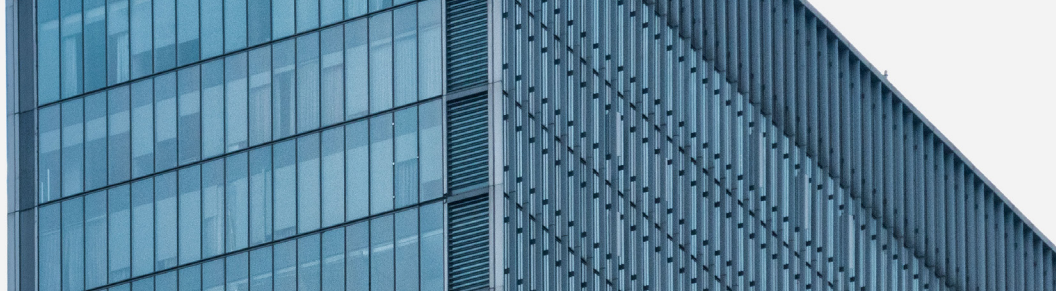




MID-MARKET INVESTMENT BANKING

October 2023 M&A Dashboard



October 2023 M&A Trends

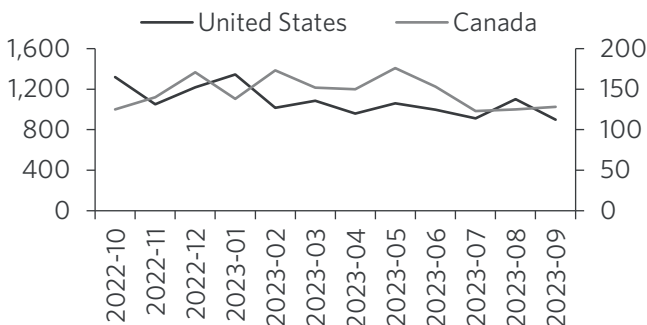
M&A transaction volume pulled back in the U.S. while Canada witnessed stability in M&A activity. Canadian M&A volume in September 2023 was similar to August 2023 when it reached its lowest point for the twelve-month period, in contrast with the high witnessed in May 2023. Canadian private equity transactions witnessed a healthy increase from the twelve-month low witnessed in the previous month. In contrast in the U.S., there was a pullback across strategic and private equity buyers, with U.S. M&A and private equity transaction volumes both pulling back to new twelve-month lows. 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 Q2 2023 had an average TEV/EBITDA multiple of 6.4x, decreasing from the 8.0x average recorded in Q1 2023 and in line with the 6.8x average set in Q4 2022. The decrease in valuation multiples was largely driven by deals with a TEV of \$10M to \$50M.

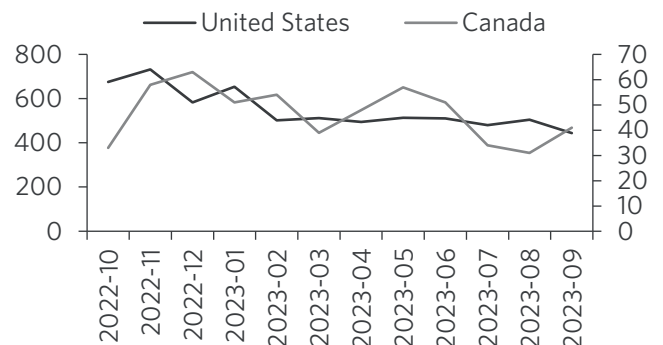
Meanwhile, total debt/EBITDA on platform deals decreased to an average of 3.1x, with senior leverage constant at 2.3x and subordinated debt decreasing to 0.8x. The decrease in leverage is largely driven by small and mid-sized transactions which rely more heavily on mezzanine financing. However, beyond the reported relative stability in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - US & CA



Source: CapitalIQ.

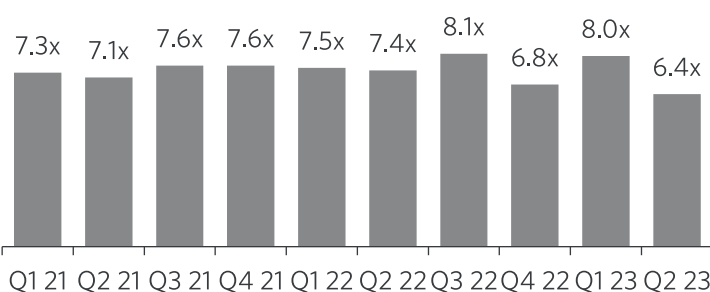
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

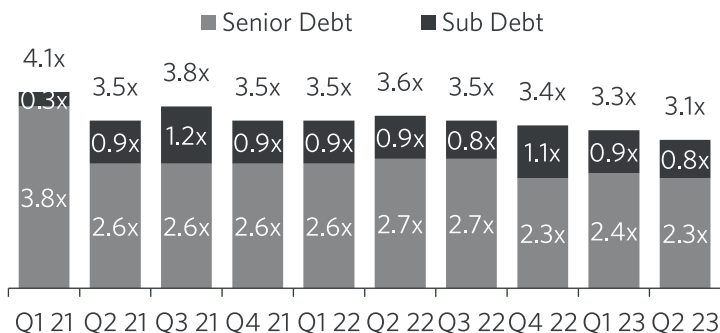
US & Canada private equity transactions \$10-\$250M



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	September 2023: 28%		Two Pulp Mills In Western Canada	Comprises two pulp mills in Western Canada
	Last twelve months: 24%			
Information Technology	15%			Distributes electronic components worldwide
	12%			
Industrials	15%			Designs and manufactures robotic vehicles for industrial purposes
	20%			
Consumer Discretionary	8%			Distributes janitorial, packaging, shipping and safety products
	6%			
Energy	8%			Provides oilfield services
	5%			
Real Estate	7%		Industrial Properties in Montreal, QC	Comprises commercial real estate properties
	6%			
Financials	6%			Provides insurance brokerage services
	9%			
Health Care	6%			Develops medicines to treat neurological and psychiatric disorders
	7%			
Communication Services	4%			Provides an online platform for artists and musicians to promote their music
	5%			
Consumer Staples	5%			Develops plant-based products
	3%			
Utilities	1%			Specializes in conception, construction, and operation of electric facilities
	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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