



MID-MARKET INVESTMENT BANKING

July 2024 M&A Dashboard

July 2024 M&A Trends

In the U.S., both headline and core inflation decreased to 3.3% and 3.4% (year over year, annualised), respectively, while the Fed maintained its target rate range unchanged at 5.25%-5.50% and signaled rates might remain high for longer. Similarly, the Bank of Canada held its target for the overnight rate at 4.75%.

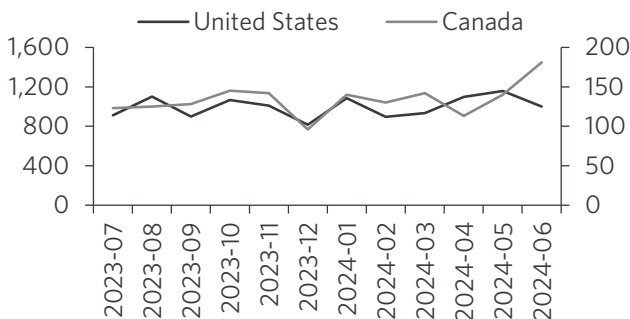
Meanwhile, M&A transaction volume in the U.S. and Canada displayed a divergence, as U.S. volume decreased while Canadian volume increased to its highest level on a trailing twelve-month basis. In Canada, on an annualized basis, information technology and consumer staples are the two sectors with the sharpest transaction volume declines of 25% and 18%, respectively, compared to a decline in volume of 15% 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 Q1 2024 had an average TEV/EBITDA multiple of 6.6x, a decrease from the average recorded in Q4 2023 and dropping below the last eight quarters' average multiple of 7.3x. The valuation multiples were largely supported by deals with a TEV of \$50M to \$250M.

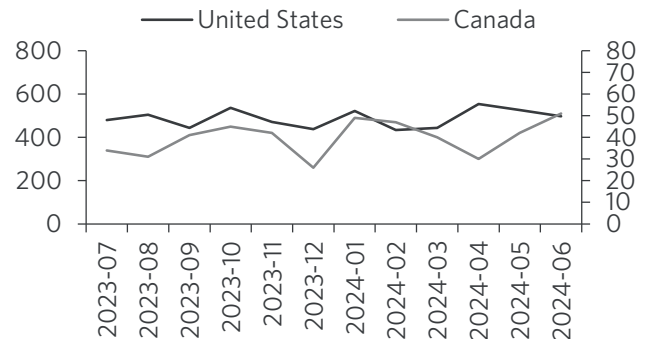
Similarly, total debt/EBITDA on platform deals decreased to an average of 2.9x, with senior leverage decreasing to 2.1x and subordinated debt decreasing to 0.8x. The decrease in leverage is largely driven by deals with a TEV of \$10M to \$100M which rely more heavily on subordinated debt financing. However, 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.

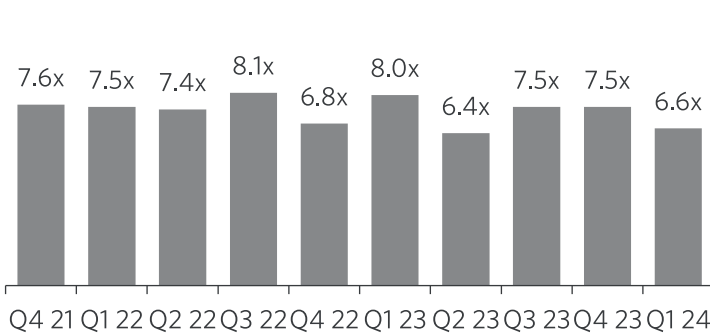
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

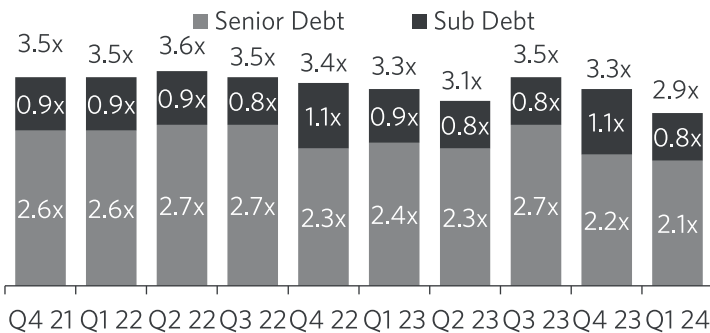
US & Canada private equity transactions \$10-\$250M



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
Industrials	June 2024 23%	BDG & partners		Manufactures power and energy management products
	Last twelve months 19%			
Materials	22%			Engages in the exploration, and development of mineral properties
	22%			
Information Technology	13%			Provides technology solutions for gaming and betting services
	10%			
Financials	9%			Provides banking products and services
	9%			
Health Care	8%			A contract manufacturer of pharmaceutical products
	7%			
Consumer Discretionary	8%		RUBINO	Engages in the retailing of footwear, handbags, and accessories
	7%			
Energy	6%		Oil and natural gas properties	Comprises oil and gas exploration properties
	7%			
Consumer Staples	4%		Pharmacies in Nova Scotia	Comprises Five Pharmacies in Saskatchewan, Nova Scotia
	3%			
Real Estate	4%		Rental properties	Comprises four mid-rise rental properties in Ontario
	7%			
Communication Services	3%			Provides audiovisual production and management solutions
	6%			
Utilities	1%		Wastewater utility systems	Comprises a wastewater utility plant in Harmony, Alberta
	1%			

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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