



BAIN & COMPANY

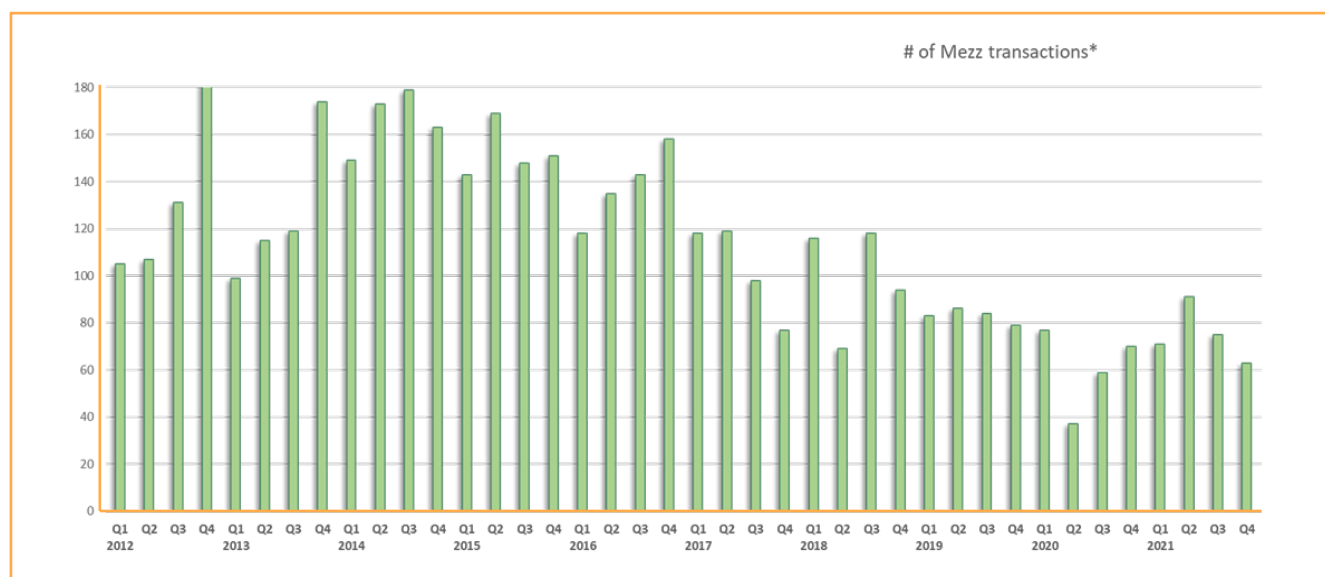
Sutton Place Strategies

Mezzanine Market Perspective

Q4 2021

BREAKING DOWN THE MARKET

Mezzanine activity for the LTM period ending September 30th increased approximately **22%** YoY from **252** deals to **307** deals. Compared to the previous quarter (Q2 2021), deals including mezzanine debt decreased from **91** to **75** in Q3 2021. Although mezzanine deal activity decreased, there was a slight increase in private equity deal volume, which increased nearly **3%** from **1,415** deals in Q2 2021 to **1,456** deals in Q3 2021. Out of the **75** mezzanine deals that closed in Q3 2021, **46** deals were sponsored buyouts, **13** were minority financings, **13** were sponsor-backed add-ons, and **3** were recapitalizations. The most common industries in total M&A activity for the quarter were **IT, Services, Healthcare, and Financial**, respectively.



*closed mezzanine investments of \$3 MM and greater with the target located in the U.S. and Canada. Includes unitranchise and senior secured financings with pricing or other features similar to mezzanine.

NOTABLE MEZZANINE TRANSACTIONS

In December, **PNC Mezzanine Capital** provided a subordinated debt and equity co-investment to support **NCK Capital's** acquisition of **English Riding Supply Inc.**, a distributor of English-style equestrian equipment and products. **First Commonwealth Bank** provided senior debt in support of the acquisition, and **Baker Tilly Virchow Krause** advised the seller.

In November, **NewSpring Mezzanine Capital** supported **Lasalle Capital Group** and **Everside Capital Partners'** acquisition of **BOF Corp.**, a manufacturer of customized gravity-flow shelving solutions, with a mezzanine debt and equity co-investment. **Duff & Phelps Securities** was the financial advisor, and **Roetzel & Andress** was the legal advisor to BOF Corp. **Barclay Damon** provided buy-side legal advisory services on the acquisition.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

In October, **First Capital Partners** provided a subordinated debt and equity co-investment to support the acquisition of **Claims Resolution Corp.**, a provider of multi-line insurance claims management services, by **Arden Investors**. **Bailey Southwell & Co.** advised Claims Resolution Corp. on the acquisition.

Racing and Performance Holdings LLC, a portfolio company of **Taglich Partners**, acquired **SCAT Enterprises LLC**, a manufacturer of crankshafts, connecting rods, and rotating assemblies used in the performance automotive aftermarket, in December. **Farragut Capital Partners** provided mezzanine debt and an equity co-investment, while **Byline Bank** provided senior debt to support the acquisition. **Hexagon Capital Alliance** was financial advisor and **Durham Jones & Pinegar** was legal advisor to Taglich Partners, while **Spartan Group** was financial advisor to SCAT Enterprises.

Naprotek LLC, a portfolio company of **Edgewater Capital Partners**, acquired **SemiGen Inc.**, a provider of products and services to the RF/Microwave industry, in October. **Patriot Capital** provided a subordinated debt and equity co-investment to support the acquisition.

Also in December, **Oxer Capital** supported **CapitalWorks'** acquisition of **Safe-Way Garage Doors LLC**, a manufacturer and distributor of overhead garage doors, with a mezzanine debt and equity co-investment. **CIBC** provided senior debt for the acquisition, and **Calfee, Halter & Griswold** served as the buy-side legal advisor.

Aldine Capital Partners provided a subordinated debt and an equity co-investment to support **Moa Capital's** acquisition of telecommunications market research and consulting firm **TeleGeoGraphy Inc.** in November.

Also in November, **Brookside Capital** supported the acquisition of **Brilliance LED LLC**, a manufacturer of LED lamps, fixtures, and smart products, by **Baymark Partners** with a mezzanine debt and equity co-investment.

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