

# GLOBAL M&A REPORT

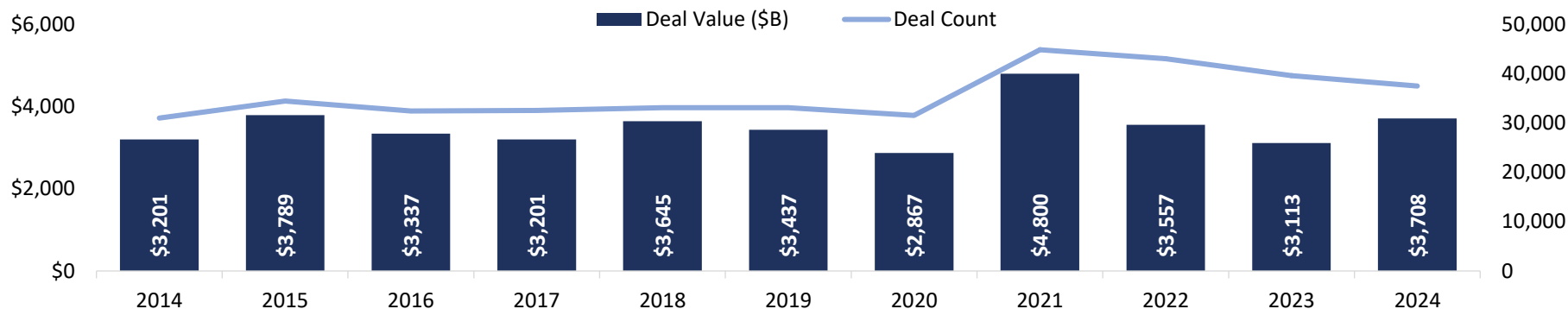
*MARKET REVIEW*

*2024*

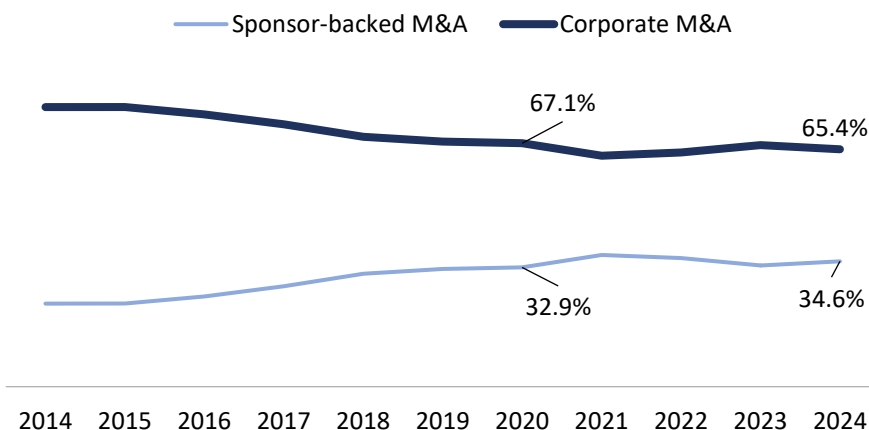
Carleton McKenna & Co

## Overview<sup>(1)</sup>

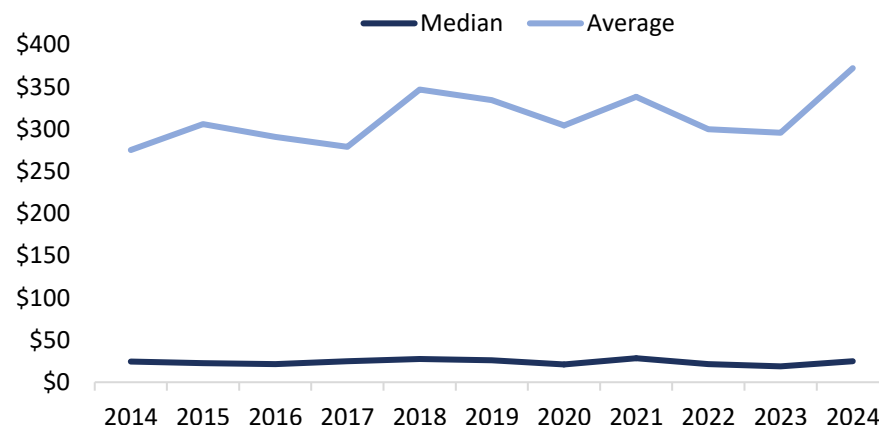
Global M&A activity experienced robust growth in 2024, fueled by more supportive macroeconomic conditions and stabilizing valuations. Both North American and European M&A markets rebounded in deal value by median YoY growth of 22.8% and in deal count by median YoY growth of 13.6%, reflecting a full recovery from the rate-hike-induced slow down of 2022. Experts are encouraged to see a broad-based recovery in dealmaking across geographies and industries as well as a favorable set up for continued growth into 2025.



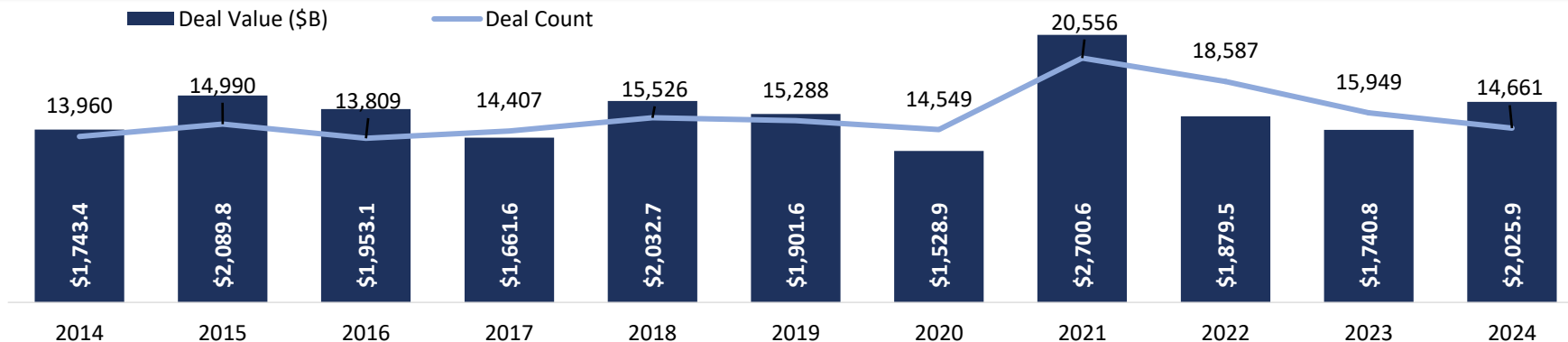
## Historical Sponsor vs. Strategic Breakdown



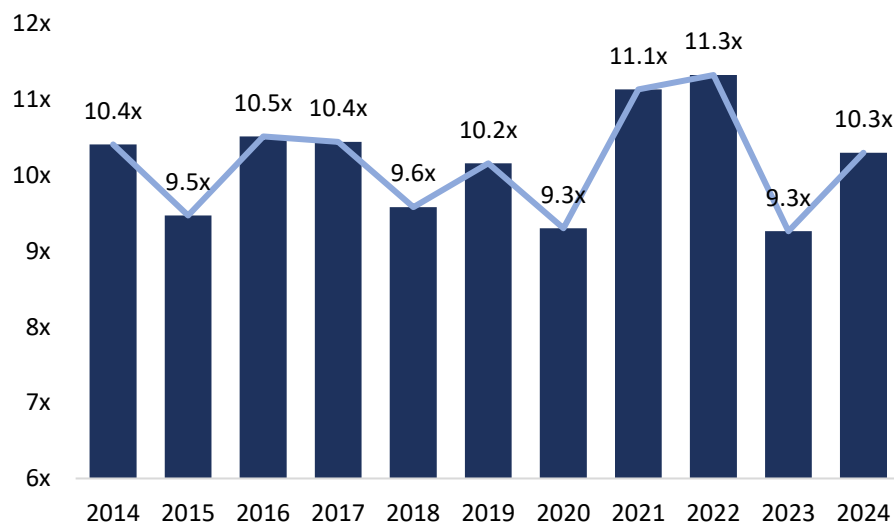
## Median & Average M&A Values (\$M, USD)



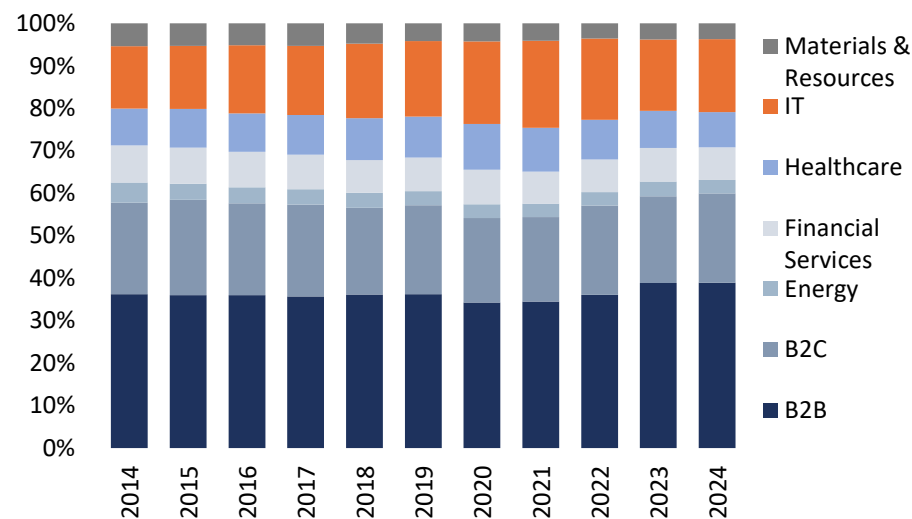
## 2024 North American Snapshot<sup>(1)</sup>



## Median US M&A EV/EBITDA Multiples<sup>(1)</sup>

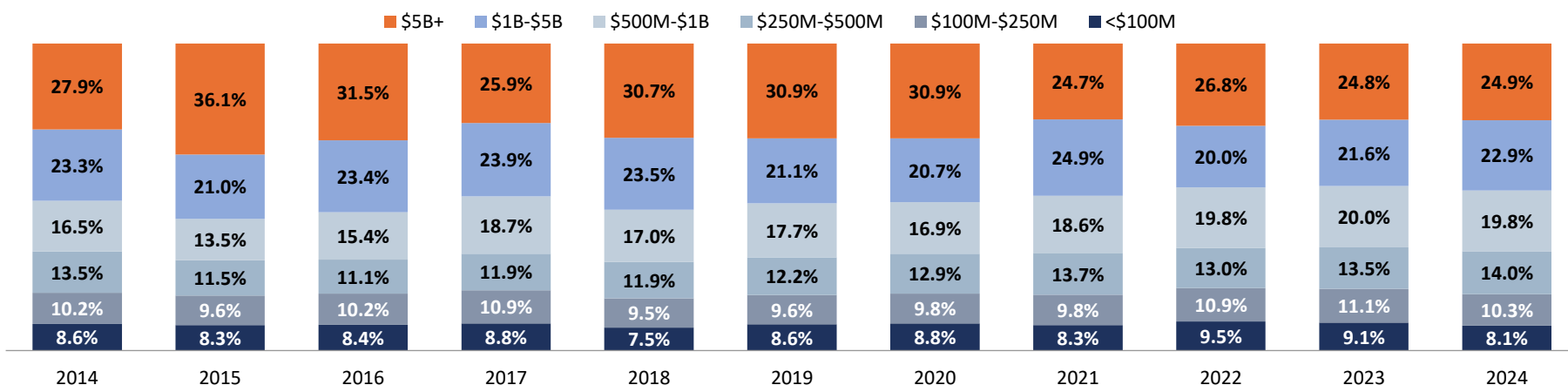


## Share of M&A Count by Sector<sup>(1)</sup>

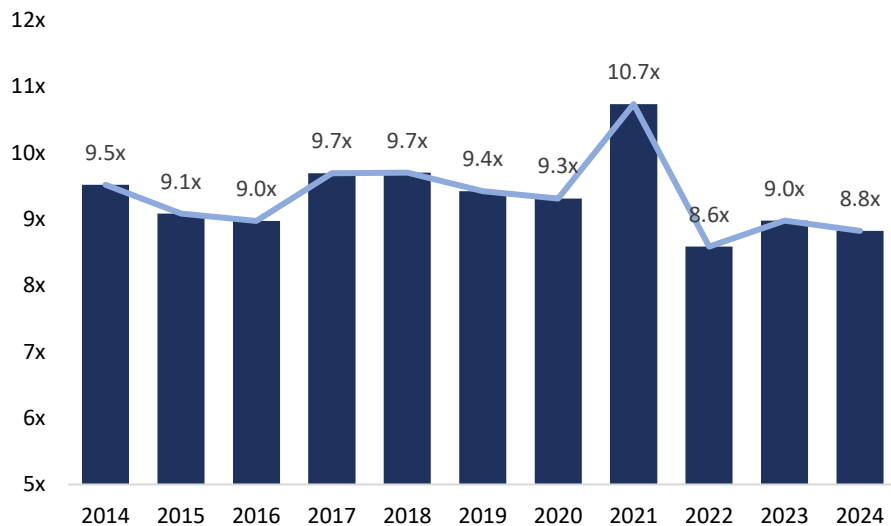


(1) Pitchbook

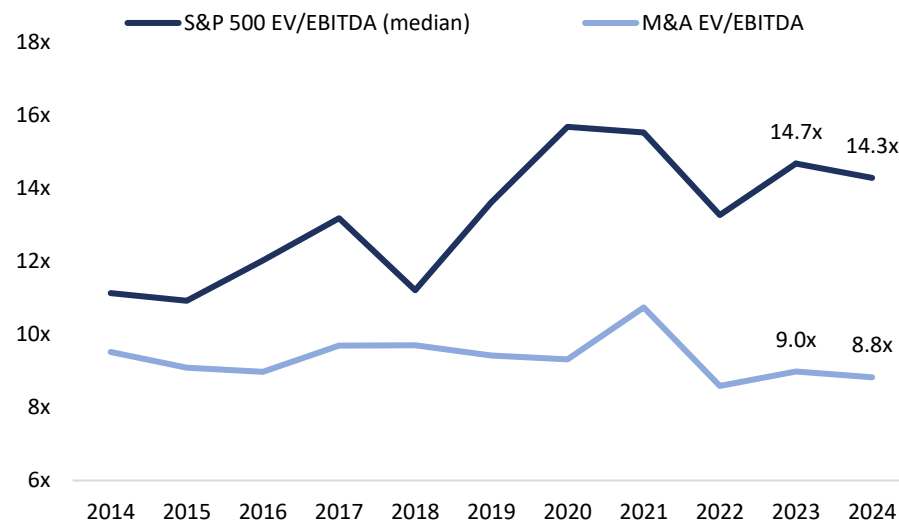
Global M&A Count by Size Bucket<sup>(1)</sup>



Median North America & Europe EV/EBITDA Multiples<sup>(1)</sup>



EV/EBITDA M&A v. S&P 500 Multiples<sup>(1)</sup>



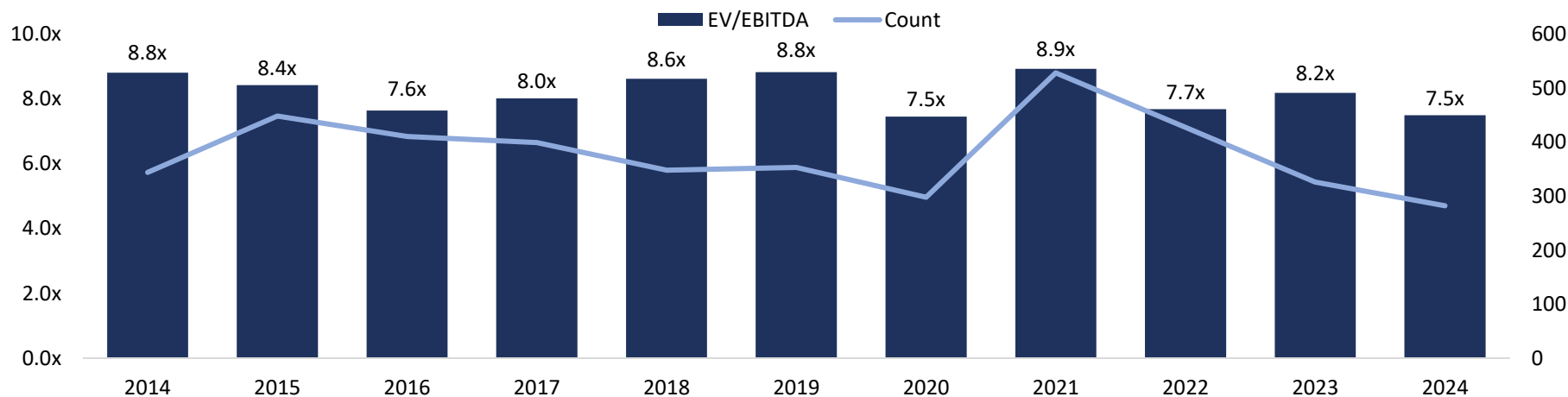
(1) Pitchbook

### M&A Commentary<sup>(1)</sup>

B2B M&A activity rebounded by 18% over the course of 2024 to \$971 billion from \$791 billion, with each quarter steadily increasing in reported activity. The end of 2024 also marked the highest growth of deal count and value compared to the prior year and pre-pandemic averages from 2017-2019. Megadeals also remained steady with corporate-led acquisitions accounting for the most activity. For sponsors, numerous megadeals took the form of take-privates as moderating borrowing costs renewed the push for public-to-private acquisitions. This kept the focus on industrials & manufacturing as well as building & construction materials segments.

### Notable B2B Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
			
Value: \$4.1B   4Q 2024		Value: \$10M   4Q 2024	







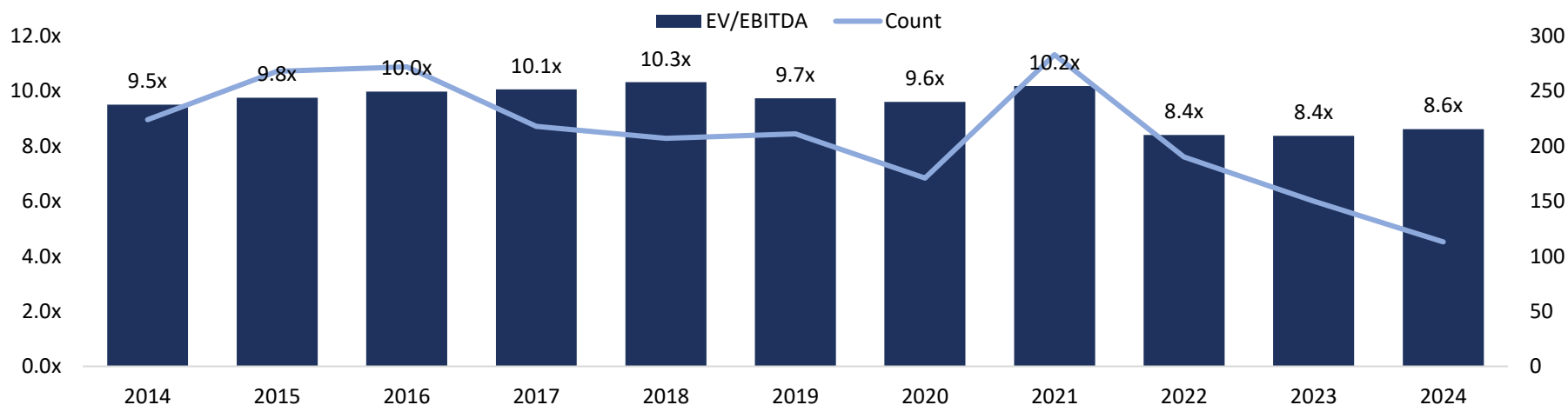
(1) Pitchbook

### M&A Commentary<sup>(1)</sup>

The softness in B2C M&A activity in 2024, with Q3 acting as the outlier as deal value, jumped 45% to \$635 billion from \$285 billion. Q4 saw activity return to subdued deal valuation metrics, but with the greatest number of deals in 2024. The B2C sector's transaction value increased by 36% YoY, demonstrating a successful recovery from the recent market downturn. Retail and Sports & Entertainment had a significant amount of growth due in part to five large-scale deals in Q4 alone. Businesses in these sectors have shifted focus to acquisition strategies intended to expand brand portfolios and drive growth through larger consumer bases.

### Notable B2C Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
			
Value: \$121M   4Q 2024		Value: \$278.5M   4Q 2024	







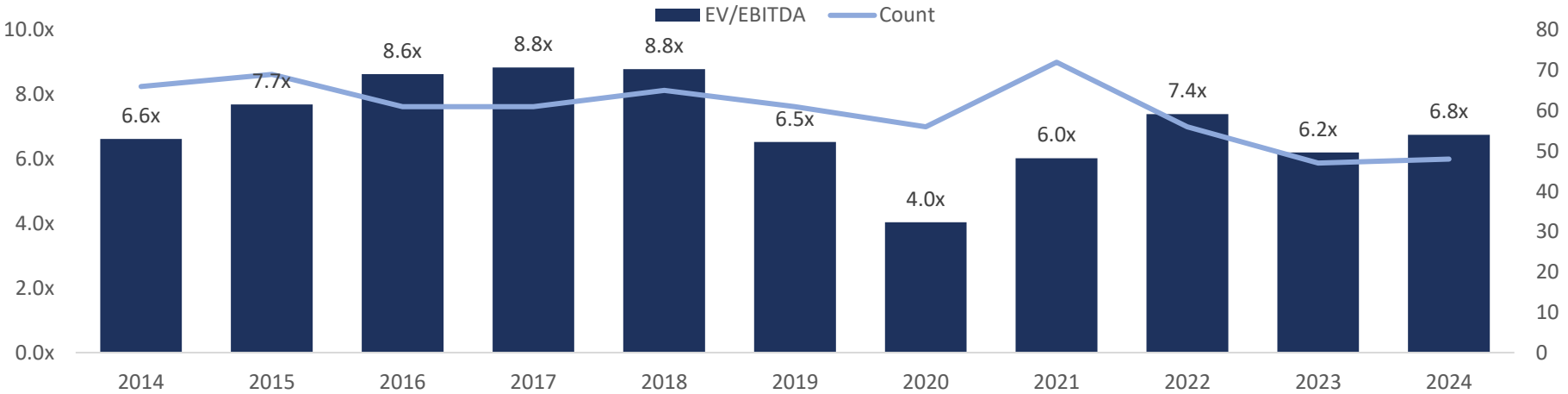
(1) Pitchbook

M&A  
Commentary<sup>(1)</sup>

Following three years of sequential increases in energy M&A activity, the sector declined by 18% in 2024 to \$312 billion, down from \$377 billion. Moreover, the energy sector ended the year on a low note as the fourth quarter was the second consecutive quarter with declining M&A activity. Still, companies providing energy-related services to other businesses experienced elevated demand at the end of the year. Similarly, the cleantech segment continues to provide the sector with strong deal flow and demand as investors adapt and seek alternative energy models and the growth opportunities they present.

Notable Energy  
Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
 <b>NEWPARK</b> FLUIDS SYSTEMS	 <b>SCF PARTNERS</b> <small>HOUSTON   CALGARY   ABERDEEN   SINGAPORE</small>	 <b>MarathonOil</b>	 <b>ConocoPhillips</b>
Value: \$127.5M   3Q 2024		Value: \$22.5B   4Q 2024	







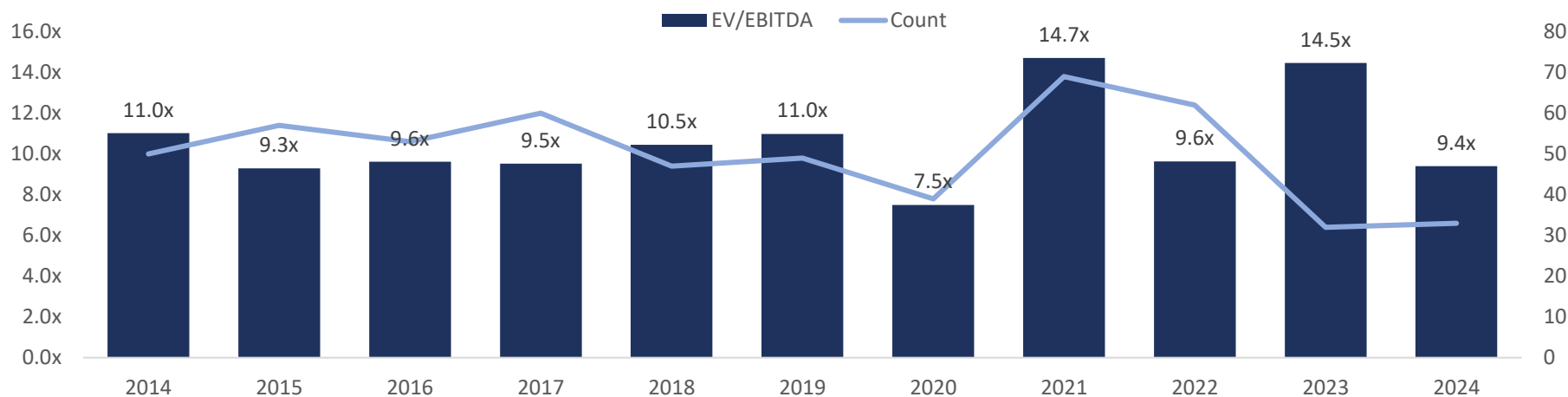
(1) Pitchbook

### M&A Commentary<sup>(1)</sup>

Following more subdued years of total deal value in 2022 and 2023, financial services finished 2024 up 43% to 496 billion total in value from \$267 billion. This rebound was driven by deal size, as valuation levels were down, and number of transactions was flat. Furthermore, the estimated deal count for financial services in the fourth quarter reached its highest point ever which could signal momentum for 2025. The insurance segment, in particular, played a crucial role in total value, however, increased activity in the sector is not representative of aggregate multiples<sup>(2)</sup>. Moving further into 2025, continued activity expected in insurance and with continuing consolidation of the alternative asset management space.

### Notable Financial Services Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
			
Value: \$340M   3Q 2024		Value: \$1.3B   4Q 2024	







(1) Pitchbook

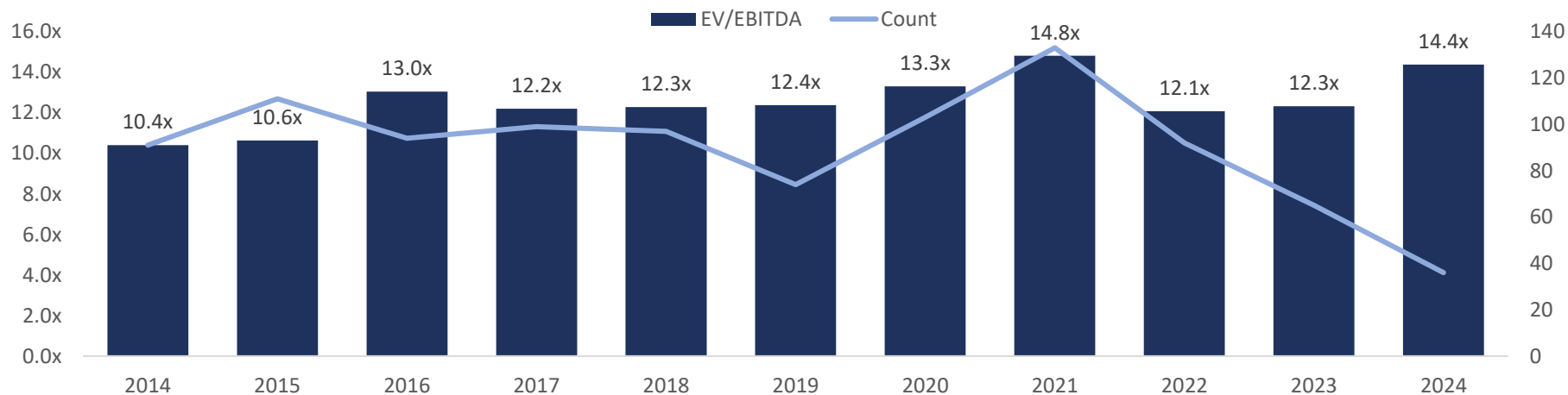
(2) EV/EBITDA is representative of self-reported financials via the Pitchbook platform, and does not capture all possible transaction metrics.

## M&A Commentary<sup>(1)</sup>

The fourth quarter, 2024 did not offer hope with low activity and lower deal value to boot. 2024 total deal value declined to \$382 billion from \$459 billion—a 17% drop—with the number of transactions continuing to slide. M&A activity from AI-driven drug discovery is expected as companies continue to seek out strategic partnerships and use consolidation as a lever to scale their capabilities. Several factors are likely to fuel movement in healthcare including declining interest rates, lower valuations in healthcare services, and significant capital directed toward AI-driven opportunities. On another note, PE firms should continue to target niches within the healthcare retail and direct to consumer sectors, as retailers like CVS face saturation and other significant growth constraints.

## Notable Healthcare Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
			
Value: \$28M   4Q 2024		Value: \$205M   4Q 2024	

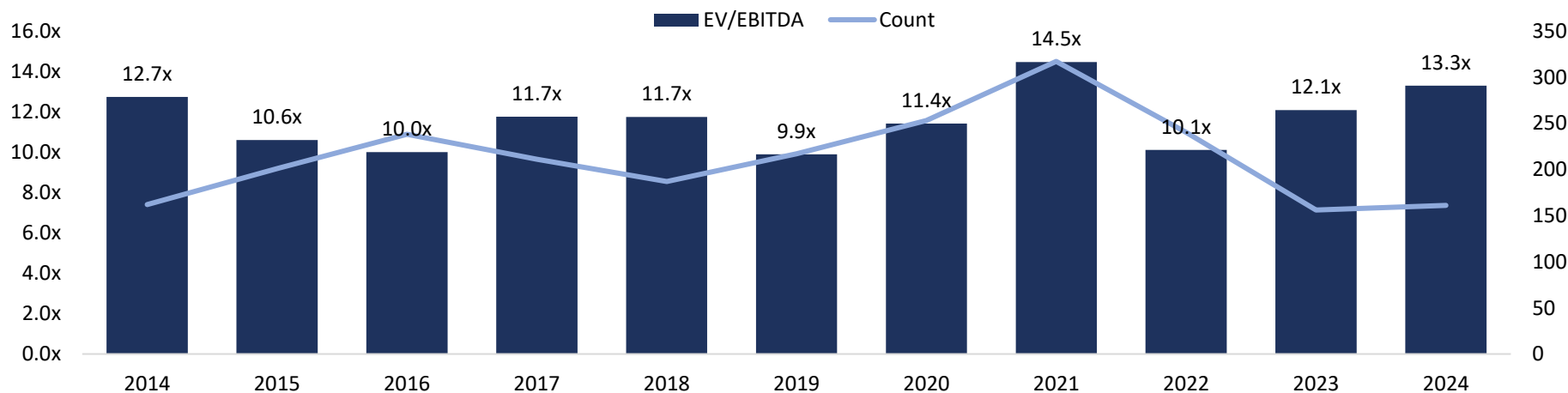


(1) Pitchbook

### M&A Commentary<sup>(1)</sup>

The IT sector was a clear driver of the deal recovery in 2024, although Q4 saw a 12% declination in value to \$125 billion—down 39% QoQ. This slowdown was affected by an air pocket around the US election and the subsequent rise in valuations as public markets climbed, making take-privates more expensive and increasing the hurdle for any given deal's economics. Tech was second place in deal momentum, accounting for 21% of global M&A deal value, just above the five-year average of 20%.

### Notable IT Acquisitions<sup>(1)</sup>



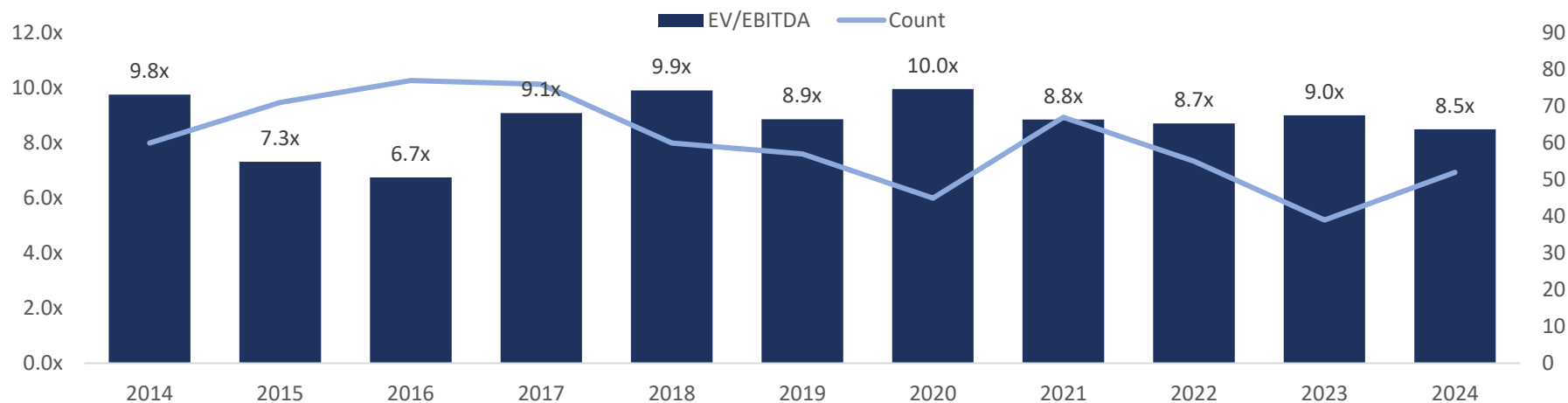
(1) Pitchbook

## M&A Commentary<sup>(1)</sup>





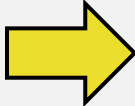
Materials and resources saw its second consecutive year of growth a very strong fourth quarter. In 2024, the industry saw 1,694 deals announced or completed, for a total of \$200 billion, up 10%. Q4 represented \$87 billion of year total, including four of the sector's five largest deals of the year and representing the second largest quarter in the last decade. Buyers took advantage of soft public markets and scooped significant assets to benefit existing platforms. A rise in activity for the packing industry is expected, with firms have been scouting for deals as easing demand sparked consolidation in the sector.

## Notable Materials & Resources Acquisitions<sup>(1)</sup>

Financial		Strategic	
Target	Acquirer	Target	Acquirer
			
Value: \$86.5M   4Q 2024		Value: \$79.5M   4Q 2024	



(1) Pitchbook

Market Force	2024 Description	Sentiment	2025 Outlook
<b>Economic Conditions</b>	The US economy demonstrated resilience, with GDP growth hovering around 2.3% and inflation finally dropping below 3%. However, the Fed's cautious approach kept interest rates elevated for much of the year, peaking at 5.5%. This environment created a headwind in the M&A landscape.		Economists project a soft landing, with GDP growth expected to stabilize between 2-2.5%. The Fed is anticipated to implement two to three rate cuts, which could lower federal fund rates to 4.5-4.75% by year end.
<b>Regulatory Environment</b>	Regulatory scrutiny remained a significant hurdle, particularly for mega-deals. The DOJ and FTC continued their aggressive stance on antitrust issues, with several high-profile deals facing prolonged reviews or outright rejection. This was particularly challenging for deals in tech and healthcare.		While regulatory oversight is expected to remain active, there's growing optimism that regulators will provide clearer guidelines on merger reviews. This increased clarity is likely to facilitate more deals.
<b>Sector Trends</b>	The M&A landscape was characterized by a shift towards strategic consolidation and innovation driven acquisitions across sectors. This was largely influenced by moderating inflation, anticipation of interest rate cuts and the need for companies to adapt to rapidly evolving market conditions.		The macroeconomic environment is expected too be more conducive to M&A activity across sectors. The ongoing digital revolution, energy transition and need for strategic positioning will rapidly close capability gaps.
<b>Access to Capital</b>	Private equity firms sat at a record \$2.59 trillion of dry powder, yet deployment was cautious due to high valuations and economic uncertainty. Leveraged loans showed signs of recovery in Q4 as interest rates stabilized and SPACs remained a positive force in bringing innovative companies to market.		With an estimated \$3+ trillion in dry powder available, PE firms will face increased pressure to deploy capital in 2025. This combined with potentially lower interest rates could buoy buyout activity.
<b>Global and Geopolitical Events</b>	Geopolitical tensions, including ongoing conflicts in the Middle East and Eastern Europe, continued to create global uncertainty. However, intra-regional M&A activity between Asia and Europe showed resilience, with companies seeking to strengthen their positions in local markets.		While risks such as tariffs persist, the resolution of national elections in major countries may provide a degree of political stability. The global landscape is expected to improve, with economic growth accelerating to 3.1%.

# Carleton McKenna Overview

Carleton McKenna & Co is an independent investment banking firm providing M&A and Capital Raising advisory services. We work with middle-market closely-held family businesses, multi-generational family businesses, portfolio companies of financial sponsor firms and divisions or subsidiaries of public companies focusing in B2B Services, Specialty Manufacturing and Industrials, Technology, Consumer Products and Retail, Construction, Contractors and Building Products and Healthcare.

Our Team is made up of finance and accounting experts, entrepreneurs and operators, C-Suite and Board professionals, lawyers, consultants and marketing professionals. These diverse experiences and skills drive extraordinary results for our clients.

We believe businesses are the economic engine of our society, and that business owners deserve and require a proactive advocate to maximize life changing transactions.

## Middle Market M&A and Capital Raising Sectors

- Business-to-Business Services
- Specialty Manufacturing, Industrials
- Consumer Products, Retail
- Construction, Contractors, Building Products
- Healthcare
- Software, Technology

## Research, Analysis & Publishing



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