



# MCM Capital Markets Group

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Q1 2023



# About MCM's Capital Markets Group

## Capital Markets Group

MCM Capital Markets Group (“CMG”) is a full-service Investment Bank providing Corporate Finance and Transaction Services for Companies within the Lower-Middle market

CMG's Offerings Include:



### Full-Process Sell-Side Advisory

- Provides Sell-Side services to clients looking to exit or transition their business to new investors



### Buy-Side Advisory

- Act as an augmented Corporate Development office for clients looking to accelerate growth through M&A



### Growth Equity Fund-Raising

- Lead rounds of Growth Equity financing through a minority recapitalization process



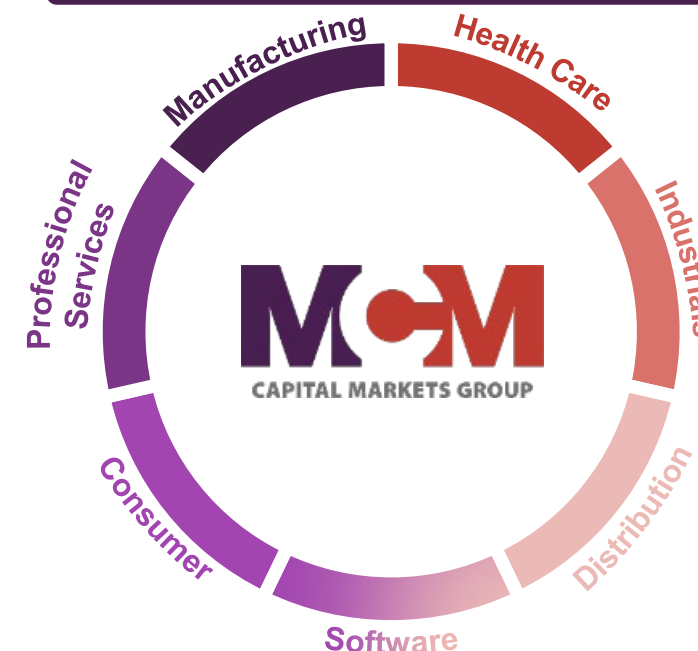
### Debt Financing

- Facilitate debt raises across a diverse set of instruments including revolving credit facilities, senior notes, subordinated notes, and mezzanine / alternative debt financing

## MCM CMG At a Glance

Offices:	6 Locations
Principal Coverage Area:	Louisville, Lexington, Jeffersonville, Indianapolis, Cincinnati

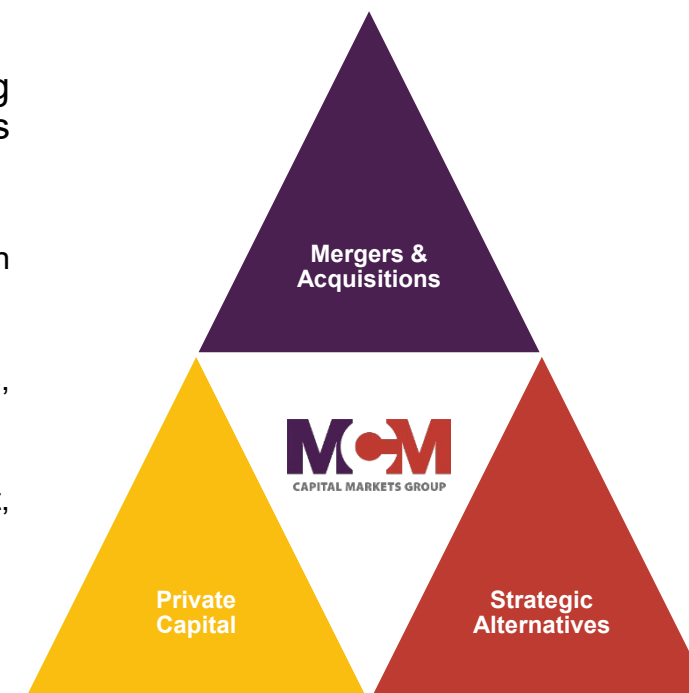
## Industry Coverage



# CMG Offerings

MCM CMG Investment Banking leadership team is experienced in executing transactions and Corporate Finance services for privately-held companies and serves clients facing complex financial and strategic challenges

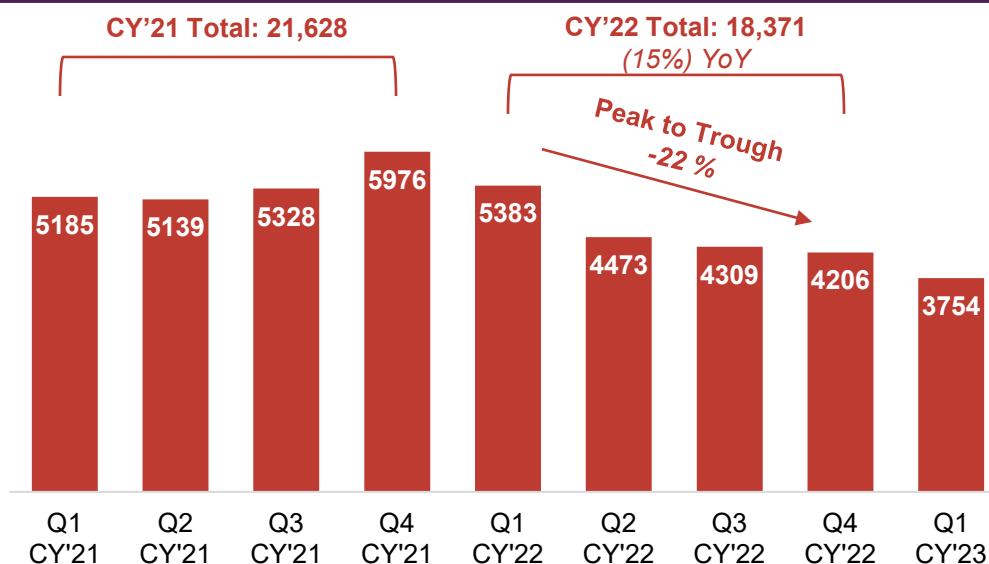
- Our clients hire us for our breadth of industry experience, sophisticated transaction execution capabilities, and technical expertise
- CMG has advised numerous family-owned and privately-held businesses, private equity firms, boards of directors, special committees, independent trustees, and other fiduciaries
- Transaction Support Services range from sell-side advisory, recapitalization / fund raising support, to transaction financing



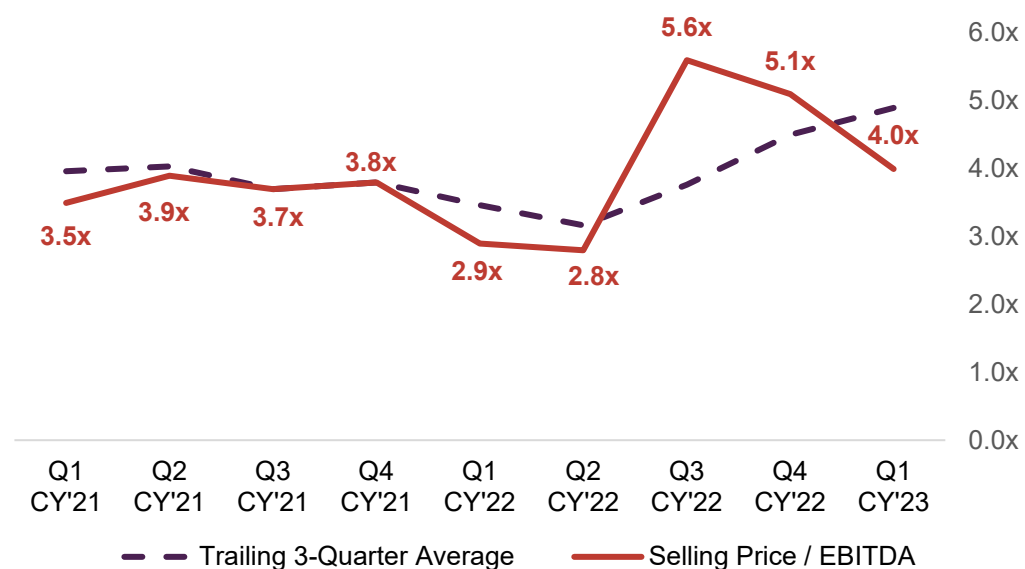
Strategic Planning		Transaction Execution			Support
Pre-Transaction Planning	Mergers & Acquisition	Private Capital	Strategic Alternatives	Transaction Support	
<ul style="list-style-type: none"> <li>▪ Strategic alternatives</li> <li>▪ Shareholder value analysis</li> <li>▪ Transaction feasibility</li> <li>▪ Preliminary valuations</li> <li>▪ Go-to-market analysis</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transaction strategy</li> <li>▪ Sell-side/buy-side advisory</li> <li>▪ Corporate divestitures</li> </ul>	<ul style="list-style-type: none"> <li>▪ Senior debt financing</li> <li>▪ Mezzanine debt financing</li> <li>▪ Private Equity financing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Growth capital financing</li> <li>▪ Leveraged transactions</li> <li>▪ Management buyouts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Target assessments</li> <li>▪ Purchase price allocations</li> <li>▪ Transaction negotiations</li> </ul>	

# Aggregate US Capital Markets – Market Update

## Aggregate US M&A Volume<sup>(1)</sup>



## Aggregate US Trading Multiples (Selling Price/EBITDA)<sup>(2)</sup>



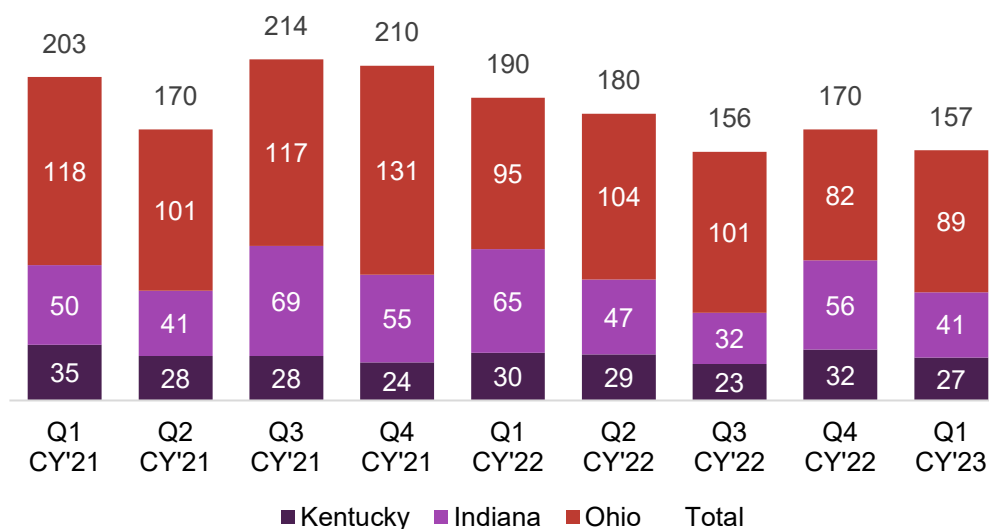
## Commentary

- CY'22 results highlight a steady decrease in deal volume compared to a strong CY'21, driven by a rising interest rate environment and fears of an impending recession.
- Q1 CY'23 may be artificially light due to concentration of deal closings at month end (i.e., March results are not finalized).
- Possible M&A tailwinds for the second half of CY'23 include 1) well capitalized companies making core business acquisitions, 2) strong balance sheets for financial sponsors looking to deploy capital, and 3) shareholder activist's M&A demands in underperforming companies.<sup>(3)</sup>
- Trading multiples show a positive trend from Q2 to Q3 CY'22, with a drop in Q4 CY'22 and Q1 CY'23, a reflection of the impact of rising interest rates.
- Negative trends in trading multiples is good news for the recent vintage funds that are able to buy at lower prices to boost returns and make up for the lack of debt leverage brought on by higher interest rates.<sup>(4)</sup>
- Negative multiple trends were further reinforced by total quarterly exit value being pushed lower having declined from its peak nearly two years ago. This has exacerbated a concerning half-trillion-dollar deficit between buying and selling.<sup>(4)</sup>

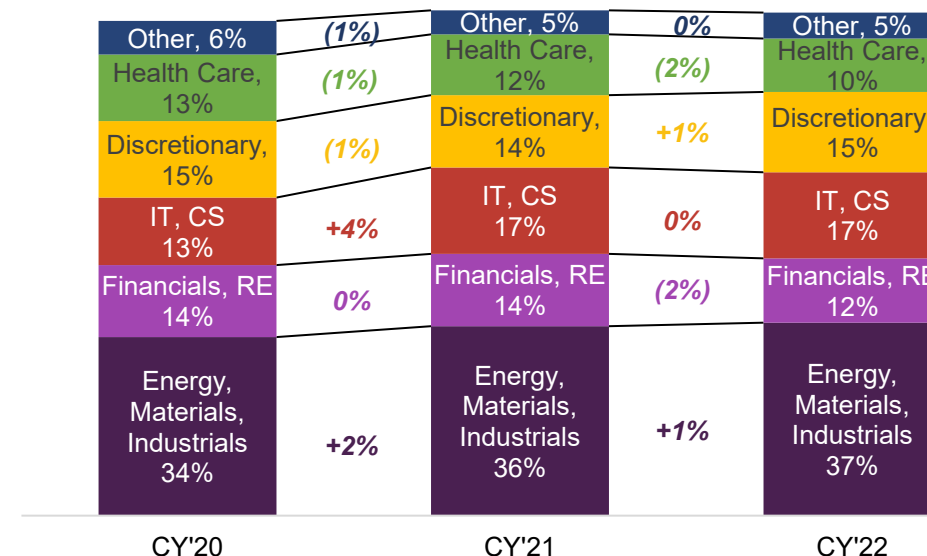
(1) Source: CAPIQ  
(2) Source: BVR DealStats  
(3) Source: Morgan Stanley  
(4) Source: Pitchbook

# Regional Capital Markets – Market Update

## Regional M&A Volume<sup>(1)</sup>



## Regional M&A Industry Composition<sup>(1,2)</sup>











## Commentary

- Regional M&A volume for CY'22 shows an overall YoY decrease of (13%) in volume, driven largely in part by rising interest rates and concerns over an economic slow-down.
- Early Q1 CY'23 result indicate similar volume to the last two quarters of CY'22.
- Ohio continues to dominate the three-state region in line with overall relative level of economic output.
- Industry trends point to the Energy, Materials, and Industrials industries continuing their significant weight in overall composition.
- Information Technology (IT) and Communication Services (CS) M&A activity may be partially explained by changes in demand brought on by the pandemic.
- Financials and Real Estate (RE) show negative trends in overall activity, likely due to interest rate conditions.

(1) Source: CAPIQ  
 (2) Industry data only reflects reported industries possibly over or understating aggregate composition

# Regional Capital Markets – Deal Highlights

Target	Acquirer	Deal Size	State	Highlights
		Undisclosed	Kentucky	Ajax Defense acquired Whelan from Gremada Industries. Whelan, based in Louisville, Kentucky, offers customized manual and precision milling and turning services. The sale was facilitated by Alderman & Company, an M&A banking firm focused on middle-market aerospace and defense sector companies. Terms of the deal were not disclosed.
		\$3,165M	Ohio	Announced, pending close. TravelCenters of America Inc. operates travel centers, truck service facilities, and restaurants in the U.S. and Canada. BP Products North America Inc. reached an agreement to acquire TravelCenters from Service Properties Trust, The RMR Group Inc., BlackRock, Inc., The Goldman Sachs Group, Inc., Nantahala Capital Management, LLC and others on February 15, 2023.
		\$375M	Indiana	Storage Solutions Inc., a 45-year-old Westfield, Indiana based company, was acquired by Germany-based Jungheinrich AG for \$375 million. Including its headquarters at 910 E. 169th St. in Westfield, Storage Solutions has 12 locations across the United States. The company employs about 170 people and provides racking and warehouse automation solutions.
		\$4M	Ohio	Close the Loop Ltd (ASX:CLG), a Melbourne-based end-to-end recycling solutions and product development group agreed to acquire In-Plas Recycling for \$4 million on January 17, 2023. In-Plas Recycling Inc. engages in recycling, processing, and distribution of post-industrial scrap, pellets, regrind, and by-products.

(1) Source: CAPIQ  
 (2) Industry data only reflects reported industries possibly over or understating aggregate composition

# About Us

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## Angela Marshall

### Partner, MCM CMG

Angela focuses her practice in mergers and acquisitions within the firm's consulting group. She provides full-service investment banking services to middle-market clients in the Kentucky, Indiana, and Ohio regions. Angela has more than 25 years of experience in assisting owners in transitioning their businesses, including buying and selling businesses, turnaround, and financial management. Prior to joining MCM, Angela worked as a director for Corporate Finance Associates, a worldwide middle-market investment banking firm. Angela has owned her own commercial construction and real estate company. Throughout her career, she's worked on M&A transactions in broadcasting, healthcare, banking, logistics, manufacturing, distribution, technology, business services, and construction.

### Education:

M.B.A., University of Kentucky  
B.S., Western Kentucky University  
Certified Public Accountant (CPA)  
Series 63 and 79 FINRA Licenses

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