



# MID-MARKET INVESTMENT BANKING

August 2024 M&A Dashboard



## August 2024 M&A Trends

In the U.S., both headline and core inflation decreased to 3.0% and 3.3% (year over year, annualised), respectively, while the economy expanded by 0.7% (quarter over quarter, annualized) marking the eighth consecutive quarter of growth. The Fed maintained its target rate range unchanged at 5.25%-5.50% and signaled a rate cut “might be on the table” this year. Meanwhile, the Bank of Canada lowered its key interest rate to 4.5%, marking its second rate cut this year.

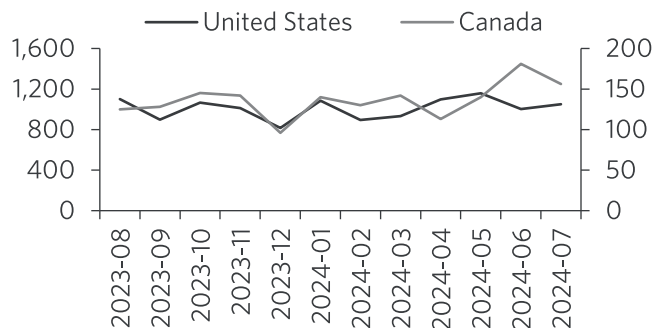
M&A transaction volume in the U.S. and Canada displayed a divergence, as U.S. volume increased while Canadian volume decreased. In Canada, on an annualized basis, information technology and consumer staples are the two sectors with the sharpest transaction volume declines of 22% and 12%, respectively, compared to a decline in volume of 12% for the overall market. Financials, energy and communication services continue to demonstrate relative strength on an annualized basis. In our own experience, while we see transactions taking longer to close and more cautious buyers, we continue to see strong valuations and significant interest for businesses in sectors with tailwinds.

## Quarterly valuation and leverage analysis

Valuations on deals completed in Q2 2024 had an average TEV/EBITDA multiple of 7.4x, an increase from the average recorded in Q1 2024 and surpassing the last eight quarters’ average multiple of 7.3x. The valuation multiples were largely supported by deals with a TEV of \$50M to \$250M.

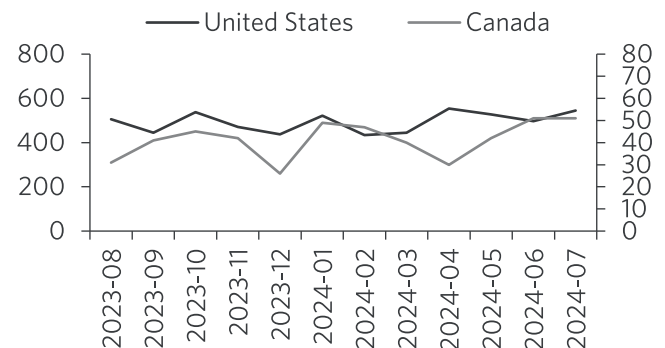
Similarly, total debt/EBITDA on platform deals increased to an average of 3.1x, with senior leverage increasing to 2.3x and subordinated debt remaining at 0.8x. The increase in leverage is largely driven by deals with a TEV of \$10M to \$100M which rely more heavily on subordinated debt financing. However, beyond the reported relative stability in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - US & CA



Source: CapitalIQ.

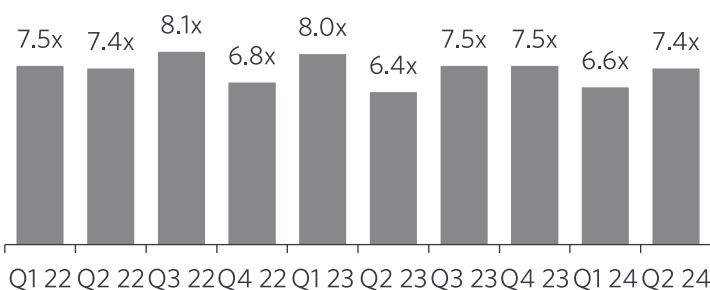
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

## Mid-Market M&A Multiples - US & CA

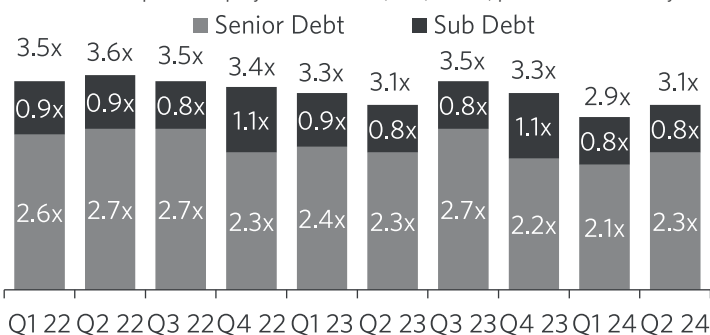
US & Canada private equity transactions \$10-\$250M



Source: GF Data.

## Mid-Market M&A Leverage - US & CA

US & Canada private equity transactions \$10-\$250M, platforms deals only



Source: GF Data.

# Canadian M&A activity by sector - notable transactions

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Materials	July 2024: 20%			Gold and silver mineral exploration company
	Last twelve months: 22%			
Information Technology	17%			Offers a security-as-a-service platform
	11%			
Industrials	15%			Service, rental and sales of on-site power generation equipment
	19%			
Financials	13%			Provides home, auto, and business insurance
	9%			
Real Estate	8%		Manufactured home community portfolio	Comprises manufactured home community sites
	7%			
Health Care	7%			Designs and manufactures precision surgery products
	7%			
Energy	6%		Acquired a 50% interest in Kaybob Complex	Comprises a 50% stake in a natural gas processing facility
	6%			
Communication Services	5%			Operates as a digital marketing agency
	6%			
Consumer Discretionary	5%			Mattress, bedding, and specialty sleep products retailer
	7%			
Consumer Staples	4%			Packager and distributor of confectionary products
	4%			
Utilities	0% 1%			No disclosed transactions in July 2024

Source: CapitalIQ.

# About us

CIBC Mid-Market Investment Banking is a leading M&A advisor, providing services to private companies:

- Divestitures
- Acquisitions and management buyouts
- Raising equity capital and securing debt financing

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