



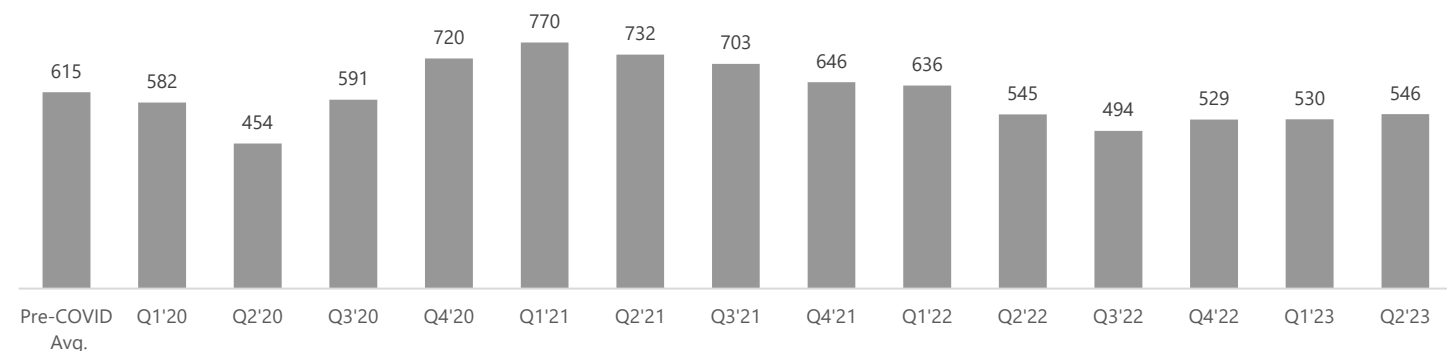
The fall is typically a busy time for M&A transactions, with September being an ideal time to go to market with new deals. While we're seeing headlines of challenging M&A market conditions in 2023, our own deal activity remains robust and we remain very positive about advising on the sale of quality companies at attractive valuations.

Market Update for Q3 2023

In general, deal activity has remained stable in 2023, down only slightly compared with 2022. This is despite a number of negative economic factors including a more uncertain business outlook, higher interest rates affecting financing, and lower availability of capital (mainly equity).

Buyers that rely on tapping the capital markets to fund new deals are finding it more challenging to raise financing for significant transactions. But many buyers still have significant capital to spend on acquisitions — strategic buyers have record corporate cash reserves, and private equity buyers have a lot of “dry powder” committed capital to put to work. The result is that larger deals have slowed somewhat but smaller deals continue to get done.

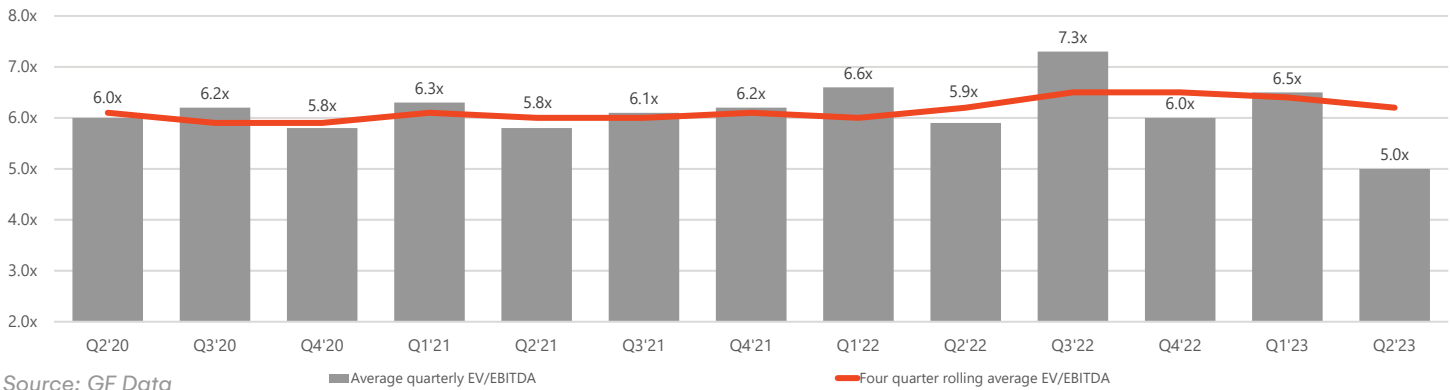
Canadian Private Company M&A Transactions by Quarter



Source: Capital IQ

When looking at all deal sizes, purchase price multiples have decreased from the peak in 2021. For transactions in the US\$10–25mm range, GF Data reports average Total Enterprise Value / EBITDA multiples of 5.7x in the first half of 2023 vs 6.5x for 2022. We find the four-quarter rolling average (6.2x EBITDA through Q2–23) to be more representative of the current valuation environment as it removes the quarterly fluctuations from the data.

Average Enterprise Value / EBITDA for Private Equity Transactions (US\$10–25mm)





Source: GF Data

As Relay focuses on smaller transactions (typically \$5–40mm), we’re seeing less of an impact from these negative trends. Smaller deals continue to attract buyers as they can be “add-on” acquisitions for strategic buyers or seen as lower risk transactions for financial acquirors. Smaller transactions are also typically less dependent on “stretchy” financing. While highly situation specific, we continue to see a healthy level of interest amongst buyers for deals that we have in the market, and transaction pricing in the 4–7x EBITDA range in our own deal flow in general.

Relay News & Recent Transactions

Relay continues to be busy with a number of transactions at various stages. Most recently, we advised on the sale of Canadian Industrial Pumps to 302 Capital Partners and the sale of Purebread Bakery to Coho Collective Kitchens.

 <p>Canadian Industrial Pumps Ltd.</p> <p>has been acquired by</p> <p>302 Capital Partners</p> <p>Transaction Value Undisclosed</p> <p>Financial Advisor</p>	 <p>purebread.</p> <p>has been acquired by</p> <p>COHO COLLECTIVE KITCHENS</p> <p>\$10,000,000</p> <p>Financial Advisor</p>
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“Working with Relay Transition Partners has been an extremely positive experience. They are professional and true partners working side by side. Selling a business is complex and takes a lot of time. The Relay team ran a process that was very organized and smooth...and the outcome exceeded my expectations. Having the best team selling your business is important and Relay is a 100% partner.” — *Kjell Stroman, founder Canadian Industrial Pumps*

Relay and Fort Capital will be attending and presenting at the Business Transitions Forums in Winnipeg (October 12) and Vancouver (November 23). BTF is the largest transition focused conference in the country and provides entrepreneurs with a ‘one-stop-shop’ for all the resources they need when planning for the transition of their business. Click [here](#) to learn more and to register... and use our sponsor code RELAY25 for a 25% discount.

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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