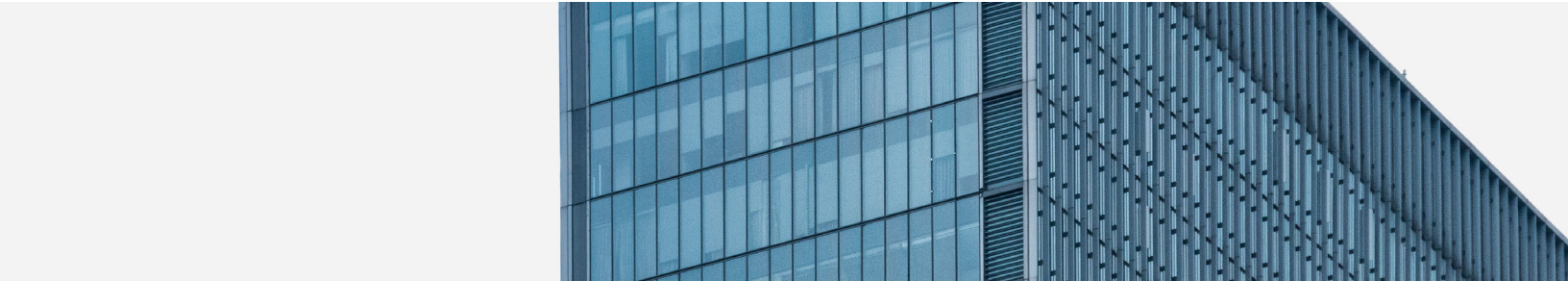




# MID-MARKET INVESTMENT BANKING

June 2023 M&A Dashboard



## June 2023 M&A Trends

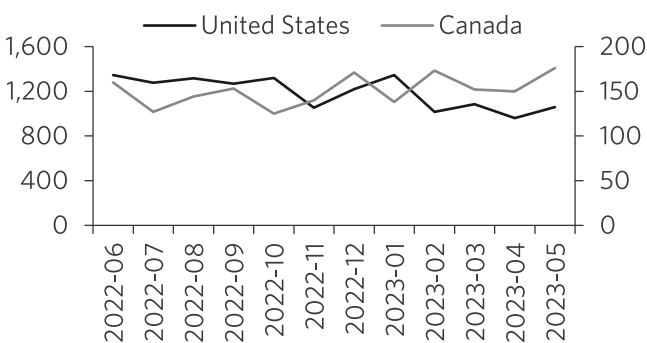
M&A transaction volume trends continue to show a divergence between US and Canada volume. May 2023 was a watershed month as Canadian M&A witnessed the highest transaction volume in the last twelve months, whereas US volume remains below the average of the last twelve months. This divergence in trending volume is consistent across strategic and private equity buyers, which suggests the Canadian M&A market is proving more resilient so far in 2023. Overall, our transaction pipeline remains strong and while some buyers are more selective, we still observe interest from both buyers and sellers to transact.

## Quarterly valuation and leverage analysis

Valuations on deals completed in Q1 2023 had an average TEV/EBITDA multiple of 8.0x, rebounding from the 6.8x average recorded in Q4 2022 and in line with the 8.1x average set in Q3 2022. The rebound in valuation multiples was largely driven by deals with a TEV of \$50M to \$250M.

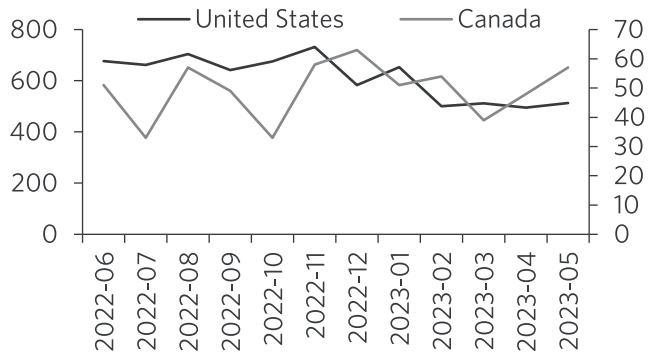
Meanwhile, total debt/EBITDA on platform deals decreased to an average of 3.3x, with senior leverage constant at 2.4x and subordinated debt decreasing to 0.9x. The decrease in leverage is largely driven by small and mid-sized transactions which rely more heavily on mezzanine financing. However, beyond the reported relative stability in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - US & CA



Source: CapitalIQ.

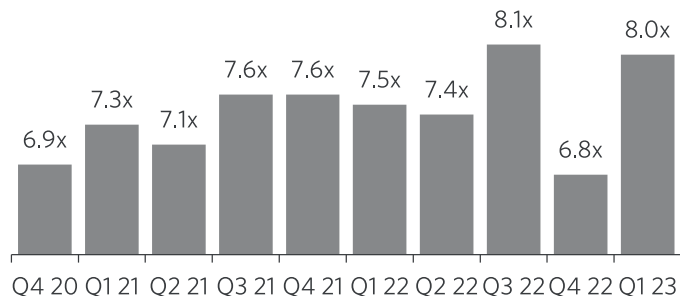
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

## Mid-Market M&A Multiples - US & CA

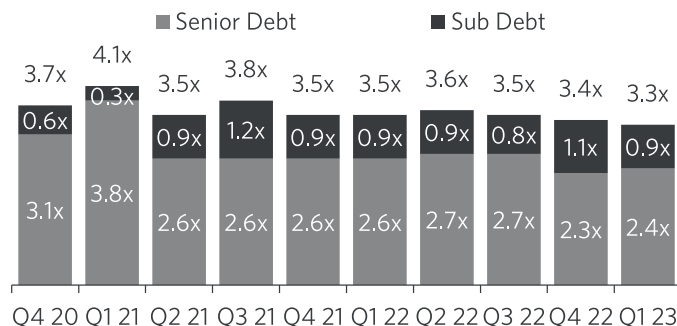
US & Canada private equity transactions \$10-\$250M



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	May 2023		Windfall gold project of Osisko Mining	Gold mining project
	Last twelve months			
Information Technology	16%	 		Cybersecurity and infrastructure Managed Service Provider
	13%			
Industrials	12%			Provides blast resistant modular buildings and temporary storage solutions
	18%			
Real Estate	10%		Residential rental complex in Montreal	Comprises a residential rental complex in Montreal, Quebec
	8%			
Health Care	9%			AI-augmented drug discovery platform
	7%			
Financials	8%			Provides insurance brokerage services
	9%			
Energy	7%			Provides emission management services for the oil and gas industry
	4%			
Consumer Staples	5%		Three pharmacies in Ontario	Comprises three pharmacies in Ontario
	5%			
Consumer Discretionary	5%		Shoppers Drug Mart's Medical Cannabis Platform	Provides patients access to medical cannabis products through an online platform
	7%			
Communication Services	4%			B2B multi-segment portal for the Canadian automotive industry
	6%			
Utilities	1%			Owns and operates a co-produced geothermal and natural gas hybrid power project
	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

[cibc.com/mmib](http://cibc.com/mmib)

## Toronto

Trevor Gough  
[416 271-3660](tel:416-271-3660)  
[trevor.gough@cibc.com](mailto:trevor.gough@cibc.com)

Christian Davis  
[416 371-7238](tel:416-371-7238)  
[christian.davis@cibc.com](mailto:christian.davis@cibc.com)

Iain Gallagher  
[647 531-6044](tel:647-531-6044)  
[iain.gallagher@cibc.com](mailto:iain.gallagher@cibc.com)

Dylan Moran  
[289 259-7687](tel:289-259-7687)  
[dylan.moran@cibc.com](mailto:dylan.moran@cibc.com)

Jarred Seider  
[416 888-3757](tel:416-888-3757)  
[jarred.seider@cibc.com](mailto:jarred.seider@cibc.com)

Daniel Lee  
**(Technology)**  
[416 242-5694](tel:416-242-5694)  
[daniel.lee@cibc.com](mailto:daniel.lee@cibc.com)

## Montreal

Philippe Froundjian  
[514 927-5173](tel:514-927-5173)  
[philippe.froundjian@cibc.com](mailto:philippe.froundjian@cibc.com)

Gabriel Fugère  
[514 836-0773](tel:514-836-0773)  
[gabriel.fugere@cibc.com](mailto:gabriel.fugere@cibc.com)

Abdoud Kaplo  
[438 882-6243](tel:438-882-6243)  
[abdoud.kaplo@cibc.com](mailto:abdoud.kaplo@cibc.com)

## Edmonton

Graham Drinkwater  
[587 983-3134](tel:587-983-3134)  
[graham.drinkwater@cibc.com](mailto:graham.drinkwater@cibc.com)

## Calgary / Vancouver

Amun Whig  
[403 200-9171](tel:403-200-9171)  
[amun.whig@cibc.com](mailto:amun.whig@cibc.com)

Raymond Zhang  
[778 858-6698](tel:778-858-6698)  
[raymond.zhang1@cibc.com](mailto:raymond.zhang1@cibc.com)

This document has been prepared by CIBC Capital Markets FOR DISCUSSION PURPOSES ONLY. CIBC Capital Markets expressly disclaims any liability to any other person who purports to rely on it. These materials may not be reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without obtaining the prior written consent of CIBC Capital Markets. The materials described herein are provided "as is" without warranty of any kind, either express or implied, to the fullest extent permissible pursuant to applicable law, including but not limited to the implied warranties of merchantability, operation, usefulness, completeness, accuracy, timeliness, reliability, fitness for a particular purpose or non-infringement. The information and data contained herein has been obtained or derived from sources believed to be reliable, without independent verification by CIBC Capital Markets, and we do not represent or warrant that any such information or data is accurate, adequate or complete and we assume no responsibility or liability of any nature in connection therewith. CIBC Capital Markets assumes no obligation to update any information, assumptions, opinions, data or statements contained herein for any reason or to notify any person in respect thereof.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates provide products and services to our customers around the world. Securities and other products offered or sold by CIBC Capital Markets are subject to investment risks, including possible loss of the principal invested. Each subsidiary or affiliate CIBC is solely responsible for its own contractual obligations and commitments. Unless stated otherwise in writing CIBC Capital Markets products and services are not insured by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation, or other similar deposit insurance and are not endorsed or guaranteed by any bank. The CIBC logo and "CIBC Capital Markets" are trademarks of CIBC, used under license. All other trademarks are owned by their respective trademark owners.