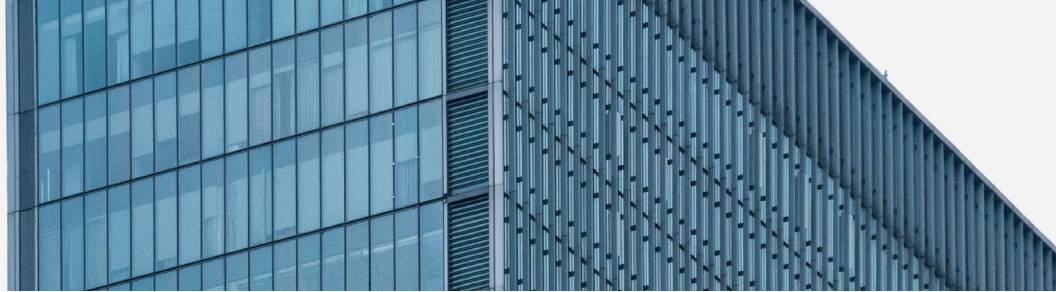




MID-MARKET INVESTMENT BANKING

January 2024 M&A Dashboard



January 2024 M&A Trends

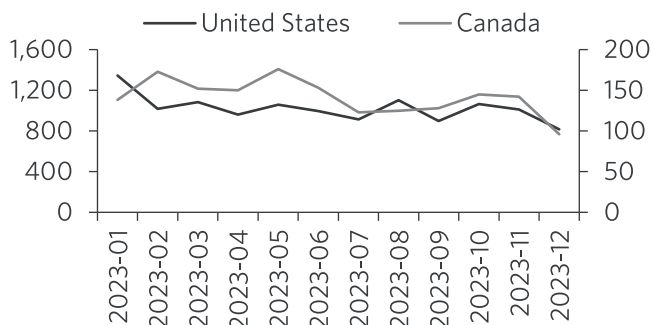
December witnessed a continued resilience of the U.S. economy and the Fed maintaining its target rate range unchanged at 5.25%-5.50%. Similarly, the Bank of Canada held its target for the overnight rate at 5.0%. Meanwhile, M&A transaction volume in the U.S. and Canada decreased to a twelve-month low. Consumer products and real estate are the two sectors that suffered the most in 2023, with transaction volume declines of 32% and 51%, respectively, compared to an overall decline in volume of 10.6% for the overall market. Only one sector witnessed an increase in transaction volume in 2023: communication services. In our own experience, while we see transactions taking longer to close and more cautious buyers, we continue to see strong valuations and significant interest for businesses in sectors with tailwinds.

Quarterly valuation and leverage analysis

Valuations on deals completed in Q3 2023 had an average TEV/EBITDA multiple of 7.5x, increasing from the 6.4x average recorded in Q2 2023 and in line with the 7.4x average set in Q2 2022. The increase in valuation multiples was largely driven by deals with a TEV of \$50M to \$250M.

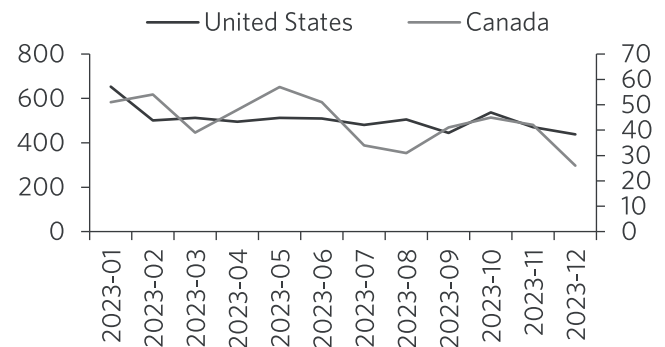
Meanwhile, total debt/EBITDA on platform deals increased to an average of 3.5x, with senior leverage increasing to 2.7x and subordinated debt constant at 0.8x. The increase in leverage is largely driven by deals with a TEV of \$100M to \$500M which rely more heavily on senior debt financing. However, beyond the reported relative stability in leverage multiples, the more cautious lending environment continues to affect most transactions.

M&A Volume - US & CA



Source: CapitalIQ.

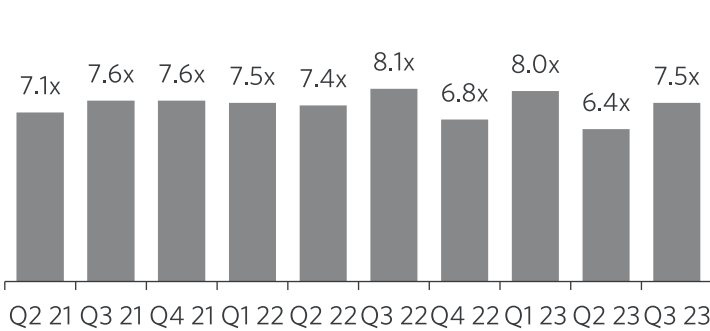
Private Equity M&A Volume - US & CA



Source: CapitalIQ.

Mid-Market M&A Multiples - US & CA

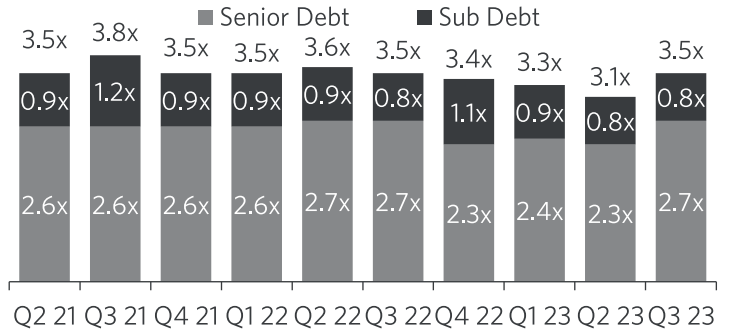
US & Canada private equity transactions \$10-\$250M



Source: GF Data.

Mid-Market M&A Leverage - US & CA

US & Canada private equity transactions \$10-\$250M, platforms deals only



Source: GF Data.

Canadian M&A activity by sector - notable transactions

Sector	Percent (%) of M&A volume	Acquirer	Target	Target description
Industrials	December 2023: 24%	ADRE HOLDINGS	ICOR TECHNOLOGY	Manufactures Explosive Ordnance Disposal robots
	Last twelve months: 19%			
Materials	18%	Dundee PRECIOUS METALS	OSINO RESOURCES	Gold exploration firm
	23%			
Financials	15%	eVau	echelon Insurance	Provides commercial and personal insurance
	9%			
Real Estate	11%	TPG	Commercial property	Commercial property in the Greater Toronto Area
	6%			
Health Care	7%	CALGARY CO-OP	CarePharmacies	Comprises a group of independent pharmacies
	7%			
Communication Services	6%	Hard Rock DIGITAL	WGAMES	Develops mobile games
	6%			
Information Technology	6%	Perion	Hivestack	Develops a programmatic digital advertising platform
	12%			
Consumer Staples	6%	THRIVE FOODS	Canature	Produces and sells freeze-dried pet food and treats
	4%			
Consumer Discretionary	5%	Unity Brands Inc.	mastermind TOYS	Toy retail chain
	6%			
Energy	2%	ATHA ENERGY CORP.	LATITUDE URANIUM	Develops uranium mining properties
	5%			
Utilities	1%	WSG Energy Services	Azula Energy Services Ltd.	Provides nitrogen pipeline services
	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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