Citizens

M&A UPDATE

SEPTEMBER 2024

Slow and Steady Growth in M&A into 2025

With summer ending, all eyes are on interest rates, the U.S. election and M&A markets as we turn the corner into the last part of the year. Given improvements in macroeconomic and dealmaking conditions in the first half, we are optimistic that M&A activity will continue making steady progress for the remainder of the year and anticipate this momentum to carry into 2025.

In our M&A update from earlier this year, we highlighted a dense backlog of deals that had not seen much movement. Many of these deals are still in the pre-marketing phase, as timelines remain protracted due to a cloud of risk-aversion hovering over the market.

While deal count in the first half of this year is slightly below the trendline of 2023, deal values are up 18% in North America from last year. That is good progress, just not as much progress as those in the deal community had originally predicted. A slower pace of rate cuts is the primary culprit. Other factors contributing to this throttled pace include:

- **Lower Close Rates** -- The dampened close rates we're seeing are masking the true level of market activity — deals have been and will continue to be in motion, yet extended timelines have muted closed transaction volumes.
- **Bifurcated Market** -- The market's duality continues — for quality assets, the environment is as good as ever, backed by high valuations and demand. However, more marginal businesses are struggling to generate interest.
- **Financial Sponsor Exits** -- Financial sponsors have become an increasingly important player in the M&A markets. Exit activity for financial sponsors is still soft as they are hesitant to exit businesses that were purchased during a much more benign interest rate environment. For M&A volumes to get closer to the 2021 peak, the financial sponsor exit machine must get going.

While it's highly likely that rate cuts are coming, the question remains whether the benefits of the cuts will be offset or amplified by other factors. We are cautiously optimistic but given continued geopolitical uncertainty and a contentious election cycle, it is hard to have a great deal of conviction around any prediction.

JASON WALLACE
Head of M&A Advisory
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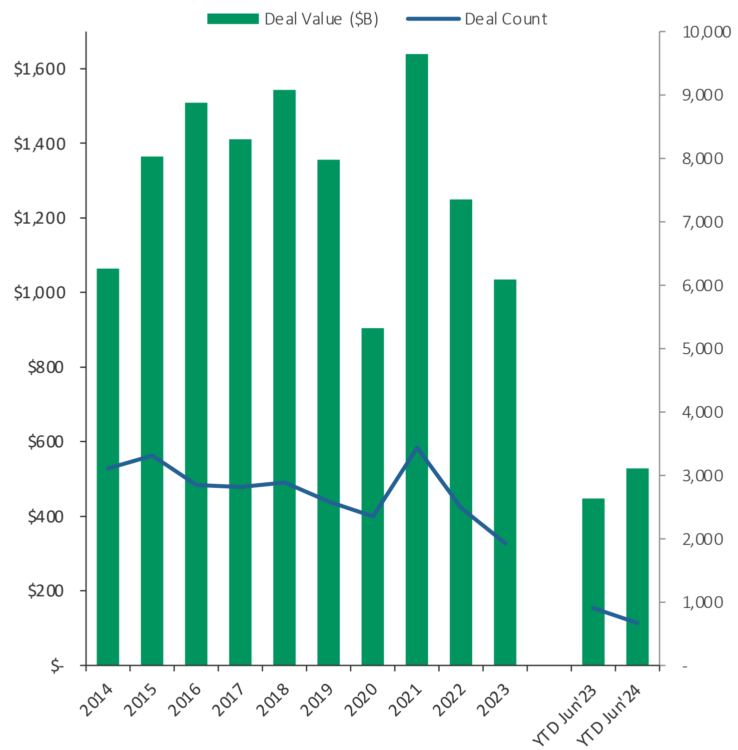
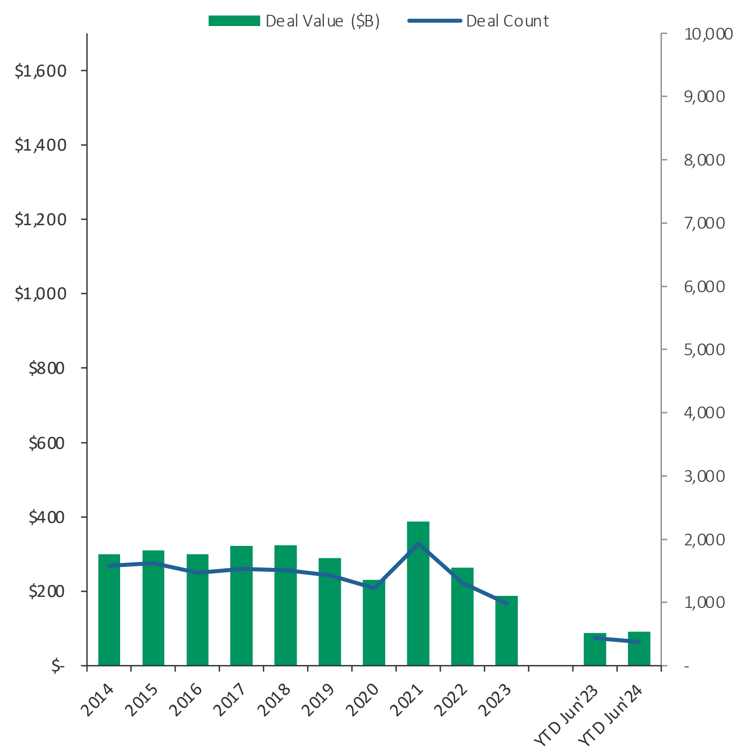
MARKET UPDATE

TOTAL U.S. M&A ACTIVITY

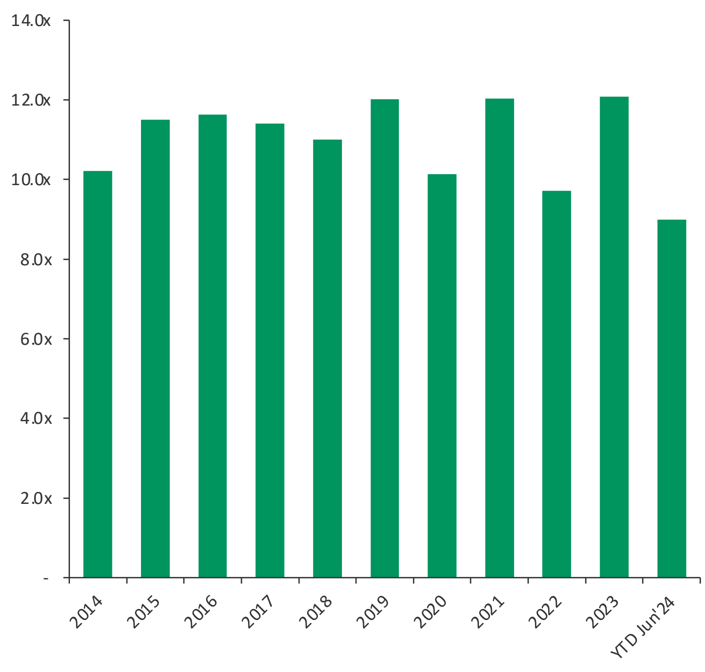


U.S. MIDDLE MARKET M&A ACTIVITY



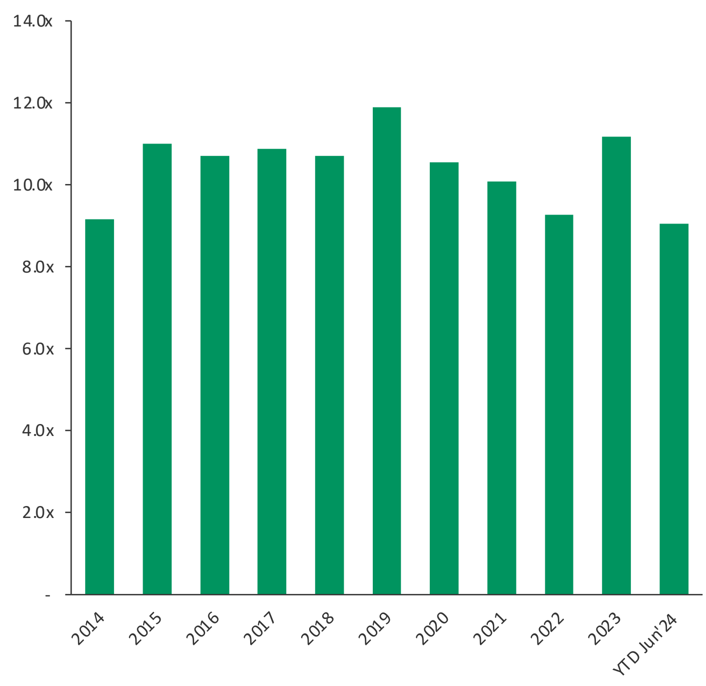
MEDIAN U.S. M&A DEAL MULTIPLES

TEV / EBITDA



MEDIAN U.S. MIDDLE MARKET M&A DEAL MULTIPLES

TEV / EBITDA



Source: Pitchbook

M&A UPDATE

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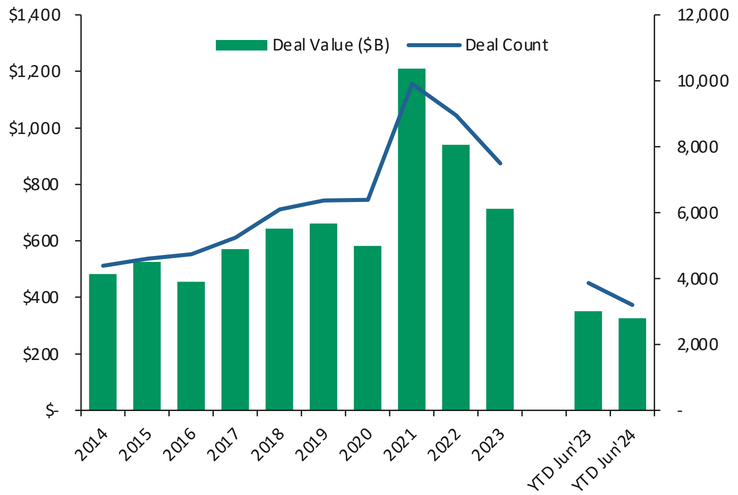
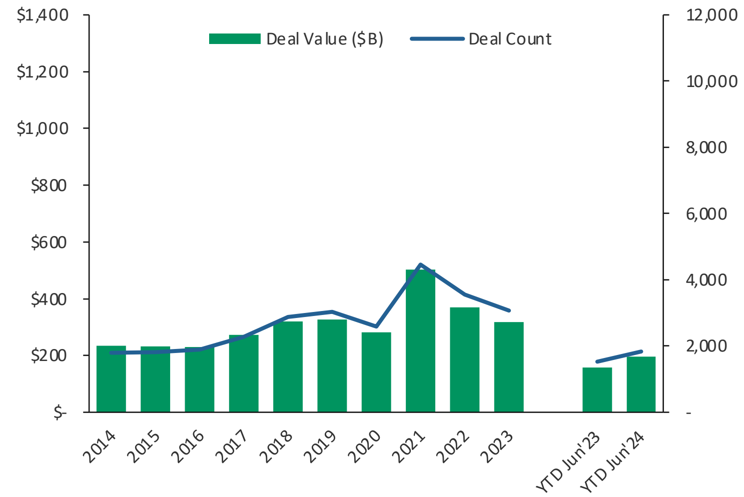
PRIVATE EQUITY MARKET UPDATE

TOTAL U.S. PRIVATE EQUITY ACTIVITY

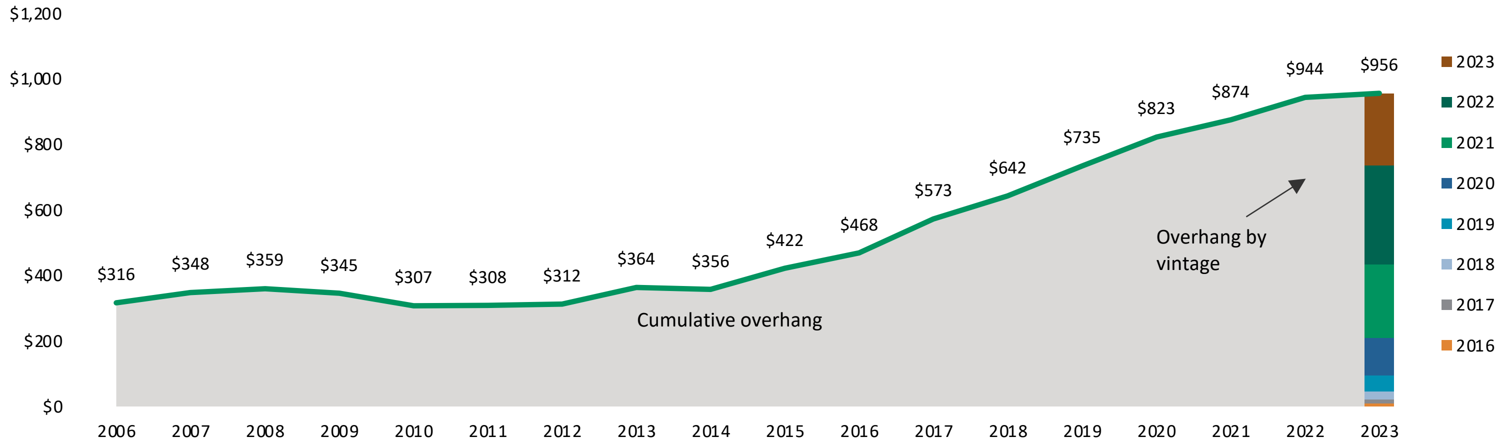


U.S. MIDDLE MARKET PRIVATE EQUITY ACTIVITY



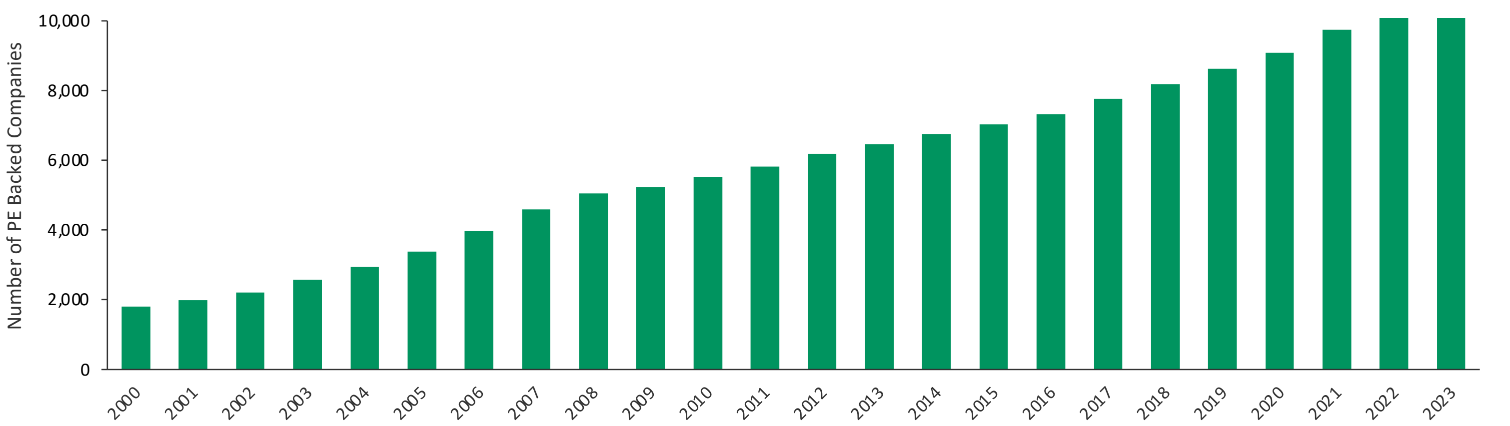
U.S. PRIVATE EQUITY CAPITAL OVERHANG

Capital overhang ($B), by vintage, size bucket



U.S. PRIVATE EQUITY COMPANY INVENTORY

Overall PE portfolio inventory



Source: Pitchbook

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Citizens

Citizens M&A Advisory offers a relationship-first approach, prioritizing the development and maintenance of long-term connections with clients and other partners. With a growing platform that offers a full range of investment banking services, our highly sophisticated bankers lead with sector expertise, bringing specialized knowledge to bear in every transaction. We manage transactions with exceptional efficiency and effectiveness, relying on a high-touch approach to ensure that clients experience optimal outcomes with every transaction.

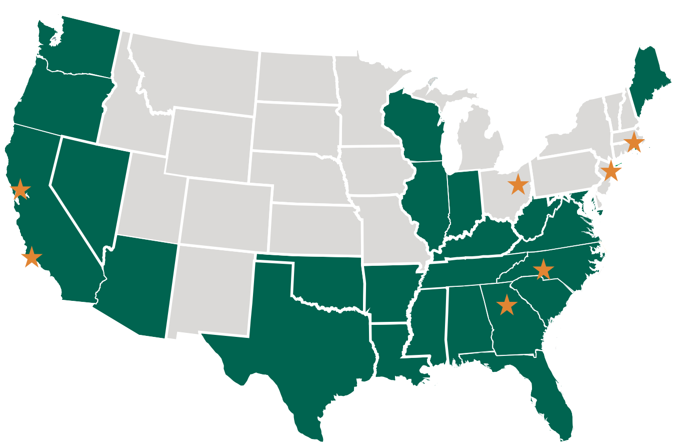
At-A-Glance - Citizens M&A Advisory

100+	7	9	$10 – $100M
Professionals	Offices	Sectors of Focus	Client EBITDA

Leading with Sector Expertise

AEROSPACE, DEFENSE & GOVERNMENT SERVICES	BUSINESS SERVICES	CONSUMER
FINANCIAL SERVICES	GAMING, LODGING & LEISURE OPERATORS	HEALTHCARE
INDUSTRIALS	TECHNOLOGY & COMMUNICATIONS	TRANSPORTATION & LOGISTICS

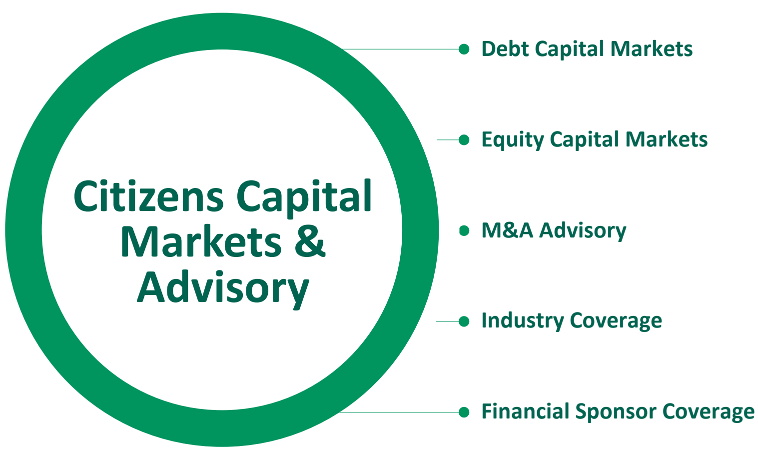
Citizens Footprint



■ Commercial Offices

★ Citizens Capital Markets & Advisory Offices

Full-Service Investment Bank



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Substantial Momentum with Private Equity – Select Recent Clients

abry partners · AEA · ae Industrial Partners · A|C|P · APOLLO · AQUILINE CAPITAL PARTNERS LLC · ARES · Atlantic Street Capital

American Securities · Berkshire Partners · The Blackstone Group · BOW RIVER CAPITAL · bv INVESTMENT PARTNERS · The Carlyle Group · Centerbridge

CORNELL CAPITAL · COURT SQUARE · GENERAL ATLANTIC · GENSTAR CAPITAL · HP HARVEST PARTNERS · L|G · The Jordan Company

LGP LEONARD GREEN & PARTNERS · LL LEVINE LEICHTMAN CAPITAL PARTNERS · Littlejohn & Co. · MSOUTH EQUITY PARTNERS · N NEW STATE CAPITAL PARTNERS · ODYSSEY INVESTMENT PARTNERS

Partners Group REALIZING POTENTIAL IN PRIVATE MARKETS · Ridgemont EQUITY PARTNERS · Riverside · ShoreView · VALESCO · Warburg Pincus

Recent Sponsor Client M&A Transactions

blue mantis
A PORTFOLIO COMPANY OF
abry partners
RECAPITALIZED BY
RECOGNIZE
AUGUST 2024

GHK CAPITAL PARTNERS
ACQUIRED
HORIZON GROUP
AUGUST 2024

PRIORITY
A PORTFOLIO COMPANY OF
RUBELMANN CAPITAL
ACQUIRED BY
Stratus
A PORTFOLIO COMPANY OF
VESTAR
JUNE 2024

BRIGHTSTAR CAPITAL PARTNERS
HAS ENTERED INTO DEFINITIVE AGREEMENT TO ACQUIRE
ags
ANNOUNCED MAY 2024

TJC
RECAPITALIZED
PSC GROUP
APRIL 2024

TWIN RIVERS PAPER COMPANY
A PORTFOLIO COMPANY OF
ATLAS HOLDINGS | BLUE WOLF
SOLD ITS PINE BLUFF, AR UNBLEACHED KRAFT PAPER MILL TO
American Kraft Paper Industries
AN AFFILIATE OF
AIAC
APRIL 2024

United Air Temp
A PORTFOLIO COMPANY OF
Summit Park
ACQUIRED BY
Littlejohn & Co.
MARCH 2024

datAvail
A PORTFOLIO COMPANY OF
CATALYST · MERITAGE · BOULDER VENTURES
ACQUIRED BY
CIVC PARTNERS
JANUARY 2024

ENGINEERED SOLUTIONS GROUP
A SUBSIDIARY OF
HD ADVANCED MANUFACTURING
ACQUIRED BY
TIMKEN
NOVEMBER 2023

Soliant
A PORTFOLIO COMPANY OF
Olympus Partners
SOLD
biobridges
TO
PharmAlliance
A PLATFORM COMPANY OF
Waud Capital
SEPTEMBER 2023

ODATA
A PORTFOLIO COMPANY OF
PATRIA
ACQUIRED BY
Aligned
A PORTFOLIO COMPANY OF
MACQUARIE · SDC CAPITAL PARTNERS
MAY 2023

UNIQUE INDOOR COMFORT
A PORTFOLIO COMPANY OF
GROVE MOUNTAIN PARTNERS
ACQUIRED BY
ACE Hardware
APRIL 2023

PeopleShare
A PORTFOLIO COMPANY OF
TRIVEST
ACQUIRED BY
PROMAN
MARCH 2023

PAVEMENT PARTNERS
A PORTFOLIO COMPANY OF
SHORELINE EQUITY PARTNERS
MERGED WITH
Brothers NATIONAL
A PORTFOLIO COMPANY OF
TRIVEST
FEBRUARY 2023

naks NORTH AMERICAN KITCHEN SOLUTIONS INCORPORATED
A PORTFOLIO COMPANY OF
WEINBERG CAPITAL GROUP
ACQUIRED BY
VALESCO INDUSTRIES
NOVEMBER 2022

M&A UPDATE

SEPTEMBER 2024

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CITIZENS M&A DEAL SPOTLIGHTS

CUMULUS DATA
Powered Land Assets and Long-term PPA
A SUBSIDIARY OF
TALEN ENERGY
ACQUIRED BY
aws
MARCH 2024

Citizens

Citizens M&A Advisory served as the exclusive M&A advisor to Talen Energy Corporation on the sale of Cumulus Data, a nuclear direct-connect hyperscale data center campus.

Cumulus is a hyperscale data center campus adjacent to Talen's 2.5 GW nuclear power station in Pennsylvania, the Susquehanna Steam Electric Station. The data center campus is directly connected to the carbon-free Susquehanna nuclear facility, with up to 960 MW of potential redundant capacity. In addition to the campus sale, Talen has entered into a long-term power purchase agreement, establishing contracted cash flows and growth trajectory for Susquehanna with an investment-grade tenant.

NTT DATA
Global Data Center Americas ("GDCA")
CHICAGO CAMPUS
FORMED A JOINT VENTURE WITH
Tokyo Century
MARCH 2024

Citizens

Citizens M&A Advisory advised global digital business and IT services leader NTT DATA on the joint venture formation and investment by Tokyo Century Corporation in NTT Global Data Centers Americas' Chicago data center campus. The Global Data Centers division of NTT DATA combines the broader power of NTT DATA with SI capabilities, consulting services and application development.

NTT DATA is the world's third-largest colocation data center provider (excluding China) and provides global services combining capabilities such as data centers, networks and managed services.

United Air Temp
A PORTFOLIO COMPANY OF
SUMMIT PARK
ACQUIRED BY
LITTLEJOHN & CO.
MARCH 2024

Citizens

Citizens M&A Advisory served as the exclusive financial advisor to United Air Temp on its sale to Littlejohn & Co., LLC. United, previously a portfolio company of Charlotte, N.C.-based middle-market private equity firm Summit Park, is a leading provider of HVAC and plumbing services to residential homeowners across the Mid-Atlantic and Southeast regions.

Over the last three years, United Air Temp has expanded its footprint through a disciplined and deliberate acquisition strategy, assembling an attractive portfolio of long-tenured brands with strong reputations in their respective markets.

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CITIZENS M&A DEAL SPOTLIGHTS

AmeriPro Health
PROFESSIONALISM | INTEGRITY | COMMITMENT

PARTNERS WITH

WHISTLER
CAPITAL PARTNERS

MARCH 2024

Citizens M&A Advisory served as the exclusive financial advisor to AmeriPro Health on its growth partnership with Whistler Capital Partners. The partnership will enable AmeriPro to accelerate its growth strategies under Founder and CEO Suhas Uppalapati and the company's existing executive leadership team.

Headquartered in Atlanta, GA, AmeriPro is a leading medical transportation and patient logistics service provider throughout the Southeast. Nashville-based Whistler Capital is an experienced healthcare and technology-enabled services investor.

DELTA

A SUBSIDIARY OF

GREIF

ACQUIRED BY

PSC GROUP

A PORTFOLIO COMPANY OF

TJC

AUGUST 2024

Citizens M&A Advisory served as the exclusive financial advisor to Greif, Inc., on its sale of Delta Petroleum Company, Inc., to PSC Group, a portfolio company of New York-based middle-market private investment firm, TJC L.P.

Founded in 1946 and headquartered in Houston, Texas, Delta is a leading provider of outsourced specialty chemical filling, warehousing and logistics services in support of large chemical manufacturers' finished product logistics. Delta is a trusted partner to its long-tenured global chemical customers, providing critical value-added warehouse services from locations in Texas, Louisiana and Ohio. Delta was acquired by Greif in 2006.

NATIONAL SAFETY APPAREL®

ACQUIRED BY

BLUEPOINT
Capital Partners

MAY 2024

Citizens M&A Advisory served as the exclusive financial advisor to National Safety Apparel on its sale to Blue Point Capital Partners.

Headquartered in Cleveland, NSA manufactures branded, high-performance personal protective equipment and safety products for critical-use industrial applications. The company's one-stop-shop portfolio includes electrical PPE, flame-resistant clothing, military and government PPE, thermal PPE, electrical safety products and other general industrial PPE offerings. NSA has a track record of achieving significant scale and diversification through acquiring over a dozen niche category leaders.

M&A UPDATE

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Citizens

INTEGRATED SECTOR COVERAGE AND EXPERTISE

AEROSPACE, DEFENSE & GOVERNMENT SERVICES

- Air, Land, Sea and Space Platforms
- Commercial Aerospace
- Defense Technology and Solutions
- Engineering and Technical Services
- IT Services and Software

BUSINESS SERVICES

- Business Process Outsourcing
- Commercial & Industrial Services
- Data & Analytics
- Human Capital Management
- IT & Professional Services

CONSUMER

- Consumer Products and Services
- E-Commerce and Direct-to-Consumer
- Food and Beverage
- Restaurants, C-Store & Retail Fuel and Multi-Unit Retail

FINANCIAL SERVICES

- Alternative Asset Managers & Broke-Dealers
- Commercial & Consumer Finance
- Commercial & Residential Mortgage Finance
- Insurance & InsurTech
- Registered Investment Advisors

REAL ESTATE, GAMING, LODGING & LEISURE

- Gaming & Lodging Operators
- Gaming Technology
- Marinas
- REITs
- Real Estate
- Vacation Ownership & Leisure

HEALTHCARE

- Biotechnology
- Healthcare Services
- Healthcare Technology
- Medical Devices and Products
- Pharma / Provider Services

INDUSTRIALS

- Automation
- Building Products
- Distribution
- Equipment
- Paper & Packaging

TECHNOLOGY & COMMUNICATIONS

- Communication Infrastructure and Technology
- Electronic Security
- Financial Technology & Services
- Software

TRANSPORTATION & LOGISTICS

- Leasing
- Logistics
- Niche Transportation
- Ports and Infrastructure
- Trucking

CORPORATE FINANCE | CAPITAL MARKETS & ADVISORY | TREASURY & RISK MANAGEMENT

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