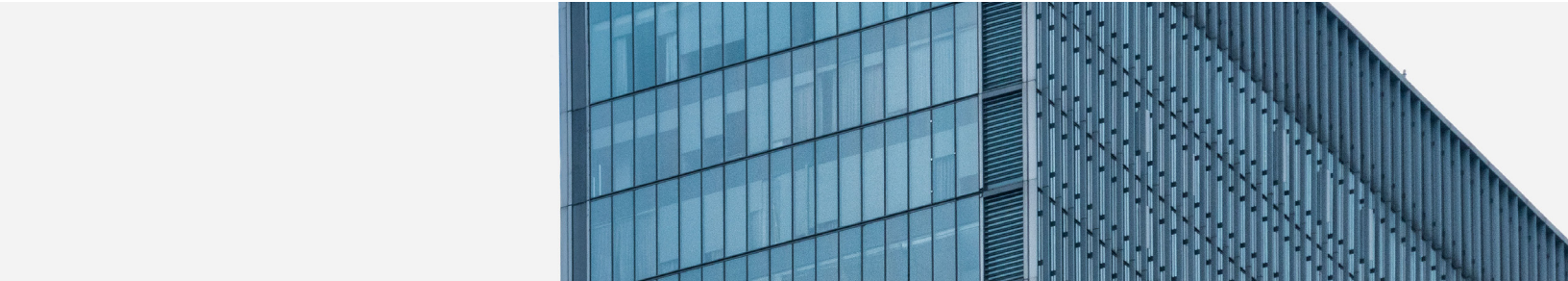




MID-MARKET INVESTMENT BANKING

October 2022 M&A Dashboard



October 2022 M&A trends

M&A transaction volume continues to remain generally stable in Canada and the U.S since the beginning of the year, which is encouraging considering the prevalence of uncertainty relating to interest rates, supply chain and geopolitics. Our transaction pipeline remains strong, and we still observe strong interest from both buyers and sellers, albeit with increasing scrutiny on sustainability and resilience of earnings through a potentially unfavorable macroeconomic environment.

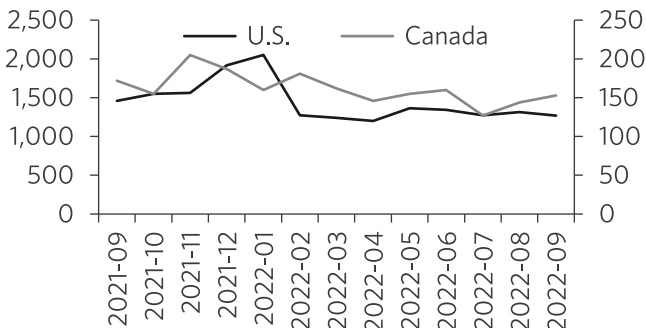
Quarterly valuation and leverage analysis

Despite significant turmoil in the public equity markets, private company valuations have been holding strong with an average TEV/EBITDA multiple of 7.4x in Q2 2022. Acquisition targets with above-average financials as a proportion of overall transaction volume reached an all-time high of 68%, compared to 66% in 2021 and 56% over the 2003 to 2017 period. This trends leads us to believe that acquirers are increasingly selective and focusing on the most resilient businesses, likely driven by growing uncertainty and recession prospects.

Leverage multiples also remained in-line with recent levels in Q2 2022, despite rising interest rates. Interest rates further increased in Q3 2022, and we will be on the lookout for its impact on leverage when the next data readout is available.

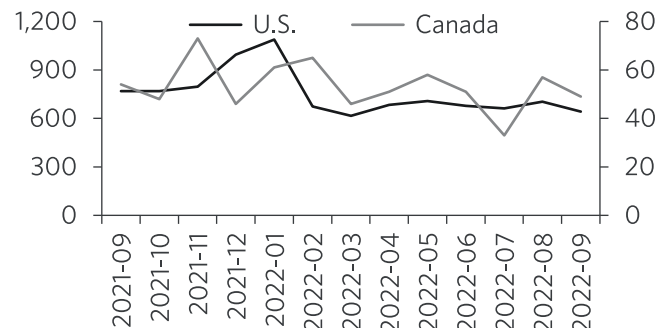
Overall, the M&A market in Canada and the U.S. is showing strong resilience with stable volume, valuations and lender confidence despite mounting concerns over lasting inflation, higher interest rates and geopolitical turbulence.

M&A Volume - U.S. & CA



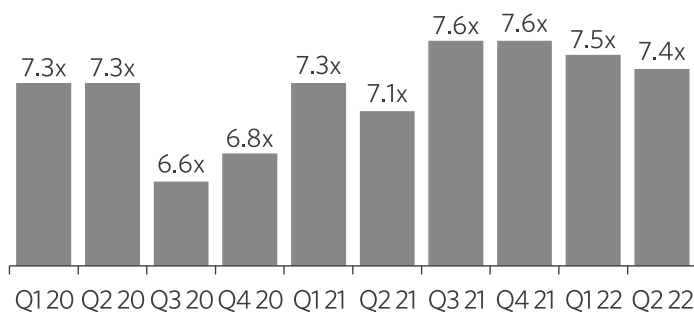
Source: CapitalIQ

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



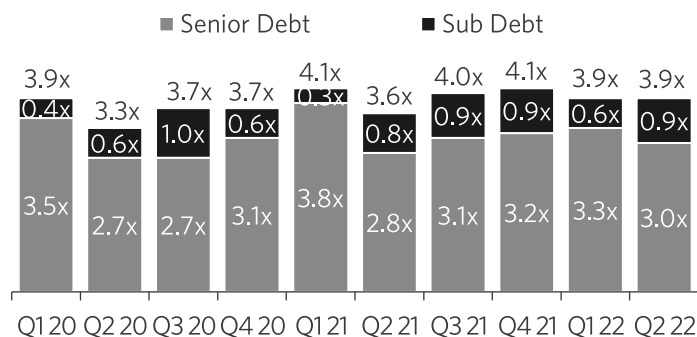
Source: CapitalIQ

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	September 2022: 23%	NORTHERN SUPERIOR RESOURCES	ROYALFOX	Gold mining firm
	Last twelve months: 21%			
Real Estate	12%	MARWEST APARTMENT REIT	Multi-residential units	Portfolio of 143 multi-residential units in Manitoba
	10%			
Information Technology	11%	CONVERGE TECHNOLOGY SOLUTIONS	newcomp analytics	Provider of managed data analytics and IT advisory services
	13%			
Financials	11%	coinsquare	coinsmart	Crypto asset trading platform
	8%			
Industrials	9%	TRIWEST CAPITAL PARTNERS	MONARCH INDUSTRIES	Manufacturer of hydraulic cylinders and custom iron castings
	17%			
Communication Services	9%	ZOOMERMEDIA READ-WATCH-LISTEN-LOGON	BUZZ MEDIA COMPANY	Local digital news provider
	5%			
Health Care	9%	MEDSPA PARTNERS	BEACON DERMATOLOGY	Provider of cosmetic and medical dermatology treatments
	7%			
Consumer Discretionary	8%	Bassett	NOA	E-commerce furniture retailer
	7%			
Energy	4%	tamarack valley ENERGY	DELTASTREAM ENERGY CORPORATION	Oil exploration and production firm
	6%			
Consumer Staples	4%	Ironbridge EQUITY PARTNERS	HANDI FOODS	Manufactures snacks, and Mediterranean breads
	6%			
Utilities	1%	SWITCH POWER	Rooftop Solar Project	Solar power plant
	1%			

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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