

**Eric Higgins**  
Co-Founder &  
Senior Managing Director  
[ehiggins@greensideca.com](mailto:ehiggins@greensideca.com)  
(978) 761-8111



**Bob Snape**  
Co-Founder &  
Senior Managing Director  
[bsnape@greensideca.com](mailto:bsnape@greensideca.com)  
(339) 236-1050

M&A Highlights

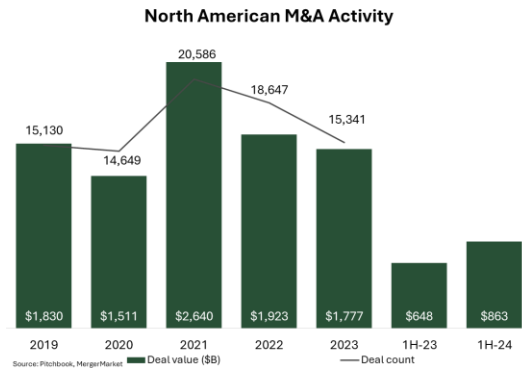
**33%** increase in YOY deal value

**15** megadeals (>\$10 billion)

**65%** Surge in LBO deals

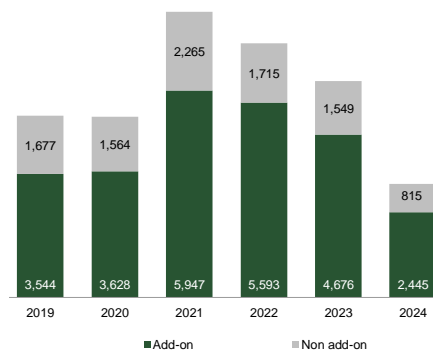
## M&A ACTIVITY HEATS UP

The value of North American M&A activity in the first half of 2024 increased nearly 33% YoY as corporates and private equity firms sought to deploy capital after a two-year hiatus. North American leveraged buyouts surged 63% to \$129.5 billion in the first half of the year with LBO volumes rising to \$71 billion in the second quarter, the highest level since 2022's first quarter which is when the Federal Reserve began raising interest rates to combat inflation. As expectations grow for a continued soft-landing and lower interest rates, would-be buyers are increasingly gaining confidence to execute deals. A notable tailwind for increasing M&A volumes is the rise of valuation levels across most sectors. For example, the current price-to-earnings ratio of the S&P 500 is 29.3x compared to 20.4x in September 2022. This rise in valuations has made it considerably easier for a large segment of the buyer universe to reach agreement on pricing at accretive levels. In addition, share price volatility has decreased dramatically while economic stability is now reality, providing much needed normalcy for strategic decision planning and deal-making after a period of prolonged uncertainty. Cooling but resilient positive economic growth and moderating inflation have provided a favorable backdrop for M&A and for public equities, with the Dow, S&P 500, and Nasdaq all notching record highs. Inflation continues its path lower, with consumer price index (CPI) inflation at 3.0% on a YoY basis in June, the lowest reading since



March 2021. At its June meeting, the Fed trimmed expectations to one interest-rate cut for this year but this still could change as rapidly moderating inflation may allow the Fed to pivot to rate cuts in September and December. As the timing and pace of the cuts becomes clearer, interest rates should continue to decline, making M&A more affordable for private equity firms. A likely Fed pivot to interest-rate cuts should also support the overall economy, which would be favorable for M&A for all participants.

## Private Equity Buyout Activity



Add-on acquisitions to existing platform investments continues to be the prevalent theme for private equity buyers, accounting for approximately 75% of all LBO activity in 2024. LBO pricing for larger deals has been stunted by high borrowing costs and a lack of conviction - but many expect private equity to enter the fray more convincingly in coming months. US buyout funds are currently sitting on a record \$1.2 trillion of dry powder and 26% of this total was raised over 4 years ago, putting pressure on GPs to invest in larger deals. Loosening credit conditions and lower rates should lead to a robust 2<sup>nd</sup> half for LBO investing.