



# Links Capital

## Links' List of Multiples

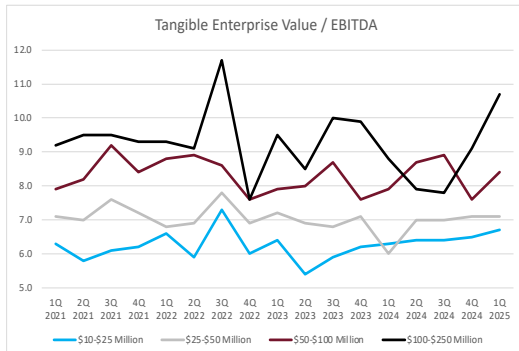
June 2025



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# Q1 2025 Private Equity Valuation Multiples



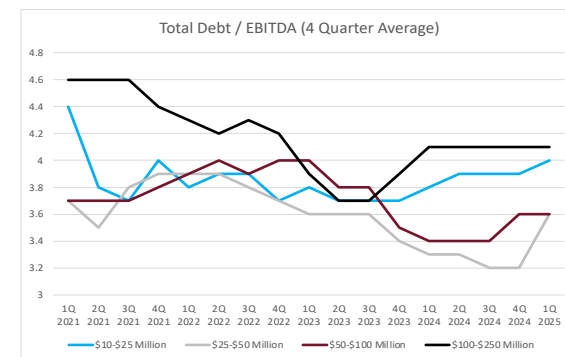
Data Source: GF Data®

| TEV/EBITDA          | 2Q 2024 | 3Q 2024 | 4Q 2024 | 1Q 2025 | 2003-Present |
|---------------------|---------|---------|---------|---------|--------------|
| \$10-\$25 Million   | 6.4     | 6.4     | 6.5     | 6.7     | 5.9          |
| \$25-\$50 Million   | 7.0     | 7.0     | 7.1     | 7.1     | 6.7          |
| \$50-\$100 Million  | 8.7     | 8.9     | 7.6     | 8.4     | 7.7          |
| \$100-\$250 Million | 7.9     | 7.8     | 9.1     | 10.7    | 8.6          |

| TOTAL DEBT/EBITDA (Platforms) | 2Q 2024 | 3Q 2024 | 4Q 2024 | 1Q 2025 |  |
|-------------------------------|---------|---------|---------|---------|--|
| \$10-\$25 Million             | 2.9     | 2.8     | 3.1     | 3.2     |  |
| \$25-\$50 Million             | 2.9     | 2.9     | 3.8     | 3.2     |  |
| \$50-\$100 Million            | 3.2     | 3.4     | 3.4     | 2.8     |  |
| \$100-\$250 Million           | 3.7     | 4.2     | 4.2     | 4.6     |  |

Data Source: GF Data®



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## Uncertainty Reigns Amidst Tariff Whiplash and Political Crosscurrents

Recent developments in global trade policy, most notably U.S. tariff announcements, have introduced a heightened level of uncertainty for private company transactions, particularly those with cross-border exposure. The U.S. President's Liberation Day speech, where he revealed a new round of tariffs without a clear economic rationale, has left investors and businesses alike grappling with what many now refer to as the "TACO trade" an acronym capturing the sentiment that "Trump Always Chickens Out."

Indeed, the pattern of announcing tariffs and then scaling them back, delaying them, or abandoning them altogether has created a volatile environment. Many private equity funds and strategic buyers we work with continue to view the President's tariff stance as more posturing than policy. While new tariffs were announced for specific countries and sectors, the general consensus is that actual implementation may fall far short of the sweeping measures outlined in the Liberation Day chart. Some regions may see tariffs materialize, while others may escape unscathed. Nonetheless, critical sectors such as steel, auto parts, and potentially lumber remain under pressure, creating tangible risks for affected businesses.

## Canadian Perspective: Political Shifts and Economic Headwinds

South of the border, these policy oscillations have indirectly influenced political outcomes in Canada. The Liberal Party has returned to power with a minority government under new leadership. However, legacy economic challenges persist. From 2014 to 2024, under the Liberal government, Canada experienced sluggish real GDP per capita growth, averaging only 1.1%, the second-worst among all 38 OECD countries. The question now is whether Canada can unlock the potential of its abundant natural resources to stimulate stronger economic growth.



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### **Private Market Deal Flow – A Slowdown with a Silver Lining**

In Q1 2025, GF Data reported only 59 completed private equity transactions, down sharply from 100 in Q1 2024 and even below the 95 deals seen in Q1 2021 during the global pandemic. For Canadian exporters to the U.S., deal activity has stalled. The looming threat of tariffs and the unpredictability surrounding their implementation are weighing heavily on buyer confidence. Transactions nearing completion are frequently being paused, as acquirers reconsider their exposure to tariff-sensitive revenue streams.

In addition to transactional delays, we're seeing deferred capital expenditure plans across many sectors. The hesitation to invest in growth is impacting current and projected earnings, ultimately suppressing enterprise values. For companies still pursuing deals, we advise considering adjustments to financial performance metrics, particularly one-time normalizations to revenue and EBITDA to reflect the temporary and externally driven nature of these disruptions.

### **Premiums Persist at the Top End**

Despite the overall slowdown, deals that are closing continue to command strong valuations, especially at the upper end of the market. These transactions typically involve either add-on acquisitions or businesses with premium, stable EBITDA margins and minimal exposure to tariff-related risks. Conversely, companies with subpar margins or lacking a strong strategic fit with existing platforms are struggling to attract interest.

### **Outlook**

Until there is greater clarity on trade policy, particularly from the U.S., we expect M&A activity involving Canadian exporters to remain subdued. Businesses in tariff-impacted industries should prioritize contingency planning, communicate regularly with investors, and work closely with advisors to prepare for multiple scenarios. For some, this may mean waiting out the volatility. For others, it could present a window to acquire competitively at lower valuations.

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