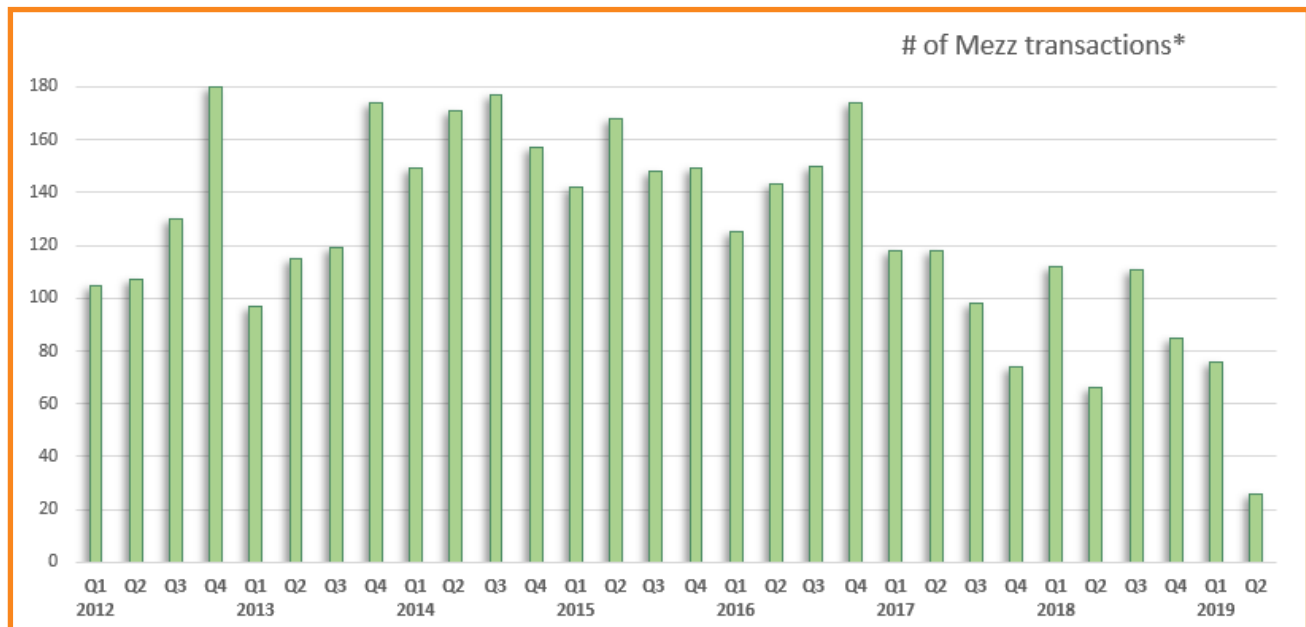


Breaking Down the Market

When comparing the LTM period ending March 31 to the same period last year, mezzanine activity declined **16.2%**. Similarly, Q1'19 activity fell **11.8%** from Q4'19. The percentage of sponsor deals with mezzanine financing remained somewhat consistent at **6.5%** in Q1, compared to 5.8% in Q4. Sponsor add-ons with mezzanine increased by **16.7%** from Q4. There were approximately 75 closed mezzanine transactions in Q1; **27.6%** were sponsor-backed add-ons, and **36.8%** were sponsor buyouts. The **Services** industry was the most active in Q1'19, followed by **IT** and **Industrials**.



**Closed mezzanine investments of \$3 MM and greater with the target located in the U.S. and Canada. Includes select unitranche and senior secured financings with pricing or other features similar to mezzanine.*

Notable Mezzanine Transactions

- In May, CapitalWorks-backed GEMCITY Engineering and Manufacturing acquired Libra Industries. **Ironwood Capital** provided subordinated debt and equity in support of the transaction, and CIBC provided senior debt. Libra Industries provides engineered printed circuit board assemblies, electromechanical assemblies, and electronic control solutions. Angle Advisors acted as the sell-side advisor to Libra Industries and Benesch, Friedlander, Coplan & Aronoff served as legal counsel to GEMCITY Engineering.
- Cache Creek Industries and Rockmont Capital Partners acquired Automated Business Power in April. **Medallion Capital** invested mezzanine and equity for the transaction and Academy Bank provided the senior debt. Eureka Capital Markets and Holzman Horner acted as sell-side financial and legal advisors, respectively, and Calfee, Halter & Griswold served as legal advisor to Cache Creek.
- Midwest Mezzanine** partnered with MC Controls in May to acquire Dorsett Technologies, a provider of Supervisory Control and Data Acquisition systems used to monitor, secure and control water, wastewater, stormwater, and energy infrastructures. Bundy Group provided sell-side advisory services to Dorsett Technologies.

Notable Mezzanine Transactions (cont.)

- In June, Norwest Equity Partners acquired Arteriors Home, a provider of decorative lighting fixtures, furniture and accessories. **Norwest Mezzanine Partners** provided subordinated debt in support of the transaction, with Hancock Capital Management and Bank of Ireland providing senior financing. PJ Solomon served as financial advisor to Arteriors Home, while Baker Botts provided legal counsel. Jones Day represented the buyer.
- **Farragut Capital Partners** and **SPP Mezzanine Partners** invested subordinated debt in April to support Graco Supply Co.'s acquisition of EV Roberts, a distributor of specialty chemicals for the aerospace and other advanced manufacturing markets. Graco Supply is a portfolio company of CM Equity Partners. B. Riley acted as the sell-side advisor, with Morgan, Lewis & Bockius serving as legal counsel to EV Roberts and Squire Patton Boggs serving as buy-side legal advisor.
- **GMB Mezzanine** closed two separate mezzanine investments in the 2nd quarter. In May, GMB invested in MB2 Dental Solutions, a portfolio company of Sentinel Capital Partners that provides back office services for dentists. In June, GMB partnered with Five Points Capital to support New Heritage Capital's investment in Welcome Dairy, a provider of dairy flavorings, cheese sauces, and seasonings.
- CSL Capital Management completed the acquisition of Weatherford International's laboratory services business in April. **Carlyle Mezzanine Partners** provided financing for the transaction. The laboratory services business provides analyses for studies on oil and gas reservoirs and wells.

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