

ST. LOUIS BUSINESS JOURNAL

St. Louis M&A deals declined in 2022, mirroring national trend

By [James Drew](#) – Reporter, St. Louis Business Journal

Merger and acquisition transactions declined 21.5% last year in the St. Louis area, compared with record-setting activity in 2021, according to an analysis by [The Fortune Group](#).

However, the region's deal volume remained healthy, with activity reaching its second highest level over the past 10 years, said [Brad Scharfenberg](#), Vice President of the Clayton-based M&A advisory firm.

The number of reported transactions in the St. Louis area last year dropped to 226 from 288 in 2021, said Scharfenberg, mirroring a nationwide decline of 19%, S&P Capital IQ found.

Deals in 2021 totaled 288 — an eye-catching 73.5% jump from 166 in 2020, the year the Covid-19 pandemic struck.

The number spiked in 2021 in part because deals were delayed in 2020 and pushed into the following year as demand for transactions exceeded the supply, Scharfenberg said.

“Interest rates had not risen to the levels where they are at now, so the lending market and the ability to complete deals was easier,” he said of 2021.

The number of St. Louis area companies that sold last year declined by 31.3%, from 128 in 2021 to 88 in 2022, according to The Fortune Group's report based on S&P Capital IQ data.

The largest reported transaction was [AZZ Inc.'s \(NYSE: AZZ\) purchase of Precoat Metals](#) for \$1.2 billion, said [John Hull](#), managing director of The Fortune Group.

Other transactions included [Woodgrain Inc. acquiring Huttig Building Products](#) in a going-private transaction and [General Mills' \(NYSE: GIS\) purchase of TNT Crust](#).

On the buy side, there was a smaller decline in activity as St. Louis-based companies acquired 135 businesses in 2022, a decrease of 13.8% compared with 2021.

[Core & Main \(NYSE: CNM\)](#) continued to be “very acquisitive” in 2022, buying seven companies. It's now completed more than 20 transactions over the past five years, Hull said.



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The Fortune Group's John Hull said the M&A market should remain strong through the remainder of the year.

Other active buyers included [privately held packaging company TricorBraun](#), which also completed seven acquisitions, and [National Medical Billing Services](#) and [Missouri American Water](#), each of which completed four acquisitions.

M&A activity began slowing in the second half of 2022 due to tightening credit markets, higher borrowing costs and inflationary pressure, Hull said. Those factors and the widespread concern about a recession have led many M&A professionals to forecast lower transactional activity again this year, he added.

Hull said despite these headwinds, The Fortune Group believes middle market M&A deal volume this year in the St. Louis area “will remain solid due to the ongoing generational transition of current business owners and the demonstrated resilience of middle market M&A.”

The Fortune Group defines middle market M&A as deals with transaction values between \$10 million and \$250 million, Scharfenberg said.