
Piper Sandler to Acquire The Valence Group, a Global Chemicals Investment Bank

Acquisition adds the preeminent chemicals investment banking firm to the growing M&A advisory business of Piper Sandler

PIPER | SANDLER

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Piper Sandler Companies (NYSE: PIPR) is a leading investment bank and institutional securities firm driven to help clients Realize the Power of Partnership®. Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and NYSE; in Europe through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; and in Hong Kong through Piper Sandler Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through separate investment advisory affiliates.

Cautionary notice regarding forward-looking statements

This presentation contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements cover, among other things, the future prospects and growth of the Company.

Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following:

- (1) the transaction described in this announcement is subject to regulatory approval and other closing conditions and may not close on the expected timing or at all;
- (2) the costs or difficulties relating to the combination of the businesses may be greater than expected and may adversely affect our results of operations and financial condition and our ability to realize anticipated synergies from the transaction;
- (3) the expected benefits of the transaction may take longer than anticipated to achieve and may not be achieved in their entirety or at all, and will in part depend on the ability of the Company to retain and hire key personnel and maintain relationships with its clients;
- (4) developments in market and economic conditions have in the past adversely affected, and may in the future adversely affect, the business and profitability of the Company generally and of its investment banking business specifically; and,
- (5) other factors identified under “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018, and updated in our subsequent reports filed with the SEC.

These reports are available at www.pipersandler.com or www.sec.gov.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

THE PREEMINENT CHEMICALS INVESTMENT BANK

The Valence Group

Global investment bank that offers M&A advisory services exclusively to companies and financial sponsors in the chemicals, materials and related sectors.

- Unparalleled breadth and depth of expertise in the chemicals industry providing tailored, differentiated service to clients
- Outstanding M&A origination and execution capabilities—universally recognized as the industry’s preeminent M&A experts driving a high level of repeat clients
- Trusted, premier corporate and private equity relationships driven by insight and thought leadership

AN INNOVATIVE, ENTREPRENEUR-LED FIRM

The Valence Group was founded in 2007 in New York and London by a group of four individuals that previously led the global chemicals practice at Bear Stearns, and have worked together since 1990.

The Valence Group consists of 29 professionals, including the four co-founders, and five additional managing directors, and operates from offices in New York and London.



TRACK RECORD & GLOBAL REACH

76

NUMBER OF
ADVISORY
TRANSACTIONS¹

\$51B

AGGREGATE VALUE
OF ADVISORY
TRANSACTIONS¹

16

COUNTRIES
REPRESENTED IN
CLIENT BASE¹

¹ Statistic is since inception and includes transactions from January 1, 2008 through December 31, 2019

Acquisition details

TRANSACTION STRUCTURE

- Piper Sandler to acquire 100% of the equity in The Valence Group
- Total consideration consists of upfront cash and restricted stock; transaction value not disclosed
- Retentive incentives in-place through restricted consideration and earn-out potential; producers need to be employed to realize these incentives
- Key employees have signed employment agreements
- Transaction structure with earn-out component aligns interests, incentivizes employees, manages retention and limits downside exposure

FINANCIAL IMPACT

- Expected annual revenue contribution of approximately \$40MM with meaningful opportunity to grow over the long term
- Share count expected to increase by approximately 2.5%
- Modestly accretive to non-GAAP financial metrics on a full-year basis

MANAGEMENT OF CHEMICALS GROUP

- The team of 29 professionals from The Valence Group will form the new Piper Sandler chemicals group
 - Team includes co-founders Peter Hall, Telly Zachariades, Kirk McIntosh, and Ariel Levin, and five additional managing directors
- Peter Hall will be named head of European investment banking, where he will focus on expanding our investment banking business in Europe

TIMING

- Subject to customary closing conditions and regulatory approval
 - Expected to close in the second quarter of 2020
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ADDS THE PREEMINENT CHEMICALS INVESTMENT BANK TO THE GROWING PIPER SANDLER PLATFORM

Strategic rationale



Adds a market-leading advisory practice with deep expertise

Global leader in chemicals industry advising on several of the most significant transactions within the sector



Continues to scale advisory business

Adds a high-margin business with approximately \$40MM of annual revenues



Complementary business with strong client relationships

Significant opportunity to expand PE-based, middle-market business given no overlap with the Piper Sandler platform



Synergistic with current industry groups

Chemicals expertise very related to Piper Sandler existing energy, industrials, biopharma, and agriculture sectors

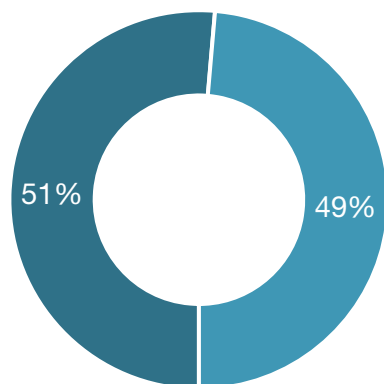


Significantly enhances European presence

Creates opportunities to build a stronger presence across multiple industry verticals in Europe

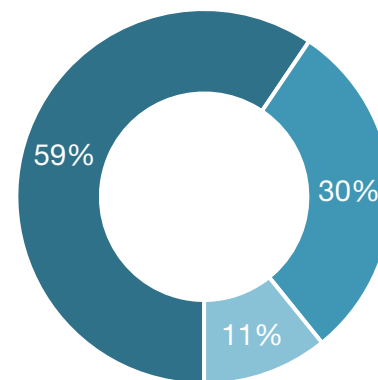
Historical transaction statistics*

Well-Balanced Between Corporate and PE



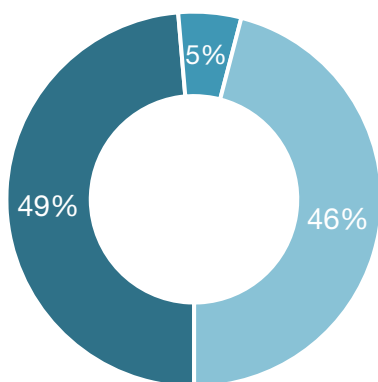
■ Corporate ■ Private Equity

Balanced, Global Client Base



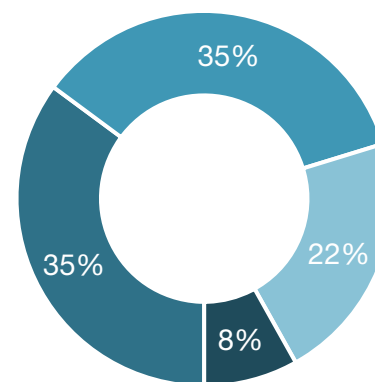
■ North America ■ Western Europe ■ Asia / LatAm / RoW

High Level of Repeat Business



■ Repeat Client ■ Former Counterparty ■ First-Time Transaction

Global Transaction Profile



■ Intra-North America ■ Transatlantic ■ Asia / LatAm / Other ■ Intra-Europe

* Historical transaction statistics are based on deal activity from January 1, 2016 to December 31, 2019

Global capability and experience base

