



MID-MARKET INVESTMENT BANKING

September 2022 M&A Dashboard



September 2022 M&A trends

M&A transaction volume remained stable in August 2022, albeit slightly lower than the average monthly volume since the beginning of 2022 in Canada and the U.S. Canadian private equity M&A volume showed an encouraging rebound from an unexpected decline in July 2022, which in retrospect may have simply been a result of timing for closed deals shifting into August 2022. We continue to view private equity as active acquirors in this market.

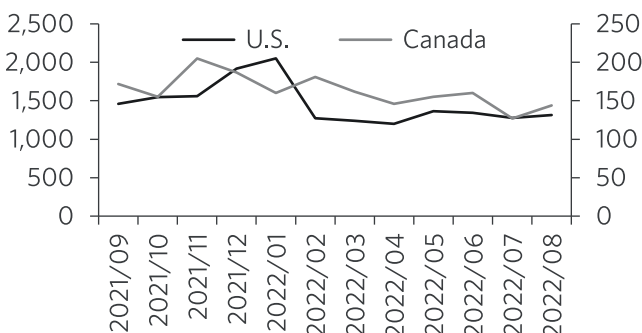
Quarterly valuation and leverage analysis

Despite significant turmoil in the public equity markets, private company valuations have been holding strong with an average TEV/EBITDA multiple of 7.4x in Q2 2022. Acquisition targets with above-average financials as a proportion of overall transaction volume reached an all-time high of 68%, compared to 66% in 2021 and 56% over the 2003 to 2017 period. This trends leads us to believe that acquirers are increasingly selective and focusing on the most resilient businesses, likely driven by growing uncertainty and recession prospects.

Leverage multiples also remained in-line with recent levels in Q2 2022, despite rising interest rates. Interest rates further increased in Q3 2022, and we will be on the lookout for its impact on leverage when the next data readout is available.

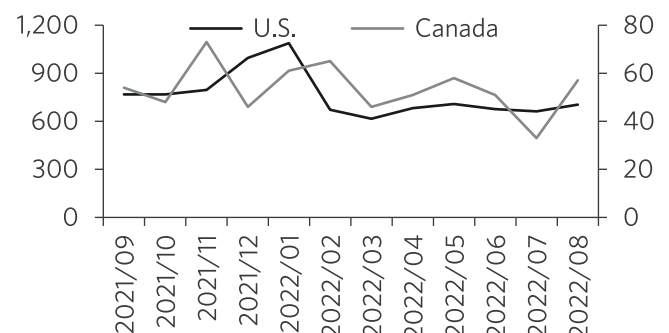
Overall, the M&A market in Canada and the U.S. is showing strong resilience with stable volume, valuations and lender confidence despite mounting concerns over lasting inflation, higher interest rates and geopolitical turbulence.

M&A Volume - U.S. & CA



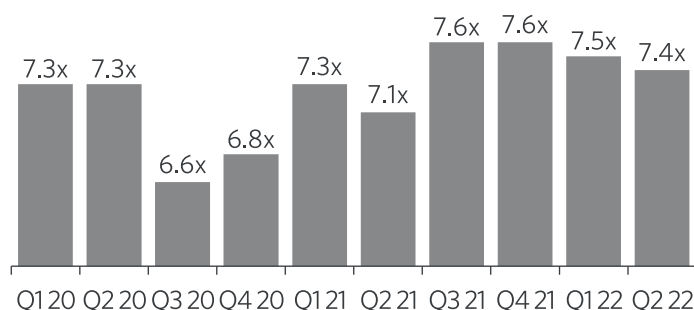
Source: CapitalIQ

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



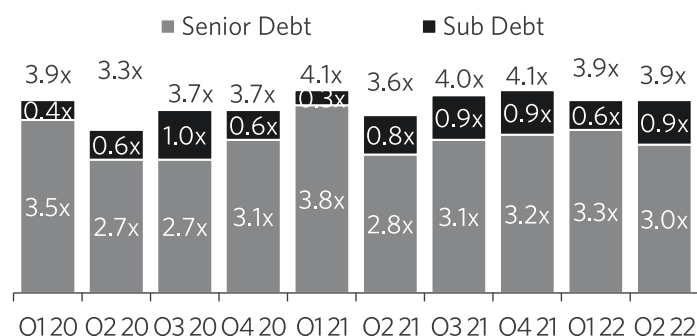
Source: CapitalIQ

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
Materials	August 2022: 24%	AMERICAN PACIFIC	CONSTANTINE metal resources Ltd.	Base and precious metals exploration company
	Last twelve months: 21%			
Information Technology	18%	HARRIS	NEXJ SYSTEMS	Provider of customer management solutions
	13%			
Industrials	13%	MUBADALA	CANADA CARTAGE	Provides fleet outsourcing and supply chain solutions
	16%			
Consumer Discretionary	12%	Ironbridge EQUIPPY PARTNERS	KORE OUTDOOR	Manufacturer of paintball products
	7%			
Real Estate	11%	Nexus Industrial REIT	Industrial Property	94,000 square foot industrial property in St-Augustin-de-Desmaures, Quebec
	10%			
Financials	6%	HUB	Jaimac Risk Management	Insurance brokerage firm
	7%			
Energy	5%	STAMPEDE	Drilling rigs	Six drilling rigs and related assets
	6%			
Health Care	4%	BioLab PHARMA	EXZELL PHARMA	Manufacturer of pharmaceutical and natural health products
	7%			
Consumer Staples	4%	Premium Brands	Golden Valley Foods Inc.	Provider of ready-to-eat deli sliced products
	6%			
Communication Services	2%	ROBLOX	Lobby	Operates a social media platform
	5%			
Utilities	2%	RESA POWER	AESF RESA POWER company	Provides power distribution services
	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

cibc.com/mmib

Toronto

Trevor Gough
[416 271-3660](tel:416-271-3660)
trevor.gough@cibc.com

Christian Davis
[416 371-7238](tel:416-371-7238)
christian.davis@cibc.com

Iain Gallagher
[647 531-6044](tel:647-531-6044)
iain.gallagher@cibc.com

Dylan Moran
[289 259-7687](tel:289-259-7687)
dylan.moran@cibc.com

Jarred Seider
[416 888-3757](tel:416-888-3757)
jarred.seider@cibc.com

Daniel Lee
(Technology)
[416 242-5694](tel:416-242-5694)
daniel.lee@cibc.com

Montreal

Philippe Froudjian
[514 927-5173](tel:514-927-5173)
philippe.froudjian@cibc.com

Gabriel Fugere
[514 836-0773](tel:514-836-0773)
gabriel.fugere@cibc.com

Abboud Kaplo
[514 827-8327](tel:514-827-8327)
abboud.kaplo@cibc.com

Edmonton

Graham Drinkwater
[587 983-3134](tel:587-983-3134)
graham.drinkwater@cibc.com

Calgary

Amun Whig
[403 200-9171](tel:403-200-9171)
amun.whig@cibc.com

This document has been prepared by CIBC Capital Markets FOR DISCUSSION PURPOSES ONLY. CIBC Capital Markets expressly disclaims any liability to any other person who purports to rely on it. These materials may not be reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without obtaining the prior written consent of CIBC Capital Markets. The materials described herein are provided "as is" without warranty of any kind, either express or implied, to the fullest extent permissible pursuant to applicable law, including but not limited to the implied warranties of merchantability, operation, usefulness, completeness, accuracy, timeliness, reliability, fitness for a particular purpose or non-infringement. The information and data contained herein has been obtained or derived from sources believed to be reliable, without independent verification by CIBC Capital Markets, and we do not represent or warrant that any such information or data is accurate, adequate or complete and we assume no responsibility or liability of any nature in connection therewith. CIBC Capital Markets assumes no obligation to update any information, assumptions, opinions, data or statements contained herein for any reason or to notify any person in respect thereof.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates provide products and services to our customers around the world. Securities and other products offered or sold by CIBC Capital Markets are subject to investment risks, including possible loss of the principal invested. Each subsidiary or affiliate CIBC is solely responsible for its own contractual obligations and commitments. Unless stated otherwise in writing CIBC Capital Markets products and services are not insured by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation, or other similar deposit insurance and are not endorsed or guaranteed by any bank. The CIBC logo and "CIBC Capital Markets" are trademarks of CIBC, used under license. All other trademarks are owned by their respective trademark owners.