

2023

REPORT

Market Analysis & Origination Trends

North American M&A market data, generated by SPS in March 2023

2023 Deal Sourcing Databook

From SPS, by Bain & Co.

Each year, we publish a collection of market trends, data analysis, and business development resources designed to help private equity firms navigate the ever-variable deal sourcing terrain for the year ahead.

Targeted with actionable intelligence, this report reveals strategic themes and tactical insights that offer some well-informed guidance for your 2023 origination efforts.

Sector Overview by Size

State of the Market

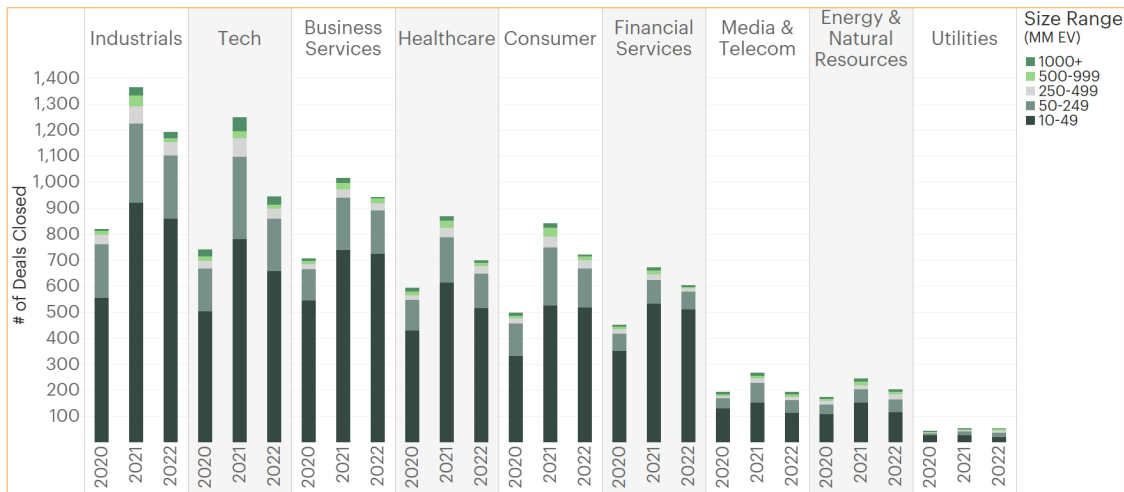
L1 - Sector

L2 - Industry Group

L3 - Industry

L4 - Subindustry

While deal volume has fluctuated with market conditions over recent years, the \$10-50MM EV range has dominated deal counts.



Industrials, Business Services and Financial Services saw relatively strong 2022 activity compared to the year prior, while **Technology** and **Healthcare** deals had the sharpest decline.

Footnotes

1 - Deals closed by PE buyers only, all types, comparing Deal Size by Sector YoY between 2020-2022

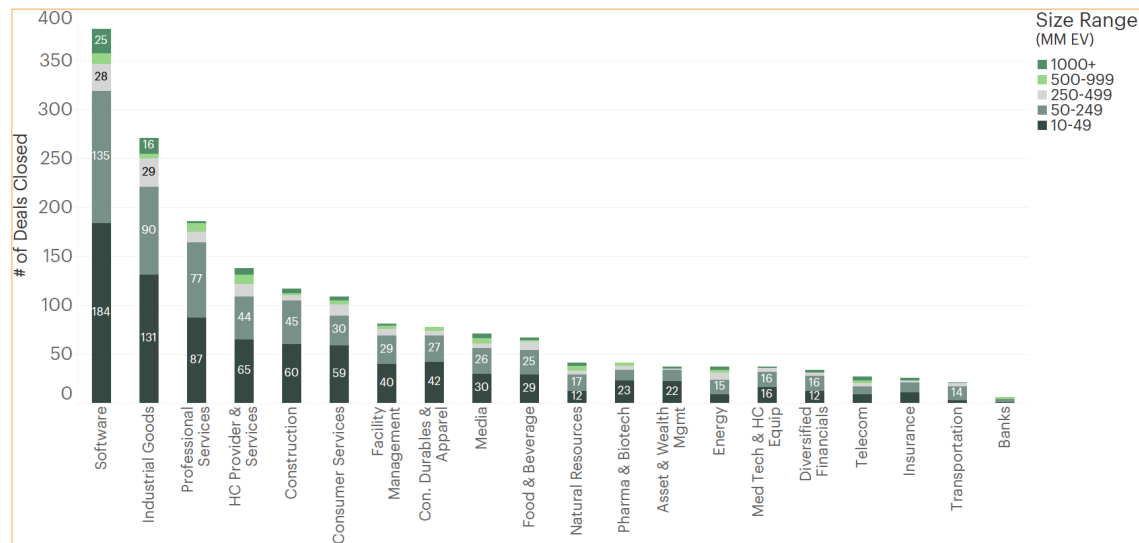
Industry Group by Size 2022 Breakdown

L1 - Sector

L2 – Industry Group

L3 - Industry

L4 - Subindustry



On the Industry Group level, **Software** and **Industrial Goods** led the pack in terms of deal count in 2022 – with both verticals also seeing higher than average concentrations of deals above \$500MM EV.

Footnotes

1 - Deals closed by PE buyers only, all types, comparing the Top 20 Industry Groups by Deal Size, in 2022

Sector Overview by Deal Type

State of the Market

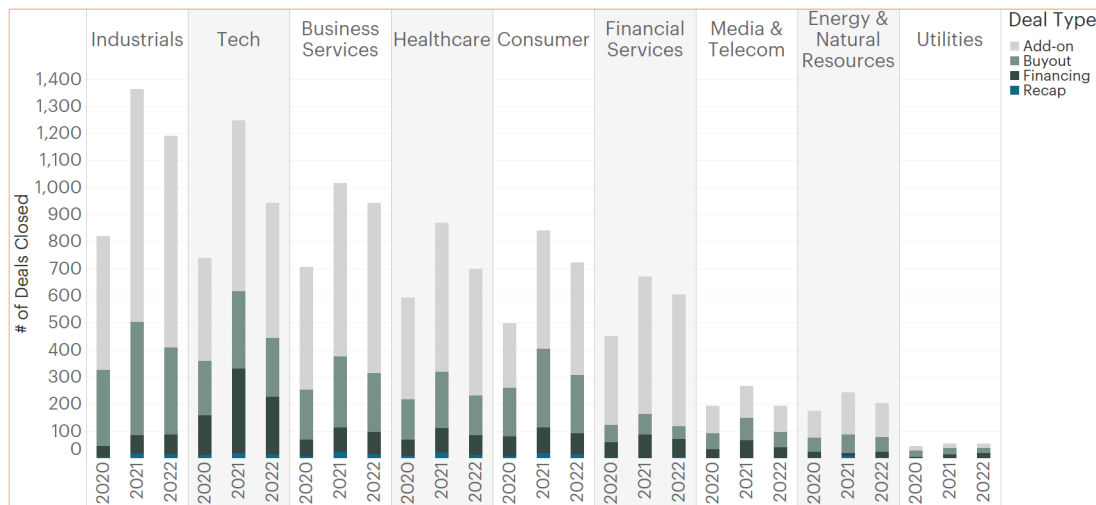
L1 - Sector

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Buy-and-build and roll-up strategies have gained popularity over recent years.



Financial Services saw the greatest add-on activity relative to other deal types over 2021-2022, while financings have remained an important investment strategy in the **Technology** sector during the same period.

Footnotes

1 - Deals closed by PE buyers only, all sizes, comparing Deal Type by Sector YoY between 2020-2022

Industry Group by Deal Type

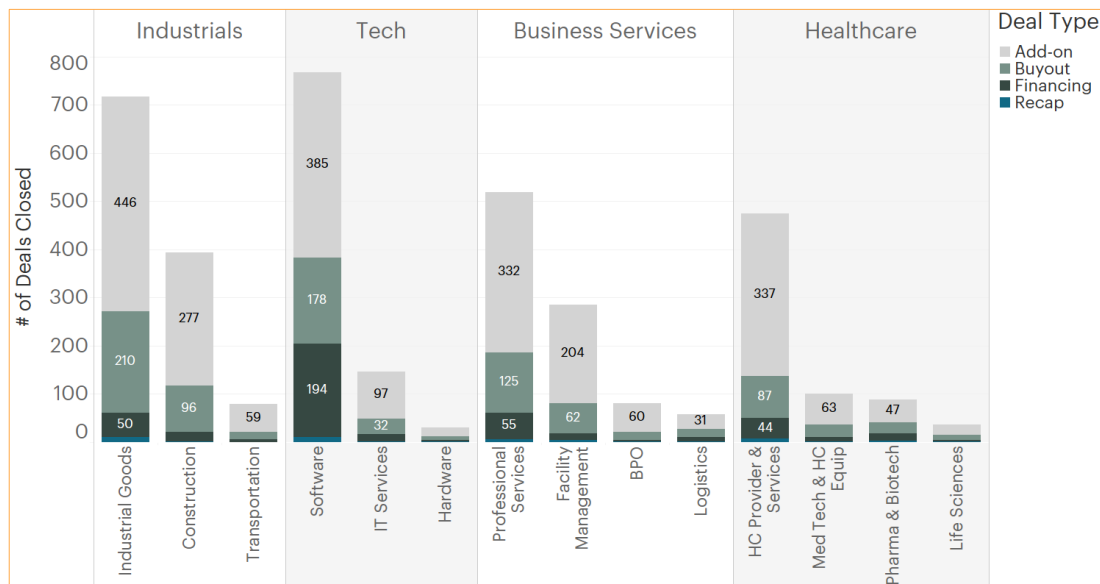
2022 Breakdown

L1 - Sector

L2 – Industry Group

L3 - Industry

L4 - Subindustry



2022 saw an acceleration of the add-on trend as firms turned to smaller, more feasible opportunities amid high market uncertainty.

High deal activity in **Industrials**, **Technology**, **Business Services** and **Healthcare** has been driven by consolidation plays.

Footnotes

1 - Deals closed by PE buyers only, all sizes, Top 4 Sectors by 2022 Deal Volume, comparing Industry Groups by Deal Type

Sector Overview by Sell-Side Process

State of the Market

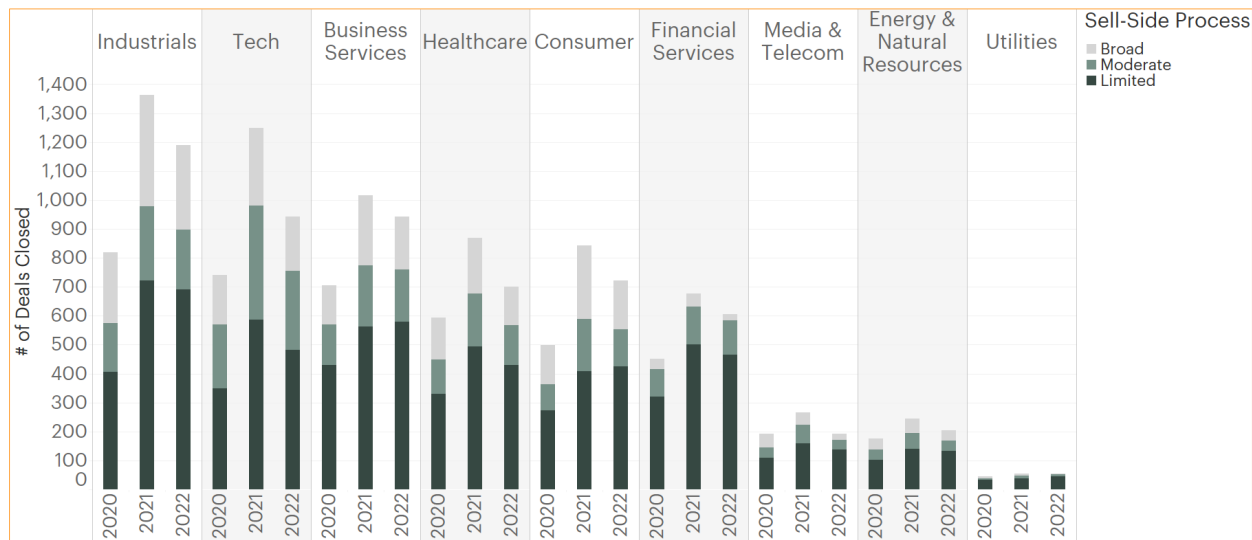
L1 - Sector

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The **SPS Sell-Side Process (SSP) Index** measures deal competitiveness, indicating how broadly a particular deal was marketed: **Limited**, **Moderate** or **Broad**.



Footnotes

1 - Deals closed by PE buyers only, all sizes and types, comparing SSP by Sector YoY between 2020-2022

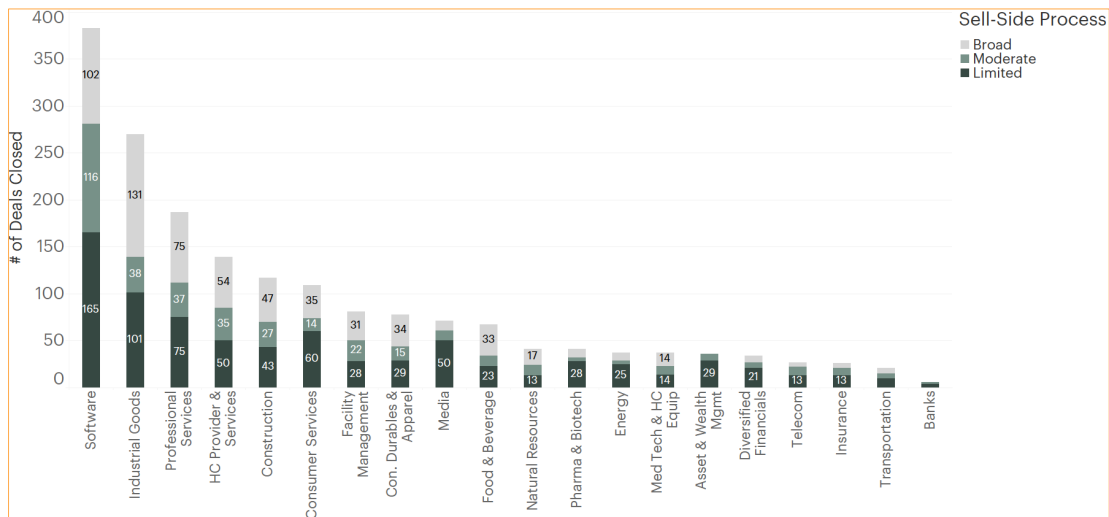
Industry Group by Sell-Side Process 2022 Breakdown

L1 - Sector

L2 – Industry Group

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The 2022 M&A landscape was more competitive than ever, with about a third of deals in most industries having broad sell-side processes.

The shift in some verticals toward broader auctions is no surprise, as firms are prioritizing business development and adopting data-driven sourcing practices, resulting in greater share of mind with target advisors.

Footnotes

1 - Deals closed by PE buyers only, all sizes and types, comparing Top 20 Industry Groups by 2022 Deal Volume across all sectors, by SSP

Sector Strategy

Market Mapping: Healthcare

L1 - Sector

L2 – Industry Group

L3 - Industry

L4 - Subindustry

Know who you're...

Healthcare Deals 2020 - 2022

Total Market	31,565
Healthcare (inc. HCIT)	4,686
\$50-999 MM EV only	1,045
Private Equity Deals	629
PE Buyouts	296
PE Addons	207
Financing (minority)	126

competing with

Most Active PE Buyers¹

Webster Equity Partners
Audax Group
New MainStream Capital
The Vistria Group
Carlyle Group
KKR & Co.
Leonard Green & Partners
Centerbridge Partners
Gryphon Investors
GTCR Golden Rauner
Linden Capital Partners
New Mountain Capital
Blackstone Group
Ridgmont Equity Partners
Sheridan Capital Partners

sourcing from

Most Active Intermediaries¹

Jefferies & Co.
William Blair & Co.
Houlihan Lokey
J.P. Morgan Chase
Cain Brothers
Goldman Sachs
Piper Sandler Cos.
Centerview Partners
TripleTree
Robert W. Baird
Lincoln International
Harris Williams
Edgemont Capital Partners
Guggenheim Partners
SVB Securities

borrowing from

Most Active Senior Lenders¹

Ares Capital
Antares Capital
Goldman Sachs BDC
Churchill Asset Management
Twin Brook Capital Partners
AllianceBernstein
Golub Capital BDC
FS KKR Capital Corp
Adams Street Partners
Crescent Capital
Owl Rock Capital Partners
BMO Capital Markets
J.P. Morgan Chase
Madison Capital Funding
Franklin BSP Lending Corp

Footnotes

1 – Deals Closed across Healthcare sectors, all sizes and types, with PE or corporate buyers, between 2020 – 2022

Travel Planning – Top Missed Cities Report

Market Mapping: Healthcare

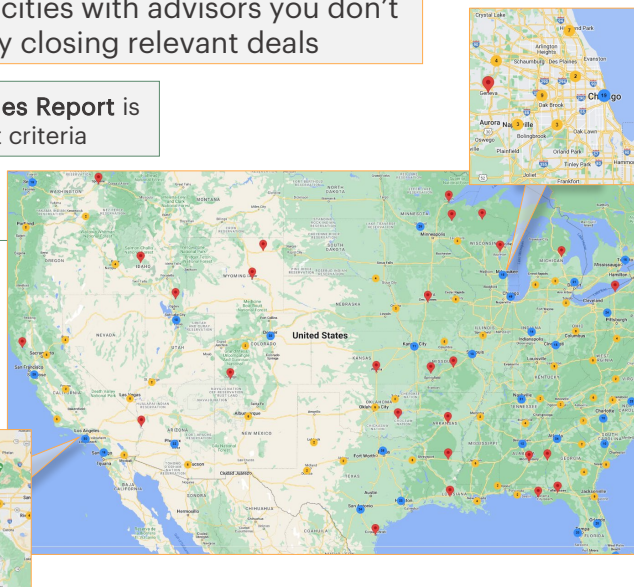
Professional Locations by # of Missed Deals				
City	State	Total Closed	# Missed	% Missed
New York	NY	174	136	78%
Chicago	IL	149	97	65%
Boston	MA	54	47	87%
Los Angeles	CA	41	29	71%
San Francisco	CA	40	22	55%
Atlanta	GA	34	28	82%
Nashville	TN	31	27	87%
Charlotte	NC	31	21	68%
Richmond	VA	26	17	65%
Brentwood	TN	22	16	73%
Dallas	TX	21	18	86%
Minneapolis	MN	16	12	75%
West	PA	15	11	73%
Conshohocken	PA	15	11	73%
Seattle	WA	14	13	93%
London (UK)	--	14	7	50%
Austin	TX	13	13	100%
Fort Lauderdale	FL	13	11	85%
Tampa	FL	13	10	77%
Denver	CO	12	8	67%
Franklin	TN	10	10	100%

Travel Planning - prioritize cities with advisors you don't know, that are actively closing relevant deals

Example: SPS' Top Missed Cities Report is tailored to a client's investment criteria

Heat map showing # of active professionals by office location

Top locations sorted by # of relevant deals



Footnotes

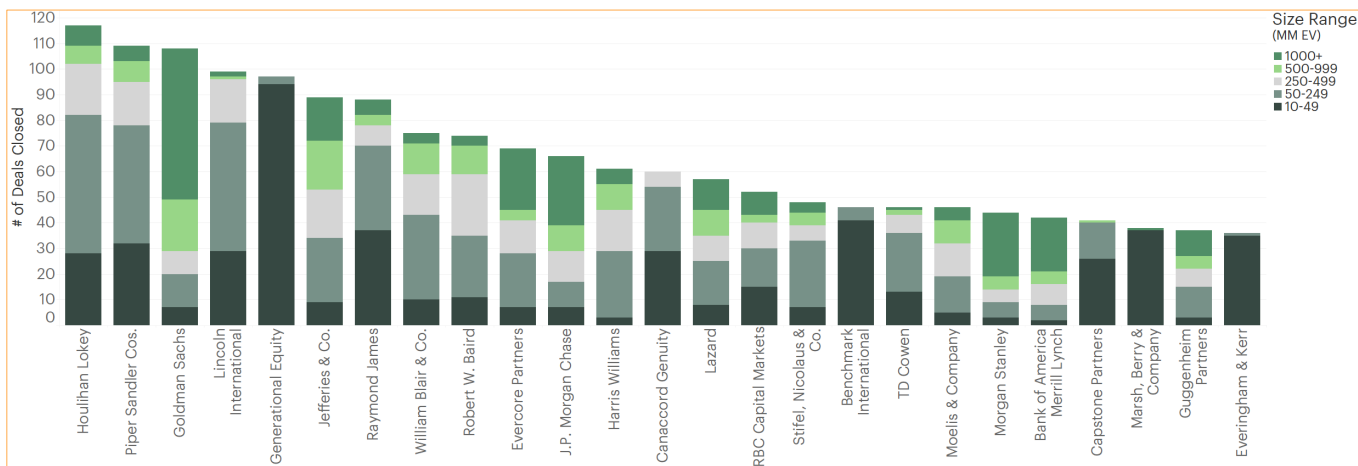
1 – Deals Closed in Healthcare, all sizes and types, with PE or corporate buyers, between 2020 – 2022

2 – Top Missed Cities Report applies a specific client's Market Coverage to locations of intermediary professionals closing relevant deals

Top Intermediaries by Size Range

M&A Ecosystem

2022's most active intermediaries advised on hundreds of transactions, varying widely by size range.



Footnotes

1 - Top 25 Sell-Side Intermediaries advising on Deals Closed by PE and corporate buyers, by Deal Size in 2022

PE vs. Corporate by Sector

M&A Ecosystem

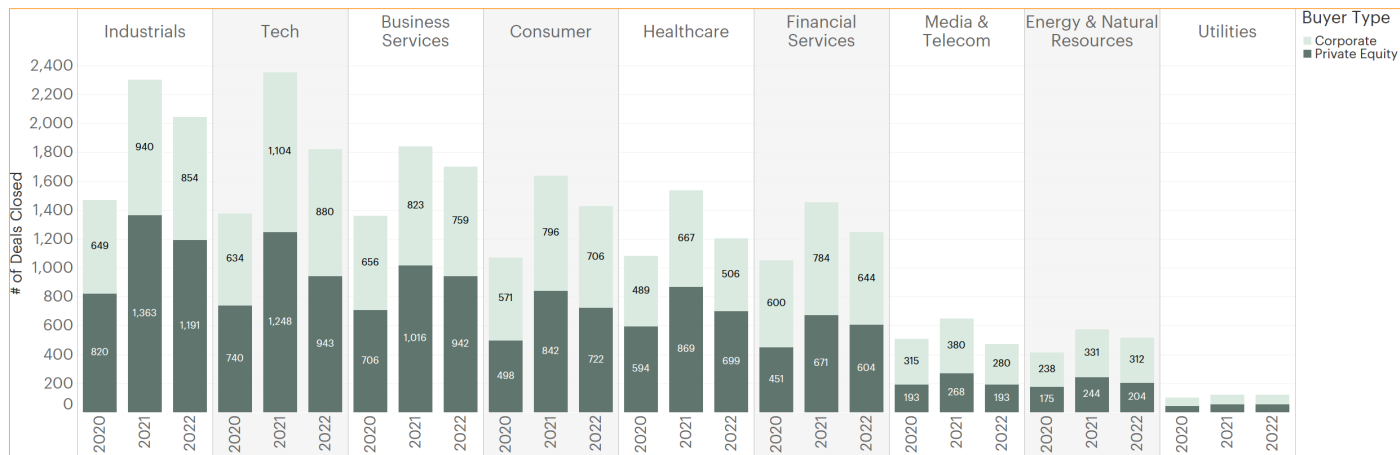
L1 - Sector

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Private Equity won 52% of overall market share in 2022, outpacing corporate buyers for the second consecutive year.



Footnotes

1 - Deals Closed by sector and size range, all sizes and types, comparing Deal Volume by PE and corporate buyers, YoY between 2020-2022

PE vs. Corporate by Size Range

M&A Ecosystem

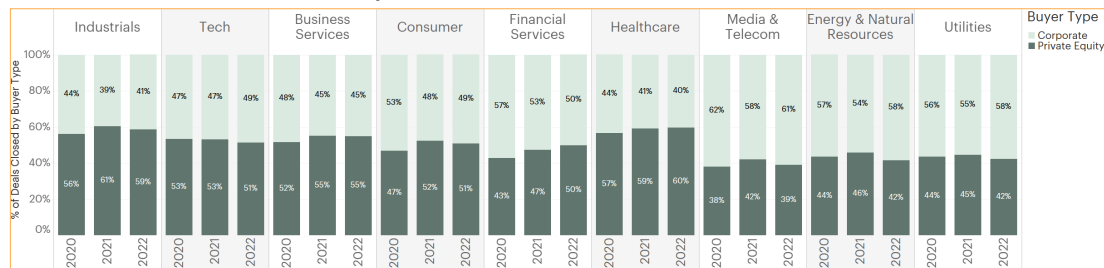
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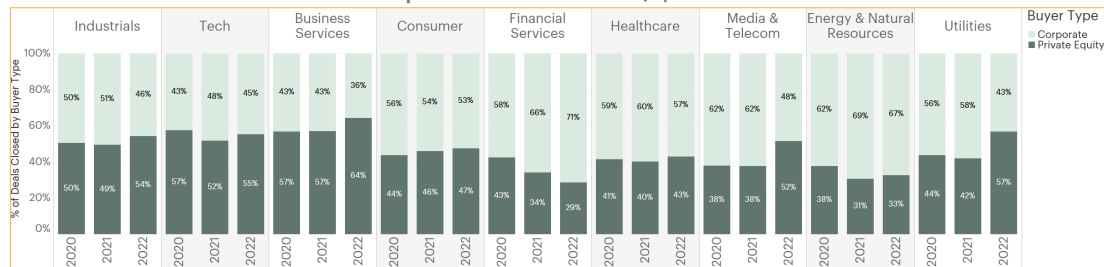
L4 - Subindustry

PE vs. Corporate Deals Closed, \$10MM - 249MM EV



PE buyers closed a greater share of deals below \$250MM EV driven by increased add-on activity, while corporate buyers won in transactions above \$250MM EV.

PE vs. Corporate Deals Closed, \$250MM+ EV



In Healthcare, Financial Services, and Energy sectors, the portion of deals going to corporate buyers significantly increases with higher enterprise values.

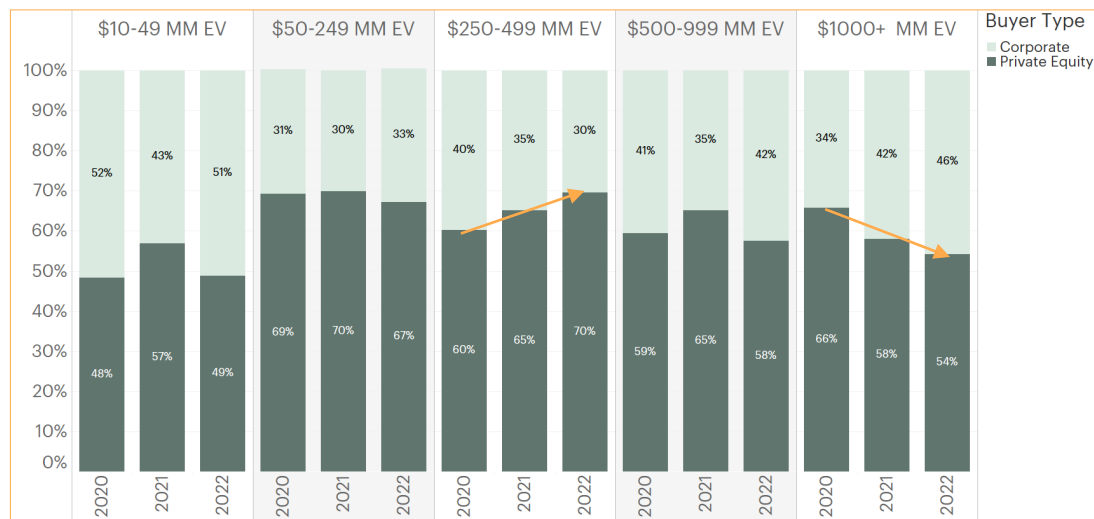
Footnotes

1 – Deals Closed by sector and size range, all sizes and types, comparing % of total by Buyer Type and sector, YoY between 2020-2022

PE Exits

Private Equity Harvest

PE firms are increasingly selling \$1B+ EV deals to corporate buyers, while assets in lower size ranges are largely traded to PE buyers.



The portion of **\$250-499MM EV** deals sold to PE buyers has increased by 10% from 2020 to 2022. Corporate buyers have acquired 12% more deals above **\$1B EV** from PE sellers over the same period.

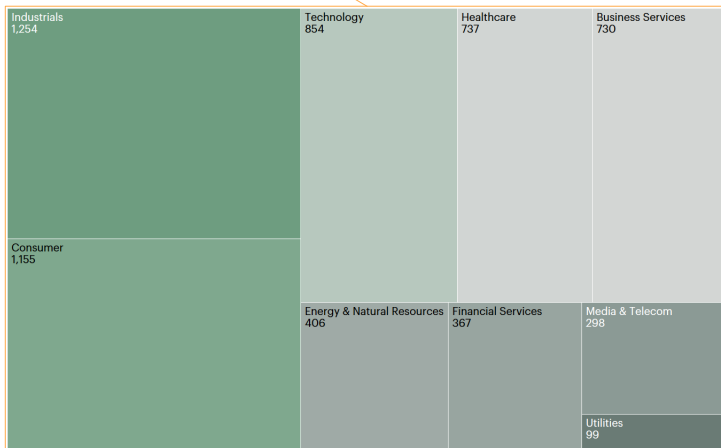
Footnotes

1 – All change-of-control deals closed with PE sellers, comparing % of total by Buyer Type YoY between 2020-2022

Total Market Report

Private Equity Harvest

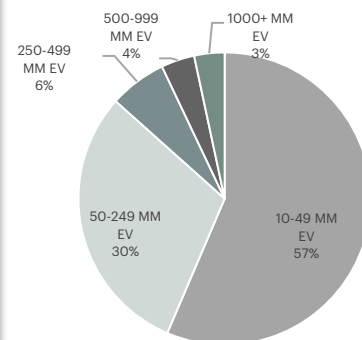
Over 5,900+ companies originally purchased by PE buyers between 2012 – 2019 are still actively held and likely to trade again.



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Sponsor	# of Active PortCos
KKR & Co.	35
CDPQ	34
H.I.G. Capital	30
Audax Group	27
Vista Equity Partners	27
Warburg Pincus	27
Carlyle Group	25
Blackstone Group	22
L Catterton	22
Main Street Capital Corporation	22
ABRY Partners	21
Apollo Global Management	21
Neuberger Berman Group LLC	21
The Riverside Company	21
Gemini Investors	20
Serent Capital	20
General Atlantic	19
Insight Partners	19
Platinum Equity	19
Summit Partners	19
Goldman Sachs	18
Trivest Partners	18
LLR Partners	17
Spectrum Equity Investors	17
Wynnchurch Capital	17
Oaktree Capital Management	16
Accel-KKR	15
The Jordan Company	15
Kinderhook Industries	15
Marlin Equity Partners	15
Salt Creek Capital Management	15
TPG Capital	15

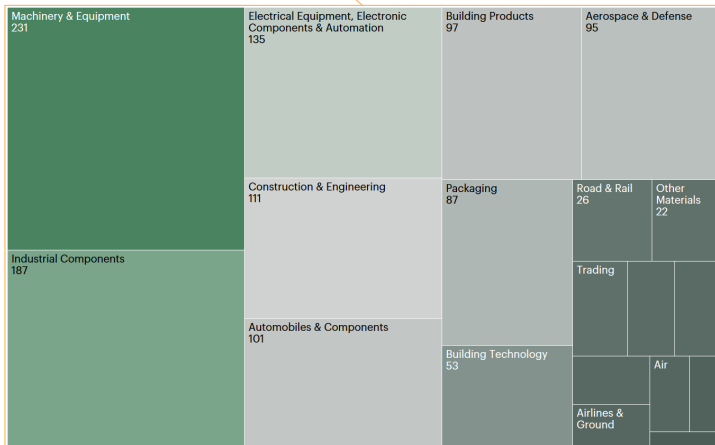
Year Traded	# of Active PortCos	% of Total
2019	1,563	26%
2018	1,257	21%
2017	898	15%
2016	794	13%
2015	489	8%
2014	403	7%
2013	280	5%
2012	216	4%



Industrials Report

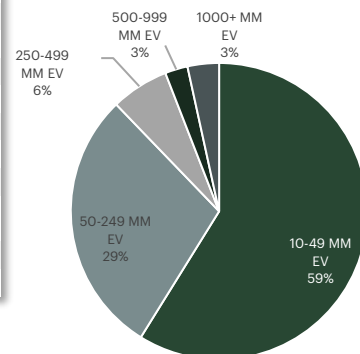
Private Equity Harvest

Drilling down to the **Industrials** sector only, there are 1,200+ companies across 20 Industries that traded between 2012-2019 still being held in PE portfolios.



Sponsor	# of Active PortCos
CDPQ	12
Audax Group	9
Gemini Investors	9
Wynnchurch Capital	9
AE Industrial Partners	8
Salt Creek Capital Management	8
American Industrial Partners	7
Graham Partners	7
Pelican Energy Partners	7
Fonds De Solidarité FTQ	6
GenNx360 Capital Partners	6
Harbour Group	6
HCI Equity Partners	6
Heartwood Partners	6
Ironbridge Equity Partners	6
Kinderhook Industries	6
Lynx Equity Ltd.	6
Main Street Capital Corporation	6
Oaktree Capital Management	6
Platinum Equity	6

Year Traded	# of Active PortCos	% of Total
2019	327	26%
2018	245	20%
2017	180	14%
2016	165	13%
2015	118	9%
2014	108	9%
2013	66	5%
2012	45	4%



SPS Product Development

Latest Updates

All Firm Profiles

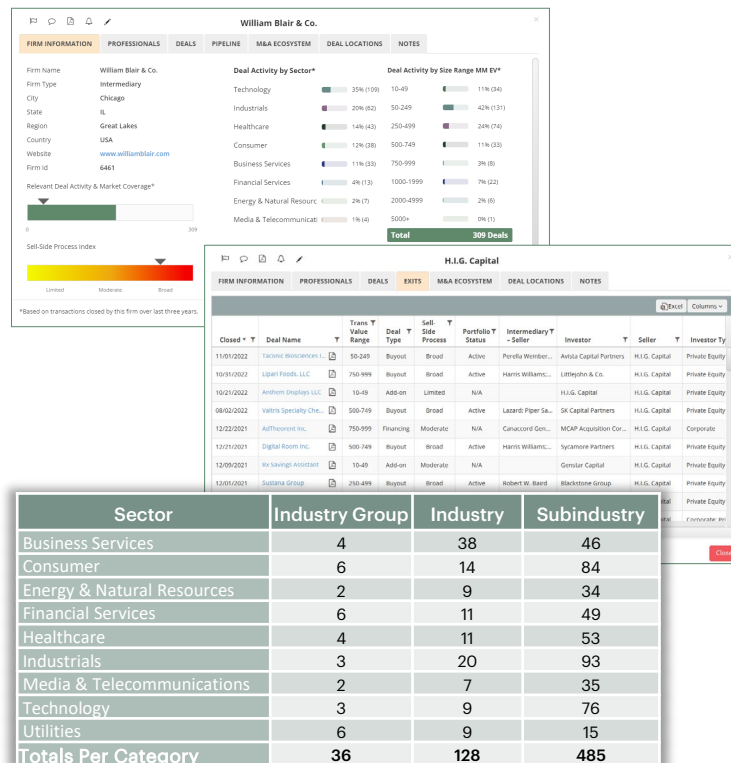
- Upgrade - **Firm Information** tab details Deal Volume by Sector and Deal Size over the trailing three-year period
- New - **Pipeline** tab is unique to each SPS client, containing trading status of all deals sourced from a specific advisor
- New - **M&A Ecosystem** tab reveals which firms close the most deals together over the trailing three-year period

Private Equity & Corporate Firm Profiles

- New - **Exits** tab on Private Equity and Corporate firm profiles details transactions closed with a specific firm as the seller

Taxonomy Upgrade

- SPS' entire historical database of 100K+ transactions has been upgraded to a new, more granular industry taxonomy with over 480 sub-industries!



Sutton Place Strategies, by Bain & Co.

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