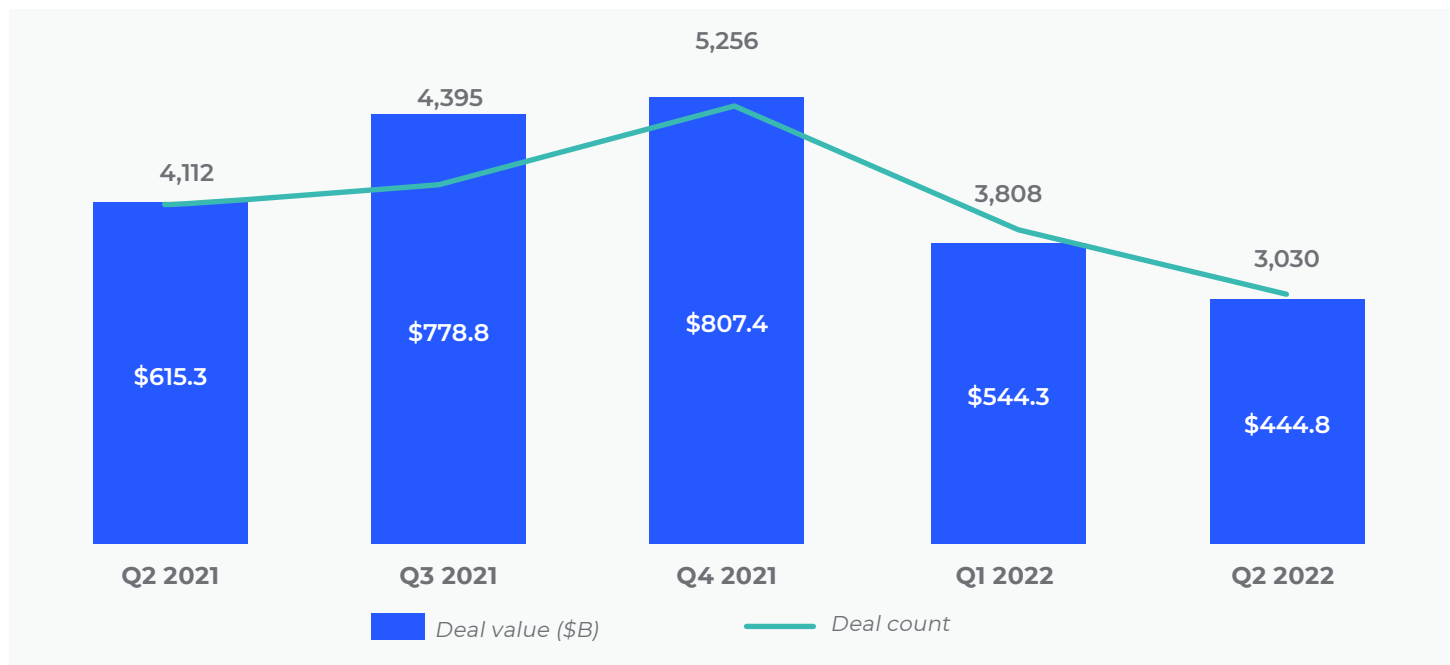


# 2022 Q2 M&A activity update

## Merger & acquisition activity<sup>(1)</sup>

- The 2022 global M&A continues to slow down from a busy latter half of 2021, with Q2 2022 deal count lagging behind the same period in 2021.
- Pitchbook reports that the North American deal market closed 3,030 deals worth a combined \$544.3 billion, a decline of 20% and 18% respectively.
- M&A activity faced some major headwinds this quarter, including geopolitical tension and supply chain uncertainty brought about from the COVID-19 pandemic.
- Macroeconomic uncertainty was driven by reduced consumer spending due to lowered confidence because of rising interest and inflation as well as turmoil in the public market, with the S&P 500 seeing its biggest loss in the first half of a year since 1970.
- Investors, both strategic and financial sponsors, are seeing the current volatility as an opportunity to find attractive growth prospects affected by this cycle.
- Rising interest rates began to appear in M&A debt in Q2, but the lower middle-market remained shielded from this as the average pricing of senior debt in the \$10-50M TEV range remained in the low 4%, while \$50-250M TEV debt pricing rose more than 100 basis points.

## North American merger & acquisition activity<sup>(2)</sup>



(1) Pitchbook and GF Data; (2) Pitchbook  
Q2 data as of June 30, 2022

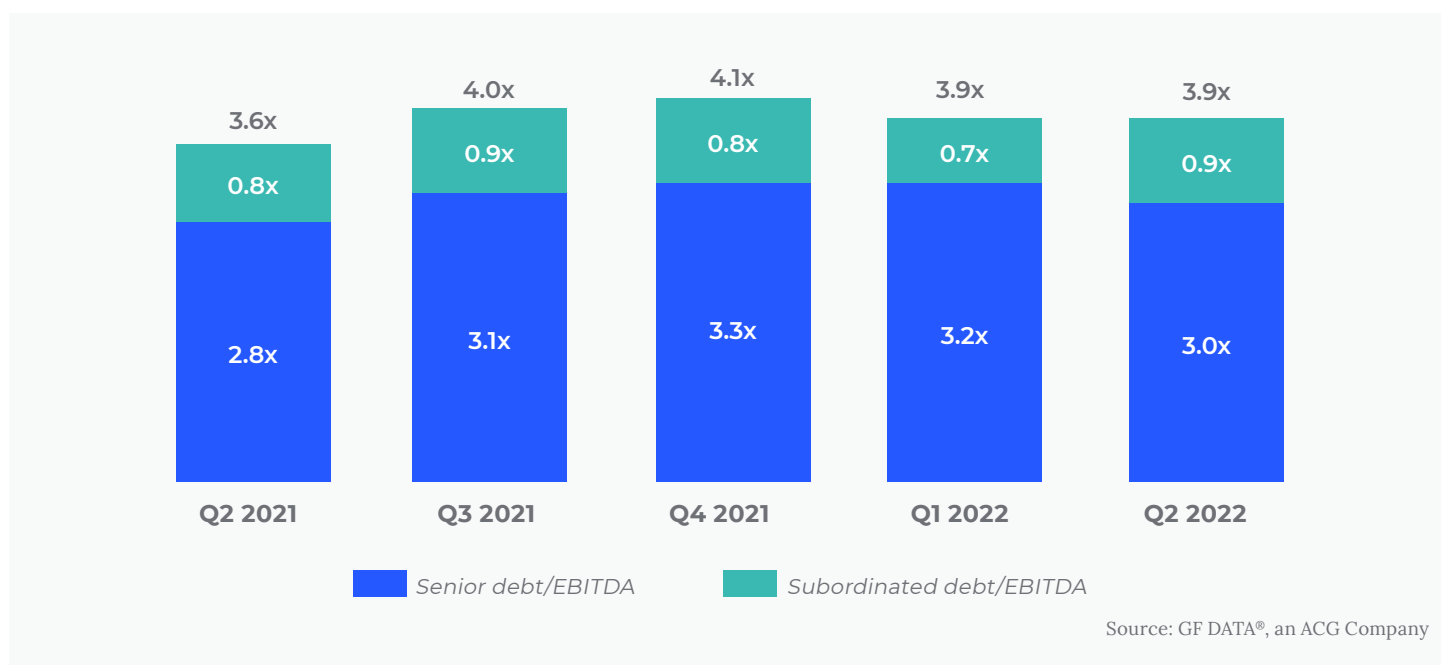
## Total enterprise value (TEV)/EBITDA quarterly splits<sup>(3)</sup>

TEV	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
10M-25M	5.8x	6.0x	6.2x	6.7x	5.8x
25M-50M	7.0x	7.6x	7.1x	6.7x	6.7x
50M-100M	8.2x	9.2x	8.5x	9.2x	9.1x
100M-250M	9.5x	9.5x	9.3x	9.1x	9.5x
<b>Total</b>	<b>7.1x</b>	<b>7.6x</b>	<b>7.6x</b>	<b>7.5x</b>	<b>7.4x</b>

Source: GF DATA®, an ACG Company

The reported transactions per GF Data show, in aggregate, middle-market valuations declined only slightly from 7.5x EBITDA in Q1 2022 to 7.4x EBITDA in Q2 2022, with valuations remaining strong. The quality of the deals being completed helped multiples remain strong.

## North American debt multiples<sup>(4)</sup>



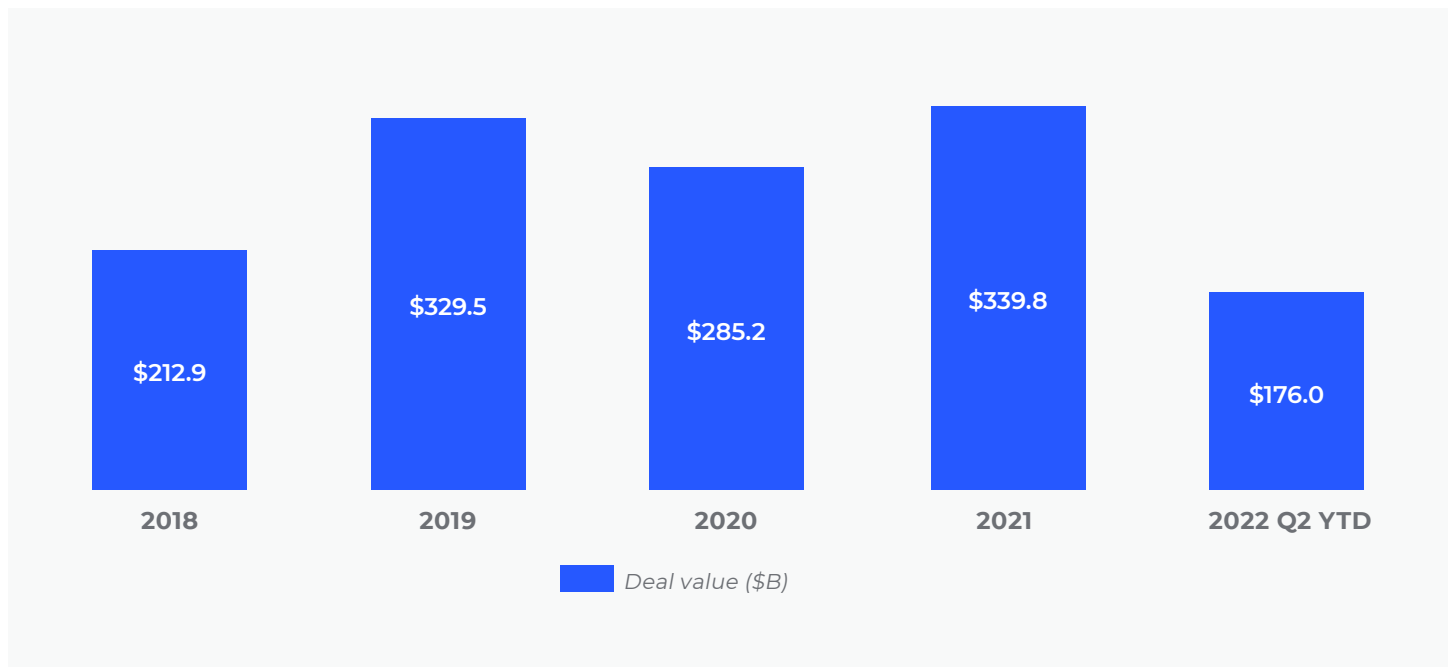
Average debt utilization remained steady in Q2 2022 after seeing a slight decline in Q1, largely influenced by the rising interest rates. There was, however, a slight decline in the use of senior debt as buyers looked elsewhere to supplement their needs.

(3) GF Data; (4) GF Data  
Q2 data as of June 30, 2022

## Manufacturing EBITDA multiples by EV<sup>(5)</sup>



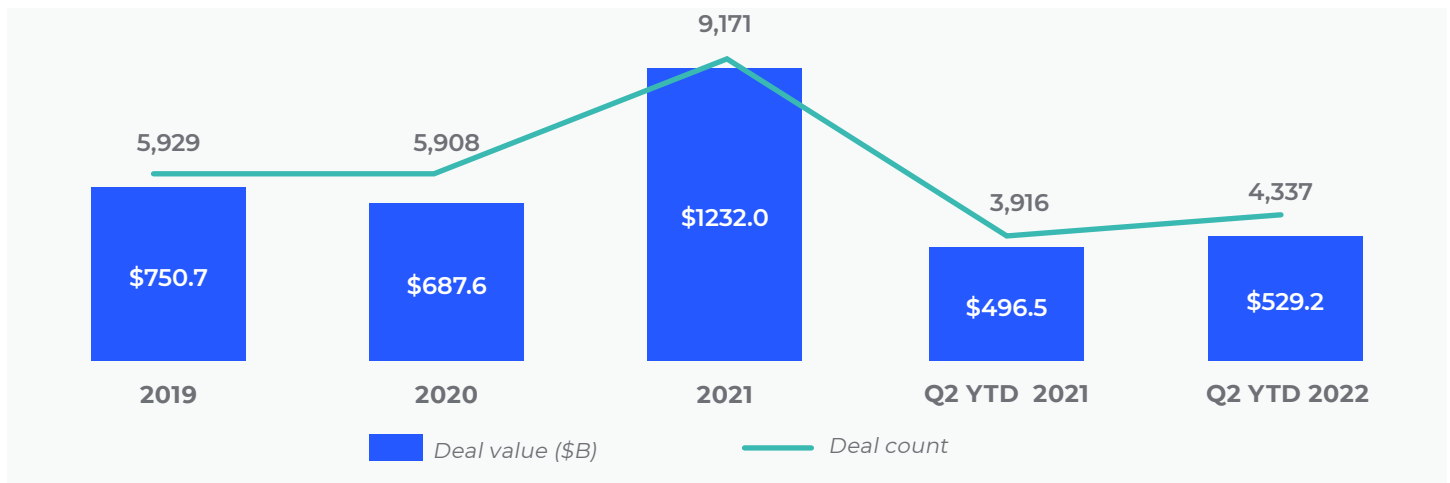
## Private equity fundraising<sup>(6)</sup>



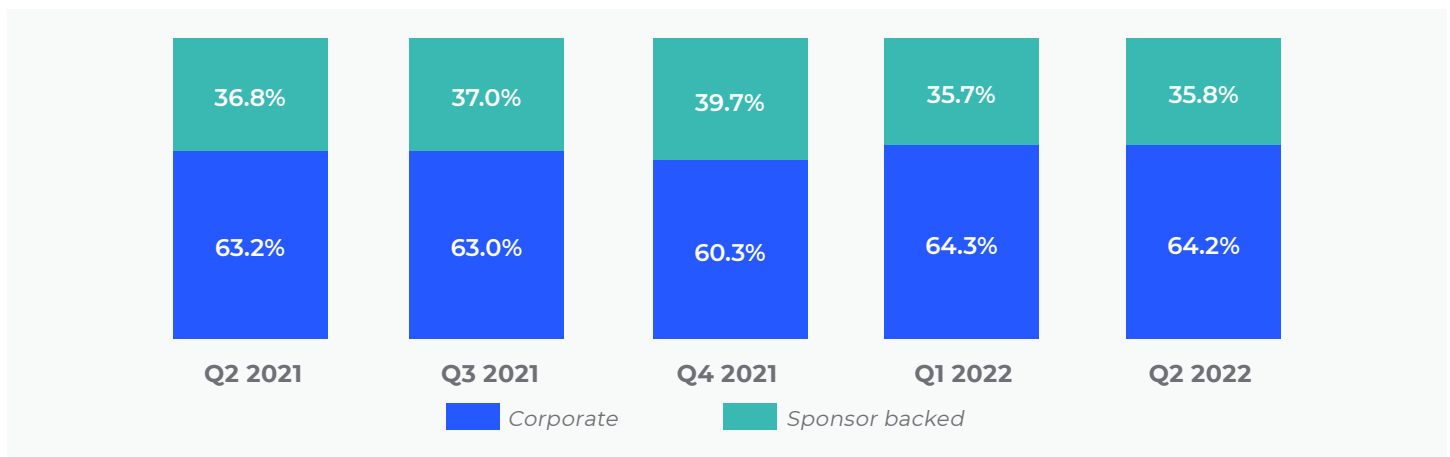
After a record-shattering 2021, U.S. PE firms are sprinting to raise another fund in 2022, as fundraising is off to a record start in the first two quarters.

(5) GF Data; (6) Pitchbook  
Q2 data as of June 30, 2022

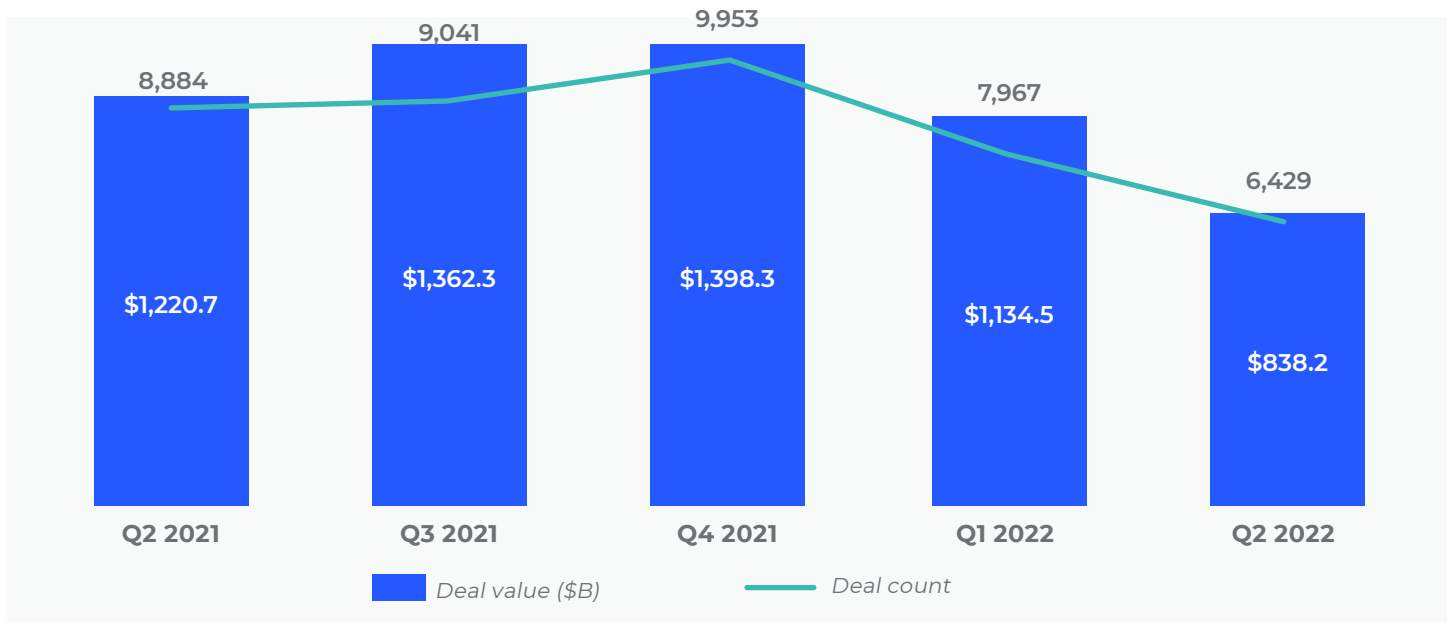
## North American PE M&A activity<sup>(8)</sup>



## M&A buyer activity by buyer type<sup>(9)</sup>



## Total M&A activity<sup>(10)</sup>



(8) Pitchbook; (9) Pitchbook; (10) Pitchbook  
Q2 data as of June 30, 2022

## About Wipfli Corporate Finance Advisors

Wipfli Corporate Finance Advisors, LLC is the investment banking and corporate finance arm of Wipfli LLP, a top 20 national accounting and consulting firm. Wipfli Corporate Finance offers tailored investment banking services for middle-market companies (\$10-\$250 million of revenue) and capital providers. We pride ourselves on earning our clients' confidence through dedication to their strategic and transaction needs. Additionally, our clients benefit from the full suite of Wipfli's services, including tax and accounting, which are critical components of the transaction process.

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