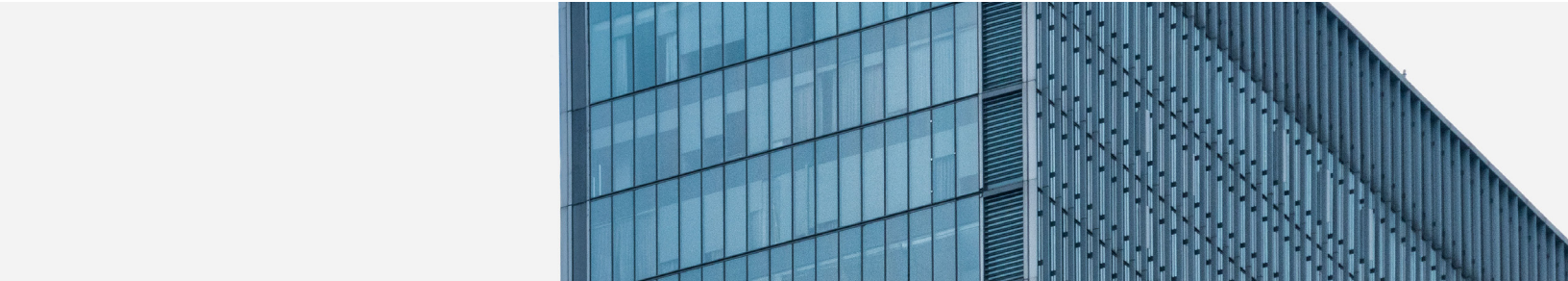




# MID-MARKET INVESTMENT BANKING

July 2022 M&A Dashboard



## July 2022 M&A Trends

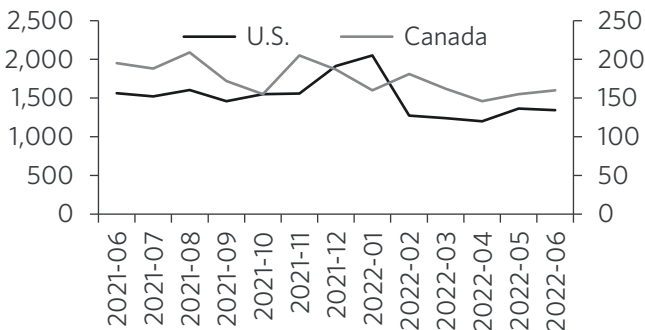
The U.S. and Canadian M&A market still shows no signs of slowdown despite escalating concerns relating to inflation and a potential recession. Overall M&A volumes in June 2022 remained within the narrow range observed throughout the first six months of 2022. We note that the consumer discretionary sector has been recording M&A volumes below the trailing twelve month average for the fourth straight month in July 2022, which is likely an indication that investors are becoming more prudent with businesses that would be most impacted by a slowdown in consumer spending caused by rising interest rates and inflation. Similarly, M&A volume in the real estate sector has recorded a marked decline in July 2022, representing 6% of monthly transactions compared to 10% of trailing twelve month transactions.

## Quarterly Valuation and Leverage Analysis

Valuation multiples in the U.S. and Canada mid-market decreased slightly to 7.3x from the high of 7.5x reached in the third and fourth quarters of 2021. This level is consistent with the average multiple of 7.3x recorded in the full year 2021, and is reassuring considering that the first quarter of 2022 was fraught with potential concerns for businesses, including the war in Ukraine, rising interest rates and the prospects of a potential recession.

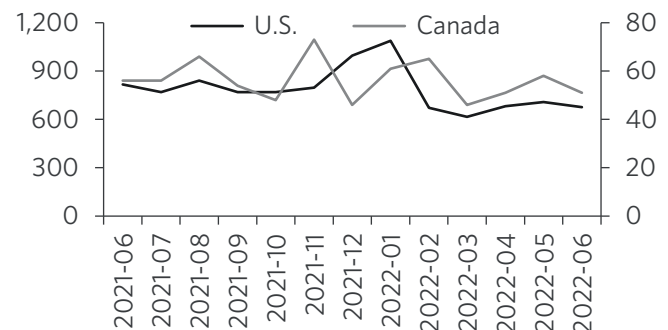
Leverage multiples trended down in the first quarter of 2022 to 4.0x from 4.2x in the fourth quarter of 2021. The decrease may be tied to rising interest rates, but it is still too early to assess the lasting impact of the changing interest rates on leverage.

M&A volume - U.S. and Canada



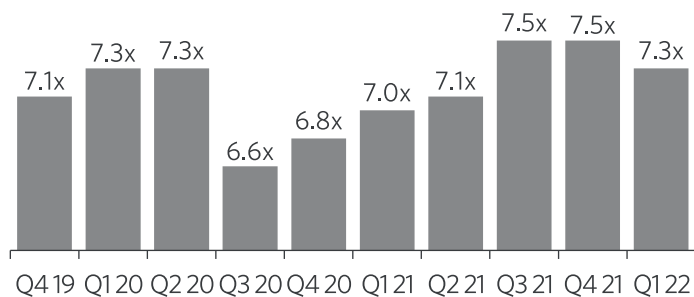
Source: CapitalIQ

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



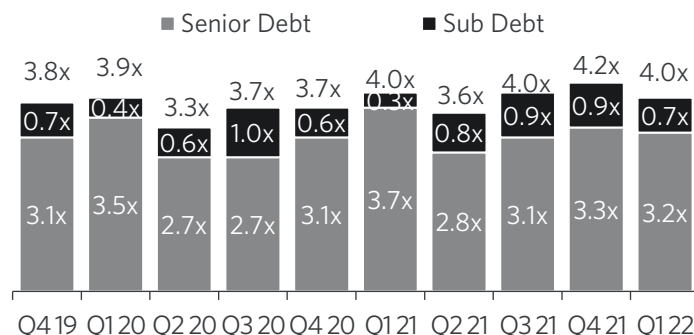
Source: CapitalIQ

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 by Sector

| Sector                 | Percent (%) of M&A volume | Acquirer                                | Target                    | Target description                               |
|------------------------|---------------------------|---|---------------------------|--|
| Materials              | July 2022: 23%            | ORLA MINING                             | GSV                       | Gold mining exploration firm                     |
|                        | Last twelve months: 21%   |   |                           |  |
| Industrials            | 21%                       | NEARNORTH                               | Percy H. Davis Limited    | Customs brokerage firm                           |
|                        | 16%                       |   |                           |  |
| Information Technology | 16%                       | fiip                                    | rb                        | Digital advertising platform                     |
|                        | 13%                       |   |                           |  |
| Financials             | 9%                        | NAVACORD                                | Newmyer Oliver & McCorkin | Provides insurance brokerage services            |
|                        | 8%                        |   |                           |  |
| Health Care            | 8%                        | EnthoPediatrics                         | Pega Medical              | Supplier of pediatric orthopedic devices         |
|                        | 7%                        |   |                           |  |
| Real Estate            | 6%                        | Crestpoint REAL ESTATE INVESTMENTS LTD. | 21 industrial properties  | Portfolio of 21 industrial properties in Halifax |
|                        | 10%                       |   |                           |  |
| Energy                 | 6%                        | UEX                                     | UEC Uranium Energy Corp   | Uranium mining firm                              |
|                        | 5%                        |   |                           |  |
| Consumer Staples       | 5%                        | MILESTONE                               | VIC TOR IA DISTILLERS     | Producer of spirits                              |
|                        | 6%                        |   |                           |  |
| Consumer Discretionary | 4%                        | EPR Properties                          | Valcartier                | Themed waterparks in Quebec and Ontario          |
|                        | 7%                        |   |                           |  |
| Communication Services | 4%                        | VALNET                                  | DualSHOCKERS              | Digital gaming publication                       |
|                        | 5%                        |   |                           |  |
| Utilities              | 0%                        |   |                           | No transaction in June 2022                      |
|                        | 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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