



MID-MARKET INVESTMENT BANKING

November 2022 M&A Dashboard



Nov 2022 M&A Trends

M&A transaction volume remains generally stable in the U.S while Canadian activity is at its lowest point for the year. We expect lower M&A activity in certain sectors likely to be impacted in the event of a recession or contraction in consumer spending following the recent rapid rise in interest rates. Overall, our transaction pipeline remains strong and we still observe strong interest from both buyers and sellers, albeit with increasing scrutiny on businesses' ability to navigate a potential recession.

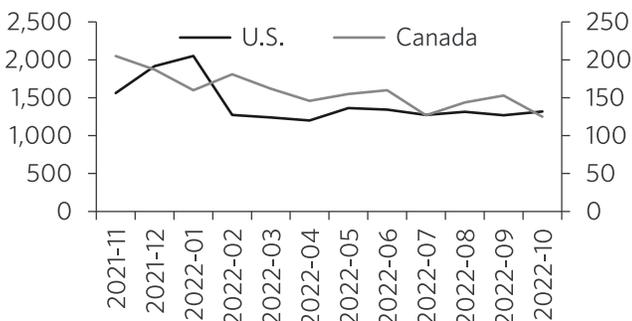
Quarterly valuation and leverage analysis

Despite significant turmoil in the public equity markets, private company valuations have been holding strong with an average TEV/EBITDA multiple of 7.4x in Q2 2022. Acquisition targets with above-average financials as a proportion of overall transaction volume reached an all-time high of 68%, compared to 66% in 2021 and 56% over the 2003 to 2017 period. This trends leads us to believe that acquirers are increasingly selective and focusing on the most resilient businesses, likely driven by growing uncertainty and recession prospects.

Leverage multiples also remained in-line with recent levels in Q2 2022, despite rising interest rates. Interest rates further increased in Q3 2022, and we will be on the lookout for its impact on leverage when the next data readout is available.

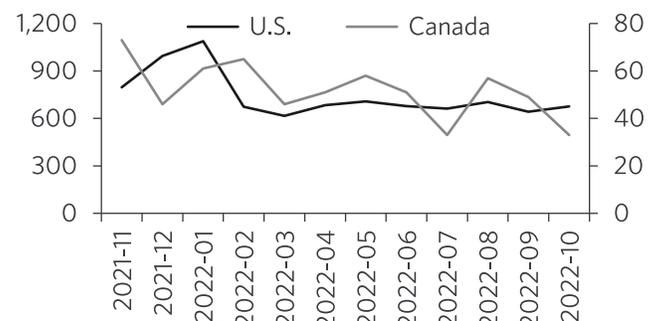
Overall, the M&A market in Canada and the U.S. is showing strong resilience with stable volume, valuations and lender.

M&A Volume - U.S. & CA



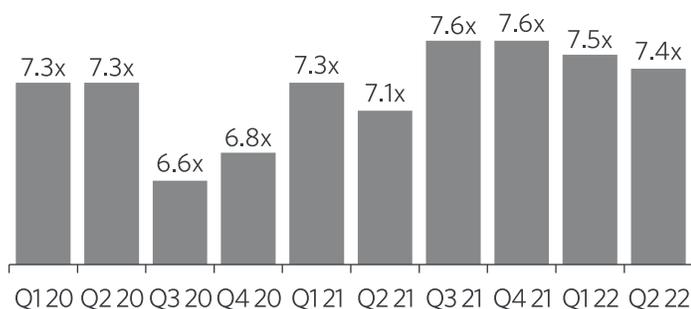
Source: CapitalIQ

Private Equity M&A Volume - U.S. & CA



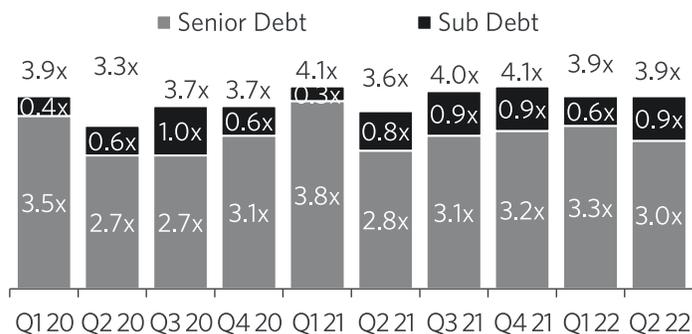
Source: CapitalIQ

Mid-Market M&A Multiples - U.S. & CA



Source: GF Data

Mid-Market M&A Leverage - U.S. & CA



Source: GF Data

Canadian M&A activity by sector - notable transactions

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Materials	October 2022			Manufacturer of wood and lumber products
	Last twelve months			
Information Technology	20%			Designer and manufacturer of RF coverage extension systems for public safety networks and agencies
	14%			
Industrials	19%	HUK 121 Limited		Manufacturer of office furniture and wall products
	17%			
Consumer Discretionary	10%			Manufacturer of baby products
	7%			
Health Care	9%			Distributor of generic drugs
	7%			
Financials	7%			Provider of insurance solutions to individuals and businesses
	8%			
Real Estate	5%		Apartments Property in Quebec	Residential property in Quebec
	9%			
Consumer Staples	4%		Portfolio of Community Pharmacies	Six community pharmacies located in New Brunswick and Nova Scotia
	5%			
Energy	3%		Roughrider Uranium Development Project	High-grade uranium deposit in the Athabasca Basin of northern Saskatchewan
	5%			
Utilities	2%			Provider of green energy and renewable energy solutions to homes and businesses
	1%			
Communication Services	1%			Operator of a social token and NFT infrastructure platform
	5%			

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

Toronto

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

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

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

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

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

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

Montreal

Philippe Froudjian
[514 927-5173](tel:514-927-5173)
philippe.froudjian@cibc.com

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

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

Edmonton

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

Calgary

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

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