



BAIN & COMPANY

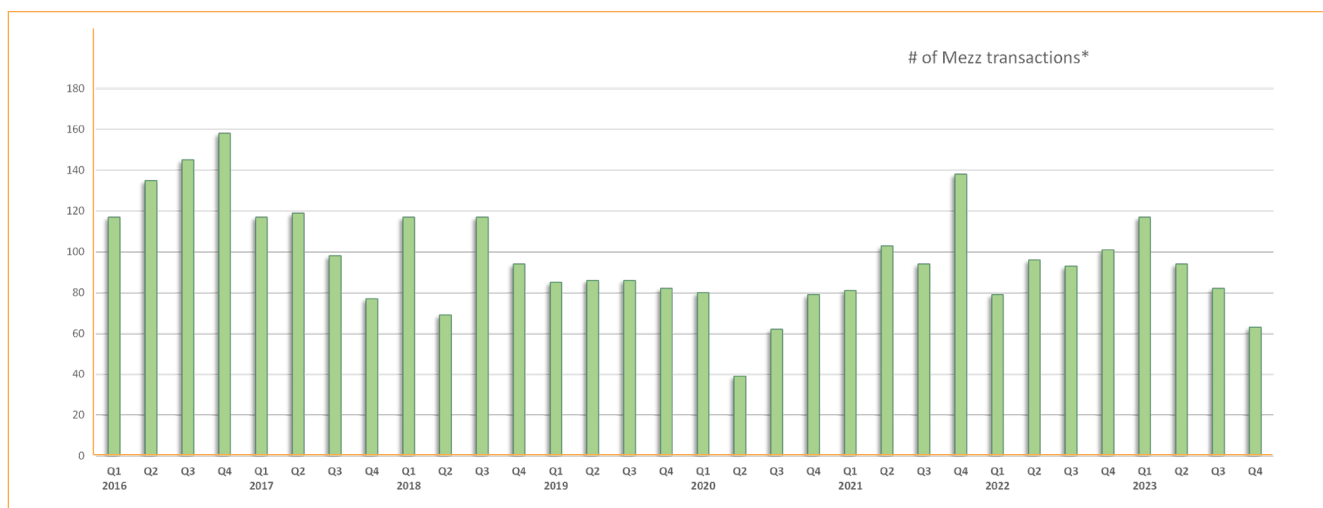
Sutton Place Strategies

Mezzanine Market Perspective

Q4 2023

BREAKING DOWN THE MARKET

In Q3 2023 **82** deals including mezzanine debt closed, a **13% decrease** from the **94** mezzanine deals closed in Q2 2023. Mezzanine activity through the first three quarters of the year increased approximately **9% YoY** from **268** deals in 2022, to **293** deals in 2023. Despite the increase in mezzanine deal activity, private equity deal volume for the same time period decreased **18%** from **4,487** deals in 2022, to **3,679** deals in 2023. Out of the **82** mezzanine deals that closed in Q3 2023, **33** deals were buyouts, **27** were minority financings, and **22** were sponsor-backed add-ons. The most common industries in total M&A activity for the quarter were **Technology**, **Industrials**, **Business Services**, 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 December, **Cyprium Investment Partners** invested subordinated debt and common equity in **OneroRx**, a provider of integrated pharmacy services and medical supplies. **Wells Fargo** invested senior debt in support of the transaction, and **England & Co.** advised the sellers.

In November, **Ironwood Capital** invested subordinated debt and equity to support **Caldicot Capital's** acquisition of **John To Go**, a provider of portable toilet and restroom trailer rentals and services.

WF Cabinetry, a portfolio company of **HCI Equity Partners**, acquired **Woodharbor Molding & Millworks**, a manufacturer and distributor of custom cabinetry and vanities, in October. **Patriot Capital** invested subordinated debt and equity to support the acquisition. **Greenwich Capital Group** served as the sellers' financial advisor.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

Summit 7 Systems, a portfolio company of **WestView Capital Partners**, acquired **CSW Systems**, a provider of managed services and continuous compliance support for classified data processing facilities, in November. **PNC Erievue Capital** invested subordinated debt and equity to support the acquisition. **KippsDeSanto & Co.** provided sell-side financial advisory services on the deal.

Penfund completed a mezzanine debt investment in **CBI Health Group**, a provider of outpatient rehabilitation services and home care programs, in December. CBI Health Group is a portfolio company of **OMERS Private Equity**.

Lafayette Instrument, a portfolio company of **Branford Castle**, acquired **Actimetrics**, a provider of scientific instrumentation equipment and software for circadian rhythm biology and animal behavioral neuroscience, in November. **Brookside Capital Partners** provided a subordinated debt and equity investment in support of the acquisition. **Akerman** provided buy-side legal advisory services on the deal.

Graycliff Partners acquired **XCEL NDT**, a provider of non-destructive testing and pipeline integrity services for critical infrastructure assets, from **Pine Tree Equity Partners** in October. **Southfield Mezzanine Capital** invested subordinated debt and equity to support the acquisition. **Farlie Turner & Co.** provided sell-side financial advisory services on the deal.

In October, **NorthCoast Mezzanine**, provided a subordinated debt and equity investment to support **Benford Capital Partners'** acquisition of **RP Foods**, a distributor of Hispanic food and beverage products. **Byline Bank** invested senior debt in support of the acquisition, and **Generational Equity** advised the sellers.

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