

MID-MARKET INVESTMENT BANKING

December 2023 M&A Dashboard



December 2023 M&A Trends

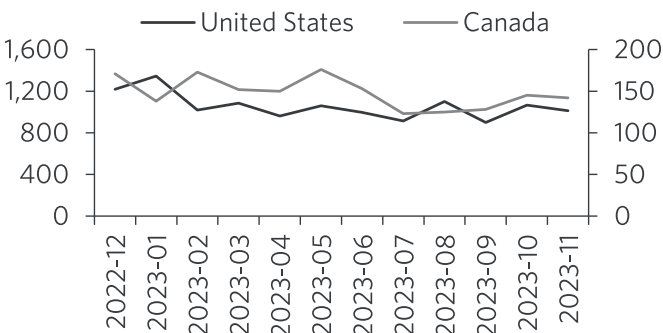
November witnessed a continued resilience of the U.S. economy and major central banks globally paused their rates hikes, with the Fed maintaining its target rate range unchanged at 5.25%-5.50%. Equities recorded their strongest performance in 3 months, with the S&P500 and the NASDAQ surging 9.1% and 10.8%, respectively. Meanwhile, M&A transaction volume remains stable and close to the levels witnessed during the last seven months. With the end of 2023 approaching, there is now sufficient data to observe trends that were logically expected to emerge following the rapid increase in interest rates and an increased expectation of an economic slowdown. As expected, consumer products and real estate are the two sectors that suffered the most so far in 2023, with transaction volume declines of 28% and 54%, respectively, compared to an overall decline in volume of 7.4% for the overall market. Only two sectors witnessed an increase in transaction volume in 2023: communication services and financials. In our own experience, while we see transactions taking longer to close and more cautious buyers, we continue to see strong valuations and significant interest for businesses in sectors with tailwinds.

Quarterly valuation and leverage analysis

Valuations on deals completed in Q2 2023 had an average TEV/EBITDA multiple of 6.4x, decreasing from the 8.0x average recorded in Q1 2023 and in line with the 6.8x average set in Q4 2022. The decrease in valuation multiples was largely driven by deals with a TEV of \$10M to \$50M.

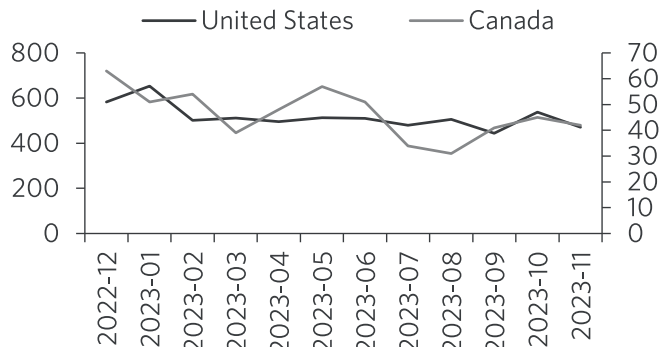
Meanwhile, total debt/EBITDA on platform deals decreased to an average of 3.1x, with senior leverage constant at 2.3x and subordinated debt decreasing to 0.8x. The decrease in leverage is largely driven by small and mid-sized transactions which rely more heavily on mezzanine financing. However, beyond the reported relative stability in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - US & CA



Source: CapitalIQ.

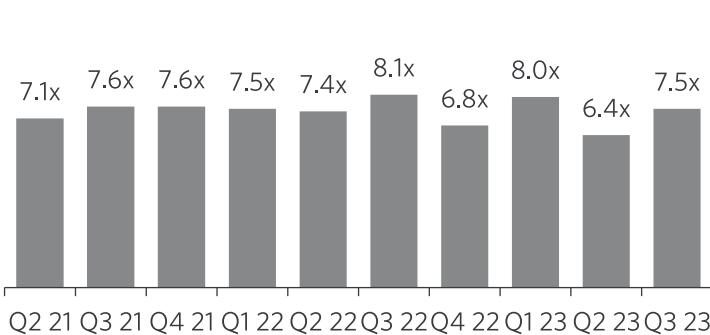
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

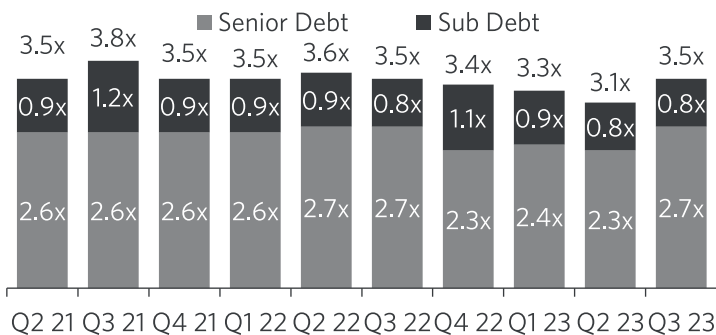
US & Canada private equity transactions \$10-\$250M



Source: GF Data.

Mid-Market M&A Leverage - US & CA

US & Canada private equity transactions \$10-\$250M, platforms deals only



Source: GF Data.

Canadian M&A activity by sector - notable transactions

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Materials	November 2023: 24%	MMG	KHOEMACAU COPPER MINING	Copper and silver mining and exploration firm
	Last twelve months: 23%			
Industrials	16%	OPENGATE CAPITAL REALIZING POTENTIAL	PLAYERONE AMUSEMENT GROUP	Amusement and gaming equipment distributor
	19%			
Information Technology	10%	Sumeru	Q4	Capital markets access platform
	12%			
Communication Services	8%	cars.com	DC Media Dealer-to-Consumer Web Solutions	Provides digital marketing services
	6%			
Financials	8%	FLEETCOR	pay by phone	Provides mobile payment services for the parking industry
	9%			
Consumer Discretionary	7%	sternpartners	GRAFTON APPAREL	Retailer of men's clothing
	7%			
Real Estate	7%	Primaris	Commercial Property	Comprises a shopping centre in Halifax
	6%			
Consumer Staples	6%	Premium Brands	MenuMer Ltd	Marine product processor
	5%			
Energy	6%	FORUM ENERGY TECHNOLOGIES	Variperm ENERGY SERVICES	Manufactures equipment for the oil and gas industry
	5%			
Health Care	5%	Sienna SENIOR LIVING	Nicola Lodge Care Community	Comprises a community care facility
	7%			
Utilities	2%	TransAlta	HEARTLAND GENERATION	Owns and operates electricity generation plants
	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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