



BAIN & COMPANY

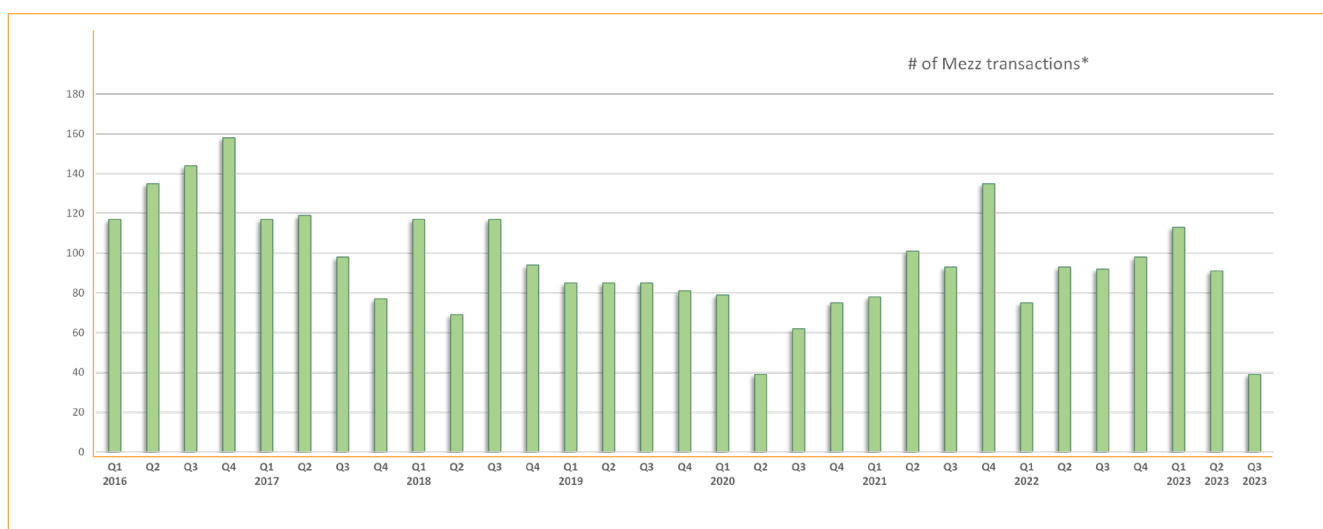
Sutton Place Strategies

Mezzanine Market Perspective

Q3 2023

BREAKING DOWN THE MARKET

In Q2 2023 91 deals including mezzanine debt closed, a **20%** decrease from the 113 mezzanine deals closed in Q1 2023. 1H mezzanine activity increased approximately **21%** YoY from **168** deals in 2022, to **204** deals in 2023. Despite the increase in mezzanine deal activity, private equity deal volume for the same time period decreased **18%** from **2,950** deals in 2022, to **2,412** deals in 2023. Out of the **91** mezzanine deals that closed in Q2 2023, **38** deals were buyouts, **27** were minority financings, and **26** were sponsor-backed add-ons. The most common industries in total M&A activity for the quarter were **Technology**, **Industrials**, **Consumer**, and **Healthcare**, 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 July, **Northstar Capital** provided mezzanine debt and an equity co-investment in support of **Tonka Bay Equity Partners'** acquisition of **Corporate Technologies LLC**, a provider of managed IT services, technology support, and cloud solutions.

NewSpring Capital invested subordinated debt and equity in support of **Third Arch Investments'** acquisition of **FiberGlass Coatings LLC**, a manufacturer and distributor of multi-use epoxy, resin and fiberglass products, in August. **Aberdeen Advisors** provided financial advisory services to the seller.

In August, **Midwest Mezzanine** invested subordinated debt and equity to support **Keswick Partners'** acquisition of **Metal Tech of Murfreesboro (dba Metal Tech)**, a provider of outsourced machining, fabrication, maintenance, and field services. **Bundy Group** served as the seller's financial advisor.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

Avalon Document Services, a portfolio company of **Surge Private Equity**, acquired **Tower Legal Solutions**, a provider of staffing and managed solutions to corporate legal departments, in August. **NorthCoast Mezzanine** invested subordinated debt and **Woodforest National Bank** invested senior debt to support the acquisition. **Kenyon Group** and **BakerHostetler** served as financial and legal advisor to the sellers, respectively.

Cyprium Investment Partners invested subordinated debt and equity in **Hirsch Solutions**, a distributor of commercial embroidery equipment, in September. **Chestnut Hill Partners** advised **Cyprium Investment Partners** on the investment.

In July, **GMB Mezzanine** invested mezzanine debt to support the acquisition of **Garner Industries**, a manufacturer and supplier of measurement sensors, by **Shoreview Industries**. **Bridgepoint Merchant Banking** provided sell-side financial advisory services on the deal.

In August, **Comvest Partners** made a junior capital and equity investment in **Apotheco Pharmacy Group**, a network of specialized pharmacies focused on providing dermatological care solutions.

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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