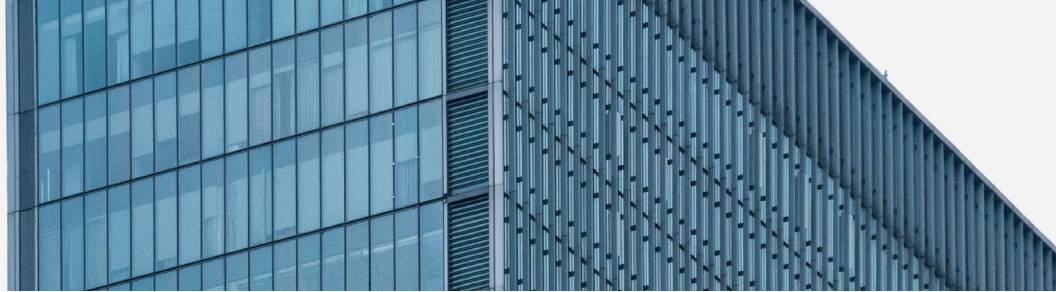




MID-MARKET INVESTMENT BANKING

February 2024 M&A Dashboard



February 2024 M&A Trends

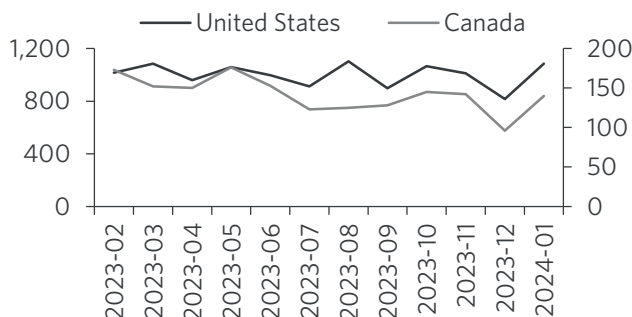
January witnessed an expansion of the U.S. economy by 3.3% annualized and the Fed maintaining its target rate range unchanged at 5.25%-5.50%. Similarly, the Bank of Canada held its target for the overnight rate at 5.0%. Meanwhile, M&A transaction volume in the U.S. and Canada increased to levels last seen in October 2023. In Canada, on an annualized basis, consumer products and real estate are the two sectors with the sharpest transaction volume declines of 27% and 41%, respectively, compared to an overall decline in volume of 10.1% for the overall market. Materials, energy, and communication services continue to demonstrate relative strength on an annualized basis. In our own experience, while we see transactions taking longer to close and more cautious buyers, we continue to see strong valuations and significant interest for businesses in sectors with tailwinds.

Quarterly valuation and leverage analysis

Valuations on deals completed in Q3 2023 had an average TEV/EBITDA multiple of 7.5x, increasing from the 6.4x average recorded in Q2 2023 and in line with the 7.4x average set in Q2 2022. The increase in valuation multiples was largely driven by deals with a TEV of \$50M to \$250M.

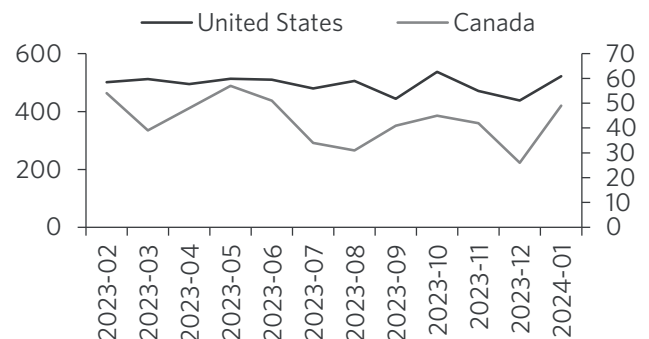
Meanwhile, total debt/EBITDA on platform deals increased to an average of 3.5x, with senior leverage increasing to 2.7x and subordinated debt constant at 0.8x. The increase in leverage is largely driven by deals with a TEV of \$100M to \$500M which rely more heavily on senior debt financing. However, 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.

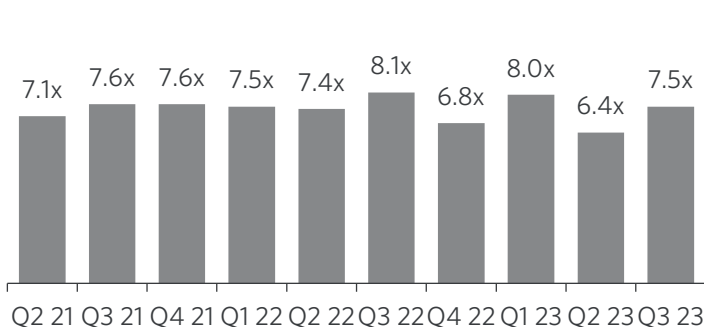
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

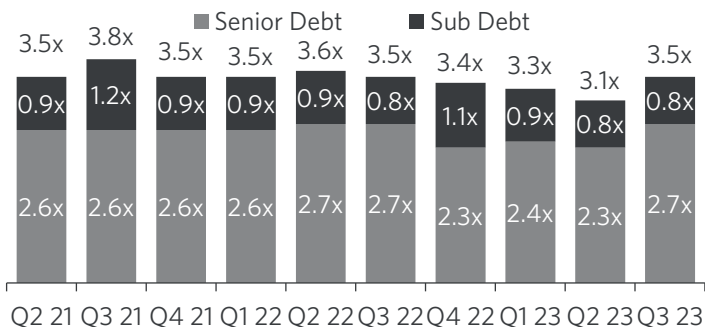
US & Canada private equity transactions \$10-\$250M



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	January 2024: 19%		Lac Guéret graphite	Comprises mineral development project
	Last twelve months: 24%			
Industrials	18%			Manufactures Explosive Ordnance Disposal robots
	19%			
Information Technology	15%			Enterprise cloud software to manage digital media assets
	12%			
Financials	10%			Provides personal and commercial insurance services
	9%			
Health Care	7%			Develops electronic medical records and healthcare software solutions
	7%			
Consumer Discretionary	7%			Comprises roasting, wholesale and coffeehouse business
	6%			
Communication Services	6%			Online platform for e-commerce merchants
	6%			
Energy	6%			Oil exploration and production company
	5%			
Real Estate	6%		Multi-family Properties	Comprises portfolio of multi-family properties
	6%			
Consumer Staples	4%			Produces alcoholic beverages
	4%			
Utilities	1%		Solar power project	Comprises 150MW solar 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

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