

# M&A INSIGHT

MERGERS, ACQUISITIONS, DIVESTITURES AND VALUATIONS FOR  
MIDDLE-MARKET COMPANIES

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# Raymond James Contacts

**Jeff Maxwell – St. Petersburg**

*Senior Managing Director*

*Head of M&A Investment Banking*

727.567.5222

[jeff.maxwell@raymondjames.com](mailto:jeff.maxwell@raymondjames.com)

**Allan Bertie – London**

*Senior Managing Director*

*Head of European Investment Banking*

44.20.3798.5701

[allan.bertie@raymondjames.com](mailto:allan.bertie@raymondjames.com)

**Brent Kriegshauser – St. Petersburg**

*Managing Director*

727.567.4339

[brent.kriegshauser@raymondjames.com](mailto:brent.kriegshauser@raymondjames.com)

**Don Blair – St. Petersburg**

*Managing Director*

727.567.5018

[don.blair@raymondjames.com](mailto:don.blair@raymondjames.com)

**Mark Buchanan – Dallas**

*Managing Director – Head of ESOP Advisory*

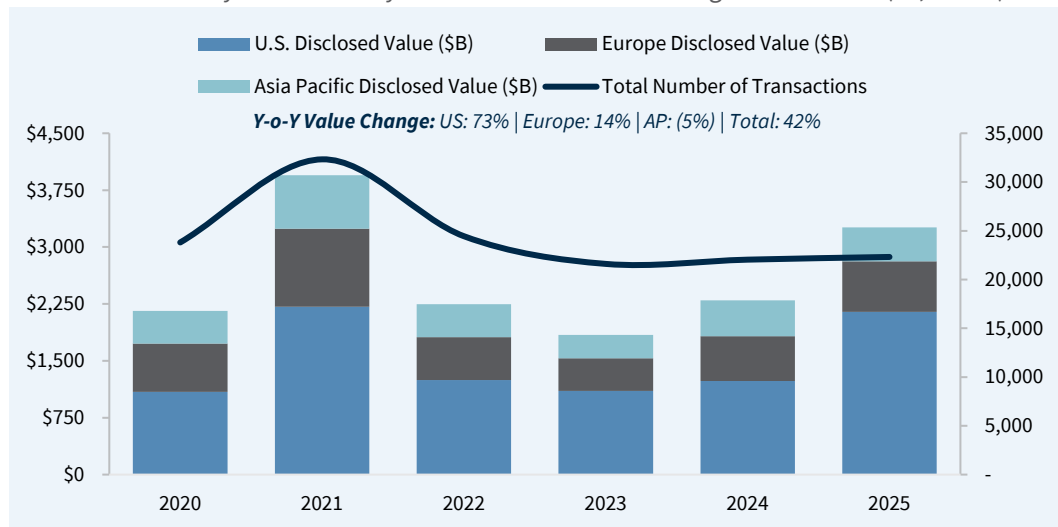
214.965.7628

[mark.w.buchanan@raymondjames.com](mailto:mark.w.buchanan@raymondjames.com)

# Global M&A Market Commentary

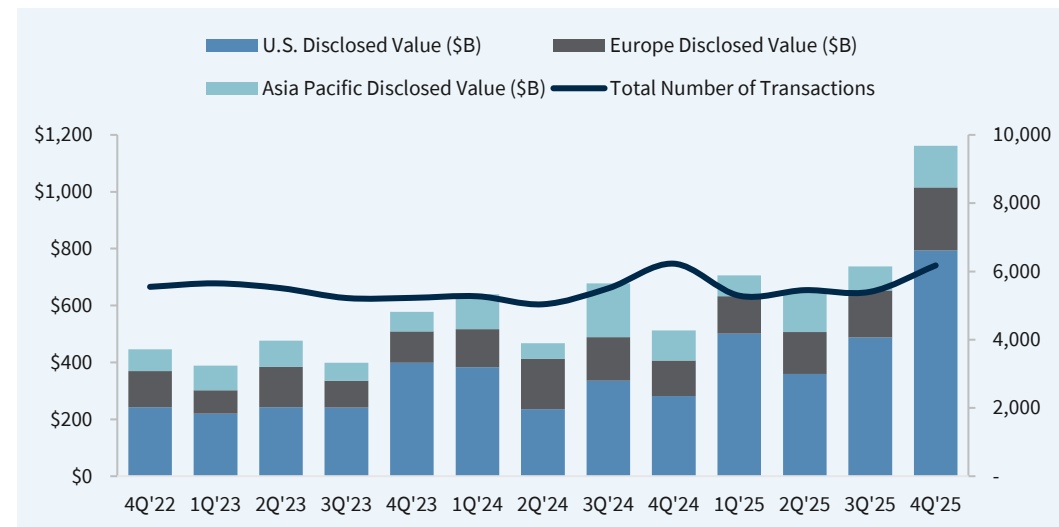
## Historical Annual M&A Activity

Total M&A deal volume in 2025 involving targets based in the U.S., Europe and Asia Pacific increased by ~1% year-over-year (“Y-o-Y”)<sup>(1)</sup>. More significantly, M&A deal value increased ~42% in 2025 when compared to 2024<sup>(1)</sup>. M&A deal value rebounded meaningfully in 2025, recording the strongest annual period for transaction value since 2021; all deal size buckets recorded an increase in deal value Y-o-Y. Most notably, large transactions (\$1,000M+) displayed the largest percentage increase in deal value of ~51%. With nearly 115 transactions valued at \$5,000M+ in 2025 compared to 82 in 2024, this trend underscores a market shift toward high-impact mega-deals that is expected to continue into 2026. Historically speaking, large transactions have served as a leading indicator regarding the health of broader M&A activity, boding well for the outlook in the middle-market. The U.S. region had the strongest 2025 performance with a ~73% increase in deal value Y-o-Y, including an ~85% increase within the large transaction (\$1,000M+) deal size range. Deal value in Europe increased by ~14%, while deal value in Asia Pacific decreased by ~5% driven by a decline of ~16% within large transactions (\$1,000M+).



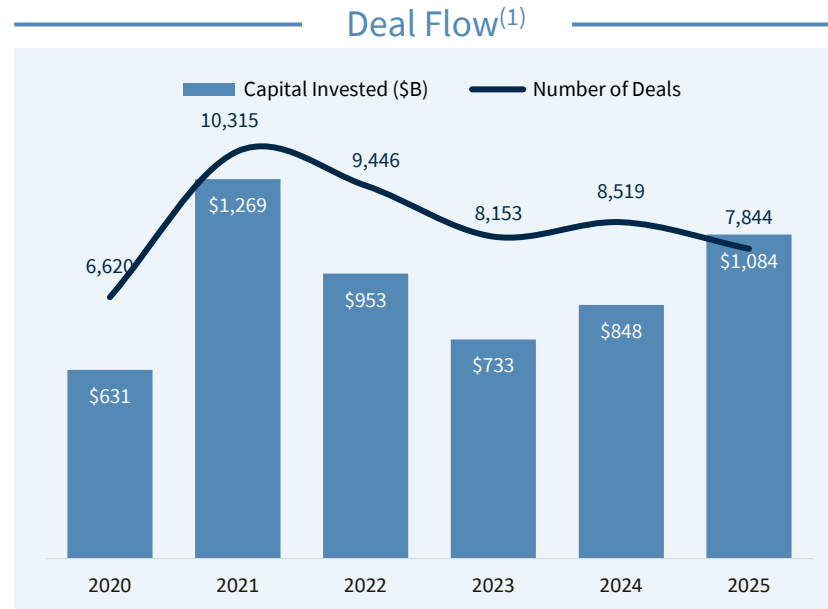
## Historical Quarterly M&A Activity

In the U.S., Europe and Asia Pacific, sequential Q-o-Q announced M&A deal value increased by ~57%, while deal volume increased by ~14% in 4Q'25<sup>(1)</sup>. The fourth quarter was the most active for 2025, when measured by deal value and volume with total transaction volume reaching the highest level since the 4Q'24 and total transaction value reaching a record high post-2008. Aggregate deal value within the U.S., Europe and Asia Pacific reached roughly \$1.2 trillion in 4Q'25, a \$423 billion increase from 3Q'25. Large transactions surged, with over 15 M&A announcements of more than \$10 billion in transaction value in the fourth quarter including the announced acquisition of Warner Bros by Netflix at ~\$83 billion – the largest announced transaction of 2025. Regionally, Asia Pacific had the largest sequential increase in deal value of ~73% as activity bounced from a soft Q3, with the U.S. trailing closely behind at a ~63% increase Q-o-Q.

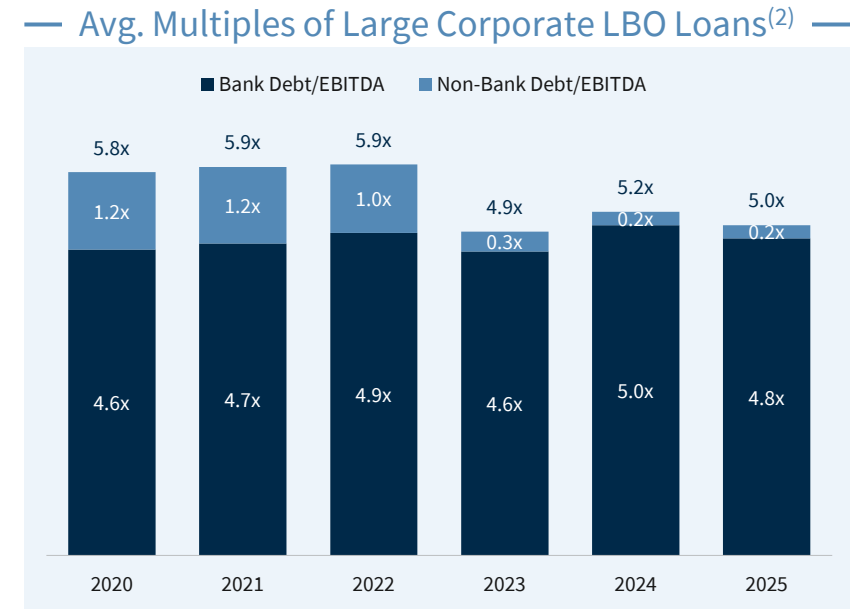


(1) FactSet; number of transactions includes those with undisclosed values; includes transactions with disclosed values over \$10M. Data as of 12/31/2025.  
 (2) Reuters / S&P M&A Report.

# U.S. Private Equity Commentary



U.S. private equity deal value in 2025 increased ~28% when compared to 2024, bolstered by a surge of megadeals. However, when measured by deal volume, U.S. private equity saw a Y-o-Y decrease of ~8% in 2025. When comparing the fourth quarter of 2025 over a longer-term horizon, deal value was ~15% higher than the quarterly average since 2019; deal volume was ~26% lower than the quarterly average over the same period. Compositionally, deal sizes from \$100M – \$500M comprised 26% of total deal volume in 2025, representing a Y-o-Y decrease of ~4%. When measured by deal value, the same size range saw a Y-o-Y decrease of ~9%, representing ~32% of total deal value in 2025<sup>(1)</sup>.

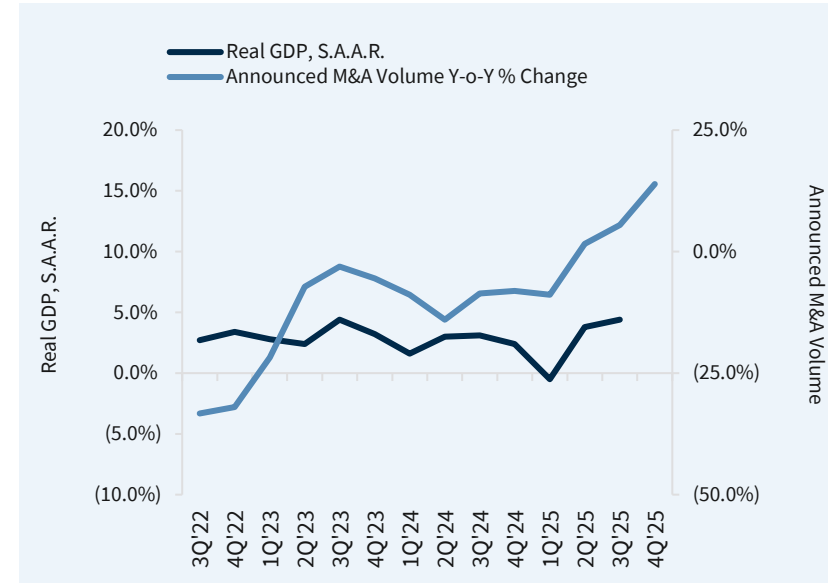


Average debt multiples of large corporate LBO loans in 2025 were modestly lower than 2024, decreasing by 0.2x to 5.0x, driven by a more cautious credit environment and elevated interest rates in the first half of the year<sup>(3)</sup>. In 2H'2025, market conditions improved as the broadly syndicated market further opened up and issuers took advantage of lower rates and spreads. Despite this, the fourth quarter was the slowest for M&A-related issuance in 2025, with volume totaling just \$26.7 billion, the lowest level since Q2 2024. This weakness was primarily driven by a sharp pullback in LBO activity during the quarter, which fell to \$5.4 billion – its lowest level since Q4 2023<sup>(4)</sup>. Nevertheless, LBO and M&A volume are expected to climb in 2026 on stable fundamentals and lower borrowing costs, supported by a growing acquisition pipeline that includes the pending financings for several large transactions announced in 2025<sup>(4)</sup>.

(1) PitchBook, "US PE Breakdown". Data as of 12/31/2025.  
 (2) S&P LCD Report. Includes issuers with EBITDA greater than \$50M. Data as of 12/31/2025.  
 (3) Federal Reserve Senior Loan Opinion Survey on Bank Lending Practices.  
 (4) Pitchbook US Credit Markets Report.

# U.S. Corporate Finance Commentary

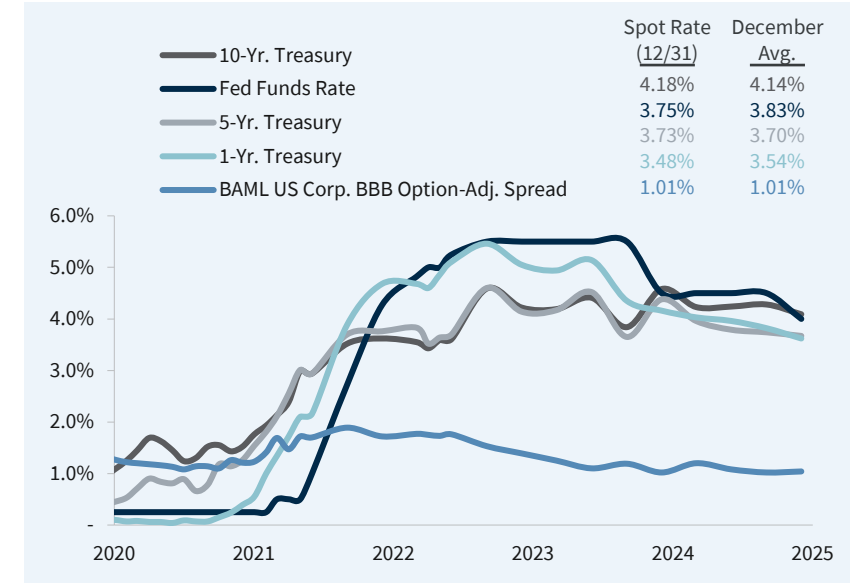
## U.S. GDP Growth vs. M&A Activity<sup>(1)(2)(3)</sup>



U.S. real GDP growth, historically an indicator of M&A activity and a barometer for overall economic health, is estimated to have increased at an annualized pace of 1.4% in Q4 2025; comparatively, GDP increased 4.4% in Q3 2025, increased 3.8% in Q2 2025 and decreased 0.6% in Q1 2025. The increase in third quarter GDP reflected a decrease in imports and increases in consumer spending, exports, government spending and investment. Real personal spending, which accounts for about 70% of GDP, had a positive impact on GDP growth, increasing 3.5% in the third quarter of 2025, compared to increases of 2.5%, 0.6% and 3.9% in each of the last three sequential quarters, respectively. The Consumer Price Index, a broader measure of inflation in the economy, increased 2.7% for the twelve-month period ending December 2025.

(1) U.S. Bureau of Economic Analysis. Updated as of latest available (02/20/2026).  
 (2) FactSet.  
 (3) GDP growth based on 2012 dollars.  
 (4) Federal Reserve Economic Data. Data represents the monthly average.  
 (5) CME FedWatch. Updated as of latest available (02/20/2026).

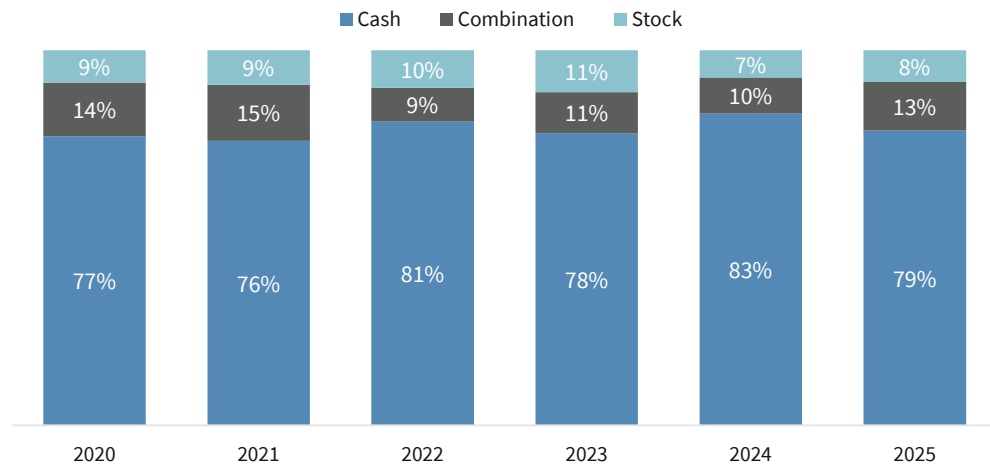
## U.S. Corporate Spreads<sup>(4)</sup>



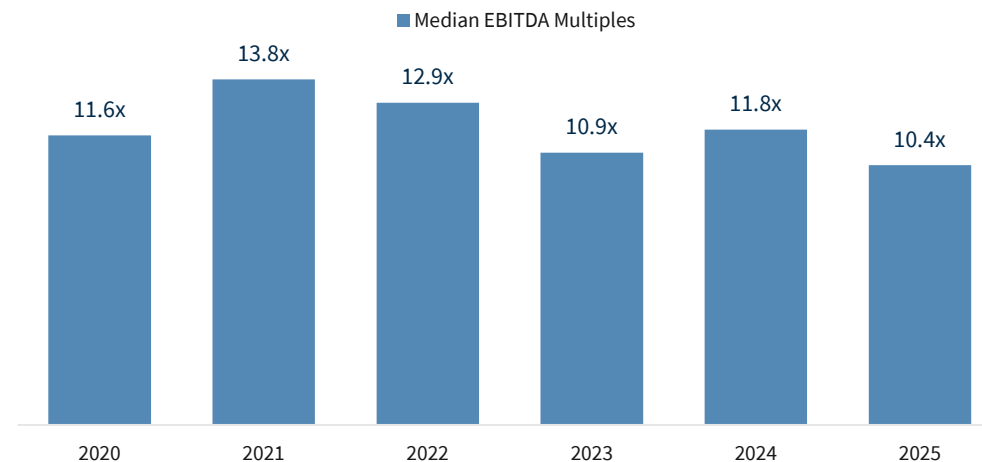
The Federal Reserve lowered the fed funds rate by 25 bps in each of September, October and December, resulting in a targeted range of 350 – 375 bps at the end of 2025. This follows the Fed’s “wait-and-see” approach during the first half of 2025, before shifting toward rate cuts later in the year amid softening labor market conditions. The Fed is expected to pause further adjustments and maintain current policy levels headed into the first half of 2026<sup>(5)</sup>. The stock market delivered a steady performance in the fourth quarter as the S&P 500 increased ~2.0% over the period. Multiple sectors posted growth during the fourth quarter, led by the Health Care sector at ~8.0%. Following Health Care was the Communication Services and Financials sectors, which posted increases of ~7.9% and ~2.6%, respectively.

# M&A Market Statistics

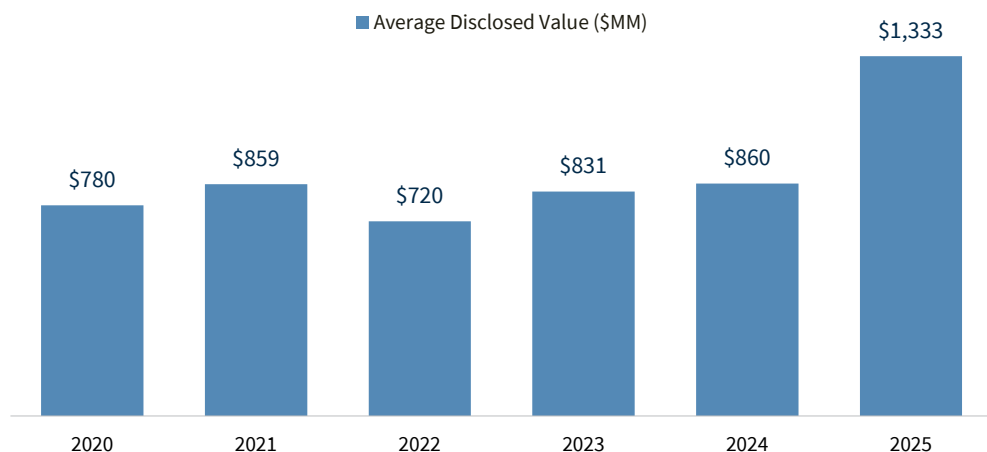
Consideration Offered in U.S. M&A Transactions<sup>(1)(2)</sup>



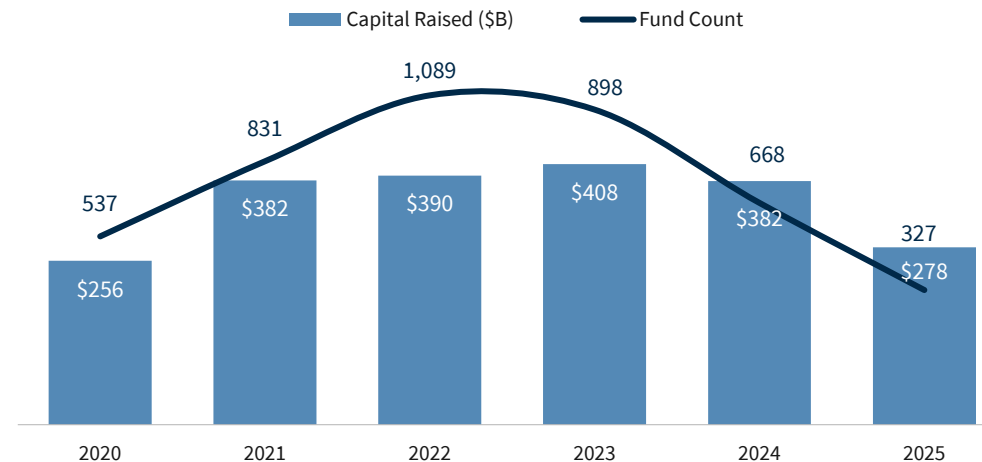
Median EBITDA Multiples in U.S. M&A Transactions<sup>(1)(2)</sup>



Average Size of U.S. M&A Transactions<sup>(1)(2)</sup>



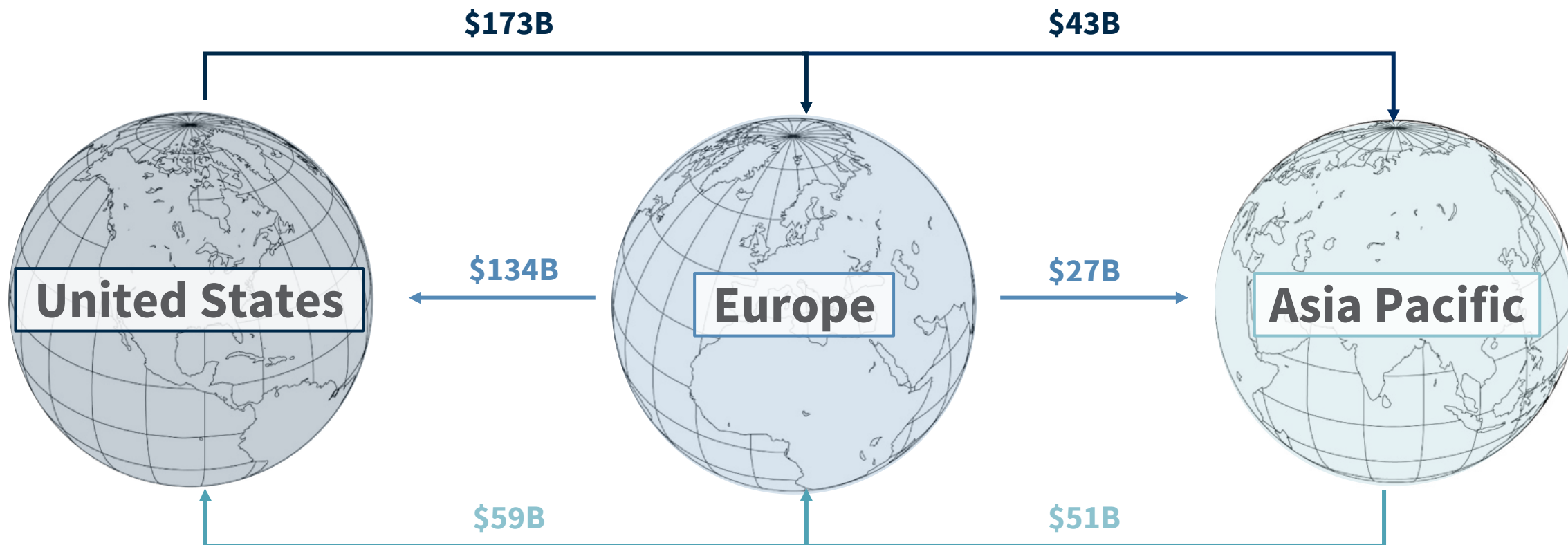
U.S. Private Equity Fundraising<sup>(3)</sup>



(1) FactSet; data as of 12/31/2025.  
 (2) Includes transactions with disclosed values over \$10M.  
 (3) PitchBook, "US PE Breakdown". Data as of 12/31/2025.

# M&A Market Statistics

2025 Cross Border M&A Deal Activity<sup>(1)</sup>



(1) Source: FactSet; number of transactions includes those with undisclosed values; Includes transactions with disclosed values over \$10M. Data from 1/1/2025 – 12/31/2025.

# Economic Commentary



Eugenio J. Alemán, Ph.D.

February 20<sup>th</sup>, 2026

Chief Economist, Private Client Group

## A Short Note On The US Supreme Court's Decision On Tariffs

We will let lawyers determine the path forward on tariffs after the Supreme Court's decision, but we wanted to give our 2 cents from inside our economist castle tower. As we have said before, we believe that freer trade is better than no trade, and tariffs are not good instruments to solve economic problems. But this has nothing to do with today's Supreme Court's decision on deeming the IEEPA (International Emergency Economic Powers Act) tariffs illegal. The administration will have other alternatives to impose tariffs on a sector-by-sector basis, or it could, potentially, accept the decision and say that its objectives were achieved and move forward. We don't really know what it will do, but we suspect that it will try to come back and impose other tariffs.

The biggest issue we have with this is the uncertainty it creates, as well as the economic distortions we are going to see going forward. We could see, once again, firms trying to hoard imports in order to avoid sectoral tariffs once again, and this could generate even more uncertainty. We already saw what happened after the April 2 Liberation Day shock, and the employment data after revisions clearly showed the negative effects on US firms. Thus, we are concerned that the decision to reimpose tariffs and the resulting uncertainty could delay the recovery in employment we were expecting. Hard to say right now, but we will follow these events closely during the next several quarters.

## Hard vs. Soft Data: And The Winner Is... Soft Data!

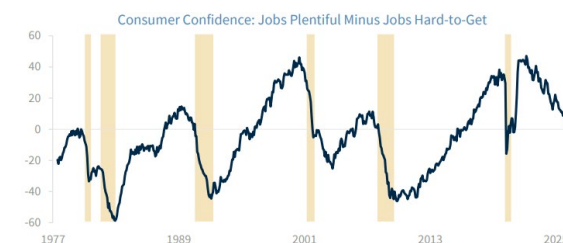
During 2025, there was a big discussion around the discrepancy between hard data, which continued to point to a very resilient US economy, and consumers' responses in surveys (soft data) about how they felt regarding the economy. The relatively large jump in consumer confidence after the November 2024 presidential elections was short-lived, with the Consumer Confidence Index (CCI) dropping back to levels not seen since 2014 mostly due to the impact of Liberation Day in April of last year. Although we saw some recovery in the aftermath, the index started to fall again in August of 2025 and reached the lowest level since early 2014 once more in January of this year.

The consequences of the imposition of tariffs last year seem to have clouded economists' and analysts' views of what the first thing companies do when faced with a shock. Since early last year, we were arguing for a more forceful lowering of interest rates because we saw that employment was slowing down considerably. But we had trouble convincing friends and foes because employment numbers (hard data) were pointing to a still strong labor market. However, when firms are caught by surprise by an unforeseen event, in this case a tariff shock, the only factor of production they can cut almost immediately (i.e., the variable factor of production) is labor. Although we didn't see massive layoffs that would indicate a recession, firms decided to slow down hiring even as the economy continued to grow.

At the same time, the OBBBA (One Big Beautiful Bill Act) provided a very large incentive to invest in capital rather than labor, as firms could fully expense capital investment and reduce their tax bill. This meant that the OBBBA came in handy and provided incentives at a time of high uncertainty due to tariffs.

Americans have been concerned with the state of the US labor market for a while, but this concern accelerated at the beginning of 2025, with the difference between jobs plentiful minus jobs hard to get reaching the lowest level in January of this year and since the COVID pandemic recession, as shown in the graph below.

We were expecting these two effects, the tariff shock and the incentives for investing in capital, to diminish during the rest of this year and for employment to start improving, as we saw in the release of the January employment numbers. However, the Supreme Court's decision on IEEPA, and the administration's response, could throw another wrench into the economy's path this year.



# Raymond James

**Raymond James** is one of the largest full-service investment firms and New York Stock Exchange members headquartered in the Southeast. Founded in 1962, Raymond James Financial, together with its subsidiaries Raymond James Financial Services, Raymond James Ltd. and Raymond James Financial International Limited, has more than 80 institutional sales professionals and nearly 8,900 affiliated financial advisors, as of 12/31/25, in North America and Europe. Raymond James boasts one of the largest sales forces among all U.S. brokerage firms.

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## MERGERS & ACQUISITIONS

Jeff Maxwell  
*Head of Mergers & Acquisitions*  
 727.567.5222  
[jeff.maxwell@raymondjames.com](mailto:jeff.maxwell@raymondjames.com)



## BUSINESS DEVELOPMENT

Ken Grider  
*Head of Business Development*  
 727.567.5091  
[ken.grider@raymondjames.com](mailto:ken.grider@raymondjames.com)



## CAPITAL STRUCTURE ADVISORY

Geoffrey Richards  
*Co-Head of Capital Structure Advisory*  
 212.885.1885  
[geoffrey.richards@raymondjames.com](mailto:geoffrey.richards@raymondjames.com)

Alexander Rohan  
*Co-Head of Capital Structure Advisory*  
 212.314.0400  
[alexander.rohan@raymondjames.com](mailto:alexander.rohan@raymondjames.com)



## CONSUMER

John Berg  
*Head of Consumer Group*  
 727.567.8586  
[john.berg@raymondjames.com](mailto:john.berg@raymondjames.com)



## DIVERSIFIED INDUSTRIALS

Alper Cetingok  
*Head of Diversified Industrials Group*  
 901.531.3203  
[alper.cetingok@raymondjames.com](mailto:alper.cetingok@raymondjames.com)



## ENERGY

Marshall Adkins  
*Head of Energy Group*  
 713.278.5239  
[marshall.adkins@raymondjames.com](mailto:marshall.adkins@raymondjames.com)



## EUROPEAN ADVISORY

Allan Bertie  
 London, UK  
*Head of European Investment Banking*  
 44.203.798.5701  
[allan.bertie@raymondjames.com](mailto:allan.bertie@raymondjames.com)



## FINANCIAL SERVICES

John Roddy  
*Head of Financial Services Group*  
 212.856.4880  
[john.rodny@raymondjames.com](mailto:john.rodny@raymondjames.com)



## HEALTHCARE

Doug Brown  
*Head of Healthcare Group*  
 704.236.2064  
[douglas.m.brown@raymondjames.com](mailto:douglas.m.brown@raymondjames.com)



## PRIVATE CAPITAL ADVISORY

Sunaina Sinha  
 London, UK  
*Head of Private Capital Advisory*  
 44.203.667.5001  
[sunaina.sinha@raymondjames.com](mailto:sunaina.sinha@raymondjames.com)



## RJ PRIVATE CREDIT

Omer Masud  
*Head of RJ Private Credit*  
 212.885.1810  
[Omer.Masud@RaymondJames.com](mailto:Omer.Masud@RaymondJames.com)



## REAL ESTATE

Brad Butcher  
*Head of Real Estate Group*  
 727.567.1029  
[brad.butcher@raymondjames.com](mailto:brad.butcher@raymondjames.com)






















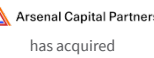




## TECHNOLOGY & SERVICES

Brendan Ryan  
*Co-Head of Technology & Services Group*  
 617.624.7019  
[brendan.ryan@raymondjames.com](mailto:brendan.ryan@raymondjames.com)

Jon Steele  
*Co-Head of Technology & Services Group*  
 617.624.7020  
[jon.steele@raymondjames.com](mailto:jon.steele@raymondjames.com)

# Raymond James recent Advisory transactions (10/01/25 – 12/31/25)

<p>December 2025</p>  <p>a portfolio company of <b>Arsenal Capital Partners</b></p> <p>has been acquired by <b>ENDLESS</b></p>	<p>December 2025</p>  <p>a portfolio company of <b>Riverside</b></p> <p>has entered into a definitive agreement to be acquired by <b>GI PARTNERS</b></p>	<p>December 2025</p>  <p>a portfolio company of <b>Midground Capital</b></p> <p>has been acquired by <b>TJC</b></p>	<p>December 2025</p>  <p>has made a growth investment in <b>raptor WASTE SOLUTIONS</b></p>	<p>December 2025</p>  <p>a portfolio company of <b>WARBURG PINCUS</b></p> <p>has entered into a definitive agreement to be acquired by <b>IFS</b></p>	<p>December 2025</p>  <p>have entered into a definitive agreement to acquire <b>Teleflex MEDICAL OEM</b></p>	<p>December 2025</p>  <p>has received a significant growth investment from <b>LEVEL EQUITY</b></p>	<p>December 2025</p>  <p>has acquired <b>APS ATLANTIC PIPE SERVICES</b></p>
<p>December 2025</p>  <p>a portfolio company of <b>STONE POINT CAPITAL</b></p> <p>has entered into a definitive agreement to acquire <b>PARTSTRADER</b></p>	<p>December 2025</p>  <p>businesses of <b>MOODY'S</b></p> <p>have been acquired by <b>FitchGroup</b></p>	<p>December 2025</p>  <p>has entered into a definitive agreement to be acquired by <b>同程旅行</b></p>	<p>December 2025</p>  <p>has entered into a definitive agreement to acquire <b>BANK HOUSTON</b></p>	<p>November 2025</p>  <p>has acquired <b>NEW WAY</b></p>	<p>November 2025</p>  <p>has been acquired by <b>ESL Federal Credit Union</b></p>	<p>November 2025</p>  <p>a portfolio company of <b>SUNRISE Trilantic</b></p> <p>has been acquired by <b>Platinum Equity</b></p>	<p>November 2025</p>  <p>has been acquired by <b>FloWorks</b></p> <p>a portfolio company of <b>WYBCHURCH CAPITAL</b></p>
<p>November 2025</p>  <p>has made a growth investment in <b>WASTE OLOGY</b></p>	<p>November 2025</p>  <p>a portfolio company of <b>YellowWood PARTNERS</b></p> <p>has sold a majority stake to <b>Bansk</b></p>	<p>November 2025</p>  <p>a portfolio company of <b>McNally CAPITAL</b></p> <p>has merged with <b>SPATHE SYSTEMS</b></p>	<p>November 2025</p>  <p>has acquired <b>LETTERMEN'S PROPANE</b></p>	<p>November 2025</p>  <p>a portfolio company of <b>ALIGN VENTURES</b></p> <p>has been acquired by <b>MAMMOTH BRANDS</b></p>	<p>November 2025</p>  <p>has acquired <b>SONOCO THERMOSAFE</b> (now Thermosafe)</p> <p>has acquired <b>ThermoSafe</b></p>	<p>November 2025</p>  <p>a portfolio company of <b>Hellman &amp; Friedman</b></p> <p>has been acquired by <b>GTCR</b></p>	<p>November 2025</p>  <p>has entered into a definitive agreement to acquire <b>Blue Owl Capital Corporation II</b></p>

# Raymond James recent Advisory transactions (10/01/25 – 12/31/25) (cont'd)

November 2025



has entered into a definitive agreement to acquire



October 2025



has entered into a definitive agreement to make a strategic investment in



October 2025

KPS CAPITAL PARTNERS, LP has entered into a definitive agreement to acquire a controlling stake in



(Refinery Catalysts) a subsidiary of



October 2025



has entered into a definitive agreement to acquire




October 2025




has entered into a definitive agreement to merge with




October 2025



has been acquired by



a portfolio company of



October 2025



has entered into a definitive agreement to acquire

**Sensus International**  
(metering assets outside of North America)

a business of



October 2025



a portfolio company of




has been acquired by




NORCROS

October 2025



has acquired



October 2025



has acquired



Fairness Opinion

October 2025



has been acquired by



October 2025



has received an investment from





October 2025



a portfolio company of





















has received a majority investment from



Rothechild & Co

# Raymond James recent Capital Markets transactions (10/01/25 – 12/31/25)

<p>December 2025</p>  <p><b>\$15,000,000</b></p> <p>PIPE Offering Placement Agent</p>	<p>December 2025</p>  <p><b>\$318,262,500</b></p> <p>Follo-On Offering Passive Bookrunner</p>	<p>December 2025</p>  <p><b>\$462,500,000</b></p> <p>Initial Public Offering Passive Bookrunner</p>	<p>December 2025</p>  <p><b>\$200,000,000</b></p> <p>PIPE Offering Placement Agent</p>	<p>December 2025</p>  <p><b>\$632,500,000</b></p> <p>Follow-On Offering Co-Manager</p>	<p>December 2025</p>  <p><b>\$1,121,250,000</b></p> <p>Follow-On Offering Co-Manager</p>	<p>November 2025</p>  <p><b>\$67,091,820</b></p> <p>Follow-On Offering Passive Bookrunner</p>	<p>November 2025</p>  <p><b>\$300,000,000</b></p> <p>Convertible Offering Co-Manager</p>
<p>November 2025</p>  <p><b>\$149,999,998</b></p> <p>Follow-On Offering Lead Manager</p>	<p>November 2025</p>  <p><b>\$51,250,000</b></p> <p>Preferred Offering Left Bookrunner</p>	<p>November 2025</p>  <p><b>\$770,000,000</b></p> <p>Convertible Offering Co-Manager</p>	<p>November 2025</p>  <p><b>\$345,000,023</b></p> <p>Follow-On Offering Co-Manager</p>	<p>November 2025</p>  <p><b>\$632,500,000</b></p> <p>Convertible Offering Co-Manager</p>	<p>November 2025</p>  <p><b>\$28,106,000</b></p> <p>Follow-On Offering Lead Manager</p>	<p>November 2025</p>  <p><b>\$50,000,000</b></p> <p>Preferred Offering Left Bookrunner</p>	<p>October 2025</p>  <p><b>\$450,000,000</b></p> <p>Preferred Offering Co-Manager</p>
<p>October 2025</p>  <p><b>\$172,500,000</b></p> <p>Follow-On Offering Co-Manager</p>	<p>October 2025</p>  <p><b>\$129,999,998</b></p> <p>Follow-On Offering Co-Manager</p>						

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INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER  
880 CARILLON PARKWAY | ST. PETERSBURG, FL 33716 | 800.248.8863  
RAYMONDJAMES.COM