



BAIN & COMPANY

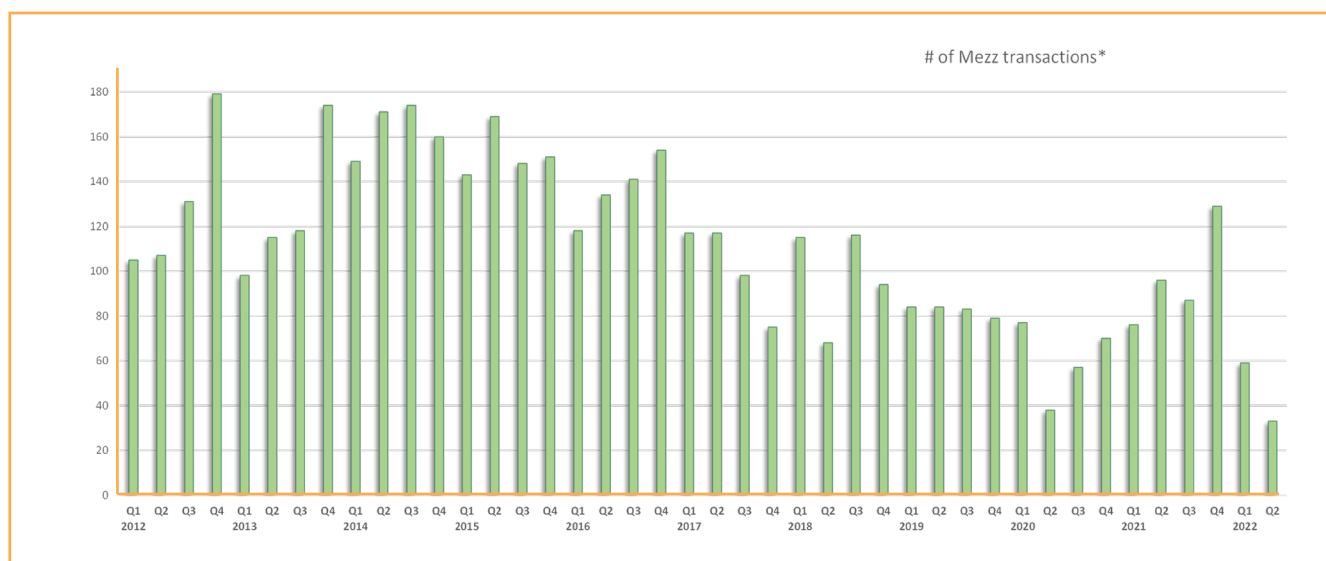
Sutton Place Strategies

Mezzanine Market Perspective

Q2 2022

BREAKING DOWN THE MARKET

Mezzanine activity for the LTM period ending March 31st increased approximately **54%** YoY from **241** deals to **371** deals. Compared to the previous quarter (Q4 2021), deals including mezzanine debt decreased from **129** to **59** in Q1 2022. The decrease in mezzanine deal activity correlates with the decrease of private equity sponsored deal volume, which decreased nearly **26%** from **1,840** deals in Q4 2021 to **1,366** deals in Q1 2022. Out of the **59** mezzanine deals that closed in Q1 2022, **28** deals were sponsored buyouts, **12** were minority financings, **15** were sponsor-backed add-ons, and **4** 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 unitranche and senior secured financings with pricing or other features similar to mezzanine.

NOTABLE MEZZANINE TRANSACTIONS

In April, **Norwest Mezzanine Partners** and **Yukon Partners** each invested subordinated debt to support **Industrial Opportunity Partners** in the acquisition of **Raven Engineered Films**, a provider of flexible films and sheeting. **Comvest Investment Partners** provided senior debt. **Barclays Capital** and **Goldman Sachs** provided the sellers financial advice, while **Wachtel, Lipton, Rosen & Katz** acted as legal advisor. **Configure Partners** served as financial advisor to the buyer, and **Winston & Strawn** and **Dorsey & Whitney** served as legal counsel to the buyer.

In May, **Stellus Capital** invested unitranche debt to support **Aterian Investment Partners'** acquisition of **ATCO Industries Inc.**, a provider of testing, measurement, and quality containment services. **LBC Credit Partners** also provided senior debt. **Deloitte Corporate Finance** and **Honigman Miller Schwartz & Cohn** provided the sellers with financial and legal advice, respectively. **William Blair & Co.** served as financial adviser to the buyer, and **Kirkland & Ellis** served as legal adviser to the buyer.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

GMB Mezzanine Capital invested subordinated debt in support of **BV Investment Partners'** acquisition of **Source Advisors**, a provider of tax incentive solutions, from **Gainline Capital Partners** in April. **Lincoln International** acted as financial advisor to the seller, while **Willkie Farr & Gallagher** and **Morrison Cohen** provided legal advice. **Ropes & Gray** provided legal advice to the buyer.

Ironwood Capital provided a subordinated debt investment to support the acquisition of **Metro Plastics Technologies LLC** and **MoldTech**, two industrial components firms, by **Newbury Franklin Industrials**, a portfolio company of **Newbury Franklin** in April. **Generational Equity** and **Paramax** provided the sellers financial advice.

In May, **Tecum Capital** provided a subordinated debt and equity co-investment alongside **Prospect Partners** to support their acquisition of **Blackwood Solutions**, a provider of specialty transportation, logistics management, recycling, and disposal services. **Old Second National Bank** provided senior debt.

Sentinel Capital Partners sold a majority stake in their portfolio company **Captain D's LLC**, a franchisor of seafood restaurants, to **Centre Partners Management** in May. **Onex Falcon** and **Yukon Partners** provided subordinated debt investments to support the acquisition. **Piper Sandler** provided the seller financial advice, while **Kramer Levin Naftalis & Frankel** provided legal advice. **Dechert** and **Dorsey & Whitney** provided legal advice to the buyer.

Also in April, **Five Points Capital** invested mezzanine debt and equity to support the buyout of **Godwin Formwork Solutions Inc.** by **Stonebridge Partners**. **747 Capital** provided an equity co-investment, while **Regions Bank** provided senior debt. **Glaucon Capital Partners** acted as financial advisor to the seller.

Report generated by SPS Research Team

Shivang Vora
Senior Research Analyst
SVora@SuttonPlaceStrategies.com

Rich Campanaro
Senior Research Analyst
RCampanaro@SuttonPlaceStrategies.com

*SPS, by Bain & Co. (SPS) analysis and reports have been prepared for informational and marketing purposes only and are not intended to be used as a complete source of information on any particular company or trend in the industry. SPS accepts no liability in contract, negligence or otherwise for any error or omission in the information, data, or analysis provided by SPS. SPS does not make any representations, warranties or covenants of any kind, express or implied, and shall have no responsibility or liability for the business or other decisions based upon the use of SPS' reports or the results obtained from the use of information and reports provided by SPS, or the analysis or interpretation of content or data used in connection with, resulting from or derived from the use of information or reports provided by SPS.

All materials in this presentation remain the intellectual property of SPS. SPS grants a limited, personal, non-exclusive, non-transferable, revocable license to access, display, and use such reports and downloadable content for non-commercial purposes only. Any republication of SPS' reports or downloadable content must include proper citation to SPS or be explicitly approved in writing by SPS' authorized personnel prior to republication. All rights not specifically granted herein shall be reserved to SPS.