

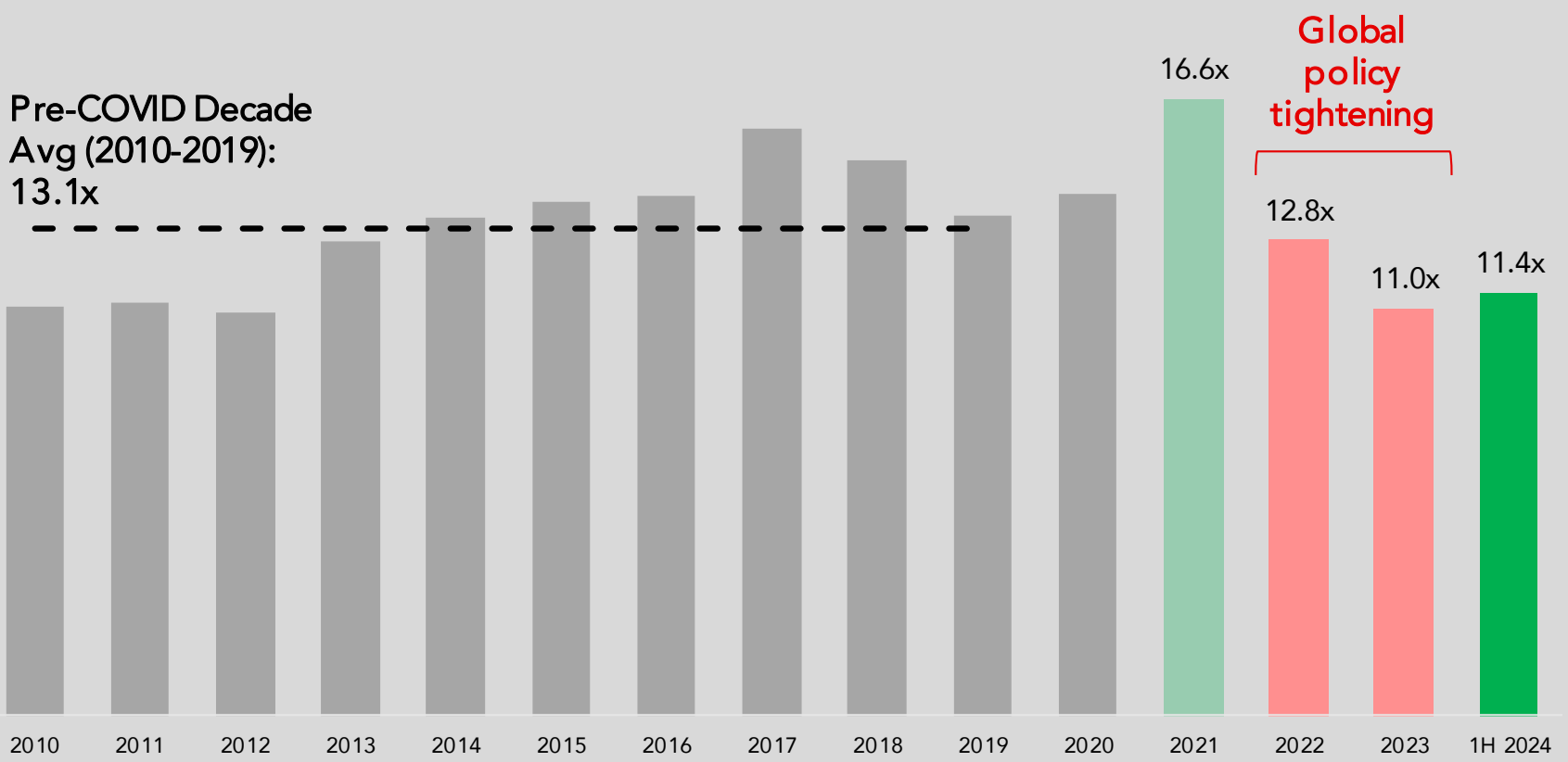
Chart of the Day



Strategic M&A Deal Valuations Normalizing

In 2022 and 2023, strategic deal valuations declined for two straight years after the robust COVID period. As buyers were hesitant to step in before multiples reset lower, and sellers clung to COVID-era multiple expectations, valuations became a formidable obstacle to deal activity in 2023. In 2024, valuations appear to have stabilized, though there is still a clear divide between “best in class” assets and “tier two” assets.

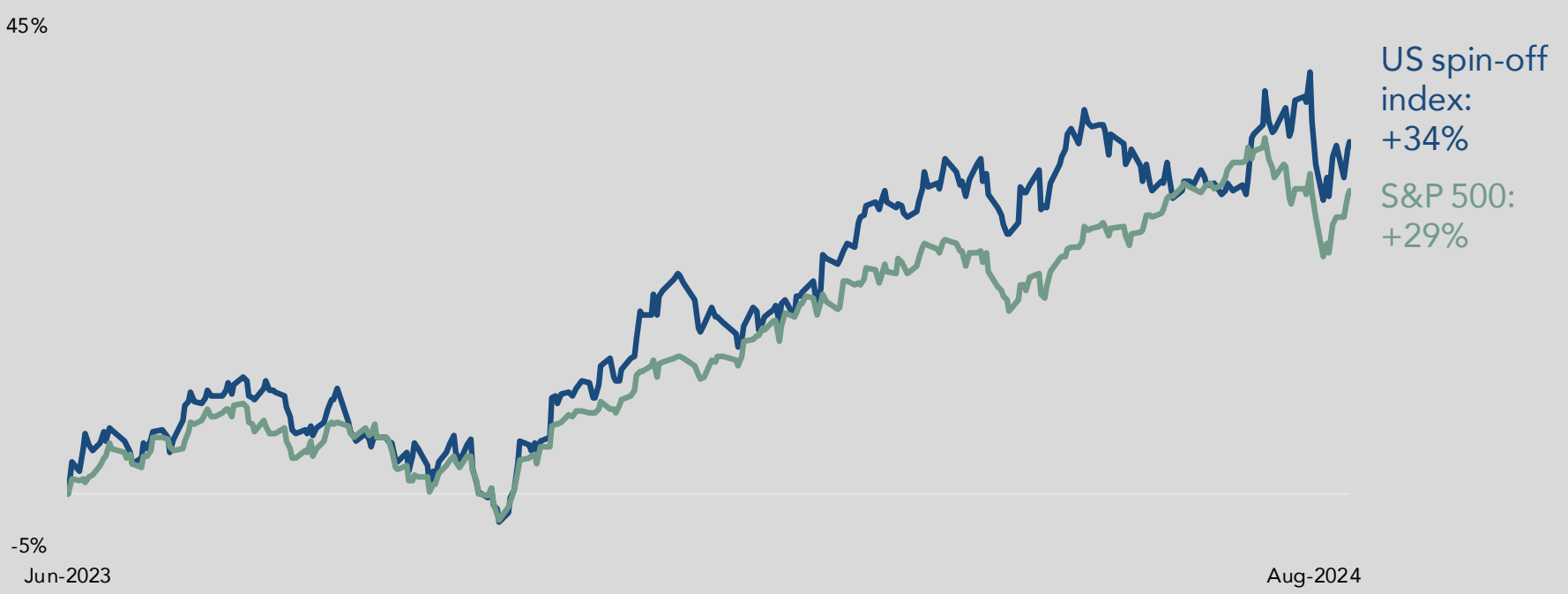
Global M&A median EV / EBITDA multiples



Market Rewarding Spin-Offs

Over the past year, markets have rewarded spin-offs as companies seek “business focus” and capital efficiency by monetizing non-core assets and / or underperforming businesses, reducing operation risk and strengthening balance sheets.

S&P 500 and US spin-off index



Against a challenging macro backdrop, companies have pivoted to a variety of strategies to streamline operations and unlock value, including divestitures, carve-out separations, spin-offs and joint ventures.

Source: (1) Cortex. Dealogic. Data for 1H 2024 as of July 10, 2024. Includes rankeligible, M&A deals. (2) Bloomberg. Data as of August 15, 2024. Spin-off index is Invesco S&P Spin-off ETF.

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“Macro stability isn’t everything, but without it, you have nothing.”