

Missouri PE Deal Report

2H 2022



Investment Bankers for the Middle Market

Contents

I	Market Recap
2	PE Transactions
6	Active PE Investors
II	Valuation Multiples
12	Deal Analytics
18	Our M&A Team
22	Contact Us

This report provides an overview of private equity activity in the state of Missouri. Our report offers key marketplace trends and drivers as well as professional, high-level insights on the quantity, type, region, and industry of deals reported in the 2H of 2022 in Missouri. R.L. Hulett uses data from Pitchbook for all accompanying charts. For more information, please contact Trevor Hulett at thulett@rlhulett.com.

Market Recap

- PE deal volume in Missouri increased 4.0% over 1H 2022 but declined 46.4% to 52 deals from 97 during the same period in the prior year.
- Add-ons remained the largest type of transaction, accounting for 72.2% of total PE transactions in 2H 2022 but was down as a percentage of overall deals from 81.3% in 1H 2022. PE firms continue to use add-ons to scale platform investments and “buy down” their entry multiples.
- The business products and services sector increased as a percentage of total completed transactions to 51.9% of deals in 2H 2022 from 35.4% in 1H 2022. The largest year-over-year increase was the financial services sector, which rose to represent 10.8% of deals in 2022 from 8.0% in 2021. This increase is primarily driven by consumers wanting to mitigate risky investments in response to the possibility of a global recession in 2023.
- Corporate acquisitions were the most popular exit route in 2H 2022 for PE-owned platform companies and increased to 75.0% of total exits from 71.4% in 1H 2022.
- The EV/Revenue valuation multiple increased to 2.0X in 2022 from 0.8X in the prior year. There were no reported valuation multiples available in 2022 for EV/EBITDA.

PE Transactions

Date	Company	Investor	Industry	Transaction Type	Deal Size (\$mm)	Implied EV/Revenue	Implied EV/EBITDA	City	Target Business Description
30-Dec-22	Ironman Sound Industries	Markey's Audio/Visual Inc.	Audio/Visual services	Asset Acquisition				Maplewood	Provider of audio/visual ("A/V") production services for live and virtual events.
30-Dec-22	4M Building Solutions	O2 Investment Partners	Other Commercial Services					Saint Louis	Supplier of janitorial-related services in the Midwest and Southeast regions of the United States.
13-Dec-22	Expium	Keensight Capital, Tercera, Valiantys	IT Consulting and Outsourcing	Add-on				Saint Louis	An innovation consultancy leader specialized in transforming business processes using Atlassian technologies.
13-Dec-22	Gonzalez Companies	Alpine Investors, Trilon Group	Construction and Engineering	Add-on				Saint Louis	Provider of comprehensive Planning, Design, and Construction Management Services to large and small Water, Sewer and Utility Districts.
08-Dec-22	Double Check Company	Churchill Asset Management, D&H United Fueling Solutions	Industrial Supplies and Parts	Add-on				Kansas City	Provider of janitorial supplies. The company also provides janitorial cleaning, disinfection and maintenance services.
05-Dec-22	Connell Insurance	Higginbotham Insurance Group	Insurance Brokers	Add-on				Branson	Operator of an insurance brokerage firm focused on property insurance, casualty insurance and employee benefits.
05-Dec-22	Lilac Center	ARC Psychiatry	Clinics/Outpatient Services	Add-on				Kansas City	Operator of mental health clinics intended for mental health care.
04-Dec-22	Reliable Pest Solutions	PestCo Holdings	Other Commercial Services	Add-on				Hannibal	Provider of pest control services intended for homes and businesses, schools, hospitals, manufacturing facilities and municipal buildings.
30-Nov-22	Consolidated Communications	Astatine Investment Partners	Buildings and Property	Asset Acquisition	90.0	2.0		Kansas City	Provider of internet, TV, data and cloud services for homes and businesses.
17-Nov-22	Molle Toyota Collision Repair Center	A&M Capital, Clearlake Capital Group, Crash Champions	Automotive	Add-on				Kansas City	Provider of collision repair services in Kansas City. The company also sells new & used cars, car parts and provides maintenance services.
15-Nov-22	Green Hills Veterinary Clinic	Ares Capital Corporation BDC	Other Services (B2C Non-Financial)	Add-on				Moberly	Operator of a full-service veterinary medical facility, located in Moberly, MO.
08-Nov-22	Mercury Broadband	Northleaf Capital Partners	Internet Service Providers		230.0			Kansas City	Provider of high-speed Internet and digital phone services.
02-Nov-22	Avid Communications	ALLO Communications, SDC Capital Partners	Telecommunications Service Providers	Add-on				Kansas City	Provider of commercial-grade telecom and Internet services focused on upgrading communication infrastructure.
02-Nov-22	Integrity Pharmacy	Clarest Health	Pharmaceuticals	Add-on				Springfield	Provider of pharmacy services intended to fill, sort, package and deliver the medications right to the patient's doorstep.
29-Jul-22	White Grego and White Insurance	Superior Insurance Partners, Tyree & D'Angelo Partners	Insurance Brokers	Add-on				Kansas City	Operator of an insurance agency focused on offering coverage for specific industries, businesses and employees.

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01-Nov-22	Aegion	American Industrial Partners	Other Energy Services	Secondary Buyout				Saint Louis	Provider of cured-in-place pipe (CIPP) and other pipeline rehabilitation solutions.
01-Nov-22	McCay Tool & Engineering Company	P4G Capital Management	Aerospace and Defense					Saint Louis	Manufacturer of aerospace components.
30-Oct-22	Neff Power	Audax Group, Genuine Cable Group	Distributors/Wholesale	Add-on				Chesterfield	Distributor of engineered products in robotics and industrial automation.
28-Oct-22	Kennedy Insulation Group	Fi-Foil Company	Building Products	Add-on				Carthage	Manufacturer and Distributor of insulation products intended to serve around southwestern and southeastern United States.
27-Oct-22	Sherpa CRM	Rubicon Technology Partners	Business/Productivity Software	Acquisition Financing				Saint Louis	Developer of a sales enablement platform designed to give businesses the technology, tools and training to sustain a successful sales culture.
20-Oct-22	Bentley Animal Hospital	Ares Capital Corporation BDC	Other Healthcare Services	Add-on				Fenton	Provider of veterinary services intended for pet animals.
17-Oct-22	KDC Wireless	ADB Companies	Telecommunications Service Providers	Add-on				Peculiar	Provider of wireless services intended for telecommunications infrastructures.
17-Oct-22	Paradise Asphalt Maintenance	Aldine Capital Partners, Atlantic Southern Paving and Sealcoating	Construction and Engineering	Add-on				Grandview	Provider of pavement maintenance services intended for commercial and municipal clients.
14-Oct-22	Calibration Technologies	Astor Place Holdings, Select Equity Group	Electrical Equipment					Columbia	Manufacturer of gas leak detectors for industrial facilities
20-Sep-22	Valley Minerals	HBM Holdings	Other Metals, Minerals and Mining	Add-on				Clayton	Manufacturer of refractory materials intended for the steel industry.
04-Oct-22	DuraComm Power Supplies	Mission Critical Electronics	Electrical Equipment	Add-on				Kansas City	Manufacturer and distributor of alternating current and direct current (AC and DC) switching power supplies.
03-Oct-22	Griffin Personnel Group	Audax Group, DISA Global Solutions	Consulting Services (B2B)	Add-on				O'Fallon	Provider of background screening, credentialing, and contract security services to the healthcare industry.
27-Sep-22	Panera Bread	JAB	Restaurants and Bars		0.9			Saint Louis	Operator and franchiser of a chain of retail bakery-cafes.
16-Sep-22	Nextra Health	RiverGlade Capital, Tender Heart Health Outcomes, Upstream Capital	Medical Supplies	Add-on				Maplewood	Provider of medical supplies based in Maplewood, Missouri.
15-Sep-22	Beattie & Associates	HarbourVest Partners, Kelso Private Equity, Risk Strategies Company	Life and Health Insurance	Add-on				Chesterfield	Provider of employee benefits services intended to serve both individuals and employers across the Midwest Region.

Source: PitchBook

PE Transactions


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12-Sep-22	Sekisui XenoTech	BioIVT	BPO/Outsource Services	Add-on				Kansas City	Provider of in vitro drug metabolism and drug-drug interaction studies to pharmaceutical companies.
01-Sep-22	Ripple Glass	Littlejohn & Co., Strategic Materials	Other Commercial Services	Add-on				Kansas City	Provider of glass collection and recycling services intended to turn amber glass back into bottles.
01-Sep-22	Synetic Technologies	Great Range Capital	IT Consulting and Outsourcing					Kansas City	Provider of information technology (IT) asset management and disposal services.
25-Aug-22	Meridian Flavors	FlavorSum	Food Products	Add-on				Fenton	Producer of food flavors focused on bakery, beverage, brewery, confection, dairy and pet food markets.
10-Aug-22	First Bosnian Insurance Agency	BHMS Investments, Inszone Insurance	Insurance Brokers	Add-on				Saint Louis	Operator of insurance agency based in Saint Louis, Missouri.
04-Aug-22	Dealer Pay	Convenient Payments	Financial Software	Add-on				Saint Louis	Provider of payment processing and advanced software solutions for the automotive industry.
01-Aug-22	PierianDx	Summa Equity	Decision/Risk Analysis					Creve Coeur	Developer of cloud-based clinical software designed to facilitate research on the sequencing testing process.
01-Aug-22	St. Louis Disposal Solutions	Audax Group, Diverse Communities Impact Fund	Environmental Services (B2B)	Add-on				Saint Louis	Operator of a disposal facility intended to serve customers in Eastern Missouri.
29-Jul-22	PayIt	Macquarie Group	Government		90.0			Kansas City	Developer of software as a service (SaaS) platforms intended to offer a digital approach to government service.
29-Jul-22	Sheer Logistics	Monroe Capital, Woodlawn Partners	Logistics					Chesterfield	Provider of transportation, logistics and storage services based in Chesterfield, Missouri.
29-Jul-22	STL Communications	Bowmark Capital, Focus Group	IT Consulting and Outsourcing	Add-on				Chesterfield	Developer of information technology and telecom services intended to keep people and companies connected.
14-Oct-22	Total Comfort Heating & Air Conditioning	CPS Capital	Other Commercial Services	Add-on				Saint Louis	Provider of heating and air conditioning services intended for serving both residential and commercial clients.
01-Oct-22	Worldwide Steel Buildings	Lineage Capital	Building Products					Peculiar	Manufacturer and designer of steel trusses and secondary frames intended for building cost-effective and fully-customizable constructions.
27-Jul-22	Airport Terminal Services	Alliance Ground International	Human Capital Services	Add-on				Saint Louis	Provider of airport terminal and aviation services across the United States and Canada.
26-Jul-22	Pleasant Valley Veterinary Center	Shore Capital Partners, Southern Veterinary Partners	Other Services (B2C Non-Financial)	Add-on				Pleasant Valley	Operator of a veterinary center.

Source: PitchBook

PE Transactions

Date	Company	Investor	Industry	Transaction Type	Deal Size (\$mm)	Implied EV/Revenue	Implied EV/EBITDA	City	Target Business Description
25-Jul-22	Health & Comfort Equipment Service	Cressey & Company, Lifeway Mobility	Distributors/Wholesale	Add-on				Kansas City	Distributor of home accessibility equipment based in North Kansas City, Missouri.
21-Jul-22	Frontier Wealth Management	CAPTRUST Financial Advisors	Asset Management	Add-on				Kansas City	Operator of an investment management company intended to provide customized investment plans.
20-Jul-22	GreenEarth Cleaning	Greybull Stewardship	Other Commercial Services					Kansas City	Provider of environmentally friendly dry-cleaning services focused on delivering sustainable alternatives to conventional washing.
12-Jul-22	Animal Clinic of Monett	Heritage Animal Health, Main Street Capital BDC	Clinics/Outpatient Services	Add-on				Monett	Provider of veterinary services based in Monett, Missouri.
11-Jul-22	Mick's Exterminating & Pest Control	PestCo Holdings	Other Commercial Services	Add-on				OFallon	Provider of residential and commercial pest control services based in O'Fallen, Missouri.
07-Jul-22	Graves Foods	Alvarez & Marsal, Good Source Solutions	Distributors/Wholesale	Add-on				Jefferson City	Distributor of food products intended to serve diverse sectors including healthcare, education, restaurants, convenience and hospitality.
07-Jul-22	Ibridge Solutions	Consulting Solutions International	IT Consulting and Outsourcing	Add-on				Saint Louis	Provider of Information Technology Services intended to serve the Fortune 500 and mid-sized companies.
05-Jul-22	Bristol	Altamir	Food Products	Add-on				Springfield	Manufacturer of cheese boxes based in Springfield, MO. The company specializes in cheese products and reusable cheese boxes.
05-Jul-22	SupplyLogic	Gallant Capital	BPO/Outsource Services	Secondary Buyout				Kansas City	Operator of a technology-enabled business process outsourcing firm intended to provide print supply and market services.
01-Jul-22	Lashback	M33 Growth, PerformLine	Business/Productivity Software	Add-on	11.5			Saint Louis	Developer and provider of SaaS (software as a service) based compliance services intended for digital marketers.
01-Jul-22	Road Runner Safety Services	Helix Traffic Solutions, Nonantum Capital Partners	Infrastructure	Add-on				Jackson	Manufacturer of traffic control devices and equipment focused on customers across Missouri, Illinois and Arkansas.

Active PE Investors


Investor	Location	# of 2H 2022 Investments	# of LTM Investments	Targets
	Saint Louis	14	27	             
	Saint Louis	10	18	         
	Saint Louis	6	9	     

Source: PitchBook

Active PE Investors

Investor	Location	# of 2H 2022 Investments	# of LTM Investments	Targets	
	Kansas City	4	12	 	 
	Kirkwood	4	7	 	 
	Saint Louis	2	7		

Active PE Investors

Investor	Location	# of 2H 2022 Investments	# of LTM Investments	Targets
	Kansas City	2	5	 
	Saint Louis	3	2	 
	Saint Louis	1	4	

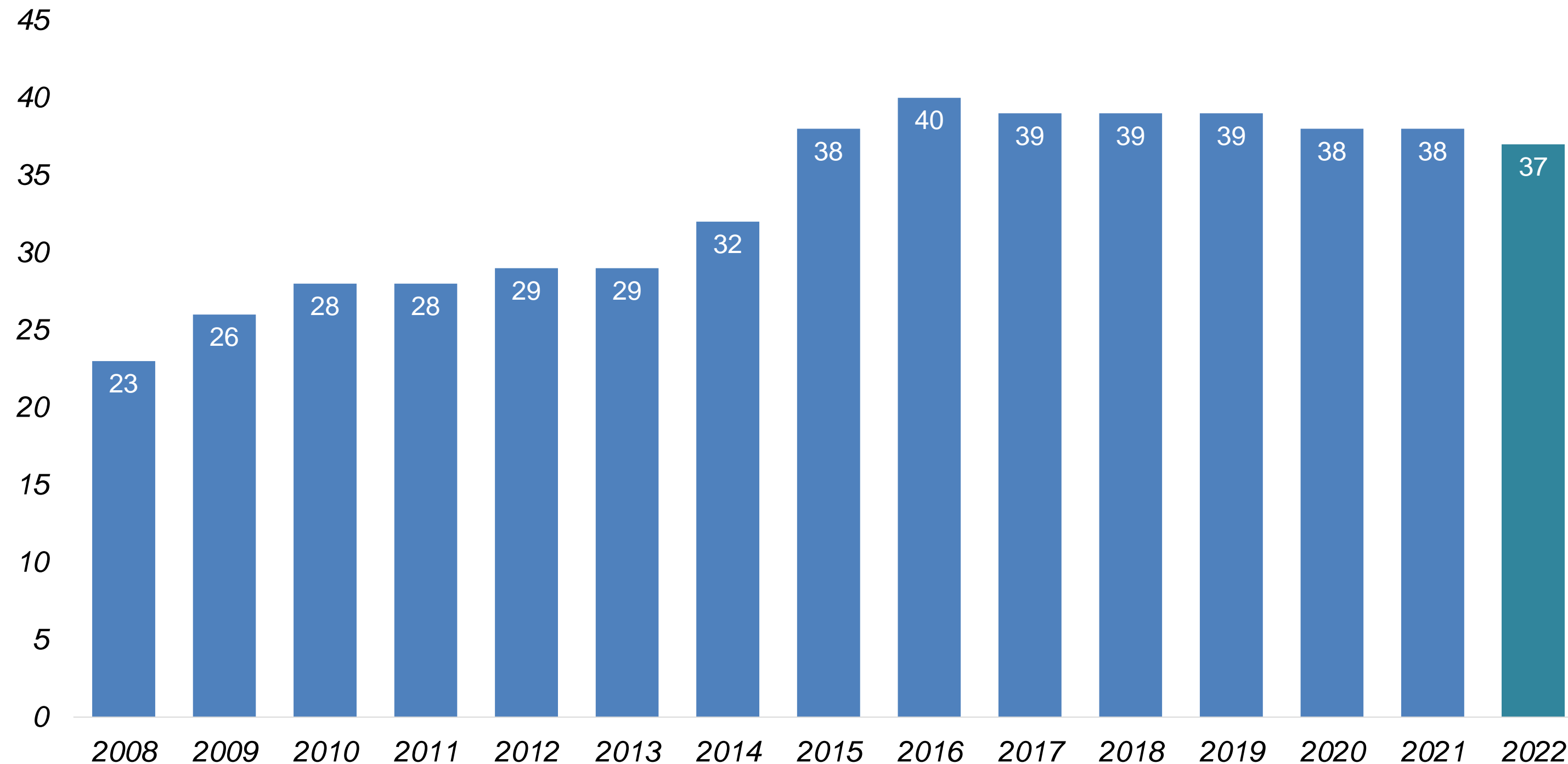
Active PE Investors



Source: PitchBook

Note: Active investor defined as having raised a PE Fund in the past 5 years or completed a PE deal in the past 3 years

Number of Active PE Investors

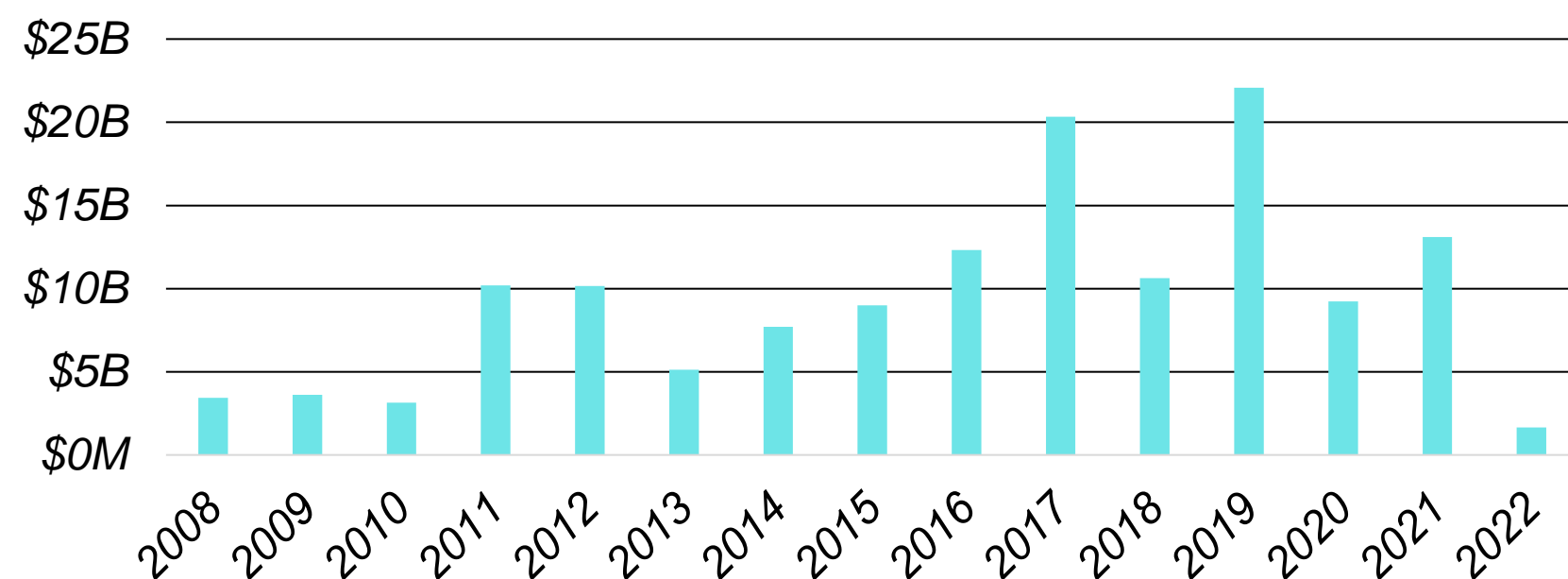


Source: PitchBook

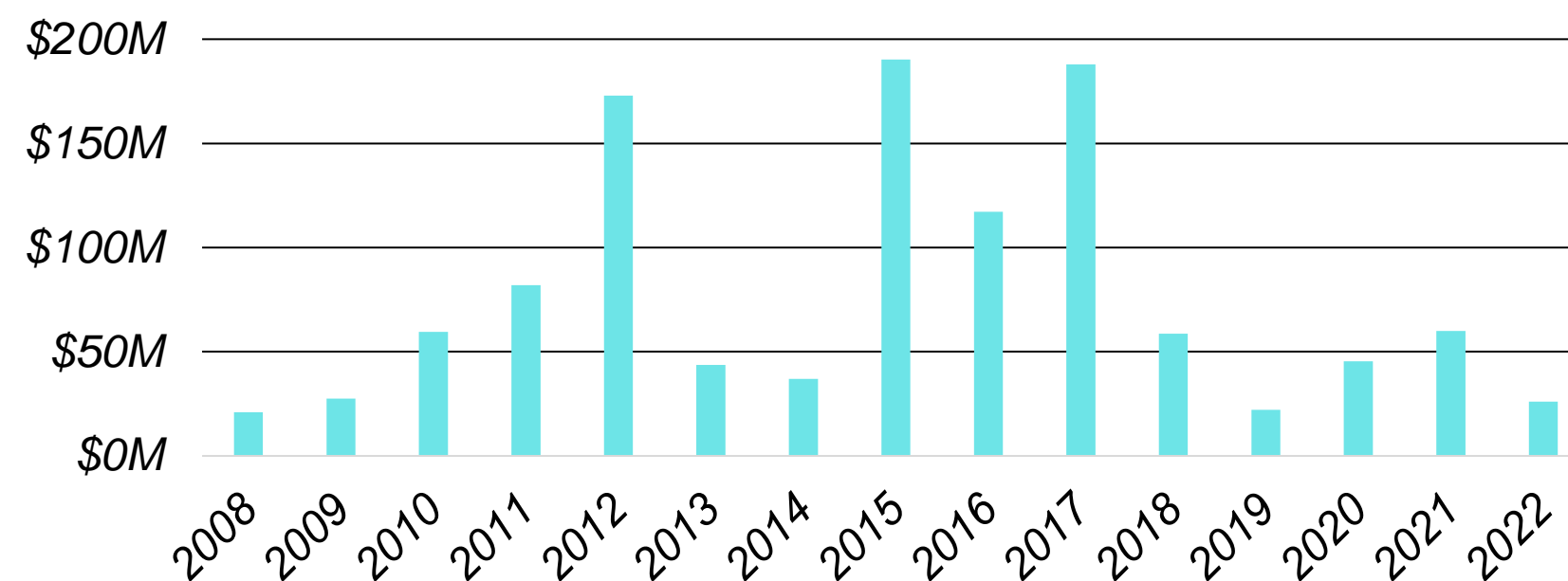
Note: Active investor defined as having raised a PE Fund in the past 5 years or completed a PE deal in the past 3 years.

Valuation Multiples

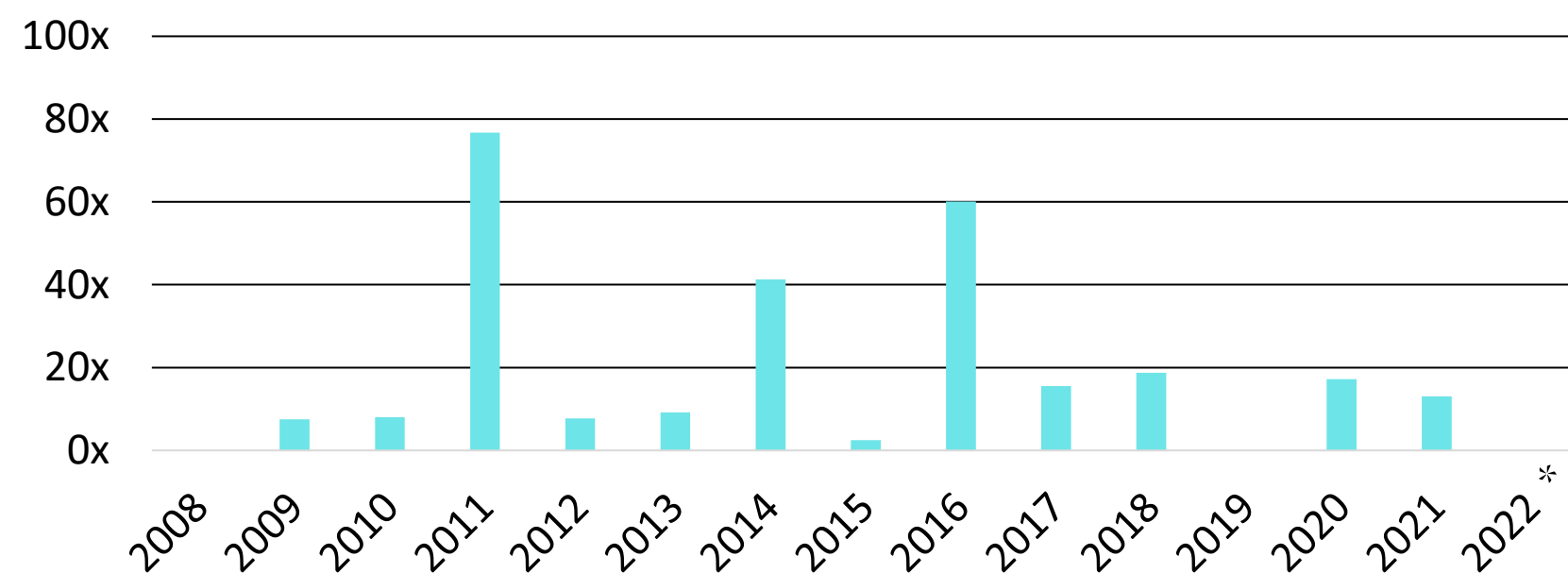
Total Capital Invested (\$B)



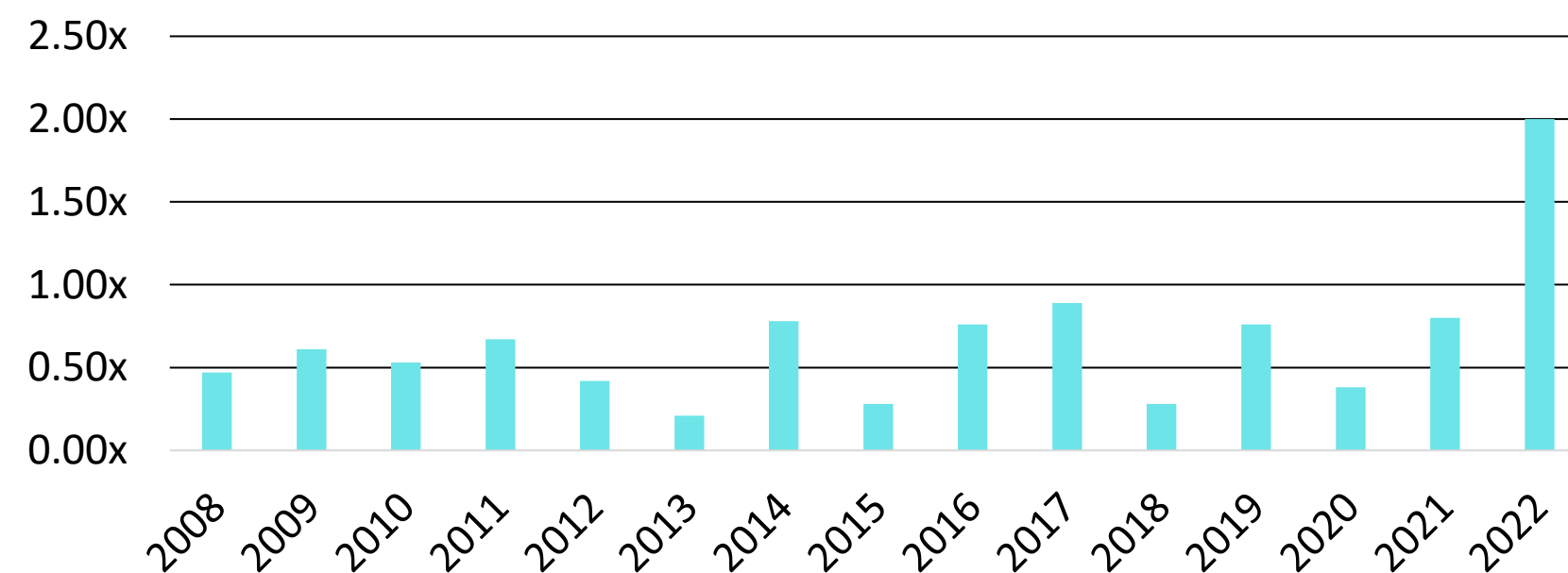
Median Deal Size (\$M)



EV/EBITDA



EV/Revenue



Source: PitchBook

*No reported EV/EBITDA valuation metrics
available for 2022

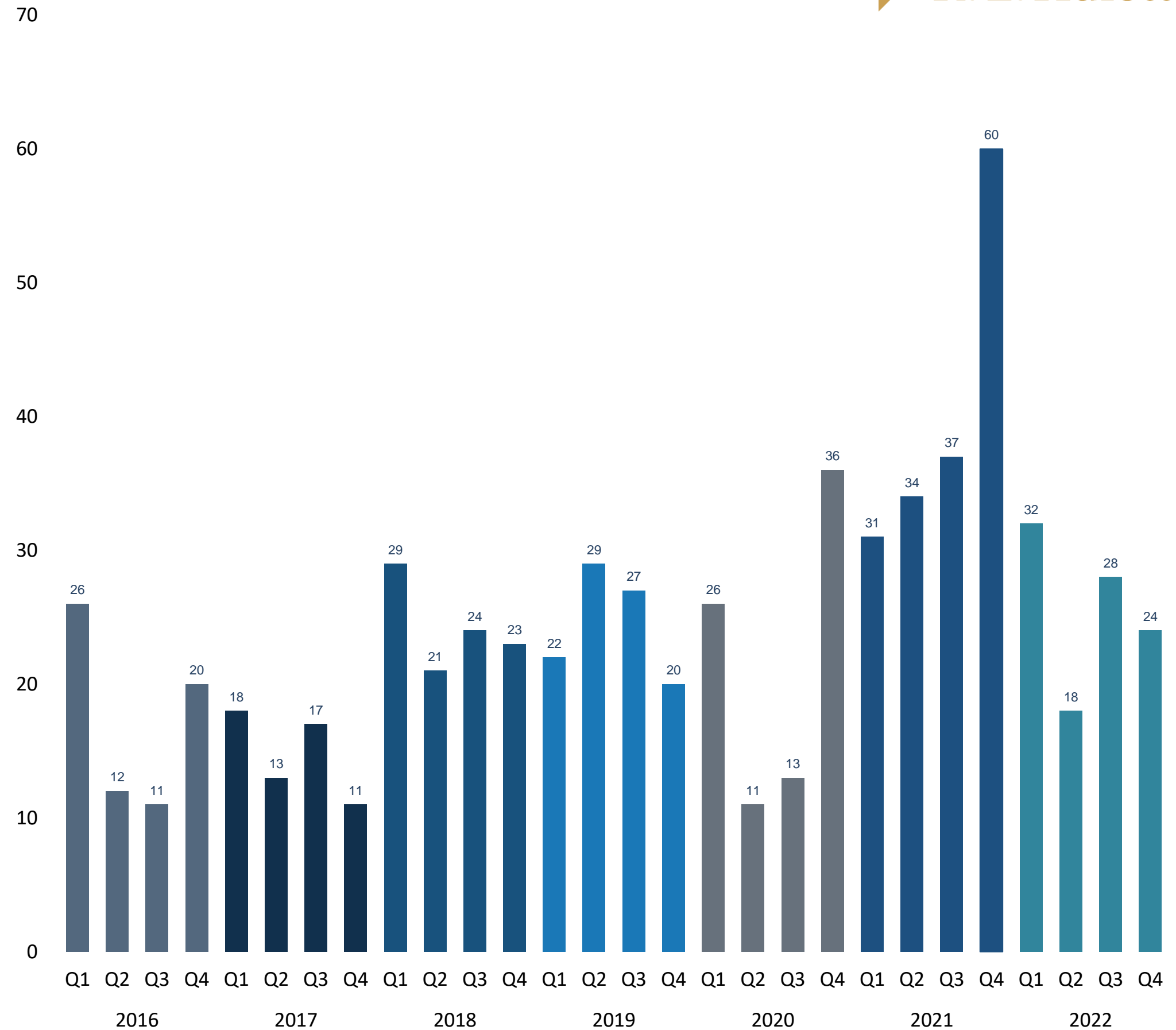
PE Deals Closed by Quarter

Stable Deal Activity

During 2H 2022, PE deal activity in the state of Missouri decreased 46.4% over the same period in the prior year from 97 deals to 52 but increased by 4.0% from 50 deals in 1H 2022.

Of the 52 deals in 2H 2022, the St. Louis area accounts for the largest share at 15 deals.

Source: PitchBook



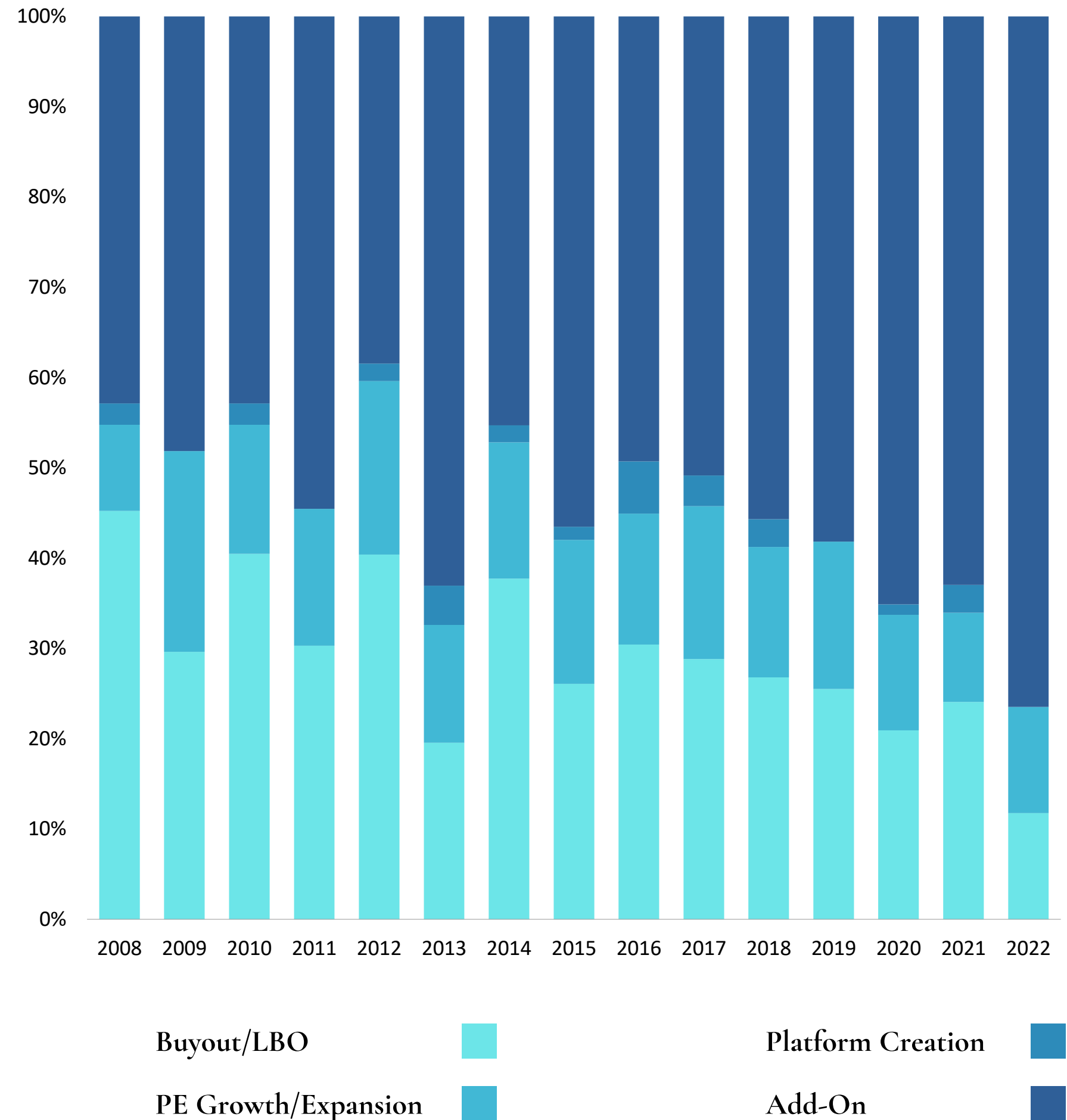
PE Deals Closed by Type

Increasing Add-on Acquisition

From 2008 – 2022, add-ons as a percentage of total transactions have generally been increasing from 42.9% to 76.5% of total deals.

For 2H 2022, we saw a continuation of this trend and we expect add-ons to remain a high percentage of PE transactions as PE firms continue to look to add-ons as a way to scale up their platform companies and “buy down” entry multiples.

Source: PitchBook



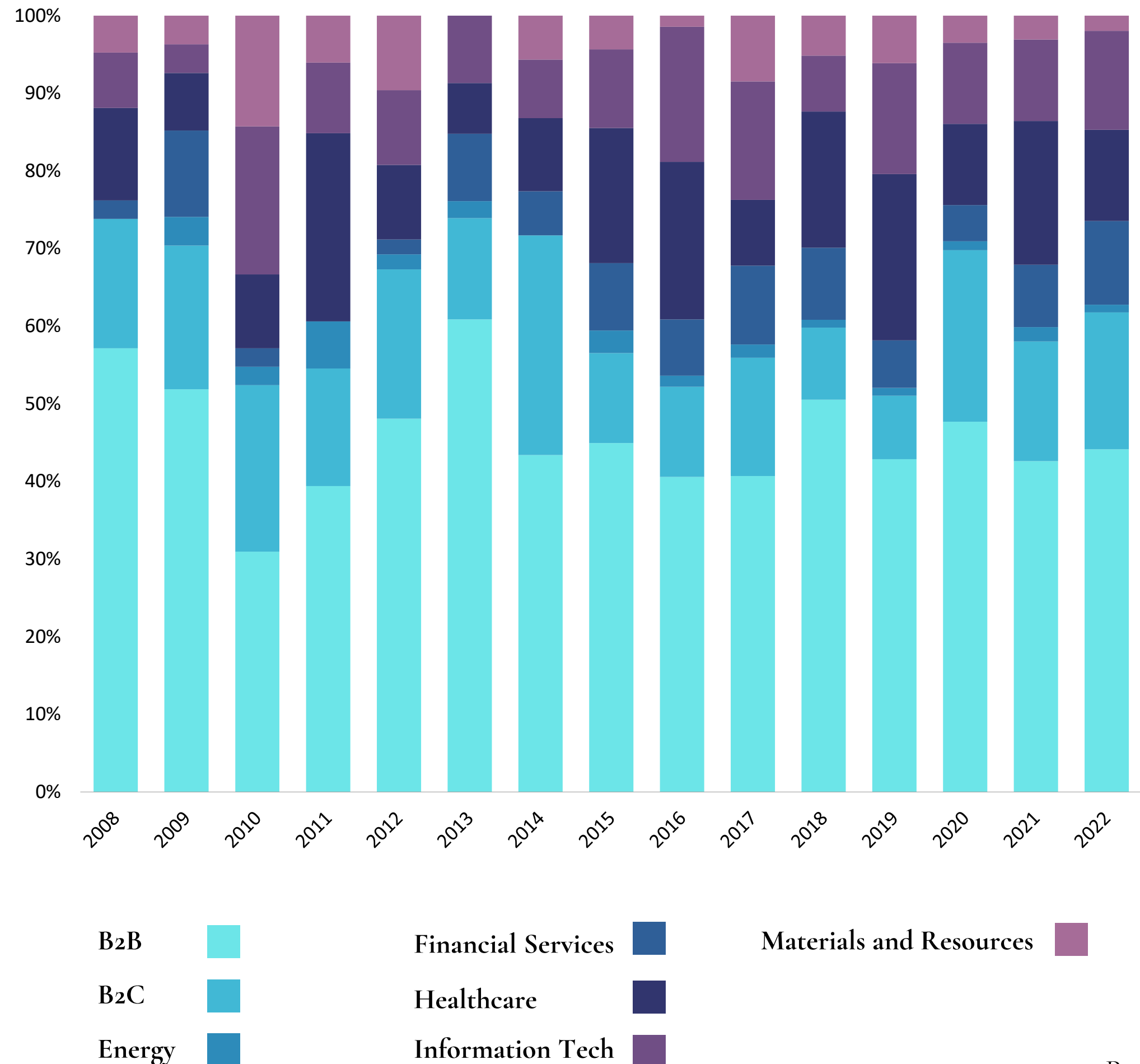
PE Deals Closed by Sector

Fintech Getting Attention

Historically, B2B has been the most active sector of the Missouri PE Deal activity, generally representing more than 40% of the total deal volume.

In 2022, we saw the largest decline in the healthcare sector which declined from 18.5% of total deals in 2021 to 11.8% in 2022. In contrast, we saw the largest percentage increase in deal volume in the financial services sector which rose to represent 10.8% of deals in 2022 from 8.0% in 2021. This increase is primarily driven by consumers wanting to mitigate risky investments in response to the possibility of a global recession in 2023.

Source: PitchBook



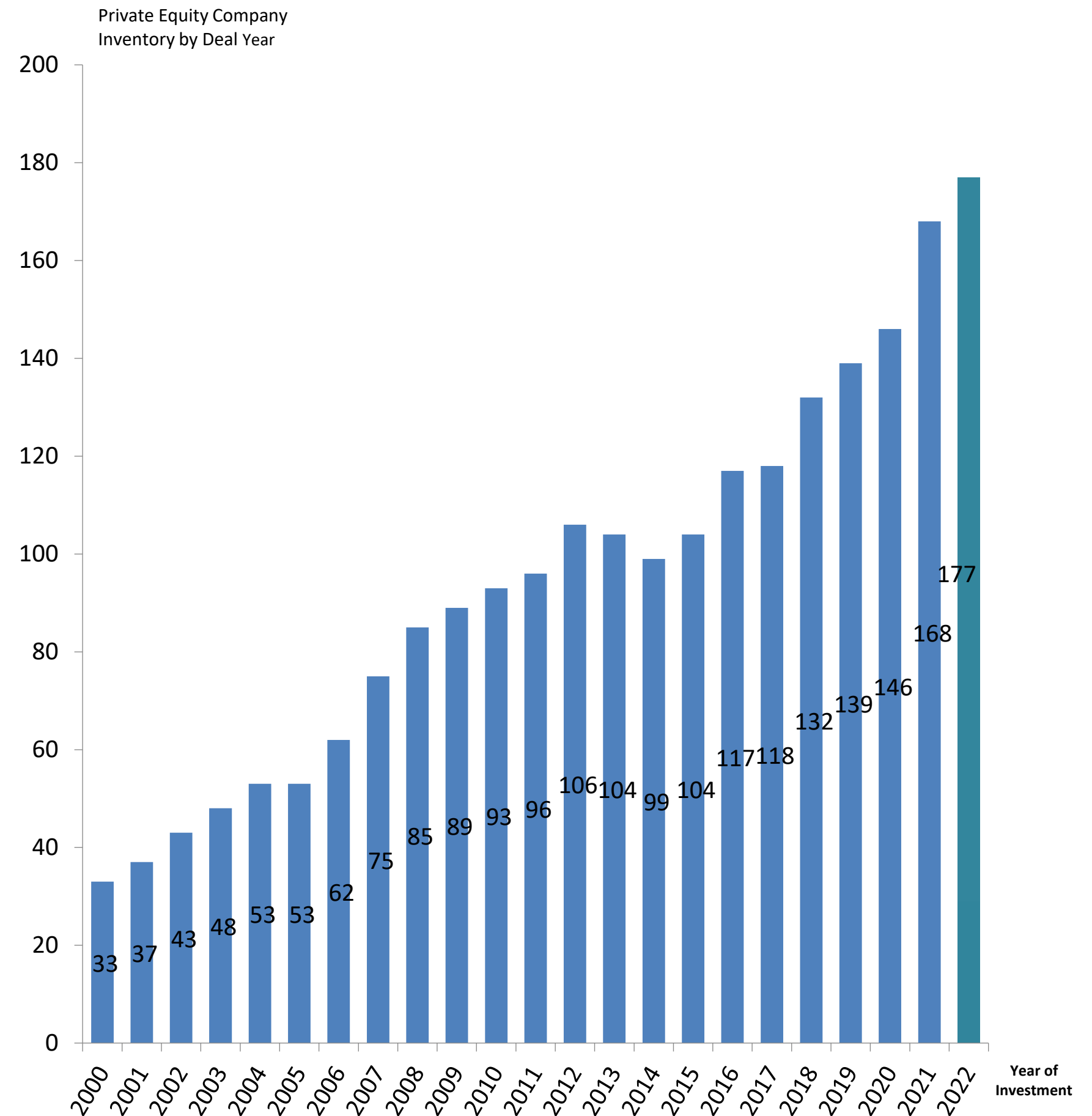
Number of PE-backed Companies

PE Inventory Growth

For 2022, with 24 investments and 15 exits, the net number of PE-Backed Companies located in Missouri increased to 177 from 168 in 2021.

The number of companies in Missouri backed by Private Equity firms has nearly doubled over the past decade. This illustrates the proliferation of PE funds raised over that same period.

Source: PitchBook



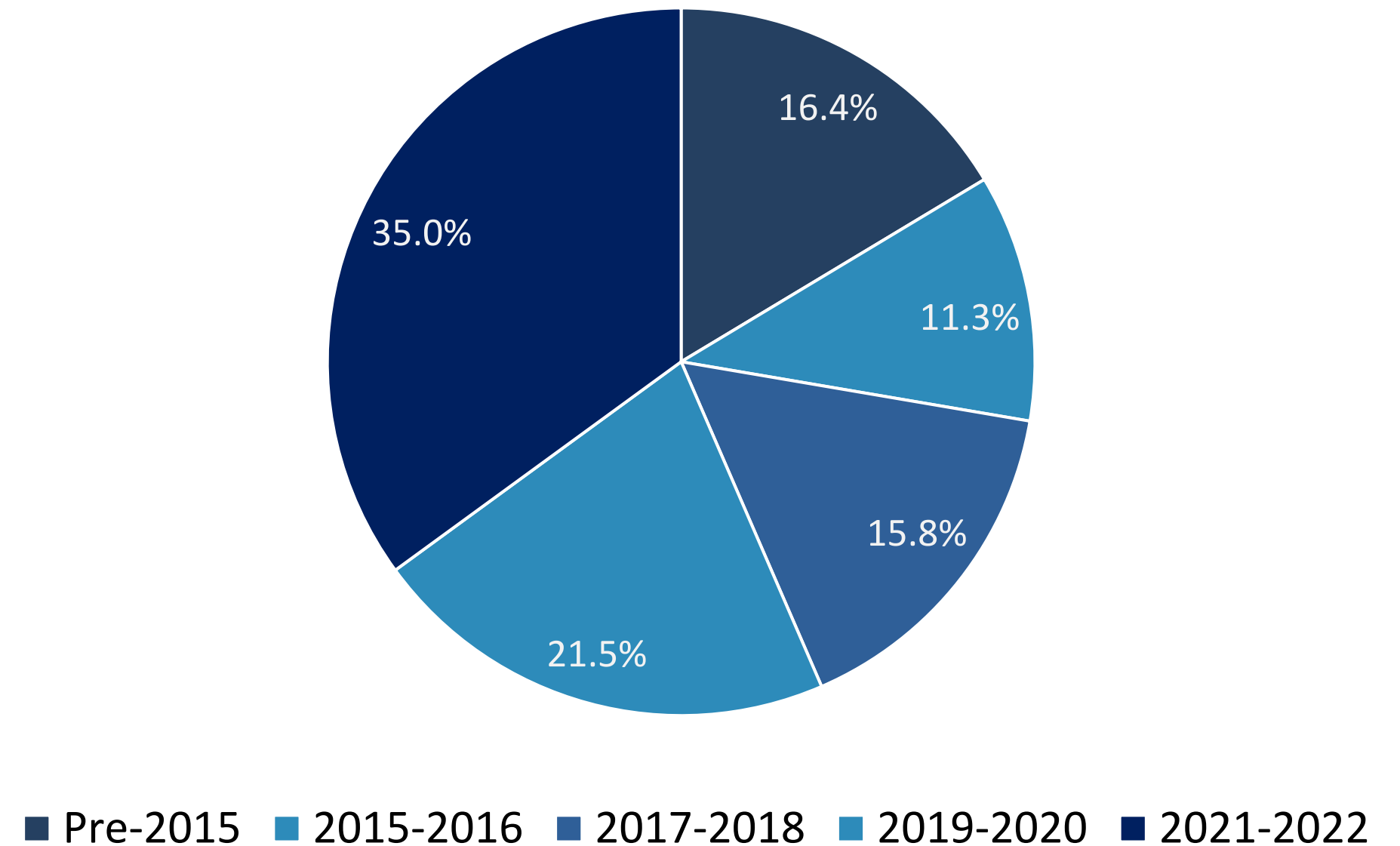
Number of PE-backed Companies

PE Inventory Growth

Traditionally, private equity hold times on investments have ranged from three to seven years depending on a combination of factors including size, sector, mandate, performance, etc. However, we are seeing an emerging trend of longer hold times in some cases.

As of December 31, 2022, 83.6% of the total 177 PE-backed companies in Missouri were acquired in 2015 or later but 16.4% were acquired in 2014 or earlier.

Source: PitchBook



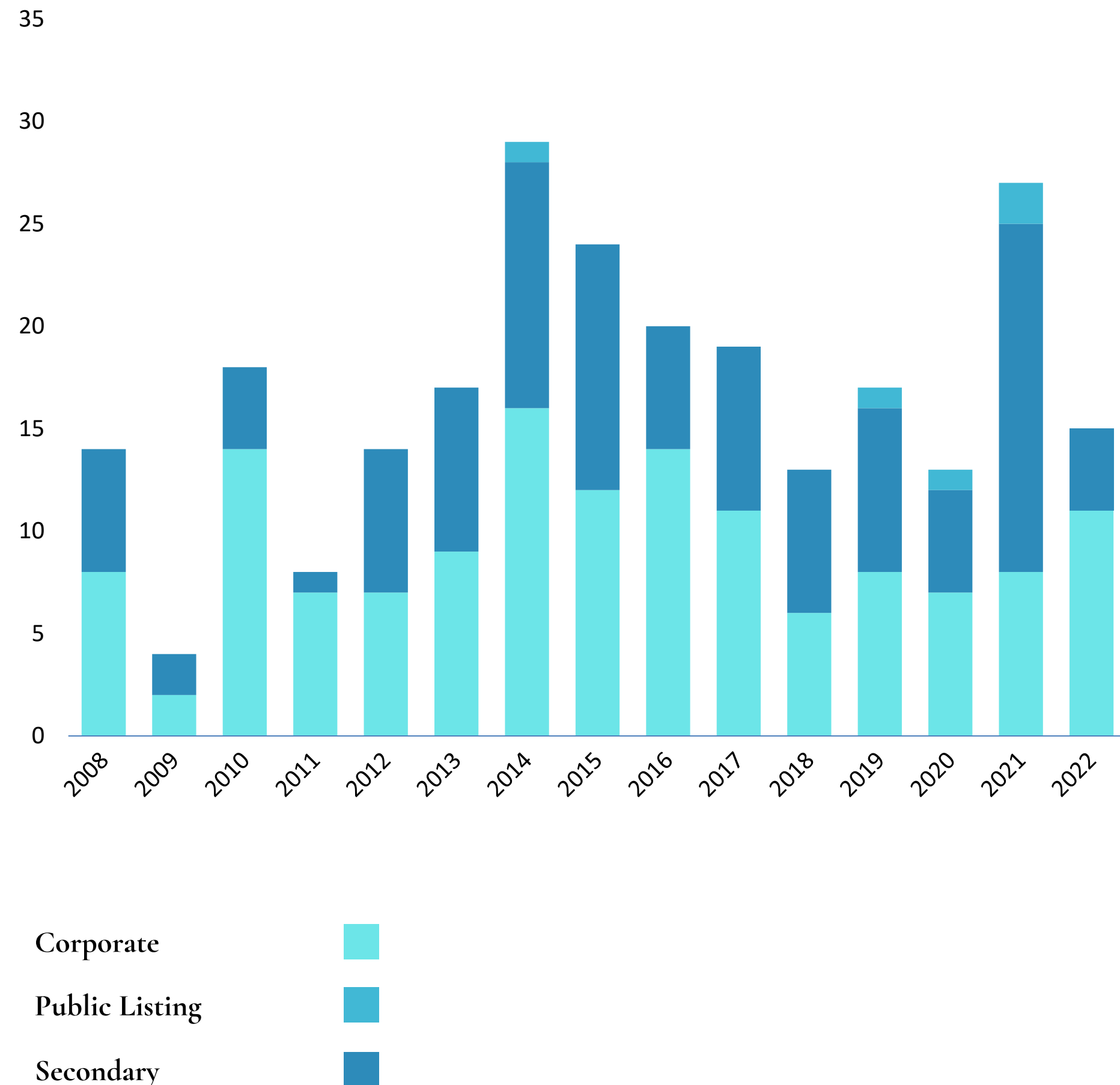
PE-Backed Exits by Type

Decline in SBOs

In 2022, we saw a substantial decline in Secondary buyouts (SBOs). We largely attribute this decline to a decline in valuation multiples resulting from higher interest rates and increasing inflation.

Missouri has seen a general trend of increasing corporate acquisitions from a low of 6 in 2018, to a 4 year high of 11 in 2022.

Source: PitchBook





R. Trevor Hulett
Managing Director

Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporate environments. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia



Robert L. Hulett
Chairman Emeritus

Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



David T. Vass
Director

Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including: consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.



Ron Litton
Director

Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Ryan Hartman
Analyst

Ryan joined R.L. Hulett in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations.

Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Lynda Hulett
Marketing & Administration

Ryan joined R.L. Hulett in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations.

Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



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of its assets to

Frontenac



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of its assets to



has sold substantially all of
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has sold substantially all of
its assets to

Vidya Holdings



Has been acquired by



Has been acquired by



FEDERAL STEEL SUPPLY, INC.

has sold substantially all of
its assets to



INTELICA CRE
COMMERCIAL REAL ESTATE

Has acquired substantially
all the assets of

JRES JAMES
REAL ESTATE
SERVICES

 **R. L. Hulett**

1st choice
courier and
distribution

has sold substantially all of
its assets to

 **Northern Pacific Group**
DRIVING COLLABORATIVE ACHIEVEMENT

 **R. L. Hulett**

 **inclusion**
technologies

Has sold substantially all
of its assets to

 **MGP**
®

 **R. L. Hulett**

**SYSTEMS
GRAPHICS**

Has been acquired by

P J M
ADVISORS

 **R. L. Hulett**

SIERRA
EMERGENCY RESPONSE

has been acquired by

HYDRO TUBE
ENTERPRISES

 **R. L. Hulett**

MAR

has sold substantially all
of its assets to

 **QUALFON**

 **R. L. Hulett**

 **MEDIA
PULSE**
INCORPORATED

has been acquired by

 **Bacon's**

 **R. L. Hulett**

MAB 
MID-AMERICA BRICK

has been acquired by

Shamrock
Proppants

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