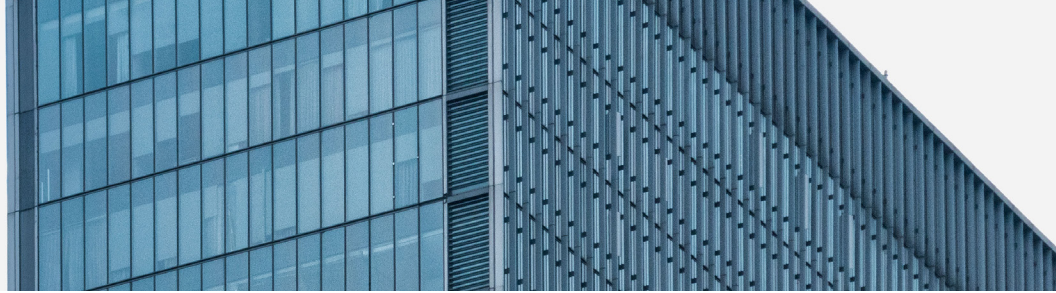




MID-MARKET INVESTMENT BANKING

March 2022 M&A Dashboard



March 2022 M&A Trends

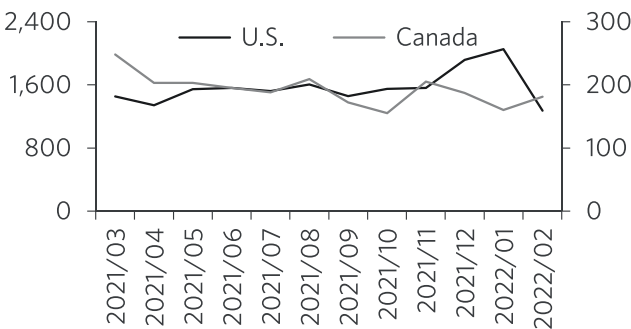
The volume of M&A transactions in the U.S. during February 2022 has declined drastically from the all-time-high reached in January 2022 to the lowest activity level registered in the last twelve months. Meanwhile, M&A volume in Canada remained stable compared to the average of the last twelve months, suggesting that U.S. M&A volume may be trending towards historical levels after the 2021 year-end rush driven by potential higher U.S. capital gains tax. The anticipation of higher tax rates may have driven business owners to transact earlier than originally planned, leaving a gap in transaction volume during early 2022. As a result, we might expect below-average volume in the U.S. over the next few months until activity resumes to its normal pace.

Quarterly Valuation and Leverage Analysis

Valuation multiples in the U.S. and Canada mid-market maintained the elevated levels reached in the third quarter of 2021 at 7.5x EBITDA. The valuation gap enjoyed by high-performing businesses widened further in 2021, with a 30% valuation premium over other businesses, compared to a 27% premium in 2020 and an average premium of 16% for the 2003 to 2021 period.

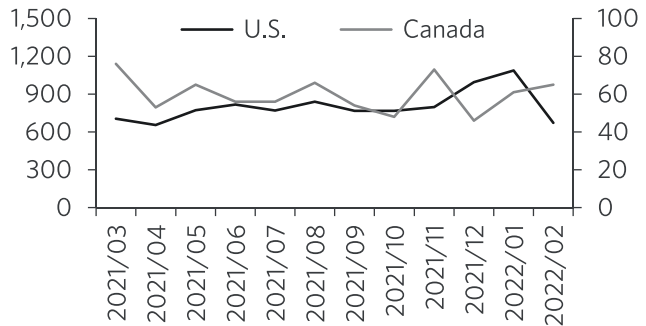
Leverage ticked up as well in Q2 2021 with total leverage increasing to a high of 4.2x from the previous high of 4.0x registered over the last two years.

M&A volume - U.S. and Canada



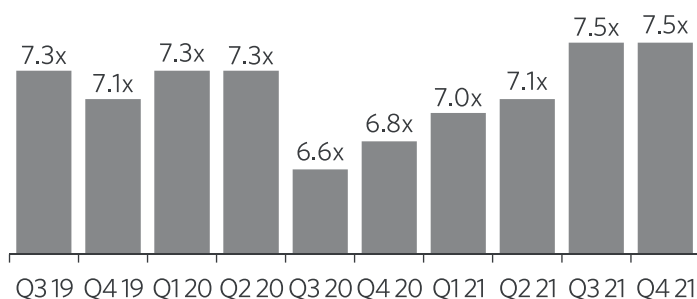
Source: Capital IQ.

Private equity M&A volume - U.S. and Canada



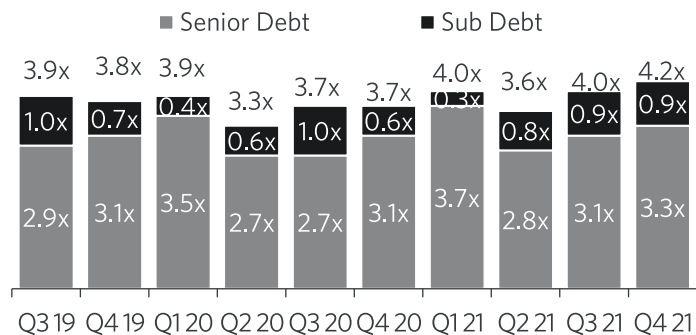
Source: Capital IQ.

Mid-Market M&A multiples - U.S. and Canada



Source: GF Data.

Mid-Market M&A leverage - U.S. and Canada



Source: GF Data.

Canadian M&A activity and notable transactions by sector

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Materials	February 2022: 20%	Perseus WINING LIVES	Orca Gold	Gold exploration firm
	Last twelve months: 22%			
Industrials	15%	Ramudden	STINSON OWL-LITE TRAFFIC & INFRASTRUCTURE SOLUTIONS	Offers traffic safety and infrastructure products
	14%			
Real estate	12%	FIRST CAPITAL	Commercial real estate property	Commercial real estate property in Toronto, Ontario
	11%			
Information technology	12%	TELUS	FULLYMANAGED	Provides managed information technology support services
	13%			
Consumer discretionary	9%	SSC Security Services Corp.	AVANTE	Provides security services
	7%			
Consumer staples	8%	Gordon FOOD SERVICE	ML macgregors meat & seafood ltd.	Provides beef, poultry and seafood products
	5%			
Communication services	8%	Bell	EBOX	Internet, television and telephone service provider
	6%			
Financials	8%	NAVACORD	StoneRidge INSURANCE BROKERS	Insurance brokerage
	8%			
Health care	4%	Andlauer HEALTHCARE GROUP	LSU Logistics Support Unit	Third party logistics services provider specializing in the healthcare sector
	8%			
Energy	4%	VERTEX	Cordy Oilfield Services Inc.	Provides oilfield services
	6%			
Utilities	1%	resolute Forest Products	Biomass cogeneration plant	34.5MW biomass cogeneration plant located in Quebec
	1%			

Source: Capital IQ.

About us

CIBC Mid-Market Investment Banking is a leading M&A advisor, providing services to private companies:

- Divestitures
- Acquisitions and management buyouts
- Raising equity capital and securing debt financing

cibc.com/mmib

Toronto

Trevor Gough
416 980-7341
trevor.gough@cibc.com

Christian Davis
416 980-3268
christian.davis@cibc.com

Iain Gallagher
416 784-7652
iain.gallagher@cibc.com

Wes Zimmerman
(Financial Sponsor Coverage)
416 306-9166
wes.zimmerman@cibc.com

Daniel Lee
(Technology)
416 243-5694
daniel.lee@cibc.com

Asha Soares
(Technology)
416 242-1525
asha.soares@cibc.com

Dylan Moran
416 780-7579
dylan.moran@cibc.com

Jarred Seider
416 313-3490
jarred.seider@cibc.com

Montreal

Philippe Froundjian
514 876-2998
philippe.froundjian@cibc.com

Calgary
Amun Whig
403 221-5512
amun.whig@cibc.com

Halifax
Adrian Snow
902 428-4759
adrian.snow@cibc.com

Gabriel Fugere
514 876-6651
gabriel.fugere@cibc.com

Edmonton
Graham Drinkwater
780 420-4843
graham.drinkwater@cibc.com

Vancouver
Grant Wallace
604 665-1380
grant.wallace@cibc.com

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