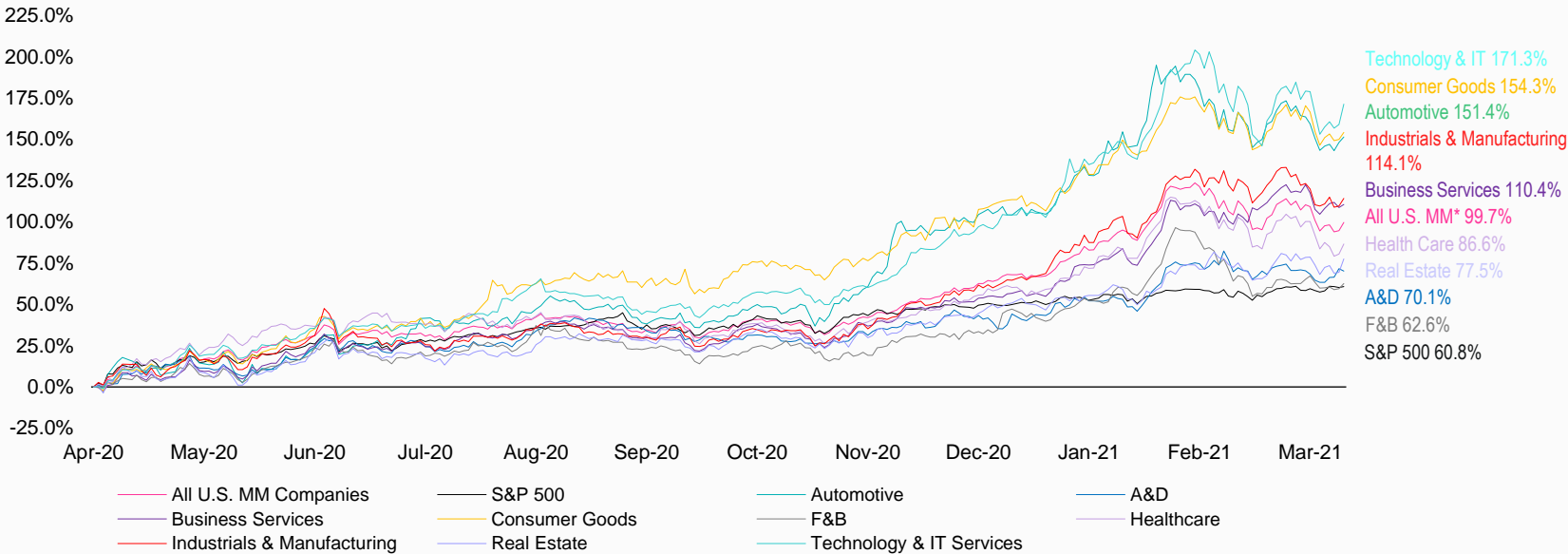
GREENWICH  
CAPITAL GROUP

# GCG Middle Market Update | Q1 2021

## GCG Public Company Index Market Performance

GCG’s proprietary middle market industry sector performance index has shown positive results in all industries for the first time since the beginning of the pandemic and 2020. The April 1, 2020, starting point was the approximate low point for the overall market. The significant positive run started in April 2020. Key highlights include all the GCG middle market index sectors outperformed the S&P 500 index. The S&P 500 index had a total return of positive 60.8% since April 2020. The relative overall return for the GCG middle market index was an impressive 99.7%. Technology & IT Services lead the middle market over the past 12 months with a return of 171.3% while the F&B sector was the worst performing sector at 62.6% during the same 12-month period. Aerospace and Defense (“A&D”) was also a lagging industry sector with returns of 70.1%. The A&D industry has been uniquely challenged during the economic downturn and the pandemic. On the other side of that equation, Technology, Consumer Goods, Industrials & Manufacturing, and Business Services all had strong performances during the downturn and pandemic.

### 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 3/31/2021  
 Note: Benchmark index for comparison is All U.S. MM Companies, MM defined as average enterprise value in 2020 between \$10M and \$500M

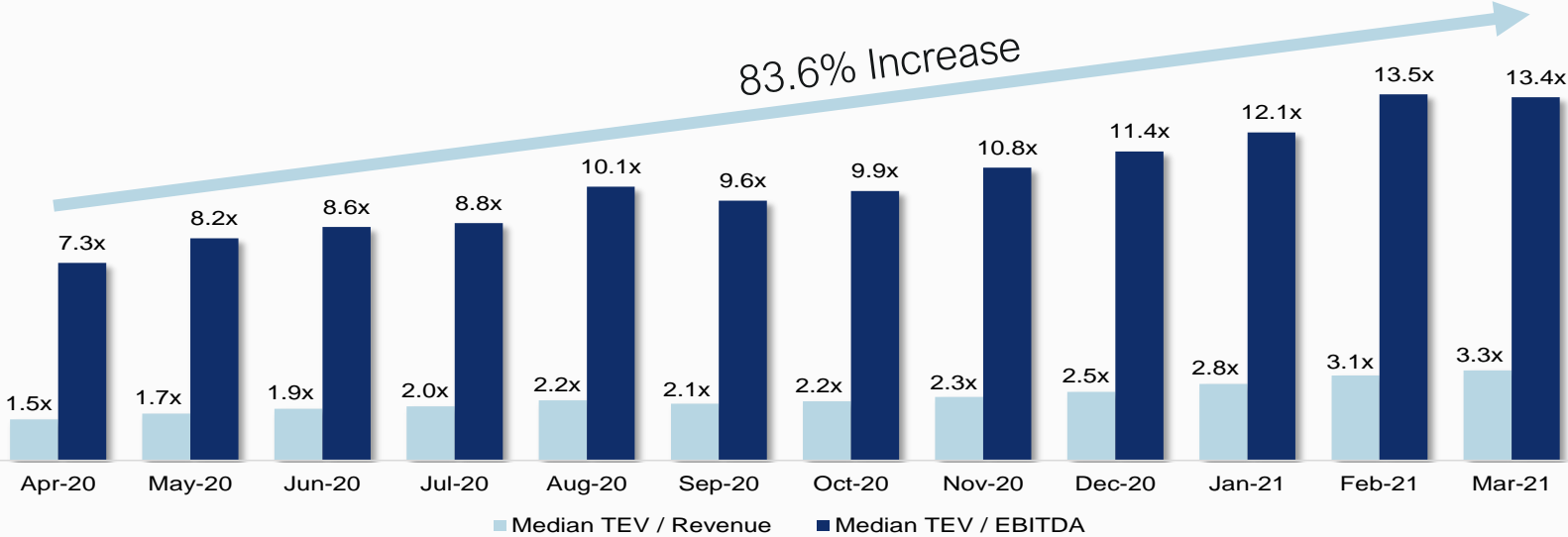


# GCG Middle Market Update | Q1 2021

## GCG Public Company Index Trading Multiples

During the prior 12 months, the GCG middle market public company index had revenue and EBITDA multiples at a low during April 2020. Multiples have significantly increased since then hitting 12-month highs during the first quarter of 2021. The EBITDA multiple hit a high point during February of 2021 reaching 13.5 times EBITDA. This is an 85% improvement in multiples from the low in April of 2020. Revenue multiples hit a high point in March of 2021 with trading average of 3.3 times revenue. This is a significant improvement from the low point in April of 2020 of 1.5 times revenue. The increase over the past 12 months is approximately 110% growth in sales multiples. The current multiples are higher than they were pre-pandemic and represents a dramatic shift in valuations in 2021. Given that, we expect to see earnings and revenue increase dramatically over the next 12 months.

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



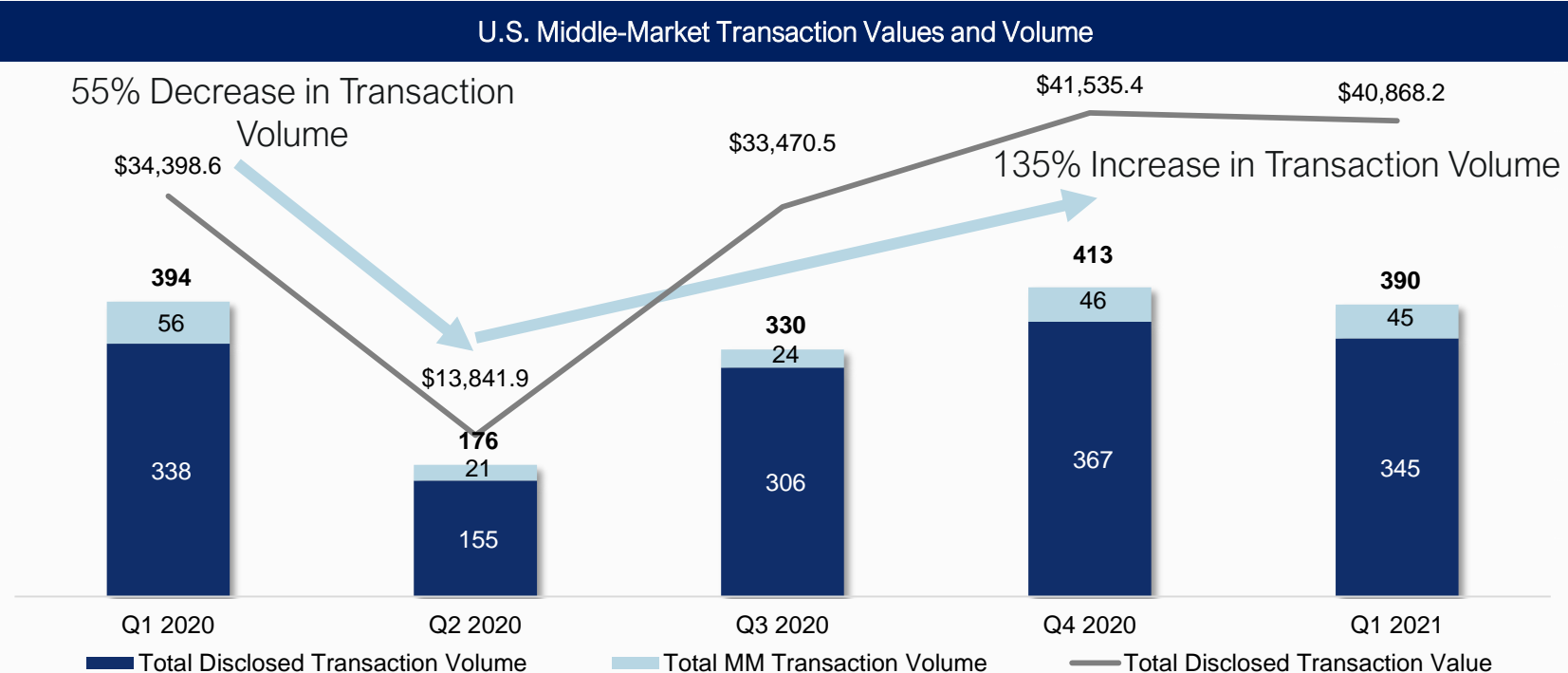
Source: S&P Capital IQ and GCG Proprietary Research  
Note: All values based on publicly available data as of 3/31/2021



# GCG Middle Market Update | Q1 2021

## Middle Market M&A Activity

Middle market public and private company transaction deal value and volume for Q1 2021 was slightly below Q4 2020 and nearly on par with Q1 2020. Compared to Q4, values and volume fell 2% and 6%, respectively. On a year-over-year basis, Q1 2021 volume was very similar to Q1 2020, however, the value of the deals in 2021 were 19% higher than the prior year. The large decline in Q2 of 2020 and to a lesser extent, Q3 2020 was due to the uncertainty of the COVID-19 virus and the economic impact on target companies and acquirers alike. By Q4 2020 much of the uncertainty was alleviated and deal making activity resumed. While deal activity has grown, there is still a COVID and economic drag on the market which is limiting the potential of the market. We anticipate that deal activity will improve dramatically over the next 12 months as the economy shows significant growth and the pandemic eases.



Source: S&P Capital IQ, all values based on publicly available data as of 3/31/2021  
 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.



# GCG Middle Market Update | Q1 2021

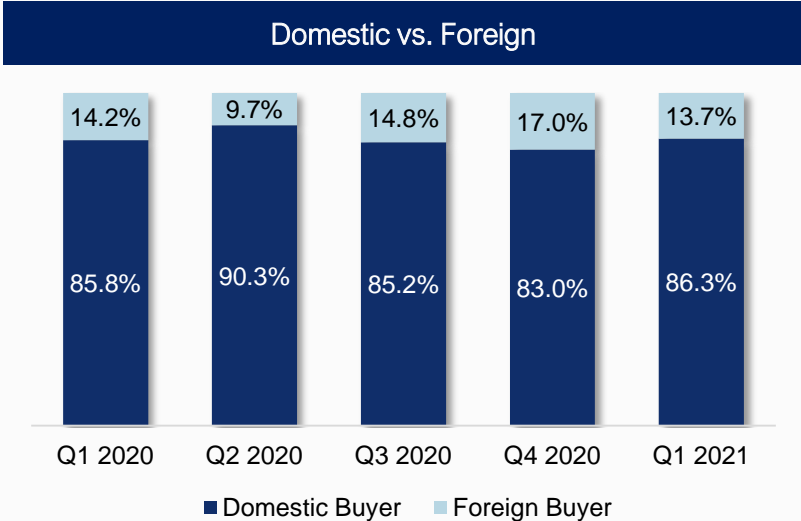
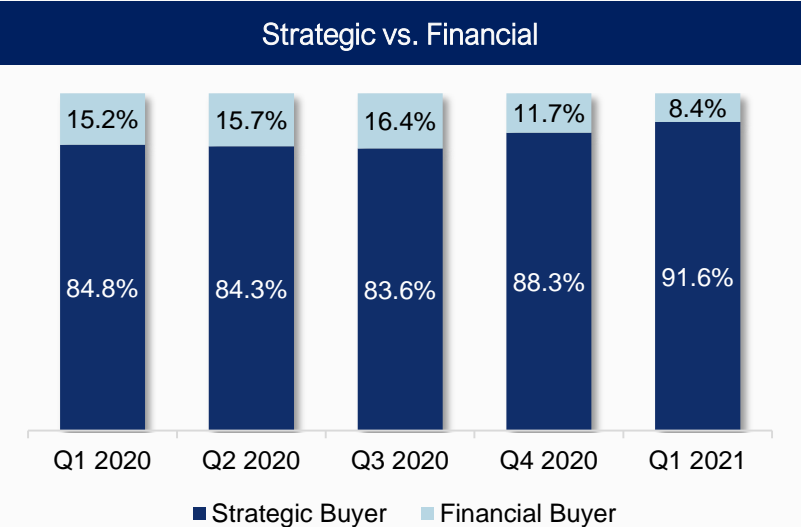
## Middle Market M&A Buyer Analysis

Strategic acquirers continue to dominate middle market M&A activity, accounting for 91.6% of Q1 2021 deal flow, with financial buyers representing 8.4%. This is the strongest quarter (since Q1 2020) for strategic activity and the lowest for financial. This is the second quarter in a row where strategic buyers increased their share of deal activity.

Domestic buyers in Q1 represented 86.3% of middle market M&A activity, a significant increase from Q4 2020 and on par with the level seen in Q1 2020. It is the second highest 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. The uncertainty and slowing of the global economies also makes the U.S. an attractive investment location. Of the past five years, 2020 represented the second lowest year for domestic buyer activity and second highest for foreign buyers.

Q1 2021  
Transaction Volume:  
**390**

Q1 2021  
Monthly Average Volume:  
**130**



Source: Capital IQ and GCG Proprietary Research



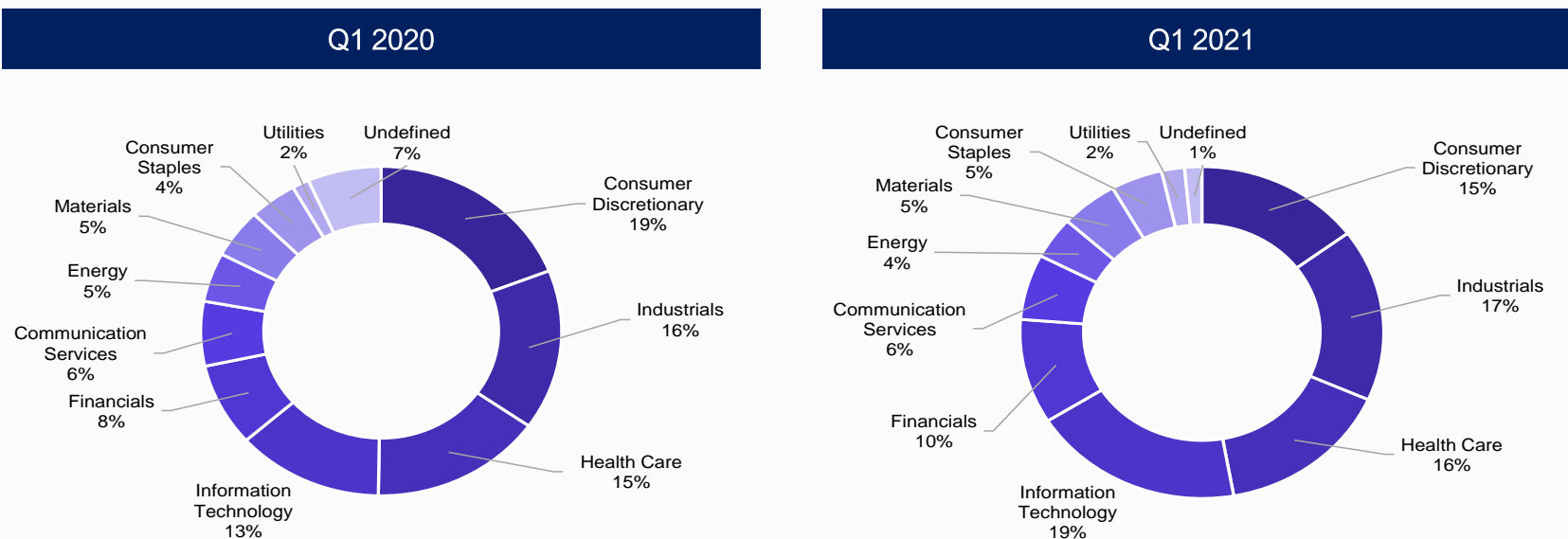
# GCG Middle Market Update | Q1 2021

## Middle Market M&A Sector Activity

Q1 deal activity by sector was substantially different from Q1 2020 in terms of the sectors with the most market share. Information Technology was the dominant sector with 19% of middle market transactions announced and closed in Q1 2021. This is a large jump from the 13% level seen in 2020 and represents a positive sign for investors' appetites in this sector. The largest sector in 2020, Consumer Discretionary, moved to the 4<sup>th</sup> largest in Q1 2021. The next three largest sectors after Consumer Discretionary in 2020, Industrials, Health Care and Information Technology accounted for a collective 44% of all middle market deals in Q1 2020 compared to 52% in Q1 2021.

A few other industry sectors became more prominent on the deal front over the past year. Looking at 2021 vs 2020 data shows that the Industrials, Health Care, Information Technology, Financials, and Consumer Staples sectors increased their share of deal activity as a percentage of the overall market with positive changes between +1% and +6% 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 Q1 2020 was 131 and in Q1 2021 was 130.



# GCG Middle Market Update | Q1 2021

## Public Comparable Companies

The top three companies as measured by average enterprise value in 2021 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
<b>A&amp;D</b>								
National Presto Industries, Inc.	\$565.48	\$101.77	15.1%	38.9%	24.1%	16.8%	1.6x	9.6x
Radiant Logistics, Inc.	379.48	7.14	23.0%	99.3%	17.1%	4.7%	0.4x	9.6x
Byrna Technologies Inc.	189.14	1.24	(14.5%)	396.0%	45.3%	(20.3%)	11.4x	NM
<b>Mean</b>	\$378.03	\$36.71	7.9%	178.1%	28.8%	0.4%	4.5x	9.6x
<b>Median</b>	\$379.48	\$7.14	15.1%	99.3%	24.1%	4.7%	1.6x	9.6x
<b>Automotive</b>								
P.A.M. Transportation Services, Inc.	\$623.85	\$64.46	31.6%	138.7%	23.1%	18.6%	1.3x	6.9x
Horizon Global Corporation	532.00	10.38	20.8%	464.1%	18.2%	2.6%	0.8x	31.5x
Miller Industries, Inc.	471.05	46.96	23.5%	76.7%	12.0%	7.4%	0.7x	9.8x
<b>Mean</b>	\$542.30	\$40.60	25.3%	226.5%	17.8%	9.5%	0.9x	16.1x
<b>Median</b>	\$532.00	\$46.96	23.5%	138.7%	18.2%	7.4%	0.8x	9.8x
<b>Business Services</b>								
Willdan Group, Inc.	\$609.76	\$42.17	1.1%	115.0%	33.1%	0.6%	1.6x	242.4x
Mistras Group, Inc.	591.13	11.67	50.4%	209.6%	33.9%	6.4%	1.0x	15.6x
StoneMor Inc.	513.28	1.92	(26.8%)	79.8%	52.5%	4.8%	1.8x	38.0x
<b>Mean</b>	\$571.39	\$18.59	8.2%	134.8%	39.8%	4.0%	1.5x	98.6x
<b>Median</b>	\$591.13	\$11.67	1.1%	115.0%	33.9%	4.8%	1.6x	38.0x

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



# GCG Middle Market Update | Q1 2021

## 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
<b>Consumer Goods</b>								
Loral Space & Communications Inc.	\$1,154.06	\$38.32	82.6%	155.5%	0.0%	NA	-	NM
Biglari Holdings Inc.	587.09	690.98	18.1%	139.1%	31.6%	14.0%	1.4x	9.7x
J.Jill, Inc.	551.07	9.95	166.8%	298.0%	57.7%	(10.2%)	1.3x	NM
<b>Mean</b>	\$764.07	\$246.42	89.1%	197.5%	29.7%	1.9%	1.3x	9.7x
<b>Median</b>	\$587.09	\$38.32	82.6%	155.5%	31.6%	1.9%	1.3x	9.7x
<b>F&amp;B</b>								
Village Super Market, Inc.	\$649.39	\$24.04	9.0%	2.5%	28.1%	3.5%	0.3x	9.5x
Limoneira Company	466.18	17.31	4.0%	47.7%	3.2%	(3.9%)	2.9x	NM
Alico, Inc.	381.51	29.51	(4.9%)	8.5%	19.2%	23.4%	4.0x	17.1x
<b>Mean</b>	\$499.03	\$23.62	2.7%	19.6%	16.9%	7.7%	2.4x	13.3x
<b>Median</b>	\$466.18	\$24.04	4.0%	8.5%	19.2%	3.5%	2.9x	13.3x
<b>Healthcare</b>								
Harvest Health & Recreation Inc.	\$1,503.98	\$3.02	39.6%	272.5%	43.9%	(9.9%)	6.5x	NM
Scholar Rock Holding Corporation	1,313.44	46.62	(3.9%)	349.6%	100.0%	(554.4%)	85.3x	NM
SI-BONE, Inc.	870.67	31.40	5.0%	184.2%	87.9%	(51.8%)	11.9x	NM
<b>Mean</b>	\$1,229.36	\$27.01	13.6%	268.7%	77.3%	(205.3%)	34.5x	NM
<b>Median</b>	\$1,313.44	\$31.40	5.0%	272.5%	87.9%	(51.8%)	11.9x	NM

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





# GCG Middle Market Update | Q1 2021

## 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
<b>Industrials &amp; Manufacturing</b>								
Bonanza Creek Energy, Inc.	\$749.86	\$38.23	97.8%	231.0%	81.0%	89.5%	3.4x	3.8x
Gatos Silver, Inc.	440.72	10.50	(19.4%)	-	0.0%	NA	-	NM
Battalion Oil Corporation	333.30	11.10	33.7%	154.6%	31.3%	38.2%	2.2x	5.9x
<b>Mean</b>	\$507.96	\$19.94	37.4%	192.8%	37.5%	63.9%	2.8x	4.9x
<b>Median</b>	\$440.72	\$11.10	33.7%	192.8%	31.3%	63.9%	2.8x	4.9x
<b>Real Estate</b>								
The RMR Group Inc.	\$569.76	\$41.07	6.3%	58.9%	100.0%	47.2%	3.5x	7.3x
FRP Holdings, Inc.	493.12	48.76	7.0%	26.7%	29.5%	30.7%	27.6x	89.8x
New England Realty Associates Limited Partnership	483.58	55.35	10.4%	17.8%	71.3%	53.9%	7.8x	14.4x
<b>Mean</b>	\$515.49	\$48.39	7.9%	34.5%	66.9%	43.9%	12.9x	37.2x
<b>Median</b>	\$493.12	\$48.76	7.0%	26.7%	71.3%	47.2%	7.8x	14.4x
<b>Technology &amp; IT Services</b>								
USA Technologies, Inc.	\$830.93	\$11.97	(1.5%)	94.1%	32.2%	10.3%	2.1x	20.4x
Axway Software SA	764.61	32.47	14.2%	155.2%	16.2%	(13.3%)	5.5x	NM
International Money Express, Inc.	586.37	15.48	(0.3%)	84.3%	22.5%	5.6%	1.9x	34.0x
<b>Mean</b>	\$727.30	\$19.97	4.1%	111.2%	23.6%	0.9%	3.2x	27.2x
<b>Median</b>	\$764.61	\$15.48	(0.3%)	94.1%	22.5%	5.6%	2.1x	27.2x

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



# GCG Middle Market Update | Q1 2021

## 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](http://www.greenwichgp.com).



**Bob Coury**

CEO &

Managing Director

[rcoury@greenwichgp.com](mailto:rcoury@greenwichgp.com)

O: (248) 480-2031

M: (313) 919-3811

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](mailto:info@greenwichgp.com).

Disclaimer: This publication contains general information only and Greenwich Capital Group, LLC is not, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Greenwich Capital Group, LLC shall not be responsible for any loss whatsoever sustained by any person who relies on this publication.