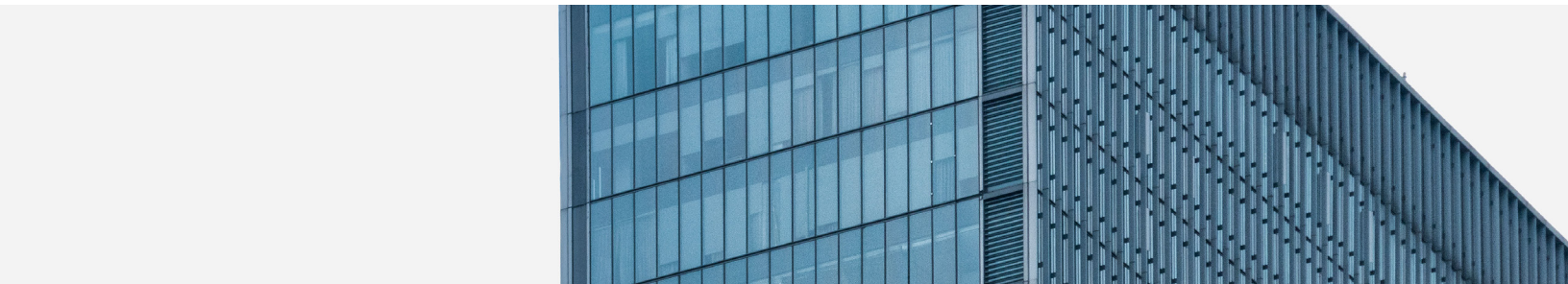




MID-MARKET INVESTMENT BANKING

M&A Dashboard - December 2020

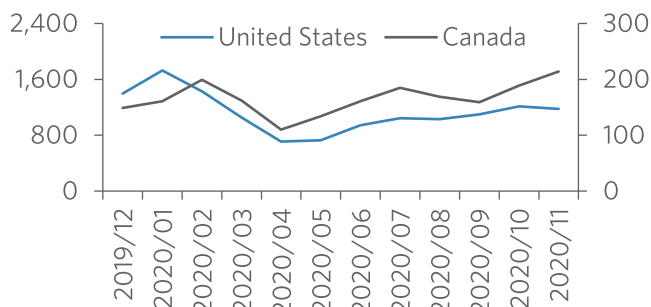


Overall M&A volume has recovered to pre-pandemic levels in Canada over the last three months, with continued elevated activity in the resources sector, which now represents over 30% of M&A volume since April 2020, compared to less than 20% in 2019. The real estate sector is also experiencing an uptick in volume in November 2020, most likely driven by improving economic outlook and low interest rates. M&A volume recovery in the U.S. has been slower, however approaching pre-pandemic levels as well. Interestingly, cross-border volume in Canada has been strong since September 2020, with the monthly average number of Canadian firms sold to U.S. acquirers back to the average observed in 2019.

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.

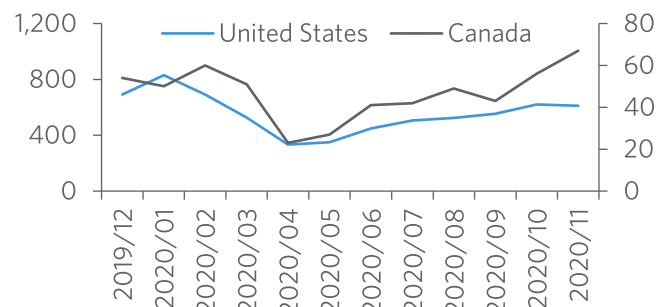
The updated leverage data confirms the trend observed over the summer, when lenders became increasingly prudent and selective. While overall private equity buyout leverage rose back to levels close to pre-pandemic levels, senior debt leverage stayed close to the Q2 2020 level, with additional subordinated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

M&A volume - U.S. and Canada



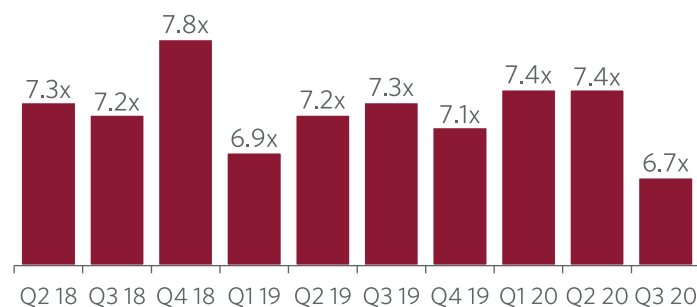
Source: Capital IQ.

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



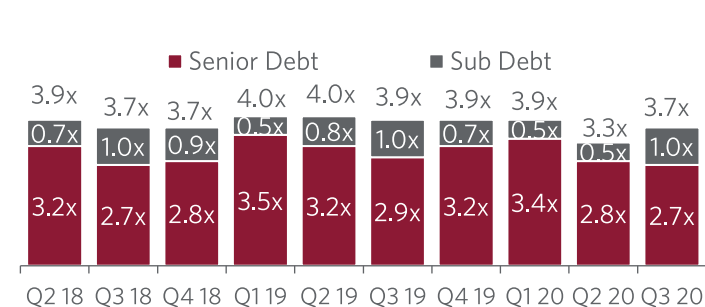
Source: Capital IQ.

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	% of M&A volume	Acquirer	Target	Target description
Materials	<div style="display: flex; align-items: center;"> <div style="width: 24%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 24% </div> <div style="display: flex; align-items: center;"> <div style="width: 29%; height: 10px; background-color: #444; margin-right: 5px;"></div> Last twelve months 29% </div>			Manufacturer of wood construction products
Information Technology	<div style="display: flex; align-items: center;"> <div style="width: 14%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 14% </div> <div style="display: flex; align-items: center;"> <div style="width: 12%; height: 10px; background-color: #444; margin-right: 5px;"></div> 12% </div>			Provides cloud-based mobile resource management and shipment tracking solutions
Real Estate	<div style="display: flex; align-items: center;"> <div style="width: 14%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 14% </div> <div style="display: flex; align-items: center;"> <div style="width: 8%; height: 10px; background-color: #444; margin-right: 5px;"></div> 8% </div>		Queen Anne Apartments	Apartment complex in Maple Ridge, British Columbia
Industrials	<div style="display: flex; align-items: center;"> <div style="width: 12%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 12% </div> <div style="display: flex; align-items: center;"> <div style="width: 13%; height: 10px; background-color: #444; margin-right: 5px;"></div> 13% </div>			Distributor of HVAC products
Financials	<div style="display: flex; align-items: center;"> <div style="width: 10%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 10% </div> <div style="display: flex; align-items: center;"> <div style="width: 9%; height: 10px; background-color: #444; margin-right: 5px;"></div> 9% </div>			Insurance broker based in Alberta
Consumer Discretionary	<div style="display: flex; align-items: center;"> <div style="width: 7%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 7% </div> <div style="display: flex; align-items: center;"> <div style="width: 5%; height: 10px; background-color: #444; margin-right: 5px;"></div> 5% </div>			Distributor of team sporting equipment
Health Care	<div style="display: flex; align-items: center;"> <div style="width: 7%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 7% </div> <div style="display: flex; align-items: center;"> <div style="width: 8%; height: 10px; background-color: #444; margin-right: 5px;"></div> 8% </div>			Virtual care platform featuring a SaaS-based marketplace
Communication Services	<div style="display: flex; align-items: center;"> <div style="width: 5%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 5% </div> <div style="display: flex; align-items: center;"> <div style="width: 6%; height: 10px; background-color: #444; margin-right: 5px;"></div> 6% </div>			Distributor and manufacturer of confectioneries
Consumer Staples	<div style="display: flex; align-items: center;"> <div style="width: 3%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 3% </div> <div style="display: flex; align-items: center;"> <div style="width: 5%; height: 10px; background-color: #444; margin-right: 5px;"></div> 5% </div>			Producer of pulse-based protein concentrates and flours
Energy	<div style="display: flex; align-items: center;"> <div style="width: 3%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 3% </div> <div style="display: flex; align-items: center;"> <div style="width: 5%; height: 10px; background-color: #444; margin-right: 5px;"></div> 5% </div>			Oil and gas production and exploration company
Utilities	<div style="display: flex; align-items: center;"> <div style="width: 1%; height: 10px; background-color: #800000; margin-right: 5px;"></div> 1% </div> <div style="display: flex; align-items: center;"> <div style="width: 1%; height: 10px; background-color: #444; margin-right: 5px;"></div> 1% </div>			District energy facility located in Calgary, 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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