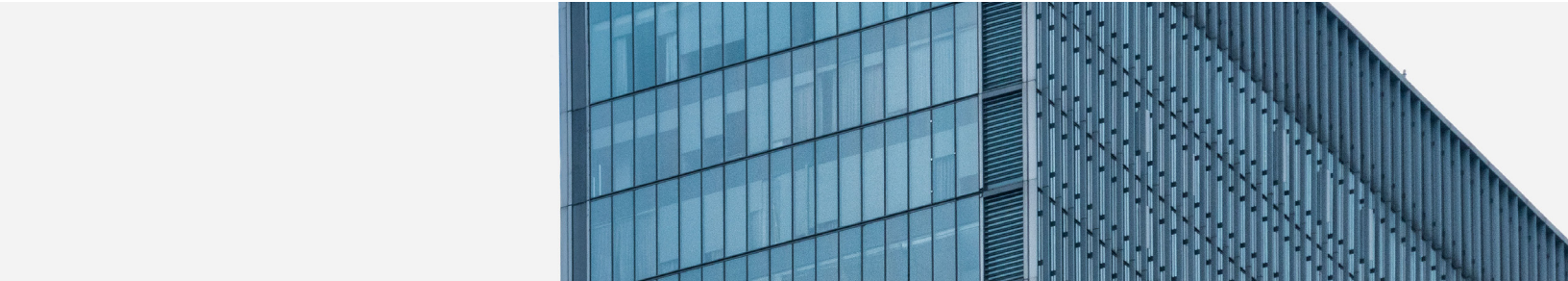




MID-MARKET INVESTMENT BANKING

March 2023 M&A Dashboard



March 2023 M&A Trends

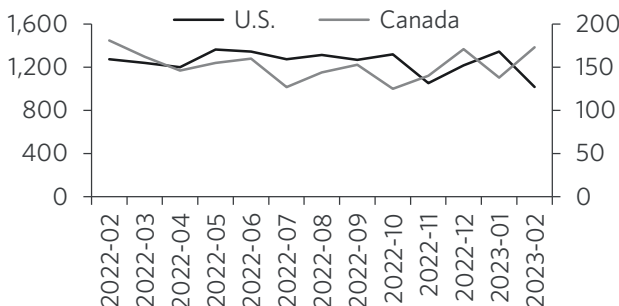
February 2023 was a watershed month as U.S. M&A and PE activity witnessed the lowest transaction volume since June 2020. Canadian M&A activity was relatively stable as industrials and technology continue to represent a higher proportion of total transaction volume for the third consecutive month, offsetting the decrease in real estate and materials transaction volume. M&A activity in certain sectors is 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

The surge in valuation multiples witnessed throughout 2021 and most of 2022 is now in retreat. Headline valuation multiples decreased in Q4 2022 to an average TEV/EBITDA multiple of 6.8x, down from the 7.6x average observed in the previous four quarters. The cooldown in valuation is likely a result of macro-economic uncertainty and higher debt financing costs.

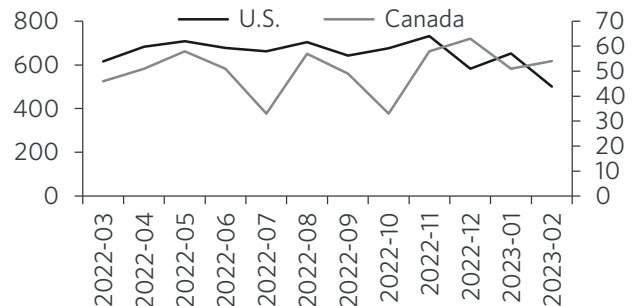
Meanwhile, total debt/EBITDA increased to an average of 4.0x, with senior leverage constant at 3.2x and subordinated debt increasing to 0.8x. The increase in leverage could be caused by a number of small and mid-sized transactions relying more heavily on mezzanine financing. However, beyond the reported increase in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - U.S. & CA



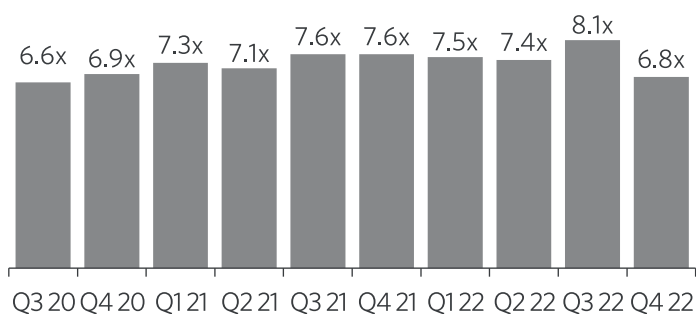
Source: CapitalIQ.

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



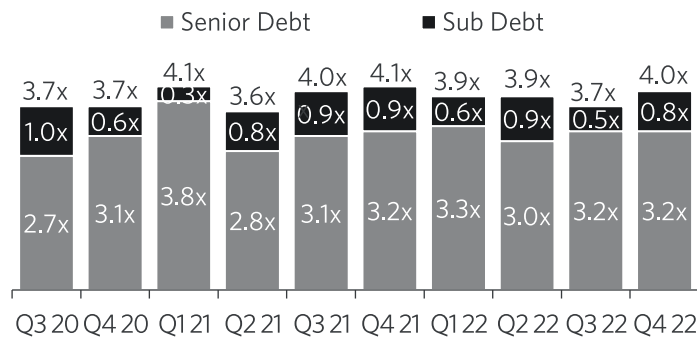
Source: CapitalIQ.

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
Industrials	February 2023			Provides transportation and logistics services in North America
	Last twelve months			
Materials	19%			Engages in the acquisition, exploration, development, and operation of gold resource properties
	20%			
Information Technology	14%			Provides RFID technology for healthcare, industrial, and enterprise sectors
	14%			
Financials	13%			Provides insurance brokerage services
	9%			
Communication Services	9%			Independent internet service provider
	5%			
Consumer Discretionary	7%			Provides automotive dent repair services
	7%			
Health Care	6%			Provides healthcare services
	8%			
Consumer Staples	4%			Owns and operates grocery stores
	6%			
Energy	1%			Provides oil and gas exploration and production services
	5%			
Utilities	1%		Development projects in Alberta	1.6GW Solar development project in Alberta, Canada
	2%			
Real Estate	1%			Hotel with 131 rooms and suites located in Montreal
	7%			

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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