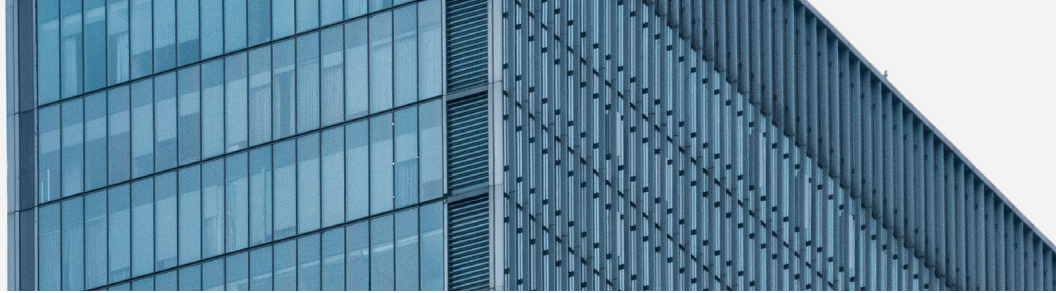




# MID-MARKET INVESTMENT BANKING

## November 2021 M&A Dashboard

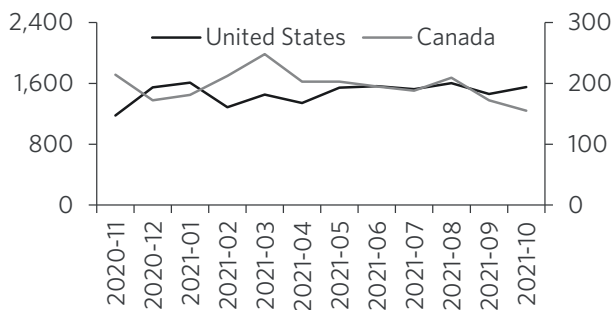


For the first time since the beginning of the pandemic, we observed a divergence between the trajectory of M&A transaction activity in the U.S. and Canada in October 2021. The U.S. market has shown transaction volumes close to 12-month highs consistently over the last few months, while M&A volume in Canada has been moderately trending downwards, with a 12-month low reached in October 2021. The underlying data shows the decline of the last few months to be primarily tied to a slowdown in the number of transactions in the materials and healthcare sectors – two sectors which we highlighted in previous dashboards as having greatly benefitted from the initial impact of the pandemic. These sectors together represent over a third of M&A transactions in Canada, as opposed to only 15% in the U.S.. As a result, an overall decline in activity in these sectors will be much more noticeable in Canada than in the U.S.

Mid-market M&A transaction valuations have now recovered fully from the pandemic downturn, with an average EBITDA multiple of 7.2x in Q2 2021, which is in line with the pre-pandemic average. The focus on quality assets continues, with the quality valuation premium averaging 33% for the year-to-date. Interestingly, other variables influencing valuations emerge as outsized contributors. Businesses under institutional ownership sold for a multiple of EBITDA almost 1.0x higher than businesses owned by individuals and families. Prior to the pandemic, institutional ownership predicted a premium of less than 0.7x. Data also supports the importance of providing a management solution post-transaction: such businesses transacted at a 0.2x premium to the overall average.

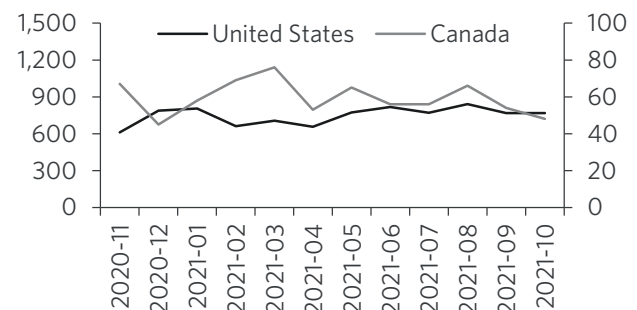
Lender confidence remains positive and largely unchanged from the previous few quarters, with leverage multiples back to pre-pandemic levels.

### M&A volume - U.S. and Canada



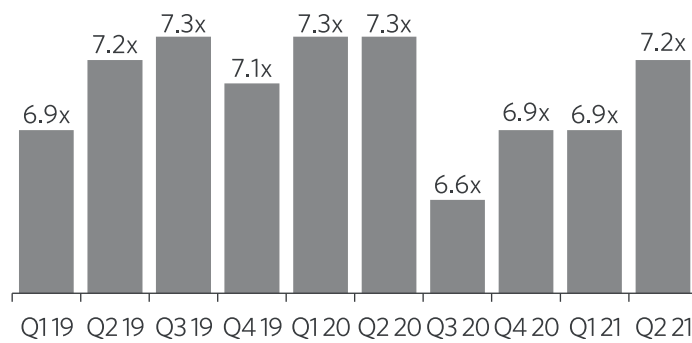
Source: Capital IQ.

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



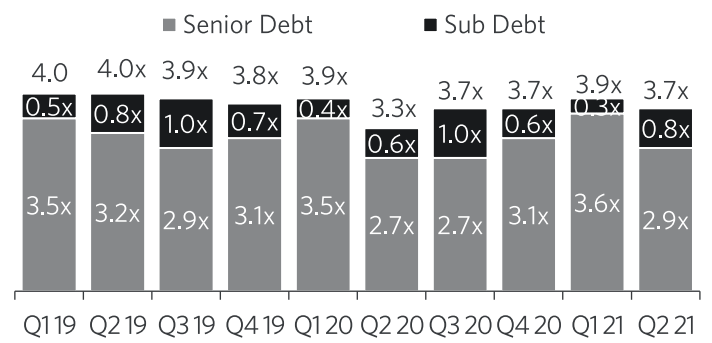
Source: Capital IQ.

### 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	October 2021 17%			Gold mining firm
	Last twelve months 24%			
Information technology	16%			Online meeting scheduling software provider
	12%			
Industrials	11%			Piling subcontractor based in Manitoba
	13%			
Real estate	10%			Diversified real estate investment trust
	10%			
Financials	10%			Provider of vehicle financing services
	9%			
Consumer discretionary	10%			Manufacturer and direct-to-consumer retailer of weighted blankets
	6%			
Consumer staples	10%			Food distributor
	5%			
Health care	6%			Digital health service provider focused on addiction treatments
	10%			
Energy	6%			Provider of oil and gas exploration and development services
	5%			
Communication services	5%			Producer and distributor of animated content for film, television and online channels
	6%			
Utilities	0%			No transaction in October 2021
	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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