



MID-MARKET INVESTMENT BANKING

M&A Dashboard - March 2021

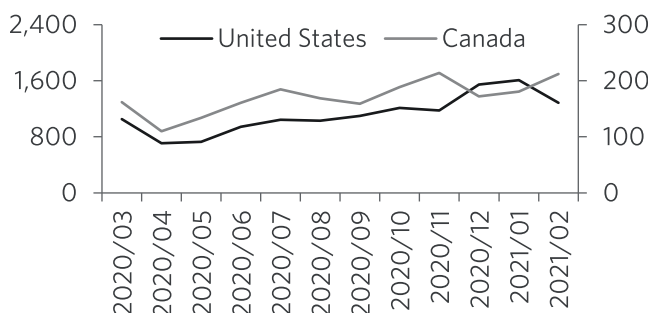


Transaction activity in Canada and the U.S. appears to have reached a plateau over the last few months, with M&A transaction volumes having mostly recovered near their historical average. February 2021 transaction data indicates renewed interest for sectors which were out of favor since the pandemic started. With oil prices steadily recovering since November 2020, transaction activity in the energy sector finally exceeded the last twelve month average in February 2021, driven by several high profile transactions with total disclosed deal value exceeding \$20 billion. Meanwhile, activity in other sectors which saw a flurry of activity in the hearth of the pandemic such as IT and healthcare, as well as defensive sectors such as consumer staples, appear to be trending moderately lower.

The 2020 average mid-market M&A transaction multiple ended the year at 7.1x EBITDA, which is exactly the same average multiple observed in 2019. While the headline average multiple is the same, the mix of transactions was very different. Aside from the shift in sectors discussed at length in previous dashboards and newsletters, 2020 witnessed a widening valuation gap between higher and lower quality assets. Businesses with above average financials transacted at an all-time-high 27% higher EBITDA multiple than other transactions. This data confirms anecdotal evidence we gathered as the pandemic unfolded, which indicated that buyers and investors were becoming increasingly selective.

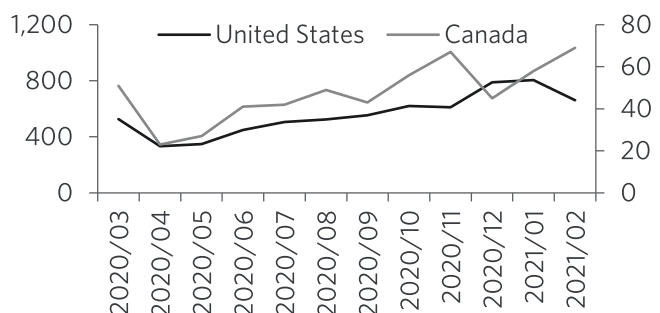
Leverage data for Q4 2020 indicates a slight increase to 3.8x EBITDA, continuing on its recovery path towards the 3.9x to 4.1x average observed over the last few years. Of note, the subordinated debt portion of total leverage decreased by 0.4x in favour of senior leverage, indicating increased confidence from lenders in Q4 2020.

M&A volume - U.S. and Canada



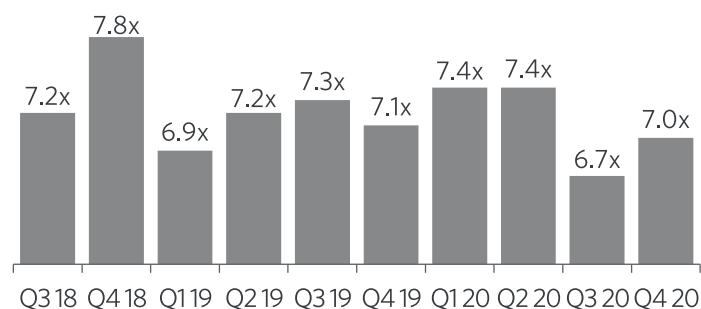
Source: Capital IQ.

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



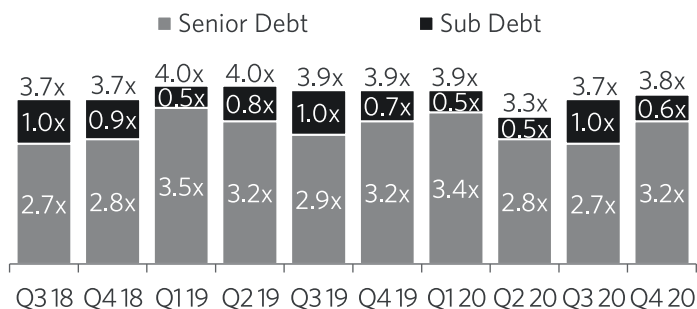
Source: Capital IQ.

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	February 2021: 31%			Zinc mine exploration and development
	Last twelve months: 28%			
Industrials	14%			Provides truck transportation services
	12%			
Real Estate	11%		Apartment complex	233-unit apartment complex located in Calgary
	8%			
Information Technology	8%			Provides healthcare IT consulting services
	12%			
Health Care	8%			Provides gastroenterology anesthesia services
	9%			
Financials	8%			Provides point-of-sale consumer financing solutions for retailers
	10%			
Energy	6%			Provides petroleum and natural gas transportation services
	5%			
Consumer Discretionary	5%			Specialty franchise coffee brand
	5%			
Communication Services	4%			Offers wireless internet services
	5%			
Consumer Staples	3%			Develops, manufactures and distributes frozen food
	5%			
Utilities	2%			Distributor of propane
	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

cibc.com/mmib

Toronto

Trevor Gough
[416 980-7341](tel:416-980-7341)
trevor.gough@cibc.com

Christian Davis
[416 980-3268](tel:416-980-3268)
christian.davis@cibc.com

Iain Gallagher
[416 784-7652](tel:416-784-7652)
iain.gallagher@cibc.com

Wes Zimmerman
(Financial Sponsor Coverage)
[416 306-9166](tel:416-306-9166)
wes.zimmerman@cibc.com

Daniel Lee
(Technology)
[416 243-5694](tel:416-243-5694)
daniel.lee@cibc.com

Asha Soares
(Technology)
[416 242-1525](tel:416-242-1525)
asha.soares@cibc.com

Dylan Moran
[416 780-7579](tel:416-780-7579)
dylan.moran@cibc.com

Halifax

Adrian Snow
[902 428-4759](tel:902-428-4759)
adrian.snow@cibc.com

Montreal

Philippe Froundjian
[514 876-2998](tel:514-876-2998)
philippe.froundjian@cibc.com

Gabriel Fugere
[514 876-6651](tel:514-876-6651)
gabriel.fugere@cibc.com

Calgary

Amun Whig
[403 221-5512](tel:403-221-5512)
amun.whig@cibc.com

Edmonton

Graham Drinkwater
[780 420-4843](tel:780-420-4843)
graham.drinkwater@cibc.com

Amir Tabet
[780 969-3438](tel:780-969-3438)
amir.tabet@cibc.com

Vancouver

Grant Wallace
[604 665-1380](tel:604-665-1380)
grant.wallace@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.