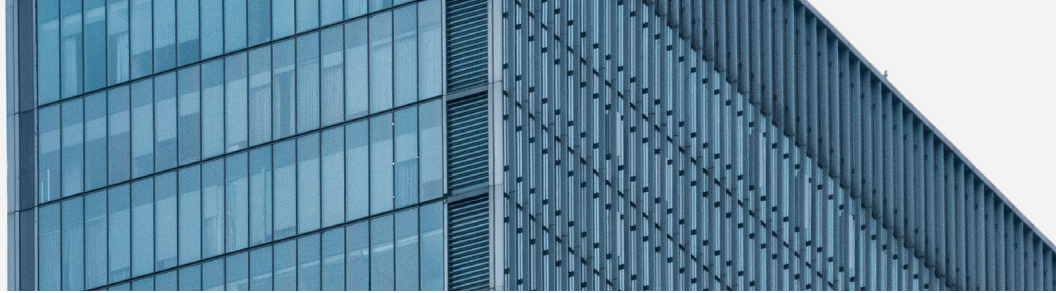




MID-MARKET INVESTMENT BANKING

January 2022 M&A Dashboard

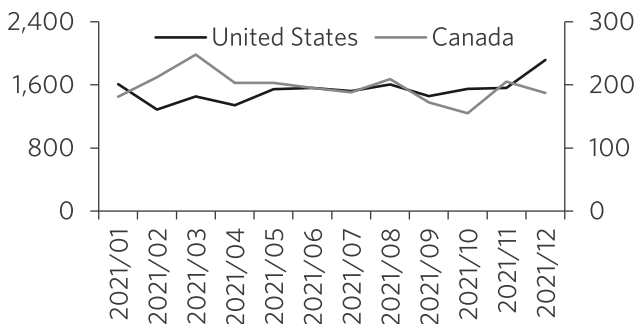


The 2021 M&A market ended with a bang, with December 2021 recording the highest monthly combined volume of transactions in history. Combined transaction volume for 2021 is also 34% higher than 2020 volume, which itself was elevated despite the early pandemic lull. Unsurprisingly, cyclical sectors such as industrials and consumer discretionary represented a higher proportion of total transaction volume in 2021 compared to 2020 as most economies continued reopening until late December. One notable exception is the materials sector, which saw unprecedented activity in 2020 as gold mining firms enjoyed a particularly strong year, with a return towards historical levels of activity in 2021.

Average mid-market M&A valuation multiples have reached a new all-time high of 7.6x EBITDA in Q3 2021, mainly driven by increases in value at the higher-end of the mid-market, as well as by a mix of transactions skewed towards platform investments, which generally attract higher valuations than add-ons. Valuation multiples for transactions over \$25 million was 10% higher in Q3 2021 than the average of the last eight quarters, compared to only 3% higher for transactions below \$25 million. The widening gap in valuation between smaller and larger transactions is most likely a result of increasing competitive tension for larger deals driven by record-breaking fundraising by private equity funds.

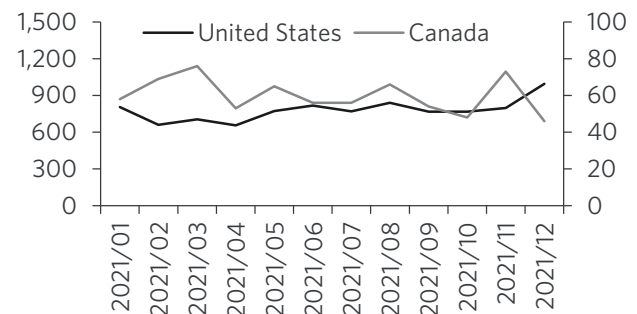
Lender confidence remains overwhelmingly positive, with both senior and subordinated leverage multiples at the upper bound of the range observed in the last few years.

M&A volume - U.S. and Canada



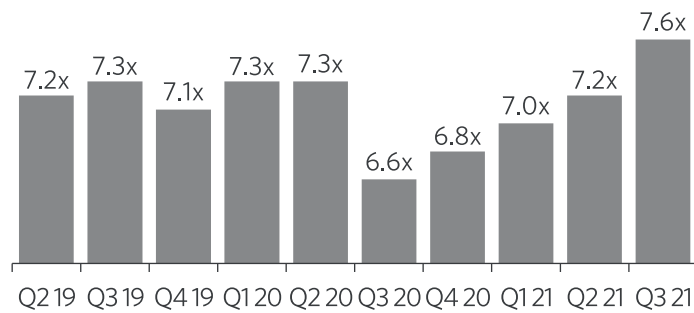
Source: Capital IQ.

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



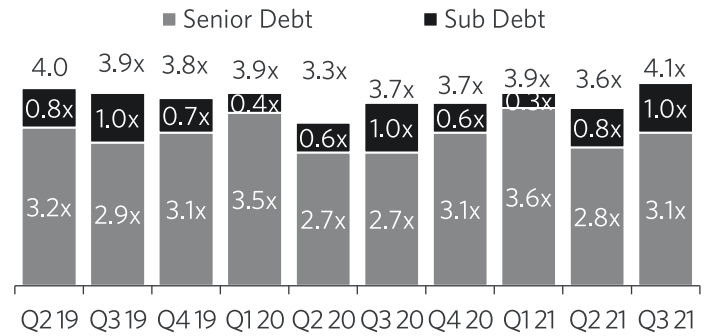
Source: Capital IQ.

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	December 2021: 28%			Manufacturer of specialty paper for the food industry
	Last twelve months: 24%			
Industrials	17%			Provides engineering services
	13%			
Information technology	13%			Developer of resort and hotel management software
	12%			
Consumer discretionary	8%			Provides foodservice management services
	6%			
Financials	8%			Provides foreign exchange services
	8%			
Communication services	7%			Provides video game advertising services
	6%			
Real estate	6%		1,106 Residential Units	Portfolio of 68 residential properties totaling 1,106 units in Southwestern Ontario
	10%			
Energy	5%			Oil and gas exploration firm
	6%			
Health care	3%			Pain management clinic located in Ontario
	9%			
Consumer staples	3%			Distributor of sauces, marinades, dips and dressings
	5%			
Utilities	1%		Sunnybrook Solar Energy	236 MW solar project in Alberta

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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