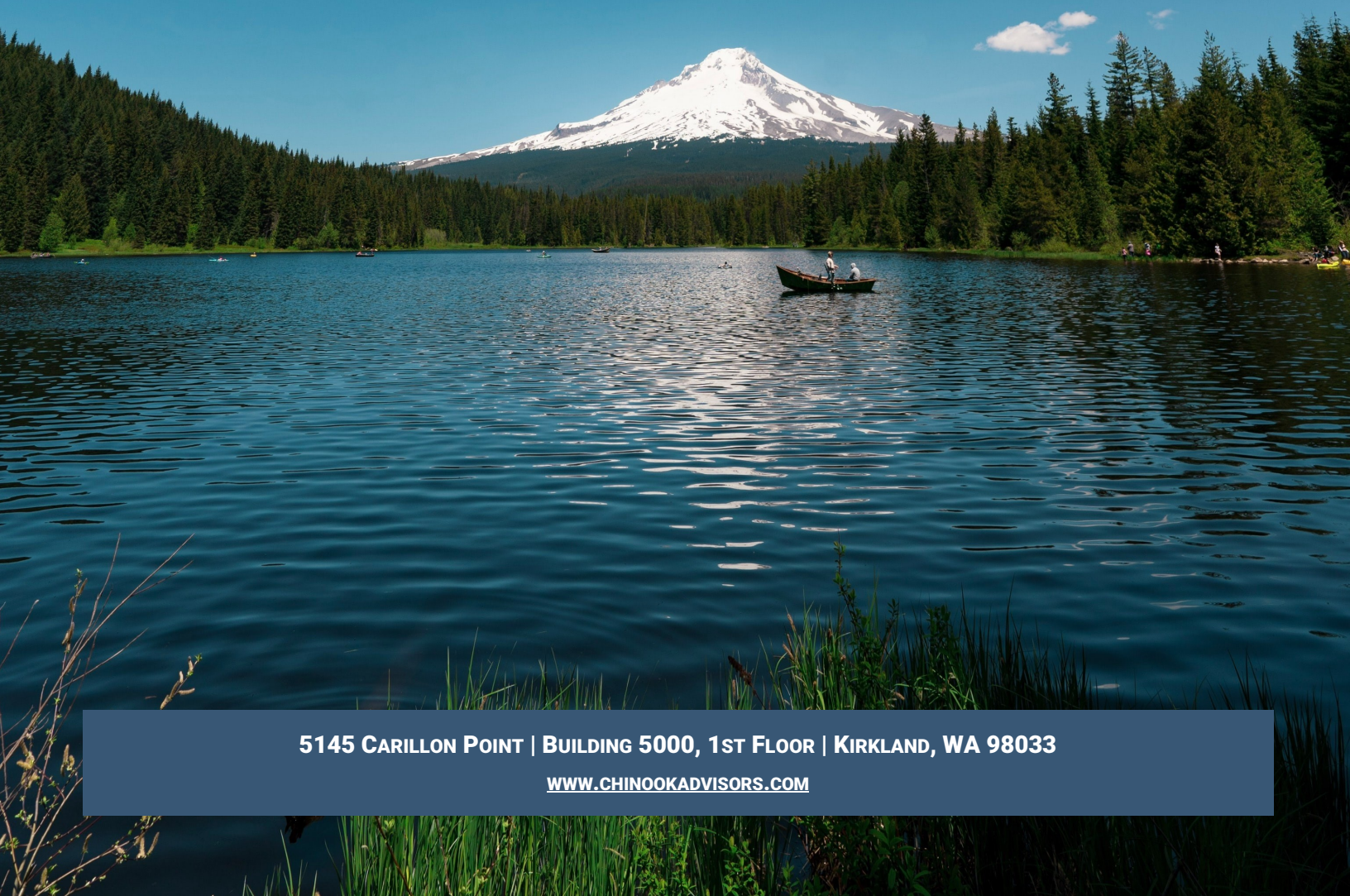


# THE CHINOOK REPORT

1H 2021



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# The Chinook Report

The latest bi-annual report of M&A activity, focusing on global, national, and regional (Pacific Northwest) trends. Includes profiles of transactions generally with an Enterprise Value (EV) between \$10 and \$50 million.

	2H 2018 vs 2H 2017	1H 2019 vs 1H 2018	2H 2019 vs 2H 2018	1H 2020 vs 1H 2019	2H 2020 vs 2H 2019	1H 2021 vs 1H 2020
Global Deal Volume	↓	↑	↓	↓	Unchanged	↑ 120%
U.S. Deal Volume	↓	↑	↑	↓	↑	↑ 44%
PE Deal Volume	↑	↑	↓	↓	↑	↑ 69%
PNW Deal Volume	↓	↓	↑	↓	↓	↑ 76%

## GLOBAL M&A DEAL ACTIVITY REACHES NEW HIGHS IN 1H 2021

Record global M&A deal volume defined the first half of 2021 compared to the same period last year. There were 15,200 transactions recorded in 1H 2021, an increase of 120% compared to 6,900 recorded in 1H 2020 according to a report by Mergermarket, an M&A research group. Deal volume increased 43% compared to the second half of 2020 when 10,612 transactions were closed.

Deal value followed a similar path during the first six months of the year. Global deal value increased 300% in 1H 2021 to \$2.9 trillion compared to \$966 billion in 1H 2020. Similarly, deal value increased 38% compared to the second half of 2020, when there was \$2.1 trillion in deal value.

"Mega-deals", or transactions over \$2 billion in value, continued an upward trend of 22% to an all-time high of 111 transactions compared to 2019.

While the COVID-19 vaccine reaches record levels of populations globally, the pandemic continues to hinder recovery plans, especially the highly contagious Delta variant.

## GLOBAL M&A ACTIVITY (2014-2021)



Source: Mergermarket M&A Highlights First Half 2021

Despite this, global M&A reached record highs during the first six months of 2021.

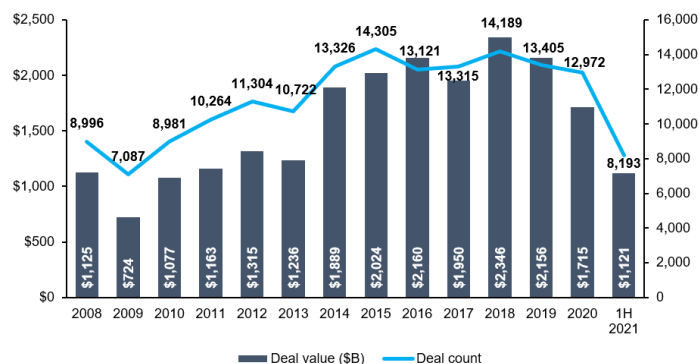
## U.S. M&A ACTIVITY FOLLOWS SIMILAR GLOBAL TRENDS

1H 2021 U.S. M&A deal volume grew 44% to 8,193 transactions compared to 5,675 in the same period last year, according to PitchBook. U.S. M&A deal value was \$1.1 trillion during the first half of the year, 43% higher than \$770 billion in 1H 2020.

While the COVID-19 pandemic continues to impact Americans, record vaccinations and looser restrictions are improving the pace of economic recovery. Investor confidence remains optimistic as equity markets reach new records. The S&P 500 rose 16% during the first six months of 2021 compared to a 5% slump in the same period last year.

Despite the rebound, bottlenecks and record demand post-lockdown resulted in higher inflation; the consumer price index increased 5% in June 2021 compared to the same month last year. Furthermore, supply chain issues have caused global shortages for computer chips, limiting the recovery of various industries including automotive, electronics, and others.

## U.S. M&A ACTIVITY (2008-2021)



Source: PitchBook Q2 2021 Global M&A Report

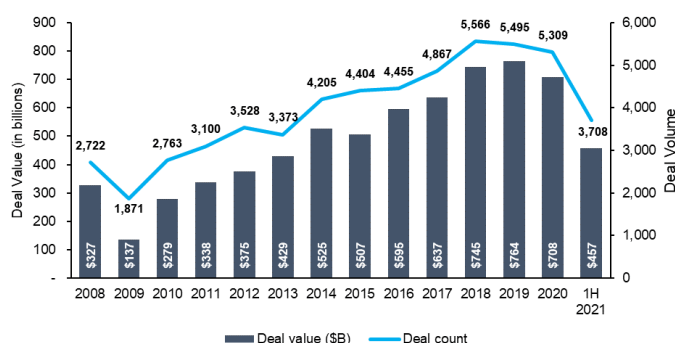


## U.S. PRIVATE EQUITY ACTIVITY CLIMBS IN 1H 2021

Following global M&A trends, U.S. private equity deal volume rose 71% during 1H 2021 to 3,708 transactions compared to 2,173 in the same period last year. In addition, deal value grew 39% to \$456 billion compared to \$327 billion in 1H 2020. Deal value for the first half of 2021 was nearly two-thirds the deal value recorded in 2020.

The Biden Administration's proposed increase in the marginal capital gains rate is playing a major role in the growth of M&A activity as business owners take advantage of the current tax environment to liquidate their holdings. While the new administration has a pathway to enact legislation with control of both the House and Senate, it remains to be seen when new tax legislation will be signed into law and its effect on 2021 M&A activity. To learn more, please read our article "[Counting Down to Higher Taxes.](#)"

## U.S. PE DEAL ACTIVITY (2008-2021)

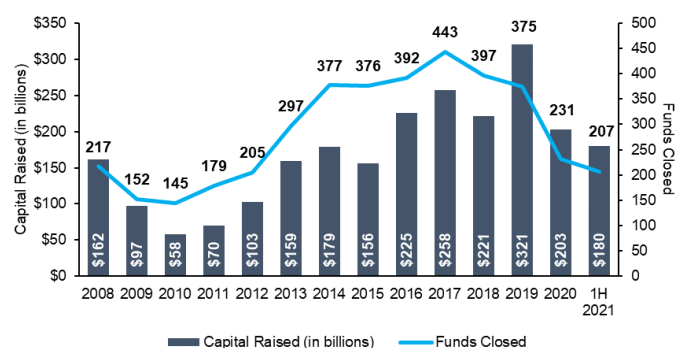


Source: PitchBook Annual 2021 US PE Breakdown

## U.S. PRIVATE EQUITY FOLLOWS SIMILAR FUNDRAISING TRENDS IN 2021

During the first half of 2021, private equity firms raised \$180 billion, 76% higher compared to \$102 billion during the same period last year. This follows longer-term fundraising trends as investors remain focused on the alternatives market.

## U.S. PE ANNUAL FUNDRAISING ACTIVITY (2008-2021)

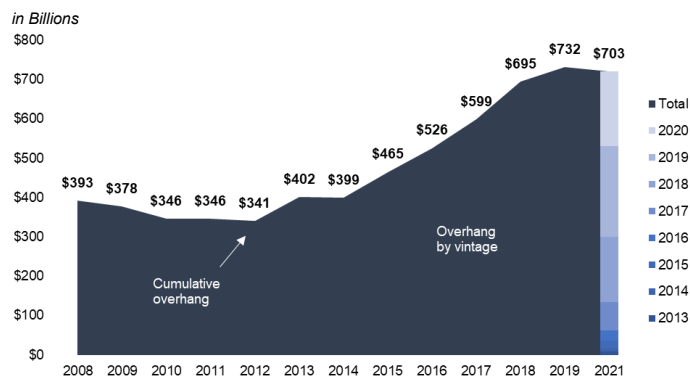


Source: PitchBook Annual 2021 US PE Breakdown

## RECORD PRIVATE EQUITY DRY POWDER FOR DEPLOYMENT

With record amounts of dry powder for acquisitions, the push for private equity funds to find portfolio companies and add-ons continues. Favorable M&A and interest rate seller trends are propelling growth. Through December 2020, cumulative dry powder in the United States remained steady at \$703 billion.

## U.S. CUMULATIVE DRY POWDER (2008-2020)



Source: PitchBook

## LOWER-MIDDLE MARKET EBITDA MULTIPLES PAID BY PRIVATE EQUITY REMAIN STEADY

According to GF Data, average EBITDA multiples paid in the first six months of 2021 by private equity groups for companies with an enterprise value between \$10-25 million remained steady at 5.9x, consistent with the full-year 2020 average of 5.9x.

## EBITDA MULTIPLES

Enterprise Value	2003 - 16	2017	2018	2019	2020	*2021	Total	Volume
\$10-25M	5.6	6.3	5.9	6.1	5.9	5.9	5.7	1,552
\$25-50M	6.2	6.6	6.8	6.9	6.8	6.9	6.4	1,190
\$50-100M	6.9	8.2	8.8	7.5	8.0	8.1	7.3	814
\$100-250M	7.7	9.0	8.7	9.3	8.6	8.5	8.2	432
Total	6.2	7.2	7.2	7.0	7.0	7.0	6.5	
Volume	2,604	271	293	323	321	176		3,988

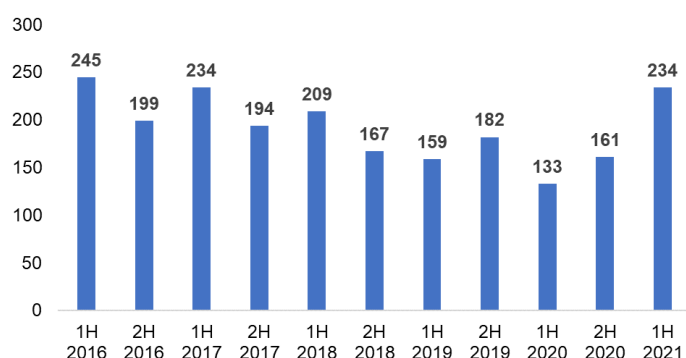
\*Data through June 31

Source: GF Data M&A Report August 2021

## 1H 2021 PACIFIC NORTHWEST DEAL VOLUME HIGHEST LEVEL IN FOUR YEARS

Total deal volume in the Pacific Northwest increased 80% to 239 transactions in 1H 2021 compared to 133 in 1H 2020. Deal volume in the first half of 2021 is the highest semi-annual total since the first half of 2016.

### PACIFIC NORTHWEST DEAL VOLUME

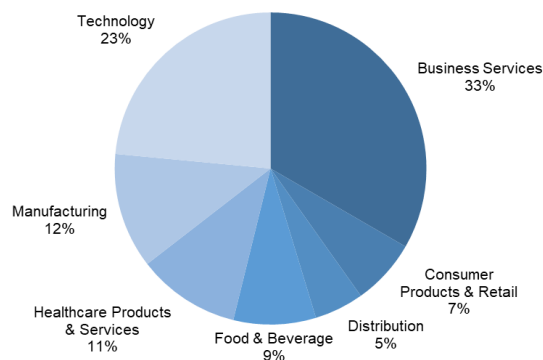


Source: PitchBook

## BUSINESS SERVICES AND TECHNOLOGY DEALS LEAD PACIFIC NORTHWEST REGION

Business Services and Technology transactions led Pacific Northwest M&A activity during the first half of 2021, similar to previous periods.

### 1H 2021 PACIFIC NORTHWEST DEAL ACTIVITY BY INDUSTRY

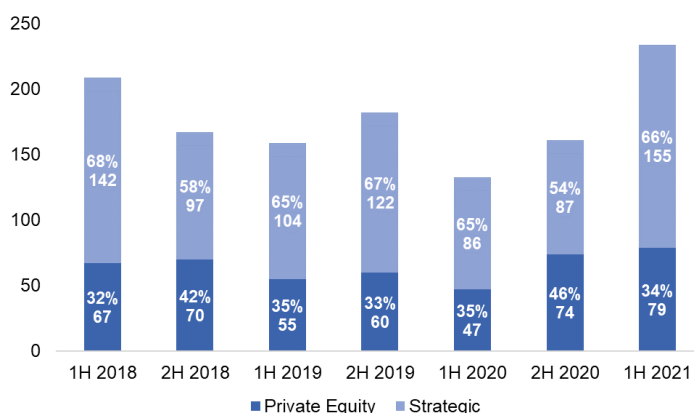


Source: PitchBook

## PRIVATE EQUITY INVESTORS REPRESENT SIGNIFICANT SHARE OF PNW DEALS

Since 1H 2018, private equity transactions have represented 35% of deal activity in the Pacific Northwest. 1H 2021 followed this trend as private equity investors represented 34% of transactions while strategic acquisitions represented 66%.



### PACIFIC NORTHWEST DEAL ACTIVITY BY INVESTOR





Source: PitchBook

# Select PNW Transactions

Date	Target	Buyer	Target Description
 <b>Manufacturing</b>			
Jun-21	<b>GM Nameplate</b> Seattle, WA	<b>Boyd Corporation</b> PE-Backed, Goldman Sachs	Manufacturer of product identification components intended for highly regulated industries.
Jun-21	<b>Topper Industries</b> Woodland, WA	<b>Bridge Brothers</b> Private	Manufacturer and designer of various commercial floating structures.
Jun-21	<b>Redi-Bag</b> Tukwila, WA	<b>Colonial Bag Corporation</b> PE-Backed, Ardian	Manufacturer of polyethylene film and protective packaging for various markets.
Mar-21	<b>Silicon Forest Electronics</b> Vancouver, WA	<b>ESAM</b> PE-Backed, VergePointe Capital	Provider of full-service electronics manufacturing services for various industries.
Mar-21	<b>All American Marine</b> Bellingham, WA	<b>Bryton Management</b> Private	Manufacturer of an aluminum vessel intended to design hybrid-electronic and hydrogen carriers.
Feb-21	<b>OSW Equipment &amp; Repair</b> Snohomish, WA	<b>Federal Signal</b> Public, NYS: FSS	Manufacturer of products intended for the construction, transportation, industrial and mining industries.
Jan-21	<b>Environ-Metal</b> Sweet Home, OR	<b>Vista Outdoor</b> Public, NYS: VSTO	Manufacturer of shotshell ammunition specifically designed for hunters.
Jan-21	<b>ECCO Safety Group</b> Boise, ID	<b>Clariance Technologies</b> PE-Backed, Genstar Capital	Manufacturer of safety lighting and audible warning equipment for commercial and emergency vehicles.
Jan-21	<b>Frontier Packaging</b> Tukwila, WA	<b>Gen Cap America</b> Private Equity	Manufacturer and distributor of packaging materials for the seafood industry.
 <b>Consumer Products &amp; Retail</b>			
Jun-21	<b>Classic Accessories</b> Kent, WA	<b>Twin-Star International</b> Private	Manufacturer and retailer of patio furniture covers, boat covers, RV covers, golf cart enclosures, and more.
Jun-21	<b>Superfeet Worldwide</b> Ferndale, WA	<b>Westward Partners</b> Private Equity	Manufacturer and designer of customized over-the-counter shoe and boot insoles.
Mar-21	<b>Lovers Stores</b> Auburn, WA	<b>PLBY Group</b> Public, NAS: PLBY	Supplier of lingerie and sexual wellness products intended for overall health and well-being.
 <b>Distribution</b>			
May-21	<b>Oregon Equipment Sales</b> McMinnville, OR	<b>Cascadia Private Capital</b> Private Equity	Provider of tractors and other agricultural equipment to the farming and consumer industry.
Apr-21	<b>Air Compressor Service</b> Everett, WA	<b>Northwest Pump &amp; Equipment</b> Private	Distributor and provider of maintenance services for compressed air products.
Apr-21	<b>Conrad &amp; Bischoff</b> Idaho Falls, ID	<b>Parkland Fuel</b> Public, TSE: PKI	Distributor of fuel and lubricants for the farming, industrial, mining, and trucking industries.
Apr-21	<b>Rich &amp; Rine</b> Portland, OR	<b>Harbor Wholesale Foods</b> Private	Distributor of food products to wholesale convenience stores in Portland, Oregon.

Date	Target	Buyer	Target Description
Apr-21	<b>Aftermarket Performance Group</b> Rexburg, ID	<b>Ripple Industries</b> Private	Distributor of automotive parts and accessories for enthusiasts of various vehicle types.
Mar-21	<b>Sea-Dog</b> Everett, WA	<b>Patrick Industries</b> Public, NAS: PATK	Distributor of marine and power sports hardware and accessories.
	<b>Food &amp; Beverage</b>		
Jun-21	<b>Liberty Orchards Co.</b> Cashmere, WA	<b>KDV Group</b> PE-Backed, UFG Asset Mgmt.	Producer and online retailer of a variety of fruit-and-nut confectionery items.
Jun-21	<b>Royal Ridge Fruit &amp; Cold Storage</b> Royal City, WA	<b>Arable Capital Partners</b> Private Equity	Producer of tart cherries and a variety of fruits including organic, frozen, dried and chocolate covered fruits.
May-21	<b>Pike Brewing Company</b> Seattle, WA	<b>Seattle Hospitality Group</b> PE-Backed, HS Wright III	Manufacturer of beer and operator of a seafood-focused restaurant and a pub.
Apr-21	<b>Ponzi Vineyards</b> Sherwood, OR	<b>Bollinger Champagne</b> Private	Operator of a vineyard intended to produce wine, brandy, and other alcoholic beverages.
Mar-21	<b>Heritage Distilling Company</b> Gig Harbor, WA	<b>Jamie Foxx</b> Individual Investor	Operator of craft distilleries intended to produce whiskey, vodka, gin, and rum.
Mar-21	<b>Essentia Water</b> Bothell, WA	<b>Nestlé USA</b> Public, SWX: NESN	Manufacturer and distributor of distilled water bottles, offering alkaline and electrolyte-enhanced products.
Mar-21	<b>Boneyard Beer</b> Bend, OR	<b>Deschutes Brewery</b> Private	Operator of a beer brewery and pub offering various craft and self brewed beers.
Mar-21	<b>Feel Good Organics</b> Seattle, WA	<b>WM Partners</b> Private Equity	Producer of organic food products including superfood powders, tea bags, edible flowers, loose tea, and more.
Jan-21	<b>Jade Leaf Matcha</b> Seattle, WA	<b>WM Partners</b> Private Equity	Online retailer and provider of pure matcha, café-style latte mix, tea, and gools and gift sets.
	<b>Healthcare Products &amp; Services</b>		
Jun-21	<b>KenSci</b> Seattle, WA	<b>Tegria</b> Private	Developer of a healthcare risk prediction platform designed to identify clinical risks and reduce expenses.
May-21	<b>VisitPay</b> Boise, ID	<b>R1 RCM</b> Public, NAS: RCM	Developer of an online patient revenue management platform designed to connect patients and providers.
May-21	<b>Heart 'n Home Hospice</b> Fruitland, ID	<b>LHC Group</b> Public, NAS: LHCG	Provider of hospice care services to elderly people, in addition to grief and loss support and care planning.
May-21	<b>Spira</b> Seattle, WA	<b>Galileo Health</b> Private	Provider modular and artificial intelligence-based telemedicine screening services for respiratory diseases.
Apr-21	<b>Evergreen Eye Center</b> Federal Way, WA	<b>Comprehensive EyeCare Prts.</b> PE-Backed, Gauge Capital	Provider of eye care services including cataract surgeries, dry eye, glaucoma, retinal care, and more.
Mar-21	<b>GSL Solutions</b> Vancouver, WA	<b>Becton, Dickinson and Company</b> Public, NYS: BDX	Developer of medical technology devices focused on managing will-call prescriptions and medications.
Jan-21	<b>Mimic Technologies</b> Seattle, WA	<b>Surgical Science Sweden</b> Public, STO: SUS	Developer of robotic surgery simulations system intended to advance the field of robotic surgery.

Date	Target	Buyer	Target Description
Jan-21	<b>Lab Tests Online</b> Seattle, WA	<b>OneCare Media</b> PE-Backed, ABRY Partners	Operator of a health information web platform intended to improve health literacy and patient engagement.
Jan-21	<b>Advanced Health Care Corp.</b> Meridian, ID	<b>Larry H. Miller Group of Cos.</b> Private	Provider of a variety of nursing, rehabilitation, home health, and hospice services.
	<b>Business Services</b>		
Jun-21	<b>Refrigeration Unlimited</b> Fife, WA	<b>The Arcticom Group</b> PE-Backed, Goense Capital	Provider of a variety of industrial and commercial heating, ventilation, and air conditioning services.
Apr-21	<b>Language Link</b> Vancouver, WA	<b>BIG Language Solutions</b> PE-Backed, MSouth Equity	Provider of over-the-phone and on-site interpretation and translation services.
Apr-21	<b>SatTel Broadband</b> Kent, WA	<b>AscendTek</b> PE-Backed, Borgman Capital	Provider of construction services intended for the telecommunications industry.
Feb-21	<b>Shields Manufacturing</b> Tualatin, OR	<b>Precinmac</b> PE-Backed, Compass Partners	Provider of computer numerical control machining, tuning, and assembly services.
Feb-21	<b>Decisive Data</b> Redmond, WA	<b>Calligo</b> PE-Backed, Investcorp	Provider of business analytics consulting services intended to deliver insight for making critical decisions.
Feb-21	<b>Navia Benefit Solutions</b> Bellevue, WA	<b>TA Associates Management</b> Private Equity	Administrator of a wide range of consumer-directed health and tax-advantaged benefits.
Feb-21	<b>Gifts By Design</b> Seattle, WA	<b>Bamko</b> Subsidiary, Superior Grp. of Cos.	Operator of a branded merchandise agency that develops corporate awards and recognition programs.
Jan-21	<b>Domicile</b> Seattle, WA	<b>National Corporate Housing</b> Private	Developer of an online real estate platform intended to provide boutique corporate housing in the city.
Jan-21	<b>Omega Morgan Sarens</b> Portland, OR	<b>Omega Morgan</b> PE-Backed, Riverlake Partners	Operator of a crane rental business for the energy, civil construction, aerospace and marine markets.
Jan-21	<b>Watson Security</b> Seattle, WA	<b>Kendell Doors &amp; Hardware</b> PE-Backed, Keystone Capital	Provider of physical security, electronic security, and personal security services.
Jan-21	<b>Tates Rents</b> Boise, ID	<b>Tates Rents ESOP</b> Employee Stock Ownership Plan	Provider of a variety of rental construction equipment and training services.
Jan-21	<b>PPV</b> Portland, Oregon	<b>Patriot Environmental Services</b> PE-Backed, Solace Capital Prts.	Provider of wastewater treatment services for industrial and commercial wastewater and sludge.
Jan-21	<b>Crosslake Technologies</b> Kirkland, WA	<b>Falfurrias Capital Partners</b> Private Equity	Provider of software consulting services including organizational development, due diligence, and more.
Jan-21	<b>Travis Industries</b> Mukilteo, WA	<b>AXIS Industrial Services</b> PE-Backed, Carr's Hill Partners	Provider of specialty services to industrial customers including painting, cleaning, fireproofing, and more.
	<b>Technology</b>		
Jun-21	<b>Ekata</b> Seattle, WA	<b>MasterCard</b> Public, NYS: MA	Developer of global identity verification solutions designed to prevent fraudulent transactions.
Jun-21	<b>Unify Square</b> Bellevue, WA	<b>Unisys</b> Public, NYS: UIS	Provider of SaaS software intended to power unified communications and continuous operations.

Date	Target	Buyer	Target Description
Mar-21	<b>Innovyze</b> Portland, OR	<b>Autodesk</b> Public, NAS: ADSK	Developer of business analytics and performance monitoring software for various industries.
Mar-21	<b>Luum</b> Seattle, WA	<b>Health Equity</b> Public, NAS: HQY	Developer of a commute management SaaS based platform.
Mar-21	<b>Downstream</b> Seattle, WA	<b>Jungle Scout</b> Private	Developer of a self-serving programmatic advertising platform designed to automate e-commerce marketing.
Mar-21	<b>MediaPRO</b> Bothell, WA	<b>KnowBe4</b> Public, NAS: KNBE	Provider of SaaS based electronic learning systems intended for cybersecurity and privacy training.
Feb-21	<b>Kount</b> Boise, ID	<b>Equifax</b> Public, NYS: EFX	Provider of an AI-driven fraud prevention and detection platform, specializing in digital payment fraud.
Feb-21	<b>Parse.ly</b> Beaverton, OR	<b>Automattic</b> Private	Developer of a content analytics and optimization system intended to improve digital audience engagement.
Feb-21	<b>Streamline Marketing</b> Seattle, WA	<b>Acceleration Partners</b> PE-Backed, Capital Southwest	Developer of a performance marketing platform intended to identify and analyze media opportunities.



## About Chinook Capital Advisors

Chinook Capital Advisors, based in Kirkland, WA, is a leading M&A advisory firm serving the needs of Pacific Northwest business owners. We help businesses prepare for and execute business ownership transition events.

Our expertise includes sell-side advisory/seller representation services, recapitalizations, advisory board/transaction preparation services, and other services including business valuation and debt advisory. Chinook serves many of the key industries that drive the Pacific Northwest economy, including manufacturing, distribution, business services, technology, healthcare products & services, and consumer products & services.

We welcome inquiries from business owners wanting to discuss business valuation, M&A market updates, or how to build value towards a future exit or recapitalization.



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## Local Focus | Team Approach | Industry Expertise | Proven Results

### PNW E-Commerce Partner

Leading e-commerce partner to premium consumer brands

**ACQUIRED BY**

**PE-Backed Buyer**



Premier West Coast wireless telecom infrastructure company

**ACQUIRED BY**



Leading national supplier of specialty electrical products to RV parks, campgrounds and marinas

**ACQUIRED BY**



Leading national online retailer of espresso equipment, accessories and specialty coffee

**RECAPITALIZED BY**



Innovative fintech provider of loan management software and services for every phase of construction lending

**ACQUIRED BY**



### PNW Manufacturer & Distributor

Leading manufacturer and distributor of branded, niche equipment for healthcare settings

**ACQUIRED BY**

**Family Office Owned Strategic Buyer**



Premier road maintenance and repair contractor serving Pacific Northwest public and private sectors

**ACQUIRED BY**



Premier provider of revenue cycle management software and services to the healthcare industry

**ACQUIRED BY**



Leading provider of advanced electronic technology and systems for aerospace and defense applications

**ACQUIRED BY**



### ARJAE

Over 30 years of excellence

Pacific Northwest leader in commercial & industrial HVAC installation, services and sheet metal fabrication

**ACQUIRED BY**



Pacific Northwest leading distributor of personal protective equipment for fire fighters

**ACQUIRED BY**



Pacific Northwest leader in sealants, coatings and waterproofing products

**ACQUIRED BY**

