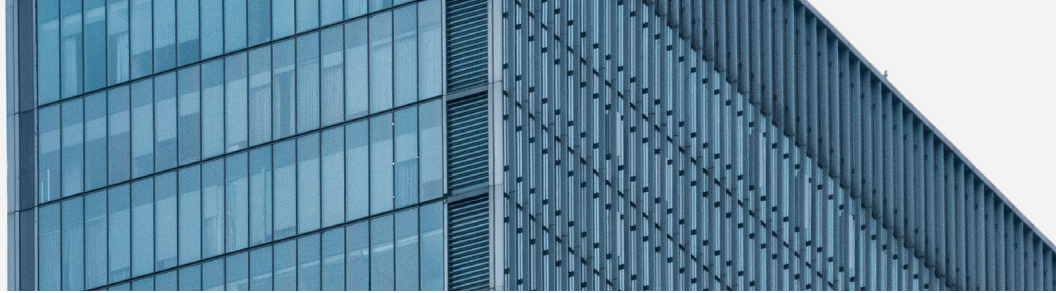




# MID-MARKET INVESTMENT BANKING

September 2021 M&A Dashboard

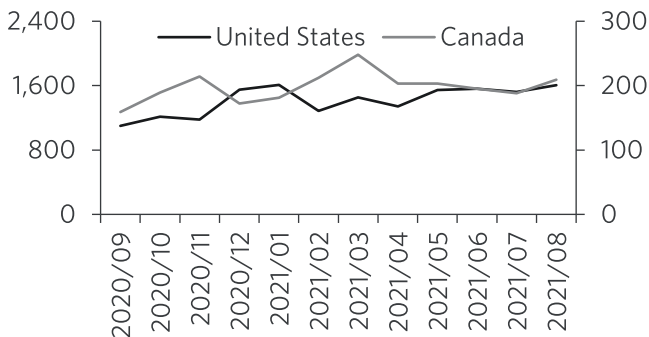


M&A transaction volume reached new highs in the United States and remains at elevated levels in Canada in August 2021. Despite a first and somewhat surprising « post-vaccine » wave of the pandemic unfurling in Canada and the U.S., the M&A environment is as healthy as ever, in stark contrast with this same time during the first wave in April 2020. Equity markets are back to record highs as well with strong earning results over the last few quarters. Inflation and new variants are still potential areas of concern, but for now investors and buyers alike show strong confidence in future prospects for high quality businesses in resilient industries, as evidenced by recent transaction valuation data.

Mid-market M&A transaction valuations have now recovered fully from the pandemic downturn, with an average EBITDA multiple of 7.2x in Q2 2021, which is in line with the pre-pandemic average. The focus on quality assets continues, with the quality valuation premium averaging 33% for the year-to-date. Interestingly, other variables influencing valuations emerge as outsized contributors. Businesses under institutional ownership sold for a multiple of EBITDA almost 1.0x higher than businesses owned by individuals and families. Prior to the pandemic, institutional ownership predicted a premium of less than 0.7x. Data also supports the importance of providing a management solution post-transaction: such businesses transacted at a 0.2x premium to the overall average.

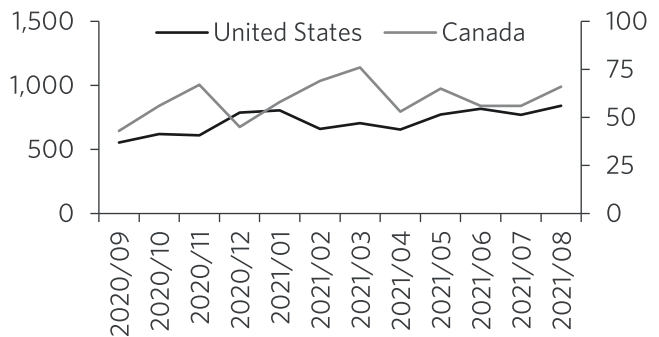
Lender confidence remains positive and largely unchanged from the previous few quarters, with leverage multiples back to pre-pandemic levels.

M&A volume - U.S. and Canada



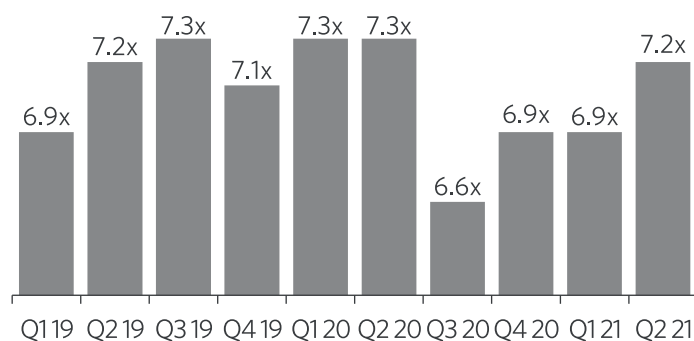
Source: Capital IQ.

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



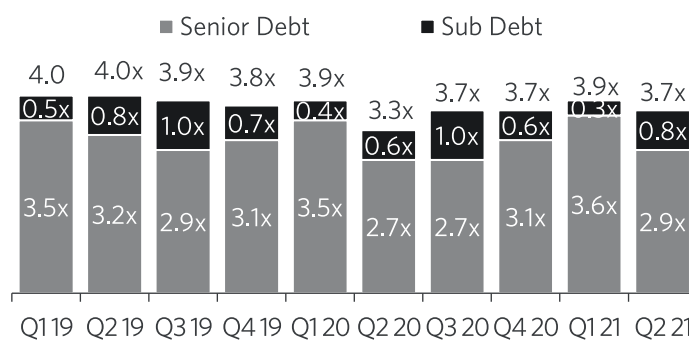
Source: Capital IQ.

### 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	August 2021: 17%			Mining exploration firm
	Last twelve months: 25%			
Industrials	15%			Operator of heavy equipment dealerships
	13%			
Information Technology	13%			Develops conversational messaging applications for e-commerce
	12%			
Financials	12%			Provides insurance brokerage services
	9%			
Real Estate	12%			Office tower in Calgary
	9%			
Communication Services	10%			Television, internet and home phone services provider
	6%			
Health Services	8%			Provides a medical education management platform
	9%			
Consumer Discretionary	7%			Retailer of pet care products
	6%			
Consumer staples	5%			Distributor of fruits and vegetables
	5%			
Energy	2%			Oil and gas assets located in Alberta
	4%			
Utilities	0% 1%			No transaction in July 2021

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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