

# 2022 Year-End Sector Report: Distribution & Supply Chain

## 2022 Review: Overview of M&A and private market performance

Multiple macro factors have driven uncertainty and volatility in the public markets over the last year: inflation concerns, supply-chain issues fueled by lingering effects of the pandemic, slowing growth, a challenging interest rate environment and the Russia-Ukraine conflict. All of these factors have put pressure on valuations and the pace/volume of M&A activity in 2022 (relative to the torrid pace of 2021). However, private market M&A activity (especially financial sponsor activity) has shown strong resistance to these headwinds and the outlook for overall M&A activity in 2023 remains positive.

While economic concerns, debt markets and higher interest rates impacted M&A activity in 2022, strategic and financial dealmakers have remained active. High quality companies are still commanding attractive multiples despite choppy macro headlines and an uncertain near-term outlook. Additionally, valuations in the private market for 2022 remained resilient, dipping only moderately relative to the public market downturn despite rising interest rates that contributed to a decline in total debt utilization in M&A transactions.

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