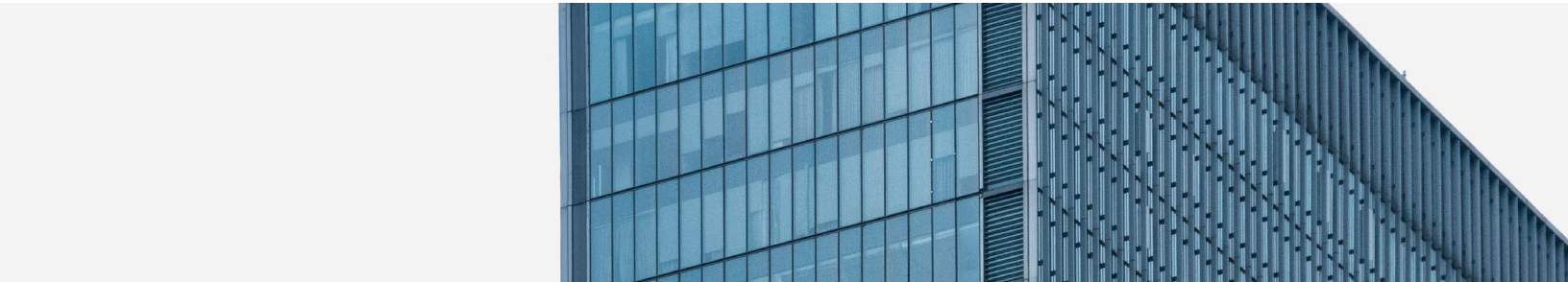




MID-MARKET INVESTMENT BANKING

M&A Dashboard - February 2021

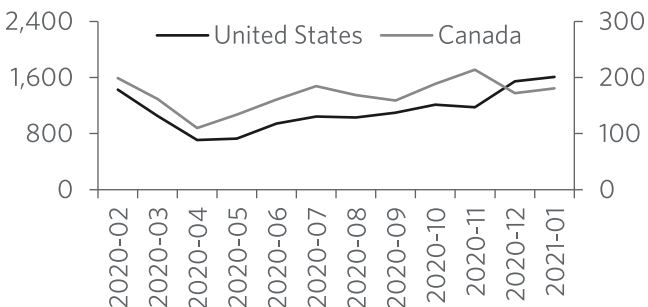


M&A activity in the U.S. and Canada has continued to gain momentum in January, with 12-month highs achieved in the U.S. and stable volume in Canada. Transaction volume by sector has stabilized with no significant rotation in or out of any particular sector. Following a period of relative stability in the markets over the last few months, we should expect that most of the pent-up volume of transactions previously put on pause in the spring and summer of 2020 have now successfully closed or were postponed indefinitely due to unfavorable sector exposure. As a result, an increasing proportion of the transactions currently being closed were likely launched towards the end of 2020. Statistics for the upcoming period should reflect transaction parameters and leverage for deals entirely negotiated during the pandemic, which should yield interesting insights.

Average mid-market multiples declined to 6.7x in Q3 2020, compared to the 7.4x average achieved during the first half of 2020. While some of the variance could be a result of the small sample size, a few consistent trends emerge when analyzing the data. Smaller deal valuations (<\$50 million) were stable or increasing in Q3 2020, while larger, higher multiples transactions (>\$50 million) saw a significant decline. Unsurprisingly, we notice that the retail sector posted the largest decline in multiple within the sample during the period.

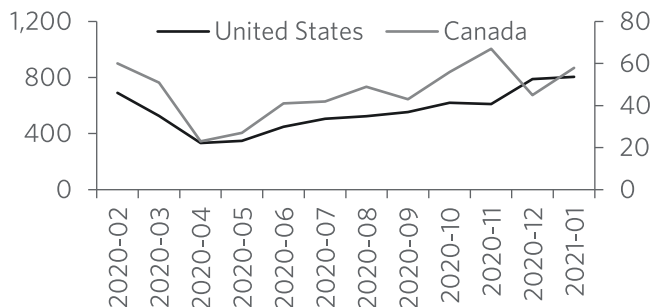
The updated leverage data confirms the trend observed over the summer, when lenders became increasingly prudent and selective. While overall private equity buyout leverage rose back to levels close to pre-pandemic levels, senior debt leverage stayed close to the Q2 2020 level, with additional subordinated debt bridging the gap.

M&A volume - U.S. and Canada



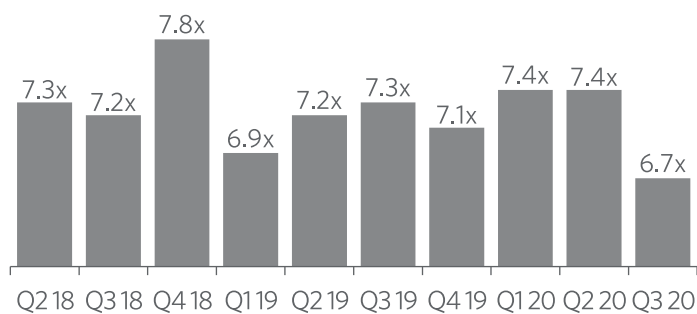
Source: Capital IQ.

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



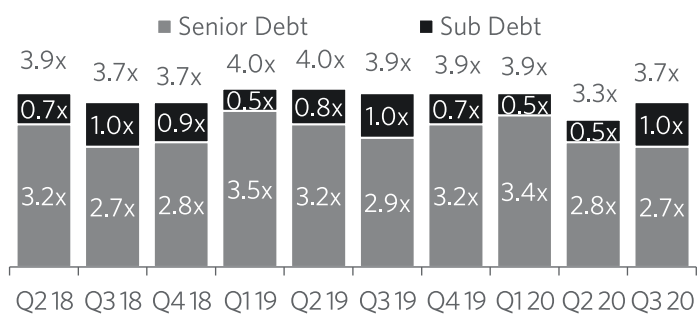
Source: Capital IQ.

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	January 2021: 25%			Gold mining company
	Last twelve months: 28%			
Information Technology	15%			Healthcare software development firm
	12%			
Industrials	12%			Trucking transportation services
	12%			
Health Care	12%			Online education services for healthcare professionals
	9%			
Financials	12%			Provides personal and commercial insurance services
	10%			
Real Estate	6%		15 properties in Vancouver	Portfolio of 15 residential properties in Vancouver
	7%			
Consumer Staples	6%			Producer of plant-based cheese
	6%			
Consumer Discretionary	4%			Retailer of pet health food
	5%			
Communication Services	4%			Provides brand content and video production services
	5%			
Energy	3%			Independent upstream oil and gas company
	4%			
Utilities	1%		Wind power generation facility	10 MW wind power generation facility in Ontario
	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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