



BAIN & COMPANY

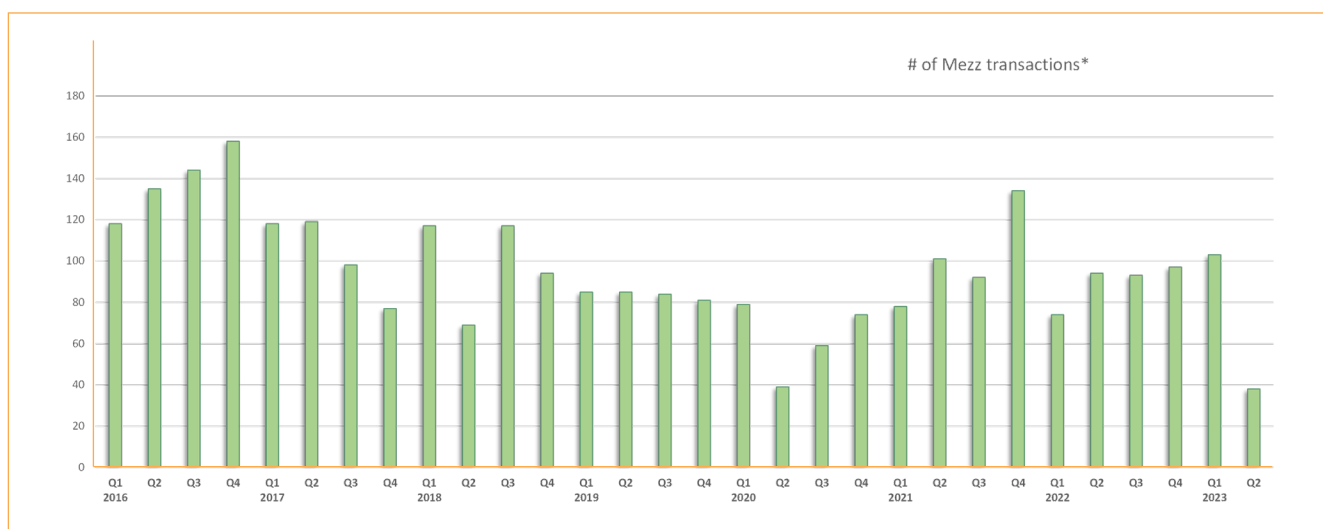
Sutton Place Strategies

Mezzanine Market Perspective

Q2 2023

BREAKING DOWN THE MARKET

Mezzanine activity for the LTM period ending March 31st decreased approximately **3%** YoY from **401** deals to **387** deals. Compared to Q1 2022, deals including mezzanine debt increased **39%**, from **74** to **103** in Q1 2023. Despite the increase in mezzanine deal activity, private equity deal volume declined **22%** from **1,518** deals in Q1 2022 to **1,183** deals in Q1 2023. Out of the **103** mezzanine deals that closed in Q1 2023, **38** deals were buyouts, **44** were minority financings, **19** were sponsor-backed add-ons, and **2** were recapitalizations. The most common industries in total M&A activity for the quarter were **Technology**, **Industrials**, **Business Services**, and **Consumer**, 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 June, **Greyrock Capital Group** invested subordinated debt and equity to support the acquisition of **Competition Specialties Inc.**, a distributor of automotive aftermarket products and accessories, by **Banyan Technologies Group**. **Capstone Financial Group** provided financial advisory services to the seller.

Northstar Capital provided subordinated debt and equity in support of **Clearview Capital's** acquisition of **Capitol Services LLC**, a provider of outsourced legal and compliance services, in April. **Texas Capital Securities** served as the seller's financial advisor.

PNC Erievue Capital invested subordinated debt and equity to support the acquisition of **American Legacy Construction Group Inc.**, a provider of specialized electrical service and low voltage work, by **Crete Mechanical Group**, a portfolio company of **Ridgemont Equity Partners**, in June. **Apex Business Advisors** served as the seller's financial advisor.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

In May, **Ironwood Capital** invested subordinated debt in support of **Newbury Franklin Industrial's** acquisition of **EMI Supply Inc.**, a distributor of construction and industrial consumable products.

In April, **NorthCoast Mezzanine** provided subordinated debt and equity in support of **Salt Creek Capital Management's** acquisition of **Lewis Brass & Copper Holding Co.**, a distributor of brass and copper-based alloy tubing, rods, sheets, and specialty products. **UHY Advisors** served as the seller's financial advisor.

In May, **SafeTouch Security Inc.**, a provider of monitored security alarms and interactive home and business automation solutions, was acquired by **FVLCRUM** in partnership with **Fourfront Strategies LLC**. **Brookside Capital Partners** invested subordinated debt and equity in support of the acquisition.

LO3 Capital invested subordinated debt to support the acquisition of **Cole Distributing Inc.**, a distributor of propane, diesel, oil fuel and lubricants, by **Santmyer Cos. Inc.** in April. **Matrix Capital Markets** provided financial advisory services to the buyer.

Also in April, **NewSpring Capital** and **First Capital Partners** invested subordinated debt and equity in support of **Progress Equity Partners'** acquisition of **Hanson Lab Solutions**, a manufacturer of lab casework products and furniture. **Enterprise Bank & Trust** invested senior debt in support of the acquisition, and **O'Melveny & Myers** served as the buyer's legal advisor.

Report generated by SPS Research Team

Rich Campanaro
Senior Research Analyst
RCampanaro@SuttonPlaceStrategies.com

Veejay Lall
Director of Research
VLall@SuttonPlaceStrategies.com

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