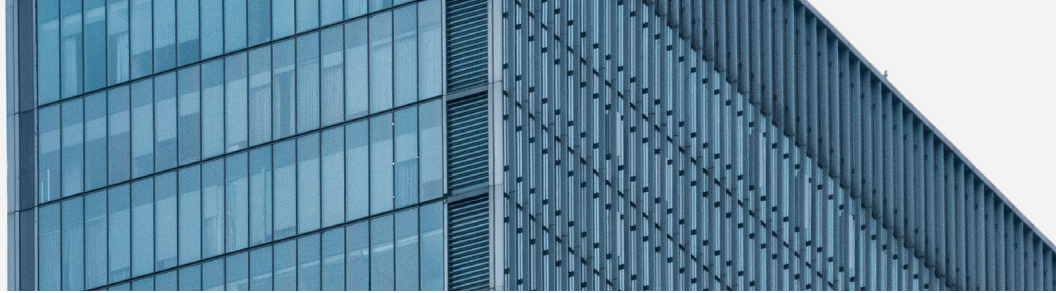




MID-MARKET INVESTMENT BANKING

December 2021 M&A Dashboard

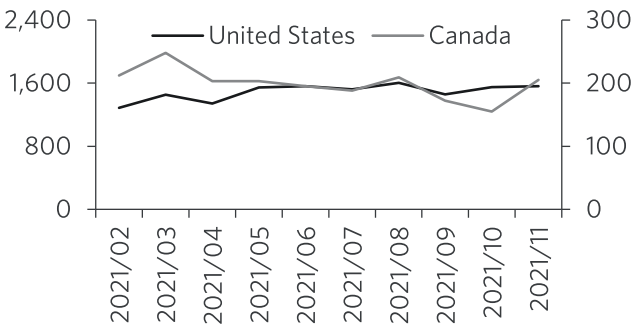


M&A volume in Canada has rebounded strongly from the previous month, and remains at consistently elevated levels in the U.S. Private equity volume is looking particularly strong, highlighting the extraordinary activity in the private equity market in Canada and internationally. According to a recent study from Mergermarket and Dechert LLP, year-to-date global private equity buyout deal volume in Q3 2021 has already surpassed the annual all-time-high volume of 3,937 transactions achieved in 2018. While part of this surge in activity can be explained by pent-up demand for transactions from the hiatus of 2020, its main long-term catalyst is the ever-increasing investor demand for private capital. Global private equity fundraising has already reached US\$630 billion for the first nine months of 2021, on track to potentially mark a fresh new record for the full year. Private equity practitioners see this abundance of capital as a challenge as well, with 35% of them flagging the amount of dry powder as one of the biggest challenges facing the industry due to severely increased competition for deals.

Average mid-market M&A valuation multiples have reached a new all-time high of 7.6x EBITDA in Q3 2021, mainly driven by increases in value at the higher-end of the mid-market, as well as by a mix of transactions skewed towards platform investments, which generally attract higher valuations than add-ons. Valuation multiples for transactions over \$25 million were 10% higher in Q3 2021 than the average of the last eight quarters, compared to only 3% higher for transactions below \$25 million. The widening gap in valuation between smaller and larger transactions is most likely a result of increasing competitive tension for larger deals driven by record-breaking fundraising by private equity funds.

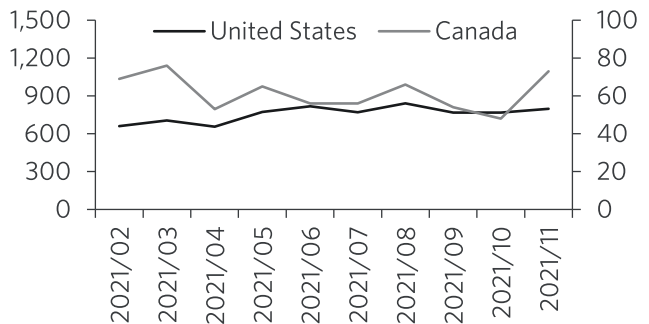
Lender confidence remains overwhelmingly positive, with both senior and subordinated leverage multiples at the upper bound of the range observed in the last few years.

M&A volume - U.S. and Canada



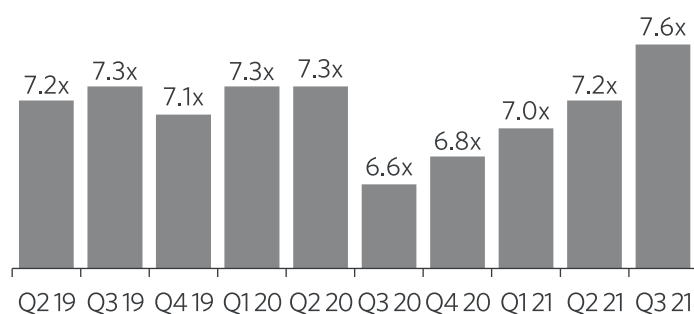
Source: Capital IQ.

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



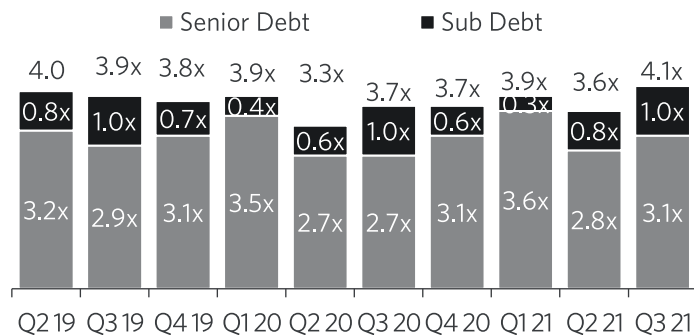
Source: Capital IQ.

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 | November 2021 18% | | | Manufacturer and distributor of lumber products |
| | Last twelve months 23% | | | |
| Information technology | 14% | | | Provider of consulting services for cloud-native technologies |
| | 12% | | | |
| Industrials | 12% | | | Distributor of tactical equipment and gear |
| | 13% | | | |
| Real estate | 12% | | KPMG Tower | Office building in Montreal |
| | 10% | | | |
| Health care | 10% | | | Designer and developer of a mental health platform |
| | 10% | | | |
| Financials | 8% | | | Provider of personal and commercial insurance brokerage services |
| | 9% | | | |
| Energy | 8% | | | Crude oil and natural gas exploration and development firm |
| | 5% | | | |
| Consumer staples | 7% | | | Provider of plant-based protein products |
| | 5% | | | |
| Communication services | 5% | | | Sports media company |
| | 6% | | | |
| Consumer discretionary | 5% | | | Operates a chain of sports entertainment-themed resto-bars |
| | 6% | | | |
| Utilities | 1% | | Oldman 1 project | Wind power generation facility in Alberta |
| | 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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