



BAIN & COMPANY

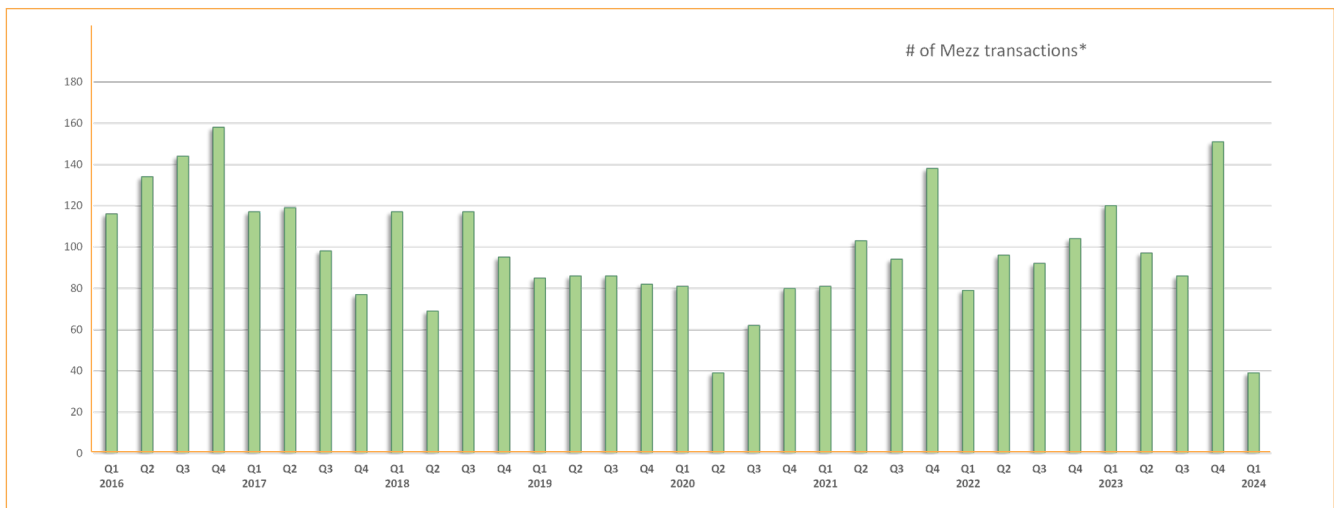
Sutton Place Strategies

Mezzanine Market Perspective

Q1 2024

BREAKING DOWN THE MARKET

In Q4 2023, **151** deals including mezzanine debt closed, a **76%** increase from the **86** deals closed in Q3 2023. Mezzanine activity during 2023 increased approximately **22%** YoY from **371** deals to **454** deals. Despite this increase, private equity deal volume decreased **14%** YoY from **6,022** deals in 2022, to **5,164** deals in 2023. Out of the **151** mezzanine deals that closed in Q4 2023, **59** deals were buyouts, **60** were minority financings, **31** were sponsor-backed add-ons, and **1** was a recapitalization. The most common industries in total M&A activity for the quarter were **Technology**, **Industrials**, **Consumer**, and **Business Services**, 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 March, **PNC Mezzanine** invested subordinated debt and equity to support **CW Industrial Partners'** acquisition of **Mantaline**, a manufacturer of extruded elastomeric products such as seals, protectors, and insulation. **Angle Advisors** and **Frantz Ward** provided sell-side financial advisory and legal advisory services, respectively.

In February, **NorthCoast Mezzanine** invested subordinated debt and equity to support **Kinzie Capital Partners'** acquisition of **Arctic Industries**, a manufacturer and distributor of engineered walk-in coolers, freezers, and insulating enclosures. **Brown Gibbons Lang & Co.** provided sell-side financial advisory services, and **Jones Day** provided buy-side legal advisory services on the deal.

In January, **Maysteel Industries**, a portfolio company of **Littlejohn Capital**, acquired **Star Precision Manufacturing**, a provider of sheet metal fabrication, precision machining and complete finishing services. **Patriot Capital** invested subordinated debt in support of the acquisition, and **Merit Investment Bank** served as the seller's financial advisor.

NOTABLE MEZZANINE TRANSACTIONS (CONT.)

Concentric Investment Partners invested subordinated debt and equity to support **Ashlar Capital's** acquisition of **CarePartners Pharmacy**, a provider of home and ambulatory infusion services, in January.

Aldine Capital Partners invested subordinated debt and equity in support of **Lometa Capital Partners'** acquisition of **Preferred Mortgage Services**, a provider of mortgage servicing solutions, in March. **Keefe, Bruyette & Woods** and **Squire Patton Boggs** provided sell-side financial advisory and legal advisory services, respectively. **Byline Bank** invested senior debt in support of the acquisition, and **Ice Miller** provided buy-side legal advisory services.

Merit Capital Partners invested subordinated debt and equity to support **Fulton Capital's** acquisition of **AFX**, a distributor of lighting fixtures, in January.

Groome Industrial Service Group, a portfolio company of **Argosy Private Equity**, acquired **W-S Cos.**, an industrial and mechanical services company, in March. **Seacoast Capital** and **Ironwood Capital** provided a subordinated debt and an equity co-investment to support the acquisition. **Bridgepoint Merchant Banking** served as the seller's financial advisor.

In January, **Yukon Partners** and **Audax Group** invested mezzanine debt to support **Sentinel Capital Partners'** acquisition of **Market Performance Group**, an omnichannel commerce agency serving consumer packaged goods companies. **Canaccord Genuity** provided sell-side financial advisory services, and **Kirkland & Ellis** and **DLA Piper** provided sell-side legal advisory services. **Churchill Asset Management** invested senior debt in support of the acquisition, and **Dorsey & Whitney** provided buy-side legal advisory services.

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