



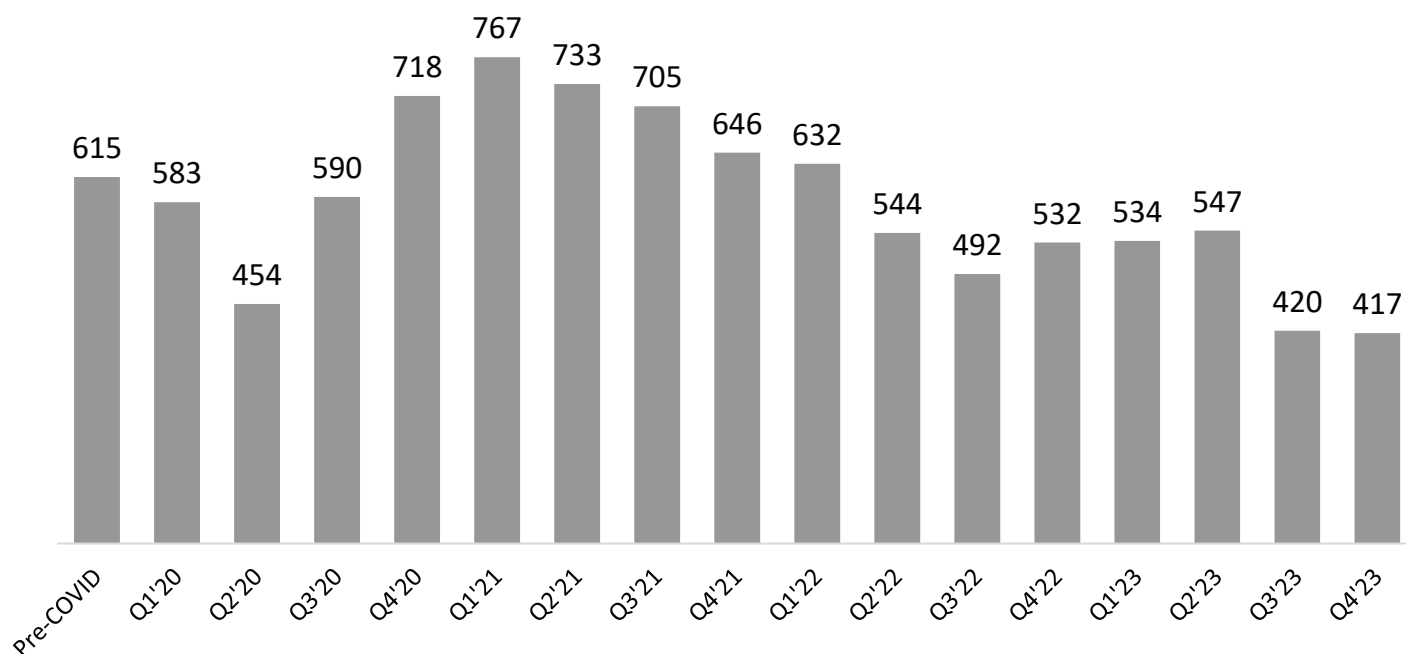
We're pleased to present our M&A market update for the first quarter of 2024. This time of year, a number of industry associations publish their annual statistics. In addition to our usual commentary, we'll review details from some of those reports.

Market Update for Q1 2024

In general, the Canadian M&A market saw a slow down in deal activity in the second half of 2023, with transaction volumes down 18% versus the same period in 2022 and down 32% compared with the pre-COVID quarterly average. This is largely a result of fewer larger deals due to higher interest rates and economic uncertainty.

We continue to see small and mid-sized companies transact and expect deal volumes across all size ranges to pick up in 2024.

Canadian Private Company M&A Transactions by Quarter



Source: S&P Capital IQ

A few recent industry reports provide more detail on the quieter M&A market in 2023 and the outlook for increased activity in 2024.

According to the Canadian Venture Capital & Private Equity Association, both private equity investments and exits slowed in 2023:

- Private equity investment in Canada slowed considerably with \$9.7 billion of private equity capital invested across 625 deals in 2023 vs \$14.6 billion across 896 deals in 2022
- There was a distinct lack of “mega-deals” last year, with only one transaction valued >\$1 billion (Magnet Forensics sale to Thoma Bravo)
- Deals under \$25 million remain the primary focus for Canadian private equity, with 84% of 2023 transactions with disclosed values being in this size range
- The top three sectors were industrial & manufacturing (145 transactions), technology & communications (130 transactions) and business products & services (63 transactions)
- Private equity exits also decreased significantly after two robust years — totalling only \$581 million in 2023 versus \$6.7 billion in 2022

Source: CVCA 2023 Canadian Private Equity Market Overview

The CBV Institute surveyed Chartered Business Valuators across Canada and released its 2024 M&A Outlook Survey in February. The study included the following findings for Canadian M&A:

- 2023 was a soft year for M&A given increased leverage costs, heightened regulatory scrutiny, and continued uncertainty around valuations
- Of CBVs surveyed regarding M&A deal volumes in the next 12–24 months, 58% expect increased activity, 24% expect equivalent activity and 18% expect decreased activity
- Leading industries for M&A are expected to be industrial products & services, technology, and health care
- Participants expect that both cross-border and insolvency M&A transactions will pick up
- Most CBVs do not expect material increases to valuation multiples or average deal size — only 22% expect valuation multiples will increase over next two years

Source: CBV Institute 2024 M&A Outlook Survey

Relay News

Relay was pleased to advise on the sale of Interpro Technical Services to Skyward Equity Partners in Q4 of 2023.



has been acquired by



Transaction Value Undisclosed

Financial Advisor

Interpro is a leading field maintenance services firm in Western Canada specializing in rotating machinery — including steam turbines, gas turbines and fans. The company typically works on-site servicing equipment that is too large to ship to a shop.

Established in 1987, Interpro has carved out a niche as a non-OEM “one stop shop” servicing all makes, models and sizes of steam turbines.



In February, Relay hosted 'Exit Planning Essentials' seminars in Langley and Vancouver, both of which were well attended. We also recently presented at Clark Wilson's 'How to Buy or Sell a Business' seminar and provided an M&A Market Update to members of the CBV Institute.

This spring, Relay and Fort Capital will be attending the Business Transition Forums in Halifax (April 9th), Calgary (May 1st) and Toronto (May 14th), as well as the ACG Middle Market Growth Conference in Vancouver (May 14-15th). We will also be planning additional Exit Planning Essentials seminars later this year, with dates and locations to be announced shortly.

Finally, Relay and Fort Capital are excited to announce our Platinum Partnership with MacKay CEO Forums. We're looking forward to building relationships with MacKay members and providing thought leadership to CEO Forum groups.

About Relay

Relay Transition Partners is solely focused on serving owners and entrepreneurs in the sale of their small to medium sized businesses. Our dedication to the preparation and execution of the sale of these companies delivers exceptional results for our clients when passing a business to its next owners. Home to advisors who have decades of experience working with SMBs, Relay builds on the experience and infrastructure of Fort Capital Partners, an investment banking firm serving mid to large private and public clients.

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