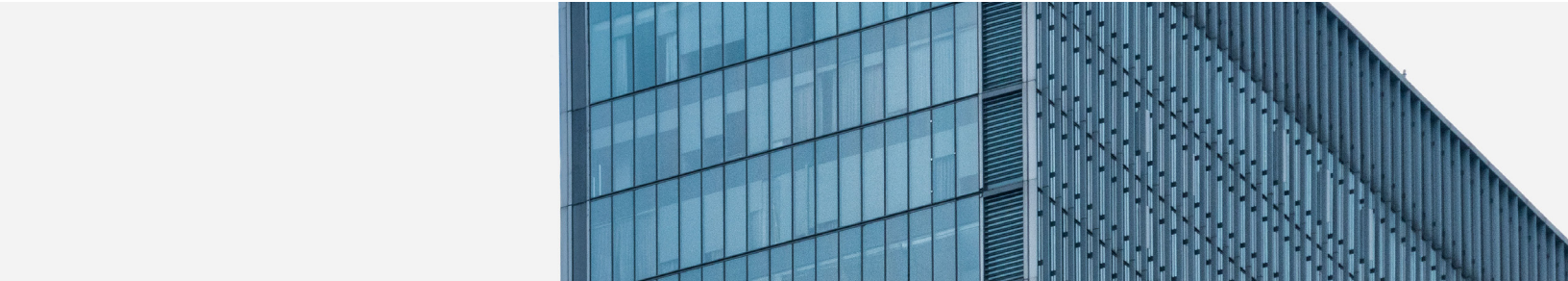




# MID-MARKET INVESTMENT BANKING

June 2024 M&A Dashboard



## June 2024 M&A Trends

In the U.S., both headline and core inflation decreased to 3.4% and 3.6% (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. Meanwhile, the Bank of Canada lowered its key interest rate to 4.75%, marking its first rate cut since March 2020.

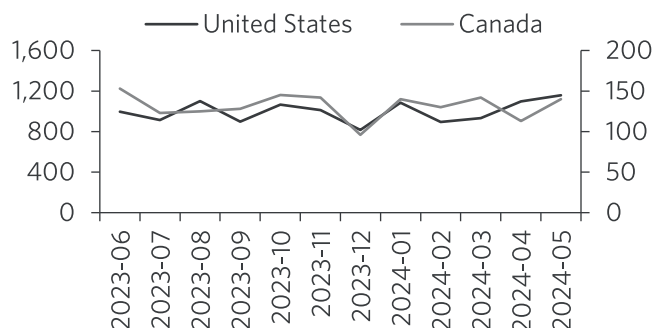
M&A transaction volume in both the U.S. and Canada displayed an increase in volume, as U.S. volume reached its highest level on a trailing twelve-month basis and Canadian volume recovered to a level last seen in October 2023. In Canada, on an annualized basis, information technology and consumer staples are the two sectors with the sharpest transaction volume declines of 21% and 19%, 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 Q12024 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.

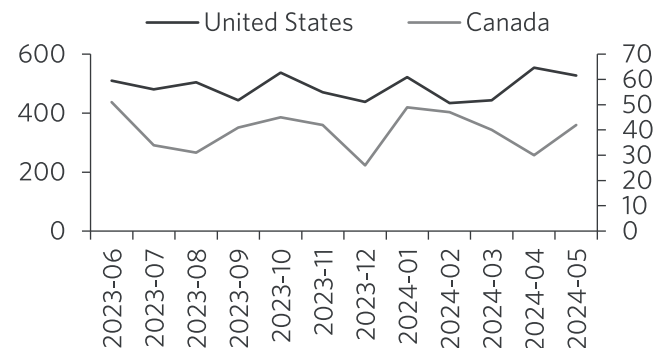
Similarly, total debt/EBITDA on platform deals decreased to an average of 2.9x, with senior leverage decreasing to 2.1x and subordinated debt decreasing to 0.8x. The decrease in leverage is largely driven by deals with a TEV of \$10M to \$100M which rely more heavily on subordinated debt financing. However,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

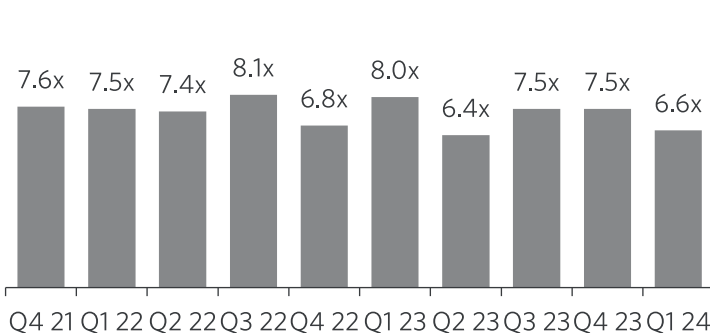
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

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

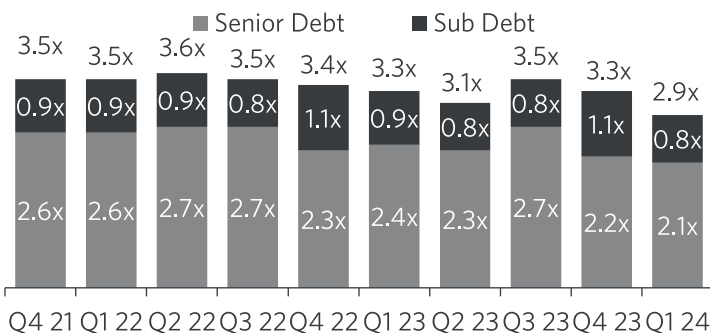
US & Canada private equity transactions \$10-\$250M



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
Materials	May 2024: 24%	CONTANGO ORE GOLD SILVER COPPER	HIGHGOLD	Gold exploration company
	Last twelve months: 22%			
Industrials	20%	Reichmann Segal Capital Partners	Athletica SPORT SYSTEMS Safety through Innovation	Engages in the design and manufacture of sports products
	19%			
Financials	17%	CANSORTIUM	RIV CAPITAL	Investment firm
	10%			
Real Estate	9%	Nexus Industrial REIT	Industrial property	Comprises industrial property in Kelowna
	7%			
Information Technology	6%	DRAFT KINGS	SPORTS IQ	Provides solutions for the online sports gambling industry
	10%			
Health Care	6%	CPS CAPITAL	CloudMD Software & Services Inc.	Offers healthtech services
	7%			
Communication Services	5%	WESTMAN COMMUNICATIONS GROUP	RIONET	Provides wireless communication services
	6%			
Consumer Discretionary	5%	Backyard PRODUCTS	KidKraft MADE FOR MAKE BELIEVE™	Manufactures wooden toys and furniture
	7%			
Energy	5%	SATURN OIL + GAS INC.	Energy exploration properties	Comprises oil and gas exploration properties
	6%			
Consumer Staples	3%	LJO EXPORT PACKERS	Assets of TOPPITS	Seafood supplier and processor
	4%			
Utilities	0%			No disclosed transactions in May 2024
	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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