



MID-MARKET INVESTMENT BANKING

May 2023 M&A Dashboard



May 2023 M&A Trends

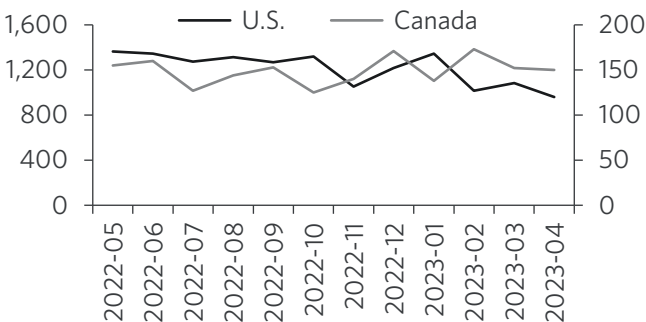
M&A transaction volume trends are starting to show a divergence between U.S. and Canada volume. Canadian M&A volume for the last few months has remained consistent with the average of the last twelve months, whereas U.S. volume is showing a continued decline. This divergence in trending volume is consistent across strategic and private equity buyers, which suggests the Canadian M&A market is proving more resilient so far in 2023. Overall, our transaction pipeline remains strong and while some buyers are more selective, we still observe interest from both buyers and sellers to transact.

Quarterly valuation and leverage analysis

The surge in valuation multiples witnessed throughout 2021 and most of 2022 is now in retreat. Headline valuation multiples decreased in Q4 2022 to an average TEV/EBITDA multiple of 6.8x, down from the 7.6x average observed in the previous four quarters. The cooldown in valuation is likely a result of macro-economic uncertainty and higher debt financing costs.

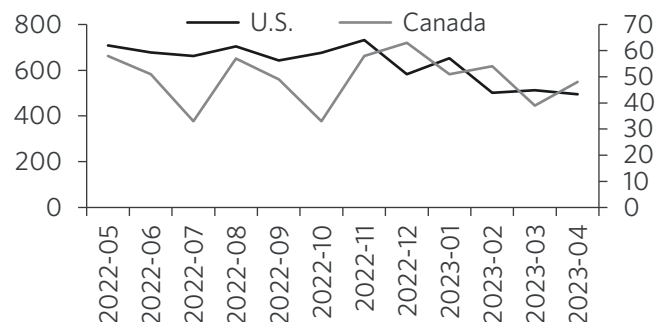
Meanwhile, total debt/EBITDA increased to an average of 4.0x, with senior leverage constant at 3.2x and subordinated debt increasing to 0.8x. The increase in leverage could be caused by a number of small and mid-sized transactions relying more heavily on mezzanine financing. However, beyond the reported increase in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - U.S. & CA



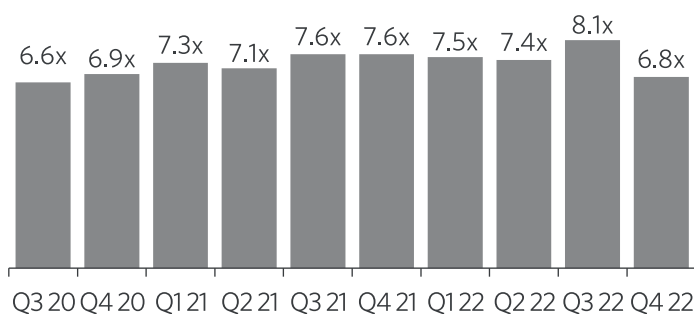
Source: CapitalIQ.

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



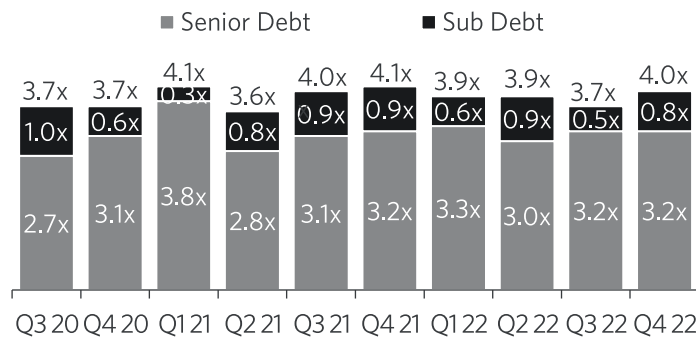
Source: CapitalIQ.

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
Industrials	April 2023: 25%	IDEX IDEX CORPORATION	IRIDIAN SPECTRAL TECHNOLOGIES	Provides optical thin film solutions and coating services
	Last twelve months: 20%			
Information Technology	April 2023: 18%	PHOTONIS	TELOPS	Provides optoelectronic systems for the defense, aerospace, and telecommunications industries
	Last twelve months: 13%			
Financials	April 2023: 15%	canada life	Investment Planning Counsel	Provides integrated wealth management services
	Last twelve months: 9%			
Materials	April 2023: 11%	WEST RED LAKE GOLD MINES INC	puregold	Gold mining exploration firm
	Last twelve months: 21%			
Health Care	April 2023: 9%	canada diagnostic centres	WOMEN'S ULTRASOUND CLINIC	Provides women's ultrasound and medical imaging services
	Last twelve months: 8%			
Communication Services	April 2023: 8%	havas	NOISE	Provides digital marketing services
	Last twelve months: 6%			
Consumer Discretionary	April 2023: 6%	GROUPE GRAND I O	gibbys	Owns and operates a chain of restaurants
	Last twelve months: 6%			
Consumer Staples	April 2023: 4%	BIMBO	Molton Bakery	Provides bakery products
	Last twelve months: 5%			
Real Estate	April 2023: 2%	FirstService RESIDENTIAL	Crossbridge	Property management company
	Last twelve months: 7%			
Energy	April 2023: 1%	SUNCOR ENERGY	TotalEnergies	Engages in the exploration and production of oil and gas in the Athabasca oil sands region of Alberta
	Last twelve months: 4%			
Utilities	0%			No disclosed transactions in April 2023
	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

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