



BAIN &amp; COMPANY

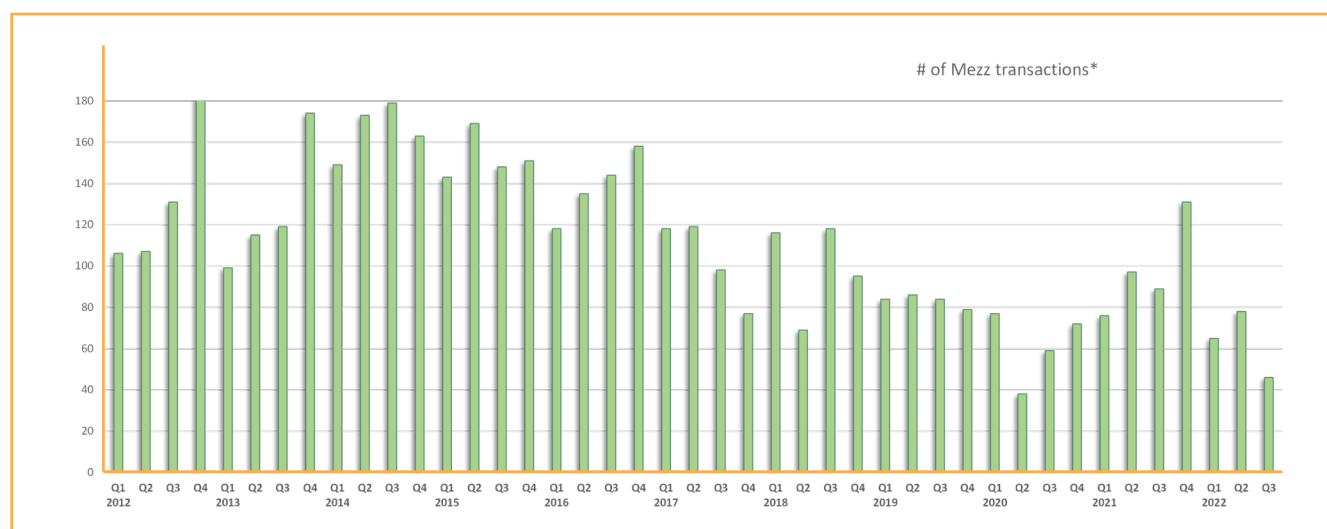
# Sutton Place Strategies

## Mezzanine Market Perspective

Q3 2022

### BREAKING DOWN THE MARKET

Mezzanine activity for the LTM period ending June 30th increased approximately **19%** YoY from **304** deals to **363** deals. Compared to the previous quarter (Q1 2022), deals including mezzanine debt increased from **65** to **78** in Q2 2022. The increase in mezzanine deal activity inversely correlates with the decrease of private equity sponsored deal volume, which decreased nearly **11%** from **1,412** deals in Q1 2022 to **1,259** deals in Q2 2022. Out of the **78** mezzanine deals that closed in Q2 2022, **46** deals were buyouts, **14** were minority financings, **14** 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 unitranchise and senior secured financings with pricing or other features similar to mezzanine.

### NOTABLE MEZZANINE TRANSACTIONS

In September, **GMB Mezzanine Capital** provided a mezzanine debt investment in support of **Sentinel Capital Partners** and **Norwest Venture Partners**' acquisition of **SmartSign**, an online retailer of customizable signs, labels, and tags for regulatory, compliance, and safety applications. **Robert W. Baird** served as financial advisor to SmartSign.

In July, **Ironwood Capital** invested subordinated debt in support of **Pro Disposal USA** and **Laurel Mountain Partners**' acquisition of **Carolina Containers & Transport**, a provider of storage container solutions and transport services.

Also in July, **Northstar Capital** provided a mezzanine debt investment in support of **Soundcore Capital Partners**' acquisition of **ACI Asphalt & Concrete Inc.**, a provider of asphalt and concrete commercial parking lot and multi-family homeowner association installation, maintenance and repair services. **Northborne Partners** served as ACI Asphalt & Concrete Inc.'s financial advisor, and **Kirkland & Ellis** served as Soundcore Capital Partners' legal advisor.

## NOTABLE MEZZANINE TRANSACTIONS (CONT.)

**Yukon Partners** invested mezzanine debt in support of **Wind Point Partners'** acquisition of **D&H United Fueling Solutions Inc.**, a provider of testing, inspection, repair, and installation services for fueling stations and electric vehicle charging infrastructure in September. **BMO Capital Markets** and **Churchill Asset Management** provided senior debt in support of the acquisition. **Harris Williams** advised the sellers and **KPMG** advised the buyers. **Kirkland & Ellis**, **Reed Smith**, and **Dorsey & Whitney** served as the buyer's legal counsel.

**PNC Mezzanine** invested subordinated debt and equity to support the buyout of **Century Linen & Uniform Inc.**, a provider of linen management and uniform rental services, by **Falcon Affiliates** in July. Bank of America invested senior debt in support of the acquisition. **Edgepoint Capital** provided financial advisory services to the seller, and **Williams Mullen** served as the investor's legal counsel.

In August, **Caltius Structured Capital** invested subordinated debt in **Virginia Tile Co. LLC**, a portfolio company of **Harren Equity Partners** which distributes ceramic, porcelain, and natural stone tiles.

**NXT Capital** provided a unitranche credit facility in support of **Quad-C's** acquisition of **Synoptek Inc.**, a provider of managed IT services, in September. **Canaccord Genuity** and **Drake Star Partners** were sellside financial advisors, while **Choate Hall & Stewart** was the sellside law firm. **Gibson Dunn & Crutcher** and **Khaitan & Co.** served as the buyers legal advisor.

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