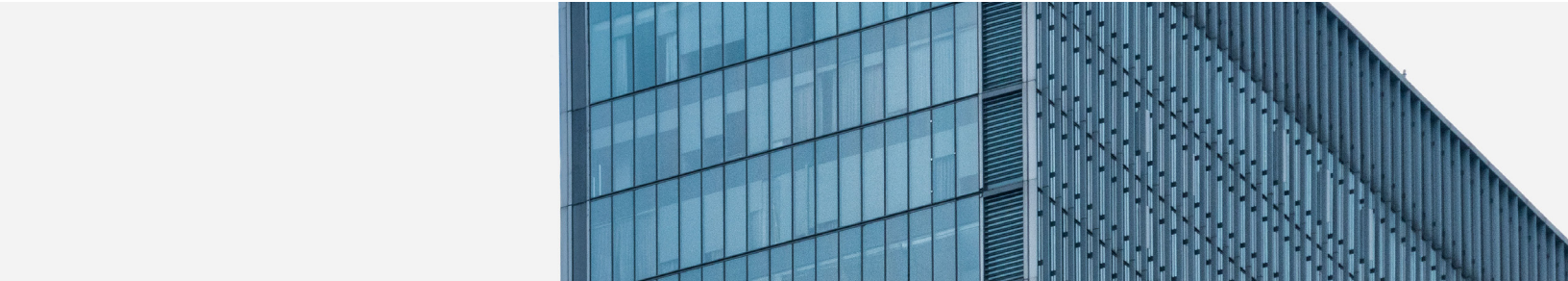




# MID-MARKET INVESTMENT BANKING

December 2022 M&A Dashboard



## Dec 2022 M&A Trends

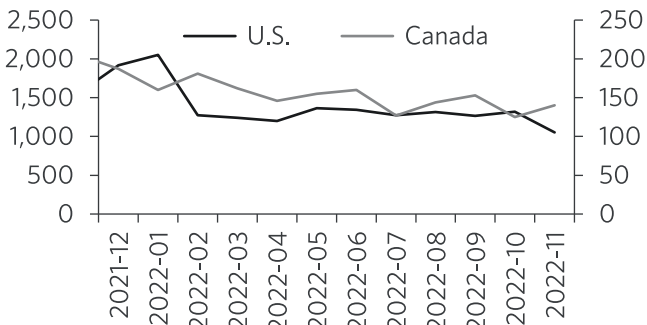
M&A transaction volume remains generally stable, with a slight increase in Canadian activity compared to the previous month but in-line with the moderate slowdown witnessed throughout the year. We expect lower M&A activity in certain sectors likely to be impacted in the event of a recession or contraction in consumer spending following the recent rapid rise in interest rates. Overall, our transaction pipeline remains strong and we still observe strong interest from both buyers and sellers, albeit with increasing scrutiny on businesses' ability to navigate a potential recession.

## Quarterly valuation and leverage analysis

Despite the continuing volatility in public equity markets, private company valuations continue to hold strong despite a retreat in leverage multiples. Headline valuation multiples surged in Q3 2022 to an average TEV/EBITDA multiple of 8.1x, up from 7.4x in Q2 2022. However, the underlying data suggests that this increase is due in part to transaction mix skewed in favor of growth capital investments with high multiples.

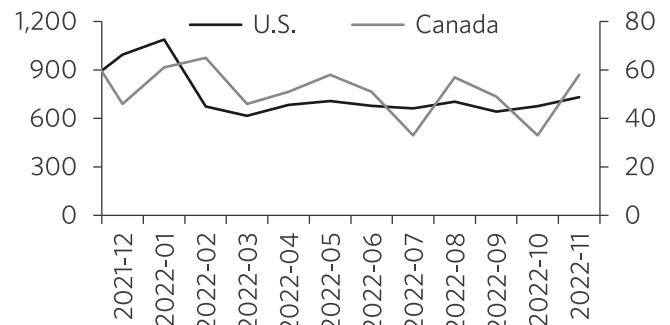
Meanwhile, total debt decreased to an average of 3.7x as debt financing gets more expensive and harder to access. The more cautious lending environment seems to particularly affect larger deals, as private transactions in the middle and lower end of the market continue at a reasonably steady pace with stable valuations. Overall, the M&A market in Canada and the U.S. is showing strong resilience with stable volume, valuations and lender.

M&A Volume - U.S. & CA



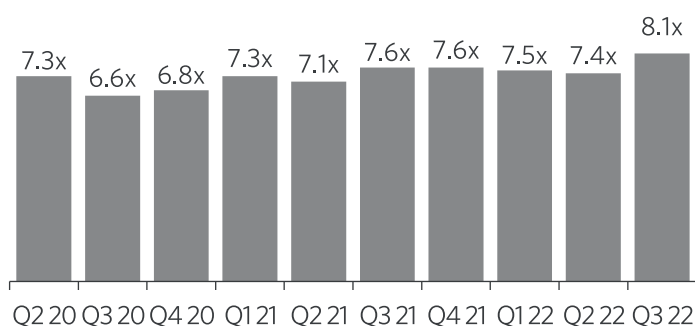
Source: CapitalIQ.

Private Equity M&A Volume - U.S. & CA



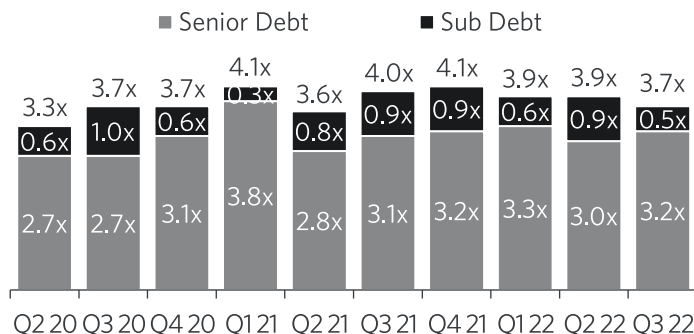
Source: CapitalIQ.

## Mid-Market M&A Multiples - U.S. & CA



Source: GF Data.

## Mid-Market M&A Leverage - U.S. & CA



Source: GF Data.

# Canadian M&A activity by sector - notable transactions

| Sector                 | Percent (%) of M&A volume | Acquirer | Target                                       | Target description                                       |
|------------------------|---------------------------|----------|--|--|
| Materials              | November 2022: 26%        |          |  | Explorer and developer of mineral properties             |
|                        | Last twelve months: 21%   |          |  |  |
| Financials             | 14%                       |          |  | Provider of property casualty insurance products         |
|                        | 8%                        |          |  |  |
| Information Technology | 11%                       |          |  | Developer of real time digital power system simulators   |
|                        | 14%                       |          |  |  |
| Industrials            | 10%                       |          | Entreprises LARRY COMPRESSEURS               | Distributor of air compressors and systems               |
|                        | 17%                       |          |  |  |
| Health Care            | 9%                        |          | m-health SOLUTIONS                           | Provider of cardiac monitoring technologies              |
|                        | 7%                        |          |  |  |
| Real Estate            | 8%                        |          | Nanaimo 2 Community in Nanaimo, BC           | Two four and five stories buildings                      |
|                        | 9%                        |          |  |  |
| Energy                 | 6%                        |          | Producing Oil Assets of Enerplus Corporation | Crude oil reserves, production, land, and infrastructure |
|                        | 5%                        |          |  |  |
| Consumer Discretionary | 5%                        |          | EXCELLENCE AUTO COLLISION                    | Provider of collision auto body repair services          |
|                        | 7%                        |          |  |  |
| Consumer Staples       | 5%                        |          | BRIDGE AgriPartners                          | Provider of ingredients to the pet food industry         |
|                        | 5%                        |          |  |  |
| Communication Services | 3%                        |          | complex GAMES                                | Designer and developer of interactive games              |
|                        | 5%                        |          |  |  |
| Utilities              | 2%                        |          | 4MW Power Project in Alberta                 | Natural gas-fired power plant                            |
|                        | 2%                        |          |  |  |

Source: CapitalIQ.

# 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

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