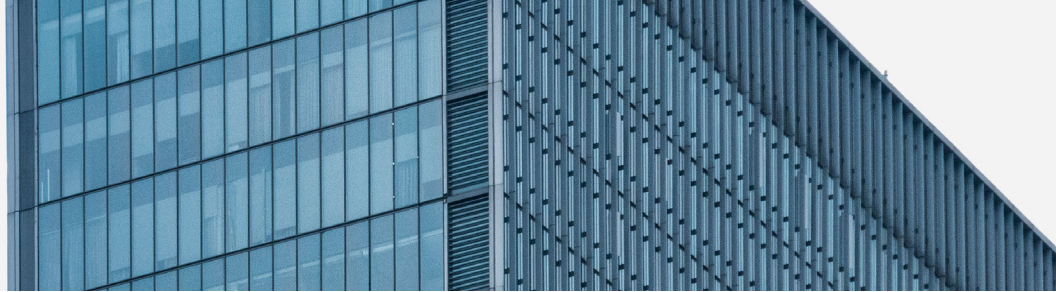




MID-MARKET INVESTMENT BANKING

January 2023 M&A Dashboard



January 2023 M&A Trends

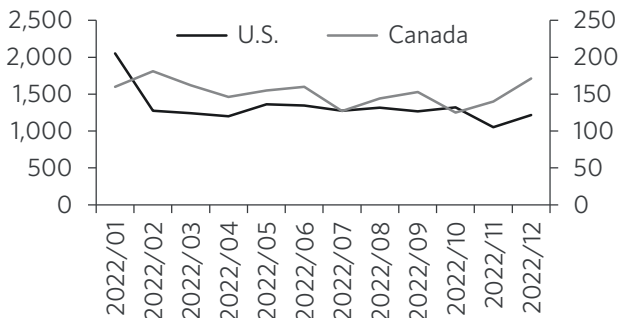
In-line with the moderate slowdown witnessed throughout the year, 2022's M&A market ended on a softer note compared to the watermark levels reached in 2021 and 2020, despite a slight increase in US and Canadian activity in December 2022. Industrials and technology represented a higher proportion of total Canadian transaction volume in December but the materials sector maintained its leadership in annual deal volume for the third year in a row. M&A activity in certain sectors is likely to be impacted in the event of a recession or contraction in consumer spending following the recent rapid rise in interest rates. Overall, our transaction pipeline remains strong and we still observe strong interest from both buyers and sellers, albeit with increasing scrutiny on businesses' ability to navigate a potential recession.

Quarterly valuation and leverage analysis

Despite the continuing volatility in public equity markets, private company valuations continue to hold strong despite a retreat in leverage multiples. Headline valuation multiples surged in Q3 2022 to an average TEV/EBITDA multiple of 8.1x, up from 7.4x in Q2 2022. However, the underlying data suggests that this increase is due in part to transaction mix skewed in favor of growth capital investments with high multiples.

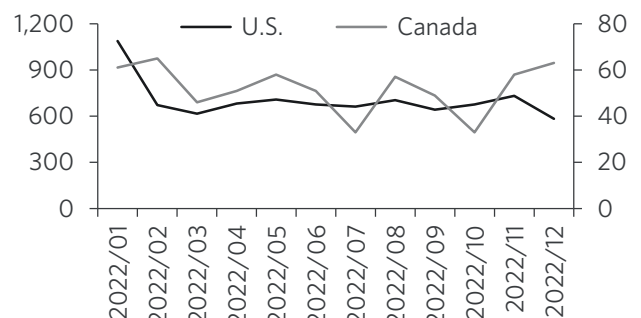
Meanwhile, total debt decreased to an average of 3.7x as debt financing gets more expensive and harder to access. The more cautious lending environment seems to particularly affect larger deals, as private transactions in the middle and lower end of the market continue at a reasonably steady pace with stable valuations.

M&A Volume - U.S. & CA



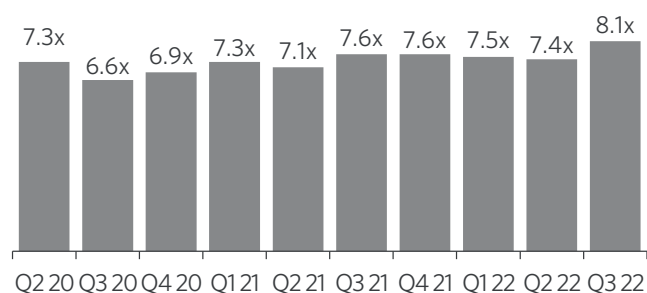
Source: CapitalIQ.

Private Equity M&A Volume - U.S. & CA



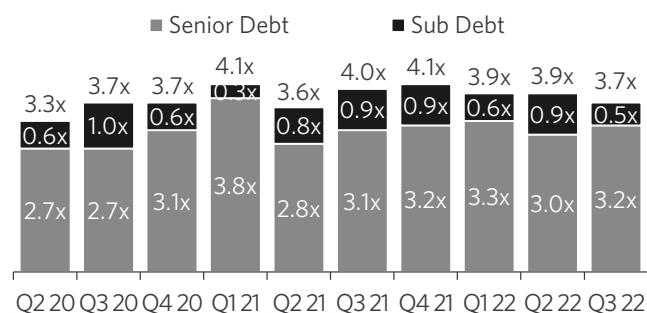
Source: CapitalIQ.

Mid-Market M&A Multiples - U.S. & CA



Source: GF Data.

Mid-Market M&A Leverage - U.S. & CA



Source: GF Data.

Canadian M&A activity by sector - notable transactions

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Industrials	December 2022: 23%			Manufacturer of lighting fixtures
	Last twelve months: 17%			
Information Technology	18%			Designs and manufactures products for the aerospace, nuclear, military, medical, and commercial industries
	14%			
Consumer Discretionary	13%			Franchisor and operator of quick-serve restaurants
	7%			
Materials	12%			Explorer and developer of Vanadium projects
	21%			
Communication Services	11%			Developer of gaming applications
	5%			
Financials	8%			Provider of property and casualty insurance products
	8%			
Consumer Staples	8%			Producer of alcohol-based products
	6%			
Health Care	4%			Provider of pain, allergy, neurology, and dermatology products
	7%			
Energy	2%			Provider of compressed natural gas solutions
	5%			
Real Estate	1%		Industrial Distribution Properties	Two new-build single tenant industrial distribution properties
	9%			
Utilities	1%		Two Hydroelectric Stations	Two hydroelectric stations on the Mississippi River
	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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