

North American M&A Trends Valuation Trends/Drivers

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Today's Presenter



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Foodservice



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Software &
Telecom

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**KPMG Corporate Finance Ranked
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Completed from 2019-2024**

Total Canadian Completed Deals

	2019-2024	No. of deals ¹
1	KPMG	247
2	PricewaterhouseCoopers	206
3	RBC Capital Markets	199
4	TD Securities	170
5	CIBC World Markets	152
6	BMO Capital Markets	150
7	Scotiabank	136
8	Ernst & Young LLP	128
9	National Bank of Canada	121
10	Goldman Sachs & Co	113

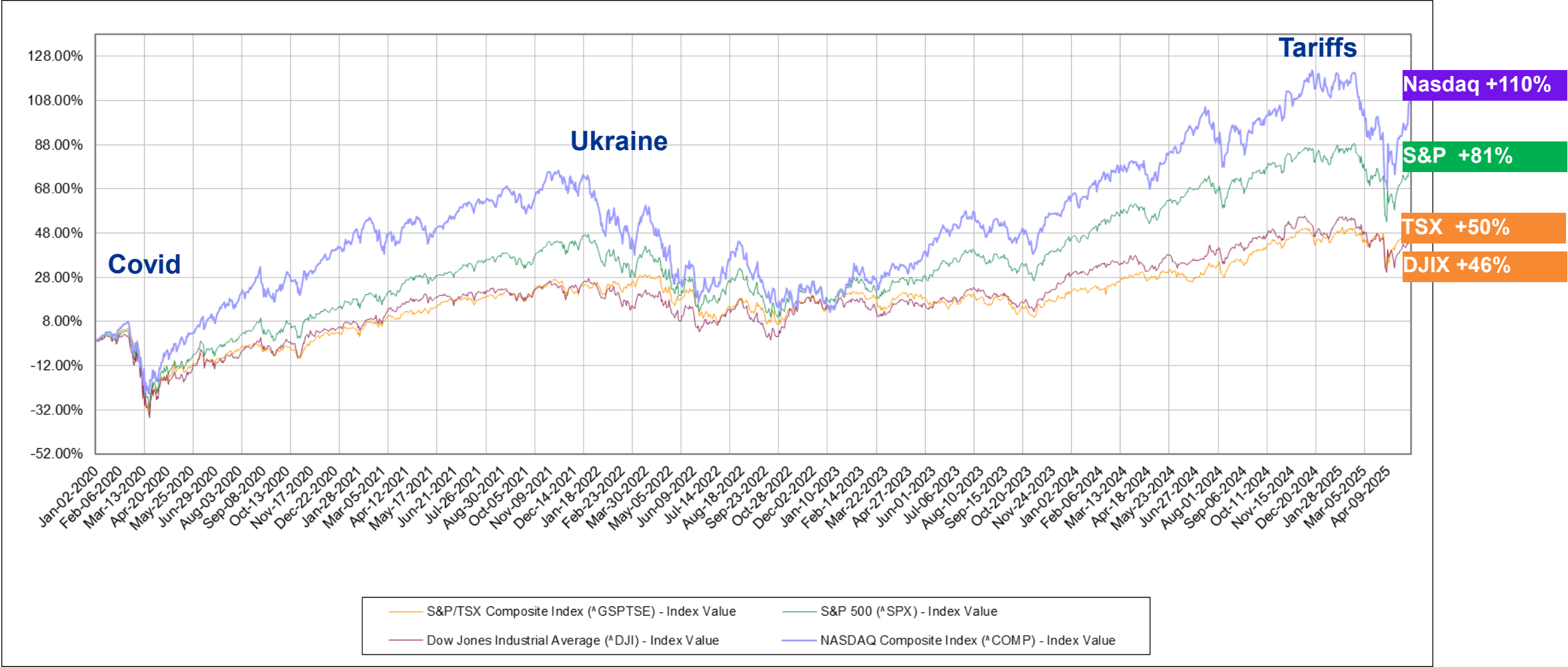
Total Canadian Completed Deals

	2024	No. of deals ¹
1	KPMG	47
2*	PricewaterhouseCoopers	38
2*	TD Securities	38
2*	RBC Capital Markets	34
5*	Canaccord Genuity Grp Inc	31
5*	Scotiabank	28
7	BMO Capital Markets	26
8	Goldman Sachs & Co	23
9	JP Morgan	23
10	CIBC World Markets	22

Source: 1) Refinitiv completed transactions with undisclosed values and values up to \$500 million

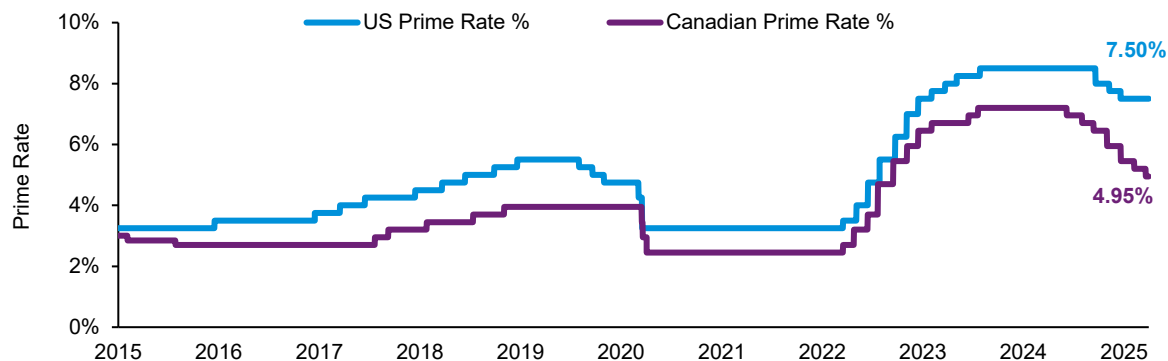
State of the Markets

Equity Market Performance



Key Economic Indicators

Prime Rates (Q1-15 – Q1-25)

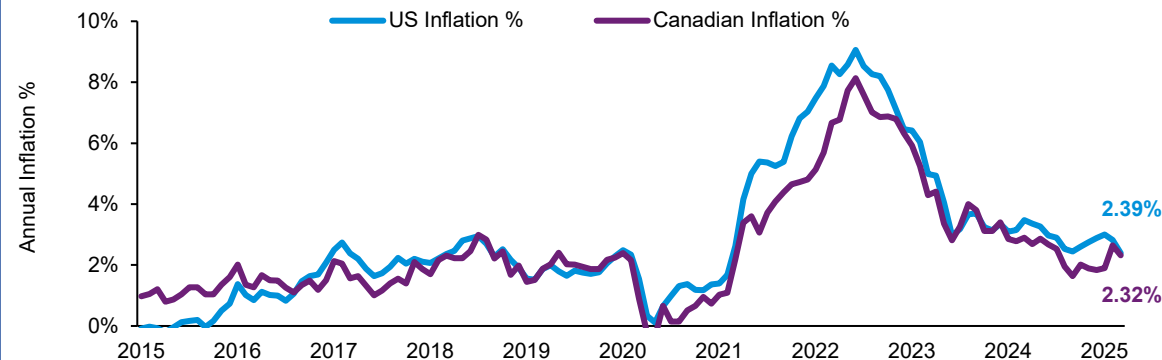


- Canada's prime rate dropped to 4.95% after two consecutive BoC rate cuts of 25 bps in Jan-25 and Mar-25. The U.S. prime rate held steady at 7.50%.

**Based on most recent data available at time of publishing.*

Source: Capital IQ, Statistics Canada, Bank of Canada, US Federal Reserve.

Inflation (Q1-15 – Q1-25)

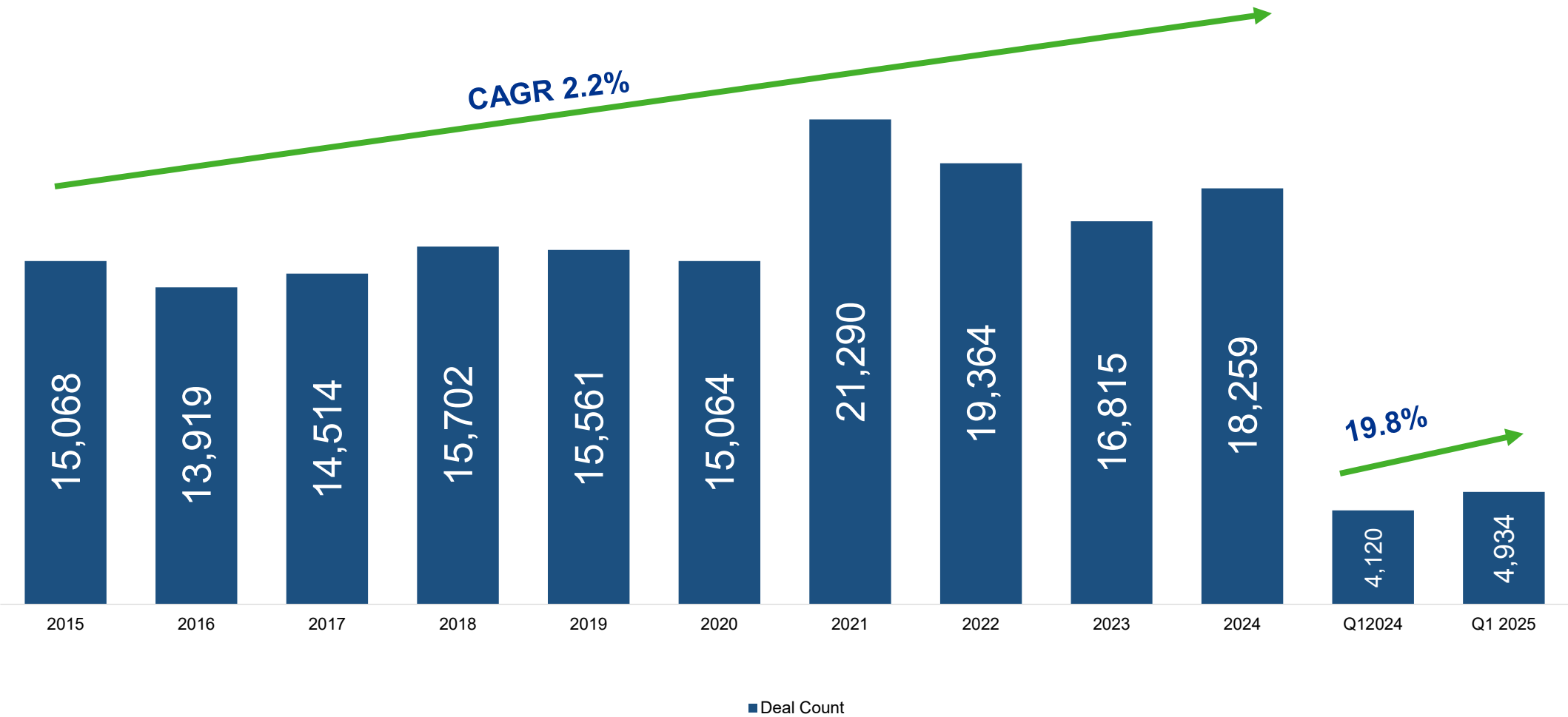


- Canadian inflation rose from Q4-24 to the end of Q1, as the end of the GST / HST tax holiday in Feb-25 triggered price increases for eligible goods.

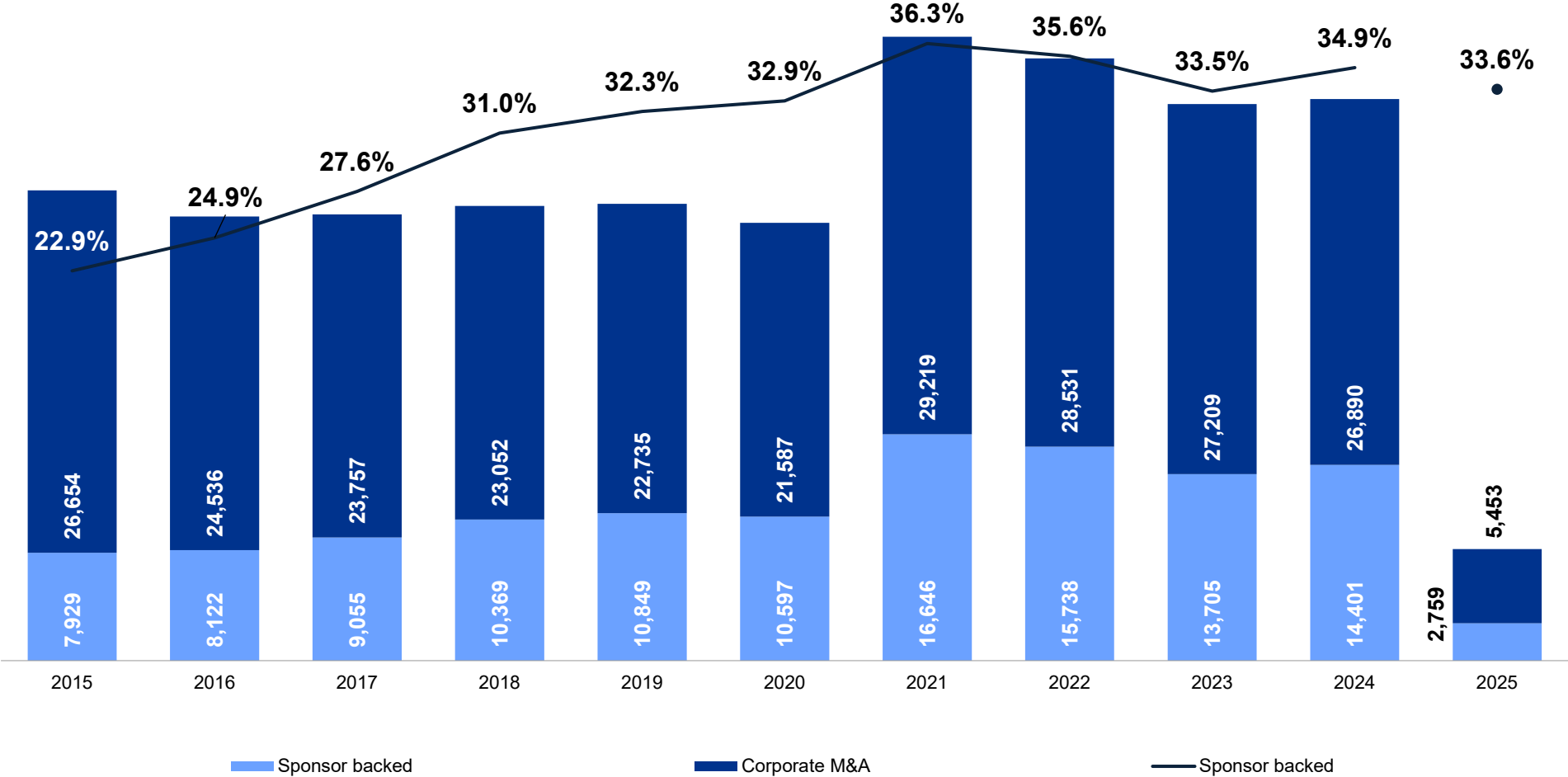
What's on our Mind



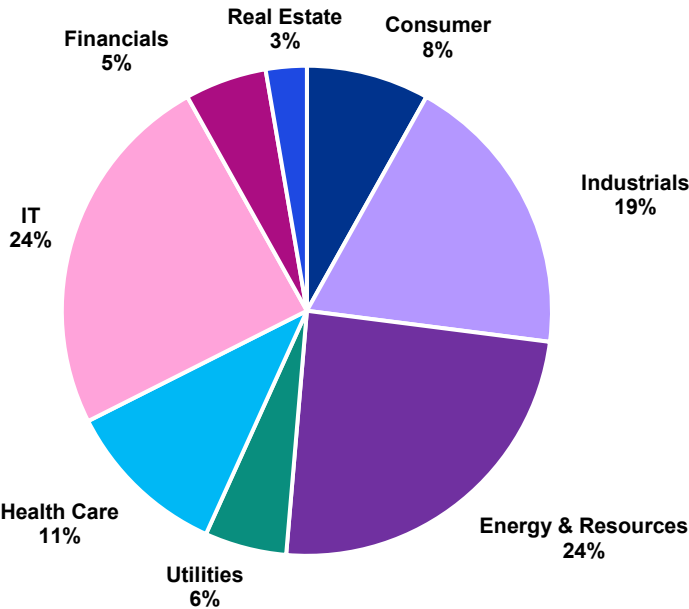
North American M&A Activity



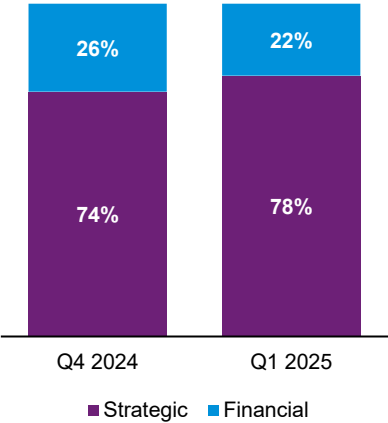
Global M&A by Acquirer Type



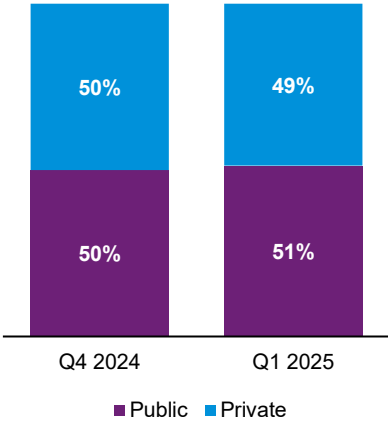
M&A Activity – Canadian Transactions at a Glance (Q1 2025)



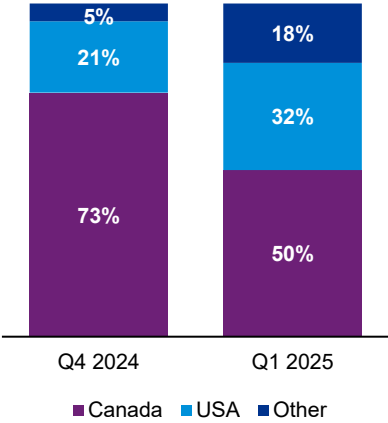
By Buyer Type:



By Buyer Status:

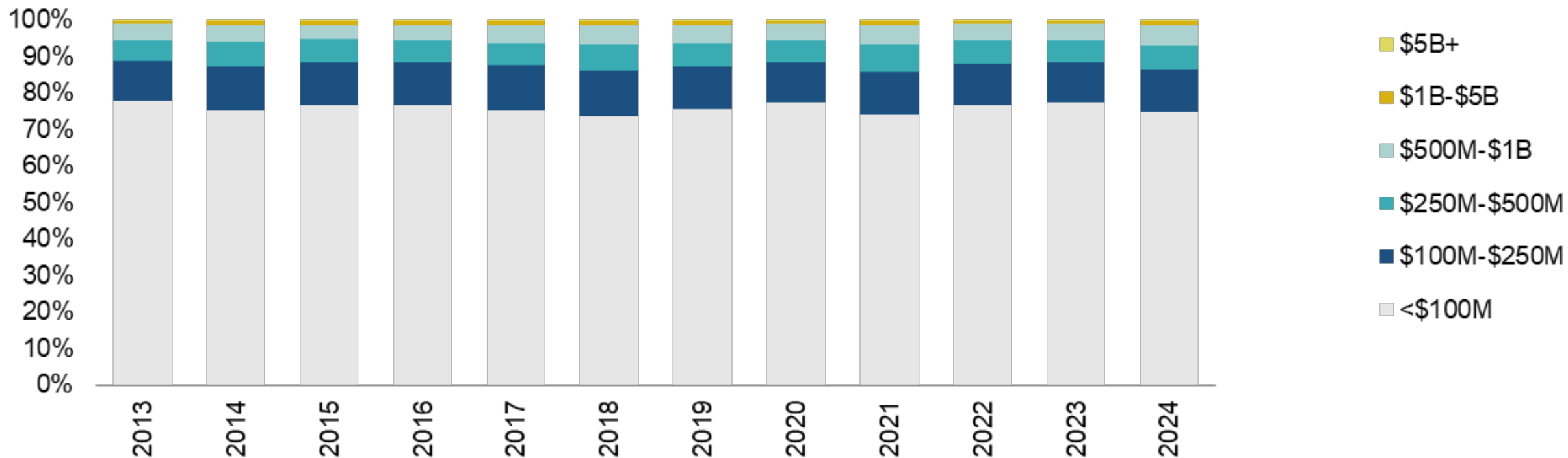


By Buyer Country:

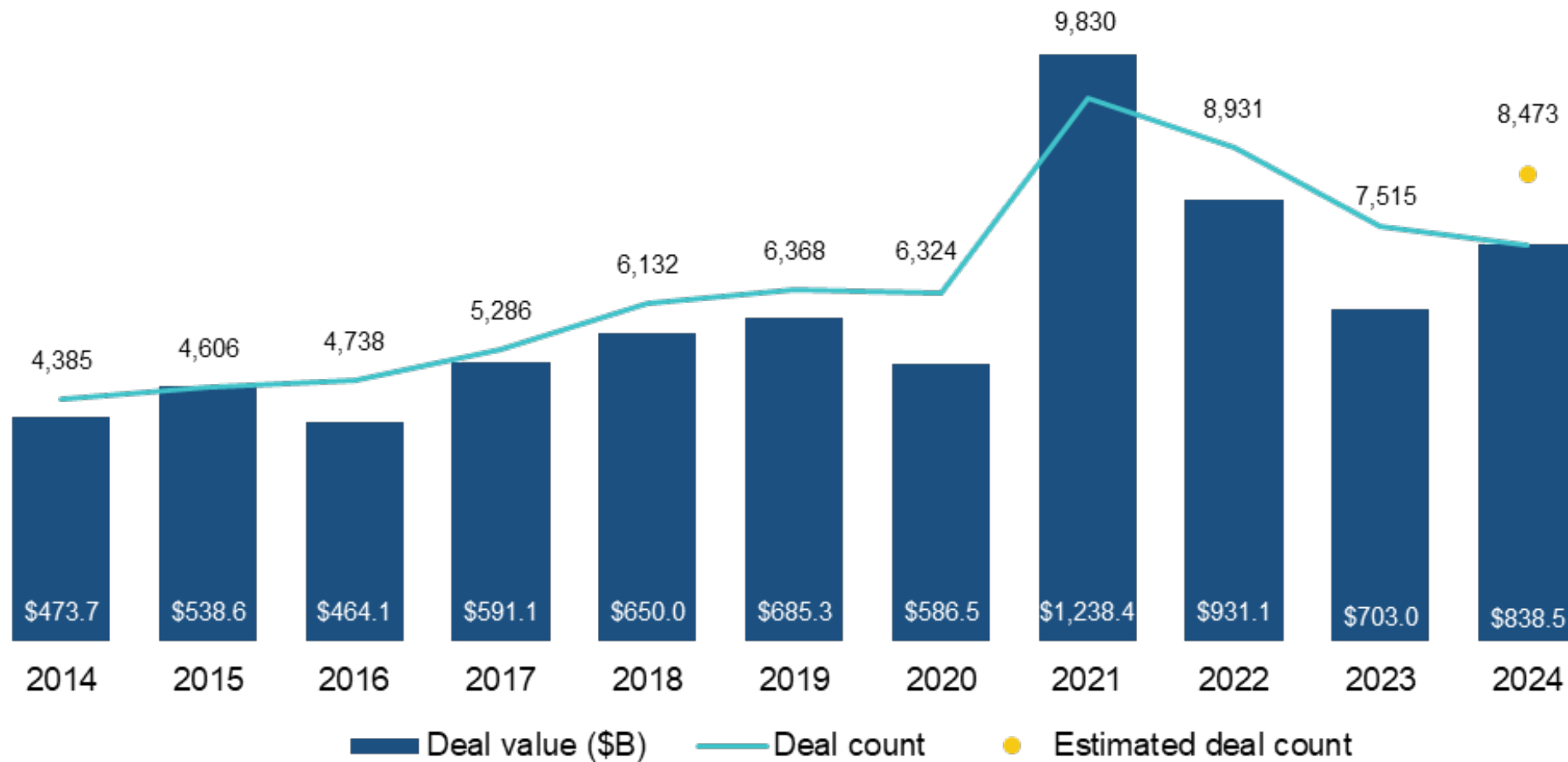


*Real estate transactions have been excluded from consideration (would have otherwise been included in Consumer). Data includes transactions with publicly disclosed transaction values > \$10M USD .

Global M&A by Size

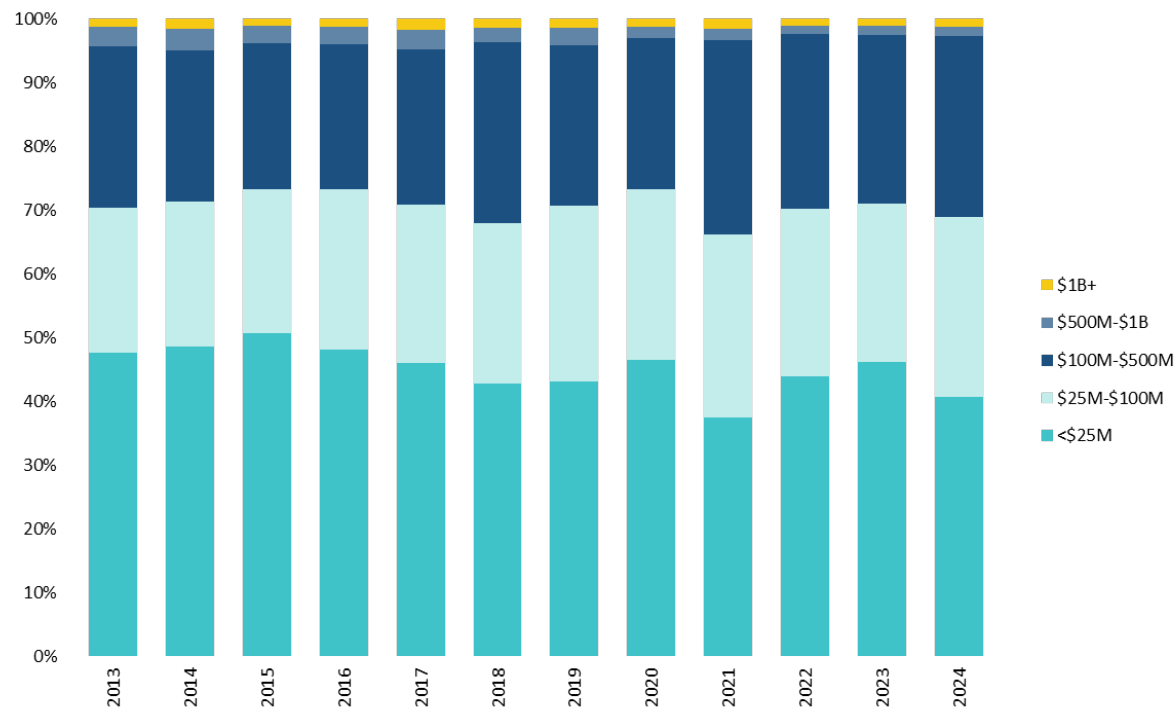


US PE Deal Activity

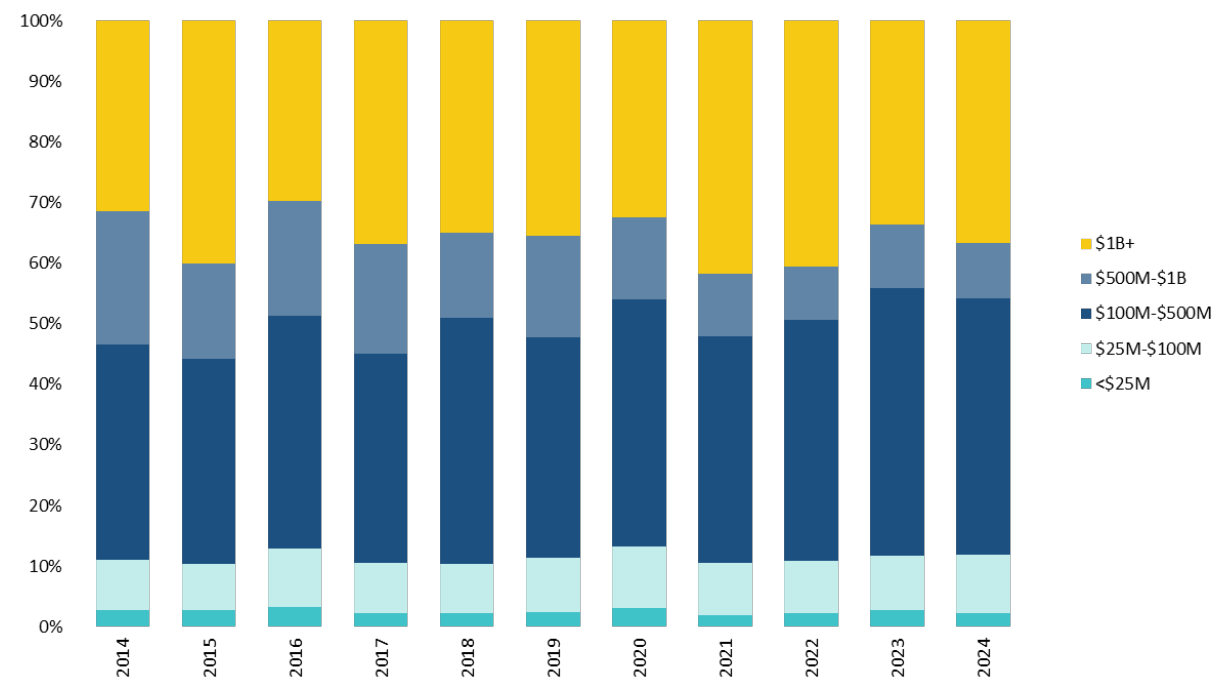


US PE Deals by Size

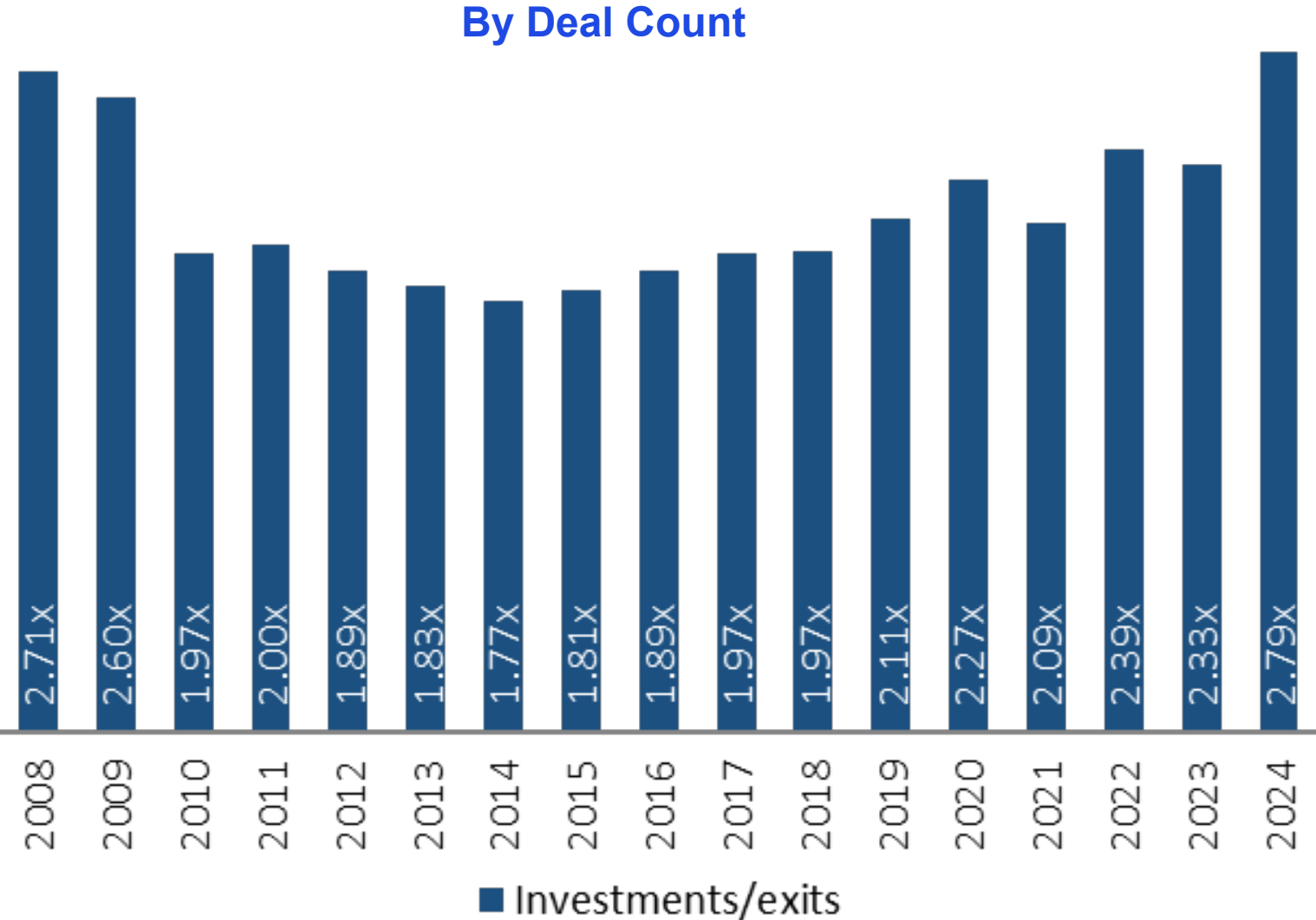
% of Overall Deal Count



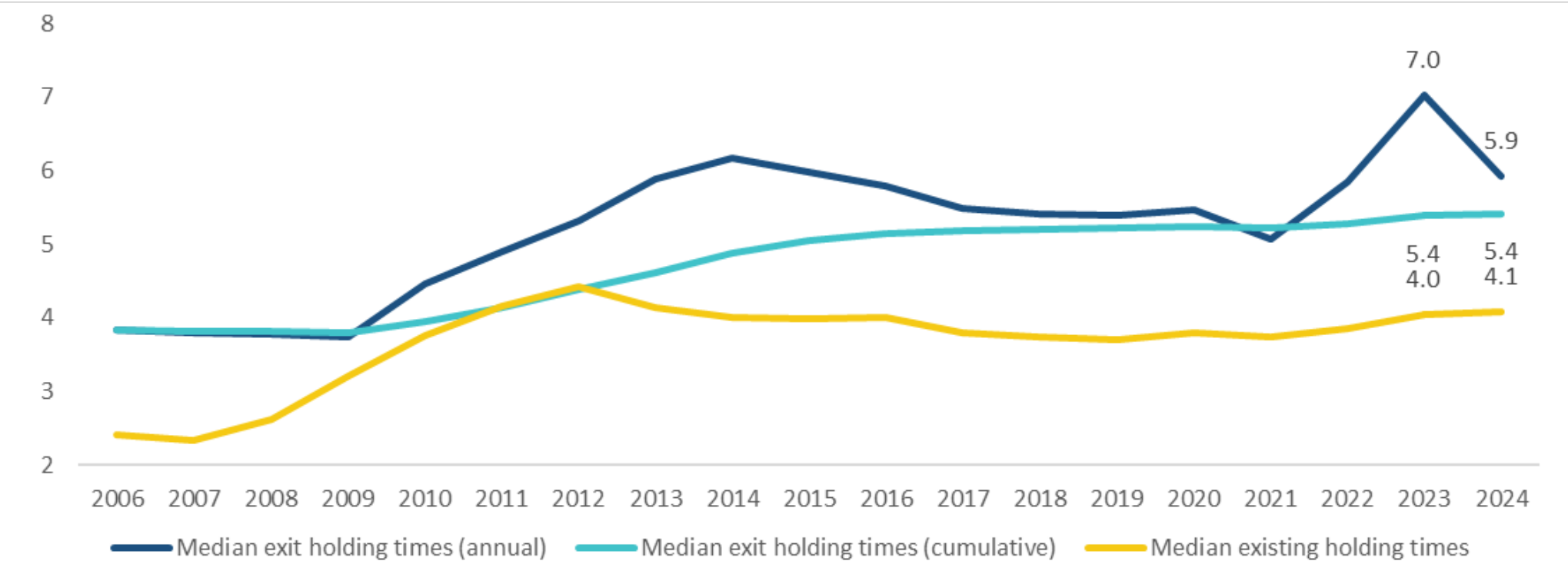
% of Overall Deal Value



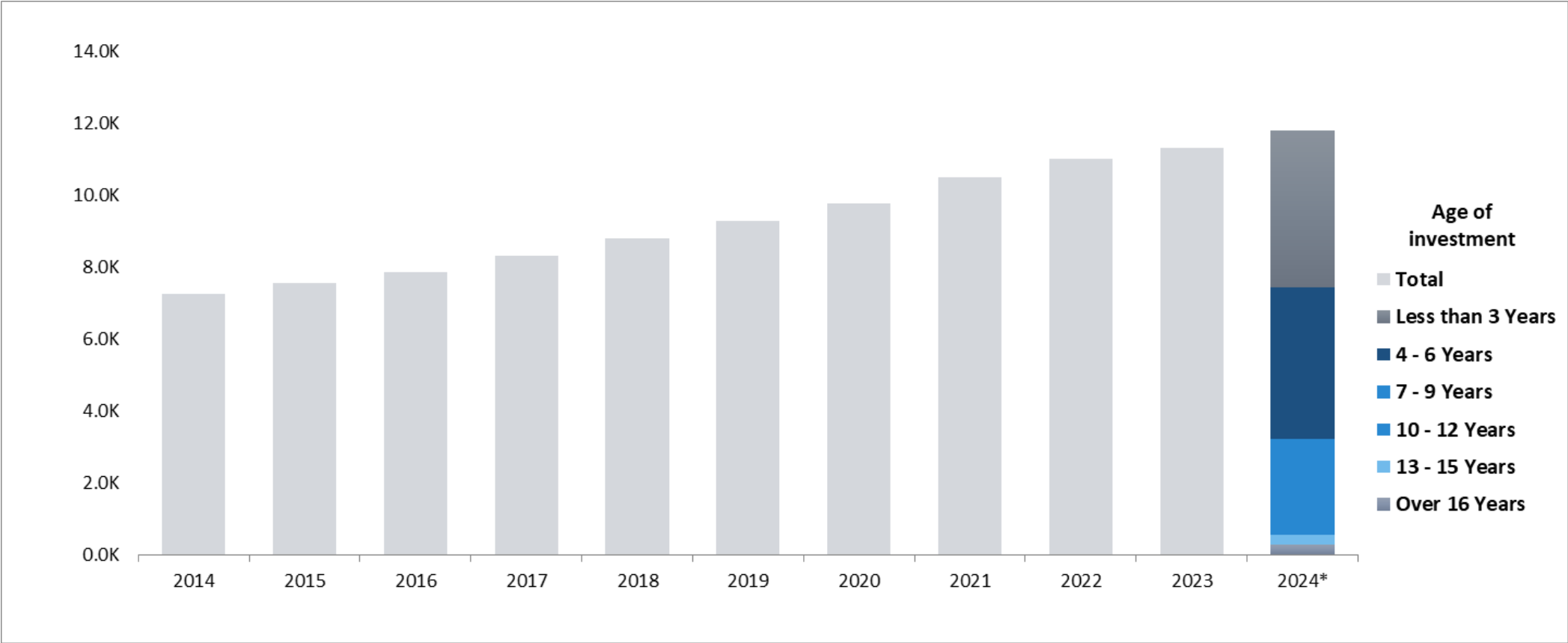
US PE Investments vs. Exits



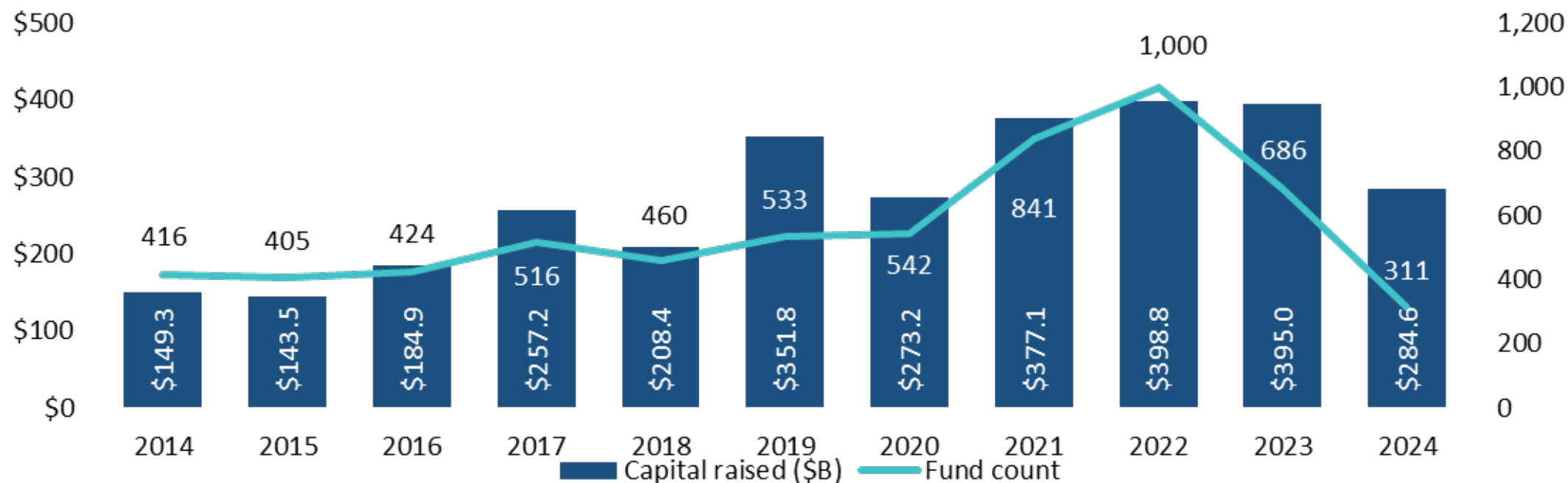
US PE Median Holding Periods



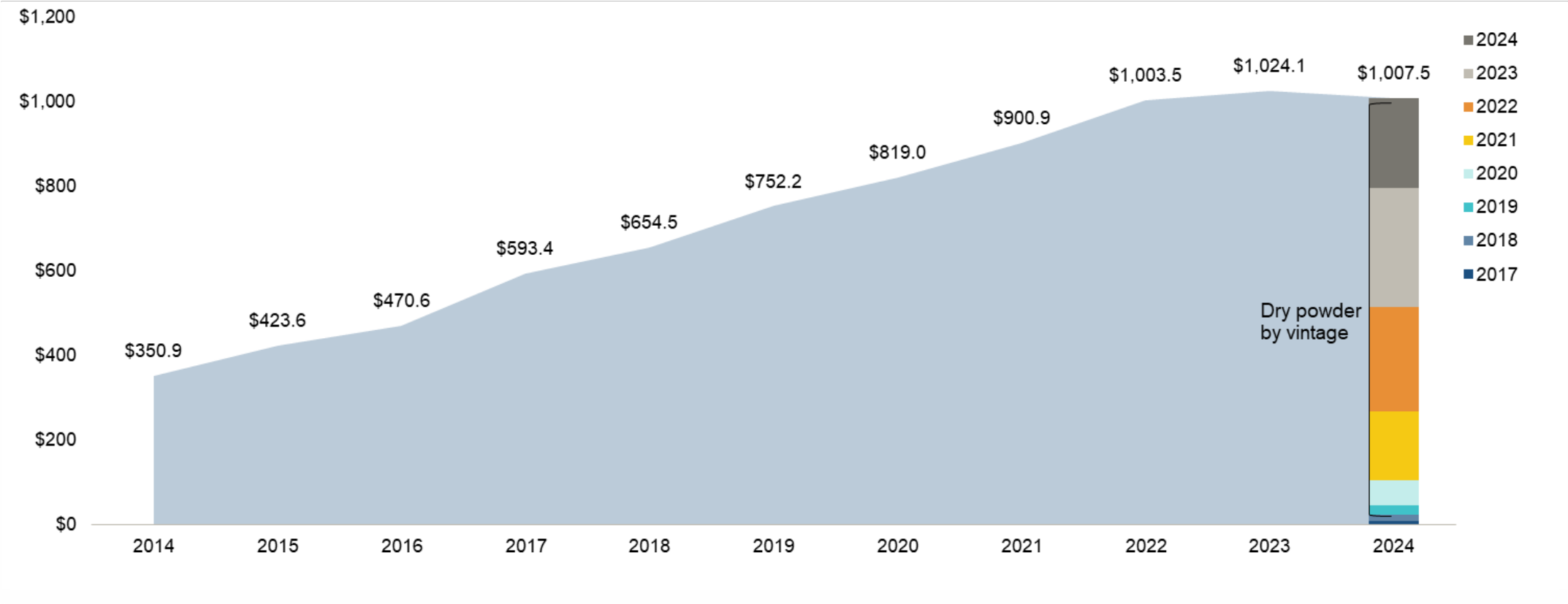
US PE – Age of Investments



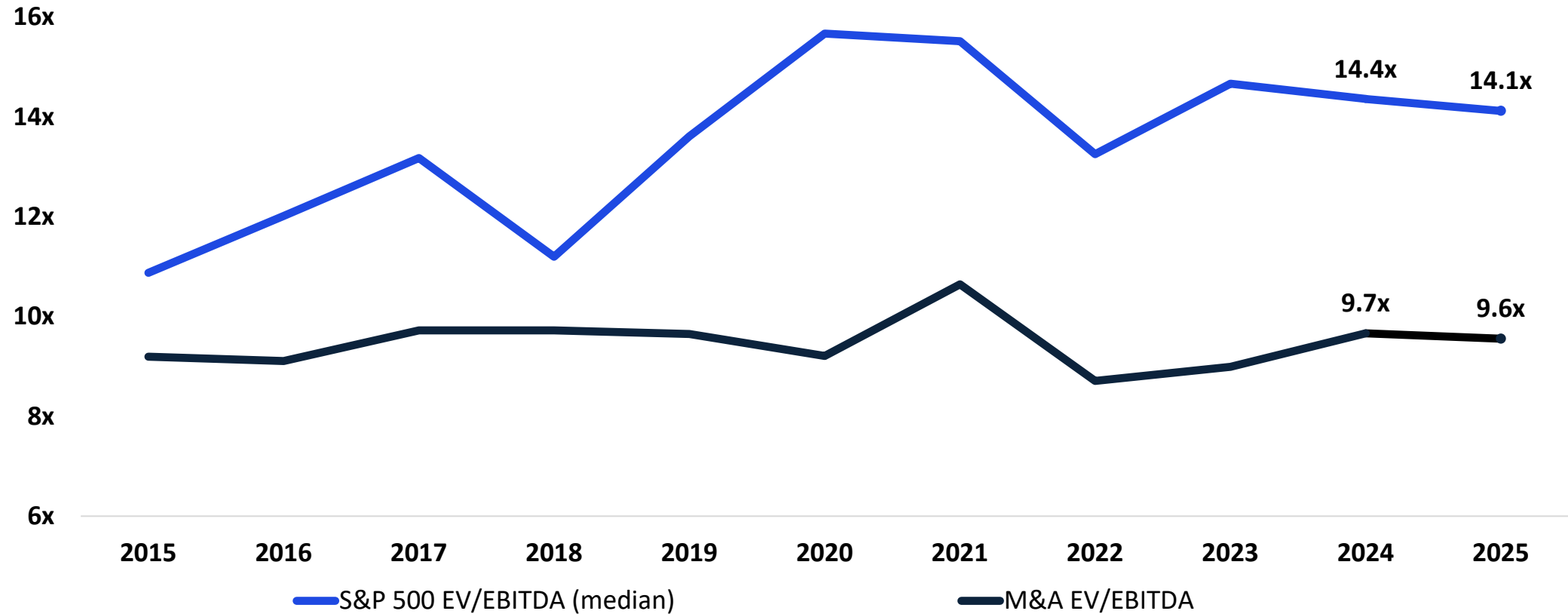
US PE Capital Raised



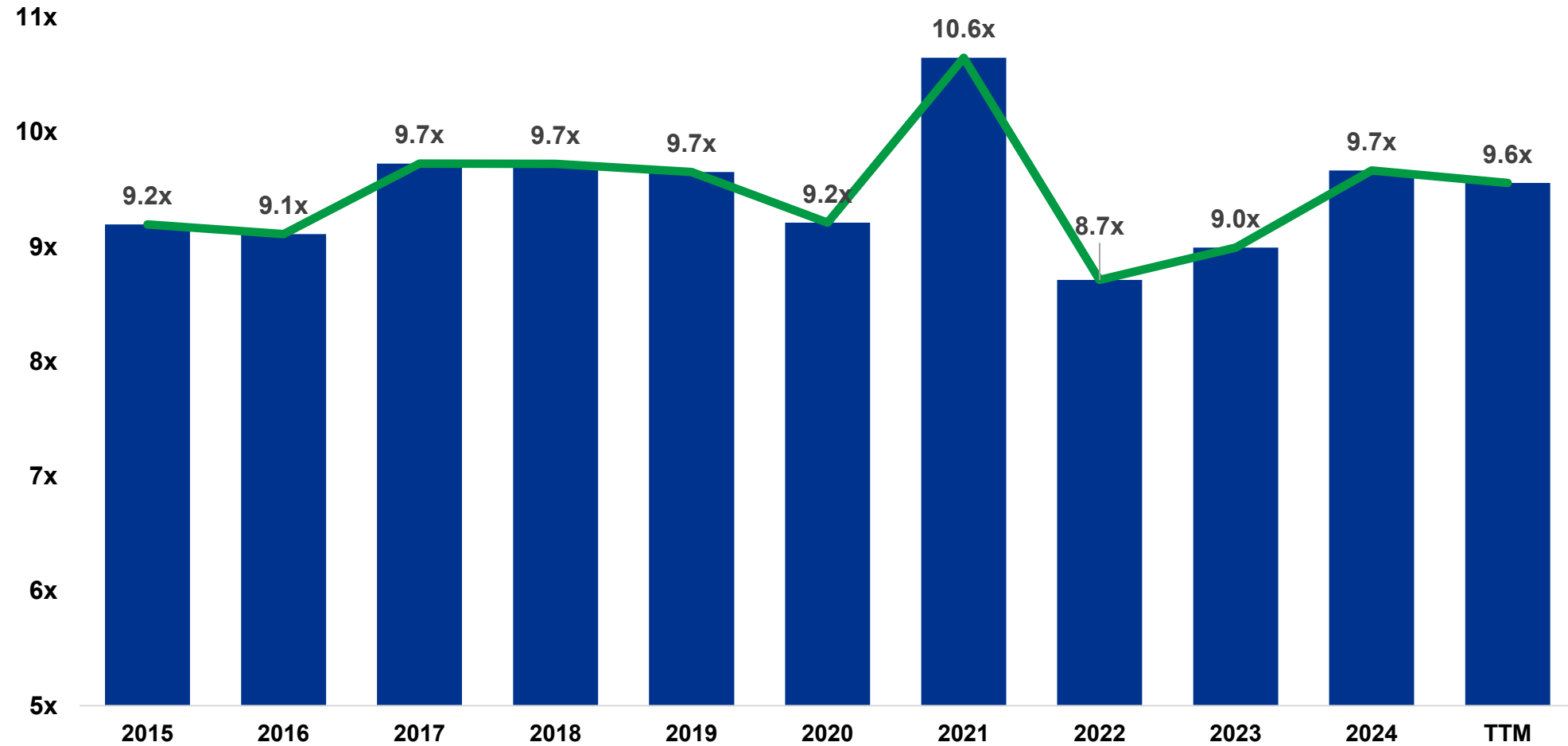
Cumulative Dry Powder with US PE



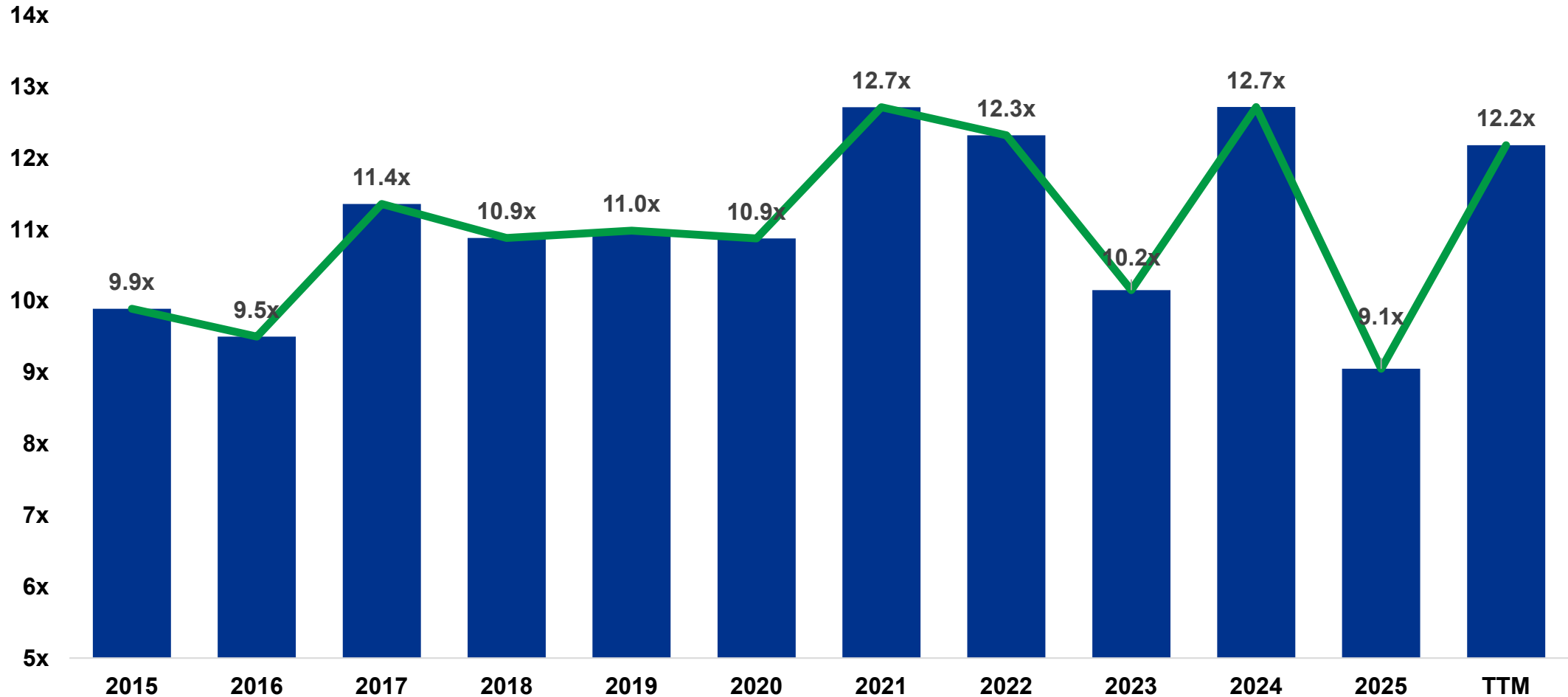
Public Multiples vs. M&A Multiples



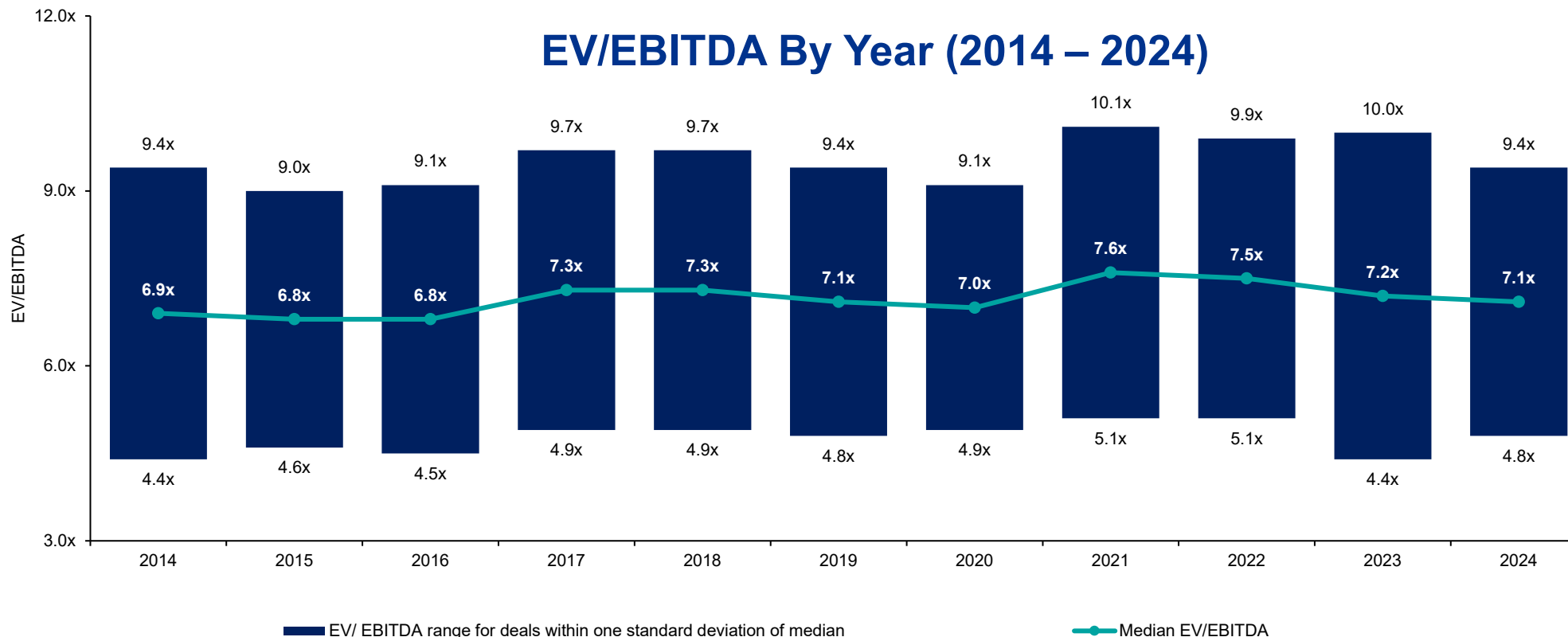
NA and Europe M&A Multiples



North American and Europe PE Buyout Multiples



M&A Indicators – Mid-Market Private Company Transactions - PE (1 of 2)

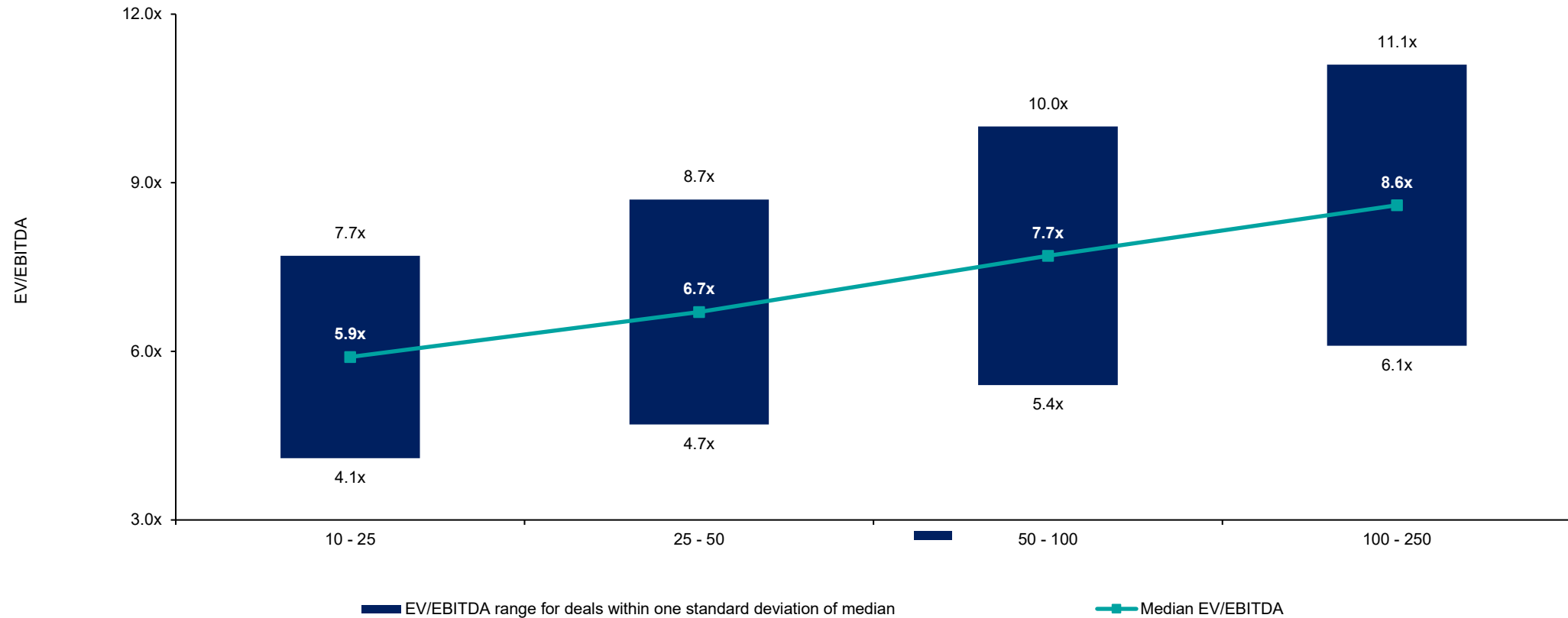


- While M&A valuations declined slightly in 2023, the market experienced a modest recovery in multiples between Q3 and Q4 2023, which softened the downward trajectory.
- Valuations have drawn slightly downward again in 2024, but are poised for improvement with cooling inflation already resulting in interest rate cuts from the BoC and Federal Reserve.

Source: GF Data; Note: this dataset excludes strategic buyers, and therefore multiples are slightly lower as private equity buyers are unlikely to pay a strategic premium without an existing platform.

Valuation M&A Indicators – Mid-Market Private Company Transactions - PE (2 of 2)

EV/EBITDA By Company Size (2014 – 2024)



- Valuation multiples generally increase in proportion to the company's size (Enterprise Value) due to economies of scale and more sophisticated operations.

Source: GF Data; Note: this dataset excludes strategic buyers, and therefore multiples are slightly lower as private equity buyers are unlikely to pay a strategic premium without an existing platform.

Classic Approaches to Valuation

Comparable Public Companies

Comparable Transactions

Discounted Cash Flow Analysis

Indicative Valuation Drivers

\$ Industry

- Size
- Growth Rate
- Market Share

\$ Product/Service

- Competitive differentiation
- Pricing power

\$ Diversification

- Customer
- Supplier
- Geographical
- Product

\$ Predictability of performance

- Customer turnover
- Recurring revenue
- Pricing contracts

\$ Depth of management team

- Succession issues

\$ Growth strategy

- White space (product, end-market, geographic, etc.)

\$ Predictability of growth

\$ Historical financial performance

\$ Scalability

- Capacity
- Labor
- Systems

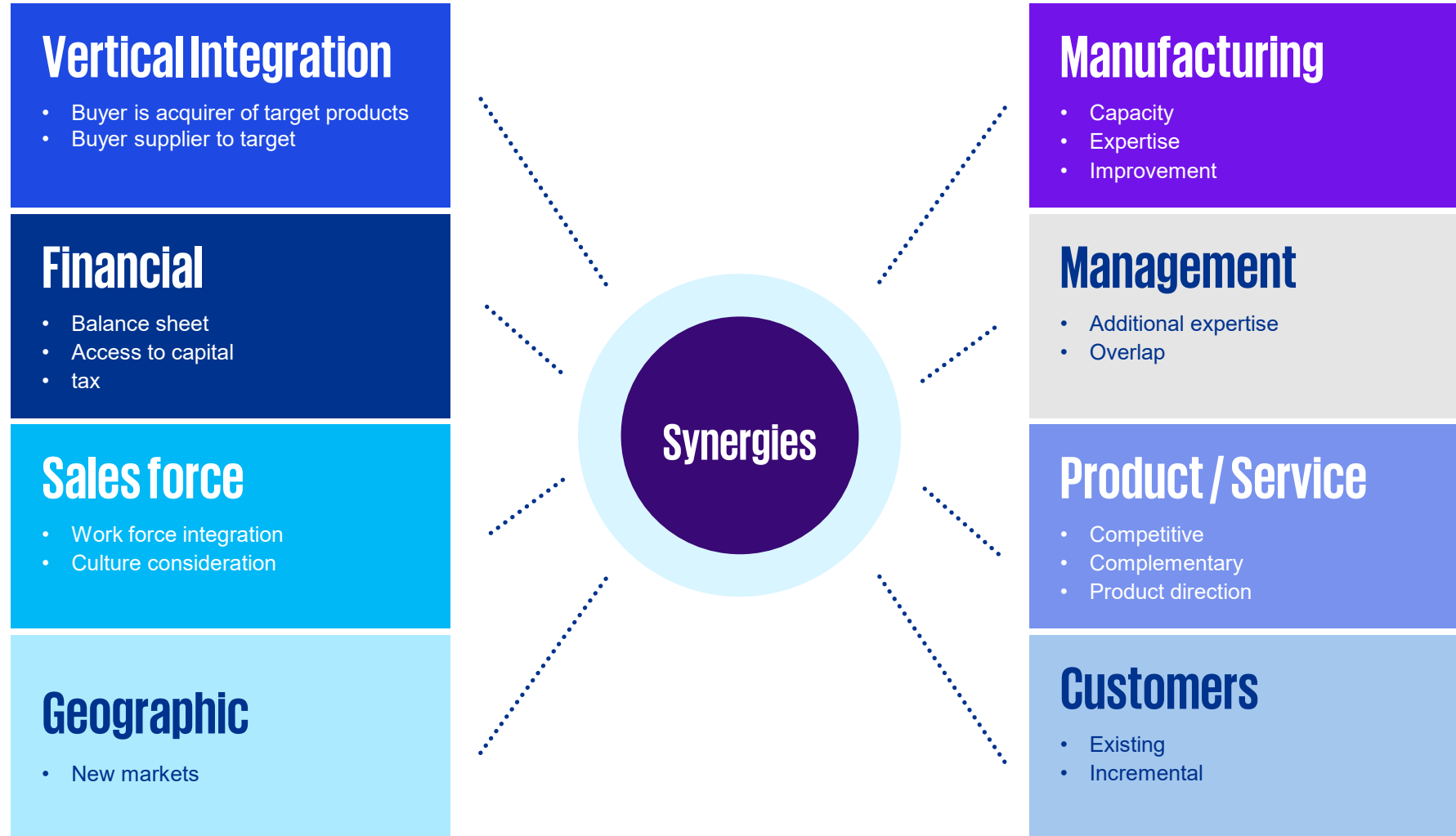
\$ Ongoing Capex Requirements

\$ Etc.

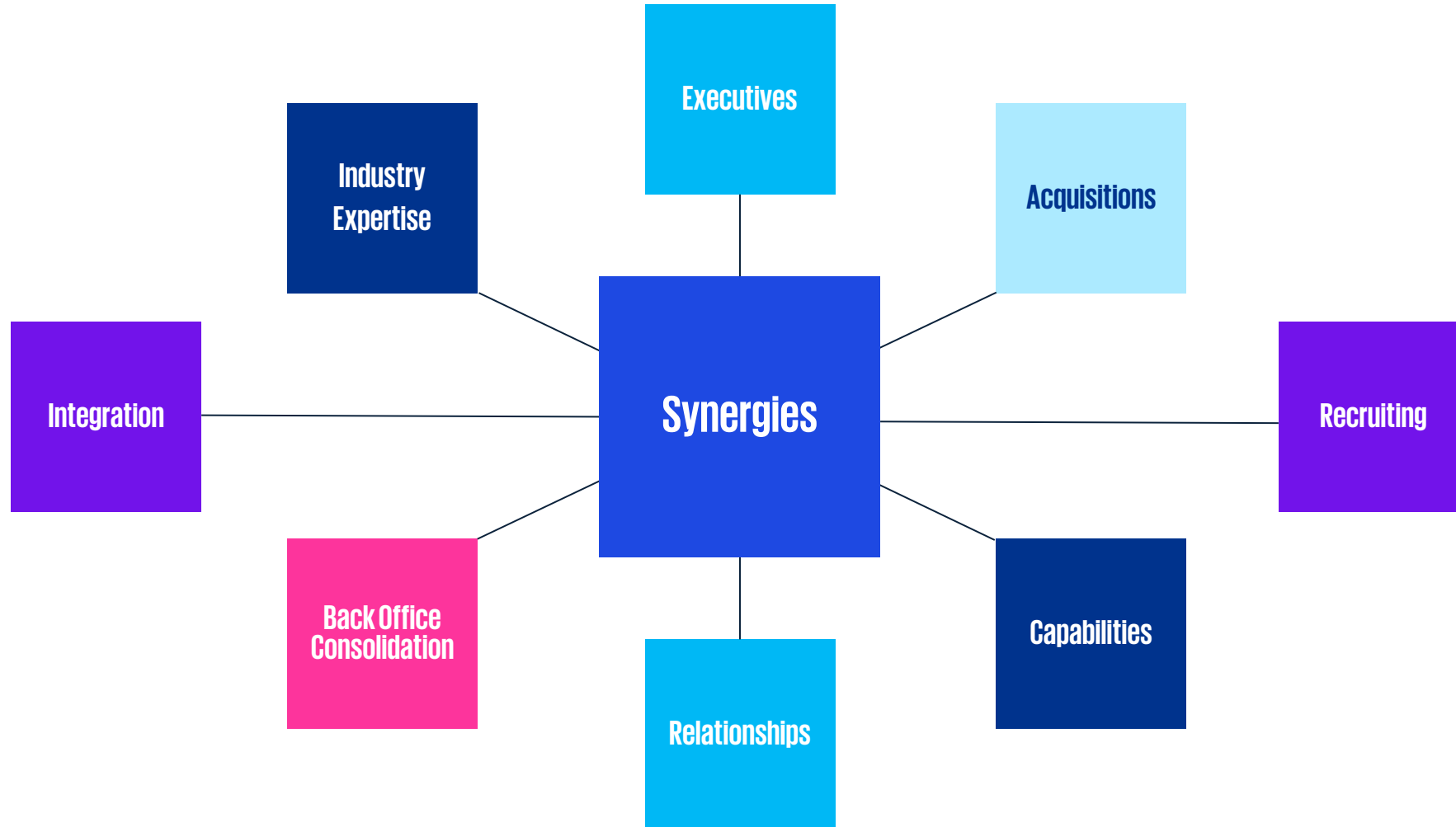
M&A Valuation Insights - PE

		Cash Flow Growth Rate				
		5.0%	7.5%	10.0%	12.5%	15.0%
Entry Multiple	5.0x	36%	40%	45%	49%	54%
	5.5x	31%	35%	40%	44%	48%
	6.0x	27%	32%	36%	40%	44%
	6.5x	25%	29%	33%	37%	41%
	7.0x	23%	27%	31%	34%	38%
	7.5x	21%	25%	29%	32%	36%
	8.0x	20%	24%	27%	31%	34%
	8.5x	19%	22%	26%	29%	33%
	9.0x	18%	21%	25%	28%	31%
	9.5x	17%	20%	24%	27%	30%
	10.0x	16%	20%	23%	26%	29%
	10.5x	15%	19%	22%	25%	29%

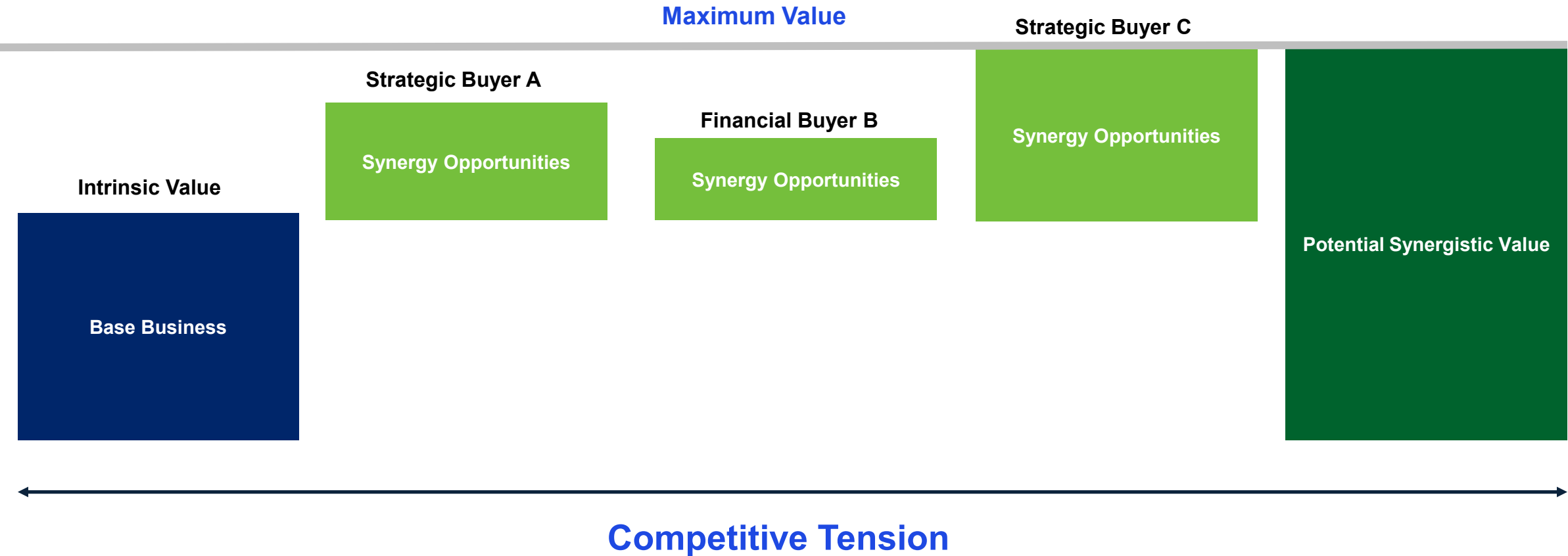
Synergies in Strategic Buyer Universe



Synergies in Financial Buyer Universe



Impact of Synergies on Valuation





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