



MID-MARKET INVESTMENT BANKING

June 2021 M&A Dashboard



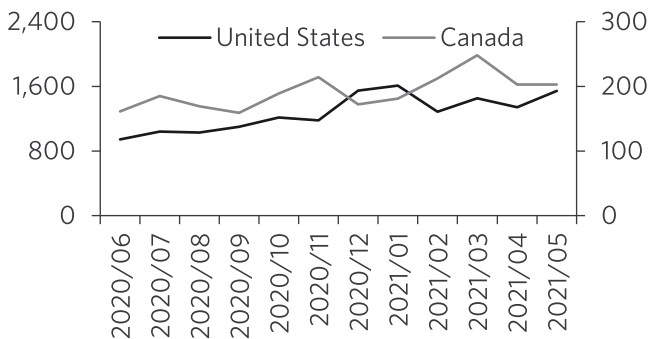
The M&A market is staying the course, with monthly volume close to all-time highs in May 2021, both for the overall M&A market and for the private equity M&A market. While the overall mix of transactions by sector remained stable over the plateau of the last six months, the cannabis sub-sector notably stood out in May 2021 with 14 transactions, the highest monthly volume since 2018, when the sector experienced its last flurry of activity.

Transaction valuations appeared to reach a plateau in Q1 2021, with EBITDA multiples slightly decreasing to 6.8x, from 6.9x in Q4 2020. As opposed to transaction volumes, valuations have seemingly not recovered to pre-pandemic levels. However, our observation from last quarter – that the valuation gap between lower and higher quality assets was increasing – has been further confirmed in Q1 2021. The premium granted to businesses with above-average financials increased to 35% in Q1 2021, compared to 27% in Q4 2020 and 14% over the historical average. This trend emphasizes that a thorough understanding of value drivers unique to each business is more important than ever to ensure a successful sale process and maximize value.

Lender confidence has fully recovered in Q1 2021, with leverage multiples back to 4.0x EBITDA, in-line with pre-pandemic levels. Of note, senior debt multiples appear elevated compared to the 2019 average. Analysis of the underlying data indicates that this increase may be more a result of transaction mix rather than an indication of an increase in multiple.

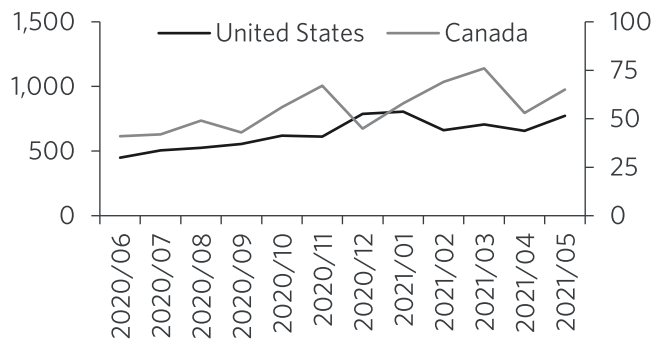
On the M&A execution side, in-person meetings and site visits are becoming more frequent as restrictions start to ease across Canada. While virtual meetings and communication technologies acquired during the pandemic will undoubtedly remain useful tools in M&A processes over time, we expect more traditional in-person interactions to return as restrictions are lifted and safety concerns subside.

M&A volume - U.S. and Canada



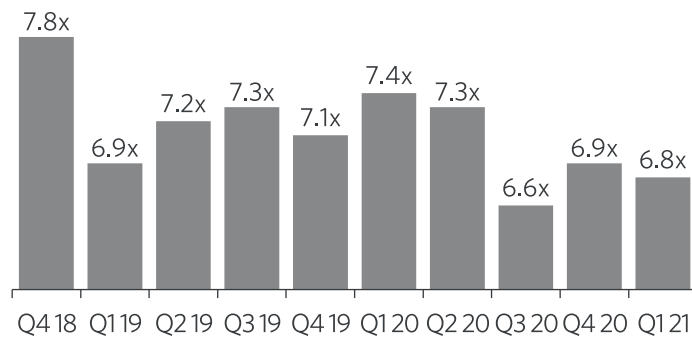
Source: Capital IQ.

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



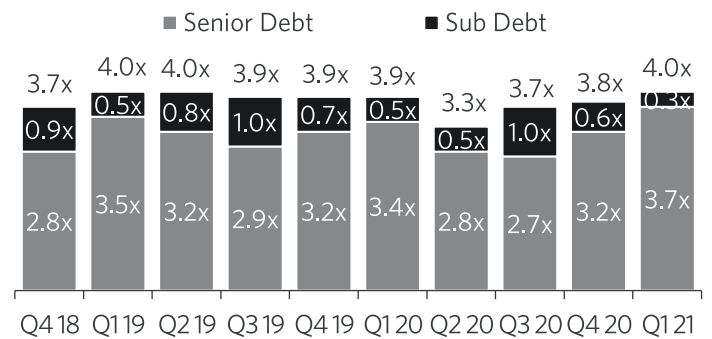
Source: Capital IQ.

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	Percent (%) of M&A volume	Acquirer	Target	Target description
Materials	May 2021: 25%	WYLOO METALS	NORONT	Precious metals mining exploration firm
	Last twelve months: 27%			
Real Estate	15%	Killam APARTMENT TRST	Portfolio of 785 units	Portfolio of 11 buildings and 785 units in Ontario
	9%			
Industrials	11%	NOVACAP	globe.	Manufacturer of lighting and electrical products
	12%			
Information Technology	10%	amdocs	sourced cloud at scale™	Provides large scale cloud migration consulting services
	11%			
Health Care	10%	EXACT SCIENCES	PFS GENOMICS	Provides radiotherapy treatment to breast cancer patients
	9%			
Energy	8%	GREAT NORTH ENERGY & TRADING	STONEWALL ENERGY	Designs and develops wellhead fracturing equipment
	5%			
Financials	8%	STERLING CAPITAL BROKERS	RIVERVIEW INSURANCE SOLUTIONS	Offers group benefits, life, disability and critical illness insurance
	9%			
Consumer Discretionary	5%	RECIPE	THE BURGER'S PRIEST	Restaurant chain in Ontario
	6%			
Consumer Staples	4%	ABOVE FOOD	FARMER DIRECT ORGANIC	Manufacturer of organic food
	5%			
Communication Services	3%	XPLOARNET	Alberta assets of TowerCo	Wireless communication towers in Alberta
	5%			
Utilities	1%	Undisclosed buyer.	MCDC MEADER CREEK DEVELOPMENT CORPORATION	Designing and developing a 20MW geothermal power plant
	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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