



MID-MARKET INVESTMENT BANKING

M&A Dashboard - November 2020

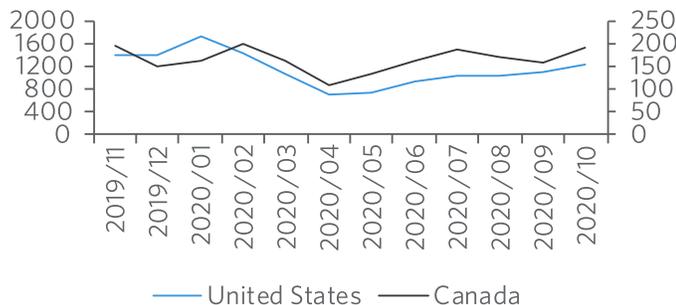


The number of M&A transactions in the U.S. and Canada have reached a new high since the beginning of the pandemic, continuing on the recovery trend observed over the last six months. We expect that a portion of the transactions that were closed in the August to October period consist of deals previously put on pause in the March to July period. The next few months will be a good indication of transaction activity for deals initiated and closed during the COVID-19 crisis. We will particularly monitor cross border transaction activity, which may face headwinds if travel restrictions persist and borders stay closed.

Data for M&A transaction multiples in Q2 2020 confirms our expectation that transactions involving resilient businesses would be successful, while other transactions would be postponed or cancelled. As a result, transaction multiples remained stable at 7.4x. Further evidence supporting that thesis is that transaction volume in the sample is less than half of the pre-COVID trend.

As evidenced by Q2 2020 leverage data, lenders became increasingly prudent as the pandemic unfolded. Similar to private equity buyers, lenders are focused on supporting existing clients and, going forward, will be very selective of new transactions to fund, favoring defensive sectors and businesses that have a greater visibility on the short to medium term outlook in the context of a potentially prolonged health crisis.

M&A volume - U.S. and Canada



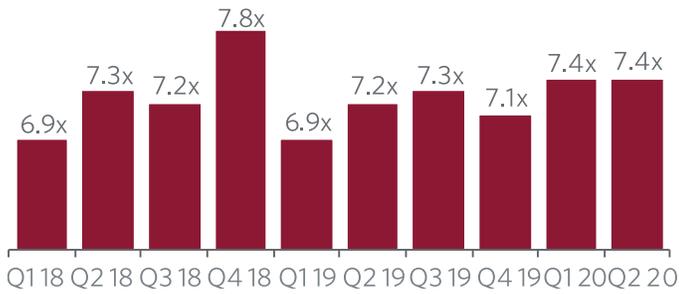
Source: Capital IQ.

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



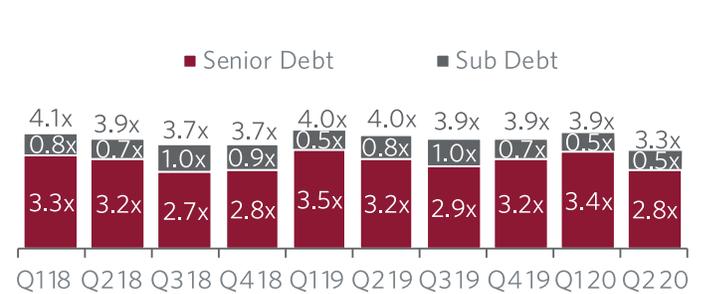
Source: Capital IQ.

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	% of M&A volume	Acquirer	Target	Target description
Materials	October 2020: 25%			Aggregates supplier based in Alberta
	Last twelve months: 28%			
Industrials	9%			Provides construction services for electrical and telecommunication infrastructure
	11%			
Financials	13%			Group benefits and retirement consulting firm
	9%			
Information technology	9%			Provider of consulting and technology services
	11%			
Communication services	9%			Provides broadband Internet services in rural Alberta
	6%			
Real estate	8%			Real estate brokerage firm
	8%			
Health care	7%			Provides physiotherapy, occupational therapy, kinesiology, and clinical counseling services
	8%			
Consumer staples	7%			Distributor and manufacturer of confectioneries
	6%			
Consumer discretionary	5%			Retailer of landscape supplies
	5%			
Energy	3%			Integrated energy company with operations in Canada, U.S. and Asia Pacific
	5%			
Utilities	0%	N/A	N/A	N/A
	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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