

# SECOND HALF 2024 Business Development Update

The Monomoy Business Development team has put together a comprehensive report, leveraging proprietary data and insights from recent discussions, to provide a detailed overview of current deal flow trends. Reflecting on the second half of 2024, we've identified key takeaways from our analysis and outlined expectations for the first half of 2025.

Deal flow grew by 25% year-over-year, highlighting a notable recovery in M&A activity following the challenges of 2023. In the second half of 2024, deal flow increased by 16% compared to the same period last year, reflecting strong market momentum. This growth was driven by an uptick in larger transactions with a 38% rise in deal flow involving assets with over \$50 million in EBITDA. Additionally, we saw significant increases in corporate carveouts (+43%), family and founder-owned assets (+22%), and sponsor-owned assets (+20%). From an industry perspective, our data shows the industrial services, infrastructure, chemicals and automotive sectors experienced particularly strong momentum in deal flow in the second half of the year.

While deal flow in the latter half of 2024 slightly declined compared to the first half of the year, we maintained steady momentum in the face of a generally slower deal environment. Looking ahead to 2025, we anticipate a YoY improvement in deal volumes, though launch timing will likely be idiosyncratic in nature as businesses look to cement positive performance over prior periods ahead of coming to market.

The Monomoy Deal Compass is our forward-looking pipeline, tracking potential deals expected to come to market in the next 12 months. It remains healthy, with a strong focus on opportunities within the industrials, building products, packaging

and food & beverage sectors. In Q4 2024 alone, we added over 40 deals to our Deal Compass, accounting for roughly 20% of our total running list. We have found that many prospective deals were delayed into 2025 due to macro factors such as the election cycle and interest rate fluctuations, which we continue to monitor closely. We've also observed a significant rise in stalled processes. Nearly 60% of the deals we bid on during the 12 months ending September 2024 failed to trade, compared to a historical average of about 50%. The increase in failed processes highlights a growing trend of processes breaking down after the IOI stage, driven largely by prolonged diligence timelines and persistent valuation gaps between buyers and sellers, despite signs of those gaps narrowing.

In 2024, Monomoy successfully completed platform acquisitions of EnviroTech Services, Waupaca Foundry, Southern Exteriors and Oliver Packaging & Equipment. Our strong conversion rate from bids to management presentations continues to drive a robust late-stage pipeline. Looking ahead to 2025, we anticipate further strengthening of both the pipeline and the broader market, supported by a solid backlog of high-quality businesses.

Within just five months of fundraising in 2024, Monomoy closed its fifth fund, Fund V, with \$2.25 billion in capital—exceeding our target and resulting in an oversubscribed closing. This swift, successful raise marks a significant milestone for the firm. In line with Monomoy's longstanding focus, Fund V will target investments in manufacturing, distribution and services companies that can benefit from our strategic and operational expertise. As we continue to evaluate promising opportunities, we are excited about the potential in the first half of 2025!

## 2H'24 OVERALL DEAL FLOW



Year-Over-Year  
2023 vs 2024



Half-Over-Half  
2H'23 vs 2H'24

## OWNERSHIP COMPARISON Y-O-Y



Corporate  
Carveouts



Family-Owned



Sponsor-Owned

## DEALFLOW ACROSS INDUSTRIES Y-O-Y



Industrial  
Services



Infrastructure,  
Power & Utilities



Automotive



Chemicals



Building  
Products

## The Monomoy Deal Compass

OUR FORWARD LOOKING PIPELINE WHICH TRACKS POTENTIAL DEALS WE EXPECT TO COME TO MARKET IN THE NEXT 12 MONTHS



## Stat of the Half

Y-O-Y DEAL FLOW BY EBITDA RANGE



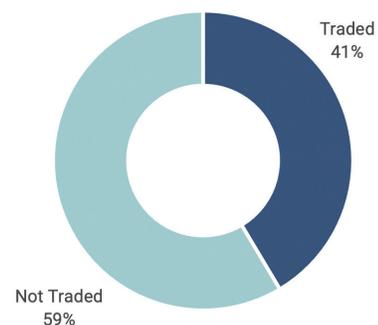
We observed a notable uptick in deal flow for larger transactions when comparing 2023 to 2024. We believe this uptick was driven by a combination of improved access to capital, corporate carve-out activity and increased buyer confidence in the market. As we move into 2025, we expect this trend to continue, supported by a steady macroeconomic environment and a growing appetite for scale-driven acquisitions, though uncertainty around trade policy shifts and interest rate reductions could pose challenges.

## Monomoy IOIs Submitted\*

THREE YEAR HISTORICAL AVERAGE OF BUSTED AUCTIONS



LTM SEPT'24 AVERAGE OF BUSTED AUCTIONS

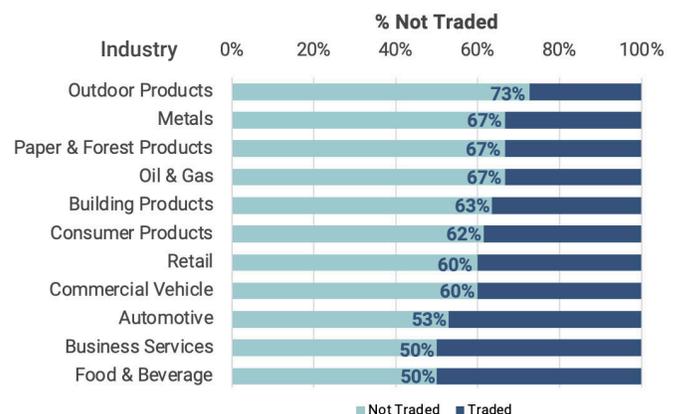


## Additional Detail Related to Broken Deals Over the Trailing 3 Years

BROKEN DEALS BY SIZE\*



BROKEN DEALS BY INDUSTRY\*



\*Indicates transactions where Monomoy submitted an IOI

## Helping Middle-Market Businesses Achieve Sustainable Success

Monomoy invests in family- and founder-owned businesses, corporate carve-outs, take-private and sponsor-owned businesses in the industrial and consumer sectors of North America, with a specific focus on the end markets below:



Aerospace & Defense



Building Products



Chemicals



Commercial Vehicle



Paper, Packaging, Forest Products



Consumer-Enthusiast Brands



Automotive



Food & Beverage



HVAC



Industrials



Infrastructure, Power & Utilities



Power Sports & Recreation



Industrial, Environmental & Infrastructure Services

## Current Portfolio

 Food Packaging & Equipment HQ: Walker, MI <i>Corporate Carveout</i>	 Residential Exterior Services HQ: Jackson, GA <i>Founder-Owned</i>	 Iron Castings Supplier HQ: Waupaca, WI <i>Corporate Carveout</i>	 Road Surface Products & Services HQ: Greeley, CO <i>Founder-Owned</i>
 Direct Mail & Custom Print HQ: St. Louis Park, MN <i>Family-Owned</i>	 Highway Safety Products HQ: Dallas, TX <i>Corporate Carveout</i>	 RV & Marine Products HQ: Etten-Leur, NL <i>Family-Owned</i>	 Specialty Building Materials HQ: Seffner, FL <i>Sponsor-Owned</i>
 Outdoor Living HQ: Las Vegas, NV <i>Family-Owned/ESOP</i>	 Branded Consumer Safes HQ: Payson, UT <i>Corporate Divestiture</i>	 Industrial Brushes HQ: Richmond, IN <i>Take-Private</i>	 Seating Systems HQ: Jacksonville, FL <i>Family-Owned</i>
 Paper & Packaging HQ: Jacksonville, FL <i>Family-Owned</i>	 Wire Connectors HQ: Lebanon, IN <i>Family-Owned</i>	 Home Improvement HQ: Chicago, IL <i>Family-Owned</i>	 Power Sports Aftermarket HQ: Santa Fe Springs, CA <i>Sponsor-Owned</i>

## The Monomoy Sweet Spot

**\$100M to \$2B+**  
ANNUAL REVENUE

**\$20M to \$200M+**  
ANNUAL EBITDA

## Business Development Team

For more insights about our report, or to discuss a deal,  
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