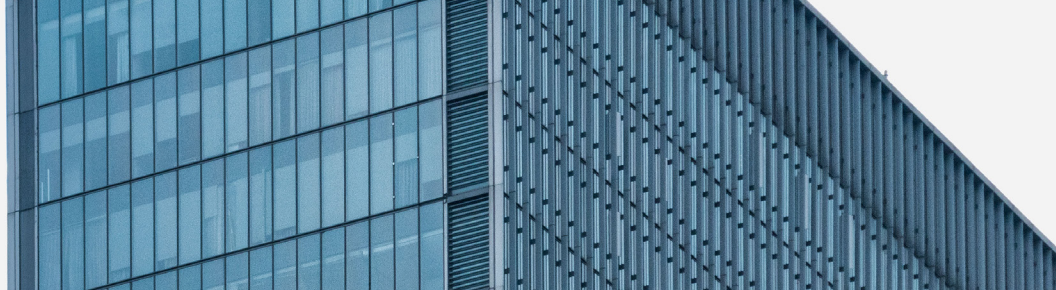




MID-MARKET INVESTMENT BANKING

September 2023 M&A Dashboard



September 2023 M&A Trends

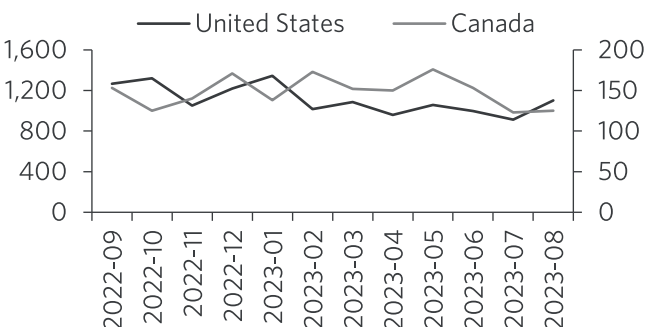
M&A transaction volume trends continued their pullback in Canada while the U.S. witnessed a healthy increase in activity. Canadian M&A volume in August 2023 was similar to July 2023 when it reached its lowest point for the twelve-month period, in contrast with the high witnessed in May 2023. Similarly, Canadian private equity transactions decreased to a twelve-month low. In contrast, U.S. volume made a strong rebound to a level last seen in November 2022 after having reached a twelve-month low in July 2023. The pull back trend in Canada is consistent across strategic and private equity buyers. 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.

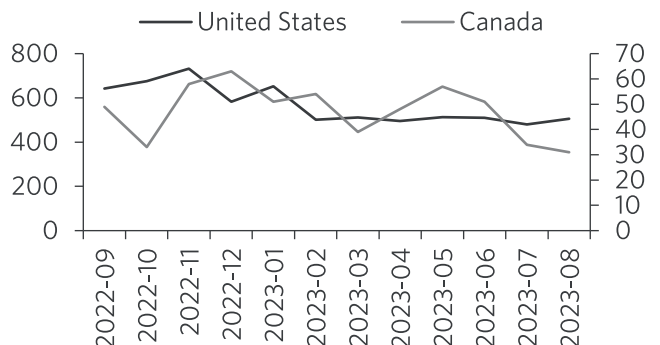
Meanwhile, total debt/EBITDA on platform deals decreased to an average of 3.1x, with senior leverage constant at 2.3x and subordinated debt decreasing to 0.8x. The decrease in leverage is largely driven by small and mid-sized transactions which rely more heavily on mezzanine financing. However, beyond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

M&A Volume - US & CA



Source: CapitalIQ.

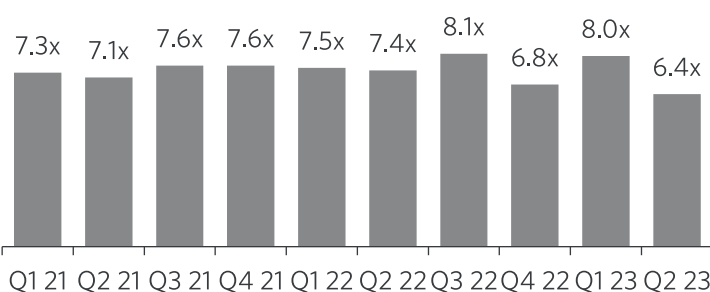
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

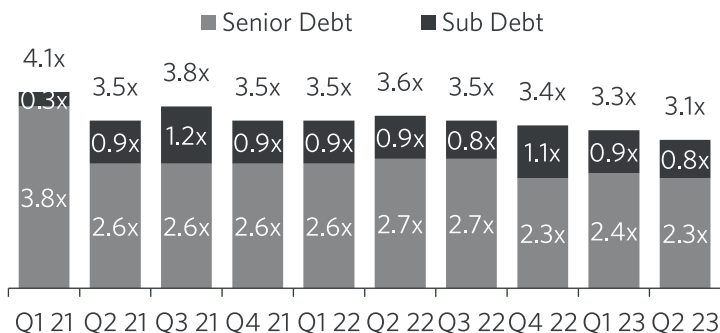
US & Canada private equity transactions \$10-\$250M



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	August 2023: 27%	AEP ATLAS ENGINEERED PRODUCTS	CHOUINARD	Manufactures engineered wood products including roof trusses, floor systems and wall panels
	Last twelve months: 23%			
Industrials	21%	OXY	Carbon Engineering	Develops and commercializes a technology to capture CO ₂ directly from the atmosphere
	19%			
Financials	12%	CI FINANCIAL	Coriel Capital inc.	Operates as a wealth management firm
	10%			
Information Technology	9%	TRUELINK CAPITAL	fiipp	Operates an online retail management platform
	12%			
Communication Services	8%	PLAYMAKER	LA POCHE BLEUE	Sports media and entertainment company focused on the Montreal Canadiens, NHL, NFL, MLB and more
	6%			
Health Care	7%	FRONTAGE	NUCRO TECHNICS	Pharmaceutical contract support organization serving pharmaceutical and biotechnology companies worldwide.
	7%			
Energy	5%	AltaGas	Pipestone Natural Gas Processing Plant and assets	Comprises natural gas processing plant, natural gas storage facility and assets
	4%			
Consumer Discretionary	4%	TEVA	ELECTRA MECCANICA	Develops, manufactures, and sells electric vehicles in the United States and Canada
	6%			
Consumer Staples	5%	Pilaros	ITAL PLUS	Sells Italian foods through its online platform
	4%			
Real Estate	3%	dream industrial REIT	150,000 sq. ft. property in Brampton	Comprises 150,000 sq. ft. industrial property in Brampton
	6%			
Utilities	0%			No disclosed transactions in August 2023
	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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