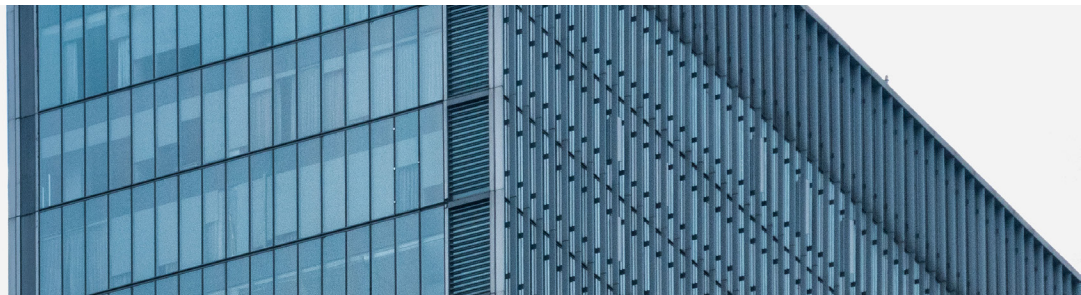




MID-MARKET INVESTMENT BANKING

M&A Dashboard - April 2021

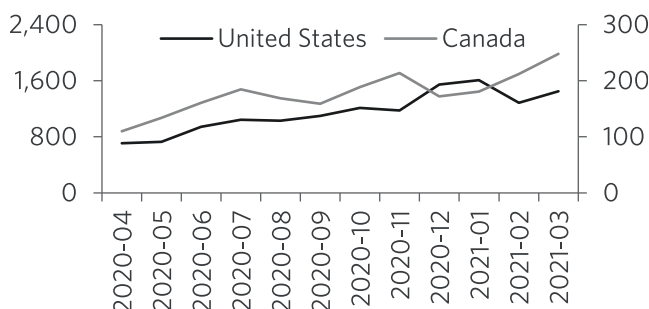


This past month saw the one year mark of the pandemic. The M&A market experienced some of the lowest lows and the highest highs in recent history. Here are the key trends observed when comparing Canadian M&A data for the twelve months ended March 31, 2021 to the prior twelve-month period. First and perhaps most surprising, there has been more transaction activity over the last twelve month period than in any corresponding period in the last 20 years. The mix of transactions compared to last year is however quite different, with the materials, financials and health care sectors experiencing the largest increase, offset by lower activity in the industrials, real estate and consumer discretionary sectors. With the vaccine rollout accelerating, we would expect to see cyclical sectors further recover over the next few months.

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.

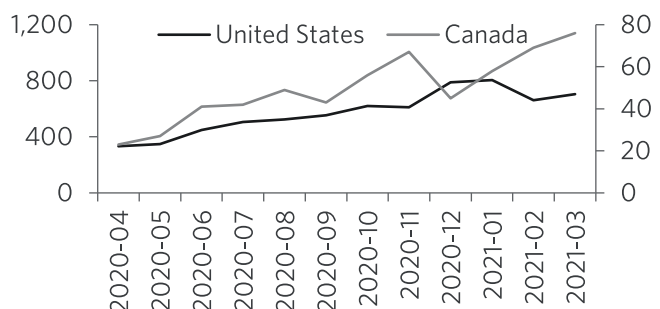
Leverage data for Q4 2020 indicates a slight increase to 3.8x EBITDA, continuing on its recovery path towards the 3.9x to 4.1x average observed over the last few years. Of note, the subordinated debt portion of total leverage decreased by 0.4x in favour of senior leverage, indicating increased confidence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

M&A volume - U.S. and Canada



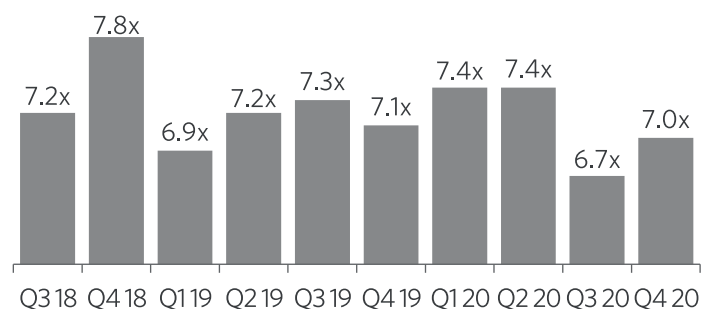
Source: Capital IQ.

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



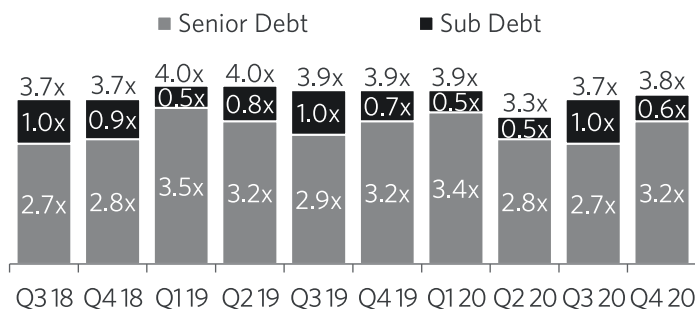
Source: Capital IQ.

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	March 2021: 23%			Gold exploration company
	Last twelve months: 28%			
Real Estate	12%		Office Complex	765,000 sq.ft. office complex in Montreal
	8%			
Health Care	11%			Designs and develops machine-vision image guided surgery systems
	9%			
Industrials	10%			Distributor of sanitation supplies and foodservice packaging
	12%			
Information Technology	10%			Provides accounts payable software
	11%			
Financials	8%			Provides group insurance brokerage services
	10%			
Communication Services	7%			Developer and publisher of mobile games
	5%			
Consumer Discretionary	7%			Publisher of board games
	5%			
Energy	6%			Provider of oilfield services
	5%			
Consumer Staples	5%			Food distributor
	5%			
Utilities	1%		Solar Projects	Portfolio of 62 solar projects with total capacity of 11MW
	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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