

The Black Box Institute

## M&A Market Overview

Q2 2024

October 10, 2024

- The aim of these reports is to provide an overview of M&A activity in the Global, North American, and Canadian economies
- This analysis is based on figures from Q2 2024, between the dates of April 1, 2024 to June 30, 2024
- All figures are sourced from S&P Capital IQ
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**Summary: Global M&A activity remains stagnant in Q2 2024 with minor differences**



Globally, transaction volume and values have remained stagnant YoY comparing Q2 2023 and Q2 2024, with less than 5% in change



Despite stagnant interest rates in the US, the S&P 500 finished Q2 2024 with a 3.9% increase in value



US M&A activity accounted for approximately half (~45%) of the total value of global announced transactions despite only accounting for one third of the number of total M&A transactions



Canadian M&A has seen a consistent increase in both transaction value and volume, bringing Q2 2024 to its highest value and activity since Q2 2023

**Outlook: Monetary policy ease will support M&A while global elections present uncertainty**



Dry powder has soared to unprecedented levels in Private Equity, which could lead to accelerated growth in the M&A market to close out 2024



The US election cycle has caused uncertainty within the markets, with different policies promised by both candidates.



In Q2 2024, the US Fed kept rates at their previous rates, but with rate cuts beginning in September as inflation cools, activity may rise significantly with future market outlooks being more optimistic



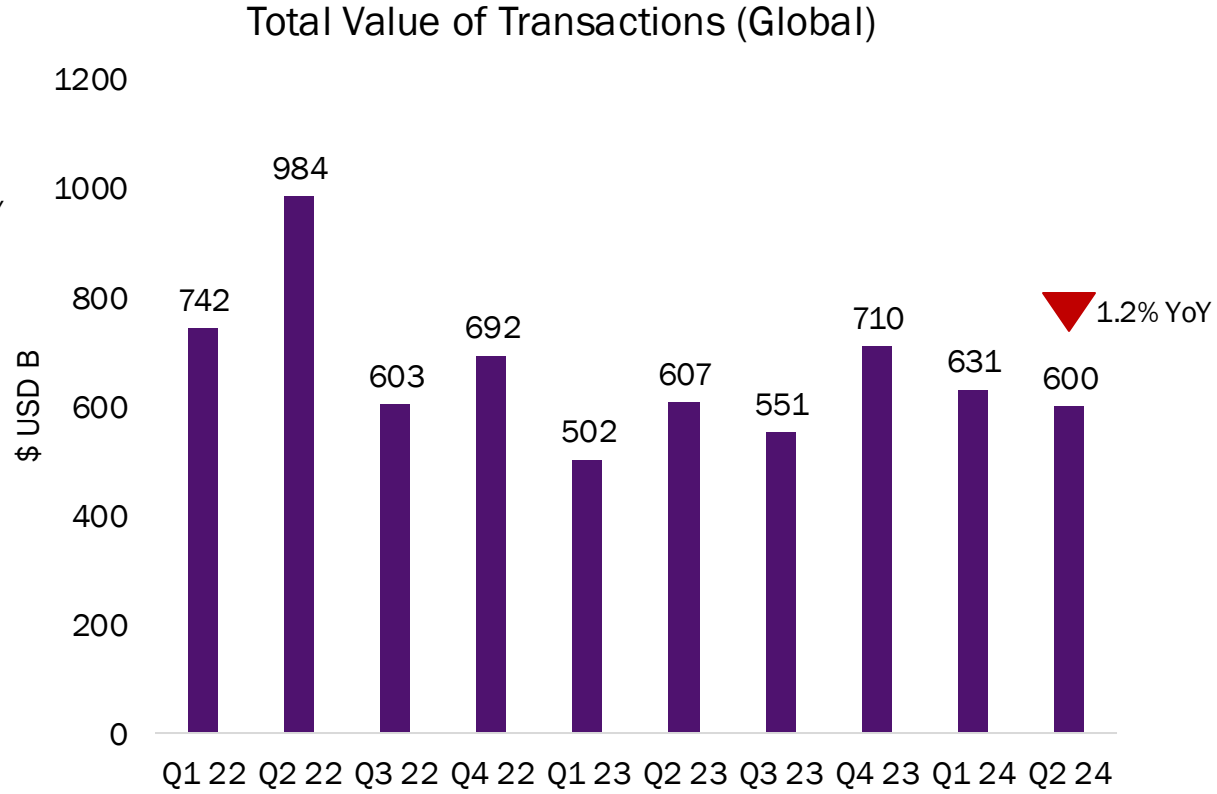
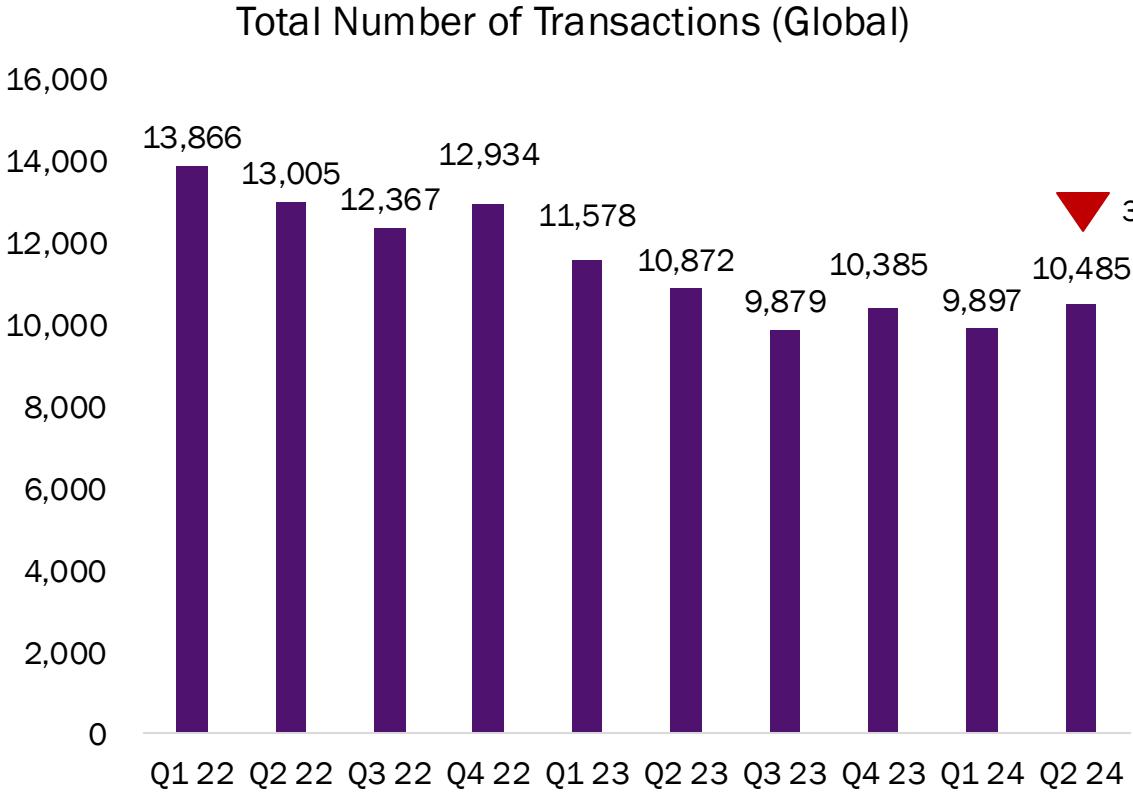
Since the Bank of Canada cut rates 3 times (June, July, September), Canada could see an uptick in deals being announced with the reduction in firm cost of capital

# M&A Transaction Analysis

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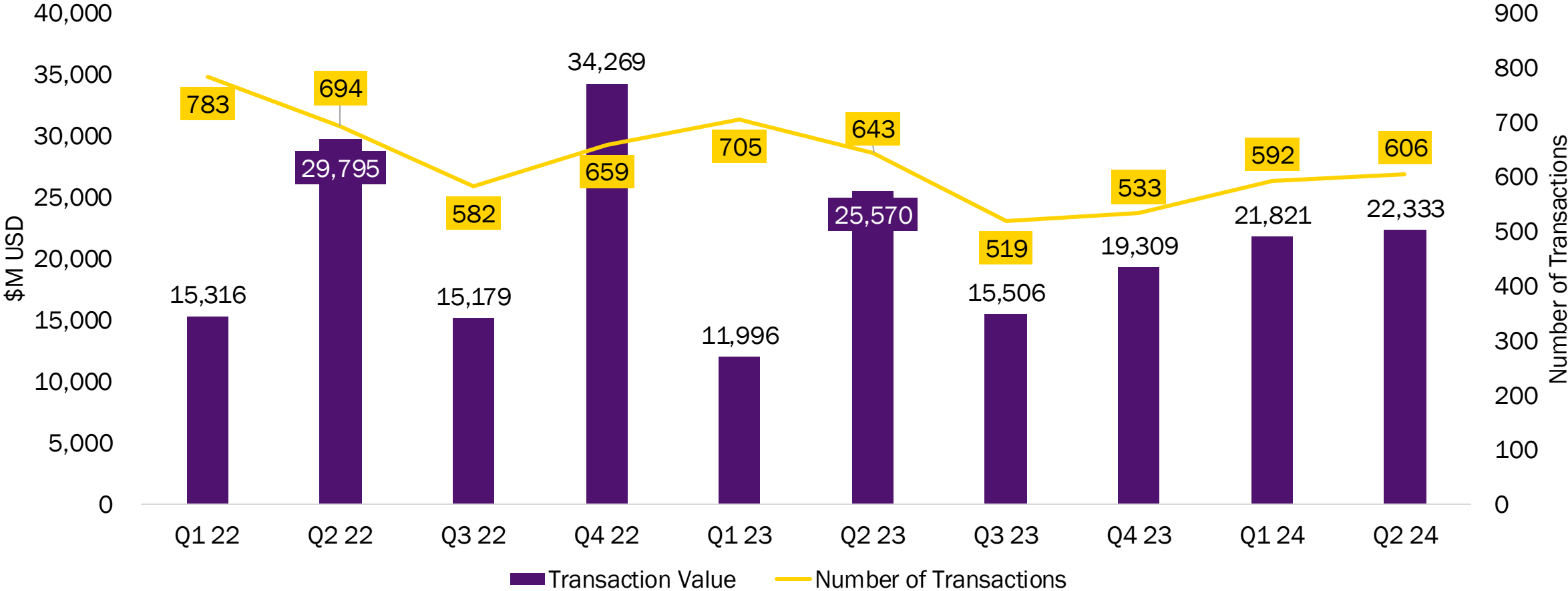
# Global: Number and Value of M&A Transactions Comparison



Global transaction **volume** has rebounded slightly in Q2 2024, however, the overall trend continues to show a steep **decline** in comparison to 2022 numbers. This represents an approximate **3% decline quarterly** since Q1 2022 and an overall **24% decline** in global transaction volume compared to Q1 2022.

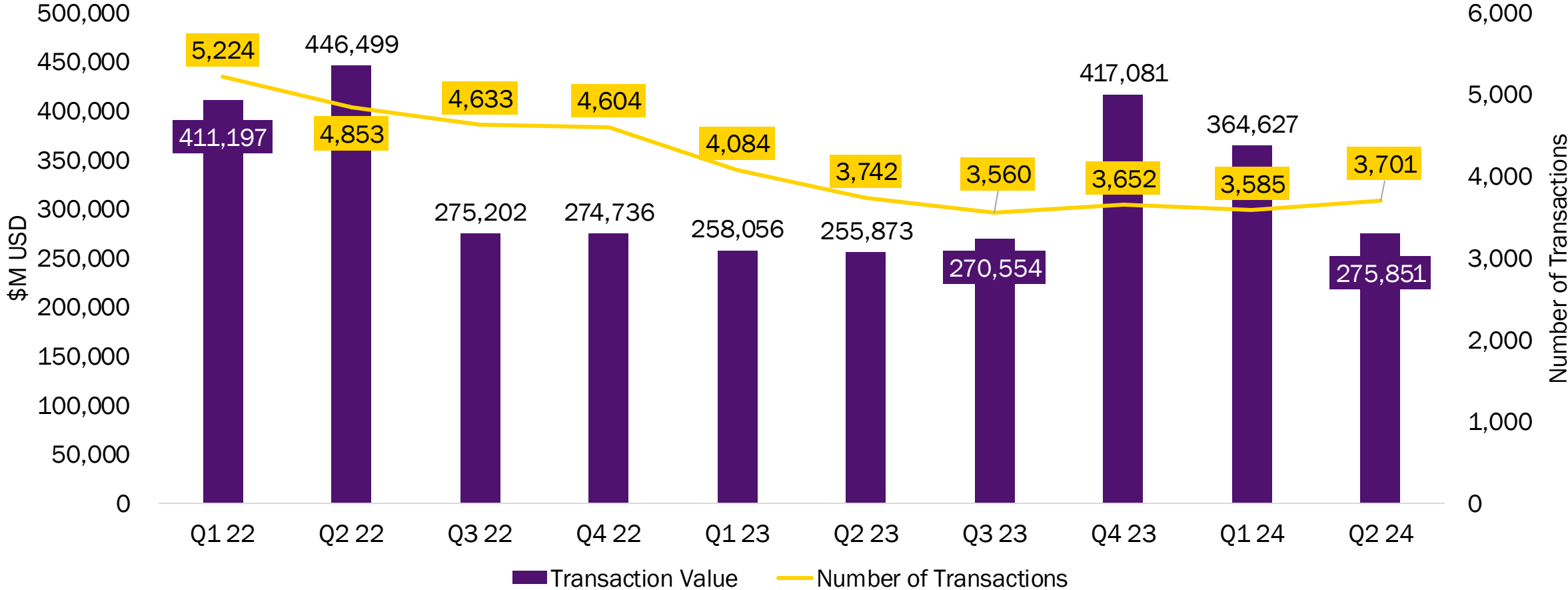
YoY value and volume in Q2 2024 has remained relatively stagnant, with Q2 2024 total value being only 1% less than Q2 2023 total value. However, Q2 total transaction value does represent a 15% decline from Q4 2023 value, and a 5% decline compared to Q1 2024 value.

Canadian Transaction Volume and Value



While Canadian M&A has seen recovery, with 3 quarters in a row of increasing transaction volume and value, transaction volume still falls below the activity that was seen in the first half of 2022 and 2023. Due to the nature of the Canadian market, transaction value can be significantly influenced by one large deal, which can be seen with the lack of direct correlation between volume and value.

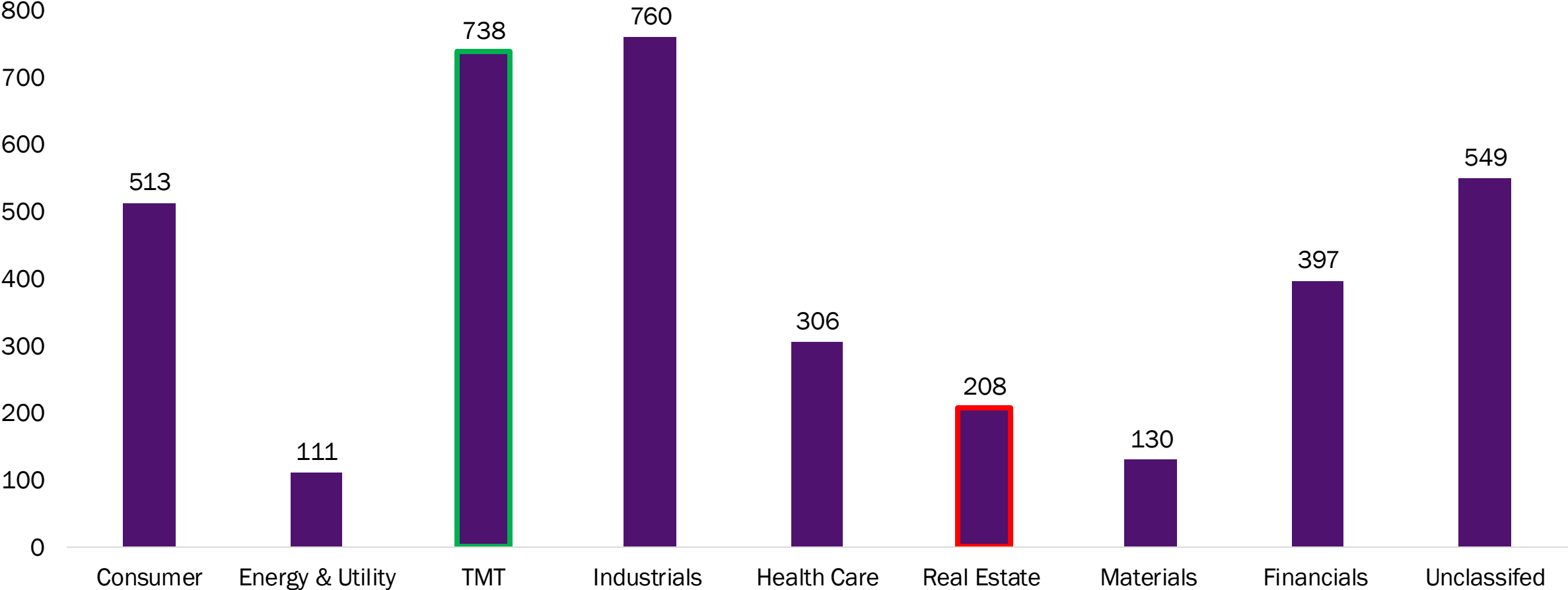
US Transaction Volume and Value



While significantly lower than the volume seen in the first half of 2022, transaction volume has remained relatively steady between Q2 2023 and Q2 2024, with Q2 2024 transaction value being only 1% less than Q2 2023. Although transaction value seemed to have recovered significantly in Q4 2023 and Q1 2024, total value regressed significantly in Q2 2024, declining almost 25% compared to Q1 2024.



Q2 2024 Transaction Count by Industry



Compared to Q1 2024, the largest increase has been in the Technology, Media & Telecommunications sector, with 132 additional M&A deals occurring in the US within this industry. Q2 2024 saw a decline in Real Estate M&A activity compared to Q1 2024, with 64 less deals.

# Largest Transactions

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## US: Largest M&A Transactions

Target Primary Sector	Buyer	Target	Month	Transaction Value (\$B USD)	Transaction Value/ LTM REV	Transaction Value/ LTM EBITDA
Energy & Utilities	ConocoPhillips	Marathon Oil Corporation	May	\$22.5	0.4x	0.87x
Technology, Media & Communications	Silver Lake Technology Management, LLC	Endeavor Group Holdings	April	\$21.5	3.2x	43.5x
Health Care	Johnson & Johnson	Shockwave Medical Inc.	April	\$12.9	17.7x	53.2x
Real Estate	Blackstone Real Estate Partners X L.P.	Apartment Income REIT Group	April	\$9.2	11.2x	18.7x
Energy & Utilities	Schlumberger Limited	ChampionX Corporation	April	\$8.2	2.2x	11.0x
Industrials	Waste Management, Inc.	Stericycle, Inc.	June	\$7.8	3.0x	22.6x
Technology, Media & Communications	Permira	Squarespace, Inc.	May	\$7.0	6.3x	55.9x
Technology, Media & Communications	International Business Machines Corporation	HashiCorp, Inc.	April	\$6.8	10.8x	-33.5x
Energy & Utilities	CPPIB & Global Infrastructure Partners	ALLETE, Inc.	May	\$6.2	4.0x	11.6x
Technology, Media & Communications	Bain Capital	PowerSchool Holdings, Inc.	June	\$5.4	7.3x	34.5x

## Global: Largest IPO Transactions

Target Primary Sector	Company (Ticker)	Public Offerings Offer Date	Transaction Value (\$M USD)	Market Cap on IPO (\$M USD)
Consumer	Puig Brands S.A.	April 30, 2024	\$2,935	\$14,900
Financials	CVC Capital Partners plc	April 26, 2024	\$2,442	\$15,000
Consumer	Viking Holdings Ltd	April 30, 2024	\$1,768	\$10,360
Industrials	UL Solutions Inc.	April 11, 2024	\$1,088	\$5,600
Health Care	Waystar Holding Corp.	June 6, 2024	\$1,076	\$3,690
Technology, Media & Telecommunications	Rubrik, Inc.	April 24, 2024	\$865	\$5,600
Health Care	Dr. Soliman Abdel Kader Fakeeh Hospital Company	May 27, 2024	\$763	\$3,560
Technology, Media & Telecommunications	Ibotta, Inc.	April 17, 2024	\$664	\$2,670

# About TBBI

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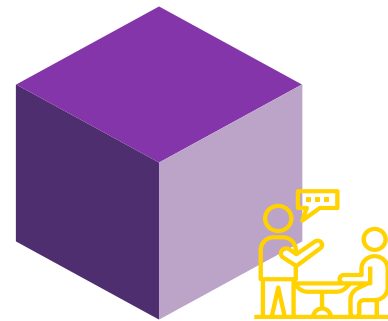


The Black Box Institute

The Black Box Institute (TBBI) provides financial advisory services, including fair market valuation of businesses, corporate finance and transaction advisory for mergers and acquisitions, business sales and divestitures, buy-side services, recapitalizations and private equity fundraising to a broad range of industries and for businesses of any size.

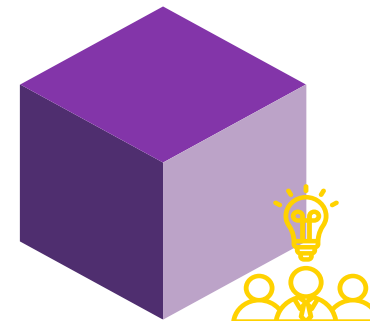
### Financial Advisory Framework

Key Considerations:



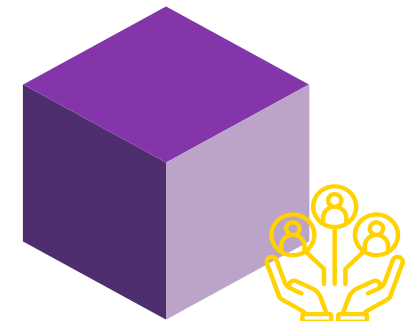
#### Transaction Advisory

How do strategic, financial and operational considerations inform a successful transaction?



#### Commercial Valuation

What is a fair valuation?  
What are the key value drivers?  
What is the market appetite?



#### Commercial Due Diligence

How can projects be financed?  
What is the optimal capital structure?

## Transaction Advisory

TBBI works as a buy and sell-side advisor to clients to advise them on corporate finance transactions:



1

Transaction Advisory

2

Pre-acquisition Due Diligence

3

Commercial and Financial Diligence

4

Raising Capital to Finance Transactions



5

Portfolio Strategy

6

Post Deal Exit

7

Post-Merger Acquisition

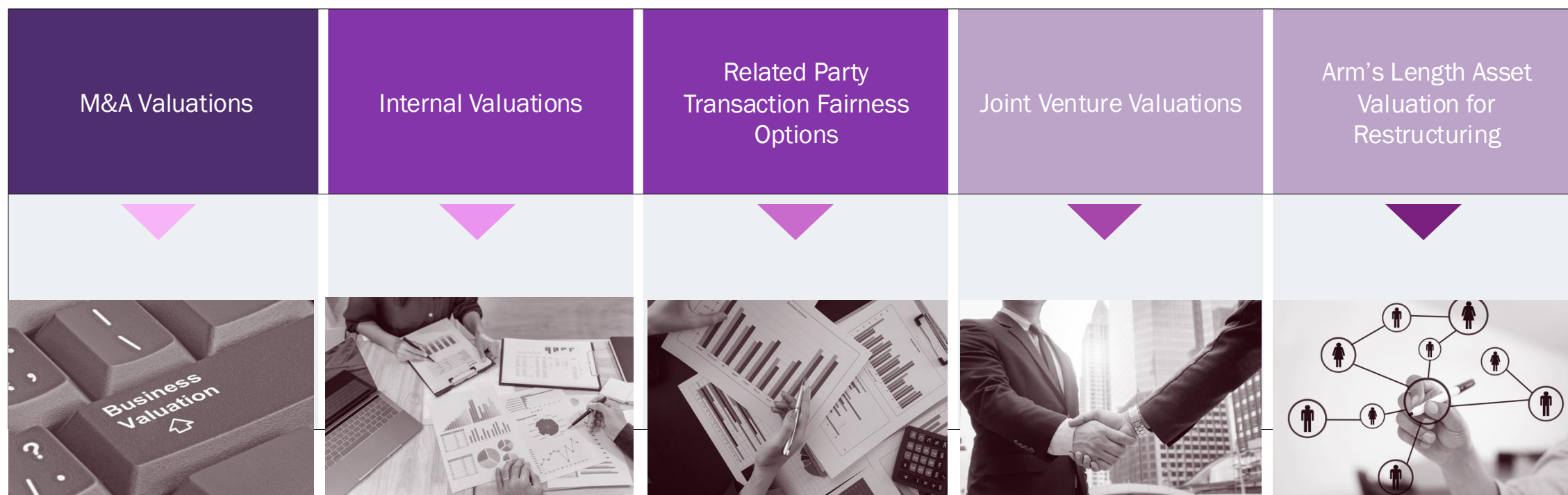
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Negotiation Support



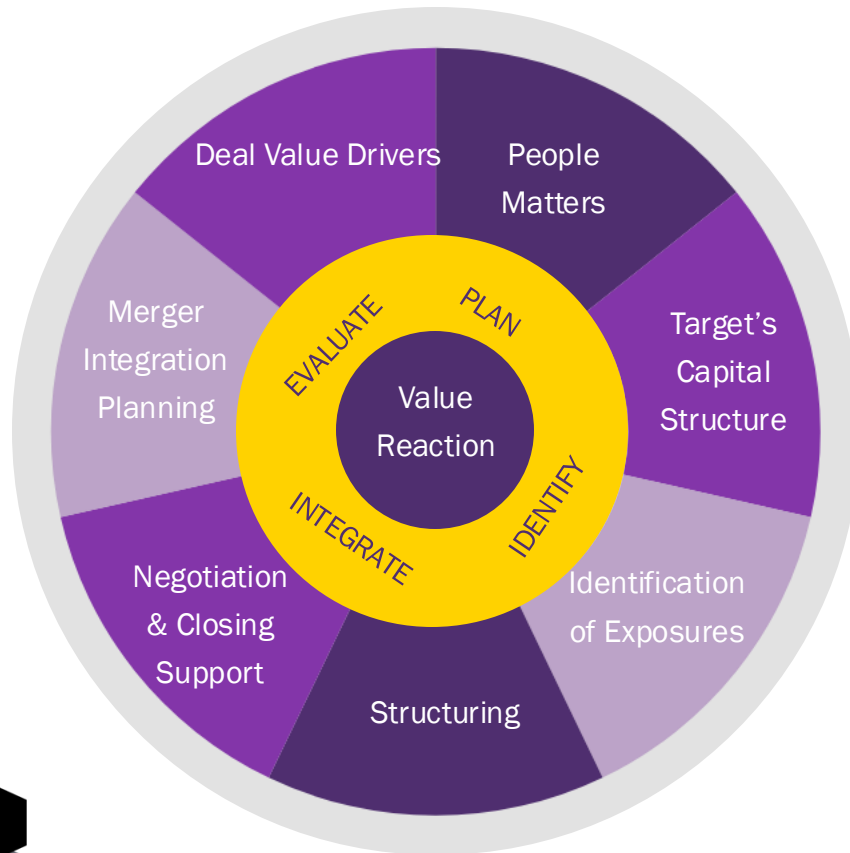
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As a part of its financial due diligence services TBBI assesses fair market value of businesses, including:





## A HOLISTIC FRAMEWORK FOR A MORE CONFIDENT TRANSACTION



1

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3












4

<b>EVALUATE</b>	The rationale for pursuing M&A, including whether the target company is a good strategic fit
<b>PLAN</b>	The impact of M&A on key stakeholders, operating environment and company success metrics
<b>IDENTIFY</b>	Specific opportunities for value creation, synergies and risk mitigation, including concrete actions to achieve success
<b>INTEGRATE</b>	Using an established template and TBBI's support for short-term and long-term success

SELECTED CORPORATE FINANCE EXPERIENCE




SELECTED TRANSACTION EXPERIENCE

<p>2015</p>  <p>has sold its equipment business to <b>Honeywell</b> for <b>CDN\$472,000,000</b></p> 	<p>2015</p>  <p>Transaction Advisory</p> 	<p>2015</p> <p>rowefarms</p> <p>Transaction Advisory and Partnership Planning</p> 	<p>2015</p>  	<p>2020</p>  <p>got partially acquired by <b>MORNINGSTAR</b> for <b>EUR\$55,000,000</b></p> 	<p>2022</p>  <p>has acquired <b>SERTI</b> (Commercial Due-Diligence)</p> 
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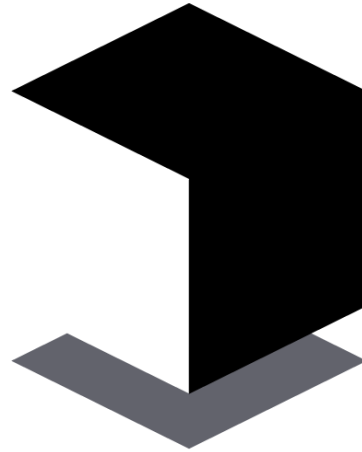
The Black Box Institute is a unique boutique advisory firm and think tank that brings purposeful and thoughtful advice and guidance to clients. We specialize in complex business, transactional and organizational challenges. Our problem-solving techniques are a blend of traditional strategy and financial advisory capabilities and incorporate creative design thinking.

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