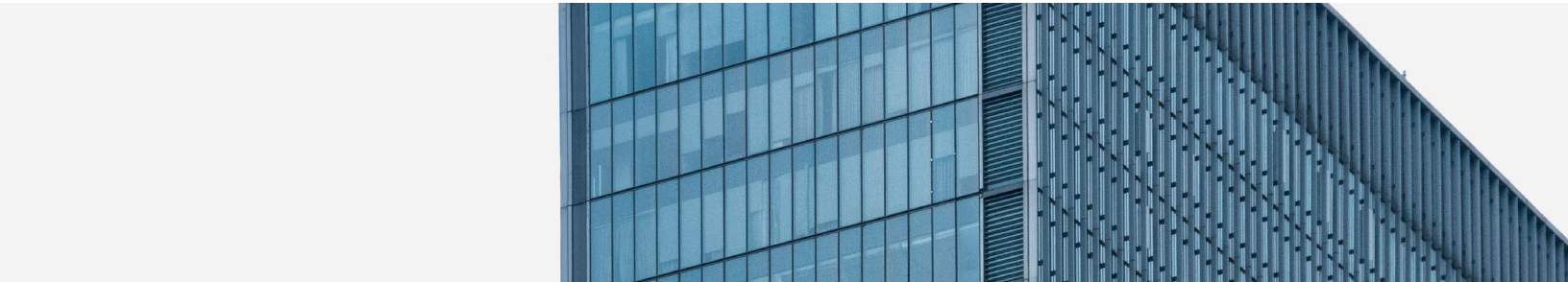




MID-MARKET INVESTMENT BANKING

May 2021 M&A Dashboard

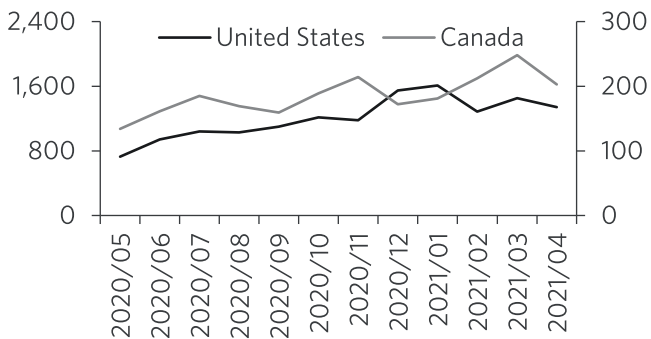


Transaction activity continued to show strength during the month of April 2021, with a slight decrease compared to recent months but still maintaining levels within the average of the last six months. Transaction mix by industry also remained stable with no major diversion from the average of the last twelve months. The mix in buyer/investor location also remained unchanged, favoring Canadian-based investors and buyers compared to the historical average due to prolonged border closures. On a more micro perspective, due diligence for ongoing M&A processes should become more straightforward as we move through the next few months, with “COVID months” tailing off and some of the more fortunate businesses finally being able to show a “clean” twelve-month period of post-COVID financial performance.

The 2020 average mid-market M&A transaction multiple ended the year at 7.1x EBITDA, which is exactly the same average multiple observed in 2019. While the headline average multiple is the same, the mix of transactions by industry differs. Aside from the shift in sectors discussed at length in previous dashboards and newsletters, 2020 witnessed a widening valuation gap between higher and lower quality assets. Businesses with above average financials transacted at an all-time-high, 27% higher EBITDA multiple than other transactions. This data confirms anecdotal evidence we gathered as the pandemic unfolded, which indicated that buyers and investors were becoming increasingly selective.

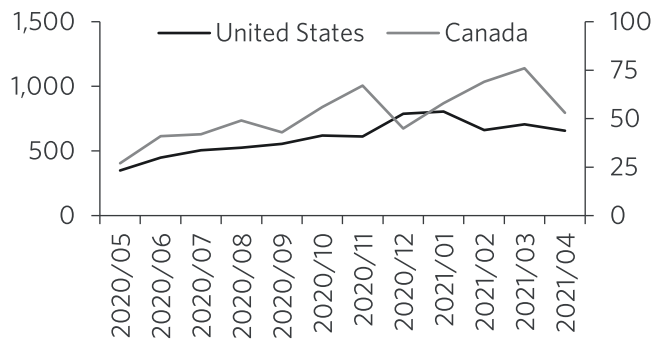
Leverage data for Q4 2020 indicates a slight increase to 3.8x EBITDA, continuing on its recovery path towards the 3.9x to 4.1x average observed over the last few years. Of note, the subordinated debt portion of total leverage decreased by 0.4x in favour of senior leverage, indicating increased confidence from lenders in Q4 2020.

M&A volume - U.S. and Canada



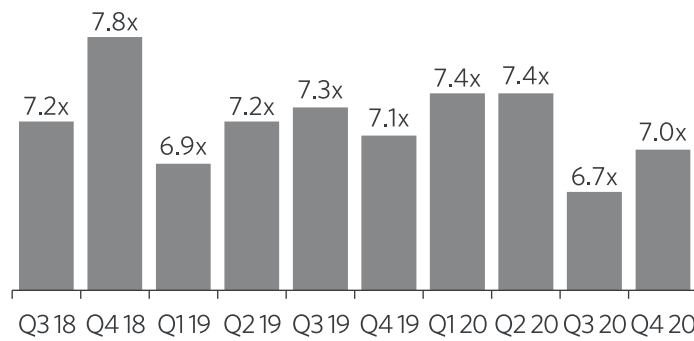
Source: Capital IQ.

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



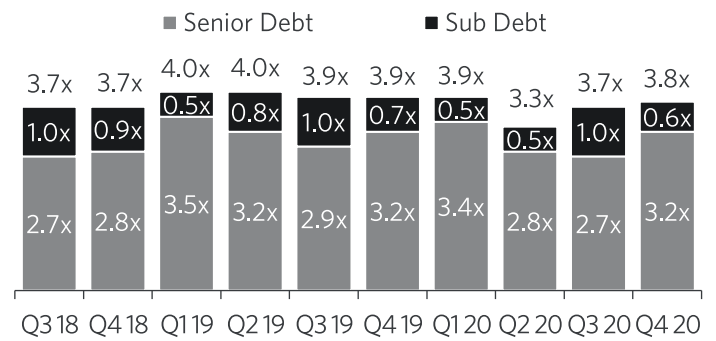
Source: Capital IQ.

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	April 2021: 27%	GREENFIRST Timber Products	RAYONIER Advanced Materials	Portfolio of six lumber mills in Ontario and Quebec
	Last twelve months: 28%			
Information Technology	13%	AUTODESK	upchain	Developer of cloud-based product lifecycle management software
	12%			
Industrials	10%	PACTEON GROUP	PHOENIX The Stretch Wrapping Experts	Manufacturer of stretch wrap machines and pallet wrapping machines
	12%			
Communication Services	9%	VIDEOTRON	CABLOVISION MANITOWIC INC. La référence à ses services	Provides internet, television, telephony and cellular services
	5%			
Health Care	9%	CloudMD	Oncidium Identify when you need it	Provides health management services
	9%			
Financials	9%	goeasy	LENDCARE CAPITAL INC.	Provides consumer financing services
	9%			
Real Estate	8%	Nexus REIT	Industrial Properties.	Portfolio of 5 industrial properties in Ontario, Alberta and Manitoba
	8%			
Energy	6%	WHITECAP RESOURCES INC.	KISKADEE HOUSE OIL & GAS LTD.	Oil and natural gas exploration and production company
	5%			
Consumer Staples	5%	NOVO HEALTHNET	acenzie	Develops and manufactures supplements, functional foods and probiotics
	5%			
Consumer Discretionary	4%	EVRI evriholder products	MSC international bringing joy to life	Designs and manufactures kitchenware
	5%			
Utilities	0%			No transaction in April 2021
	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

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