

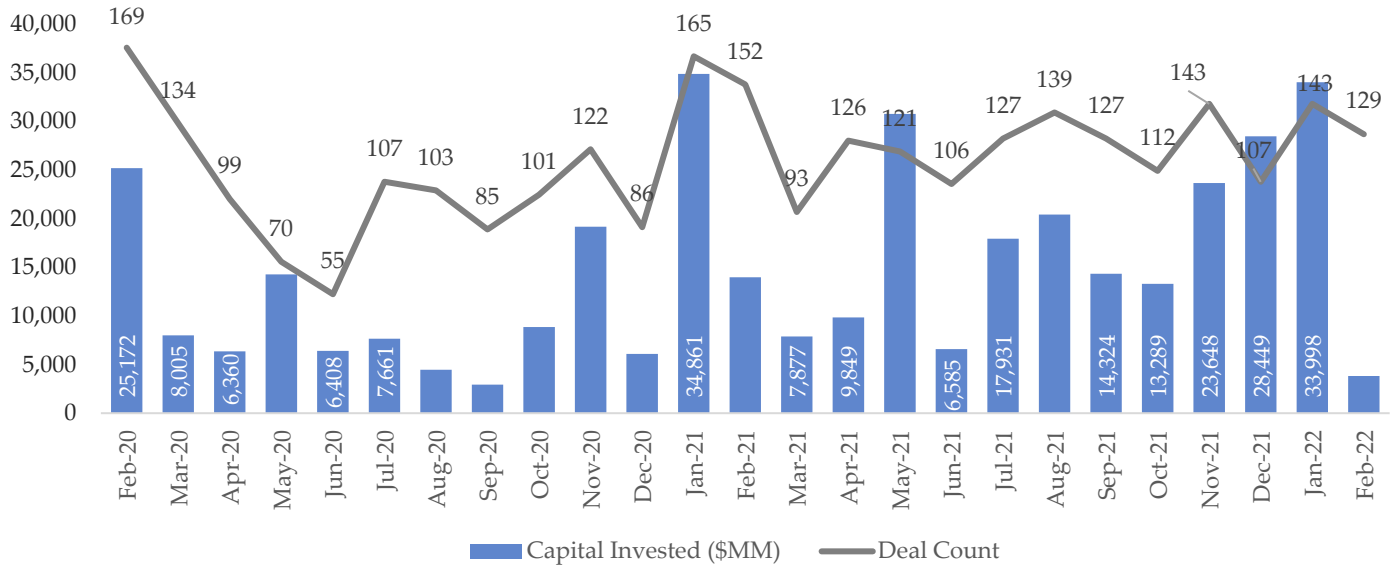


# Southeast M&A Report

*February 2022*

## OVERVIEW

### Trailing 24 Months M&A Activity



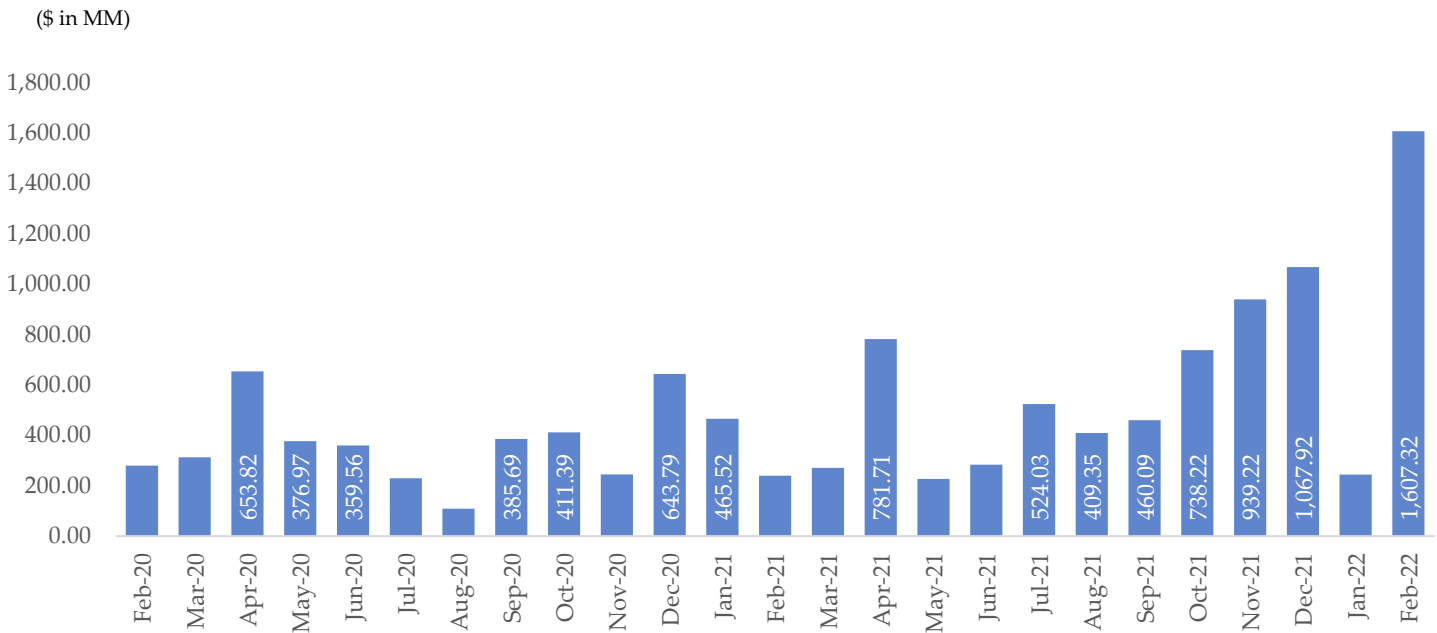
Source: PitchBook

### Perspectives on US M&A Market

February tends to be a fall-off month in terms of deal activity as many deals are pushed through before years end. However, Southeast M&A activity remained strong in February 2022 with 129 M&A transactions completed relative to 143 deals done in January.

As we move further into 2022, we are unlikely to see a wholesale reversal of the positive economic rebound in 2021. However, with the consumer price index rising 7% annually in the United States, the Federal Reserve intends to begin raising interest rates as soon as March 2022. These inevitable interest rate hikes will increase the cost of capital, reducing the buying power of firms. Therefore, it's expected that the M&A market will ease through the first half of 2022, slowing in pace in the latter half of the year.

## Trailing 24 Months Average Monthly M&A Deal Size



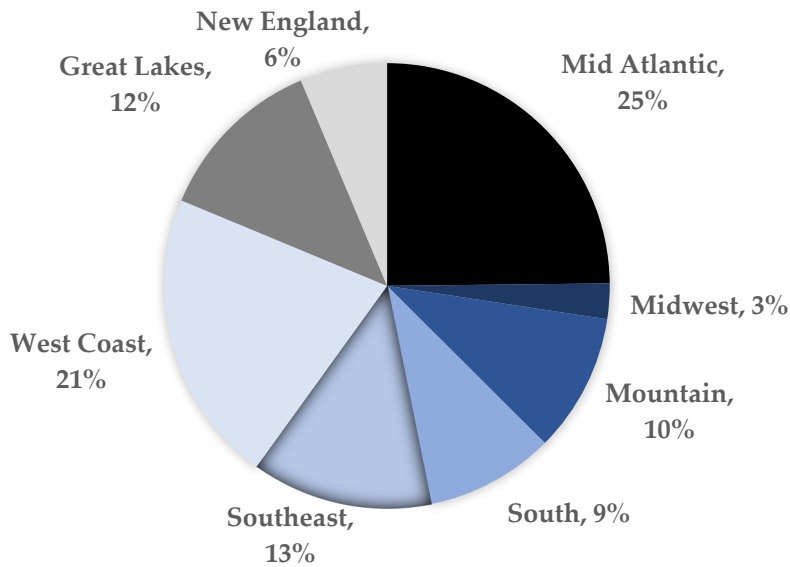
Source: PitchBook

## Monthly Analysis

Average monthly deal size is on an upward trend as the United States continues to move out of the Covid-19 pandemic. Cheap debt, high levels of dry powder, and tech-emerging markets have driven EV/EBITDA multiples higher as seen over the last twenty-four months.

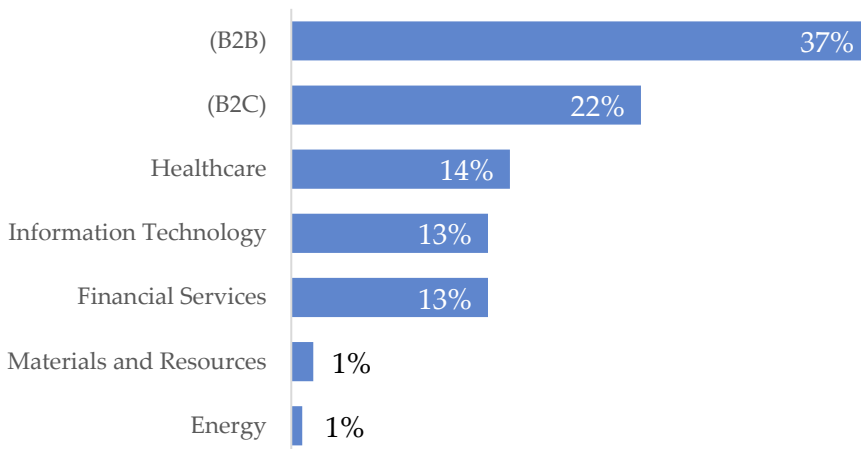
Average deal size in February 2022 can be attributed to a few larger transaction that took place such as Advanced Micro Devices \$35 Billion acquisition of Xilinx. Average deal size could see a decline in comparison to YoY numbers as we move into 2022 with multiple expected interest rate hikes, resulting in more expensive debt and lower valuation ceilings. Until interest rates rise, expect to see increasing growth trends in average monthly M&A deal size.

## February 2022 M&A Deal Regionality



The Southeast region totaled 56 of 427 total deals in the month of February 2022 ranking fourth in deal count by region across the United States. The southeast typically rests between 13-18% of total M&A deals across the country.

## February 2022 Top M&A Sectors (% of Total Deals)



The B2B and B2C industry sectors dominated the M&A activity in February 2022 combining for 59% of deals. Healthcare, information technology, financial services, energy services, and material and resources sectors followed suit accounting for the other 41%.

# February Transaction Highlights

## **Aurora Health / Digital Bridge (Florida)**

On February 28<sup>th</sup>, the wellness infrastructure business of Digital Bridge was acquired by Highgate Hotels and Aurora Health Network for \$3.2 billion. The transaction transforms and further strengthens Digital Bridge's corporate capitalization as it focuses on continuing to build its digital infrastructure platform.



## **GuideWell Mutual Holding/ Triple-S Management (Florida)**

On February 1<sup>st</sup>, Triple-S Management was acquired by GuideWell Mutual for \$900 million. The transaction expands GuideWell's core insurance operations and positions itself for significant growth and meaningful value creation by driving improved health outcomes.

## **Planet Fitness / Sunshine Fitness (Florida)**

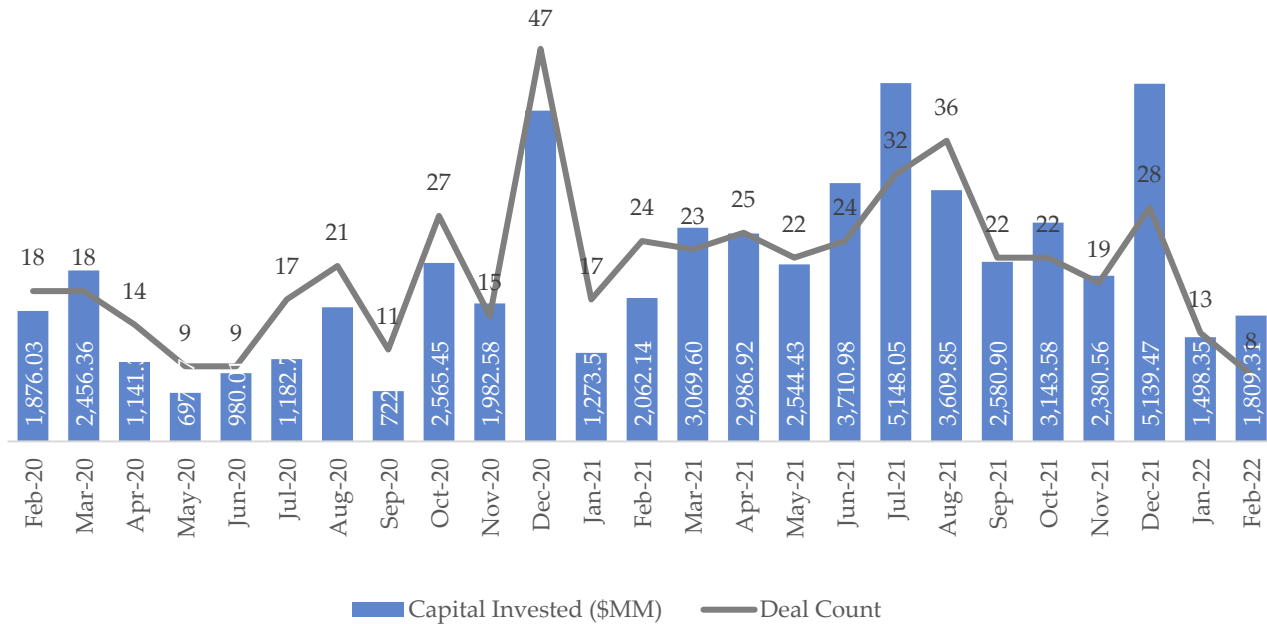
On February 10<sup>th</sup>, Sunshine Fitness was acquired by Planet Fitness (NYS: PLNT) for \$800 million. The acquisition provides geographic diversity to Planet Fitness's current corporate store portfolio and access to markets with a long runway for future store development.



# Lower-Middle Market

(\$5MM-500MM Transactions)

## Trailing 24 Months M&A Activity



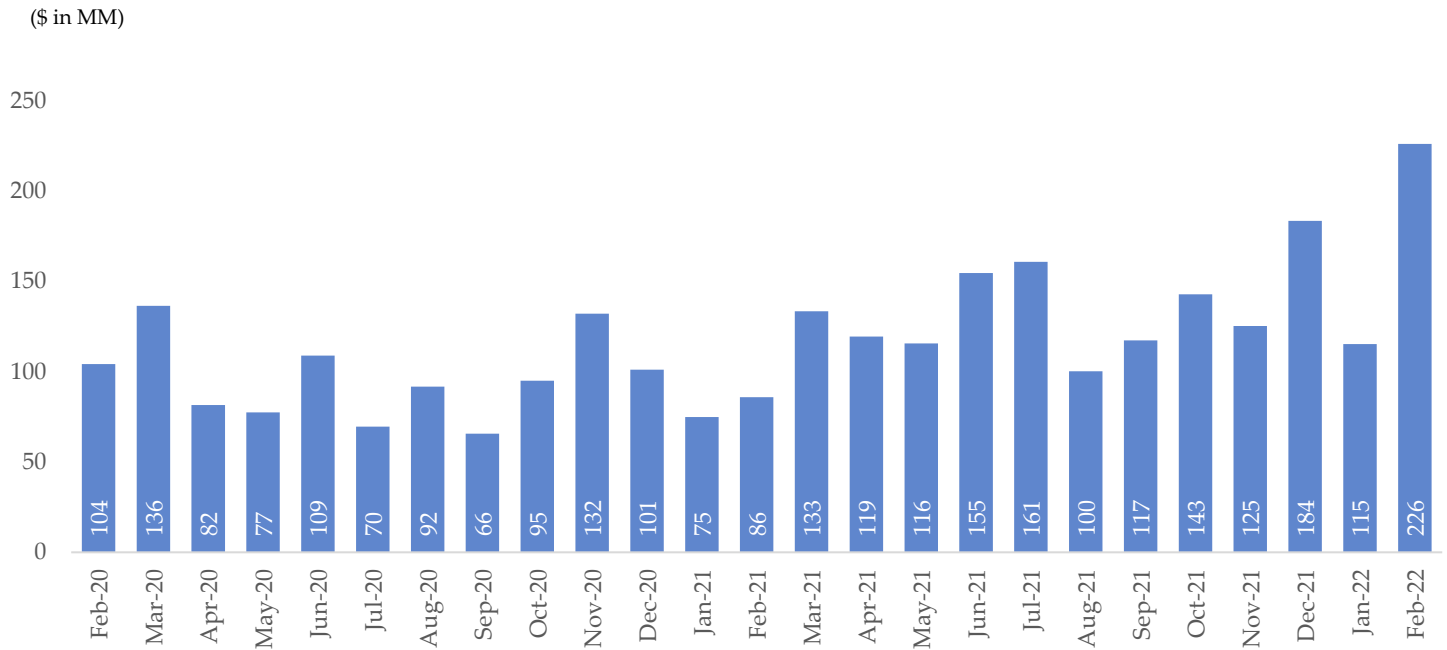
Source: PitchBook

## Monthly Analysis

Lower-middle market Southeast M&A activity has followed a similar trend to the broader market as February saw a dip in deal count. While some deals may not be accounted for on Pitchbook, the decline does make sense due to the typical push to get deals done by years end. As interest rates remain low, monthly deal count in the Southeast should climb back to levels seen in 2021 over the coming months. However, an increase in interest rates could deter such a climb.

Healthcare IT and SaaS sectors have seen explosions in M&A activity within the lower-middle market as larger companies look for niche add-ons that provide synergies to maintain a competitive advantage in the two growing competitive markets. The lower-middle market will continue to follow trends of the broader market as we head further into 2022 with eyes set on the FED's decisions on when and how many interest rate hikes will be put in place.

## Trailing 24 Months Average Monthly M&A Deal Size



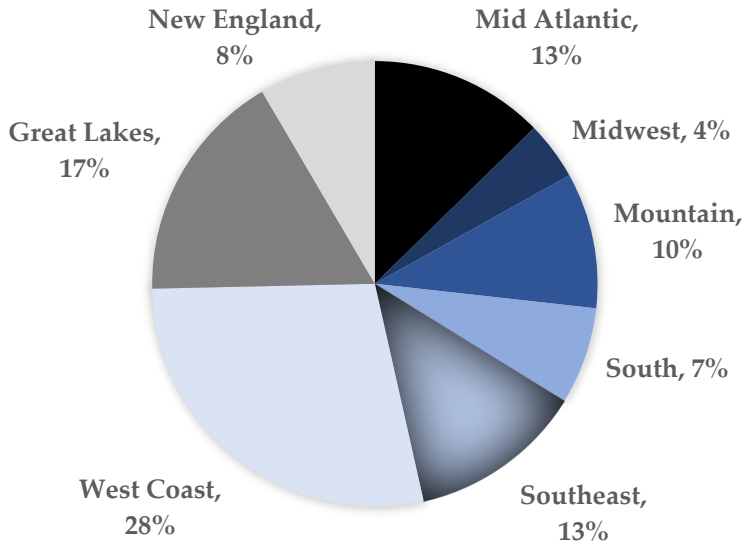
Source: PitchBook

## Monthly Analysis

The lower-middle market average deal size has been on a steady upward trend throughout 2021 and going into 2022. February reflected this trend as average monthly deal size came in at the highest level over the past twenty-four months at \$226 million. Average deal size continue its high levels in March with interest rates still low. However, expect a decrease in average deal size if interest rates are increased in 2022, as debt will become more expensive and hamper valuations. The high valuations seen within the emerging tech and healthcare markets will fight to keep average deal value levels above those seen from in the heart of the Covid-19 pandemic from 2020-2021.



## February 2022 M&A Deal Regionality



The Southeast region totaled 10 of 71 total deals in the month of February 2022 ranking fourth in deal count by region across the United States.

## Industry Sector Analysis

The healthcare sector is one to watch across the Southeast region over the next 12-18 months. Cities such as Charlotte, Atlanta, and Raleigh are seeing steady rises in smaller niche physician practices and healthcare tech companies. Larger healthcare companies are looking to roll-up these smaller practices and healthcare tech companies as niche add-ons to maintain a competitive advantage in the broader healthcare services and healthcare tech markets; this in turn has led to a boom in healthcare M&A activity within the lower-middle market in the Southeast.

## February Transaction Highlights

### Spectrum Brands / Tristar Products (Georgia)

On February 22<sup>nd</sup>, Tristar Products was acquired by Spectrum Brands (NYS: SPB), a subsidiary of HRG Group for \$450 million. The acquisition adds highly complementary and synergistic leading market share positions for Spectrum Brands in the growing cooking categories.



### Vincoventures / Adrizer (Florida)

On February 16<sup>th</sup>, Adrizer was acquired by Vincoventures (NAS: BBIG) for \$108 million. The acquisition enables Vincoventures to leverage the technology platform to monetize the content creation and streaming capabilities of its Lomotif short-form video app through digital advertising.

### City of Hope / Cancer Treatment Centers of America (Florida)

On February 2<sup>nd</sup>, Cancer Treatment Centers of America was acquired by City of Hope for \$390 million. The acquisition enables City of Hope to expand and accelerate its ability to rapidly translate research and science into lifesaving care through its unique model connecting breakthrough discoveries and academic medicine expertise with excellent, community-based specialized cancer care to the benefit of patients and families served.



## Selected Southeast Lower/Middle Market Transactions for February 2022

Deal Date	Target Company	Investors	Primary Industry Sector	Company State/Province	Deal Size (\$MM)
28-Feb-2022	Robert Jacey	Dominion Eye	Healthcare Services	Virginia	-
23-Feb-2022	BA Insight	Upland Software	Information Technology	Florida	34.00
23-Feb-2022	The Home Edit	Hello Sunshine	Consumer Products	Tennessee	-
22-Feb-2022	Tristar Products	Spectrum Brands (NYS: SPB)	Consumer and Retail	Georgia	450.00
16-Feb-2022	Adrizer	Vinco Ventures	Digital Advertising	Florida	108.00
02-Feb-2022	Cancer Treatment Centers of America	Reliance Global Group (NAS: RELI)	Healthcare	Florida	390.00
01-Feb-2022	Fundation	ODX	Information Technology	Virginia	175.00
01-Feb-2022	Traffic Titans	Strikepoint Media	Media and Information Services	Kentucky	-