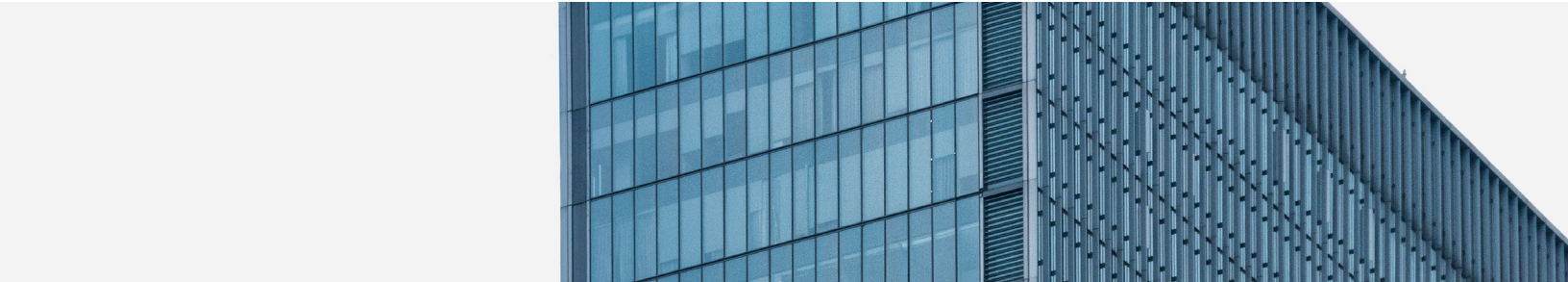




MID-MARKET INVESTMENT BANKING

February 2022 M&A Dashboard



February 2022 M&A Trends

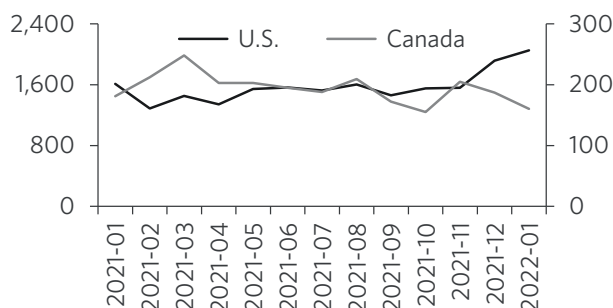
The first month of 2022 established a new high watermark for the number of monthly M&A transactions in the U.S. with over 2,000 deals. Canadian volume remained in the same band observed over the last six months. The largest wave of the pandemic which started in December 2021 in the U.S. and Canada does not seem to have any meaningful impact on M&A transactions so far, as evidenced by January 2022 volume as well as our own observations. Whether 2022 M&A activity will continue at the neck-breaking pace sustained throughout 2021 will likely hinge on how the four most significant business risks which most businesses face today develop over the next few months – supply chain, inflation, labour shortage and the pandemic.

Quarterly Valuation and Leverage Analysis

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 was 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.

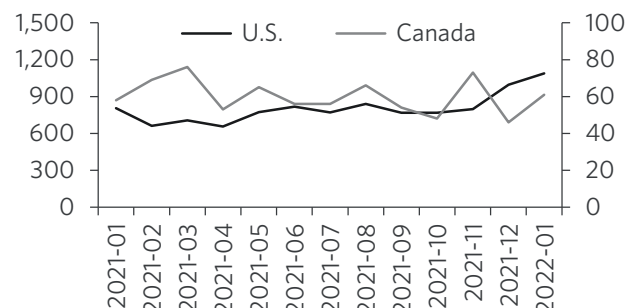
Lender confidence remains overwhelmingly positive, with both senior and subordinated leverage multiples at the upper bound of the range observed in the last few years.

M&A volume - U.S. and Canada



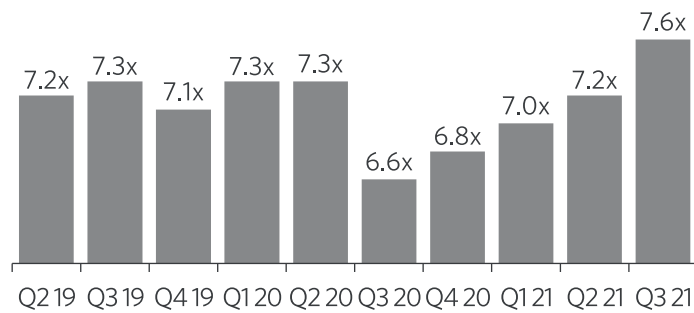
Source: Capital IQ.

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



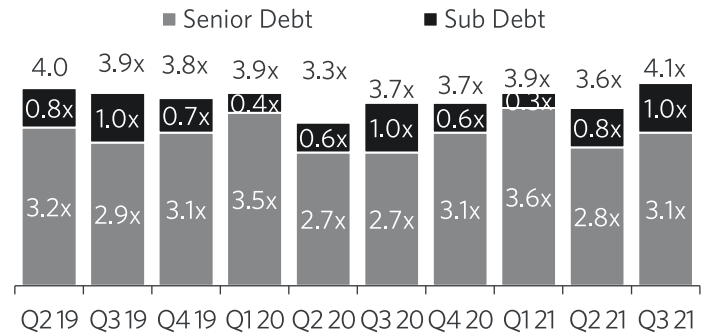
Source: Capital IQ.

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	January 2022 17%			Junior mining exploration firm
	Last twelve months 23%			
Industrials	17%			Road construction contractor
	13%			
Information technology	17%			Developer of warehouse management systems
	12%			
Real estate	10%		Industrial properties	Portfolio of six industrial properties in Ontario
	10%			
Financials	10%			Provides family office services
	8%			
Health care	10%		Canadian assets of	Provider of sterile injectable products
	9%			
Consumer staples	6%			Provider of freeze pops, juice ice bars and fruit snacks
	5%			
Consumer discretionary	5%			Direct-to-consumer semi-permanent tattoo brand
	7%			
Communication services	3%			Internet service provider in Toronto, Ottawa and Vancouver
	6%			
Energy	3%		Crude oil assets	Crude oil assets in Murray Lake
	6%			
Utilities	1%	Vinza Capital Management Inc.		Producer of renewable energy
	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
trevor.gough@cibc.com

Christian Davis
416 980-3268
christian.davis@cibc.com

Iain Gallagher
416 784-7652
iain.gallagher@cibc.com

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

Daniel Lee
(Technology)
416 243-5694
daniel.lee@cibc.com

Asha Soares
(Technology)
416 242-1525
asha.soares@cibc.com

Dylan Moran
416 780-7579
dylan.moran@cibc.com

Jarred Seider
416 313-3490
jarred.seider@cibc.com

Montreal

Philippe Froudjian
514 876-2998
philippe.froudjian@cibc.com

Calgary
Amun Whig
403 221-5512
amun.whig@cibc.com

Halifax
Adrian Snow
902 428-4759
adrian.snow@cibc.com

Gabriel Fugere
514 876-6651
gabriel.fugere@cibc.com

Edmonton
Graham Drinkwater
780 420-4843
graham.drinkwater@cibc.com

Vancouver
Grant Wallace
604 665-1380
grant.wallace@cibc.com

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