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Links' List of Multiples & M&A Update

September 2026

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Divestitures • Acquisitions • Financings

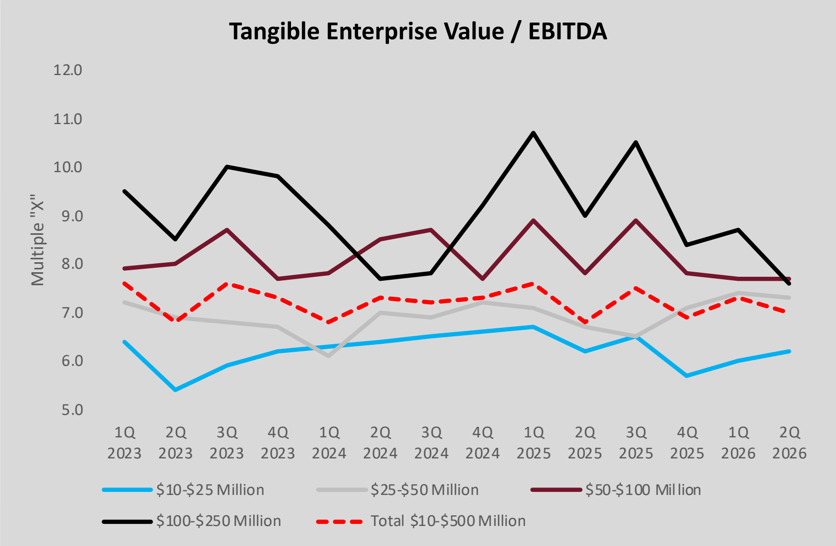
Q2 2026 Private Equity Multiples & M&A Update

Q2 2026: What Buyers Are Paying and How Deals Are Being Financed
Private company values remained fairly steady in Q2. The average purchase price was 7.0X EBITDA, down from 7.3X in Q1. The first-half average was 7.1X, very close to the 7.2X recorded in both 2024 and 2025. The lower Q2 number appears to reflect a greater mix of smaller deals rather than a broad drop in business values. Financing did tighten. On new private equity platform acquisitions, total debt fell to 2.9X EBITDA from 3.4X in Q1, while senior debt fell to 2.0 times from 2.5 times. Senior debt costs also rose. By contrast, add-on acquisitions, where a buyer adds a business it already owns, continued to receive stronger lender support because lenders can assess the strength of the combined company. (Sources: GF Data®)

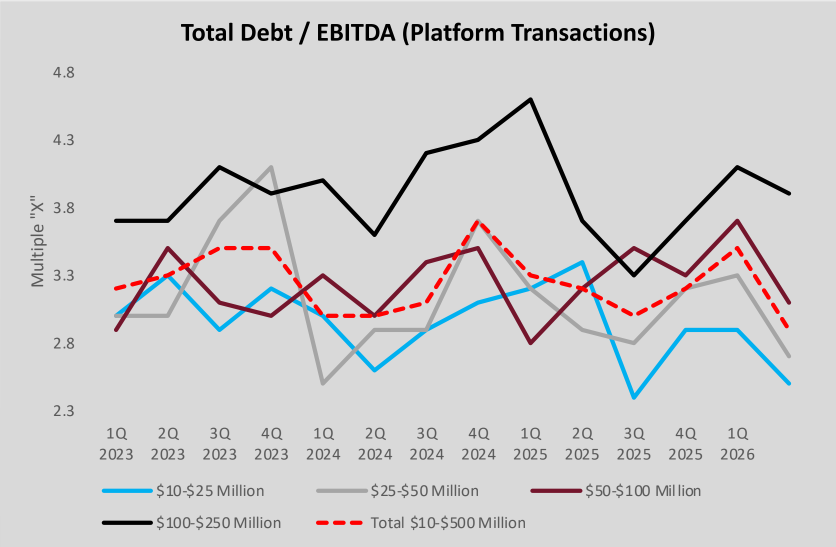
Tariffs Are Hurting Some Parts of Canada More Than Others
The trade dispute with the United States has intensified. New U.S. tariffs are affecting several Canadian industries, and Canada will respond on September 8 with tariffs on $27.6 billion of U.S. imports. The Canadian measures will target products including steel, dairy, appliances, agricultural equipment, pulp and and paper, and electronics.

The United States remains Canada's largest customer, buying about 72% of our goods exports, but not every business is affected equally. A large amount of trade still moves tariff free under CUSMA. Ontario is among the most exposed because of autos, steel and manufacturing. Quebec also faces pressure in several manufacturing sectors, while British Columbia has significant exposure through lumber and forest products.

Alberta and Saskatchewan look somewhat different. Both sell a great deal to the United States, but much of that trade is in commodities and resources rather than manufactured goods. Alberta is dominated by energy, while Saskatchewan sells crude oil, potash, uranium and agricultural products. Saskatchewan has also had some success growing exports to markets outside the U.S. British Columbia is different again: the province is less dependent on the U.S. overall than some provinces, but its lumber industry is highly exposed. Roughly three-quarters of B.C. softwood lumber exports by volume went to the U.S. in 2025. The result is a very uneven trade picture across Canada.



Data Source: GF Data ®



Data Source: GF Data ®

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Energy Is a Risk for Some Businesses and an Opportunity for Others

Energy markets are being pulled in several directions at once. The conflict in the Middle East, the war in Ukraine, uncertainty around Venezuelan production and lower strategic oil inventories have all added to price volatility. The Strait of Hormuz is especially important because a large share of the world's oil normally moves through that narrow route. Any further disruption can quickly affect global supply and prices.

For Canada, higher oil prices create both winners and losers. Consumers and businesses that use a lot of energy face higher costs, but producing regions can benefit. Alberta now expects a $2.0 billion surplus for 2026-27, compared with the $9.4 billion deficit projected in the February budget. More importantly for business owners, stronger oil prices can lead to more drilling, construction, engineering work, transportation, equipment purchases and spending throughout the large network of companies connected to the energy industry.

Canadian oil and gas have also largely avoided the direct tariffs affecting sectors such as steel, autos and lumber. The reason is simple: the U.S. relies heavily on Canadian energy, and the two countries have built an integrated energy system over many years. Canada could try to use energy exports as leverage in the trade dispute, but that would also hurt Canadian producers and provincial revenues. More importantly, the U.S. has a strong reason to keep reliable Canadian oil and gas flowing.

Venezuela is a good example of why reserve numbers do not tell the whole story. The country has enormous oil reserves, but years of underinvestment mean producing much more oil would require large amounts of capital, infrastructure repairs, and time. Canada already has producing projects, pipelines and a proven record of reliable supply. In a world dealing with uncertainty in the Middle East, Russia and Venezuela, that reliability has become more valuable.

2008 also offers a useful lesson. Early in the financial crisis, high oil prices helped Alberta hold up better than many other regions. That changed quickly when oil prices collapsed. Alberta is not protected from a broader downturn, but strong energy prices can cause the province to perform very differently from the rest of Canada for a period of time.

What the Current Market Means if You Are Thinking About Selling

The M&A market is still active, but buyers are being more selective. Business values have held up reasonably well, although lenders are providing less debt for some new private equity acquisitions. If your company once might have been attractive as a new standalone private equity investment, fewer funds may now be willing to start a new platform around it.

That does not mean private equity is no longer an option. The opportunity may simply be with a larger fund that already owns a company in your industry. Your business can then be acquired as an add-on to that existing company. In many cases, that buyer can finance the deal more easily and may see savings or growth opportunities that would not exist if your business were purchased on its own.

Strategic buyers are just as important. Well-capitalized companies are still looking for acquisitions that help them enter new regions, add products or customers, secure important suppliers, bring more of their supply chain in house, or diversify into new markets. A business that looks expensive or difficult to finance on its own may make very good sense to a buyer that can create additional value from the combination.

For a seller, the best buyer may not be the most obvious one. It could be a larger private equity fund with the right portfolio company, a competitor or supplier that can create savings, or a company looking to enter your market. Finding those buyers takes more work than simply contacting the usual names. A good M&A advisor should understand where your business creates the most value and build a process around the buyers who can benefit from it most.

Good Deals Are Still Getting Done in Tough Markets

We recently completed the sale of an engineered wood products business to a dimensional lumber supplier. Forest products has been one of the industries hit hardest by weak market conditions and trade pressure. Even so, the deal made sense because the two businesses fit together. The buyer could move further into value-added products, while the acquired company gained an owner that could supply an important raw material and support future growth.

The lesson is simple: a difficult market does not affect every buyer and seller the same way. Some companies actively look for acquisitions that strengthen their supply chain, add products or customers, lower costs, or help them enter new markets. In those situations, the business fit can matter more than the amount of debt a buyer can borrow.

What Business Owners Can Do Now

If tariffs directly affect your business, selling may be more difficult for a period of time. A company that depends heavily on U.S. customers can be hard for a buyer to value when nobody knows how long tariffs will last, how much pricing can be passed through, or whether customer demand will change. Even a good company may have fewer buyers, less available financing and a wider range of possible values until that uncertainty becomes clearer.

Owners cannot control trade policy, but they can improve their options. That may mean reducing dependence on one market or customer, developing more sales outside the U.S., building tariff increases into pricing where possible, and keeping the balance sheet strong. These steps make earnings easier for buyers to understand and give them more confidence that the business can continue to perform.

Business quality still matters enormously. Strong management, reliable earnings, healthy cash flow, a diverse customer base, and a believable growth plan become even more important when buyers face outside risks they cannot control.

Waiting is not automatically the safest choice. The right time to sell depends on whether the business is ready, how dependable its earnings are, and whether buyers see real value in it. It is rarely necessary for every economic and market condition to be perfect at the same time.

Ron Chicoyne, CFA, CA, ICD.D
Managing Director
rchicoyne@linkscap.com
403.809.7985
www.linkscap.com

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