



The Chinook Report

2H 2023

5145 CARILLON POINT | BUILDING 5000, 1ST FLOOR | KIRKLAND, WA 98033

WWW.CHINOOKADVISORS.COM

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 in the Pacific Northwest with an Enterprise Value (EV) generally between \$10 and \$100 million.

Executive Summary – 2024 Well Positioned for a Rebound

M&A activity remained muted in 2H 2023, continuing the retreat from historical highs in deal volume and value in 2021. The deal-making landscape faced headwinds which included lingering effects of inflation, rising interest rates, and conservative lending practices from banks, limiting private equity’s access to funding for larger platform investments. Despite these challenging dynamics, middle market M&A volume remained elevated relative to historical activity.

Middle market transactions were fueled by increased interest in smaller add-on deals, representing 76% of private equity transactions in 2023, 10% above the 10-year historical average. Elevated levels of dry powder are expected to support deal activity into 2024, as private equity continues to deploy capital. Pacific Northwest deal volume remained in line with U.S. trends, decreasing slightly but still above the 10-year trend.

As we look to 2024, M&A activity is expected to rebound as credit conditions improve, interest rates soften, dry powder is deployed, and business owners look for exit opportunities. This optimism is offset by rising geopolitical issues in the Middle East, war in Ukraine, a softening Chinese economy, and a current dysfunctional US political system in a presidential election year.



John O'Dore

Co-Founder

C: 425-985-7617

john@chinookadvisors.com

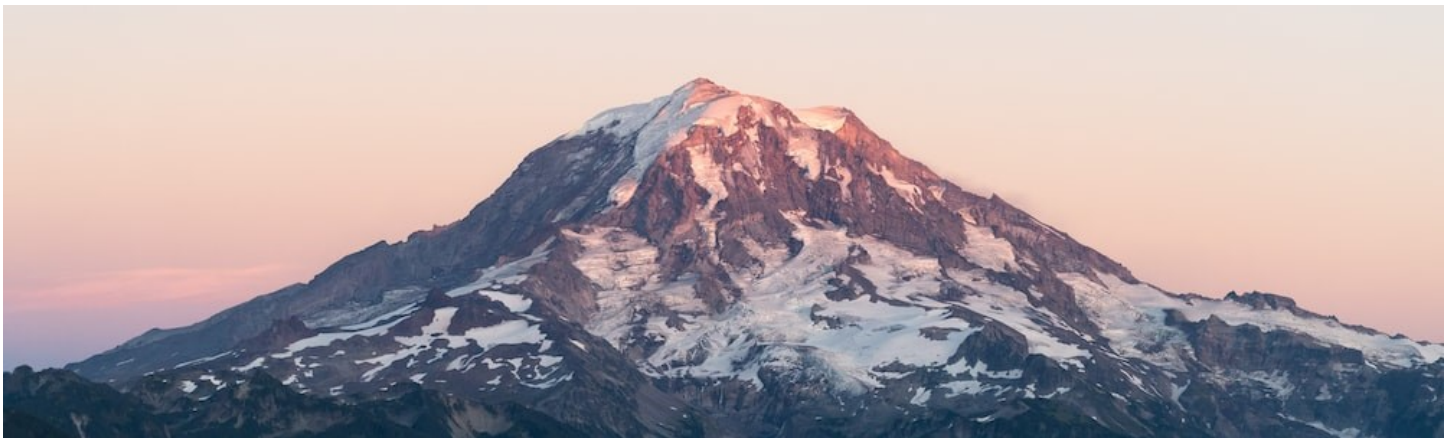


Ed Kirk

Co-Founder

C: 425-753-0989

ed@chinookadvisors.com



M&A DASHBOARD

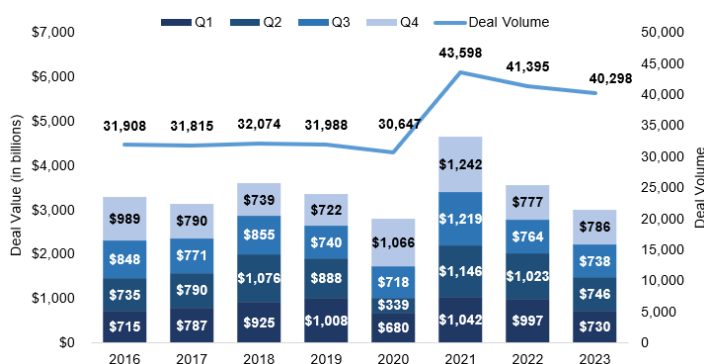
	1H 2020 v. 1H 2019	2H 2020 v. 2H 2019	1H 2021 v. 1H 2020	2H 2021 v. 2H 2020	1H 2022 v. 1H 2021	2H 2022 v. 2H 2021	1H 2023 v. 1H 2022	2H 2023 v. 2H 2022	
Global Deal Volume	↓	↑	↑	↑	↓	↑	↓	↑	5%
U.S. Deal Volume	↓	↑	↑	↑	↑	↓	↓	↓	(5%)
PE Deal Volume	↓	↑	↑	↑	↑	↓	↔	↓	(2%)
PNW Deal Volume	↓	↓	↑	↑	↑	↓	↔	↓	(16%)

GLOBAL M&A ACTIVITY DELIVERS MIXED MESSAGES

In 2023, global M&A deal volumes were the third highest in the last decade. 2H 2023 deal volume totaled 20,553 transactions, 5% higher than the 19,579 recorded over the same period in 2022, according to the PitchBook's 2023 Annual Global M&A Report. A total of 40,298 deals were completed in 2023, 28% higher than average pre-COVID levels over 30,000 from 2016-2019.

Global deal values tell a different story. 2H 2023 global deal value decreased 1% to \$1.52 trillion, compared to \$1.54 trillion in the same period in 2022. Full-year 2023 deal value was \$3 trillion, 16% lower than the \$3.6 trillion in 2022. Tight credit markets resulted in buyers focusing on smaller deals while fewer "mega" transactions closed (measured as \$5B or greater). 2H 2023 deal value was the lowest in 10 years.

GLOBAL M&A ACTIVITY (2016-2023)



Source: PitchBook 2023 Global M&A Report

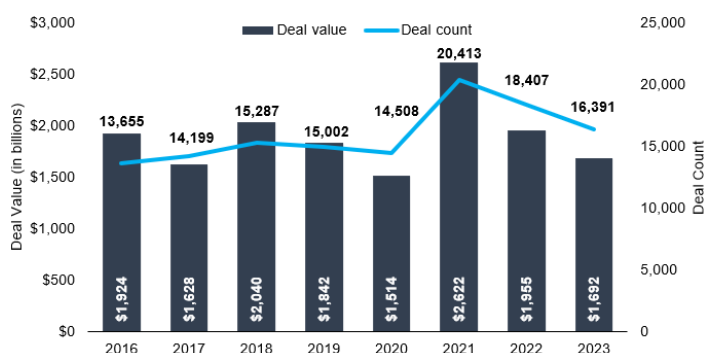
U.S. M&A ACTIVITY FOLLOWS GLOBAL TRENDS

2H 2023 U.S. M&A deal volume decreased 5% to 8,123 transactions compared to 8,655 in the same period last year, according to PitchBook. U.S. M&A deal value was \$863 billion in 2H 2023, 7% higher than \$806 billion in 2H 2022, but growth was skewed by the acquisitions of Hess and Pioneer Natural Resources, accounting for \$125 billion, or 15% of total deal value in the second half of the year. 2023 full-year deal value was 13% lower than the previous year.

In 2023, the U.S. economy maintained strong growth despite uncertainties caused by rising interest rates, geopolitical conflict, and inflationary concerns. GDP grew 3.3% in 2023, outpacing recent years and maintaining the highest growth in the G7. Inflation stabilized with the Consumer Price Index cooling to a 3.4% year-over-year increase at the end of 2023.

In 2024, the U.S. economy faces headwinds, including tight monetary policy runoff, student loan repayments, and increasing credit card delinquencies. On the other hand, the M&A outlook for 2024 is positive, driven by increased access to financing sources and pent-up supply of business owners looking for exit opportunities.

U.S. M&A ACTIVITY (2016-2023)



Source: PitchBook 2023 Global M&A Report

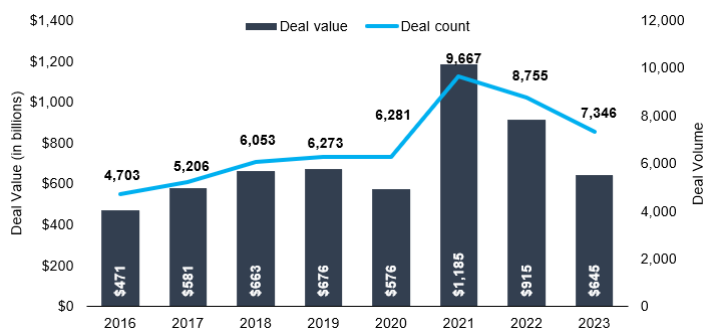
U.S. PRIVATE EQUITY FINISHED WITH NOTABLE DECREASE IN ACTIVITY

U.S. private equity deal volume decreased 2% during 2H 2023 to 4,156 transactions compared to 4,232 in 2H 2022. In addition, deal value fell 13% to \$306 billion compared to \$366 billion in 2H 2022. The full-year deal value fell 30% to \$645 billion compared to \$915 billion in 2022, a significant reduction.

Due to its reliance on credit markets, private equity experienced a larger slowdown relative to overall M&A activity in the U.S. On the other hand, deal count stayed strong, with 2023 volumes 32% higher than the pre-COVID average. Deal volumes were supported by more founder-owned businesses selling to private equity (56% of buyouts in Q4 2023) as add-on acquisitions by a platform (76% of buyouts in 2H 2023), which tend to be smaller transactions. The median deal size remains in line with 2022 at \$55 million, declining from a record high of \$75 million in 2021.

Private equity exits slowed in 2023, with volumes decreasing 39% year-over-year. IPO activity is anticipated to increase in 2024, providing additional liquidity opportunities for private equity firms.

U.S. PE DEAL ACTIVITY (2016-2023)

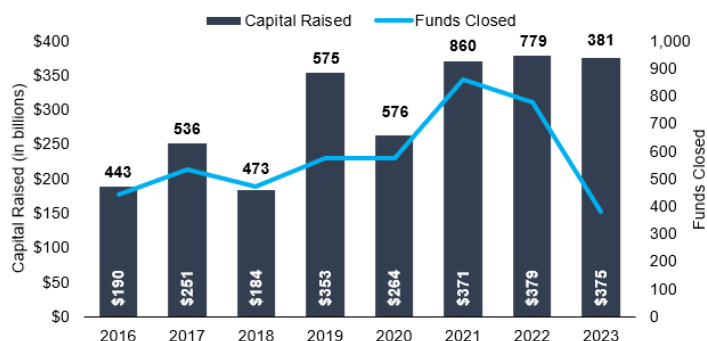


Source: PitchBook 2023 U.S. PE Breakdown

U.S. PRIVATE EQUITY FUNDRAISING REMAINS STRONG

2023 was another near-record year for private equity firms, raising \$375 billion, in line with the record \$379 billion raised in 2022. Fundraising remained strong despite the median time to close funds extending to over 14 months, the longest since 2011. Middle market funds accounted for almost 50% of fundraising in 2023, raising \$180 billion, or 44% higher than the 5-year pre-pandemic average, which can be attributed to the slowdown in Private Equity exits noted above. This marked the fifth consecutive quarter of the middle market outperforming mega funds in fundraising.

U.S. PE ANNUAL FUNDRAISING ACTIVITY (2016-2023)

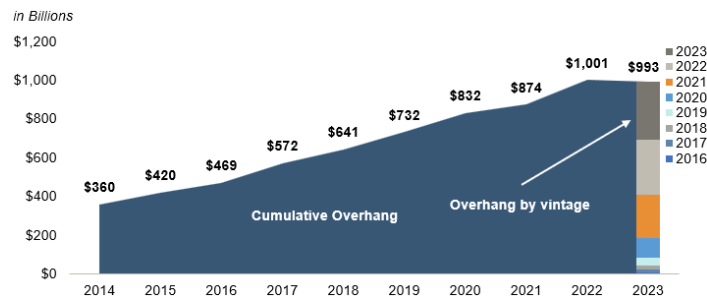


Source: PitchBook 2023 U.S. PE Breakdown

PRIVATE EQUITY DRY POWDER IN ABUNDANCE FOR TRANSACTIONS

In 2023, private equity dry powder hit \$990 billion, in line with the record high of over \$1 trillion in 2022. This further reinforces investors' desire for private equity groups to execute acquisition strategies and deliver a return on their capital.

U.S. CUMULATIVE DRY POWDER (2014-2023)*

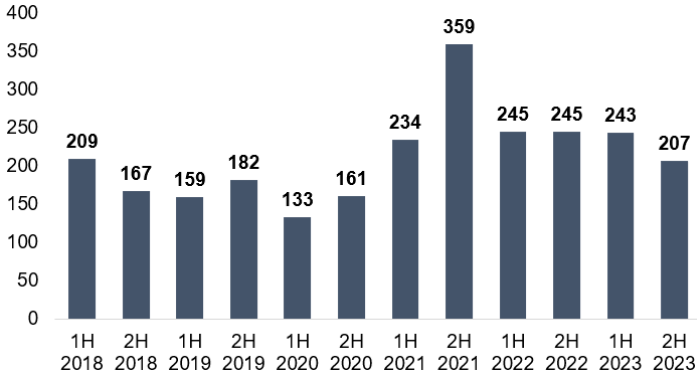


* PE capital overhang figures are lagging by six months
Source: Pitchbook 2023 U.S. PE Breakdown

PACIFIC NORTHWEST DEAL VOLUMES DOWN FROM PREVIOUS YEAR

Pacific Northwest deal volume decreased to 207 transactions in 2H 2023 a 16% decrease compared to the 245 in 2H 2022. Full year activity was down 8% to 450 deals compared to 490 in the previous year.

PACIFIC NORTHWEST DEAL VOLUME (2018-2023)

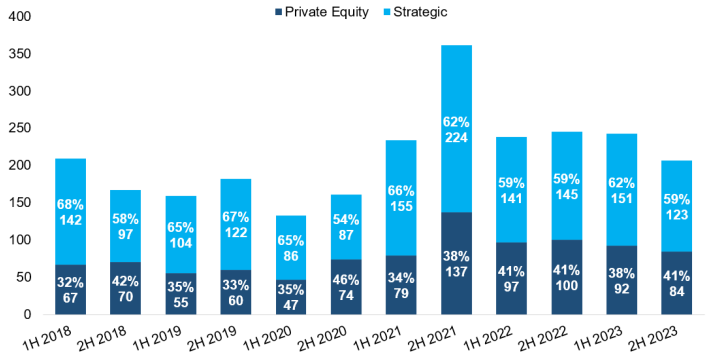


Source: PitchBook

PRIVATE EQUITY INVESTORS REMAIN ACTIVE IN THE PACIFIC NORTHWEST

Private equity represented 41% of transactions in 2H 2023, in line with historical averages, while strategic acquisitions represented 59%.

PACIFIC NORTHWEST DEAL ACTIVITY BY INVESTOR (2018-2023)

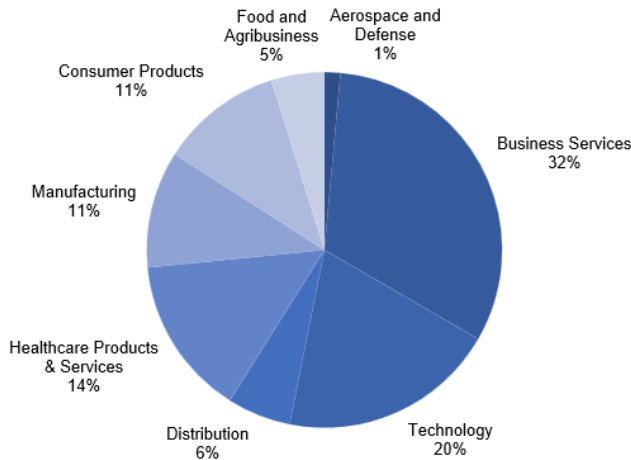


Source: PitchBook

BUSINESS SERVICES AND TECHNOLOGY DEALS CONTINUE TO LEAD PACIFIC NORTHWEST REGION

Business Services and Technology transactions led Pacific Northwest M&A activity during the second half of 2023, consistent with every period since 2019.




2H 2023 PACIFIC NORTHWEST DEAL ACTIVITY BY INDUSTRY






Source: PitchBook

Select PNW Transactions

Date	Target	Buyer	Target Description
 Aerospace and Defense			
Nov-23	Sistech Manufacturing Bend, OR	LFM Capital Private Equity	Provider of contract electronic manufacturing and mechanical assembly services.
Nov-23	The Unitech Group Hayden, ID	Charger Investment Partners Private Equity	Manufacturer of composite, metallic, and engineering structures intended for aerospace and defense.
Oct-23	HIS Innovations Group Hillsboro, OR	Ultra Clean Holdings Strategic	Manufacturer and distributor of steel components and systems.
Oct-23	i3DMFG Redmond, OR	ERA Industries PE-Backed, L Squared Capital	Manufacturer of three-dimensional (3D) printed metal products.
Jul-23	SightLine Applications Hood River, OR	Artemis Capital Partners Private Equity	Developer of image processing electronics and software products.
 Business Services			
Dec-23	Valley Restoration Hailey, ID	Intact Property Restoration PE-Backed, West Edge Partners	Provider of cleaning and restoration services to residential and commercial clients.
Dec-23	Fulcrum Logistics Portland, OR	Wagner Logistics PE-Backed, LongueVue Capital	Provider of warehousing services, specializing in food and beverage storage and handling.
Dec-23	Sun Pacific Energy Kennewick, WA	PacWest Energy Strategic	Provider of fuel products and convenience stores offering heating oil, lubricants, gasoline and diesel.
Dec-23	Stoner Electric Group Milwaukie, OR	Prime Electric PE-Backed, WestView Capital	Provider of electrical contracting services to commercial customers in Washington and Oregon.
Nov-23	Instrument Technologies Boise, ID	Aldinger PE-Backed, Incline Equity	Provider of calibration services and training offering on-site calibration, temperature mapping, and more.
Nov-23	Soundview Consultants Gig Harbor, WA	Trinity Consultants PE-Backed, Oak Hill Capital	Provider of environmental consulting services including natural resource assessments, land use, and more.
Nov-23	Fremont Analytical Seattle, WA	Alliance Technical Group PE-Backed, Morgan Stanley	Provider of environmental laboratory services offering a full range of analytical solutions.
Nov-23	All Fuel Installation & Service Troutdale, OR	The SEER Group PE-Backed, Genstar Capital	Provider of fuel installation services intended for clients across the United States.
Oct-23	InflowCX Seattle, WA	Amplix PE-Backed, Gemspring Capital,	Provider of unified communications and contact center services intended to help elevate technical stress.
Oct-23	Stack Metallurgical Group Portland, OR	Bodycote Strategic	Provider of heat treating and metal processing services based in Portland, Oregon.
Sep-23	Mead Gilman & Associates Woodinville, WA	Atwell Strategic	Provider of land surveying services serving the Pacific Northwest for more than 60 years.
Aug-23	Integrity Fleet Services Pacific, WA	FleetPride PE-Backed, American Securities	Provider of commercial truck and trailer fleet maintenance and repair services.
Aug-23	Environmental Site Solutions Anacortes, WA	Newterra PE-Backed, Frontenac Company	Supplier of filtration systems and water treatment equipment intended to serve municipal water utilities.
Aug-23	REECE Complete Security Portland, OR	Pavion PE-Backed, Wind Point Partners	Provider of fully integrated security management systems including alarms, cameras, and monitoring.

Date	Target	Buyer	Target Description
Jul-23	Watson Asphalt Paving Redmond, WA	Lakeside Industries Strategic	Manufacturer of asphalt products and provider of paving services.
Jul-23	Integrated Systems & Controls Renton, WA	Daikin North America Subsidiary, Daikin Industries	Supplier of filtration systems and water treatment equipment intended to serve municipal drinking water.
Jul-23	Standard Plumbing Heating Bellingham, WA	Automated Logic Subsidiary, Carrier Global	Provider of HVAC and direct digital controls system installation services.
	Consumer Products		
Dec-23	LOUD Audio Bothell, WA	RØDE Strategy	Producer of professional audio equipment including analog and digital mixers and related products
Nov-23	Hanley Storage Coeur d'Alene, ID	StorageMart PE-Backed, GIC	Provider of storage services intended to serve students, residents, and owners of a variety of vehicles.
Nov-23	Queen City Auto Rebuild Redmond, WA	Crash Champions PE-Backed, Clearlake Capital	Provider of automotive collision repair services based in Redmond, Washington.
Sep-23	Revant Portland, OR	Nolk Strategic	Provider of performance eyewear and replacement lenses intended to facilitate active individuals.
Sep-23	Onder Seattle, WA	EasyKnock Strategic	Provider of home maintenance services intended to provide total home care.
Oct-23	AP Collision Center Lynnwood, WA	Classic Collision PE-Backed, New Mountain	Operator of a collision repair center providing panel, paint, and glass repair services.
Jul-23	Comphy Ferndale, WA	Coop Home Goods PE-Backed, Topspin	Manufacturer of bedding products intended for individuals, hotels, spas, and other businesses.
	Distribution		
Dec-23	Trimco Millwork Boise, ID	Woodgrain Millwork Strategic	Distributor of molding, exterior doors, interior doors, and other specialty building products.
Dec-23	The ProActive Sports Group Canby, OR	GT Golf Supplies PE-Backed, Kinzie Capital	Distributor of golf accessories and related sports products.
Oct-23	Advanced Industrial Supply Pocatello, ID	BlackHawk Industrial PE-Backed, TruArc Partners	Distributor of full-line industrial products in Idaho, Utah, Oregon, and Wyoming.
Oct-23	Leathers Enterprises Fairview, OR	S&S Petroleum Inc Strategic	Retailer of petroleum products intended to provide fuel to diversified fields across America.
Oct-23	Tombari Structural Products Spokane, WA	O'Donnell Metal Deck PE-Backed, AEA Investors	Distributor of structural steel materials intended to serve steel fabricators and contractors.
	Food and Agribusiness		
Nov-23	Ever Fresh Fruit Company Boring, OR	Tilia Holdings Private Equity	Processor of formulated food ingredients and apples intended for the food and dairy industry.
Nov-23	Sahale Snacks Tukwila, WA	Second Nature Brands PE-Backed, CapVest Partners	Manufacturer of nut and fruit snack mixes intended to serve United States and international markets.
Oct-23	Dancing Goats Coffee Olympia, WA	Kaldi's Coffee Strategic	Producer of specialty coffee products with locations in Washington and Georgia.
Sep-23	Mac & Jack's Brewing Redmond, WA	Ackley Brands Private Equity	Producer of craft beer.

Date	Target	Buyer	Target Description
Aug-23	AMES International Fife, WA	Puyallup Tribe Of Indians Strategic	Producer of gourmet nuts, teas, and confections intended to serve the food and beverage sector.
 Healthcare Products and Services			
Dec-23	Performance Home Medical Kent, WA	Grant Avenue Capital Strategic	Supplier of medical equipment intended to serve the healthcare sector.
Oct-23	Bright.md Portland, OR	Evernorth Health Subsidiary, Cigna	Operator of a healthcare automation company intended to customize care options for escalation handoffs.
Oct-23	T. Matthew Jacks Eugene, OR	U.S. Oral Surgery Management PE-Backed, Oak Hill Capital	Operator of a dental clinic specializing in surgical procedures.
Jul-23	ZOIA Pharma Vancouver, WA	Pentec Health PE-Backed, Wellspring Capital	Operator of a boutique medical supply company with over 20 years experience.
 Manufacturing			
Dec-23	Glacier Mouldings Stanwood, WA	Lynden Door Strategic	Manufacturer of wood millwork components intended for use in doors, windows, moldings, and stair systems.
Nov-23	Atacama Manufacturing Albany, OR	Reynolds Packaging Group Subsidiary, Rank Group	Manufacturer of wood coating products including sealers, finished, dyes and glazes, and other products.
Nov-23	K&N Electric Motors Spokane Valley, WA	Impel Co. Strategic	Manufacturer of electric motors intended to perform daily tasks for running operations in various industries.
Nov-23	Climax Portable Newberg, OR	Mathey Dearman Strategic	Developer and manufacturer of portable machining and valve testing systems.
Sep-23	Connor Manufacturing Fairview, OR	Amphenol Strategic	Manufacturer of precision industrial metal parts intended for a wide variety of uses.
Sep-23	Controltek Vancouver, WA	Vexos Strategic	Manufacturer of tamper-evident packaging, retail asset protection, and RFID solutions.
Aug-23	Modern Building Systems Aumsville, OR	WillScot Strategic	Manufacturer of modular and mobile commercial buildings catering throughout the West Coast.
Jul-23	PPM Technologies Newberg, OR	Duravant PE-Backed, Warburg Pincus	Manufacturer of food processing equipment intended for the food industry across the globe.
Jul-23	Sunstone Circuits Mulino, OR	American Standard Circuits PE-Backed, Gemini Investors	Manufacturer of the printed circuit board catering to the electronic design industry.
Jul-23	Cortland Industrial Anacortes, WA	Tufropes PE-Backed, Paladin	Manufacturer of wear parts for rock crushers, grinding mills, mine shovels, draglines, and other equipment.
Jul-23	Alpine Products Auburn, WA	AramSCO PE-Backed, Odyssey Investment	Manufacturer and distributor of traffic and pavement maintenance products.
 Technology			
Dec-23	Alder Technology Portland, OR	Acclaim Technical Services Strategic	Provider of IT consulting services intended to serve technical solutions that meet the customer's needs.
Dec-23	Quantivate Woodinville, WA	Ncontracts PE-Backed, Gryphon Investors	Developer of governance, risk, and compliance software designed for organizations both large and small.
Nov-23	Valant Medical Solutions Seattle, WA	Resurgens Technology Partners Private Equity	Developer of an electronic health record and practice management software.

Date	Target	Buyer	Target Description
Oct-23	DreamBox Learning Bellevue, WA	Discovery Education PE-Backed, Francisco Partners	Developer of a digital learning platform intended to help students improve their proficiency at mathematics.
Oct-23	Empowered Education Boise, ID	International Sports Sciences PE-Backed, Tailwind Capital	Operator of an online educational platform designed to provide training programs to health coaches.
Oct-23	InfoStructure Medford, OR	Hunter Communications PE-Backed, Tailwind Capital	Developer of cloud communications software designed to make it easy for businesses to connect.
Sep-23	Unearth Seattle, WA	Procore Strategic, (NYS: PCOR)	Operator of a cloud-based construction project management platform.
Sep-23	RAF Technology Redmond, WA	Volaris Strategic	Developer of data capture and management software designed to extract data from different prints.
Aug-23	Limeade Bellevue, WA	WebMD Health Services Strategic	Provider of enterprise solutions to improve employee well-being.
Jul-23	Stemma Technologies Redmond, WA	Teradata Strategic, (NYS: TDC)	Developer of database software designed to make data within organizations more accessible.
Jul-23	Epic Photo Ops Everett, WA	Leap Event Technology PE-Backed, Vector Capital	Developer of event management software intended for the live events industry.
Jul-23	RiskLens Spokane, WA	Safe Strategic	Developer of a cyber risk management platform designed to optimize cybersecurity investment decisions.

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.

Chinook Capital Advisors is a member of the Alliance of International Corporate Advisors. AICA is a global network of middle market M&A advisory firms that provide clients with access to buyers, investors, and acquisition targets around the world.

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.



John O'Dore

Co-Founder

C: 425-985-7617

john@chinookadvisors.com



Ed Kirk

Co-Founder

C: 425-753-0989

ed@chinookadvisors.com

Local Focus | Team Approach | Industry Expertise | Proven Results



Soundview Consultants
Environmental Assessment • Planning • Land Use Solutions

Leading regional environmental consulting firm that specializes in land use planning

RECAPITALIZED BY




Regional leader in paving services, full-service asphalt production, and sand & gravel supply

ACQUIRED BY




Regional provider of surveying and mapping services to the private and public sectors

ACQUIRED BY




Leading provider of consumable products for the equine and small pet markets

ACQUIRED BY




Leading luxury linen brand in the global spa industry

ACQUIRED BY



Construction Ahead Inc. dba



Regional leader in road construction, maintenance, and safety services for the public and private sectors

RECAPITALIZED BY




Global leader in commercial bike racks for transit vehicles and bike parking solutions

ACQUIRED BY




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 speciality coffee

RECAPITALIZED BY




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

ACQUIRED BY




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

ACQUIRED BY

