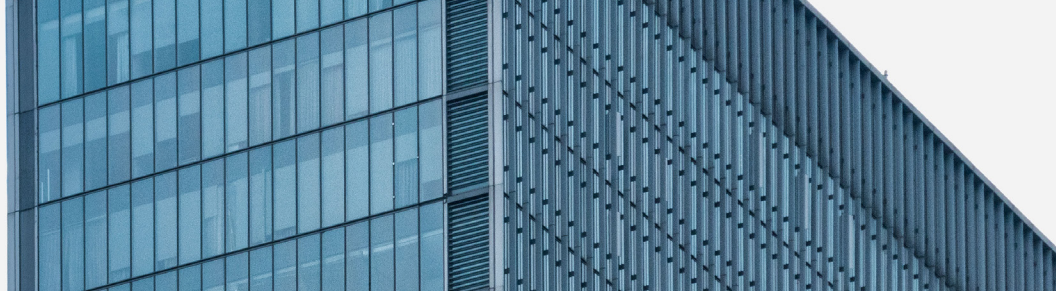




MID-MARKET INVESTMENT BANKING

August 2021 M&A Dashboard



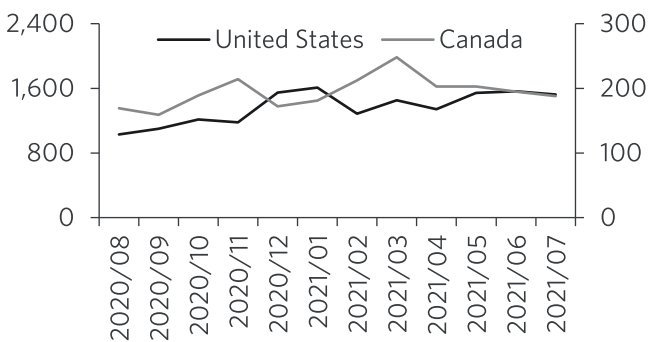
M&A activity remained at elevated levels in July 2021 in Canada and the U.S. Compelling valuations, positive outlook and strong support from lenders continue to fuel strong M&A activity across most sectors.

Transaction valuations appeared to reach a plateau in Q1 2021, with EBITDA multiples slightly decreasing to 6.8x, from 6.9x in Q4 2020. As opposed to transaction volumes, valuations have seemingly not recovered to pre-pandemic levels. However, our observation from last quarter – that the valuation gap between lower and higher quality assets was increasing – has been further confirmed in Q1 2021. The premium granted to businesses with above-average financials increased to 35% in Q1 2021, compared to 27% in Q4 2020 and 14% over the historical average. This trend emphasizes that a thorough understanding of value drivers unique to each business is more important than ever to ensure a successful sale process and maximize value.

Lender confidence has fully recovered in Q1 2021, with leverage multiples back to 4.0x EBITDA, in-line with pre-pandemic levels. Of note, senior debt multiples appear elevated compared to the 2019 average. Analysis of the underlying data indicates that this increase may be more a result of transaction mix rather than an indication of an increase in multiple.

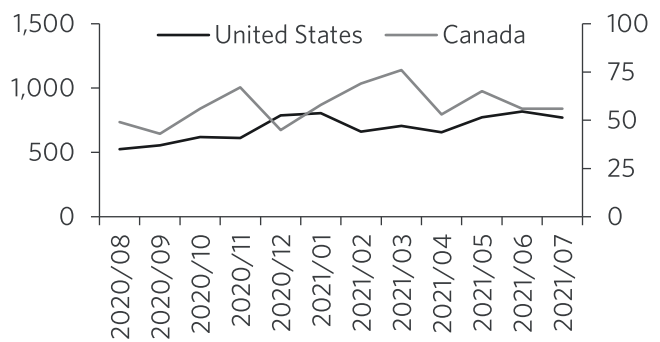
Looking at emerging trends in M&A, we notice increased consideration for environmental, social and governance (“ESG”) themes from potential buyers and investors. While it is difficult to properly assess if these considerations are having an impact on valuations, they have gained prominence over the last few years. A recent survey by Mergermarket on dealmakers in Asia-Pacific, North America and Europe indicates that 65% of respondents considered ESG as an important factor in investments and M&A, and 60% have walked away from an investment due to a negative assessment on ESG issues.

M&A volume - U.S. and Canada



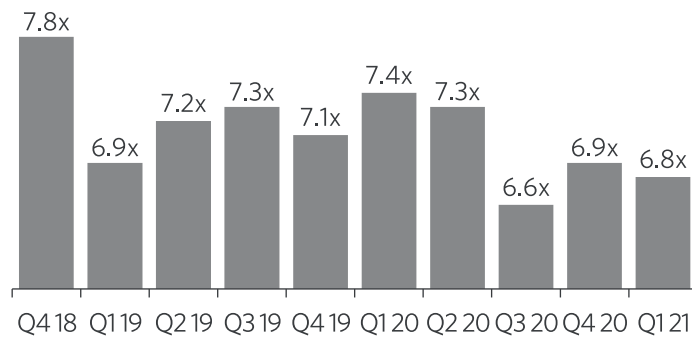
Source: Capital IQ.

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



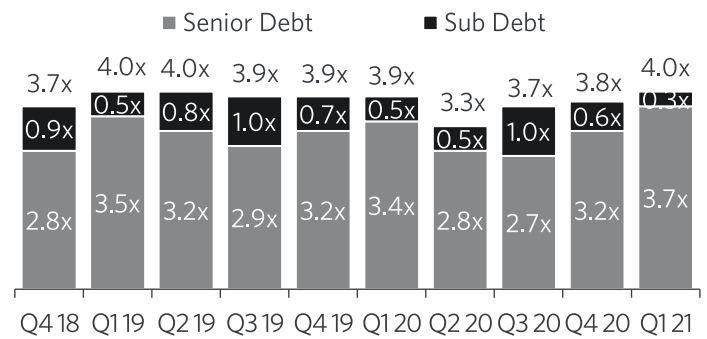
Source: Capital IQ.

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	July 2021: 21%			Precious metals mining exploration firm
	Last twelve months: 26%			
Industrials	July 2021: 16%			Gas detection service provider
	Last twelve months: 13%			
Information Technology	July 2021: 14%			Developer of PC-over-IP technology
	Last twelve months: 12%			
Health Care	July 2021: 10%			Contract research organization
	Last twelve months: 9%			
Financials	July 2021: 9%			Provider of insurance brokerage services
	Last twelve months: 9%			
Consumer Discretionary	July 2021: 7%			Retailer of pet products and supplies
	Last twelve months: 6%			
Energy	July 2021: 7%			Manufacturer of slotted liners for the oilfield industry
	Last twelve months: 5%			
Real Estate	July 2021: 6%			Heritage building and adjacent developable land
	Last twelve months: 9%			
Communication Services	July 2021: 6%			Provider of virtual data room services
	Last twelve months: 6%			
Consumer staples	July 2021: 3%			Producer of oat-based ingredients and consumer products
	Last twelve months: 5%			
Utilities	0% 1%			No transaction in July 2021

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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