

STEPHENS INVESTMENT BANKING

QUARTERLY UPDATE: October 2021



Hello and welcome to the 3Q 2021 edition of the Stephens Investment Banking Quarterly Update. Throughout July, August, and September, we engaged in a significant amount of advisory and execution work for the companies we serve, while making time to host well-received industry events and launch new thought leadership initiatives. This edition also includes a diverse range of exclusive perspectives from some of our senior bankers. I hope you enjoy it.

Sincerely,

Brad Eichler, Executive Vice President, Head of Investment Banking

Steve Levitan, CFA, Joins as Managing Director in the Capital Solutions Group

The firm announced in July that Stephen (Steve) Levitan joined Investment Banking as Managing Director within the Capital Solutions Group. Based in our New York office, he brings over 40 years of experience in the high yield, leveraged finance and capital solutions markets. Prior to joining Stephens, Mr. Levitan has served as portfolio manager, investment banker, and head of research. He has worked on leveraged credit; event-driven and special situations credit; stressed, distressed and bankruptcy investing; and has participated in and led creditor groups negotiating restructurings and provided exit financing. Mr. Levitan received his MBA from Harvard Business School.



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The Mid-Year Energy Webinar



Keith Behrens, Head of the Energy Group, and Brad Nelson, Managing Director in Energy, participated in the mid-year update for our Capital Thinking [webinar series](#). This entry included perspective from Holt Foster, Co-Leader - Global Energy Practice Group at Sidley in Dallas, and Jeff Bartlett, Partner at Pontem Energy Capital in Houston. Nissa Darbonne, Editor-at-Large for Oil & Gas Investor, hosted the panel. They discussed the environment for A&D transactions, legal and regulatory concerns, private equity, capital markets, and macro energy supply and demand issues that may affect deal making into 2022.

Virtual Chat: Trends in Infrastructure Development

Joe Mowery and Ross Rucker, Managing Directors in Power & Industrial Technology, and Dan Parfitt, Senior Vice President in Infrastructure Services, held a virtual chat on trends in infrastructure development. They discussed the potential for capital raising and consolidation amid enhancements to the U.S. electric grid and telecoms system, as a major investment cycle verges on expanding in tandem with recent advances in federal infrastructure legislation. Watch their conversation [here](#).

Investment Banking Trends in Infrastructure Development



Joseph S. Mowery
Managing Director



Ross Rucker
Managing Director



Dan Parfitt
Senior Vice President

Industry Events

From September 15-16, Stephens hosted our INVESTED Exchange event for women who lead, advise or invest in private or family-owned enterprises. The event was held at the Alotian Club in Roland, Arkansas. In addition to Private Company & Family Advisory team members Dana Silaski, Mickey McFarlin and John Stephens, Investment Banking participants included Phyllis Riggins, Managing Director in Media; Sarah Gill Campbell, Managing Director in Restaurants; Joe Mowery, Managing Director in Power & Industrial Technology; and Brad Eichler, Head of Investment Banking.

From September 20-22, Stephens hosted our 11th Annual Bank Forum at the Capital Hotel in Little Rock, Arkansas. Banks from across the U.S. came to the event to receive our market intelligence and share their own insights. The investment bankers in our Equity Capital Markets and Depositories teams participated in the forum, which also included a hybrid option for attendees who could not join us in-person.

On September 29, Keith Behrens participated in the [20th Annual A&D Strategies & Opportunities Conference](#) at the Fairmont Hotel in Dallas, where he spoke on a panel about finding capital to fund transactions. The conference, hosted by Hart Energy's Oil & Gas Investor, gathered leading investors and capital providers in the energy space to discuss market dynamics affecting acquisitions and divestitures.

On September 30, Robin Brown, Managing Director in Technology, participated in [Datacloud UK & Ireland](#) at the America Square Conference Center in London. The event gathered regional leaders in the digital infrastructure space to discuss trends in software, connectivity and energy provision. Mr. Brown spoke on a panel about the investment and M&A landscape, including the potential impact of regulation and the pandemic.

Banker Perspectives

[Chris Gidden](#), Aerospace & Defense: The summer saw a marked increase in domestic air travel, despite some operational challenges faced by airlines trying to return to higher capacity and operational levels. Higher levels of sector activity is a welcome development for the aerospace OEM supply chain, which is looking to return to growth. The space sector also remained a priority area with significant investments made in both government and commercial space assets. The sector continues to experience strong interest from SPACs due to its perceived resilience and expected growth.

[Davidson Hall](#), Debt Capital Markets: Private equity and credit funds are resource constrained due to a record level of transactions being reviewed and presented to them. As sellers run their processes and acquisition financings come to fruition, we expect to see some companies miss out on the monetization window via M&A processes as buyers suffer from limited bandwidth. Those companies are likely to pivot away from a selling transaction and into a dividend recapitalization in an effort to monetize some of their investment.

[Jimmy Troy](#) and [Steven Egli](#), Depositories: The interest rate outlook has driven bank stock performance in 2021, as the industry prepares for an increase in long-term rates. Pent-up activity from the pandemic pause and more challenging operating conditions renewed focused on scale and efficiency through M&A. This points to a prolonged resurgence of M&A activity. With stronger bank stock valuations, buyers can offer more compelling premiums. Meanwhile, the persistent rise of fintech has impacted the traditional approach to banking. We also see continued low-coupon subordinated debt deals and are watching for the reemergence of equity issuance activity.

[Brian Bratcher](#) and [Palmer Henson](#), Financial Sponsors Group: The deals in market are at an all-time high, driven by pent up demand from COVID and the possibility of higher taxes. Sponsors are struggling to process the abundant deal flow received since February. The result is very high purchase multiples, PE firms going to great lengths to win deals by moving quickly, and building 2022 pipelines. We also have seen increased interest in public-to-private transactions, and a significant focus on PE-owned companies making add-on acquisitions that often are Transatlantic. Meanwhile face-to-face meetings and in-person conferences are returning despite the Delta surge.

[Phyllis Riggins](#), Media: After pandemic-driven acceleration, growth in streaming across all models has moved from strength to strength with strong performance in time spent on services and subscriptions. Ad-supported models have shown significant

growth, as options proliferate and consumers have accumulated subscription VOD fees. Consolidation among the large film and television content owners has accelerated beyond the expectations of industry experts, as the demand for content by streaming services and linear competitors heats up.

[Paul Moorman, Oilfield & Energy Infrastructure Services](#): The uptick in commodity prices and persistent expansion of ESG initiatives are contributing to evolving commodity supply and demand dynamics as well as the further emergence of opportunities in renewables. As a result, we are seeing a sustained increase in activity for oilfield & infrastructure services as more firms appear poised to take advantage through M&A and A&D deals.

[Philipp von Grawert, Technology – Europe](#): There are strong debt and PE markets, with high leverage and high valuations for technology and direct-to-consumer (D2C) companies. We also are seeing an increased level of founder and family-owned companies looking to sell. PE is now more and more prepared for pre-emptive processes.

[Doug Brockway, Security Software](#): Cyberattacks, data breaches and ransomware events are making the headlines on a regular basis, including the recent costly attacks on Kaseya, Colonial Pipeline and JBS. Senior U.S. government officials see this as a national security threat. These high-profile incidents are fueling considerable interest and growth in the security software sector. Both public and private investment, and valuations, in the space are at all-time highs, including strong interest from PE firms that are also driving robust M&A activity.

[Matt Kentner, Vertical Software and Payments Technology](#): Valuations remain strong, with sector leaders trading at premiums while unseating sleepy incumbents amid evolving market trends. Performance combined with scarcity value drives valuations among market leading growth companies, and strategic players continue to look for consolidation and convergence-driven acquisition opportunities. Key trends include the proliferation of embedded finance, continued digitization of banking and the increasing realization that software businesses are payments businesses.

Select Quarterly Transactions

<p>JULY 4, 2021 \$1.55 BILLION</p> <p>alight A Portfolio Company Of Blackstone PIPE</p>	<p>JULY 12, 2021</p> <p>BANK OF THE ORIENT HAS AGREED TO SELL ONE BRANCH TO RBB BANCORP 皇佳商業金控</p>	<p>JULY 12, 2021 \$370 MILLION</p> <p>LONESTAR RESOURCES TO BE ACQUIRED BY PENN VIRGINIA CORPORATION</p>	<p>JULY 19, 2021 £30 MILLION</p> <p>ultima A portfolio company of APSE CAPITAL SENIOR SECURED</p>	<p>JULY 22, 2021 \$150 MILLION</p> <p>Zevia INITIAL PUBLIC OFFERING</p>
<p>JULY 27, 2021 \$166 MILLION</p> <p>VALLEY REPUBLIC BANCORP HAS AGREED TO MERGE WITH trico bancshares</p>	<p>JULY 29, 2021 \$400 MILLION</p> <p>Dole plc INITIAL PUBLIC OFFERING</p>	<p>JULY 29, 2021 \$53 MILLION</p> <p>FINWARD BANCORP HAS AGREED TO ACQUIRE Royal Financial, Inc.</p>	<p>JULY 29, 2021 \$106 MILLION</p> <p>First Mid BANCSHARES, INC. HAS AGREED TO ACQUIRE DELTA BANCSHARES COMPANY</p>	<p>JULY 29, 2021 \$176 MILLION</p> <p>MaxCyte U.S. INITIAL PUBLIC OFFERING</p>

<p>July 30, 2021</p> <p>€40m</p> <p>MMC GROUP COLOGNE</p> <p>A portfolio company of</p> <p>NOVUM CAPITAL</p> <p>SENIOR SECURED</p>	<p>July 30, 2021</p> <p>\$13.5 MILLION</p> <p>Village Inn</p> <p>bakers square RESTAURANT & BAKERY</p> <p>HAS BEEN ACQUIRED BY</p> <p>BBQ HOLDINGS</p>	<p>August 3, 2021</p> <p>\$153 MILLION</p> <p>STOCK YARDS BANCORP, INC.</p> <p>HAS AGREED TO ACQUIRE</p> <p>COMMONWEALTH BANCSHARES, INC., THE PARENT COMPANY OF</p> <p>Commonwealth Bank & Trust Company</p>	<p>August 4, 2021</p> <p>\$33.5 MILLION</p> <p>orange county BANCORP, inc.</p> <p>INITIAL PUBLIC OFFERING</p>	<p>August 5, 2021</p> <p>\$152 MILLION</p> <p>Green Plains</p> <p>FOLLOW-ON OFFERING</p>
<p>August 2021</p> <p>NOT DISCLOSED</p> <p>Hg</p> <p>HAS INVESTED IN</p> <p>MDT SOFTWARE</p>	<p>August 5, 2021</p> <p>\$250 MILLION</p> <p>Riverview Acquisition Corp.</p> <p>INITIAL PUBLIC OFFERING</p>	<p>August 9, 2021</p> <p>\$144 MILLION</p> <p>Ambri</p> <p>PRIVATE PLACEMENT</p>	<p>August 9, 2021</p> <p>NOT DISCLOSED</p> <p>BACOM</p> <p>A PORTFOLIO COMPANY OF</p> <p>Blue Sage Capital</p> <p>HAS BEEN ACQUIRED BY</p> <p>QUALTEK™</p>	<p>August 11, 2021</p> <p>\$850 MILLION</p> <p>Avalara</p> <p>CONVERTIBLE SENIOR NOTES OFFERING</p>
<p>August 16, 2021</p> <p>NOT DISCLOSED</p> <p>EMERALD TEXTILES™ All around clean.</p> <p>SENIOR SECURED CREDIT FACILITIES</p>	<p>August 17, 2021</p> <p>NOT DISCLOSED</p> <p>CyberMaxx</p> <p>HAS BEEN ACQUIRED BY</p> <p>PERISCOPE EQUITY</p>	<p>August 18, 2021</p> <p>NOT DISCLOSED</p> <p>Y-COM</p> <p>A PORTFOLIO COMPANY OF</p> <p>COTTON CREEK CAPITAL</p> <p>HAS BEEN ACQUIRED BY</p> <p>GRAIN MANAGEMENT</p>	<p>August 19, 2021</p> <p>\$115 MILLION</p> <p>ConnectOne Bancorp, Inc.</p> <p>Preferred Equity Offering</p>	<p>August 26, 2021</p> <p>TRADITIONS BANCORP</p> <p>COMPLETED SHARE BUYBACK</p>
<p>August 31, 2021</p> <p>\$207.3 MILLION</p> <p>Periscope HOLDINGS INC.</p> <p>A PORTFOLIO COMPANY OF</p> <p>PARTHENON CAPITAL</p> <p>HAS BEEN ACQUIRED BY</p> <p>mdf commerce</p>	<p>September 9, 2021</p> <p>\$306 MILLION</p> <p>FORTRESS TRANSPORTATION & INFRASTRUCTURE</p> <p>FOLLOW-ON OFFERING</p>	<p>September 15, 2021</p> <p>\$919 MILLION</p> <p>HOMESTAR BANCORP, INC.</p> <p>HAS AGREED TO MERGE WITH AND INTO</p> <p>HOME BANCSHARES</p>	<p>September 17, 2021</p> <p>\$450 MILLION</p> <p>FIDELITY NATIONAL FINANCIAL</p> <p>SENIOR UNSECURED NOTES</p>	<p>September 22, 2021</p> <p>NOT DISCLOSED</p> <p>POC LUBRICANTS™</p> <p>HAS BEEN ACQUIRED BY</p> <p>RelaDyne®</p> <p>A PORTFOLIO COMPANY OF</p> <p>Audax Group</p>

To see all Stephens Investment Banking transactions & advisory, [click here](#).

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