



## HYDE PARK CAPITAL

Investment Banking | Mergers & Acquisitions | Capital Raising

### Overview

Nationally recognized investment bank  
founded in 2000

Over 300 transactions completed, totaling  
more than \$10 billion in transaction value

Extensive relationships with leading  
institutional lenders, PE investors,  
and strategic buyers

Proven ability to source quality buyers  
and maximize deal value

### Industry Expertise

- Technology
- Business Services
- Financial Services
- Healthcare
- Industrial Services
- Consumer

### Transaction Size

- \$25MM - \$500MM

### Investment Banking Services

Mergers & acquisitions, recapitalizations,  
and management buyouts

Capital raising of equity, mezzanine, and  
senior debt capital

Financial advisory, analytical support,  
and fairness opinions

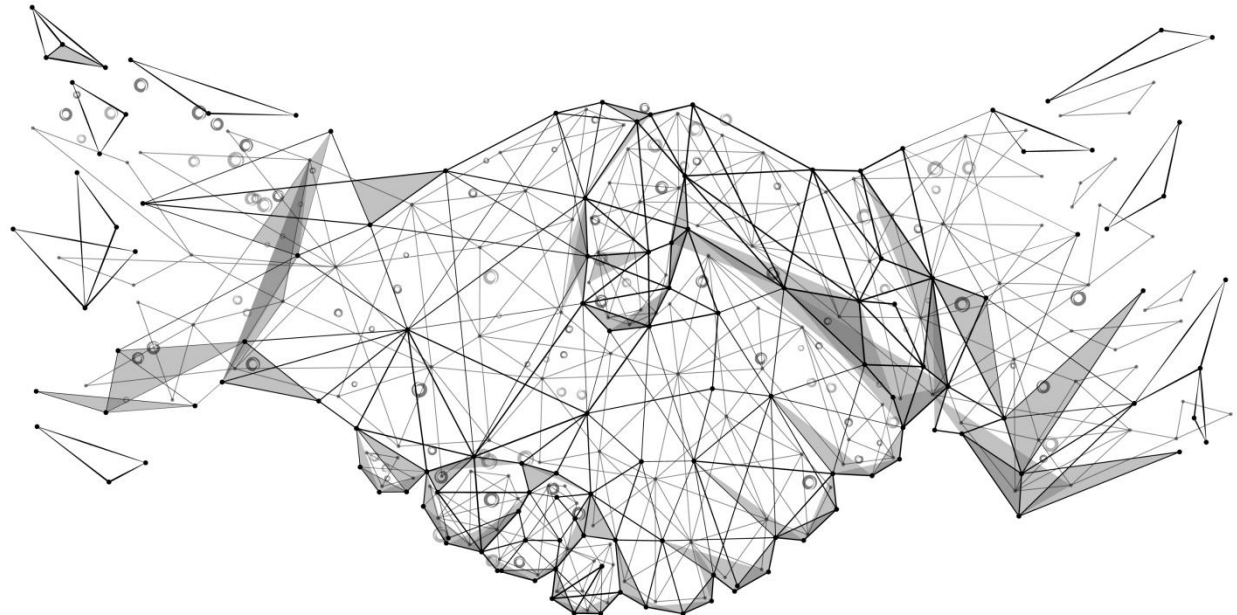
Comprehensive and targeted sell-side  
marketing efforts

### **Hyde Park Capital Advisors, LLC**

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# Overall M&A Report Q1 2020



# Capital Markets Overview

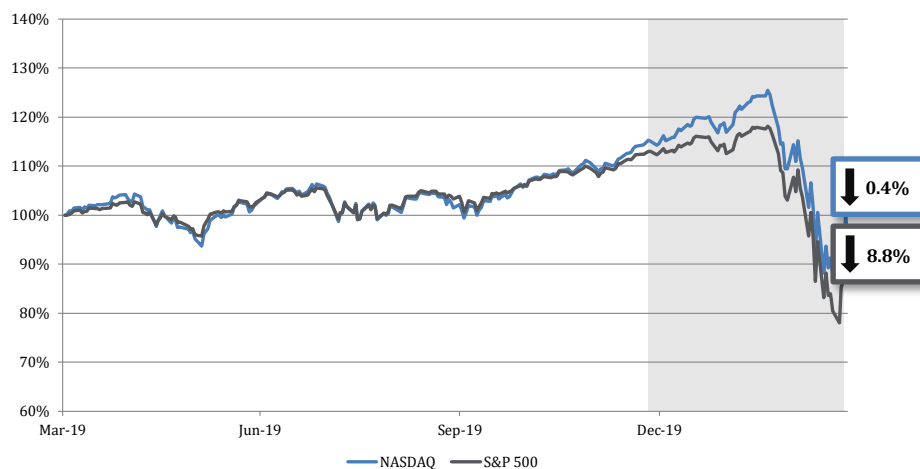
## Commentary

- During the twelve-month period ended March 31, 2020, the NASDAQ decreased 0.4% and the S&P 500 decreased 8.8%. Amidst the current global pandemic, in the recently completed first quarter, the NASDAQ decreased 16.5% while the S&P 500 decreased 22.4%.
- There were several major initial public offerings in Q1 2020. The largest IPO was Blackrock Health Sciences Trust II (NYSE:BMEZ), a public investment fund, raising \$2.1 billion. PPD (NASDAQ:PPD), a drug development and biopharmaceutical company, was the second largest offering at \$1.6 billion.
- There were several noteworthy deals announced in Q1, the largest of which was Morgan Stanley's proposed acquisition of E\*TRADE, a securities brokerage firm, valuing the enterprise at \$13.1 billion.

## Select Initial Public Offerings – Q1 2020

Offer Date	Issuer	Industry	Transaction Value (\$MM)
03/02/20	GFL Environmental	Industrials	\$1,425
02/27/20	Passage Bio	Healthcare	\$216
02/12/20	Revolution Medicines	Healthcare	\$238
02/06/20	Schrödinger	Technology	\$202
02/05/20	PPD	Healthcare	\$1,620
02/05/20	Beam Therapeutics	Healthcare	\$180
01/30/20	Reynolds Consumer Products	Consumer	\$1,226
01/30/20	1Life Healthcare	Healthcare	\$245
01/29/20	Black Diamond Therapeutics	Healthcare	\$201
01/28/20	BlackRock Health Sciences Trust II	Financials	\$2,100

## Public Market Performance (LTM)



Source: Capital IQ.

## Select Announced U.S. M&A Transactions – Q1 2020

Announced Date	Target	Buyer	Industry	Enterprise Value (\$MM)
03/17/20	TEGNA	Trinity Christian Center	Technology	\$8,714
03/11/20	Rockstar	PepsiCo	Consumer	\$3,850
03/10/20	DXC Technology Health and Human Science	Veritas Capital	Healthcare	\$5,000
03/02/20	Forty Seven	Gilead Sciences	Healthcare	\$4,952
02/24/20	Credit Karma	Intuit	Financials	\$7,100
02/20/20	E*TRADE Financial	Morgan Stanley	Financials	\$13,132
02/18/20	Legg Mason	Franklin Resources	Financials	\$4,592
01/30/20	Navistar	Traton SE	Industrials	\$8,122
01/22/20	Duff & Phelps	Stone Point Capital / Further Global Capital	Financials	\$4,200
01/13/20	Plaid	Visa	Technology	\$4,900



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# Quarterly M&A Activity

## Commentary

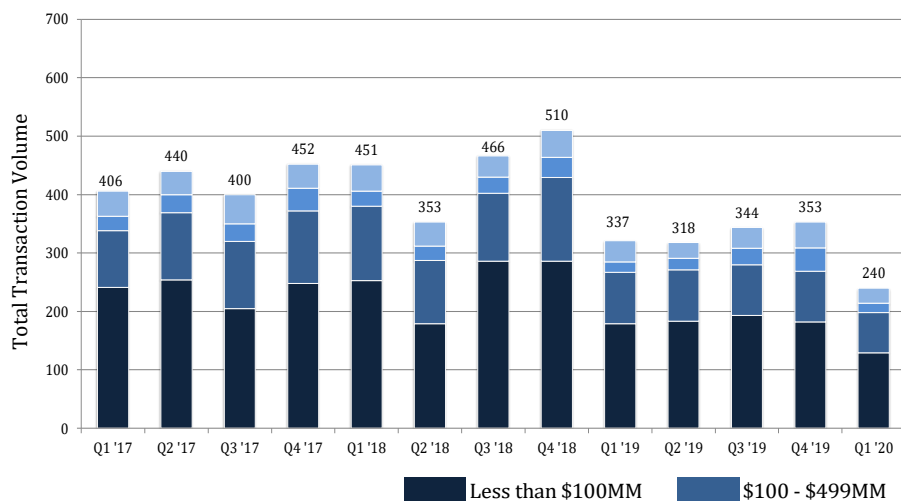
- As detailed in the table to the right, M&A transaction volume and value had largely negative trends during Q1 compared to the prior year period. Overall, transactions with disclosed values saw decreases in volume by 25% but did maintain a 14% increase in value.
- This increase in value can be attributed to deals valued greater than \$1 billion – increasing by 27% as compared to the prior year period.
- More indicative of deal flow is closed deal volume for all transactions (including those with undisclosed values) – down 17% during Q1 2020 as compared to the prior year period. This reflects the early implications the health crisis has had on the M&A market as near-term outlook has materially changed given the increase in market volatility and economic forecasts.

## U.S. M&A Transactions by Deal Size

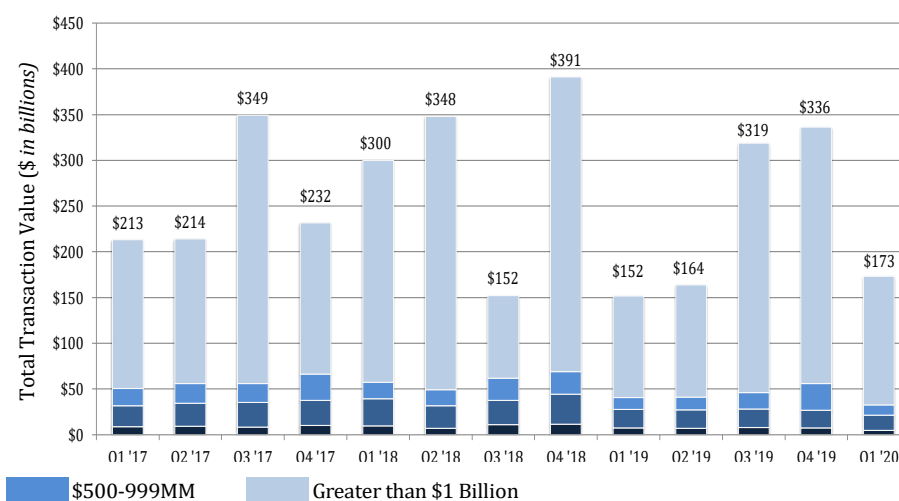
(\$ in billions)

Deal Size	Q1 2019		Q1 2020		% Change	
	Volume	Value	Volume	Value	Volume	Value
Less than \$100M	179	\$7	129	\$5	(28%)	(38%)
\$100 - \$499M	88	\$20	69	\$17	(22%)	(18%)
\$500 - \$999M	18	\$13	16	\$11	(11%)	(12%)
<b>Total Middle Market</b>	<b>285</b>	<b>\$41</b>	<b>214</b>	<b>\$33</b>	<b>(25%)</b>	<b>(20%)</b>
Greater than \$1 Billion	36	\$111	26	\$141	(28%)	27%
<b>Total Market</b>	<b>321</b>	<b>\$152</b>	<b>240</b>	<b>\$173</b>	<b>(25%)</b>	<b>14%</b>
<b>% of Total Market</b>						
Less than \$100M	56%	5%	54%	3%		
\$100 - \$499M	27%	13%	29%	10%		
\$500 - \$999M	6%	8%	7%	6%		
<b>Total Middle Market</b>	<b>89%</b>	<b>27%</b>	<b>89%</b>	<b>19%</b>		
Greater than \$1 Billion	11%	73%	11%	81%		
<b>Total Market</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## U.S. M&A Activity – Quarterly Trends: VOLUME



## U.S. M&A Activity – Quarterly Trends: VALUE

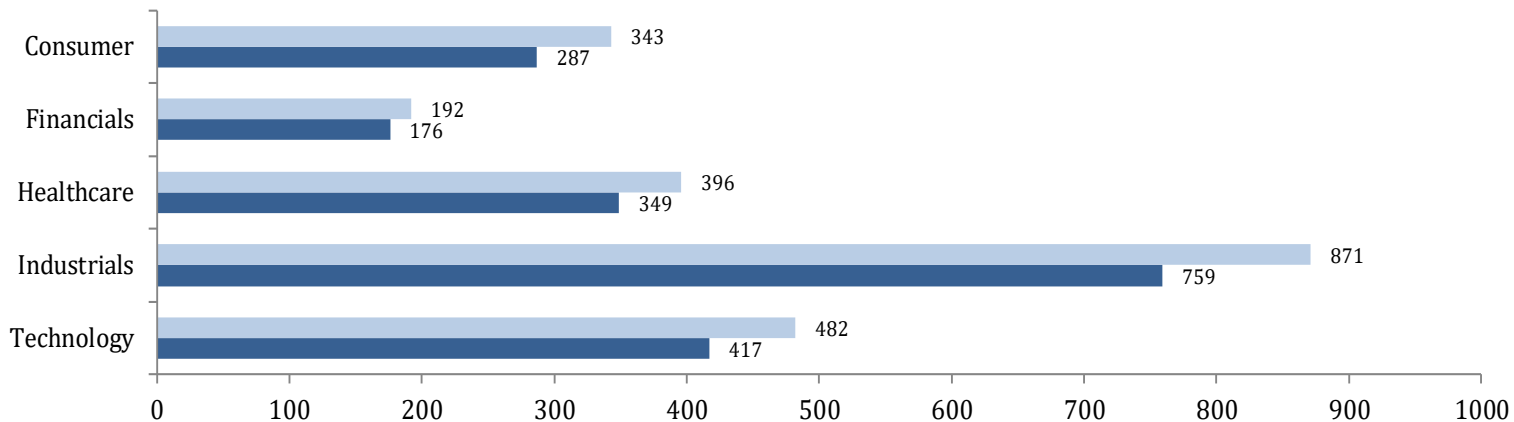


Source: Capital IQ. Includes deals with disclosed values greater than \$10 million. Excludes Real Estate, Energy and Utilities transactions. Note: Due to rounding, numbers may not sum precisely.

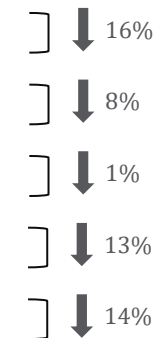


# Middle-Market M&A Activity by Industry

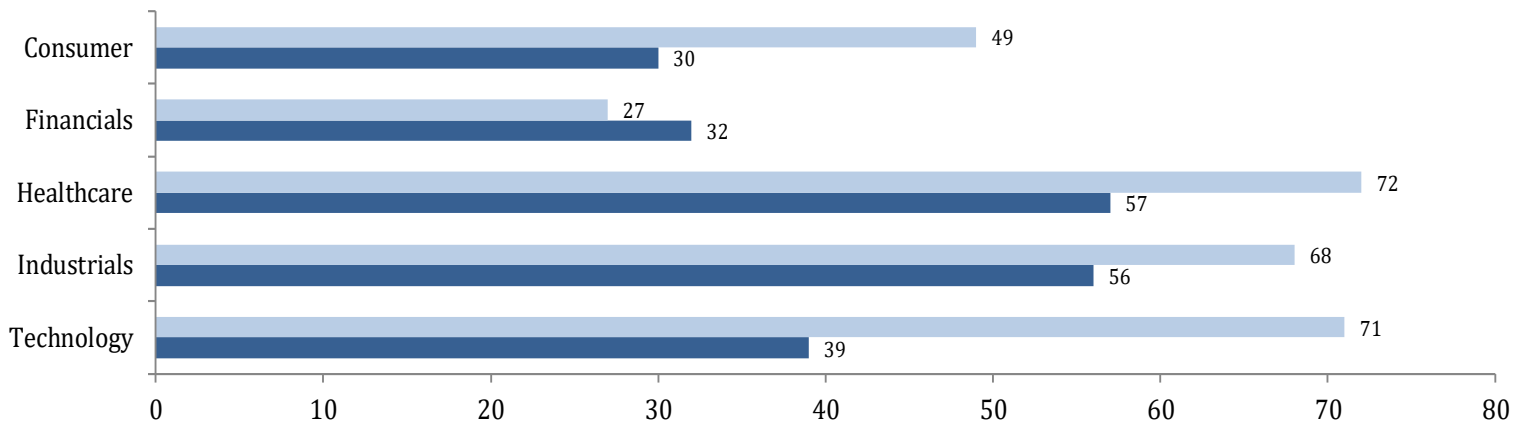
## U.S. Deal Flow by Industry



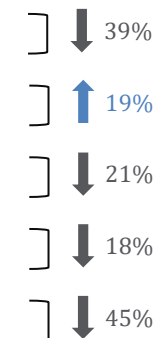
### % Change



## U.S. Middle Market\* Deal Flow by Industry



### % Change



Source: Capital IQ. \*Includes all closed deals with disclosed deal value between \$10 million and \$1 billion.



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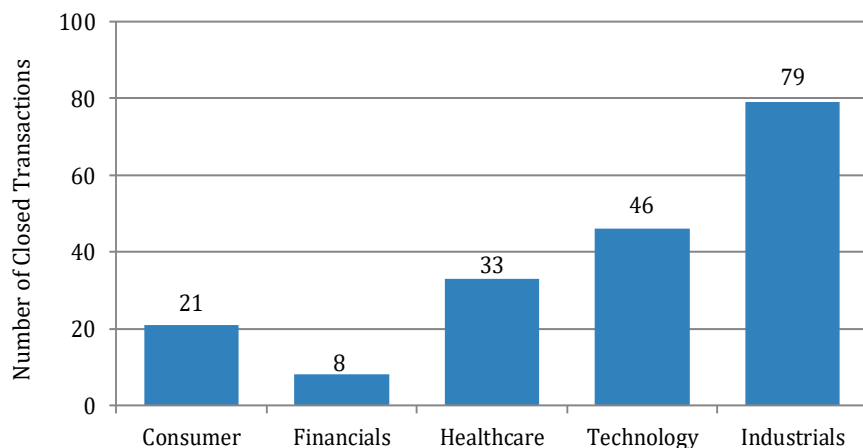
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# Recent Private Equity Activity

## Commentary

- Financial sponsor activity was slow in Q1 2020 compared to the prior year period. Despite near-record amounts of dry powder and active fundraising in 2019, activity is likely to remain lower in the coming months until there is greater visibility of the impact that the COVID-19 pandemic will have on businesses. This impact will be a staple conversation piece as investors evaluate new investment opportunities and re-establish their risk tolerance profiles.
- Notable announced transactions included Franklin Resources' acquisition of Legg Mason, an asset management firm, for \$4.6 billion, and Stone Point Capital's acquisition of Duff & Phelps, a financial advisory firm, for \$4.2 billion.
- The *Industrials* industry saw the most financial sponsor activity with 79 closed deals, followed by the *Technology* industry with 46.

## Financial Sponsors Industry Transactions



## Select Announced Private Equity Transactions – Q1 2020

Announced Date	Target	Buyer	Industry	Enterprise Value (\$MM)
3/27/2020	Stericycle	Saddle Point	Industrials	NA
3/26/2020	World Triathlon	Orkila Capital / Advance Publications	Technology	\$730
3/17/2020	Spok	B. Riley Capital	Technology	\$243
3/4/2020	Azul Systems	Vitruvian Partners / Lead Edge Capital	Technology	\$340
2/20/2020	Victoria's Secret	Sycamore Partners	Consumer	NA
2/18/2020	Legg Mason	Franklin Resources	Financials	\$4,592
2/18/2020	RSA Security	AlpInvest Partners / Symphony Technology	Technology	\$2,075
2/6/2020	Forescout Technologies	Advent Intl. / Crosspoint Capital	Technology	\$1,884
2/2/2020	Forever 21	Simon Property / Authentic Brands	Consumer	\$81
1/31/2020	Stein Mart	Kingswood Capital	Consumer	\$618
1/24/2020	Cincinnati Bell	Macquarie Infrastructure and Real Assets	Technology	\$2,934
1/22/2020	Duff & Phelps	Stone Point Capital / Further Global Capital	Financials	\$4,200
1/21/2020	McDermott (Lummus Technology Business)	Rhone Capital / The Chatterjee Group	Technology	\$2,725
1/15/2020	Pope MGP	Rayonier	Industrials	\$567
1/14/2020	Packet Host	Equinix	Technology	\$335
1/13/2020	Tutogen Medical	Montagu Private Equity	Healthcare	\$490
1/7/2020	AmeriLife	Thomas H. Lee Partners	Financials	\$1,000
1/6/2020	Armis	Insight Ventures / CapitalG Management	Technology	\$1,100

Source: Capital IQ; PitchBook. Graphic includes transactions with undisclosed transaction values. Industrials industry includes Materials and Commercial Services.

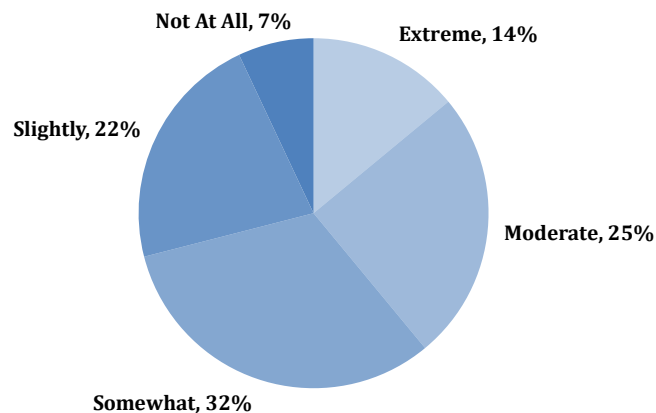


# Select Company Quotes & Sentiment

## Commentary

- While CEOs work to find the best plan of action for business continuity, they appear to remain optimistic, as observed in the Select Quotes section; however, they still maintain a healthy level of caution, as detailed in the table below.
- Regarding impact on M&A, the pandemic has in some cases put a damper on in-process transactions and suspended processes for early-stage transactions. While an exact timeline for return to normalcy in the market is unclear, the general approximation amongst both buyers and targets seems to be between one and six months, mostly dependent on slowing infection rates.
- Buyers have become more hesitant to move forward with proposed acquisitions due to due diligence difficulties, increased chance of potential downside caused by market volatility, decline in credit availability, and valuation decreases.

### CEO COVID-19 Concern Levels\*



Sources: Capital IQ; Seeking Alpha; CNBC; J.P. Morgan; UBS; Apple; \*Vistage (Small and Mid-Size Business CEOs).

## Select Quotes



**Apple**  
*CEO - Tim Cook*

### Q1 2020 Earnings Call

“We’ve worked through earthquakes, tornadoes, fires, floods, tsunamis, SARS, so we’ve had a long list of things, and the operational team is very deep at working through these... It will take some time, but by and large, I think this is a temporary condition, not a long-term kind of thing . . . .”



**Johnson & Johnson**  
*CEO – Alex Gorsky*

### CNBC Interview

“We have very good early indicators that not only can we depend on this [vaccine] to be a safe base but also one that will ultimately be effective based on all the early testing and modelling we’ve been doing . . . .”



**Delta Airlines**  
*CEO – Edward Bastian*

### J.P. Morgan Industrials Conference

“The environment is fluid and trends are changing quickly, but we are well-positioned to manage this challenge. . . . Delta has never been on more solid footing. We have a strong global franchise and a great brand . . . supported by competitive advantages that are unmatched in the industry.”





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## Recent Transactions

 <p>has been acquired by</p> 	<p><b>Branded Consumer Food Products Business</b></p> <p>has been acquired by</p> 	<p><b>VOLOGY</b></p> <p>has been recapitalized by</p>  <p>and others</p>	 <p>has been acquired by</p> 	<p><b>Industrial Truck &amp; Equipment, LLC</b></p> <p>has acquired</p> 
 <p>has been acquired by</p> 	 <p>received a strategic investment from</p> 	<p><b>VOLOGY</b></p> <p>CERTIFIED PRE-OWNED</p> <p>has been acquired by</p>  <p>QUALITY SPEED VALUE</p>	 <p>MAKERS OF VUEWorks.</p> <p>has been acquired by</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p>  <p>look deeper.</p>
 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> <p>THE GORES GROUP and Platinum Equity</p>