



# Midwest *M&A Quarterly Update*

Second Quarter 2021

# Midwest M&A Activity Ramping Up Throughout the Spring with Vaccine Distribution and Tax Expectations

Q1-21 M&A volume was the highest it has been in two years as the rebound from COVID-19 continues; more clarity regarding potential tax changes and speed of vaccine distribution should increase M&A activity even further throughout 2021

## Economic Outlook by State

- **Iowa** – Consumer confidence continues to increase from Spring lows, signaling a cautious yet optimistic approach by Iowa economists
- **Kansas** – State economists are expecting the Kansas economic recovery to slightly increase in Q2 and normalize through H2 2021
- **Missouri** – The 2021 outlook for middle-market and large companies is very positive; small businesses are anticipating slow recovery
- **Nebraska** – While business and economic challenges remain, the stability of Nebraska's economy is likely to position the state well for a return to steady growth in 2021
- **North Dakota** – The North Dakota outlook shows signs of economic stagnation in the coming months with minimal changes in wages, labor force participation, and tax collection
- **Oklahoma** – Climate regulations, trade wars and state politics present uncertainty for Oklahoma ranchers and the oil & gas industry
- **South Dakota** – South Dakota, like Nebraska, experienced some of the lowest decreases in demand for products and jobs; economic activity expected to boom once enough of the population has received the COVID-19 vaccine

## Midwest M&A Trends



### M&A Deal Activity

225 transactions closed in Q1-21, which is the highest volume since Q1-19. We expect overall M&A activity in the Midwest region to increase steadily through the end of H1 2021



### Industry Activity

Industrials and Information Technology reached peak valuations and led in total deal volume throughout Q1-2021, accounting for 18% and 29% of deal volume respectively



### Strategic M&A Activity

Strategics and sponsor-backed strategics are by far the most active buyers in the Midwest region, accounting for ~90% of the total deal volume through Q1-21, while pure-play private equity recapitalizations make up ~10%



While the pandemic caused sellers and buyers alike to hit the pause button, the world has quickly pivoted back to full throttle. Low interest rates, pent up demand and a probable changing tax climate are driving strong valuations. Money for investments was idle for a year and now needs a new home. It's a "sellers' market."

– Mike Anderson, Managing Director  
Bridgepoint Investment Banking

## Financials – Oklahoma



On March 11, 2021 First Bank Corp. announced that they have acquired Oklahoma-based Central National Bank.

"Central National Bank has an excellent reputation in communities across Eastern Oklahoma due to their outstanding staff and their commitment to service excellence. We are excited to have the opportunity to expand First Bank Corp through this partnership with another community bank who shares our values." – Sam Sicard, CEO, First Bank Corp

## Consumer Discretionary – Kansas



On January 25, 2021 Atchison-based MGP Ingredients, Inc. (NasdaqGS:MGPI) announced that they have acquired Luxco, Inc

"Luxco presents a unique opportunity to take a material step towards realizing our long-term strategy. It significantly expands our product line and increases our sales and distribution capabilities across all 50 states." – David Colo, President and CEO, MGP

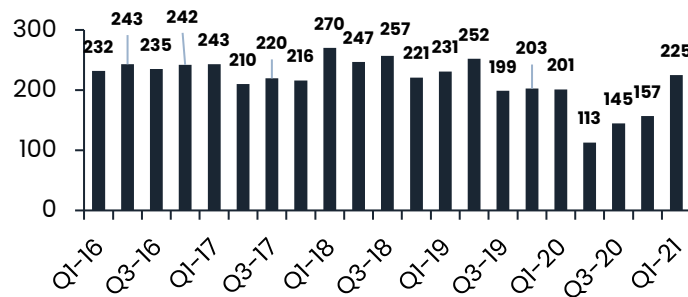
## Q1-21 Midwest M&A By State



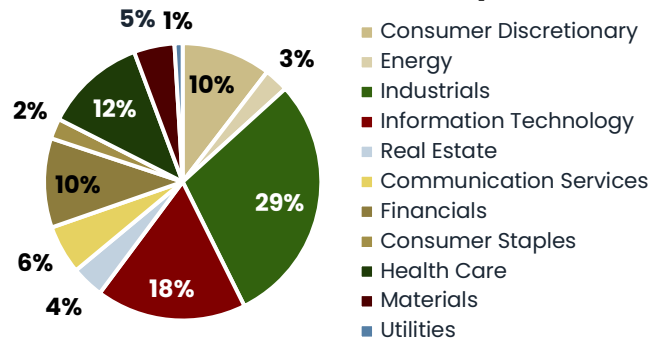
Midwest Targets	
Missouri	36
Kansas	22
Iowa	18
Oklahoma	17
Nebraska	7
South Dakota	7
North Dakota	0
<b>Total</b>	<b>107</b>
Midwest Buyers	
Missouri	46
Kansas	28
Iowa	23
Nebraska	21
Oklahoma	15
North Dakota	7
South Dakota	3
<b>Total</b>	<b>143</b>

## Selected Midwest Q1-21 M&A Transaction Statistics

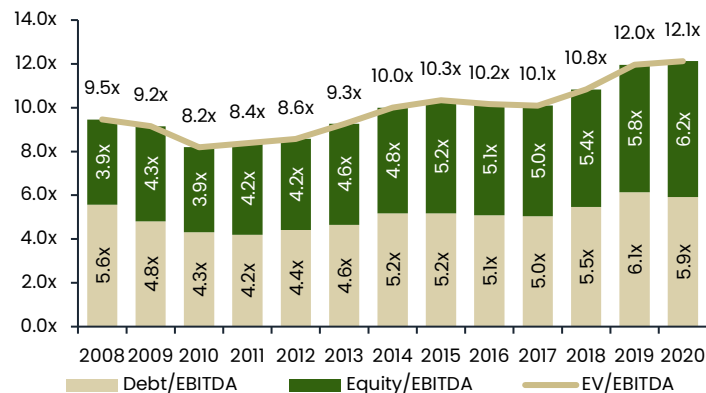
### Midwest M&A Volume By Quarter



### Q1-21 Midwest M&A Volume By Sector



### Rolling 3-Year Median PE Buyout Multiples



- The Midwest middle market experienced an increase in deal volume in Q1 2021 compared to Q3 and Q4 2020, signaling a positive trend in future deal volume
- M&A levels in the Midwest are back near their pre-pandemic range; **Q1 2021 is up 11.9% from Q1 2020, but down 2.6% from Q1 2019**, signifying that transaction volume is recovering
- Despite the decline in deal volume and pandemic disruption, valuation **multiples remain elevated, reaching all-time highs in Q3 / Q4 2020 for companies in pandemic / recession-resistant industries**; select sectors include transportation & logistics, information technology services and healthcare

## Recent Midwest Q1-21 M&A Transactions

Announced	Target	Target Location	Buyer	Buyer Location	Target Sector
03/31/2021	Enginetics Corporation	Ohio	Enjet Aero, LLC	Kansas	Industrials
03/31/2021	R&S Digital Services, Inc.	Kansas	Surveying And Mapping, LLC	Texas	Information Technology
03/31/2021	Dry Link, Inc.	Florida	Control Devices, LLC	Missouri	Industrials
03/30/2021	Elliott-Hartman Agency, Inc.	Iowa	High Street Insurance Partners, Inc.	Michigan	Financials
03/30/2021	Specialty Insurance Solutions, Inc.	Kansas	RSC Insurance Brokerage, Inc.	Massachusetts	Financials
03/27/2021	Classic Ag Pryor LLC	Oklahoma	Classic Automotive Group Inc.	Ohio	Consumer Discretionary
03/24/2021	Crane Carrier Company	Oklahoma	Battle Motors, Inc.	Ohio	Industrials
03/24/2021	Redcliff Midstream, LLC	Texas	Tall Oak Midstream II, LLC	Oklahoma	Energy
03/22/2021	A & A Wind Pros, Inc.	Oklahoma	World Wind & Solar, LLC	California	Industrials
03/18/2021	Municipal Accounting Systems, Inc.	Oklahoma	Sylogist USA Inc.	Alberta	Information Technology
03/17/2021	J&J Family of Farms, Inc.	Florida	Benson Hill Biosystems, Inc.	Missouri	Consumer Staples
03/16/2021	himagine solutions, Inc.	Missouri	OMH HealthEdge Holdings, Inc.	Florida	Health Care
03/15/2021	Florida Casualty Insurance Company	Florida	Applied Underwriters, Inc.	Nebraska	Financials
03/15/2021	NorthStar Genetics, Ltd.	Minnesota	Rob-See-Co, LLC	Nebraska	Consumer Staples

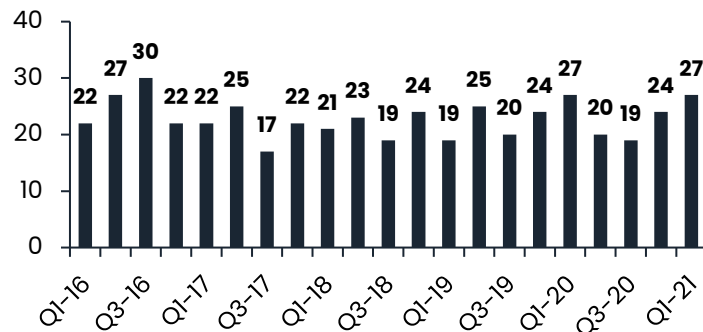
(a) Sponsored backed strategics.

(b) Private Equity Firm.

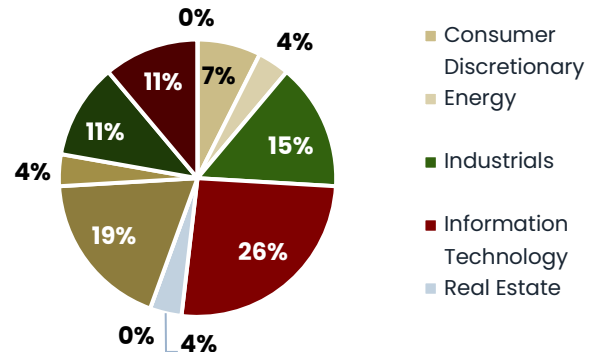
Sources: S&P Capital IQ

## Selected Nebraska Q1-21 M&A Transaction Statistics

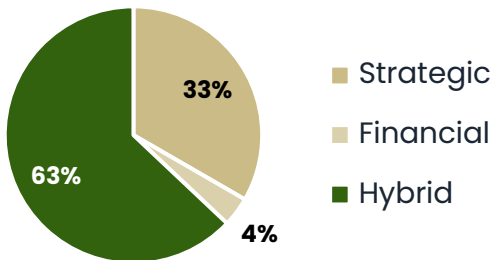
**Nebraska M&A Volume By Quarter**



**Q1-21 Nebraska M&A Volume By Sector**



**Q1-21 Nebraska Buyer Types**



**Notable Nebraska Transactions in Q1-21**

Information Technology	Health Care
 <b>On February 16, 2021</b> Corcentric, LLC announced that they have Omaha-based Vendorin, Inc.  <i>"As part of Corcentric, Vendorin will greatly enhance our payment and supply chain finance capabilities that are a key piece of our turn-key suite of Procurement, AP, and AR solutions." – Matt Clark, President and COO, Corcentric Inc.</i>	 <b>On March 3, 2021</b> Omaha-based Triage, LLC announced that they have acquired Kamana.  <i>"Tracking compliance information is critical to our business and that process will ultimately run more smoothly with Kamana's technology, benefiting both travelers and the facilities we work with. A full integration with the platform is a top priority for 2021." – John Maaske, CEO, Triage</i>

## Recent Nebraska Q1-21 M&A Transactions

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03/15/2021	Florida Casualty Insurance Company	Florida	Applied Underwriters, Inc.	Nebraska	Financials
03/15/2021	NorthStar Genetics, Ltd.	Minnesota	Rob-See-Co, LLC	Nebraska	Consumer Staples
03/09/2021	GxWorks, LLC	Georgia	Orion Advisor Solutions, LLC	Nebraska	Information Technology
03/05/2021	Software Technology, Inc.	Nebraska	NCP Management Holdings, Inc.	Alabama	Information Technology
03/04/2021	First Shot Scale Services Inc	Nebraska	Scales Sales & Service LLC	Nebraska	Consumer Discretionary
03/03/2021	Kamana Inc.	Virginia	Triage Staffing, Inc.	Nebraska	Health Care
03/02/2021	Access Capital Group, LLC	Nebraska	Integrity Marketing Group, LLC	Texas	Financials
02/25/2021	Farm Market iD	Illinois	Telvent DTN, LLC	Nebraska	Information Technology
02/17/2021	Torrent Engineering and Equipment Company, LLC	Indiana	Valmont Industries, Inc. (NYSE:VMI)	Nebraska	Industrials
02/16/2021	Vendorin, Inc.	Nebraska	Corcentric, LLC	New Jersey	Information Technology
02/16/2021	Oklahoma Property and Casualty Insurance Company	Oklahoma	North American Casualty Co.	Nebraska	Financials
02/16/2021	Facility ERP Pty Ltd	Victoria	TEAM Software, Inc.	Nebraska	Information Technology
02/15/2021	Spin Products, Inc.	California	Tank Holding Corp.	Nebraska	Materials
02/08/2021	Dura-Cast Products, Inc.	Florida	Tank Holding Corp.	Nebraska	Materials

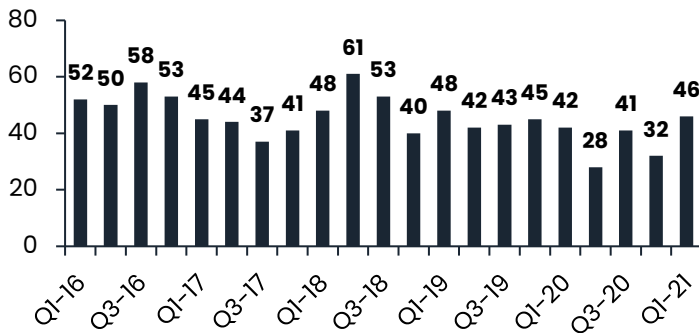
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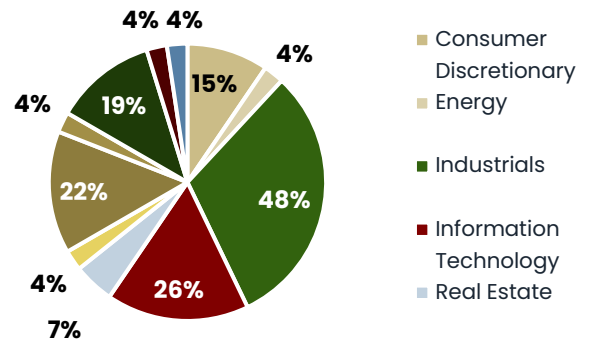
Sources: S&P Capital IQ

## Selected Kansas Q1-21 M&A Transaction Statistics

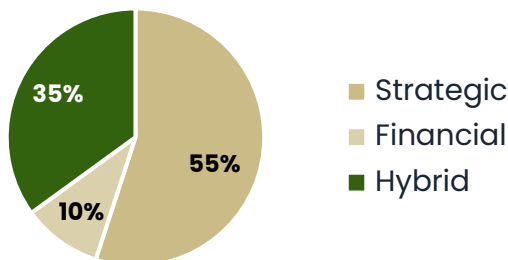
**Kansas M&A Volume By Quarter**





**Q1-21 Kansas M&A Volume By Sector**



**Q1-21 Kansas Buyer Types**



**Notable Kansas Transactions in Q1-21**

Financials	Consumer Staples
 <p><b>On February 1, 2021</b> Wichita-based Curo Intermediate Holdings Corp announced that they have acquired Flexiti Financial Inc.</p> <p>"We are excited to announce the completion of the acquisition of Flexiti, one of Canada's fastest-growing BNPL providers with a market-leading omni-channel FinTech platform" – Don Gayhardt, CEO, CURO</p>	 <p><b>On January 6, 2021</b> BoxUnion announced that it has acquired Overland Park-based Title Boxing Club.</p> <p>"Title Boxing Club is the biggest player in the fitness boxing and kickboxing category, our goal is to triple the studio base while also providing a state-of-the-art, engaging digital experience to the at-home market." – Todd Wadler, CEO, BoxUnion</p>

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03/30/2021	Specialty Insurance Solutions, Inc.	Kansas	RSC Insurance Brokerage, Inc.	Massachusetts	Financials
03/08/2021	Cleer Vision Windows, Inc.	Indiana	Airxcel, Inc.	Kansas	Consumer Discretionary
03/05/2021	Twilight Solutions Inc.	California	Bravas LLC	Kansas	Industrials
03/04/2021	Dynamic N/C, LLC	Kansas	Battle Investment Group, LLC	Georgia	Industrials
03/03/2021	Zoku Cloud Solutions LLC	Kansas	Soteria, LLC	Kansas	Information Technology
03/03/2021	Freddy's, LLC	Kansas	Thompson Street Capital Partners	Missouri	Consumer Discretionary
03/02/2021	GET Solutions Inc.	Virginia	Terracon Consultants, Inc.	Kansas	Industrials
03/02/2021	Diamond Pharma Services Ltd	Essex	ProPharma Group Holdings, LLC	Kansas	Health Care
03/02/2021	Retina Associates, LLC	Kansas	Retina Consultants of America	Texas	Health Care
03/01/2021	One Celebrations LLC	Kansas	Selflessly Inc.	Indiana	Communication Services
02/09/2021	The Blueprint Insurance Services	California	Lockton Affinity, LLC	Kansas	Financials
02/03/2021	Geriatric Practice Management Corp	North Carolina	Netsmart Technologies, Inc.	Kansas	Information Technology

(a) Sponsored backed strategies.

(b) Private Equity Firm.

Sources: S&P Capital IQ



## Bridgepoint Executive Summary

- **Market-leading boutique investment bank providing M&A and capital raising advisory solutions – dedicated team serving the Midwest region**
- 274+ years cumulative investment banking experience spanning 216 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 96 completed M&A assignments spanning more than \$36 billion in transactions
- 120 completed corporate finance transactions, raising more than \$85 billion in capital

## Selected Recent Bridgepoint Transactions

 <b>N&amp;S</b> Nebraska Vet Services HAS BEEN RECAPITALIZED BY <b>MAINST</b> CAPITAL CORPORATION Growth equity and debt capital raise Financial Advisor	 <b>diabetes supply</b> HAS BEEN ACQUIRED BY <b>adapthealth</b> Sell-side advisory Financial Advisor	 <b>DBI, Inc.</b> <i>Reliable...Responsive...Resourceful...Proactive</i> HAS BEEN ACQUIRED BY <b>SpireCapital</b> Sell-side Advisory Financial Advisor	 <b>Dabarc</b> Data Advisors HAS BEEN ACQUIRED BY <b>DMR</b> Buy-side advisory Financial Advisor	 <b>TWIN EAGLE™</b> HAS BEEN ACQUIRED BY <b>DMR</b> Buy-side advisory Sole Financial Advisor
 <b>AULICK Leasing</b> HAS BEEN ACQUIRED BY <b>TFI International</b> Sell-side advisory Sole Financial Advisor	 <b>PrairieLife FITNESS</b> HAS BEEN ACQUIRED BY <b>THE ATHLETIC CLUB</b> Sell-side advisory Financial Advisor	 <b>CONTRACTORS</b> SOON WINDOWS & ROOFING SUPPLY HAS BEEN ACQUIRED BY <b>SRS Distribution</b> Sell-side advisory Financial Advisor	 <b>MONEY SMOKE FISH CO.</b> HAS BEEN ACQUIRED BY <b>McCarthy Capital</b> Sell-side advisory Financial Advisor	 <b>DMR</b> Senior & Uni-tranche debt financings for debt recapitalization Sole Financial Advisor

## Sectors of Focus

Business & IT Services	Technology	Healthcare	Industrials & Transportation	Consumer & Retail
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MORE THAN

<b>274</b>	<b>\$121B</b>	<b>216</b>
YEARS OF EXPERIENCE	IN TRANSACTIONS	TOTAL TRANSACTIONS

## Senior Leadership

 <b>Matt Plooster</b> Founder & CEO	 <b>Wm. Lee Merritt</b> MD & General Counsel	 <b>Gary Grote</b> Managing Director	 <b>Mike Anderson</b> Managing Director	 <b>Nick Orr</b> Managing Director
 <b>Bryan Wallace</b> Managing Director	 <b>Chad Gardiner</b> Director	 <b>Joe Liss</b> Managing Director	 <b>Natasha Plooster</b> COO	 <b>Subhash Marineni</b> Vice President

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