

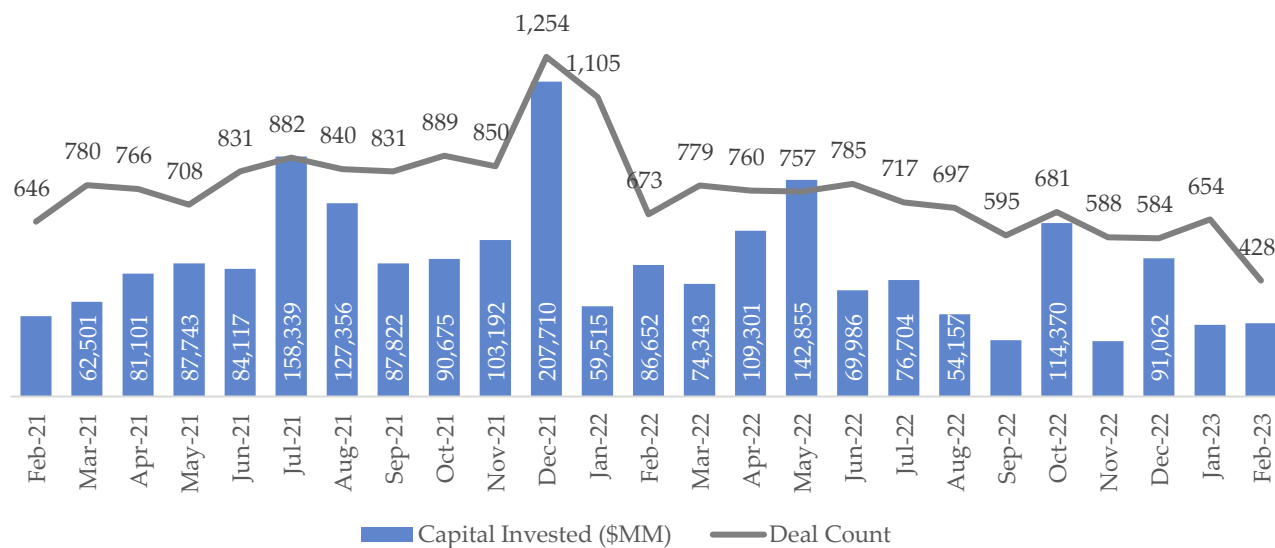


# U.S. M&A Report

*February 2023*

## OVERVIEW

### Trailing 24 Months M&A Activity



Source: PitchBook

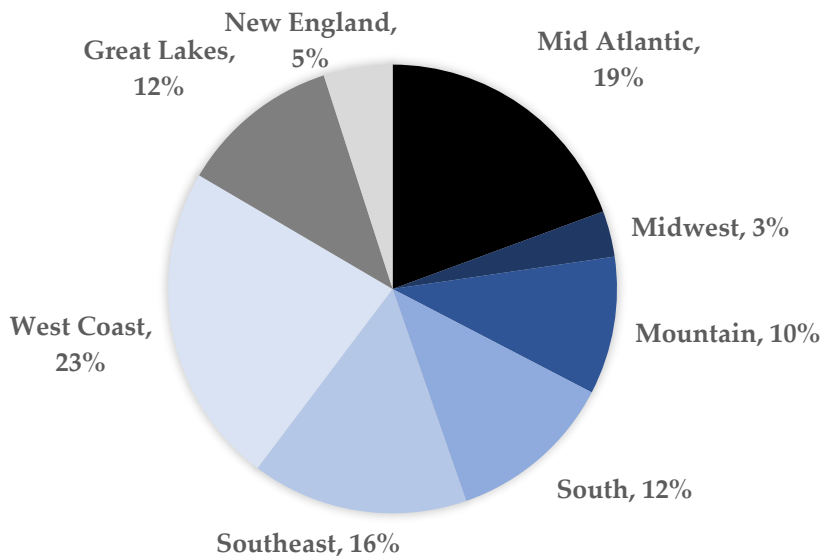
## Perspectives on US M&A Market

There were 428 deals completed in February of 2023. M&A activity at the beginning of 2023 has remained on the lower end, consistent with 2022. Buyers and sellers must first understand how inflation, interest rates, and consumer demand will impact valuations.

However, the second half of 2023 is expected to see an increase in dealmaking. This increase is expected to be led by a variety of factors such as well-capitalized companies making acquisitions in their core businesses. The three sectors most likely to see this effect include Healthcare, Technology, and Energy.

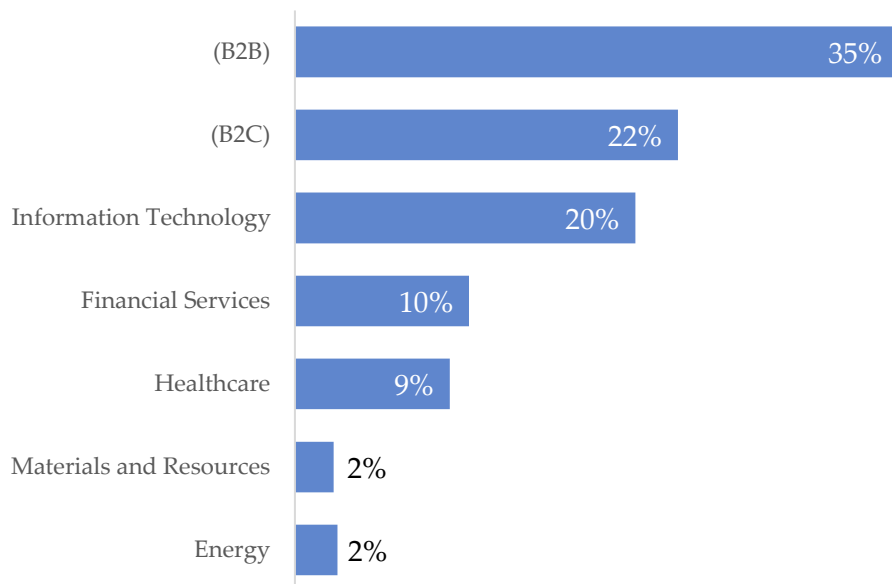
Another source would be financial sponsors, who are currently holding record amounts of dry powder, will likely begin to deploy this capital. Additional areas likely to boost M&A activity include an increase in international deals and an increase in shareholder activists advocating for more M&A. Overall, while deal activity is cool to start 2023, the latter half of the year is expected to

## February 2023 M&A Deal Regionality



The West Coast and Mid Atlantic led the U.S. regions in percent of deals done in February 2023 coming in with 98 and 82 deals, respectively. The Southeast, South Great Lakes, and Mountain regions followed suit with 66, 51, 49, and 42 deals respectively.

## February 2023 Top M&A Sectors (% of Total Deals)



The B2B and B2C sectors led M&A activity in February 2023 combining for 57% of deals. Information technology, financial services, healthcare, materials and resources, and energy sectors followed suit accounting for the other 43%. The information technology sector has continued its hyper-growth stage as technological advancements continue in the U.S.; the sector is expected to continue to boom in the M&A market as larger firms look for add-ons and synergies to maintain a competitive advantage in the market.

# February Transaction Highlights

## **BMO Financial Group / Bank Of The West** *(California)*

BMO Financial Group acquired Bank Of The West for \$16.3 billion. The acquisition extends BMO's banking presence through more than 500 additional branches in key U.S. growth markets



## **Amazon / One Medical** *(California)*

Amazon acquired One Medical for \$3.9 billion. The acquisition gives Amazon a network of more than 220 medical offices in 27 markets across the U.S.

## **Talos Energy / EnVen Energy** *(Texas)*

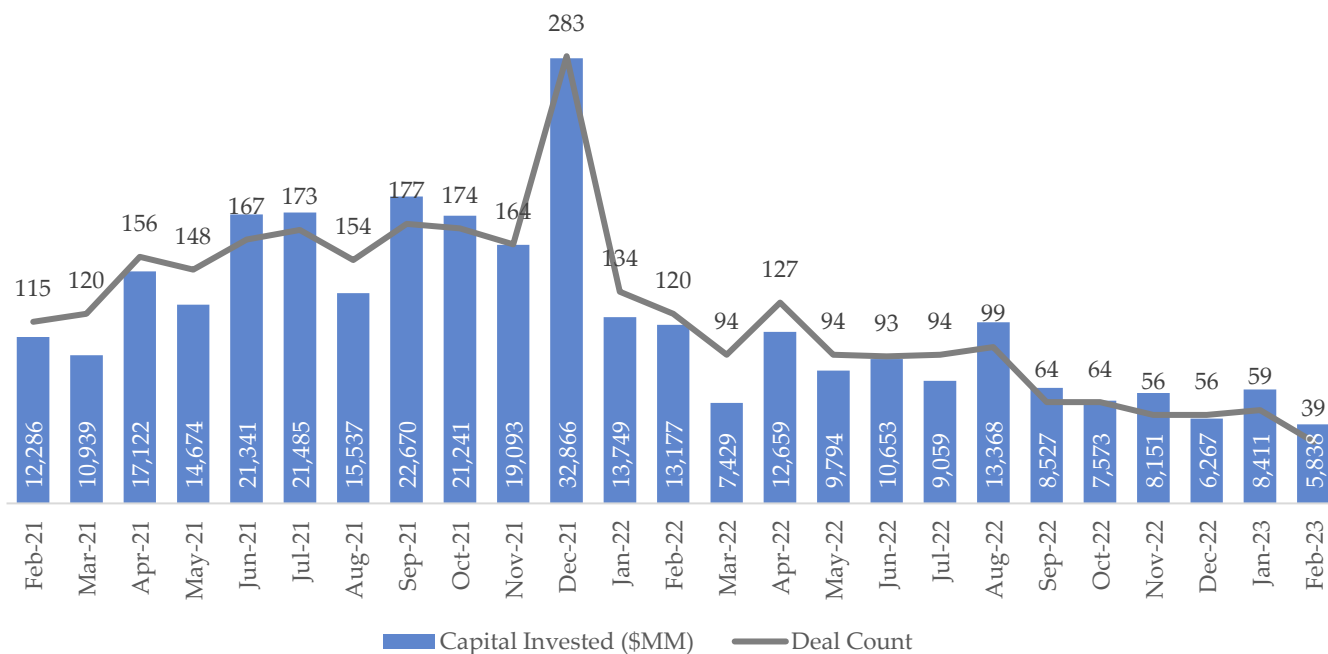
Talos Energy acquired EnVen Energy for \$1.1 billion. The acquisition adds significant scale and diversity to Talos, strengthening their position as a reliable operator in the Gulf of Mexico



# Lower-Middle Market

(\$5MM-500MM Transactions)

## Trailing 24 Months M&A Activity



Source: PitchBook

## Monthly Analysis

Lower-middle market U.S M&A activity has followed a similar trend to that of the broader market. As seen in both the lower-middle market and the broader market, deal counts cooled off in 2022 in comparison to 2021. This muted effect has now continued into 2023

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 markets. The lower-middle market will continue to follow trends of the broader market as we navigate 2023 with leverage ratios decreasing across the market.

# February Transaction Highlights

## **Mcgrath Rentcorp / Vesta Modular** *(Michigan)*

Mcgrath Rentcorp acquired Vesta Modular for \$400 million. The transaction enables Mcgrath Rentcorp to expand its modular business geographic coverage and reach new customers.



## **Hyatt Hotels / Dream Hotel Group** *(New York)*

Hyatt Hotels acquired Dream Hotel Group for \$300 million. The acquisition will provide Hyatt with 12 lifestyle hotels and another 24 signed long-term management agreements for future openings. The deal expands Hyatt's footprint in strategic destination while also including new markets.

## **Progress Software / MarkLogic** *(California)*

The First Bancshares acquired Heritage Southeast Bancorporation for \$355 million. The acquisition will enhance Progress Software's ability to provide a unified enterprise-grade semantic data platform.



## Selected U.S. Lower/Middle Market Transactions for February 2023

Deal Date	Companies	Investors	Deal Size (\$MM)
28-Feb-2023	BP-Husky Toledo Refinery	Cenovus Energy	370.00
28-Feb-2023	Craft 1861 Global	BGP Acquisition	167.80
28-Feb-2023	Elevate Credit	Park Cities Asset Management	67.00
27-Feb-2023	Performance Proppants	ProFrac Services	475.00
21-Feb-2023	Method Race Wheels	Ridefox	131.80
17-Feb-2023	Barstool Sports	Penn National Gaming	388.00
15-Feb-2023	StoneBridge Acquisition	Digiasia Bios	500.00
14-Feb-2023	GroundCloud	Descartes Systems Group	218.00
14-Feb-2023	Energy Fuels	Encore Energy	120.00
13-Feb-2023	Alliance Entertainment	Adara Acquisition	117.00
10-Feb-2023	Hometown Bancorp	Bank First	124.00
08-Feb-2023	Quality Control	Hybe	300.00
07-Feb-2023	MarkLogic	Progress Software	355.00
03-Feb-2023	Power	Marqeta	275.00
02-Feb-2023	Dream Hotel Group	Hyatt Hotels	300.00
01-Feb-2023	Vesta Modular	Mcgrath Rentcorp	400.00
01-Feb-2023	Envase	WiseTech Global	230.00
01-Feb-2023	Advisors Asset Management	SLC Management	214.00
01-Feb-2023	Town & Country Financial	HBT Financial	101.40