2023 REPORT
Market Analysis & Origination Trends

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

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

Know who you’re 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
- Ridgemont 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

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

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
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

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

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

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.

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.

<table>
<thead>
<tr>
<th>Year Traded</th>
<th># of Active PortCos</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1,563</td>
<td>26%</td>
</tr>
<tr>
<td>2018</td>
<td>1,257</td>
<td>21%</td>
</tr>
<tr>
<td>2017</td>
<td>898</td>
<td>15%</td>
</tr>
<tr>
<td>2016</td>
<td>794</td>
<td>13%</td>
</tr>
<tr>
<td>2015</td>
<td>489</td>
<td>8%</td>
</tr>
<tr>
<td>2014</td>
<td>403</td>
<td>7%</td>
</tr>
<tr>
<td>2013</td>
<td>280</td>
<td>5%</td>
</tr>
<tr>
<td>2012</td>
<td>216</td>
<td>4%</td>
</tr>
</tbody>
</table>

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

L1 - Sector
L2 – Industry Group
L3 - Industry
L4 - Subindustry

Industrials 1,264
Technology 854
Healthcare 737
Business Services 730

Consumer 1,195
Energy & Natural Resources 406
Financial Services 367
Media & Telecom 301
Utilities 59

250-499 MM EV 6%
500-999 MM EV 4%
1000+ MM EV 3%
50-249 MM EV 30%
10-49 MM EV 57%

Sutton Place Strategies | 12 E 49th St. New York, NY 10017
### Industritals 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.

<table>
<thead>
<tr>
<th>Year Traded</th>
<th># of Active PortCos</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>327</td>
<td>26%</td>
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<tr>
<td>2018</td>
<td>245</td>
<td>20%</td>
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<tr>
<td>2017</td>
<td>180</td>
<td>14%</td>
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<tr>
<td>2016</td>
<td>165</td>
<td>13%</td>
</tr>
<tr>
<td>2015</td>
<td>118</td>
<td>9%</td>
</tr>
<tr>
<td>2014</td>
<td>108</td>
<td>9%</td>
</tr>
<tr>
<td>2013</td>
<td>66</td>
<td>5%</td>
</tr>
<tr>
<td>2012</td>
<td>45</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Sponsor Analysis

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

### Industry Distribution

- **20-49 MM EV**: 3%
- **50-249 MM EV**: 29%
- **250-499 MM EV**: 6%
- **500-999 MM EV**: 3%
- **1000+ MM EV**: 3%
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!
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